

BANCO DE ESPAÑA

economic bulletin

April 1999

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Abbreviations and symbols

M1	Money supply = Notes and coins held by the public + sight deposits.
M2	M1 + savings deposits.
M3	M2 + time deposits.
ALP	Liquid assets = M3 + other liquid assets.
ALP2	ALP + Commercial paper held by the public.
ALPF	ALP + fixed-income mutual funds.
EUR	Euro.
ESP	Pesetas.
a	Projection.
p	After a month [January (p)], this means that all the related figures are provisional; after a figure, only said figure is provisional. Annual (1970) or quarterly data with this symbol are averages of the monthly data of the year or quarter; series of monthly, ten-day or weekly data are averages of the daily data for such periods.
...	Not available.
—	Nil, non-existence of the event considered or insignificance of changes when expressed as rates of growth.
»	Less than half the final digit shown in the series.
*	Series of seasonally adjusted data.

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Quarterly report on the Spanish economy

1. Overview

The Spanish economy has moved into Economic and Monetary Union (EMU) under favourable conditions. For the third year running, the growth of output and employment in 1998 was notably higher than in most countries in the area. And the levels of stability attained (a low budget deficit, a low inflation rate and a current-account surplus) continued to provide an appropriate environment for the activity of private agents, underpinned by a sound financial position. However, the extension of the effects of the international financial crisis and their impact on merchandise exports began to weaken business confidence. Investment plans have duly been scaled back and the pace of industrial output is being adjusted, while consumers continue to show higher and more stable levels of confidence and expenditure. As a result, the economy's growth has slowed slightly, although it remains significantly higher than in the euro area as a whole, and the pattern of final demand has tended to swing towards domestic demand (and, herein, towards consumption and construction), to the detriment of exports.

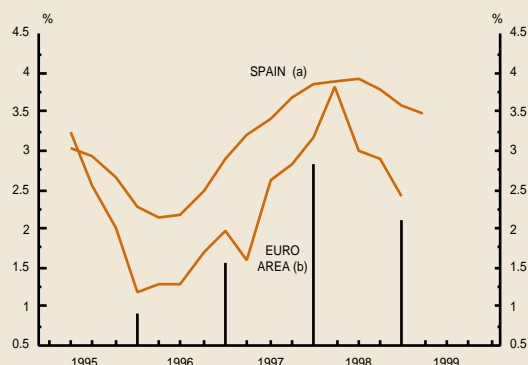
Against this background, there has been a rise in the 12-month growth rate of the consumer price index (CPI) in the early months of 1999. Although some transitory factors are involved here, the rise also reflects the persistence of high growth rates in the prices of certain sectors, especially services, and the differential with the euro area has widened. Sustaining a higher growth rate than that of the other euro-area members, under the common monetary conditions of EMU, requires preventing the rise in prices from translating into a worsening of the economy's competitiveness. In this connection, it is vital to tighten control of domestic costs and general government spending, while increasing flexibility in the markets for goods, services and productive factors.

The economic situation outside the euro area has improved slightly in the first quarter of 1999. This has been as a result of the upward revision of growth forecasts for the United States, the signs of recovery in certain emerging Asian economies and the lesser risk of the Brazilian financial crisis spreading. However, adverse factors persist. These include the consequences of the Brazilian crisis on real activity in Latin America and the absence of firm signs of recovery in Japan, along with the rise in the price of crude oil, which is beginning to bear on the industrialised countries' inflation rates.

In the euro area, real GDP growth was 2.9 % on average in 1998, a loss of buoyancy being confirmed in the fourth quarter of the year (see Chart 1). The dichotomy between the lev-

CHART 1

GDP



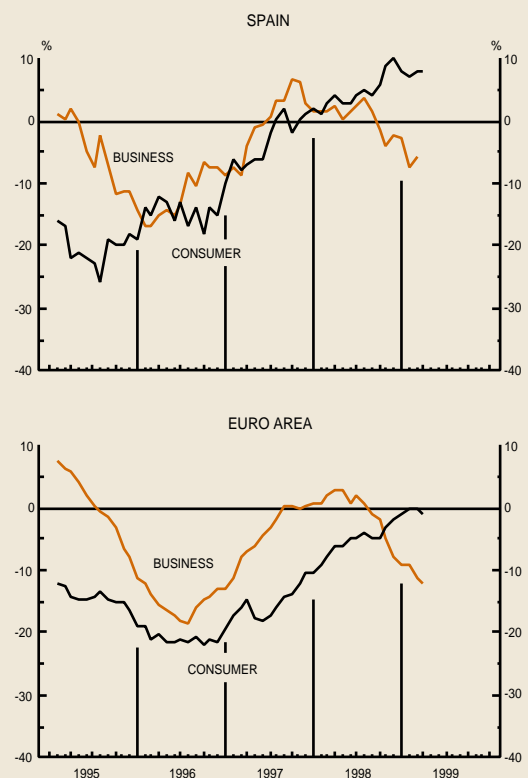
Sources: ECB, Instituto Nacional de Estadística and Banco de España.

(a) Non-centred annual rates of change calculated on the trend.

(b) Non-centred annual rates of change calculated on the seasonally adjusted series.

CHART 2

Confidence indicators



Sources: European Commission and Ministerio de Industria y Energía.

els of consumer and business confidence persists (see Chart 2), as does that between the contribution of domestic demand (essentially underpinned by private consumption) to growth and the negative contribution of net external demand. The rate of increase of the harmonised index of consumer prices (HICP) rose moderately in March (to 1 %) after having stabilised in the previous months. The upward impact of energy prices was primarily responsible here, since the prices of services and of non-energy industrial goods have recently slowed. Turning to the budget deficit, the 1998 outturn was better than expected (2.1 % of GDP), contributing to which was economic growth and the fall in interest rates.

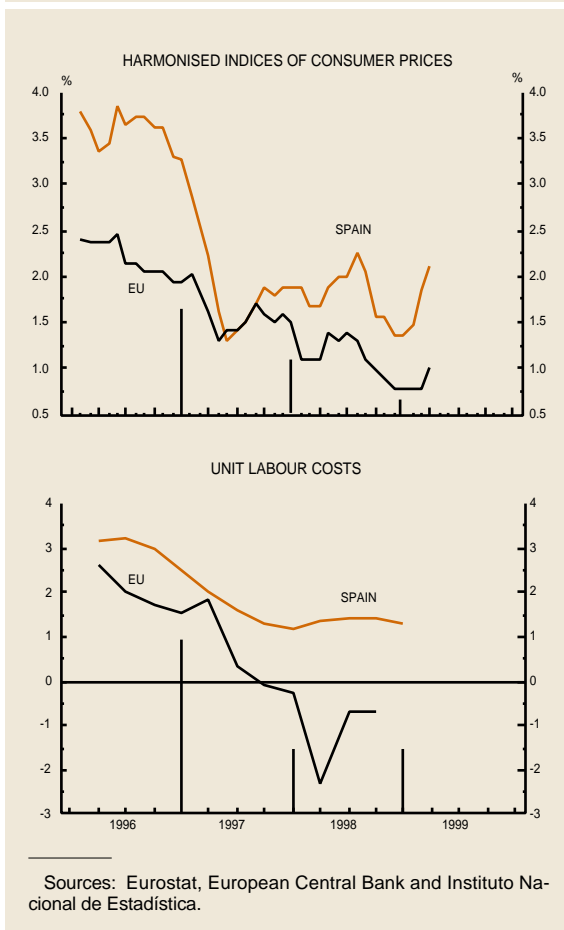
The monetary and financial conditions prevailing in the euro area in the first three months of the year were an extension of the trends seen in the main member countries during 1998. Real interest rates reached historically low levels, while both the narrow monetary aggregate (M1) and financing to households and firms posted high year-on-year increases. The M3 aggregate, which is the main monetary indicator for defining the Eurosystem's monetary policy strategy, stood slightly above its reference value of 4.5 % in February. This, along with the absence of significant inflationary risks and the downward revision of growth expectations for the area as a whole, led the Governing Council of the European Central Bank (ECB) to cut the rate on its main refinancing operations to 2.5 % on 7th April.

Against this international backdrop, not free from uncertainty and less conducive to growth, the Spanish economy has maintained a notable rate of expansion during the first quarter of 1999. It is estimated that real GDP will have achieved a growth rate of around 3.5 % year-on-year during this period, extending the mild slowdown recorded in the second half of 1998. National demand might once more be running at – or the odd tenth of a point below – the growth rate posted in the fourth quarter of 1998 (4.9 %), while the negative contribution of net external demand to GDP growth is expected to widen. From the standpoint of the productive branches, the keynote is the loss of momentum in industrial production, since the manufacturing branches are those most affected by the ongoing fall in merchandise exports. Services are holding up, however, thanks notably to tourism-related activities. Construction, for its part, is currently the economy's most buoyant sector.

Among the national demand components, the resilience of private consumption has already been highlighted. In the first quarter of 1999, it is estimated that its year-on-year rate of

CHART 3

**Harmonised indices of consumer prices
and unit labour cots.
Annual percentage change**

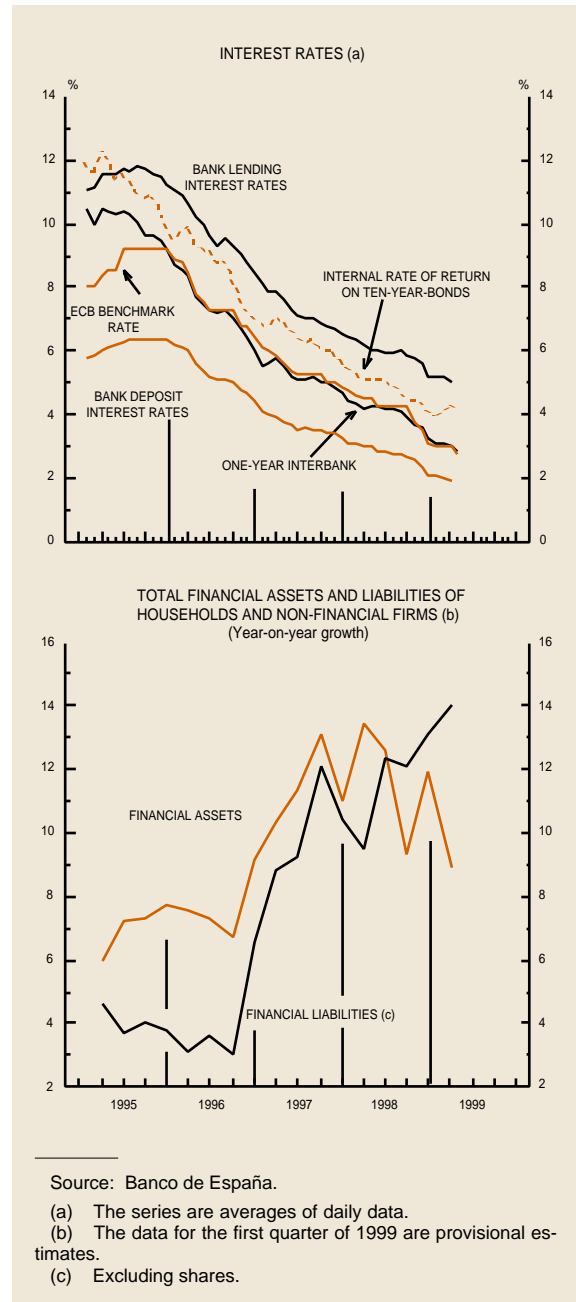


change stabilised at around 3.5 %, quite similar to the previous quarter. Underpinning this growth in consumption has been an increase in real disposable income similar to that the previous year, it being difficult at present to assess the influence on this variable of the personal income tax reform. Although their saving ratio has stabilised, households' financing capacity has progressively been diminishing owing to a strong increase in investment in housing, in a setting in which the fall in interest rates and the gains in wealth of recent years have been conducive to taking on debt.

In connection with gross capital formation, mention has been made of the current expansion in investment in construction, in both the private and public-sector spheres. Capital investment has continued to decelerate, although its growth rates are still high. Contributing to this is the favourable financial position of firms, with their high cash flow and the highly favourable conditions for raising borrowed funds, along with the level of their domestic or-

CHART 4

Interest rates



der books. Overall, the real increase in gross fixed capital formation in the first quarter of the year may have been around 9 %, to which a fresh positive contribution to GDP growth of the change in stockbuilding should be added.

With regard to external demand, the first two months of the year have, according to customs data, seen a considerable real decline in merchandise exports. Although the growth in revenue associated with tourism and other services remains very high, it seems unlikely that

the trend rate of goods and services exports in real terms may, in keeping with the rates estimated on QNA terms, reach 5 % in the first quarter of 1999. The growth rate of imports, meantime, has fallen much more moderately. Imports continue to be driven by the – albeit diminishing – expansiveness of final demand in the economy, and by the notable decline seen in the prices of imported goods.

Against this background, the growth in employment has remained high, albeit on a slightly slowing trend, in keeping with the course of GDP. Wage negotiations, though rather unrepresentative, point to a moderate cut in wage growth compared with the previous year. This would provide for a lower growth rate of unit labour costs which, to date, has been above that posted in the euro-area countries (see Chart 3).

The rise in the 12-month growth rate of the CPI during the first quarter has been extensive to virtually all its components, with the exception of non-energy industrial goods. The sharpest acceleration has been in foodstuffs, while in the case of the energy component the rise in the price of crude oil on international markets has begun to become manifest, making its hitherto negative 12-month growth rate appreciably less so. Lastly, services prices ran at a rate (3.8 %) virtually double that in the euro area as a whole. As a result of these movements, the differential with the euro area, calcu-

lated with the harmonised indices, continues to widen.

The data on the State deficit in the first quarter of 1999 are affected by numerous factors hampering assessment: changes in the timing of refunds on certain taxes, extraordinary accumulation of interest payments etc., with very high increases being recorded in both revenue and expenditure. If the figures are analysed taking these factors into account, the budgetary performance proves compatible with the deficit-reduction target set under the Stability and Growth Programme.

Finally, the data on financing to households and firms in the first quarter continued to show high growth rates of around 14-15 %, far greater than the nominal growth of the economy. As regards the sector's financial assets, the cash, sight deposits and savings deposits in the hands of these agents continued increasing at rates above 14 % during the period. Conversely, a broader set of liquid financial assets including—in addition to cash and cash equivalents—time deposits, repos and shares in mutual funds, among others, ran at a moderate growth rate (of above 5 % during the quarter) similar to that observed in 1998. Overall, the total financial assets of households and firms grew at a rate of close to 7 % in the first quarter of 1999, signifying a moderate slowdown on the results for the last quarter of 1998 (see Chart 4).

2. The external environment of the euro area

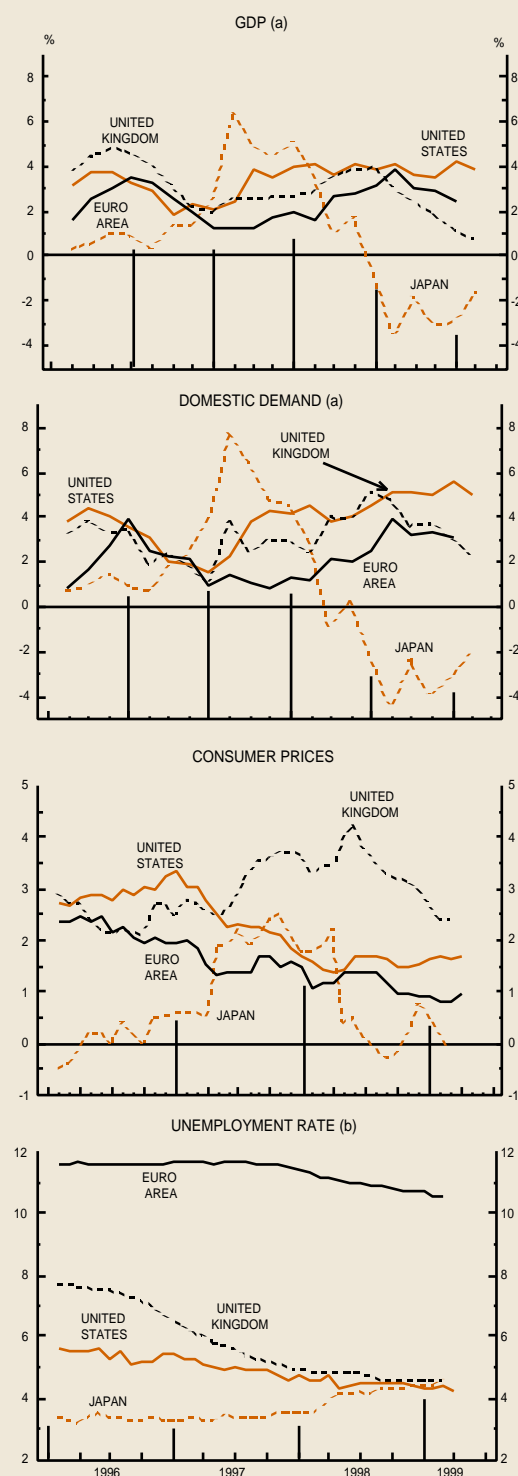
In 1999 to date there has been an improvement in expectations about the world economy as a whole compared with the greater pessimism prevailing in late 1998. Several circumstances have contributed to this. First, growth forecasts for the United States have been revised strongly upwards further to the buoyancy shown by this economy in the last quarter of 1998 and in the first three months of 1999. Second, there are increasingly firm signs that a good number of the south-east Asian economies might already be posting positive GDP growth rates, following the sharp contraction by some of them in 1997-98. Finally, the contagion of the Brazilian financial crisis has, so far, been limited, whereby one of the main sources of instability in late 1998 and early 1999 appears to have been defused.

Nonetheless, adverse elements continue to cloud the picture of the external environment of the euro area for 1999. Specifically, the consequences of the Brazilian crisis on real activity in the Latin-American countries as a whole are going to be significant; foreseeably, many of these countries will post negative growth rates in 1999. The forecasts for the two main countries, Brazil and Argentina, point to an expected contraction in GDP in 1999 of around 4 % in the former country and of 1.5 % in the latter. Other countries such as Mexico and Chile will probably show positive growth in output, albeit at a lower rate than in 1998. In Japan there are no unequivocal signs of the end of recession, despite the fact that the rise on the stock market and the improvement in business confidence might be interpreted as indicative that the end of the crisis is not far off. Lastly, it should be stressed that the prices of energy products, the reduction in which in previous quarters contributed decisively to the generalised decline in inflation in the industrialised countries, have begun to turn upwards (the dollar price of a barrel of oil has increased by more than 40 % since end-February). In the near future, this could prompt rises in other prices and costs.

The US economy has continued growing at a very high rate during the first quarter of 1999, albeit – probably – at a somewhat more moderate pace than in the fourth quarter of 1998 (see Chart 5). During this latter period GDP grew at an annualised quarter-on-quarter rate of 6 %, assisted to some extent by extraordinary factors such as the good weather, unexpected growth in exports and an end to labour unrest in the automobile industry. As reflected in the latest indicators, the disappearance of these factors in the period to date in 1999 has not significantly dampened the buoyancy of domestic demand. Thus, throughout the first quarter, retail sales increased strongly; the purchasing managers'

CHART 5

Main macroeconomic indicators
Annual percentage changes



Sources: Banco de España, national statistics and Eurostat.

(a) The data for the first quarter of 1999 are forecasts, except for UK GDP, which is an estimate.

(b) Percentage of labour force.

index grew continuously, at a rate consistent with an increase in manufacturing output of between 4 % and 5 % per annum; and the number of authorised housing starts continued to grow. Nonetheless, other indicators have pointed to a potential moderation in activity. This has been the case of new orders for durable goods, which fell in February for the first time since October 1998, and of non-farm employment, which increased by 46,000 in March compared with the increase of 297,000 recorded in February. All told, the unemployment rate stood at 4.2 % in March against 4.4 % in February.

Despite the ongoing momentum of domestic demand, the fresh decline in unemployment and the increase in the price of oil, there are still no signs of inflationary pressures. Consumer prices have continued to trend very moderately, as seen in the 12-month growth rate for the month of 1.7 % (2.1 % if energy and fresh food are excluded). Wage growth declined in March (3.6 % year-on-year, against 4.1 % in February).

The resilience of domestic demand, along with the contractionary effect of the fall in world demand on exports, has continued to contribute to widening the current-account deficit which, in 1998, amounted to 2.7 % of GDP. The trade deficit in February stood at a new high of USD 19,400 million. The growing external deficit is, likewise, a reflection of the increase in the private sector's financing requirements, the main source of which is the ongoing decline in the household saving ratio. In late 1998 and early 1999, this ratio stood at levels close to zero or was even negative. Box 1 analyses the increase in the US external deficit in relation to the increases in the EU and Japanese surpluses.

The positive performance of the US economy in 1999 to date has led to a substantial upward revision of growth forecasts for the year as a whole which, generally, point to a rate slightly above 3 %. However, there are two factors in the current US situation that may entail some risk of instability. The first is the above-mentioned low household saving ratio and the increasingly intense resort by households to debt to finance the expansion in consumption. The second, closely linked to the first, is the high level of stock market prices. This has generated a wealth effect which has contributed to the growth of consumption and to private-sector indebtedness. Given this situation, a sharp correction in stock market prices, were it to occur, could undoubtedly prompt a far-reaching change in consumption decisions and cause a sharp contraction in demand. Nonetheless, although this scenario cannot be ruled out, the al-

Growth of external imbalances between the main economies

A salient feature of international economic developments in recent years has undoubtedly been the notable increase in differences between the current-account balances of the main areas, and in particular between the United States, Japan and the European Union (EU). Whereas in the United States the current-account balance moved from -0.8% of GDP in 1992 to -2.7% in 1998, that of the EU, which was -1.1% of GDP in 1992, stood at 1.1% last year. Japan has run surpluses in recent years, its balance standing at 3.2% of GDP in 1998. The progressive growth of the US current-account deficit in the period 1992-1998 ran in parallel to the gradual increase in the overall EU surplus and, above all, to the sustained high current-account surplus in Japan (see adjoining chart).

From the standpoint of national economies, it should be pointed out that the US external deficit is in response to the specific features of this economy's current growth cycle (the longest witnessed in recent decades), driven by strong, sustained domestic demand, and to the US economy's extraordinary external financing capacity. As to the gradual increase in the EU external surplus, this is attributable to the composition of growth in recent years, which has been based more on external than on domestic demand. It cannot be ruled out that the EU may also have a relatively low structural propensity to import, as a result of lower potential output constrained by insufficient flexibility of the productive structure. Finally, the deep-seated economic recession besetting Japan in recent years has translated into a substantial widening of its traditional current-account surplus, by means of the slowdown and subsequent decline in imports rather than because of a strong expansion in its exports.

Several factors may be a cause for some concern given the level reached by the aforementioned external balances. First, the strongly predominant role played by the United States as a net purchaser from the rest of the world and, in particular, from the Asian countries in crisis. That has led the US authorities to call for a greater contribution from the rest of the industrialised countries, most especially from the EU, in overcoming the crisis assailing the emerging economies. However, analysis of Asian imports from the United States and from the EU reveals that although the former economy buys a greater quantity of Asian products, the EU has increased its Asian imports in 1998 to a greater extent than the United States. Moreover, the cyclical position of the United States accounts for its greater volume of imports. And, finally, it should not be forgotten that the current foreign sector data of the EU, obtained through aggregating national balance of payments statistics, are not sufficiently reliable and tend to overestimate the European surplus.

A second cause for concern might be the effect on the stability of the dollar exchange rate of a growing US foreign deficit. However, after the widespread liberalisation of international capital flows in recent years, the significance of trade flows for exchange rate developments has diminished considerably. The size and volatility of financial flows appear increasingly to be the determining factors of price changes on foreign exchange markets.

Generally, given the flexible exchange rates and free capital movements in today's world, it is difficult to arrive at direct normative conclusions on the basis of a specific external balance. The current-account balance reflects the discrepancy between national saving and investment and, therefore, it responds to intertemporal decisions taken by agents in response to existing incentives. A further point is that the external position, in conjunction with other indicators, contains information on the economy's situation and prospects, and on the financial position of households and firms, that may prove relevant for economic policy.

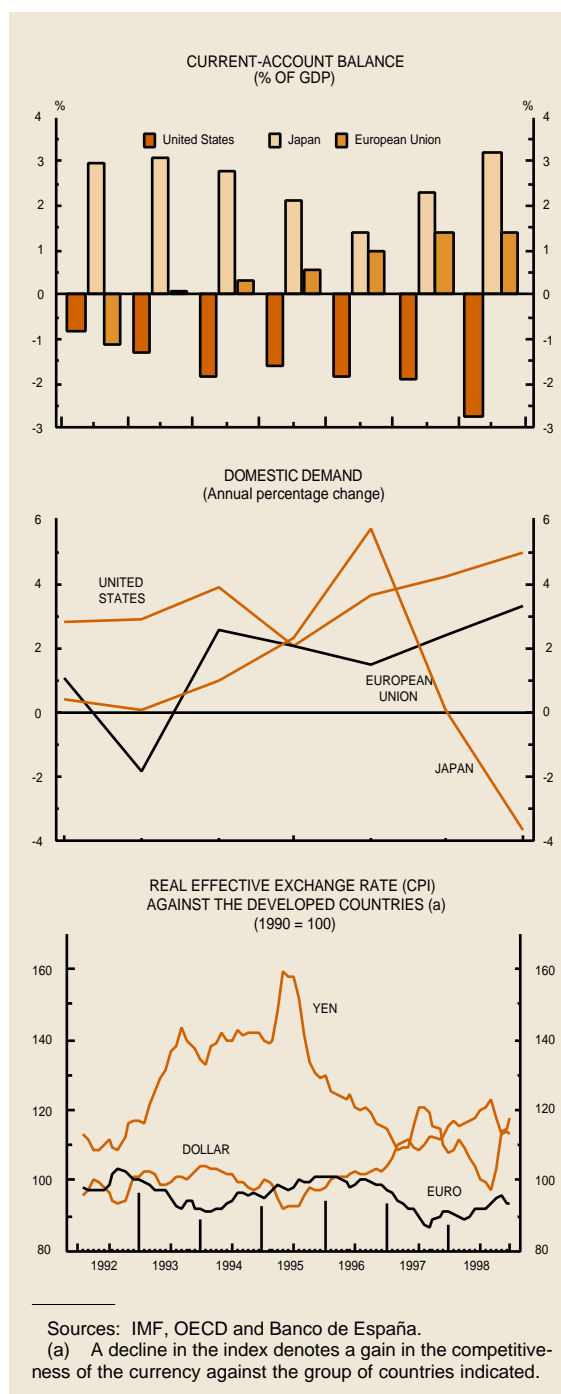
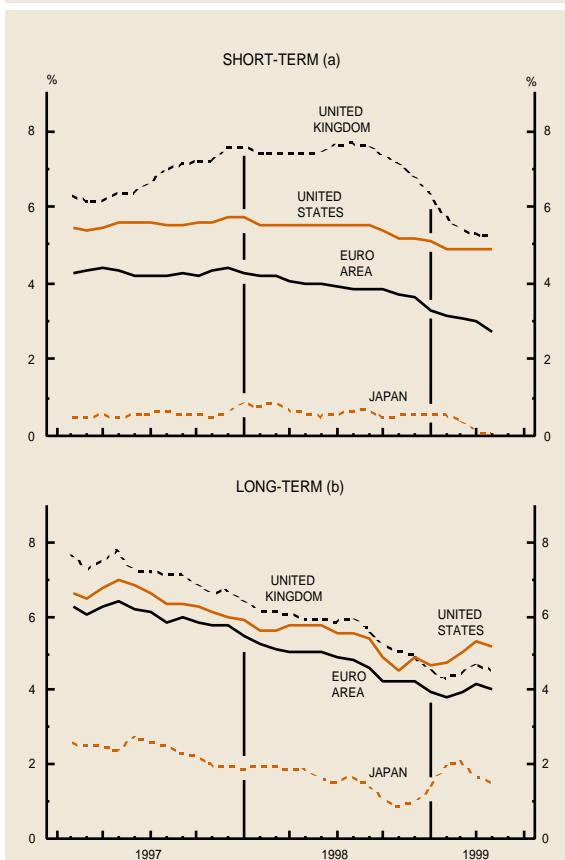


CHART 6

Interest rates



Source: Banco de España.

(a) Three-month interbank market interest rates. Euro area: to December 1998, weighted average of the eleven countries.

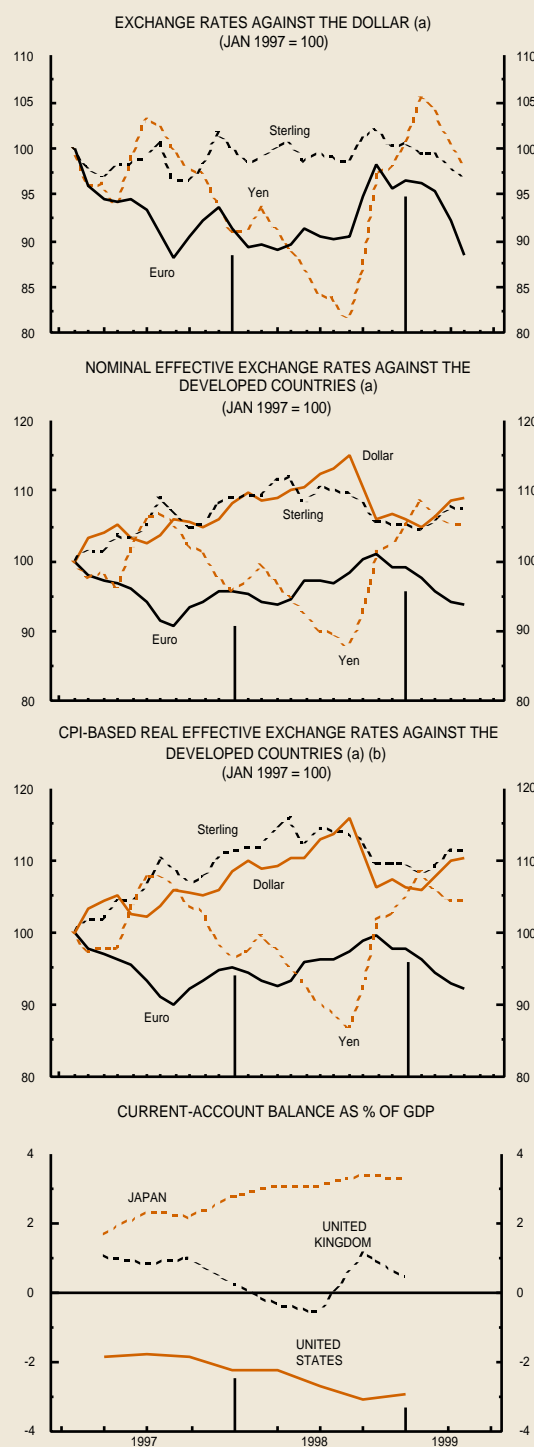
(b) Ten-year government bond yields. Euro area: average of the eleven countries.

ternative scenario of a mild slowdown, associated with the maturity of the business cycle, is more likely.

In Japan, unequivocal signs that the recession has touched bottom have yet to be perceived, despite the improvement in certain indicators. GDP in the last quarter of 1998 fell by 0.8 % in relation to the preceding quarter (-2.8 % year-on-year). And this despite the strong increase in public investment, which was not capable of countering the heavy declines in private consumption and investment. In the opening months of 1999, the main indicators have confirmed that the economy remains in recession (fresh falls in industrial production, housing construction and household consumption). That said, some indicators have improved partially, as is the case with business confidence, where less pessimism is apparent. Also

CHART 7

Exchange rates and current-account balances



Sources: Banco de España, BIS and national statistics.

(a) A fall in the index denotes a depreciation of the currency against the dollar or the rest of the currencies making up the grouping, and vice-versa.

(b) Up to 1999 the euro curve is an approximate indicator devised by the BIS on the basis of the effective exchange rates of the euro-area countries.

of note is the recent climb of the stock market, although this might be connected with the new industrial restructuring and merger plans. These plans, though they may contribute in the medium term to improving the financial health of firms and profit expectations, might lead in the short run to labour shedding. That would involve an increase in unemployment, which, in February, amounted to 4.6 % of the labour force. Consumption indicators for the first quarter continue to be negative: wholesale sales fell once again in February at a rate of 2.2 % in year-on-year terms (-3.9 % in January). Flagging consumption continues to be accompanied by flat or negative price growth rates. In February, the 12-month growth rate of the CPI was -0.4 % and producer prices have continued falling by between 4 and 5 % in year-on-year terms in the first two months of 1999.

As to the EU countries that have not joined EMU, the performance of the British economy is worthy of mention. It ended 1998 with a strong deceleration, the main source of which is a contraction of exports as a result of the crisis in the emerging economies and of the forceful appreciation of sterling. The economic indicators for the opening months of 1999 show a similar position to that of the last quarter of 1998, although the business and consumer confidence indices have improved slightly, the latter standing above its historical average. The effects of the slowdown in activity on prices did not become manifest until well into 1998, since nominal wages had showed considerable buoyancy up to that point in a labour market characterised by an unemployment rate holding stable at its lowest level for 18 years (4.6 %). As from September, wages decelerated and consumer prices moved progressively towards growth rates close to the inflation target (2.5 %). In February 1999, the 12-month increase in the CPI, excluding mortgage interest payments, was 2.4 %, although in March it edged up once more to 2.7 %.

Turning to economic policies, the Anglo-Saxon countries have continued pursuing their fiscal consolidation programmes. The United States duly posted a relatively high surplus (of 1.3 % of GDP) in 1998, which will probably be sustained in the coming years. Likewise, in the United Kingdom, the overall general government balance at the end of the year was positive (0.6 % of GDP). In Japan, public finances reflected the effects of the successive fiscal programmes to boost the economy and restructure the banking sector: the 1998 budget deficit

totalled 5.4 % of GDP and is expected to exceed 8 % of GDP in 1999 (if the Social Security surplus were excluded, these figures would be 7.7 % and 10.3 % of GDP, respectively).

With regard to monetary policy, the US Federal Reserve held its federal funds rate unchanged at 4.75 % against the background of accelerating monetary and credit variables accompanying the robust growth rate in output. The Bank of Japan, for its part, cut its discount rate again on 12th February from 0.25 % to 0.15 %. Finally, given the slowdown in the British economy and the easing of inflationary pressures, the Bank of England cut its base rate on two occasions, in February and in April, to 5.25 %.

In the United States, the changes in growth expectations and the perception of greater financial stability have been mirrored on the money and financial markets. First, while short-term interest rates have held stable, long rates have increased by 0.5 percentage points between December and mid-April, with the subsequent increase in the slope of the yield curve, reflecting market expectations about the potential tightening of medium and long-term interest rates. Conversely, in the United Kingdom, and despite the successive cuts in official and short-term rates, more marked cuts in long rates have been seen, giving rise to a yield curve with a slightly negative slope. In Japan, although the market has partly corrected the rise in long-term government bond yields which had led to associated financing difficulties for the Treasury, the yield curve continues to evidence a positive slope, with a spread between the 10-year bond and the three-month rate of over one percentage point (see Chart 6).

Notable on the foreign exchange markets (see Chart 7) is the strength of the dollar against the other currencies, due largely to the buoyancy of the US economy. Notwithstanding, the strong appreciation of the yen against the dollar, which began in August 1998, has been corrected only partially: between August and January, the yen had appreciated by close to 20 % against the dollar, and thereafter to mid-April it depreciated by 6 %. The course of sterling has been marked in part by interest-rate movements; since the Bank of England began, in October 1998, to reduce its intervention rate, sterling has depreciated in the period to April 1999 by 5 % against the dollar.

3. The euro area and the monetary policy of the European Central Bank

3.1. Economic developments

In 1999 to date, economic activity in the euro area has followed a similar pattern to that seen in the last quarter of 1998. The slackness of the industrial sector, linked to the generalised fall in exports, has persisted. Meanwhile, in the services sector, the level of activity remains very high, underpinned by the continuing buoyancy of consumption. Inflation remains low, although in March the increase in the price of oil has prompted a rise of two-tenths of a point in the 12-month growth rate of the HICP to 1 %. In the labour market, the unemployment rate has held stable at its January level (10.5 % of the labour force).

The latest revision by Eurostat of the national accounts of the euro area has confirmed that, in the fourth quarter of 1998, the loss of buoyancy in output seen in the preceding quarter stepped up. This was due to an additional slowdown in the external sector and in certain investment components (namely stockbuilding, though also fixed capital investment to a lesser extent). However, private consumption performed very positively, as reflected in progressively higher growth rates. Thus, the resulting strength of domestic demand meant GDP growth rose to 2.9 % for the year as a whole, higher than the preceding seven years (see Chart 5).

As regards the opening months of the year, the confidence surveys available to March reflected the persisting dichotomy since the second half of 1998 between business and consumer confidence. The former underwent a further deterioration during the first quarter of 1999, placing it clearly below the average for the past ten years, while the latter held at its highest level since this indicator first began to be compiled in 1985 (see Table 1).

The adverse performance of business confidence has been largely due to the additional deterioration in orders and, in particular, in foreign orders. It should nonetheless be clarified that the decline in the business confidence index and in orders between the first quarter of 1999 and the last quarter of 1998 has been on a lesser scale than the fall in these indicators between the third and fourth quarters of 1998. For its part, the indicator tracking the assessment of stock levels has stabilised. These signs, along with the muted recovery in industrial production (which grew 1.7 % year-on-year) in January and the improvement in the international environment, point to the possibility that the slowdown in the industrial sector will be cushioned in the coming months.

TABLE 1

Euro area: qualitative indicators

	1989-1998	1998	1998				1999	1998			1999		
			Q 1	Q 2	Q 3	Q 4	Q 1	OCT	NOV	DEC	JAN	FEB	MAR (p)
MONTHLY SURVEY (PERCENTAGE BALANCES):													
Industrial confidence	-8	-1	2	2	-1	-7	-11	-5	-8	-9	-9	-11	-12
Order books	-18	-5	-2	-1	-4	-13	-20	-10	-14	-15	-16	-20	-23
External orders	-20	-7	-1	-3	-5	-17	-24	-13	-18	-21	-20	-25	-28
Stocks	11	9	7	7	8	11	14	10	11	13	14	15	14
Construction confidence	-24	-19	-25	-22	-13	-15	-9	-17	-14	-14	-9	-9	-9
Orders	-32	-25	-33	-28	-19	-21	-17	-23	-21	-20	-19	-18	-15
Retailer confidence	-7	-2	-2	-4	-1	-3	-3	-1	-4	-4	0	-4	-6
Consumer confidence	-15	-5	-8	-5	-5	-2	0	-3	-2	-1	0	0	-1
Economic sentiment index (1985 = 100)	101.2	104.0	103.8	104.9	104.4	103.6	104.2	103.3	103.8	103.8	104.5	104.2	104.0
QUARTERLY SURVEY:													
Capacity utilisation (%)	81.7	83.2	82.8	83.4	83.7	82.8	81.9						

Source: European Commission.

Turning to construction, the related confidence index is holding stable at high levels, above those of the seven preceding years and comparable to those achieved in 1991. The recent performance of new construction orders is particularly positive in this sector. These results, which are not yet reflected in the sector's output data (which, across the euro area, are running at negative year-on-year rates), might presage something of a recovery in residential investment in the near future.

The available consumption indicators (retail sales and new passenger car registrations) reflect, to some degree, the continuing resilience of consumption, in line with the sustained high level of confidence. In January, retail sales slowed slightly, while new passenger car registrations grew at a year-on-year rate of 5.6 % in February (5.1 % in January). In any event, registrations across the area as a whole mask widely differing developments in the various countries. For example, whereas in Austria registrations fell in February by 7.3 % compared with twelve months earlier, in Portugal they increased by 42.8 %. Nonetheless, retail traders' confidence has worsened significantly during the quarter, although still above the average for the past ten years, a development in contrast to the information furnished by the indicators of national consumption.

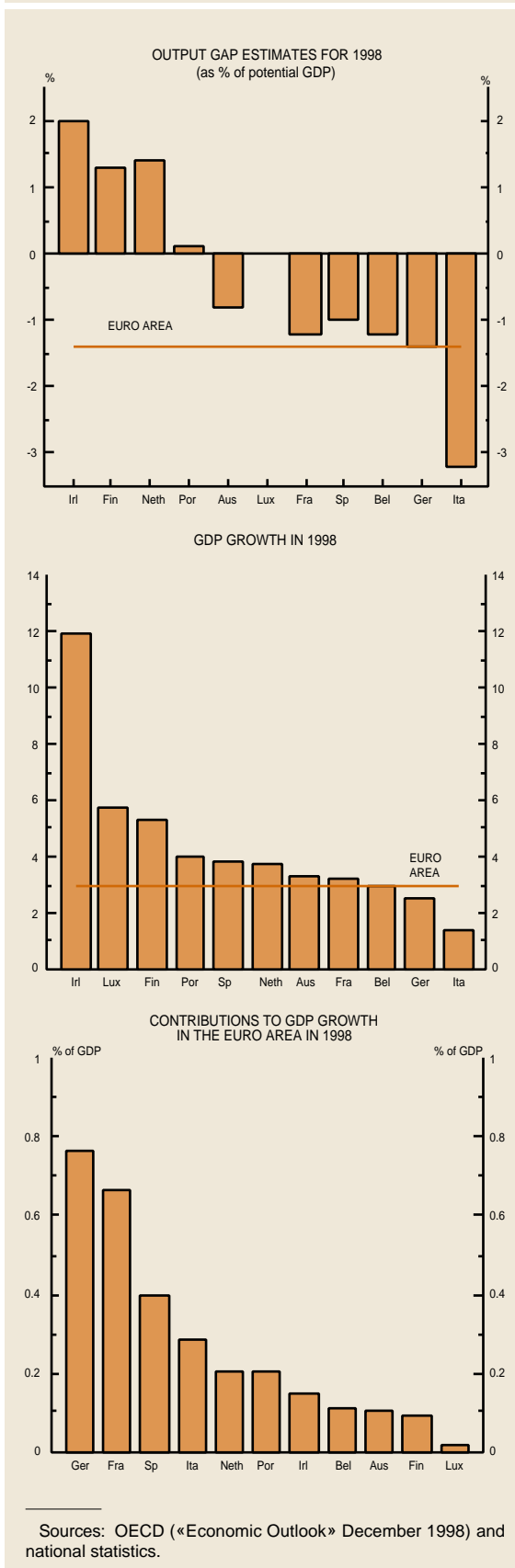
Data on the foreign sector are currently confined to the trade balance for the euro area to

December, when the slowdown in exports seen in the preceding quarters steepened. The cumulative trade surplus in 1998 (1.4 % of GDP) was 7 % less than in 1997. That said, the gain in competitiveness accumulated by the euro since the start of the year, along with the improvement in conditions outside the area, might contribute in the coming months to a recovery in the contribution of the external sector to growth (see Chart 7). Indeed, during the first quarter of 1999 the euro was somewhat weak against the main currencies, particularly the dollar, whose value was bolstered by the soundness of the US economy and by the effects of the Balkans crisis. The nominal effective exchange rate of the euro against the currencies of the European Monetary Union's main trading partners depreciated by 5 % between December 1998 and the first half of April, which meant a gain in competitiveness of around 6 % over the same period.

With regard to the cyclical synchrony of the euro-area countries, actual GDP – according to the OECD output gap estimates for 1998 – in most of the countries in the area would have increased by less than potential GDP. Only those countries that showed appreciably higher growth in previous years than the average for the area (the case of Ireland, the Netherlands, Finland and Portugal) grew above their potential in 1998 (see Chart 8). Conversely, Italy and Germany were the countries that grew least in

CHART 8

Output gaps and GDP in the euro area



1998, clearly below their potential, owing to the strong contraction in their exports.

In the first two months of 1999, inflation in the euro area, measured by the 12-month rate of change of the Harmonised Index of Consumer Prices (HICP), was stable. In both months the HICP grew 0.8 % year-on-year, unchanged on November and December 1998 (see Chart 9). In March, however, the HICP climbed to 1 %, chiefly as a result of the recent sharp increase in energy prices, whose year-on-year rate thus came to stand at -2.8 % that month (as opposed to -4.2 % in February).

Thanks to a moderate but continuous employment creation process being sustained throughout 1998 and in the opening months of 1999, there has been a significant reduction in the average unemployment rate in the euro area. Thus, despite the recent economic slowdown, the fall in business confidence and the worrying outcome of wage bargaining in certain countries, the euro-area unemployment rate measured in harmonised terms fell by three-tenths of a point in January to 10.5 % of the labour force and held at this level in February (see Chart 5).

With regard to the fiscal policies of the EMU member states, the overall results for the area for 1998 were significantly better than expected. It is estimated that the budget deficit amounted to 2.1 % of GDP, signifying an improvement on the previous year (see Table 2). However, it should be recalled that this improvement has been largely due to circumstantial factors such as the favourable contribution of the fall in interest rates to reducing debt service costs and the robust economic growth during the year. Significantly, then, between 1997 and 1998 there was a slight reduction in the primary surplus from 2.5 % to 2.4 % of GDP.

The general government balance of the euro-area countries has fallen more as a result of a favourable economic situation than of actual progress in terms of fiscal consolidation. And this highlights once more the need further to reduce structural budgetary imbalances, so that all countries in the area may comply with the Stability and Growth Pact. The adverse effects that the economic slowdown may have on budget deficit forecasts for this year in certain countries are indicative of the relative ease with which room for manoeuvre may be lost in fiscal policy when the economic situation turns unfavourable. It brings to light the need to attain structural balances which, even in adverse circumstances, ensure compliance with the budget deficit ceilings agreed on by the member states.

3.2. Monetary and financial developments

The basic elements of the Eurosystem's monetary policy strategy were defined in the second half of 1998. The objective of maintaining price stability was targeted specifying a 12-month increase in the harmonised index of consumer prices (HICP) in the area as a whole of less than 2 %. It was also announced that monetary policy decisions would be taken on the basis of the overall assessment of a broad set of variables with properties as leading indicators of price developments. Among such variables, a predominant role was to be assigned to the monetary aggregates. It was further decided that implementation of this monetary policy strategy would be pursued in a decentralised manner via the national central banks and that it would be based essentially on open market operations. These would be conducted via the weekly main refinancing operations and the monthly longer-term refinancing operations. Further, standing facilities would be set in place at the permanent disposal of the financial sector counterparties, with their interest rates limiting fluctuations in short-term interest rates. This framework was complemented with a reserve requirement of 2 %, remunerated at market interest rates.

At end-1998 and for the start of Monetary Union, the Governing Council of the ECB set the interest rates on the lending and deposit facilities at 4.5 % and 2 %, respectively, and that on the main refinancing operations at 3 %. However, it was agreed temporarily to narrow the standing facilities corridor during the first three weeks of January to between 2.75 % and 3.25 %. The aim was to smooth adaptation by the counterparties to the changes entailed by the start of the Third Stage, such as the coming on stream of the new interbank payment system, TARGET, and the conversion into euros of a large number of financial transactions.

In 1999 to date, the Governing Council of the ECB has analysed the economic situation of the euro area at its meetings, assessing whether a change in the single monetary policy stance was advisable and taking into account at all times the indicators available on monetary, financial and real-sector developments in the economy. During the first quarter, the rate on the main refinancing operations remained at its initial level of 3 % and, with the exception of the first three weeks, the rates on the lending and deposit facilities held at 4.5 % and 2 %, respectively. At the first meeting of the ECB Governing Council in April (April 8th) it was decided to cut the interest rate on the main refinancing operations by 50 basis points to 2.5 %, and the rates on the lending and deposit facilities were also

CHART 9

Harmonised Indices of Consumer Prices Annual percentage changes

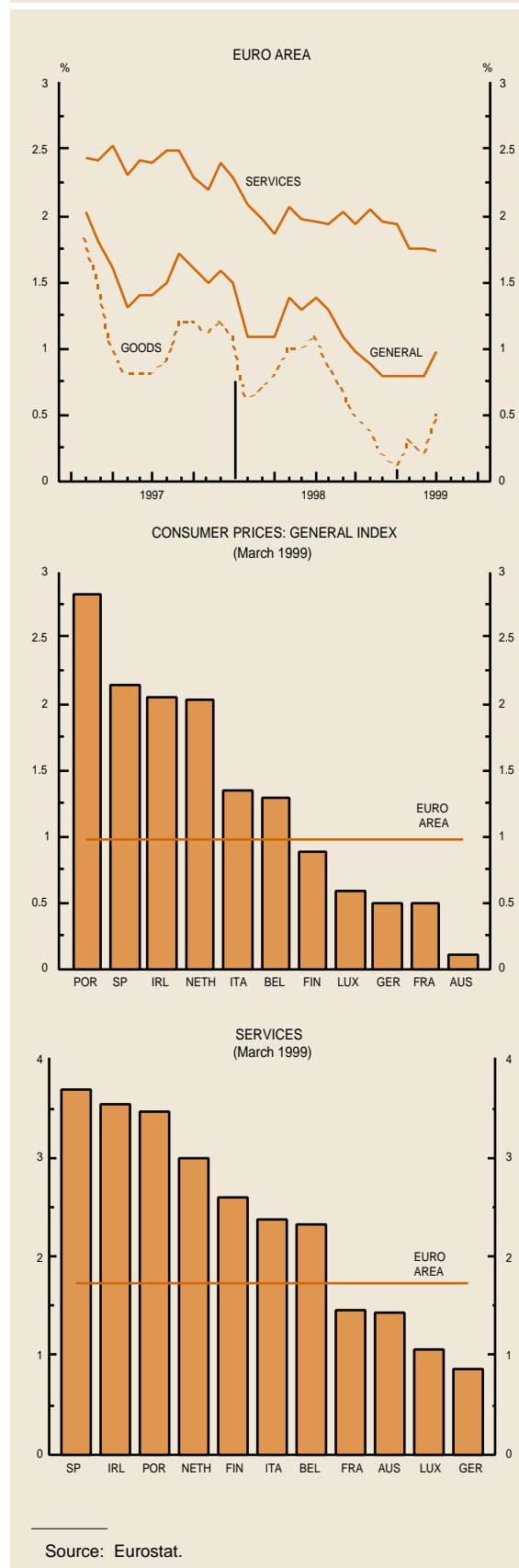


TABLE 2

General government balance in the euro-area countries
(as % of GDP)

	1994	1995	1996	1997	1998 (e)
Belgium	-4.9	-4.0	-3.1	-1.9	-1.3
Germany	-2.6	-3.3	-3.4	-2.7	-2.1
Spain	-6.2	-7.1	-4.5	-2.6	-1.8
France	-5.8	-4.9	-4.1	-3.0	-2.9
Ireland	-1.5	-2.1	-0.3	1.1	2.3
Italy	-9.2	-7.7	-6.6	-2.7	-2.7
Luxembourg	2.7	1.8	2.8	2.9	2.1
Netherlands	-3.8	-4.0	-2.0	-0.9	-0.9
Austria	-5.0	-5.1	-3.7	-1.9	-2.1
Portugal	-6.0	-5.7	-3.3	-2.5	-2.3
Finland	-6.6	-4.6	-3.1	-1.2	1.0
MEMORANDUM ITEM:					
Euro area					
Primary balance (a)	0.3	0.7	1.3	2.5	2.4
Total balance (a)	-5.1	-5.0	-4.1	-2.5	-2.1
Public debt	70.8	74.8	76.1	75.4	73.6

Source: ECB.

(a) Deficit (-) / surplus (+).

(e) Estimate.

cut to 3.5 % and 1.5 %, respectively (see Chart 10). The decision was based on an assessment of the economic situation; activity across the area was slowing and the inflation rate was very low, and there were no perceptible signs of risks that might endanger the Eurosystem's price stability target. As discussed elsewhere in this report, the real-sector indicators have, in recent months, been slowly deteriorating and this has led to a downward correction of growth prospects in the euro area and to more pessimistic business expectations. Although the monetary and financial data did not offer such an adverse picture of the economic situation, nor did they appear to signal the existence of inflationary risks. Finally, the Governing Council of the ECB concluded that price stability was firmly rooted in the current and foreseeable economic and financial context and that a reduction in interest rates was appropriate for the situation of the euro area as a whole and consistent with the strategy adopted. The reduction in the rates on the standing facilities has, moreover, meant a narrowing of the interest rate corridor and has made its bounds symmetrical to the rates on the main refinancing operations.

As foreseen, in the opening months of 1999 the Eurosystem has provided the bulk of the liquidity applied for by the financial sector counterparties via the main refinancing operations. By means of these weekly operations it has injected around 70 % of the liquidity granted to counterparties, which accounts, in the maintenance

period ending 23rd April, for around EUR 130 billion, settled via fixed rate tenders announced beforehand to the counterparties. The remaining 30 % were injected via monthly longer-term refinancing operations, settled by means of variable rate tenders and, up to March, with a single rate tender. On 4th March, the Governing Council of the ECB decided that these long-term tenders, the interest rates on which convey no monetary policy signal, would be settled under the multiple rate method of allotment so that each bid accepted would involve payment at the bid as opposed to the marginal interest rate. In addition, counterparties have had access to the lending and deposit facilities to obtain additional financing or to place surplus reserves at the end of the day. A significant penalising component is built into the interest rates on these facilities and their use has been substantially confined to specific times, especially at the end of the minimum reserve maintenance periods, which is when the averaging provision of the requirement loses its stabilising potential. In the maintenance period ending 23rd April, the average daily use of both facilities accounted for only 1 % of the liquidity granted via regular open market operations.

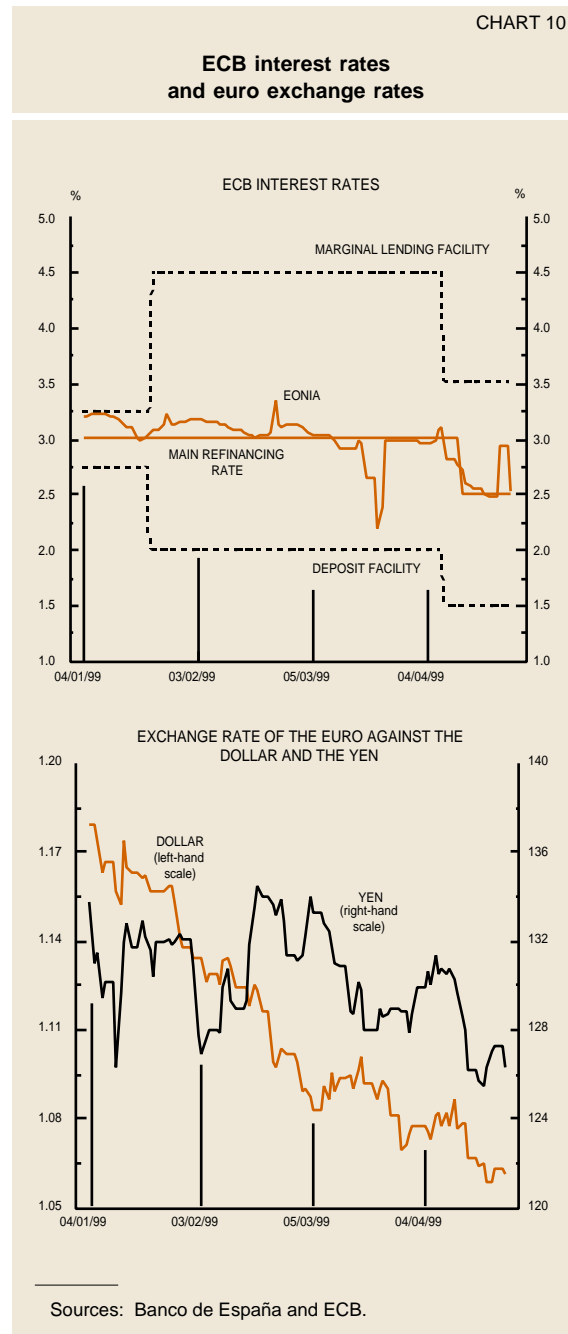
The use of fixed rate tenders for the main refinancing operations has enabled the monetary policy stance to be clearly signalled. Yet, at the same time, it has given rise to certain difficulties in liquidity distribution. As the Eurosystem wishes to inject a specific volume of funds via these

tenders, the announcement of a fixed rate has led counterparties to bid for more liquidity than necessary, since they anticipate that the rest of the sector will behave similarly. Thus, ultimately, the ECB has had to strongly ration the amounts allotted. This posed certain problems for counterparties not accustomed to rationing in the operations previously undertaken with their respective national central banks. To satisfy their liquidity requirements they had to resort to the interbank market, where the cost of liquidity was generally higher than the related tender cost. To ease the situation, the Eurosystem gave greater flexibility to the volumes of liquidity injected via the weekly tenders, so that the pressures on interbank interest rates abated. Thus, for example, the overnight interest rate (EONIA), which had stood until the end of February above the main operations rate (3 %), tended to hold thereafter at around this level.

As mentioned, the course of the monetary aggregates is an essential factor in the analysis of the Eurosystem. Broadly, in the first two months of 1999, they showed the same pattern of behaviour as in 1998 in the euro area as a whole (see Chart 11). The benchmark monetary aggregate for the area, M3, posted 12-month growth rates of 5.6 % and 5.2 % in January and February, respectively. The latest available three-month moving average of this aggregate's year-on-year growth was 5.1 %, slightly above the reference value set by the Governing Council of the ECB (4.5 %). The acceleration in M3 was basically due to the strong rate of expansion of the most liquid financial assets. Specifically, the narrow monetary aggregate (M1) showed a much higher growth rate, running at 12 % year-on-year in February. This strong growth, which in any event was lower than in January, may have been influenced not only by the low level of interest rates but by special factors relating to the birth of the single currency and to the portfolio shifts arising as a result.

Turning to the credit aggregates, total credit to euro-area residents (including the extension of loans and purchases of fixed-income and equity securities by Monetary and Financial Institutions [MFIs]) continued to show high growth rates. In the twelve months to February, this aggregate expanded by 7.4 %. As in the recent past, this performance was the outcome of a very small increase in financing to general government, which stood in February at 2.2 % in year-on-year terms, and of a strong rise in lending to the other resident sectors (principally households and firms), which was 9.5 % that same month (see Chart 11).

The liabilities of MFIs not included in M3 showed moderate growth in the first two months

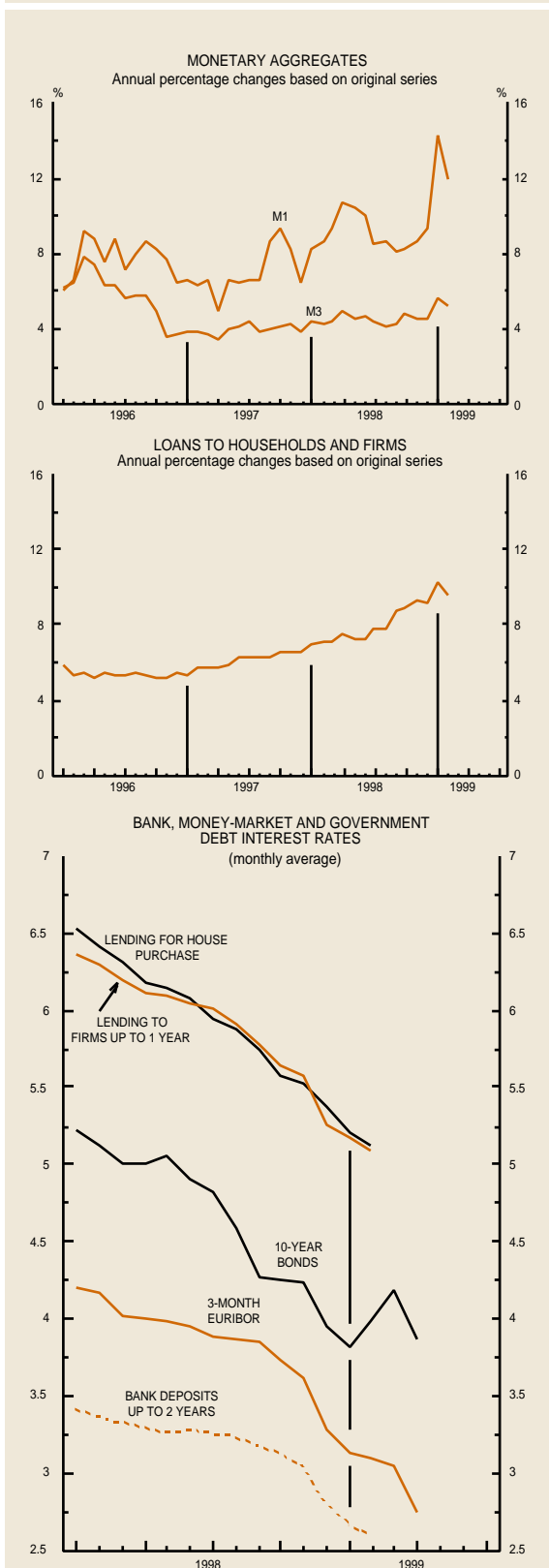


of the year, the result of their uneven behaviour. Whereas fixed-income securities at over two years ran at relatively high rates (6.8 % year-on-year in February), long-term deposits held at rather negligible rates. MFIs' foreign assets and liabilities remained very volatile, although the decline in the net external position of these institutions initiated in 1998 continued.

EURIBOR rates (interest rates on the European interbank market) were marked by the gradual downward revision of interest-rate expectations attributable to the deterioration in growth prospects for the euro-area as a whole and to the favourable trend of prices. This

CHART 11

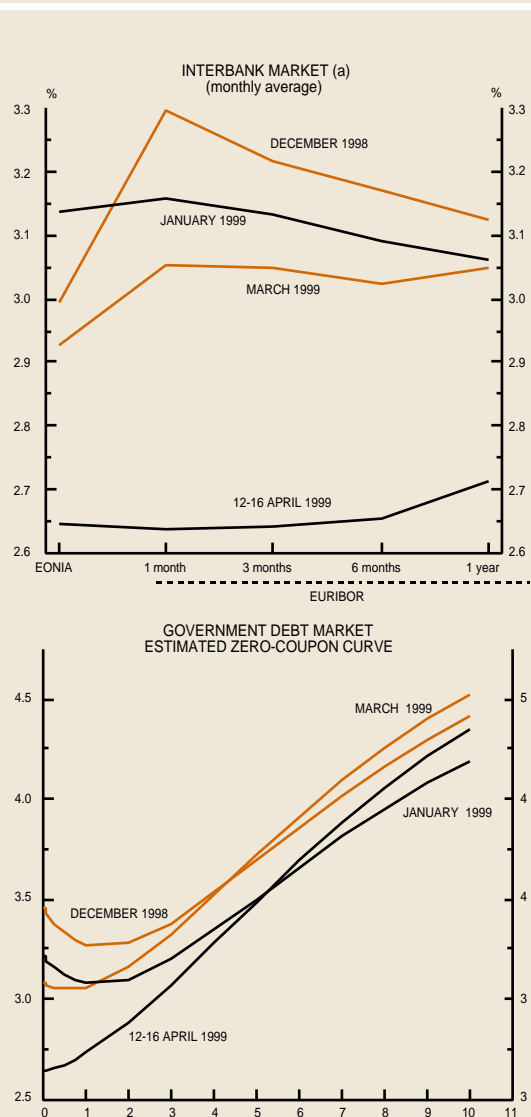
Monetary and credit aggregates and interest rates in the euro area



Sources: Banco de España and ECB.

CHART 12

Euro area yield curves



Sources: Banco de España and ECB.

(a) In December 1998, average of the interbank interest rates of the euro area countries.

downward revision of expected interest rates was reflected in shifts in the yield curve (see Chart 12), especially in the shortest-dated maturities, and in interest rates on futures. Three-month rates on euro futures maturing in June and September declined by around 25 basis points between late February and early April.

Although there was the odd upward-moving bout in longer-dated interest rates during the first quarter, they generally held fairly stable around the levels reached at end-1998 (see Chart 11). These increases were basically as-

sociated with external factors, linked to the upward revision of growth expectations in the US economy and to rises in Japanese bond rates. In this respect, the cut of 50 basis points to the Eurosystem intervention rate on 7th April was, due to its probably being greater than expected by the markets, reflected in a downward movement in long-term rates of about 10 basis points. As a result of the foregoing movements, 10-year bond rates stabilised in mid-April at around 4 %.

Bank lending rates, which are of particular relevance for spending and borrowing decisions by non-financial firms and households, continued on a downward course in the early months of 1999 (see Chart 11). In February, the latest month for which information is available, the average euro-area interest rate on loans extended to firms at over one year and on credit to households for house purchases stood at 5.1 %, 1.2 percentage points less than a year earlier. Movements in interest rates in the euro area were reflected in an increase in the short-and long-term spreads over the Unit-

ed States, although this would not appear fully to explain the progressive appreciation of the dollar against the euro (by 10 % from January to mid-April – see Chart 10). This process seems to be related more to the different growth prospects of the US and European economies and, probably, to developments in the Balkans conflict.

Equity markets in the euro area were generally affected by the increase in volatility on international markets. In early January, widespread rises were recorded on markets across the area, though they were subsequently corrected in part. Meantime, as from March, prices generally began to resume a slightly upward trend. In any event, throughout the first quarter of the year there was no sign of a clear trend on European stock markets. In this connection, the 4 % rise in the EURO STOXX general index from end-February to early April is in contrast to the clearly upward trend seen on the US and Japanese markets, probably as a consequence of the differing growth prospects for the economies involved.

4. The Spanish economy

4.1. Demand

On provisional INE estimates, the expansion in Spanish national demand accelerated in 1998. Real growth was 4.9 % on average during the year, well above the 2.9 % rate recorded in 1997. The rates of growth of all the components of demand increased. Construction spending and private consumption accelerated notably, as did capital investment. However, while construction spending gained momentum over the year, private consumption and capital investment slowed slightly in the second half, as did general government consumption. The result was that the rate of growth of aggregate national demand tended to stabilise. The contribution of net external demand, which had turned negative in the final quarter of 1997, became more broadly contractionary over the course of 1998, reducing output growth by 1.2 percentage points on average during the year. This result reflects the sharp slowdown in exports, as a consequence of the weakness of international (including European) markets, while imports remained notably buoyant, with only a slight moderation in the final months of the year.

The short-term information available for the first few months of 1999 tends to show a firming of the patterns of behaviour displayed by the main components of demand at the end of 1998, with the year-on-year growth rate of national demand estimated to have slipped by the odd percentage point. Specifically, it is estimated that private consumption and capital investment again recorded high real rates of growth, although they are still tending to slow moderately. By contrast, the rate of growth of construction spending accelerated further. The negative contribution of external demand to real output growth may have risen in this period as a consequence of the weakness of exports, while imports were sustained by the stronger final demand of the economy.

Most of the available private consumption indicators were expansionary in the first quarter of 1999, although no more so than in the previous quarter. Chart 13 shows, on the basis of very partial information, that the growth in the index of apparent consumption of consumer goods and services tended to moderate. This was a result of a loss of momentum in the food and consumer durable components, in the latter case despite the extraordinary surge in new passenger car registrations, which reached a year-on-year growth rate of 23.3 %, slightly higher than in the final quarter of 1998. The general retail sales index also slowed in the first two months of the year, in line with the deterioration in confidence apparent from the business

surveys conducted in this branch. There has also been a further deterioration in recent months in the perceptions of the producers of such goods regarding the current course of demand, although they are more optimistic regarding the future.

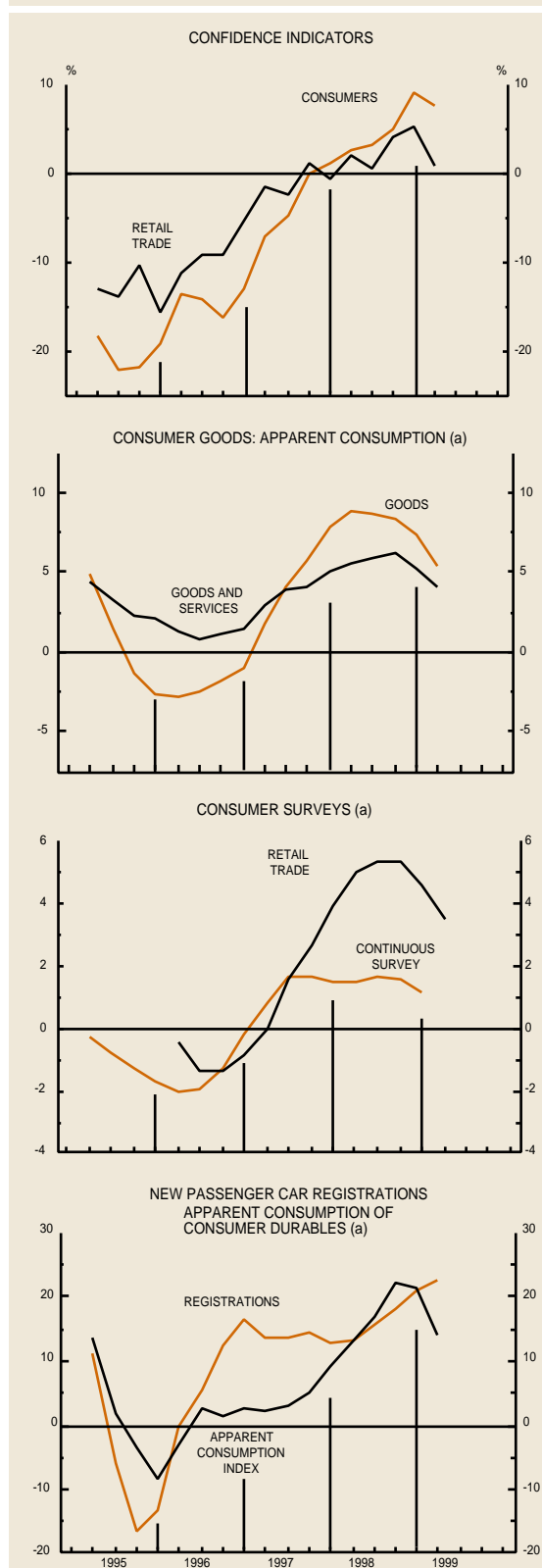
The growth in private consumption at rates slightly above 3.5 % is justified by the contribution of its main determinants and does not involve appreciable changes in the household saving ratio. However, as will be seen below, the strong increase in housing investment, in response to the decline in interest rates and cumulative wealth gains, is significantly reducing the private sector's financing capacity and increasing its borrowing. The rate of growth of household disposable income remains high, since lower growth in employee compensation – the result of a gradual decline in wage rates, against a background of a slight decrease in employment growth – has been offset by a reduction in withholdings on earned income. This reduction is a result of the tax reform introduced at the beginning of the year, which has led to an increase in spending capacity that is still difficult to quantify. At the same time, the cumulative decline in interest rates continues to drive the demand for certain consumer durables and, in particular, for new passenger cars, by making their financing significantly cheaper. Finally, according to consumer surveys consumers are highly optimistic.

On QNA estimates, government consumption increased by 1.2 % year-on-year in real terms during the fourth quarter of 1998, continuing the slowdown commenced at the beginning of the year. This rate of growth was sustained in the first quarter of 1999, owing to the moderation in the compensation, in real terms, of general government employees, as a consequence of the lower increase in public-sector employment. In nominal terms, employee compensation slowed somewhat from the previous quarter. The real rate of growth of net purchases of goods and services fell slightly, while fixed capital consumption accelerated, in step with the greater buoyancy of public investment in 1998.

