

BANCO DE ESPAÑA

economic bulletin

October 1999

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Conventions used

M1	Money supply = Notes and coins held by the public + sight deposits.
M2	M1 + savings deposits.
M3	M2 + time deposits.
ALP	Liquid assets held by the public = M3 + other liquid assets.
ALPF	ALP + fixed-income mutual funds.
H1/H2	First/second half
bn	Billions (10 ⁹).
m	Millions.
a	Projection.
p	After a date [January (p)], this means that all the related figures are provisional; after a figure, only said figure is provisional.
pp	Percentage points.
	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 of the last digit indicated in the series.
*	Series of seasonally adjusted data.

Abbreviations

AIAF	Association of Securities Dealers
BE	Banco de España
BIS	Bank for International Settlements
CNE	Spanish National Accounts
CNMV	National Securities Market Commission
CPI	Consumer price index
DM	Deutsche mark
EAGGF	European Agricultural Guidance and Guarantee Fund
ECB	European Central Bank
ECOFIN	EU Council (Economic and Financial Affairs)

EDP	Excessive Deficit Procedure
EMU	Economic and Monetary Union
EPA	Official Labour Force Survey
ERM	Exchange Rate Mechanism
ERM II	New Exchange Rate Mechanism for currencies of EU Member States outside the euro area
ESA 79	European System of Integrated Economic Accounts (1979)
ESA 95	European System of National and Regional Accounts (1995)
ESCB	European System of Central Banks
ESP	Pesetas
EU	European Union
EU-15	The fifteen current EU Member States
EUR	Euro
EUROSTAT	Statistical Office of the European Community
FIAMMs	Money-market funds
FIMs	Securities funds
GDP	Gross Domestic Product
GDP cp	GDP at constant prices
GNP	Gross National Product
GVA	Gross Value Added
G7	Group of Seven
HICP	Harmonised index of consumer prices
HF	Households and firms
IMF	International Monetary Fund
INE	National Statistics Office
INVERCO	Association of Portfolio Investment Institutions and Pension Funds
IPI	Industrial Production Index
MEFF	Financial Futures and Options Market
MFIs	Monetary financial institutions
MINER	Ministry of Industry and Energy
MMFs	Money-market funds
NBER	National Bureau of Economic Research
OECD	Organisation for Economic Co-operation and Development
PPI	Producer price index
R + D	Research and development
RENFE	National railway company
SEPI	State industrial holding company
SGP	Stability and Growth Pact
SIB	Stock-exchange interconnection system
TARGET	Trans-European Automated Real-Time Gross Settlement Express Transfer system
ULCs	Unit labour costs
VAT	Value Added Tax
WB	World Bank

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Quarterly report on the Spanish economy

1. Overview

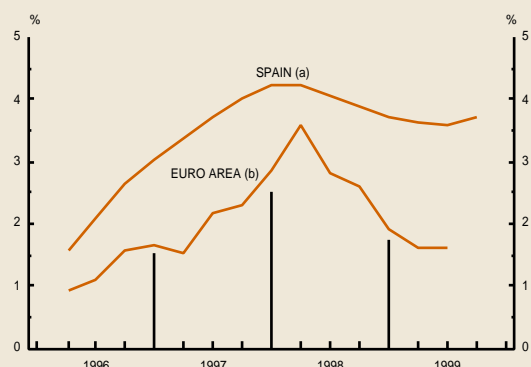
On provisional INE estimates, in the second quarter of 1999 the real sustained rate of growth of Spanish GDP reached 3.6 %, in terms of the year-on-year rate of change of the trend-cycle series. This rate, identical to that in the previous quarter, was somewhat lower than the average for 1998. However, as seen in Chart 1, it was still well above that of the group of countries making up the euro area. The firming of a high year-on-year rate of growth of national demand (5.3 % for practically a year, with notable increases in almost all its components) and the negative contribution of net external demand to the increase in output (which reached 1.7 percentage points) are two of the features characterising recent developments in the Spanish economy. The latest INE data show no significant change in the path of final demand in the first half of 1999, only the vigour of construction investment, which has become its most buoyant component, and some signs of recovery in goods and services exports. However, the real growth rate of the latter continued to depend on the excellent results in the tourism sector. As for imports, their buoyancy rose slightly, in step with domestic spending.

Against this background of sustained growth (the quarter-on-quarter rate of change of the trend-cycle series of real GDP has stood steady at 0.9 % for almost a year and half), there was a considerable increase in employment in the first half of 1999. The largest rises were in those branches with the highest output growth, namely construction and, to a lesser extent, market services, while the rate of growth of output and employment slowed in the other industrial branches and was negative in agriculture. As for prices, the last "Quarterly Report" commented on the expansionary impact the prices of energy products and certain processed food were having on the harmonised index of consumer prices (HICP), as well as on the widening of the inflation differential with euro-area countries.

The international economic situation has shown signs of improvement in recent months. Along with the continued buoyancy of the US economy, there is the recovery in the Japanese economy (with positive real GDP growth for the second consecutive half) and an acceleration in activity in the United Kingdom and in the emerging South East Asian economies. In Latin America, the situation varies significantly across countries, although positive signs are discerned in relation to the Brazilian economy which, owing to its relative size and its trade links with the rest of the area, is particularly important. All the same, the high level of the US stock market and the trade imbalances between the major areas

CHART 1

Gross domestic product



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

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

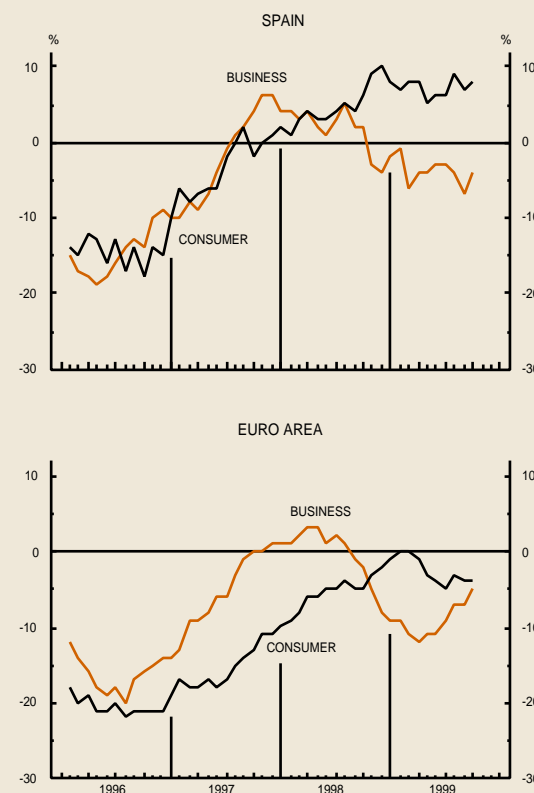
(b) Non-centred annual rates of change calculated on the basis of the seasonally adjusted series.

represent elements of risk. As regards prices, although inflation rates remain moderate in the major economies, the strong increase in oil prices in recent months, together with the pressures discerned in labour markets in certain countries, indicates a certain deterioration in the inflationary outlook, which has prompted a reaction from the US and UK monetary authorities. International financial and foreign exchange markets have remained relatively stable, although there has been a widespread correction in stock market and government bond prices, as well as a significant appreciation by the yen against the dollar.

With respect to the euro area, National Accounts figures for the second quarter indicate a slight pick-up in activity, basically associated with the increase in external demand. Although GDP growth rates for the area as a whole remained modest (1.6 % year-on-year in the first two quarters), they varied considerably across countries. Recent indicators have been consistent with further improvements in activity in the second half of the year (see Chart 2). However, the outlook for the area in the near future depends on the behaviour of the German and Italian economies which, despite recent signs of improvement, continue to grow at rates significantly below the area average. As for prices, the area's inflation rate has stood at relatively low levels during the last few months (see Chart 3), although the rise in oil prices has led to increases in year-on-year rates of growth of consumer prices, which can be expected to continue over the coming months.

CHART 2

Confidence indicators



Source: European Commission.

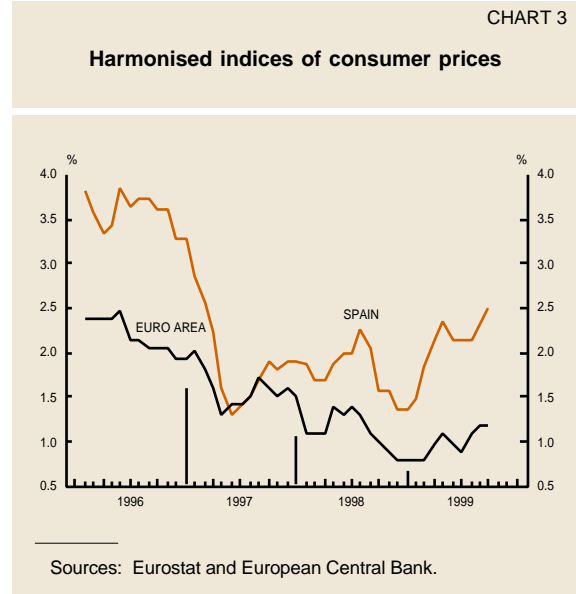
During the third quarter of 1999 the economic environment forming the backdrop to euro area monetary policy changed; the stagnation in economic activity observed at the beginning of the year in many countries of the area gave way to prospects for more favourable growth in the area as a whole. Among other factors, the increased buoyancy of the world economy and the increase in demand and in confidence in European countries – spurred by favourable financial conditions and the exchange rate depreciation – have contributed to this improvement. Thus, although official interest rates were left unchanged in the third quarter, the Eurosystem gradually paid more attention to the risks for price stability posed by faster economic growth. In this context, the significant rise in oil prices has been a further source of concern.

These considerations have prompted expectations of rising interest rates, which have been reflected in a significant increase in yields on medium and long-term debt, and also in an increase – albeit smaller in size and more recent – in money-market interest rates.

Higher interest rates have helped the euro to appreciate notably against the dollar in recent months, thereby recovering part of the cumulative depreciation of the first half of the year. Monetary and credit aggregates behaved in the same way as in the first half of the year, without the change in the direction of interest rates appearing to have moderated their growth. In particular, M3 growth continued at rates above the reference value. The three-month average of the annual growth rates of M3, covering the period July-September, rose to 5.9 %, from 5.6 % in August. The narrowest aggregate, M1, which includes the most liquid assets, displayed much higher rates of growth in September, at almost 13 % on annual average terms. Credit to the private sector has followed a very stable path, with a rate of growth of 10.5 % in September.

Against this backdrop, more conducive to economic growth and to rising prices (the latter being limited so far to the impact of the increases in the wholesale and retail prices of energy products), the rate of growth of the Spanish economy edged up slightly in the third quarter of 1999. On the data available to date, it is estimated that the year-on-year rate of change of real GDP (calculated for the trend-cycle series) was of the order of 3.7 %, which also involves a slight acceleration in terms of quarter-on-quarter rates. This somewhat more expansionary tempo, if confirmed, continues to be based mainly on the behaviour of national demand, which may at least repeat the rate of growth recorded in the preceding quarter. The contribution of external demand is more uncertain. The real rate of growth of exports rose in the period July-August and is expected to continue to do so in the coming months, as anticipated by order books and the expectations of export companies. Their strength will largely depend on the economy's competitiveness. Taking into account that imports remained notably buoyant, the contribution of real net demand to GDP growth in the third quarter will not be very different from that in the previous quarter, although somewhat more negative.

The expansionary performance of the economy over the summer months extended to all the components of domestic demand, with the exception of government consumption, as is confirmed by most of the available indicators. Surveys reflected this favourable climate for households (see Chart 2), whose purchases are being driven by the high growth of real disposable income and by the cumulative decline in real interest rates. In turn, the growth of disposable income stems from the favourable path of employment and the expansionary influence of the reform of personal income tax



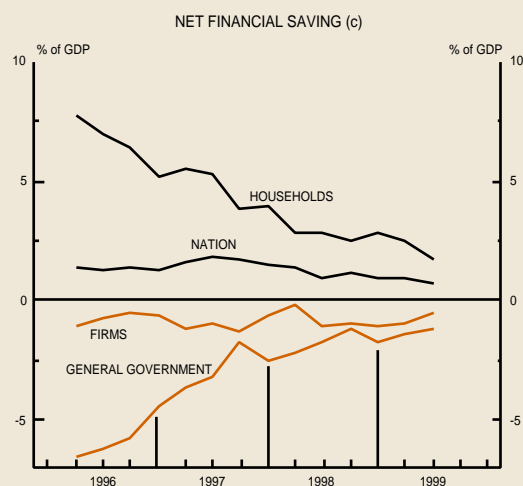
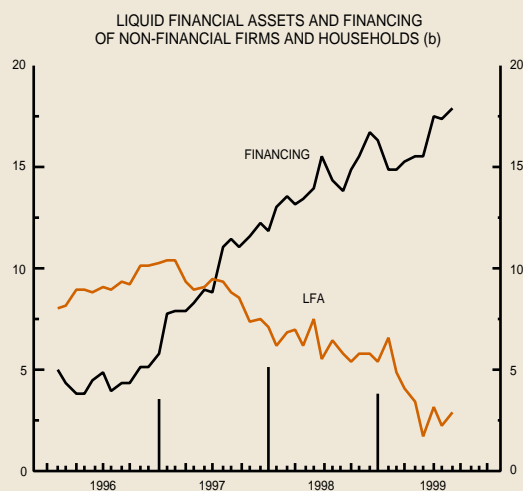
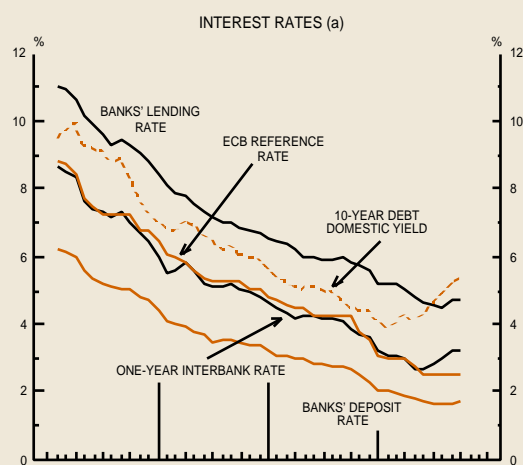
(IRPF) on wage income. These same factors (rising real incomes and low interest rates) help to explain the notable buoyancy of house purchases by households, whose net lending is being considerably reduced by the continued growth in their consumption and investment expenditure. The increase in residential investment, together with the momentum behind public works, is responsible for the expansionary behaviour of gross fixed capital formation in construction and high growth rates also persisted in capital goods investment. The perception by employers of the favourable expectations characterising the international environment has still not been reflected in the confidence indicators (see the aforementioned Chart 2), but the sound corporate results continue to sustain investment in improvements to productive equipment. The latest industrial production index data already show a recovery in activity in the manufacturing branches, and consequently an improvement in their contribution to the growth of value-added is expected in the third quarter of 1999.

Employment indicators continued to show notable buoyancy in the third quarter, although compatible with a recovery in the growth of apparent labour productivity from the abnormally low levels in the preceding quarters. This and the relative stability of wage indicators during the period have permitted a slight cut in the rate of growth of unit labour costs. However, these varied significantly across the productive branches, with unit labour costs in services benefiting most from the favourable path of total costs.

The rise in the CPI in the third quarter of 1999 was due to the impact of energy price in-

CHART 4

Financial indicators of the Spanish economy



Source: Banco de España.

- (a) Series calculated as averages of daily data.
- (b) Financing includes bank loans extended by resident and non-resident credit institutions and fixed-income securities.
- (c) Cumulative four-quarter data.

creases. The growth rates of the other components have either stabilised at around their June levels or fallen slightly, as in the case of services, where the growth rate fell by two-tenths of a percentage point over the summer months. In any event, the differential between the growth rates of consumer prices in Spain and in the euro-area countries, measured in terms of the harmonised indices, returned to the June level (1.3 percentage points), the widest since end-1996 (see Chart 3).

The possibility of inflation-adjustment clauses in wage settlements being activated at the year-end, if consumer price growth is less favourable than anticipated, again illustrates the danger of temporary increases in consumer prices, which should drop out of next year's growth rates, being incorporated into inflation expectations and damaging the economy's competitiveness. Accordingly, it is imperative that next year's wage bargaining should take special account of the levels of stability prevailing in the euro area and that the non-monetary spheres of economic policy should actively contribute to the maintenance of macroeconomic stability. The progress made this year in reducing the government deficit has certainly been significant and, in the Draft Budget submitted to Parliament for the year 2000, is programmed to continue. Strict control of public spending growth should allow any further increases in tax revenue, as a consequence of the buoyancy of the economy, to be translated into an acceleration of fiscal consolidation. Budget policy may thereby increase its contribution to the maintenance of medium and long-term stability.

Monetary conditions in the Spanish economy have not changed significantly in recent months. The change in direction of interest rates on financial markets was hardly reflected in the behaviour of economic agents in the third quarter. This is partly because, although interest rates have risen, they remain at historically very low levels, and because the increase in the rate of growth of prices means that real rates have fallen. Similarly, the absence of any significant impact of the increases in interest rates on the economy's financial flows may be explained by the fact that the increase in rates negotiated on the financial markets has only been very timidly passed through to the interest rates applied by financial institutions in their operations with customers, these being the most relevant rates for the spending and saving decisions of households and firms (see Chart 4). Consequently, credit conditions remain very easy, and have continued to drive a strong demand for credit from the private sector, while the financial incentives to save remain limited.

In particular, financing to non-financial firms and households through bank lending and the issuance of fixed-income securities has continued to accelerate in recent months; its year-on-year rate of growth may have stood at around 20 % at the end of the third quarter. As for financial assets, the timid recovery in the rate of growth of the liquid financial assets of non-financial firms and households could be interpreted as the result of an increase in the yield offered by some of these instruments. Nonetheless, the attractiveness of financial assets as a whole is well below the levels of recent years and this stimulates both consumption and in-

vestment in real assets, and discourages saving.

These recent developments in financial flows reflect the continuation of a process in the last few years whereby the strong growth in household indebtedness to banks is leading to a progressive reduction in their net financial saving and, as a result, a reduction in national net financial saving. In this respect, the lower net borrowing of general government and firms only partly offsets the effect on national saving of the lower net financial saving of households.

2. The external environment of the euro area

World economic activity in the third quarter confirmed the positive signs observed in the first half of the year. There was a general improvement in the main industrialised countries, marked by the sustained buoyancy of the US economy, signs that Japan is emerging from recession and rapid economic recovery in the UK. These favourable developments in the international environment took place against a background of moderate inflation, despite the strong rise in the price of oil in the year to date (more than 100 % between January and October) and the tightening of the labour market in certain countries.

In the first nine months of 1999, economic activity in the United States sustained the brisk pace that has prevailed for several years (see Chart 5). Admittedly, the annualised quarter-on-quarter growth rate of GDP for the second quarter (1.9 %, against 3.7 % in the previous quarter) reflected a certain slowdown. Yet, according to the available indicators, this has not continued in subsequent months. Thus, industrial production shows a gain in momentum in the manufacturing sector, associated with the increase in exports stemming from the upturn in world demand. Likewise, consumption indicators suggest that the slowdown in this component of demand in the second quarter may have been temporary, with the continued decline in the saving ratio being sustained. However, the construction sector, which is particularly sensitive to interest rate rises, remains subdued (1).

Despite the pick-up in exports, the strength of domestic demand in the United States continued to boost imports and to generate a growing trade deficit. In the first eight months of the year the trade deficit on current account exceeded 200 billion dollars, 36 % up on the same period of 1998. The well-known gap that still exists between the buoyancy of domestic demand in the United States and in the rest of the world (see Chart 5) means that no significant correction of the US current-account deficit, which is forecast to reach 3.5 % of GDP this year (2.7 % in 1998), is foreseeable in the short term. This progressive deterioration of the external balance and in the private-sector saving ratio continues to represent a significant point of vulnerability in the pattern of US growth.

As regards inflation, consumer and industrial prices rose significantly in September, taking

(1) The figures for GDP growth in the third quarter (4.8 % in annualised quarter-on-quarter terms) were released when this bulletin had already gone to press. They confirm the trends mentioned and the continued buoyancy of this economy.

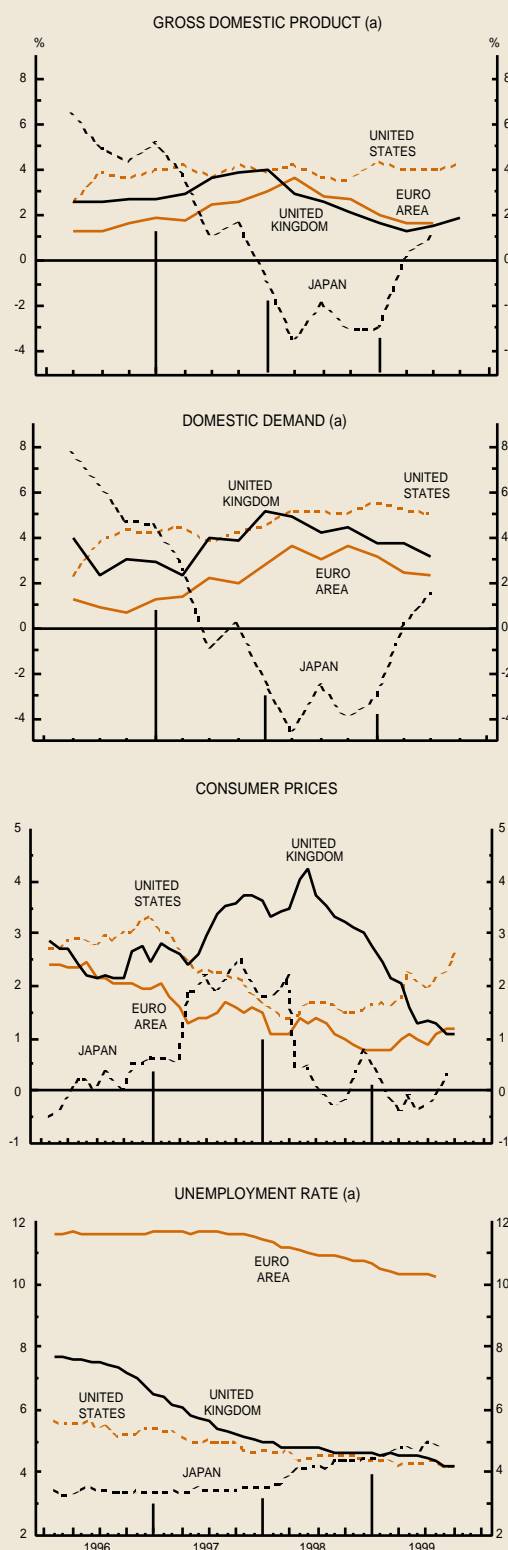
their twelve-month growth rates to 2.6 % and 3.2 %, respectively (see Chart 5). The increase in oil prices and its incipient impact on production costs in manufacturing were the main factors responsible for this outcome. The CPI, excluding the energy and food components, accelerated slightly, to 2 % (1.9 % in August). Signs of supply shortages are beginning to be seen in the labour market, with the unemployment rate still at very low levels (4.2 %). Thus, hourly wages rose somewhat in September (although in year-on-year terms they are still growing at between 3.5 % and 3.8 %), against a background of high productivity growth.

In Japan, second quarter National Accounts data confirmed the improved economic situation. GDP rose by 0.2 % in quarter-on-quarter terms, which was 1.1 percentage points up on the same period of 1998 and the second consecutive quarter of positive growth. The increase in activity was reflected both in domestic demand (especially in consumption) and in exports. According to latest indicators, among which confidence surveys should be highlighted, the signs of recovery in the Japanese economy were sustained in the third quarter. Likewise, price data indicate that the disinflationary process has been halted, as a consequence of somewhat more expansionary spending decisions. In August the 12-month growth rate of the CPI (0.3 %) was positive for the first time in many months (see Chart 5). One of the factors which has undoubtedly contributed most to the improvement in the outlook for the Japanese economy in recent months has been the increase in demand from Asian countries, which account for 35 % of all its exports. Also, the decision by the Bank of Japan to provide more liquidity directly and the announcement of the implementation of a new expansionary fiscal package in the coming months have been conducive to the strengthening of expectations of economic recovery. Nonetheless, the structural weaknesses of the economy (particularly in its financial system) and the appreciation of the yen may limit the possibilities of sustained growth in the short term.

As from the first quarter, the UK economy has recovered with some vigour. This new upturn has been driven primarily by domestic demand, although the improvement in world activity has enabled exports to rise significantly. In the third quarter, GDP growth reached a quarter-on-quarter rate of 0.9 % (1.8 % year-on-year), the highest rate since the third quarter of 1997. This has taken place against a backdrop of some tightening in the labour market. In August, the unemployment rate fell and wages rose by 4.9 % year-on-year. These pressures have still not been passed through to final

CHART 5

Main macroeconomic indicators Percentage change on previous year



Sources: Banco de España, national statistics and Eurostat.
 (a) As a percentage of the labour force.

prices. The CPI (net of mortgage interest) rose by 2.1 % in September, significantly below the government target of 2.5 %. However, the rise in other prices, such as those in the property sector, shows the existence of latent inflationary pressure.

As regards the Asian countries affected by the summer-1997 crisis, their economic recovery in recent months has generally been stronger than expected. However, significant differences persist between the various countries. GDP growth rates of between 4 % and 6.5 % are forecast for South Korea, Thailand and Singapore this year. The gains in competitiveness arising from the depreciation of their currencies and their expansionary fiscal policies have contributed to this turnaround. Growth is still low in the other countries, although Indonesia is the only one for which a negative rate is forecast for 1999.

In Latin America, although developments are currently positive for the area as a whole, the improvement seen in recent months has not been across-the-board. On the one hand, the Brazilian economy (representing around 45 % of the GDP of the area) is showing relatively clear signs of recovery, and growth is expected to return to positive rates in the third and fourth **quarters of the year. Likewise, developments in the Mexican economy have been very favourable in 1999, underpinned largely by the strength of the US demand for its exports.** On the other hand, Argentina is suffering the contractionary effects of cumulative losses of competitiveness caused by the devaluations of the currencies of other Latin American countries and by the increase in domestic interest rates prompted by foreign-exchange pressures. This situation has been accompanied by negative inflation rates. According to the latest indicators of activity, the recession seems to have continued in the third quarter. However, insofar as the Brazilian recovery firms, this may boost the activity of the area as a whole, and (given their close trade links) of Argentina in particular. In this respect, the ending of the disputes that arose between the Mercosur countries in the middle of the year, which led to the suspension of certain trade agreements, is significant.

Fresh bouts of financial instability have affected certain small countries in Latin America in recent months, without extending to the area as a whole. In particular, Ecuador announced the suspension of debt service payments on part of its debt issued through collateralised Brady bonds, and Colombia decided to abandon its currency regime (crawling bands against the US dollar) for a free float. A similar decision was taken by the Chilean authorities, whose

currency has fluctuated freely since the beginning of September. This leaves only Venezuela, Uruguay and Argentina, in Latin America, maintaining semi-fixed (the first two) or fixed (the case of the Argentine currency board) exchange rates against the US dollar.

Turning to fiscal policy, economic growth in the US is generating a substantially higher-than-forecast increase in revenues. Thus, the fiscal year, which ended in September, will probably have closed with a higher surplus than in the previous period (1.7 %).

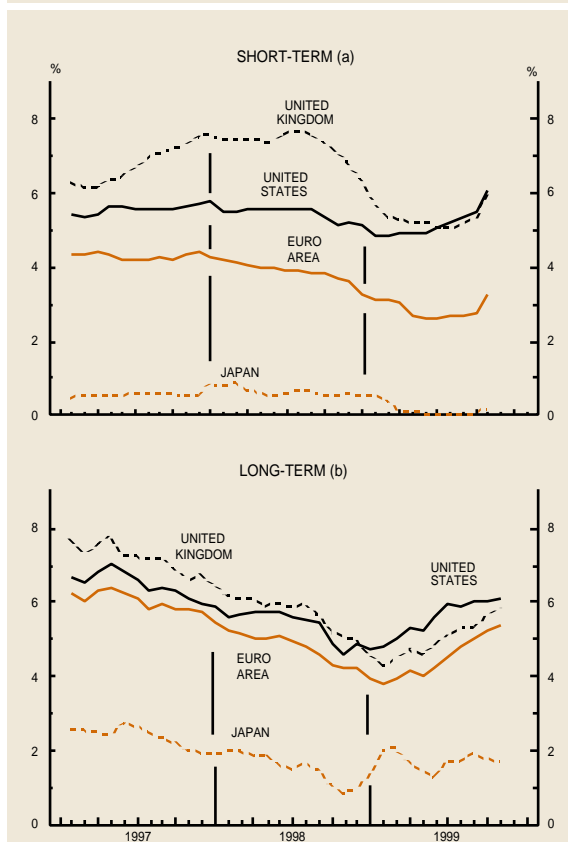
In Japan, the successive fiscal stimulus programmes have generated successive increases in the deficit and public debt. On the latest IMF forecasts, the deficit will reach almost 10 % of GDP in 1999, with a total public debt equivalent to 129 % of GDP. In the UK, a moderately expansionary budget came into effect in March. However, the outturn data to September reveal considerably more favourable results than projected. These may be obtained for the year as a whole if economic activity continues to outpace its forecasts.

The monetary policies of the United States and the United Kingdom changed course in the third quarter. Continued strong growth in the US economy and the strength of the British recovery, in a context of latent labour-market pressures and, especially, of persistent increases in the price of energy commodities, has given rise to inflationary risks, prompting the central banks of both countries to raise their official interest rates. Since the end of June the Federal Reserve has increased its target for the federal funds rate on two occasions, by a total of 50 basis points to 5.25 %. Subsequently, at its meeting on 5th October it decided to leave interest rates unchanged, but announced its readiness to make further increases in the near future, depending on the information provided by inflation indicators. The Bank of England reversed the downward path followed by its base rate since June 1998, raising it by 25 basis points in the first week of September to 5.25 %. There have been no changes in official interest rates in Japan, although the central bank continues to supply a broad range of liquidity, which has been particularly notable in recent weeks, in order to curb the appreciation of the yen on the foreign exchange markets.

The course of short-term interest rates has been determined by the increases in official interest rates (see Chart 6). Nonetheless, in late September, the three-month interest rates of the main developed economies rose by between 0.2 and 0.7 percentage points. This seems to have been due mainly to the anticipa-

CHART 6

Interest rates



Source: Banco de España.

(a) Three-month interbank market interest rate. Euro area: until December 1998, weighted average of the 11 euro area countries; in 1999, three-month EURIBOR.

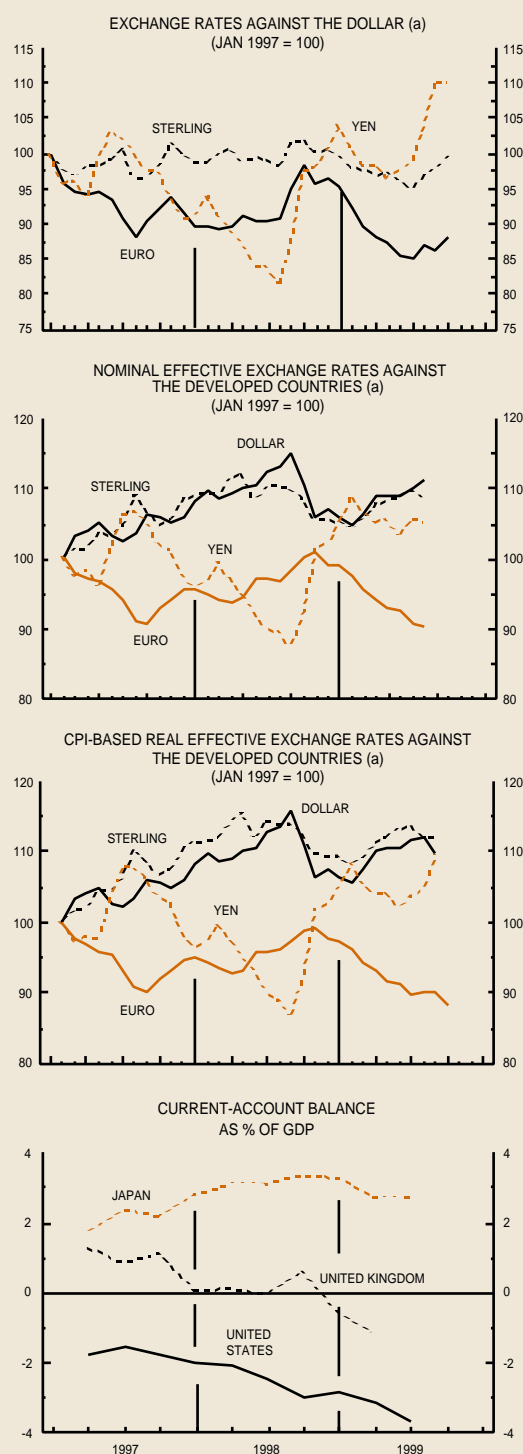
(b) Ten-year government bond yields. Euro area: until December 1998, weighted average of the 11 euro area countries.

tion of a possible excess demand for liquidity as a consequence of the so-called Y2K effect. US long-term rates, having remained relatively stable at around 6 % since June, have increased slightly in October, to stand at 6.2 % in the second half of the month. In the case of the UK, yields on 10-year government bonds have been increasing since April, reaching around 6 % by the end of October. Finally, in Japan long-term rates have hardly changed, remaining at around 1.7 %. As regards equity markets, the New York Stock Exchange has been on a downward trend since late August. By the second half of October it had fallen by 10 % from the high of August 25th, although it was still 15 % up on the beginning of the year and historically very high relative to corporate earnings.

On the foreign exchange markets, the upward path of the US dollar came to an end and since July it has depreciated against the main

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) Before 1999 the euro is represented by an approximate indicator devised by the BIS on the basis of the effective exchange rates of the euro area countries.

currencies (see Chart 7). The depreciation of the US currency has been particularly sharp against the yen. After reaching a high of 122 yen to the dollar in May, the rate stood at between 105 and 106 yen to the dollar in October, a depreciation of 13 %. Against the euro,

the US dollar depreciated over the same period by 5.4 %. In nominal effective terms against the developed countries, the dollar depreciated by 5 % between June and October, while the yen appreciated by 12 % and sterling by 0.4 %.

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

3.1. Economic developments

The economic recovery in the euro area that began to become discernible in the first half of the year has tended to firm over the course of the third quarter. Exports are proving to be the driving force of activity at present. And contributing to their significant growth in the euro area has been the increase in external demand (now the crisis of the emerging-market economies is behind) and, to a lesser extent, the gain in competitiveness brought about by the cumulative depreciation of the euro since its birth. At the same time, the increase in the oil price has led to a rise in the euro-area inflation rate since June, although the partially counterbalancing effect derived from the trend of prices of other consumer goods has lessened the impact.

On National Accounts data, GDP for the area as a whole grew by 1.6 % year-on-year during the first two quarters of the year (see Chart 8). There was a progressive acceleration in the related quarter-on-quarter growth rates from 0.1 % in the fourth quarter of 1998 to 0.4 % and 0.5 % in the following two quarters.

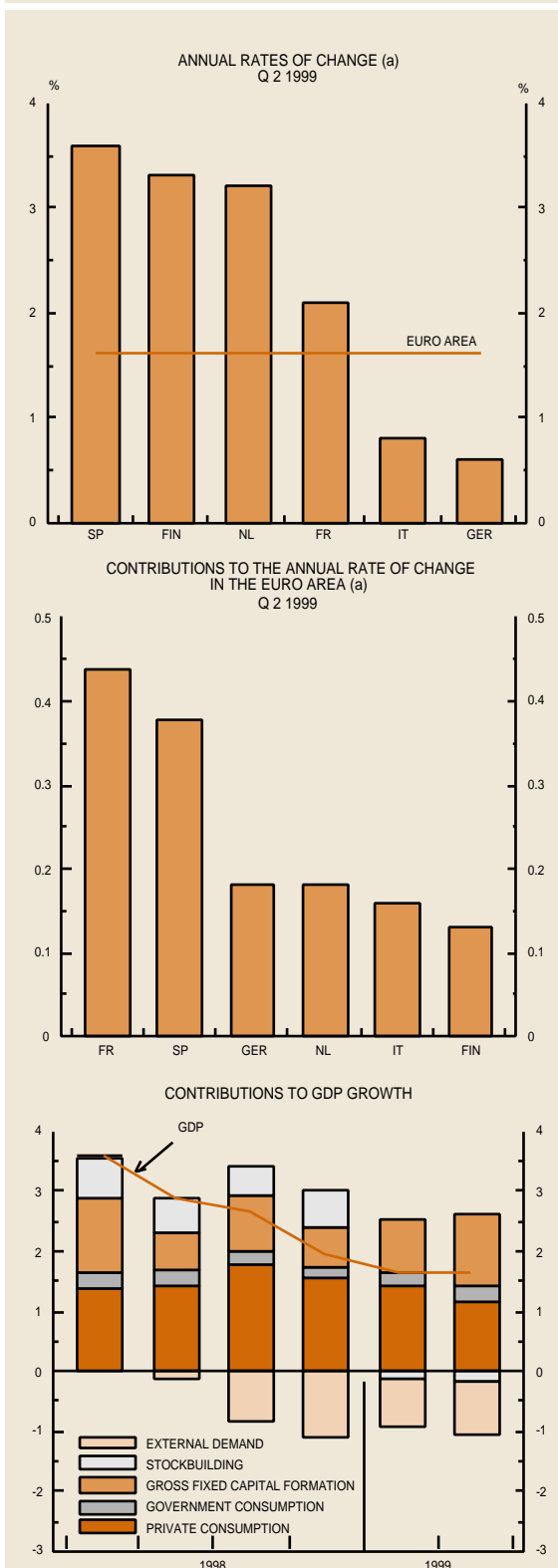
The greater momentum of economic activity in the first half of the year was accompanied by a change in the composition of growth: in the second quarter, domestic demand was on a slowing trend while exports picked up notably. The pattern is clearly perceptible in the case of the contributions of the various components to the quarter-on-quarter increase in GDP. Specifically, in the second quarter the contribution of the external sector was slightly positive (0.1 percentage points), in contrast to its negative contribution (0.2 percentage points) in the first quarter, while the momentum of domestic demand diminished from 0.6 to 0.4 percentage points owing to the greater slackness of private-sector consumption and investment.

These results for the euro area as a whole mask an increase in the dispersion of growth rates across the different EMU members. The lowest increases in GDP have been in Germany and Italy, with year-on-year rates holding at 0.6 % and 0.8 % in the first two quarters of 1999, respectively, while gross rates on the other countries have been above the average for the area. The firming of economic recovery in the euro area in the coming months will thus largely depend on the two aforementioned countries – which account for 51 % of the area's GDP – embarking on a path of sustained growth.

The indicators available on economic developments in the euro area in the third quarter

CHART 8

GDP in the euro area



Source: Eurostat.

(a) Excluding Belgium, Ireland, Luxembourg, Austria and Portugal, for which no quarterly national accounts data are available.

show the recovery to be stepping up. Most notable is the apparent improvement in Germany's situation, as shown by the increases in orders and in the output and industrial confidence indicators. The latest European Commission surveys have likewise shown a slight rise in industrial confidence across the euro area (see Table 1). In this connection, the rise in expectations regarding future output and orders, especially those from outside the euro area, is particularly significant. Along these lines, the industrial production index has shown signs of picking up, resuming positive growth rates.

With regard to consumer confidence, the latest results show it to have stabilised around the levels attained in the spring, somewhat below the historical highs posted in the first quarter. The indicators available on area-wide private consumption in the third quarter offer mixed evidence; counterbalancing the sustained strong growth of new passenger car registrations is the lesser momentum of retail sales.

In the labour market, the unemployment rate for the euro area as a whole has remained stable at 10.2 % of the labour force since April. Nonetheless, employment in industry has been falling since the final quarter of 1998 as a direct result of the loss of buoyancy in industrial activity. Elsewhere, the data on wages point to a continuing moderate increase, furthering the pattern in the first two quarters of the year.

In the first half of 1999, and despite the pick-up in exports in recent months, the current-account balance for the euro area ran a surplus of EUR 26.4 million, compared with EUR 29.8 billion in the same period a year earlier. The reduction in the overall deficit of the sub-balances of income and current transfers (to EUR 14.2 billion, against EUR 26 billion in the first half of 1998) did not suffice to offset fully the reduction in the merchandise balance surplus (EUR 54.7 billion and EUR 45.5 billion in the first six months of 1998 and 1999, respectively) and the deterioration in the services balance, where payments exceeded receipts by EUR 4.9 billion (compared with the surplus of EUR 1.1 billion in the first half of 1998). The balance on capital account ran a surplus of EUR 5.1 billion, slightly lower than the related figure in the same period a year earlier.

The inflationary situation has deteriorated slightly in recent months, without this jeopardising, in principle, the maintenance of price stability in the near future. The 12-month growth rate of the HICP rebounded from 0.9 % in June to 1.2 % in September (see Chart 9). Against a background of marked stability of the prices of non-energy industrial goods, processed food

TABLE 1

Euro area. Qualitative indicators

	1989- 1998	1998	1998		1999			1999					
			Q 3	Q 4	Q 1	Q 2	Q 3	APR	MAY	JUN	JUL	AUG	SEP
MONTHLY SURVEY (NET REPLIES):													
Industrial confidence	-8	-1	-1	-5	-11	-10	-6	-11	-11	-9	-7	-7	-5
Order books	-18	-5	-4	-11	-20	-21	-17	-20	-22	-22	-18	-17	-15
<i>Foreign orders</i>	-20	-7	-5	-15	-24	-26	-20	-25	-25	-27	-22	-21	-18
Stocks	11	9	8	10	14	13	10	14	13	11	11	10	10
Construction-sector confidence	-22	-19	-13	-15	-9	-7	-7	-7	-8	-6	-5	-9	-8
Order books	-30	-25	-19	-21	-17	-14	-14	-13	-16	-12	-13	-15	-15
Retailer confidence	-7	-3	-1	-3	-3	-4	-7	-1	-3	-9	-6	-7	-7
Consumer confidence	-14	-5	-5	-2	0	-4	-4	-3	-4	-5	-3	-4	-4
Economic sentiment index (1985 = 100)	101.2	103.9	104.4	103.7	104.1	103.6	103.7	103.8	103.5	103.5	104.0	103.5	103.7
QUARTERLY SURVEY:													
Capacity utilisation (%)	81.8	83.2	83.7	82.8	81.9	81.9	81.7						

Source: European Commission.

and services, the HICP has followed a trend determined by the strong increase in the price of energy consumer goods, partly offset by the decline in unprocessed food prices. Since posting their maximum 12-month rate of decline (-4.8 %) in December 1998, the behaviour of energy goods prices has been markedly inflationary, running at 6.4 % in September. This is the outcome of the strong rise in the oil price on international markets, driven by the agreement among the main exporter countries to cap their respective output levels. In any event, the rise in energy prices has not been of the same intensity in all the euro-area countries; on the contrary, significant differences are discernible. In Spain, Luxembourg and Germany, the energy component of the HICP increased by around 9 % in the 12 months to September, while in Portugal it continued to decline (-1.9 %). Although such disparity has numerous causes, the variety of processes through which fuel prices are determined on national markets is the most relevant explanatory factor.

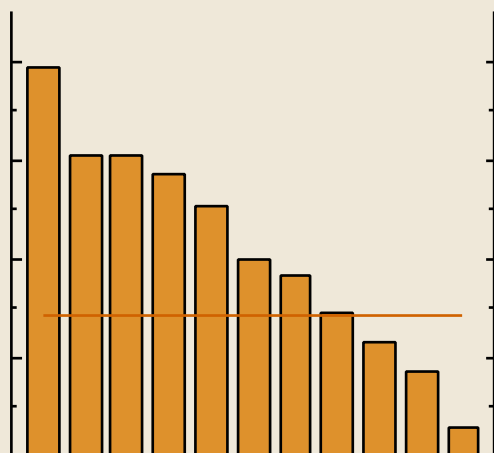
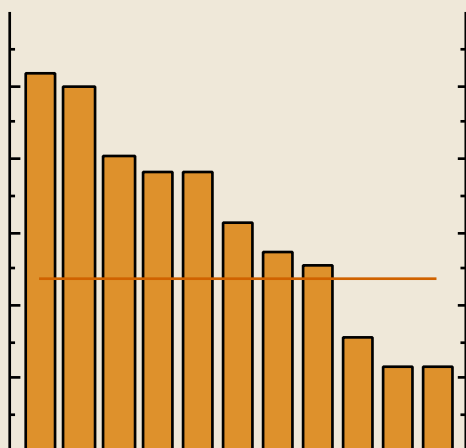
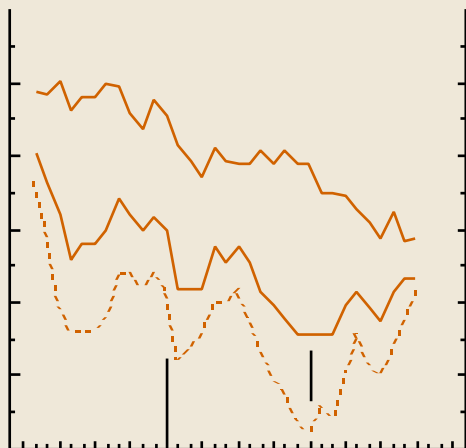
The future course of inflation in the area will be strongly governed by the way in which the rise in energy prices manifests itself in firms' production costs. In this respect, the acceleration in the growth rate of industrial production prices to the point of turning positive in August for the first time since April 1998 is worthy of mention. Against a backdrop of strengthening economic activity in the area, this factor and the muted intensity of the fiscal consolidation process, the high growth of the monetary and credit aggregates and the cumulative depreciation

of the euro over the year (by slightly more than 7 % in effective terms against the developed countries), despite its recent appreciation, pose the chief risks to price stability being sustained. Nonetheless, the structural reforms aimed at heightening market competition and the measures to deregulate certain government-regulated prices could have a restraining influence on inflation.

According to the notifications sent by the Member States in September to the European Commission under the excessive deficit procedure, almost all the countries will close the current year with a more favourable budget balance than that targeted in their respective stability programmes (see Table 2). However, these results do not generally reflect the attainment of healthier structural positions but, rather, the contribution of factors whose favourable impact on public finances is of a temporary nature. These are, namely, the reduction in debt service costs brought about by the delayed effect of the interest rate cuts in recent years and, above all, the higher-than-forecast expansion of tax revenue, despite the fact that economic growth is not exceeding that envisaged in the stability plans. The only two exceptions to this general pattern are Austria, whose forecast result coincides with that it had programmed, and Italy. This latter country will foreseeably post a deficit in excess of the figure of 2 % of GDP initially targeted; however, it seems likely that the resulting slippage will be less than the 0.4 percentage points foreseen some months back.

CHART 9

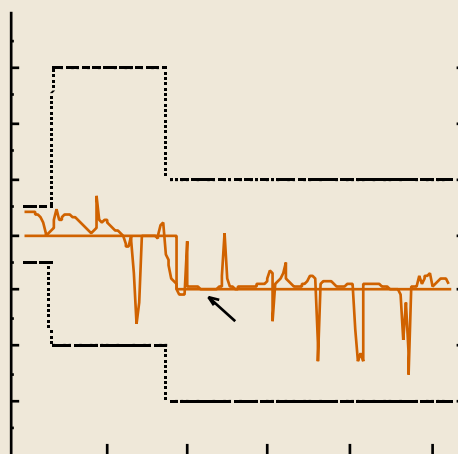
**Harmonised indices of consumer prices
12-month percentage change**



Source: Eurostat.

CHART 10

ECB interest rates and euro exchange rates



Sources: Banco de España and ECB.

(a) Dollar/euro and yen/euro exchanges rates.

In the light of the information available on the various budgetary plans for next year, it may be affirmed that, although the envisaged headway in fiscal consolidation is in general somewhat more ambitious than reflected in the stability plans, such progress will in most cases not suffice to ensure a sound structural position in the medium term to meet the challenges posed by public finances. Further, it would probably be advisable that, in some of the countries that are ahead in the business cycle, the fiscal policy stance should be kept tighter so as to counter the demand pressures prevalent in these economies.

TABLE 2

**General government financial balances of the euro area countries
(as a % of GDP)**

	1995	1996	1997	1998	1999 (a)
Belgium	-3.8	-3.1	-1.6	-0.9	-1.0
Germany	-3.3	-3.4	-2.7	-2.1	-1.9
Spain	-7.1	-4.5	-2.5	-1.7	-1.6
France	-4.9	-4.1	-3.0	-2.9	-2.2
Ireland	-2.1	-0.2	1.0	2.4	3.2
Italy	-7.7	-6.6	-2.7	-2.7	-2.4
Luxembourg	1.8	2.8	3.8	2.5	1.7
Netherlands	-4.1	-1.8	-1.0	-0.7	-0.5
Austria	-5.1	-3.7	-1.8	-2.2	-2.0
Portugal	-5.7	-3.3	-2.5	-2.2	-1.8
Finland	-4.6	-3.1	-1.2	1.0	2.5
MEMORANDUM ITEM:					
Euro area					
Primary balance (b)	0.7	1.3	2.5	2.4	
Overall balance (b)	-5.0	-4.1	-2.5	-2.1	
Public debt	84.8	76.1	75.4	73.6	

Sources: European Commission and ECB (to 1998).

(a) Balances notified to the Commission pursuant to the excessive deficit procedure.

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

3.2. Monetary and financial developments

The relatively generous monetary and financial conditions in the euro area manifest in the first half of the year were broadly retained in the third quarter of 1999. The monetary and credit aggregates continued to exhibit high growth rates, driven by the low level of nominal interest rates and by the improvement in the economic outlook for the area. Real interest rates remained at historically low levels.

Nonetheless, compared with the previous quarter the situation has changed in some respects. Long-term nominal interest rates climbed significantly during the quarter whereas short-term rates held fairly stable until the end of September. These movements were the result of both domestic factors and a knock-on effect from US financial markets, and they prompted a significant increase in the yield curve (see Chart 11). The firming of a better economic outlook and the upward revision of the expected growth of prices, owing to the performance of energy prices, meant that short-term interest rates also began to rise from late September.

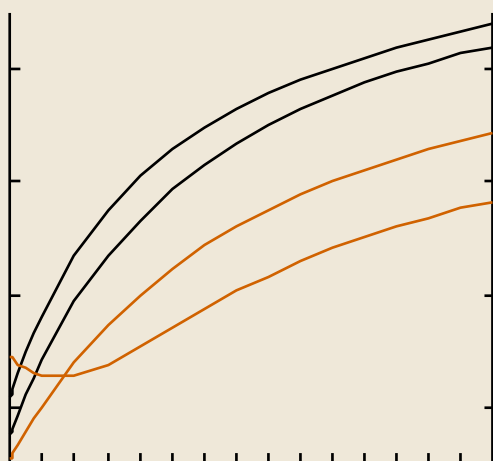
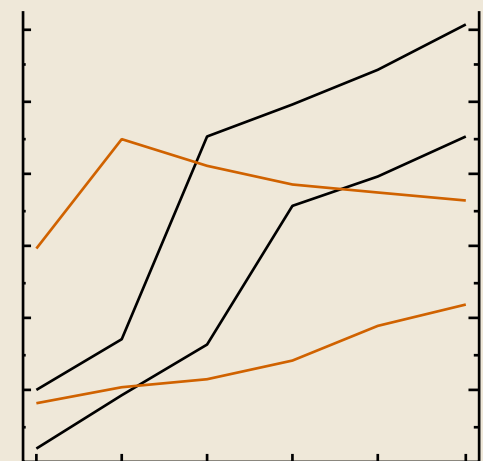
The average level of ten-year interest rates in the euro area increased by somewhat over 70 basis points between June and September, adding to which was a rise of over 25 basis points in the period to 13th October. Given the lower relative increase in US rates, these move-

ments gave rise to a significant narrowing of the 10-year spread over the United States, from levels of over 140 basis points in June to 70 basis points. The change in this spread, along with heightened uncertainty about the sustainability of the US bull market, probably contributed to the appreciation by the euro vis-à-vis the dollar. Against this backdrop, the euro tended to appreciate against the dollar: from August to the date of this Bulletin going to press, it traded at between 1.06 and 1.08 dollars, around 4 % above its levels in June and July.

Until late September, short-term interest rates held fairly stable. Thus, the overnight interbank rate for the euro (EONIA) stood at slightly higher levels than the rate on the main refinancing operations (2.5 %), except in the final days of the reserve maintenance period when there were marked reductions in EONIA. The three-month interbank rate scarcely moved in July and August, standing at around 2.7 % compared with an average level of 2.6 % in June. In parallel, 6- and 12-month maturities began to rebound, with their average level in August standing at around 40 basis points above the related level in June. This came about against a background of an improved growth outlook for the area and expectations of an upward movement in the Eurosystem's intervention rates. The situation was broadly sustained for most of September. However, as from 29th September quite considerable rises began to take place in all interbank market ma-

CHART 11

Euro area yield curves



Sources: Banco de España and ECB.

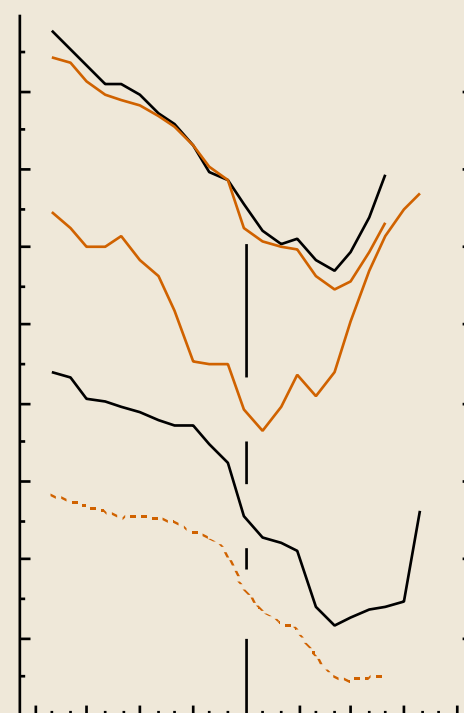
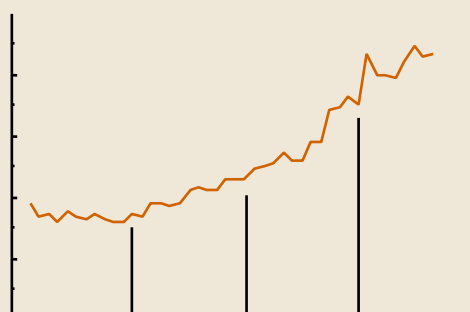
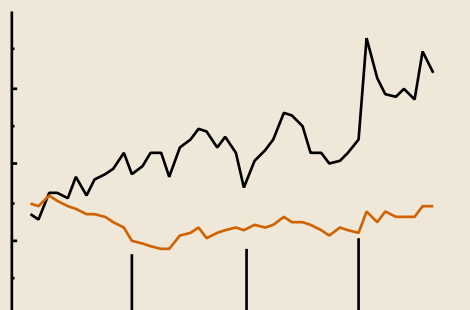
(a) For December 1998, average of euro area interbank interest rates.

turities, and these held and intensified up until the close of this report. Hence, from 28 September to 18th October, three-month and one-year interbank rates climbed by 74 and 43 basis points, respectively.

Part of the rise in money market interest rates since late September might be attributed to the existence of certain operational risks associated with the so-called Y2K effect. This is evident from the course of forward rates and of futures contracts on the derivatives markets maturing at the end of 1999 and at the onset of the coming year. This effect is difficult to quanti-

CHART 12

Monetary and credit aggregates and interest rates in the euro area



Sources: Banco de España and ECB.

fy but, in any event, it would only account for some of the increases seen.

The rises in market interest rates feed through, albeit with a certain delay, to the rates applied by Monetary Financial Institutions (MFIs) in their lending operations and to the rates on longer-dated deposits. Thus, the average rates on credit extended by euro-area MFIs to households and non-financial firms moved upwards, especially those on longer-term transactions, where the increase exceeded 40 basis points.

Despite the foregoing trend of long-term interest rates, euro-area equity markets were on a moderately rising trend in July. This was subsequently corrected, partly as a result of the knock-on effect of movements on the US stock market. By 15th October, then, the Dow Jones Euro Stoxx index had undergone a correction of around 3 % in relation to its end-June level.

Monetary and credit aggregates in the euro area continued to display high growth rates, against a background marked by the low level of interest rates and a brighter economic outlook. In August, the year-on-year growth of the benchmark M3 monetary aggregate was 5.7 %. That took its latest three-month moving average to 5.6 %, increasing the deviation from the reference value (4.5 %) in respect of the preceding months. The information for September, released by the ECB on 27th October, showed M3 to be more expansionary, with its year-on-year rate for that month running at 6.1 %.

The growth of M3 was essentially the result of the strong expansion of overnight deposits and, to a lesser extent, of the increase in the demand for money market fund shares. The sharp rate of increase of overnight deposits, which ran at an annual growth rate of 15 % in

August, is the factor behind the strong growth of the narrow monetary aggregates, M1 and M2, which respectively posted rates of 12.8 % and 7 % that month.

Turning to the counterparts of M3, the trends seen in previous months continued. There was strong growth in credit to the private sector which, in year-on-year terms, stood at 10.7 % in August, and relative stability in financing to general government, the annual rate of increase of which was 0.2 %. As in the case of M3, the buoyancy of credit to the private sector is basically due to a more optimistic outlook regarding the pace of activity in the area taking root and to the maintenance of relatively low interest rate levels. In turn, the longer-dated liabilities of MFIs showed an annual change of 5.5 %. Finally, the external position of MFIs continued to worsen as a result of the sustained, heightened expansion of credit to the resident sectors, set against the increase in liabilities vis-à-vis these sectors.

With regard to monetary policy implementation during the third quarter, the pattern described in previous reports was maintained. The Eurosystem kept its intervention rates unchanged and the liquidity provided by it during the sixth, seventh and eighth maintenance periods totalled EUR 187.9 billion, 194.6 billion and 194.9 billion, respectively. Significantly, in the eighth maintenance period (from 24th August to 23rd September) there was something of a reduction in the excess reserves held by MFIs, which fell to their lowest level since the start of Stage Three. It is not yet known whether this movement is of a permanent nature or not. But it may be due to improved treasury management by MFIs as a result of the learning curve and adaptation to the new monetary policy implementation framework. Resort to the marginal lending facility and the deposit facility was relatively scant.

4. The Spanish economy

4.1. Demand

In the second quarter of 1999, on provisional INE estimates, national demand grew by 5.3 % in real year-on-year terms ⁽²⁾, holding at the same rate as in the final quarter of 1998 and in the first of 1999 (see Chart 13). The stability of national demand growth was a consequence of the behaviour of household consumption expenditure, while construction was more expansionary and capital investment moderated slightly. Net external demand was more contractionary in the second quarter, reducing real output growth by 1.7 percentage points. This was due to the acceleration of imports, in step with final demand, which was not fully offset by the stronger momentum of exports.

The less-than-complete information available for the third quarter of the year indicates that national demand continued to grow at a similar or even higher rate than in previous quarters. It is estimated that household final consumption expenditure recovered slightly, in relation to the preceding quarter, while capital investment continued to grow at high – albeit slightly falling – rates. Noteworthy here is the turning point that may have been reached by construction investment, after its prolonged acceleration. The contribution of net external demand to GDP growth may have been somewhat less contractionary than in the second quarter, with foreign sales showing signs of a recovery that should be confirmed in the next few months, although the scarcity of foreign trade data makes this a somewhat tentative forecast.

On Quarterly National Accounts (QNA) estimates, the final consumption expenditure of households and private non-profit institutions increased, in real year-on-year terms, by 4.2 % in the second quarter of 1999. The latest information on the third quarter indicates that this aggregate behaved in a similar fashion as in the preceding quarters or was slightly more expansionary. Chart 14 shows that the rate of growth of the indicator of apparent consumption of goods and services, calculated on the basis of very incomplete information, increased with respect to the preceding quarter. However, this outcome was largely determined by the path estimated for the services component which, in the absence of data, is essentially based on forecasts. The goods component, for which there is more information, has been less dynamic. A similar profile of sustained spending in the third quarter is seen in the case of the retail sales index.

(2) The data presented in this chapter referring to the Quarterly National Accounts are defined in trend-cycle terms, according to the terminology used by the INE.

Given that sectoral accounts estimated within the framework of the Spanish National Accounts, 1995 (CNE 95) are still not available, it is particularly difficult to approximate the path of household income in 1999. Nonetheless, the indicators referring to some of the components of this aggregate show that disposable income continued to grow at similar rates to those estimated for 1998. Although the compensation of wage-earners has tended to post large increases – albeit lower than those of 1998 – the expansionary effect caused by the reduction in withholdings on income from employment, following the reform of personal income tax, has helped to sustain the buoyancy of household income. At the same time the cumulative decline in interest rates continues to be a factor conducive to the demand for consumer durables, particularly cars, as financing has become significantly cheaper. However, although the rate of growth of vehicle registrations is still very high, certain signs of weakness are apparent. An additional factor contributing to the high growth of consumption, by favouring the taking of spending decisions, is households' optimism – according to opinion surveys – regarding their financial situation in the near future. All this helps to explain the moderate decline in the savings ratio that, according to the available estimates, is taking place.

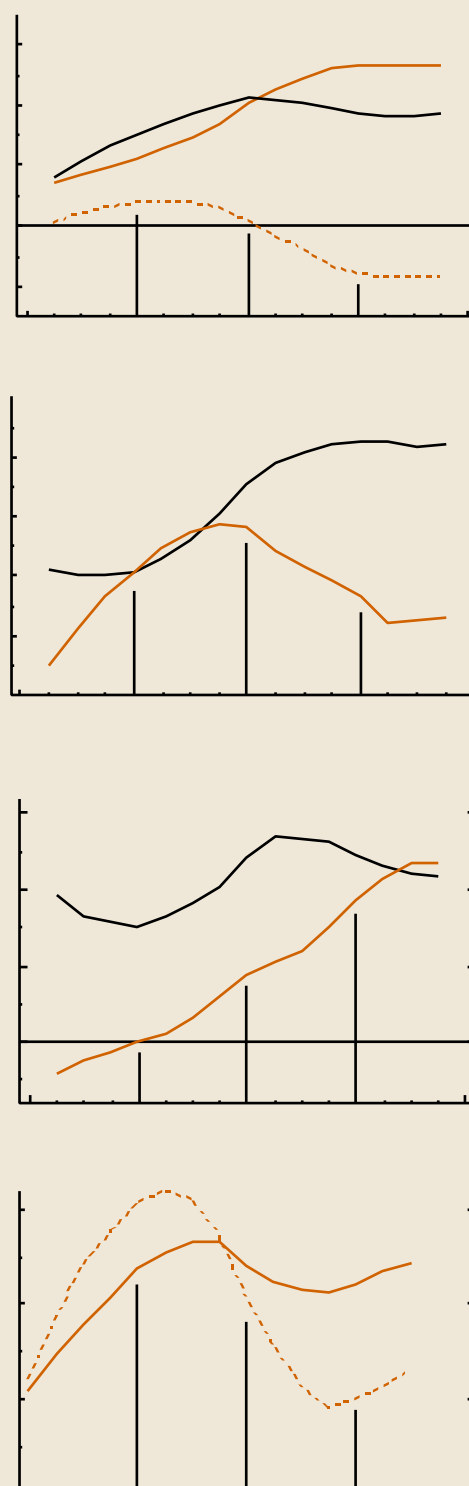
According to the QNA, general government final consumption expenditure grew year-on-year, in real terms, at 1.3 % in the second quarter of 1999, in line with the progressive moderation seen in previous quarters. This rate of growth remained practically unchanged in the third quarter. All the components of government consumption are contributing to the containment of the aggregate, with the moderation in the compensation paid to general government wage-earners being particularly notable.

