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BANCO DE ESPAÑA

Eurosistema

CONTENTS

1 OVERVIEW

In 2013 Q2, the pace of the contraction in Spanish economic activity eased significantly, for the second quarter running, following its marked decline in the closing months of 2012. On the as-yet incomplete information available, the rate of GDP is estimated to have declined by 0.1% in quarter-on-quarter terms (-0.5% in Q1), which would place the related year-on-year rate at -1.8%. Underpinning the slackening of the decline in output was the strength of net external demand which, boosted by buoyant goods and services exports, contributed 0.4 pp to the quarter-on-quarter rate of GDP. There was a very slight softening in the declining course of domestic demand (-0.6%, compared with -0.7% three months earlier), in a setting in which household and corporate spending continued to be influenced by adverse financial conditions, the need to push ahead with deleveraging and the direct and indirect effects of the fiscal consolidation process.

The rate of decline of employment eased, beyond what may be attributed to seasonal hires in the run-up to the summer period, with a year-on-year fall-off in employment in QNA terms of 4% (-4.5% in Q1). In turn, labour costs are estimated to have continued on the moderating trajectory that had taken root in Q1. The overall effect of this wage behaviour coupled with developments in productivity is estimated to have brought about a significant reduction in unit labour costs (around 3% year-on-year); however, that reflects a slight containment in their adjustment path. CPI inflation, too, slowed in Q2, behaving in a relatively volatile fashion as a result of the impact of the most erratic components of the index (the prices of food and, above all, of energy products). The year-on-year growth rate of the CPI stood in June at 2.1% (1.7% for the quarter on average), a level from which it will foreseeably decrease significantly over the rest of the year, once the effects of the rises in indirect tax and in regulated prices adopted in the second half of 2012 are progressively stripped out of the annual rate. If this forecast materialises, the inflation differential with the euro area would resume a declining path from the level of 0.6 pp recorded in June.

As regards economic policies, the Government approved a series of tax measures[1], it announced a further phase of the financing mechanism for regional and local government payments to suppliers, in order to provide for a speedier reduction in late payments[2], it approved the draft legislation on the Independent Fiscal Responsibility Authority[3], it set in train the electricity reform[4] and it unveiled the report prepared by the Commission for the reform of general government. Most of these measures were present in the latest Updated Stability Programme or in the National Reforms Plan (which set out the Government's fiscal policy and structural reform strategy), approved in late April, in keeping with the commitments entered into under the European Semester framework.

On the international economic front, the quarter was marked by more sluggish economic activity than had been forecast at the outset of the year, with some exceptions (Japan and,

1 Royal Decree-Law 7/2013 of 28 June 2013 on urgent tax, budgetary and research, development and innovation-promoting measures; and draft legislation laying down specific environmental tax-related measures along with other tax and financial measures.

2 Royal Decree-Law 8/2013 of 28 June 2013 on urgent measures against general government late payments and support measures for local municipalities with financial problems.

3 At its sitting on 28 June, the Council of Ministers approved the submission to Parliament of the Draft Organic Law on the Creation of the Independent Fiscal Responsibility Authority.

4 Royal Decree-Law 9/2013 of 12 July 2013 adopting urgent measures to ensure the financial stability of the electricity-generating system.

MAIN SPANISH MACROECONOMIC AGGREGATES (a) | TABLE 1

	2011	2012	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2
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	-0.1
Private consumption	-1.0	-2.1	0.5	-1.1	-0.5	-2.0	-0.4	-0.4
Gross capital formation	-5.5	-8.7	-1.8	-3.1	-1.3	-3.9	-1.0	-0.9
Domestic demand	-1.9	-3.9	-0.3	-1.3	-1.1	-2.0	-0.7	-0.6
Exports	7.6	3.1	-2.6	1.8	5.1	-0.9	-1.3	1.2
Imports	-0.9	-5.0	-2.0	-1.3	2.7	-4.8	-1.7	-0.2
Contribution of net external demand (b)	2.3	2.5	-0.1	1.0	0.8	1.2	0.1	0.4
Year-on-year rate of change								
GDP	0.4	-1.4	-0.7	-1.4	-1.6	-1.9	-2.0	-1.8
Employment	-1.7	-4.4	-3.7	-4.7	-4.6	-4.7	-4.5	-4.0
GDP deflator	1.0	0.1	0.2	0.1	0.5	-0.2	0.9	1.2
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	2.1
CPI excl. unprocessed food and energy	1.7	1.6	1.2	1.3	2.1	2.1	2.3	2.0
HICP	3.1	2.4	1.8	1.8	3.5	3.0	2.6	2.2
HICP difference vis-à-vis the euro area	0.3	-0.1	-0.9	-0.6	0.9	0.8	0.9	0.6

SOURCES: INE and Banco de España.

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

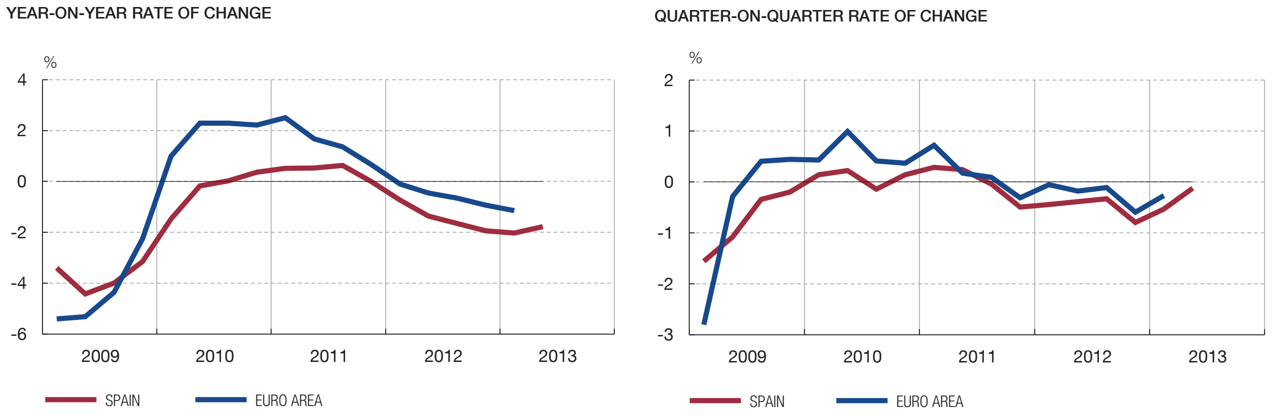
to a lesser extent, the United States). That prompted a downward revision of growth prospects for the world economy for 2013 and the interruption, as from May, in the favourable trend of financial markets witnessed since the end of 2012. In particular, there was a significant rise in volatility and a decline in share prices on the main stock markets, and increases in long-term sovereign debt yields. Commodities prices slowed during the quarter and inflation rates held, in general, at low levels.

In the euro area the ratcheting up of financial tensions was more patent owing to the conjunction of a series of factors. Along with the change in the perception of the US monetary policy stance that followed the Federal Reserve’s June announcement that it intended to slow the pace of asset purchases in the second half of the year, tensions of an essentially political nature flared anew in some of the area’s vulnerable countries (chiefly Cyprus, Portugal and Greece) and the difficulties the ongoing construction of the Banking Union entails came to light, despite recent progress.

All told, activity in the euro area improved slightly in Q2, and most of the estimates available point to the downturn that had lasted six consecutive quarters being overcome. That said, the outlook for the rest of the year continues to augur a very moderate recovery that is not free from risks. Inflation, for its part, moved on a declining trajectory, posting a year-on-year rate of 1.6% in June (1.3% in terms of core inflation), and it is expected to remain on this course in the coming months, whereby euro area inflation should firm at levels significantly below 2%.

Against this background, the ECB Governing Council decided at its May meeting to relax the monetary policy stance. It shaved 0.25 pp off both the interest rate on its main refinancing

GROSS DOMESTIC PRODUCT (a) CHART 1



SOURCES: ECB, INE and Banco de España.

a Seasonally adjusted series.

operations, to 0.5%, and the marginal lending facility, to 1%, as well as narrowing the corridor defined by the latter and the interest rate on the deposit facility, which remained at zero. In respect of unconventional measures, the Council announced that it would continue with fixed-rate liquidity provision for as long as necessary and, at least, until mid-2014, and that, in collaboration with other European institutions, it would begin to study measures to promote a market for asset-backed securities collateralised by loans to SMEs, thereby combating the financial fragmentation persisting in the euro area. Finally, in light of the tightening financial conditions seen in the second half of the quarter, the Council decided in July to strengthen its communications policy and introduce forward guidance, thereby making explicit its expectation that official interest rates would hold at current or lower levels for a prolonged period of time.

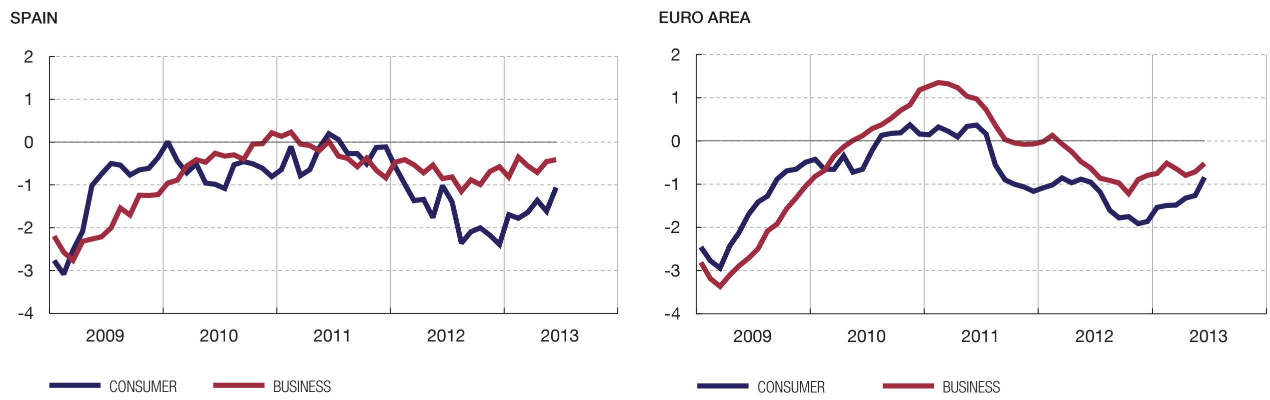
As to other economic policies, after revising stability programmes and excessive deficit procedure notifications, Ecofin resolved at its meeting on 21 June to extend the period within which budget deficits had to be placed below 3% of GDP in the case of those economies facing a greater worsening of the macroeconomic situation (Spain, France, Slovenia, Portugal and the Netherlands). In Spain's case, a two-year extension (to 2016) was granted, involving the relaxation of the budgetary target for 2013 from the previous figure of 4.5% to 6.5% of GDP under the revised path. For 2014-2016, the new deficit targets stand at 5.8 %, 4.2 % and 2.8 % of GDP, respectively. The European Semester concluded with the economic and fiscal policy recommendations drawn up by the European Commission for the EU countries not subject to programme after the review of progress made and the budgetary and structural reform plans announced.

In Spain, the increased instability on financial markets from the second half of May prompted higher Spanish public debt yields and a widening of the spread over German bonds. For the 10-year benchmark, the yield and spread were 4.7% and 315 bp, respectively. In turn, private-sector risk premiums rose and the IBEX was highly volatile, with its cumulative gains since end-March standing at 0.5%. Property prices continued to move on a declining path in the first half of the year. The figures from the Spanish Ministry of Development indicate a fall in house prices in Q2 of 7.8% year-on-year, entailing a cumulative decline of 29.5% from their peak.

Despite the heightened financial tension in the final stretch of the quarter, external funding continued to flow, albeit for a lesser amount than in the opening months of the year, and

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).

the demand for Treasury securities remained relatively buoyant. However, interest rates on bank loans rose further and lending standards for private-sector borrowing showed no signs overall of easing. That denotes the persistence of financial fragmentation in the euro area, which is hampering the full transmission of the expansionary monetary policy stance to the interest rates applied by banks to non-financial corporations and households.

The spending decisions of households and non-financial corporations were once more affected by the prevailing climate of financial pressure and by the unfavourable outlook for any pick-up in the labour market and for domestic demand. Nonetheless, the confidence indicators showed a progressive improvement in Q2, potentially suggesting a somewhat more favourable performance by domestic spending over the coming quarters.

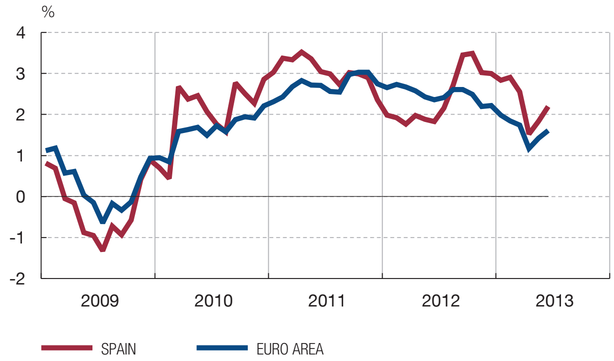
Household consumption held on a contractionary course, posting an estimated quarter-on-quarter rate of change of around -0.4%, thus in line with the figure observed the previous quarter. On information to March, the rate of decline of disposable income slackened and the saving rate increased slightly, for the first time since 2009 (when it peaked at 17.8%), to 8.5% of disposable income in cumulated four-quarter terms. Residential investment likewise fell back, to a similar quarter-on-quarter rate to that of the previous quarter (2.4%), in a setting in which the demand for housing remained weak (once the episode of bringing forward purchases owing to the tax changes implemented at the start of 2013 had concluded), and in which the reduction in the very large stock of housing continued very slowly. As a result of the developments in saving and investment, household lending capacity increased slightly in Q1, for the first time since end-2009, to 1.2% of GDP in cumulated four-quarter terms. The pace of the contraction in lending to households stepped up in Q2, posting a year-on-year rate of decline of 4.3% in May (-3.9% in March). Despite slack incomes, this allowed the gradually declining path of the sector's indebtedness and of the attendant interest burden to continue, according to the provisional information available.

In the case of corporations, the behaviour of productive investment was similar to that in Q1; the differences remained in place between investment in equipment, for which a small quarter-on-quarter rise of 0.3% is estimated, and investment in non-residential construction, for which a further slide is forecast, owing to the greater impact of austerity plans on civil engineering projects. On information for Q1, the net lending capacity of non-financial

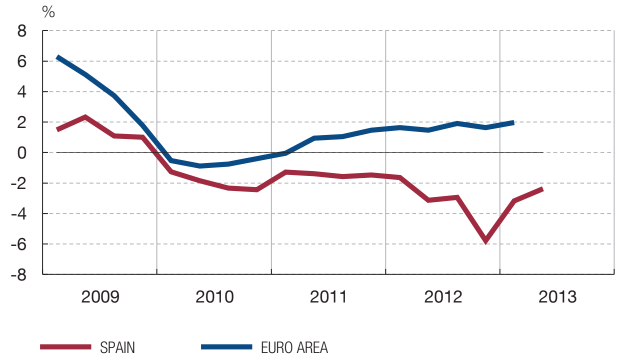
PRICES AND COSTS

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.

corporations increased further, standing at 4.7% of GDP in cumulated four-quarter terms. On more updated information, the rate of contraction of corporate debt stepped up in Q2, with a year-on-year decline of 7.3% being recorded in May (6.8% in March). Here, too, the downward trajectory of the sector's debt/GDP ratio and its interest burden continued.

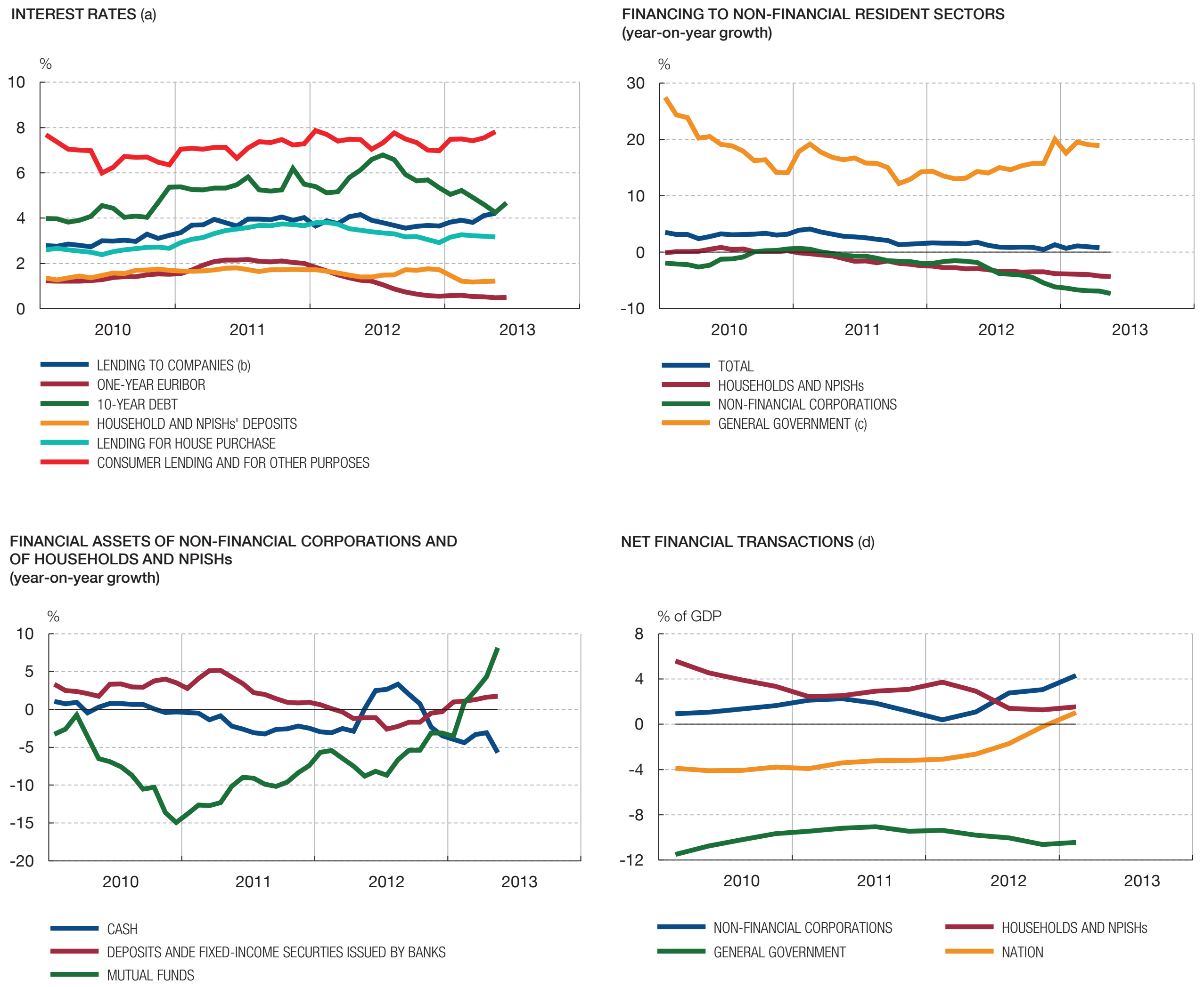
General government conduct in Q2 was marked by the budgetary commitments assumed and by the fiscal adjustment required to attain the new deficit target which, as indicated, was set at 6.5% of GDP, down from a level which in March stood at 6.8%, in cumulated four-quarter terms. In this respect, the partial information available for Q2 (to May) shows the continuing firming of the path of the main expenditure items (there were declines in government consumption – both in personnel costs and in goods and services purchases – and in public investments), and some quickening in general government revenue (less significantly so in direct taxation and social security contributions). In any event, the measures already adopted by the different tiers of government with a view to complying with these objectives will have to take the form of a further acceleration in general government revenue, and the continuing adjustment of public spending.

Once again in Q2, foreign trade in goods and services enabled the contractionary impact of domestic demand on activity to be offset, since the contribution of net external demand to output increased in the quarter to 0.4 pp (2.5% in terms of its contribution to the year-on-year rate). The increase in goods exports to the rest of the world and the momentum of tourism receipts played a crucial role here, as the rate of decline of imports slackened in Q2. The pick-up in global demand (following the slowdown in the opening months of the year), the reorientation of our export markets towards the emerging economies and the gains in competitiveness prompted by the process of internal devaluation lie behind these developments. In parallel, the correction of the external imbalance proceeded apace. In Q1, the nation's net lending stood at 1% of GDP in cumulated four-quarter terms, for the first time in more than a decade. According to balance of payments data, this trend continued in April, owing essentially to the improved non-energy goods balance and, to a lesser extent, to that of other services and other income.

On the supply side, the information available points to an easing of the recessionary pattern in the main productive sectors. In industry, this improvement may be linked to the recovery in exports and, to a lesser extent, to the pick-up in certain national demand

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 signifcance was the change in the interest rates on consumer credit and other loans, as a result of which, from that month, operations transacted using credit cards have not been included. APR for credit (includes fees and other expenses) and NDER (Narrowly Defined Effective Rate) 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, which does not include fees 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. GDP is seasonally adjusted.

segments, such as motor vehicle production. In the market services sectors, certain activities (such as wholesale and retail trade, and hotels and restaurants) are estimated to have regained traction, in line with developments in the preceding quarter. Finally, the rate of contraction of value added in construction slackened, although the adjustment continued in both the residential and the civil engineering sectors.

The pace of decline of employment eased substantially, posting an estimated quarter-on-quarter decline of 0.3% (-4% year-on-year), the least unfavourable rate witnessed over the past two years. If this forecast is confirmed, the growth of economy-wide apparent labour productivity will have slowed to 2.3%. Drawing on information from Social Security registrations, this slowdown in the pace of job destruction was across the board and, notably, there was marginal net job creation in market services over the past two months (in terms of the seasonally adjusted series and once the effect of non-professional home-carers was stripped out). At the same time, the moderating path seen in the pace of increase of registered unemployment in Q2 continued, and a year-on-year increase of 4.1% was recorded.

As earlier stated, the pace at which market-economy labour costs are easing accelerated in the first half of the year. After the step-up in the wage adjustment in Q1 (with a decline in compensation per employee in the market economy of -0.9%), labour cost indicators in Q2 suggest a continuation of this trend. Despite the problems of low representativeness and the relative lag in information on collective bargaining agreements this year, average wage settlements to June stood at 0.7% (1.2% last year), and those in newly signed agreements showed an increase of 0.4%. It is estimated that the other components of remuneration (inflation indexation clauses and wage drift) are likewise contributing to wage moderation. This tendency, which reflects greater responsiveness by collective bargaining to the weakness of the cycle, largely as a result of the effects of the labour market reforms, might intensify in the second half of the year. This is because the one-year deadline set by the reform for so-called "ultra-activity" (entailing the extension of the regulatory aspects of an expired agreement if an agreement to renew the old one is not reached) to remain valid should contribute to making the negotiation of new agreements more flexible and nimble.[5]

There is also evidence that the responsiveness of inflation to the cyclical situation has likewise increased in recent years.[6] It is necessary to ensure, however, that this trajectory firms, underpinned by the ongoing structural reforms and by their impact on the setting of costs, margins and prices, and by productivity. In that way, gains in competitiveness may be boosted, such gains being necessary to shore up the continuing resilience of the external sector and to provide for the reallocation of resources in order to resume a sustained growth path.

18.7.2013.

5 For greater details, see Box 1.1 in the *Annual Report, 2012,* "Changes in the functioning of the labour market".

6 See in this same *Economic Bulletin* the article "Variation in the cyclical sensitivity of Spanish inflation: an initial approximation".

VARIATION IN THE CYCLICAL SENSITIVITY OF SPANISH INFLATION: AN INITIAL APPROXIMATION

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Introduction

In the advanced economies as a whole, inflation has in recent years shown considerable downward stickiness. This is particularly striking in light of the intensity of the recession. Against this background, several recent papers have analysed the relationship between the dynamics of prices and activity, providing a set of potential explanations for the downward stickiness of inflation during this latest crisis [see, for example, IMF (2013) or Matheson and Stavrev (2013)]. It has been pointed out that the limited impact of the decline in activity on inflation might be indicative of moderate output gaps. The recently observed notable increases in unemployment rates would largely be structural in nature, so their influence on wage bargaining and price-setting would be less than if they were merely cyclical. Also highlighted is the fact that the low rates of inflation observed in recent years and their scant variability reflect the price-stability strategies pursued by numerous central banks, as is the case of the Eurosystem. In keeping with this hypothesis, the anchoring of inflation expectations around moderate levels would explain small fluctuations in price variations around reference values. Other explanations of the downward stickiness of inflation point to globalisation, attributing a greater response by prices to the degree of slack in the world economy, with less influence exerted by the national cyclical situation. Also, a lesser response to the cycle by business margins or, indeed, their countercyclical nature, would also contribute to explaining the stability of inflation in a recessionary context such as the present. Lastly, inflation rigidity might increase if companies optimise their prices less frequently when average inflation falls.

As a phenomenon, the reduction in the cyclical sensitivity of inflation has not been observed in all countries. For instance, the behaviour of the Spanish economy in the recent period has differed from this pattern. Despite the upward momentum in prices linked to the fiscal consolidation process (see the right-hand side panel of Chart 1), inflation has declined to a greater extent than in other advanced economies (left-hand side panel of Chart 1). Specifically, the differential with the euro area in terms of the overall consumer price index has dipped from approximately 1 pp on average in the 1996-2007 period to close to 0.2 pp in the recessionary phase (2008-2012), a reduction which has been even sharper in terms of core inflation. Indeed, the cyclical sensitivity of Spanish inflation appears to have increased in recent years, which would be consistent with some reduction in nominal rigidities. In the current setting, marked by weak domestic demand and the need to achieve gains in competitiveness, this response is particularly beneficial since the ensuing moderation in prices is providing for momentum in net external demand and softening the decline in domestic demand.

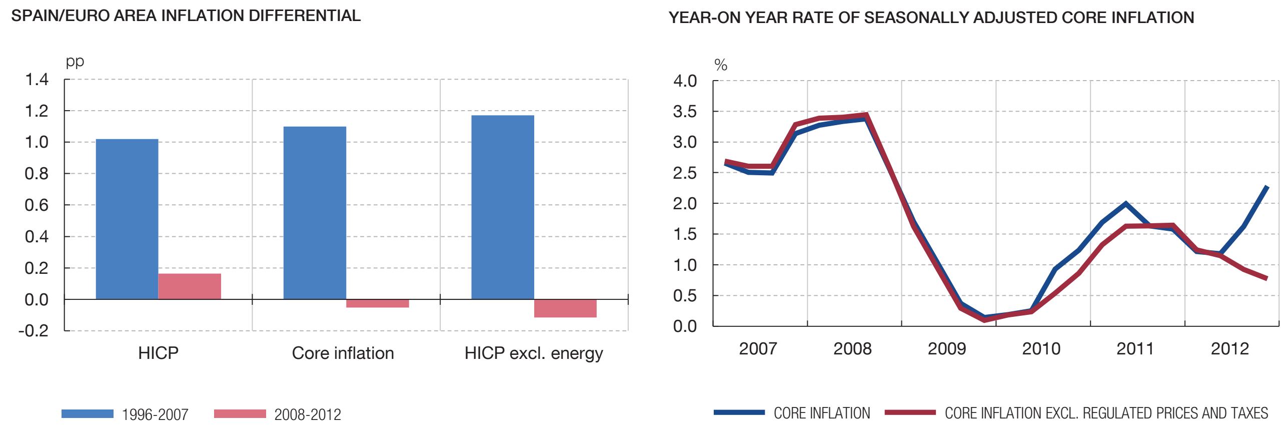
The aim of this article, which summarises the initial findings of a more extensive project that analyses price-setting policies, is to provide empirical evidence on the changes in the response by Spanish inflation to fluctuations in activity since the onset of the recession. Section 2 presents a description of the relationship between various measures of inflation and activity. Section 3 sets out the results of several econometric estimates. And in the final section, conclusions are drawn.

Descriptive evidence of the relationship between inflation and the cycle

This section offers an analysis of simple correlations between different measures of inflation and of the economy's cyclical position or degree of slack. To correctly interpret these relationships, it should be borne in mind that the theoretical sign of the relation-

INFLATION DIFFERENTIAL AND MEASURES OF CORE INFLATION

CHART 1



SOURCES: Eurostat, INE and Banco de España.

ship between the inflation rate and the cyclical position is not predetermined. On one hand, positive (negative) demand shocks tend to raise (lower) prices and quantities, generating a positive relationship between both variables. Conversely, supply-side shocks or tax changes bear in opposing directions on prices and quantities, such that the relationship between the two variables is negative. Accordingly, two measures of inflation are considered hereafter. First, the CPI, which includes components particularly affected by supply-side shocks, such as energy and fresh food. And, second, a core inflation measure, the CPI excluding energy and unprocessed food prices, which is much less sensitive to supply-side fluctuations. In addition, in the case of this latter measure, the impact of price changes associated with changes in indirect tax and in regulated prices, such as medicines, is stripped out; accordingly, this measure may be expected to be procyclical. This adjustment has been particularly significant in recent years, given the increases in VAT rates in 2010 and 2012, and dearer regulated prices for certain goods and services, such as medicines or the charges linked to various public services. Specifically, the downward trajectory shown by the CPI measure since mid-2011 contrasts notably with the upward course of the core inflation measure (right-hand side panel of Chart 1).

The macroeconomic literature on price-setting stresses the effect of the cyclical position on prices. Empirical analysis has to take into account that the degree of cyclical slack in any economy is not directly observable, making an approximation advisable through consideration of a broad set of measures. Specifically, this section analyses four approximations to the cyclical component linked to the labour market (year-on-year change in the unemployment rate, unemployment rate, recession gap[1] and cyclical unemployment[2]), and a further four linked to changes in activity (GDP growth, change in consumption, capacity utilisation and output gap).

The analysis considers the expansionary 1996-2007 period, along with the 2008-2012 period in which the Spanish economy faced a double-dip recession. Table 1 presents the simple correlation coefficients between the different measures of inflation and cycle

1 Stock and Watson (2010) define this measure as the difference between the current unemployment rate and the minimum rate in the past 12 quarters (including the current rate).

2 This measure is obtained from an unobservable components model that enables the cyclical and structural components of the unemployment rate to be separated. A more detailed description of this methodology can be found in Watson (1986).

INFLATION AND CYCLICAL POSITION. CORRELATION COEFFICIENTS

TABLE 1

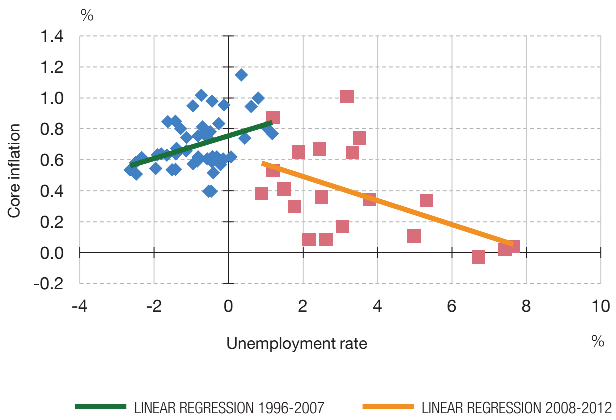
		Period: 1996-2007		Period: 2008-2012	
		Year-on-year rate	Quarter-on-quarter rate	Year-on-year rate	Quarter-on-quarter rate
Core inflation excluding regulated prices and taxes	Annual change in unemployment rate	0.64	0.38	-0.17	-0.59
	Unemployment rate	-0.09	-0.28	-0.70	-0.49
	Recession gap	0.61	0.26	-0.85	-0.63
	Cyclical unemployment	-0.45	-0.27	-0.25	-0.26
	GDP	-0.71	-0.30	0.59	0.39
	Private consumption	-0.55	-0.05	0.12	-0.21
	Capacity utilisation	-0.62	-0.22	0.95	0.83
	Output gap	0.12	0.33	0.89	0.65
CPI	Annual change in unemployment rate	0.32	0.12	-0.73	-0.70
	Unemployment rate	-0.38	-0.32	-0.26	0.08
	Recession gap	0.19	0.15	-0.66	-0.25
	Cyclical unemployment	-0.50	-0.28	0.36	0.25
	GDP	-0.33	-0.11	0.87	0.68
	Private consumption	-0.25	0.10	0.51	0.13
	Capacity utilisation	-0.32	-0.07	0.81	0.24
	Output gap	0.36	0.35	0.49	0.03

SOURCES: INE and Banco de España.

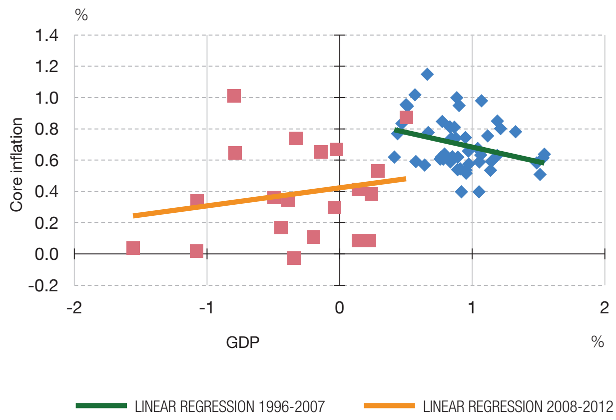
RELATIONSHIP BETWEEN INFLATION AND THE BUSINESS CYCLE

CHART 2

CORE INFLATION AND YEAR-ON-YEAR CHANGE IN THE UNEMPLOYMENT RATE (a)



CORE INFLATION AND GDP



SOURCES: INE and Banco de España.

a Core inflation excluding regulated prices and taxes.

considered. Broadly, it can be seen that, in the recession, the inflation measures are more procyclical than they were previously. Along these same lines, Chart 2 depicts dispersion diagrams of the relationship between the core inflation measure (vertical axis) and the two measures of the degree of slack (horizontal axis) that are to be used in the subsequent econometric analysis, distinguishing between the two sub-periods. Different relationships between the variables can clearly be seen here. Specifically, during the expansion period, the higher demand or better labour market situation was not accompanied by higher inflation. Conversely, the sharp contraction in activity in recent years has brought about a change in this relationship and the increases in the unemployment rate or the declines in activity have been accompanied by a moderation in inflation.

Some estimates of the cyclical sensitivity of inflation

To analyse inflation dynamics more precisely, this section presents estimates of standard Phillips curves.[3] According to this type of relationship, current inflation (π_t) depends on expected inflation (π_t^e), on the cyclical slack in the economy (h_t) and on an error term (e_t). Current inflation is normally higher if expected inflation increases and lower if the degree of slack in the economy increases. The cyclical sensitivity of inflation is determined by the coefficient α. Specifically the estimated relationship is:

$$\pi_t = \pi_t^e + \alpha h_t + e_t$$

Expected inflation is a variable which cannot be observed, so assumptions have to be made about its behaviour. In the estimates presented, the approach of Ball and Mazumder (2011) is adopted. These authors consider inflation expectations to be a combination of a forward-looking component and a backward-looking component. The former is identified with the central bank's inflation target $\pi°$ and the latter with average inflation in the past year. For a quarterly frequency, the formula used to proxy inflation expectations is as follows:

$$\pi_t^e = \gamma\pi^o + (1-\gamma)\frac{1}{4}(\pi_{t-1} + \pi_{t-2} + \pi_{t-3} + \pi_{t-4})$$

The above expressions give rise to the equation used to make the estimate:

$$\pi_t = \gamma\pi^o + (1-\gamma)\frac{1}{4}(\pi_{t-1} + \pi_{t-2} + \pi_{t-3} + \pi_{t-4}) + \alpha h_t + e_t$$

To isolate the impact of supply shocks, use is made of the measure of core inflation (seasonally adjusted) which excludes from the overall index the components of energy and unprocessed food, as well as the effect of tax changes and regulated prices. The degree of cyclical slack in the economy is proxied by the year-on-year change in the unemployment rate or by the quarter-on-quarter rate of change of GDP.

Table 2 shows the estimates of this model of the Phillips curve. For the period 1995-2007, the higher activity gave rise to higher inflation, although the effect is not statistically significant. Also, a substantial backward-looking component is estimated in the price dynamics ($1 - \gamma$), so the inflation exhibits notable inertia.

The estimation of the models for the period 2008-2012 confirms the increased cyclical sensitivity of inflation in the most recent period.[4] Indeed, the coefficient of the measure of cyclical slack increases in absolute value and becomes significant.[5] This development would be consistent with a decrease in the degree of nominal rigidity in a recession.[6]

3 For the sake of clarity, no versions of the Phillips curve for open economies are shown. The result obtained, namely increased cyclical sensitivity, is not altered by the introduction of import prices.
4 By contrast, Ball and Mazumder (2011) report lower cyclical sensitivity in the United States for the most recent period.
5 To avoid problems of simultaneity, GDP growth is lagged by one period.
6 Using microeconomic price information, Klenow and Malin (2010) find that the frequency of price adjustments in the United States increased in the recession.

PHILLIPS CURVE ESTIMATION

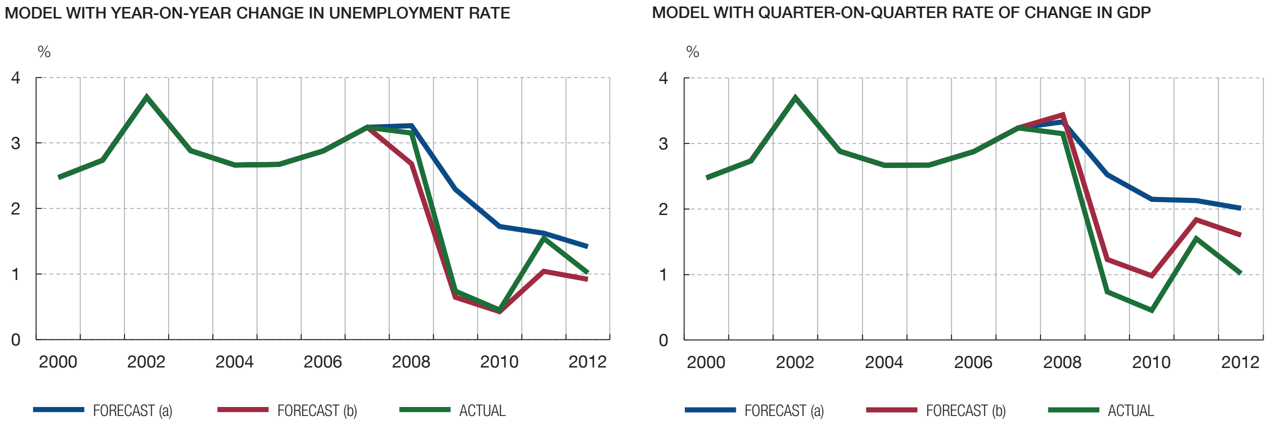
TABLE 2

	Estimated coefficients (p-value in brackets)			
	Model with year-on-year change in the unemployment rate		Model with quarter-on-quarter rate of change in GDP	
	1995-2007	2008-2012	1995-2007	2008-2012
γ	0.19 (0.10)	0.52 (0.00)	0.31 (0.03)	0.48 (0.00)
α	-0.08 (0.45)	-0.22 (0.00)	0.06 (0.13)	0.35 (0.00)

SOURCE: Banco de España.

ACTUAL VERSUS FORECAST INFLATION

CHART 3



SOURCES: INE and Banco de España.

a Dynamic forecasts estimating the model to 2007 Q4.
b Dynamic forecasts assuming that the coefficients estimated with data from 2008 Q1 to 2012 Q4 are known.

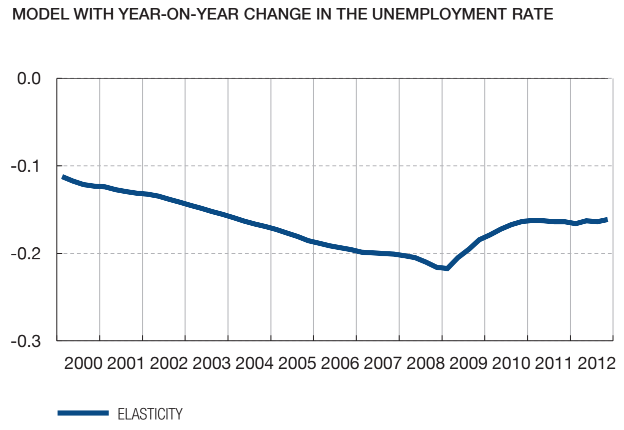
On this evidence, firms would adjust downward their prices to check the decline in profit resulting from substantial falls in demand. Furthermore, the estimates show a decrease in the inertia of inflation.

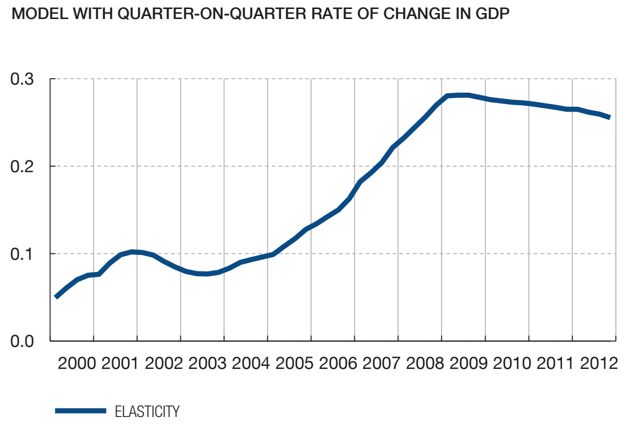
Chart 3 shows the dynamic predictions obtained using the aforementioned models, beginning in 2008 Q1, and the observed behaviour of inflation. If the coefficients estimated for the first period are used, inflation during the recession is lower than that predicted by the model, perhaps due to an increase in cyclical sensitivity in the more recent years. By contrast, similar exercises for the United States show observed inflation to be higher than would be expected from historical relationships, so there was a flattening of the Phillips curve. Another vital question is whether it would have been possible to predict the behaviour of inflation in the period 2008-2012 if the change in the relationship between inflation and activity had been known. The chart shows the dynamic predictions from 2008 Q1 assuming that the estimated coefficients for the second period are known. It makes it plain that the models used have a relatively high explanatory power when it comes to accounting for the lower inflation seen in the Spanish economy in recent years.

An alternative way of analysing the changes in the cyclical sensitivity of inflation is to estimate a version of the model in which the coefficient of cyclical slack is not constant but

ELASTICITY OF INFLATION TO THE MEASURE OF THE DEGREE OF SLACK

CHART 4





SOURCE: Banco de España.

rather varies with time, like that shown in Chart 4.[7] It clearly indicates that the cyclical position has had a higher impact on price changes in the most recent period.[8]

Conclusions

The last few years have seen a notable decrease in the inflation differential between Spain and the euro area countries. This article presents evidence that Spanish inflation is currently more sensitive to the high degree of slack in the economy than in the past, which contrasts with the weaker relationship between these variables observed recently in other advanced economies. This result continues to hold if different econometric specifications and different inflation and activity indicators are considered. In the current setting, this greater cyclical sensitivity of prices is prompting a sharp correction of the competitive disadvantage built up during the last expansionary cycle. This adjustment is favouring the current dynamism of the export sector and mitigating the fall in domestic demand. However, to ensure that the process of depreciation of the real exchange rate continues in the future, further reforms will be needed to raise the competitiveness of the markets for certain products and to enhance efficiency in the factor markets. This would enable the Spanish productive system to increase the comparative quality of its goods and services,[9] and to bring its selling prices more into line with the costs borne and with the specific conditions of the business cycle.

A way of building on the research reported in this article would be to determine the relative importance of the various factors determining the cyclical sensitivity of inflation. Specifically, it would be of interest to analyse possible differing responses of nominal wages, productivity or the margins set by firms. Also, it is important to look at whether this initial research has identified a change in the response of prices to fluctuations in activity or its findings are a consequence of possible asymmetries between upturns and downturns in the relationship between these two variables.

09.07.2013.

7 This dynamic estimator of slack was obtained using the Kalman filter.

8 For purposes of comparison, models of the Phillips curve were estimated recursively using samples with a fixed number of years (specifically, five) and the results confirm the increase in the cyclical sensitivity of Spanish inflation in recent years.

9 Martín and Tello (2013) analyse the role of non-price competitiveness as a determinant of the export activity of European firms.

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Introduction

The economic and financial crisis has prompted a substantial increase in the general government debt of the European Union (EU) countries to levels far higher than those prevailing in the pre-2008 period. This trajectory, along with the difficulties of curbing the attendant expansionary dynamics, has placed the sustainability of public finances at the heart of the economic policy debate in Europe.

In the case of Spanish general government, the low starting level of public debt (36% of GDP compared with 66% of GDP in the euro area in 2007) allowed the initial impact of the cyclical downturn on public finances to be absorbed without high levels in the stock of debt being attained. However, prolonged economic sluggishness and the continuation of high budget deficits, along with the impact of assistance to the financial sector, among other factors, have placed the debt/GDP ratio at 84.2% in 2012 (88.2% of GDP in 2013 Q1), though this is still below the euro area level.

The rapid increase in public debt in some euro countries was, indeed, one of the factors that sparked the sovereign debt crisis that broke in early 2010. The review of the EU economic governance framework in response to this crisis has included a reform of the Stability and Growth Pact (SGP), one of the main aims of which has precisely been to reinforce the disciplining role of the ceiling set for public debt. Along these lines, the amendment of the Spanish budgetary framework, set in train in September 2011 with the reform of the Constitution and its subsequent implementation in April 2012 through the LEP (Organic Law on Budgetary Stability and Financial Sustainability), assigns greater importance to this variable. In particular, it sets an explicit cap not envisaged in previous stability laws, such that its weight relative to GDP may not exceed 60%. A transition period to 2020 has been set for the application of this criterion.[1]

Against this background, monitoring public debt has become most important. This article analyses developments in the recent period in Spain's case drawing on the statistics published by the Banco de España.[2] The following section first describes the different concepts of general government indebtedness that are habitually used. It is important to know the different definitions of this variable in order to be able to arrive at an appropriate interpretation, in particular when international comparisons are made. The third section has as its basis one of these concepts, that relating to public debt according to the Excessive Deficit Protocol (EDP), and recent developments concerning its determinants and its breakdown by agent, maturity, instruments and holder are analysed. The fourth section shows the main factors that have affected the so-called "deficit/debt adjustment", which allows the figures for net borrowing or the general government deficit to be reconciled with those of the changes in the stock of EDP debt. The fifth section draws some brief conclusions.

The different concepts of public debt

In economic terms, general government expenditure and acquisitions of financial assets that are not financed with current and capital revenue (essentially tax revenue) should be

1 The LEP also sets out the breakdown of the ceiling of 60% of GDP by general government sub-sector: central government, 44% of GDP; overall regional governments, 13%; and local governments, 3%.

2 Table 1 summarises the main Banco de España publications containing information on general government debt.

MAIN GENERAL GOVERNMENT DEBT STATISTICS PUBLISHED BY THE BANCO DE ESPAÑA — TABLE 1

Statistic	Publication	Frequency	Time lag
State: EDP debt and financial accounts	Economic indicators (6.2 and 6.3) http://www.bde.es/webbde/es/estadis/infoest/e06034e.pdf	Monthly	28-30 days
General government: preliminary estimate of EDP debt	Economic indicators (8.8) http://www.bde.es/webbde/es/estadis/infoest/e0808e.pdf	Monthly	47-48 days
General government: gen. gvt. EDP debt with breakdown by sub-sector, tier of government (regional, local and State Funds) and instruments. Deficit-debt adjustments	*Boletín Estadístico* (Chapters 11 to 14) http://www.bde.es/webbde/en/estadis/infoest/bolest11.html	Quarterly	75 days
General government: Complete quarterly financial accounts	*Financial Accounts of the Spanish Economy (FASE)* (Tables 2.15 to 2.19) http://www.bde.es/webbde/en/estadis/ccff/cfcap2.html	Quarterly	110 days

SOURCE: Banco de España.

DIFFERENT CONCEPTS OF GENERAL GOVERNMENT DEBT — TABLE 2

€m and percentage breakdown as at 31/12/2012

	EDP debt		Liabilities of the Financial Accounts of the Spanish Economy		Consolidated liabilities of the Financial Accounts of the Spanish Economy	
	Dec-12		Dec-12		Dec-12	
1. Cash and deposits	3,681	0.4%	3,681	0.3%	3,681	0.4%
2. Securities other than shares	669,027	75.7%	743,256	63.2%	675,928	71.0%
General government securities	—	—	67,328	5.7%	—	—
Other securities (short, medium and long-term)	669,027	75.7%	675,928	57.4%	675,928	71.0%
3. Cross-general government long-term debt	—	—	117,022	9.9%	—	—
4. Other long-term loans	196,490	22.2%	196,473	16.7%	196,473	20.6%
5. Short-term loans	14,675	1.7%	14,667	1.2%	14,667	1.5%
6. Trade credits and other cross-general government liabilities	—	—	39,759	3.4%	—	—
7. Other trade credits and other liabilities	—	—	61,791	5.3%	61,791	6.5%
8. TOTAL (8=1+2+3+4+5+6+7)	**883,873**	**100.0%**	**1,176,649**	**100.0%**	**952,540**	**100.0%**
% of GDP mp	—	84.2%	—	112.1%	—	90.8%

SOURCE: Banco de España.
NOTE: Detailed data are published quarterly in Table 1 of Chapter 11 of the *Boletín Estadístico* and in Table 2.15 of the FASE.
http://www.bde.es/webbde/es/estadis/infoest/a1101e.pdf.
http://www.bde.es/webbde/es/estadis/ccff/0215a.pdf.

financed through the generation of liabilities. This generation of liabilities is usually called general government debt or indebtedness. Under this broad definition different concepts may be distinguished, the boundaries of which are defined by the instruments included in each of them and by the valuation method. Described below are the main general government debt concepts habitually used, whose figures for the Spanish case are compared (see Table 2).

Total general government liabilities

This is the broadest possible debt heading, reflected in the Financial Accounts of the Spanish Economy (FASE), given that it encompasses all liabilities incurred by general government, irrespective of their nature.[3] In particular, unlike EDP debt which will be described below, it includes the general government liabilities that are held by other general government sectors along with trade and other payables, which reflect, inter alia, the deferrals of payments due by general government sectors to their suppliers of goods and services. As to the valuation of liabilities, ESA 95[4] methodology – which employs market prices in the stocks and flows of liabilities in the form of securities other than shares – is used.

In association with this definition, a second concept called "consolidated liabilities" is included. This coincides with that of total general government liabilities, but those liabilities held by another general government sector are stripped out.

General government debt according to the Excessive Deficit Protocol (EDP)

This concept of debt is the relevant one for the purposes of the ceilings set in the European SGP and in the Spanish LEP, and is defined in Community Regulations.[5] It comprises general government payables in the form of cash and deposits, securities other than shares, excluding financial derivatives, and loans. It differs from the previous concept of "Total general government liabilities" in that it does not include general government liabilities held by other general government sectors or the so-called trade credits and other payables. Moreover, the methods for valuing liabilities applied in EDP debt are based on the use of nominal values.

Table 2 offers a comparison of the three aforementioned definitions of debt for the Spanish case. Chart 1 shows the recent time path of these three definitions for Spain and the euro area. It can be seen that Spanish total general government liabilities amounted to 112.2% of GDP at end-2012 (110.9% in the euro area). Nonetheless, of this total, slightly more than 21 pp of GDP related in Spain to liabilities of one general government sector to another, such that consolidated liabilities stood at 90.8% of GDP (103.7% in the euro area). Further, if trade credit and other liabilities – which accounted for 6% of GDP in Spain (4.7% in the euro area)[6] – are stripped out, and an adjustment is made for the different valuation methodology, that gives the figure for EDP debt (84.2% of GDP in 2012). EDP debt stood at 90.6% in the euro area that same year. In terms of changes, the increase in EDP debt in the 2007-2012 period was 48 pp of GDP in the Spanish case, double that in the euro area.

Net general government debt

Occasionally, the concept *net public debt* is also used. This takes general government debt in gross terms (which is how the aforementioned concepts of debt are defined) as its starting point, deducting a portion or all of the stock of financial assets, given that, from an economic standpoint, the general government sector could meet payment of its debt by

3 These liabilities are coined money, securities other than shares, other equity holdings, non-trade credit, both short and long-term, in euro and in currencies other than the euro, trade credit and other payables.

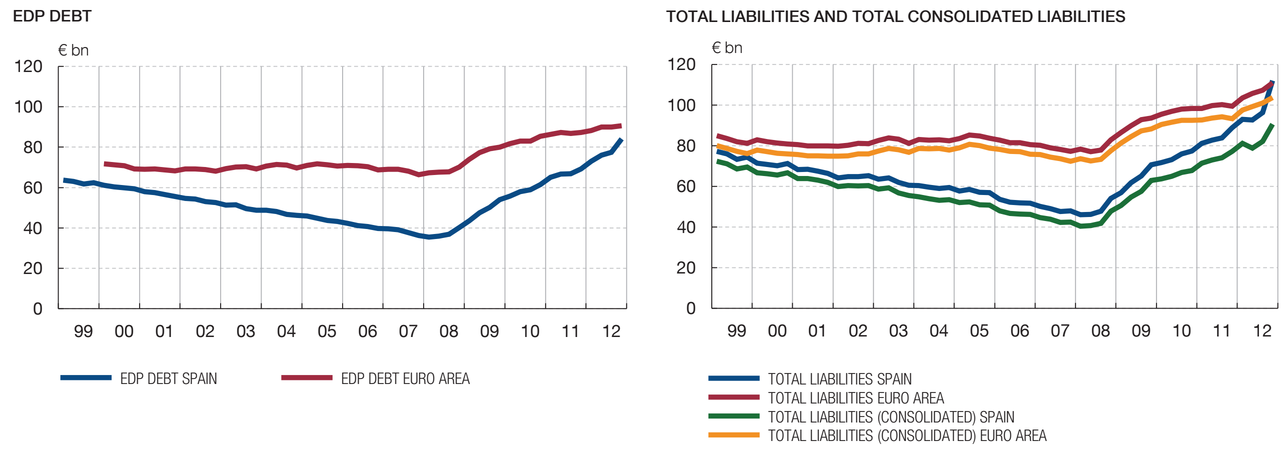
4 See the methodological note in the FASE disseminated on the Banco de España website: (http://www.bde.es/f/webbde/SES/Secciones/Publicaciones/PublicacionesSeriadas/NotasEstadisticas/07/nest05e.pdf).

5 The current definition of this debt is regulated by Council Regulation (EC) 479/2009 of 25 May 2009. Among other things, this Regulation obliges EU Member States to send twice yearly (in late March and in late September) to the European Commission and, specifically, to Eurostat, the data for this definition of debt by sub-sector and with extensive details of specific items and transactions. These data transmissions are known as EDP Notifications.

6 There is some cross-country heterogeneity in the size of trade credit and other liabilities. In 2012 these were far below the average in Germany (0.1% of GDP) and Austria (0.9%), around the average in Ireland (3.1%), Portugal (4.1%), Belgium (4.1%), Netherlands (4.9%), Italy (5.5%), Finland (5.6%), Spain (6%), and Luxembourg (6.6%), and far above the average in France (9.4%) and Greece (11.1%).

TOTAL LIABILITIES AND EDP DEBT IN SPAIN AND THE EURO AREA

CHART 1



SOURCES: Banco de España and Eurostat.
NOTE: Detailed quarterly data are published in Chapter 11 of the *Boletín Estadístico* and in Table 2.15 of the *FASE*.
http://www.bde.es/webbde/es/estadis/infoest/a1101e.pdf
http://www.bde.es/webbde/es/estadis/ccff/0215a.pdf

selling the financial assets – at least the most liquid ones – it holds. Table 3 presents total general government financial assets in 2012 in Spain. They can be seen to have accounted for 31.9% of GDP in terms of consolidated assets, of which around 43% related to shares and other equity and 25% to cash and deposits. If total consolidated assets were deducted from total consolidated liabilities (90.9% of GDP in December last year), the resulting net liabilities would stand at 59% of GDP at end-2012.

Contingent liabilities

General government occasionally grants guarantees on the debts incurred by other institutional sectors. These guarantees are not recorded as liabilities in the general government accounts given that the secured debt is registered under the liabilities of the agent receiving the guarantee.[7] However, these guarantees involve contingent liabilities for public finances, meaning that if the guarantee were fully or partly enforced, general government would assume the debt in its entirety, a capital transfer paid to the original debtor would be recorded as a balancing entry and, therefore, the general government deficit and debt would increase.

As regards guarantees granted by Spanish general government, the Banco de España publishes information on the value of the outstanding balance of State-guaranteed debt[8]. According to this information, the volume of these operations stood at somewhat higher than 17 pp of GDP at end-2012, as a result of the various guarantees granted to the banking system[9], to the European Financial Stability Fund and, more recently, to Sareb (the

7 In addition to the guarantees granted by general government on the liabilities incurred by other sectors, there are other types of general government contingent liabilities of a different nature or with an associated value at risk that is difficult to measure. These include most notably future payment commitments in respect of spending on pensions and guarantees to depositors up to the established ceilings at credit institutions that participate in the Deposit Guarantee Fund, a unit which since 1 January 2012 has become part of the general government sector.

8 http://www.bde.es/webbde/es/estadis/infoest/e0603e.pdf.

9 In October 2008, under the so-called Concerted Action Plan of the euro area countries, it was agreed that governments should, for a limited period (up to 31 December 2009), directly and indirectly provide, on an arm's-length basis, guarantees, insurance or similar instruments allowing issues of medium-term bank debt to be guaranteed, the aim being to restore confidence and the sound working of the funding market for credit institutions. In this connection, the Spanish government stated that, over the course of 2008, guarantees could be granted up to a maximum amount of €100 billion. Subsequent events led governments to successively add flexibility to and extend this rule.

GENERAL GOVERNMENT FINANCIAL ASSETS TABLE 3

€m

	2008	2009	2010	2011	2012
1. Non-consolidated general government financial assets (1 = 1.1 + 1.2 + 1.3 + 1.4 + 1.5)	342,161	382,872	393,061	439,110	560,916
As % of GDP	31.5	36.5	37.5	41.3	53.4
1.1 Cash and deposits	101,935	119,749	95,114	77,523	84,693
1.2 Securities other than shares	71,677	77,814	83,371	77,657	74,202
Short-term	1,266	1,203	3,712	2,211	5,857
Long-term	70,411	76,611	79,659	75,446	68,345
1.3 Loans	40,608	47,970	53,714	64,611	175,652
1.4 Shares and other equities	88,319	95,016	109,930	133,469	143,918
1.5 Other accounts receivable	39,622	42,323	50,932	85,850	82,451
2. Consolidated general government financial assets (2 = 1 – 3)	273,145	302,074	292,689	315,316	334,853
As % of GDP	25.1	28.8	27.9	29.7	31.9
3. Consolidation (3 = 3.1 + 3.2 + 3.3)	69,016	80,798	100,372	123,794	226,063
3.1 Securities other than shares	37,274	49,776	61,015	63,247	69,282
3.2 Loans	17,168	17,169	17,168	17,169	117,023
3.3 Other accounts receivable	14,574	13,853	22,190	43,378	39,759

SOURCE: Banco de España.
NOTE: Additional and detailed data are published in Table 2.15 of the *FASE*.
http://www.bde.es/webbde/es/estadis/ccff/0215a.pdf.

asset management company for assets arising from bank restructuring) under the bank restructuring process[10].

Spanish public debt during the crisis

Of all the definitions of public debt analysed in the previous section, that of EDP debt is favourably prominent in that it is defined according to uniform rules that are mandatory for all EU countries and it is subject to scrutiny by the European Commission (Eurostat), which ensures comparability across the different EU Member States. This definition of public debt is taken as a starting point below to analyse in greater detail comparative recent developments in such debt and its different determinants, along with its composition by agent, maturity, instrument and holder.

SPANISH PUBLIC DEBT IN THE CONTEXT OF THE EURO AREA

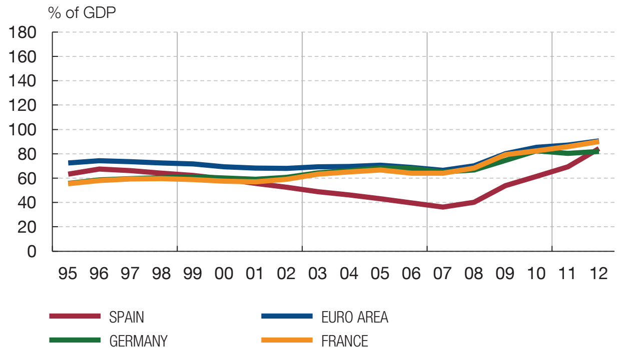
From the onset of the economic crisis, general government debt levels in the euro area countries moved on a sustainedly increasing course that has continued to date (see Chart 2). The scenario is the same in other economies, such as the United States, the United Kingdom and Japan. As described in the previous section, Spain has been no exception to this deterioration in public indebtedness.

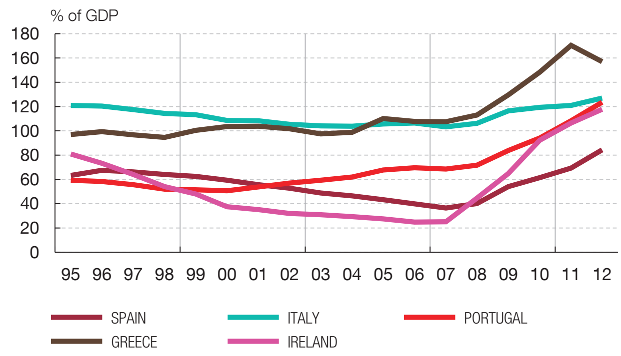
To analyse the reasons for this, it helps to break down the change in the debt/GDP ratio into its fundamental factors: a) the level of the primary budget balance (i.e. excluding the interest burden), where a negative balance of this variable translates into an increase of the same amount in debt; b) nominal GDP growth, where growth (reduction) generates a

10 As regards Sareb, a unit classified under the Financial Institutions sector, its regulations specify that among its sources of financing will be State-guaranteed debt issued by it as a balancing entry of the assets received by banks.

COURSE OF EDP DEBT IN SELECTED EURO AREA COUNTRIES

CHART 2





SOURCES: Banco de España and Eurostat.
NOTE: Detailed information by country is published in Table 7, Chapter 1 of the Banco de España *Boletín Estadístico*.
http://www.bde.es/webbde/es/estadis/infoest/a0107e.pdf.

reduction (increase) in the debt ratio (this factor can be broken down in turn into the contribution of real GDP growth and that of the GDP deflator); c) the interest charges generated by public debt, which must also be financed, and d) the so-called "deficit-debt adjustment", which reflects, among other aspects, the need to finance the acquisition of financial assets and, in general, all those transactions and flows that are not reflected in the deficit but are so in public debt, in accordance with European statistical regulations.

With regard to Spain, the change in debt in the reference period was chiefly due to primary deficits and the interest burden, which accounted for somewhat more than 70% and 20% of the total increase, respectively (see Chart 3). The contraction in GDP contributed positively to the increase in debt, albeit only marginally, and the net effect of the deficit-debt adjustment was 2 pp, concentrated above all at the end of the period. Indeed, these adjustments contributed to moderating the increase in debt in 2010 and 2011, mainly owing to the use of the liquidity buffers previously built up by general government.[11]

In the case of the euro area, the main determinant of the change in debt in the 2007-2012 period was interest expenses, which contributed 15 pp of GDP to the stock of public debt, while the cumulative primary deficits contributed 7.7 pp (30% of the total), and the deficit-debt adjustment, 6 pp (25%). The impact of the latter was concentrated, in this case, at the start of the crisis (2008-2010), when most interventions in support of the financial sector were made. Conversely, nominal GDP growth enabled the ratio to be cut by 4 pp, offsetting almost 20% of the contribution of the other determinants.