The acceleration of gross fixed capital formation, which began at the end of 1996, seems to have halted in the first quarter of 1999. Unlike last year, the greater strength of investment in construction does not seem to have fully offset the further moderation in the capital goods component, as shown by most of the available indicators (see Chart 14). These include the indicator of apparent investment in capital goods, which has continued its downward path in the first few months of the year as a consequence of the lower buoyancy in the domestic output of

CHART 13

Private consumption indicators

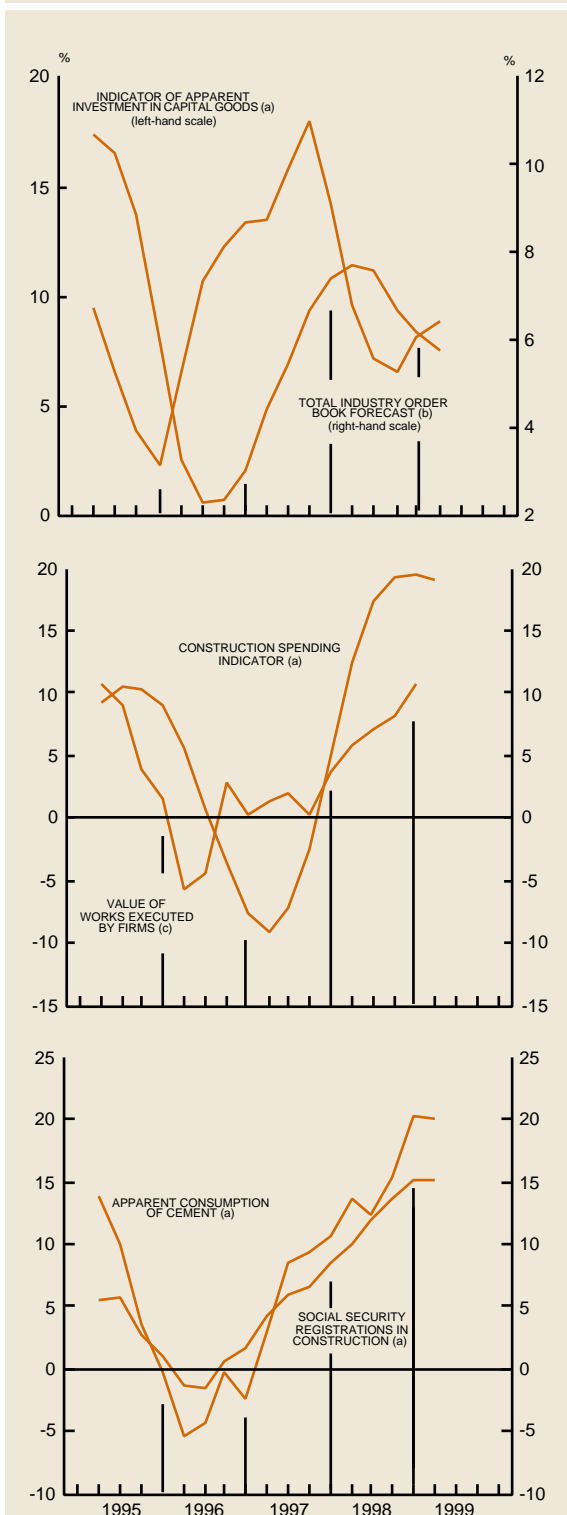


Sources: Instituto Nacional de Estadística, European Commission, Dirección General de Trabajo and Banco de España.

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

CHART 14

Gross fixed capital formation indicators



Sources: Ministerio de Fomento, Oficemen and Banco de España.

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

(b) Level, trend.

(c) Obtained from the quarterly construction industry survey and deflated by the construction costs indicator. Four-quarter rate of change based on original series.

such goods, since imports continue to grow at high rates. The confidence indicator of the capital goods production industry also declined further in the first two months of the year, compared with the final quarter of 1998. Finally, investment plans for 1999 for industry as a whole have been revised significantly downwards, according to the Ministry of Industry and Energy's half-yearly investment survey carried out in autumn 1998. This produced a forecast of 4 % investment growth in 1999 as a whole, in real terms, against the 8 % estimated for 1998.

In any event, the buoyancy still being displayed by capital investment (with year-on-year increases of more than 10 %) is justified by two factors: the favourable financial position of Spanish firms – a result of both their high fund generating capacity and of successive cuts in interest rates, which have substantially reduced the cost of borrowing – and the strength of domestic demand, despite the strong deceleration in external sales. This situation is reflected in the Central Balance-Sheet Office data for the fourth quarter of 1998, a period in which the profitability ratios of the firms were at very high levels, similar to those of the preceding quarters.

On QNA data, investment in construction was stronger in the fourth quarter of 1998, growing by 7.8 % year-on-year. The most recent indicators, referring to the first quarter of 1999, show that this aggregate was very expansionary. Although certain signs of moderation are apparent in the acceleration that has continued uninterrupted since end-1996, its growth has possibly reached rates of well over 8 %. Specifically the concurrent input and employment indicators for this branch show very high rates of growth in the first few months of the year, similar to those seen in the preceding quarter. Thus, apparent cement consumption grew by 18.9 % in January and February, against 19.8 % in the fourth quarter of 1998, while social security registrations and registered unemployment trended very favourably. In the same vein, sentiment in the construction sector regarding current levels of output continued to rise in the first two months of the year, although a slight decline is noted in surveys of order-book levels and future output.

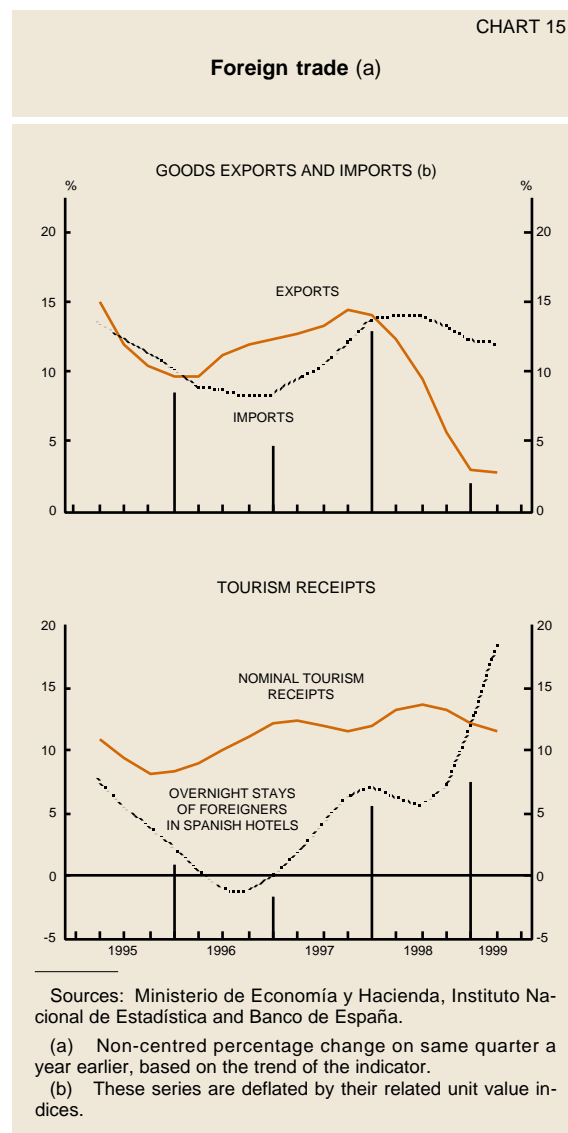
The continuing buoyancy shown by investment in construction is endorsed by the trend estimated on the basis of leading indicators. Information on private-sector building – permits granted by local authorities and architects' associations' approvals – was very expansionary in 1998. The improvement in the spending capacity of households and the healthy financial situation of firms, together with the fall in the

cost of financing for house purchases, justify the vigour of this segment of spending. Public works also acquired notable strength, according to figures for government tenders, which rose by 49.6 % in 1998 (against 2.1 % in 1997), in step with the increase in budget appropriations for the enlargement and improvement of infrastructure.

The level of stocks increased progressively during 1998 to account for three-tenths of a percentage point of real output growth in the final quarter. The decline in commodity prices and interest rates has led to a fall in the cost of holding stocks which has clearly raised the desired levels of stocks. This trend may have continued in the first quarter of 1999, as no significant changes in their determinants are appreciated. In addition, the results of the monthly business survey for the first two months of the year indicate that the percentage of firms holding stocks at a higher level than desired held steady at levels similar to those seen at the end of 1998. Thus, the contribution of this aggregate to output growth may have been sustained in the first quarter of the year.

On QNA estimates, the negative contribution of net external demand to GDP growth strengthened in the fourth quarter of 1998, as a consequence of the sharp slowdown in exports, while imports sustained high – albeit decreasing – real rates of growth (see Chart 15). The information available for the first quarter of 1999 suggests that the negative impact of real net external demand on output growth may have increased (exceeding the 1.4 percentage points estimated by the INE for the preceding quarter), due to the pronounced weakness of external sales and the buoyancy of imports, underpinned by the strength of domestic demand and the fall in the prices of foreign goods.

According to Customs data, goods exports grew at a negative real year-on-year rate in the final quarter of 1998, for the first time since 1986. The latest information suggests that exports remain very depressed and declined at a year-on-year rate of -0.3 % in January and February. This is a consequence of the weakness of sales to EU countries, in line with the slowdown in their economic activity in recent months, as well as the sizeable decreases in those to the emerging economies of south-east Asia and Latin America and the transitional economies of Eastern Europe. By group of product, all components grew at negative real rates in January, except for exports of capital goods, which show notable growth. In contrast to the progressive weakening of goods exports, tourism receipts remained highly buoyant in the first few months of the year. Accord-

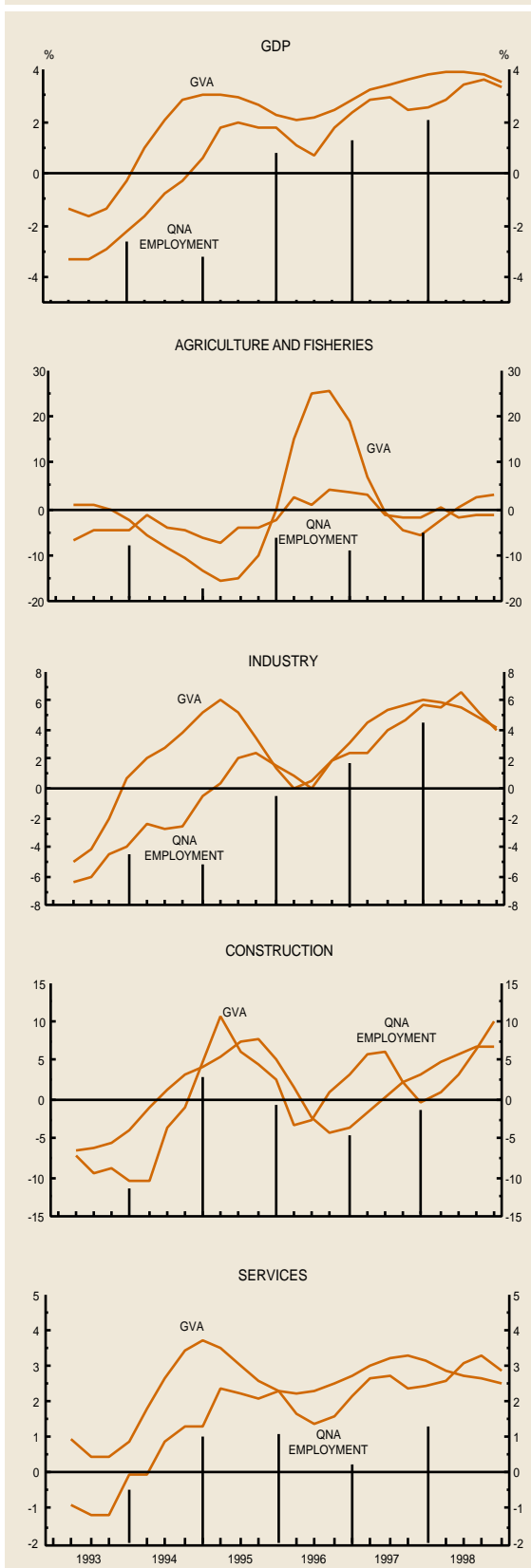


ing to the balance of payments figures they rose by 16.1 % in the first two months of 1999, while the number of tourist visits and foreign visitors staying in hotels grew considerably to March. This is explained by the depreciation of the euro in the first few months of the year and the high levels of confidence of European consumers.

As for imports, their real rate of growth stood at 8.3 % in January and February, exactly the same rate as in the preceding quarter. Purchases of capital goods and non-food consumer goods grew steadily, while those of non-energy intermediate goods held at a very moderate tempo, in step with the weakness of industrial activity. Imports of energy intermediate goods sustained high real rates of growth, driven by the fall in their prices in the first few months of the year. Finally tourism payments continued to increase strongly.

CHART 16

Gross value added and employment by branch of activity Rate of change



Source: Instituto Nacional de Estadística.

4.2. Output and employment

On provisional INE estimates, the modest slowdown in real GDP in the second half of 1998 continued during the first quarter of 1999. Accordingly, year-on-year real GDP growth will have been around 3.5 % in this period, one-tenth of a percentage point lower than in the preceding quarter and three-tenths of a point below the average rate in 1998. From the viewpoint of productive branches, the slight loss of momentum is basically due to the behaviour of industrial activity, linked in turn to the effects of the international crisis on the export sector. As mentioned above, construction has not strayed from its accelerating path and services are displaying greater stability, albeit with a trend of slight deceleration. In this context, employment growth continues to be notable, having ended 1998 at a rate of growth of 3.3 %, according to the QNA estimate, somewhat below the level recorded at the beginning of the year (see Chart 16). This picture of smooth deceleration in the rate of growth of jobs, similar to that seen in real output, seems to be confirmed by the indicators available for the first few months of 1999.

In the fourth quarter of 1998 primary activity extended the headway observed since the beginning of the year. However, the low rainfall in the second half meant that the advances became smaller, and in the final quarter of 1998 the year-on-year rate of growth of gross value added stood at 3.1 %, in accordance with the QNA estimate. Agricultural output was hit particularly hard by the unfavourable weather, especially those crops which ripen in the second half of the year, such as fruit and wine grapes. These trends seem to have remained broadly the same at the beginning of 1999, although the impact of the adverse weather on the activity of the sector has become stronger.

As mentioned above, the fall in exports of industrial products has primarily affected industrial activity, excluding construction. As a result, the rate of growth of the gross value added generated by this branch dipped slightly during 1998, although it remained buoyant. According to the data for the first few months of 1999 the slowdown continued. The cumulative growth in the industrial production index (IPI) in January and February was 2.2 %, compared with the increase of 4.8 % in the final quarter of 1998, both rates being adjusted to take into account the different number and distribution of working days. Also, the business climate indicator reached one of its lowest values for two years in February 1999, largely as a result of the deterioration in order books.

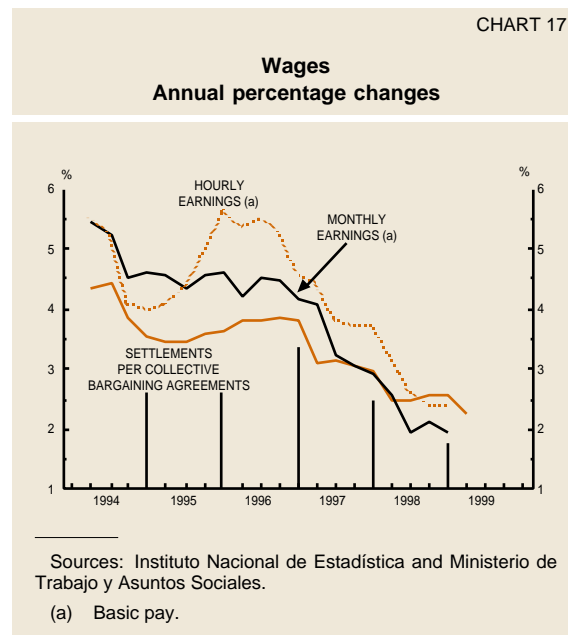
The loss of buoyancy apparent in the IPI data extends to all their components, although to a varying degree. The reduction in the year-on-year rate of growth of the index of production of consumer goods (cumulative growth of 0.3 % to the month of February, against 5.6 %, on homogenous terms, in the fourth quarter of 1998) is notable, especially in the food aggregate, although this decline also affects the rest of its components, including consumer durables. The slowdown in the production of capital goods is less severe, and that of intermediate goods is practically imperceptible. In the latter case it is cushioned by the upturn in energy production. By the branches of origin of the products, the metal industry has remained most buoyant.

As seen from the viewpoint of demand, construction activity intensified during 1998. This vigour stemmed from the growth in civil engineering projects and house building and, given the further headway indicated by the available first-quarter data on the apparent consumption of cement and the numbers of persons registered for Social Security, it can be expected to be sustained.

The rate of growth of value added in the services branch is displaying greater stability: the smooth slowdown seen since end-1997 in both its components (market and non-market services) is not so large. The information available for the first quarter of 1999 – albeit very scant – shows no significant change. The moderate slowdown seen in certain branches can be expected to be mitigated by the strength of others – inferred from the available employment data – such as hotel and catering and telecommunications.

The boost to the generation of employment in 1998, consistent with the strength of productive activity and the moderation in the growth of average labour costs, weakened in the fourth quarter of the year. On QNA data, the number of persons employed rose by 3.3 % year-on-year in the fourth quarter, three-tenths of a percentage point below the rate in the third quarter. This more subdued performance was preceded by the slowdown in employees in employment in the third quarter. However, this aggregate continued to grow at a high rate (4.3 % at the end of 1998), and there was a slight increase in the second half of the year in the rest of the employed labour force in relation to the same period of 1997, after a year and a half of declines.

The available data on social security registrations and registered unemployment for the first quarter of 1999 suggest that the moderate slowdown in the number of jobs created during



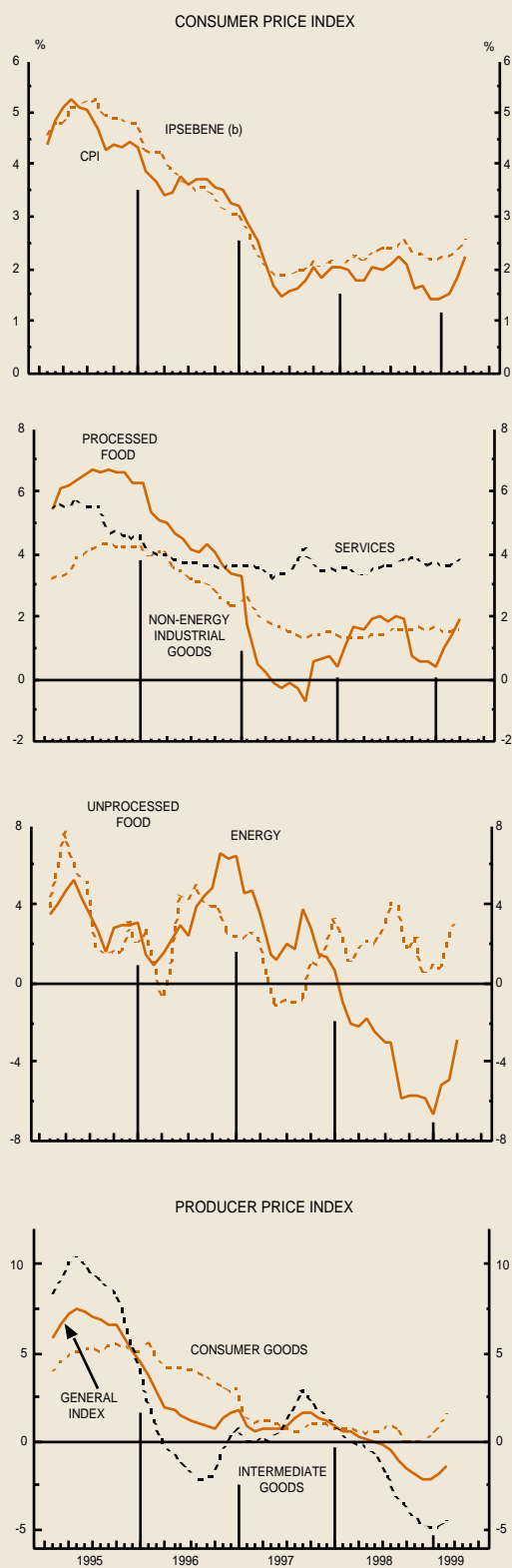
this period will continue, in step with economic activity and its distribution between the main productive branches. Thus, on March data the number of Social Security registrations seems to have dipped. Although the detailed information only goes up to February, registrations in construction and in services were notably buoyant, while in industry the slowdown which began last summer firmed. As for registered unemployment, the rate of decline of the first quarter (13.8 %) was similar to that at end-1998. This decline was at its strongest in agriculture and services and more moderate in industry, while in construction the sharp decline in unemployment of 1988 was sustained.

4.3. Costs and prices

According to the wage survey, average hourly earnings (in terms of basic pay) rose by 2.4 % in the fourth quarter of 1998 in relation to the same period a year earlier. In the year as a whole, such earnings grew on average by 2.6 %, more than one percentage point less than in the previous year (3.9 %). As has become usual, the increase in average monthly earnings was somewhat lower (1.9 % in the fourth quarter and 2.1 % on average during the year), as a consequence of the hiring of workers on shorter hours. By branch of activity, the largest increase in average hourly earnings in the fourth quarter was in construction (3.5 %) – which also saw the emergence of a slightly accelerating profile during the year – followed by services (2.9 %) and industry (2 %). The latter sector saw a marked containment of wages in 1998. There was also a general reduction in wage drift in 1998. This phenomenon is affect-

CHART 18

**Price indicators (a)
Spain**

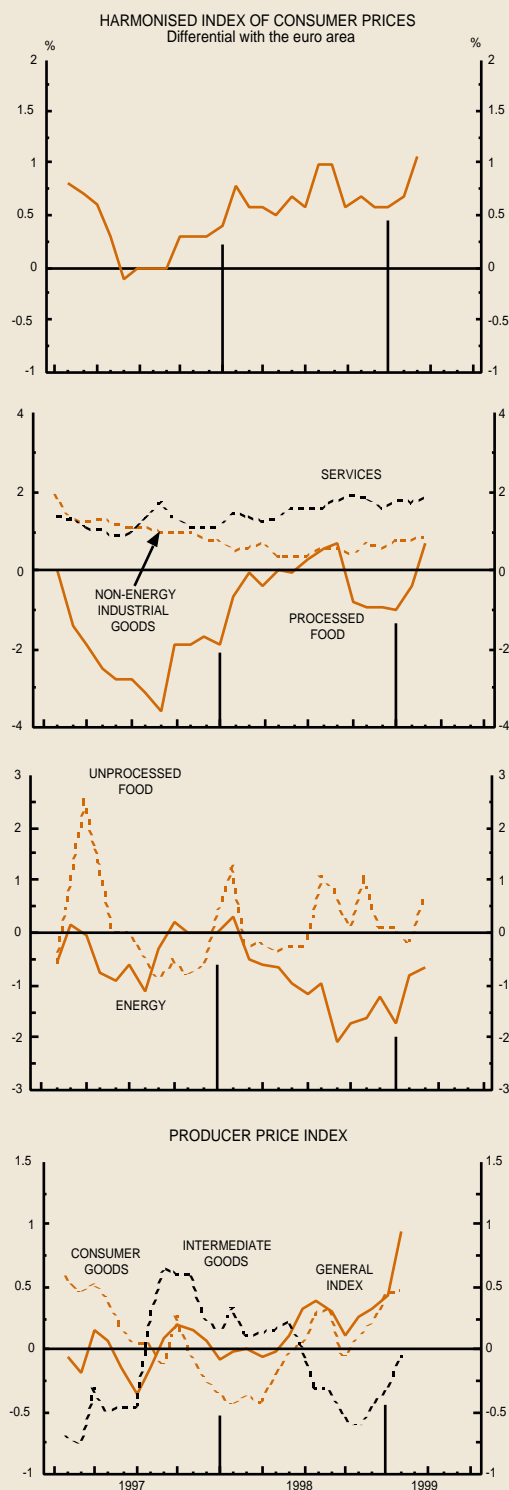


Source: Instituto Nacional de Estadística.

- (a) 12-month percentage change based on original series.
(b) Index of non-energy processed goods and services prices.

CHART 19

**Price indicators (a)
Euro area**



Sources: Banco de España, national statistics and Eurostat.

- (a) The first quarter data for 1999 are a forecast, except for UK GDP, which is an estimate.
(b) Percentage of labour force.

ed by various factors, among which the hiring of new workers on low wages, the elimination in some branches of seniority pay and the lower growth in the number of hours of overtime worked stand out.

The average increase in wage rates in the collective bargaining agreements registered to 31 March – which gives an indication of how wages will behave in the year as a whole – was 2.3 %, three-tenths of a percentage point below the average growth in 1998 (see Chart 17). This further headway in the process of wage deceleration would, if confirmed, mean a slight increase in real wages, albeit lower than the forecast growth of apparent labour productivity. To date, 95 % of the agreements registered correspond to revisions of agreements spanning several years signed in previous years, with an average settlement of 2.3 %; newly signed agreements, scarcely significant so far, showed more moderate growth (2 %). By branch of activity, only in services was a representative number of agreements signed, with an average recorded settlement of 2.4 %, several tenths of a percentage point higher than that in industry and construction.

Most indicators of prices in the Spanish economy deteriorated during the first few months of 1999 (see Chart 18). Thus, in March, the year-on-year rate of change of the CPI stood at 2.2 %, eight-tenths of a percentage point higher than in December. This unfavourable outturn fed through to the most stable component of the CPI, the IPSEBENE (index of non-energy processed goods and service prices), which was already recording higher rates than the general index. In March it rose year-on-year by 2.5 %, three-tenths of a point above the growth in December. The harmonised index of consumer prices (HICP) grew by 2.1 % in March with respect to the same month of 1998. As the rates in the countries which make up the euro area increased to only 1 %, the differential continued to widen. The gap recorded in the service component is especially significant, although that of non-energy industrial goods is also tending to widen (see Chart 19).

Since December 1998, the rates of growth of all the components of the CPI, with the sole exception of non-energy industrial goods (whose inflation stabilised at 1.6 %) rose, the more erratic ones to a greater extent. Unprocessed food prices grew by 3.2 % year-on-year in March, as against 0.9 % at end-December and, with the oil price on international markets beginning to pick up and electricity tariffs being reduced in the first few months of 1999 by less than in the preceding year, the growth rate of

the prices of energy goods rose from –6.6 % to –2.9 % over the same period. The rate of growth of processed food prices rose from 0.4 % to 1.9 %, due in part to the increase in tobacco and olive oil prices. Finally, services prices increased by 3.8 %, as has become usual well above the increases in the prices of other products, and above the rise recorded in December (3.7 %). Product by product, the largest differentials with respect to the euro area in February continued to be found in services inflation (approximately 2 %), although the gap was also significant for non-energy industrial goods (1 %).

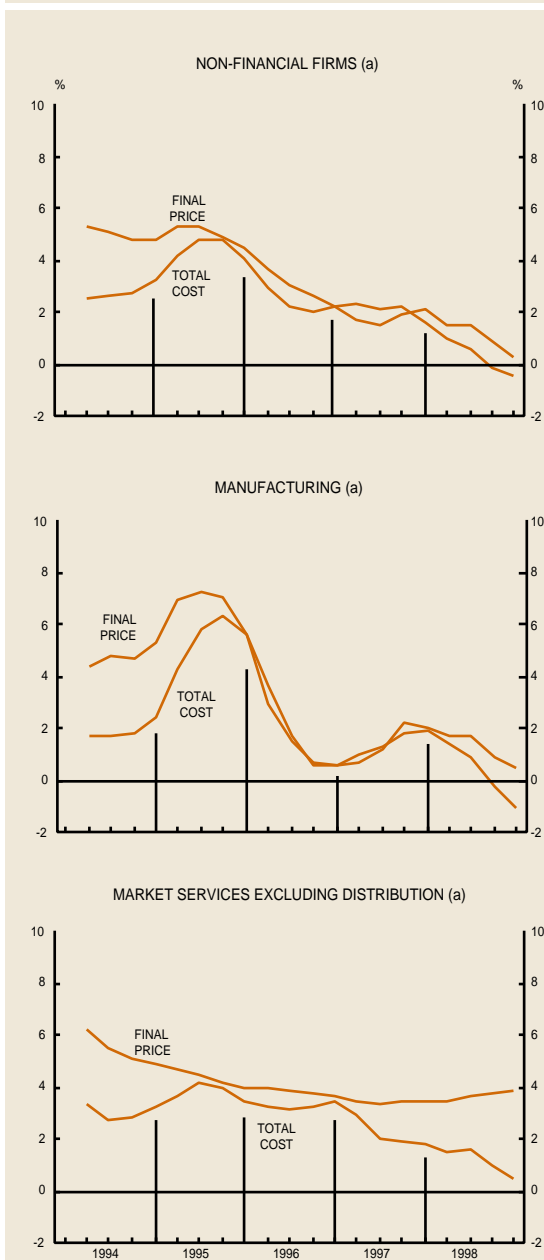
The year-on-year rate of change of the producer price index was still negative in February (–1.4 %), although less so than at the end of 1998 (in December the year-on-year rate was –2.1 %). This profile basically matches that of food consumer goods, which rose by 1.7 % in February after falling at a rate of 1.1 % in December, due above all to the behaviour of tobacco and olive oil prices. The price of intermediate goods also followed a somewhat less favourable path, with a reduction of 4.6 %, against 4.9 % in December. By contrast, inflation of non-food consumer goods fell by two tenths of a percentage point to stand at 1.2 %, while that of capital goods held steady at 0.3 %. The trend in prices received by farmers for agricultural products was less favourable in the fourth quarter of 1998, the upward profile of vegetable prices being notable.

Import unit value indices slowed again in January 1999, falling by 6.6 % with respect to the same month of 1998. The sharp fall in import prices was, above all, a consequence of energy prices, which have still not reflected the rise in the price of crude oil on international markets.

Combining the information furnished by these price and cost indices in the accounting framework of input-output tables for the Spanish economy, indicators can be obtained for the process of price formation and, residually, the behaviour of operating margins (see Chart 20). In the fourth quarter of 1998, the latest for which complete information is available, there was a significant slowdown in the final prices of non-financial firms (most pronounced in the case of goods sold on export markets), which was also accompanied by lower growth in variable costs, so that the unit operating margin was practically unchanged. As for costs, the trend in unit labour costs was somewhat less favourable. This was connected with the slowdown in apparent productivity caused by the lower buoyancy of activity. Nonetheless, this behaviour was offset by the decline in interme-

CHART 20

Price and cost indicators



Sources: Instituto Nacional de Estadística and Banco de España.

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

ciate costs, linked to the sharp reduction in import prices.

By branch of activity, prices and margins continued to behave differently in manufacturing and services. In manufacturing, final prices fell by 1.3 %, as a result of the reduction in the international prices of competing products and the pressure of demand which, although high,

was lower than in the preceding quarters. Unit variable costs also slowed, although by a smaller amount, since the greater vigour of unit labour costs offset the reduction in the cost of intermediate goods. This led to a squeezing of operating margins as a percentage of output. Service prices grew at high rates, well above those of their variable costs, which behaved more like those in the other branches of activity. In consequence, the gross operating margin per unit of output continued to widen.

4.4. The State budget

In the first quarter of 1999, the State cash-basis deficit fell by 3.1 % in relation to the same period of 1998. This decline was the result of revenue (up 23 %) rising by more than expenditure (up 19.2 %) (see Table 3), in contrast to the budget forecast of a small reduction in revenue (0.5 %) and a slight increase in expenditure (1.2 %). In order to assess the budget outcome during this period it is necessary to take into account the impact of certain extraordinary factors. As regards revenue, the high year-on-year growth in the first quarter was, above all, a consequence of the reduction in the volume of rebates in respect of the main taxes, since the Treasury, to adapt to the new shorter rebate periods (generally six months), speeded up their processing during the final months of 1998, with the result that rebates pending at the beginning of 1999 were much lower than a year earlier. Moreover, there was extraordinary revenue of ESP 340 billion corresponding to capital gains recorded by the Banco de España, which exceeded the ESP 224 billion raised in 1998 from the privatisation of Argentaria. As for expenditure, the concentration of interest payments in the first few months of 1999 should be mentioned. In any event, if these effects are eliminated, the improvement in the cash-basis deficit in relation to the budget would be maintained and its reduction with respect of the first quarter of 1998 could be even greater.

The data released in the National Accounts framework, however, show that the cumulative State deficit in the first quarter of 1999 stood at ESP 912 billion, 29.3 % higher than in the same period of 1998. Expenditure rose by 19.2 %, in line with the increase according to the cash-basis criterion, while revenue grew by 17.4 per cent, which was less than in cash terms. This difference was primarily due to the revenue in respect of capital gains and privatisation proceeds mentioned above, which is not recorded as current revenue when the National Accounts methodological criteria are applied. In any case, when the discrepancies in the schedule of revenues and expenditure mentioned above are

TABLE 3

Budget: outturn

ESP billions and %

	Outturn	Initial projection		Outturn		
	1998 1	1999 2	Percentage change 3=2/1	1998 JAN-MAR 4	1999 JAN-MAR 5	Percentage change 6=5/4
1. Revenue	17,534	17,445	-0.5	4,064	5,001	23.0
Direct taxes	7,457	7,431	-0.3	1,370	1,861	35.8
<i>Personal income tax</i>	4,992	5,201	4.2	1,344	1,678	24.9
<i>Corporate income tax</i>	2,324	2,082	-10.4	5	158	—
<i>Other</i>	140	149	5.7	22	25	11.1
Indirect taxes	7,015	7,524	7.3	1,885	2,161	14.7
VAT	4,373	4,807	9.9	1,268	1,494	17.8
<i>Excise duties</i>	2,391	2,463	3.0	563	603	7.0
<i>Tariffs</i>	132	133	0.8	29	33	16.6
<i>Other</i>	120	120	0.7	25	31	26.8
Other net revenue	3,063	2,490	-18.7	809	979	20.9
2. Expenditure	18,649	18,867	1.2	4,759	5,674	19.2
Wages and salaries	3,053	3,132	2.6	654	656	0.4
Goods and services	388	340	-12.4	116	133	14.7
Interest payments	3,334	3,042	-8.8	1,051	1,593	51.6
Current transfers	9,906	10,411	5.1	2,411	2,665	10.5
Investment	898	945	5.3	300	409	36.3
Capital transfers	1,071	997	-6.9	228	218	-4.3
3. Deficit (3 = 1 - 2) (a)	-1,114	-1,422	27.6	-695	-673	-3.1
MEMORANDUM ITEM: NATIONAL ACCOUNTS (b):						
Revenue	17,316	—	—	-3,855	-4,524	17.4
Expenditure	18,550	—	—	4,560	5,436	19.2
Financing capacity (+) or borrowing requirement (-)	-1,234	-1,164	-5.6	-705	-912	29.3

Sources: Ministerio de Economía y Hacienda and Banco de España.

(a) This is the cash-basis deficit as defined by IGAE (National Audit Office).

(b) The budget figure is for Central Government, according to the reply of the Ministerio de Economía y Hacienda to the Excessive Deficit Procedure questionnaire.

taken into account, the result of the first quarter does not depart from the budget deficit target envisaged in the Stability and Growth Programme for 1999. The breakdown of the data hereafter will be in cash terms, this being the information available (see Table 3).

With regard to revenue, the high growth of direct taxes is notable, due, as mentioned above, to the lower volume of rebates made in respect of both personal income tax and corporate income tax. Moreover, in relation to the IRPF, it should be taken into account that part of the revenue from withholdings on earned income relates to December pay. This revenue was not affected by the reduction in the withholding percentages under the new system of calculation which came into force in January 1999. Consequently, the receipts from this tax are expected to decelerate over the coming months. Meanwhile, receipts from corporate income tax will not be significant until April, when

the first advance payment becomes due. In the first quarter, therefore, they were governed by the change in the timetable for rebates. Note that the projected reduction in the receipts from this tax for the year as a whole is a consequence of the receipts in 1998 in respect of capital gains which arose in the privatisation of state-owned firms.

As in the case of direct taxes, in the period January-March receipts from all the indirect taxes grew at rates well above those foreseen in the budget. VAT, the most important indirect tax, was also affected by the reduction in the volume of rebates, while receipts from excise duties include one month more revenue than in 1998 from the electricity tax (which was charged for the first time in February last year). Among the other indirect taxes, that on insurance premiums was charged in January 1998 at a lower rate. Nonetheless, and especially in the case of excise duties and taxes on external trade, the buoyancy

TABLE 4
Balance of payments: summary table (a)

EUR millions

	JAN-FEB 1998	JAN-FEB 1999
	Receipts	Receipts
Current account	26,954	26,608
Merchandise	15,357	14,727
Services	5,687	6,356
<i>Tourism</i>	3,172	3,683
<i>Other services</i>	2,515	2,673
Income	2,011	2,030
Current transfers	3,899	3,494
Capital account	1,835	1,675
	Payments	Payments
Current account	25,778	26,789
Merchandise	17,195	17,540
Services	3,726	3,997
<i>Tourism</i>	552	622
<i>Other services</i>	3,174	3,375
Income	2,756	3,177
Current transfers	2,100	2,074
Capital account	110	106
	Balance	Balance
Current account	1,176	-181
Merchandise	-1,838	-2,813
Services	1,961	2,359
<i>Tourism</i>	2,620	3,061
<i>Other services</i>	-659	-702
Income	-745	-1,147
Current transfers	1,798	1,420
Capital account	1,725	1,569

Source: Banco de España.

(a) Provisional.

of consumption and imports are the factors which best explain the favourable trend in receipts in the first quarter of the year.

Finally, the budget headings which include the other net revenue of the state, excluding current transfers (which mostly originate from other general government bodies), also recorded rates of change in the first quarter notably higher than those budgeted. The growth in profits and dividends, due to the extraordinary revenue obtained from the Banco de España mentioned above, and in rates and other income, which was affected by much more favourable positive issuance premiums than foreseen in the budget, stood out. All the same, this set of revenues is also expected to slow over the coming months as the revenue from the sale of state-owned firms and from the royalty paid by the mobile telephony firms in 1998 becomes incorporated into the basis of comparison.

As for expenditure, all the headings, except wages and salaries, grew in the first quarter of 1999 at rates higher than those budgeted for the whole of the year. In the case of interest payments, their high growth, at above 50 %, is, as already mentioned, linked to the different maturity schedule of government securities. This schedule is always announced at the beginning of the year and, therefore, this heading is budgeted with some accuracy. Over the coming months, therefore, it will tend to converge with the budget forecast for a reduction of 8.8 % in this heading. In addition to the effects of larger payments in 1988 due to the early repayment of debt, this forecast also takes into account the effects of the reduction in interest rates since end-1995 and of the primary surpluses achieved in recent years. Current transfers (up 10.5 %) also increased by significantly more than forecast in the budget (5.1 %). Here, it is the growth in transfers to social security, due to the assumption by the State of the full cost of the health service (previously partly financed by social security contributions), and to the Regional (Autonomous) Governments, due to the transfer of powers in relation to non-university education to the governments of Aragón, Baleares and La Rioja, which should be taken into account.

Wages and salaries grew by 0.4 % in the first quarter, less than the 2.6 % growth forecast in the budget. The increase in both public-sector wages and pensions has been set at 1.8 % for 1999. Taking into account the increase in the number of pensioners and the normal level of wage drift, expenditure under this heading could accelerate. The growth in expenditure commitments in the first quarter, which stood at 1.9 %, seems to indicate this will be the case.

Finally, there have been significant deviations from budget under the headings of goods and services and investment, since around 40 % of the appropriations budgeted have already been used up. Accordingly, compared with forecasts for 1999 of a decline of 12.4 % in goods and services and of growth of 5.3 % in investment, increases of 14.7 % and 36.3 %, respectively, were recorded in the first quarter. In both cases the deviations are the result of obligations outstanding from previous years, which account for most of those acknowledged in the first quarter.

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

The current- and capital-account balance amounted to EUR 1,388 million in the first two months of 1999, which was a consider-

able deterioration on the EUR 2,901 million recorded in the same period a year earlier (see Table 4). The weakness of goods exports is causing a notable widening of the trade gap, which the excellent tourism results have not been able to offset. As for other external transactions, the decline in the current transfer surplus is notable. This is a consequence of the fall in income received under the European Social Fund, stemming from a certain delay in the receipt of the funds assigned in the EU budget. The investment income deficit deteriorated, due to the notable increase in payments by the credit system, although the receipts of this sector and the private sector showed notable buoyancy, associated with the expansion in their external assets.

From the viewpoint of the flows of saving and investment of resident sectors, patterns of behaviour have been similar to those seen in 1998. Thus, the deterioration in the financing capacity of the economy as a percentage of nominal GDP, inferred from the balance of payments figures mentioned above, is explained by the decline in the financing capacity of households and firms, which is not offset by the downward path of the net borrowing of general government. The decline in the financing capacity of the private sector is, in turn, a consequence of the strong expansion of housing investment and of private productive investment, since the saving ratios of households and firms tended to stabilise, after last year's fall (as a percentage of GDP, when capital transfers received are taken into account).

5. The markets and financial flows of the Spanish economy

As already mentioned in the February 1999 Boletín económico, the new framework created by the start of Stage Three of EMU has required changes in the information traditionally used for the analysis of domestic financial conditions. The changes introduced are explained in Box 2.

5.1. Interest rates and the financial markets

In recent months, the financial decisions of economic agents have been made against an economic background (analysed in previous sections of this quarterly report) marked by relatively high growth of economic activity compared with the rest of the European Union economies. This growth has been driven by more buoyant consumption and investment demand. As regards monetary conditions in the euro area there have been no significant changes in the stance of monetary policy, although it has become more accommodating, as a consequence of the reduction in the ECB's reference interest rates at the beginning of April and the depreciation of the euro against the dollar. In any event, as highlighted in section 3.2 of this report, nominal and real interest rates in the euro area currently stand at historically low levels. In Spain, the convergence towards the interest rates of the start of the single monetary policy has involved significant reductions with respect to the levels prevailing in previous years.

In the first quarter of 1999, developments in Spanish financial markets were very similar to those in the other euro area countries. As seen in Table 5, interest rates on the primary and secondary markets for short-term debt held practically unchanged with respect to the final quarter of 1998, at levels below 3 %. Although the yield on 10-year bonds increased slightly in the first quarter, the spread over German debt with the same maturity, at around 20 basis points, was at a similar level to end-1998.

Bank rates, however, were revised slightly downwards. The synthetic deposit rate was reduced by 22 basis points with respect to the previous quarter, to stand at 1.9 %, while the synthetic lending rate was lowered by a similar amount (14 basis points), to 5 %, despite the strong demand for credit. In March 1999, the decrease in synthetic lending and deposit rates with respect to the same month of the previous year amounted to 1.1 percentage points. In consequence, the spread between the two rates, an indicator of the net interest margin, has held at slightly above 3 percentage points.

Presentation of the financial flows analysis method

Monitoring the national components of monetary and credit aggregates in the euro area is not an appropriate method of analysis under the new circumstances, since such components have certain shortcomings regarding their use in the case of a national economy. By contrast, analysis of the financial flows of the Spanish economy, in terms both of instruments and sectors, provides a more comprehensive framework for assessing, from the financial standpoint, the spending and saving decisions of the various economic agents, especially non-financial firms, households and general government. The very nature of the exercise and the information-availability limitations mean that the core of this analysis must be of a quarterly frequency and based on the information from the quarterly financial accounts of the Spanish economy compiled by the Banco de España Research Department.

The Banco de España publishes and assesses each month the course of a set of financial indicators, among which are liquid financial assets and the financing of the most relevant economic sectors which, owing to their characteristics, are available monthly drawing on euro-area bank statements. It is true that these aggregates make up a large portion of total financial assets and liabilities, and probably that portion most linked to economic agents' spending decisions. But there are other instruments such as shares and insurance products, on the assets side, and inter-company credit, on the liabilities side, which are relevant for the more comprehensive analysis proper to quarterly economic reports. Nonetheless, when it comes to using the information relating to monitoring markets and financial flows that is included in quarterly reports on the Spanish economy, in line with the description in the preceding paragraphs, certain clarifications relating to the time horizon of the analysis, the basic groupings used and the criteria for valuing financial instruments should all be considered:

- Time horizon of the analysis. The period in which financial conditions are monitored is limited by the availability of the information. The quarterly financial accounts are available with a lag of more than one quarter. Thus, for example, the latest data from the quarterly financial accounts currently refer to the fourth quarter of 1998. In this way, to assess developments in the first quarter of 1999, an estimation must be made based on the various sources of information available: euro-area monthly banking statements, Banco de España Book-Entry Government Debt System, CNMV (National Securities Market Commission), etc. On this basis, the flows and stocks of the various financial instruments of non-financial firms, of households and of general government have been projected. In any event, these projections are highly provisional insofar as they are a mere approximation to quarterly financial flows, which, moreover, are usually subject to a high degree of revision, especially at the close of the year. In this first report, therefore, a more detailed assessment is made of the information available on the fourth quarter of 1998, cautiously uncovering the trends that may be derived for the first quarter of 1999 on the basis of the data available.
- For the analysis of the economy's financial flows, it is appropriate to group economic agents in sectors responding to similar patterns of economic behaviour. In this respect, the financial assets and liabilities-holding sectors used in this report are non-financial firms and households and general government. Moreover, to examine who are the issuers of these financial assets and liabilities, a further two groupings have been established, namely credit institutions, among which the Banco de España is included, and institutional investors, encompassing insurance companies, portfolio investment institutions, agency brokers and broker-dealers.
- To make monetary analysis of the sector of households and non-financial firms easier, a regrouping based on instruments and sectors has been made so as to obtain a set of liquid assets similar to that prevalent in traditional monetary analysis.
- Regarding the valuation criteria for financial instruments, a harmonised treatment of all assets and liabilities has been sought. That has meant making estimates to obtain a valuation at market prices, as opposed to the current criterion prevailing in quarterly financial accounts where instruments are generally valued at book price. The instruments where the change in valuation criterion is most relevant are shares in mutual funds and shares held by households and firms. In this way, the monetary analysis of quarterly financial accounts is enhanced, since valuation at market prices allows for assessment of the relative significance of changes in actual financial transactions and of portfolio revaluations in determining the financial position of the sectors.

TABLE 5

Interest rates and domestic financial markets (a)

	1997	1988				1999
	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1
BANK RATES:						
Synthetic deposit rate	3.22	3.02	2.79	2.67	2.06	1.92
Synthetic lending rate	6.54	6.20	5.93	5.80	5.15	5.01
TREASURY:						
Auction of twelve-month Treasury bills (b)	4.47	4.01	4.05	3.67	2.95	2.94
Auction of three-year bonds	4.90	4.32	4.35	3.96	3.54	3.51
Auction of ten-year bonds	5.78	5.14	5.05	4.75	4.32	4.40
SECONDARY MARKETS:						
Six-twelve month Treasury bills	4.50	4.05	4.06	3.64	2.88	2.91
Ten-year public debt	5.64	5.09	5.02	4.47	4.08	4.25
Spread over German bond	0.31	0.18	0.22	0.43	0.20	0.22
Commercial paper	4.80	4.41	4.02	4.16	3.26	...
Private-sector bonds	5.48	5.06	4.96	4.35	4.29	3.93
Madrid Stock Exchange General Index (c)	42.22	40.49	39.66	8.72	37.19	-0.12

Source: Banco de España.

(a) Average daily data for the last month of the quarter.

(b) Marginal interest rate.

(c) Cumulative percentage change in the index since the start of the year.

The Spanish Stock Exchange, like other European markets, was highly volatile, strongly influenced by developments on international markets, and primarily those in the US. Accordingly, at the end of the first quarter, prices were at a level very close to that of end-1998.

5.2. Financial flows in the economy as a whole

Net national financial saving fell during 1998, as a result of a rapid decline in private saving that was not completely offset by the increase in general government financial saving (see Table 6). On information to the fourth quarter of 1998, net national financial saving in the year as a whole amounted to 0.9 % of GDP, as against 1.6 % in 1997. All the same, it should be noted that, considering a longer period, the Spanish economy has, in recent years, recorded positive levels of net financial saving instead of the traditional negative levels.

By sector, the largest decline in net financial saving was recorded by households, primarily due to the rapid relative growth in their financial liabilities. The net financial saving of non-financial firms fell more slowly, to reach -1.7 % of GDP. In the case of general government, budgetary consolidation has led to a progressive recovery in its saving.

Unlike financial saving, which represents flows (i.e. new lending and borrowing), wealth or financial position measures the stocks of financial assets and liabilities. The latter concept therefore also includes other flows, principally associated with capital gains and losses stemming from the revaluation of the securities portfolios held by economic agents. Table 6 shows that the net financial wealth of the nation has remained stable, at a liability position of around 20 % of GDP. The net financial wealth of households has grown significantly in recent years, representing 93 % of GDP at end-1998. Also, non-financial firms have been improving their net financial position in recent years, attaining a liability position of 2 % of GDP in 1998.

An analysis of inter-sectoral financial flows is also very important for understanding the economic and financial activity of economic agents. In recent years, there has been a fundamental change in the relations of the Spanish economy with the rest of the world with the increasing internationalisation of the financial decisions of agents. This has led firms to invest abroad and institutional investors to channel a significant part of the savings of households into foreign assets. As a result credit institutions have had to resort heavily to foreign credit to cover the gap between the increase in demand for financing from firms and households and the expansion in bank deposits. In sum, these circumstances show that the slight increase in net

TABLE 6

Saving and financial position

	FINANCIAL SAVING AS % OF GDP (CUMULATIVE DATA TO THE FOURTH QUARTER)						
	Average 1988-1992	Average 1993-1997	1997	1998			
				Q 1	Q 2	Q 3	Q 4
National financial saving	-3.0	0.5	1.6	1.4	1.0	1.2	0.9
Non-financial firms and households	-0.4	5.1	3.4	2.9	1.9	1.6	1.9
<i>Non-financial firms</i>	-4.2	0.9	1.2	-1.4	-2.5	-2.0	-1.7
<i>Households</i>	3.8	6.0	4.6	4.3	4.4	3.7	3.6
Credit institutions (a)	1.6	0.9	0.6	0.7	0.9	0.7	0.7
Institutional investors (b)	-0.1	0.2	0.2	0.1	0.1	0.1	0.2
General government	-4.0	-5.6	-2.6	-2.3	-1.9	-1.3	-1.8
	FINANCIAL POSITION AS % OF GDP (FOURTH QUARTER DATA)						
	1992	1993	1994	1995	1996	1997	1998
Spain's financial position	-17.4	-20.0	-20.2	-18.9	-18.5	-19.0	-20.5
Non-financial firms and households	41.5	50.2	55.4	61.7	71.6	81.0	90.5
<i>Non-financial firms (c)</i>	-17.9	-17.7	-14.7	-12.1	-7.7	-5.9	-2.1
<i>Households</i>	59.4	67.9	70.1	73.9	79.2	86.9	92.6
Credit institutions (a) (c)	13.0	14.7	13.5	12.6	13.4	14.9	15.0
Institutional investors (b)	-1.2	-1.2	-1.0	-0.9	-0.6	-0.5	-0.6
General government	-36.7	-44.1	-48.4	-52.6	-55.0	-54.7	-52.4

Source: Banco de España.

(a) Defined according to the 1st Banking Directive.

(b) Insurance enterprises, collective investment undertakings and securities-dealer companies and securities agencies.

(c) Shares are excluded from their liabilities.

national financial saving, from an average of 0.5 % of GDP in the period 1993-1997 to 0.9 % of GDP in 1998, has been insufficient to cover the large increase in the external assets of the Spanish economy.

The incomplete balance of payments data available for January 1999 confirm the trend in flows mentioned above. However, unlike in 1998, there was a net inflow of capital in January (see Table 7). Capital outflows in the form of direct investment and portfolio investment continued to run at high levels, while the majority of capital inflows were again in the form of financing obtained by Spanish credit institutions abroad. In any event, it should be noted that the changes consequent upon Spain's membership of the single currency mean that the balance of payments data must be analysed with caution. Thus, it should be noted that the interbank financing raised by Spanish institutions through the TARGET system, recorded as a capital inflow, is completely offset by the external assets recorded by the Banco de España in respect of these transfers, which constitute a capital outflow of the same amount. Consequently, the fig-

ures for capital inflows and outflows may be inflated to some extent by the operation of this payment system. Likewise, the fall in the balance of reserve assets at the Banco de España in January 1999, of somewhat more than EUR 5 billion, is largely explained by the transfer of reserves to the ECB. As a counterpart to this transfer the Banco de España has recorded an asset of the same value.

5.3. Financial flows of households and non-financial firms

In 1998 and in 1999 to date, the financial assets and liabilities of households and non-financial firms have followed diverging paths, with a slowdown in the growth rates of assets and a progressively faster expansion in the liabilities of these agents, as seen in Chart 21. Financial assets grew by 9 % in the first quarter of 1999 with a certain polarisation in demand, which is primarily directed towards assets with less risk and lower yields, and towards those with the highest risk, which are also the most profitable. The aggregates which grew most were cash

TABLE 7

Balance of payments on financial account

EUR millions

	1997	1998	1998 JAN	1999 JAN
BALANCE ON FINANCIAL ACCOUNT	-2,756	-990	-620	287
CHANGE IN LIABILITIES VIS-À-VIS EXTERNAL SECTOR	34,479	65,681	21,394	28,172
Investment	16,689	25,506	2,420	372
Excluding marketable securities	5,621	10,152	1,326	69
Marketable securities	11,068	15,353	1,094	303
General government	9,952	4,125	396	-343
Other resident sectors	1,183	8,469	845	295
Credit system	-67	2,760	-147	351
Other investment	17,790	40,176	18,974	27,801
General government	21	866	-74	-319
Other resident sectors	544	4,319	579	1,863
Credit system	17,226	34,991	18,469	26,257
Of which:				
Long-term loans and deposits	3,090	11,462	1,263	303
Short-term deposits and repos	14,135	23,529	17,207	25,953
CHANGE IN ASSETS VIS-À-VIS EXTERNAL SECTOR	37,236	66,671	22,014	27,886
Investment	25,328	57,293	3,343	4,214
Other resident sectors	19,890	44,627	3,339	3,142
Credit system	5,454	12,863	4	1,072
Other investment	1,555	21,625	19,083	28,817
General government	331	388	92	57
Other resident sectors	12,392	17,668	12,892	3,635
Credit system	-11,168	3,569	6,099	25,126
Of which:				
Short-term loans and deposits and repos	-13,113	2,452	6,091	20,492
Reserves	10,352	-12,248	-413	-5,146

Source: Balance of Payments, Banco de España.

and cash equivalents, at rates of close to 15 %, and total financial assets. Meanwhile, so-called liquid assets, which group together, along with cash and cash equivalents, liquid assets, such as time deposits, repurchase agreements and shares in fixed-income mutual funds, have been slowing down to very moderate rates of growth, of around 5 % (see also Table 8)

In the same period, financial liabilities expanded sharply. However, in the case of credit financing, which includes bank credit and funds raised through the issuance of securities, the acceleration, which began at the end of 1996, halted in the first quarter of 1999 at rates close to 15 %.

In any case, the recent behaviour of the financial assets and liabilities aggregates of the private sector mentioned above shows that monetary and financial conditions in the Spanish economy remain relatively loose.

5.3.1. Financial flows of households

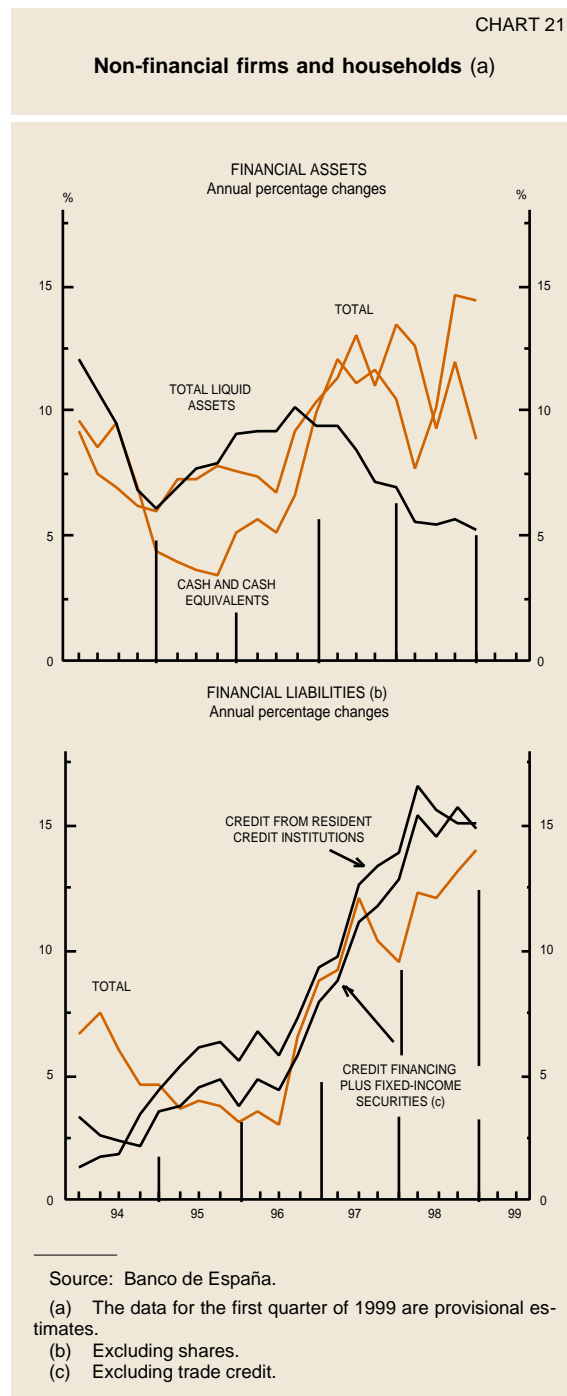
Lately, the financial flows of the household sector have been marked by a progressive

decline in the rate of growth of its investments and a notable increase in financial liabilities, based on very high growth in credit granted by credit institutions. However, in 1998 this lower financial saving was offset by the cumulative net revaluation of equities and shares in mutual funds, which reached around 4 % of GDP. The effect of the revaluation of portfolios has been a dominant factor in the determination of the profile of the net financial position of households in 1998 (see Chart 22). In fact, the upward trend in stock markets that prevailed throughout 1997 and in the first quarter of 1998 (taking prices on the Madrid Stock Exchange to double their end-1996 level) came to a sudden halt in the third quarter, with a sharp fall in prices due to the crisis in international financial markets. This caused a significant change in the value of households' portfolios. In the third quarter, for example, the value of the equity portfolio of households fell by around 15 %. In the final quarter of the year there was a certain recovery, but it did not continue in the first quarter of 1999.

As regards households' financial assets, Chart 22 shows that in the first quarter of 1999 the progressive slowdown in their growth seems to have become more pronounced. The year-on-year expansion in that period was 6.4 %, as against average growth of 11 % in 1998. The most liquid instruments (cash and deposits) are the only ones to have accelerated moderately in the first quarter, in terms of their contribution to the growth of financial assets. Cash and cash equivalents, which include cash and sight and saving deposits have grown by around 9 % in the last two quarters. Component by component, households' sight deposits have grown most strongly, while cash continues, as in the last few quarters, to display practically zero growth. As regards other deposits there has been a recovery in time deposits, as a result of the more favourable tax treatment of those of over two years. In any event, the financial flows generated by this set of more liquid instruments make a modest contribution to the growth of all financial assets. In fact, the component made up of so-called liquid financial assets has continued to record moderate and declining rates, of around 3.5 %, in the first quarter of 1999.

In terms of their contribution, mutual fund shares and equities have made the largest contribution to the growth of the financial assets of households over the last two years, although the growth rates of both instruments have moderated in recent quarters. In fact, the total value of the portfolio of mutual funds grew in the fourth quarter of 1998 by 25 % year-on-year, a rate which may fall to 11 % in the first quarter of 1999. The factors behind this slowdown are, on one hand, connected with the poorer performance of stock markets, both domestic and international, which has reduced the accumulated capital gains in these instruments. On the other hand, stock market uncertainty, together with the low level of current interest rates, has discouraged agents from investing in these instruments. Furthermore, the changes made in January 1999 to the tax treatment of mutual funds, which have made them less attractive to investors, especially in comparison with bank deposits, may also have played a part in the shift in the demand for assets away from mutual fund shares and towards deposits. The available evidence suggests that net subscriptions for shares in mutual funds, which amounted to EUR 7.5 billion in the final quarter of 1998, have fallen significantly in the first few months of 1999.

Another instrument making a larger contribution to growth of the portfolio of households' financial assets in recent quarters has been equities. After the disturbances in stock markets



over the summer months private investors and, in particular, households have shown caution in their acquisitions of new securities, with moderately positive flows in the final quarter of 1998. In any event, the increase in stock market levels in the fourth quarter relieved the financial position of households, enabling them to recover a large part of their third quarter losses and to close the year with a significant revaluation of their portfolios. Developments in the markets during the first three months of 1999 were characterised by stagnation at end-1998 levels, with an increase in volatility, which may have dis-

TABLE 8

Financial assets and liabilities of households and non-financial firms

	Latest quarter level (a) (b)	4-quarter % change					
		1997	1998				1999 (b)
		Q 4	Q 1	Q 2	Q 3	Q 4	Q 1
HOUSEHOLDS AND NON-FINANCIAL FIRMS:							
Total financial assets	1,197.0	11.0	13.4	12.6	9.3	11.9	8.9
Liquid financial assets	542.0	7.1	6.9	5.6	5.5	5.7	5.3
<i>Cash and cash equivalents</i>	240.6	11.6	10.5	7.7	10.2	14.6	14.4
<i>Other liquid financial assets</i>	301.4	4.2	4.6	4.1	2.3	-0.6	-1.0
Other financial assets	655.0	15.0	19.8	19.4	13.0	17.9	12.0
Total financial liabilities	803.0	10.4	9.5	12.3	12.1	13.1	14.0
Bank financing plus fixed-income securities	509.9	11.8	12.9	15.3	14.5	15.7	14.8
<i>Credit from resident credit institutions</i>	413.3	13.3	13.8	16.6	15.6	15.1	15.0
Other financial liabilities	293.1	8.2	4.2	7.4	8.1	8.9	12.6
HOUSEHOLDS:							
Total financial assets	782.7	11.7	14.8	11.9	7.4	10.8	6.4
Liquid financial assets	453.2	6.6	6.7	4.7	5.1	4.2	3.5
<i>Cash and cash equivalents</i>	180.1	7.2	7.8	5.2	6.8	9.3	9.2
<i>Other liquid financial assets</i>	273.0	6.3	6.0	4.4	4.0	1.1	0.0
Other financial assets	329.5	21.1	29.4	24.3	11.3	21.8	10.7
Total financial liabilities	326.4	10.6	9.5	10.8	11.4	13.7	13.2
Bank financing plus fixed-income securities	228.6	13.9	16.8	17.4	16.5	18.3	15.2
<i>Credit from resident credit institutions</i>	206.2	14.5	17.6	18.2	17.2	19.1	15.9
Other financial liabilities	97.7	4.3	-3.7	-1.6	1.4	4.3	8.8
NON-FINANCIAL FIRMS:							
Total financial assets	414.3	9.7	10.7	13.9	13.1	14.1	13.8
Liquid financial assets	88.8	9.9	8.3	10.5	7.8	14.1	15.3
<i>Cash and cash equivalents</i>	60.5	31.5	21.3	16.9	23.6	34.4	33.2
<i>Other liquid financial assets</i>	28.4	-10.6	-6.2	2.3	-10.4	-14.1	-10.3
Other financial assets	325.5	9.7	11.3	14.9	14.6	14.1	13.4
Total financial liabilities	476.7	10.3	9.5	13.4	12.5	12.8	14.6
Bank financing plus fixed-income securities	281.3	10.2	9.8	13.8	13.0	13.7	14.5
<i>Credit from resident credit institutions</i>	207.1	12.3	10.4	15.1	14.1	11.4	14.1
Other financial liabilities	195.4	10.4	9.0	12.8	11.8	11.5	14.6

Source: Banco de España,

(a) EUR billions.

(b) The data for the first quarter of 1999 are provisional estimates.

couraged the taking of new positions in this market.

Households' financial liabilities have grown considerably in the last two years, at higher rates than assets, especially in 1998. In the first quarter of 1999 this rapid expansion continued, with a year-on-year growth rate of 13 %. The dominant component is credit granted by resident credit institutions (see Chart 22). Here, there has been a certain moderation in the rate of growth: as against the year-on-year rate of 19 % attained in the final quarter of 1998, in the first quarter of 1999 the rate of expansion slowed to 16 %.

The notable expansion in bank credit in recent quarters may be a consequence of a number of supplementary factors to the basic determinants of households' demand for credit, these being the growth of disposable income and interest rates. In fact, the notable increase in financial liabilities may be linked to the similarly high growth of the financial wealth of the sector in the last two years, which has largely been a result of the favourable trend in stock markets. First, it may be supposed that households have financed part of their acquisitions of financial assets, for example those arising from some of the privatisations carried out in the past, by means of bank credit. Second, the greater accumulation of financial assets due to

the revaluation of portfolios may have relaxed the financial restrictions on households and encouraged them to increase their levels of indebtedness to finance consumer goods or house purchases.

Quarterly bank balance sheet information on the use of credit granted by banks and savings banks, for the fourth quarter of 1998, shows that the financing granted to individuals (which does not precisely coincide with the definition of households used in this section) is primarily credit for house purchases. Although this appears to have slowed in relation to prior quarters, it is still recording rates of around at 17 %. Credit for the purchase of consumer durables although only accounting for 5 % of all financing granted by credit institutions, has continued to grow at very high rates in recent quarters. Credit for other purposes (including the purchase of financial assets, leisure, education, etc) has also grown at very high rates.

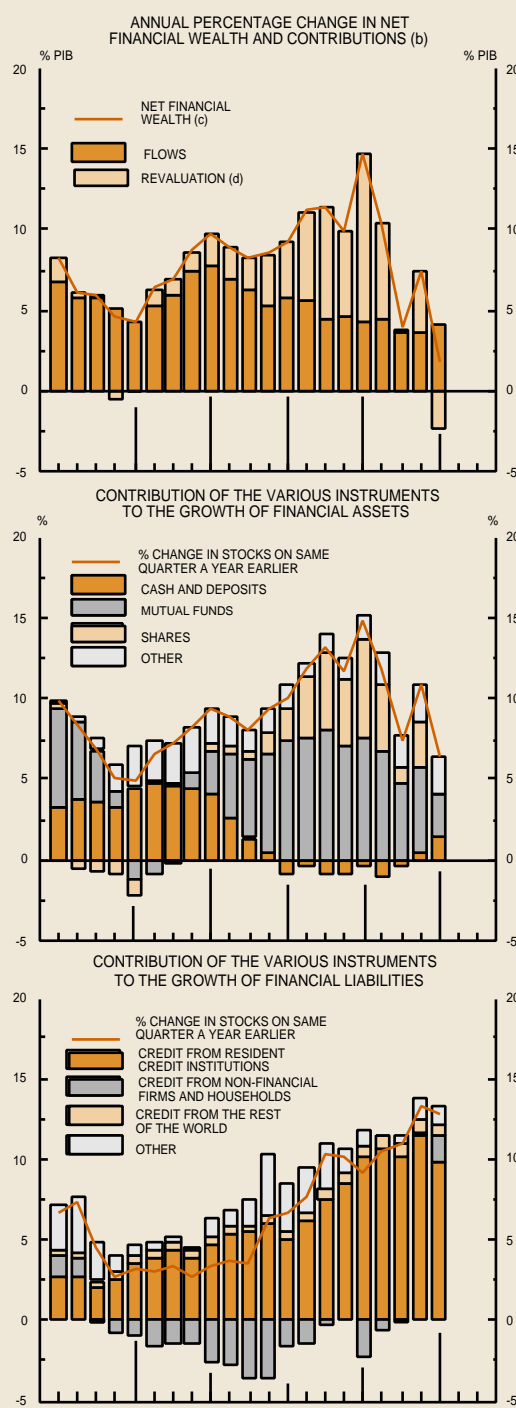
5.3.2. Financial flows of non-financial firms

The recent course of the financial flows of non-financial firms shows that, set against households, the revaluation effect has had a lesser bearing on the course of the sector's financial position in recent years when compared with that of financial flows arising from transactions. Furthering the comparison with the household sector, it should also be indicated that firms' demand for assets responds to different reasons than those of households, meaning that their balances are much more variable. Thus, firms' demand for liquid financial instruments is more associated with their treasury management than with their spending decisions. Moreover, their volume of liquid assets is only one-fifth of that of households, which contributes to their rate of change being more volatile.

Bearing in mind these caveats, it should be highlighted that non-financial firms' financial assets have sustained the brisk growth rate with which they ended 1998, running at 14.6 % in the first quarter of 1999. Liquid assets have made up a growing share of the total of financial assets and, hereunder, it is cash and cash equivalents which have shown the biggest growth rates (see Chart 23). Among the instruments that have most contributed to the growth of financial assets are assets vis-à-vis households and claims on the rest of the world, which have mainly taken the form of an increase in foreign direct investment flows. Indeed, as earlier mentioned, Spanish firms have been stepping up their foreign investment notably, especially in Latin America. One aspect

CHART 22

Households (a)



Source: Banco de España.

(a) The data for the first quarter of 1999 are provisional estimates.

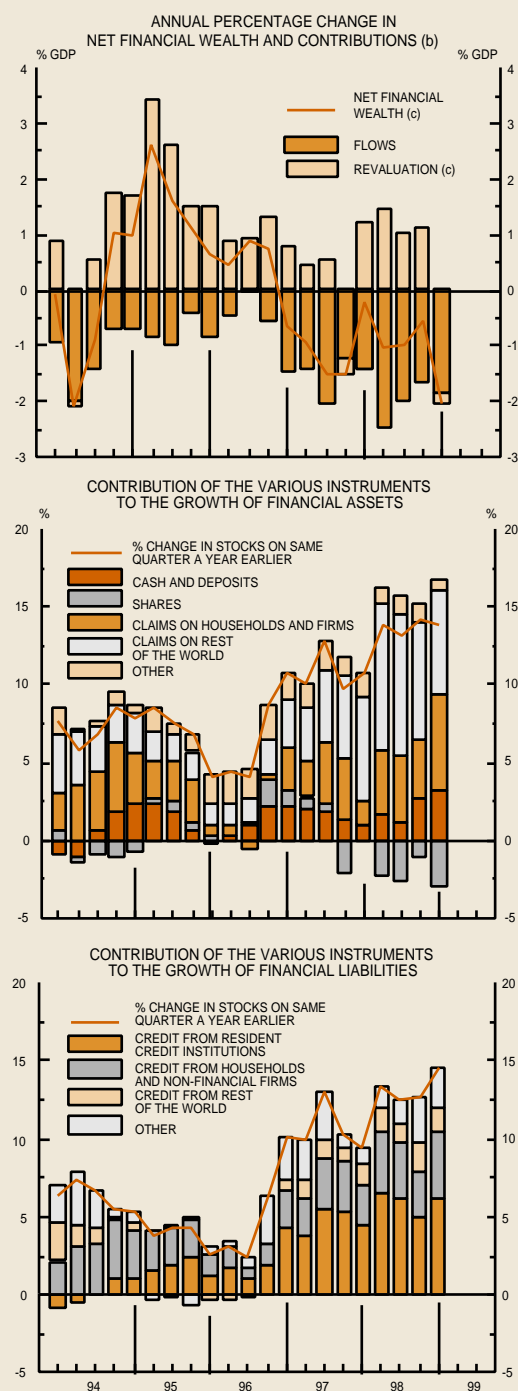
(b) Cumulative flows and revaluation data to the fourth quarter.

(c) Calculated using an estimate of the assets valued at market prices.

(d) Difference between the change in the stock and the flow.

CHART 23

Non-financial firms (a)



Source: Banco de España.

- (a) The data for the first quarter of 1999 are provisional estimates.
(b) Cumulative flow and revaluation data to fourth quarter.
(c) Shares are not included in liabilities. Calculated using an estimate of the results valued at market prices.
(d) Difference between the change in the stock and the flow.

worth mentioning is the change recorded in recent quarters in firms' equity holdings; as can be seen in Chart 23, since end-1997 these have contributed negatively to the growth of assets. This partly reflects the privatisation during 1998 of public-sector firms under the SEPI (State Industrial Holding Company) umbrella, which means that shares previously recorded in the firms sector (to which SEPI belongs) are now considered as part of the sector which acquired them, such as households or credit institutions.

