ECONOMIC BULLETIN 00/2013

BANCO DE ESPAÑA
Eurosistema

CONTENTS

1 OVERVIEW

The first quarter of 2013 saw a continuation of the pattern of contraction in economic activity, albeit at a slacker pace than in the final stretch of 2012. On the as-yet incomplete information available, GDP is estimated to have fallen at a quarter-on-quarter rate of 0.5% (compared with -0.8% in 2012 Q4), placing the year-on-year rate at -2% (see Table 1 and Chart 1). National demand slipped further (-0.8%), although the decline was less than in the previous quarter, as there was a reversal in the impact of the temporary factors bearing down on domestic spending in the closing months of 2012, particularly so in the case of household consumption. The contribution of net external demand was positive (0.3 pp), but on a lesser scale than in the previous quarter, weighed down by the lesser weakness of imports compared with that shown in late 2012, in a setting in which exports, despite picking up, remained influenced by the recession in the euro area.

The pace of the decline in employment eased only slightly, with an estimated year-on-year rate of around -4.5% in QNA terms (-4.7% in 2012 Q4), while the marginally positive year-on-year rate of compensation per employee helped further the moderating course of labour costs seen in 2012. Combined with the rise in productivity, this is expected to have paved the way for further reductions in unit labour costs during the quarter, of the order of more than 1% year-on-year. In turn, consumer-price inflation moved onto a declining course in the opening months of 2013, following the high increases posted in late 2012, underpinned by the slowdown in energy price rises. A year-on-year rate of 2.4% was recorded in the CPI in March (2.9% in December 2012), while the CPI excluding fresh food and energy prices rose to 2.3% (2.1% in December). In terms of the HICP, the inflation gap with the euro area held at 0.9 pp, unchanged on 2012 Q4 (see Chart 3).

On the economic policy front, the government launched various initiatives during the quarter, some of which are in passage through Parliament. In relation to the labour market, it approved a package of measures to stimulate job creation, support business start-ups and improve labour intermediation. In the Social Security field, with a view to lengthening working life and making more efficient use of pre-retirement arrangements, it amended the conditions governing access to early and partial retirement. Other actions affected the energy sector, where new measures were taken to promote the rebalancing of the electricity system and to smooth the progressive elimination of the tariff deficit.[1]

Turning to the international economic picture, European financial markets continued to improve gradually during most of the quarter, furthering the trend seen in the second half of 2012. There was a change in this climate, however, in the second half of March; a fresh bout of uncertainty emerged in relation to the difficulties of forming a government in Italy, following the end-February elections and, above all, to the complications that arose in reaching a financial aid agreement with Cyprus, as well as to the potential knock-on effects of some of the elements of this agreement. These episodes interrupted the narrowing of sovereign spreads in the most vulnerable countries, and the rising trend on stock markets and in the exchange rate of the euro was checked.

1 Royal Decree-Law 4/2013 of 22 February 2013 on business support measures and measures conducive to growth and job creation; Royal Decree-Law 5/2013 of 15 March 2013 on measures fostering the continuity of older employees' working lives and promoting active ageing; Royal Decree-Law 2/2013 of 1 February 2013 on urgent measures in the electricity system and in the financial sector.

MAIN SPANISH MACROECONOMIC AGGREGATES (a)

TABLE 1

	2011	2012	2012				2013
			Q1	Q2	Q3	Q4	Q1
National Accounts							
Quarter-on-quarter rate of change, unless otherwise indicated							
GDP	0.4	-1.4	-0.4	-0.4	-0.3	-0.8	-0.5
Private consumption	-1.0	-2.1	0.5	-1.1	-0.5	-2.0	-0.3
Gross capital formation	-5.5	-8.7	-1.8	-3.1	-1.3	-3.9	-1.8
Domestic demand	-1.9	-3.9	-0.3	-1.3	-1.1	-2.0	-0.8
Exports	7.6	3.1	-2.6	1.8	5.1	-0.9	0.0
Imports	-0.9	-5.0	-2.0	-1.3	2.7	-4.8	-0.7
Contribution of net external demand (b)	2.3	2.5	-0.1	1.0	0.8	1.2	0.3
Year-on-year rate of change							
GDP	0.4	-1.4	-0.7	-1.4	-1.6	-1.9	-2.0
Employment	-1.7	-4.4	-3.7	-4.7	-4.6	-4.7	-4.5
GDP deflator	1.0	0.1	0.1	0.0	0.5	-0.1	1.6
Price indicators (year-on-year rate of end-period data)							
CPI	3.2	2.4	1.9	1.9	3.4	2.9	2.4
CPI excl. unprocessed food and energy	1.7	1.6	1.2	1.3	2.1	2.1	2.3
HICP	3.1	2.4	1.8	1.8	3.5	3.0	2.6
HICP difference vis-à-vis the euro area	0.3	-0.1	-0.9	-0.6	0.9	0.8	0.9

SOURCES: INE and Banco de España.

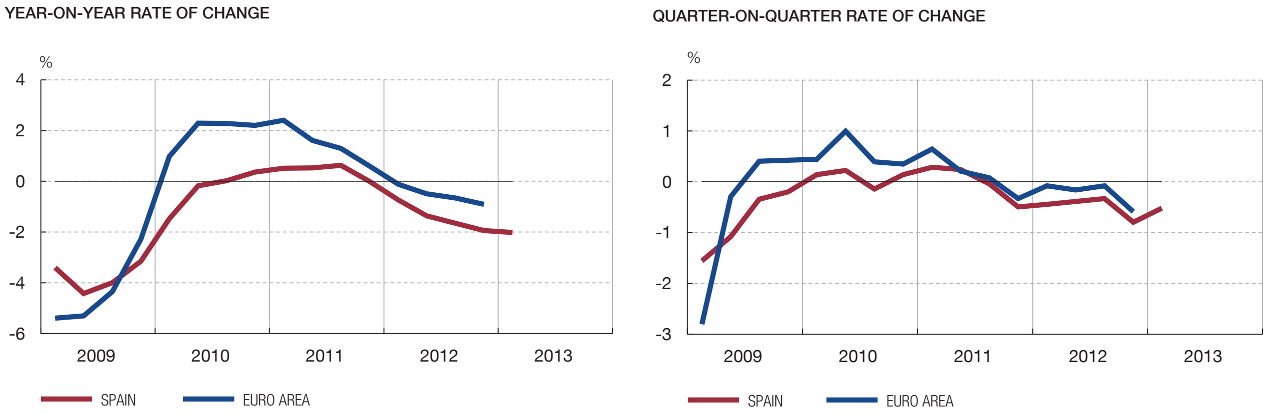
a Information available up to 19 April 2013.
b Contribution to the quarter-on-quarter rate of change in GDP in pp.

Against this background, activity in the euro area continued to contract in the opening months of the year, albeit at a lesser pace than in the previous quarter. Outside the euro area, there was a firming of the recovery in the United States, some improvement in the economic outlook in Japan and continuing buoyancy in the emerging economies, albeit set against a slightly declining trajectory. Global inflation held at a moderate level and commodities prices were contained to some extent. Overall, monetary policies remained markedly expansionary while the fiscal policy stance was generally more restrictive.

In Europe, moves towards a more integrated monetary union continued. In terms of fiscal and structural policies, the European Council approved a legislative package in late February that should ensure a sounder framework for fiscal governance, and on 10 April the European Commission released the results of its comprehensive analyses, conducted under the Macroeconomic Imbalances Procedure. In the Commission's view, there was a risk that macroeconomic imbalances might be excessive in the cases of Slovenia and Spain. In Spain's specific case, the report highlighted the high levels of domestic and external debt as the potential factors of vulnerability. Lastly, and in relation to progress on the banking union, the Irish Presidency announced in March the provisional agreement with the Parliament on the Single Supervisory Mechanism.

The ECB Governing Council retained its expansionary monetary policy stance in early 2013, considering that inflation expectations were well-anchored and that the prevailing economic weakness in the euro area made it unlikely that inflationary pressures might emerge in the medium term. Official interest rates were unchanged throughout the quarter (the rate on the main refinancing operations held at 0.75%, and those on the deposit and marginal lending facilities at 0% and 1.5%, respectively), and the commitment was reiterated

GROSS DOMESTIC PRODUCT (a) CHART 1



SOURCES: ECB, INE and Banco de España.

a Seasonally adjusted series.

to maintain ample liquidity provision through the fixed-rate tender procedure with full allocation as long as necessary. Following its early April meeting, the ECB communicated its intention to monitor economic and monetary data particularly closely with a view to assessing their impact on the outlook for the price stability objective.

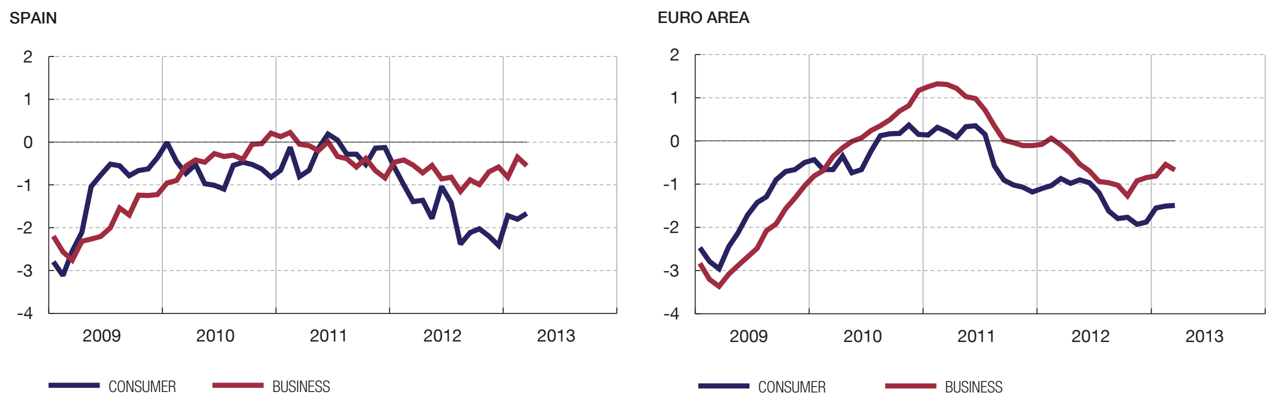
Spanish financial markets also benefited from the improvement seen in the euro area to mid-March, and were likewise affected by the change that subsequently took place. The decline in Spanish long-term government bond yields and in their spread over the German benchmark bond was interrupted from that date, standing in mid-April at somewhat below the related end-2012 levels (4.6% and 335 bp, respectively). In turn, there was an increase in private risk premia and stock market indices moved onto a declining course, posting cumulative losses for 2013 to date of 3.1% (see Chart 4).

In the early months of the year there was further improvement in wholesale market funding conditions for the resident sectors, cross-border financial flows moved onto a more normal footing and fund-raising conditions eased for the Treasury, which issued high volumes of debt and at a lower cost. However, bank interest rates remain at high levels and bank financing conditions for households and corporations continue to be very strict, as a result of which the private sector remains subject to significant financial pressure, which is an additional cause of domestic spending restraint.

In the early months of 2013, household spending plans and business investment decisions were once more dented by the still-complex financial environment and by uncertainty which affects, above all, labour market prospects. Against this backdrop, declines in the various domestic demand components are estimated for the first quarter, albeit generally of a lower amount than those observed in the closing months of 2012.

The rate of contraction of household consumption eased in Q1, influenced by the reversal of the temporary factors that had weighed it down at the end of 2012 (the rise in indirect tax and the elimination of the extra monthly payroll for public-sector employees). However, households' limited saving capacity in a setting of declining disposable income, falling wealth, the persistence of an uncertain labour market outlook and high debt all leave little room for consumption to pick up in the short run. In turn, the contractionary pattern of residential investment eased slightly. Despite the fact that the number of house sales rose

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).

temporarily as a result of the recent changes in tax treatment, demand continues to be most lacklustre and the stock of unsold housing remains high. The rate of decline of household liabilities increased to February, with a fall in terms of the year-on-year rate of credit of 3.9%, owing to the behaviour both of house purchase loans and those intended for consumption and other purposes (with declines of 3.7% and 4.8%, respectively). On preliminary data, the reduction in household debt is expected to further in these opening months of the year the ongoing moderate reduction in the sector's debt ratio.

Investment spending is expected to continue falling, albeit at a lesser pace owing to some improvement in business confidence and to exports holding up. As a result, the decline in both investment in equipment and that in other construction is expected to ease in the opening months of the year after having fallen back significantly at the close of 2012. The rate of contraction of corporate debt increased to February, with a year-on-year decline of 7.1%, against 6.2% at the end of the previous year. According to the preliminary data, corporations' debt ratio is estimated to be moving on the declining course of recent years.

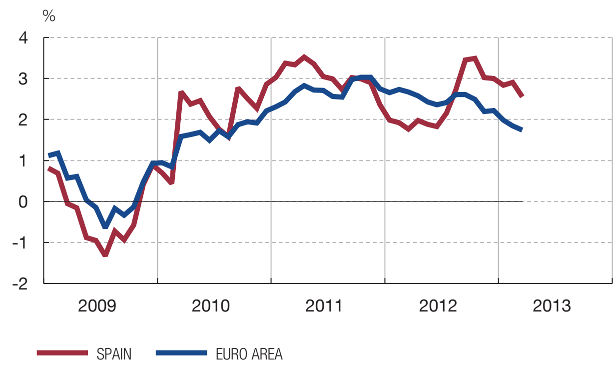
Turning to trade with the rest of the world, the positive contribution of net external demand to GDP growth eased in 2013 Q1 to 0.3 pp of GDP (1.2 pp in 2012 Q4). This figure reflected the lower decline in imports, since exports picked up, although sales to the euro area remained sluggish. The information available on the trade deficit evidences a further reduction in the first two months of the year, amounting to 37%, which would be consistent with the continuing adjustment of the external deficit in 2013, as established in the Economic Projections Report published in the *Economic Bulletin* last month.

The final figures on the general government account for 2012 were released during March. The sector's net borrowing rose to 10.6% of GDP, slightly more than 1 pp of GDP up on the 2011 figures, though it should be borne in mind that the 2012 figure includes the impact derived from the aid to banks, which increased public spending via the capital transfers item by a total of €38.3 billion (3.7% of GDP). If this effect with its temporary impact on the deficit is stripped out, the general government financial imbalance would have stood at 7% of GDP, 2 pp less than the figure recorded in 2011. The final closing figure is slightly higher than that provisionally anticipated by the government in late February (10% of GDP), due above all to the change in accounting criterion in the recording of tax refunds (with an impact on the deficit of around 0.3 pp of GDP) and to the fact that the recording

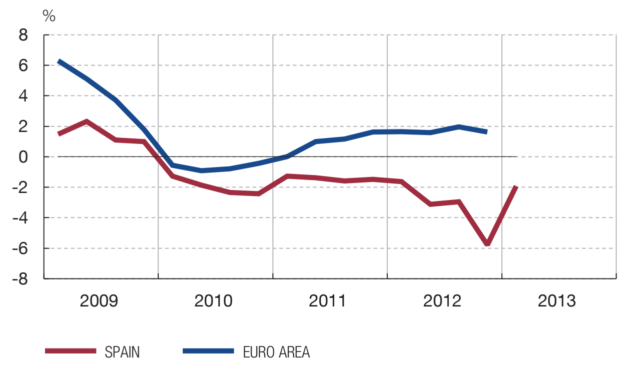
PRICES AND COSTS

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.

of the losses that private holders of hybrid products are to incur under the recapitalisation process of the banks concerned has been deferred to 2013. That raises the impact on the deficit of the public aid granted to the banking sector in 2012 by a further 0.3 pp of GDP. Yet the fiscal effort in 2012 was one of great intensity, as shown by the scale of the adjustment of the structural balance last year (almost 3 pp of GDP), though it is vital this drive should continue in order to place public finances on a sounder footing and to be able to break the rising trajectory of the public debt ratio (which rose to 84.2% of GDP in 2012), in line with the requirements laid down by the Law on Budgetary Stability and Financial Sustainability (see the article in this same *Economic Bulletin*) and with the commitments assumed under the Stability and Growth Pact.

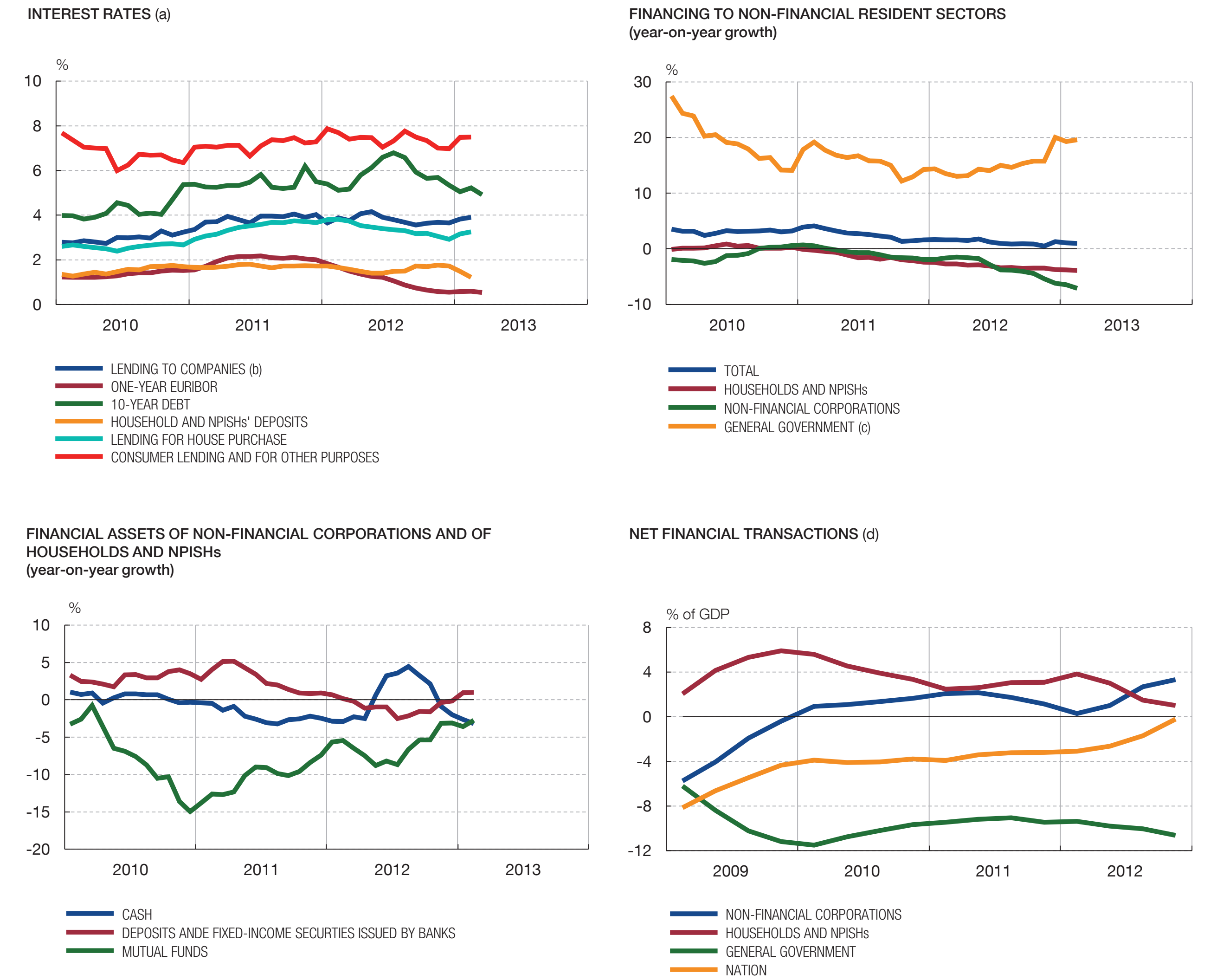
The information on the budget outturn in 2013 to date is still very scant and not sufficiently representative of the course of the various items over the year as a whole. In any event, the sluggishness of indirect tax takings (even when the effect of the refunds on the items affected is discounted) and social security contributions is illustrative of the difficulty that reducing the budget deficit in an adverse cyclical situation entails.

On the supply side, the figures available at the start of 2013 point to an easing in the contraction of activity in the main productive sectors. In industry, this improvement may be linked to the rise in exports following the poor figures in the closing months of 2012 and, in non-market services, to the reversal of the effects that bore down on private consumption and, by extension, on certain services activities, such as retail trade, hotels and restaurants, and transport. No significant changes are discernible in value added in the construction sector which, for another quarter, continued to contract as it has in recent years, influenced by the ongoing adjustment in the residential segment and by the impact of the fiscal consolidation plans on civil engineering works.

Against this backdrop, the pace of the decline in employment eased only marginally in the opening months of 2013, and its year-on-year rate is estimated to have posted a fall of 4.5%. Based on the statistics on social security registrations , this slowdown in the decline is expected to have affected all the productive sectors, including the non-market segment. In turn, the pace of the increase in registered unemployment continued in the opening months of 2013 on the decelerating path begun in the second half of 2012, although this

FINANCIAL INDICATORS OF THE SPANISH ECONOMY

CHART 4



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 significance 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 commissions 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.

may be due to some heightening of the discouragement effect after such a lengthy period of job destruction. Lastly, no significant changes are perceptible in the use of the different hiring arrangements, although there has been some rise in the weight of permanent contracts and fresh momentum in the resort to part-time contracts.

However, the change in the dynamics of labour costs initially detected during 2012 appears to be taking root. There has been a greater response in collective bargaining to the specific situation of firms and of industries. The information on collective bargaining agreements to March, which is still relatively unrepresentative, shows average wage increases of 0.6% (1.3% in December 2012) and signs of less nominal inertia in collective bargaining. That would be consistent with the continuation of virtually zero increases in compensation per employee in the private sector, as in the last three quarters of 2012, once the impact of the increase in the maximum contribution bases applied since the start of this year is removed. Conversely, a higher rise is estimated for compensation in the non-market economy as a mechanistic reflection of the decline seen in this variable in the closing months of 2012, following the elimination of the extra monthly payroll for public-sector employees.

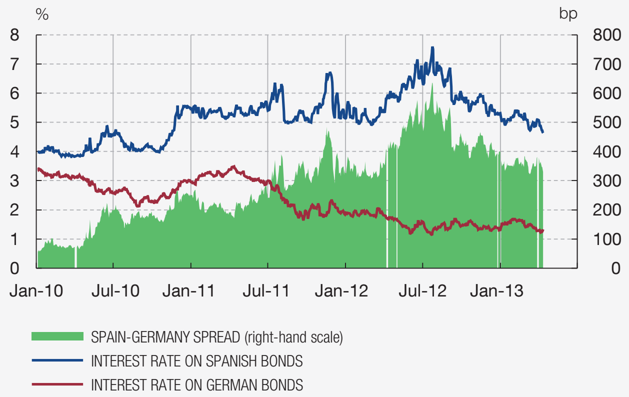
In any event, the scale of the challenges facing the Spanish economy for it to initiate a sustainable recovery in economic activity, against the background of the unavoidable adjustment of the main domestic demand components and of a weak external environment, advises pushing through the structural reform measures initiated so as to ensure incipient wage restraint passes through in full to prices and that this allows for greater gains in competitiveness vis-à-vis the external sector.

19.4.2013.

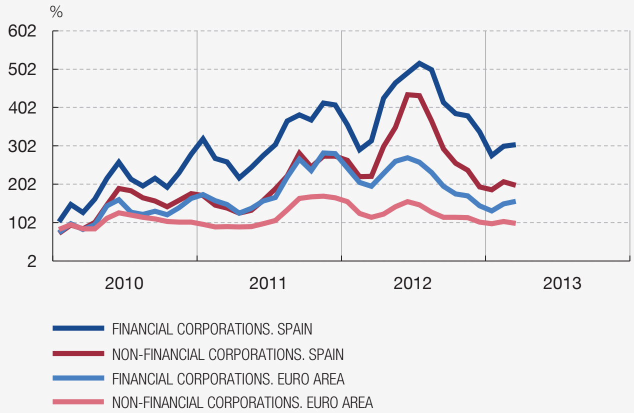
RECENT DEVELOPMENTS IN FINANCING CONDITIONS IN THE SPANISH ECONOMY

Since the worsening of the sovereign debt crisis in the euro area in mid-2011, the Eurosystem has eased its monetary policy significantly. Thus, official interest rates were cut on three occasions (November and December 2011 and June 2012) by a total of 75 basis points (bp) and the rate applied to the main refinancing operations reached 0.75%. Additionally, a series of non-conventional

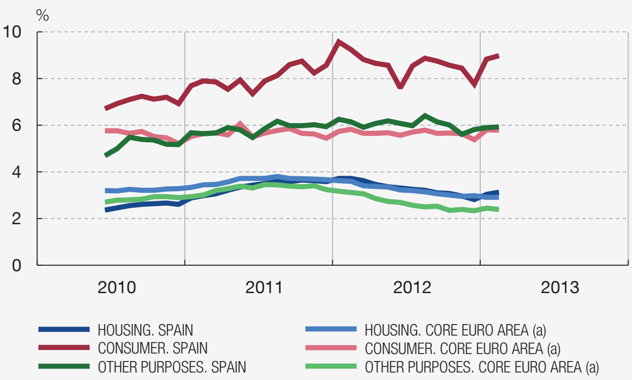
1 TEN-YEAR GOVERNMENT BOND YIELDS



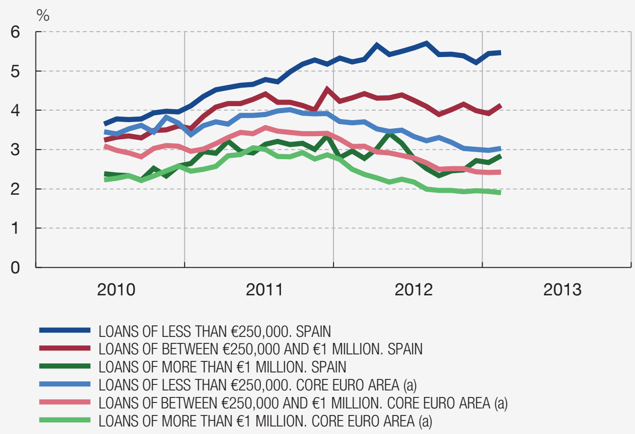
2 FIVE-YEAR CDS PREMIA



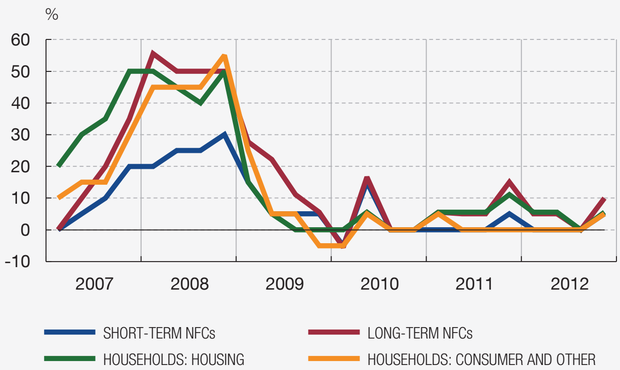
3 BANK INTEREST RATES. HOUSEHOLDS



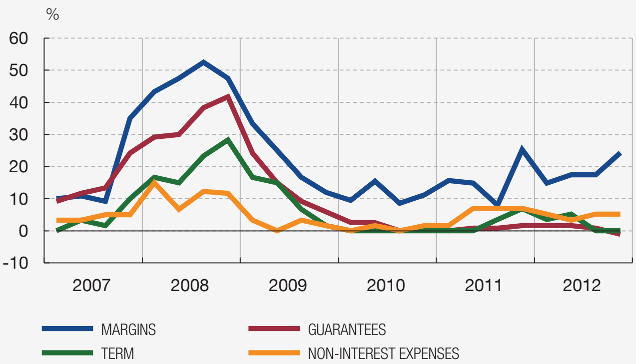
4 BANK INTEREST RATES. NON-FINANCIAL CORPORATIONS



5 CHANGES IN LENDING STANDARDS FOR NEW LOANS. BLS (b)



6 CHANGES IN CREDIT CONDITIONS. BLS (b)



SOURCES: AIAF, Datastream and Banco de España.

a Defined as the aggregate of Germany, France, the Netherlands, Belgium and Austria. To aggregate across the various maturities in each type of loan, the same weights are used (volume of operations) as in Spain, with the result that the comparison is not affected by differences between these weights in one area or another.

b Average of Spanish banks' responses to the Eurosystem's Bank Lending Survey. A positive (negative) value indicates a tightening (loosening) of standards and conditions.

measures were taken, including most notably: the revival of the government bond purchase programme in August 2011, the approval of a second covered bond purchase programme in November of that same year, the extension of the assets eligible as collateral in the Eurosystem's liquidity injecting operations on several occasions and, especially, the long-term refinancing operations (LTROs) in December 2011 and February 2012 and the Outright Monetary Transactions (OMTs) programme in September 2012.

Due to the foregoing, the three-month interbank market interest rates fell to levels of around 0.20% and the twelve-month ones to 0.55% (down 135 bp and 155 bp, respectively, on August 2011). These loose monetary conditions have also fed through to other markets in the core euro area countries (Germany, France, the Netherlands, Belgium, Austria, etc.), resulting in a more or less widespread decline in the financing costs of private and public agents as shown, for example, by the current historically low ten-year government bond yields in Germany and France (below 1.5% and around 2%, respectively, some 100 bp lower than in August 2011).

By contrast, these monetary conditions have fed through to a much lesser degree to the euro area countries most affected by recent tensions, which include Spain. For instance, the yield on Spanish ten-year government bonds held at the beginning of April 2013 at 60 bp lower than in August 2011, although a more marked improvement has occurred with respect to the situation at the beginning of summer 2012, when on occasions it exceeded 7% (see Panel 1 of the accompanying chart). Since then, the various decisions of the Eurosystem and the national and European economic authorities have triggered a drop of more than 200 bp in the spread with Germany which, nevertheless, remains above 300 bp as it has done throughout this period. These developments also condition the availability and cost of borrowed funds for private agents.

Since June-July 2012, private agents' access to wholesale markets has also clearly improved (see Panel 2 of the accompanying chart). However, once again here, the costs of debt financing (approximated by CDS premia) remained significantly higher than those seen for the euro area as a whole.

The above conclusion is strengthened even further when analysing households' and non-financial corporations' borrowing costs via bank loans in Spain, the latter being the main source of borrowed funds for private agents in our country. As shown in the two central panels of the accompanying chart, the easing of monetary policy in the euro area since mid-2011 has fed through to a very limited extent to Spanish credit institutions' customers. Thus, while for the core euro area countries average interest rates at the beginning of 2013 were clearly lower than those in August 2011 (between 90 bp and 105 bp, except for consumer loans to households, which remained at the same level), in Spain they stood, with the exception of loans for house purchase, above the levels then prevailing and above those in the core euro area countries. The increases are particularly notable in household consumer loans (85 bp) and in corporate loans of less than €250,000 (75 bp), which is an approximation of the borrowing costs of SMEs, given the typically lower value of loans to this type of companies. There was a decline in the cost of housing finance in this same period (45 bp), which was, nevertheless, lower than that seen in the other countries analysed (90 bp).

The Spanish banks' responses to the Eurosystem's Bank Lending Survey also show the demanding nature of households' and companies' financing conditions both in terms of prices and quantities (see lower panels of the accompanying chart). Thus, lending standards for new loans, after having tightened notably in 2007-2009, are estimated to have either remained relatively stable or to have tightened further since then. Credit conditions, according to the same survey, are also estimated to have become, during the last two years, more unfavourable for borrowers, particularly as regards the margins applied and other non-interest-related expenses.

This lack of pass-through (or incomplete pass-through) of the expansionary monetary impulses in Spain (as well as in other countries also affected by the recent financial strains) partly reflects the Spanish economy's more unfavourable position in the cycle, which justifies slightly higher risk premia. An indication of this is the fact that the differences observed in the behaviour of bank lending rates are particularly pronounced in riskier operations (due to their generally higher probability of default and lack of guarantees), such as consumer loans and lending to SMEs. However, the differences seen are of a very great magnitude and it is difficult to justify them exclusively in terms of cyclical divergences. The financial crisis has prompted a pronounced fragmentation of the euro area's financial system which has particularly affected banks in different countries, whose financing costs have tended to move sharply into line with developments in sovereign risks and relatively independently from the individual situation of each bank. This has translated into financing costs for banks (and, consequently, for the private agents they finance) that are too high for the single monetary policy stance in those economies which, like Spain's, have been hardest hit by the financial strains.

THE NEW BUDGETARY STABILITY LAW

The authors of this article are Pablo Hernández de Cos and Javier J. Pérez of the Directorate General Economics, Statistics and Research.

Introduction

In September 2011 it was decided to reinforce the prevailing framework of budgetary rules in Spain with the approval of a constitutional reform. The reform enshrines in the Constitution the obligation for all tiers of general government to adjust their conduct to the principle of budgetary stability.[1] Subsequently, on 27 April 2012, the Organic Law of Budgetary Stability and Financial Sustainability (LEP by its Spanish abbreviation) implementing this constitutional reform was approved, replacing the stability laws in force. The LEP made significant amendments to the definitions of and the mechanisms for determining the deficit, debt and public spending limits applicable to the different levels of government, along with changes in correction procedures and mechanisms in the event of slippage.

The new budgetary rules and their legal place in the Constitution respond to a tendency observed in the other European countries, and reflected in various reforms recently introduced into the institutional architecture of the monetary union.[2] Indeed, the economic policy response to the sovereign debt crisis in the euro area is broad-based and includes, among other aspects, a review of the EU's economic governance framework. The budgetary area has seen the approval, firstly, of a reform of the Stability and Growth Pact (SGP) aimed at reinforcing its implementation, which includes an amendment of its preventive arm with the incorporation of spending developments into the assessment of the countries' compliance with medium-term budgetary objectives, the strengthening of the public debt criterion, and the introduction of new reporting obligations and financial sanctions for euro area countries which will be applied earlier than at present and more gradually, and whose approval will be more automatic. The reform also acknowledges the importance of an appropriate definition of the fiscal frameworks not only at the European level but also domestically; accordingly, Member States are bound to comply with a series of minimum requirements in their budgetary frameworks in order to contribute more effectively to achieving budgetary stability. Further, in the Treaty on Stability, Coordination and Governance (TSCG), an inter-governmental agreement signed by the European Council on 2 March 2012, the countries undertake to maintain their structural balance in equilibrium and to pass through this commitment to their domestic legal systems and, preferably, to their Constitutions.

It is against this background that the reform of the budgetary framework in Spain, which this article analyses in detail, has taken place. In this connection, the following section reviews and analyses the quantitative caps on the deficit, debt and public spending laid down in the new framework, while the third section examines those cases in which the law allows slippage from these thresholds. The reform includes a transitory period running to 2020 in which to move gradually towards the reduction of the deficit and of debt from the current levels to below the limits set. The provisions relating to this transitory period are analysed in the fourth section. The article concludes with a box that summarises the procedures for setting objectives and for monitoring and controlling their fulfilment in accordance with the LEP. The final section draws conclusions.

1 See Hernández de Cos (2011).

2 See Caballero *et al* (2011).

Quantitative caps on the deficit, debt and public spending

The Law on Budgetary Stability and Financial Sustainability sets three types of restrictions on general government conduct: they may not run a budget deficit in structural terms; public spending growth shall, at most, be that of the economy's nominal potential growth; and the public debt/GDP ratio may not exceed 60%. These limits are described and analysed below.

THE CAP ON THE BUDGET DEFICIT IN STRUCTURAL TERMS

The LEP sets a cap on the budget deficit defined in structural terms as opposed to applying it on the basis of the actual deficit as was the case in previous budgetary stability laws. Specifically, it establishes that the State and regional governments (RG) may not incur a structural deficit.[3] This criterion does not apply, however, to local government (LG) and Social Security Funds, which shall maintain a budgetary position in equilibrium or in surplus, and not only in terms of the related structural balance.[4]

The estimate of the structural deficit is obtained as the difference between the actual deficit and the cyclical deficit,[5] with the latter being calculated through the application of the elasticities of public revenue and public spending to the difference, or output gap, between actual GDP and potential or trend GDP. Various methods are available in the economic literature to estimate the output gap and elasticity of public revenue and public spending. The Law has opted to apply the method currently used in the European Union, i.e. the cyclically adjusted deficit, net of exceptional and temporary measures, developed jointly by the European Commission and the Member States.[6] Specifically, this method draws on the estimation of potential GDP based on a production function, which requires that each of its components (employment, capital and total factor productivity) be assessed in terms of their potential values[7] [8]. As

3 It should be recalled that TSCG rules set a cap on the structural deficit of 0.5% of GDP, although a structural deficit of, at most, 1% of GDP is allowed if the public debt/GDP ratio is significantly below 60% of GDP and the risks to the sustainability of public finances in the long run are low. The preventive arm of the SGP establishes the need to attain the medium-term objectives (MTO), which are also defined in terms of the structural deficit. In its Stability or Convergence Programme, each Member State presents its own medium-term budgetary objective, which may not exceed that derived from the agreed methodology for calculating it, and this is assessed by the Ecofin. These objectives are revised when a major structural reform is undertaken and, in any event, every four years. In Spain's case, according to the methodology for calculating the medium-term objectives agreed by Ecofin in July 2009 [European Commission (2010)], the structural deficit may rise to around 0.5%, although the updated 2009-2010 Stability Programme set this objective as a structural balance in equilibrium, which was maintained in subsequent Stability Programmes.

4 In the case of LG, the previous stability law allowed the bigger municipal councils to run a deficit of up to 0.05% of GDP when economic growth was less than 2%. In this respect, it should be borne in mind that LG revenues may show a certain cyclical response given that they have a share in the State's tax receipts (which depend on the business cycle) and, in the case of the major municipal councils, they are assigned a percentage of personal income tax, VAT and excise duties. Accordingly, compliance with the limits set in terms of the actual zero budget balance will apply to these LG entities, which will be obliged to attain a structural surplus in expansions, enabling them to offset the adverse impact on tax revenue at times of slowdown without having to apply compensatory adjustment measures.

5 Calculation of the structural balance also requires that this balance be adjusted for temporary or exceptional factors.

6 See Denis *et al* (2006) and Ministerial Order ECC/2741/2012 of 20 December 2012 on the methodological implementation of Organic Law 2/2012 of 27 April 2012 on Budgetary Stability and Financial Sustainability relative to the calculation of the trend forecasts of revenue and expenditure and of the Spanish economy's reference rate.

7 In the case of the stock of capital, it is estimated on the basis of a dynamic capital accumulation equation in which the capital for the period is equal to gross investment plus the capital of the previous period and less depreciation. As to potential employment, this is estimated on the basis of the working-age population (15-64), the potential participation rate, the number of potential hours worked per employee and the NAWRU (non-accelerating wage rate of unemployment). Both the participation rate and the number of potential hours are obtained by applying the Hodrick-Prescott (HP) filter to the series observed (or forecast). The NAWRU is estimated as the non-observable component of a Phillips curve that includes the acceleration in the share of wages in GDP, labour productivity and the terms of trade (defined as the difference between the growth rate of the GDP deflator and that of private consumption) as regressors. The weights of the labour and capital factors are set at 0.65 and 0.35. Finally, potential TFP is obtained as an estimate of the trend of the annual residual of GDP once the contribution of labour and capital is stripped out.

8 The sample period of the estimate runs from 1980 up to six years following the current year (t) and estimation is with annual data. This span is necessary in order to avoid the problem of the sensitivity of the Hodrick-Prescott filter to the information available at the extremes of the sample. For the extension of the series, macroeconomic forecasts from the Ministry of Economy and Competitiveness for the period from t to t+3, while the series of hours worked, participation rates and TFP are extended between t+4 and t+6 by means of the application of ARIMA models. As to the population projections, INE short-term estimates are used.

The new Budgetary Stability Law establishes a very detailed procedure for the annual setting of budgetary objectives for the overall general government sector and its agents. Further, it details the mechanisms for the monitoring of the fulfilment of these objectives, it establishes significant improvements in terms of transparency of public finances and it provides for a set of instruments to prevent slippage or to redress it should it arise. This box details the main aspects of the new legislation in relation to these issues.

1 Procedure for setting budgetary objectives and their monitoring

— Before 1 April each year (t), the Ministry of Financial Affairs and Public Administration (MHAP) shall make a proposal for the setting of the stability and public debt objectives for the three following years both for the general government sector and for its sub-sectors. The proposal shall be forwarded to the Fiscal and Financial Policy Council (CPFF) and the National Local Government Council (CNAL), which shall have 15 days to issue a report on the matter.[1]

— Following the report by the CPFF and the CNAL, the government shall set the stability objectives, including the State spending limit, in the first half of the year (t). The resolution of the Council of Ministers shall be sent to Parliament for its approval.

— Once the objectives for each sub-sector have been approved, MHAP shall propose the individual objectives for each RG to the CPFF, and the latter shall then issue a report within 15 days. Subsequently, the government will approve the objectives for each RG.

— The preparation of the draft budgets of all general government tiers will accommodate themselves to these objectives. In particular, the RG and LG shall approve their spending limits, before 1 August, and send the essential outlines of their next budgets, before 1 October, to MHAP, which shall report on how suited they are to the objectives before 15 October.

— In the first quarter of the following year (t+1), MHAP shall report to the government on the degree of compliance with the stability and public debt objectives in the initial general government budget and on compliance with the spending rule in the same initial budget for the case of CG and the RG.

— Before 1 October in the following year (t+1), MHAP shall submit a report to the Government on the degree of compliance with the rules in the previous year (t), which will also include a forecast on compliance in the current year.

1 The proposal shall be accompanied by a report assessing the economic situation over the time horizon for the setting of the objectives. The report shall be drafted by the Ministry for Economic Affairs and Competitiveness (MEC), further to consultation with the Banco de España, and bearing in mind the forecasts of the European Central Bank and of the EC.

2 Improved transparency

— The budgets of all general government tiers should include exact information so as to relate the balance of revenue and spending in the budget to net lending or net borrowing according to the European System of Accounts (ESA).

— Minimum reporting requirements are laid down for RG and LG, including most notably monthly outturns of RG revenue and spending, and quarterly outturns in the case of LG, along with all the information needed to calculate the budget outturn in terms of national accounts.[2] Thus, from June 2012, the IGAE began to regularly publish quarterly accounts of all the general government sub-sectors in terms of ESA 95. Also, since October 2012, MHAP has been regularly publishing RG monthly accounts in terms of budgetary accounts and, since March 2013, RG and Social Security monthly accounts in terms of national accounts.

3 Non-compliance prevention mechanisms

— The Government shall warn RG or LG if they perceive a risk of the stability, debt or spending rule objective not being met. After this warning, the responsible level of government shall take measures within one month to redress the situation. Should it not do so, or if MHAP considers the measures are not sufficient, some of the coercive measures envisaged in the Law shall be imposed.

— An automatic prevention system is established when debt stands above 95% of the limits set in the Law.[3] In this case, the only debt operations allowed will be treasury-related ones.

— For the case of the Social Security sub-sector, if the Government projects a pensions system deficit in the long run, it must automatically revise the sustainability factor envisaged in Law 27/2011 of 1 August 2011 on the updating, reform and modernisation of the Social Security system.

4 Non-compliance correction mechanisms

— The Law states that the level of government which exceeds its public debt limit may not enter into net debt operations. Likewise, if the budgetary stability or public debt objectives are not met, all RG debt operations and all LG long-term operations will require State authorisation.[4 5]

2 Ministerial Order HAP/2105/2012 of 1 October 2012 implementing the reporting obligations envisaged in Organic Law 2/2012 of 27 April 2012 on Budgetary Stability and Financial Sustainability.

3 In the transition period to 2020 the percentage considered shall be 100%.

4 Or, if appropriate, of the RG that has financial stewardship of the LG.

5 Moreover, in the case of the RG, if one of these objectives or the spending rule is not fulfilled, a mandatory and binding report by MHAP will be needed for the granting of subsidies or the signing of agreements by CG with the RG in question.

— When, in normal circumstances, CG, RG or LG fail to meet the budgetary stability, public debt or spending rule objectives, they shall draw up a Financial Economic Plan (FEP) providing for the correction of the slippage within 1 year. If the exceptional circumstances envisaged in the Law occur, the emergence of slippage will require the submission of rebalancing plans (RP) that include the paths envisaged to attain once more the budgetary stability or public debt objective.[6] In that case, the Law sets no deadline for correction.

— MHAP shall report quarterly on the monitoring of all ongoing FEP and RP. If, in any report, slippage in the application of the measures were to be verified, the level of government responsible shall be required to correct it. If, in the following quarterly report, it is verified that the measures of the plan have not been complied with and that this may lead to non-compliance with the stability objective, MHAP may impose the coercive measures envisaged in the Law.

— In the event of non-compliance with the FEP or RP, the LEP stipulates the obligation for the level of government responsible to approve, within 15 days from the non-compliance occurring, the non-use of appropriations to ensure compliance with the objective. In parallel, a sanction shall be established, consisting of the obligation to set aside a remunerated deposit at the Banco de España equivalent to 0.2% of its GDP.[7] Should the pertinent corrective measures not have been applied within three months, the deposit will cease to generate interest and if, following a second three-month period, non-compliance persists, the Government, on the proposal of MHAP, may resolve that the deposit be converted into a fine. If, after a further three-month period following the setting of the fine, the necessary measures have still not been adopted, the Government may resolve to send a delegation of experts who will have to submit a proposal of mandatory measures.

— In the case of the RG, if the resolution on the non-use of appropriations were not adopted, or if the obligatory deposit were not set aside or the measures proposed by the above-mentioned delegation of experts were not accepted, the Government would require the president of the RG to see through the measure that has not been carried out. If this requirement is not met, the Government, with the approval by absolute majority of the Senate, shall adopt the measures necessary to ensure forcible execution by the RG. A similar procedure is envisaged for LG. In this case, persistent non-compliance may lead to the dissolution of the local government bodies responsible.

6 Both FEP and RP shall be drawn up within one month from the time non-compliance is noted or exceptional circumstances discerned, respectively, and their implementation shall take no longer than three months. In the case of CG, the plans shall be drawn up by the Government (on the proposal of MHAP) and sent to Parliament for approval. If they are rejected, the Government will have one month to submit a new plan. In the case of the RG, the plans formulated by them shall be sent to the CPFF and, if they are not considered appropriate, the CPFF shall call on the RG to submit a new plan. If a plan is not submitted within the specified period or is rejected again, MHAP may impose the coercive measures set out in the draft legislation.

7 Moreover, like the previous regulations, the draft law establishes that if sanctions are applicable to Spain under European regulations, the portion applicable to them shall be transferred to the levels of government responsible.

to the elasticities of the fiscal variables with respect to the cycle, these are estimated for personal income tax, corporate income tax, indirect taxes and social security contributions in the case of revenue; and for unemployment benefits and other primary expenditure in the case of spending (see Table 1).[9] The aggregate sensitivity of the budget balance to the business cycle can be obtained as the weighted sum of these elasticities of public revenue and spending, where the weights are those of the various revenue and spending items as a proportion of nominal GDP. Assuming a constant revenue and spending structure, the European Commission sets this cyclical sensitivity of the Spanish budget balance at a value slightly higher than 0.4. The cyclical component of the deficit in each year is thus obtained by multiplying this sensitivity by the output gap (expressed as a percentage of potential GDP). Finally, as earlier mentioned, the cyclically adjusted component of the deficit is obtained as the difference between the actual budget balance and its estimated cyclical component.

From the standpoint of fiscal policy design, the main advantage of setting the budget deficit cap in structural terms is that it enables its stabilising character to be preserved. In

9 See European Commission (2005).

ELASTICITIES OF PUBLIC SPENDING AND REVENUE

TABLE 1

	Elasticities [1]	Weights of revenue/spending in GDP (average 1995-2012) [2]	Cyclical sensitivities [3] = [1] x [2] / 100
Total taxes and social security contributions	1.08	33.8	0.36
Personal income tax	1.92	7.0	0.13
Corporate income tax	1.15	2.9	0.03
Indirect taxes	1.00	10.9	0.11
Social security contributions	0.68	13.0	0.09
Total current primary expenditure	-0.16		
Unemployment insurance	-3.30	1.8	-0.06
Other primary expenditure	-0.03	31.7	-0.01
General government cyclical sensitivity			**0.43**

SOURCES: IGAE (National Audit Office) and Ministerial Order ECC/2741/2012 of 20 December 2012.

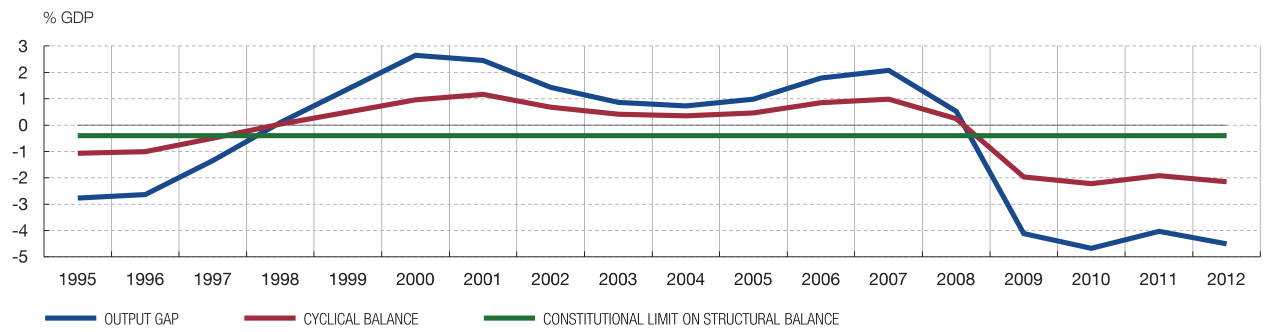
fact, the cyclical component of the deficit falls (increases) in periods of economic expansion (recession), given that public revenue tends to grow (diminish) and public spending to fall (increase) simply as a result of the operation of the automatic stabilisers, generating a stabilising effect on the economy. Insofar as the caps on the structural deficit do not affect the course of the cyclical component of the deficit, a rule thus defined allows for the free play of these automatic stabilisers. Moreover, it might allow fiscal policy to play a counter-cyclical discretionary role, beyond that derived from the automatic stabilisers, but that would call for structural surpluses to be attained in economic boom periods. Hence, on the basis of the estimates of the general government cyclical balances made by the European Commission for the 1995-2012 period, a hypothetical application of the zero structural deficit rule would have been consistent with oscillations in the general government balance ranging from a maximum deficit of 2.2% of GDP in 2010 to a surplus of 1.1% of GDP in 2000 (see Chart 1).

The main practical difficulty in defining the budget deficit cap in structural terms arises from the fact that this variable is not observable and has to be estimated, with the economic literature, as stated, providing different methods that offer likewise different results. The advantage of deciding to use the reference methodology provided by the European Commission is that it is known to and can be readily replicated by analysts, and it avoids the discrepancies that might arise between the national rule and that established at the European level by the application of a different methodology, which makes it easier to monitor the public finances situation from the standpoint of compliance with Community commitments. In any event, it should be borne in mind that estimates of the structural deficit are frequently subject to revision, whether this be due to the incorporation of fresh (budgetary or macroeconomic) information or to potential forecasting errors, given that these estimates require the use of macroeconomic projections.[10] The new LEP does not establish differentiated treatment in the event of structural deficit revisions arising, something which

10 In this respect, Kempkes (2012), using data for the OECD countries, finds evidence that there is a significant bias for the output gaps estimated in real time to be more negative than those estimated using final data. The scale of the bias is between -0.6% and -0.5% of potential GDP on average in all countries and periods, meaning that the use of estimated output gaps in real time would have enabled governments to record higher budget deficits than those that would have arisen from an estimate based on the use of final data. The results also show that the source of these biases would be due, above all, to systematic errors in the macroeconomic projections and not so much to the method for estimating potential output.

OUTPUT GAP, CYCLICAL BUDGET BALANCE AND CONSTITUTIONAL RULE

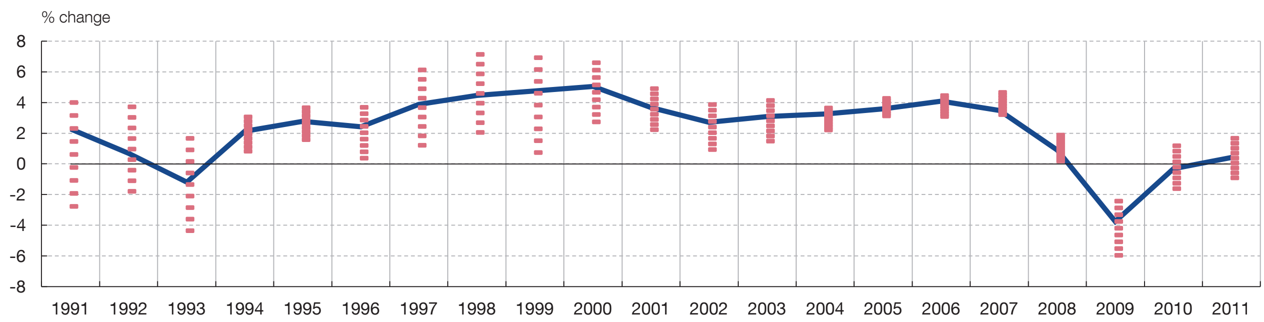
CHART 1



SOURCE: AMECO (updated 22 February 2013).

OVERALL SPANISH GDP GROWTH AND REGIONAL HETEROGENEITY

CHART 2



SOURCES: Spanish Regional Accounts and Banco de España. The broken vertical lines highlight the distance between the maximum and minimum growth in a specific year of the 17 Regional Governments.

does occur in the fiscal rules applied in some countries.[11] Furthermore, setting a limit on the structural deficit that is applicable not only to the State but also to the RG raises the question of the estimation of this structural balance at the level of each tier of government. In this respect, and as stipulated under the new stability law, Ministerial Order ECC/2741/2012 of 20 December 2012 details the methodology for distributing the estimated overall general government structural deficit among the different agents. Specifically, it was opted to use the same output gap measure for all general government levels and the State, namely that resulting from the application of the above-mentioned methodology at the European level. This decision is warranted by two types of argument. On one hand, the difficulty entailed by estimating an output gap measure which differs across RG and which, in turn, is compatible with the aggregate measure used in the context of the SGP. On the other, it is argued that the cyclical synchrony between the RG is very high, despite the fact that the dispersion of the RGs' real GDP growth rates may, some years, be high, which might in the odd case pose practical implementation problems for the principle of a single output gap (see Chart 2).[12]

It has also been opted to use the same value of the revenue and expenditure elasticities for the State and all the RG (see Table 1). In turn, the cyclical sensitivities of each level of

11 In the case of the German constitutional rule, the ex post result of the structural balance is adjusted for the error in the real GDP forecast. In the case of the Swiss constitutional rule, however, when there is a deviation from the rule limit derived from a projection error, this is included in its entirety in a notional account, which only requires adjusting if it exceeds a specific threshold.

12 For instance, in 2009, although real GDP for the economy as a whole contracted by 3.7%, the extremes stood between the declines of 6% for the Valencia region and of 2.4% for the Madrid region.

DISTRIBUTION OF THE CYCLICAL BALANCE ACROSS THE GENERAL GOVERNMENT SUB-SECTORS

TABLE 2

	Output gap in 2011 (a)	Elasticities	Estimated weights as a percentage of 2011 nominal GDP			Simulated distribution of the cyclical component		
			Central Government and Social Security	Regional Govern-ment	Local Govern-ment	Central Government and Social Security	Regional Govern-ment	Local Govern-ment
	[1]	[2]	[3]	[4]	[5]	[6] = [1] x [2] x [3]	[7] = [1] x [2] x [4]	[8] = [1] x [2] x [5]
Total revenue						**-0.88**	**-0.40**	**-0.12**
Personal income tax	-4%	1.92	3.79	3.17	0.47	-0.29	-0.24	-0.04
Corporate income tax	-4%	1.15	1.74	0.02	0.11	-0.08	0.00	-0.01
Indirect taxes	-4%	1.00	3.89	3.95	2.03	-0.16	-0.16	-0.08
Social security contributions	-4%	0.68	13.09	0.05	0.03	-0.36	0.00	0.00
Total current primary expenditure						**-0.40**	**-0.02**	**-0.01**
Unemployment insurance	-4%	-3.30	2.81	0.00	0.00	-0.37	0.00	0.00
Other primary expenditure	-4%	-0.03	26.94	17.27	6.77	-0.03	-0.02	-0.01
Residual (other revenue)						**0.04**	**0.04**	**0.04**
Cyclical balance						**-1.25**	**-0.39**	**-0.09**

SOURCES: INE (SNA annexed tables), IGAE (National Audit Office), European Commission and Banco de España.

a European Commission's 2013 Winter Report.

government are obtained as the weights of the various revenues and expenditures that are considered cyclical (as a percentage of national GDP) multiplied by the related elasticities. Thus, when calculating structural balances, the only factor that can determine differences in the impact of the cycle across governments is the presence of discrepancies in the weights of public revenue and spending. In particular, governments in whose accounts the most cycle-sensitive items account for most weight, as may be the case with, for example, unemployment spending, social security contributions or personal income tax, will have a comparatively bigger cyclical balance[13]. For the purposes of the distribution of the cyclical balance the Social Security System is integrated into Central Government (CG) since, as the ministerial order indicates, unemployment benefits – a markedly cyclical expenditure item – may be financed interchangeably by contributions, taxes or debt.

Table 2 presents an exercise of how the distribution of the cyclical balance across the general government sub-sectors would have been in 2011 applying the above-mentioned methodology. Here use is made of the output gap estimate for that year made by the EC in its 2013 Winter Report[14], the elasticities of public revenues and expenditure in Table 1, and approximate weights of the share by agent in revenue and expenditure based on IGAE (National Audit Office) data.[15] As was to be expected, the CG aggregate would account for some 70% of the total for the cyclical balance, owing to the effect of the Social Security System (in both its revenue and expenditure facets), while the RG would be assigned 25% and LG the remaining 5%.

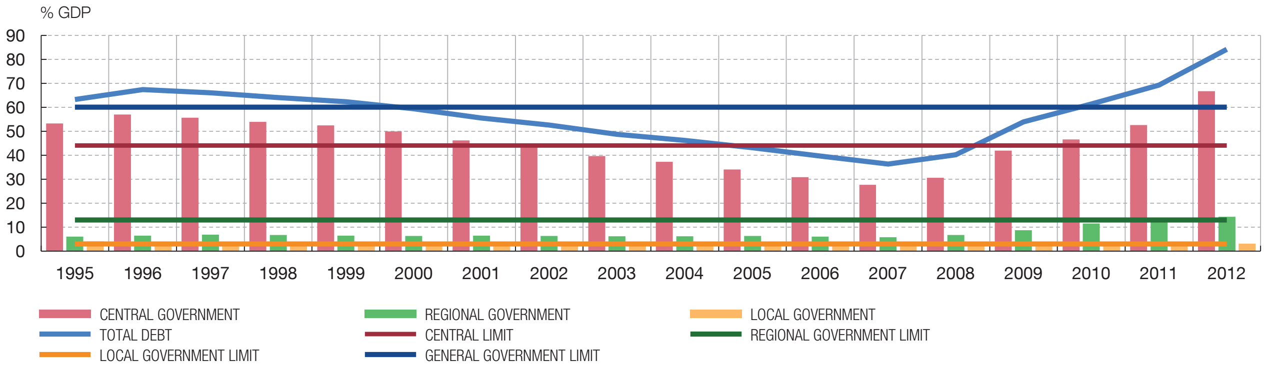
13 In the case of the RG, it should further be borne in mind that some receive transfers from the Guarantee Fund, the changes in which over time are linked to State tax revenues, which include State takings for personal income tax, VAT and excise duties. The elasticity in respect of the output gap of this basket of taxes is estimated at 1.4.

14 See European Commission (2013).

15 The heading "Other" has been included to ensure consistency with the cyclical balance that would arise from the habitual aggregate approximation which is calculated multiplying the sensitivity of general government to the business cycle (0.43) by the output gap. The distribution of the remainder across the sub-sectors has been carried out using the weights in other revenue of the various general government sectors.

PUBLIC DEBT AND LIMITS

CHART 3



SOURCE: Banco de España. Consolidated public debt by General Government sub-sector.

THE CAP ON PUBLIC DEBT

The LEP stipulates that the weight of overall general government debt in GDP may not exceed 60% as from 2020. This explicit cap on public debt was not envisaged in previous stability laws and further reinforces the commitment to budgetary discipline, given that it is the key variable for measuring the sustainability of public finances. Indeed, one of the main objectives of the reform of the SGP approved in 2011 is to strengthen the operationality of the cap set on this variable. Setting a limit on the level of public debt also prevents budgetary operations that are not recorded in the budget deficit but that generate an increase in borrowing needs from remaining outside the scope of the rule. The rule also gives absolute priority to the payment of public debt interest and capital expenses over other budgetary commitments, which may prove especially important for dispelling potential doubts over the situation of public finances at times of financial instability or deteriorating confidence.

The LEP establishes the means of distributing the cap of 60% of GDP across the general government sub-sectors. A figure of 44% of GDP corresponds to CG, 13% to the RG as a whole (this limit is also applied to each of them in respect of their regional GDP) and 3% to LG, a very similar distribution to that observed at end-2011, when CG amassed around 75% of the overall general government debt. Arguably, in principle, CG should have greater scope for indebtedness, as established under the law, so as to be better placed to respond to the shocks affecting the country as a whole, and to help smooth the idiosyncratic shocks of each territory or group of territories. Further, their greater accessibility to international markets to raise financing might justify a higher threshold.

Chart 3 plots the debt for each sub-sector in recent years, and the debt caps set. CG and LG can be seen to have exceeded the LEP cap in most of the years, with the exception of the periods 2002-2009 and 2001-2008, respectively. The RG, for their part, only exceeded it in 2011 and 2012.

In relation to the foregoing and as under the previous legislation, the LEP stipulates that CG may not assume the debt commitments of the RG or LG, nor that of the public corporations reporting to them, and nor may the RG assume LG commitments. This is what is known as the non-bailout clause, and its wording in the LEP is very similar to that in the Treaty on European Union for relations between Member States. In a country as decentralised as Spain, this clause is crucial in seeking to prevent the costs of inappropriate fiscal behaviour at one level of government from passing through to the other tiers, and it is vital so that the capital markets may maintain a disciplining effect based on discrimination among the risk premia on the debt of the different levels of government.

In any event, the LEP also states that RG and LG may apply to the State for access to exceptional liquidity support measures. To do this, the RG in question has to agree on an adjustment plan with the Ministry of Financial Affairs and Public Administration (MHAP) that ensures fulfilment of the stability objectives. This plan shall be public and include an approval, start-up and surveillance timetable. Compliance with the timetable will determine the tranche-by-tranche disbursement of the financial aid. Moreover, the RG must accept the specific monitoring and reporting conditions.[16] In this respect, the Government has launched various support mechanisms for RG and LG in 2012 and 2013 so as to provide for the refinancing of their prior debts or for payment to trade creditors.

THE SPENDING RULE

The LEP stipulates that the State, RG and LG shall annually approve a non-financial expenditure cap. Specifically, it states that the annual increase in spending (by the State, the RG and LG) may not exceed the medium-term GDP growth reference rate set by the Ministry for Economic Affairs and Competitiveness (MEC), in keeping also with the European Commission's methodology. In this respect, the ministerial order approved in December 2012 states that the medium-term growth of real GDP shall be calculated as the mean of the estimates of the potential growth of real GDP over the last five years, the estimate for the current year and the projections for the following four years. Approximating the spending cap reference value as a measure of the changes in GDP over 10 years prevents the rule from giving rise to procyclical behaviour by public spending.

To arrive at the nominal potential GDP acting as a reference, the LEP opts to use the (actual or forecast) annual growth of the GDP deflator, with a maximum of 2%. This limit on the increase in the deflator adds a disciplining element to the future course of public spending, preventing very high increases in expenditure due to excessive price growth.

The rule further establishes that the permitted increase in spending should be adjusted for the estimated impact of the planned discretionary tax measures, so that when regulatory changes entailing permanent increases (reductions) in revenues are approved, the spending cap may increase (must fall) by the equivalent amount. This adjustment is fully justified in order to accommodate the growth in spending to developments in revenue and to prevent fiscal imbalances from arising owing to the approval, for example, of tax cuts not accompanied by equivalent reductions in spending. However, it should be borne in mind that estimating the impact of tax changes on revenue is not straightforward, and ex ante estimates may differ greatly from actual results. Accordingly, it would be advisable periodically to conduct ex post analyses and to accommodate the growth in spending to the potential slippage that may arise.

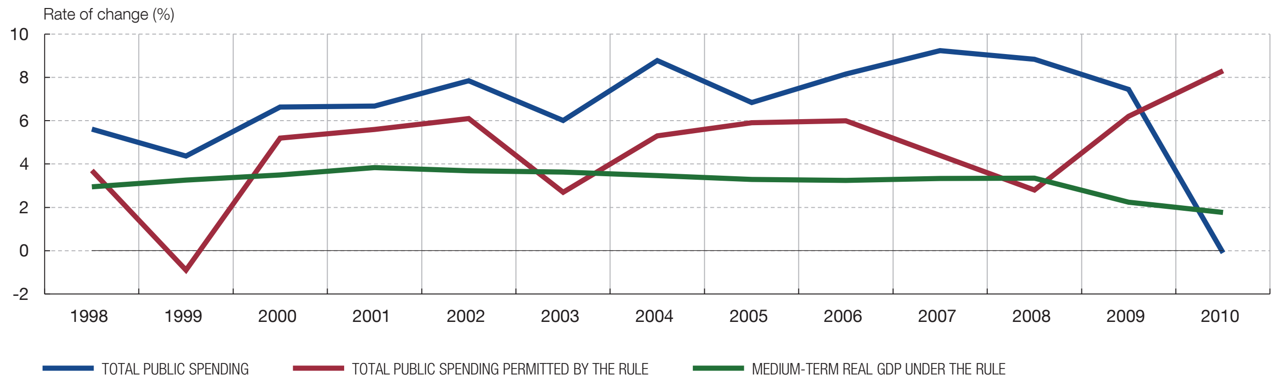
As regards the spending components subject to the cap, it has firstly been opted to exclude interest payments. This can be justified since this variable lies beyond the control of the tax authority, at least in the short term. Moreover, despite the fact that the rule is not applied to Social Security Funds, non-discretionary spending on unemployment benefits is also excluded. This exclusion will prevent a procyclical bias being generated in public spending derived from the application of the rule.[17] Finally, also excluded is the portion of expenditure financed with specifically earmarked funds from the European Union or from

16 In particular, information should be reported quarterly to MHAP on public guarantees received and credit lines arranged, trade debt incurred, derivatives transactions and any other contingent liability.

17 For example, in an economic slowdown there would be an increase in unemployment benefit spending. If the rule were applied to this definition of spending, that would mean that, to ensure its fulfilment, other spending items would have to be adjusted to offset the growth of total spending above that set under the rule, giving rise to procyclical bias in spending.

PUBLIC SPENDING: ACTUAL AND PERMITTED BY THE RULE

CHART 4



SOURCE: Hernández de Cos (2011).

other public administrations and State transfers to the RG and LG linked to financing arrangements. The exclusion of these items, with the exception of transfers between general government sub-sectors, is equivalent to that incorporated into the 2011 SGP reform.[18]

The extension to the RG and LG of this rule, which did not exist under the previous legislation, is particularly important for achieving effective control over spending given the major responsibilities exercised by these governments in Spain. As regards Social Security Funds, their exclusion essentially entails leaving pension spending (in addition to the aforementioned unemployment benefits) out of the rule, which would be consistent with the need to maintain a long-term perspective in the financing of these benefits. The annual growth of this item is largely determined by the parameters of the system and demographic developments, whereby it would be difficult to annually restrict its growth.

Chart 4 offers a counterfactual exercise of how the spending rule would have worked had it been applied in the past. As can be seen, its application in the period of expansion from 1999 to 2007 would have substantially restricted the permitted annual spending, such that significant room for manoeuvre could have been generated that would have restricted the deterioration in public finances from 2009. Moreover, the spending rule is a most useful complement to the structural deficit rule since, in periods of economic expansion marked, for instance, by an expansion in the real estate market, the habitual calculations of the structural balance identify the public revenues usually accompanying these episodes as a structural – as opposed to a purely cyclical – improvement. The spending rule allows, however, for the disciplining of the trend of this item at such times, facilitating the saving on extraordinary revenues.

The exceptions to the rules: the possibility of slippage in respect of the caps

Broadly, establishing exceptions to compliance with fiscal limits is understood to be desirable and can reinforce the credibility of their fulfilment, provided they are clearly defined. In this respect, the new Stability Law stipulates that the State and the regional governments may incur structural deficits and exceed the public debt caps in exceptional circumstances, such as natural disasters, serious economic recessions (defined in keeping with European regulations, and where, moreover, a real negative rate of change in GDP according to annual national accounts must be posted) or exceptional emergencies[19], approved

18 In the case of the SGP, the public investment considered for the assessment of the rule is allowed not to be the annual figure but a four-year average, in order to prevent the volatility of this variable, especially in small countries.

19 Exceptional emergency situations are understood as those beyond the control of the general government sectors and which considerably impair their financial position or their economic or social sustainability.

by an absolute majority in Parliament. Social Security Funds may post a structural deficit in accordance with the purposes and conditions of the Social Security Reserve Fund regulations[20], while LG must constantly maintain a balanced budget or run a surplus.

The definition of serious economic recession included in the law is somewhat more restrictive than that in the SGP, given that, as indicated, it requires that a real negative GDP growth rate be recorded.[21] Specifically, in the case of the SGP it is stipulated that deficits over 3% are not considered "excessive", provided that the failure to comply is of scant significance, temporary and due to exceptional circumstances. The latter include unusual circumstances over which the Member State has no control and which bear significantly on the financial position of the general government sectors, or a serious economic recession.[22] Following the reform of the SGP in 2005, the latter situation is defined as a negative annual real GDP growth rate or a cumulative loss in output over a prolonged period of very low real GDP growth in relation to potential growth. For its part, the TSCG retains the same escape clauses as the SGP, but in relation to the structural deficit target.

In the case of structural reforms with long-term budgetary effects, the LEP allows for an overall general government structural deficit of up to 0.4% of nominal GDP. The LEP defers to the European agreements for the definition of which structural reforms allow such slippage. In this case, the SGP also allows temporary slippage from the medium-term objectives if there are significant structural reforms with positive long-term budgetary effects[23], although the SGP places no limit on the scale of the slippage permitted; accordingly, the Organic Law is once again more restrictive.

Transition period

As indicated in the introduction, the LEP stipulates a transition period running from the entry into force of the law until 2020, the first year in which the aforementioned structural deficit and public debt caps will be applicable. During that period, the reduction in the structural deficit shall be at least 0.8% of GDP in annual average terms (with the distribution between State and RG based on the structural deficit percentages recorded as at 1 January 2012). The public debt ratio shall be reduced at the rate necessary to place it below 60% in 2020[24] [25]. These limits shall not be applicable in exceptional situations. Further, the pace of reduction of public debt and of the structural deficit shall be reviewed in 2015 and 2018.

20 In this latter case the maximum structural deficit allowed for CG shall be lessened by the amount equivalent to the Social Security deficit.

21 Regarding the definition of "serious economic recession", it should be clarified whether the annual GDP in question is the national output, in which case the clause will be uniformly and symmetrically activated for all the general government sectors concerned, or whether, conversely, the potential divergences between GDP for Spain as a whole and GDP for a particular RG may lead to an asymmetrical and non-uniform application of the escape clause. In this respect, while it is true on average that the presence of negative annual GDP rates of change at the national level are usually accompanied by rates of the same sign for each RG, this has not always been the case. In 2010, for example, the rate of change of real national GDP was -0.1%, while for six RGs the related rates were positive or zero. Positive changes in national GDP between 1990 and 1992 were accompanied by negative rates being posted by an average of three RGs per year, something similar to what happened in the 1982-1986 period, in which two RGs per annum on average posted negative rates as opposed to positive rates for real aggregate GDP.

22 It shall be considered temporary when the Commission's budgetary projections indicate that the deficit will be below the reference value at the end of the unusual circumstances or the serious economic recession.

23 The SGP refers explicitly to the case of pension reforms that entail introducing a system based on several pillars and that include an obligatory "fully funded" pillar.

24 The change in the annual non-financial spending by each tier of government may not exceed the real GDP growth rate of the Spanish economy. Moreover, whenever the real GDP growth rate exceeds 2% per annum or employment is generated with growth of at least 2% per annum, the public debt/GDP ratio would have to fall by at least 2 pp of GDP.

25 However, if in 2020 public debt does not exceed 60% of GDP, a particular tier of government may exceed its specific debt limit provided that it meets the structural deficit criteria. In any event, the related tier of government shall reduce its debt over the maximum period established by the SGP taking 2012 as the initial year (i.e. approximately 20 years).

It should further be borne in mind that, given that the budget deficit exceeds 3% at present and that Spain is subject to the SGP's Excessive Deficit Procedure, the Spanish authorities must also comply with the recommendations of the European Council associated with this Procedure, which set structural balance adjustments of a specific amount[26]. Subsequently, once the budget deficit stands below 3% of GDP, the SGP requirements also establish an approximation to the medium-term objective, defined as a structural balance close to zero, entailing a minimum adjustment of 0.5% of the structural deficit, which must exceed 0.5% if the debt is above 60%, as is the case of Spain at present. Lastly, regarding the approximation of the public debt/GDP ratio to 60%, the current SGP stipulates an annual pace of reduction of 1/20 on average over the last three years the deficit is excessive.

Conclusions

The new Budgetary Stability Law has marked a substantial step forward in updating the framework of budgetary rules applicable to Spanish general government conduct. It includes a significant set of institutional elements identified by the European Commission as "best practices" in terms of legal appropriateness (enshrinement in the Constitution), the setting of quantitative limits on the structural budget deficit, debt targets, a public spending rule, escape clauses set in the law, surveillance and control procedures for meeting objectives, transparency and explicit inclusion of the cross-government non-bailout principle.

In particular, the application of the Stability Law has already entailed an improvement in terms of the transparency of general government conduct, with the regular publication of the RG and LG budget outturns. This improvement is particularly significant given that the shortcomings in the availability of information on these tiers of government previously prevented budgetary slippage being detected in time and delayed the activation of mechanisms ensuring that objectives were met. As a result of the application of the Law, the information in both the State and RG budgets should be improved, so that the underlying assumptions for the revenue and expenditure projections may be known and that information is at hand on these items in National Accounts terms, which is the relevant definition for the existing fiscal rules. In this respect, a single document offering a detailed view of the overall general government budgetary projections for the following year and their compatibility with the objectives set might be useful before the end of each year.

The Stability Law also includes new coercive instruments to ensure compliance with budgetary objectives by all levels of government. These include the possibility of establishing sanctions, the automatic adjustment of RG spending in specific cases of non-compliance and also the imposing of adjustment measures by CG , which RG and LG are bound to observe. These new legal mechanisms may prove most effective for ensuring discipline if rigorously applied and if the appropriate procedures for overseeing the budgetary outturn during the year are set in place.

The LEP establishes a transitory period, running to 2020, in order to gradually reduce the deficit and debt from their current levels and place them below the limits set for that year. During this period minimum requirements in respect of fiscal adjustments are mandatory and, along with the European Council's recommendations in the context of the Stability and Growth Pact, these will govern the pursuit of budgetary policy over the coming years. Fulfilment of the foregoing requirements will, indeed, call for a most significant and prolonged

26 For example, the European Council's Recommendations to Spain on 9 July 2012 aimed at bringing the excessive deficit situation to an end (ECOFIN 12171/12), the latest recommendations available at the time of this article going to press, established the need for an improvement in the structural balance of 2.5% of GDP in 2013 and of 1.9% of GDP in 2014.

fiscal drive in quantitative terms. In this connection it would be useful to set in place a medium-term budgetary programme containing projections for the various public revenue and spending items, based on a prudent macroeconomic scenario, and in which the various measures – and the quantification of their impact – are detailed, enabling the fiscal adjustment to be seen through under the terms laid down in the LEP and the SGP. This type of budgetary planning could be conducive to the credibility of the fiscal consolidation process, anchoring agents' expectations and providing for a far-reaching review of the different spending programmes and of the tax system in all levels of general government.

Finally, it should be recalled that the Government has announced an additional reinforcement of the national budgetary framework with the creation of an independent fiscal institution which, though still pending approval, will be tasked with fiscal policy analysis, advisory and monitoring functions to ensure government compliance with the principle of budgetary stability, and the evaluation of economic forecasts. Such institutions have proven useful in peer countries and could play a key role in entrenching the credibility of budgetary policy in Spain. For this, it is vital that the institution is given a degree of independence, effective responsibilities and resources in keeping with best international practices.

12.4.2013.

REFERENCES

BANCO DE ESPAÑA (2013). "Spanish Economic Projections Report", *Economic Bulletin*, March.

CABALLERO, J. C, P. GARCÍA PEREA and E. GORDO (2011). "La reforma de la gobernanza económica en la UEM", *Boletín Económico del Banco de España*, January.