CHANGES IN THE STRUCTURE OF DEBT

The structure of the EDP debt of Spanish general government in 2012 (see Table 4) was concentrated in the long term (89% of the total) and via securities (76% of the total), whereas holdings by residents (63% of the total) were higher than those of non-residents (37%).

In terms of changes over time, the 2012 term structure was similar to that in 2007.[12] There was an increase in the weight of resident holders (who accounted for 50% in 2007 compared with 63% in 2012). In the case of resident financial institutions, these percentages climbed from 42% in 2007 to 49% in 2012. Finally, a slight increase can also be seen in loans, which rose from accounting for 17% of the total in 2007 to 24% in 2012.

11 Given that the sale of assets enables funds to be obtained to finance the deficit without having to resort to debt.
12 However, there was a significant increase in the weight of short-term debt in 2008 and 2009, which held at around 18% in 2010 and 2011 and fell to around 11% in 2012.

DETERMINANTS OF THE CHANGE IN EDP DEBT IN THE EURO AREA AND IN SPAIN

CHART 3

SOURCES: Banco de España and Eurostat.
NOTE: Detailed quarterly data are published in Table 9, Chapter 11 of the Banco de España *Boletín Estadístico*.
http://www.bde.es/webbde/es/estadis/infoest/a1109e.pdf.

From a comparative perspective (see Chart 4), short-term debt gained weight from the start of the crisis in the main euro area countries, as did the percentage of debt with a residual maturity of less than one year. However, the average life of the stock of debt fell marginally from 2007 to 2012 in the area as a whole, reflecting the reduction in Germany, and given the return to normality seen in 2012 in the rest of the main euro area countries. The proportion of total debt held by residents remained relatively stable across the area, though it trended unevenly from one country to another, with an increase in Italy and Spain and a reduction in Germany and France.

THE DISTRIBUTION OF GENERAL GOVERNMENT DEBT BY SUB-SECTOR

In a context such as Spain's, marked by the high decentralisation of its general government sector, it is also worth analysing the distribution of public debt by sub-sector (central government, Social Security, regional governments and local governments). In this case, it is important to take into account the debt transactions between the different sub-sectors, given that in some cases the increase observed in one tier of government arises to finance, at least temporarily, another tier. In recent years, these cross-general government debt transactions have essentially generated an increase in the central government debt issued on the market, which has been instrumental in financing regional and local government operations (see Box 1 for a more detailed explanation of these operations). Regional and local governments have thus seen an increase in their debt with central government but not with the markets. Furthermore, the purchase of State-issued public debt by the Social Security Reserve Fund has been commonplace, the latter being a financial asset of the former.

BREAKDOWN OF GENERAL GOVERNMENT EDP DEBT

TABLE 4

	Percentage of GDP						Percentage of total		
	2007	2008	2009	2010	2011	2012	2007	2012	Difference 2012-2007
1. General government debt (1 = 2.1 + 2.2 + 2.3 = 3.1 + 3.2 +3.3 = 4.1 + 4.2)	36.3	40.2	53.9	61.5	69.3	84.2			
2. By type									
2.1 Currency and deposits	0.3	0.3	0.3	0.3	0.3	0.4	0.9%	0.4%	-0.4%
2.2 Securities	29.7	32.7	45.0	50.9	57.4	63.7	82%	76%	-6.2%
2.2.1 Short-term	3.2	4.9	8.2	8.4	9.0	7.9			
2.2.2 Long-term	26.6	27.8	36.8	42.4	48.3	55.9			
2.3 Loans	6.2	7.2	8.6	10.3	11.6	20.1	17%	24%	6.7%
2.3.1 Short-term	0.4	0.7	0.9	0.8	1.4	1.4			
2.3.2 Long-term	5.8	6.4	7.7	9.5	10.2	18.7			
3. By maturity									
3.1 Currency and deposits	0.3	0.3	0.3	0.3	0.3	0.4	0.9%	0.4%	-0.4%
3.2 Short-term (3.2 = 2.2.1 + 2.3.1)	3.6	5.6	9.1	9.2	10.4	9.3	10%	11%	1.1%
3.3 Long-term (3.3 = 2.2.2 + 2.3.2)	32.4	34.3	44.5	51.9	58.5	74.6	89%	89%	-0.6%
4. By holder									
4.1 Residents	18.9	21.2	30.5	35.1	44.3	52.6	52%	62%	10.5%
Resident financial institutions	15.2	16.3	23.2	25.3	31.0	36.8			
Other resident sectors	3.7	4.9	7.3	9.8	13.2	15.9			
4.2 Rest of the world	17.4	19.0	23.4	26.4	25.0	31.6	48%	37%	-10.5%

SOURCE: Banco de España
NOTE: Detailed quarterly data are published in Chapter 11 of the Banco de España *Boletín Estadístico.*
http://www.bde.es/webbde/es/estadis/infoest/a1112e.pdf

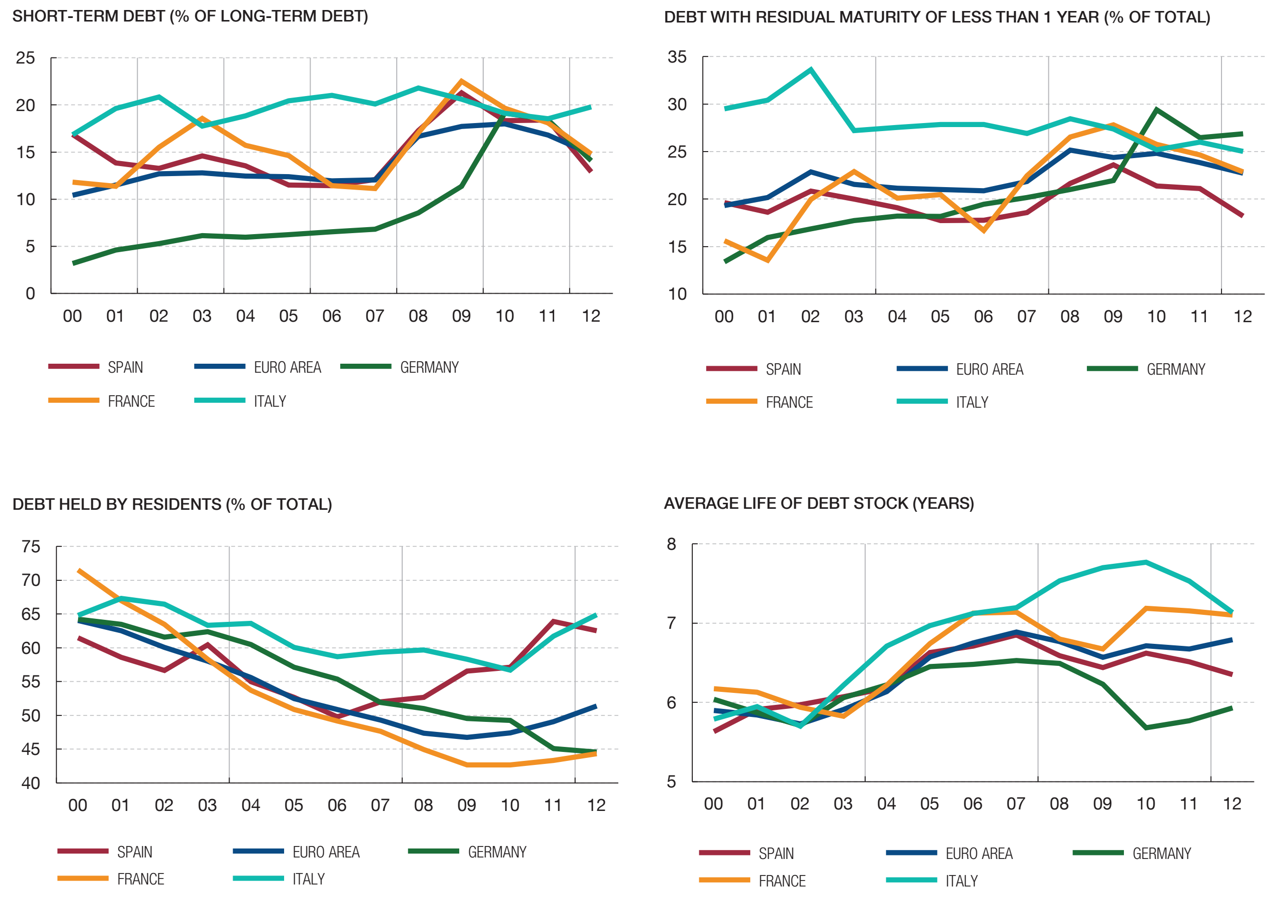
The unconsolidated EDP debt of the different general government tiers in Spain is addressed below as is, in parallel, the same debt but discounting the financial assets that each level of general government holds in respect of the other levels (see Chart 5). In particular, central government EDP debt rose from accounting for 30.1% of GDP in 2007 to 72.4% in 2012, posting an increase of 42 pp of GDP. However, if it is taken into account that a portion of this increase in central government debt was used to finance regional and local governments, the resulting increase after stripping out the financial assets generated by these transactions is 4 pp lower. In the case of regional and local governments, EDP debt increased over the same period by 12 pp and 1 pp of GDP, to 17.6% and 4% of GDP in 2012, respectively. The debt of Social Security Funds, for its part, held at 1.6% of GDP. If, moreover, it is borne in mind that the Social Security Reserve Fund invested most of its assets in State debt, the debt of this sector net of these financial assets was in fact negative (-4% of GDP in 2012).

Lastly, it should also be mentioned that the Banco de España regularly publishes the debt of each of the regional governments together with that of the main municipal councils.[13] In the first case (see Chart 6), an across-the-board increase in debt since 2007 can be seen in all the regional governments, significantly so in Castile-La Mancha, Valencia and Catalonia. These are also the regional governments whose debt levels as a percentage of their regional debt were highest, at 28.2%, 29.4% and 25.4%, respectively. The debt of the six main Spanish municipalities (Madrid, Barcelona, Valencia, Zaragoza, Seville and Málaga)

13 See Table 13.6 of the Banco de España's *Boletín Estadístico* (http://www.bde.es/webbde/es/estadis/infoest/a1306.pdf) to obtain information on the breakdown of the regional governments' EDP debt and Table 14.6 (http://www.bde.es/webbde/es/estadis/infoest/a1406.pdf) for details of the debt of the main municipalities and other local government groupings.

COURSE OF EDP DEBT STRUCTURE IN SELECTED EURO AREA COUNTRIES

CHART 4



SOURCES: Banco de España, Eurostat and Spanish Treasury.
NOTES: Detailed quarterly data are published in Chapter 11 of the Banco de España *Boletín Estadístico*.
http://www.bde.es/webbde/es/estadis/infoest/a1112e.pdf.
http://www.bde.es/webbde/es/estadis/infoest/a1113e.pdf.

stood at €11,696 million (1% of domestic GDP) in 2012, 27% up on 2007. Of this debt, almost 64% was concentrated in the Municipality of Madrid.

THE DEBT OF PUBLIC CORPORATIONS

Under Community regulations, the general government sector encompasses for statistical purposes those institutional units controlled by general government that do not cover more than 50% of their production costs with revenue from the sale of their products.[14] Accordingly, general government-controlled units that finance their costs in the main with revenue from their activity and which are in economic terms called public corporations fall outside this definition. The Banco de España nonetheless regularly publishes the debt of Spanish public corporations (which is not included either in general government liabilities or in EDP debt), and its breakdown into the general government sub-sectors to which these corporations report (see Table 5). On the contrary, there is no comparative published information on this type of debt for all EU countries. In accordance with this information, the debt of Spanish public corporations stood at end-2012 at 5.1% of GDP, around 2 pp of GDP higher than in 2007. Around 60% of this debt ratio relates to entities

14 Further to the entry into force of ESA2010, the criteria to determine whether a public-sector producer is a market producer shall be changed. Firstly, in the definition of costs where more than 50% thereof should be financed by sales if the producer is to qualify as a market producer, debt interest expenses are to be included, having been excluded under ESA 95. Secondly, a series of qualitative criteria are to be introduced: in short, these exclude the possibility of most sales being made to general government units and require market producers to be profitable in the long term.

THE DEBT RELATIONSHIPS BETWEEN CENTRAL GOVERNMENT AND REGIONAL AND LOCAL GOVERNMENT IN RECENT YEARS

In recent years cross-general government debt transactions have emerged as a significant explanatory factor of the levels and changes in the debt of each tier of general government in Spain. These transactions have arisen essentially as a result of the functioning of the regional government financing system and of the creation of the Fund for the Financing of Payments to Suppliers and of the Regional Government Liquidity Fund, which have meant that central government has raised funds in the market to finance the operations of regional and local government. This is discussed in detail in this box.

1 The *Fund for the Financing of Payments to Suppliers ("FFPP" by its Spanish abbreviation)*[1] was designed so that central government might raise the necessary financing in the market (via issues of the Treasury and syndicated loans of the banking system), channeling this to regional and local government through loans. Specifically, with its funds it extended loans amounting to €26,445 million in 2012, €17,689 million of which were lent to regional government and €8,756 million to local government, which were used to pay off debts to their suppliers. Thus, central government debt increased by the amount of the financing raised vis-à-vis sectors outside general government and, at the same time, the sub-central general government debt increased by the same amount, in this case vis-à-vis central government.[2]

2 The Regional Government Liquidity Fund ("FLA" by its Spanish abbreviation) – which is part of central government – was created in July 2012 to provide a credit line to regional governments[3] so that they can meet outstanding debt maturities or finance the authorised net borrowing for the financial year. Since the FLA is classified under the general government sector, its debt transactions increase EDP debt. In any event, it should be emphasised that this increase in general government debt should not be higher than that arising from the regional government budget deficit since, as mentioned above, the FLA's funds are earmarked for financing the repayment of outstanding regional government debt, as well as its net borrowing, meaning this Fund would not affect the deficit-debt adjustment. In 2012, the FLA lent a total of €16,641 million (1.6% of GDP) to regional governments that joined the mechanism. The effect of the FLA on the central government financial accounts is an increase in liabilities and EDP debt for the amount of the State's issues instrumented to finance the FLA. In the financial accounts of the regional governments which have joined the mechanism, the effect is an increase in liabilities and EDP debt for the loans received from the FLA, although these loans may have been used in part to repay previously existing debt. Finally, the EDP debt increases by the joint sum of the respective increases at regional and central government level and decreases due to the consolidation of the regional government liabilities which are central government assets.

3 As for the *regional government financing system,*[4] in the period analysed here payments on account initially made by the State to regional and local government in 2008 and 2009 for partially transferred taxes were made on the basis of income projections which turned out to be optimistic in relation to actual tax receipts. This meant that the regional governments received higher payments on account than would have corresponded to them once the definitive settlements were made. These differences represented around 0.7 pp and 2.3 pp of GDP in those two years, which they had to repay to the State in 2010 and 2011, respectively.

However, since these amounts are high, the Government decided that the payments which regional and local government had to make to the State be deferred so that for 2008 the amounts deferred began to be repaid in January 2010 and would be made in a maximum period of 120 monthly instalments. The same would apply to 2009, in relation to which repayments began in January 2011. The existence of these deferrals has prompted, and will continue to do so over the coming years, a discrepancy between the deficit figures in NA terms compared with cash-basis figures when they are analysed by sub-sector.[5]

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1 For a detailed description of this Fund, see Box 4 of the "Quarterly report on the Spanish economy", *Economic Bulletin,* April 2012, Banco de España.

2 In the central government financial accounts the activity of the FFPP was calculated as an increase in liabilities and in EDP debt for the value of the loan which the FFPP received from Credit Institutions. In regional and local government financial accounts a liability (trade credits) was replaced, which is not included in EDP debt, by another liability (FFPP loans), which is included in EDP debt. In the general government financial accounts, EDP debt grew by the joint sum of the respective increases at regional, local and central government level, and decreased by the amount of the consolidation of regional and local government liabilities which are central government assets. The net final result was an increase of 2.7% in the public debt/GDP ratio, whereas general government consolidated total liabilities remained unaltered.

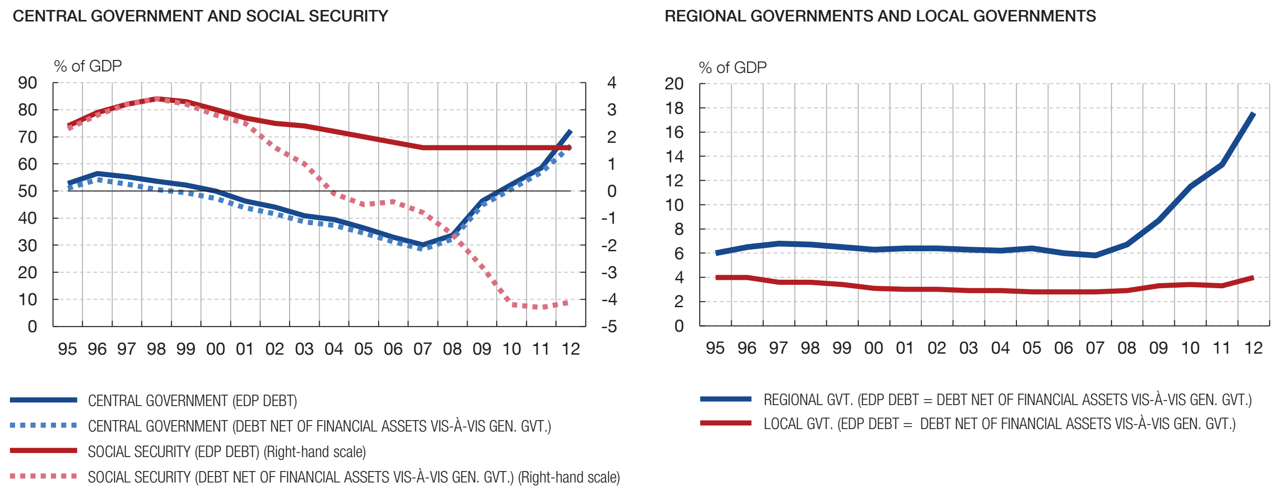
3 Regional government requests to join the FLA have to be accompanied by an adjustment plan which ensures that the budget stability targets are met.

4 It should be taken into account that the functioning of the regional government financing system requires payment by the State to the regional government of the taxes partially transferred which correspond to a specific year (t) to be made through payments on account of the definitive settlement. Payments on account are made during the year (t) in accordance with a pre-set timetable and for amounts set on the basis of a revenue projection prepared in the previous year (t-1, when the budgets of year t were drawn up). The definitive settlement is undertaken once all the actual data of the financing system are known, with a two-year lag with respect to the relevant year (t+2). In t+2 the settlement of said year t is made for the possible differences between actual tax receipts and payments on account and advances made in t.

5 In fact, in NA terms in 2010 (2011), the total surplus amount received by the regional government in 2008 (2009) was recorded under the accrual principle as State revenue and a payment by regional government. On a cash basis, however, these amounts were not recorded in full, since, as mentioned above, the State agreed with the regional government that repayment be made over several years. Thus, in those two years a positive deficit-debt adjustment arose for regional government (NA deficit higher than cash-basis deficit) and a positive deficit-debt adjustment arose for the State, which meant that in the first case the increase in debt was duly lower than the NA deficit, with the opposite applying in the case of the State. Since the payment has been distributed over ten years, in the other years, as the outstanding amounts are repaid by the regional governments to the State, a deficit-debt adjustment of the opposite sign will duly be generated (which is negative for the regional governments and positive for the State).

EDP DEBT BY GENERAL GOVERNMENT SUB-SECTOR

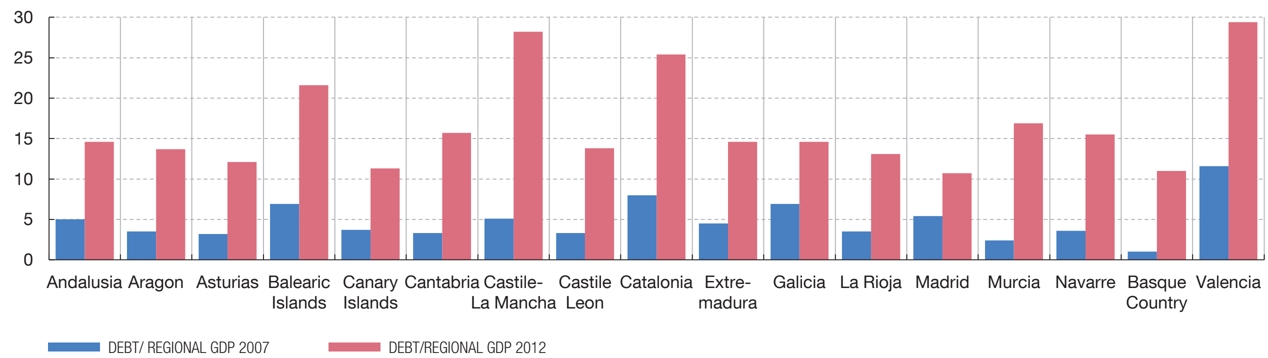
CHART 5



SOURCES: Banco de España and Eurostat.
NOTE: Detailed quarterly information by instrument and level of government are published in Chapters 11 to 14 of the Banco de España *Boletín Estadístico*.
http://www.bde.es/webbde/es/estadis/infoest/a1105e.pdf

REGIONAL GOVERNMENTS' EDP DEBT

CHART 6



SOURCE: Banco de España.

DEBT OF PUBLIC CORPORATIONS

TABLE 5

€m

	2007	2008	2009	2010	2011	2012
1. EDP debt of public corporations (1 = 1.1 + 1.2 +1.3)	32,120	37,422	46,077	52,037	55,056	53,317
As % of GDP	3.0	3.4	4.4	5.0	5.2	5.1
1.1 Public corporations controlled by general government	18,080	21,270	25,360	29,463	32,667	34,300
1.2 Public corporations controlled by regional government	9,195	10,405	12,839	13,485	13,035	10,765
1.3 Public corporations controlled by local government	4,845	5,747	7,878	9,089	9,354	8,252

SOURCE: Banco de España.
NOTE: In Tables 11.14, 12.10 and 13.11 of the Banco de España Boletín Estadístico, additional information is published quarterly, broken down by corporation and the tier of government which owns it.
http://www.bde.es/webbde/es/estadis/infoest/a1114e.pdf.
http://www.bde.es/webbde/es/estadis/infoest/a1210e.pdf.
http://www.bde.es/webbde/es/estadis/infoest/a1311e.pdf.

CHANGE IN GROSS GENERAL GOVERNMENT CONSOLIDATED (EDP) DEBT (a) TABLE 6

€m

	2008	2009	2010	2011	2012
1. Change in EDP debt (1 = 2 + 3)	54,677	128,098	79,610	91,776	147,380
2. Due to general government net borrowing (EDP deficit)	48,897	117,143	101,438	100,402	111,641
3. Due to deficit-debt adjustment (a)	5,780	10,955	-21,828	-8,626	35,739
3.1 Net purchases of consolidated financial assets	12,402	23,647	-16,502	-1,462	13,034
Loans to Ireland, Greece and Portugal under the EFSF	0	0	0	2,067	15,825
Spain's participation in the ESM	0	0	0	0	3,809
Financial assistance to Greece. Hellenic Fund	0	0	2,598	4,052	0
From the FROB (Fund for the Orderly Restructuring of the Banking Sector)	0	9,750	0	2,809	6,369
From the FAFA (Fund for the Acquisition of Financial Assets)	9,337	9,998	-2,114	-11,221	-6,000
From the FADE (Electricity Deficit Amortisation Fund)	0	0	0	10,036	5,764
Shares and other equity and other assets	2,246	-1,902	-1,072	7,257	-17,472
Securities issued by foreign general government (Reserve Fund)	2,842	-11,428	-5,518	-1,013	-5,040
Other	-596	9,526	4,446	8,270	-12,432
Change in cash/deposits (excluding FAFA, FROB and FADE)	819	5,801	-15,914	-16,462	4,739
3.2 Trade credits and other consolidated accounts payable	-5,636	-5,309	-6,095	-9,716	26,064
Decrease due to Fund for the Financing of Payments to Suppliers	0	0	0	0	26,445
Decrease due to reclassification of non-recourse factoring transactions	0	0	0	0	4,511
Other	-5,636	-5,309	-6,095	-9,716	-4,892
3.3 Valuation adjustments and other	-986	-7,383	769	2,552	-3,359
MEMORANDUM ITEMS					
1. Change in EDP debt as % of GDP (1=2+3+4)	3.9	13.7	7.6	7.8	14.9
2. Due to net borrowing (EDP deficit)	4.5	11.2	9.7	9.4	10.6
3. Due to deficit-debt adjustment	0.5	1.0	-2.1	-0.8	3.4
4. Effect of change in GDP on EDP debt	-1.1	1.5	0.0	-0.8	0.9

SOURCE: Banco de España.
NOTES: Data are published for each general government sub-sector in Chapters 11 to 14 of the Banco de España Boletín Estadístico.
http://www.bde.es/webbde/es/estadis/infoest/a1109e.pdf
http://www.bde.es/webbde/es/estadis/infoest/a1203e.pdf
http://www.bde.es/webbde/es/estadis/infoest/a1213e.pdf
http://www.bde.es/webbde/es/estadis/infoest/a1303e.pdf
http://www.bde.es/webbde/es/estadis/infoest/a1403e.pdf

a A positive figure in this row means that the nominal debt increases, a negative figure means that it decreases.

that report to central government, while the remaining 40% belongs to the regional and local governments.

Deficit-debt adjustments in the 2008-2012 period

The “deficit-debt adjustment” has been a significant factor in public debt dynamics and Spain (and in other countries) since the start of the crisis as a result of the proliferation of various forms of financial operations in which general government sectors have had to become involved in order to mitigate the market failings that have arisen and to tackle the ongoing recapitalisation of entities. Specifically, its value held in 2008 and 2009 at around the historical average (0.7% of GDP), it posted negative values in 2010 and 2011, and it contributed to increasing debt by 3.4% of GDP in 2012. These aggregate values are the result of a series of factors, occasionally counteracting one another (see Table 6). The main operations accounted for by these adjustments in the 2007-2012 period are described below.

European Financial Stability Fund (EFSF), financial assistance to Greece and the European Stability Mechanism (ESM)

The Greek sovereign crisis that began in 2010, and its spread to other European countries, led to the launch of various mechanisms to support financing for ailing Member States. Initially, such financing was through bilateral loans, extended individually to the country in difficulty (Greece[15]) by the other euro area members, but the need to establish an institutional mechanism to channel loans to these countries soon became manifest. As a result, the European Financial Stability Fund was created in October 2010, being replaced in October 2012 by the European Stability Mechanism (ESM). In the time it was operating, the EFSF issued bonds and other debt instruments on capital markets, providing financial assistance with the resulting financing to countries with problems. This mechanism was conceived to be strictly temporary and, on the basis of a Eurostat decision, it is not an institutional unit in the true sense of the term owing to the fact that it has no independent decision-making capacity in respect of the Eurogroup. For this reason, all EFSF debt issues were attributed, in National Accounts, to the euro area Member States that act as guarantors for such issues, based on a pre-established distribution key related to the share in the capital of the ECB, which raises the EDP debt of these countries. The euro area members that guaranteed EFSF issues also recorded a claim on the countries that receive the loans extended by the EFSF.

The ESM, for its part, does meet the Eurostat requirements to be considered as an institutional unit. Thus, if it makes debt issues on the capital markets with a view to obtaining financing, the countries participating in the new mechanism will no longer attribute the related percentage of that debt to their liabilities. The EDP debt of the euro area members financing the ESM will only increase if these countries have to issue debt to finance their participation in the capital of ESM, a participation which shall be recorded as a financial asset.

In Spain's case, the allocation of the portion relating to EFSF debt issues entailed, in the 2010-2012 period, an increase in EDP debt of €17,892 million (1.7% of GDP), €2,067 million of which were allocated in 2011, and the remainder in 2012 (see Table 6). Bilateral loans to Greece through the Support Fund for the Hellenic Republic amounted as at December 2012 to an outstanding balance of €6,650 million (0.6% of GDP), the recording of which was in 2010 and 2011. Finally, Spain's share in the ESM as at December 2012 was €3,809 million (0.4% of GDP). In total, then, Spain's participation in these support mechanisms has meant an increase in public debt of around 2.7 pp of GDP.

Fund for the Orderly Restructuring of the Banking Sector (FROB)

In recent years the severity of the financial crisis has meant that government intervention for the clean-up and restructuring of ailing credit institutions in many industrialised countries has been inevitable. In Spain, the Fund for the Orderly Restructuring of the Banking Sector (FROB) was set up in June 2009 to act as an instrument for such operations. The main functions of the FROB are to contribute to strengthening credit institutions' capital and to manage restructuring processes at troubled institutions. The FROB is classified in the general government sector, under the central government sub-sector, meaning its activity has effects on public debt and on the deficit.

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15 Royal Decree-Law 7/2010 of 7 May 2010 creating the Support Fund for the Hellenic Republic and authorising its endowment with an extraordinary credit totalling €9,794 million.

EFFECT OF FROB INTERVENTIONS ON THE GENERAL GOVERNMENT DEFICIT AND DEBT TABLE 7

€m

	2009	2010	2011	2012
1. Effect of FROB operations on general government debt (1 = 1.1 + 1.2 + 1.3 = 2 + 3)	9,750	0	7,945	44,712
As % of GDP	0.9	0.0	0.7	4.3
1.1 Contributions from the State	6,750	0	0	5,250
1.2 Securities isssues	3,000	0	7,945	0
1.3 ESM loans	0	0	0	39,462
2. Assistance granted with effect on the deficit	0	0	5,136	38,343
As % of GDP	0.0	0.0	0.5	3.7
3. FROB operations with effect only on debt (3 = 3.1 + 3.2 + 3.3 + 3.4 + 3.5 + 3.6)	9,750	0	2,809	6,369
As % of GDP	0.9	0.0	0.3	0.6
3.1 Recapitalisation of financial corporations (increase in own funds)	0	0	69	6,500
3.2 Acquisition of preference shares and their conversion into shares	0	8,697	597	-6,877
3.3 Acquisition of SAREB capital and subordinated debt	0	0	0	1,704
3.4 Granting and repayment of loans	0	0	3,906	-2,938
3.5 Acquisition of other assets	12,013	-8,721	-1,452	8,917
Deposits at the Banco de España	12,013	-8,721	-1,452	1,753
Purchase of State-issued securities	0	0	0	7,164
3.6 Other resources (contributions to Deposit Guarantee Funds and other)	-2,263	24	-311	-937

SOURCE: Banco de España.
NOTE: EDP debt of the main agencies classified in the sub-sector central government is published quarterly in Table 7 of Chapter 12 of the Banco de España *Boletín Estadístico.*
http://www.bde.es/webbde/es/estadis/infoest/a1207e.pdf.

In total, the FROB's accumulated liabilities as at December 2012 amounted to €62,407 million (see Table 7), €39,462 million of which relate to a loan received from the ESM, €10,945 million to debt issues by the FROB itself and €12,000 million to contributions by the State funded by public debt issues. In addition, the FROB received contributions totalling €2,250 million in 2009 from the Deposit Guarantee Funds, charged to the equity of the latter.[16] Accordingly, the cumulative effect on EDP debt of the FROB's activity (which includes the effect on the budget deficit) accounted as at December 2012 for 5.9% of GDP.

Intervention by the FROB was initially carried out through the acquisition of preference shares issued by the financial institutions involved, these instruments having been subsequently converted in the main into ordinary shares, with the FROB assuming the losses arising from the process. Further to the approval of Royal Decree-Law 2/2012 in February 2012, the FROB has conducted most of its interventions through the purchase of contingent convertible bonds (known as COCOs).

In the National Accounts, operations involving the conversion of preference shares into ordinary shares and capital contributions to public financial institutions by the FROB are recorded as public expenditure (capital transfers paid by general government) with ef-

16 In Table 7, the contributions to the FROB by the Deposit Guarantee Funds have a negative sign because these funds were not part of the general government sector in 2009 and their contributions were used to finance interventions without increasing public debt.

fects on the budget deficit as at the time at which the conversion actually takes place or the contribution of funds is made, and only up to the amount enabling coverage of the losses accumulated at financial institutions whose own funds have been unable to absorb them. Capital contributions exceeding accumulated losses are recorded as financial operations without effect on the budget deficit, but with an effect on public debt, if it is considered that the financial institution receiving the contribution is economically viable and the future profitability of the operation is foreseen to be sufficient.

Overall, FROB interventions have entailed an increase in the general government deficit of €5,136 million (0.5% of GDP) in 2011, and of €38,343 million in 2012 (3.7% of GDP) (see Table 7). In addition, FROB operations gave rise to an effect – in this case only on public debt – of €9,750 million in 2009, €2,809 million in 2011 and €6,369 million in 2012.

Fund for the Acquisition of Financial Assets (FAFA)

In October 2008, at the height of the international financial crisis, the Fund for the Acquisition of Financial Assets (FAFA) was created in order to promote lending by financial institutions. It was later officially dissolved in June 2012. The FAFA was classified under the general government sector and, consequently, its activity affects debt (and the deficit). The FAFA's objective was to provide liquidity to financial institutions by acquiring liabilities issued by them. The mechanism used by the FAFA to acquire financial assets was auctions. Thus, during 2008 and 2009 the FAFA called a total of four auctions in which it acquired claims on financial institutions resident in Spain totalling €19,335 million (around 2% of GDP). Since the FAFA was included under general government, the funds raised to acquire those bank assets increased EDP debt in these years (see Table 6). The assets acquired by the FAFA were redeemed between 2010 and 2012 and the previously generated increases in public debt were reversed. Given that the last assets held by the FAFA matured at the beginning of 2012, and that the Fund was established strictly on a temporary basis, it was officially wound down in June 2012.

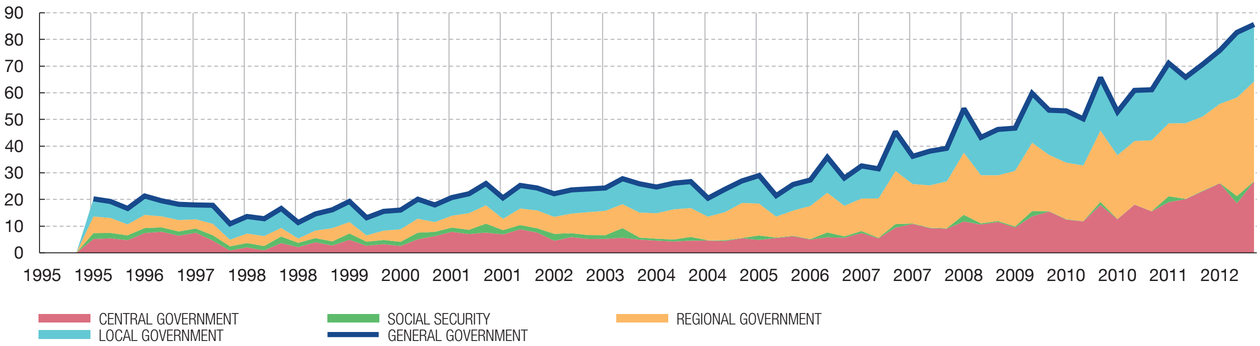
Social Security Reserve Fund and other acquisitions by Social Security Funds of securities issued by the State

The creation of a reserve fund to meet future needs in respect of contributory benefits was specifically regulated for in Spain. Under this regulation most of the surplus revenue from the social security budget outturn of each year must be allocated mainly to acquiring highly liquid Spanish and foreign public debt with a high credit rating. For accounting purposes, the Reserve Fund's activities are included in the Social Security Funds' operations. Specifically, this means that, if the Reserve Fund buys securities issued by the State, the EDP debt of the whole general government sector would decrease, upon consolidation; however, if it acquires securities issued by foreign general government, the EDP debt would not vary. In recent years, in addition to continuing to buy Spanish public debt, the Reserve Fund has also sold most of the foreign public debt it owned, which has been replaced by domestic public debt, thereby reducing EDP debt (see Table 6).[17] Overall, the amount of securities issued by the State and held by Social Security Funds amounted to €59,794 million (5.7% of GDP) in December 2012.

17 In Table 6, the purchase or sale by the Reserve Fund of foreign public debt is recorded under heading 3.1, "Net purchases of consolidated financial assets: shares, other equity and other assets and securities issued by foreign general government (Reserve Fund)", with a positive sign (purchase of foreign public debt) or a negative sign (sale of foreign public debt).

TRADE CREDITS AND OTHER CONSOLIDATED ACCOUNTS PAYABLE BY GENERAL GOVERNMENT SUB-SECTOR

CHART 7



SOURCE: Banco de España.
NOTE: Quarterly data for each general government sub-sector are published in Chapters11 to 14 of the Banco de España *Boletín Estadístico.*
http://www.bde.es/webbde/es/estadis/infoest/a1101e.pdf.
http://www.bde.es/webbde/es/estadis/infoest/a1201e.pdf.
http://www.bde.es/webbde/es/estadis/infoest/a1211e.pdf.
http://www.bde.es/webbde/es/estadis/infoest/a1301e.pdf.
http://www.bde.es/webbde/es/estadis/infoest/a1401e.pdf.

Fund for the Financing of Payments to Suppliers ("FFPP" by its Spanish abbreviation)

As detailed in Box 1, in March 2012 the Fund for the Financing of Payments to Suppliers (FFPP) was created with the aim of facilitating the payment of the debt that regional and local governments had built up vis-à-vis their suppliers (see Chart 7 and Table 8). In order to understand the recording of FFPP transactions and their impact on EDP debt, note that, as indicated above, general government trade credits to its suppliers are not generally included in the definition of EDP debt, although they are included in the total liabilities of general government.[18] To repay regional and local government trade debts in 2012 through the FFPP, the latter had to be provided with the necessary funds, which transformed trade liabilities into EDP debt. Specifically, in 2012 funds totalling €27,781 million (2.7% of GDP) were available to the FFPP, which increased the EDP debt of general government, whereas the general government consolidated total liabilities remained unchanged (see Table 6).[19]

Trade credits and non-recourse factoring transactions

As a result of a decision by Eurostat in July 2012, the methodological treatment of certain trade credits in the National Accounts was modified. According to this decision, when a supplier of goods or services fully and irrevocably transfers its trade credits vis-à-vis general government to a financial institution so as to bring forward payment, these liabilities, which were initially recorded in the National Accounts as trade credits, must be reclassified as loans extended to general government.[20] The importance of Eurostat's decision

18 At the same time, the trade credits do finance the budget deficit in the various years in which they are generated, since the payments in National Accounts follow the accrual method (i.e. the expense is recorded in the financial year in which the goods or services are acquired, irrespective of the actual payment being made in a subsequent period). Therefore, in the years that the trade credits of general government are generated, they contribute to a negative deficit-debt adjustment (since they permit a deficit to be incurred without generating EDP debt). The opposite occurs in the year in which the trade credits are paid, unless financing needs to be raised on the markets in order to make such payment.

19 In 2013 the FFPP continued to operate and a second phase of this mechanism was implemented in February, extending its objective and subjective scope and providing it with €2,600 million. More recently, in June, a third phase of the FFPP was approved. Among other changes, this extends the time covered by the mechanism to trade debts prior to 31 May 2013, therefore lengthening the previous period which was limited to trade liabilities prior to 1 January 2012.

20 The reason for this decision is that, in Eurostat's opinion, when this type of financial operation is formalised the nature of the trade credits affected is altered, with the result that from when the obligation to pay is irrevocably transferred, said trade credits should be considered as ordinary loans.

TRADE CREDITS AND OTHER GENERAL GOVERNMENT ACCOUNTS PAYABLE

TABLE 8

€m

	2007	2008	2009	2010	2011	2012
Trade credits and other general government accounts payable	67,993	74,451	79,607	93,308	126,042	101,549
As % of GDP	6.5	6.8	7.6	8.9	11.9	9.7
Vis-à-vis non-financial corporations and households	53,775	59,523	65,474	70,763	81,933	58,834
As % of GDP	5.1	5.5	6.2	6.7	7.7	5.6
Vis-à-vis general government (consolidation)	13,867	14,574	13,853	22,189	43,378	39,759
As % of GDP	1.3	1.3	1.3	2.1	4.1	3.8
Vis-à-vis other economic sectors	351	354	280	356	731	2,956
As % of GDP	0.0	0.0	0.0	0.0	0.1	0.3
Central government	15,805	18,511	21,948	24,411	23,384	26,826
Vis-à-vis non-financial corporations and households	11,740	13,676	17,901	18,997	18,406	19,683
Vis-à-vis general government (consolidation)	4,049	4,818	4,034	5,399	4,768	4,613
Vis-à-vis other economic sectors	16	17	13	15	210	2,530
Regional governments	23,755	26,034	27,156	33,306	60,856	38,309
Vis-à-vis non-financial corporations and households	23,164	25,488	26,612	27,184	36,663	16,709
Vis-à-vis general government (consolidation)	455	403	430	5,949	23,893	21,340
Vis-à-vis other economic sectors	136	143	114	173	300	260
Local governments	16,608	18,620	19,972	24,020	29,774	25,737
Vis-à-vis non-financial corporations and households	16,389	18,400	19,770	22,393	24,213	21,142
Vis-à-vis general government (consolidation)	20	26	49	1,459	5,340	4,429
Vis-à-vis other economic sectors	199	194	153	168	221	166
Social Security Funds	11,825	11,286	10,531	11,571	12,028	10,677
Vis-à-vis non-financial corporations and households	2,482	1,959	1,191	2,189	2,651	1,300
Vis-à-vis general government (consolidation)	9,343	9,327	9,340	9,382	9,377	9,377
Vis-à-vis other economic sectors	0	0	0	0	0	0

SOURCE: Banco de España.
NOTE: Quarterly data are published for each general government sub-sector in Chapters 11 to 14 of the Banco de España Boletín Estadístico.
http://www.bde.es/webbde/es/estadis/infoest/a1101e.pdf.
http://www.bde.es/webbde/es/estadis/infoest/a1201e.pdf.
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rests on the fact that loans, unlike trade credits, are a financial instrument which is part of EDP debt. The reclassification as loans of trade credits affected by non-recourse factoring transactions meant that in 2012 the EDP debt of regional and local governments increased by a total of €4,511 million (0.5% of GDP). This, however, does not change the total liabilities of general government since these operations had already been recorded as other liabilities (see Table 6).

Electricity Deficit Amortisation Fund ("FADE" by its Spanish abbreviation)

Over recent years a gap has arisen between electric utilities' generation costs recognised by the government and the revenue received by these companies from consumers (through access tariffs and regulated prices). This mismatch has been called the "tariff deficit". Until 2007, this deficit was financed by the State recognising a claim favourable to generating companies (a long-term financial claim which is a percentage of the monthly billings from access tariffs) vis-à-vis future electricity consumers for the amount of the deficit generated during that year. The generating companies could thus assign these financial claims to third parties for the purpose of obtaining liquidity. Subsequently, from 2008 the decision was taken to reform the mechanism and, as a result, in January 2011 the Electricity Deficit Amortisation Fund (FADE) was created. The aim of this fund is to facilitate the securitisation of the deficit tariff that has built up and is held by electricity generation companies. The electric utilities, which are the holders of the financial claims vis-à-vis future electricity consumers, obtain liquidity through the assignment of these claims to the FADE in exchange for transfer prices. The FADE finances the claims acquired by issuing liabilities guaranteed by the State.

The FADE is classified under the general government sector because it is considered that it does not have decision-making autonomy since it reports to an inter-ministerial commission and, therefore, its debt issues increase EDP debt. Until December 2012, the FADE had issued €15,800 million of debt which raised EDP debt by 1.5% of GDP (see Table 6). These debt issues were used mainly to finance the acquisition of financial claims which were recorded as financial assets.

Conclusions

The economic and financial crisis has prompted an expansionary dynamic in the public debt levels of the main developed countries, a dynamic which still persists. Spain, too, has been affected by this, with the result that its public debt/GDP ratio, in accordance with the Excessive Deficit Procedure (EDP), has increased significantly since 2007 to 84% of GDP in 2012, although it still remains below the related figure for the euro area (91%). Persistently high primary deficits built up during the period are the main explanation for this deterioration, to which the interest burden has also contributed, albeit to a lesser degree. The implementation of the various State funds to pay regional and local government suppliers, together with the funds earmarked for the financial system restructuring process and the contributions to European bail-out mechanisms, have likewise increased the EDP debt ratio.

With a view to the future, the Updated Stability Programme has the consolidation process continuing between 2013 and 2016, allowing public debt to stabilise in 2016 at around 100% of GDP and then to begin to decline thereafter. Achieving these budget targets requires considerable effort but it is essential to strictly comply with them to ensure the credibility of the consolidation process and to lower debt to more moderate levels.

15.7.2013.

THE EUROPEAN CENTRAL BANK'S RESPONSE TO THE CRISIS

The author of this article is José Luis Malo de Molina, Director General of the Directorate General Economics, Statistics and Research.[1]

The great crisis of the 21st century has posed formidable challenges for economic policy-makers throughout the world. The challenges have been particularly great for central banks, because of the importance of financial components in the genesis and development of the crisis, and because monetary policy is the most flexible, and, in the short-term, the most powerful economic policy instrument, although, as will be seen later, its ability to address certain types of shocks is limited. For the European Central Bank (ECB), things have been complicated by the fact that the crisis caught it at the start of the complex European monetary integration project, which, moreover, was based on institutional pillars that have proven to be insufficient in significant respects.

Challenges derived from the economic and financial crisis

Any analysis of the ECB's response to the crisis must begin by briefly identifying the challenges posed by the crisis for the advanced countries in general and for the euro area in particular.

After the subprime mortgage episode in the United States, the Great Recession imposed itself in the form of a sharp and sudden evaporation of world liquidity and an abrupt reassessment of financial risks as a result of the bankruptcy of Lehman Brothers, which threatened to destroy the stability of the global financial system. The financial crisis subsequently turned into a crisis of the economies' real sectors in the form of a deep recession, which, in some cases, such as the United States, posed a risk of deflation, and in others, such as the euro area, became highly persistent, with a prolonged double dip.

Apart from the conjunction of a major liquidity shock and a severe recession, the problems of using monetary policy to provide the required stimulus were further complicated by the limits on central bank action which arise when key interest rates approach zero.

Furthermore, the emergence of the marked financial imbalances which were at the root of the crisis made plain the significant shortcomings in economic policy. These shortcomings related mainly to the insufficient development of so-called macroprudential policy. Attending to and promoting macroprudential policy required the assumption of new responsibilities by central banks.[2]

Generally most of these problems do not differ substantially from those routinely addressed by monetary policy, although it is true that this time they were of a severity unseen in recent decades and obliged the authorities to make full use of the arsenal of tools available to them and to develop new ones suited to the exceptional situation. In the euro area, however, serious problems of financial fragmentation arose, which added a particularly serious and unprecedented dimension to the ECB's operational difficulties. These difficulties derived from the uniqueness of a single monetary policy which applies to 17 states

1 This article develops the address delivered at the conference "Experiencias y enseñanzas de las crisis económicas: Europa y América Latina", organised by the Universidad Complutense and Fundación Ramón Areces, on 16 July 2013 in Madrid.

2 Alberola, Trucharte and Vega (2013) review the Spanish experience of dynamic provisions and reflect on the role of central banks in preserving financial stability in the euro area.

that retain full sovereignty in the use of other economic policy instruments in the fiscal, structural and other areas, including those of regulation, supervision and, where applicable, the restructuring of their respective financial systems.

The fragmentation of euro area financial markets was also linked to the perception of the shortcomings of the institutional and governance framework in the original design of the Economic and Monetary Union (EMU) which reached the point of creating a risk of break-up or reversibility of the single currency. In fragmented financial markets, monetary policy stimuli do not pass through in equal measure to all member countries.[3] The deterioration of the transmission mechanism gave rise to very special complexities for the ECB.

The uniqueness of the European Central Bank

Obviously the ability of central banks to use monetary policy to address the challenges posed by a crisis like the one described will always be limited. The current crisis has structural components relating to the efficient allocation of resources and distributive components derived from income transfers between countries or sectors, against which monetary policy has no capacity to act. In fact monetary policy on its own, even deployed to its full extent, is unable to address the macroeconomic problems that come most specifically within its scope of action without support from other areas of economic policy, such as budgetary policy, particularly when there are problems of private-sector over-indebtedness and public-debt sustainability. It is well known that for monetary policy to be effective, even in the pursuit of price stability, it is essential to have sustainable public finances and therefore a regime of monetary dominance. In short, when the risk factors lie beyond its scope, monetary policy can merely buy time to allow other components of economic policy to act in the required direction and with the required force.

These limitations are especially severe in the case of the ECB which has no single interlocutor responsible for the other components of economic policy, but rather 17 sovereign states answerable to their national parliaments. This unique state of affairs is particularly important for interactions between monetary and fiscal policy. The particular design of EMU means that the ECB cannot, without the explicit acceptance of the national parliaments, undertake operations that may involve risk mutualisation or income transfers between member countries. The ECB may not interfere in inter-country income transfers, let alone make up for the lack of solidarity measures between Member States when national parliaments are not prepared to adopt such measures within the specific scope of their own powers. Transferring income between countries is not a function that can be assumed by a central bank, because it would come into conflict with the integrity and efficacy of monetary policy and with the democratic legitimacy required by the constitutions of the member countries and the Union treaties. The only risks that the ECB may assume are those that arise strictly from pursuit of the monetary policy objectives with which it has been entrusted.

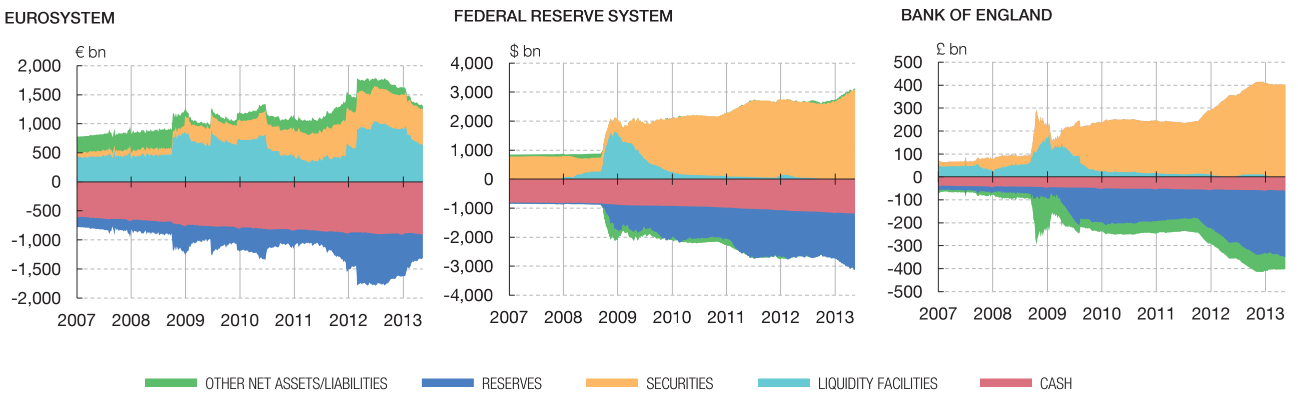
Massive injections of liquidity

The ECB deserves recognition for having been the first central bank to respond to the sudden increase in risk aversion and the indiscriminate spread of distrust between financial intermediaries prompted by Lehman Brothers with massive injections of liquidity. Other central banks followed suit and the palliative effect was sufficient to prevent the wave of paralysis in the interbank market from leading to a general financial collapse (see Chart 1).[4] With its emergency liquidity-providing measures the ECB was able to make up for the

3 See Box 4.1 of the Annual Report of the Banco de España (2012).

4 A more detailed description of the actions of the ECB, the Federal Reserve System and the Bank of England between 2007 and 2009 may be found in Lenza, Pill and Reichlin (2010).

SIMPLIFIED BALANCE SHEET CHART 1



SOURCES: ECB, Federal Reserve System and Bank of England.

practical disappearance of the interbank market by taking on the role of principal money market actor. As a result, a large proportion of the transactions previously entered into directly between financial intermediaries were moved onto the ECB's balance sheet. In very simple terms, institutions with surplus liquidity preferred to deposit it with the ECB rather than assuming risks vis-à-vis other counterparts, and the ECB, in turn, was practically the only remaining supplier of liquidity to institutions that needed it. The performance of this function led to a significant increase in the size of the central bank's balance sheet, which had to be expanded further as the development of the financial crisis closed off other means of financing for monetary financial institutions in the wholesale markets and when, as seen below, the euro crisis later led to the drying up of funding for some vulnerable euro area countries.

The operational design of the ECB was particularly well equipped to articulate this type of reaction. Other central banks had to modify their operational frameworks to make them more similar to that of the ECB, which dealt with a very large number of counterparts and accepted a very wide range of collateral. Yet, in attempting to ensure that its monetary policy stance reached the whole of the euro area economy, the ECB also had to innovate, modifying its tender procedures to enable fixed-rate tenders of unlimited amounts of liquidity to be conducted, widening the range of eligible collateral and easing the eligibility criteria, lengthening the maturities of monetary policy loans and designing new liquidity facilities to satisfy specific needs. Also, currency swaps were arranged with other central banks so that liquidity facilities could be offered in foreign currency.

Many of these innovations were introduced gradually in response to the needs that arose as the crisis spread and persisted. The easing of the collateral policy relieved the banks' liquidity constraints by offering them greater opportunities to mobilise assets whose markets had seized up and transform them into liquidity. Successive extensions to the period during which the ECB promised to maintain unlimited tenders and the lengthening of the maturities of liquidity providing loans, from three months to three years, helped to relieve uncertainty, by reassuring intermediaries that they could rely on central bank refinancing transactions for prolonged periods of time.

Purchases of securities, issued by both the private and public sectors, also played an important role in the expansion of the ECB's balance sheet. Two successive programmes to purchase covered bonds were launched and a further one for outright purchases of government bonds of countries under stress (SMP, Securities Market Programme), with the limited aim of re-establishing the transmission of monetary policy. Admittedly, when the composition of the expansion of the ECB's balance sheet is compared with that of the balance sheets of other central banks during the crisis (especially of the Federal Reserve System, the Bank of England and the Bank of Japan), the most notable difference is the lower relative weight of securities purchases, especially of government securities, compared with the much more important role of lending to credit institutions (see Chart 1). This is an important difference, which is related to the initial features of the operational frameworks, but above all to the ECB's unique status, mentioned above, as the central bank of 17 countries.

Monetary expansion and the zero interest rate bound

Non-standard measures to satisfy the increased preference for liquidity and to facilitate the transmission of the monetary policy stance to agents' final spending decisions were introduced in parallel with an easing of monetary conditions, given the weakness of demand and activity in the area and the anchoring of inflation expectations in line with the ECB's price stability mandate (see Chart 2). The extraordinarily expansionary monetary policy stance eventually adopted was intended to create conditions more conducive to sustaining the momentum of private investment and consumption expenditure and to assisting many agents with their ongoing deleveraging. However, the required monetary easing ran into two major problems. First, the limit on the margin for manoeuvre, which arises when key interest rates approach zero and, second, the breakdown of monetary policy transmission as a consequence of the area's financial fragmentation.

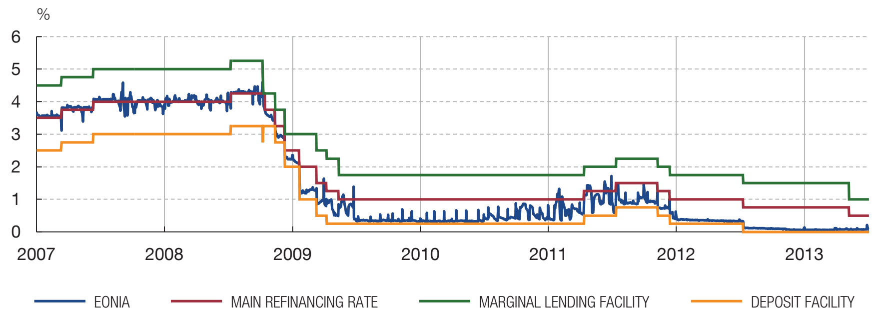
When monetary policy loan tenders are conducted at fixed rates and for unlimited amounts, as has been the case since the start of the crisis, the reference for monetary policy transmission is established by the lower part of the corridor defined by the ECB's deposit and credit facilities, i.e. the part between the deposit facility and the rate on the ECB's refinancing operations. Since July 2012, the deposit facility rate has been standing at zero, while the main refinancing rate was reduced to 1% on 8 December 2011, to 0.75% on 5 July 2012 and to 0.5% on 2 May 2013. To avoid a negative deposit facility rate and to keep the corridor symmetric around the main refinancing operations rate, the marginal lending facility rates have been moving in such a way that the width of the corridor has been narrowing. With these movements in conventional instruments, the ECB has, like other central banks, approached the so-called zero lower bound. The absence of deflationary risks in the euro area and differences in the timing of the cycle, which meant that the area initially faced the crisis with higher rates, explain why in the euro area the approach to the limit has taken place later. Apart from these circumstantial differences, it is worth examining the different operational modalities with which the various areas have addressed this constraint and the reasons underlying them. Basically three instruments are identified in the literature for dealing with this anomalous situation: negative interest rates, forward guidance and quantitative easing, considering both the expansion and the change in the composition of the central bank's balance sheet.[5] We shall now consider the specific details of the ECB's recourse to these instruments.[6]

5 Bernanke and Reinhart (2004) outlined these monetary policy options in response to the debate at the beginning of the century regarding the Japanese problems and deflationary fears in the United States. In the same context, Eggertsson y Woodford (2003, 2004) developed a theoretical justification for the crucial role that expectations regarding the conduct of monetary policy may play when the official interest rate is close to zero. In the current context, Woodford (2012) reviews the available theoretical arguments and the conditions under which one might expect greater effectiveness of these non-conventional dimensions of monetary policy.

6 A comparative description of the non-conventional measures deployed by the central banks of the developed countries in order to restore the financial system's intermediation function and stimulate the economy may be consulted in IMF (2013).

EONIA AND ECB INTEREST RATES

CHART 2



SOURCE: ECB.

There is limited scope for recourse to negative interest rates and they may introduce some distortions into the functioning of the money markets, so they have been used on very rare occasions and with inconclusive results. That said, they may send a powerful signal regarding monetary policy intentions and, in the case of the euro area, they could help to rebalance the incentives between institutions or areas with excess liquidity and those suffering a shortfall. For this reason, the ECB has carried out the preparatory work necessary to be able to set negative deposit facility rates and has announced that it remains open to their possible implementation if the situation so requires. Thus, recourse to negative interest rates can be said to be part of the ECB's arsenal of instruments.

Recourse to forward guidance on the behaviour of short-term interest rates seeks to directly impact the formation of expectations and, therefore, the slope of the yield curve, lowering long-term interest rates so as to generate incentives to spend or acquire risky assets. The Federal Reserve System is the central bank that has taken this strategy furthest, starting with general messages that key rates would be kept close to zero for as long as necessary, it later linked this period to certain quantitative references relating to the behaviour of unemployment. This step is, doubtless, linked to the uniqueness of the Fed's dual mandate, in which price stability and the fight against unemployment are explicitly mentioned. In the case of the ECB, recourse to this option has resulted in important innovations in communication. From repeating the message that it was reluctant to make any prior commitments, the ECB switched to stressing that its monetary policy would remain expansionary for as long as necessary. Then, at the meeting of 4 July 2013 an explicit forward guidance formula was adopted, by adding that the Governing Council expected that key ECB interest rates would remain at present or lower levels for an extended period of time.[7] This is, therefore, one of the instruments that the ECB is using.

Where the differences are most notable is in relation to quantitative easing, which consists of large-scale purchases of bonds – primarily government bonds – on the secondary market in order to impact the interest rates on these instruments directly and, thus, the slope of the yield curve. Quantitative easing has been the main factor driving the expansion of the balance sheets of the Federal Reserve System and of the Bank of England, as seen in Chart 1.[8] The most aggressive version of this type of action has been that recently adopted by the Bank of Japan, given the magnitude of the purchase programmes announced with the explicit intention of increasing the rate of inflation. As

7 The rationale for the Governing Council's decision to provide forward guidance on the key ECB interest rates is explained in the box of the editorial of the ECB's Monthly Bulletin of July 2013.

8 See Cúrdia and Woodford (2011) for an exposition and theoretical justification of the effectiveness of this type of measure.

mentioned above, the ECB has implemented several securities purchase programmes (SMPs) which include, in moderate amounts and subject to strict conditions, outright secondary market purchases of the government bonds of certain Member States. However, the motivation for recourse to this mode of operation is not – nor could it be – a general reduction in the long-term cost of financing for the public sector. The ECB's unique status as the central bank of 17 sovereign countries prevents it from undertaking quantitative easing operations like those implemented by other central banks, because they would involve directly assuming the mutualisation of risks and the possibility of making income transfers between such countries, without the acceptance or approval of their respective parliaments. The purpose of possible government bond purchases in the secondary market by the ECB can only relate to the specific euro area problem of possible financial fragmentation and the distortion that this introduces into monetary policy transmission.[9]

Fragmentation of the euro area and breakdown of the transmission mechanism of the single monetary policy

Two specific problems the ECB has had to address, of enormous significance, are financial fragmentation and doubts regarding the sustainability of monetary integration.[10] These problems have had a decisive influence over the entire economic policy of the euro area, and very particularly its monetary policy (see Chart 3). Many of the non-standard measures adopted to meet the huge liquidity needs have also had as a central concern recovery of lost integration and minimising the risk of a euro break-up. The heightening of tensions in summer 2012 forced the ECB to announce the launch of exceptional mechanisms to escape the vicious circle of expectations of possible euro break-up that risked becoming self-fulfilling. This was the reason for the announcement (and design and preparation) of the outright monetary transactions (OMT) programme.

Fundamental to understanding the specific role and limited capacity of the non-standard operations undertaken by the ECB in order to overcome the financial fragmentation of the area is a diagnosis of the euro area crisis.[11] In short, the crisis has two roots. First, in many countries economic policy-makers did not adopt the policies to ensure macroeconomic stability that belonging to the euro area necessitated; and the financial markets, in turn, failed to penalise the mistaken policies and to exercise the disciplinary function that is expected from them. Thus, significant imbalances built up and suddenly came to light when the economic crisis put a stop to the exuberant growth that had until then helped to hide the underlying problems.

Second, the crisis has been the result of a set of weaknesses inherent in the initial institutional design of the Monetary Union. This design included a single monetary policy, accompanied by coordination and mutual vigilance in other areas of economic policy that was much more diffuse and barely effective. The most notorious example, in the area of budgetary stability, was the almost complete unworkability of the Stability and Growth Pact. The instruments established to coordinate other structural, regulatory or financial policies were even weaker. And all this was compounded by the total absence of appropriate mechanisms to manage systemic crises affecting the area as a whole, so that when tensions mounted it was not possible to act sufficiently rapidly. The Economic and Monetary Union was indeed a monetary union, but hardly an economic one.