The financial liabilities of firms continue to run at a high and rising growth rate. Compared with a year earlier, they stood at close to 15 % in the first quarter of 1999 (see Chart 23). Apart from financing obtained through credit institutions, the average growth of which held at around 13 % in 1998 and 14 % in the first quarter of 1999, mention should be made of the significant contribution by the other channels of financing during recent quarters. Specifically, the resort to foreign financing and to corporate credit made up almost half the total growth in financial liabilities in the sector. One of the explanatory factors behind the high growth rates of credit may be associated with the sizeable taking of positions abroad via direct investment, since such positions might be being financed through bank credit, whether from resident or non-resident credit institutions. Indeed, Spanish firms purchased shares and other equity issued by foreign firms worth almost EUR 10 billion in 1998, which approximates to foreign direct investment to some extent, accounting for 2 % of GDP. Meantime, the flow of credit for the rest of the world rose in 1998 to over EUR 8 billion.

As regards the information classifying financing to firms in terms of productive activities, the latest quarterly data from bank balance sheets (for end-1998) show that credit from banks and savings banks to the construction and services sectors is running at close to 20 % year-on-year, up on the rate in the third quarter. Financing extended to the industrial sector continues to post a year-on-year rate of 11 %.

5.4. General government financial flows

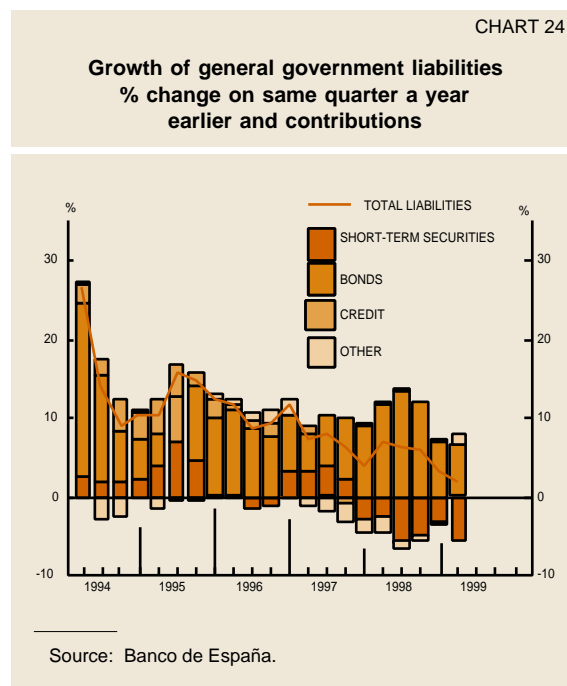
In 1998 the overall general government deficit stood at 1.8 % of GDP, eight-tenths of a point below the previous year's level. The downward course of the cumulative quarterly data on net financial saving appears to be in line with the target set in the Stability Pact, which involves attaining a budgetary position close to equilibrium over a not-too-distant time horizon. The deficit is expected to improve by around a further two-tenths of a point of GDP in

1999. The general government net financial position (assets - liabilities) is a debtor one, standing at 52 % of GDP at end-1998.

Throughout the period to date in 1999, the deficit-financing framework in place for most of 1998 has been maintained. As a result, long-term instruments have remained the main fund-raising source (see Chart 24). Specifically, net bond issues have exceeded the borrowing requirement for the period, whereby the reduction of the stock of short term instruments and the lengthening of the average life of outstanding balances have continued. Despite some instability on financial markets, which pushed yields on the secondary market for debt up in February and March, there was significant demand for government securities, which enabled the Treasury to lower its issuance rates once more.

As regards Treasury bills, there was a negative net issue of EUR 7.5 billion, despite the fact the gross issue amounted to 14.4 billion. Redemptions were concentrated in the 18-month bill segment, while there was a positive net issue of 12-month bills. The background of declining money market interest rates has been conducive to a fall in the financing cost of short-term instruments. In the period as a whole, the downward movement of marginal rates at issue meant a decline of about 30 basis points in the 12- and 18-month segments in relation to those prevailing at end-1998; they came to stand at around 2.6 % for both maturities. Meantime, there was a decline of about 20 basis points in the six-month maturity, to 2.5 %. Regarding the periodicity of Treasury bill tenders in 1999, the Treasury has altered the frequency of six-month deal tenders; these will now be every four weeks (previously there were fortnightly), alternating with the 12- and 18-month bill tenders, which will be held every two weeks.

Turning to bond issues, the volume of funds raised in the first four monthly tenders in 1999 amounted to EUR 13,432 million, although this strong issue will be partly lessened by redemptions totalling 6,188 million on 30th April. The high demand for this type of instrument enabled the Treasury to cut its marginal rates: compared with last December, 45 basis points were shaved off three- and five-year bonds, and about 20 basis points off ten- and fifteen-year bonds. Thus, at the April tender, marginal rates were set at 3.10 %, 3.38 %, 4.12 % and 4.55 % for the three-, five-, ten- and fifteen-year bonds, respectively. The Treasury's comfortable financial position was likewise manifest in the successive reductions in issuance targets, the



amounts of which for the April tender stood at minimum levels for this year.

The funds obtained on the securities markets have allowed financial requirements for the first quarter of 1999 (about EUR 5.1 billion) to be comfortably covered. As a result, a small portion of the Treasury's financial requirements has had to be covered through resort to its current account at the Banco de España, drawing down EUR 62 million. Consequently, the balance on this account at the end of March stood at around EUR 10 billion.

These financing arrangements have meant that the proportion of bonds in relation to total liabilities in circulation has grown continuously in recent quarters from 54 % at end-1997 to 59 % in the fourth quarter of 1998. Conversely, the share of short-term instruments has progressively declined, moving over the same period from 20 % to 16 %. Likewise, the credit component, which is of particular importance in financing the Territorial Government sub-sector, has seen its share in total liabilities fall during 1998 by one percentage point; it accounted for 16 % in the fourth quarter of 1998. As a result of this financing structure, the average life of outstanding liabilities has been extended during 1998. According to data on book-entry government debt, average life has increased from 3.5 years at end-1997 to around five years at present.

26.4.1999.

Results of non-financial firms in the fourth quarter of 1998 and summary year-end data (1)

1. INTRODUCTION

According to the Central Balance Sheet Office Quarterly Survey (CBQ) the activity of non-financial firms in 1998 as a whole sustained, albeit at a somewhat lower level, the buoyancy of the previous year. This decline is basically explained by developments in the fourth quarter, when the effects on foreign trade of the international financial crisis were evident in the sample firms. In any event, the relative containment of operating costs and the reduction in financial costs helped the results of the firms to remain clearly positive, as shown by funds generated, the total net result and the ratios indicating profitability. The perspective of the four quarters of the year shows that 1998 was a year in which the sample firms took advantage of the favourable economic situation to increase their self-financing and to undertake investment projects that have enabled employment to be created.

Activity, measured by the nominal rate of growth of gross value added (GVA), grew by around 5 % in 1998 (see Table 1 and Chart 1), only slightly below the rate recorded by the quarterly series in 1997. This outturn was based on the growth of manufacturing and, to a greater extent, the distributive trade and was in line with the trajectory implied by alternative sources, both as regards private consumption and capital goods demand. External activity, which trended positively in the first half of the year, was affected in the second half by the international crisis. Activity in the production and distribution of electricity, gas and water sector declined in 1998 by 2.1 %; but, as already indicated in previous editions of this article, this rate also reflects the impact of the reduction in electricity tariffs and the other changes connected with the liberalisation of the sector. All of this makes it best to consider the total aggregate of firms both including and excluding the electric utilities.

The highlight of 1998 was the positive trend in employment, despite the composition of the CBQ sample of firms, which contains a disproportionate number of large firms belonging to sectors in the process of being liberalised and, therefore, reducing staff levels. 1998 was the first year, since the creation of the CBQ, in which a net increase in staff levels was recorded. Both the average rate for the four quarters and the individual rates in each quarter were positive. The increase in personnel costs in 1998 is explained by the average cost of staff,

(1) This article is based on data provided to March 15th 1999 by the firms which report to the CBQ (an average of 750 over the four quarters of 1998). In all, these firms account for 17.8 % of the activity of the non-financial firms sector.

TABLE 1

Profit and loss account. Year-on-year performance
**(Growth rates of the same firms on the same period a year earlier/
 % of GVA at factor cost in the case of the net result)**

Data Bases	CBA			CBQ			
	1995	1996	1997	95 Q1-Q4/ 94 Q1-Q4 (a)	96 Q1-Q4/ 95 Q1-Q4 (a)	97 Q1-Q4/ 96 Q1-Q4 (a)	98 Q1-Q4/ 97 Q1-Q4 (a)
Number of firms / Total national coverage	8075/36.5 %	7878/37.2 %	6762/34.3 %	726/21.5 %	730/20.9 %	724/20.7 %	748/17.8 %
1. VALUE OF OUTPUT (including subsidies)	11.9	5.7	9.9	9.5	6.7	8.2	3.3
Of which:							
1. Net amount of turnover and other operating income	11.5	6.7	9.6	9.0	7.2	7.8	3.6
2. INPUTS (including taxes)	14.1	7.4	11.3	11.7	9.9	10.1	2.4
Of which:							
1. Net purchases	17.2	6.3	11.5	13.3	10.2	10.1	1.3
2. Other operating costs	9.8	8.6	10.8	10.1	8.4	9.2	6.6
S.1. GROSS VALUE ADDED AT FACTOR COST	<u>8.1</u>	<u>2.6</u>	<u>7.1</u>	<u>6.6</u>	<u>2.1</u>	<u>5.3</u>	<u>4.8</u>
3. Personnel costs	<u>4.0</u>	<u>4.2</u>	<u>3.6</u>	<u>1.7</u>	<u>3.2</u>	<u>2.2</u>	<u>3.4</u>
S.2. GROSS OPERATING RESULT	<u>13.7</u>	<u>0.8</u>	<u>11.3</u>	<u>11.9</u>	<u>1.1</u>	<u>8.3</u>	<u>5.9</u>
4. Financial revenue							
5. Financial costs	10.9	4.6	17.4	15.6	13.2	20.0	17.9
6. Corporate income tax	-0.6	-12.9	-14.3	-1.5	-12.0	-15.4	-7.5
	4.7	10.7	22.3	16.9	5.5	19.8	13.6
S.3. FUNDS GENERATED FROM OPERATIONS	22.7	4.5	18.1	18.5	7.4	15.6	9.8
7. Depreciation and provisions (b)	3.6	-4.2	16.8	2.6	3.6	4.6	-3.4
S.4. TOTAL NET RESULT (% of GVA at factor cost)	7.4	11.0	15.7	10.4	12.6	18.5	22.7
PROFITABILITY RATIOS							
R.1. Return on net assets (before taxes) (b)							
R.2. Interest on borrowed funds/ interest-bearing borrowing	8.0	8.6	10.7	8.9	8.8	10.9	12.0
R.3. Return on equity (before taxes) (b)	9.0	8.0	6.9	9.0	8.3	7.3	6.2
R.4. Debt ratio	7.1	9.0	13.3	8.8	9.2	13.3	15.6
R.5. Financial leverage (before taxes) (R.1 - R.2) (b)	45.7	42.5	40.8	46.3	42.7	40.7	38.6
	-1.0	0.5	3.8	-0.2	0.5	3.5	5.7

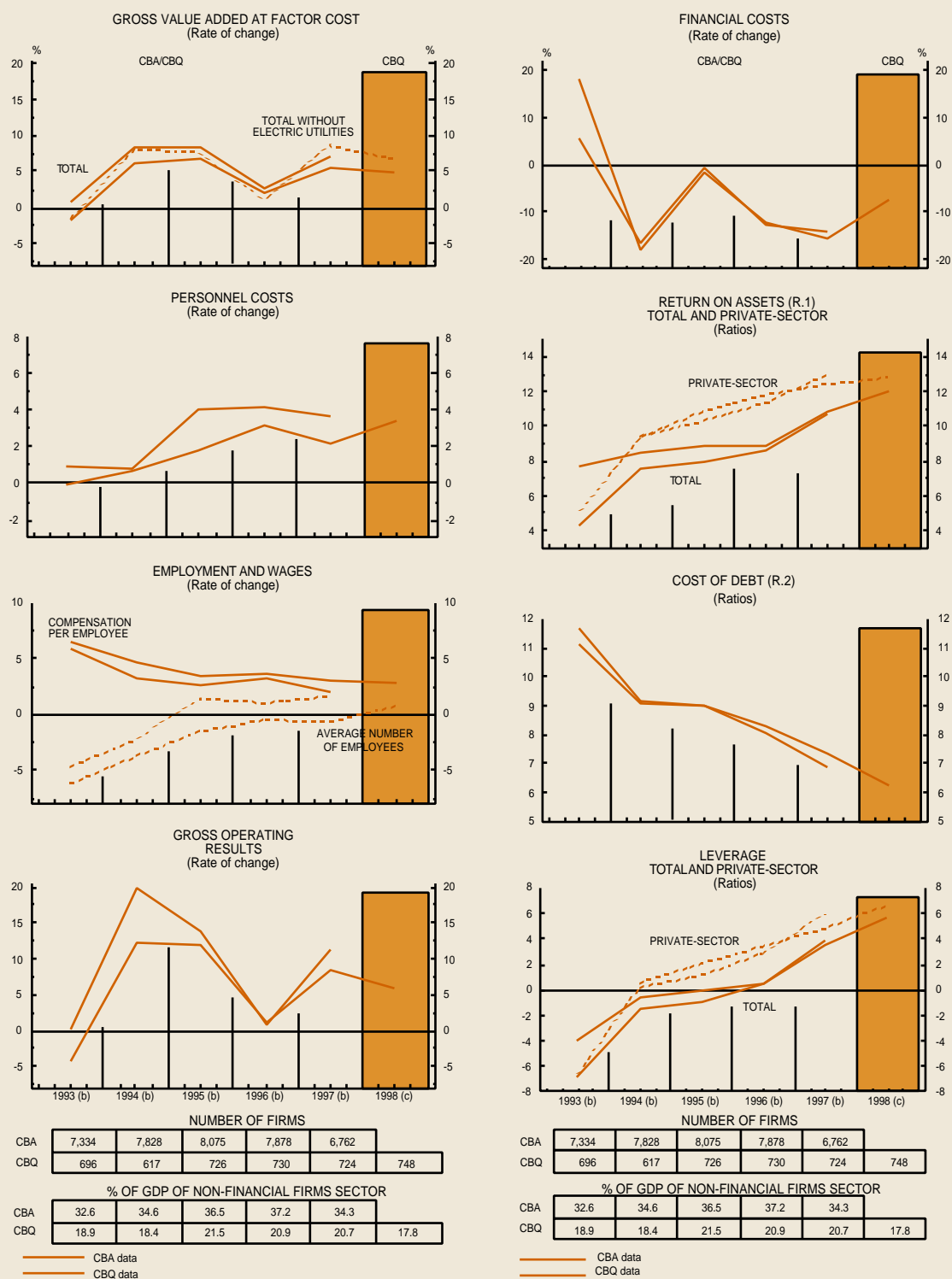
Source: Banco de España.

(a) All the data in this column have been calculated as the arithmetic mean of the quarterly data.

(b) When calculating these items the effect of balance-sheet restatement under Royal Legislative Decree 7/1996 has been removed in order to homogenise the series.

CHART 1

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



Source: Banco de España.

(a) Information available to March 15th 1999 (CBA and CBQ).

(b) The 1993, 1994, 1995, 1996 and 1997 data are based on information from the firms included in the annual survey (CBA) and the average of the four quarters of each year in relation to the previous year (CBQ).

(c) Average of the four quarters of 1998 in relation to the same period in 1997.

which continues to show the effects of an apparently segmented market, as well as by the increase in staffing levels mentioned above. Thus, in contrast to the fall in compensation per employee in firms creating employment (generally medium-sized firms in which temporary employment predominates), those reducing employment have faced considerable increases in average compensation, owing partly to the costs arising from staff restructuring.

The above-mentioned developments in activity led to an increase in the operating surplus, by an annual average of around 6 %. Although not as large as in 1997, this increase should be assessed taking into account that it occurred against a background of price stability and after a period of sharp recovery in business margins. Profitability ratios reached all-time highs, driven by the increase in the surplus and, above all, by the reduction in financial costs resulting from the passing through to firms of the decline in interest rates that commenced in 1995 and has proceeded uninterrupted since. The smaller transfer to provisions and depreciation also played a part.

In short, with activity moderating (it continues to grow at high rates consistent with those implied by the national accounts), the size of the fall in the cost of debt, unprecedented in Spain, largely explains the sustaining of high profitability ratios by the CBQ sample firms. Experience suggests that these profitability ratios may be even higher when they are calculated on the basis of the Central Balance Sheet Office Annual Survey (CBA) information. This is because the CBA is a more complete survey, based on a sample of some 8000 firms, in which small and medium-sized firms are well represented. This healthy situation means that conditions are favourable for confronting the challenge of greater competition entailed by the start of stage three of EMU.

2. ACTIVITY

According to the 1998 CBQ data, the upward phase of the cycle – which began in 1997 – firmed. Activity, as measured by the rate of change of GVA, grew by 4.8 % in nominal terms (see Table 1), having – also on CBQ data – grown by 5.3 % in 1997 (7.1 % according to the CBA) (2). The 1998 growth is high, when considering that it occurred against a background of price stability, and that the rate is derived from comparison with a year in which rates

were already exceptionally high. Nonetheless, analysis of the quarterly profile (presented in the CBQ articles in Box 1 on manufacturing firms) shows that industrial activity slowed slightly over the year, especially in the final quarter. The international situation and its effects on foreign trade were the main reason for the slowdown. By contrast, private consumption and investment in capital goods were notably firm in 1998 and became the driving force of growth in business activity. Sales and purchases should be analysed taking into account the influence of the decline in the prices of energy commodities and their products. The significant reduction in turnover and inputs in 1998 had more to do with the effects of the falls in energy prices (electricity and, especially, refined oil, the price of which fell by more than 15 %), than with the slowdown in activity mentioned above.

By sector, all except electricity sustained positive growth in their productive activity. The manufacturing sector, having surged in 1997 (its GVA grew, in nominal terms, by 12.9 %), grew by 7.7 % in 1998. This fall in the rate of growth must be assessed in the light of the high levels of activity recorded in 1997 and the change in prices over the period. The activity of the distributive trade grew by 11.6 %, against 8.4 % in 1997. As for electricity, gas and water production, the sharp decline in terms of GVA was influenced, as mentioned above and as explained in previous quarters, by the changes resulting from progressive adaptation to a competitive market, and not by the negative behaviour of demand. Indeed, the statistics show that the demand for electricity, measured by UNESA, grew by around 7 % in the year as a whole. But, the reduction in user tariffs and the effect of the creation of the market for energy caused the GVA of the sector to decline. Given the special circumstances of the sector and its weight in the overall results of the CBQ, Tables 2a and 5 give information for the aggregate of all the firms, and for all the firms other than those of the electricity, gas and water production sector. The GVA of all the firms, excluding the electricity utilities, grew by 6.7 % in 1998, a slower rate than in 1997 (when the GVA of the same aggregate grew by 8.6 %).

By size and status, behaviour was uneven. Thus, the slowdown only affected, on aggregate, large and private firms. In the latter case, this is once again due to the incidence of the electricity sector (the aggregate of private firms now includes firms which have changed their ownership status as a result of privatisation). Chart 2 provides qualitative information on numbers of firms, without regard being had to their relative weight in the sample as a whole. In the fourth quarter of 1998, the GVA of 41.1 %

(2) The results of the CBQ anticipate the profile of the different variables analysed when the complete data are received from the CBA. The differences between the two databases are due to the different composition of the samples and the different levels of detail of the questionnaires.

BOX 1

The performance of manufacturing firms (1)

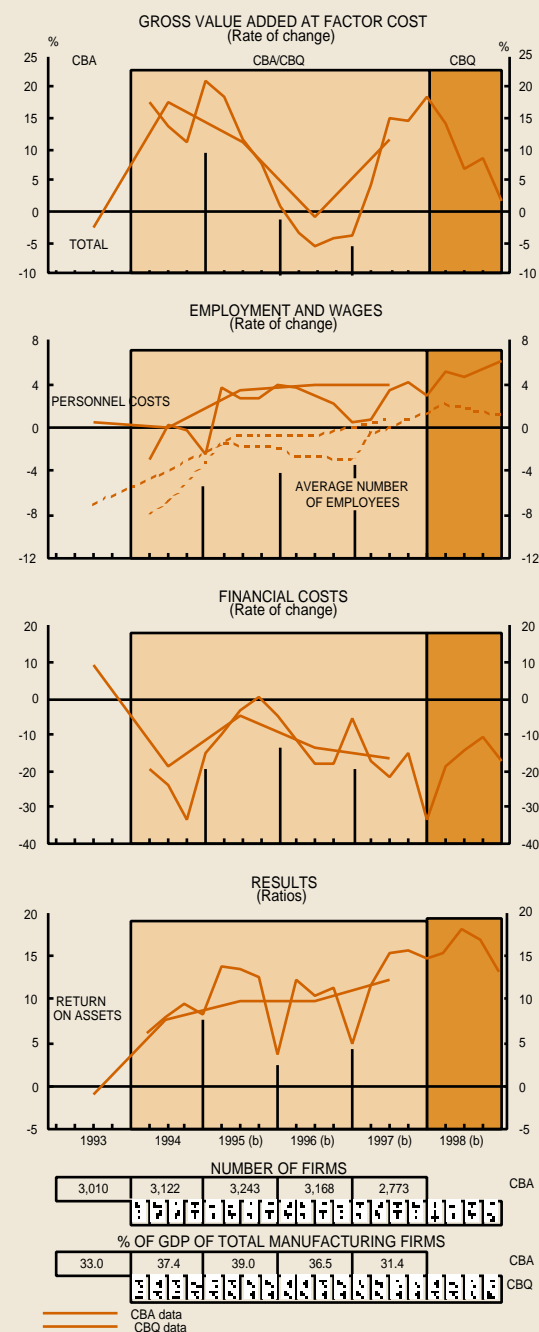
As is habitual in these quarterly articles, manufacturing industry is analysed in greater detail, owing to its importance, its representativeness and the way it mirrors the performance of the economy as a whole. Manufacturing performed well in 1998 in terms of productive activity, its fund-generating capacity and profitability ratios. In 1997, manufacturing proved to be the engine of recovery, with spectacular growth in the various indicators, and this affects the direct comparison with 1998. Although 1998 compares positively, the growth rates recorded in the previous year could not be sustained. Thus, GVA grew in nominal terms by 7.7 % in 1998, when in 1997 it had grown by almost 13 %. The growth in 1998 was based on the healthy behaviour of domestic consumption and the demand for capital goods. However, the second half of the year, especially the final months, saw a certain slowdown, as shown in the adjoining chart. This slowdown, influenced by the performance of the second half of the year when the effects of the international crisis were felt, particularly affected oil refining and glass, ceramic and metal working. Nonetheless, these sectors continued to record significant growth for the year as a whole, although at more moderate rates than in the first half.

In 1998 the positive trend in manufacturing employment firmed (the staff levels of the sample firms grew by 1.6 % in 1998, as against 0.3 % in 1997), although the profile of the quarterly series, like that for productive activity, declined over the year. The increase in employment was across the board, although the electrical, electronic and optical material and equipment industry stood out with average employment growth of 6.7 %. Employment and average compensation, which grew in the period considered by 3.7 %, together explain the increase of 5.4 % in personnel costs in 1998. The change in average compensation resulted from the costs associated with staff restructuring, although they could also be a reflection of the existence of average compensation above a minimum level. What is certain is that in 1998 the gap between the growth of average compensation and inflation widened. The growth in productive activity and personnel costs led to an increase in the gross operating result in 1998 of the order of 11.2 %. Although this rate is positive, it is well below the 30.5 % of the previous year.

As for financial costs, the manufacturing sector has been no exception to the sample as a whole. The decline in this item (the rate of change in 1998 was -15.3 %) was recorded across all the sub-sectors. This sharp decline is explained by the reduction in interest rates and enabled the firms to significantly increase their capacity to generate funds to finance their activities. The funds generated by the sector increased by 10.7 % in 1998, and this growth was also common to all sub-sectors (although some, such as "transport materials", with a particularly buoyant 33.3 % increase in 1998, may be highlighted). As a result of the foregoing developments, high returns were obtained in 1998. These, combined with the reduction in the cost of finance, produced exceptionally high positive leverage values for 1998 (10.2). This reveals, as already mentioned in the case of the sample as a whole, an unprecedented situation in the sector and a healthy starting situation for investment and job creation. Finally, it can be deduced from the aforesaid that manufacturing has completed a period of economic and financial restructuring. And this, despite more moderate increases in activity as a consequence of the effects of the international crisis, has enabled it to continue to obtain high levels of profitability, primarily due to the reduction in the cost of debt.

(1) Information available to March 15th 1999 (CBA and CBQ).

Performance of the manufacturing firms which report to the Central Balance Sheet Office (a)



Source: Banco de España.

- (a) Information available to March 15th 1999 (CBA and CBQ).
 (b) The CBQ data are growth rates on the same quarter of the previous year.

TABLE 2.a

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

	Gross value added at factor cost				Employees (average for period)				Personnel costs				Compensation per employee			
	CBA		CBQ		CBA		CBQ		CBA		CBQ		CBA		CBQ	
	1996	1997	97 Q1-Q4 (a)	98 Q1-Q4 (a)	1996	1997	97 Q1-Q4 (a)	98 Q1-Q4 (a)	1996	1997	97 Q1-Q4 (a)	98 Q1-Q4 (a)	1996	1997	97 Q1-Q4 (a)	98 Q1-Q4 (a)
Total	2.6	7.1	5.3	4.8	1.0	1.6	-0.7	0.7	4.2	3.6	2.2	3.4	3.2	2.0	2.9	2.7
Total, except electricity sector	2.1	9.4	8.6	6.7	1.2	1.8	-0.5	1.2	4.4	3.9	2.6	4.0	3.1	2.1	3.2	2.7
SIZE:																
Small	4.4	8.2	—	—	1.9	3.8	—	—	5.1	6.5	—	—	3.1	2.6	—	—
Medium	3.4	9.8	7.2	10.0	2.3	3.7	1.0	4.4	5.1	6.5	5.0	7.7	2.8	2.7	3.9	3.1
Large	2.4	6.7	5.3	4.4	0.7	1.1	-0.8	0.3	4.0	3.0	2.0	3.0	3.3	1.9	2.8	2.7
STATUS:																
Public-sector	0.3	0.1	-0.9	5.7	-2.8	-3.6	-3.0	1.2	2.8	-0.4	-1.4	3.5	5.8	3.4	1.7	2.4
Private-sector	3.9	9.0	7.8	4.6	2.4	2.9	0.3	0.5	4.8	4.8	3.8	3.4	2.4	1.8	3.5	2.8
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:																
Mnufacturing industries	-1.1	11.4	12.9	7.7	-0.7	0.8	0.3	1.6	3.8	3.9	2.8	5.4	4.5	3.1	2.5	3.7
Production and distribution of electricity, gas and water	6.1	-4.6	-4.8	-2.1	-4.0	-1.6	-3.0	-6.1	1.9	-0.6	-1.4	-1.6	6.1	1.1	1.6	4.8
Distributive trade	5.4	9.1	8.4	11.6	5.1	2.8	0.6	3.5	7.0	4.7	3.7	6.0	1.8	1.9	3.1	2.5
Transport, storage and communications	3.0	8.7	6.2	4.0	-1.7	-1.5	-2.4	-1.8	3.0	2.0	1.6	0.8	4.8	3.6	4.2	2.7

Source: Banco de España.

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

TABLE 2.b

Employment and personnel costs
Detail according to changes in staff levels

	Total CBQ firms 1998 Q1-Q4	Firms increasing (or not changing) staff levels	Firms reducing staff levels
Number of firms	748	447	301
Personnel costs			
Initial situation 1997 Q1-Q4 (billions of pesetas)	2,973.3	1,199.2	1,774.1
Rate 98 Q1-Q4 / 97 Q1-Q4	3.4	8.7	-0.3
Average compensation			
Initial situation 1997 Q1-Q4 (thousands of pesetas)	5,754.1	5,173.7	6,247.5
Rate 98 Q1-Q4 / 97 Q1-Q4	2.7	0.9	5.2
Number of employees			
Initial situation 1997 Q1-Q4 (thousands)	520	233	287
Rate 98 Q1-Q4 / 97 Q1-Q4	0.7	7.7	-5.2
Permanent			
Initial situation 1997 Q1-Q4 (thousands)	456	190	266
Rate 98 Q1-Q4 / 97 Q1-Q4	-0.2	4.9	-4.5
Non-permanent			
Initial situation 1997 Q1-Q4 (thousands)	64	43	21
Rate 98 Q1-Q4 / 97 Q1-Q4	9.0	20.0	-15.4

Source: Banco de España.

of the firms fell, against 33.9 % in the same period of the previous year, evidence that the slowdown in activity is affecting firms regardless of their size and of whether they belong to the private or public sector.

3. PERSONNEL COSTS, EMPLOYMENT AND COMPENSATION PER EMPLOYEE (3)

The net increase in staff levels and the growth in average compensation caused personnel costs to rise in 1998 at a rate of 3.4 %, as against 2.2 % in 1997 (see Tables 1 and 2.a). As already noted, one of the most positive aspects in 1998 of the firms reporting to the CBQ was their employment figures. These showed an average net increase of 0.7 % over the four quarters (1.2 % if the electricity utilities are excluded, and 2.6 % if transport and communications firms are also excluded, these be-

(3) The employment data, which do not appear in the accounts, are edited firm by firm, compared with the changes in personnel costs and reconciled with the data reported by the firms in the annual survey.

TABLE 3

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

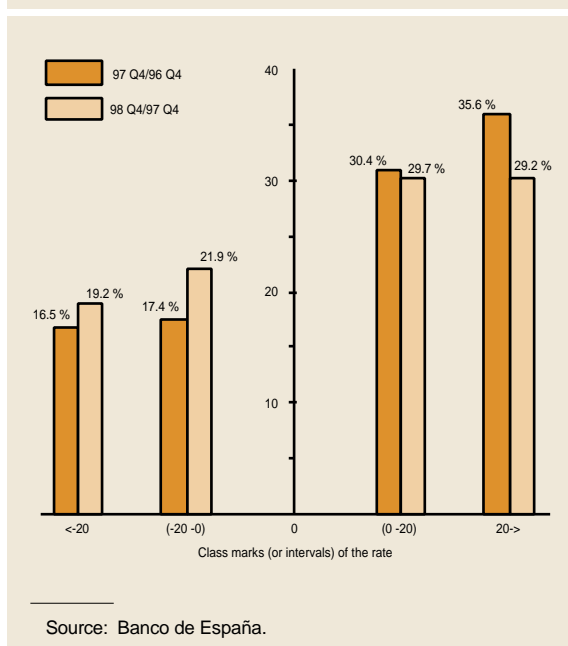
	CBA		CBQ	
	1996	1997	97 Q1-Q4 (a)	98 Q1-Q4 (a)
Total firms	7,878	6,762	724	748
Firms reporting source/ destination	7,878	6,762	673	769
	%	%	%	%
Net purchases	100.0	100.0	100.0	100.0
SOURCE OF PURCHASES:				
Spain	66.1	64.8	70.1	68.8
Total abroad	33.9	35.2	29.9	31.2
EU countries	22.7	23.0	21.4	21.8
Third countries	11.2	12.2	8.5	9.4
Net turnover	100.0	100.0	100.0	100.0
SALES DESTINATIONS:				
Spain	80.3	80.1	86.2	85.9
Total abroad	19.7	19.9	13.8	14.1
EU countries	14.7	14.9	10.0	10.0
Third countries	5.0	4.9	3.9	4.1

Source: Banco de España.

(a) All the data in these columns have been calculated as the arithmetic mean of the relevant quarters, including the figure for the total number of firms.

CHART 2

**Distribution of firms by rate of change
in GVA at factor cost (98 Q4/97 Q4, 97 Q4/96 Q4)
(CBQ)**



ing the sectors undergoing restructuring). Experience shows that the bias in the composition of the CBQ sample of firms means that this rate of change of employment will prove to be slightly more negative than that based on the information provided – with a greater lag – by the CBA (which includes more small and medium-sized firms, those which have increased their workforces most). In 1998 even the group of firms reporting to the CBQ increased their workforces and, moreover, did so continuously from the first quarter onwards. As seen in Table 2.b, the staff increases in the group of firms analysed continued to be based on the creation of temporary employment, although permanent employment also improved (insofar as its rate of growth became less negative and closer to zero). By sector, it was manufacturing firms and, above all, those of the distributive trade, which created most employment in 1998. Meanwhile, as mentioned above, the electricity and transport and communications sectors saw the largest reductions in average staff levels.

Compensation per employee rose by 2.7 %, a rate similar to the 1997 figure of 2.9 % for the

TABLE 4

**Personnel costs, employees and average compensation
% of firms in specific situations**

	CBA			CBQ			
	1995	1996	1997	96 Q1-Q4 (a)	97 Q1-Q4 (a)	98 Q1-Q4 (a)	98 Q4
Number of firms	8,075	7,878	6,762	730	724	748	537
Personnel costs	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Falling	24.5	26.2	23.9	32.6	31.8	26.9	30.2
Constant or rising	75.5	73.8	76.1	67.4	68.2	73.1	69.8
Average number of employees	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Falling	31.4	32.6	28.0	55.9	50.3	40.2	40.8
Constant or rising	68.6	67.4	72.0	44.1	49.7	59.8	59.2
Average compensation (relative to inflation) (b)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lower growth	51.3	48.3	43.9	44.1	41.0	39.7	41.5
Higher or same growth	48.7	51.7	56.1	55.9	59.0	60.3	58.5

Source: Banco de España.

(a) Arithmetic mean of the four quarters.

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

CBQ firms. The 1998 rate represents an increase in the differential between the growth in average wages and inflation over the period. This is the result of the growth in the total wage bill, which reflects both incentives and compensation for staff restructuring and downward resistance of the average compensation of permanent employees. The different behaviour of firms creating and destroying employment is evidenced in Table 2.b, which separates those firms which have increased or not changed their staff levels from those which have reduced them. It can be seen that average compensation in the group of firms with net increases in employment is in line with inflation, due to the lower wage cost associated with newly hired workers. By contrast, the fact that, as mentioned above, certain sectors are undergoing restructuring (which entails significant compensation and early retirement costs) means that the growth in average compensation recorded by the aggregate of firms reducing employment is significantly higher (5.2 %) and this raises the figure for the sample as a whole to the 2.7 % rate mentioned above. By sector, in line with the above, it is precisely in those sectors which have been extensively restructured (electricity and transport, storage and communications) that the largest increases in average personnel costs have been recorded, while in the distributive trade, in which employment grew more strongly, average compensation was more moderate (2.5 %). By status, average compensation in private-sector firms grew

by 2.8 % in 1998, a more moderate rate than in 1997 (3.5 %), but still above the average for all the firms.

Finally, on the basis of the information in Table 4, which refers to numbers of firms irrespective of their size, the most notable feature is the growth (by more than 10 percentage points) in the numbers maintaining or increasing their staff levels (up from 49.7 % in 1997 to 59.8 % in 1998). As for compensation per employee, the number of firms in which it grew at the same or a higher rate than inflation held at around 60 %. The CBA figures for this variable in 1998, which will be available in November 1999, will give a smaller percentage, as the CBA includes a larger number of small firms, and these will show lower wage growth due to the hiring of new workers.

4. RESULTS, MARGINS AND PROFITABILITY (4)

The favourable performance of productive activity enabled the gross operating result to grow and to increase as a percentage of turnover, the latter ratio being known as the op-

(4) When calculating the profitability ratios, adjustments have been made to allow for the effect that balance sheet restatement under Royal Legislative Decree 7/1996 has had on both the balance sheet figures and on the depreciation and provisions for the year, so as to ensure comparability with the ratios calculated for previous years.

TABLE 5

**Gross operating result, funds generated, return on assets and leverage
Breakdown by size, ownership status and main activity of firms
(Growth rates of the same firms on the same period a year earlier)**

	Gross operating result				Funds generated				Return on assets (R.1) (a)				Leverage (a)			
	CBA		CBQ		CBA		CBQ		CBA		CBQ		CBA		CBQ	
	1996	1997	97 Q1-Q4 (b)	98 Q1-Q4 (b)	1996	1997	97 Q1-Q4 (b)	98 Q1-Q4 (b)	1996	1997	97 Q1-Q4 (b)	98 Q1-Q4 (b)	1996	1997	97 Q1-Q4 (b)	98 Q1-Q4 (b)
Total	0.8	11.3	8.3	5.9	4.5	18.1	15.6	9.8	8.6	10.7	10.9	12.0	0.5	3.8	3.5	5.7
Total, except electricity sector	-1.4	17.8	15.9	9.7	2.1	24.3	21.2	13.5	8.1	10.8	10.7	11.7	-0.2	3.7	3.2	5.2
SIZE:																
Small	3.2	11.1	—	—	5.3	18.3	—	—	12.9	13.3	—	—	1.8	4.6	—	—
Medium	0.7	15.2	11.3	13.4	6.6	17.1	12.0	13.6	11.7	13.3	12.4	13.5	2.4	6.1	5.1	7.5
Large	0.7	10.9	8.1	5.6	4.2	18.1	15.7	9.6	8.1	10.3	10.8	11.9	0.2	3.5	3.5	5.6
STATUS:																
Public-sector	-2.0	0.7	-0.1	11.9	7.4	8.4	8.5	39.1(c)	5.5	5.8	8.0	4.7	-2.1	-0.7	1.0	-0.8
Private-sector	2.7	13.8	11.3	5.5	2.5	20.1	18.1	8.1	11.3	13.0	12.4	13.3	2.9	5.9	4.8	6.9
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:																
Manufacturing industries	-8.1	23.3	30.5	11.2	-6.6	29.6	41.7	10.7	9.8	12.3	14.3	15.8	1.5	5.5	7.4	10.2
Production and distribution of electricity, gas and water	7.4	-5.8	-5.7	-2.3	12.4	0.3	5.1	1.9	10.2	10.1	11.2	12.9	2.9	4.2	4.2	7.2
Distributive trade	3.0	16.0	16.5	19.6	6.4	16.2	12.6	21.1	13.8	14.7	12.7	13.6	5.0	7.9	6.1	7.5
Transport, storage and communications	3.0	14.4	9.8	6.2	9.2	21.3	14.3	14.5	6.0	8.2	9.2	10.0	-2.7	0.3	1.2	2.9

Source: Banco de España.

(a) When calculating the data in these columns the effect of the balance-sheet restatement under Royal Legislative Decree 7/1996 has been removed in order to homogenise the series.

(b) The data in these columns have been calculated as the arithmetic mean of the quarterly data.

(c) Meaningless rate.

erating margin. These increases, in a context of general price containment and productivity improvements, are the consequence of the cost structure being better adjusted to productive capacity. The gross surplus, like activity, slowed to a more moderate rate than in 1997; the rate of growth for the whole of 1998 was 5.9 %. The slowdown in the growth of this variable was sharpest in the manufacturing sector, where it fell from 30.5 % in 1997 to 11.2 % in 1998. The distributive trade was the sector recording the best performance of the surplus, with a growth rate of 19.6 % in 1998. The electricity sector, for the reasons repeatedly mentioned in this article, recorded an absolute change in this variable of -2.3 %. If this sector is excluded from the ag-

gregate of CBQ firms, then the gross surplus increased by 9.7 % in 1998 in nominal terms.

This significant generation of operating surplus was accompanied by an ongoing reduction in net financial charges. Although not as large as in 1997, this reduction continued to contribute to the increase in funds generated by the firms, a corollary of the gradual loss of weight of financial costs, which fell from 3.7 % of total output in 1997 to 3 % in 1998.

The growth in financial costs is broken down below into that part corresponding to changes in interest rates and that corresponding to the change in indebtedness:

TABLE 6

Structure of reporting firms: returns on net assets and on equity

	CBQ			
	Return on net assets (R.1)		Return on equity (R.3)	
	97 Q4	98 Q4	97 Q4	98 Q4
Total firms	100	100	100	100
R 0 %	22.2	26.6	26.5	29.6
0 % < R 5 %	9.9	11.0	7.0	8.4
5 % < R 10 %	12.3	13.8	6.7	7.3
10 % < R 15 %	13.2	11.7	8.3	9.1
15 % < R	42.4	36.9	51.4	45.6
Number of firms	698	537	698	537
MEMORANDUM ITEM:				
Average return	9.9	11.6	11.6	14.7
Source: Banco de España.				

I-IV 98/I-IV 97

<i>Change in financial costs</i>	-7.5 %
<i>A Interest on borrowed funds</i>	-7.9 %
A.1. Due to the cost (interest rate)	-17.4 %
A.2. Due to the amount of interest-bearing debt	9.5 %
<i>B. Commissions and cash discounts</i>	0.4 %

Two countervailing effects are apparent here. On the one hand, there was a sharp reduction in financial costs in 1998, as a result of the pass-through to firms of the interest rate reductions during the year (1.75 percentage points between December 1997 and December 1998). On the other, borrowing was higher, as firms took advantage of the favourable conditions offered by the market due to the fall in interest rates. The higher self-financing, together with the funds received from credit institutions, are being used to expand productive capacity and to diversify activity by expanding into foreign markets and strategic sectors (electricity, water supply and telecommunications). This absolute change in indebtedness is not captured by the R.4 ratio (Debt ratio) in Table 1, since the latter is the ratio between interest-bearing borrowing and remunerated liabilities, which include the former and equity. The coincidence of increases in total borrowing and falls in the debt ratio is explained by equity growing faster (due to the profits earned) than firms' new borrowing. Analysing debt by groups of firms shows that firms of all sizes and across sectors are borrowing, in response to the favourable financial con-

ditions. These are reflected in the «interest on borrowed funds» ratio (ratio R.2 of Table 1), which has fallen continuously over the last four years, from 9 % in 1995 to 6.2 % in 1998.

As a consequence of the improvement in productive activity and the reduction in financial charges, funds generated grew by 9.8 % in 1998, as against 15.6 % in 1997. By sector of activity, the distributive trade was again notable, with growth in funds generated of 21.1 %. Depreciation and provisions also helped to increase the result, with a significant decline (-3.4 %). However, this decline was largely confined to sectors affected by isolated processes (relating to operating provisions made in 1997, and to the extension of the useful life of fixed assets in the electricity sector). As a consequence of all the foregoing, the profitability ratios sustained the trend growth of recent years (exceeding those of the previous year for the fifth successive year) (5). The financial leverage ratio can be obtained for the aggregate of all the firms by considering the return on net assets and the cost of debt together. It was clearly positive in 1998 (5.7), at levels not seen hitherto in the CBQ, consolidating the trend seen since the end of the crisis in 1994.

22.3.1999.

(5) The privatisation in 1998 of a large electric utility affects the public-/private-sector breakdown in Tables 2.a and 5. It should thus be noted that the profitability ratios for public-sector firms in 1998 have not been calculated, for the reason mentioned, on the basis of the same firms as were used to calculate the ratios for the public-sector firms in 1997.

Financial regulation: first quarter 1999

1. INTRODUCTION

Unlike the previous quarter, the promulgation of financial regulations was relatively more moderate during the first quarter of 1999.

With regard to credit institutions, their accounting standards have been updated to take into account some of the aspects of the new regulations for the securities market, and to extend the information on activities entered into by these institutions with residents of other countries, by the subsidiaries of institutions abroad and on the country risk they assume. Further, rules on practice and transparency of operations and the protection of credit institutions' customers have been updated to include the provisions laid down by the legislation on the introduction of the euro and the recommendations of the European Commission in this connection.

As regards government debt, several provisions are worth indicating. First, the figure of the government debt market-maker has been re-defined. Financial institutions without a permanent establishment in Spain now have the possibility of belonging to this category. Further, a distinction is drawn between the market-maker and the "dealing entity" in money markets, the latter being regulated for the first time.

Secondly, and as has habitually been the case in the opening months of each year, the terms for euro-denominated government debt issues for 1999 and for January 2000 have been disclosed, with a net-issue ceiling of ESP 2.34 trillion established in the 1999 State Budget Law. Generally, the same instruments, practices and other aspects that shaped debt policy the previous year have been retained, with certain changes in tender-allotment dates and with minimum tender amounts expressed in their new euro denomination.

Thirdly, the conditions have been established for opening securities accounts between the Banco de España Book-Entry System and the securities clearing and settlement systems headquartered in European Union (EU) countries, in accordance with the provisions established in the recent securities-market reform legislation.

In addition, the information to be reported to the Banco de España by appraisal companies and services has also been outlined.

Turning to securities markets, the CNMV has regulated the procedure for registering and updating prospectuses, establishing a format for an abridged prospectus and quarterly report that may be delivered to mutual fund shareholders instead of the full prospectuses and quarterly reports.

In the fiscal area, several important provisions have been promulgated. First, the reporting obligations of the Government Debt Book-Entry System and of the registered dealers intervening in certain government debt operations, along with the obligations of credit institutions to assist the tax authorities. Second, the new personal income tax regulations have been enacted. These include the regulation of personal income tax payments on account, and the rules for the recent income tax on non-residents. Lastly, certain amendments have been made to the regulations covering pension schemes and funds, to corporate income tax and to value added tax, so as to bring them into line with the new personal income tax regulations.

2. CREDIT INSTITUTIONS: AMENDMENT OF ACCOUNTING STANDARDS AND FINANCIAL STATEMENT FORMATS

Law 37/1998 of 16 November 1998 (1) on the reform of the securities market Law, amended the treatment given to goodwill under Spanish corporate law in its fifteenth supplementary provision, raising the limit for its depreciation from ten to twenty years.

Moreover, the recent crisis in certain emerging market economies has highlighted the shortcomings in the information available at the Banco de España on the activity entered into by credit institutions with residents from other countries and the country risk they assume. Accordingly, it is advisable to extend the existing information on such activity. Finally, it is desirable to complement the information on the balance sheet of the subsidiaries of Spanish banks abroad in view of their sizeable presence in Latin America.

As a result, it has been necessary to update, by means of *Banco de España Circular 2/1999 of 26 January* (BOE [Official State Gazette] of 6 February 1999), *Banco de España Circular 4/1991 of 14 June 1991* (2) on credit institutions' accounting standards and financial statement formats, so as to include the foregoing premises.

In this way, the goodwill arising on the acquisition of companies or on the acquisition of all or part of the business (even though their capital is not bought) shall be depreciated following a systematic plan, which may not be on an increasing basis and may not exceed the period during which such goodwill contributes to the obtaining of revenue for the company, with the maximum limit of 20 years (previously 10 years).

(1) See "Financial regulation: fourth quarter 1998", in *Economic bulletin*, Banco de España, January 1999, pp. 90-98.

(2) See "Regulación financiera: segundo trimestre de 1991", in *Boletín económico*, Banco de España, July-August 1991, pp. 58-60.

If depreciation exceeds five years, the appropriate justification shall be given in the annual report, indicating the amounts of revenue that this asset will foreseeably generate during its depreciation period. It is also indicated that such depreciation shall be accelerated if there are reasonable doubts about the effectiveness of the goodwill. The periods established for the depreciation of the goodwill shall be applicable to the individual or consolidated annual accounts as of 31 December 1998, without modifying the depreciation made in prior years.

Regarding credit institutions' activity with non-residents, form T.12 "classification by country of non-residents' investments and resources" has been amended and is now called "activity classified by country". The latter is much more complete than the previous form and is divided into three parts: total activity with the residents of the country according to principal obligor; international activity with the residents of each country; and information relating to risk for which provision may be made under country risk. Both form T.12 and T.11 (classification by currency and country of investments and resources) shall only be obligatory for institutions with branches abroad or whose risks (direct or ultimate) or liabilities with non-residents in Spain amount to at least EUR 5 million or ESP 832 million (previously ESP 1 billion).

In parallel with form T-12, a new quarterly form called C.10 "consolidated activity classified by country" has been created for credit institutions' consolidable groups. It is divided into the same three parts and will also be obligatory for groups with dependent entities or branches abroad or whose risks (whether direct, ultimate or on the liabilities side of the consolidated financial statements with non-residents in Spain) are equivalent to at least EUR 5 million. That said, the third part of this form will have to be reported by entities which, although they do not reach the aforementioned volume of activity, have risks in countries not classified in group 1 for country-risk purposes.

3. CREDIT INSTITUTIONS: AMENDMENTS TO THE REGULATIONS GOVERNING THE TRANSPARENCY OF OPERATIONS AND PROTECTION OF CUSTOMERS. INFORMATION ON THE BALANCES ACTING AS A BASIS FOR THE CALCULATION OF CONTRIBUTIONS TO DEPOSIT GUARANTEE FUNDS

Banco de España Circular 8/1990 of 7 September 1990 (3) on the transparency of op-

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

erations and protection of customers, implemented the Ministerial Order of 12 December 1989 (4), which extended the regulations initially applicable only to deposit money institutions to all credit institutions. Subsequently, these rules have been progressively updated to include the changes which have arisen in our financial system and which have particularly affected credit institutions' operations with their customers.

Law 46/1998 of 17 December 1998 (5) on the introduction of the euro, included the European Commission's recommendations of 23 April 1998 (6) on banking practices relating to *charges for conversion to the euro and on dual display of prices and other monetary amounts* during the transitional period (from 1 January 1999 to 31 December 2001).

Recently, Banco de España Circular 8/1990 has been amended, by *Banco de España Circular 3/1999 of 24 March 1999* (BOE of 7 April 1999), with the aim of specifying, during the changeover from the peseta to the euro, various aspects of the regulations on the transparency of operations and the protection of customers. Accordingly, some of the rules in the aforesaid Law 46/1998 and certain issues envisaged in the above-mentioned recommendations are incorporated. Likewise, for greater informative clarity during the transitional period, either it is required that the additional information to be provided to customers be reflected in the prices prospectus, or else the form in which the information already envisaged is to be reflected in the prospectus itself and on the notice board is specified.

During the transitional period for the introduction of the euro, the following provisions shall, among others, be applied:

1. The following bank operations shall be free of charge: the conversion from pesetas into euro or from euro into pesetas of proceeds and payments received/made in national territory; the re-denomination in euro of peseta cash accounts and the means of drawing thereon; and the re-denomination in euro of government debt by registered dealers in the market for book-entry debt, along with the issuance and delivery of the associated new debt vouchers.

2. In banking operations or services involving conversion between national monetary units integrated into the euro, no currency exchange charge shall be applied, without prejudice to the charges which, where appropriate, may be applicable in relation to services linked to the exchange, or other expenses chargeable.

3. In both the general and partial prospectuses, charges shall be expressed in euro and in pesetas, reflecting that the operations indicated in the foregoing points are free. Further, the charges applicable to banking operations or services in euro shall be identical to those applied to the same operations or services when they are conducted in pesetas. In banking operations or services involving the conversion between national monetary units integrated into the euro, the lags envisaged in the valuation date for currency transactions will not be applicable. In addition to the information already indicated in the regulations, the settlement documents relating to these operations shall indicate the conversion rates applied.

Further, the prime rate is specifically defined as the interest rate which credit institutions apply, from time to time, to euro- or peseta-denominated operations conducted in Spain with their most creditworthy customers included in the private sector, whatever the type of operation, in the short term and for a sizeable amount. For these purposes, «a sizeable amount» is considered to be those loans the principal of which exceeds EUR 1 million (formerly, ESP 100 million) or 5 % of the institution's own funds

Regarding the disclosure of the exchange rates of certain operations, credit institutions undertaking transactions with their customers involving foreign currencies or banknotes of countries outside the euro area against euro or pesetas shall disclose the minimum buy rates and maximum sell rates or, where appropriate, the single rates to be applied when the amount does not exceed EUR 3,000 (formerly, ESP 500,000).

Moreover, credit institutions shall disclose the conversion rates of the currencies making up the euro, which shall be those resulting from their respective equivalence with the euro and which shall be applied, as sole rates, to banknote transactions of these currencies between one another, and to whatsoever other transactions between these currencies.

As to the notice board, this shall, in addition to the information previously indicated in Banco de España Circular 8/1990 on exchange rates relating to currency and banknote transactions,

(4) See "Regulación financiera: cuarto trimestre de 1989", in *Boletín económico*, Banco de España, January 1990, p. 35.

(5) See "Financial regulation: fourth quarter 1998", in *Economic bulletin*, Banco de España, January 1999, pp. 83-90.

(6) See "Financial regulation: second quarter 1998", in *Economic bulletin*, Banco de España, July 1998, pp. 92-93.

include reference to the existence, if appropriate, of the minimum buy and maximum sell rates and to the applicable charges and expenses. These rates shall be displayed to the public in a suitable place in those bank premises where such operations are habitually undertaken. Likewise, the notice board shall show the conversion rates between the peseta and the currencies making up the euro, accompanied by the charges or expenses, if any, which may be applied to banknote or currency transactions for other than exchange purposes, explaining to what they are attributable.

For the purpose of maintaining the continuity of the related series, the appropriate adaptations are introduced of the definition of the interest and exchange rates – and the way in which they are determined – that are published or communicated to the Banco de España.

Likewise, to improve the transparency of charges, a greater breakdown of the items under particular categories is prescribed.

Lastly, the Circular is used to amend Banco de España Circular 1/1997 of 31 January 1997 (7) on information on the accounting balances making up the basis of calculation for contributions to Deposit Guarantee Funds, so that these balances may be expressed hereafter in thousands of euro.

4. GOVERNMENT DEBT: REGULATING THE “MARKET-MAKER” AND THE “DEALING ENTITY”

A Resolution of the Banco de España Executive Council dated 19 January 1988 established the figure of market-makers and regulated the criteria governing access to and maintenance of this status, along with relations between these entities and the Banco de España. These criteria have been revised on quite a regular basis. The last time was pursuant to the Ministerial Order of 29 March 1994 (8), which amended the Ministerial Order of 24 July 1991 (9) and which defined market-maker's functions and the obligations and rights inherent to their status.

(7) See “Regulación financiera: primer trimestre de 1997”, in *Boletín económico*, Banco de España, April 1997, p. 112.

(8) See “Regulación financiera: primer trimestre de 1994”, in *Boletín económico*, Banco de España, April 1994, pp. 92-93.

(9) See “Regulación financiera: tercer trimestre de 1991”, in *Boletín económico*, Banco de España, October 1991, pp. 52-53.

The Ministerial Order of 19 June 1997 (10) regulating the stripping and reconstituting of government bonds allowed the Treasury to execute special loans (*préstamos singulares*) with financial institutions and empowered it to authorise specific market-makers to undertake stripping and reconstituting operations, provided that they undertook to meet the requirements laid down by the Treasury.

The implications of Economic and Monetary Union (EMU) for the current structure of the government debt markets advise redefining the status of the government debt market-maker, allowing for the possibility of financial institutions without a permanent establishment in Spain belonging to this category. At the same time, the setting in place of the single monetary policy and the requirement that the national central banks forming part of the European System of Central Banks (ESCB) should select their counterparties in accordance solely with monetary policy criteria, means a distinction should be drawn between government debt market-makers and money market market-makers (dealer entities).

Bearing this in mind, the *Ministerial Order of 10 February 1999* (BOE of 13 February 1999), implemented by the *Resolution of 11 February 1999* (BOE of 15 February 1999), and the *Resolution of 4 March 1999* (BOE of 10 March 1999), both passed by the Directorate General of the Treasury and Financial Policy (hereafter, the Treasury), have laid down the basic principles regulating Spanish government debt «market-makers» and «dealer entities».

With regard to market-makers, their fundamental function continues to be that of enhancing liquidity in the Spanish government debt market and co-operating with the Treasury in the dissemination of these instruments on the domestic and foreign fronts. The main difference with the previous regulations is that now, to gain access to market-maker status, it is not necessary to have registered dealer status; it suffices to be a market member of the Book Entry System and to meet the requirements laid down in these new regulations. Financial institutions without a permanent establishment in Spain may also have access to this category further to the provisions laid down in Law 37/1998 of 16 November 1998 on the reform of the securities market Law (11), as the scope for becoming a market member of the Book-Entry System has been extended to the following groups of institutions:

(10) See “Regulación financiera: segundo trimestre de 1997”, in *Boletín económico*, Banco de España, July-August 1997, pp. 108-109.

(11) In this respect, the Ministerial Order of 10 February 1999 amends the Ministerial Order of 19 May 1987. The latter implements Royal Decree 505/1987 of 3 April 1987, which created the government debt book-entry system.

- a) Investment services companies (ISC) and credit institutions authorised in another EU member state, provided that, in addition to meeting the legal requirements established for operating in Spain, they are authorised by their home country to provide government debt Book-Entry System market-member services.
- b) Spanish ISC and credit institutions authorised in a non-EU member state, provided that, in addition to meeting the legal requirements established for operating in Spain, they are authorised by their home country to provide government debt Book-Entry System market-member services.

Market-maker status shall be officially conferred by the Treasury, following a favourable report by the Banco de España (12), in which connection account will be taken of the activity engaged in by the institution on the primary and secondary markets for government debt over a period deemed sufficient by the Treasury. Retaining this status will require compliance with the commitments undertaken and the periodic approval by evaluators of the activity the institution engages in on the primary and secondary government debt markets. Specifically, the Treasury will evaluate market-makers' activity monthly in the following areas:

- a) Subscription of tendered securities.
- b) Share in total monthly turnover in the RMNDPA (Network of Book-Entry Government Debt Inter-Dealer Brokers) (13).
- c) RMNDPA stock prices.
- d) Share in monthly government debt turnover among market members in the official secondary markets for debt.
- e) Share in market-makers' trading with institutions that are not Book-Entry System market members.
- f) Stripping-reconstitution of strippable securities.

The Treasury shall establish the criteria for evaluating market-makers' operations, setting greater store by activity in the «blind market» (trading where the counterparty is not known) (14) and by the greater residual majority of the securities being traded.

(12) Previously it was conferred by the Banco de España, following a favourable report by the Treasury.

(13) Formerly known as the MEDAS network.

(14) The blind market is the core of the market to which only leading institutions have access. It is characterised by the fact that the contracting parties do not know the identity of their counterparties.

The Resolution of 11 February details market-makers' rights and obligations. Concerning their rights, market-makers may:

- a) Participate in Treasury tenders whereby, once the general deadline for submitting bids to each tender of government bonds has elapsed, market-makers will have thirty minutes to submit their bids.
- b) Have access to second rounds, i.e. once the bid-submission phase has finalised for each bond tender, market-makers may have exclusive access to a second round that will take place between the allotment of the tender and midday on the second business day following the day the tender was held. During the second round, each market maker may submit bids which will be allotted at the rounded, weighted, average price resulting from the tender stage.
- c) Participate on an exclusive basis in stripping and reconstitution operations, i.e. market-makers alone shall be authorised to strip and reconstitute securities representative of strippable government debt.
- d) Receive information about the Treasury's financing policy, participate in the setting of medium-and long-term debt instrument issuance targets, and have a representative on the Advisory Commission of the book-entry government debt market.

Finally, market-maker status shall be evaluated in the selection of counterparties for other financial transactions that the Treasury may perform, such as swaps or currency issues.

As to their obligations, market-makers shall:

- i) Participate in tenders, submitting bids for a minimum value of 3 % of the amount allotted by the Treasury in bond tenders at prices no less than the marginal allotment price minus 5 and 10 cents for three- and five-year bonds, respectively; and 15 and 30 cents for bonds at 10 years and over, respectively.
- ii) Ensure liquidity in the secondary market, whereby they shall quote certain bonds in accordance with the specific conditions detailed in the above-mentioned provision.
- iii) Provide the information the Treasury may request on the debt market in general and the market-maker's activity in particular. Specifically, market-makers shall report monthly on their proprietary trading and trading on behalf of third parties, geographical base and the type of institutions that make up their customers.

The loss of market-maker status may come about for the following reasons: communication of the relinquishment of such status by the market-maker itself to the Treasury; a decision to this effect by the Treasury when it considers the market-maker is not maintaining its commitments in accordance with the evaluation criteria established; failure to comply with obligations for six consecutive months; and by Treasury decision when an institution, in its operations with non-residents, fails to observe the criteria laid down under the regulations in force regarding the system of withholdings on account.

Regarding government debt dealing entities (hereafter, dealers), regulated for in the Resolution of 4 March 1999, they shall have exclusive access to the RMNDPA and the possibility of access to market-maker status in the form and under the conditions established previously for the latter.

Dealer status shall be officially conferred on book-entry government debt market members by the Treasury subject to a favourable report by the Banco de España and the CNMV. The following requirements must be met:

- a) Market member acting as a principal in the Banco de España Book-Entry System.
- b) Meet the technical requirements laid down by RMNDPA and, in particular, satisfy at least one of the following conditions:
 - Have a credit rating as a high level issuer according to one of the international credit rating agencies.
 - Possess own funds equal to or higher than EUR 100 million (equivalent to ESP 16,638.6 million).
 - Place with the Banco de España a deposit for EUR 10 million (equivalent to ESP 1,663.9 million) as cover for activities in the RMNDPA in the form stipulated by the Banco de España

To retain the status it will be necessary, first, for the institution's participation in monthly RMNDPA turnover to exceed 1 % of the total, this being defined as the sum of spot purchases and sales of bonds over the course of one month. And further, to quote on the RMNDPA screen for at least 60 % of the trading session the five benchmark bonds selected at the monthly meeting between the Treasury and the market makers under specific conditions.

The loss of dealer status shall be for the following reasons: communication of the relin-

quishment of such status by the dealer itself to the Treasury; failure to comply with obligations for two consecutive months or three alternate months over a period of no longer than six months; or because the Treasury considers that the dealer's commitment to the Spanish government debt market is insufficient.

5. GOVERNMENT DEBT: ISSUANCE CONDITIONS DURING 1999 AND JANUARY 2000

Law 49/1998 of 30 December 1998 (15) on the State Budget for 1999, authorises the government so that, on the proposal of the Ministry of Economy and Finance (MEH), it may increase the outstanding balance of government debt during 1999 to ESP 2,338 trillion (EUR 14,051 million). This amount will be effective at the end of 1999, although it may be exceeded during the course of the year. Likewise, Royal Decree-Law 1091/1988 of 23 September 1988, through which the redrafted text of the General Budgetary Law was approved, empowers MEH to issue, place and manage government debt, subject to the Government's criteria and within the quantitative limits set by the Budget Law.

Law 46/1998 of 17 December 1998 (16) on the introduction of the euro, established that Treasury issues of government debt (hitherto denominated in pesetas) should, as from 1 January 1999, be denominated in euro. In turn, the government, via Royal Decree 2813/1998 of 23 December 1998 (17) established the procedure for the redenomination in euro of government debt registered with the Book-Entry System, stipulating that all peseta-denominated government debt in circulation registered with the System as at 31 December 1998 would be redenominated in euro as from 1 January 1999.

In this respect, and as background information, mention may be made of the Ministerial Order of 14 October 1998 (BOE of 23 December 1998). This eliminated the unit nominal values of book-entry government debt so that individual holdings, made up of securities of the same code, could be converted into individual nominal balances, thus facilitating their subsequent redenomination in euro.

Pursuant to Law 46/1998, the following regulations were promulgated: Ministerial Order of

(15) See "Financial regulation: fourth quarter 1998", in *Economic bulletin*, Banco de España, January 1999, pp. 109.

(16) See note 5.

(17) See "Financial regulation: fourth quarter 1998", in *Economic bulletin*, Banco de España, January 1999, pp. 83-90.

23 December 1998 (BOE of 30 December 1998), providing for the issuance of government debt in euro in January 1999; and two Treasury Resolutions of 23 December 1998 (BOE of 30 December 1998), providing for certain issues of government bonds and Treasury bills in euro to be made that month.

As is habitual around these dates, Royal Decree 80/1999, of 22 January 1999 (BOE of 23 January 1999) and Ministerial Order of 27 January 1999 (BOE of 29 January 1999) were promulgated, providing for the creation and issuance conditions of government debt for 1999 and January 2000, with the limit for this latter month at 15 % of the volume authorised for 1999. There were also two Treasury Resolutions of 28 January 1999 (BOE of 29 January 1999), specifying certain debt issues and disclosing the timetable for regular tenders of the Treasury bills and government bonds, all in euro, that will be offered during this period.

Broadly, the same instruments, techniques, practices and other aspects that made up debt policy for 1998 are retained. And, specifically, MEH remains authorised to conduct the following operations, among others, and may:

- a) Continue to conduct borrowing operations under the vehicles envisaged, changing the commercial name or grouping more than one vehicle under a single denomination.
- b) Create, within the framework of current fiscal legislation, new government debt vehicles, whether or not tradable or non-tradable.
- c) Regulate issuance or coupon-interest-determining practices allowing issues to be grouped or successive tranches of a single issue to be placed.
- d) For the purposes of debt dealing, authorise government debt strips (the stripping of the principal and interest of certain issues and their subsequent reconstitution).

In the case of government debt issues which are initially offered or placed abroad, the usual clauses and conditions envisaged under the General Budget Law for these operations may be agreed in respect of the returns obtained by non-residents.

As to the formalisation of government debt, this will, as in previous years, be in the form exclusively of book-entry Treasury bills (at six, twelve and eighteen months), short- and medium-term government bonds (at three and five years) and long-term government bonds (at ten, fifteen and thirty years).

The traditional issuance procedures are retained, namely: competitive tenders, public offerings and competitive methods among a restricted number of authorised entities, preferably market-makers (system used in second rounds).

The periodicity with which regular tenders are held is retained, with minor changes in allotment dates:

- For Treasury bills: twelve- and eighteen-month Treasury bill tenders coincide and take place every two weeks, while six-month bill tenders (formerly fortnightly) are held every four weeks in a week without tenders of twelve- and eighteen-month bills.
- For medium- and long-term government bonds: monthly, except for thirty-year bonds, which will be once every two months. The redistribution of allotment dates for bond tenders will be as follows: in the case of three- and ten-year bonds, on the first Wednesday each month (previously Tuesday); and on the following Thursday (formerly Wednesday), five-, fifteen- and thirty-year bonds (the latter in the corresponding month). In both cases this is provided working days are involved.

As to competitive bids, the minimum nominal amount will be EUR 1,000 for twelve- and eighteen-month Treasury bill tenders, EUR 500,000 for six-month bills and EUR 5,000 for bond tenders. In all cases, applications for higher amounts must be integer multiples of EUR 1,000, except for six-month Treasury bills, where they must be multiples of EUR 100,000.

In the case of non-competitive bids, the minimum nominal amount shall be EUR 1,000 for both twelve- and eighteen-month bills and for bonds, with a maximum nominal amount per bidder of EUR 200,000. Non-competitive bids will not be accepted for six-month bills.

Finally, the holding of second rounds following tenders remains unchanged exclusively among market-makers, under the terms laid down in the Order dated 24 July 1991 (18), amended partially by the Order of 29 March 1994 (19), both of which have been repealed.

In second rounds the price to be paid for the allotted debt is always that offered in each bid accepted, unlike in the first round when it is al-

(18) See note 8.

(19) See note 9.

lotted at the weighted average price to those who have bid prices higher than this average.

6. APPROVED APPRAISAL COMPANIES AND SERVICES: CHANGES IN THE INFORMATION TO BE REPORTED TO THE BANCO DE ESPAÑA

Royal Decree 775/1997 of 30 May 1997 (20) on the rules governing the approval of appraisal services and companies specifically made the Banco de España responsible for overseeing compliance by these entities with the requirements for obtaining and retaining the necessary approval, as well as with all such other obligations to which they may be subject. Subsequently, Banco de España Circular 3/1998 of 27 January 1998 (21) laid down the information these entities must submit to the Banco de España to enable it to perform its duties properly.

The period for appraisal companies to adapt to the new legislation having expired, Banco de España Circular 3/1998 has been slightly amended by *Banco de España Circular 4/1999 of 24 March 1999* (BOE of 7 April 1999). The amendments relate to the rules governing liability insurance policies and the information the companies must submit to the Banco de España, which must now be expressed in euro.

7. OPENING OF SECURITIES ACCOUNTS BY THE BANCO DE ESPAÑA BOOK-ENTRY SYSTEM AND SECURITIES CLEARING AND SETTLEMENT SYSTEMS BASED IN THE EUROPEAN UNION WITH EACH OTHER

Law 37/1998 of 16 November 1998 reforming the Securities Market Law and Royal Decree 2590/1998 of 7 December 1998 amending the legal regime for securities markets envisaged the possibility of securities clearing and settlement systems based in European Union (EU) countries keeping securities accounts with the Banco de España Book-Entry System and vice versa.

A *Ministerial Order, of 18 March 1999* (BOE of 25 March 1999), has now been published establishing the conditions for the opening of such accounts.

(20) See "Regulación financiera: segundo trimestre de 1997", in *Boletín económico*, Banco de España, July-August 1997, pp. 113-114.

(21) See "Financial regulation: first quarter of 1998", in *Economic bulletin*, Banco de España, April 1998, p. 107.

Securities clearing and settlement systems based in the EU may keep a securities account with the Book-Entry System provided that they have entered into an agreement with the Banco de España setting out the terms and conditions for operating such account. This agreement, which must be approved prior to its execution by the Ministry of Economy and Finance, shall lay down the link-up and reconciliation procedures to ensure that the book-entries of such systems properly correspond to the respective global accounts of the Book-Entry System. The securities account of each securities clearing and settlement system shall reflect the overall balance of securities listed on the government debt market which correspond to members of the former and shall constitute, at all times, the permanent and exact counterpart of the Securities registered at the central depository.

Likewise, the Book-Entry System may keep securities accounts in its name with securities clearing and settlement systems based in the EU, provided that it has entered into an agreement, previously approved by the Ministry of Economy and Finance, with each of them, setting out the terms and conditions for operating the same. This agreement shall also lay down the link-up and reconciliation procedures to ensure that the records of the Book-Entry System match those of the securities clearing and settlement system. Each of these accounts shall exclusively reflect the balances of fixed-income securities issued by public-sector issuers of EU Member States registered in the respective securities clearing and settlement system, which correspond to members of the book-entry government debt market.

8. MUTUAL FUNDS: PROSPECTUSES AND QUARTERLY REPORTS

An Order of 12 July 1993 implemented Royal Decree 291/1992 of 27 March 1992 on securities issues and public offerings, and completed the process of transposition of Council Directive 89/298/EEC of 17 April 1989, relating to prospectuses for the issuance and public offering of securities. Formats were established for the prospectuses which collective investment undertakings must submit for prior approval and registration at the CNMV, in the event of operations for the issuance and public offering of securities, admission to listing and marketing of these institutions. Likewise, the Order obliges CIUs to update their prospectuses each year, when the auditor's report on the previous year's accounts becomes available. The Order authorised the CNMV to establish the term and the conditions for presenting and using the prospectus, which it has done by means of CNMV Circular 1/1994 of 14th March 1994.

Subsequently, a Ministerial Order of 1 October 1998 updated the prospectuses and permitted FIMs (capital market funds) and FIAMMs (money-market funds) to use abridged prospectuses and quarterly reports (22) in order to transmit a clear and precise commercial message to the investor, and to provide standard information with the minimum content necessary for knowledge of the product (23). This Order also empowers the CNMV to issue regulations implementing the rules, which it has done by means of CNMV Circular 1/1999 of 14 January 1999 (BOE of 3 February 1999). The Circular also takes the opportunity to incorporate in a single text all the regulations relating to the prospectuses of all CIUs of a financial nature.

The aforementioned Circular regulates the procedure for registering and updating prospectuses and establishes the format for the abridged prospectuses and quarterly reports which may be delivered to mutual fund shareholders instead of complete prospectuses and quarterly reports. Nonetheless, it does not alter the rules applicable to closed- and open-end investment companies (SIMs and SIMCAVs), since the obligation to deliver and send complete prospectuses and quarterly reports only relates to the shareholders of mutual funds. Foreign commercial CIUs in Spain do not come within its scope of application either, remaining subject to the information rules laid down in CNMV Circular 3/1997 of 29 July 1997.