EUROPEAN COMMISSION (2005). "New and updated budgetary sensitivities for the EU budgetary surveillance". Note by the Directorate General Economic and Financial Affairs, September 2005, available at: http://ec.europa.eu/economy_finance/economic_governance/sgp

EUROPEAN COMMISSION (2010). "Public finances in EMU—2010", European Economy, no. 4/2010.

EUROPEAN COMMISSION (2013). "European Economic Forecasts—Winter 2013", European Economy, no. 1/2013.

DENIS C., D. GRENOUILLEAU, K. MC MORROW and W. RÖGER (2006). "Calculating potential growth rates and output gaps. A revised production function approach". European Commission. Economic papers 247, March.

HERNÁNDEZ DE COS, P. (2011). "The reform of the fiscal framework in Spain: constitutional limits and the new public spending growth rule". *Economic Bulletin, Banco de España*, September.

EMPLOYMENT IN THE EURO AREA IN 2012

The authors of this article are José María Casado and Roberto García of the Directorate General Economics, Statistics and Research.

Introduction

In the second half of 2011 a further period of declining activity ensued in the euro area, which continued and heightened in 2012 and bore down on employment and unemployment developments. According to the member countries' EPA (Labour Force Survey) figures, the number of employees declined by 0.8% on average last year, following the 0.3% increase recorded a year earlier; and the unemployment rate stood at 11.9% in Q4, the highest ever figure since the creation of the Monetary Union.

This article analyses developments in employment, the labour force and unemployment in the euro area in 2012, paying particular attention to those population segments marked by differential behaviour. In this connection, we use information distributed by the European Commission drawing on the Labour Force Survey data collated quarterly by the national statistics institutes of the euro area countries.

Employment

The downturn in employment dating back to 2011 Q4 became more acute in 2012, as a result of weaker economic activity against a background of heightening financial tensions and diminishing confidence. Net job destruction affected 1,350,000 people, with the worst performance in terms of employee numbers being recorded in Q1. As a result, over the year as a whole, the year-on-year decline stood at 0.8% (see Table 1).

The reduction in numbers employed was essentially due to the decline in dependent employment, which underwent its biggest adjustment while the number of self-employed fell by only 70,000. By type of contract, and as at the start of the crisis, the fall-off in dependent employment was concentrated in temporary employees. As a result, the improvements seen in temporary employment levels in 2010 and 2011 were more than offset, as almost one million jobs of this type disappeared. The temporary employment ratio fell by 0.6 pp to 15.1% in Q4. Permanent employment scarcely declined, posting a fall of 96,000 at the close of the year.

In terms of the length of the working day, the adjustment once again fell on full-time workers, whose numbers declined on average by 1.6% during the year, 1.3 pp more than a year earlier. By contrast, part-time employment continued to grow, albeit at a lesser pace than 12 months earlier. Accordingly, the part-time ratio stood in Q4 at 21.1%, 0.6 pp the above the level recorded in 2011 Q4.

By sector of activity, the decline in employment was across the board, although it was concentrated in construction and in industry, where there was a similarly negative contribution to employment growth (see central panel in Chart 1). Of particular note is the performance of employment in non-market services; following the continuous increases recorded in the 2008-2009 crisis, this variable contracted in the second half of 2012. The decline is partly due to the adjustment in public-sector employment, essentially temporary employment. This adjustment took place in certain economies under financial assistance programmes and in others where major fiscal consolidation drives are under way (see lower panel in Chart 1).

Job destruction continued to affect males with greater intensity, while female employment lost some of the dynamism seen in 2011. The ongoing contraction in male employment,

EMPLOYMENT ACCORDING TO EU LFS
Year-on-year rate of change

TABLE 1

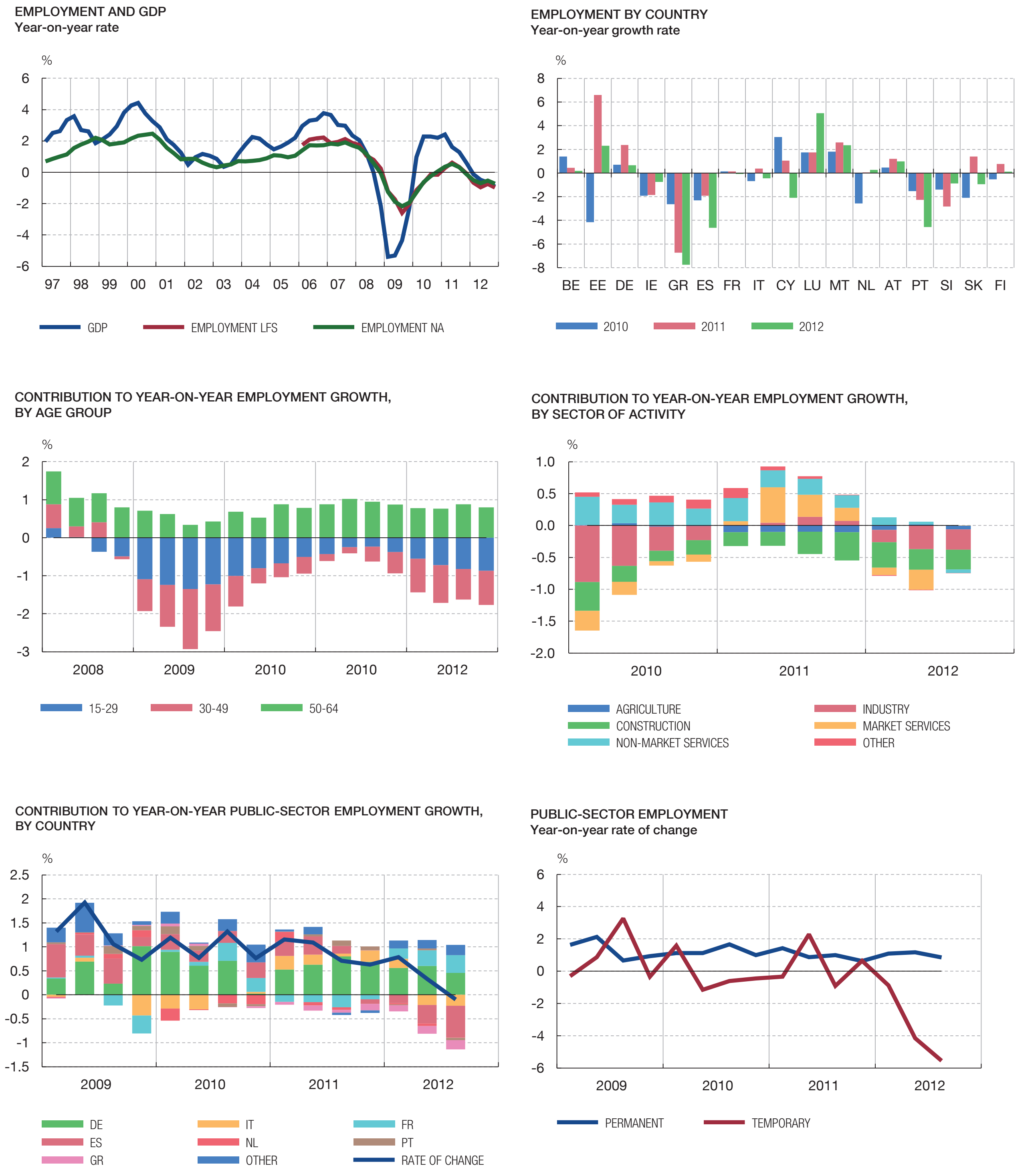
	2010	2011	2012	2010		2011				2012			
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Employment	-0.5	0.3	-0.8	-0.2	-0.2	0.3	0.6	0.3	-0.1	-0.7	-1.0	-0.8	-1.0
By sex:													
Male	-0.9	-0.1	-1.3	-0.5	-0.3	0.1	0.2	-0.1	-0.5	-1.2	-1.5	-1.2	-1.4
Female	-0.1	0.7	-0.3	0.2	0.0	0.5	1.1	0.8	0.5	0.0	-0.4	-0.2	-0.4
By age:													
15 to 24	-3.7	-1.7	-3.9	-3.3	-2.5	-2.2	-1.3	-1.2	-2.0	-2.9	-3.8	-4.2	-4.6
25 to 54	-0.9	-0.6	-1.7	-0.7	-0.8	-0.3	-0.3	-0.7	-1.0	-1.6	-1.8	-1.5	-1.7
55 to 64	2.9	3.6	3.1	3.6	3.1	3.5	4.0	3.7	3.4	3.0	2.9	3.3	3.0
By level of educational attainment:													
Basic studies	-1.7	-2.5	-2.7	-1.9	-1.5	-2.3	-2.5	-2.5	-2.6	-2.7	-2.7	-2.4	-3.0
Intermediate studies	0.7	0.6	-0.1	0.9	0.6	0.9	0.9	0.5	0.2	0.1	0.0	-0.2	-0.3
Higher education	2.2	3.1	3.1	2.1	1.8	2.4	2.9	3.5	3.4	2.9	3.4	3.1	3.0
By nationality:													
Nationals (a)	-0.6	0.3	-0.8	-0.3	-0.3	0.2	0.5	0.4	0.0	-0.7	-0.8	-0.8	-1.0
Foreigners	0.8	0.4	-1.2	2.8	2.6	1.6	1.8	-1.4	-0.5	-0.8	-3.2	-0.2	-0.7
By sector of activity (a):													
Agriculture	0.1	-3.1	-1.2	-0.6	-0.2	-3.2	-3.1	-2.9	-3.1	-2.1	0.5	-2.0	--
Industry	-3.2	0.4	-1.8	-2.3	-1.4	0.0	0.3	0.8	0.5	-1.2	-2.3	-2.0	--
Construction	-3.5	-4.0	-4.6	-2.1	-2.9	-2.8	-2.8	-4.6	-5.9	-5.4	-4.3	-4.3	--
Services	0.2	0.8	-0.1	0.4	0.2	0.6	1.2	0.9	0.6	0.0	-0.4	-0.1	--
Market services (c)	-0.4	0.7	-0.4	-0.2	-0.3	0.2	1.4	0.9	0.5	-0.3	-0.8	0.0	--
Non-market services (b)	1.1	0.9	0.1	1.2	0.9	1.2	0.9	0.8	0.6	0.4	0.2	-0.2	--
DEPENDENT EMPLOYEES	-0.7	0.5	-0.8	-0.3	-0.2	0.3	0.7	0.7	0.3	-0.5	-0.8	-0.8	-1.0
By duration of contract:													
Permanent	-1.0	0.2	-0.1	-0.7	-0.6	0.1	0.4	0.4	0.0	-0.2	-0.2	0.0	-0.1
Temporary	0.9	1.6	-4.2	1.8	1.9	1.5	2.2	1.6	1.1	-2.3	-4.1	-4.7	-5.5
By length of working day:													
Full-time	-1.1	-0.3	-1.6	-0.6	-0.4	-0.4	0.1	-0.1	-0.8	-1.3	-1.7	-1.5	-1.7
Part-time	1.7	2.5	2.0	1.8	0.9	2.8	2.5	2.1	2.7	1.8	1.9	2.3	2.0
SELF-EMPLOYED	0.6	-0.5	-0.5	1.0	0.5	0.2	0.2	-1.1	-1.4	-1.0	-0.9	0.0	-0.4
MEMORANDUM ITEM EURO AREA:													
Levels, as a %:													
Employment rate (16-64-year-olds)	64.2	64.3	63.8	64.4	64.2	63.8	64.5	64.5	64.2	63.5	64.0	64.1	63.7
Ratio of dependent employees to total numbers employed	84.6	84.7	84.8	84.6	84.7	84.5	84.6	84.9	85.0	84.6	84.7	84.8	84.9
Temporary employment ratio (c)	15.6	15.8	15.2	16.0	15.7	15.2	15.9	16.2	15.8	14.9	15.3	15.5	15.1
Part-time ratio (d)	19.9	20.4	20.9	19.7	20.0	20.4	20.4	20.0	20.5	20.9	21.0	20.7	21.1

SOURCES: Eurostat and Banco de España.

a Nationals from EU (EU-27) countries.
b The year-on-year rate of change for 2012 was calculated using the information for the first three quarters of the year, as data for the fourth quarter were not available as this Bulletin went to press.
c Market services include wholesale and retail trade, transport and storage, hotels and restaurants, information and communication, financial and insurance activities, real estate activities, professional, scientific and technical activities, and administrative and support service activities. Non- market services include other services.
d As a percentage of dependent employees.
e As a percentage of numbers employed.

EMPLOYMENT AND GDP IN THE EURO AREA

CHART 1



SOURCES: Eurostat and Banco de España.

combined with the moderate changes in female employment over the course of the crisis, has narrowed the gap in employment rates by sex to its lowest level since the creation of Monetary Union. Thus, in Q4 the male employment rate stood at 69.2%, while the female rate was 58.1%, 3.6 pp and 0.4 pp down, respectively, on the end-2008 rates.

In terms of nationality, the fall in employment impacted both Community and non-Community workers, although the latter were more intensely affected.

By age group, and furthering the trend observed since the start of the crisis, the biggest contraction in employment was in the youngest cohort, followed by the group of workers aged 30-49 which, being the most numerous, had a contribution to the change in total employment similar to that of the youngest members of the labour force. Conversely, the eldest cohort continued to evidence the dynamism of previous years, arising from the impact of the recent reforms made in most countries aimed at raising the effective retirement age.

As regards level of educational attainment, the highest average rate of job destruction for the year (2.7%) was among the least skilled, while employees with a university education continued to show positive figures for yet another year. There were scarcely any changes in employment levels during the year among workers with intermediate studies.

Finally, in terms of countries, the contraction in employment was concentrated in Greece, Spain and Portugal. In France and Italy, employment fell at levels similar to those at end-2011, while in Germany it increased at a lesser pace than in previous years (see top panel of Chart 1).

The labour force

The labour force retained the buoyancy shown the previous year, increasing by 0.6% for the year on average, while the working-age population declined by 0.1%. A s a result, the participation rate rose to 72% (see Table 2).

With regard to sex, the improvement in the participation rate was essentially due, as in previous years, to the increase in female participation, which increased over the year by 0.8 pp to 65.8%. In the case of males, their participation improved for the first time since 2008. For the year as a whole, their participation rate stood at 78.3%, a year-on-year increase of 0.2 pp (see Chart 2).

By nationality, the Community labour force played a notable role in the increase in the participation rate, with the working population of European origin increasing at a time of a slight decline in the working-age population. The participation rate of the non-Community population dipped as labour force numbers increased by a lesser proportion than the population aged 16-64 belonging to this group.

Turning to the breakdown by age, the decline in the participation rate of the youngest population cohort continued, falling to 56.4% for the year as a whole (0.4 pp down on the previous year). This was partly due to the extension of years in training, given the difficulties of entering the labour market. Conversely, the increase in the participation rate in the oldest cohort continued, rising by 1.6 pp to 63.6%. Likewise, the participation rate of the population aged 30-49 increased slightly to 87%.

Based on the level of educational attainment, the participation rate of all the population sub-groups posted increases, albeit more sharply among those with basic studies, where it stood at 65% of the end of the year.

Finally, the participation rate increased in most euro area countries, sharply so in Italy, France and the Netherlands, with the only notable exception being Germany, where it fell by 0.1 pp to 77.1% over the year as a whole.

Unemployment

Unemployment performed most adversely in 2012. Numbers unemployed exceeded 18.5 million at the end of the year, 2 million people more than 12 months earlier, and the unemployment rate stood in Q4 at levels never previously reached since the creation of the

LABOUR FORCE PARTICIPATION RATE ACCORDING TO LFS

TABLE 2

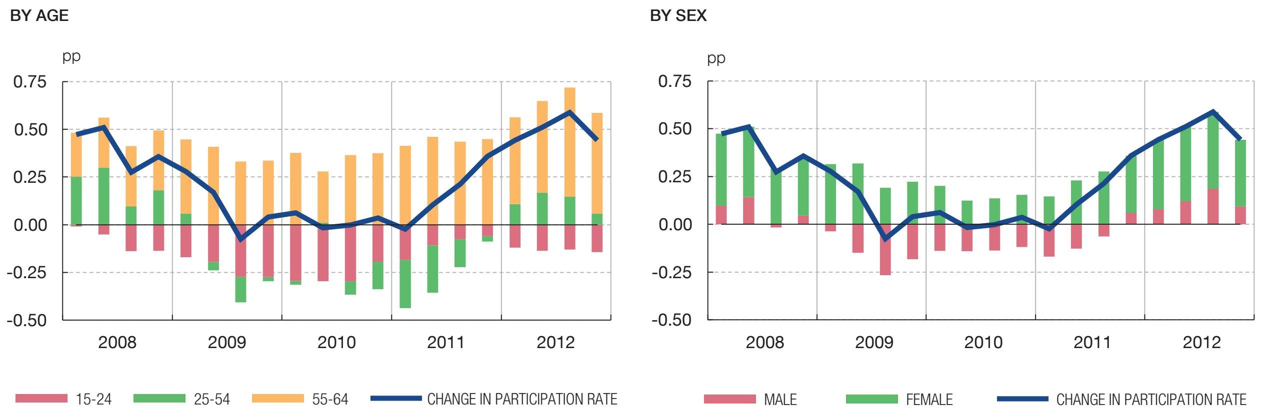
	2010	2011	2012	2010		2011				2012			
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
LABOUR FORCE 16 to 64-year-olds YEAR-ON-YEAR RATE	0.1	0.4	0.6	0.1	0.0	0.1	0.3	0.5	0.5	0.5	0.6	0.7	0.4
EU (a)	0.0	0.3	0.6	0.0	-0.1	0.0	0.3	0.5	0.5	0.4	0.7	0.7	0.4
Non-EU	1.3	0.6	0.8	2.6	1.8	0.2	1.3	-0.2	1.3	1.9	-0.5	1.1	0.6
TOTAL POPULATION 16-64-year-olds YEAR-ON-YEAR RATE	0.1	0.1	-0.1	0.1	0.0	0.1	0.2	0.2	0.0	-0.1	-0.1	-0.1	-0.2
EU	0.0	0.1	-0.2	0.1	-0.1	0.0	0.1	0.2	-0.1	-0.2	-0.2	-0.2	-0.3
Non-EU	1.3	0.9	1.3	1.6	1.2	1.0	1.0	0.2	1.4	1.7	1.2	1.4	1.0
LABOUR FORCE PARTICIPATION RATE	71.4	71.5	72.0	71.4	71.5	71.2	71.5	71.6	71.8	71.7	72.0	72.2	72.3
By sex:													
Male	78.2	78.1	78.3	78.3	78.1	77.9	78.1	78.2	78.3	78.0	78.3	78.6	78.4
Female	64.6	65.0	65.8	64.5	64.8	64.6	65.0	65.0	65.4	65.4	65.7	65.9	66.1
By age:													
From 15 to 24	57.1	56.8	56.4	57.5	56.9	56.3	56.5	57.5	56.8	56.1	56.3	57.0	56.3
From 25 to 54	86.6	86.6	87.0	86.4	86.7	86.5	86.7	86.3	86.9	86.9	87.1	86.8	87.1
From 55 to 64	61.0	62.0	63.6	61.1	61.4	61.4	62.0	62.1	62.6	62.8	63.5	63.9	64.2
By level of educational attainment:													
Basic studies	64.4	64.4	65.0	64.2	64.4	64.2	64.5	64.2	64.8	64.7	65.2	65.0	65.3
Intermediate studies	77.7	77.5	77.8	77.8	77.7	77.3	77.5	77.7	77.7	77.6	77.8	77.9	77.9
Higher education	86.9	87.0	87.3	86.6	86.8	87.1	87.3	86.7	87.1	87.2	87.4	87.2	87.4
By nationality:													
EU	71.5	71.7	72.3	71.5	71.6	71.4	71.6	71.8	72.0	71.9	72.3	72.4	72.5
Non-EU	69.1	68.9	68.5	69.2	69.0	68.4	69.4	68.9	68.9	68.5	68.2	68.7	68.7
By countries:													
Belgium	67.7	66.7	66.9	67.9	68.1	66.0	66.9	66.9	67.0	66.3	66.5	67.4	67.5
Estonia	73.8	74.7	74.9	73.7	73.8	74.2	74.4	75.7	74.4	74.8	75.0	75.5	74.2
Germany	76.6	77.2	77.1	76.7	76.8	76.8	77.1	77.4	77.6	76.7	76.9	77.4	77.4
Ireland	69.4	69.2	69.2	69.9	69.1	68.5	69.5	69.5	69.3	68.8	69.4	69.7	68.9
Greece	68.2	67.7	67.9	68.3	68.1	67.8	67.6	67.6	67.7	67.7	67.9	68.0	68.1
Spain	73.4	73.7	74.1	73.5	73.4	73.4	73.8	73.9	73.7	73.9	74.1	74.2	74.0
France	70.5	70.4	71.0	70.8	70.3	70.1	70.3	70.7	70.4	70.4	70.8	71.3	71.4
Italy	62.2	62.3	63.7	61.4	62.5	62.2	62.2	61.7	63.0	63.6	63.9	63.1	64.1
Cyprus	73.6	73.6	73.5	73.6	73.5	74.1	74.1	72.9	73.1	73.0	73.4	73.7	73.7
Luxembourg	68.2	68.0	69.4	68.8	68.4	69.3	67.4	67.9	67.2	68.7	68.5	70.6	69.9
Malta	60.4	61.6	63.1	61.0	60.5	61.4	61.6	62.0	61.4	62.4	62.6	63.9	63.6
Netherlands	78.2	78.4	79.3	78.3	78.2	78.0	78.0	78.4	79.1	79.1	79.2	79.4	79.5
Austria	75.1	75.3	75.9	76.0	75.5	74.5	75.2	75.9	75.5	74.7	75.9	77.0	75.8
Portugal	74.0	74.1	74.0	74.0	73.9	74.3	74.3	74.2	73.7	73.8	74.1	74.3	73.6
Slovenia	71.5	70.3	70.4	71.4	71.4	69.8	69.9	70.7	70.7	70.1	69.6	70.9	71.0
Slovakia	68.7	68.9	69.4	68.9	68.9	68.6	68.7	69.0	69.2	69.4	69.3	69.6	69.4
Finland	74.5	75.0	75.3	74.8	73.2	73.6	77.0	75.5	73.8	73.9	77.2	76.1	73.8

SOURCES: Eurostat and Banco de España.

a Nationals from EU (EU-27) countries.

CONTRIBUTIONS TO YEAR-ON-YEAR CHANGE IN PARTICIPATION RATE

CHART 2



SOURCES: Eurostat and Banco de España.

Monetary Union: 11.9% (see Table 3). This increase was driven by the fall in job creation, but also – albeit to a lesser extent – by the increase in the labour force.

Unemployment worsened in most euro area countries, albeit to differing degrees of intensity. In the countries most affected by the debt crisis (such as Greece, Spain, Italy, Portugal and Cyprus), unemployment increased significantly. This behaviour is in contrast to that in Germany and Luxembourg, whose unemployment rates fell (see Chart 3).

By sex, the rise in unemployment took the form of increases in the unemployment rate of both women and men, which stood respectively at 11.6% and 11.3% at end-2012. By age and level of educational attainment, there was notably little change in the unemployment rates of the oldest employees and of those with the highest level of education, despite the sizeable increase in the number of unemployed, since it was in these population groups that employment grew most sharply. The biggest increases in unemployment rates were among individuals in the 15-29-year-old group and those least skilled, where there were respective rises of 2 pp and 2.5 pp, respectively, to historically high levels that are practically double the unemployment rate for the total population (20% and 19.9%).

This strong increase in youth unemployment is particularly worrying when long-term unemployment is analysed. In 2012 it was in the youngest cohort in which the proportion of unemployed who had actively been seeking work for at least 12 months most increased, with the attendant figure at the close of the year standing at close to 40% (see right-hand panel of Chart 3).

By nationality, the number of unemployed grew by almost 2 million among the Community population, while among non-Community individuals it ended the year at slightly higher levels than those in 2011; as a result, the difference in the unemployment rate between both groups narrowed to 12.1 pp in Q4.

Conclusions

The year 2012 concluded with net job destruction that affected more than 1,300,000 people and with 2 million more unemployed, raising the unemployment rate to 11.9%, an unprecedented figure in the history of the Monetary Union. These figures serve only to exacerbate the already-delicate situation of the labour market, after more than 2 million jobs had been destroyed in the 2008-2009 recession.

UNEMPLOYMENT ACCORDING TO EU LFS

TABLE 3

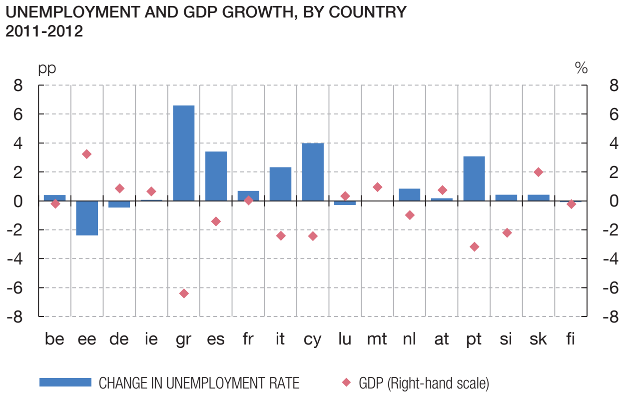
	2010	2011	2012	2010		2011				2012			
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
UNEMPLOYMENT. YEAR-ON-YEAR RATE	6.1	0.9	12.8	3.0	1.8	-1.8	-2.2	1.8	5.9	10.6	14.8	13.9	12.2
UNEMPLOYMENT RATE	10.1	10.2	11.4	9.8	10.1	10.4	9.8	9.9	10.6	11.5	11.2	11.2	11.9
By sex:													
Male	10.0	10.0	11.3	9.5	9.8	10.3	9.6	9.6	10.4	11.4	11.1	11.0	11.7
Female	10.3	10.5	11.6	10.1	10.5	10.6	10.0	10.3	10.9	11.5	11.3	11.5	12.1
By age:													
From 15 to 24	17.0	17.1	19.1	16.6	16.9	17.5	16.5	16.8	17.7	18.9	18.5	18.9	20.0
From 25 to 54	8.8	8.9	10.2	8.4	8.8	9.1	8.5	8.6	9.4	10.3	9.9	9.9	10.6
From 55 to 64	7.3	7.3	8.1	6.9	7.3	7.5	7.1	7.0	7.5	8.0	8.0	7.9	8.3
By level of educational attainment:													
Basic studies	16.0	16.6	19.1	15.4	16.1	16.7	16.0	16.0	17.6	19.0	18.9	18.7	19.9
Intermediate studies	8.6	8.5	9.5	8.1	8.5	9.0	8.1	8.2	8.8	9.7	9.2	9.1	9.9
Higher education	5.9	6.1	6.9	6.0	6.0	6.0	5.8	6.1	6.4	6.7	6.6	7.0	7.2
By nationality (a):													
EU	9.5	9.5	10.7	9.2	9.4	9.8	9.1	9.3	9.9	10.7	10.5	10.6	11.2
Non-EU	21.0	21.2	22.8	19.7	20.9	21.6	20.5	20.7	22.2	23.6	22.7	21.7	23.2
By countries:													
Belgium	8.4	7.2	7.6	8.7	7.9	7.2	6.6	7.8	7.1	7.2	7.0	7.8	8.3
Estonia	17.3	12.8	10.4	15.7	13.8	14.7	13.6	11.2	11.5	11.8	10.5	9.8	9.4
Germany	7.2	6.0	5.6	6.8	6.6	6.8	6.0	5.8	5.5	6.0	5.5	5.5	5.3
Ireland	14.1	14.9	15.0	14.4	14.6	14.6	14.9	15.4	14.8	15.3	15.3	15.3	14.0
Greece	12.7	17.9	24.5	12.6	14.4	16.1	16.6	17.9	20.9	22.8	23.8	25.0	26.3
Spain	20.2	21.8	25.2	19.9	20.5	21.4	21.0	21.7	23.0	24.6	24.8	25.2	26.2
France	9.4	9.3	9.9	9.1	9.5	9.5	8.8	9.1	9.7	10.0	9.5	9.7	10.5
Italy	8.5	8.5	10.8	7.7	8.8	8.7	7.9	7.8	9.7	11.1	10.6	9.9	11.8
Cyprus	6.5	8.1	12.1	6.0	5.6	7.7	7.4	8.0	9.2	11.4	11.6	12.3	13.0
Luxembourg	4.4	5.0	5.2	3.9	4.6	5.3	5.3	4.4	4.8	5.9	4.0	5.7	5.1
Malta	7.0	6.5	6.5	6.9	6.9	6.5	6.9	6.2	6.6	6.1	6.6	6.7	6.5
Netherlands	4.5	4.4	5.3	4.3	4.3	4.6	4.2	4.2	4.8	5.3	5.1	5.2	5.6
Austria	4.5	4.2	4.4	4.5	4.1	4.6	4.1	3.7	4.3	4.4	4.3	4.4	4.5
Portugal	11.4	13.4	16.4	11.5	11.8	13.0	12.8	13.0	14.7	15.6	15.7	16.6	17.8
Slovenia	7.4	8.3	9.0	7.2	7.9	8.7	7.8	8.0	8.9	8.7	8.3	9.3	9.7
Slovakia	14.4	13.6	14.0	14.2	13.9	13.9	13.2	13.2	14.0	14.1	13.7	13.7	14.5
Finland	8.5	7.9	7.8	7.4	7.5	8.7	9.0	6.9	7.0	8.1	8.8	7.2	7.1
LONG-TERM UNEMPLOYMENT													
Incidence (b)	46.9	50.1	51.9	47.8	48.5	48.7	50.4	50.4	50.7	49.7	52.3	52.6	53.2
By sex:													
Male	47.3	50.5	52.4	48.4	49.6	48.8	50.7	51.2	51.3	49.8	52.7	53.2	53.8
Female	46.4	49.6	51.4	47.1	47.3	48.6	50.0	49.5	50.1	49.6	51.8	51.8	52.5
By age:													
From 15 to 24	34.9	36.7	39.3	35.0	36.1	35.8	36.8	36.4	38.0	38.6	39.8	38.9	39.8
From 25 to 54	48.4	51.9	53.5	49.6	50.0	50.3	52.4	52.5	52.3	50.7	53.9	54.6	55.0
From 55 to 64	61.8	64.7	65.7	62.9	63.5	64.1	64.1	65.6	65.2	64.8	65.0	66.3	66.9

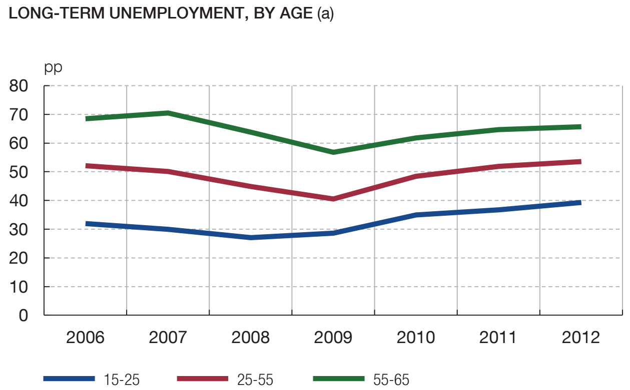
SOURCES: Eurostat and Banco de España.

a Nationals from EU (EU-27) countries.
b Weight in total unemployed of those that have been in that situation for more than a year.

UNEMPLOYMENT IN THE EURO AREA

CHART 3





SOURCES: Eurostat and Banco de España.

a Proportion of the unemployed in that situation for more than one year relative to total unemployed.

The downturn in employment in this new recession affected practically the same population groups and sectors of activity as in the previous one, particularly impacting youths, males, the less-skilled and employees in the construction sector and in industry. Conversely, one notable differential factor is the effect that this new crisis period is exerting on public-sector employment, where historical job destruction figures have been recorded. This adjustment, which is being instrumented chiefly through the reduction in temporary jobs, is led by the economies that are immersed in structural adjustment processes aimed at redressing imbalances built up in the past.

The decline in employment in the euro area in 2012 has once again fallen most acutely on the countries which most deeply felt the impact of the 2008-2009 recession. This highlights the fact that these economies' labour markets remain fragile and points to the need to accelerate the reforms they are pursuing.

15.4.2013

Introduction

Latin America posted growth of 2.9% in 2012, as a whole, 1.6 pp down on 2011, against a backdrop of slower world growth and terms of trade that have stabilised after increasing notably for two years. Following a relatively buoyant first quarter, the aggregate GDP of the region's seven main economies showed a moderating profile to Q3 and, subsequently, in tandem with the easing of strains in the euro area, activity rebounded. Conceivably, the moderation in the region's average growth means that it is returning to long-term trend growth rates, after the post-crisis years when the rapid exit from the recession closed output gaps and signs of overheating even appeared. However, this interpretation is not applicable to all the countries since, as shown in Chart 1, in 2012 the cyclical performance of the economies analysed diverged markedly. In particular, while Argentina and Brazil (which represent practically half of the region's GDP) grew considerably below their trend growth rate (Brazil for the second consecutive year), Peru, Chile, Venezuela and Mexico expanded at rates which were higher than or close to long-term trend. Thus, the loss of momentum in Latin America in 2012 was mainly due to factors specific to those two economies. In fact, in the other countries the pace of growth of activity and demand was buoyant, at more than 4%, and without any inflationary pressures in most of them.

The main support for activity in the region in 2012 continued to be domestic demand, which contributed 3.7 pp to growth, and, essentially, private consumption. The negative contribution of external demand declined to 0.8 pp owing to the significant containment of imports, as opposed to their strong increase in previous years. Exports grew little in line with the smaller increase in world trade mid-year. The most recent indicators seem to point to the recovery in Q4 continuing, firmly and dynamically so in countries like Chile and Peru, and more gradually in countries which have shown less vigour. The main exception is Venezuela, where the contractionary effects of devaluation and the necessary fiscal adjustment point to a considerable slowdown in activity.

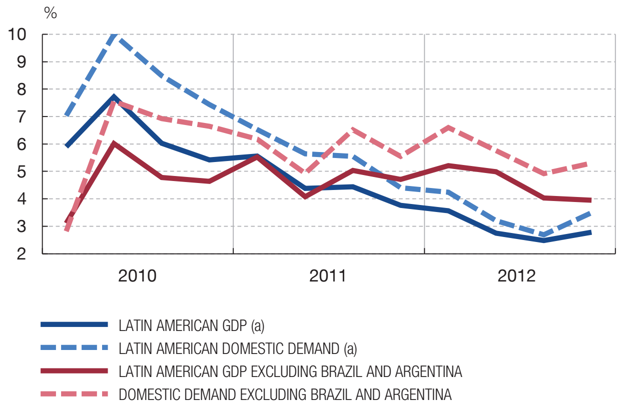
Inflation developments were also notably heterogeneous. Although the average inflation rate of the region's seven main economies tended to rise moderately from the beginning of 2013 (reaching 6.7% year-on-year in March), this was due to price behaviour in Venezuela and Argentina and, among the countries with inflation targets, to the sustained upward trend in Brazil (6.6% in March, 1.5 pp up on June 2012), despite the economic slowdown. However, in the other four countries with inflation targets (Chile, Colombia, Mexico and Peru) the pace of increase in consumer prices eased significantly against a backdrop of strong or close to potential growth, which gives evidence of the credibility of their economic policies. At end-2012, the five countries with inflation targets met their targets comfortably; Brazil did so, but only narrowly. In Brazil, the downward stickiness of inflation, in a context of economic weakness, and the rise in long-term expectations pose a considerable challenge to monetary policy following the sharp downward cycle in interest rates until October 2012.

The outlook for 2013 indicates similar growth to that in 2012 (although distributed differently by country), with some elements of risk. On one hand, the weakness of the industrialised economies continues to drag down growth and is only partly offset by demand from Asia (see Box 1). On the other, the perception that interest rates in the advanced economies will remain at low levels and that unconventional monetary policy measures will be maintained raises the need to remain vigilant about developments in capital flows on

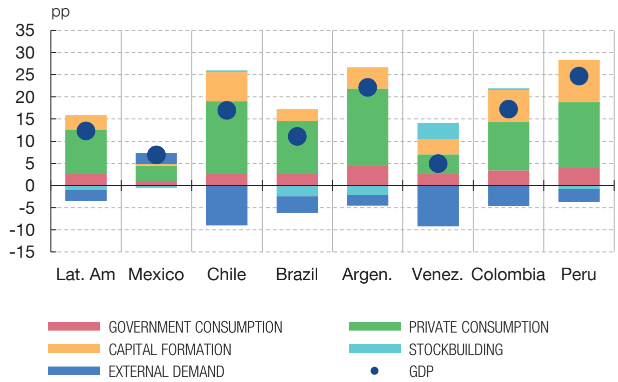
GROSS DOMESTIC PRODUCT
Year-on-year rates and percentage points

CHART 1

GROSS DOMESTIC PRODUCT
Year-on-year rates



CONTRIBUTIONS TO CUMULATIVE GDP GROWTH IN THE PERIOD 2008-2012



SOURCES: Datastream and IMF.

a Aggregate of the seven main economies.

account of their implications for credit, exchange rates and financial conditions. Furthermore, there is the risk that administrative measures, which are used increasingly profusely, will ultimately distort the efficient allocation of resources. At the same time, nevertheless, a normalisation in the level of the federal funds interest rate in the US would also pose risks for the emerging economies, where there is a considerable increase in dollar-denominated issues and very narrow spreads.

Finally, following the achievement of a decade-long growth in Latin America (an extraordinarily protracted phase by the region's standards), imbalances may be building up which entail risks in the medium term. The GDP of these countries already stands at between 7% and 25% above the pre-crisis high (see Chart 1), with very robust growth in private consumption. This upswing has been driven by a very favourable commodities cycle and, consequently, the main risk would be that of a substantial fall in commodities prices. This would have a considerable impact on fiscal and external accounts, which are highly favoured in turn by the boom. There has been an increasingly widespread deterioration in external positions and, although they continue to be comfortably financed with direct investment, a downward trend can be seen in several countries. Also, within the region, the imbalances built up by Argentina and Venezuela continue to be important factors of vulnerability.

External environment

The last quarter of 2012 and the early months of this year were characterised by the favourable performance of international financial markets (see Chart 2), against a backdrop of the easing of certain extreme risks – associated with the European sovereign crisis and the possibility of an abrupt fiscal contraction in the US – and further expansionary monetary policy measures in the main advanced countries. However, despite this improvement in investor sentiment, global activity was lacklustre in 2012 Q4 without any substantial changes in the economic outlook.

The main developed economies recorded a strong slowdown in 2012 Q4, with virtually zero growth in the US and Japan and fresh declines in GDP in the euro area and in the United Kingdom. In 2013 Q1 there was a slight rise in activity, which was sharper in the US, although a modest recovery is expected to continue. In this setting, and with inflation rates

ANALYSIS OF THE CYCLICAL CORRELATIONS BETWEEN LATIN AMERICAN ECONOMIES AND OTHER LARGE BLOCKS IN THE WORLD ECONOMY

BOX 1

After leaving behind the latest series of regional crises, since 2003 the external environment of the Latin American economies has been relatively favourable, characterised by rising demand for commodities, which are among their main exports, and the attendant increase in the terms of trade. As a result of the foregoing therefore, and unlike previous decades, growth has not been accompanied by external imbalances. The 2008-2009 global economic crisis has interrupted this trend slightly since the slow emergence of developed economies from the crisis has dragged down world growth (Panel 1, Chart 1), leading to lower external demand for the countries in the region[1] (Panel 2, Chart 1) and, more recently, to a stabilisation – or a decline – in commodity prices.

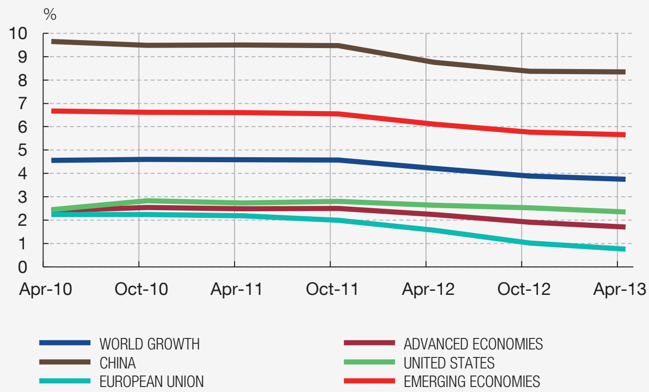
Latin America is a very heterogeneous region in respect of its degree of openness to foreign trade, the geographical direction of trade (with some countries more focused on Asia, others more on the United States or Latin America itself, and others that are more diversified[2]) and in respect of the main type of products exported (commodities or manufactured goods). For this reason, the geographical distribution of world growth is important when determining the effects of the external environment on these economies' activity.

This box presents an estimation of the cyclical correlations between the region – considering both the regional aggregate and the main countries individually – and other large blocks in the world economy: the United States – which has traditionally had the largest weight in the region's foreign trade and financial inflows –, the European Union – an area on which certain countries in the region have tried to refocus themselves by signing free trade agreements – and China – the most buoyant country in world trade, which essentially demands commodities from the region and with which

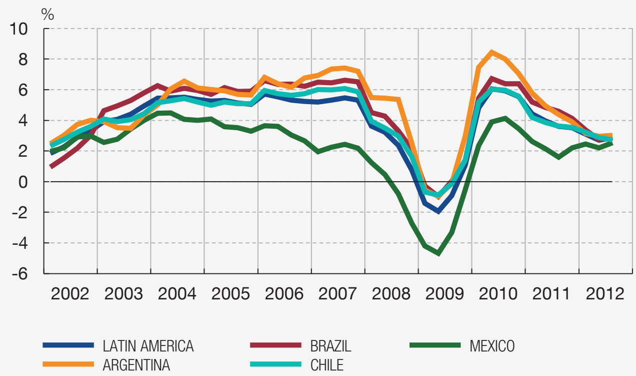
1 External demand is estimated on the basis of the rates of change in the domestic demand of the region's main trading partners, which is weighted by the share of each partner in the foreign trade of each Latin American country.

2 This external focus has changed over time as can be seen in Box 1 of the half-yearly report on the Latin American economy of October 2010.

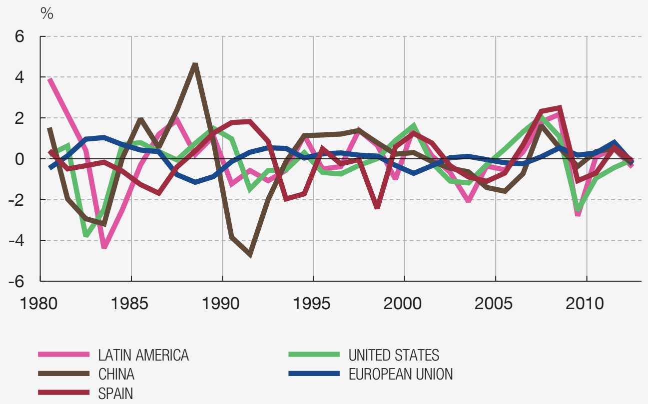
1 GROWTH PROJECTIONS FOR 2013-2014 (a)



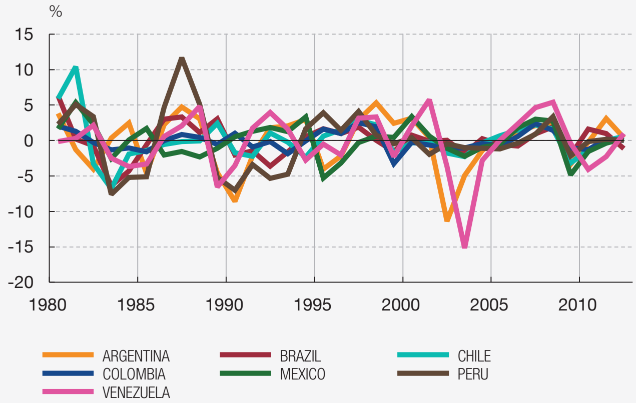
2 EXTERNAL DEMAND (ESTIMATED)



3 ESTIMATED CYCLICAL COMPONENT OF GDP (b)



4 ESTIMATED CYCLICAL COMPONENT OF GDP (b)



SOURCES: IMF and Banco de España.

a Average of GDP growth projections for 2013-2014 from the IMF's WEO published at the date indicated on the axis.
b Using a Hodrick-Prescott filter with a lambda of 6.7.

certain Latin American countries have signed free trade agreements. Similarly, the correlation of the cycles between Latin America and Spain has been analysed, as the latter has a large share in direct investment in the region.

The correlations are calculated by extracting the cycle from the various countries' and regions' annual GDP series for the period 1960-2012 through the Hodrick-Prescott filter; namely, it is a statistical breakdown, different to the usual one, derived from the estimation of potential growth.[3] Chart 1 presents the estimation of the cycles for the regional aggregate and the areas of comparison, as well as for the more important countries in the region. Noteworthy is the higher volatility of the cycle seen for the Latin American countries, especially those whose external integration is more reliant on commodities. In countries with a more diversified productive structure like Mexico and Brazil, the cycles are smoother and more protracted; consequently, they are more similar to those of the United States and the European Union.

The contemporary cyclical correlations are shown in Table 1.[4] For the period 1960-2012, the regional aggregate only has a statistically significant correlation (in bold and italics) with the United States (32%), as a result of a positive correlation with all the countries in the region except for Peru; this correlation is particularly high and significant with Colombia (32%) and Chile (41%), countries traditionally closely tied to the US economy. Conversely, the cyclical correlations of Latin America with China and Spain are very low (lower than 10% at aggregate level), which is logical, taking into account that the increase in exposure to the two areas is a more recent phenomenon. The correlation with the cycle of the European Union is negative and not statistically significant. Finally, noteworthy are the positive significant correlations between the cycles of the countries in the region, which are the highest of all those estimated in Table 1. This seems to indicate that as the region became increasingly integrated into the external environment, regional economic ties deepened.

In order to detect a possible structural change in the correlations following the beginning of the most intensive phase of the recent globalisation process and to estimate at which point in time the bilateral correlations become significant, the correlations were calculated in ten-year moving windows. As can be seen in Chart 2, from 2000 onwards (which includes the average correlation from 1991 to 2000), the correlations of the cycle of the regional aggregate with the United States and Spain turn positive, and become significant in the boom years immediately before the last international financial crisis. For China, the correlation has been high throughout the period examined and became significant in 2008, albeit at lower levels than those of other countries analysed. Fi-

3 Specifically, a Hodrick-Prescott filter with a lambda parameter of 6.7 is used, extending the GDP sample both backwards (to 1950) and forwards (to 2020, with long-term projections of *Consensus Forecasts*).

4 It should be pointed out that correlations, not causal relationships, are presented in the box. The exercise has, furthermore, other limitations: (i) the data used for certain economies (particularly China, which shows a GDP trend with very high and practically constant rates of change almost throughout the sample, making the cycles explosive at the beginning of the sample and smoother afterwards); (ii) the same method for trend estimation is used with the same parameter for all the countries and all the time periods instead of a fundamentals-based model, which may bias the results, if as occurred in 2008, there is a simultaneous shock in all the economies; and (iii) the cyclical correlations do not mean a direct effect on activity since this will depend on the weight of the country in the external positioning and degree of openness of the economy.

1 CONTEMPORARY CYCLICAL CORRELATIONS (1960-2012) (a)

	Argentina	Brazil	Chile	Colombia	Mexico	Peru	Venezuela	Latin America (b)
Argentina	1.000							
Brazil	0.209	1.000						
Chile	0.161	***0.338***	1.000					
Colombia	0.235	***0.482***	***0.557***	1.000				
Mexico	0.241	0.020	0.257	0.202	1.000			
Peru	***0.319***	***0.563***	0.226	***0.386***	0.036	1.000		
Venezuela	***0.447***	0.079	0.146	***0.310***	0.231	0.258	1.000	
Spain	-0.185	0.186	0.121	0.117	-0.068	-0.034	0.057	0.059
United States	0.192	0.206	***0.410***	***0.320***	0.259	-0.069	0.129	***0.317***
China	0.199	-0.138	0.036	0.063	0.110	0.136	0.120	0.045
EU	-0.107	-0.141	-0.273	-0.240	-0.078	-0.061	-0.061	-0.200

SOURCE: Banco de España.

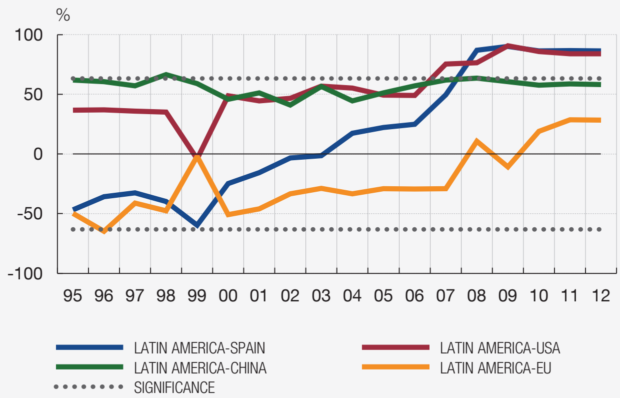
a Estimated from the cyclical component of GDP extracted with a Hodrick-Prescott filter with a lambda of 6.7. The significant correlations are shown in bold and italics (calculated as ±2 / (t^0.5), t = the number of correlations).

b Aggregate of the seven main economies.

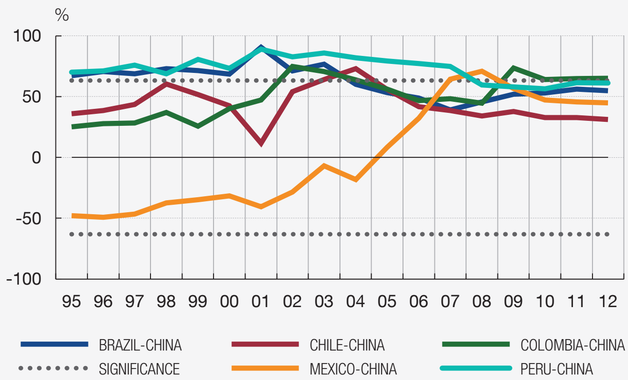
nally, the stabilisation (or slight decline) of the region's cyclical correlations with the three countries mentioned in the years following the crisis should be noted, which underlines the strong cyclical divergence recorded in the last years of the sample. The correlations with the European Union's cycle are not significant throughout the period examined.

The lower regional correlation of Latin America with China, and its non-significance, is a result of the bilateral correlation with Mexico, which until 2004 was even negative – this is logical taking into account that they compete in the same markets and in similar product ranges. By contrast, the correlation of China and Brazil's cycles is high from 2000 (50%), although it does not become sig-

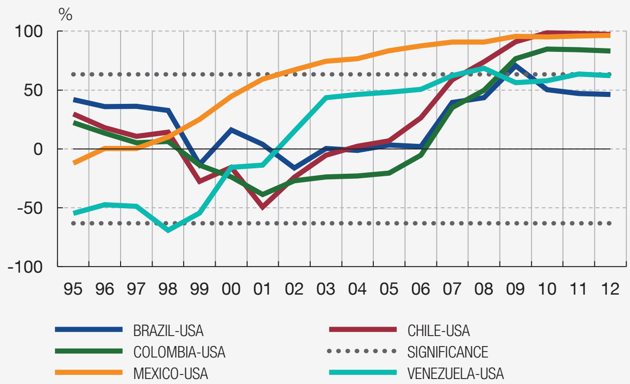
1 AVERAGE CORRELATIONS OF GDP CYCLICAL COMPONENT (TEN-YEAR WINDOW)



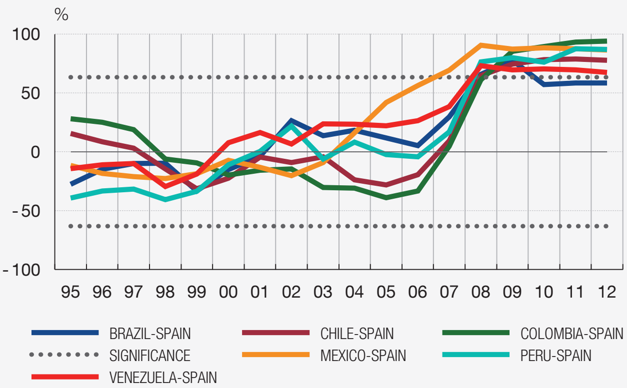
2 AVERAGE CORRELATIONS OF GDP CYCLICAL COMPONENT (TEN-YEAR WINDOW)



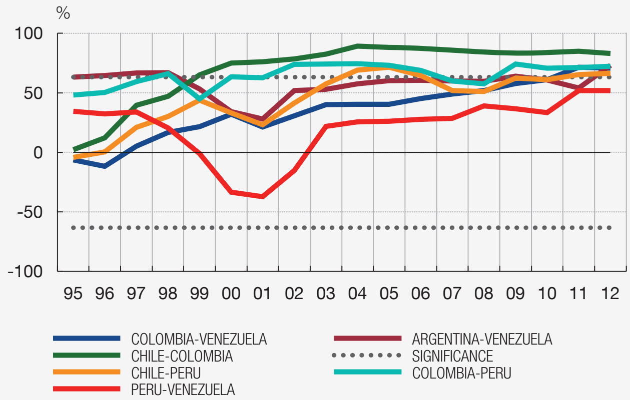
3 AVERAGE CORRELATIONS OF GDP CYCLICAL COMPONENT (TEN-YEAR WINDOW)



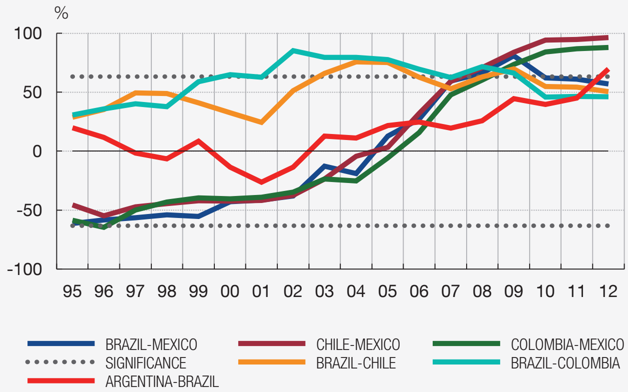
4 AVERAGE CORRELATIONS OF GDP CYCLICAL COMPONENT (TEN-YEAR WINDOW)



5 AVERAGE CORRELATIONS OF GDP CYCLICAL COMPONENT (TEN-YEAR WINDOW)



6 AVERAGE CORRELATIONS OF GDP CYCLICAL COMPONENT (TEN-YEAR WINDOW)



SOURCE: Banco de España.

nificant, which underlines the growing importance of China – already Brazil's main trading partner – even for those economies in the region which are more closed and have a more diversified commercial and productive structure. The United States shows significant positive correlations with almost all the countries in the region from 2006, which are particularly high (above 90%) in Chile and Mexico. This increase has tended to reverse partially in recent years on account of the cyclical divergences. Spain is a similar case: the cycle shows a growing correlation, albeit non-significant until 2008 with that of all the countries in the region (2006 in the case of México); from that year onwards, the correlations stabilise or decline slightly. Lastly, in the lower panels the cyclical correlations between the most representative countries in the region are presented. For the Andean countries, most of the correlations increase over time, reaching a significant level from 1995, which is higher towards the end of the period examined. This reflects how they have redirected their trade to the most dynamic area of growth in the world, the Pacific basin. As for the two largest economies in the region, Mexico and Brazil, the opposite trend is noteworthy in the correlations. There is an increase in Mexico's correlations to the point of being significant with the Andean countries more oriented towards Asia, and Brazil's correlations fall to the point of losing significance from the crisis onwards, which may have been affected by its different degree of productive specialisation. Finally, it is also worth pointing out the gradual increase in the cyclical correlation between the two big MERCOSUR economies (Argentina and Brazil), which in any event only becomes significant at the end of the sample.

In short, the processes of openness to foreign trade and strengthening intra-regional trade have given rise to greater synchrony both between Latin American countries themselves and with other major players in world trade, and in many cases, outperforming the traditional relationship with the United States. The cyclical synchrony with Spain has also risen as a result of the large presence of Spanish firms in the region, although from the crisis onwards it has stabilised or tended to decline. An increase in cyclical synchrony implies a higher impact of both positive and negative external events on the region's activity, either directly (high bilateral correlations with the United States, the EU or Spain) and indirectly (countries with a low correlation with the above-mentioned blocks but a high correlation with Brazil, for example, which is indeed highly interrelated with China and the United States).

tending to ease, there was a further expansionary turn in the monetary policies of these countries. In the US, at its December meeting the Federal Open Market Committee decided to continue to purchase treasury securities and agency mortgage-backed securities. More recently, the Bank of Japan introduced a substantial change into its expansionary strategy, with the adoption of the monetary base as its operating target, which is projected to double within a two-year horizon.

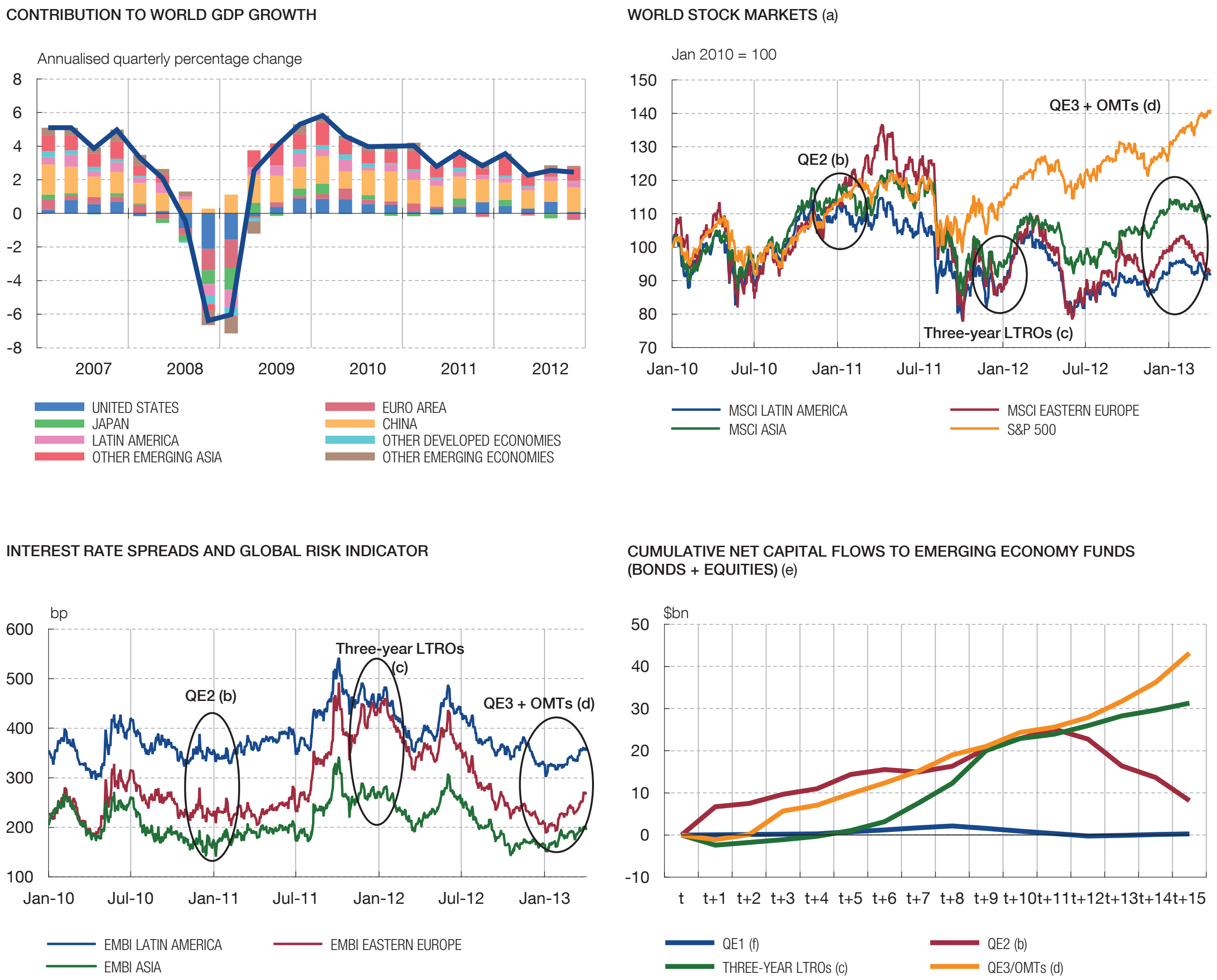
Against this background, the emerging economies recovered moderately in 2012 Q4, following the sluggishness experienced mid-2012 which was linked to weakening world demand. In particular, doubts were dispelled about the strength of the slowdown in China where the recovery seems to have taken root.

The latest economic indicators point to a continuation of the gradual strengthening of activity, albeit with considerable cross-regional differences: the notable buoyancy in emerging Asia and the marked weakness in emerging Europe should be underlined. Inflation remained stable or even tended to ease in some countries in Asia, and some declines in rates were recorded to a greater extent in emerging Europe.

The favourable performance on international financial markets improved further in 2012 Q4, in a setting of greater risk appetite, which was reflected in rises in stock markets, declines in credit risk premia and a strong increase in debt issuance in higher-risk segments. This improvement moderated from mid-February 2013, with the rising uncertainty about the election results in Italy and the difficulties involved in bailing out the Cypriot economy, which negatively impacted stock markets and European credit risk indicators while the US stock market reached a historical high. In the foreign exchange markets the yen depreciated strongly,

GLOBAL MACROECONOMIC AND FINANCIAL INDICATORS
Annualised quarterly rate, indices, basis points and billions of US dollars

CHART 2



SOURCES: National statistics, Dealogic, EPFR and Datastream.

a Indices in dollars.
b Second phase of Federal Reserve quantitative easing (3 November 2010).
c ECB longer-term refinancing operations (8 December 2011).
d Third phase of Federal Reserve quantitative easing (13 September 2012) and announcement of ECB outright monetary transactions (second week of September 2012).
e Weeks since the measure was announced.
f First phase of Federal Reserve quantitative easing (25 November 2008).

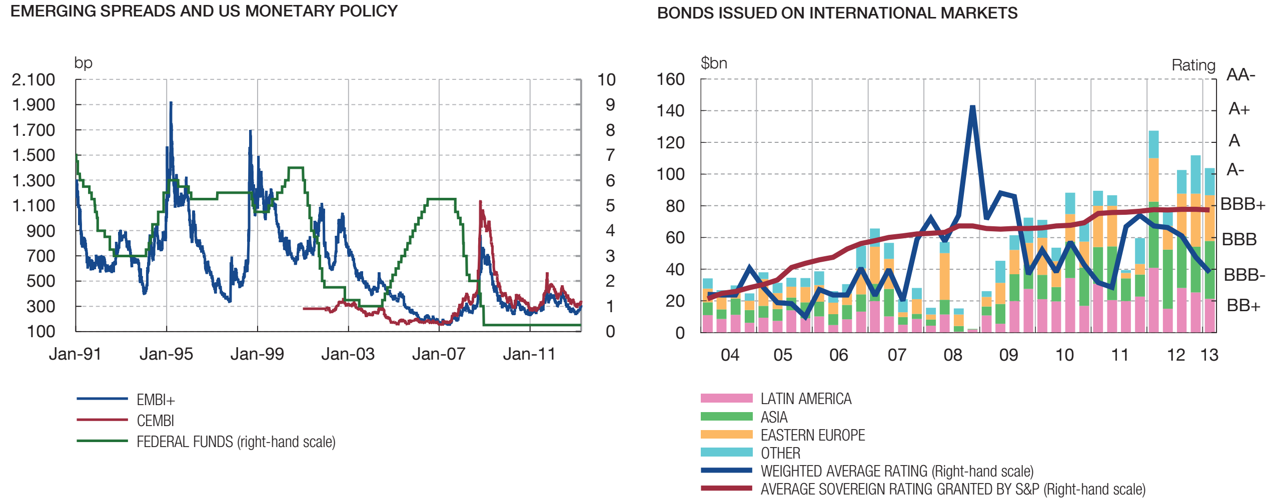
boosted by the expansionary economic policy stance after the new Government took office. As for commodities, the price of Brent oil fluctuated around $110/barrel in the second half of the year, whereas metal and food prices generally trended downwards.

Emerging markets improved substantially over the course of the last six months, although from the beginning of 2013 they have performed comparatively worse than industrialised ones. Bond issues on international markets increased rapidly from September (Chart 3) and reached their peak for 2012, as a whole. This robust rate of issuance continued in 2013 Q1, especially in January, when countries with very limited access returned to the markets or tapped them for the first time, although this has come to a significant halt in recent weeks.

The narrowing of spreads, the strong rise in issuance and the tapping of the market by sporadic issuers pose the risk that excessively optimistic valuations may be being reached

SOVEREIGN SPREADS AND BOND ISSUES
Basis points and billions of US dollars

CHART 3



SOURCES: Datastream, IMF, Dealogic and JP Morgan.

in these markets. As an attenuating factor, it should be pointed out that fundamentals, in general, are sound in emerging economies and the conditions of issuance have not been relaxed as much as in previous growth cycles. Thus, the average weighted rating of recent issues continued to range from BBB to BBB+, between one and two notches above those seen in 2010 and at the beginning of 2011, close to the average sovereign rating of emerging economies (see Chart 3). The exchange rates of emerging economies with deeper markets have appreciated more moderately than in previous times, while the sovereign and corporate spreads held above the lows recorded in 2007 (see Chart 2).

Financial markets and external financing

The markets of the Latin American economies have performed similarly to other emerging markets, with some exceptions. Thus, sovereign spreads narrowed slightly between November and the beginning of January, but subsequently widened, influenced by global developments and idiosyncratic factors.

Initially, the narrowing of the aggregate spread was almost solely attributable to the performance of the higher risk countries – Argentina, Venezuela and Ecuador –, since the other countries posted a slight widening (see Chart 4). However, the three aforementioned countries continued to show very high risk indicators. In the case of Argentina, this was above 900 bp, and at the end of the period, above 1,200 bp, as a result of the increased probability of default due to the decision of the courts in New York about debt restructured in 2005. In Venezuela fluctuations in the sovereign spread were linked to political events there: the elections held in October 2012, the subsequent death of the president and the elections called and resolved in April this year. The widening of spreads from mid-February 2013 was across the board, more so in Brazil, possibly owing to the sluggishness of the economy and worse-than-expected inflation developments.

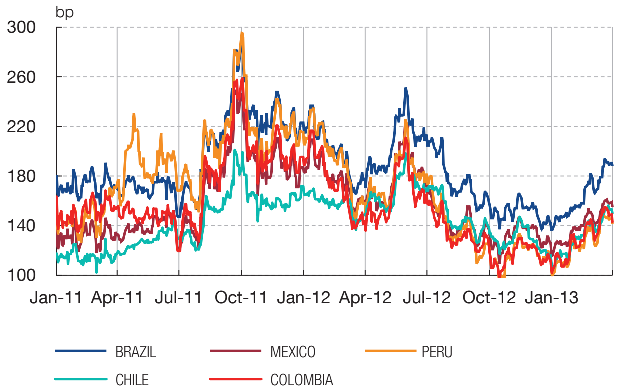
The Latin American stock markets generally rose to end-January 2013: by 12.4% in Mexico, partly due to expectations of reform generated by the new Government; by 5.2% in Brazil and by 6.2% in Chile. They subsequently posted declines (of around 5% - 6%), in line with the performance of other emerging markets, albeit lower than those in eastern Europe. Brazil's stock market recorded the highest fall while Mexico's remained stable,

EXTERNAL CAPITAL FLOWS AND FINANCING

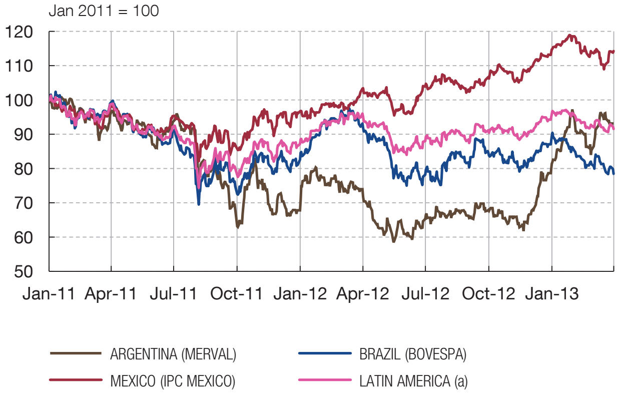
CHART 4

Basis points, indices and billions of US dollars

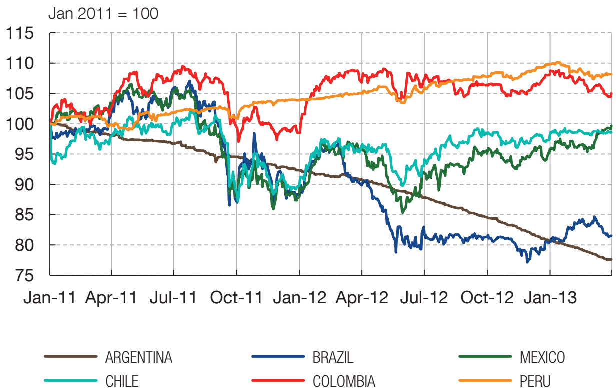
SOVEREIGN SPREADS



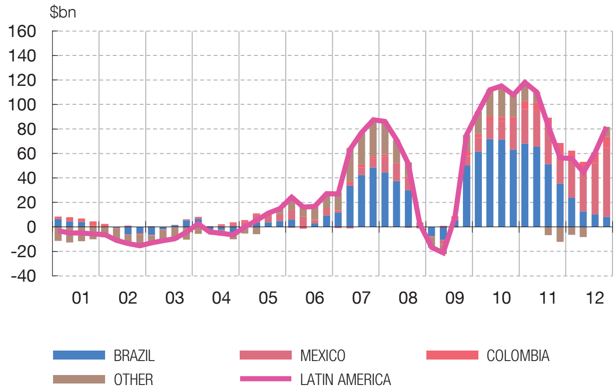
STOCK EXCHANGE INDICES



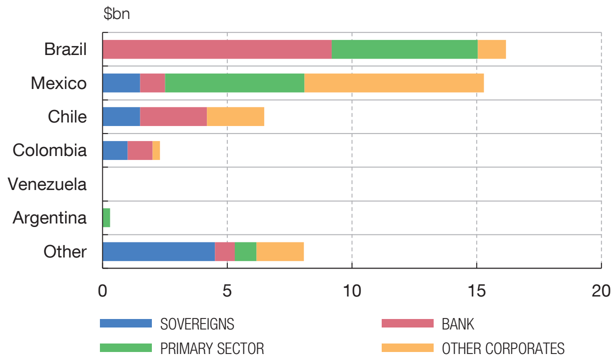
EXCHANGE RATE AGAINST THE DOLLAR



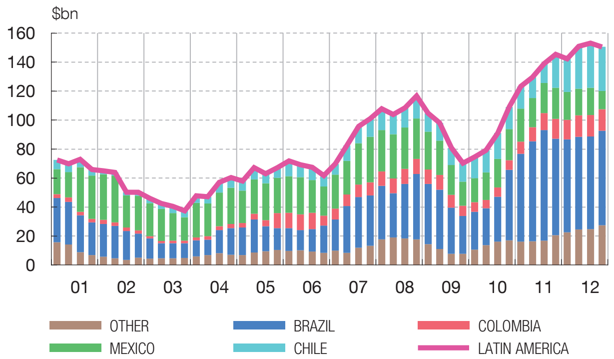
12-MONTH ACCUMULATED PORTFOLIO INVESTMENT FLOWS



INTERNATIONAL ISSUES IN LATIN AMERICA: FROM OCTOBER 2012 TO APRIL 2013



12-MONTH ACCUMULATED FDI FLOWS



SOURCES: Datastream, Dealogic, JPMorgan, IMF and national statistics.

a Latin American MSCI index in local currency.

although with some volatility, influenced by the measures adopted by the Government in the real estate sector and by the expectations about the telecommunications reform.

Finally, the region's exchange rates performed unevenly, with a strong appreciation in Mexico (6.6% between November 2012 and March 2013) and greater volatility in the case of Brazil, whose currency, following a sharp depreciation before the end of the year and a subsequent recovery, held in real effective terms at similar levels to those in mid-2009, and 15% lower than its level at the beginning of 2011 (see Chart 4). In other less deep markets which have attracted capital in recent months such as those in Peru or Colombia, the currency appreciated (by 2.5% and 3.5%, respectively), which was later reversed after the central banks stepped up their interventions (see Chart 4).

The Latin American economies have continued to record strong foreign direct investment inflows, close to historical highs ($150 billion per year) (see Chart 4). Noteworthy are the inflows into Brazil and Chile – with historical highs in Chile due to the mining sector – which offset the reduction of inflows in Mexico. Portfolio inflows were lower than in previous years (40% down on the highs of 2010 and 2011), and the breakdown by destination changed, increasing to highs in Mexico and moderating very significantly in Brazil (see Box 2). In 2012, bond issues in the region peaked in the corporate segment in some countries, in a market dominated by issuance by Brazilian banks and companies in the primary sector (see Chart 4). Particularly of note are the smaller countries (grouped in the chart under the heading "other"), on account of the sovereign placements of central American countries (El Salvador, Guatemala and Costa Rica) and others with very limited access to these markets to date (Honduras and Paraguay).

Activity and demand

After bottoming out at a year-on-year growth rate of 2.4% in 2012 Q3, the aggregate GDP for the seven main economies in the region recovered moderately in Q4 to 2.8% (see Table 1). In quarter-on-quarter terms, the increase was 0.9% compared with 0.4% recorded in Q2 and Q3 (see Chart 5). The average annual growth rate in 2012 stood at 2.9%, the lowest since 2009, although this average is not very representative of developments in the various Latin American countries due to growing polarisation. Thus, Argentina and Brazil recorded very low growth rates in the year as a whole (1.9% and 0.9%, respectively), with a timid recovery in Q4, while at the opposite end of the scale, Peru grew by 6.3%, and Chile and Venezuela by 5.6%, ending the year with equally sound rates of increase. Mexico and Colombia were in an intermediate position with annual growth of 3.9% and 4%, respectively, which moderated somewhat in Q2.

Of the demand components, private consumption continued to post robust growth rates across the board (averaging 3.9% per year for the seven main economies), while investment, – which was expected to have recovered in 2012 – ended the year with average growth of 2.7% year-on-year, compared with 8.5% in 2011 (see Chart 6). This growth rate masks falls of 4% in Brazil and of 4.9% in Argentina, two of the economies with the largest weight in the regional aggregate, compared with growth rates of 23% in Venezuela, of more than 12% in Chile and Peru, and of around 6% in Colombia and Mexico. Given the low investment to GDP ratio in Brazil (18%), the weakness of this component against a favourable global backdrop is striking (see the section on Brazil below). In Argentina, the fall in investment was linked to the import restrictions and capital controls imposed. By contrast, in Chile and Peru gross capital formation in relation to investment in the mining sector increased considerably in a context of solvent macroeconomic management and in Peru it was perceived that structural reforms had received a greater boost.

The negative contribution of external demand to regional growth was halved in the year as a whole (-0.8%) (see Chart 6). Exports slowed (by 1.5% year-on-year in 2012, compared with 6.3% in 2011), in line with world trade grinding to a halt mid-year, and with the decrease in the terms of trade in several countries, which affected commodities exporters more, particularly Argentina. Mexico, by contrast, the region's main exporter, performed

In the years that have elapsed since the global financial crisis, most Latin American economies have attracted a large amount of international financial flows which have tended to put upward pressure on exchange rates. In mid-2012, in Brazil, Mexico, Chile, Colombia and Peru, as a whole, gross non-residents' investment amounted to $250 billion, equivalent to 5.7% of the five countries' aggregate GDP and in net terms (minus residents' investment abroad), to $160 billion, 3.6% of GDP.[1] The capital inflows are associated with external factors and idiosyncratic structural ones. High international liquidity has triggered sizeable flows as a result, among other reasons, of greater risk appetite and carry trade operations targeting economies with high interest rate spreads like the Latin American ones. Furthermore, this situation has coincided with the favourable outlook for growth in the region's economies – especially compared with that in the advanced economies – which is linked, among other causes, to the high price of commodities and the improvement in institutional frameworks and in economic policy.

As a result of the large inflow of capital and the emergence of certain macroeconomic imbalances, the authorities have responded with a combination of monetary and macroprudential policies and, in some cases, even with capital controls in an attempt to manage capital inflows and to contain their potential adverse effects, particularly those related to more volatile short-term flows. This box analyses recent developments in capital flows and the strategies for managing them in the five Latin American countries with inflation-targeting regimes. Also, the recent behaviour of exchange rates, the rotation of flows between countries and changes in the process of accumulating reserves are discussed.