On QNA data, gross fixed capital formation accelerated again in the second quarter of the year to a real year-on-year rate of 11.5 %. This heightened buoyancy stems both from the marked recovery in construction spending and the sustained vigour of capital investment. The information on the third quarter of the year suggests that this component of demand will post a slightly lower rate of increase than in the second quarter, as the growth rate of investment in construction may well have peaked in the second quarter.

Among the indicators of capital investment, apparent investment in capital goods tended to sustain a significant growth rate during the summer months, underpinned by the progressive recovery in domestic production and by the extraordinary buoyancy of imports (on data to Au-

CHART 13

Main macroeconomic aggregates (a)



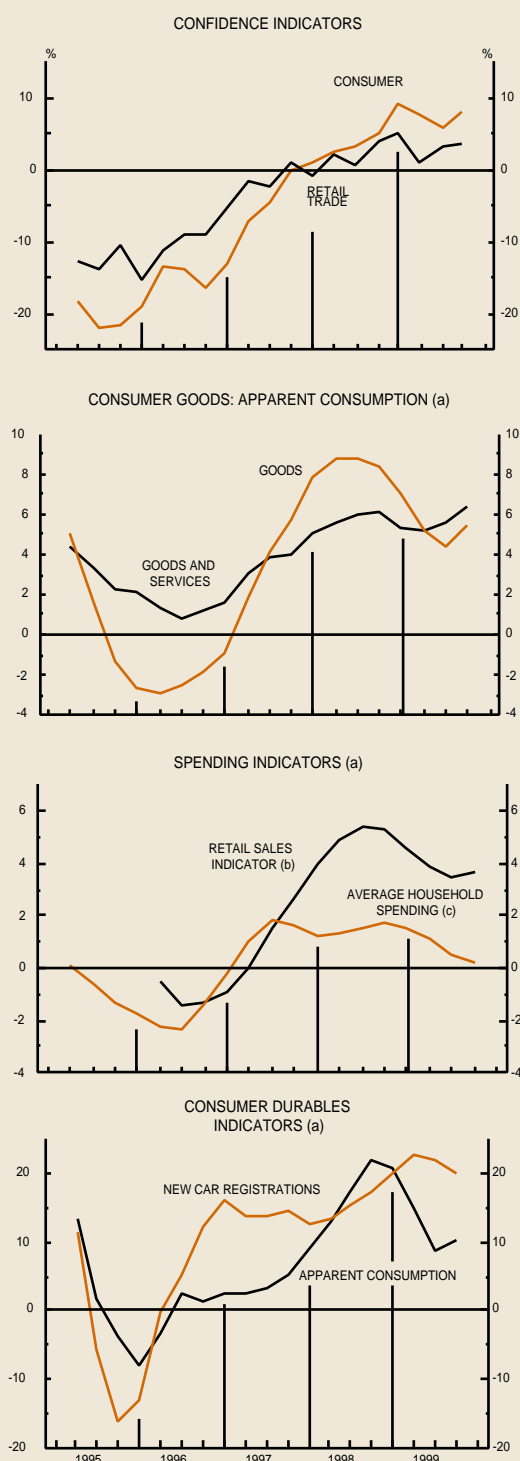
Sources: Instituto Nacional de Estadística and Banco de España.

(a) Non-centred annual percentage change, based on the trend-cycle component.

(b) Non-profit institutions serving households.

CHART 14

Private consumption indicators



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

- (a) Non-centred annual percentage change, based on the trend of the indicator.
- (b) Deflated by the CPI.
- (c) Household expenditure survey, deflated by the CPI.

gust) (see Chart 15). As regards the type of product, apparent investment in transport equipment has led the expansion of the aggregate, while apparent investment in other capital goods displayed a slightly decelerating profile. The buoyancy of investment and the outlook of continuity are also reflected in the business survey published by the Ministry of Industry and Energy (MINER). The upward trend of previous months in both the expected orders for industry as a whole and the business confidence indicator in the capital goods sector strengthened in July and August. Finally, the latest projection of the half-yearly investment survey revised upward the forecast of investment growth in 1999 that was made last autumn.

The current strength of spending and the favourable demand expectations, which are firming for the coming months, warrant the continuation of high capital-investment growth rates. Such investment is also being stimulated by the favourable borrowing conditions, which firms are capitalising on, not only to expand their installed capacity, but also to rationalise and modernise their productive structure. The Quarterly Balance Sheet Survey data for the first half of 1999 showed that the profit and loss accounts of non-financial firms continued to improve in that period and both the return on net assets and on equity remained at comparatively high levels, which clearly exceeded the cost of debt, indicating that the financial position of these firms continued to be favourable for the execution of investment projects.

Investment in construction continued to gain momentum in the second quarter of the year, reaching a real year-on-year rate of 11.8 %. The information provided by the currently available construction indicators suggests that the growth of this aggregate stabilised in the third quarter, as a consequence of the reduced vigour of spending on civil-engineering works since, by all indications, expenditure on building sustained the vigour it had been displaying previously. Specifically, the second-quarter data of the quarterly construction industry survey – the most relevant indicator for measuring activity in the sector – already seem to be indicating a change in the expansionary trend of activity.

The coincident indicators of construction showed more clearly a change in construction activity to a phase of somewhat less intensive growth (see Chart 15). Thus, the trend growth rate of apparent consumption of cement, with a year-on-year increase of 5.1 % in the third quarter, continued to fall, in line with its behaviour since the first few months of the year. Among the employment indicators, in July and August the acceleration of previous months in social

security registrations in construction came to a halt and the rate of decline of registered unemployment in the same sector was curbed in the third quarter. Finally, indicators of sentiment in the construction industry show a moderation in the activity of the sector since the beginning of the year.

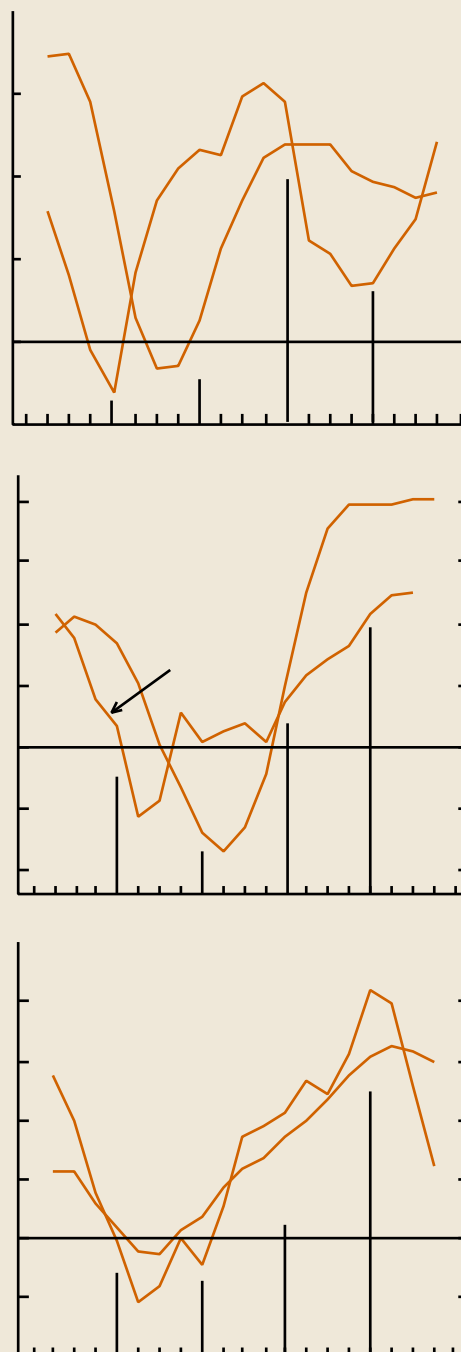
In any event, the buoyancy still retained by the construction industry is generally confirmed by the leading indicators. The information on building starts (the approvals of architects' associations and permits granted by local councils) has been very expansionary during 1999. The strength of residential building is consistent with the favourable performance of its determinants: the low levels reached by interest rates, the longer mortgage repayment periods, the cumulative gains in financial wealth and the favourable path of household disposable income. In addition, the rising trend of house prices in recent months may have led households to bring forward their spending on housing somewhat and to the existence of a demand for housing as an investment. However, if these price pressures persist they will eventually tend to moderate spending on housing. Official civil-engineering tenders grew significantly less in the first five months of 1999 than in the preceding year, so that this component of expenditure should weaken somewhat.

On QNA data, stockbuilding made a negative contribution to GDP growth of minus one-tenth of a percentage point in the second quarter, as against a positive contribution of the same size in the preceding quarter. The latest information available for this aggregate – European Commission survey findings – indicates a slight increase in the level of stocks with respect to the preceding quarter, as the number of firms declaring stocks at higher-than-desired levels increased.

The contribution of net external demand to output growth became more strongly negative in the second quarter of 1999, since the recovery in exports of goods and services was not sufficient to offset the greater vigour of imports. The information available for the third quarter (referring to July and August, for the most important indicators) continues to show a moderate recovery of exports in the face of strengthening imports. However, the behaviour of the determinants of exports augurs a stronger recovery in this aggregate than seen to date. The depreciation of the euro against the dollar and, in particular, the improvement in the international environment should stimulate Spanish sales abroad. In fact, the latest results of the quarterly survey of exporters indicate greater optimism in relation to expected medium-term external

CHART 15

Gross fixed capital formation indicators



Sources: Instituto Nacional de Estadística, Ministerio de Industria y energía, Ministerio de Fomento, Oficemen, Instituto Nacional de Empleo and Banco de España.

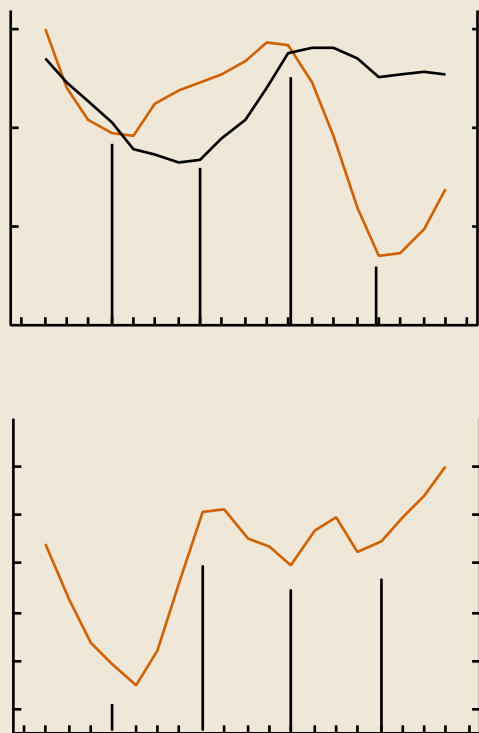
(a) Non-centred percentage change on same quarter a year earlier, based on the trend of the indicator.

(b) Trend level.

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

CHART 16

Foreign trade (a)



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

- (a) Non-centred percentage change on same quarter a year earlier, based on the trend of the indicator.
- (b) Series deflated by the corresponding unit value indices.

sales. Consequently, it is estimated that the contribution of external demand may have been somewhat less negative in the third quarter, having stood at -1.7 percentage points in the second.

Goods exports have been rising at very low rates since the second half of 1998. According to the QNA they grew in the second quarter of 1999 by 3 % year-on-year, and Customs figures indicate a modest recovery in July and August. This outcome has been largely a consequence of the weakness in sales to Latin America. By product group, all the components have posted moderate growth rates, except for capital goods, which have grown notably in real terms, amid falling prices. In contrast to the behaviour of goods exports, tourism receipts continued to display notable buoyancy to July, although the strong growth rate moderated with respect to previous months. This behaviour is also observed when real indicators of tourism are anal-

ysed; the number of foreign visitors lodged in Spanish hotels, their overnight stays and the number of tourists visiting Spain has decelerated. The depreciation of the euro in 1999 and the high levels of confidence of European consumers must have contributed to the expansionary trend of tourism.

Insofar as can be estimated on the basis of Customs data to August imports, stimulated by the buoyancy of final demand, continued to display notable vigour in the third quarter, having increased by 11.8 %, in QNA terms, in the second. By group of product, the sizeable increase in purchases of capital goods, is noteworthy, while the growth rate of imports of consumer goods moderated with respect to the first half and the upward profile in the previous quarter of purchases of non-energy intermediate goods flattened off somewhat. Finally, the second-quarter slowdown in tourist payments was curbed.

4.2. Output and employment

GDP growth in Spain held steady in the second quarter, at a year-on-year rate of 3.6 % (see Chart 17). Growth is estimated to have been slightly higher in the third quarter, reflecting a slight acceleration in national demand and a somewhat less negative contribution from external demand, as mentioned in the previous section. From the viewpoint of the productive branches this mild recovery in output would have been the result of greater buoyancy of industrial production, a less negative contribution from agriculture and stable growth in services. Construction activity would have posted slightly lower growth than in the previous quarter, although it would still have been the fastest growing branch. As for employment generation, the number of full-time-equivalent jobs grew by 3.4 % in the second quarter, one-tenth of a percentage point up on the previous quarter, while the indicators available for the third quarter point to a slight slowdown in this variable. This would have permitted a recovery in apparent labour productivity in this period, from the very low rates of growth posted in the preceding quarters.

The unfavourable weather conditions continued to govern primary activity during the second quarter of 1999, when the decline in the value added of this branch steepened to a year-on-year rate of -6 %, on QNA estimates. The reduction in agricultural output has extended, with a greater or lesser impact, to most crops, although there were also increases in the production of tubers and citrus and other fruit. Live-stock farming output was weakened by the

scant rainfall. This prompted the partial substitution of industrial compounds for pasture, with the consequent reduction in the value added of the sector. The most recent economic information holds out no hope for a prompt recovery in agricultural output; the employment indicators – social security registrations and registered unemployment – have deteriorated further, as have the manufacture of products for agriculture and the construction of agricultural machinery.

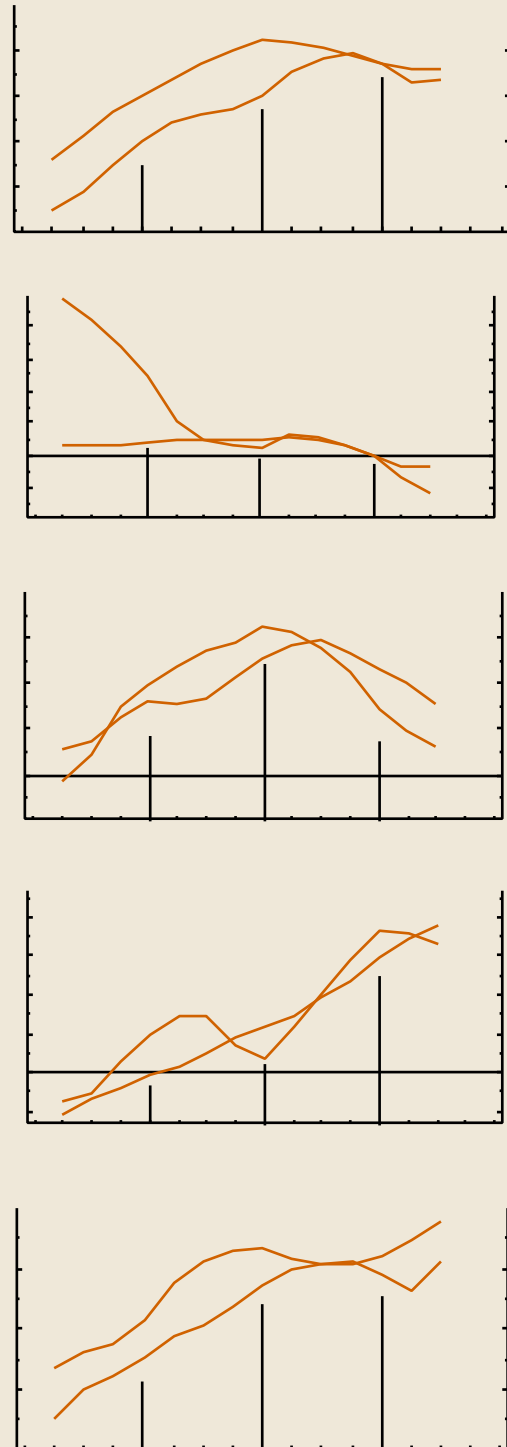
It appears that the ongoing recovery in the world economy and, in particular, in the EU and south-east Asian countries will be a key factor driving Spanish exports in the coming months. The recovery discerned in industrial activity can be attributed to the buoyancy of external demand and the firmness of domestic demand. In fact, the ongoing loss of vigour in the sector since the beginning of 1998 seems to have come to an end in the second quarter of 1999 when, on QNA estimates the value-added of this branch continued to slow, to reach a year-on-year rate of 1.2 %. However, it can be seen from the monthly profile of the industrial production index that a timid recovery in activity commenced in May and June, which was confirmed by the stronger momentum recorded in July and August, with year-on-year growth, corrected for calendar effects, of 3.8 %. The greater buoyancy of the industrial sector is also seen in the latest data for social security registrations. Nonetheless, the business confidence indicator published by the European Commission still shows some uncertainty in the views of businessmen with regard to their future prospects.

An analysis at the level of the various productive branches reveals some differences. Besides the features specific to each branch, it also shows the incipient state of the current industrial expansion. Specifically, the expansions in the extraction, chemical and other manufacturing branches were notable, while in the metal working branches the recovery is weaker and more recent. As for the energy branches, they are posting moderate growth focused on electricity and gas production.

As mentioned in relation to construction expenditure, the phase of heightened construction activity extended into the second quarter of 1999 when, on QNA estimates, the value added of this branch increased at a year-on-year rate of 11.4 %. This fresh boost to construction has stemmed from the building component, since according to the quarterly construction industry survey, civil engineering work – albeit still highly buoyant – decelerated slightly. Third-quarter information suggests that the growth of this activity was more moderate. Specifically, employment and input indicators show a clear slow-

CHART 17

Gross value added and employment by branch of activity (a)

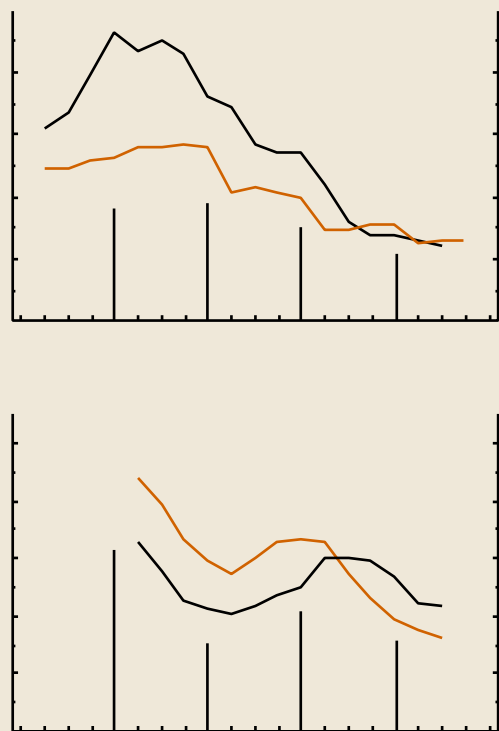


Source: Instituto Nacional de Estadística.

(a) Non-centred percentage change on same quarter a year earlier, based on the trend-cycle series published by the INE. Employment refers to full-time-equivalent jobs.

CHART 18

Wages and labour costs (a)



Sources: Instituto Nacional de Estadística and Ministerio de Trabajo y Asuntos Sociales.

- (a) Percentage change on same quarter a year earlier.
- (b) Basic pay.
- (c) Rates based on QNA trend-cycle series.

down, although their growth rates remained high. The identification of a cyclical peak in construction is consistent with the recent behaviour of the confidence indicator.

Gross value added in the services branches grew at a year-on-year rate of 3.7 % in the second quarter of 1999, two-tenths of a percentage point above the rate recorded in the previous quarter. Higher growth was seen in both the market and non-market services branches, although in the latter case the growth of activity was less marked, as shown by the fact that the year-on-year increase in the second quarter of the year was 1.6 %. The growth rate of market services rose by two-tenths of a percentage point to 4.4 %, extending the expansion that began in the second quarter of 1998. The information on the third quarter of 1999 tends to indicate that growth continued at high rates. This strength is based on the credit and insurance,

communications, health and transport branches, sectors in which the employment indicators display accelerating profiles. The behaviour of the distributive trade was somewhat less certain until the second quarter, but it firmed in the summer months, when the buoyancy of the employment indicators was joined by the improvement in the sales indicators. Finally, in the case of the restaurant and hotel industry, the relevant statistics show a slight loss of momentum during the summer.

The latest QNA data confirm the buoyancy of employment creation, which continued to accompany the notable output growth in the first half of 1999. Specifically, jobs, measured in homogeneous terms as regards working hours (3), having grown at rates close to 4 % in the second and third quarters of 1998, increased by 3.4 % between April and June this year, which was very close to the figure for the first quarter (3.3 %). Practically all the employment created in the second quarter was dependent, with the number of wage-earners increasing by 4.4 % in relation to the same period of 1998. In fact, although this group slowed down slightly in the first two quarters of 1999, the latest information shows that a high level of buoyancy has been sustained, assisted by the moderation of compensation this year. The number of self-employed workers fell again in the spring of 1999, in relation to the same period a year earlier, although to a lesser extent than in the first quarter. Employment, measured in terms of employed persons (information provided for the first time within the ESA 95 framework), has behaved similarly to full-time-equivalent jobs.

According to the Labour Force Survey (EPA), employment creation in the second quarter of 1999 accelerated sharply (by close to one percentage point). Employed persons grew by 4.7 % and dependent employment by 6.5 %. However, as seen on previous occasions (4), these figures should be interpreted with caution, because certain changes to the survey, introduced at the beginning of 1999, have affected the comparability of some of the main aggregates over time. In fact, up to a certain point, such expansionary behaviour contrasts with the aforementioned QNA employment data and with the other labour market indicators, all of which coincide in signalling a large, but not accelerated, increase in employment. In any

(3) Called full-time-equivalent jobs by the INE. The QNA employment data will refer to the latter, unless otherwise indicated.

(4) See "La evolución del empleo durante el primer trimestre de 1999", *Boletín económico*, June 1999, or "La evolución del empleo durante el segundo trimestre de 1999", *Boletín económico*, September 1999.

event, despite all the caveats, the predominance in employment generation of dependent employment as opposed to self-employment, as reflected in the EPA, is a feature of the last two quarters that is also reflected by the QNA. As for third-quarter information, social security registrations increased considerably in July, but by much less in August and September, so that the quarter ended with an average growth rate similar to that of the previous quarter. This behaviour by registrations would be compatible with continuation of the mild slowdown in employment, already displayed by the QNA data in the first half, with an increase in apparent labour productivity. As for unemployment, according to the EPA it continued to fall, and at an increasing rate (-16.9 % between April and June). This contrasts with the loss of intensity, as the year has elapsed, in the decline in the numbers of unemployed registered with the National Employment Institute (INEM). Yet a significant reduction in the volume of unemployment can be expected in the third quarter of 1999. Against a background of moderate growth in the labour force, this would be accompanied by a further cut in the rate of unemployment.

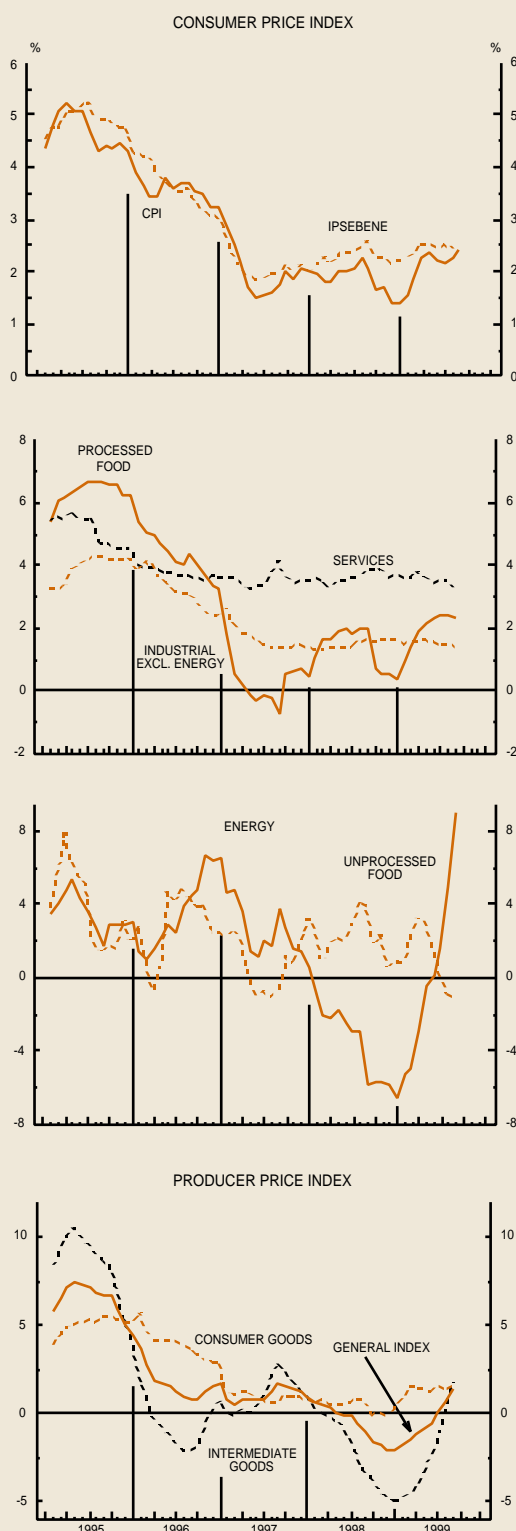
As regards employment by type of contract, in the second quarter wage-earners with permanent contracts grew at the same rate as in the previous quarter, while there was a small recovery in wage-earners with temporary contracts, which took their growth rate close to that of stable employment. Despite the caution with which these EPA figures should be treated, it is worth pointing out that they are generally consistent with the greater momentum sustained by temporary contracts registered with INEM, and with the strength displayed by permanent contracts in this period, partly as a consequence of the bringing forward of hiring decisions prompted by the announcement of the reduction in rebates from May. In the third quarter, when this effect had disappeared, permanent contracts slowed, while there was a pick-up in temporary contracts.

4.3. Costs and prices

The information on price and cost developments in the third quarter has clearly shown the effects of the rise in energy prices. There has been a surge in the twelve-month growth rates of the main price indicators (from import prices to consumer prices), which will probably be passed through to the final demand deflator. Domestic costs, and labour costs in particular, have followed patterns closer to those observed in the first half of the year, although two qualifications may be made. First, the estimated re-

CHART 19

Price indicators (a) Spain

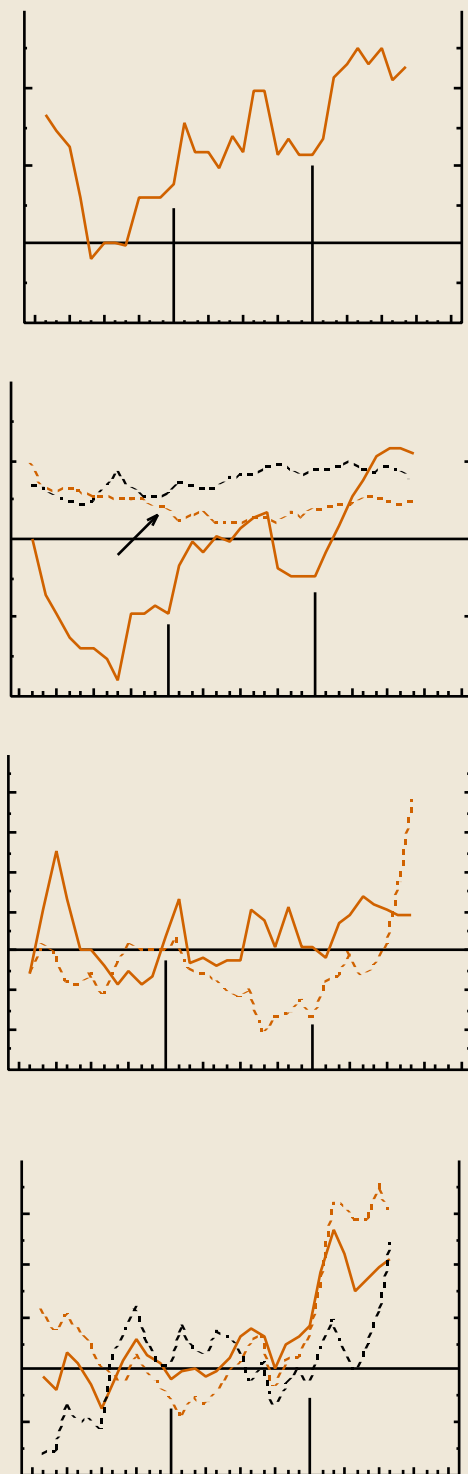


Source: Instituto Nacional de Estadística.

(a) Percentage change on same period a year earlier, based on the original series.

CHART 20

Price indicators (a)
Monetary Union



Sources: Eurostat and Banco de España.

(a) Annual percentage changes in the original series.

covery in labour productivity during the third quarter may have caused unit labour costs to slow moderately in the same period. Second, although the latest collective bargaining results continue to display containment of wage growth, they have incorporated a certain incremental effect, arising from the upward revision to expected year-end inflation.

On wage survey data, average hourly earnings, in terms of basic pay, slowed during the second quarter of 1999 to 2.2 % in relation to the same period of the previous year. As is becoming customary, the increase in average monthly earnings was somewhat less (1.9 %), basically as a consequence of the impact of the expansion of part-time employment (in particular, in services) on average compensation per worker. Wage growth in the second quarter was not uniform across branches of activity. The largest increase in average hourly earnings was in construction (3.6 %). Although this figure is high, it marks a departure from the accelerating profile displayed until the first quarter of the year. Wage growth was more moderate in the other branches, running at 2.3 % in industry and at 1.9 % in services. In the former case, this entailed a stabilisation of the rate of growth, while in services there was a cut with respect to the first few months of the year. Comparing these data with those for collective bargaining does not reveal any significant wage drift. This is basically a consequence of the elimination in some branches of compensation for years of service and of slower growth in the amount of overtime worked.

The wage data available for the third quarter relate to the collective agreements signed in that period. The average settlement negotiated to September 31st was 2.3 %, three-tenths of a percentage point below the increase in 1998. Given the time of year, most agreements registered in the third quarter were newly signed. Until September the average settlement under newly signed agreements was 2.4 %. However, in recent months there has been an acceleration, as a consequence of the upward revision to expected year-end inflation. Settlements under existing agreements were very similar (2.3 %) and wage rises have been fairly uniform across branches of activity, at around 2.3 %.

According to most of the indicators of price developments in the Spanish economy there was a deterioration in the third quarter of the year, largely caused by the upward trend in the price of oil on international markets, combined with the depreciation of the euro against the dollar. The twelve-month rate of change in the CPI (the main indicator of final prices) stood at 2.5 % in September, three-tenths of a percent-

age point higher than in June. This rate was only 2 % if energy goods are excluded. The HICP also grew by 2.5 % in September with respect to the same month a year earlier. Given that the rate for the euro area as a whole remained at 1.2 %, the inflation differential continued to widen. The gap in the energy goods component is particularly important, although it closed somewhat last month (see Chart 20).

The most erratic components of the CPI moved in opposite directions in the third quarter (see Chart 19). The growth rate of the energy component rose significantly to reach 9.4 % in September, 7.8 percentage points above the rate at the end of the second quarter. This is the result of the rise in oil prices on international markets, reinforced by the euro/US dollar exchange rate. The prices of calor gas, heating oil and the various types of petrol were affected particularly strongly. Royal Legislative Decree 15/1999 has been approved in order to offset, at least partially, the impact of these increases on the general index. It reduces the price of calor gas, by lowering the rate at which VAT charged on this product, exempting it from excise duty and reducing the pre-tax price. Also, the price of calor gas will be kept frozen for one year. Although it is difficult to predict oil prices, it should be pointed out that, according to the prices on futures markets, a gradual moderation in the oil price can be expected over the coming months. Unprocessed food prices, meanwhile, fell in the third quarter, reaching a rate of -0.2 % in September. This slowdown, despite the smaller decreases being sustained by the prices of certain types of meat, such as chicken, is largely due to the lower rate of increase of fruit prices, as a consequence of supply increases.

Among the other CPI components, the rate of growth of processed food prices was fairly stable, standing at 2.3 % year-on-year in September. Nonetheless, it should be pointed out that this rate incorporates a number of largely temporary factors associated with the prices of a number of specific products (such as olive oil, tobacco and wine), whose effects may tail off in the first few months of the year 2000. The twelve-month growth rate of the prices of non-energy industrial goods stabilised in the third quarter at 1.4 %. As yet, the cut approved in the prices of medicines does not seem to have been reflected in this index. Finally, the twelve-month growth rate of the prices of services – traditionally the most downwardly sticky component – fell by two-tenths of a percentage point between June and September, to 3.3 %. However, this cut can be almost entirely attributed to telephone prices; the effects of the increases in charges in August last year have dropped out of the twelve-month rate and telephone charges were reduced by Royal

CHART 21

Price and cost indicators (a)



Sources: Instituto Nacional de Estadística and Banco de España.

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

Legislative Decree 4/1999. Furthermore, a new reduction in the charges of the main telephone operator has recently been approved. As regards other services, their prices have been notably stable, against a background of decelerating wage costs.

As mentioned above, the Spanish HICP also grew at a twelve-month rate of 2.5 % in

September, four-tenths of a point higher than in June. In the euro area as a whole the increase was only one-tenth of a percentage point, so that the inflation differential between Spain and the euro area widened to 1.3 percentage points. Component by component, the significant increase in the energy differential was particularly notable, for which there are two reasons. First, the weight of fuel in the Spanish index is higher than in that of the euro area as a whole, so that with the same price changes, the impact of an oil disturbance in Spain is greater. Second, the price of calor gas has risen considerably more in Spain than in other euro area countries.

As for the other price indicators that provide information on the various stages of the price formation process, the ongoing acceleration since the beginning of the year in the producer price index (available to August) has stepped up in recent months, taking the twelve-month increase to 1.4 %. This behaviour of the general index is basically attributable to the intermediate energy goods component, whose growth rate reached 7.1 % in August, nine percentage points higher than three months previously. Meanwhile, the prices of the agricultural products for human consumption – July is the latest published figure for the index of prices received by farmers – have displayed negative rates of change. The most up-to-date partial information, relating to the prices set in wholesale markets to October, would seem to indicate a moderation in this period. Finally, the prices of imports rose by 3.8 % in August. The upward path of the prices of energy imports should be noted.

The information on prices and costs discussed above enables conclusions to be drawn as to how the price formation process is developing, both at the aggregate level and in the main branches of activity. The indicators included in Chart 21 illustrate this process, with data to the second quarter of 1999. In non-financial firms as a whole the behaviour of final prices is very similar to that of total average costs, although a certain tendency for margins to widen is apparent in recent quarters. It should be pointed out that the path of total costs is the result of a combination of very different profiles for labour costs, which despite their recent moderation (see Chart 18) continue to grow faster than final prices (excluding taxes), and for input costs, which were still growing at negative rates in the first half of the year.

At a less aggregated level, the markedly different behaviour still observed in manufacturing and services should be noted. In manufacturing, final prices tended to recover in the first half of the year, although they were still posting negative growth rates. Total costs grew faster than

prices, as a consequence of the acceleration of unit labour costs, thus prolonging the contraction of the unit operating margin, which had already occurred in 1998. The acceleration of unit labour costs in manufacturing reflects, in turn, a strong downward trend in labour productivity.

In services, the significant slowdown in average total costs – the consequence of both cuts in intermediate costs and of much less expansionary unit labour costs than in manufacturing – has not been passed through to final prices. The latter have continued to grow at a notably stable rate of somewhat over 3 %, so that the unit operating margin has tended to widen significantly.

4.4. State budget

The draft State budget for the year 2000 includes an initial projection of revenue and expenditure in the current year, which enables the available data on the State budget outturn to be analysed more precisely. This information, which is presented in Table 3 (columns 2 and 3), replaces the initial budget figures used in previous reports. According to this projection, State revenue will grow by 5.7 % (ESP 1,005 billion) more and expenditure by 3.1 % (ESP 578 billion) more than initially budgeted. This will enable the State cash deficit to be reduced by 10.7 % in 1999, instead of the increase projected in the initial budget. This improvement in State finances, in cash terms, is basically attributable to the buoyancy of indirect tax revenue and, to a lesser extent, to the higher receipts from corporate income tax. It will enable the deviations in expenditure, mainly resulting from the payment of obligations arising in previous years, to be offset.

The cumulative State cash deficit to September was around 40 % higher than in the same period of the previous year, standing at ESP 1,180 billion. As pointed out in previous reports, it should be noted that the year-on-year comparison of the budget outturn generally tends to be distorted by the different timing of receipts, rebates and payments. In particular, the heavy concentration of interest payments in the first few months of 1999 continues to distort – albeit to a declining extent – the growth rate of expenditure. Likewise, the early payment in 1999 of personal income tax rebates corresponding to the previous year has had a significant impact on revenue. Other factors with an uneven impact on the various revenue and expenditure items, which will be analysed below, must be added to the foregoing. If the impact of these factors is removed by evening out the personal income tax receipts and financial expenses in

Drug prices and the latest measures to restrain them

The retail price of drugs is made up of four elements: the laboratory selling price, the distributor's margin, the chemist's margin and indirect taxes. All of these elements are regulated. As regards margins, those that may be applied by both distributors and chemists are subject to maximum levels imposed by legislation. Currently, the maximum distributor's margin is 9.6% of the wholesale price⁽¹⁾, excluding taxes, in the case of normal packaging and 5 % in the case of hospital packaging, and the maximum chemist's margins for the same types of packaging are 27.9 % and 10 %, respectively, of the retail price, excluding taxes. The adjoining table shows what proportions of retail drug prices in EU countries correspond to margins. The Spanish distributor's margin is seen to be in line with EU margins, while the chemist's margin is slightly higher, although it should be pointed out that the margins for the EU as a whole are high.

Laboratory prices are determined using two different systems (see adjoining diagram). On one hand, the prices of publicly funded prescription-only drugs are subject to ceilings imposed by regulations. A method exists to set the laboratory price of new drugs according to their costs, which limits the incentive to try to reduce them. By contrast, in the case of drugs already on the market, only the revisions to the laboratory selling prices are regulated; since July 1996 they are calculated on the basis of the growth in the CPI less a percentage, based on costs and productivity gains. On the other hand, the laboratory prices of over-the-counter drugs are deregulated, and the same is the case for prescription-only pharmaceutical products excluded from public funding. In the case of the latter however, if their sale has been authorised before January 1st 1998, there is a three-year transitional regime, ending on January 1st 2001, during which their price revisions are subject to maximum increases imposed by regulations. In addition, the government may exempt from price regulation those products that it considers face sufficient competition on the market.

As can be seen in the adjoining chart, which depicts the CPI and its medicines sub-index, over the past year retail medicine prices have been growing at markedly higher rates than the CPI. Over the same period, public spending on pharmaceutical products has grown at very high rates (10.57 % to September 1999). In this context, the government has introduced a number of measures aimed at reducing drug prices. The introduction of generic drugs should be mentioned here. These are pharmaceutical products with the name of the active ingredient, whose commercial patent has expired, so that their prices are from 20 % to 25 % cheaper than bio-equivalent brand drugs. Initially, in 1997, only six generic drugs were introduced. In 1998 the list was extended to 47 and it is predicted that another 400 will be authorised this year. Although the effect of their introduction was very small at first, in recent months their consumption has grown appreciably. Even so, their presence is still well below the average EU market share for generic drugs (around 20 %).

Likewise, margins have been reduced on several occasions in recent years. The most recent reduction was in May 1999, when the distributor's margin for normal packaging was reduced from the 11% applied since 1997 to 9.6%. This cut produced a fall of 2 % in June in the medicines sub-index of the CPI. Subsequently, its year-on-year rate, which had stood at around 4 % since the beginning of the year, has turned negative, owing to the strong increase in the index a year ago. Moreover, this sub-index is expected to moderate further in the coming months, when the cut approved in the maximum prices of medicines sold on prescription which cost more than ESP 558 is incorporated. For some products, the cuts, which came into force on September 15th 1999, were by as much as 10 %.

Restraint of the drugs sub-index of the CPI is also foreseeable when Royal Legislative Decree 12/1999 of July 31st 1999 comes into effect. It establishes that where the prices of medicines for which no generic substitute is available have been used to calculate the reference prices (2) of homogenous sets (3) of medicines and they exceed such reference prices, then they shall be reduced to the level of the latter.

(1) The wholesale price is obtained by adding the distributor's margin to the laboratory price.

(2) The reference price shall be the maximum payable by the public health service for a specific active ingredient.

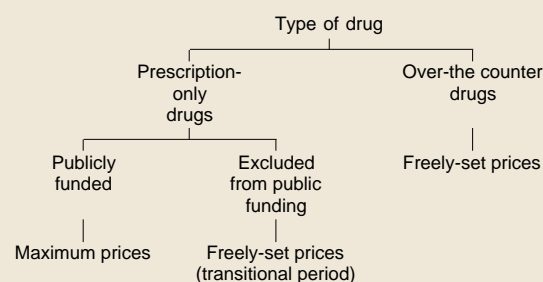
(3) The same products, not only the same active ingredient, but also in the same dose and form.

Composition of drug prices in the EU

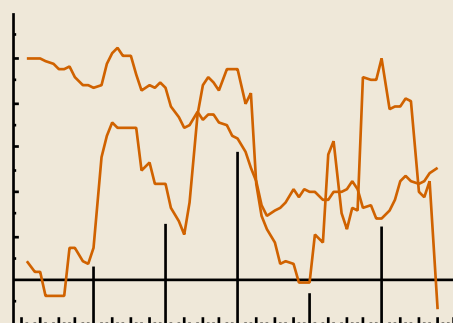
Country	% of the retail price (excluding VAT)		
	Laboratory	Distributor	Chemist
Germany	62	10	28
Austria	63	7	30
Belgium	65	8	27
Denmark	70	5	25
Spain	65	7	28
Finland	64	5	31
France	68	7	25
Greece	69	6	25
Netherlands	63	12	25
Ireland	65	10	25
Italy	66	7	27
Luxembourg	62	8	30
Portugal	72	8	20
United Kingdom	64	10	26
Sweden	75	3	22
EU mean	66.5	7.5	26
EU mode	68	7	25

Sources: GIRP European Pharmaceutical Data 1997 (except Ireland and Spain); author's calculations for Spain.

Drug prices



General CPI and medicines CPI Twelve-month growth rates



Source: Instituto Nacional de Estadística.

TABLE 3

State Budget outturn

PTA bn and %

	Outturn	Initial	Percentage	Outturn	Outturn		
	1998	1999		JAN-JUN	1998	1999	Percentage
	1	2		Percentage change 1999/1998	JAN-SEP	JAN-SEP	
			3=2/1	4	5	6=5/4	7=6/5
1. Revenue	17,534	18,450	5.2	9.4	12,753	13,255	3.9
Direct taxes	7,457	7,696	3.2	13.6	5,359	5,593	4.4
<i>Personal income tax</i>	4,992	5,103	2.2	7.9	3,889	3,740	-3.8
<i>Corporate income tax (a)</i>	2,324	2,430	4.5	47.7	1,362	1,729	27.0
<i>Other</i>	140	164	16.6	17.9	108	123	14.0
Indirect taxes	7,015	7,916	12.8	13.0	5,241	5,868	12.0
<i>VAT</i>	4,373	5,090	16.4	16.1	3,281	3,757	14.5
<i>Excise duties</i>	2,391	2,557	7.0	7.3	1,776	1,912	7.6
<i>Tariffs</i>	132	142	7.3	10.4	95	106	11.9
<i>Other</i>	120	127	5.9	8.8	89	93	4.1
Other net revenue	3,063	2,837	-7.4	-8.6	2,153	1,793	-16.7
2. Expenditure	18,649	19,445	4.3	9.5	13,598	14,435	6.2
Wages and salaries	3,053	3,108	1.8	0.4	2,187	2,170	-0.8
Goods and services	388	468	20.4	16.5	275	305	10.7
Interest payments	3,334	3,277	-1.7	22.5	2,442	2,678	9.7
Current transfers	9,906	10,330	4.3	8.2	7,308	7,883	7.9
Investment	898	1,184	31.9	22.2	638	710	11.4
Capital transfers	1,071	1,079	0.7	-10.9	749	688	-8.1
3. Cash-basis deficit (3 = 1 - 2) (b)	-1,114	-995	-10.7	10.8	-845	-1,180	39.7
MEMORANDUM ITEM: NATIONAL ACCOUNTS:							
Revenue	17,313	—	—	11.0	12,306	13,073	6.2
Expenditure	18,529	—	—	10.4	13,079	14,232	8.8
Net borrowing (+) or lending (-) (c)	-1,216	-1,194	-1.8	6.4	-773	-1,158	49.9

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

(a) The January-September 1999 outturn includes all revenue from the tax on the income of non-residents.

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

(c) The annual figures (columns 1 and 2) are drawn from the Spanish Finance Ministry's response to the Excessive Deficit Procedure questionnaire (ESA 79 methodology).

each of the years concerned, the State cash deficit to September would be in line with the initial projection discussed above.

The data available in National Accounts terms also provide somewhat equivocal information on developments in public finances. They reveal an increase in the State deficit to the third quarter of close to 50 %, to reach ESP 1,158 billion (around 1.3 % of GDP), when the target for the year as a whole was a 1.8 % reduction. In this case too, the strong growth in expenditure is still governed by the different timing of public debt maturities in 1998 and 1999, which has entailed 28 % growth in interest payments to September. At the same time, revenue has been affected by the early payment of rebates in 1999. When adjusted for these temporary effects, the State finances, in National Accounts terms, would be compatible with the annual targets for the general government deficit contained in the Stability and Growth Pro-

gramme (1.6 % of GDP for 1999) and with the projections in the State budget for the year 2000, which put it at 1.4 % (5). Notable on the revenue side is the strength of indirect taxes and, within the latter, VAT, with growth rates higher than those which, according to the estimated historical relationships, would be explained by the behaviour of consumption and imports. Meanwhile, on the expenditure side, strong restraint of government consumption continued to be seen. The course of revenue

(5) It is necessary to make this distinction as the use of the National Accounts series is temporarily subject to methodological problems due to the adoption of the new ESA 95 accounting framework. In fact, the deficit figures provided by the draft State budget for the years of 1999 (1.4%) and 2000 (0.8 %) have been estimated on the basis of ESA 95 accounting principles. By contrast, the targets set for 1999 (1.6 %) were fixed in terms of the ESA 79 methodology, and the monthly data available on State revenue and expenditure in National Accounts terms continue to be compiled within the ESA 79 framework.

BOX 2

Social security budget outturn

On budget outturn data to July, the social security system ran a surplus of ESP 489 billion, ESP 281 billion higher than in the same period of 1998. This result is a significant improvement on the budget forecast for the year as a whole, which was for an increase in the deficit of ESP 57 billion with respect to the 1998 outturn. It is also an improvement on the data to April 1999, discussed in the previous quarterly report on the Spanish economy.

This performance was due to revenue growth of 8.5 % to July, well above the budget forecast, and to the increase in expenditure (both 4.9 %), as well as to the fact that in recent months the latter have slowed down to a greater extent than the former. Receipts from social security contributions rose by 8.2 % (6.3 % in the whole of 1998), exceeding the budget forecast by almost five percentage points. This was attributable, above all, to the notable buoyancy of registrations. On data to September, the number of registered workers grew by 5.6 %, against 5.1 % in 1998. The other major source of revenue, current transfers from the State, despite having slowed down recently, also increased by more than budgeted.

The growth of expenditure during the first seven months of 1999 was somewhat below the budget forecast for the year as a whole. The greater-than-budgeted increases in consumption-related expenditure (especially purchases of goods and services, the growth rate of which – despite having fallen by two percentage points since April – is still well above the budgeted rate) were offset by the lower growth of benefit-related expenditure, basically contributory pensions and prescriptions (included under the “Other” heading in the table below). Moreover, sick pay slowed significantly with respect to April, although its rate of change is still greater than budgeted.

As regards INEM (the National Employment Office), information is available on the social security contributions received to June, which grew by 12.1 % with respect to the same period a year earlier, and on unemployment benefits to September, which fell by 4.2 %. The sound performance of employment explains these developments. Finally, employment-promoting rebates increased by around 60 % to May.

Social security system (a)
(Transfers to Regional Governments allocated) (b)
(Current and capital transactions, in terms of recognised entitlements and obligations)

PTA bn and %

	Outturn	Budgeted		Outturn	Outturn		
	1998	1999	% change	% change	1998	1999	% change
	1	2	3=2/1	4	5	6	7=6/5
Revenue	12,891	13,519	4.9	9.1	7,676	8,326	8.5
Social security contributions (c)	8,715	9,032	3.6	8.1	4,955	5,361	8.2
Current transfers	4,023	4,326	7.5	10.6	2,637	2,872	8.9
Other (d)	153	160	4.3	20.9	84	92	9.4
Expenditure	12,909	13,593	5.3	5.8	7,468	7,837	4.9
Wages and salaries	2,049	2,144	4.7	5.8	1,237	1,309	5.8
Goods and services	1,249	1,285	2.9	8.3	719	765	6.3
Current transfers	9,438	9,959	5.5	5.4	5,445	5,689	4.5
Benefits	9,377	9,896	5.5	5.4	5,405	5,647	4.5
Contributory pensions	7,453	7,892	5.9	4.8	4,245	4,437	4.5
Sick pay	526	505	-4.1	14.7	273	278	2.1
Other (e)	1,397	1,499	7.3	5.3	887	932	5.1
Other current transfers	61	64	4.3	5.9	40	42	6.0
Other (f)	174	205	18.2	9.2	66	74	10.9
Balance	-18	-75	—	37.5	208	489	134.8

Sources: Ministries of Economy and Finance and of Employment and Social Affairs, and Banco de España.

(a) Only data relating to the System, not to the entire Social Security Funds sector, are given. This is because the figures for other Social Security Funds for the year 1999 are not available.

(b) Transfers to Regional Government to finance the health-care and social services responsibilities they have assumed have been distributed among the various expenditure captions on the basis of the percentages resulting from the General Government accounts for 1995 (the latest year available).

(c) Including surcharges and fines.

(d) Excluding surcharges and fines, and the contribution from the pharmaceutical industry.

(e) Reduced by the contribution from the pharmaceutical industry.

(f) Reduced by the disposal of investments.

TABLE 4
Balance of payments: summary table (a)

EUR m

	JAN-JUL 1998	JAN-JUL 1999
	Receipts	Receipts
Current account	99,257	103,592
Merchandise	59,546	59,934
Services	24,944	28,207
<i>Tourism</i>	<i>14,997</i>	<i>17,028</i>
<i>Other services</i>	<i>9,947</i>	<i>11,179</i>
Income	7,155	7,379
Current transfers	7,612	8,072
Capital account	3,781	3,863
	Payments	Payments
Current account	97,723	106,976
Merchandise	66,876	73,468
Services	14,333	16,234
<i>Tourism</i>	<i>2,462</i>	<i>2,799</i>
<i>Other services</i>	<i>11,870</i>	<i>13,435</i>
Income	11,770	11,962
Current transfers	4,744	5,312
Capital account	489	577
	Balance	Balance
Current account	1,534	-3,384
Merchandise	-7,330	-13,533
Services	10,611	11,973
<i>Tourism</i>	<i>12,535</i>	<i>14,228</i>
<i>Other services</i>	<i>-1,923</i>	<i>-2,255</i>
Income	-4,615	-4,584
Current transfers	2,867	2,760
Capital account	3,291	3,285

Source: Banco de España.

(a) First provisional results.

and expenditure in the third quarter is discussed below, using cash-basis information, being that which was available with the greatest detail at the time this report was prepared.

During the third quarter, both revenue and expenditure slowed somewhat. However, tax revenues remained highly buoyant, with a growth rate to September of 8 %, in line with the initial projection. As in previous quarters, this aggregate rate masks very different behaviour by receipts from direct taxes, which grew weakly, and from indirect taxes, which displayed considerable strength. Also the two main components of direct taxes (personal and corporate income tax) produced notably different results.

The reduction in personal income tax receipts in the third quarter (down 3.8 % to

September, compared with an increase of 7.9 % to June) was primarily due to the early payment of rebates corresponding to the 1998 tax year, which had a particularly marked effect in this period, and also, to a lesser extent, to the fall in withholdings on capital. By contrast, corporate income tax receipts, despite their slowdown, continued to grow at a high rate. This was basically due to the lower rebates paid in the first few months of 1999 and, to a lesser extent, to the withholdings on the capital gains of mutual funds (only applied since February 1999). Furthermore, in July and August, the revenue from the payment of the balance of tax due in respect of the 1998 tax year was incorporated, with an increase of 14.6 %. If the figures for receipts from this tax to the third quarter are put on an equal footing with those corresponding to the same period of 1998, there would appear to have been a larger increase in receipts in 1999 than in the initial projection.

As already mentioned, indirect taxes remained notably buoyant, with a growth rate to September of 12 %, although they did also tend to slow slightly. The strength of indirect taxes was across-the-board. Especially notable were VAT, the taxes charged on energy (due to the increase in oil prices) and the tax on certain means of transport, reflecting the strong growth in vehicle registrations. Other revenue fell more sharply during the third quarter, with a cumulative rate of change of -16.7 %. Notable here were the reductions in dividends from privatisations and in fees and charges and other revenue, as well as the smaller capital transfers, due to the different timing of the receipt of European funds.

As regards expenditure, the slowdown in its rate of growth in the third quarter was mainly due to interest payments. The latter are, nonetheless, still higher than in 1999, due to the differences in the timing of debt in these two years. During the rest of the year, interest payments are expected to continue declining rapidly, even taking into account the costs of early repayment of debt to be exchanged. This makes it foreseeable that the rate of change of expenditure on interest payments will be in line with the figure given in the initial projection for the whole year (-1.7 %).

Wages and salaries fell somewhat, partly as a result of the decline in compensation paid to current staff following the shift of responsibility for non-university education to certain Regional (Autonomous) Governments. This decline was offset by the increase in the current transfers from the State to the same Regional (Autonomous) Governments to finance these services. Investment ran at rates well below those

given in the initial projection for the whole of the year (11.4 % compared with 31.9 %), the same being the case with goods and services (up by 10.7 % to September, the estimated increase in the projection being 20.4 %). This could mean that such expenditures will be concentrated towards the end of the year. That said, the deviation of these items of expenditure from the figures budgeted is attributable to payments made under obligations contracted in previous years. Finally, the cut in capital transfers primarily reflects the delay in the approval of the "Contrato-programa" which regulates transfers to RENFE.

4.5. The Spanish balance of payments and capital account

According to balance of payments data, the current and capital accounts ran an overall deficit of EUR 99 million in the first seven months of 1999, in contrast to the surplus of EUR 4,825 million in the same period of the previous year. This outcome largely reflects the strong growth in the trade deficit during this period, stemming from the sluggishness of exports and the strength of imports, which the notable improvement in the tourism surplus was unable

to offset. As for the other items of the current account, the income deficit contracted slightly thanks to the high buoyancy of private-sector income, which has benefited from the expansion of the assets held by this sector. The current-transfers surplus, however, deteriorated, due to the increase in payments to the EU, especially under the GNP Resource, while receipts from the EU held steady at the same level as in the previous year. Meanwhile, the surplus on capital account remained at a similar level as in the same period of 1998, since the slight increase in transfers from the EU under EAGGF – Guidance was offset by the small decline in income from the Cohesion Fund and the European Regional Development Fund.

As mentioned in previous reports, the lack of sectoral accounts based on ESA 95 prevents a proper assessment of the flows of saving and investment of resident sectors. Nonetheless, the nation's borrowing requirement as reflected by these data would seem to indicate a deterioration in the sectoral balances of households and firms, as a result of the buoyancy of residential investment and the strength of private productive investment, as analysed in other sections of this Report.

5. The financial markets and flows of the Spanish economy

As in the other euro-area countries, the domestic financial environment in Spain has seen a progressive increase in interest rates at all maturities. This is linked mainly to the firmer prospects of economic recovery across the euro area. Notwithstanding, Spanish financial conditions remain fairly generous, especially bearing in mind that Spain is posting higher economic growth and inflation rates than those of the euro area as a whole.

The low level of Spanish interest rates has continued to drive private-sector spending and indebtedness, to the detriment of saving. Nonetheless, retail bank lending rates have begun to rise slightly since the second quarter of 1999, in line with the increase in interest rates on financial markets. Likewise, the rising return on certain assets, mainly medium- and long-term instruments, has made them more attractive to investors, and that may have prompted greater demand for them. However, the rate of expansion of debt remains far higher than that of financial asset purchases. Indeed, the year-on-year growth of liquid financial assets held by households and firms could be running at around 5 %, while the rate of expansion of funds borrowed via bank lending and the issuance of fixed-income securities could be close to 20 %. The domestic stock markets have remained bearish, more so than most of the European equity markets. As a result, the appreciation of financial wealth held by the private sector has moderated considerably.

5.1. Interest rates and the financial markets

As previously mentioned, the brighter economic outlook in the euro area has, in recent months, reinforced expectations of higher interest rates. Against this background, there has been a generalised rise in interest rates on the domestic markets, as reflected by the upward shift in the yield curve over the course of the third quarter, accentuating its positive slope.

Specifically, as Table 5 shows, the yield on secondary-market 10-year bonds increased between June and September by around 70 basis points. This climb has intensified in the period to date in October, in which 10-year bond yields have risen a further 20 basis points to 5.5 %. As a result, yield levels not seen since the summer of 1997 have been regained. So far, the short-term tranche has not been so drastically affected by this sharp rise, although the yield on 6/12-month Treasury bills has risen by over 50 basis points between June and the period to date in October.

TABLE 5

Domestic interest rates and financial markets (a)

	1998			1999			Memo- randum item: OCT 1999
	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	
RETAIL BANK RATES:							
Deposit synthetic rate	2.79	2.67	2.06	1.90	1.66	1.67	...
Lending synthetic rate	5.93	5.80	5.15	5.02	4.54	4.71	...
TREASURY RATES:							
12-month Treasury bills (b)	4.05	3.67	2.95	2.94	2.75	3.17	3.35
3-year government bonds	4.35	3.96	3.54	3.51	3.29	4.28	4.59
10-year government bonds	5.05	4.75	4.32	4.40	4.59	5.27	5.50
SECONDARY MARKETS:							
6/12-month Treasury bills	4.06	3.64	2.88	2.91	2.68	2.99	3.22
10-year government bonds	5.02	4.47	4.08	4.25	4.60	5.31	5.53
Yield spread over German <i>bund</i>	0.22	0.43	0.20	0.22	0.25	0.26	0.25
Commercial paper	4.30	3.82	3.21	3.09	2.89	3.19	...
Private-sector bonds	4.96	4.35	4.29	3.93	4.18	5.11	...
Madrid Stock Exchange General Index (c)	39.66	8.72	37.19	-0.12	4.22	-1.21	-2.80

Source: Banco de España.

(a) Average daily data of last month in quarter.

(b) Marginal interest rate.

(c) Cumulative percentage change in index since start of year. Latest data available: October 19th 1999.

Yields on the primary market for debt have remained in line with those on the secondary markets. Accordingly, the Treasury began back in June to revise the rates offered at its various tenders upwards. In the case of one-year bills, the marginal rate at issue over the past four months had risen by 75 basis points to 3.5 % as of the tender on 15th October. And as to 10-year bonds, the marginal rate corresponding to the October tender stood at 5.5 %, 1.5 points above end-1998 levels.

The market for private fixed income has continued this quarter to show signs of growing buoyancy. The associated traded volume exceeded EUR 60 billion during the first nine months of the year, threefold the related figure for the same period a year earlier. Although the bulk of trading is in securitisation bonds (which account for almost 50 % of the traded volume on the AIAF market), commercial paper and bond trades have also increased most significantly. The foregoing may be due to the fact that private securities have been placed on the same footing as government debt (in the case of securities held by individuals) with regard to tax treatment; to the slowdown in the volume of government issues; and, finally, to the enhanced attractiveness of private fixed-income paper, owing to its eligibility as collateral in monetary policy operations.

Turning to the equity markets, the main development in the third quarter has once again been the high volatility of prices on the domestic stock exchanges. Specifically, the Madrid Stock Exchange, after a fleeting recovery in the second quarter of the year (a cumulative rise of 4 % was recorded), fell back during the third quarter losing all the ground it had gained over the course of the first six months. Thus, the annual cumulative return as of the end of September stood at -1.2 %, in contrast to the earnings on other European exchanges. Indeed, the Dow Jones Euro Stoxx index (broad), encompassing the main European securities, rose by 6 % over the same period. The worse performance of the Spanish stock market may be due to various factors, such as the greater sensitivity of the major Spanish firms to changes in long-term interest rates and the uncertainty surrounding developments in the Latin-American economies, where Spanish companies have very significant interests. And compounding this are the knock-on effects from international stock markets, especially the US market, given its great sensitivity to Federal Reserve decisions and to the uncertainty over the degree to which shares on the New York Stock Exchange may be overvalued.