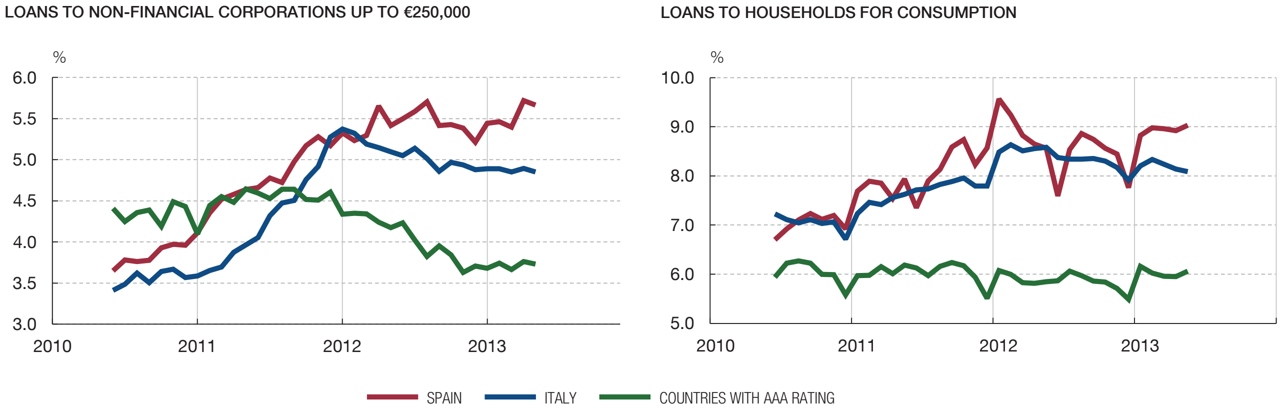
9 Millaruelo and del Río (2013) and Cour-Thimann and Winkler (2013) review the ECB's non-conventional measures during the different phases of the crisis and their links to the institutional framework of the euro area and the characteristics of its financial system.

10 A broad compilation and analysis of the most important indicators of financial integration in the euro area can be found in the ECB's report on financial integration. See ECB (2012 and 2013).

11 For further details see Chapter 2 of the *Annual Report,* Banco de España (2012).

BANK INTEREST RATES

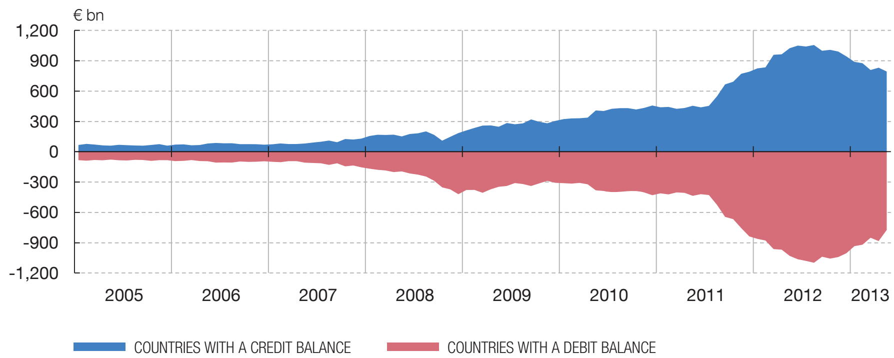
CHART 3



SOURCE: ECB.

AGGREGATED TARGET2 BALANCES OF THE EUROSYSTEM NATIONAL CENTRAL BANKS

CHART 4



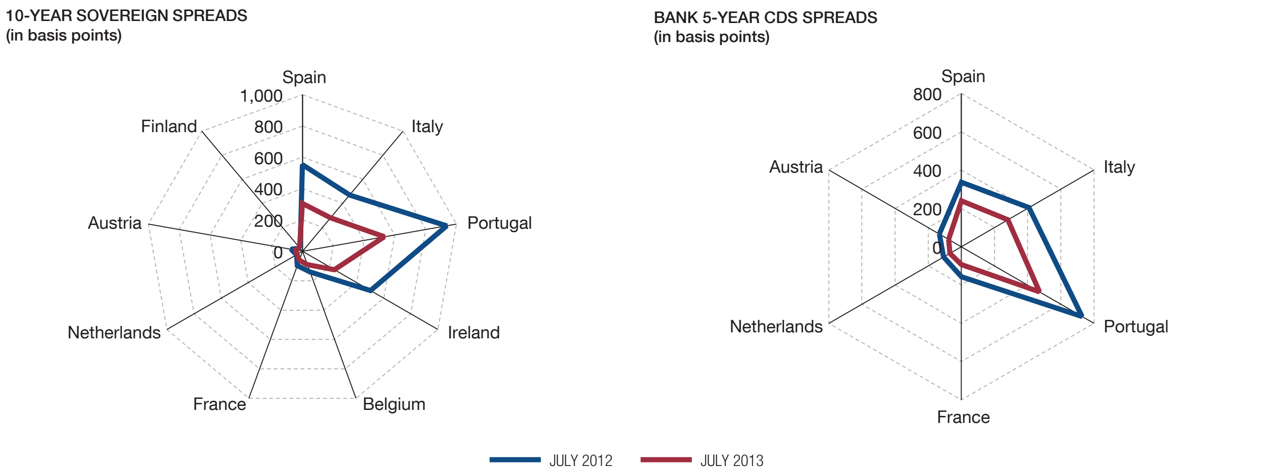
SOURCES: ECB and National Central Banks.

The size of the imbalances that built up, and then erupted during the crisis, is sufficient in itself to indicate the gravity of EMU's design failures. One of the most serious consequences was the creation of a vicious circle between the deterioration in the macroeconomic outlook, financial risks and sovereign debt risks, which fuelled each other and spread from one vulnerable country to another, with very little scope for the European authorities to react. The point was reached where this negative feedback loop led some analysts to question the very survival of the euro, at least in its current configuration and with its current borders. The prospects that the debts of some governments and some companies situated in these countries could not be settled in euro had gained traction. Some international investors began to sell the sovereign bonds of certain peripheral countries or the securities issued by private institutions domiciled in them. Germany became the safe haven and attracted flows of funds, which widened the interest rate spreads and reduced the availability of credit, increasing its cost, thereby deepening the financial cracks in the area. The developments in the Target balances of the Eurosystem central banks became the most visible evidence of this fragmentation (see Chart 4).

This dangerous feedback loop was halted by action on three fronts. First, the national governments most directly affected by confidence and credibility problems stepped up their economic adjustment processes and structural reform programmes. For example, the approval by the Troika of the progress made in Greece to comply with its programme

SPREADS OVER GERMANY

CHART 5



SOURCES: ECB, Datastream and Banco de España.

clearly helped to ease market tensions. A second front on which action was necessary to overcome the euro crisis was in the specific area of monetary policy. While monetary policy clearly does not have the capacity or the authority to resolve the fundamental problems underlying the crisis, it is also clear that the ECB's passivity in the face of the gravity of the expectations being generated and the extent of the breakdown in transmission of the single monetary policy would have precipitated catastrophe. In these circumstances, the activation of extraordinary measures confirming the ECB's commitment to preserving the single currency and to restoring monetary transmission was essential to achieving its objective of monetary stability. The scope of the challenges faced justified an extension of the menu of non-standard monetary policy operations to include the OMT programme, which envisages the possibility of purchasing the sovereign bonds of countries subject to unfounded expectations that they will abandon the euro.

OMTs cannot be compared to specific quantitative easing instruments. Rather, their purpose is to combat the tail risk of an eventual euro break-up and of blockage in the transmission of monetary policy to the peripheral countries. In line with this view, OMTs are subject to strong conditionality, so they cannot be understood as a replacement for the reform drive needed in countries with imbalances. As shown by numerous financial indicators and as is generally acknowledged by analysts, the mere announcement of OMTs has been very effective in achieving their objective (see Chart 5).

In any case, a lasting solution for the problems that emerged depends to a great extent on action on the third front, namely the measures the European authorities need to take to reform and strengthen euro governance and to facilitate the path from an exclusively monetary union towards a more genuine economic union, according to the route map approved by the European Council. These involve a banking union, an economic union, a fiscal union and a strengthening of the democratic legitimacy of the whole process, which may be understood as a kind of political union.

The banking union

As regards action by the ECB, the steps needed to establish a banking union are especially important. This is because such a union would have a very direct impact on the fragmentation problems and break-up risks that have distorted monetary policy transmission. Moreover, the ECB itself has been assigned the role of single supervisor, and this role

– along with the establishment of a single resolution mechanism and the harmonisation of deposit guarantee systems – is one of the fundamental ingredients of a banking union. In principle, EMU's special architecture did not provide for the attribution of banking supervision functions to the ECB, despite the fact that they are a central bank responsibility in many countries. Yet, reasons of urgency and the difficulty of reforming the treaties to establish appropriate provisions for setting up a European single supervisory institution from scratch meant that the best way forward was to use the leeway offered by the current treaties to build upon the one European institution with the capacity and independence to perform this function, by broadly interpreting the functions that the European Council was authorised to assign to the ECB.

Rapid progress towards a banking union – one of the most important decisions taken by the European authorities to strengthen EMU in order to sever the negative feedback loop of summer 2012 – was an unavoidable response to some of the serious malfunctions besetting the euro. A banking union is required to break the vicious circle between banking risk and sovereign risk and to achieve the degree of financial integration appropriate for the existence of a currency, so that the banks of the area are on an equal footing to compete for capital and funds, on the basis of their solvency and business model alone, irrespective of the country in which they are domiciled. These are essential conditions to ensure that an appropriate transmission of monetary policy permits its stimuli to reach all member countries alike, although that is not to say that interest rates would have to be as uniform as they were during the period in which the serious imbalances that ended in crisis built up.

We are all aware of the enormous complexity of the project embarked upon, but nobody should ignore just how much is at stake for Europe and its integration process.

28.6.2013.

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FINANCIAL REGULATION: 2013 Q2

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Introduction

A number of new financial provisions were adopted in the second quarter of 2013.

The European Central Bank (ECB) brought in new regulations on: 1) refinancing operations and collateral in monetary policy operations; 2) measures to counter non-compliant reproductions of euro banknotes and on the exchange and withdrawal of euro banknotes; and 3) the Eurosystem's provision of reserve management services in euro to central banks and countries not belonging to the euro area and to international organisations.

New Community legislation was also published on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

In turn, the Banco de España created the Electronic Register, a new instrument for the electronic filing of requests, documents and notices.

Relating to credit institutions, three sets of measures were introduced: 1) the criteria for assessing the suitability of persons managing credit institutions; 2) extension of the period available for hybrid capital and subordinated debt instrument management exercises; and 3) a key change to the form of operation of the Central Credit Register (CCR).

In the securities market, four new regulations were published: 1) the key investor information document and the prospectus for collective investment institutions; 2) the disclosure obligations to customers on the assessment of the suitability and appropriateness of financial instruments; 3) the annual remuneration report formats for directors of listed companies and for members of the board of directors and of the oversight committee of savings banks issuing securities admitted to trading on official securities markets; and 4) annual corporate governance report formats for listed companies, savings banks and other entities issuing securities admitted to trading on official securities markets.

At European Union level, three pieces of financial legislation were enacted: 1) changes to the credit rating agency regulations; 2) update of the prudential requirements relating to risk management at certain financial institutions; and 3) European venture capital fund regulations.

The article concludes with comments on the tax and financial aspects of two new regulations: the first, on measures to strengthen the protection of mortgagors, debt restructuring and rented social housing; and the second, on measures to support entrepreneurs and stimulate growth and job creation.

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

European Central Bank: refinancing operations and collateral in monetary policy operations

The following three measures were published in the quarter: Guideline ECB/2013/4 of 20 March 2013 (OJEU of 5 April 2013) on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral, amending Guideline ECB/2007/9 of 1 August 2007 on monetary, financial institutions and markets statistics; Decision ECB/2013/6 of 20 March 2013 (OJEU of 5 April 2013) on the rules concerning the use as

CONTENTS

TABLE 1

1	Introduction		
2	European Central Bank: refinancing operations and collateral in monetary policy operations		
	2.1	Option to reduce the amount of, or terminate, longer-term refinancing operations	
	2.2	Admission of certain additional asset-backed securities	
	2.3	Admission of certain credit claims	
	2.4	Acceptance of certain government-guaranteed bank bonds	
	2.5	Admission of certain assets denominated in pounds sterling, yen or US dollars as eligible collateral	
	2.6	Eligibility of marketable debt instruments issued or fully guaranteed by the Republic of Cyprus	
	2.7	Suspension of the credit quality threshold requirements for certain marketable instruments	
3	Measures to counter non-compliant reproductions of euro banknotes and on the exchange and withdrawal of euro banknotes		
4	European Central Bank: Eurosystem reserve management services		
5	New Community legislation on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms		
	5.1	New developments in Regulation (EU) No 575/2013	
		5.1.1	Own funds items
		5.1.2	Prudential filters
		5.1.3	Own funds requirements
		5.1.4	Liquidity risk
		5.1.5	Leverage ratio
		5.1.6	Reporting and public disclosure requirements
	5.2	New developments in Directive 2013/36/EU	
		5.2.1	General requirements for access to the activity of credit institutions
		5.2.2	Prudential supervision of institutions
		5.2.3	Treatment of risks
		5.2.4	Governance and remuneration policies
		5.2.5	Capital buffers
		5.2.6	Other aspects of the Directive
6	Banco de España: Electronic Register		
7	Governance of credit institutions: assessment of suitability of persons directing their business		
8	Hybrid capital and subordinated debt instrument management actions		
9	Central Credit Register: changes to the regulations		
	9.1	Changes to exposure reporting	
	9.2	Exposures reportable to the CCR	
	9.3	Use and transfer of CCR data	
	9.4	Amendments to the rules on public and confidential financial information	

collateral for Eurosystem monetary policy operations of own-use uncovered government-guaranteed bank bonds; and Decision ECB/2013/13 of 2 May 2013 (OJEU of 17 May 2013) on temporary measures relating to the eligibility of marketable debt instruments issued or fully guaranteed by the Republic of Cyprus. Guideline ECB/2013/4 came into force on 22 March 2013 and shall apply until 28 February 2015; Decision ECB/2013/6 came into force on 22 March 2013 and Decision ECB/2013/13 on 9 May 2013.

A large part of Guideline ECB/2013/4 recasts into a single text several earlier Guidelines relating to similar temporary measures, and adds new ones. These measures apply temporarily, until the ECB's Governing Council considers that they are no longer necessary to ensure an appropriate monetary policy transmission mechanism.

CONTENTS (cont'd) **TABLE 1**

OPTION TO REDUCE THE AMOUNT OF, OR TERMINATE, LONGER-TERM REFINANCING OPERATIONS

The procedure whereby credit institutions that are counterparties to Eurosystem operations (hereinafter, institutions)[1] may reduce the amount of or, where appropriate, terminate certain long-term refinancing operations (such actions being collectively referred to as "early repayment") has been included in Guideline ECB/2013/4. This procedure was included, at the time, in Guideline ECB/2013/2 of 23 January 2013 which amended Guideline ECB/2012/18 of 2 August 2012[2] on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral.

Thus, the date from when institutions may exercise the early repayment option shall be published in the corresponding tender announcement or by any other appropriate means. Institutions must notify their national central bank (NCB) of both the amount and the date

1 Counterparty institutions are the euro area credit institutions with which the Eurosystem executes certain monetary policy operations. To be eligible as such, institutions must fulfil the uniform euro area-wide general eligibility criteria, that is, they must: 1) be subject to the Eurosystem's minimum reserve requirements; 2) be financially sound; and 3) meet the operating requirements set by the NCBs and, as appropriate, by the ECB.

2 See "Financial regulation: 2012 Q3", Economic Bulletin, October 2012, Banco de España, pp. 65-69.

of the early repayment at least one week in advance. This notice is binding, so if the institution fails to exercise the option on the date set it may be subject to the financial penalties envisaged in Guideline ECB/2011/14 of 20 September 2011[3] on monetary policy instruments and procedures of the Eurosystem, for infringements relating to tenders, bilateral operations and the use of collateral.

ADMISSION OF CERTAIN ADDITIONAL ASSET-BACKED SECURITIES

Guideline ECB/2013/4 incorporates the additional criteria for admission of asset-backed securities, regulated in Guideline ECB/2012/18. Thus, asset-backed securities which do not fulfil the credit assessment requirements envisaged in Guideline ECB/2011/14 but which have two ratings of at least "triple B" at issuance and at any time subsequently are admissible, provided they satisfy certain additional requirements.[4]

They are also subject to the following valuation haircuts: 16% for asset-backed securities that have at least "single A" credit ratings. Asset-backed securities that do not satisfy this requirement and that are backed by commercial mortgages shall be subject to a valuation haircut of 32%, and all others to a valuation haircut of 26%.

As previously, counterparty institutions cannot submit as collateral securities issued or guaranteed by them or by any other institution with which they have close links.[5]

In turn, NCBs may accept as collateral for Eurosystem monetary policy operations asset-backed securities whose underlying assets include residential mortgages[6] and/or loans to small and medium-sized enterprises (SMEs),[7] provided they have two ratings of at least "triple B" (with no need to fulfil any other kind of requirements). These securities shall be limited to those issued before 20 June 2012 and shall be subject to a valuation haircut of 32%.

ADMISSION OF CERTAIN CREDIT CLAIMS

As established in Guideline ECB/2012/18, credit claims that do not satisfy the Eurosystem eligibility criteria, stipulated in Guideline ECB/2011/14, are admissible. NCBs that decide to accept such credit claims must establish eligibility criteria and risk control measures in accordance with their national law. These criteria and control measures will be subject to the prior approval of the ECB's Governing Council.

In exceptional circumstances, and subject to the approval of the Governing Council, NCBs may accept credit claims governed by the law of any Member State other than that in which the accepting NCB is established.

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3 See "Financial regulation: 2011 Q4", Economic Bulletin, January 2012, Banco de España, pp. 113-114.

4 These additional requirements include: 1) the assets backing the asset-backed securities must belong to certain asset classes (residential mortgages, loans to small and medium-sized enterprises, commercial mortgages, auto loans, leasing and consumer finance); 2) they cannot include non-performing, structured, syndicated or leveraged loans; and 3) the transaction documents of the asset-backed securities must include servicing continuity provisions.

5 "Close links" are deemed to exist between a counterparty institution and an issuer/debtor/guarantor of collateral when: 1) the counterparty institution holds directly or indirectly, through one or more companies, 20% or more of the capital of the issuer/debtor/guarantor; 2) the issuer/debtor/guarantor holds directly or indirectly, through one or more companies, 20% or more of the capital of the counterparty institution; or 3) a third party holds more than 20% of the capital of the counterparty institution and more than 20% of the capital of the issuer/debtor/guarantor, directly or indirectly, through one or more companies.

6 Residential mortgages, besides residential real estate mortgage-backed loans, also include guaranteed residential real estate loans (without a real estate mortgage) if the guarantee is payable promptly on default. Such guarantee may be provided in different contractual formats, including insurance contracts, provided that they are granted by a public sector entity or a financial institution subject to public supervision. The credit assessment of the guarantor for the purposes of such guarantees must comply with credit quality step 3 in the Eurosystem's harmonised rating scale over the life of the transaction.

7 SMEs are entities, irrespective of their legal form, engaged in an economic activity where the annual turnover for the entity or, as appropriate, for the consolidated group is less than €50 million.

ACCEPTANCE OF CERTAIN GOVERNMENT-GUARANTEED BANK BONDS

As established in Guideline ECB/2012/18, NCBs may accept bank bonds guaranteed by a Member State that is subject to a European Union/International Monetary Fund programme,[8] or by a Member State whose credit assessment does not meet the Eurosystem's minimum requirement for issuers and guarantors of marketable assets established in Guideline ECB/2011/14.[9]

Institutions may not submit as collateral for Eurosystem monetary policy operations bank bonds issued by themselves or by institutions closely linked to them and guaranteed by a European Economic Area (EEA)[10] public sector entity in excess of the nominal value of such bonds already submitted as collateral on 3 July 2012.

Decision ECB/2013/6 of 20 March 2013 set 1 March 2015 as the latest date for institutions to use guarantees of this kind in their monetary policy operations. In exceptional circumstances, the ECB's Governing Council may grant temporary derogations from this prohibition, for a maximum of three years. Requests for derogations must be accompanied by funding plans in which the requesting institutions indicate how they will phase out their own use of these bank bonds in the three years following the granting of the derogation.

ADMISSION OF CERTAIN ASSETS DENOMINATED IN POUNDS STERLING, YEN OR US DOLLARS AS ELIGIBLE COLLATERAL

Guideline ECB/2013/4 incorporates the content of Guideline ECB/2012/23 of 10 October 2012 which amended Guideline ECB/2012/18 of 2 August 2012 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral. Thus, marketable debt instruments denominated in pounds sterling, yen or US dollars shall constitute eligible collateral for Eurosystem monetary policy operations, provided that: 1) they are issued, held or settled in the euro area; 2) the issuer is established in the European Economic Area (EEA);[11] and 3) they fulfil all the other eligibility criteria contained in Annex I to Guideline ECB/2011/14.

The Eurosystem applies valuation markdowns to these instruments: 16% on collateral denominated in pounds sterling or US dollars and 26% on collateral denominated in yen.

ELIGIBILITY OF MARKETABLE DEBT INSTRUMENTS ISSUED OR FULLY GUARANTEED BY THE REPUBLIC OF CYPRUS

Marketable debt instruments issued or fully guaranteed by the Republic of Cyprus do not meet the Eurosystem's credit quality thresholds applicable to marketable debt instruments as established in Annex I to Guideline ECB/2011/14 of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem.[12] However, taking into consideration the economic and financial adjustment programme for Cyprus reflected in the Memorandum of Understanding concluded between the Republic of Cyprus and the European Commission,[13] the ECB's Governing Council has decided that these marketable debt instruments have a credit quality standard sufficient to warrant their eligibility as collateral for Eurosystem monetary

8 Currently Greece, Ireland and Portugal.

9 The high credit quality requirement for marketable assets is based on certain criteria, such as accepted credit assessment by external credit assessment institutions (ECAIs), which must be equal to or exceed the credit quality threshold, which must comply with credit quality step 3 in the Eurosystem's harmonised rating scale. In the absence of an (acceptable) ECAI credit assessment of the issuer, high credit standards can be established by means of guarantees provided by financially sound guarantors, subject to certain requirements. The financial soundness of a guarantor is assessed on the basis of ECAI credit assessments meeting the Eurosystem's credit quality threshold.

10 The EEA was created on 1 January 1994 following an agreement between European Union (EU) and European Free Trade Area (EFTA) member countries and allowed EFTA member countries to participate in the EU's internal market without having to join the EU. It comprises the 27 EU countries and the following EFTA members: Iceland, Liechtenstein and Norway.

11 See footnote 10 above.

12 See footnote 9 above.

13 For that purpose, it shall be considered a euro area Member State subject to a European Union/International Monetary Fund programme for the purposes of the provisions of Guideline ECB/2013/4 of 20 March 2013, together with Ireland, Greece and Portugal.

policy operations, irrespective of any external credit assessment. They shall, however, be subject to the specific haircuts set out in the Annex to the Decision.

SUSPENSION OF THE CREDIT QUALITY THRESHOLD REQUIREMENTS FOR CERTAIN MARKETABLE INSTRUMENTS

Guideline ECB/2013/4 includes in its articles certain ECB Decisions[14] which establish that the Eurosystem's credit quality thresholds, set out in Guideline ECB/2011/14, shall not apply to marketable debt instruments issued or fully guaranteed by central governments of Member States subject to a European Union/International Monetary Fund programme, unless the Governing Council decides that the respective Member State does not comply with the conditions for financial support and/or the macroeconomic programme.

Lastly, Annex III to Guideline ECB/2007/9 of 1 August 2007 was amended, relating to the calculation of the lump sum allowance to be used by each credit institution to calculate its minimum reserves.[15]

Measures to counter non-compliant reproductions of euro banknotes and on the exchange and withdrawal of euro banknotes

Guideline ECB/2013/11 of 19 April 2013 (OJEU of 30 April 2013) amending Guideline ECB/2003/5 of 20 March 2003 on the enforcement of measures to counter non-compliant reproductions of euro banknotes and on the exchange and withdrawal of euro banknotes was published, with a view to including in its articles the provisions of Decision ECB/2013/10, also of 19 April 2013 (OJEU of 30 April 2013), which made certain technical amendments to Decision ECB/2003/4 of 20 March 2003 on the denominations, specifications, reproduction, exchange and withdrawal of euro banknotes.

The new developments relate mainly to the exchange of damaged euro banknotes. As established in Decision ECB/2003/4, NCBs charge a fee to exchange euro banknotes that have been mutilated or damaged as a result of the use of anti-theft devices. However, that fee, of 10 euro cents per damaged banknote, shall not be charged when the damage results from an attempted or actual robbery or theft.

Decision ECB/2013/10 establishes that NCBs shall pay payment service institutions[16] that hold accounts with them the value of any genuine euro banknotes accidentally damaged by the use of anti-theft devices that are presented for exchange, on the day of receipt of the banknotes. The aim is to support endeavours to enhance the security of the cash cycle and avoid penalising the use of anti-theft devices.

Institutions that present for exchange, in one or more transactions, damaged banknotes with a value of €7,500 or more shall have to present documentation on the origin of the banknotes and identification of the customer or, where applicable, of the owner. This obligation shall also apply if there is any doubt regarding whether or not the threshold of €7,500 has been reached, to prevent the use of the financial system for the purpose of money laundering and terrorist financing.[17]

Both the Guideline and the Decision came into force on 1 May 2013.

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14 Decision ECB/2011/4 of 31 March 2011 on temporary measures relating to the eligibility of marketable debt instruments issued or guaranteed by the Irish government; Decision ECB/2011/10 of 7 July 2011 on temporary measures relating to the eligibility of marketable debt instruments issued or guaranteed by the Portuguese government; and Decision ECB/2012/32 of 19 December 2012 on temporary measures relating to the eligibility of marketable debt instruments issued or fully guaranteed by the Hellenic Republic.

15 Each credit institution deducts a maximum lump sum designed to reduce the administrative cost of managing very small reserve requirements. The maximum lump sum allowance is €100,000.

16 In particular, credit institutions, along with payment service providers and any other institutions engaged in the handling and distribution to the public of notes and coins.

17 In accordance with Directive 2005/60/EC of the European Parliament and of the Council, of 26 October 2005, on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.

European Central Bank: Eurosystem reserve management services

Guideline ECB/2013/14 of 15 May 2013 (OJEU of 24 May 2013), amending Guideline ECB/2006/4, of 7 April 2006, on the Eurosystem's provision of reserve management services in euro to central banks and countries located outside the euro area and to international organisations was published.

One of the aims of Guideline ECB/2006/4 was to ensure that Eurosystem reserve management services were provided on a uniform basis, establishing certain minimum common features[18] of contractual arrangements with "customers" (which included countries, central banks or monetary authorities not belonging to the euro area and international organisations to which such services are provided by a Eurosystem member).

Guideline ECB/2013/14 introduces an additional condition, which is that the customer must confirm to the Eurosystem member that it complies with all European Union and national laws on the prevention of money laundering and terrorist financing, insofar as and to the extent applicable to it, including instructions given by competent authorities, and that it is not involved in money laundering or terrorist financing.

The Guideline came into force on 15 May 2013 and shall apply from the sixth week from that date.

New Community legislation on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (OJEU of 27 June 2013) on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012[19] on OTC derivatives, central counterparties and trade repositories was published, along with Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 (OJEU of 27 June 2013) on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate, and repealing Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006[20] relating to the taking up and pursuit of the business of credit institutions and Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006[21] on the capital adequacy of investment firms and credit institutions.

The Regulation came into force on 28 June and shall apply as from 1 January 2014, with certain exceptions, some of which are noted below, where a different schedule applies. The Directive came into force on 17 July and must be transposed by the Member States before 31 December 2013, with certain exceptions which shall be phased in up to 2019.

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18 Thus, such contractual arrangements had to: a) state that the customer's counterparty was a Eurosystem member and that the contractual arrangement did not per se create customer rights or entitlements vis-à-vis other Eurosystem members (which provision did not prevent a customer from having arrangements with more than one Eurosystem member); b) determine the mechanisms that could be used to settle securities held by customers' counterparties; c) indicate that certain transactions within the framework of Eurosystem reserve management services shall be carried out on a best effort basis; d) state that the Eurosystem member may make suggestions to customers as to the timing and execution of a transaction to avoid conflicts with the Eurosystem's monetary and exchange rate policy, and that such member shall not be liable for any consequences that such suggestions may have for customers; and e) indicate that the fees that Eurosystem members charge to their customers for the provision of these services are subject to review.

19 See "Financial regulation: 2012 Q3", Economic Bulletin, October 2012, Banco de España, pp. 96-100.

20 See "Financial regulation: 2006 Q2", Economic Bulletin, July 2006, Banco de España, pp. 142-144.

21 See "Financial regulation: 2006 Q2", Economic Bulletin, July 2006, Banco de España, pp. 144-146.

These two provisions incorporate into European legislation the liquidity and capital measures adopted by the Basel Committee on Banking Supervision (BCBS), designed to strengthen the solvency of the banking system (Basel III), and represent a new legal framework regulating the taking up and pursuit of the business of credit institutions and investment firms (hereinafter, institutions) and their supervision and prudential risk management, as a first step towards banking union.

Table 2 contains the main new developments relating to own funds items and requirements.

NEW DEVELOPMENTS IN REGULATION (EU) No 575/2013

The Regulation establishes mandatory uniform rules for institutions on: 1) own funds requirements relating to credit risk, market risk, operational risk and settlement risk; 2) requirements limiting large exposures; 3) the liquidity coverage requirement relating to entirely quantifiable, uniform and standardised elements of liquidity risk, once the corresponding delegated act has been implemented by the Commission; 4) the introduction of a leverage ratio; and 5) reporting and public disclosure requirements.

Own funds items

The Regulation revises the concept of own funds and the own funds items required of institutions. Own funds are made up of Tier 1 and Tier 2 capital; in turn, Tier 1 capital is the sum of Common Equity Tier 1 and Additional Tier 1 capital. In other words, Tier 1 capital comprises instruments that are able to absorb losses on a going concern basis, whereas Tier 2 capital instruments will absorb losses essentially when the institution becomes non-viable.

Common Equity Tier 1 capital comprises: 1) capital instruments (shares or other equity instruments) issued and paid up by the institution, provided the conditions established in the Regulation are satisfied; 2) share premium accounts related to the capital instruments; 3) retained earnings and accumulated other income; 4) other reserves and funds for general banking risk where they are available to the credit institution for unrestricted and immediate use to cover risks or losses as soon as these occur; and 5) interim or year-end profits before the institution has taken a formal decision confirming the final profit or loss for the year, although these may be included only with the permission of the competent authority.

The items to be deducted from Common Equity Tier 1 capital include: 1) losses for the current financial year; 2) intangible assets; 3) deferred tax assets that rely on future profitability; 4) amounts resulting from the calculation of expected losses, for institutions calculating risk-weighted exposure amounts using the Internal Ratings Based (IRB) Approach; 5) defined benefit pension fund assets on the balance sheet of the institution; 6) holdings of own Common Equity Tier 1 instruments; 7) reciprocal cross-holdings of Common Equity Tier 1 instruments with other financial sector institutions which, in the view of the competent authority, are designed to artificially inflate the own funds of the institution; 8) the amount of the institution's direct, indirect and synthetic holdings of Common Equity Tier 1 instruments in financial sector institutions, where it has a significant investment in those institutions; 9) the amount of items required to be deducted from the Additional Tier 1 items that exceeds the Additional Tier 1 capital of the institution; and 10) the exposure amount of certain items that qualify for a risk weight of 1,250%, where the institution deducts that exposure amount from the amount of Common Equity Tier 1 items as an alternative to applying a risk weight of 1,250%.

Additional Tier 1 capital comprises certain (hybrid) capital instruments and the related share premium accounts. Among other requirements, to qualify as Additional Tier 1

OWN FUNDS ITEMS

TABLE 2

COMMON EQUITY TIER 1 CAPITAL	
Components	Deductions
Capital instruments issued and paid up	Losses for the current year and expected losses, where applicable
Share premium accounts	Intangible assets
Retained earnings and accumulated other income	Holdings of own Common Equity Tier 1 instruments
Other reserves	Reciprocal cross-holdings of Common Equity Tier 1 instruments with other financial sector institutions
Interim profits	Holdings of Common Equity Tier 1 instruments in other financial sector institutions where there is a significant investment
	Amount of items required to be deducted from Additional Tier 1 items that exceeds Additional Tier 1 capital
ADDITIONAL TIER 1 CAPITAL	
Components	Deductions
Hybrid capital instruments, subject to certain conditions	Holdings of own Additional Tier 1 instruments
Related share premium accounts	Reciprocal cross-holdings of Additional Tier 1 instruments with other financial sector institutions
	Holdings of Additional Tier 1 instruments in other financial sector institutions where there is a significant investment
	Amount of items required to be deducted from Tier 2 items that exceeds Tier 2 capital
TIER 2 CAPITAL	
Components	Deductions
Capital instruments and subordinated loans, subject to certain conditions	Holdings of own Tier 2 instruments
Related share premium accounts	Reciprocal cross-holdings of Tier 2 instruments with other financial sector institutions
Certain credit risk adjustments	Holdings of Tier 2 instruments in other financial sector institutions where there is a significant investment

OWN FUNDS REQUIREMENTS AND CAPITAL BUFFERS

Common Equity Tier 1 capital ratio	4.5% (Common Equity Tier 1 capital / total risk-weighted exposure amounts)
Tier 1 (Common Equity Tier 1 + Additional Tier 1) capital ratio	6% (Tier 1 capital / total risk-weighted exposure amounts)
Total capital ratio	8% (total own funds / total risk-weighted exposure amounts)
Capital conservation buffer	Common Equity Tier 1 capital equal to 2.5% of total risk-weighted exposure amounts
Countercyclical capital buffer	Common Equity Tier 1 capital equal to 0%- 2.5% of total risk-weighted exposure amounts, according to the countercyclical buffer rates that apply in the countries where the credit exposures are located.
Systemic risk buffers	Common Equity Tier 1 capital equal to 1%- 5% of total risk-weighted exposure amounts. A distinction is drawn between global systemically important institutions (G-SIIs) and other systemically important institutions (O-SIIs). Competent authorities may establish institution-specific capital buffers, which in some cases shall be supplementary and in other cases the higher of the two shall apply.

SOURCES: BOE and Banco de España.

capital: 1) the instruments cannot be purchased by the institution, its subsidiaries or companies with which there are control links; 2) they cannot be secured or subject to a guarantee provided by any group company that enhances the seniority of claims in the event of insolvency or liquidation; 3) they must be perpetual and the provisions governing them must include no incentive for the institution to redeem them; 4) where the provisions governing the instruments include one or more call options, those options may be exercised at the sole discretion of the issuer; 5) the instruments may be redeemed or repurchased only when authorised by the competent authority, and not before five years after the date of issuance;[22] 6) the institution shall not indicate explicitly or implicitly that the competent authority would consent to a request to call, redeem or repurchase the instruments; and 7) the provisions governing the instruments require that, if a trigger event[23] occurs, the principal amount of the instruments be written down on a permanent or temporary basis or the instruments be converted to Common Equity Tier 1 instruments.

The items to be deducted from Additional Tier 1 capital include: 1) direct, indirect and synthetic holdings of own Additional Tier 1 instruments, including any such instruments that the institution could be obliged to purchase as a result of contractual obligations; 2) direct, indirect and synthetic holdings of Additional Tier 1 instruments in financial sector institutions with which the institution has reciprocal cross-holdings which, in the view of the competent authority, are designed to artificially inflate the institution's own funds; 3) direct, indirect and synthetic holdings of Additional Tier 1 instruments in financial sector institutions, where the institution has a significant investment in those institutions; and 4) the amount of items required to be deducted from Tier 2 items that exceeds the Tier 2 capital of the institution.

Tier 2 capital includes capital instruments and subordinated loans, and the related share premium accounts provided they meet certain conditions, and certain credit risk adjustments for institutions calculating risk-weighted exposure amounts in accordance with certain provisions established in detail in the Regulation.

Among other requirements, to qualify as Tier 2 capital: 1) the capital instruments or subordinated loans cannot be purchased by the institution, its subsidiaries or companies with which there are control links; 2) the claim on the principal amount of the instruments must be wholly subordinated to claims of all non-subordinated creditors; 3) the capital instruments or subordinated loans cannot be secured or subject to a guarantee provided by any group company that enhances the seniority of claims in the event of insolvency or liquidation; 4) they may be redeemed or repurchased only when authorised by the competent authority, and not before five years after the date of issuance;[24] 5) there shall be no explicit or implicit indication that the instruments or subordinated loans would or might be redeemed or repurchased early, as applicable, by the institution other than in the event of insolvency or liquidation of the institution, and the institution cannot otherwise provide such an indication; and 6) the provisions governing the instruments or

22 They may be redeemed or repurchased before five years provided that the institution replaces them with own funds instruments of equal or higher quality or that it evidences that, after the redemption, it satisfactorily meets the combined capital buffer requirements.

23 A trigger event shall be deemed to exist where the Common Equity Tier 1 capital ratio of the institution referred to in article 92.1.a) falls below: 1) 5.125%; or 2) a level higher than 5.125%, where determined by the institution and specified in the provisions governing the instrument.

24 As in the case of Additional Tier I instruments, they may be redeemed or repurchased before five years provided that the institution replaces them with instruments of equal or higher quality or that it evidences that, after the redemption, it satisfactorily meets the combined capital buffer requirements.

subordinated loans, as applicable, shall not give the holder the right to accelerate the future scheduled payment of interest or principal, other than in the event of insolvency or liquidation of the institution.

The items to be deducted from Tier 2 capital include: 1) direct, indirect and synthetic holdings of own Tier 2 instruments, including any such instruments that the institution could be obliged to purchase as a result of contractual obligations; 2) direct, indirect and synthetic holdings of Tier 2 instruments in financial sector institutions with which the institution has reciprocal cross-holdings which, in the view of the competent authority, are designed to artificially inflate the institution's own funds; and 3) the amount of direct, indirect and synthetic holdings of Tier 2 instruments in financial sector institutions, where the institution has a significant investment in those institutions.

The competent authority shall grant permission for an institution to reduce, repurchase or redeem Common Equity Tier 1, Additional Tier 1 or Tier 2 instruments where: 1) the institution replaces them with own funds instruments of equal or higher quality on terms that are sustainable for the income capacity of the institution; 2) the institution has demonstrated to the satisfaction of the competent authority that, following the action in question, its own funds would exceed the own funds requirements and the capital buffer requirements defined in Directive 2013/36/EU by a sufficient margin.

Prudential filters

Institutions shall not include any of the following items in own funds: 1) fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value, including projected cash flows; 2) gains or losses on liabilities of the institution valued at fair value that result from changes in the institution's own credit standing; and 3) all fair value gains and losses arising from the institution's own credit risk related to derivative liabilities. For that purpose, institutions shall not offset fair value gains and losses arising from the institution's own credit risk with those arising from its counterparty credit risk.

Save in accordance with the provisions of the preceding paragraph, institutions shall not make adjustments to remove from their own funds unrealised gains or losses on their assets or liabilities measured at fair value. During the period from 1 January 2014 to 31 December 2017 institutions shall include in the calculation of their Common Equity Tier 1 items only the applicable percentage of unrealised losses related to assets or liabilities measured at fair value, and reported on the balance sheet, excluding those referred to in the preceding paragraph and all other unrealised losses reported as part of the profit and loss account.

Likewise, during that same period, institutions shall remove from their Common Equity Tier 1 items the applicable percentage of unrealised gains related to assets or liabilities measured at fair value and reported on the balance sheet, and all other unrealised gains, with the exception of those related to investment properties reported as part of the profit and loss account. The residual amount shall not be removed from Common Equity Tier 1 items. In both cases the applicable percentage will be between 20% and 100% and will be phased in up to the end of the period.

A point to note is that certain minority interests qualify for inclusion in consolidated Common Equity Tier 1, Additional Tier 1 and Tier 2 capital, according to the nature of the instruments concerned, provided that they are of a subsidiary of the institution and that they belong to persons other than those included in the consolidation. By way of exception, minority interests that are funded directly or indirectly by the parent of the institution or its subsidiaries shall not qualify as consolidated Common Equity Tier 1 capital.

Own funds requirements

Institutions shall at all times satisfy the following own funds requirements:

1) Common Equity Tier 1 capital ratio of 4.5%.

2) Tier 1 (Common Equity Tier 1 + Additional Tier 1) capital ratio of 6%.

3) Total capital ratio of 8%.

By way of exception, during 2014 the competent authorities may establish the following own funds requirements: a Common Equity Tier 1 capital ratio of 4% to 4.5%, and a Tier 1 capital ratio of 5.5% to 6%.

In addition to these own funds requirements, institutions shall also have to satisfy the capital buffer requirements described in detail in Directive 2013/36/EU and discussed later in this article.

Institutions shall calculate their capital ratios as follows:

1) Common Equity Tier 1 capital ratio: Common Equity Tier 1 capital of the institution expressed as a percentage of the total risk exposure amount, as explained below.

2) Tier 1 capital ratio: Tier 1 capital of the institution expressed as a percentage of the total risk exposure amount.

3) Total capital ratio: the own funds of the institution expressed as a percentage of the total risk exposure amount.

The total risk exposure amount shall be calculated as the sum, inter alia, of: 1) the risk-weighted exposure amounts for credit risk and dilution risk in respect of all the institution's business activities, excluding risk-weighted exposure amounts from its trading book; 2) the own funds determined for the trading book, for position risk; 3) the own funds determined for foreign-exchange risk, settlement risk and commodities risk; 4) the own funds calculated for credit valuation adjustment risk of OTC derivative instruments other than credit derivatives recognised to reduce risk-weighted exposure amounts for credit risk; 5) the own funds determined for operational risk; and 6) the risk-weighted exposure amounts determined for counterparty risk arising from the institution's trading book for certain types of transactions and agreements.

It is noteworthy that, with the exception of the above-mentioned risk-weighted exposure amounts for credit risk, dilution risk and counterparty risk, to calculate all other exposure amounts institutions shall multiply the own funds requirements established by 12.5.

The Regulation lays down certain requirements for the reporting of own funds to the competent authorities, and certain specific reporting requirements related to each national property market to which institutions are exposed.

The following sections of the Regulation contain detailed provisions on the requirements, management and capital requirements of the above-mentioned risks. In comparison with the previous legislation, the coverage of certain risks that were previously unidentified, especially counterparty risks in derivatives transactions, has been strengthened.

Liquidity risk

One new development in the Regulation are the detailed rules on liquidity risk, which was previously given only a generic mention, introducing a short-term liquidity coverage ratio (LCR) and a net stable funding ratio (NSFR).

Short-term liquidity coverage ratio. Institutions shall hold levels of liquidity buffers sufficient to face any imbalance between liquidity inflows and outflows under gravely stressed conditions over a period of 30 days. In addition, institutions shall report to the competent authorities liquid assets that meet certain conditions established in the Regulation, such as assets: 1) that are unencumbered or available; 2) that are not issued by the institution itself, its parent or its subsidiaries; 3) whose price is generally agreed upon by market participants and can easily be observed in the market, or whose price can be determined by a formula that is easy to calculate; 4) that are eligible collateral for standard liquidity operations of a central bank of a Member State or, if the liquid assets are held to meet liquidity outflows in the currency of a third country, of the central bank of that third country; and 5) that are listed on a recognised market or are tradable on active outright sale markets or via a simple repurchase agreement on approved repurchase markets.

The value of a liquid asset shall be its market value, subject to certain haircuts (ranging from 0% to 20%) to reflect, at least, the duration, the credit and liquidity risk and typical repo haircuts in periods of general market stress. Institutions shall also report their liquidity inflows and outflows, as established in the Regulation.

In turn, the Regulation grants powers to the Commission to determine, by means of a delegated act, the short-term liquidity coverage requirement, specifying under which circumstances competent authorities have to impose specific inflow and outflow levels on credit institutions in order to capture the risks to which they are exposed. The delegated act shall be approved by 30 June 2014 and the liquidity coverage requirement shall be phased in as from 1 January 2015 as follows: 60% of the LCR in 2015; 70% as from 1 January 2016; 80% as from 1 January 2017; and 100% as from 1 January 2018. This schedule shall be reviewed before 30 June 2016 in order to assess whether it should be modified, in light of market and international regulatory developments.

Member States may maintain or introduce national provisions in the area of liquidity requirements before binding minimum standards are specified and introduced by means of the above-mentioned delegated act.

Stable funding ratio. Institutions shall ensure that long-term obligations are adequately met with a diversity of stable funding instruments, under both normal and stressed conditions. These shall include: 1) Tier 1 and Tier 2 capital instruments; 2) other preferred shares and capital instruments in excess of the Tier 2 allowable amount with effective maturity of one year or more; and 3) certain liabilities indicated, such as retail deposits.

Lastly, where an institution does not meet, or expects not to meet, the short-term liquidity coverage ratio or, as applicable, the stable funding ratio, including during periods of stress, it shall immediately notify the competent authorities and shall submit to them, without undue delay, a plan for the timely restoration of compliance. Until compliance has been restored, the institution shall file a daily report at the end of each business day, unless the competent authorities authorise a lower reporting frequency or a longer reporting delay. Competent authorities shall only grant such authorisations based on the individual situation of an institution and taking into account the scale and complexity of its activities. They shall monitor the implementation of the restoration plan and shall require a more speedy restoration if appropriate.

Leverage ratio

Another new development in the Regulation is the introduction of the leverage ratio, to be calculated as an institution's capital measure divided by its total exposure measure and expressed as a percentage, where the capital measure is the Tier 1 capital and the total exposure measure is the sum of the exposure values of all assets and off-balance sheet items not deducted when determining the Tier 1 capital. Institutions shall calculate the leverage ratio as the simple arithmetic mean of the monthly leverage ratios over a quarter.

Institutions shall determine the exposure value of assets in accordance with certain principles, including: 1) the exposure value of an asset item shall be the accounting value remaining after applying specific credit risk adjustments, additional value adjustments and other own funds reductions related to the asset item, established in the Standardised Approach for calculation of credit risk; 2) physical or financial collateral, guarantees or credit risk mitigation purchased shall not be used to reduce exposure values of assets; and 3) loans shall not be netted with deposits.

The Regulation also determines the exposure value of repurchase transactions, securities lending or commodities borrowing transactions, long settlement transactions and margin lending transactions, including off-balance sheet items, and the exposure value of off-balance sheet items.

Institutions shall submit to the competent authorities all necessary information on the leverage ratio and its components.

By 31 October 2016 the European Banking Authority (EBA), established by Regulation (EU) No 1093/2010 of the European Parliament and of the Council, of 24 November 2010, shall report to the Commission its conclusions on certain issues, including: 1) whether the leverage ratio is the appropriate tool to suppress the risk of excessive leverage on the part of institutions in a satisfactory manner and degree; 2) defining business models that reflect institutions' overall risk profiles and introducing differentiated leverage ratio levels for those business models; and 3) whether changes to the calculation methodology would be necessary to ensure that the leverage ratio can be used as an appropriate indicator of the risk of excessive leverage, and if so, indicating which changes, and whether using Common Equity Tier 1 capital as the capital measure of the leverage ratio would be more appropriate for the intended purpose of tracking the risk of excessive leverage and, if so, what would be the appropriate calibration of the leverage ratio.

Lastly, by 31 December 2016, the Commission shall submit a report to the European Parliament and the Council on the impact and effectiveness of the leverage ratio, which is set to be harmonised and to enter into force on 1 January 2018. In the meantime, Member States may apply such measures as they consider appropriate, including measures to mitigate macroprudential or systemic risk in a specific Member State.

Reporting and public disclosure requirements

The Regulation lays down the reporting and disclosure requirements for institutions, which shall have policies to ensure that their disclosures convey their risk profile comprehensively to market participants. However, they shall only be required to disclose information that is material,[25] and not proprietary[26] or confidential.[27]

Institutions may determine the most appropriate medium, location and means of verification to comply effectively with the disclosure requirements established. Lastly, the Regulation sets out the technical criteria on transparency and disclosure of information, specifically institutions' risk management objectives and policies.

NEW DEVELOPMENTS IN DIRECTIVE 2013/36/EU

The Directive has two main aims: to update national provisions on access to the activity of institutions (credit institutions and investment firms); and to establish a single set of prudential regulations in the European Union. In the legislative part, the regulations on capital buffers, in the framework of the new rules on capital adequacy for institutions, are particularly significant.

The main new developments are highlighted below.

General requirements for access to the activity of credit institutions

As in the previous legislation, Member States shall require that applications for authorisation include: a programme of operations, setting out the types of business envisaged and the structural organisation of the credit institution; the identity of at least two persons who will effectively direct the business; the identity of shareholders or members, whether direct or indirect, natural or legal persons, that have qualifying holdings,[28] and the amount of those holdings. A new development is that, where there are no qualifying holdings, the identity of the 20 largest shareholders or members must be provided. The minimum initial capital requirement of €5 million remains; likewise, under certain conditions, authorisations may be granted to certain types of credit institutions that do not meet that requirement, provided they have capital of at least €1 million.

Also as previously, the authorisations granted and the terms of the authorisations shall be notified to the EBA, which may draw up draft regulatory technical standards to specify: 1) the information to be provided to the competent authorities in applications for authorisation of credit institutions, including the programme of operations; 2) the requirements applicable to shareholders and members that have qualifying holdings; and 3) obstacles that could prevent effective exercise of the supervisory functions of the competent authority.

The new Directive also maintains the disclosure obligations and the assessment criteria relating to any natural or legal persons that intend to acquire or dispose of a qualifying holding, or to increase or reduce a qualifying holding in a credit institution so that the proportion of the voting rights or of the capital held would be equal to or more than 20%, 30% or 50%, or so that the credit institution would become their subsidiary.

25 Information shall be regarded as material if its omission or misstatement could change or influence the assessment or decision of a user that is relying on that information to make economic decisions.

26 Information shall be regarded as proprietary to an institution if disclosing it publicly could undermine its competitive position. It may include information on products or systems which, if disclosed to competitors, would render an institution's investments less valuable.

27 Information shall be regarded as confidential if there are obligations to customers or other counterparty relationships binding an institution to confidentiality.

28 A qualifying holding is a direct or indirect holding in a company that represents 10% or more of the capital or of the voting rights or that makes it possible to exercise a significant influence over the management of that company.

Consistent with the rationale of the previous legislation, the Directive envisages that authorised credit institutions shall obtain the single passport or licence recognised throughout the European Union for pursuit of all or part of the activities listed in Annex I to the Directive (a list of typical activities of credit institutions subject to mutual recognition), either through a branch or by provision of services. In addition, similar requirements for disclosure, notification and interaction between competent authorities are established.

Prudential supervision of institutions

Responsibility for the prudential supervision of institutions continues to lie with the competent authorities of the home Member State, without prejudice to the provisions of the Directive on cooperation with the competent authorities of the host Member State. It is noted, in particular, that the competent authorities shall supply each other with all information on the management and ownership of such institutions that may facilitate their supervision, especially with regard to liquidity, solvency, deposit guarantee, the limiting of large exposures and other factors that may influence the systemic risk posed by the institutions, such as administrative and accounting procedures and internal control mechanisms.

The competent authorities of the home Member State shall immediately inform the competent authorities of all host Member States in the event that liquidity stress occurs or can reasonably be expected to occur. That information shall also include details of the elaboration and implementation of a recovery plan and of any prudential supervision measure taken in that context.

Another key point is that the competent authorities shall review and evaluate the arrangements, strategies, processes and mechanisms used by institutions and the own funds and liquidity held by them, to ensure that they provide sound management and coverage of their risks. Competent authorities shall also establish the frequency and intensity of this review and evaluation, which shall in any event be updated at least on an annual basis, having regard to the size, systemic importance, nature, scale and complexity of the activities of the institution concerned. They shall also carry out stress tests on institutions they supervise, to facilitate the process.

Treatment of risks

Member States shall ensure that the management bodies of institutions approve and periodically review the strategies and policies for taking up, managing, monitoring and mitigating the risks to which they are or might be exposed, including those posed by the macroeconomic environment in which they operate in relation to the stage of the economic cycle.

Institutions that are significant in terms of their size or internal organisation or of the scale or complexity of their activities must establish a *Risk Committee* made up of members of the management body who do not perform executive functions in the institution and who shall have the knowledge, expertise and experience needed to fully understand and monitor the institution's risk strategies and risk appetite. Competent authorities may allow institutions that are considered less significant to establish joint audit and risk committees, whose members must also have the knowledge, expertise and experience needed to belong to both the risk and the audit committee.

Competent authorities shall encourage institutions that are significant in terms of their size or internal organisation or of the complexity of their activities to develop internal credit risk assessment capacity and to make greater use of the Internal Ratings Based (IRB) Approach to calculate their own funds requirements for credit risk, especially where their exposures are material in absolute terms and they also have a large number of material counterparties. They shall also ensure that those solvency assessments do not rely exclusively on external credit ratings, such as those provided by external credit assessment institutions (ECAIs).

Institutions shall also be encouraged to use internal models to calculate their own funds requirements for: specific risk of debt instruments in the trading book; default and migration risk, where their exposures to specific risk are material in absolute terms and where they have a large number of material positions in debt instruments of different issuers; concentration risk; securitisation risk; market risk; interest rate risk from non-trading book activities; operational risk; liquidity risk; and risk of excessive leverage.

Governance and remuneration policies

The Directive regulates the general principles of governance and remuneration policies for institutions, which largely derive from Directive 2006/48/EC which it repeals. Regarding governance, institutions shall have: 1) robust governance arrangements, including a clear organisational structure with well-defined, transparent and coherent lines of responsibility; 2) effective processes to identify, manage, monitor and report the risks to which they are or might be exposed; and 3) adequate internal control mechanisms, including sound administration and accounting procedures, together with remuneration policies and practices consistent with sound and effective risk management.

Member States shall ensure that institutions that are significant in terms of their size or internal organisation or of the complexity of their activities establish a *Nomination Committee* made up of members of the management body who do not perform executive functions in the institution concerned.

Regarding remuneration policies, competent authorities shall ensure that institutions, when establishing and applying their overall remuneration policies, comply with principles, approved by their managing bodies, which ensure that such policies are consistent with sound and effective risk management and do not encourage risk-taking in excess of the level of tolerated risk of the institutions. The remuneration policy shall be consistent with the business strategy, objectives, values and long-term interests of the institution and shall include measures to prevent conflicts of interest. It shall be subject, at least once a year, to a central and independent internal review, to verify that it complies with the remuneration guidelines and procedures established by the management body in its supervisory function. The remuneration of senior officers in risk management and compliance functions shall be directly overseen by the remuneration committee or, in the absence of a remuneration committee, by the management body in its supervisory function.

Taking into account national pay-setting criteria, the remuneration policy shall draw a clear distinction between: 1) basic fixed remuneration, which should primarily reflect relevant professional experience and the level of responsibility in the organisation, as set out in the corresponding job description as part of the terms of employment; and 2) variable remuneration, which should reflect not only a sustainable and risk-adjusted performance but also a performance in excess of that required to meet the job description.

The following principles shall apply to variable remuneration: 1) where it is performance-related, the total remuneration shall be based on a combined assessment of individual, business unit and institution-wide performance, and when assessing individual performance, both financial and non-financial criteria shall be considered; 2) the performance assessment shall be set in a multi-year framework so as to ensure that the assessment process is based on long-term performance and that the actual payment of performance-based remuneration is spread over a period which takes account of the underlying business cycle of the credit institution and its business risks; 3) the total variable remuneration must not limit the ability of the institution to strengthen its capital base; 4) guaranteed variable remuneration is not consistent with sound risk management or with the pay-for-performance principle and shall not be a part of prospective remuneration plans; 5) guaranteed variable remuneration shall be exceptional, it shall be used only for new hires and when the institution has a sound and strong capital base and shall be limited to the first year of employment; and 6) fixed and variable components of total remuneration shall be appropriately balanced. The fixed component shall represent a sufficiently high proportion of the total remuneration so as to ensure optimum flexibility in application of the variable components, including the possibility of no variable components being paid.

Institutions shall set appropriate ratios between the fixed and variable components of total remuneration, applying the following principles: 1) the variable component shall not exceed 100% of the fixed component of each individual's total remuneration (Member States may set a lower maximum percentage); and 2) shareholders, owners or members of institutions may be authorised to approve a higher maximum percentage, provided the overall level of the variable component does not exceed 200% of the fixed component of each individual's total remuneration (Member States may set a lower maximum percentage).

Institutions that benefit from government intervention are subject to limits on remuneration, especially on variable remuneration. Specifically, in addition to the above, the following principles shall apply:

1) Where it is inconsistent with the maintenance of a sound capital base, variable remuneration shall be strictly limited to a specific percentage of net revenue.

2) The relevant competent authorities shall require institutions to restructure remuneration to bring it in line with sound risk management and long-term growth, including, where appropriate, setting limits on remuneration for members of management bodies.

3) Members of management bodies shall receive no variable remuneration unless this can be justified.

Competent authorities shall compile information on the number of individuals in each institution receiving remuneration of €1 million or more per financial year, including their job responsibilities, the business area involved and their main salary components, bonuses, long-term incentive awards and pension contributions. That information shall be forwarded to the EBA, which shall publish it on an aggregate home Member State basis in a common reporting format. The EBA may draw up guidelines to facilitate the use and ensure the consistency of the information compiled.

Capital buffers

In accordance with the recommendations of the BCBS, the Directive establishes that, in addition to the Common Equity Tier 1 capital needed to meet the own funds requirements, credit institutions and certain investment firms[29] must hold certain capital buffers to ensure that they accumulate, during periods of economic growth, a sufficient capital base to absorb losses that may arise in periods of stress.

29 This requirement shall not apply to investment firms that are not authorised to provide certain investment services, defined in the Annexes to the Directive.

Accordingly, institutions shall be required to hold a *capital conservation buffer* of Common Equity Tier 1 capital equal to 2.5% of their total risk-weighted exposure amounts, established in Regulation (EU) No 575/2013 analysed above. Institutions that fail to meet that requirement shall be subject to the restrictions on distributions laid down in the Directive and shall thus be prohibited from taking certain steps, such as: making a distribution related to Common Equity Tier 1 capital; assuming an obligation to award variable remuneration or discretionary pension benefits, or to pay variable remuneration if the payment obligation was assumed at a time when the institution did not meet the combined buffer requirement; or making payments linked to Additional Tier 1 capital instruments.

Institutions shall also be required to hold an institution-specific *countercyclical capital buffer* of Common Equity Tier 1 capital equal to their total risk-weighted exposure amounts multiplied by the weighted average of the countercyclical buffer rates that apply in the countries where their credit exposures are located. These rates, which shall range from 0% to 2.5%, calibrated in fractions or multiples of 0.25 percentage points, shall be set and reviewed quarterly by the competent authority designated by each Member State. They may be set at a higher level where the authority deems appropriate.

Where the relevant authority of a third country has set and published a countercyclical buffer rate, institutions authorised to operate in that country may use a different buffer rate to calculate their respective institution-specific countercyclical capital buffer if they reasonably believe that the rate set by that authority provides insufficient protection for them against the risk of excessive credit growth in that country.

The countercyclical buffer is in addition to Common Equity Tier 1 capital and to the capital conservation buffer. Institutions that fail to comply with this buffer shall be subject to the same restrictions as in the case of failure to comply with the capital conservation buffer.

Lastly, Member States may determine that *systemic risk buffers* be created to prevent or mitigate long-term non-cyclical macroprudential or systemic risks; in other words, a risk of disruption of the financial system that could have serious adverse consequences for the financial system and for the real economy of a specific Member State.

In this respect, the Directive draws a distinction between global systemically important institutions (G-SIIs) and other systemically important institutions (O-SIIs), determining how the two categories are to be identified. Competent authorities may establish capital buffers, which shall be supplementary to Common Equity Tier 1 capital, for each category. Up to five sub-categories of buffers may be established for G-SIIs, according to their systemic importance. Each G-SII shall, on a consolidated basis, hold a buffer corresponding to the sub-category to which it is allocated; that buffer shall consist of and be supplementary to Common Equity Tier 1 capital and shall range from a minimum of 1%, increasing in amounts of 0.5% for each subcategory, to a maximum of 3.5% of the institution's total risk-weighted exposure amounts. For O-SIIs, competent authorities may establish a supplementary Common Equity Tier 1 capital buffer of up to 2% of their total risk-weighted exposure amounts.

Aside of the provisions of the preceding paragraph, Member States may establish a systemic risk buffer that entails supplementary Common Equity Tier 1 capital requirements equal to at least 1% of the total risk-weighted exposure amounts located in the Member State setting the buffer rate, which rate may also apply to exposures located in third countries. Up to 31 December 2014 this buffer rate may fluctuate up to 3%, and as from

1 January 2015 it may reach 5%; the competent authority shall be required to offer a detailed explanation, in the first case of the reasons for this fluctuation, and in the second of the reasons why it may have topped that rate.

Where a systemically important institution is subject to a G-SII buffer or an O-SII buffer, the higher of the two shall apply. Where an institution, on an individual or sub-consolidated basis, is subject to an O-SII buffer and a general systemic risk buffer, the higher of the two shall likewise apply. Lastly, where the systemic risk buffer applies to all exposures located in the Member State setting the buffer, but not to exposures outside that Member State, the systemic risk buffer shall be cumulative with the G-SII or O-SII buffers.

An institution that fails to meet its capital buffer requirements shall draw up a capital conservation plan and shall submit it to the competent authority within a period of no more than ten days. The latter shall assess the plan and shall only approve it if it considers that, when implemented, it would be reasonably likely to conserve or raise sufficient capital to enable the institution to meet its combined buffer requirements within a period that the competent authority considers appropriate. If this is not the case, the competent authority shall require the institution to increase its own funds to certain levels within specified periods, or it shall subject the institution to the restrictions on distributions of profits established in the Directive.

A Member State may, however, decide to exempt small and medium-sized investment firms from the capital buffer requirements if this does not threaten the stability of its financial system. The decision shall be fully reasoned and shall include an explanation as to why the exemption does not threaten the stability of its financial system and a precise definition of the small and medium-sized investment firms affected.

Lastly, a gradual implementation schedule is set for these measures, starting with a grace period in 2014 and 2015. In 2016 the capital conservation buffer shall consist of Common Equity Tier 1 capital equal to 0.625% of an institution's total risk-weighted exposure amounts, and the institution-specific countercyclical capital buffer shall not exceed 0.625% of those exposure amounts. Both figures shall rise to 1.25% in 2017, to 1.875% in 2018 and to 2.5% as from 1 January 2019.

The systemic risk buffer shall apply as from 2014, although a gradual implementation schedule is established up to 2018 for the specific G-SII and O-SII buffers.

However, Member States may set a shorter transitional period, in which case they shall inform the relevant parties, including the Commission, the European Systemic Risk Board (ESRB), the EBA and the corresponding supervisory college, accordingly.

Other aspects of the Directive

Among other measures, the Directive regulates the initial capital of investment firms, which is unchanged from the previous legislation: €125,000 for firms which do not deal in financial instruments for their own account or underwrite issues of financial instruments, but which simply perform certain services for clients; and €730,000 for all other investment firms.