The most significant case in the region is Brazil. Since mid-2009, Brazil's economy recorded a notable net capital inflow, which peaked in mid-2011 at $125 billion (5% of GDP), exceeding pre-crisis levels (see Panel). Despite growing foreign direct investment, this boom mainly took the shape of an increase in portfolio investment flows which reached $72 billion (2% of GDP) in 2010 Q2 and held at equally high levels for more than a year. From 2009 to mid-2011, the Brazilian real appreciated by 40%, reaching a historical high of around 1.55 reales per dollar. This appreciation prompted the authorities to implement a series of countercyclical measures in a setting in which the upward trend in inflation imposed a considerable dilemma for monetary policy. Thus, the purchase of foreign reserves quickened – with a cumulative increase in one year of $91 billion in August 2011, 2.2% of GDP – and a series of macroprudential measures were adopted such as bank reserves and capital requirements, and capital controls, which included most notably the increase and extension of the tax on cross-border financial operations. From mid-2011, net capital inflows gradually declined to $74.6 billion (3.5% of GDP) at the end of 2012. Particularly noteworthy was the decrease in inflows of portfolio investment which fell back to less than $20 billion from 2012 Q1. At the same time, domestic credit began to slow down. In mid-2011, the central bank began a process of official interest rate cuts faced with the early signs that the expansionary cycle of activity was waning, and subsequently began to reduce the tax on cross-border financial transactions and several of the macroprudential measures imposed previously against a backdrop of lower upward pressure on the exchange rate. Since that date, the exchange rate has corrected by around 30%, the pace of accumulation of reserves has moderated very significantly ($19.2 billion, 0.9% of GDP, at end-2012) and the monetary policy dilemmas which had conditioned macroeconomic management in 2010 and 2011 have disappeared.

In Chile, Peru and Colombia, the appreciation of the exchange rate from 2009 was essentially linked to the improvement in the current account balance due to the increase in the terms of trade. These developments were accompanied by a sharp increase in net capital inflows throughout 2011, which began to be concentrated in portfolio investments and foreign loans reaching high levels in Chile (8.2% of GDP), Colombia (4.5% of GDP) and Peru (9.1% of GDP), a trend which continued in 2012 (see Panel). As a result of the foregoing, until 2011 the Chilean peso appreciated by 27%, the Colombian peso by 20% and the Peruvian sol by 13%.

The central banks have reacted differently to this appreciation. Specifically, in Chile measures to restrict flows from abroad have not been used to manage the capital inflows. The central bank has intervened very occasionally on the foreign exchange market and capital outflows were liberalised notably, which affect resident pension funds' investments abroad. Nor have capital control measures been adopted recently in Colombia, although the build-up of foreign reserves has stepped up. In Peru, by contrast, several macroprudential measures were adopted and some dissuasive measures on foreign-currency investments, such as the increase in bank reserves, restrictions on net foreign currency positions and the easing of the limits on capital outflows as well as the accumulation of reserves. Since then, Colombia and Chile's exchange rates have stabilised, albeit at relatively strong levels, while in Peru the appreciating trend has continued against a backdrop of a robust increase in foreign direct investment.

Mexico has faced a slightly different situation in the management of capital flows since the end of the crisis, given that its post-crisis economic outlook was weakened by its neighbour in the north. The exchange rate of the Mexican peso appreciated much less than the other currencies until the beginning of 2010 (by around 8%), against a backdrop of a reduction in the current account deficit and moderate net capital inflows, essentially in the form of direct investment (0.2% of GDP at end-2009). However, from 2010 net portfolio investment has increased considerably to reach $70 billion at end-2012 – 1.5% of GDP – a historical high (see Panel). The foregoing has resulted in a notable increase in foreign reserves.

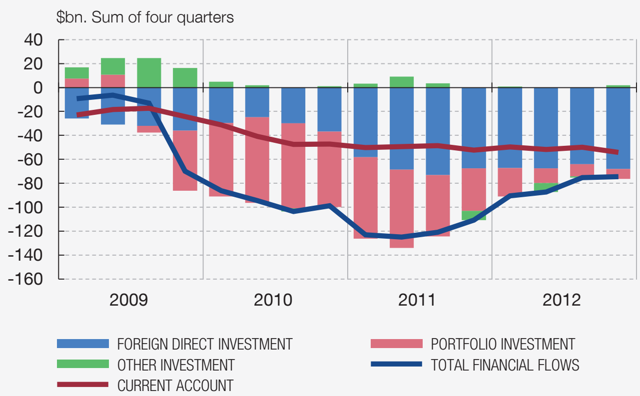
This is the case too for Chile, Colombia and, to a lesser degree, Peru, and the process seems to have intensified in 2012, coincid-

1 These figures are slightly lower than the peak in mid-2011, when gross inflows reached $343 billion (8% of the five countries' GDP) and net flows were $220 billion (5.2% of GDP), but they are higher than the previous cycle's peak at end-2007, when gross inflows stood at $225 billion (7.7% of GDP) and net inflows at $120 billion (4.1% of GDP).

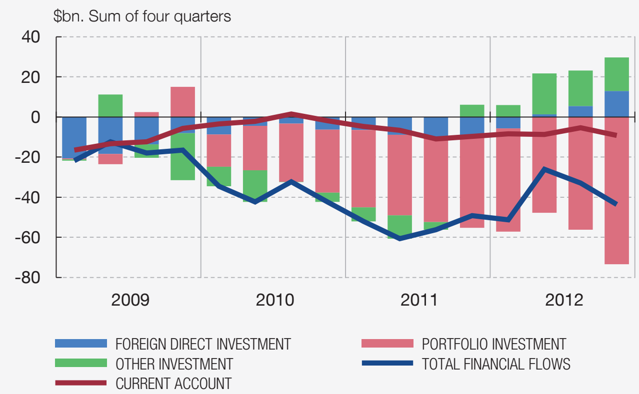
ing with the fall in net portfolio investment inflows in Brazil. Furthermore, in 2012, together with the above-mentioned increase in portfolio investment, in Mexico there was also a considerable rise in residents' investment abroad in the form of other investment which surely accounts for the exchange rate not having appreciated by as much as the high net inflows of portfolio investment would indicate.

It is difficult to assess whether or not the combination of measures adopted to contain the appreciation of the exchange rate in some

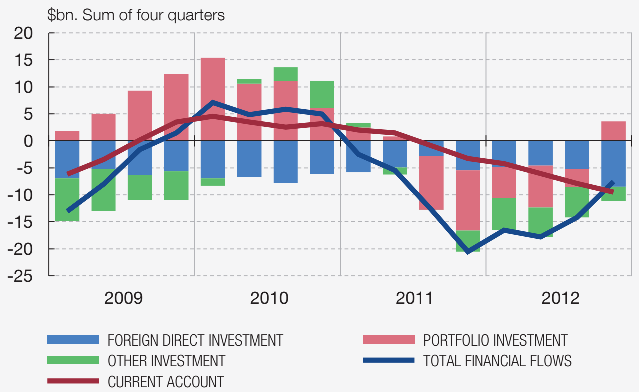
1 BRAZIL (a)



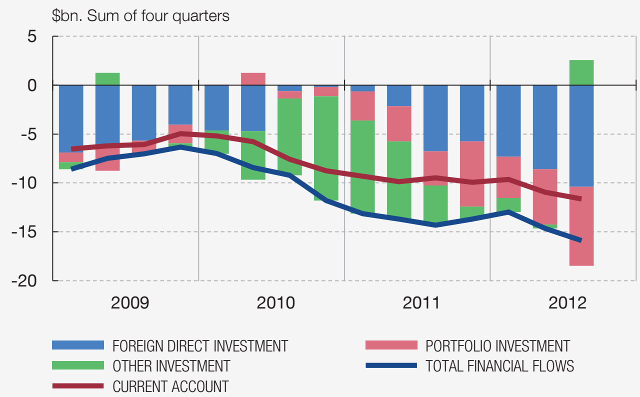
2 MEXICO (a)



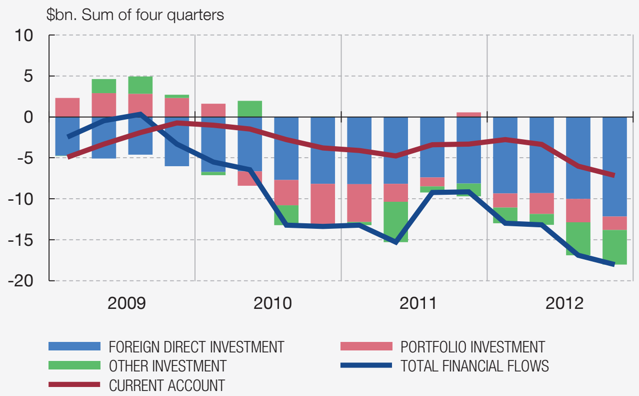
3 CHILE (a)



4 COLOMBIA (a)



5 PERU (a)



6 EXCHANGE RATES AGAINST THE DOLLAR

SOURCES: Datastream and IMF.

a The financial flows are calculated as the net change in assets minus the net change in liabilities, thus a negative sign indicates net inflows of capital. The current account balance is calculated as receipts minus payments and, consequently, a negative sign indicates a current account deficit.

countries, including capital controls, has been effective. Brazil has managed to reverse the post-crisis appreciation of the real – which may also have been in response to the interest rate cut, in turn facilitated by the dynamics of the slowdown in domestic activity – and also moderate credit growth. Furthermore, it has avoided the emergence of dilemmas which conditioned monetary policy in the years of greatest pressure brought to bear by capital flows. Baumann and Gallagher (2012)[2] support this argument and also show how the controls in Brazil contributed to shifting capital flows to longer-term investments; however, for Chile they do not find evidence of a change in the level and breakdown of foreign flows, although the interventions reduced the level of the exchange rate. Nevertheless, the introduction and withdrawal of capital controls could have had spillover effects in other countries. Forbes *et al.* (2011)[3] find that the controls imposed in Brazil triggered a reduction in the weight in investors' portfolios both for Brazil and for other countries which, although they had not established controls, they are considered liable to do so. This result is telling, since it seems to demonstrate that investors do not only react to the cost *per se* imposed by capital controls on their investments but it is rather the signalling of policy stance which takes precedence in their decisions. Lambert *et al.* (2011)[4] find the same type of effect and argue that the rise in the transaction tax in Brazil accounts for a large portion of the increase in portfolio inflows into Mexico in the subsequent period which suggests the existence of financial shift and spillover effects within the region.

2 B. A. Baumann and K. P. Gallagher (2012), *Navigating Capital Flows in Brazil and Chile,* Boston University Working Paper, June.

3 K. Forbes, M. Fratzschwer, T. Kostka and R. Starub (2011), "Bubble Thy Neighbor: Direct and Spillover Effects of Capital Controls", 12th Jacques Polak Annual Research Conference, IMF, Washington DC, 10-11 November.

4 F. Lambert, J. Ramos-Tallada and C. Rebillard (2011), *Capital Controls and Spillover Effects: Evidence from Latin-American Countries,* Bank of France Working Paper No. 357, Paris, France.

better with growth in the year of 4.6%. Nevertheless, there was an even larger and relatively widespread slowdown in imports with respect to the previous year (3.5% year-on-year in 2012, as against 11.4% in 2011), which may be partly attributable to the moderation of domestic demand in some countries, but also to an adjustment towards more sustainable growth rates following the extraordinary rise in imports in the last three years; for instance, in Colombia and in Brazil imports in 2012 were between 40% and 45% above their peak in 2008. The main exceptions in this regard were Venezuela and Peru.

The labour market situation remained highly favourable with generally sound job creation and unemployment rates close to their lows in most countries (see Chart 7). In certain cases there was some pressure on the side of wage costs. Credit, which had caused some concern due to its rapid growth in 2010 and 2011, tended to ease, while the higher frequency indicators (retail sales and consumer and business confidence) continue to indicate (with some exceptions) considerably sound domestic demand at the beginning of 2013 and, conversely, few signs of a recovery in industrial production, the regional average for which has held stable since the beginning of 2012.

Finally, against a backdrop marked by the stabilisation or even slightly downward trend in the prices of some commodities (metals, food), the regional trade surplus narrowed considerably to 1.4% of GDP at year-end (see Chart 8), compared with 2.1% in 2011. In nominal terms both exports and imports, which had slowed sharply since mid-2011, bottomed out and growth stabilised at very low rates. Except for Argentina, where the trade surplus widened as a result of the administrative measures adopted, the trade balance fell in all the countries and particularly notably in Chile (1.2% of GDP), in Peru (2.2%) and, to a lesser degree, in Brazil (0.9%). The average current account deficit for the region continued to widen to 1.5% of regional GDP, and, accordingly, all the countries analysed, except for Venezuela, posted negative balances in 2012. In Colombia, Chile and Peru the current account deficit stood at around 3.5% of GDP, and at 2.5% in Brazil. This deterioration can be explained essentially by the trade and services balances since although there is a deficit on the income balance, in practically all the countries, it has stabilised in the last year.

LATIN AMERICA: MAIN ECONOMIC INDICATORS

TABLE 1

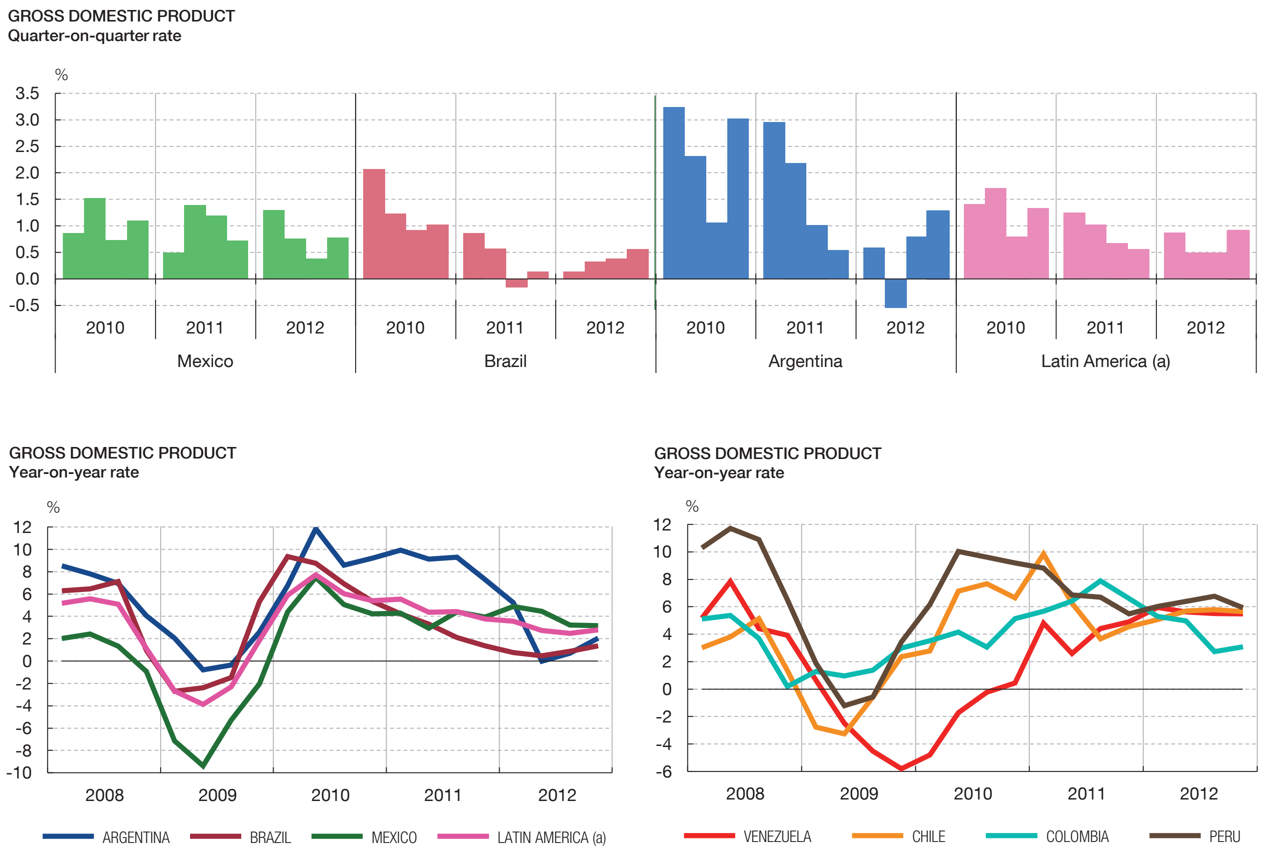
	2010	2011	2012	2011				2012				2013
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	March
GDP (year-on-year rate)												
Latin America (a)	6.3	4.5	2.9	5.6	4.4	4.4	3.8	3.6	2.7	2.5	2.8	
Argentina (b)	9.2	8.9	1.9	9.9	9.1	9.3	7.3	5.2	0.0	0.7	2.1	
Brazil	7.5	2.7	0.9	4.2	3.3	2.1	1.4	0.8	0.5	0.9	1.4	
Mexico	5.3	3.9	3.9	4.3	2.9	4.4	3.9	4.9	4.5	3.2	3.2	
Chile	5.8	5.9	5.6	9.9	6.3	3.7	4.5	5.1	5.7	5.8	5.7	
Colombia (c)	4.0	6.6	4.0	5.7	6.4	7.9	6.6	5.3	5.0	2.7	3.1	
Venezuela	-1.5	4.2	5.6	4.8	2.6	4.4	4.9	5.9	5.6	5.5	5.5	
Peru	8.8	6.9	6.3	8.8	6.9	6.7	5.5	6.0	6.4	6.8	5.9	
CPI (year-on-year rate)												
Latin America (a)	6.3	6.8	6.2	6.7	6.6	6.9	7.0	6.6	6.1	6.1	6.1	6.7
Argentina (b)	10.5	9.8	10.0	10.1	9.7	9.8	9.6	9.7	9.9	10.0	10.6	10.6
Brazil	5.0	6.6	5.4	6.1	6.6	7.1	6.7	5.8	5.0	5.2	5.6	6.6
Mexico	4.2	3.4	4.1	3.5	3.3	3.4	3.5	3.9	3.9	4.6	4.1	4.3
Chile	1.4	3.3	3.0	2.9	3.3	3.1	4.0	4.1	3.1	2.6	2.2	1.5
Colombia	2.3	3.4	3.2	3.3	3.0	3.5	3.9	3.5	3.4	3.1	2.8	1.9
Venezuela	29.0	27.2	21.1	29.1	24.6	26.5	28.5	25.1	22.3	19.0	18.8	24.2
Peru	1.5	3.4	3.7	2.4	3.1	3.5	4.5	4.2	4.1	3.5	2.8	2.6
Budget balance (% of GDP) (d)												
Latin America (a) (e)	-2.2	-2.1	-2.3	-1.8	-1.6	-1.7	-2.1	-2.0	-1.8	-1.9	-2.1	
Argentina	0.2	-1.7	-2.6	0.2	0.0	-0.4	-1.6	-1.9	-1.7	-1.9	-2.4	
Brazil	-2.5	-2.6	-2.5	-2.3	-2.1	-2.5	-2.6	-2.4	-2.6	-2.8	-2.5	
Mexico	-2.9	-2.5	-2.6	-2.8	-2.8	-2.6	-2.4	-2.7	-2.4	-2.2	-2.5	
Chile	-0.3	1.5	0.6	1.0	1.4	2.0	1.5	1.6	1.2	0.4	0.6	
Colombia	-3.6	-2.0	-1.9	-2.9	-1.5	-1.4	-2.1	-2.5	-1.0	-1.2	-1.9	
Venezuela	-3.8	-4.0	-4.9	—	—	—	—	—	—	—	—	
Peru	0.1	0.9	1.3	0.4	0.3	0.9	0.9	1.3	2.4	1.6	1.3	
Public debt (% of GDP)												
Latin America (a)	33.4	32.1	—	33.0	32.9	32.3	32.1	32.2	31.3	—	—	
Argentina	39.9	36.8	—	44.8	42.9	40.8	40.2	39.7	39.5	—	—	
Brazil	39.2	36.4	35.1	38.9	38.6	36.3	36.4	36.5	35.2	35.5	35.1	
Mexico	27.5	26.5	27.8	27.1	26.9	27.6	26.5	28.1	28.0	28.3	27.8	
Chile	8.6	11.2	16.5	9.0	9.4	10.6	11.2	11.2	11.6	11.5	16.5	
Colombia	35.0	33.8	32.2	35.0	33.2	34.1	33.8	32.9	32.4	32.4	32.2	
Venezuela	28.1	25.1	—	25.1	31.5	34.7	36.6	35.1	—	—	—	
Peru	23.4	21.7	20.2	22.4	21.7	20.9	21.7	20.7	20.0	19.7	20.2	
Current account balance (% of GDP) (d)												
Latin America (a)	-0.9	-1.0	-1.5	-0.9	-0.9	-0.8	-1.0	-0.9	-1.1	-1.2	-1.5	
Argentina	0.8	-0.4	0.1	0.5	0.0	-0.2	-0.3	-0.2	-0.1	0.1	0.1	
Brazil	-2.2	-2.1	-2.4	-2.2	-2.1	-2.0	-2.1	-2.0	-2.2	-2.2	-2.4	
Mexico	-0.2	-0.8	-0.8	-0.4	-0.6	-0.9	-0.8	-0.7	-0.8	-0.5	-0.8	
Chile	1.5	-1.3	-3.5	0.8	0.6	-0.4	-1.3	-1.7	-2.4	-3.0	-3.5	
Colombia	-3.1	-2.9	-3.2	-3.0	-3.0	-2.8	-2.9	-2.6	-2.9	-3.1	-3.2	
Venezuela	3.7	7.7	2.7	5.0	6.8	8.3	8.3	7.8	6.8	5.2	3.7	
Peru	-2.5	-1.9	-3.6	-2.6	-2.9	-2.0	-1.9	-1.5	-1.8	-3.1	-3.6	
External debt (% of GDP)												
Latin America (a)	20.9	20.2	—	20.6	19.9	19.9	19.9	20.5	19.4	20.2	—	
Argentina	35.1	31.5	—	34.1	28.4	31.1	30.6	33.2	28.1	29.8	—	
Brazil	12.0	12.1	14.1	12.3	12.2	12.0	12.0	12.1	12.7	13.5	14.0	
Mexico	19.0	18.2	19.4	17.8	18.6	18.0	18.2	18.5	19.1	19.3	19.4	
Chile	38.9	39.5	43.9	39.8	39.8	38.6	39.5	39.4	40.0	42.0	43.9	
Colombia	22.4	22.9	21.6	20.6	20.9	21.7	22.9	21.1	20.9	21.9	21.6	
Venezuela	38.6	35.1	29.0	36.5	36.0	35.2	35.1	32.7	30.7	30.1	29.0	
Peru	26.4	24.4	29.3	28.1	27.9	27.6	26.9	28.6	28.7	29.7	29.3	

SOURCE: National statistics.

a Aggregate of the seven countries represented.
b Official figures.
c Seasonally adjusted.
d Four quarter moving average.
e The quarterly figures for the Latin American aggregate do not include Venezuela.

LATIN AMERICAN GDP
Year-on-year and quarter-on-quarter rates

CHART 5



SOURCE: National statistics.

a Aggregate of the seven main economies.

In all the countries foreign direct investment continues to comfortably finance the current account deficit.

Prices and economic policies

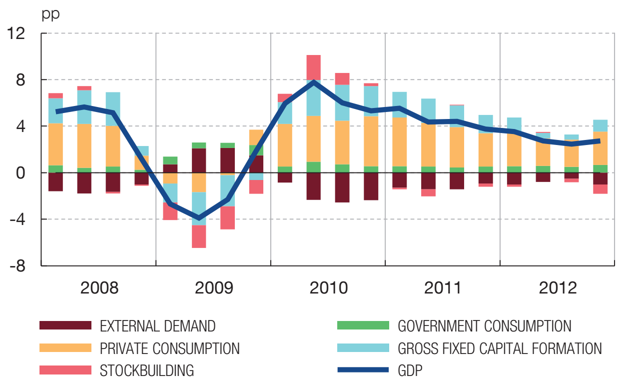
The five countries with inflation targets achieved their objectives in 2012 (see Table 2). However, consumer price developments differed. In Mexico, Colombia, Peru and Chile, inflation tended to moderate particularly notably in the last quarter of the year (see Chart 9), and potential risks arising from vigorous domestic demand and a tight labour market did not materialise. The contrary is rather the case; the sound performance of inflation in a context of high growth vouches for the credibility of their macroeconomic policies, although the recent strong exchange rates may also have influenced developments, together with certain temporary factors which could prompt a slight rise in the coming months. By contrast, in Brazil inflation has tended to climb gradually but without interruption since summer as a result of the increase in food and services prices and despite the economic slackness. Thus, following a low of 5% in June, inflation stood at 5.8% in December and at 6.6% in March, slightly higher than the upper limit of the central bank's target band (6.5%).

In Argentina and Venezuela price dynamics followed a different course. In Argentina inflation reached 11.1% year-on-year in January, on official figures, and more than 26%, according to private estimates, moderating slightly to March. In Venezuela, the relative moderation seen at the end of last year to rates of 18.2% year-on-year, as a result of the

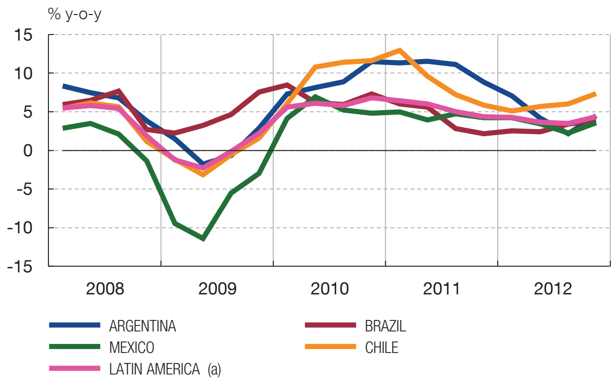
BREAKDOWN OF GDP AND INVESTMENT
Year-on-year rates and percentage points

CHART 6

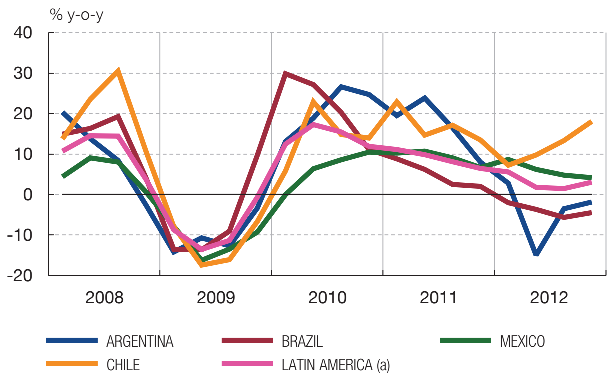
CONTRIBUTIONS TO YEAR-ON-YEAR GDP GROWTH (a)



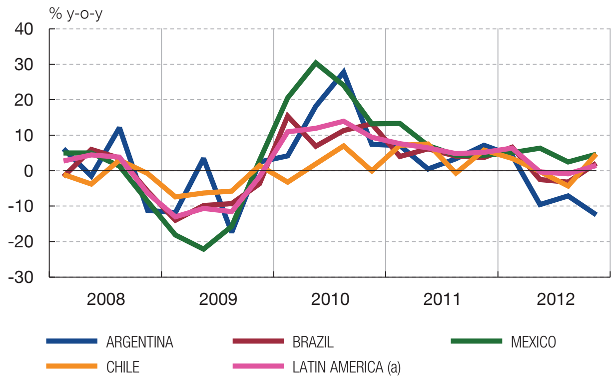
PRIVATE CONSUMPTION
Year-on-year rate



GROSS FIXED CAPITAL FORMATION
Year-on-year rate



EXPORTS
Year-on-year rate



SOURCES: National statistics and IMF.

a Aggregate of the seven main economies.

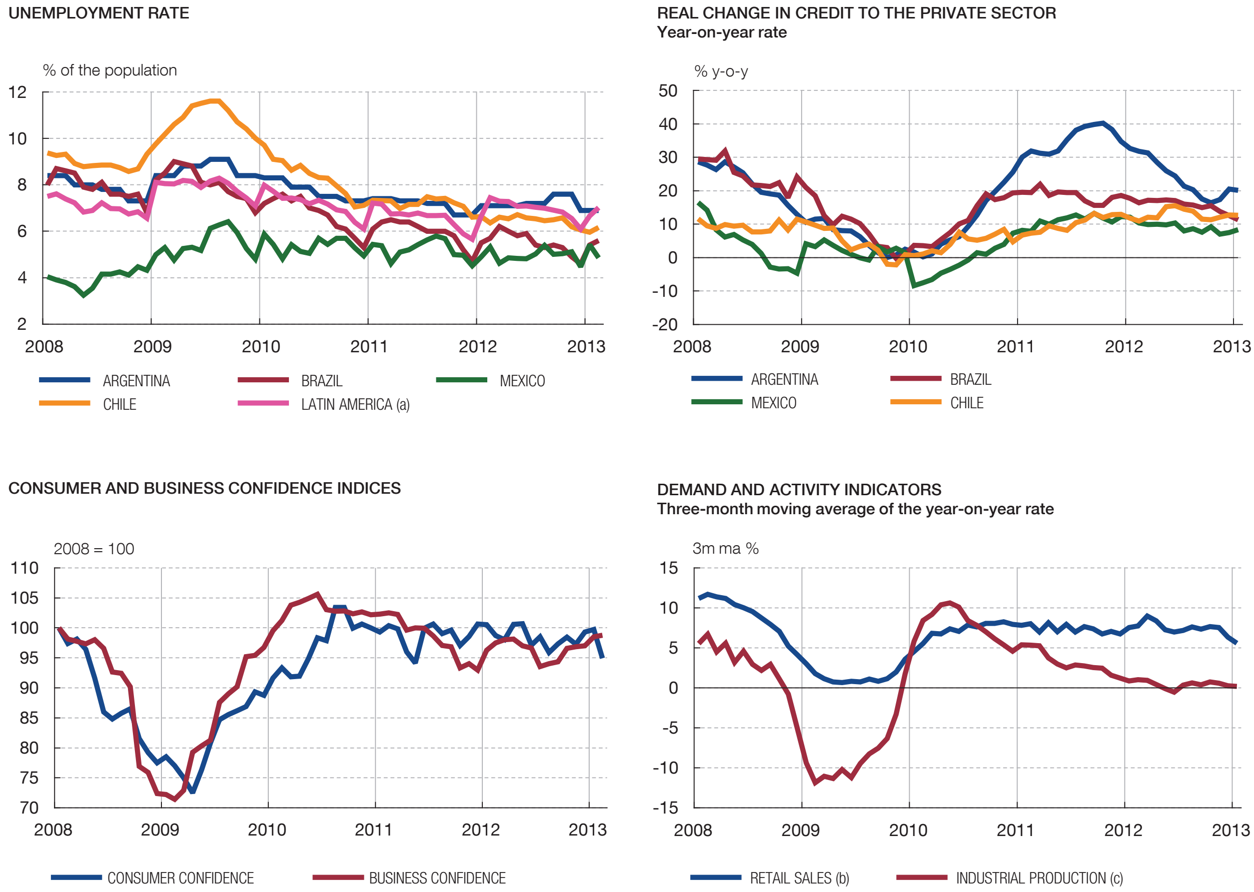
containment of subsidised and regulated prices, was interrupted at the beginning of 2013 due to the devaluation of the bolivar, which prompted inflation to rise to 24.2% in March.

In the countries with inflation targets monetary policy stance differed. In Chile and in Peru official interest rates held stable at 5% and 4.25%, respectively. In Colombia, by contrast, the deceleration of activity in the second half of the year allowed the cycle of official rate cuts to be stepped up, to 3.25% – a cumulative reduction of 200 bp from the high at the beginning of 2012 — against a backdrop of an appreciating exchange rate. Mexico also reduced the official rate in March by 50 bp to 4%, which had remained unaltered since July 2009. The Bank of Mexico justified this move as a response to a structural change in inflation developments (3.6% in December) and not as the beginning of a cycle of reductions. It is possible that the recent appreciation of the Mexican peso, in a setting of growing pressure on the portfolio flow side, has also contributed to explaining this decision, against a backdrop of wage cost restraint and anchoring of inflation expectations.

Lastly, the Central Bank of Brazil cut the official rate for the last time in October to 7.25%, ending a cycle of reductions of 525 bp in just over a year. Between November and December, a series of measures was also adopted aimed at releasing liquidity from the reserve requirements. However, inflation developments in recent months led markets to anticipate

EMPLOYMENT, DEMAND AND CREDIT INDICATORS
Percentages, indices and three-month moving average of the year-on-year rate

CHART 7



SOURCE: National statistics.

a Aggregate of the seven main economies.
b Aggregate of Argentina, Brazil, Mexico, Chile, Colombia and Venezuela.
c Aggregate of the seven main economies plus Uruguay.

a change in cycle, in order to avoid long-term inflation expectations (which have risen to 5.6%, one point higher than the central target) from becoming disanchored. Accordingly, as this report went to press, the central bank raised the official interest rate by 25 bp to 7.50%.

Worth noting is that official interest rates in Brazil, Mexico and Colombia stood in March 2013 at levels very close to or even below the post-crisis lows of 2009, whereas in Peru and in Chile they are considerably higher. In fact, taking the ex-post real official interest rate as an indicator of monetary policy stance, Brazil is the country which maintained a comparatively looser stance, much more so than in 2009, whereas the stance is relatively tighter in Chile and Peru. Furthermore, in the case of Peru, the considerable rise in reserve requirements should also be considered.

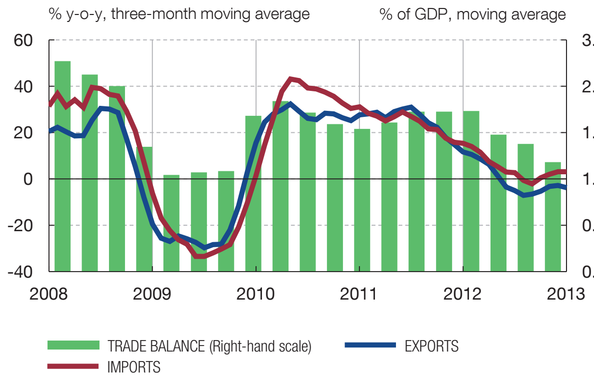
In the area of fiscal policy, there were also substantial cross-country divergences. The region's primary surplus continued to average 1% of GDP, but the total deficit increased to 2.3%, as a result of its performance in Argentina and Venezuela (see Chart 10). In Mexico, Chile, Peru and Colombia, fiscal policy adopted a neutral stance in 2012 and the deficit targets were met in all of these countries. In Brazil, the primary surplus stood at 3.1%, as projected, but only when certain investments are excluded. In Argentina the slowdown of

EXTERNAL ACCOUNTS AND DETERMINANTS
Indices, year-on-year rates of change and billions of US dollars

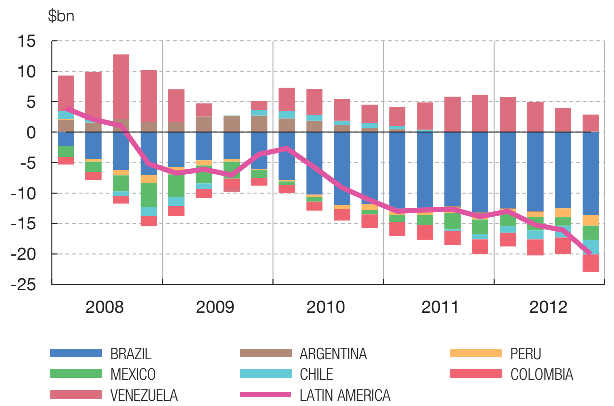
CHART 8

COMMODITIES PRICES
Indices

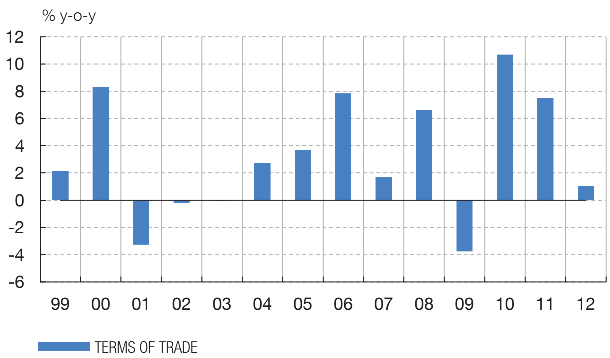
EXPORTS AND IMPORTS (a)
Year-on-year rate. Quarterly moving average. Percentage of GDP



CURRENT ACCOUNT BALANCE (b)



TERMS OF TRADE (c)



SOURCES: National statistics, central banks and Banco de España.

a Customs data in dollars, aggregate of the seven main economies.
b Four-quarter moving average.
c IIF data and estimates.

INFLATION
Year-on-year rates of change

TABLE 2

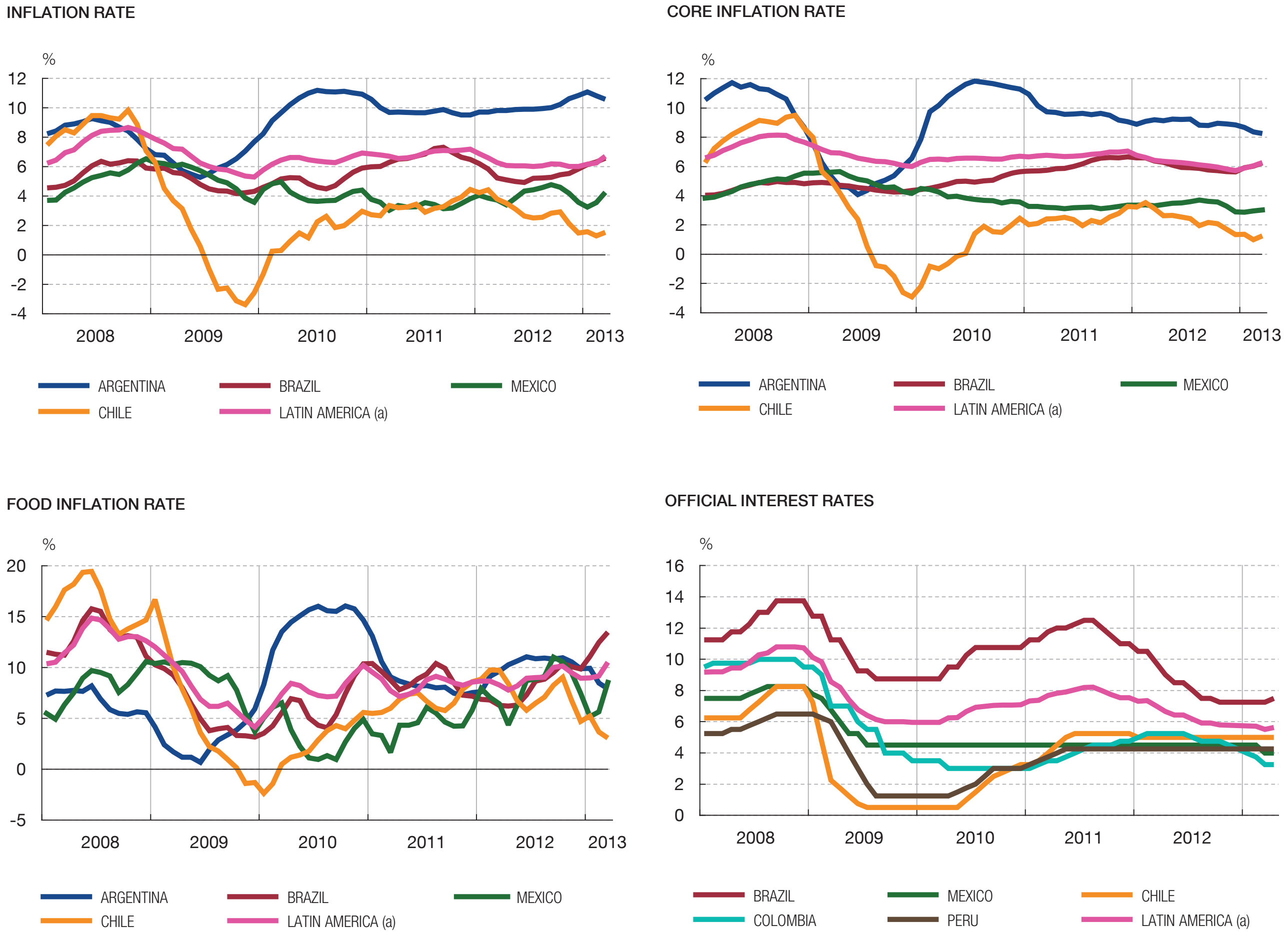
	2012			2013		2014
Country	Target	December	Fulfillment	March	Expectations (a)	Expectations (a)
Brazil	4.5 ± 2	5.8	Yes	6.6	5.6	5.5
Mexico	3 ± 1	3.6	Yes	4.3	3.7	3.8
Chile	3 ± 1	1.5	Yes	1.5	3.1	3.1
Colombia	3 ± 1	2.4	Yes	1.9	2.8	3.2
Peru	2 ± 1	2.6	Yes	2.6	2.7	2.6

SOURCES: National statistics and Consensus Forecasts.

a March 2013 Consensus Forecasts for the end of the year.

INFLATION AND OFFICIAL INTEREST RATES
Year-on-year rates and percentage

CHART 9



SOURCES: National statistics and Banco de España.

a Aggregate of the seven main economies.

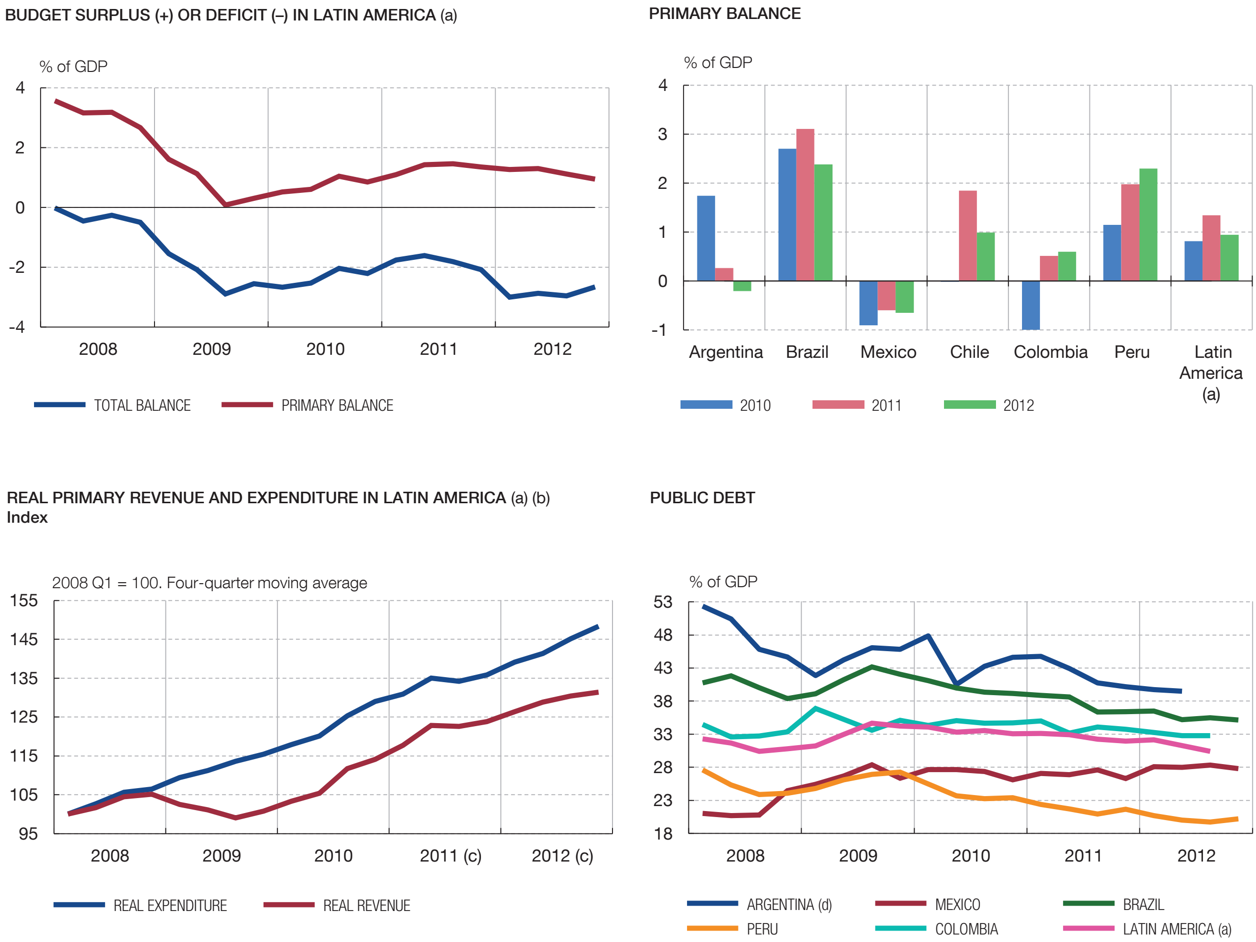
activity and the failure to adjust expenditure after the elections resulted in a primary deficit of 0.4%, the first since 1996, which would have been larger without the transfers of the central bank and the pension fund administrator, while in Venezuela, with the elections held at the end of last year, the government deficit reached very high levels. At regional level, revenue continued to increase at higher rates than expenditure and the debt-to-GDP ratios continued to decline, although there is some concern about the direct or indirect dependence of this revenue on commodities prices.

Trade and structural reforms

In the area of trade integration processes, Chile, Colombia, Peru and Mexico formed the Pacific Alliance, a new trade association which aims to phase out tariffs for more than 90% of the products exchanged between them from 31 March 2013. The US and Canadian free trade agreements with Panama, the EU free trade agreement with Peru and Colombia, and also the free trade agreements with Asian countries integrated into global production chains (Chile with Thailand, Costa Rica with Singapore and Colombia with South Korea) were ratified or came into operation. By contrast, within MERCOSUR, the protectionist trends seen earlier grew stronger. Argentina raised tariffs for more than 100 products from outside the bloc – a measure that Brazil had taken in preceding months; although it simultaneously reduced the obstacles for imports which had had a greater effect on foreign trade at the beginning of 2012, such as the non-automatic import licenses. The opening

MAIN PUBLIC SECTOR FIGURES
Percentage of GDP and index

CHART 10



SOURCES: IMF and national statistics.

a Seven largest economies.
b Deflated by the CPI.
c Aggregate excluding Venezuela.
d Excludes untendered debt in the debt swap offers of 2005 and 2010.

up of the bloc and its participation in global trade could be seriously compromised when the preferential tariffs granted by the European Union to Argentina, Brazil, Uruguay and Venezuela end at the beginning of 2014, and due to the lack of progress in negotiations with the European Union which have been gridlocked since 2011, especially if it confirmed that a free trade agreement has been signed by the United States and the European Union.

Mexico made most progress in the field of structural reforms. Thus, following the approval of a labour reform which includes new types of employment contracts to reduce the shadow labour market – and could raise potential GDP, according to some estimates, by between 0.25 pp and 0.5 pp over the horizon of the next five years – the new Government signed with the three large parties with parliamentary representation the “Pact for Mexico”, a broad raft of measures that will seemingly boost legislative changes in line with the recommendations of multilateral organisations to increase potential GDP. These measures are detailed in the section on Mexico.

In Colombia, a tax reform was approved with the aim of reducing the shadow labour market and, accordingly, business taxes on hiring were cut, low wages were exempted from paying income tax, VAT was simplified and the tax on foreign portfolio investment was reduced. Conversely, in Argentina laws were approved which increased public-sector interventionism in capital markets and insurance companies, and the Bolivian Government issued a decree for the expropriation of the airport concession holder, a subsidiary of the Spanish group Albertis, and of two electricity transmission companies belonging to Iberdrola.

Economic developments by country

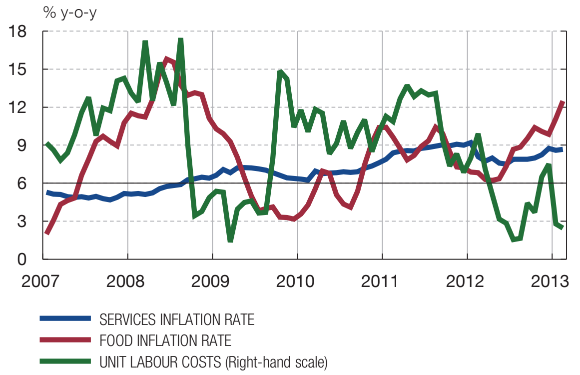
BRAZIL

Growth continued to be lower than expected in the second half of 2012 (0.4% and 0.6%, in quarterly terms in Q3 and Q4), showing a very slow recovery, despite ongoing economic policy stimulus. In year-on-year terms growth in Q4 rose to 1.4%, but for 2012 as a whole it stood at 0.9%. By demand component, the recovery is somewhat unbalanced since it is based on growth of consumption with very weak investment. In fact, private consumption quickened over the year (to a year-on-year rate of 3.9% in Q4), underpinned by the strong labour market where the rate of unemployment stood at around 5.5% (0.5 pp down on 2011) and real wages grew once again by more than 3%. By contrast, the growth of consumer credit eased and consumer confidence indicators stood at their lowest level of the last five months. The growth rate of government consumption also increased. However, gross capital formation continued to act as a drag on the recovery since it showed no signs of improvement (-4.5% year-on-year in Q4 and -4.0% in 2012). Among the possible explanations (whose relative weight is difficult to assess) for this behaviour, mention was made of: the effect of the appreciation of the Brazilian real's exchange rate on the manufacturing sector in previous years; the post-crisis boom in investment (with growth of more than 22% in 2010); the tightening of monetary policy between 2010 and 2011; structural problems of various kinds (including substantial bottlenecks in infrastructures) and the perception of greater intervention in the economy, with a cost in terms of business expectations. As a result of the foregoing, growth remained unexpectedly low in Brazil, despite the monetary and fiscal stimulus. External demand contributed positively to growth in the second half of the year, mainly due to the moderation of imports, although its contribution over the year as a whole was practically zero. Inflation surprised on the upside in the second half of 2012 and the early months of 2013, and stood in March at 6.6% year-on-year, above the upper limit of the central bank's target band. The pressure on consumer prices has been linked to the higher cost of food, which could be temporary, as could be that of services (see Chart 11). In this context, monetary policy faces a complicated situation due to high inflation and low growth, with the result that tightening it could weaken even further the most fragile demand component (investment) or, alternatively loosening it could increase inflationary risks. Consequently, the official interest rate held stable from October at 7.25% (a historical low), following the intense monetary stimulus introduced from mid-2011 to mid-April, when it rose by 25 bp. The exchange rate tended to depreciate until end-2012, although it subsequently appreciated, influenced by the central bank's interventions and expectations of an increase in official interest rates. The lower pressure on the exchange rate in recent months permitted the loosening of the capital controls introduced previously and the reduction in the accumulation of reserves. The growth of internal lending to the private sector tended to slow, yet the "directed" credit remained at very high rates of increase and already represents 41% of total credit. The current account deficit climbed to $54 billion in 2012 (2.4% of GDP), faced with a lower goods surplus and a rising services deficit, although net direct investment flows (2.9% of GDP en 2012) are financing the external deficit. In the fiscal arena, the primary surplus target was met (3.1% of GDP), however, if the public investment projects removed from this target were included, the surplus would be 2.4%. The budget deficit stood at 2.5% of GDP, 0.1 pp down on 2011, due to the decline in the public sector's interest payments. The budget for 2013 maintains a primary surplus target of 3.1%, however, it allows up to 0.4% of GDP of tax relief in

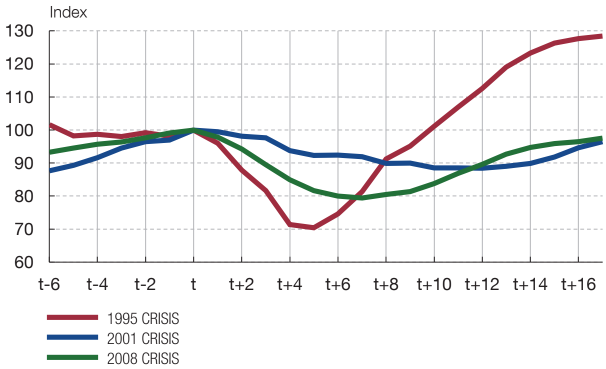
BRAZIL AND MEXICO

CHART 11

BRAZIL. INFLATION AND UNIT LABOUR COSTS



MEXICO. PRIVATE INVESTMENT



SOURCE: Datastream.

addition to the investment projects to be excluded from this target. Accordingly, the protracted sluggishness of the economy has induced more proactive fiscal policy and some supply-side measures in recent months which include tax cuts for companies, aid for the automobile sector, a reduction in the financing costs of BNDES and the promotion of directed credit, and aid for exports. Other measures – considered more interventionist – were also introduced, including most notably a cut in electricity tariffs in order to ease pressure on consumer prices, tax breaks for some sectors and in March 2013 there was a reduction in the tax on the main items in the consumption basket. Recent activity indicators point to a slight recovery of the economy. However, since there is no precise diagnosis of the ultimate causes of weak investment, the effectiveness of the macroeconomic policies applied is uncertain.

MEXICO

The economy posted growth of 3.9% in 2012, similar to that in 2011, despite a slight slowdown during the second half of the year as a result of manufacturing and construction. In any event, on the demand side, investment was the most buoyant component in the year as a whole and grew by 5.9%, somewhat less than in 2011. Private consumption recorded annual growth of 3.3% and was held back in the second half of the year by: lower consumer credit growth (14% in real terms, compared with 17% in the early months of the year); a reduction in remittances measured both in pesos and dollars; and a labour market which, although it has shown an improvement, still has vulnerabilities stemming from the crisis (unemployment rate of around 5%, 1.5 pp up on 2008). Exports grew at an annual rate of 4.6%, among the highest in the region, but they weakened in Q3 as a result of the deterioration of the external environment. Imports grew at higher rates in Q4, turning the contribution from external demand moderately negative at year-end (0.2 pp). The higher frequency data point to the continuation of similar growth rates to those in Q4, with more buoyant consumption and slightly less dynamic investment. After inflation reached 4.8% year-on-year in September, on account of a supply-side shock in food prices, it began to moderate and stood at 3.6% in December, within the central bank's target band, where it remained until February and rose again to 4.3% in March owing to food prices. The core rate also fell to a historical low of 2.9% in January 2013, and inflation expectations remained anchored around 3.5%. In this setting, for the first time since 2009, the central bank cut the official interest rate in March by 50 bp to 4%, signalling that it is not the beginning of a downward cycle but a one-off movement to facilitate the adjustment of the economy to the structural change in the behaviour of inflation. Furthermore, public finances remained relatively healthy (a deficit of 0.5% of GDP, excluding PEMEX's investment, similar to that of the previous year, arising from a slightly higher increase in expenditure than in revenue, on account of the cost of debt) and the budget approved for 2013 envisages a reduction of the deficit (a balanced budget and a deficit of 2%, including the PEMEX investment), which shapes a restrictive fiscal policy for this year. Finally, the strong appreciation of the peso (8% in 2012), owing to capital inflows at historical highs, which are estimated to have triggered an increase in international reserves of more than $20 billion in 2012, may also contribute to explaining this move. Accordingly, the new Government signed a far-reaching agreement with the main parliamentary forces, which is driving progress in structural reforms in the first part of its term of office. This could improve expectations about the country's potential growth capacity (see Chart 11), and indirectly contribute to increase pressure on the appreciation of the exchange rate. The planned reforms include most notably universal access to health services, extending pension coverage, creating unemployment insurance and improving the quality of education. In the energy sector, the objective is to increase PEMEX's production capacity and efficiency, although how this is to be achieved has not yet been determined. However, PEMEX will remain under state control, yet it will be able to compete in the industry by changing its corporate management rules and attempts will be made to maximise the dollar revenue received by the State. In the area of tax reform, the intention is to enlarge the taxpayer base, revise the design of taxes (and not only VAT) and eliminate fiscal privileges thus avoiding the subsidies that benefit higher earners. In fact, in its short period in office, the Government has approved or sent to Parliament a reform of the education system, a reform of the telecommunications sector (which would increase competition in the sector by establishing tougher sanctions for monopolistic practices and opening it up to foreign investment), a law to limit the indebtedness of the States (which forbids them to borrow other than for financing investment projects), a plan to promote housing (whereby Sociedad Hipotecaria Federal will guarantee up to 30% of loans extended for housing construction, compared with 6% which was covered previously) and enlarging credit to SMEs using state guarantees. Furthermore, the governing party's congress removed the restrictions imposed on its parliamentarians for voting on changes to VAT and the structure of PEMEX, which together with the Government's desire to speed up the reforms in the first part of the legislature contrasts with previous transition periods.

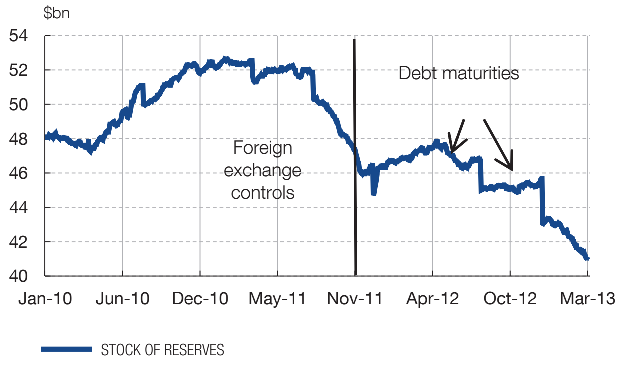
ARGENTINA

Activity moderated sharply in 2012, despite a slight rebound in the second half of the year. Thus, quarter-on-quarter growth was 1.3% in Q4 and 0.6% in Q3, following a fall of 0.9% in Q2. In 2012 growth scarcely averaged 1.9%, a stark contrast with 8.9% in 2011, since a series of import restrictions and capital controls were imposed, in addition to some exogenous factors (poor crops and weak external demand, particularly from Brazil). These measures, created with the aim of reducing demand for dollars and increasing their supply against a backdrop of capital flight, were effective but particularly pernicious for growth, especially import restrictions which prompted an abrupt fall in gross investment (-4.9% year-on-year over the year as a whole). In fact, part of the recovery in economic momentum at year-end – particularly in investment – is due to the easing of import restrictions. At the same time, the Government increased credit directed at productive investment. In any event, private consumption remained the main driver of the economy, supported by the labour market (the unemployment rate in Q4 stood at 6.9%, 0.2 pp higher than a year earlier), although it grew more slowly than in previous years affected by high inflation and slight wage moderation. As a result of the forced adjustment of imports, the contribution of external demand was no longer negative, despite the sharp fall in exports of 6.6% in the year as a whole. Similarly, following the measures, the current account moved back into surplus (0.1% of GDP), as the trade surplus rose by 26.7%. However, the

ARGENTINA AND CHILE

CHART 12

ARGENTINA. INTERNATIONAL RESERVES



CHILE. INFLATION OF TRADABLE AND NON-TRADABLE GOODS

SOURCES: Banco Central de Argentina, Banco Central de Chile and Reuters.

deterioration of the fiscal accounts worsened and a primary deficit of around 0.2% of GDP was recorded compared with a surplus of 0.3% in 2011. This deficit, which would have been notably higher without the funds from the central bank and the pension fund administrator, has been financed by a bigger monetary base (an increase of 40%), which contributes to explaining the quickening of inflation despite the decelereation of activity. Thus, after inflation reached 11.1% in January 2013 (according to private estimates, close to 27%), the Government agreed to freeze prices at the main retail outlets until June. The exchange rate policy, which stepped up the pace of devaluation of the official rate (by around 18% in annualised terms), and the growing importance of parallel markets (on which the premium over official exchange rates is around 70%) also contributed to greater inflationary pressures. The pace of growth at the beginning of 2013 seems to have stabilised, albeit without recovering high rates. Among the factors which should support a slight recovery are a better harvest and fewer debt maturities, less sluggishness in Brazil and a foreseeably expansionary fiscal policy until the legislative elections in October. However, unorthodox measures continue to increase the distortions of the economy, which not only take shape in the strong deterioration of the parallel exchange rate (see Chart 12), but also in the strong outflow of dollar-denominated deposits and an increase in the State's net borrowing. Also, the compulsory "pesification" of debt issued in dollars by the provinces due to capital controls and the "declaration of censure" issued by the IMF against Argentina due to the lack of progress in refining its statistics show some of the effects of the current model. However, the greatest uncertainty concerns the current legal proceedings in New York, which could eventually lead to a suspension of payments, should the judgment requiring Argentina to also pay the holdout creditors, who refused to accept the 2005 and 2010 debt swaps, be upheld. Faced with this eventuality, the main agencies downgraded Argentina's foreign-law bonds.

CHILE

Activity remained highly buoyant throughout 2012, surpassing expectations. Thus, in Q4 a growth rate was recorded of 1.5% in quarterly terms and 5.7% in year-on-year terms, which put annual growth at 5.6%, as against 5.9% in 2011. Despite the external slowdown, both consumer and business confidence held at very high levels, performing differently to 2009, when they were considerably affected by the global crisis. In this setting, domestic demand continued to expand at a much higher pace than GDP growth, and would even have quickened in Q4 were it not for the performance of stockbuilding. Thus, private consumption grew 7.3% year-on-year in Q4 (6.1% in the year as a whole), driven by the sound performance of the labour market; government consumption increased by 7.2%, and investment grew by 18.1% (12.3% in the year) – the machinery and equipment and construction components were highly buoyant. External demand's negative contribution to growth fell with respect to the previous year (-1.7 pp in 2012, compared with -3.8 pp in 2011), although it tended to increase throughout the year faced with a greater recovery of imports than exports. Sluggish external demand and a fall in the terms of trade of 10% resulted in a trade surplus which was 61% lower in 2012 than a year earlier, causing the current account deficit to widen to 3.5% of GDP. This deficit is amply financed with foreign direct investment which reached a record rate of 10.6% of GDP. The higher frequency indicators for 2013 Q1 show a dichotomy between still-robust demand and weaker supply. Inflation also surprised favourably since it showed a marked downward trend and stood in March at 1.5% (core inflation was around 1%), below the lower limit of its target range, although there was an element of some temporariness in this decline. Additionally, inflation expectations remain anchored at 3%. In any event, the sharp contrast between the inflation of tradable and non-tradable goods (the latter grew by around 4%) (see Chart 12) shows that some pressure continues due to the tight labour market (unemployment rate of approximately 6% and real wage growth of above 3%) and that the moderation seen was partly influenced by the appreciation of the peso (8.4% against the US dollar in 2012, as a whole, and slightly less in recent months). Against this backdrop, the central bank has left the official interest rate unchanged at 5% since January last year but it could, if appropriate, apply some macro-prudential measure. Bank lending continued to expand by 11% in real terms. In the fiscal arena, the surplus narrowed from 1.5% of GDP in 2011 to 0.6% of GDP in 2012 (with a better-than-targeted structural deficit standing at 0.6%), which enabled the Government to inject $2 billion into the Economic and Social Stabilisation Fund and to the Pension Reserve Fund (which has built up $22.9 billion), a higher amount than the funds prior to the financial crisis of 2008. One agency put Chile's sovereign debt rating up one notch to AA–.

COLOMBIA

GDP grew 4% in 2012, a sizable moderation with respect to 2011, which in turn was revised upwards by 0.7 pp to 6.6%, owing to a better performance of gross capital formation and exports. The slowdown in growth, which was sharper in the second half of the year, was due largely to investment that was troubled by certain problems specific to the area of construction and due to lower growth in the mining sector. These developments, together with the strong exchange rate, explain the downward cycle in official rates begun by the central bank in July (200 bp in total, the latest reduction was 50 bp in March), against a backdrop of moderating inflation which stood at 1.9% in March, below the central bank's inflation target. The fiscal accounts continued along a path of gradual consolidation. Thus, the central government deficit declined in 2012 to 1.9% of GDP (compared with 2% in 2011). In the external accounts, in addition to the fall in the volume of exports, there is a continuing robust inflow of direct investment. In order to combat upward pressures on the peso, the central bank enlarged the reserve accumulation programme to $30 million per day (see Chart 13), and announced that it will likely be extended until May. Consequently, international currency reserves stood at $38.5 billion ($5 billion up on 2011). The Government adopted various measures to reduce pressure on the exchange rate (holding in dollars of State funds such as the dividends of the public company Ecopetrol and dollar-denominated debt issues). Lastly, the Government approved a tax reform in January, mainly in order to increase the fairness of the tax system and to reduce the shadow labour market.

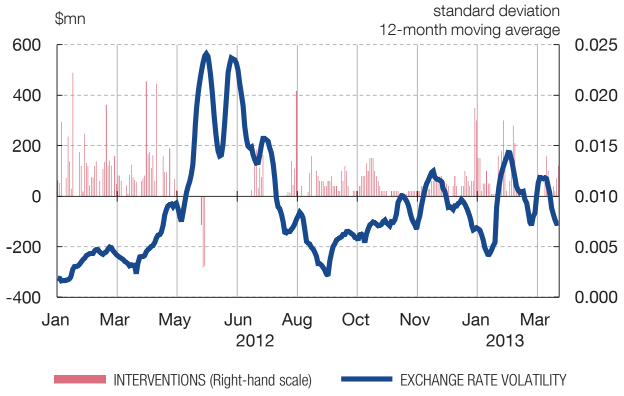
PERU

Growth remained robust with GDP expanding by 5.9% year-on-year in Q4 and by 6.3% in the year as a whole (6.9% in 2011), although it slowed down somewhat over the year. Growth was underpinned by investment (14.9% in the year as a whole) and by government consumption (10.6%). Private consumption continued to grow by 5.8% in the year as a

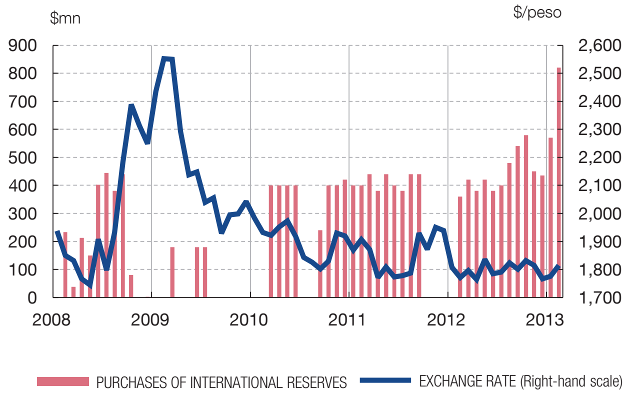
PERU, COLOMBIA AND VENEZUELA

CHART 13

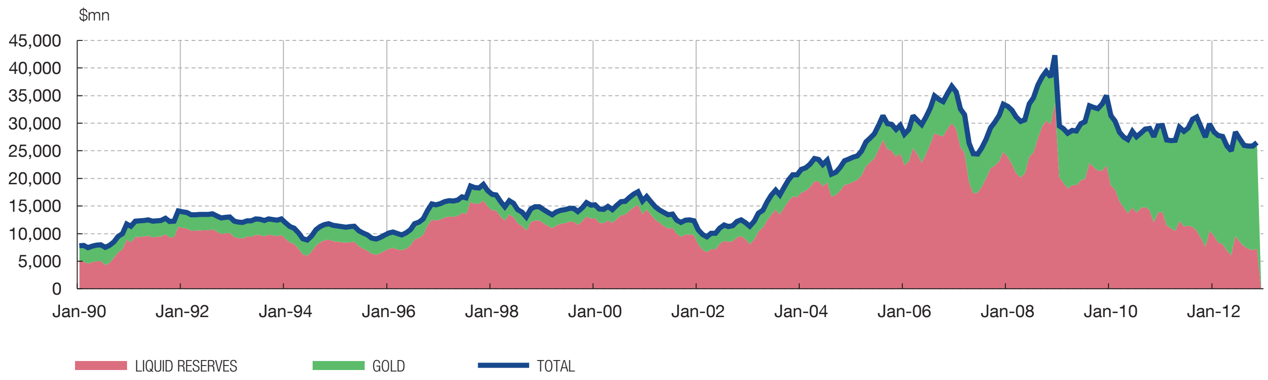
PERU. EXCHANGE RATE VOLATILITY AND CENTRAL BANK PURCHASES OF RESERVES



COLOMBIA. PURCHASE OF RESERVES AND EXCHANGE RATE



VENEZUELA. INTERNATIONAL RESERVES



SOURCE: National sources.

whole, the same figure as in Q4. Conversely, the contribution of external demand turned more negative as a result of the increase in imports and the moderation of exports, particularly mining ones (affected by supply problems). The higher frequency indicators point to the buoyancy of activity continuing in the early months of 2013, with strong private consumption supported by consumer confidence, the favourable circumstances of the labour market and the positive financing conditions in conjunction with the projected quickening of public spending. The current account deficit rose in 2012 to 3.6% of GDP (1.9% in 2011), due to the sharp reduction of the trade surplus. This deficit continued to be financed comfortably by long-term capital flows which in turn tended to strengthen the local currency. The new sol appreciated by around 4% in 2012 and continued this trend in 2013 Q1. Inflation tended to moderate in recent months and stood at 2.6% in March, on account of the reversal of previous supply shocks. However, core inflation held above the target range (3.3% in February, compared with the target of 2% +/– 1%), showing some pressure on demand, especially due to the slacker labour market (the unemployment rate was 6.1%, a historical low). In this setting, the central bank has maintained the official rate at 4.25% since May 2011. The pace of the currency's appreciation continued to be modulated by the central bank's foreign exchange interventions (see Chart 13), complemented by measures such as raising the reserve requirements in domestic and foreign currency, in order to moderate short-term foreign capital inflows and credit growth, particularly in dollars. Similarly, the limit on fund administrators' investment in foreign assets was increased to 34%. Additionally, in February the Government undertook two bond issues in the domestic market in order to repay debt owed to multilateral agencies. On the fiscal side, the non-financial public sector posted a primary surplus equivalent to 3.2% of GDP, representing a slight improvement due to the higher increase in current revenue compared with expenditure.

VENEZUELA

The economy recorded a notable expansion in 2012 with an increase in GDP of 5.6% (4.2% in 2011), although it slowed in the second half of the year. The two main characteristics of the expansion were the increase in investment (23.3% in annual terms, mainly in housing, related to the rise in pre-election spending) and in private consumption. This growth of domestic demand was coupled with a sharp increase in imports (23.3% in the year). Exports recovered positive growth rates in the second half of the year. Inflation tended to moderate to November and stood at 18.2% year-on-year, as a result of developments in food, regulated prices and a greater distribution of currency to pay for imports, although the depletion indicator reached its highest level since 2008. However, consumer prices began to rise again at end-2012, and the devaluation of the bolivar in January (by 31.7%, from 4.3 to 6.3 bolivars per dollar), after two years with an anchored exchange rate, put inflation at above 24% in March. Conversely, the devaluation is expected to ease the imbalance in public finances, which seem to have deteriorated sharply during 2012 further to the increase in public spending (the latest official data shows a central government deficit of 4.9% of GDP in 2012, excluding the public oil company PDVSA and the various funds). However, the imbalance is not expected to be corrected solely with that measure and, consequently, there will foreseeably be some type of adjustment after the April elections. For the moment, the tax on oil exports has been raised and a new parallel market has been created for the allocation of currency, with auctions of $200 million open to importing firms, with settlement occurring once the entry of the imported good has been checked. Furthermore, the central bank indicated that the difference between the official exchange rate and the cut-off exchange rate of the auctions will be allocated to public funds to promote productive sectors which will seemingly improve the public sector's financial position. The first auction was held at the end of March but the official results of the average exchange rate and the cut-off exchange rate have not been published. On the external front, the current account surplus was 4.7% of GDP in 2012, notably lower than 7.7% in 2011, owing to the smaller trade surplus. The use of international reserves to undertake certain investments and the sharp increase in imports in the last six months have caused liquid reserves to fall to a level at which they cover only two months of imports (see Chart 13). In this setting, the Government relaxed capital controls to a certain degree, allowing exporters to retain a greater share of their dollar revenue and even to open dollar accounts at national banks.

17.4.2013.

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

Introduction

Relatively few new financial provisions were adopted in the first quarter of 2013 compared to the preceding periods.

The European Central Bank (ECB) brought in new regulations in four areas: 1) early repayment procedures for certain long-term Eurosystem financing operations, which have recently been adopted by the Banco de España; 2) an extension to the changes to the eligibility criteria for new underlying assets for monetary policy operations; 3) new regulations on the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2), and 4) standards for the issue of electronic certificates by the European System of Central Banks (ESCB).

For its part, the Banco de España has updated certain general terms and conditions applicable to monetary policy operations to adapt them to the changes in the Eurosystem's monetary policy instruments and procedures.

Three norms establishing a series of measures affecting financial institutions were published, aiming to: 1) protect the holders of certain types of savings and investment products, among other financial measures; 2) regulate investments by insurance undertakings in securities and movable property issued by the bank restructuring asset management company (Sareb); and, 3) define new assumptions for the calculation of annual percentage rates (APR) for consumer credit agreements.

Four pieces of legislation were enacted in relation to the securities market: 1) as is usual at this time of year, the conditions under which State debt is due to be issued in the coming year were published (covering 2013 and January 2014); 2) certain changes were made to the regulations on State debt market-makers; 3) the information that public limited companies, savings banks and other entities issuing traded securities have to provide was updated, as was 4) the information that investment firms and fund management companies are required to submit to the CNMV.

At European Union level, three pieces of financial legislation have been promulgated: 1) the authorisation of certain Member States to establish enhanced cooperation in relation to the financial transactions tax (FTT); 2) implementation of the regulations on alternative investment fund managers (AIFMs); and 3) a series of additional measures regulating over-the-counter (OTC) derivatives, central counterparties, and trade repositories.

The contents of this article are set out in Table 1.

European Central Bank: financing operations and collateral for monetary policy operations

Guideline ECB/2013/2 of 23 January 2012 (OJEU of 5 February 2013), was published, amending Guideline ECB/2012/18 of 2 August 2012[1] on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral. Resolution of 5 March 2013 of the Executive Commission of the Banco de España (BOE of 7 March 2013)

1 See "Financial regulation: 2012 Q3," Economic Bulletin, October 2012, Banco de España, pp. 163-167.

CONTENTS **TABLE 1**

was also published, on additional temporary measures regarding monetary policy operations, amending the Resolution of 11 December 1998, approving the general clauses applicable to monetary policy operations, to adopt the changes made in the aforementioned Guideline.

Guideline ECB/2012/18 authorised the Eurosystem to allow counterparties to reduce the amount of certain long-term financing operations or end such operations before their maturity (actions referred to collectively as «early repayment»). It also provides that the conditions applicable to any such repayment are to be published in the corresponding auction or by any other means the Eurosystem sees fit.

CONTENTS (cont´d) **TABLE 1**

Guideline ECB/2013/2 describes the early repayment procedure to be followed by counterparties in order to ensure that all euro-area national central banks (NCBs) apply the same conditions.

The repayment option and the date from which institutions can exercise it will be published in the corresponding auction notice, or by whatever other means is deemed appropriate.

For their part, institutions must notify their national central bank (NCB) of the amount they wish to repay and the date on which they intend to do so at least one week in advance. In principle, unless provided otherwise, early repayment may take place on any date coinciding with a main financing operation, provided that the institution has given a week's notice prior to the corresponding date.

This notification will be binding for the counterparty, such that if it fails to execute the repayment on the due date, it may be subject to financial penalties, pursuant to Guideline ECB/2011/14 of 20 September 2011[2] on monetary policy instruments and procedures of the Eurosystem, for non-compliance relating to auctions, bilateral transactions and the use of underlying assets. This is all without prejudice to the right of the NCB concerned to exercise the actions envisaged for non-compliance also provided for in the aforementioned Guideline.

The Guideline and Resolution came into force on 7 March 2013.

European Central Bank: temporary changes to the collateral eligibility criteria for monetary policy operations

Decision ECB/2012/34 of 19 December 2012 (OJEU of 18 January 2013) on temporary changes to the rules relating to the eligibility of foreign currency denominated collateral was published.

The Governing Council of the ECB has decided to retain the temporary eligibility as collateral assets for Eurosystem monetary policy operations of marketable debt instruments

2 See "Financial regulation: 2011 Q4," Economic Bulletin, January 2012, Banco de España, p. 113.

denominated in pounds sterling, yen or US dollars, irrespective of whether their coupons are linked to a non-euro interest rate or to non-euro area inflation indices.

Consequently, the Governing Council has decided to suspend the new selection criteria introduced by Guideline ECB/2012/25 of 26 November 2012 in Annex I of Guideline ECB/2011/14 of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem, which would have meant that such assets ceased to be eligible as of 3 January 2013.[3]

The Decision came into effect on 3 January 2012.

TARGET2: update to the regulations

Guideline ECB/2012/27 of 5 December 2012 (OJEU of 30 January 2013) on a Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) was published, recasting it in a new legal text, which at the same time repealed Guideline ECB/2007/2 of 26 April 2007[4] and its subsequent amendments.

The Guideline incorporates certain rules that were previously internal to the Eurosystem. These include rules on the handling of complaints and claims for losses caused by technical malfunctions of TARGET2, and those arising from the obligation of NCBs to inform the ECB of any complaints and claims filed by their participants, not included in the scope of the TARGET2 clearing system, but relating to its technical malfunctions.

It also establishes the exchange of information on the suspension or termination of access to monetary policy operations and its consequences for access to intraday credit, and incorporates certain provisions relating to the inapplicability of sanctions to NCBs not belonging to the European Union. Finally, it introduces changes to the general price structure.