With regard to retail bank interest rates, and as discussed at the beginning of this section, the feed-through of the latest official interest

rate cut in April was complete by the end of the second quarter, placing lending and deposit rates at historical lows. Conversely, over the past three months the progressive rise in financial market returns has begun to pass through to retail bank rates, albeit more moderately than in other European countries. Thus, for example, the synthetic retail bank lending rate was 20 basis points lower as of the close of the third quarter than the minimum level recorded in July, while for the euro area as a whole, lending rates to firms and to households for house purchases climbed by around half a point during the summer months. This lesser pass-through of the turnaround in interest rates on financial markets to Spanish retail bank rates is probably due to the fact that banking operations in Spain are more closely tied to the course of short-term than long-term rates. In any event, the coming months will likely see banks continuing to pass through the new interest-rate conditions to their lending and borrowing operations.

5.2. Financial flows in the economy as a whole

Information from the financial accounts for the second quarter of 1999 shows the trends observed in the first quarter to be firming, as is the case too for the projections made on this basis for the latest quarter. Table 6 confirms the reduction in the net financial saving of the nation, which stood at 0.7 % of GDP at the end of the second quarter (calculated in cumulative terms over the past four quarters). Essentially, lower household saving has been responsible for this reduction, while non-financial firms, like the general government sector, continue to show a decline in their borrowing needs.

In terms of the private-sector net financial position, measured as the difference between total financial assets and liabilities, the data for the second quarter are slightly down in relation to those for the first quarter (see Table 6). This is due first, to the higher growth of private-sector financial liabilities, as opposed to financial assets; and further, to the sector's flat financial wealth, in contrast to the favourable trend in the price of financial assets (especially stock market instruments) in recent years.

The information on the balance of payments for the January-July 1999 period highlights a turnaround in the financial account vis-à-vis the rest of the world, in line with the widening of the deficit on current and capital account. Table 7 reveals that while Spanish investment abroad in recent years had exceeded non-resident investment in Spain, the opposite has been the case

so far in 1999. Thus, the January-July period has seen net capital inflows totalling EUR 3,258 million, compared with net capital outflows of EUR 2,733 million in the same period a year earlier. In any event, instead of focusing on the net result of capital inflows and outflows, emphasis should be placed rather on the significant increase in financial claims on and liabilities to the external sector in recent years, which continues to be evident in 1999.

The salient development in the balance of payments financial account recently has been the expansion of foreign direct investment. In the first half of the year alone, the amount of direct investment has been threefold that of the same period in 1998. The data on direct investment in Spain in Table 7 show a moderate increase on 1998. Portfolio investment by Spanish residents abroad has increased notably in this period, mainly targeting fixed-income securities. As to portfolio investment by non-residents in Spain, the volume of capital inflows has been similar to that of 1998, although their composition has changed: whereas 60 % of such investment in 1998 was for equity purchases, in 1999 this proportion has fallen to 14 % as a result of the uncertainty surrounding domestic stock markets. On the contrary, government debt purchases by non-residents have surged in the first half of the year.

Looking at capital flows by sectors, the liability positions of general government and, especially, the credit system (with increasing resort to foreign financing) have meant there has been a net flow of inward capital over the course of the year. This highlights the fact that domestic financial saving remains insufficient to cover the private sector's sizeable purchases of foreign financial assets. In aggregate terms, the global scope of some of the biggest Spanish firms, which have purchased significant holdings in foreign companies, and the internationalisation of mutual fund portfolios are being financed by the Spanish economy to a significant degree by means of the resort by resident credit institutions to foreign interbank financing.

5.3. Financial flows of households and non-financial firms

As discussed in the previous section, private-sector net financial saving has continued to fall moderately but progressively during the second quarter of the year to 1.2 % of GDP (in cumulative terms over the past four quarters). This is in response to financial liabilities growing sustainedly at a brisker pace than financial assets, and might continue during the third quarter of the year as no turnaround in this trend is per-

TABLE 6

Saving and financial position

	FINANCIAL SAVING AS A % OF GDP (Cumulative data over four quarters)								
	Average 1988- 1992	Average 1993- 1997	1997	1998				1999	
				Q 1	Q 2	Q 3	Q 4	Q 1	Q 2
Financial saving of the nation	-2.6	0.5	1.5	1.3	1.0	1.1	0.9	0.9	0.7
Non-financial firms and households	-0.2	4.9	3.2	2.6	1.7	1.5	1.8	1.6	1.2
<i>Non-financial firms</i>	-3.9	-0.7	-0.7	-0.2	-1.1	-1.0	-1.0	-0.9	-0.5
<i>Households</i>	3.7	5.6	3.9	2.8	2.8	2.5	2.9	2.5	1.7
Credit institutions (a)	1.4	0.7	0.6	0.7	0.8	0.6	0.6	0.6	0.6
Institutional investors (b)	-0.2	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1
General government	-3.8	-5.4	-2.5	-2.2	-1.8	-1.2	-1.7	-1.4	-1.2
	FINANCIAL POSITION AS A % OF GDP (Fourth-quarter data)								
	1992	1993	1994	1995	1996	1997	1998	1999 (d)	
Financial position of the nation	-16.6	-19.0	-19.2	-18.0	-17.7	-18.1	-19.2	-19.9	
Non-financial firms and households	39.5	47.7	52.7	59.2	68.4	77.1	86.4	85.7	
<i>Non-financial firms (c)</i>	-17.1	-16.3	-13.5	-10.9	-6.8	-4.8	-0.3	0.1	
<i>Households</i>	56.6	64.0	66.2	70.1	75.3	81.9	86.7	85.6	
Credit institutions (a) (c)	12.4	14.0	12.9	12.1	12.8	14.2	14.2	14.7	
Institutional investors (b)	-1.1	-1.2	-1.0	-0.9	-0.6	-0.6	-0.6	-0.6	
General government	-34.9	-41.9	-46.1	-50.3	-52.6	-52.0	-49.9	-48.5	

Source: Banco de España.

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

(b) Insurance companies, portfolio investment institutions and securities-dealer companies and securities agencies.

(c) Shares excluded from liabilities.

(d) Second-quarter data.

ceptible. Indeed, monthly monitoring of the subset of financial magnitudes analysed in this "Quarterly Report" (i.e. liquid financial assets and credit financing) appears to confirm the prolongation of this trend over the past three months.

The liquid component under the financial assets heading has shown a much more moderate growth rate than total financial assets as a whole have been exhibiting. In fact, as can be seen in Table 8 and Chart 22, whereas the latter expanded during the second quarter at a year-on-year rate of around 12 %, the growth of liquid assets (comprising cash, bank deposits, repos, banks securities and shares in fixed-income mutual funds) has held relatively stable at around 5 %. Cash and cash equivalents, the most liquid component of financial assets, were highly buoyant, growing by 17.5 % in the second quarter compared with a year earlier. And this rate will foreseeably have been sustained as of the end of the third quarter. Other assets with a lesser degree of liquidity, such as variable-yield and international mutual funds, equities and insurance products, continue to run at a very strong rate.

Lastly, drawing on Table 8 and Chart 22, the liabilities incurred by households and non-financial firms posted high growth rates (of close to 16 %) throughout the second quarter. The focal point of these high growth rates is mainly bank credit and financing from the issuance of fixed-income securities, which accelerated somewhat during the second quarter running at around 19 %, a rate likely to be sustained in the third quarter.

5.3.1. Financial flows of households

During the second quarter of 1999 there was a reduction in household net financial saving. It fell to below 2 % of GDP compared, for example, with the average of 5.6 % in the 1993-1997 period. The underlying factors here are essentially related to the scant return on liquid financial assets and to the heightened volatility and risk implicit in other financial instruments, such as equities. These circumstances have encouraged households to seek out alternative investment instruments to financial assets, as is the case with real assets which are apparently more profitable and less risky. Further, the

TABLE 7

Balance of payments on financial account

EUR m

	1997	1998	JAN-JUL	
			1998	1999
BALANCE ON FINANCIAL ACCOUNT	-2,775	-1,188	-2,733	3,258
CHANGE IN LIABILITIES VIS-À-VIS EXTERNAL SECTOR	34,479	65,681	53,599	58,586
Direct investment (a)	5,621	10,152	5,205	6,028
Portfolio investment (b)	11,068	15,354	18,829	19,137
General government	9,952	4,125	7,584	10,636
Other resident sectors	1,183	8,469	6,878	5,182
Credit system	-67	2,760	4,367	3,319
Other investment	17,790	40,176	29,565	33,421
General government	21	866	-344	-299
Other resident sectors	544	4,319	3,472	9,385
Credit system	17,226	34,991	26,437	24,335
CHANGE IN ASSETS VIS-À-VIS EXTERNAL SECTOR	37,255	66,870	56,332	55,328
Direct investment (a)	10,970	16,507	9,272	26,350
Other resident sectors	9,844	14,756	8,100	27,291
Credit system	1,126	1,751	1,172	-941
Portfolio investment (b)	14,377	40,985	17,254	36,077
Other resident sectors	10,049	29,873	13,516	22,392
Credit system	4,328	11,112	3,738	13,685
Other investment	1,555	21,625	30,504	11,762
General government	331	388	266	54
Other resident sectors	12,392	17,668	18,359	-5,148
Credit system	-11,168	3,569	11,879	16,856
Reserves	10,352	-12,248	-698	-18,861

Source: Balanza de Pagos. Banco de España.

(a) Includes portfolio investment in unlisted shares.

(b) Includes direct investment in listed shares.

favourable financing conditions prevailing have led households notably to step up and sustain their indebtedness. Lastly, given low interest rates, the general incentive has been towards current spending, to the detriment of saving.

The course of household net financial saving, along with the scant contribution of the appreciation of financial assets, has led to the flattening of the growth rate of net financial worth in the first half of the year. In any event, the preliminary projections for the third quarter show a slight increase in financial assets against the background of the pick-up in returns on certain instruments.

Regarding the recent course of total financial assets (see Chart 23), year-on-year increases of around 8.7 % were seen in the first two quarters of the year. With respect to the composition of the growth of financial assets, liquid financial assets have sustained a moderate contribution, running at a steady growth rate of around 2 %. Nonetheless, the growth rate of cash and cash equivalents has quickened in the second and

third quarter of the year to 14 % compared with a year earlier, while the other liquid assets have continued to run at a negative growth rate of 6 %. Thus, the bigger increase in assets has been brought about by the high growth of those that are not considered liquid. These are mainly comprised of shares in variable-yield and international mutual funds, equities and insurance products. Overall, the course of these components might account for almost eight percentage points of the increase in total financial assets in the third quarter.

Throughout the year, households' financial liabilities have been displaying very high growth rates, in excess of 15 % (see Table 8 and Chart 23). The financing obtained through resident credit institutions, which is the main funding channel for the sector, has held at a growth rate of over 19 % since late 1998. However, drawing on the information furnished by credit institutions about the end-use of credit in the second quarter of the year, there has been a slight slowdown in the rate of advance of credit extended for house purchases and for the con-

TABLE 8

Financial assets and liabilities of households and non-financial firms

	Latest quarter balance (a) (b)	Four-quarter % CHANGE					
		1998			1999 (b)		
		Q 2	Q 3	Q 4	Q 1	Q 2	Q 3
HOUSEHOLDS AND NON-FINANCIAL FIRMS:							
Total financial assets	1,311.7	15.2	11.8	14.3	10.8	11.7	13.9
Liquid financial assets	548.6	5.4	5.1	5.4	4.3	4.6	4.7
<i>Cash and cash equivalents</i>	258.3	7.7	10.2	14.6	14.8	17.5	17.3
<i>Other liquid financial assets</i>	290.3	3.8	1.8	-1.1	-2.9	-4.7	-4.4
Other financial assets	763.1	24.8	18.0	22.6	16.2	17.5	21.6
Total financial liabilities	879.0	12.7	12.3	13.1	14.2	15.9	16.5
Bank financing plus fixed-income securities	572.2	15.4	14.8	16.2	15.6	18.7	19.7
<i>Credit from resident credit institutions</i>	453.8	16.7	15.9	15.8	14.5	16.4	16.5
Other financial liabilities	306.8	8.1	8.1	7.8	11.9	11.1	11.0
HOUSEHOLDS:							
Total financial assets	832.2	13.6	9.0	12.9	8.6	8.8	11.4
Liquid financial assets	449.3	4.3	4.5	3.6	2.0	1.7	1.7
<i>Cash and cash equivalents</i>	193.9	4.9	6.5	8.9	10.5	14.1	14.2
<i>Other liquid financial assets</i>	255.4	4.0	3.4	0.4	-3.1	-6.1	-6.0
Other financial assets	382.8	29.1	16.2	27.7	17.8	18.4	25.4
Total financial liabilities	358.1	12.1	11.9	13.1	15.5	15.0	15.4
Bank financing plus fixed-income securities	252.7	17.4	16.5	18.3	18.5	18.3	18.6
<i>Credit from resident credit institutions</i>	228.4	18.2	17.2	19.1	19.3	19.0	19.3
Other financial liabilities	105.5	2.2	3.1	2.7	9.1	8.0	8.4
NON-FINANCIAL FIRMS:							
Total financial assets	479.5	18.5	17.4	17.1	15.1	17.2	18.5
Liquid financial assets	99.2	11.2	8.6	14.8	17.0	19.7	20.7
<i>Cash and cash equivalents</i>	64.3	18.1	24.7	35.4	30.1	28.8	27.8
<i>Other liquid financial assets</i>	34.9	2.4	-9.8	-13.5	-1.6	6.5	9.6
Other financial assets	380.3	20.7	19.9	17.8	14.6	16.6	17.9
Total financial liabilities	520.8	13.0	12.5	13.1	13.3	16.5	17.3
Bank financing plus fixed-income securities	319.5	13.9	13.5	14.7	13.3	19.0	20.6
<i>Credit from resident credit institutions</i>	225.4	15.4	14.7	12.7	9.8	13.8	13.8
Other financial liabilities	201.3	11.7	11.0	10.7	13.4	12.9	12.4

Source: Banco de España.

(a) EUR billion.

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

sumption of durables (these two components are growing at annual rates of 16 % and 20 %, respectively). Logically, the lower growth of these consumer-credit components should be assessed in relative terms, since over the past four quarters they have sustained particularly high rates, with average annual increases of 23 % in the case of housing finance and 53 % in the case of consumer durables purchases.

5.3.2. Financial flows of non-financial firms

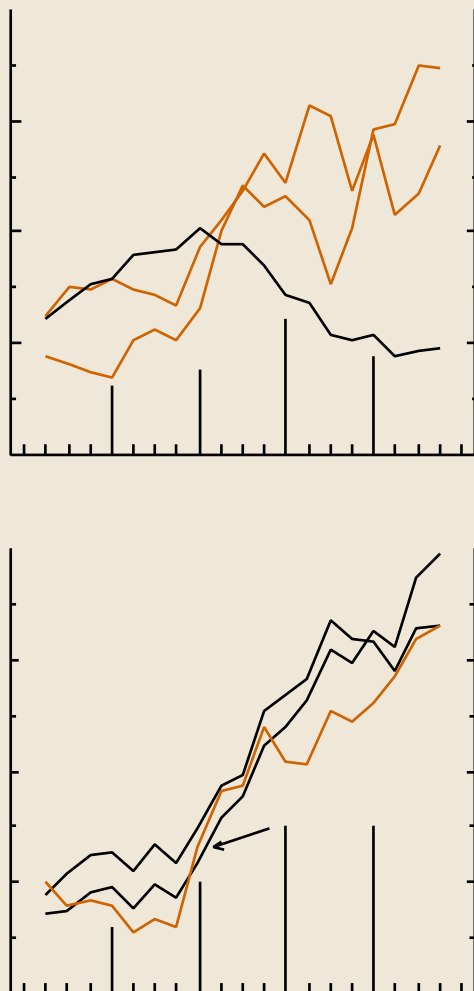
The financial position of firms during the second quarter of the year continued to show greater balance between the growth of financial

assets and liabilities. Specifically, there was during this quarter an acceleration in both retail lending operations, derived from heavy purchases of foreign assets, and in borrowing operations, probably associated with the financing of a portion of such purchases (see Chart 24). Preliminary estimates for the third quarter point to the strong, steady growth of firms' financial assets and liabilities being sustained.

The recent course of non-financial firms' financial assets has shown similar buoyancy to the preceding quarters, with year-on-year growth of total financial assets having run at 17 % in the second quarter and potentially accelerated during the July-September period.

CHART 22

Non-financial firms and households (a)



Source: Banco de España.

- (a) The data for the third quarter of 1999 are provisional estimates.
- (b) Excluding shares.
- (c) Excluding trade credit.

The explanation for this high increase is a considerable expansion of this sector's cash and cash equivalents, which have been increasing at a rate close to 30 %, and, to a lesser extent, the advance by other liquid assets. Regarding the latter, it is claims on the rest of the world and, more specifically, portfolio investment that have been the main target of corporate financial investment over the past two quarters. In fact, the purchase of foreign shares by non-financial firms amounted to over EUR 20 billion during the second quarter. Hence, the purchase of foreign assets alone accounts for more than seven

percentage points of the year-on-year growth of this sector's total financial assets in each of the last two quarters.

In parallel with the increase in financial assets, there was also a notable rise in firms' financial liabilities during the second quarter, with a growth rate at slightly below 17 %. The related rate for the third quarter might be somewhat higher. The reason for this acceleration lies both in the resort by firms to the resident banking system and in the increase in credit obtained from non-resident credit institutions. Overall, bank financing plus fixed-income securities climbed from a rate of expansion of 13 % in the first quarter to 19 % in the second, and, extrapolating, growth in the third quarter will have followed suit.

With regard to the end-use of bank financing, the information for the second quarter highlights the notable increase in credit extended to productive activities, which has quickened significantly in all branches. Thus, financing to industry grew 19 % year-on-year in the April-June period, compared with 11 % in the first quarter. In turn, financing to the services sector (which accounts for 52 % of the total credit extended for productive activities) accelerated in the second quarter with growth in the second quarter running close to 20 %. Finally, credit to the construction sector was also more buoyant in the second quarter, with growth of 14 % year-on-year.

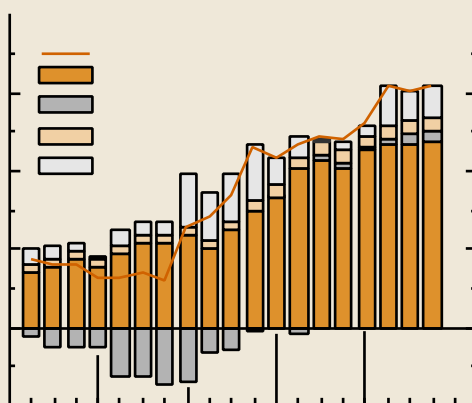
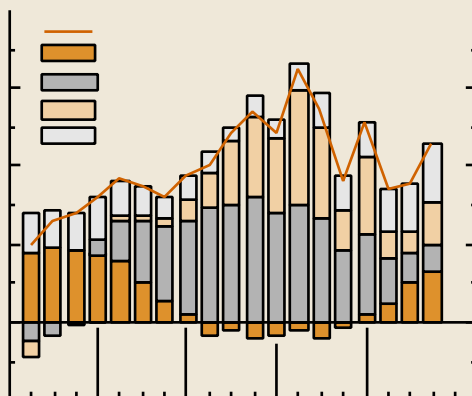
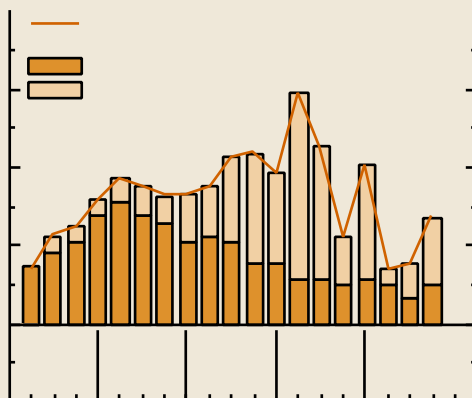
5.4. General government financial flows

Data on general government net borrowing for the second quarter of 1999 (for which, following the methodology used for this analysis, the cumulative figures over the last four quarters are taken) reveal a further reduction to 1.2 % of GDP, compared with 1.4 % the previous quarter and 1.7 % as of end-1998. As discussed in previous sections, this result reflects the favourable course of the general government budget during the year and the high likelihood of meeting the budget targets set at the start of the year by the end of 1999.

In line with financing requirements, financial liabilities have been on a continuous slowing course throughout 1999, with their associated growth rate running at virtually zero compared with a year earlier (see Chart 25). Nonetheless, during the period under study, the composition of the stock of financial liabilities has altered since there have been positive net issues of long-term liabilities throughout the year, while the stock of short-term instruments has diminished, thereby extending the average life of fi-

CHART 23

Households (a)

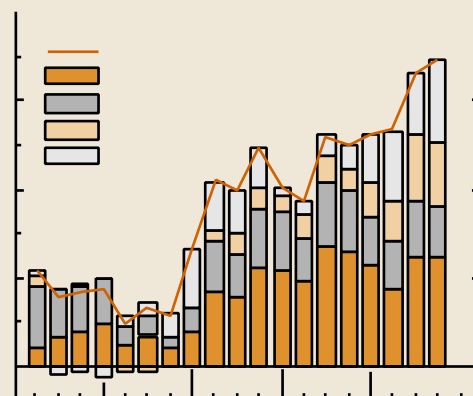
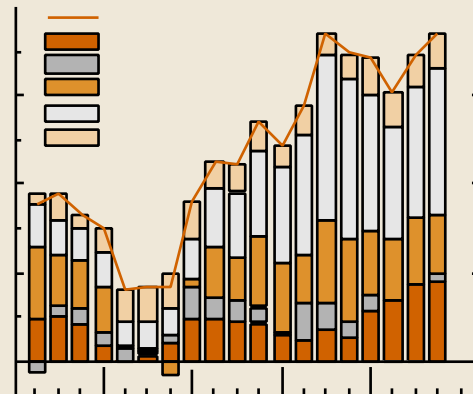
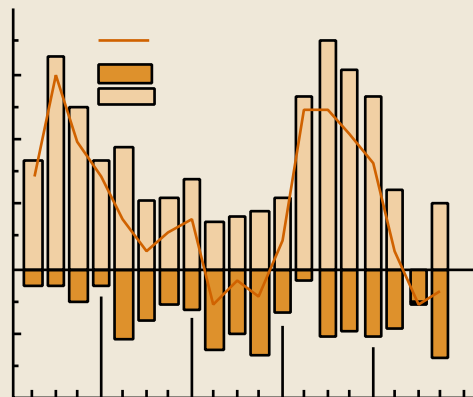


Source: Banco de España.

- (a) The data for the third 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 24

Non-financial firms (a)

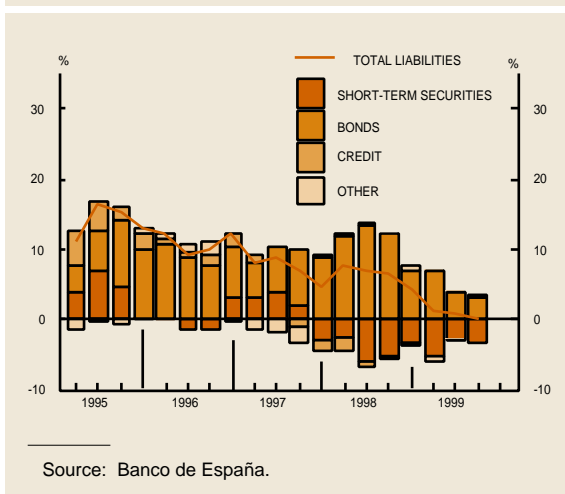


Source: Banco de España.

- (a) The data for the third 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 assets valued at market prices.
- (d) Difference between the change in the stock and the flow.

CHART 25

Growth of general government liabilities
% change on same quarter a year
earlier and contributions



nancial liabilities. Currently, the average life of peseta-denominated government debt stands at 5.5 years, when at the end of 1998 it was 4.9 years.

Public securities issues to date in 1999 have amounted to EUR 7 billion. This is the result of a net issue of medium- and long-term instruments totalling EUR 18 billion and redemptions of short-term financing amounting to EUR 11 billion. The covering of financing requirements to September was ensured, especially during the third quarter, by the resort to general government deposits (especially in the Banco de España) for an amount totalling EUR 0.5 billion.

Turning to the primary markets for public securities, it is worth mentioning in connection with the July-September period that the Treasury has re-launched its early debt redemption and exchange initiatives, the aim of which is to lower the financial cost of public debt in the coming years. Nonetheless, these initiatives are expected to involve an increase in the financial charges borne during the present year, since the redemption of the liabilities with the highest interest rates and their replacement by instruments remunerated at a lower rate will be recorded as an addition to financial costs in the current year.

28.10.1999.

Results of non-financial firms in the second quarter of 1999 (1)

1. INTRODUCTION

The Central Balance Sheet Office Quarterly Survey (CBQ) data for the first half of 1999 show a slowdown in productive activity with respect to the same period a year earlier. However, in the second quarter of 1999 activity stabilised and indeed picked up with respect to the slowdown discerned in the second half of 1998. The further reduction in the cost of debt enabled profits to grow again in the second quarter of 1999, with the spread over financial costs (leverage) reaching an historic high.

Comparison of the first halves of 1999 and 1998 reveals a slowdown in productive activity [as measured by the rate of change of gross value added (GVA)]. However, examination of the quarterly series shows that moderate growth in domestic consumption and investment, and the slow recovery in exports, kept GVA growth at the same level as at the start of the year. To the extent that the signs of recovery detected in foreign markets strengthen, business activity can be expected to recover, particularly in manufacturing, the sector hardest hit by the foreign trade situation and the rise in international oil prices.

Against this backdrop, the rate of growth of personnel costs fell further in the first half of 1999 (to 1 %). As explained in the article on the data for the first quarter of 1999, this was due to a fall in employment and moderate growth in average compensation. Employment in the sample firms fell even though in the first half of 1999 most of the reporting firms continued to record significant rises in both permanent and temporary employment as in preceding periods. However, a small number of very important firms continued to make significant adjustments to their workforces, and this explains why the net change in the total number of workers was negative in the first half of 1999. The restrained growth of average compensation, which at 1.6% was below the rate of inflation of the period, is explained basically by the existence of newly hired workers, who normally start work on lower rates of compensation. As explained in section 3, the phenomenon is not equally apparent in all the productive sectors.

The overall effect of the paths of these variables was nominal growth of 4.8 % in the gross operating result. The latter thus sustained a no-

(1) The information in this article relates to the 737 firms that have reported their quarterly data to the Central Balance Sheet Office (the CBQ survey) to September 16th 1999. These firms account for 16.1 % of the total activity – as measured by gross value added at factor cost (GVA) – of the sector of non-financial firms.

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		
	1996	1997	98 Q1-Q4/ 97 Q1-Q4 (a)	98 Q1-Q2 (a)	99 Q1-Q2
Number of firms / Total national coverage	7951/37.8 %	7445/36.6 %	821/18.8 %	851/19.5 %	737/16.1 %
1. VALUE OF OUTPUT (including subsidies)	5.6	10.0	2.8	4.7	4.8
Of which:					
1. Net amount of turnover and other operating income	6.6	9.7	3.2	5.4	6.2
2. INPUTS (including taxes)	7.2	11.5	2.0	3.3	5.9
Of which:					
1. Net purchases	6.1	11.6	0.3	3.2	4.4
2. Other operating costs	8.8	10.7	6.8	5.8	11.0
S.1. GROSS VALUE ADDED AT FACTOR COST	<u>2.5</u>	<u>7.1</u>	<u>4.2</u>	<u>6.9</u>	<u>3.1</u>
3. Personnel costs	<u>3.9</u>	<u>3.7</u>	<u>3.3</u>	<u>3.9</u>	<u>1.0</u>
S.2. GROSS OPERATING RESULT	<u>0.9</u>	<u>11.4</u>	<u>5.1</u>	<u>9.6</u>	<u>4.8</u>
4. Financial revenue	4.8	15.5	14.9	-1.1	49.7
5. Financial costs	-13.0	-13.7	-8.4	-10.1	-5.7
6. Corporate income tax	9.7	22.7	16.6	34.2	32.4
S.3. FUNDS GENERATED FROM OPERATIONS	5.1	17.7	8.1	9.7	9.3
7. Depreciation and provisions (b)	-3.5	24.1	-3.9	-1.7	10.3
S.4. TOTAL NET RESULT (% of GVA at factor cost)	11.0	15.7	22.4	23.2	30.1
PROFITABILITY RATIOS					
R.1. Return on net assets (before taxes) (b)	8.6	10.6	11.8	12.1	12.8
R.2. Interest on borrowed funds/ interest-bearing borrowing	8.1	6.8	6.2	6.2	4.9
R.3. Return on equity (before taxes) (b)	8.9	13.2	15.3	15.9	17.8
R.4. Debt ratio	42.4	40.7	38.5	38.7	38.9
R.5. Financial leverage (before taxes) (R.1 - R.2) (b)	0.5	3.8	5.6	6.0	7.9

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 September 16th 1999 (CBA and CBQ).
 (b) The 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.
 (d) Average of the first two quarters of 1999 on the same period of 1998.

table rate of expansion, albeit significantly below that of the first half of the previous year (when an extraordinary increase of close to 10 % was recorded). Financial costs, following the trend of previous quarters, fell further and continued to decline in importance in the profit and loss account, both in absolute and relative terms. This reduction in financial costs is explained by the fact that the reduction in interest rates was passed through to firms' cost of debt, at the same time as non-financial firms, capitalising on the favourable market conditions, were resorting to external sources of finance for their investment projects. The cost of debt ratio (interest on borrowed funds/interest-bearing borrowing) fell again to all-time lows (4.9 %, 1.3 points below the same period in 1998). Finally, the positive contribution from other costs and revenues produced a sharp rise in funds generated from operations in the first six months of 1999. This gave rise to a scenario in which the sample firms sustained high levels of profitability (in terms of both the return on net assets and the return on equity), that even somewhat exceeded those recorded in the first half of 1998. The decline in the cost of debt caused financial leverage to reach a new high. If the excellent performance of this indicator is accompanied over the coming months by control of the inflationary processes detected (this control being necessary to avoid the gradual erosion of the competitiveness of Spanish firms), then solid foundations will be laid for growth and to enable the large firms to contribute to the generation of employment currently occurring in the Spanish economy.

2. ACTIVITY

In the first six months of 1999 the activity (GVA) of the non-financial firms in the CBQ sample grew at a nominal rate of 3.1 % (see Table 1 and Chart 1), which represents a slowdown on the rate a year earlier (6.9 %). However, it should be borne in mind that the rate of growth of output in the first half of 1998 was exceptionally high and also that the figure for the second quarter of 1999 indicates a certain stabilisation, confirmed by the strong growth of turnover in the same quarter. Business activity continued to be sustained by those branches whose products are sold for private consumption and investment (certain sectoral details are given in Table 2.a, although comparing the first halves of 1998 and 1999 also reveals the slowdown described, due to the effects of the international financial crisis on exports and the effect of the rise in oil prices on value added. Table 3 shows that the activity of the firms as a whole continued to be buoyed by domestic sales, the reduction in exports hitting certain

manufacturing industries (those most affected by the aforementioned problems) particularly hard. The signs of recovery in the European, Japanese and Russian markets, the continuing favourable situation in the United States, and the impression of gradual stabilisation in South American markets, give cause for optimism regarding the outlook for foreign trade.

As regards sectors (see Table 2.a), the distributive trade, driven by the continuing strength of private consumption, is still the fastest growing sector. In the first half of 1999 its GVA grew by 15.2 %, which was well above the rate a year earlier (10 %). The electricity, gas and water production and distribution sector also posted significant GVA growth (5 %) in the first half of the year, basically due to the increase in the demand for electricity, which outweighed the effects of the price falls in the sector and the lower output of hydro-electricity. By contrast, the GVA of manufacturing fell by -2.7 % in the same period, although this contraction did not extend to all its subsectors. As mentioned above, the fact that exports had still not recovered their previous buoyancy (despite signs of improvement) and the impact of the increase in international oil prices on the refining industries explain a fall in activity, which was confined to certain sectors (activity rose, in fact, in the transport equipment and food, drink and tobacco industries). Lastly, the transport, storage and communications sector grew, although at a much more modest rate than in 1998: whereas its GVA grew by 6.7 % in the first half of 1998, in the same period of 1999 it only grew by 1.9 %. This moderation was basically due to the effect on prices of the introduction of competition into the sector, although the negative impact on turnover of certain labour disputes during the period also had an effect.

Finally, it can be seen in Chart 2 (which shows the distribution of firms according to the rate of change in their GVA, without any account being taken of their size) that the percentage of firms in which value-added grew continues to rise, although there was a slight shift towards the category of firms recording increases of less than 20 %. In short, the slowdown stemmed from a fall in the rate of growth, rather than from a reduction in the number of firms showing positive growth.

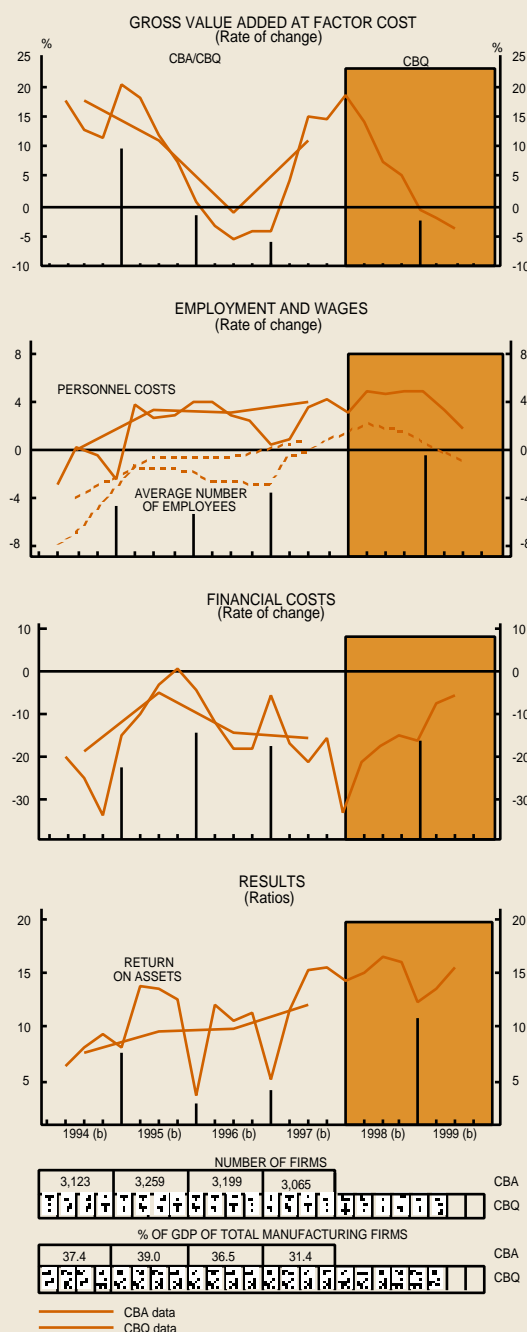
3. EMPLOYMENT AND PERSONNEL COSTS

The personnel costs of the CBQ firms grew by 1 % in the first half of 1999, a significantly lower rate than in the same period a year earlier (3.9 %). To understand the factors behind this

Analysis of the manufacturing sector

As usual in the CBQ articles, developments in manufacturing are analysed separately, owing to the importance of this sector, its representativeness in the sample and its usefulness for analysing the current economic situation. In the first half of 1999, activity in the sector was in recession, falling by -2.7% in terms of nominal GVA. This performance, which was not common to all the sub-sectors, was a result of two factors: first, the crisis afflicting certain international economies, which have had a particular impact on the external activity of the sector; and second, the increase in the prices of oil inputs, which reduced the value added of the oil refining sector in particular and, indirectly, that of the other sectors. By contrast, certain sub-sectors, such as food, drink and tobacco, chemicals and transport equipment (the latter strongly boosted by the unstoppable growth in new registrations) have made positive contributions to the growth of activity, albeit failing to offset fully the negative effects mentioned above. In line with the slackness of the sector, the employment generation process which had commenced in 1998 came to a halt in the first half of 1999, with rates close to zero (-0.6%). Average compensation grew by 3.2% , significantly above the general growth of prices. By sub-sector, the increases were above average in firms engaged in the manufacture of transport equipment, and in the food, drink and tobacco industries, a sector in which the existence of adjustment processes and the severance pay entailed thereby meant that compensation grew more strongly. As a consequence of the recession in the sector's activity, the gross operating result declined (-8.6%) and, despite the further reduction in financial costs, funds generated also grew at a negative rate (-4.6%). That said, the final net result did not deteriorate to the same extent, thanks to a significant reduction in provisions, which enabled profitability to remain high. The return on net assets was 14.6% , only one percentage point lower than in the first half of 1998. This, together with the further reduction in the cost of debt, gave rise to a high value for leverage (10). In accordance with what has been said throughout this report, the slowdown in activity in the first half of 1999, especially in the manufacturing sector, may begin to be reversed from the third quarter, to the extent that the signs of recovery seen in foreign economies are confirmed and consolidated.

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



Source: Banco de España.

(a) Information available to September 16th 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		
	1997	98 Q1-Q4 (a)	98 Q1-Q2 (a)	99 Q1-Q2 (a)	1997	98 Q1-Q4 (a)	98 Q1-Q2 (a)	99 Q1-Q2 (a)	1997	98 Q1-Q4 (a)	98 Q1-Q2 (a)	99 Q1-Q2 (a)	1997	98 Q1-Q4 (a)	98 Q1-Q2 (a)	99 Q1-Q2 (a)
Total	7.1	4.2	6.9	3.1	1.6	0.7	0.9	-0.6	3.7	3.3	3.9	1.0	2.0	2.5	3.0	1.6
Total, except electricity sector	9.3	6.3	8.7	2.7	1.8	1.3	1.4	0.1	4.0	4.3	1.9	1.9	2.1	2.6	2.9	1.7
SIZE:																
Small	8.4	—	—	—	3.9	—	—	—	6.6	—	—	—	2.6	—	—	—
Medium	10.5	8.3	10.3	8.8	3.9	3.7	3.4	5.3	6.8	6.8	6.8	7.6	2.8	3.1	3.4	2.2
Large	6.6	4.0	6.7	2.7	1.1	0.5	0.7	-1.3	3.0	3.0	3.6	0.4	1.9	2.5	2.9	1.7
STATUS:																
Public-sector	9.0	4.5	6.7	2.5	3.0	1.0	-0.1	2.8	4.9	3.3	3.9	5.7	1.9	2.3	3.9	2.7
Private-sector	0.6	4.2	6.9	3.3	-2.9	0.7	1.2	-1.7	-0.3	3.2	3.8	-0.5	2.6	2.6	2.6	1.3
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:																
Manufacturing industries	10.9	6.5	10.7	-2.7	0.7	1.5	2.0	-0.6	3.9	4.9	4.8	2.5	3.1	3.4	2.8	3.2
Production and distribution of electricity, gas and water	-4.5	-3.1	0.3	5.0	-1.7	-5.5	-3.9	-8.4	-0.6	-1.9	0.5	-5.8	1.1	3.8	4.5	2.9
Distributive trade	9.4	11.8	10.0	15.2	2.7	3.7	2.7	5.5	4.6	6.1	5.0	6.5	1.9	2.3	2.3	1.0
Transport, storage and communications	8.7	4.1	6.7	1.9	-1.1	-1.6	-1.6	-5.4	2.0	1.1	2.4	-2.8	3.1	2.7	4.1	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 1999 Q1-Q2	Firms increasing (or not changing) staff levels	Firms reducing staff levels
Number of firms	737	425	312
Personnel costs			
Situation 1998 Q1-Q2 (EUR millions)	8,633.7	3,888.7	4,745.0
Rate 99 Q1-Q2/98 Q1-Q2	1.0	9.7	-6.1
Average compensation			
Situation 1998 Q1-Q2 (EUR)	17,585.0	15,839.4	19,300.1
Rate 99 Q1-Q2/98 Q1-Q2	1.6	1.6	3.3
Number of employees			
Situation 1998 Q1-Q2 (thousands)	491	245	246
Rate 99 Q1-Q2/98 Q1-Q2	-0.6	8.0	-9.2
Permanent			
Situation 1998 Q1-Q2 (thousands)	429	198	231
Rate 99 Q1-Q2/98 Q1-Q2	-1.3	6.8	-8.1
Non-permanent			
Situation 1998 Q1-Q2 (thousands)	62	48	14
Rate 99 Q1-Q2/98 Q1-Q2	3.9	12.6	-25.3

Source: Banco de España.

outcome it is necessary to analyse the changes in employment and in average compensation separately. Employment in the first half of 1999, as in the first quarter, did not follow the trend established in 1998 of generation of employment by the firms studied. Thus, the rate of change of average employment in the first two quarters of 1999 was -0.6 %, with permanent employment particularly hard hit (down 1.3 %). However, this trend does not apply to all or even most of the firms in the sample since the aggregate figure is distorted by the existence of staff adjustment processes in a small number of large firms in certain sectors. Due to their quantitative importance the latter make the overall rate of growth of employment negative and prevent it from reflecting the trend common to most firms. The effects of this phenomenon, already analysed in detail in the report on the first quarter of the year, will be felt in this and subsequent quarters. The aforementioned restructuring is in fact concentrated in the electricity, gas and water production and distribution and transport and communications sectors (both in the process of reorganisation and liberalisation). If

TABLE 3

Purchases and turnover of firms reporting data on purchasing sources and sales destinations			
Structure			
	CBA	CBQ	
	1997	98 Q1-Q4/97 Q1-Q4 (a)	99 Q1-Q2/98 Q1-Q2 (a)
Total firms	7,445	821	737
Firms reporting source/destination	7,445	768	690
	%	%	%
Net purchases	100.0	100.0	100.0
SOURCE OF PURCHASES:			
Spain	65.7	68.7	70.6
Total abroad	34.3	31.3	29.4
EU countries	22.5	23.1	18.5
Third countries	11.8	8.3	11.0
Net turnover	100.0	100.0	100.0
SALES DESTINATIONS:			
Spain	80.5	85.9	87.5
Total abroad	19.5	14.1	12.5
EU countries	14.6	10.4	8.6
Third countries	4.9	3.8	3.9

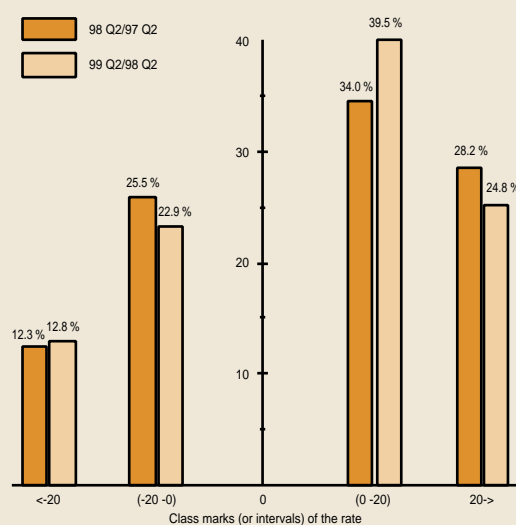
Source: Banco de España.

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

we ignore these firms the employment figures show clear growth, both as regards total and permanent employment (temporary employment grew, even in the sample as a whole, by 3.9 %). Table 2.a shows that when the electricity, gas and water production and distribution sector is excluded, employment in the rest of the sample grew by 0.1 %. The most positive performance was again in the distributive trade, which stood out as the most dynamic as regards employment creation. Its staffing levels rose by 5.5 % in the first half of 1999, in line with the expansion of its productive activity. The performance of manufacturing, in step with its activity, has deteriorated in recent quarters. In the first half of 1999 its employment was virtually stagnant (-0.6 %), compared with a 2 % rise in the first half of 1998. As regards average compensation (approximated in the CBQ by calculating personnel costs per worker), it rose by 1.6 % in the first two quarters of 1999. A sectoral analysis shows that the aggregate which contributed most to this moderation was that of the distributive trade, due to the effect of new hiring. The significant incorporation of new workers, at lower starting salaries, is the reason

CHART 2

Distribution of firms by rate of change in GVA at factor cost (99 Q2/98 Q2, 98 Q2/97 Q2) (CBQ)



Source: Banco de España.

TABLE 4

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

	CBA		CBQ			
	1996	1997	97 Q1-Q4 (a)	98 Q1-Q4 (a)	98 Q2	99 Q2
Number of firms	7,951	7,445	725	821	839	639
Personnel costs	100.0	100.0	100.0	100.0	100.0	100.0
Falling	26.3	24.0	31.8	31.4	27.7	30.3
Constant or rising	73.7	76.0	68.2	72.3	72.3	69.7
Average number of employees	100.0	100.0	100.0	100.0	100.0	100.0
Falling	32.8	28.0	50.3	39.9	39.9	43.3
Constant or rising	67.2	72.0	49.7	60.1	60.1	56.7
Average compensation (relative to inflation) (b)	100.0	100.0	100.0	100.0	100.0	100.0
Lower growth	48.3	43.9	41.1	42.2	45.8	47.2
Higher or same growth	51.7	56.1	58.9	57.8	54.2	52.8

Source: Banco de España.

(a) Arithmetic mean of the four quarters.

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

why average compensation in the sector grew by only 1 %. The rates of around 3 % in the rest of the sectors reflect wage-cost rigidity and a differential with respect to inflation of around one or one-and-a-half percentage points. Meanwhile, although average compensation in these sectors has also been pushed up by the costs associated with staff restructuring, the latter have not been fully passed through, due to the way in which certain severance payments arising from the major adjustment processes mentioned above have been recorded (2).

Table 2.b permits a more detailed analysis of the consequences of the dichotomy in the aggregate of reporting firms between those increasing and reducing their staff levels. Those which created employment (58 % of the total) in-

creased their workforces by 8 % between the first half of 1998 and the first half of 1999, with their permanent employment rising by 6.8 % and their temporary employment by 12.6 %. This creation of new jobs involved an increase in average compensation of 1.6 % and led to an increase of 9.7 % in the personnel costs of these firms during the period considered. Meanwhile, the firms which reduced their workforces recorded a fall of 6.1 % in their personnel costs as a consequence of the heavy shedding of labour during the period (-9.2 %). Average compensation in this group of firms grew by 3.3 %. Although this rate is higher than that of the aggregate of firms which created employment, for the reasons explained above it only reflects part of the costs associated with dismissals.

Finally, in Table 4 it can be seen that the firms have been gradually adjusting their average compensation to contemporaneous levels of inflation. In the second quarter of 1999 average compensation grew at rates above inflation in 53 % of firms, as against 59 % in 1997. Once more, it is clearly imperative that inflationary pressures should not to be passed automatically through to wages irrespective of productivity growth. In the medium term this can only damage the competitiveness of firms, their productive activity and, eventually, their expansion and ability to create employment. This premise is especially applicable to the sectors most exposed

(2) Some non-financial firms pay severance payments with a balancing entry in the balance sheet, by means of one of the following alternatives: a) out of provisions, previously set aside via the profit and loss account, which is a normal entry envisaged by the chart of accounts, and b) out of a generic reserve, a kind of entry which has begun to be used very recently by certain large firms. Given that severance payments which do not appear as such in the profit and loss account cannot be included in the compensation of the period, from an analytical viewpoint wage income data are distorted, and this affects analyses of household disposable income based on these sources. Severance pay recorded as in b) also affects the comparative analysis of the profitability ratios.

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		
	1997	98 Q1-Q4 (b)	98 Q1-Q2 (b)	99 Q1-Q2 (b)	1997	98 Q1-Q4 (b)	98 Q1-Q2 (b)	99 Q1-Q2 (b)	1997	98 Q1-Q4 (b)	98 Q1-Q2 (b)	99 Q1-Q2 (b)	1997	98 Q1-Q4 (b)	98 Q1-Q2 (b)	99 Q1-Q2 (b)
Total	11.4	5.1	9.6	4.8	17.7	8.1	9.7	9.3	10.6	11.8	12.1	12.8	3.8	5.6	6.0	7.9
Total, except electricity sector	17.6	9.0	13.9	3.4	23.5	11.7	14.1	8.3	10.7	11.6	11.5	13.4	3.7	5.3	5.3	8.4
SIZE:																
Small	11.6	—	—	—	19.0	—	—	—	13.3	—	—	—	4.5	—	—	—
Medium	16.3	10.4	15.5	10.4	18.0	11.5	17.2	12.6	13.4	13.1	14.5	14.8	6.1	7.1	8.6	10.2
Large	10.9	4.9	9.3	4.5	17.6	7.9	9.3	9.1	10.2	11.7	12.0	12.7	3.5	5.5	5.8	7.8
STATUS:																
Public-sector	1.9	8.0	16.4	-4.4	12.2	31.1	19.7	19.3	5.4	5.0	4.2	8.2	-0.9	-0.3	-0.9	3.7
Private-sector	13.6	4.9	9.1	5.7	18.8	6.9	9.0	7.5	13.0	13.1	13.6	13.9	5.9	6.8	7.3	9.0
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:																
Manufacturing industries	22.0	9.2	19.2	-8.6	27.3	8.3	19.4	-4.6	12.2	15.0	15.8	14.6	5.4	9.5	10.3	10.0
Production and distribution of electricity, gas and water	-5.7	-3.6	0.1	8.8	0.2	-0.5	-0.8	16.0	10.1	12.1	13.5	11.4	4.0	6.2	7.4	6.7
Distributive trade	17.2	20.1	17.6	29.8	17.4	21.2	20.1	30.0	14.4	13.9	12.4	15.7	7.6	7.8	6.1	11.4
Transport, storage and communications	15.2	6.2	9.9	5.1	22.0	13.6	11.3	0.7	8.3	10.0	9.1	12.0	0.4	2.9	2.2	6.7

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.

to foreign competition, as the current situation in Spanish manufacturing may be indicating. Lastly, other factors, such as the promotion of research and investment in basic technology and in high-value-added activities, the constant improvement of productivity and quality, and the implementation and completion of structural reforms aiming to liberalise certain sectors, must stem from a suitable combination of private and public initiative. These factors must be harnessed to increase business efficiency.

4. RESULTS, MARGINS AND PROFITABILITY

As a consequence of the developments in activity and personnel costs, the gross operating result (see Table 5) grew by 4.8 %. This

rate reflects the healthy situation of the firms although, when compared with the first half of 1998 (9.6 %), it again reveals the slowdown referred to above. Comparison of the first and second quarter data, in contrast, shows a stabilisation if not an improvement. By sector, manufacturing stands out as the worst performing sector, with a rate of -8.6 %, a consequence of the decline in productive activity in the period in question (Box 1 analyses the results of this sector in greater detail). In the rest of the sample there were increases across the board, although once again the distributive trade must be mentioned due to the extraordinary growth in the generation of this surplus, at a rate of close to 30 %. This high rate was primarily based on strong growth in the sector's turnover, although the business margin, which has historically always been lowest in this sector, also grew in

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)	
	98 Q1-Q2 (a)	99 Q1-Q2 (a)	98 Q1-Q2 (a)	99 Q1-Q2 (a)
Total firms	100.0	100.0	100.0	100.0
R 0 %	16.1	13.3	18.5	15.8
0 % < R 5 %	10.8	12.7	8.5	8.8
5 % < R 10 %	14.3	14.4	8.7	8.6
10 % < R 15 %	13.5	13.5	10.5	10.2
15 % < R	45.3	46.1	53.9	56.6
Number of firms	839	638	839	638
MEMORANDUM ITEM:				
Average return	12.6	14.2	16.9	20.2
Source: Banco de España.				
(a) The data in these columns have been calculated as the arithmetic mean of the quarterly data.				

the period considered. The electricity sector also saw an improvement in the growth of the gross operating result in the first half of 1999, due to the strong increase in the demand for electricity, and the fact that the outcome in the same period a year earlier was poor. In terms of size, the slowdown was most apparent in the case of large firms. The gross operating result of the latter firms grew by 4.5 %, as against 9.3 % in the first half of 1998.

Financial costs continued to fall in the first half of 1999, at a rate of 5.7 %, to represent 3 % of the total output of the firms analysed, exactly half the 1995 level. The effects of the changes in the cost and in the amount of debt on the fall in financial costs are shown separately below:

	99 Q1-2/98 Q1-2
Change in financial costs	-5.7 %
A. <i>Interest on borrowed funds (1+2)</i>	-7.7 %
1. Due to the cost (interest rate)	-24.4 %
2. Due to the amount of interest-bearing debt	16.7 %
B. <i>Commissions and cash discounts</i>	2.0 %

Table 1 confirms that interest rate reductions continued to be passed through to the firms' profit and loss accounts. Yet, although the percentage change was significant, in absolute terms the level of financial costs was relatively low at the beginning of the period, so that the impact on the firms' results was much smaller

than in previous periods. At the same time there was significant growth in the amount of debt, entailing an increase in financial costs, which shows that firms are attempting to capitalise on the improved terms offered by the market to finance new investment projects.

The favourable behaviour of financial costs and revenue made a greater contribution to the generation of funds. In the first half of 1999, funds generated by the firms analysed grew by 9.3%, slightly below the rate recorded in the first half of 1998 (9.7 %). As regards sectors, the rate of growth of this variable in manufacturing reflected the fall in activity (-4.6 %) in that sector, while the distributive trade posted the highest rate of growth of funds generated.

Levels of profitability (both in terms of the return on net assets and on equity) were higher than in 1998. In the case of manufacturing firms, the reduction in their depreciation and provisions meant that, in spite of the developments described above in the other variables, profitability was only slightly below the 1998 levels. The rest of the sectors also sustained high levels of profitability. These, in conjunction with the cost of debt (down by more than one percentage point for the sample as a whole), led to a new high for leverage. Finally, Table 6 enables conclusions to be drawn regarding the distribution of firms according to their profitability, irrespective of their size and ownership status. The most important effect observed is that

the improvement in the levels of profitability was across the board, as the percentage of firms posting losses fell by over two percentage points to 16 %.

In short, the activity of the CBQ firms, which commenced the year against a background of

some uncertainty and more moderate rates of growth, appears to have resumed and consolidated the expansionary path, which may be underpinned in the coming months by the recovery in foreign trade.

24.9.1999.

Unit labour costs and monetary policy decision-making in the context of EMU (1)

1. INTRODUCTION

Underpinning Economic and Monetary Union (EMU) are a series of institutional characteristics differentiating it from any previous monetary policy experience. Following the onset of Stage Three and the relinquishing of monetary sovereignty by the eleven member countries to the Eurosystem (2), the single monetary policy has been applied to eleven national economies. These retain, however, full autonomy for the formulation and implementation of other economic policies, although the latter are subject to various co-ordination procedures and there are common guidelines on the medium-term fiscal policy stance.

In EMU, monetary policy decisions must be based on the analysis of economic and financial conditions for the euro zone as a whole and geared to sustaining area-wide price stability, without taking into account specific national particularities. Diagnosis of the economic and financial position of the area is a particularly arduous task. The presence of national economies with sovereignty over non-monetary spheres of economic policy means that this diagnosis must be made by appropriately integrating the behaviour of the various national economies. In recent years both the EMI (3), initially, and the ECB, subsequently, have worked towards constructing economic and financial indicators for the euro area that would provide a basis for this integrated analysis. Significant headway has been made, but further work is still required in many analytical areas. This is particularly the case for labour cost statistics, where problems of both a statistical and conceptual nature are apparent.

The aim of this article is to outline the role that unit labour costs can play in euro-area economic analysis. In this connection, it is also intended to illustrate the need for good labour cost statistics both for the area and for the member countries. To this end, the first section discusses the problems associated with the construction of uniform unit labour cost series and presents the statistical information available for EMU. Next, the potential role of labour costs statistics in diagnosing the area's inflationary situation is analysed, a key issue from

(1) This article is based on a paper presented in the Workshop "The role of labour cost information in short-term analysis in the context of the Monetary Union", organised by the ECB on 22 June 1999.

(2) Made up of the European Central Bank (ECB) and the central banks of the eleven EU member countries that have launched EMU.

(3) European Monetary Institute, predecessor to the ECB.

the standpoint of the Eurosystem's single monetary policy. Thereafter, there is a discussion of the use of such statistics in evaluating some of the problems that may arise in the new situation, as a result of the lack of synchrony among the area's national economies. Lastly, reference is made to the importance of developing a sectoral analysis of labour costs so as to obtain knowledge of the price formation process and, therefore, of the source of the potential inflationary pressures that may build up in the euro area. Conclusions are drawn in the final section.

It should be stressed that the article seeks to show the usefulness of specific analytical instruments in the context of EMU. That said, the data provided in the various sections to depict situations that should typically relate to the Monetary Union refer to the period prior to the start of EMU and are purely for illustrative purposes. These data have been constructed drawing on national series, prepared with different methodologies and aggregated using different criteria. They should be employed with caution, especially when conclusions are drawn for the EU-11 (4).

2. THE CONSTRUCTION OF UNIFORM UNIT LABOUR COST SERIES AND THE STATISTICAL INFORMATION AVAILABLE FOR THE EU-11

The institutional characteristics of EMU have clear statistical repercussions that affect the quality of the underlying information on which basis monetary policy decisions have to be taken. The most relevant characteristic is that EMU, as an integrated monetary area, is an entirely new and unprecedented entity. This means, strictly, that the statistical series for the area date back only to January 1999. Consequently, the statistical arrangements for the euro area are, except as far as monetary statistics are concerned, largely based on the aggregation of a set of fragmented reporting systems, and statistics are frequently available only at a delay. At the same time, backward extrapolations, which can be constructed through the aggregation of the participating countries' non-harmonised national statistics, are generally rather unreliable approximations. And this factor, adding to the fact there was no monetary union in that period, hampers knowledge of the relationships between the area-wide variables on

which monetary policy decisions have to be based.

The construction of unit labour cost series (5) for the euro area is likewise affected by these problems. The quality depends on the degree of harmonisation attained in the construction of the variables in the various countries and on the soundness of the aggregation system followed. These two aspects firstly compound the problems traditionally raised at the national level when constructing labour cost statistics. Such problems are of a practical nature, resulting from the delay and provisionality with which National Accounts are usually available and from the difficulty of suitably approximating non-wage-earner labour costs. There are also methodological problems, given the difficulty of approximating hours worked or of measuring labour productivity appropriately. This latter aspect is of particular importance from the standpoint of assessing correctly the course of unit labour costs, given that it is only possible to estimate apparent labour productivity, which is defined as the ratio of real output to actual employment. This measure includes active increases in labour productivity brought about by the incorporation of technical progress into the productive process along with passive increases therein resulting from labour adjustments. In both cases, the increase in apparent productivity entails a reduction in the cost of the labour factor, but the economic implications in terms of employment generation and output for the two situations differ substantially.

Secondly, the difficulties of harmonising the different labour cost definitions at the EU or euro-area level are well known. It is necessary to improve and homogenise the coverage of services activities, part-time employment and certain components of total earnings, such as overtime or redundancy payments. Quarterly information is also needed for a large number of countries.

That said, both Eurostat and the ECB have made significant headway in harmonising national labour cost statistics and have begun to publish data for the euro area. In April Eurostat published, for the first time, quarterly series of economy-wide monthly earnings and hourly labour costs, along with gross hourly earnings for industry. Of this new information, Eurostat considers that the labour cost series displays, in

(4) EU-11 denotes the group of eleven EU countries in EMU. The name "euro area" is also used.

(5) As is known, the unit labour cost is defined as the ratio of the labour cost per person (including wages, social security contributions and redundancy and contract-severance payments) to average labour productivity (obtained as the relationship between real GDP and the employed labour force).

principle, sufficient conditions of harmonisation and comparability, although it does not resolve the problems associated with the delays with which the series becomes available (two and a half to four months as from the close of the quarter). The series includes gross wages and salaries, social security contributions and taxes net of subsidies. It is being compiled on the basis of the disaggregated information from six countries, taking as its basis data consistent with National Accounts. The recent adoption of ESA 95 by the countries making up the EU should make this task easier as it will allow the labour cost series in terms of National Accounts to be constructed on the basis of greater methodological harmonisation. Indeed, national series on employee compensation, gross wages and salaries and the number of employed will be available. Nonetheless, progress remains to be made in the construction of harmonised statistics with quarterly data on hours worked or on equivalent employment.

Eurostat is considering the possibility of constructing a Labour Price Index following similar methodology to that used by the United States Labour Statistics Bureau. Analysis of this index, which would be constructed for a fixed basket of employment, would provide for the decoupling of the price effect (arising from the higher price of the direct determinants of labour costs) from composition effects (caused by changes in the sectoral breakdown of employment or the quality thereof). In principle, this index would allow for a better diagnosis of labour cost developments in the euro area. However, from the standpoint of the analysis of the inflationary process, it could not replace the more complete information provided by unit labour costs.

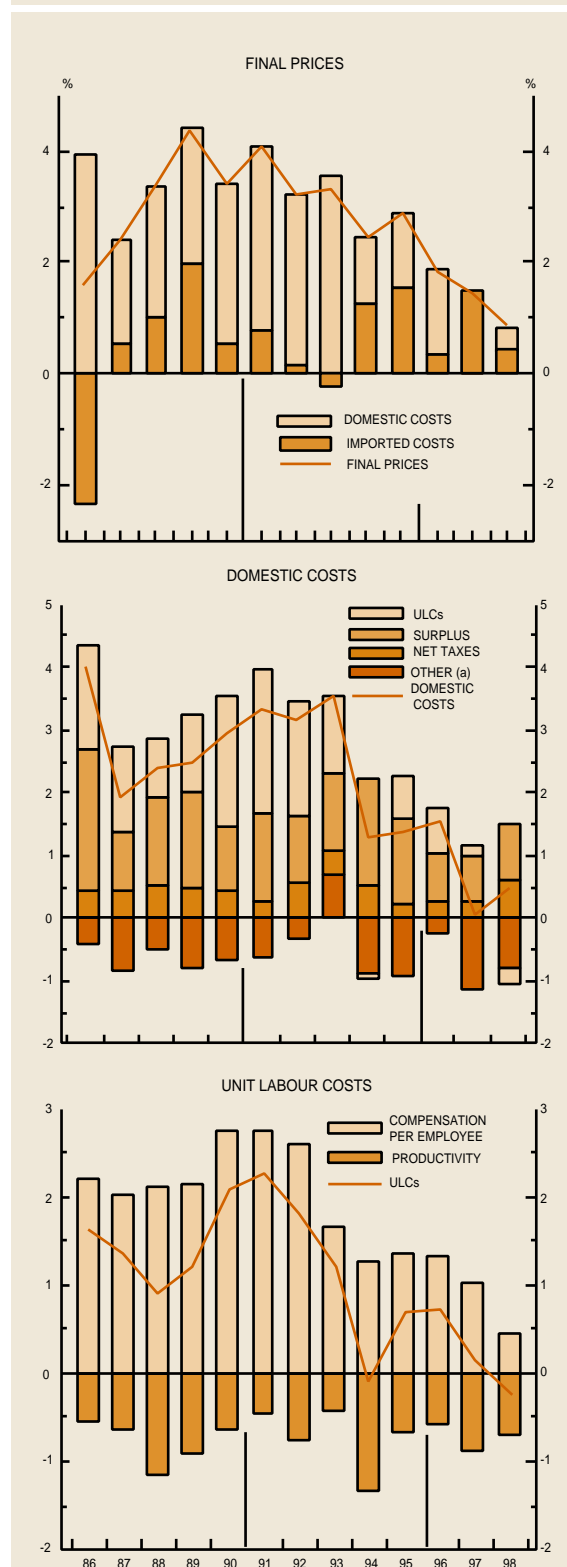
The ECB, through its Working Group on General Economic Statistics, has launched an initiative for the harmonisation of national unit labour cost series on which the quarterly data published in its *Monthly Bulletin* on economy-wide unit labour costs and employee compensation and on average earnings in manufacturing are based. The series are, however, accompanied by a note of caution owing to the inadequate harmonisation of national data. The adoption of the new System of National Accounts should also be of assistance here.