Having obtained authorisation of the proposal to form a mutual fund and its rules of management, the management company, when applying for registration of the new fund, may present, together with the application for registration of the complete prospectus, an abridged prospectus in the form contained in this Circular. Both prospectuses shall be subject to simultaneous checking and registration when the fund is registered by the CNMV.

The Circular also reproduces the circumstances in which it is necessary to update the complete prospectuses. The sections concerned must be checked and registered by the CNMV. The same rules apply to abridged prospectuses, provided that the modification of the complete prospectus affects the content of

the abridged one. Partial alteration of any section of the abridged prospectus shall require it to be fully updated.

In the event that the prospectus must be updated owing to an alteration in its essential elements which gives shareholders the right to withdraw, the procedure established in the Circular shall be followed. Namely, the shareholders shall be notified of the fact within the established term, and informed of their right to opt for redemption of their shares without the deduction of commissions or any other amounts. Upon expiry of the term, the management company shall update the prospectus, the CNMV having verified performance of the aforementioned information obligation.

As regards the quarterly reports, the management company may opt to use an abridged quarterly report which must be submitted to the CNMV, along with the complete quarterly report, for simultaneous registration.

Both the prospectus and the quarterly report, which must be delivered to each shareholder at his address, free of charge, prior to subscription for the shares, may be in the abridged form, although they must refer to the existence of a complete prospectus and quarterly report, stating where these may be obtained, and the right to request that they be delivered or sent periodically free of charge.

Finally, the terms of waiver of the right to receive the complete quarterly report by the shareholders are likewise applicable to abridged reports. If the shareholder has waived the right to be sent these reports, the management company may not send any other information in their place.

9. OBLIGATIONS TO PROVIDE INFORMATION TO THE TAX AUTHORITIES ON CERTAIN GOVERNMENT DEBT TRANSACTIONS. OBLIGATIONS ON CREDIT INSTITUTIONS TO ASSIST THE TAX AUTHORITIES

As a consequence of the promulgation of the Regulation for the new personal income tax, approved by Royal Decree 214/1999 of 5 February 1999 (to be discussed in the following section), certain tax provisions have been reformed by Royal Decree 215/1999 of 5 February 1999 (BOE of 9 February 1999) to ensure that tax law as a whole is adapted to the new personal income tax legislation (discussed below).

The text of the Royal Decree also incorporates the information obligations of the Central

(22) This possibility is supplementary to and does not extinguish the obligation to prepare the complete prospectuses and quarterly reports in force, which must always be available to the shareholders.

(23) The abridged prospectus shall, like the complete prospectus and its updated versions, be subject to approval and registration by the CNMV. In the same way, both the abridged and the complete versions of the quarterly report shall be registered at the same time in the same register by the CNMV.

Book-Entry System and the management entities involved in certain government debt transactions, as well as the obligations on credit institutions to assist the tax authorities. These obligations were previously regulated by article 11 of Royal Decree 505/1987 of 3 April 1987 (24) on book-entry government debt, which has been repealed, and by Royal Decree 2027/1985 of October 23 1985, which has been completely repealed.

In this respect, the Book-Entry System and management entities involved in the subscription for and transfer of government debt represented by book entries shall be obliged to supply information on such operations to the tax authorities. Also, the Book-Entry System shall inform the tax authorities of the withholdings made on interest paid to management entities in respect of the balances on their securities accounts both for their own account and for the account of their principals. In turn, the management entities must submit, within the term established for the annual summary of withholdings, a list with the names of their principals who receive interest, in the form established by the Ministry of Economy and Finance. They shall also be obliged to supply information to the tax authorities on the book-entry government debt subscription, transfer and redemption operations of their principals. This obligation shall be deemed fulfilled, as regards operations subject to withholdings, with the submission of the annual summary of withholdings.

As regards credit institutions, they shall be obliged to supply to the tax authorities all kinds of data, reports and background information arising from their economic or financial relationships with other persons. In particular, they must supply at the request of the tax authorities, and in accordance with the assistance procedure outlined in the Royal Decree, movements in current accounts, savings and time deposits, loan and credit accounts and any other lending and borrowing transactions with any taxpayer. With regard to joint accounts in the name of several persons or entities or groups of joint owners, whether or not voluntary, jointly held deposits and the like, a request for information on one of the co-holders requires all the data and movements of the account, deposit or operation to be made available. However, the tax authorities may not use the information obtained with respect to another holder without first taking the necessary steps in the relevant assistance procedure.

(24) See "Regulación financiera: segundo trimestre de 1987", in *Boletín Económico*, Banco de España, July-August 1987, pp. 46-48.

10. PERSONAL INCOME TAX REGULATION

Law 40/1998 of 9 December 1998 (25) on personal income tax (IRPF) undertook a far-reaching reform of the tax, in line with the model existing in other industrial countries. Thus, a personal and family tax-free allowance was established, greater equity was introduced into the distribution of taxes, and the treatment of earned income and persons with greater family responsibilities was improved. Subsequently, Royal Decree 2717/1998 of 18 December 1998 (26), which regulated, inter alia, payments on account of IRPF, brought all the legislation on payments on account into force before the approval of the regulation.

Law 40/1998 has recently been implemented by means of *Royal Decree 214/1999 of 5 February 1999* (BOE of 9 February 1999), which approved the IRPF regulation, incorporating into its provisions the regulation of payments on account of IRPF that was included in the said Royal Decree 2717/1998.

The structure of the regulation follows that of the Law. Thus, as regards *earned income*, subsistence and travel expense allowances and normal maintenance and living expenses are regulated; an annual limit is placed on the amount of fees paid to professional associations which can be claimed as deductible expenses; a comprehensive list is included of the circumstances and cases in which earnings are deemed to be received irregularly and certain rules applicable to earnings received in instalments with a generation period of more than two years are set out; and, finally, the reductions applicable to earnings arising from social welfare systems are regulated. As regards income in kind, the conditions which must be met in certain cases which do not amount to compensation in kind are specified, along with the valuation rules.

With regard to *income from property*, the regulation specifies deductible expenses and the depreciation expenses for income of this kind, and income from property obtained in a clearly irregular manner over time including income received in instalments.

As for *income from savings and investments*, the regulation details the taxation of both group and individual insurance contracts, specifying the reductions applicable to income

(25) See "Financial regulation: fourth quarter 1998", in *Economic bulletin*, Banco de España, January 1999, pp. 105-107.

(26) See previous note.

arising thereunder; income and capital benefits are defined, in terms similar to those in the legislation regulating pension schemes and funds; and, in the same way as for income from property, the regulation defines income from savings and investments obtained in a clearly irregular manner over time and income received in instalments.

As regards *income arising from business activities*, the assets and liabilities assigned to the same are determined; the values of such assets and liabilities when assigned and when not assigned to the business are determined; and income from business activity considered to be obtained in a clearly irregular manner over time is specified, as well as that received in instalments. Likewise, in accordance with the provisions of Law 40/1998, the rules for determining this type of income are developed: direct estimation, which will have two forms, normal and simplified, and objective estimation. It should be pointed out that, under the tax regime for small and medium-sized businesses, a ceiling of ESP 75 million has been introduced for the total activity on which income may be determined by the objective estimation system. This includes operations for which they are obliged to issue invoices and those which must be recorded in ledgers.

As for *capital gains and losses*, the incidence of redemptions in the determination of the acquisition value and the conditions for entitlement to the exemption for reinvestment in a habitual residence are regulated. With respect to the deduction for investment in an habitual residence, construction and extension are treated in the same way as acquisition, and the conditions and requirements determining the application of the percentages of deduction increased in the case of borrowing, the requirements which must be met by housing accounts and, finally, the work to make a habitual residence suitable for disabled persons entitled to a deduction, are set out.

With respect to *net tax payable*, the average effective rate is defined for the purposes of application of the limit for deducting payments on account and payments of corporate income tax corresponding to certain look-through companies which it is appropriate to include in the shareholder's IRPF assessment.

Also, the formal, accounting and registration obligations of taxpayers and certain institutions are defined. The latter include mortgage loan entities, entities which receive donations and the management entities of collective investment undertakings.

Finally, a transitional regime is established for certain cases contemplated in the above legislation, such as: the presentation of returns and communications; the amounts paid into housing accounts opened before 1 January 1999, which will have a maximum term of five years; transfers of assets and liabilities assigned to business activities carried out before 1 January 1998 (reinvestment of extraordinary profits and reinvestment exemption); the determination of assets and liabilities not assigned to business activities to which the reduction percentages provided for in the Law shall be applicable; and the application of the new method for calculating withholdings on earned income in accordance with the data which recipients must provide in the relevant communication.

11. REGULATION OF THE TAX ON THE INCOME OF NON-RESIDENTS

Law 41/1998 of 9 December 1998 (27) on the tax on the income of non-residents and other tax provisions, has incorporated into the Spanish tax system independent regulation of the direct taxation of the income of taxpayers not resident in Spanish territory. It includes the tax obligations of non-resident taxpayers, which were previously included in the IRPF and corporate income tax.

This law has recently been implemented by *Royal Decree 326/1999 of 26 February 1999* (BOE of 27 February 1999), which approved the regulation of the tax on the income of non-residents.

The regulation is divided up into five chapters and a final provision which implement the most important aspects of the law. Chapter one refers to income obtained in Spain by non-resident taxpayers through a permanent establishment in which the diversity of permanent establishments is taken into account, along with the assessment of the management and general administration costs attributable to the permanent establishment. Chapter two regulates the taxation of income obtained without a permanent establishment. It includes the rules for determining the tax base for business activity and operations carried out without a permanent establishment and the regulation of the formal obligations and declaration of this income.

Chapter three regulates the special tax on the property of non-resident entities which shall

(27) See «Financial regulation: fourth quarter 1998», in *Economic Bulletin*, Banco de España, January 1999, pp. 107-108.

fall due on 31st December of each year and which shall be declared and paid in the following month of January. Also the circumstances are set out in which there is deemed to exist a business operation distinguishable from the simple holding or letting of property.

Chapter four regulates the optional regime for taxpayers resident in other EU Member States, which allows them in certain circumstances to be assessed for tax under the rules of the IRPF contained in Law 40/1998 of 9 December 1998 and its implementing provisions. Private individuals resident in an EU Member State may apply for this treatment. They need to evidence that at least 75 % of their income in the tax period is made up of earned income and income from business activities obtained during this period in Spain, and that they have paid the tax on the income of non-residents in this period. Nonetheless, private individuals to whom the optional regime is applicable shall in no event lose their status as taxpayers of this tax. Accordingly, they shall be subject to the obligations applicable to them by virtue of the law regulating the tax on the income of non-residents.

Finally, Chapter five includes the rules regulating the regime for payments on account of this tax, distinguishing between income obtained with and without a permanent establishment.

12. AMENDMENTS TO THE REGULATIONS OF PENSION SCHEMES AND FUNDS, CORPORATE INCOME TAX AND OTHER TAX LEGISLATION

As mentioned above, *Royal Decree 215/1999 of 5 February 1999* (BOE of 9 February 1999), amends the regulation of pension schemes and funds, as well as certain tax provisions relating to corporate income tax and value added tax (VAT), in order to adjust them to the recently approved IRPF legislation.

With respect to the regulation of pension schemes and funds, approved by Royal Decree 1307/1988 of 30 September 1988, certain provisions have been implemented relating to cases of serious illness and long-term unemployment. Likewise, the regime applicable to pension schemes and social welfare mutual societies constituted in favour of the disabled, regulated in Law 40/1998 of 9 December 1998 on the IRPF and other tax provisions, is completed.

As to the regulation of corporate income tax, the obligation on the transferor to make a payment on account in certain cases of transfers of shares or equity representing the capital or assets and liabilities of collective investment undertakings is modified, and the depreciation coefficients of the "farm" group are incorporated.

As for VAT, the rule is specified for determining the place of provision of services provided by the organisers of trade fairs. It is consistent with the criteria commonly accepted in the EU, so as to avoid cases in which such services are taxed twice or not at all. Likewise, certain amendments have been introduced to the scope of application of the simplified and agriculture, livestock and fisheries special regimes in relation to the application of an overall ceiling of ESP 75 million for the application of the aforesaid regimes, in line with the objective estimation regime of the IRPF.

Finally, Royal Decree 2717/1998 of 18 December 1998, which regulates the payments on account of IRPF and the tax on the income of non-residents, is amended to exclude the following cases from withholding: transfers made before 1 January 2000 of coupon-paying financial assets issued prior to 1 January 1999 which have not been transformed into book entries; and transfers made in the so-called "blind market" for government debt, which will enable non-resident operators to be admitted to that market.

19.4.1999.

ECONOMIC INDICATORS

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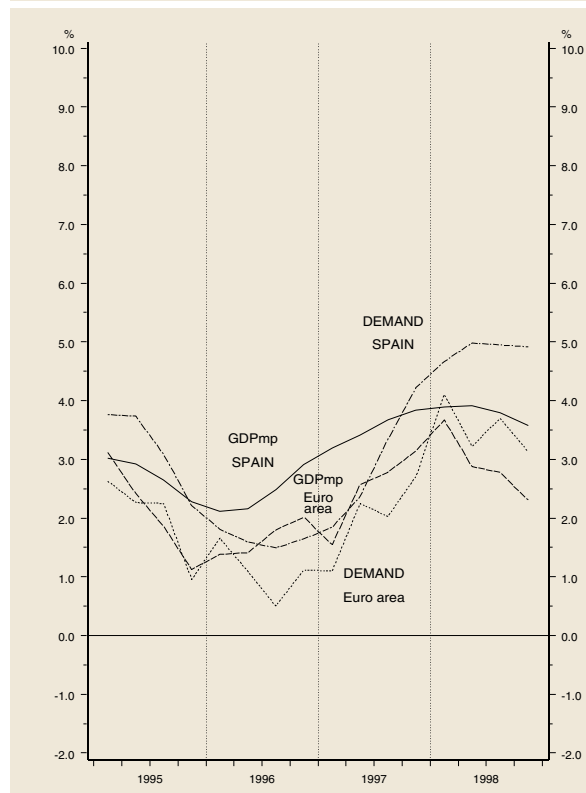
1.1. Gross domestic product. Constant 1986 prices. Demand components. Spain and euro area

n Series depicted in chart.

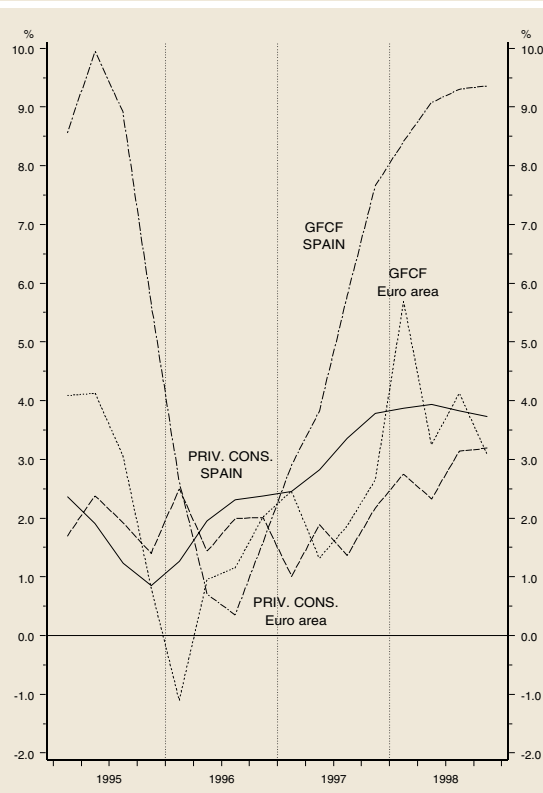
Annual percentage changes

	GDP		Private consumption		Government consumption		Gross fixed capital formation		Domestic demand		Exports		Imports		Memorandum item: GDPmp (current prices)	
	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area	Spain	Euro area (a)	Spain	Euro area (a)	Spain (b)	Euro area
	1 n	2 n	3 n	4 n	5	6	7 n	8 n	9 n	10 n	11	12	13	14	15	16
96	2.4	1.7	2.0	2.0	0.9	1.2	1.3	0.8	1.6	1.1	10.6	4.7	7.4	3.2	443206	5 429
97	3.5	2.5	3.1	1.6	1.4	-0.1	5.1	2.1	2.9	2.0	14.8	9.8	12.2	8.9	468168	5 545
98	3.8	2.9	3.8	2.9	1.6	1.1	9.0	4.0	4.9	3.5	7.8	5.4	10.6	7.5	496738	5 774
94 //	2.1	2.6	0.4	1.6	-0.3	0.5	1.5	1.4	0.8	1.9	18.8	11.2	11.5	9.3	96462	1 238
94 ///	2.8	3.0	1.3	1.9	0.1	0.3	4.2	2.7	2.2	3.0	15.9	9.3	11.9	9.9	98065	1 253
94 IV	3.1	3.3	2.2	1.4	0.1	1.1	6.4	5.8	3.2	4.4	13.1	8.3	12.7	12.5	100031	1 268
95 /	3.0	3.1	2.4	1.7	1.1	-0.5	8.6	4.1	3.8	2.6	11.7	12.0	13.6	11.0	102363	1 276
95 //	2.9	2.4	1.9	2.4	1.6	-0.6	9.9	4.1	3.7	2.3	11.1	10.0	13.3	10.1	104266	1 291
95 ///	2.7	1.9	1.2	1.9	2.0	0.3	8.9	3.1	3.1	2.2	9.7	5.9	10.6	7.5	105738	1 310
95 IV	2.3	1.1	0.9	1.4	2.5	1.1	5.7	0.8	2.2	1.0	7.6	4.3	6.9	4.0	107019	1 321
96 /	2.1	1.4	1.3	2.5	2.5	1.3	2.6	-1.1	1.8	1.7	6.9	3.0	5.5	4.0	108637	1 340
96 //	2.2	1.4	2.0	1.4	1.3	1.9	0.7	1.0	1.6	1.1	9.0	1.6	6.6	0.7	110049	1 353
96 ///	2.5	1.8	2.3	2.0	0.2	1.3	0.4	1.2	1.5	0.5	12.2	6.2	8.2	2.4	111549	1 366
96 IV	2.9	2.0	2.4	2.0	-0.1	0.2	1.6	2.0	1.6	1.1	14.1	8.0	9.2	5.6	112971	1 369
97 /	3.2	1.6	2.5	1.0	0.1	0.4	2.9	2.5	1.8	1.1	15.3	5.1	10.1	4.0	114488	1 366
97 //	3.4	2.6	2.8	1.9	1.1	-0.1	3.8	1.3	2.4	2.2	15.6	10.1	11.4	9.7	115979	1 381
97 ///	3.7	2.8	3.4	1.4	2.1	-0.1	5.8	1.9	3.3	2.0	15.0	12.5	13.4	11.1	117950	1 390
97 IV	3.8	3.1	3.8	2.2	2.3	-0.7	7.7	2.7	4.2	2.7	13.3	11.2	13.9	10.6	119750	1 408
98 /	3.9	3.7	3.9	2.7	1.8	0.9	8.4	5.7	4.7	4.1	10.6	10.0	12.5	11.8	121577	1 420
98 //	3.9	2.9	3.9	2.3	1.8	1.3	9.1	3.2	5.0	3.2	8.5	7.8	11.3	9.2	123242	1 434
98 ///	3.8	2.8	3.8	3.1	1.6	1.0	9.3	4.1	4.9	3.7	6.5	3.8	9.5	6.5	125054	1 451
98 IV	3.6	2.3	3.7	3.2	1.2	1.1	9.4	3.1	4.9	3.1	5.9	0.7	9.4	2.8	126866	1 468

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



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



Sources: INE, *Contabilidad Nacional Trimestral de España*, and ECB.

- (a) Exports and imports comprise goods and services and include internal cross-border trade within the euro area.
- (b) EUR millions for Spain and ECU billions for the euro area.

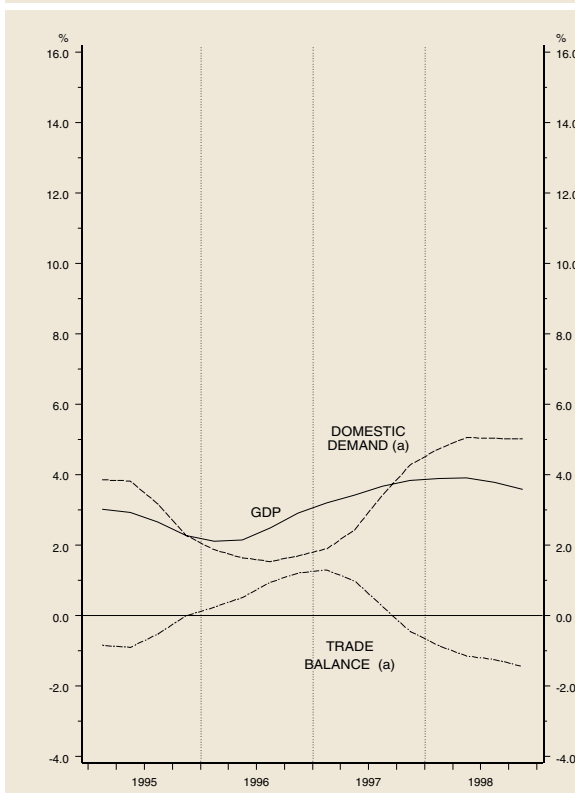
1.2. Gross domestic product. Constant 1986 prices. Demand components. Spain

n Series depicted in chart.

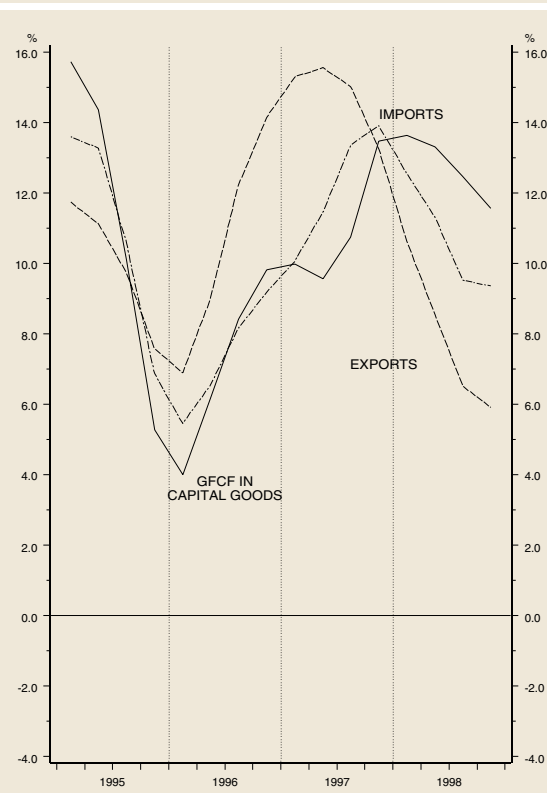
Annual percentage changes

	Gross fixed capital formation			Change in stocks (a)	Exports of goods and services				Imports of goods and services				Trade balance (a)	Memorandum item:	
	Total	Capital goods	Construction		Total	Goods	Tourism	Other services	Total	Goods	Tourism	Other services		Domestic demand (a)	GDP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
96	1.3	7.1	-2.0	»	10.6	10.7	15.9	6.4	7.4	6.8	14.7	7.5	0.7	1.7	2.4
97	5.1	11.0	1.3	-0.3	14.8	16.1	12.4	9.6	12.2	12.5	14.6	-0.6	0.5	3.0	3.5
98	9.0	12.7	6.5	0.2	7.8	6.0	16.0	11.0	10.6	10.3	15.1	10.1	-1.2	5.0	3.8
94 /	1.5	0.6	2.1	0.3	18.8	22.3	12.4	9.4	11.5	14.9	-5.7	-18.2	1.3	0.8	2.1
95 /	4.2	6.3	3.1	0.5	15.9	17.9	12.8	9.7	11.9	14.9	-7.7	-11.9	0.6	2.2	2.8
96 /	6.4	12.8	3.0	0.5	13.1	14.4	11.1	8.6	12.7	15.3	-7.5	-5.0	-0.3	3.3	3.1
97 /	8.6	15.7	4.8	0.3	11.7	13.4	7.8	7.0	13.6	15.9	-5.2	-2.1	-0.8	3.9	3.0
98 /	9.9	14.4	7.6	0.2	11.1	13.1	6.6	5.4	13.3	15.1	-2.1	-1.7	-0.9	3.8	2.9
99 /	8.9	10.1	8.3	0.1	9.7	11.2	7.4	4.7	10.6	11.8	1.6	-4.0	-0.5	3.2	2.7
00 /	5.7	5.3	5.9	0.1	7.6	7.9	9.9	4.6	6.9	7.3	6.1	-2.4	»	2.3	2.3
01 /	2.6	4.0	1.8	0.1	6.9	6.3	14.1	4.4	5.5	5.0	11.2	5.5	0.2	1.9	2.1
02 /	0.7	6.2	-2.4	»	9.0	8.7	16.6	5.0	6.6	5.9	14.7	10.1	0.5	1.6	2.2
03 /	0.4	8.4	-4.2	»	12.2	12.6	16.9	6.9	8.2	7.6	16.1	8.9	1.0	1.5	2.5
04 /	1.6	9.8	-3.1	-0.1	14.1	14.9	15.6	9.2	9.2	8.8	16.4	5.4	1.2	1.7	2.9
05 /	2.9	10.0	-1.3	-0.3	15.3	16.7	12.6	10.5	10.1	10.0	15.5	-1.6	1.3	1.9	3.2
06 /	3.8	9.6	0.3	-0.4	15.6	17.2	11.7	10.5	11.4	11.7	14.8	-3.8	1.0	2.4	3.4
07 /	5.8	10.7	2.6	-0.3	15.0	16.6	12.2	9.3	13.4	13.7	14.2	-0.8	0.3	3.4	3.7
08 /	7.7	13.5	3.9	-0.2	13.3	14.2	13.2	8.3	13.9	14.2	13.9	4.1	-0.4	4.3	3.8
09 /	8.4	13.6	5.0	0.1	10.6	10.4	14.0	8.8	12.5	12.6	13.5	9.0	-0.8	4.7	3.9
10 /	9.1	13.3	6.2	0.2	8.5	7.2	14.9	10.7	11.3	11.1	14.1	11.3	-1.1	5.1	3.9
11 /	9.3	12.5	7.1	0.2	6.5	4.0	16.0	12.0	9.5	9.0	15.8	10.9	-1.2	5.0	3.8
12 /	9.4	11.6	7.8	0.3	5.9	2.6	18.8	12.4	9.4	8.8	16.9	9.0	-1.4	5.0	3.6

GDP. DEMAND COMPONENTS
Annual percentage changes



GDP. DEMAND COMPONENTS
Annual percentage changes



Source: INE, *Contabilidad Nacional Trimestral de España*.

(a) Contribution to GDPmp growth rate.

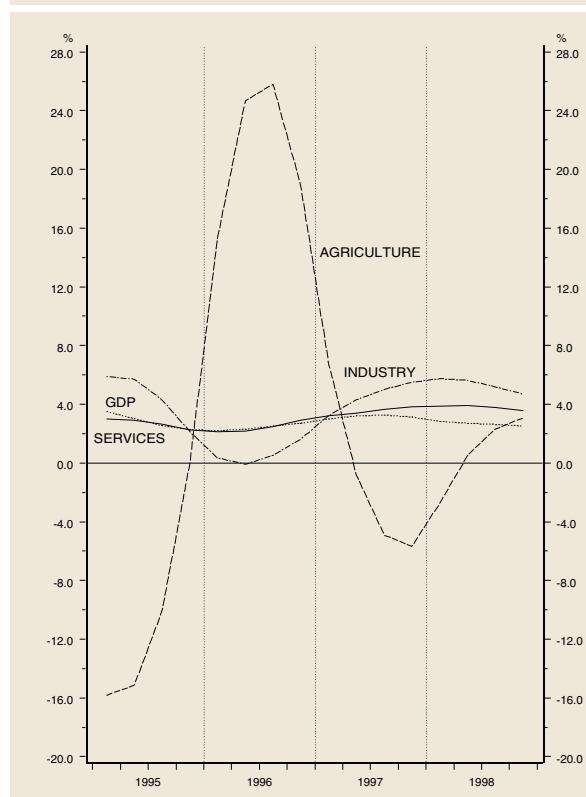
1.3. Gross domestic product. Constant 1986 prices. Branches of activity

n Series depicted in chart.

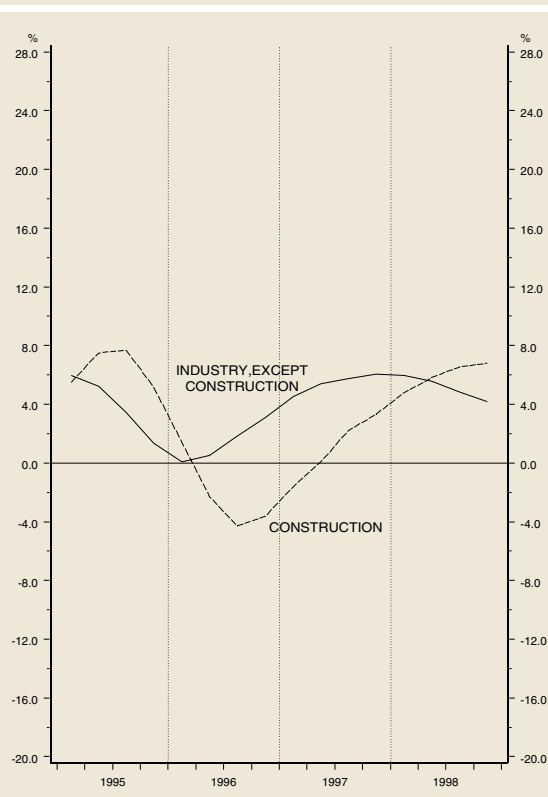
Annual percentage changes

	GDP at market prices	Agriculture and fisheries	Industry			Services			VAT on products	Net taxes linked to imports
			Total	Industry, excluding construction	Construction	Total	Market services	Non-market services		
	1	2	3	4	5	6	7	8	9	10
96	2.4	21.1	0.6	1.4	-2.2	2.4	2.8	1.3	4.8	-17.5
97	3.5	-1.3	4.5	5.4	1.0	3.2	3.6	1.8	5.6	2.3
98	3.8	0.8	5.3	5.1	6.0	2.7	3.1	1.3	6.7	12.5
94 II	2.1	-8.4	2.5	2.8	1.2	2.7	3.7	-0.3	6.2	-8.8
III	2.8	-10.8	3.7	3.9	3.1	3.4	4.2	1.1	5.7	-3.9
IV	3.1	-13.3	5.0	5.2	4.1	3.7	4.1	2.5	-1.0	1.1
95 I	3.0	-15.8	5.9	6.0	5.5	3.5	3.6	3.2	-4.9	5.8
II	2.9	-15.2	5.7	5.2	7.5	3.0	3.1	2.7	-1.9	6.5
III	2.7	-10.1	4.3	3.4	7.7	2.6	2.7	2.0	3.1	3.4
IV	2.3	-0.1	2.1	1.4	5.2	2.3	2.5	1.7	6.8	-3.5
96 I	2.1	15.3	0.3	0.1	1.4	2.2	2.5	1.4	7.1	-13.7
II	2.2	24.7	-0.1	0.5	-2.3	2.3	2.6	1.3	4.2	-19.1
III	2.5	25.8	0.5	1.8	-4.3	2.5	2.9	1.3	3.1	-20.2
IV	2.9	18.9	1.6	3.1	-3.6	2.7	3.2	1.1	5.1	-16.9
97 I	3.2	6.7	3.2	4.5	-1.6	3.0	3.5	1.3	4.0	-8.1
II	3.4	-0.8	4.3	5.4	0.1	3.2	3.7	1.8	4.0	0.1
III	3.7	-4.9	5.0	5.7	2.2	3.3	3.6	2.1	6.5	6.8
IV	3.8	-5.7	5.5	6.1	3.3	3.1	3.5	1.9	7.7	11.5
98 I	3.9	-2.7	5.7	6.0	4.8	2.8	3.2	1.6	7.1	13.7
II	3.9	0.5	5.6	5.6	5.8	2.7	3.1	1.4	6.5	14.1
III	3.8	2.3	5.2	4.9	6.6	2.6	3.1	1.2	6.6	12.7
IV	3.6	3.1	4.7	4.2	6.8	2.5	3.0	0.9	6.7	9.9

GDP. BRANCHES OF ACTIVITY
Annual percentage changes



GDP. BRANCHES OF ACTIVITY
Annual percentage changes



Source: INE, Contabilidad Nacional Trimestral de España.

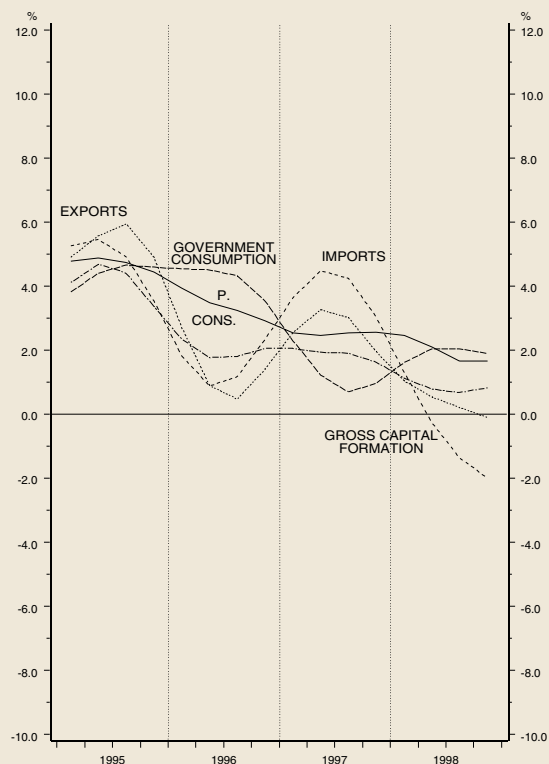
1.4. Gross domestic product. Implicit deflators

n Series depicted in chart.

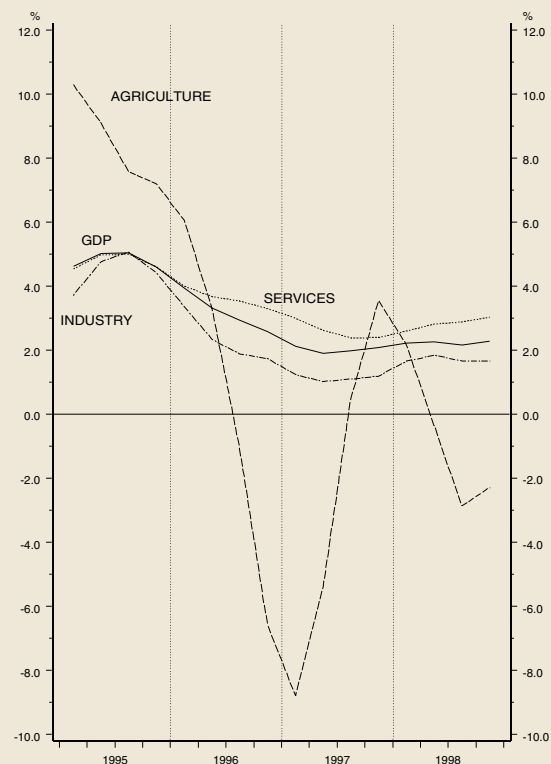
Annual percentage changes

	Demand components								GDP at market prices	Branches of activity				
	National private consumption	Government consumption	Gross capital formation			Exports of goods and services	Imports of goods and services	Agriculture and fisheries		Industry	Services	VAT on products	Net taxes linked to imports	
			Total	Of which										
				Gross fixed capital formation										
				Capital goods	Construction									
1	2	3	4	5	6	7	8	9	10	11	12	13		
96	3.4	4.2	2.0	0.3	3.4	1.4	1.6	3.2	0.2	2.3	3.6	3.8	-0.3	
97	2.5	1.3	1.9	2.7	2.1	2.7	3.9	2.0	-2.6	1.1	2.6	3.0	9.6	
98	2.0	1.9	0.9	»	1.8	0.4	-0.6	2.2	-0.9	1.7	2.8	2.2	3.0	
94 //	5.0	2.6	3.6	3.4	3.7	4.5	5.8	4.0	10.7	2.1	3.5	10.1	5.2	
III	4.7	2.7	3.0	3.0	3.1	4.3	5.0	3.8	9.3	2.1	3.3	11.2	25.9	
IV	4.6	3.2	3.2	4.1	3.3	4.4	5.0	4.0	9.7	2.6	3.6	9.8	30.1	
95 /	4.8	3.8	4.1	5.3	4.1	4.9	5.2	4.6	10.3	3.7	4.5	6.6	14.5	
II	4.9	4.4	4.7	5.2	4.8	5.6	5.5	5.0	9.1	4.8	5.0	4.2	4.9	
III	4.7	4.7	4.4	3.6	4.9	5.9	4.9	5.0	7.6	5.1	5.0	2.9	-0.7	
IV	4.4	4.6	3.4	1.2	4.4	4.9	3.5	4.6	7.2	4.4	4.6	2.5	-3.1	
96 /	3.9	4.5	2.3	-0.4	3.8	2.7	1.8	3.9	6.1	3.4	4.0	3.1	-2.9	
II	3.5	4.5	1.8	-0.3	3.3	0.9	0.9	3.3	3.3	2.3	3.7	3.6	-1.8	
III	3.2	4.3	1.8	0.4	3.3	0.5	1.2	2.9	-1.1	1.9	3.5	4.2	0.3	
IV	2.9	3.5	2.1	1.5	3.2	1.4	2.3	2.6	-6.6	1.7	3.3	4.3	3.6	
97 /	2.5	2.3	2.1	2.6	2.5	2.6	3.6	2.1	-8.8	1.2	3.0	3.7	7.9	
II	2.5	1.2	1.9	2.8	2.1	3.3	4.5	1.9	-5.4	1.0	2.6	3.1	10.3	
III	2.5	0.7	1.9	2.9	1.9	3.0	4.2	2.0	0.5	1.1	2.4	2.7	10.7	
IV	2.6	1.0	1.6	2.6	1.7	2.0	3.0	2.1	3.5	1.2	2.4	2.5	9.0	
98 /	2.5	1.6	1.1	1.3	1.6	1.0	1.3	2.2	2.2	1.7	2.6	2.3	5.9	
II	2.1	2.0	0.8	0.1	1.6	0.5	-0.3	2.3	-0.4	1.8	2.8	2.2	3.5	
III	1.7	2.0	0.7	-0.6	1.8	0.2	-1.4	2.2	-2.9	1.7	2.9	2.1	1.9	
IV	1.7	1.9	0.8	-0.7	2.0	-0.1	-2.0	2.3	-2.3	1.7	3.0	2.1	1.0	

GDP. IMPLICIT DEFLATORS
Annual percentage changes



GDP. IMPLICIT DEFLATORS
Annual percentage changes



Source: INE, Contabilidad nacional trimestral de España.

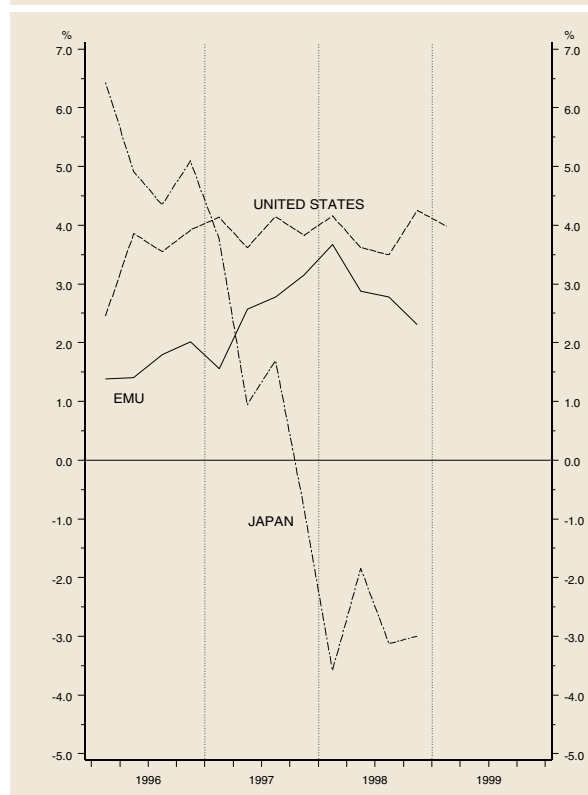
2.1. International comparison. Gross domestic product at constant prices

n Series depicted in chart.

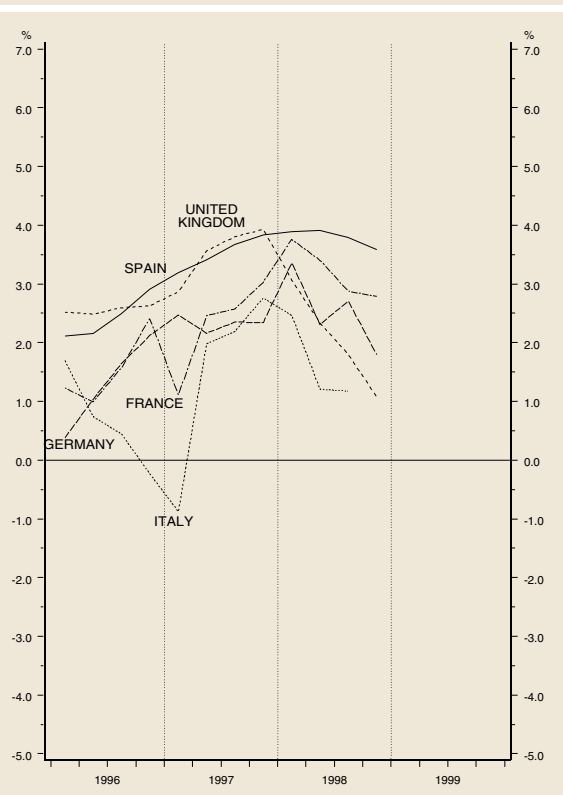
Annual percentage changes

	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3	4	5	6	7	8	9	10
95	2.0	2.4	2.1	1.3	2.7	2.3	2.1	2.9	1.4	2.8
96	3.1	1.8	1.7	1.3	2.4	3.4	1.6	0.7	5.2	2.6
97	3.3	2.7	2.5	2.3	3.5	3.9	2.3	1.5	1.4	3.5
95 /	2.6	3.4	3.1	1.9	3.0	3.0	3.8	3.8	0.2	4.0
II	1.9	2.7	2.4	2.1	2.9	1.9	2.5	2.6	1.3	3.1
III	1.9	2.1	1.9	1.1	2.7	2.3	1.7	2.7	1.4	2.1
IV	1.7	1.4	1.1	0.1	2.3	2.1	0.4	2.6	2.5	1.9
96 /	2.7	1.7	1.4	0.4	2.1	2.4	1.2	1.7	6.4	2.5
II	3.2	1.7	1.4	1.0	2.2	3.9	1.0	0.7	4.9	2.5
III	3.1	1.9	1.8	1.6	2.5	3.5	1.6	0.4	4.3	2.6
IV	3.5	2.1	2.0	2.1	2.9	3.9	2.4	-0.2	5.1	2.6
97 /	3.2	1.8	1.6	2.5	3.2	4.1	1.1	-0.9	3.8	2.9
II	3.2	2.8	2.6	2.2	3.4	3.6	2.5	2.0	0.9	3.6
III	3.5	3.0	2.8	2.4	3.7	4.1	2.6	2.2	1.7	3.8
IV	3.2	3.3	3.1	2.3	3.8	3.8	3.0	2.8	-0.8	3.9
98 /	2.9	3.5	3.7	3.4	3.9	4.2	3.8	2.5	-3.6	3.1
II	2.5	2.7	2.9	2.3	3.9	3.6	3.4	1.2	-1.8	2.3
III	2.3	2.6	2.8	2.7	3.8	3.5	2.9	1.2	-3.1	1.8
IV	2.3	2.2	2.3	1.8	3.6	4.3	2.8	...	-3.0	1.1
99 /	...	...	...	...	...	4.0	...	...	...	...

GROSS DOMESTIC PRODUCT
Annual percentage changes



GROSS DOMESTIC PRODUCT
Annual percentage changes



Sources: ECB, INE and OECD.

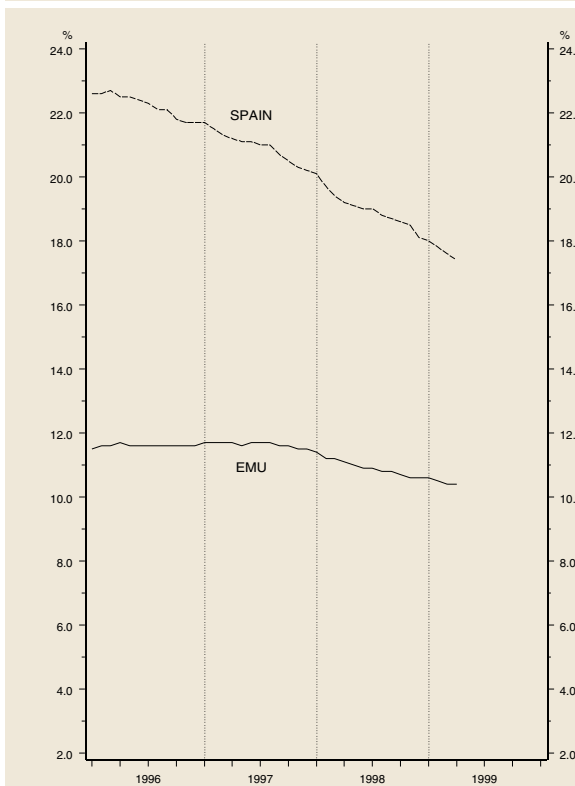
Note: The underlying series for this indicator are in Table 26.2 of the BE Boletín estadístico.

2.2. International comparison. Unemployment rates

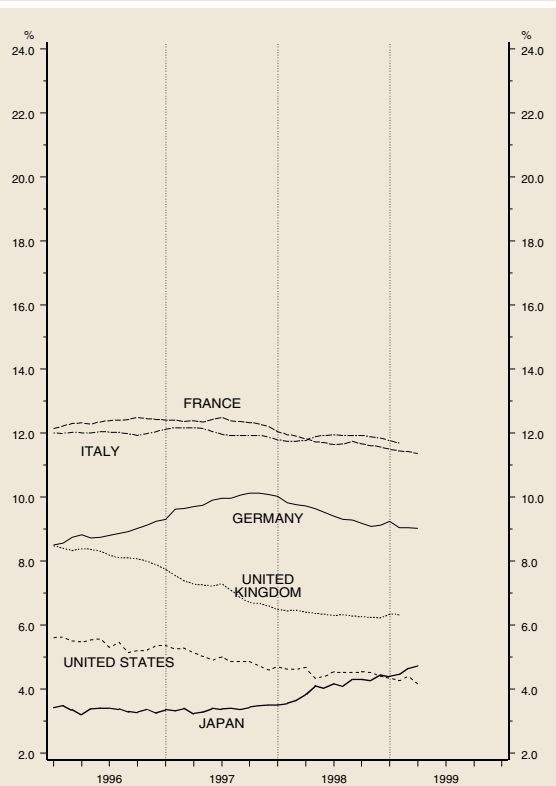
n Series depicted in chart.

	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	n	n	n	n	n	n	n	n	n	n
96	7.7	10.8	11.6	8.9	21.7	5.4	12.4	12.1	3.4	8.2
97	7.4	10.6	11.6	9.9	20.1	4.9	12.3	11.8	3.4	7.0
98	7.1	9.9	10.9	9.4	18.0	4.5	11.7	11.8	4.1	6.3
97 Jun	7.5	10.8	11.7	10.0	21.0	5.0	12.5	12.0	3.4	7.3
Jul	7.4	10.7	11.7	10.0	21.0	4.9	12.4	11.9	3.4	7.1
Aug	7.4	10.6	11.6	10.1	20.7	4.9	12.4	11.9	3.4	6.9
Sep	7.4	10.6	11.6	10.1	20.5	4.9	12.3	11.9	3.4	6.7
Oct	7.3	10.5	11.5	10.1	20.3	4.7	12.3	11.9	3.5	6.7
Nov	7.2	10.4	11.5	10.1	20.2	4.6	12.2	11.9	3.5	6.6
Dec	7.2	10.4	11.4	10.0	20.1	4.7	12.1	11.8	3.5	6.5
98 Jan	7.2	10.3	11.2	9.8	19.7	4.6	12.0	11.8	3.6	6.5
Feb	7.1	10.2	11.2	9.8	19.4	4.6	11.9	11.8	3.7	6.5
Mar	7.2	10.1	11.1	9.7	19.2	4.7	11.8	11.8	3.8	6.4
Apr	7.1	10.1	11.0	9.7	19.1	4.3	11.7	11.9	4.1	6.4
May	7.1	10.0	10.9	9.5	19.0	4.4	11.7	11.9	4.1	6.3
Jun	7.1	9.9	10.9	9.4	19.0	4.5	11.6	11.9	4.2	6.3
Jul	7.1	9.9	10.8	9.3	18.8	4.5	11.7	11.9	4.1	6.3
Aug	7.1	9.9	10.8	9.3	18.7	4.5	11.7	11.9	4.3	6.3
Sep	7.1	9.8	10.7	9.2	18.6	4.5	11.7	11.9	4.3	6.3
Oct	7.0	9.7	10.6	9.1	18.5	4.5	11.6	11.9	4.3	6.3
Nov	7.0	9.7	10.6	9.1	18.1	4.4	11.6	11.8	4.5	6.2
Dec	7.0	9.7	10.6	9.2	18.0	4.4	11.5	11.8	4.4	6.4
99 Jan	6.9	9.6	10.5	9.1	17.8	4.3	11.4	11.7	4.5	6.3
Feb	6.9	9.6	10.4	9.0	17.6	4.4	11.4	...	4.7	...
Mar	6.8	9.6	...	9.0	17.4	4.2	11.4	...	4.7	...

UNEMPLOYMENT RATES



UNEMPLOYMENT RATES



Sources: ECB, OECD and Eurostat

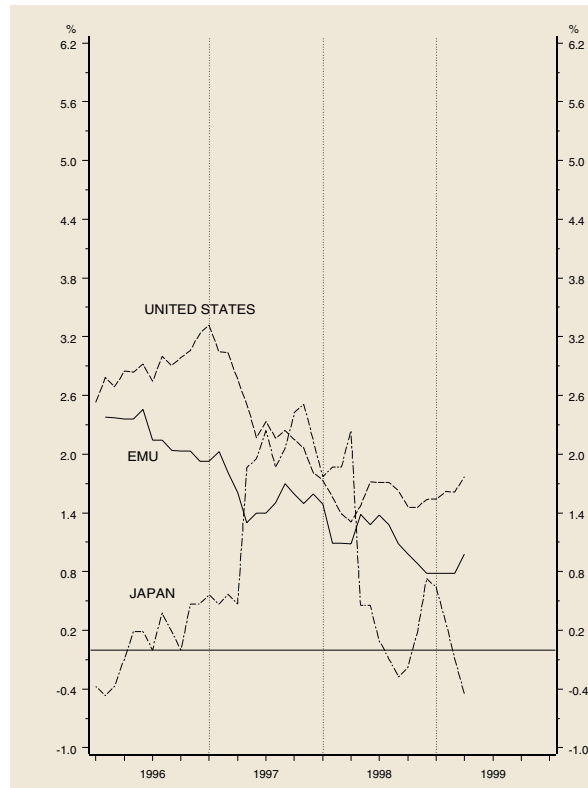
2.3. International comparison. Consumer prices (a)

n Series depicted in chart.

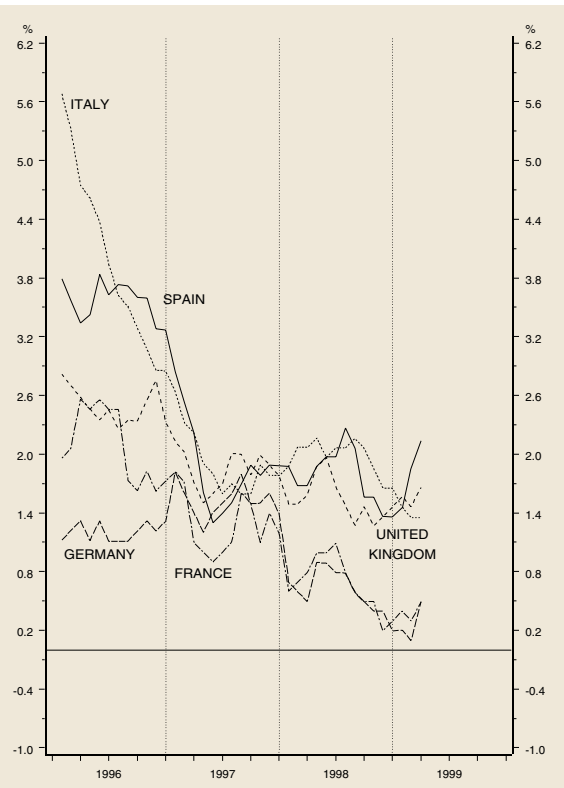
Annual percentage changes

	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3	4	5	6	7	8	9	10
96	3.7	2.4	2.2	1.2	3.6	2.9	2.1	4.0	0.1	2.5
97	2.8	1.7	1.6	1.5	1.9	2.3	1.3	1.9	1.7	1.8
98	2.0	1.3	1.1	0.6	1.8	1.5	0.7	2.0	0.7	1.5
97 Aug	2.7	1.8	1.7	1.8	1.7	2.2	1.6	1.6	2.1	2.0
Sep	2.7	1.7	1.6	1.5	1.9	2.2	1.5	1.6	2.4	1.8
Oct	2.6	1.7	1.5	1.5	1.8	2.1	1.1	1.9	2.5	2.0
Nov	2.5	1.8	1.6	1.6	1.9	1.8	1.4	1.8	2.1	1.9
Dec	2.3	1.6	1.5	1.4	1.9	1.7	1.2	1.8	1.8	1.8
98 Jan	2.1	1.3	1.1	0.7	1.9	1.6	0.6	1.9	1.9	1.5
Feb	2.1	1.3	1.1	0.6	1.7	1.4	0.7	2.1	1.9	1.5
Mar	2.1	1.4	1.1	0.5	1.7	1.3	0.8	2.1	2.2	1.6
Apr	2.0	1.6	1.4	0.9	1.9	1.5	1.0	2.2	0.5	1.9
May	2.0	1.5	1.3	0.9	2.0	1.7	1.0	2.0	0.5	2.0
Jun	2.0	1.6	1.4	0.8	2.0	1.7	1.1	2.1	0.1	1.7
Jul	2.0	1.5	1.3	0.8	2.3	1.7	0.8	2.1	-0.1	1.5
Aug	1.9	1.3	1.1	0.6	2.1	1.6	0.6	2.2	-0.3	1.3
Sep	1.8	1.2	1.0	0.5	1.6	1.5	0.5	2.1	-0.2	1.5
Oct	1.9	1.1	0.9	0.4	1.6	1.5	0.5	1.9	0.2	1.3
Nov	2.0	1.0	0.8	0.4	1.4	1.5	0.2	1.7	0.7	1.4
Dec	1.9	1.0	0.8	0.2	1.4	1.5	0.3	1.7	0.6	1.5
99 Jan	1.9	1.0	0.8	0.2	1.5	1.6	0.4	1.5	0.3	1.6
Feb	1.8	1.0	0.8	0.1	1.8	1.6	0.3	1.4	-0.1	1.5
Mar	1.9	1.1	1.0	0.5	2.1	1.8	0.5	1.4	-0.5	1.7

CONSUMER PRICES
Annual percentage changes



CONSUMER PRICES
Annual percentage changes



Sources: OECD, INE and EUROSTAT.

(a) Harmonised Index of Consumer Prices for the EU countries

Note: The underlying series for this indicator are in Tables 26.11 and 26.15 of the BE *Boletín estadístico*.

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

n Series depicted in chart.

Average of daily data

	Exchange rates			Indices of the nominal effective exchange rate against the developed countries (a)			Indices of the real effective exchange rate against the developed countries (b)					
	US dollar per ECU/euro	Japanese yen per ECU/euro	Japanese yen per US dollar	Euro	US dollar	Japanese yen	Based on consumer prices			Based on producer prices		
							Euro	US dollar	Japanese yen	Euro	US-dollar	Japanese yen
	1	2	3	4	5	6	7	8	9	10	11	12
	n	n	n									
95	1.3080	123.01	94.07	97.8	92.9	155.7	98.7	95.8	143.0	...	92.5	137.6
96	1.2697	138.08	108.71	98.3	97.3	134.5	99.1	101.9	120.7	...	99.7	115.1
97	1.1340	137.08	120.82	90.4	105.2	126.9	90.7	110.8	113.6	...	107.2	108.7
98	1.1211	146.41	131.03	92.3	110.6	120.4	92.1	117.0	107.0	...	112.3	102.2
98 J-M	1.0922	142.37	130.28	90.1	110.4	120.9	90.1	116.5	107.8	...	111.4	103.3
99 J-M	1.1004	130.04	118.28	89.9	108.5	133.3	89.8	115.4	117.7	...	110.6	113.3
98 Mar	1.0843	139.87	128.96	88.9	110.0	122.1	88.9	116.0	109.0	...	110.8	104.5
Apr	1.0911	144.15	132.07	89.6	110.9	119.4	89.4	117.0	106.4	...	111.9	101.6
May	1.1090	149.67	135.01	92.2	111.3	116.5	91.9	117.3	103.9	...	112.7	99.0
Jun	1.1014	154.35	140.15	92.2	113.4	113.1	92.0	119.7	100.4	...	115.0	95.9
Jul	1.0975	154.35	140.63	92.0	114.0	112.7	92.1	120.7	99.4	...	115.9	95.4
Aug	1.1016	159.37	144.68	93.3	115.9	110.1	93.3	122.9	96.9	...	117.6	93.2
Sep	1.1541	155.30	134.57	95.2	111.2	116.3	94.9	117.8	103.1	...	113.2	98.3
Oct	1.1938	144.17	120.90	95.8	106.7	127.6	95.3	113.0	113.7	...	109.3	107.5
Nov	1.1644	140.12	120.63	94.1	107.7	128.5	93.6	114.0	114.4	...	110.0	108.4
Dec	1.1721	137.36	117.13	94.0	106.6	132.3	93.5	113.0	117.4	...	109.3	111.7
99 Jan	1.1608	131.35	113.16	92.7	105.5	137.0	92.1	112.2	120.9	...	108.7	115.2
Feb	1.1208	130.78	116.72	90.9	107.3	134.2	90.5	114.3	117.8	...	110.3	113.0
Mar	1.0883	130.20	119.64	89.5	109.7	132.5	89.1	117.0	116.2	...	112.7	111.5
Apr	1.0704	128.16	119.72	88.4	109.8	132.8	87.7	117.9	115.9	...	...	...
May	1.0628	129.71	122.05	88.1	110.0	130.1	...	...	...	...	...	...

EXCHANGE RATES

INDICES OF THE REAL EFFECTIVE EXCHANGE RATE
BASED ON CONSUMER PRICES AGAINST THE DEVELOPED COUNTRIES



Sources: ECB, BIS and BE.

(a) Geometric mean – calculated using a double weighting system based on 1990 manufacturing trade for the euro, and 1991 total trade for the US dollar and Japanese Yen – 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 country (relation between its price index and the price index of the group) by the nominal effective exchange rate. A decline in the index denotes a depreciation of the real effective exchange rate and, therefore, may be interpreted as an improvement in that country's competitiveness.

(c) To December 1998, calculated by BIS on the basis of weighted averages of the exchange rate indices of the euro area. From January 1999, based on the bilateral euro exchange rates (see ECB *Monthly Bulletin*, Table 10).

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

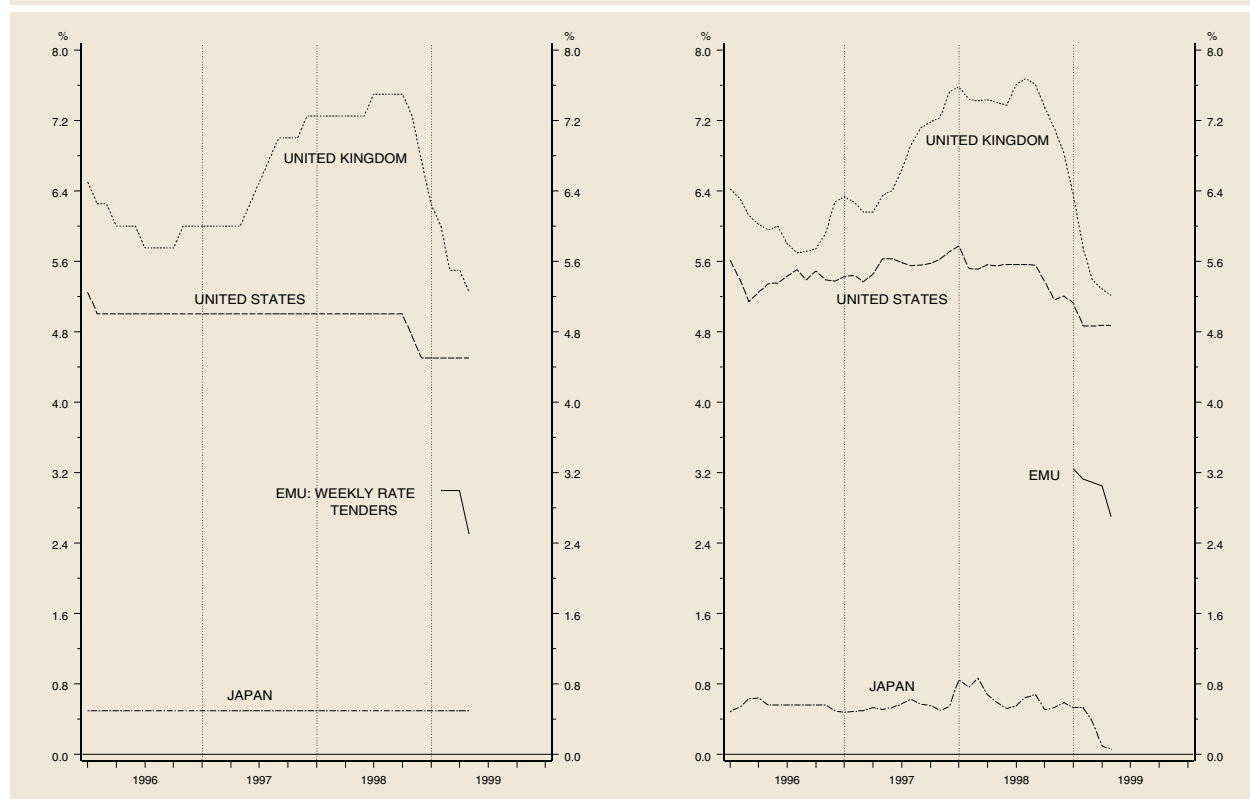
n Series depicted in chart.

Percentages

	Official intervention interest rates				3-month interbank rates									
	Euro area (a)	United States (b)	Japan (c)	United Kingdom (d)	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1 n	2 n	3 n	4 n	5	6	7 n	8	9	10 n	11	12	13 n	14 n
96	—	5.00	0.50	6.00	4.55	5.30	—	3.19	7.49	5.38	3.80	8.79	0.56	5.99
97	—	5.00	0.50	7.25	4.35	4.80	—	3.25	5.37	5.58	3.33	6.85	0.57	6.80
98	—	4.50	0.50	6.25	4.25	4.56	—	3.47	4.24	5.44	3.42	4.95	0.62	7.30
97 Jul	—	5.00	0.50	6.75	4.33	4.74	—	3.08	5.27	5.55	3.26	6.87	0.63	6.93
Aug	—	5.00	0.50	7.00	4.34	4.82	—	3.19	5.34	5.56	3.30	6.84	0.57	7.12
Sep	—	5.00	0.50	7.00	4.33	4.79	—	3.24	5.17	5.58	3.28	6.65	0.56	7.18
Oct	—	5.00	0.50	7.00	4.40	4.92	—	3.52	5.12	5.63	3.46	6.63	0.50	7.23
Nov	—	5.00	0.50	7.25	4.49	5.04	—	3.67	5.04	5.71	3.55	6.48	0.54	7.52
Dec	—	5.00	0.50	7.25	4.53	4.96	—	3.67	4.83	5.77	3.55	6.07	0.85	7.58
98 Jan	—	5.00	0.50	7.25	4.42	4.89	—	3.51	4.70	5.52	3.48	6.07	0.76	7.44
Feb	—	5.00	0.50	7.25	4.41	4.85	—	3.46	4.64	5.51	3.44	6.11	0.87	7.42
Mar	—	5.00	0.50	7.25	4.35	4.71	—	3.44	4.44	5.56	3.44	5.58	0.68	7.43
Apr	—	5.00	0.50	7.25	4.32	4.67	—	3.56	4.41	5.55	3.49	5.19	0.59	7.40
May	—	5.00	0.50	7.25	4.32	4.66	—	3.56	4.34	5.57	3.47	5.08	0.52	7.37
Jun	—	5.00	0.50	7.50	4.34	4.66	—	3.49	4.33	5.56	3.44	5.10	0.56	7.61
Jul	—	5.00	0.50	7.50	4.33	4.62	—	3.48	4.33	5.56	3.43	4.85	0.65	7.67
Aug	—	5.00	0.50	7.50	4.33	4.60	—	3.42	4.35	5.56	3.42	4.88	0.68	7.61
Sep	—	5.00	0.50	7.50	4.22	4.56	—	3.41	4.25	5.37	3.42	4.96	0.51	7.35
Oct	—	4.75	0.50	7.25	4.07	4.42	—	3.51	3.99	5.16	3.42	4.49	0.53	7.11
Nov	—	4.50	0.50	6.75	4.05	4.26	—	3.57	3.80	5.21	3.45	3.89	0.59	6.83
Dec	—	4.50	0.50	6.25	3.87	3.90	—	3.30	3.36	5.13	3.20	3.33	0.53	6.35
99 Jan	3.00	4.50	0.50	6.00	3.63	3.64	3.13	—	—	4.87	—	—	0.53	5.75
Feb	3.00	4.50	0.50	5.50	3.56	3.51	3.09	—	—	4.86	—	—	0.38	5.39
Mar	3.00	4.50	0.50	5.50	3.49	3.46	3.05	—	—	4.88	—	—	0.10	5.29
Apr	2.50	4.50	0.50	5.25	3.38	3.19	2.70	—	—	4.88	—	—	0.06	5.21

OFFICIAL INTERVENTION INTEREST RATES

3-MONTH INTERBANK RATES



Sources: ECB, Reuters and BE.

- (a) Main refinancing operations.
- (b) Discount rate.
- (c) Discount rate.
- (d) Retail bank base rate.

2.6. 10-year government bond yields on domestic markets

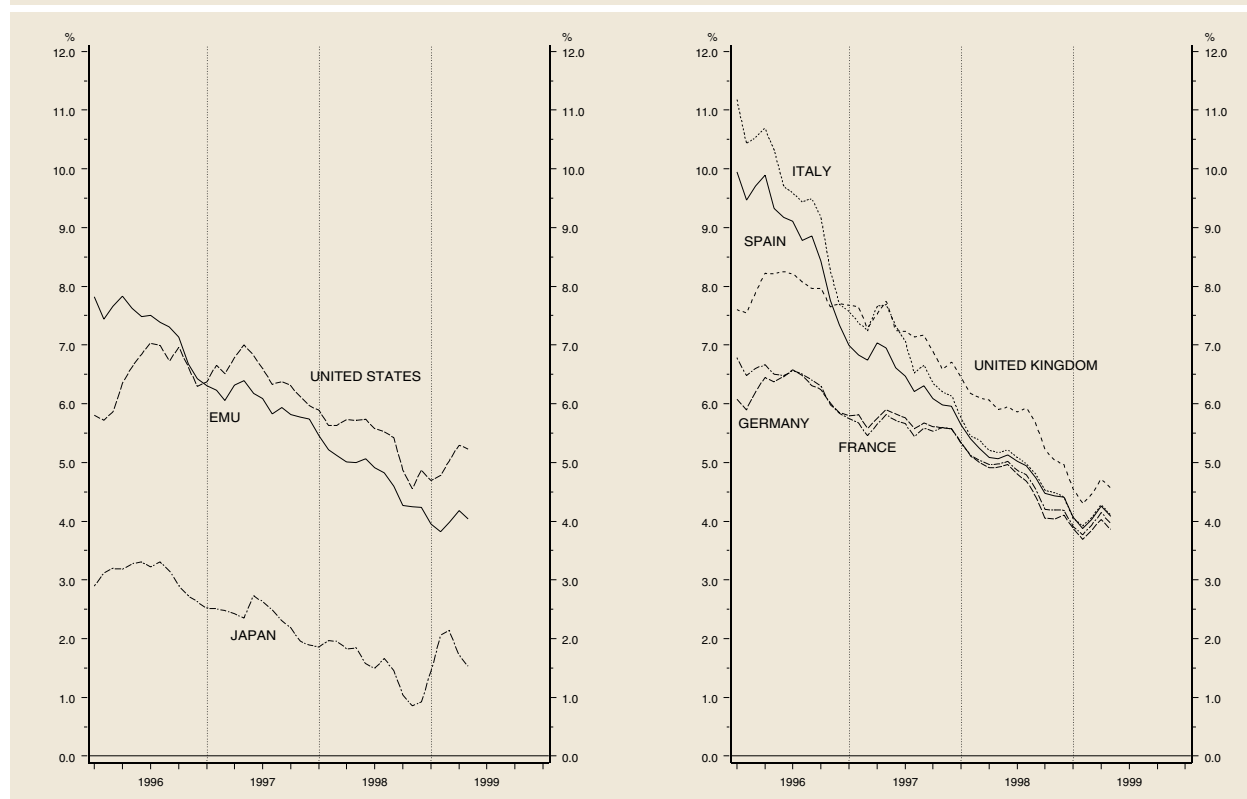
n Series depicted in chart.