The Guideline came into effect on 7 December 2012 and is applicable as of 1 January 2013.

European System of Central Banks: public key infrastructure framework for the issuing of electronic certificates

Decision ECB/2013/1 of 11 January 2013 (OJEU of 16 March 2013) laying down the framework for a public key infrastructure for the European System of Central Banks was published.

This decision sets out the general details of this proprietary Eurosystem infrastructure (referred to here as «ESCB-PKI») designed to issue, manage, revoke or renew all types of electronic certificates,[5] such as personal and technical certificates for ESCB and non-ESCB users.

ESCB and Eurosystem electronic applications, systems, platforms and services may only be accessed and used following authentication by means of an electronic certificate issued and managed by a certification authority accepted by the ESCB in accordance with the ESCB certificate acceptance framework, including by the ESCB-PKI certification authority, or by certification authorities accepted by the ESCB for TARGET2 and TARGET2 Securities.

ESCB-PKI is based on three levels of governance: Level 1 consists of the Governing Council and the Executive Board, Level 2 of the Eurosystem central banks and Level 3 of the providing central bank.

3 Guideline ECB/2012725 established that coupons on fixed income instruments may not generate negative cash flows and must be of one of the types laid down in this Guideline.
4 See “Financial regulation: 2007 Q3,” Economic Bulletin, October 2007, Banco de España, pp. 151-152.
5 An electronic certificate is an electronic file, issued by a certification authority, which binds a public key with a certificate subscriber’s identity and is used for some or all of the purposes envisaged in this decision. In particular, it is used to verify access rights to ESCB and Eurosystem electronic applications, systems, platforms and services.

At Level 1, the Governing Council is responsible for the direction, management and control of the activities and deliverables needed to develop and operate the ESCB-PKI. Also, the Governing Council delegates its normative powers to the Executive Board to take any measures to implement this Decision that are necessary for the efficiency and security of the ESCB-PKI, and to adopt amendments relating to the technical aspects of the ESCB-PKI and ESCB- PKI services provided for in the annexes to the Decision, after taking into consideration the advice of the ESCB Information Technology Committee (ITC) and, if applicable, of the Eurosystem IT Steering Committee.

The Eurosystem central banks are responsible for the tasks assigned to Level 2, within the general framework defined by the Governing Council. They have competences regarding the technical means of implementing the ESCB-PKI in the Member States.

At Level 3, the providing central bank will be responsible for creating, implementing and managing the ESCB-PKI technical infrastructure. The Banco de España has been appointed by the Governing Council as the providing central bank.

In addition to creating and implementing the ESCB-PKI infrastructure, the providing central bank will also be responsible for hosting, operating and managing it in accordance with the Level 2 – Level 3 Agreement. The providing central bank is to put the necessary organisational infrastructure in place for creating, issuing and managing certificates and to ensure that the infrastructure is maintained. To do so, it may adopt any internal organisation and management rules necessary. The providing central bank will act as the ESCB-PKI certification authority[6] and validation authority[7] of the ESCB-PKI.

Each Eurosystem central bank using ESCB-PKI services will act as a registration authority for its certificate applicants and ensure that its certificate applicants accept and apply the user terms and conditions set out in the ESCB-PKI certification authority's application form for its services.

Each Eurosystem central bank shall make arrangements with regard to third party secure access and use of the ESCB and Eurosystem electronic applications, systems, platforms and services through the use of ESCB-PKI certificates.

Subject to the approval of the Governing Council, a non-euro area NCB may also decide to use ESCB-PKI services under the same conditions as those applying to Eurosystem central banks. A non-euro area NCB may act as a registration authority for its internal users as well as for third party users, and may create the role of a registration officer to perform this task.

Banco de España: amendment to the regulations on monetary policy instruments and procedures of the Eurosystem

Resolution of 26 December 2012 of the Executive Commission of the Banco de España (BOE of 1 January 2013) was published, amending the Resolution of 1 December 1998 of the Executive Commission of the Banco de España approving the general conditions applicable to the Banco de España's monetary policy operations, in order to incorporate the changes introduced by Guideline ECB/2012/25 of 26 November 2012,[8] as described below.

6 The certification authority issues, manages, revokes and renews certificates on behalf of the ESCB central banks or the Eurosystem central banks in accordance with the ESCB certificate acceptance framework.
7 The validation authority provides information on the validity of certificates issued by the ESCB-PKI certification authority.
8 See "Financial regulation: 2012 Q4," Economic Bulletin, January 2013, Banco de España, pp. 118-121.

CLAUSE V: PROCEDURES APPLICABLE TO MONETARY POLICY OPERATIONS

Clause V specifies that marketable assets can be used as underlying assets for open market transactions and the marginal lending facility. Non-marketable assets can only be used as underlying assets for reverse open market transactions and the marginal lending facility, but not for outright transactions.

Under the heading of open market operations, and in particular, in relation to tender operations, the ECB reserves the right to take any action it deems appropriate in order to correct an error in the tender announcement, including cancelling or interrupting a tender under execution.

CLAUSE VI: UNDERLYING ASSETS

Clause VI introduces certain obligations on counterparties submitting asset-backed securities which have close links to the originator of the underlying assets of these asset-backed securities. Thus, the Banco de España must be informed at least one month in advance of any planned changes[9] to them that might affect their credit quality. Moreover, at the time of the asset-backed security's submission, the counterparty should provide information on any modifications made in the preceding six months. The Banco de España will not give an opinion on the eligibility of asset-backed securities prior to a modification.

Moreover, despite their eligibility, the Banco de España may decide not to accept the following marketable or non-marketable assets as collateral from a counterparty: 1) debt instruments falling due in the immediate future, and 2) debt instruments with an income flow (e.g. a coupon payment) occurring in the immediate future.

Finally, in the case of fixed income securities, as of the entry into force of this guideline, the Eurosystem will define the most representative price to be used for the calculation of the market value. The value of a marketable asset will be calculated on the basis of the most representative price on the business day preceding the valuation date. In the absence of a representative price for a given asset, the Eurosystem will define a theoretical price.[10]

CLAUSE VIII: EFFECTS OF NON-COMPLIANCE

Clause VIII revises the financial penalties for non-compliance by counterparties of obligations relating to tenders[11], bilateral transactions[12] and the use of underlying assets[13]. Penalties were previously calculated by applying a fixed coefficient. This has been changed to a coefficient that varies according to the number of days, up to a maximum of seven, during which the counterparty was infringing the rules, with a minimum penalty of €500.

---

9 Such as alteration in the interest rate due on the notes, a change in the swap agreement, changes in the composition of underlying loans not provided for in the prospectus, changes to the priority of payments.

10 The valuation was previously obtained by using the market price on the preceding business day, based on the average price of the day's trades or the closing price, depending on the market concerned. If this price is not available, the valuation of assets of the same price type corresponding to the immediately preceding business day will be taken.

11 Counterparties are considered to be in breach of the provisions laid down by the Banco de España for auctions when: 1) they fail to transfer a sufficient amount of underlying assets or cash to settle on the settlement day; 2) they fail to collateralise, prior to the maturity of the operation, the amount of liquidity it has been allotted in a liquidity-providing operation; or 3) they fail to transfer a sufficient amount of cash to settle the amount allotted in a liquidity-absorbing operation.

12 Counterparties are considered to be in breach of the provisions laid down by the Banco de España for bilateral transactions when: 1) they fail to transfer a sufficient amount of collateral; 2) they fail to transfer a sufficient amount of cash to settle the amount agreed in the operation; or 3) if they fail to collateralise an outstanding bilateral transaction at any time prior to its maturity by means of corresponding margin calls.

13 Counterparties are considered to be in breach of the provisions laid down by the Banco de España for the use of collateral when they use any of the following to collateralise their monetary policy operations: 1) assets issued or guaranteed by the counterparty itself; 2) assets issued or guaranteed by a third party with which the counterparty has close links; 3) assets that are or have become ineligible for use as collateral under the applicable rules laid down by the Banco de España or the Eurosystem; or 4) when it has provided information affecting the collateral value negatively (e.g. on the outstanding amount of a used credit claim that is false or out of date).

In relation to non-compliance by counterparties of end-of-day procedures or access conditions for the marginal lending facility, the current financial penalties[14] have been retained, but henceforth a minimum penalty of €500 shall apply if the calculation yields a lesser amount.

The Resolution came into effect on 3 January 2013 and is applicable as of that date.

Protection of the holders of certain saving and investment products and other financial measures

Royal Decree-Law 6/2013 of 22 March 2013 (BOE of 23 March 2013) on the protection of the holders of certain savings and investment products and other financial measures was published.

This Royal Decree-Law introduces certain mechanisms to speed up the resolution of disputes between credit institutions and their customers, primarily through arbitration, in relation to the marketing of certain savings and investment products, particularly hybrid capital instruments (generally preference shares) and subordinated debt. It also aims to offer liquidity to holders of shares received in exchange for these instruments, granting the Credit Institution Deposit Guarantee Fund (FGD) sufficient legal powers to create market mechanisms allowing liquidity alternatives for these shares.

HYBRID CAPITAL INSTRUMENTS AND SUBORDINATED DEBT MONITORING COMMITTEE

A monitoring committee has been set up (referred to here as the Committee) as a decision-making body under the Ministry of Economic Affairs and Competitiveness to oversee hybrid capital and subordinated debt instruments, with specific responsibility for: 1) analysing the factors behind judicial and extrajudicial claims by holders of this type of financial product against credit institutions in which the Fund for the Orderly Restructuring of the Banking Sector (FROB) has a shareholding; 2) quarterly submission of a report to the Spanish Parliament on the elements underlying these claims,[15] and, where applicable, 3) making proposals to the competent authorities to improve the protection of purchasers of these products.

The Committee will also determine the basic criteria to be applied by credit institutions in which the FROB has a shareholding in order to offer their customers the option of submitting disputes arising in relation to the instruments mentioned to arbitration, so that they are appropriately compensated for the economic loss incurred. It will also specify the criteria to designate the group of customers whose claims, in view of their personal or family circumstances, should receive priority treatment by credit institutions in which the FROB has a shareholding. The Committee will agree these criteria at its inaugural meeting and may review them on a quarterly basis.

The Commission will be chaired by the President of the CNMV, with the Deputy Governor of the Banco de España as deputy chairman, with a secretary appointed by the CNMV. The remaining members are the General Secretary for Health and Consumer Affairs, at the Ministry of Health, Social Services and Equality; the General Secretary for the Treasury and Financial Policy, at the Ministry of Economic Affairs and Competitiveness; and the President of Consumers' and Users' Council. Representatives appointed by the consumer af-

14 For the first non-compliance, the financial penalty will be equal to applying the marginal lending facility interest rate plus 5 percentage points to the amount obtained by unauthorised access to the marginal lending facility. In the case of successive instances of non-compliance in the following 12 months, the penalty interest rate will be increased by 2.5 percent each time an additional breach occurs.

15 The fundamental aspects on which the Committee may request and gather information are: 1) the amounts of claims; 2) the judicial or extrajudicial channels chosen by the claimant, 3) the geographical location where the instrument is marketed; 4) the direction of the court ruling or arbitrator's award, including the basic grounds for upholding or rejecting the claim, and 5) the issuing institution, the customer profile, and any other analogous information deemed relevant for the Committee to perform its tasks.

fairs authorities at the regional government and the National Consumer Affairs Institute who have taken part in the claim and resolution mechanisms mentioned will also be invited to attend in an advisory capacity.

PROVISION OF LIQUIDITY THROUGH THE DGF

The Royal Decree-Law also sets out a mechanism for providing liquidity through the Deposit Guarantee Fund (DGF) for shares due to be received by holders of the aforementioned instruments as a result of their being exchanged. Thus, first of all, the functions of the DGF have been expanded to allow it to subscribe for shares or subordinated debt instruments issued by Sareb.

Moreover, it is empowered to purchase ordinary shares not admitted to trading on a regulated market issued by credit institutions transferring their assets to Sareb[16] and which are the product of the conversion of hybrid capital instruments and subordinated debt. The DGF will primarily acquire the shares of the institution's customers who are in situations of particular hardship as a result of their personal and family circumstances, in accordance with the criteria laid down by the Committee.

The foregoing instruments will be acquired at a price that does not exceed their market value and is in accordance with European Union rules on State aid. For the purposes of determining the market value, the DGF will commission an independent expert report.

SPECIAL CONTRIBUTION TO THE DGF

In order to maintain the DGF's asset position healthy to ensure it is able to perform its role in supporting the stability of the Spanish financial system properly, a special one-off contribution to it by member institutions has been established, of 3 per mille of deposits held on 31 December 2012.

This contribution will be made in two phases. A first tranche equivalent to 40% is to be paid within 20 business days of 31 December 2013. The management committee of the DGF may establish certain exemptions in relation to this tranche, such as: 1) non-application of this tranche to institutions in which the FROB has a majority shareholding; 2) a deduction of up to a maximum of 50% of the contributions of DGF member institutions whose basis for the calculation does not exceed €5 billion; and 3) a deduction of up to a maximum of 30% of the amounts invested by institutions in the subscription or purchase, before 31 December 2013, of shares or subordinated debt instruments issued by Sareb.

The second tranche, which will account for the remaining 60%, must be paid within 7 days of 1 January 2014, in accordance with the timetable of payments laid down by the management committee. Without prejudice to the payment timetable, the amount due for this second tranche will be recognised on the assets of the DGF on the date of settlement of the first tranche.

AMENDMENT OF THE LEGISLATION ON CREDIT INSTITUTION RESOLUTION AND RESTRUCTURING

Further details have been added to Law 9/2012 of 14 November 2012[17] on restructuring and resolution of credit institutions. Firstly, new conditions have been added in relation to the framework for the transfer of assets to Sareb, namely: 1) transferred loans may not be classed as subordinated in the context of the debtor's possible bankruptcy proceedings, even if Sareb is a shareholder in the debtor company. However, if already classed as sub-

16 Pursuant to the ninth additional provision of Law 9/2012 of 14 November 2012 on restructuring and resolution of credit institutions, credit institutions in which the FROB is the majority shareholder or which, the Banco de España judges, after an independent evaluation of their capital requirements and asset quality, will require the commencement of restructuring or resolution processes envisaged in this Law, are obliged to transfer certain assets to Sareb.

17 See "Financial regulation: 2012 Q4," Economic Bulletin, January 2013, Banco de España, pp. 36-68.

ordinated prior to the transfer, they shall remain classed as such; 2) Sareb will be entitled to adhere to proposed agreements presented by any legitimate party and the right to vote at the shareholders' meeting, in relation to any loans acquired by it following the declaration of bankruptcy proceedings; 3) Sareb may be the beneficiary of «*hipotecas de máximo*» (mortgages securing multiple debts or obligations up to a set maximum amount)[18] encumbering assets it already holds or subsequently transferred to it; and 4) the contractual compensation and financial guarantee schemes regulated in Royal Decree-Law 5/2005 of 11 March on urgent reforms to promote productivity and improve public sector procurement shall be applicable to Sareb.[19]

Additionally, the terms under which the price of repurchasing issues or tranches of hybrid capital instruments and subordinated debt included within the scope of the FROB's management actions may be paid are clarified.

OTHER CHANGES

The Law also introduces a number of other provisions relating to financial matters, as summarised below.

A new function has been added to financial institutions' customer care and ombudsman services as referred to in Ministerial Order ECO/734/2004 of 11 March 2004 on the customer service department and ombudsman of financial institutions. Once these services come into operation they will handle claims relating to commitments undertaken by credit institutions in relation to the constitution of a pool of social housing owned by them, for use by persons who have been evicted from their main residence as a result of default on their mortgage.[20]

Additionally, certain modifications have been made to Law 44/2002 of 22 November 2002 on financial system reform measures regarding the information that reporting entities are to provide to the central credit register. As well as determining the classes of risks that are to be declared, the Minister for Economic Affairs and Competitiveness and the Banco de España with the minister's express authorisation, may differentiate risks by setting different reporting thresholds according to the purpose of the reporting: either exclusively for the exercise of supervision and inspection functions and other legally assigned functions, or also to provide them to reporting entities in the exercise of their functions.

Natural or legal persons named in relation to risks subject to declaration to the central credit register (CIR) shall continue to be able to access all the information concerning

---

18 *Hipotecas de máximo* are covered by Article 153 bis of the Mortgage Law (Consolidated Text enacted by Decree of 8 February 1946), in favour of: 1) financial institutions as collateral for one or more present or future obligations, of whatever type, and 2) the public administration as the holder of tax or social security credits. No new contract is necessary in either case. It will be sufficient that the deed constituting the mortgage and the registry entry in which it is recorded specify: its name and, if necessary, the general description of the basic legal acts from which the guaranteed obligations derive or may derive in the future; the maximum amount for which the estate is liable; the duration of the mortgage, and the way in which the final balance guaranteed is calculated. It may also be stipulated in the deed that the amount recoverable in foreclosure is that resulting from the settlement by the creditor financial institution in the manner agreed between the parties in the deed.

19 The legal framework for this type of agreement is applicable to financial operations in the context of contractual compensation agreements, provided that the agreement envisages the creation of a single legal obligation covering all the operations included in the agreement, by virtue of which, in the case of early maturity, the parties will only be entitled to demand the net balance of the product of the settlement of such operations. The net balance must be calculated as established in the contractual compensation agreement or its related agreements.

20 Under the sole additional provision of Royal Decree-Law 27/2012 of 15 November 2012 on urgent measures to strengthen the protection of mortgage debtors, the government was charged with promoting with the financial sector the constitution of a pool of social housing owned by credit institutions intended to provide accommodation for persons evicted from their main residence as a result of default on their mortgage. The purpose of this pool will be to facilitate these people's access to affordable housing.

them, except data supplied by declaring entities in compliance with the reporting obligations established by the Banco de España in the exercise of its functions. When a data subject's data are supplied solely for inspection and other legally assigned functions, the Banco de España will only provide the names of the entities that have reported the risks.

The measures necessary to comply with the requirements of Regulation 260/2012 of the European Parliament and of the Council of 14 March 2012 establishing technical and business requirements for credit transfers and direct debits in euro have also been adopted. Specifically: 1) the Minister for Economic Affairs and Competitiveness is authorised to grant authorisations and exemptions in the cases and under the terms envisaged in the Regulation;[21] 2) the Banco de España is designated as the competent authority responsible for ensuring compliance with Regulation 260/2012, and 3) Law 16/2009 of 13 November 2009 on payment services is amended to include the provisions of the Regulation and the rules on organisation and discipline of payment services providers.

Finally, certain changes have been made to the consolidated text of the Private Insurance Law, enacted by Legislative Royal Decree 6/2004 of 29 October 2004, to allow Spanish insurance undertakings to enter into proxy contracts with legal persons to subscribe risks on their behalf (generally referred to as underwriting agencies). This therefore puts an end to the previous difference in the treatment of Spanish insurance undertakings and those of other Member States, whereby only insurance undertakings registered in Member States of the European Economic Area other than Spain, and conducting their business in Spain under the right of establishment or the freedom to provide services, could grant proxies to the aforementioned agencies to underwrite insurance on their behalf.

The Royal Decree came into force on 24 March 2013.

Regulation of investments by insurance undertakings in securities or movable property rights issued by Sareb

Royal Decree-Law 2/2013 of 1 January 2013 (BOE of 1 February 2013), on urgent measures in the electricity system and financial sector was published.

In the financial area, this addressed the regulation of investments by insurance undertakings in securities or movable property rights issued by Sareb. Specifically, assets issued by Sareb may be included among those eligible to cover insurance undertakings' technical reserves, provided they do not exceed the limit of 3% of total provisions. They will be valued at their cost of acquisition, as defined in the accounting plan for insurance companies.

In addition, for the purposes of their solvency margin, unrealised capital gains or losses deriving from these assets, whether recognised on the accounts or not, will not be included in the calculation.

The Royal Decree came into force on 2 February 2013.

Consumer credit agreements: additional assumptions for the calculation of APR

Ministerial Order *ECC/159/2013 of 6 February 2013* (BOE of 8 February 2013) was published, amending part II of Annex I of Law 16/2011 of 24 June 2011[22] on credit agreements for consumers. The Order implements the new version of the additional assumptions for APR calculations that were adopted by Commission Directive 2011/90/EU of 14 November 2011 amending part II of Annex I of Directive 2008/48/EC of the European Parliament

21 Regulation 260/2012 established, *inter alia*, the technical requirements to be fulfilled by payment service providers to carry out transfers and account debits as of 1 January 2014. Nevertheless, Member States may authorise their competent authorities to waive compliance with the requirements until 1 February 2016.

22 See "Financial regulation: 2011 Q2," *Economic Bulletin*, July-August 2011, Banco de España, pp. 152.

and of the Council providing additional assumptions for the calculation of the annual percentage rate of charge.[23]

The assumptions in the current version can be summarised as follows:

1) If a credit agreement gives the consumer freedom of drawdown, the total amount of credit shall be deemed to be drawn down immediately and in full. If the consumer has freedom of drawdown in general but the agreement imposes a limitation with regard to the amount of credit and period of time, the amount of credit shall be deemed to be drawn down on the earliest date provided for in the credit agreement and in accordance with those drawdown limits.

2) If a credit agreement provides different ways of drawdown with different charges or borrowing rates, the total amount of credit shall be deemed to be drawn down at the highest charge and borrowing rate applied to the most common drawdown mechanism for this type of credit agreement.

3) In the case of an overdraft facility, the total amount of credit will be deemed to be drawn down in full and for the whole duration of the credit agreement. If the duration of the overdraft facility is not known, the annual percentage rate of charge shall be calculated on the assumption that the duration of the credit is 3 months.

4) In the case of an open-end credit agreement,[24] other than an overdraft facility, it shall be assumed that: a) the credit is provided for a period of 1 year starting from the date of the initial drawdown, and that the final payment made by the consumer clears the balance of capital, interest and other charges, if any, and b) the capital is repaid by the consumer in equal monthly payments, commencing 1 month after the date of the initial drawdown. However, in cases where the capital must be repaid only in full, in a single payment, within each payment period, successive drawdowns and repayments of the entire capital by the consumer shall be assumed to occur over the period of 1 year.

5) In the case of credit agreements other than overdrafts and open-end credits, if the date or amount of a repayment of capital to be made by the consumer cannot be ascertained, it shall be assumed that the repayment is made at the earliest date provided for in the credit agreement and is for the lowest amount for which the credit agreement provides. If the date of conclusion of the credit agreement is not known, the date of the initial drawdown shall be assumed to be the date which results in the shortest interval between that date and the date of the first payment to be made by the consumer

6) Where the date or amount of a payment to be made by the consumer cannot be ascertained on the basis of the credit agreement or the assumptions set out above, it shall be assumed that the payment is made in accordance with the dates and conditions required by the creditor. When these are unknown it will be assumed that: a) interest charges are paid together with the repay-

23 The Directive establishes new assumptions for the calculation of APR, as those laid down in Directive 2008/48/EC proved to be inadequate, as they did not match market realities.

24 For the purposes of this point, an open-end credit agreement is a credit agreement without fixed duration and includes credits which must be repaid in full within or after a period but, once repaid, become available to be drawn down again.

ments of capital; b) a non-interest charge expressed as a single sum is paid at the date of the conclusion of the credit agreement; c) non-interest charges expressed as several payments are paid at regular intervals, commencing with the date of the first repayment of capital, and if the amount of such payments is not known they shall be assumed to be equal amounts; and d) the final payment clears the balance of capital, interest and other charges, if any.

7) If the ceiling applicable to the credit has not yet been agreed, it is assumed to be €1,500.

8) If different interest rates and charges are offered for a limited period or amount, the interest rate and the charges shall be deemed to be the highest rate for the whole duration of the credit agreement;

9) For consumer credit agreements for which a fixed borrowing rate is agreed in relation to the initial period, at the end of which a new borrowing rate is determined and subsequently periodically adjusted according to an agreed indicator, the calculation of the annual percentage rate shall be based on the assumption that, at the end of the fixed borrowing rate period, the borrowing rate is the same as at the time of calculating the annual percentage rate, based on the value of the agreed indicator at that time.

Finally, it is provided that lenders and intermediaries obliged to calculate APR on consumer credit agreements shall have two months from the entry into force of this Order to adapt their systems, internal procedures, advertising, pre-contractual information, and standard contracts to the rules set out therein.

The Order came into force on 9 February 2013.

State debt: issuing conditions in 2013 and January 2014

Law 17/2012 of 27 December 2012[25] on the State Budget for 2013 authorised the Minister for Economic Affairs and Competitiveness to increase State debt this year with the limitation that the outstanding balance at the end of the year may not exceed that on 1 January 2013 by more than €71 billion.

As is normally the case at this time of year, the order providing for the creation of State debt over the coming year was published, namely *Ministerial Order ECC/1/2013 of 2 January 2013* (BOE of 3 January 2013) covering 2013 and January 2014, which includes standard collective action clauses for the first time. Additionally, *Resolutions of the General Secretariat for the Treasury and Financial Policy (the Treasury) of 22 and 29 January 2013* (BOE of 28 and 31 January, respectively) provided for certain issues of Treasury bills and for medium- and long-term government bonds, and published the schedule of auctions for this year and January of next year.

The collective action clauses (CAC) that will apply as of 1 January 2013 to all issues of public debt with a maturity of more than a year[26] are a set of clauses aggregating representative majorities among bondholders. In the event of a proposed modification of a

25 See "Financial regulation: 2012 Q4," Economic Bulletin, January 2013, Banco de España, pp. 68-69.

26 On 28 November 2010 the Ministers of the Economy of the euro area announced a package of strategic measures to safeguard the financial stability of the euro area, including mandatory standard CACs in all new sovereign debt issues in the euro area. The Heads of State and Government of the euro area Member States added the details and ratified this commitment at their meeting on 11 March 2011 and the European Council ratified it at its summit on 24 and 25 March 2011. The text of the CACs has been reached by consensus between all the euro area States and will be applied to debt issued by them as of 1 January 2013.

debt instruments' conditions, this avoids the need to obtain unanimity among all bondholders and thus makes it possible to adopt binding modifications, avoiding a minority's being able to block solutions approved by the majority. This allows, for example, the bonds' terms governing their issue or management to be modified with the prior consent of the issuer and a vote in favour by at least 75% of the total principal of the bonds in circulation represented by a duly called meeting of bondholders, or a written resolution signed by or on behalf of the holders of at least 66% of the total principal of the bonds in circulation.

The instruments and issue mechanisms used for State debt have, however, been left broadly unchanged. Thus, ordinary and special auctions (competitive and non-competitive bids)[27] and other procedures will continue to be used for issues. In particular, issues may be granted, in whole or in part, to one or more financial institutions to ensure their placement. Outright sales or the sale under repos of newly issued securities or expanded existing issues that the Treasury might have in its securities account may also be performed.

In the case of competitive tender operations, the nominal amount and the interest rate required are to be stated. The minimum nominal amount remains €1,000 and tenders are to be made in integer multiples of this amount. Accepted tenders will be allotted at the interest rate asked for, or the weighted average interest rate, depending on the outcome of the auction.[28]

The minimum nominal amount for non-competitive tenders is also unchanged at €1,000 and applications for larger amounts must be integer multiples of this amount. The maximum total nominal amount of non-competitive applications submitted by any individual tenderer in each auction has been changed and may now not exceed €5 million (this was previously €1 million). As an exception, certain institutions[29] are allowed to submit non-competitive tenders for a nominal value of €500 million (this limit was previously €300 million). In all cases, the accepted tenders will be allotted at the price equivalent to the weighted average interest rate.

Provision is again made to exclude, for the purpose of calculating weighted average price and interest rate, any competitive tenders for Treasury bills and medium- and long-term government bonds not considered to be representative of the market situation, so as not to distort the results of the auction.

Lastly, as in previous years, auctions will be followed by a second round reserved for those financial institutions that have acquired market-maker status. These will be conducted in accordance with the regulations governing market-makers.

---

27 In competitive tenders, bidders state the price they are willing to pay, as a percentage of the nominal value, or percentage interest rate they are willing to accept for the debt instruments, whereas in the case of non-competitive bids no price or interest rate is stated. Non-competitive tenders are accepted in full and awarded at the weighted average price or price equivalent to the weighted average interest rate.

28 The weighted average price of the auction will be based on the competitive tenders accepted, expressed as a percentage of the nominal value and rounded up to three decimal places. The price at which bonds are allotted will be determined as follows: applications at the minimum price will be allotted at this price; applications with a price between the minimum price and the weighted average price will be allotted at the tendered price; and non-competitive applications and those above the weighted average price will be allotted at the weighted average price.

29 The Wage Guarantee Fund, the Credit Institution Deposit Guarantee Fund, the Social Security reserve fund, the Investment guarantee fund, the Sociedad Estatal de Correos y Telégrafos S. A., the Sociedad Estatal de Participaciones Industriales (SEPI), the Spanish data protection agency, the FROB (which has now been expressly included in the regulations), or any other public entity or State-owned company determined by the Treasury.

TREASURY BILLS

As in previous years, the Resolution sets out the schedule of tender operations to be held in 2013 and January 2014. This gives the dates of ordinary Treasury bill auctions and their maturities, setting the issues and the auction notices at the same times as the publication of the schedule. Nevertheless, for reasons of demand or issuance policy, the Treasury may hold additional auctions to those announced.

To avoid the CACs affecting Treasury bills, issues of eighteen month bills have been eliminated, to be replaced by bills with maturities of nine months. Thus, from February onwards, three-, six-, nine- and twelve-month Treasury bills will be auctioned, and each maturity will be available every three months to ensure sufficient liquidity as soon as the bills are issued.

Starting in February, auctions of six- and twelve-month bills will be held on the third Tuesday of each month and those of three- and nine-month bills the following Tuesday.[30] Maturities may differ from the foregoing by the number of days necessary to group issues together in a single monthly maturity so that, with some exceptions, they coincide with the date of issue of six- and twelve-month bills so as to make it easier to reinvest.

In all other respects auction procedures and awards will be the same as in 2012, including the submission of tenders in terms of the interest rate quoted on secondary markets, so as to simplify bidding for subscribers. Thus, in competitive auctions, tenderers will indicate the interest rate desired. The accepted tenders will be allotted, in each case, at the price equivalent to the interest rate tendered or the weighted average, as appropriate, based on the outcome of the auction.

MEDIUM- AND LONG-TERM GOVERNMENT BONDS

The Resolution sets out the schedule of tender operations to be held in 2013 and January 2014, indicating the dates and maturities of ordinary auctions, setting the issues and the auction notices at the same times as the publication of the schedule. As in 2012, the securities offered will be announced on the Friday prior to each auction, following consultation with market-makers in order to match the issue to market preferences.

Nevertheless, if the market conditions or financing requirements make it advisable, the Treasury may add new security types, in the resolution on the issues of medium- and long-term bonds, or it may choose to omit any of the maturities included, for guidance, in the resolution.

With some exceptions, bond auctions will be held on the first and third Thursday of each month and both medium- and long-term government bonds may be offered.[31] The way in which auctions will be run and awarded remains unchanged from 2012, including the possibility of excluding competitive bids considered unrepresentative of the market situation from the price and weighted average interest rate calculations so as not to distort the results of the auction.

As in previous years, three-, five-, ten-, fifteen- and thirty-year government bonds will be offered during auctions. As a new feature this year, two-year bonds will be issued for the first time, complementing the range of maturities the Public Treasury uses for its funding.

---

30 Auctions of twelve- and eighteen-month bills were previously held on the third Tuesday of each month and those of three- and six-month bills on the following Tuesday.

31 In previous years, save exceptions, auctions took place on the first Thursday of each month for medium-term bonds and on the third Thursday for long-term bonds.

Previously issued securities may also be reopened with the issue of new tranches in order to ensure their liquidity and meet investors' demands in the various segments in which this takes place, thus increasing the average volume of the bond classes in circulation. The newly issued securities will accrue nominal interest at the same rate as the original issue. Finally, as in 2012, provision is also made for the issuance of index-linked medium- and long-term bonds.

The Ministerial Order came into force on 3 January 2013 and the Resolutions on 28 and 31January 2013.

Government debt market-makers: amendments to the regulations

Treasury Resolution of 10 January 2013 (BOE of 21 January 2013) was published, amending the Resolution of 20 July 2012[32] setting the conditions under which Spanish government debt market-makers operate.

The Resolution eliminates the second round of special auctions and the obligation of market-makers to take part. It also eliminates subscriptions to special bond auctions for the purposes of the calculations of market-makers' monthly evaluation.

The Resolution came into force on 21 January 2013.

Annual corporate governance report, annual compensation report, and other information mechanisms for public limited companies, savings banks and other entities

Ministerial Order ECC/461/2013 of 20 March 2013 (BOE of 23 March 2013) was published, setting out the content and structure of the annual corporate governance report, the annual compensation report, and other information mechanisms for public limited companies, savings banks and other entities issuing securities admitted to trading on official securities markets.

This Order, as well as introducing a number of new features, groups together in a single ministerial order all the regulations implementing the obligations concerning the corporate governance of public limited companies, savings banks and other entities issuing securities admitted to trading on official securities markets. It therefore repeals Ministerial Order ECO/3722/2003 of 26 December 2003 on the annual corporate governance report and other information channels of listed public limited companies and other entities, and Ministerial Order ECO/354/2004 of 17 February 2004 on the annual corporate governance report and other information of savings banks issuing securities listed on official securities markets.

ANNUAL CORPORATE GOVERNANCE REPORT

The arrangements existing in the previous regulations have been kept in the case of public limited companies, although the minimum information to be included in the corporate governance report has been expanded to include information about:

1) The manner in which holders of significant shareholdings are represented on the board of directors.

2) The company's compensation agreements with its directors and managers.

3) Securities not traded on a regulated market in the EU, stating, where applicable, the different classes of shares, and the rights and obligations associated with each.

4) Any restrictions as to the transferability of shares and voting rights.

32 See "Financial regulation: 2012 Q3," Economic Bulletin, October 2012, Banco de España, p. 188.

5) The rules applicable to the amendment of the company's articles of association. In particular the majorities envisaged for their amendment and, where applicable, the rules safeguarding shareholders' rights.

6) The number of women on the board of directors and management bodies, with details of how the composition has changed in the last four years. The measures taken, if any, to seek to increase the number of women on the board of directors so as to achieve a balanced presence of men and women.

In the case of the savings banks, the Ministerial Order leaves the bulk of the previous regulations unchanged. However, there have been some significant changes, in particular, the obligation to prepare a corporate governance report and a report on directors' compensation (discussed below) has been extended to all savings banks (previously it was only obligatory for those that had issued securities admitted to trading on official securities markets).[33] Other noteworthy changes include: 1) details of conflicts of interest affecting members of the governing bodies or between any savings banks' non-voting equity unit holders and the savings bank's social functions; 2) description of the main characteristics of the internal risk control and management systems,[34] and 3) information about the number of women on the board of directors, its committees and monitoring committee, and the role of these female directors, stating how the number of women has changed over the last four years, in a similar way to the requirement for listed companies.

The content of the annual corporate governance report of entities issuing securities traded on official markets has been left largely unchanged, with the exception of certain additions, such as: 1) information on any restrictions on the transferability of securities and any restrictions on voting rights; 2) information on the compensation of the board of directors or equivalent body, and the number of women on the board of directors and its committees or equivalent bodies; 3) a description of the main features of the internal risk control and management systems in relation to the process of issuing financial information; and 4) information on the number of women on the board of directors and management bodies, but with less detail than in the preceding cases.

As was the case under the previous regulations, the corporate governance report will be published as a significant event and the CNMV notified so it can publish it on its website. In the case of companies it will be made available to shareholders, and in that of savings banks, to the general assembly. It will also be available in electronic format on their websites.

ANNUAL REPORT ON DIRECTORS' COMPENSATION

Implementation of the provisions of Law 24/1988 of 28 July 1988 on the Stock Market, amended by Law 2/2011 of 4 March 2011 on sustainable economy, which establishes that public limited companies are to prepare an annual report on their directors' compensation to accompany the annual governance report. This new report is to include full, clear and comprehensible details of the company's compensation policy for the current year, as approved by the board of directors, and that planned for future years, where applicable. It is also to include an overall summary of how the compensation policy is to be applied during the year, and details of the individual compensation accruing to each of the directors.

33 The single additional provision of the Ministerial Order establishes the obligation upon both savings banks that do not issue securities admitted to trading on official securities markets and savings banks operating as credit institutions through a banking institution to draw up corporate governance and compensation reports. Both reports will be sent to the CNMV, which will forward a copy to the Banco de España.

34 Specifically, the description of the main risks that may affect the achievement of the business objectives, the risks that have materialised during the year, the scope of management systems, the bodies responsible, the level of tolerance and description of the response and supervision plans.

Likewise, as mentioned in the previous section, all savings banks[35] are to prepare an annual report on the compensation of the members of the board of directors and the monitoring committee, which will include complete, clear and comprehensible information on the compensation policy for the current year, and that planned for future years, where applicable. It will also include details of the individual compensation accruing to each of the directors and the members of the monitoring committee.

As in the case of the corporate governance report, the annual compensation report will be considered a significant event, and it will be sent to the CNMV so it can publish it on its website. It will be circulated and put to the vote, on a consultative basis and as a point on the agenda, by the ordinary general meeting of shareholders or the general assembly. Finally, it will also be made available in electronic format on the company's website.

OTHER INFORMATION MECHANISMS FOR LISTED COMPANIES AND SAVINGS BANKS

The Ministerial Order implements Law 26/2003 of 17 July 2003,[36] amending Law 24/1988 of 28 July 1988 on the Stock Market,[37] and the consolidated text of the Public Limited Companies Law approved by Legislative Royal Decree 1564/1989 of 22 December 1989, to strengthen the transparency of listed public limited companies, and Royal Decree Law 11/2010 of 9 July 2010 on governing bodies and other aspects of the legal regime for savings banks, as regards the main information that must be published on the websites of public limited companies and savings banks that issue securities traded on official securities markets.

In addition to the two reports mentioned above, the following must also be included: 1) the articles of association; 2) the most recent approved individual and consolidated accounts; 3) the regulations of the general meeting of shareholders, the board of directors and, where applicable, the regulations of the board of directors' committees; 4) the annual reports and internal rules of conduct; 5) the interim management statement; 6) details of the information channels existing between the company and its shareholders, and in particular, the relevant explanations on how shareholders can exercise their right to information, stating the postal and e-mail addresses which shareholders can contact; and 7) information on the means and procedures for the exercise of distance voting, in accordance with the rules developed for this system, including the forms to accredit attendance and on-line voting at general meetings.

The Ministerial Order came into force on 24 March 2013.

Securities Market: investment firms' and fund management companies' obligations to notify the CNMV

CNMV Circular 1/2013 of 30 January 2013 (BOE of 19 February 2013), on communication and information regarding investment firms and their parent companies, and fund management companies[38], was published.

Investment firms (IFs) and fund management companies are obliged to notify the CNMV of the following:

35 As in the annual corporate governance report, this obligation extends to savings bank that do not issue shares admitted to trading on official securities markets, and those that conduct their business as a credit institution through a banking institution.

36 See "Financial regulation: 2003 Q3," *Economic Bulletin*, October 2003, Banco de España, pp. 93-94.

37 See "Regulación Financiera: tercer trimestre de 1988", *Boletín Económico,* October 1988, Banco de España, pp. 61-62.

38 Royal Decree 2018/2012 of 13 July 2012 approving the implementation of Law 35/2003 of 4 November 2003 on collective investment institutions, authorised the CNMV to specify and implement the reporting standards, content of information obligations, manner in which information is to be sent (which may be electronic), and the deadlines for notification of any changes in the conditions of authorisation of investment firms (IFs) or fund management companies.

APPOINTMENTS AND DISMISSALS OF EXECUTIVES AND DIRECTORS[39]

The CNMV must be informed in advance of the appointment of new directors or senior managers to IFs or their parent companies. This requirement shall not apply to fund management companies, as they already notify the CNMV (as do IFs) following acceptance of the post, once compliance with the requirements of good repute, sound knowledge and experience required by the regulations has been verified.

COMPOSITION OF SHAREHOLDER STRUCTURE

IFs and fund management companies are to notify the CNMV of any change of ownership of the shares comprising their capital within 7 days of the date of their becoming aware of the fact, and inform the CNMV of the subsequent composition of their shareholder structures. Each year it will submit a list of all direct shareholders, and, if applicable, persons who, through a chain of shareholders, exercise ultimate control over the entity.

For their part, legal and natural persons must inform the CNMV of their shareholdings in an IF or fund management company when, either alone or in concert with others, they hold 5% or more of its share capital or voting rights, or they acquire a significant shareholding (10% of the share capital or voting rights) or increase their holding above certain thresholds (20%, 30%, or 50%) or take control over the entity.

OTHER CASES

IFs and fund management companies must also report the following to the CNMV: 1) the opening and closing of branches in Spain, stating the address, manager, geographical scope of action and date of opening or closing; 2) changes to the activities or instruments included in the programme of activities, or changes to the articles of association that do not require the CNMV's authorisation for them to be entered on the register; and 3) lists of the investment firms' agents and delegation of administrative functions, internal control and analysis and selection of the fund management company's investments.

The Circular came into force on 11 March 2013.

European Union: enhanced cooperation in relation to the financial transactions tax

Council Decision 2013/52/EU of 22 January 2013 (OJEU of 25 January 2013) authorising enhanced cooperation in the area of financial transaction tax was published.

Specifically, 11 Member States (Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia) have been authorised to establish enhanced cooperation between them with a view to setting up a common financial transaction tax (FTT) system.

In accordance with the Decision's stated objectives, the initiative aims to ensure that the financial sector help meet the cost of the crisis; dissuade financial institutions from engaging in excessively high-risk activities; complete the regulatory measures aimed at avoiding future crises, and generate supplementary revenues for the general budget or specific policies.

Enhanced cooperation should also introduce the legal framework necessary to establish a common financial transaction tax in the participating Member States, and ensure that the basic characteristics of the tax are harmonised.

The Decision came into force on 22 January 2013.

39 General managers and persons performing high-level management functions in the entity, reporting directly to the governing body or executive commissions or chief executive officer, are considered to hold executive positions.

Alternative investment fund managers: regulatory implementation

Commission Delegated Regulation 231/2013 of 19 December 2012 (OJEU of 22 March 2013), supplementing Directive 2011/61/UE of the Parliament and of the Council of 8 June 2011[40], regarding alternative investment fund managers (AIFMs)[41], as regards exemptions, general conditions governing pursuit of the activity, depositaries, leveraging, transparency and supervision.

Making use of the powers granted to the Commission by Directive 2011/61/EU, the Delegated Regulation implements certain rules regarding, *inter alia*, asset value calculations, leveraging, conditions under which alternative investment fund managers are to operate, including risk management and liquidity, evaluation and delegation, rules defining the tasks and duties of alternative investment fund (AIF) depositaries, and rules on transparency and requirements specifically applicable to non-EU countries.

The main points are summarised below.

VALUATION OF ASSETS MANAGED BY AIF MANAGEMENT COMPANIES

The rules for the calculation of the total value of the assets managed by AIF management companies have been defined in order to determine whether they exceed the thresholds set in Directive 2011/61/EU. The Directive established a somewhat looser framework for those AIF management companies managing AIF portfolios in which the total assets under management do not exceed the following thresholds: the aggregate value of the AIFs managed is less than €100 million, or it is less than €500 million in the case of unleveraged AIFs[42] which do not entitle investors to reimbursement of their investment for a period of five years from the date of the initial investment.

CALCULATING AIFS' LEVERAGE

The general provisions for the calculation an AIF's leverage are defined, whereby it is expressed as the ratio of the AIF's exposure to its net assets. IAFs' exposures are obtained using the gross and commitment approaches, which are described more fully in the Delegated Regulation.

CONDITIONS FOR THE PURSUIT OF THE ACTIVITY

The conditions the competent authorities are to apply when assessing compliance with the conditions for the pursuit of the activity of AIF management laid down in Directive 2011/61/EU are specified. These include: 1) application of due diligence policies and procedures, particularly when investing in relatively illiquid assets; 2) establishment of effective measures to ensure that investment decisions are taken based on the objectives, investment strategy, and where applicable, risk limitation; 3) due diligence in the selection and appointment of the principal counterparties and intermediaries; 4) acting with honesty, loyalty and due skill, acting in the best interest of the AIF and/or its investors at all times; 5) application of appropriate procedures and measures to ensure that orders on behalf of the AIFs are executed rapidly and equitably; and 6) all such measures as are reasonable in order to obtain the best results possible for the IAFs and/or their investors when sending trading orders on behalf of AIFs.

CONFLICTS OF INTEREST

The types of conflict of interest that may arise in the management of AIFs are specified: In particular conflicts of interest may arise when: 1) a relevant person is likely to make a fi-

---

40 See "Financial regulation: 2011 Q3," *Economic Bulletin,* October 2011, Banco de España, pp. 183-187.

41 Alternative investment funds (AIF or hedge funds) were incorporated in Spanish legislation as «*fondos de inversión libre*» (free investment funds) under Law 35/2003 of 4 November 2003 on collective investment institutions, which was implemented by Royal Decree 1309/2005 of 4 November 2005, approving Law 35/2003 of 4 November 2003 on collective investment institutions.

42 The Directive defines leverage as any method by which the AIF management company increases the risk exposure of an AIF it manages, either by borrowing cash or securities, or by implicit leveraging by taking derivative positions or any other means.

nancial gain, or avoid a financial loss, at the expense of the AIF or its investors; 2) a financial or other incentive is received to favour the interest of a client or group of clients or another AIF over the interest of the AIF, or the interest of one investor over the interest of another investor or group of investors in the same AIF, or 3) the manager carries out the same activities for the AIF and for another AIF, an Undertaking for Collective Investment in Transferable Securities (UCITS) or client.

The AIFM will establish a conflicts of interest policy that will include the preventive measures and procedures that are to be applied in these situations or in those in which the activities carried out may be contrary to the interests of the AIF or its investors. It will cover the activities of delegates, sub-delegates, external valuers and counterparties together with the activities of the AIFM itself.

RISK MANAGEMENT SYSTEMS

AIFMs' risk management policies are to be defined, identifying the relevant types of risk to which the AIFs they manage are, or may be, exposed. In particular, so as to evaluate the exposure of each of the IAFs managed by the AIFM to market, credit, liquidity, counterparty and operational risks. These policies are to be reviewed periodically (at least once a year).

LIQUIDITY MANAGEMENT

The liquidity management systems AIFMs are to use for each AIF they manage, excluding closed-end funds and un-leveraged funds, are to be defined. In particular, as a minimum requirement, they must guarantee that AIFMs: 1) maintain an appropriate level of liquidity for their underlying obligations based on an evaluation of the relative liquidity of the AIF's assets in the market; 2) monitor the liquidity profile of the AIF's asset portfolio, taking account of the marginal contribution of those assets that may have a significant impact on liquidity, and any significant commitments or liabilities, whether contingent or otherwise, that the AIF may have in relation to its underlying obligations; 3) monitor the approach taken to liquidity management by the managers of any other collective investment undertakings in which the AIF may invest; 4) apply and maintain adequate mechanisms and procedures to measure the quantitative and qualitative risks of the positions and investments envisaged to have an important impact on the liquidity profile of the AIF asset portfolio; and 5) study and implement the instruments and mechanisms included in the special measures necessary to manage the liquidity risk of each of the AIFs the AIFM manages.

AIF ASSET VALUATION POLICIES AND PROCEDURES

Valuation policies and procedures are specified that AIFMs are to establish, maintain, implement and review, for each AIF they manage, so as to ensure a sound, transparent, comprehensive and appropriately documented valuation process.

The valuation policies and procedures shall address at least the following: 1) the competence and independence of staff who are effectively carrying out the valuation of assets; 2) the specific investment strategies of the AIF and the assets the AIF might invest in; 3) the controls over the selection of valuation inputs, sources and methodologies; 4) the escalation channels for resolving differences in values for assets; 5) the valuation of any adjustments related to the size and liquidity of positions, or to changes in the market conditions, as appropriate; 6) the appropriate time for closing the books for valuation purposes; and 7) the appropriate frequency for valuing assets.

Where the valuation is performed by the AIFM itself, the policies shall include a description of the safeguards for the functionally independent performance of the valuation task. These safeguards are to include measures to prevent or restrain any person from exercising inappropriate influence over the way in which a person carries out valuation activities.

Where an external valuer is appointed, the valuation policies and procedures shall set out a process for the exchange of information between the AIFM and the external valuer to ensure that all necessary information required for the purpose of performing the valuation task is provided.

If a model is used to value the assets of an AIF, the model and its main features shall be explained and justified in the valuation policies and procedures. The reason for the choice of the model, the underlying data, the assumptions used in the model and the rationale for using them, and the limitations of the model-based valuation must be appropriately documented.

The valuation policies must provide for periodic review of the policies and procedures including the valuation methods. The review must be carried out at least annually and before the AIF embarks on a new investment strategy or acquires a new type of asset that is not covered by the current valuation policy.

DELEGATION OF AIFM FUNCTIONS

The conditions with which AIFMS are to comply when they intend to delegate the exercise of one or more of their functions to third parties are specified. The obligations of the AIFM vis-à-vis the AIF and its investors are not altered as a result of the delegation. The AIFM will supervise the delegated functions, and manage the risks associated with the delegation. It will ensure that the delegate performs its delegated functions effectively and in compliance with applicable laws and regulatory requirements. It will also establish the necessary methods and procedures to evaluate the services provided by the delegate on a permanent basis.[43]

Portfolio management or risk management may only be delegated to entities authorised or registered for the purpose of asset management and subject to prudential supervision (such as investment firms, credit institutions or authorised external AIFMs). When functions are delegated to entities in non-EU countries, cooperation must be ensured between competent authorities in the AIFM's Member State of origin and the supervisory authority responsible for the entity concerned.

The conditions under which any of the delegated functions may be sub-delegated to a third party are defined, specifying in particular that any such sub-delegation must be approved by the AIFM in writing. Finally, the situations in which AIFMs have delegated their functions to the extent that they are deemed to have become a letter-box entity and ceased to be an AIFM are specified.

DEPOSITARY

Directive 2011/61/EU laid down the requirement for AIFMs to ensure that a single depository is to be appointed for each AIF. This regulation specifies the content of the written contract AIFMs are to draw up. This is to include a description of the services to be provided by the depositary and the procedures to be adopted for each type of asset in which the AIF may invest and which will then be entrusted to the depositary, together with a description of the way in which the safe-keeping and oversight function is to be performed depending on the types of assets and the geographical regions in which the AIF plans to invest.

In the case of depositaries in non-EU countries, the Directive defines the criteria for evaluating whether they are subject to ongoing prudential supervision by a competent authority

43 The delegate shall have sufficient resources and shall employ sufficient personnel, with the skills, knowledge and expertise necessary for the proper discharge of the tasks delegated to it and have an appropriate organisational structure supporting the performance of the delegated tasks.

with sufficient resources to perform their role, which has similar effects to provisions under European Union law.

The functions and obligations of the depositary are also broadly defined. In the case of delegation to third parties of any of the functions allowed by Directive 2011/61/EU (specifically, the safe-keeping role), the depositary is to implement and apply appropriate and adequately document due diligence procedures for the selection and ongoing supervision of the delegate. Steps must also be taken to ensure that the financial instruments entrusted to the delegate have an adequate level of protection. These procedures will be reviewed periodically (at least once a year) and made available to the competent authorities upon request.

TRANSPARENCY REQUIREMENTS

The Delegated Regulation defines the following transparency requirements for AIFMs: 1) the content and format of the annual report AIFMs are to prepare for each of the AIF they manage and/or market in the European Union; 2) the obligations for periodic information to be provided to investors, including the information that is to be provided to investors regularly if the AIFM uses leverage; 3) specific requirements for regular reporting to the competent authorities in its Member State of origin, highlighting in particular when the AIFM makes substantial recourse to leverage.

OTHER PROVISIONS

The general requirements for cooperation agreements with non-EU countries covering all the possible situations regarding the location of AIFMs and AIF and their activities.

Finally, the minimum content of information exchanged with the competent authorities in other Member States, and the European Securities and Markets Authority (ESMA) and the European Systemic Risk Board (ESRB) regarding possible systemic consequences of AIFMs' activities.

The Delegated Regulation came into effect on 11 April 2013 and will be applicable as of 22 July 2013.

European regulations on OTC derivatives, central counterparties and trade repositories

Various European Commission Delegated Regulations have been published to supplement the rules on OTC derivatives, central counterparties and trade repositories, addressed by Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012.[44]

These provisions are briefly summarised below.

TECHNICAL STANDARDS FOR INDIRECT CLEARING AGREEMENTS, RISK MITIGATION TECHNIQUES FOR OTC CONTRACTS NOT CLEARED BY A CENTRAL COUNTERPARTY, AND OTHER RULES.

Commission Delegated Regulation (EU) No 149/2013 of 19 December 2012 (OJEU of 23 February 2013), supplements Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on indirect clearing arrangements, the clearing obligation, the public register, access to a trading venue, non-financial counterparties, and risk mitigation techniques for OTC derivatives contracts not cleared by a central counterparty (CCP).

In the case of indirect clearing agreements,[45] specific obligations are defined for CCPs, compensating members, and clients, to guarantee the security of these agreements and

44 See "Financial regulation: 2012 Q3," *Economic Bulletin*, October 2012, Banco de España, pp. 32-36.
45 Indirect clearing arrangements are contractual relationships between the central counterparty (CCP), the clearing member, and the client of a clearing member that allows the latter to provide clearing services to an indirect client (i.e. the client of a client of a clearing member).

that, in the event of any failure to meet an obligation, indirect clients have the same level of protection as direct clients. All the parties to an indirect clearing agreement are required to routinely identify, monitor and manage any material risks arising from the arrangement.

Clearing members must use the information provided by clients only for the purposes of risk management and avoid undue use of sensitive information for commercial purposes.

Certain risk mitigation techniques must be applied in the case of OTC derivative contracts not cleared by a CCP, including: 1) timely confirmation;[46] 2) portfolio reconciliation,[47] and 3) portfolio compression in order to reduce counterparty credit risk and to carry out this exercise.

TECHNICAL STANDARDS ON APPLICATIONS FOR REGISTRATION AS A TRADE REPOSITORY

Commission Delegated Regulation (EU) No 150/2013 of 19 December 2012 (OJEU of 23 February 2013), supplements Regulation (EU) No 648/2012 on technical standards for applications for registration as trade repositories.[48]

In particular, legal persons applying to be registered as trade repositories must submit the documentation specified in the Regulation to the ESMA. Specifically, applicants are to provide information on the structure of their internal controls and independence of their governing bodies, in order to enable the European Securities and Markets Authority (ESMA) to assess whether the corporate governance structure ensures the independence of the trade repository and whether its structure and reporting routines are adequate.

TECHNICAL STANDARDS ON THE PUBLICATION OF TRADE REPOSITORY DATA

Commission Delegated Regulation (EU) No 151/2013 of 19 December 2012 (OJEU of 23 February 2013), supplements Regulation (EU) No 648/2012 on the data to be published and made available by trade repositories and operational standards for aggregating, comparing and accessing this data.

Specifically, trade repositories are to allow access to transaction data by certain supervisory bodies, such as: 1) the ESMA, to allow it to fulfil its supervisory mandate; 2) the ESRB and relevant members of the ESCB in order to access data on transactions concerning counterparties located within their jurisdiction or whose reference obligation is sovereign debt of their respective jurisdiction; and 3) the authorities of non-EU countries that have entered into an international agreement with the European Union or a cooperation arrangement with the ESMA.

CAPITAL REQUIREMENTS FOR CENTRAL COUNTERPARTIES

Commission Delegated Regulation (EU) No 152/2013 of 19 December *2012* (OJEU of 23 February 2013), supplements Regulation (EU) No 648/2012 with regard to capital requirements for central counterparties.

Central counterparties (CPPs) are to hold permanent available initial capital, including retained earnings and reserves of at least €7.5 million. This capital must at all times be at

46 Timely confirmation requires that counterparties confirm the conditions of their transactions as soon as possible after execution, especially when the transaction is electronically executed or processed.

47 Portfolio reconciliation allows each counterparty to undertake a comprehensive review of a portfolio of transactions as seen by its counterparty in order to promptly identify any misunderstandings of key transaction terms. These terms should include the valuation of each transaction and may also include other relevant details such as the effective date, the scheduled maturity date, any payment or settlement dates, the notional value of the contract and currency of the transaction, the underlying instrument, the position of the counterparties, the business day convention and any relevant fixed or floating rates of the OTC derivative contract.

48 A trade repository is a legal person established in the European Union that centrally collects and maintains the records of derivatives. Counterparties and CCPs are to ensure that trade repositories are notified of the details of any derivatives contracts they have entered into, together with any modifications or cancellations of contracts.

least equal to the sum of the capital required to cover the following risks: 1) winding down or restructuring of its activities[49]; 2) operational and legal risks[50];; 3) credit, counterparty and market risks[51], and 4) business risk[52].

If the amount of capital held by a CCP falls below 110% of the capital requirements or below 110% of €7.5 million ('notification threshold'), the CCP must immediately notify the competent authority and keep it updated at least weekly, until the amount of capital held by the CCP returns above the notification threshold.

TECHNICAL STANDARDS ON REQUIREMENTS TO BE MET BY CCPS

Commission Delegated Regulation (EU) No 153/2013 of 19 December 2012 (OJEU of 23 February 2013), supplements Regulation (EU) No 648/2012 with regard to the requirements upon central counterparties in order to pursue their activity. These include the following:

1) Organisational requirements, covering various aspects, such as: 1) appropriate governance arrangements;[53] 2) a compensation policy is to be designed to align the level and structure of compensation with prudent risk management; 3) risk management, compliance and internal control mechanisms, and appropriate policies and procedures to detect possible risks; 4) an internal audit function which is separate and independent from the other functions and activities; and 5) information technology systems that are reliable and secure, as well as capable of processing the information necessary for the CCP to perform its activities and operations in a safe and efficient manner.

2) Requirements for CCPs to store their records on a durable medium that allows information to be provided to the competent authorities, the ESMA and the relevant members of the ESCB. It particular, they are to keep: 1) records of all transactions in all contracts it clears; 2) records of positions held by each clearing member; and 3) records of activities related to its business and internal organisation.

3) Requirements regarding business continuity, which is to identify all critical business functions and include the CCP's strategy and objectives to ensure the continuity of these functions and systems.[54] Associated with this is the requirement for a disaster recovery plan containing clearly defined and documented arrangements for use in the event of a business continuity emergency, disaster or crisis which are designed to ensure a minimum service level of critical functions.

---

49 For the calculation, CCPs are to divide their annual gross operational expenses by twelve and multiply the resulting number by their time span for winding down or restructuring their activities, which must be estimated to take at least six months. The result of this calculation will be the capital required to guarantee the orderly winding down or restructuring of the CPP's activities.

50 The calculation is to be the basic indicator approach or the advanced measurement approaches provided in Directive 2006/48/CE of the European Parliament and of the Council of 14 June 2006.

51 CCPs are to calculate their capital requirements as the sum of 8% of their risk-weighted exposure amounts for credit and counterparty credit risk and their capital requirements for market risk calculated in accordance with Directives 2006/48/EC and 2006/49/EC, of the Parliament and of the Council of 14 June 2006.

52 The capital requirements for business risk are to be equal to the estimate of the capital needed to cover losses resulting from business risk based on reasonably foreseeable adverse scenarios, subject to approval by the competent authority. The amount must be equal to at least 25% of the CCP's annual gross operational expenses.

53 The governance arrangements of the CCP define its organisational structure and the policies, procedures and processes by which its board and senior management operate.

54 This will also take into account external links and interdependencies within the financial infrastructure including trading venues (cleared by the CCP), securities settlement and payment systems and credit institutions used by the CCP or a linked CCP.

4) Prudential requirements, such as those relating to margins,[55] the default fund, liquidity risk controls, the default waterfall, collateral, investment policy, review of models, stress testing and back-testing.

Finally, provision is made for the information that is to be supplied to the ESMA for the recognition of CCPs established in non-EU countries in order to assess whether they comply with the prudential requirements applicable in that country. Moreover, the equivalence determination by the Commission should ensure that the laws and regulations of the non-member country are equivalent to all the provisions under EU law, in particular those of Regulation (EU) No 648/2012 and this Regulation.

These delegated regulations came into force on 15 March 2013.

2.4.2013.

55 The CCP shall inform its competent authority and its clearing members on the criteria considered to determine the percentage applied to the calculation of the margins for each class of financial instruments.

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).

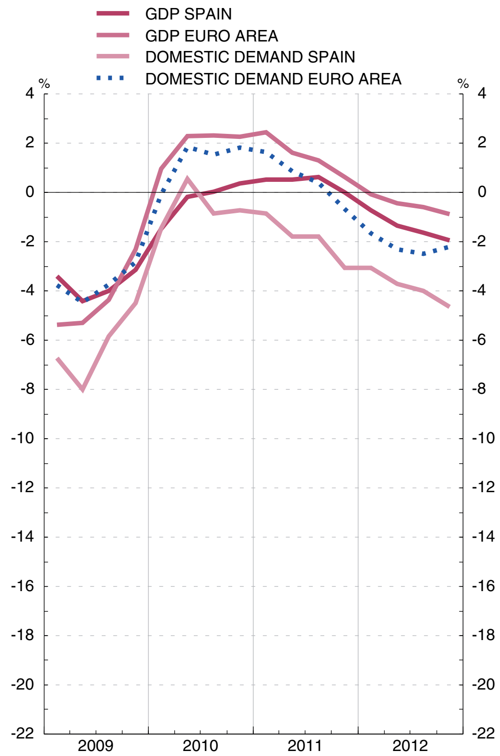
1.1. GROSS DOMESTIC PRODUCT. VOLUME CHAIN-LINKED INDICES, REFERENCE YEAR 2008=100. DEMAND COMPONENTS. SPAIN AND EURO AREA (a)

■ Series depicted in chart.

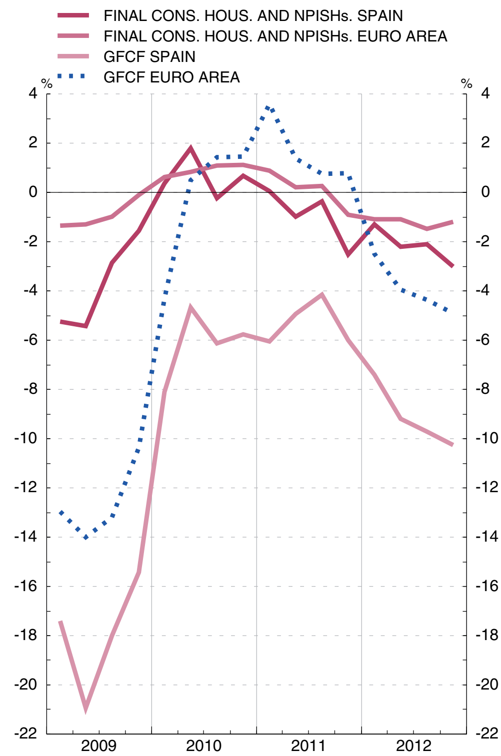
Annual percentage changes

		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
10	P	-0.3	2.0	0.7	0.9	1.5	0.7	-6.2	-0.2	-0.6	1.3	11.3	11.0	9.2	9.5	1 049	9 169
11	P	0.4	1.5	-0.9	0.1	-0.5	-0.1	-5.3	1.6	-1.9	0.6	7.6	6.5	-0.9	4.4	1 063	9 418
12	P	-1.4	-0.5	-2.2	-1.2	-3.7	-0.1	-9.1	-3.9	-3.9	-2.2	3.1	2.9	-5.0	-0.9	1 051	9 487
10 *Q1*	P	-1.5	1.0	0.4	0.6	1.0	1.4	-8.1	-4.3	-1.5	-0.1	9.5	7.4	8.5	4.7	261	2 260
Q2	P	-0.2	2.3	1.8	0.8	2.2	0.9	-4.7	0.5	0.5	1.9	12.5	12.9	14.6	12.0	262	2 289
Q3	P	0.0	2.3	-0.2	1.1	2.5	0.6	-6.1	1.4	-0.9	1.5	10.6	12.1	6.6	10.3	262	2 305
Q4	P	0.4	2.3	0.7	1.1	0.3	-0.1	-5.8	1.4	-0.7	1.8	12.4	11.7	7.5	11.0	264	2 316
11 *Q1*	P	0.5	2.4	0.0	0.9	2.2	0.1	-6.0	3.6	-0.9	1.6	10.2	10.5	4.5	8.8	265	2 341
Q2	P	0.5	1.6	-1.0	0.2	-0.5	0.0	-4.9	1.4	-1.8	0.9	7.1	6.3	-1.6	4.6	266	2 353
Q3	P	0.6	1.3	-0.4	0.3	-2.7	-0.4	-4.2	0.8	-1.8	0.4	7.6	5.7	-1.2	3.6	266	2 364
Q4	P	-0.0	0.6	-2.5	-0.9	-1.1	-0.3	-6.0	0.8	-3.1	-0.7	5.8	3.6	-4.9	0.6	266	2 361
12 *Q1*	P	-0.7	-0.1	-1.3	-1.1	-3.8	0.1	-7.4	-2.5	-3.1	-1.7	2.1	2.5	-5.9	-1.1	264	2 368
Q2	P	-1.4	-0.5	-2.2	-1.1	-2.8	-0.1	-9.2	-3.9	-3.7	-2.3	2.7	3.6	-5.2	-0.7	263	2 371
Q3	P	-1.6	-0.6	-2.1	-1.5	-4.0	-0.1	-9.7	-4.4	-4.0	-2.5	4.2	3.2	-3.4	-1.0	263	2 380
Q4	P	-1.9	-0.9	-3.0	-1.2	-4.1	-0.2	-10.3	-4.9	-4.7	-2.2	3.2	2.2	-5.4	-0.6	261	2 369

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 2008) 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.

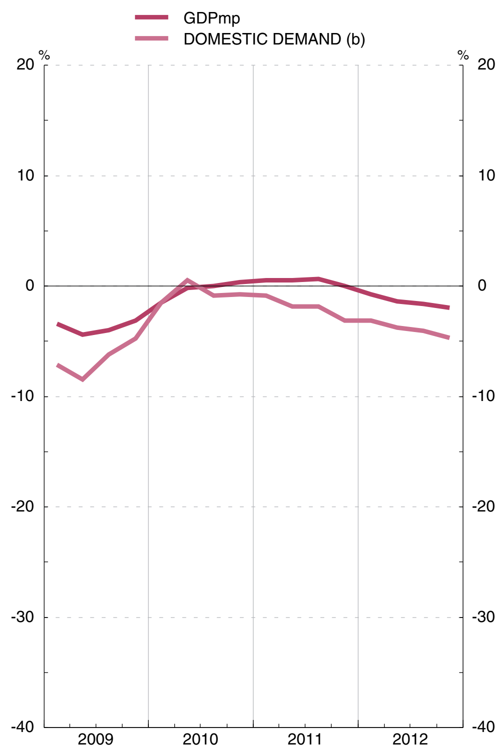
f. Exports and imports comprise goods and services and include cross-border trade within the euro area. g. Billions of euro.

1.2. GROSS DOMESTIC PRODUCT. VOLUME CHAIN-LINKED INDICES. REFERENCE YEAR 2008=100. DEMAND COMPONENTS. SPAIN: BREAKDOWN (a)

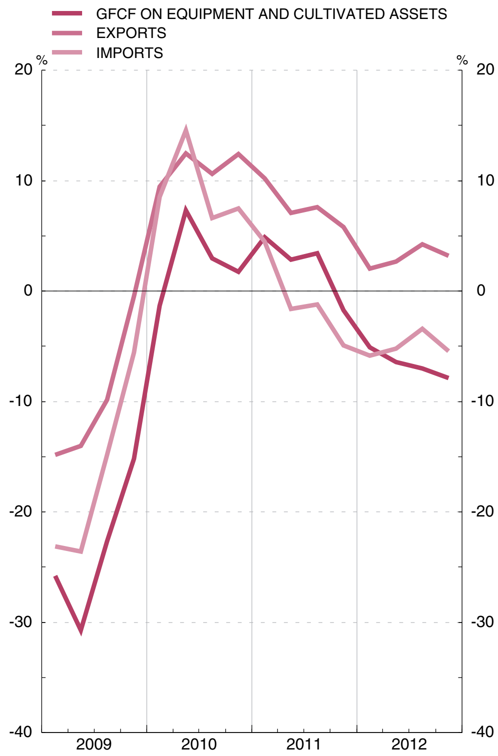
■ Series depicted in chart. *Annual percentage changes*

		Gross fixed capital formation: Total	Tangible fixed assets: Total	Tangible fixed assets: Construction	Tangible fixed assets: Equipment and cultivated assets	Intangible fixed assets	Change in Stocks (b)	Exports of goods and services: Total	Exports: Goods	Exports: Services	Exports, of which: Final consumption of non-residents in economic territory	Imports of goods and services: Total	Imports: Goods	Imports: Services	Imports, of which: Final consumption of residents in the rest of the world	Memorandum items: Domestic demand (b) (c)	Memorandum items: GDP
		1	2	3	4 ■	5	6	7 ■	8	9	10	11 ■	12	13	14	15 ■	16 ■
10	P	-6.2	-6.7	-9.8	2.6	3.5	0.1	11.3	15.1	4.1	2.6	9.2	12.1	0.3	0.4	-0.6	-0.3
11	P	-5.3	-5.8	-9.0	2.3	3.1	-0.1	7.6	8.5	5.8	6.4	-0.9	-0.7	-1.4	-4.5	-1.9	0.4
12	P	-9.1	-10.0	-11.5	-6.6	2.6	0.1	3.1	2.9	3.4	-1.1	-5.0	-5.5	-3.0	-7.4	-3.9	-1.4
10 *Q1*	P	-8.1	-8.7	-11.0	-1.3	2.8	0.1	9.5	15.0	-0.3	0.3	8.5	10.6	2.1	-2.1	-1.5	-1.5
Q2	P	-4.7	-5.3	-9.3	7.3	6.5	0.2	12.5	16.9	4.3	0.6	14.6	18.2	3.2	1.0	0.6	-0.2
Q3	P	-6.1	-6.5	-9.7	3.0	0.9	0.2	10.6	13.2	5.9	5.1	6.6	9.7	-3.2	2.5	-0.9	0.0
Q4	P	-5.8	-6.4	-9.2	1.8	3.8	0.1	12.4	15.4	6.7	4.5	7.5	10.1	-0.9	0.2	-0.7	0.4
11 *Q1*	P	-6.0	-6.7	-10.8	4.9	4.1	0.0	10.2	14.0	2.8	5.5	4.5	6.4	-1.9	-2.6	-0.9	0.5
Q2	P	-4.9	-5.4	-8.5	2.9	1.4	-0.1	7.1	8.0	5.2	8.4	-1.6	-1.2	-3.1	-6.0	-1.8	0.5
Q3	P	-4.2	-4.7	-8.0	3.5	4.9	-0.1	7.6	8.4	5.9	5.9	-1.2	-1.9	1.3	-5.1	-1.8	0.6
Q4	P	-6.0	-6.6	-8.6	-1.7	2.0	-0.1	5.8	4.2	9.4	5.8	-4.9	-5.8	-2.0	-4.3	-3.1	-0.0
12 *Q1*	P	-7.4	-8.1	-9.5	-5.1	3.4	0.0	2.1	2.1	1.9	-0.7	-5.9	-6.0	-5.5	-8.7	-3.1	-0.7
Q2	P	-9.2	-10.0	-11.6	-6.4	2.7	0.0	2.7	2.9	2.2	-1.9	-5.2	-6.3	-1.2	-2.5	-3.8	-1.4
Q3	P	-9.7	-10.7	-12.4	-7.0	4.8	0.1	4.2	3.6	5.6	1.1	-3.4	-3.7	-2.3	-8.7	-4.0	-1.6
Q4	P	-10.3	-11.0	-12.3	-7.9	-0.5	0.1	3.2	3.0	3.6	-2.9	-5.4	-6.1	-3.1	-9.7	-4.7	-1.9

GDP. DOMESTIC DEMAND
Annual percentage changes



GDP. DEMAND COMPONENTS
Annual percentage changes



Source: INE (Quarterly National Accounts of Spain. Base year 2008).
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.

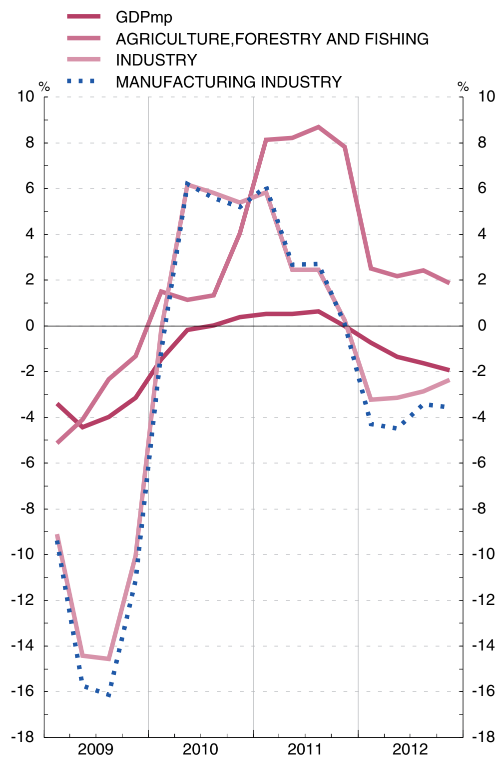
1.3. GROSS DOMESTIC PRODUCT. VOLUME CHAIN-LINKED INDICES. REFERENCE YEAR 2008=100. BRANCHES OF ACTIVITY. SPAIN (a)

■ Series depicted in chart.

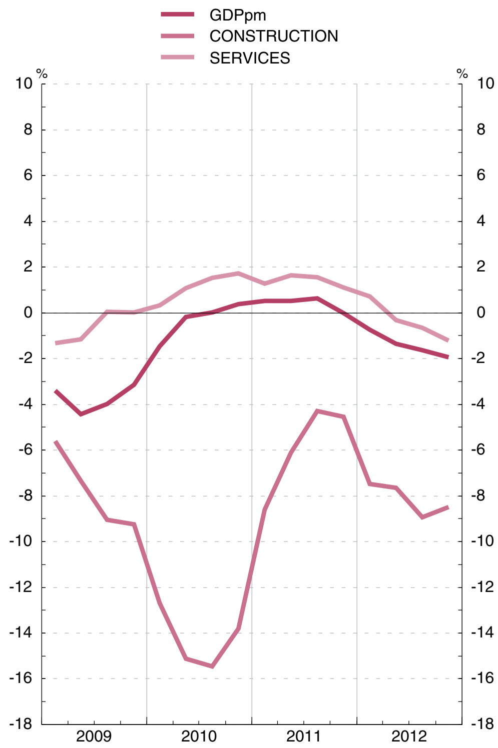
Annual percentage changes

		Gross domestic product at market prices	Agriculture livestock breeding, forestry and fishing	Industry		Construction industry	Services								Net taxes on products
				Total	Of which: Manufacturing industry		Total	Trade, transport and acomodation	Information and communications	Financial and insurance activities	Real estate activities	Professional activities	Public Administration, Health and Education	Artistic, recreational and other services activities	
		1 ■	2 ■	3 ■	4 ■	5 ■	6 ■	7	8	9	10	11	12	13	14
10	P	-0.3	2.0	4.3	3.9	-14.3	1.2	1.6	6.5	-3.7	-0.9	-0.2	2.4	0.3	0.1
11	P	0.4	8.2	2.7	2.9	-5.9	1.4	1.1	3.9	-3.6	2.7	3.2	1.1	1.4	-5.5
12	P	-1.4	2.2	-2.9	-3.9	-8.1	-0.4	-1.2	1.1	0.1	1.8	-0.7	-0.5	-0.7	-0.3
10 *Q1*	P	-1.5	1.5	-0.2	-1.1	-12.7	0.3	1.1	5.3	-7.3	-1.9	-0.9	1.6	2.1	-1.4
Q2	P	-0.2	1.1	6.2	6.2	-15.1	1.1	1.8	7.2	-5.5	-0.8	-0.0	1.8	1.6	1.1
Q3	P	0.0	1.3	5.8	5.6	-15.5	1.5	1.6	7.4	-1.3	-1.1	0.2	3.0	-0.7	0.7
Q4	P	0.4	4.1	5.4	5.2	-13.8	1.7	1.8	6.0	-0.2	0.0	-0.1	3.3	-1.6	0.1
11 *Q1*	P	0.5	8.1	5.8	6.1	-8.6	1.3	1.8	4.1	-6.5	2.8	2.9	1.1	-0.3	-4.7
Q2	P	0.5	8.2	2.4	2.7	-6.1	1.6	2.0	3.6	-4.9	2.3	3.1	1.8	0.1	-5.3
Q3	P	0.6	8.7	2.5	2.7	-4.3	1.6	1.0	4.3	-3.4	2.9	3.6	1.3	3.1	-6.0
Q4	P	-0.0	7.8	0.2	0.1	-4.5	1.1	-0.2	3.7	0.4	2.8	3.4	0.3	2.9	-5.9
12 *Q1*	P	-0.7	2.5	-3.2	-4.3	-7.5	0.7	0.0	1.5	2.7	2.0	-0.1	0.6	1.3	-0.4
Q2	P	-1.4	2.2	-3.1	-4.5	-7.7	-0.3	-1.5	0.9	2.6	1.8	-1.5	0.2	-1.5	-0.2
Q3	P	-1.6	2.4	-2.9	-3.4	-8.9	-0.6	-1.1	1.2	-1.2	2.0	-0.4	-1.4	-1.2	-0.2
Q4	P	-1.9	1.9	-2.4	-3.6	-8.5	-1.2	-2.1	0.6	-3.4	1.3	-0.8	-1.2	-1.3	-0.5

GDP. BRANCHES OF ACTIVITY
Annual percentage changes



GDP. BRANCHES OF ACTIVITY
Annual percentage changes



Source: INE (Quarterly National Accounts of Spain. Base year 2008).
a. Prepared in accordance with ESA95, seasonally- and working-day-adjusted series (see Economic bulletin April 2002).