3. AGGREGATE ANALYSIS OF UNIT LABOUR COSTS. THE CONSTRUCTION OF A COST INDICATOR FOR THE EURO AREA

So as to monitor the medium-term price stability objective, the ECB has defined two basic information pillars. The first focuses on changes

CHART 1

Composition of prices in EU-11 Contributions to final price



Sources: ECB and Banco de España.

(a) This component reflects the effect of changes in the ratio of final demand to GDP.

in the money stock and, to this end, the ECB has established a reference value for the growth rate of the monetary aggregate M3. The second pillar involves making an overall diagnosis of the inflationary situation using the information provided by a broad set of macroeconomic indicators. The second pillar has proven particularly important under the exceptional circumstances surrounding the start of EMU, since the tools for the analysis of monetary aggregates are still being developed.

The wide range of potentially informative indicators on the trend of prices means the most relevant such indicators must be carefully selected. Also, analytical instruments providing for an integrated and consistent interpretation of this information must be designed. In this respect, the Banco de España's experience during the period in which its monetary policy was geared to attaining a direct inflation target (a period in which it regularly published an inflation report) indicates that the analysis of price formation via the costs incurred in the productive process (including most notably labour costs) is a cornerstone of the diagnosis of the inflationary situation, along with the output gap, the inflation expectations built into the yield curve and the price forecasts resulting from the application of various econometric techniques.

Among this range of analytical instruments it is worth highlighting here the aggregate cost indicator. This provides an all-encompassing view of the price formation process, which combines the trend of production costs, demand-side conditions in the economy and the more structural elements characterising the product and factor markets. To ensure the maximum explanatory power of this indicator, it is advisable to define it within the National Accounts framework, where a closed and consistent set of information on the economy is offered. Here, the final demand (national demand plus exports) deflator is the key variable that reflects the behaviour of prices and the inflation rate, and its course should be explained through the above-mentioned elements.

Chart 1 gives an estimation of this indicator for the euro area, drawing on a database constructed for a different end than that intended here. As a consequence, the results obtained may not be sufficiently refined, but the current exercise is merely for illustrative purposes.

As indicated, the view of the price formation process obtained via the cost indicator provides highly useful information for diagnosing the inflationary situation. And such information should be at the root of monetary policy decision-making. At an initial level, this approach allows a

distinction to be drawn between two sets of factors that determine the course of prices: external factors, whose immediate influence on prices is channelled via the cost of imported products, and domestic factors, combining the costs attributable to productive factors and the more general demand- and supply-side conditions in the economy. Both groups of factors are depicted in the top part of Chart 1, in terms of contributions to the growth of the demand deflator. It should be borne in mind that the contribution of these external and domestic factors to the behaviour of final prices does not hinge solely on how the prices and costs they represent may trend, but also on the extent to which foreign and domestic products meet final demand: i.e. on what the associated "market share" is and how this trends, the "market" being final expenditure in the economy (6).

The breakdown of the rate of change of final demand prices into their external and domestic contributions is of great significance when characterising the nature and durability of inflationary pressures, as well as the leeway for monetary policy in confronting such pressures. The contribution of the external component may, moreover, prove informative about the impact of monetary policy on prices via the exchange rate, although it is essential here to differentiate between the role played by the behaviour of international prices and that of the exchange rate.

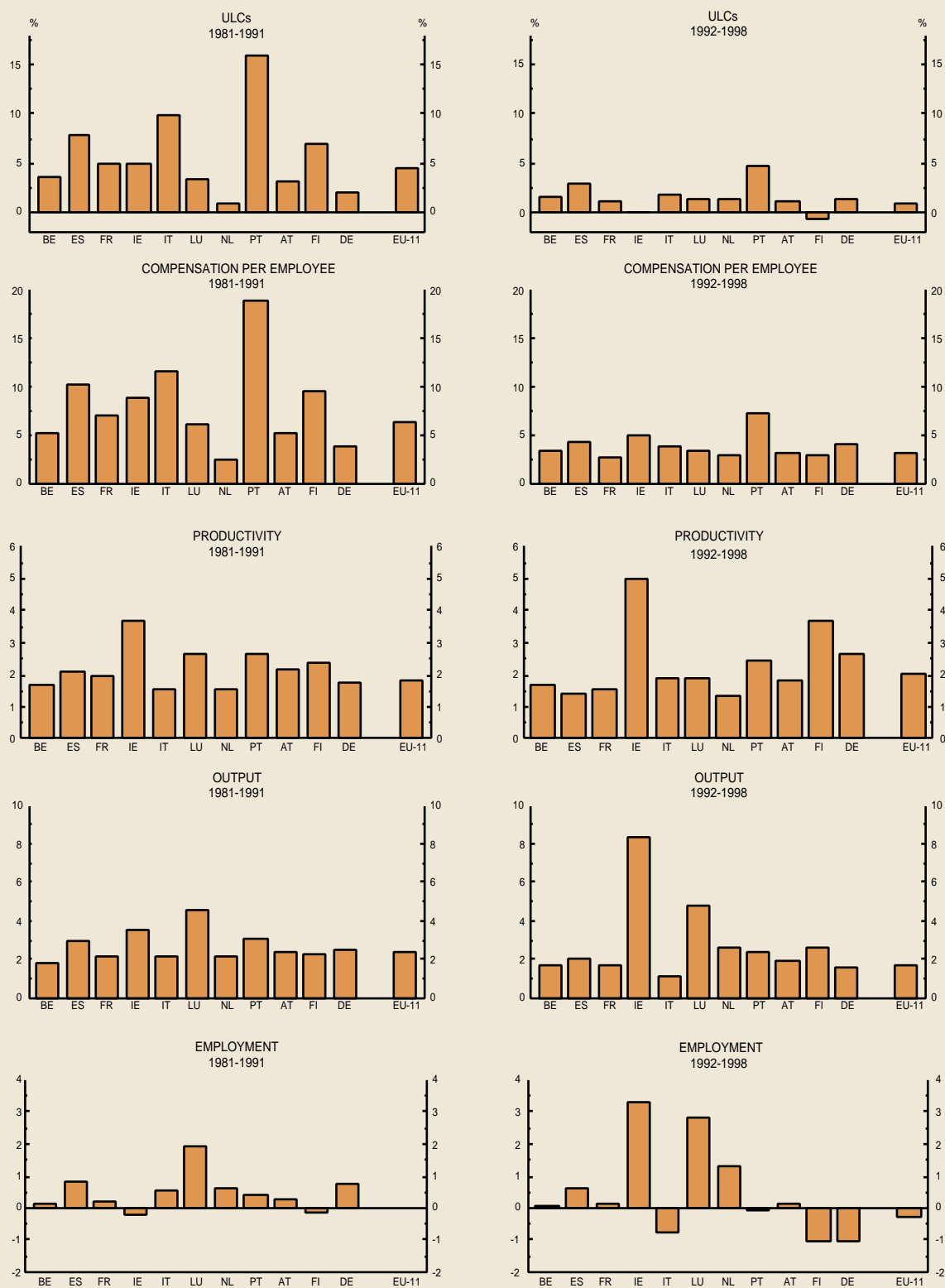
At a second level, the indicator allows for a greater depth of analysis into the factors behind the domestic component of prices: labour costs, the business margin and indirect taxation. The contributions of these factors to the course of prices reflect the decisions adopted by the agents operating in the economy (namely employees, employers and the tax authorities), in the context defined by the cyclical phase, monetary and financial conditions and the structural characteristics of the economy. The central part of Chart 1 shows the influence exerted by these factors on prices in the case of the euro-area countries.

The contribution of unit labour costs (ULCs) reflects the trend in wages and salaries and in other labour costs (including social security contributions, payments in kind or redundancy payments). This contribution is also affected by productivity gains or losses arising from technological and cyclical conditions in the economy. Unit margins (or surplus per unit of output) are

(6) For an analytical explanation of this indicator see "Inflation analysis from the monetary policy standpoint", by P. L'Hôtelier-Fallois, in *Monetary policy and inflation in Spain*, Research Department of the Banco de España, Macmillan.

CHART 2

Unit labour costs and their components Rates of change (a)



Sources: European Commission (AMECO) and Banco de España.
(a) Average rates of change in the period.

TABLE 1

Unit labour costs in EU-11: some reference values

%

	Unit labour costs			Labour costs			Productivity		
	Maximum	Minimum	EU-11 average	Maximum	Minimum	EU-11 average	Maximum	Minimum	EU-11 average
1981-1991	15.9 (PT)	0.9 (NL)	4.5	19.0 (PT)	2.4 (NL)	6.4	3.7 (IE)	1.5 (IT)	1.8
1992-1998	4.7 (PT)	-0.8 (FI)	1.0	7.3 (PT)	2.7 (FR)	3.0	5.0 (IE)	1.4 (ES)	2.0
1991	18.6 (PT)	1.8 (IE)	4.9	18.1 (PT)	4.3 (FR)	6.1	2.8 (IE)	-0.4 (FI)	1.2
1998	3.2 (PT)	-2.3 (IT)	-0.7	6.8 (IE)	-1.3 (IT)	1.1	5.4 (IE)	0.5 (ES)	1.8

Source: European Commission (AMECO).

the outcome of numerous factors ranging from the degree of competition in product markets to demand pressure on the productive system. The behaviour of the unit surplus shows to what extent employers can pass through changes in costs to final prices or to what degree they can absorb them in terms of narrower margins. This greater or lesser adjustment of margins will largely depend on cyclical conditions and on the competition both in domestic and foreign markets. From this standpoint, excessive growth in labour costs will ultimately cause either greater price rises or a squeeze on business margins, thereby worsening corporate profitability.

Lastly, the disaggregated analysis of ULCs offers information on their determinants. It is not surprising that a moderation in ULCs should be induced by a marked slowdown in remuneration or by an intensification of productivity gains. Nor is it incidental that such productivity gains should originate in technological progress, which increases the economy's potential growth capacity, or that they should be the outcome, by contrast, of employment destruction processes. The lower part of Chart 1 illustrates how both elements (remuneration and productivity) have been behind the course of ULCs in the euro area since 1986.

Chart 1 offers a succinct view of the price formation process in the euro area over the past 15 years. At first sight, it is significant that the slowdown in prices in the area in the second half of the nineties has come about against a background of decelerating domestic costs, a slowdown that has gained momentum particularly in the latter years of the period considered. Under domestic costs, the factor that has most contributed to moderating cost pressures has been the slowdown in ULCs, while margins per unit of output have run on a more or less continuous expansionary path. It is further evident that wage behaviour has been the key determinant of the lesser pressure of labour costs.

It seems clear that the use of this analytical instrument, encompassing all the information on prices and costs available for the euro area, would provide the Eurosystem with a very valuable tool for diagnosing the area's inflationary situation. This would be fully in keeping with the second pillar of the monetary policy strategy defined by the Eurosystem to smooth attainment of the price stability objective.

From a broader perspective, one aspect of the monitoring of ULCs, closely linked to their contribution to price formation, is their use for evaluating changes in the global competitiveness of the euro area on international markets. The emergence of significant and permanent shortfalls in competitiveness may be indicative of policy mix imbalances, with potential consequences for the exchange rate. And the relative trend of labour costs is a pivotal indicator in this connection, as it highlights price pressures that might arise in the short and medium term.

4. DISAGGREGATED ANALYSIS OF UNIT LABOUR COSTS IN THE EURO AREA

As earlier indicated, the single monetary policy stance should be based on the conditions in the area as a whole, and it is not possible to take the requirements of the various national economies into account. Nonetheless, the monitoring of the national economies is also of great importance in ensuring the sound workings of EMU. Once uniform conditions of stability have been achieved in the area as a whole, potential discrepancies in the cyclical trend of the national economies or in the nature of the domestic policies applied, the asymmetrical disturbances that may arise or the differences that may emerge as a result of the non-uniform transmission of the common monetary conditions will all tend to become manifest in an area-wide misalignment of ULCs. And these, on feeding through to losses in competitiveness, will trigger

adjustment processes via output and employment.

The associated problems that may arise are essentially domestic-based and should be addressed by the economic policy components retained under national sovereignty. However, the lack of synchrony among the various national economies, stemming from inappropriate domestic economic policies or from a lack of flexibility in the workings of the markets for goods, services and factors, may ultimately affect stability conditions for the area as a whole. Accordingly, vigilance and analysis of potential asynchrony by the ECB will be required. From this standpoint, the monitoring of ULC differences in the euro area is probably as important as the monitoring of national fiscal policies.

Admittedly, this type of individual analysis is most relevant set against a Monetary Union that is already in place. However, Chart 2 offers information on the differential behaviour of labour costs across the euro-area countries in the periods 1981-1991 and 1992-1998, i.e. before the last exchange rate realignment of the currencies making up the ERM and the start of the third stage of EMU. This information may be used as a reference point for verifying to what extent the change entailed by the start of EMU will alter such differential behaviour or not.

As Chart 2 shows, in the years prior to EMU there was a most significant cut in the growth rate of unit labour costs in the countries which were subsequently to make up the euro area. For the area as a whole, this rate fell from 4.5 % on average in the period 1981-1991 to 1 % between 1992 and 1998. The cut was the result of a generalised decline in labour costs and widely differing behaviour in productivity, prompting certain changes in the ranking of the different countries in both periods. In this respect, mention may be made of the negative rate of change of unit labour costs in Ireland and Finland between 1992 and 1998, brought on in both cases by strong apparent labour productivity growth. At the same time, the biggest rises in the cost of the labour factor continued to occur in Spain, Italy and Portugal throughout the period. In Spain and Italy this was due to a situation involving an increase in labour costs that outpaced the area average coupled with productivity gains below said average.

At the starting point of EMU, then, great heterogeneity prevailed regarding the situation of unit labour costs and their breakdown into labour costs and productivity. As Table 1 shows, the range of growth rates of each of these variables, though far below that of prior years, remained high. Though not in all cases,

labour cost discrepancies were offset by similar discrepancies in apparent labour productivity. Naturally, this situation means that the diagnosis of EMU-wide cost conditions that may be made on the basis of the behaviour of aggregate variables for the euro area must be qualified bearing in mind regional wage and productivity discrepancies.

5. DISAGGREGATED ANALYSIS OF UNIT LABOUR COSTS BY SECTOR: THE CASE OF SPAIN

Sectoral analysis of the behaviour of prices and their breakdown into the contributions of unit labour costs and operating margins also allows for enhanced analysis of competitiveness and of the working of goods, services and productive factor markets.

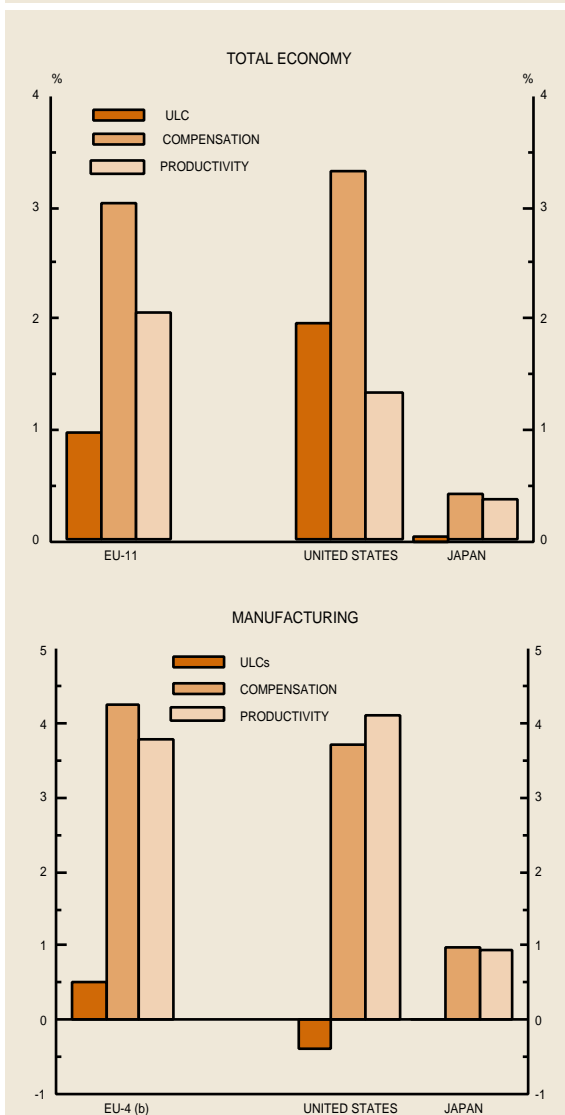
From the standpoint of evaluating the overall competitiveness of the euro area on international markets, comparing the trend of unit labour costs across the euro area with that of its main trading partners proves, as earlier discussed, to be essential information. Nonetheless, aggregate cost information may occasionally not suffice to extract a correct diagnosis of the situation. Indeed, as can be seen in the top half of Chart 3, where ULCs are compared in the euro area, the United States and Japan, aggregate analysis of the behaviour of these variables offers a relatively favourable message to the European economy, whose unit labour costs decelerated on a much greater scale than they did in the United States during the nineties. This was mainly due to sharp increases in apparent labour productivity. However, if this analysis is confined to manufacturing, albeit with the caveats required owing to the incomplete nature of the information used in the lower half of Chart 3, the results change significantly. Manufacturing productivity is seen to be less expansionary than that in the United States and the growth of unit labour costs in Europe is observed to be higher (7).

Indeed, this type of disaggregated analysis has also been and is very useful in the Spanish economy for identifying the source and scope of the problems pertaining to the lack of competitiveness. As is known, the Spanish inflation rate, though it has been substantially cut in recent years, has not managed fully to fall to the euro-area average. The fact that Spanish price

(7) A more detailed analysis of the relative situation of unit labour costs in the EU, the United States and Japan can be found in "European competitiveness in the Triad: Macroeconomic and structural aspects", *Europe an Economy*, Supplement A, Economic Trends, no. 7, July 1998.

CHART 3

Unit labour costs and their components Rates of change (a)



Sources: European Commission (AMECO) and Banco de España.

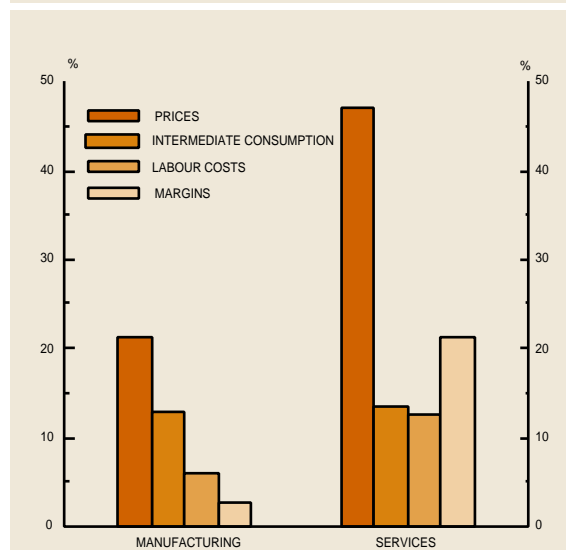
- (a) Average growth rates for the period 1992/1998.
(b) Aggregate for Germany, Spain, France and Italy.

risers are not appropriately aligned with those of other euro-area countries is due essentially to the limited adjustment of services prices, whose growth rate to date in 1999 is almost two percentage points higher than the related rate for services across the euro area.

If the trend of final prices is compared, using information broken down by sector, with that of ULCs in both manufacturing and in services, highly illustrative conclusions are obtained on the nature of the problem posed (see Chart 4). It can thus be seen that part of the more inflationary behaviour of services is due to faster-

CHART 4

Spain: inflation in manufacturing and services Contributions to growth (a)



Sources: Instituto Nacional de Estadística and Banco de España.

- (a) Cumulative contributions relative to growth for the period 1991-1998.

rising ULCs in the sector. But another likewise significant part is due to a more inflationary contribution by gross operating margins, approximated by the difference between the growth of final prices and the growth of labour costs and of intermediate costs. This is indicative of a greater presence in services of markets sheltered from competition, which allows higher margins to be sustained irrespective of market conditions, greater permissiveness in the face of cost increases and an inadequate pass-through of cost restraint.

Relatively higher ULCs in the services sector are the result of a situation of lower productivity gains than in the manufacturing sector, combined with much more uniform wage growth. The greater pace of productivity growth in manufacturing may be partly attributed to the greater buoyancy of technological innovation in a sector subject to stiff international competition. But it is also partly due to heavy labour shedding in manufacturing during the contractionary phases of the cycle, as a result of the rigidities of the Spanish labour market.

In sum, the sectoral analysis undertaken enables the problems of competitiveness prevalent in services and the inadequate flexibility of the Spanish labour market to be highlighted. These issues are pivotal for arriving at an accurate diagnosis of the appropriate economic policy solutions.

6. CONCLUSIONS

This article examines the importance of having good ULC statistics for the euro area (both at the aggregate level for the area as a whole and with a breakdown by country and by productive sector) to analyse the economic situation in the euro area and the conduct of the single monetary policy. The aggregate information should be one of the key indicators in the assessment of overall inflationary trends, in keeping with the second pillar of the monetary policy strategy adopted. The use of ULCs with-

in the framework of a general cost indicator can provide useful signposts not only regarding future inflationary trends but also on the source and durability of potential inflationary pressures. The disaggregated information can anticipate the lack of synchrony that may arise among the national economies of the EMU members, offering information on its causes and nature. It may thus serve as a basis for the economic policy diagnosis appropriate to each case.

17.9.1999.

Financial regulation: third quarter of 1999

1. INTRODUCTION

As in the second quarter of 1999, relatively few provisions of a financial nature were introduced in the third quarter.

In relation to the Banco de España, first the amendment of the general clauses applicable to monetary policy operations as regards the effects of breach of obligations arising under such general clauses is highlighted. Second, with regard to the Central Credit Register (*Central de Información de Riesgos*, CIR), the medium or vehicle whereby reporting entities may request the information they require from the CIR is specified.

As regards the securities markets, three provisions are mentioned, two of which affect the government debt market. First, arrangements have been made for the first issue of ten-year cancellable notes, in order to continue the policy of diversifying the range of instruments for financing the government in the long-term segment. Second, the legal regime for Spanish-government-debt market makers was changed in order to preserve debt-market liquidity, which had been drying up as a consequence of the concentration of the business of derivatives on European government debt. Finally, as regards private securities markets, the information of a public nature which must be reflected in relation to transactions on the official securities markets has been determined, in order to continue improving market transparency.

As for currency-exchange bureaux, certain procedures have been automated and some minor clarifications, which experience has shown to be necessary, have been introduced into the law regulating them.

Electronic signatures have been regulated, given the growing need for greater legal certainty and integrity in internet-based communications in which this new medium is used.

Finally, a new legal framework has been created for co-operatives, based on European directives. It incorporates numerous changes made to Spanish company law in recent years.

2. BANCO DE ESPAÑA: MONETARY POLICY OPERATIONS

The Resolution of 11 December 1998 (1) of the Executive Commission of the Banco de Es-

(1) See "Financial regulation: fourth quarter of 1998", in *Economic bulletin*, Banco de España, January 1999, pp. 78-82.

paña (BE) specified the general clauses applicable to monetary policy operations executed by the BE from 1 January 1999, in accordance with the guidelines set by the European Central Bank (ECB). This resolution has recently been amended by the *Resolution of 23 July 1999 of the Executive Commission of the BE* (BOE [Official State Gazette] of 7 August 1999), to revise the circumstances and effects of breach by the entities of their obligations arising under these general clauses.

In this respect, the Resolution of 11 December provided for financial penalties (ranging from 10,000 to 1,000,000 euro together, under certain circumstances, with the suspension or exclusion of the counterparty in breach from access to monetary policy operations) in certain cases of breach by the counterparty in connection with tenders, the contractual instruments which regulate open market operations, end-of-day procedures and the use of collateral, or of breach of the obligations arising under the regulations in force on minimum reserves.

The Resolution of 23 July amended the above-mentioned financial penalty. Its amount shall now be determined by applying the ESCB marginal lending rate plus 2.5 percentage points to the amount obtained by applying the rules laid down in the resolution according to the nature of the breach. Thus, in the event that the counterparty fails to provide sufficient eligible assets for the settlement of its obligations arising out of the tender procedures, only that part of the bid allotted to the said counterparty that is actually covered by the aforesaid eligible assets shall be settled. The grounds for imposition of the penalty shall be that the counterparty is not capable of providing sufficient collateral on the settlement date. Penalties shall be imposed on the difference between the amount allotted and the adjusted market value of the collateral.

The penalty applicable to the first and second breach committed by a counterparty within a 12-month period, running from the first breach, shall be equivalent to the result of applying the ESCB marginal lending rate plus 2.5 percentage points to the difference between the amount allotted at auction to the counterparty and the adjusted market value of the collateral. If the resulting amount is less than 500 euro no penalty will be imposed.

In the event of a third breach within the 12 months following the first such breach, in addition to the corresponding financial penalties, a further penalty shall be imposed in accordance with the rules laid down in the resolution, consisting of the suspension of the counterparty in breach.

In cases of serious breach, taking into account the amounts of the operations, the frequency of the breach and the specific circumstances of the same, the exclusion of the counterparty from access to open market operations may be considered. Finally, in cases of force majeure – i.e. breach for reasons beyond the control of the counterparty – no penalty will be imposed.

3. CENTRAL CREDIT REGISTER

The Central Credit Register, organised by the BE in accordance with the provisions of Legislative Decree 18/1962 of 7 June 1962 on nationalisation and reorganisation of the Banco de España, began to operate in December 1963. Since then a number of reforms have been made. Specifically, the amendments of BE Circular 7/1989 of 24 February 1989 (now repealed) and BE Circular 3/1995 of 25 September 1995 (2) basically consisted in a widening of the reporting entities and the borrowers and credits reported, adapting the CIR to the changes which had occurred in the financial system. The last amendment was made by BE Circular 6/1998, of 29 May 1998 (3). It modified the amendment of 1995 to redefine certain concepts and introduce some reforms in order to improve the information provided by the CIR.

Recently, *BE Circular 8/1999 of 27 July 1999* (BOE of 7 August 1999), due to be effective as of 1 November 1999, filled a gap in BE Circular 3/1995, which had failed to specify the medium or vehicle for applying for the information which the reporting entities require from the CIR. In this respect, BE Circular 8/1999 specifies that such applications shall be made in accordance with the format set out in the Annex to the Circular, in a magnetic medium or by computer links, given that the increase in their numbers has made it advisable to restrict the use of paper (4). Finally, the applications shall be accompanied by an express declaration by the applicant that it has the authorisation of the borrowers as required by such Circular.

4. GOVERNMENT DEBT: ISSUANCE OF CANCELLABLE 10-YEAR NOTES

Pursuant to the powers granted by the Budget Law, the consolidated text of which was ap-

(2) See "Regulación financiera: cuarto trimestre de 1995", in *Boletín económico*, Banco de España, January 1996, p. 82.

(3) See "Financial regulation: second quarter of 1998", in *Economic bulletin*, Banco de España, July 1998, p. 84.

(4) Only applications relating to more than five holders will be admitted on paper.

proved by Royal Legislative Decree 1091/1988 of 23 September 1988, the Ministry of Economy and Finance has in recent years been expanding and modifying the range of instruments and techniques used by the Directorate General of the Treasury and Financial Policy ("the Treasury") in order to improve and boost the government debt market and at the same time, to facilitate its funding policy in the market. It is also empowered to issue or redeem debt, to establish its representation, maturity, interest rate and other features, as well as, where applicable, to execute such operations. These powers are delegated to the Treasury by a Ministerial Order of 27 January 1999 (5), which makes arrangements for the creation of government debt during 1999 and January 2000.

Making use of this prerogative and in order to diversify the range of government funding instruments in the long-term segment, the *Resolution of 9 August 1999* (BOE of 11 August 1999) was published. This arranged for the first issue of euro-denominated ten-year cancellable notes ("the notes"), with a face value of 500 million euro, to be made on 10 August 1999.

The maturity date of the notes is 10 August 2009, they have a nominal interest rate of 4.78 % per annum and coupons are payable annually in arrears (the first payable on 10 August 2000). Investors shall be entitled to redeem their securities early, on 10 August 2003, 2005 and 2007, with repayment at less than face value (96.1 %, 96.4 % and 98.03 % respectively). To do so they will have to give notice of their desire to redeem them ten business days (according to the "TARGET calendar") prior to the respective redemption date. Finally, a minimum trading amount of 1,000 euro is established.

5. GOVERNMENT DEBT: CHANGES TO THE REGULATION OF "MARKET MAKERS"

The Ministerial Order of 10 February 1999, implemented by the Resolution of 11 February 1999 of the Directorate General of the Treasury and Financial Policy (DGTPF) (6), established the basic principles, as well as the rights and obligations of Spanish government-debt market makers.

Fulfilment by market makers of their commitments has enabled the debt market to remain

highly liquid in the new environment defined by the EU. However, in recent months there has been a considerable loss of liquidity in the Spanish government-debt futures market as a consequence of the concentration of the European government-debt derivatives business.

The substitution of national-bond futures by a contract on another bond poses problems for its use as a hedging instrument in the national spot market. This situation warrants the search for ways of recovering the natural hedging of Spanish bonds (the Spanish-bond future), since lack of liquidity reduces the interest of members which, in turn, leads to further losses of liquidity.

To this end, the *Resolution of 23 July 1999* of the DGTPF (BOE of 28 July 1999), which amends that of 11 February 1999, has been published. The new resolution releases market makers with permanent establishments in Spain from the obligation of quoting one of the two benchmark bonds with residual maturity of over eight years.

At the same time, it requires them to continue to quote the 10-year notional MEFF bond during 60 % of the market session with a maximum bid-offer spread of 10 ticks (i.e. ten basis points) and a minimum of forty contracts for each position. Breach of this obligation for six consecutive months shall be a ground for withdrawal of market-maker status, in accordance with the Resolution of 11 February 1999.

6. CURRENCY-EXCHANGE BUREAUX

Law 13/1996 of 30 December 1996 (7) on fiscal, administrative and social measures, which accompanied the 1997 Budget Law, established, inter alia, the sanctioning regime applicable to the owners of currency-exchange bureaux, other than credit institutions, as well as to their directors and managers, similar to the legislation in other European countries. Subsequently, Royal Decree 2660/1998 of 14 December 1998 (8) implemented the law through regulations and modified the legal regime of these bureaux, making important changes to the powers of the BE, which had until then been regulated in BE Circular 8/1992 of 24 April 1992 (9).

(7) See "Regulación financiera: cuarto trimestre de 1996", in *Boletín económico*, Banco de España, January 1997, p. 115.

(8) See "Financial regulation: fourth quarter of 1998", in *Economic bulletin*, Banco de España, January 1999, pp. 99 and 100.

(9) See "Regulación financiera: segundo trimestre de 1992", in *Boletín económico*, Banco de España, July-August 1992, p. 91.

(5) See "Financial regulation: first quarter of 1999", in *Economic bulletin*, Banco de España, April 1999, p. 63.

(6) See "Financial regulation: first quarter of 1999", in *Economic bulletin*, Banco de España, April 1999, pp. 60-62.

Later, the BE Resolution of 6 April 1999 published Internal Circular 1/1999 of 6 April 1999 on currency-exchange bureaux, which developed, inter alia, the obligations of the authorised entities to submit information to the BE, as well as the responsibilities of the various internal departments of the BE in the area. Likewise, it delegated powers to authorise new entities to the branches of the BE.

Recently, the BE Resolution of 27 September 1999 (BOE of 4 October 1999) published Internal Circular 4/1999 of 27 September 1999 on currency-exchange bureaux, which makes certain changes to the previous Internal Circular in order to adapt the computer application "ROC" (*Registro de Oficinas de Cambio de Moneda*) to the new requirements of Royal Decree 2660/1998. This has automated certain procedures that were previously carried out manually and permits the branches of the BE to manage most of the data of the owners.

7. RULES ON TRANSPARENCY IN THE OPERATIONS OF OFFICIAL SECURITIES MARKETS

Royal Decree 629/1993 of 3 May 1993 (10) on rules for acting in the securities markets and compulsory registrations, implemented by the Ministerial Order of 25 October 1995 (11) and CNMV Circular 1/1996 of 27 March 1996 (12), laid down certain minimum rules of conduct for all persons operating on securities markets, based on EU recommendations and directives, which involved a significant step towards securing the transparency of all participants in such markets.

Subsequently, Law 37/1998 of 16 November 1998 (13) reformed the Securities Market Law 24/1988 of 28 July 1988 (14) in order to incorporate Council Directive 93/22/EEC of 10 May 1993 on investment services in the securities field into Spanish law. In order to secure market transparency, it provides that the National Se-

curities Market Commission (CNMV), the Banco de España or the market regulatory bodies shall determine, within such limits as may be established by regulations, the information of a public nature on market operations which it shall be compulsory to disclose.

Pending its implementation in regulations, the CNMV has promulgated *CNMV Circular 3/1999 of 22 September 1999* on the transparency of operations on official securities markets (BOE of 1 October 1999), since it is essential to determine the minimum information that must be published on operations carried out on official securities markets (15), in accordance with the minimum requirements laid down in the Directive 93/22/EEC.

The Circular regulates the information of a public nature that stock markets, official futures and options markets and the AIAF fixed-income market must disclose on (both ordinary and extraordinary) market operations, as well as, where applicable, the orders made on the same.

The *stock market regulatory companies* shall publish, in daily turnover bulletins or through other appropriate media, certain information which is set out in the Circular, according to the type of operation to be carried out. The Circular thus regulates the information which must be published on ordinary operations (both on orders made and operations executed); on equity operations carried out through floor trading; on operations carried out on the electronic fixed-income market; on special stock market operations and on extraordinary operations.

The *regulatory companies of official futures and options markets* shall publish, in real time and for each contract and open maturity and series, where applicable, the cumulative volume for each of the three best bid and offer proposals. As regards operations executed, the price, volume and time of execution of all operations carried out during the session shall be indicated and, as regards open positions, the volume thereof.

Finally, with regard to operations executed in the AIAF fixed-income market, the volume contracted in each issue traded, the latest price and IRR shall be reported in real time, except for short-term assets (promissory notes) for which only the latest volume contracted and IRR shall be published.

(10) See "Regulación financiera: segundo trimestre de 1993", in *Boletín económico*, Banco de España, July-August 1993, p. 91.

(11) See "Regulación financiera: cuarto trimestre de 1995", in *Boletín económico*, Banco de España, January 1996, pp. 85 and 86.

(12) See "Regulación financiera: primer trimestre de 1996", in *Boletín económico*, Banco de España, April 1996, pp. 130 and 131.

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

(14) See "Regulación financiera: tercer trimestre de 1988", in *Boletín económico*, Banco de España, October 1988, pp. 61 and 62.

(15) This Circular is not applicable to operations in the government-debt market.

8. ELECTRONIC SIGNATURE

Given the progress in telecommunications in recent years and the increase in so-called electronic business, there has been a growing demand for the regulation of electronic signatures, in order to give the use of this new medium greater legal certainty and completeness. A draft directive to establish a common framework for electronic signatures is being debated in the European Union and Spain is a very active participant in this debate.

Respecting the content and the common position of the aforementioned directive, and anticipating its promulgation, *Royal Legislative Decree 14/1999 of 17 September 1999* (BOE of 18 September 1999) on electronic signatures has been published. It establishes a clear regulation of the latter, giving them legal effectiveness, and it specifies the regime applicable to certification service providers. It also determines the register in which certification service providers will have to be registered and the regime for administrative inspection of their activity, it regulates the issuance and loss of efficacy of the certificates and it defines the infringements and sanctions that are provided for to secure its performance.

An electronic signature is defined as data in electronic form attached to, or logically associated with, other electronic data, which serves as a means of formally identifying the author or authors of the document in which it is contained. An electronic signature is "advanced" if it is capable of identifying the signatory (16), has been created using means that the signatory can maintain under his sole control and is linked to the data to which it relates in such a manner that any subsequent change of the data is detectable.

As to their legal effects, advanced electronic signatures, provided that they are based on a qualified certificate (17) and that they have been created by a secure signature creation device, shall have the same legal effects as a hand-written signature in relation to paper-based data and shall be admissible as evidence in legal proceedings, being valued according to the consideration criteria established in procedural rules.

(16) The signatory is the natural person who holds a signature creation device and acts either on their own behalf or on behalf of the natural or legal person they represent.

(17) The certificate is the electronic attestation which links a signature verification data to a signatory and confirms their identity. The certificate is qualified if it is issued by a certification service provider.

An advanced electronic signature shall be presumed to fulfil the conditions necessary to produce the effects indicated, when the qualified certificate on which it is based has been issued by an accredited certification service provider (18) and when the secure signature creation device is certified.

The provision of certification services is not subject to prior authorisation and is carried out under a freely competitive regime. No restrictions may be placed on certification services originating in another EU Member State.

The creation of the Register of Certification Service Providers ("the Register") at the Ministry of Justice should be highlighted. All such providers established in Spain shall have to apply, prior to the commencement of their activity, for registration, which will be regulated in the appropriate regulations. The Registry shall be public and shall keep permanently up to date and available to the public, a list of the entities registered, their names or business names, their internet page or e-mail address and, where applicable, their accredited status or capacity to issue qualified certificates. It will be possible to consult the data entered in the register on-line or through the appropriate register certificate.

Another section of the decree establishes the obligations that must be fulfilled by certification service providers in general, and providers issuing qualified certificates in particular. The latter shall, among other obligations, ensure speed and security in the provision of the service and, specifically, they must use trustworthy systems and products which are protected against modification and they must ensure the technical and, where applicable, cryptographic security of the certification processes supported by them.

As regards supervision and control, the Ministry of Public Works, through the Secretary General for Communications, shall oversee the performance of the obligations of the certification service providers. The latter must provide to the said Secretary General all such information and means necessary for it to exercise its functions. The infringements which service providers may commit are defined, being classified as very serious, serious and minor, as are the related sanctions, which may amount to a ban on performance of the activity in Spain for a maximum period of two years.

(18) The certification service provider is the natural or legal person who issues certificates. They are also able to provide other services related to electronic signatures.

One section of the decree refers to the equivalence of certificates across countries. Certificates issued by providers in countries that are not EU Member States may be equivalent to those issued in Spain if they fulfil a number of requirements set out in the decree.

Other noteworthy aspects of the Royal Legislative Decree are the requirements that must be met by qualified certificates, as well as the period of effectiveness and the loss of efficacy of the certificates.

9. NEW CO-OPERATIVES LAW

The General Co-operatives Law 3/1987 of 2 April 1987 adapted the legal regime for co-operative companies to the requirements of the system of regional (autonomous) government. Even so, it has been necessary to create a new legal framework which, drawing on Community commercial and fiscal directives, reflects the numerous changes made to Spanish company law in recent years. This has been possible through publication of the *Co-operatives Law 27/1999 of 16 July 1999* (BOE of 17 July 1999), which reinforces the basic principles of the co-operative spirit and confronts the major economic and business challenges posed to it by Spanish membership of the Economic and Monetary Union.

In accordance with the powers transferred to the Regional (autonomous) governments, the scope of application of the law relating to co-operative companies which carry on their activity within the territory of several regional (autonomous) governments (except when it is mainly carried on in one of them) and to co-operative companies which mainly carry on their activity in the towns of Ceuta and Melilla has been redefined.

The Law provides a broad flexible framework within which co-operatives can regulate themselves, and establishes the basic principles that must generally be applied in the pursuit of their activity. One objective of the law is to reinforce business consolidation among co-operatives. For this purpose it has been necessary to make their financial and corporate regime more flexible, as well as to introduce certain changes relating to corporate financing. Thus, access to new ways of raising own funds is permitted, through the issuance of *special shares* (*participaciones especiales*) with a maturity of at least five years, which may be freely transferable. Also, the possibility is envisaged of issuing *non-voting equity units* (*títulos participativos*), remunerated according to the co-operative's profits.

With regard to their incorporation, the minimum number of members for a grade one co-op-

erative is reduced from five to three, which will facilitate the creation of this kind of company. To the same end, it is established that co-operatives are incorporated by means of the simultaneous appearance of all three promoter members, with the incorporation meeting being abolished, so that the process is speeded up. Also, the concept of a "sponsoring member" (*socio colaborador*) is developed to substitute the so-called "associate" (*asociado*) of the previous Law, thereby increasing participation possibilities.

At the same time, new regulations have been established to govern the right of withdrawal of contributions, with greater protection for members and reinforcement of the co-operative "open-door" principle.

Another group of changes relate to the forms of financial collaboration between co-operatives. Thus, the concept of "special merger" has been created, whereby a co-operative company can be merged with any kind of civil partnership or commercial company, and the concept of the change of status of a co-operative company to another civil partnership or commercial company is regulated, without it being necessary to wind up the co-operative and create a new one. At the same time, new activities are included within the different classes of co-operatives such as social initiative, integral and so-called "mixed" co-operatives, in the regulation of which elements specific to co-operatives exist alongside others specific to commercial companies. In other respects, the forms of association of co-operative companies (unions, federations and confederations) have been maintained in order to promote the co-operative movement at the state level so as to defend and promote its interests, and the powers of inspection and sanctioning of the Ministry of Work and Social Affairs remain in place.

Finally, as regards credit co-operatives, they will continue to be governed by their specific legislation and by the provisions implementing the same (19). The general provisions regulating the activity of credit institutions will also apply to them and the Co-operatives Law will only be of supplementary effect.

20.10.1999.

(19) The rules regulating credit co-operatives are contained in Law 13/1989 of 26 May 1989, which laid down the foundations of their legal system taking into account the dual nature of these institutions, which arises because besides being credit institutions they preserve their nature as co-operative promoting institutions. This law was implemented by Royal Decree 84/1993 of 22 January 1993, which besides adapting certain aspects of the legal framework for credit co-operatives to that of other credit institutions, incorporated the provisions of Community law applicable to them.

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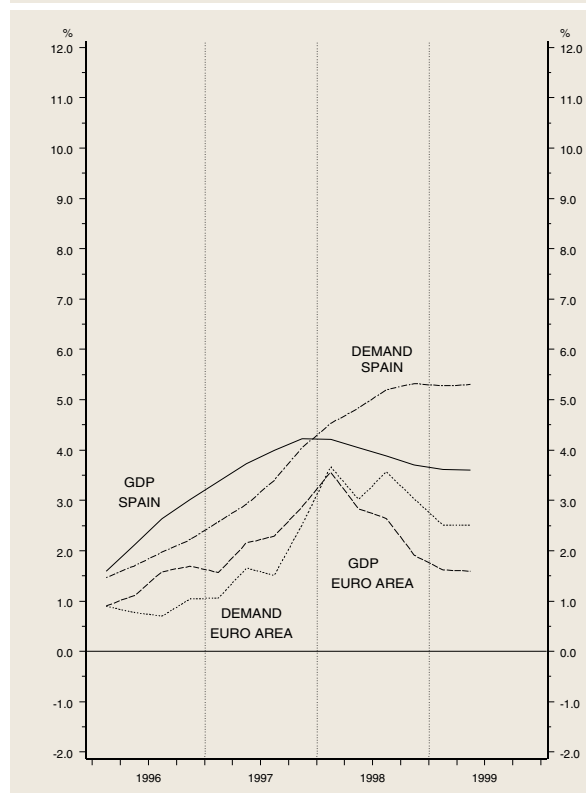
1.1. Gross domestic product. Constant 1995 prices. Demand components. Spain and euro area (a)

n Series depicted in chart.

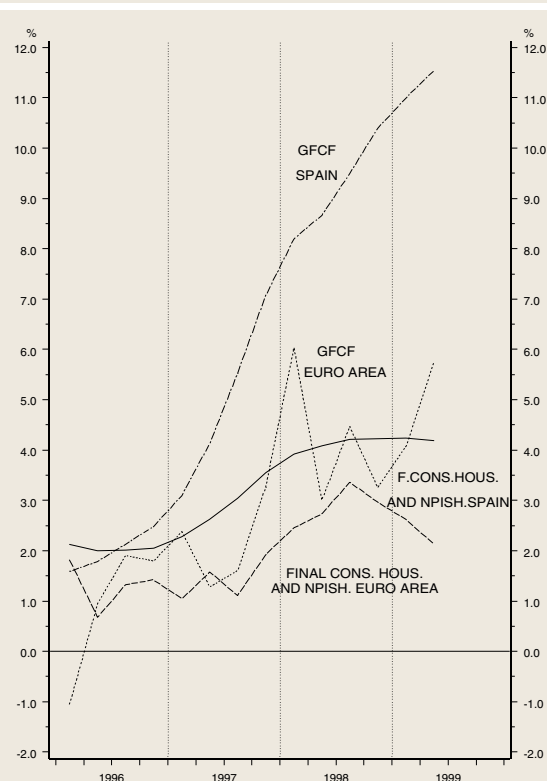
Annual percentage changes

	GDP		Private consumption		Government consumption		Gross fixed capital formation		Domestic demand		Exports		Imports		Memorandum item: GDPmp (current prices)	
	Spain	Euro area (b)	Spain	Euro area (c)	Spain	Euro area (d)	Spain	Euro area	Spain	Euro area	Spain	Euro area (e)	Spain	Euro area (e)	Spain (f)	Euro area (b)
	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	2.3	1.3	2.0	1.4	1.3	1.8	2.0	0.9	1.8	0.9	10.3	4.4	8.1	3.1	463	5 525
97	3.8	2.2	2.9	1.3	2.7	0.3	5.0	2.1	3.2	1.7	15.1	9.9	12.8	8.7	492	5 643
98	4.0	2.7	4.1	2.7	2.0	1.2	9.2	4.2	5.0	3.3	7.1	6.3	11.1	8.5	523	5 871
96 II	2.1	1.1	2.0	0.8	1.1	2.0	1.8	0.9	1.7	0.8	9.3	2.1	7.4	1.2	115	1 377
96 III	2.6	1.6	2.0	1.4	1.7	1.9	2.1	2.0	2.0	0.7	12.0	5.4	9.0	2.5	117	1 391
96 IV	3.0	1.7	2.1	1.5	2.1	1.1	2.5	1.9	2.2	1.1	13.8	7.0	10.3	5.2	119	1 393
97 I	3.4	1.5	2.3	1.0	2.5	0.9	3.1	2.3	2.6	1.1	15.3	6.0	11.9	4.7	120	1 390
97 II	3.7	2.2	2.6	1.6	2.7	0.6	4.1	1.4	2.9	1.7	16.0	9.9	12.8	8.7	122	1 407
97 III	4.0	2.3	3.0	1.0	2.9	0.2	5.5	1.6	3.4	1.5	15.5	12.2	13.3	10.4	124	1 414
97 IV	4.2	2.9	3.6	1.8	2.8	-0.4	7.1	3.3	4.0	2.5	13.8	11.3	13.3	10.7	126	1 433
98 I	4.2	3.6	3.9	2.5	2.4	1.4	8.2	6.0	4.5	3.7	10.5	11.2	11.9	12.1	128	1 446
98 II	4.0	2.8	4.1	2.6	2.2	1.3	8.7	2.9	4.8	3.0	8.0	8.9	11.2	10.1	130	1 460
98 III	3.9	2.6	4.2	3.2	1.9	1.1	9.5	4.6	5.2	3.6	5.7	4.4	10.7	7.6	132	1 476
98 IV	3.7	1.9	4.2	2.8	1.6	1.0	10.4	3.2	5.3	3.1	4.5	1.0	10.5	4.6	134	1 490
99 I	3.6	1.6	4.2	2.6	1.2	1.2	11.0	4.2	5.3	2.5	4.9	-0.1	11.0	2.4	136	1 504
99 II	3.6	1.5	4.2	2.0	1.3	1.5	11.5	5.2	5.3	2.4	5.6	0.2	11.8	2.9	138	...

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) Spain: prepared in accordance with ESA 95, trend-cycle series. Euro area: prepared partly in accordance with ESA 95, partly with ESA 79.

(b) Data at constant prices have been revised and are at present not consistent with those at current prices.

(c) Euro area: national private consumption.

(d) Euro area: government consumption.

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

(f) EUR millions for Spain and ECU billions for the euro area.

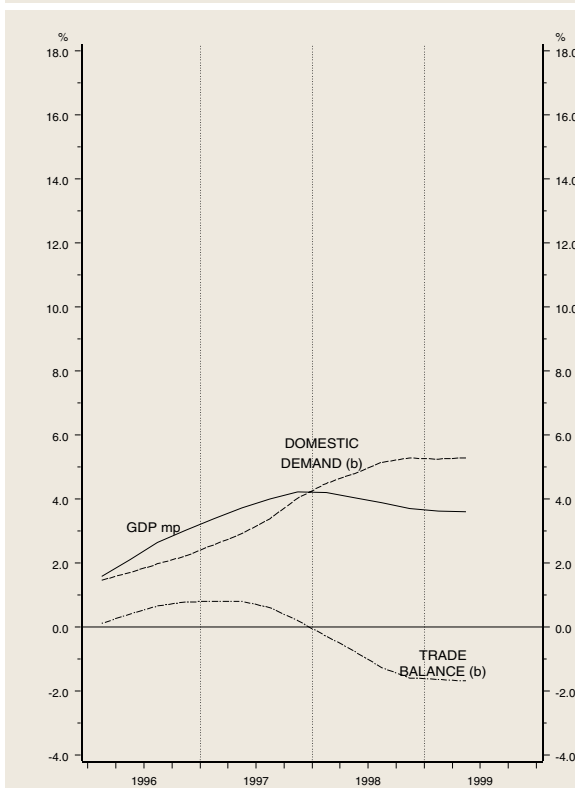
1.2. Gross domestic product. Constant 1995 prices. Demand components. Spain (a)

n Series depicted in chart.

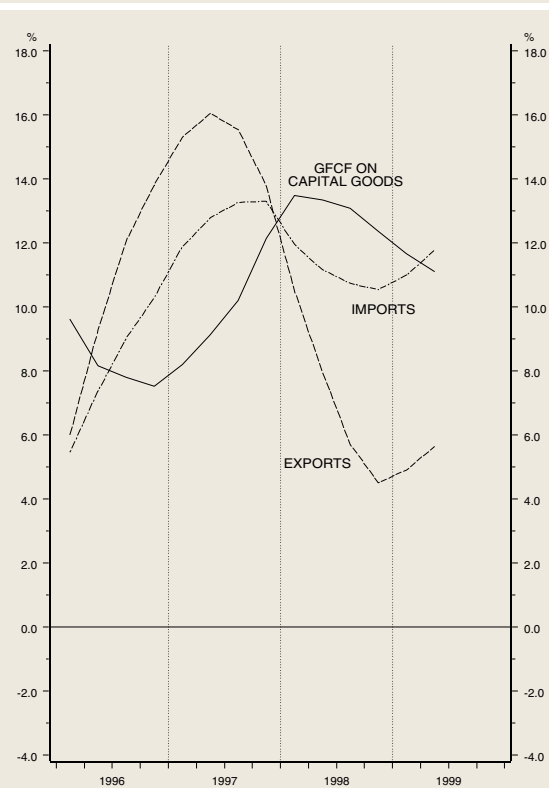
Annual percentage changes

	Gross fixed capital formation			Change in stocks (b)	Exports of goods and services				Imports of goods and services				Memorandum item:		
	Total	Capital goods	Construction		Total	Goods	Tourism	Other services	Total	Goods	Tourism	Other services	Trade balance (b)	Domestic demand (b)	GDP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	n	n	n	n	n	n	n	n	n	n	n	n	n	n	n
96 p	2.0	8.3	-1.0	-0.1	10.3	10.5	6.3	16.9	8.1	7.7	7.5	10.6	0.5	1.8	2.3
97 p	5.0	9.9	2.3	-0.1	15.1	16.6	9.6	15.1	12.8	13.0	-0.9	15.1	0.6	3.2	3.8
98 p	9.2	13.0	7.0	0.1	7.1	5.1	10.7	14.3	11.1	10.5	10.5	14.8	-1.0	4.9	4.0
96 II p	1.8	8.2	-1.3	-0.1	9.3	9.2	5.4	17.2	7.4	6.8	10.1	10.3	0.4	1.7	2.1
III p	2.1	7.8	-0.7	»	12.0	12.7	7.3	16.8	9.0	8.4	8.5	13.1	0.7	2.0	2.6
IV p	2.5	7.5	-0.1	0.1	13.8	14.8	8.9	16.3	10.3	10.0	3.4	13.8	0.8	2.2	3.0
97 I p	3.1	8.2	0.5	0.1	15.3	16.9	9.3	15.6	11.9	12.0	-3.4	15.5	0.8	2.6	3.4
II p	4.1	9.1	1.5	»	16.0	17.9	9.6	15.2	12.8	13.2	-4.2	14.8	0.8	2.9	3.7
III p	5.5	10.2	3.0	-0.1	15.5	17.2	9.7	14.9	13.3	13.6	0.1	14.4	0.6	3.4	4.0
IV p	7.1	12.1	4.3	-0.1	13.8	14.7	9.7	14.7	13.3	13.3	4.1	15.7	0.2	4.0	4.2
98 I p	8.2	13.5	5.3	-0.1	10.5	9.9	10.4	14.7	11.9	11.5	7.6	15.5	-0.3	4.5	4.2
II p	8.7	13.3	6.0	0.1	8.0	6.4	10.6	14.5	11.2	10.5	10.6	15.5	-0.7	4.8	4.0
III p	9.5	13.1	7.4	0.2	5.7	3.2	10.7	14.2	10.7	10.0	11.0	15.6	-1.3	5.1	3.9
IV p	10.4	12.4	9.2	0.2	4.5	1.5	11.1	13.8	10.5	10.1	12.5	12.9	-1.6	5.3	3.7
99 I p	11.0	11.7	10.6	»	4.9	2.0	11.0	13.9	11.0	11.1	13.3	9.8	-1.6	5.2	3.6
II p	11.5	11.1	11.8	-0.1	5.6	3.0	10.8	14.2	11.8	11.8	13.9	11.1	-1.7	5.3	3.6

GDP. DEMAND COMPONENTS
Annual percentage changes



GDP. DEMAND COMPONENTS
Annual percentage changes



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

- (a) Prepared in accordance with ESA 95, trend-cycle series.
(b) Contribution to GDPmp growth rate.

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

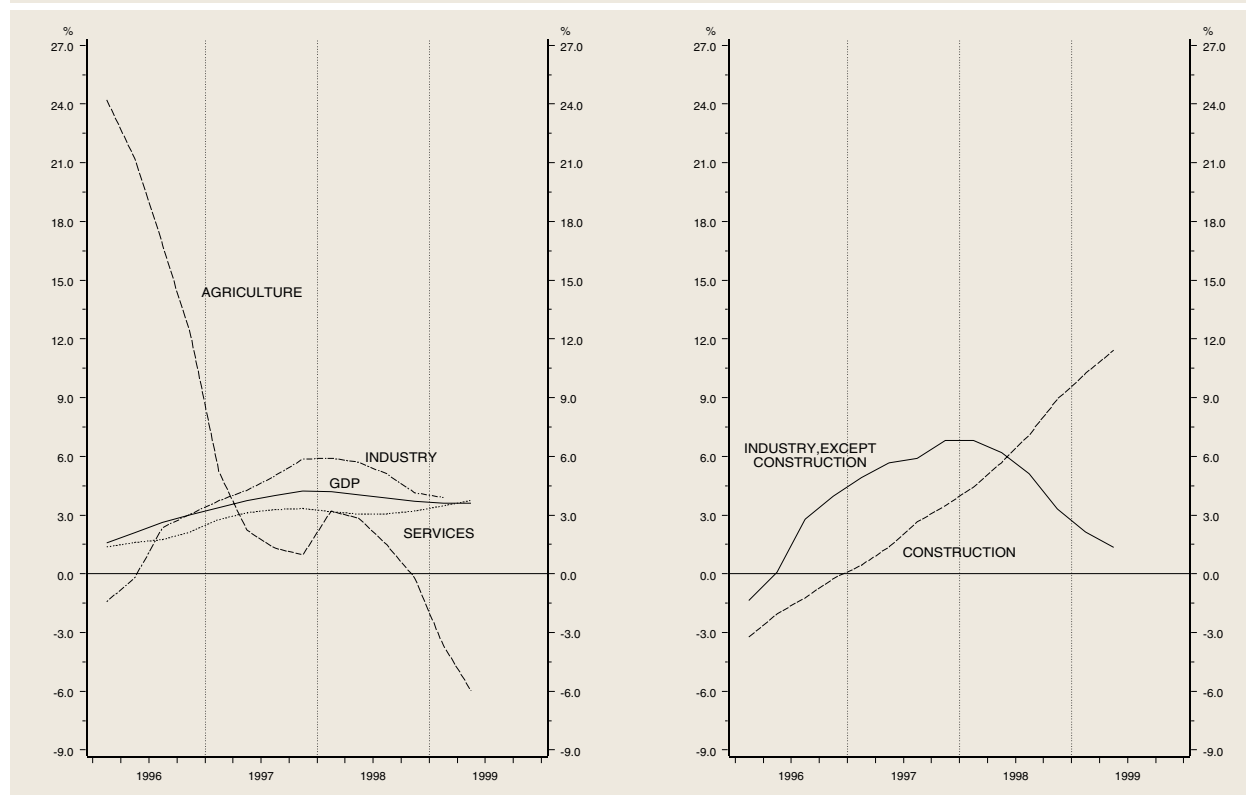
n Series depicted in chart.

Annual percentage changes

		Percentage of GDP																		
		GDP at market prices		Agriculture and fisheries		Energy		Industry		Construction		Services			VAT on products		Net taxes linked to imports		Other net taxes on products	
		Total	Market services	Non-market services																
1	n	2	n	3	4	n	5	n	6	n	7	8	9	10	11					
96	p	2.3		18.3		4.1		1.3		-1.7	1.7	1.8	1.5	3.8		-11.7	4.2			
97	p	3.8		2.4		4.7		5.8		2.0	3.1	3.5	2.0	4.5		5.7	12.3			
98	p	4.0		1.8		2.2		5.3		6.5	3.1	3.6	1.4	5.1		14.1	10.2			
96	II p	2.1		21.2		4.2		0.1		-2.0	1.6	1.5	1.8	4.3		-13.2	2.5			
	III p	2.6		16.8		3.8		2.8		-1.2	1.7	1.9	1.2	3.4		-11.5	7.1			
	IV p	3.0		12.2		3.7		4.0		-0.3	2.1	2.5	1.1	3.1		-8.3	10.0			
97	I p	3.4		5.2		4.0		4.9		0.4	2.8	3.2	1.4	3.7		-2.8	11.6			
	II p	3.7		2.2		4.7		5.7		1.4	3.1	3.6	1.7	4.1		3.0	12.7			
	III p	4.0		1.3		5.3		5.9		2.6	3.3	3.6	2.3	5.1		9.1	12.8			
	IV p	4.2		1.0		4.9		6.8		3.5	3.3	3.6	2.6	5.2		13.8	12.3			
98	I p	4.2		3.2		3.7		6.8		4.4	3.2	3.5	2.3	4.3		15.6	11.4			
	II p	4.0		2.8		2.6		6.2		5.7	3.0	3.5	1.6	4.5		15.9	10.6			
	III p	3.9		1.5		1.6		5.1		7.1	3.1	3.7	1.0	5.2		14.0	10.0			
	IV p	3.7		-0.2		0.8		3.3		8.9	3.2	3.9	0.9	6.5		11.3	8.7			
99	I p	3.6		-3.7		0.7		2.1		10.2	3.5	4.2	1.1	8.2		8.7	7.6			
	II p	3.6		-6.0		0.3		1.4		11.4	3.7	4.4	1.6	9.2		6.0	5.6			

GDP. BRANCHES OF ACTIVITY
Annual percentage changes

GDP. BRANCHES OF ACTIVITY
Annual percentage changes



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

(a) Prepared in accordance with ESA 95, trend-cycle series.

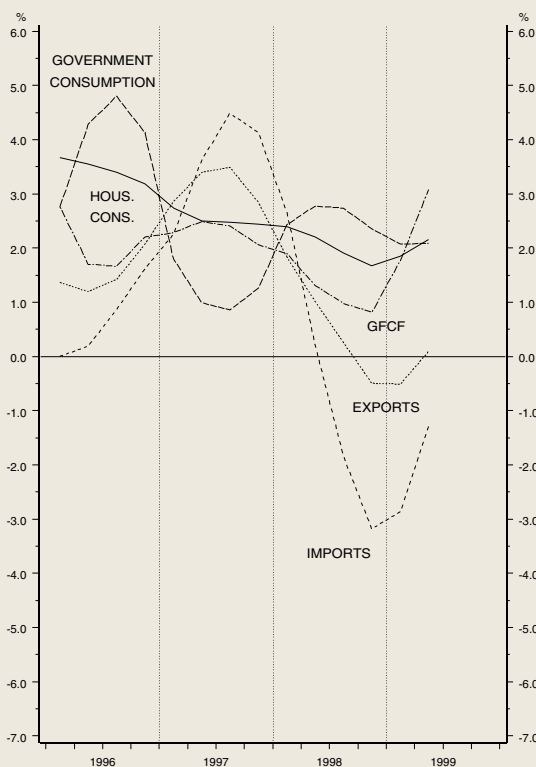
1.4. Gross domestic product. Implicit deflators. Spain (a)

n Series depicted in chart.

