

BANCO DE ESPAÑA

economic bulletin

April 2004

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Abbreviations

AIAF	Association of Securities Dealers	HICP	Harmonised index of consumer prices
BE	Banco de España	ICT	Information and communications technology
BIS	Bank for International Settlements	IMF	International Monetary Fund
CNE	Spanish National Accounts	INE	National Institute of Statistics
CNMV	National Securities Market Commission	INVERCO	Association of Collective Investment Institutions and Pension Funds
CPI	Consumer price index	LFA	Liquid financial assets
EAGGF	European Agricultural Guidance and Guarantee Fund	LIFFE	London International Financial Futures Exchange
ECB	European Central Bank	MEFF	Financial Futures and Options Market
ECOFIN	Council of the European Communities (Economic and Financial Affairs)	MEFF RF	Fixed-income derivatives market
EDP	Excessive Deficit Procedure	MEFF RV	Equity derivatives market
EMU	Economic and Monetary Union	MFI	Monetary financial institutions
EONIA	Euro overnight index average	MMFs	Money market funds
EPA	Official Spanish Labour Force Survey	MROs	Main refinancing operations
ERDF	European Regional Development Fund	NCBs	National Central Banks
ESA 79	European System of Integrated Economic Accounts	NPIs	Non-profit institutions
ESA 95	European System of National and Regional Accounts	OECD	Organisation for Economic Co-operation and Development
ESCB	European System of Central Banks	PPP	Purchasing power parity
EU	European Union	QNA	Quarterly National Accounts
EU15	The fifteen current European Union Member States	SCLV	Securities Clearing and Settlement Service
EUROSTAT	Statistical Office of the European Communities	SDRs	Special Drawing Rights
FIAMM	Money market funds	TARGET	Trans-European Automated Real-Time Gross Settlement Express Transfer system
FIM	Securities funds	TFP	Total factor productivity
GDP	Gross domestic product	ULCs	Unit labour costs
GNP	Gross national product	VAT	Value Added Tax
GVA	Gross value added		

<i>Countries</i>		<i>Currencies</i>	
BE	Belgium	ESP	Peseta
DK	Denmark	EUR	Euro
DE	Germany	JPY	Japanese yen
GR	Greece	USD	United States dollar
ES	Spain		
FR	France		
IE	Ireland		
IT	Italy		
LU	Luxembourg		
NL	Netherlands		
AT	Austria		
PT	Portugal		
FI	Finland		
SE	Sweden		
UK	United Kingdom		
US	United States		

Conventions used

- M1 Notes and coins held by the public + sight deposits.
- M2 M1 + deposits redeemable at notice of up to three months + deposits with an agreed maturity of up to two years.
- M3 M2 + repos + shares in money market funds and money market instruments + debt securities issued with an agreed maturity of up to two years.
- bn Billions (10⁹).
- m Millions.
- pp Percentage points.
- ... Not available.
- Nil, non-existence of the event considered or insignificance of changes when expressed as rates of growth.
- » Less than half the final digit shown in the series.

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(1) This article is only available in the electronic version of this Bulletin at www.bde.es.

Quarterly report on the Spanish economy

1. Overview

The expansionary phase initiated in the world economy in the second half of 2003 has progressively firmed in 2004 to date. In this period, however, geopolitical tensions in the Middle East have been rekindled. And this, along with the terrorist bombings on 11 March in Madrid, may have prompted some uncertainty, especially in Europe, where the upturn is weakest and lagging. For the moment, those indicators already released containing information subsequent to these events – including the European Commission's confidence surveys for April, released once this Bulletin had gone to press – scarcely show effects attributable to the bombings, either in Europe or in Spain.

The buoyancy of global economic activity has been heightened in the United States, Asia – including Japan – and Eastern Europe, and it has gradually spread to other regions such as Latin America and the euro area. In the latter case, however, the pace of growth has remained relatively moderate, while on a defined path of recovery. The expansionary stance of macroeconomic policies has not been altered and monetary and financial conditions have remained generous, as indicated by the trend of short and long-term interest rates. Their levels, which had held at a historical low for most of the quarter, have begun to rise slightly since early April, coinciding with the release of very favourable indicators on the US economic situation and signs of a turnaround in its inflation rate. The stock market performance remained favourable for virtually the entire period, although gains were less pronounced than in the closing months of 2003 and were temporarily hit by the terrorist bombings on 11 March, more intensely so in Spain and the EU. On the currency markets the dollar ceased to depreciate as from mid-February, partly offsetting thereby the appreciation in the euro in recent years. Oil and other commodity prices rose considerably, partly as a result of tensions in the Middle East but also due to the resilient demand of certain countries.

Against this background, the Spanish economy has sustained similar growth in 2004 to date to that in 2003 Q4. On Banco de España estimates, Spanish real GDP growth in 2004 Q1 on the same period a year earlier was 2.8%, in terms of the seasonally adjusted series, a similar figure to the QNA release for 2003 Q4 (2.7%). In quarter-on-quarter terms the growth rate was also virtually identical, as the estimate of 0.6% for 2004 Q1 is only 0.1 pp down on the figure for end-2003. These results signify the prolongation of the patterns marking recent developments in the Spanish economy: firmness in the increase in domestic demand and a negative contribution of the net external balance.

CHART 1

Gross domestic product



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

(a) Non-centred year-on-year rate of change calculated on the basis of the seasonally adjusted series.

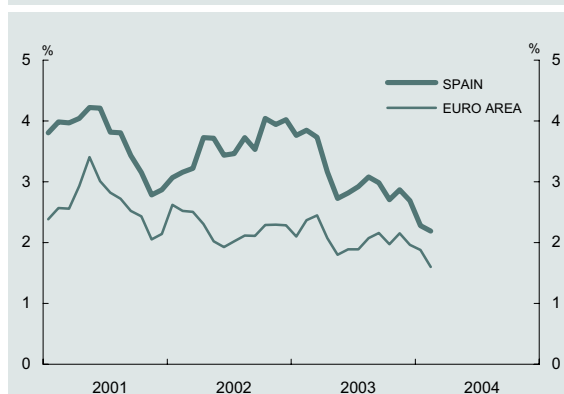
(b) Quarter-on-quarter rate of change calculated on the basis of the seasonally adjusted series.

Specifically, the estimates for Q1 are growth of around 3.5% in domestic demand and a negative contribution of external demand slightly below 1 pp. Essentially underpinning the momentum of demand have been consumption and construction, along with certain general government expenditure items, while imports of goods and services appear to be posting higher rates of increase than those of exports. In this expansionary setting, employment – in National Accounts terms – is estimated to have sustained a similar growth rate to that in the closing months of 2003, namely 2%, providing for a moderate recovery in apparent labour productivity. Finally, the 12-month growth rate of the CPI fell to 2.1% in March and the differential with the euro area, in terms of the HICP, narrowed to 0.5 pp. Given this situation, wage growth is expected to be contained and the rise in business margins to stabilise.

As indicated, the US economy has remained markedly buoyant in 2004 to date, as the latest

CHART 2

Harmonised indices of consumer prices (a)



Sources: Eurostat and ECB.

(a) Year-on-year rate of change. To December 2001, the rates relate to those released as at that date.

activity and demand indicators testify. Employment, in particular, rebounded in March after a long period of slackness that had contrasted with the resilience of other indicators. If this recovery in employment is confirmed in the coming months, that will dispel some of the uncertainty surrounding the soundness of household expenditure and the sustainability of the current upturn. Still pending in this connection is the start of a firm correction of the balance of payments deficit and the towering budget deficit.

The expansion has proven compatible with a moderate inflation rate to March of around 1.7% which, though it is not yet reflecting the latest oil and commodity price rises, does show the slight rise in underlying inflation. Against this backdrop, money and debt market interest rates have remained very low and, at its March meeting, the Federal Reserve kept its official intervention rate at 1%, now unchanged for 10 months. Since early April, however, the improved growth prospects for the US economy and the slight turnaround in the inflation outlook have made for a small rise in interbank market and Treasury bond interest rates, in anticipation of an increase in intervention rates in the second half of the year.

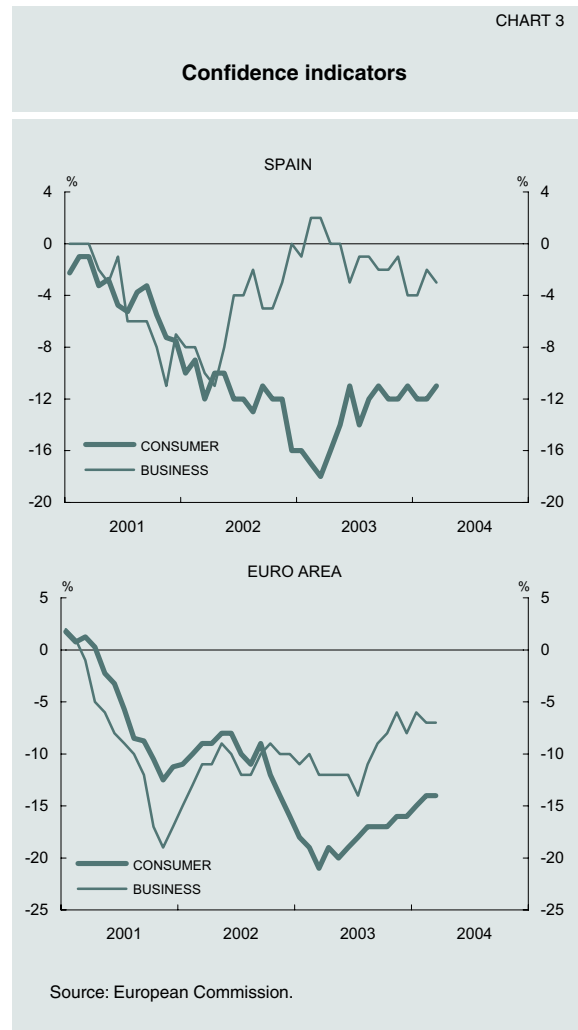
The Japanese economy is also growing vigorously in early 2004, underpinned by the strength of exports and industrial output and by improved business expectations, set against an accommodating monetary policy. The rate of expansion has likewise stepped up in the south-east Asian economies, driven by export buoyancy. There has been robust growth in China, which posted a real rate of over 9% in 2003 Q4 and might be showing incipient signs of overheating.

In the months prior to joining the EU on 1 May, the acceding countries have been posting high growth rates. That said, their inflation has climbed further to the liberalisation of administered prices and rises in certain taxes, and their public finances have worsened. Finally, the economic outlook in Latin America has improved following a relatively prolonged phase of uncertainty. The determinant here has been the favourable behaviour of the external sector, in response to the effect of the cumulative depreciations in recent years and to commodity price rises.

In the euro area, the information available for the opening months of 2004 points to a continuation of the moderate economic recovery that began in the second half of 2003. The expansion in GDP in Q1 will foreseeably be similar to that of 2003 Q4. And higher growth rates should become embedded over the rest of the year as a result of the vigour of the external sector, the maintenance of generous monetary and financial conditions and the trend of the exchange rate of the euro. However, some of the indicators released in recent months show only a wavering improvement. Consequently, doubts remain about how robust this incipient phase of recovery will be, in particular as regards private-sector expenditure and, more specifically, consumption.

Inflation slowed in the opening months of the year – the HICP stood at 1.7% in March – largely as a result of the decline in the 12-month rate of the energy component, which had risen most significantly in early 2003. Underlying inflation held on a steadier course, with a slightly higher rate of around 2%, towards which the HICP might move in the coming months. Against this backdrop, the ECB did not alter the single monetary policy stance, holding the minimum bid rate on its main refinancing operations at 2%, and the respective interest rates on its marginal lending facility and deposit facility at 1% and 3%.