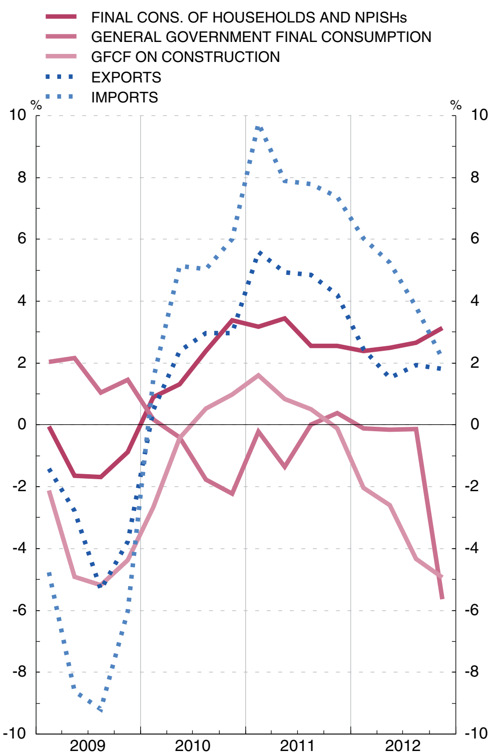
1.4. GROSS DOMESTIC PRODUCT. IMPLICIT DEFLATORS. SPAIN (a)

■ Series depicted in chart.

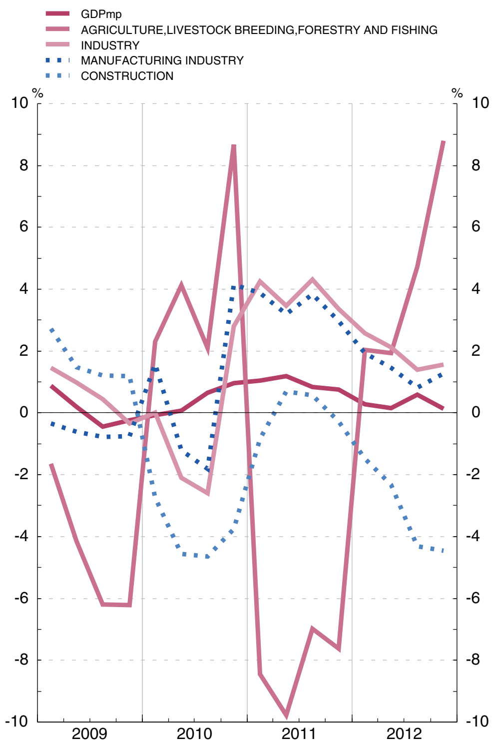
Annual percentage changes

		Demand components: Final consumption of households and NPISHs (b)	Demand components: General government final consumption	Demand components: Gross fixed capital formation: Total	Demand components: Gross fixed capital formation: Tangible fixed assets: Construction	Demand components: Gross fixed capital formation: Tangible fixed assets: Equipment and cultivated assets	Demand components: Gross fixed capital formation: Intangible fixed asstes	Demand components: Exports of goods and services	Demand components: Imports of goods and services	Gross domestic product at market prices	Branches of activity: Agriculture, livestock breeding, forestry and fishing	Branches of activity: Industry: Total	Branches of activity: Industry: On which: Manufacturing industry	Branches of activity: Construction	Branches of activity: Services: Total	Branches of activity: Services: Trade, transport and accommodation	Branches of activity: Services: Information and communications	Branches of activity: Services: Financial and insurance activities	Branches of activity: Services: Real estate activities	Branches of activity: Services: Profesional activities	Branches of activity: Services: Public administration, Health and Education	Branches of activity: Services: Artistic recreational and other services activities
		1 ■	2 ■	3	4 ■	5	6	7 ■	8 ■	9 ■	10 ■	11 ■	12 ■	13 ■	14	15	16	17	18	19	20	21
10	P	2.0	-1.1	0.6	-0.5	3.1	2.6	2.2	4.4	0.4	4.2	-0.5	0.7	-3.9	-1.2	0.2	-5.9	-20.2	13.5	-1.4	-1.4	0.6
11	P	2.9	-0.3	1.3	0.7	2.5	1.3	4.9	8.1	1.0	-8.2	3.8	3.4	0.0	0.8	2.4	-1.5	-4.1	4.7	0.3	-0.8	-0.3
12	P	2.6	-1.5	-1.4	-3.4	2.4	0.9	1.9	4.3	0.3	4.4	1.9	1.4	-3.1	0.2	2.9	-3.4	3.0	1.0	0.3	-3.9	2.3
10 *Q1*	P	0.9	0.2	-1.6	-2.7	0.6	2.7	0.5	1.5	-0.1	2.3	0.0	1.6	-2.8	-0.1	-0.0	-5.1	-14.9	14.9	-1.8	1.4	0.7
Q2	P	1.3	-0.4	0.4	-0.4	2.1	2.6	2.4	5.1	0.1	4.1	-2.1	-1.2	-4.6	-2.3	-2.2	-6.1	-22.4	9.9	-2.8	0.1	0.2
Q3	P	2.4	-1.8	1.6	0.5	4.3	2.6	3.0	5.0	0.6	2.1	-2.6	-1.8	-4.6	-2.1	0.0	-6.5	-22.8	11.0	-1.2	-2.8	0.5
Q4	P	3.4	-2.2	2.2	1.0	5.3	2.6	3.0	6.0	1.0	8.7	2.8	4.1	-3.8	-0.2	2.8	-5.8	-20.4	18.2	0.2	-3.9	1.1
11 *Q1*	P	3.2	-0.2	2.4	1.6	4.6	1.1	5.6	9.7	1.0	-8.4	4.2	3.9	-0.8	0.2	2.1	-1.6	-10.1	3.2	1.0	-0.8	-0.2
Q2	P	3.5	-1.3	1.5	0.8	3.1	1.7	4.9	7.9	1.2	-9.8	3.5	3.2	0.7	1.4	3.0	-1.4	-3.2	9.2	1.8	-1.9	-0.4
Q3	P	2.6	-0.0	0.8	0.5	1.6	0.9	4.9	7.8	0.8	-7.0	4.3	3.8	0.6	0.7	2.1	-1.4	-2.7	4.1	-0.9	-0.5	-0.3
Q4	P	2.6	0.4	0.3	-0.1	0.9	1.5	4.2	7.4	0.8	-7.6	3.4	3.0	-0.3	0.9	2.3	-1.6	0.5	2.7	-0.6	-0.1	-0.2
12 *Q1*	P	2.4	-0.1	-0.4	-2.0	3.0	0.7	2.5	6.0	0.3	2.0	2.6	1.9	-1.5	0.8	2.1	-3.1	4.0	0.5	0.3	-0.6	2.2
Q2	P	2.5	-0.2	-1.0	-2.6	2.0	0.9	1.5	5.3	0.1	1.9	2.1	1.5	-2.3	1.1	2.5	-4.0	7.4	1.6	0.1	-1.1	2.0
Q3	P	2.6	-0.1	-2.0	-4.3	2.2	1.0	1.9	3.8	0.6	4.7	1.4	0.8	-4.3	0.7	2.8	-4.6	-0.2	0.8	0.6	-1.0	2.4
Q4	P	3.1	-5.6	-2.3	-4.9	2.2	1.1	1.8	2.1	0.1	8.8	1.6	1.3	-4.5	-1.7	4.1	-2.0	0.9	1.0	0.2	-12.9	2.7

GDP. IMPLICIT DEFLATORS
Annual percentage changes



GDP. IMPLICIT DEFLATORS
Annual percentage changes



Source: INE (Quarterly National Accounts of Spain. Base year 2008).

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.

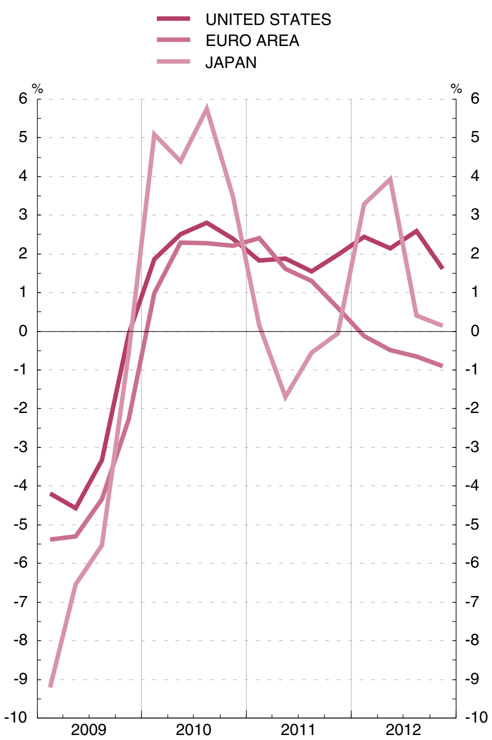
2.1. INTERNATIONAL COMPARISON. GROSS DOMESTIC PRODUCT AT CONSTANT PRICES

■ Series depicted in chart.

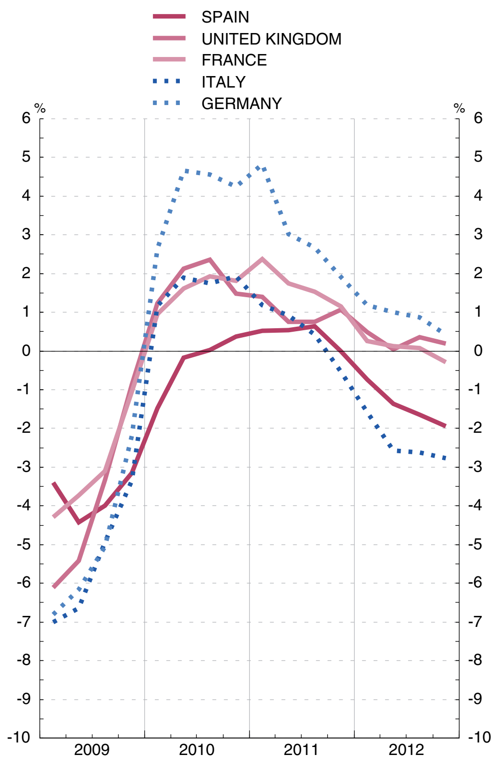
Annual percentage changes

	OECD 1	EU-27 2	Euro area 3 ■	Germany 4 ■	Spain 5 ■	United States 6 ■	France 7 ■	Italy 8 ■	Japan 9 ■	United Kingdom 10 ■
10	3.0	2.0	1.9	4.0	-0.3	2.4	1.6	1.7	4.7	1.8
11	1.9	1.6	1.5	3.1	0.4	1.8	1.7	0.5	-0.5	1.0
12	1.6	-0.3	-0.5	0.9	-1.4	2.2	0.0	-2.4	1.9	0.3
09 *Q4*	-0.6	-2.1	-2.3	-2.2	-3.1	-0.1	-1.0	-3.4	-0.6	-0.9
10 *Q1*	2.5	1.0	1.0	2.6	-1.5	1.9	0.9	1.2	5.1	1.2
Q2	3.2	2.3	2.3	4.7	-0.2	2.5	1.6	1.9	4.4	2.1
Q3	3.3	2.5	2.3	4.6	0.0	2.8	1.9	1.7	5.8	2.4
Q4	2.9	2.3	2.2	4.2	0.4	2.4	1.8	1.9	3.5	1.5
11 *Q1*	2.4	2.4	2.4	4.8	0.5	1.8	2.4	1.2	0.2	1.4
Q2	1.8	1.7	1.6	3.0	0.5	1.9	1.8	0.9	-1.7	0.8
Q3	1.8	1.4	1.3	2.7	0.6	1.6	1.5	0.4	-0.5	0.8
Q4	1.6	0.8	0.6	1.9	-0.0	2.0	1.2	-0.5	-0.1	1.1
12 *Q1*	1.8	0.1	-0.1	1.2	-0.7	2.4	0.3	-1.6	3.3	0.5
Q2	1.6	-0.3	-0.5	1.0	-1.4	2.1	0.1	-2.6	3.9	0.0
Q3	1.2	-0.4	-0.7	0.9	-1.6	2.6	0.1	-2.6	0.4	0.4
Q4	...	-0.6	-0.9	0.4	-1.9	1.6	-0.3	-2.8	0.1	0.2

GROSS DOMESTIC PRODUCT
Annual percentage changes



GROSS DOMESTIC PRODUCT
Annual percentage changes



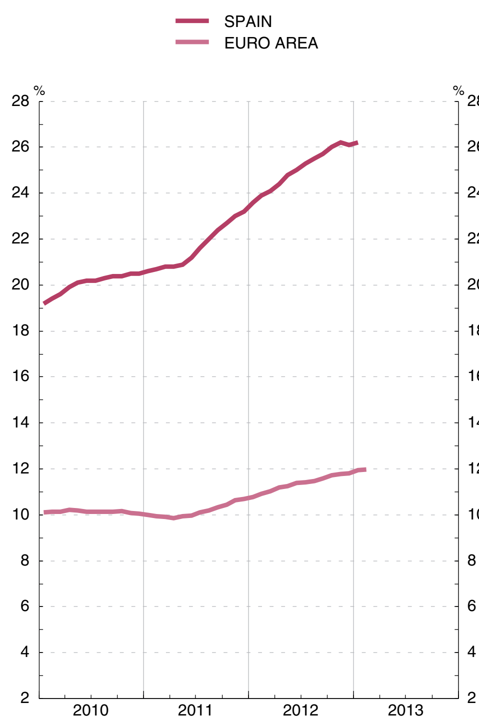
Sources: ECB, INE and OECD.
Note: The underlying series for this indicator are in Table 26.2 of the BE Boletín Estadístico.

2.2. INTERNATIONAL COMPARISON. UNEMPLOYMENT RATES

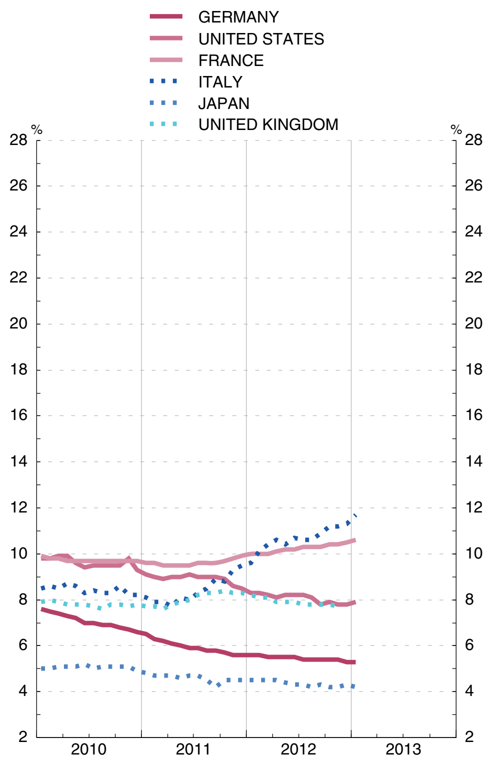
■ Series depicted in chart. *Percentages*

	OECD	EU-27	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3 ■	4 ■	5 ■	6 ■	7 ■	8 ■	9 ■	10 ■
10	8.3	9.6	10.1	7.1	20.1	9.6	9.7	8.4	5.1	7.8
11	8.0	9.7	10.2	5.9	21.7	8.9	9.6	8.4	4.6	8.0
12	8.0	10.5	11.4	5.5	25.1	8.1	10.2	10.6	4.3	7.9
11 *Aug*	8.0	9.7	10.2	5.8	22.0	9.0	9.6	8.5	4.5	8.3
Sep	8.0	9.8	10.3	5.8	22.4	9.0	9.6	8.9	4.2	8.3
Oct	8.0	9.9	10.4	5.7	22.7	8.9	9.7	8.8	4.5	8.4
Nov	7.9	10.0	10.6	5.6	23.0	8.6	9.8	9.3	4.5	8.3
Dec	7.9	10.1	10.7	5.6	23.2	8.5	9.9	9.5	4.5	8.3
12 *Jan*	7.9	10.1	10.8	5.6	23.6	8.3	10.0	9.6	4.5	8.2
Feb	8.0	10.2	10.9	5.6	23.9	8.3	10.0	10.1	4.5	8.1
Mar	7.9	10.3	11.0	5.5	24.1	8.2	10.0	10.4	4.5	8.1
Apr	7.9	10.3	11.2	5.5	24.4	8.1	10.1	10.6	4.5	7.9
May	8.0	10.4	11.2	5.5	24.8	8.2	10.2	10.4	4.4	7.9
Jun	8.0	10.5	11.4	5.5	25.0	8.2	10.2	10.7	4.3	7.9
Jul	8.0	10.5	11.4	5.4	25.3	8.2	10.3	10.6	4.3	7.8
Aug	8.0	10.5	11.5	5.4	25.5	8.1	10.3	10.6	4.2	7.8
Sep	7.9	10.6	11.6	5.4	25.7	7.8	10.3	10.9	4.3	7.8
Oct	8.0	10.7	11.7	5.4	26.0	7.9	10.4	11.2	4.2	7.8
Nov	8.0	10.7	11.8	5.4	26.2	7.8	10.4	11.2	4.2	7.7
Dec	8.0	10.7	11.8	5.3	26.1	7.8	10.5	11.3	4.3	...
13 *Jan*	8.1	10.8	11.9	5.3	26.2	7.9	10.6	11.7	4.2	...

UNEMPLOYMENT RATES



UNEMPLOYMENT RATES



Source: OECD.

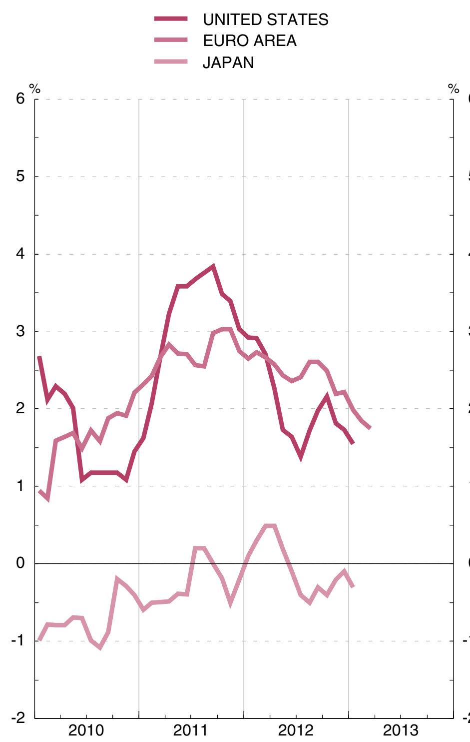
2.3. INTERNATIONAL COMPARISON. CONSUMER PRICES (a)

■ Series depicted in chart.

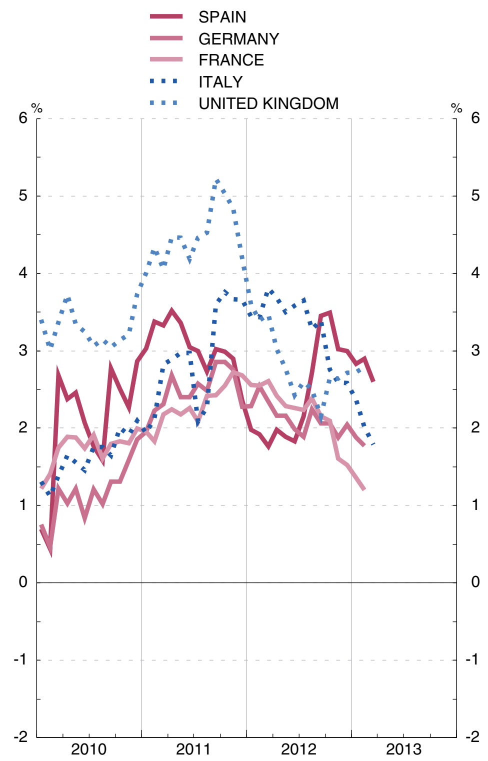
Annual percentage changes

	OECD	EU-27	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3 ■	4 ■	5 ■	6 ■	7 ■	8 ■	9 ■	10 ■
10	1.8	2.1	1.6	1.2	2.0	1.6	1.7	1.6	-0.7	3.3
11	2.9	3.1	2.7	2.5	3.1	3.2	2.3	2.9	-0.3	4.5
12	2.2	2.6	2.5	2.1	2.4	2.1	2.2	3.3	-0.0	2.8
11 *Oct*	3.1	3.3	3.0	2.9	3.0	3.5	2.5	3.8	-0.2	5.0
Nov	3.1	3.3	3.0	2.8	2.9	3.4	2.7	3.7	-0.5	4.8
Dec	2.8	3.0	2.7	2.3	2.4	3.0	2.7	3.7	-0.2	4.2
12 *Jan*	2.8	2.9	2.7	2.3	2.0	2.9	2.6	3.4	0.1	3.6
Feb	2.7	2.9	2.7	2.5	1.9	2.9	2.5	3.4	0.3	3.4
Mar	2.6	2.9	2.7	2.3	1.8	2.7	2.6	3.8	0.5	3.5
Apr	2.4	2.7	2.6	2.2	2.0	2.3	2.4	3.7	0.5	3.0
May	2.1	2.6	2.4	2.2	1.9	1.7	2.3	3.5	0.2	2.8
Jun	2.0	2.5	2.4	2.0	1.8	1.6	2.3	3.6	-0.1	2.4
Jul	1.9	2.5	2.4	1.9	2.2	1.4	2.2	3.6	-0.4	2.6
Aug	2.0	2.7	2.6	2.2	2.7	1.7	2.4	3.3	-0.5	2.5
Sep	2.3	2.7	2.6	2.1	3.5	2.0	2.2	3.4	-0.3	2.2
Oct	2.2	2.6	2.5	2.1	3.5	2.2	2.1	2.8	-0.4	2.6
Nov	1.9	2.4	2.2	1.9	3.0	1.8	1.6	2.6	-0.2	2.6
Dec	1.9	2.3	2.2	2.0	3.0	1.7	1.5	2.6	-0.1	2.7
13 *Jan*	1.7	2.1	2.0	1.9	2.8	1.6	1.4	2.4	-0.3	2.7
Feb	...	2.0	1.8	1.8	2.9	...	1.2	2.0	...	2.8
Mar	...	...	1.7	...	2.6	...	...	1.8	...	...

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
10	1.3267	116.42	87.78	103.7	78.6	119.9	101.6	86.7	90.2	98.1	93.1	87.7
11	1.3918	111.00	79.74	103.4	74.0	127.5	100.7	82.4	92.8	97.6	90.6	88.7
12	1.2854	102.61	79.81	97.9	76.8	131.7	95.5	85.8	93.9	93.3	95.1	88.4
12 *J-M*	1.3107	103.99	79.32	99.5	76.1	131.5	96.9	85.0	94.8	94.4	93.9	89.4
13 *J-M*	1.3198	121.83	92.32	100.7	78.3	112.7	98.6	86.4	82.4	96.4	95.1	77.8
12 *Jan*	1.2905	99.33	76.97	98.9	76.6	136.5	96.3	85.5	98.7	93.7	94.2	93.2
Feb	1.3224	103.77	78.46	99.6	75.5	132.1	97.2	84.4	95.3	94.6	93.0	89.8
Mar	1.3201	108.88	82.48	99.8	76.3	125.8	97.3	85.2	90.4	94.9	94.5	85.3
Apr	1.3162	107.00	81.30	99.5	76.1	127.8	97.2	84.9	91.6	94.5	94.5	86.2
May	1.2789	101.97	79.73	98.0	77.3	132.3	95.7	86.2	94.6	93.2	95.7	89.3
Jun	1.2526	99.26	79.24	97.2	78.3	134.5	94.8	87.6	95.9	92.3	96.7	90.7
Jul	1.2288	97.07	78.99	95.3	78.5	135.8	93.2	87.8	96.7	90.9	96.8	90.9
Aug	1.2400	97.58	78.69	95.2	77.6	135.4	93.1	87.1	96.1	91.1	96.4	89.9
Sep	1.2856	100.49	78.17	97.2	75.9	134.0	95.0	85.2	94.8	93.1	94.9	88.6
Oct	1.2974	102.47	78.98	97.8	75.9	132.2	95.5	85.0	93.5	93.6	94.8	87.7
Nov	1.2828	103.94	81.02	97.2	76.9	129.6	94.9	85.9	91.5	93.0	95.1	86.4
Dec	1.3119	109.71	83.61	98.7	76.4	124.2	96.3	85.1	87.8	94.5	94.2	83.1
13 *Jan*	1.3288	118.34	89.05	100.4	77.0	116.2	98.1	86.4	82.4	95.9	95.1	77.8
Feb	1.3359	124.40	93.12	101.6	78.1	111.1	99.3	...	...	96.9	...	...
Mar	1.2964	122.99	94.87	100.2	79.8	110.7	...	...	...	...	...	...

EXCHANGE RATES

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

Sources: ECB and BE.

a. Geometric mean calculated using a double weighting system based on (1995-1997),(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.

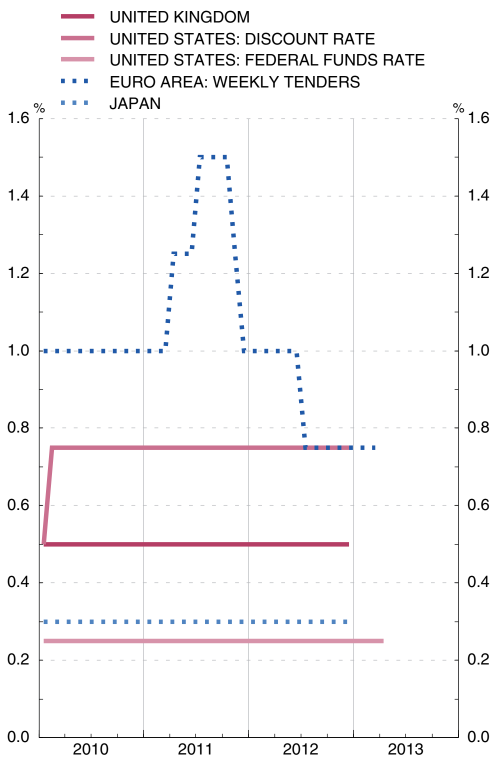
2.5. OFFICIAL INTERVENTION INTEREST RATES AND SHORT-TERM INTEREST RATES

■ Series depicted in chart.

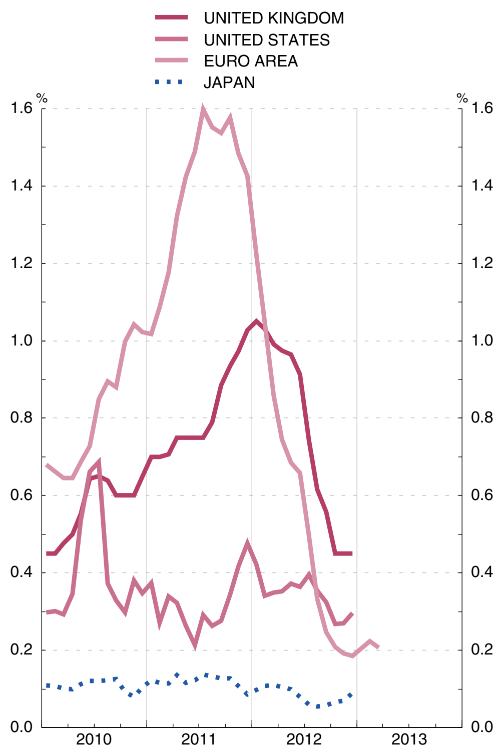
Percentages

	Official intervention interest rates					3-month interbank rates									
	Euro area (a)	United States: Discount rate (b)	United States: Federal funds rate	Japan (c)	United Kingdom (d)	OECD	EU-15	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1 ■	2 ■	3 ■	4 ■	5 ■	6	7	8 ■	9	10	11 ■	12	13	14 ■	15 ■
10	1.00	0.75	0.25	0.30	0.50	0.61	0.78	0.81	-	0.87	0.40	-	-	0.11	0.57
11	1.00	0.75	0.25	0.30	0.50	0.81	1.32	1.39	-	1.34	0.32	-	-	0.12	0.81
12	0.75	0.75	0.25	0.30	0.50	0.59	0.75	0.57	-	1.06	0.34	-	-	0.08	0.76
11 *Nov*	1.25	0.75	0.25	0.30	0.50	0.88	1.42	1.48	-	1.46	0.42	-	-	0.11	0.97
Dec	1.00	0.75	0.25	0.30	0.50	0.88	1.38	1.43	-	-	0.48	-	-	0.09	1.03
12 *Jan*	1.00	0.75	0.25	0.30	0.50	0.79	1.21	1.22	-	1.16	0.42	-	-	0.10	1.05
Feb	1.00	0.75	0.25	0.30	0.50	0.71	1.07	1.05	-	1.07	0.34	-	-	0.11	1.03
Mar	1.00	0.75	0.25	0.30	0.50	0.65	0.91	0.86	-	0.94	0.35	-	-	0.11	0.99
Apr	1.00	0.75	0.25	0.30	0.50	0.62	0.81	0.74	-	-	0.35	-	-	0.11	0.97
May	1.00	0.75	0.25	0.30	0.50	0.60	0.76	0.68	-	-	0.37	-	-	0.10	0.96
Jun	1.00	0.75	0.25	0.30	0.50	0.58	0.72	0.66	-	-	0.36	-	-	0.08	0.91
Jul	0.75	0.75	0.25	0.30	0.50	0.53	0.56	0.50	-	-	0.40	-	-	0.06	0.74
Aug	0.75	0.75	0.25	0.30	0.50	0.45	0.40	0.33	-	-	0.35	-	-	0.05	0.62
Sep	0.75	0.75	0.25	0.30	0.50	0.41	0.32	0.25	-	-	0.32	-	-	0.06	0.56
Oct	0.75	0.75	0.25	0.30	0.50	-	-	0.21	-	-	0.27	-	-	0.07	0.45
Nov	0.75	0.75	0.25	0.30	0.50	-	-	0.19	-	-	0.27	-	-	0.07	0.45
Dec	0.75	0.75	0.25	0.30	0.50	-	-	0.19	-	-	0.30	-	-	0.09	0.45
13 *Jan*	0.75	-	0.25	-	-	-	-	0.20	-	-	-	-	-	-	-
Feb	0.75	-	0.25	-	-	-	-	0.22	-	-	-	-	-	-	-
Mar	0.75	-	0.25	-	-	-	-	0.21	-	-	-	-	-	-	-
Apr	-	-	0.25	-	-	-	-	-	-	-	-	-	-	-	-

OFFICIAL INTERVENTION INTEREST RATES



3-MONTH INTERBANK RATES



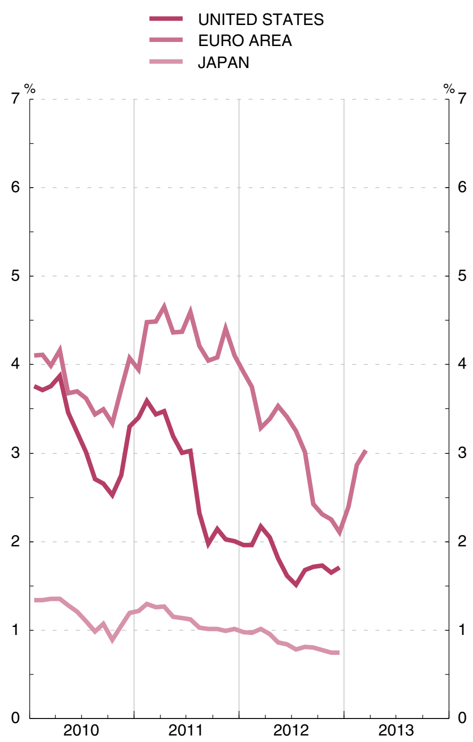
Sorces: ECB, Reuters and BE.
a. Main refinancing operations.
b. As from January 2003, the Primary Credit Rate.
c. Discount rate.
d. Retail bank base rate.

2.6. 10-YEAR GOVERNMENT BOND YIELDS ON DOMESTIC MARKETS

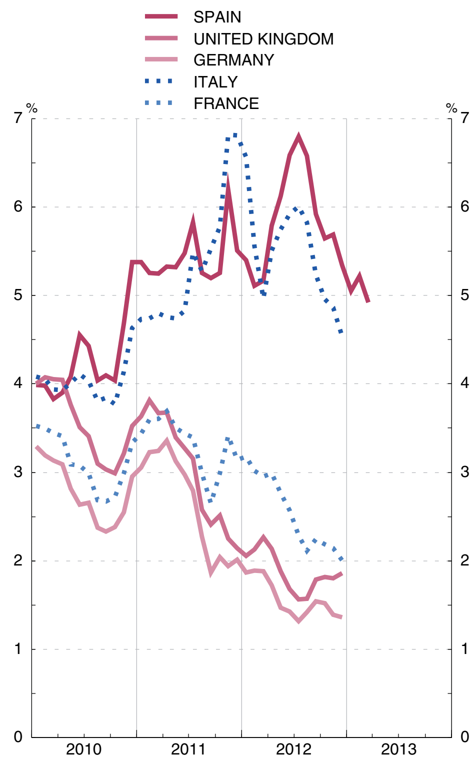
■ Series depicted in chart. *Percentages*

	OECD 1	EU-15 2	Euro area 3 ■	Germany 4 ■	Spain 5 ■	United States 6 ■	France 7 ■	Italy 8 ■	Japan 9 ■	United Kingdom 10 ■
10	3.05	3.52	3.78	2.78	4.25	3.22	3.12	4.03	1.18	3.56
11	3.03	4.02	4.31	2.66	5.44	2.80	3.32	5.36	1.12	3.04
12	2.30	3.43	3.05	1.57	5.85	1.80	2.53	5.47	0.86	1.88
11 *Oct*	2.63	3.77	4.09	2.04	5.25	2.14	2.99	5.77	1.01	2.51
Nov	2.68	4.05	4.41	1.94	6.19	2.02	3.42	6.82	0.99	2.25
Dec	2.64	4.00	4.11	2.01	5.50	2.00	3.14	6.81	1.01	2.14
12 *Jan*	2.62	4.00	3.92	1.87	5.40	1.96	3.18	6.56	0.98	2.05
Feb	2.56	3.83	3.75	1.89	5.11	1.96	3.02	5.56	0.97	2.13
Mar	2.55	3.56	3.29	1.88	5.17	2.17	2.96	4.96	1.01	2.26
Apr	2.52	3.65	3.39	1.72	5.79	2.05	2.99	5.51	0.95	2.14
May	2.38	3.63	3.53	1.47	6.13	1.81	2.76	5.75	0.86	1.88
Jun	2.28	3.61	3.41	1.43	6.59	1.61	2.57	5.92	0.84	1.68
Jul	2.17	3.46	3.25	1.32	6.79	1.51	2.28	6.01	0.78	1.56
Aug	2.22	3.37	3.01	1.42	6.58	1.68	2.11	5.82	0.81	1.57
Sep	2.18	3.23	2.43	1.54	5.92	1.71	2.24	5.23	0.81	1.78
Oct	2.12	3.08	2.31	1.52	5.65	1.73	2.18	4.96	0.78	1.82
Nov	2.05	2.99	2.25	1.39	5.69	1.65	2.14	4.86	0.74	1.80
Dec	1.99	2.79	2.10	1.36	5.34	1.71	2.00	4.54	0.75	1.86
13 *Jan*	...	...	2.40	...	5.05	...	...	...	...	...
Feb	...	...	2.86	...	5.22	...	...	...	...	...
Mar	...	...	3.03	...	4.92	...	...	...	...	...

10-YEAR GOVERNMENT BOND YIELDS



10-YEAR GOVERNMENT BOND YIELDS



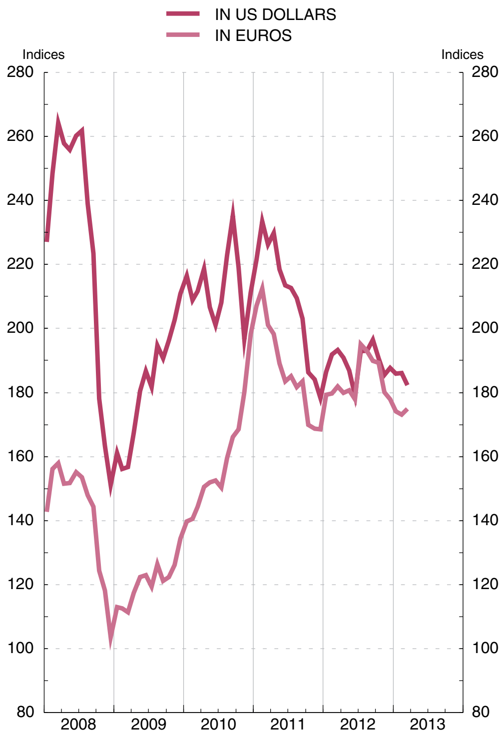
Sources: ECB, Reuters and BE.

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

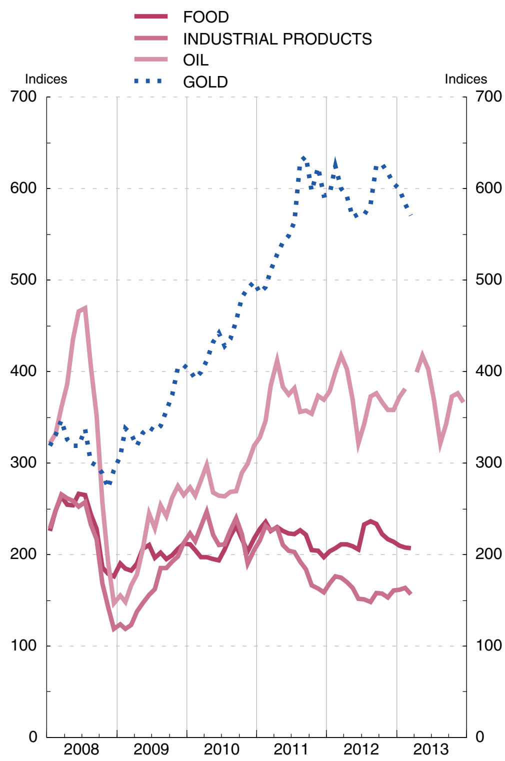
■ Series depicted in chart. *Base 2000 = 100*

	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
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
11	187.3	209.6	220.3	198.5	239.6	180.9	368.4	112.2	562.6	1 569.5	36.29
12	183.8	189.6	217.0	161.1	171.7	156.6	371.8	112.4	598.0	1 668.3	41.73
12 *J-M*	180.4	190.5	207.1	173.1	189.7	166.0	398.3	119.5	605.7	1 689.7	41.47
13 *J-M*	174.1	184.7	208.0	160.5	167.9	157.4	...	113.5	584.5	1 630.5	39.73
12 *Feb*	179.8	191.8	206.9	176.2	192.6	169.2	399.2	120.6	624.7	1 742.6	42.37
Mar	181.9	193.2	210.9	174.5	192.8	166.7	417.2	126.8	600.0	1 673.8	40.75
Apr	180.0	191.0	210.9	170.2	191.5	161.1	402.9	120.5	591.3	1 649.6	40.30
May	180.8	186.9	209.4	163.6	180.9	156.2	368.9	111.0	568.3	1 585.5	39.83
Jun	177.9	179.1	205.5	151.5	165.9	146.8	321.4	95.7	572.4	1 596.7	40.94
Jul	195.1	192.9	232.9	151.3	161.7	146.9	342.7	103.1	571.4	1 593.9	41.71
Aug	192.9	193.1	236.1	148.4	155.9	145.2	372.9	114.1	582.9	1 626.0	42.22
Sep	189.8	196.5	233.4	158.2	158.8	158.0	376.6	113.2	625.3	1 744.5	43.59
Oct	189.4	190.6	222.7	157.4	160.0	156.2	366.2	112.2	626.2	1 747.0	43.28
Nov	180.1	185.6	217.1	152.8	156.2	151.3	358.3	110.2	616.9	1 720.9	43.12
Dec	177.8	187.8	214.0	160.5	161.5	160.1	358.3	110.9	605.3	1 688.5	41.38
13 *Jan*	174.1	185.8	209.6	161.2	166.7	158.9	372.0	113.9	599.0	1 671.0	40.40
Feb	173.2	186.1	207.5	163.8	169.2	161.5	381.3	117.4	583.4	1 627.6	39.19
Mar	175.0	182.3	206.8	156.9	167.9	152.2	...	109.6	570.9	1 592.6	39.53

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.

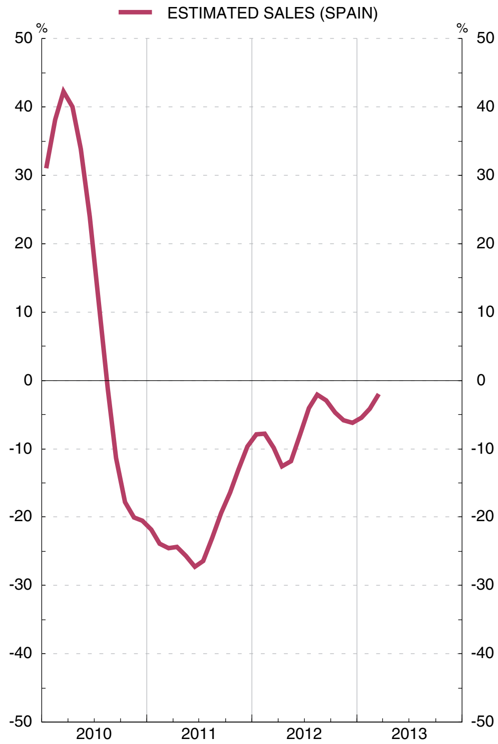
3.1 INDICATORS OF PRIVATE CONSUMPTION. SPAIN AND EURO AREA

■ Series depicted in chart. *Annual percentage changes*

		Opinion surveys (net percentages): Consumers: Confidence index	Opinion surveys: Consumers: General economic situation: anticipated trend	Opinion surveys: Consumers: Household economic situation: anticipated trend	Opinion surveys: Retail trade confidence index	Opinion surveys: Memorandum item: euro area: Consumer confidence index	Opinion surveys: Memorandum item: euro area: Retail trade confidence index	New car registrations and sales: Registrations	New car registrations and sales: of which: Private use	New car registrations and sales: Estimated sales	New car registrations and sales: Memorandum item: euro area: Registrations	Retail trade indices (2010=100, NACE 2009) (Deflated indices): General retail trade index	Retail trade indices: General index without petrol stations: Total	Retail trade indices: General index without petrol stations: of which: Food	Retail trade indices: General index without petrol stations: Large retail outlets	Retail trade indices: General index without petrol stations: Large chain stores	Retail trade indices: General index without petrol stations: Small chain stores	Retail trade indices: General index without petrol stations: Single-outlet retailers	Retail trade indices: Memorandum item: euro area (a)
		1 ■	2	3	4	5 ■	6	7	8	9 ■	10	11	12	13	14	15	16	17	18
10		-20.9	-18.0	-9.7	-17.2	-14.2	-4.1	3.0	...	3.1	-8.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	1.2
11		-17.1	-13.8	-6.7	-19.8	-14.6	-5.5	-18.3	...	-17.7	-0.7	94.2	94.4	97.2	92.8	99.2	92.8	93.0	0.1
12	P	-31.6	-30.7	-18.0	-21.4	-22.3	-15.2	-12.7	...	-13.4	-11.2	87.6	88.0	94.4	84.6	97.1	84.9	84.3	-1.4
12 *J-M*	P	-24.6	-20.4	-10.1	-23.0	-19.9	-13.8	-1.9	...	-1.9	-11.7	89.2	89.6	91.2	85.9	94.9	87.3	88.2	-0.7
13 *J-M*	P	-32.6	-28.6	-16.7	-17.9	-23.7	-16.4	-10.7	...	-11.5	...	...	...	...	...	...	...	...	...
12 *Apr*	P	-28.6	-24.9	-15.6	-21.2	-19.7	-10.9	-21.3	...	-21.7	-7.7	82.9	83.3	92.1	74.2	91.2	79.3	83.1	-3.2
May	P	-33.2	-34.1	-18.7	-23.8	-19.1	-18.0	-7.0	...	-8.1	-6.9	87.1	87.4	93.5	76.9	94.8	84.2	87.8	-0.3
Jun	P	-25.1	-24.8	-14.7	-17.6	-19.6	-14.3	-11.4	...	-12.1	-5.9	89.5	89.9	97.3	82.7	99.5	86.3	87.6	-0.8
Jul	P	-29.3	-29.1	-18.4	-21.0	-21.3	-14.9	-16.4	...	-17.2	-15.1	94.7	95.4	97.4	95.2	105.1	94.2	89.3	-1.4
Aug	P	-39.7	-45.2	-26.6	-23.7	-24.4	-17.1	4.7	...	3.4	-9.8	88.4	88.5	97.7	91.0	101.2	86.1	79.7	-0.5
Sep	P	-36.8	-39.0	-25.1	-25.5	-25.7	-18.4	-35.2	...	-36.8	-12.2	79.4	79.8	90.1	73.7	91.3	74.8	76.3	-1.5
Oct	P	-35.8	-34.9	-21.8	-20.5	-25.5	-17.3	-20.5	...	-21.7	-15.0	84.0	84.3	93.7	75.1	97.4	80.7	80.6	-2.8
Nov	P	-37.7	-35.3	-21.8	-16.1	-26.7	-14.8	-19.4	...	-20.3	-15.1	80.0	79.5	89.2	74.8	89.4	75.7	76.1	-1.7
Dec	P	-40.0	-39.7	-23.0	-18.0	-26.3	-15.9	-22.1	...	-23.0	-12.1	97.7	99.3	108.0	113.7	110.9	95.1	87.0	-2.8
13 *Jan*	P	-32.5	-28.8	-17.8	-20.3	-23.9	-15.5	-8.6	...	-9.6	-14.2	87.1	87.9	84.7	91.4	97.0	87.2	80.7	-1.0
Feb	P	-33.4	-29.4	-17.3	-16.6	-23.6	-16.1	-8.9	...	-9.8	-8.8	74.1	74.1	80.9	66.8	83.7	70.9	72.3	...
Mar	P	-31.9	-27.6	-15.1	-16.9	-23.5	-17.6	-13.6	...	-13.9	...	...	...	...	...	...	...	...	...

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.

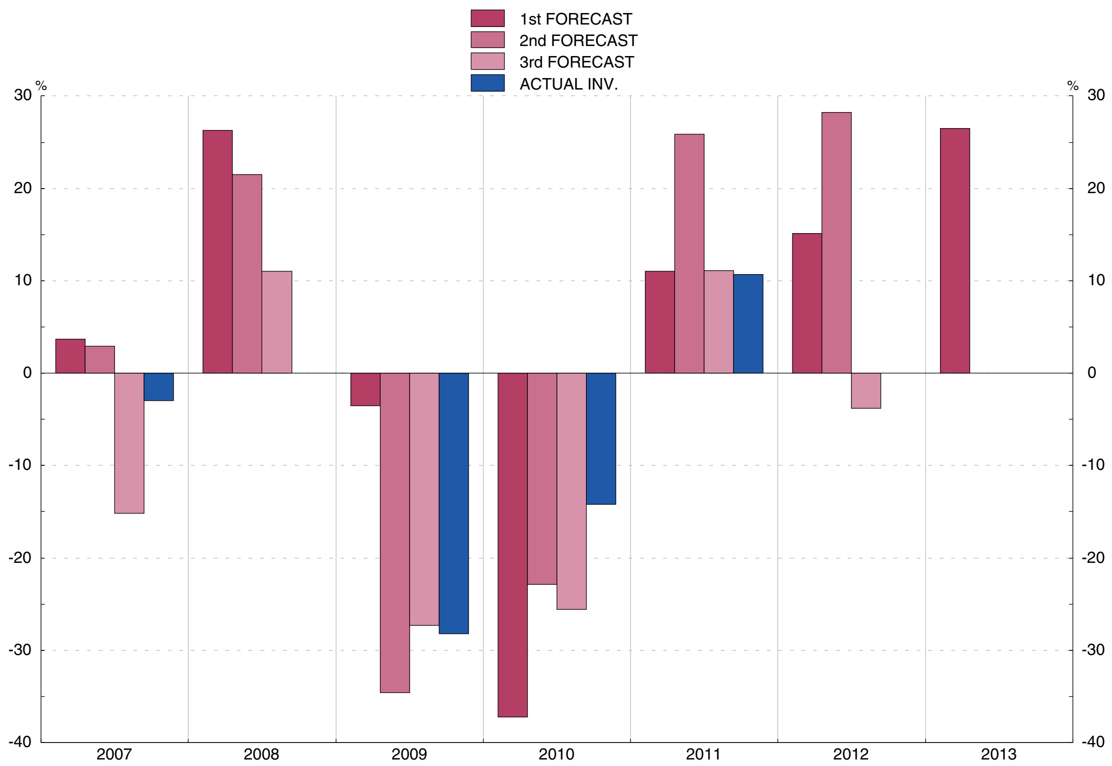
3.2. INVESTMENT IN INDUSTRY (EXCLUDING CONSTRUCTION): OPINION SURVEYS. SPAIN

■ Series depicted in chart.

Annual percentage changes at current prices

	ACTUAL INV.	1st FORECAST	2nd FORECAST	3rd FORECAST
	1 ■	2 ■	3 ■	4 ■
07	-3	4	3	-15
08	-	26	22	11
09	-28	-4	-35	-27
10	-14	-37	-23	-26
11	11	11	26	11
12	...	15	28	-4
13	...	27	...	...

INVESTMENT IN INDUSTRY
Annual rates of change



Source: Ministerio de Industria, Energía y Turismo.
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.

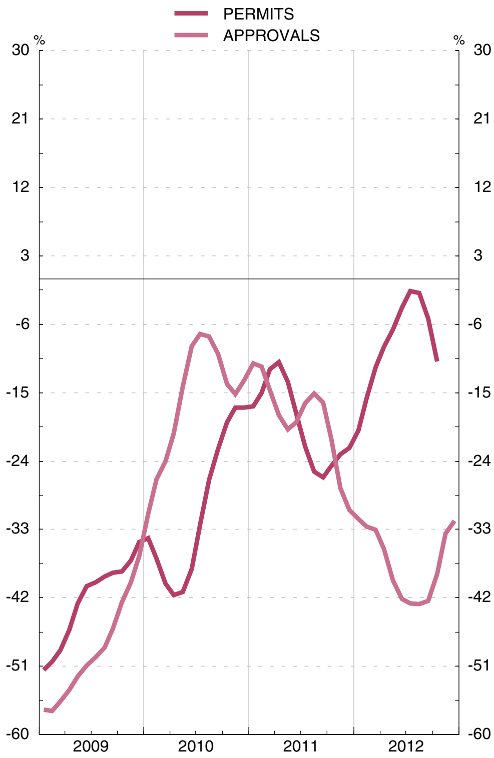
3.3. CONSTRUCTION. INDICATORS OF BUILDING STARTS AND CONSUMPTION OF CEMENT. SPAIN

■ Series depicted in chart.

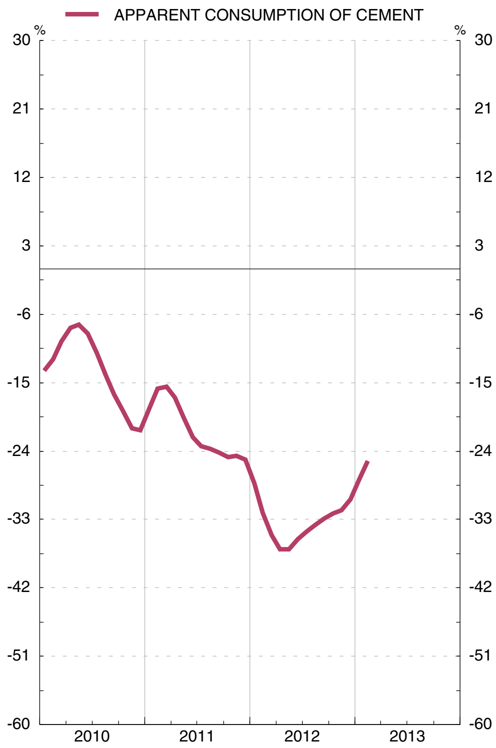
Annual percentage changes

		Permits: buildable floorage: Total (1 ■)	Permits: of which: Residential (2)	Permits: of which: Housing (3)	Permits: Non-residential (4)	Approvals: buildable floorage: Total (5 ■)	Approvals: of which: Housing (6)	Government tenders (budget): Total: For the month (7 ■)	Government tenders (budget): Total: Year to date (8)	Government tenders: Building: Total (9)	Building: of which: Residential (10)	Building: of which: Housing (11)	Building: Non-residential (12)	Civil engineering (13)	Apparent consumption of cement (14 ■)
10		-28.7	-24.3	-25.2	-36.9	-16.0	-16.1	-38.0	-38.0	-20.3	-38.5	-38.7	-14.6	-45.2	-15.4
11	P	-16.4	-17.5	-16.6	-13.9	-18.6	-13.2	-46.2	-46.2	-56.6	-47.8	-51.0	-58.6	-40.2	-16.4
12	P	...	...	...	...	-37.2	-39.9	...	...	...	...	...	...	...	-34.2
12 *J-F*	P	-37.9	-39.9	-37.7	-31.8	-32.0	-32.4	-42.4	-42.4	-53.4	-83.3	-82.5	-49.1	-36.2	-29.8
13 *J-F*	P	...	...	...	...	...	...	...	...	...	...	...	...	...	-23.3
11 *Nov*	P	-20.2	-26.4	-21.5	-3.4	-41.4	-35.8	-40.1	-43.8	-66.2	-79.8	-85.1	-62.3	-30.6	-25.3
Dec	P	-51.7	-44.4	-41.9	-68.2	-32.6	-30.4	-72.0	-46.2	-71.6	-67.4	-77.9	-72.1	-72.1	-19.9
12 *Jan*	P	-50.3	-51.8	-50.2	-45.1	-24.5	-29.8	-67.8	-67.8	-66.3	-83.4	-87.7	-63.2	-68.7	-24.1
Feb	P	-20.1	-20.8	-17.4	-18.5	-38.5	-34.7	-17.7	-42.4	-39.6	-83.1	-64.2	-35.2	-6.5	-34.6
Mar	P	-26.9	-25.4	-25.6	-29.7	-27.9	-26.7	-68.0	-50.6	-68.1	-72.7	13.2	-65.9	-67.9	-36.5
Apr	P	-8.1	-8.7	-6.3	-7.4	-34.3	-32.2	-56.7	-51.9	-59.3	-87.8	-90.0	-46.2	-55.2	-41.1
May	P	-16.8	-37.1	-36.1	32.1	-38.9	-36.3	-35.1	-46.3	-43.1	-73.6	-55.4	-37.9	-33.5	-37.2
Jun	P	-39.9	-26.9	-26.3	-59.7	-49.2	-55.2	-50.6	-46.9	-44.6	-86.3	-82.8	-23.4	-53.4	-35.0
Jul	P	11.6	4.9	8.9	24.6	-38.8	-38.4	...	...	...	...	...	...	...	-32.4
Aug	P	4.0	-10.0	-15.9	31.0	-42.1	-38.0	...	...	...	...	...	...	...	-33.6
Sep	P	3.7	-13.1	-13.0	54.1	-52.1	-56.5	...	...	...	...	...	...	...	-37.9
Oct	P	-16.0	-17.2	-18.9	-13.9	-40.2	-43.7	...	...	...	...	...	...	...	-24.7
Nov	P	...	...	...	...	-17.6	-31.0	...	...	...	...	...	...	...	-33.7
Dec	P	...	...	...	...	-35.3	-48.5	...	...	...	...	...	...	...	-36.8
13 *Jan*	P	...	...	...	...	-32.8	-26.9	...	...	...	...	...	...	...	-21.5
Feb	P	...	...	...	...	...	...	...	...	...	...	...	...	...	-25.1

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.

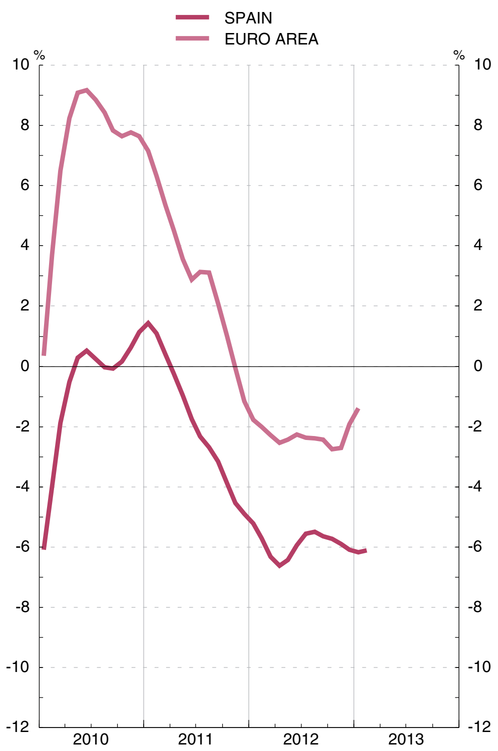
3.4. INDUSTRIAL PRODUCTION INDEX. SPAIN AND EURO AREA (a)

■ Series depicted in chart.

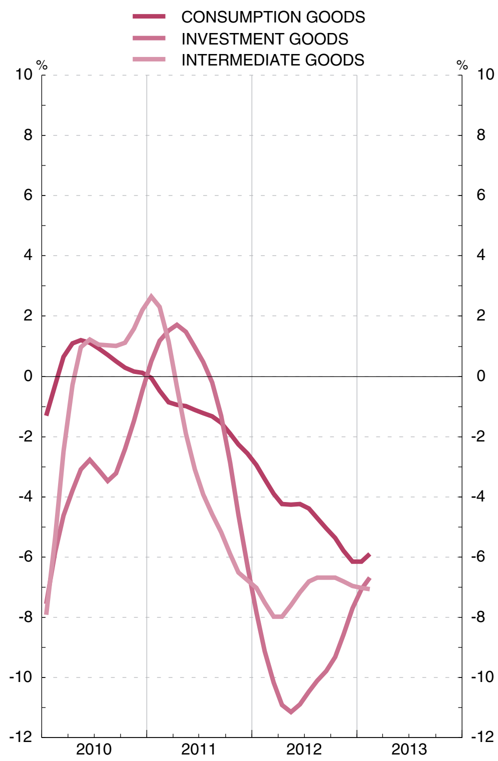
Annual percentage changes

		Overall Index		By end-use of goods				By branch of activity (NACE 2009)			Memorandum item: euro area				
		Total		Consumer goods	Capital goods	Inter-mediate goods	Energy	Mining and quarrying	Manufac-turing	Electrity and gas supply	Total	of which	By end-use of goods		
		Original series	12-month %change 12									Manufac-turing	Consumer goods	Capital goods	Inter-mediate goods
		1	2 ■	3 ■	4 ■	5 ■	6	7	8	9	10 ■	11	12	13	14
10	MP	83.4	0.9	0.9	-3.3	2.7	2.5	4.4	0.6	2.9	7.2	7.6	2.9	8.9	9.8
11	MP	81.9	-1.8	-1.4	0.3	-2.6	-3.6	-14.6	-1.4	-3.6	3.1	4.2	0.7	8.2	3.7
12	MP	77.0	-5.9	-4.7	-10.7	-7.2	0.9	-19.1	-6.4	-0.1	-2.4	-2.6	-2.4	-1.2	-4.4
12 *J-F*	MP	79.6	-2.9	-0.7	-7.7	-4.4	1.8	-1.3	-3.6	1.4	-1.9	-1.9	-2.9	0.7	-4.2
13 *J-F*	MP	74.8	-6.0	-6.1	-4.7	-6.4	-6.4	-25.7	-5.4	-8.0	...	...	...	...	...
11 *Nov*	P	84.0	-7.0	-4.0	-7.8	-9.9	-5.2	-16.2	-6.9	-6.3	-0.4	0.3	-2.1	4.3	-1.2
Dec	P	74.2	-6.5	-4.0	-8.1	-8.1	-6.4	-8.5	-6.4	-7.2	-2.0	-0.1	-0.8	1.6	-1.2
12 *Jan*	P	78.4	-2.6	0.9	-6.0	-3.5	-3.6	-	-2.3	-5.1	-2.0	-1.1	-1.8	1.2	-2.6
Feb	P	80.8	-3.2	-2.3	-9.0	-5.2	7.9	-2.6	-4.7	8.9	-1.9	-2.8	-4.1	0.3	-5.6
Mar	P	82.7	-10.5	-8.2	-14.3	-13.1	-3.1	-12.6	-11.0	-5.6	-2.1	-1.3	-2.0	1.4	-3.7
Apr	P	72.3	-8.4	-7.5	-15.5	-8.2	-0.2	-6.0	-9.7	3.5	-2.7	-3.5	-4.9	-1.3	-5.1
May	P	82.0	-5.9	-3.0	-12.7	-6.7	0.3	-16.0	-6.5	2.3	-2.4	-2.9	-2.0	-2.0	-4.1
Jun	P	80.7	-6.9	-3.1	-13.6	-8.0	-1.9	-42.7	-6.9	-1.7	-1.8	-2.3	-1.1	-1.2	-3.9
Jul	P	82.5	-2.9	-1.4	-7.2	-4.8	4.9	-35.6	-2.7	0.5	-2.4	-2.6	-2.6	-0.9	-4.6
Aug	P	62.5	-2.5	-2.9	-5.8	-4.6	4.2	-21.0	-3.1	2.5	-1.3	-1.4	-0.7	0.5	-4.0
Sep	P	74.6	-12.1	-12.0	-19.1	-12.2	-1.9	-26.7	-12.7	-4.4	-2.5	-2.8	-2.9	-1.2	-4.3
Oct	P	81.8	0.9	2.7	-2.2	-0.9	5.7	-15.9	1.1	2.0	-3.0	-3.4	-2.5	-3.6	-4.3
Nov	P	78.1	-7.0	-5.8	-12.9	-7.4	-0.9	-23.5	-7.4	-1.3	-4.1	-4.6	-3.0	-4.7	-6.0
Dec	P	67.8	-8.6	-13.0	-6.0	-10.6	0.1	-22.2	-9.6	-1.3	-1.7	-2.3	-1.0	-1.8	-4.5
13 *Jan*	P	75.7	-3.4	-5.7	-1.2	-2.0	-4.0	-20.1	-3.0	-4.7	-1.3	-2.9	2.0	-2.6	-3.1
Feb	P	73.9	-8.5	-6.5	-7.8	-10.5	-8.9	-31.1	-7.8	-11.3	...	...	...	...	...

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.

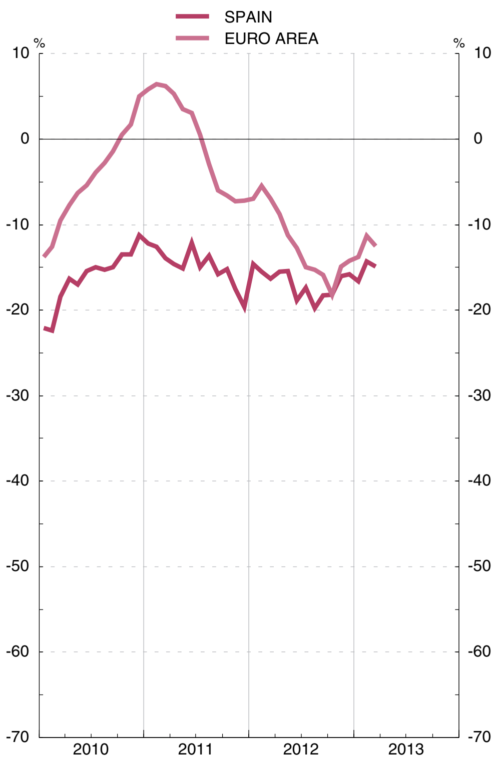
3.5. MONTHLY BUSINESS SURVEY: INDUSTRY AND CONSTRUCTION. SPAIN AND EURO AREA (NACE 2009)

■ Series depicted in chart.

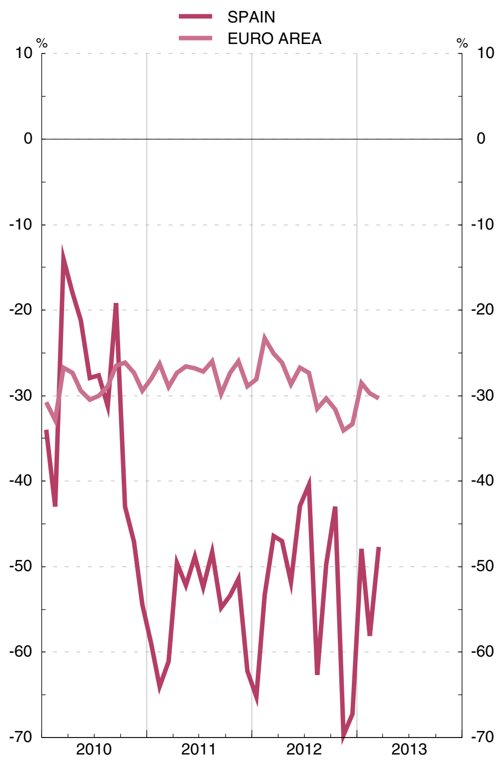
Percentage balances

		Industry, excluding construction										Construction					Memorandum item: euro area (b)		
		Business climate 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)	Business climate indicator: Con-sum-ption (a)	Business climate indicator: In-vest-ment (a)	Business climate indicator: In-ter-me-diate goods (a)	Business climate indicator: Other sec-tors (a)	Business climate indicator	Produc-tion	Orders	Trend: Produc-tion	Trend: Orders	Industry, excluding construction: Business climate indicator	Industry, excluding construction: Order Book	Construc-tion climate indicator
		1 ■	2	3	4	5	6	7	8	9	10	11 ■	12	13	14	15	16 ■	17	18 ■
10	M	-16	-8	-1	-37	-29	11	-10	-14	-18	-52	-32	-19	-31	-26	-33	-5	-25	-29
11	M	-15	-12	-3	-31	-24	11	-10	-12	-17	-45	-55	-23	-48	-46	-45	0	-7	-27
12	M	-17	-20	-4	-37	-26	9	-10	-15	-22	-15	-53	-21	-47	-45	-59	-12	-25	-29
12 *J-M*	M	-15	-23	-5	-34	-24	8	-11	-14	-19	-8	-55	-28	-42	-50	-59	-7	-15	-26
13 *J-M*	M	-15	-20	-3	-33	-25	9	-10	-15	-20	-7	-51	-25	-46	-44	-48	-13	-30	-30
11 *Dec*		-20	-30	-7	-38	-30	14	-10	-26	-25	-34	-62	-19	-43	-65	-62	-7	-16	-29
12 *Jan*		-15	-25	-2	-36	-26	6	-10	-15	-18	-9	-65	-14	-50	-67	-66	-7	-16	-28
Feb		-16	-26	-4	-33	-26	10	-13	-15	-19	-6	-53	-40	-46	-49	-51	-6	-14	-23
Mar		-16	-19	-8	-32	-19	9	-10	-13	-21	-7	-46	-29	-31	-34	-61	-7	-16	-25
Apr		-16	-19	-4	-34	-22	9	-8	-12	-23	-9	-47	7	-33	-31	-67	-9	-19	-26
May		-15	-18	-2	-36	-25	8	-9	-14	-20	-17	-52	-26	-52	-42	-65	-11	-23	-29
Jun		-19	-15	-9	-39	-28	9	-7	-18	-25	-33	-43	-14	-43	-45	-63	-13	-26	-27
Jul		-17	-18	-3	-41	-27	9	-10	-9	-25	-25	-40	-14	-43	-17	-47	-15	-28	-27
Aug		-20	-22	-8	-41	-27	10	-10	-23	-24	-30	-63	-27	-60	-56	-62	-15	-29	-32
Sep		-18	-17	-4	-39	-25	12	-10	-18	-24	-30	-50	-43	-58	-24	-38	-16	-30	-30
Oct		-18	-22	-7	-39	-26	9	-12	-16	-24	-5	-43	-25	-32	-55	-55	-18	-35	-32
Nov		-16	-18	-2	-38	-29	8	-11	-14	-22	-2	-70	-10	-63	-43	-73	-15	-32	-34
Dec		-16	-27	-1	-38	-29	9	-12	-12	-23	-3	-67	-19	-56	-71	-62	-14	-31	-33
13 *Jan*		-17	-24	-5	-37	-30	9	-12	-14	-23	-3	-48	-27	-41	-58	-56	-14	-32	-29
Feb		-14	-18	-3	-32	-20	9	-7	-16	-18	-18	-58	-23	-52	-49	-50	-11	-28	-30
Mar		-15	-18	-3	-31	-24	11	-11	-16	-18	-2	-48	-26	-44	-23	-39	-13	-31	-30

INDUSTRIAL BUSINESS CLIMATE
Percentage balances



CONSTRUCTION BUSINESS CLIMATE
Percentage balances



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

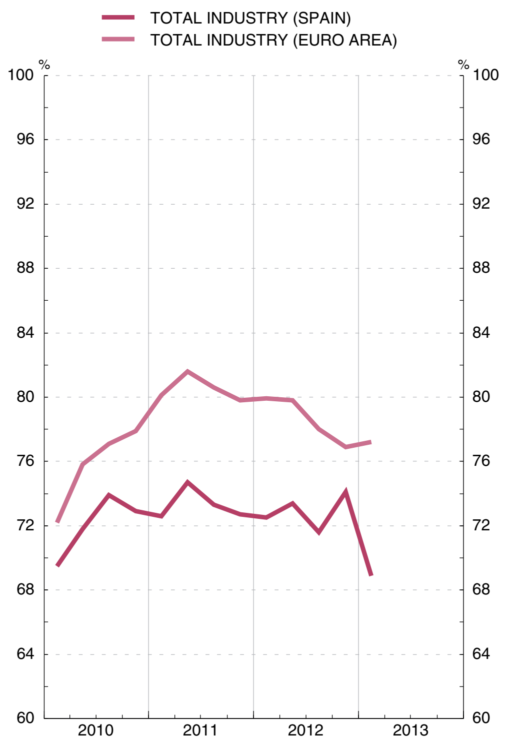
3.6. BUSINESS SURVEY: CAPACITY UTILISATION. SPAIN AND EURO AREA (NACE 2009)

■ Series depicted in chart.

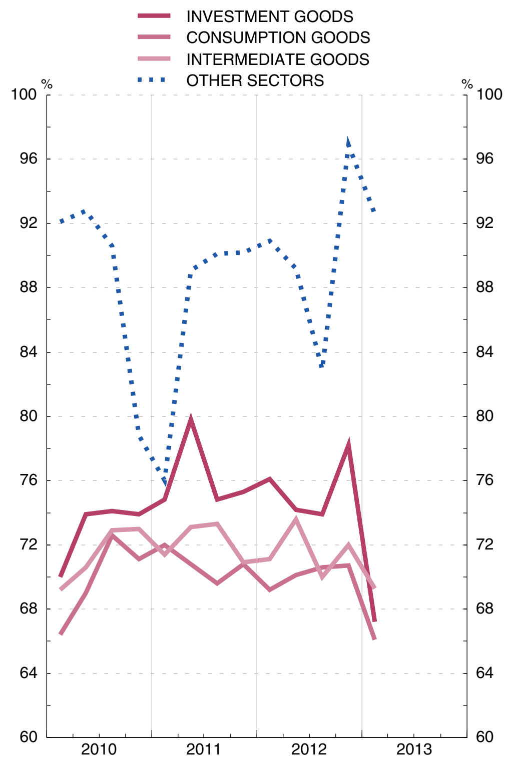
Percentages and percentage balances

	Total industry			Consumer goods			Investment goods			Intermediate goods			Other sectors (a)			Memorandum item: euro area capacity utilisation
	Capacity utilisation		Installed capacity	Capacity utilisation		Installed capacity	Capacity utilisation		Installed capacity	Capacity utilisation		Installed capacity	Capacity utilisation		Installed capacity	(b)
	Over last three months (%)	Forecast (%)	(Per-centage balan-ces)	Over last three months (%)	Forecast (%)	(Per-centage balan-ces)	Over last three months (%)	Forecast (%)	(Per-centage balan-ces)	Over last three months (%)	Forecast (%)	(Per-centage balan-ces)	Over last three months (%)	Forecast (%)	(Per-centage balan-ces)	(%)
	1 ■	2	3	4 ■	5	6	7 ■	8	9	10 ■	11	12	13 ■	14	15	16 ■
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	75.8
11	73.3	73.7	18	70.8	71.8	17	76.2	75.2	16	72.2	72.7	22	86.4	87.6	4	80.5
12	72.9	73.6	21	70.2	71.0	16	75.6	76.1	16	71.7	72.0	30	90.0	93.3	3	78.7
12 *Q1-Q1*	72.5	73.4	23	69.2	70.3	20	76.1	75.9	15	71.1	72.3	31	90.9	90.9	4	79.9
13 *Q1-Q1*	68.9	70.1	24	66.1	66.9	16	67.2	69.3	19	69.3	70.5	34	92.6	92.5	-	77.2
10 *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	77.1
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	77.9
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	80.1
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	-	81.6
Q3	73.3	73.4	20	69.6	70.7	20	74.8	73.5	16	73.3	73.5	22	90.1	90.0	6	80.6
Q4	72.7	72.0	21	70.8	71.3	17	75.3	72.6	24	70.9	70.4	23	90.2	90.1	8	79.8
12 *Q1*	72.5	73.4	23	69.2	70.3	20	76.1	75.9	15	71.1	72.3	31	90.9	90.9	4	79.9
Q2	73.4	74.6	21	70.1	71.4	15	74.2	75.3	16	73.6	74.6	30	89.2	92.9	5	79.8
Q3	71.6	72.3	21	70.6	70.9	16	73.9	75.2	19	70.0	69.8	27	82.9	92.6	1	78.0
Q4	74.1	73.9	21	70.7	71.5	13	78.2	77.8	14	72.0	71.2	31	96.9	96.9	1	76.9
13 *Q1*	68.9	70.1	24	66.1	66.9	16	67.2	69.3	19	69.3	70.5	34	92.6	92.5	-	77.2

CAPACITY UTILISATION. TOTAL INDUSTRY
Percentages



CAPACITY UTILISATION. BY TYPE OF GOOD
Percentages



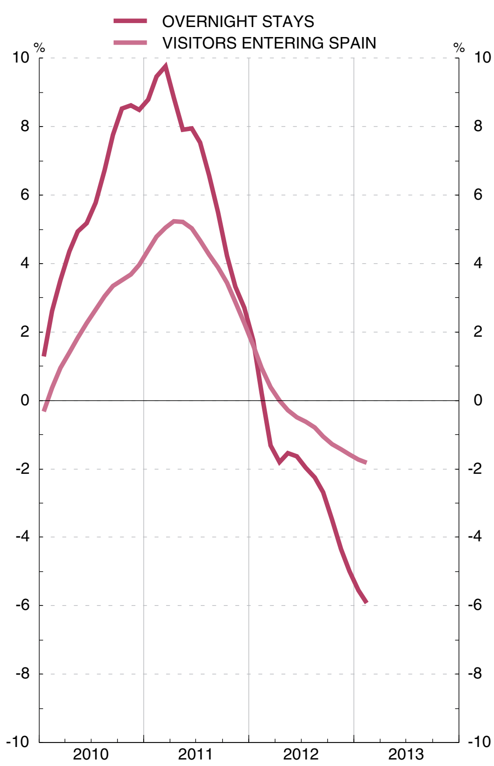
Sources: Ministerio de Industria, Energía y Turismo and ECB.
a. Includes mining and quarrying, manufacture of coke and refined petroleum products, and nuclear fuels.
b. To April 2010, NACE 1993; from May 2010, NACE 2009.