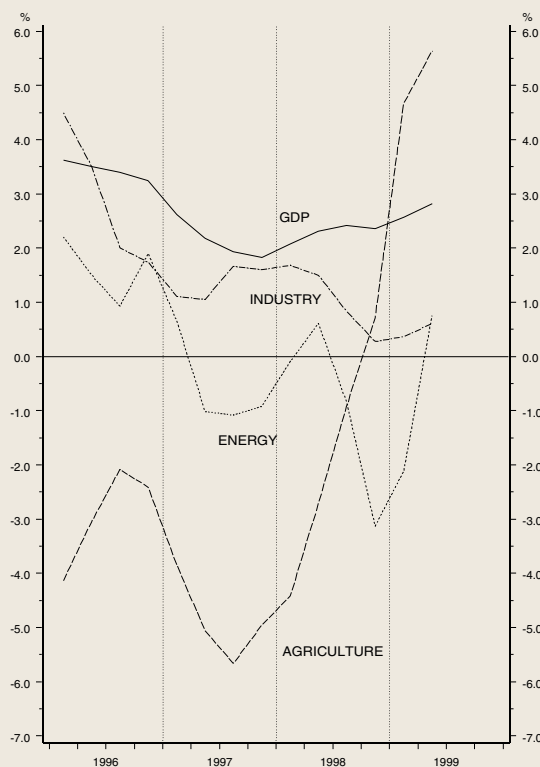
Annual percentage changes

	Demand components								GDP at market prices	Branches of activity																			
	Final consumption households and NPISH	Final consumption of General Government	Gross capital formation			Exports of goods and services	Imports of goods and services	Agriculture and fisheries		Industry	Energy	Construction	Services	Of which															
			Total	Of which										Market services															
				Gross fixed capital formation																									
				Capital goods	Construction																								
	1	n	2	n	3	n	4	5	6	n	7	n	8	n	9	n	10	n	11	n	12	13	14						
96	p	3.4		4.0		2.1		0.6		2.9		1.5		0.7		3.4		-2.9		1.6		2.9		2.7		4.1		4.0	
97	p	2.5		1.2		2.3		2.5		2.3		3.1		3.7		2.1		-4.9		-0.6		1.4		2.0		2.7		3.2	
98	p	2.0		2.6		1.2		0.1		2.0		0.6		-0.6		2.3		-1.8		-0.9		1.1		1.9		2.9		2.8	
96	II	p	3.5		4.3		1.7		0.1		2.5		1.2		0.2		3.5		-3.0		1.5		3.5		2.5		4.1		4.1
	III	p	3.4		4.8		1.7		»		2.6		1.4		0.9		3.4		-2.1		0.9		2.0		2.8		4.2		4.2
	IV	p	3.2		4.1		2.2		0.9		2.9		2.1		1.6		3.2		-2.4		1.9		1.7		2.9		4.0		3.9
97	I	p	2.7		1.8		2.3		1.6		2.7		2.9		2.3		2.6		-3.8		0.6		1.1		2.8		3.3		3.6
	II	p	2.5		1.0		2.5		2.6		2.5		3.4		3.6		2.2		-5.1		-1.0		1.1		2.3		2.9		3.3
	III	p	2.5		0.9		2.4		3.3		2.0		3.5		4.5		1.9		-5.7		-1.1		1.7		1.6		2.5		3.0
	IV	p	2.4		1.3		2.1		2.6		1.8		2.8		4.1		1.8		-5.0		-0.9		1.6		1.5		2.2		2.8
98	I	p	2.4		2.4		1.9		1.9		2.0		1.8		2.7		2.1		-4.4		-0.1		1.7		1.4		2.5		2.6
	II	p	2.2		2.8		1.3		0.3		2.0		1.0		0.2		2.3		-2.7		0.6		1.5		1.7		2.7		2.6
	III	p	1.9		2.7		1.0		-0.7		2.0		0.3		-1.8		2.4		-0.9		-0.9		0.8		2.1		3.0		2.9
	IV	p	1.7		2.4		0.8		-1.0		1.9		-0.5		-3.2		2.4		0.7		-3.1		0.3		2.2		3.2		3.1
99	I	p	1.8		2.1		1.8		-0.1		2.8		-0.5		-2.9		2.6		4.7		-2.1		0.4		3.1		3.1		3.3
	II	p	2.2		2.1		3.1		1.4		4.0		0.1		-1.3		2.8		5.6		0.7		0.6		3.6		3.0		3.4

GDP. IMPLICIT DEFLATORS
Annual percentage changes



GDP. IMPLICIT DEFLATORS
Annual percentage changes



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

(a) Prepared in accordance with ESA 95, trend-cycle series.

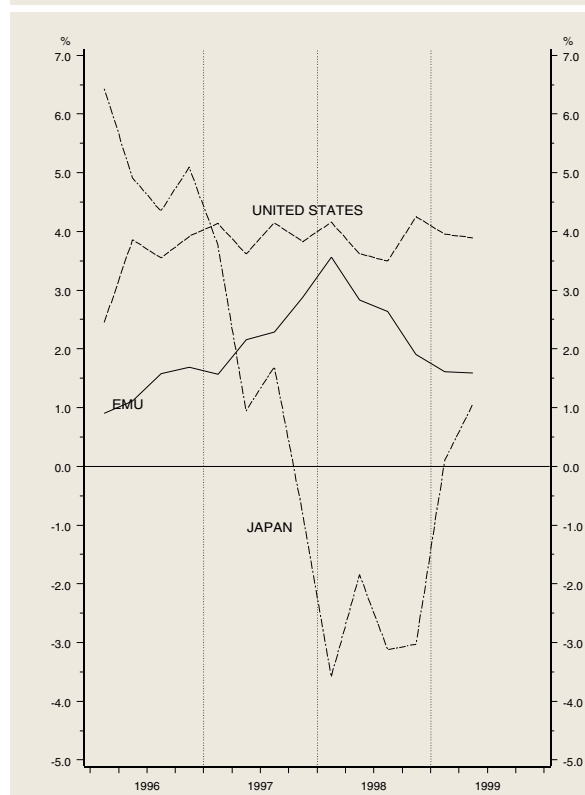
2.1. International comparison. Gross domestic product at constant prices

n Series depicted in chart.

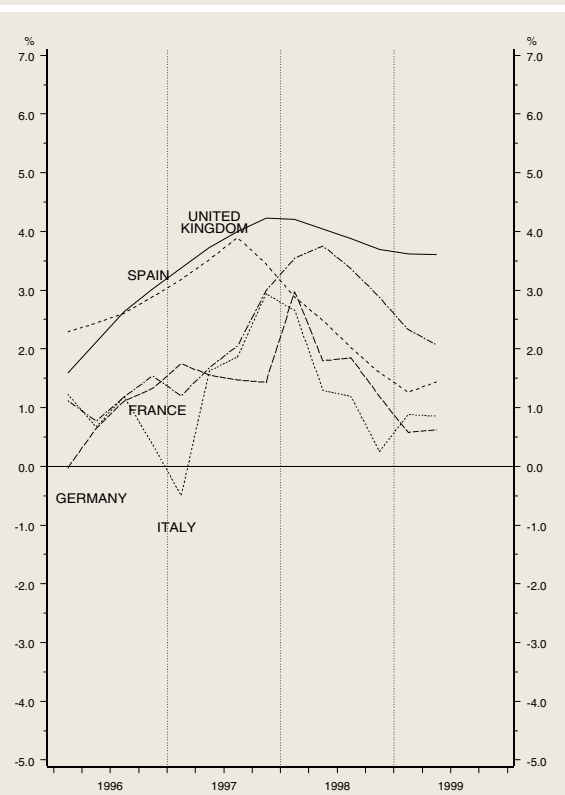
Annual percentage changes

	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
	1	2	3	4	5	6	7	8	9	10
96	3.1	1.6	1.3	0.8	2.3	3.4	1.2	0.9	5.2	2.6
97	3.2	2.6	2.2	1.5	3.8	3.9	2.0	1.5	1.4	3.5
98	2.4	2.7	2.7	1.9	4.0	3.9	3.4	1.3	-2.9	2.2
96 II	3.1	1.4	1.1	0.6	2.1	3.9	0.8	0.7	4.9	2.4
96 III	3.1	1.8	1.6	1.1	2.6	3.5	1.2	1.2	4.3	2.6
96 IV	3.4	1.9	1.7	1.3	3.0	3.9	1.5	0.4	5.1	2.9
97 I	3.2	1.9	1.5	1.7	3.4	4.1	1.2	-0.5	3.8	3.2
97 II	3.1	2.6	2.2	1.6	3.7	3.6	1.7	1.6	0.9	3.5
97 III	3.4	2.7	2.3	1.5	4.0	4.1	2.1	1.9	1.7	3.9
97 IV	3.1	3.2	2.9	1.4	4.2	3.8	3.0	2.9	-0.8	3.4
98 I	2.9	3.5	3.6	3.0	4.2	4.2	3.5	2.7	-3.6	2.9
98 II	2.5	2.7	2.8	1.8	4.0	3.6	3.8	1.3	-1.8	2.5
98 III	2.2	2.6	2.6	1.8	3.9	3.5	3.4	1.2	-3.1	2.0
98 IV	2.2	2.0	1.9	1.2	3.7	4.3	2.9	0.3	-3.0	1.6
99 I	2.4	1.7	1.6	0.6	3.6	4.0	2.3	0.9	0.1	1.3
99 II	...	...	1.5	0.6	3.6	3.9	2.1	0.9	1.1	1.4

GROSS DOMESTIC PRODUCT
Annual percentage changes



GROSS DOMESTIC PRODUCT
Annual percentage changes



Sources: ECB, INE and OECD.

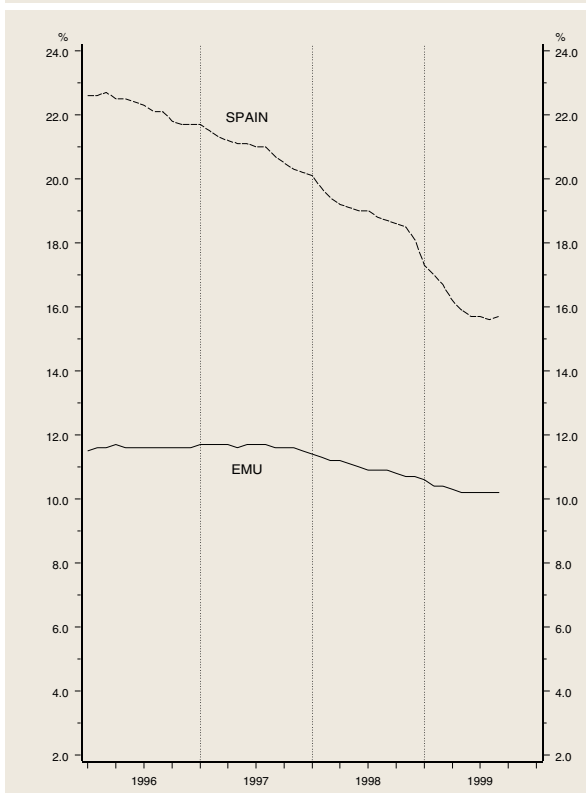
Note: The underlying series for this indicator are in Table 26.2 of the BE Boletín estadístico.

2.2. International comparison. Unemployment rates

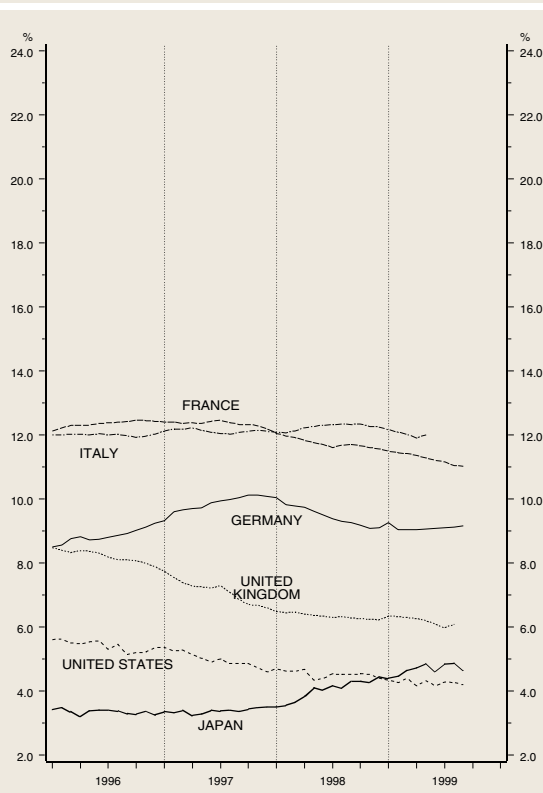
n Series depicted in chart.

	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	22.2	5.4	12.4	12.0	3.4	8.2
97	7.4	10.6	11.6	9.9	20.8	4.9	12.3	12.1	3.4	7.0
98	7.1	10.0	10.9	9.4	18.8	4.5	11.7	12.3	4.1	6.3
97 Dec	7.2	10.4	11.4	10.1	20.1	4.7	12.1	12.1	3.5	6.5
98 Jan	7.2	10.3	11.3	9.8	19.7	4.6	12.0	12.1	3.6	6.5
98 Feb	7.2	10.2	11.2	9.8	19.4	4.6	11.9	12.1	3.7	6.5
98 Mar	7.2	10.2	11.2	9.7	19.2	4.7	11.8	12.2	3.8	6.4
98 Apr	7.1	10.1	11.1	9.6	19.1	4.3	11.8	12.3	4.1	6.4
98 May	7.1	10.1	11.0	9.5	19.0	4.4	11.7	12.3	4.1	6.3
98 Jun	7.1	10.0	10.9	9.4	19.0	4.5	11.6	12.3	4.2	6.3
98 Jul	7.1	10.0	10.9	9.3	18.8	4.5	11.7	12.3	4.1	6.3
98 Aug	7.1	9.9	10.9	9.3	18.7	4.5	11.7	12.3	4.3	6.3
98 Sep	7.1	9.9	10.8	9.2	18.6	4.5	11.7	12.3	4.3	6.3
98 Oct	7.0	9.8	10.7	9.1	18.5	4.5	11.6	12.3	4.3	6.3
98 Nov	7.0	9.7	10.7	9.1	18.1	4.4	11.6	12.3	4.5	6.2
98 Dec	6.9	9.7	10.6	9.3	17.3	4.4	11.5	12.2	4.4	6.4
99 Jan	6.9	9.6	10.5	9.0	17.0	4.3	11.5	12.1	4.5	6.3
99 Feb	7.0	9.5	10.4	9.0	16.7	4.4	11.4	12.0	4.7	6.3
99 Mar	6.9	9.4	10.3	9.1	16.2	4.2	11.4	11.9	4.7	6.3
99 Apr	6.9	9.4	10.3	9.1	15.9	4.3	11.3	12.0	4.9	6.2
99 May	6.8	9.3	10.3	9.1	15.7	4.2	11.2	...	4.6	6.1
99 Jun	6.8	9.3	10.3	9.1	15.7	4.3	11.2	...	4.9	6.0
99 Jul	6.8	9.3	10.2	9.1	15.6	4.3	11.0	...	4.9	6.1
99 Aug	6.8	9.3	...	9.2	15.7	4.2	11.0	...	4.7	...

UNEMPLOYMENT RATES



UNEMPLOYMENT RATES



Sources: ECB, OECD and Eurostat

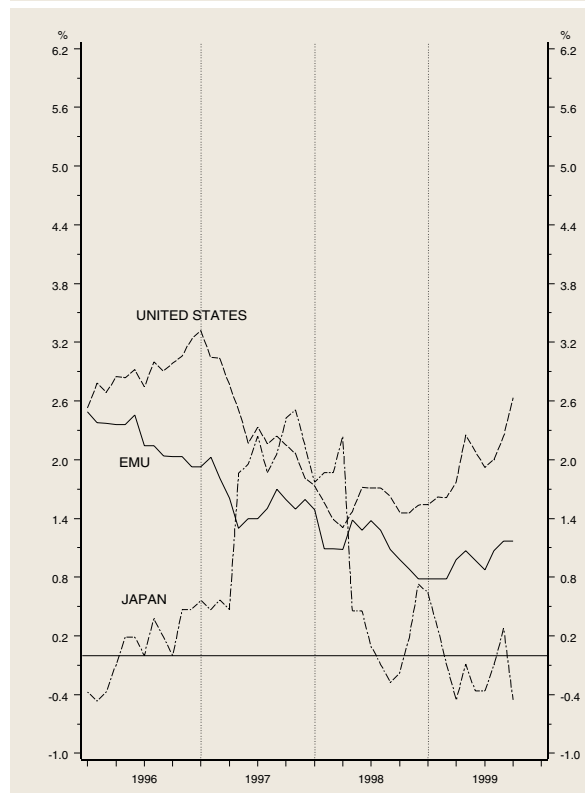
2.3. International comparison. Consumer prices (a)

n Series depicted in chart.

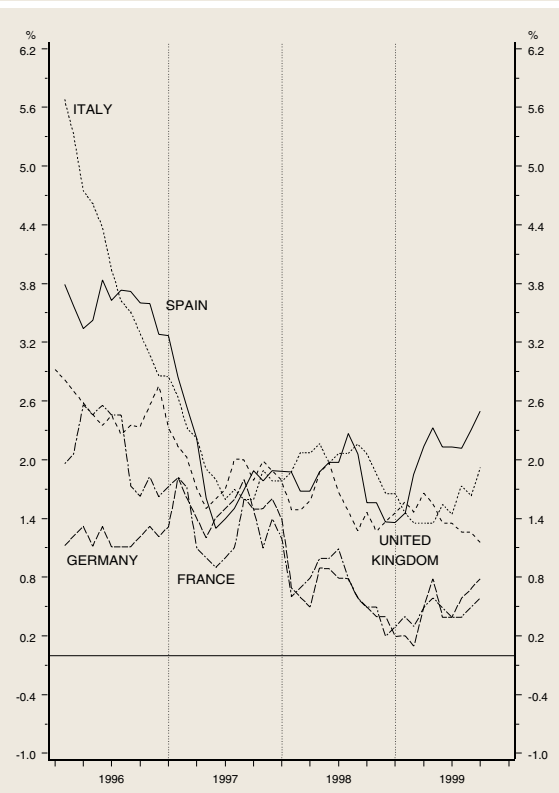
Annual percentage changes

	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
98 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
Apr	2.2	1.2	1.1	0.8	2.3	2.3	0.6	1.3	-0.1	1.5
May	1.9	1.1	1.0	0.4	2.1	2.1	0.5	1.5	-0.4	1.3
Jun	1.9	1.0	0.9	0.4	2.1	1.9	0.4	1.4	-0.4	1.4
Jul	2.0	1.1	1.1	0.6	2.1	2.0	0.4	1.7	-0.1	1.3
Aug	2.2	1.2	1.2	0.7	2.3	2.2	0.5	1.6	0.1	1.3
Sep	...	1.3	1.2	0.8	2.5	...	0.6	1.9	...	1.2

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

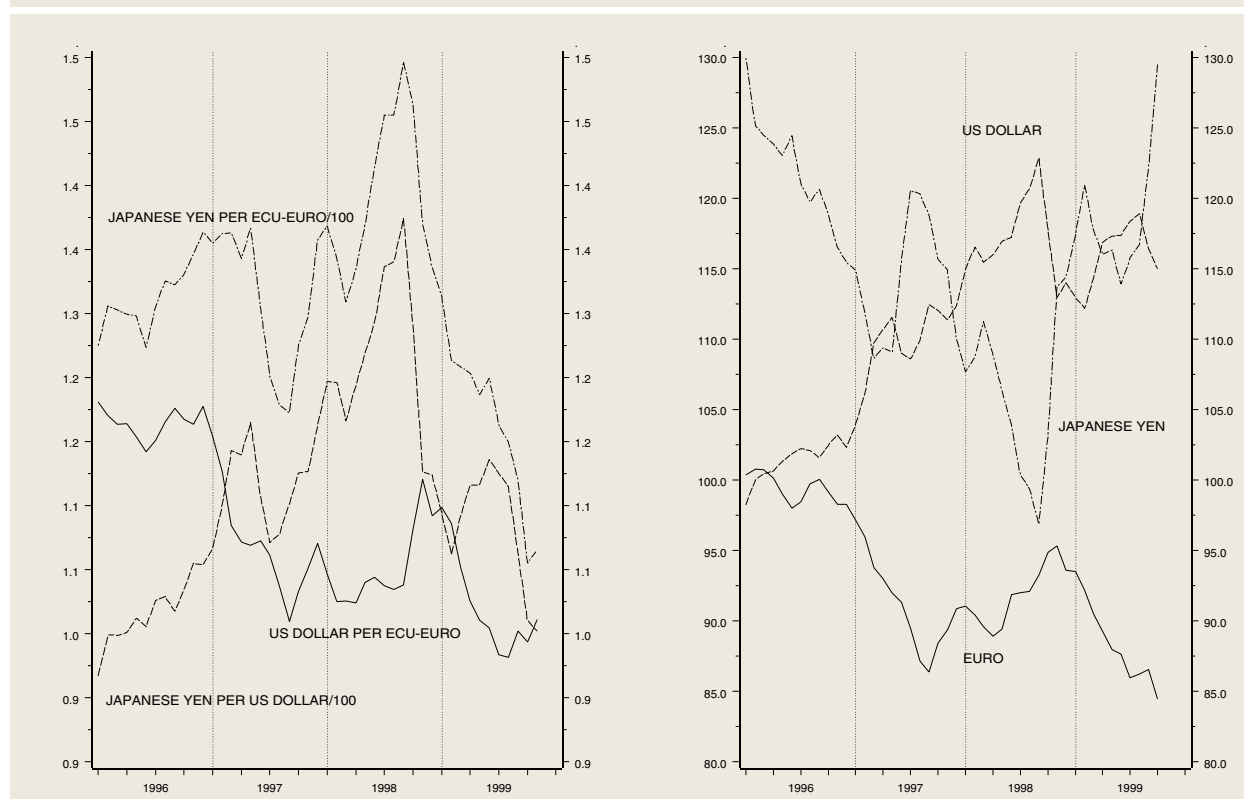
n Series depicted in chart.

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							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	110.7	113.6	...	107.3	108.8
98	1.1211	146.41	131.03	92.3	110.6	120.4	92.1	116.9	107.0	...	112.4	102.3
98 J-O	1.1111	147.97	133.25	91.9	111.4	118.4	91.8	117.6	105.2	...	112.9	100.8
99 J-O	1.0755	124.49	115.78	88.0	108.5	137.4	87.9	116.3	118.8	...	113.0	112.3
98 Aug	1.1016	159.37	144.68	93.3	115.9	110.1	93.3	122.9	96.9	...	117.7	93.3
98 Sep	1.1541	155.30	134.57	95.2	111.2	116.3	94.9	117.8	103.1	...	113.3	98.4
98 Oct	1.1938	144.17	120.90	95.8	106.7	127.6	95.3	112.9	113.7	...	109.5	107.6
98 Nov	1.1644	140.12	120.63	94.1	107.7	128.5	93.6	114.0	114.4	...	110.2	108.6
98 Dec	1.1721	137.36	117.13	94.0	106.6	132.3	93.5	113.0	117.4	...	109.5	111.9
99 Jan	1.1608	131.35	113.16	92.7	105.5	137.0	92.2	112.2	120.9	...	109.0	115.5
99 Feb	1.1208	130.78	116.72	90.9	107.3	134.2	90.5	114.3	117.8	...	110.6	113.3
99 Mar	1.0883	130.20	119.64	89.5	109.7	132.5	89.3	116.9	116.0	...	113.1	111.3
99 Apr	1.0704	128.16	119.72	88.4	109.8	132.8	88.0	117.3	116.3	...	113.5	110.9
99 May	1.0628	129.71	122.05	88.1	110.0	130.1	87.7	117.4	113.9	...	114.1	108.3
99 Jun	1.0378	125.32	120.76	86.4	110.8	132.7	86.0	118.4	115.8	...	115.2	110.3
99 Jul	1.0353	123.71	119.54	86.4	111.1	134.5	86.3	118.9	116.7	...	115.5	111.7
99 Aug	1.0604	120.10	113.25	86.8	108.5	140.9	86.6	116.4	122.4	...	112.9	116.9
99 Sep	1.0501	112.39	107.01	85.0	106.8	149.3	84.5	115.0	129.5	...	...	...
99 Oct	1.0706	113.52	106.03	85.8	105.6	149.5	...	...	...	...	...	...

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

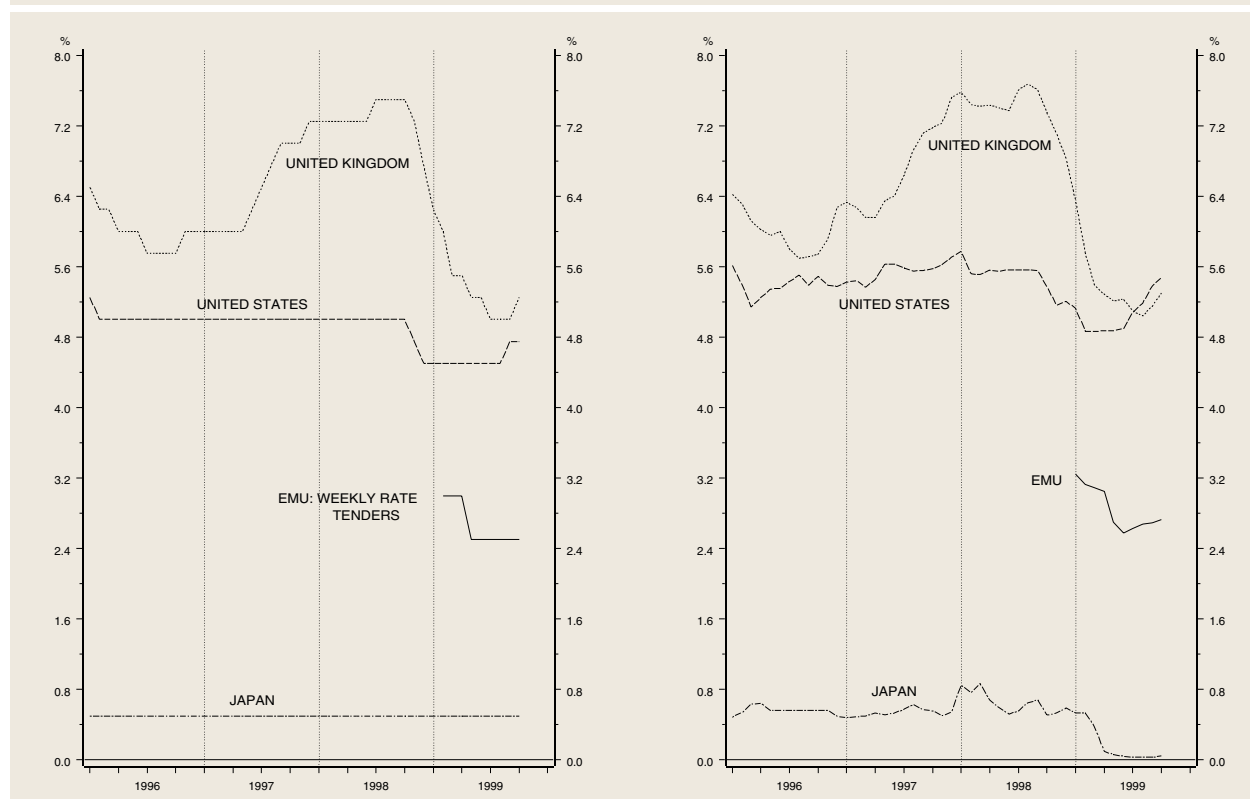
n Series depicted in chart.

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 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
May	2.50	4.50	0.50	5.25	3.35	3.08	2.58	—	—	4.90	—	—	0.04	5.23
Jun	2.50	4.50	0.50	5.00	3.42	3.09	2.63	—	—	5.08	—	—	0.03	5.10
Jul	2.50	4.50	0.50	5.00	3.48	3.13	2.68	—	—	5.19	—	—	0.03	5.04
Aug	2.50	4.75	0.50	5.00	3.61	3.16	2.70	—	—	5.38	—	—	0.03	5.15
Sep	2.50	4.75	0.50	5.25	3.65	3.17	2.73	—	—	5.44	—	—	0.03	5.24

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

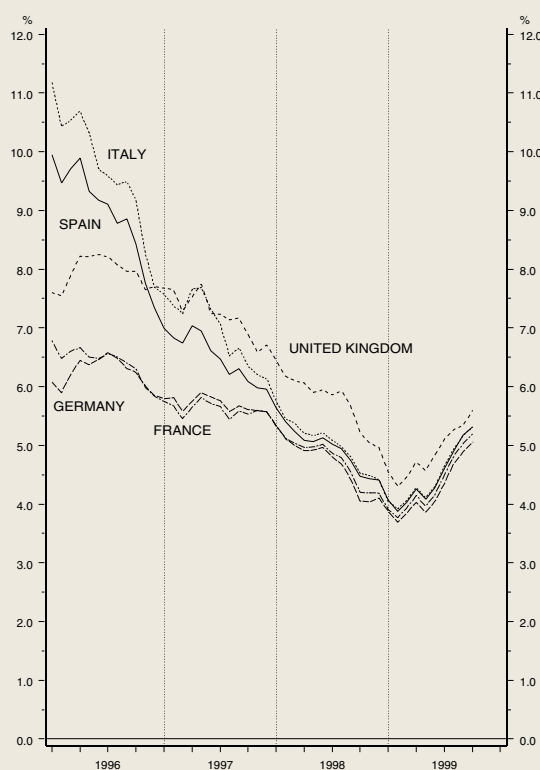
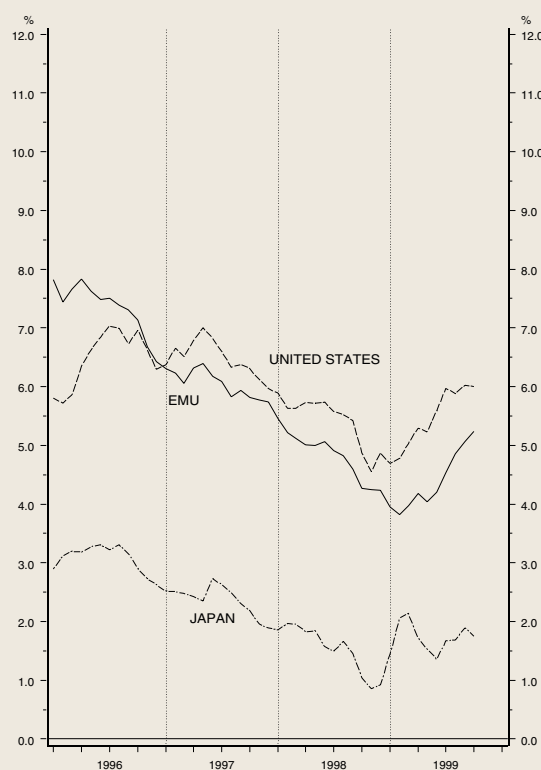
n Series depicted in chart.

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 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	3.97	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
May	4.44	4.38	4.20	4.05	4.27	5.59	4.16	4.30	1.35	4.84
Jun	4.78	4.69	4.53	4.35	4.60	5.97	4.49	4.64	1.67	5.10
Jul	4.85	4.99	4.86	4.69	4.91	5.88	4.82	4.94	1.69	5.27
Aug	5.03	5.18	5.06	4.89	5.17	6.03	5.03	5.16	1.89	5.34
Sep	5.08	5.33	5.24	5.03	5.31	6.03	5.18	5.30	1.80	5.51

10-YEAR GOVERNMENT BOND YIELDS

10-YEAR GOVERNMENT BOND YIELDS



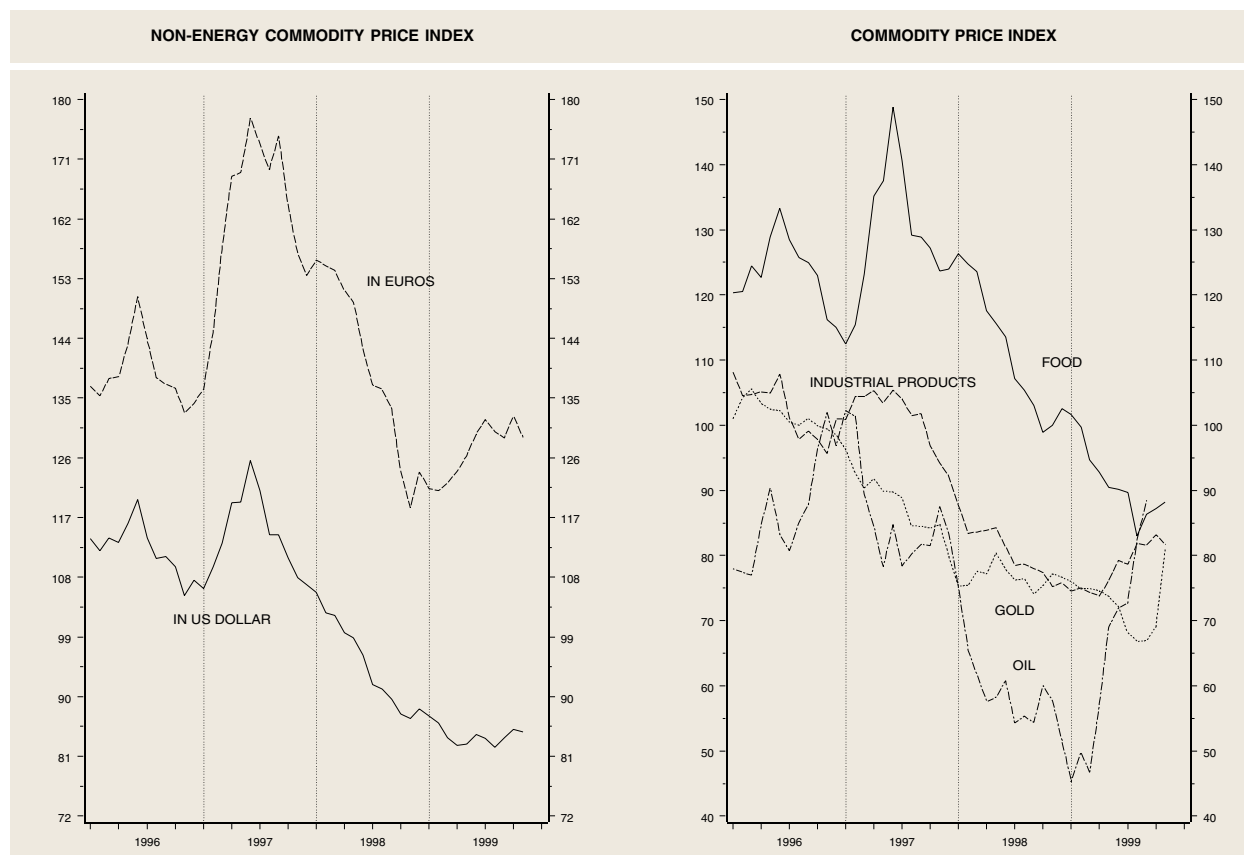
Sources: ECB, Reuters and BE.

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)	Index	US dollars per troy ounce (d)	Euro per gram (e)
				All	Non-food agricultural products	Metals		US dollars per barrel			
	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-O	94.6	140.0	110.9	80.4	93.9	72.2	58.5	13.8	76.8	294.3	8.57
99 J-O	83.9	127.5	90.2	78.6	92.1	70.4	...	16.7	72.2	276.9	8.28
98 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	57.3	12.8	74.6	285.9	8.45
Apr	82.8	126.3	90.5	76.2	91.2	67.1	69.0	15.5	73.7	282.6	8.49
May	84.3	129.5	90.2	79.3	94.4	70.1	71.9	15.9	72.1	276.6	8.37
Jun	83.7	131.7	89.6	78.6	96.7	67.7	72.7	16.2	68.2	261.4	8.10
Jul	82.4	129.9	83.0	81.9	96.5	73.0	82.4	18.8	66.8	256.1	7.95
Aug	83.8	129.0	86.3	81.6	90.9	76.0	88.5	20.5	66.9	256.7	7.78
Sep	85.1	132.3	87.3	83.2	88.5	80.0	...	23.1	69.0	264.7	8.11
Oct	84.7	129.1	88.2	81.7	85.9	79.2	...	22.3	81.2	311.3	9.35



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	of which		Food (b)	Personal items (c)	Household items (d)		Other (e)
													(a)	(a)					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
96	-14	-3	»	-9	-20	-11	11.2	14.3	9.2	6.2	2.1	-1.2	2.1	-3.9	-0.7	-0.5	4.9	0.3	
97	-3	6	4	-1	-15	-9	12.7	17.4	11.5	4.2	3.2	2.2	4.0	0.2	2.9	2.6	5.8	1.1	
98	5	7	6	3	-5	-3	17.6	19.8	17.4	7.0	7.1	5.4	7.2	3.4	2.9	9.9	8.7	2.7	
98 J-O	4	7	6	3	-3	...	15.8	18.3	15.4	...	7.5	5.7	7.4	2.8	4.3	10.2	9.2	...	
99 J-O a	...	...	...	...	...	...	16.6	17.9	20.5	...	...	...	...	...	...	...	...	...
98 Dec	8	8	8	4	-1	-4	22.3	22.3	23.2	3.9	5.0	3.9	6.9	6.5	-2.5	7.6	3.6	1.6	
99 Jan p	7	8	6	2	-	-	12.8	14.1	14.4	8.9	1.4	0.1	9.8	0.3	1.5	3.1	-6.0	1.9	
Feb p	8	8	7	-	-	-4	22.9	19.7	24.3	5.5	4.3	2.4	10.6	0.9	-0.6	3.5	8.1	1.6	
Mar p	8	8	7	-	-1	-6	30.8	30.6	32.1	6.7	9.8	7.5	16.6	3.4	4.3	10.4	18.8	3.5	
Apr p	5	4	6	4	-3	-1	11.7	16.2	11.8	11.2	2.9	0.8	4.3	-5.6	2.7	3.1	14.1	1.1	
May p	6	1	6	3	-4	-3	22.4	26.2	24.2	5.9	2.2	0.2	7.4	-4.2	2.7	-0.3	9.8	0.9	
Jun p	6	3	5	2	-5	-9	25.1	28.4	26.0	7.8	5.3	3.6	9.3	1.8	0.9	6.7	8.1	3.5	
Jul a	9	6	7	2	-3	-6	15.1	15.7	16.4	10.4	6.2	4.8	13.7	2.6	7.0	9.9	2.5	...	
Aug a	7	6	7	4	-4	...	23.1	22.9	25.7	5.3	6.1	4.8	9.9	3.0	4.0	7.4	7.4	...	
Sep a	8	6	7	5	-4	...	20.8	22.7	23.8	...	...	...	...	...	...	...	...	...
Oct a	...	...	...	...	...	...	-16.1	-12.4	7.5	...	...	...	...	...	...	...	...	...

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.

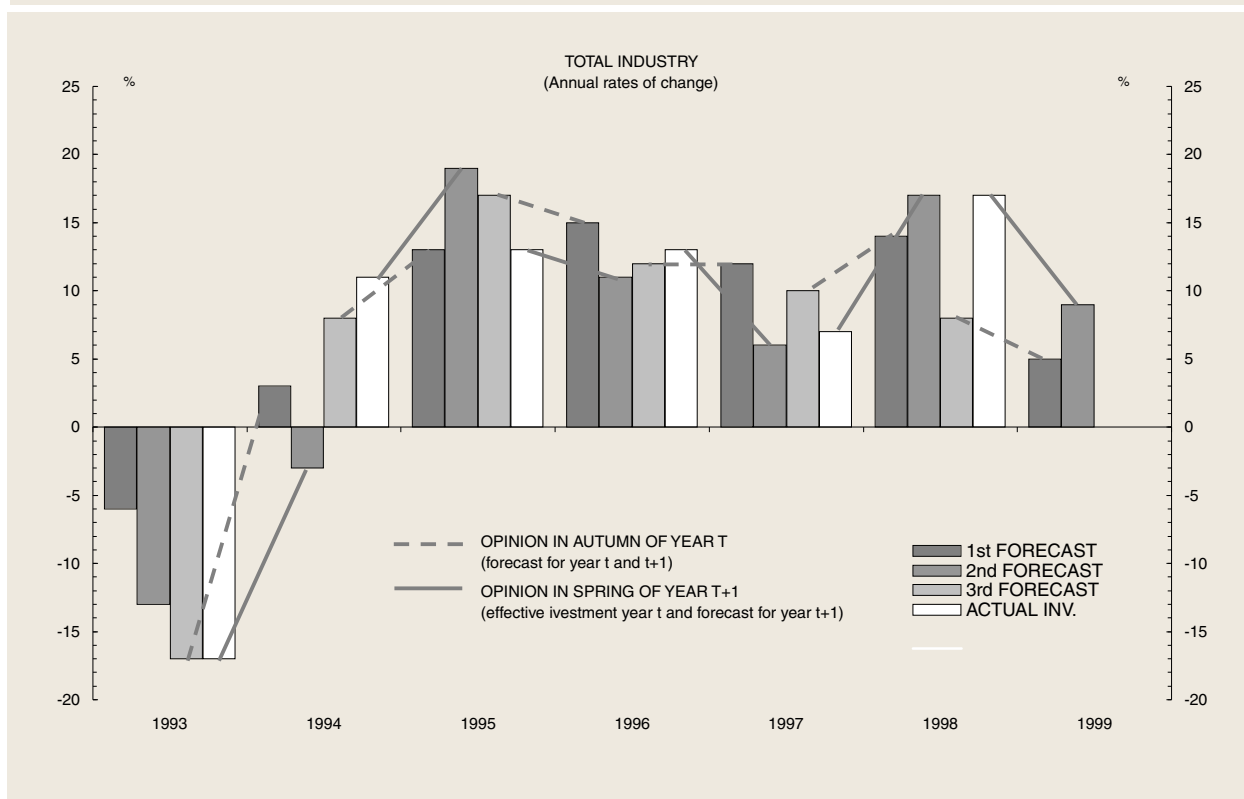
3.2. Investment in industry (excluding construction): opinion surveys. Spain

n Series depicted in chart

Annual percentage changes at current prices

	1993		1994		1995		1996		1997		1998		1999	
	1	n	2	n	3	n	4	n	5	n	6	n	7	n
1st forecast		-6		3		13		15		12		14		5
2nd forecast		-13		-3		19		11		6		17		9
3rd forecast		-17		8		17		12		10		8		...
Actual inv.		-17		11		13		13		7		17		...

INVESTMENT IN INDUSTRY



Source: Ministerio de Industria y Energía.

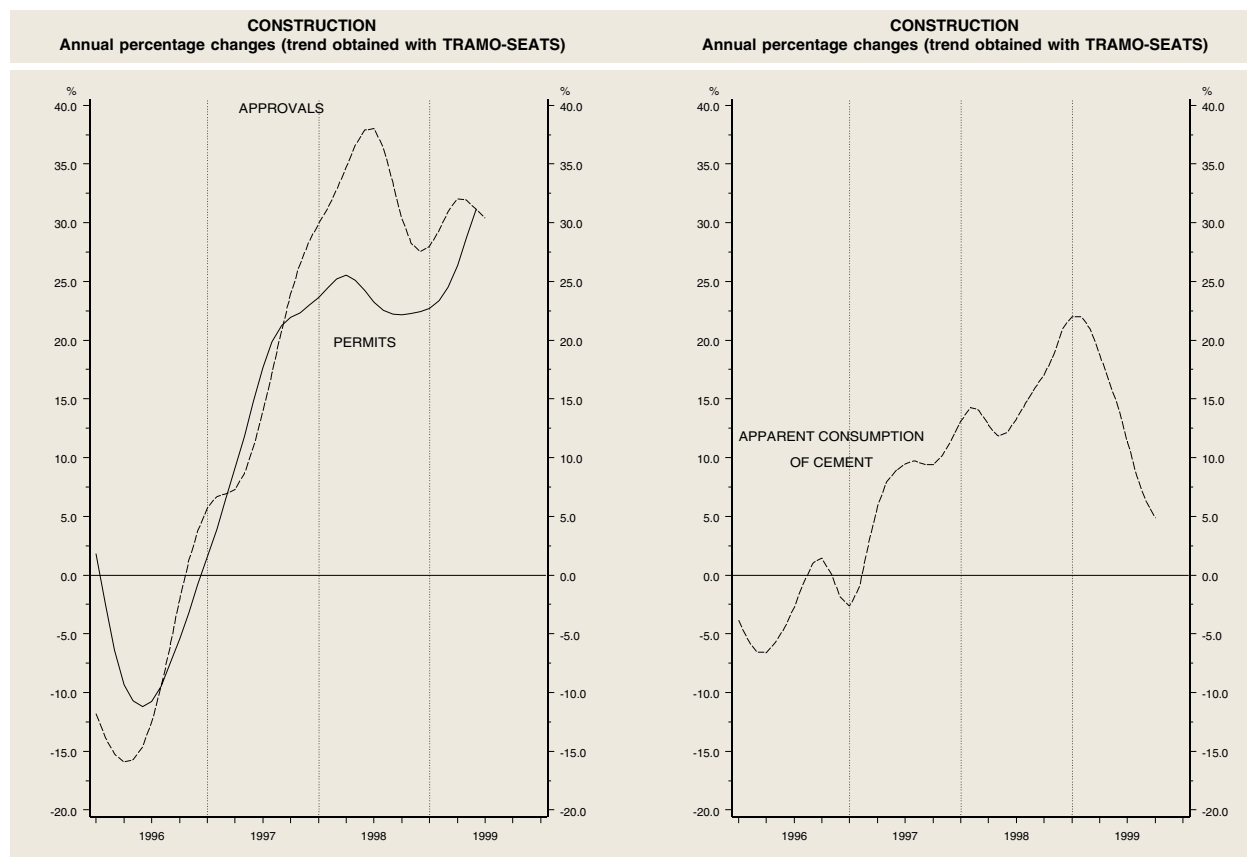
Note: The first forecast is made in the autumn of the previous year and the second and third ones in the spring and autumn of the current year.

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	Housing	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	
	n				n									n	
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	2.1	2.1	47.4	51.0	37.5	46.2	-10.5	8.4	
98	23.7	22.5	21.8	29.7	32.2	29.2	46.9	46.9	29.0	27.7	-13.0	29.5	55.0	15.7	
98 J-S	21.6	21.8	21.9	20.4	39.0	35.4	62.6	62.6	41.1	66.7	-5.3	-11.5	40.7	14.0	
99 J-S	...	...	...	...	...	...	...	...	...	...	...	...	...	13.3
98 Apr	4.5	5.1	5.8	1.7	31.7	34.3	23.1	113.8	50.9	224.9	247.0	28.7	9.8	-1.9	
May	32.5	34.2	31.8	24.2	51.7	46.2	4.5	79.6	44.2	46.4	-66.7	43.4	-11.4	6.5	
Jun	27.6	25.1	24.3	40.2	44.5	39.6	87.7	81.5	24.0	38.6	79.4	20.9	117.4	19.5	
Jul	22.3	24.0	23.2	15.2	43.2	40.9	79.8	81.2	29.0	67.1	2.0	18.1	107.0	13.5	
Aug	10.6	4.2	4.9	54.8	47.4	42.0	17.2	67.2	13.9	42.3	-42.1	3.5	18.6	19.7	
Sep	9.0	10.3	12.1	3.7	37.3	29.2	25.0	62.6	-5.0	24.4	45.9	-11.5	40.7	13.7	
Oct	27.0	21.0	19.0	57.0	7.2	7.7	-8.8	51.0	15.5	14.1	46.1	15.9	-17.9	10.1	
Nov	37.6	35.0	30.7	52.1	27.5	25.8	0.4	44.0	-25.5	-62.5	-68.5	-1.9	13.0	32.7	
Dec	22.8	16.4	15.4	58.3	18.0	13.8	71.0	46.9	33.5	-6.9	67.9	49.8	83.3	22.2	
99 Jan	1.7	-2.3	-1.7	22.4	35.1	26.4	-3.2	-3.2	-29.8	29.6	147.3	-51.3	17.2	17.9	
Feb	10.4	10.0	9.9	12.2	33.5	37.6	9.7	2.5	-20.8	-55.6	-52.0	-9.7	26.4	26.0	
Mar	25.3	23.8	22.5	32.5	43.9	36.8	-41.0	-19.5	25.8	54.8	56.1	20.1	-55.6	15.3	
Apr	34.8	33.5	29.9	40.7	21.0	16.0	56.4	-4.3	30.6	21.9	-48.5	33.4	73.4	20.1	
May	38.4	38.2	39.3	39.5	44.7	40.9	53.5	6.2	-5.2	-26.8	220.2	2.4	92.0	18.0	
Jun	...	...	...	...	25.3	23.0	-17.3	0.5	11.5	48.7	9.6	2.4	-24.9	13.3
Jul	...	...	...	...	...	...	...	...	...	...	...	...	...	1.9
Aug	...	...	...	...	...	...	...	...	...	...	...	...	...	8.1
Sep	...	...	...	...	...	...	...	...	...	...	...	...	...	5.4



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.

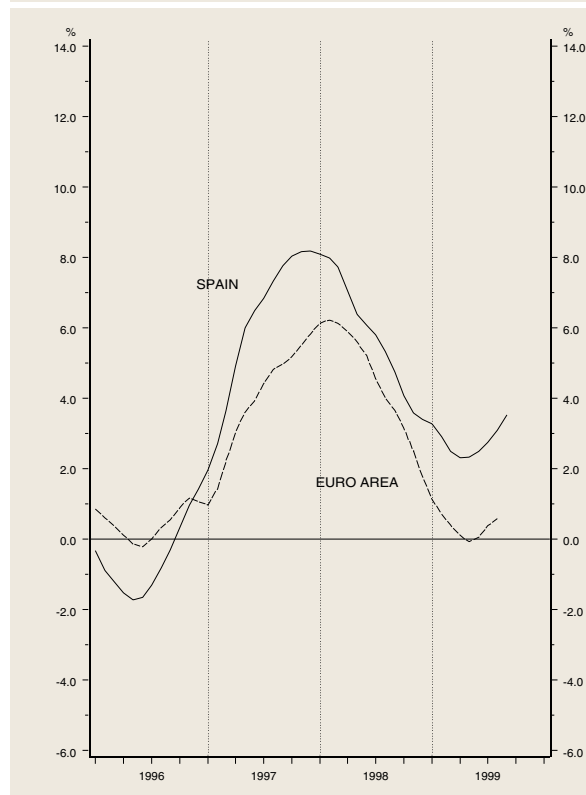
3.4. Industrial production index. Spain and euro area

n Series depicted in chart

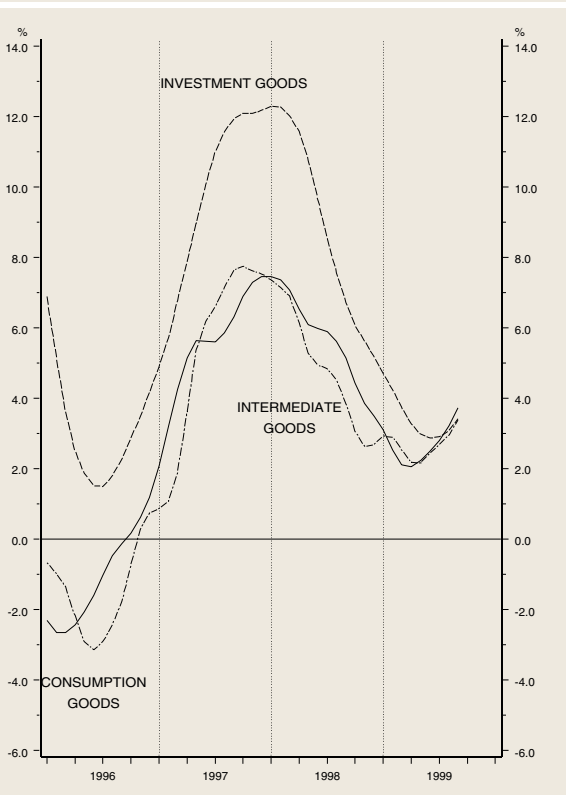
Annual percentage changes

		General index			By end-use of goods			By branch of activity				Memorandum item: euro area				
		Total		of which	Consumption	Investment	Inter-mediate goods	Energy	Minerals	Processing	Others	of which		By end-use of goods		
		Original series	12-month % change	Manufacturing								Total	Manufacturing	Consumption	Investment	Inter-mediate goods
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
	n		n	n	n					n						
96	Ø p	102.2	-0.7	-0.7	-1.5	3.0	-1.2	-0.5	-2.0	2.3	-2.6	0.4	0.1	-	1.6	-0.1
97	Ø p	109.2	6.9	7.3	6.7	10.4	5.9	5.1	6.1	8.8	6.6	4.4	5.0	2.7	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	4.2	4.7	3.0	6.7	3.9
98	J-A Ø p	112.9	6.6	7.8	6.7	9.9	5.4	0.4	7.1	10.7	5.7	4.5	5.0	...	7.0	3.7
99	J-A Ø p	115.2	2.1	1.8	1.5	2.8	2.3	3.2	3.0	0.3	2.7	...	...	...	...	...
98	Mar p	121.3	14.1	15.8	13.4	23.7	11.7	6.0	13.4	23.3	10.6	7.6	8.0	...	10.9	7.6
	Apr p	112.4	-2.9	-2.6	-3.9	-0.7	-2.8	-3.9	-2.7	-1.4	-4.2	3.6	4.2	...	6.3	3.9
	May p	117.8	5.6	7.3	6.0	11.5	3.2	-4.1	6.8	10.1	5.0	7.1	8.1	...	10.1	6.5
	Jun p	123.8	8.3	9.4	8.2	11.8	7.1	0.9	7.1	13.1	7.8	3.6	4.1	2.9	5.2	3.7
	Jul p	126.5	5.9	6.1	7.1	2.0	6.2	4.3	5.2	5.7	7.0	4.4	4.8	3.6	7.4	3.6
	Aug p	76.5	6.7	8.4	8.6	2.9	5.9	1.9	4.6	12.1	7.9	4.5	5.0	3.8	7.0	3.7
	Sep p	120.0	3.6	4.5	3.3	9.8	1.8	-1.3	4.8	5.8	3.3	3.5	3.7	2.6	5.9	2.5
	Oct p	123.7	-1.0	-0.9	-1.4	0.1	-1.0	-0.1	0.6	-1.5	-1.9	2.5	2.8	2.8	5.6	1.3
	Nov p	122.0	5.6	6.0	7.2	6.4	4.0	3.1	5.2	6.7	5.9	2.3	2.1	1.5	4.6	1.4
	Dec p	112.0	4.8	4.5	4.7	7.5	3.8	7.9	-0.3	5.8	5.0	-0.2	-0.7	-0.7	2.3	-1.8
99	Jan p	112.9	2.2	0.6	0.5	2.5	3.5	11.1	1.0	-	0.5	1.1	1.0	2.0	3.9	-0.4
	Feb p	113.9	-0.3	-1.0	-3.1	1.8	1.5	4.5	-0.7	1.0	-3.2	-0.7	-1.4	-0.1	-0.1	-1.6
	Mar p	123.7	2.0	2.7	2.3	5.0	0.8	-2.0	2.4	3.2	2.4	-0.1	-0.3	0.9	-1.2	-0.3
	Apr p	114.9	2.2	2.8	2.9	4.0	1.0	-1.7	5.7	-0.9	4.9	-0.9	-1.0	-0.9	0.2	-1.7
	May p	121.5	3.1	2.6	2.8	0.8	4.3	4.4	4.0	0.7	4.5	-0.7	-1.0	0.4	-1.0	-1.4
	Jun p	125.9	1.7	1.4	1.7	1.4	1.8	2.6	3.4	-1.9	4.0	0.8	0.5	1.2	0.5	0.2
	Jul p	127.9	1.1	0.7	-0.3	3.4	1.5	2.9	3.6	-0.3	0.2	0.1	-0.1	0.3	-1.4	»
	Aug p	81.1	6.0	6.2	8.2	4.6	4.9	3.7	4.9	1.6	10.8	...	...	...	...	...

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

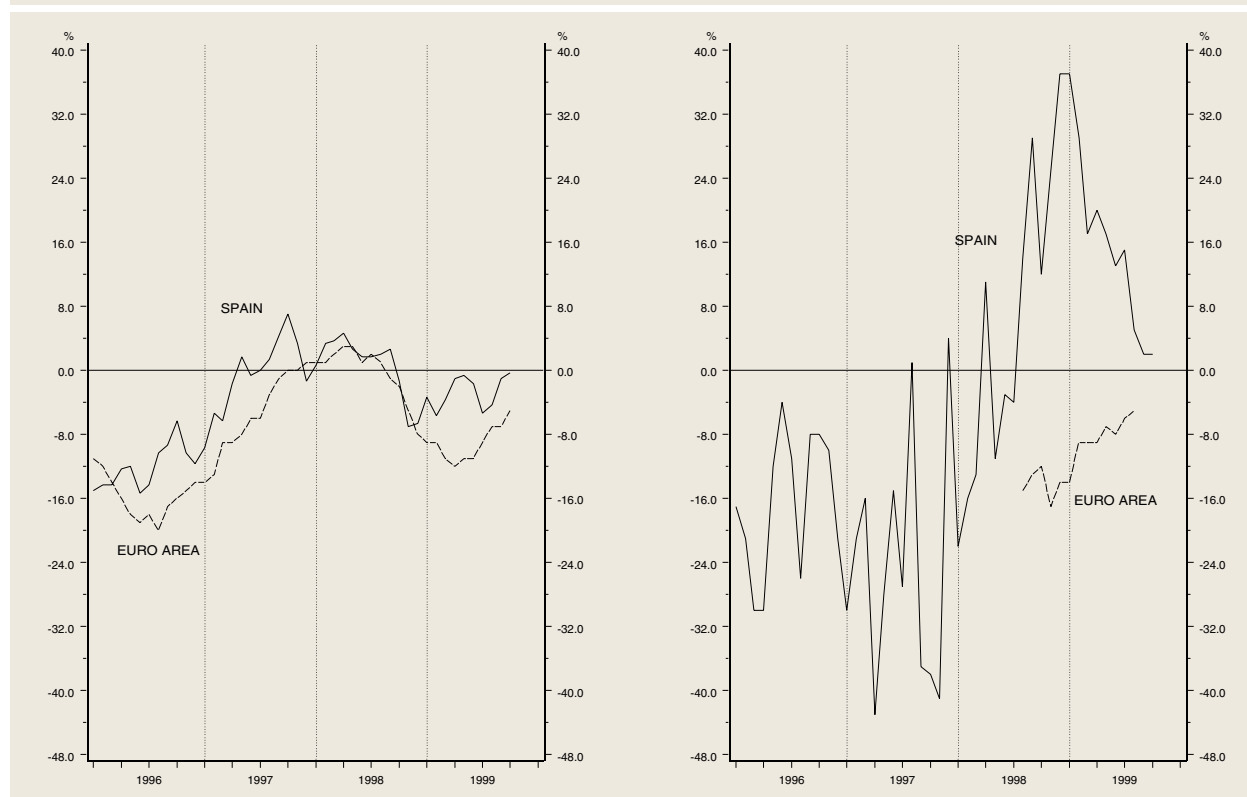
n Series depicted in chart

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	
n									n					n		n	
96 Q	-12	-2	5	-23	-19	18	-8	-10	-16	-18	-7	-9	1	1	-14	-29	-36
97 Q	»	12	11	-2	-7	8	2	»	-1	-24	-19	-23	7	3	1	-4	-33
98 Q	»	11	7	2	-7	8	1	3	-2	10	22	18	17	8	-9	-15	-19
98 J-S Q	2	14	10	5	-4	8	2	6	1	2	16	11	15	4	-2	-6	...
99 J-S Q	-3	5	8	-6	-18	10	»	-3	-4	13	20	14	42	31	-5	-15	...
98 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	-15
Aug	3	14	8	4	-9	4	7	7	-4	29	49	34	49	15	-1	-4	-13
Sep	-1	7	1	1	-10	6	4	-4	-7	12	35	12	35	-5	-2	-6	-12
Oct	-7	5	-7	-4	-17	10	-1	-7	-12	25	35	33	4	-19	-5	-10	-17
Nov	-7	1	-2	-7	-17	11	-5	-1	-9	37	32	49	43	42	-8	-14	-14
Dec	-3	4	5	-6	-20	9	-2	-3	-4	37	50	25	23	34	-9	-15	-14
99 Jan	-6	-5	9	-13	-22	13	-5	-6	-5	29	-25	24	13	31	-9	-16	-9
Feb	-4	1	12	-14	-24	9	-	-7	-4	17	14	18	43	8	-11	-20	-9
Mar	-1	5	11	-5	-17	9	4	-3	-5	20	15	23	15	41	-12	-23	-9
Apr	-1	12	13	-5	-21	10	4	-2	-4	17	32	1	43	21	-11	-20	-7
May	-2	5	8	-5	-21	8	2	-2	-5	13	40	17	63	33	-11	-22	-8
Jun	-5	12	-2	-2	-14	12	-1	-9	-6	15	56	16	29	23	-9	-22	-6
Jul	-4	7	1	-3	-15	11	-4	-4	-4	5	17	8	69	24	-7	-18	-5
Aug	-1	5	11	-5	-17	9	-1	»	-2	2	17	9	79	60	-7	-17	...
Sep	»	5	10	-3	-14	8	1	6	-4	2	15	12	26	35	-5	-15	...