In the fiscal policy realm, the preliminary budget deficit and public debt figures for 2003 were notified in the context of the excessive deficit procedure (EDP). According to this information, public finances in the euro area in 2003 worsened for the third year running, which was reflected in an increase in the budget deficit for the area as a whole to 2.7% of GDP (2.3% the previous year). This result is essentially due to the deterioration in the cyclical position of the Member States' economies, with the fiscal policy for the area as a whole practically retaining a neutral stance. As may be recalled, the information provided by the countries in their updated Stability and Growth Programmes – discussed

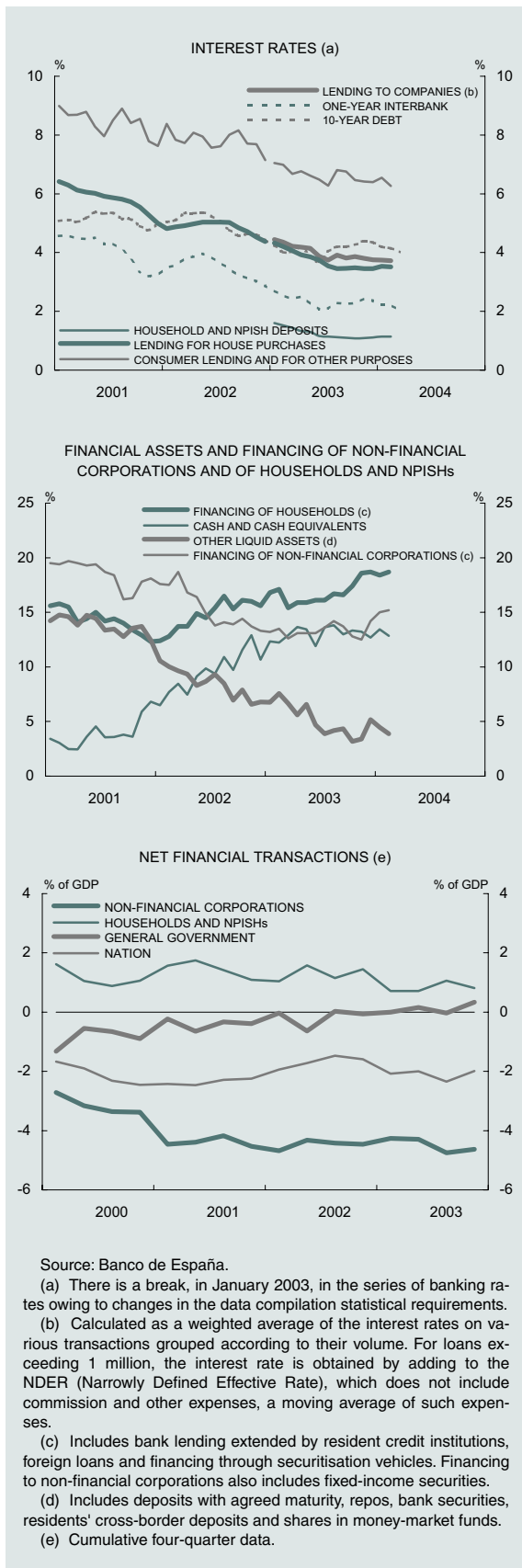


at the ECOFIN Council early in the year – augured some correction of this situation in 2004. However, the latest forecasts point to worse results and to a larger number of countries potentially falling foul of the Stability and Growth Pact. In this respect, the European Commission and the Council will discuss in the coming weeks activating the EDP in the case of the Netherlands and the United Kingdom, whose deficits exceeded 3% of GDP in 2003, and the possibility of warning Italy to adopt measures to prevent its budget deficit overstepping this limit in 2004.

Interest rates on euro area money markets continued to decline mildly until early April when, in step with developments on US money markets, Euribor rates began to rise at all terms, to over 2%. Long-term interest rates followed a similar course, declining in the opening months of 2004 and rising slightly in April, to around 4.2%. Bank interest rates, the information on which is available with a greater lag, held stable in these months. In this setting, the year-on-year growth of the M3 monetary aggregate continued to ease until February (with growth of 6.3% on

CHART 4

Financial indicators of the Spanish economy



the same month a year earlier), while the rate of increase or private-sector lending held at 5.8% that same month.

The external environment is, despite the above-mentioned uncertainty, perceptibly more favourable, a fact which should broaden the bases for growth in the coming months. And, against this background, the Spanish economy in early 2004 has continued to grow, as seen, under generous financing conditions that have contributed to sustaining private-sector expenditure, especially that of households. General government conduct, for its part, has so far been in step with the guidelines laid down in the State budget.

The key factor behind financing to households and firms in Q1 was the persistence of an environment of low interest rates on the euro area money market and the declining trajectory of medium and long-term yields on Spanish public debt. In the light of this, the interest rates applied by credit institutions to their customers held at the levels seen in late 2003. As indicated, stock markets continued to rise, despite the temporary interruption caused by the terrorist attacks on 11 March. In the period of 2004 to mid-April, the Madrid Stock Exchange General Index had risen by 9.1%, a higher figure than on other European and US bourses. Although there is no information available on changes in the value of real-estate assets in the opening months of 2004, house prices surged in the final months of 2003 to a year-on-year rate of 17.3%.

The persistence of these financing conditions means households and firms can more readily commit more spending than they could with their current resources and thus continue increasing their levels of indebtedness. Indeed, the household debt ratio increased once again in the opening months of 2004, as did the corporate debt ratio. In this latter case, however, the interest burden continued to decline. Nonetheless, the wealth position of households and firms has remained sound, though a limit is discernible in their scope to continue increasing their resort to borrowed funds at this pace.

As stated, households have sustained high rates of consumption and investment in housing in early 2004 against this background of highly favourable financial conditions. Underpinning this has been the expansion of their real disposable income – based essentially on the strength of employment and on the decline in the inflation rate – and the notable increases in the value of their financial and, above all, non-financial wealth. The consumption indicators available are consistent with this trajectory, and the pri-

vate residential investment indicators show a very subdued slowdown from what are high rates, this being offset by other components of investment in construction. The information on investment in equipment points to a pick-up from the signs of weakening observed in the second half of 2003, suggesting a path of recovery – albeit a modest and hesitant one – has been resumed. In any event, the possible reinvigoration of final demand (once the greater robustness of exports has combined with the momentum of domestic spending), the prevailing financial conditions and companies' renewed capacity to generate funds all frame a favourable picture for the greater buoyancy of this business investment component.

The contribution of the various productive branches to growth in Q1 has been uneven, with a prolongation of the trends defined during the previous year. In this respect, the greater momentum of market services and the resilience of construction, which has maintained a

high rate of expansion, have been notable. Conversely, industry and energy have continued to show some sluggishness. The composition of employment, set against the aforementioned pattern of stability, has moved along these same lines. In industry, however, and on the partial information available, the rate of decline of employment has slowed somewhat after falling markedly last year.

The deceleration in Spanish inflation in the second half of last year ran into early 2004, providing for the continuing reduction of the consumer price differential with the EU. The improved inflation outlook should feed through to collective bargaining, allowing wage moderation to continue, although the data available to date are but partial. Despite this favourable overall performance of prices, underlying inflation is still above 2% and the recent energy price rises are adding upward cost pressures which might ultimately be reflected in an inflation surge in the coming months.

2. The external environment of the euro area

Economic developments in the external environment of the euro area in early 2004 appear to point to the continuing buoyancy of activity that firmed in the second half of 2003. Prices have remained favourable overall, although there are indications for the first time in the United States of a pass-through (albeit moderate) of the rise in intermediate prices to consumer prices, due to the strong increase in commodity prices and to the depreciation of the dollar. In this respect, the oil price moved to a new annual high in April of over \$34 per barrel (Brent), after increasing by 13% over the quarter as a whole. Demand-side factors appear to have contributed here, in particular the momentum of the Chinese economy and the low level of inventories in the United States, while on the supply side the OPEC decision to cut output as from 1 April was influential.

Global financial conditions remained favourable overall, in the industrialised and emerging countries alike, with low interest rates for risk-free assets and private fixed income and a relatively favourable stock market performance. Only towards early April was there a noticeable rise in bond yields, linked to the emergence of expectations about higher interest rates in United States which were in turn induced by some of the latest indicators on activity and prices. After the G7 meeting at Boca Ratón, the dollar began to appreciate against the euro, climbing from a low in recent years. It reached a level below 1.20 in mid-April, signifying a 9% appreciation from its mid-February level of 1.30. The yen, after depreciating to 112 yen per dollar in March, partly as a result of intervention by the Bank of Japan, stood below 110. Sovereign debt spreads in emerging countries tended to widen moderately in the opening months of the year after having reached their lowest levels in 2003 since the 1998 Russian crisis.

In the United States, the third revision of GDP for 2003 Q4 confirmed that GDP grew at an annual average rate of 3.1% in 2003, against 2.2% in 2002. The latest economic indicators, after exhibiting sluggishness in February, clearly improved in March. In this connection there was a strong surge in employment in March, with 308,000 new jobs created, and an upward revision of 87,000 jobs in January and February. This figure should be interpreted with due caution owing to the frequent revisions of the series, to the presence of certain exceptional factors and to the increase in the unemployment rate to 5.7% from its previous level of 5.6%. But confirmation in the coming months of the pick-up in employment would lend support to the firmness of private consumption and would, finally, anchor the buoyancy of the current upturn.

Retail sales in March also increased strongly, at a monthly rate of 1.7% in the component excluding cars, signifying the highest growth for the past four years. As mentioned, the consumer price index rose by 0.5% in March on a month earlier, partly as a result of the increase in oil prices, although its year-on-year rate held at 1.7%. However, underlying inflation stood at a 12-month rate of 1.6%, up from 1.2% in February, the highest rate since May 2003. Before the latest employment and inflation data were released, the Federal Reserve kept its official interest rate unchanged at 1% at its March meeting, indicating that upside and downside risks to inflation were practically balanced. Nonetheless, following the recent upward correction of market expectations, the yield curve is beginning to anticipate the possibility that the cycle of rising Federal Reserve rates will begin towards mid-year, and not in the closing months as was previously factored in.

Japan posted average GDP growth of 2.7% in 2003, against -0.4% in 2002. The indicators available for 2004 Q1 appear to support the idea that the growth rate will be sustained, underpinned by industrial output and exports (4.2% and 7.8%, respectively, in February compared with a year earlier), and by improved business expectations. Moreover, there have been positive signals in private consumption, such as the performance of retail sales (0.9% year-on-year in February), personal income and household expenditure (4.1% and 5.2%, respectively, on a year earlier) and consumer confidence. The Japanese labour market, however, saw the destruction of 10,000 net jobs in February. The consumer price index and underlying inflation both posted a year-on-year rate of zero, compared with their moderately negative rates the previous year, which would appear to confirm the slackening of deflationary pressures.