3.7. TOURISM AND TRANSPORT STATISTICS. SPAIN

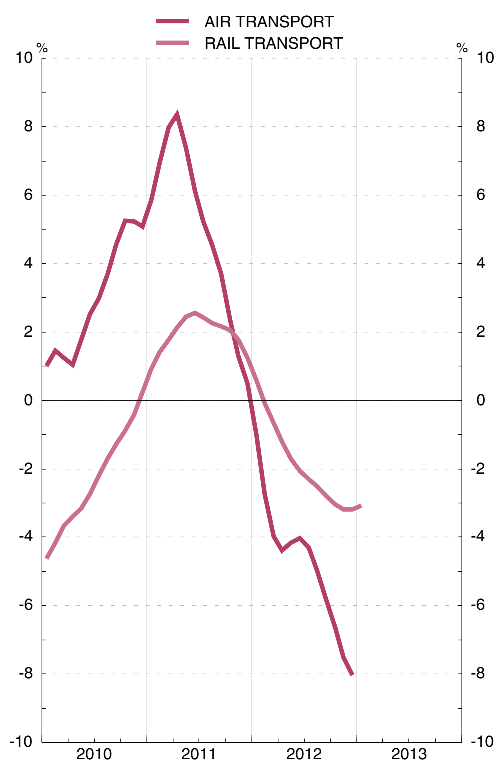
■ Series depicted in chart. *Annual percentage changes*

		Hotel stays (a)		Overnight stays		Visitors entering Spain			Air transport				Maritime transport		Rail transport	
									Passengers							
		Total	Foreig-ners	Total	Foreig-ners	Total	Tourists	Day-trip-pers	Total	Domestic flights	Interna-tional flights	Freight	Passen-gers	Freight	Passen-gers	Freight
		1	2	3 ■	4	5 ■	6	7	8 ■	9	10	11	12	13	14 ■	15
10		5.7	10.6	5.5	7.6	2.0	1.0	3.4	3.0	1.3	4.1	15.8	2.8	4.6	-2.8	-3.0
11	P	3.8	10.6	6.4	12.7	5.8	6.6	4.7	6.1	-0.4	10.5	2.2	-5.4	5.8	2.6	7.9
12	P	...	...	...	...	-0.1	2.8	-3.9	-5.0	-12.5	-0.5	-4.9	-0.4	4.1	-1.9	-1.5
12 *J-F*	P	0.5	3.1	1.2	3.6	-2.2	3.1	-7.2	-4.3	-9.9	-0.2	-3.9	10.8	9.5	2.4	1.8
13 *J-F*	P	-8.3	-2.5	-6.5	-1.1	-3.7	-1.3	-6.1	...	...	...	...	...	...	...	...
11 *Nov*	P	-1.6	1.2	2.1	6.4	1.3	3.2	-0.9	-2.1	-7.0	1.9	-1.6	-0.5	6.9	3.4	4.8
Dec	P	-1.4	3.1	2.0	7.7	1.5	3.4	-0.2	4.1	-1.5	8.8	-2.3	-5.9	12.8	2.2	-9.7
12 *Jan*	P	2.6	4.6	3.4	6.1	-1.3	5.8	-7.7	-3.0	-7.4	0.2	-5.0	8.3	8.7	2.4	3.6
Feb	P	-1.5	1.4	-0.6	1.2	-3.0	0.5	-6.6	-5.7	-12.2	-0.6	-2.8	13.7	10.3	2.5	0.1
Mar	P	-0.6	0.4	-3.5	-3.8	-1.7	2.5	-6.4	-7.0	-15.0	-1.1	-6.6	20.0	9.5	-1.8	-10.5
Apr	P	-4.0	-2.8	-4.8	-4.6	-5.1	-1.7	-9.4	-7.2	-14.1	-3.0	-3.5	0.8	5.8	-2.1	1.7
May	P	-0.4	2.1	0.4	3.5	1.5	5.8	-5.1	-3.8	-10.1	-0.1	-5.1	-5.5	4.7	-2.6	4.0
Jun	P	-2.3	1.4	-1.3	2.7	-2.2	4.7	-12.8	-1.3	-8.4	2.5	-0.7	0.7	7.5	-3.3	-3.9
Jul	P	-3.7	3.0	-1.4	4.3	2.2	4.4	-1.3	-2.5	-8.6	0.7	-4.2	-12.1	6.6	-2.2	-4.0
Aug	P	-3.2	1.0	-2.1	3.5	4.2	5.0	3.2	-3.0	-10.1	0.6	-12.6	0.2	0.8	-1.0	-1.9
Sep	P	-1.7	5.5	-0.1	5.8	3.3	5.1	0.4	-3.5	-12.6	1.3	-4.3	-1.2	5.7	-5.8	-13.9
Oct	P	-5.4	-1.4	-3.6	0.4	-4.8	-3.2	-7.4	-7.1	-14.2	-3.3	-3.1	-1.7	4.2	-0.3	15.6
Nov	P	-2.7	1.9	-5.1	0.5	-0.0	0.2	-0.2	-9.9	-21.1	-1.7	-5.3	-1.2	-4.4	-5.0	-3.2
Dec	P	-5.7	-0.6	-5.1	1.7	-0.9	-1.3	-0.6	-10.3	-18.2	-4.5	-6.2	0.1	-6.4	-3.8	-0.5
13 *Jan*	P	-7.8	-2.3	-5.2	-0.4	-4.3	-2.6	-6.0	...	...	...	...	...	...	-2.2	...
Feb	P	-8.7	-2.6	-7.7	-1.8	-3.0	-0.0	-6.3	...	...	...	...	...	...	...	...

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. Because hotel directories are updated at different times, data for different years are not directly comparable. Chaining coefficients are available for the periods 2005, June 2009-May 2010 and July 2010-July 2011.

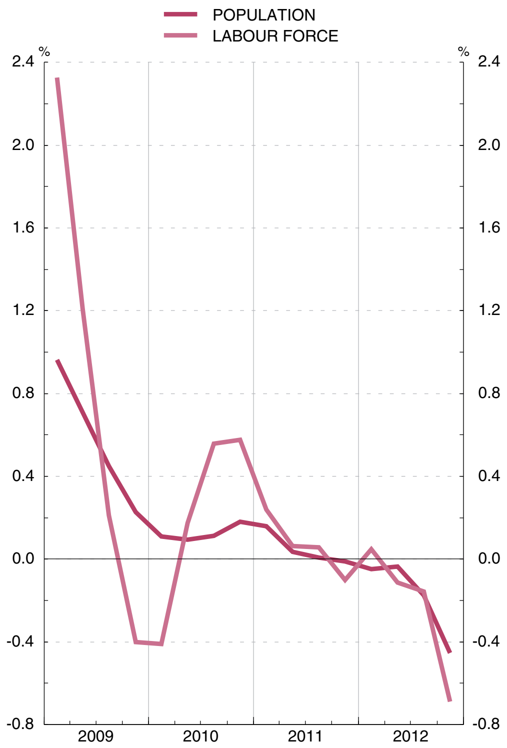
4.1. LABOUR FORCE. SPAIN

■ Series depicted in chart.

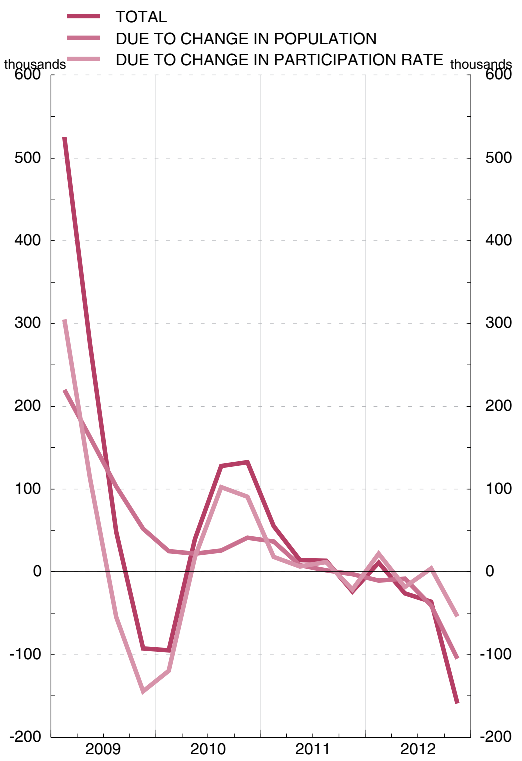
Thousands and annual percentage changes

	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 ■
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
11 M	38 497	18	0.0	60.01	23 104	15	11	4	0.1
11 *Q1-Q4* M	38 497	18	0.0	60.01	23 104	59	44	15	0.1
12 *Q1-Q4* M	38 429	-69	-0.2	59.99	23 051	-210	-165	-46	-0.2
10 *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
Q2	38 481	13	0.0	60.12	23 137	14	8	6	0.1
Q3	38 488	2	0.0	60.11	23 135	13	1	12	0.1
Q4	38 508	-4	-0.0	59.94	23 081	-24	-3	-21	-0.1
12 *Q1*	38 494	-18	-0.0	59.94	23 073	11	-11	22	0.0
Q2	38 467	-14	-0.0	60.08	23 110	-26	-8	-18	-0.1
Q3	38 420	-68	-0.2	60.12	23 098	-36	-41	4	-0.2
Q4	38 333	-175	-0.5	59.80	22 922	-159	-105	-54	-0.7

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

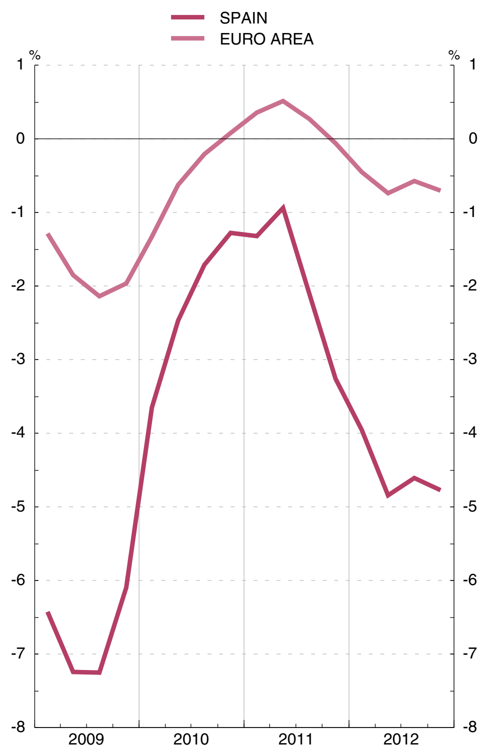
4.2. EMPLOYMENT AND WAGE-EARNERS. SPAIN AND EURO AREA

■ Series depicted in chart.

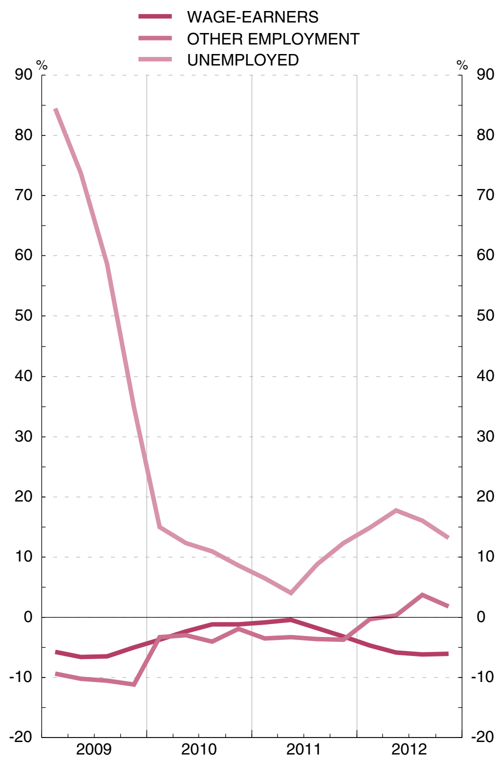
Thousands and annual percentage changes

	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
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	9.60
10 M	18 457	-431	-2.3	15 347	-334	-2.1	3 110	-98	-3.0	4 632	483	11.6	20.07	-0.5	10.14
11 M	18 105	-352	-1.9	15 105	-241	-1.6	2 999	-110	-3.6	4 999	367	7.9	21.64	0.3	10.17
11 *Q1-Q4* M	18 105	-352	-1.9	15 105	-241	-1.6	2 999	-110	-3.6	4 999	367	7.9	21.64	0.3	10.17
12 *Q1-Q4* M	17 282	-823	-4.5	14 242	-864	-5.7	3 040	41	1.4	5 769	770	15.4	25.03	-0.6	11.36
10 *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	10.18
Q3	18 547	-323	-1.7	15 456	-194	-1.2	3 090	-130	-4.0	4 575	451	10.9	19.79	-0.2	10.13
Q4	18 408	-238	-1.3	15 314	-178	-1.2	3 094	-59	-1.9	4 697	370	8.6	20.33	0.1	10.10
11 *Q1*	18 152	-243	-1.3	15 121	-133	-0.9	3 031	-110	-3.5	4 910	298	6.4	21.29	0.4	9.95
Q2	18 303	-174	-0.9	15 292	-71	-0.5	3 011	-103	-3.3	4 834	188	4.1	20.89	0.5	9.91
Q3	18 156	-391	-2.1	15 179	-277	-1.8	2 977	-114	-3.7	4 978	404	8.8	21.52	0.3	10.21
Q4	17 808	-601	-3.3	14 829	-485	-3.2	2 978	-116	-3.7	5 274	577	12.3	22.85	-0.1	10.59
12 *Q1*	17 433	-719	-4.0	14 411	-710	-4.7	3 022	-9	-0.3	5 640	729	14.9	24.44	-0.4	10.91
Q2	17 417	-886	-4.8	14 397	-895	-5.9	3 020	9	0.3	5 693	859	17.8	24.63	-0.7	11.27
Q3	17 320	-836	-4.6	14 233	-946	-6.2	3 087	110	3.7	5 778	800	16.1	25.02	-0.6	11.50
Q4	16 957	-850	-4.8	13 926	-904	-6.1	3 032	53	1.8	5 965	692	13.1	26.02	-0.7	11.77

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.

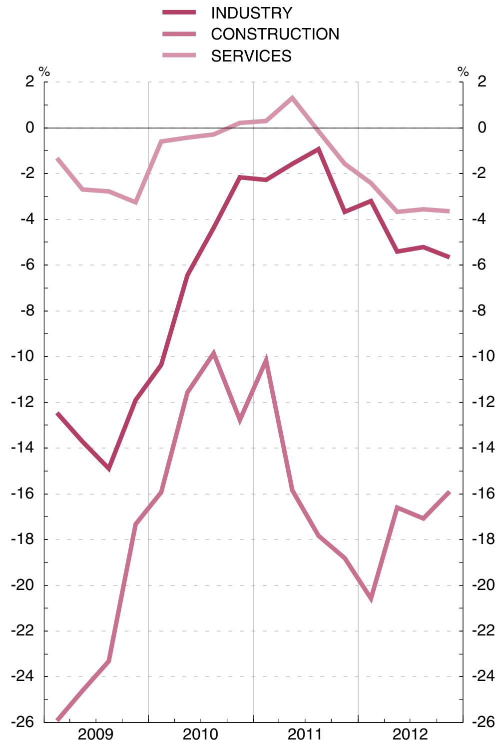
4.3. EMPLOYMENT BY BRANCH OF ACTIVITY. SPAIN (a)

■ Series depicted in chart.

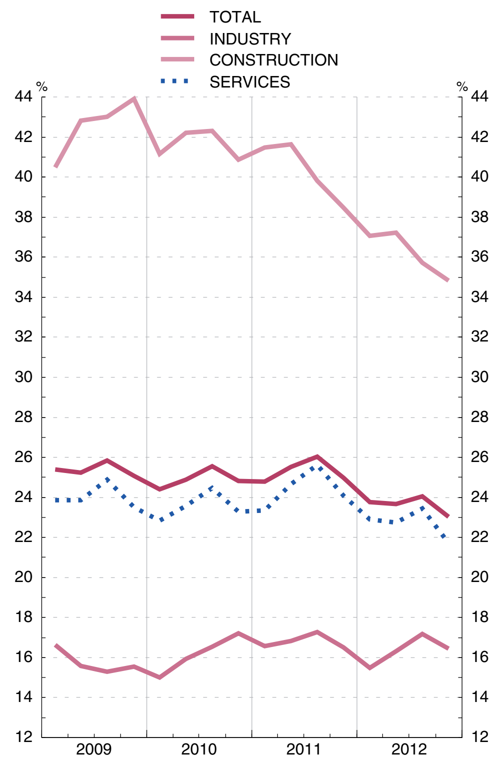
Annual percentage changes

	Total			Agriculture			Industry			Construction			Services			Memorandum item:
	Employ-ment	Wage-earners	Propor-tion of temporary em-ploy-ment	Employ-ment	Wage-earners	Propor-tion of temporary em-ploy-ment	Employ-ment	Wage-earners	Propor-tion of temporary em-ploy-ment	Employ-ment	Wage-earners	Propor-tion of temporary 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
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
11 M	-1.9	-1.6	25.3	-4.1	-3.3	57.3	-2.1	-2.0	16.8	-15.6	-15.7	40.4	-0.0	0.1	24.4	-1.8
11 *Q1-Q4* M	-1.9	-1.6	25.3	-4.1	-3.3	57.3	-2.1	-2.0	16.8	-15.6	-15.7	40.4	-0.0	0.1	24.4	-3.4
12 *Q1-Q4* M	-4.5	-5.7	23.6	-0.9	-1.5	59.6	-4.9	-5.8	16.4	-17.6	-22.6	36.2	-3.3	-4.3	22.7	-4.9
10 *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
Q2	-0.9	-0.5	25.5	-4.8	-3.8	56.2	-1.6	-1.8	16.8	-15.9	-15.6	41.7	1.3	1.6	24.7	-0.8
Q3	-2.1	-1.8	26.0	-6.1	-8.4	54.2	-0.9	-0.5	17.3	-17.8	-18.5	39.8	-0.2	0.0	25.6	-1.9
Q4	-3.3	-3.2	25.0	0.5	3.2	59.8	-3.7	-4.5	16.5	-18.8	-20.0	38.5	-1.6	-1.4	24.1	-3.4
12 *Q1*	-4.0	-4.7	23.8	-0.9	-3.2	60.4	-3.2	-4.6	15.5	-20.6	-26.0	37.0	-2.4	-2.6	22.9	-4.1
Q2	-4.8	-5.9	23.7	-1.2	-0.7	58.6	-5.4	-6.5	16.3	-16.6	-20.9	37.2	-3.7	-4.5	22.8	-5.0
Q3	-4.6	-6.2	24.0	1.8	1.0	55.4	-5.2	-6.6	17.2	-17.1	-22.4	35.7	-3.6	-5.0	23.4	-4.9
Q4	-4.8	-6.1	23.0	-3.0	-2.6	64.0	-5.7	-5.7	16.5	-15.9	-20.8	34.8	-3.6	-5.1	21.7	-4.9

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.

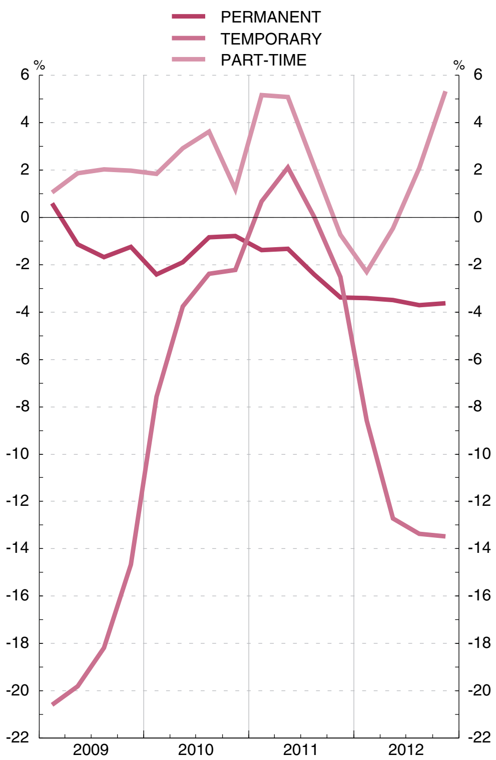
4.4. WAGE-EARNERS BY TYPE OF CONTRACT AND UNEMPLOYMENT BY DURATION. SPAIN. (a)

■ Series depicted in chart.

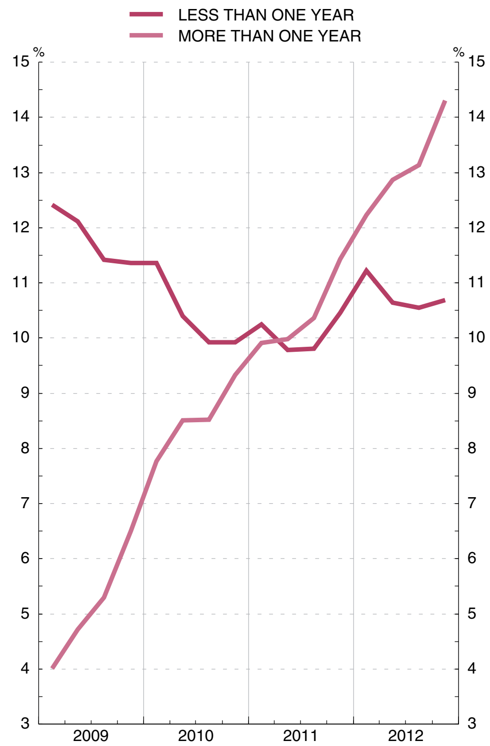
Thousands, annual percentage changes and %

	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
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
11 M	-244	-2.1	3	0.1	25.33	-304	-2.3	63	2.9	14.59	10.07	-3.1	10.42	22.2
11 *Q1-Q4* M	-244	-2.1	3	0.1	25.33	-469	-3.6	63	2.9	14.59	10.07	-3.1	10.42	22.2
12 *Q1-Q4* M	-402	-3.6	-461	-12.1	23.62	-1 019	-8.0	24	1.1	15.65	10.78	6.8	13.14	25.7
10 *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
Q2	-152	-1.3	81	2.1	25.52	-182	-1.4	111	5.1	15.01	9.79	-5.8	9.98	17.4
Q3	-278	-2.4	1	0.0	26.02	-322	-2.4	45	2.2	13.96	9.80	-1.1	10.37	21.7
Q4	-389	-3.4	-96	-2.5	24.98	-469	-3.6	-16	-0.7	14.56	10.45	5.2	11.43	22.4
12 *Q1*	-388	-3.4	-321	-8.6	23.76	-658	-5.1	-52	-2.3	15.21	11.22	9.6	12.23	23.4
Q2	-399	-3.5	-496	-12.7	23.66	-885	-6.8	-10	-0.4	15.87	10.64	8.6	12.87	28.8
Q3	-418	-3.7	-529	-13.4	24.04	-990	-7.6	44	2.1	15.20	10.55	7.5	13.14	26.5
Q4	-404	-3.6	-499	-13.5	23.02	-1 019	-8.0	115	5.3	16.33	10.69	1.6	14.31	24.4

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.

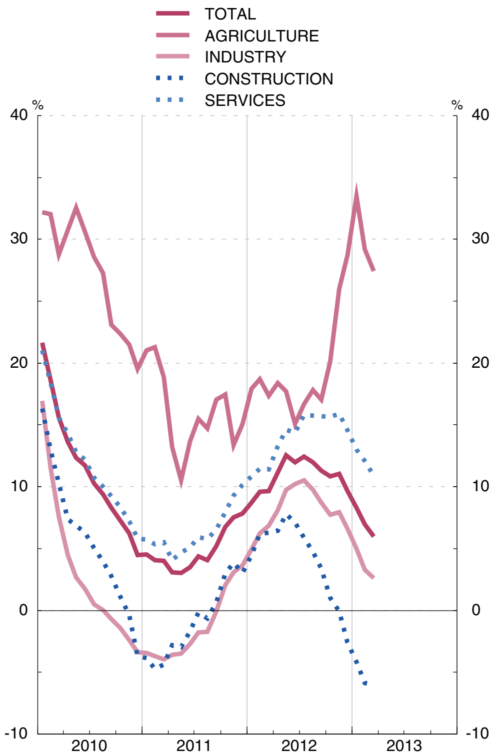
4.5. REGISTERED UNEMPLOYMENT BY BRANCH OF ACTIVITY. CONTRACTS AND PLACEMENTS. SPAIN

■ Series depicted in chart.

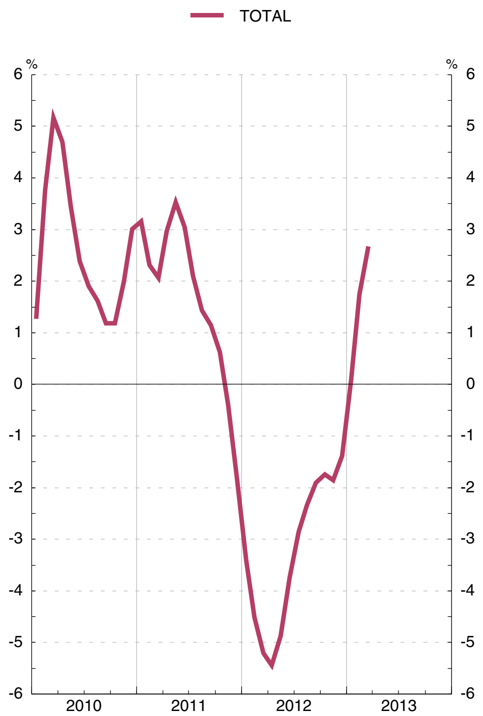
Thousands, annual percentage changes and %

		Registered unemployment										Contracts					Placements	
		Total			First time job-seekers(a)	Previously employed (a)						Total		Percentage of total			Total	
		Thou-sands	Annual change Thou-sands	12 month % change	12 month % change	12-month % change Total	Agri-culture	Branches other than agriculture Total	Industry	Construc-tion	Services	Thou-sands	12 month % change	Perma-nent	Part time	Tempo-rary	Thou-sands	12 month % change
		1	2	3 ■	4	5	6 ■	7	8 ■	9 ■	10 ■	11	12	13	14	15	16	17 ■
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
11	M	4 257	196	4.8	12.9	4.1	16.0	3.8	-1.3	-0.9	6.3	1 203	0.1	7.74	30.69	92.26	1 213	1.9
12	M	4 720	463	10.9	3.4	11.6	19.3	11.3	8.1	4.2	14.1	1 147	-4.6	7.88	33.83	92.12	1 169	-3.7
12 *J-M*	M	4 688	400	9.3	5.4	9.7	18.0	9.4	6.0	5.6	11.2	1 008	-7.8	8.22	30.89	91.78	1 020	-6.4
13 *J-M*	M	5 019	331	7.1	-6.8	8.4	30.0	7.5	3.6	-5.4	12.0	1 007	-0.1	9.63	33.88	90.37	1 021	0.1
12 *Feb*		4 712	413	9.6	5.5	10.0	18.7	9.7	6.2	6.2	11.4	959	-5.2	7.77	30.87	92.23	970	-3.4
Mar		4 751	417	9.6	5.6	10.0	17.4	9.8	6.9	6.3	11.4	1 027	-11.1	9.59	32.41	90.41	1 036	-9.7
Apr		4 744	475	11.1	8.0	11.4	18.4	11.2	8.1	6.5	13.2	1 003	-6.0	8.98	33.46	91.02	1 023	-5.6
May		4 714	524	12.5	10.0	12.8	17.7	12.6	9.8	7.8	14.6	1 204	-6.6	7.97	32.79	92.03	1 221	-6.5
Jun		4 615	493	12.0	7.3	12.4	15.1	12.3	10.2	7.1	14.3	1 284	-2.2	7.13	34.78	92.87	1 282	-1.7
Jul		4 587	508	12.4	4.5	13.2	16.7	13.1	10.5	5.9	15.8	1 352	0.2	6.74	37.00	93.26	1 357	0.9
Aug		4 626	495	12.0	2.3	12.9	17.8	12.7	9.8	4.7	15.7	1 022	-3.7	6.05	33.65	93.95	1 035	-3.7
Sep		4 705	479	11.3	-0.9	12.5	17.0	12.4	8.7	3.4	15.7	1 241	-10.9	7.90	36.33	92.10	1 351	-8.3
Oct		4 834	473	10.8	-2.1	12.1	20.1	11.8	7.8	1.0	15.7	1 427	10.2	9.15	38.08	90.85	1 469	10.2
Nov		4 908	487	11.0	-2.3	12.3	26.0	11.8	8.0	-0.1	15.9	1 152	-5.4	8.70	34.81	91.30	1 153	-4.4
Dec		4 849	426	9.6	-2.6	10.8	28.7	10.1	6.6	-2.6	14.6	1 059	-9.2	7.31	32.42	92.69	1 071	-8.1
13 *Jan*		4 981	381	8.3	-5.4	9.5	33.5	8.6	5.0	-4.2	13.0	1 102	6.1	9.13	31.98	90.87	1 112	5.6
Feb		5 040	328	7.0	-6.9	8.3	29.2	7.4	3.3	-5.9	12.1	950	-1.0	9.64	33.86	90.36	962	-0.8
Mar		5 035	284	6.0	-8.3	7.3	27.4	6.5	2.6	-6.0	10.9	970	-5.6	10.11	35.80	89.89	989	-4.6

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.

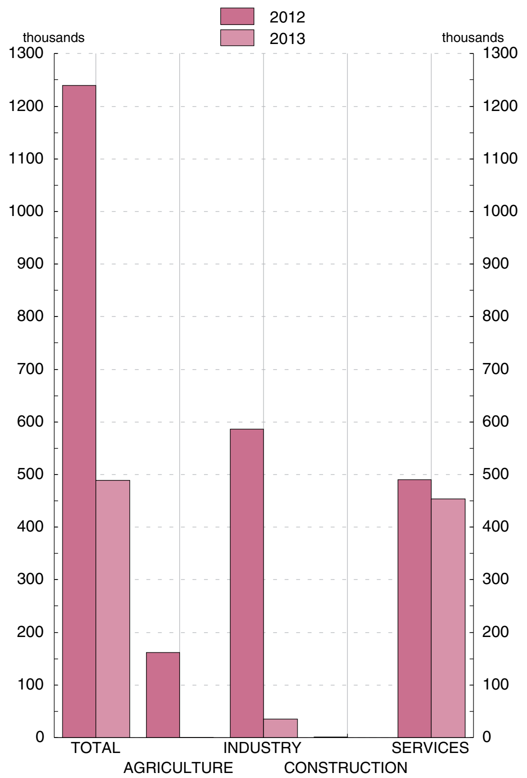
4.6. COLLECTIVE BARGAINING AGREEMENTS

■ Series depicted in chart.

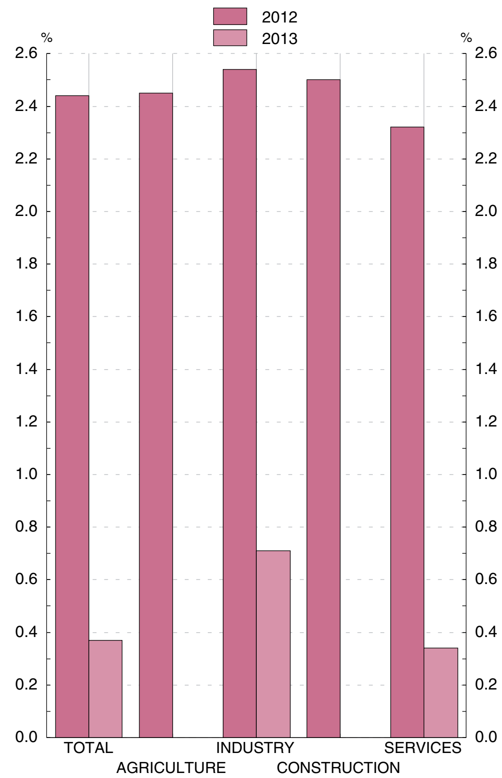
Thousands and %

	As per month economic effects come into force(a)		As per month recorded														
			Employees affected (a)								Average wage settlement (%)						
	Em- ployees affec- ted 1	Average wage settle- ment (b)(c) 2	Automa- tic adjust- ment 3	Newly- signed agree- ments 4	Total 5 ■	Annual change 6	Agricul- ture (d) 7 ■	Indus- try (d) 8 ■	Construc- tion (d) 9 ■	Services (d) 10 ■	Auto- matic adjust- ment 11	Newly signed agree- ments 12	Total 13 ■	Agricul- ture (d) 14 ■	Indus- try (d) 15 ■	Construc- tion (d) 16 ■	Services (d) 17 ■
10	10 794	2.16	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	9 836	2.43	5 110	1 157	6 267	-826	415	1 752	1 026	3 075	2.68	1.58	2.48	2.49	2.71	1.52	2.67
12	6 128	1.57	4 399	1 679	6 078	-189	392	1 323	417	3 947	1.54	0.69	1.31	1.81	1.41	1.07	1.25
11 *Aug*	9 691	2.45	4 506	518	5 024	968	351	1 309	919	2 445	2.77	1.60	2.65	2.53	3.04	1.52	2.88
Sep	9 785	2.44	4 513	609	5 122	-7	352	1 374	919	2 476	2.77	1.64	2.63	2.54	2.99	1.52	2.87
Oct	9 830	2.44	4 777	731	5 508	-694	372	1 404	932	2 800	2.73	1.73	2.60	2.51	2.99	1.52	2.78
Nov	9 832	2.44	4 972	1 092	6 064	-900	412	1 693	964	2 994	2.71	1.61	2.51	2.49	2.76	1.52	2.69
Dec	9 836	2.43	5 110	1 157	6 267	-826	415	1 752	1 026	3 075	2.68	1.58	2.48	2.49	2.71	1.52	2.67
12 *Jan*	5 685	1.61	1 225	15	1 240	-133	162	587	2	490	2.45	1.71	2.44	2.45	2.54	2.50	2.32
Feb	5 716	1.61	1 641	29	1 671	-559	164	648	2	856	2.33	1.13	2.31	2.47	2.49	2.50	2.14
Mar	5 718	1.61	2 063	41	2 105	-676	164	678	2	1 260	2.18	1.05	2.16	2.47	2.46	2.59	1.95
Apr	5 976	1.58	2 182	48	2 231	-794	164	699	2	1 365	2.16	1.15	2.14	2.47	2.44	2.59	1.94
May	5 983	1.58	2 356	349	2 705	-1 301	242	724	2	1 737	1.92	0.83	1.78	2.15	1.99	2.54	1.63
Jun	6 006	1.57	2 525	386	2 911	-1 808	243	747	21	1 900	1.86	0.85	1.73	2.15	1.96	1.20	1.58
Jul	6 017	1.57	2 842	415	3 257	-1 747	243	784	83	2 147	1.66	0.85	1.56	2.15	1.73	1.05	1.44
Aug	6 017	1.57	2 970	646	3 615	-1 408	244	881	234	2 256	1.60	0.87	1.47	2.15	1.57	1.02	1.40
Sep	6 083	1.56	3 212	1 231	4 443	-679	273	1 062	270	2 838	1.53	0.70	1.30	2.09	1.44	1.04	1.19
Oct	6 128	1.57	3 273	1 560	4 834	-674	295	1 100	343	3 096	1.50	0.69	1.24	1.94	1.42	1.03	1.13
Nov	6 128	1.57	4 175	1 618	5 794	-270	384	1 232	381	3 797	1.52	0.69	1.29	1.62	1.42	1.04	1.24
Dec	6 128	1.57	4 399	1 679	6 078	-189	392	1 323	417	3 947	1.54	0.69	1.31	1.81	1.41	1.07	1.25
13 *Jan*	489	0.37	471	17	489	-751	0	35	...	453	0.34	1.04	0.37	-	0.71	...	0.34

EMPLOYEES AFFECTED
January-January



AVERAGE WAGE SETTLEMENT
January-January



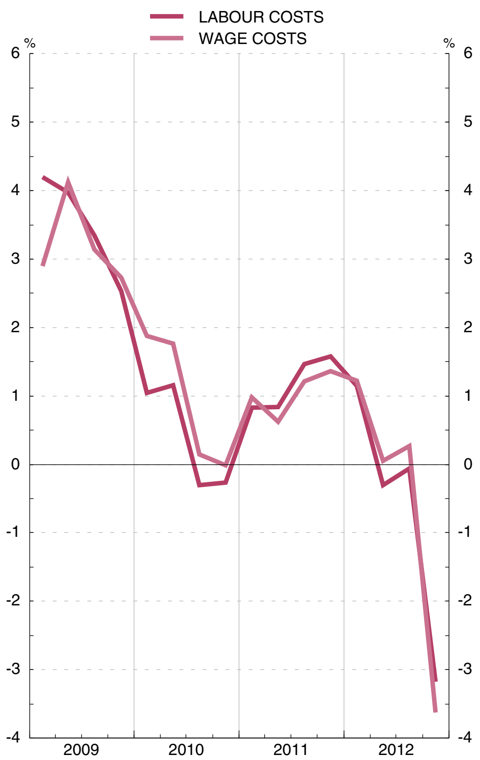
Source: Ministerio de Empleo y Seguridad Social, Estadística de Convenios Colectivos de Trabajo. Avance mensual.
a. Cumulative data.
b. Includes revisions arising from indexation clauses, except in 2012.
c. The information on the number of collective bargaining agreements registered to 31 January 2013 with economic effects in 2013 is not homogeneous with respect to that of the same period a year earlier. The agreements registered to 31 January 2012 included 568 multi-year agreements with economic effects prior to 2012.
d. To December 2008, NACE 1993; from January 2009, NACE 2009.

4.7. QUARTERLY LABOUR COSTS SURVEY

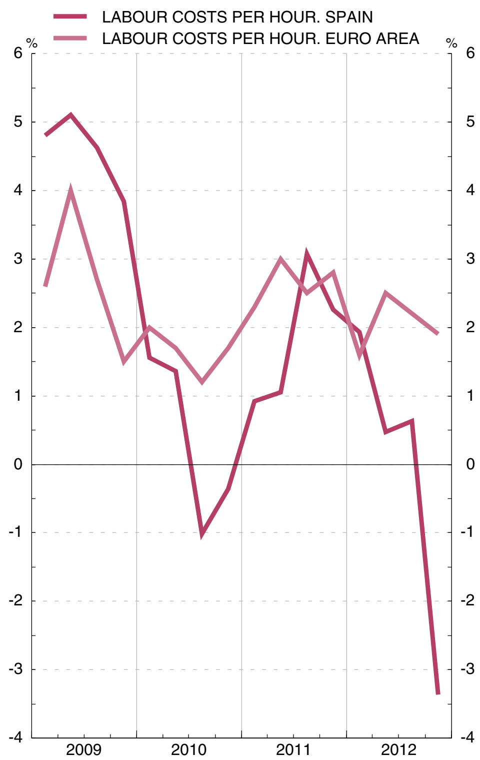
■ Series depicted in chart. *Annual percentage change*

	Labour costs					Wage costs					Other costs per worker and month	memoramdum item: total hourly costs (a)	
	Per worker and per month				Per hour worked	Per worker and per month				Per hour worked		Spain (b)	Euro area (c)
	Total	Industry	Construc-tion	Services		Total	Industry	Construc-tion	Services				
	1 ■	2	3	4	5	6 ■	7	8	9	10	11	12 ■	13 ■
09 M	3.5	3.1	5.4	3.5	5.6	3.2	2.1	5.2	3.2	5.3	4.3	4.6	2.7
10 M	0.4	2.3	0.1	0.2	0.6	0.9	2.9	0.8	0.5	1.1	-1.1	0.3	1.7
11 M	1.2	1.7	2.8	1.0	2.2	1.0	2.8	2.5	0.5	2.1	1.6	1.9	2.7
11 *Q1-Q4* M	1.2	1.7	2.8	1.0	2.2	1.0	2.8	2.5	0.5	2.1	1.6	1.9	2.7
12 *Q1-Q4* M	-0.6	1.9	1.5	-1.3	-0.1	-0.6	1.2	1.3	-1.1	-0.1	-0.8	-0.2	2.1
10 *Q2*	1.2	2.5	0.4	1.1	0.8	1.8	3.0	1.4	1.6	1.4	-0.6	1.4	1.7
Q3	-0.3	2.1	-0.9	-0.6	-1.4	0.1	2.9	-0.9	-0.4	-0.9	-1.5	-1.0	1.2
Q4	-0.3	2.3	0.2	-0.8	1.1	-	2.8	0.6	-0.7	1.3	-1.0	-0.4	1.7
11 *Q1*	0.8	1.3	2.8	0.6	-	1.0	3.0	2.3	0.3	0.2	0.4	0.9	2.3
Q2	0.8	1.6	3.0	0.6	1.5	0.6	3.1	3.2	-0.2	1.3	1.5	1.1	3.0
Q3	1.5	2.2	1.8	1.4	4.8	1.2	2.8	1.9	0.8	4.5	2.2	3.1	2.5
Q4	1.6	1.8	3.3	1.5	2.5	1.4	2.3	2.4	1.1	2.2	2.2	2.3	2.8
12 *Q1*	1.1	2.6	2.3	0.8	1.4	1.2	1.9	1.3	1.0	1.5	0.9	1.9	1.6
Q2	-0.3	2.6	2.6	-1.0	0.7	-	2.1	2.2	-0.5	1.0	-1.4	0.5	2.5
Q3	-0.1	1.8	1.0	-0.4	-	0.3	1.0	1.2	0.0	0.3	-0.9	0.6	2.2
Q4	-3.2	0.7	0.0	-4.2	-2.2	-3.6	-0.2	0.4	-4.7	-2.7	-1.8	-3.4	1.9

PER WORKER AND MONTH
Annual percentage change



PER HOUR WORKED
Annual percentage change



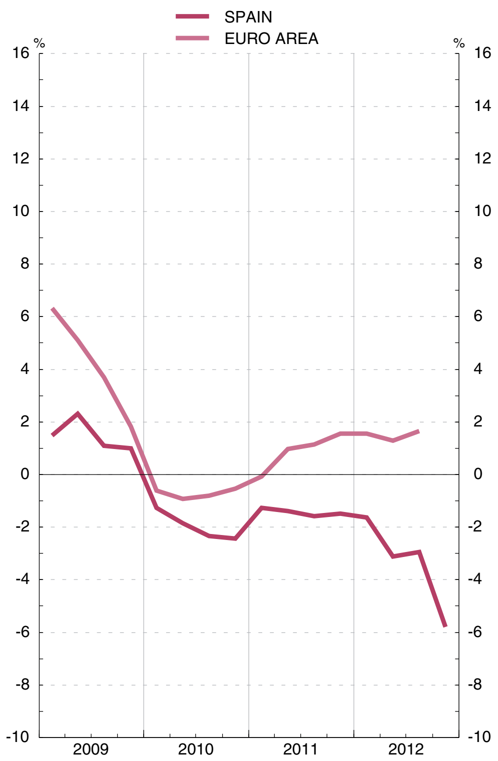
Sources: INE (Quarterly Labour Costs Survey and Harmonised Labour Costs Index) and Eurostat.
Note: The underlying series for this indicator are in Tables 24.25, 24.26 and 24.27 of de BE Boletín estadístico.
a. Working day adjusted.
b. Harmonised Labour Costs Index.
c. Whole economy, excluding agriculture, public administration, education, health and services not classified elsewhere.

4.8. UNIT LABOUR COSTS. SPAIN AND EURO AREA (a)

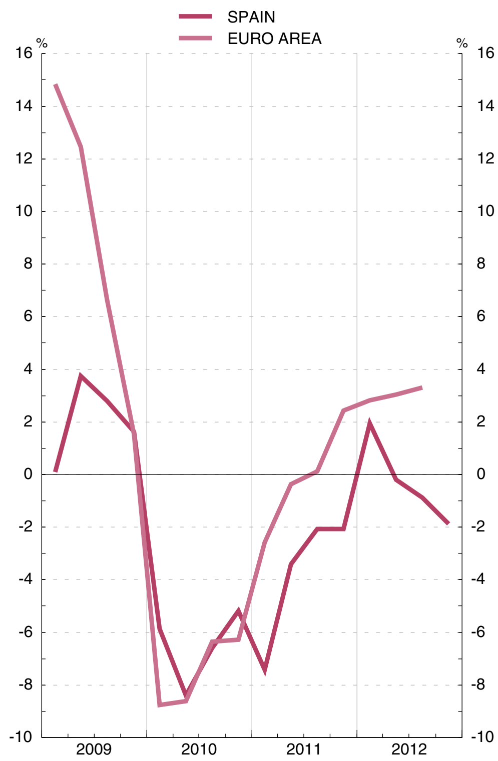
■ Series depicted in chart. *Annual percentage changes*

		Unit labour costs				Whole-economy				Memorandum items			
		Whole-economy		Industry		Compensation per employee		Productivity		GDP (volume measures)		Employment Whole-economy	
		Spain	Euro area	Spain	Euro area	Spain (b)	Euro area	Spain	Euro area	Spain	Euro area	Spain (b)	Euro area
		1 ■	2 ■	3 ■	4 ■	5	6	7	8	9	10	11	12
10	P	-2.0	-0.7	-6.5	-7.5	0.3	1.8	2.3	2.5	-0.3	2.0	-2.5	-0.5
11	P	-1.4	0.9	-3.8	-0.1	0.7	2.1	2.2	1.2	0.4	1.5	-1.7	0.3
12	P	-3.4	...	-0.3	...	-0.3	...	3.2	...	-1.4	-0.5	-4.4	...
10 *Q1*	P	-1.3	-0.6	-5.9	-8.8	1.4	1.7	2.7	2.3	-1.5	1.0	-4.1	-1.3
Q2	P	-1.9	-0.9	-8.4	-8.6	0.8	2.0	2.7	2.9	-0.2	2.3	-2.8	-0.6
Q3	P	-2.3	-0.8	-6.6	-6.4	-0.4	1.7	2.0	2.5	0.0	2.3	-1.9	-0.2
Q4	P	-2.4	-0.5	-5.2	-6.3	-0.7	1.6	1.7	2.2	0.4	2.3	-1.4	0.1
11 *Q1*	P	-1.3	-0.1	-7.4	-2.6	0.6	2.0	1.9	2.1	0.5	2.4	-1.4	0.4
Q2	P	-1.4	1.0	-3.4	-0.4	0.1	2.1	1.5	1.1	0.5	1.6	-0.9	0.5
Q3	P	-1.6	1.1	-2.1	0.1	0.7	2.2	2.3	1.0	0.6	1.3	-1.6	0.3
Q4	P	-1.5	1.6	-2.1	2.4	1.4	2.2	2.9	0.7	-0.0	0.6	-2.9	-0.1
12 *Q1*	P	-1.6	1.5	2.0	2.8	1.4	2.0	3.1	0.4	-0.7	-0.1	-3.7	-0.5
Q2	P	-3.1	1.3	-0.2	3.0	0.2	1.6	3.5	0.3	-1.4	-0.5	-4.7	-0.7
Q3	P	-2.9	1.7	-0.9	3.3	0.1	1.8	3.1	0.1	-1.6	-0.6	-4.6	-0.7
Q4	P	-5.8	...	-1.9	...	-3.0	...	2.9	...	-1.9	-0.9	-4.7	...

UNIT LABOUR COSTS: TOTAL
Annual percentage changes



UNIT LABOUR COSTS: INDUSTRY
Annual percentage changes



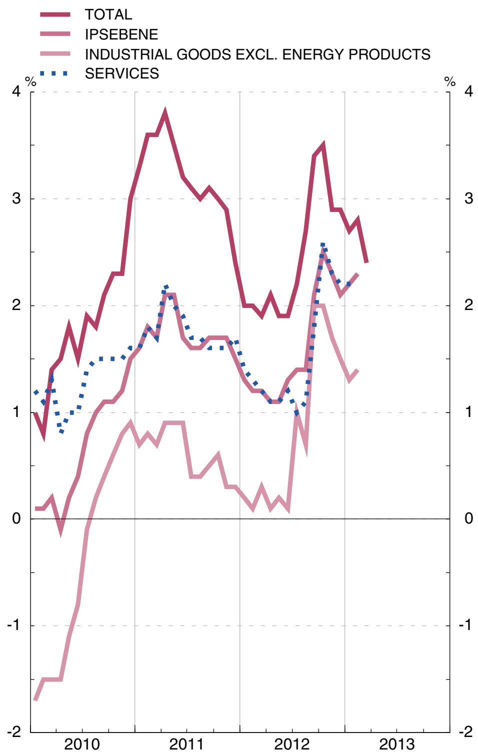
Sources: INE (Quarterly National Accounts of Spain. Base year 2008) and ECB.
a. Spain: prepared in accordance with ESA95. SEASONALLY- AND WORKING-DAY-ADJUSTED SERIES (see economic bulletin April 2002).
b. Full-time equivalent employment.

5.1. CONSUMER PRICE INDEX. SPAIN (2011=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
10	M	96.9	_	1.8	3.0	0.0	1.0	-0.4	12.6	1.3	0.6	100.8	6.2
11	M	100.0	_	3.2	2.4	1.8	3.8	0.6	15.8	1.8	1.7	101.5	0.7
12	M	102.4	_	2.5	2.9	2.3	3.0	0.8	8.9	1.5	1.6	...	...
12 *J-F*	M	100.3	-0.5	2.0	-1.1	1.4	2.8	0.2	8.0	1.4	1.3	102.7	0.7
13 *J-F*	M	103.1	-0.6	2.7	-1.2	3.7	3.6	1.3	5.6	2.2	2.2	...	...
11 *Nov*		101.3	0.4	2.9	2.2	0.8	4.4	0.3	13.8	1.6	1.7	101.6	-0.2
Dec		101.4	0.1	2.4	2.4	0.7	3.1	0.3	10.3	1.7	1.5	100.3	-2.7
12 *Jan*		100.3	-1.1	2.0	-1.1	1.0	2.8	0.2	8.0	1.4	1.3	99.0	0.0
Feb		100.4	0.1	2.0	-1.0	1.8	2.8	0.1	7.9	1.3	1.2	106.7	1.4
Mar		101.1	0.7	1.9	-0.3	1.4	2.7	0.3	7.5	1.2	1.2	110.9	5.1
Apr		102.5	1.4	2.1	1.1	2.1	2.9	0.1	8.9	1.1	1.1	108.5	2.7
May		102.3	-0.1	1.9	0.9	1.1	3.0	0.2	8.3	1.1	1.1	109.0	2.4
Jun		102.1	-0.2	1.9	0.7	2.5	3.8	0.1	6.2	1.2	1.3	110.1	1.3
Jul		101.9	-0.2	2.2	0.5	2.0	3.2	1.0	7.8	1.0	1.4	100.1	9.4
Aug		102.5	0.6	2.7	1.1	2.7	3.2	0.7	11.9	1.1	1.4	105.8	14.7
Sep		103.5	1.0	3.4	2.1	2.8	2.9	2.0	13.4	1.8	2.1	118.5	15.4
Oct		104.4	0.8	3.5	2.9	2.7	3.0	2.0	11.2	2.6	2.5	124.8	20.6
Nov		104.2	-0.1	2.9	2.8	3.3	3.1	1.7	7.5	2.3	2.3	119.7	17.8
Dec		104.3	0.1	2.9	2.9	3.9	3.1	1.5	7.6	2.2	2.1	...	...
13 *Jan*		103.0	-1.3	2.7	-1.3	4.3	3.6	1.3	5.3	2.2	2.2	...	...
Feb		103.1	0.2	2.8	-1.1	3.1	3.6	1.4	5.9	2.2	2.3	...	...

CONSUMER PRICE INDEX. TOTAL AND COMPONENTS
Annual percentage changes



CONSUMER PRICE INDEX. COMPONENTS
Annual percentage changes

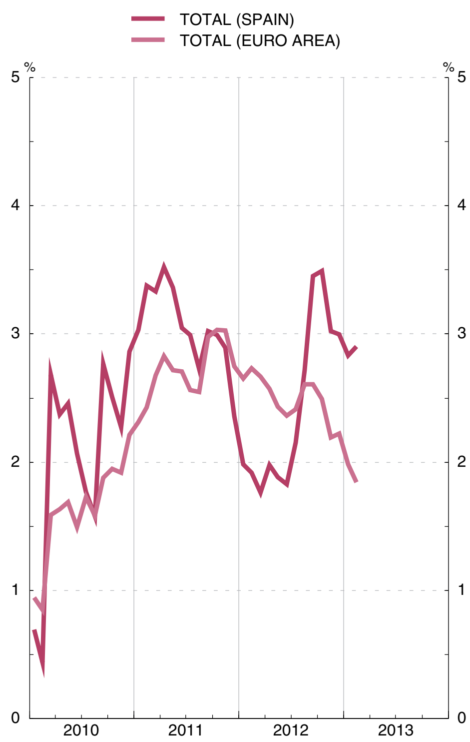
Sources: INE, Ministerio de Agricultura,Alimentación y Medio Ambiente.
Note: The underlying series for this indicator are in Tables 25.2 and 25.8 of the BE Boletín estadístico.
a. For annual periods: average growth for each year on the previous year.
b. For annual periods: December-on-December growth 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)

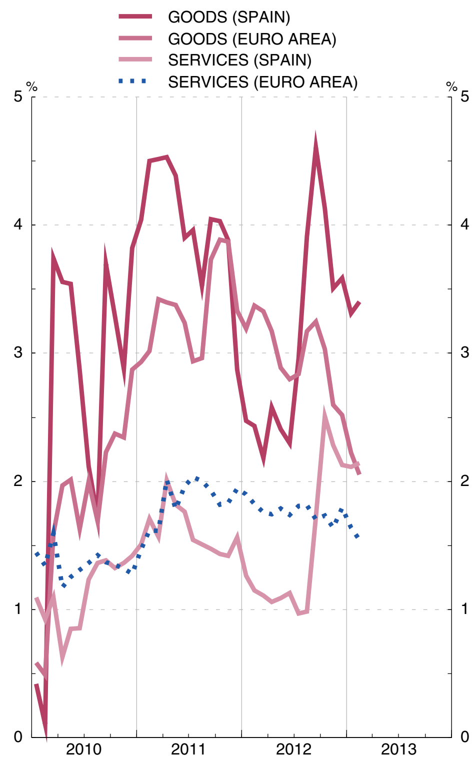
■ Series depicted in chart. *Annual percentage changes*

		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 ■
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
11	M	3.1	2.7	4.0	3.3	2.8	2.7	4.2	3.3	1.3	1.8	4.7	3.7	0.5	0.8	15.7	11.9	1.6	1.8
12	M	2.4	2.5	3.1	3.0	2.6	3.1	3.5	3.1	1.6	3.0	3.4	3.0	1.0	1.2	8.8	7.6	1.5	1.8
12 *J-F*	M	1.9	2.7	2.5	3.3	2.2	3.2	2.9	4.1	1.4	1.9	2.6	3.3	0.3	1.0	7.9	9.4	1.2	1.9
13 *J-F*	MP	2.9	1.9	3.4	2.1	3.7	3.0	3.9	2.3	3.3	4.1	3.2	1.7	1.9	0.8	5.6	3.9	2.1	1.6
11 *Nov*		2.9	3.0	3.9	3.9	3.3	3.4	5.1	4.3	1.5	1.9	4.2	4.1	0.5	1.3	13.7	12.3	1.4	1.8
Dec		2.4	2.7	2.9	3.3	2.3	3.1	3.4	4.1	1.0	1.6	3.2	3.4	0.5	1.2	10.3	9.7	1.6	1.9
12 *Jan*		2.0	2.7	2.5	3.2	2.2	3.1	2.9	4.1	1.4	1.6	2.6	3.2	0.3	0.9	7.9	9.2	1.3	1.9
Feb		1.9	2.7	2.4	3.4	2.1	3.3	2.9	4.1	1.3	2.2	2.6	3.4	0.2	1.0	7.8	9.5	1.1	1.8
Mar		1.8	2.7	2.2	3.3	1.8	3.3	2.9	3.9	0.6	2.2	2.4	3.4	0.3	1.4	7.5	8.5	1.1	1.8
Apr		2.0	2.6	2.6	3.2	2.2	3.1	3.3	3.7	0.9	2.1	2.8	3.2	0.2	1.3	8.9	8.1	1.1	1.7
May		1.9	2.4	2.4	2.9	1.9	2.8	3.5	3.4	0.2	1.8	2.7	3.0	0.4	1.3	8.2	7.3	1.1	1.8
Jun		1.8	2.4	2.3	2.8	2.9	3.2	4.7	3.2	0.9	3.1	2.0	2.6	0.2	1.3	6.2	6.1	1.1	1.7
Jul		2.2	2.4	3.0	2.8	2.3	2.9	4.0	2.9	0.5	2.9	3.3	2.8	1.3	1.5	7.8	6.1	1.0	1.8
Aug		2.7	2.6	3.9	3.2	3.1	3.0	3.9	2.7	2.3	3.5	4.3	3.3	1.0	1.1	11.9	8.9	1.0	1.8
Sep		3.5	2.6	4.6	3.2	3.1	2.9	3.2	2.5	3.0	3.7	5.4	3.4	2.0	1.2	13.3	9.1	1.7	1.7
Oct		3.5	2.5	4.1	3.0	2.9	3.1	3.3	2.4	2.5	4.3	4.8	3.0	2.1	1.1	11.2	8.0	2.5	1.7
Nov		3.0	2.2	3.5	2.6	3.0	3.0	3.4	2.4	2.6	4.1	3.8	2.4	2.2	1.1	7.5	5.7	2.3	1.6
Dec		3.0	2.2	3.6	2.5	3.3	3.2	3.4	2.4	3.3	4.4	3.7	2.2	2.1	1.0	7.6	5.2	2.1	1.8
13 *Jan*		2.8	2.0	3.3	2.2	3.8	3.2	3.9	2.3	3.7	4.8	3.0	1.7	1.9	0.8	5.3	3.9	2.1	1.6
Feb	P	2.9	1.8	3.4	2.1	3.5	2.7	3.9	2.3	3.0	3.5	3.3	1.7	2.0	0.8	5.9	3.9	2.1	1.5

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).

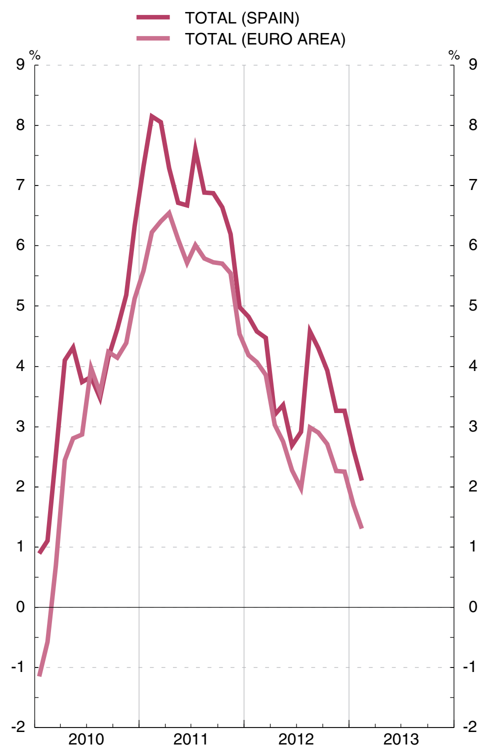
5.3. PRODUCER PRICE INDEX. SPAIN AND EURO AREA (2010 = 100)

■ Series depicted in chart.

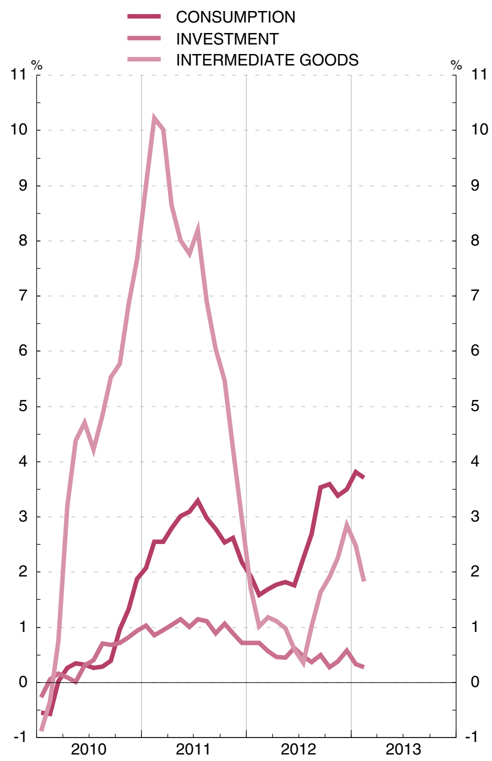
Annual percentage changes

		Total			Consumer goods		Capital goods		Intermediate goods		Energy		Memorandum item: euro area				
													Total	Consumer goods	Capital goods	Intermediate goods	Energy
		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	12-month % change	12-month % change	12-month % change	12-month % change	12-month % change
		1	2	3 ■	4	5 ■	6	7 ■	8	9 ■	10	11	12 ■	13	14	15	16
10	M	100.0	_	3.7	_	0.4	_	0.4	_	3.9	_	10.2	2.7	0.4	0.3	3.6	5.6
11	M	106.9	_	6.9	_	2.7	_	1.0	_	7.2	_	15.3	5.8	3.3	1.5	5.9	11.0
12	M P	111.0	_	3.8	_	2.5	_	0.5	_	1.4	_	9.7	2.9	2.4	1.0	0.8	6.4
12 *J-F*	M	110.1	_	4.7	_	1.8	_	0.7	_	1.4	_	14.2	4.1	3.0	1.3	1.5	9.5
13 *J-F*	M P	112.7	_	2.4	_	3.8	_	0.3	_	2.2	_	2.1	1.5	2.2	0.8	1.0	1.9
11 *Nov*		107.8	0.1	6.2	0.2	2.6	-0.1	0.9	-0.5	4.2	0.9	16.1	5.5	3.6	1.4	3.6	12.0
Dec		107.8	0.0	5.0	0.0	2.2	-0.2	0.7	-0.4	3.0	0.5	13.4	4.5	3.2	1.4	2.8	9.4
12 *Jan*		109.7	1.8	4.8	0.2	1.9	0.3	0.7	0.6	1.7	5.5	14.2	4.2	3.1	1.3	1.7	9.4
Feb		110.5	0.7	4.6	0.2	1.6	0.1	0.7	0.8	1.0	1.5	14.3	4.1	2.9	1.2	1.2	9.5
Mar		111.3	0.7	4.5	0.2	1.7	-0.0	0.6	0.6	1.2	1.5	13.4	3.9	2.8	1.2	1.0	9.0
Apr		110.5	-0.7	3.2	0.4	1.8	0.0	0.5	0.5	1.1	-3.2	8.6	3.0	2.3	1.2	0.6	6.8
May		110.4	-0.1	3.4	0.2	1.8	-0.0	0.4	0.2	1.0	-0.7	9.4	2.8	2.0	1.1	0.5	6.4
Jun		109.7	-0.6	2.7	0.0	1.8	0.3	0.6	-0.5	0.6	-1.9	7.2	2.3	2.0	1.1	0.1	5.1
Jul		110.8	1.0	2.9	0.7	2.2	-0.0	0.5	-0.1	0.4	3.0	7.7	2.0	2.1	1.0	-0.2	4.4
Aug		112.2	1.2	4.6	0.6	2.7	-0.0	0.4	0.5	1.0	3.3	13.0	3.0	2.3	0.9	0.3	7.3
Sep		112.1	-0.1	4.3	0.8	3.5	0.1	0.5	0.4	1.6	-1.5	10.1	2.9	2.5	0.8	0.7	6.4
Oct		111.9	-0.2	3.9	0.0	3.6	-0.1	0.3	-0.1	1.9	-0.6	8.4	2.7	2.5	0.8	1.2	5.2
Nov		111.3	-0.5	3.3	-0.0	3.4	0.0	0.4	-0.2	2.3	-1.7	5.6	2.3	2.4	0.9	1.4	3.8
Dec	P	111.3	0.0	3.3	0.1	3.5	0.0	0.6	0.2	2.9	-0.3	4.8	2.2	2.5	0.9	1.6	3.6
13 *Jan*	P	112.6	1.1	2.6	0.5	3.8	0.0	0.3	0.3	2.5	3.4	2.6	1.7	2.3	0.7	1.3	2.2
Feb	P	112.8	0.2	2.1	0.1	3.7	0.0	0.3	0.2	1.8	0.5	1.6	1.3	2.1	0.8	0.7	1.6

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.

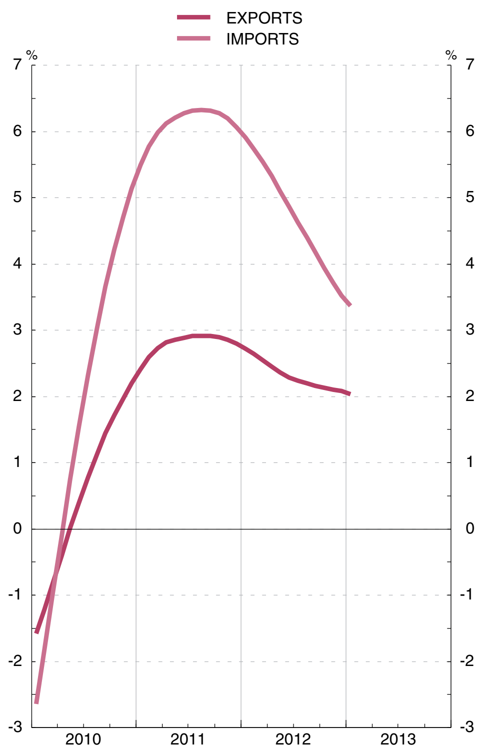
5.4. UNIT VALUE INDICES FOR SPANISH FOREIGN TRADE

■ Series depicted in chart.

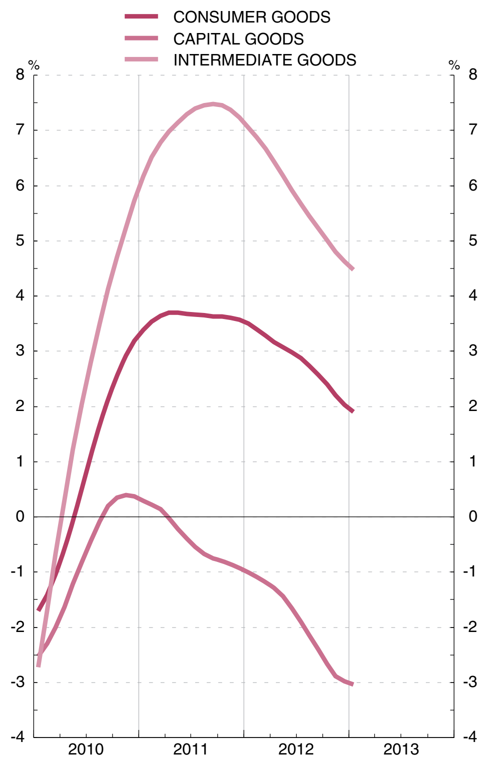
Annual percentage changes

	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
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
11	4.9	3.9	1.5	6.0	30.2	3.5	8.5	5.5	-0.8	10.6	25.6	5.2
12	2.1	5.7	7.0	-0.4	3.1	-0.7	4.6	3.4	-2.1	5.7	10.0	2.3
12 *J-J*	2.0	3.2	14.0	-0.1	0.5	-0.7	5.5	6.9	-2.4	5.9	17.9	1.4
13 *J-J*	2.4	5.2	-7.2	2.3	-4.0	3.1	-0.9	-0.4	2.6	-1.4	-4.3	-1.1
11 *Aug*	2.1	2.1	-6.3	3.3	21.5	2.0	5.3	3.8	-3.3	6.8	21.3	1.2
Sep	3.7	5.3	-3.8	4.0	24.4	2.2	7.1	1.7	-8.3	10.8	25.9	3.7
Oct	6.1	3.3	4.0	7.9	28.1	2.9	8.6	5.1	2.3	10.9	24.4	6.4
Nov	4.2	0.4	4.0	6.6	36.4	0.7	10.7	5.1	1.8	13.8	29.4	7.3
Dec	4.4	2.3	3.5	5.7	23.4	4.5	6.4	6.6	-1.9	7.3	20.0	1.5
12 *Jan*	2.0	3.2	14.0	-0.1	0.5	-0.7	5.5	6.9	-2.4	5.9	17.9	1.4
Feb	5.1	4.9	14.3	3.9	10.2	2.4	7.8	4.8	-0.9	9.6	16.7	4.1
Mar	3.7	8.5	7.9	0.1	1.2	-1.2	8.5	4.4	3.0	10.5	13.2	5.7
Apr	-0.4	3.1	1.9	-2.6	-0.1	-2.5	4.0	-0.2	0.0	5.6	10.9	1.6
May	2.1	4.4	2.5	1.1	3.6	0.9	7.0	0.6	6.9	9.0	10.6	6.9
Jun	0.5	6.4	5.3	-3.3	-3.8	-3.4	4.6	6.9	2.7	4.2	5.7	2.5
Jul	-0.1	3.5	1.8	-2.2	0.9	-3.1	1.0	6.1	-4.1	-0.0	3.0	-1.7
Aug	2.1	6.3	7.3	-0.1	7.6	-0.7	5.8	4.3	-4.7	7.1	15.6	-0.9
Sep	3.3	5.1	13.3	1.7	6.6	0.8	5.5	4.8	7.1	5.4	11.7	1.4
Oct	0.0	5.4	3.9	-3.1	5.9	-1.8	4.6	4.4	-10.0	6.0	10.2	2.8
Nov	2.1	7.5	10.9	-2.1	-1.7	1.1	-1.3	-0.7	-15.1	-0.2	1.9	-1.3
Dec	4.4	10.0	1.1	1.7	6.9	-0.2	2.5	-1.7	-8.1	5.3	3.1	5.5
13 *Jan*	2.4	5.2	-7.2	2.3	-4.0	3.1	-0.9	-0.4	2.6	-1.4	-4.3	-1.1

EXPORT AND IMPORT UNIT VALUE INDICES (a)



IMPORT UNIT VALUE INDICES BY PRODUCT GROUP (a)



Sources: ME, MHAP 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).

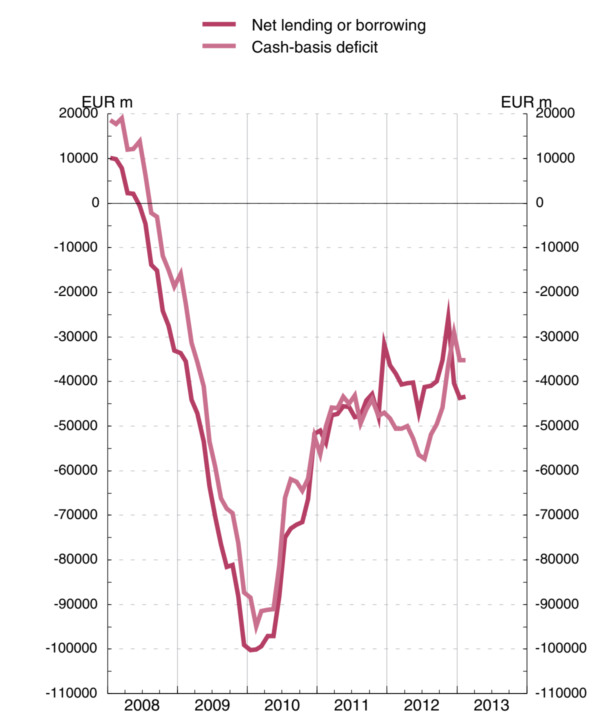
6.1. STATE RESOURCES ANS USES ACCORDING TO THE NACIONAL ACCOUNTS. SPAIN

■ Series depicted in chart.

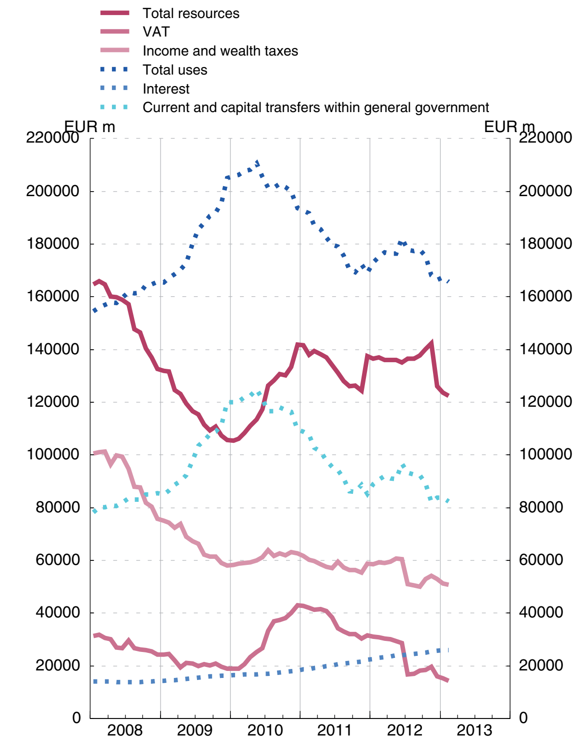
EUR millions

	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
08	-33 125	132 614	24 277	12 715	6 989	75 803	12 830	165 739	19 179	14 224	85 576	5 724	41 036	-18 747	129 336	148 082
09	-99 130	105 783	18 919	11 586	8 125	58 156	8 997	204 913	20 176	16 392	120 013	5 617	42 715	-87 281	102 038	189 319
10	A -51 764	141 912	42 914	11 800	7 724	62 704	16 770	193 676	20 479	18 190	109 619	4 145	41 243	-52 235	127 337	179 572
11	A -31 671	137 518	31 575	8 034	7 499	58 806	31 604	169 189	20 151	22 434	85 154	3 920	37 530	-46 950	104 145	151 095
12	A -40 391	126 081	15 917	5 653	7 556	53 049	43 906	166 472	19 013	25 757	83 914	2 037	35 751	-29 013	123 344	152 357
12 *J-F*	A -20 522	9 044	3 362	1 195	491	3 425	571	29 566	2 823	4 021	16 648	4	6 070	-9 196	23 063	32 258
13 *J-F*	A -23 571	5 295	1 702	1 194	140	1 109	1 150	28 866	2 822	4 330	15 014	63	6 637	-15 411	17 449	32 860
12 *Feb*	A -11 117	4 904	1 953	514	65	2 150	222	16 021	1 436	1 958	8 784	1	3 842	-155	13 868	14 024
Mar	A 214	13 790	4 375	463	1 259	6 296	1 397	13 576	1 455	2 084	7 348	15	2 674	-3 624	5 516	9 140
Apr	A -5 241	7 130	443	727	356	4 806	798	12 371	1 617	2 031	6 060	62	2 601	3 625	17 158	13 532
May	A -10 823	1 744	-980	578	210	328	1 608	12 567	1 465	2 135	6 420	53	2 494	-10 599	186	10 785
Jun	A -6 851	12 904	3 666	507	140	6 047	2 544	19 755	2 593	1 978	12 050	243	2 891	-13 254	3 112	16 366
Jul	A -5 064	7 565	-12 002	-1 941	106	-4 442	25 844	12 629	1 153	2 149	7 016	29	2 282	2 091	19 165	17 074
Aug	A -1 583	7 929	356	824	61	4 809	1 879	9 512	1 408	2 103	3 578	48	2 375	-8 234	-1 374	6 860
Sep	A 3 977	15 028	6 116	1 055	581	5 776	1 500	11 051	1 544	1 988	4 941	47	2 531	4 537	13 260	8 723
Oct	A 2 465	13 645	1 892	758	-92	9 778	1 309	11 180	1 449	2 233	4 919	73	2 506	9 093	21 768	12 675
Nov	A -2 542	8 533	1 237	908	150	4 261	1 977	11 075	1 549	2 177	4 619	98	2 632	-2 178	6 464	8 642
Dec	A 5 579	28 769	7 452	579	4 294	11 965	4 479	23 190	1 957	2 858	10 315	1 365	6 695	-1 275	15 027	16 301
13 *Jan*	A -12 734	1 643	804	711	108	-414	434	14 377	1 409	2 297	7 654	91	2 926	-15 252	5 789	21 041
Feb	A -10 837	3 652	898	483	32	1 523	716	14 489	1 413	2 033	7 360	-28	3 711	-160	11 660	11 820

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



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



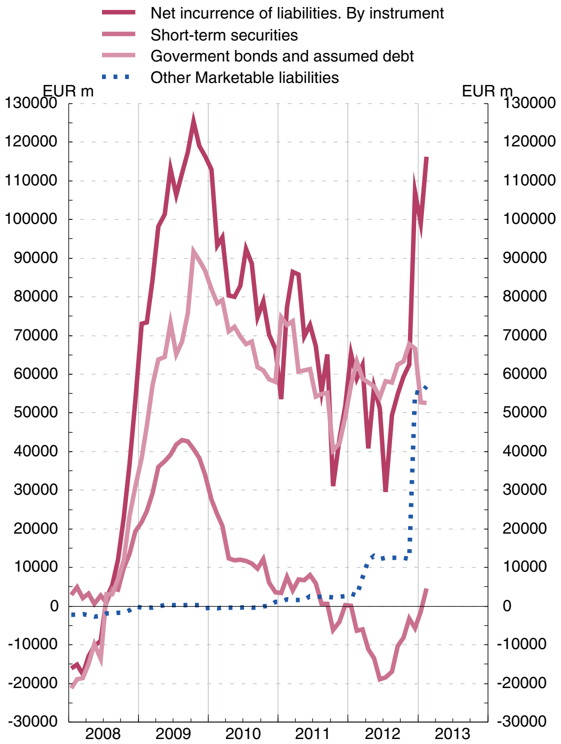
Source: Ministerio de Hacienda y Administraciones Públicas (IGAE).