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 balances

	Total industry			Consumer goods			Investment goods			Intermediate goods			Memorandum item: euro area capacity utilisation (%)
	Capacity utilisation		Installed capacity (balances)	Capacity utilisation		Installed capacity (balances)	Capacity utilisation		Installed capacity (balances)	Capacity utilisation		Installed capacity (balances)	
	Over last three months	Forecast		Over last three months	Forecast		Over last three months	Forecast		Over last three months	Forecast		
	(%)	(%)		(%)	(%)		(%)	(%)		(%)	(%)		
	1	2	3	4	5	6	7	8	9	10	11	12	13
	n			n			n			n			n
96 p	77.0	78.1	4	75.3	76.3	4	78.6	79.5	2	77.8	79.2	6	80.2
97 p	79.2	80.0	2	77.1	77.7	1	80.4	82.0	5	80.4	81.3	2	82.5
98 p	80.6	81.5	3	79.3	79.9	3	82.1	83.4	1	81.1	82.2	1	82.8
98 I-II p	80.5	81.9	4	78.6	80.4	3	83.2	84.3	3	80.9	82.3	-2	83.4
99 I-II p	79.5	80.8	2	76.6	78.9	3	82.1	82.2	2	80.8	81.8	2	81.9
95 II p	78.1	78.3	3	76.8	77.0	5	76.2	77.4	-1	80.0	79.8	3	82.8
III p	77.8	78.2	4	75.6	75.5	6	80.5	80.2	6	78.6	79.8	1	82.8
IV p	77.6	77.1	5	75.3	72.6	8	78.3	78.8	5	79.4	80.4	4	82.6
96 I p	76.1	79.0	6	73.8	77.6	7	77.7	78.4	2	77.5	80.6	8	82.0
II p	77.1	78.0	2	75.4	77.1	1	78.1	78.8	1	78.2	78.5	4	80.2
III p	77.6	78.1	4	76.7	77.1	4	78.7	78.9	4	77.8	78.6	4	80.0
IV p	77.1	77.4	5	75.1	73.3	4	79.7	81.8	1	77.8	79.1	7	80.2
97 I p	77.4	79.6	4	75.0	77.9	2	77.4	79.4	6	79.5	81.2	4	79.9
II p	79.2	80.1	3	77.3	78.2	5	80.0	82.0	8	80.4	81.0	-1	81.1
III p	80.6	81.0	1	79.1	79.7	-2	82.2	83.8	3	81.2	81.0	2	81.5
IV p	79.5	79.4	1	77.1	74.9	-1	82.1	82.6	2	80.4	81.9	3	82.5
98 I p	79.9	81.9	7	78.1	80.0	2	82.4	84.3	2	80.4	82.6	-	82.8
II p	81.0	81.9	1	79.2	80.7	4	84.0	84.2	4	81.3	82.0	-3	83.4
III p	80.9	81.8	2	79.1	80.8	4	82.8	83.2	-	81.6	82.0	-	83.7
IV p	80.7	80.5	2	80.9	78.1	2	79.2	81.8	-4	81.1	82.0	6	82.8
99 I p	79.3	81.3	3	76.5	79.3	3	81.8	83.0	3	80.7	82.3	2	81.9
II p	79.6	80.2	1	76.7	78.5	2	82.4	81.4	-	80.9	81.2	1	81.9

CAPACITY UTILISATION. TOTAL INDUSTRY
Percentages

CAPACITY UTILISATION. BY TYPES OF GOODS
Percentages



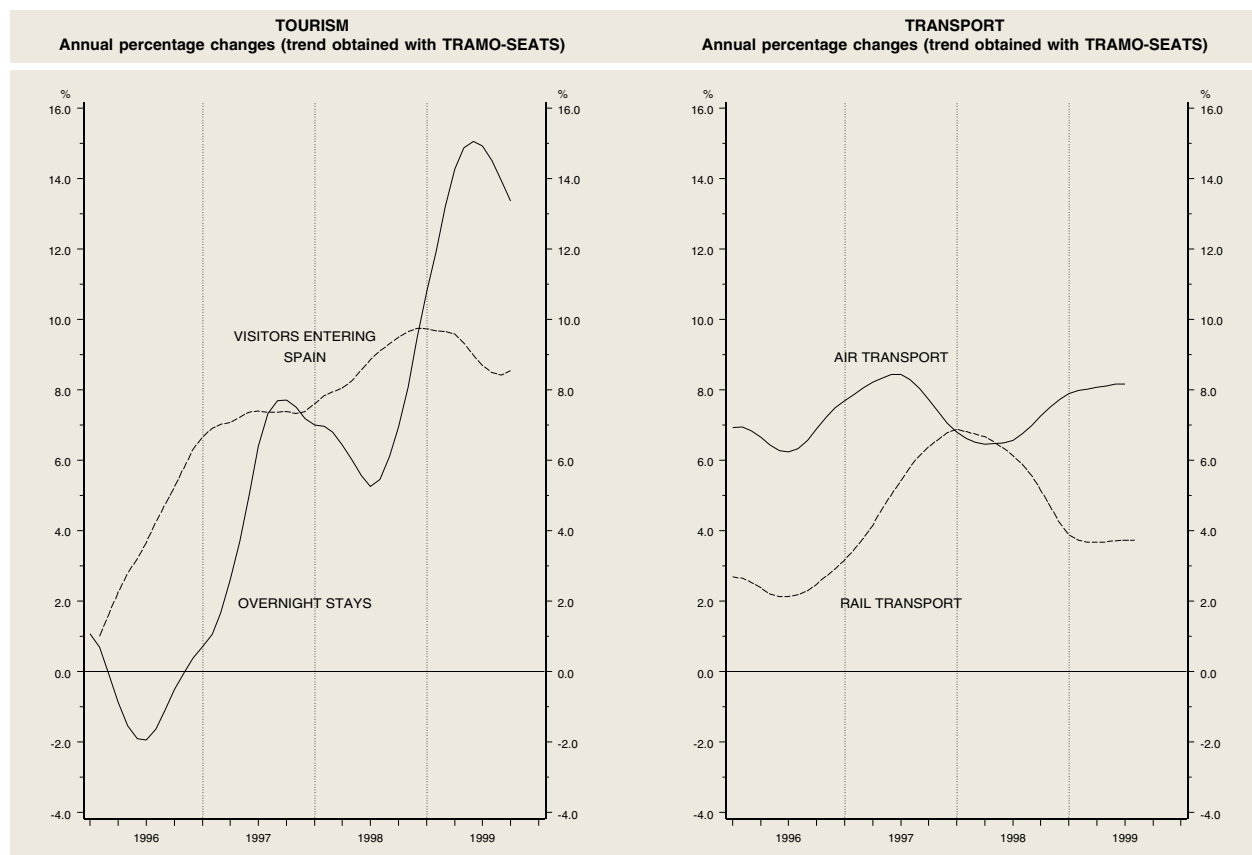
Sources: Ministerio de Industria y Energía and ECB.

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	9.1	9.8	7.5	7.1	2.5	10.4	0.7	8.3	4.6	5.4	2.6
98 J-S p	10.2	11.2	6.4	5.5	8.5	9.2	7.1	6.3	1.3	10.0	0.5	7.2	5.2	6.9	2.6
99 J-S a	12.6	19.5	14.1	21.1	7.7	9.1	4.8	...	...	...	...	...	...	...	...
98 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	10.3	12.5	5.2	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	9.5	10.7	6.8	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	6.0	5.4	7.5	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	9.7	7.1	14.7	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	8.4	8.7	7.6	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	11.6	14.4	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	10.8	14.7	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	14.4	17.1	9.3	10.3	10.3	10.5	4.4	22.4	13.6	9.4	5.7
Apr a	8.4	13.8	14.4	22.6	7.7	5.6	11.8	1.5	-3.7	5.5	-5.6	5.1	13.0	-1.4	3.7
May a	14.3	20.0	16.1	22.4	7.8	9.8	3.3	9.3	4.6	12.2	2.1	0.3	7.5	5.5	1.6
Jun a	15.4	23.5	16.1	22.5	7.4	8.4	5.1	8.3	4.1	10.9	10.3	11.1	3.0	5.6	11.2
Jul a	12.5	19.3	12.9	19.5	10.8	12.8	6.1	...	...	...	...	...	...	2.1	...
Aug a	10.0	17.2	9.5	16.9	-0.5	1.5	-4.0	...	...	...	...	...	...	...	...
Sep a	11.2	18.4	13.8	20.4	8.9	8.7	9.3	...	...	...	...	...	...	...	...



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.

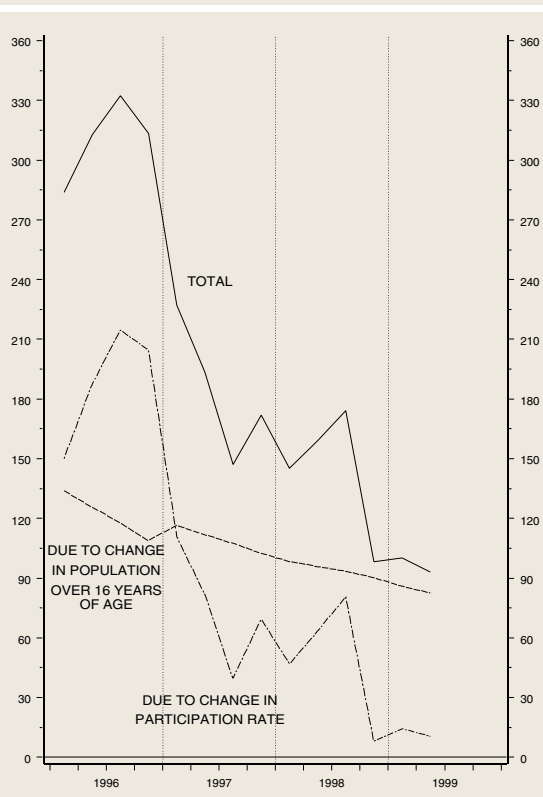
Thousands and annual percentage changes

	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-II Ø	32490	195	0.6		49.86	16197	152		97		55		0.9	
99 I-II Ø	32659	169	0.5		49.89	16294	97		84		12		0.6	
95 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	
II	32677	165	0.5		49.95	16324	93		83		11		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.

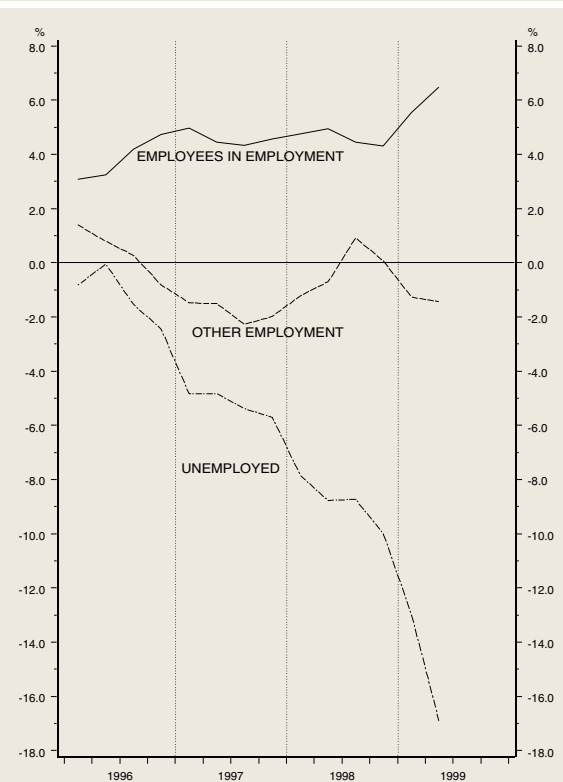
Thousands and annual percentage changes

	Employment									Unemployment			Unem- plovment rate	Memorandum item: euro area	
	Total			Wage-earners			Other			Thousands	Annual change	4-quarter % change		Employment 4-quarter % change	Unem- plovment 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
			n			n			n			n		n	
96 O	12396	354	2.9	9 284	341	3.8	3 112	13	0.4	3 540	-43	-1.2	22.22	0.3	11.62
97 O	12765	369	3.0	9 709	425	4.6	3 056	-56	-1.8	3 356	-184	-5.2	20.83	0.5	11.63
98 O	13205	440	3.4	10157	448	4.6	3 048	-7	-0.2	3 060	-296	-8.8	18.82	1.3	10.94
98 I-II O	13076	435	3.4	10032	464	4.9	3 044	-29	-1.0	3 121	-282	-8.3	19.27	...	11.12
99 I-II O	13638	562	4.3	10636	603	6.0	3 003	-41	-1.4	2 656	-465	-14.9	16.31	...	10.35
95 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	...	11.37
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	...	11.63
IV	12915	371	3.0	9 887	432	4.6	3 028	-61	-2.0	3 293	-199	-5.7	20.32	...	11.50
98 I	12992	415	3.3	9 950	453	4.8	3 042	-37	-1.2	3 172	-270	-7.8	19.63	...	11.23
II	13161	454	3.6	10115	476	4.9	3 045	-22	-0.7	3 070	-295	-8.8	18.91	...	11.00
III	13325	464	3.6	10249	437	4.4	3 076	28	0.9	3 035	-290	-8.7	18.55	...	10.87
IV	13342	427	3.3	10312	425	4.3	3 030	2	0.1	2 963	-329	-10.0	18.17	...	10.67
99 I	13503	512	3.9	10500	550	5.5	3 003	-39	-1.3	2 761	-412	-13.0	16.98	...	10.40
II	13773	612	4.7	10771	656	6.5	3 002	-44	-1.4	2 551	-519	-16.9	15.63	...	10.30

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-II Ø	3.4	4.9	33.1	-0.2	3.2	61.7	5.7	6.5	29.3	2.5	5.3	62.4	3.3	4.3	28.0	4.0	4.1	3.8
99 I-II Ø	4.3	6.0	32.7	-5.4	-3.2	62.3	3.6	4.0	27.6	11.0	12.9	61.9	4.8	6.3	27.8	5.2	5.8	5.7
95 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
II	4.7	6.5	32.7	-2.0	3.7	61.3	2.6	3.1	27.7	10.9	12.4	61.5	5.2	7.0	28.1	5.2	5.8	6.1

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 *Bolétin 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	19	0.6	33.78	291	3.5	50	7.8	7.45	9.76	1.5	12.26	-3.6	28.27	59.70	65.03
97 O	300	4.9	118	3.8	33.52	337	3.9	88	12.7	8.03	9.15	-5.2	11.40	-6.0	27.58	61.39	66.25
98 O	349	5.4	98	3.0	33.01	406	4.5	41	5.3	8.09	8.48	-6.4	10.02	-11.3	25.87	58.97	63.70
98 I-II O	355	5.6	108	3.4	33.12	408	4.6	56	7.2	8.28	8.64	-6.8	10.36	-9.8	26.03	59.85	64.77
99 I-II O	465	6.9	151	4.5	32.65	532	5.8	72	8.6	8.48	7.65	-11.0	8.24	-20.0	23.23	54.41	60.05
95 II	95	1.7	231	8.0	34.99	256	3.2	72	12.7	7.20	9.53	-11.3	13.04	-1.6	28.03	59.35	64.57
III	156	2.7	209	7.0	35.24	255	3.1	112	20.9	7.18	9.81	-2.3	12.71	-4.6	28.08	59.37	64.77
IV	212	3.7	110	3.7	34.51	219	2.7	104	18.4	7.44	10.03	1.3	12.60	-6.5	28.05	60.69	66.36
96 I	252	4.4	16	0.5	33.82	197	2.4	74	12.2	7.48	9.97	3.2	12.77	-3.9	28.32	60.72	65.70
II	317	5.5	-27	-0.9	33.60	226	2.7	64	10.0	7.67	9.79	4.9	12.29	-3.9	28.38	59.07	64.36
III	354	6.1	26	0.8	34.10	349	4.2	30	4.6	7.21	9.55	-0.6	12.12	-2.6	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	11.87	-3.9	28.52	60.12	65.75
97 I	316	5.3	130	4.3	33.59	371	4.4	78	11.5	7.95	9.41	-4.2	11.81	-6.2	27.49	60.80	65.58
II	266	4.3	138	4.4	33.60	325	3.8	87	12.3	8.24	9.30	-3.9	11.39	-6.1	28.13	62.00	67.00
III	294	4.8	104	3.2	33.74	320	3.7	87	12.8	7.79	8.97	-5.2	11.24	-6.5	27.79	61.73	66.67
IV	325	5.2	100	3.1	33.16	332	3.8	100	14.2	8.14	8.91	-7.4	11.14	-5.2	26.92	61.05	65.77
98 I	323	5.1	129	4.0	33.35	379	4.3	73	9.7	8.32	8.75	-6.2	10.63	-9.2	26.05	60.53	65.71
II	387	6.1	88	2.7	32.89	437	4.9	38	4.8	8.23	8.52	-7.4	10.10	-10.5	26.01	59.18	63.84
III	330	5.1	105	3.2	33.33	404	4.5	33	4.3	7.78	8.23	-7.3	9.89	-11.0	26.04	58.23	62.75
IV	357	5.4	70	2.1	32.47	404	4.5	21	2.6	8.01	8.43	-4.8	9.44	-14.7	25.40	57.96	62.51
99 I	457	6.9	104	3.1	32.59	498	5.5	52	6.3	8.38	7.92	-9.0	8.69	-17.7	23.74	54.88	60.22
II	473	7.0	198	5.9	32.72	565	6.1	91	10.9	8.58	7.38	-12.9	7.80	-22.3	22.72	53.93	59.87

WAGE EARNERS
Annual percentage changes

UNEMPLOYMENT
Unemployment rate



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*.

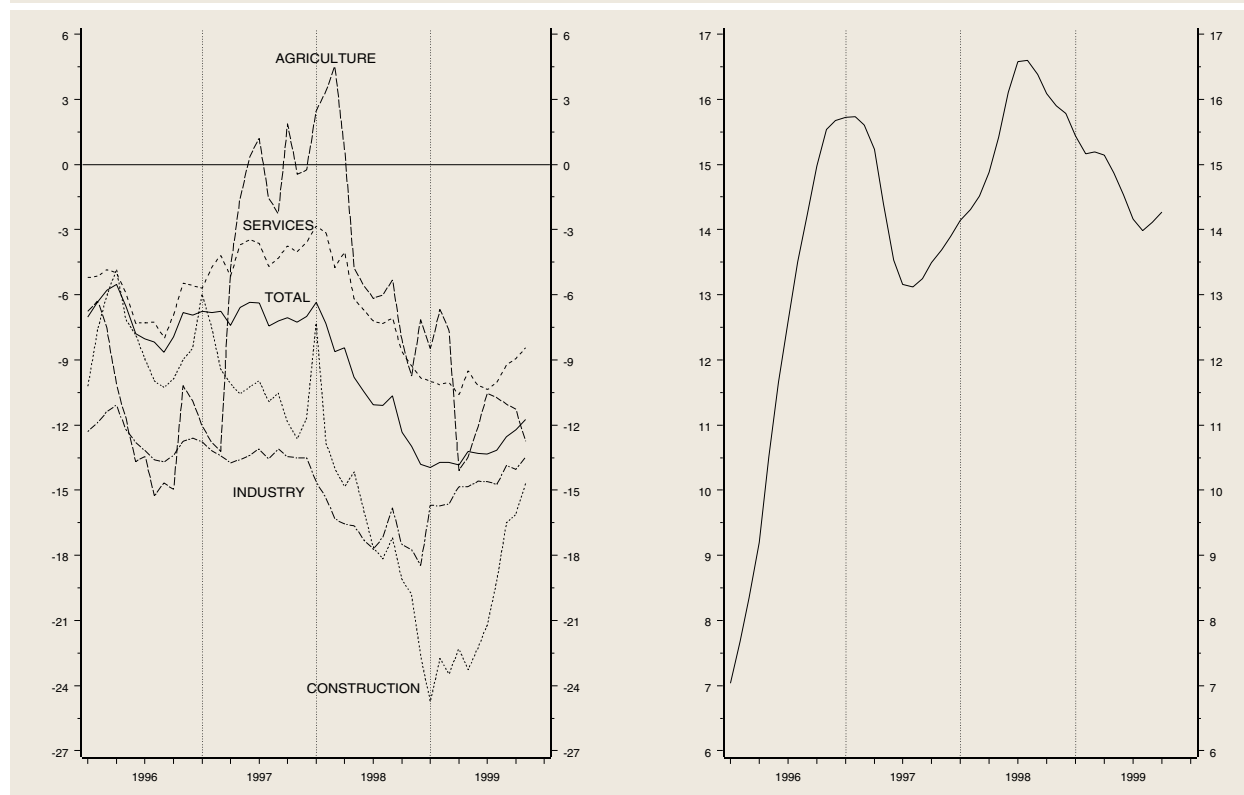
4.5. Registered unemployment by branch of activity. Contracts and placements. Spain

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	12-month % change						Thou- sands	12-month % change	Permanent	Part-time	Temporary	Thou- sands	12-month % change
						Total	Agriculture	Branches other than agriculture										
								Total	Industry	Construc- tion	Services							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
	n				n		n	n	n							n		
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-O Ø	1 908	-217	-10.2	-10.6	-10.1	-3.8	-10.3	-16.8	-16.2	-6.4	972	15.2	8.41	19.89	91.59	946	15.1	
99 J-O Ø p	1 658	-250	-13.1	-16.7	-12.3	-11.0	-12.3	-14.7	-20.4	-9.8	1 099	13.0	9.18	18.09	90.82	...	...
98 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	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	
Jun	1 612	-248	-13.3	-16.0	-12.7	-10.5	-12.8	-14.6	-21.2	-10.4	1 129	13.2	8.59	18.41	91.41	1 085	11.9	
Jul	1 551	-235	-13.2	-16.9	-12.3	-10.7	-12.3	-14.7	-19.1	-10.0	1 163	5.9	7.54	19.06	92.46	1 131	5.5	
Aug	1 554	-223	-12.5	-17.8	-11.3	-11.0	-11.3	-13.9	-16.5	-9.2	930	19.3	7.03	18.21	92.97	913	17.8	
Sep	1 570	-218	-12.2	-17.3	-11.0	-11.3	-11.0	-14.0	-16.1	-8.9	1 200	14.8	8.31	18.79	91.69	1 172	14.4	
Oct p	1 592	-212	-11.8	-17.5	-10.4	-12.7	-10.4	-13.5	-14.7	-8.5	1 232	4.5	8.86	21.32	91.14	...	...

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

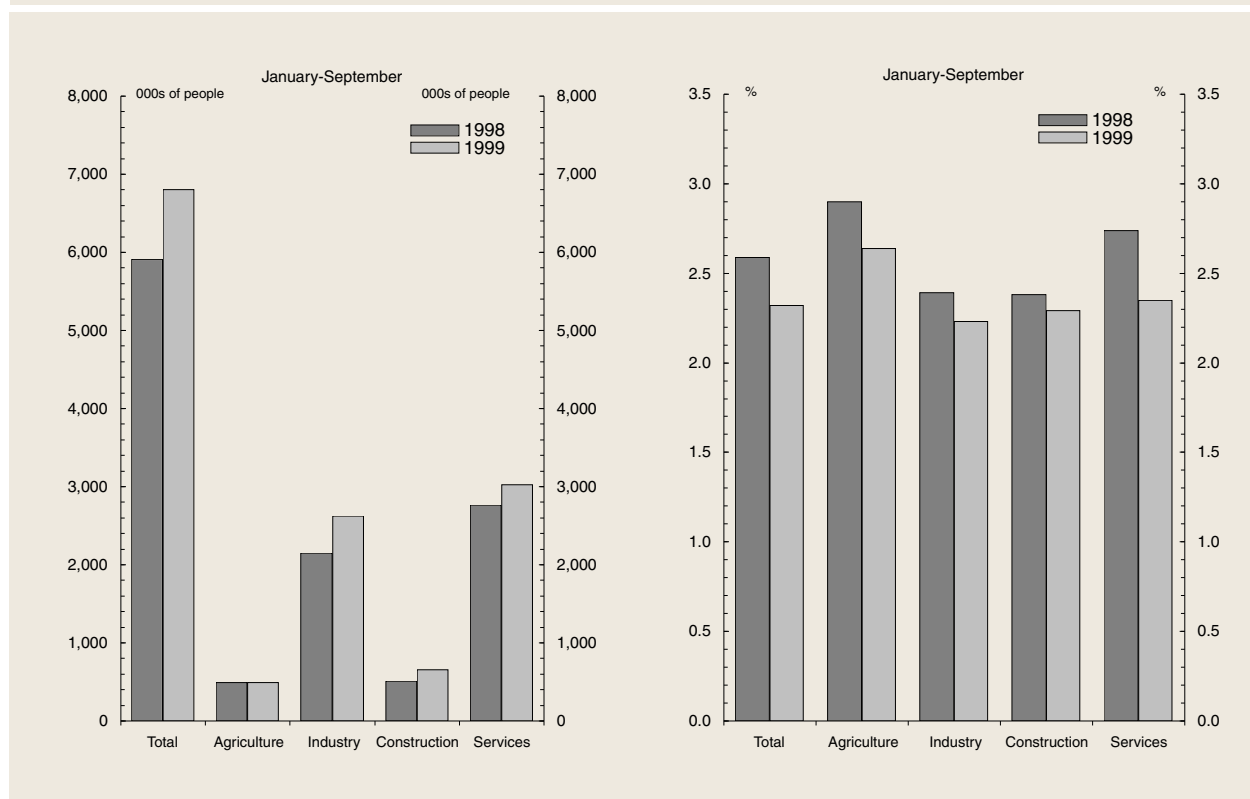
n Series depicted in chart.

Thousands and %

	As per month economic effects come into force (a)		As per month recorded														
			Employees affected (a)								Average wage settlement (%)						
	Employees affected	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	8 361	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	8 246	2.56	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 Dec	8 361	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	7 370	2.53	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	7 458	2.53	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	7 521	2.52	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	7 850	2.52	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	8 053	2.55	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	8 109	2.55	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	8 149	2.55	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	8 156	2.55	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	8 226	2.56	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	8 235	2.56	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	8 243	2.56	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	8 246	2.56	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	6 239	2.29	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	6 268	2.29	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	6 328	2.29	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	6 576	2.31	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	6 721	2.31	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
Jun	6 734	2.31	3 833	1 007	4 840	455	367	1 898	123	2 452	2.29	2.28	2.29	2.56	2.20	2.24	2.33
Jul	6 737	2.31	3 917	1 435	5 351	301	396	1 969	374	2 612	2.29	2.30	2.30	2.58	2.20	2.29	2.32
Aug	6 739	2.31	4 091	2 434	6 524	1 275	471	2 563	591	2 899	2.29	2.37	2.32	2.62	2.23	2.29	2.35
Sep	6 804	2.32	4 100	2 704	6 804	891	495	2 623	658	3 028	2.29	2.37	2.32	2.64	2.23	2.29	2.35

EMPLOYEES AFFECTED

AVERAGE WAGE SETTLEMENT



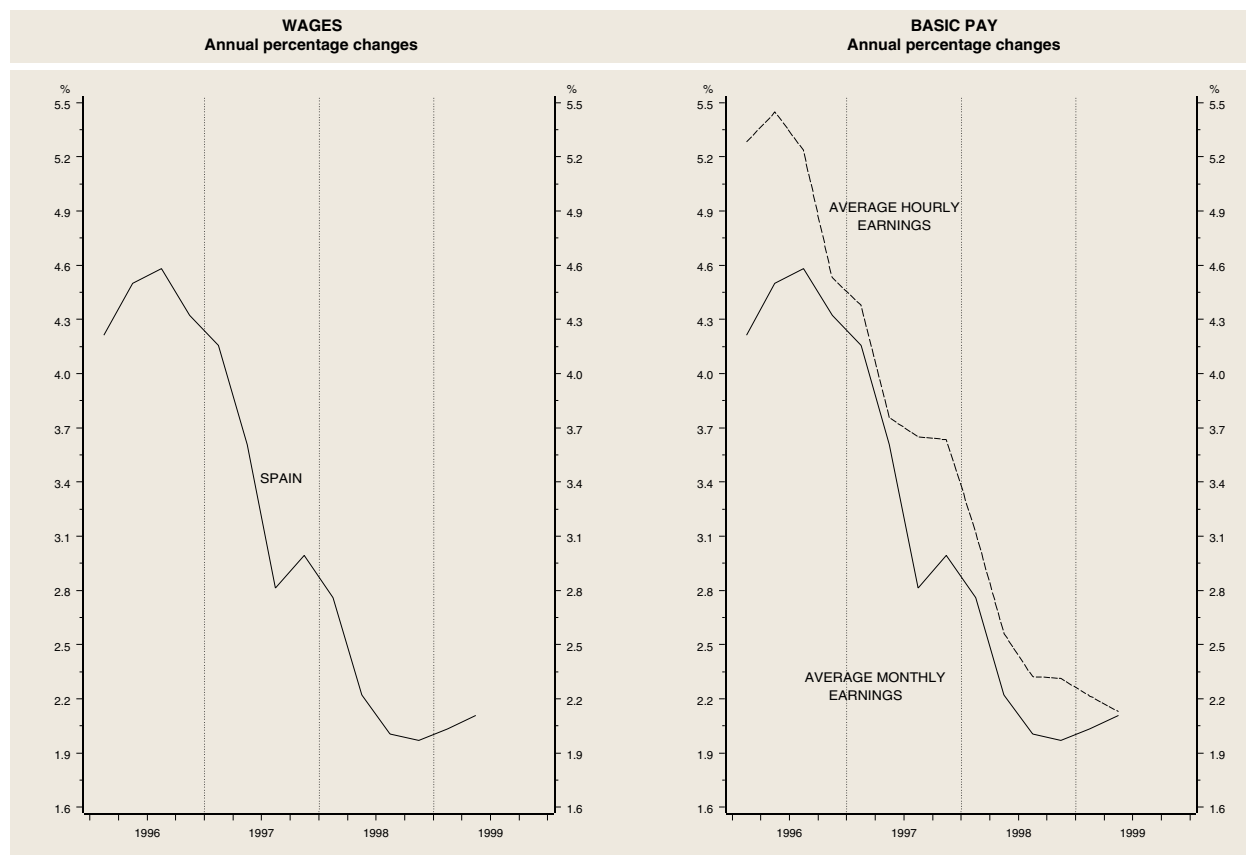
Source: Ministerio de Trabajo y Asuntos Sociales (MTAS), *Estadística de Convenios Colectivos, Avance mensual*.

(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
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-II Ø	1 166	2.3	1 257	2.6	3.0	3.2	2.6	8.19	2.9	8.82	3.2	3.2	3.4	3.8	142	-0.7	...
99 I-II Ø	1 187	1.8	1 284	2.1	2.9	3.8	1.6	8.37	2.2	9.05	2.6	2.9	3.9	2.2	142	-0.4	...
95 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	...
96 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	...
97 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	...
98 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	...
99 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	...
98 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	...
99 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	...
96 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	...
99 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	...
96 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	...
97 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	142	-0.5	...
96 II	1 189	1.9	1 294	2.2	2.9	3.9	1.4	8.39	2.2	9.13	2.5	3.2	4.0	1.8	142	-0.3	...



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*.

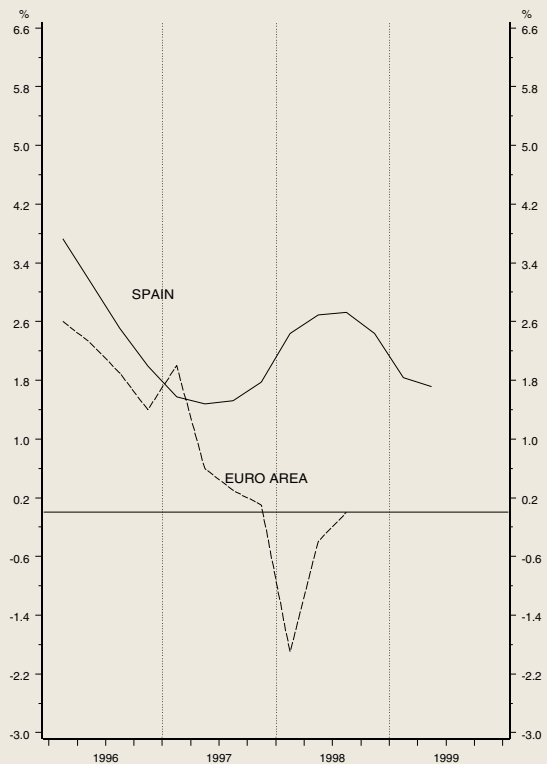
4.8. Unit labour costs. Spain and euro area

n Series depicted in chart.

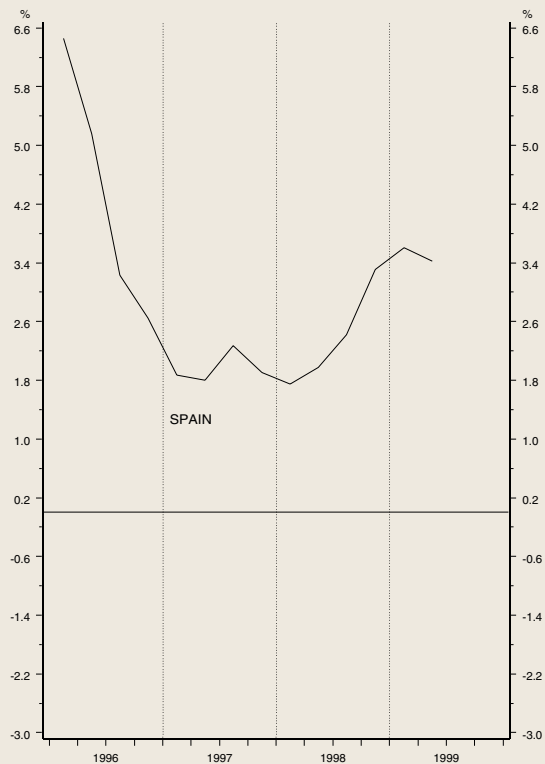
Annual percentage changes

	Whole-economic unit labour costs		Compensation per employee		Productivity						Memorandum item: unit labour costs in manufacturing	
							Output		Employment			
	Spain	Euro area	Spain	Euro area	Spain	Euro area	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
96	2.8	2.0	4.0	3.2	1.1	1.2	2.3	1.3	1.2	0.3	4.3	...
97	1.6	0.7	2.7	2.6	1.1	1.8	3.8	2.2	2.7	0.5	2.0	...
98	2.6	...	2.8	...	0.2	...	4.0	2.7	3.7	1.3	2.4	...
98 I-II	2.7	...	2.9	...	0.2	...	4.1	3.2	3.7	...	2.0	...
99 I-II	1.7	...	1.9	...	0.2	...	3.6	1.5	3.3	...	3.4	...
96 II	3.1	2.3	4.4	3.3	1.2	...	2.1	1.1	0.9	...	5.2	...
III	2.5	1.9	3.7	3.2	1.2	...	2.6	1.6	1.5	...	3.2	...
IV	2.0	1.4	3.0	2.8	1.0	...	3.0	1.7	2.0	...	2.6	...
97 I	1.6	2.0	2.6	2.8	1.0	0.7	3.4	1.5	2.4	...	1.9	...
II	1.5	0.6	2.6	2.8	1.1	2.2	3.7	2.2	2.6	...	1.8	...
III	1.5	0.3	2.8	2.3	1.3	1.9	4.0	2.3	2.7	...	2.3	...
IV	1.8	0.1	3.0	2.1	1.2	2.1	4.2	2.9	3.0	...	1.9	...
98 I	2.4	-1.9	3.1	0.9	0.7	2.9	4.2	3.6	3.5	...	1.7	...
II	2.7	-0.4	2.9	1.1	0.2	1.5	4.0	2.8	3.8	...	2.0	...
III	2.7	-	2.7	1.3	»	1.5	3.9	2.6	3.9	...	2.4	...
IV	2.4	...	2.4	...	»	...	3.7	1.9	3.7	...	3.3	...
99 I	1.8	...	2.2	...	0.3	...	3.6	1.6	3.3	...	3.6	...
II	1.7	...	1.9	...	0.2	...	3.6	1.5	3.4	...	3.4	...

UNIT LABOUR COSTS. TOTAL
Annual percentage changes



UNIT LABOUR COSTS. MANUFACTURING
Annual percentage changes



Sources: INE, BE and ECB.

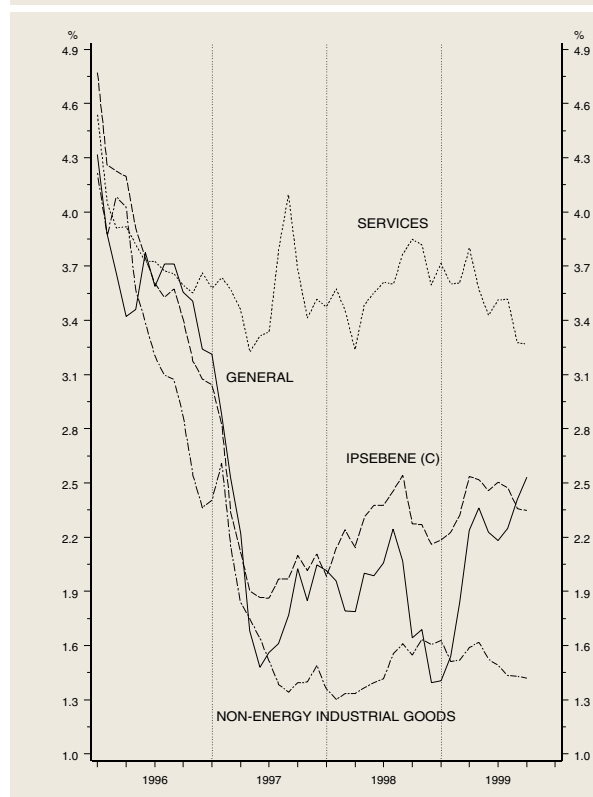
5.1. Consumer price index. Spain (1992 = 100)

n Series depicted in chart.

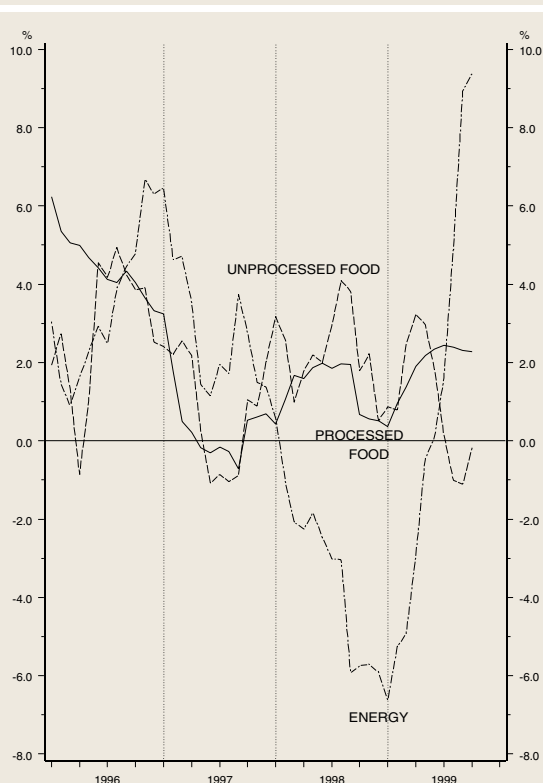
Annual percentage changes

	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-S Ø	123.6	0.1	2.0	0.5	2.5	1.6	1.4	-3.0	3.6	2.3	113.3	-1.4
99 J-S Ø p	126.3	0.3	2.2	1.3	1.0	2.0	1.5	1.3	3.5	2.4	...	...
98 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	125.2	0.1	1.8	0.4	2.5	1.4	1.5	-4.9	3.6	2.3	129.4	4.8
Mar	125.7	0.4	2.2	0.9	3.2	1.9	1.6	-2.9	3.8	2.5	132.7	8.6
Apr	126.2	0.4	2.4	1.2	3.0	2.2	1.6	-0.5	3.6	2.5	127.1	5.5
May	126.2	»	2.2	1.2	1.8	2.3	1.5	0.1	3.4	2.5	112.8	-6.0
Jun p	126.2	»	2.2	1.3	0.2	2.4	1.5	1.6	3.5	2.5	108.0	-3.3
Jul p	126.8	0.4	2.2	1.7	-1.0	2.4	1.4	4.9	3.5	2.5	100.4	-4.9
Aug p	127.3	0.4	2.4	2.1	-1.1	2.3	1.4	8.9	3.3	2.4	...	...
Sep p	127.6	0.2	2.5	2.3	-0.2	2.3	1.4	9.4	3.3	2.3	...	...

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.

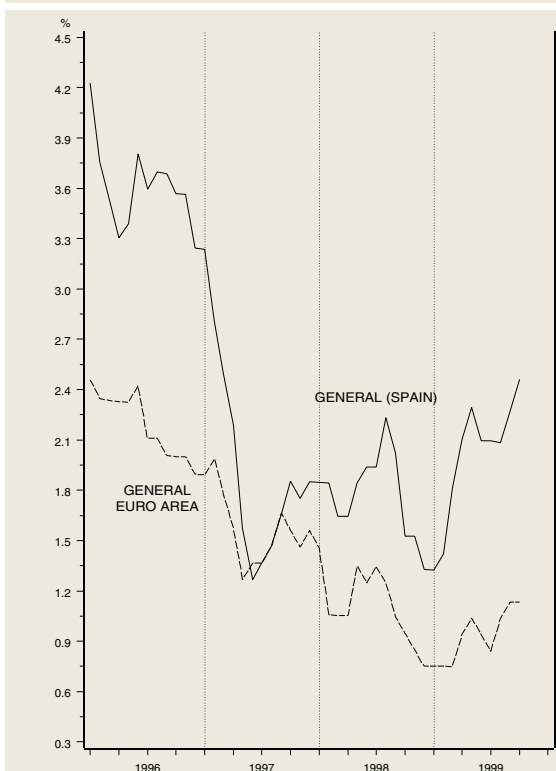
5.2. Harmonised index of consumer prices. Spain and euro area (1996 = 100)

n Series depicted in chart

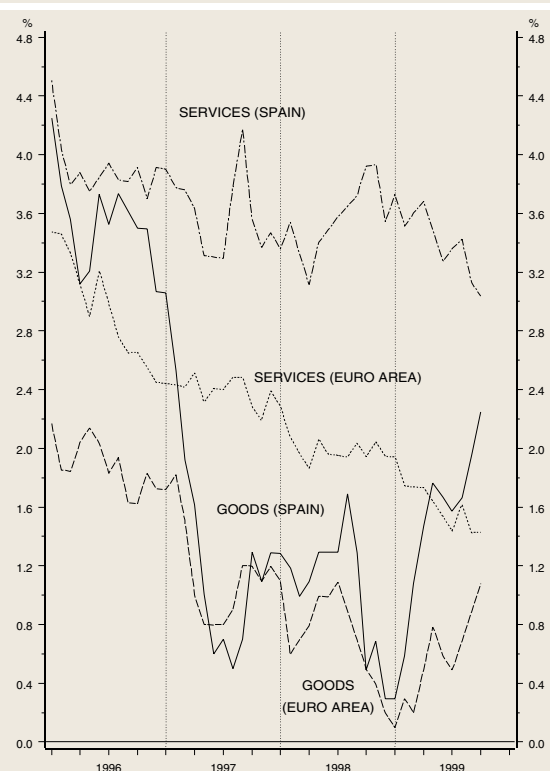
Annual percentage changes

	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	1.9	3.7	1.9	4.8	2.0	2.8	1.7	3.3	1.8	3.1	1.5	3.7	3.0	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-S Ø	1.9	1.2	1.2	0.8	2.0	1.8	1.4	1.5	2.5	2.3	0.6	0.3	1.4	0.9	-3.0	-2.0	3.5	2.0
99 J-S Ø	2.1	1.0	1.6	0.6	1.7	0.6	2.4	0.9	1.0	0.1	1.5	0.6	1.6	0.6	1.2	0.6	3.4	1.6
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
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
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
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
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
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
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
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
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	1.0	1.3	0.9	1.3	1.0	1.2	0.3	-0.3	1.6	0.8	-5.1	-4.4	3.5	1.7
Feb	1.8	0.8	1.1	0.2	1.9	1.4	1.6	1.3	2.1	1.5	0.5	-0.4	1.6	0.7	-4.9	-4.2	3.6	1.7
Mar	2.1	1.0	1.5	0.5	2.5	1.5	2.2	1.1	2.7	1.9	0.8	-0.1	1.7	0.8	-2.8	-2.8	3.7	1.7
Apr	2.3	1.1	1.8	0.8	2.6	1.1	2.7	1.2	2.5	1.3	1.3	0.6	1.7	0.6	-0.4	0.3	3.5	1.6
May	2.1	1.0	1.7	0.6	2.2	0.7	2.9	0.8	1.6	0.4	1.3	0.6	1.6	0.5	0.2	0.6	3.3	1.5
Jun	2.1	0.9	1.6	0.5	1.6	0.1	3.1	0.8	0.3	-0.8	1.6	0.7	1.6	0.6	1.5	1.4	3.4	1.4
Jul	2.1	1.1	1.7	0.7	1.1	-0.1	3.0	0.7	-0.5	-1.3	2.2	1.1	1.5	0.6	4.9	3.2	3.4	1.6
Aug	2.3	1.2	2.0	0.9	1.1	-0.3	2.9	0.7	-0.7	-1.6	2.8	1.5	1.5	0.5	8.8	5.0	3.1	1.4
Sep	2.5	1.2	2.2	1.1	1.3	-0.1	2.8	0.7	0.1	-1.2	2.9	1.8	1.5	0.4	9.2	6.4	3.0	1.4

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)

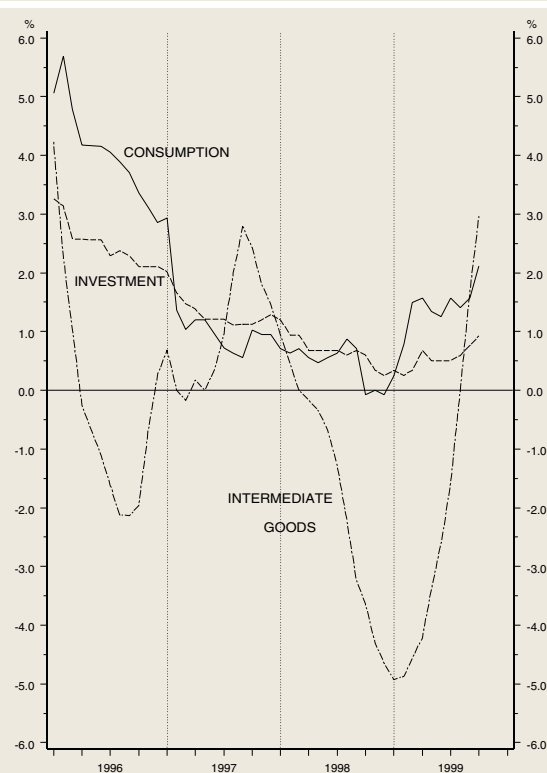
n Series depicted in chart

	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	1.2
98 Ø p	120.2	-	-0.7	-	0.4	-	0.6	-	-2.1	-0.8	0.5	0.5	-2.2
98 J-S Ø p	120.5	-	-0.2	-	0.6	-	0.7	-	-1.2	-1.6	0.1	0.5	-3.3
99 J-S Ø p	120.3	-	-0.1	-	1.5	-	0.6	-	-1.9	...	...	...	...
98 Apr p	120.7	-0.1	0.1	0.2	0.5	-	0.7	-0.3	-0.3	0.1	0.7	0.4	-0.7
May p	120.6	-0.1	-0.1	0.1	0.6	0.1	0.7	-0.2	-0.7	-0.2	0.6	0.5	-1.0
Jun p	120.4	-0.2	-0.2	-	0.6	-	0.7	-0.5	-1.3	-0.5	0.6	0.5	-1.5
Jul p	120.3	-0.1	-0.5	0.2	0.9	-	0.6	-0.3	-2.2	-0.9	0.6	0.7	-2.1
Aug p	120.1	-0.2	-1.1	-	0.7	-	0.7	-0.4	-3.2	-1.5	0.4	0.6	-3.2
Sep p	119.7	-0.3	-1.6	-0.2	-0.1	-0.1	0.6	-0.4	-3.6	-1.6	0.1	0.5	-3.3
Oct p	119.5	-0.2	-1.8	-0.1	-	-0.1	0.3	-0.4	-4.3	-2.1	-0.1	0.4	-4.2
Nov p	119.2	-0.3	-2.1	-0.1	-0.1	-	0.3	-0.4	-4.6	-2.5	-0.2	0.3	-4.7
Dec p	118.9	-0.3	-2.1	0.2	0.2	-	0.3	-0.7	-4.9	-2.6	-0.1	0.3	-4.8
99 Jan p	118.9	-	-1.8	0.5	0.8	0.1	0.3	-0.6	-4.9	-2.8	-0.1	0.1	-5.1
Feb p	119.2	0.3	-1.4	0.7	1.5	0.3	0.3	-0.2	-4.6	-2.8	-0.1	0.2	-5.0
Mar p	119.4	0.2	-1.2	0.1	1.6	0.4	0.7	0.2	-4.2	-2.3	-	0.1	-4.4
Apr p	119.7	0.3	-0.8	-0.1	1.3	-0.2	0.5	0.6	-3.4	-1.6	-0.1	0.3	-3.2
May p	120.0	0.3	-0.5	-	1.3	0.1	0.5	0.6	-2.6	-1.4	-0.2	-0.1	-2.8
Jun p	120.4	0.3	-	0.3	1.6	-	0.5	0.5	-1.6	-1.0	-0.2	-	-2.1
Jul p	121.1	0.6	0.7	-	1.4	0.1	0.6	1.2	-	-0.1	-0.1	-0.1	-0.6
Aug p	121.8	0.6	1.4	0.2	1.6	0.2	0.8	1.2	1.7	0.6	0.1	-0.1	0.5
Sep p	122.6	0.7	2.4	0.4	2.1	0.1	0.9	0.9	3.0	...	...	...	...

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.

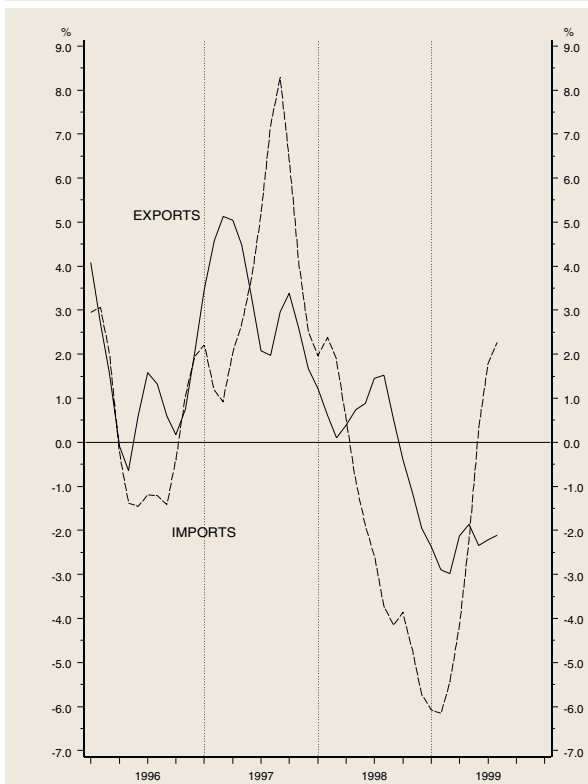
5.4. Unit value indices of Spanish foreign trade

n Series depicted in chart

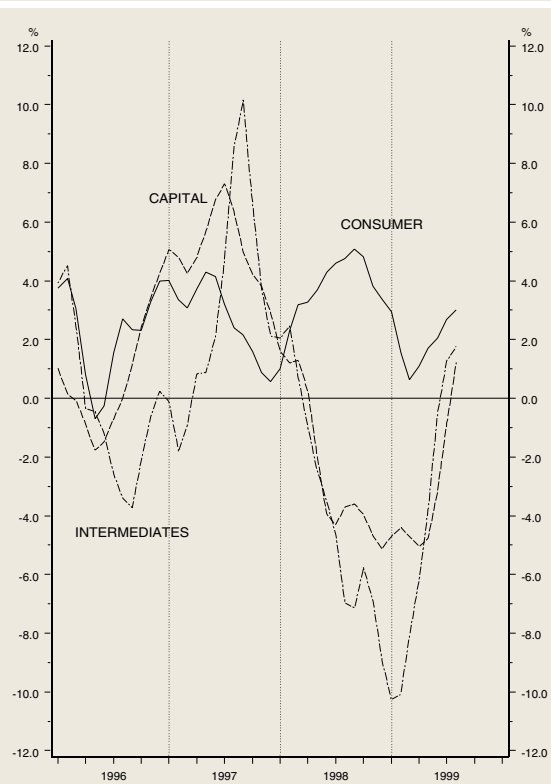
Annual percentage changes

	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-A	0.9	4.8	-3.2	-0.8	-16.9	0.6	-1.1	3.8	-1.9	-2.9	-25.7	1.7
99 J-A	-2.5	1.2	-12.9	-1.3	-1.6	-2.0	-2.4	1.1	-2.5	-4.3	5.9	-4.1
98 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
Mar	-0.8	3.8	-4.6	-3.4	-16.4	-3.9	-4.2	1.0	-5.0	-6.7	-24.6	-3.0
Apr	-0.5	0.1	-3.8	-0.3	-7.8	-0.8	-3.0	2.2	-7.7	-4.0	-5.1	-2.9
May	-4.0	-4.5	-7.9	-2.9	-3.2	-3.6	-7.7	0.6	-5.2	-12.2	17.4	-13.9
Jun	-2.3	1.6	-14.0	-0.3	12.8	-1.3	2.8	2.7	2.8	2.5	22.7	0.9
Jul	-0.2	3.7	-11.6	1.3	12.8	0.3	1.1	5.3	-2.3	0.2	38.6	-3.1
Aug	-4.1	0.4	-27.5	2.5	32.7	-0.7	3.8	1.2	5.4	4.1	62.2	-2.2

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	3	4	5	6	7	8	9=10 to 15	10	11	12	13	14	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-S p	-773	12306	3 039	1 941	421	5 460	720	725	13079	2 421	1 970	424	6 522	207	1 535
99 J-S p	-1158	13073	3 554	2 081	371	5 642	672	753	14232	2 373	2 518	311	7 310	221	1 498
98 Apr p	441	2 114	628	222	19	1 121	49	75	1 673	295	366	43	790	27	152
May p	-383	915	137	217	2	350	135	74	1 298	243	104	54	713	36	148
Jun p	-550	1 130	136	207	12	598	47	130	1 680	412	112	67	822	50	216
Jul p	567	1 961	631	223	8	908	116	74	1 393	273	116	29	795	-25	206
Aug p	-133	1 126	-56	228	90	749	41	74	1 260	241	243	48	563	18	147
Sep p	-9	1 206	413	246	23	329	120	74	1 215	269	35	45	683	37	146
Oct p	551	2 087	702	243	9	1 016	44	73	1 536	269	305	38	687	36	202
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	1 381	-49	251	5	1 009	90	75	2 070	211	811	15	870	»	163
Feb p	488	2 313	1 272	185	255	471	51	78	1 824	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	8	1 200	50	78	1 598	261	358	34	739	37	170
May p	-705	845	125	218	1	337	86	77	1 550	308	104	46	894	31	166
Jun p	-397	1 190	154	234	5	557	106	135	1 588	404	106	37	800	34	206
Jul p	500	1 824	706	236	18	697	89	78	1 324	255	144	25	666	33	200
Aug p	-209	1 115	-57	232	71	763	30	77	1 324	236	147	19	768	17	137
Sep p	-176	1 237	450	276	1	335	98	77	1 413	228	75	27	919	38	127

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	3	4	5	6	7	8	9=10 to 15	10	11	12	13	14	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-S p	-4645	73963	18266	11666	2 532	32814	4 329	4 356	78608	14552	11839	2 551	39198	1 245	9 224
99 J-S p	-6962	78571	21362	12508	2 229	33907	4 039	4 526	85533	14264	15135	1 867	43936	1 328	9 003
98 Apr p	2 649	12704	3 774	1 334	115	6 736	296	449	10055	1 775	2 200	255	4 745	165	915
May p	-2299	5 500	824	1 305	12	2 102	811	446	7 800	1 460	626	326	4 284	214	892
Jun p	-3308	6 790	816	1 242	74	3 594	282	782	10097	2 479	676	405	4 940	298	1 300
Jul p	3 409	11783	3 792	1 337	48	5 460	699	447	8 374	1 639	697	174	4 781	-152	1 236
Aug p	-801	6 770	-338	1 373	542	4 501	247	446	7 572	1 447	1 460	286	3 383	110	885
Sep p	-55	7 248	2 484	1 477	139	1 979	722	447	7 303	1 615	212	273	4 106	220	877
Oct p	3 309	12543	4 217	1 462	57	6 108	263	436	9 234	1 620	1 833	228	4 129	214	1 211
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	-4143	8 301	-292	1 508	29	6 064	539	453	12443	1 270	4 876	91	5 229	»	979
Feb p	2 935	13900	7 647	1 113	1 533	2 832	307	469	10965	1 306	2 865	286	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	4 453	14057	4 598	1 436	45	7 211	299	467	9 604	1 567	2 149	205	4 439	222	1 022
May p	-4237	5 076	750	1 311	6	2 028	517	464	9 313	1 853	625	279	5 373	185	998
Jun p	-2389	7 154	926	1 404	27	3 345	638	814	9 543	2 430	638	222	4 809	204	1 240
Jul p	3 006	10961	4 240	1 419	109	4 188	537	466	7 955	1 535	867	149	4 002	198	1 204
Aug p	-1254	6 700	-344	1 392	425	4 584	180	463	7 954	1 417	883	116	4 616	102	821
Sep p	-1058	7 435	2 704	1 656	8	2 013	587	465	8 492	1 370	450	164	5 521	227	760

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	2	3	4	5	6	7	8	9	10=11+12	11	12	13	14=6 a 9=10+13
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	-1 436	161	-20	181	1 396	1 556
98 p	-1234	284	74	1 518	1 075	-1972	4 007	-39	-412	853	-19	873	730	1 584
98 J-S p	-773	2 185	2 459	2 957	759	-1619	5 379	-	-501	1 734	-	1 734	1 525	3 259
99 J-S p	-1158	...	-55	...	-94	-1833	2 675	-	-46	...	-	...	...	796
98 Apr p	441	395	425	-46	-1	-805	809	-	-102	73	-	73	-171	-98
May p	-383	-420	-318	-38	25	-422	618	-	-3	-120	-	-120	313	193
Jun p	-550	249	436	800	163	-323	1 032	-	-16	42	-	42	651	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	183	-	183	507	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	-1457	-1868	-473	27	-86	-525	-39	»	-469	-19	-449	-182	-651
99 Jan p	-689	70	279	760	-	-552	576	-	-17	-1432	-	-1432	1 439	7
Feb p	488	257	871	-231	-39	-161	598	-	-10	751	-	751	-323	428
Mar p	-711	-1294	-1161	-583	-4	-498	623	-	-2	-1131	-	-1131	1 254	123
Apr p	741	733	390	-8	49	-14	-442	-	-5	75	-	75	-536	-461
May p	-705	15	73	720	156	-7	683	-	2	-27	-	-27	705	678
Jun p	-397	-78	-119	320	-4	-209	328	-	»	164	-	164	-44	119
Jul p	500	...	-625	...	7	-520	-345	-	4	-1023	-	-1023	162	-861
Aug p	-209	...	18	...	-2	7	373	-	1	131	-	131	249	381
Sep p	-176	...	218	...	-257	121	281	-	-19	...	-	...	...	382

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		Total	In currencies other than the peseta/euro	By instrument (excluding other liabilities)				By counterpart sector (excluding other liabilities)				
		Total	Deposits at the Banco de España			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	2	3	4	5	6	7	8	9	10=11+12	11	12	13	14=6 a 9=10+13
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	1 708	444	9 121	6 461	-11852	24082	-236	-2474	5 129	-116	5 245	4 390	9 519
98 J-S p	-4645	13130	14780	17775	4 562	-9730	32331	-	-3014	10424	-	10424	9 163	19587
99 J-S p	-6962	...	-329	...	-566	-11018	16079	-	-277	...	-	...	...	4 784
98 Apr p	2 649	2 374	2 553	-275	-4	-4841	4 864	-	-612	437	-	437	-1026	-589
May p	-2299	-2526	-1912	-226	151	-2538	3 717	-	-16	-722	-	-722	1 884	1 162
Jun p	-3308	1 498	2 618	4 805	982	-1941	6 205	-	-98	255	-	255	3 911	4 166
Jul p	3 409	4 755	3 851	1 346	2 137	-3246	5 382	-	-196	-5074	-	-5074	7 014	1 940
Aug p	-801	-2804	-2567	-2003	380	1 741	-2883	-	-234	781	-	781	-2158	-1376
Sep p	-55	3 878	3 050	3 933	124	1 596	3 115	-	-564	1 102	-	1 102	3 044	4 147
Oct p	3 309	8 118	8 392	4 809	272	1 147	3 068	-	-30	4 910	-	4 910	-725	4 186
Nov p	-162	-10783	-11499	-10621	1 465	-2750	-8161	-	568	-7388	-	-7388	-2954	-10343
Dec p	-5916	-8758	-11229	-2842	163	-519	-3156	-236	1	-2816	-116	-2700	-1095	-3911
99 Jan p	-4143	423	1 680	4 565	-	-3318	3 462	-	-102	-8604	-	-8604	8 646	42
Feb p	2 935	1 546	5 236	-1389	-234	-966	3 594	-	-58	4 512	-	4 512	-1942	2 571
Mar p	-4276	-7780	-6978	-3504	-22	-2994	3 746	-	-14	-6799	-	-6799	7 536	737
Apr p	4 453	4 405	2 345	-48	293	-83	-2656	-	-32	452	-	452	-3224	-2771
May p	-4237	89	439	4 326	935	-40	4 104	-	11	-161	-	-161	4 236	4 075
Jun p	-2389	-468	-718	1 920	-26	-1258	1 973	-	2	983	-	983	-267	716
Jul p	3 006	...	-3755	...	41	-3125	-2074	-	26	-6146	-	-6146	974	-5172
Aug p	-1254	...	109	...	-10	40	2 241	-	7	789	-	789	1 499	2 288
Sep p	-1058	...	1 313	...	-1544	726	1 689	-	-117	...	-	...	...	2 298

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:	
	State debt according to the excessive deficit procedure 1=3 a 6-8= =7+10-8	of which	By instrument				By counterpart sector				Deposits at the Banco de España	Guarantees given (contingent liabilities). Outstanding level
		In currencies other than the peseta/euro	Short-term securities	Government bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Held by resident sectors			Rest of the world		
							Total	General government	Other resident sectors			
2	3	4	5	6	7=8+9	8	9	10	11	12		
96 p	43668	3 402	13501	25420	1 799	3 028	34761	80	34681	8 988	2 528	1 362
97 p	45357	3 871	11945	30105	1 760	1 607	34922	60	34862	10495	1 635	1 206
98 p	46978	4 964	9 974	34153	1 721	1 171	35532	41	35491	11487	1 709	1 067
98 Apr p	46945	4 000	11056	32899	1 760	1 289	37265	60	37205	9 739	3 256	1 188
May p	47095	3 982	10635	33477	1 760	1 283	37145	60	37085	10010	2 938	1 183
Jun p	47809	4 167	10312	34529	1 760	1 268	37051	60	36991	10818	3 373	1 193
Jul p	48092	4 482	9 772	35388	1 760	1 232	36206	60	36146	11946	4 014	1 158
Aug p	47879	4 562	10061	34916	1 760	1 202	36336	60	36276	11604	3 587	1 161
Sep p	48507	4 520	10327	35399	1 760	1 081	36412	60	36352	12155	4 095	1 152
Oct p	49300	4 662	10518	35999	1 760	1 083	37229	60	37169	12131	5 491	1 145
Nov p	47573	4 900	10060	34636	1 760	1 177	36001	60	35941	11633	3 578	1 139
Dec p	46978	4 964	9 974	34153	1 721	1 171	35532	41	35491	11487	1 709	1 067
99 Jan p	47006	4 258	9 422	34749	1 721	1 155	35103	41	35062	11944	1 989	1 052
Feb p	47461	3 997	9 261	35370	1 721	1 150	36089	41	36048	11413	2 860	1 057
Mar p	47617	3 860	8 763	36032	1 721	1 142	35109	41	35068	12549	1 699	1 069
Apr p	47173	3 926	8 749	35606	1 721	1 138	34940	41	34900	12273	2 089	1 068
May p	47861	4 092	8 742	36298	1 721	1 141	34914	41	34873	12988	2 162	1 064
Jun p	48008	4 115	8 533	36652	1 721	1 143	35077	41	35037	12971	2 043	1 041
Jul p	47118	4 093	8 013	36293	1 721	1 132	34054	41	34014	13104	1 418	1 024
Aug p	47573	4 165	8 020	36736	1 721	1 137	34186	41	34145	13427	1 436	1 023
Sep p	47979	3 933	8 141	37041	1 721	1 118	...	41	...	...	1 655	1 021

6.3e. State liabilities outstanding

n Series depicted in chart

EUR millions

	Liabilities outstanding (excluding other liabilities)										Memorandum item:	
	State debt according to the excessive deficit procedure 1=3 a 6-8= =7+10-8	of which	By instrument				By counterpart sector				Deposits at the Banco de España	Guarantees given (contingent liabilities). Outstanding level
		In currencies other than the peseta/euro	Short-term securities	Government bonds and assumed debt	Banco de España loans	Other marketable liabilities (a)	Held by resident sectors			Rest of the world		
							Total	General government	Other resident sectors			
7=8+9	8	9	10	11	12							
96 p	262451	20447	81144	152775	10814	18198	208915	481	208434	54016	15195	8 185
97 p	272603	23263	71790	180935	10578	9 661	209888	361	209527	63076	9 829	7 251
98 p	282346	29832	59944	205266	10341	7 040	213551	245	213306	69040	10273	6 412
98 Apr p	282144	24043	66449	197729	10578	7 749	223969	361	223609	58535	19569	7 138
May p	283045	23933	63916	201201	10578	7 711	223246	361	222885	60160	17657	7 112
Jun p	287337	25041	61975	207525	10578	7 620	222679	361	222318	65018	20275	7 173
Jul p	289036	26937	58729	212688	10578	7 402	217601	361	217240	71795	24126	6 960
Aug p	287760	27418	60469	209848	10578	7 226	218382	361	218021	69739	21559	6 975
Sep p	291532	27167	62065	212751	10578	6 499	218838	361	218478	73054	24609	6 926
Oct p	296301	28021	63212	216359	10578	6 512	223751	361	223391	72910	33001	6 879
Nov p	285922	29450	60462	208168	10578	7 074	216367	361	216007	69915	21502	6 843
Dec p	282346	29832	59944	205266	10341	7 040	213551	245	213306	69040	10273	6 412
99 Jan p	282511	25592	56626	208844	10341	6 944	210973	245	210728	71782	11953	6 320
Feb p	285244	24021	55660	212577	10341	6 911	216898	245	216653	68591	17188	6 354
Mar p	286183	23201	52666	216555	10341	6 866	211008	245	210763	75420	10211	6 423
Apr p	283515	23597	52583	213996	10341	6 839	209995	245	209751	73764	12556	6 418
May p	287652	24595	52543	218156	10341	6 856	209835	245	209590	78062	12995	6 396
Jun p	288533	24733	51284	220284	10341	6 867	210818	245	210574	77959	12277	6 254
Jul p	283186	24600	48160	218126	10341	6 804	204671	245	204427	78760	8 522	6 153
Aug p	285917	25033	48199	220786	10341	6 835	205461	245	205217	80701	8 631	6 151
Sep p	288361	23635	48925	222620	10341	6 719	...	245	...	...	9 944	6 139

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**

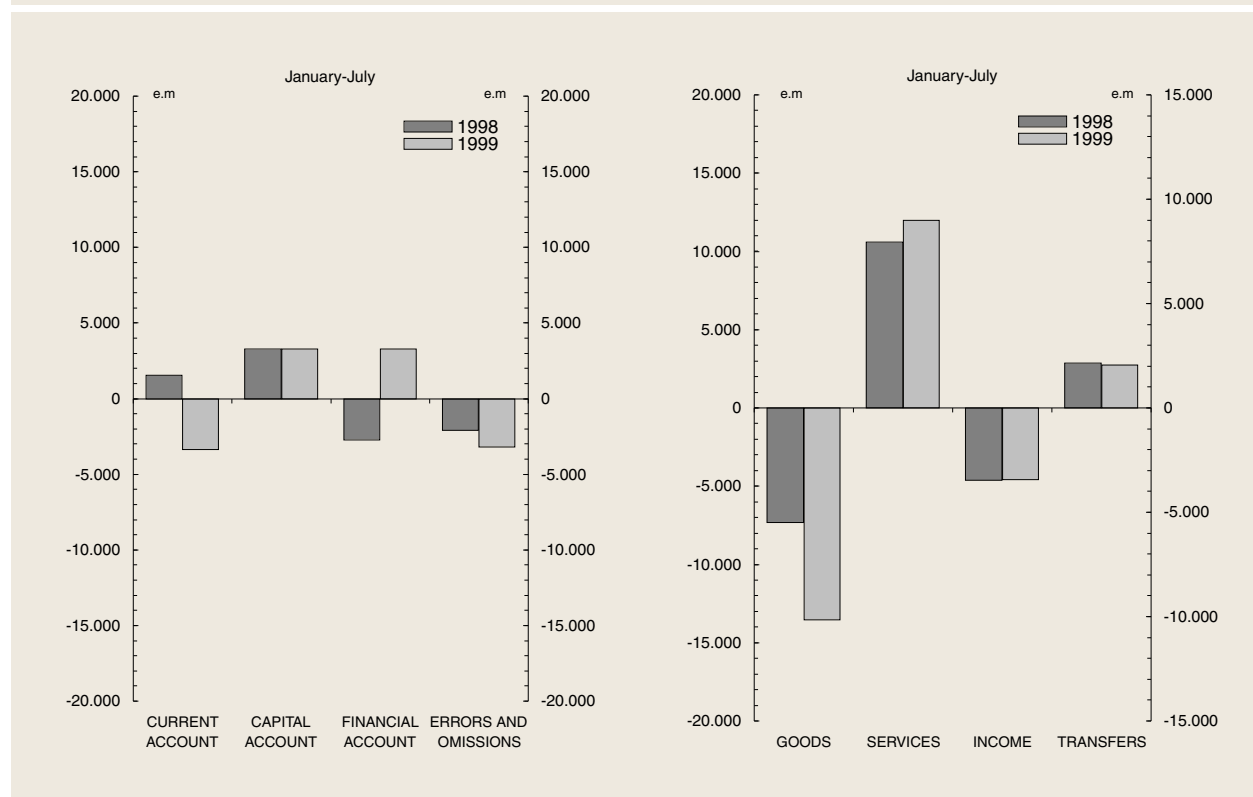
n Series depicted in chart.