Firms that are not authorised to hold client money or securities shall have one of the following forms of coverage: 1) initial capital of €50,000; or 2) professional indemnity insurance covering all of the European Union, or some other comparable guarantee against liability arising from professional negligence, covering at least €1 million per claim and a total of €1.5 million per annum for all claims; or 3) a combination of initial capital and professional indemnity insurance providing a similar level of coverage to that indicated above.

Banco de España: Electronic Register

Resolution of 18 June 2013 of the Executive Commission of the Banco de España (Official State Gazette of 24 June 2013), creating the Banco de España's Electronic Register, was published.

The purpose of the Resolution is to create and implement the Electronic Register, which is a new instrument to permit electronic filing of requests, documents and notices. In particular:

1) Receipt and sending, by electronic means, of requests, documents and notices (and attached documents) corresponding to the procedures and services that come under the remit of the Banco de España described in the Annex to the Resolution, where such requests, documents and notices need not be processed using specific applications; and annotation of entry or exit of such documents.

2) Recording and certification in the event of litigation, disagreements or doubts as to the receipt or sending of requests, documents or notices. Exceptionally, requests, documents or notices corresponding to procedures and services that do not come under the remit of the Banco de España shall be admitted where this is established by law.

The Electronic Register is a single register for all the bodies of the Banco de España and is included in the Single General Register system, together with the physical registers (the Central Register and the Auxiliary Registers), so that documents and requests filed with the Banco de España in any of these registers shall be equally valid. Nevertheless, in accordance with the powers conferred upon it by law, the Banco de España may determine that electronic filing is compulsory.

The Electronic Register will permit filing of documents, requests and notices 365 days a year, 24 hours a day, notwithstanding any service interruptions for technical or operational reasons, notice of which will be given in the Virtual Office as far as possible in advance.

Requests, documents or notices filed may be automatically rejected by the Electronic Register or by any of the specific electronic processing applications, informing the sender of the circumstances of the rejection, which are detailed in the Resolution.

The Resolution came into force on 25 June 2013.

Governance of credit institutions: assessment of suitability of persons directing their business

In Directive 2006/48/EC of the European Parliament and of the Council, of 14 June 2006, relating to the taking up and pursuit of the business of credit institutions, the EBA was asked to draw up a set of guidelines for the assessment of the suitability of persons who effectively direct the business of credit institutions. In response to that request, on 22 November 2012 the EBA issued its guidelines on the governance of credit institutions.

To enhance and adopt the guidelines set by the European authorities, Royal Decree 256/2013 of 12 April 2013 (Official State Gazette of 13 April 2013) transposing Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions was published on the assessment of the suitability of persons who effectively direct the business of credit institutions, incorporating the EBA's criteria of 22 November 2012 on the assessment of the suitability of members of the management body and key function holders.

The Royal Decree first sets out a comprehensive list of requirements as to good business and professional repute, appropriate knowledge and experience and, in the case of directors, a capacity to practice good governance, which requirements must be met by members of boards of directors, managing directors or similar officers and persons holding internal control functions or other key posts for the day-to-day running of the business of the institution and of its parent, as established by the Banco de España.

Good business and professional repute. The Banco de España is granted the power to assess that persons satisfy this requirement, taking into account a broad range of criteria focused essentially on three aspects: 1) their personal and professional track record as to fulfilment of the responsibilities of the post assessed, especially their history of personal creditworthiness, professional responsibility and professional conduct, if they have held positions of responsibility in credit institutions that have been subject to a restructuring or resolution process; 2) convictions or penalties for crimes, misdemeanours or administrative infringements (taking into account, as applicable, attenuating circumstances such as whether or not judgments are final, the severity of penalties or the time that has elapsed);[30] and 3) the existence of founded investigations relating to white-collar crimes.

Should any of these circumstances befall the persons assessed during the pursuit of their activity and this is significant for the assessment of their good repute, the credit institution shall notify the Banco de España accordingly within a period of 15 business days. Likewise, should any members of the board of directors, managing directors or similar officers or other employees holding internal control functions or key posts for the day-to-day running of the business of the institution become aware that they are subject to any such circumstances, they must inform the credit institution accordingly.

Appropriate knowledge and experience. The persons assessed must have a suitable level of training and profile, especially in banking and financial services, and practical experience acquired in their previous occupations over a sufficient period of time. For this purpose, account shall be taken of knowledge acquired in the academic sphere and of professional experience acquired in similar posts in other institutions or companies.

When assessing practical and professional experience, particular attention shall be paid to the nature and complexity of the posts held, the powers, decision-making powers and responsibilities held, the number of persons reporting to the persons assessed, their financial industry technical know-how and the risks managed. In any event, the level of experience shall be assessed taking into account the nature, scale and complexity of the business of each financial institution and the specific functions and responsibilities of the post held in the institution.

Secondly, and as a new development, the Royal Decree introduces the *assessment of the suitability of the members of the board of directors overall*, taking into account the different profiles of the board members, with a view to strengthening the independence and autonomy of the board as the top-level management body. In addition, board members must have the capacity to practice good governance. For that purpose, account shall be taken of: 1) any potential conflicts of interest that could lead to undue influence by third parties; and 2) the capacity of the board members to devote the time needed to perform the corresponding functions. Should any circumstance that might alter their capacity to practice good governance in the institution befall any of the directors during the pursuit of their activity, the credit institution shall notify the Banco de España accordingly within a period of 15 business days.

30 For this purpose, the Banco de España may establish a committee of independent experts to report on the assessment files in cases of convictions for crimes or misdemeanours.

Moreover, credit institutions, in proportion to the nature, scale and complexity of their business, must have the appropriate *units and internal procedures* for selection and ongoing assessment of their directors and of persons holding internal control functions or key posts for the day-to-day running of the banking business. Once those key posts have been identified, an up-to-date list of the persons holding such posts and of the suitability assessment made by the institution, including the supporting documentation, must be made available to the Banco de España.

In addition to managing the Register of senior banking officers, the Banco de España shall be responsible for creating and managing a *Register of directors and managing directors* of parent institutions, other than credit institutions, investment services firms or insurance or reinsurance companies of Spanish banks, where all directors, managers and similar officers must necessarily be recorded. For these purposes, the persons concerned must notify their appointment within 15 business days following the date of acceptance of their post, indicating the personal and professional details to be established, in general, by the Banco de España, and expressly declaring, in the document evidencing their acceptance, that they satisfy the requirements as to good repute and, where applicable, professional profile and the capacity to practice good governance, and that they are not subject to any restrictions or incompatibilities that may be applicable.

Lastly, the Royal Decree extends these requirements as to good business repute and professional experience to most of the institutions supervised by the Banco de España, such as electronic money institutions, payment services institutions, appraisal companies, currency-exchange bureaux and mixed financial holding companies.

The Royal Decree came into force on 14 April 2013. However, two transitional periods are established for adaptation to the legislation: 1) three months from the date of entry into force, to set up the appropriate units and internal procedures for selection and ongoing assessment of the members of boards of directors, or governing councils in the case of credit cooperatives, managing directors or similar officers and persons holding internal control functions or key posts for the day-to-day running of the banking business, as established in the Royal Decree; and 2) six months from the date of entry into force, to replace any directors, managing directors or similar officers and other employees who do not satisfy the requirements as to good business and professional repute, who do not have the appropriate knowledge and experience to perform the corresponding functions or, in the case of directors, who do not have the capacity to practice good governance in the institution.

Hybrid capital and subordinated debt instrument management actions

Law 8/2013, 26 June 2013 (BOE of 27 June), on urban renewal, regeneration and rehabilitation, was published, the fifteenth final provision of which extends the period of application of hybrid capital and subordinated debt instrument management actions, as set out in Law 9/2012 of 14 November 2012[31] on restructuring and resolution of credit institutions,[32] from 30 June to 31 December.

The Law came into force on 28 June 2013.

31 See “Financial regulation: 2012 Q4,” Economic Bulletin, January 2013, Banco de España, pp. 36-40.

32 Chapter VII of Law 9/2012 established that credit institution restructuring and resolution plans should include actions regarding the management of the hybrid capital instruments and subordinated debt of credit institutions affected by such plans so as to ensure an appropriate distribution of the costs of restructuring or resolution of the institution in accordance with European Union rules on State aid and the objectives and principles laid down in the Law, in particular, to safeguard financial stability and minimise the use of public funds.

Central Credit Register: changes to the regulations

The regulations of the of the Central Credit Register (CCR) have been updated to enhance its content, primarily by expanding the range of data reporting entities are required to submit and the interconnections within it, and so as to comply with the requirements of the Memorandum of Understanding on Financial Sector Policy, 23 July 2012. Implementing this reform necessitated a number of changes to Law 44/2002 of 22 November 2002[33] on financial system reform measures, Chapter IV of which regulates the CCR. These were incorporated into the first additional provision of 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.

The changes in this Law are basically intended to establish a clear distinction between the data reported to the CCR for forwarding to other reporting entities for them to use in the course of their business, and the information (including data based on financial institutions' own forecasts) required by the CCR exclusively for compliance with the reporting requirements established by the Banco de España in the exercise of its supervision and inspection functions, and other functions assigned to it by law.

These changes were implemented with the publication of *Ministerial Order ECC/747/2013 of 25 April 2013* (BOE of 6 May), amending Ministerial Order ECO/697/2004 of 11 March 2004 and *CBE 1/2013, 24 May 2013* (BOE of 31 May), on the CCR, repealing CBE 3/1995 of 25 September 1995 and amending CBE 4/2004 of 22 December 2004 on public and confidential financial reporting rules and formats, which introduced some significant changes in the way the CCR operates.

The Ministerial Order came into force on 7 May and the Circular will come into force on 31 December of this year. A transitional regime has been established, which is applicable until March 2015, such that compliance with the obligations to report certain "information modules" will be phased in over this period (although in certain exceptional cases, the deadline is not until 31 December 2015).

Table 3 summarises the most important changes with respect to the previous regulations, in particular the creation of information modules to link operations with the counterparties involved, and transaction-by-transaction reporting, with no general minimum reporting threshold.

CHANGES TO EXPOSURE REPORTING

In order to allow better identification of the characteristics and risks of the various types of transactions, a more detailed breakdown of the main product type is envisaged than that is currently reported. Under the new rules data will be reported using information modules so as to facilitate data transmission and adapt reporting to the different nature and complexity of the various activities conducted by reporting entities.

In order to minimise the administrative burden this substantial increase in the amount of information to be reported to the CCR entails, the data have been subdivided into basic and dynamic data. The basic data are those which only need to be reported once, unless they are subsequently amended, as they do not normally change over time, whereas the dynamic data have to be reported periodically (i.e. monthly, quarterly or half-yearly, depending on their nature).

This system links transactions to their counterparties through its modules, indicating the nature of their involvement (direct exposure counterparty, guarantor, party subsidising

33 See "Financial regulation: 2002 Q4," Economic Bulletin, January 2003, Banco de España, pp. 95-96.

CHANGES TO THE REGULATIONS OF THE CENTRAL CREDIT REGISTER

TABLE 3

CBE 3/1995, 25 SEPTEMBER	CBE 1/2013, 24 MAY
Statement of exposures and purpose	
The purpose of the statement is both to provide data to reporting entities and to support supervision and inspection functions.	As well as reporting data for forwarding to other entities, data are to be reported for exclusive use in the Banco de España's supervision, inspection and other functions.
The exposure on the transactions existing at the end of each month is to be reported.	A monthly statement – broken down into principal, ordinary interest, interest on arrears, and claimable expenses – is also required, explaining why loan exposures have decreased (such as cash payments, refinancing, foreclosure of assets, etc.) and, where applicable, the amount of the reduction.
The purpose of this statement is to provide reporting entities with information for them to use in their business activities.	They must also furnish the mandatory information decided by the Banco de España in the exercise of its supervision, inspection and other legally mandated functions, including data based on entities' own forecasts.
Exposures reportable to the CCR	
Reportable risks are classified into two categories, according to the manner in which the counterparties are involved: 1) direct exposures with the first obligor; and 2) indirect exposures with guarantors and other persons liable for the risk in the event of a default by the direct exposure counterparty.	Each direct exposure will be linked to the indirect exposures affecting it, and the collateral guaranteeing fulfilment of the obligations arising from the direct exposures reported.
Reporting is on an aggregate basis by transaction type, with a threshold of €6,000 for resident counterparties and €300,000 for non-residents.	Exposures are to be reported on an individualised, transaction-by-transaction basis, and there is no general minimum reporting threshold. Aggregate data may only be submitted in the case of counterparties belonging to the "households", "non-financial corporations" and "non-profit institutions serving households" sectors, and only when certain requirements are met. These requirements include the cumulative risk being less than €6,000, and that the products concerned are current account overdrafts, credit card debt, pension or salary advances, other call loans, or consumer finance loans with an original amount of less than €3,000 and repayment period of less than 12 months.
Use and transfer of CCR data	
Each month the CCR will send each reporting entity consolidated information from the whole system on its borrowers that have a cumulative exposure with another reporting entity of €6,000 or more.	This threshold is raised to €9,000 in the case of monthly returns and ad hoc requests from reporting entities.
The CCR will supply a report with the data from the most recent monthly statement.	For ad hoc report requests by reporting entities, another report with the statement returned six months previously will be submitted.
The counterparties for an exposure reportable to the CCR may access all the information provided to reporting entities and their risk report, broken down by reporting entities.	Counterparties for an exposure reportable to the CCR may access all the information concerning them, except in the case of data submitted to the Banco de España solely for the exercise of its supervision and inspection functions and other functions assigned to it by law. In this case, the risk report will only state the name of the entity reporting the exposures, so that interested parties can exercise their rights directly with the reporting entity.

SOURCES: BOE and Banco de España.

the principal or interest, etc.). To facilitate data control and management, all transactions will be identified with a code, which will remain unchanged throughout their lifetime. In exceptional cases where the entity needs to change a transaction’s code, the old and new codes will be linked using a specific module intended for this purpose.

The addition of a code-linking module is particularly significant as it enables transactions to be linked in the case of transactions such as refinancing, rollovers, subrogations, assets deriving from off-balance-sheet transactions, transferred transactions, and financial guarantees received. Moreover, transactions secured by other CCR reporting entities are to be linked to transactions reported by the guarantor. Additionally, the beneficiary of the guarantee is to supply the guarantor with the details of the guaranteed transactions through the CCR.

The information required on assets received as collateral is particularly exhaustive in the case of real estate, and includes itemised valuations. This information is to be linked to the transactions the collateral secures in the relevant module. To meet supervisory needs, as required by the accounting circular, detailed information also has to be reported on assets foreclosed or received in lieu of payment of debts. This report has been designed to take into account the fact that an asset may be used as collateral for more than one transaction, that a transaction can be secured by more than one asset, and that assets' value may change over time.

Applying the principle of proportionality, supervised entities are only required to report data concerning guarantees received, securities, derivative instruments, and assets foreclosed or received in lieu of payment of debts when the cumulative value of each activity is €10 million or more. However, entities must keep the relevant information on their databases, regardless of this limit, where it is to be made available to the Banco de España if so required.

As well as the exposures on transactions existing at the end of each month, credit institutions are required to state each month the reasons why loan exposures have decreased (such as cash payments, refinancing, foreclosure of assets, etc.) and, where applicable, the amount of the reduction. This information is to be broken down into principal, ordinary interest, interest on arrears, and claimable expenses.

Restructured, refinanced, renegotiated, subrogated and segregated transactions have to be identified. Any links they may have to any originating transactions for which details were previously reported to the CCR must also be stated.

Transactions secured by other CCR reporting entities are to be linked to transactions reported by the guarantor. Additionally, when the guarantor is also a reporting entity, the beneficiary of the guarantee is to furnish the guarantor with the details of the guaranteed transactions through the CCR.

In the case of the transfer of loans to third parties in which management is retained, the transferring entity is to continue reporting transferred exposures as previously, but must also identify the assignee, and both the exposure they continue to assume and that taken on by the assignee.

Additionally, accounting and own funds information are to be submitted for each transaction in which the institution continues to assume risks, stating the credit rating, specific provisions, risk-weighted exposure, probability of default, etc.

EXPOSURES REPORTABLE TO THE CCR

One of the most important changes is the obligation to report exposures on an individualised, transaction-by-transaction basis, with no general minimum reporting threshold. Previously, reporting was on an aggregate basis by transaction type, with a threshold of €6,000 for resident counterparties and €300,000 for non-residents. As of the new legislation's coming into force, aggregate data may only be submitted, on a quarterly basis, in the case of counterparties belonging to the "households", "non-financial corporations" and "non-profit institutions serving households" sectors, and only when certain requirements are met. These requirements include the cumulative exposure being less than €6,000, and that the products concerned are current account overdrafts, credit card debt, pension or salary advances, other call loans, or consumer finance loans with an original amount of less than €3,000 and repayment period of less than 12 months.

Exceptionally, the Fondo de Garantía de Depósitos de Entidades de Crédito (Credit Institution Deposit Guarantee Fund) will not report the guarantees it gives other entities as a result of asset protection schemes included in action or restructuring plans, or other measures to support credit institutions adopted in accordance with the regulations governing its operation. For their part, reguarantee companies will not report to the CCR transactions in which they refinance financial guarantees given and bonds and non-financial guarantees, warranties and indemnities provided.

Exposures reportable to the CCR are those arising from transactions in the form of: 1) loans, classed as business credit; financial credit; finance leases, and reverse repurchase agreements; 2) debt securities, such as bonds and other securities creating or representing a debt for their issuer and issued either in the form of certificates or book entries; 3) financial guarantees requiring that the issuer make specific payments to reimburse the creditor for the loss incurred when the debtor defaults on their payment obligation, regardless of the legal form; 4) irrevocable commitments to grant loans under predetermined terms and conditions; 5) other commitments entailing credit risk;[34] and 6) loan of securities, in which the reporting entity grants the borrower full title to the securities with the commitment to return other securities of the same class as those received, without any disbursement being made, other than the payment of commission.

As under the previous legislation, reportable exposures are classified in two categories depending on the manner of the counterparties' involvement: 1) direct exposures with the first counterparty; and 2) indirect exposures with guarantors and other persons liable for the risk in the event of a default by the direct exposure counterparty.

The amount of the direct exposure is the sum of the drawdowns (principal, interest and commissions due, interest on arrears, and claimable expenses) plus any undrawn amounts (immediately and conditionally available). The indirect exposure is calculated as the maximum exposure guaranteed by the counterparty for the transactions in which the latter intervenes solely as guarantor, or because its signature is committed in trade portfolio transactions or financing bills.

USE AND TRANSFER OF CCR DATA

The CCR will send reporting entities monthly consolidated information from the system as a whole on those of their borrowers with a cumulative exposure with another reporting entity of €9,000 or more (this threshold was previously set at €6,000). Consequently, data on counterparties whose cumulative exposure with an entity is less than this amount will not be provided to reporting entities as they are only submitted to the CCR for the purposes of compliance with the reporting obligations laid down by the Banco de España in the exercise of its supervision and inspection role and other functions assigned to it by law.

As regards the information supplied to reporting entities, as of the entry into force of the legislation, when reporting entities request data on a potential customer, the CCR will provide two reports: one with the data from the most recent monthly report, and as a new feature, a report with the data reported six months previously. It is also stipulated that reporting entities may only process the information supplied to them by the CCR for the purposes of assessing the risk associated with the transactions motivating the application for the report. Thus the data may not be used for any other purposes.

34 Specifically, guarantees and bonds that do not match the definition of a financial guarantee, and irrevocable documentary credits, those available under other commitments (multipurpose credit facilities, guarantee lines, documentary credit facilities and credit through drawdowns).

The Credit Institution Deposit Guarantee Fund and reguarantee companies may ask the CCR to send them exposure reports on the counterparties of transactions in which they are listed as indirect exposure counterparties.

The new legislation also makes certain changes to counterparties' right of access to information. Thus, any natural or legal person listed as a counterparty for an exposure reportable to the CCR may access all the information concerning them, except in the case of data submitted to the Banco de España solely for the exercise of its supervision and inspection functions and other functions assigned to it by law. In this case, the risk report will only state the names of the entity reporting the exposures, so that interested parties can exercise their rights with them directly.

In all other cases, the CCR will furnish the counterparties with two risk reports referring to the latest date for which data are available. One of these will include the same information as is given to reporting entities at the end of each monthly process, and in the other the information will be broken down transaction by transaction, indicating the name of the reporting entity and stating the amounts.

AMENDMENTS TO THE RULES ON PUBLIC AND CONFIDENTIAL FINANCIAL INFORMATION

Circular CBE 4/2004 has been amended to modify certain existing statements and add new ones, and to update the special accounting register of mortgage loans/transactions and the minimum sectorisation scheme in the database. Specifically, new statements have been added to provide transaction-by-transaction data on derivative instruments, equity instruments, and assets received in foreclosures or in lieu of debt payments, together with certain supplementary data on debt securities reported to the CCR. Applying the principle of proportionality, it is envisaged that information need not be sent on these activities when the cumulative amount of each is less than €10 million. Entities that have been submitting some of the aforementioned statements must continue to do so even if the cumulative amount of their transactions drops below the reporting threshold, until the Banco de España notifies them in writing that it is no longer necessary for them to do so.

Additionally, some of the statements envisaged in CBE 4/2004 have been modified in order to collect the information needed to prepare balance of payments statistics in accordance with Economic and Monetary Union statistical requirements, and new statements have also been added, including in particular information on the cost of funding raised in the month corresponding to business in Spain.

Collective investment institutions: key investor information document and prospectus

CNMV Circular 2/2012, 9 May 2013 (BOE 24 June), on the collective investment institution (CII) prospectus and key investor information document was published, replacing CNMV Circular 3/2006, 26 October 2006, on CII information prospectuses, to adapt their content to Community legislation. The Circular came into force on 25 May 2013.

This Circular completes the process of implementing European legislation on certain Undertakings for Collective Investment in Transferable Securities (UCITS) in national law.[35]

35 See Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), which came into force on 1 July 2011, implemented by Commission Regulation (EU) No 583/2010 of 1 July 2010 establishing the provisions for the application of Directive 2009/65/EC, as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website. Under these new regulations, the document of key investor information replaces the previous simplified prospectus, thus harmonising the document with the key information investors need to know about CIIs in order to make properly founded investment decisions at European level in a brief, concise and clear format.

This process began with the publication of Law 31/2011 of 4 October 2011, which amended Law 35/2003 of 4 November 2003 on collective investment institutions, and the publication of Royal Decree 1082/2012, 13 July 2012, approving the Regulation implementing Law 35/2003 of 4 November 2003.[36]

The Circular pursues three main objectives: 1) to regulate the document containing the key investor information, establishing the special requirements for real estate CIIS and hedge funds; 2) establish the standard formats of the CIIs document and prospectus; and 3) adapt the content of the Circular to recent legislative amendments concerning, among other things, the situations in which unit holders are entitled to leave the fund.

MAIN FEATURES OF THE KEY INVESTOR INFORMATION DOCUMENT AND PROSPECTUS

This document must be impartial, clear and not give rise to confusion. It must provide information in such a form that investors are able to distinguish it from that from other sources, and be written in concise and non-technical language that is comprehensible to the average investor. The aim is to ensure that investors can reasonably be expected to be in a position to be able to understand the essential characteristics, nature and risks of the investment product being offered and to take properly founded investment decisions without needing to resort to other documents.

The CNMV may require non-harmonised CIIs (i.e. those not complying with the requirements of Directive 2009/65/EC) or their managers and trustees, include in this document any additional information, warnings or explanations it sees fit for appropriate investor information and protection and market transparency.

Both the key investor information document and the prospectus must be updated when there are any changes in their key features, as described in the circular. The Circular also specifies the cases in which the aforementioned communications must state unit holders' right to leave the fund. This right gives them the possibility, within 30 calendar days of the communication being sent, of opting for a total or partial reimbursement or transfer of their units, at the corresponding settlement value on the date of the last day of the information period, without the deduction of a redemption fee or any other expense.

In specific cases in which unit holders are to be allowed to leave the fund of given prior information in the case of guaranteed funds, it must be expressly stated in the notification that the reimbursements are not guaranteed, and the settlement value of the fund and losses that would be incurred, with respect to the guaranteed minimum, are to be stated.

Finally, the cases in which the CNMV may update certain sections of these two documents ex officio, in particular, when necessary to adapt them to the regulations in force or to include warnings to enhance the information offered to investors.

SPECIFIC FEATURES OF THE KEY INVESTOR INFORMATION DOCUMENT AND PROSPECTUS IN CERTAIN CASES

The Circular establishes certain special features of the document of key investor information and prospectus applicable in the case of non-financial CIIs, hedge funds, and funds of hedge funds, affecting their scope, the information on the CII's track record, and determination of the risk profile of these funds. It also establishes special features for CIIs aiming to

36 The Circular implements the authority granted to the CNMV by Royal Decree 1082/2012 of 13 July 2012 to decide upon the content and form of presentation of the key investor information document, and establishes the special requirements for non-harmonised CIIs, according to the class, type or category to which they belong. It also authorised the CNMV to determine the content and form of presentation of the prospectus, and the special requirements applicable, and may require that any additional information, warnings or explanations it sees fit for appropriate investor information and protection and market transparency be included.

implement an investment policy that replicates or reproduces a particular stock-market or fixed-income index, or takes this index as its benchmark, and for quoted investment funds and open-ended collective investment schemes (SICAVs). In these cases, further additional content is described referring to efficient portfolio management techniques and financial derivative instruments, and to the management of guarantees in relation to these operations. Thus, among other points, CIIs must include a detailed description of the risks deriving from these activities, particularly counterparty risk and possible conflicts of interest, and their impact on returns. These techniques and instruments must be used in the best interests of the CII.

FORM AND CONTENT OF THE KEY INVESTOR INFORMATION DOCUMENT AND PROSPECTUS

The form and content of these two documents must conform to the standard models included in the annexes of the Circular. However, the CNMV may require that CIIs, or, where applicable, their managers and trustees, include any additional information, warnings or explanations it sees fit to adapt the information and ensure investor protection and market transparency.

Finally, certain aspects of CNMV Circular 5/2007, 27 December 2007, on significant events affecting CIIs; CNMV Circular 4/2008 of 11 September 2008 on the content of quarterly, half-yearly and annual reports of CIIs and of the statement of position; and CNMV Circular 6/2010 of 21 December 2010 on transactions in derivatives of collective investment institutions (CIIs) have been updated.

Investment services: customer information requirements regarding the financial instrument suitability assessment

CNMV Circular 3/2013 of 12 June 2013 (BOE of 19 June) was published, implementing certain obligations to provide information to investment services clients, in relation to the assessment of the suitability of financial instruments.

The Circular, which comes into force on 19 August, implements the powers granted to the CNMV by Law 24/1988 of 28 July 1988 on the Stock Market, amended by Law 9/2012 of 14 November 2012 on restructuring and resolution of credit institutions,[37] and is applicable to entities offering investment services (hereinafter, the Entities).[38]

The main changes are set out below.

OBLIGATION TO INFORM CUSTOMERS ABOUT THE SUITABILITY ASSESSMENT

To assess their customers in relation to investments, institutions are to give their customers a description in writing or any other durable form of how their recommendation matches the investor's characteristics and objectives. The recommendation must be consistent with all the characteristics of the customer evaluated and the description must refer, at least, to the terms in which the investment product or service has been classified from the point of view of market, credit and liquidity risk, and its complexity, and the customer suitability test. In the case of professional investors the institution may omit this explanation as regards knowledge and experience, and their financial situation. A short form of the description may be given when repeated recommendations are made regarding products of the same type or family.[39]

37 Law 24/1998 authorised the CNMV to require that the information given to investors prior to their purchasing a product include all the warnings it sees fit regarding the financial instrument, and in particular, warnings that it is a not a suitable product for non-professional investors, in view of its complexity. It may also require these warnings to be included in advertising material.

38 The following are considered to be investment firms: 1) securities dealers and brokers; 2) portfolio management companies; and 3) financial advisory firms. Duly authorised credit institutions and fund management companies may also provide certain investment services and ancillary services.

39 A product is considered to be of the same type or belong to the same family of products when the complexity of their characteristics and the nature of their risks are similar, bearing in mind market, liquidity and credit risks.

OBLIGATION TO INFORM CUSTOMERS ABOUT THE APPROPRIATENESS ASSESSMENT

Entities that assess the knowledge and experience of their customers when providing them with investment services other than advice on investments or portfolio management, must supply the customer with a copy of the document with the results of the test. The assessment must be consistent with all the information available to the entity or provided by the customer and used in the test. This document must be delivered each time a customer evaluation for a particular type or family of products is carried out.

The entity must demonstrate compliance with this information obligation. For this purpose, a signed copy of the information given to the customer stating the date on which it was delivered, a record of the information's being sent to the customer by electronic means, or any other reliable means will be sufficient.

When the assessment cannot be performed because the customer does not provide sufficient information, or the entity considers the service or product not to be appropriate for them, it must advise the customer that it is unsuitable for them given their lack of the necessary knowledge or experience to understand the nature and risks of the financial instrument used in the intended transactions.

When the transaction involves a complex instrument, the entity must obtain the customer's signature on the standard text for the case where the test could not be carried out, together with a handwritten statement that the product is complex and that it has not been possible to evaluate its appropriateness for the customer due to the lack of information. Similarly, when the entity provides a service relating to complex instruments other than advice on investments or portfolio management and wishes to include a statement to the effect that no advisory services have been given in this transaction with the documentation the investor is to sign, it must obtain the customer's signature together with a handwritten statement that they have not been given advice regarding this transaction.

UPDATED REGISTER OF ASSESSED CUSTOMERS AND UNSUITABLE PRODUCTS

In order to facilitate the supervisory activity of both the CNMV and the internal oversight bodies, entities are to keep an up-to-date register of assessed customers and unsuitable products which will reflect, for each customer, the products that have been evaluated previously with negative results. This is without prejudice to the fact that entities may conduct as many customer assessments as they see fit.

In compliance with the obligation to keep customers informed at all times, on request, entities must furnish customers with the information on their particular circumstances held on this register free of charge.

OTHER CHANGES

The obligations to assess suitability shall not be applicable to the FROB's decisions to execute hybrid capital instrument and subordinated debt management actions, as envisaged in Law 9/2012 of 14 November 2012 on restructuring and resolution of credit institutions, in view of the binding nature of the FROB's decision and the fact that investors' prior consent is not necessary.

When such hybrid capital instrument and subordinated debt management actions are carried out at the behest of the issuing institution and investor participation is voluntary, the entity may propose to the CNMV that the content of the warning and the handwritten text referred to above may be adapted to the special circumstances of the operation offered to investors.

Remuneration of directors of listed companies and savings banks that issue traded securities

CNMV Circular 4/2013 12 June 2013 (BOE of 24 June) establishing the standard forms for the annual report on remuneration of the directors of listed companies and of the members of the boards of directors and oversight committees of savings banks issuing securities admitted to trading on official securities markets was published.

This Circular implements the powers granted to the CNMV by Ministerial Order ECC/461/2013 of 20 March 2013 (BOE of 23 March 2013) setting out the content and structure of the annual corporate governance report, the annual compensation report, and other information mechanisms for listed companies, savings banks and other entities issuing securities admitted to trading on official securities markets. In particular, it authorises the CNMV to define the content and structure of the compensation reports, to which end it may establish models or forms in accordance with which the various entities are to publish these reports.

Under these powers, the standard models with which the format, content and structure of the annual compensation reports of listed companies and savings banks issuing securities admitted to trading on official securities markets are to comply are included in the annexes to the Circular.

These reports are also to be submitted to the CNMV electronic registry for their publication as a significant event.

The Circular came into force on 25 June 2013, and will be applicable to compensation reports subject to voting, on a consultative basis as a separate point on the agenda, at ordinary general shareholders' meetings or ordinary general assemblies held as of 1 January 2014.

Annual corporate governance report by listed companies, savings banks and other entities issuing traded securities

CNMV Circular 5/2013 12 June 2013 (BOE of 24 June) establishing the standard forms for the annual corporate governance report of listed companies and savings banks issuing securities admitted to trading on official securities markets was published.

As in the case of the preceding Circular, in this Circular the CNMV implements the powers granted by Ministerial Order ECC/461/2013 of 20 March 2013 to describe the content and structure of the annual corporate governance report of listed companies, savings banks and other entities issuing securities admitted to trading, authorising it to establish the relevant standard models or forms.

These models are included in the annexes to the Circular, and entities are required to adhere to them when submitting and disseminating their annual corporate governance reports.

These reports are also to be submitted to the CNMV electronic registry for their publication as a significant event.

The Circular came into force on 25 June and will be applicable to the annual corporate governance reports entities are due to submit as of 1 January 2014.

Amendment to the Regulations on credit rating agencies

Regulation (EU) No 462/2013 of the European Parliament and of the Council of 21 May 2013 (OJEU of 31 May) amending Regulation (EC) No 1060/2009 on credit rating agencies was published. The objectives of this Regulation include: 1) reinforcing the independence of credit rating agencies; 2) improving transparency and promote sound credit rating processes and methodologies; and 4) reducing the over-reliance of market participants on credit ratings.

The Regulation came into force on 20 June 2013, but envisages transitional arrangements whereby application of certain points will be phased in by stages between now and June 2018.

The main changes are set out below.

REINFORCING CREDIT RATING AGENCIES' INDEPENDENCE

The conditions of independence applying to credit rating agencies (CRAs) are reinforced in order to increase the level of credibility of credit ratings issued under this model. Regulation (EC) No 1060/2009, already required credit rating agencies to apply a rotation mechanism providing for gradual changes in teams of analysts and credit rating committees so that the independence of the rating analysts and persons approving credit ratings would not be compromised. This mechanism has now been extended to credit rating agencies in relation to re-securitisations,[40] limiting the period during which an agency may provide ratings on new re-securitisations with the same underlying assets from the same originator on a continual basis to four years. This rotation mechanism does not apply to smaller credit rating agencies, i.e. those that have fewer than 50 employees at group level involved in the provision of credit rating activities, or that have an annual turnover generated from credit rating activities of less than €10 million at group level.

The Regulation also requires a strict separation of the outgoing agency from the incoming credit rating agency in the case of rotation as well as between the two credit rating agencies providing credit rating services in parallel to the same issuer. The credit rating agencies concerned must not be linked to each other by control or belong to the same group of credit rating agencies. Likewise, agencies may not be shareholders or members of, or be able to exercise voting rights in, any of the other credit rating agencies, or have the power to appoint members of the administrative or supervisory boards of any of the other credit rating agencies.

Other measures to guarantee agencies' independence include stricter regulation of cases of conflicts of interest, which now also extend to agencies' shareholders or members. Credit rating agencies should therefore abstain from issuing credit ratings, or should disclose that the credit rating may be affected, where a shareholder or member holding 10% of the voting rights of that agency is also a member of the administrative or supervisory board of the rated entity or has invested in the rated entity when the investment reaches a certain size. Similarly, the fact that a shareholder or member holding at least 5% of the voting rights of that credit rating agency has invested in the rated entity or is a member of the administrative or supervisory board of the rated entity should be disclosed to the public, at least if the investment reaches a certain size. Moreover, where a shareholder or member is in a position to exercise significant influence over the business activity of the credit rating agency, that person should not provide consultancy or advisory services to the rated entity or a related third party regarding its corporate or legal structure, assets, liabilities or activities.

Finally, shareholders or members of credit rating agencies may not simultaneously hold a stake of 5% or more in more than one credit rating agency or exercise a dominant influence on any other agency, unless the credit rating agencies concerned belong to the same group.

GREATER TRANSPARENCY AND BETTER CREDIT RATING AGENCY METHODS AND PROCESSES

The regulation provides that the European Securities and Markets Authority (ESMA) is to set up a European rating platform on its website. This will include credit ratings and credit rating

40 A re-securitisation is understood to mean a securitisation in which at least one of its underlying exposures is itself a securitisation.

outlooks[41] issued by credit rating agencies and will be accessible to issuers, investors and other interested parties. The European rating platform will also incorporate the ESMA's central repository to which ratings agencies report information on historical performance data.

As regards credit rating procedures and methods, rating agencies are to establish, maintain, enforce and document an effective internal control structure governing the implementation of policies and procedures to prevent and mitigate possible conflicts of interest and to ensure the independence of credit ratings. Credit rating agencies are to establish standard operating procedures (SOPs) with regard to corporate governance, organisation, and the management of conflicts of interest. These SOPs should be periodically reviewed and checked to evaluate their effectiveness and assess whether they need to be updated.

When a credit rating agency intends to use new rating methodologies, models or key rating assumptions (or make a material change to existing ones) which could have an impact on a credit rating, it is required to inform the ESMA and publish the proposed changes on its website, inviting stakeholders to submit comments for a period of one month and give a detailed explanation of the reasons for and the implications of the proposed material changes or proposed new rating methodologies.

RULES CONCERNING SOVEREIGN RATINGS

Credit rating agencies are to issue sovereign ratings in a manner which ensures that the individual specificity of a particular Member State has been analysed. Credit rating agencies should explain the key elements underlying those credit ratings in their press releases or reports. A statement announcing revision of a given group of countries is prohibited unless accompanied by individual country reports. These reports must be made publicly available.

Credit rating agencies are to publish a calendar setting a maximum of three dates (which are to fall on a Friday) for the publication of solicited and unsolicited sovereign ratings and related rating outlooks of Member States on their websites and submit this calendar to ESMA annually. Finally, credit rating agencies are to refrain from making direct or indirect recommendations regarding sovereign entities' policies.

REDUCING THE OVER-RELIANCE ON CREDIT RATINGS

Over-reliance on credit ratings needs to be reduced and all the automatic effects deriving from credit ratings should be gradually eliminated. Financial institutions that use credit rating agencies ratings for regulatory purposes[42] must make their own assessment of the risk and not depend exclusively or automatically on rating agencies.

To this same end, certain measures have been introduced concerning the rating of structured finance instruments. Thus, the issuer, the originator and the sponsor of a structured finance instrument established in the European Union are to jointly publish on the European rating platform information on the credit quality and performance of the underlying assets of the structured finance instrument, the structure of the securitisation transaction, the cash flows and any collateral supporting a securitisation exposure as well as any information that is necessary to conduct comprehensive and well-informed stress tests on the cash flows and collateral values supporting the underlying exposures.

41 The Regulation introduces the concept of "rating outlooks," which are opinions regarding the likely direction of a credit rating over the short term, the medium term or both. The relevance of rating outlooks for investors and issuers are comparable to that of credit ratings. They are therefore also required to be accurate, transparent and free from conflicts of interest.

42 Specifically, Credit institutions, investment firms, insurance undertakings, reinsurance undertakings, institutions for occupational retirement provision, management companies, investment companies, alternative investment fund managers and central counterparties.

Furthermore, where an issuer or a related third party intends to solicit a credit rating of a structured finance instrument, it is to appoint at least two credit rating agencies to provide credit ratings independently of one another. To ensure they give independent ratings, the appointed credit rating agencies must not belong to the same group of credit rating agencies nor be linked by relationships of control through their shareholders or members. This is intended to reduce reliance on a single rating.

The sectoral competent authorities in charge of supervising these entities are to monitor the adequacy of agencies' credit risk assessment processes, assess the use of contractual references to credit ratings and, where appropriate, encourage them to mitigate the impact of such references, with a view to reducing reliance on credit ratings, in line with specific sectoral legislation.

The Commission will continue to review whether references to credit ratings in European Union law trigger or have the potential to trigger sole or mechanistic reliance on credit ratings by the competent authorities or other financial market participants with a view to deleting all references to credit ratings in European Union law for regulatory purposes by 1 January 2020, provided that appropriate alternatives to credit risk assessment have been identified and implemented.

Finally, the Regulation governs credit rating agencies' civil liability regarding the credit ratings they issue. Thus, where a credit rating agency has committed, intentionally or with gross negligence, any of the infringements listed the Regulation, an investor or issuer may claim damages from it.

Community directive amending prudential requirements regarding certain financial institutions' risk management

Directive 2013/14/EU of the European Parliament and of the Council of 21 May 2013 (OJEU of 31 May) amending Directive 2003/41/EC on the activities and supervision of institutions for occupational retirement provision, Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) and Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Funds Managers in respect of over-reliance on credit ratings, was published.

The Directive establishes that the competent authorities for institutions for occupational retirement provision (IORPs), UCITS and AIFMs (alternative investment fund managers) are to monitor the use of references to credit ratings in these institutions' investment policies, and where appropriate, encourage mitigation of the impact of such references, with a view to reducing exclusive and mechanistic reliance on such credit ratings.

Member States are to bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 21 December 2014.

The Directive came into force on 20 June 2013.

European venture capital funds

Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 (OJEU on 25 April) on European venture capital funds has been published, coming into force on 15 May and applicable as of 22 July 2013.

The Regulation establishes a series of requirements and uniform conditions for the marketing of qualifying European venture capital funds (EuVECAs) throughout the Union, as well as rules on their portfolio composition, investment instruments and techniques, and the organisation, conduct and transparency of alternative investment fund (AIF) managers marketing EuVECAs.

CHARACTERISTICS OF EuVECAs

EuVECAs are AIFs that must be established in a Member State and invest at least 70% of their total aggregate capital contributions and uncalled committed capital in qualifying investment assets.

Qualifying investments may be: 1) capital or quasi-capital instruments issued by qualifying portfolio undertakings (as defined below) or issued by a company with a majority holding in such companies, and which have been acquired by the EuVECA in exchange for a capital instrument issued by it; 2) loans granted by EuVECAs to qualifying portfolio undertakings, provided that these loans do not use more than 30% of the total aggregate capital contributions and uncalled committed capital in the qualifying venture capital fund; 3) shares of qualifying portfolio undertakings bought from the undertaking's existing shareholders; and 4) units or shares in one or more other EuVECAs, provided that these EuVECAs have not invested more than 10% of their total aggregate capital contributions and uncalled committed capital in other EuVECAs.

A qualifying portfolio undertaking is one that, at the time of an investment by the qualifying venture capital fund: 1) is not admitted to trading on a regulated market or on a multilateral trading facility (MTF); 2) employs fewer than 250 persons; 3) has an annual turnover not exceeding €50 million or an annual balance sheet total not exceeding €43 million; 4) is not itself an AIF, credit institution, investment firm, insurance undertaking or financial holding company.

These companies may be registered in a Member State or non-EU country, provided that the latter is not listed as Non-Cooperative Country and Territory by the Financial Action Task Force on anti-money laundering and terrorist financing, and has signed an agreement with the Member State of origin of the EuVECA's manager and each Member State in which the latter intends to market the EuVECA's shares or units.

REQUIREMENTS UPON MANAGERS MARKETING EUVECAS

Managers of qualifying venture capital funds (EuVECAs) are to guarantee that they do not use more than 30% of the total aggregate capital contributions and uncalled committed capital[43] to purchase assets other than qualifying investments.

EuVECA managers may not employ any method by which the exposure of the fund is increased beyond the level of its committed capital, whether through borrowing of cash or securities, holding positions in derivatives or by any other means. They may only borrow, issue debt obligations or provide guarantees at the level of the EuVECA where such borrowings, debt obligations or guarantees are covered by uncalled commitments.

Managers of EuVECAs may market the units and shares of qualifying venture capital funds solely to investors considered to be professional clients or to other investors that: 1) commit to investing a minimum of €100,000; and 2) state in writing, in a separate document from the contract to be concluded for the commitment to invest, that they are aware of the risks associated with the envisaged commitment or investment.

43 The 30% threshold will be calculated on the basis of amounts investible after the deduction of all relevant costs (i.e. fees, charges and expenses borne by investors and which are agreed between the manager of an EuVECA and its investors). Holdings in cash and cash equivalents will not be taken into account in the calculation of this threshold as they are not considered investments.

They must also: 1) act honestly, fairly and with due skill, care and diligence in conducting their activities; 2) apply appropriate policies and procedures for preventing malpractices that can reasonably be expected to affect the interests of the investors and the qualifying portfolio undertakings; 3) conduct their business activities in such a way as to promote the best interests of the qualifying venture capital funds they manage, the investors therein and the integrity of the market; 4) possess adequate knowledge and understanding of the qualifying portfolio undertakings in which they invest; 5) treat their investors fairly; and 6) ensure that no investor obtains preferential treatment, unless such preferential treatment is disclosed in the rules or instruments of incorporation of the EuVECA.

Where a manager of an EuVECA delegates functions to third parties, the manager's liability towards the EuVECA or its investors shall remain unaffected. Any delegation of functions shall not undermine the effectiveness of supervision of the EuVECA manager and, in particular, prevent that manager from acting, or the EuVECA from being managed, in the best interests of its investors.

Managers of EuVECAs must identify and avoid conflicts of interest and, where they cannot be avoided, manage and monitor and disclose promptly those conflicts of interest in order to prevent them from adversely affecting the interests of the EuVECAs and their investors.

At all times, managers of EuVECAs must have sufficient own funds and use adequate and appropriate human and technical resources as necessary for the proper management of the EuVECA.

TRANSPARENCY REQUIREMENTS

Managers of EuVECAs are to make an annual report available to the competent authority of the home Member State for each EuVECA they manage within six months of the end of the financial year. This report will describe the composition of the portfolio of the EuVECA and the activities of the previous year. It must also disclose the profits earned by the qualifying venture capital fund at the end of its life and, where applicable, the profits distributed during its life. It must also contain the EuVECA's audited financial accounts.

Managers of EuVECAs must inform their investors, prior to their investment decision, in a clear and understandable manner, of at least the following: 1) the identity of the manager and any other service providers contracted by that manager in relation to their management of the EuVECAs, and a description of their duties; 2) the amount of own funds available to that manager and a detailed statement as to why that manager considers that amount to be sufficient to maintain the adequate human and technical resources necessary for the proper management of its qualifying venture capital funds; and 3) a description of the investment strategy and objectives of the EuVECA, including, *inter alia*, a description of the risk profile of the qualifying venture capital fund and any risks associated with the assets in which the fund may invest or investment techniques that may be employed.

SUPERVISION AND ADMINISTRATIVE COOPERATION

Managers of EuVECAs are to inform the competent authority of their home Member State of the following: 1) the identity of the persons who effectively conduct the business of managing qualifying venture capital funds; 2) the identity of the qualifying venture capital funds, the units or shares of which are to be marketed and their investment strategies; 3) a list of Member States where the manager of an EuVECA intends to market each qualifying venture capital fund; and 4) a list of Member States where the manager of a qualifying venture capital fund has established, or intends to establish, EuVECAs.

The competent authority of the home Member State will only register the manager of an EuVECA if the following conditions are met: 1) the persons who effectively conduct the business of managing EuVECAs are of sufficiently good repute and are also sufficiently experienced in relation to the investment strategies pursued by the manager of a qualifying venture capital fund; 2) the information mentioned has been furnished; 3) all the requirements have been met; and 4) the EuVECAs being managed meet the requirements laid down in the Regulation.

Registration shall be valid in all Member States and shall allow managers of EuVECAs to market qualifying venture capital funds under the designation 'EuVECA' throughout the European Union.

The competent authority of the home Member State is responsible for supervising compliance with the requirements laid down in this Regulation. Where there are clear and demonstrable grounds for the competent authority of the host Member State to believe that the manager of an EuVECA is in breach of this Regulation within its territory, it shall promptly inform the competent authority of the home Member State accordingly. The competent authority of the home Member State will then take appropriate measures.

Competent authorities will, in accordance with national law, have all supervisory and investigatory powers that are necessary for the exercise of their functions. They will, in particular, have the power to 1) request access to any document in any form, and to receive or take a copy thereof; 2) require the manager of a qualifying venture capital fund to provide information without delay; 3) require information from any person related to the activities of the manager of a qualifying venture capital fund; 4) carry out on-site inspections with or without prior announcement; 5) take appropriate measures to ensure that a manager of a qualifying venture capital fund continues to comply with the Regulation; and 6) issue an order to ensure that a manager complies with the Regulation and desists from a repetition of any conduct that may represent a breach of this Regulation.

Member States will lay down the rules on administrative penalties and other measures applicable to breaches of the provisions of the Regulation and will take all measures necessary to ensure that they are implemented. The administrative penalties and other measures provided for must be effective, proportionate and dissuasive.

Competent authorities and the European Securities and Markets Authority (ESMA) will cooperate with each other for the purpose of carrying out their supervision functions and will exchange all information and documentation necessary to carry out their respective duties under this Regulation.

Measures to strengthen the protection of mortgage debtors, debt restructuring and rented social housing

Law 1/2013 of 14 May 2013 (BOE of 15 May) on measures to strengthen the protection of mortgagors, debt restructuring, and rented social housing, was published, coming into force on 15 May 2013, and partially amended by Law 8/2013, 26 June 2013 (BOE of 27 June), on urban renewal, regeneration and rehabilitation, which came into force on 28 June 2013.

CHANGES IN THE PROTECTION OF MORTGAGORS

An immediate two-year moratorium on evictions of families considered to be especially vulnerable has been enacted. This exceptional temporary measure will affect any mortgage foreclosure proceedings or extrajudicial sale granting the property to the creditor affecting the principal residence of persons included in certain groups.

Special vulnerability is defined here in similar terms as in Royal Decree-Law 27/2012 of 15 November 2012 (BOE of 16 November 2012), on urgent measures to strengthen the protection of mortgage debtors. Namely it applies to: 1) large families; 2) one-parent families with two dependent children; 3) families with a child aged under three years; 4) families with a member with a recognised level of disability of more than 33%, requiring long-term care, or suffering from illness accredited as permanently preventing them from working; 5) families in which the mortgagor is unemployed and has exhausted their unemployment benefits; 6) families living together in which one or more persons related to the mortgagor or their spouse by a family tie of up to the third degree of kinship is disabled, requires long-term care, or suffers from a serious illness accredited as permanently preventing them from working; and 7) families in which there is a victim of domestic violence, provided the dwelling subject to repossession is their principal residence.

As well as being in one of the situations above, the following economic circumstances must also apply:

1) That the household's total income[44] is not more than three times the public multipurpose income indicator (IPREM). This limit will be four times the public multipurpose income indicator in cases 4 and 6 above, and five times this indicator when the person being evicted has cerebral palsy, mental illness or disability, with a recognised level of disability in excess of 33%, or has a physical or sensory disability, with a recognised level of disability of 65% or more, and in cases of serious illness accredited as permanently preventing them or their carer from working.

2) That during the four years prior to the application, the financial effort the mortgage burden represents as a share of household income has multiplied by a factor or at least 1.5.

3) That the mortgage payments are more than 50% of the household's combined net income.

4) That the mortgage loan is secured by the debtor's sole property and that it was granted to enable the purchase thereof.

Also, *Royal Decree-Law 6/2012 of 9 March 2012* on urgent measures to protect mortgage debtors with no means of support[45] has been amended to expand its scope of application, such that it applies to mortgage guarantors for the main debtor as well as loan contracts secured with a property mortgage for which the debtor is on the exclusion threshold. The application to guarantors will be under the same conditions as established for the mortgage borrower.

The cases and circumstances in which a debtor is considered to be on the exclusion threshold have also been updated. These are basically the following: 1) that the family's total income is not more than three times the public multi-purpose income indicator

44 The household comprises the debtor, his or her spouse (not legally separated) or registered cohabiting partner, and the children, irrespective of age, who live in the home, including those linked by a relationship of guardianship, custody or fostering.

45 Royal Decree-Law 6/2012 aimed to establish measures to enable the restructuring of mortgage debt for borrowers facing extreme difficulties keeping up with payments. The model of protection devised pivots on the drafting of a code of good practice for the viable restructuring of mortgage debt on the principal residence, backed up with a series of tax measures, and certain mechanisms to make foreclosure proceedings more flexible.

(IPREM) or four times this indicator if the household includes a disabled person; and 2) that during the four preceding years the household has suffered a significant alteration in its financial circumstances, in terms of its ability to afford housing, or the circumstances making the household especially vulnerable, as defined here, have arisen.

Certain protective measures have also been introduced for mortgage guarantors below the exclusion threshold. They can therefore require that the entity exhaust the main debtor's assets first, without prejudice to the application to the latter of the measures envisaged in the code of good practice, before claiming the guaranteed debt, even if they have expressly waived the benefit of discussion in the contract.

In relation to the code of good practice, the rule revises its scope of application, in particular, in the case of municipalities of up to 100,000 inhabitants where the purchase price of dwellings inhabited by one or two people has been increased from €120,000 to €150,000, with an additional €30,000 for each dependant up to a maximum of three.

It also specifies that member entities are to inform their customers appropriately about the possibility of their being covered by the provisions of the code. In particular, entities signing up to the code must inform customers in writing of its existence, giving a detailed description of its contents, and the possibility of customers failing to meet any of their mortgage payments or having any other difficulty meeting their mortgage payments might have of being covered by the code.

The number of members of the oversight committee entrusted with supervising and ensuring compliance with the code of good practice has been increased from four to eleven.[46] Similarly, the committee may examine and put to the government proposals relating to the protection of mortgage debtors. Another new feature is the penalty system, in which member entities breaching the code will be liable to the penalties laid down in Law 26/1988 of 29 July 1988 on the discipline and intervention of credit institutions, and breach of the obligations arising from it will be considered a serious infringement and penalised as laid down in the Law.

Finally, the default interest rates applicable to all mortgage lending contracts as of the time the debtor accredits to the entity that they are on the exclusion threshold has been lowered from 2.5% to 2% of the outstanding loan principal.

CHANGES TO MORTGAGE MARKET LEGISLATION

Improvements have been made to the mortgage market with the amendment of the consolidated text of the Mortgage Law, promulgated by Decree on 8 February 1946; Law 2/1981 of 25 March 1981 on mortgage market regulation; and Law 41/2007 of 7 December 2007, amending Law 2/1981 of 25 March 1981 on mortgage market regulation and other rules of the mortgage and financial system, regulating reverse mortgages and long-term care insurance and establishing certain tax rules.

The *deed of mortgage* on the property must state whether the mortgaged property is intended as the principal residence or not. Unless proven otherwise, at the time of foreclo-

46 One appointed by the Ministry of Economic Affairs and Competitiveness, having at least the rank of Director General, who will chair the committee and have the casting vote; one appointed by the Banco de España, who will serve as the secretary; one appointed by the CNMV; a judge appointed by the General Council of the Judiciary; a clerk of court appointed by the Ministry of Justice; a notary appointed by the General Council of Notaries; a member appointed by the National Statistics Institute; one appointed by the Spanish Mortgage Association; one appointed by the Consumers' and Users' Council; two appointed by non-governmental organisations, providing placement services, selected by the Ministry of Health, Social Services and Equality.

sure it will be deemed that the property is the principal residence if so stated in the deed. The deed will also be required to include, together with the customer's signature, a handwritten statement, with the wording to be determined by the Banco de España, to the effect that the borrower has been adequately warned of the possible risks arising out of the contract. This will apply, in particular, in the following cases: 1) when limitations are placed on the variability of the interest rate, in the form of floor and ceiling clauses, in which the limit on downward variations is less than that on upward variations; 2) when the contract incorporates an interest rate hedging instrument, or 3) when the loan is in one or more foreign currencies.

In the case of mortgages on the principal residence, the *interest on arrears* that credit institutions may demand will be limited to three times the legal interest rate and may only accrue on the outstanding principal. Capitalisation of this interest is also expressly prohibited, and if foreclosure is insufficient to cover the whole of the secured debt, the sum raised will be applied to interest on arrears last, so as to reduce the principal on which interest accrues to the maximum possible extent.

Moreover, the repayment period of the mortgage or secured loan used to finance the purchase, construction or renovation of the principal residence may not exceed 30 years when seeking to refinance it by issuing securities pursuant to Law 2/1981 of 25 March 1981 on mortgage market regulation.

The Mortgage Law has also been strengthened as regards the arrangements for *extrajudicial sales of mortgaged property*, provided that this has been agreed in the mortgage deed in the event of a default on payment of principal or interest on the guaranteed amount.

Extrajudicial sale is to be witnessed by a notary and must comply with certain requirements and formalities. These include the following: 1) the valuation the interested parties assign to the property as the reference price for the auction may not differ from that which would have been set in direct judicial foreclosure proceedings and may in no case be less than 75% of the value indicated in the appraisal performed according to the provisions of Law 2/1981 of 25 March 1981; 2) the sale will be effected in a single electronic auction to be held on the online auctions portal managed by the Agencia Estatal del Boletín Oficial del Estado [State Agency for the Official State Bulletin]; and 3) when the notary considers that any of the clauses of the mortgage loan constituting the basis for the extrajudicial sale – or which may have determined the amount claimable – to be unfair, he or she shall notify the parties. The notary will suspend the extrajudicial sale in all cases where either of the parties accredits that they have applied to the competent judicial body for a resolution decreeing the unlawfulness of the sale, due to the existence of unfair contract terms in the mortgage contract, or for it to continue without the application of these terms.

The measures to encourage the independence of *appraisal companies* from credit institutions have also been strengthened, in particular in the case of those which derive 10% of their business from a credit institution or group of credit institutions (previously this figure was 25%). They will also be required to have internal rules of conduct establishing what roles their managers and directors are barred from exercising as a result of incompatibilities. These measures shall also apply to credit institutions' appraisal departments. It is also provided that the Consejo de Consumidores y Usuarios [Consumers' and Users' Council] may initiate penalty proceedings when it considers appraisal services to have been found to have been provided in an irregular manner. As of the entry into force of these rules, appraisal companies must undergo account audits, pursuant to the rules governing account auditing.

The requirement for prior notification of the Banco de España in the case of the acquisition of *significant shareholdings*[47] in appraisal companies remains in effect, and credit institutions are expressly prohibited from acquiring or maintaining such shareholdings. Natural or legal persons associated with the marketing, ownership, exploitation or financing of property valued by them are similarly barred.

CHANGES TO THE CIVIL PROCEDURE LAW

Various amendments have been made to Law 1/2000 of 7 January 2000 on Civil procedure in order to ensure that mortgage foreclosure proceedings take place in a way that protects the rights and interests of mortgagors appropriately, and overall, to streamline foreclosure proceedings and make them more flexible. In particular, the legal costs that may be claimed from the foreclosed debtor may in no case exceed 5% of the amount demanded in the foreclosure order.

The possibility of *a reduction in the outstanding debt* has been provided for, such that when part of the debt remains unpaid after mortgage foreclosure of the debtor's principal residence, the debtor may be released from it if certain conditions are satisfied. These are, settlement of 65% of the remainder within five years, together with interest at the legal rate, or if that is not possible, 80% over a period of ten years.

The debtor is also entitled to a share of any possible future revaluation of the foreclosed property. Specifically, if the foreclosed property is sold in the following ten years, the outstanding debt for which the debtor is liable will be reduced by 50% of the capital gain obtained from the sale.

If, during the periods indicated above, the property is realised for a sum greater than that for which the debtor is liable, the latter will be released under the above rules and be entitled to the remainder of the proceeds. If these periods expire in 2013 they will be extended until 1 January 2014.

Additionally, access to *auctions* has been made easier for bidders and the requirements imposed on them reduced, such that, for example, the guarantee necessary to bid has been reduced from 20% to 5% of the appraisal value of the property. The time a successful bidder is given to obtain the price at which the property was sold at auction has been doubled from 20 to 40 days.

Certain improvements have been made to auction procedures, such as establishing that the appraisal value for the auction may not be less than 75% of the appraisal value when the loan was granted (previously no reserve price was set).

If there are no bidders at the auction, the creditor may request that the *property be awarded* as follows. In the case of a principal residence, at 70% of the auction starting price (previously 60%), or at 60% if the total debt including all items is less than 70%. If the property is not the debtor's principal residence, at 50% of the starting price, or the amount owed for all items.

Enforcement procedures have also been amended such that either ex officio or on request by one of the parties, the competent judicial body may assess the existence of *unfair terms* in the contract giving rise to enforcement or determining the amount claimed

47 A significant shareholding in an appraisal company is understood to be one that reaches at least 10% of the company's capital of voting rights, directly or indirectly. It also includes smaller shareholdings that nevertheless permit considerable influence to be exerted over the company.

and, consequently, order the foreclosure to be unlawful, or that it continue without application of the terms considered to be unfair.

Finally, in cases of default on loan repayments, as of the entry into force of this legislation, the creditor may initiate a claim for the capital owing together with interest once the debtor has defaulted on his or her obligation to pay an equivalent of at least three months' instalments and this pact is stated in the mortgage deed (no such period had previously been set).

OTHER CHANGES

The consolidated text of the Law regulating pensions schemes and pension funds, enacted by Legislative Royal Decree 1/2002 of 29 November 2002, has been amended to allow mortgagors to draw on their pension plans when facing foreclosure of their principal residence. Thus, for a period of two years as of the entry into force of this law, members of pension plans may realise their vested rights on request in the event of proceedings to evict them from their principal residence, provided certain requirements are met.

The terms and conditions under which these vested rights may be realised may be defined in the specific regulations, but at least the following minimum conditions must be met: 1) the pension plan member is in judicial or administrative foreclosure proceedings or in the process of an extrajudicial sale to meet their obligations, in which the sale of their principal residence has been ordered; 2) the pension plan member does not have other assets, rights or income that are sufficient to meet the totality of the debt subject to foreclosure proceedings and thereby avoid sale of the property; and 3) the net amount of their consolidated rights in the pension plan is sufficient to avoid the sale of the property.

The reimbursement of the vested pension rights will be made at the member's request in the form of a single payment of the amount necessary to avoid sale of the property, and shall be subject to the tax treatment applicable to pension plan benefits. The reimbursement must be made within seven working days of the member's submitting the necessary supporting documentation.

This provision will also be applicable to persons insured by assured savings plans, company insurance schemes, mutual provident schemes, and collective insurance in general that provides for pension commitments in which the rights arising from the premiums paid by the company have been transferred to the insured persons, together with the rights corresponding to the premiums paid by the latter.

Lastly, the government has been authorised to take the necessary steps to foster, jointly with the financial sector, the constitution of a stock of social housing to meet the needs of people who have been evicted from their principal residence as a result of their defaulting on their mortgage when the circumstances envisaged in this law apply.

Measures to support entrepreneurs and stimulate growth and job creation

Royal Decree-Law 4/2013 of 22 February 2013 (BOE of 23 February) on measures to support entrepreneurs and stimulate growth and job creation, was published, coming into force on 23 February 2013.

The main changes from the financial and fiscal standpoint are highlighted below.

CHANGES AFFECTING THE FINANCIAL SECTOR

The measures to promote business finance include an amendment to the Regulations on the organisation and supervision of private insurance, enacted by Royal Decree 2486/1998 of 20 November 1998, to allow insurance undertakings to invest in shares admitted to trading on the alternative stock market (MAB)[48] or any other multilateral trading facility,[49] and in venture capital funds, and that these investments be eligible as part of their technical provisions. Similarly, the regulations on pension schemes and pension funds, enacted by Royal Decree 304/2004 of 20 February 2004, have been amended to allow pension funds to invest in these securities.

In both cases, a specific maximum limit of 3% of insurance undertakings' total technical provisions, or of the pension funds' total assets, in the securities of a single entity is established. This ceiling rises to 6% when they are issued or backed by entities belonging to the same group.