In the United Kingdom, GDP growth was revised downwards by 0.1 pp to 2.2%. The latest indicators are generally favourable. Despite a slight fall-off in consumer confidence, the growth of retail sales held at 6.5% year-on-year in February, consumer credit grew at a rate of over 14% and house prices climbed once more after their year-on-year growth had slowed towards the end of 2003. Furthermore, the unemployment rate held at a historical low (4.8% in January). The supply-side indicators offered mixed signals: industrial output fell by 0.6% in February (-1.2% year-on-year), but the March PMI, covering manufacturing, construction and services, signalled a widespread expansion in activity. Turning to prices, the rate of increase of the harmonised index of consumer prices fell from 1.3% to 1.1% in March on a year earlier, below

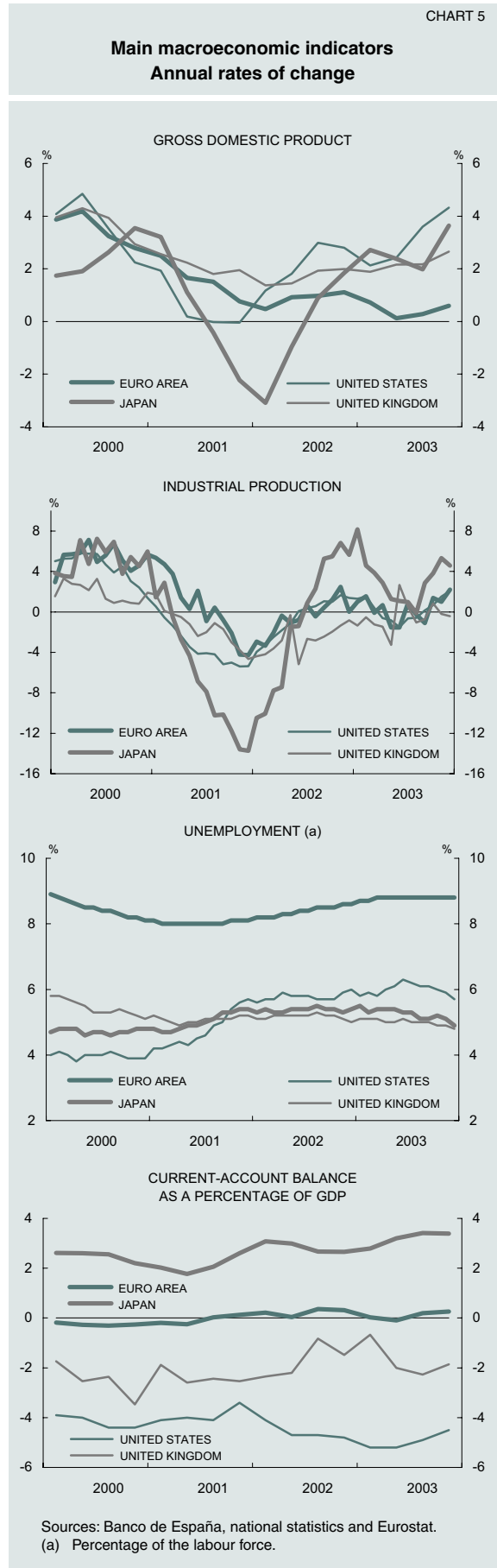
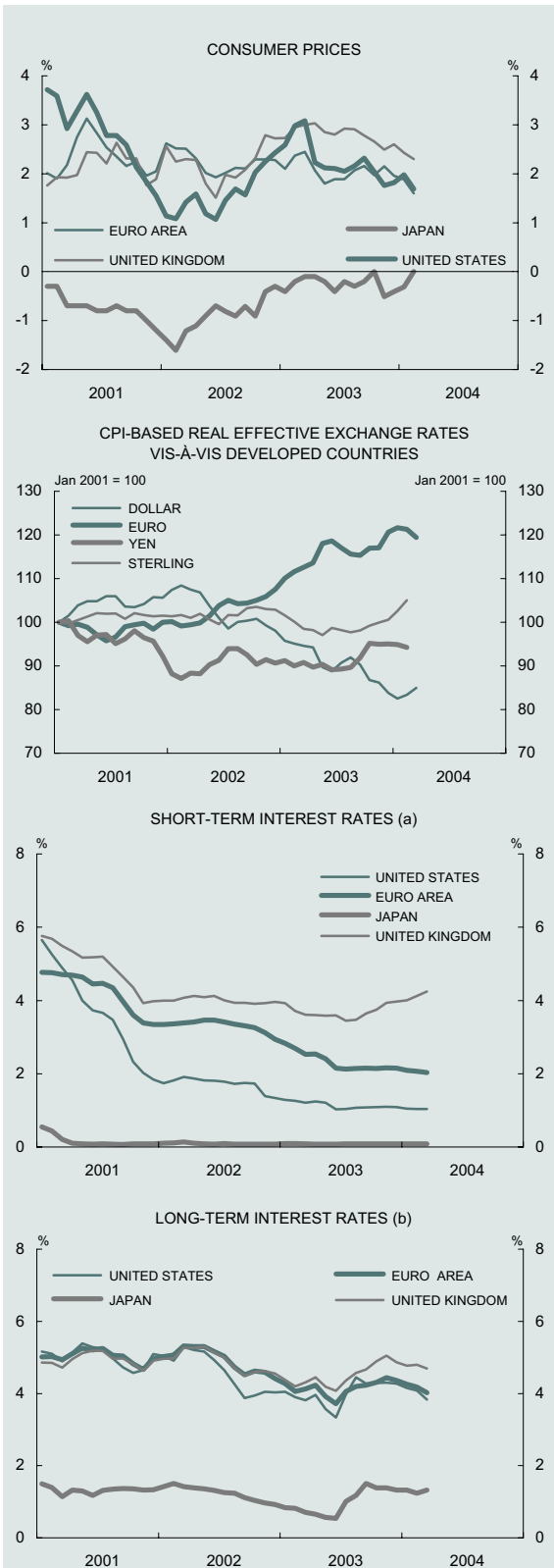


CHART 6

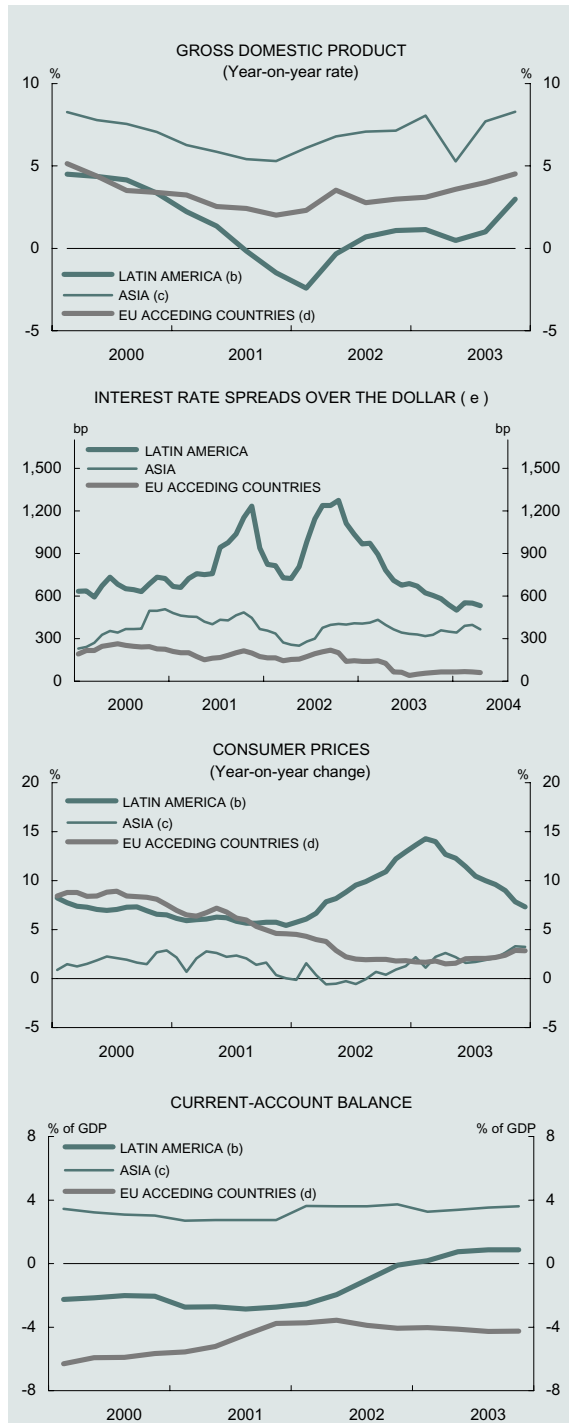
Prices, real exchange rate and interest rates



Source: Banco de España.
 (a) Three-month interbank market interest rates.
 (b) Ten-year government debt yields.

CHART 7

Emerging economies: main macroeconomic indicators (a)



Sources: National statistics and JP Morgan.
 (a) The aggregate of the various areas has been calculated using the weight that their component countries have in the world economy, according to IMF information.
 (b) Argentina, Brazil, Chile, Mexico, Colombia, Venezuela and Peru.
 (c) China, Malaysia, Korea, Indonesia, Thailand, Hong Kong, Singapore and Taiwan.
 (d) Latvia, Lithuania, Estonia, Czech Republic, Hungary, Poland, Slovenia and Slovakia.
 (e) JP Morgan EMBI spreads. The EU acceding country data relate to Hungary and Poland.

the government's target (2%). Lastly, the Treasury unveiled the budget for fiscal year 2004-2005, with a deficit of 2.8% of GDP, below the figure of 3.3% estimated for 2003-2004.

In the EU acceding countries, average GDP growth in 2003 was 3.6%, up from 2.4% in 2002. In the opening months of 2004, the activity indicators continued to perform well, with strong increases in the industrial output of most countries. Inflation rates tended to rise due, among other factors, to the liberalisation of certain administered prices and indirect tax rises. Budget deficits, which rose on average from 4.9% to 5.7% of GDP in 2003, were one of the most significant and worrying aspects of economic developments in these countries, since there were substantial deviations from the targets set in their respective macroeconomic programmes.

The pace of growth in the emerging economies in Asia increased further in 2004 Q1, generally led by export growth. In China, GDP in 2004 Q1 grew by 9.7% - a higher rate than expected - on the same quarter a year earlier, after posting average growth of 9.1% in 2003. Inflation showed signs of acceleration between 2003 Q4 and 2004 Q1, standing in March at a 12-month rate of 3%. That led the Chinese central bank to adopt certain measures to tighten its monetary stance (a rise in the discount rate and in the lending rate to commercial banks, in addition to an increase in reserve requirements)

so as to forestall a potential overheating in the economy.

Finally, in Latin America, GDP grew by 1.3% on average in 2003, although the rate for 2003 Q4 revealed a more patent acceleration in activity (3% year-on-year). The external sector continued to be the driving force behind recovery, as a result of the cumulative depreciations in previous years, the marked growth of commodities prices and the acceleration in global demand. The economic indicators for Q1 confirm that the recovery is taking root, despite the fact that the sluggish performance of employment and, in certain cases, of industrial production (in Brazil) or manufacturing (in Mexico) appear to show that the recovery is not very dynamic so far. In respect of prices, there was something of a rise early in the year which, however, does not seem to constitute a turnaround. That has enabled countries like Brazil to resume a rate-cutting process (seen in two reductions of 25 bp, to 16%, between March and April), although others, such as Mexico, appear to have embarked on a contractionary phase of the monetary policy cycle. The data on activity in Argentina have remained very favourable, as seen in the growth of 11.3% in Q4 on a year earlier. Further, the short-term indicators reveal that the buoyancy of activity continued into early 2004. However, the recent energy crisis is a reminder of the difficulties of cementing sustained growth in an excessively interventionist regulatory framework.

3. The euro area and the monetary policy of the ECB

According to the information available, in the first few months of 2004 the gradual recovery in activity in the euro area continued. Although the central scenario of accelerating growth over the year has not been significantly altered, the unsteady path of certain economic indicators (particularly confidence indicators) casts some doubt on the strength of this process. Recent developments also offer favourable signs, such as the buoyancy of world demand and, domestically, the pick-up in investment, which suggests that euro area companies have made substantial progress in strengthening their financial structure. The demand component whose future path is subject to most uncertainty is still private consumption, although some indicators show encouraging signs. As for prices, in the first few months of the year the rate of increase in the HICP has moderated. This is primarily the result of specific factors, such as the year-on-year fall in energy prices, although there was also a certain slowdown in wages in the final quarter of last year, which has had a favourable effect on the medium-term inflation outlook.