EUR millions

Current account (a)																	Capital account (balance) (a)	Financial account (balance) (b)	Net errors and omissions
Total	Goods			Services						Income			Current transfers (balance)						
	Balance	Receipts	Payments	Balance	Receipts		Payments		Balance	Receipts	Payments								
					Total	Of which Tourism	Total	Of which Tourism											
1=2+5+ +10+13 n	2=3-4 n	3	4	5=6-8 n	6	7	8	9	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-J	1 534	-7330	59546	66876	10611	24944	14997	14333	2 462	-4615	7 155	11770	2 867	3 291	-2735	-2091			
99 J-J a	-3384	-13533	59934	73468	11973	28207	17028	16234	2 799	-4584	7 379	11962	2 760	3 285	3 292	-3193			
98 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 p	-231	-1939	9 566	11505	1 613	3 998	2 281	2 384	434	-440	1 558	1 998	535	23	589	-381			
Apr p	-901	-2090	8 184	10274	1 496	3 778	2 213	2 283	359	-433	1 103	1 536	127	56	1 439	-594			
May p	-607	-2507	8 963	11470	1 936	4 114	2 547	2 178	361	-334	905	1 239	298	279	516	-189			
Jun p	-522	-1955	9 653	11608	2 311	4 757	2 935	2 447	432	-1074	912	1 986	196	857	-168	-167			
Jul a	-954	-2229	8 842	11071	2 346	5 304	3 482	2 958	582	-1254	793	2 047	184	511	1 205	-762			

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

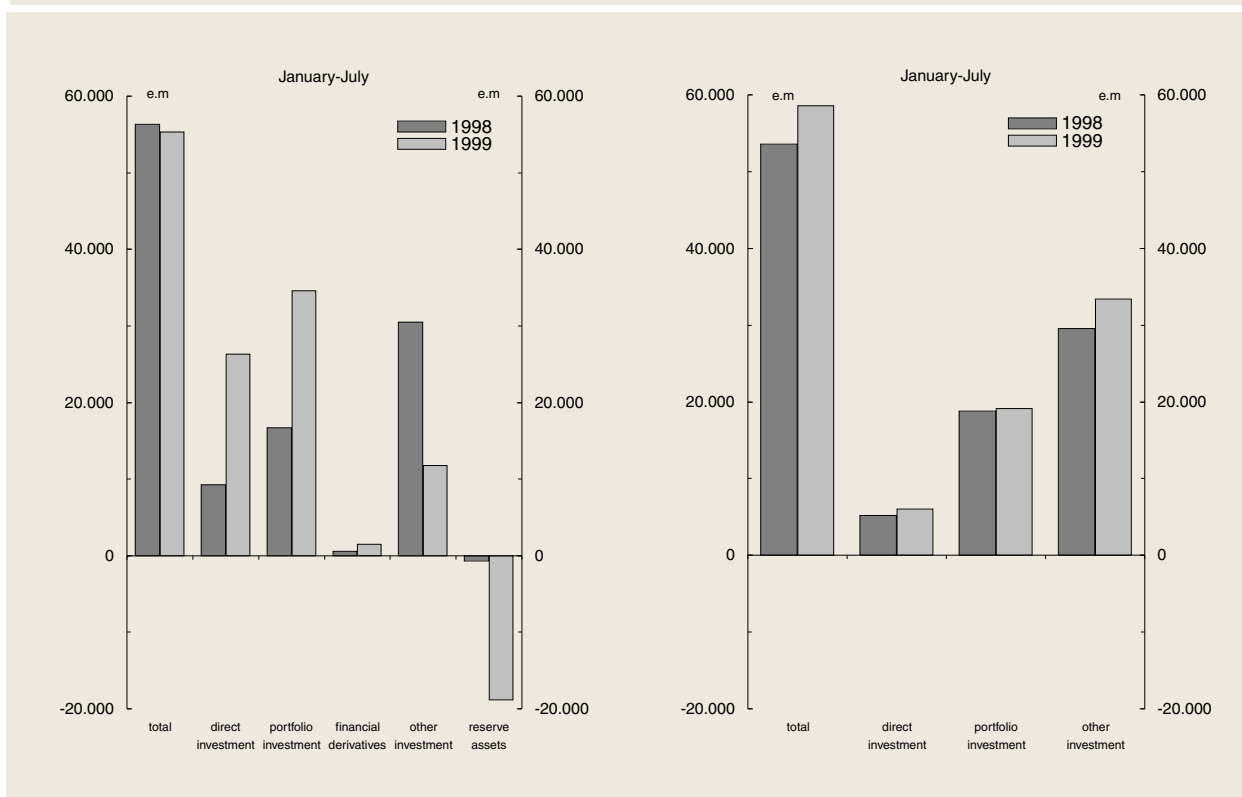
n Series depicted in chart.

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-J	-2735	56335	9 274	16660	591	30508	-698	53600	5 206	18830	29565
99 J-J a	3 292	55293	26349	34603	1 453	11748	-18860	58585	6 028	19136	33421
98 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 p	589	-44	736	4 468	-389	-1498	-3362	545	480	9 822	-9756
Apr p	1 439	-6816	2 127	6 588	6	-12127	-3410	-5377	1 109	-1583	-4903
May p	516	15970	3 067	6 613	554	9 891	-4154	16487	740	5 890	9 856
Jun p	-168	14012	14817	6 153	28	-5962	-1024	13844	1 190	1 656	10997
Jul a	1 205	1 849	2 675	1 932	206	-2772	-192	3 054	1 589	2 899	-1434

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.

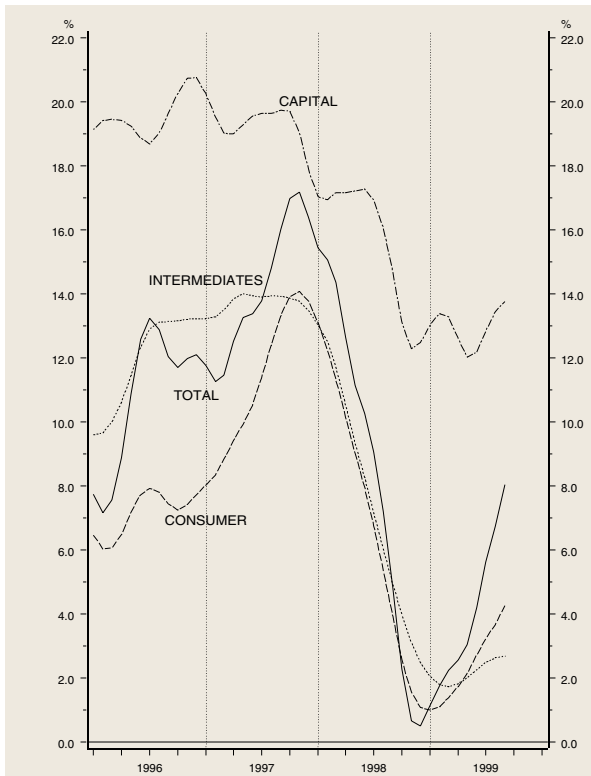
7.3. Spanish foreign trade with other euro area countries and with the rest of the world Exports and dispatches

n Series depicted in chart.

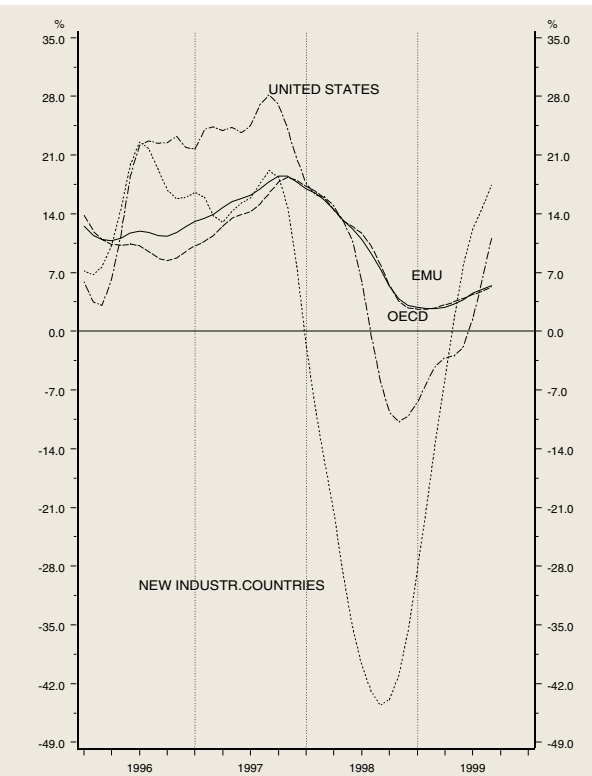
Annual percentage changes

	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	5.0	16.0	6.8	3.0	7.0	9.7	14.9	10.1	2.4	8.8	4.4	6.3	−34.6	0.9
98	Jul	8 586	12.5	7.9	4.7	26.1	5.0	−1.6	5.3	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	6.8	36.5	4.3	5.3	4.2	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	−3.9	−9.3	0.4	−14.0	1.0	−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	−10.5	−19.7	−3.9	−22.6	−3.0	−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	−3.3	17.4	−2.1	−16.4	−1.4	0.1	7.2	»	−6.1	−1.6	−1.5	−25.8	−44.9	−9.2
	Dec	8 009	0.9	2.2	1.2	13.7	−0.5	23.7	−1.8	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	−7.2	19.2	−6.5	−0.9	−6.8	−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	0.3	36.6	−5.7	−23.9	−4.9	−0.3	−1.1	1.3	−4.2	0.2	−19.4	−4.6	−12.0	−13.6
	Mar	9 522	7.2	8.1	5.8	15.3	7.7	−10.7	8.3	7.9	3.7	8.1	8.8	9.2	14.8	2.6	9.9	1.6
	Apr	8 125	−5.3	−4.8	−4.3	−10.7	−3.3	−0.2	−3.4	−2.0	−0.9	1.2	−7.2	−1.9	−28.7	−32.6	−3.7	−11.4
	May	8 897	0.9	5.1	10.1	−3.7	4.1	−7.0	4.5	2.5	4.6	4.1	−5.5	2.4	−3.0	−16.6	29.9	−6.7
	Jun	9 570	6.3	8.8	4.8	26.1	5.8	−6.7	6.4	8.5	3.4	6.5	−2.4	11.4	−1.1	−19.9	21.3	3.0
	Jul	8 777	2.2	2.4	−1.4	11.9	2.0	1.5	2.0	4.2	2.8	2.9	3.7	4.8	−9.7	−16.4	−1.8	2.6
	Aug	5 979	3.3	7.8	2.8	26.2	4.8	−0.4	5.1	3.3	3.7	0.8	19.6	1.8	19.8	−7.9	35.2	2.6

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.

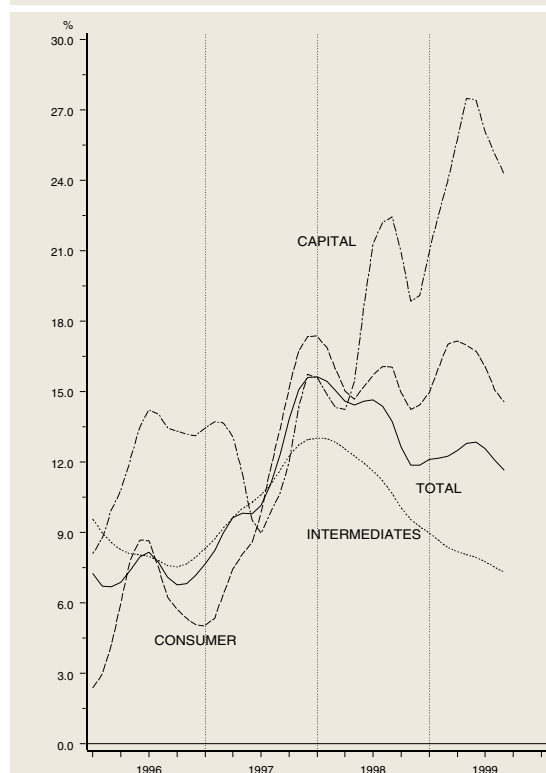
7.4. Spanish foreign trade with other euro area countries and with the rest of the world Imports and arrivals

n Series depicted in chart.

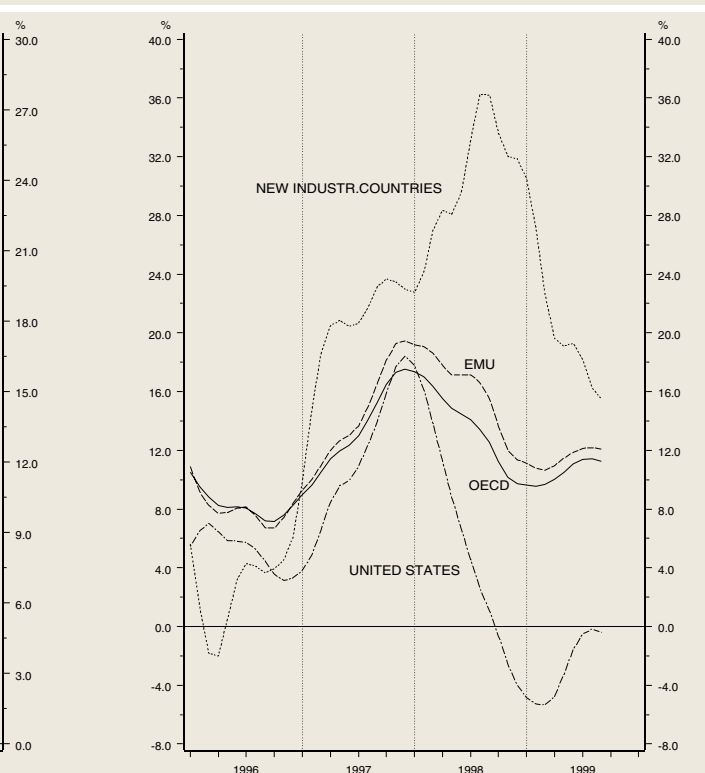
Annual percentage changes

	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	European Union	of which		United States of America					Other OECD members
											Euro area							
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	n	
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	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	-1.3	-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	17.0	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	12.8	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	14.9	22.7	27.6	8.3	13.9	7.6	10.4	17.8	13.2	-16.1	11.8	-18.2	39.4	3.8	17.6
	Apr	10594	11.0	14.5	15.5	34.5	8.5	21.9	6.9	9.8	10.7	12.1	-15.0	12.4	27.9	14.8	24.8	9.6
	May	11852	13.6	23.1	19.2	46.1	17.3	-23.9	23.4	17.2	18.3	14.1	33.2	15.2	-18.0	2.8	26.8	3.0
	Jun	12001	11.6	8.5	18.7	8.2	4.7	-22.2	8.4	12.2	4.6	11.0	-2.8	16.2	-4.4	15.5	20.6	11.8
	Jul	11416	15.0	13.7	8.6	38.0	9.2	-7.1	11.3	16.1	17.5	15.5	11.4	16.0	3.8	-2.7	11.2	20.6
	Aug	8 785	11.1	7.0	13.3	15.0	2.2	-14.2	5.3	9.1	15.6	8.1	9.3	7.5	13.2	0.1	5.4	27.7

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

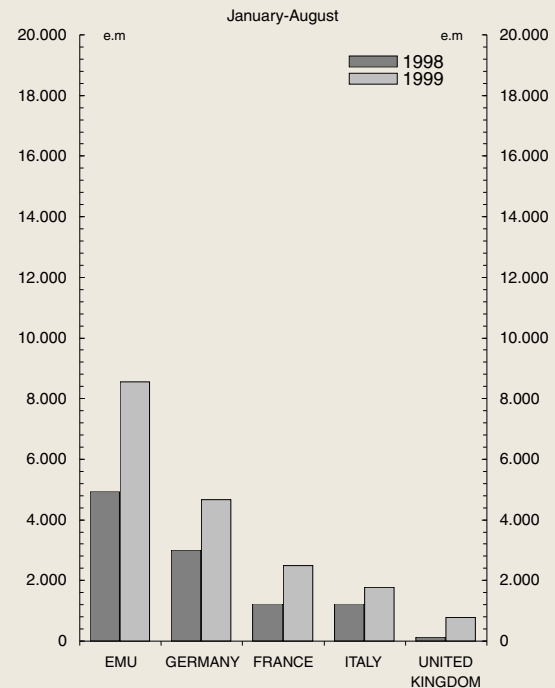
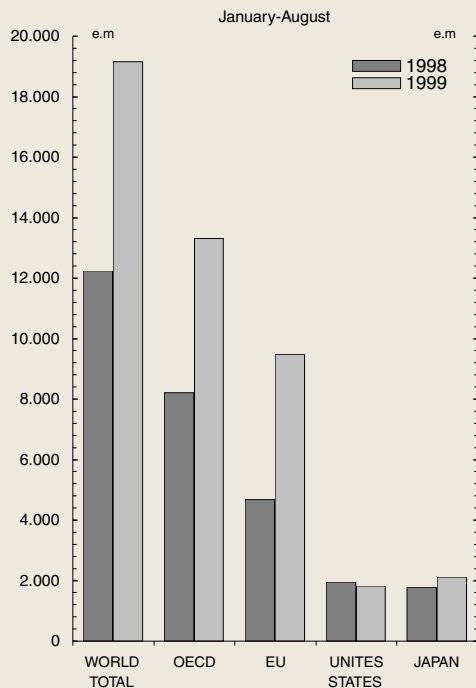
n Series depicted in chart

EUR millions

		World total	OECD											OPEC	Other American countries	Newly industrial- alised countries	Other
			Total	European Union							United States of America	Japan	Other OECD members				
				Total	Euro area			United Kingdom	Other EU members								
					of which												
					Total	Germany	France			Italy							
1=2+13 a a 16 n		2=3+10 a a 12 n	3=4+8+9 n	4 n	5 n	6 n	7 n	8 n	9	10 n	11 n	12	13	14	15	16	
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-A	-12237	-8221	-4685	-4914	-3001	-1215	-1232	-131	360	-1938	-1772	174	-2479	1 044	-1111	-1471
99	J-A	-19157	-13305	-9471	-8558	-4676	-2486	-1784	-779	-134	-1822	-2122	109	-2223	253	-1245	-2637
98	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
	Apr	-2469	-1634	-1214	-1072	-571	-341	-260	-167	26	-172	-288	40	-355	-35	-150	-295
	May	-2955	-2164	-1511	-1238	-661	-402	-187	-209	-64	-404	-265	16	-238	-18	-156	-379
	Jun	-2431	-1682	-1374	-1138	-773	-142	-231	-114	-122	-177	-292	161	-287	-26	-157	-280
	Jul	-2639	-1989	-1589	-1532	-783	-423	-353	-49	-8	-157	-290	47	-290	88	-184	-264
	Aug	-2806	-1832	-1470	-1321	-584	-306	-256	-189	39	-101	-229	-31	-340	44	-140	-537

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

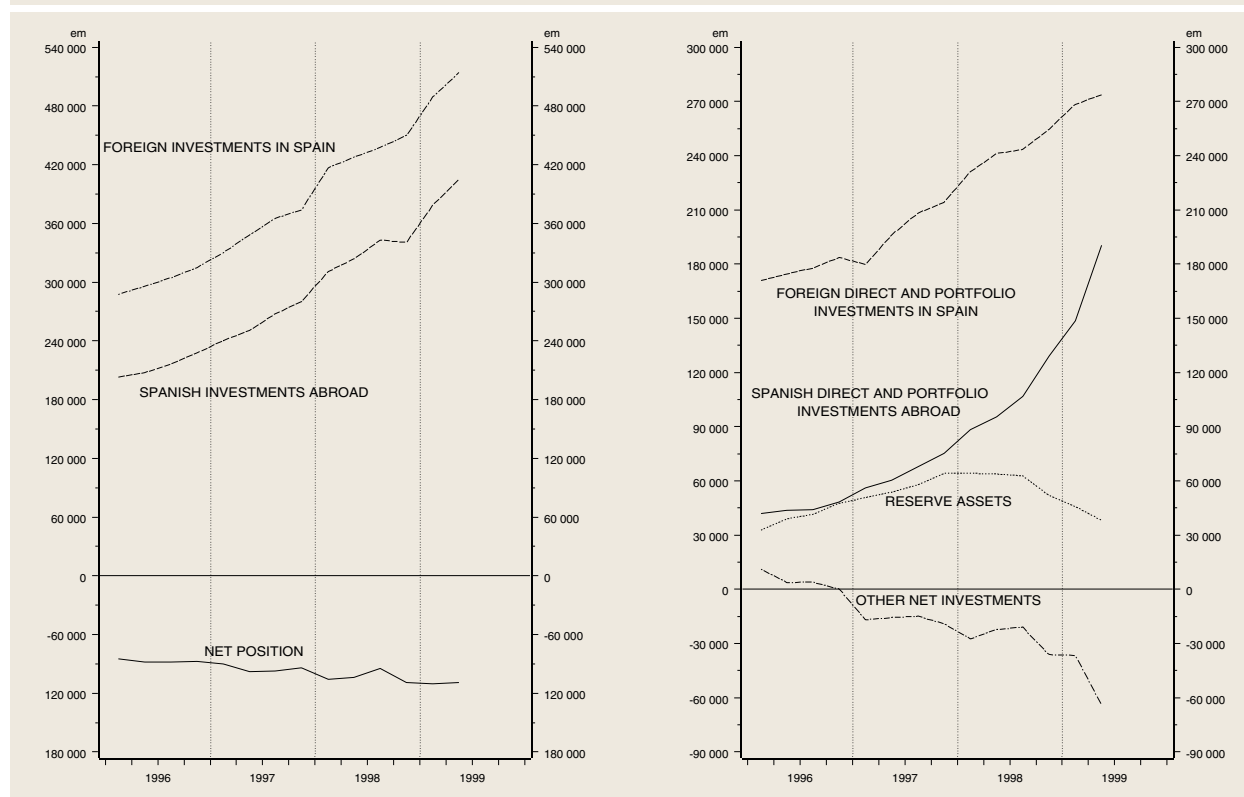
n Series depicted in chart.

EUR millions

		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			
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	-63740	114125	15177	6 689	1 358	5 331	58693	33566	177866	59309	37313	12798	24515	81244	
93	p	-80846	182693	20456	12661	1 934	10727	112733	36843	263539	68592	88690	19502	69188	106257	
94	p	-79883	176202	23793	13921	2 758	11163	103780	34708	256085	76200	66521	19114	47407	113364	
95	I	p	-82578	180234	25106	14256	3 268	10988	112999	27873	262812	79317	72706	20196	52510	110789
	III	p	-80944	188583	25789	13915	3 277	10638	120836	28043	269527	80143	75776	20856	54921	113608
	IV	p	-83114	196879	26655	13769	2 806	10962	129192	27263	279993	81584	84173	21746	62427	114236
96	I	p	-84746	202782	27658	14453	2 755	11698	127863	32808	287528	82297	88552	25102	63450	116679
	II	p	-88032	207719	28460	15181	2 895	12287	124968	39110	295751	83977	90622	25998	64624	121153
	III	p	-88299	216012	29387	14784	3 018	11765	130372	41469	304311	85017	92855	27135	65719	126439
	IV	p	-87428	227610	31481	16957	3 525	13433	131514	47658	315038	86396	97232	28524	68708	131409
97	I	p	-89906	240220	33736	22304	4 513	17791	133418	50762	330126	87146	92677	31187	61490	150303
	II	p	-97643	250597	35568	24823	5 669	19154	136429	53777	348239	88634	107561	36272	71290	152044
	III	p	-97607	267753	39216	28463	7 176	21287	142252	57822	365359	90544	117661	37769	79893	157154
	IV	p	-93887	280153	43461	31791	8 308	23483	140726	64174	374040	91613	122656	40493	82163	159771
98	I	p	-105792	310927	47071	41430	10546	30884	158202	64225	416719	93911	137263	58791	78472	185545
	II	p	-104172	323809	49505	45993	13683	32310	164520	63791	427980	95996	145182	59981	85201	186802
	III	p	-94703	342915	54400	52384	14597	37787	173278	62854	437619	98359	145045	49005	96040	194215
	IV	p	-109270	340636	58773	70441	17158	53282	159327	52095	449905	101741	152717	60362	92355	195447
99	I	p	-110459	378757	63454	85135	20083	65053	184295	45874	489216	102564	165783	63234	102548	220870
	II	p	-109048	405148	85050	105307	24637	80670	176637	38153	514196	106449	167266	63860	103405	240482

INTERNATIONAL INVESTMENT POSITION

COMPONENTS OF THE POSITION



Source: BE.

7.7. Spanish reserve assets

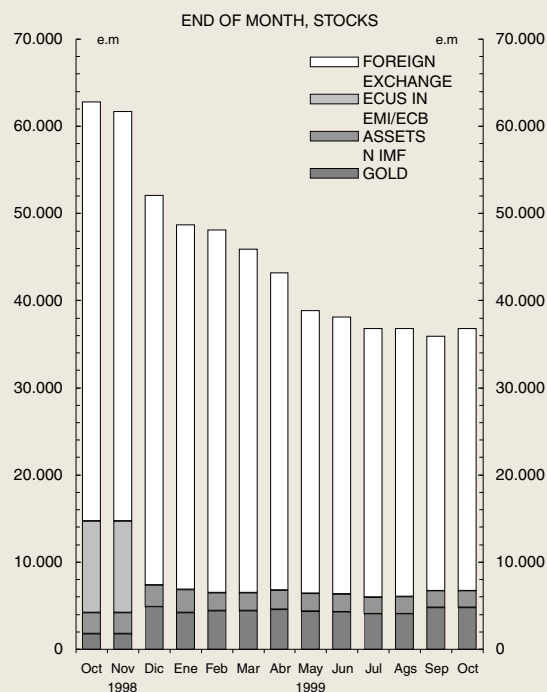
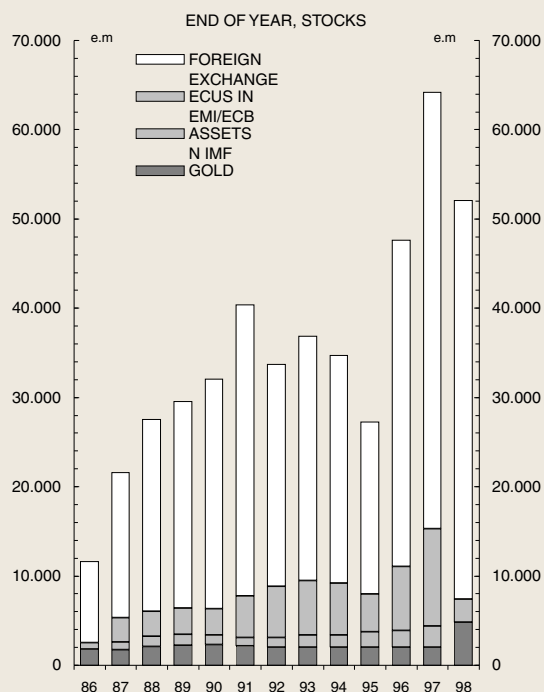
n Series depicted in chart.

EUR millions

	Reserve assets								Memorandum item:
	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 n	2 n	3=4 a 6 n	4	5	6	7 n	8 n	9
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	64174	1 990	2 402	1 735	432	234	10884	48899	15.6
98 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
Jun	38153	4 242	2 077	1 677	224	175	—	31835	16.8
Jul	36777	4 025	1 905	1 512	221	172	—	30846	16.8
Aug	36831	4 063	1 969	1 562	236	172	—	30799	16.8
Sep	35903	4 794	1 859	1 457	237	165	—	29250	16.8
Oct	36831	4 804	1 884	1 479	240	164	—	30144	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. Consolidated balance sheet of the Eurosystem. Net lending to credit institutions and its counterparts

Average of daily data, EUR millions

	Net lending							Counterparts							
	Open market operations					Standing facilities		Autonomous factors					Other liabilities (net) in euros	Actual reserves of credit institutions	Debt certificates
	Total	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	54286	331285	-21685	343576	88262	3 841	101344	10158
May	169697	124585	44988	-	41	351	268	54268	335063	-23996	341861	85062	3 380	101891	10158
Jun	175159	130563	44997	-	19	382	802	61425	337652	-20104	339460	83337	3 231	100345	10158
Jul	195266	150355	44997	-	68	529	682	77618	343144	-10270	343068	87813	3 078	104412	10158
Aug	194490	149978	45000	-	59	206	753	76492	343880	-13053	343410	89075	3 062	104778	10158
Sep	193100	148800	44995	-	64	154	914	77800	341848	-9413	343488	88852	2 716	102496	10087
Oct	184506	138818	45946	-	-23	335	570	71050	342533	-16434	351622	96574	2 295	102554	8 606

Source: ECB.

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

Average of daily data, EUR millions

	Net lending							Counterparts									
	Open market operations					Standing facilities		Autonomous factors					Other liabilities (net) in euro			Actual reserves of credit institutions	Banco de España. Certificates
	Total	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
Jun	12026	8 683	3 393	-	-9	-	42	27834	51633	5 959	41556	11798	-28464	-23293	-5171	7 802	4 854
Jul	14332	11106	3 320	-	-13	-	81	25504	53060	1 577	41797	12663	-24590	-22786	-1803	8 564	4 854
Aug	13182	10628	2 587	-	-15	14	32	26378	53093	2 401	41874	12758	-26215	-23464	-2752	8 165	4 854
Sep	14611	12400	2 283	-	-8	»	64	26267	52936	2 198	41415	12547	-24675	-15358	-9317	8 235	4 783
Oct	13071	10562	2 539	-	-13	-	17	30172	53105	4 497	39961	12531	-29006	-27867	-1139	8 603	3 302

Source: BE.

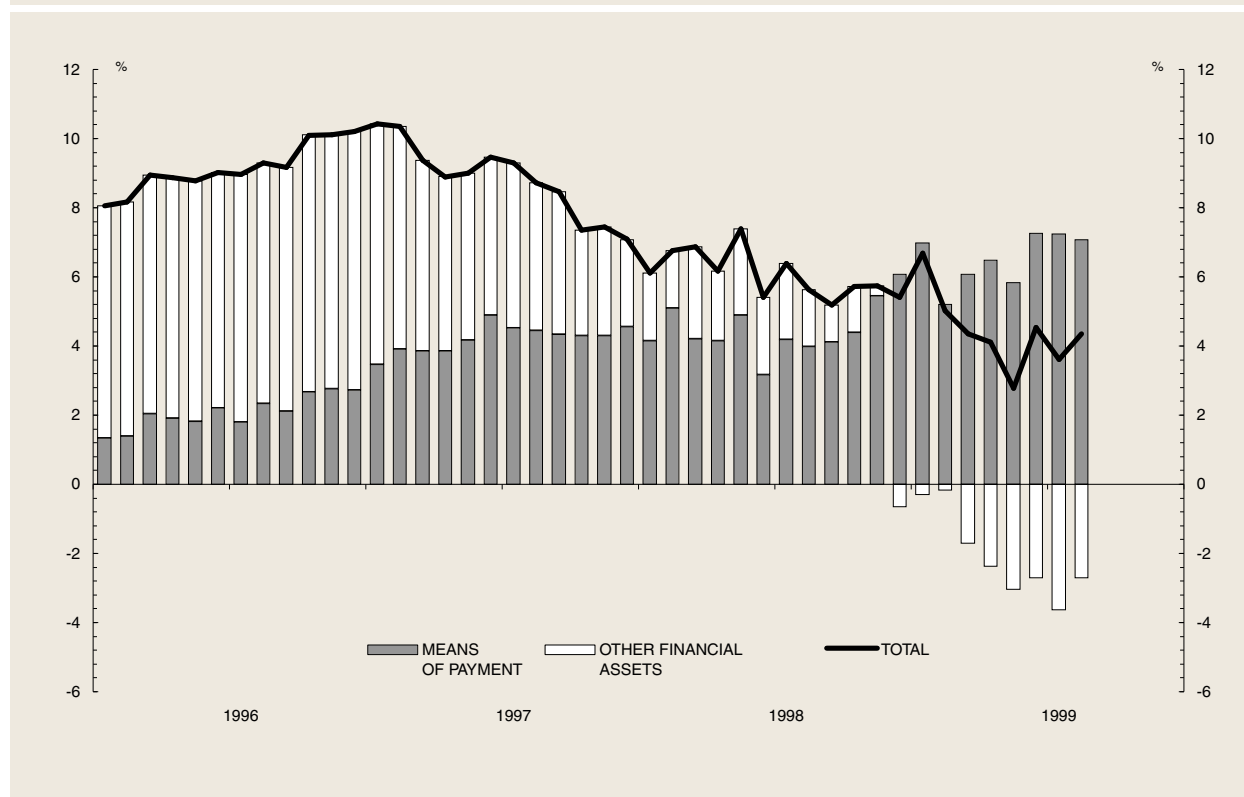
8.3. Liquid financial assets (a) of non-financial enterprises, households and NPISH resident in Spain

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			Liquid financial assets enlarged (e)	
				% 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)	Stocks	12-month % change
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
96	477389	12.2	10.2	10.2	6.7	2.7	5.4	7.0	7.2	12.4	12.6	7.5	-1.0	-6.9	52.0	483382	10.7
97	511215	5.9	7.1	11.0	11.6	4.6	5.5	19.8	8.4	2.9	4.2	2.5	-12.8	-11.5	35.2	529741	9.6
98	538883	5.5	5.4	22.5	14.8	6.1	0.7	26.5	12.4	-4.8	-1.1	-0.7	-11.2	-15.9	11.1	581532	9.8
97 Nov	500274	6.5	7.5	9.8	11.1	4.3	5.2	17.6	9.3	4.7	5.2	3.2	-11.9	-9.5	37.4	518124	10.0
97 Dec	511215	5.9	7.1	11.0	11.6	4.6	5.5	19.8	8.4	2.9	4.2	2.5	-12.8	-11.5	35.2	529741	9.6
98 Jan	502635	5.5	6.1	10.1	10.7	4.2	4.9	16.6	9.4	3.9	3.2	2.0	-12.3	-12.8	29.5	525319	9.1
98 Feb	509096	5.4	6.8	13.1	13.1	5.1	4.3	22.5	10.3	2.0	2.7	1.7	-12.2	-13.7	26.5	535253	10.2
98 Mar	513199	6.0	6.9	13.7	10.7	4.2	3.0	17.1	9.7	2.8	4.4	2.7	-11.3	-14.0	28.6	542307	10.7
98 Apr	507413	6.0	6.2	13.6	10.6	4.1	4.1	16.5	9.4	1.4	3.3	2.0	-12.2	-15.6	26.6	539211	10.4
98 May	516799	5.7	7.4	10.2	12.4	4.9	3.0	21.8	10.0	3.1	4.1	2.5	-10.9	-14.4	25.8	548403	11.3
98 Jun	519824	4.5	5.4	6.4	7.8	3.2	2.1	11.0	8.1	1.7	3.8	2.2	-10.2	-15.7	23.5	552819	9.1
98 Jul	524502	6.4	6.4	5.6	10.5	4.2	2.5	17.3	9.2	4.1	3.7	2.2	-10.6	-20.7	23.5	557061	9.4
98 Aug	519886	5.6	5.6	4.5	10.0	4.0	1.4	17.3	8.9	2.8	2.7	1.6	-10.5	-22.5	20.6	548864	8.1
98 Sep	522686	6.5	5.2	10.6	10.3	4.1	0.8	17.7	9.3	3.1	1.8	1.1	-11.6	-24.9	19.9	550203	6.8
98 Oct	521763	4.3	5.7	13.5	11.0	4.4	0.5	18.0	11.2	-0.4	2.2	1.3	-10.5	-22.4	18.7	552700	8.3
98 Nov	529012	5.6	5.7	19.7	13.6	5.4	0.8	26.5	9.6	-1.6	0.5	0.3	-10.8	-19.7	14.9	569374	9.9
98 Dec	538883	5.5	5.4	22.5	14.8	6.1	0.7	26.5	12.4	-4.8	-1.1	-0.7	-11.2	-15.9	11.1	581532	9.8
99 Jan	536207	7.2	6.7	29.3	17.3	7.0	0.4	33.8	12.5	-5.8	-0.5	-0.3	-8.6	-15.9	9.0	582067	10.8
99 Feb	534638	5.9	5.0	26.1	12.6	5.2	0.5	19.1	13.5	-6.3	-0.3	-0.2	-7.0	-12.2	7.3	581302	8.6
99 Mar	535517	4.8	4.3	20.9	14.9	6.1	2.5	24.5	13.1	-4.4	-2.9	-1.7	-5.7	-3.7	»	587142	8.3
99 Apr	528287	0.2	4.1	10.6	15.9	6.5	1.4	25.9	15.2	-7.0	-4.0	-2.4	-3.9	-4.1	-4.1	588157	9.1
99 May	531161	-2.0	2.8	10.7	14.2	5.8	2.6	21.2	14.0	-10.7	-5.2	-3.1	-2.7	-11.2	-7.4	592214	8.0
99 Jun	543430	-1.4	4.5	9.7	17.4	7.3	4.0	25.2	17.5	-12.0	-4.7	-2.7	-1.1	-4.4	-8.1	604231	9.3
99 Jul p	543479	3.0	3.6	12.7	17.4	7.3	4.1	26.2	16.8	-8.4	-6.2	-3.6	0.3	5.6	-12.7	602710	8.2
99 Aug p	542545	7.5	4.4	13.3	17.0	7.1	4.3	24.5	17.1	-2.3	-4.7	-2.7	2.7	11.2	-12.0	602276	9.7

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. As full information is not available, the quarter-on-quarter data are estimates. This means these figures are revised when final quarterly data are available.

(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.

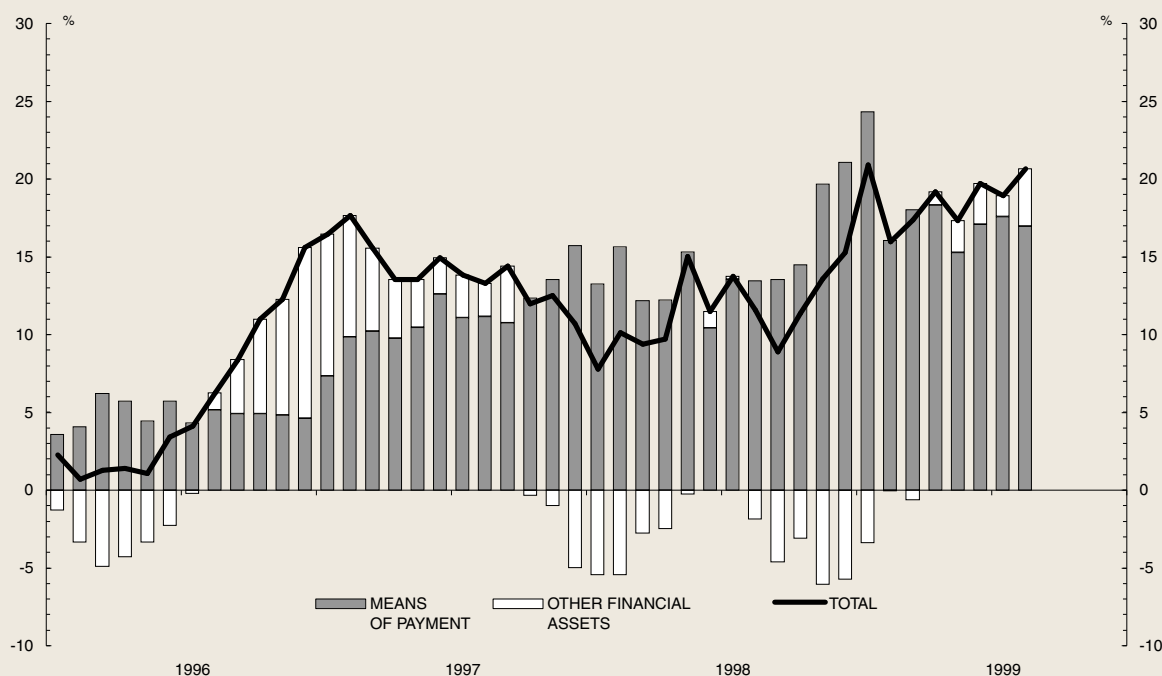
8.4. Liquid financial assets (a) of non-financial enterprises resident in Spain

n Series depicted in chart.

EUR millions and %

	Total			Means of payment (b)				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	Stocks	% change, 3 mth MA on 3 mth MA for t-3	12-month % change	Contri- bution to col. 3	Total				12-month % change		Liquid financial assets enlarged (e)	
								Stocks	% change, 3 mth MA on 3 mth MA for t-3	12-month % change	Contri- bution to col. 3	Other deposits (c) and Credit institutions' securities	Money- market and fixed- income mutual fund shares (d)	Stocks	12-month % change
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
96	70120	19.2	15.6	33505	6.0	9.1	4.6	36615	33.5	22.2	11.0	17.5	42.1	70599	15.8
97	77608	10.5	10.7	44529	29.9	32.9	15.7	33078	-7.0	-9.7	-5.0	-22.5	35.2	79090	12.0
98	89470	18.9	15.3	60870	65.0	36.7	21.1	28600	-28.9	-13.5	-5.8	-25.8	11.1	92882	17.4
97 Nov	74789	13.0	12.5	41019	16.0	28.1	13.5	33769	14.3	-2.0	-1.0	-13.4	36.6	76217	13.9
Dec	77608	10.5	10.7	44529	29.9	32.9	15.7	33078	-7.0	-9.7	-5.0	-22.5	35.2	79090	12.0
98 Jan	73705	4.3	7.8	42158	34.1	27.4	13.3	31547	-18.7	-10.6	-5.5	-23.6	29.5	75520	9.5
Feb	76608	0.1	10.1	45594	45.0	31.3	15.6	31013	-30.3	-10.9	-5.5	-24.0	26.5	78700	12.0
Mar	77203	-0.9	9.4	44872	37.8	23.7	12.2	32332	-26.0	-5.7	-2.8	-18.3	28.6	79532	11.5
Apr	75839	7.0	9.7	44333	29.5	23.6	12.2	31507	-16.7	-5.2	-2.5	-17.7	26.6	78383	12.0
May	80439	13.3	15.0	47518	14.6	29.1	15.3	32921	1.3	-0.6	-0.3	-11.4	25.8	82967	17.1
Jun	82698	20.6	11.5	48853	10.9	18.8	10.4	33845	10.6	2.3	1.0	-6.5	23.5	85338	13.4
Jul	81916	28.2	13.8	48356	17.3	25.2	13.5	33560	25.0	0.5	0.2	-9.5	23.5	84521	15.3
Aug	79851	23.9	11.6	47860	19.4	25.2	13.5	31991	19.0	-4.0	-1.9	-15.0	20.6	82169	12.9
Sep	81050	16.5	8.9	49221	25.1	25.7	13.5	31830	7.9	-9.8	-4.7	-22.2	19.9	83252	9.7
Oct	80882	4.5	11.4	49699	24.1	26.8	14.5	31183	-11.3	-6.8	-3.1	-18.5	18.7	83357	12.7
Nov	84954	9.1	13.6	55730	42.5	35.9	19.7	29224	-21.4	-13.5	-6.1	-26.7	14.9	88183	15.7
Dec	89470	18.9	15.3	60870	65.0	36.7	21.1	28600	-28.9	-13.5	-5.8	-25.8	11.1	92882	17.4
99 Jan	89100	28.5	20.9	60082	94.4	42.5	24.3	29018	-33.8	-8.0	-3.4	-17.4	9.0	92769	22.8
Feb	88833	23.6	16.0	57880	71.2	26.9	16.0	30953	-21.7	-0.2	-0.1	-4.6	7.3	92567	17.6
Mar	90600	16.1	17.4	58786	37.9	31.0	18.0	31814	4.0	-1.6	-0.7	-2.5	»	94730	19.1
Apr	90374	10.7	19.2	58221	-0.1	31.3	18.3	32153	37.1	2.1	0.9	5.8	-4.1	95163	21.4
May	94384	15.8	17.3	59801	-4.0	25.8	15.3	34583	47.1	5.0	2.1	12.2	-7.4	99268	19.6
Jun	98992	23.6	19.7	62960	-3.8	28.9	17.1	36031	49.4	6.5	2.6	14.5	-8.1	103856	21.7
Jul p	97407	33.4	18.9	62750	11.9	28.8	17.6	34657	49.8	3.3	1.3	12.7	-12.7	102146	20.9
Aug p	96340	31.7	20.7	61407	18.2	28.3	17.0	34933	40.1	9.2	3.7	22.6	-12.0	101119	23.1

LIQUID FINANCIAL ASSETS OF NON-FINANCIAL ENTERPRISES
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. As full information is not available, the quarter-on-quarter data are estimates. This means these figures are revised when final quarterly data are available.

(b) Cash, sight deposits redeemable at notice at less than three months.

(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.

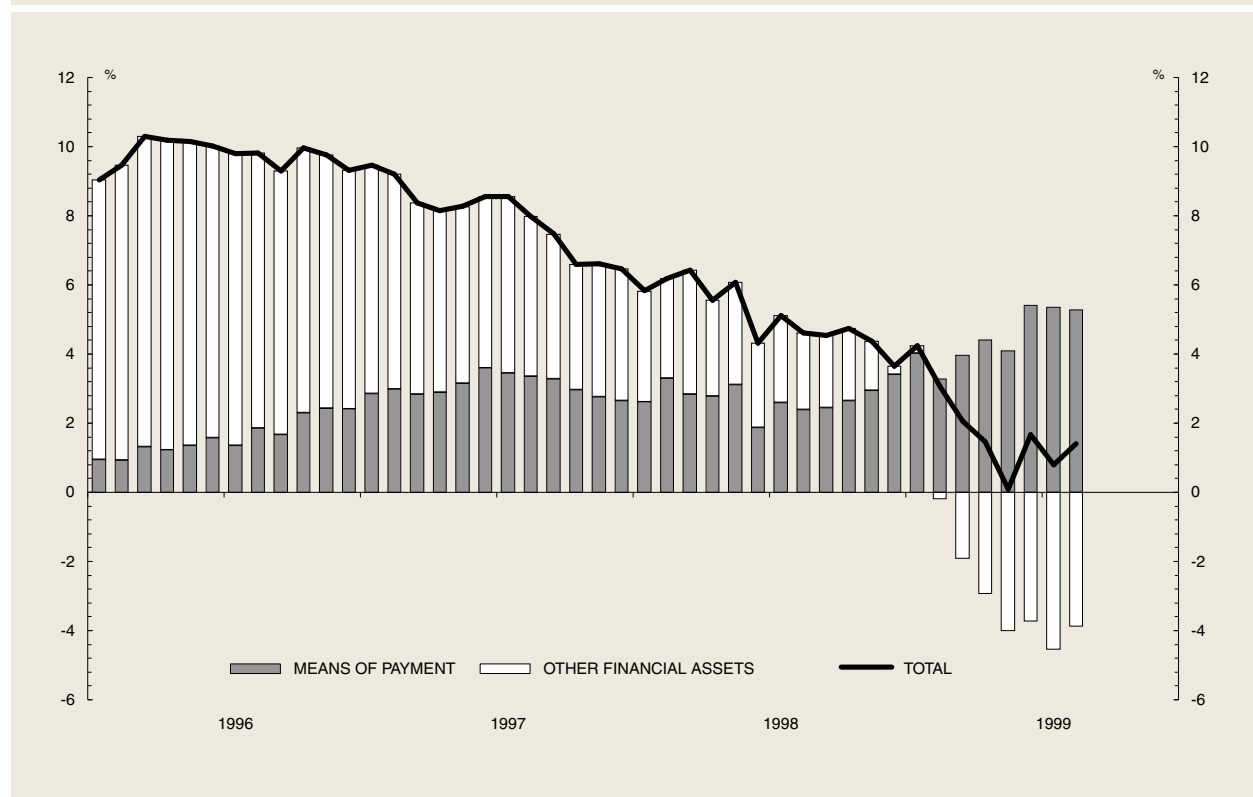
8.5. Liquid financial assets (a) of households and NPISH resident in Spain

n Series depicted in chart.

EUR millions and %

	Total			Means of payment (b)				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	Stocks	% change, 3 mth MA on 3 mth MA for t-3	12-month % change	Contri- bution to col. 3	Total				12-month % change		Liquid financial assets enlarged (e)	
								Stocks	% change, 3 mth MA on 3 mth MA for t-3	12-month % change	Contri- bution to col. 3	Other deposits (c) and Credit institutions' securities	Money- market and fixed- income mutual fund shares (d)	Stocks	12-month % change
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
96	407269	11.6	9.3	154692	11.1	6.2	2.4	252577	33.5	11.4	6.9	-4.0	52.9	412783	9.9
97	433607	5.7	6.5	165459	6.7	7.0	2.6	268148	-7.0	6.2	3.8	-11.0	35.2	450652	9.2
98	449414	3.6	3.6	180199	12.0	8.9	3.4	269215	-28.9	0.4	0.2	-9.1	11.1	488650	8.4
97 Nov	425485	5.4	6.6	159925	8.3	7.4	2.8	265560	14.3	6.1	3.8	-11.5	37.5	441907	9.4
Dec	433607	5.7	6.5	165459	6.7	7.0	2.6	268148	-7.0	6.2	3.8	-11.0	35.2	450652	9.2
98 Jan	428930	5.4	5.8	161101	4.6	7.0	2.6	267828	-18.7	5.1	3.2	-10.4	29.5	449799	9.1
Feb	432489	5.3	6.2	164213	6.0	8.9	3.3	268276	-30.3	4.6	2.9	-10.3	26.5	456553	9.9
Mar	435996	5.6	6.4	164330	8.0	7.6	2.8	271665	-26.0	5.7	3.6	-10.2	28.6	462775	10.6
Apr	431574	5.4	5.6	162706	9.7	7.5	2.8	268868	-16.7	4.4	2.8	-11.5	26.6	460828	10.1
May	436360	5.0	6.1	165371	9.1	8.4	3.1	270989	1.3	4.7	3.0	-11.0	25.8	465435	10.3
Jun	437126	3.4	4.3	167662	5.2	4.9	1.9	269464	10.6	4.0	2.5	-11.0	23.5	467481	8.3
Jul	442586	3.9	5.1	169863	2.5	6.9	2.6	272723	25.0	4.1	2.5	-11.3	23.5	472540	8.4
Aug	440035	3.1	4.6	168349	0.7	6.3	2.4	271687	19.0	3.6	2.2	-10.4	20.6	466695	7.4
Sep	441635	4.6	4.5	169803	6.8	6.5	2.4	271832	7.9	3.4	2.1	-10.4	19.9	466951	6.3
Oct	440880	4.1	4.7	169079	10.6	7.1	2.7	271801	-11.3	3.4	2.1	-9.8	18.7	469343	7.5
Nov	444058	5.0	4.4	172461	13.7	7.8	2.9	271597	-21.4	2.3	1.4	-8.7	14.9	481191	8.9
Dec	449414	3.6	3.6	180199	12.0	8.9	3.4	269215	-28.9	0.4	0.2	-9.1	11.1	488650	8.4
99 Jan	447107	3.0	4.2	178310	13.8	10.7	4.0	268797	-33.8	0.4	0.2	-7.6	9.0	489298	8.8
Feb	445804	1.6	3.1	178408	14.4	8.6	3.3	267396	-21.7	-0.3	-0.2	-7.6	7.3	488736	7.0
Mar	444917	0.9	2.0	181627	15.8	10.5	4.0	263290	4.0	-3.1	-1.9	-6.1	»	492412	6.4
Apr	437914	-2.1	1.5	181746	14.4	11.7	4.4	256168	37.1	-4.7	-2.9	-5.3	-4.1	492994	7.0
May	436777	-4.7	0.1	183269	16.0	10.8	4.1	253508	47.1	-6.5	-4.0	-5.5	-7.4	492946	5.9
Jun	444439	-4.5	1.7	191314	14.4	14.1	5.4	253125	49.4	-6.1	-3.7	-3.9	-8.1	500375	7.0
Jul p	446072	-1.5	0.8	193521	12.9	13.9	5.3	252551	49.8	-7.4	-4.6	-1.5	-12.7	500564	5.9
Aug p	446205	3.5	1.4	191600	11.8	13.8	5.3	254605	40.1	-6.3	-3.9	0.1	-12.0	501157	7.4

LIQUID FINANCIAL ASSETS OF 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. As full information is not available, the quarter-on-quarter data are estimates. This means these figures are revised when final quarterly data are available.

(b) Cash, sight deposits redeemable at notice at less than three months.

(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.

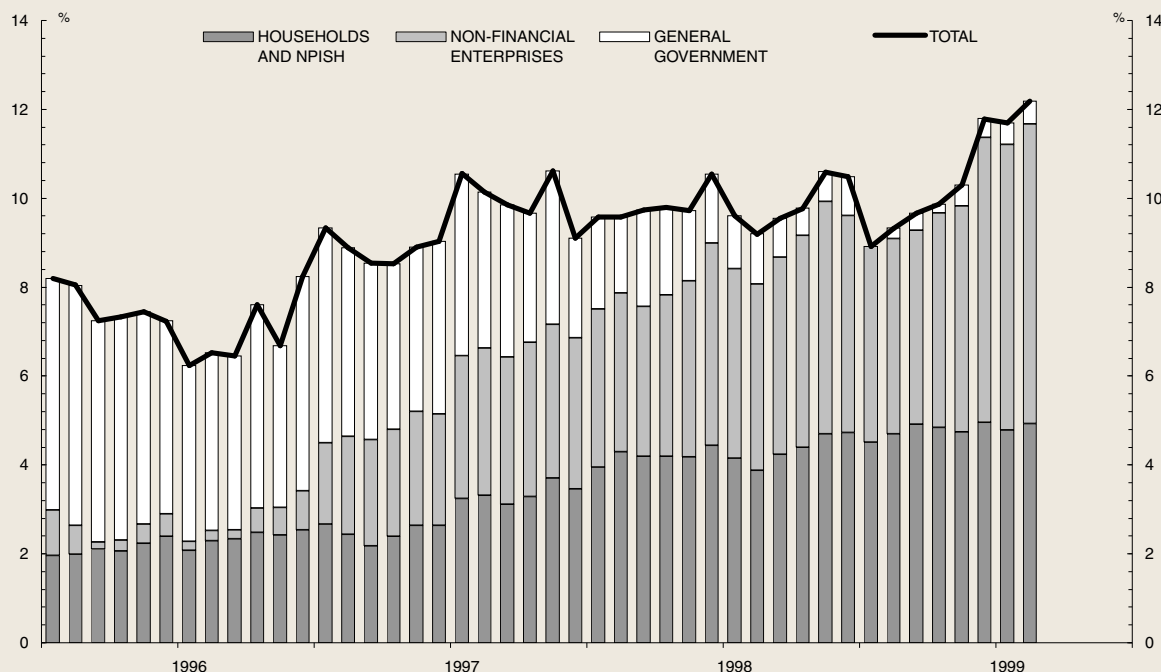
8.6. Financing of non-financial sectors resident in Spain (a)

n Series depicted in chart.