6.2. STATE FINANCIAL TRANSACTIONS. SPAIN

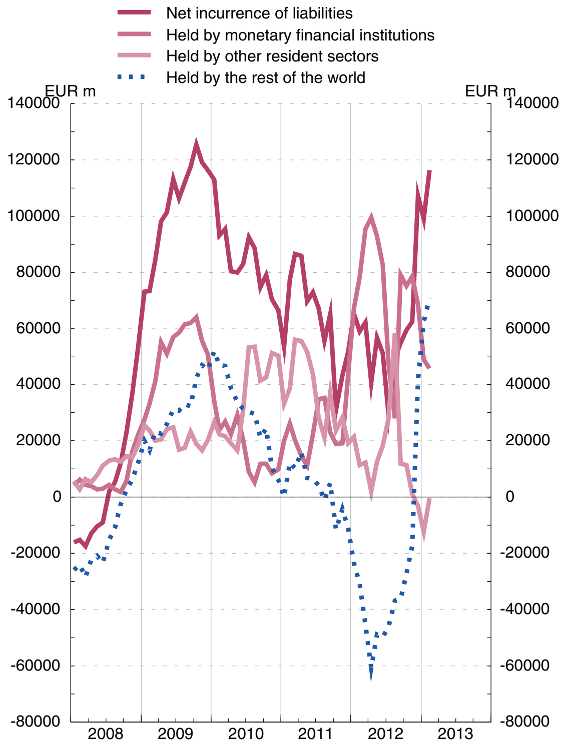
■ Series depicted in chart. *EUR millions*

	Net lending (+) or net borrowing(-)	Net acquisition of financial assets		Net incurrence of liabilities											Net incurrence of liabilities (excluding other accounts payable)
			Of which		Of which	By instrument					By counterpart sector				
											Held by resident sectors			Rest of the world	
		Total	Deposits at the Banco de España	Total	In currencies other than the peseta/ euro	Short-term securities	Goverment bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Other accounts payable	Total	Monetary financial institutions	Other resident sectors		
	1	2	3	4 ■	5	6 ■	7 ■	8	9 ■	10	11	12 ■	13 ■	14 ■	15
08	-33 125	19 881	4 337	53 006	1 227	19 355	30 868	-520	-40	3 343	40 774	22 233	18 541	12 232	49 664
09	-99 130	17 203	-4 197	116 333	1 524	34 043	86 835	-535	-510	-3 500	71 031	50 819	20 212	45 302	119 833
10	A -51 764	14 737	-5	66 501	-726	3 616	57 958	-544	1 145	4 325	60 204	9 809	50 396	6 297	62 176
11	A -31 671	20 054	-75	51 725	-1 442	312	48 941	-537	2 625	384	62 870	43 784	19 086	-11 145	51 341
12	A -40 391	66 735	2 275	107 126	-2 704	-5 749	66 585	-542	55 444	-8 612	65 464	68 591	-3 127	41 662	115 738
12 *J-F*	A -20 522	5 156	19 274	25 888	22	-5 445	27 117	-	660	3 556	37 579	36 118	1 461	-11 691	22 332
13 *J-F*	A -23 571	11 421	-2 400	34 992	1 507	4 924	13 104	-	2 099	14 864	17 556	13 365	4 191	17 436	20 128
12 *Feb*	A -11 117	1 600	19 483	12 927	11	-4 508	14 172	-	3	3 260	14 754	13 444	1 311	-1 827	9 667
Mar	A 214	10 625	-1 998	10 201	-753	-2 067	8 964	-	4 668	-1 364	22 607	19 824	2 783	-12 406	11 565
Apr	A -5 241	-17 156	-3 999	-11 915	-9	-5 515	-10 926	-542	4 373	695	2 064	1 881	184	-13 980	-12 610
May	A -10 823	-3 185	-13 401	7 638	11	-1 887	7 329	-	1 196	1 000	6 209	-1 987	8 195	1 429	6 638
Jun	A -6 851	-1 320	-0	5 531	-48	-2 908	6 590	-	113	1 736	5 487	914	4 573	44	3 795
Jul	A -5 064	-16 236	0	-11 172	11	757	-11 530	-	347	-745	-10 955	-36 822	25 868	-217	-10 427
Aug	A -1 583	1 840	-0	3 423	10	-1 219	5 385	-	24	-767	-2 710	-21 525	18 814	6 133	4 190
Sep	A 3 977	17 935	-0	13 958	-1 962	7 316	13 792	-	-55	-7 094	6 365	50 822	-44 457	7 594	21 052
Oct	A 2 465	-6 054	-0	-8 519	0	463	-6 796	-	-11	-2 174	-11 141	-4 558	-6 583	2 622	-6 345
Nov	A -2 542	15 251	4 400	17 793	7	5 206	14 493	-	-10	-1 897	5 624	5 410	215	12 169	19 690
Dec	A 5 579	59 879	-1 999	54 300	7	-450	12 169	-	44 140	-1 559	4 334	18 514	-14 180	49 965	55 859
13 *Jan*	A -12 734	-7 920	-1 910	4 814	6	3 401	-958	-	247	2 123	-6 002	2 952	-8 954	10 815	2 690
Feb	A -10 837	19 341	-490	30 178	1 501	1 523	14 061	-	1 853	12 741	23 558	10 413	13 145	6 620	17 437

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



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



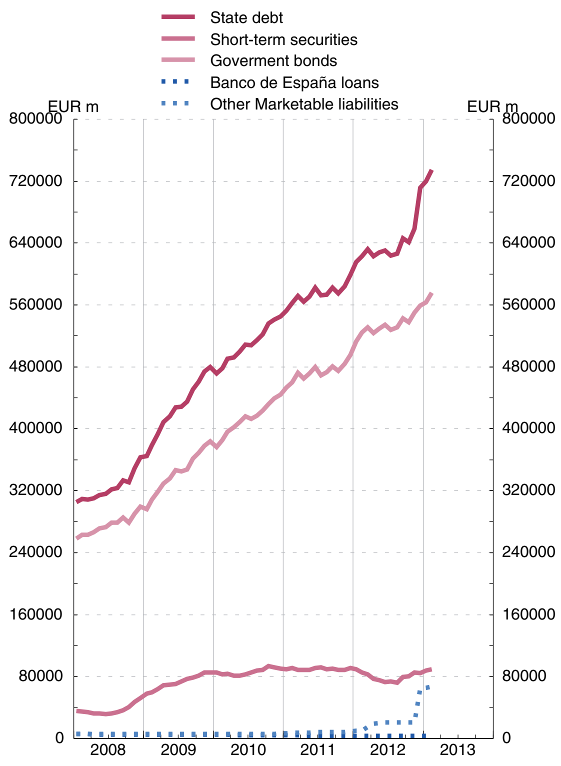
Source: BE.
a.Includes other loans, non-negotiable securities, coined money and Caja General de Depósitos (General Deposit Fund).

6.3. STATE. LIABILITIES OUTSTANDING ACCORDING TO THE METHODOLOGY OF EXCESSIVE DEFICIT PROCEDURE. SPAIN

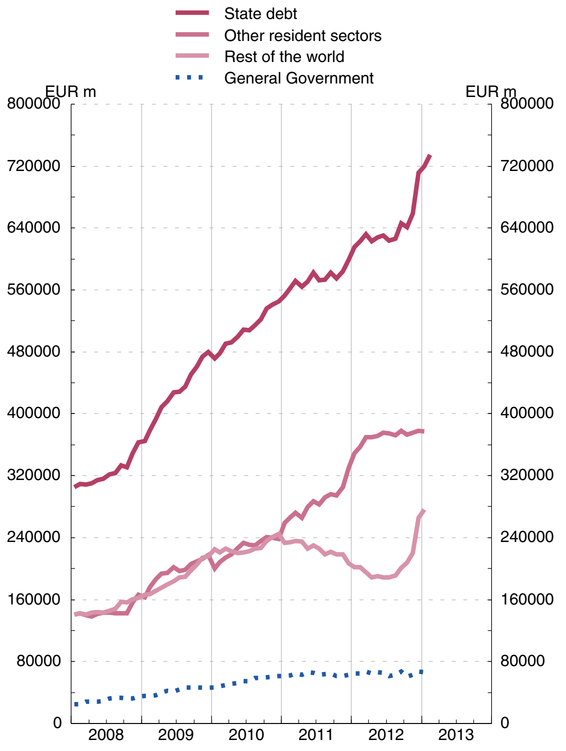
■ Series depicted in chart. *EUR millions*

	Liabilities outstanding according to the methodology of the Excessive Deficit Procedure (PDE): Total	Of which: In currencies other than euro	By insturments: Short-term securities	By insturments: Government bonds and assumed debt	By insturments: Banco de España loans	By insturments: Other marketable liabilities (a)	By counterpart sector: Held by resident sectors: Total	By counterpart sector: Held by resident sectors: General Government	By counterpart sector: Held by resident sectors: Other resident sectors	By counterpart sector: Rest of the world	Memorandum item: Deposits at the Banco de España	Memorandum item: Other deposits: Treasury liquidity tenders (b)	Memorandum item: Guarantees given (outstanding balance): Total	Guarantees given, of which: Granted to other General Government units n	Guarantees given, of which: to FEEF (c)
	1 ■	2	3 ■	4 ■	5 ■	6 ■	7	8 ■	9 ■	10 ■	11	12	13	14	15
08	362 890	63	52 074	299 558	5 249	6 008	201 112	34 511	166 601	161 779	4 502	21 403	8 152	-	-
09	479 541	68	85 513	383 864	4 665	5 498	263 300	46 105	217 195	216 240	305	24 486	58 854	3 000	-
10	A 544 790	0	89 756	444 308	4 082	6 644	299 648	61 170	238 478	245 142	300	28 598	73 560	6 000	-
11	A 599 037	0	90 608	495 662	3 499	9 269	392 617	62 613	330 005	206 420	225	30 391	99 748	23 851	2 993
12 *Feb*	A 623 107	0	85 028	524 651	3 499	9 929	421 537	64 522	357 015	201 570	19 499	35 267	98 287	26 216	3 915
Mar	A 632 323	0	82 849	531 379	3 499	14 597	436 745	66 960	369 785	195 579	17 500	36 709	131 683	27 060	19 630
Apr	A 623 115	0	77 270	523 960	2 915	18 970	434 761	64 609	370 152	188 354	13 501	30 536	126 683	27 060	20 449
May	A 627 823	0	75 312	529 430	2 915	20 165	437 563	65 961	371 602	190 260	100	40 266	133 538	27 060	27 621
Jun	A 629 902	0	72 444	534 265	2 915	20 278	440 916	65 107	375 810	188 986	100	28 801	136 900	27 060	29 357
Jul	A 624 087	0	73 212	527 335	2 915	20 625	435 677	61 014	374 663	188 410	100	23 131	133 402	24 060	29 972
Aug	A 626 431	0	71 988	530 879	2 915	20 649	434 974	63 007	371 966	191 457	100	18 935	132 361	24 060	29 145
Sep	A 645 863	0	79 364	542 990	2 915	20 594	444 753	66 878	377 875	201 110	100	36 604	130 906	24 060	28 821
Oct	A 640 974	0	79 858	537 618	2 915	20 583	433 386	60 733	372 654	207 587	100	29 219	130 293	24 060	30 047
Nov	A 658 725	0	85 085	550 152	2 915	20 573	438 871	63 139	375 732	219 854	4 499	22 511	130 544	24 443	30 829
Dec	A 711 569	0	84 613	559 327	2 915	64 713	445 712	67 328	378 385	265 856	2 500	32 500	174 312	26 608	36 966
13 *Jan*	A 719 323	0	87 946	563 501	2 915	64 960	442 651	65 857	376 794	276 671	591	28 466	174 639	27 608	36 294
Feb	A 734 712	0	89 408	575 576	2 915	66 813	...	66 431	...	...	100	43 814	182 305	28 014	31 737

STATE. LIABILITIES OUTSTANDING
By instrument



STATE. LIABILITIES OUTSTANDING
By counterpart sector



SOURCE: BE.

a. Includes loans from European Stability Mechanism (ESM), other loans, non-negotiable securities and coined money.

b. Includes the liquidity tenders of the Treasury

c. European Financial Stability Facility.

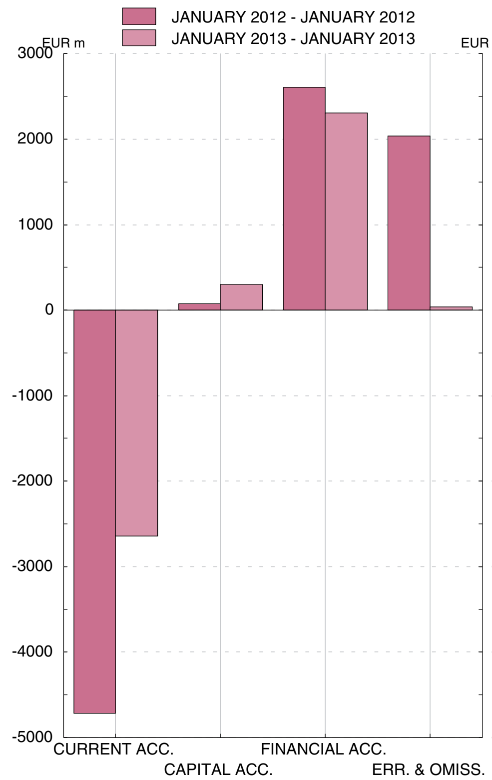
7.1. SPANISH BALANCE OF PAYMENTS VIS-à-VIS OTHER EURO AREA RESIDENTS AND THE REST OF THE WORLD. CURRENT ACCOUNT

■ Series depicted in chart.

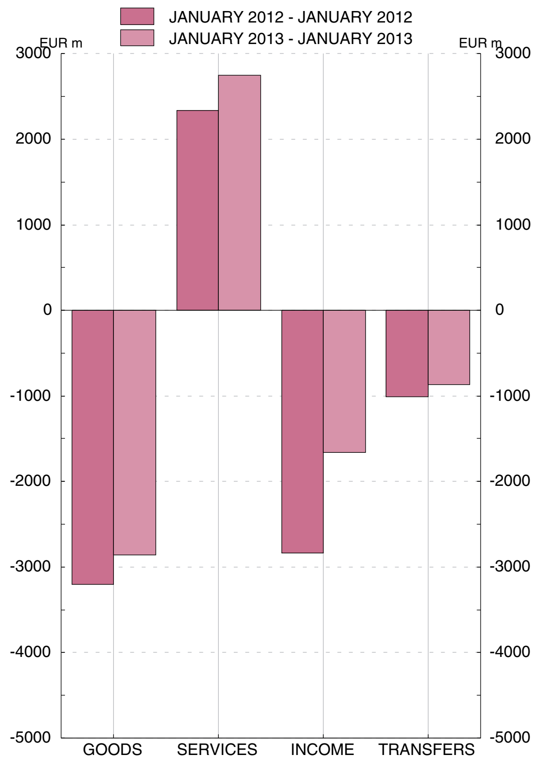
EUR millions

		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) ■
10	P	-46 963	-48 173	193 989	242 161	28 040	94 149	39 621	66 109	12 663	-19 933	46 373	66 306	-6 897	6 289	-40 674	43 329	-2 655
11	P	-39 787	-42 331	221 644	263 975	34 630	103 068	43 026	68 437	12 349	-25 712	43 209	68 921	-6 374	5 471	-34 316	28 681	5 635
12	P	-11 268	-25 800	231 010	256 809	37 112	107 222	43 521	70 110	11 911	-18 589	37 085	55 674	-3 991	6 589	-4 679	434	4 245
12 *J-J*	P	-4 715	-3 203	17 138	20 341	2 334	7 759	2 688	5 425	807	-2 839	2 931	5 770	-1 007	74	-4 641	2 606	2 035
13 *J-J*	P	-2 645	-2 857	18 871	21 728	2 746	8 095	2 648	5 349	774	-1 665	2 335	4 000	-869	298	-2 346	2 306	40
11 *Oct*	P	-1 296	-2 988	18 474	21 462	3 808	9 579	4 154	5 771	1 170	-1 591	3 574	5 166	-525	280	-1 016	1 920	-904
Nov	P	-3 721	-3 583	19 343	22 926	1 893	7 515	2 606	5 622	1 101	-2 385	3 426	5 811	354	867	-2 854	4 467	-1 613
Dec	P	-3 575	-3 986	18 142	22 128	1 671	7 936	2 156	6 265	972	-1 960	5 457	7 418	700	159	-3 415	-1 373	4 789
12 *Jan*	P	-4 715	-3 203	17 138	20 341	2 334	7 759	2 688	5 425	807	-2 839	2 931	5 770	-1 007	74	-4 641	2 606	2 035
Feb	P	-5 875	-3 189	18 490	21 679	1 576	7 069	2 255	5 492	857	-1 718	2 467	4 184	-2 545	114	-5 761	6 038	-277
Mar	P	-3 232	-2 665	20 801	23 467	1 889	7 500	2 700	5 611	808	-1 728	3 062	4 790	-727	487	-2 745	-727	3 472
Apr	P	-1 550	-2 941	17 577	20 519	2 589	7 880	2 746	5 292	838	-923	3 019	3 942	-275	314	-1 237	1 925	-688
May	P	-625	-1 424	19 893	21 318	2 900	8 288	3 568	5 388	679	-1 439	3 898	5 337	-662	700	75	1 706	-1 780
Jun	P	-981	-2 226	19 713	21 939	3 898	10 057	4 404	6 159	1 123	-2 340	3 472	5 811	-313	705	-275	118	158
Jul	P	829	-1 181	20 219	21 400	5 158	11 915	5 641	6 756	1 236	-2 736	2 787	5 523	-413	82	911	1 575	-2 486
Aug	P	850	-2 691	17 119	19 810	5 223	10 955	5 848	5 733	1 305	-838	2 363	3 201	-844	639	1 488	83	-1 571
Sep	P	-402	-2 642	18 915	21 557	4 124	9 977	4 851	5 853	1 209	-878	3 002	3 880	-1 006	796	394	-4 158	3 764
Oct	P	277	-1 274	21 748	23 022	3 618	9 671	4 097	6 053	1 104	-1 574	2 331	3 905	-494	1 024	1 301	-1 524	223
Nov	P	953	-1 057	20 639	21 696	1 922	7 777	2 581	5 855	1 058	-1 847	2 215	4 062	1 935	901	1 854	601	-2 456
Dec	P	3 203	-1 306	18 756	20 062	1 881	8 374	2 142	6 494	886	268	5 538	5 270	2 360	753	3 956	-7 809	3 853
13 *Jan*	P	-2 645	-2 857	18 871	21 728	2 746	8 095	2 648	5 349	774	-1 665	2 335	4 000	-869	298	-2 346	2 306	40

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).

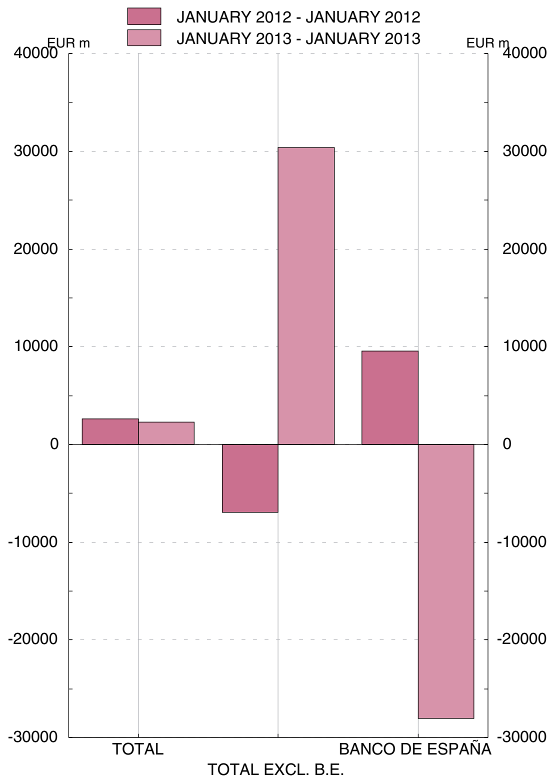
7.2. SPANISH BALANCE OF PAYMENTS VIS-à-VIS OTHER EURO AREA RESIDENTS AND THE REST OF THE WORLD. FINANCIAL ACCOUNT (a)

■ Series depicted in chart.

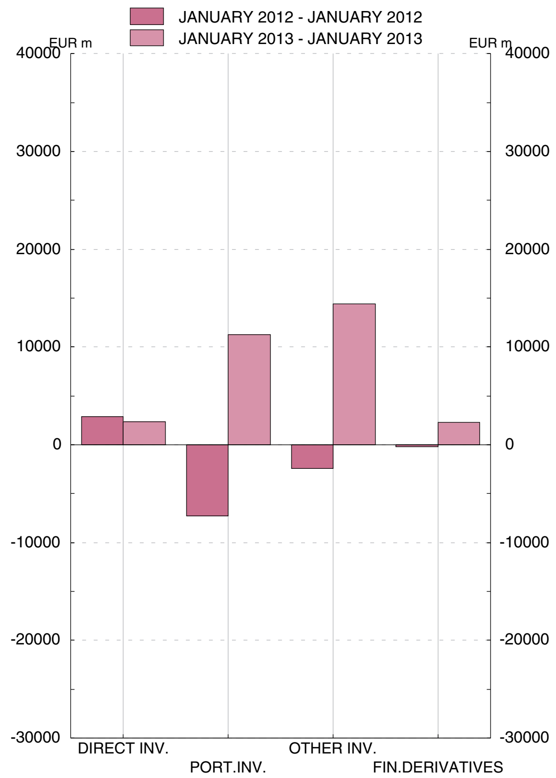
EUR millions

		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
10	P	43 329	27 633	1 532	28 574	30 106	28 727	-64 694	-35 967	-11 232	17 627	6 395	8 605	15 696	-814	9 788	6 722
11	P	28 681	-80 459	-7 022	26 313	19 290	-27 547	-42 419	-69 966	-43 923	35 660	-8 264	-1 967	109 141	-10 022	124 056	-4 893
12	P	434	-173 081	25 387	-3 790	21 598	-53 631	3 932	-49 699	-153 277	45 574	107 703	8 439	173 515	-2 211	162 366	13 361
12 *J-J*	P	2 606	-6 927	2 912	-1 609	1 303	-7 273	-44	-7 318	-2 410	-2 695	-5 105	-155	9 533	-71	8 808	797
13 *J-J*	P	2 306	30 374	2 374	188	2 563	11 262	-926	10 337	14 417	1 510	15 928	2 319	-28 068	-934	-27 930	796
11 *Oct*	P	1 920	-16 926	1 363	3 759	5 121	-6 759	-3 668	-10 428	-11 751	5 372	-6 378	221	18 845	-948	19 867	-73
Nov	P	4 467	-18 009	907	1 826	2 733	3 667	-8 444	-4 777	-23 279	4 719	-18 560	696	22 476	-3 688	28 690	-2 527
Dec	P	-1 373	-35 339	113	4 690	4 803	-13 333	-5 556	-18 889	-20 942	-697	-21 639	-1 177	33 966	-3 160	37 801	-675
12 *Jan*	P	2 606	-6 927	2 912	-1 609	1 303	-7 273	-44	-7 318	-2 410	-2 695	-5 105	-155	9 533	-71	8 808	797
Feb	P	6 038	-23 267	1 930	58	1 987	-6 980	2 167	-4 813	-20 925	8 824	-12 101	2 708	29 305	-111	27 639	1 777
Mar	P	-727	-67 460	1 981	-81	1 899	-25 598	678	-24 920	-44 073	20 773	-23 300	230	66 734	-30	64 608	2 156
Apr	P	1 925	-27 065	1 841	1 372	3 213	-21 987	-4 232	-26 220	-5 834	3 272	-2 562	-1 083	28 990	-152	26 807	2 334
May	P	1 706	-40 345	-1 420	1 628	207	-10 017	-2 624	-12 640	-29 193	17 260	-11 932	285	42 051	-243	42 265	29
Jun	P	118	-60 059	-2 975	2 550	-425	-14 639	-2 122	-16 761	-42 846	17 123	-25 723	400	60 177	-3 502	63 314	364
Jul	P	1 575	-17 304	-681	75	-606	-6 013	-6 663	-12 675	-14 232	-9 271	-23 503	3 621	18 879	2 025	14 853	2 001
Aug	P	83	-11 681	-425	2 265	1 840	-215	545	329	-11 569	-7 935	-19 504	528	11 764	-122	11 155	731
Sep	P	-4 158	29 752	4 085	-3 838	246	10 387	-1 287	9 099	14 706	-7 939	6 767	575	-33 911	-14	-34 287	390
Oct	P	-1 524	16 476	3 708	1 811	5 520	18 817	-7 770	11 047	-6 788	2 272	-4 515	739	-18 000	2	-19 704	1 702
Nov	P	601	15 214	6 757	-4 626	2 131	33 011	-13 063	19 948	-25 615	2 357	-23 257	1 061	-14 612	-13	-14 388	-211
Dec	P	-7 809	19 586	7 676	-3 394	4 282	-23 123	38 348	15 225	35 501	1 533	37 034	-469	-27 395	18	-28 704	1 291
13 *Jan*	P	2 306	30 374	2 374	188	2 563	11 262	-926	10 337	14 417	1 510	15 928	2 319	-28 068	-934	-27 930	796

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.

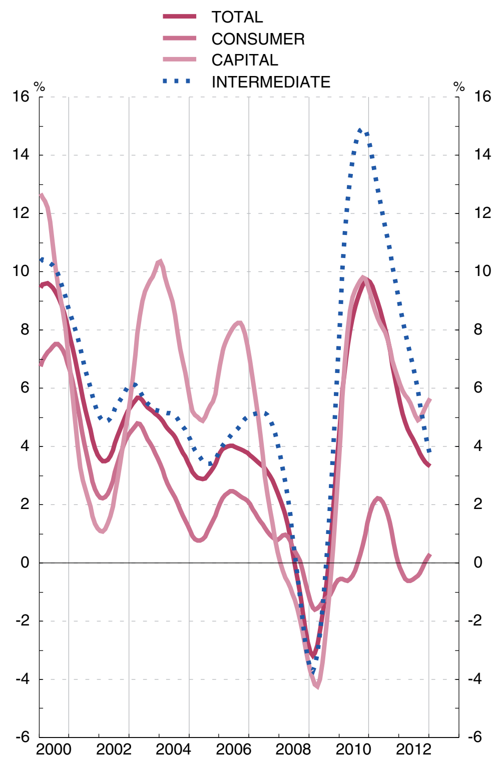
7.3. SPANISH FOREIGN TRADE WITH OTHER EURO AREA COUNTRIES AND WITH THE REST OF THE WORLD EXPORTS AND DISPATCHES

■ Series depicted in chart.

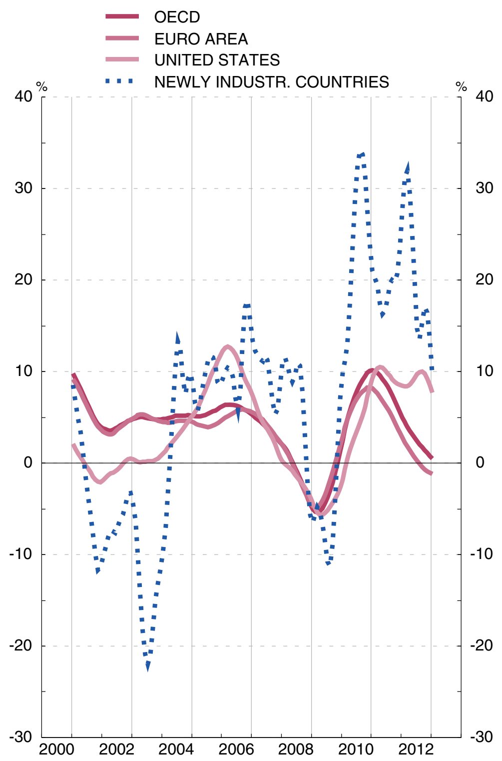
Eur millions and annual percentage changes

		Total			By product (deflated data) (a)					By geographical area (nominal data)							
							Intermediate			EU 27		OECD					
		EUR millions	Nom-inal	De-flated (a)	Con-sumer	Capital	Total	Energy	Non-energy	Total	Euro Area	Total	of which: 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 ■
05		155 005	5.5	0.8	-0.8	5.5	1.4	-8.7	2.2	2.6	2.3	4.3	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	7.1	-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	-15.1	-24.4	-11.4	-17.9	-7.7	8.5
10		186 780	16.8	15.0	-3.4	22.4	28.6	15.4	29.6	14.3	13.6	15.2	15.5	9.6	35.7	34.1	27.0
12	P	222 644	3.9	1.8	-2.7	-6.4	5.5	12.1	5.7	-1.1	-2.4	0.8	15.7	27.3	18.9	11.4	28.9
11 *Dec*	P	17 004	6.6	2.1	-11.4	10.0	10.1	-0.8	10.8	-0.7	-4.6	1.0	14.6	75.4	13.6	15.8	10.3
12 *Jan*	P	16 579	3.9	1.9	-5.2	-4.5	7.2	29.8	5.9	0.8	-1.3	-0.5	6.4	42.5	16.2	14.6	37.3
Feb	P	17 978	4.9	-0.2	0.1	-26.4	4.4	41.6	2.2	1.9	-1.3	3.2	-3.7	16.3	-18.8	-1.0	36.6
Mar	P	19 889	1.2	-2.3	-10.7	-15.1	5.5	49.5	3.2	-0.2	-0.6	-1.4	-3.9	24.4	7.4	17.9	56.6
Apr	P	17 198	-0.8	-0.5	-5.9	-9.0	4.0	-3.4	4.5	-4.6	-2.8	-3.1	-8.1	7.6	25.9	22.5	29.7
May	P	19 462	6.2	4.0	-3.8	1.6	8.6	7.5	8.7	2.1	0.3	1.8	4.5	57.1	29.3	5.6	33.8
Jun	P	18 869	5.1	4.5	-3.2	3.1	9.4	12.6	9.2	-1.1	-3.6	-0.4	11.5	45.0	41.1	5.3	12.5
Jul	P	19 600	5.2	5.3	5.2	-10.7	8.0	25.5	6.8	-2.2	0.7	2.5	30.6	23.0	21.3	32.5	3.4
Aug	P	16 587	7.4	5.2	-2.5	-13.4	11.2	3.2	11.8	-1.5	-0.2	4.7	26.7	23.3	26.1	6.7	-0.2
Sep	P	17 866	0.5	-2.8	-13.8	-20.9	6.1	16.1	5.4	-4.0	-5.7	-2.4	24.9	33.8	12.4	-14.2	15.0
Oct	P	21 078	8.7	8.6	7.1	12.7	8.8	-30.6	14.2	-3.3	-6.3	2.8	59.4	54.2	41.7	24.2	35.7
Nov	P	19 750	-0.6	-2.7	-2.5	3.4	-3.6	-44.5	1.5	-5.5	-10.1	-3.0	26.8	13.3	7.1	2.0	16.8
Dec	P	17 789	4.6	0.2	5.2	4.7	-3.2	37.3	-5.7	3.8	1.2	5.6	12.3	-13.3	14.8	18.8	68.6
13 *Jan*	P	17 882	7.9	5.3	5.3	17.6	3.7	-1.0	4.0	3.7	1.9	3.4	6.2	83.2	20.0	15.2	1.5

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, MHAP 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.

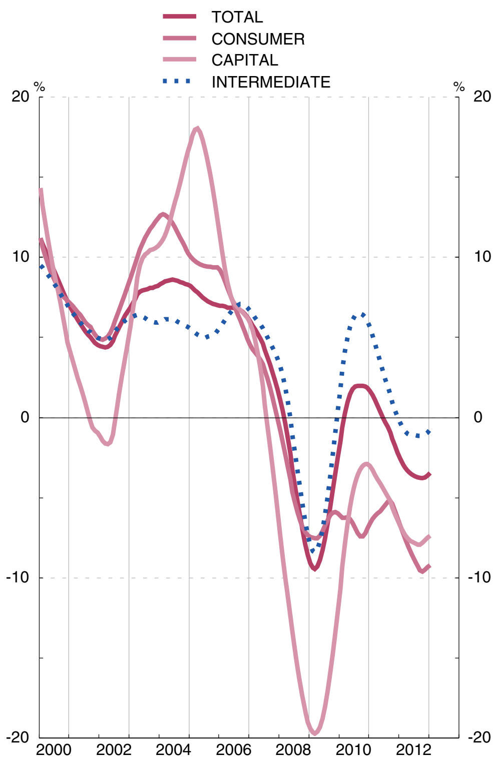
7.4. SPANISH FOREIGN TRADE WITH OTHER EURO AREA COUNTRIES AND WITH THE REST OF THE WORLD IMPORTS AND ARRIVALS

■ Series depicted in chart.

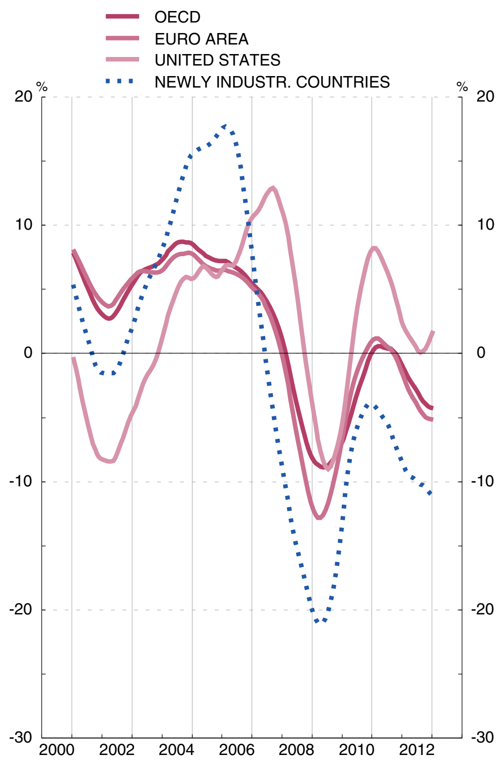
Eur millions and annual percentage changes

		Total			By product (deflated data) (a)					By geographical area (nominal data)							
							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 ■
05		232 954	11.8	6.4	8.4	17.6	3.3	11.1	1.1	5.6	5.3	6.2	-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	8.8	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	9.7	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	-7.3	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		240 056	16.5	11.3	-4.1	9.0	19.0	3.3	24.5	9.8	7.5	10.5	14.2	36.0	44.8	30.8	7.1
12	P	253 401	-2.8	-7.1	-11.1	-10.7	-5.5	1.3	-7.1	-7.3	-7.9	-5.8	-7.1	15.8	13.6	-5.2	-11.4
11 *Dec*	P	21 552	1.1	-5.0	-13.4	-9.0	-1.4	-1.5	-1.4	0.5	1.5	4.6	-13.4	3.2	29.3	-13.8	-4.3
12 *Jan*	P	20 234	-3.1	-8.2	-2.2	-11.3	-9.7	-14.9	-8.0	-4.9	-4.4	-5.9	-18.9	21.3	30.4	-0.2	-3.5
Feb	P	21 737	6.6	-1.1	-3.8	-6.4	0.1	12.4	-3.2	1.5	-0.7	5.0	3.4	15.3	66.6	0.5	-22.2
Mar	P	23 134	-4.6	-12.0	-10.9	-15.7	-12.1	6.1	-16.4	-13.4	-13.9	-12.5	-11.5	23.5	68.0	-17.6	-29.2
Apr	P	20 554	-3.5	-7.2	-12.9	-10.5	-5.2	3.3	-7.5	-9.4	-10.5	-5.8	-1.2	12.8	-20.0	-0.7	-5.6
May	P	21 388	-1.6	-8.0	-9.8	-18.6	-6.5	1.6	-8.4	-5.9	-7.3	-1.6	15.8	-0.7	32.9	-6.8	-3.2
Jun	P	21 569	-1.4	-5.8	-11.2	-5.6	-4.2	0.9	-5.6	-1.7	-0.4	-1.4	-6.4	39.2	19.7	-6.7	-14.7
Jul	P	21 293	5.0	4.0	-0.8	-4.3	6.2	8.5	5.5	2.2	0.8	3.1	-5.2	7.5	17.1	6.6	-4.7
Aug	P	19 732	-3.1	-8.4	-16.0	-17.9	-4.6	9.3	-9.2	-9.7	-10.6	-9.0	-29.0	32.1	16.7	-13.7	-24.3
Sep	P	20 951	-7.4	-12.2	-18.8	-22.9	-8.8	-4.9	-10.1	-9.5	-9.9	-9.3	-9.6	7.7	-2.6	-12.3	0.2
Oct	P	22 570	-2.0	-6.3	-26.0	1.4	2.3	11.1	-0.1	-13.3	-15.5	-9.7	-2.1	39.3	-9.9	-0.9	9.4
Nov	P	21 157	-6.1	-4.9	-7.2	-12.4	-3.1	-2.6	-3.3	-9.0	-8.6	-7.7	-23.2	-0.3	-9.8	-7.2	-13.8
Dec	P	19 083	-11.5	-13.6	-4.8	-2.1	-17.5	-14.1	-18.7	-13.4	-13.3	-13.7	2.7	-8.9	-44.2	-3.2	-25.7
13 *Jan*	P	21 380	5.7	6.7	-4.9	0.4	10.9	18.2	8.6	-0.6	1.4	2.8	29.4	0.5	-3.7	-5.3	-4.2

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



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



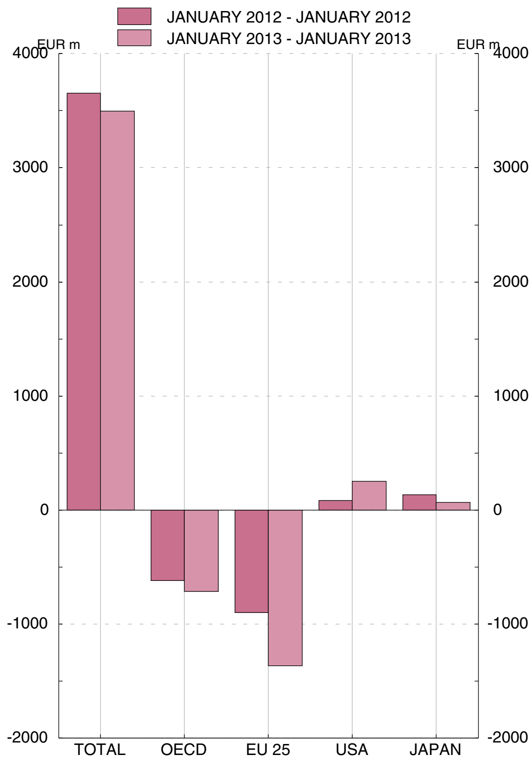
Sources: ME, MHAP y BE.
Note: The underlying series for this indicator are in Tables 18.2 and 18.3 of the Boletín estadístico.
The monthly series are provisional data, while the annual series are the final foreign trade data.
a. Series deflated by unit value indices .

7.5. SPANISH FOREIGN TRADE WITH OTHER EURO AREA COUNTRIES AND WITH THE REST OF THE WORLD. TRADE BALANCE. GEOGRAPHICAL DISTRIBUTION

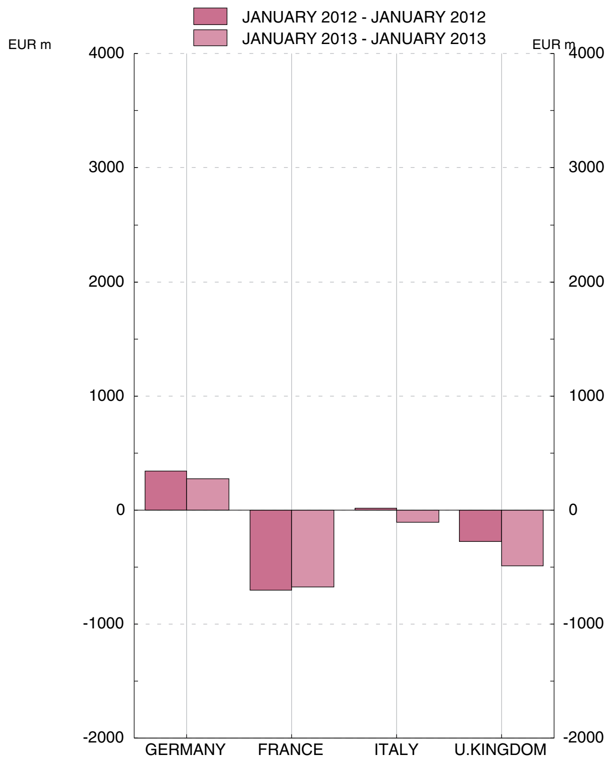
EUR millions

		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:		United States	Japan				
					Germany	France	Italy		United Kingdom							
		1	2=3+7	3	4	5	6	7	8	9	10	11	12	13	14	15
06		-92 249	-33 547	-32 156	-18 689	-1 625	-7 184	-1 391	294	-45 995	-1 062	-4 652	-17 031	-3 316	-12 647	-4 564
07		-100 015	-40 176	-38 109	-23 752	-214	-8 375	-2 067	133	-54 211	-2 555	-4 779	-14 682	-3 477	-16 366	-4 347
08		-94 160	-26 262	-26 207	-19 612	3 019	-6 608	-55	356	-39 729	-3 739	-3 663	-20 561	-4 971	-18 340	-3 296
09		-46 227	-9 068	-6 767	-9 980	6 787	-1 847	-2 301	187	-15 709	-2 742	-1 958	-10 701	-2 641	-12 471	-1 532
10		-53 276	-4 960	-2 211	-8 598	7 904	-477	-2 749	597	-11 261	-3 058	-2 054	-16 216	-4 267	-16 253	-1 252
11		-47 910	3 405	1 029	-8 984	8 590	219	2 376	2 955	-1 751	-2 956	-1 389	-19 066	-5 312	-15 317	-1 116
12	P	-30 757	12 571	7 723	-3 821	9 472	914	4 848	3 828	10 636	-754	-855	-21 068	-5 185	-13 866	111
11 *Dec*	P	-4 549	-636	-747	-552	322	-195	111	328	-1 527	-141	-85	-1 499	-706	-1 081	-87
12 *Jan*	P	-3 655	900	586	-340	706	-15	315	276	620	-85	-134	-2 209	-589	-1 398	-61
Feb	P	-3 759	468	302	-403	702	-26	165	327	-39	-229	-67	-1 860	-555	-1 218	25
Mar	P	-3 245	1 451	996	-423	1 003	94	455	330	1 277	-151	-105	-1 836	-1 139	-875	53
Apr	P	-3 356	777	544	-324	830	39	233	257	142	-190	-75	-1 651	-401	-1 008	-43
May	P	-1 926	1 289	907	-336	1 043	64	382	157	712	-190	-116	-1 028	-470	-1 129	-38
Jun	P	-2 700	655	186	-276	687	50	469	332	521	33	-37	-2 106	-325	-1 155	-8
Jul	P	-1 693	1 524	1 163	-240	888	82	361	337	1 458	17	-2	-1 705	-405	-1 243	-31
Aug	P	-3 145	558	358	-296	466	210	200	176	1 245	179	-37	-2 158	-397	-1 323	-3
Sep	P	-3 085	486	239	-492	695	80	247	253	512	-39	-62	-1 780	-374	-1 291	12
Oct	P	-1 492	1 223	603	-290	754	63	621	425	1 492	67	-21	-1 762	-164	-1 186	32
Nov	P	-1 407	1 967	1 286	-123	985	244	681	410	1 593	-82	-149	-1 560	-379	-1 057	28
Dec	P	-1 294	1 273	553	-277	712	31	720	547	1 103	-83	-51	-1 413	15	-983	144
13 *Jan*	P	-3 499	1 368	639	-274	674	108	729	490	715	-252	-69	-1 685	-432	-1 268	-46

CUMULATIVE TRADE DEFICIT



CUMULATIVE TRADE DEFICIT



Source: MHAP.
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.

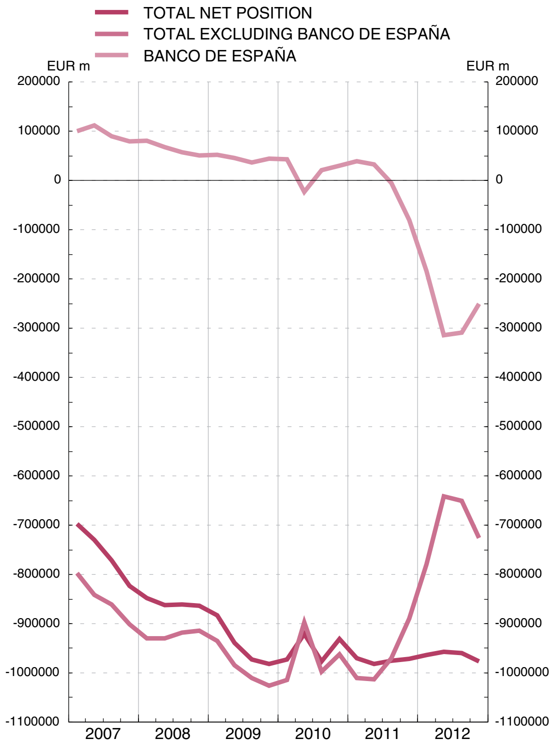
7.6. SPANISH INTERNATIONAL INVESTMENT POSITION VIS-à-VIS OTHER EURO AREA RESIDENTS AND THE REST OF THE WORLD SUMMARY

■ Series depicted in chart.

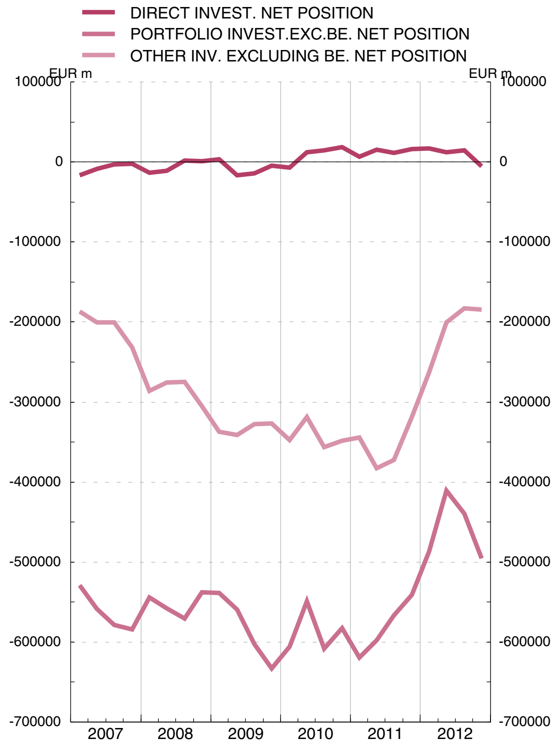
End-of-period stocks in EUR billions

	Net international investment position (assets-liabil.)	Total excluding Banco de España: Net position excluding Banco de España (assets - liabil.)	Direct investment: Net position (assets-liabil.)	Direct investment: Spanish investment abroad (assets)	Direct investment: Foreign investment in Spain (liabil.)	Portfolio investment: Net position (assets-liabil.)	Portfolio investment: Spanish investment abroad (assets)	Portfolio investment: Foreign investment in Spain (liabil.)	Other investment: Net position (assets-liabil.)	Other investment: Spanish investment abroad (assets)	Other investment: Foreign investment in Spain (liabil.)	Financial derivatives Net position (assets-liabil.)	Banco de España: Banco de España Net position (assets-liabil.)	Banco de España: Reserves	Banco de España: Net assets vis-a-vis the Euro-system	Banco de España: Other net assets (assets-liabil.) (a)
	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
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	-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 *Q4*	-982.2	-1 026.3	-4.5	434.4	438.9	-693.7	374.3	1 068.1	-327.1	369.6	696.8	-1.0	44.1	19.6	-36.4	60.9
10 *Q1*	-972.1	-1 014.4	-6.7	442.1	448.8	-665.8	380.0	1 045.8	-347.7	359.8	707.5	5.7	42.4	20.9	-38.5	60.0
Q2	-920.1	-896.8	11.8	461.8	450.1	-601.6	352.3	953.9	-318.8	368.7	687.5	12.0	-23.4	24.4	-100.8	53.1
Q3	-977.1	-997.2	14.4	469.8	455.4	-659.4	333.7	993.1	-356.4	352.1	708.5	4.3	20.2	22.6	-54.3	51.9
Q4	-931.5	-961.8	18.6	488.9	470.2	-634.5	311.7	946.2	-348.6	370.5	719.1	2.7	30.3	23.9	-46.1	52.5
11 *Q1*	-970.4	-1 009.9	6.9	485.1	478.3	-670.6	301.7	972.3	-344.6	377.0	721.6	-1.5	39.5	23.2	-35.2	51.5
Q2	-981.2	-1 013.4	15.5	486.0	470.5	-646.3	293.3	939.6	-382.3	379.8	762.2	-0.3	32.2	23.5	-40.6	49.3
Q3	-975.8	-970.6	11.5	480.2	468.7	-617.5	274.8	892.2	-372.2	385.2	757.4	7.6	-5.2	27.6	-83.8	51.1
Q4	-971.0	-890.1	15.7	496.5	480.8	-593.1	258.0	851.1	-318.7	395.1	713.7	5.9	-81.0	36.4	-170.2	52.8
12 *Q1*	-963.6	-778.8	17.1	495.6	478.5	-536.4	270.1	806.5	-262.5	412.4	674.9	2.9	-184.8	36.0	-271.2	50.5
Q2	-956.6	-641.7	12.1	494.6	482.6	-457.6	254.5	712.1	-200.8	440.9	641.7	4.6	-314.9	41.4	-403.6	47.3
Q3	-959.4	-650.1	14.5	483.9	469.4	-484.3	253.7	738.1	-183.1	417.7	600.8	2.8	-309.3	40.2	-395.4	45.9
Q4	-976.4	-726.1	-5.6	475.4	480.9	-538.4	276.3	814.7	-184.3	420.9	605.2	2.1	-250.3	38.3	-332.6	43.9

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.

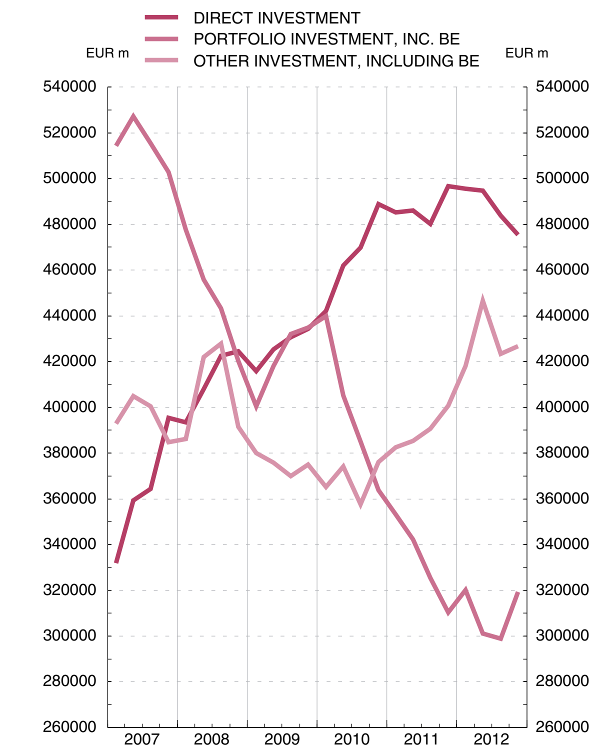
7.7. SPANISH INTERNATIONAL INVESTMENT POSITION VIS-à-VIS OTHER EURO AREA RESIDENTES AND THE REST OF THE WORLD BREAKDOWN BY INVESTMENT

■ Series depicted in chart.

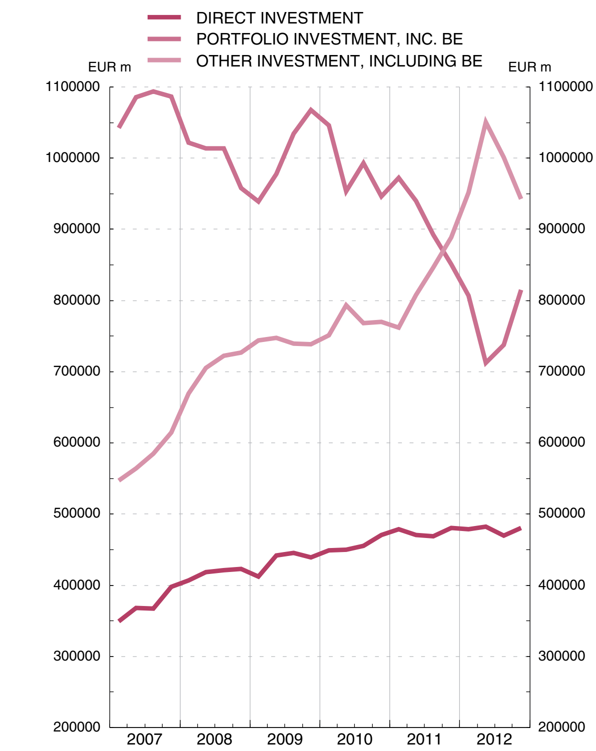
End-of-period stocks in EUR millions

	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
04	189 622	17 627	231 649	67 501	78 053	302 067	183 210	379 279	254 992	431 651	-	-
05	236 769	22 133	250 641	75 322	104 156	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	132 954	369 758	282 331	804 609	384 714	614 829	44 642	63 487
08	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 *Q4*	404 194	30 207	327 215	111 662	78 591	356 340	222 619	845 431	375 092	738 182	77 449	78 498
10 *Q1*	410 875	31 226	329 493	119 320	89 281	350 497	198 532	847 236	365 256	751 132	93 867	88 286
Q2	428 418	33 426	330 793	119 297	87 320	317 817	169 352	784 544	374 110	793 388	118 304	106 522
Q3	432 284	37 505	334 434	120 998	88 730	296 430	194 022	799 121	357 527	767 997	121 434	117 049
Q4	449 955	38 920	346 360	123 885	92 462	271 400	181 031	765 193	376 095	770 399	95 116	92 459
11 *Q1*	446 733	38 408	357 075	121 209	92 910	260 100	204 657	767 645	382 550	762 262	80 724	82 170
Q2	447 799	38 187	355 476	114 975	91 957	250 153	194 147	745 420	385 410	807 889	83 747	84 040
Q3	435 396	44 762	356 896	111 796	78 339	247 132	159 177	733 055	390 756	846 421	134 796	127 191
Q4	446 789	49 752	363 956	116 836	77 815	232 593	163 769	687 314	400 801	889 100	140 225	134 415
12 *Q1*	447 175	48 450	363 004	115 491	83 849	236 158	159 328	647 189	418 171	951 425	133 237	130 209
Q2	441 568	53 068	369 916	112 636	82 309	218 868	146 156	565 967	446 604	1 050 358	153 277	148 677
Q3	432 899	50 965	360 205	109 162	86 470	212 519	165 603	572 474	423 442	1 001 242	157 193	154 374
Q4	424 133	51 243	373 387	107 543	89 494	229 684	180 221	634 493	426 779	942 698	148 618	146 396

SPANISH INVESTMENT ABROAD



FOREIGN INVESTMENT IN SPAIN



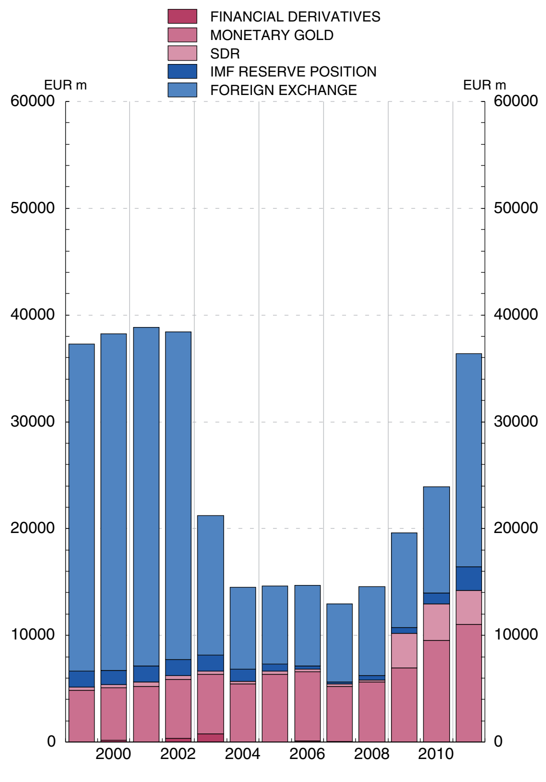
Source: BE.
Note: See footnote to Indicator 7.6
a. See note b to table 17.21 of the Boletín Estadístico.

7.8. SPANISH RESERVE ASSETS

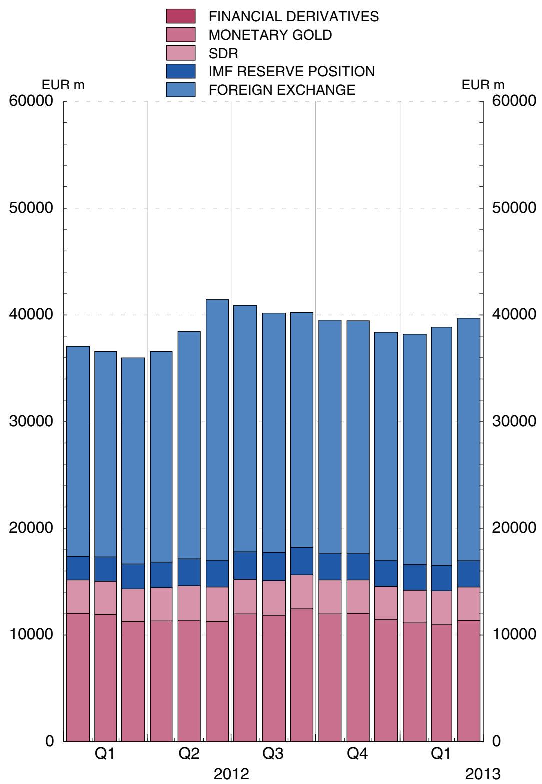
■ Series depicted in chart. *End-of-period stocks in EUR millions*

	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
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	23 905	9 958	995	3 396	9 555	-	9.1
11	36 402	19 972	2 251	3 163	11 017	-	9.1
11 *Oct*	28 197	12 124	1 913	3 010	11 150	-	9.1
Nov	33 157	16 393	1 952	3 072	11 740	-	9.1
Dec	36 402	19 972	2 251	3 163	11 017	-	9.1
12 *Jan*	37 017	19 620	2 233	3 139	12 025	-	9.1
Feb	36 582	19 242	2 305	3 087	11 949	-	9.1
Mar	35 977	19 312	2 312	3 095	11 258	-	9.1
Apr	36 540	19 708	2 402	3 130	11 300	-	9.1
May	38 440	21 308	2 492	3 248	11 392	-	9.1
Jun	41 430	24 409	2 508	3 226	11 287	-	9.1
Jul	40 879	23 071	2 560	3 287	11 961	-	9.1
Aug	40 184	22 459	2 619	3 232	11 875	-	9.1
Sep	40 193	21 948	2 583	3 195	12 471	-3	9.1
Oct	39 492	21 820	2 491	3 175	12 002	4	9.1
Nov	39 463	21 791	2 479	3 166	12 011	16	9.1
Dec	38 347	21 349	2 412	3 132	11 418	35	9.1
13 *Jan*	38 177	21 548	2 411	3 057	11 109	51	9.1
Feb	38 839	22 305	2 402	3 102	10 988	42	9.1
Mar	39 664	22 698	2 451	3 145	11 330	39	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 instru-ments	Loans	Bonds and notes	Loans	Trade credits		Money market instru-ments	Deposits	Bonds and notes	Deposits
	1	2	3	4	5	6	7	8	9	10	11	12
08 *Q4*	1 672 021	233 754	12 480	2 099	198 366	20 810	-	766 311	12 224	400 691	249 209	104 187
09 *Q1*	1 699 703	243 632	15 801	480	204 677	22 675	-	784 094	15 149	411 446	248 803	108 696
Q2	1 722 777	257 152	21 125	979	211 224	23 825	-	786 229	14 200	409 692	251 975	110 363
Q3	1 732 303	276 333	31 005	709	219 260	25 359	-	770 038	14 217	391 123	257 026	107 671
Q4	1 757 372	299 770	44 479	532	229 085	25 674	-	782 873	14 903	384 509	260 304	123 157
10 *Q1*	1 778 929	315 896	51 896	114	237 246	26 640	-	789 869	16 641	399 817	256 338	117 073
Q2	1 759 449	291 348	39 698	192	223 146	28 312	-	741 796	12 157	378 888	239 162	111 589
Q3	1 745 184	302 216	39 437	932	232 817	29 031	-	758 152	10 926	396 110	242 943	108 173
Q4	1 715 268	289 183	36 629	976	220 357	31 221	-	759 486	9 910	413 379	237 915	98 283
11 *Q1*	1 708 246	292 546	37 875	485	222 351	31 836	-	764 002	10 640	395 695	239 048	118 619
Q2	1 730 880	286 716	37 245	7	216 267	33 197	-	795 147	7 554	425 267	234 291	128 035
Q3	1 758 013	294 064	36 605	507	223 190	33 762	-	771 764	6 211	402 061	227 074	136 418
Q4	1 753 783	275 653	28 545	428	211 941	34 739	-	714 750	3 494	362 532	217 969	130 755
12 *Q1*	1 775 832	256 634	23 612	4	192 181	40 837	-	654 191	3 341	311 819	203 771	135 259
Q2	1 790 923	238 617	16 369	70	175 912	46 266	-	590 199	2 699	273 422	178 575	135 504
Q3	1 748 490	255 059	20 397	325	187 969	46 367	-	541 833	1 524	237 643	171 895	130 771
Q4	1 751 810	331 799	29 434	53	212 264	90 048	-	520 201	1 425	213 114	177 900	127 762

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 instru-ments	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
08 *Q4*	35 233	35 233	479 500	13 329	22 307	2 668	302 204	136 854	361	1 777	157 222	65 142	92 080
09 *Q1*	32 491	32 491	480 593	20 122	19 430	3 275	292 216	143 518	393	1 639	158 893	69 975	88 918
Q2	35 596	35 596	468 268	18 969	17 448	2 416	282 343	145 040	385	1 667	175 532	90 696	84 836
Q3	47 538	47 538	461 698	13 249	16 429	2 552	281 652	145 875	419	1 522	176 696	89 842	86 854
Q4	41 400	41 400	459 569	18 059	14 269	2 375	278 601	144 393	419	1 454	173 759	73 851	99 908
10 *Q1*	43 673	43 673	448 931	14 758	13 800	3 179	270 358	145 075	399	1 363	180 561	70 158	110 403
Q2	105 881	105 881	438 907	12 714	16 424	4 462	257 666	145 855	406	1 379	181 518	67 662	113 856
Q3	59 477	59 477	447 273	14 032	16 561	4 762	258 966	151 114	395	1 442	178 066	67 794	110 272
Q4	51 323	51 323	435 599	11 929	16 671	4 284	248 454	152 281	396	1 584	179 677	67 741	111 936
11 *Q1*	40 665	40 665	432 694	11 724	17 978	3 818	246 007	150 974	390	1 803	178 338	67 865	110 474
Q2	45 732	45 732	425 714	11 840	18 068	4 192	238 223	151 628	389	1 374	177 571	68 579	108 992
Q3	89 019	89 019	424 629	7 466	19 506	6 433	232 509	157 058	394	1 263	178 537	68 044	110 493
Q4	175 360	175 360	410 652	5 100	20 042	6 544	220 265	156 995	398	1 307	177 369	69 795	107 574
12 *Q1*	276 496	276 496	411 293	8 330	19 761	6 699	215 953	158 791	395	1 364	177 218	69 703	107 514
Q2	408 695	408 695	378 814	5 481	18 244	6 826	186 931	159 452	462	1 418	174 598	69 353	105 246
Q3	400 455	400 455	376 369	4 154	17 310	7 388	186 535	159 103	459	1 420	174 774	68 791	105 983
Q4	337 486	337 486	387 705	6 064	16 628	7 728	207 405	148 003	457	1 420	174 618	68 043	106 575

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
11 *Sep*	385 451	159 698	379 582	-7 589	-	613	146 852	184 329	852 472	47 300	543 854	171 590	201 122
Oct	381 055	201 431	381 245	-13 039	-	2 860	191 442	166 392	858 960	57 290	611 521	138 337	214 663
Nov	373 525	214 687	393 440	-12 911	-	2 392	224 082	157 921	865 195	62 105	614 105	155 275	215 605
Dec	394 459	229 993	481 184	-5 277	-	7 807	319 248	175 162	882 268	60 738	657 215	110 629	219 297
12 *Jan*	356 284	126 500	698 255	-	-	3 707	472 178	211 324	875 501	94 231	695 754	62 654	144 961
Feb	322 045	128 613	663 720	6 376	-	1 683	478 347	215 315	868 647	106 706	700 664	59 374	106 730
Mar	361 695	40 792	1 096 956	-	-	3 718	779 771	249 711	868 490	142 720	672 633	88 867	111 984
Apr	382 712	55 069	1 090 965	-	-	1 066	764 388	272 458	873 353	148 188	660 168	88 915	110 253
May	347 195	40 063	1 076 812	0	-	1 644	771 324	229 927	876 907	116 280	656 995	106 265	117 268
Jun	437 789	132 691	1 069 309	0	-	2 003	766 215	328 135	888 832	131 374	659 454	32 617	109 653
Jul	743 701	156 106	1 080 565	-	-	817	493 787	372 135	896 182	134 906	678 366	-19 413	371 566
Aug	885 372	131 936	1 076 236	-	-	833	323 633	347 038	898 561	115 828	678 405	-11 054	538 334
Sep	876 292	124 884	1 069 567	-	-	1 013	319 173	332 823	893 288	95 737	670 651	-14 449	543 469
Oct	885 514	92 494	1 057 904	-	-	1 324	266 209	352 304	890 571	101 249	708 573	-69 057	533 210
Nov	884 798	77 694	1 046 596	-	-	1 358	240 850	362 981	888 224	108 633	708 113	-74 237	521 816
Dec	884 094	74 151	1 038 706	-	-	4 538	233 301	389 750	901 830	110 978	704 635	-81 578	494 344
13 *Jan*	907 427	105 363	1 021 211	-	-	457	219 604	420 632	891 268	99 407	657 382	-87 339	486 795
Feb	850 148	129 306	876 189	-	-	658	156 006	419 735	880 527	73 410	655 016	-120 814	430 413

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
11 *Sep*	69 299	32 965	46 394	-225	-	0	9 835	82 810	-5 585	-30 491	68 987	8 879	21 636	86 721	22 565
Oct	76 048	43 185	42 994	-461	-	0	9 670	93 640	-5 585	-36 331	68 456	5 754	24 147	86 395	24 324
Nov	97 970	54 449	51 831	-465	-	110	7 956	119 540	-5 585	-38 879	67 709	8 302	26 705	88 185	22 894
Dec	118 861	47 109	85 302	1 976	-	395	15 921	150 831	-5 604	-50 033	69 568	5 016	33 204	91 414	23 668
12 *Jan*	133 177	6 445	154 976	-0	-	-	28 244	175 940	-5 724	-53 051	68 708	5 847	37 116	90 489	16 012
Feb	152 432	17 505	152 297	2 293	-	1	19 665	196 896	-5 724	-49 527	67 114	10 035	37 120	89 556	10 787
Mar	227 600	1 037	315 306	-	-	-	88 742	252 097	-5 724	-30 159	66 912	24 829	35 054	86 847	11 386
Apr	263 535	1 781	315 153	-	-	5	53 404	284 549	-5 724	-26 953	67 161	24 159	32 986	85 287	11 662
May	287 813	9 204	315 438	-	-	-	36 829	318 594	-5 724	-36 857	67 030	11 226	32 912	82 200	11 800
Jun	337 206	44 961	320 036	-	-	0	27 792	371 808	-5 724	-40 468	70 049	7 284	35 954	81 846	11 589
Jul	375 549	69 338	332 847	-	-	-	26 636	414 619	-5 724	-45 373	71 589	5 319	42 439	79 842	12 027
Aug	388 736	74 115	337 539	-	-	-	22 918	428 617	-5 724	-46 154	71 144	6 424	43 110	80 611	11 997
Sep	378 176	70 818	329 109	-	-	-	21 751	419 847	-5 724	-47 776	69 114	4 036	41 785	79 142	11 829
Oct	341 601	47 426	319 508	-	-	0	25 333	383 605	-5 724	-48 108	67 482	4 408	40 945	79 053	11 827
Nov	340 835	44 292	320 567	-	-	-	24 024	376 268	-5 724	-43 004	65 376	10 766	41 360	77 785	13 295
Dec	313 109	41 144	316 148	-	-	1	44 183	352 406	-5 744	-48 442	64 574	6 970	40 285	79 701	14 890
13 *Jan*	298 664	34 839	311 210	-	-	-	47 385	333 226	-5 862	-43 911	62 903	9 224	37 617	78 421	15 211
Feb	271 840	24 077	266 847	-	-	-	19 084	308 008	-5 862	-44 310	60 934	8 630	38 170	75 704	14 005

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

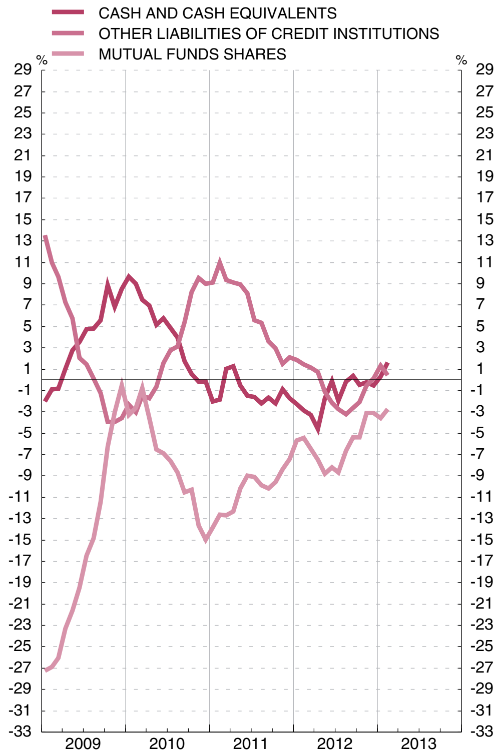
8.2 CASH AND CASH EQUIVALENTS, OTHER LIABILITIES OF CREDIT INSTITUTIONS AND MUTUAL FUNDS SHARES OF NON-FINANCIAL CORPORATIONS, HOUSEHOLDS AND NPISHS RESIDENT IN SPAIN (a)

■ Series depicted in chart.

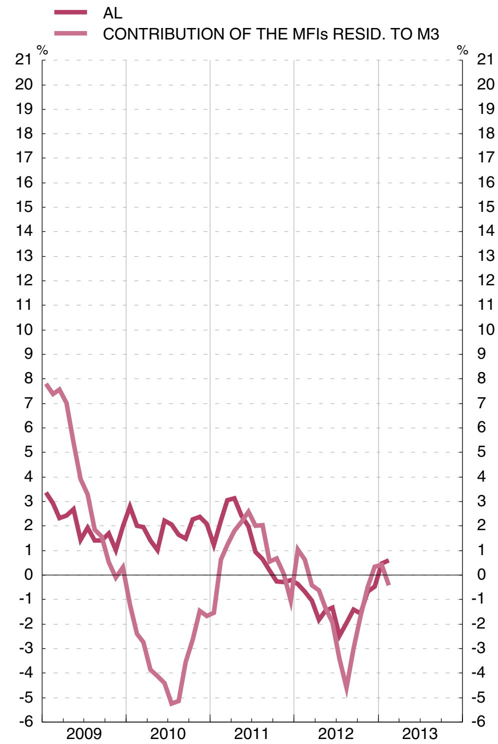
EUR millions and %

	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 ■
10	518 340	-0.2	-0.3	-0.1	574 813	9.0	6.4	49.3	-22.2	124 357	-14.9	-29.5	1.6	2.1	-1.7
11	509 431	-1.7	-2.5	-1.5	587 027	2.1	-2.3	46.7	-28.9	115 157	-7.4	-10.3	-5.1	-0.2	-1.1
12 P	506 749	-0.5	-2.4	-0.1	587 776	0.1	-0.2	1.9	9.6	111 566	-3.1	-6.9	-0.3	-0.5	0.3
11 *Nov*	499 569	-0.9	-2.2	-0.6	579 698	1.5	-1.6	33.5	-20.1	115 330	-8.4	-12.8	-4.7	-0.3	0.1
Dec	509 431	-1.7	-2.5	-1.5	587 027	2.1	-2.3	46.7	-28.9	115 157	-7.4	-10.3	-5.1	-0.2	-1.1
12 *Jan*	493 164	-2.3	-2.9	-2.1	584 558	1.9	-3.1	55.0	-31.7	117 838	-5.7	-6.3	-5.2	-0.4	1.0
Feb	491 536	-2.9	-2.9	-2.9	587 691	1.4	-3.5	53.2	-33.9	118 876	-5.4	-3.2	-7.1	-0.7	0.6
Mar	497 338	-3.3	-2.3	-3.5	586 273	1.1	-3.8	53.1	-39.0	117 185	-6.5	-3.3	-8.7	-1.0	-0.4
Apr	488 418	-4.6	-2.5	-5.1	581 884	0.7	-4.7	56.4	-37.6	115 336	-7.5	-3.0	-10.7	-1.8	-0.6
May	500 585	-1.7	0.6	-2.3	575 437	-1.1	-6.9	57.2	-36.2	112 559	-8.8	-2.7	-13.1	-1.5	-1.3
Jun	522 606	-0.1	3.2	-0.9	572 439	-2.1	-8.4	60.0	-32.5	111 754	-8.2	-4.6	-10.8	-1.3	-1.9
Jul	505 133	-1.9	3.6	-3.2	564 220	-2.7	-9.2	60.1	-13.9	110 749	-8.7	-5.1	-11.3	-2.5	-3.4
Aug	505 268	-0.2	4.5	-1.2	562 589	-3.2	-9.6	57.4	-9.9	111 811	-6.7	-5.3	-7.7	-2.0	-4.6
Sep	504 117	0.4	3.3	-0.3	564 387	-2.6	-8.8	57.2	-11.8	111 594	-5.4	-5.5	-5.3	-1.4	-3.0
Oct P	492 761	-0.5	1.9	-1.0	569 044	-2.1	-6.3	33.7	-10.9	111 724	-5.4	-6.4	-4.6	-1.6	-1.7
Nov P	498 364	-0.2	-1.2	-0.0	576 489	-0.6	-2.8	15.9	-1.0	111 721	-3.1	-6.7	-0.5	-0.7	-0.5
Dec P	506 749	-0.5	-2.4	-0.1	587 776	0.1	-0.2	1.9	9.6	111 566	-3.1	-6.9	-0.3	-0.5	0.3
13 *Jan* P	494 687	0.3	-3.1	1.1	592 180	1.3	1.5	-0.0	9.6	113 633	-3.6	-7.5	-0.7	0.5	0.4
Feb P	499 420	1.6	-3.6	2.8	590 252	0.4	1.4	-6.0	11.5	115 597	-2.8	-7.4	0.7	0.6	-0.4

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.