Another measure to encourage non-bank finance of share capital companies is the elimination of the limit set in the Law on Share Capital Companies.[50] This relaxation of the rules will only be applicable in the case of issues aimed at institutional investors, to ensure adequate protection of retail investors. Specifically, it applies in the following cases: 1) when aimed solely at qualified investors; or 2) investors purchasing securities of a minimum value of €100,000 in each issue; or 3) when offering securities with a nominal unit value of at least €100,000.

CHANGES IN TAX LEGISLATION

In order to stimulate business creation and reduce the tax burden on new firms in their first few years of operation, a more favourable tax framework has been created for self-employed persons starting a business. Thus, new businesses starting after 1 January 2013 will pay corporate income tax in the first tax year in which the company's taxable earnings are positive and in the subsequent tax year at a rate of 15% on the first €300,000 of taxable income, and 20% on the remainder.

In line with the above, a new reduction of 20% on net business and professional earnings has been established in personal income tax for persons starting a business or professional activity, applicable to the first tax year in which their earnings are positive and in the subsequent tax year. The current limit on the exemption for unemployment benefits received as a single payment has also been eliminated (this exemption was previously set at €15,500).

MEASURES COMBATING LATE PAYMENT IN COMMERCIAL TRANSACTIONS

The period in which debtors are to settle payment (unless stipulated otherwise in the contract) has been shortened from 60 to 30 calendar days after the receipt of the goods or provision of services, even if the invoice or demand for payment is received previously. This limit can be extended to 60 calendar days by agreement between the parties in exceptional cases.

It is stipulated that, if the parties have agreed a deferred payment timetable, and either of them fails to meet payment on the agreed date, the interest on arrears will be calculated only on the overdue amounts.

48 This is a securities market supervised by the CNMV dedicated to small capitalisation companies that aim to expand, with regulations specially tailored to them, and costs and processes suited to their characteristics.

49 Multilateral trading facilities are managed by an investment firm or governing company of an official secondary market, making it possible to bring together different interests in buying and selling multiple financial instruments in the system according to its non-discretionary rules to enable contracts, i.e. a system in which transactions to buy and sell financial instruments are matched.

50 Article 405 of Legislative Royal Decree 1/2010 of 2 July 2010, enacting the consolidated text of the Law on Share Capital Companies, establishes that the total amount of issues by share capital companies may not exceed the value of their paid-up share capital plus their reserves as stated on the most recent approved balance sheet.

The legal interest rate the debtor is liable to pay in the event of late payment has been increased, such that it is now the interest rate applied by the ECB in its most recent main refinancing operation, plus eight percentage points.

Late payment incurs a fixed charge of €40 that the creditor is entitled to collect from the debtor, which will be added to the principal without the need for an express demand. All duly substantiated costs of collection caused by the default will be added to this amount. As regards these costs, the legislation states that any agreement between the parties excluding compensation will be presumed to be an unfair contract term and thus null and void.

2/7/2013

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).

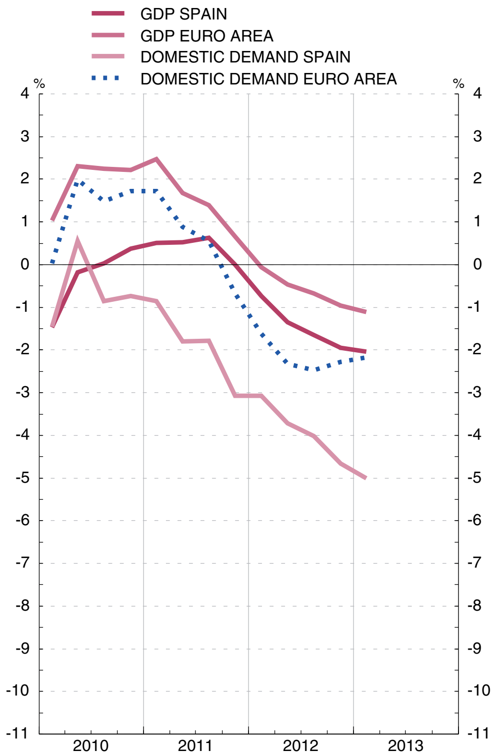
1.1. GROSS DOMESTIC PRODUCT. VOLUME CHAIN-LINKED INDICES, REFERENCE YEAR 2008=100. DEMAND COMPONENTS. SPAIN AND EURO AREA (a)

■ Series depicted in chart.

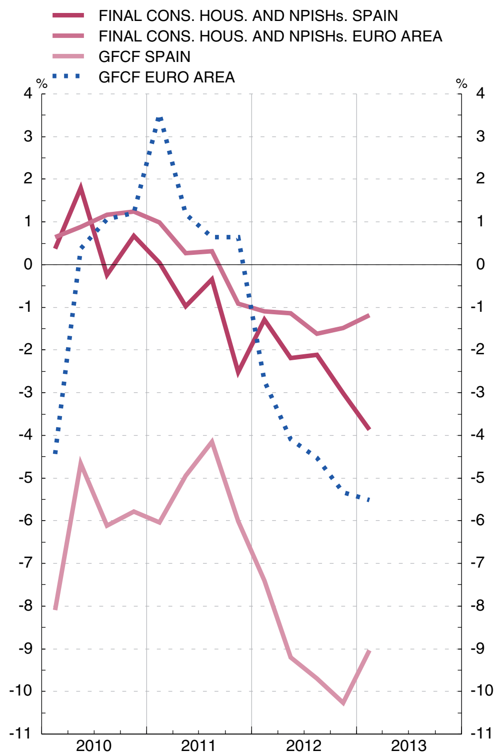
Annual percentage changes

		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
11	P	0.4	1.6	-0.9	0.2	-0.5	-0.1	-5.3	1.5	-1.9	0.6	7.6	6.5	-0.9	4.4	1 063	9 423
12	P	-1.4	-0.5	-2.2	-1.3	-3.7	-0.4	-9.1	-4.2	-3.9	-2.2	3.1	2.9	-5.0	-0.7	1 050	9 490
13	A	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
10 *Q2*	P	-0.2	2.3	1.8	0.9	2.2	0.9	-4.7	0.4	0.5	2.0	12.5	12.7	14.6	12.2	262	2 288
Q3	P	0.0	2.2	-0.2	1.2	2.5	0.6	-6.1	1.1	-0.9	1.5	10.6	12.0	6.6	10.3	262	2 303
Q4	P	0.4	2.2	0.7	1.2	0.3	0.1	-5.8	1.2	-0.7	1.7	12.4	11.8	7.5	10.8	264	2 316
11 *Q1*	P	0.5	2.5	0.0	1.0	2.2	0.2	-6.0	3.5	-0.9	1.7	10.2	10.6	4.5	8.9	265	2 340
Q2	P	0.5	1.7	-1.0	0.3	-0.5	0.1	-4.9	1.2	-1.8	0.9	7.1	6.3	-1.6	4.5	266	2 355
Q3	P	0.6	1.4	-0.4	0.3	-2.7	-0.4	-4.2	0.6	-1.8	0.6	7.6	5.7	-1.2	3.8	266	2 364
Q4	P	-0.0	0.7	-2.5	-0.9	-1.1	-0.3	-6.0	0.6	-3.1	-0.7	5.8	3.6	-4.9	0.5	266	2 364
12 *Q1*	P	-0.7	-0.1	-1.3	-1.1	-3.8	-0.1	-7.4	-2.7	-3.1	-1.6	2.1	2.6	-5.9	-1.0	264	2 369
Q2	P	-1.4	-0.5	-2.2	-1.1	-2.8	-0.4	-9.2	-4.1	-3.7	-2.3	2.7	3.7	-5.2	-0.5	263	2 373
Q3	P	-1.6	-0.7	-2.1	-1.6	-4.0	-0.5	-9.7	-4.5	-4.0	-2.5	4.2	3.2	-3.4	-0.8	263	2 378
Q4	P	-1.9	-1.0	-3.0	-1.5	-4.1	-0.5	-10.3	-5.3	-4.7	-2.3	3.2	2.3	-5.4	-0.6	260	2 371
13 *Q1*	P	-2.0	-1.1	-3.9	-1.2	-4.3	-0.6	-9.0	-5.5	-5.0	-2.2	4.5	0.7	-5.1	-1.6	261	2 378

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.

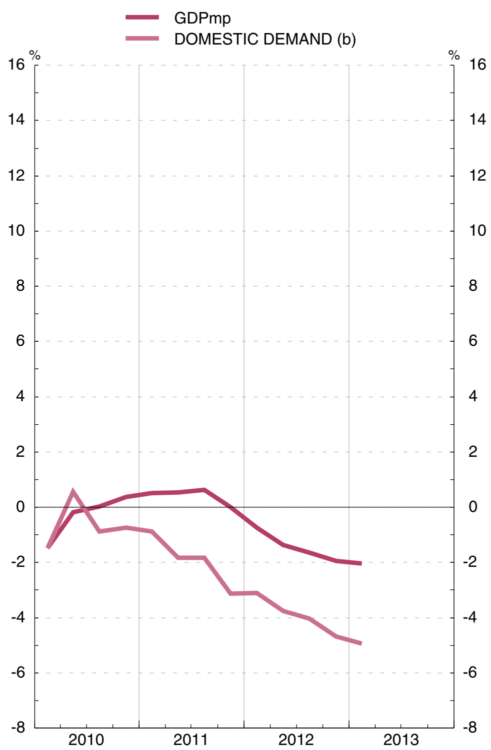
1.2. GROSS DOMESTIC PRODUCT. VOLUME CHAIN-LINKED INDICES. REFERENCE YEAR 2008=100. DEMAND COMPONENTS. SPAIN: BREAKDOWN (a)

■ Series depicted in chart.

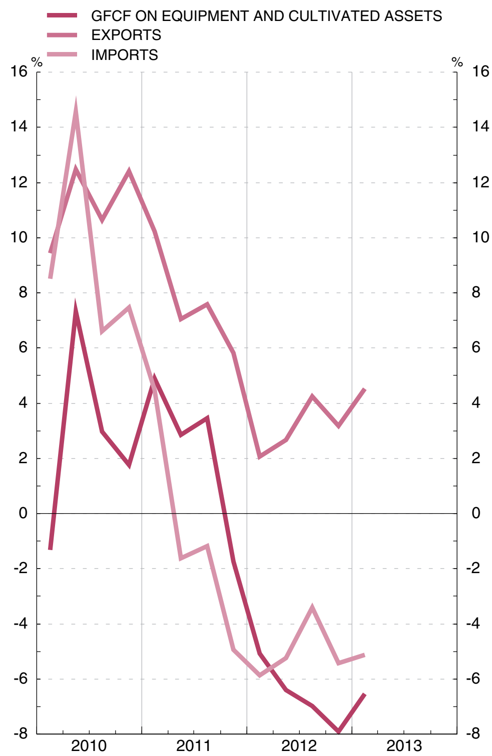
Annual percentage changes

		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
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
13	A	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
10 *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
13 *Q1*	P	-9.0	-9.8	-11.3	-6.5	0.1	-0.0	4.5	5.2	2.9	0.7	-5.1	-4.4	-7.7	-4.7	-4.9	-2.0

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.

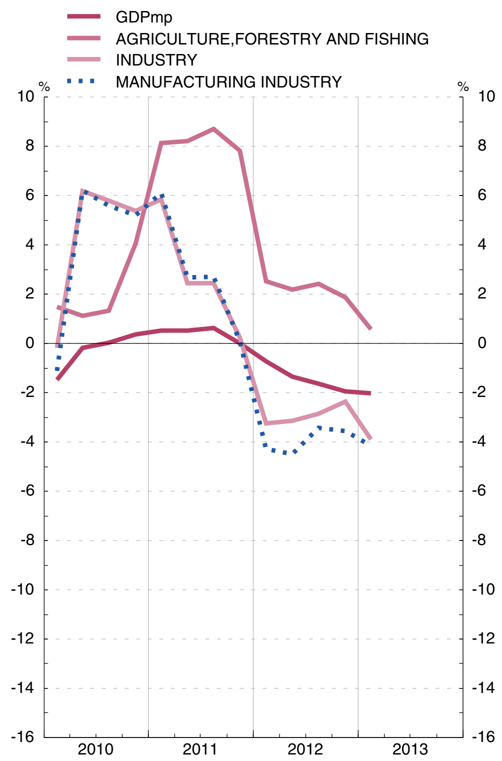
1.3. GROSS DOMESTIC PRODUCT. VOLUME CHAIN-LINKED INDICES. REFERENCE YEAR 2008=100. BRANCHES OF ACTIVITY. SPAIN (a)

■ Series depicted in chart.

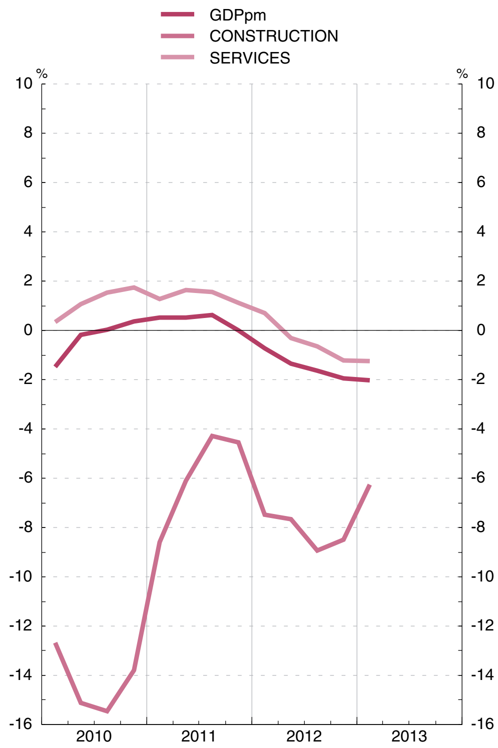
Annual percentage changes

		Gross domestic product at market prices	Agri-culture livestock breeding, forestry and fishing	Industry: Total	Industry: Of which Manufac-turing industry	Construc-tion industry	Services: Total	Services: Trade, transport and acomoda-tion	Services: Informa-tion and communi-cations	Services: Financial and insurance activities	Services: Real estate activities	Services: Profes-sional activities	Services: Public Ad-ministra-tion, Health and Education	Services: Artistic, recreational and other services activities	Net taxes on products
		1 ■	2 ■	3 ■	4 ■	5 ■	6 ■	7	8	9	10	11	12	13	14
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
13	A	...	...	...	...	...	...	...	...	...	...	...	...	...	...
10 *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
13 *Q1*	P	-2.0	0.6	-3.9	-4.2	-6.3	-1.3	-2.2	-1.8	-2.2	0.4	-0.7	-0.8	-0.1	-0.9

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).

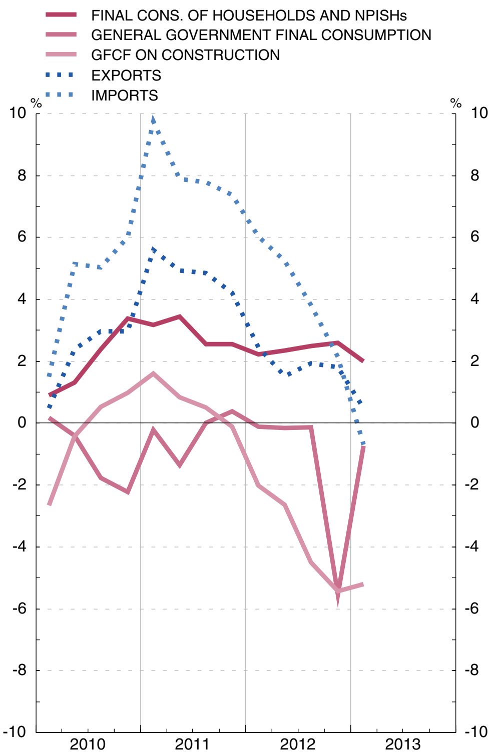
1.4. GROSS DOMESTIC PRODUCT. IMPLICIT DEFLATORS. SPAIN (a)

■ Series depicted in chart.

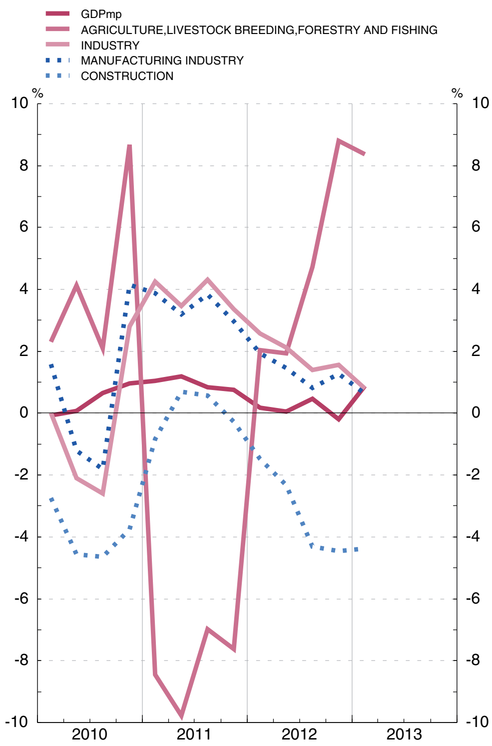
Annual percentage changes

		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: Professional 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
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	2.4	-1.5	-1.5	-3.6	2.4	0.9	1.9	4.3	0.1	4.4	1.9	1.4	-3.1	0.2	2.9	-3.4	3.0	1.0	0.3	-3.9	2.3
13	A	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
10 *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	2.2	-0.1	-0.4	-2.0	3.0	0.7	2.5	6.0	0.2	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	2.3	-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	2.5	-0.1	-2.1	-4.5	2.2	1.0	1.9	3.8	0.5	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	2.6	-5.5	-2.6	-5.4	2.2	1.1	1.8	2.1	-0.2	8.8	1.6	1.3	-4.5	-1.7	4.1	-2.0	0.9	1.0	0.2	-12.9	2.7
13 *Q1*	P	2.0	-0.7	-2.8	-5.2	0.9	1.5	0.5	-0.7	0.9	8.4	0.8	0.6	-4.4	1.1	3.1	-1.8	0.7	0.8	0.3	-0.7	2.8

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.

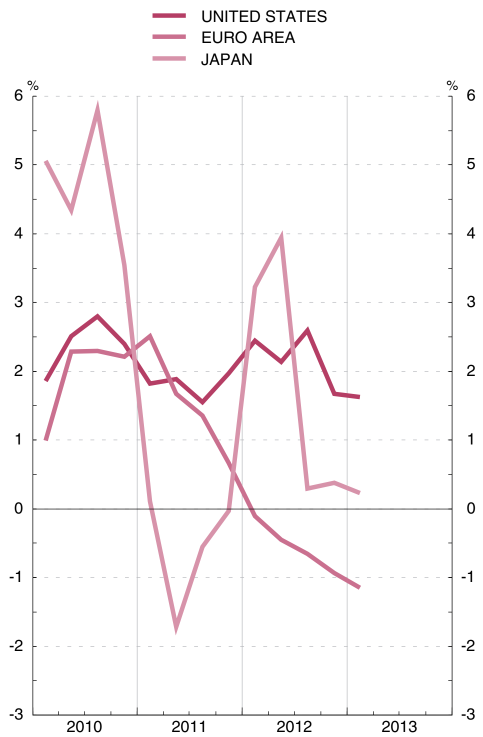
2.1. INTERNATIONAL COMPARISON. GROSS DOMESTIC PRODUCT AT CONSTANT PRICES

■ Series depicted in chart.

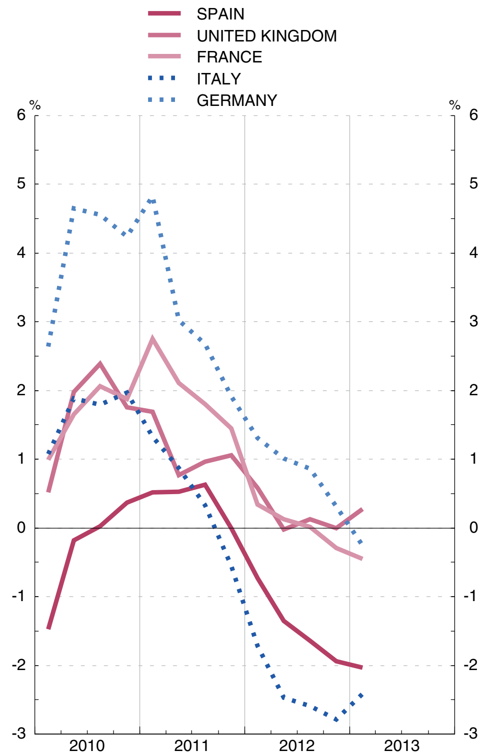
Annual percentage changes

	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	1.7
11	1.9	1.7	1.5	3.1	0.4	1.8	2.0	0.5	-0.5	1.1
12	1.4	-0.3	-0.5	0.9	-1.4	2.2	0.0	-2.4	1.9	0.2
10 *Q1*	2.5	0.9	1.0	2.6	-1.5	1.9	1.0	1.1	5.1	0.5
Q2	3.2	2.3	2.3	4.7	-0.2	2.5	1.7	1.9	4.3	2.0
Q3	3.3	2.5	2.3	4.6	0.0	2.8	2.1	1.8	5.8	2.4
Q4	2.9	2.4	2.2	4.2	0.4	2.4	1.9	2.0	3.5	1.8
11 *Q1*	2.4	2.6	2.5	4.8	0.5	1.8	2.7	1.3	0.1	1.7
Q2	1.8	1.7	1.7	3.0	0.5	1.9	2.1	0.9	-1.7	0.8
Q3	1.8	1.5	1.4	2.7	0.6	1.6	1.8	0.3	-0.6	1.0
Q4	1.6	0.9	0.7	1.9	-0.0	2.0	1.4	-0.5	-0.0	1.1
12 *Q1*	1.8	0.1	-0.1	1.3	-0.7	2.4	0.3	-1.7	3.2	0.6
Q2	1.6	-0.3	-0.5	1.0	-1.4	2.1	0.1	-2.5	3.9	-0.0
Q3	1.2	-0.4	-0.7	0.9	-1.6	2.6	0.0	-2.6	0.3	0.1
Q4	0.8	-0.7	-0.9	0.3	-1.9	1.7	-0.3	-2.8	0.4	-0.0
13 *Q1*	0.7	-0.7	-1.1	-0.3	-2.0	1.6	-0.4	-2.4	0.2	0.3

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.

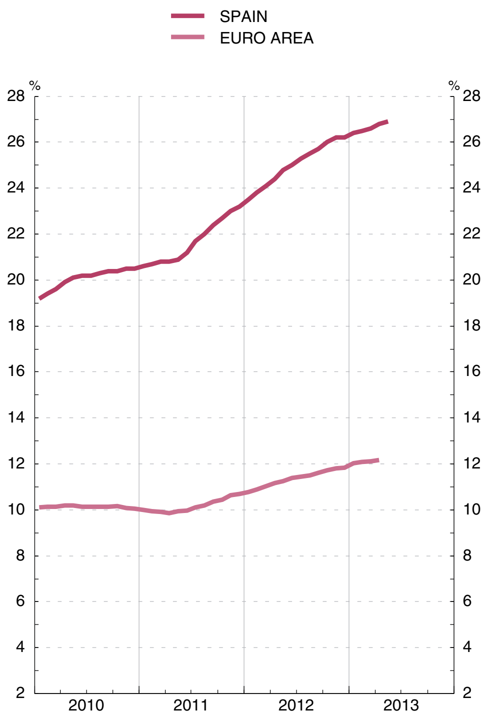
2.2. INTERNATIONAL COMPARISON. UNEMPLOYMENT RATES

■ Series depicted in chart.

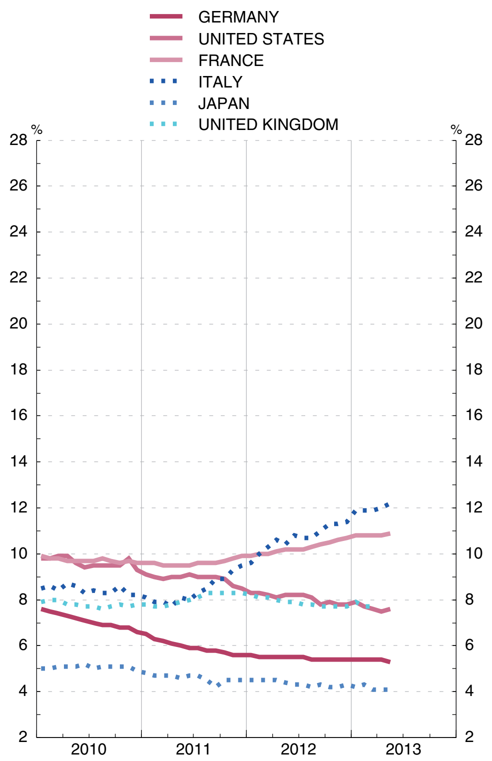
Percentages

	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	25.0	8.1	10.3	10.7	4.3	7.9
11 *Dec*	7.9	10.0	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	23.5	8.3	9.9	9.6	4.5	8.2
Feb	8.0	10.2	10.9	5.5	23.8	8.3	10.0	10.0	4.5	8.1
Mar	7.9	10.3	11.0	5.5	24.1	8.2	10.0	10.3	4.5	8.1
Apr	7.9	10.3	11.2	5.5	24.4	8.1	10.1	10.6	4.5	8.0
May	8.0	10.4	11.3	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	10.8	4.3	7.9
Jul	8.0	10.5	11.4	5.5	25.3	8.2	10.2	10.7	4.3	7.8
Aug	8.0	10.5	11.5	5.4	25.5	8.1	10.3	10.7	4.2	7.8
Sep	7.9	10.6	11.6	5.4	25.7	7.8	10.4	11.0	4.3	7.7
Oct	8.0	10.7	11.7	5.4	26.0	7.9	10.5	11.3	4.2	7.7
Nov	8.0	10.7	11.8	5.4	26.2	7.8	10.6	11.3	4.2	7.7
Dec	8.0	10.8	11.9	5.4	26.2	7.8	10.7	11.4	4.3	7.7
13 *Jan*	8.1	10.9	12.0	5.4	26.4	7.9	10.8	11.9	4.2	7.9
Feb	8.1	10.9	12.1	5.4	26.5	7.7	10.8	11.9	4.3	7.7
Mar	8.0	10.9	12.1	5.4	26.6	7.6	10.8	11.9	4.1	7.7
Apr	8.0	11.0	12.1	5.4	26.8	7.5	10.8	12.0	4.1	...
May	8.0	11.0	12.2	5.3	26.9	7.6	10.9	12.2	4.1	...

UNEMPLOYMENT RATES



UNEMPLOYMENT RATES



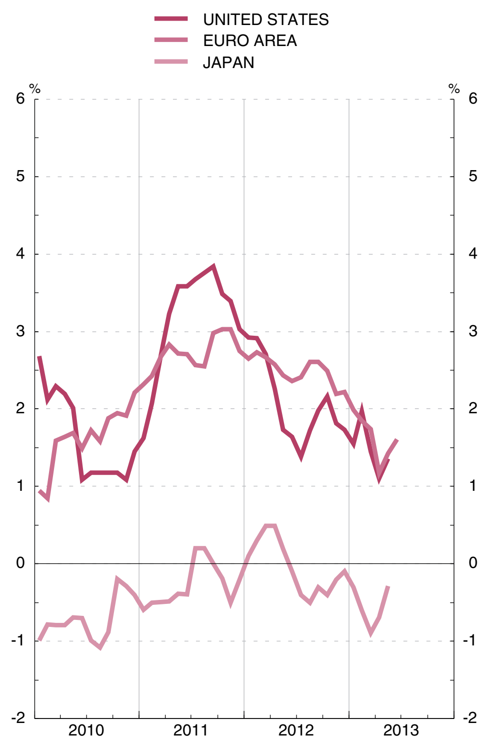
Source: OECD.

2.3. INTERNATIONAL COMPARISON. CONSUMER PRICES (a)

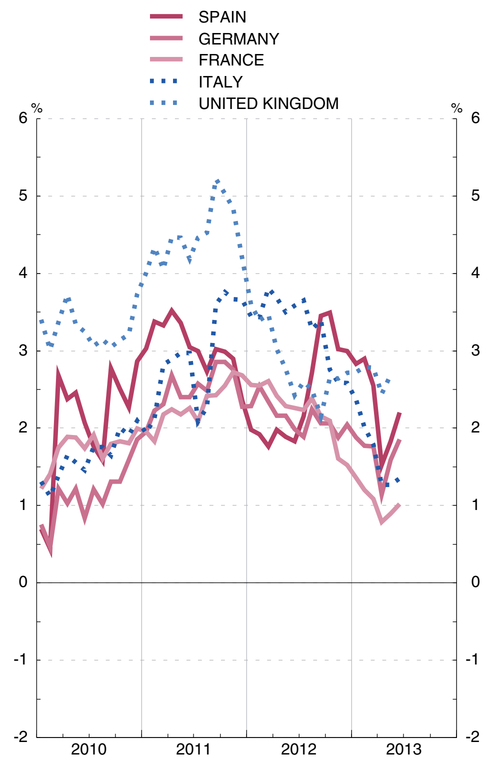
■ Series depicted in chart. *Annual percentage changes*

	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	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
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	2.1	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	1.9	2.0	1.8	1.8	2.9	2.0	1.2	2.0	-0.6	2.8
Mar	1.6	1.9	1.7	1.8	2.6	1.4	1.1	1.8	-0.9	2.8
Apr	1.3	1.4	1.2	1.1	1.5	1.1	0.8	1.3	-0.7	2.4
May	1.4	1.6	1.4	1.6	1.8	1.4	0.9	1.3	-0.3	2.7
Jun	...	...	1.6	1.9	2.2	...	1.0	1.4	...	...

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

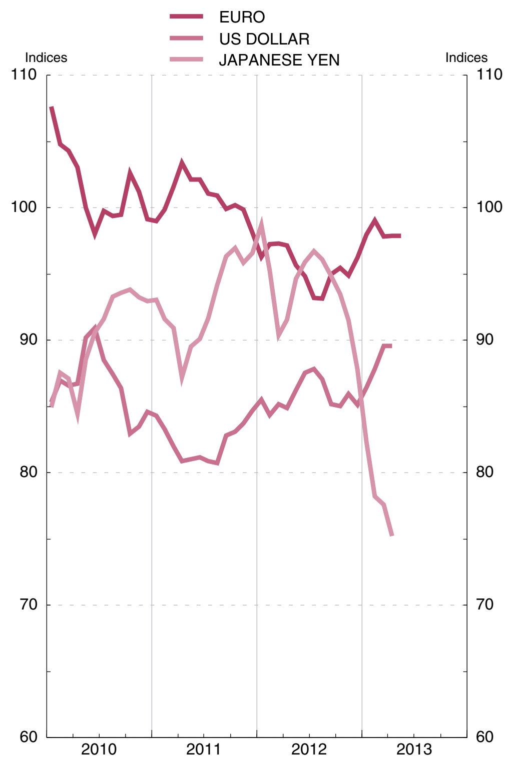
■ Series depicted in chart.

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	98.3	93.1	87.7
11	1.3918	111.00	79.74	103.4	74.0	127.5	100.7	82.4	92.8	97.7	90.6	88.8
12	1.2854	102.61	79.81	97.9	76.8	131.7	95.5	85.8	93.9	93.4	95.2	88.4
12 *J-J*	1.2966	103.37	79.70	98.9	76.7	131.5	96.4	85.6	94.4	94.0	94.9	89.1
13 *J-J*	1.3131	125.46	95.57	100.8	79.2	109.4	98.1	88.3	78.4	96.3	97.6	74.4
12 *Apr*	1.3162	107.00	81.30	99.5	76.1	127.8	97.1	84.9	91.6	94.7	94.6	86.2
May	1.2789	101.97	79.73	98.0	77.3	132.3	95.7	86.2	94.6	93.3	95.8	89.2
Jun	1.2526	99.26	79.24	97.2	78.3	134.5	94.8	87.6	95.9	92.5	96.7	90.7
Jul	1.2288	97.07	78.99	95.3	78.5	135.8	93.2	87.8	96.7	91.1	96.9	90.9
Aug	1.2400	97.58	78.69	95.2	77.6	135.4	93.1	87.1	96.1	91.3	96.5	89.8
Sep	1.2856	100.49	78.17	97.2	75.9	134.0	95.0	85.2	94.8	93.3	95.0	88.7
Oct	1.2974	102.47	78.98	97.8	75.9	132.2	95.5	85.0	93.5	93.8	94.9	87.5
Nov	1.2828	103.94	81.02	97.2	76.9	129.6	94.9	85.9	91.5	93.2	95.2	86.2
Dec	1.3119	109.71	83.61	98.7	76.4	124.2	96.3	85.1	87.8	94.6	94.2	83.1
13 *Jan*	1.3288	118.34	89.05	100.4	77.0	116.2	98.0	86.4	82.3	96.3	95.1	77.7
Feb	1.3359	124.40	93.12	101.6	78.1	111.1	99.1	87.8	78.2	97.4	97.0	74.0
Mar	1.2964	122.99	94.87	100.2	79.8	110.7	97.9	89.6	77.6	95.8	99.0	74.0
Apr	1.3026	127.54	97.90	100.4	79.9	106.9	97.9	89.5	75.2	96.1	99.3	71.8
May	1.2982	131.13	101.02	100.5	80.7	104.1	97.9	...	...	96.0	...	...
Jun	1.3189	128.40	97.37	101.6	79.8	107.4	...	...	...	...	...	...

EXCHANGE RATES

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



Sources: ECB and BE.

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

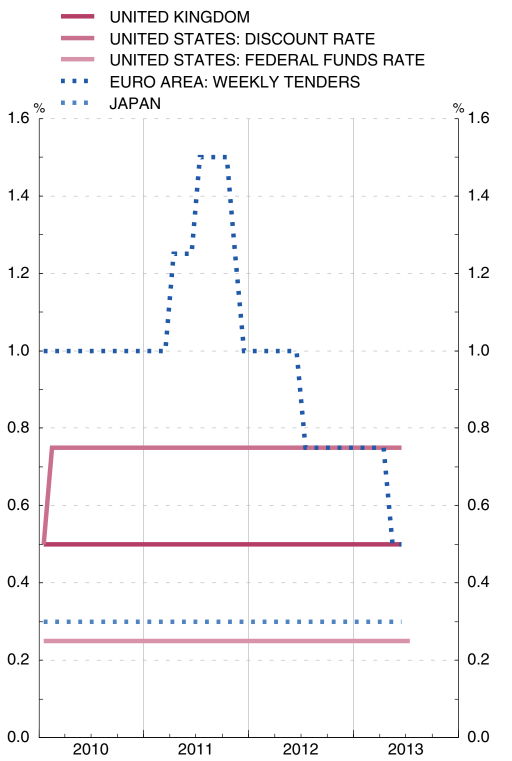
b. Obtained by multiplying the relative prices of each area/country (relation betwen its price index and the price index of the group) by the nominal effective exchange rate. A decline in the index denotes a depreciation of the real effective exchange rate and, may be interpreted as an improvement in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

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

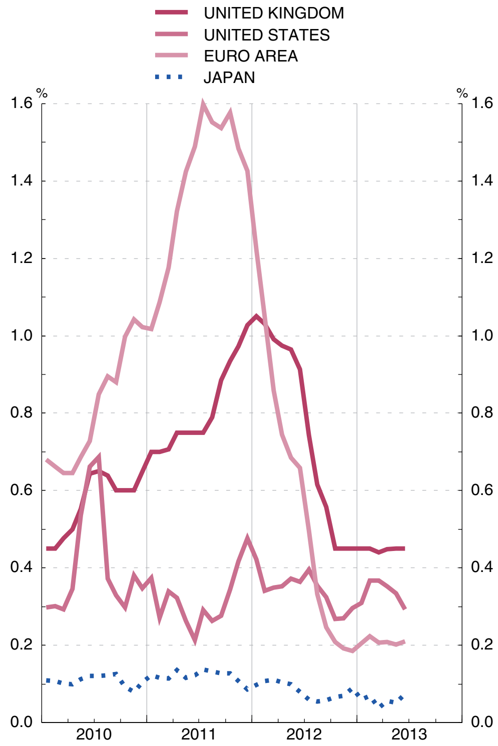
■ Series depicted in chart. *Percentages*

	Official intervention interest rates					3-month interbank rates									
	Euro area	United States		Japan	United Kingdom	OECD	EU-15	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	(a)	Discount rate (b)	Federal funds rate	(c)	(d)										
	1 ■	2 ■	3 ■	4 ■	5 ■	6	7	8 ■	9	10	11 ■	12	13	14 ■	15 ■
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	0.53	0.63	0.57	-	1.06	0.34	-	-	0.08	0.76
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	0.36	0.27	0.21	-	-	0.27	-	-	0.07	0.45
Nov	0.75	0.75	0.25	0.30	0.50	0.36	0.25	0.19	-	-	0.27	-	-	0.07	0.45
Dec	0.75	0.75	0.25	0.30	0.50	0.33	0.24	0.19	-	-	0.30	-	-	0.09	0.45
13 *Jan*	0.75	0.75	0.25	0.30	0.50	0.34	0.26	0.20	-	-	0.31	-	-	0.06	0.45
Feb	0.75	0.75	0.25	0.30	0.50	0.37	0.27	0.22	-	-	0.37	-	-	0.07	0.45
Mar	0.75	0.75	0.25	0.30	0.50	0.36	0.26	0.21	-	-	0.37	-	-	0.04	0.44
Apr	0.75	0.75	0.25	0.30	0.50	0.35	0.26	0.21	-	-	0.35	-	-	0.06	0.45
May	0.50	0.75	0.25	0.30	0.50	0.39	0.38	0.20	-	1.75	0.33	-	-	0.05	0.45
Jun	0.50	0.75	0.25	0.30	0.50	0.33	0.26	0.21	-	-	0.29	-	-	0.08	0.45

OFFICIAL INTERVENTION INTEREST RATES



3-MONTH INTERBANK RATES



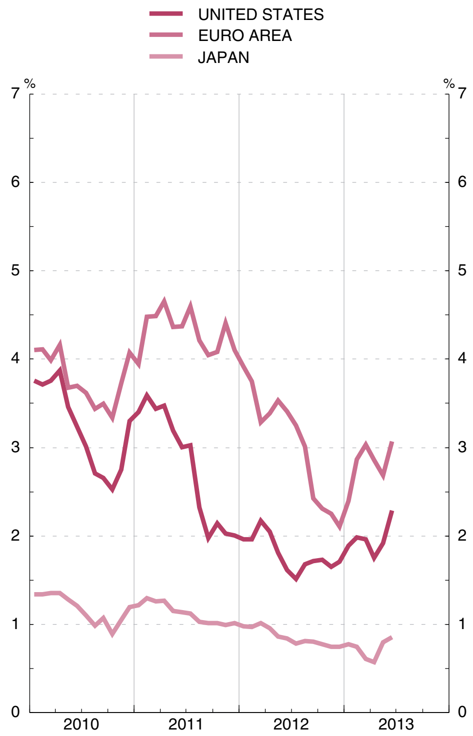
Sorces: ECB, Reuters and BE.
a. Main refinancing operations.
b. As from January 2003, the Primary Credit Rate.
c. Discount rate.
d. Retail bank base rate.

2.6. 10-YEAR GOVERNMENT BOND YIELDS ON DOMESTIC MARKETS

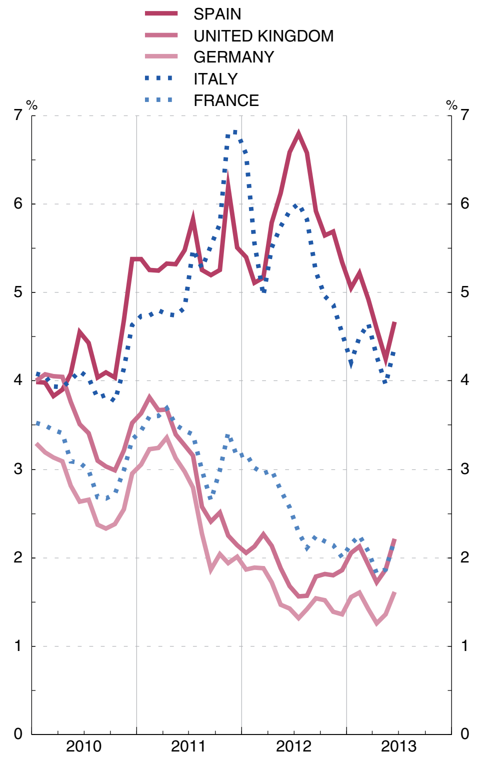
■ Series depicted in chart. *Percentages*

	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
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*	2.08	2.78	2.40	1.56	5.05	1.89	2.16	4.22	0.78	2.05
Feb	2.16	2.89	2.86	1.61	5.22	1.98	2.25	4.50	0.75	2.13
Mar	2.08	2.76	3.03	1.42	4.92	1.96	2.07	4.65	0.61	1.92
Apr	1.90	2.55	2.86	1.26	4.59	1.75	1.82	4.28	0.57	1.72
May	1.97	2.47	2.69	1.36	4.25	1.92	1.87	3.96	0.80	1.87
Jun	2.28	2.83	3.07	1.62	4.67	2.29	2.21	4.39	0.85	2.22

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.

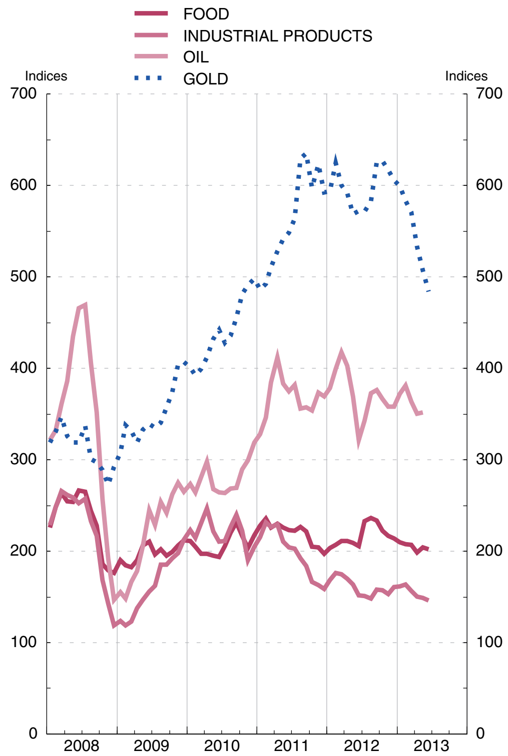
■ Series depicted in chart.

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-J*	180.0	188.1	207.9	167.4	184.5	160.4	381.4	114.3	591.5	1 650.0	40.91
13 *J-J*	170.6	180.2	204.9	154.5	165.1	149.9	...	...	545.9	1 523.0	37.25
12 *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	363.4	109.6	571.0	1 592.9	39.53
Apr	167.3	175.0	198.9	150.2	163.2	144.7	350.1	103.7	532.6	1 485.9	36.65
May	169.6	177.2	204.2	149.2	164.2	142.8	351.9	103.3	506.7	1 413.5	35.00
Jun	164.5	174.7	202.3	146.1	159.8	140.2	...	...	484.0	1 350.3	32.74

NON-ENERGY COMMODITY PRICE INDEX

PRICE INDICES FOR NON-ENERGY COMMODITIES, OIL AND GOLD



Sources: The Economist, IMF, ECB and BE.

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

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

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

3.1 INDICATORS OF PRIVATE CONSUMPTION. SPAIN AND EURO AREA

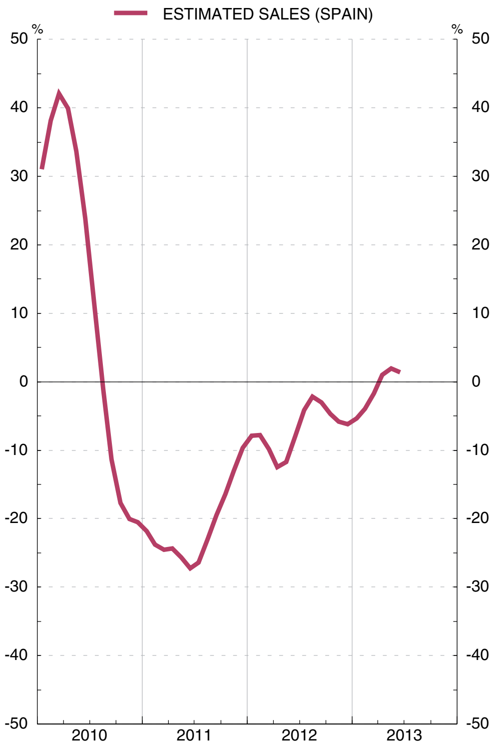
■ Series depicted in chart.

Annual percentage changes

		Opinion surveys (net percentages)						New car registrations and sales			Retail trade indices (2010=100, NACE 2009) (Deflated indices)							
		Consumers			Retail trade confidence index	Memorandum item: euro area		Registrations	Estimated sales	Memorandum item: euro area registrations	General retail trade index	General index without petrol stations						
		Confidence index	General economic situation: anticipated trend	Household economic situation: anticipated trend		Consumer confidence index	Retail trade confidence index					Total	of which Food	Large retail outlets	Large chain stores	Small chain stores	Single-outlet retailers	Memorandum item: euro area (a)
		1 ■	2	3	4	5 ■	6	7	8 ■	9	10	11	12	13	14	15	16	17
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	1.0
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	-0.0
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-J*	P	-26.8	-24.2	-13.2	-21.9	-19.7	-14.1	-7.8	-8.2	-9.2	87.9	88.2	92.7	81.9	95.1	85.3	87.2	-1.1
13 *J-J*	P	-30.7	-27.5	-16.0	-16.4	-22.3	-16.4	-4.3	-4.9	...	...	...	...	...	...	...	...	...
12 *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	-0.6
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	-2.6
13 *Jan*	P	-32.5	-28.8	-17.8	-20.3	-23.9	-15.5	-8.6	-9.6	-14.2	87.2	88.0	84.7	91.4	96.9	87.3	80.9	-1.5
Feb	P	-33.4	-29.4	-17.3	-16.6	-23.6	-16.1	-8.9	-9.8	-8.8	74.3	74.4	80.9	69.6	83.1	71.0	72.2	-1.7
Mar	P	-31.9	-27.6	-15.1	-16.9	-23.5	-17.1	-13.6	-13.9	-10.9	79.7	79.7	91.2	72.2	92.5	74.4	76.8	-2.0
Apr	P	-28.9	-24.8	-15.0	-13.6	-22.3	-18.4	11.3	10.8	-6.5	80.7	80.9	89.6	71.5	93.1	77.2	78.4	-1.2
May	P	-31.6	-31.3	-15.8	-18.5	-21.9	-16.7	-2.9	-2.6	-8.0	83.2	83.3	91.8	74.0	94.7	79.5	81.4	...
Jun	P	-25.7	-23.3	-14.8	-12.5	-18.8	-14.4	0.1	-0.7	...	...	...	...	...	...	...	...	...

CONSUMER CONFIDENCE INDEX

CAR SALES
Trend obtained with TRAMO-SEATS



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

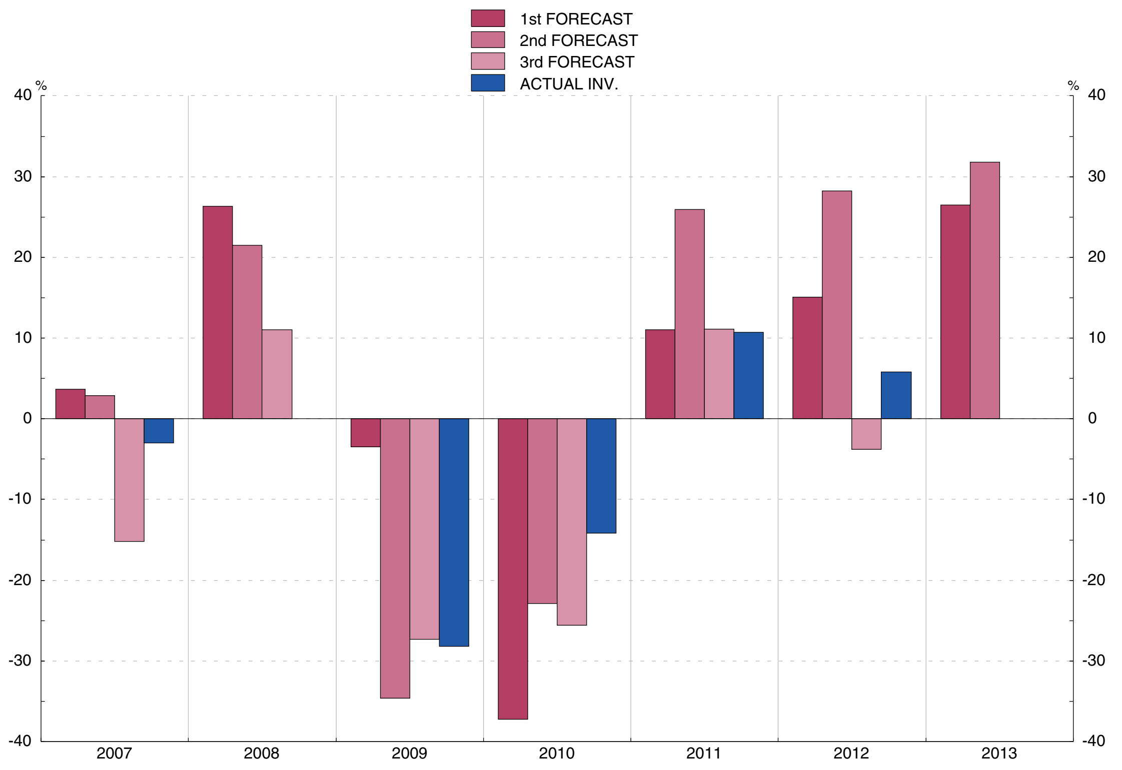
a. Data adjusted by working days.

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

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

	ACTUAL INV. 1 ■	1st FORECAST 2 ■	2nd FORECAST 3 ■	3rd FORECAST 4 ■
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	6	15	28	-4
13	...	27	32	...

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.

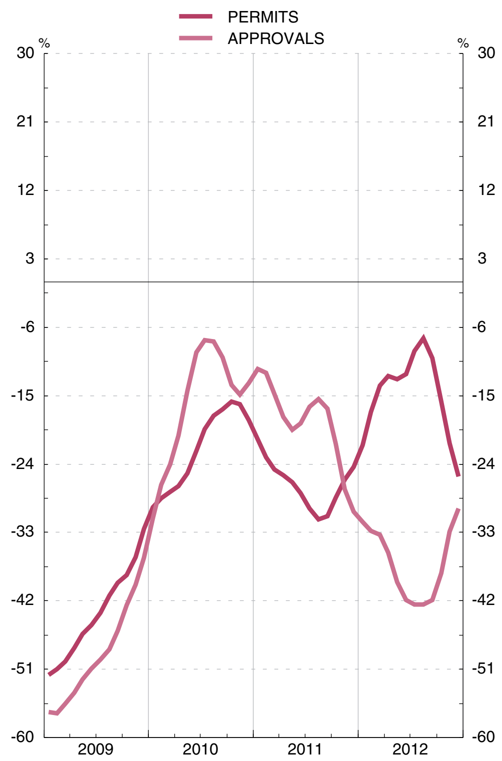
3.3. CONSTRUCTION. INDICATORS OF BUILDING STARTS AND CONSUMPTION OF CEMENT. SPAIN

■ Series depicted in chart.

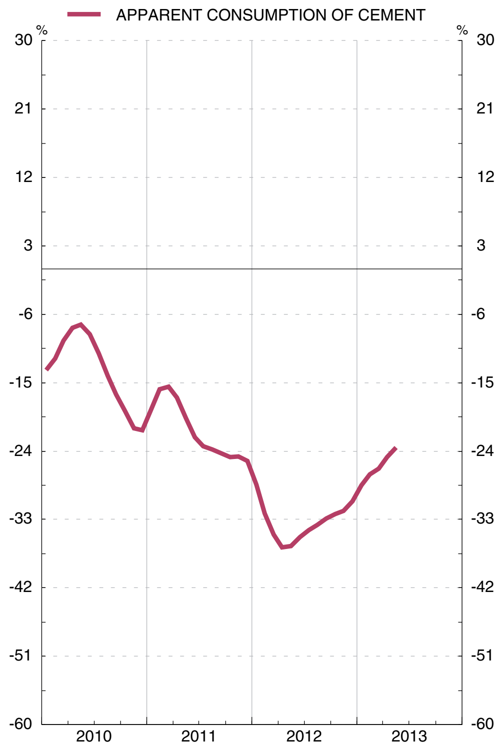
Annual percentage changes

		Permits: buildable floorage				Approvals: buildable floorage		Government tenders (budget)							Apparent consumption of cement
			of which				of which	Total		Building				Civil engineering	
		Total	Residential	Housing	Non-residential	Total	Housing	For the month	Year to date	Total	Residential	of which Housing	Non-residential		
		1 ■	2	3	4	5 ■	6	7 ■	8	9	10	11	12	13	14 ■
10		-28.7	-24.3	-25.2	-36.9	-16.0	-16.1	-38.2	-38.2	-20.6	-38.0	-37.5	-15.2	-45.4	-15.4
11		-16.4	-17.5	-16.6	-13.9	-18.6	-13.2	-46.5	-46.5	-56.5	-48.0	-51.0	-58.5	-40.7	-16.4
12	P	-19.6	-24.0	-23.3	-10.0	-37.2	-39.9	-49.1	-49.1	-49.7	-72.0	-62.4	-43.3	-48.9	-34.1
12 *J-M*		-26.0	-31.9	-30.3	-13.2	-32.8	-31.9	-45.3	-45.3	-56.0	-79.5	-75.7	-50.0	-40.7	-35.0
13 *J-M*	P	...	...	...	...	...	...	...	...	...	...	...	...	...	-24.4
12 *Feb*		-20.1	-20.8	-17.4	-18.5	-38.5	-34.7	-11.6	-39.2	-39.6	-83.1	-64.2	-35.2	2.8	-34.6
Mar		-26.9	-25.4	-25.6	-29.7	-27.9	-26.7	-67.6	-48.4	-66.7	-72.7	13.2	-63.9	-68.2	-37.2
Apr		-8.1	-8.7	-6.3	-7.4	-34.3	-32.2	-56.8	-50.2	-59.8	-87.5	-90.0	-47.4	-55.1	-41.0
May		-16.8	-37.1	-36.1	32.1	-38.9	-36.3	-35.4	-45.3	-45.3	-73.6	-55.4	-40.6	-33.5	-35.7
Jun	P	-39.9	-26.9	-26.3	-59.7	-49.2	-55.2	-49.7	-45.8	-43.4	-87.0	-82.8	-21.7	-52.7	-35.0
Jul	P	11.6	4.9	8.9	24.6	-38.8	-38.4	-50.4	-46.3	-54.8	-49.1	-49.8	-57.0	-48.1	-32.4
Aug	P	4.0	-10.0	-15.9	31.0	-42.1	-38.0	-50.1	-46.7	-48.3	-60.9	-22.0	-45.4	-51.1	-33.6
Sep	P	3.7	-13.1	-13.0	54.1	-52.1	-56.5	-64.6	-48.4	-35.4	-35.8	-95.9	-35.3	-73.0	-37.9
Oct	P	-16.0	-17.2	-18.9	-13.9	-40.2	-43.7	-35.9	-47.8	-69.9	-90.7	39.5	-60.4	16.0	-24.7
Nov	P	-24.9	-13.2	-11.8	-48.9	-17.6	-31.0	-68.7	-49.8	-32.2	-80.8	-68.5	-24.8	-75.3	-33.7
Dec	P	-24.4	-39.9	-40.8	36.6	-35.3	-48.5	-36.4	-49.1	17.5	29.4	65.2	16.0	-61.9	-36.8
13 *Jan*	P	-35.1	-53.6	-52.6	24.9	-32.8	-26.9	7.1	7.1	-26.3	77.2	68.3	-34.9	28.6	-21.5
Feb	P	...	...	...	...	7.6	-9.5	-44.9	-31.4	-57.6	430.5	471.9	-70.5	-41.1	-25.1
Mar	P	...	...	...	...	-45.3	-46.0	37.3	-17.5	8.9	-57.7	-29.8	32.1	56.2	-39.8
Apr	P	...	...	...	...	-20.3	-25.9	4.2	-13.4	27.1	33.3	35.4	26.5	-7.3	-13.0
May	P	...	...	...	...	...	...	...	...	...	...	...	...	...	-20.4

CONSTRUCTION
Trend obtained with TRAMO-SEATS



CONSTRUCTION
Trend obtained with TRAMO-SEATS



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

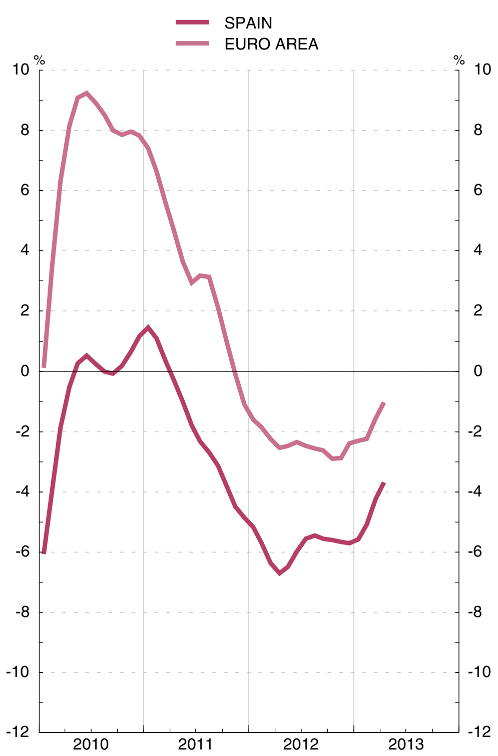
3.4. INDUSTRIAL PRODUCTION INDEX. SPAIN AND EURO AREA (a)

■ Series depicted in chart.

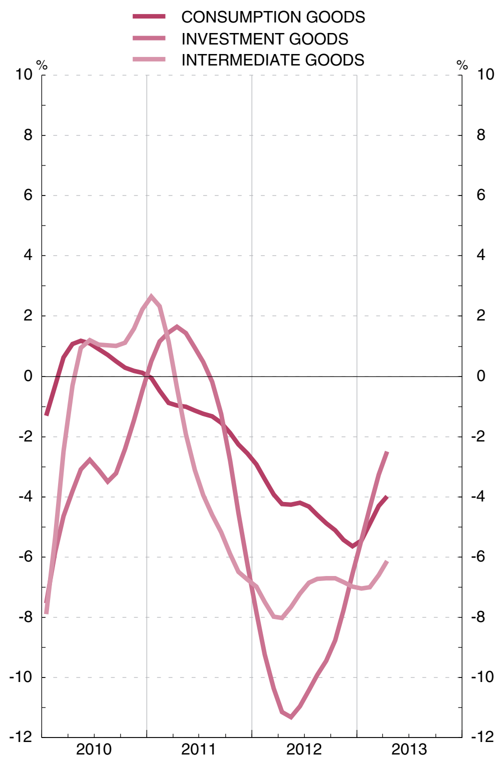
Annual percentage changes

		Overall Index		By end-use of goods				By branch of activity (NACE 2009)			Memorandum item: euro area				
		Total		Consumer goods	Capital goods	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	M P	83.4	0.9	0.9	-3.3	2.7	2.5	4.4	0.6	2.9	7.3	7.7	2.8	8.9	10.0
11	M P	81.9	-1.8	-1.4	0.3	-2.6	-3.6	-14.6	-1.4	-3.6	3.2	4.4	0.9	8.2	3.8
12	M P	77.0	-5.9	-4.7	-10.7	-7.2	0.9	-19.1	-6.4	-0.1	-2.4	-2.6	-2.5	-1.1	-4.3
12 *J-M*	M P	79.2	-6.2	-4.1	-11.7	-7.5	0.1	-7.9	-7.0	0.4	-2.2	-2.4	-3.2	0.1	-4.2
13 *J-M*	M P	76.5	-3.5	-3.1	-0.9	-5.6	-3.2	-26.7	-2.9	-5.9	...	...	...	...	...
12 *Feb*	P	80.8	-3.2	-2.3	-9.0	-5.2	7.9	-2.6	-4.7	8.9	-1.9	-3.1	-4.3	0.4	-5.5
Mar	P	82.7	-10.5	-8.2	-14.3	-13.1	-3.1	-12.6	-11.0	-5.6	-2.1	-1.4	-2.1	1.5	-3.6
Apr	P	72.3	-8.4	-7.5	-15.5	-8.2	-0.2	-6.0	-9.7	3.5	-2.6	-3.5	-5.1	-1.0	-5.1
May	P	82.0	-5.9	-3.0	-12.7	-6.7	0.3	-16.0	-6.5	2.3	-2.4	-2.7	-2.6	-1.8	-4.1
Jun	P	80.7	-6.9	-3.1	-13.6	-8.0	-1.9	-42.7	-6.9	-1.7	-1.9	-2.2	-1.6	-0.8	-3.9
Jul	P	82.5	-2.9	-1.4	-7.2	-4.8	4.9	-35.6	-2.7	0.5	-2.4	-2.4	-2.7	-1.0	-4.6
Aug	P	62.5	-2.5	-2.9	-5.8	-4.6	4.2	-21.0	-3.1	2.5	-1.5	-1.6	-1.2	0.3	-3.8
Sep	P	74.6	-12.1	-12.0	-19.1	-12.2	-1.9	-26.7	-12.7	-4.4	-2.6	-2.7	-2.9	-1.4	-4.2
Oct	P	81.8	0.9	2.7	-2.2	-0.9	5.7	-15.9	1.1	2.0	-3.1	-3.3	-2.4	-3.6	-4.2
Nov	P	78.1	-7.0	-5.8	-12.9	-7.4	-0.9	-23.5	-7.4	-1.3	-4.0	-4.3	-2.9	-4.4	-5.6
Dec	P	67.8	-8.6	-13.0	-6.0	-10.6	0.1	-22.2	-9.6	-1.3	-2.0	-2.3	-0.5	-1.7	-4.8
13 *Jan*	P	75.7	-3.4	-5.6	-1.1	-2.3	-4.0	-20.1	-3.0	-4.7	-2.4	-2.7	0.8	-3.9	-4.1
Feb	P	73.5	-9.0	-6.8	-8.0	-11.7	-9.0	-31.3	-8.4	-11.5	-3.2	-2.5	-0.1	-3.9	-3.1
Mar	P	74.4	-10.0	-11.2	-8.2	-13.4	-2.2	-37.3	-10.5	-3.0	-1.4	-2.8	-2.0	-3.0	-4.1
Apr	P	77.8	7.6	11.4	11.6	4.2	2.1	-27.7	9.3	-2.8	-0.6	-0.3	0.3	1.6	-2.8
May	P	80.9	-1.3	-1.5	3.0	-3.6	-1.8	-16.0	-0.5	-7.3	...	...	...	...	...