Percentages

	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3	4	5	6	7	8	9	10
96	6.40	7.49	7.23	6.22	8.73	6.54	6.34	9.40	3.04	7.95
97	5.71	6.27	5.98	5.67	6.40	6.45	5.58	6.83	2.32	7.13
98	4.61	4.99	4.70	4.57	4.83	5.33	4.65	4.89	1.50	5.61
97 Jul	5.63	6.14	5.83	5.57	6.21	6.33	5.44	6.52	2.49	7.14
Aug	5.66	6.24	5.94	5.67	6.30	6.38	5.59	6.66	2.31	7.17
Sep	5.54	6.09	5.81	5.61	6.09	6.31	5.53	6.35	2.18	6.90
Oct	5.39	6.01	5.77	5.59	5.98	6.12	5.60	6.20	1.95	6.58
Nov	5.33	6.04	5.74	5.57	5.96	5.96	5.57	6.14	1.89	6.71
Dec	5.20	5.77	5.46	5.34	5.64	5.89	5.33	5.75	1.86	6.45
98 Jan	5.02	5.55	5.22	5.11	5.40	5.63	5.12	5.44	1.96	6.17
Feb	4.99	5.46	5.12	5.00	5.24	5.63	5.04	5.38	1.95	6.10
Mar	4.96	5.33	5.01	4.91	5.09	5.73	4.96	5.21	1.82	6.06
Apr	4.93	5.27	5.00	4.92	5.06	5.72	4.97	5.17	1.85	5.90
May	4.92	5.32	5.06	4.96	5.13	5.73	5.02	5.21	1.57	5.95
Jun	4.79	5.19	4.91	4.80	5.02	5.57	4.87	5.09	1.50	5.85
Jul	4.77	5.11	4.82	4.68	4.94	5.53	4.79	4.97	1.66	5.93
Aug	4.62	4.89	4.59	4.41	4.74	5.42	4.54	4.79	1.45	5.65
Sep	4.20	4.58	4.27	4.05	4.47	4.87	4.20	4.53	1.04	5.21
Oct	3.99	4.52	4.25	4.03	4.43	4.55	4.19	4.48	0.85	5.04
Nov	4.14	4.49	4.24	4.10	4.41	4.87	4.19	4.41	0.92	4.96
Dec	4.01	4.19	3.95	3.87	4.08	4.69	3.91	4.04	1.44	4.55
99 Jan	4.04	3.97	3.82	3.69	3.88	4.78	3.77	3.92	2.05	4.30
Feb	4.22	4.12	3.98	3.84	4.02	5.03	3.93	4.06	2.14	4.46
Mar	4.36	4.35	4.18	4.03	4.26	5.30	4.14	4.28	1.72	4.72
Apr	4.22	4.18	4.04	3.86	4.09	5.23	3.97	4.11	1.53	4.57

10-YEAR GOVERNMENT BOND YIELDS

10-YEAR GOVERNMENT BOND YIELDS



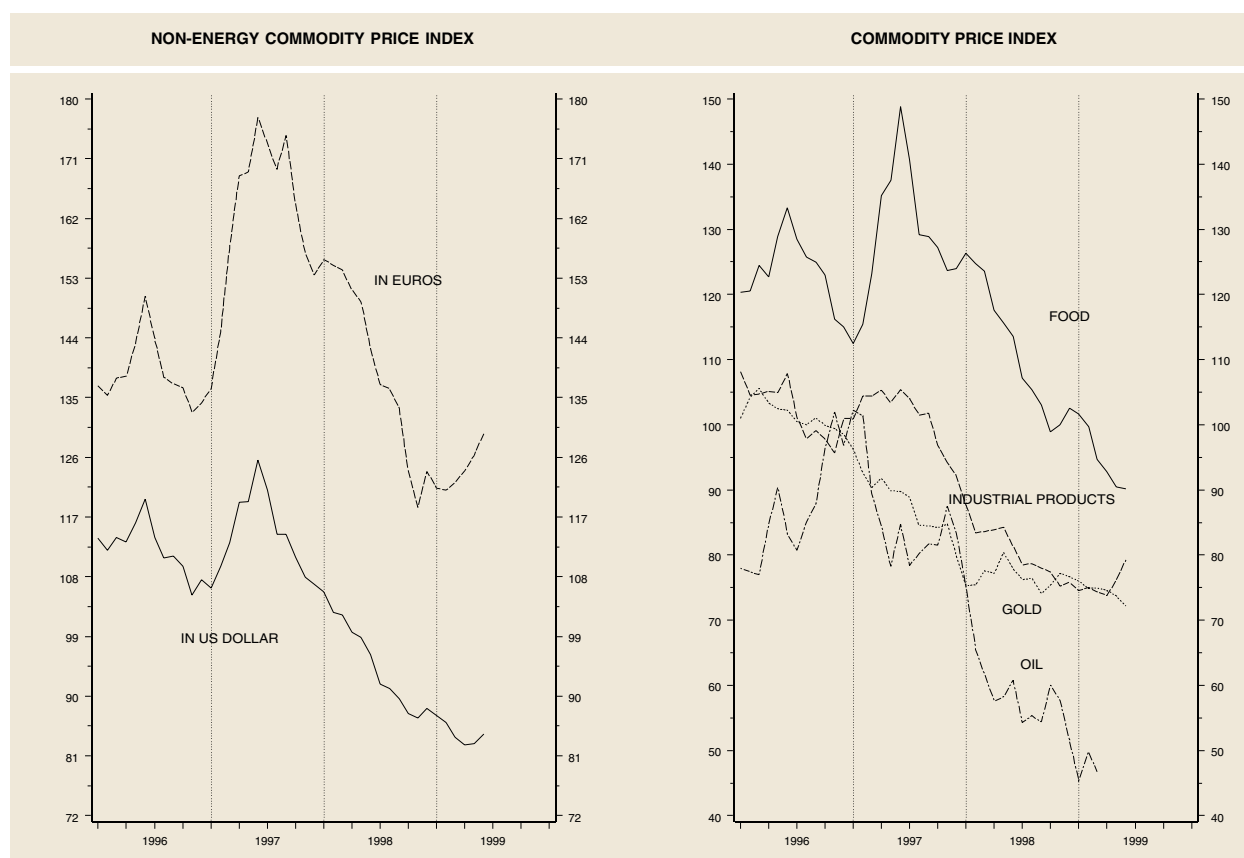
Sources: ECB, Reuters and BE.

2.7. International markets: non-energy commodity price index (a) Crude oil and gold price

n Series depicted in chart.

1990 = 100

	Non-energy commodity price index						Crude oil		Gold		
	General		Food	Industrial products			Index (c)	Brent (North sea) US dollars per barrel	Index	US dollars per troy ounce (d)	Euro per gram (e)
				All	Non-food agricultural products	Metals					
	US dollar index	Euro index (b)	US dollar index								
	1	2	3	4	5	6	7	8	9	10	11
96	111.6	138.7	123.0	101.7	124.3	88.1	88.7	20.3	101.1	387.6	9.48
97	114.0	163.8	130.0	100.1	116.8	89.9	83.8	19.4	86.3	331.0	9.35
98	93.4	137.1	109.4	79.5	93.2	71.2	56.8	13.4	76.7	294.0	8.49
98 J-M	99.9	150.4	119.0	83.3	96.4	75.3	60.8	14.6	77.7	297.8	8.83
99 J-M	83.9	124.6	93.6	75.7	92.5	65.6	...	13.2	74.0	283.9	8.30
98 Feb	102.2	154.2	123.6	83.6	98.2	74.7	61.7	14.7	77.6	297.5	8.84
Mar	99.6	151.3	117.6	83.9	97.4	75.8	57.6	13.6	77.2	295.9	8.85
Apr	98.9	149.4	115.6	84.3	97.0	76.6	58.3	14.1	80.4	308.3	9.18
May	96.3	142.4	113.6	81.4	94.7	73.3	60.8	14.6	77.9	298.6	8.69
Jun	91.8	137.0	107.2	78.5	92.9	69.7	54.3	13.7	76.2	292.3	8.59
Jul	91.1	136.4	105.4	78.7	93.2	70.0	55.3	13.0	76.4	293.0	8.64
Aug	89.6	133.4	103.0	78.0	92.9	68.9	54.3	12.3	74.1	284.1	8.33
Sep	87.4	123.9	98.9	77.4	89.8	69.9	60.0	13.5	75.4	289.0	8.07
Oct	86.7	118.4	100.0	75.2	87.9	67.5	57.7	13.1	77.2	295.9	7.96
Nov	88.2	123.9	102.5	75.8	89.6	67.4	51.7	11.9	76.7	294.0	8.13
Dec	87.1	121.4	101.7	74.5	90.3	64.9	45.3	10.3	76.0	291.3	8.00
99 Jan	86.1	121.0	99.7	75.0	93.5	63.9	49.8	11.1	74.9	287.1	7.95
Feb	83.9	122.1	94.7	74.4	92.4	63.4	46.8	10.5	74.9	287.3	8.24
Mar	82.6	124.0	92.8	73.8	91.1	63.3	...	12.8	74.6	285.9	8.45
Apr	82.8	126.3	90.5	76.2	91.2	67.1	...	15.5	73.7	282.6	8.49
May	84.3	129.5	90.2	79.3	94.4	70.1	...	15.9	72.1	276.6	8.37



Sources: *The Economist*, IMF and BE.

- (a) The weights are based on the value of the commodity imports of the OECD countries during the period 1989-1991.
- (b) Calculated using the peseta/USdollar exchange rate index (equivalent rate index since January 1999) with base year 1990.
- (c) Average of various medium, light and heavy crudes.
- (d) London market's 15:30 fixing.
- (e) As of January 1999, data in US dollars have been converted into euro using the average monthly exchange rate. Before that date, data in pesetas have been converted into euro using the irrevocable exchange rate.

3.1. Indicators of private consumption. Spain and euro area

n Series depicted in chart

Annual percentage changes

	Opinion surveys (net percentages)						New car registrations and sales				Retail trade: sales index								
	Consumers			Retail trade confidence index	Memorandum item: euro area		of which		Memorandum item: euro area	General index			By type of product (deflated indices)				Memorandum item: euro area deflated index		
	Confidence index	General economic situation: anticipated trend	Household economic situation: anticipated trend		Consumer confidence index	Retail trade confidence index	Registrations	Private Use		Estimated sales	Registrations	Nominal	Deflated (a)	of which Large retail outlets	Food (b)	Personal items (c)		Household items (d)	Other (e)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
96	-14	-3	»	-9	-20	...	11.2	14.3	9.2	...	2.1	-1.2	2.1	-3.9	-0.7	-0.5	4.9	...	
97	-3	6	4	-1	-15	...	12.7	17.4	11.5	...	3.2	2.2	4.0	0.2	2.9	2.6	5.8	...	
98 p	5	7	6	3	-5	...	17.2	19.3	17.8	...	7.1	5.4	7.2	3.3	3.1	9.9	8.7	...	
98 J-M p	3	7	5	2	-5	...	13.7	19.1	13.2	...	6.4	4.7	5.4	2.2	1.5	10.0	9.3	...	
99 J-M a	7	6	6	2	...	...	17.0	18.3	22.1	...	...	...	...	...	...	...	...	...
98 Jul p	5	7	5	2	-4	...	16.0	14.9	15.7	...	9.8	7.4	10.1	4.4	0.6	9.1	20.1	...	
Aug p	4	5	5	7	-5	...	11.6	11.5	13.5	...	6.6	4.3	4.6	1.3	1.4	7.8	10.7	...	
Sep p	6	6	7	4	-5	...	14.2	15.5	14.9	...	7.2	5.8	6.9	3.1	13.1	10.7	1.1	...	
Oct p	9	11	7	7	-3	...	15.5	13.8	20.0	...	8.2	6.6	14.0	3.4	12.8	9.8	4.3	...	
Nov p	10	11	9	5	-2	...	31.0	31.9	32.3	...	6.1	5.0	5.3	4.3	-1.9	10.4	11.4	...	
Dec p	8	8	8	4	-1	...	22.3	22.3	23.2	...	5.2	4.1	6.9	6.4	-1.5	7.6	3.7	...	
99 Jan p	7	8	6	2	-	...	13.1	14.4	14.4	...	1.4	0.2	9.7	0.2	1.4	4.7	-6.3	...	
Feb p	8	8	7	-	-	...	23.1	19.8	24.3	...	4.3	2.4	10.4	1.0	-1.3	4.6	8.0	...	
Mar p	8	8	7	-	-1	...	31.1	31.0	32.1	...	9.6	7.3	16.6	3.8	2.1	10.5	18.9	...	
Apr a	5	4	6	4	-3	...	8.1	12.4	11.8	...	3.0	0.8	4.3	-5.7	1.4	3.2	15.4	...	
May a	6	1	6	3	...	...	7.5	12.6	25.0	...	...	...	...	...	...	...	...	...

CONSUMER CONFIDENCE INDEX

CARS
Trend obtained with TRAMO-SEATS



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

(a) Deflated by the price index obtained from the following CPI components: food, clothing, footwear, household items (excluding domestic services), recreational goods, publications and other goods and services (excluding tourism, hotel and catering services, financial and other services). Repairs are not included in any of the above components.

(b) Deflated by the food component of the CPI.

(c) Deflated by the clothing and footwear (excluding repairs) components of the CPI.

(d) Deflated by the household items (excluding repairs and domestic services) components of the CPI.

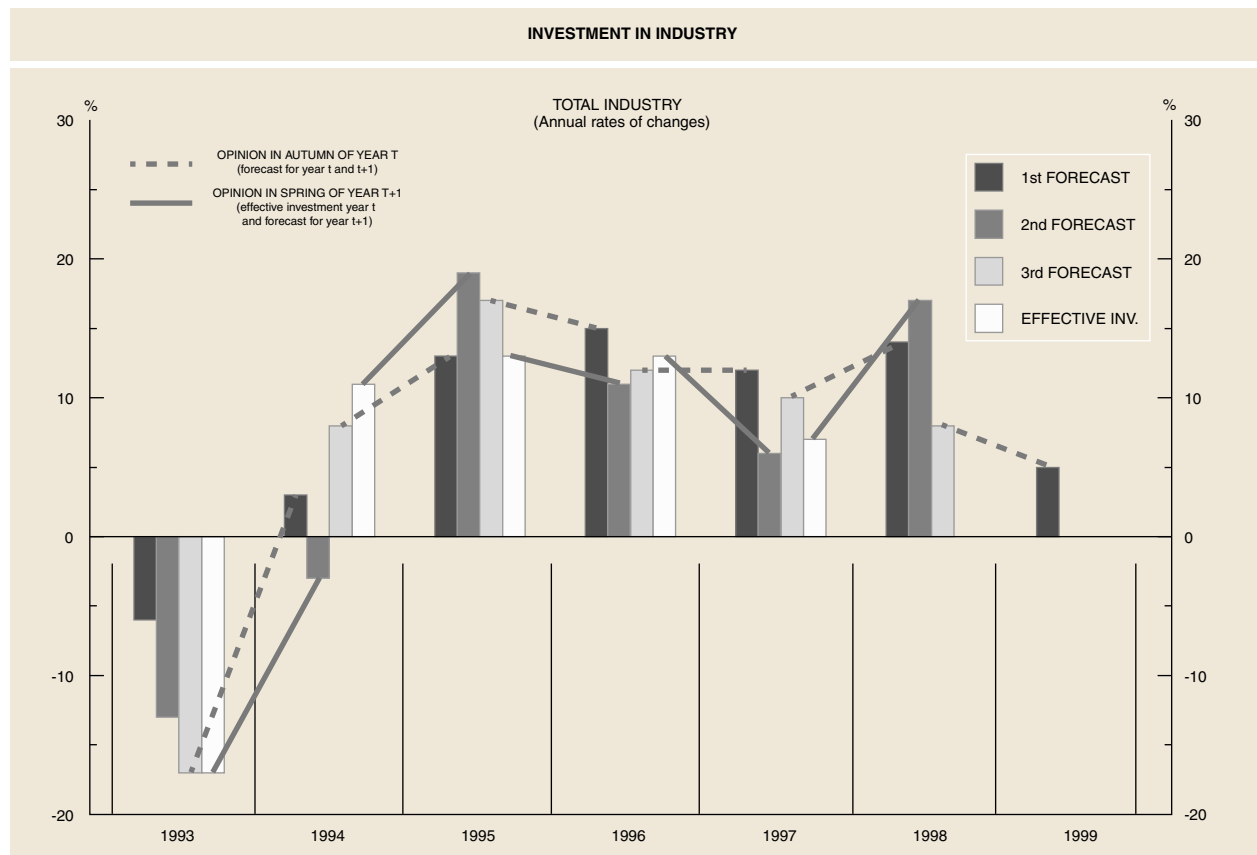
(e) Deflated by the recreational goods, publications and other goods and services (excluding tourism, hotel and catering services, financial and other services) components of the CPI.

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

n Series depicted in chart

Annual percentage changes at current prices

	1993	1994	1995	1996	1997	1998	1999
	1	2	3	4	5	6	7
	n	n	n	n	n	n	n
1st forecast	-6	3	13	15	12	14	5
2nd forecast	-13	-3	19	11	6	17	...
3rd forecast	-17	8	17	12	10	8	...
Actual inv.	-17	11	13	13	7	...	...



Source: Ministerio de Industria y Energía.

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.

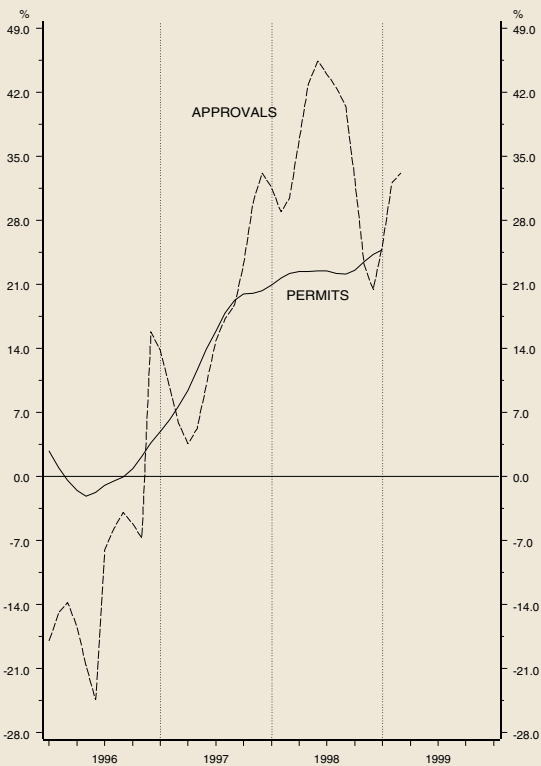
3.3. Construction. Indicators of building starts and consumption of cement. Spain

n Series depicted in chart

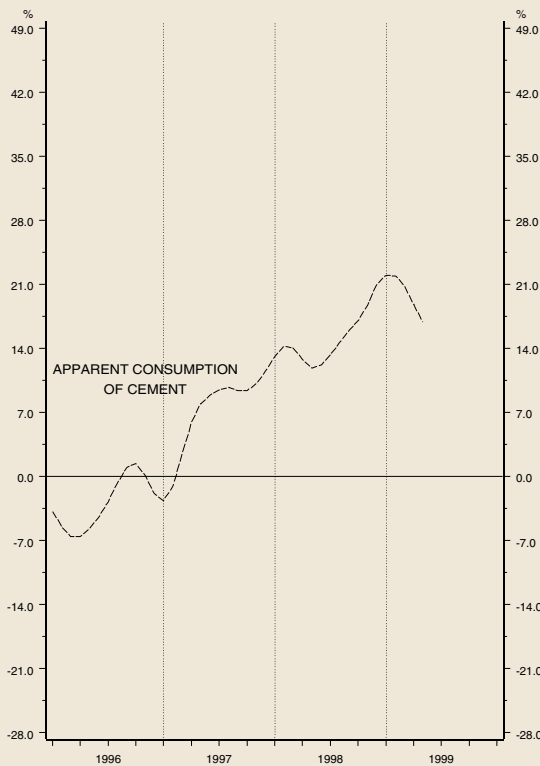
Annual percentage changes

	Permits: buildable floorage				Approvals: buildable floorage		Government tenders (budget)								Apparent consumption of cement
	Total	Residential	of which		Total	of which		Total		Building				Civil engineering	
			Housing	Non-residential		For the month	Year to date	Total	Residential	of which		Non-residential			
										Housing					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
96	-6.6	-6.0	-5.7	-10.2	-7.7	-8.9	23.4	23.4	-10.6	-10.3	31.5	-10.7	38.0	-2.9	
97	16.6	13.6	13.8	34.4	17.0	19.0	2.5	2.5	47.4	51.1	37.6	46.3	-9.9	8.4	
98	23.7	22.5	21.8	29.7	32.2	29.2	46.4	46.4	29.4	27.9	-12.9	29.9	54.2	15.7	
98 J-A	22.5	23.8	24.4	16.7	31.7	29.9	113.8	113.8	85.2	120.1	9.7	28.3	9.8	13.4	
99 J-A	...	...	...	...	...	...	...	...	...	...	...	...	...	19.6
97 Nov	3.1	3.6	6.6	0.5	23.1	25.4	56.2	3.3	50.4	109.8	97.5	27.4	59.2	4.8	
97 Dec	29.9	31.5	31.7	21.6	45.7	53.4	-3.4	2.5	70.7	74.9	7.5	69.1	-15.4	17.9	
98 Jan	21.4	26.7	26.6	-	19.0	17.3	103.0	103.0	132.1	118.8	-82.9	137.3	85.2	13.6	
98 Feb	21.7	20.7	21.0	26.4	19.3	16.4	85.3	94.9	115.2	281.5	103.5	88.9	72.2	17.8	
98 Mar	46.7	47.2	48.7	44.2	59.6	52.4	294.8	162.0	63.3	7.8	-10.3	81.6	471.9	26.9	
98 Apr	4.5	5.1	5.8	1.7	31.7	34.3	23.0	113.8	50.5	224.9	247.0	28.3	9.8	-1.9	
98 May	32.5	34.2	31.8	24.2	51.7	46.2	4.6	79.6	44.2	46.2	-66.1	43.5	-11.3	6.5	
98 Jun	27.6	25.1	24.3	40.2	44.5	39.6	85.6	81.0	24.0	38.6	79.4	20.9	113.8	19.5	
98 Jul	22.3	24.0	23.2	15.2	43.2	40.9	79.9	80.8	29.3	68.4	2.0	18.1	107.0	13.5	
98 Aug	10.6	4.2	4.9	54.8	47.4	42.0	17.3	66.9	14.2	42.3	-42.1	4.0	18.6	19.7	
98 Sep	9.0	10.3	12.1	3.7	37.3	29.2	22.4	62.0	-4.9	24.4	45.9	-11.5	36.3	13.7	
98 Oct	27.0	21.0	19.0	57.0	7.2	7.7	-8.3	50.7	17.1	14.1	46.1	18.0	-17.9	10.1	
98 Nov	37.6	35.0	30.7	52.1	27.5	25.8	0.2	43.7	-25.3	-62.5	-68.5	-1.6	12.6	32.7	
98 Dec	22.8	16.4	15.4	58.3	18.0	13.8	69.4	46.4	34.6	-6.5	69.2	51.1	80.8	22.2	
99 Jan	...	...	...	...	35.1	26.4	...	...	...	...	...	...	...	17.9
99 Feb	...	...	...	...	33.5	37.6	...	...	...	...	...	...	...	26.0
99 Mar	...	...	...	...	...	...	...	...	...	...	...	...	...	15.0
99 Apr	...	...	...	...	...	...	...	...	...	...	...	...	...	20.4

CONSTRUCTION
Annual percentage changes (trend obtained with TRAMO-SEATS)



CONSTRUCTION
Annual percentage changes (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.

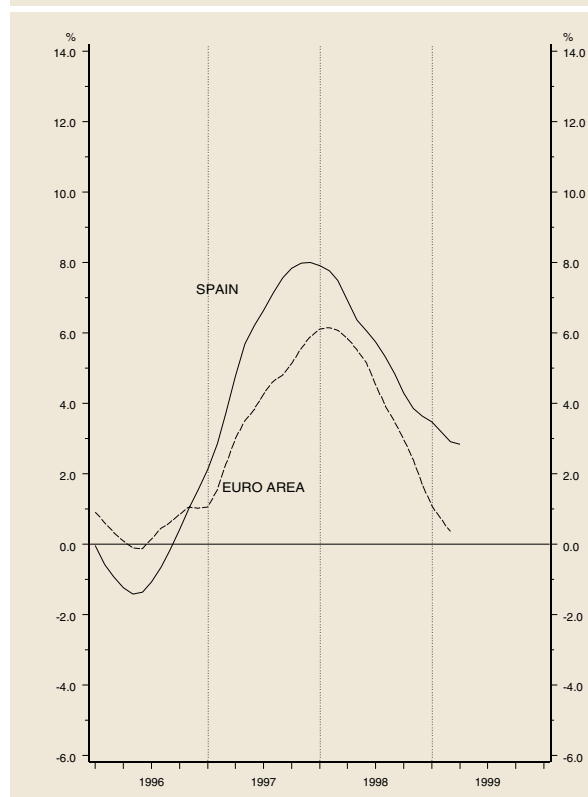
3.4. Industrial production index. Spain and euro area

n Series depicted in chart

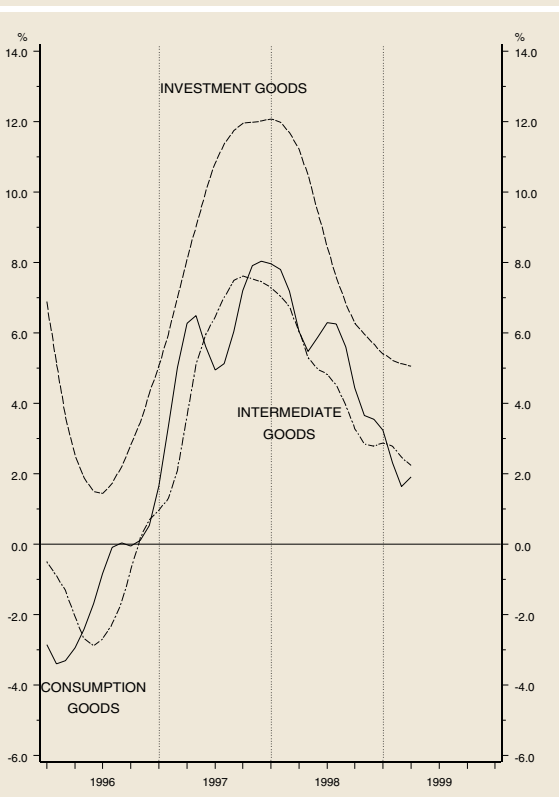
Annual percentage changes

			General index			By end-use of goods			By branch of activity				Memorandum item: euro area					
			Total		of which Manufacturing	Consumption	Investment	Inter-mediate goods	Energy	Minerals	Processing	Others	Total	of which		By end-use of goods		
														Manufacturing	Consumption	Investment	Inter-mediate goods	
																		Original series
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15				
96	Ø	p	102.2	-0.7	-0.7	-1.5	3.0	-1.2	-0.5	-2.0	2.3	-2.6	0.3	-0.1	...	1.5	-0.2	
97	Ø	p	109.2	6.9	7.3	6.7	10.4	5.9	5.1	6.1	8.8	6.6	4.3	4.8	...	4.8	5.4	
98	Ø	p	115.1	5.4	6.2	5.5	8.4	4.2	1.1	5.5	8.2	4.7	4.0	4.4	...	6.6	3.9	
98	J-M	Ø p	115.3	10.2	11.8	9.8	17.3	8.2	1.4	12.3	16.6	7.8	7.1	7.2	...	10.6	7.5	
99	J-M	Ø p	116.8	1.2	0.7	»	3.1	1.7	4.6	1.0	1.5	-0.3	...	...	...	...	...
97	Oct	p	125.0	8.9	9.3	9.5	12.4	7.2	6.3	8.6	11.4	7.8	6.3	6.4	...	7.5	7.5	
	Nov	p	115.5	6.5	7.3	5.1	10.0	6.5	2.3	8.6	10.2	3.9	5.1	5.3	...	5.3	6.7	
	Dec	p	106.9	10.4	10.7	10.8	10.0	10.3	8.0	12.6	13.6	7.9	6.9	8.0	...	6.8	8.7	
98	Jan	p	110.5	4.5	6.5	5.3	10.1	2.2	-5.6	9.3	7.7	4.6	5.9	7.6	...	8.0	7.9	
	Feb	p	114.2	11.9	13.0	10.6	17.7	10.9	4.9	14.0	18.7	8.1	6.3	6.8	...	8.0	7.4	
	Mar	p	121.3	14.1	15.8	13.4	23.7	11.7	6.0	13.4	23.3	10.6	7.1	7.2	...	10.6	7.5	
	Apr	p	112.4	-2.9	-2.6	-3.9	-0.7	-2.8	-3.9	-2.7	-1.4	-4.2	3.6	4.1	...	5.9	4.0	
	May	p	117.8	5.6	7.3	6.0	11.5	3.2	-4.1	6.8	10.1	5.0	7.0	7.9	...	10.4	6.6	
	Jun	p	123.8	8.3	9.4	8.2	11.8	7.1	0.9	7.1	13.1	7.8	3.6	4.0	...	5.3	3.7	
	Jul	p	126.5	5.9	6.1	7.1	2.0	6.2	4.3	5.2	5.7	7.0	4.2	4.6	...	7.3	3.5	
	Aug	p	76.5	6.7	8.4	8.6	2.9	5.9	1.9	4.6	12.1	7.9	4.2	4.8	...	6.9	3.6	
	Sep	p	120.0	3.6	4.5	3.3	9.8	1.8	-1.3	4.8	5.8	3.3	3.3	3.4	...	5.7	2.5	
	Oct	p	123.7	-1.0	-0.9	-1.4	0.1	-1.0	-0.1	0.6	-1.5	-1.9	2.4	3.1	...	5.9	1.3	
	Nov	p	122.0	5.6	6.0	7.2	6.4	4.0	3.1	5.2	6.7	5.9	2.1	2.0	...	4.5	1.4	
	Dec	p	112.0	4.8	4.5	4.7	7.5	3.8	7.9	-0.3	5.8	5.0	-0.8	-1.3	...	1.7	-1.6	
99	Jan	p	112.9	2.2	0.6	0.5	2.5	3.5	11.1	1.0	-	0.5	1.6	0.7	...	4.1	0.5	
	Feb	p	113.7	-0.4	-1.2	-3.1	1.8	1.2	4.5	-0.7	1.0	-3.7	-0.2	-0.8	...	1.4	-1.4	
	Mar	p	123.7	2.0	2.7	2.5	4.8	0.5	-1.9	2.4	3.2	2.1	...	...	...	...	...

INDUSTRIAL PRODUCTION INDEX
Annual percentage changes (trend obtained with TRAMO-SEATS)



INDUSTRIAL PRODUCTION INDEX
Annual percentage changes (trend obtained with TRAMO-SEATS)



Fuentes: INE and ECB.

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

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

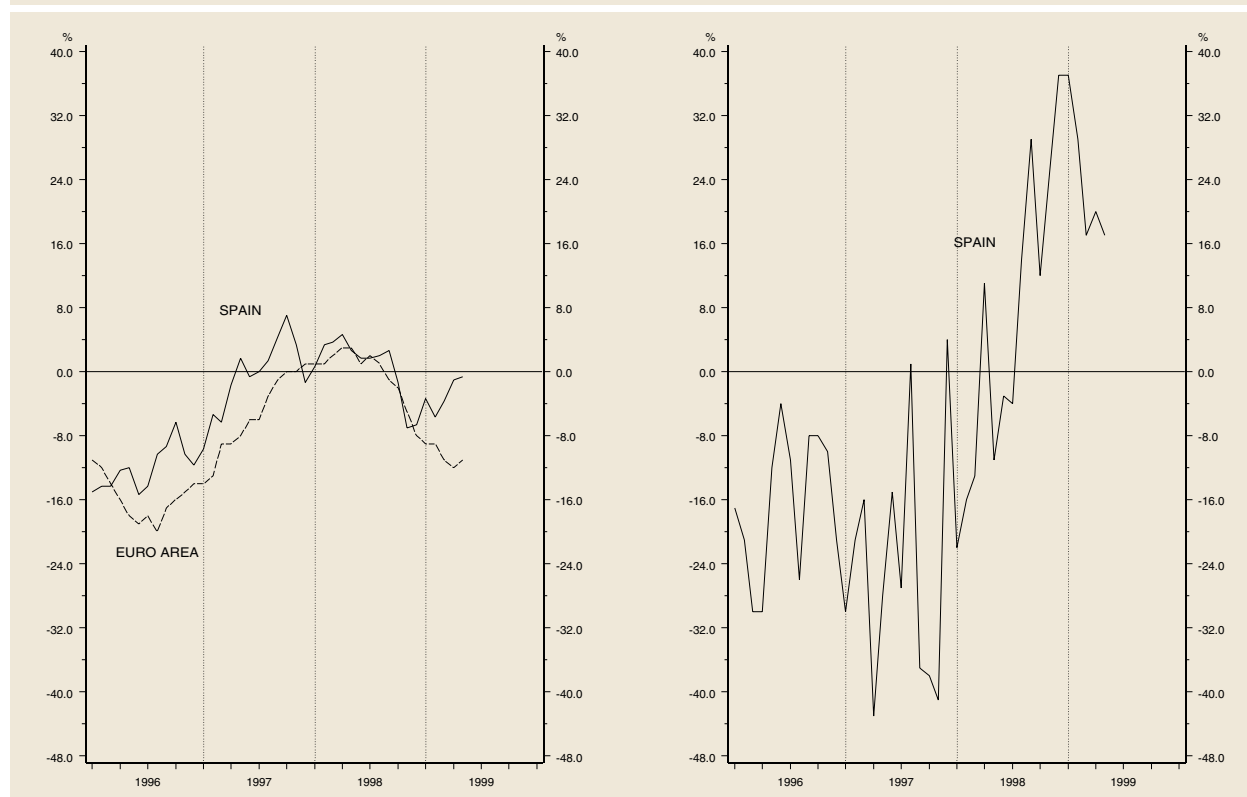
n Series depicted in chart

Balance

	Industry, excluding construction									Construction				Memorandum item: euro area (b)			
	Business climate indicator (a)	Production over the last three months	Foreseeable trend in production	Total orders	Foreign orders	Stocks of finished products	Business climate indicator			Business climate indicator	Production	Orders	Foreseeable trend		Industry, excluding construction		Construction business climate indicator
							Consumption	Investment	Intermediate goods				Production	Construction	Business climate indicator	Order book	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
96 Q	-12	-2	5	-23	-19	18	-8	-10	-16	-18	-7	-9	1	1	-14	-29	...
97 Q	»	12	11	-2	-7	8	2	»	-1	-24	-19	-23	7	3	1	-4	...
98 Q	»	11	7	2	-7	8	1	3	-2	10	22	18	17	8	-9	-15	...
98 J-A Q	4	12	16	4	-2	9	3	8	3	-7	-7	6	6	16	3	-1	...
99 J-A Q	-3	3	11	-9	-21	10	1	-5	-5	21	9	17	29	25	-11	-20	...
97 Nov	-1	17	-3	6	-5	7	-2	2	-3	4	11	5	36	33	1	-4	...
Dec	1	14	8	1	-2	7	-1	1	2	-22	-25	-10	10	-3	1	-4	...
98 Jan	3	10	15	1	-2	6	2	4	4	-16	-36	2	-36	2	1	-4	...
Feb	4	9	18	3	-	10	4	6	3	-13	-30	5	11	2	2	-2	...
Mar	5	15	16	6	-	8	4	13	2	11	18	9	37	59	3	-1	...
Apr	3	15	15	4	-4	11	1	8	3	-11	22	6	12	-	3	-1	...
May	2	13	12	2	-5	9	»	7	1	-3	22	7	26	-20	1	-1	...
Jun	2	18	5	9	-3	9	-2	8	2	-4	26	11	-	-28	2	-2	...
Jul	2	23	-1	14	-	7	2	1	2	14	36	17	1	14	1	-2	...
Aug	3	14	8	4	-9	4	7	7	-4	29	49	34	49	15	-1	-4	...
Sep	-1	7	1	1	-10	6	4	-4	-7	12	35	12	35	-5	-2	-6	...
Oct	-7	5	-7	-4	-17	10	-1	-7	-12	25	35	33	4	-19	-5	-10	...
Nov	-7	1	-2	-7	-17	11	-5	-1	-9	37	32	49	43	42	-8	-14	...
Dec	-3	4	5	-6	-20	9	-2	-3	-4	37	50	25	23	34	-9	-15	...
99 Jan	-6	-5	9	-13	-22	13	-5	-6	-5	29	-25	24	13	31	-9	-16	...
Feb	-4	1	12	-14	-24	9	-	-7	-4	17	14	18	43	8	-11	-20	...
Mar	-1	5	11	-5	-17	9	4	-3	-5	20	15	23	15	41	-12	-23	...
Apr	-1	12	13	-5	-21	10	4	-2	-4	17	32	1	43	21	-11	-20	...

INDUSTRIAL BUSINESS CLIMATE
Net percentages

CONSTRUCTION BUSINESS CLIMATE
Net percentages



Sources: Ministerio de Industria y Energía (MINER), *Encuesta de coyuntura industrial*, and ECB.

(a) 1 = mean of (4 - 6 + 3).

(b) The period referred to is different, so that the value of the indicator for month n corresponds to the data published by the MINER for month n-1.

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

n Series depicted in chart

Percentages and balance

	Total industry			Consumer goods			Investment goods			Intermediate goods			Memorandum item: euro area capacity utilisation (%)
	Capacity utilisation		Installed capacity (balances)	Capacity utilisation		Installed capacity (balances)	Capacity utilisation		Installed capacity (balances)	Capacity utilisation		Installed capacity (balances)	
	Over last three months	Forecast		Over last three months	Forecast		Over last three months	Forecast		Over last three months	Forecast		
	(%)	(%)		(%)	(%)		(%)	(%)		(%)	(%)		
	1	2	3	4	5	6	7	8	9	10	11	12	13
	n			n			n			n			n
96	77.0	78.1	4	75.3	76.3	4	78.6	79.5	2	77.8	79.2	6	80.2
97	79.2	80.0	2	77.1	77.7	1	80.4	82.0	5	80.4	81.3	2	82.5
98	80.6	81.5	3	79.3	79.9	3	82.1	83.4	1	81.1	82.2	1	82.8
98 I-I	79.9	81.9	7	78.1	80.0	2	82.4	84.3	2	80.4	82.6	—	81.9
99 I-I	79.3	81.3	3	76.5	79.3	3	81.8	83.0	3	80.7	82.3	2	81.9
95 I	78.7	80.6	2	75.8	78.3	10	77.9	80.2	5	81.6	82.8	—5	82.2
II	78.1	78.3	3	76.8	77.0	5	76.2	77.4	—1	80.0	79.8	3	82.8
III	77.8	78.2	4	75.6	75.5	6	80.5	80.2	6	78.6	79.8	1	82.8
IV	77.6	77.1	5	75.3	72.6	8	78.3	78.8	5	79.4	80.4	4	82.6
96 I	76.1	79.0	6	73.8	77.6	7	77.7	78.4	2	77.5	80.6	8	82.0
II	77.1	78.0	2	75.4	77.1	1	78.1	78.8	1	78.2	78.5	4	80.2
III	77.6	78.1	4	76.7	77.1	4	78.7	78.9	4	77.8	78.6	4	80.0
IV	77.1	77.4	5	75.1	73.3	4	79.7	81.8	1	77.8	79.1	7	80.2
97 I	77.4	79.6	4	75.0	77.9	2	77.4	79.4	6	79.5	81.2	4	79.9
II	79.2	80.1	3	77.3	78.2	5	80.0	82.0	8	80.4	81.0	—1	81.1
III	80.6	81.0	1	79.1	79.7	—2	82.2	83.8	3	81.2	81.0	2	81.5
IV	79.5	79.4	1	77.1	74.9	—1	82.1	82.6	2	80.4	81.9	3	82.5
98 I	79.9	81.9	7	78.1	80.0	2	82.4	84.3	2	80.4	82.6	—	81.9
II	81.0	81.9	1	79.2	80.7	4	84.0	84.2	4	81.3	82.0	—3	83.4
III	80.9	81.8	2	79.1	80.8	4	82.8	83.2	—	81.6	82.0	—	83.7
IV	80.7	80.5	2	80.9	78.1	2	79.2	81.8	—4	81.1	82.0	6	82.8
99 I	79.3	81.3	3	76.5	79.3	3	81.8	83.0	3	80.7	82.3	2	81.9

CAPACITY UTILISATION

CAPACITY UTILISATION



Sources: Ministerio de Industria y Energía and ECB.

3.7. Tourism and transport statistics. Spain

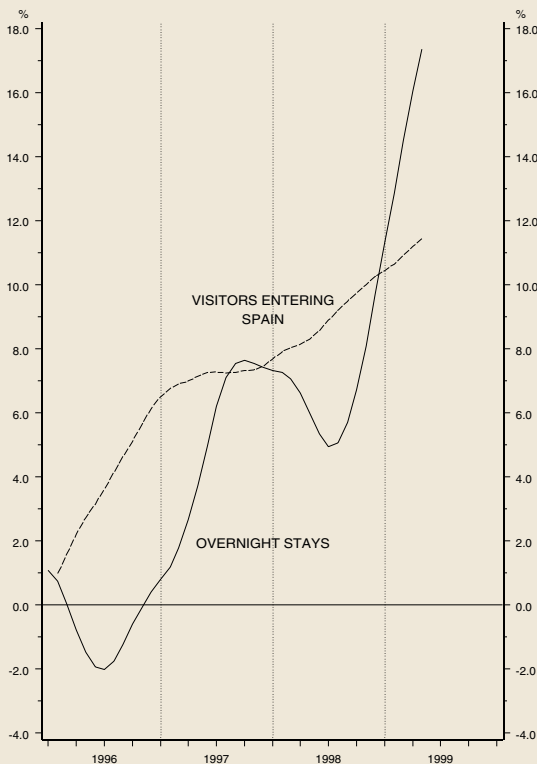
n Series depicted in chart

Annual percentage changes

	Travellers in hotel accommodation (a)		Overnight stays (a)		Visitors entering Spain			Air transport				Maritime transport		Rail transport	
	Total	Foreigners	Total	Foreigners	Total	Tourists	Day-trippers	Passengers			Freight	Passengers	Freight	Passengers	Freight
								Total	Domestic flights	International flights					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
96	3.5	4.4	-0.8	-1.0	3.9	3.1	5.7	5.5	7.9	3.8	8.6	3.9	-2.9	1.8	1.2
97	7.4	7.3	5.4	5.2	7.1	6.7	7.9	7.9	7.6	8.1	10.2	5.1	2.5	6.2	12.6
98 p	10.3	10.8	6.9	6.1	9.4	10.5	7.0	7.1	2.5	10.4	0.7	8.3	4.6	5.4	2.6
98 J-A p	12.4	15.3	9.1	7.9	8.2	11.3	3.2	6.5	0.9	11.6	0.6	5.8	3.4	6.0	4.5
99 J-A a	12.8	19.1	16.3	23.7	10.5	11.6	8.6	...	...	...	...	...	...	...	...
97 Oct	7.7	10.2	7.7	8.0	5.6	4.8	7.7	9.3	7.0	10.8	9.6	-1.4	9.1	6.5	-1.7
Nov	7.3	12.2	4.2	6.9	4.7	11.4	-5.5	6.6	2.3	10.6	5.1	16.1	6.2	7.2	13.1
Dec	11.2	10.9	8.0	6.7	8.0	8.6	7.1	4.7	3.5	5.9	3.2	10.9	11.0	13.9	14.3
98 Jan p	13.8	18.3	6.8	4.6	12.7	10.7	15.7	5.9	0.6	10.9	-4.3	3.0	-5.0	1.8	6.1
Feb p	12.3	17.1	8.9	8.0	9.6	11.3	7.2	7.0	»	14.1	-13.6	5.9	6.2	6.9	3.6
Mar p	2.9	9.4	1.8	7.7	-3.2	»	-8.7	-0.1	-3.4	2.8	4.1	-2.4	11.9	-0.5	11.6
Apr p	20.5	17.4	17.3	10.1	14.8	22.3	2.4	13.0	6.0	19.1	20.6	15.1	0.5	16.0	-2.9
May p	10.1	11.9	5.4	5.6	7.8	10.2	2.5	6.9	1.7	10.3	2.9	15.3	5.3	8.3	-0.1
Jun p	8.5	12.7	6.4	7.8	9.7	10.1	8.8	7.0	2.2	10.2	-2.7	2.3	12.8	7.1	-0.9
Jul p	8.7	6.9	3.9	1.8	7.2	7.7	6.0	5.4	2.0	7.6	-2.7	6.1	5.8	7.4	9.0
Aug p	8.7	7.2	4.0	2.1	12.4	11.7	13.7	4.8	1.1	6.9	4.6	9.9	7.5	8.7	5.2
Sep p	10.2	9.9	8.0	7.2	7.9	8.5	6.3	7.4	0.8	11.8	0.3	5.4	1.7	5.9	-6.2
Oct p	11.4	10.1	11.9	11.7	12.6	12.7	12.4	10.0	4.2	13.8	3.0	10.6	5.0	6.4	7.8
Nov p	11.2	9.4	7.2	5.7	9.1	10.3	7.0	10.6	10.8	10.4	-4.4	16.1	0.6	0.4	-1.6
Dec p	7.9	7.1	7.1	5.4	11.0	13.2	7.9	8.1	5.1	11.1	6.2	11.7	3.1	-3.8	2.0
99 Jan a	13.3	17.3	18.4	24.9	11.4	14.1	7.5	8.6	5.6	11.2	8.4	10.5	18.9	2.2	-6.7
Feb a	15.1	23.9	16.7	24.2	10.6	14.4	4.7	9.6	7.4	11.5	1.5	8.1	8.9	0.4	1.4
Mar a	16.1	24.6	16.9	23.9	14.1	16.6	9.3	...	...	...	...	...	...	9.4	...
Apr a	8.4	13.8	14.4	22.6	7.0	4.6	11.8	...	...	...	...	...	...	...	...

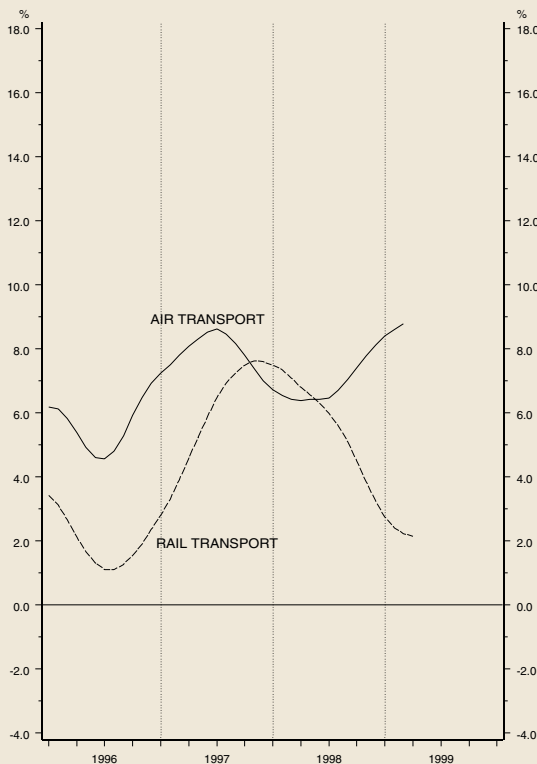
TOURISM

Annual percentage changes (trend obtained with TRAMO-SEATS)



TRANSPORT

Annual percentage changes (trend obtained with TRAMO-SEATS)



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

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

(a) From January 1999 the survey includes one-star and similar establishments. To calculate the annual percentage changes the 1998 data have been increased in order to reflect the new guideline.

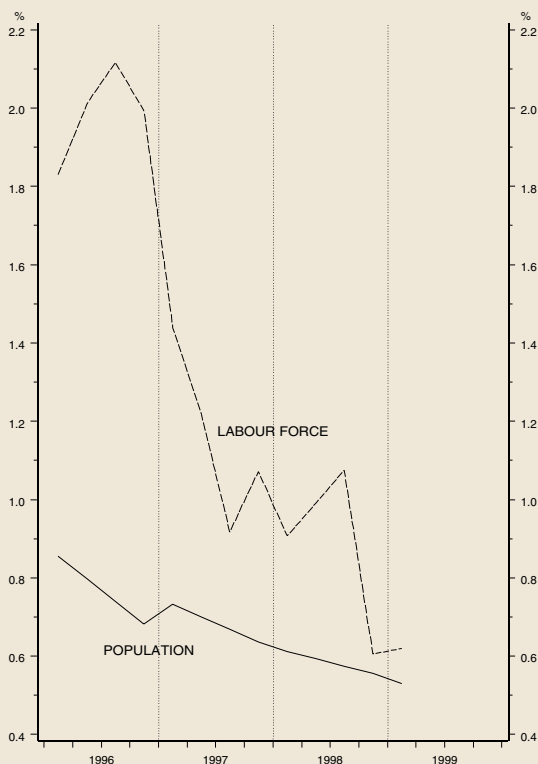
4.1. Labour force. Spain

n Series depicted in chart.

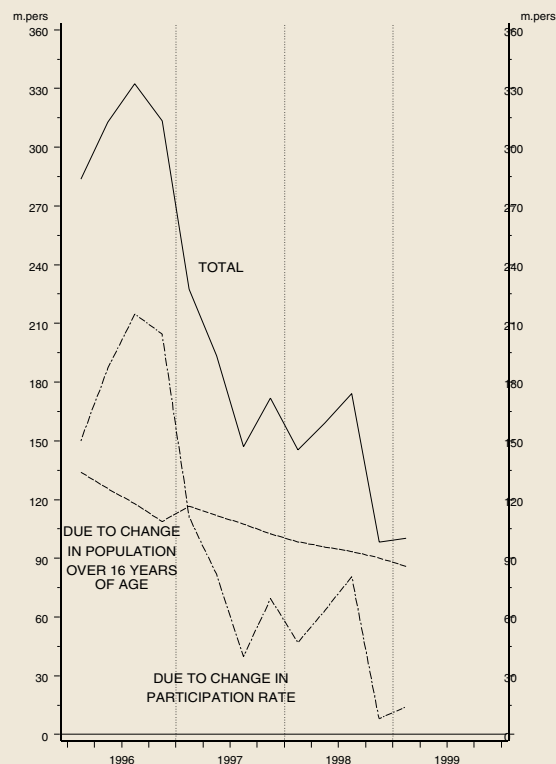
Thousands and annual percentage changes

	Population over 16 years of age				Participation rate	Labour force								
	Thousands	Annual change	4-quarter % change			Thousands	Annual change (a)			4-quarter % change				
							Total	Due to change in population over 16 years of age	Due to change in participation rate					
	1	2	3	n	4	5	6	n	7	n	8	n	9	n
96 Ø	32125	245	0.8		49.61	15936	311		122		189		2.0	
97 Ø	32345	220	0.7		49.84	16121	185		110		75		1.2	
98 Ø	32534	189	0.6		50.00	16265	144		94		50		0.9	
98 I-I Ø	32468	198	0.6		49.79	16164	145		98		47		0.9	
99 I-I Ø	32640	172	0.5		49.83	16264	100		86		14		0.6	
95 I	31764	311	1.0		48.82	15508	80		152		-72		0.5	
II	31841	311	1.0		48.88	15565	74		152		-78		0.5	
III	31919	311	1.0		49.21	15707	221		153		68		1.4	
IV	31997	311	1.0		49.14	15722	254		153		101		1.6	
96 I	32035	272	0.9		49.29	15791	284		134		150		1.8	
II	32095	254	0.8		49.47	15878	313		126		187		2.0	
III	32155	236	0.7		49.88	16039	332		118		215		2.1	
IV	32215	218	0.7		49.78	16035	313		109		205		2.0	
97 I	32270	235	0.7		49.64	16019	227		117		111		1.4	
II	32320	225	0.7		49.73	16071	194		112		82		1.2	
III	32370	215	0.7		50.00	16187	147		108		40		0.9	
IV	32420	205	0.6		49.99	16207	172		102		69		1.1	
98 I	32468	198	0.6		49.79	16164	145		98		47		0.9	
II	32512	192	0.6		49.92	16231	159		96		63		1.0	
III	32556	186	0.6		50.25	16361	174		93		81		1.1	
IV	32601	180	0.6		50.02	16305	98		90		8		0.6	
99 I	32640	172	0.5		49.83	16264	100		86		14		0.6	

LABOUR FORCE SURVEY
Annual percentage changes



LABOUR FORCE
Annual changes



Source: INE, *Encuesta de Población Activa* (1987 survey series chained by INE with the 1976 series).

- (a) Col. 7 = (col. 5 / col. 1) annual change in col. 1.
Col. 8 = (annual change in col. 4/100) col. 1 (t-4).

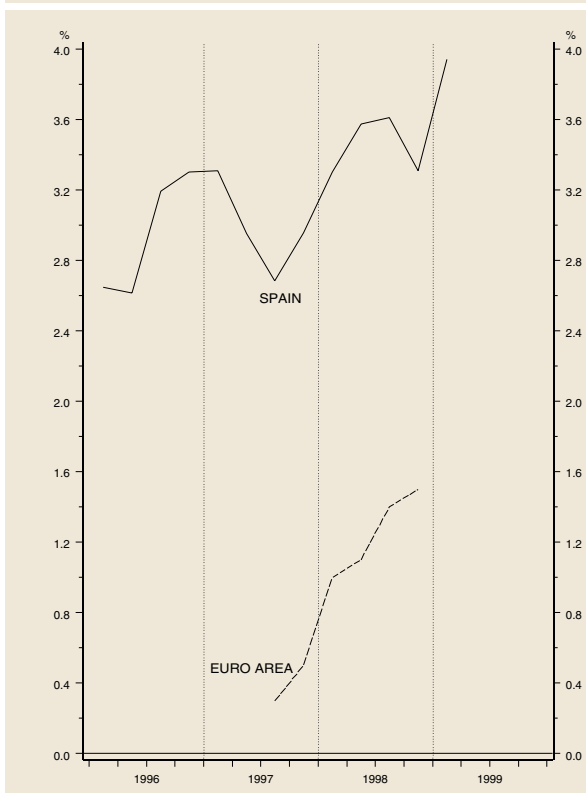
4.2. Employment and wage-earners. Spain and euro area

n Series depicted in chart.

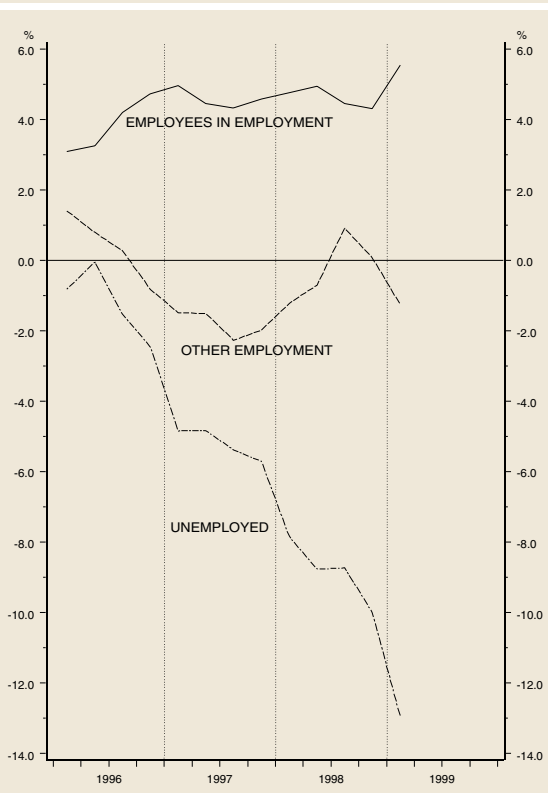
Thousands and annual percentage changes

	Employment									Unemployment			Unem ployment rate	Memorandum item: euro area	
	Total			Wage-earners			Other			Thousands	Annual change	4-quarter % change		Employment 4-quarter % change	Unem- ployment rate
	Thousands	Annual change	4-quarter % change	Thousands	Annual change	4-quarter % change	Thousands	Annual change	4-quarter % change						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
96 Ø	12396	354	2.9	9 284	341	3.8	3 112	13	0.4	3 540	-43	-1.2	22.22	0.2	11.62
97 Ø	12765	369	3.0	9 709	425	4.6	3 056	-56	-1.8	3 356	-184	-5.2	20.83	0.3	11.62
98 Ø	13205	440	3.4	10157	448	4.6	3 048	-7	-0.2	3 060	-296	-8.8	18.82	1.3	10.87
98 I-I Ø	12992	415	3.3	9 950	453	4.8	3 042	-37	-1.2	3 172	-270	-7.8	19.63	1.0	11.17
99 I-I Ø	13503	512	3.9	10500	550	5.5	3 003	-39	-1.3	2 761	-412	-13.0	16.98	...	10.43
95 I	11860	225	1.9	8 778	248	2.9	3 082	-23	-0.7	3 648	-145	-3.8	23.52	...	11.33
II	12027	300	2.6	8 938	329	3.8	3 090	-29	-0.9	3 537	-225	-6.0	22.73	...	11.30
III	12137	350	3.0	9 027	367	4.2	3 110	-17	-0.5	3 570	-129	-3.5	22.73	...	11.40
IV	12143	373	3.2	9 028	323	3.7	3 114	50	1.6	3 579	-119	-3.2	22.77	...	11.47
96 I	12174	314	2.6	9 048	270	3.1	3 126	43	1.4	3 618	-30	-0.8	22.91	...	11.63
II	12342	315	2.6	9 228	290	3.2	3 114	24	0.8	3 536	-2	»	22.27	...	11.60
III	12525	387	3.2	9 406	379	4.2	3 119	9	0.3	3 515	-55	-1.5	21.91	...	11.60
IV	12544	401	3.3	9 455	426	4.7	3 089	-25	-0.8	3 492	-88	-2.4	21.77	...	11.63
97 I	12576	403	3.3	9 497	449	5.0	3 079	-46	-1.5	3 442	-175	-4.8	21.49	...	11.70
II	12706	364	3.0	9 639	411	4.5	3 067	-47	-1.5	3 365	-171	-4.8	20.94	...	11.67
III	12861	336	2.7	9 813	407	4.3	3 048	-71	-2.3	3 326	-189	-5.4	20.55	0.3	11.63
IV	12915	371	3.0	9 887	432	4.6	3 028	-61	-2.0	3 293	-199	-5.7	20.32	0.5	11.47
98 I	12992	415	3.3	9 950	453	4.8	3 042	-37	-1.2	3 172	-270	-7.8	19.63	1.0	11.17
II	13161	454	3.6	10115	476	4.9	3 045	-22	-0.7	3 070	-295	-8.8	18.91	1.1	10.93
III	13325	464	3.6	10249	437	4.4	3 076	28	0.9	3 035	-290	-8.7	18.55	1.4	10.77
IV	13342	427	3.3	10312	425	4.3	3 030	2	0.1	2 963	-329	-10.0	18.17	1.5	10.60
99 I	13503	512	3.9	10500	550	5.5	3 003	-39	-1.3	2 761	-412	-13.0	16.98	...	10.43

EMPLOYMENT
Annual percentage changes



LABOUR FORCE: COMPONENTS
Annual percentage changes



Sources: INE, *Encuesta de Población Activa* (1987 survey series chained by INE with the 1976 series), and ECB.

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

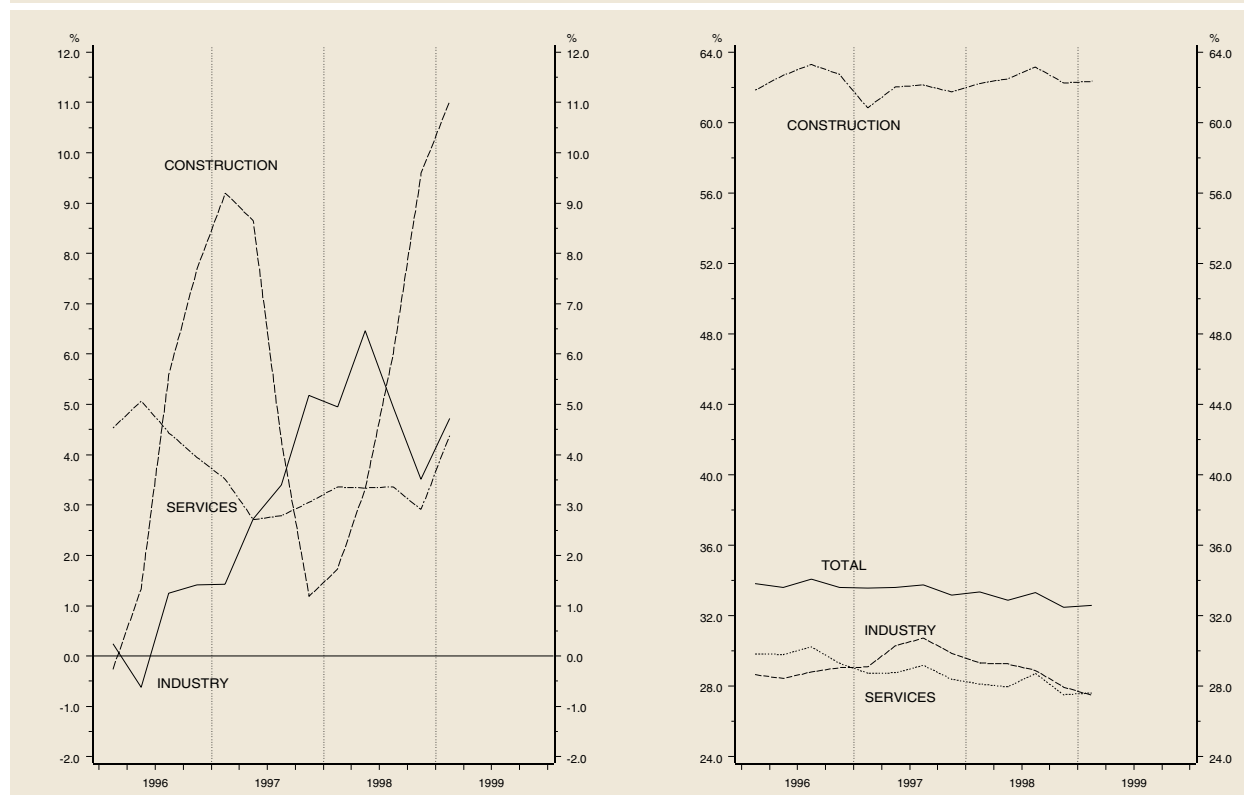
n Series depicted in chart.

Annual percentage changes

	Total			Agriculture			Industry			Construction			Services			Memorandum item: employment in		
	Employment	Wage-earners	Proportion of temporary employment	Employment	Wage-earners	Proportion of temporary employment	Employment	Wage-earners	Proportion of temporary employment	Employment	Wage-earners	Proportion of temporary employment	Employment	Wage-earners	Proportion of temporary employment	Branches other than agriculture	Branches other than agriculture excluding general government	Services excluding general government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
96 Ø	2.9	3.8	33.8	-2.7	-0.7	58.8	0.6	1.2	28.7	3.6	2.7	62.6	4.5	5.3	29.8	3.5	3.0	3.9
97 Ø	3.0	4.6	33.5	-0.8	11.9	60.0	3.2	4.3	30.0	5.7	6.3	61.7	3.0	4.0	28.8	3.3	3.1	2.5
98 Ø	3.4	4.6	33.0	-0.6	1.7	60.6	4.9	5.6	28.9	5.2	8.4	62.5	3.2	3.8	28.1	3.8	4.4	4.0
98 I-I Ø	3.3	4.8	33.4	1.0	3.7	64.6	4.9	5.8	29.3	1.7	4.1	62.2	3.4	4.6	28.1	3.5	3.5	3.3
99 I-I Ø	3.9	5.5	32.6	-8.6	-9.1	63.3	4.7	5.0	27.5	11.0	13.5	62.3	4.4	5.6	27.6	5.1	5.9	5.4
95 I	1.9	2.9	34.7	-5.7	-0.2	64.5	-0.3	-0.7	29.0	11.6	14.1	61.7	2.7	3.0	30.5	2.8	3.3	3.4
II	2.6	3.8	35.0	-3.8	1.5	60.1	0.9	1.4	29.6	7.2	9.8	64.4	3.5	4.0	30.9	3.3	3.2	3.5
III	3.0	4.2	35.2	-2.6	-1.7	56.3	1.2	2.0	30.3	5.7	7.7	63.4	4.1	5.0	31.6	3.6	3.5	4.2
IV	3.2	3.7	34.5	-3.3	-7.5	57.4	0.2	1.0	29.2	4.6	5.1	63.5	5.0	5.3	30.8	3.8	3.8	5.3
96 I	2.6	3.1	33.8	-1.1	-5.8	61.3	0.2	0.7	28.7	-0.3	-1.3	61.8	4.5	5.3	29.8	3.0	2.8	4.5
II	2.6	3.2	33.6	-4.8	-9.3	58.6	-0.6	-0.3	28.4	1.3	0.2	62.7	5.1	5.9	29.8	3.4	2.6	4.4
III	3.2	4.2	34.1	-3.3	5.0	57.6	1.2	1.8	28.8	5.6	4.9	63.3	4.4	4.9	30.2	3.8	3.2	3.5
IV	3.3	4.7	33.6	-1.5	9.3	57.8	1.4	2.4	29.1	7.7	6.8	62.7	3.9	5.0	29.3	3.8	3.3	3.2
97 I	3.3	5.0	33.6	0.2	18.3	64.5	1.4	2.8	29.1	9.2	10.0	60.8	3.5	4.2	28.7	3.6	3.3	2.9
II	3.0	4.5	33.6	-1.0	14.1	59.9	2.7	4.3	30.3	8.7	9.3	62.0	2.7	3.3	28.8	3.3	3.3	2.4
III	2.7	4.3	33.7	-1.7	6.6	56.2	3.4	4.5	30.7	4.3	4.6	62.1	2.8	4.1	29.2	3.1	2.8	2.2
IV	3.0	4.6	33.2	-1.0	8.3	59.2	5.2	5.6	29.9	1.2	2.0	61.7	3.1	4.4	28.4	3.3	2.9	2.3
98 I	3.3	4.8	33.4	1.0	3.7	64.6	4.9	5.8	29.3	1.7	4.1	62.2	3.4	4.6	28.1	3.5	3.5	3.3
II	3.6	4.9	32.9	-1.3	2.5	58.9	6.5	7.2	29.3	3.3	6.5	62.5	3.3	4.0	28.0	4.0	4.7	4.2
III	3.6	4.4	33.3	-0.7	1.4	58.1	4.9	5.4	28.9	6.0	9.7	63.1	3.4	3.5	28.7	4.0	4.8	4.5
IV	3.3	4.3	32.5	-1.6	-1.0	60.8	3.5	4.3	28.0	9.6	13.1	62.2	2.9	3.3	27.5	3.7	4.6	4.1
99 I	3.9	5.5	32.6	-8.6	-9.1	63.3	4.7	5.0	27.5	11.0	13.5	62.3	4.4	5.6	27.6	5.1	5.9	5.4

EMPLOYMENT
Annual percentage changes

TEMPORARY EMPLOYMENT
Percentages



Source: INE, *Encuesta de Población Activa* (1987 survey series chained by INE with the 1976 series).

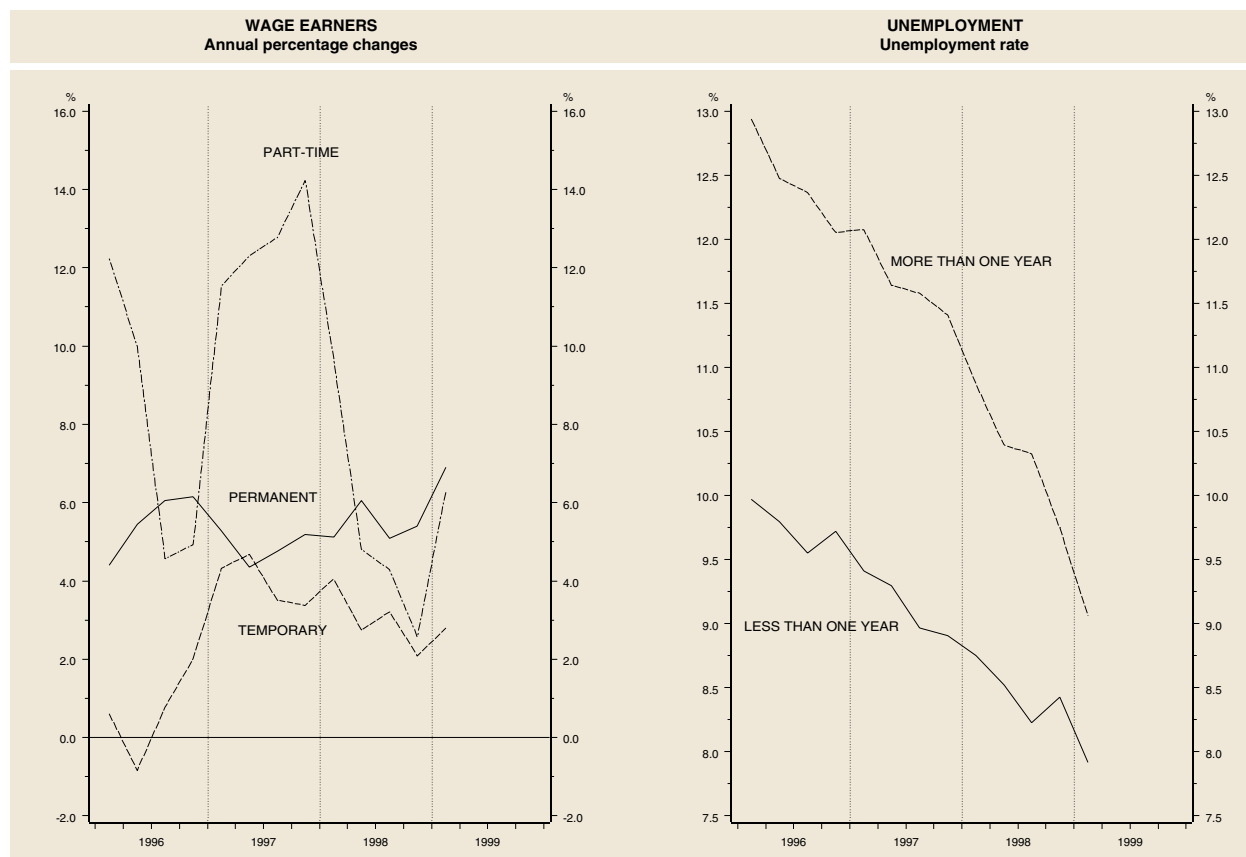
(a) Branches of activity in accordance with NACE-93.

Note: The underlying series of this indicator are in Tables 24.4 and 24.6 of the BE *Bolletín estadístico*.

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

n Series depicted in chart.

	Wage-earners										Unemployment						
	By type of contract					By duration of working day					By duration				% of unemployed that would accept a job		
	Permanent		Temporary			Full-time		Part-time			Less than one year		More than one year		Entailing a change of residence	With a lower wage	Requiring fewer skills
	Annual change	4-quarter % change	Annual change	4-quarter % change	Proportion of temporary employment	Annual change	4-quarter % change	Annual change	4-quarter % change	As % of wage earners	Unemployment rate	4-quarter % change	Unemployment rate	4-quarter % change			
	1	2 n	3	4 n	5	6	7	8	9 n	10	11 n	12	13 n	14	15	16	17
96 O	321	5.5	20	0.6	33.78	291	3.5	50	7.8	7.45	9.76	1.5	12.46	-3.3	28.27	59.70	65.03
97 O	300	4.9	125	4.0	33.52	337	3.9	88	12.7	8.03	9.15	-5.2	11.68	-5.2	27.58	61.39	66.25
98 O	349	5.4	99	3.0	33.01	406	4.5	41	5.3	8.09	8.48	-6.4	10.34	-10.7	25.87	58.97	63.70
98 I-I O	323	5.1	130	4.1	33.35	379	4.3	73	9.7	8.32	8.75	-6.2	10.87	-9.1	26.05	60.53	65.71
99 I-I O	457	6.9	93	2.8	32.59	498	5.5	52	6.3	8.38	7.92	-9.0	9.06	-16.2	23.74	54.88	60.22
95 I	-15	-0.3	262	9.4	34.68	193	2.4	54	9.9	6.87	9.84	-10.7	13.68	1.8	28.47	59.45	64.93
II	95	1.7	234	8.1	34.99	256	3.2	72	12.7	7.20	9.53	-11.3	13.20	-1.8	28.03	59.35	64.57
III	156	2.7	211	7.1	35.24	255	3.1	112	20.9	7.18	9.81	-2.3	12.92	-4.4	28.08	59.37	64.77
IV	212	3.7	111	3.7	34.51	219	2.7	104	18.4	7.44	10.03	1.3	12.73	-6.5	28.05	60.69	66.36
96 I	252	4.4	19	0.6	33.82	197	2.4	74	12.2	7.48	9.97	3.2	12.94	-3.7	28.32	60.72	65.70
II	317	5.5	-26	-0.8	33.60	226	2.7	64	10.0	7.67	9.79	4.9	12.47	-3.6	28.38	59.07	64.36
III	354	6.1	25	0.8	34.10	349	4.2	30	4.6	7.21	9.55	-0.6	12.37	-2.3	27.87	58.88	64.29
IV	364	6.2	63	2.0	33.62	393	4.7	33	4.9	7.45	9.72	-1.2	12.05	-3.4	28.52	60.12	65.75
97 I	316	5.3	133	4.3	33.59	371	4.4	78	11.5	7.95	9.41	-4.2	12.08	-5.3	27.49	60.80	65.58
II	266	4.3	145	4.7	33.60	325	3.8	87	12.3	8.24	9.30	-3.9	11.64	-5.5	28.13	62.00	67.00
III	294	4.8	113	3.5	33.74	320	3.7	87	12.8	7.79	8.97	-5.2	11.58	-5.5	27.79	61.73	66.67
IV	325	5.2	108	3.4	33.16	332	3.8	100	14.2	8.14	8.91	-7.4	11.41	-4.3	26.92	61.05	65.77
98 I	323	5.1	130	4.1	33.35	379	4.3	73	9.7	8.32	8.75	-6.2	10.87	-9.1	26.05	60.53	65.71
II	387	6.1	89	2.7	32.89	437	4.9	38	4.8	8.23	8.52	-7.4	10.39	-9.8	26.01	59.18	63.84
III	330	5.1	107	3.2	33.33	404	4.5	33	4.3	7.78	8.23	-7.3	10.33	-9.9	26.04	58.23	62.75
IV	357	5.4	69	2.1	32.47	404	4.5	21	2.6	8.01	8.43	-4.8	9.75	-14.0	25.40	57.96	62.51
99 I	457	6.9	93	2.8	32.59	498	5.5	52	6.3	8.38	7.92	-9.0	9.06	-16.2	23.74	54.88	60.22



Source: INE, *Encuesta de Población Activa* (1987 survey series chained by INE with the 1976 series).