Monetary and financial conditions remained favourable for economic activity in the first quarter, mainly as a consequence of the low level of interest rates. Also, the trend appreciation in the euro exchange rate came to a halt in mid-February. As regards economic policies, the increase in the imbalances in the public finances of many countries of the area has been a disappointing development. In 2003, the fiscal deficit of the area as a whole was 2.7% of GDP and, according to the spring forecasts of the European Commission, may not be reduced in 2004. The Commission has also forecast that half the countries of the euro area will run excessive deficits this year, so that the procedures established in the Treaty and in the Stability and Growth Pact must be activated and urgent measures taken to contain the budgetary deterioration. In particular, in the next few weeks, the European Commission will initiate the Excessive Deficit Procedure against the Netherlands and the United Kingdom, for having exceeded the deficit limit of 3% of GDP in 2003, and will discuss the desirability of issuing a warning to Italy, to avoid its fiscal imbalance exceeding that level in 2004.

3.1. Economic developments

On the latest estimates, the quarter-on-quarter GDP growth rate for the euro area decelerated slightly in 2003 Q4 to 0.3% (as against 0.4% in Q3), so that the moderate recovery in activity that commenced in the summer continued (see Table 1). This took the year-on-year growth rate to 0.6%, 0.3 percentage points up

TABLE 1

Euro area economic indicators

	2002		2003				2004	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1 (a)	Q2 (b)
GDP								
Year-on-year growth	1.0	1.1	0.7	0.1	0.3	0.6		
Quarter-on-quarter growth	0.2	0.0	0.0	-0.1	0.4	0.3		
European Commission forecasts (c)							(0.3 ; 0.7)	(0.3 ; 0.7)
IPI (d)								
Economic sentiment	95.4	95.3	94.9	94.8	95.0	95.7	96.0	
Industrial confidence	-11.3	-9.7	-11.0	-12.0	-11.0	-7.3	-6.7	
Manufacturing PMI	50.5	49.0	49.3	47.1	49.1	52.0	52.8	
Services confidence	-0.7	-4.3	-5.7	-2.0	5.3	10.3	10.7	
Services PMI	50.9	50.5	48.9	47.9	51.9	56.7	56.0	
Unemployment rate	8.5	8.6	8.7	8.8	8.8	8.8	8.8	
Consumer confidence	-10.0	-14.0	-19.3	-19.3	-17.3	-16.0	-14.3	
HICP (d) (e)								
HICP (d) (e)	2.1	2.3	2.4	1.9	2.2	2.0	1.7	
PPI (d) (e)	0.2	1.5	2.4	1.4	1.1	1.0	0.0	
Oil price in USD (e)	28.4	28.2	30.3	27.6	27.1	29.9	33.8	33.0
Loans to the private sector (d) (e)								
Loans to the private sector (d) (e)	5.2	4.8	4.7	4.6	4.9	5.5	5.5	
Euro area ten-year bond yield								
Euro area ten-year bond yield	4.8	4.5	4.2	4.0	4.2	4.4	4.2	4.2
US-euro area ten-year bond spread								
US-euro area ten-year bond spread	-0.46	-0.51	-0.22	-0.32	0.09	-0.05	-0.11	0.03
Dollar/euro exchange rate (e)								
Dollar/euro exchange rate (e)	0.986	1.049	1.090	1.143	1.165	1.263	1.222	1.204
Appreciation/depreciation of the euro (e)								
Appreciation/depreciation of the euro (e)	11.9	19.0	3.9	9.0	11.1	20.4	-3.2	-4.6
Dow Jones EURO STOXX Broad index (e)								
Dow Jones EURO STOXX Broad index (e)	-39.1	-34.5	-12.9	2.9	4.1	18.1	1.9	4.7

Sources: Eurostat, ECB and Banco de España.
 (a) The information in italics does not cover a full quarter.
 (b) Information available up to 20 April 2004.
 (c) Quarter-on-quarter growth forecasts.
 (d) Year-on-year growth.
 (e) End-period data. Figures for exchange rates and the stock market are percentage changes over the year.

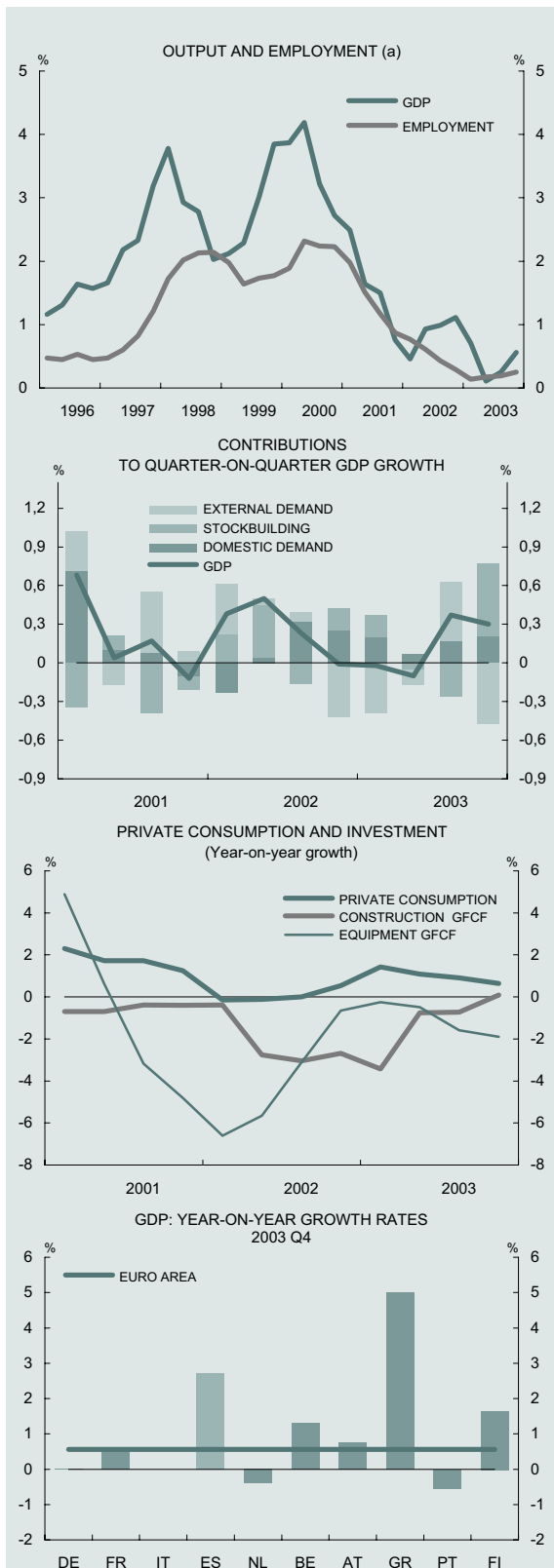
on the previous quarter. The contribution of domestic demand (excluding inventories) to quarter-on-quarter output growth was unchanged at 0.2 percentage points, while that of the external sector, which had been a positive one of 0.5 percentage points in the previous quarter, became a negative contribution of 0.5 percentage points. Thus the growth achieved was only possible thanks to the notable contribution of 0.6 percentage points made by the change in inventories (see Chart 8). The breakdown of domestic demand reveals that the most favourable development was the greater buoyancy of investment (both in capital equipment and construction), which recorded positive growth rates for the first time in several quarters. In contrast, private consumption remained slack, and failed to grow in this quarter. As regards net external demand, the drastic reduction in its contribution to output growth is explained by the acceleration in imports and, especially, by the sharp slowdown in exports. Having picked up significantly in Q3, the latter hardly increased in Q4. In 2003 as a whole, euro area GDP grew at a

rate of 0.4%, down 0.5 percentage points on the previous year.

National Accounts data broken down by country show that in most countries output growth either held steady or accelerated in Q4. Among the larger economies of the area, developments were particularly unfavourable in Italy, where GDP stagnated after having grown by 0.4% in Q3. This was primarily a result of the sharp decline in domestic demand, which saw a notable deterioration in private consumption and the absence of any recovery in investment. In Germany and in France the negative contribution of the external sector was neutralised by the strength of inventories. Moreover, in Germany, the strength of the pick up in capital goods investment was also notable, with a 1.7% increase, in quarter-on-quarter terms, following almost three years of negative growth. By branch of activity, the lower rate of growth of value added in the euro area stemmed from the slowdown in services, since industry and construction were more stable. In the labour market

CHART 8

Euro area national accounts



Sources: Eurostat and national statistics.
(a) Year-on-year rates of change.

there was a slight pick-up in employment, which had been stagnant in Q3, but this did not prevent the year-on-year change in apparent labour productivity from rising by 0.3 percentage points to 0.4%. Finally, the rate of unemployment was unchanged at 8.8% of the labour force.

The information available on the latest indicators points overall to a continuation of moderate GDP growth in 2004 Q1. However, some of these indicators seem to show a loss of momentum in activity in recent months. In particular, the industrial production index recorded an unfavourable trend in January and February. Meanwhile, the services confidence indicator compiled by the European Commission remained unchanged on average in Q1 and the purchasing managers' index for this sector deteriorated in both February and March. Manufacturing confidence indicators improved slightly in Q1, even in the case of the purchasing managers' index for March which, like that for services, was based on surveys carried out after the Madrid attacks (see Chart 9). Although it is too early to draw firm conclusions, the impact of these events on confidence in the services sector is consistent with the view that the industries that may be most affected include those connected with tourism and transport.

From the viewpoint of demand, the available indicators generally point to a certain recovery in private consumption and investment. The consumer and retail trade confidence indicators improved slightly in Q1, while retail sales picked up in the first two months of the year. As for investment indicators, the latest data on the assessment of industrial order books are relatively optimistic, although the degree of capacity utilisation has fallen at the same time. For their part, both the quarterly indicator of industrial export expectations compiled by the European Commission and the monthly indicator of the assessment of export order books improved in Q1, although at a slower rate than in the preceding months. Finally, according to the industrial confidence survey, inventories continued to increase above desired levels.

The outlook for growth during the rest of the year is underpinned by the notable buoyancy of world trade, as a consequence of the strengthening of activity in the main geographical areas, which may offset the loss of competitiveness arising from the significant appreciation in the euro exchange rate over the last two years. As for domestic demand, the uncertainty is somewhat greater, especially as regards private consumption, although the available indicators show, as indicated above, certain signs of recovery in this component of demand. The increase in credit to households, the maintenance