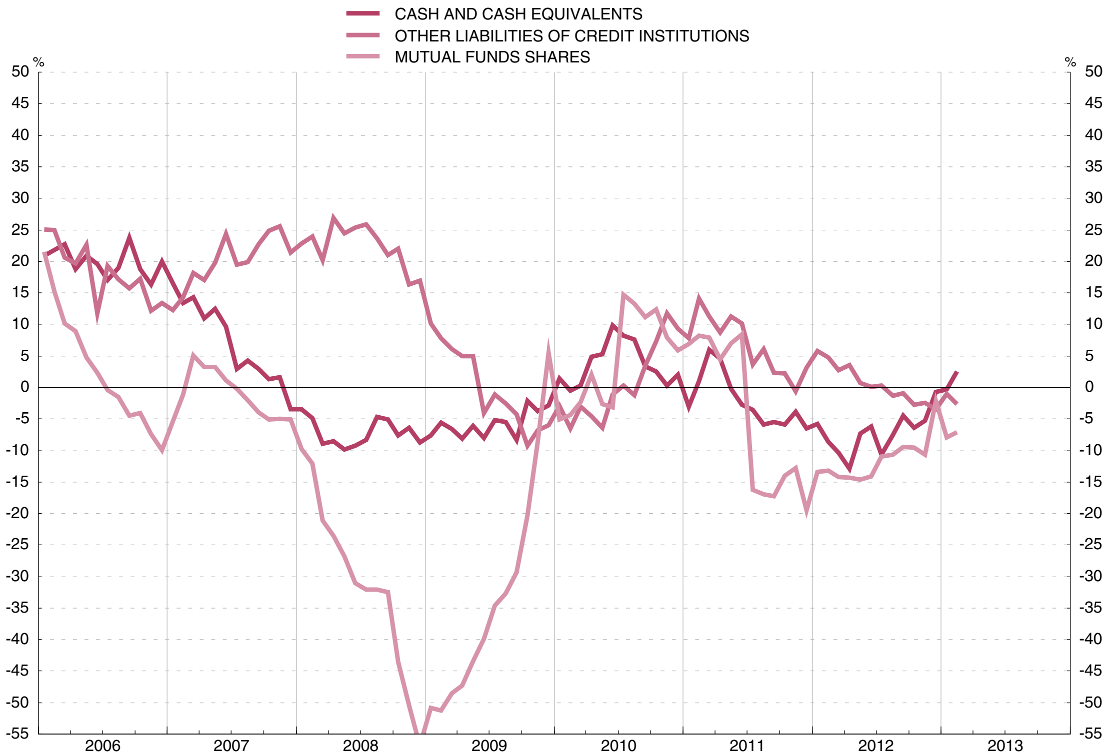
8.3 CASH AND CASH EQUIVALENTS, OTHER LIABILITIES OF CREDIT INSTITUTIONS AND MUTUAL FUNDS SHARES OF NON-FINANCIAL CORPORATIONS RESIDENT IN SPAIN (a)

■ 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
10		119 757	2.0	124 097	9.3	6.1	22.5	12 153	5.9	-9.4	22.1
11		111 937	-6.5	127 939	3.1	-10.9	52.0	9 780	-19.5	-22.4	-17.2
12	P	111 150	-0.7	123 571	-3.4	-7.1	4.2	9 570	-2.1	-2.8	-1.6
11 *Nov*		111 235	-3.8	122 969	-0.6	-11.0	36.7	10 727	-12.8	-16.7	-9.6
Dec		111 937	-6.5	127 939	3.1	-10.9	52.0	9 780	-19.5	-22.4	-17.2
12 *Jan*		106 191	-5.8	125 595	5.8	-10.8	68.1	10 589	-13.4	-11.1	-15.1
Feb		106 748	-8.6	126 824	4.7	-11.0	63.0	10 680	-13.2	-8.2	-16.8
Mar		108 627	-10.4	125 991	2.8	-13.3	60.7	10 527	-14.2	-8.4	-18.3
Apr		103 018	-12.9	124 367	3.5	-14.0	66.0	10 365	-14.4	-8.2	-18.8
May		109 613	-7.3	123 386	0.7	-17.8	66.3	10 227	-14.7	-6.6	-20.4
Jun		114 187	-6.2	124 397	0.1	-19.6	69.1	10 146	-14.1	-8.5	-18.3
Jul		103 371	-10.7	119 974	0.3	-20.1	69.5	10 050	-10.9	-4.2	-15.7
Aug		105 787	-7.5	120 193	-1.3	-20.6	62.7	9 952	-10.7	-6.7	-13.6
Sep		106 926	-4.4	120 462	-0.9	-19.9	60.7	9 934	-9.4	-6.9	-11.3
Oct	P	101 628	-6.4	118 444	-2.7	-17.4	37.5	9 931	-9.6	-8.1	-10.7
Nov	P	105 320	-5.3	120 027	-2.4	-11.6	18.9	9 585	-10.7	-11.9	-9.7
Dec	P	111 150	-0.7	123 571	-3.4	-7.1	4.2	9 570	-2.1	-2.8	-1.6
13 *Jan*	P	105 832	-0.3	124 256	-1.1	-3.8	4.3	9 746	-8.0	-12.5	-4.4
Feb	P	109 490	2.6	123 443	-2.7	-3.1	-1.8	9 917	-7.1	-12.3	-3.1

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.

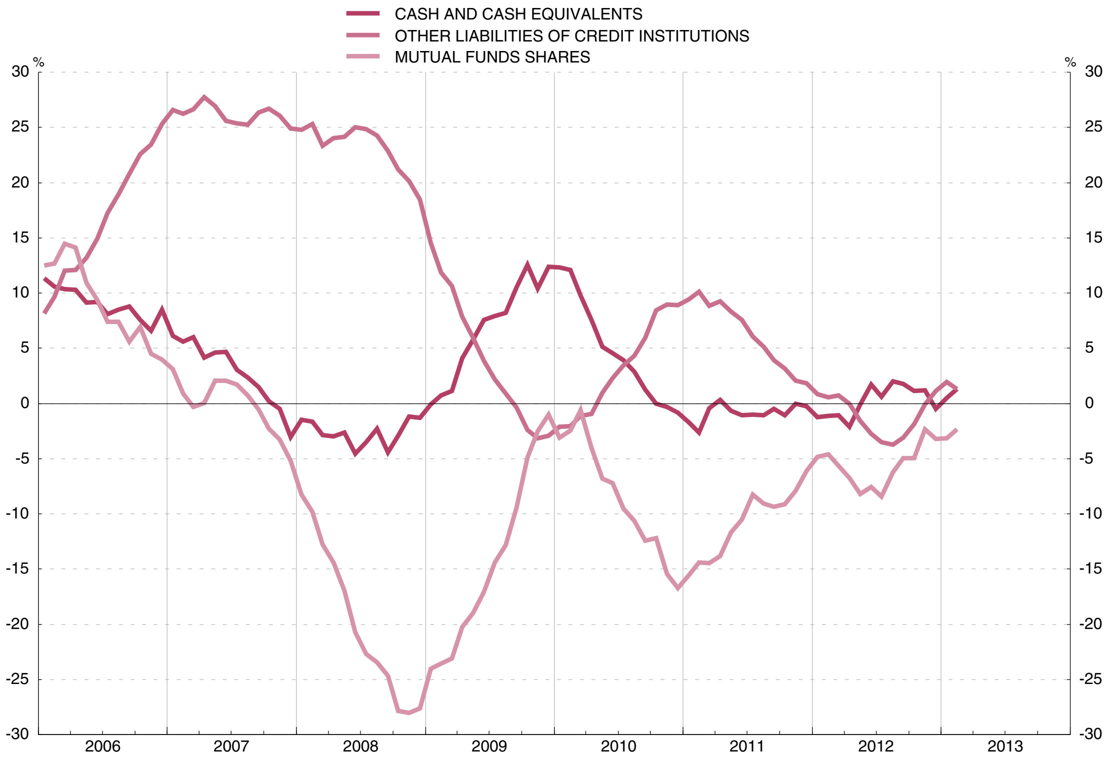
8.4 CASH AND CASH EQUIVALENTS, OTHER LIABILITIES OF CREDIT INSTITUTIONS AND MUTUAL FUNDS SHARES OF HOUSEHOLDS AND NPISHS RESIDENT IN SPAIN (a)

■ 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: Cash	Annual growth rate: Deposits (b)	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 ■	11	12
10		398 582	-0.8	-1.8	-0.5	450 716	8.9	6.5	55.7	112 204	-16.7	-31.1	-0.2
11		397 494	-0.3	-1.6	0.1	459 088	1.9	-0.3	30.0	105 377	-6.1	-8.9	-3.8
12	P	395 600	-0.5	-2.1	-0.0	464 206	1.1	1.2	0.2	101 996	-3.2	-7.2	-0.2
11 *Nov*		388 334	0.0	-1.4	0.4	456 728	2.1	0.6	21.5	104 603	-7.9	-12.4	-4.2
Dec		397 494	-0.3	-1.6	0.1	459 088	1.9	-0.3	30.0	105 377	-6.1	-8.9	-3.8
12 *Jan*		386 973	-1.2	-2.0	-1.0	458 963	0.8	-1.4	31.0	107 249	-4.8	-5.7	-4.1
Feb		384 788	-1.1	-2.1	-0.9	460 866	0.6	-1.8	32.1	108 195	-4.6	-2.6	-6.0
Mar		388 711	-1.1	-1.5	-1.0	460 283	0.7	-1.6	31.2	106 658	-5.6	-2.8	-7.7
Apr		385 400	-2.1	-1.8	-2.2	457 517	-0.0	-2.6	34.0	104 971	-6.7	-2.4	-9.8
May		390 972	-0.1	1.2	-0.5	452 051	-1.6	-4.4	35.4	102 333	-8.2	-2.3	-12.4
Jun		408 419	1.7	3.7	1.2	448 043	-2.7	-5.9	38.6	101 609	-7.5	-4.2	-10.0
Jul		401 762	0.6	4.0	-0.4	444 246	-3.5	-6.9	42.1	100 699	-8.5	-5.2	-10.8
Aug		399 481	2.0	4.8	1.2	442 395	-3.8	-7.2	43.5	101 859	-6.2	-5.1	-7.1
Sep		397 190	1.7	3.6	1.2	443 925	-3.1	-6.4	43.7	101 660	-5.0	-5.3	-4.7
Oct	P	391 133	1.2	2.2	0.8	450 600	-1.9	-4.0	24.4	101 793	-5.0	-6.2	-4.0
Nov	P	393 045	1.2	-0.8	1.8	456 463	-0.1	-1.1	11.0	102 137	-2.4	-6.1	0.5
Dec	P	395 600	-0.5	-2.1	-0.0	464 206	1.1	1.2	0.2	101 996	-3.2	-7.2	-0.2
13 *Jan*	P	388 855	0.5	-2.7	1.4	467 923	2.0	2.5	-3.6	103 887	-3.1	-7.0	-0.3
Feb	P	389 930	1.3	-3.3	2.7	466 810	1.3	2.3	-8.9	105 680	-2.3	-6.9	1.0

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.

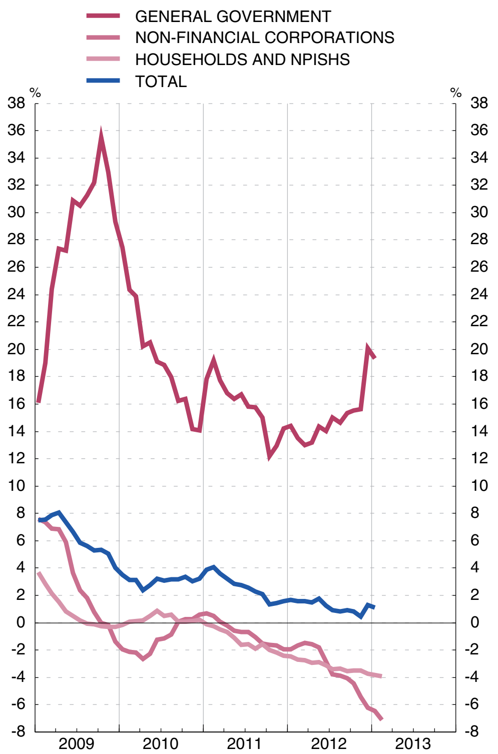
8.5. FINANCING OF NON-FINANCIAL SECTORS RESIDENT IN SPAIN (a)

■ Series depicted in chart.

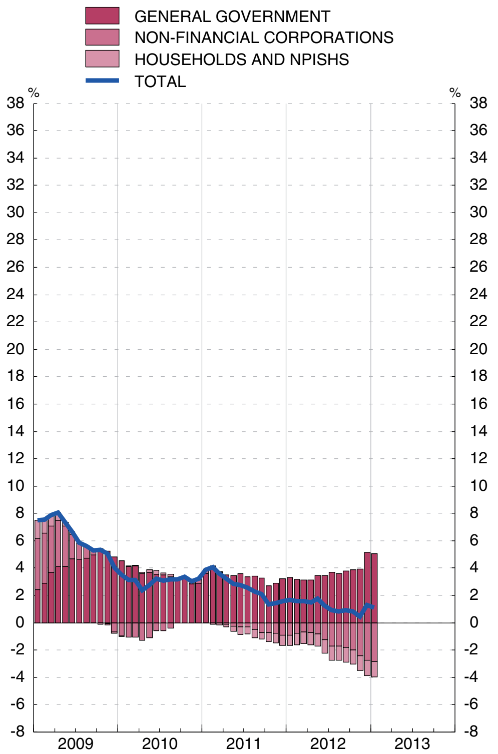
EUR millions and %

		Total			Annual growth rate							Contribution to col. 3						
		Stocks	Effective flow	Annual growth rate	General government (b)	Non-financial corp. and households and NPISHs	By sectors		By instruments			General government (b)	Non-financial corp. and households and NPISHs	By sectors		By instrumentss		
							Non-financial corporations	Households and NPISHs	Credit institutions loans, secur. funds & loans tr. to AMC(c)	Securities other than shares	External loans			Non-financial corporations	Households and NPISHs	Credit institutions' loans & securit. funds	Securities other than shares	External loans
		1	2	3 ■	4 ■	5	6 ■	7 ■	8	9	10	11 ■	12	13 ■	14 ■	15	16	17
10		2 844 462	89 200	3.2	14.1	0.4	0.6	0.2	-0.4	10.6	3.4	2.9	0.3	0.3	0.1	-0.3	0.2	0.4
11		2 862 714	44 885	1.6	14.2	-2.1	-2.0	-2.4	-3.3	7.6	2.4	3.2	-1.6	-0.9	-0.8	-2.1	0.2	0.3
12	P	2 863 020	37 271	1.3	20.1	-5.2	-6.2	-3.7	-5.8	12.3	-5.4	5.2	-3.9	-2.7	-1.1	-3.5	0.3	-0.7
11 *Nov*		2 860 709	17 249	1.4	12.9	-1.9	-1.7	-2.2	-3.0	4.8	2.6	2.9	-1.5	-0.8	-0.7	-1.9	0.1	0.3
Dec		2 862 714	5 595	1.6	14.2	-2.1	-2.0	-2.4	-3.3	7.6	2.4	3.2	-1.6	-0.9	-0.8	-2.1	0.2	0.3
12 *Jan*		2 870 471	6 227	1.7	14.4	-2.2	-2.0	-2.5	-3.4	8.6	2.2	3.3	-1.7	-0.9	-0.8	-2.1	0.2	0.3
Feb		2 878 747	9 616	1.6	13.5	-2.1	-1.7	-2.7	-3.3	8.8	2.2	3.2	-1.6	-0.7	-0.8	-2.1	0.2	0.3
Mar		2 886 278	6 215	1.6	13.0	-2.0	-1.5	-2.7	-3.4	11.1	2.8	3.1	-1.5	-0.7	-0.8	-2.1	0.2	0.3
Apr		2 872 928	-10 434	1.5	13.2	-2.1	-1.6	-2.9	-3.5	8.2	2.6	3.1	-1.6	-0.7	-0.9	-2.1	0.2	0.3
May		2 884 280	8 946	1.8	14.3	-2.2	-1.8	-2.9	-3.6	7.1	2.8	3.5	-1.7	-0.8	-0.9	-2.2	0.2	0.3
Jun		2 893 120	8 461	1.2	14.0	-3.0	-2.8	-3.1	-4.1	9.2	0.7	3.5	-2.2	-1.3	-1.0	-2.5	0.2	0.1
Jul		2 872 140	-20 265	0.9	15.0	-3.6	-3.8	-3.4	-4.6	8.8	-1.1	3.7	-2.7	-1.7	-1.1	-2.8	0.2	-0.1
Aug		2 854 038	-17 599	0.8	14.6	-3.7	-3.9	-3.4	-4.6	8.6	-1.0	3.6	-2.8	-1.7	-1.0	-2.8	0.2	-0.1
Sep		2 867 950	16 622	0.9	15.3	-3.9	-4.1	-3.6	-4.7	9.5	-2.0	3.8	-2.9	-1.8	-1.1	-2.9	0.2	-0.2
Oct	P	2 859 594	-7 289	0.8	15.5	-4.0	-4.4	-3.5	-5.1	13.0	-1.9	3.9	-3.0	-2.0	-1.1	-3.1	0.3	-0.2
Nov	P	2 865 588	6 702	0.4	15.6	-4.6	-5.4	-3.5	-5.5	13.5	-3.8	3.9	-3.5	-2.4	-1.1	-3.3	0.3	-0.5
Dec	P	2 863 020	30 071	1.3	20.1	-5.2	-6.2	-3.7	-5.8	12.3	-5.4	5.2	-3.9	-2.7	-1.1	-3.5	0.3	-0.7
13 *Jan*	P	2 862 128	213	1.1	19.3	-5.4	-6.5	-3.8	-6.1	13.6	-5.3	5.1	-4.0	-2.8	-1.1	-3.6	0.3	-0.7
Feb	P	...	...	...	...	-5.8	-7.1	-3.9	-6.2	7.3	-6.6	...	...	...	...	...	...	...

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.

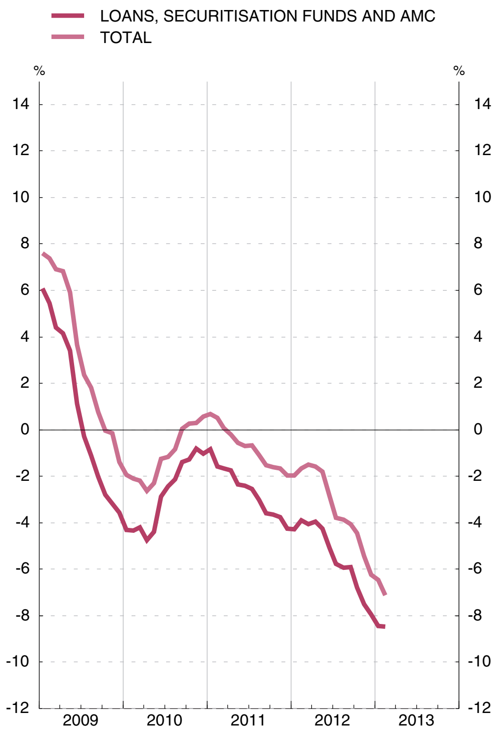
c. Including loans transferred to SAREB, which is an Asset Management Corporation (AMC).

8.6. FINANCING OF NON-FINANCIAL CORPORATIONS RESIDENT IN SPAIN (a)

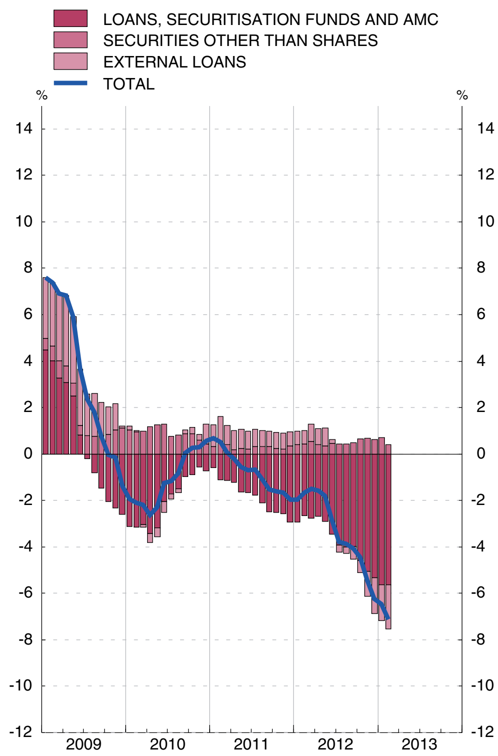
■ Series depicted in chart. *EUR millions and %*

				Resident credit institutions' loans, off-balance-sheet securitised loans & loans transf. to AMC (c)			Securities other than shares (b)				External loans			Memorandum items: off-balance-sheet securitised and transferred to AMC loans (c)
	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
10	1 301 625	7 475	0.6	895 918	-1.0	-0.7	60 408	46 895	10.6	0.4	345 298	3.3	0.8	1 581
11	1 255 286	-25 410	-2.0	840 887	-4.2	-2.9	64 988	50 867	7.6	0.4	349 411	2.3	0.6	1 332
12	P 1 144 339	-78 183	-6.2	736 019	-8.0	-5.3	72 970	56 208	12.3	0.6	335 349	-5.5	-1.5	29 291
11 *Nov*	1 264 904	1 477	-1.7	849 929	-3.7	-2.6	64 424	50 363	4.8	0.2	350 551	2.6	0.7	1 275
Dec	1 255 286	-7 109	-2.0	840 887	-4.2	-2.9	64 988	50 867	7.6	0.4	349 411	2.3	0.6	1 332
12 *Jan*	1 253 690	-3 711	-2.0	835 814	-4.3	-2.9	65 338	51 080	8.6	0.4	352 538	2.2	0.6	1 325
Feb	1 253 971	1 313	-1.7	831 018	-3.9	-2.7	67 818	53 296	8.8	0.4	355 134	2.1	0.6	1 172
Mar	1 252 625	-1 996	-1.5	828 598	-4.1	-2.8	69 140	54 320	11.1	0.5	354 886	2.8	0.7	1 143
Apr	1 248 808	-2 051	-1.6	825 581	-3.9	-2.7	67 923	53 166	8.2	0.4	355 304	2.6	0.7	1 172
May	1 244 955	-6 544	-1.8	819 091	-4.3	-2.9	68 557	53 979	7.1	0.4	357 307	2.8	0.8	1 147
Jun	1 232 768	-13 283	-2.8	812 314	-5.1	-3.5	68 810	53 606	9.2	0.5	351 644	0.6	0.2	1 164
Jul	1 220 505	-12 059	-3.8	804 701	-5.8	-3.9	68 898	53 854	8.8	0.4	346 906	-1.1	-0.3	1 120
Aug	1 209 292	-10 479	-3.9	792 990	-5.9	-4.0	68 564	53 546	8.6	0.4	347 738	-1.0	-0.3	1 099
Sep	1 210 026	2 460	-4.1	792 423	-5.9	-4.0	69 984	55 041	9.5	0.5	347 619	-2.0	-0.6	1 115
Oct	P 1 205 097	-4 192	-4.4	783 848	-6.8	-4.6	72 398	56 616	13.0	0.7	348 851	-1.9	-0.5	1 064
Nov	P 1 192 777	-11 000	-5.4	776 667	-7.5	-5.0	73 127	56 076	13.5	0.7	342 983	-3.9	-1.1	1 256
Dec	P 1 144 339	-16 642	-6.2	736 019	-8.0	-5.3	72 970	56 208	12.3	0.6	335 349	-5.5	-1.5	29 291
13 *Jan*	P 1 137 089	-6 555	-6.5	726 121	-8.5	-5.6	74 209	57 068	13.6	0.7	336 759	-5.5	-1.5	28 368
Feb	P 1 120 891	-7 063	-7.1	712 810	-8.5	-5.6	72 759	55 393	7.3	0.4	335 322	-6.7	-1.9	40 477

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.

c. Including loans transferred to SAREB, which is an Asset Management Corporation (AMC).

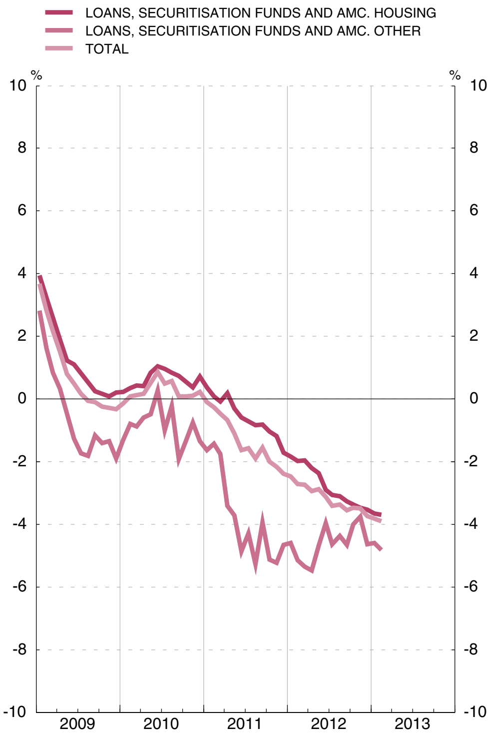
8.7. FINANCING OF HOUSEHOLDS AND NPISHS RESIDENT IN SPAIN (a)

■ Series depicted in chart.

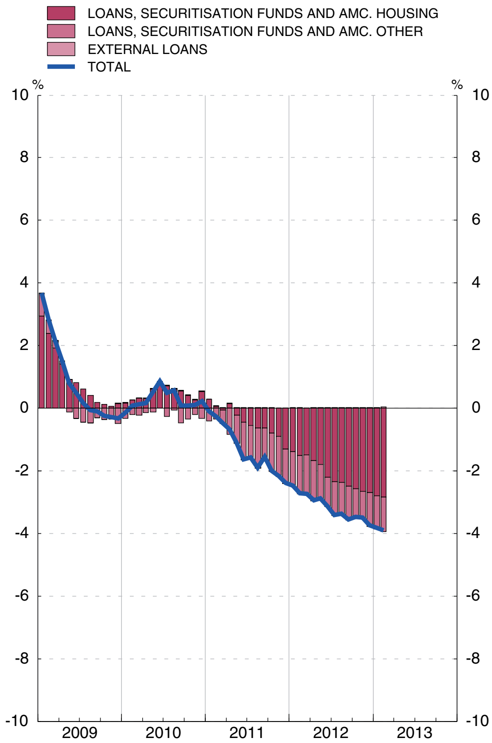
EUR millions and %

		Total			Resident credit institutions' loans, off-balance-sheet securitised loans & loans transf.to ACM. Housing (b)			Resident credit institutions' loans off-balance-sheet securitised loans & loans transf.to ACM. Other (b)			External loans			Memorandum items: off-balance-sheet securitised and trans.to AMC loans (b)	
		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
10		898 146	2 116	0.2	679 958	0.7	0.5	215 285	-1.3	-0.3	2 902	5.8	0.0	17 161	1 637
11		870 960	-21 481	-2.4	666 866	-1.7	-1.3	201 065	-4.7	-1.1	3 029	4.9	0.0	10 336	547
12	P	834 265	-32 495	-3.7	642 172	-3.5	-2.7	189 097	-4.6	-1.1	2 996	10.2	0.0	8 813	803
11 *Nov*		877 624	4 173	-2.2	667 909	-1.2	-0.9	206 696	-5.2	-1.3	3 020	4.7	0.0	15 250	570
Dec		870 960	-5 583	-2.4	666 866	-1.7	-1.3	201 065	-4.7	-1.1	3 029	4.9	0.0	10 336	547
12 *Jan*		865 762	-4 614	-2.5	663 730	-1.8	-1.4	199 318	-4.6	-1.1	2 714	4.9	0.0	10 245	497
Feb		861 035	-4 418	-2.7	660 918	-2.0	-1.5	197 389	-5.1	-1.2	2 728	5.3	0.0	10 194	450
Mar		858 727	-2 975	-2.7	659 805	-2.0	-1.5	196 186	-5.3	-1.3	2 737	4.7	0.0	10 089	428
Apr		855 481	-2 097	-2.9	660 121	-2.2	-1.7	192 603	-5.5	-1.3	2 757	5.3	0.0	10 040	347
May		853 837	-1 358	-2.9	657 256	-2.4	-1.8	193 809	-4.7	-1.1	2 772	5.2	0.0	9 897	271
Jun		855 738	2 617	-3.1	653 954	-2.9	-2.2	199 001	-4.0	-0.9	2 783	5.2	0.0	9 753	378
Jul		847 705	-7 522	-3.4	652 132	-3.1	-2.3	192 770	-4.6	-1.1	2 803	4.9	0.0	8 273	295
Aug		843 995	-3 943	-3.4	649 660	-3.1	-2.4	191 517	-4.4	-1.0	2 818	5.2	0.0	8 180	263
Sep		840 759	-2 251	-3.6	648 026	-3.3	-2.5	189 911	-4.6	-1.1	2 822	5.1	0.0	8 505	252
Oct	P	838 073	-2 357	-3.5	645 422	-3.4	-2.6	189 753	-4.0	-0.9	2 898	7.6	0.0	8 428	215
Nov	P	842 540	3 855	-3.5	643 606	-3.5	-2.6	195 991	-3.7	-0.9	2 944	9.0	0.0	8 511	997
Dec	P	834 265	-7 432	-3.7	642 172	-3.5	-2.7	189 097	-4.6	-1.1	2 996	10.2	0.0	8 813	803
13 *Jan*	P	828 731	-5 124	-3.8	638 439	-3.6	-2.8	187 282	-4.6	-1.1	3 009	11.5	0.0	8 525	917
Feb	P	823 494	-4 990	-3.9	635 315	-3.7	-2.8	185 143	-4.8	-1.1	3 036	11.9	0.0	8 277	879

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.

b. Including loans transferred to SAREB, which is an Asset Management Corporation (AMC).

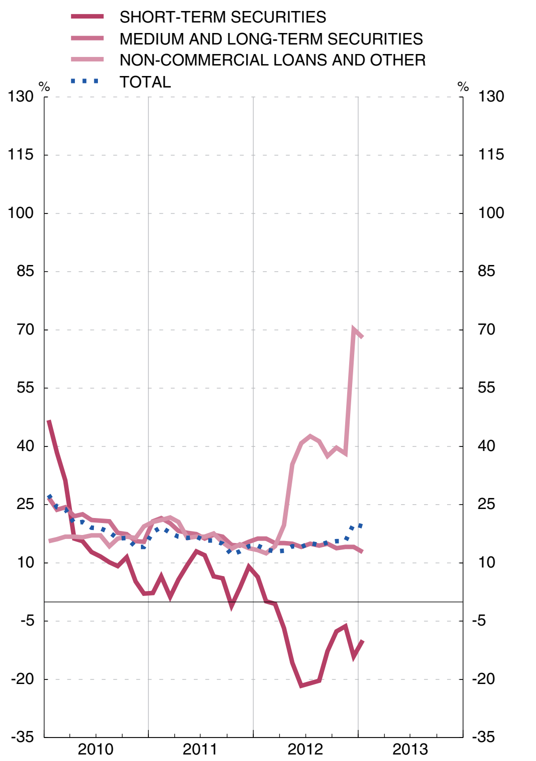
8.8. GROSS FINANCING OF SPAIN'S GENERAL GOVERMENT

■ Series depicted in chart.

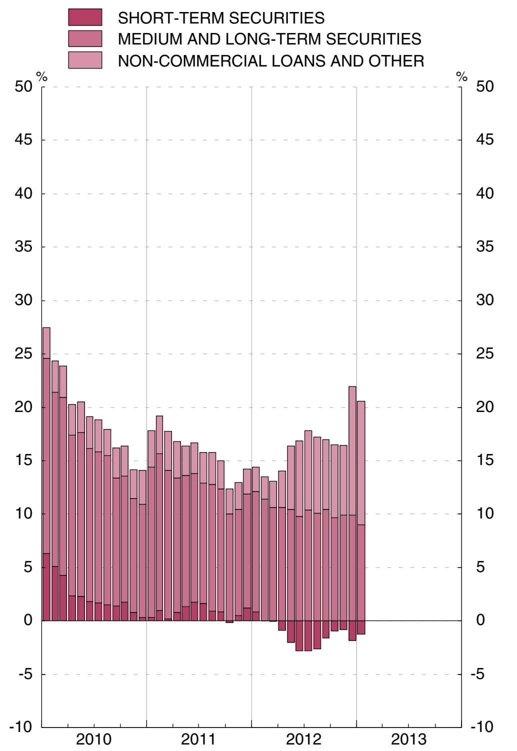
EUR millions and %

		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	Contribu-tion to 12-month % change	Total	Monthly change	12 month % change	Contribu-tion to 12-month % change	Total	Monthly change	12 month % chage	Contribu-tion 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 ■
09		565 082	128 098	29.3	86 395	33 361	62.9	7.6	385 433	82 935	27.4	19.0	93 255	11 802	14.5	2.7
10	P	644 692	79 609	14.1	88 201	1 806	2.1	0.3	445 175	59 742	15.5	10.6	111 316	18 061	19.4	3.2
11	P	736 468	91 777	14.2	96 153	7 952	9.0	1.2	513 696	68 521	15.4	10.6	126 619	15 303	13.7	2.4
12	A	884 416	147 948	20.1	82 563	-13 590	-14.1	-1.8	586 464	72 768	14.2	9.9	215 390	88 771	70.1	12.1
11 *Aug*	P	698 608	-274	15.8	90 370	-3 037	6.6	0.9	487 085	4 011	17.2	11.9	121 154	-1 247	17.5	3.0
Sep	P	708 577	9 969	15.0	91 377	1 008	6.1	0.8	493 453	6 368	16.8	11.5	123 747	2 593	15.2	2.7
Oct	P	706 582	-1 995	12.2	90 110	-1 267	-1.0	-0.1	494 460	1 007	14.6	10.0	122 012	-1 735	13.7	2.3
Nov	P	718 181	11 599	12.9	93 376	3 266	3.5	0.5	502 460	8 000	14.4	9.9	122 346	334	14.8	2.5
Dec	P	736 468	18 287	14.2	96 153	2 778	9.0	1.2	513 696	11 236	15.4	10.6	126 619	4 273	13.7	2.4
12 *Jan*	P	751 019	14 551	14.4	93 550	-2 604	6.4	0.9	529 881	16 185	16.2	11.3	127 589	970	13.3	2.3
Feb	P	763 741	12 722	13.5	89 450	-4 100	0.1	0.0	544 638	14 757	16.3	11.4	129 654	2 065	12.5	2.1
Mar	P	774 926	11 185	13.0	85 483	-3 966	-0.6	-0.1	553 704	9 066	15.1	10.6	135 739	6 085	14.3	2.5
Apr	P	768 640	-6 287	13.2	80 278	-5 205	-6.8	-0.9	548 214	-5 491	15.1	10.6	140 148	4 409	19.8	3.4
May	P	785 487	16 848	14.3	75 655	-4 623	-15.7	-2.1	553 781	5 567	14.9	10.5	156 051	15 903	35.4	5.9
Jun	P	804 615	19 127	14.0	72 386	-3 269	-21.7	-2.8	560 000	6 219	14.1	9.8	172 228	16 177	40.8	7.1
Jul	P	803 930	-685	15.0	73 843	1 456	-20.9	-2.8	555 544	-4 456	15.0	10.4	174 544	2 315	42.6	7.5
Aug	P	800 752	-3 178	14.6	72 057	-1 786	-20.3	-2.6	557 444	1 900	14.4	10.1	171 251	-3 292	41.4	7.2
Sep	P	817 164	16 412	15.3	79 770	7 713	-12.7	-1.6	567 236	9 792	15.0	10.4	170 158	-1 093	37.5	6.5
Oct	A	816 424	-740	15.5	83 303	3 532	-7.6	-1.0	562 763	-4 473	13.8	9.7	170 359	201	39.6	6.8
Nov	A	830 271	13 846	15.6	87 469	4 166	-6.3	-0.8	573 746	10 983	14.2	9.9	169 056	-1 303	38.2	6.5
Dec	A	884 416	54 145	20.1	82 563	-4 906	-14.1	-1.8	586 464	12 718	14.2	9.9	215 390	46 334	70.1	12.1
13 *Jan*	A	896 309	11 893	19.3	84 253	1 690	-9.9	-1.2	597 621	11 158	12.8	9.0	214 435	-955	68.1	11.6

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

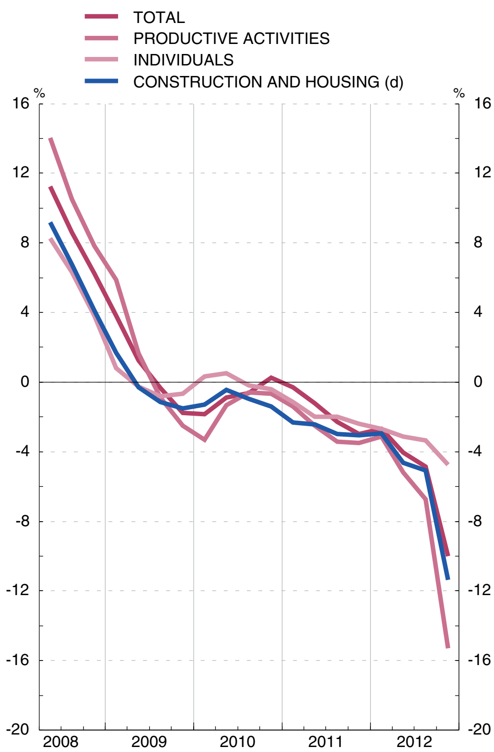
8.9 LENDING BY CREDIT INSTITUTIONS TO OTHER RESIDENT SECTORS. BREAKDOWN BY END-USE.

■ Series depicted in chart.

EUR millions and percentages

	Total (a)	Financing of productive activities: Total	Agriculture and fisheries	Industry excluding construction	Construction	Services: Total	Services: Of which Real estate activities	Financing of individuals: Total	Home purchases and improvements: Total	Home purchases and improvements: Of which Purchases	Purchases of consumer durables	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 ■
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
11	1 782 555	944 058	21 782	143 246	98 546	680 483	298 323	793 430	656 452	626 550	37 686	99 292	7 000	38 067	1 053 321
08 *Q3*	1 852 563	1 005 670	26 593	155 481	156 363	667 233	315 443	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	692 010	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	324 663	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	655 473	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
Q2	1 817 800	963 039	22 435	146 481	105 489	688 634	308 424	805 058	658 999	628 377	40 201	105 858	5 898	43 806	1 072 912
Q3	1 788 847	951 096	22 203	145 503	102 258	681 132	303 506	794 554	655 726	625 101	38 478	100 350	6 557	36 639	1 061 491
Q4	1 782 555	944 058	21 782	143 246	98 546	680 483	298 323	793 430	656 452	626 550	37 686	99 292	7 000	38 067	1 053 321
12 *Q1*	1 768 488	935 176	21 416	139 850	96 193	677 716	295 696	782 441	649 716	620 182	35 835	96 890	6 643	44 228	1 041 606
Q2	1 744 215	912 949	21 085	138 007	91 869	661 988	286 942	779 915	644 201	614 707	34 726	100 988	7 013	44 338	1 023 012
Q3	1 701 789	886 962	20 852	135 138	87 794	643 178	280 245	767 855	639 522	610 943	31 953	96 381	6 910	40 061	1 007 561
Q4	1 603 990	799 571	20 202	131 111	80 365	567 893	220 039	755 913	633 372	605 293	32 904	89 636	7 003	41 503	933 776

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.

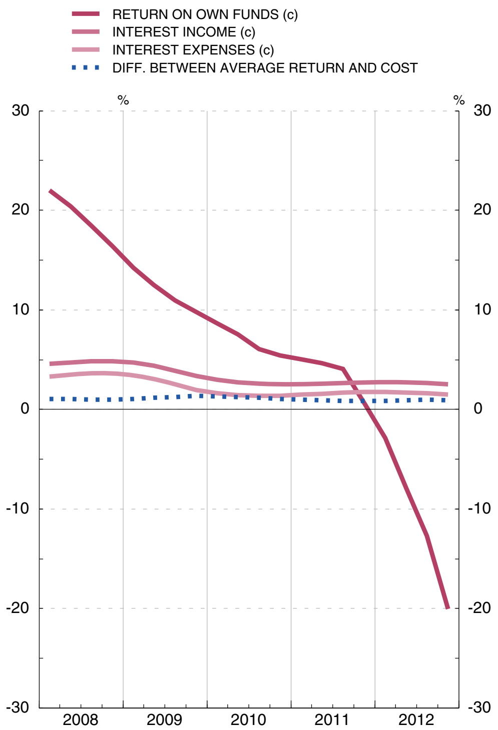
c. Asset-backed securities brought back onto the balance sheet as a result of the entry into force of Banco de España Circular BE 4/2004 have caused a break in the series in June 2005. The rates depicted in the chart have been adjusted to eliminate this effect. d. Including: construction, real estate activities and home purchases and improvements

8.10. PROFIT AND LOSS ACCOUNT OF DEPOSIT-TAKING INSTITUTIONS RESIDENT IN SPAIN

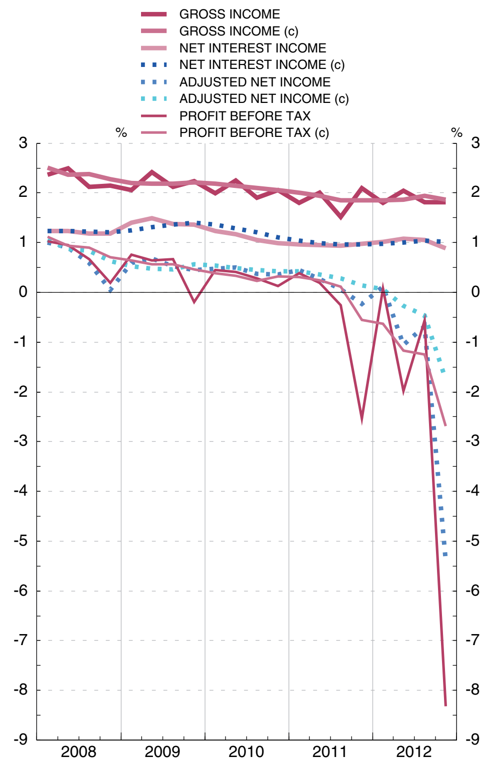
■ Series depicted in chart.

	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 ■
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
11	2.8	1.8	1.0	1.1	2.1	0.9	0.5	1.4	-0.2	2.2	-2.5	-8.5	2.9	2.1	0.9
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	5.2	2.7	1.7	1.0
Q2	2.7	1.8	1.0	1.1	2.0	1.0	0.6	0.8	0.3	0.1	0.2	4.1	2.8	1.8	0.9
Q3	2.8	1.8	0.9	0.6	1.5	0.9	0.5	0.5	0.1	0.3	-0.3	1.7	2.8	2.0	0.9
Q4	2.8	1.8	1.0	1.1	2.1	0.9	0.5	1.4	-0.2	2.2	-2.5	-8.5	2.9	2.1	0.9
12 *Q1*	2.7	1.7	1.0	0.8	1.8	0.9	0.5	0.8	0.1	0.2	0.1	-8.9	3.0	2.1	0.9
Q2	2.6	1.5	1.1	1.0	2.0	0.9	0.5	2.3	-1.1	0.8	-2.0	-16.1	3.0	2.0	0.9
Q3	2.4	1.4	1.1	0.8	1.8	0.8	0.5	1.7	-0.7	0.3	-0.6	-17.2	2.9	1.9	1.0
Q4	2.3	1.4	0.9	0.9	1.8	0.9	0.5	6.3	-5.4	2.8	-8.3	-37.9	2.7	1.8	0.9

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.

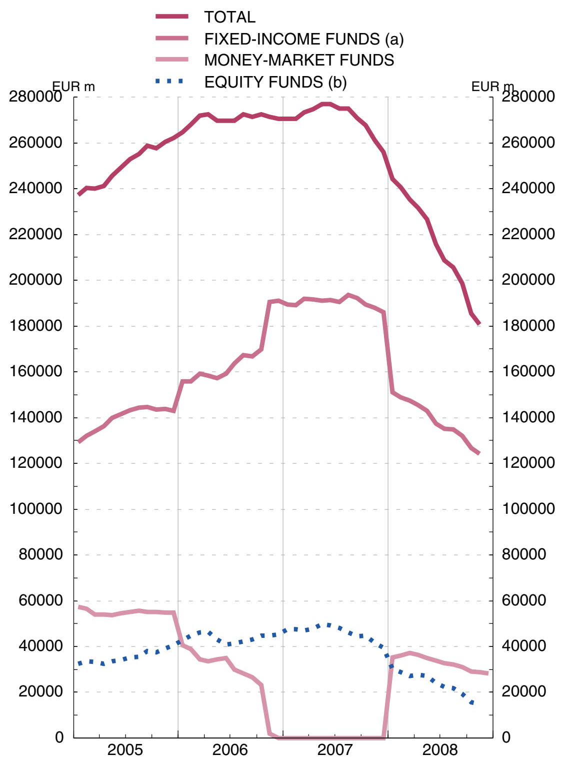
8.11. MUTUAL FUNDS RESIDENT IN SPAIN

■ Series depicted in chart.

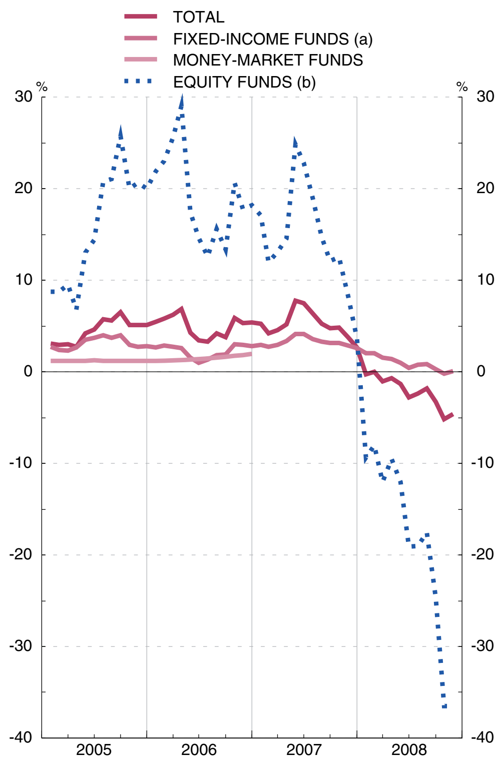
EUR millions

	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.

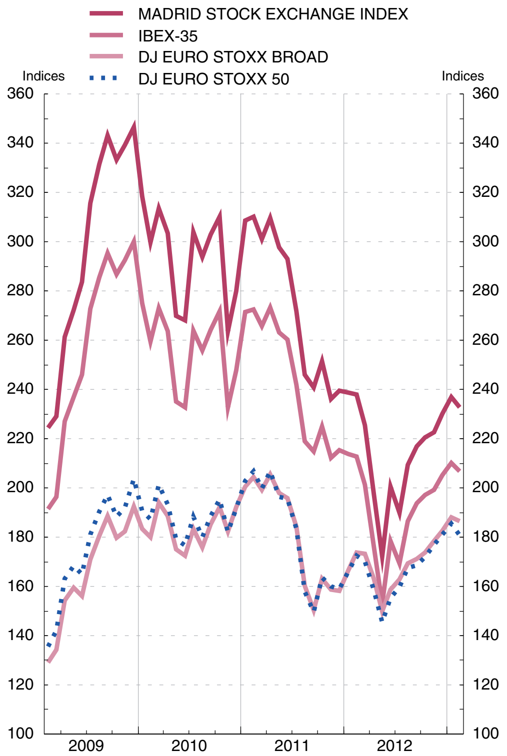
8.12. SHARE PRICE INDICES AND TURNOVER ON SECURITIES MARKETS. SPAIN AND EURO AREA

■ Series depicted in chart.

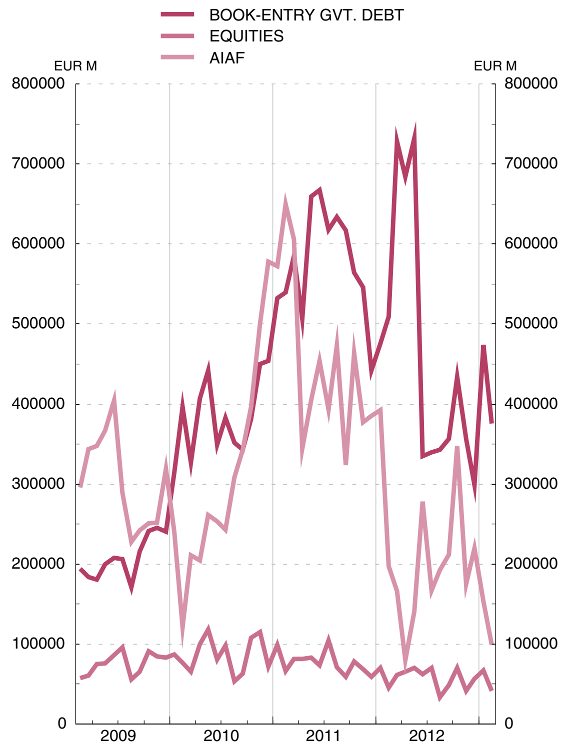
Indices, EUR millions and thousands of contracts

		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
11		986.15	9 727.31	258.92	2 646.26	926 265	70 978	6 911 206	5 448 502	-	29 630	-	5 591
12		764.56	7 579.94	240.67	2 419.01	696 262	60 247	5 592 323	2 568 756	-	34 928	-	4 988
13	A	841.58	8 299.66	267.52	2 670.03	108 794	7 003	849 287	252 849	-	4 102	-	806
11 *Nov*		845.97	8 449.50	226.68	2 330.43	68 702	13 191	545 551	377 003	...	2 949	...	367
Dec		857.65	8 566.30	225.78	2 316.55	59 425	4 652	441 925	385 388	...	4 211	...	283
12 *Jan*		855.17	8 509.20	237.81	2 416.66	70 057	4 595	475 268	392 335	...	2 990	...	304
Feb		852.45	8 465.90	248.09	2 512.11	45 692	5 239	509 249	197 260	...	1 977	...	327
Mar		807.46	8 008.00	247.21	2 477.28	61 373	5 458	727 917	166 605	...	4 527	...	441
Apr		707.48	7 011.00	233.02	2 306.43	65 798	5 699	683 752	79 682	...	1 710	...	587
May		617.23	6 089.80	213.87	2 118.94	70 119	6 897	732 309	140 899	...	2 419	...	626
Jun		718.49	7 102.20	226.42	2 264.72	62 049	3 875	335 123	277 867	...	4 246	...	566
Jul		680.53	6 738.10	232.34	2 325.72	70 446	5 057	339 550	167 029	...	2 140	...	515
Aug		749.84	7 420.50	241.70	2 440.71	33 630	3 945	342 962	192 740	...	2 044	...	374
Sep		777.05	7 708.50	244.21	2 454.26	48 788	6 081	356 661	212 006	...	4 937	...	357
Oct		790.12	7 842.90	248.10	2 503.64	69 931	4 267	433 914	347 799	...	1 819	...	338
Nov		798.04	7 934.60	254.83	2 575.25	41 854	6 008	356 491	174 889	...	1 899	...	289
Dec		824.70	8 167.50	260.84	2 635.93	56 525	3 124	299 126	219 645	...	4 220	...	264
13 *Jan*		848.79	8 362.30	268.57	2 702.98	67 086	2 883	473 866	153 501	...	2 129	...	329
Feb	P	833.59	8 230.30	266.35	2 633.55	41 708	4 120	375 421	99 348	...	1 973	...	477

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)

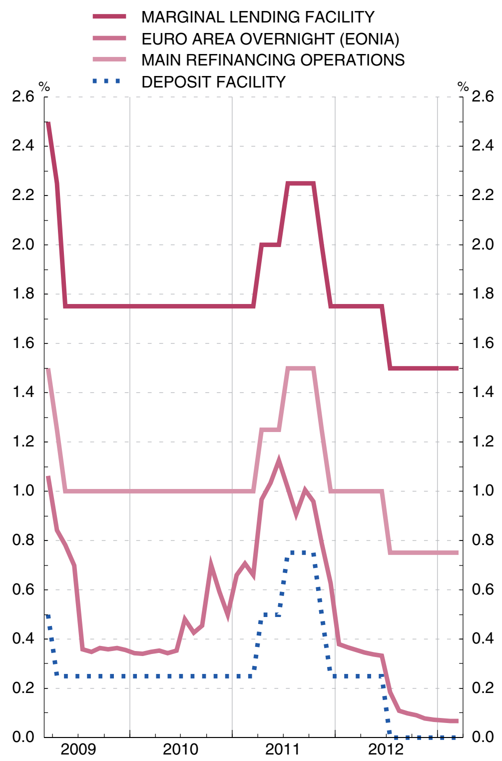
9.1. INTEREST RATES. EUROSYSTEM AND MONEY MARKET. EURO AREA AND SPAIN

■ Series depicted in chart.

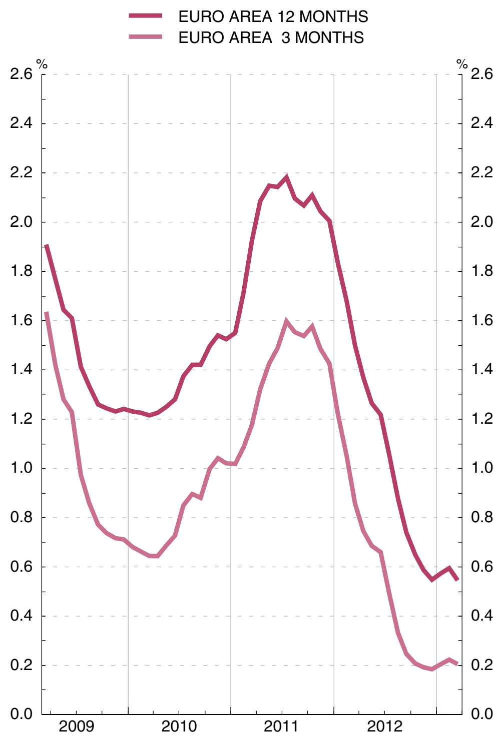
Averages of daily data. Percentages per annum

	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					Government-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
11	1.00	1.00	1.75	0.25	0.871	1.18	1.39	1.64	2.01	1.02	1.33	1.34	1.57	2.64	0.88	1.17	1.39	2.04
12	0.75	0.75	1.50	-	0.229	0.33	0.57	0.83	1.11	0.27	0.76	1.06	-	1.72	0.18	0.41	0.56	1.00
13 A	0.75	0.75	1.50	-	0.068	0.12	0.21	0.34	0.57	0.15	0.47	-	-	-	0.05	0.27	0.38	-
11 *Dec*	1.00	1.00	1.75	0.25	0.627	1.14	1.43	1.67	2.00	0.81	1.38	-	-	-	0.64	1.08	1.77	-
12 *Jan*	1.00	1.00	1.75	0.25	0.380	0.84	1.22	1.51	1.84	0.34	1.14	1.16	-	-	0.24	0.37	0.50	-
Feb	1.00	1.00	1.75	0.25	0.366	0.63	1.05	1.35	1.68	0.35	0.84	1.07	-	1.72	0.27	0.28	0.53	-
Mar	1.00	1.00	1.75	0.25	0.357	0.47	0.86	1.16	1.50	0.31	0.50	0.94	-	-	0.17	0.16	0.60	-
Apr	1.00	1.00	1.75	0.25	0.345	0.41	0.74	1.04	1.37	0.31	0.48	-	-	-	0.20	0.21	0.45	-
May	1.00	1.00	1.75	0.25	0.337	0.39	0.68	0.97	1.27	0.34	0.54	-	-	-	0.25	0.32	0.61	-
Jun	1.00	1.00	1.75	0.25	0.332	0.38	0.66	0.94	1.22	0.41	0.83	-	-	-	0.32	0.77	0.93	-
Jul	0.75	0.75	1.50	-	0.184	0.22	0.50	0.78	1.06	0.24	0.51	-	-	-	0.20	0.45	0.15	1.00
Aug	0.75	0.75	1.50	-	0.110	0.13	0.33	0.61	0.88	0.21	0.59	-	-	-	0.15	0.45	-	-
Sep	0.75	0.75	1.50	-	0.099	0.12	0.25	0.48	0.74	0.21	2.22	-	-	-	0.10	0.43	0.46	-
Oct	0.75	0.75	1.50	-	0.091	0.11	0.21	0.41	0.65	0.20	0.60	-	-	-	0.15	0.51	0.67	-
Nov	0.75	0.75	1.50	-	0.079	0.11	0.19	0.36	0.59	0.14	0.65	-	-	-	0.06	0.53	0.64	-
Dec	0.75	0.75	1.50	-	0.073	0.11	0.19	0.32	0.55	0.18	0.20	-	-	-	0.09	0.46	0.58	-
13 *Jan*	0.75	0.75	1.50	-	0.069	0.11	0.20	0.34	0.58	0.13	0.45	-	-	-	0.03	0.25	0.30	-
Feb	0.75	0.75	1.50	-	0.068	0.12	0.22	0.36	0.59	0.11	0.59	-	-	-	0.04	0.27	0.42	-
Mar	0.75	0.75	1.50	-	0.067	0.12	0.21	0.33	0.55	0.20	0.39	-	-	-	0.07	0.29	0.42	-

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).

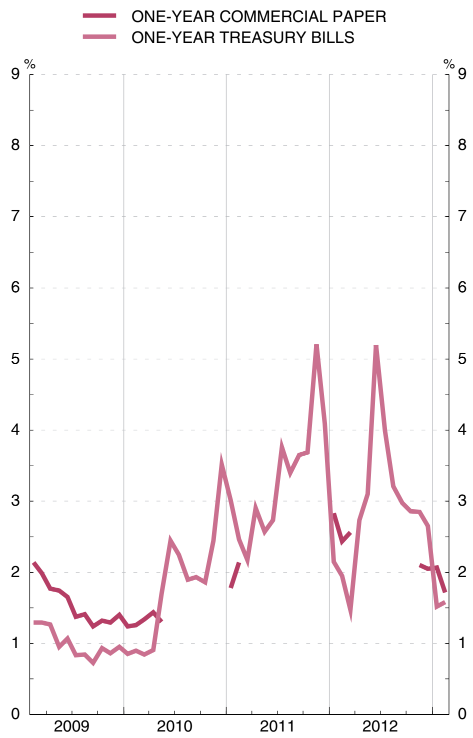
a. To December 1998, synthetic euro area rates have been calculated on the basis of national rates weighted by GDP

9.2. INTEREST RATES: SPANISH SHORT-TERM AND LONG-TERM SECURITIES MARKETS

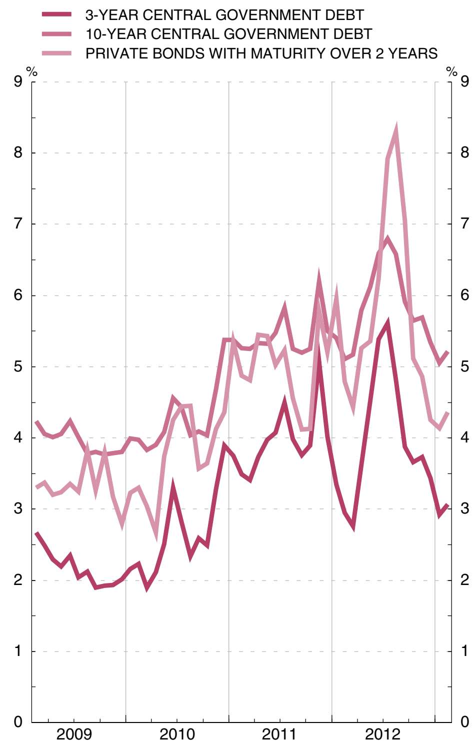
■ Series depicted in chart. *Percentages per annum*

	Short-term securities: One-year Treasury bills: Marginal rate at issue 1 ■	Short-term securities: One-year Treasury bills: Secondary market: outright spot purchases between market members 2	Short-term securities: One-year commercial paper: Rate at issue 3 ■	Short-term securities: One-year commercial paper: Secondary market: outright spot purchases 4	Long-term securities: Central Government debt: Marginal rate at issue: 3-year bonds 5	Long-term securities: Central Government debt: Marginal rate at issue: 5-year bonds 6	Long-term securities: Central Government debt: Marginal rate at issue: 10-year bonds 7	Long-term securities: Central Government debt: Marginal rate at issue: 15-year bonds 8	Long-term securities: Central Government debt: Marginal rate at issue: 30-year bonds 9	Long-term securities: Central Government debt: Secondary market. Book-entry debt. Outright spot purchases between market members: At 3-years 10 ■	Long-term securities: Central Government debt: Secondary market. Book-entry debt. Outright spot purchases between market members: At 10-years 11 ■	Long-term securities: Private bonds with a maturity of over two years traded on the AIAF 12 ■
11	3.31	3.04	1.95	3.11	4.11	4.64	5.55	5.99	5.96	3.97	5.44	5.00
12	2.93	2.67	2.40	3.24	3.93	4.79	5.72	-	6.14	3.98	5.85	5.80
13 A	1.55	1.45	1.90	3.37	2.68	4.04	5.32	5.69	5.71	2.99	5.13	4.24
11 *Nov*	5.20	4.75	-	3.53	4.36	4.89	7.09	-	-	5.07	6.19	5.78
Dec	4.09	3.45	-	3.66	5.20	5.56	5.57	-	-	4.02	5.50	5.21
12 *Jan*	2.15	2.04	2.83	3.65	3.58	3.95	5.47	-	-	3.34	5.40	5.95
Feb	1.95	1.63	2.44	3.42	3.13	3.70	4.90	-	-	2.95	5.11	4.79
Mar	1.47	1.43	2.56	3.23	2.52	4.24	-	-	-	2.76	5.17	4.43
Apr	2.74	2.42	-	3.08	3.52	4.37	5.78	-	-	3.62	5.79	5.26
May	3.10	3.27	-	3.05	5.13	4.98	-	-	-	4.52	6.13	5.36
Jun	5.20	4.18	-	3.18	5.51	6.20	6.12	-	-	5.39	6.59	6.24
Jul	3.99	4.05	-	2.52	5.30	6.54	6.80	-	-	5.61	6.79	7.92
Aug	3.21	3.09	2.44	2.74	4.85	6.06	6.71	-	-	4.82	6.58	8.30
Sep	2.98	2.63	-	2.92	3.55	4.58	5.70	-	-	3.88	5.92	7.06
Oct	2.86	2.54	-	3.76	3.27	4.00	5.47	-	-	3.66	5.65	5.12
Nov	2.85	2.42	2.10	3.72	3.66	4.79	5.56	-	6.37	3.73	5.69	4.86
Dec	2.65	2.26	2.05	3.63	3.16	4.08	4.67	-	5.93	3.44	5.34	4.25
13 *Jan*	1.52	1.43	2.07	3.37	2.77	3.81	5.40	5.57	5.71	2.92	5.05	4.14
Feb	1.58	1.47	1.72	3.36	2.57	4.29	5.22	5.82	-	3.07	5.22	4.36

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)								
	Synthetic rate (d)	Households and NPISH			Non-financial corporations			Synthetic rate (d)	Households and NPISH				Non-financial corporations			
		Synthetic rate	House purchase	Consumption and other	Synthetic rate	Up to EUR 1 million	Over EUR 1 million (c)		Synthetic rate	Overnight and redeemable at notice	Time	Repos	Synthetic rate	Overnight	Time	Repos
	1 ■	2 ■	3	4	5 ■	6	7	8 ■	9 ■	10	11	12	13 ■	14	15	16
11	4.27	4.51	3.66	7.29	4.02	5.39	3.51	1.63	1.72	0.28	2.79	0.86	1.32	0.61	2.13	1.00
12	3.76	3.86	2.93	6.98	3.66	5.35	2.98	1.60	1.72	0.21	2.83	1.39	1.13	0.37	2.08	1.32
13 A	4.08	4.22	3.26	7.49	3.91	5.65	3.10	1.16	1.22	0.21	1.94	0.38	0.91	0.34	1.63	0.38
11 *Jul*	4.19	4.42	3.58	7.10	3.96	5.23	3.29	1.65	1.72	0.30	2.75	1.23	1.41	0.64	2.27	1.13
Aug	4.26	4.55	3.68	7.38	3.96	5.18	3.36	1.57	1.64	0.33	2.57	1.12	1.32	0.65	2.04	0.98
Sep	4.23	4.54	3.67	7.34	3.93	5.19	3.27	1.65	1.73	0.30	2.74	1.14	1.38	0.63	2.20	1.10
Oct	4.33	4.62	3.75	7.47	4.05	5.34	3.31	1.64	1.72	0.30	2.72	1.22	1.36	0.66	2.10	1.20
Nov	4.23	4.56	3.72	7.22	3.91	5.36	3.16	1.65	1.73	0.29	2.77	1.16	1.33	0.63	2.13	1.19
Dec	4.27	4.51	3.66	7.29	4.02	5.39	3.51	1.63	1.72	0.28	2.79	0.86	1.32	0.61	2.13	1.00
12 *Jan*	4.20	4.75	3.80	7.86	3.65	5.52	2.96	1.61	1.73	0.27	2.78	0.51	1.20	0.60	1.91	0.49
Feb	4.30	4.72	3.82	7.70	3.88	5.42	3.14	1.57	1.66	0.26	2.66	0.49	1.23	0.60	1.94	0.50
Mar	4.17	4.59	3.74	7.41	3.75	5.49	2.96	1.49	1.58	0.28	2.53	0.39	1.16	0.56	1.88	0.51
Apr	4.25	4.43	3.53	7.48	4.06	5.82	3.21	1.40	1.49	0.27	2.37	0.58	1.07	0.54	1.68	0.60
May	4.27	4.39	3.47	7.46	4.15	5.56	3.60	1.33	1.41	0.26	2.26	0.64	1.02	0.51	1.69	0.48
Jun	4.08	4.26	3.40	7.04	3.91	5.58	3.36	1.34	1.41	0.26	2.31	0.77	1.06	0.52	1.79	0.64
Jul	4.03	4.26	3.34	7.32	3.80	5.70	2.98	1.40	1.48	0.24	2.44	0.72	1.04	0.49	1.77	0.58
Aug	4.01	4.33	3.31	7.76	3.68	5.81	2.74	1.41	1.50	0.25	2.47	0.75	1.04	0.46	1.81	0.48
Sep	3.87	4.17	3.18	7.50	3.56	5.51	2.57	1.59	1.72	0.26	2.84	1.14	1.09	0.44	1.93	0.95
Oct	3.89	4.14	3.18	7.34	3.64	5.61	2.71	1.61	1.70	0.25	2.77	1.11	1.23	0.43	2.26	0.72
Nov	3.83	3.99	3.06	7.00	3.67	5.58	2.73	1.64	1.76	0.22	2.91	1.29	1.14	0.40	2.11	0.51
Dec	3.76	3.86	2.93	6.98	3.66	5.35	2.98	1.60	1.72	0.21	2.83	1.39	1.13	0.37	2.08	1.32
13 *Jan*	4.00	4.15	3.16	7.48	3.83	5.67	2.93	1.41	1.48	0.23	2.37	0.63	1.12	0.43	1.95	0.89
Feb P	4.08	4.22	3.26	7.49	3.91	5.65	3.10	1.16	1.22	0.21	1.94	0.38	0.91	0.34	1.63	0.38

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).

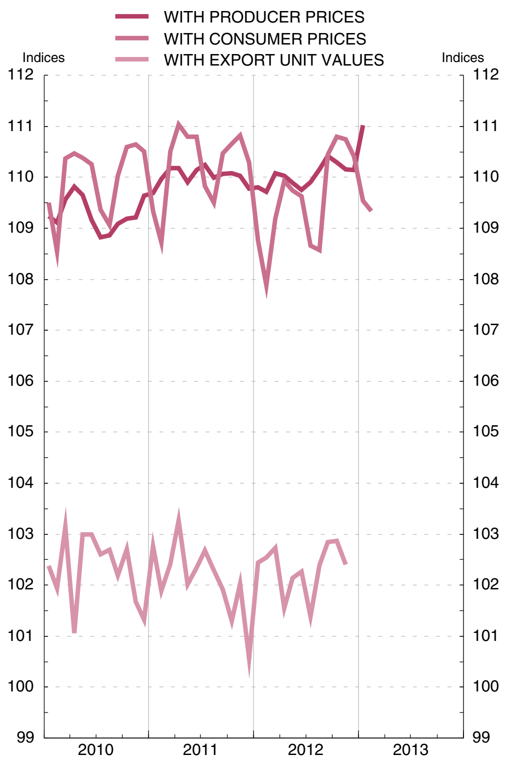
9.4 INDICES OF SPANISH COMPETITIVENESS VIS-à-VIS THE EU-27 AND THE EURO AREA

■ Series depicted in chart.

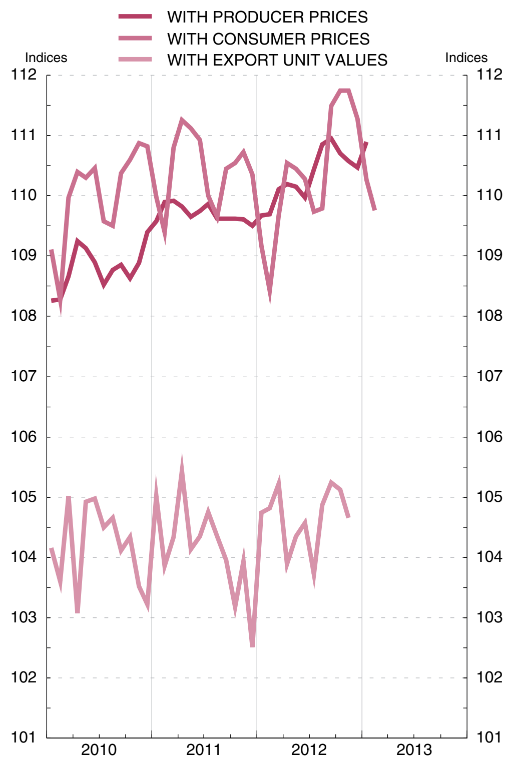
Base 1999 QI = 100

	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 (d)	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 (d)	Based on export unit values		Based on producer prices	Based on consumer prices	Based on total unit labour costs (d)	Based on export unit values					
	1 ■	2 ■	3	4 ■	5	6	7	8	9	10 ■	11 ■	12	13	14 ■
10	109.3	110.0	109.6	102.3	101.9	107.3	108.0	107.6	100.5	108.8	110.0	110.3	111.6	104.2
11	110.0	110.2	106.8	102.1	101.9	108.0	108.2	104.9	100.2	109.7	110.4	107.5	109.5	104.1
12	110.0	109.6	100.8	...	101.4	108.5	108.0	99.4	...	110.3	110.4	102.1	109.3	...
11 *Q1*	109.9	109.6	107.6	102.4	101.6	108.2	107.9	105.9	100.8	109.8	110.1	108.6	106.1	104.4
Q2	110.1	110.9	107.7	102.5	101.8	108.1	108.9	105.7	100.7	109.7	111.1	108.3	108.7	104.6
Q3	110.1	109.9	106.5	102.3	102.0	107.9	107.8	104.4	100.3	109.7	110.0	107.1	110.9	104.4
Q4	110.0	110.6	105.7	101.3	102.1	107.7	108.3	103.5	99.2	109.6	110.5	106.1	112.3	103.2
12 *Q1*	109.9	108.6	104.1	102.6	101.7	108.0	106.8	102.3	100.8	109.8	109.1	105.2	108.4	104.9
Q2	109.9	109.8	102.0	102.0	101.5	108.2	108.1	100.4	100.5	110.1	110.4	103.2	109.0	104.3
Q3	110.2	109.2	100.4	102.2	101.1	108.9	108.0	99.3	101.1	110.7	110.3	102.0	109.5	104.6
Q4	110.2	110.6	96.8	...	101.3	108.8	109.2	95.5	...	110.6	111.6	98.1	110.5	...
12 *Jun*	109.8	109.6	102.0	102.3	101.5	108.1	108.0	100.4	100.7	110.0	110.3	103.2	109.0	104.6
Jul	109.9	108.7	...	101.4	101.2	108.6	107.4	...	100.2	110.4	109.7	...	...	103.7
Aug	110.2	108.6	...	102.4	101.0	109.1	107.5	...	101.4	110.9	109.8	...	...	104.9
Sep	110.4	110.4	100.4	102.8	101.2	109.1	109.2	99.3	101.6	110.9	111.5	102.0	109.5	105.2
Oct	110.3	110.8	...	102.9	101.3	108.9	109.4	...	101.6	110.7	111.8	...	...	105.1
Nov	110.2	110.7	...	102.4	101.3	108.7	109.3	...	101.1	110.6	111.7	...	...	104.7
Dec	110.1	110.4	96.8	...	101.4	108.6	108.9	95.5	...	110.5	111.3	98.1	110.5	...
13 *Jan*	111.0	109.5	...	...	101.6	109.2	107.8	...	...	110.9	110.3	...	...	...
Feb	...	109.3	...	...	101.9	...	107.3	...	...	...	109.8	...	...	...
Mar	...	...	...	...	101.9	...	...	...	...	...	...	...	...	...

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. Quarterly series. Indices for Spain have been calculated using data for Unit Labour Costs (total and manufacturing) compiled from Quarterly Spanish National Accounts. Base 2008. Source INE.

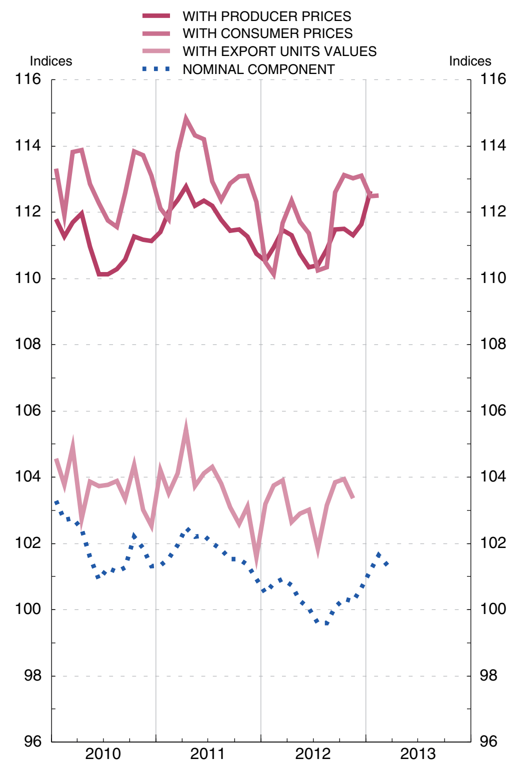
9.5 INDICES OF SPANISH COMPETITIVENESS VIS-à-VIS THE DEVELOPED COUNTRIES AND INDUSTRIALISED COUNTRIES

■ Series depicted in chart.

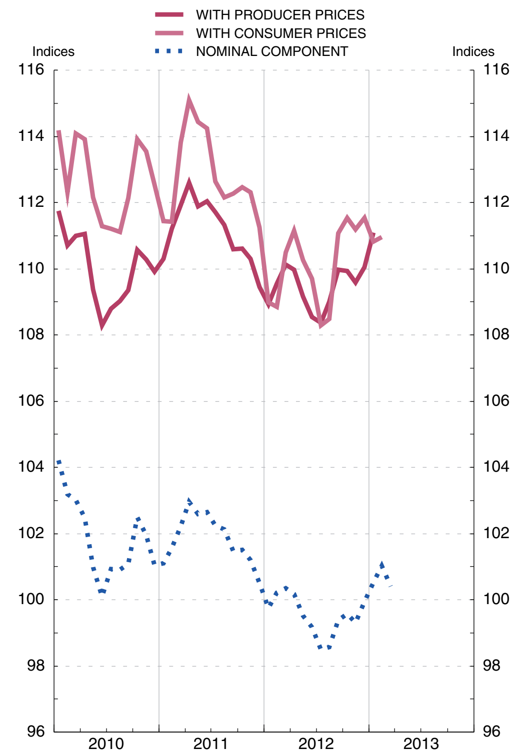
Base 1999 QI = 100

	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
10	111.0	112.9	116.4	103.7	101.9	109.0	110.8	114.2	101.8	110.0	112.7	101.9	108.0	110.6
11	111.8	113.1	113.4	103.6	101.7	109.9	111.2	111.4	101.9	111.2	112.8	101.8	109.1	110.8
12	111.0	111.7	111.7	...	100.3	110.7	111.3	111.4	...	109.4	110.1	99.5	109.9	110.6
11 *Q1*	111.9	112.6	109.7	104.0	101.6	110.1	110.8	108.0	102.3	111.1	112.3	101.6	109.4	110.5
Q2	112.4	114.4	113.1	104.4	102.3	109.9	111.9	110.6	102.1	112.2	114.6	102.7	109.2	111.5
Q3	111.8	112.7	114.8	103.7	101.8	109.8	110.7	112.7	101.9	111.2	112.4	102.0	109.1	110.2
Q4	111.2	112.8	115.8	102.4	101.3	109.8	111.4	114.3	101.1	110.1	112.0	101.1	109.0	110.8
12 *Q1*	111.0	110.8	111.2	103.6	100.7	110.2	110.0	110.4	102.9	109.5	109.5	100.1	109.4	109.3
Q2	110.8	111.8	111.5	102.9	100.3	110.4	111.4	111.1	102.5	109.2	110.4	99.6	109.6	110.8
Q3	110.9	111.0	111.2	102.9	99.8	111.2	111.3	111.5	103.2	109.1	109.3	98.8	110.4	110.6
Q4	111.5	113.1	113.0	...	100.4	111.0	112.6	112.6	...	109.9	111.4	99.6	110.3	111.9
12 *Jun*	110.3	111.4	111.5	103.0	100.0	110.3	111.3	111.1	103.0	108.5	109.7	99.2	109.4	110.6
Jul	110.4	110.2	...	101.8	99.6	110.9	110.7	...	102.3	108.4	108.3	98.5	110.0	109.9
Aug	110.9	110.3	...	103.2	99.6	111.3	110.8	...	103.6	109.0	108.5	98.6	110.6	110.1
Sep	111.5	112.6	111.2	103.9	100.1	111.4	112.5	111.5	103.8	110.0	111.1	99.4	110.7	111.8
Oct	111.5	113.1	...	103.9	100.3	111.1	112.8	...	103.6	109.9	111.5	99.6	110.4	112.0
Nov	111.3	113.0	...	103.4	100.2	111.0	112.7	...	103.1	109.6	111.2	99.3	110.3	112.0
Dec	111.6	113.1	113.0	...	100.7	110.9	112.4	112.6	...	110.1	111.5	99.9	110.1	111.6
13 *Jan*	112.6	112.5	...	...	101.2	111.3	111.2	...	...	111.1	110.8	100.5	110.5	110.3
Feb	...	112.5	...	...	101.6	...	110.7	...	...	...	111.0	101.0	...	109.8
Mar	...	...	...	...	101.3	...	...	...	...	...	...	100.4	...	...

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. Quarterly series. Indices for Spain have been calculated using data for Unit Labour Costs (total and manufacturing) compiled from Quarterly Spanish National Accounts. Base 2008. Source INE.