Note: The underlying series of this indicator are in Tables 24.1, 24.7, 24.9 and 24.10 of the BE *Boletín estadístico*.

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

n Series depicted in chart.

	Registered unemployment										Contracts					Placements	
	Total			First time job-seekers	Previously employed						Total		Percentage of total			Total	
	Thou- sands	Annual change	12-month % change		12-month % change						Thou- sands	12-month % change	Permanent	Part-time	Temporary	Thou- sands	12-month % change
					Total	Agriculture	Branches other than agriculture			Services							
							Total	Industry	Construc- tion								
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
96 Ø	2 275	-174	-7.1	-1.4	-8.3	-11.7	-8.2	-12.6	-8.0	-6.2	719	17.7	4.11	18.67	95.89	716	13.6
97 Ø	2 119	-157	-6.9	-5.3	-7.2	-2.8	-7.4	-13.5	-10.2	-4.0	841	17.0	6.84	19.48	93.16	817	14.2
98 Ø	1 890	-229	-10.8	-11.5	-10.7	-4.4	-10.9	-16.8	-17.4	-7.0	972	15.6	8.34	20.15	91.66	947	15.9
98 J-M Ø	2 014	-197	-8.9	-9.2	-8.8	-0.5	-9.1	-16.4	-14.3	-4.9	924	17.3	9.49	18.42	90.51	892	13.7
99 J-M Ø p	1 740	-273	-13.6	-16.3	-12.9	-10.8	-13.0	-15.1	-22.8	-10.1	1 067	15.4	10.30	17.02	89.70	1 029	15.3
98 Jan	2 091	-165	-7.3	-7.5	-7.3	3.4	-7.6	-15.3	-12.8	-3.2	993	15.4	8.53	16.51	91.47	961	12.7
Feb	2 068	-195	-8.6	-9.0	-8.5	4.5	-8.9	-16.3	-14.0	-4.7	857	15.7	9.67	17.71	90.33	827	11.9
Mar	2 039	-188	-8.5	-8.8	-8.4	0.6	-8.7	-16.6	-14.8	-4.0	938	30.5	9.84	18.43	90.16	903	25.9
Apr	1 968	-214	-9.8	-10.1	-9.7	-4.8	-9.9	-16.6	-14.2	-6.2	904	4.0	9.81	19.59	90.19	873	1.2
May	1 902	-222	-10.4	-10.4	-10.4	-5.6	-10.6	-17.3	-15.9	-6.7	928	24.0	9.60	19.88	90.40	896	19.4
Jun	1 861	-231	-11.1	-10.9	-11.1	-6.2	-11.3	-17.7	-17.6	-7.2	997	21.3	7.59	19.89	92.41	970	25.0
Jul	1 786	-223	-11.1	-11.0	-11.1	-6.0	-11.3	-17.2	-18.2	-7.3	1 098	13.4	6.72	21.32	93.28	1 072	17.0
Aug	1 777	-212	-10.7	-11.0	-10.6	-5.3	-10.7	-15.8	-17.2	-7.1	780	12.5	6.30	19.92	93.70	775	16.3
Sep	1 788	-252	-12.3	-13.4	-12.1	-8.1	-12.2	-17.5	-19.1	-8.6	1 045	14.4	7.78	21.34	92.22	1 025	16.7
Oct	1 804	-269	-13.0	-14.7	-12.6	-9.7	-12.7	-17.7	-19.8	-9.3	1 179	6.8	8.31	24.35	91.69	1 155	9.5
Nov	1 805	-289	-13.8	-15.7	-13.4	-7.2	-13.6	-18.5	-22.6	-9.8	1 055	23.9	8.35	22.75	91.65	1 034	26.6
Dec	1 786	-290	-14.0	-16.4	-13.4	-8.5	-13.6	-15.7	-24.7	-10.0	889	10.6	7.58	20.13	92.42	873	12.7
99 Jan	1 804	-287	-13.7	-16.9	-13.0	-6.7	-13.2	-15.7	-22.7	-10.1	1 059	6.6	7.79	16.54	92.21	1 041	8.3
Feb	1 784	-284	-13.7	-16.9	-13.0	-7.6	-13.2	-15.6	-23.5	-10.0	997	16.3	9.02	16.77	90.98	970	17.2
Mar	1 757	-282	-13.8	-16.6	-13.2	-14.1	-13.2	-14.8	-22.3	-10.6	1 105	17.8	10.64	17.36	89.36	1 061	17.4
Apr	1 708	-260	-13.2	-15.7	-12.6	-13.5	-12.6	-14.8	-23.3	-9.5	1 043	15.4	10.97	17.13	89.03	1 007	15.3
May p	1 649	-253	-13.3	-15.5	-12.8	-12.1	-12.8	-14.6	-22.3	-10.2	1 129	21.7	13.07	17.30	86.93	1 067	19.1

REGISTERED UNEMPLOYMENT
Annual percentage changes

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



Source: Instituto Nacional de Empleo, *Estadística de Empleo*.

Note: The underlying series for this indicator are in Tables 24.16 and 24.17 of the BE *Boletín estadístico*.

4.6. Collective bargaining agreements

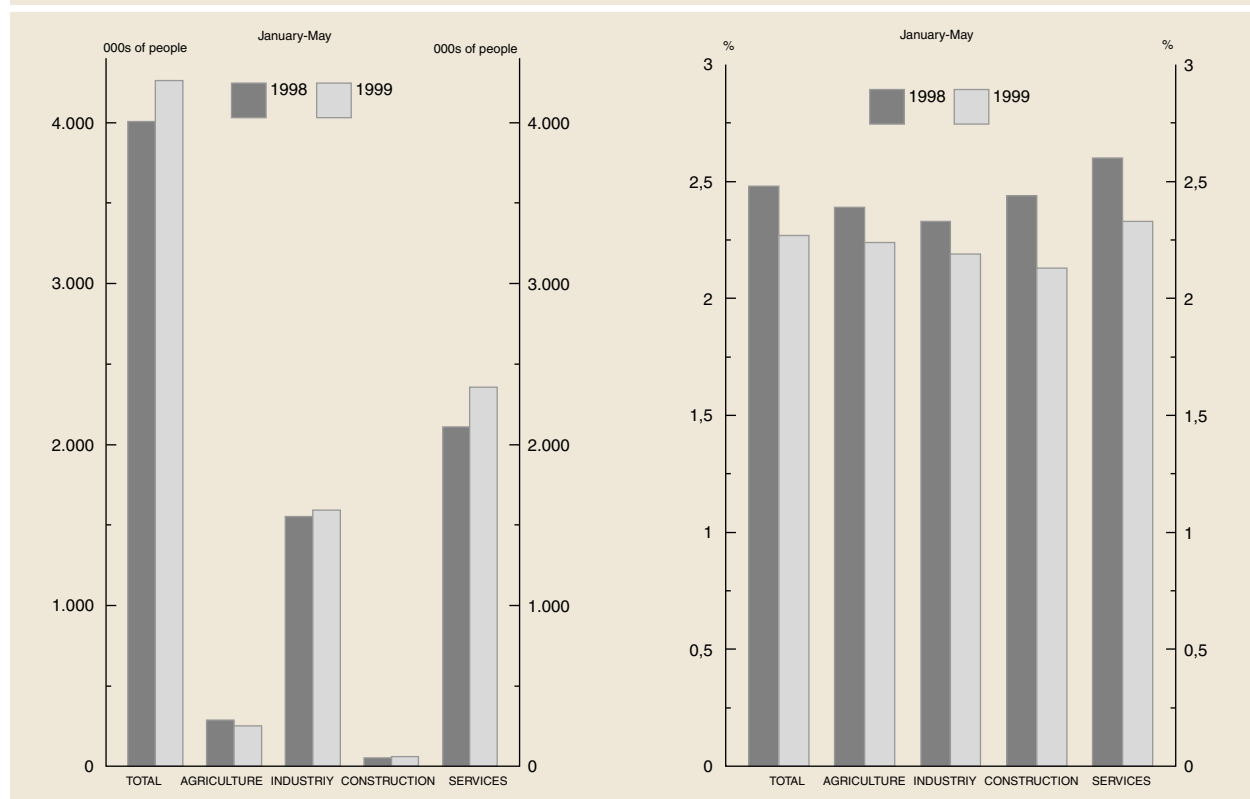
n Series depicted in chart.

Thousands and %

	As per month economic effects come into force (a)		As per month recorded														
	Employees affected	Average wage settlement	Employees affected (a)								Average wage settlement (%)						
			Automatic adjustment	Newly-signed agreements	Total	Annual change	Agriculture	Industry	Construction	Services	Automatic adjustment	Newly-signed agreements	Total	Agriculture	Industry	Construction	Services
1	2	3	4	5=3+4 n	6	7 n	8 n	9 n	10 n	11	12	13 n	14 n	15 n	16 n	17 n	
96	8 128	3.82	2 474	3 647	6 121	22	539	2 243	675	2 663	3.76	3.83	3.80	3.88	3.82	3.98	3.73
97	8 365	2.87	3 581	3 646	7 227	1 106	657	2 564	627	3 379	3.04	2.93	2.98	3.33	2.93	2.78	2.99
98	7 883	2.58	4 240	2 732	6 972	-255	500	2 406	827	3 240	2.43	2.77	2.56	2.90	2.40	2.35	2.69
97 Aug	8 138	2.87	3 334	2 128	5 462	964	568	2 303	340	2 251	3.04	3.08	3.06	3.42	2.92	2.83	3.14
Sep	8 203	2.87	3 447	2 676	6 124	1 068	641	2 408	472	2 603	3.03	3.01	3.02	3.34	2.92	2.80	3.08
Oct	8 320	2.88	3 498	3 009	6 508	869	654	2 455	555	2 844	3.03	2.98	3.01	3.33	2.92	2.78	3.05
Nov	8 359	2.87	3 567	3 513	7 079	1 211	655	2 515	601	3 308	3.04	2.94	2.99	3.33	2.94	2.78	3.00
Dec	8 365	2.87	3 581	3 646	7 227	1 106	657	2 564	627	3 379	3.04	2.93	2.98	3.33	2.93	2.78	2.99
98 Jan	7 115	2.55	2 557	6	2 563	288	57	1 231	3	1 273	2.49	2.75	2.49	2.60	2.30	2.28	2.66
Feb	7 203	2.55	3 272	36	3 308	398	178	1 357	26	1 747	2.46	5.00	2.48	2.39	2.29	2.39	2.64
Mar	7 266	2.54	3 347	48	3 395	402	178	1 385	28	1 803	2.46	4.47	2.49	2.39	2.31	2.41	2.63
Apr	7 518	2.54	3 713	112	3 825	463	280	1 448	30	2 067	2.44	3.20	2.46	2.38	2.29	2.47	2.59
May	7 719	2.57	3 731	274	4 006	374	288	1 553	53	2 112	2.44	3.04	2.48	2.39	2.33	2.44	2.60
Jun	7 762	2.57	3 834	551	4 385	48	413	1 603	109	2 259	2.44	3.01	2.51	2.88	2.33	2.37	2.57
Jul	7 801	2.57	3 965	1 085	5 051	231	423	1 968	194	2 466	2.44	2.81	2.52	2.93	2.39	2.33	2.56
Aug	7 808	2.57	3 974	1 276	5 250	-212	428	2 002	279	2 541	2.43	3.14	2.61	2.93	2.39	2.32	2.75
Sep	7 877	2.58	4 140	1 774	5 913	-210	489	2 151	509	2 765	2.44	2.95	2.59	2.90	2.39	2.38	2.74
Oct	7 880	2.58	4 196	2 154	6 350	-158	492	2 285	704	2 869	2.43	2.86	2.57	2.90	2.39	2.36	2.72
Nov	7 882	2.58	4 240	2 388	6 628	-452	495	2 339	704	3 090	2.43	2.82	2.57	2.90	2.39	2.36	2.70
Dec	7 883	2.58	4 240	2 732	6 972	-255	500	2 406	827	3 240	2.43	2.77	2.56	2.90	2.40	2.35	2.69
99 Jan	3 934	2.27	1 779	158	1 936	-627	117	668	4	1 148	2.25	1.81	2.21	2.30	2.12	2.47	2.26
Feb	3 959	2.27	2 759	164	2 923	-385	242	837	5	1 839	2.35	1.83	2.32	2.25	2.13	2.42	2.42
Mar	4 018	2.26	3 373	213	3 586	191	250	1 066	29	2 241	2.29	2.04	2.27	2.24	2.13	1.83	2.35
Apr	4 065	2.26	3 635	498	4 133	308	250	1 531	29	2 322	2.28	2.15	2.26	2.24	2.17	1.84	2.33
May	4 183	2.26	3 688	575	4 263	257	252	1 591	61	2 358	2.28	2.18	2.27	2.24	2.19	2.13	2.33

EMPLOYEES AFFECTED

AVERAGE WAGE SETTLEMENT



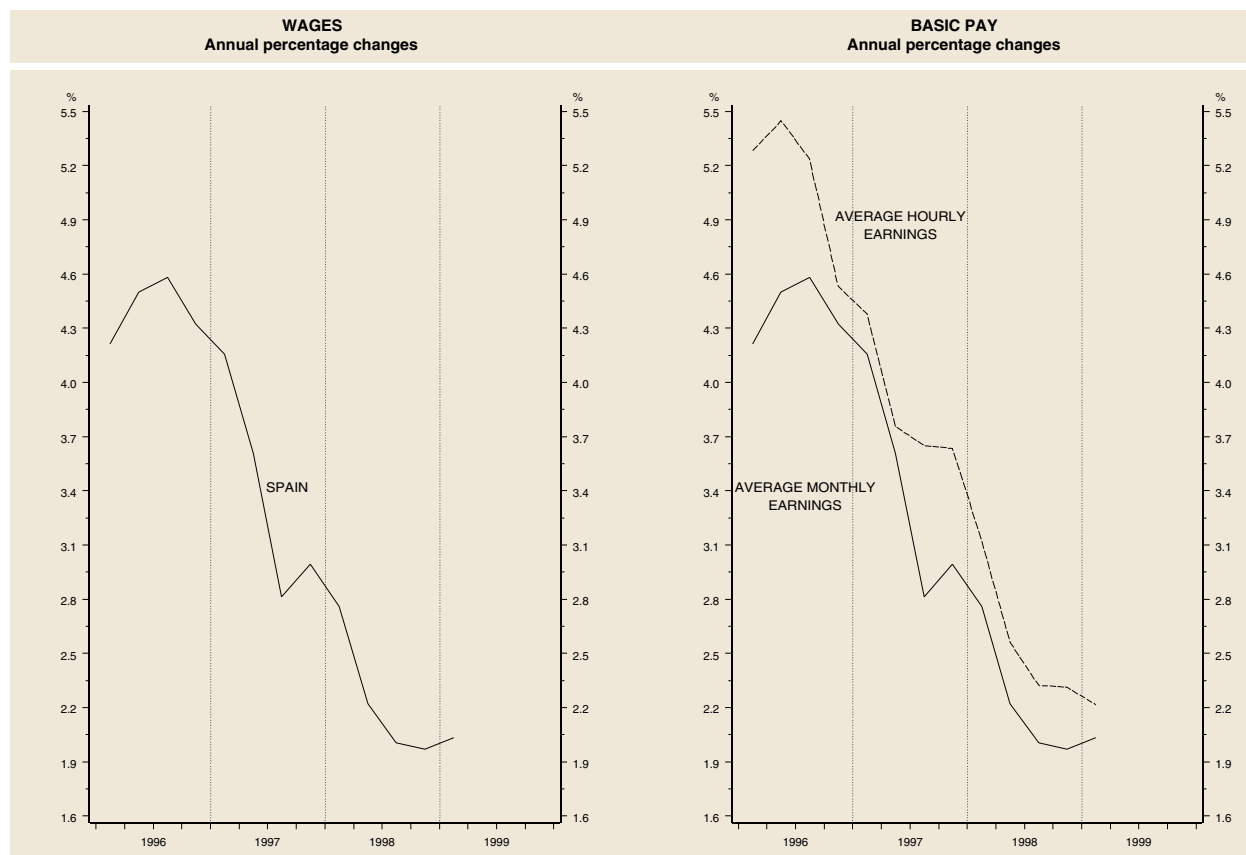
Source: Ministerio de Trabajo y Asuntos Sociales (MTAS), *Estadística de Convenios Colectivos, Avance mensual*.

(a) Cumulative data.

4.7. Wage earnings survey in industry and services. Spain and euro area

n Series depicted in chart.

	Average monthly earnings							Average hourly earnings							Average number of hours worked		Memorandum item: wages in the euro area
	Basic pay		Basic pay and overtime					Basic pay		Basic pay and overtime					Number of hours	4-quarter % change	
	Euro	4-quarter % change	Total		Industry	Construction	Services	Euro	4-quarter % change	Total		Industry	Construction	Services			
			Euro	4-quarter % change						4-quarter % change	4-quarter % change						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
96 Ø	1 111	4.3	1 250	4.5	5.5	4.5	3.3	7.71	5.2	8.67	5.3	5.9	5.5	4.5	144	-0.8	...
97 Ø	1 148	3.3	1 293	3.4	4.6	4.3	2.8	8.01	3.9	9.02	4.1	4.5	4.4	4.0	143	-0.6	...
98 Ø	1 173	2.1	1 323	2.3	3.1	3.3	2.0	8.22	2.6	9.28	2.8	3.3	3.3	2.8	143	-0.5	...
98 I-I	Ø	2.6	1 247	2.8	3.2	2.3	3.4	8.16	3.2	8.74	3.5	3.4	2.4	4.6	143	-0.7	...
99 I-I	Ø	1.8	1 274	2.1	2.8	3.7	1.7	8.35	2.3	8.97	2.6	2.7	3.8	2.6	...	...	...
95 II	1 061	4.4	1 142	4.7	5.5	5.9	3.6	7.30	4.4	7.86	4.6	4.8	5.2	4.4	145	»	...
III	1 073	4.6	1 212	4.4	4.7	5.2	3.9	7.37	5.0	8.32	4.8	4.3	5.2	5.2	146	-0.4	...
IV	1 079	4.6	1 318	4.5	4.8	4.8	4.1	7.45	5.6	9.11	5.5	5.0	5.1	6.1	145	-0.9	...
96 I	1 091	4.2	1 164	4.3	5.8	3.6	3.4	7.57	5.4	8.07	5.4	6.1	4.7	5.2	144	-1.1	...
II	1 109	4.5	1 194	4.6	5.8	4.8	3.2	7.70	5.5	8.30	5.7	6.3	6.1	4.5	144	-1.0	...
III	1 121	4.5	1 268	4.6	5.3	4.8	3.5	7.76	5.3	8.77	5.4	5.7	5.9	4.6	145	-0.8	...
IV	1 124	4.2	1 376	4.4	5.3	4.5	3.3	7.80	4.6	9.54	4.8	5.5	5.1	3.7	144	-0.4	...
97 I	1 136	4.1	1 213	4.2	4.6	5.0	3.3	7.91	4.4	8.44	4.6	4.6	5.1	4.0	144	-0.3	...
II	1 145	3.2	1 238	3.7	5.5	4.8	2.8	8.00	3.8	8.65	4.2	5.3	4.8	3.9	143	-0.6	...
III	1 155	3.1	1 304	2.9	4.0	3.6	2.6	8.05	3.7	9.09	3.6	4.0	3.6	4.0	144	-0.7	...
IV	1 157	2.9	1 418	3.1	4.4	3.9	2.5	8.08	3.7	9.91	3.8	4.2	4.3	4.1	143	-0.8	...
98 I	1 165	2.6	1 247	2.8	3.2	2.3	3.4	8.16	3.2	8.74	3.5	3.4	2.4	4.6	143	-0.7	...
II	1 167	2.0	1 266	2.3	2.9	4.1	1.8	8.21	2.6	8.91	3.0	3.1	4.2	3.0	142	-0.7	...
III	1 180	2.1	1 331	2.1	3.6	3.2	1.3	8.24	2.4	9.30	2.4	3.7	3.3	1.7	143	-0.3	...
IV	1 180	1.9	1 447	2.0	2.8	3.6	1.6	8.28	2.4	10.15	2.4	3.1	3.4	2.3	143	-0.4	...
99 I	1 186	1.8	1 274	2.1	2.8	3.7	1.7	8.35	2.3	8.97	2.6	2.7	3.8	2.6	...	...	...



Sources: INE, *Encuesta de Salarios en la Industria y los Servicios*, and ECB.

Note: The data in pesetas have been converted into euro by applying the irrevocable conversion rate of EUR 1 = ESP 166.386. The underlying series for this indicator, for Spain, are in Tables 24.26, 24.27 and 24.28 of the BE *Boletín estadístico*.

4.8. Unit labour costs. Spain and euro area

n Series depicted in chart.

Annual percentage changes

Whole-economic unit labour costs		Compensation per employee		Productivity						Memorandum item: unit labour costs in manufacturing	
Spain	Euro area	Spain	Euro area	Spain	Euro area	Output		Employment		Spain	Euro area
						Spain	Euro area	Spain	Euro area		
1 n	2 n	3	4	5	6	7	8	9	10	11 n	12 n

INDICATOR UNDER PREPARATION

Sources: INE, BE and ECB.

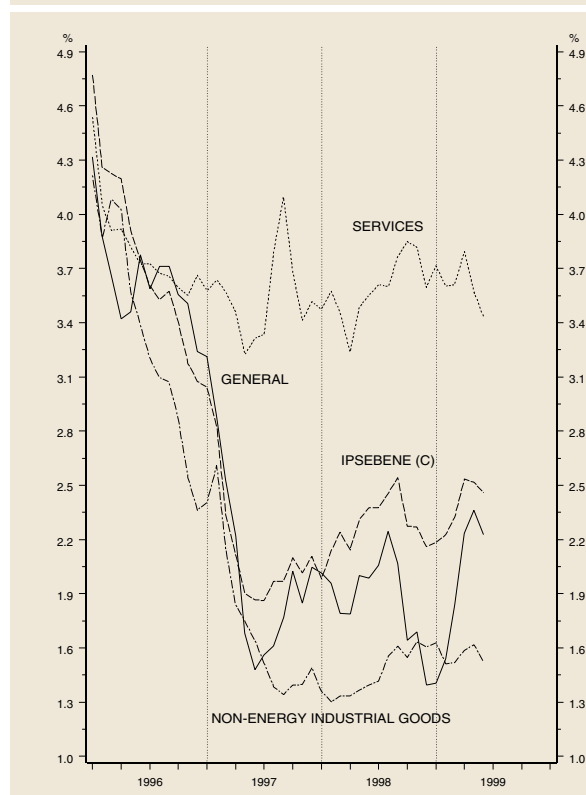
5.1. Consumer price index. Spain (1992 = 100)

n Series depicted in chart.

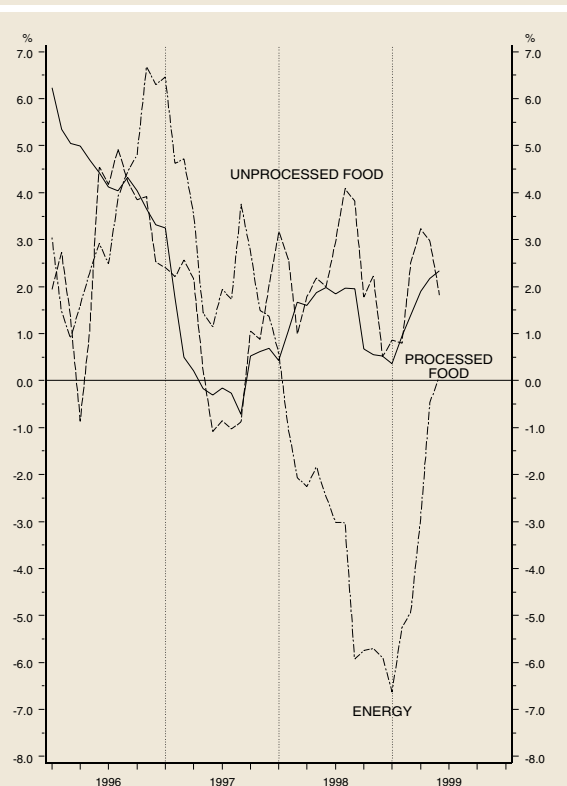
Annual percentage changes

	General index (100%)				Annual percentage change (12-month % change)						Memorandum item: prices for agricultural products (1990 = 100)	
	Original series	Month-on-month % change	12-month % change (a)	Cumulative % change during year (b)	Unprocessed food	Processed food	Non-energy industrial goods	Energy	Services	IPSEBENE	Original series	12-month % change (a)
	1	2	3	4	5	6	7	8	9	10	11	12
96 Ø	119.2	-	3.6	3.2	2.9	4.3	3.2	3.7	3.7	3.6	120.1	0.9
97 Ø	121.6	-	2.0	2.0	0.9	0.3	1.7	2.4	3.5	2.1	115.0	-4.2
98 Ø	123.8	-	1.8	1.4	2.1	1.3	1.5	-3.8	3.6	2.3	113.1	-1.6
98 J-M Ø	123.2	0.1	1.9	0.2	1.9	1.6	1.3	-1.9	3.5	2.2	121.5	-1.8
99 J-M Ø p	125.7	0.2	2.0	0.8	2.3	1.8	1.6	-2.7	3.6	2.4	...	...
97 Dec	122.9	0.3	2.0	2.0	3.2	0.4	1.4	0.6	3.5	2.0	129.5	5.0
98 Jan	123.2	0.2	2.0	0.2	2.6	1.1	1.3	-1.0	3.6	2.1	121.8	-1.9
Feb	122.9	-0.2	1.8	»	1.0	1.7	1.3	-2.1	3.5	2.2	123.4	-0.7
Mar	123.0	»	1.8	»	1.8	1.6	1.3	-2.3	3.2	2.1	122.3	-4.4
Apr	123.3	0.2	2.0	0.3	2.2	1.9	1.4	-1.8	3.5	2.3	120.4	-2.5
May	123.5	0.1	2.0	0.4	2.0	2.0	1.4	-2.5	3.6	2.4	119.9	0.8
Jun	123.5	0.1	2.1	0.5	2.9	1.8	1.4	-3.0	3.6	2.4	111.8	2.4
Jul	124.0	0.4	2.2	0.9	4.1	2.0	1.6	-3.0	3.6	2.5	105.6	3.1
Aug	124.3	0.3	2.1	1.1	3.8	2.0	1.6	-5.9	3.8	2.5	96.6	-3.5
Sep	124.4	0.1	1.6	1.2	1.8	0.7	1.5	-5.7	3.8	2.3	98.4	-5.8
Oct	124.4	»	1.7	1.2	2.2	0.6	1.6	-5.7	3.8	2.3	110.8	0.2
Nov	124.3	-0.1	1.4	1.1	0.5	0.5	1.6	-5.9	3.6	2.2	114.8	-4.0
Dec	124.7	0.3	1.4	1.4	0.9	0.4	1.6	-6.6	3.7	2.2	126.2	-2.5
99 Jan	125.1	0.4	1.5	0.4	0.8	1.0	1.5	-5.2	3.6	2.2	123.0	1.0
Feb p	125.2	0.1	1.8	0.4	2.5	1.4	1.5	-4.9	3.6	2.3	...	...
Mar p	125.7	0.4	2.2	0.9	3.2	1.9	1.6	-2.9	3.8	2.5	...	...
Apr p	126.2	0.4	2.4	1.2	3.0	2.2	1.6	-0.5	3.6	2.5	...	...
May p	126.2	»	2.2	1.2	1.8	2.3	1.5	0.1	3.4	2.5	...	...

CONSUMER PRICE INDEX
Annual percentage changes



CONSUMER PRICE INDEX
Annual percentage changes



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

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.

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

n Series depicted in chart

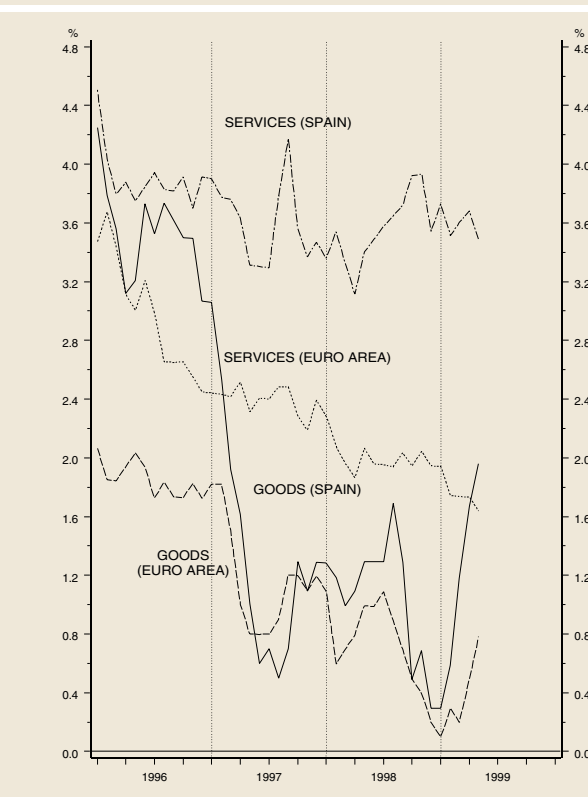
Annual percentage changes

	General index				Goods												Services	
	Spain	Euro area	Spain	Euro area	Food						Industrial						Spain	Euro area
					Total		Processed		Unprocessed		Spain	Euro area	Non-energy		Energy			
					Spain	Euro area	Spain	Euro area	Spain	Euro area			Spain	Euro area				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
96 Ø	3.6	2.2	3.4	1.8	3.7	1.9	4.8	1.9	2.8	1.9	3.3	1.8	3.1	1.6	3.7	2.6	3.9	2.9
97 Ø	1.9	1.6	1.2	1.1	0.4	1.4	-0.7	1.4	1.5	1.4	1.7	1.0	1.6	0.5	2.4	2.7	3.6	2.4
98 Ø	1.8	1.1	1.0	0.7	1.7	1.6	1.1	1.4	2.2	2.0	0.5	0.1	1.4	0.9	-3.7	-2.6	3.6	2.0
98 J-A Ø	1.8	1.2	1.1	0.8	1.8	1.7	1.1	1.4	2.4	2.3	0.7	0.3	1.2	0.7	-1.7	-1.4	3.3	2.0
99 J-A Ø	1.9	0.9	1.3	0.4	2.2	1.3	2.3	1.2	2.0	1.4	0.7	»	1.6	0.7	-3.3	-2.8	3.6	1.7
97 Nov	1.9	1.6	1.3	1.2	1.2	2.2	-0.2	1.5	2.5	3.1	1.4	0.7	1.4	0.6	1.3	1.3	3.5	2.4
97 Dec	1.9	1.5	1.3	1.1	1.5	2.0	-0.5	1.4	3.3	2.9	1.2	0.6	1.4	0.6	0.6	0.6	3.4	2.3
98 Jan	1.9	1.1	1.2	0.6	1.8	1.4	0.6	1.3	2.8	1.6	0.7	0.2	1.1	0.6	-1.0	-1.3	3.5	2.1
98 Feb	1.7	1.1	1.0	0.7	1.5	1.6	1.2	1.3	1.7	2.0	0.6	0.3	1.3	0.7	-2.0	-1.5	3.3	2.0
98 Mar	1.7	1.1	1.1	0.8	1.8	1.9	1.1	1.5	2.3	2.5	0.7	0.2	1.3	0.6	-2.3	-1.7	3.1	1.9
98 Apr	1.9	1.4	1.3	1.0	2.1	2.1	1.4	1.4	2.6	3.0	0.8	0.5	1.3	0.9	-1.8	-1.1	3.4	2.1
98 May	2.0	1.3	1.3	1.0	2.1	2.1	1.7	1.8	2.4	2.6	0.7	0.4	1.4	1.0	-2.5	-1.5	3.5	2.0
98 Jun	2.0	1.4	1.3	1.1	2.3	2.2	1.8	1.6	2.7	2.9	0.6	0.5	1.5	1.1	-2.9	-1.7	3.6	2.0
98 Jul	2.3	1.3	1.7	0.9	2.8	1.9	2.1	1.6	3.5	2.5	0.7	0.4	1.6	1.0	-3.0	-2.0	3.6	1.9
98 Aug	2.1	1.1	1.3	0.7	2.6	1.9	2.1	1.5	3.2	2.4	0.2	-	1.7	1.1	-5.9	-3.8	3.7	2.0
98 Sep	1.6	1.0	0.5	0.5	1.2	1.4	0.5	1.3	1.7	1.6	0.1	-0.1	1.5	1.1	-5.6	-3.9	3.9	1.9
98 Oct	1.6	0.9	0.7	0.4	1.2	1.2	0.3	1.3	2.1	1.0	0.3	-0.2	1.7	1.0	-5.7	-4.1	3.9	2.0
98 Nov	1.4	0.8	0.3	0.2	0.6	0.9	0.3	1.3	0.7	0.6	0.2	-0.2	1.6	1.0	-5.7	-4.5	3.5	1.9
98 Dec	1.4	0.8	0.3	0.1	0.6	1.1	0.1	1.1	1.0	0.9	0.1	-0.4	1.6	0.8	-6.5	-4.8	3.7	1.9
99 Jan	1.5	0.8	0.6	0.3	0.9	1.3	0.9	1.3	0.9	1.1	0.3	-0.3	1.6	0.8	-5.1	-4.4	3.5	1.7
99 Feb	1.8	0.8	1.2	0.2	2.1	1.4	2.0	1.3	2.1	1.5	0.5	-0.4	1.6	0.7	-4.9	-4.2	3.6	1.7
99 Mar	2.1	1.0	1.7	0.5	2.8	1.5	2.9	1.2	2.6	1.8	0.8	-	1.7	0.8	-2.8	-2.8	3.7	1.7
99 Apr	2.3	1.1	2.0	0.8	2.9	1.2	3.5	1.3	2.4	1.2	1.3	0.5	1.7	0.6	-0.4	0.3	3.5	1.6

HARMONISED INDEX OF CONSUMER PRICES
Annual percentage changes



HARMONISED INDEX OF CONSUMER PRICES
Annual percentage changes



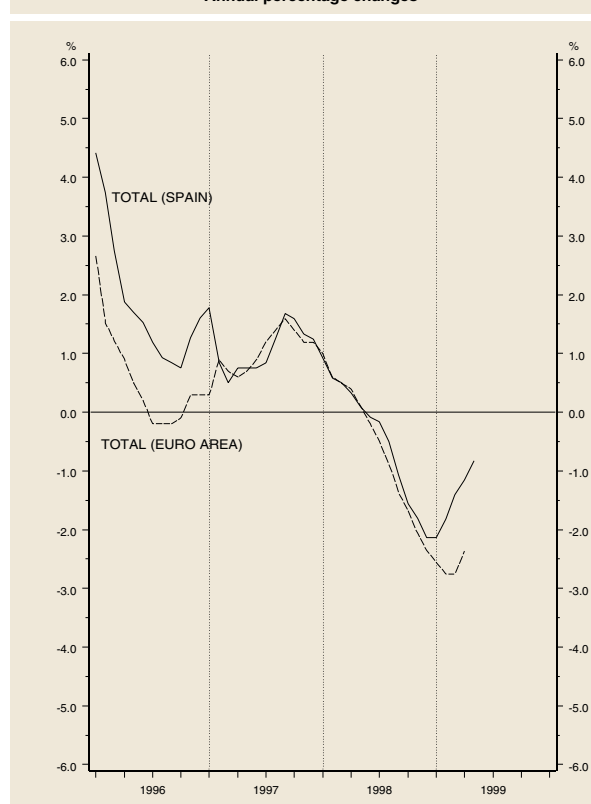
Source: EUROSTAT.

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

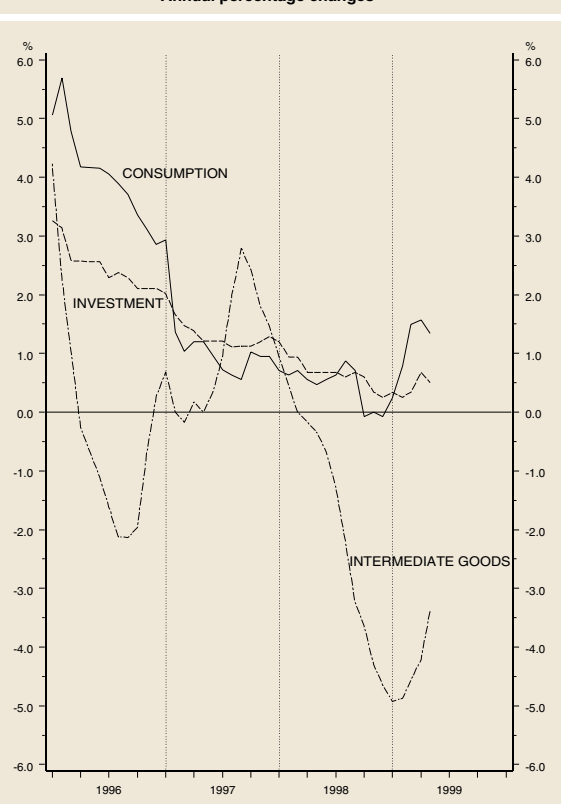
n Series depicted in chart

	General (100%)			Consumption (39,6%)		Investment (13,8%)		Intermediate goods (46,5%)		Memorandum item: euro area			
	Original series	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Total	Consumption	Investment	Intermediate goods
										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
96 Ø p	119.8	-	1.7	-	3.9	-	2.4	-	-0.5	0.4	1.7	1.2	-1.1
97 Ø p	121.0	-	1.0	-	0.9	-	1.3	-	1.1	1.1	0.8	0.2	1.1
98 Ø p	120.2	-	-0.7	-	0.4	-	0.6	-	-2.1	-0.8	0.4	0.4	-2.0
98 J-A Ø p	120.9	-	0.4	-	0.6	-	0.8	-	»	0.1	0.7	0.4	-0.5
99 J-A Ø p	119.3	-	-1.3	-	1.3	-	0.4	-	-4.3	...	...	...	...
97 Nov p	121.8	0.1	1.2	-	1.0	0.1	1.3	-	1.5	1.2	1.2	0.4	1.2
Dec p	121.5	-0.2	0.9	-0.1	0.7	-0.1	1.2	-0.4	0.9	1.0	1.1	0.4	0.8
98 Jan p	121.1	-0.3	0.6	-0.1	0.6	0.2	0.9	-0.7	0.4	0.6	1.1	0.4	0.1
Feb p	120.9	-0.2	0.5	-	0.7	0.2	0.9	-0.5	-	0.5	1.1	0.3	-0.1
Mar p	120.8	-0.1	0.3	-	0.6	0.1	0.7	-0.2	-0.2	0.4	1.0	0.4	-0.3
Apr p	120.7	-0.1	0.1	0.2	0.5	-	0.7	-0.3	-0.3	0.1	0.7	0.4	-0.5
May p	120.6	-0.1	-0.1	0.1	0.6	0.1	0.7	-0.2	-0.7	-0.2	0.6	0.4	-0.9
Jun p	120.4	-0.2	-0.2	-	0.6	-	0.7	-0.5	-1.3	-0.5	0.6	0.4	-1.3
Jul p	120.3	-0.1	-0.5	0.2	0.9	-	0.6	-0.3	-2.2	-0.9	0.6	0.6	-1.9
Aug p	120.1	-0.2	-1.1	-	0.7	-	0.7	-0.4	-3.2	-1.4	0.4	0.6	-2.9
Sep p	119.7	-0.3	-1.6	-0.2	-0.1	-0.1	0.6	-0.4	-3.6	-1.7	-	0.5	-3.1
Oct p	119.5	-0.2	-1.8	-0.1	-	-0.1	0.3	-0.4	-4.3	-2.1	-0.1	0.3	-3.7
Nov p	119.2	-0.3	-2.1	-0.1	-0.1	-	0.3	-0.4	-4.6	-2.4	-0.3	0.2	-4.2
Dec p	118.9	-0.3	-2.1	0.2	0.2	-	0.3	-0.7	-4.9	-2.6	-0.2	0.2	-4.6
99 Jan p	118.9	-	-1.8	0.5	0.8	0.1	0.3	-0.6	-4.9	-2.8	...	-	-4.9
Feb p	119.2	0.3	-1.4	0.7	1.5	0.3	0.3	-0.2	-4.6	-2.8	...	0.1	-4.9
Mar p	119.4	0.2	-1.2	0.1	1.6	0.4	0.7	0.2	-4.2	-2.4	...	-	-4.2
Apr p	119.7	0.3	-0.8	-0.1	1.3	-0.2	0.5	0.6	-3.4	...	...	...	...

PRODUCER PRICE INDEX
Annual percentage changes



PRODUCER PRICE INDEX
Annual percentage changes



Sources: INE and ECB.

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

(a) Spain 1990=100; euro area 1995=100.

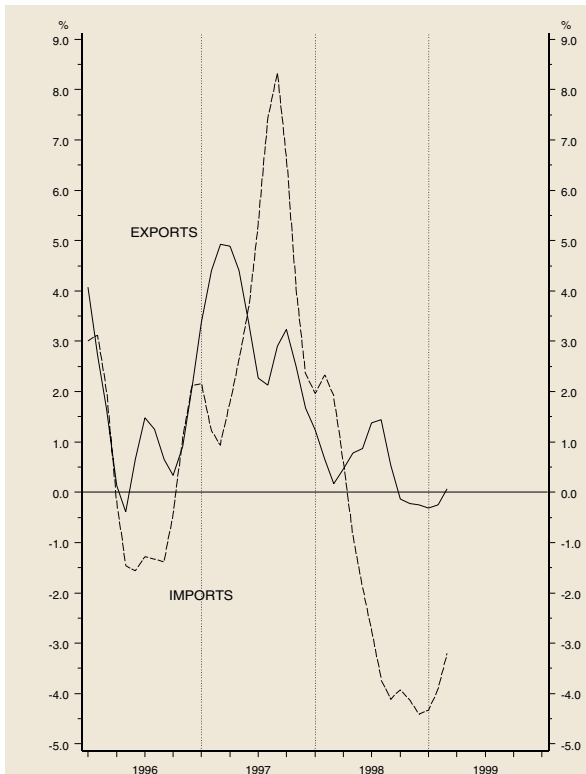
5.4. Unit value indices of Spanish foreign trade

n Series depicted in chart

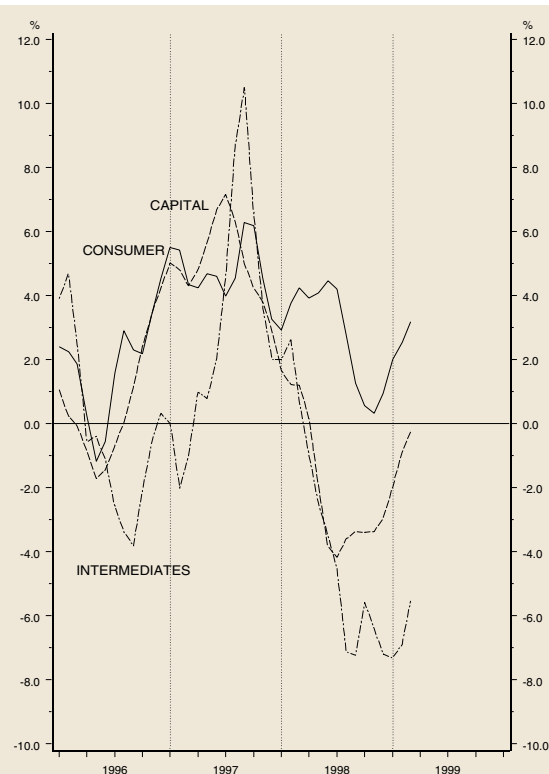
Annual percentage changes

	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
96	1.0	2.8	-0.2	0.2	16.4	-1.3	0.3	2.0	0.8	-0.5	17.9	-2.8
97	3.2	2.0	3.4	4.6	8.2	5.7	3.7	4.6	4.8	3.1	10.8	1.3
98	0.1	3.8	-3.9	-1.5	-20.1	»	-2.3	2.9	-2.8	-4.4	-29.5	0.6
98 J-F	-0.1	4.7	-5.9	-2.3	-16.6	-0.8	3.0	5.7	2.2	2.1	-20.5	6.1
99 J-F	-3.9	2.1	-17.0	-3.9	-22.9	-3.0	-6.2	-2.0	-4.1	-9.2	-33.7	-4.2
97 Sep	5.4	3.6	4.6	7.9	15.3	9.4	4.8	7.7	5.2	3.6	7.6	2.7
Oct	1.6	1.9	-5.7	4.6	-9.7	6.2	4.0	3.0	3.1	4.9	-3.8	5.9
Nov	1.6	3.1	-14.8	6.2	-13.6	8.2	2.8	3.5	6.4	1.4	-0.5	0.9
Dec	0.8	0.2	-6.1	3.6	-10.9	4.7	»	»	-2.1	0.8	-4.2	0.8
98 Jan	2.2	4.1	-0.2	1.1	-11.0	2.3	4.4	4.7	»	5.3	-17.8	9.4
Feb	-2.5	5.3	-12.3	-6.1	-22.9	-4.2	1.4	6.8	4.7	-1.4	-23.4	2.4
Mar	1.8	3.3	-1.6	1.4	-18.1	4.1	0.8	1.0	1.4	0.5	-21.3	4.7
Apr	0.7	6.5	-5.0	-2.0	-8.4	-0.7	-0.9	5.5	-0.8	-3.5	-19.4	-0.8
May	0.5	3.6	-8.5	1.1	-15.0	2.2	-2.4	3.9	-8.2	-3.2	-23.0	-0.1
Jun	0.9	2.3	2.6	-0.4	-17.5	-0.1	-1.9	6.5	-6.3	-4.0	-33.2	2.0
Jul	4.3	8.9	2.9	1.5	-15.9	1.9	-3.6	3.3	-0.8	-7.3	-28.3	-3.1
Aug	-1.2	4.0	-4.3	-3.6	-26.6	-1.2	-6.1	-1.2	-4.4	-9.2	-38.9	-1.3
Sep	-0.2	1.8	-1.6	-1.8	-20.3	»	-1.2	2.2	-2.5	-2.7	-30.9	2.3
Oct	-0.3	4.1	»	-4.5	-27.3	-2.8	-5.8	-2.1	-4.5	-8.2	-32.5	-3.5
Nov	-3.6	-1.9	-9.5	-2.2	-18.7	-1.2	-5.8	0.5	-8.4	-8.3	-39.8	-1.6
Dec	-1.3	3.4	-10.3	-2.5	-39.7	-0.4	-5.7	4.2	-3.4	-10.8	-45.3	-2.7
99 Jan	-2.9	2.7	-10.7	-5.0	-25.1	-3.9	-6.9	-1.0	-3.0	-11.1	-37.7	-6.0
Feb	-5.1	1.4	-23.9	-2.7	-20.6	-1.9	-5.4	-3.0	-5.4	-7.1	-29.4	-2.1

UNIT VALUE INDICES OF EXPORTS AND IMPORTS
(series smoothed with TRAMO-SEATS)



UNIT VALUE INDICES OF IMPORTS BY PRODUCT GROUP
(series smoothed with TRAMO-SEATS)



Sources: MEH and BE.

Note: The underlying series for this indicator are in Tables 17.6 and 17.7 of the *Boletín estadístico*.

6.1p. State (National Accounts): resources and uses

n Series depicted in chart.

ESP billions

	Net lending (+) or net borrowing (-)	Current and capital resources							Current and capital uses						
		Total	VAT on products	Taxes linked to production and imports except VAT	Interest, dividends and other incomes	Income and wealth taxes	Current and capital transfers, and current international cooperation	Other	Total	Compensa- tion of employees and net purchases	Interest	Subsidies to production	Current and capital transfers within general government	Gross fixed capital formation including net purchase of land	Other
	1=2-9	2=3 to 8 n	3 n	4 n	5	6 n	7	8	9=10 to 15 n	10 n	11 n	12	13 n	14 n	15
96 p	-2636	15512	3 370	2 197	737	7 193	1 064	951	18148	3 467	3 044	567	8 074	572	2 424
97 p	-1679	16042	3 676	2 250	714	7 233	1 190	976	17721	3 497	2 825	494	7 941	686	2 277
98 p	-1234	17317	4 052	2 634	853	7 377	1 394	1 007	18550	3 576	2 727	595	8 536	711	2 404
98 J-A p	-265	5 969	1 779	821	286	2 525	261	297	6 233	984	1 359	181	2 946	92	671
99 J-A p	-171	6 863	2 177	886	275	2 953	263	308	7 034	942	1 942	156	3 264	69	662
97 Nov p	-100	1 265	166	189	360	424	53	73	1 364	299	180	32	625	62	166
Dec p	-620	1 398	124	196	-1	407	544	127	2 019	542	12	91	622	342	408
98 Jan p	-283	1 164	-62	207	6	832	109	72	1 447	204	267	12	800	»	164
Feb p	212	1 956	1 078	191	257	324	30	76	1 744	229	486	54	745	19	212
Mar p	-633	736	134	201	4	249	73	74	1 369	255	240	73	611	46	143
Apr p	441	2 114	628	222	19	1 121	49	75	1 673	295	366	43	790	27	152
May p	-383	914	137	216	2	350	137	73	1 296	236	104	54	719	36	147
Jun p	-550	1 129	136	206	12	598	47	130	1 680	419	112	67	815	50	216
Jul p	567	1 964	631	228	8	908	115	74	1 397	263	116	29	809	-25	205
Aug p	-133	1 126	-56	230	90	749	39	74	1 259	239	243	47	565	18	147
Sep p	-9	1 209	413	251	23	329	119	74	1 219	281	35	45	675	37	146
Oct p	551	2 082	702	232	9	1 016	47	75	1 531	269	305	38	679	36	204
Nov p	-27	1 495	212	229	383	532	65	75	1 522	272	222	39	755	45	190
Dec p	-984	1 428	99	221	40	369	565	135	2 412	614	231	94	573	424	477
99 Jan p	-689	1 382	-45	251	5	1 009	90	72	2 070	211	811	15	870	»	163
Feb p	488	2 312	1 269	185	255	471	51	82	1 825	217	477	48	889	1	193
Mar p	-711	830	189	211	8	273	72	77	1 541	252	297	59	766	30	137
Apr p	741	2 339	765	239	7	1 200	50	78	1 598	261	358	34	738	37	170

6.1e. State (National Accounts). Resources and uses

n Series depicted in chart.

EUR millions

	Net lending (+) or net borrowing (-)	Current and capital resources							Current and capital uses						
		Total	VAT on products	Taxes linked to production and imports except VAT	Interest, dividends and other incomes	Income and wealth taxes	Current and capital transfers, and current international cooperation	Other	Total	Compensa- tion of employees and net purchases	Interest	Subsidies to production	Current and capital transfers within general government	Gross fixed capital formation including net purchase of land	Other
	1=2-9	2=3 to 8 n	3 n	4 n	5	6 n	7	8	9=10 to 15 n	10 n	11 n	12	13 n	14 n	15
96 p	-15840	93231	20253	13207	4 427	43230	6 395	5 718	109071	20837	18297	3 408	48527	3 435	14566
97 p	-10091	96412	22095	13526	4 293	43471	7 155	5 868	106503	21019	16978	2 967	47726	4 125	13683
98 p	-7414	104074	24351	15833	5 130	44334	8 376	6 051	111488	21493	16389	3 578	51305	4 275	14447
98 J-A p	-1591	35872	10689	4 932	1 719	15177	1 568	1 787	37462	5 913	8 169	1 088	17705	556	4 033
99 J-A p	-1030	41246	13086	5 325	1 652	17750	1 580	1 852	42276	5 660	11673	936	19614	412	3 981
97 Nov p	-598	7 602	996	1 137	2 164	2 548	320	436	8 200	1 795	1 081	195	3 759	372	998
Dec p	-3729	8 404	746	1 180	-6	2 445	3 269	764	12133	3 257	73	549	3 737	2 058	2 454
98 Jan p	-1703	6 993	-370	1 244	36	5 000	653	431	8 696	1 229	1 605	72	4 808	-1	983
Feb p	1 271	11753	6 479	1 148	1 542	1 947	178	459	10482	1 375	2 918	323	4 477	113	1 275
Mar p	-3807	4 422	807	1 205	26	1 496	442	447	8 229	1 534	1 445	438	3 674	279	860
Apr p	2 648	12703	3 774	1 334	115	6 735	296	449	10055	1 775	2 200	255	4 745	165	915
May p	-2299	5 493	824	1 296	12	2 102	821	439	7 792	1 419	626	326	4 323	214	884
Jun p	-3308	6 788	816	1 241	74	3 594	282	781	10096	2 519	676	405	4 899	298	1 299
Jul p	3 409	11806	3 792	1 372	48	5 460	689	446	8 397	1 579	697	174	4 865	-152	1 235
Aug p	-801	6 768	-338	1 385	542	4 501	234	445	7 569	1 435	1 460	285	3 395	110	884
Sep p	-55	7 269	2 484	1 506	139	1 979	715	445	7 324	1 686	212	273	4 056	220	876
Oct p	3 309	12510	4 217	1 397	57	6 108	282	450	9 201	1 620	1 833	228	4 083	214	1 225
Nov p	-162	8 987	1 272	1 377	2 301	3 196	391	449	9 148	1 634	1 331	237	4 535	269	1 143
Dec p	-5916	8 582	596	1 329	240	2 215	3 393	809	14498	3 688	1 387	563	3 444	2 548	2 870
99 Jan p	-4140	8 303	-270	1 510	29	6 064	539	432	12443	1 270	4 876	91	5 228	-1	979
Feb p	2 932	13898	7 625	1 111	1 533	2 831	307	490	10965	1 306	2 865	285	5 344	8	1 157
Mar p	-4276	4 987	1 134	1 267	46	1 643	435	463	9 263	1 517	1 783	355	4 603	183	822
Apr p	4 454	14058	4 598	1 436	44	7 212	300	467	9 604	1 567	2 149	205	4 438	222	1 023

Sources: INE, National Accounts (annual data up to 1996, inclusive), and MEH (IGAE) (monthly series and annual figures as from 1997).

6.2p. State: financial transactions

n Series depicted in chart

ESP billions

	Net lending(+) or net borrowing (-)	Net change in financial assets		Net change in liabilities										Net change in liabilities (excluding other liabilities)
				of which		By instrument (excluding other liabilities)				By counterpart sector (excluding other liabilities)				
		Total	Deposits at the Banco de España	Total	In currencies other than the peseta/euro	Short-term securities	Government bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Held by resident sectors			Rest of the world	
										Total	General government	Other resident sectors		
1=2-4 n	2	3	4	5	6 n	7 n	8	9 n	10=11+12	11	12	13	14=6 a 9= =10+13 n	
96 p	-2636	2 082	968	4 718	215	1 671	3 365	-39	199	4 946	34	4 912	250	5 196
97 p	-1679	-164	-893	1 515	356	-1560	4 592	-39	-1436	161	-20	181	1 396	1 556
98 p	-1234	264	74	1 498	1 075	-1972	4 007	-39	-412	538	-19	557	1 046	1 584
98 J-A p	-265	1 344	1 621	1 609	131	-889	2 795	-	-317	2 560	-	2 560	-971	1 589
99 J-A p	-171	...	380	...	6	-1225	1 355	-	-34	...	-	...	...	96
97 Nov p	-100	-77	-455	22	-24	-647	551	-	-107	-336	-	-336	132	-204
Dec p	-620	-557	-611	63	-32	-176	514	-39	-16	-167	-20	-147	450	283
98 Jan p	-283	1 033	851	1 316	-5	143	698	-	-42	680	-	680	119	799
Feb p	212	519	1 075	308	-13	157	563	-	-67	779	-	779	-125	654
Mar p	-633	-532	-730	102	149	-384	724	-	-106	1 028	-	1 028	-794	234
Apr p	441	324	425	-117	-1	-805	809	-	-102	73	-	73	-171	-98
May p	-383	-396	-318	-13	25	-422	618	-	-3	-120	-	-120	313	193
Jun p	-550	266	436	816	163	-323	1 032	-	-16	-94	-	-94	788	693
Jul p	567	791	641	224	356	-540	895	-	-33	-844	-	-844	1 167	323
Aug p	-133	-467	-427	-333	63	290	-480	-	-39	130	-	130	-359	-229
Sep p	-9	645	507	654	21	266	518	-	-94	77	-	77	613	690
Oct p	551	1 351	1 396	800	45	191	511	-	-5	817	-	817	-121	696
Nov p	-27	-1794	-1913	-1767	244	-458	-1358	-	95	-1229	-	-1229	-492	-1721
Dec p	-984	-1477	-1868	-493	27	-86	-525	-39	»	-757	-19	-738	106	-651
99 Jan p	-689	...	279	...	-	-552	576	-	-17	-1186	-	-1186	1 193	7
Feb p	488	...	871	...	-39	-161	598	-	-10	720	-	720	-292	428
Mar p	-711	...	-1161	...	-4	-498	623	-	-2	-1132	-	-1132	1 255	123
Apr p	741	...	390	...	49	-14	-442	-	-5	...	-	...	...	-461

6.2e. State: financial transactions

n Series depicted in chart

EUR millions

	Net lending(+) or net borrowing (-)	Net change in financial assets		Net change in liabilities										Net change in liabilities (excluding other liabilities)
				of which		By instrument (excluding other liabilities)				By counterpart sector (excluding other liabilities)				
		Total	In currencies other than the peseta/euro			Short-term securities	Government bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Held by resident sectors			Rest of the world	
				Total	General government					Other resident sectors				
1=2-4 n	2	3	4	5	6 n	7 n	8	9 n	10=11+12	11	12	13	14=6 a 9= =10+13 n	
96 p	-15840	12513	5 815	28353	1 293	10044	20223	-236	1 198	29726	204	29522	1 502	31229
97 p	-10091	-983	-5365	9 107	2 137	-9378	27597	-236	-8630	965	-120	1 085	8 388	9 353
98 p	-7414	1 589	444	9 002	6 461	-11852	24082	-236	-2474	3 234	-116	3 350	6 285	9 519
98 J-A p	-1591	8 079	9 740	9 670	788	-5341	16796	-	-1906	15384	-	15384	-5836	9 549
99 J-A p	-1030	...	2 283	...	37	-7361	8 146	-	-206	...	-	...	...	579
97 Nov p	-598	-464	-2736	135	-144	-3891	3 312	-	-646	-2021	-	-2021	796	-1225
Dec p	-3729	-3349	-3674	381	-191	-1057	3 091	-236	-99	-1005	-120	-885	2 703	1 699
98 Jan p	-1703	6 207	5 112	7 910	-28	862	4 193	-	-253	4 087	-	4 087	715	4 802
Feb p	1 271	3 122	6 462	1 850	-77	946	3 387	-	-404	4 682	-	4 682	-752	3 930
Mar p	-3807	-3197	-4387	610	898	-2309	4 352	-	-638	6 179	-	6 179	-4773	1 406
Apr p	2 648	1 947	2 553	-701	-4	-4841	4 864	-	-612	437	-	437	-1026	-589
May p	-2299	-2377	-1912	-78	151	-2538	3 717	-	-16	-722	-	-722	1 884	1 162
Jun p	-3308	1 599	2 618	4 906	982	-1941	6 205	-	-98	-568	-	-568	4 734	4 166
Jul p	3 409	4 755	3 851	1 347	2 137	-3246	5 382	-	-196	-5074	-	-5074	7 014	1 940
Aug p	-801	-2804	-2567	-2004	380	1 741	-2883	-	-234	781	-	781	-2158	-1376
Sep p	-55	3 876	3 050	3 931	124	1 596	3 115	-	-564	461	-	461	3 686	4 147
Oct p	3 309	8 117	8 392	4 808	272	1 147	3 068	-	-30	4 910	-	4 910	-725	4 186
Nov p	-162	-10780	-11499	-10618	1 465	-2750	-8161	-	568	-7388	-	-7388	-2954	-10343
Dec p	-5916	-8877	-11229	-2961	163	-519	-3156	-236	1	-4551	-116	-4435	640	-3911
99 Jan p	-4140	...	1 680	...	-	-3318	3 462	-	-102	-7125	-	-7125	7 167	42
Feb p	2 932	...	5 236	...	-234	-966	3 594	-	-58	4 325	-	4 325	-1754	2 571
Mar p	-4276	...	-6978	...	-22	-2994	3 746	-	-14	-6804	-	-6804	7 541	737
Apr p	4 454	...	2 345	...	293	-83	-2656	-	-32	...	-	...	...	-2771

Source: BE.

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

6.3p. State: liabilities outstanding

n Series depicted in chart

ESP billions

	Liabilities outstanding (excluding other liabilities)										Memorandum item: Deposits at the Banco de España
	State debt according to the excessive deficit procedure 1=3 a 6-8= =7+10-8	of which	By instrument				By counterpart sector				
		In currencies other than the peseta/euro	Short-term securities	Government bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Held by resident sectors			Rest of the world	
							Total	General government	Other resident sectors		
	n	2	3	4	5	6	7=8+9	8	9	10	11
96 p	43668	3 402	13501	25420	1 799	3 028	34761	80	34681	8 988	2 528
97 p	45357	3 871	11945	30105	1 760	1 607	34922	60	34862	10495	1 635
98 p	46978	4 964	9 974	34153	1 721	1 171	35532	41	35491	11487	1 709
97 Nov p	45045	3 893	12121	29580	1 799	1 625	35089	80	35009	10036	2 247
Dec p	45357	3 871	11945	30105	1 760	1 607	34922	60	34862	10495	1 635
98 Jan p	46199	3 908	12088	30841	1 760	1 570	35603	60	35543	10656	2 486
Feb p	46845	3 888	12246	31399	1 760	1 500	36381	60	36321	10524	3 561
Mar p	47076	4 035	11862	32118	1 760	1 397	37193	60	37133	9 943	2 831
Apr p	46945	4 000	11056	32899	1 760	1 289	37265	60	37205	9 739	3 256
May p	47095	3 982	10635	33477	1 760	1 283	37145	60	37085	10010	2 938
Jun p	47809	4 167	10312	34529	1 760	1 268	37051	60	36991	10818	3 373
Jul p	48092	4 482	9 772	35388	1 760	1 232	36206	60	36146	11946	4 014
Aug p	47879	4 562	10061	34916	1 760	1 202	36336	60	36276	11604	3 587
Sep p	48507	4 520	10327	35399	1 760	1 081	36412	60	36352	12155	4 095
Oct p	49300	4 662	10518	35999	1 760	1 083	37229	60	37169	12131	5 491
Nov p	47573	4 900	10060	34636	1 760	1 177	36001	60	35941	11633	3 578
Dec p	46978	4 964	9 974	34153	1 721	1 171	35532	41	35491	11487	1 709
99 Jan p	47006	4 258	9 422	34749	1 721	1 155	34828	41	34787	12219	1 989
Feb p	47461	3 997	9 261	35370	1 721	1 150	35829	41	35789	11672	2 860
Mar p	47617	3 860	8 763	36032	1 721	1 142	34865	41	34824	12793	1 699
Apr p	47173	3 926	8 749	35606	1 721	1 138	...	41	...	...	2 089

6.3e. State liabilities outstanding

n Series depicted in chart

EUR millions

	Liabilities outstanding (excluding other liabilities)										Memorandum item: Deposits at the Banco de España
	of which		By instrument				By counterpart sector				
	State debt according to the excessive deficit procedure 1=3 a 6-8= =7+10-8	In currencies other than the peseta/euro	Short-term securities	Government bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Held by resident sectors			Rest of the world	
							Total	General government	Other resident sectors		
n	2	3	4	5	6	7=8+9	8	9	10	11	
96 p	262451	20447	81144	152775	10814	18198	208915	481	208434	54016	15195
97 p	272603	23263	71790	180935	10578	9 661	209888	361	209527	63076	9 829
98 p	282346	29832	59944	205266	10341	7 040	213551	245	213306	69040	10273
97 Nov	270728	23398	72846	177781	10814	9 767	210892	481	210411	60317	13503
Dec	272603	23263	71790	180935	10578	9 661	209888	361	209527	63076	9 829
98 Jan	277659	23489	72651	185356	10578	9 435	213976	361	213615	64044	14941
Feb	281546	23369	73598	188714	10578	9 017	218657	361	218296	63250	21403
Mar	282933	24248	71289	193033	10578	8 394	223534	361	223174	59760	17016
Apr	282144	24043	66449	197729	10578	7 749	223969	361	223609	58535	19569
May	283045	23933	63916	201201	10578	7 711	223246	361	222885	60160	17657
Jun	287337	25041	61975	207525	10578	7 620	222679	361	222318	65018	20275
Jul	289036	26937	58729	212688	10578	7 402	217601	361	217240	71795	24126
Aug	287760	27418	60469	209848	10578	7 226	218382	361	218021	69739	21559
Sep	291532	27167	62065	212751	10578	6 499	218838	361	218478	73054	24609
Oct	296301	28021	63212	216359	10578	6 512	223751	361	223391	72910	33001
Nov	285922	29450	60462	208168	10578	7 074	216367	361	216007	69915	21502
Dec	282346	29832	59944	205266	10341	7 040	213551	245	213306	69040	10273
99 Jan	282511	25592	56626	208844	10341	6 944	209320	245	209075	73435	11952
Feb	285244	24021	55660	212577	10341	6 911	215339	245	215094	70150	17188
Mar	286183	23201	52666	216555	10341	6 866	209542	245	209298	76886	10211
Apr	283515	23597	52583	213996	10341	6 839	...	245	...	...	12556

Source: BE.

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

7.1. The Spanish balance of payments vis-à-vis other euro area residents and the rest of the world. **Summary and breakdown of the current account**

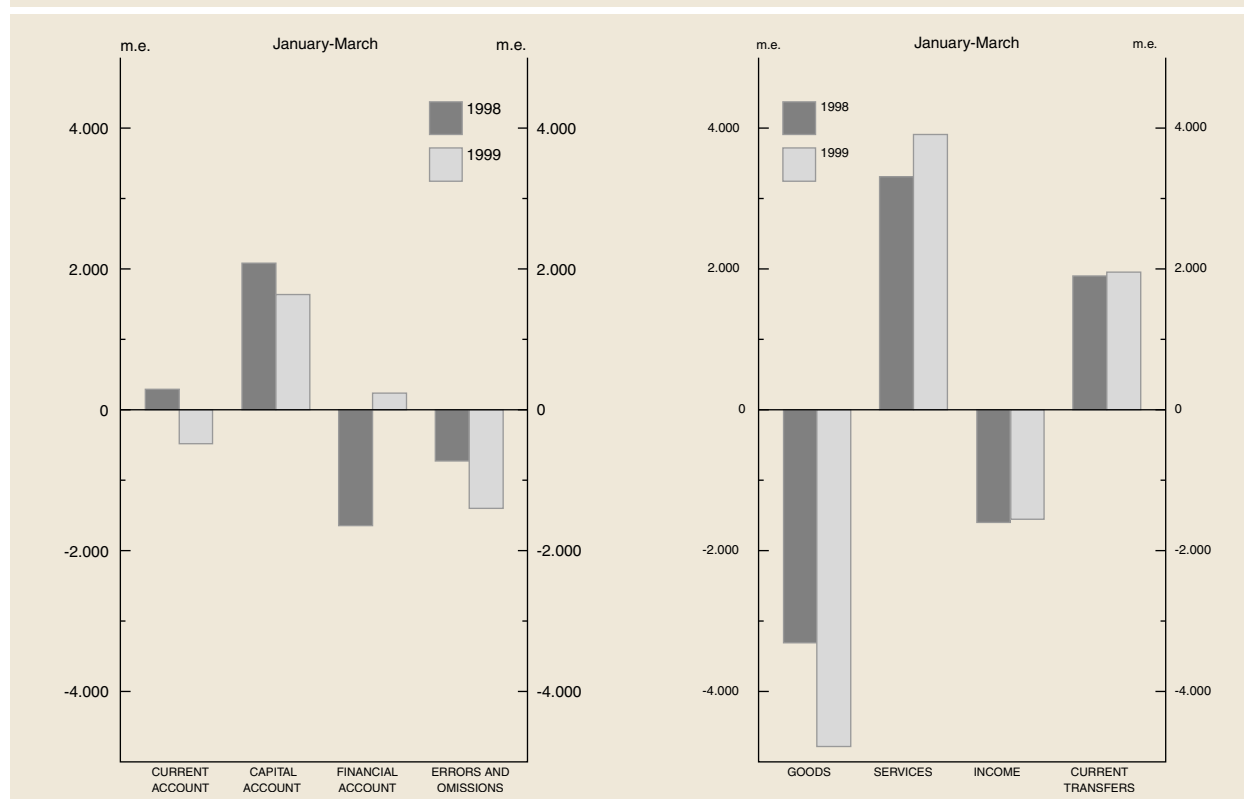
n Series depicted in chart.

EUR millions

	Current account (a)													Capital account (balance) (a)	Financial account (balance) (b)	Net errors and omissions
	Goods				Services				Income			Current transfers (balance)				
	Total	Balance	Receipts	Payments	Balance	Receipts		Payments		Balance	Receipts		Payments			
						Total	Of which	Total	Of which							
1=2+5+ +10+13 n	2=3-4 n	3	4	5=6-8 n	6	7 Tourism	8	9 Tourism	10=11-12 n	11	12	13 n	14 n	15 n	16 n	
96	184	-12196	78242	90438	15104	33770	20974	18666	3 748	-4636	10710	15347	1 912	5 048	-3171	-2061
97	2 047	-11587	93700	105287	16974	38876	23668	21902	3 973	-5910	11554	17464	2 570	5 606	-2757	-4897
98	-1269	-16676	98485	115160	18991	43973	26793	24982	4 491	-6746	13027	19774	3 163	5 624	-990	-3365
98 J-M	294	-3306	24290	27596	3 309	9 020	5 082	5 711	878	-1606	3 054	4 660	1 897	2 081	-1647	-728
99 J-M a	-480	-4783	24250	29033	3 908	10211	5 829	6 302	1 063	-1560	3 716	5 276	1 954	1 636	239	-1395
97 Dec	-1588	-1408	8 049	9 457	895	2 916	1 493	2 021	311	-1010	1 355	2 364	-65	625	1 272	-309
98 Jan	-223	-882	7 319	8 201	980	2 920	1 603	1 941	286	-857	828	1 685	537	1 455	-620	-612
Feb	1 399	-956	8 038	8 994	982	2 767	1 569	1 785	266	112	1 183	1 071	1 261	270	-1222	-447
Mar	-882	-1467	8 933	10400	1 348	3 333	1 910	1 985	326	-861	1 043	1 904	98	356	195	332
Apr	277	-566	8 654	9 220	1 445	3 430	2 073	1 985	353	-647	924	1 571	45	327	48	-652
May	143	-1186	8 876	10062	1 514	3 490	2 141	1 976	323	-484	961	1 445	298	350	-225	-267
Jun	-89	-1332	9 067	10399	1 944	4 095	2 503	2 151	391	-996	1 166	2 161	295	175	126	-212
Jul	909	-940	8 659	9 598	2 398	4 909	3 198	2 511	516	-883	1 050	1 933	333	359	-1037	-231
Aug	1 086	-1810	5 832	7 642	2 368	4 389	3 000	2 020	440	51	1 109	1 059	478	670	-1834	77
Sep	-1038	-2355	7 914	10269	1 833	4 031	2 655	2 198	464	-621	1 304	1 925	105	209	749	80
Oct	-12	-1198	8 973	10171	1 651	3 874	2 353	2 223	425	-467	1 086	1 553	2	233	1 019	-1240
Nov	-464	-2015	8 266	10281	1 401	3 459	2 098	2 058	340	101	1 311	1 209	48	229	873	-639
Dec	-2374	-1968	7 954	9 921	1 126	3 276	1 691	2 150	361	-1195	1 062	2 257	-337	990	938	446
99 Jan p	-1575	-1456	6 893	8 349	1 093	3 107	1 773	2 013	317	-904	943	1 848	-308	1 513	445	-384
Feb p	1 406	-1357	7 833	9 190	1 178	3 150	1 796	1 972	313	-144	1 164	1 307	1 729	46	-735	-717
Mar a	-311	-1970	9 524	11494	1 637	3 954	2 260	2 318	432	-512	1 609	2 121	534	76	529	-294

SUMMARY

CURRENT ACCOUNT



Source: BE. Data computed according to the edition of the IMF *Balance of Payments Manual* (Fifth edition, 1993). As a consequence of the start of Stage Three of EMU, the balance of payments series have been revised. The changes introduced are explained in the March 1999 issue of the *Boletín estadístico*.