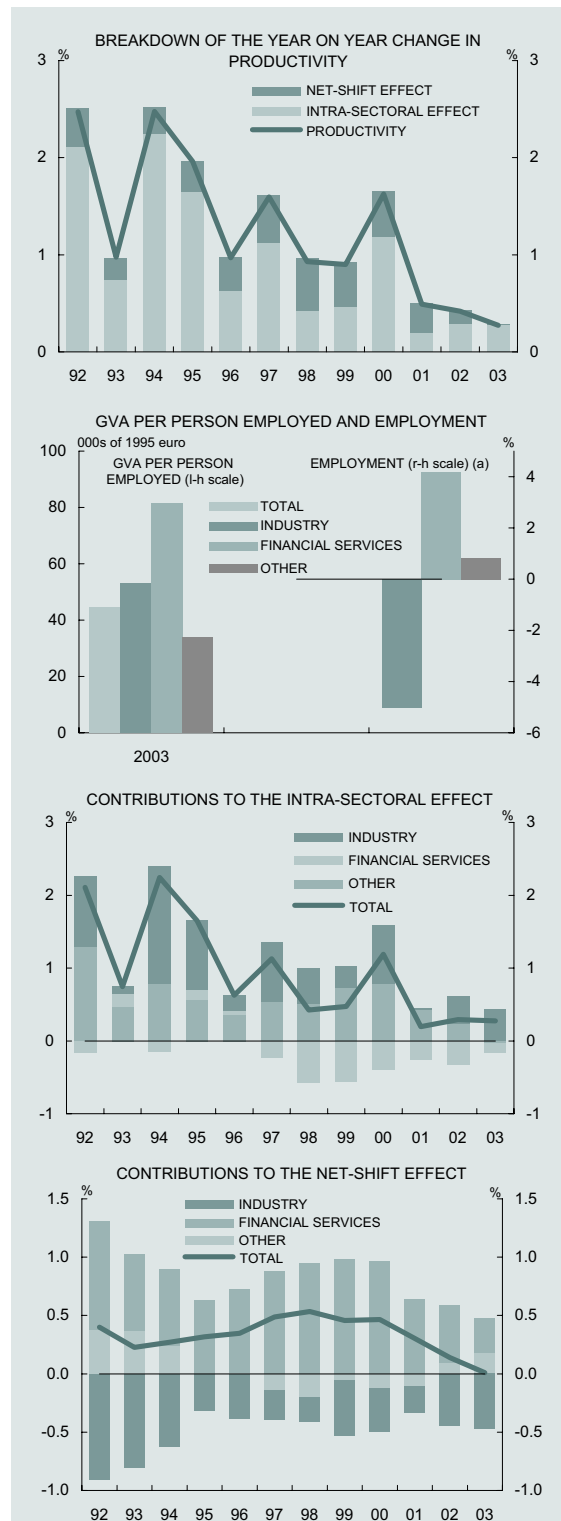
A sectoral approach to the slowdown in apparent labour productivity in the euro area

Since the beginning of the 1990s, the rate of growth of apparent labour productivity in the euro area (measured in terms of gross value added per person employed) has, along with cyclical fluctuations, exhibited a downward trend. From a sectoral viewpoint, this behaviour can be broken down into two different effects. First, it may stem from the slowdown in productivity in each sector of the economy or in the main sectors (intra-sectoral effect). Second, it may be the result of changes in the sectoral composition of employment (net-shift effect). For example, a relative increase in employment in sectors with lower levels of productivity would reduce the economy's overall productivity. The top chart shows that both components made positive contributions to productivity growth throughout the period. The contribution of the intra-sectoral effect was generally larger, although this component was also the main cause of the slowdown in productivity during the period. The net-shift effect made a relatively stable contribution to the year-on-year change in productivity until 2001, which means that relatively more jobs were created in higher-productivity sectors. However, in recent years, the contribution of this effect has declined, to reach zero in 2003.

For a detailed approximation of these effects, the level of productivity needs to be examined in each sector. The second chart represents productivity levels and the change in the share in total employment of each of the three sectors into which the euro area economy has been broken down: industry, excluding construction (industry); financial intermediation, real estate and business activities (financial services); the rest of the economy (agriculture, construction, non-market services and the wholesale and retail trade, hotels and restaurants, repairs and transport). As can be seen, the level of productivity in the financial services sector is well above average, after which comes industry. Moreover, it can be seen that the share of financial services in total employment has increased significantly, while that of industry has declined.

The progressive decline in the intra-sectoral effect is partly explained by the smaller contribution from the industrial sector. The contribution of financial services to the intra-sectoral effect has generally been negative, although in recent years its size has moderated. As regards the net-shift effect, financial services made a large positive contribution throughout (see the bottom chart), as a consequence of the sharp increase in employment in this sector during the period considered (50%, as against the total increase of 2% in the rest of the sectors). In fact, the recent reduction in the net-shift effect in the economy as a whole is explained by the sharp decline in the job creation in this sector (the year-on-year rate of increase fell from over 5% in 2000 to close to 1% in 2003). Meanwhile, industry made a negative contribution to the net-shift effect as a consequence of the combination of a relatively high level of productivity and intense job destruction, with a 15% decline in employment over the period considered.

In sum, the slowdown in productivity in the euro area in recent years stems primarily from the trend in its intra-sectoral component. This suggests that technological progress and the incorporation of capital into the productive process stagnated in the main branches of activity. However, the evidence presented shows that the movement of employment between sectors in the first few years of the present decade has also led to a slowdown in the rate of growth of productivity, since the relative weight in total employment of the less productive branches has increased.

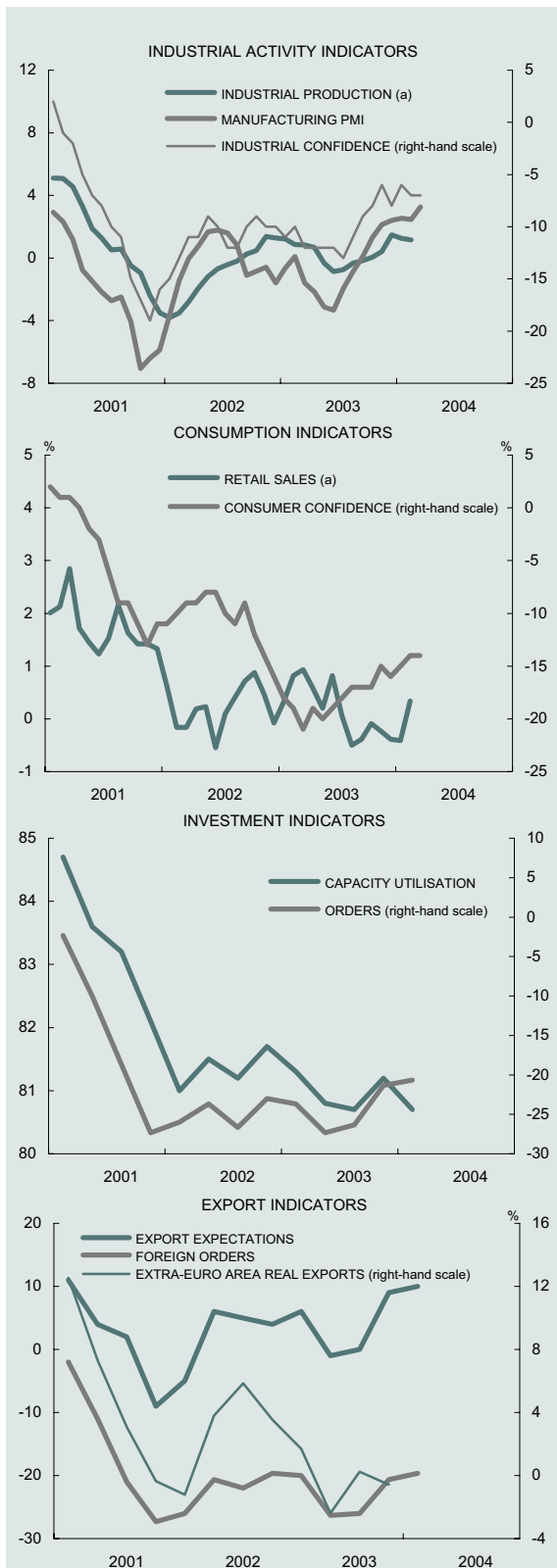


Sources: ECB and Banco de España.

(a) The change in the share of each sector in total employment between 1991 and 2003.

CHART 9

Euro area. Real indicators



Sources: Eurostat and European Commission.

(a) Non-centred annual percentage changes, based on the quarterly moving average of the seasonally adjusted series.

of low interest rates and the increase in financial wealth as a consequence of the positive stock-market performance are further factors that may boost this component, although the uncertainty generated by the fear of fresh terrorist attacks may lead households, in the short term, to show greater caution in their spending decisions. At the same time, investment, whose expected recovery seems to have begun to take shape at the end of 2003, should benefit from the positive trend in world trade and the favourable financial conditions. That said, the moderation in the flows of financing obtained by companies raises questions as to the strength of the recovery in capital expenditure.

In March, the HICP increased year-on-year by 1.7%, down 0.3 percentage points from December. This slowdown in consumer prices in Q1 stems from the behaviour of the two most volatile components, namely unprocessed food and, above all, energy, as a result of the base effect arising from the increase in oil prices in 2003, prior to the start of the war in Iraq. In contrast, the other three components (processed food, non-energy industrial goods and services) edged up in Q1, so that the CPI excluding unprocessed food and energy rose by 0.2 percentage points between December 2003 and March 2004 to 2.1% (see Chart 10). However, it should be clarified that this trend in the CPI excluding unprocessed food and energy was basically a result of the impact of administrative decisions taken in certain Member States, which should, in principle, only have a temporary effect on inflation dynamics. This is the case of the increases in tobacco taxes in various countries and the reform to health system financing arrangements in Germany and the Netherlands. As regards industrial prices, their year-on-year rate of increase in February was zero, as against 1% in December. This stagnation was due to the slowdown in the energy component, since the prices of almost all the other components increased in year-on-year terms.

From the viewpoint of costs, it is important to note the slowdown in unit labour costs in 2003 Q4, when they increased by 1.8%, down 0.6 percentage points on the Q3 rate. This behaviour was not only based on the cyclical recovery in productivity, but also on the lower growth in compensation per employee, which suggests an easing of inflationary pressures. However, in terms of the HICP, the disappearance of the base effect of oil prices could result in a rise in the rates of increase in this indicator in the coming months. In addition, oil prices may remain at high levels as a consequence of the strength of the demand for oil and the negative effects that geopolitical uncertainty in the Middle East may have on supply.

The analysis of the external sector in Q1 is highly tentative as balance of payments information is only available for January. The current account of the euro area showed a surplus of 2.5 billion that month, slightly above the level recorded a year earlier. This positive balance reflected the surpluses in both the goods and services balances that were partly offset by deficits in the income and current transfers balances. The current account surplus in the twelve months to January 2004 totalled 29 billion, which was less than half of that recorded a year earlier. During the same period, the basic balance, which together with the current account balance, includes net direct and portfolio investment was practically zero.

Turning to fiscal policy, at the beginning of March the Member States reported their preliminary budget and debt data for 2003, in the context of the excessive deficit procedure. Aggregating the reported figures produces a budget deficit for the euro area as a whole of 2.7% of GDP last year, as against 2.3% in 2002 (see Table 2). In many countries, as well as deteriorating for the third year running, the budget balance moved further from the targets set in the Stability Programmes presented in at the end of 2002 or in early 2003. The figures reported for 2003 are in line with the spring forecasts of the European Commission, except in the case of Greece, where a second government notification raised the budget deficit to 3% of GDP in 2003, although these data have still to be verified by Eurostat.

The European Commission and the ECOFIN Council completed their examination of the updated stability programme submitted by the countries between the end of 2003 and early 2004. These documents, which reflect the medium-term budget strategies of each Member State, point to a moderate change of trend in the aggregate deficit for the area as a whole, which would be reduced to 2.4% and 1.7% of GDP in 2004 and 2005, respectively. However, the European Commission spring forecasts paint a more pessimistic scenario in which, despite the forecast acceleration in economic activity, the budget deficit of the euro area would remain in 2004 at 2.7% of GDP and would only be reduced by 0.1 percentage points in 2005. The discrepancy between these forecasts and the targets set in the stability programmes is partly explained by the fact that the former only consider the impact on public finances of fiscal policy measures that have already been approved or, at least, announced in sufficient detail.