INDUSTRIAL PRODUCTION INDEX
Trend obtained with TRAMO-SEATS



INDUSTRIAL PRODUCTION INDEX
Trend obtained with TRAMO-SEATS



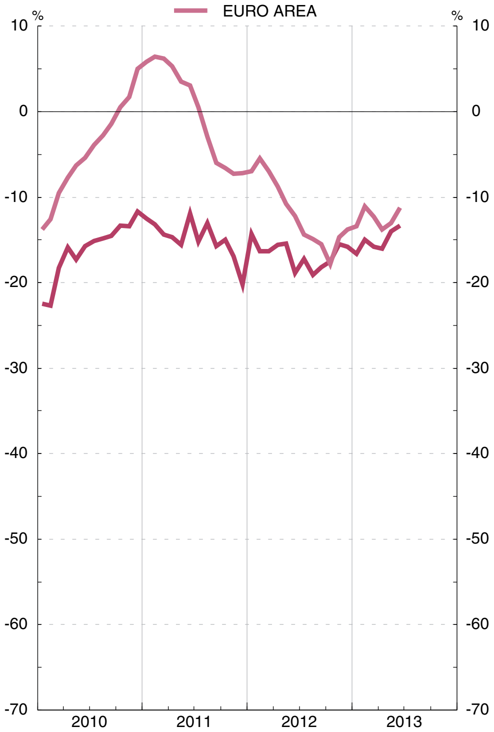
Sources: INE and BCE.
Note: The underlying series for this indicator are in Table 23.1 of the BE Boletín estadístico.
a. Spain 2005 = 100; euro area 2000 = 100.

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

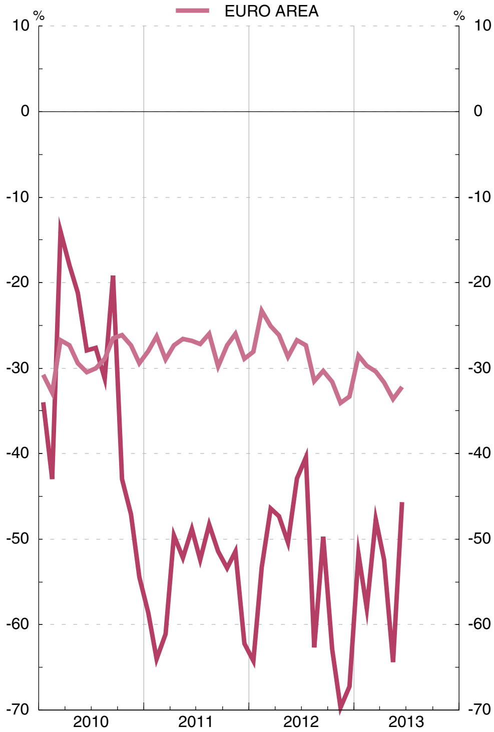
■ Series depicted in chart. *Percentage balances*

		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)	In-vest-ment (a)	In-ter-me-diate goods (a)	Other sec-tors (a)	Business climate indicator	Produc-tion	Orders	Trend: Produc-tion	Trend: Orders	Industry, excluding construction: Business climate indicator	Order Book	Construc-tion climate indicator
		1 ■	2	3	4	5	6	7	8	9	10	11 ■	12	13	14	15	16 ■	17	18 ■
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	-54	-21	-47	-46	-45	0	-7	-27
12	M	-17	-20	-4	-37	-26	9	-10	-15	-22	-15	-55	-23	-50	-45	-59	-12	-25	-29
12 *J-J*	M	-16	-20	-5	-36	-24	8	-9	-14	-21	-14	-51	-20	-42	-45	-62	-9	-19	-26
13 *J-J*	M	-15	-16	-2	-34	-23	9	-11	-14	-18	-4	-53	-29	-50	-39	-47	-12	-30	-31
12 *Mar*		-16	-19	-8	-34	-19	8	-10	-14	-21	-7	-46	-29	-31	-34	-61	-7	-16	-25
Apr		-16	-19	-4	-34	-22	9	-7	-12	-23	-9	-47	7	-34	-31	-67	-9	-19	-26
May		-15	-18	-2	-37	-25	7	-8	-14	-20	-17	-50	-26	-51	-42	-65	-11	-23	-29
Jun		-19	-15	-9	-39	-28	9	-7	-18	-26	-34	-43	-15	-43	-45	-62	-12	-25	-27
Jul		-17	-18	-3	-40	-27	9	-10	-9	-26	-25	-40	-14	-43	-17	-47	-14	-28	-27
Aug		-19	-22	-9	-39	-27	10	-10	-23	-24	-30	-63	-27	-60	-56	-62	-15	-28	-32
Sep		-18	-17	-4	-37	-25	13	-10	-18	-23	-30	-50	-43	-58	-24	-38	-16	-30	-30
Oct		-18	-22	-7	-37	-26	9	-12	-16	-25	-5	-63	-50	-63	-55	-55	-18	-34	-32
Nov		-16	-18	-2	-37	-29	7	-11	-14	-22	-2	-70	-10	-63	-43	-73	-15	-31	-34
Dec		-16	-27	-1	-38	-29	9	-13	-12	-23	-3	-67	-19	-56	-71	-62	-14	-31	-33
13 *Jan*		-17	-24	-4	-38	-30	7	-13	-14	-23	-3	-52	-33	-46	-58	-56	-13	-31	-29
Feb		-15	-18	-2	-34	-20	8	-8	-16	-17	-18	-58	-23	-52	-49	-50	-11	-28	-30
Mar		-16	-18	-3	-34	-24	11	-11	-16	-18	-2	-48	-26	-44	-23	-39	-12	-30	-30
Apr		-16	-16	-4	-33	-21	10	-13	-16	-19	-1	-52	-31	-51	-25	-39	-14	-34	-32
May		-14	-12	-1	-32	-20	8	-12	-12	-16	1	-64	-44	-63	-46	-56	-13	-31	-34
Jun		-13	-11	1	-32	-22	9	-9	-12	-17	-1	-46	-17	-47	-31	-44	-11	-29	-32

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.

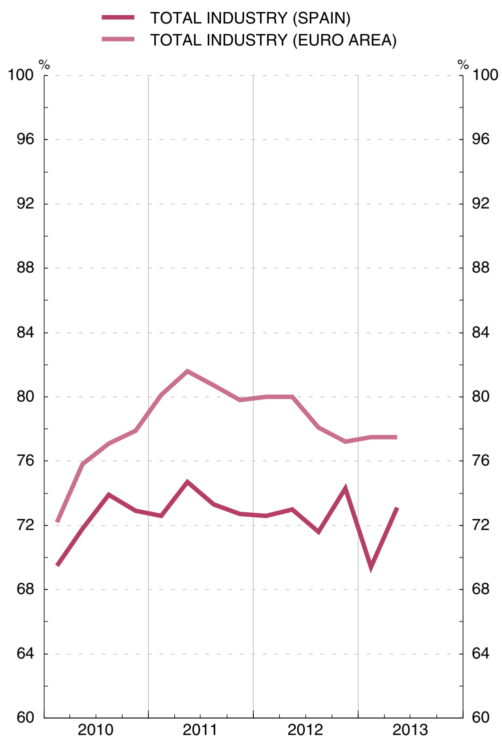
3.6. BUSINESS SURVEY: CAPACITY UTILISATION. SPAIN AND EURO AREA (NACE 2009)

■ Series depicted in chart.

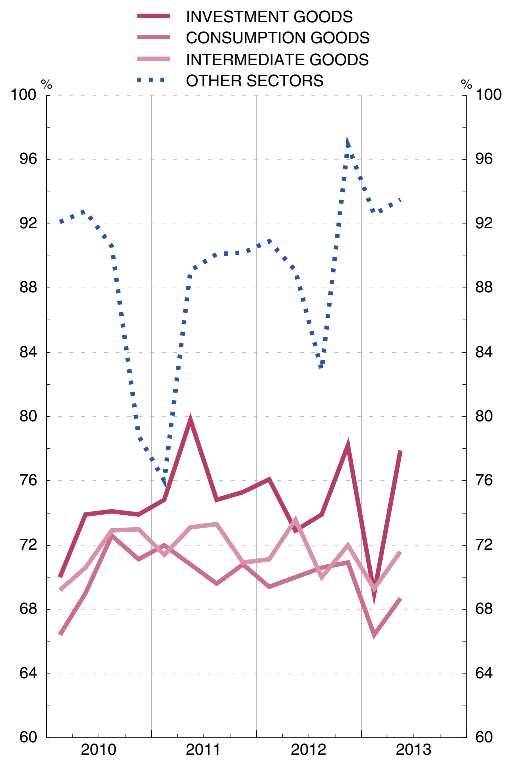
Percentages and percentage balances

	Total industry: Capacity utilisation: Over last three months (%)	Total industry: Capacity utilisation: Forecast (%)	Total industry: Installed capacity (Percentage balances)	Consumer goods: Capacity utilisation: Over last three months (%)	Consumer goods: Capacity utilisation: Forecast (%)	Consumer goods: Installed capacity (Percentage balances)	Investment goods: Capacity utilisation: Over last three months (%)	Investment goods: Capacity utilisation: Forecast (%)	Investment goods: Installed capacity (Percentage balances)	Intermediate goods: Capacity utilisation: Over last three months (%)	Intermediate goods: Capacity utilisation: Forecast (%)	Intermediate goods: Installed capacity (Percentage balances)	Other sectors (a): Capacity utilisation: Over last three months (%)	Other sectors (a): Capacity utilisation: Forecast (%)	Other sectors (a): Installed capacity (Percentage balances)	Memorandum item: euro area capacity utilisation (b) (%)
	1 ■	2	3	4 ■	5	6	7 ■	8	9	10 ■	11	12	13 ■	14	15	16 ■
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	80.6
12	72.9	73.5	21	70.2	71.0	16	75.3	75.7	16	71.7	72.0	30	90.0	93.3	3	78.8
12 *Q1-Q2*	72.8	73.8	22	69.7	70.6	18	74.5	75.0	16	72.4	73.5	30	90.0	91.9	5	80.0
13 *Q1-Q2*	71.3	72.5	22	67.6	69.0	17	73.5	75.1	15	70.5	71.6	32	93.1	92.9	0	77.5
10 *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	80.7
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*	72.6	73.4	23	69.4	70.3	20	76.1	75.9	15	71.1	72.3	31	90.9	90.9	4	80.0
Q2	73.0	74.1	21	70.0	70.9	15	72.9	74.0	16	73.6	74.6	30	89.1	92.8	5	80.0
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	78.1
Q4	74.3	74.1	21	70.9	71.7	13	78.2	77.8	14	72.0	71.2	31	96.9	96.9	1	77.2
13 *Q1*	69.4	70.6	24	66.4	67.0	16	69.0	71.2	19	69.3	70.5	34	92.6	92.5	-	77.5
Q2	73.1	74.4	21	68.7	70.9	18	77.9	78.9	11	71.6	72.6	29	93.5	93.2	1	77.5

CAPACITY UTILISATION. TOTAL INDUSTRY
Percentages



CAPACITY UTILISATION. BY TYPE OF GOOD
Percentages



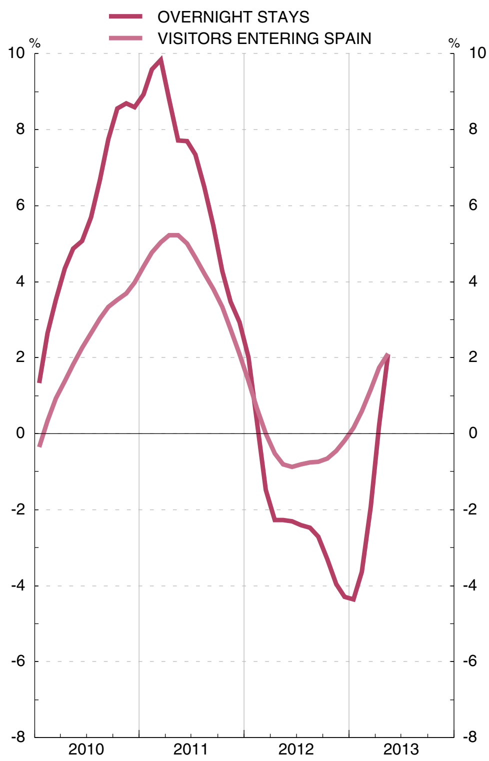
Sources: Ministerio de Industria, Energía y Turismo and ECB.
a. Includes mining and quarrying, manufacture of coke and refined petroleum products, and nuclear fuels.
b. To April 2010, NACE 1993; from May 2010, NACE 2009.

3.7. TOURISM AND TRANSPORT STATISTICS. SPAIN

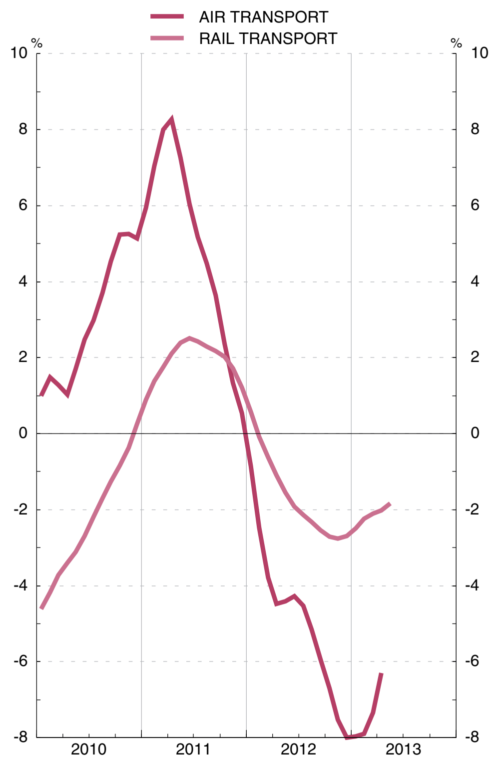
■ Series depicted in chart. *Annual percentage changes*

		Hotel stays (a)		Overnight stays		Visitors entering Spain			Air transport				Maritime transport		Rail transport	
									Passengers			Freight				
		Total	Foreig-ners	Total	Foreig-ners	Total	Tourists	Day-trip-pers	Total	Domestic flights	Interna-tional flights		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	3.2	4.6	-2.8	-3.0
11		3.8	10.6	6.4	12.7	5.8	6.6	4.7	6.1	-0.4	10.5	2.2	-3.4	5.8	2.6	7.9
12	P	-2.6	1.5	-1.9	2.3	-0.3	2.6	-4.1	-5.0	-12.5	-0.5	-4.9	-0.5	4.1	-1.9	-1.5
12 *J-M*	P	-1.1	0.8	-1.4	0.2	-2.3	2.1	-7.5	-5.4	-11.9	-1.0	-4.7	5.5	7.7	-0.4	-0.5
13 *J-M*	P	-2.5	2.6	-1.0	3.2	1.4	3.9	-1.9	...	...	...	...	...	...	-2.1	...
12 *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	-1.0	-0.9	-3.8	-4.7	-1.0	2.3	-4.8	-7.0	-15.0	-1.1	-6.6	20.0	9.5	-1.8	-10.5
Apr	P	-4.3	-3.3	-5.2	-5.0	-5.9	-2.5	-10.2	-7.2	-14.1	-3.0	-3.5	0.8	5.8	-2.1	1.7
May	P	-0.9	1.6	-0.2	2.9	-0.1	4.9	-7.8	-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	-12.0	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	0.1	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	-1.4	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	-1.7	-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	-9.1	-15.0	-5.2	-1.3	3.2	-6.2	-2.2	5.8
Feb	P	-8.7	-2.6	-7.7	-1.8	-3.0	-0.0	-6.3	-10.2	-17.8	-5.1	-7.3	5.9	-10.0	-2.7	-5.1
Mar	P	7.0	6.5	8.3	6.8	6.1	7.9	3.9	-5.8	-16.5	1.1	-8.0	8.8	-2.5	-3.7	-15.8
Apr	P	-11.6	-1.7	-11.0	-1.5	-0.3	3.1	-5.1	-7.8	-16.1	-3.3	4.8	-12.5	-5.1	-2.9	1.8
May	P	5.2	8.2	7.0	8.3	5.8	7.4	3.0	...	...	...	...	...	...	1.1	...

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.

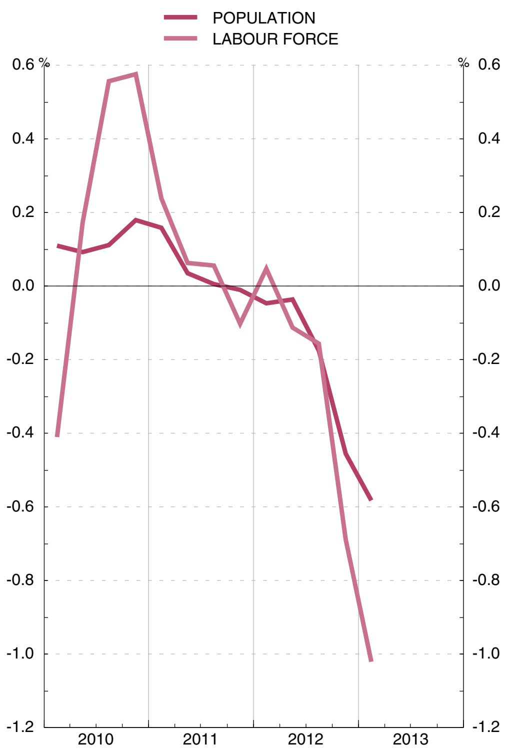
4.1. LABOUR FORCE. SPAIN

■ Series depicted in chart.

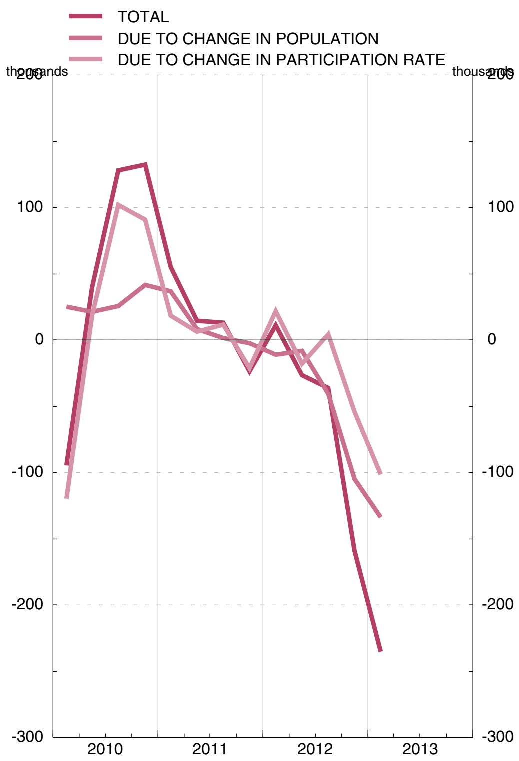
Thousands and annual percentage changes

	Population over 16 years of age			Participation rate (%) (a)	Labour force				
	Thousands	Annual change	4-quarter % change		Thousands (a)	Annual change (b)			4-quarter % change
						Total	Due to change in population over 16 years of age	Due to change in partici-pation rate	
	1	2	3 ■	4	5	6 ■	7 ■	8 ■	9 ■
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
12 M	38 429	-69	-0.2	59.99	23 051	-53	-41	-11	-0.2
12 *Q1-Q1* M	38 494	-18	-0.0	59.94	23 073	11	-11	22	0.0
13 *Q1-Q1* M	38 270	-224	-0.6	59.68	22 837	-235	-134	-102	-1.0
10 *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
13 *Q1*	38 270	-224	-0.6	59.68	22 837	-235	-134	-102	-1.0

LABOUR FORCE SURVEY
Annual percentage change



LABOUR FORCE
Annual changes



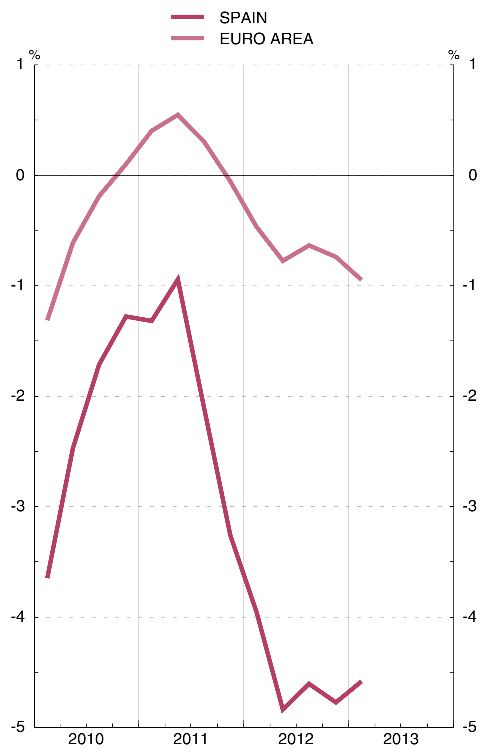
Source: INE (Labour Force Survey: 2005 methodology).
a. the new definition of unemployment applies from 2001 Q1 onwards, entailing a break in the series. (See www.ine.es).
b. Col.7 = (col.5/col.1)x annual change in col.1. Col. 8 = (annual change in col.4/100) x col.1(t-4).
General note to the tables: 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

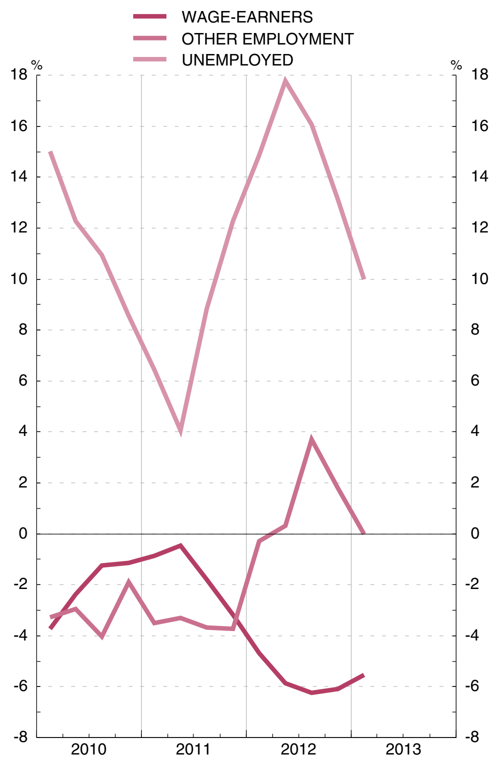
■ Series depicted in chart. *Thousands and annual percentage changes*

	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
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
12 M	17 282	-823	-4.5	14 242	-864	-5.7	3 040	41	1.4	5 769	770	15.4	25.03	-0.7	11.36
12 *Q1-Q1* M	17 433	-719	-4.0	14 411	-710	-4.7	3 022	-9	-0.3	5 640	729	14.9	24.44	-0.5	10.89
13 *Q1-Q1* M	16 635	-799	-4.6	13 613	-799	-5.5	3 022	-	-	6 203	563	10.0	27.16	-0.9	12.07
10 *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	10.14
Q4	18 408	-238	-1.3	15 314	-178	-1.2	3 094	-59	-1.9	4 697	370	8.6	20.33	0.1	10.11
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	0.6	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	-0.5	10.89
Q2	17 417	-886	-4.8	14 397	-895	-5.9	3 020	9	0.3	5 693	859	17.8	24.63	-0.8	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	11.51
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	11.79
13 *Q1*	16 635	-799	-4.6	13 613	-799	-5.5	3 022	-	-	6 203	563	10.0	27.16	-0.9	12.07

EMPLOYMENT
Annual percentage changes



LABOUR FORCE: COMPONENTS
Annual percentage changes



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

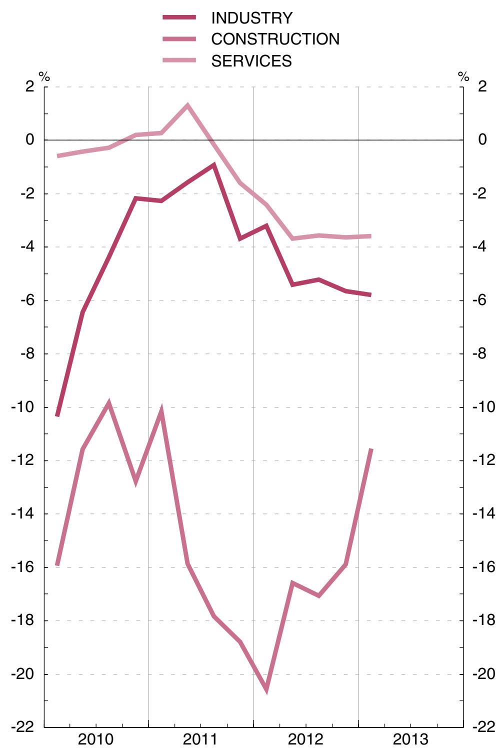
4.3. EMPLOYMENT BY BRANCH OF ACTIVITY. SPAIN (a)

■ Series depicted in chart.

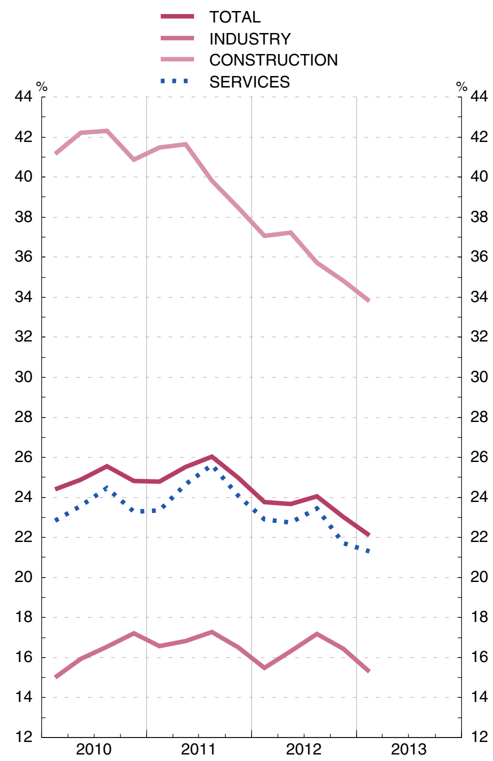
Annual percentage changes

	Total			Agriculture			Industry			Construction			Services			Memorandum item:
	Employ-ment	Wage-earners	Propor-tion of tempora ry em-ploy-ment	Employ-ment	Wage-earners	Propor-tion of tempora ry em-ploy-ment	Employ-ment	Wage-earners	Propor-tion of tempora ry em-ploy-ment	Employ-ment	Wage-earners	Propor-tion of tempora ry em-ploy-ment	Employ-ment	Wage-earners	Propor-tion of tempora-ry em-ployment	Employment in branches other than agriculture
	1	2	3 ■	4	5	6	7 ■	8	9 ■	10 ■	11	12 ■	13 ■	14	15 ■	16
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
12 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	-4.7
12 *Q1-Q1* M	-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
13 *Q1-Q1* M	-4.6	-5.5	22.1	-6.8	-10.0	58.0	-5.8	-5.3	15.3	-11.5	-14.1	33.8	-3.6	-4.8	21.3	-4.5
10 *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
13 *Q1*	-4.6	-5.5	22.1	-6.8	-10.0	58.0	-5.8	-5.3	15.3	-11.5	-14.1	33.8	-3.6	-4.8	21.3	-4.5

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.

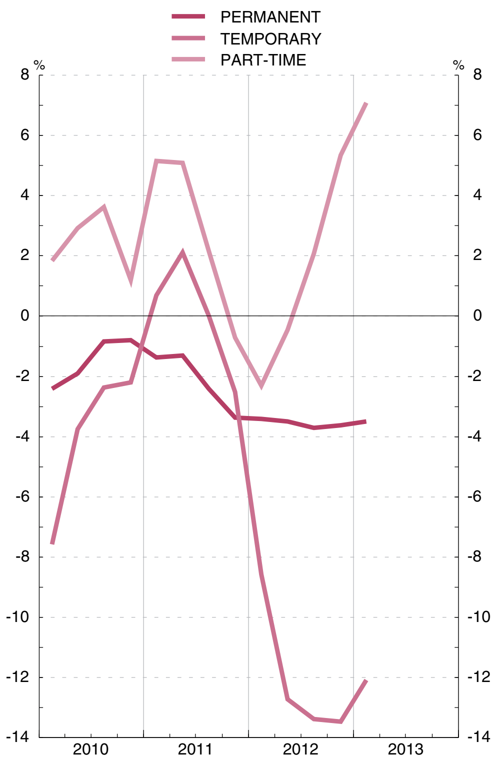
4.4. WAGE-EARNERS BY TYPE OF CONTRACT AND UNEMPLOYMENT BY DURATION. SPAIN. (a)

■ Series depicted in chart.

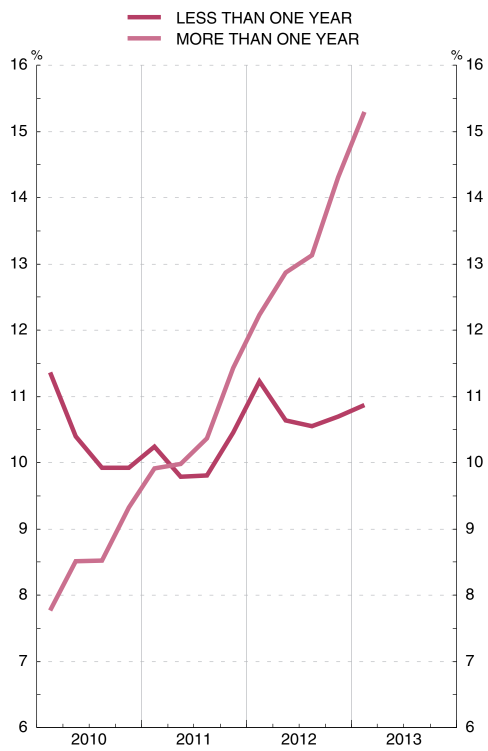
Thousands, annual percentage changes and %

	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
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
12 M	-402	-3.6	-461	-12.1	23.62	-888	-6.9	24	1.1	15.65	10.78	6.8	13.14	25.7
12 *Q1-Q1* M	-388	-3.4	-321	-8.6	23.76	-658	-5.1	-52	-2.3	15.21	11.22	9.6	12.23	23.4
13 *Q1-Q1* M	-385	-3.5	-414	-12.1	22.12	-954	-7.8	155	7.1	17.24	10.87	-4.1	15.30	23.8
10 *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
13 *Q1*	-385	-3.5	-414	-12.1	22.12	-954	-7.8	155	7.1	17.24	10.87	-4.1	15.30	23.8

WAGE-EARNERS
Annual percentage changes



UNEMPLOYMENT
Unemployment rate



Source: INE (Labour Force Survey: 2005 methodology).

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

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

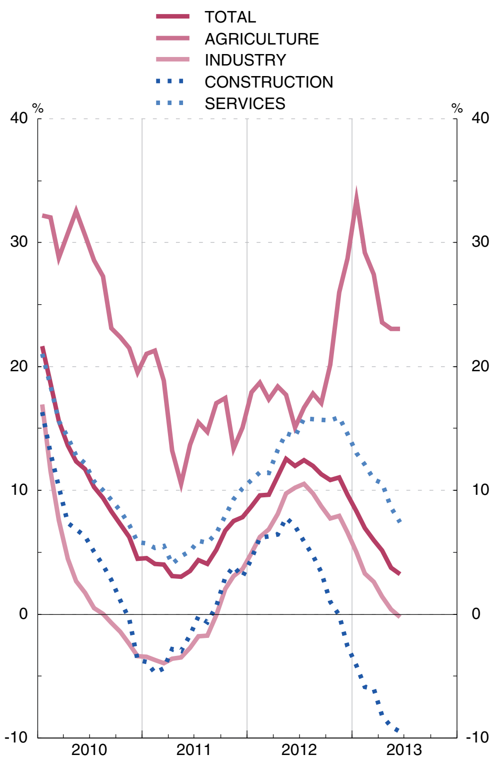
4.5. REGISTERED UNEMPLOYMENT BY BRANCH OF ACTIVITY. CONTRACTS AND PLACEMENTS. SPAIN

■ Series depicted in chart.

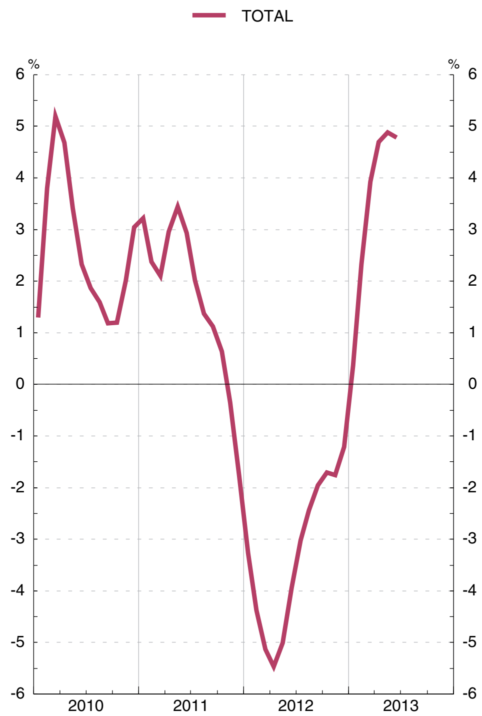
Thousands, annual percentage changes and %

	Registered unemployment: Total: Thousands	Registered unemployment: Total: Annual change Thousands	Registered unemployment: Total: 12 month % change ■	Registered unemployment: First time job-seekers(a): 12 month % change	Previously employed (a): 12-month % change: Total	Previously employed (a): 12-month % change: Agriculture ■	Previously employed (a): 12-month % change: Branches other than agriculture: Total	Previously employed (a): 12-month % change: Branches other than agriculture: Industry ■	Previously employed (a): 12-month % change: Branches other than agriculture: Construction ■	Previously employed (a): 12-month % change: Branches other than agriculture: Services ■	Contracts: Total: Thousands	Contracts: Total: 12 month % change	Contracts: Percentage of total: Permanent	Contracts: Percentage of total: Part time	Contracts: Percentage of total: Temporary	Placements: Total: Thousands	Placements: Total: 12 month % change ■
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
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	1 187	-1.3	9.87	34.63	90.13	1 169	-3.7
12 *J-J* M	4 689	449	10.6	6.9	11.0	17.5	10.7	7.7	6.4	12.6	1 126	-2.8	10.30	33.22	89.70	1 098	-5.4
13 *J-J* M	4 950	261	5.6	-6.7	6.7	26.6	5.9	2.1	-7.1	10.4	1 122	-0.4	8.62	34.76	91.38	1 142	4.0
12 *May*	4 714	524	12.5	10.0	12.8	17.7	12.6	9.8	7.8	14.6	1 247	-3.2	10.14	33.77	89.86	1 221	-6.5
Jun	4 615	493	12.0	7.3	12.4	15.1	12.3	10.2	7.1	14.3	1 386	5.6	12.13	37.42	87.87	1 282	-1.7
Jul	4 587	508	12.4	4.5	13.2	16.7	13.1	10.5	5.9	15.8	1 527	13.2	15.09	39.22	84.91	1 357	0.9
Aug	4 626	495	12.0	2.3	12.9	17.8	12.7	9.8	4.7	15.7	1 044	-1.6	7.13	34.43	92.87	1 035	-3.7
Sep	4 705	479	11.3	-0.9	12.5	17.0	12.4	8.7	3.4	15.7	1 274	-8.6	9.24	37.34	90.76	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	5.7	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	-4.1	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	-8.1	10.11	35.80	89.89	989	-4.6
Apr	4 989	245	5.2	-7.9	6.4	23.6	5.7	1.4	-8.2	10.6	1 153	11.0	8.53	34.86	91.47	1 184	15.8
May	4 891	177	3.8	-7.6	4.8	23.0	4.1	0.4	-9.1	8.6	1 283	2.9	7.47	35.49	92.53	1 310	7.2
Jun	4 764	148	3.2	-4.5	3.9	23.0	3.2	-0.2	-9.5	7.4	1 277	-7.9	6.84	36.57	93.16	1 293	0.8

REGISTERED UNEMPLOYMENT
Annual percentage changes



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



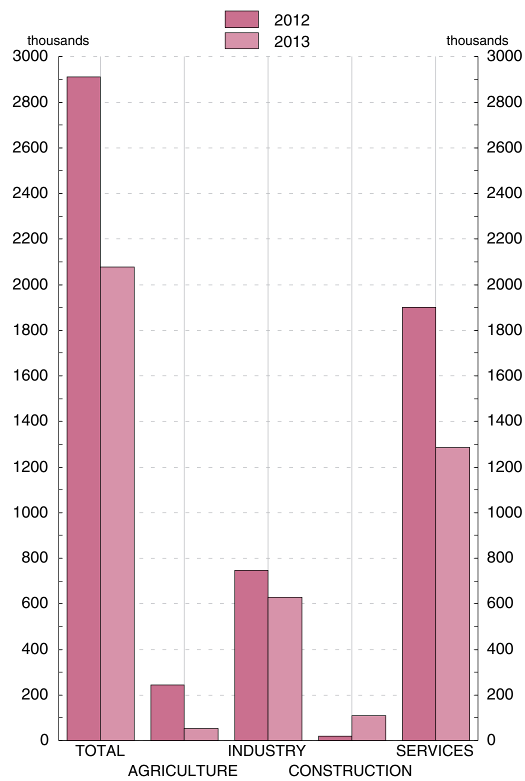
Source: Instituto de Empleo Servicio Público de Empleo Estatal (INEM).
Note: The underlying series for this indicator are in Tables 24.16 and 24.17 of the BE Boletín estadístico.
a. To December 2008, NACE 1993; from January 2009, NACE 2009.

4.6. COLLECTIVE BARGAINING AGREEMENTS

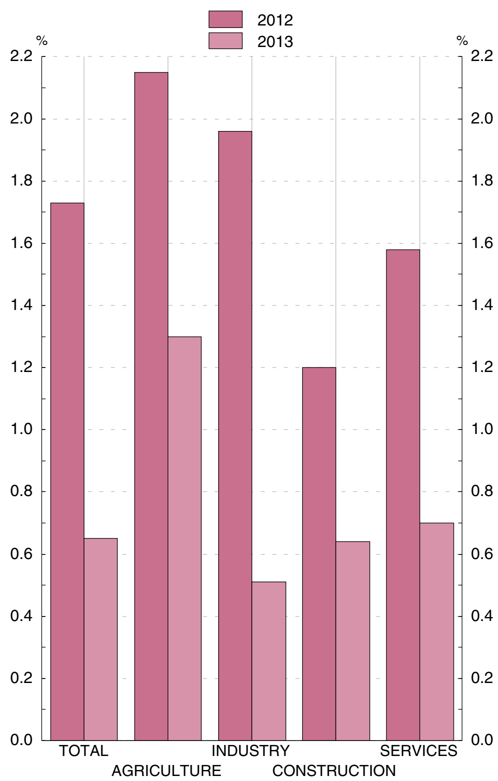
■ Series depicted in chart. *Thousands and %*

	As per month economic effects come into force(a)		As per month recorded														
			Employees affected (a)								Average wage settlement (%)						
	Em-ployees affec-ted	Average wage settle-ment (b)(c)	Automa-tic adjust-ment	Newly-signed agree-ments	Total	Annual change	Agricul-ture (d)	Indus-try (d)	Construc-tion (d)	Services (d)	Auto-matic adjust-ment	Newly signed agree-ments	Total	Agricul-ture (d)	Indus-try (d)	Construc-tion (d)	Services (d)
	1	2	3	4	5 ■	6	7 ■	8 ■	9 ■	10 ■	11	12	13 ■	14 ■	15 ■	16 ■	17 ■
10	10 794	1.48	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	10 131	2.06	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	7 327	1.23	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
12 *Jan*	6 754	1.25	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	6 785	1.25	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	6 817	1.25	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	7 132	1.23	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	7 139	1.23	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	7 182	1.23	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	7 196	1.23	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	7 197	1.23	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	7 263	1.22	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	7 307	1.23	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	7 308	1.23	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	7 327	1.23	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*	2 061	0.65	471	17	489	-751	0	35	...	453	0.34	1.04	0.37	-	0.71	...	0.34
Feb	2 062	0.65	776	25	800	-870	0	154	3	643	0.59	0.91	0.60	-	0.73	1.50	0.56
Mar	2 065	0.65	878	274	1 152	-952	12	410	6	724	0.69	0.10	0.55	2.83	0.31	1.37	0.64
Apr	2 067	0.65	1 041	383	1 424	-806	30	471	8	915	0.71	0.22	0.58	2.22	0.38	1.10	0.62
May	2 070	0.65	1 283	422	1 705	-1 000	46	589	65	1 005	0.76	0.23	0.63	1.44	0.48	0.67	0.68
Jun	2 072	0.65	1 416	661	2 076	-835	54	628	109	1 285	0.79	0.35	0.65	1.30	0.51	0.64	0.70

EMPLOYEES AFFECTED
January-june



AVERAGE WAGE SETTLEMENT
January-june



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.

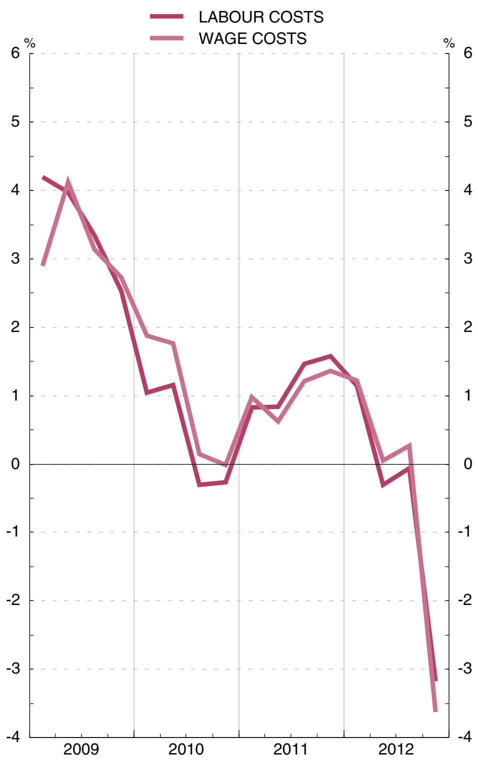
4.7. QUARTERLY LABOUR COSTS SURVEY

■ Series depicted in chart.

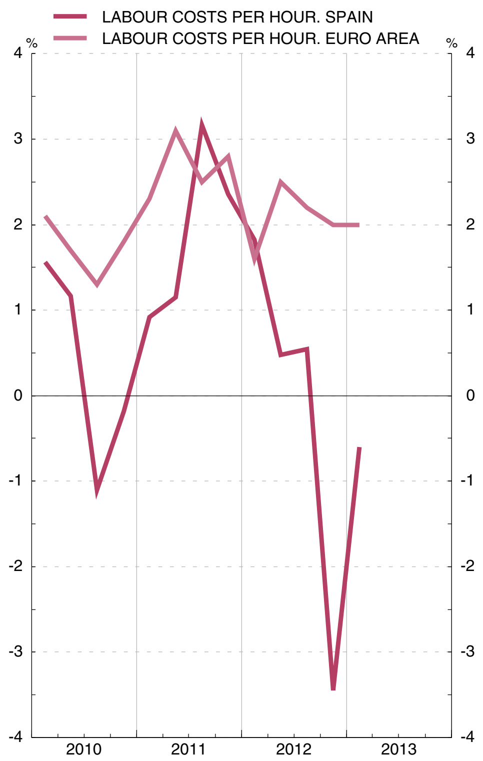
Annual percentage change

	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 ■
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
12 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
12 *Q1-Q1* M	1.1	2.6	2.3	0.8	1.4	1.2	1.9	1.3	1.0	1.5	0.9	1.8	1.6
13 *Q1-Q1* M	-1.4	1.5	-0.8	-2.0	2.1	-1.8	1.4	-0.5	-2.6	1.8	-0.3	-0.6	2.0
10 *Q3*	-0.3	2.1	-0.9	-0.6	-1.4	0.1	2.9	-0.9	-0.4	-0.9	-1.5	-1.1	1.3
Q4	-0.3	2.3	0.2	-0.8	1.1	-	2.8	0.6	-0.7	1.3	-1.0	-0.2	1.8
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	1.2	3.1
Q3	1.5	2.2	1.8	1.4	4.8	1.2	2.8	1.9	0.8	4.5	2.2	3.2	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	2.4	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	1.8	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	0.5	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	2.0
13 *Q1*	-1.4	1.5	-0.8	-2.0	2.1	-1.8	1.4	-0.5	-2.6	1.8	-0.3	-0.6	2.0

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.

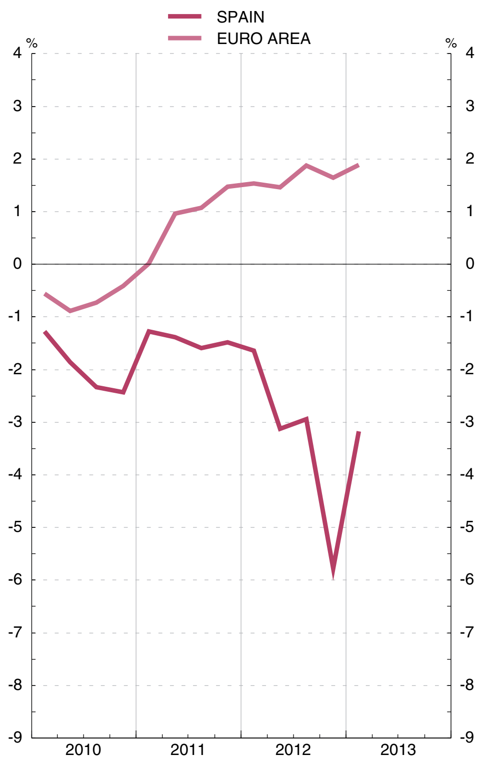
c. Whole economy, excluding agriculture, public administration, education, health and services not classified elsewhere.

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

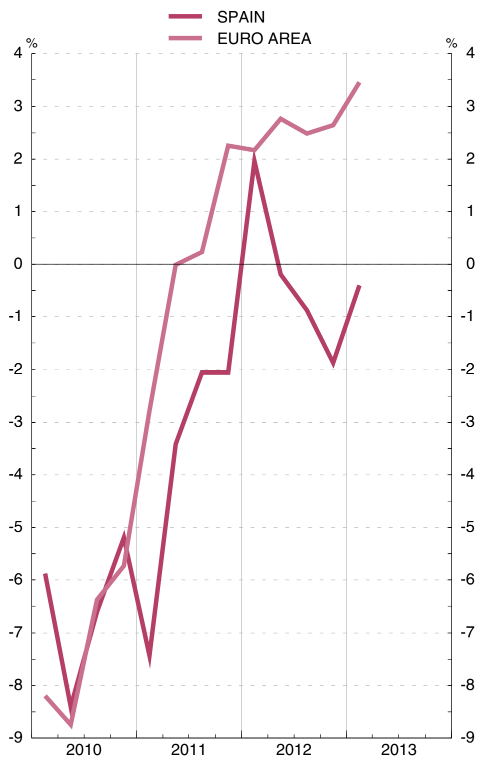
■ Series depicted in chart. *Annual percentage changes*

	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
11	-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	-3.4	1.6	-0.3	2.5	-0.3	1.7	3.2	0.1	-1.4	-0.5	-4.4	-0.7
13 A	...	...	...	...	...	...	...	...	...	...	...	...
10 *Q2*	-1.9	-0.9	-8.4	-8.7	0.8	2.0	2.7	2.9	-0.2	2.3	-2.8	-0.6
Q3	-2.3	-0.7	-6.6	-6.4	-0.4	1.7	2.0	2.4	0.0	2.2	-1.9	-0.2
Q4	-2.4	-0.4	-5.2	-5.7	-0.7	1.7	1.7	2.1	0.4	2.2	-1.4	0.1
11 *Q1*	-1.3	0.0	-7.4	-2.8	0.6	2.1	1.9	2.1	0.5	2.5	-1.4	0.4
Q2	-1.4	1.0	-3.4	-0.0	0.1	2.1	1.5	1.1	0.5	1.7	-0.9	0.6
Q3	-1.6	1.1	-2.1	0.2	0.7	2.2	2.3	1.1	0.6	1.4	-1.6	0.3
Q4	-1.5	1.5	-2.1	2.2	1.4	2.2	2.9	0.7	-0.0	0.7	-2.9	-0.1
12 *Q1*	-1.6	1.5	2.0	2.2	1.4	1.9	3.1	0.4	-0.7	-0.1	-3.7	-0.5
Q2	-3.1	1.5	-0.2	2.8	0.2	1.8	3.5	0.3	-1.4	-0.5	-4.7	-0.8
Q3	-2.9	1.9	-0.9	2.5	0.1	1.8	3.1	-0.0	-1.6	-0.7	-4.6	-0.6
Q4	-5.8	1.6	-1.9	2.6	-3.0	1.4	2.9	-0.2	-1.9	-1.0	-4.7	-0.7
13 *Q1*	-3.2	1.9	-0.4	3.5	-0.6	1.7	2.6	-0.2	-2.0	-1.1	-4.5	-0.9

UNIT LABOUR COSTS: TOTAL
Annual percentage changes



UNIT LABOUR COSTS: INDUSTRY
Annual percentage changes



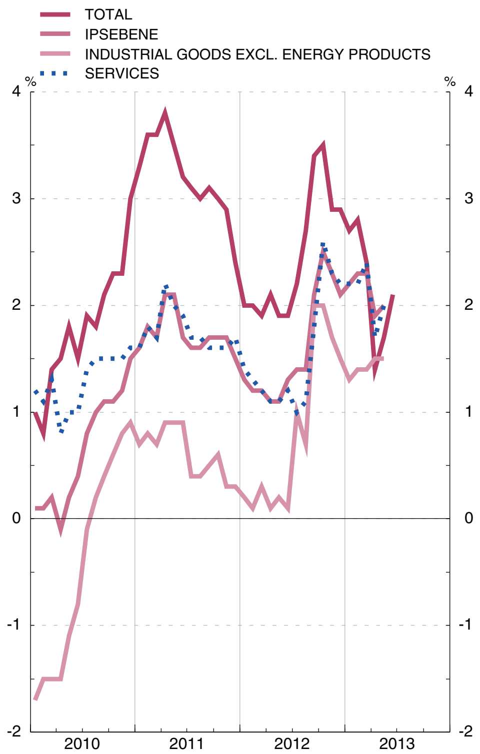
Sources: INE (Quarterly National Accounts of Spain. Base year 2008) and ECB.
a. Spain: prepared in accordance with ESA95. SEASONALLY- AND WORKING-DAY-ADJUSTED SERIES (see economic bulletin April 2002).
b. Full-time equivalent employment.

5.1. CONSUMER PRICE INDEX. SPAIN (2011=100)

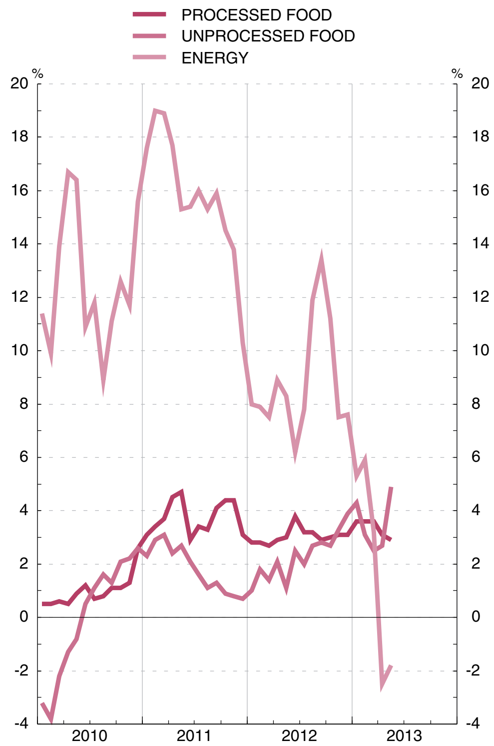
■ Series depicted in chart. *Indices and annual percentage changes*

		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	111.6	9.9
12 *J-M*	M	101.3	0.2	2.0	-0.1	1.5	2.8	0.2	8.1	1.2	1.2	106.8	2.3
13 *J-M*	M	103.5	-0.0	2.2	-0.8	3.5	3.4	1.4	2.0	2.1	2.1	...	...
12 *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	120.3	20.0
13 *Jan*		103.0	-1.3	2.7	-1.3	4.3	3.6	1.3	5.3	2.2	2.2	114.3	15.5
Feb		103.1	0.2	2.8	-1.1	3.1	3.6	1.4	5.9	2.2	2.3	114.5	7.4
Mar		103.5	0.4	2.4	-0.8	2.5	3.6	1.4	3.2	2.4	2.3	...	...
Apr		103.9	0.4	1.4	-0.4	2.7	3.1	1.5	-2.5	1.7	1.9	...	...
May		104.1	0.2	1.7	-0.2	4.9	2.9	1.5	-1.8	2.0	2.0	...	...

CONSUMER PRICE INDEX. TOTAL AND COMPONENTS
Annual percentage changes



CONSUMER PRICE INDEX. COMPONENTS
Annual percentage changes



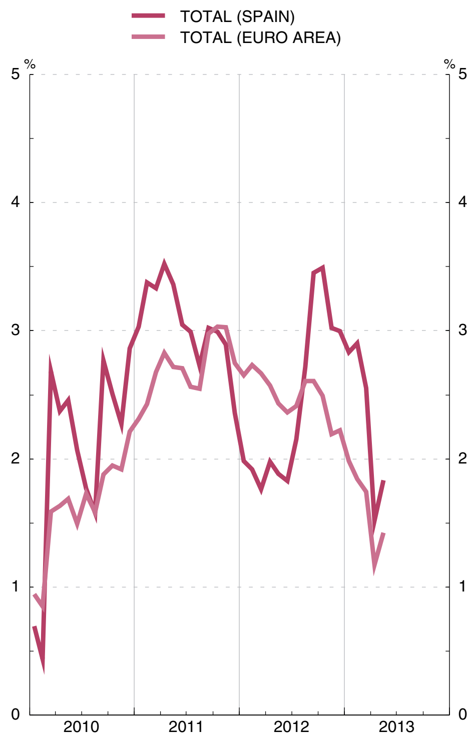
Sources: INE, Ministerio de Agricultura,Alimentación y Medio Ambiente.
Note: The underlying series for this indicator are in Tables 25.2 and 25.8 of the BE Boletín estadístico.
a. For annual periods: average growth for each year on the previous year.
b. For annual periods: December-on-December growth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

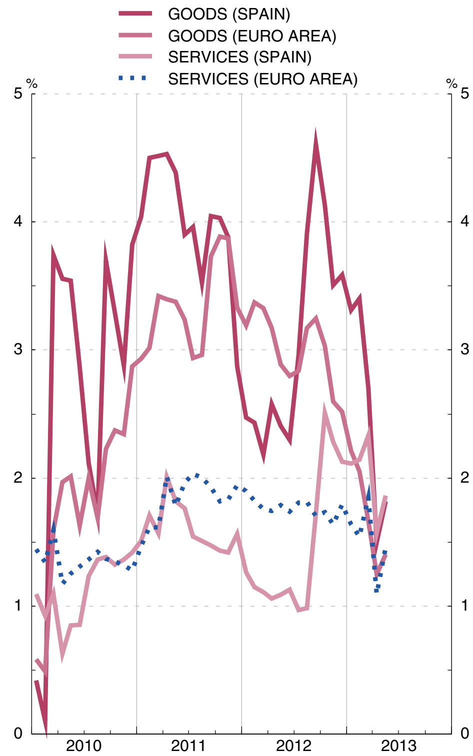
■ Series depicted in chart. *Annual percentage changes*

		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-M*	M	1.9	2.6	2.4	3.2	2.0	3.1	3.1	3.8	0.9	2.0	2.6	3.2	0.3	1.2	8.1	8.5	1.1	1.8
13 *J-M*	MP	2.3	1.6	2.5	1.7	3.4	3.0	3.5	2.2	3.3	4.2	2.0	1.1	2.0	0.8	1.9	1.7	2.0	1.5
12 *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		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
Mar		2.6	1.7	2.7	1.7	3.3	2.7	3.9	2.2	2.7	3.5	2.4	1.2	2.0	1.0	3.2	1.7	2.3	1.8
Apr		1.5	1.2	1.5	1.2	3.0	2.9	3.0	2.1	2.9	4.2	0.7	0.5	2.2	0.8	-2.5	-0.4	1.6	1.1
May	P	1.8	1.4	1.8	1.4	3.5	3.2	2.8	2.1	4.3	5.1	0.9	0.5	2.1	0.8	-1.8	-0.2	1.9	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).

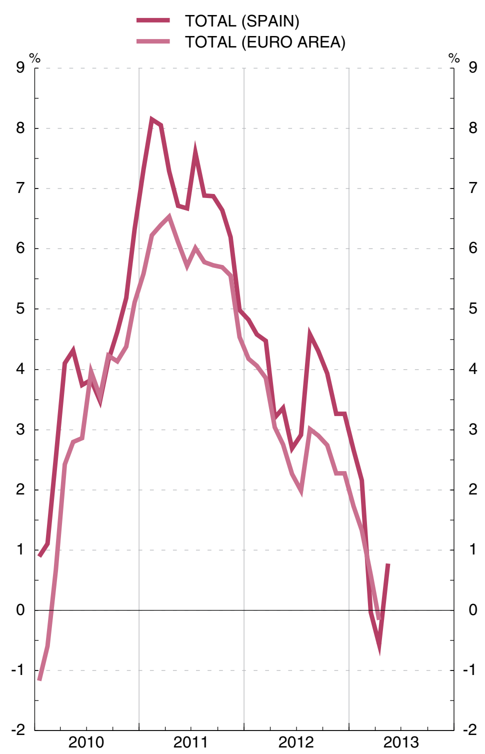
5.3. PRODUCER PRICE INDEX. SPAIN AND EURO AREA (2010 = 100)

■ Series depicted in chart.

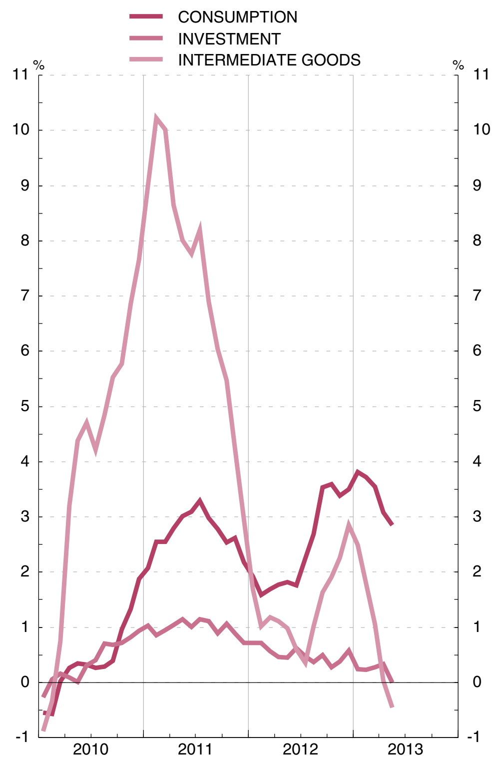
Annual percentage changes

		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	111.0	_	3.8	_	2.5	_	0.5	_	1.4	_	9.7	2.9	2.5	1.0	0.8	6.4
12 *J-M*	M	110.5	_	4.1	_	1.8	_	0.6	_	1.2	_	11.9	3.6	2.6	1.2	1.0	8.2
13 *J-M*	M P	111.6	_	1.0	_	3.4	_	0.2	_	1.0	_	-1.1	...	...	...	...	...
12 *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	2.4	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	2.6	0.8	1.3	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	3.9
Dec		111.3	0.0	3.3	0.1	3.5	0.0	0.6	0.2	2.9	-0.3	4.8	2.3	2.4	0.9	1.6	3.6
13 *Jan*		112.6	1.2	2.7	0.5	3.8	-0.1	0.2	0.3	2.5	3.6	2.9	1.7	2.3	0.8	1.3	2.2
Feb		112.9	0.2	2.2	0.1	3.7	0.0	0.2	0.1	1.8	0.6	1.9	1.3	2.1	0.8	0.8	1.6
Mar	P	111.2	-1.5	-0.0	0.1	3.5	0.0	0.3	-0.1	1.0	-5.3	-5.0	0.6	1.9	0.7	0.4	-0.3
Apr	P	109.9	-1.2	-0.6	-0.1	3.1	0.1	0.3	-0.5	0.0	-3.9	-5.6	-0.2	1.8	0.6	-0.3	-2.0
May	P	111.3	1.3	0.8	-0.1	2.8	-0.3	0.0	-0.3	-0.5	5.5	0.3	...	...	...	...	...

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.

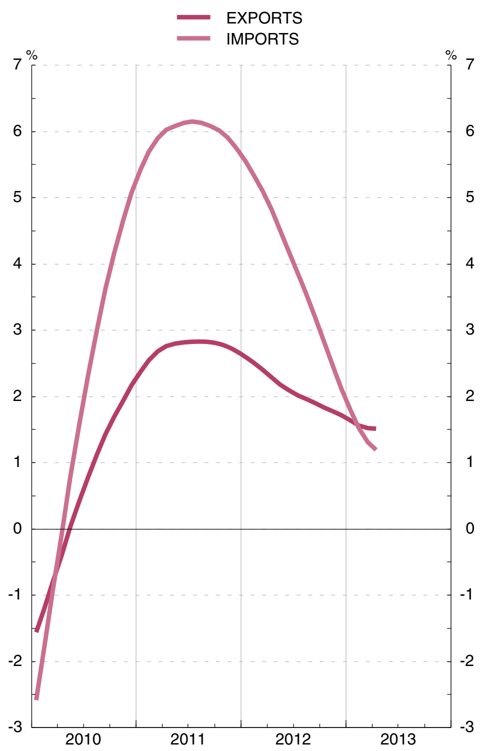
5.4. UNIT VALUE INDICES FOR SPANISH FOREIGN TRADE

■ Series depicted in chart.

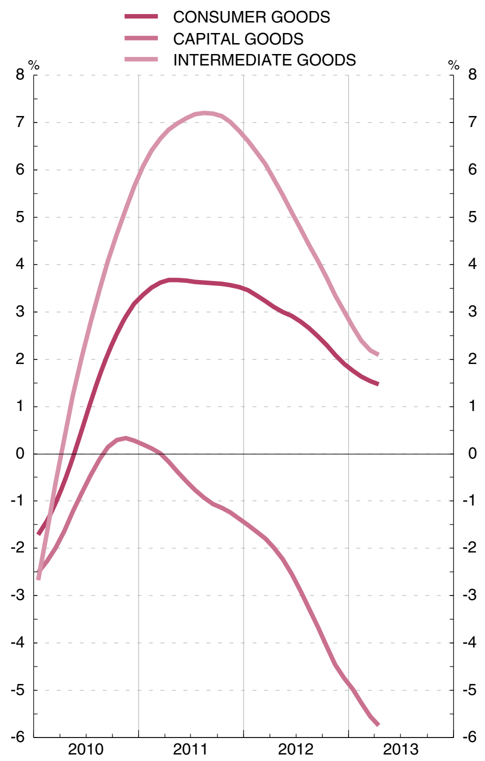
Annual percentage changes

	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-A*	2.6	4.9	9.5	0.3	2.9	-0.6	6.4	4.0	-0.1	7.9	14.7	3.2
13 *J-A*	-0.3	1.9	-7.4	-0.3	-3.1	0.3	-4.1	-0.4	-8.2	-4.7	-7.3	-3.2
11 *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
Feb	-2.4	-0.8	-11.6	-1.7	1.6	-0.7	-3.8	0.9	-6.4	-4.9	-6.6	-2.3
Mar	-3.4	-0.4	-4.7	-4.6	-10.8	-3.7	-5.0	-2.8	-10.8	-5.2	-8.3	-3.3
Apr	1.9	3.4	-6.4	2.7	1.4	2.4	-6.6	0.8	-18.5	-7.5	-9.7	-6.3

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).