(a) A positive sign in the current and capital accounts 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 in the financial account balance (the net change in liabilities exceeds the net change in financial assets) means a net credit inflow, i.e. a net foreign loan to Spain (increase in the debtor position or decrease in the creditor position).

7.2. The Spanish balance of payments vis-à-vis other euro area residents and the rest of the world. Breakdown of the financial account

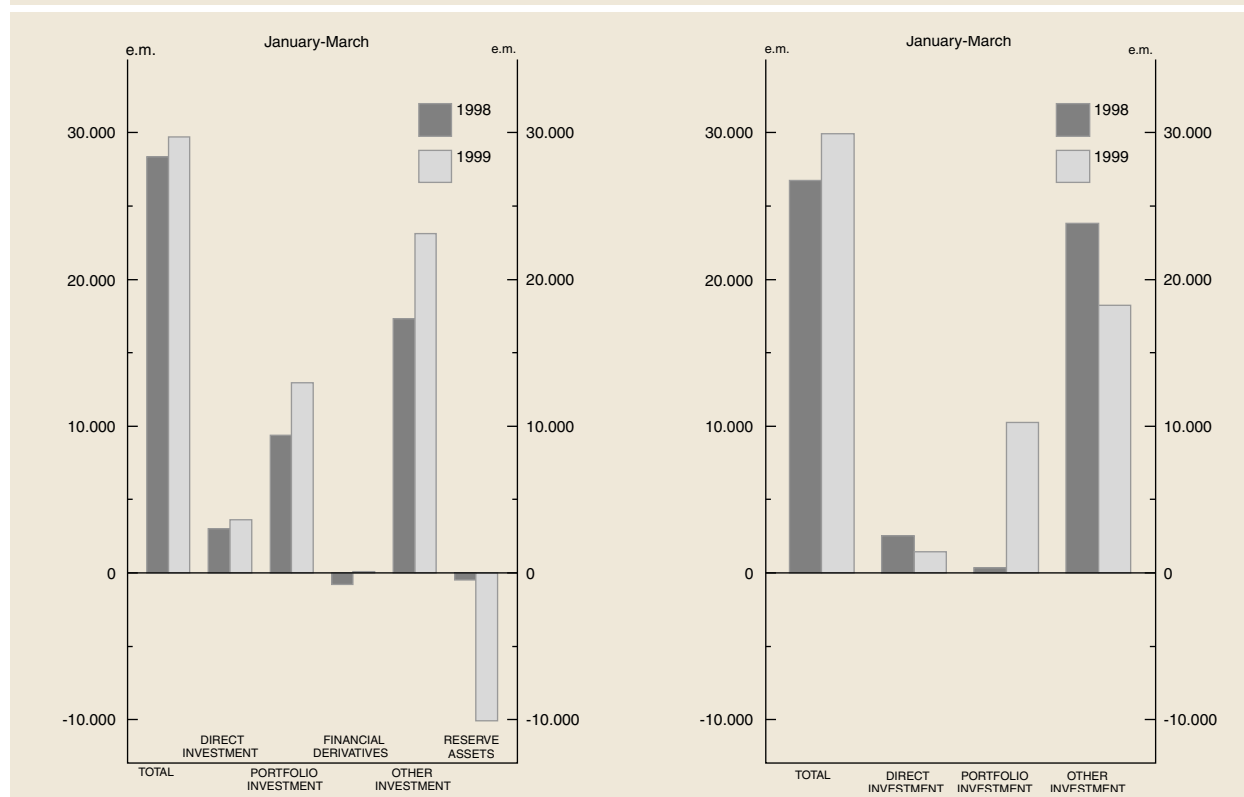
n Series depicted in chart.

EUR millions

	Balance (Net change in liabilities-Net change in financial assets) (a)	Net change in financial assets						Net change in liabilities			
		Total	Spanish Investment abroad			Other investment (b)	Reserve assets	Total	Foreign Investment in Spain		Other investment (b)
			Direct	Portfolio	Financial derivatives (NCA-NCL)				Direct (c)	Portfolio (d)	
	1=8-2	2=3 a 7 n	3 n	4 n	5 n	6 n	7 n	8=9 a 11 n	9 n	10 n	11 n
96	-3171	24295	4 202	2 806	667	-1842	18462	21123	5 125	2 356	13642
97	-2757	37236	10970	14374	-15	1 555	10352	34479	5 621	11068	17790
98	-990	66671	16509	38600	2 185	21625	-12248	65681	10152	15353	40176
98 J-M	-1647	28383	3 010	9 363	-805	17314	-499	26736	2 528	364	23844
99 J-M a	239	29715	3 622	12955	92	23126	-10080	29954	1 455	10245	18254
97 Dec	1 272	-3946	1 678	694	-117	-6304	102	-2673	850	1 962	-5486
98 Jan	-620	22014	1 031	2 560	-248	19083	-413	21394	1 326	1 094	18974
Feb	-1222	11193	810	2 670	-43	7 612	143	9 971	684	3 038	6 249
Mar	195	-4824	1 169	4 133	-515	-9381	-229	-4629	518	-3768	-1379
Apr	48	-1382	828	1 893	407	-3684	-826	-1334	1 281	-2026	-588
May	-225	2 085	892	1 028	390	-460	235	1 859	194	6 014	-4348
Jun	126	14550	1 471	1 805	360	11155	-241	14676	424	6 249	8 003
Jul	-1037	12700	3 072	2 571	240	6 183	633	11663	779	8 229	2 654
Aug	-1834	1 386	1 265	2 827	245	-2854	-98	-448	502	-2626	1 676
Sep	749	11525	1 121	1 573	855	7 438	538	12273	968	1 955	9 350
Oct	1 019	1 572	2 782	3 248	463	-6047	1 127	2 591	1 238	1 470	-117
Nov	873	4 823	471	6 379	-55	-832	-1140	5 696	532	-3101	8 265
Dec	938	-8970	1 596	7 913	85	-6587	-11977	-8032	1 706	-1176	-8563
99 Jan p	445	28106	1 989	2 216	445	28614	-5157	28552	113	-70	28509
Feb p	-735	2 216	938	6 633	604	-4398	-1562	1 481	806	522	153
Mar a	529	-607	695	4 105	-957	-1089	-3362	-78	536	9 794	-10408

NET CHANGE IN FINANCIAL ASSETS

NET CHANGE IN LIABILITIES



Source: BE. Data computed according to the of the IMF *Balance of Payments Manual* (Fifth edition, 1993). As a consequence of the start of Stage Three of EMU, the balance of payments series have been revised. The changes introduced are explained in the March 1999 issue of the *Boletín estadístico*.

(a) Changes in financial assets and liabilities are both net of repayments. Financial derivatives have been included in the change in financial assets although they are obtained as the balance of assets less liabilities. A positive sign in the financial account balance means a net credit inflow, i.e. a net foreign loan to Spain (increase in the debtor position or decrease in the creditor position).

(b) Mainly, loans, deposits and repo operations.

(c) Does not include direct investment in listed shares but includes portfolio investment in non-listed shares.

(d) Includes direct investment in listed shares but does not include portfolio investment in non-listed shares.

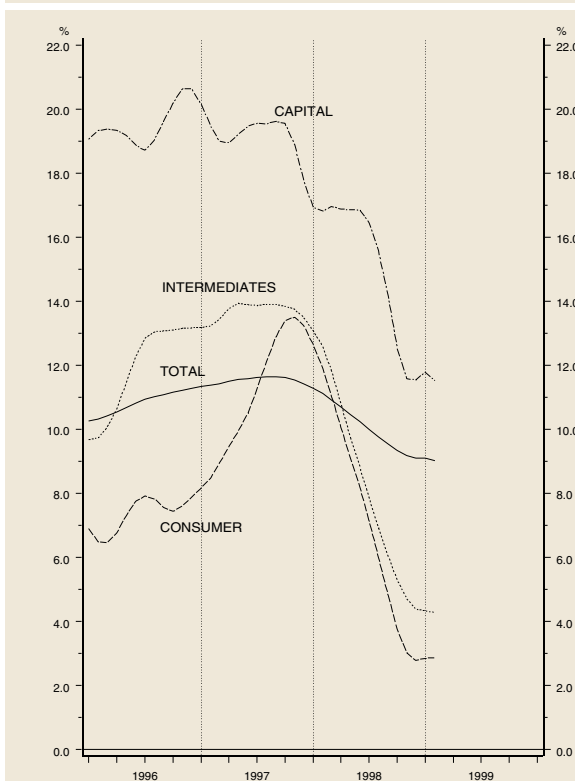
7.3. Spanish foreign trade with other euro area countries and with the rest of the world Exports and dispatches

n Series depicted in chart.

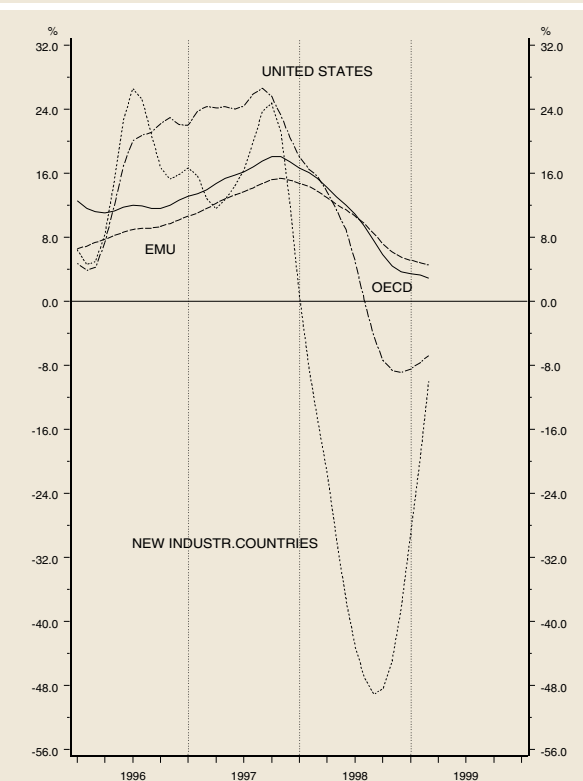
Annual percentage changes

	Total			By product (deflated data)						By geographical area (nominal data)								
	EUR millions	Nominal	Deflated	Consumer	Capital	Intermediate			OECD					OPEC	Other american countries	Newly industrial- ised countries	Other	
						Total	Energy	Non-energy	Total	of which		United States of America	Other OECD members					
										European Union	Euro area							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17		
94	58578	25.7	20.6	22.4	21.8	18.5	-7.6	20.1	28.2	34.6	30.2	27.4	26.1	-0.9	32.0	36.8	10.9	
95	69962	19.4	12.3	12.0	16.4	11.4	22.3	11.0	18.2	20.8	21.4	0.7	18.7	11.9	37.6	4.7	29.4	
96	78212	11.8	10.6	6.1	24.5	10.8	11.2	10.8	11.1	9.9	9.8	13.5	11.4	5.1	24.3	17.6	12.3	
97	93419	19.4	15.8	13.8	21.8	15.6	12.2	15.8	18.9	8.5	16.2	25.2	22.2	16.4	17.7	14.6	27.1	
98	p	97902	7.5	7.3	5.2	16.0	6.6	13.2	6.3	9.7	14.9	10.1	2.4	8.8	4.4	6.3	-34.6	0.9
98	Feb	7 982	23.0	26.2	18.2	34.5	31.3	18.2	32.0	24.3	28.9	23.4	23.1	22.9	25.1	13.4	-17.7	23.8
	Mar	8 881	14.4	12.3	18.4	13.9	7.1	26.2	6.5	19.9	22.4	17.9	21.5	18.9	13.3	2.7	2.9	-13.4
	Apr	8 582	5.2	4.5	-1.0	10.3	7.3	-6.9	7.9	4.9	5.9	1.7	8.4	4.3	15.1	4.6	-35.2	14.1
	May	8 818	13.0	12.5	10.9	30.7	8.0	21.8	7.4	15.2	22.5	13.4	12.5	13.1	-0.1	20.3	-42.6	6.1
	Jun	8 999	16.7	15.6	13.6	32.3	11.9	40.9	10.9	18.3	32.3	21.2	18.9	13.6	-0.4	22.4	-43.8	18.1
	Jul	8 586	12.5	7.9	5.0	26.1	4.7	7.6	4.6	14.7	23.1	18.4	-3.6	13.8	-5.6	26.5	-42.2	8.1
	Aug	5 786	8.2	9.5	7.3	36.5	4.0	14.7	3.3	11.2	14.6	14.2	-5.9	11.9	7.3	18.0	-58.5	2.4
	Sep	7 889	-3.1	-2.9	-3.6	-9.3	0.1	-6.8	0.5	-0.5	11.0	0.3	-17.5	-2.8	-10.0	5.3	-48.7	-17.5
	Oct	8 878	-9.6	-9.3	-10.3	-19.7	-4.1	-14.3	-3.6	-8.1	-8.3	-9.8	-14.9	-7.5	3.4	-13.4	-49.8	-14.2
	Nov	8 204	-3.2	0.4	-3.1	17.3	-2.3	-8.4	-2.1	0.1	7.2	»	-6.1	-1.6	-1.5	-25.8	-44.9	-9.2
	Dec	8 009	0.9	2.2	1.4	13.7	-0.7	35.4	-2.4	4.9	3.0	6.9	-13.3	7.0	-11.0	-8.7	-17.7	-16.3
99	Jan	6 824	-6.4	-3.6	-7.3	19.2	-6.3	-11.5	-6.1	-3.5	-3.6	-5.1	-7.6	-3.2	-14.1	-24.0	-23.3	-17.8
	Feb	7 785	-2.5	2.8	0.2	36.6	-5.5	-30.3	-4.4	-0.3	-1.1	1.3	-4.2	0.2	-19.4	-4.6	-12.0	-13.6
	Mar	9 522	7.2	»	»	»	»	»	»	7.9	3.7	8.1	8.8	9.2	14.8	2.6	9.9	1.6

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



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



Sources: MEH and BE.

Note: The underlying series for this indicator are in Tables 17.4 and 17.5 of the BE *Boletín estadístico*.

(a) Series deflated by unit value indices.

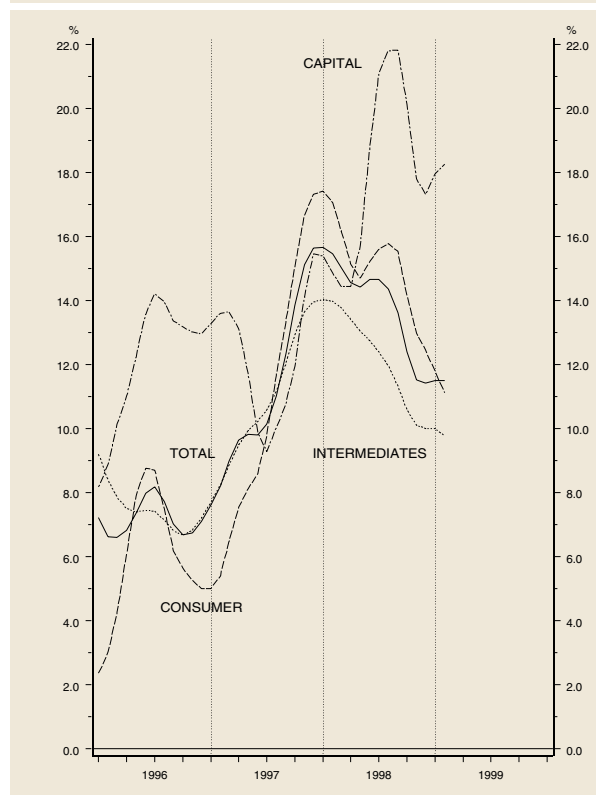
7.4. Spanish foreign trade with other euro area countries and with the rest of the world Imports and arrivals

n Series depicted in chart.

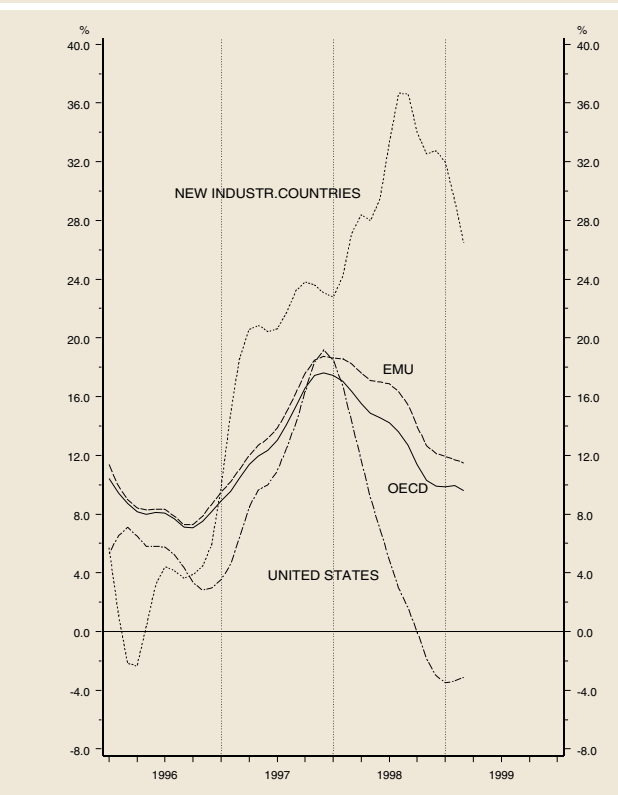
Annual percentage changes

	Total			By product (deflated data)						By geographical area (nominal data)								
	EUR millions	Nominal	Deflated	Consumer	Capital	Intermediate			OECD					OPEC	Other american countries	Newly industrial- ised countries	Other	
						Total	Energy	Non-energy	Total	of which		United States of America	Other OECD members					
										European Union	Euro area							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17		
94	73962	21.5	14.8	10.2	19.4	15.7	4.6	18.3	21.7	26.7	24.0	21.1	20.3	25.4	26.6	5.0	19.5	
95	87142	17.8	12.8	6.6	14.9	15.0	0.4	18.0	18.5	15.7	21.8	2.9	21.4	8.3	16.6	13.6	19.8	
96	94179	8.1	7.8	7.0	14.4	6.3	2.9	6.8	7.9	11.9	8.1	7.1	6.8	23.9	4.0	0.5	3.3	
97	109469	16.2	12.2	12.0	12.0	12.4	1.7	14.1	14.9	14.6	15.6	15.5	15.0	21.5	19.9	24.2	21.1	
98	p	119229	11.4	14.0	15.1	18.9	12.4	14.1	12.2	13.6	17.1	16.6	4.2	13.7	-14.9	3.8	40.3	11.2
98	Feb	9 309	17.1	15.4	11.0	6.9	19.6	27.7	18.5	14.7	21.9	16.6	8.5	13.2	7.5	13.3	111.2	28.1
	Mar	10792	27.3	26.3	26.3	22.1	27.6	35.0	26.6	27.7	21.1	28.4	35.4	28.9	1.5	10.6	74.8	38.3
	Apr	9 540	-3.0	-2.0	0.4	-6.0	-1.9	-4.2	-1.6	-1.2	7.2	1.6	-15.4	-1.8	-27.4	-8.1	-2.6	-1.1
	May	10434	15.4	18.3	20.0	24.7	15.8	36.5	13.2	15.8	21.4	19.9	21.2	13.5	18.8	-4.6	22.0	18.1
	Jun	10752	17.2	19.5	17.9	43.9	13.7	16.6	13.3	20.3	28.0	24.5	1.3	20.0	-16.6	13.6	34.6	14.2
	Jul	9 927	11.6	15.8	14.0	10.3	18.1	2.9	20.4	15.4	24.2	18.5	-7.5	15.3	-18.4	-7.7	55.5	4.8
	Aug	7 907	16.9	24.5	28.8	43.3	18.9	16.3	19.4	22.1	26.7	27.4	5.9	22.6	-19.0	13.4	50.8	8.5
	Sep	10634	6.2	7.5	9.2	25.7	2.3	-9.2	3.8	11.4	12.0	14.4	17.3	10.7	-36.0	-6.1	25.0	-3.5
	Oct	10544	-8.5	-2.9	3.7	-1.4	-5.9	0.7	-6.8	-8.0	-12.3	-6.2	-27.2	-4.3	-30.7	4.3	18.2	-6.3
	Nov	10655	10.9	17.7	24.0	16.9	15.5	16.9	15.3	13.7	15.3	16.3	2.8	14.5	-22.2	5.0	45.2	5.2
	Dec	10235	7.1	13.6	7.2	24.6	12.9	16.8	12.3	9.5	16.0	14.6	-17.3	10.5	-28.7	2.3	40.0	7.8
99	Jan	8 609	1.3	8.8	13.7	20.5	4.3	11.1	3.5	3.5	-0.2	3.2	-9.7	6.6	-27.9	7.5	24.7	-3.4
	Feb	9 500	2.0	7.8	22.6	20.5	-0.7	-3.1	-0.4	5.3	0.8	6.8	-15.0	9.4	-29.5	20.2	-25.4	2.2
	Mar	11879	10.1	...	...	...	...	...	...	10.4	17.8	13.2	-16.1	11.8	-18.2	39.4	3.8	17.6

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



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



Sources: MEH and BE.

Note: The underlying series for this indicator are in Tables 17.2 and 17.3 of the BE *Boletín estadístico*.

(a) Series deflated by unit value indices.

7.5. Spanish foreign trade with other euro area countries and with the rest of the world

Trade balance: geographical distribution

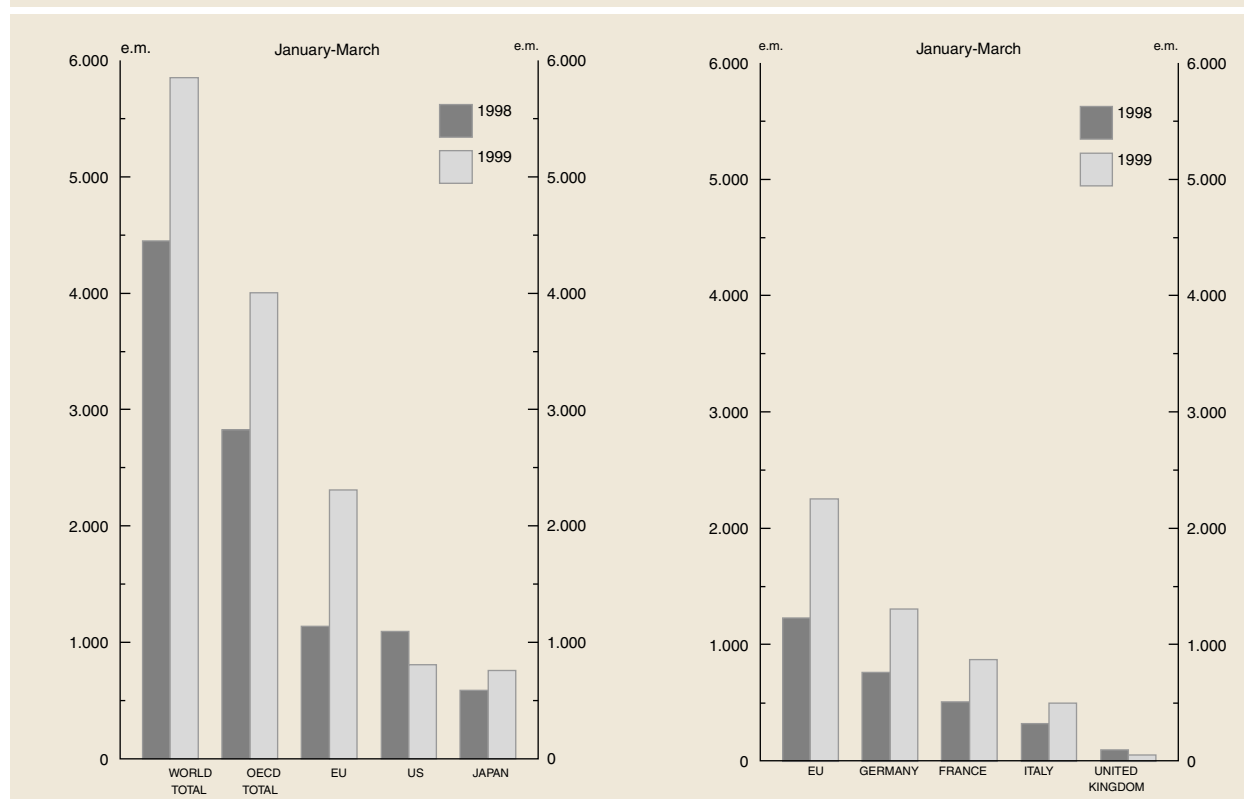
n Series depicted in chart

EUR millions

	World total 1=2+13 a a 16 n	OECD											OPEC 13	Other american countries 14	Newly industrial- ised countries 15	Other 16	
		Total 2=3+10 a a 12 n	European Union							United States of America 10 n	Japan 11 n	Other OECD members 12					
			Total 3=4+8+9 n	Euro area					United Kingdom 8 n								Other EU members 9
				Total 4 n	of which												
					Germany 5 n	France 6 n	Italy 7 n										
94	-15384	-10512	-5877	-4373	-2515	-1094	-1034	-1105	-399	-2526	-1842	-268	-2624	12	-176	-2083	
95	-17180	-12591	-7135	-5451	-2690	-663	-1761	-1373	-312	-2662	-1893	-901	-2776	521	-316	-2018	
96	-15967	-11775	-6674	-5167	-2588	-1039	-2199	-1303	-204	-2665	-1686	-750	-3823	1 218	-85	-1502	
97	-16049	-11020	-5973	-5680	-3680	-2151	-1377	-718	426	-2763	-1997	-287	-4753	1 367	-258	-1384	
98 p	-21326	-15178	-9790	-9511	-5036	-2564	-2489	-646	367	-2862	-2746	220	-3531	1 520	-1698	-2440	
98 J-M	-4449	-2825	-1138	-1230	-764	-510	-324	-99	190	-1095	-590	-1	-1118	446	-452	-500	
99 J-M	-5857	-4004	-2313	-2257	-1304	-872	-497	-51	-5	-809	-758	-124	-713	199	-457	-882	
97 Dec	-1620	-1370	-893	-719	-412	-175	-266	-216	42	-252	-179	-46	-400	185	-55	20	
98 Jan	-1210	-647	-85	-132	-153	-147	-13	-8	55	-305	-204	-53	-373	136	-100	-225	
Feb	-1328	-749	-313	-389	-270	-184	-111	-12	88	-296	-164	25	-406	145	-210	-107	
Mar	-1911	-1429	-740	-708	-340	-179	-200	-79	47	-494	-222	27	-338	165	-142	-168	
Apr	-959	-743	-415	-470	-355	-136	-85	-17	72	-237	-242	151	-165	158	-98	-111	
May	-1615	-931	-518	-613	-386	-137	-131	27	68	-189	-262	38	-330	64	-125	-294	
Jun	-1753	-1262	-798	-804	-518	-113	-214	-1	7	-184	-247	-33	-307	131	-130	-185	
Jul	-1341	-1025	-730	-796	-434	-150	-266	32	34	-114	-236	55	-247	170	-152	-86	
Aug	-2120	-1435	-1086	-1002	-545	-169	-212	-73	-12	-118	-195	-36	-312	75	-153	-296	
Sep	-2745	-1995	-1438	-1303	-576	-322	-347	-153	18	-285	-220	-52	-284	44	-149	-361	
Oct	-1666	-1279	-978	-859	-409	-263	-239	-136	17	-161	-231	92	-266	184	-125	-180	
Nov	-2451	-1897	-1383	-1262	-489	-371	-318	-95	-25	-283	-278	47	-260	105	-160	-239	
Dec	-2227	-1785	-1306	-1173	-561	-393	-353	-131	-2	-193	-245	-42	-242	141	-152	-188	
99 Jan	-1785	-1089	-451	-504	-399	-197	-116	47	6	-269	-256	-113	-242	32	-172	-313	
Feb	-1715	-1154	-697	-676	-421	-215	-185	-2	-19	-216	-233	-7	-266	86	-145	-236	
Mar	-2357	-1761	-1165	-1077	-485	-461	-195	-95	8	-324	-269	-3	-205	81	-140	-333	

CUMULATIVE TRADE BALANCE

CUMULATIVE TRADE BALANCE



Source: MEH.

Note: The underlying series for this indicator are in Tables 17.3 and 17.5 of the BE Boletín estadístico.

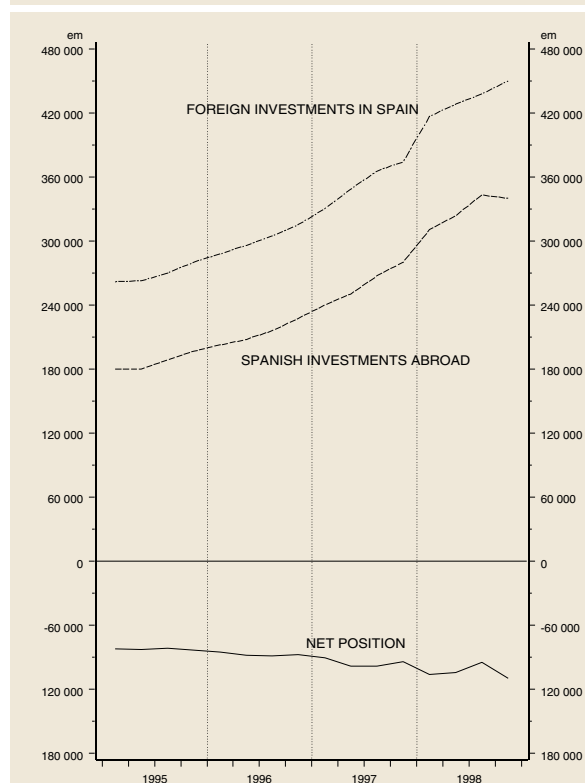
7.6. The international investment position of Spain vis-à-vis other euro area residents and the rest of the world Summary

n Series depicted in chart.

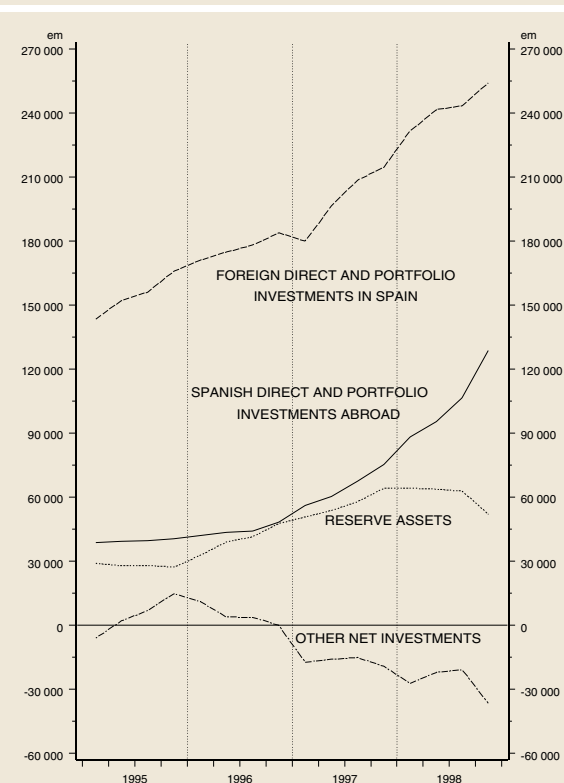
EUR millions

Series depicted in chart:														
	Net International investment position	Spanish investment abroad (financial assets)							Foreign investments in Spain (liabilities)					
		Total	Direct investment	Portfolio investment			Other investments	Reserve assets	Total	Direct investment	Portfolio investment			Other investments
				Total	Shares and other equity	Bonds and money market instruments					Total	Shares and other equity	Bonds and money market instruments	
1=2-9 n	2=3+4+7+8 n	3 n	4=5+6 n	5 n	6 n	7 n	8 n	9=10+11+14 n	10 n	11=12+13 n	12 n	13 n	14 n	
90 p	-36036	77770	9 116	3 293	1 094	2 199	33328	32033	113807	38392	21183	12216	8 967	54231
91 p	-49 138	93 964	11 929	4 769	1 310	3 459	36 911	40 355	143 103	46 239	34 330	13 092	21 238	62 534
92 p	-63761	114122	15174	6 689	1 358	5 331	58693	33566	177883	59342	37313	12798	24515	81229
93 p	-80822	182656	20440	12663	1 934	10730	112709	36843	263478	68569	88631	19502	69129	106278
94 IV p	-79999	176149	23798	13923	2 758	11165	103720	34708	256148	76295	66462	19114	47348	113391
95 I p	-81795	180005	24919	13699	2 852	10847	112342	29045	261800	77943	65555	18995	46560	118302
II p	-82850	180154	25108	14259	3 268	10990	112915	27873	263004	79523	72670	20196	52474	110811
III p	-81335	188401	25790	13917	3 277	10640	120651	28043	269736	80350	75741	20856	54885	113645
IV p	-83403	196812	26655	13771	2 806	10965	129123	27263	280215	81824	84137	21746	62391	114254
96 I p	-85050	202723	27655	14456	2 755	11701	127804	32808	287773	82539	88517	25102	63415	116717
II p	-88194	207799	28454	15184	2 895	12289	125050	39110	295992	84231	90587	25998	64589	121174
III p	-88614	215941	29382	14786	3 018	11768	130304	41469	304555	85277	92749	27135	65613	126529
IV p	-87691	227597	31465	16960	3 525	13435	131514	47658	315288	86672	97125	28524	68601	131492
97 I p	-90398	239963	33718	22306	4 513	17793	133177	50762	330361	87425	92563	31187	61376	150373
II p	-98113	250353	35540	24826	5 669	19157	136210	53777	348466	88918	107445	36272	71173	152103
III p	-97985	267590	39183	28466	7 176	21290	142120	57822	365575	90825	117603	37769	79834	157147
IV p	-94280	280010	43423	31794	8 308	23486	140618	64174	374289	91909	122620	40493	82127	159760
98 I p	-106139	310792	46905	41426	10551	30875	158237	64225	416931	94220	137231	58791	78440	185480
II p	-104322	323872	49339	45982	13684	32298	164759	63791	428194	96310	145153	59981	85172	186731
III p	-94734	343059	54210	52318	14553	37765	173677	62854	437793	98636	144732	49005	95727	194425
IV p	-109769	340067	58618	70218	17155	53063	159135	52097	449836	101930	152142	60257	91885	195763

INTERNATIONAL INVESTMENT POSITION



COMPONENTS OF THE POSITION



Source: BE.

7.7. Spanish reserve assets

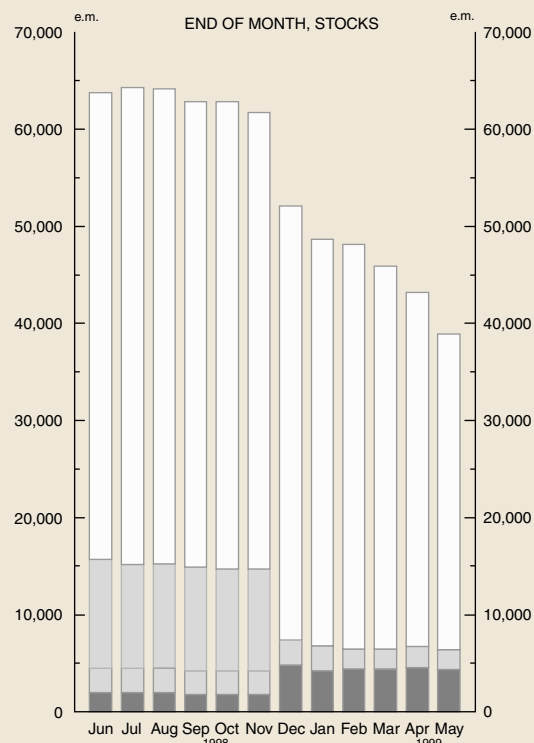
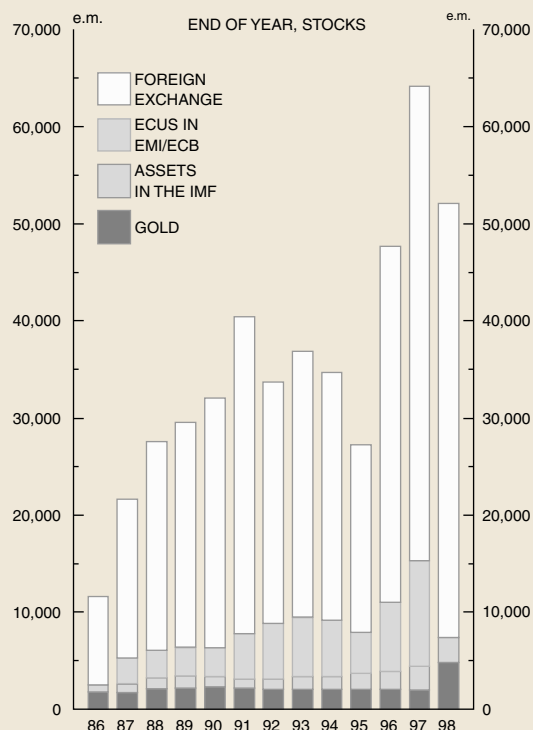
n Series depicted in chart.

EUR millions

	Reserve assets								Memorandum item: gold
	Total	Monetary gold	Assets in the IMF				ECU in the EMI / ECB	Foreign exchange	Millions of troy ounces
			Total	Reserve Position	Holdings of SDRs	Other claims			
	1=2+3+7+8	2	3=4 a 6	4	5	6	7	8	9
91	40355	2 163	937	622	265	50	4 678	32579	15.6
92	33566	2 027	1 033	789	127	117	5 764	24741	15.6
93	36843	2 027	1 322	883	185	255	6 106	27387	15.6
94	34708	2 027	1 326	878	202	247	5 815	25539	15.6
95	27263	2 029	1 681	1 155	300	225	4 223	19330	15.6
96	47658	2 029	1 841	1 257	355	229	7 141	36647	15.6
97 Dec	64174	1 990	2 402	1 735	432	234	10884	48899	15.6
98 Jan	64161	1 990	2 401	1 735	432	233	11996	47775	15.6
Feb	64355	1 990	2 446	1 784	433	230	11996	47923	15.6
Mar	64225	1 990	2 460	1 784	449	227	11996	47780	15.6
Apr	63444	1 990	2 457	1 784	449	224	11232	47766	15.6
May	63672	1 990	2 501	1 812	466	222	11232	47950	15.6
Jun	63791	1 990	2 485	1 802	464	219	11232	48085	15.6
Jul	64275	1 990	2 520	1 839	464	218	10666	49098	15.6
Aug	64158	1 990	2 534	1 839	482	214	10666	48967	15.6
Sep	62854	1 768	2 447	1 779	462	207	10666	47972	15.6
Oct	62836	1 768	2 444	1 779	462	204	10464	48159	15.6
Nov	61696	1 768	2 448	1 771	479	198	10464	47017	15.6
Dec	52 095	4 814	2 555	1 876	492	188	—	44 726	19.5
99 Jan	48689	4 223	2 589	1 902	498	189	—	41877	16.8
Feb	48133	4 397	2 061	1 693	178	189	—	41675	16.8
Mar	45874	4 384	2 095	1 701	208	186	—	39395	16.8
Apr	43181	4 555	2 186	1 792	209	184	—	36440	16.8
May	38882	4 320	2 090	1 688	222	179	—	32472	16.8

RESERVE ASSETS

RESERVE ASSETS



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. From January 1999, all reserve assets are valued at market prices.

8.1. Balance sheet of the Banco de España. Net lending to credit institutions and its counterparts

Average of daily data, EUR millions

	Net lending							Counterparts									
Total	Open market operations				Standing facilities		Autonomous factors					Other liabilities (net) in euro			Actual reserves of credit institutions	Banco de España. Certificates	
	Main refinancing operations	Longer-term refinancing operations	Fine-tuning and structural reverse operations (net)	Other	Marginal lending facility	Deposit facility	Total	Banknotes	Net liabilities to General Government	Gold and net assets in foreign currency	Other (net)	Total	Of euro area residents	Rest			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
99 Jan	13408	9 807	2 900	—	9	1 033	341	12084	50624	1 363	51324	11420	−13616	−11063	−2553	8 594	6 346
Feb	11317	6 553	4 768	—	−1	3	5	14789	49622	7 308	50289	8 147	−17828	−20744	2 916	8 011	6 346
Mar	13344	9 533	3 878	—	−19	2	50	15504	50094	5 514	48340	8 236	−16391	−15031	−1360	7 949	6 281
Apr	9 978	7 254	2 723	—	2	2	3	17625	50490	3 746	47948	11337	−20718	−19838	−880	8 217	4 854
May	12173	8 824	3 358	—	−9	»	1	24418	50791	6 366	44441	11701	−24954	−24387	−567	7 855	4 854

Source: BE.

8.2. Consolidated balance sheet of the Eurosystem. Net lending to credit institutions and its counterparts

Average of daily data, EUR millions

	Net lending							Counterparts							
	Total	Open market operations				Standing facilities		Autonomous factors					Other liabilities (net) in euros	Actual reserves of credit institutions	Debt certificates
		Main refinancing operations	Longer-term refinancing operations	Fine-tuning and structural reverse operations (net)	Other	Marginal lending facility	Deposit facility	Total	Banknotes	Net liabilities to General Government	Gold and net assets in foreign currency	Other (net)			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
99 Jan	168255	127606	35895	320	50	6 562	2 177	54121	330775	−24031	329773	77149	2 465	99893	11776
Feb	176147	129963	44994	−6	97	1 676	577	58469	325574	−13882	326303	73080	1 987	104042	11650
Mar	182449	138234	45002	−	73	428	1 287	65280	327306	−8876	323146	69995	3 387	102198	11585
Apr	169629	124055	44994	−	92	678	191	54291	331285	−21685	343576	88268	3 841	101339	10158

Source: ECB.

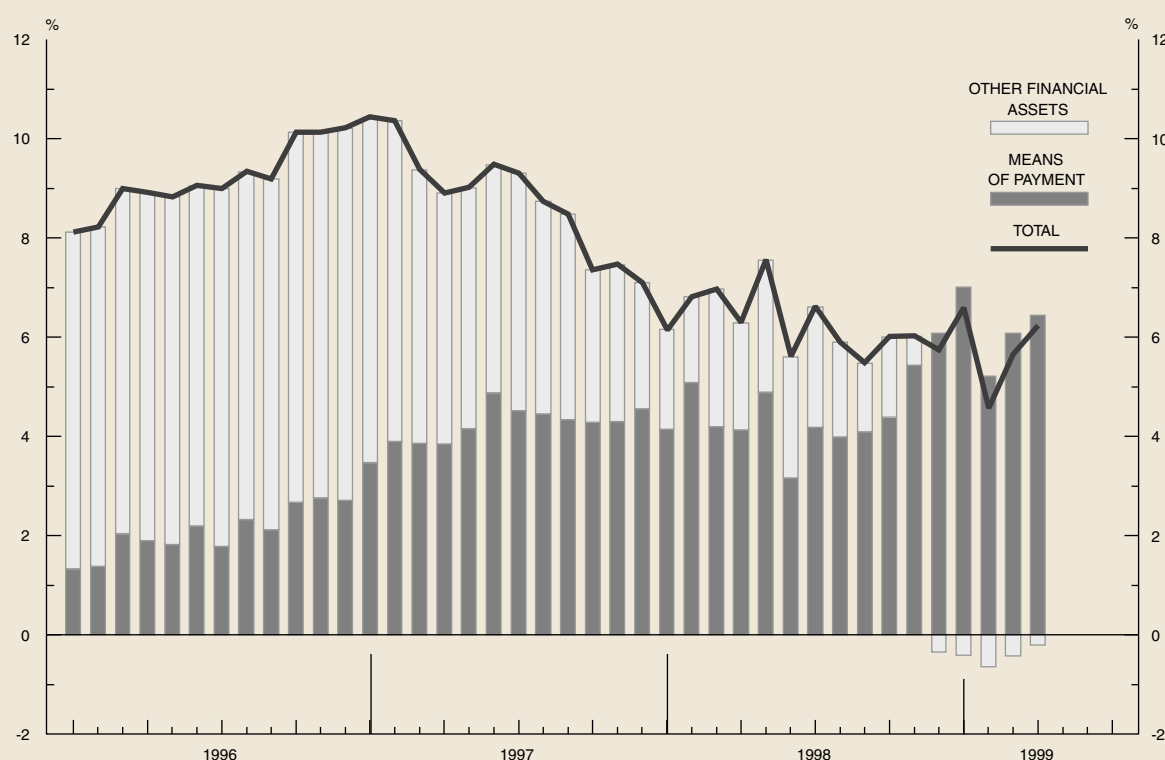
8.3. Liquid financial assets (a) of non-financial enterprises, households and NPISH resident in Spain

n Series depicted in chart.

EUR millions and %

	Total			Means of payment						Other financial assets						Memorandum items	
	Stocks (original series)	% change, 3 mth MA on 3 mth MA for t-3	12-month % change in original series	Total			12-month % change			Total			12-month % change			12-month % change	
				% change, 3 mth MA on 3 mth MA for t-3	12-month % change	Contri- bution to col. 3	Cash	Sight deposits	Savings deposits (b)	% change, 3 mth MA on 3 mth MA for t-3	12-month % change	Contri- bution to col. 3	Other deposits (c)	Credit institutions securities	Money- market and fixed-income mutual fund shares (d)	Other mutual fund shares (d)	Liquid financial assets enlarged (e)
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
96	477494	12.2	10.2	10.2	6.7	2.7	5.4	7.0	7.2	12.5	12.6	7.5	-1.0	-5.9	52.0	483487	10.7
97	511404	5.9	7.1	11.0	11.6	4.6	5.5	19.8	8.4	3.0	4.2	2.5	-12.8	-9.4	35.2	529930	9.6
98	540764	5.6	5.7	22.5	14.8	6.1	0.7	26.5	12.4	-4.5	-0.6	-0.3	-11.2	8.4	11.1	583412	10.1
97 Jul	493201	7.4	9.3	10.7	11.5	4.5	6.5	17.0	10.1	4.1	7.9	4.8	-9.7	-6.4	45.8	509326	11.9
Aug	492365	9.7	8.7	11.8	11.4	4.4	6.2	17.3	9.9	6.3	7.0	4.3	-11.2	-5.5	45.1	507684	11.1
Sep	497103	8.8	8.5	9.7	11.1	4.3	5.9	16.3	10.0	7.3	6.8	4.1	-10.7	-6.3	42.5	515468	11.4
Oct	493697	7.6	7.4	11.0	11.1	4.3	5.5	17.7	9.2	5.2	5.0	3.1	-12.5	-7.3	39.3	510735	10.0
Nov	500464	6.5	7.5	9.8	11.1	4.3	5.2	17.6	9.3	4.7	5.2	3.2	-11.9	-7.6	37.4	518314	10.1
Dec	511404	5.9	7.1	11.0	11.6	4.6	5.5	19.8	8.4	3.0	4.2	2.5	-12.8	-9.4	35.2	529930	9.6
98 Jan	502967	5.6	6.2	10.1	10.7	4.1	4.9	16.6	9.4	4.0	3.3	2.0	-12.4	-8.7	29.5	525651	9.2
Feb	509564	5.5	6.8	13.1	13.1	5.1	4.3	22.5	10.3	2.2	2.8	1.7	-12.3	-7.7	26.5	535720	10.2
Mar	513821	6.3	7.0	13.7	10.7	4.2	3.0	17.1	9.7	3.2	4.6	2.8	-11.3	-5.8	28.6	542929	10.8
Apr	508207	6.3	6.3	13.6	10.6	4.1	4.1	16.5	9.4	1.9	3.5	2.2	-12.3	-5.4	26.6	540005	10.5
May	517830	6.1	7.6	10.3	12.4	4.9	3.0	21.8	10.0	3.8	4.4	2.7	-10.9	-1.7	25.8	549434	11.4
Jun	521039	5.0	5.6	6.4	7.8	3.2	2.1	11.0	8.1	2.4	4.1	2.5	-10.2	-0.6	23.5	554034	9.3
Jul	525847	6.8	6.6	5.6	10.5	4.2	2.5	17.3	9.2	4.8	4.1	2.4	-10.7	-4.1	23.5	558406	9.6
Aug	521419	6.1	5.9	4.5	10.0	4.0	1.4	17.3	8.9	3.6	3.2	1.9	-10.5	-3.6	20.6	550397	8.4
Sep	524366	6.9	5.5	10.5	10.3	4.1	0.8	17.7	9.3	3.8	2.3	1.4	-11.6	-4.0	19.9	551883	7.1
Oct	523393	4.7	6.0	13.5	11.0	4.4	0.5	18.0	11.2	0.2	2.7	1.6	-10.6	-0.6	18.7	554331	8.5
Nov	530632	5.8	6.0	19.7	13.6	5.4	0.8	26.5	9.6	-1.2	1.0	0.6	-11.0	3.2	14.9	570994	10.2
Dec	540764	5.6	5.7	22.5	14.8	6.1	0.7	26.5	12.4	-4.5	-0.6	-0.3	-11.2	8.4	11.1	583412	10.1
99 Jan p	536169	6.8	6.6	29.4	17.3	7.0	0.7	33.8	12.5	-6.5	-0.7	-0.4	-9.3	5.6	8.4	583476	11.0
Feb p	532866	4.6	4.6	26.3	12.7	5.2	0.8	19.0	13.5	-8.3	-1.1	-0.6	-7.5	7.6	5.2	583093	8.8
Mar p	542 859	4.8	5.7	21.0	14.9	6.1	2.8	24.3	13.1	-4.3	-0.7	-0.4	-5.1	14.2	3.0	590573	8.8
Apr p	539935	3.7	6.2	10.5	15.8	6.4	1.7	25.5	15.2	-0.9	-0.3	-0.2	-4.8	17.0	3.2	588274	8.9

LIQUID FINANCIAL ASSETS OF NON-FINANCIAL ENTERPRISES, HOUSEHOLDS AND NPISH
Contributions to the 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.
- (b) Deposits redeemable at up to and including 3 months' notice.
- (c) Deposits redeemable at over 3 months' notice, time deposits and repos.
- (d) Includes funds invested and accumulated net capital gains.
- (e) Defined as liquid financial assets plus shares in mutual funds other than money-market and fixed-income funds.

8.4. Liquid financial assets (a) of non-financial enterprises resident in Spain

n Series depicted in chart.

EUR millions and %

Total			Means of payment						Other financial assets						Memorandum items	
Stocks (original series)	% change, 3 mth MA on 3 mth MA for t-3	12-month % change in original series	Total			12-month % change			Total			12-month % change			12-month % change	
			% change, 3 mth MA on 3 mth MA for t-3	12-month % change	Contri- bution to col. 3	Cash	Sight deposits	Savings deposits (b)	% change, 3 mth MA on 3 mth MA for t-3	12-month % change	Contri- bution to col. 3	Other deposits (c)	Credit institutions' securities	Money- market and fixed- income mutual fund shares (d)	Other mutual fund shares (d)	Liquid financial assets enlarged (e)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

INDICATOR UNDER PREPARATION

Source: BE.

- (a) This concept refers to the instruments included in the headings of the table, issued by resident credit institutions and mutual funds.
- (b) Deposits redeemable at up to and including 3 months' notice.
- (c) Deposits redeemable at over 3 months' notice, time deposits and repos.
- (d) Includes funds invested and accumulated net capital gains.
- (e) Defined as liquid financial assets plus shares in mutual funds other than money-market and fixed-income funds.

8.5. Liquid financial assets (a) of households and NPISH resident in Spain

n Series depicted in chart.

EUR millions and %

Total			Means of payment						Other financial assets						Memorandum items	
Stocks (original series)	% change, 3 mth MA on 3 mth MA for t-3	12-month % change in original series	Total			12-month % change			Total			12-month % change			12-month % change	
			% change, 3 mth MA on 3 mth MA for t-3	12-month % change	Contri- bution to col. 3	Cash	Sight deposits	Savings deposits (b)	% change, 3 mth MA on 3 mth MA for t-3	12-month % change	Contri- bution to col. 3	Other deposits (c)	Credit institutions' securities	Money- market and fixed- income mutual fund shares (d)	Other mutual fund shares (d)	Liquid financial assets enlarged (e)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

INDICATOR UNDER PREPARATION

Source: BE.

- (a) This concept refers to the instruments included in the headings of the table, issued by resident credit institutions and mutual funds.
- (b) Deposits redeemable at up to and including 3 months' notice.
- (c) Deposits redeemable at over 3 months' notice, time deposits and repos.
- (d) Includes funds invested and accumulated net capital gains.
- (e) Defined as liquid financial assets plus shares in mutual funds other than money-market and fixed-income funds.

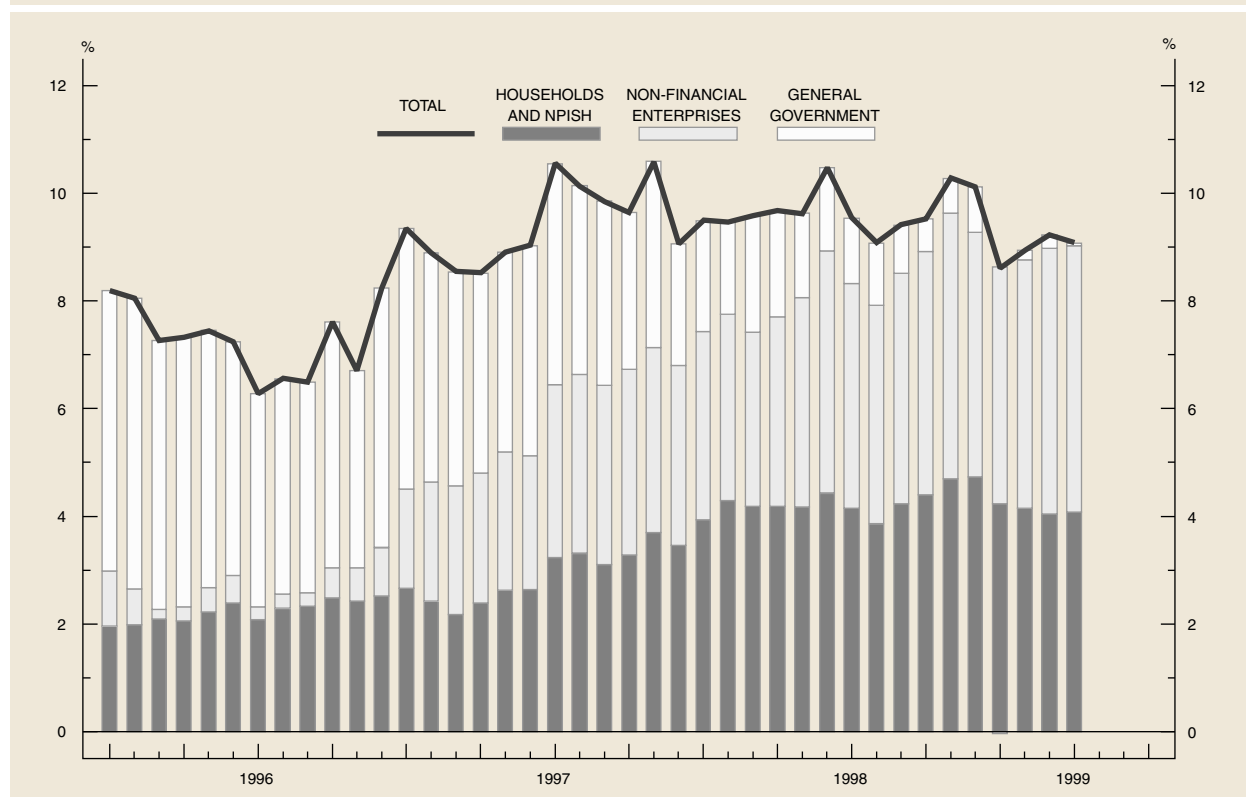
8.6. Financing of non-financial sectors resident in Spain

n Series depicted in chart.

EUR millions and %

	Total		12-month % change				Contributions to col. 2		
	Balance	12-month % change	General government (a)	Non-financial enterprises, households and NPISH	Non-financial enterprises	Households and NPISH	General government	Non-financial enterprises	Households and NPISH
	1	2	3	4	5	6	7	8	9
96	670480	8.2	11.8	5.8	2.6	10.4	4.8	0.9	2.5
97	731245	9.1	5.3	11.8	10.2	13.9	2.3	3.3	3.5
98	805251	10.1	2.1	15.7	13.7	18.3	0.9	4.5	4.7
97 Jul	707918	10.5	9.9	11.0	9.7	12.9	4.1	3.2	3.2
Aug	708103	10.1	8.3	11.5	10.1	13.2	3.5	3.3	3.3
Sep	711215	9.8	8.1	11.1	10.1	12.4	3.4	3.3	3.1
Oct	713954	9.6	7.0	11.6	10.5	13.0	2.9	3.4	3.3
Nov	718362	10.6	8.4	12.2	10.3	14.6	3.5	3.4	3.7
Dec	731245	9.1	5.3	11.8	10.2	13.9	2.3	3.3	3.5
98 Jan	742773	9.5	4.9	12.9	10.6	15.9	2.1	3.5	3.9
Feb	740387	9.5	4.1	13.4	10.5	17.3	1.7	3.5	4.3
Mar	747283	9.6	5.1	12.9	9.8	16.8	2.2	3.2	4.2
Apr	748143	9.7	4.7	13.2	10.7	16.6	2.0	3.5	4.2
May	756226	9.6	3.7	13.9	11.8	16.5	1.6	3.9	4.2
Jun	770401	10.5	3.7	15.3	13.8	17.4	1.5	4.5	4.4
Jul	775470	9.5	2.9	14.2	12.7	16.1	1.2	4.2	4.2
Aug	772377	9.1	2.8	13.5	12.4	15.0	1.2	4.1	3.9
Sep	778120	9.4	2.2	14.5	13.0	16.5	0.9	4.3	4.2
Oct	781905	9.5	1.5	15.1	13.6	17.0	0.6	4.5	4.4
Nov	792177	10.3	1.6	16.2	14.8	17.9	0.7	4.9	4.7
Dec	805251	10.1	2.1	15.7	13.7	18.3	0.9	4.5	4.7
99 Jan p	806653	8.6	-0.1	14.5	13.2	16.2	»	4.4	4.2
Feb p	806542	8.9	0.4	14.6	13.8	15.6	0.2	4.6	4.1
Mar p	816293	9.2	0.6	15.1	15.0	15.2	0.3	4.9	4.0
Apr p	816055	9.1	0.1	15.0	14.9	15.2	»	5.0	4.1

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



Source: BE.

(a) Total liabilities less deposits.

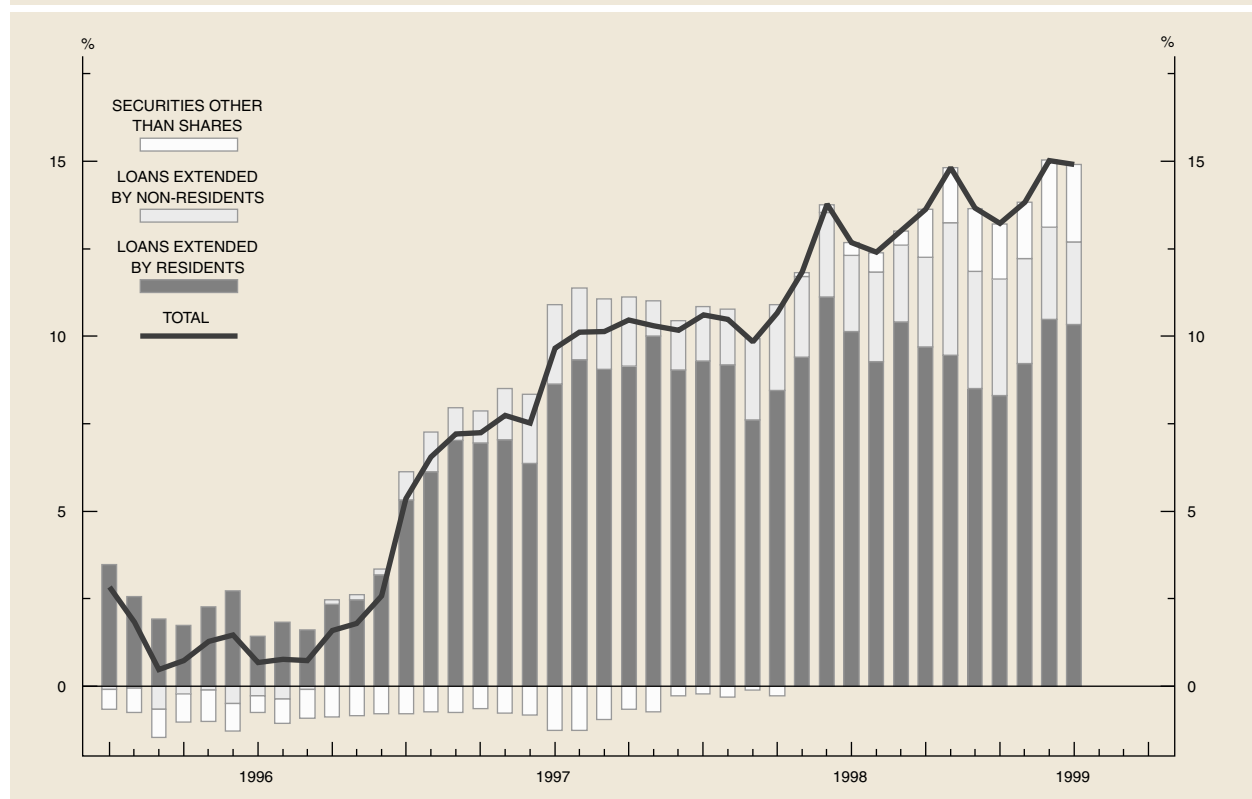
8.7. Financing of non-financial enterprises resident in Spain

n Series depicted in chart.

EUR millions and %

	Total		Loans extended by credit institutions resident in Spain		Loans extended by non-residents		Securities other than shares			Memorandum items			
	Balance	12-month % change	12-month % change	Contribution to col. 2	12-month % change	Contribution to col. 2	12-month % change	Contribution to col. 2	Of which: securitisation bonds (a) Annual percentage change	Shares (balances)		Total financing	
										Funds invested (cumulative flows) (b)	Market capitalization	Balance	12-month % change
	1	2	3	4	5	6	7	8	9	10	11	12 = 1 + 10	13
96	220494	2.6	4.4	3.2	1.0	0.2	-6.9	-0.8	83.1	40282	103567	260776	2.9
97	242918	10.2	12.3	9.0	8.7	1.4	-2.7	-0.3	6.5	41011	135704	283929	8.9
98	276092	13.7	11.4	8.5	21.0	3.4	19.7	1.8	140.0	45096	190512	321187	13.1
97 Jul	233226	9.7	11.9	8.6	14.1	2.3	-10.9	-1.2	-7.2	40723	131286	273949	8.6
Aug	232008	10.1	12.9	9.3	12.6	2.0	-11.0	-1.3	-7.3	40723	126441	272731	8.9
Sep	233541	10.1	12.5	9.1	12.1	2.0	-8.4	-0.9	-7.8	40801	138407	274341	8.9
Oct	236927	10.5	12.6	9.2	12.0	2.0	-6.0	-0.7	3.9	40932	124309	277859	9.2
Nov	238854	10.3	13.7	10.0	6.1	1.0	-6.8	-0.7	3.7	40937	131920	279791	9.0
Dec	242918	10.2	12.3	9.0	8.7	1.4	-2.7	-0.3	6.5	41011	135704	283929	8.9
98 Jan	246889	10.6	12.7	9.3	9.3	1.5	-2.2	-0.2	4.9	41187	148668	288076	9.3
Feb	246718	10.5	12.6	9.2	9.4	1.6	-3.0	-0.3	0.7	41471	155705	288190	9.2
Mar	245598	9.8	10.4	7.6	14.0	2.3	-1.0	-0.1	0.7	41629	184398	287227	8.7
Apr	248659	10.7	11.5	8.4	14.9	2.5	-2.6	-0.3	-4.1	41665	180171	290324	9.4
May	253048	11.8	12.8	9.4	13.7	2.3	1.2	0.1	9.8	44249	188342	297296	11.4
Jun	259453	13.8	15.1	11.1	14.3	2.4	2.4	0.2	24.8	44562	187486	304015	13.1
Jul	262776	12.7	13.7	10.1	12.9	2.2	3.9	0.4	19.2	44612	187154	307389	12.2
Aug	260742	12.4	12.5	9.3	15.4	2.6	5.9	0.5	19.0	44654	159008	305396	12.0
Sep	263892	13.0	14.1	10.4	13.0	2.2	4.4	0.4	18.4	44682	154973	308574	12.5
Oct	269200	13.6	13.1	9.7	15.3	2.6	14.8	1.4	64.9	44741	173213	313941	13.0
Nov	274244	14.8	12.6	9.5	24.2	3.8	17.2	1.6	76.7	44792	186196	319037	14.0
Dec	276092	13.7	11.4	8.5	21.0	3.4	19.7	1.8	140.0	45096	190512	321187	13.1
99 Jan p	279500	13.2	11.1	8.3	20.4	3.3	17.6	1.6	162.9	45397	192907	324896	12.8
Feb p	280838	13.8	12.4	9.2	17.9	3.0	18.4	1.6	176.0	45633	195526	326471	13.3
Mar p	282495	15.0	14.2	10.5	15.3	2.6	21.4	1.9	224.7	...	185678	...	...
Apr p	285706	14.9	13.9	10.3	13.8	2.4	25.2	2.2	244.1	...	185045	...	...

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



Source: BE.

(a) Provisional data.

(b) Cumulative funds invested since 1970 are in col. 3 of Table 21.19 of the BE *Boletín estadístico*.

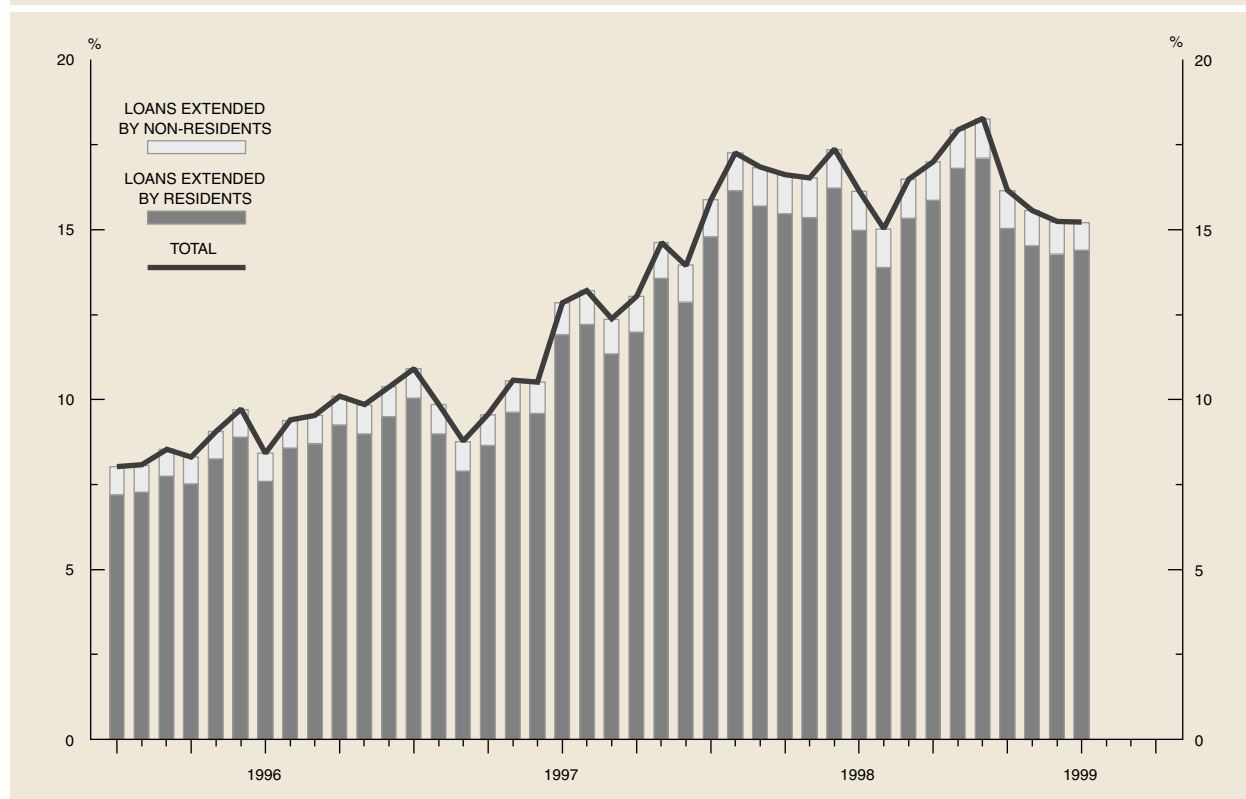
8.8. Financing of households and NPISH resident in Spain

n Series depicted in chart.

EUR millions and %

	Total		Loans extended by credit institutions			Loans extended by non-residents		
	Balance	12-month % change	12-month % change	Contribution to the 12-month % change of the total		12-month % change	Contribution to the 12-month % change of the total	
	1	2	3	4	n	5	6	n
96	166329	10.4	10.7	9.5		7.8	0.9	
97	189521	13.9	14.5	12.9		9.7	1.1	
98	224131	18.3	19.1	17.1		10.9	1.2	
97 Jul	182176	12.9	13.4	11.9		8.6	0.9	
Aug	182149	13.2	13.7	12.2		9.0	1.0	
Sep	182929	12.4	12.8	11.4		9.3	1.0	
Oct	184951	13.0	13.5	12.0		9.5	1.0	
Nov	188218	14.6	15.2	13.6		9.6	1.1	
Dec	189521	13.9	14.5	12.9		9.7	1.1	
98 Jan	195074	15.9	16.6	14.8		9.9	1.1	
Feb	197401	17.3	18.1	16.1		10.1	1.1	
Mar	198454	16.8	17.6	15.7		10.4	1.1	
Apr	200767	16.6	17.3	15.5		10.6	1.2	
May	203444	16.5	17.2	15.4		10.7	1.2	
Jun	208711	17.4	18.2	16.2		10.7	1.1	
Jul	211559	16.1	16.7	15.0		10.9	1.1	
Aug	209514	15.0	15.5	13.9		10.7	1.1	
Sep	213065	16.5	17.2	15.3		10.6	1.1	
Oct	216374	17.0	17.8	15.9		10.5	1.1	
Nov	221963	17.9	18.8	16.8		10.7	1.1	
Dec	224131	18.3	19.1	17.1		10.9	1.2	
99 Jan p	226582	16.2	16.8	15.0		10.8	1.1	
Feb p	228116	15.6	16.2	14.5		10.1	1.0	
Mar p	228673	15.2	15.9	14.3		9.0	0.9	
Apr p	231309	15.2	16.1	14.4		7.8	0.8	

FINANCING OF HOUSEHOLDS AND NPISH
Contributions to the annual percentage change



Source: BE.