The forecasts of the European Commission also imply that in the absence of additional measures, a total of six euro area countries

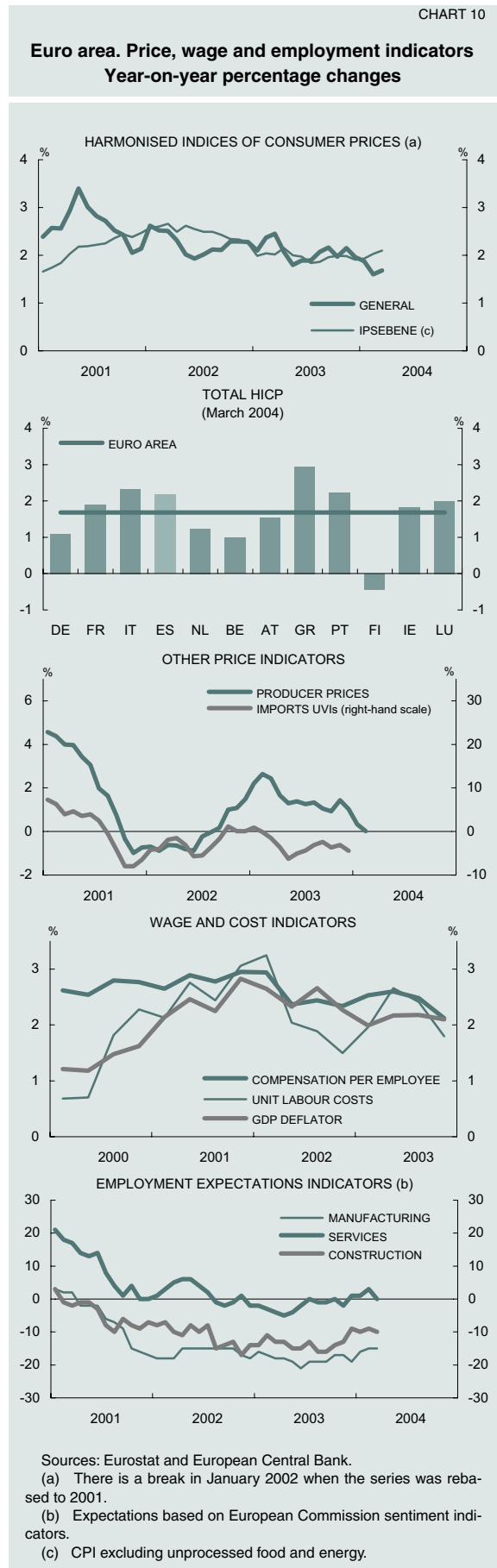


TABLE 2

General government budget balances of euro area countries (a)

% of GDP

	2000	2001	2002	2003 (b)	2003 (c)	2004 (d)	2004 (c)	2005 (c)
Belgium	0.2	0.5	0.1	0.2	0.2	0.0	-0.5	-0.7
Germany	1.3	-2.8	-3.5	-3.9	-3.9	-3.5	-3.6	-2.8
Greece	-2.0	-1.4	-1.4	-1.7	-3.0	-1.2	-3.2	-2.8
Spain	-0.9	-0.4	0.0	0.3	0.3	0.0	0.4	0.6
France	-1.4	-1.5	-3.2	-4.1	-4.1	-3.6	-3.7	-3.6
Ireland	4.4	1.1	-0.2	0.2	0.2	-1.1	-0.8	-1.0
Italy	-0.6	-2.6	-2.3	-2.4	-2.4	-2.2	-3.2	-4.0
Luxembourg	6.3	6.3	2.7	-0.1	-0.1	-1.8	-2.0	-2.3
Netherlands	2.2	0.0	-1.9	-3.0	-3.2	-2.3	-3.5	-3.3
Austria	-1.5	0.2	-0.2	-1.1	-1.1	-0.7	-1.1	-1.9
Portugal	-2.8	-4.4	-2.7	-2.8	-2.8	-2.8	-3.4	-3.8
Finland	7.1	5.2	4.3	2.3	2.3	1.7	2.0	2.1
MEMORANDUM ITEM:								
Euro area								
Primary balance	4.2	2.4	1.3	0.8	0.8		0.7	0.8
Total balance	0.1	-1.6	-2.3	-2.7	-2.7	-2.4	-2.7	-2.6
Public debt	70.4	69.4	69.3	70.4	70.5	70.0	71.0	71.0

Sources: European Commission, national stability programmes and Banco de España.

(a) As a percentage of GDP. Proceeds from the sale of UMTS licences not included. Deficit (-) / surplus (+). The deficits that exceed 3% of GDP have been shaded.

(b) March 2004 report.

(c) European Commission forecasts (spring 2004).

(d) Targets of the stability programmes presented between November 2003 and January 2004.

(Germany, Greece, France, Italy, the Netherlands and Portugal) will have excessive deficits in 2004. Of these countries, only Greece and Germany would correct this situation in 2005, the latter thereby complying with the recommendations made in the ECOFIN Council conclusions of November 2003. In France, by contrast, the risk that the budget deficit will remain above 3% in 2005 is high, although the forecasts do not include the positive impact of the likely reform of the health system, the full details of which are still to be determined. In Portugal, the government managed to place the budget deficit below 3% of GDP in 2003 by resorting to extraordinary income from certain operations with temporary effects. This will possibly lead to termination of the excessive deficit procedure (EDP) initiated against this country in 2002. However, the EDP may be activated again, since European Commission forecasts point to a deficit of more than 3% of GDP in 2004 and 2005. In the case of the Netherlands and the United Kingdom, the latest available information shows an excessive deficit in 2003 and, in consequence, the EDP will be activated, starting with the preparation of a report by the European Commission, as established in Article 104 (3) of the Treaty. In the Netherlands, the excessive deficit will not be correct-

ed in 2004, according to the Commission forecasts, even though these incorporate budgetary consolidation measures amounting to 1.2% of GDP. However, the Dutch government seems to be determined to bring the deficit below the 3% level, by taking additional measures to those envisaged. Finally, although the Italian budget deficit did not exceed 3% of GDP in 2003 thanks to extraordinary income from specific operations, the Commission forecasts that this level will be exceeded in 2004 and 2005, and will study the desirability of activating the early warning procedure so that the Italian authorities take the necessary adjustment measures.

3.2. Monetary and financial developments

At its meetings in the first quarter, the Governing Council of the ECB judged that the monetary policy stance continued to be in line with the maintenance of price stability over the medium term, while also being consistent with a moderate recovery in activity. Accordingly, the interest rates on the main refinancing operations, the deposit facility and the marginal lending facility were left unchanged at 2%, 1% and 3% respectively (see Chart 11).

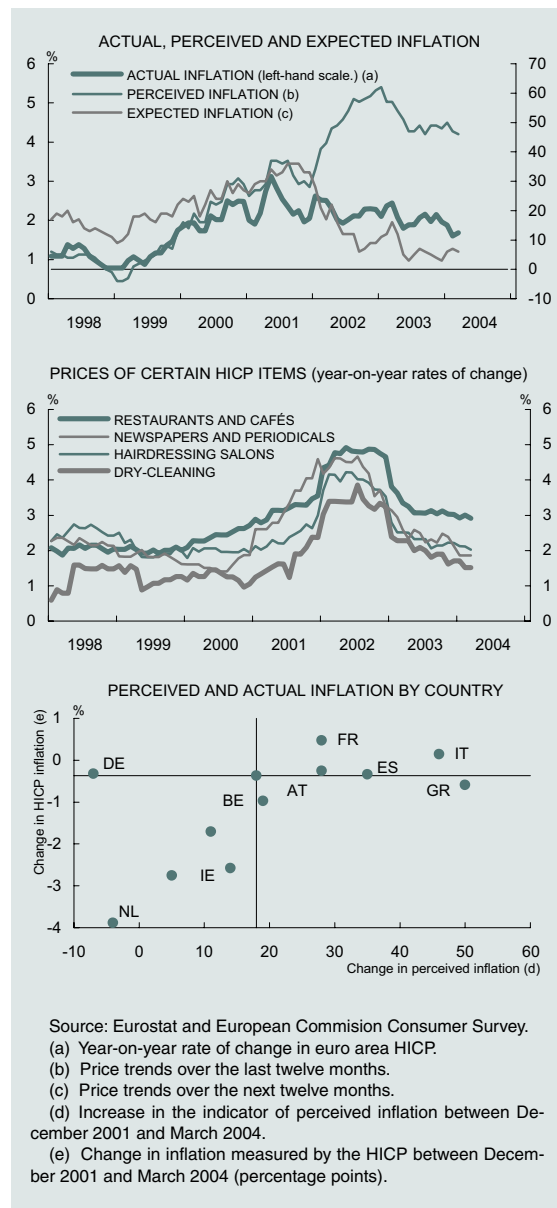
Perceived and actual inflation in the euro area

Each month, the European Commission gathers information on the inflation perceived by euro area consumers during the preceding twelve months and the inflation they are expecting during the next twelve months in its Consumer Survey. The possible implications of these indicators for the behaviour of certain macroeconomic variables mean that it is important to analyse them. If the inflation perceived by consumers is higher than actual inflation, then they will tend to underestimate their real income. This may weaken consumer demand and boost wage demands, to recover the purchasing power they believe they have lost. If, moreover, consumers expect an increase in inflation in the future, this will put further pressure on wages. On the other hand, if consumers expect a gradual reduction in inflation in future months, while still perceiving that the recent increase in prices has been larger than it really was, then the negative consequences of this gap between perceived and actual inflation will be smaller.

This is exactly what has happened in the euro area in the last two years. As can be seen in the top chart, having followed a similar path since 1998, perceived inflation and the actual rate of increase in the HICP began to diverge in January 2002, moving further apart over the year. One possible explanation for this divergence is that consumers' perception of recent inflation is dominated by the behaviour of the prices of the goods and services that they consume most frequently. Accordingly, the price rises that were recorded following the introduction of euro notes and coins in certain frequently consumed items with a low weight in the HICP may have prompted the perception by euro area consumers of rising inflation, in contrast to the path of the actual annual rate of change in the HICP, which slowed in the months following the upturn at the beginning of 2002 (see the middle chart). The gap between these two indicators narrowed during the first half of 2003, but it has remained relatively large. This persistence is more difficult to justify, although it is possible that it has been caused by other temporary shocks that have affected frequently consumed goods and services, such as the rise in energy prices, the large increases in unprocessed food prices as a consequence of the heatwave last summer in Europe, and the increases in indirect taxes in certain euro area countries.

Meanwhile, since the beginning of 2002, the indicator of inflation expectations has been diverging from that of perceived inflation, with an ongoing moderation. This suggests that consumers believe that the phenomena described above are generally temporary.

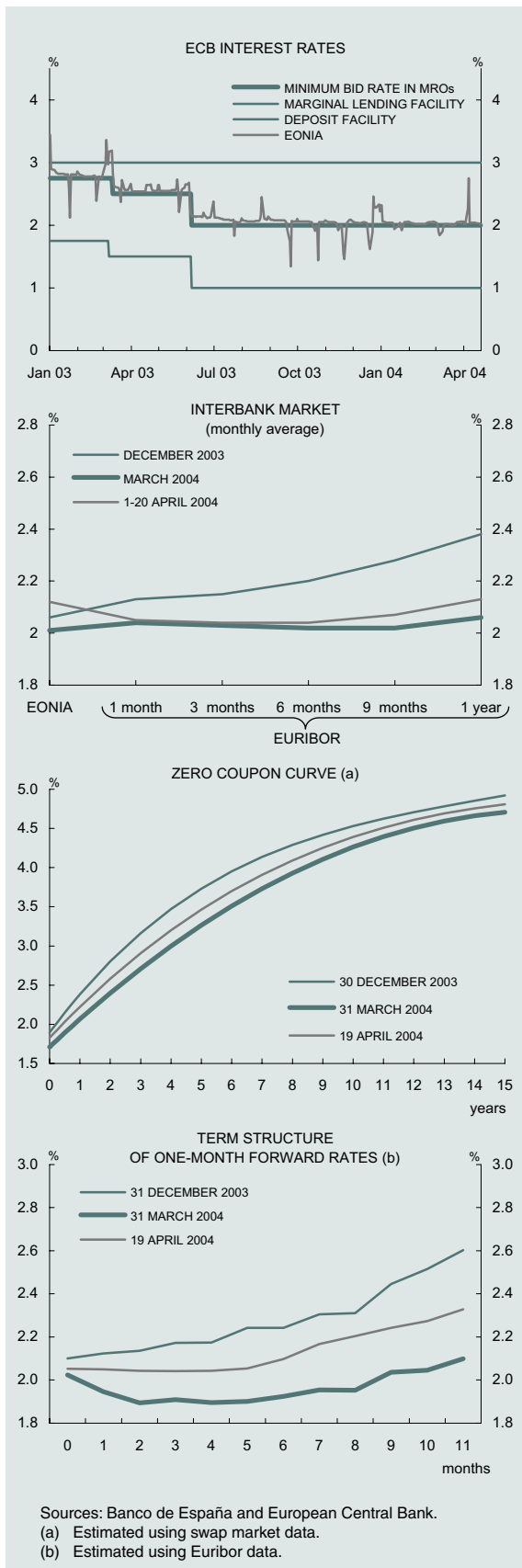
This divergence between the indicator of perceived inflation and the growth of the HICP is common to most euro area countries. As can be seen in the bottom chart, the larger the increase in the inflation rate between December 2001 and March 2004, the greater the increase in the indicator of perceived inflation over the same period. The smallest changes are seen in Germany, where the level of perception of past price trends is in fact currently below that prevailing in December 2001. The sharpest increases in that perception have been recorded in Italy and Greece, although actual inflation in that period was unchanged in one of them and fell slightly in the other. This behaviour may be linked to the fact that euro coins have a much higher value than the coins of the national legacy currencies of these two countries had, which may have led to an unwarranted increase in the prices of certain frequently used goods and services that, however, has not been reflected in the total HICP.