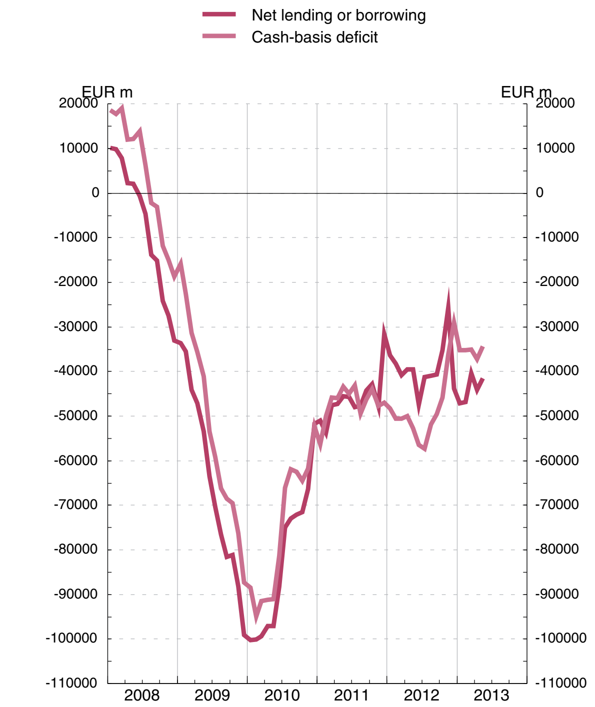
6.1. STATE RESOURCES ANS USES ACCORDING TO THE NACIONAL ACCOUNTS. SPAIN

■ Series depicted in chart.

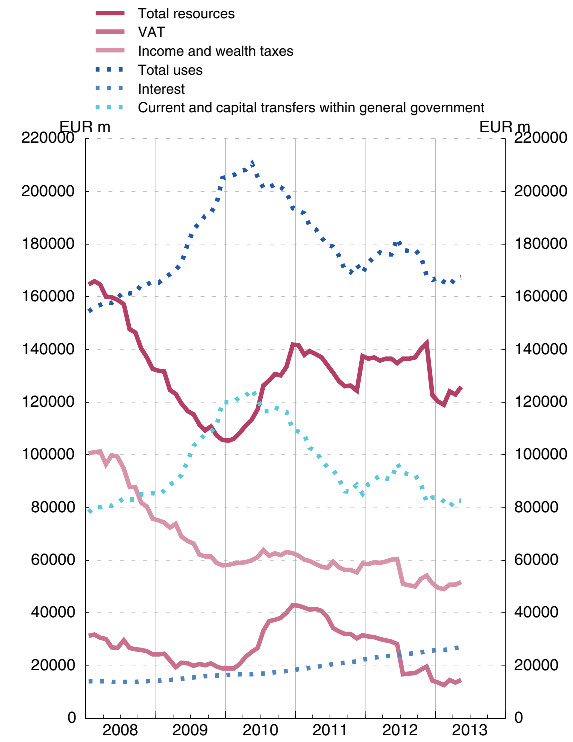
EUR millions

	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	-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	P -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	P -43 794	122 678	14 261	5 653	7 556	51 302	43 906	166 472	19 013	25 757	83 914	2 037	35 751	-29 013	123 344	152 357
12 *J-M*	P -35 669	32 107	7 070	2 963	2 218	14 500	5 356	67 776	7 350	10 234	36 476	124	13 592	-19 793	45 923	65 716
13 *J-M*	A -33 369	35 243	7 376	3 261	3 102	15 043	6 461	68 612	7 181	11 458	35 206	571	14 196	-25 084	42 784	67 867
12 *May*	P -10 888	1 548	-521	578	104	-11	1 398	12 436	1 464	2 092	6 420	57	2 403	-10 599	186	10 785
Jun	P -7 944	12 115	3 406	507	238	6 402	1 562	20 059	2 603	2 015	12 050	253	3 138	-13 254	3 112	16 366
Jul	P -4 674	7 955	-11 612	-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	P -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	P 3 212	14 263	5 351	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	P 3 230	14 410	2 657	758	-92	9 778	1 309	11 180	1 449	2 233	4 919	73	2 506	9 093	21 768	12 675
Nov	P -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	P 2 176	25 366	5 796	579	4 294	10 218	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
Mar	A 6 462	18 701	6 016	387	2 155	8 138	2 005	12 239	1 384	2 302	5 589	211	2 753	-3 430	6 694	10 124
Apr	A -7 922	6 915	-880	665	558	4 673	1 899	14 837	1 532	2 474	8 312	143	2 376	1 437	16 505	15 068
May	A -8 338	4 332	538	1 015	249	1 123	1 407	12 670	1 443	2 352	6 291	154	2 430	-7 679	2 136	9 815

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).

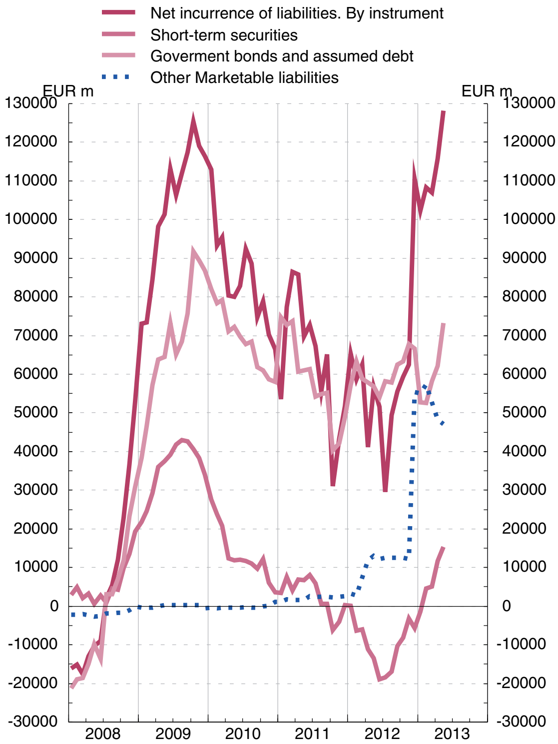
6.2. STATE FINANCIAL TRANSACTIONS. SPAIN

■ Series depicted in chart.

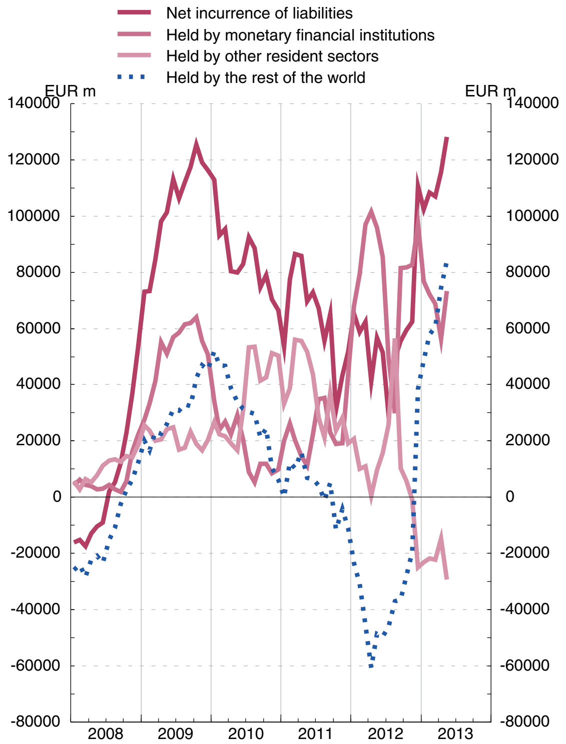
EUR millions

	Net lending (+) or net borrowing(-)	Net acquisition of financial assets: Total	Net acquisition of financial assets: Of which: Deposits at the Banco de España	Net incurrence of liabilities: Total	Of which: In currencies other than the peseta/euro	By instrument: Short-term securities	By instrument: Goverment bonds and assumed debt	By instrument: Banco de España loans	By instrument: Other marketable liabilities (a)	By instrument: Other accounts payable	By counterpart sector: Held by resident sectors: Total	Held by resident sectors: Monetary financial institutions	Held by resident sectors: Other resident sectors	By counterpart sector: Rest of the world	Net incurrence of liabilities (excluding other accounts payable)
	1	2	3	4 ■	5	6 ■	7 ■	8	9 ■	10	11	12 ■	13 ■	14 ■	15
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	-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	P -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	P -43 794	66 740	2 275	110 534	-2 704	-5 749	66 585	-542	55 444	-5 204	72 126	97 138	-25 012	38 408	115 738
12 *J-M*	P -35 669	-3 853	-125	31 816	-729	-14 914	32 483	-542	10 896	3 891	68 302	58 676	9 626	-36 487	27 924
13 *J-M*	A -33 369	16 099	-2 401	49 468	1 510	6 194	39 201	-876	2 529	2 421	40 316	34 870	5 446	9 152	47 047
12 *May*	P -10 888	-3 582	-13 401	7 306	11	-1 887	7 329	-	1 196	668	5 716	-1 197	6 913	1 590	6 638
Jun	P -7 944	-2 027	-0	5 917	-48	-2 908	6 590	-	113	2 122	5 873	712	5 160	44	3 795
Jul	P -4 674	-16 236	0	-11 562	11	757	-11 530	-	347	-1 135	-11 345	-37 336	25 992	-217	-10 427
Aug	P -1 583	1 840	-0	3 423	10	-1 219	5 385	-	24	-767	-2 476	-21 822	19 346	5 899	4 190
Sep	P 3 212	17 935	-0	14 723	-1 962	7 316	13 792	-	-55	-6 329	7 130	51 525	-44 395	7 594	21 052
Oct	P 3 230	-6 056	-0	-9 286	0	463	-6 796	-	-11	-2 941	-11 185	-539	-10 647	1 900	-6 345
Nov	P -2 542	15 249	4 400	17 791	7	5 206	14 493	-	-10	-1 899	7 060	2 952	4 108	10 731	19 690
Dec	P 2 176	59 888	-1 999	57 712	7	-450	12 169	-	44 140	1 854	8 767	42 970	-34 203	48 945	55 859
13 *Jan*	A -12 734	-7 912	-1 910	4 822	6	3 401	-958	-	247	2 132	4 386	3 012	1 373	437	2 690
Feb	A -10 837	7 753	-490	18 590	1 501	1 523	14 061	-	2 315	690	11 248	9 277	1 972	7 341	17 900
Mar	A 6 462	15 818	100	9 356	7	-1 627	14 589	-	-31	-3 574	19 115	16 871	2 245	-9 760	12 930
Apr	A -7 922	-10 988	-99	-3 066	-11	1 096	-7 055	-876	2	3 766	-2 940	-10 261	7 321	-126	-6 832
May	A -8 338	11 429	-1	19 767	7	1 800	18 563	-	-4	-593	8 507	15 972	-7 465	11 260	20 359

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



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



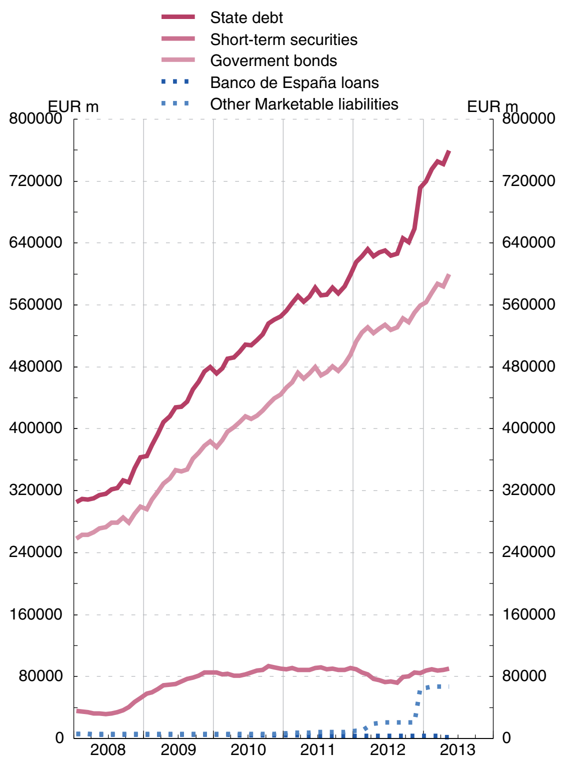
Source: BE.
a.Includes other loans, non-negotiable securities, coined money and Caja General de Depósitos (General Deposit Fund).

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

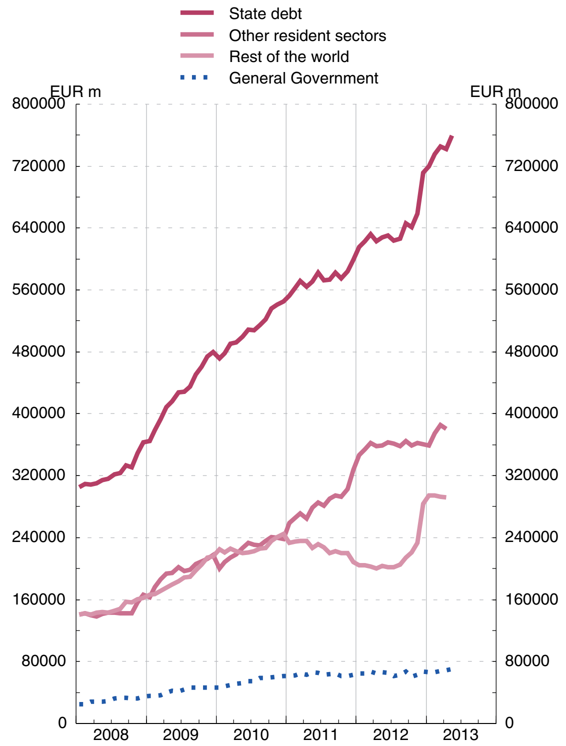
■ Series depicted in chart. *EUR millions*

	Liabilities outstanding according to the methodology of the Excessive Deficit Procedure (PDE)										Memorandum item:				
		Of which:	By insturments				By counterpart sector				Deposits at the Banco de España	Other deposits: Treasury liquidity tenders (b)	Guarantees given (outstanding balance)		
							Held by resident sectors			Rest of the world				Of which:	
	Total	In currencies other than euro	Short-term securities	Government bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Total	General Government	Other resident sectors				Total	Granted to other General Government units n	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	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	P 599 037	0	90 608	495 662	3 499	9 269	390 550	62 613	327 938	208 487	225	30 391	99 748	23 851	2 993
12 *May*	P 627 823	0	75 312	529 430	2 915	20 165	424 603	65 961	358 642	203 220	100	40 266	133 538	27 060	27 621
Jun	P 629 902	0	72 444	534 265	2 915	20 278	427 829	65 107	362 722	202 073	100	28 801	136 900	27 060	29 357
Jul	P 624 087	0	73 212	527 335	2 915	20 625	422 258	61 014	361 244	201 828	100	23 131	133 402	24 060	29 972
Aug	P 626 431	0	71 988	530 879	2 915	20 649	421 555	63 007	358 548	204 876	100	18 935	132 361	24 060	29 145
Sep	P 645 863	0	79 364	542 990	2 915	20 594	431 334	66 878	364 456	214 529	100	36 604	130 906	24 060	28 821
Oct	P 640 974	0	79 858	537 618	2 915	20 583	419 968	60 733	359 235	221 006	100	29 219	130 293	24 060	30 047
Nov	P 658 725	0	85 085	550 152	2 915	20 573	425 452	63 139	362 314	233 272	4 499	35 511	130 544	24 443	30 829
Dec	P 711 569	0	84 613	559 327	2 915	64 713	427 821	67 328	360 493	283 748	2 500	32 500	174 312	26 608	36 966
13 *Jan*	A 719 323	0	87 946	563 501	2 915	64 960	424 505	65 857	358 648	294 818	591	28 466	174 639	27 608	36 294
Feb	A 735 175	0	89 408	575 576	2 915	67 275	440 908	66 431	374 477	294 267	100	43 814	182 305	28 014	31 737
Mar	A 745 531	0	87 693	587 679	2 915	67 244	453 017	67 818	385 199	292 514	200	47 642	176 356	29 597	29 269
Apr	A 741 597	0	88 702	583 705	1 943	67 247	449 206	68 574	380 633	292 391	100	38 249	176 204	29 672	30 831
May	A 758 937	0	90 396	599 355	1 943	67 242	...	69 899	...	...	100	47 800	170 954	31 720	30 861

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.

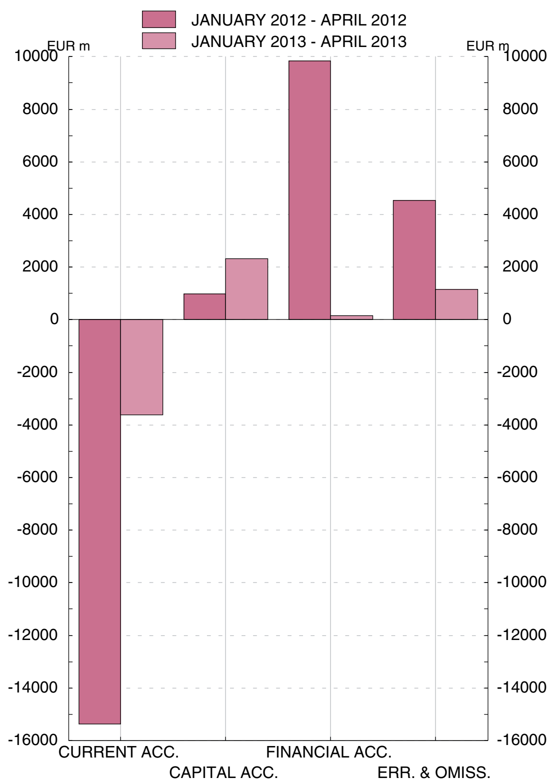
7.1. SPANISH BALANCE OF PAYMENTS VIS-à-VIS OTHER EURO AREA RESIDENTS AND THE REST OF THE WORLD. CURRENT ACCOUNT

■ Series depicted in chart.

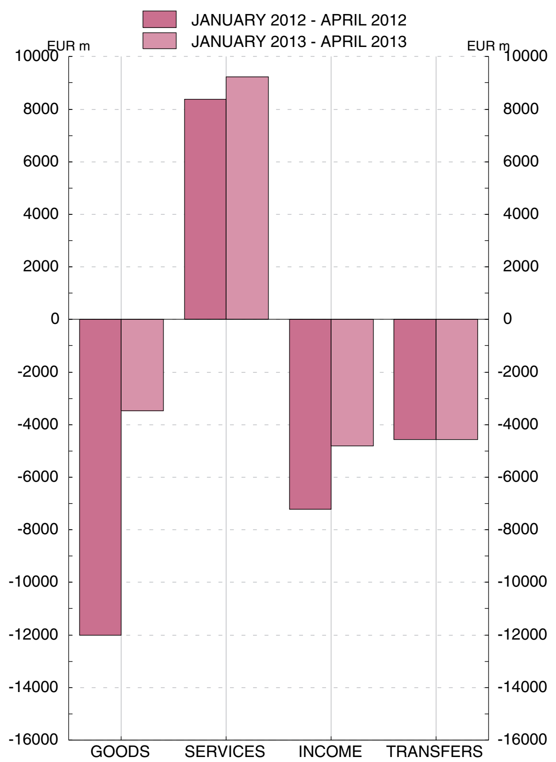
EUR millions

		Current account (a): Total (balance)	Goods: Balance	Goods: Receipts	Goods: Payments	Services: Balance	Services: Receipts: Total	Services: Receipts: Of which Travel	Services: Payments: Total	Services: Payments: Of which Travel	Income: Balance	Income: Receipts	Income: Payments	Current transfers (balance)	Capital account (balance)	Current account plus capital account	Financial account (balance) (b)	Errors and omission
		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	-11 519	-25 670	231 008	256 677	36 983	107 194	43 521	70 211	11 911	-18 716	37 124	55 839	-4 117	6 589	-4 930	-823	5 754
12 *J-A*	P	-15 372	-11 999	74 007	86 006	8 388	30 208	10 389	21 820	3 311	-7 207	11 479	18 686	-4 554	989	-14 384	9 843	4 541
13 *J-A*	P	-3 610	-3 473	80 116	83 589	9 240	31 090	10 502	21 850	3 118	-4 815	10 304	15 119	-4 562	2 318	-1 292	146	1 146
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	423	-1 087	21 588	22 675	3 627	9 694	4 097	6 067	1 104	-1 589	2 337	3 926	-528	1 024	1 447	-1 862	416
Nov	P	1 016	-897	20 476	21 373	1 885	7 767	2 581	5 882	1 058	-1 874	2 219	4 093	1 901	901	1 917	326	-2 243
Dec	P	2 744	-1 523	19 077	20 600	1 780	8 333	2 142	6 553	886	185	5 567	5 383	2 302	753	3 497	-8 453	4 956
13 *Jan*	P	-2 883	-2 776	18 433	21 209	2 387	8 022	2 648	5 635	743	-1 479	2 634	4 114	-1 016	285	-2 598	2 199	400
Feb	P	-1 629	-584	18 975	19 559	2 061	7 387	2 276	5 326	819	-1 105	2 512	3 616	-2 001	744	-885	3 205	-2 320
Mar	P	1 245	795	21 515	20 720	2 369	7 628	2 870	5 260	822	-1 294	2 356	3 650	-625	348	1 593	-728	-866
Apr	P	-343	-908	21 194	22 102	2 423	8 053	2 708	5 630	734	-938	2 801	3 739	-921	942	598	-4 530	3 931

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).

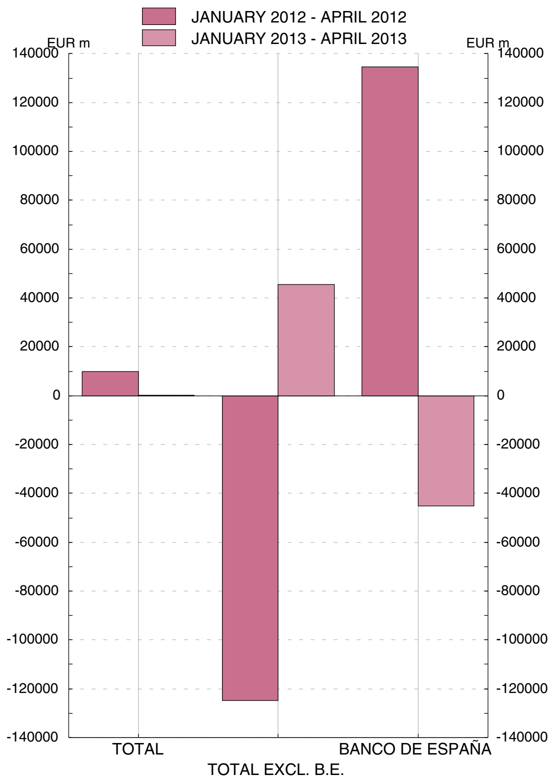
7.2. SPANISH BALANCE OF PAYMENTS VIS-à-VIS OTHER EURO AREA RESIDENTS AND THE REST OF THE WORLD. FINANCIAL ACCOUNT (a)

■ Series depicted in chart.

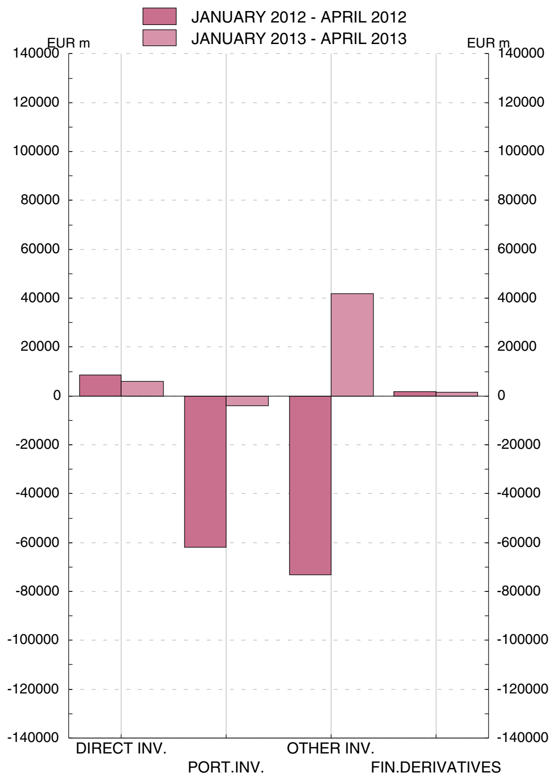
EUR millions

		Financial account	Total, excluding Banco de España											Banco de España			
			Total	Direct investment			Portfolio investment			Other investment (d)			Net financial derivatives	Balance	Reserves	Net claims with the Eurosystem	Other net assets
		(NCL-NCA)	(NCL-NCA)	Balance (NCL-NCA)	Spanish investment abroad (NCA)	Foreign investment in Spain (NCL) (b)	Balance (NCL-NCA)	Spanish investment abroad (NCA)	Foreign investment in Spain (NCL) (c)	Balance (NCL-NCA)	Spanish investment abroad (NCA)	Foreign investment in Spain (NCL)	(NCL-NCA)	(NCL-NCA)	(e)	(e)	(NCL-NCA)
		1=2+13 ■	2=3+6+9+12 ■	3=5-4 ■	4	5	6=8-7 ■	7	8	9=11-10 ■	10	11	12 ■	13=14+15+16 ■	14	15	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	-823	-174 339	24 231	-3 175	21 055	-55 839	3 346	-52 493	-151 045	45 690	105 354	8 314	173 516	-2 211	162 366	13 361
12 *J-A*	P	9 843	-124 719	8 662	-260	8 402	-61 839	-1 432	-63 270	-73 242	30 174	-43 068	1 700	134 562	-364	127 862	7 064
13 *J-A*	P	146	45 402	6 058	5 908	11 966	-3 955	-3 855	-7 810	41 773	469	42 242	1 526	-45 256	-650	-48 223	3 618
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	-1 862	16 138	3 015	2 301	5 316	17 733	-7 767	9 966	-5 329	2 634	-2 695	719	-18 000	2	-19 704	1 702
Nov	P	326	14 939	6 967	-4 023	2 943	32 174	-13 057	19 117	-24 979	2 492	-22 487	777	-14 612	-13	-14 388	-211
Dec	P	-8 453	18 941	7 003	-3 871	3 131	-23 410	37 753	14 342	35 639	1 153	36 792	-290	-27 395	18	-28 704	1 291
13 *Jan*	P	2 199	30 267	2 427	1 195	3 623	10 933	-1 499	9 434	16 201	-1 696	14 505	705	-28 068	-934	-27 930	796
Feb	P	3 205	14 633	2 529	-697	1 832	1 058	109	1 166	11 226	2 807	14 033	-179	-11 428	-8	-12 286	866
Mar	P	-728	-1 456	-796	6 201	5 404	-12 165	280	-11 885	11 577	1 916	13 493	-72	729	155	-226	799
Apr	P	-4 530	1 959	1 898	-792	1 107	-3 781	-2 744	-6 525	2 769	-2 558	211	1 072	-6 488	136	-7 781	1 156

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.

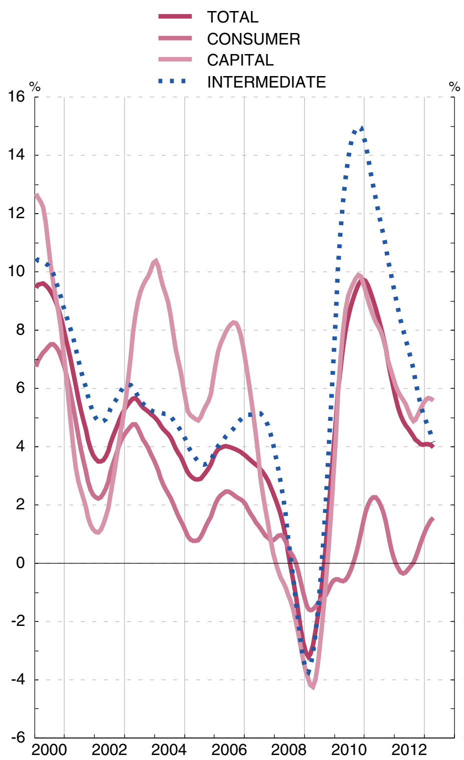
7.3. SPANISH FOREIGN TRADE WITH OTHER EURO AREA COUNTRIES AND WITH THE REST OF THE WORLD EXPORTS AND DISPATCHES

■ Series depicted in chart.

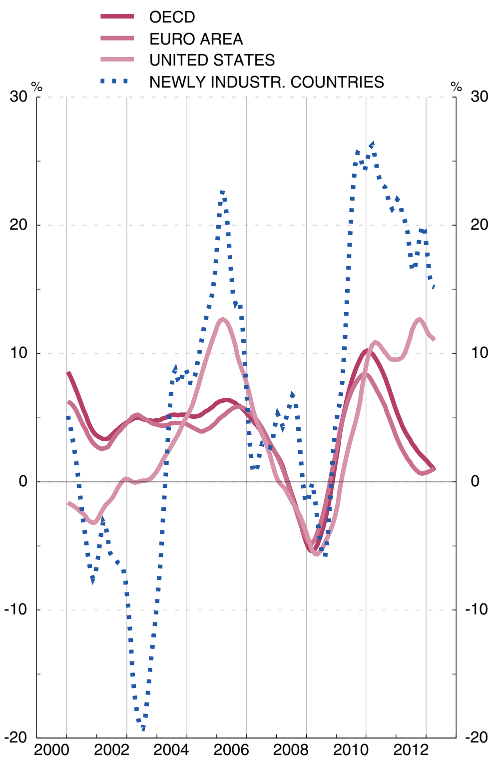
Eur millions and annual percentage changes

		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
11		215 230	15.2	10.0	6.8	17.9	10.7	12.1	11.4	12.7	9.5	13.6	20.0	26.2	18.8	27.2	1.3
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
12 *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
Feb	P	18 414	2.4	4.9	0.3	16.0	6.1	-31.4	9.1	-0.6	-1.7	-1.8	-9.1	37.0	22.9	25.8	11.3
Mar	P	20 289	2.0	5.5	0.2	5.4	8.5	3.7	8.9	-8.1	-8.9	-6.9	13.9	41.1	16.3	2.3	-36.1
Apr	P	20 398	18.6	16.3	18.6	42.1	11.3	26.5	10.4	13.2	11.6	16.2	23.9	8.3	36.7	32.1	28.2

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.

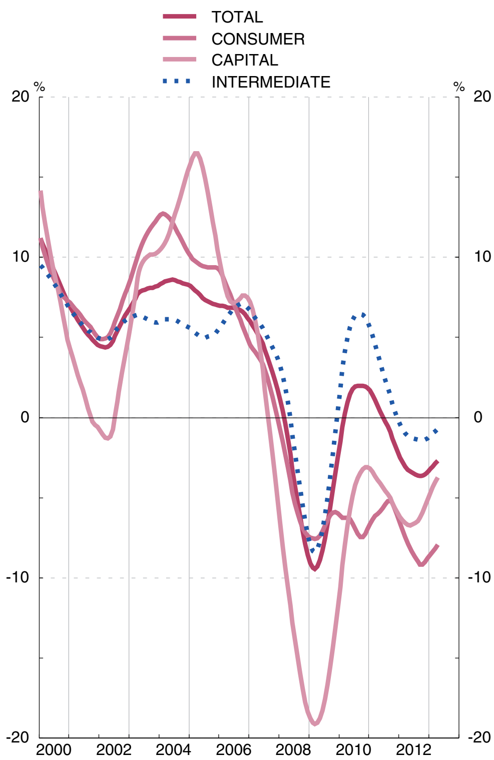
7.4. SPANISH FOREIGN TRADE WITH OTHER EURO AREA COUNTRIES AND WITH THE REST OF THE WORLD IMPORTS AND ARRIVALS

■ Series depicted in chart.

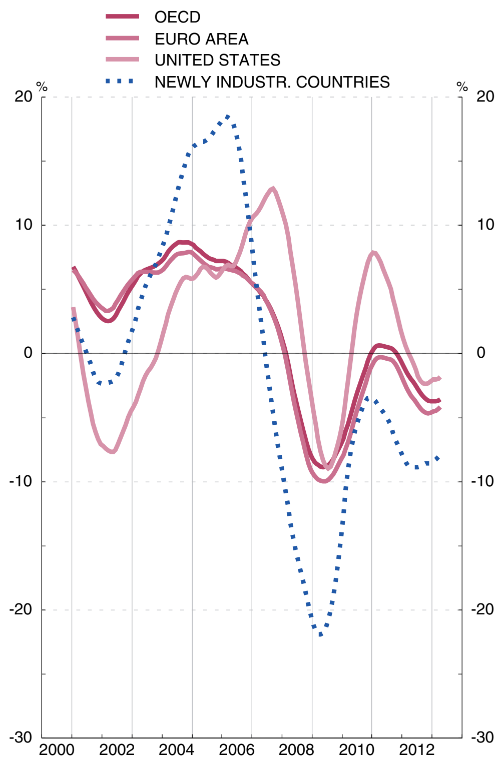
Eur millions and annual percentage changes

		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
11		263 141	9.6	1.1	-3.0	-4.6	3.2	1.8	3.6	5.9	6.7	6.6	12.6	20.1	21.0	-1.1	-2.8
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
12 *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
Feb	P	19 598	-9.8	-6.3	-10.6	0.7	-5.6	-13.0	-3.2	-9.7	-8.8	-10.1	-16.8	-6.3	-38.8	-7.9	-16.4
Mar	P	19 654	-15.0	-10.6	-18.4	-7.0	-8.3	-9.3	-7.9	-11.8	-12.3	-12.1	-16.2	-10.4	-47.0	2.2	-16.9
Apr	P	22 041	7.2	14.8	10.7	24.1	15.1	15.0	15.2	6.5	7.3	6.6	14.2	9.1	-14.3	-1.8	36.0

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



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



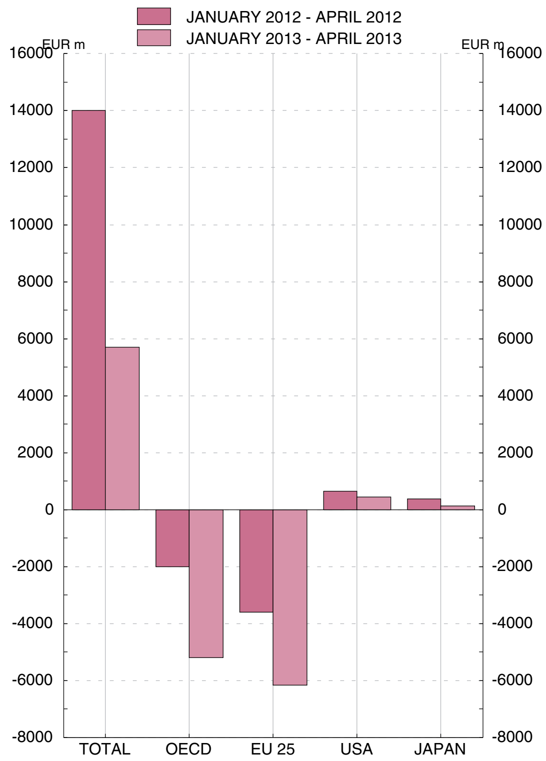
Sources: ME, MHAP y BE.
Note: The underlying series for this indicator are in Tables 18.2 and 18.3 of the Boletín estadístico.
The monthly series are provisional data, while the annual series are the final foreign trade data.
a. Series deflated by unit value indices .

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

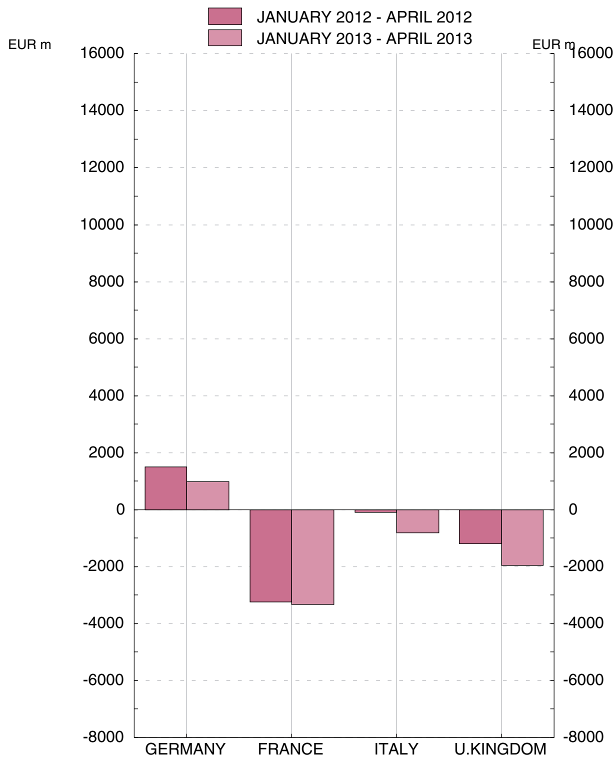
EUR millions

		World total	European Union (EU 27)								OECD			OPEC	Other American coun- tries	China	Newly indus- trialised 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
12 *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
Feb	P	-1 184	1 480	938	-233	658	278	543	607		1 125	-139	-10	-1 401	55	-1 030	92
Mar	P	635	1 750	1 224	-187	873	234	526	378		1 932	98	-46	-1 192	-117	-894	-28
Apr	P	-1 642	1 565	961	-298	1 128	200	604	482		1 413	-151	-11	-1 808	16	-892	-75

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												Banco de España			
		Net position excluding Banco de España (assets - liabil.)	Direct investment			Portfolio investment			Other investment			Financial derivatives Net position (assets-liabil.)	Banco de España Net position (assets-liabil.)	Reserves	Net assets vis-à-vis the Euro-system	Other net assets (assets-liabil.) (a)
			Net position (assets-liabil.)	Spanish investment abroad (assets)	Foreign investment in Spain (liabil.)	Net position (assets-liabil.)	Spanish investment abroad (assets)	Foreign investment in Spain (liabil.)	Net position (assets-liabil.)	Spanish investment abroad (assets)	Foreign investment in Spain (liabil.)					
	1=2+13 ■	2=3+6+9+12 ■	3=4-5 ■	4	5	6=7-8 ■	7	8	9=10-11 ■	10	11	12	13=14 to 16 ■	14	15	16
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	-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*	-965.2	-1 004.7	4.9	484.4	479.5	-665.9	301.7	967.6	-342.2	377.0	719.1	-1.5	39.5	23.2	-35.2	51.5
Q2	-977.4	-1 009.5	13.3	485.3	472.0	-642.6	293.3	935.9	-379.9	379.8	759.7	-0.3	32.2	23.5	-40.6	49.3
Q3	-971.0	-965.8	9.3	479.5	470.2	-613.0	274.8	887.8	-369.7	385.2	754.8	7.6	-5.2	27.6	-83.8	51.1
Q4	-963.1	-882.2	13.7	495.8	482.1	-585.8	258.0	843.8	-316.0	395.1	711.0	5.9	-81.0	36.4	-170.2	52.8
12 *Q1*	-948.2	-763.4	15.0	494.9	479.9	-521.4	270.1	791.6	-259.9	412.4	672.3	2.9	-184.8	36.0	-271.2	50.5
Q2	-938.6	-623.7	9.9	494.0	484.1	-439.9	254.5	694.4	-198.3	440.9	639.2	4.6	-314.9	41.4	-403.6	47.3
Q3	-940.1	-630.8	12.4	483.2	470.8	-465.3	254.0	719.2	-180.8	417.7	598.5	2.8	-309.3	40.2	-395.4	45.9
Q4	-959.0	-708.7	-11.5	470.4	481.9	-515.8	275.9	791.8	-183.5	421.4	604.8	2.1	-250.3	38.3	-332.6	43.9
13 *Q1*	-967.1	-756.0	-6.4	484.5	491.0	-529.3	281.0	810.4	-222.2	421.1	643.3	2.0	-211.1	39.7	-292.1	41.4

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

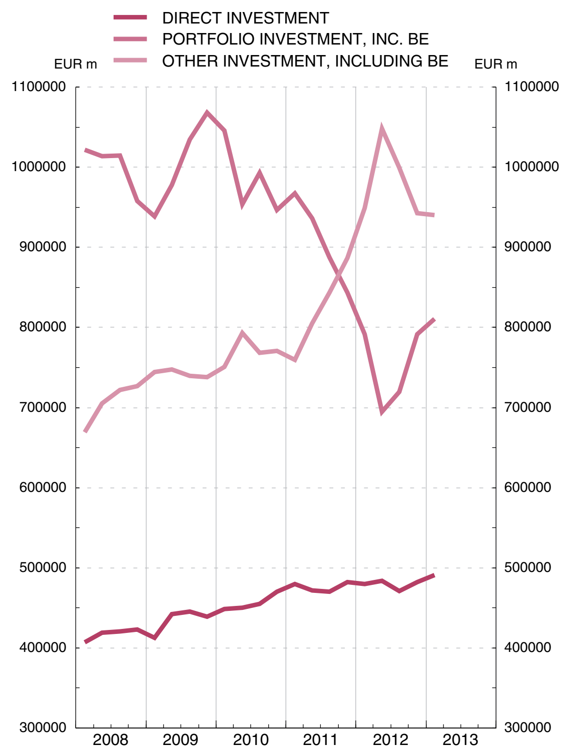
■ Series depicted in chart.

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
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	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*	445 986	38 431	358 417	121 071	92 910	260 100	204 657	762 989	382 567	759 808	80 724	82 170
Q2	447 044	38 212	356 817	115 183	91 957	250 153	194 147	741 706	385 428	805 474	83 747	84 040
Q3	434 719	44 785	358 237	112 013	78 339	247 132	159 177	728 592	390 748	843 831	134 796	127 191
Q4	446 051	49 772	365 249	116 896	77 815	232 593	163 769	680 052	400 792	886 392	140 225	134 415
12 *Q1*	446 483	48 389	364 297	115 564	83 849	236 158	159 328	632 227	418 162	948 814	133 237	130 209
Q2	440 977	53 037	371 420	112 677	82 309	218 868	146 156	548 286	446 594	1 047 898	153 277	148 677
Q3	432 320	50 841	361 713	109 075	86 593	212 630	166 127	553 107	423 442	998 936	157 193	154 374
Q4	419 991	50 456	375 817	106 092	89 626	229 135	180 540	611 220	427 231	942 309	148 623	146 395
13 *Q1*	434 236	50 285	383 735	107 233	98 151	223 393	184 056	626 297	426 955	940 456	139 379	137 347

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.

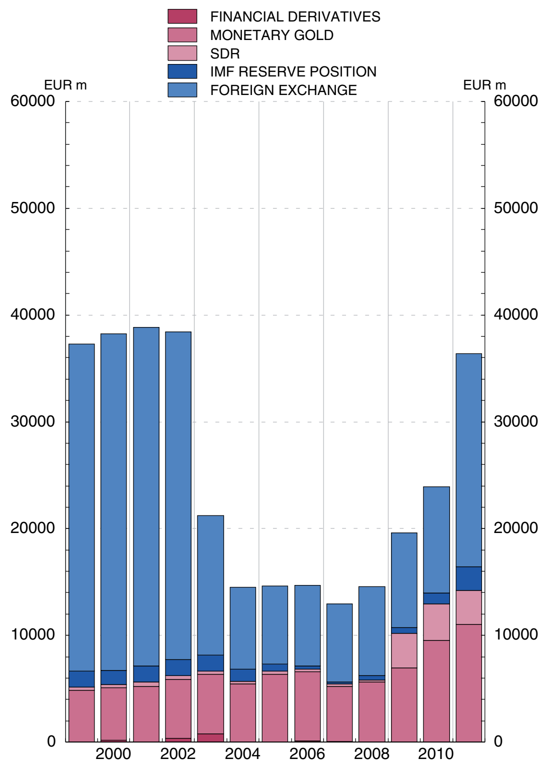
7.8. SPANISH RESERVE ASSETS

■ Series depicted in chart.

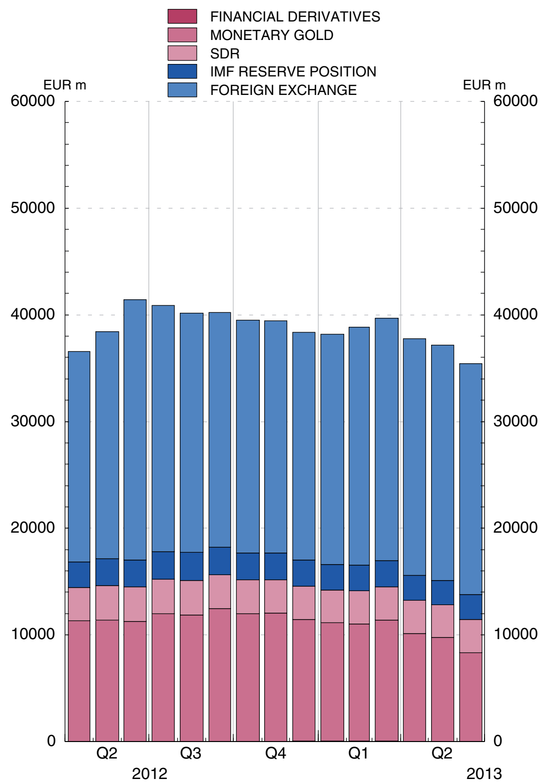
End-of-period stocks in EUR millions

	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
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
Apr	37 765	22 183	2 344	3 104	10 109	25	9.1
May	37 169	22 037	2 283	3 087	9 737	25	9.1
Jun	35 434	21 661	2 349	3 092	8 329	3	9.1

RESERVE ASSETS
END-OF-YEAR POSITIONS



RESERVE ASSETS
END-OF-MONTH POSITIONS



Source: BE.
Note: From January 1999 the assets denominated in euro and other currencies vis-à-vis residents of other euro area countries are not considered reserve assets. To December 1998, data in pesetas have been converted to euro using the irrevocable euro conversion rate. Since January 1999, all reserve assets are valued at market prices. As of January 2000 reserve assets data have been compiled in accordance with the IMF´s new methodological guidelines published in the document 'International Reserves and Foreign Currency Liquidity
Guidelines for a Data Template', October 2001 (http://dsbb.imf.org/Applications/web/sddsguide). Using this new definition, total reserve assets as at 31.12.99 would have been EUR 37835 million instead of the ammount of EUR 37288 million published in this table.

7.9. SPANISH EXTERNAL DEBT VIS-À-VIS OTHER EURO AREA RESIDENTS AND THE REST OF THE WORLD. SUMMARY

End-of-period positions *EUR millions*

	Total	General government						Other monetary financial institutions				
		Total	Short-term		Long-term			Total	Short-term		Long-term	
			Money market instruments	Loans	Bonds and notes	Loans	Trade credits		Money market instruments	Deposits	Bonds and notes	Deposits
	1	2	3	4	5	6	7	8	9	10	11	12
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*	1 701 016	291 992	37 875	485	221 797	31 835	-	760 849	10 640	395 695	235 895	118 619
Q2	1 724 976	285 977	37 245	7	215 529	33 196	-	792 835	7 554	425 267	231 979	128 035
Q3	1 751 194	293 313	36 605	507	222 439	33 761	-	768 666	6 211	402 061	223 975	136 418
Q4	1 743 892	274 826	28 545	428	211 116	34 738	-	709 704	3 494	362 532	212 924	130 755
12 *Q1*	1 758 351	256 110	23 612	4	191 658	40 835	-	641 440	3 341	311 819	191 020	135 259
Q2	1 770 846	238 153	16 369	70	175 453	46 261	-	575 178	2 699	273 422	163 554	135 504
Q3	1 726 749	254 636	20 397	325	187 552	46 362	-	525 154	1 899	237 643	154 841	130 771
Q4	1 727 077	330 140	27 732	53	211 325	91 030	-	501 837	1 800	212 849	159 173	128 016
13 *Q1*	1 741 436	342 820	30 709	24	218 645	93 442	-	539 302	1 499	248 838	162 498	126 468

7.9. (CONT.) SPANISH EXTERNAL DEBT VIS-À-VIS OTHER EURO AREA RESIDENTS AND THE REST OF THE WORLD. SUMMARY

End-of-period positions *EUR millions*

	Monetary authority		Other residents sectors								Direct investment		
	Total (a)	Short-term	Total	Short-term			Long-term				Total	Vis-à-vis	
		Deposits		Money market instruments	Loans	Other liabilities	Bonds and notes	Loans	Trade credits	Other liabilities		Direct investors	Subsidiaries
	13	14	15	16	17	18	19	20	21	22	23	24	25
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	429 290	11 724	15 303	3 818	245 057	151 195	390	1 803	178 218	67 870	110 348
Q2	45 732	45 732	422 636	11 840	15 439	4 192	237 559	151 844	389	1 374	177 796	68 533	109 263
Q3	89 019	89 019	421 426	7 466	16 691	6 433	231 895	157 283	394	1 263	178 771	68 009	110 762
Q4	175 360	175 360	406 554	5 100	17 105	6 544	218 874	157 226	398	1 307	177 447	69 802	107 645
12 *Q1*	276 496	276 496	406 994	8 330	16 917	6 699	214 264	159 025	395	1 364	177 310	69 640	107 670
Q2	408 695	408 695	374 158	5 481	15 210	6 826	184 729	160 031	462	1 418	174 662	69 255	105 407
Q3	400 455	400 455	371 797	4 154	14 352	7 388	184 264	159 760	459	1 420	174 706	68 760	105 946
Q4	337 486	337 486	384 066	6 064	13 848	7 798	205 126	149 430	457	1 342	173 548	68 072	105 476
13 *Q1*	297 184	297 184	387 446	6 707	16 172	7 719	206 239	148 808	459	1 342	174 684	68 247	106 437

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: Total	Open market operations: Main refinancing operations	Open market operations: Longer-term refinancing operations	Open market operations: Fine-tuning reverse operations (net)	Open market operations: Structural reverse operations (net)	Standing facilities: Marginal lending facility	Standing facilities: Deposit facility	Counterparts: Autonomous factors: Total	Autonomous factors: Banknotes	Autonomous factors: Deposits to general government	Autonomous factors: Gold and net assets in foreign currency	Autonomous factors: Other assets (net)	Actual reserves of credit institutions
	1=2+3+4 +5+6-7	2	3	4	5	6	7	8=9+10 -11-12	9	10	11	12	13
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
Mar	787 506	125 975	795 073	-	-	735	134 277	428 999	884 384	86 192	656 692	-115 115	358 507
Apr	758 155	118 249	759 811	-	-	666	120 571	427 061	894 830	87 133	657 190	-102 288	331 094
May	745 149	105 552	733 956	-	-	685	95 043	440 588	903 179	83 893	656 983	-110 498	304 561
Jun	730 513	106 263	713 146	-	-	1 522	90 419	439 758	906 097	85 420	655 213	-103 455	290 755

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: Total	Open market operations: Main refinancing operations	Open market operations: Longer-term refinancing operations	Open market operations: Fine-tuning reserve operations (net)	Open market operations: Structural reserve operations (net)	Standing facilities: Marginal lending facility	Standing facilities: Deposit facility	Counterparts: Intra-ESCB: Target	Intra-ESCB: Rest	Autonomous factors: Total	Autonomous factors: Banknotes	Autonomous factors: Deposits to general government	Autonomous factors: Gold and net assets in foreign currency	Autonomous factors: Other assets (net)	Actual reserves of credit institutions
	14=15+16 +17+18 +19-20	15	16	17	18	19	20	21	22	23=24+25 -26-27	24	25	26	27	28
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
Mar	259 998	24 304	246 637	-	-	-	10 944	298 304	-5 862	-45 498	60 974	10 768	39 538	77 702	13 053
Apr	257 215	26 747	238 330	-	-	-	7 862	296 901	-5 862	-47 154	61 643	8 020	40 419	76 399	13 329
May	254 979	25 360	233 958	-	-	-	4 339	289 650	-5 862	-41 970	61 192	8 635	39 467	72 331	13 161
Jun	250 052	24 169	228 973	-	-	-	3 090	283 650	-5 862	-39 884	60 880	8 441	37 978	71 227	12 148

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

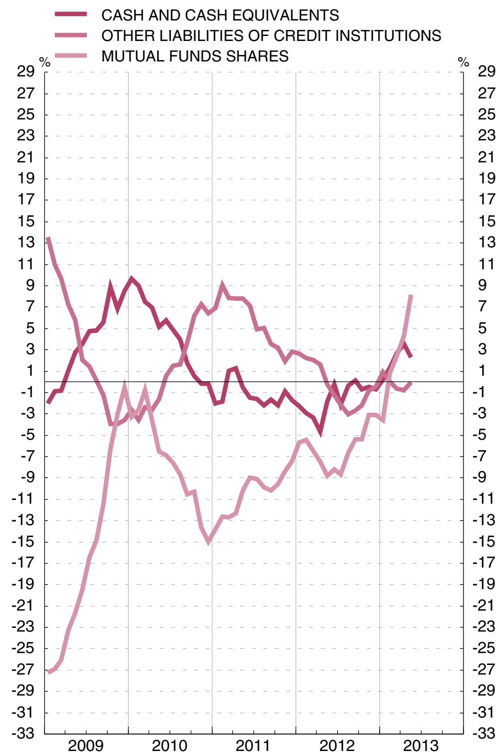
8.2 CASH AND CASH EQUIVALENTS, OTHER LIABILITIES OF CREDIT INSTITUTIONS AND MUTUAL FUNDS SHARES OF NON-FINANCIAL CORPORATIONS, HOUSEHOLDS AND NPISHS RESIDENT IN SPAIN (a)

■ Series depicted in chart.

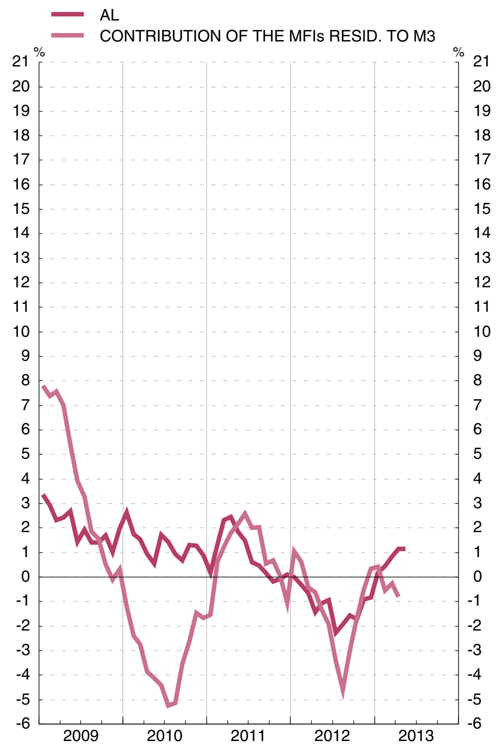
EUR millions and %

		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		518 326	-0.2	-0.3	-0.1	561 241	6.4	6.4	12.0	-22.2	124 357	-14.9	-29.5	1.6	0.9	-1.7
11		509 416	-1.7	-2.5	-1.5	577 025	2.8	-2.3	70.9	-28.9	115 157	-7.4	-10.3	-5.1	0.1	-1.1
12		505 740	-0.7	-3.5	-0.1	574 499	-0.4	-0.2	-2.6	9.6	111 566	-3.1	-6.9	-0.3	-0.8	0.3
12 *Feb*		491 377	-2.9	-3.1	-2.9	578 999	2.3	-3.5	82.0	-33.9	118 876	-5.4	-3.2	-7.1	-0.3	0.6
Mar		497 088	-3.3	-2.5	-3.5	578 258	2.0	-3.8	81.8	-39.0	117 185	-6.5	-3.3	-8.7	-0.6	-0.4
Apr		488 077	-4.7	-2.9	-5.1	574 626	1.6	-4.7	85.3	-37.6	115 336	-7.5	-3.0	-10.7	-1.4	-0.6
May		500 093	-1.8	0.1	-2.3	568 961	-0.2	-6.9	84.9	-36.2	112 559	-8.8	-2.7	-13.1	-1.1	-1.3
Jun		521 924	-0.2	2.5	-0.9	566 720	-1.2	-8.4	87.2	-32.5	111 754	-8.2	-4.6	-10.8	-0.9	-1.9
Jul		504 226	-2.1	2.6	-3.2	557 106	-2.2	-9.2	82.6	-13.9	110 749	-8.7	-5.1	-11.3	-2.3	-3.4
Aug		504 178	-0.4	3.3	-1.2	554 080	-3.0	-9.6	74.0	-9.9	111 811	-6.7	-5.3	-7.7	-1.9	-4.6
Sep		502 873	0.1	2.0	-0.3	554 528	-2.7	-8.8	69.0	-11.8	111 594	-5.4	-5.5	-5.3	-1.6	-3.0
Oct		491 670	-0.7	0.7	-1.0	558 903	-2.2	-6.3	39.2	-10.9	111 724	-5.4	-6.4	-4.6	-1.7	-1.7
Nov		497 291	-0.5	-2.3	-0.0	565 187	-0.8	-2.8	16.1	-1.0	111 721	-3.1	-6.7	-0.5	-0.9	-0.5
Dec		505 740	-0.7	-3.5	-0.1	574 499	-0.4	-0.2	-2.6	9.6	111 566	-3.1	-6.9	-0.3	-0.8	0.3
13 *Jan*	P	493 858	0.2	-3.9	1.1	580 320	0.9	1.5	-3.9	9.6	113 633	-3.6	-7.5	-0.7	0.2	0.4
Feb	P	497 922	1.3	-4.4	2.7	578 933	-0.0	1.5	-11.2	19.5	119 888	0.9	-3.1	3.8	0.4	-0.5
Mar	P	510 454	2.7	-3.3	4.1	574 483	-0.7	1.9	-18.5	11.3	120 108	2.5	-0.2	4.5	0.8	-0.3
Apr	P	505 324	3.5	-3.1	5.1	570 207	-0.8	2.6	-23.9	29.1	120 309	4.3	0.2	7.5	1.2	-0.8
May	P	511 682	2.3	-5.7	4.2	568 791	-0.0	4.8	-30.7	22.5	121 734	8.2	2.8	12.4	1.1	...

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.

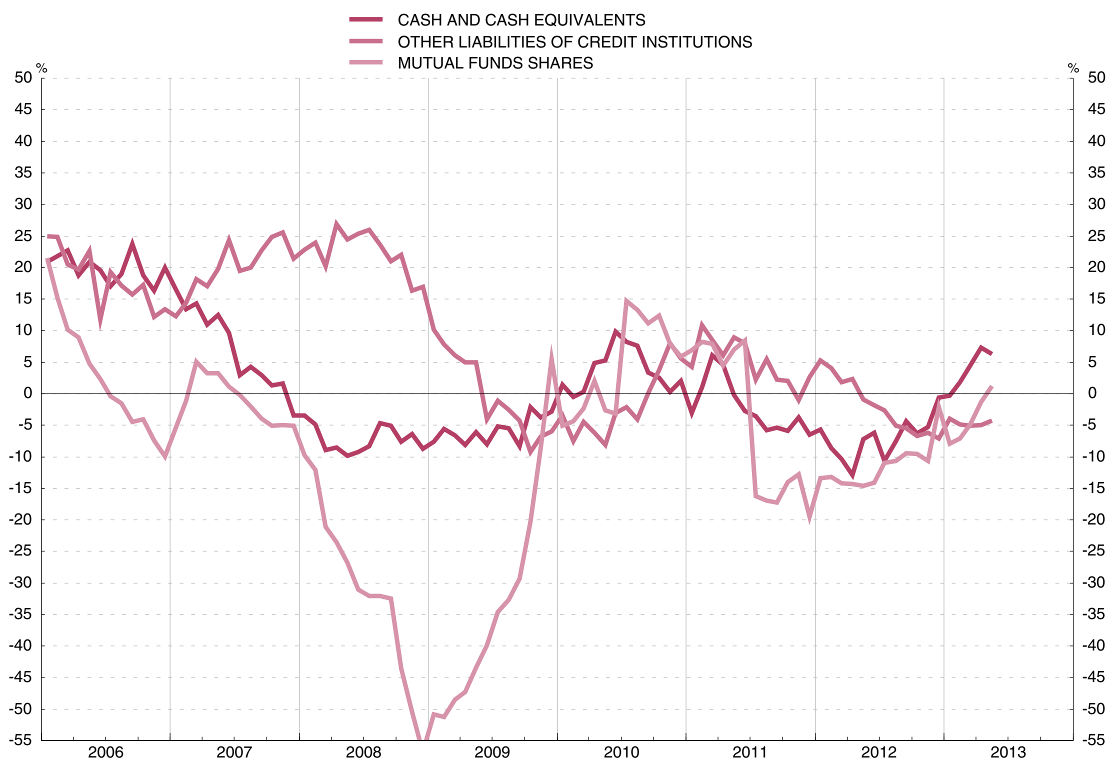
8.3 CASH AND CASH EQUIVALENTS, OTHER LIABILITIES OF CREDIT INSTITUTIONS AND MUTUAL FUNDS SHARES OF NON-FINANCIAL CORPORATIONS RESIDENT IN SPAIN (a)

■ 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		Stocks	Annual growth rate	Annual growth rate	
					Other deposits (c)	Repos + credit instit.' securit.+ dep. in branches abroad			Fixed income in EUR (d)	Other
	1	2 ■	3	4 ■	5	6	7	8 ■	9	10
10	119 757	2.0	119 828	5.6	6.1	3.6	12 153	5.9	-9.4	22.1
11	111 995	-6.5	122 926	2.6	-10.9	58.3	9 780	-19.5	-22.4	-17.2
12	111 314	-0.6	114 178	-7.1	-7.1	-7.1	9 569	-2.2	-2.8	-1.6
12 *Feb*	106 807	-8.6	121 165	4.0	-11.0	71.9	10 680	-13.2	-8.2	-16.8
Mar	108 687	-10.4	119 997	1.9	-13.3	68.7	10 527	-14.2	-8.4	-18.3
Apr	103 076	-12.9	117 985	2.3	-14.0	73.6	10 365	-14.4	-8.2	-18.8
May	109 671	-7.2	116 603	-0.9	-17.8	72.1	10 227	-14.7	-6.6	-20.4
Jun	114 245	-6.2	117 226	-1.8	-19.6	73.8	10 146	-14.1	-8.5	-18.3
Jul	103 432	-10.7	112 047	-2.6	-20.1	68.9	10 050	-10.9	-4.2	-15.7
Aug	105 849	-7.5	111 510	-5.1	-20.6	55.7	9 952	-10.7	-6.7	-13.6
Sep	106 990	-4.4	111 046	-5.5	-19.9	48.8	9 934	-9.4	-6.9	-11.3
Oct	101 690	-6.3	109 498	-6.7	-17.4	27.0	9 931	-9.6	-8.1	-10.7
Nov	105 379	-5.3	110 960	-6.2	-11.6	8.0	9 584	-10.7	-11.9	-9.7
Dec	111 314	-0.6	114 178	-7.1	-7.1	-7.1	9 569	-2.2	-2.8	-1.6
13 *Jan* P	105 922	-0.3	115 538	-3.9	-3.8	-4.2	9 745	-8.0	-12.5	-4.4
Feb P	108 769	1.8	115 292	-4.8	-3.3	-8.6	9 916	-7.2	-12.3	-3.1
Mar P	113 519	4.4	113 938	-5.0	-0.5	-15.3	10 017	-4.8	-9.0	-1.5
Apr P	110 566	7.3	112 120	-5.0	1.0	-18.0	10 232	-1.3	-7.1	3.5
May P	116 565	6.3	111 679	-4.2	5.4	-24.2	10 355	1.3	-6.0	7.3

NON-FINANCIAL CORPORATIONS
Annual percentage change



Source: BE.

a. This concept refers to the instruments included in the headings of the table, issued by resident credit institutions and mutual funds. The exception is column 6, which includes deposits in Spanish bank branches abroad.

b. Cash, current accounts, savings accounts and deposits redeemable at up to and including 3 months' notice.