EUR millions and %

	Total		12-month % change				Contributions to col. 2		
	Balance	12-month % change	General government (b)	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	670374	8.2	11.8	5.8	2.6	10.4	4.8	0.9	2.5
97	731478	9.1	5.3	11.9	10.3	13.9	2.3	3.4	3.5
98	808164	10.5	2.2	16.2	14.7	18.3	0.9	4.9	4.7
97 Nov	718475	10.6	8.4	12.2	10.4	14.6	3.5	3.5	3.7
Dec	731478	9.1	5.3	11.9	10.3	13.9	2.3	3.4	3.5
98 Jan	743288	9.6	4.9	13.0	10.9	15.9	2.1	3.6	3.9
Feb	741129	9.6	4.1	13.6	10.8	17.3	1.7	3.6	4.3
Mar	748238	9.7	5.1	13.1	10.3	16.8	2.2	3.4	4.2
Apr	748921	9.8	4.7	13.4	11.0	16.6	2.0	3.6	4.2
May	756797	9.7	3.8	14.0	12.1	16.5	1.6	4.0	4.2
Jun	770788	10.5	3.7	15.4	13.9	17.4	1.6	4.6	4.4
Jul	775891	9.6	2.9	14.3	12.9	16.1	1.2	4.3	4.2
Aug	773072	9.2	2.7	13.8	12.8	15.0	1.1	4.2	3.9
Sep	779042	9.5	2.1	14.8	13.5	16.5	0.9	4.4	4.2
Oct	783754	9.8	1.5	15.5	14.3	17.0	0.6	4.8	4.4
Nov	794556	10.6	1.6	16.7	15.7	17.9	0.7	5.2	4.7
Dec	808164	10.5	2.2	16.2	14.7	18.3	0.9	4.9	4.7
99 Jan	809573	8.9	»	15.0	13.2	17.2	»	4.4	4.5
Feb	810209	9.3	0.6	15.1	13.2	17.6	0.2	4.4	4.7
Mar	820579	9.7	1.0	15.6	13.3	18.5	0.4	4.4	4.9
Apr	822804	9.9	0.5	16.1	14.5	18.0	0.2	4.8	4.8
May	834713	10.3	1.2	16.3	15.2	17.6	0.5	5.1	4.7
Jun	861617	11.8	1.1	18.7	19.0	18.3	0.4	6.4	5.0
Jul p	866603	11.7	1.3	18.3	18.9	17.5	0.5	6.4	4.8
Aug p	867304	12.2	1.3	19.1	19.9	18.2	0.5	6.7	4.9

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



Source: BE.

- (a) As full information is not available, the quarter-on-quarter data are estimates. This means these figures are revised when final quarterly data are available.
(b) Total liabilities less deposits.

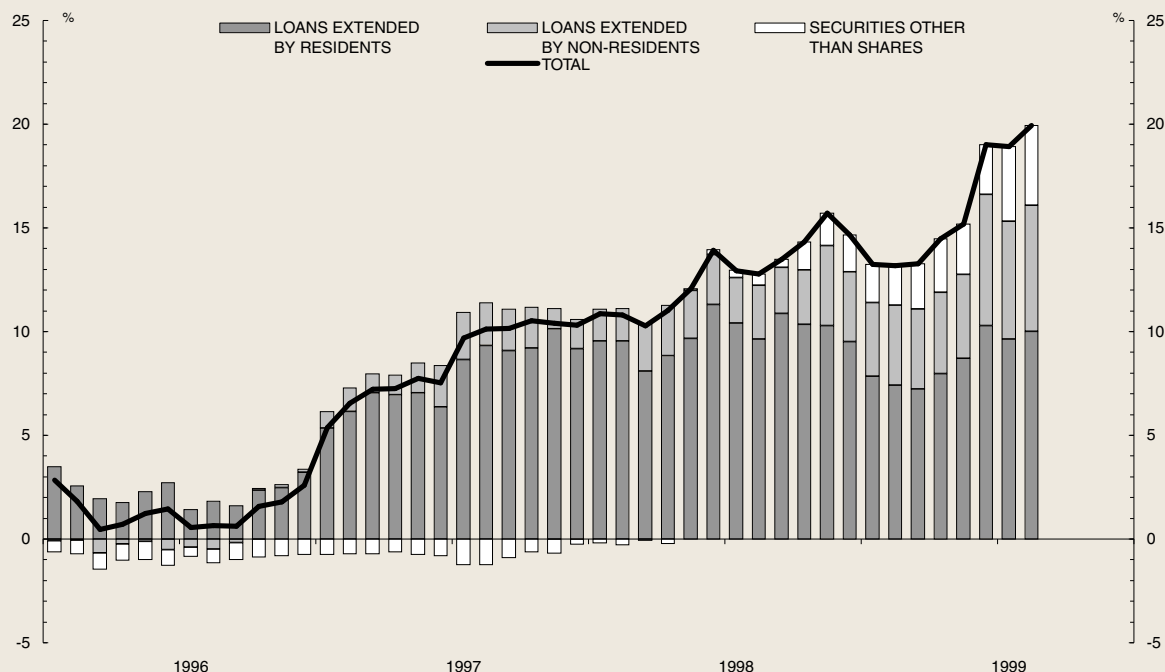
8.7. Financing of non-financial enterprises resident in Spain (a)

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 (b) Annual percentage change	Shares (balances)		Total financing	
										Funds invested (cumulative flows) (c)	Market capitalization	Balance	12-month % change
	1	2	3	4	5	6	7	8	9	10	11	12 = 1 + 10	13
96	220395	2.6	4.4	3.2	1.0	0.2	-6.9	-0.8	83.1	40282	103567	260676	2.9
97	243147	10.3	12.5	9.2	8.8	1.4	-2.7	-0.3	6.5	41011	135704	284157	9.0
98	278805	14.7	12.7	9.5	21.2	3.4	19.7	1.8	140.0	45096	190512	323901	14.0
97 Nov	238965	10.4	13.8	10.1	6.2	1.0	-6.8	-0.7	3.7	40937	131920	279902	9.0
Dec	243147	10.3	12.5	9.2	8.8	1.4	-2.7	-0.3	6.5	41011	135704	284157	9.0
98 Jan	247327	10.9	13.0	9.5	9.3	1.5	-2.2	-0.2	4.9	41187	148668	288514	9.5
Feb	247383	10.8	13.1	9.5	9.3	1.6	-3.0	-0.3	0.7	41471	155705	288854	9.5
Mar	246478	10.3	11.0	8.1	13.9	2.3	-1.0	-0.1	0.7	41629	184398	288107	9.1
Apr	249363	11.0	12.0	8.8	14.8	2.4	-2.6	-0.3	-4.1	41665	180171	291028	9.7
May	253548	12.1	13.2	9.7	13.6	2.3	1.2	0.1	9.8	44249	188342	297796	11.6
Jun	259766	13.9	15.4	11.3	14.2	2.4	2.4	0.2	24.8	44562	187486	304328	13.3
Jul	263317	12.9	14.1	10.4	12.9	2.2	3.9	0.4	19.2	44612	187154	307929	12.4
Aug	261560	12.8	13.0	9.6	15.5	2.6	5.9	0.5	19.0	44654	159008	306214	12.3
Sep	264963	13.5	14.7	10.9	13.2	2.2	4.4	0.4	18.4	44682	154973	309645	12.9
Oct	270900	14.3	13.9	10.3	15.8	2.6	14.8	1.4	64.9	44741	173213	315640	13.6
Nov	276507	15.7	13.6	10.3	24.8	3.9	17.2	1.6	76.7	44792	186196	321299	14.8
Dec	278805	14.7	12.7	9.5	21.2	3.4	19.7	1.8	140.0	45096	190512	323901	14.0
99 Jan	280059	13.2	10.5	7.8	21.9	3.6	20.8	1.8	162.9	45397	192907	325455	12.8
Feb	279956	13.2	9.9	7.4	23.3	3.9	21.6	1.9	176.0	45633	195526	325588	12.7
Mar	279160	13.3	9.8	7.2	22.6	3.8	24.5	2.2	224.7	45678	185678	324838	12.7
Apr	285484	14.5	10.7	7.9	23.0	3.9	29.9	2.6	244.1	45982	185045	331466	13.9
May	292047	15.2	11.7	8.7	23.8	4.1	27.6	2.4	225.4	46297	191022	338344	13.6
Jun	309137	19.0	13.8	10.3	37.5	6.3	27.7	2.4	196.7	46647	196197	355785	16.9
Jul p	313108	18.9	12.9	9.6	33.7	5.7	42.0	3.6	271.6	...	189848	...	...
Aug p	313722	19.9	13.5	10.0	35.7	6.1	44.5	3.9	296.1	...	198954	...	...

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



Source: BE.

(a) As full information is not available, the quarter-on-quarter data are estimates. This means these figures are revised when final quarterly data are available.

(b) Provisional data.

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

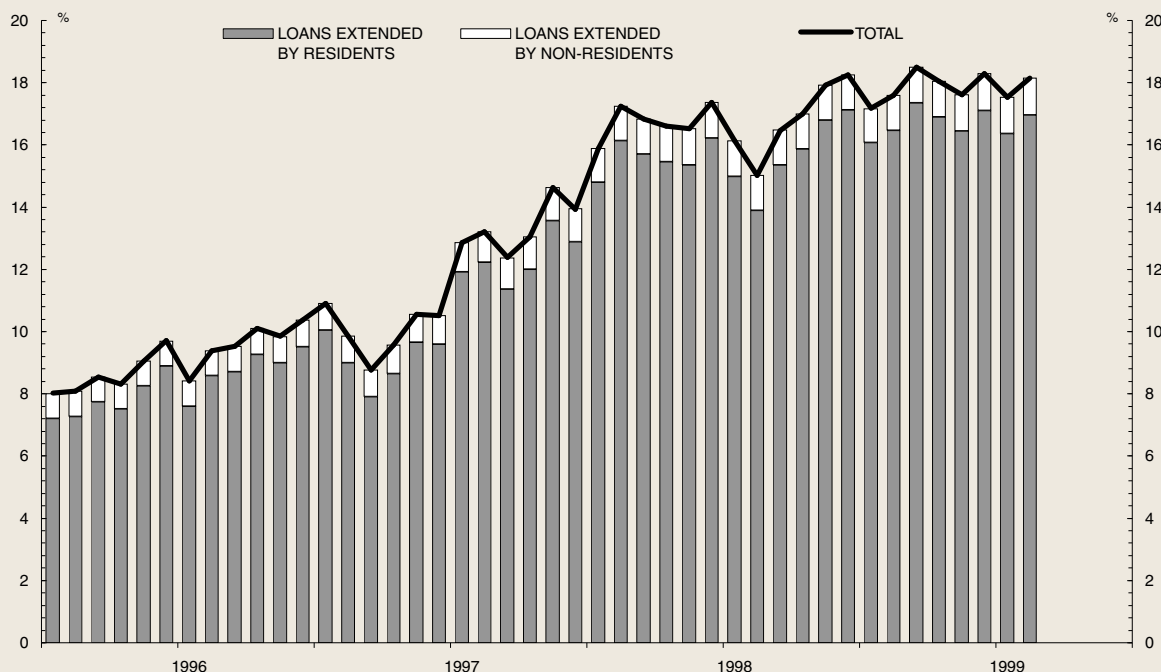
8.8. Financing of households and NPISH resident in Spain (a)

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
96	166322	10.4	10.7	9.5		7.8	0.9
97	189515	13.9	14.5	12.9		9.7	1.1
98	224114	18.3	19.1	17.1		10.9	1.1
97 Nov	188211	14.6	15.2	13.6		9.6	1.1
Dec	189515	13.9	14.5	12.9		9.7	1.1
98 Jan	195068	15.9	16.6	14.8		10.0	1.1
Feb	197395	17.3	18.1	16.1		10.2	1.1
Mar	198447	16.8	17.6	15.7		10.4	1.1
Apr	200761	16.6	17.3	15.5		10.6	1.2
May	203437	16.5	17.2	15.4		10.7	1.2
Jun	208705	17.4	18.2	16.2		10.7	1.1
Jul	211553	16.1	16.7	15.0		10.9	1.1
Aug	209508	15.0	15.5	13.9		10.7	1.1
Sep	213057	16.5	17.2	15.3		10.6	1.1
Oct	216366	17.0	17.8	15.9		10.5	1.1
Nov	221955	17.9	18.8	16.8		10.7	1.1
Dec	224114	18.3	19.1	17.1		10.9	1.1
99 Jan	228572	17.2	17.9	16.1		10.8	1.1
Feb	232139	17.6	18.4	16.5		10.9	1.1
Mar	235153	18.5	19.3	17.3		11.2	1.2
Apr	236986	18.0	18.8	16.9		11.1	1.2
May	239292	17.6	18.3	16.5		11.4	1.2
Jun	246879	18.3	19.0	17.1		11.8	1.2
Jul p	248636	17.5	18.2	16.4		11.6	1.2
Aug p	247536	18.2	18.9	16.9		11.7	1.2

FINANCING OF HOUSEHOLDS AND NPISH
Contributions to the annual percentage change



Source: BE.

(a) As full information is not available, the quarter-on-quarter data are estimates. This means these figures are revised when final quarterly data are available.

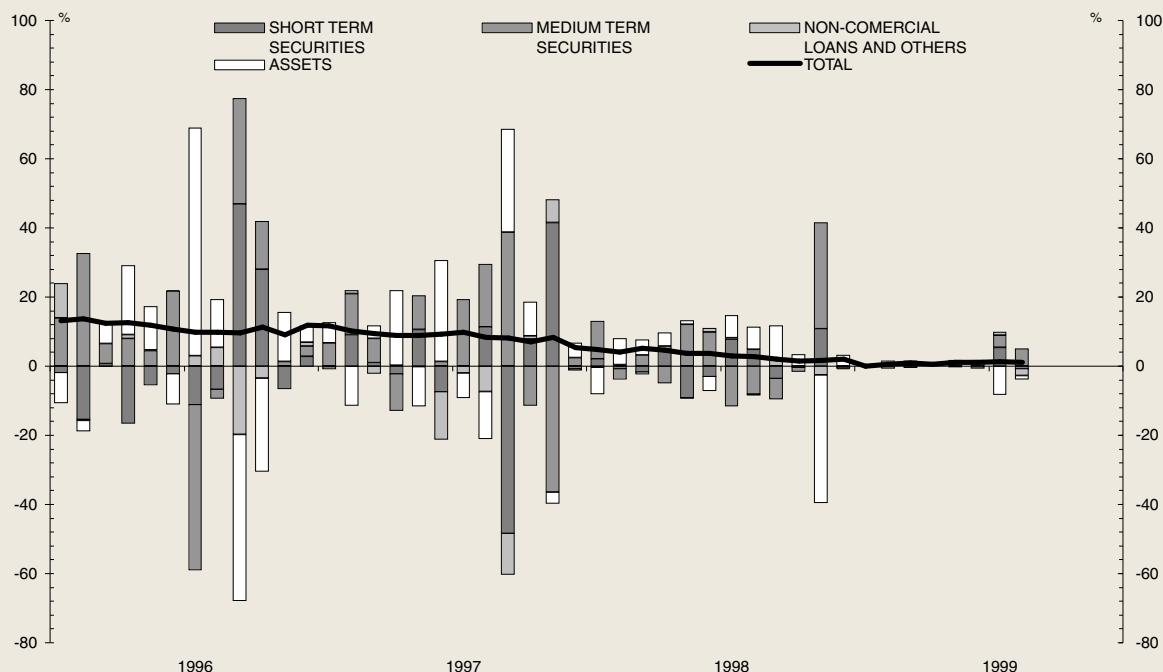
8.9. Net financing of Spain's general government

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			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)	Securities		Non-commercial loans and others (a)	Assets
					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	
	n													n	n	n	n	
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	298816	15159	5.3	11844	-9273	30694	-9576	-5126	1 811	3.8	-11.3	18.4	-14.9	-11.3	-0.8	2.4	-0.6	4.3
98 p	305245	6 429	2.2	10513	-11784	25421	-3123	1 431	2 653	3.2	-16.2	12.9	-5.7	15.6	-0.1	-0.7	-0.2	3.1
98 Jan p	300894	2 078	4.9	5 240	852	4 548	-161	4 711	-1549	4.9	-10.2	19.8	-14.9	5.3	2.0	10.7	-0.4	-7.4
Feb p	296352	-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	7.7
Mar p	303313	6 961	5.1	1 051	-2309	4 284	-925	-5551	-360	7.3	-10.2	24.2	-15.6	32.9	-1.7	3.2	-0.7	4.4
Apr p	298798	-4515	4.7	-804	-4855	4 706	-655	2 507	1 203	5.5	-17.1	24.2	-16.5	12.3	5.1	-4.9	0.7	3.9
May p	299813	1 015	3.8	682	-2487	3 260	-90	-68	-264	3.0	-24.2	23.1	-16.6	-3.2	-9.2	12.1	-0.3	1.2
Jun p	302317	2 504	3.7	5 425	-1971	6 705	691	3 410	-489	6.4	-24.7	26.7	-10.1	34.0	-2.9	10.0	1.0	-4.3
Jul p	301022	-1295	2.9	1 611	-3355	5 220	-254	2 056	850	6.3	-28.7	28.1	-10.2	40.5	7.5	-11.7	0.6	6.5
Aug p	302005	983	2.7	-1366	1 737	-2932	-171	-1941	-407	4.7	-28.3	24.3	-8.5	22.6	4.8	-8.2	-0.5	6.5
Sep p	301022	-983	2.1	3 476	1 624	2 838	-986	3 920	538	6.4	-22.1	23.3	-8.3	50.7	-3.5	-6.1	2.1	9.6
Oct p	296488	-4533	1.5	5 171	1 169	3 861	142	8 098	1 606	7.7	-17.6	22.5	-7.5	63.1	-0.4	-1.3	»	3.2
Nov p	296095	-394	1.6	-9858	-2751	-7772	665	-9848	383	5.0	-16.9	16.3	-5.3	35.2	11.5	32.5	-2.8	-39.6
Dec p	305245	9 150	2.2	-4093	-367	-2771	-955	-14115	871	3.2	-16.2	12.9	-5.7	15.6	-0.1	-0.7	-0.2	3.1
99 Jan p	300942	-4303	»	502	-3239	3 692	48	3 030	1 776	1.7	-21.5	12.2	-5.3	19.6	»	»	»	»
Feb p	298114	-2828	0.6	3 037	-844	3 831	50	5 745	120	1.4	-23.7	12.1	-4.5	8.1	0.2	-0.8	»	1.2
Mar p	306267	8 153	1.0	1 535	-3050	4 839	-254	-7898	1 281	1.6	-25.4	12.2	-3.3	7.4	-0.4	0.6	»	0.8
Apr p	300334	-5933	0.5	-2092	-26	-2342	275	4 035	-195	1.2	-20.1	8.6	-1.6	7.0	»	0.2	»	0.3
May p	303333	2 999	1.2	4 006	-48	4 014	40	1 313	-306	2.2	-17.1	8.8	-1.3	10.9	»	1.6	»	-0.4
Jun p	305560	2 227	1.1	1 031	-1307	2 074	263	-224	-972	0.9	-16.6	6.5	-2.1	-0.7	-0.6	1.0	0.1	0.6
Jul p	304818	-742	1.3	-5695	-3162	-1973	-560	-5675	722	-1.3	-17.2	3.2	-2.7	-19.8	5.4	3.4	1.0	-8.4
Aug a	305221	403	1.1	846	-283	1 895	-766	-11	454	-0.6	-20.0	5.4	-3.9	-13.8	-0.7	5.0	-2.0	-1.2

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.

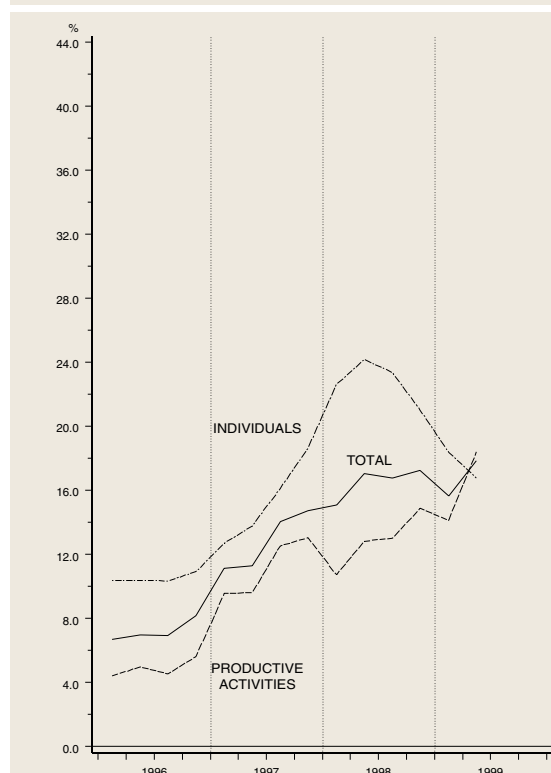
8.10. Credit by end-use and doubtful loans of banks, savings banks and credit co-operatives resident in Spain

n Series depicted in chart.

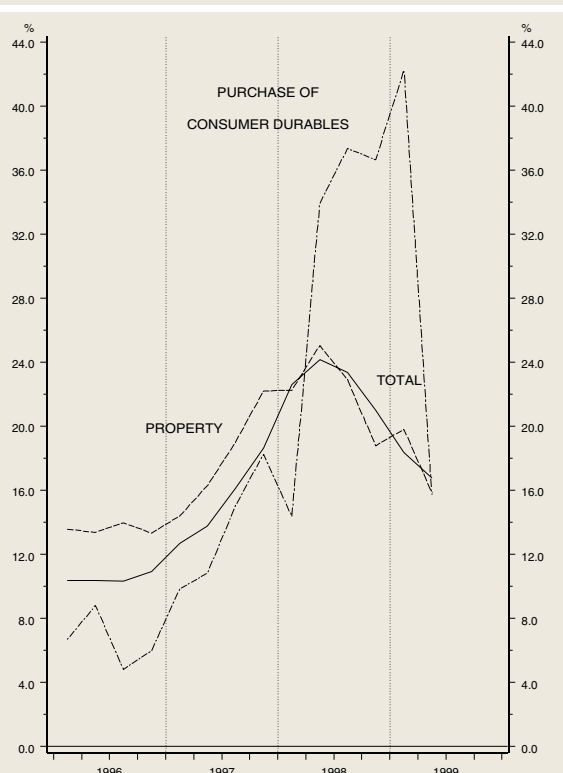
EUR millions and percentages

	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
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
98	390146	204942	7 587	58094	26673	112589	156868	108333	5 116	1 717	16064	25638	1 553	8 200	18583	6 505	1.67
94 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 I	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 I	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 I	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 I	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	156868	108333	5 116	1 717	16064	25638	1 553	8 200	18583	6 505	1.67
99 I	397581	205918	7 819	56495	27122	114481	162736	112978	5 108	1 962	16518	26170	1 625	8 032	19086	6 191	1.56
II	424911	222323	8 328	65785	29592	118618	171129	118150	5 335	2 835	16609	28200	1 880	9 479	20100	6 024	1.42

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.

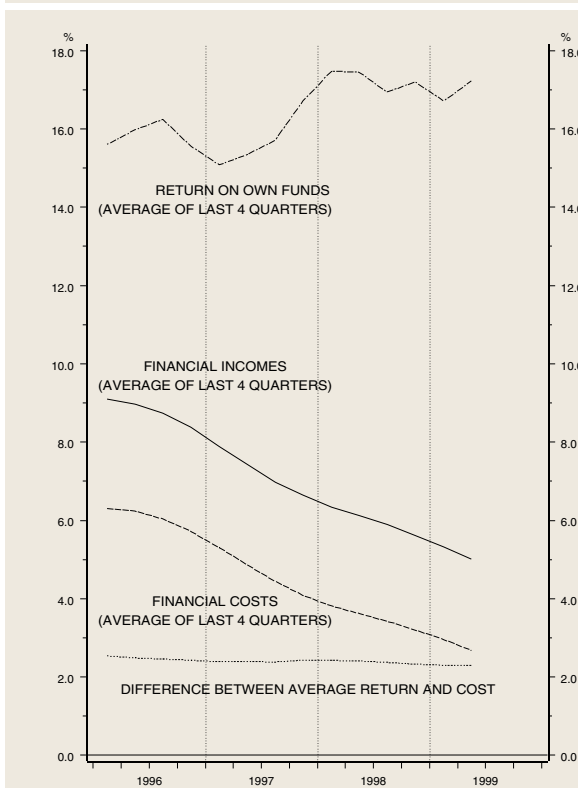
(b) Credit data obtained from the accounting statements established for supervision of resident institutions.

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

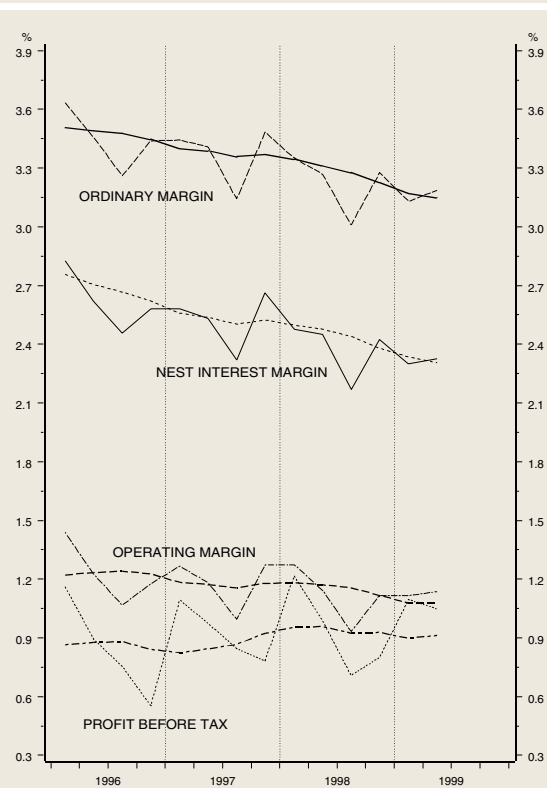
n Series depicted in chart.

	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	2	3	4	5	6	7	8	9	10	11	12	13	14		
n	n	n		n			n			n	n		n		
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	
98	5.4	2.9	2.5	0.9	3.3	2.2	1.3	1.2	-0.8	0.8	15.6	6.0	3.7	2.3	
94 /V	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	
II	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	
III	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	
IV	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	
II	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	
III	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	
IV	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	
II	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	
III	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	
IV	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	
II	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	
III	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	
IV	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	
99 /	4.8	2.5	2.3	0.8	3.2	2.0	1.2	1.1	»	1.1	20.7	5.7	3.4	2.3	
II	4.6	2.2	2.4	0.9	3.2	2.1	1.3	1.2	-0.1	1.1	19.1	5.4	3.1	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

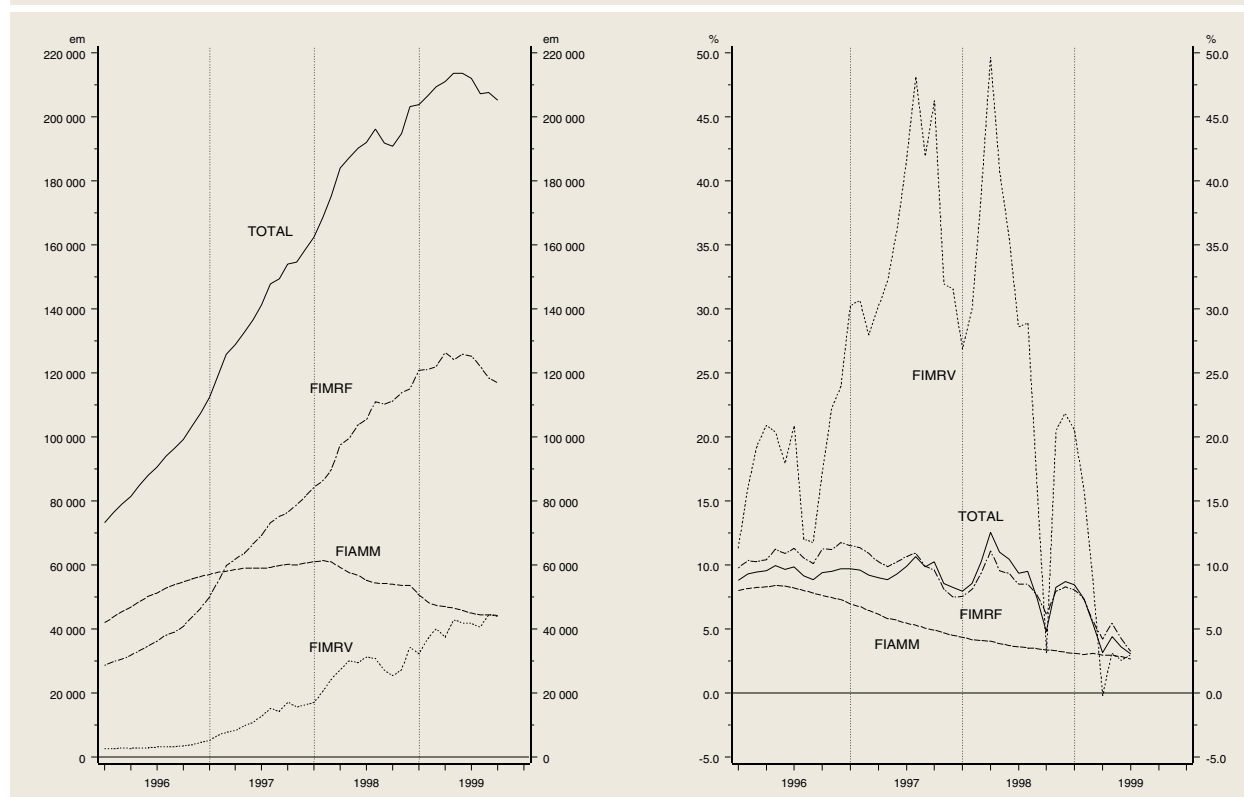
n Series depicted in chart.

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
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
98 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
98 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
98 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
98 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
98 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
98 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
98 Aug	191679	-4478	1 020	7.3	54252	-126	-263	3.5	110225	-728	894	7.6	27202	-3624	389	15.7
98 Sep	190702	-977	154	4.8	54056	-196	-339	3.4	111176	951	661	6.1	25470	-1733	-168	3.2
98 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
98 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
98 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	206601	2 827	1 766	7.4	48356	-2287	-2184	3.0	121089	298	2 518	7.3	37156	4 816	1 432	15.7
99 Feb	209388	2 786	2 734	5.4	47399	-957	-1212	3.1	121902	813	2 662	5.6	40087	2 930	1 284	8.8
99 Mar	210871	1 483	1 243	3.2	46969	-430	-479	3.0	126380	4 478	925	4.2	37522	-2565	796	-0.2
99 Apr	213611	2 741	1 516	4.4	46439	-530	134	3.0	124241	-2139	529	5.5	42932	5 410	853	3.1
99 May	213569	-43	868	3.6	45817	-622	-447	2.9	125833	1 592	508	4.2	41919	-1013	807	2.6
99 Jun p	212020	-1549	...	3.1	44997	-820	...	2.6	125268	-566	...	3.3	41756	-163	...	3.0
99 Jul p	207212	-4808	...	...	44501	-495	...	...	122033	-3235	...	...	40678	-1078	...	...
99 Aug p	207499	287	...	...	44526	24	...	...	122230	197	...	...	40743	66	...	...
99 Sep p	205239	-2260	...	...	44313	-213	...	...	116881	-5349	...	...	44046	3 303	...	...

NET ASSET VALUE

RETURN OVER LAST 12 MONTHS



Sources: CNMV and Inverco.

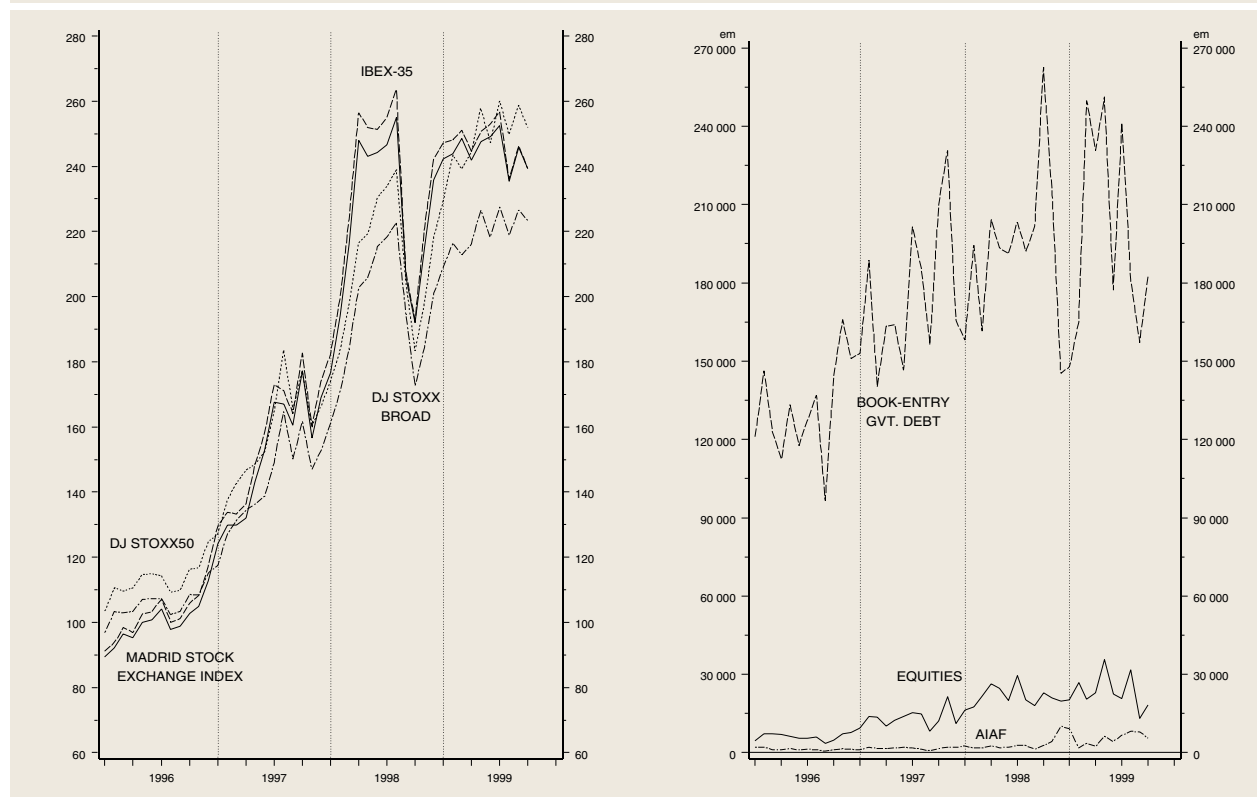
8.13. Share price indices and turnover on securities markets. Spain and euro area

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	77 145	78 071	1 608 197	14 929	3 059	8 029	19 902	28 794
97	556.43	6 365.48	208.77	2 330.94	163 261	54 216	2 110 187	21 174	2 340	1 321	23 351	5 792
98	817.97	9 333.30	283.45	3 102.16	261 276	53 148	2 311 155	43 120	843	1 676	17 390	8 417
97 Dec	632.55	7 255.40	229.86	2 531.99	16 207	6 669	157 968	2 518	72	106	1 275	555
98 Jan	695.68	7 958.99	243.93	2 676.03	17 616	4 508	194 391	1 754	109	127	1 899	549
Feb	774.75	8 900.09	262.29	2 878.04	21 654	5 757	161 559	1 717	147	218	1 674	648
Mar	888.67	10 209.10	289.46	3 153.32	26 271	5 619	204 308	2 662	99	232	2 245	752
Apr	871.08	10 025.60	293.96	3 195.43	24 607	3 981	193 397	1 874	146	146	1 517	746
May	875.26	10 005.70	307.44	3 357.77	19 865	3 954	191 102	2 084	137	115	1 177	678
Jun	883.42	10 146.40	311.58	3 406.82	29 439	4 300	203 224	2 693	68	159	1 785	639
Jul	913.97	10 493.70	318.06	3 480.63	20 332	4 391	192 138	2 701	44	127	1 037	628
Aug	737.05	8 264.70	277.73	2 978.12	17 902	3 406	201 801	1 282	34	89	1 400	719
Sep	687.71	7 676.50	246.31	2 670.97	22 855	4 127	262 621	2 804	20	133	2 007	919
Oct	771.65	8 800.00	263.49	2 887.11	20 889	3 970	213 457	4 236	23	120	1 382	875
Nov	844.96	9 645.50	286.87	3 179.09	19 717	4 300	145 418	10 129	13	120	649	635
Dec	867.80	9 836.60	298.37	3 342.32	20 129	4 835	147 739	9 183	1	90	618	630
99 Jan	873.93	9 878.80	308.97	3 547.15	26 809	3 011	164 851	1 765	»	124	401	592
Feb	890.41	9 997.30	303.87	3 484.24	20 487	3 331	249 736	3 559	»	200	398	458
Mar	866.73	9 740.70	308.50	3 559.86	22 799	4 232	230 762	2 443	»	758	487	477
Apr	887.26	9 975.40	323.37	3 757.87	35 578	3 899	251 369	6 277	»	342	308	406
May	892.58	10 072.30	311.49	3 602.45	22 417	3 507	177 295	4 293	»	400	334	421
Jun	904.43	10 218.60	324.78	3 788.66	20 602	3 707	241 305	6 629	1	1 132	419	401
Jul	843.24	9 391.90	312.35	3 638.62	31 865	3 808	181 194	8 157	»	240	208	381
Aug	880.47	9 806.10	323.44	3 769.14	13 219	3 304	157 169	7 876	—	601	182	364
Sep	857.34	9 525.40	318.69	3 669.71	...	...	182 398	5 571	»	1 939	278	405

SHARE PRICE INDICES
JAN 1994 = 100

TURNOVER ON SECURITIES MARKETS



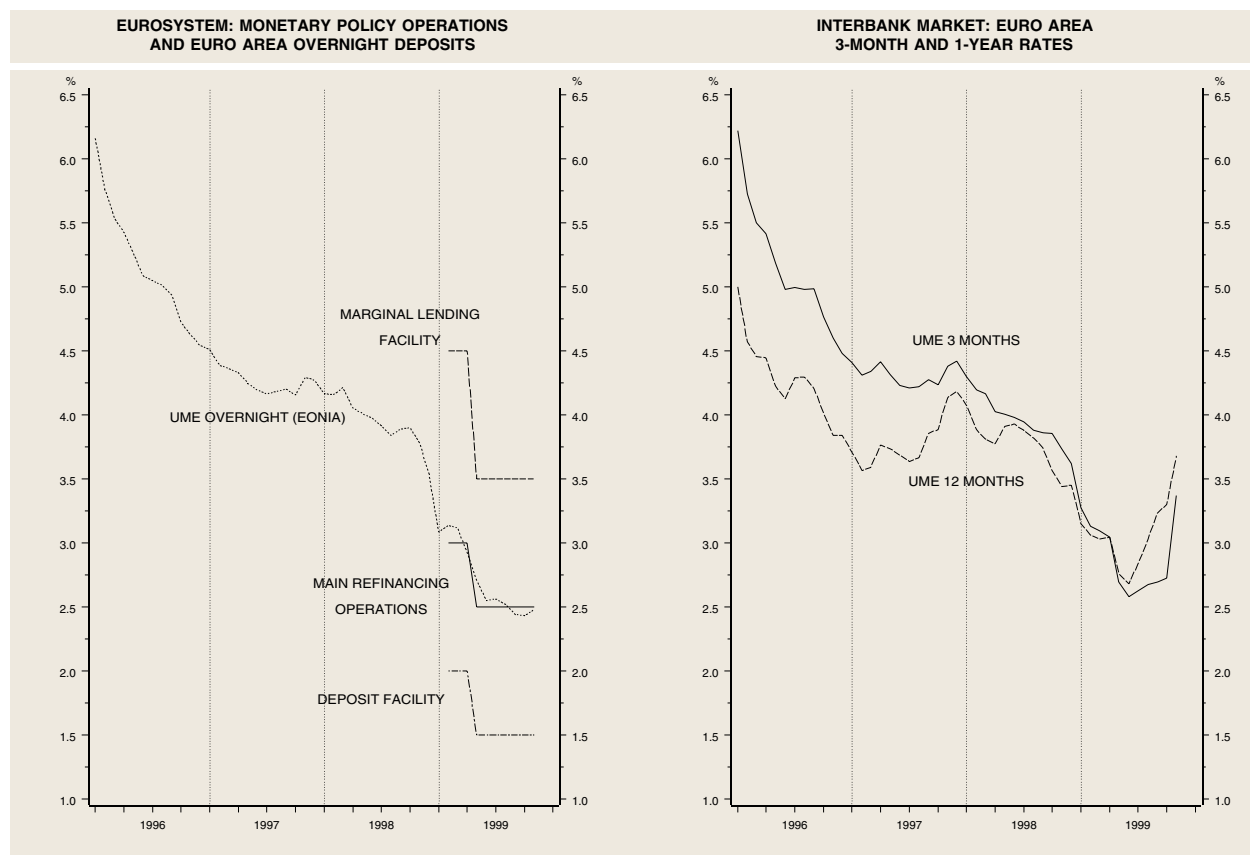
Sources: Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (columns 1, 2, 5 and 6); Reuters (columns 3 and 4); AIAF (column 8) and Spanish Financial Futures Market, (MEFFSA) (columns 9 to 12)

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
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
98 Feb	—	—	—	—	4.21	4.18	4.17	3.81	5.29	4.78	4.64	4.33	4.63	4.54	4.39	—
98 Mar	—	—	—	—	4.05	4.06	4.03	3.77	4.59	4.63	4.44	4.16	4.50	4.45	4.25	—
98 Apr	—	—	—	—	4.01	4.05	4.01	3.91	4.59	4.56	4.41	4.22	4.49	4.38	4.20	—
98 May	—	—	—	—	3.97	4.01	3.98	3.93	4.32	4.33	4.34	4.22	4.27	4.21	4.17	—
98 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
98 Jul	—	—	—	—	3.84	3.87	3.88	3.82	4.40	4.35	4.33	4.14	4.24	4.22	4.17	—
98 Aug	—	—	—	—	3.89	3.87	3.86	3.74	4.60	4.43	4.35	4.07	4.25	4.21	4.16	—
98 Sep	—	—	—	—	3.90	3.89	3.85	3.57	4.47	4.42	4.25	3.83	4.26	4.12	4.03	—
98 Oct	—	—	—	—	3.78	3.78	3.74	3.44	4.04	4.11	3.99	3.64	3.78	3.71	3.56	—
98 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
98 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	—
99 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
99 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
99 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
99 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
99 Jun	2.50	2.63	3.50	1.50	2.56	2.61	2.63	2.84	2.56	2.59	2.60	2.78	2.52	2.51	2.51	2.67
99 Jul	2.50	2.65	3.50	1.50	2.52	2.63	2.68	3.03	2.51	2.61	2.66	3.02	2.46	2.51	2.55	2.89
99 Aug	2.50	2.65	3.50	1.50	2.44	2.61	2.70	3.24	2.43	2.59	2.68	3.23	2.40	2.44	2.59	—
99 Sep	2.50	2.66	3.50	1.50	2.43	2.58	2.73	3.30	2.42	2.56	2.69	3.26	2.38	2.48	2.54	—
99 Oct	2.50	3.19	3.50	1.50	2.48	2.76	3.37	3.68	2.48	2.73	3.32	3.61	2.45	2.65	3.02	—



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 and long-term securities markets

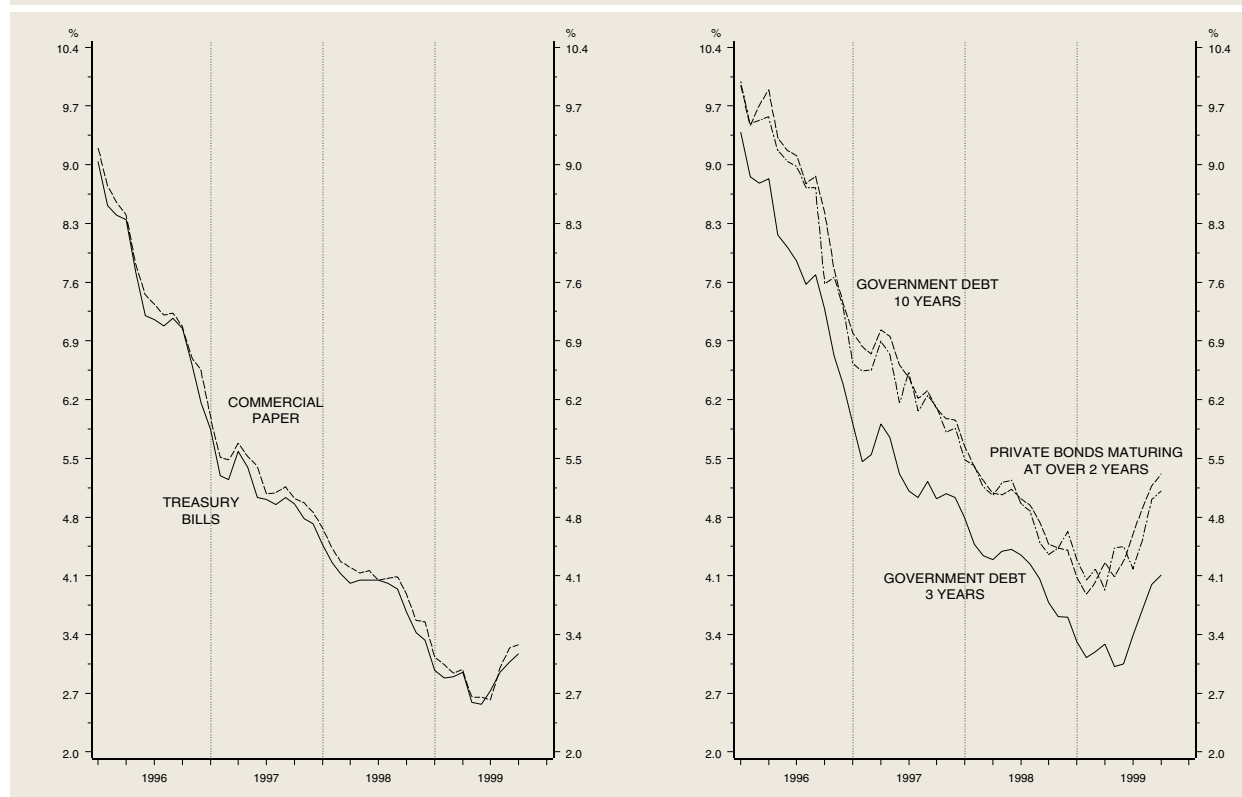
n Series depicted in chart.

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	5.59	4.07	4.83	4.84
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	—	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	4.66	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
Jun	2.73	2.72	2.62	2.89	3.29	3.70	4.59	4.99	—	3.39	4.60	4.18
Jul	2.95	2.89	3.00	2.94	3.92	4.26	5.09	5.30	5.71	3.70	4.91	4.53
Aug	3.07	3.05	3.24	3.16	4.27	4.61	5.29	5.50	—	4.00	5.17	5.01
Sep	3.17	3.13	3.28	3.19	4.28	4.70	5.27	5.60	5.94	4.11	5.31	5.11
Oct	3.40	3.41	...	...	4.59	5.01	5.50	5.84	—	4.47	5.57	...

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

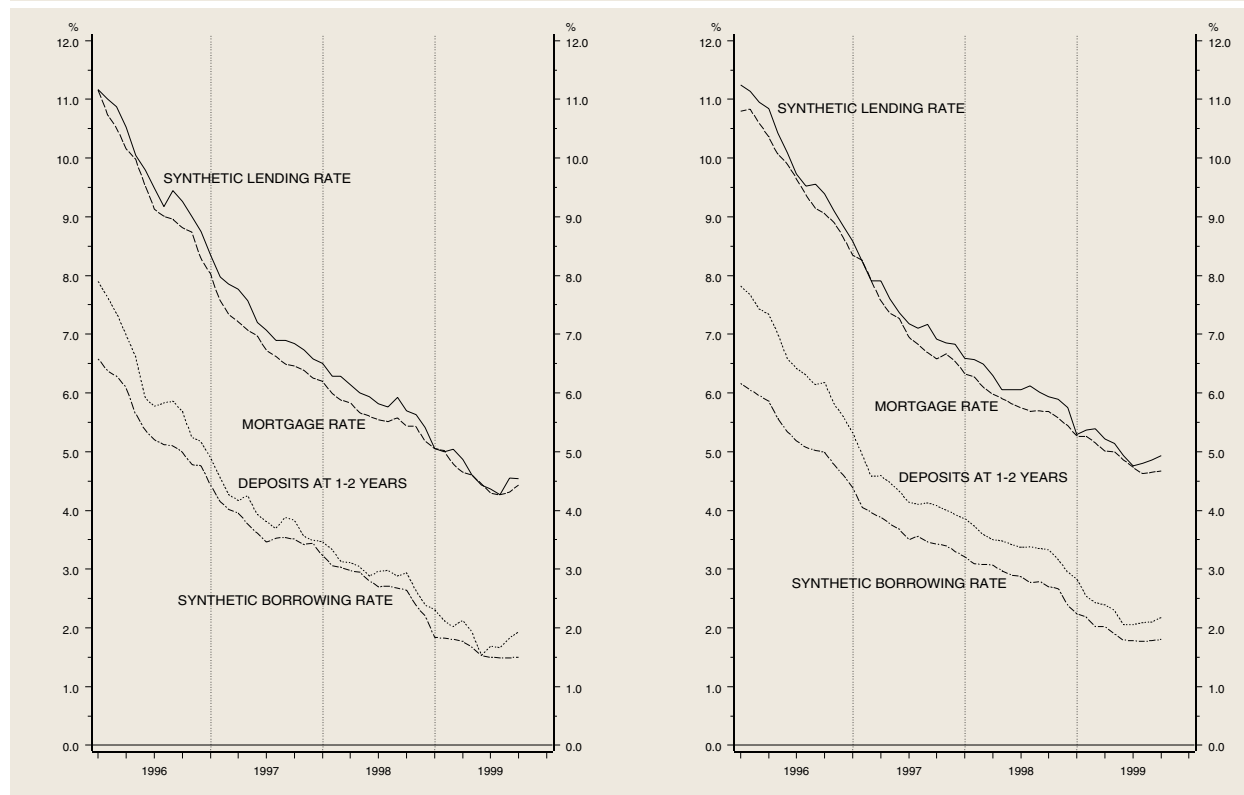
n Series depicted in chart.

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 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	1.82	1.84	2.77	2.12	5.37	6.26	7.46	5.26	2.18	1.93	2.87	2.53
Feb	5.04	5.47	5.13	6.32	4.79	1.80	1.77	2.94	2.02	5.39	6.37	7.80	5.15	2.02	1.90	2.84	2.43
Mar	4.87	5.33	4.64	6.04	4.65	1.77	1.71	2.79	2.13	5.22	6.39	7.65	5.01	2.02	1.79	2.64	2.39
Apr	4.61	5.16	4.76	5.82	4.60	1.67	1.62	2.52	1.93	5.14	6.36	7.48	5.00	1.90	1.74	2.52	2.30
May	4.43	5.04	4.35	6.01	4.45	1.53	1.44	2.48	1.53	4.93	6.10	7.31	4.86	1.79	1.63	2.37	2.05
Jun	4.37	4.91	4.30	5.48	4.30	1.50	1.39	2.49	1.69	4.76	5.91	7.30	4.73	1.78	1.54	2.44	2.05
Jul	4.27	4.98	4.40	5.46	4.26	1.49	1.38	2.42	1.66	4.80	6.06	7.24	4.63	1.77	1.49	2.33	2.09
Aug	4.55	5.08	4.46	5.99	4.32	1.49	1.38	2.39	1.83	4.86	6.11	7.44	4.65	1.78	1.48	2.29	2.10
Sep	4.54	5.04	4.36	6.45	4.44	1.50	1.38	2.37	1.93	4.93	6.02	7.53	4.67	1.80	1.47	2.38	2.17

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Source: BE.

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

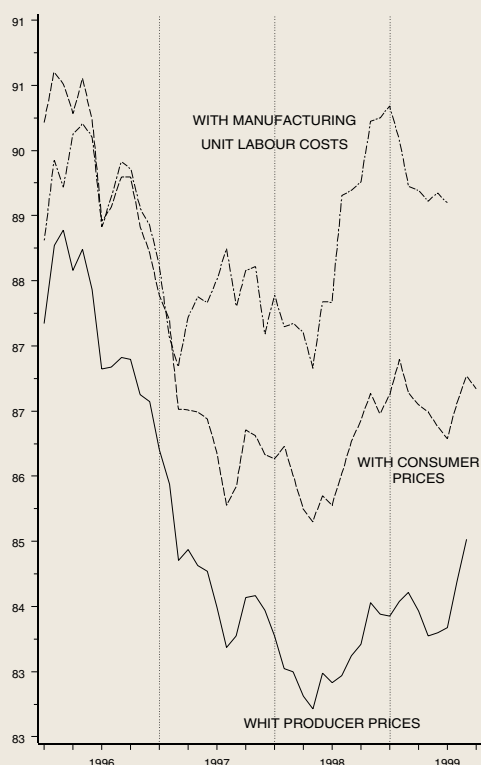
9.4. Indices of Spanish competitiveness against the EU and the euro area

n Series depicted in chart.

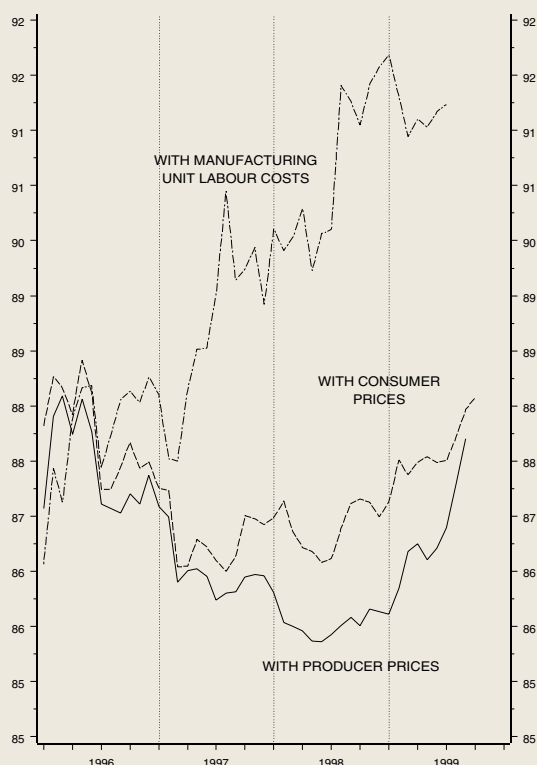
1990 = 100

	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	88.0	90.0	89.8	82.2	107.0	109.4	109.2	88.0	88.3	88.5	87.6	106.3	87.7	108.8
97	84.8	86.7	88.3	79.2	107.1	109.5	111.6	86.7	87.1	89.6	86.8	109.2	88.1	111.0
98	84.0	86.4	89.1	78.7	106.7	109.9	113.3	86.2	87.3	91.3	86.8	109.9	87.8	111.1
98 J-O	83.8	86.3	88.8	78.6	106.7	109.8	113.0	86.2	87.3	91.0	86.8	110.0	87.9	111.2
99 J-O	...	...	...	78.5	...	...	...	...	...	...	...	...	...	...
98 May	83.8	86.0	88.3	78.6	106.6	109.4	112.4	86.0	86.9	90.5	87.6	111.0	88.8	112.4
Jun	83.7	85.8	88.3	78.5	106.6	109.4	112.6	86.1	86.9	90.5	87.0	110.5	88.3	111.7
Jul	83.7	86.2	89.6	78.5	106.7	109.8	114.2	86.2	87.3	92.1	87.3	110.8	88.5	111.9
Aug	84.0	86.6	89.7	78.7	106.8	110.1	114.0	86.3	87.5	91.9	86.6	109.7	87.6	110.8
Sep	84.1	86.9	89.8	78.9	106.6	110.1	113.8	86.2	87.6	91.7	86.9	109.8	87.7	110.9
Oct	84.6	87.2	90.6	79.2	106.9	110.1	114.3	86.4	87.6	92.1	87.4	110.0	87.8	111.1
Nov	84.5	87.0	90.6	79.1	106.9	110.0	114.6	86.4	87.4	92.3	87.2	109.9	87.6	110.9
Dec	84.5	87.2	90.7	79.1	106.8	110.2	114.7	86.3	87.6	92.4	86.6	109.1	86.9	110.1
99 Jan	84.7	87.6	90.3	79.0	107.1	110.9	114.3	86.6	88.0	92.0	85.7	108.1	86.2	109.2
Feb	84.8	87.2	89.8	78.8	107.6	110.7	113.9	87.0	87.9	91.5	84.5	106.8	85.1	107.8
Mar	84.5	87.1	89.7	78.6	107.6	110.8	114.2	87.1	88.0	91.7	84.3	106.9	85.2	108.0
Apr	84.2	87.0	89.6	78.5	107.3	110.9	114.2	86.9	88.0	91.6	85.0	107.9	86.1	109.0
May	84.3	86.8	89.7	78.4	107.5	110.8	114.4	87.1	88.0	91.8	85.7	108.9	86.9	110.0
Jun	84.3	86.7	89.6	78.2	107.8	110.8	114.5	87.3	88.0	91.9	84.8	108.0	86.1	109.0
Jul	84.9	87.1	...	78.3	108.4	111.2	...	87.8	88.3	...	84.7	107.8	85.9	108.8
Aug	85.4	87.4	...	78.4	109.0	111.6	...	88.2	88.6	...	...	...	...	...
Sep	...	87.3	...	78.1	...	111.7	...	...	88.7	...	...	...	...	...
Oct	...	...	...	78.2	...	...	...	...	...	...	...	...	...	...

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.

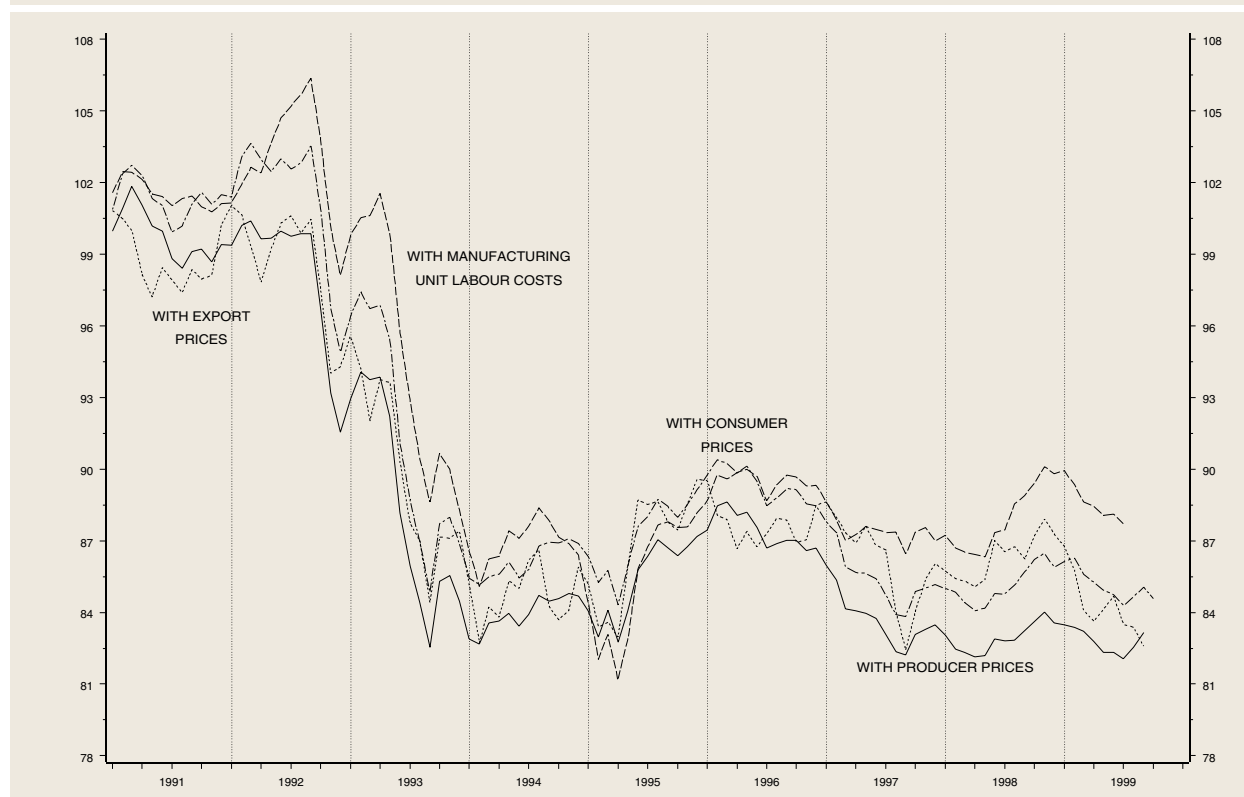
9.5. Indices of Spanish competitiveness against the developed countries

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	87.3	89.2	89.5	80.8	108.0	110.3	108.8	87.6	108.1
97	83.5	85.2	87.3	77.2	108.2	110.4	109.5	85.9	111.2
98	83.0	85.2	88.1	76.9	107.9	110.9	111.3	86.4	112.2
98 J-O	82.9	85.1	87.8	76.8	107.9	110.8	111.2	86.3	112.2
99 J-O	...	...	...	75.9	...	...	...	...	...
98 May	82.9	84.8	87.3	76.8	107.9	110.4	111.2	87.0	113.0
Jun	82.8	84.8	87.4	76.8	107.9	110.4	111.4	86.5	112.5
Jul	82.8	85.1	88.5	76.8	107.9	110.9	111.5	86.7	112.8
Aug	83.2	85.7	88.9	77.1	107.9	111.2	111.5	86.2	111.6
Sep	83.6	86.2	89.4	77.6	107.8	111.1	111.5	87.2	112.1
Oct	84.0	86.5	90.1	77.9	107.9	111.0	111.5	87.9	112.5
Nov	83.6	85.9	89.8	77.4	107.9	110.9	111.5	87.3	112.5
Dec	83.5	86.1	89.9	77.4	107.8	111.2	111.5	86.8	111.8
99 Jan	83.4	86.3	89.3	77.2	108.0	111.8	111.4	85.8	110.9
Feb	83.2	85.6	88.6	76.7	108.5	111.7	111.4	84.1	109.5
Mar	82.8	85.2	88.5	76.2	108.6	111.8	111.3	83.6	109.5
Apr	82.3	84.9	88.1	76.0	108.4	111.8	111.3	84.1	110.7
May	82.3	84.7	88.1	75.8	108.5	111.7	111.3	84.7	111.6
Jun	82.1	84.3	87.7	75.4	108.8	111.8	111.5	83.5	110.6
Jul	82.5	84.7	...	75.5	109.4	112.2	...	83.4	110.4
Aug	83.1	85.1	...	75.6	110.0	112.5	...	...	...
Sep	...	84.6	...	75.1	...	112.6	...	...	...
Oct	...	...	...	75.3	...	...	...	...	...

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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