Source: Eurostat and European Commission Consumer Survey.
 (a) Year-on-year rate of change in euro area HICP.
 (b) Price trends over the last twelve months.
 (c) Price trends over the next twelve months.
 (d) Increase in the indicator of perceived inflation between December 2001 and March 2004.
 (e) Change in inflation measured by the HICP between December 2001 and March 2004 (percentage points).

CHART 11

Euro area interest rates



During the first three months of the year money market interest rates continued their progressive decline, as a consequence of the improvement in the outlook for euro area inflation. However, at the beginning of April, with the publication of favourable US labour market data, there was a moderate upward shift in the yield curve at all maturities, probably stemming from the perception that the strengthening of US economic prospects could help to support recovery in the euro area. As seen in the lower panel of Chart 11, this movement caused the expectations of official interest rate reductions that prevailed in the early months of the year to evaporate. On the debt markets, ten-year yields, which had fallen in Q1 by almost 40 basis points, rebounded strongly in the first half of April, recovering more than half of this decline to stand at around 4.2% (see Chart 12). On information to February, the interest rates applied by credit institutions to their lending and deposit transactions were generally unchanged. The interest rate on loans to households for house purchase extended its downward trend, to stand at 4.3% in February.

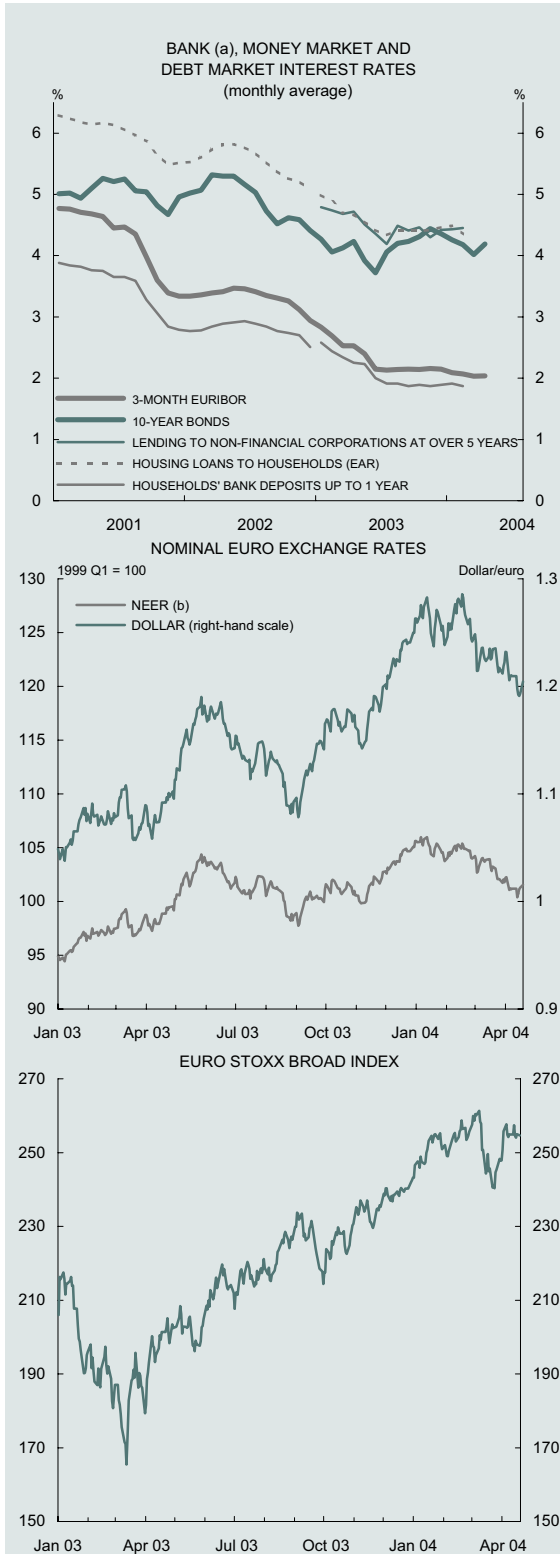
On the foreign-exchange markets, the euro exchange rate tended to appreciate moderately against the dollar and the yen in the first two months of the year, to reach highs for recent years. However, since then, following the G7 meeting at Boca Ratón, the trend against the US and Japanese currencies reversed, helped by favourable data on developments in these two economies and, in the case of the yen, the information that emerged regarding the possibility that the Japanese monetary authorities may have stopped intervening in the foreign exchange markets. As a result, the euro has depreciated by around 5% against the dollar since the beginning of the year. In nominal effective terms, the European currency has depreciated by 4.5% during the same period (see the middle panel of Chart 12).

The recovery on euro area equity markets that commenced in spring 2003 was temporarily interrupted by the Madrid terrorist attacks, which led to a pronounced fall in prices and a sharp rise in volatility. The Dow Jones EURO STOXX broad index, for example, fell by around 7% between 10th and 24th March. By mid-April, however, this indicator had recovered to its pre-attack levels, with an increase since the beginning of the year of almost 5%. The behaviour of the various sectors was far from uniform during this period. The size of the advances in pharmaceuticals and technology were notable, while the sectoral indices for basic industry, energy and banking showed more moderate increases.

During the first two months of the year the rate of growth of M3 continued to slow, extend-

CHART 12

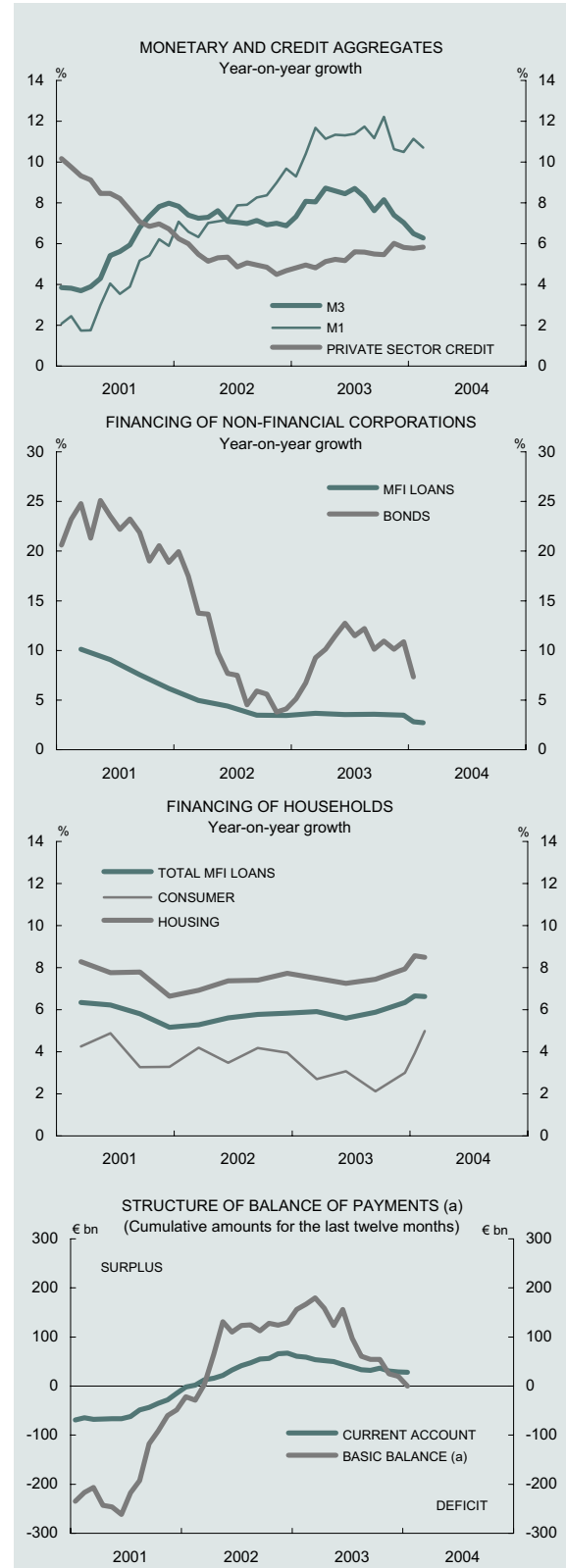
Euro area interest rates, exchange rate and stock market index



Sources: Banco de España and European Central Bank.
 (a) Data drawn from new statistics on interest rates compiled by the ECB for new business.
 (b) Nominal effective exchange rate index. Narrow group of currencies defined by the ECB.

CHART 13

Monetary and credit aggregates and balance of payments



Sources: Banco de España and European Central Bank.
 (a) The basic balance is approximated by the sum of the balance on current account and direct and portfolio investment.

ing a trend that began in the summer of 2003 (see Chart 13). In February, M3 grew at a year-on-year rate of 6.3%, down 0.7 percentage points from December. The slowdown was concentrated primarily in less liquid instruments, in a context in which agents seemed to be adjusting their portfolios to increase the weight of financial instruments, such as equities, which do not form part of the aggregate and which combine a higher expected return with a higher risk. That said, the demand for the more liquid components of M3 continued to grow at very high rates, as a consequence of the low opportunity cost of holding these assets, given the

low level of interest rates. The annual rate of growth of credit to the private sector held steady during the first two months of the year at 5.8%. Whereas credit to non-financial corporations, which was already growing at very low rates in December, slowed further to 2.7% in February, the rate of increase of bank credit to households accelerated at the beginning of 2004, to rates of 5% in the case of consumer credit and 8.5% in that of loans for house purchase. In Spain, credit to non-financial corporations and households continued to increase at very high rates, well above those of the euro area as a whole.

4. The Spanish economy

As discussed in previous sections, developments in the international economy in 2004 Q1 were dominated by the firming expansion in the United States and in Asia, and by the timid recovery discerned in the euro area. In this context, the Spanish economy continued to grow at above the average euro area rate. On the information available, Spanish real GDP is estimated to have grown by 2.8% (1) year-on-year in Q1, up 0.1 pp on 2003 Q4. This outcome resulted from the strengthening of national demand, the annual growth rate of which is estimated to have risen to 3.5%, while the negative contribution of external demand to real output growth is estimated to have increased significantly (see Chart 14). The more expansionary behaviour of national demand was, in turn, a result of the boost to private consumption (which is still underpinned by employment generation and the increase in real wages) and the higher annual growth in gross fixed capital formation, which stemmed from both investment in capital equipment and, to a lesser extent, construction expenditure. The contribution of inventories was, moreover, no longer negative. At the same time, it is estimated that the trend slowdown in exports and imports of goods and services since mid-2003 came to a halt in 2004 Q1, giving way to a recovery that was more apparent in the case of imports.