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

d. The series includes the old categories of Money market funds and Fixed income mutual funds in euros.

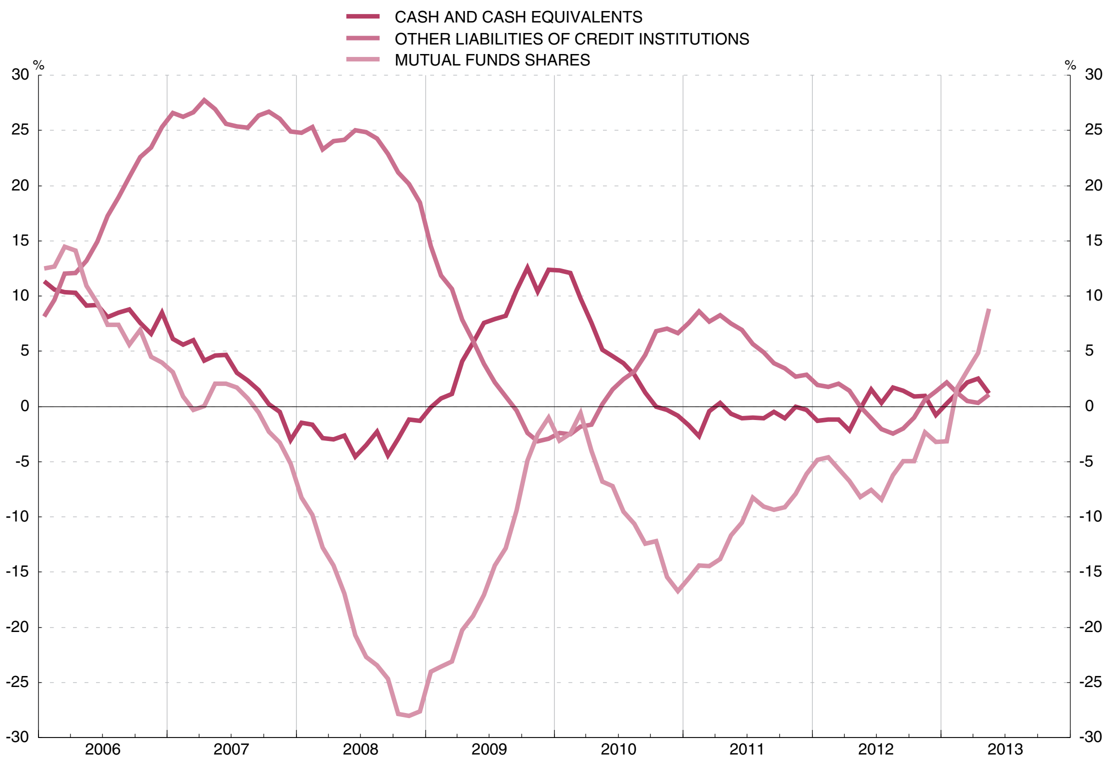
8.4 CASH AND CASH EQUIVALENTS, OTHER LIABILITIES OF CREDIT INSTITUTIONS AND MUTUAL FUNDS SHARES OF HOUSEHOLDS AND NPISHS RESIDENT IN SPAIN (a)

■ Series depicted in chart.

EUR millions and %

		Cash and cash equivalents				Other liabilities of credit institutions				Mutual funds shares			
		Stocks	Annual growth rate	Annual growth rate		Stocks	Annual growth rate	Annual growth rate		Stocks	Annual growth rate	Annual growth rate	
				Cash	Deposits (b)			Other deposits (c)	Repos + credit instit.' securit.+ dep. in branches abroad			Fixed income in EUR (d)	Other
		1	2 ■	3	4	5	6 ■	7	8	9	10 ■	11	12
10		398 568	-0.8	-1.8	-0.5	441 413	6.7	6.5	10.3	112 204	-16.7	-31.1	-0.2
11		397 421	-0.3	-1.6	0.1	454 099	2.9	-0.3	61.3	105 377	-6.1	-8.9	-3.8
12		394 426	-0.8	-3.2	-0.0	460 321	1.4	1.2	3.2	101 997	-3.2	-7.2	-0.2
12 *Feb*		384 571	-1.2	-2.3	-0.9	457 833	1.8	-1.8	66.8	108 195	-4.6	-2.6	-6.0
Mar		388 400	-1.2	-1.8	-1.0	458 261	2.1	-1.6	66.0	106 658	-5.6	-2.8	-7.7
Apr		385 001	-2.2	-2.2	-2.2	456 641	1.4	-2.6	70.4	104 971	-6.7	-2.4	-9.8
May		390 422	-0.2	0.6	-0.5	452 358	-0.0	-4.4	72.4	102 333	-8.2	-2.3	-12.4
Jun		407 679	1.6	2.9	1.2	449 494	-1.1	-5.9	76.9	101 609	-7.5	-4.2	-10.0
Jul		400 794	0.4	3.0	-0.4	445 059	-2.1	-6.9	78.7	100 699	-8.5	-5.2	-10.8
Aug		398 328	1.7	3.6	1.2	442 570	-2.5	-7.2	77.5	101 859	-6.2	-5.1	-7.1
Sep		395 882	1.4	2.2	1.2	443 481	-2.0	-6.4	74.6	101 660	-5.0	-5.3	-4.7
Oct		389 980	0.9	1.0	0.8	449 405	-1.0	-4.0	43.6	101 793	-5.0	-6.2	-4.0
Nov		391 911	0.9	-2.0	1.8	454 227	0.6	-1.1	21.9	102 137	-2.4	-6.1	0.5
Dec		394 426	-0.8	-3.2	-0.0	460 321	1.4	1.2	3.2	101 997	-3.2	-7.2	-0.2
13 *Jan*	P	387 935	0.3	-3.7	1.4	464 782	2.2	2.6	-2.4	103 887	-3.1	-7.0	-0.3
Feb	P	389 153	1.2	-4.1	2.7	463 641	1.3	2.4	-11.1	109 972	1.6	-2.1	4.4
Mar	P	396 935	2.2	-3.0	3.7	460 546	0.5	2.4	-18.8	110 091	3.2	0.7	5.1
Apr	P	394 758	2.5	-2.8	4.1	458 087	0.3	3.0	-25.2	110 076	4.9	0.9	7.9
May	P	395 117	1.2	-5.4	3.2	457 112	1.1	4.7	-32.5	111 379	8.8	3.7	12.9

HOUSEHOLDS AND NPISH
Annual percentage change



Source: BE.

a. This concept refers to the instruments included in the headings of the table, issued by resident credit institutions and mutual funds. The exception is column 6, which includes deposits in Spanish bank branches abroad.

b. Current accounts, savings accounts and deposits redeemable at up to 3 months' notice.

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

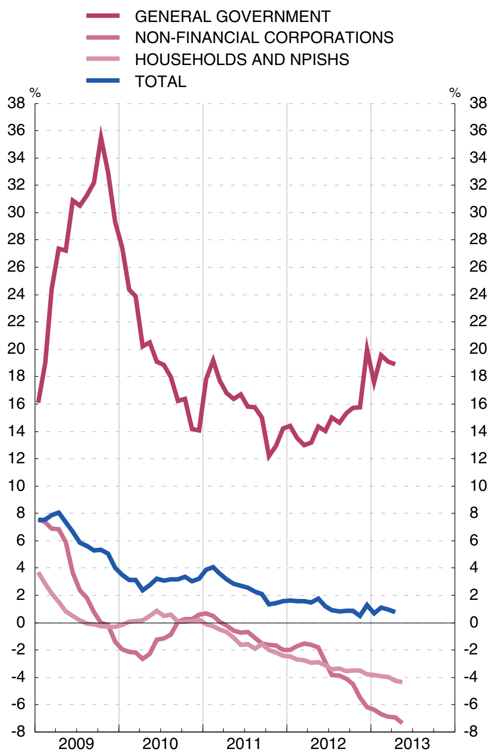
d. The series includes the old categories of Money market funds and Fixed income mutual funds in euros.

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

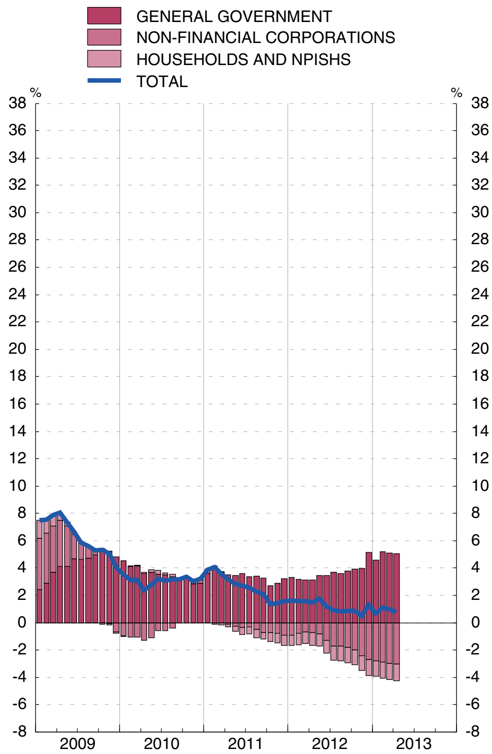
■ Series depicted in chart. *EUR millions and %*

	Total: Stocks	Total: Effective flow	Total: Annual growth rate	Annual growth rate: General government (b)	Annual growth rate: Non-financial corp. and households and NPISHs	By sectors: Non-financial corporations	By sectors: Households and NPISHs	By instruments: Credit institutions loans, secur. funds & loans tr. to AMC(c)	By instruments: Securities other than shares	By instruments: External loans	Contribution to col. 3: General government (b)	Contribution to col. 3: Non-financial corp. and households and NPISHs	By sectors: Non-financial corporations	By sectors: Households and NPISHs	By instrumentss: Credit institutions' loans & securit. funds	By instrumentss: Securities other than shares	By instrumentss: External loans
	1	2	3 ■	4 ■	5	6 ■	7 ■	8	9	10	11 ■	12	13 ■	14 ■	15	16	17
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	2 862 435	44 606	1.6	14.2	-2.1	-2.0	-2.4	-3.3	7.1	2.4	3.2	-1.7	-0.9	-0.8	-2.1	0.2	0.3
12	2 862 270	37 304	1.3	20.0	-5.2	-6.1	-3.8	-5.8	12.2	-5.4	5.1	-3.8	-2.7	-1.1	-3.5	0.3	-0.7
12 *Feb*	2 878 353	9 499	1.6	13.5	-2.1	-1.7	-2.7	-3.3	8.2	2.2	3.2	-1.6	-0.8	-0.8	-2.1	0.2	0.3
Mar	2 885 884	6 214	1.6	13.0	-2.0	-1.5	-2.7	-3.4	10.6	2.8	3.1	-1.5	-0.7	-0.8	-2.1	0.2	0.3
Apr	2 872 532	-10 436	1.5	13.2	-2.2	-1.6	-2.9	-3.5	7.8	2.6	3.1	-1.6	-0.7	-0.9	-2.1	0.2	0.3
May	2 883 874	8 936	1.7	14.3	-2.2	-1.8	-2.9	-3.6	6.6	2.8	3.5	-1.7	-0.8	-0.9	-2.2	0.1	0.3
Jun	2 892 716	8 463	1.2	14.0	-3.0	-2.9	-3.1	-4.1	8.7	0.7	3.5	-2.2	-1.3	-1.0	-2.5	0.2	0.1
Jul	2 871 732	-20 269	0.9	15.0	-3.6	-3.8	-3.4	-4.6	8.3	-1.1	3.7	-2.8	-1.7	-1.1	-2.8	0.2	-0.1
Aug	2 853 635	-17 595	0.8	14.6	-3.7	-3.9	-3.4	-4.6	8.1	-1.0	3.6	-2.8	-1.7	-1.0	-2.8	0.2	-0.1
Sep	2 867 555	16 631	0.9	15.3	-3.9	-4.1	-3.6	-4.7	9.0	-2.0	3.8	-2.9	-1.8	-1.1	-2.9	0.2	-0.2
Oct	2 860 557	-5 932	0.9	15.7	-4.1	-4.5	-3.5	-5.1	12.6	-1.9	3.9	-3.1	-2.0	-1.1	-3.1	0.3	-0.2
Nov	2 866 382	6 533	0.5	15.8	-4.6	-5.5	-3.5	-5.5	13.1	-3.8	4.0	-3.5	-2.4	-1.1	-3.3	0.3	-0.5
Dec	2 862 270	29 030	1.3	20.0	-5.2	-6.1	-3.8	-5.8	12.2	-5.4	5.1	-3.8	-2.7	-1.1	-3.5	0.3	-0.7
13 *Jan* P	2 849 509	-11 656	0.7	17.6	-5.3	-6.3	-3.8	-6.0	13.5	-5.3	4.6	-3.9	-2.8	-1.2	-3.6	0.3	-0.7
Feb P	2 862 215	22 299	1.1	19.6	-5.5	-6.7	-3.9	-6.0	7.3	-5.7	5.2	-4.1	-2.9	-1.2	-3.5	0.2	-0.7
Mar P	2 860 603	2 217	1.0	19.1	-5.7	-6.8	-3.9	-6.2	6.0	-5.2	5.1	-4.1	-3.0	-1.2	-3.6	0.1	-0.7
Apr P	2 836 187	-15 721	0.8	18.9	-5.8	-6.9	-4.2	-6.6	10.0	-5.0	5.1	-4.3	-3.0	-1.3	-3.9	0.2	-0.6
May P	...	...	...	...	-6.1	-7.3	-4.3	-7.0	9.8	-5.1	...	...	...	...	...	...	...

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).

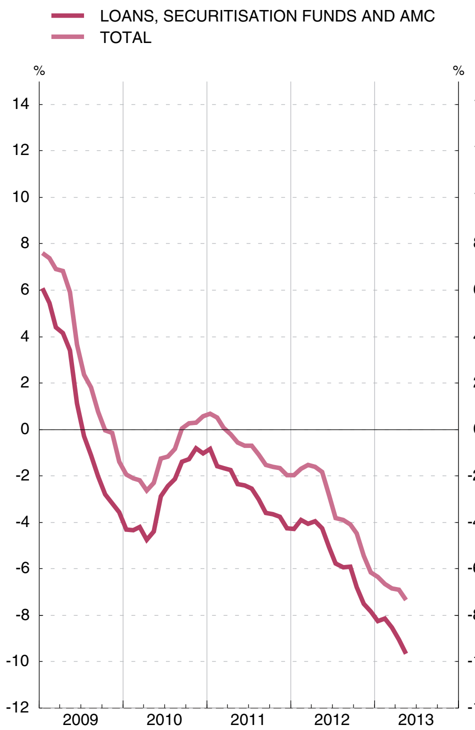
8.6. FINANCING OF NON-FINANCIAL CORPORATIONS RESIDENT IN SPAIN (a)

■ Series depicted in chart.

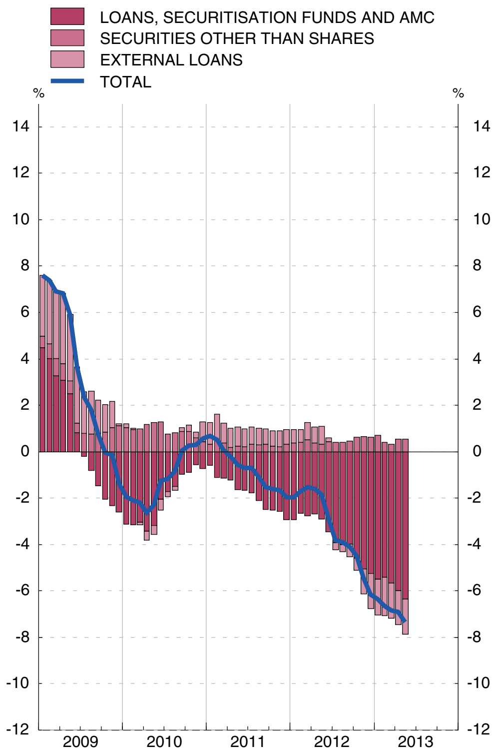
EUR millions and %

				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	1 255 006	-25 690	-2.0	840 887	-4.2	-2.9	64 708	50 767	7.1	0.3	349 411	2.3	0.6	1 332
12	1 144 548	-77 173	-6.1	736 625	-7.8	-5.2	72 574	55 988	12.2	0.6	335 349	-5.5	-1.5	28 680
12 *Feb*	1 253 577	1 196	-1.7	831 018	-3.9	-2.7	67 425	53 076	8.2	0.4	355 134	2.1	0.6	1 172
Mar	1 252 230	-1 997	-1.5	828 598	-4.1	-2.8	68 745	54 100	10.6	0.5	354 886	2.8	0.7	1 143
Apr	1 248 412	-2 052	-1.6	825 581	-3.9	-2.7	67 526	52 946	7.8	0.4	355 304	2.6	0.7	1 172
May	1 244 549	-6 554	-1.8	819 091	-4.3	-2.9	68 151	53 759	6.6	0.3	357 307	2.8	0.8	1 147
Jun	1 232 364	-13 281	-2.9	812 314	-5.1	-3.5	68 406	53 386	8.7	0.4	351 644	0.6	0.2	1 164
Jul	1 220 097	-12 063	-3.8	804 701	-5.8	-3.9	68 490	53 634	8.3	0.4	346 906	-1.1	-0.3	1 120
Aug	1 208 888	-10 474	-3.9	792 990	-5.9	-4.0	68 160	53 326	8.1	0.4	347 738	-1.0	-0.3	1 099
Sep	1 209 627	2 464	-4.1	792 423	-5.9	-4.0	69 585	54 821	9.0	0.5	347 619	-2.0	-0.6	1 115
Oct	1 204 698	-4 191	-4.5	783 848	-6.8	-4.6	71 999	56 396	12.6	0.6	348 851	-1.9	-0.5	1 064
Nov	1 192 378	-11 000	-5.5	776 667	-7.5	-5.0	72 728	55 856	13.1	0.7	342 983	-3.9	-1.1	1 256
Dec	1 144 548	-15 513	-6.1	736 625	-7.8	-5.2	72 574	55 988	12.2	0.6	335 349	-5.5	-1.5	28 680
13 *Jan*	P 1 137 826	-6 027	-6.3	727 251	-8.3	-5.5	73 817	56 848	13.5	0.7	336 759	-5.5	-1.5	28 651
Feb	P 1 125 788	-2 860	-6.7	715 050	-8.2	-5.4	72 362	55 173	7.3	0.4	338 376	-5.8	-1.7	40 969
Mar	P 1 118 273	-4 224	-6.8	709 383	-8.5	-5.6	72 852	55 664	6.0	0.3	336 038	-5.4	-1.5	39 812
Apr	P 1 107 495	-2 543	-6.9	702 648	-9.1	-6.0	74 247	56 047	10.0	0.5	330 600	-5.1	-1.5	39 701
May	P 1 095 543	-11 503	-7.3	691 481	-9.7	-6.4	74 859	56 268	9.8	0.5	329 204	-5.3	-1.5	39 644

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).

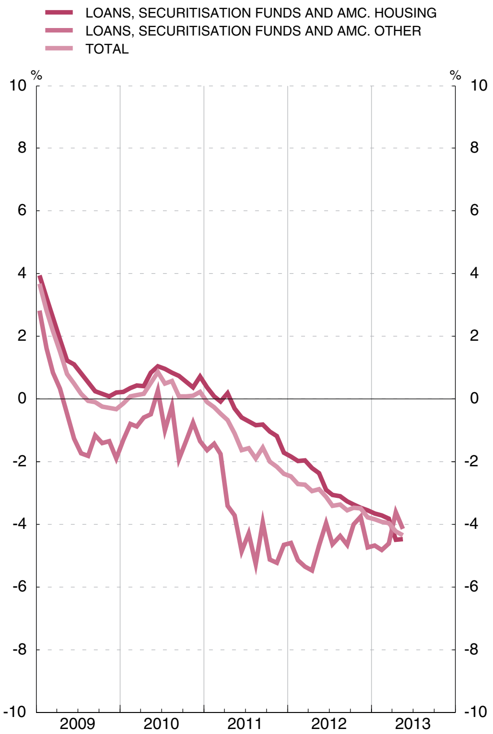
8.7. FINANCING OF HOUSEHOLDS AND NPISHS RESIDENT IN SPAIN (a)

■ Series depicted in chart.

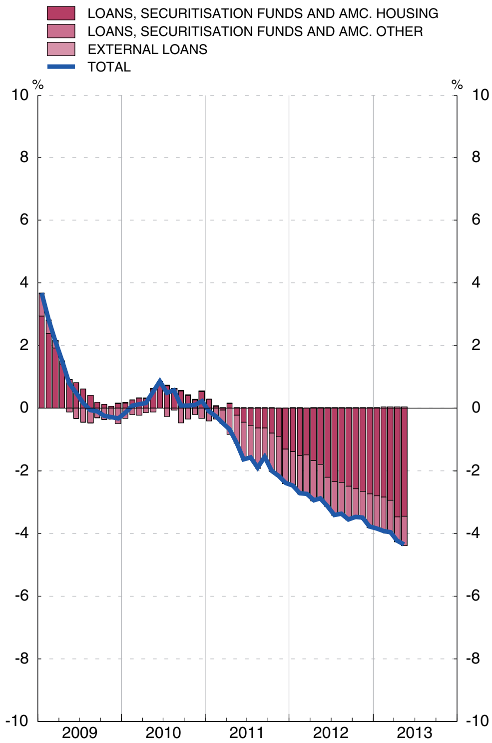
EUR millions and %

	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	833 874	-32 904	-3.8	641 948	-3.6	-2.7	188 930	-4.7	-1.1	2 996	10.2	0.0	8 813	801
12 *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	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	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	833 874	-7 841	-3.8	641 948	-3.6	-2.7	188 930	-4.7	-1.1	2 996	10.2	0.0	8 813	801
13 *Jan* P	828 567	-4 897	-3.8	638 400	-3.6	-2.8	187 158	-4.7	-1.1	3 009	11.5	0.0	8 525	917
Feb P	823 287	-4 865	-3.9	635 262	-3.7	-2.8	184 999	-4.8	-1.1	3 026	11.5	0.0	8 295	947
Mar P	819 503	-3 247	-3.9	633 487	-3.8	-2.9	182 937	-4.6	-1.1	3 079	13.1	0.0	8 048	609
Apr P	814 707	-4 335	-4.2	629 237	-4.5	-3.5	182 475	-3.6	-0.8	2 995	13.0	0.0	7 348	598
May P	811 969	-2 265	-4.3	626 529	-4.5	-3.4	182 415	-4.1	-0.9	3 025	13.5	0.0	7 009	594

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).

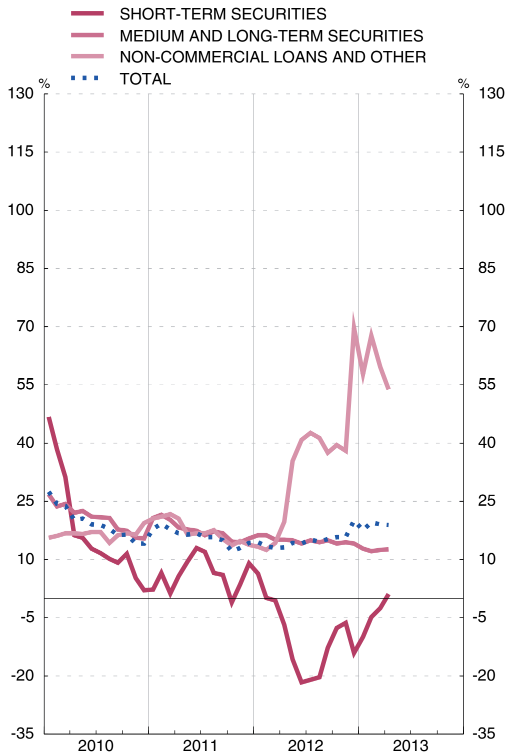
8.8. GROSS FINANCING OF SPAIN'S GENERAL GOVERMENT

■ Series depicted in chart.

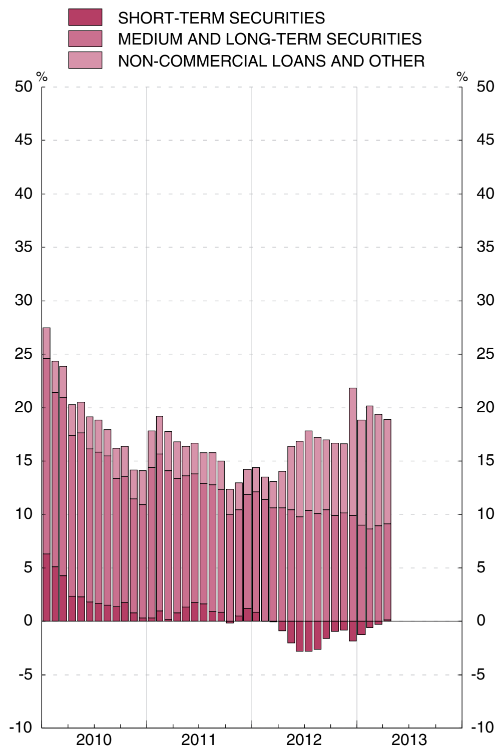
EUR millions and %

		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		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	P	883 848	147 380	20.0	82 563	-13 590	-14.1	-1.8	586 464	72 768	14.2	9.9	214 821	88 202	69.7	12.0
11 *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	817 170	16 417	15.3	79 770	7 713	-12.7	-1.6	567 236	9 792	15.0	10.4	170 164	-1 088	37.5	6.6
Oct	P	817 786	616	15.7	83 303	3 532	-7.6	-1.0	564 210	-3 026	14.1	9.9	170 273	110	39.6	6.8
Nov	P	831 464	13 678	15.8	87 469	4 166	-6.3	-0.8	575 086	10 876	14.5	10.1	168 909	-1 365	38.1	6.5
Dec	P	883 848	52 384	20.0	82 563	-4 906	-14.1	-1.8	586 464	11 377	14.2	9.9	214 821	45 913	69.7	12.0
13 *Jan*	A	883 115	-732	17.6	84 253	1 690	-9.9	-1.2	597 621	11 158	12.8	9.0	201 241	-13 580	57.7	9.8
Feb	A	913 140	30 025	19.6	85 141	889	-4.8	-0.6	610 626	13 004	12.1	8.6	217 373	16 132	67.7	11.5
Mar	A	922 828	9 685	19.1	83 260	-1 882	-2.6	-0.3	622 975	12 349	12.5	8.9	216 593	-782	59.6	10.4
Apr	A	913 985	-8 843	18.9	81 174	-2 085	1.1	0.1	617 203	-5 771	12.6	9.0	215 607	-986	53.8	9.8

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

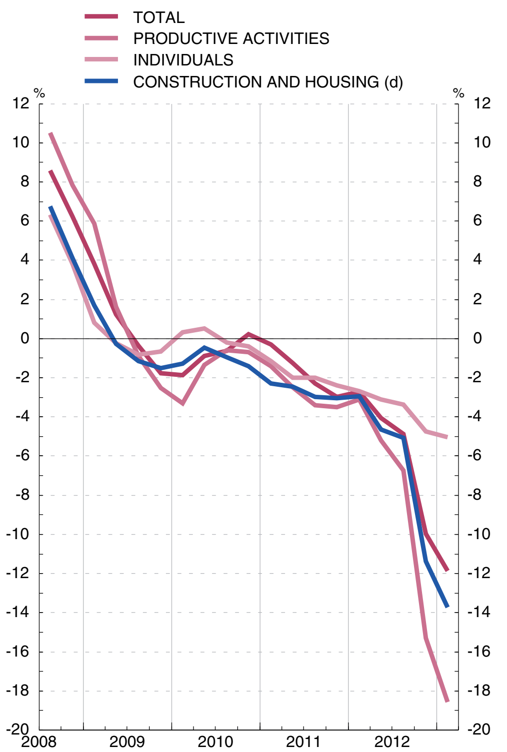
8.9 LENDING BY CREDIT INSTITUTIONS TO OTHER RESIDENT SECTORS. BREAKDOWN BY END-USE.

■ 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 ■
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
12	1 604 961	799 610	20 217	131 109	76 217	572 067	224 015	755 689	633 138	605 057	32 904	89 647	6 976	42 685	933 370
08 *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	1 604 961	799 610	20 217	131 109	76 217	572 067	224 015	755 689	633 138	605 057	32 904	89 647	6 976	42 685	933 370
13 *Q1*	1 558 660	761 658	19 831	127 127	67 227	547 472	205 892	743 129	625 439	598 371	30 553	87 137	6 759	47 114	898 558

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.

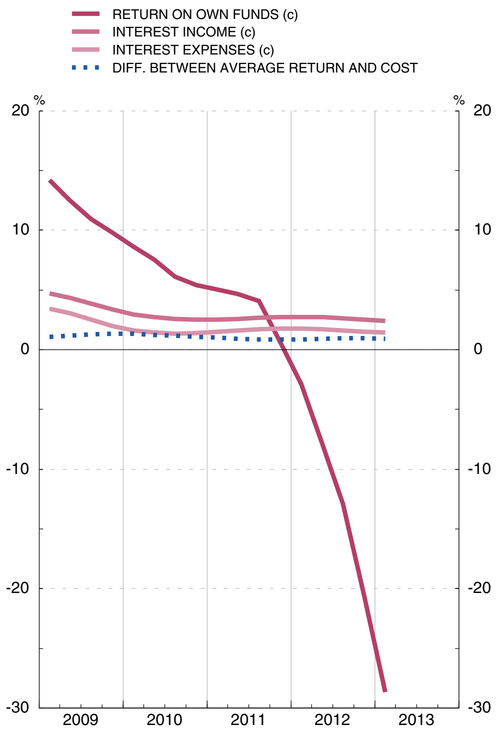
c. Asset-backed securities brought back onto the balance sheet as a result of the entry into force of Banco de España Circular BE 4/2004 have caused a break in the series in June 2005. The rates depicted in the chart have been adjusted to eliminate this effect. d. Including: construction, real estate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

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

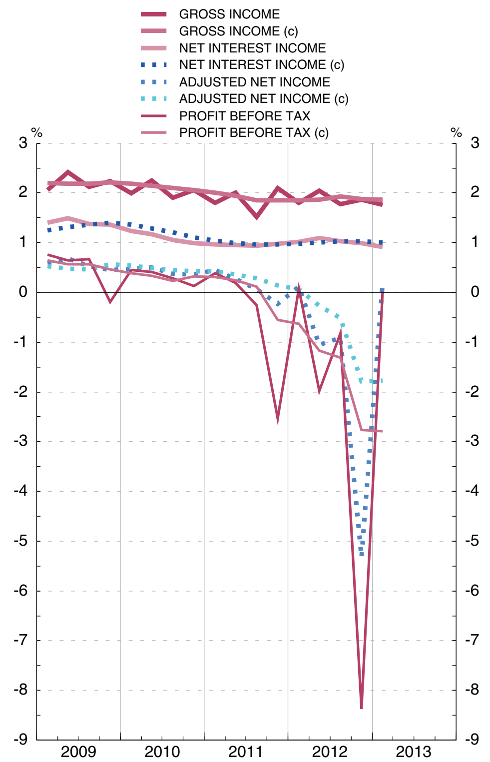
■ Series depicted in chart.

	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 ■
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
12	2.5	1.5	1.0	0.9	1.9	0.9	0.5	6.3	-5.3	3.3	-8.4	-39.1	2.8	1.8	1.0
10 *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	2.3	1.3	1.0	0.8	1.8	0.8	0.5	1.9	-0.9	0.3	-0.8	-18.2	2.9	1.9	0.9
Q4	2.5	1.5	1.0	0.9	1.9	0.9	0.5	6.3	-5.3	3.3	-8.4	-39.1	2.8	1.8	1.0
13 *Q1*	2.3	1.4	0.9	0.8	1.8	0.9	0.5	0.7	0.2	0.1	0.0	-41.2	2.6	1.7	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.

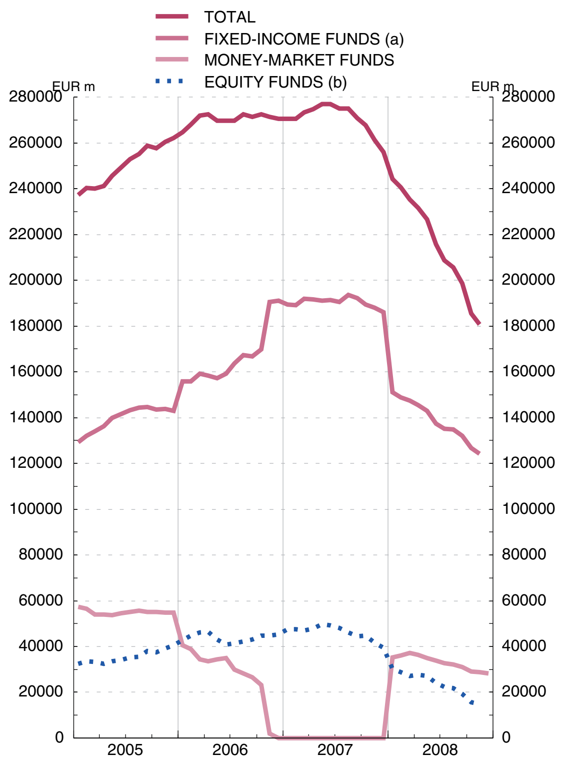
8.11. MUTUAL FUNDS RESIDENT IN SPAIN

■ Series depicted in chart.

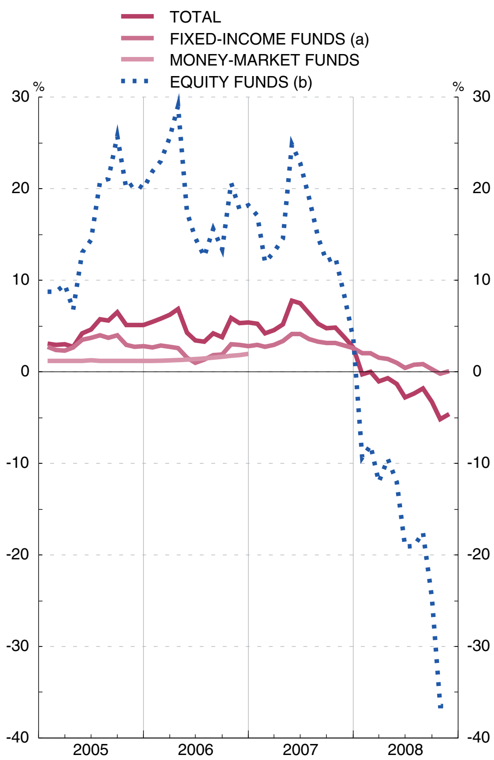
EUR millions

	Total: Net asset value	Total: Of which: Monthly change	Total: Of which: Net funds invested	Total: Return over last 12 months	Money-market funds: Net asset value	Money-market funds: Of which: Monthly change	Money-market funds: Of which: Net funds invested	Money-market funds: Return over last 12 months	Fixed-income funds (a): Net asset value	Fixed-income funds (a): Of which: Monthly change	Fixed-income funds (a): Of which: Net funds invested	Fixed-income funds (a): Return over last 12 months	Equity funds (b): Net asset value	Equity funds (b): Of which: Monthly change	Equity funds (b): Of which: Net funds invested	Equity funds (b): Return over last 12 months	Others funds (c): 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.

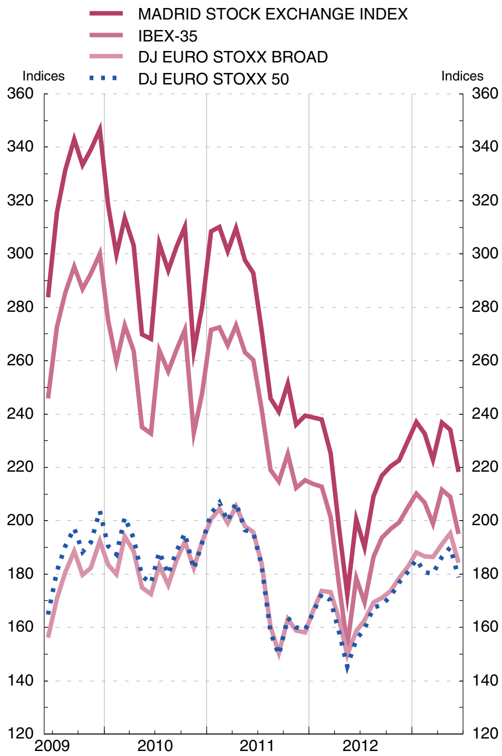
8.12. SHARE PRICE INDICES AND TURNOVER ON SECURITIES MARKETS. SPAIN AND EURO AREA

■ Series depicted in chart.

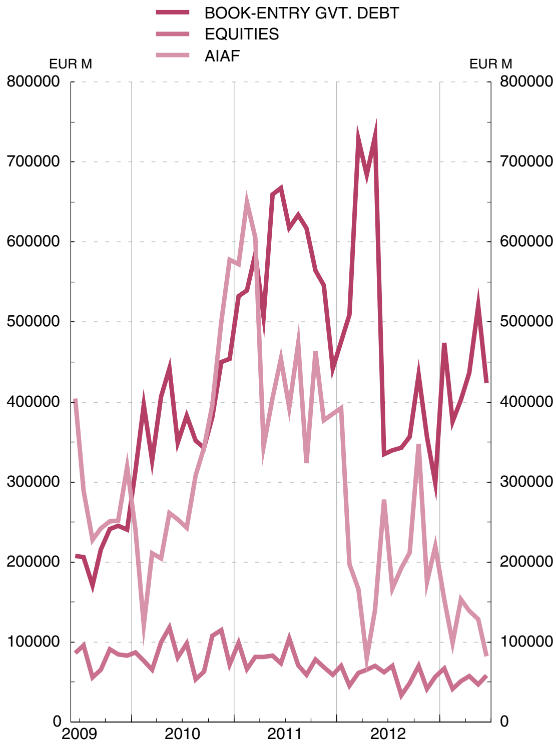
Indices, EUR millions and thousands of contracts

	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	824.99	8 169.00	269.36	2 675.88	322 921	25 377	2 632 499	756 259	-	12 906	-	2 847
12 *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	833.59	8 230.30	266.35	2 633.55	41 708	4 120	375 821	99 348	...	1 973	...	477
Mar	798.39	7 920.00	266.08	2 624.02	51 354	2 922	402 758	153 583	...	2 730	...	480
Apr	848.43	8 419.00	272.83	2 717.38	57 151	7 269	436 218	138 762	...	1 379	...	513
May	839.10	8 320.60	278.88	2 769.64	47 390	5 641	520 390	128 741	...	2 067	...	481
Jun P	781.82	7 762.70	263.09	2 602.59	58 232	2 542	423 446	82 324	...	2 628	...	567

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)

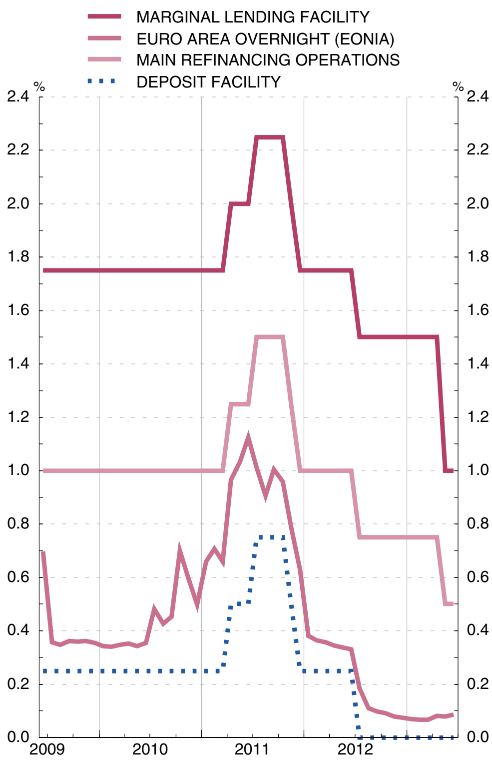
9.1. INTEREST RATES. EUROSYSTEM AND MONEY MARKET. EURO AREA AND SPAIN

■ Series depicted in chart.

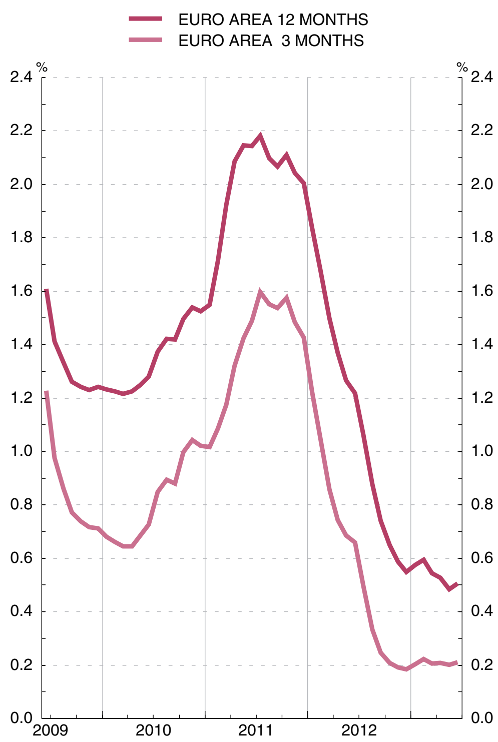
Averages of daily data. Percentages per annum

	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	0.00	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	0.50	0.50	1.00	0.00	0.075	0.12	0.21	0.33	0.54	0.15	0.49	1.75	-	-	0.07	0.31	0.42	-
12 *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	0.00	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	0.00	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	0.00	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	0.00	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	0.00	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	0.00	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	0.00	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	0.00	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	0.00	0.067	0.12	0.21	0.33	0.55	0.20	0.39	-	-	-	0.07	0.29	0.42	-
Apr	0.75	0.75	1.50	0.00	0.081	0.12	0.21	0.32	0.53	0.16	0.56	-	-	-	0.07	0.36	0.48	-
May	0.50	0.50	1.00	0.00	0.079	0.11	0.20	0.30	0.48	0.15	0.40	1.75	-	-	0.08	0.33	0.45	-
Jun	0.50	0.50	1.00	0.00	0.086	0.12	0.21	0.32	0.51	0.17	0.56	-	-	-	0.13	0.34	0.43	-

EUROSYSTEM: MONETARY POLICY OPERATIONS AND EURO AREA OVERNIGHT DEPOSITS



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



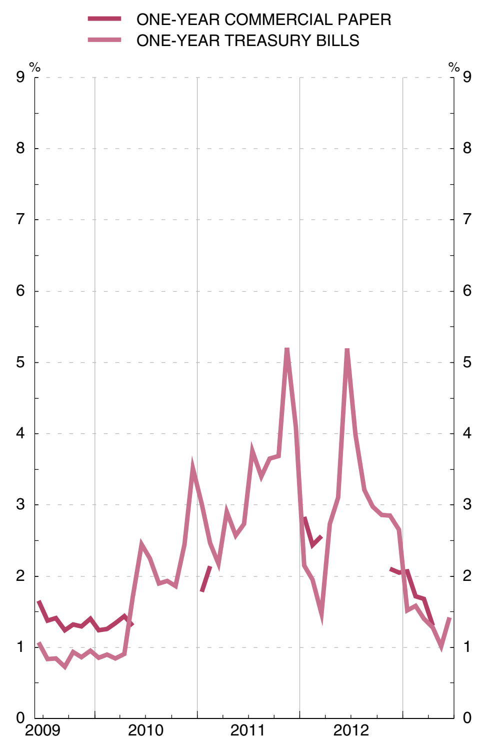
Source: ECB (columns 1 to 8).
a. To December 1998, synthetic euro area rates have been calculated on the basis of national rates weighted by GDP

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

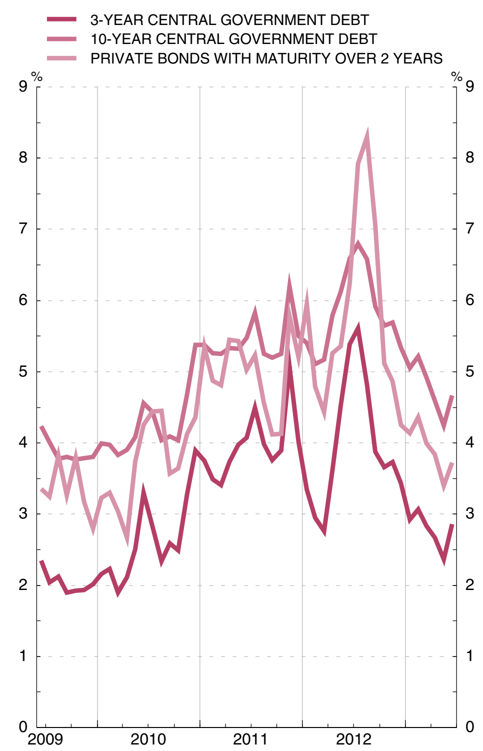
■ Series depicted in chart. *Percentages per annum*

	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)	Marginal rate at issue: 5-year bonds (6)	Marginal rate at issue: 10-year bonds (7)	Marginal rate at issue: 15-year bonds (8)	Marginal rate at issue: 30-year bonds (9)	Secondary market. Book-entry debt. Outright spot purchases between market members: At 3-years (10 ■)	Secondary market. Book-entry debt. Outright spot purchases between market members: At 10-years (11 ■)	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	1.36	1.29	1.56	3.06	2.61	3.60	4.90	5.30	5.58	2.78	4.78	3.90
12 *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
Mar	1.40	1.36	1.68	2.94	2.31	3.58	4.92	-	5.46	2.83	4.92	3.99
Apr	1.27	1.11	1.30	2.88	2.81	3.29	4.63	-	-	2.67	4.59	3.84
May	1.01	1.02	-	2.83	2.47	3.03	4.45	4.56	-	2.37	4.25	3.40
Jun	1.42	1.35	1.01	2.98	2.73	3.64	4.82	-	-	2.86	4.67	3.72

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)

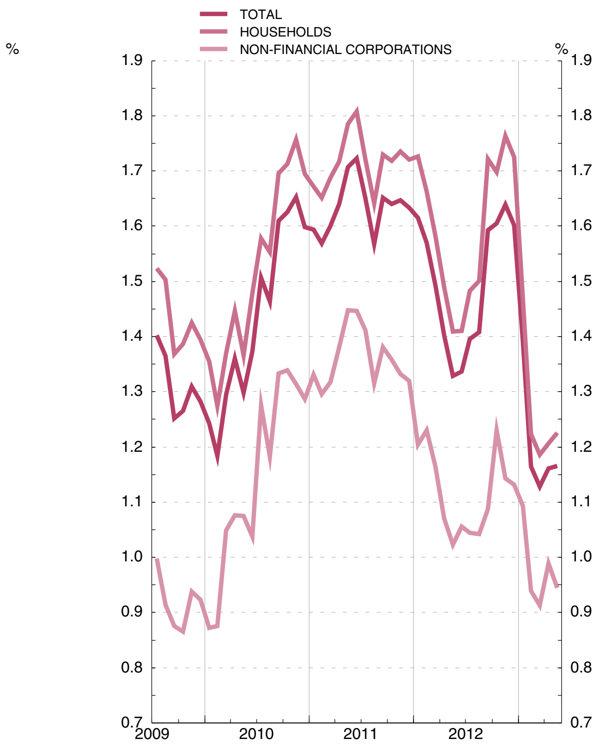
■ Series depicted in chart.

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	4.22	4.23	3.18	7.81	4.21	5.78	3.28	1.17	1.23	0.21	1.97	0.25	0.95	0.40	1.67	0.22
11 *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	4.14	3.16	7.48	3.83	5.67	2.93	1.39	1.47	0.20	2.37	0.63	1.09	0.38	1.95	0.89
Feb	4.08	4.22	3.26	7.49	3.91	5.65	3.10	1.16	1.22	0.21	1.95	0.38	0.94	0.39	1.63	0.38
Mar	4.01	4.17	3.22	7.42	3.81	5.57	2.94	1.13	1.19	0.21	1.90	0.36	0.91	0.34	1.63	0.62
Apr	4.16	4.19	3.20	7.55	4.12	5.87	3.10	1.16	1.21	0.20	1.94	0.32	0.99	0.39	1.75	0.38
May P	4.22	4.23	3.18	7.81	4.21	5.78	3.28	1.17	1.23	0.21	1.97	0.25	0.95	0.40	1.67	0.22

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.

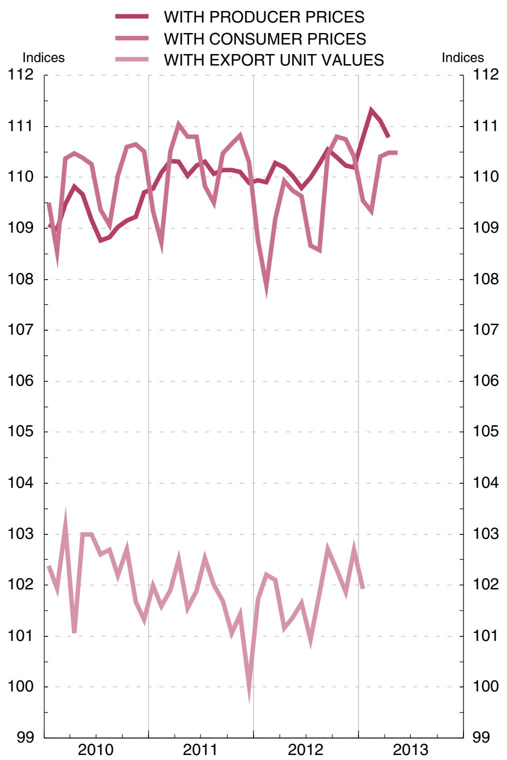
e. Up to the reference month May 2010, this column includes credit granted through credit cards (see the 'Changes' note in the July-August 2010 Boletín Estadístico).

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

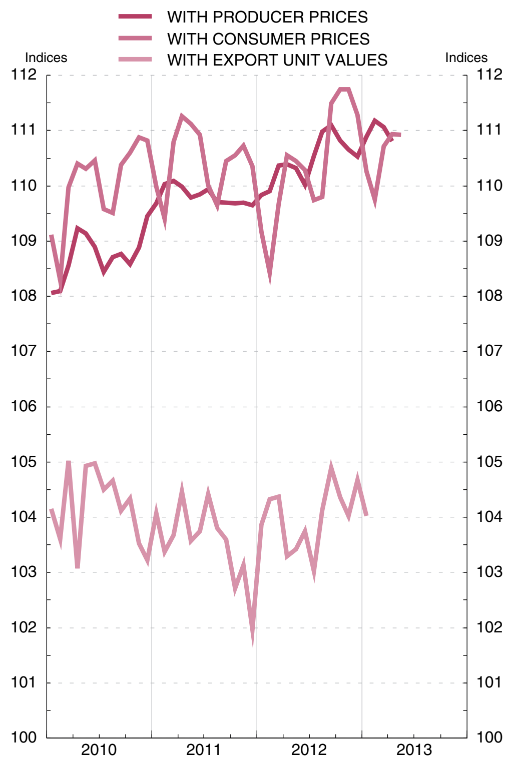
■ Series depicted in chart. *Base 1999 QI = 100*

	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	109.2	110.0	109.5	102.3	101.9	107.3	108.0	107.6	100.5	108.7	110.0	110.2	111.6	104.2
11	110.1	110.2	106.9	101.7	101.9	108.1	108.2	105.0	99.8	109.8	110.4	107.5	109.5	103.5
12	110.1	109.6	100.8	101.9	101.4	108.6	108.0	99.4	100.5	110.5	110.4	102.0	109.4	104.0
11 *Q2*	110.2	110.9	107.7	102.0	101.8	108.2	108.9	105.8	100.1	109.9	111.1	108.3	108.7	103.9
Q3	110.2	109.9	106.6	102.1	102.0	108.0	107.8	104.5	100.1	109.8	110.0	107.2	110.9	103.9
Q4	110.0	110.6	105.8	100.8	102.1	107.8	108.3	103.6	98.7	109.7	110.5	106.2	112.3	102.6
12 *Q1*	110.0	108.6	104.2	102.0	101.7	108.2	106.8	102.4	100.3	110.0	109.1	105.2	108.4	104.2
Q2	110.0	109.8	102.0	101.4	101.5	108.4	108.1	100.5	99.9	110.2	110.4	103.2	109.1	103.5
Q3	110.3	109.2	100.4	101.8	101.1	109.0	108.0	99.3	100.7	110.9	110.3	101.9	109.5	104.0
Q4	110.3	110.6	96.5	102.3	101.3	108.8	109.2	95.3	101.0	110.7	111.6	97.7	110.5	104.4
13 *Q1*	111.1	109.8	98.5	...	101.8	109.1	107.8	96.7	...	111.0	110.3	99.3	107.9	...
12 *Sep*	110.5	110.4	100.4	102.7	101.2	109.3	109.2	99.3	101.5	111.1	111.5	102.0	109.5	104.9
Oct	110.4	110.8	...	102.3	101.3	109.0	109.4	...	101.0	110.8	111.8	...	...	104.4
Nov	110.2	110.7	...	101.9	101.3	108.8	109.3	...	100.6	110.7	111.7	...	...	104.0
Dec	110.2	110.4	96.8	102.7	101.4	108.7	108.9	95.5	101.3	110.5	111.3	98.1	110.5	104.7
13 *Jan*	110.8	109.5	...	101.9	101.6	109.0	107.8	...	100.3	110.9	110.3	...	...	104.0
Feb	111.3	109.3	...	...	101.9	109.2	107.3	...	...	111.2	109.8	...	...	...
Mar	111.1	110.4	...	...	101.9	109.0	108.4	...	...	111.1	110.7	...	...	...
Apr	110.8	110.5	...	...	101.8	108.8	108.5	...	...	110.8	110.9	...	...	...
May	...	110.5	...	...	101.8	...	108.5	...	...	...	110.9	...	...	...
Jun	...	...	...	...	102.0	...	...	...	...	...	...	...	...	...

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.

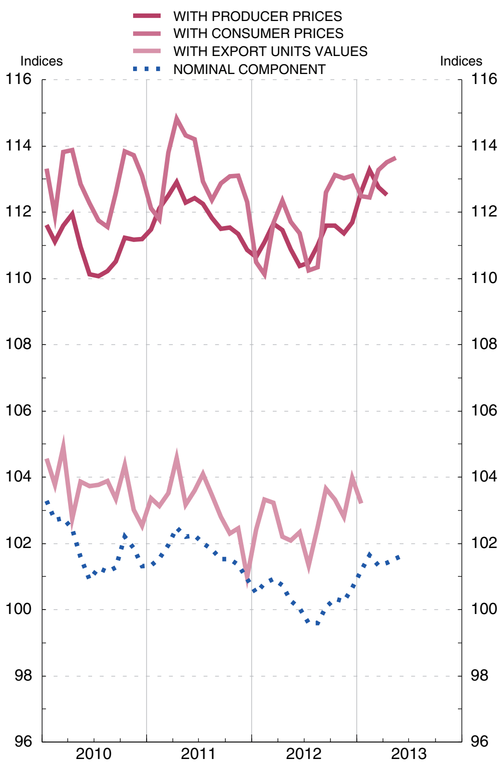
9.5 INDICES OF SPANISH COMPETITIVENESS VIS-à-VIS THE DEVELOPED COUNTRIES AND INDUSTRIALISED COUNTRIES

■ Series depicted in chart.

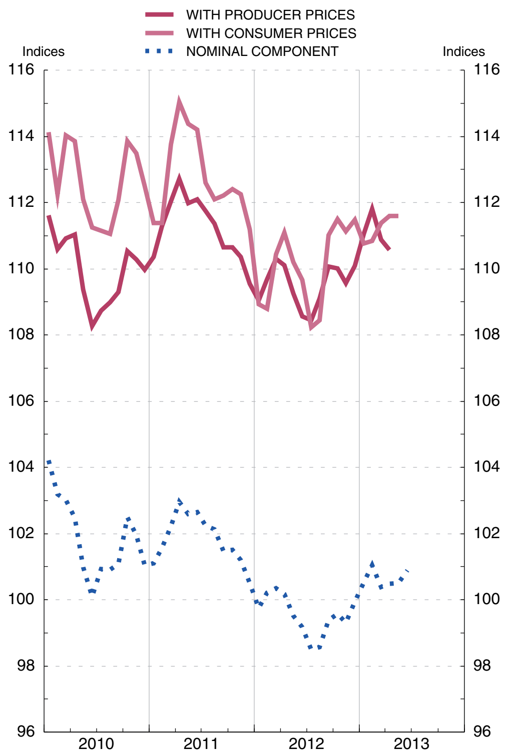
Base 1999 QI = 100

	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	108.9	110.8	114.2	101.8	110.0	112.7	101.9	108.0	110.6
11	111.9	113.1	113.4	103.1	101.7	110.0	111.2	111.4	101.3	111.2	112.7	101.8	109.2	110.7
12	111.2	111.7	111.8	102.8	100.3	110.8	111.3	111.4	102.4	109.5	110.1	99.5	110.0	110.6
11 *Q2*	112.5	114.4	113.1	103.8	102.3	110.0	111.9	110.6	101.4	112.3	114.5	102.7	109.3	111.5
Q3	111.9	112.7	114.8	103.5	101.8	109.9	110.7	112.7	101.6	111.3	112.3	102.0	109.1	110.2
Q4	111.2	112.8	115.8	101.9	101.3	109.8	111.4	114.3	100.6	110.2	112.0	101.1	109.0	110.8
12 *Q1*	111.1	110.8	111.3	103.0	100.7	110.3	110.0	110.5	102.2	109.7	109.4	100.1	109.6	109.3
Q2	110.9	111.8	111.5	102.2	100.3	110.5	111.4	111.1	101.9	109.3	110.3	99.6	109.7	110.7
Q3	111.0	111.0	111.3	102.5	99.8	111.3	111.3	111.6	102.7	109.2	109.2	98.8	110.5	110.5
Q4	111.6	113.1	113.1	103.4	100.4	111.1	112.6	112.6	103.0	109.9	111.4	99.6	110.3	111.8
13 *Q1*	112.9	112.7	111.6	...	101.4	111.3	111.2	110.1	...	111.2	111.0	100.6	110.5	110.3
12 *Sep*	111.6	112.6	111.2	103.6	100.1	111.5	112.5	111.5	103.6	110.1	111.0	99.4	110.8	111.7
Oct	111.6	113.1	...	103.3	100.3	111.2	112.8	...	103.0	110.0	111.5	99.6	110.5	112.0
Nov	111.4	113.0	...	102.8	100.2	111.1	112.7	...	102.6	109.6	111.1	99.3	110.3	111.9
Dec	111.7	113.1	113.0	104.0	100.7	111.0	112.4	112.6	103.3	110.1	111.5	99.9	110.2	111.5
13 *Jan*	112.6	112.5	...	103.2	101.2	111.3	111.2	...	102.0	111.1	110.8	100.5	110.5	110.2
Feb	113.3	112.5	...	...	101.6	111.5	110.6	...	...	111.8	110.9	101.0	110.7	109.7
Mar	112.8	113.3	...	...	101.3	111.3	111.8	...	...	110.9	111.4	100.4	110.4	110.9
Apr	112.5	113.5	...	...	101.4	111.0	111.9	...	...	110.6	111.6	100.5	110.0	111.1
May	...	113.6	...	...	101.5	...	111.9	...	...	...	111.6	100.5	...	111.0
Jun	...	...	...	...	101.7	...	...	...	...	...	...	100.9	...	...

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.

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ABBREVIATIONS

BCBS	Basel Committee on Banking Supervision
BE	Banco de España
BIS	Bank for International Settlements
BLS	Bank Lending Survey
BOE	Official State Gazette
BRICs	Brazil, Russia, India and China
CBFA	Collective Bargaining Framework Agreement
CBSO	Central Balance Sheet Data Office
CCR	Central Credit Register
CDSs	Credit default swaps
CEIPOS	Committee of European Insurance and Occupational Pensions Supervisors
CESR	Committee of European Securities Regulators
CNE	Spanish National Accounts
CNMV	National Securities Market Commission
CPI	Consumer Price Index
DGF	Deposit Guarantee Fund
EBA	European Banking Authority
ECB	European Central Bank
ECOFIN	Council of the European Communities (Economic and Financial Affairs)
EDP	Excessive Deficit Procedure
EFF	Spanish Survey of Household Finances
EFSF	European Financial Stability Facility
EMU	Economic and Monetary Union
EONIA	Euro overnight index average
EPA	Official Spanish Labour Force Survey
ESA 79	European System of Integrated Economic Accounts
ESA 95	European System of National and Regional Accounts
ESCB	European System of Central Banks
ESFS	European System of Financial Supervisors
ESM	European Stability Mechanism
ESRB	European Systemic Risk Board
EU	European Union
EURIBOR	Euro interbank offered rate
EUROSTAT	Statistical Office of the European Communities
FASE	Financial Accounts of the Spanish Economy
FDI	Foreign direct investment
FROB	Fund for the Orderly Restructuring of the Banking Sector
FSB	Financial Stability Board
FSF	Financial Stability Forum
GDI	Gross disposable income
GDP	Gross domestic product
GFCF	Gross fixed capital formation
GNP	Gross national product
GVA	Gross value added
HICP	Harmonised Index of Consumer Prices
IASB	International Accounting Standards Board
ICO	Official Credit Institute
IFRSs	International Financial Reporting Standards
IGAE	National Audit Office
IIP	International investment position
IMF	International Monetary Fund
INE	National Statistics Institute
SPEE	National Public Employment Service
LTROs	Longer-term refinancing operations
MFIs	Monetary financial institutions
MMFs	Money market funds
MROs	Main refinancing operations
MTBDE	Banco de España quarterly macroeconomic model
NAIRU	Non-accelerating-inflation rate of unemployment
NCBs	National central banks
NFCs	Non-financial corporations
NPISHs	Non-profit institutions serving households
OECD	Organisation for Economic Co-operation and Development
OPEC	Organisation of Petroleum Exporting Countries
PMI	Purchasing Managers' Index
PPP	Purchasing power parity
QNA	Quarterly National Accounts
RDL	Royal Decree-Law
SEPA	Single Euro Payments Area
SGP	Stability and Growth Pact
SMEs	Small and medium-sized enterprises
TARGET	Trans-European Automated Real-time Gross settlement Express Transfer system
TFP	Total factor productivity
ULCs	Unit labour costs
VAT	Value Added Tax
WTO	World Trade Organisation
XBRL	Extensible Business Reporting Language

COUNTRIES AND CURRENCIES

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

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

CONVENTIONS USED

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