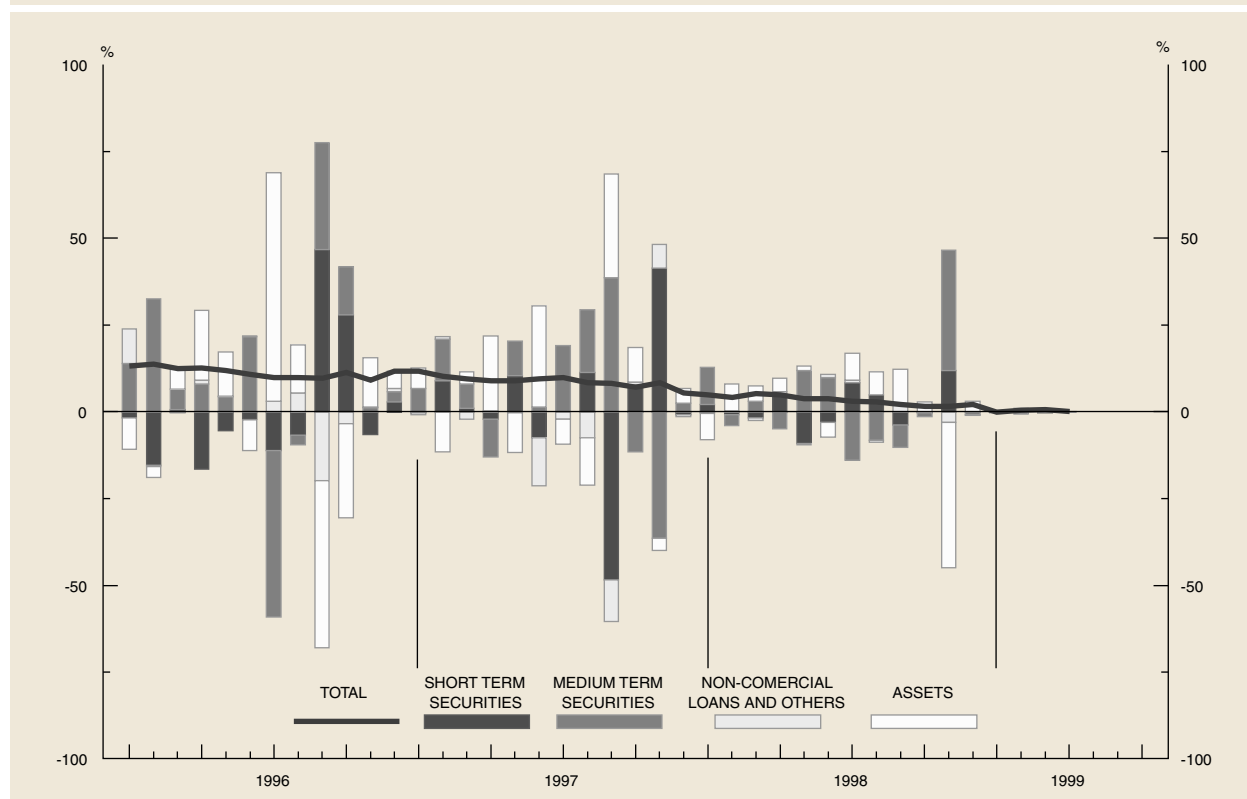
8.9. Net financing of Spain's general government

n Series depicted in chart.

EUR millions and %

	Net financing			Monthly change in stocks						12-month % change in stocks				Contribution to 12-month % change of total					
	Net stock of liabilities	Monthly change (columns 4-8-9)	12-month % change of col. 1	Liabilities			Assets			Liabilities			Assets	Liabilities			Assets		
				Total	Securities		Non-commercial loans and others (a)	Deposits at the Banco de España	Other deposits (b)	Total	Securities			Non-commercial loans and others (a)	Total	Securities		Non-commercial loans and others (a)	
					Short-term	Medium and long-term					Short-term	Medium and long-term				Short-term			Medium and long-term
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18		
96	283657	29841	11.8	35904	10039	22442	3 423	5 951	112	13.0	13.9	15.6	5.6	26.0	2.9	2.9	1.1	4.9	
97 p	298806	15149	5.3	11834	-9273	30694	-9586	-5126	1 811	3.8	-11.3	18.4	-14.9	-11.3	-0.8	2.4	-0.6	4.3	
98 p	305029	6 222	2.1	10306	-11909	25351	-3135	1 431	2 653	3.2	-16.4	12.9	-5.7	15.6	-0.1	-0.7	-0.2	3.0	
97 Sep p	294746	800	8.1	-2140	-4773	3 818	-1185	-3412	471	9.0	9.9	16.4	-10.6	19.1	-48.4	38.7	-12.0	29.8	
Oct p	292076	-2669	7.0	1 114	-2985	4 430	-331	3 414	370	7.4	3.2	16.5	-10.9	12.0	7.8	-11.6	0.9	9.9	
Nov p	291290	-786	8.4	-1110	-3908	3 428	-630	-1871	1 547	6.2	-5.8	19.0	-11.9	-9.9	41.5	-36.4	6.7	-3.4	
Dec p	298806	7 516	5.3	1 508	-1103	3 385	-775	-5264	-744	3.8	-11.3	18.4	-14.9	-11.3	-0.8	2.4	-0.6	4.3	
98 Jan p	300810	2 004	4.9	5 166	852	4 475	-161	4 711	-1549	4.9	-10.2	19.8	-14.9	5.3	2.1	10.9	-0.4	-7.7	
Feb p	296268	-4542	4.1	3 978	928	3 473	-423	8 252	269	7.7	-6.9	23.7	-15.3	48.8	-0.8	-3.1	0.4	7.6	
Mar p	303231	6 963	5.1	1 052	-2309	4 287	-926	-5551	-360	7.3	-10.2	24.2	-15.6	32.9	-1.7	3.2	-0.7	4.3	
Apr p	298717	-4514	4.7	-804	-4855	4 707	-656	2 507	1 203	5.5	-17.1	24.1	-16.5	12.3	5.1	-4.9	0.7	3.9	
May p	299734	1 018	3.7	686	-2487	3 264	-91	-68	-264	3.0	-24.2	23.1	-16.6	-3.2	-9.1	12.0	-0.3	1.2	
Jun p	302237	2 503	3.7	5 424	-1971	6 704	690	3 410	-489	6.4	-24.7	26.6	-10.1	34.0	-2.9	9.9	1.0	-4.3	
Jul p	301135	-1102	2.9	1 804	-3159	5 224	-261	2 056	850	6.4	-28.5	28.1	-10.2	40.5	8.4	-14.0	0.7	7.8	
Aug p	302121	986	2.8	-1362	1 736	-2933	-165	-1941	-407	4.7	-28.1	24.3	-8.5	22.6	4.9	-8.3	-0.5	6.6	
Sep p	301163	-958	2.2	3 500	1 628	2 860	-987	3 920	538	6.5	-21.8	23.3	-8.3	50.7	-3.7	-6.5	2.2	10.1	
Oct p	296332	-4831	1.5	4 873	834	3 927	112	8 098	1 606	7.6	-17.7	22.5	-7.6	63.1	-0.3	-1.2	»	2.9	
Nov p	295970	-362	1.6	-9826	-2695	-7796	665	-9848	383	4.9	-17.0	16.3	-5.4	35.2	12.0	34.6	-2.9	-42.0	
Dec p	305029	9 059	2.1	-4185	-412	-2841	-932	-14115	871	3.2	-16.4	12.9	-5.7	15.6	-0.1	-0.7	-0.2	3.0	
99 Jan p	300572	-4457	-0.1	349	-3260	3 648	-40	3 030	1 776	1.7	-21.7	12.2	-5.5	19.6	-0.1	0.1	»	-0.1	
Feb p	297588	-2984	0.4	2 881	-848	3 811	-82	5 745	120	1.3	-23.9	12.1	-4.9	8.1	0.1	-0.6	»	0.9	
Mar p	305125	7 537	0.6	919	-3057	4 301	-325	-7898	1 281	1.3	-25.7	11.9	-3.9	7.4	-0.3	0.4	»	0.5	
Apr a	299040	-6085	0.1	-2389	-4	-2358	-27	3 881	-185	0.8	-20.3	8.3	-2.7	6.6	»	»	»	0.1	

NET FINANCING OF GENERAL GOVERNMENT
Contributions to the annual percentage change



Source: BE.

- (a) Including coined money and Caja General de Depósitos.
- (b) Tax collection accounts are not included.

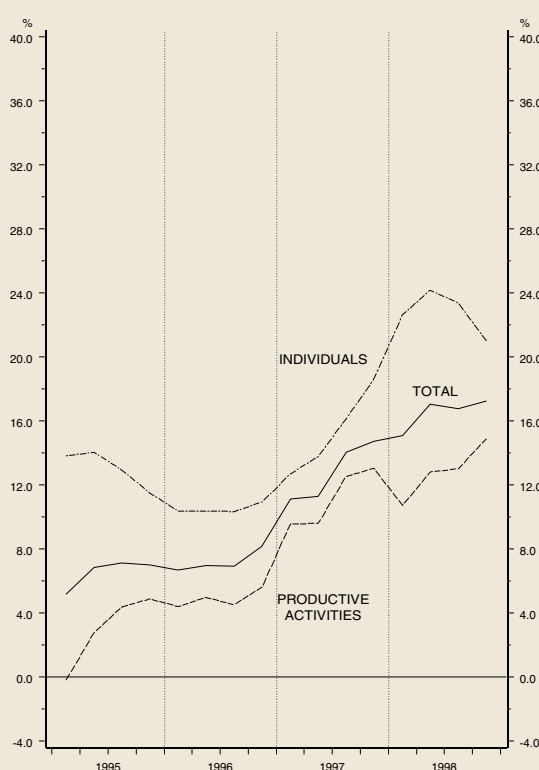
8.10. Credit by end-use and doubtful loans of banks, savings banks and credit co-operatives resident in Spain

n Series depicted in chart.

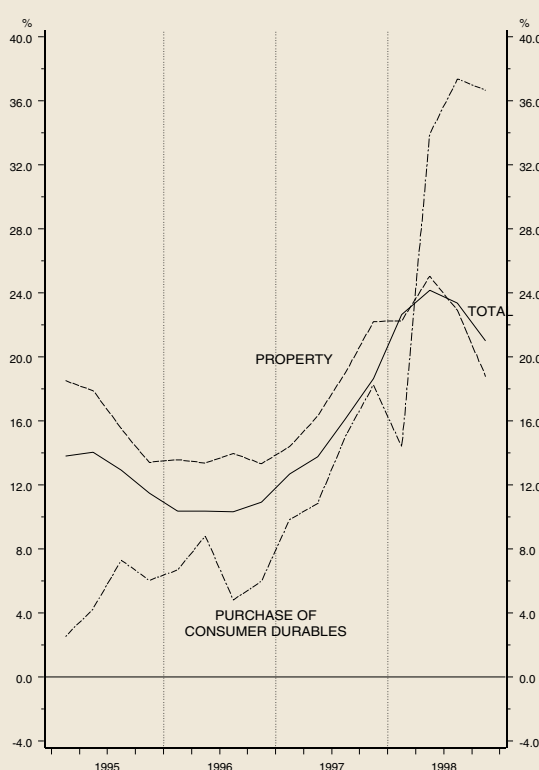
EUR millions and percentages

	Total (b)	Financing of productive activities					Financing of individuals						Financing of non-profit private institutions	Unclassified (banks, savings banks and Official Credit Entities) (a)	Unclassified: credit co-operatives	Memorandum item: Doubtful loans	
		Total	Agriculture and fisheries	Industry, excluding construction	Construction	Services	Total	Home purchases	Home improvements	Real-estate purchases	Purchases of consumer durables	Other				Amount	As % of total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17=16/1
95	268101	149424	5 738	50276	21774	71635	98502	65850	2 997	822	9 380	19453	1 006	8 278	10892	13836	5.16
96	290031	157821	6 193	47937	22498	81192	109267	74631	3 581	1 136	9 941	19978	1 037	9 222	12685	11259	3.88
97	332717	178404	6 746	52460	22824	96374	129626	91204	4 378	1 381	11756	20908	1 218	8 007	15462	8 395	2.52
94 /	239582	142740	5 488	48566	22840	65846	79163	50094	2 297	643	8 452	17678	1 050	8 330	8 298	20012	8.35
II	242236	140738	5 302	47543	22437	65456	82399	52462	2 659	639	8 522	18117	950	9 647	8 503	19234	7.94
III	244015	139904	5 323	47497	22507	64576	84908	54854	2 788	658	8 674	17933	999	9 357	8 847	18835	7.72
IV	250532	142455	5 505	48208	21461	67282	88342	58064	2 995	740	8 845	17698	1 035	9 348	9 352	16070	6.41
95 /	252017	142476	5 584	48246	20966	67681	90104	59366	3 070	755	8 665	18247	1 088	8 767	9 582	15462	6.14
II	258788	144662	5 626	47777	21089	70170	93975	61847	3 164	756	8 887	19322	1 089	9 106	9 956	14900	5.76
III	261431	146025	5 686	48876	21607	69856	95893	63370	3 075	768	9 308	19371	937	8 304	10273	14525	5.56
IV	268101	149424	5 738	50276	21774	71635	98502	65850	2 997	822	9 380	19453	1 006	8 278	10892	13836	5.16
96 /	268853	148755	5 993	49090	21702	71969	99454	67428	3 050	855	9 244	18877	1 042	8 267	11335	13379	4.98
II	276847	151860	6 112	49325	22342	74081	103730	70120	3 243	908	9 670	19790	932	8 586	11739	12590	4.55
III	279540	152642	6 138	45665	22554	78286	105808	72222	3 418	1 092	9 757	19319	925	8 025	12140	12270	4.39
IV	290031	157821	6 193	47937	22498	81192	109267	74631	3 581	1 136	9 941	19978	1 037	9 222	12685	11259	3.88
97 /	298748	162977	6 120	48228	22687	85942	112082	77133	3 773	1 159	10153	19864	998	9 586	13105	10741	3.60
II	308063	166446	6 607	48043	22945	88851	118018	81548	4 005	1 226	10719	20520	861	8 871	13866	10025	3.25
III	318783	171773	6 788	50443	23215	91327	122861	85941	4 184	1 238	11224	20273	775	8 734	14638	9 431	2.96
IV	332717	178404	6 746	52460	22824	96374	129626	91204	4 378	1 381	11756	20908	1 218	8 007	15462	8 395	2.52
98 /	343846	180444	6 843	50906	24270	98425	137436	94297	4 474	1 307	11613	25745	1 242	8 704	16020	7 828	2.28
II	360612	187794	7 197	55422	25871	99303	146540	101965	4 851	1 412	14353	23959	1 493	7 843	16943	7 262	2.01
III	372192	194116	7 407	55549	26431	104729	151563	105632	4 927	1 576	15417	24011	1 506	7 251	17756	6 967	1.87
IV	390146	204942	7 587	58094	26673	112589	158688	108333	5 116	1 717	16064	25638	1 553	8 200	18583	6 504	1.67

CREDIT BY END-USE
Annual percentage changes



CREDIT TO INDIVIDUALS BY END-USE
Annual percentage changes



Source: BE.

Note: The underlying series for this indicator are in Table 86.2 of the BE Boletín estadístico.

(a) Official Credit Entities are included from 1992.

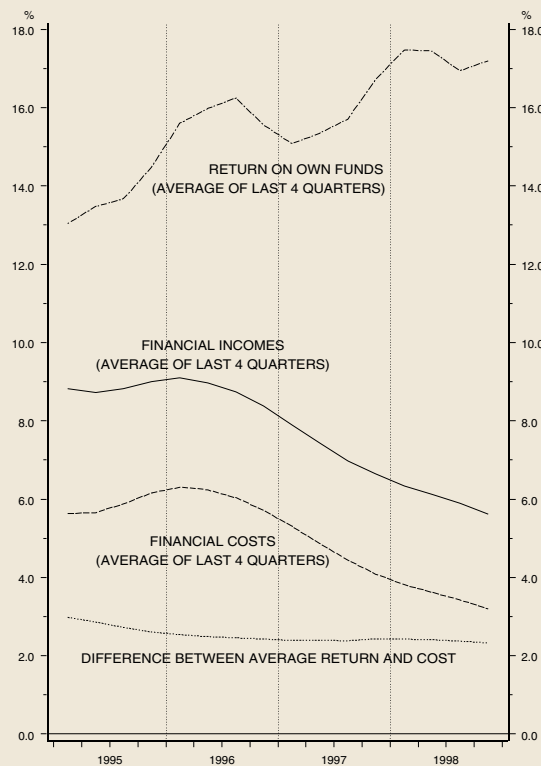
(b) Credit data obtained from the accounting statements established for supervision of resident institutions.

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

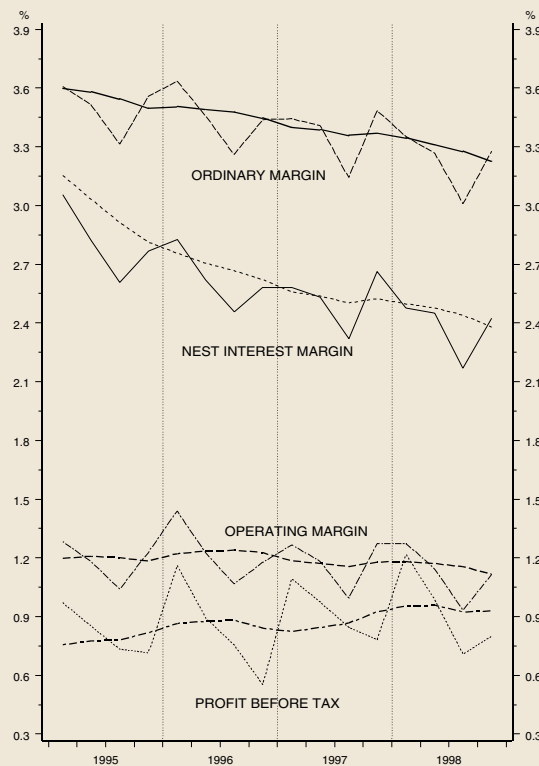
n Series depicted in chart.

	As a percentage of the adjusted average balance sheet										Percentages										
	Interest income	Interest expenses	Net interest income	Adjusted non-interest income	Adjusted gross income	Operating expenses	of which:		Adjusted net income	Provisions and other income and expenses	Profit before tax	Return on own funds (a)	Average return on lending operations (b)	Average cost of borrowing operations (b)	Difference (12-13)						
							Staff costs														
1	n	2	n	3	n	4	5	n	6	7	8	n	9	10	n	11	n	12	13	14	n
95	9.3	6.5	2.8	0.8	3.6	2.3	1.4		1.3	-1.5	0.7	13.3	9.7	7.1	2.6						
96	7.8	5.2	2.6	0.9	3.5	2.3	1.3		1.2	-1.5	0.6	10.5	9.0	6.5	2.4						
97	6.5	3.8	2.7	0.8	3.5	2.2	1.3		1.3	-1.0	0.8	14.6	7.1	4.7	2.4						
94 //	9.4	6.0	3.3	0.3	3.6	2.4	1.5		1.2	-0.4	0.8	12.9	10.6	7.7	2.9						
	8.6	5.4	3.1	0.4	3.5	2.4	1.5		1.1	-0.4	0.7	12.1	10.0	7.1	2.9						
	8.6	5.4	3.2	0.6	3.8	2.4	1.5		1.3	-0.7	0.6	10.0	9.6	6.7	2.9						
95 /	8.8	5.7	3.1	0.6	3.6	2.3	1.4		1.3	-0.3	1.0	17.1	9.5	6.5	3.0						
	9.0	6.1	2.9	0.7	3.5	2.3	1.4		1.2	-0.3	0.9	14.7	9.4	6.5	2.9						
	9.0	6.3	2.6	0.7	3.3	2.3	1.4		1.1	-0.3	0.8	12.9	9.5	6.8	2.7						
	9.3	6.5	2.8	0.8	3.6	2.3	1.4		1.3	-0.5	0.7	13.3	9.7	7.1	2.6						
96 /	9.1	6.3	2.9	0.8	3.7	2.2	1.4		1.5	-0.3	1.2	21.6	9.8	7.2	2.5						
	8.5	5.9	2.7	0.8	3.5	2.2	1.4		1.3	-0.3	0.9	16.2	9.6	7.1	2.5						
	8.0	5.5	2.5	0.8	3.3	2.2	1.3		1.1	-0.3	0.8	14.0	9.4	6.9	2.5						
	7.8	5.2	2.6	0.9	3.5	2.3	1.3		1.2	-0.6	0.6	10.5	9.0	6.5	2.4						
97 /	7.2	4.6	2.6	0.9	3.5	2.2	1.3		1.3	-0.2	1.1	19.7	8.4	6.0	2.4						
	6.7	4.1	2.6	0.9	3.4	2.2	1.4		1.2	-0.2	1.0	17.2	8.0	5.6	2.4						
	6.2	3.8	2.4	0.8	3.2	2.1	1.3		1.0	-0.1	0.9	15.4	7.5	5.1	2.4						
	6.5	3.8	2.7	0.8	3.5	2.2	1.3		1.3	-0.5	0.8	14.6	7.1	4.7	2.4						
98 /	6.0	3.5	2.5	0.9	3.4	2.1	1.3		1.3	-0.1	1.3	22.7	6.8	4.4	2.4						
	5.8	3.4	2.5	0.8	3.3	2.1	1.3		1.2	-0.2	1.0	17.1	6.5	4.1	2.4						
	5.3	3.1	2.2	0.8	3.0	2.1	1.3		1.0	-0.2	0.7	13.4	6.3	3.9	2.4						
	5.4	2.9	2.5	0.9	3.3	2.2	1.3		1.2	-0.3	0.8	15.6	6.0	3.7	2.3						

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 88.1 of the BE *Boletín estadístico*.

- (a) Profit before tax divided by own funds (capital, reserves, general risk fund less losses from previous financial years and intangible assets).
- (b) Only those financial assets and liabilities which respectively give rise to financial income and costs have been considered to calculate the average return and cost.

8.12. Mutual funds resident in Spain

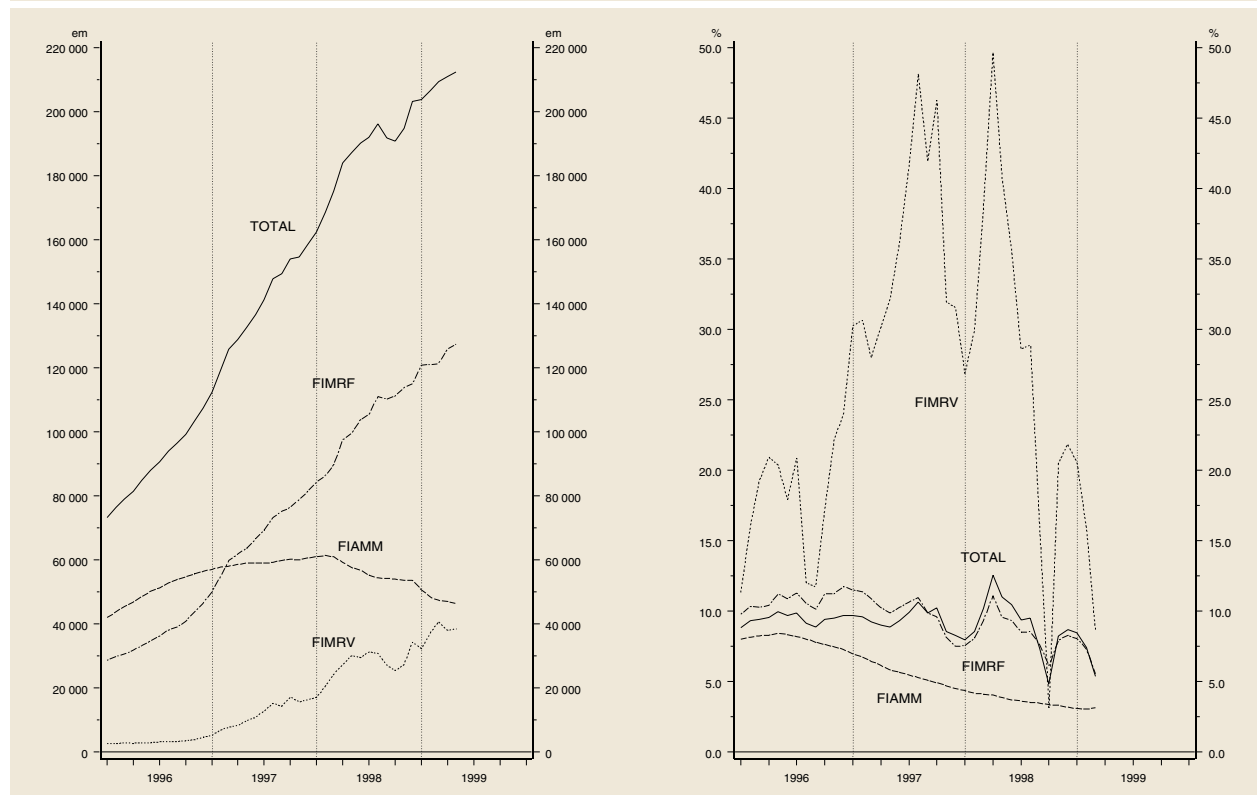
n Series depicted in chart.

EUR millions

	Total				Money-market funds				Fixed-income funds				Equity funds			
	Net asset value	Monthly change	Of which		Net asset value	Monthly change	Of which		Net asset value	Monthly change	Of which		Net asset value	Monthly change	Of which	
			Net funds invested	Return over last 12 months			Net funds invested	Return over last 12 months			Net funds invested	Return over last 12 months			Net funds invested	Return over last 12 months
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	n			n	n			n	n			n	n			n
95	73282	5 671	...	8.8	42030	6 196	...	8.0	28649	28649	...	9.8	2 603	2 603	...	11.3
96	112440	39158	...	9.7	57075	15045	...	7.0	50093	21444	...	11.5	5 272	2 669	...	30.3
97	162450	50010	...	8.0	61097	4 023	...	4.4	84268	34176	...	7.6	17084	11812	...	26.9
98	203774	41324	28165	8.5	50643	-10454	-12268	3.1	120791	36522	26086	8.1	32340	15256	14347	20.5
97 Jun	141150	4 625	2 977	9.9	59003	-16	-212	5.5	69255	2 604	1 904	10.7	12891	2 037	1 285	41.5
Jul	147744	6 594	5 804	10.6	59210	207	13	5.3	73292	4 037	3 868	10.9	15242	2 350	1 922	48.1
Aug	149458	1 714	2 286	9.9	59941	731	551	5.1	75149	1 857	1 325	9.9	14367	-874	410	41.9
Sep	153901	4 443	2 128	10.3	60206	265	46	4.9	76469	1 319	910	9.6	17226	2 859	1 172	46.3
Oct	154623	722	2 432	8.5	60060	-146	-325	4.7	78891	2 423	1 964	8.1	15671	-1555	793	31.9
Nov	158434	3 811	1 984	8.3	60609	549	346	4.5	81444	2 552	1 447	7.5	16381	710	191	31.5
Dec	162450	4 016	2 493	8.0	61097	488	285	4.4	84268	2 824	1 984	7.6	17084	703	224	26.9
98 Jan	168540	6 090	3 695	8.6	61370	272	-13	4.2	86437	2 169	2 166	8.1	20733	3 649	1 543	30.0
Feb	175093	6 554	3 891	10.2	60994	-376	-530	4.1	89782	3 344	2 577	9.3	24318	3 585	1 844	38.5
Mar	184053	8 960	5 331	12.5	59312	-1682	-1854	4.1	97502	7 720	5 036	11.1	27239	2 921	2 149	49.7
Apr	187229	3 176	3 615	11.0	57653	-1659	-1788	3.9	99466	1 964	2 876	9.6	30109	2 870	2 526	40.7
May	190099	2 870	2 005	10.5	56842	-811	-952	3.7	103732	4 266	1 943	9.3	29525	-584	1 014	35.5
Jun	191932	1 833	826	9.4	55167	-1675	-1808	3.6	105445	1 713	2 038	8.5	31320	1 795	597	28.6
Jul	196157	4 225	2 983	9.5	54378	-790	-915	3.5	110953	5 508	3 020	8.5	30827	-493	878	28.9
Aug	191679	-4478	1 020	7.3	54252	-126	-263	3.5	110225	-728	894	7.6	27202	-3624	389	15.7
Sep	190702	-977	154	4.8	54056	-196	-339	3.4	111176	951	661	6.1	25470	-1733	-168	3.2
Oct	194765	4 062	1 469	8.3	53597	-460	-105	3.3	113811	2 635	1 655	8.0	27357	1 888	-81	20.5
Nov	203122	8 358	4 318	8.7	53742	146	-461	3.2	115048	1 237	1 578	8.3	34332	6 975	3 201	21.9
Dec	203774	652	-1143	8.5	50643	-3099	-3239	3.1	120791	5 743	1 641	8.1	32340	-1992	455	20.5
99 Jan p	206601	2 827	1 766	7.4	48356	-2287	-2184	3.0	120992	201	2 714	7.3	37253	4 913	1 236	15.7
Feb p	209388	2 786	2 734	5.4	47399	-957	-1212	3.1	121291	299	2 798	5.6	40697	3 444	1 148	8.6

NET ASSET VALUE

RETURN OVER LAST 12 MONTHS



Sources: CNMV and Inverco.

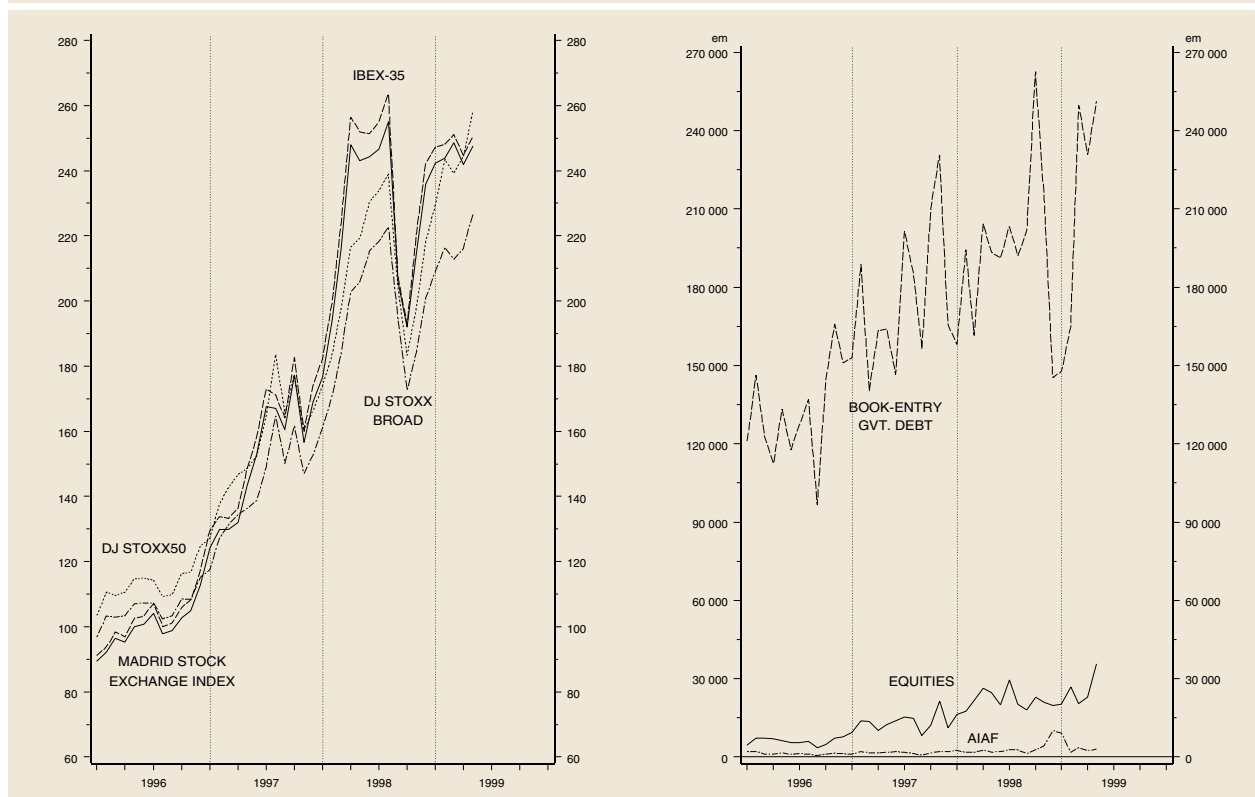
8.13. Share price indices and turnover on securities markets. Spain and euro area

n Series depicted in chart.

	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
96	367.31	4 193.22	153.04	1 673.79	77145	78071	1 608197	14929	3 059	8 029	19902	28794
97	556.43	6 365.48	208.77	2 330.94	163261	54216	2 110187	21174	2 340	1 321	23351	5 792
98	817.97	9 333.30	283.45	3 102.16	261276	53148	2 311155	43120	843	1 676	17390	8 417
97 Jul	598.70	6 810.89	235.14	2 674.83	14776	5 941	185563	1 343	209	106	1 622	484
Aug	574.82	6 532.33	214.29	2 407.58	8 190	4 155	156268	691	136	88	1 621	418
Sep	635.04	7 269.72	230.84	2 581.36	12238	4 996	209799	1 557	150	136	2 304	560
Oct	560.94	6 380.39	209.89	2 331.25	21432	4 284	230620	2 052	179	185	2 358	841
Nov	605.15	6 932.10	217.96	2 423.74	11242	3 160	165743	2 039	117	111	1 188	574
Dec	632.55	7 255.40	229.86	2 531.99	16207	6 669	157968	2 518	72	106	1 275	555
98 Jan	695.68	7 958.99	243.93	2 676.03	17616	4 508	194391	1 754	109	127	1 899	549
Feb	774.75	8 900.09	262.29	2 878.04	21654	5 757	161559	1 717	147	218	1 674	648
Mar	888.67	10209.10	289.46	3 153.32	26271	5 619	204308	2 662	99	232	2 245	752
Apr	871.08	10025.60	293.96	3 195.43	24607	3 981	193397	1 874	146	146	1 517	746
May	875.26	10005.70	307.44	3 357.77	19865	3 954	191102	2 084	137	115	1 177	678
Jun	883.42	10146.40	311.58	3 406.82	29439	4 300	203224	2 693	68	159	1 785	639
Jul	913.97	10493.70	318.06	3 480.63	20332	4 391	192138	2 701	44	127	1 037	628
Aug	737.05	8 264.70	277.73	2 978.12	17902	3 406	201801	1 282	34	89	1 400	719
Sep	687.71	7 676.50	246.31	2 670.97	22855	4 127	262621	2 804	20	133	2 007	919
Oct	771.65	8 800.00	263.49	2 887.11	20889	3 970	213457	4 236	23	120	1 382	875
Nov	844.96	9 645.50	286.87	3 179.09	19717	4 300	145418	10129	13	120	649	635
Dec	867.80	9 836.60	298.37	3 342.32	20129	4 835	147739	9 183	1	90	618	630
99 Jan	873.93	9 878.80	308.97	3 547.15	26809	3 011	164851	1 765	»	124	401	592
Feb	890.41	9 997.30	303.87	3 484.24	20487	3 331	249736	3 559	»	200	398	458
Mar	866.73	9 740.70	308.50	3 559.86	22799	4 232	230762	2 443	»	758	487	477
Apr p	887.26	9 975.40	323.37	3 757.87	35578	3 899	251369	3 017	»	342	308	406

SHARE PRICE INDICES
JAN 1994 = 100

TURNOVER ON SECURITIES MARKETS



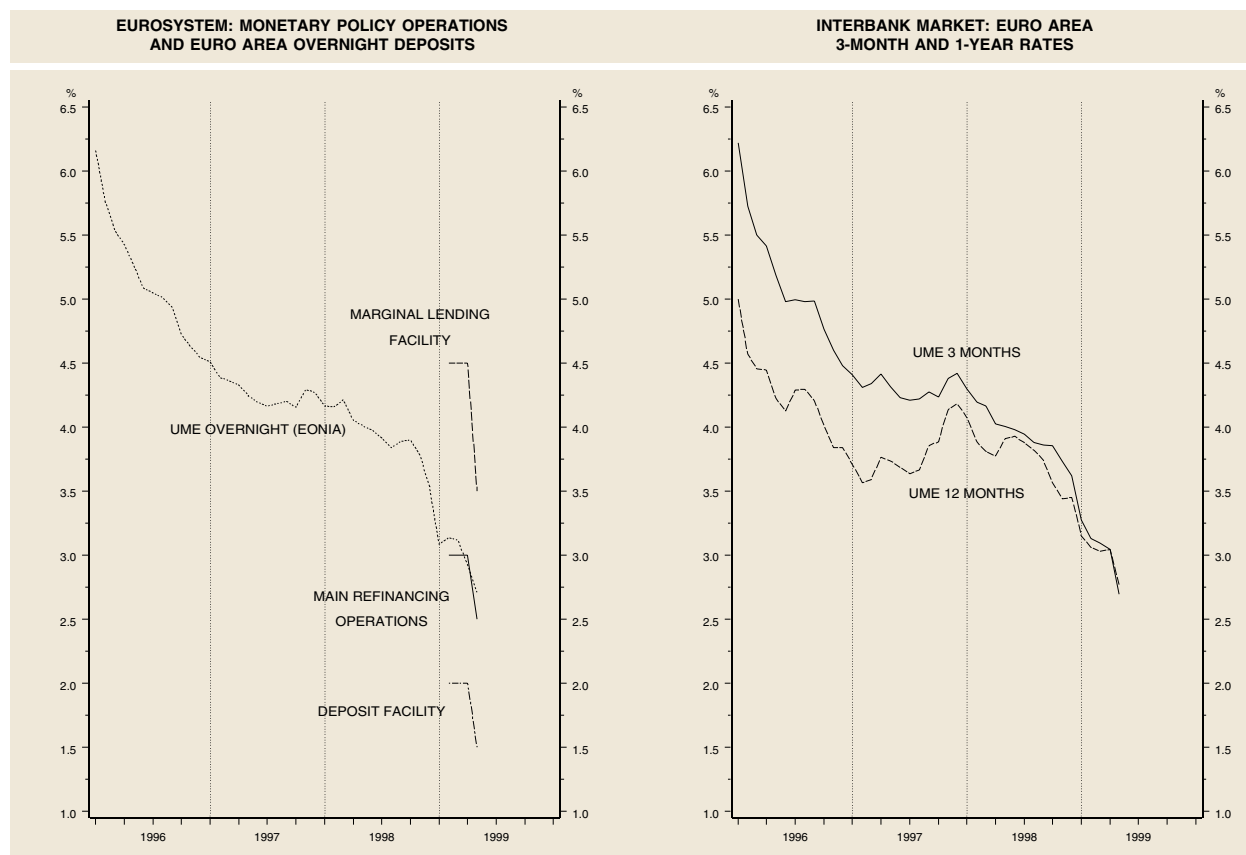
Sources: Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (columns 1, 2, 5 and 6); Reuters (columns 3 and 4); AIAF (column 8) and Spanish Financial Futures Market, (MEFFSA) (columns 9 to 12)

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

n Series depicted in chart.

Averages of daily data

	Eurosystem monetary policy operations				Money market											
	Main refinancing operations: weekly tenders	Longer-term refinancing operations: monthly tenders	Standing facilities		Euro area: deposits (Euribor) (a)				Spain							
			Marginal lending	Deposit	Overnight (EONIA)	1-month	3-month	1-year	Non-transferable deposits				Government-securities repos			
									Overnight	1-month	3-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
96	—	—	—	—	4.51	4.50	5.00	3.71	7.64	7.59	7.49	7.35	7.53	7.42	7.27	7.36
97	—	—	—	—	4.16	4.28	4.30	4.08	5.48	5.46	5.37	5.20	5.33	5.27	5.20	5.15
98	—	—	—	—	3.09	3.34	3.88	3.15	4.33	4.33	4.24	4.00	4.08	4.04	3.97	3.86
97 Aug	—	—	—	—	4.20	4.24	4.28	3.86	5.49	5.39	5.34	5.21	5.21	5.08	5.06	—
Sep	—	—	—	—	4.15	4.20	4.24	3.88	5.31	5.27	5.17	4.99	5.20	5.13	5.05	—
Oct	—	—	—	—	4.29	4.31	4.38	4.14	5.12	5.13	5.12	4.98	4.97	4.94	4.92	—
Nov	—	—	—	—	4.27	4.34	4.42	4.18	5.18	5.13	5.04	4.81	4.99	4.93	4.86	—
Dec	—	—	—	—	4.16	4.28	4.30	4.08	4.89	4.89	4.83	4.62	4.63	4.74	4.66	4.57
98 Jan	—	—	—	—	4.16	4.19	4.19	3.88	4.83	4.82	4.70	4.42	4.57	4.42	4.41	4.20
Feb	—	—	—	—	4.21	4.18	4.17	3.81	5.29	4.78	4.64	4.33	4.63	4.54	4.39	—
Mar	—	—	—	—	4.05	4.06	4.03	3.77	4.59	4.63	4.44	4.16	4.50	4.45	4.25	—
Apr	—	—	—	—	4.01	4.05	4.01	3.91	4.59	4.56	4.41	4.22	4.49	4.38	4.20	—
May	—	—	—	—	3.97	4.01	3.98	3.93	4.32	4.33	4.34	4.22	4.27	4.21	4.17	—
Jun	—	—	—	—	3.92	3.94	3.95	3.88	4.33	4.34	4.33	4.19	4.25	4.22	4.18	4.05
Jul	—	—	—	—	3.84	3.87	3.88	3.82	4.40	4.35	4.33	4.14	4.24	4.22	4.17	—
Aug	—	—	—	—	3.89	3.87	3.86	3.74	4.60	4.43	4.35	4.07	4.25	4.21	4.16	—
Sep	—	—	—	—	3.90	3.89	3.85	3.57	4.47	4.42	4.25	3.83	4.26	4.12	4.03	—
Oct	—	—	—	—	3.78	3.78	3.74	3.44	4.04	4.11	3.99	3.64	3.78	3.71	3.56	—
Nov	—	—	—	—	3.54	3.60	3.62	3.45	3.62	3.79	3.80	3.62	3.25	3.40	3.35	3.32
Dec	—	—	—	—	3.09	3.34	3.28	3.15	3.00	3.42	3.36	3.24	2.57	2.63	2.79	—
99 Jan	3.00	3.08	4.50	2.00	3.14	3.16	3.13	3.06	3.11	3.14	3.11	3.06	2.85	2.91	2.89	—
Feb	3.00	3.04	4.50	2.00	3.12	3.13	3.09	3.03	3.09	3.10	3.06	3.04	2.99	2.93	2.89	2.91
Mar	3.00	2.96	4.50	2.00	2.93	3.05	3.05	3.05	2.91	3.03	3.03	3.03	2.83	2.90	2.88	2.97
Apr	2.50	2.53	3.50	1.50	2.71	2.69	2.70	2.76	2.69	2.68	2.68	2.71	2.58	2.53	2.49	2.58
May	2.50	2.53	3.50	1.50	2.55	2.57	2.58	2.68	2.54	2.54	2.56	2.66	2.50	2.47	2.47	2.55



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

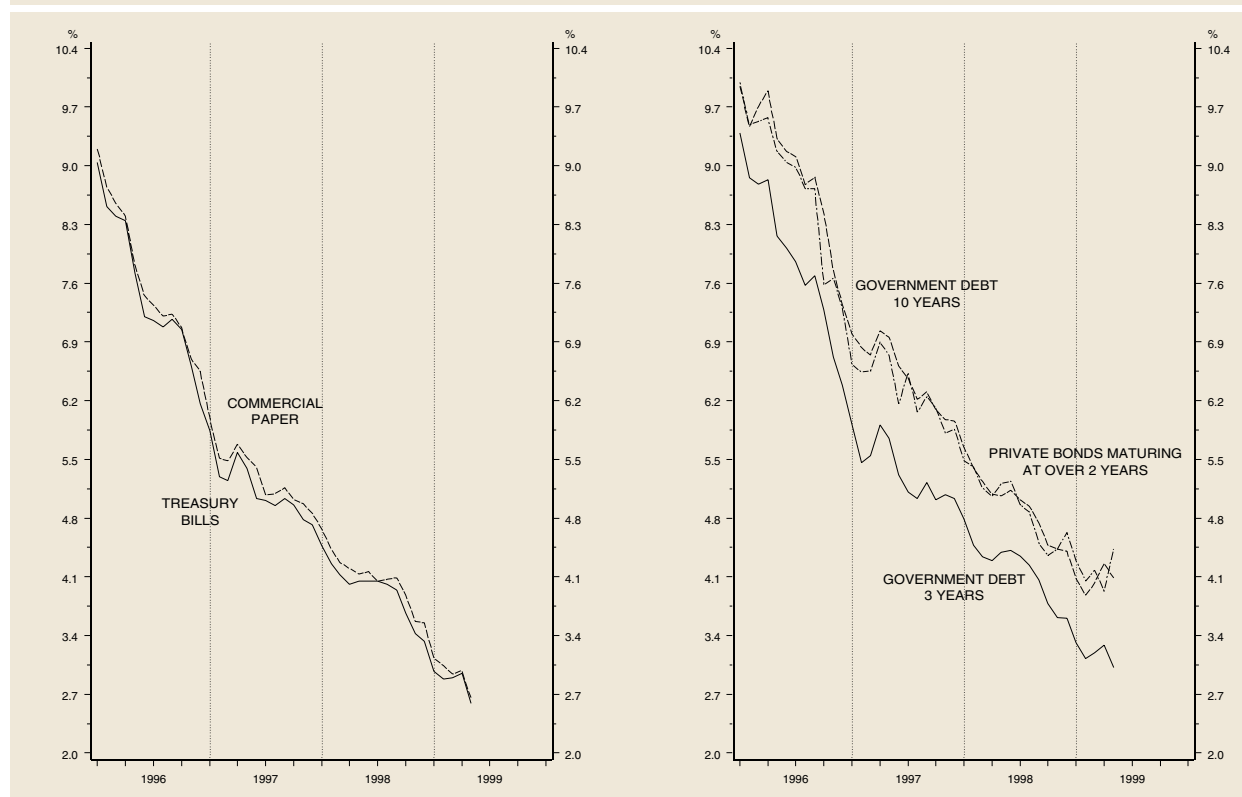
n Series depicted in chart.

Porcentajes

	Short-term securities				Long-term securities							
	One-year Treasury bills		One-year commercial paper		State debt							
	Marginal rate at issue	Secondary market: outright spot purchases between market members	Rate at issue	Secondary market: outright spot purchases	Marginal rate at issue					Secondary market: Book-entry government debt. Outright spot purchases between market members		Private bonds traded through the AIAF of over two years' maturity
					3-year bonds	5-year bonds	10-year bonds	15-year bonds	30-year bonds	At 3 years	At 10 years	
	1	2	3	4	5	6	7	8	9	10	11	12
96	7.27	7.23	7.42	7.41	7.88	8.22	8.89	8.91	—	7.67	8.73	8.53
97	5.04	5.02	5.20	5.23	5.41	5.82	6.52	6.76	—	5.27	6.40	6.24
98	3.82	3.79	3.96	3.99	4.15	4.48	4.93	5.22	5.55	4.07	4.83	4.84
97 Aug	5.03	5.01	5.16	5.24	5.23	5.82	6.33	6.69	—	5.22	6.30	6.25
Sep	4.96	4.92	5.02	5.11	5.19	5.61	6.34	6.56	—	5.02	6.09	6.11
Oct	4.78	4.78	4.97	4.95	4.97	5.36	5.88	6.12	—	5.08	5.98	5.81
Nov	4.72	4.72	4.86	4.94	5.10	5.52	6.07	6.33	—	5.04	5.96	5.86
Dec	4.47	4.48	4.67	4.65	4.90	5.31	5.78	6.02	—	4.79	5.64	5.48
98 Jan	4.26	4.20	4.43	4.39	4.58	4.97	5.45	5.74	5.99	4.48	5.40	5.41
Feb	4.13	4.13	4.27	4.26	4.40	4.78	5.36	5.65	—	4.34	5.24	5.16
Mar	4.01	4.01	4.20	4.12	4.32	4.69	5.15	5.46	—	4.29	5.09	5.06
Apr	4.05	4.01	4.13	4.14	4.36	4.62	5.02	5.28	5.57	4.39	5.06	5.21
May	4.05	4.06	4.16	4.32	4.45	4.74	5.12	5.41	—	4.41	5.13	5.24
Jun	4.05	4.04	4.05	4.30	4.35	4.65	5.06	5.30	5.59	4.34	5.02	4.96
Jul	4.01	3.99	4.07	4.09	4.24	4.53	5.03	5.21	—	4.24	4.94	4.87
Aug	3.94	3.88	4.09	4.11	4.38	4.57	4.97	5.11	—	4.07	4.74	4.50
Sep	3.67	3.63	3.88	3.82	3.96	4.35	4.75	5.11	5.36	3.78	4.47	4.35
Oct	3.42	3.35	3.57	3.57	3.61	3.95	4.39	4.76	5.36	3.61	4.43	4.43
Nov	3.33	3.29	3.55	3.52	3.69	4.04	4.63	4.91	5.45	3.61	4.41	4.63
Dec	2.98	2.94	3.13	3.21	3.54	3.85	4.32	4.68	—	3.32	4.08	4.29
99 Jan	2.88	2.84	3.04	2.95	3.23	3.40	3.96	4.26	4.76	3.13	3.88	4.05
Feb	2.90	2.86	2.94	2.86	3.16	3.40	3.96	4.33	—	3.20	4.02	4.18
Mar	2.95	2.90	2.98	3.09	3.51	3.70	4.40	5.27	5.27	3.29	4.26	3.93
Apr	2.59	2.61	2.66	2.90	3.10	3.38	4.12	4.55	—	3.02	4.09	4.43
May	2.57	2.56	2.65	2.63	3.02	3.33	4.21	4.61	5.08	3.05	4.27	4.45

PRIMARY MARKET

SECONDARY MARKET



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

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

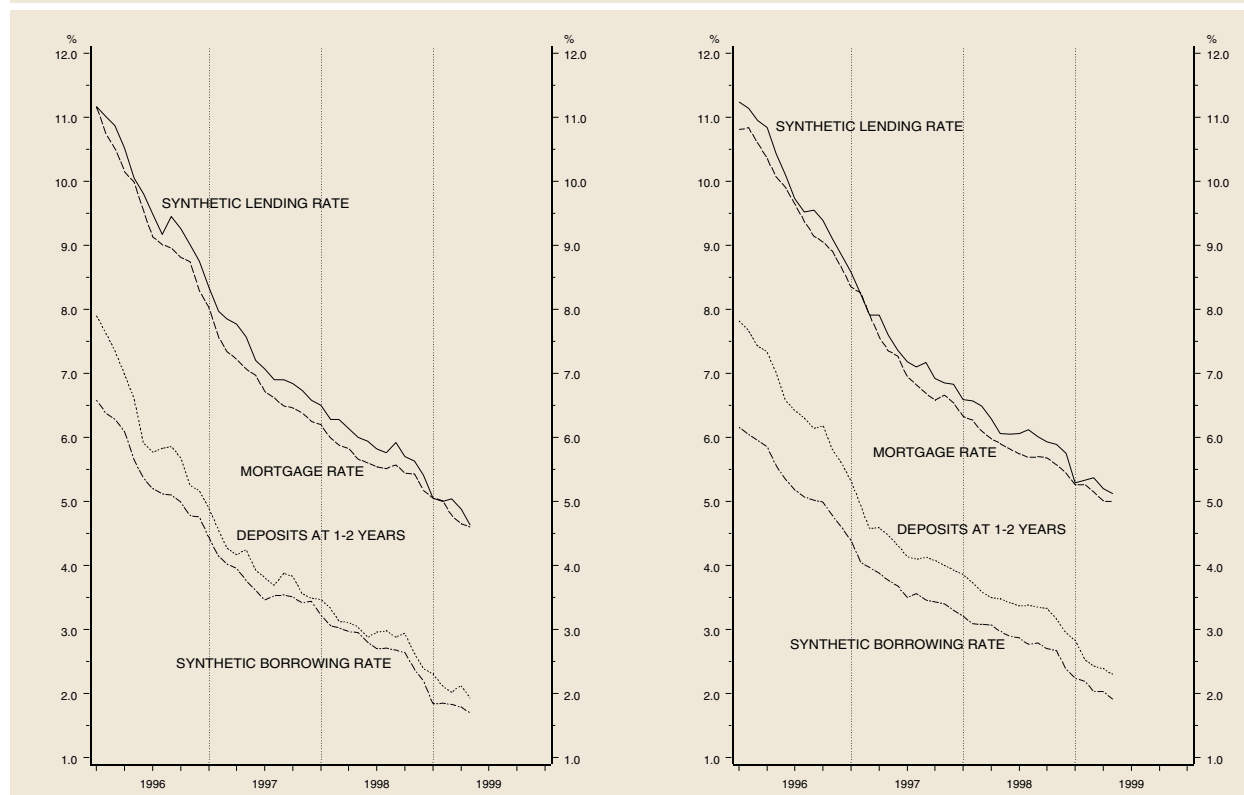
n Series depicted in chart.

Percentages

	Banks									Savings banks							
	Lending rates					Borrowing rates				Lending rates				Borrowing rates			
	Synthetic rate	Commercial discount up to three months	Credit accounts at 1-3 years	Loans at 3 years and over	Mortgage loans over 3 years	Synthetic rate	Current accounts	Repos on bills up to three months	Deposits at 1-2 years	Synthetic rate	Credit accounts at 1-3 years	Loans at 3 years and over	Mortgage loans over 3 years	Synthetic rate	Current accounts	Repos on bills up to three months	Deposits at 1-2 years
	1 n	2	3	4	5 n	6 n	7	8	9 n	10 n	11	12	13 n	14 n	15	16	17 n
96 Ø	9.64	10.21	9.63	11.05	9.32	5.34	4.26	7.48	6.08	9.84	10.59	12.54	9.57	5.23	4.08	7.34	6.48
97 Ø	7.15	7.56	7.28	8.53	6.77	3.63	3.23	5.28	3.91	7.30	8.20	9.50	7.07	3.60	2.86	5.21	4.26
98 Ø	5.82	6.31	5.99	7.37	5.56	2.66	2.49	4.02	2.88	6.04	7.02	8.29	5.76	2.79	2.21	3.99	3.34
97 Aug	6.90	7.35	7.09	8.26	6.49	3.54	3.16	5.18	3.88	7.17	7.69	9.38	6.69	3.46	2.75	5.20	4.13
Sep	6.84	7.25	6.82	8.12	6.46	3.51	3.01	5.16	3.83	6.92	8.02	9.23	6.58	3.43	2.60	4.99	4.08
Oct	6.73	7.11	6.85	7.95	6.38	3.42	3.19	4.94	3.56	6.85	8.00	9.14	6.66	3.40	2.55	4.87	4.00
Nov	6.58	6.98	6.81	7.91	6.25	3.44	3.09	4.91	3.49	6.83	7.72	8.69	6.54	3.30	2.57	4.88	3.93
Dec	6.50	6.87	6.74	7.57	6.20	3.23	2.96	4.59	3.47	6.59	7.51	8.24	6.33	3.21	2.49	4.53	3.86
98 Jan	6.28	6.82	6.49	7.90	5.99	3.06	2.90	4.40	3.33	6.57	7.62	8.85	6.27	3.09	2.44	4.51	3.73
Feb	6.28	6.69	6.39	7.66	5.88	3.03	2.91	4.57	3.13	6.49	7.31	8.81	6.10	3.08	2.38	4.59	3.59
Mar	6.14	6.59	6.28	7.69	5.83	2.97	2.88	4.43	3.11	6.29	7.25	8.67	5.98	3.07	2.29	4.41	3.50
Apr	6.00	6.53	6.20	7.69	5.66	2.95	2.95	4.42	3.04	6.06	6.77	8.48	5.91	2.97	2.30	4.37	3.48
May	5.94	6.34	6.09	7.49	5.60	2.80	2.72	4.21	2.88	6.05	6.68	8.30	5.82	2.90	2.25	4.24	3.42
Jun	5.82	6.27	6.10	7.42	5.55	2.70	2.45	4.20	2.96	6.06	7.04	8.17	5.74	2.87	2.18	4.18	3.37
Jul	5.76	6.24	6.10	7.05	5.51	2.71	2.26	4.16	2.98	6.12	7.19	7.97	5.69	2.77	2.17	4.15	3.38
Aug	5.92	6.30	6.11	7.49	5.57	2.68	2.27	4.23	2.88	6.01	7.12	8.75	5.70	2.79	2.17	4.20	3.35
Sep	5.70	6.24	5.73	7.49	5.44	2.64	2.19	4.21	2.94	5.93	7.20	8.04	5.68	2.70	2.16	4.03	3.33
Oct	5.63	6.01	5.79	7.29	5.43	2.38	2.24	3.76	2.63	5.89	6.98	8.26	5.58	2.67	2.07	3.62	3.16
Nov	5.41	5.93	5.57	7.00	5.18	2.20	2.20	3.16	2.39	5.75	6.75	7.64	5.44	2.39	2.07	3.05	2.95
Dec	5.05	5.74	5.02	6.27	5.05	1.84	1.97	2.49	2.31	5.29	6.29	7.55	5.27	2.24	2.05	2.59	2.83
99 Jan	5.00	5.68	4.79	6.39	5.02	1.85	1.84	2.77	2.12	5.33	6.26	7.46	5.26	2.19	1.93	2.87	2.53
Feb	5.04	5.47	5.13	6.32	4.79	1.83	1.77	2.94	2.02	5.37	6.37	7.80	5.15	2.03	1.90	2.84	2.43
Mar	4.88	5.33	4.64	6.04	4.65	1.79	1.71	2.79	2.13	5.20	6.39	7.65	5.01	2.03	1.79	2.64	2.39
Apr	4.63	5.16	4.76	5.82	4.60	1.70	1.62	2.52	1.93	5.12	6.36	7.48	5.00	1.91	1.74	2.52	2.30
May	4.45	5.04	4.35	6.01	4.45	1.55	1.44	2.48	1.53	4.93	6.10	7.31	4.86	1.79	1.63	2.37	2.05

BANKS

SAVINGS BANKS



Source: BE.

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

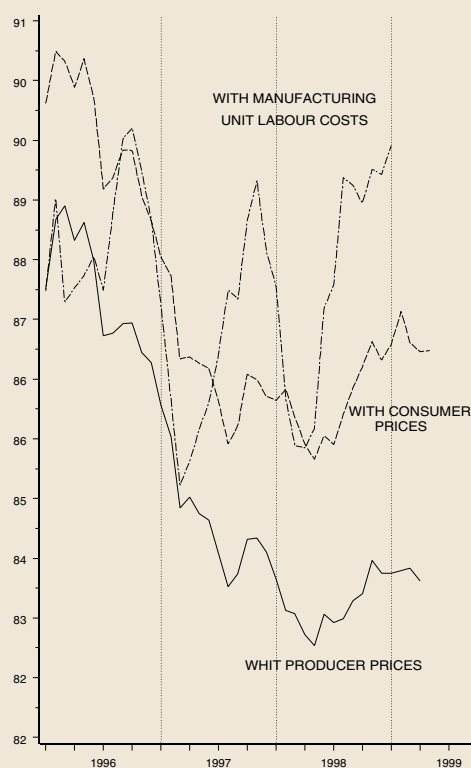
9.4. Indices of Spanish competitiveness against the EU and the euro area

n Series depicted in chart.

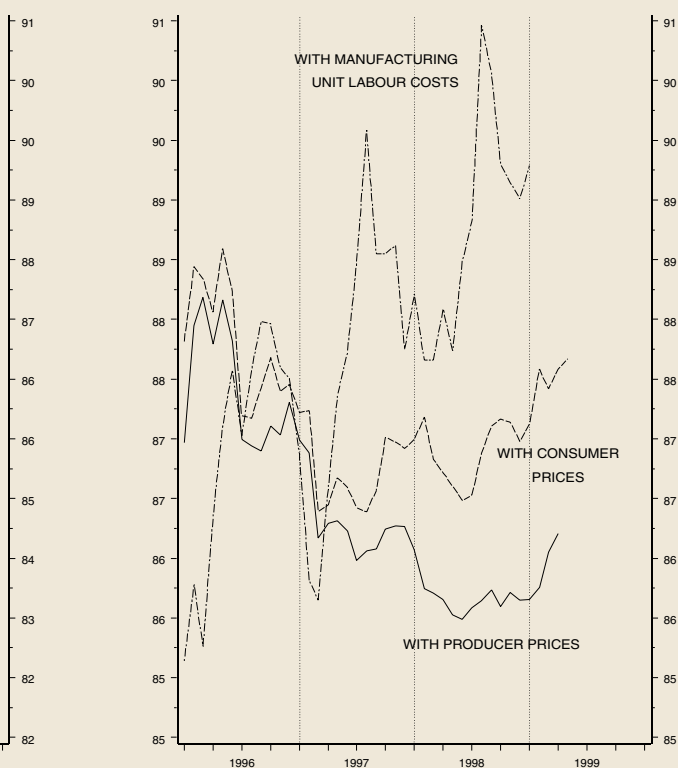
1990 = 100

	Against the EU							Against the euro area (a)			Memorandum item: based on export prices (d)			
	Total (a)			Nominal component (b)	Cost/Price component (c)			Based on producer prices	Based on consumer prices	Based on manufacturing unit labour costs	Against the EU		Against the euro area	
	Based on producer prices	Based on consumer prices	Based on manufacturing unit labour costs		Based on producer prices	Based on consumer prices	Based on manufacturing unit labour costs				Total (a)	Prices component (c)	Total (a)	Prices component (c)
	1 n	2 n	3 n		5	6	7	8 n	9 n	10 n	11	12	13	14
96	87.9	90.0	88.8	82.2	106.9	109.4	108.0	87.9	88.3	87.4	87.7	106.4	87.8	109.0
97	84.7	86.8	87.4	79.2	107.0	109.6	110.3	86.7	87.2	88.6	87.1	109.5	88.4	111.5
98	83.8	86.5	88.1	78.7	106.5	110.0	112.0	86.1	87.4	90.2	86.8	109.9	87.8	111.1
98 J-M	83.5	86.1	86.5	78.4	106.5	109.8	110.2	86.1	87.3	88.8	86.8	110.2	88.2	111.5
99 J-M	...	...	...	78.7	...	...	...	...	...	...	...	...	...	...
97 Dec	84.1	86.5	88.0	78.6	107.0	110.1	112.0	86.6	87.5	90.1	86.8	110.1	88.3	111.5
98 Jan	83.7	86.7	86.5	78.5	106.7	110.4	110.2	86.2	87.7	88.7	86.8	110.2	88.2	111.5
Feb	83.7	86.3	85.9	78.5	106.5	109.9	109.3	86.2	87.3	88.1	86.6	109.9	88.0	111.2
Mar	83.4	85.9	85.9	78.3	106.5	109.8	109.7	86.2	87.2	88.6	86.3	109.8	87.8	111.0
Apr	83.2	85.7	86.1	78.2	106.4	109.6	110.2	86.0	87.1	88.7	86.3	110.0	87.8	111.1
May	83.6	86.0	87.7	78.6	106.4	109.5	111.6	86.0	87.0	89.8	87.7	111.2	88.9	112.6
Jun	83.5	85.9	88.1	78.5	106.5	109.5	112.3	86.1	87.0	90.3	87.2	110.7	88.4	111.9
Jul	83.6	86.3	89.5	78.5	106.5	110.0	114.0	86.1	87.4	91.9	87.3	110.8	88.5	111.9
Aug	83.8	86.7	89.4	78.7	106.6	110.2	113.6	86.2	87.6	91.6	86.6	109.7	87.6	110.8
Sep	83.9	87.0	89.2	78.9	106.4	110.2	113.0	86.1	87.7	91.0	86.9	109.8	87.6	110.8
Oct	84.4	87.3	89.6	79.2	106.5	110.2	113.1	86.2	87.6	91.1	87.0	109.4	87.3	110.5
Nov	84.2	87.1	89.5	79.1	106.5	110.1	113.2	86.2	87.5	91.2	86.7	109.3	87.1	110.3
Dec	84.2	87.3	89.9	79.1	106.5	110.3	113.6	86.2	87.6	91.5	86.2	108.5	86.5	109.6
99 Jan	84.2	87.7	...	79.0	106.5	111.0	...	86.2	88.1	...	...	...	...	...
Feb	84.3	87.3	...	78.8	106.9	110.8	...	86.5	87.9	...	...	...	...	...
Mar	84.2	87.3	...	78.6	107.1	111.1	...	86.7	88.2	...	...	...	...	...
Apr	...	87.2	...	78.5	...	111.1	...	...	88.2	...	...	...	...	...
May	...	...	...	78.4	...	...	...	...	...	...	...	...	...	...

INDICES OF SPANISH COMPETITIVENESS
AGAINST THE EU



INDICES OF SPANISH COMPETITIVENESS
AGAINST THE EURO AREA



Source: BE.

(a) Outcome of multiplying nominal and cost/price components. A decline in the index denotes a depreciation of the peseta and, therefore, may be interpreted as an improvement in the competitiveness of Spanish products, and vice-versa.

(b) Geometric mean – calculated with a double weighting system based on 1991 trade figures – of changes in the price of the peseta against the currencies of the countries making up the group. A decline in the index denotes a depreciation of the peseta against the currencies in question, and vice-versa.

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

(d) The nominal and price components are weighted by Spanish exports to the developed countries.

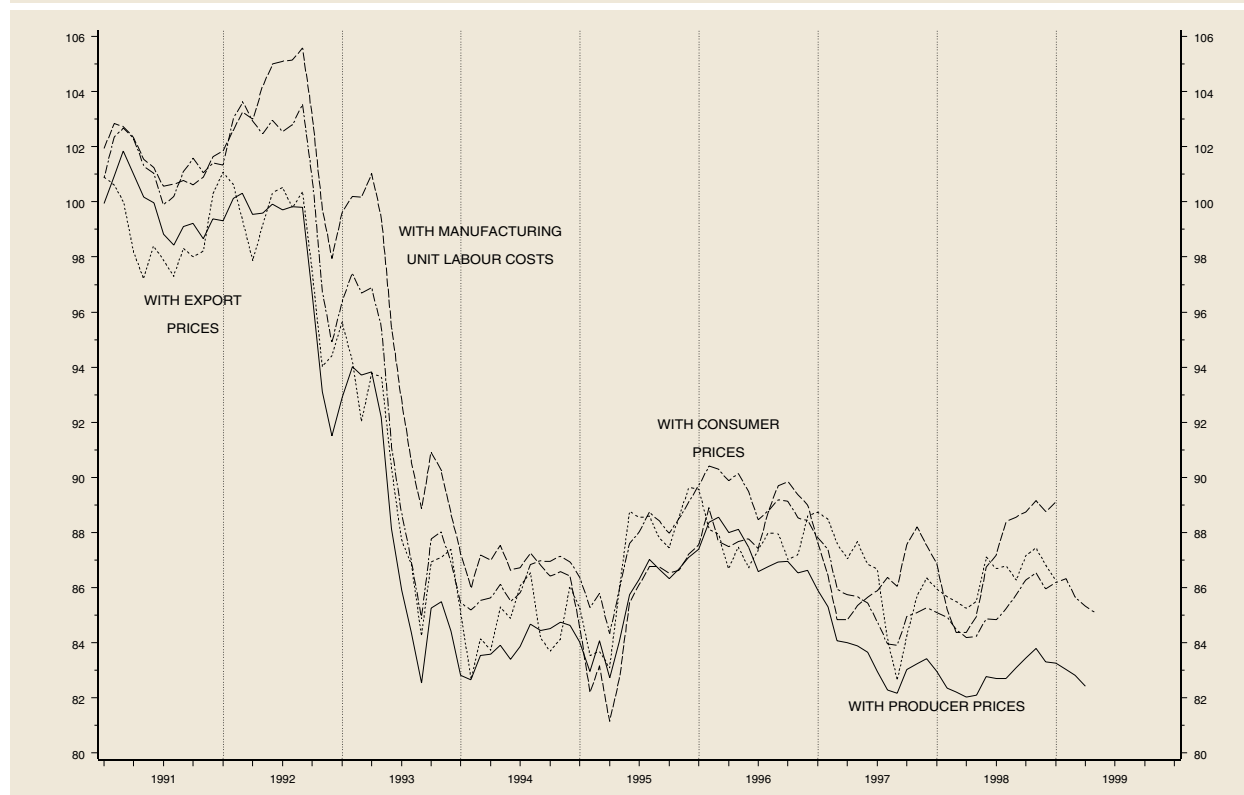
9.5. Indices of Spanish competitiveness against the developed countries

n Series depicted in chart.

1990 = 100

	Total (a)			Nominal component (b)	Cost/Price component (c)			Based on export prices (d)	
	Based on producer prices	Based on consumer prices	Based on manufacturing unit labour costs		Based on producer prices	Based on consumer prices	Based on manufacturing unit labour costs	Total (a)	Price component (c)
	1	2	3	4	5	6	7	8	9
96	87.2	89.2	88.4	80.8	107.9	110.3	109.4	87.7	108.2
97	83.4	85.3	86.3	77.2	108.1	110.5	110.0	86.1	111.5
98	82.8	85.3	87.2	76.9	107.7	111.0	110.5	86.4	112.1
98 J-M	82.3	84.5	85.2	76.3	107.9	110.8	110.1	85.8	112.3
99 J-M	...	...	...	76.4	...	...	...	...	...
97 Dec	83.0	85.1	86.9	76.6	108.3	111.0	110.1	86.0	112.0
98 Jan	82.3	84.9	85.2	76.3	108.0	111.4	110.0	85.7	112.2
Feb	82.2	84.5	84.4	76.2	107.9	110.8	109.9	85.5	112.1
Mar	82.0	84.2	84.4	76.0	107.9	110.7	110.0	85.2	112.0
Apr	82.1	84.2	85.0	76.2	107.8	110.6	110.2	85.5	112.1
May	82.8	84.9	86.7	76.8	107.8	110.5	110.4	87.1	113.2
Jun	82.7	84.8	87.2	76.8	107.7	110.5	110.7	86.7	112.7
Jul	82.7	85.2	88.4	76.8	107.7	111.0	110.9	86.8	112.8
Aug	83.1	85.8	88.6	77.1	107.8	111.2	111.0	86.3	111.6
Sep	83.5	86.3	88.8	77.6	107.6	111.2	111.0	87.2	112.0
Oct	83.8	86.5	89.2	77.9	107.6	111.1	110.9	87.4	111.9
Nov	83.3	86.0	88.8	77.4	107.6	111.0	110.7	86.8	111.9
Dec	83.3	86.2	89.1	77.4	107.6	111.3	110.3	86.3	111.1
99 Jan	83.0	86.3	...	77.2	107.6	111.9	...	...	...
Feb	82.8	85.7	...	76.7	108.0	111.7	...	...	...
Mar	82.5	85.4	...	76.2	108.2	112.1	...	...	...
Apr	...	85.1	...	76.0	...	112.0	...	...	...
May	...	...	...	75.8	...	...	...	...	...

INDICES OF SPANISH COMPETITIVENESS AGAINST THE DEVELOPED COUNTRIES



Source: BE.

(a) Outcome of multiplying nominal and cost/price components. A decline in the index denotes a depreciation of the peseta and, therefore, may be interpreted as an improvement in the competitiveness of Spanish products, and vice-versa.

(b) Geometric mean – calculated with a double weighting system based on 1991 trade figures – of changes in the price of the peseta against the currencies of the countries making up the group. A decline in the index denotes a depreciation of the peseta against the currencies in question, and vice-versa.

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

(d) The nominal and price components are weighted by Spanish exports to the developed countries.

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