It is worth noting that these estimates contain no effect whatsoever on demand or output of the attacks of 11 March in Madrid. Although there may have been some effect on the consumption of residents and of non-residents in the short run (mainly affecting services activities) there is no information to confirm this. The first partial indicators received with information subsequent to the attacks (such as new car and Social Security registrations) generally show no significant impact, except for the odd indicator of tourism that slowed in March.

From the viewpoint of value added, it is estimated that the slight acceleration of GDP in 2004 Q1 was the result of expansionary behaviour in most of the activities included in the market economy, which was more buoyant than in 2003 Q4. Growth in Q1 is estimated to have stepped up in all branches (except in the primary sectors and in non-market services), including in industry, which continues to show signs of having put behind the slackness of early 2003. Meanwhile, the growth rate of employment is estimated to have stabilised during 2004 Q1 at rates somewhat higher than 2% in the economy as a whole, being slightly higher in

(1) Unless otherwise indicated, rates are calculated on the basis of QNA series adjusted for seasonal and calendar effects.

CHART 14

Main demand aggregates
Percentage change on year ago (a)



Sources: INE and Banco de España.
 (a) Calculated using the seasonally adjusted series.

the market economy. This would be compatible with a pick-up in apparent labour productivity which, in the market economy, is estimated to have recovered from its contractionary behaviour in 2003.

Finally, in 2004 Q1, amid lower inflationary pressures, the growth rate of compensation per employee has shown signs of moderating. This, together with the recovery in productivity mentioned above, is estimated to have led to a significant slowdown in labour costs per unit of output. Moreover, in a context of moderate demand pressures, although business margins are still widening, they are estimated to be doing so less strongly. The reduction in domestic inflationary pressures and the contraction in import prices, which reflects the appreciation in the euro since the end of 2003, would be behind the significant slowdown in final prices in early 2004. The CPI inflation rate continued to edge downwards in Q1, from 2.6% year-on-year at end-2003 to 2.1% in March.

4.1. Demand

Household final consumption expenditure ended 2003 at a year-on-year growth rate of 3%, in real terms. It followed an expansionary path that, on the latest conjunctural information, is estimated to have accelerated slightly in 2004 (see Chart 14), taking the year-on-year growth rate to 3.2% in Q1. The growth of consumption in Q1 was basically underpinned by the increase in real household income, as well as by the continued favourable monetary conditions and by the firming of the increase in the wealth of the sector, and would have also been compatible with a rise in the household saving ratio.

On the available indicators, the buoyancy of consumption in Q1 was based on more robust expenditure on goods, especially durable goods, as shown by the apparent consumption indicator in Chart 15. Likewise, the index of retail sales increased by almost 5%, in real terms, in January and February, relative to the same months of 2003, and new car registrations increased by more than 20% in Q1. For its part, the consumer confidence indicator held at the same levels in 2004 as in the second half of 2003, still well below those reached in the most expansionary phase of the cycle. Sentiment regarding the general economic situation tended to improve, as did that relating to purchases of durables and the possibility of saving.

The expansionary behaviour of consumption is primarily underpinned by the sustained increase in household real disposable income. If the current rates of increase in the latter varia-

ble are maintained, its growth in 2004 may surpass the estimate for 2003. The favourable behaviour of income is explained by the greater contribution from real wages, boosted by greater moderation in consumer prices than in wages, against a background of robust employment. For its part, the contribution from general government continues to reflect the personal income tax reform introduced in 2003, and remained highly positive, although somewhat smaller than in the preceding years. Apart from income, the fact that housing wealth continued to rise, owing to the rises in house prices (in real terms) and to the expansion in the stock of property, while the value of financial wealth has been benefiting from the upward trend in share prices. Finally, the recent path of interest rates has given rise to further improvements in the financing conditions for households, although this aspect is more relevant to decisions relating to house purchase.

In 2003 Q4, general government final consumption increased strongly, at a year-on-year rate of 4.8%, similar to that in the previous quarter. It is estimated that this aggregate decelerated slightly, although the momentum it retains makes it the most expansionary component of national demand. The growth in wages and salaries and in other extraordinary expenses at the beginning of this year was higher than initially budgeted.

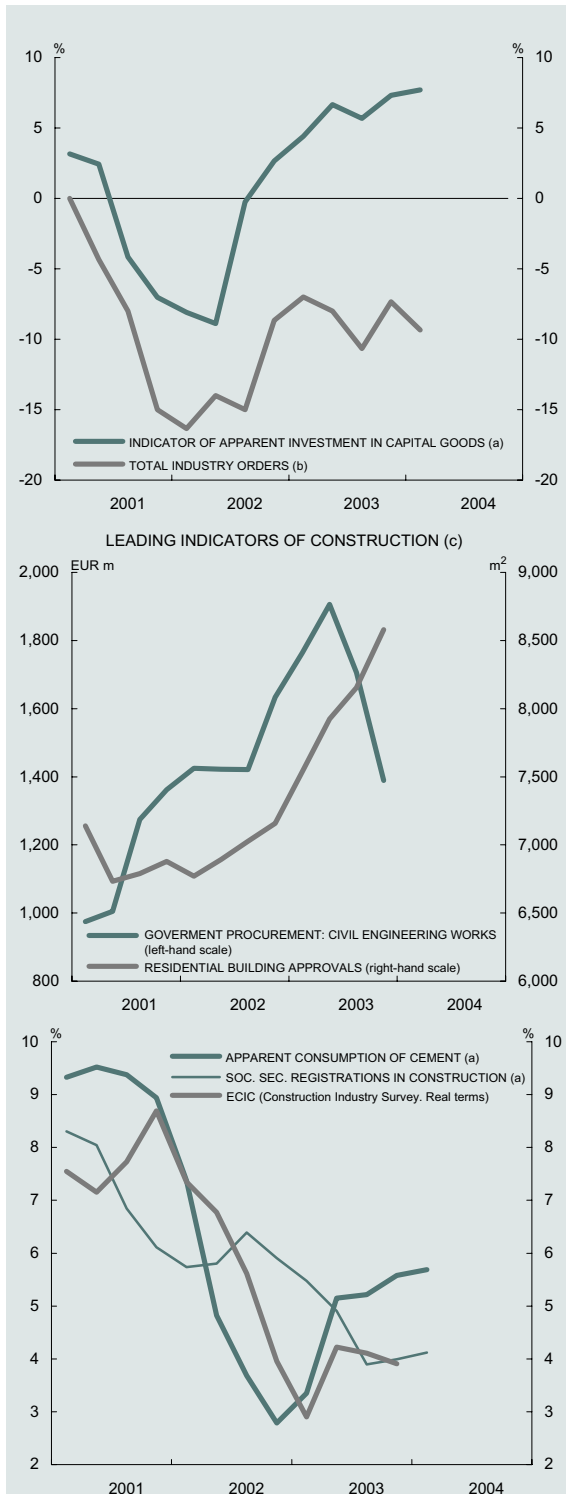
According to the QNA, in 2003 Q4, real gross fixed capital formation grew in real terms at a year-on-year rate of 2.5%, 0.5 pp down from the previous quarter, owing to a loss of momentum in equipment investment, which ended the year stagnant. Construction investment dipped in 2003 Q4 to 3.6%, while investment in other products (mostly spending on construction-related services) picked up slightly. According to the available information, gross fixed capital formation turned upward again in Q1, underpinned by the acceleration in all its components, although investment in capital goods continued to be the least expansionary component.

Among capital goods indicators, the rate of growth of apparent investment in capital goods showed a mild recovery in Q1. This is consistent with the autumn results of the half-yearly survey of industrial investment, which showed employers willing to increase their investment in 2004 (after it fell off in 2003), on the basis of favourable demand expectations (see Chart 16). Other sentiment indicators, however, provided less positive information, such as the business confidence indicator and the expected orders of capital goods producers, which fell in 2004 Q1, and those relating to the pressure of demand in



CHART 16

Gross fixed capital formation indicators



Sources: INE, European Commission, Ministerio de Fomento, OFICEMEN, Instituto Nacional de Empleo and Banco de España.

- (a) Non-centred year-on-year percentage change based on the trend of the indicator.
- (b) Level of original series.
- (c) Annual moving averages.
- (d) General government + state-owned enterprises

industry, in general, such as the adequacy of productive capacity, which has tended to increase, or capacity utilisation, the latest figure for which was 77%, below its historical average.

In any event, the incipient recovery in capital goods investment is in step with the buoyancy of final demand and with the persistence of very favourable financing conditions for business. At the same time, the quarterly information on the situation of non-financial corporations gathered by the Central Balance Sheet Data Office confirms that Spanish firms increased their productive activity and their surpluses significantly last year, which enabled them to sustain high levels of profitability. The greater fund-generating capacity shown by the sample firms in 2003 was partly used to reduce their debt. Moreover, the decline in interest rates was conducive to a further fall in the cost of borrowing, and during the year the spread between the profit rate and the cost of borrowing widened. The financial position of firms generally improved last year and provides a good base for higher investment. However, according to the CBQ, the industrial branches were an exception to this improvement, since their ordinary profit was flat in 2003, after growing slightly the previous year. This indicates that euro appreciation may be restricting their ability to join a more broad-based recovery.

As for construction investment, after slowing mildly last year, it may have accelerated slightly in Q1, as indicated by the expansionary behaviour of the coincident indicators, including apparent cement consumption and the Social Security registrations in the sector (see Chart 16). The survey of activity in the construction industry (ECIC), with data to Q4, shows a slight increase already in that quarter in the real value of the work carried out by the firms in the sector, which extended to civil engineering and to building. On the other hand, the indicator of confidence in the sector was less favourable in 2004 Q1, continuing its tendency to moderate progressively.

Turning to the leading indicators, which enable the path of investment by type of work to be projected, the increase in the new surface area to be built (according to the project approvals signed in 2003) would be sufficient to sustain a high rate of residential building in the coming quarters. However, the initial data for the current year point to a lower rate of residential building starts, accompanied by greater buoyancy of non-residential building. For its part, the value of the civil engineering work tendered by general government and state-owned enterprises fell sharply in the second half of 2003, ending the year with a decline of close to 15%, despite the high growth recorded in the first half. Finally,

house prices rose by 17.3% in 2003 Q4. On data published by the Ministry for Development, the average increase in 2003 as a whole was 17%, 0.4 pp more than in 2002.

On QNA results, stockbuilding made a negative contribution of 0.2 pp to annual GDP growth in 2003 Q4. The information provided by the monthly business survey indicates that inventories of finished products were above desired levels in Q1, which would have involved a slight increase in the positive contribution from this component.

As indicated above, in the second half of 2003, exports of goods and services slowed somewhat. According to the QNA, they grew by 1.8% year-on-year in Q4, as against 4% in the year as a whole. It should be pointed out that this export growth occurred against a background of euro appreciation and deterioration in the competitiveness of Spanish products. Meanwhile, imports of goods and services grew at a year-on-year rate of 2.7% in Q4, which was also below the average rate for the year. The slackness of industrial firms, which increased at the end of the period, must have played a part in the slowdown of imports at the end of the year. Taken together, the behaviour of exports and imports reduced output growth by 0.4 pp. The available conjunctural information points to a recovery in both foreign trade flows in 2004 Q1 that was stronger in the case of imports, giving rise to a larger negative contribution to GDP growth (see Chart 17).

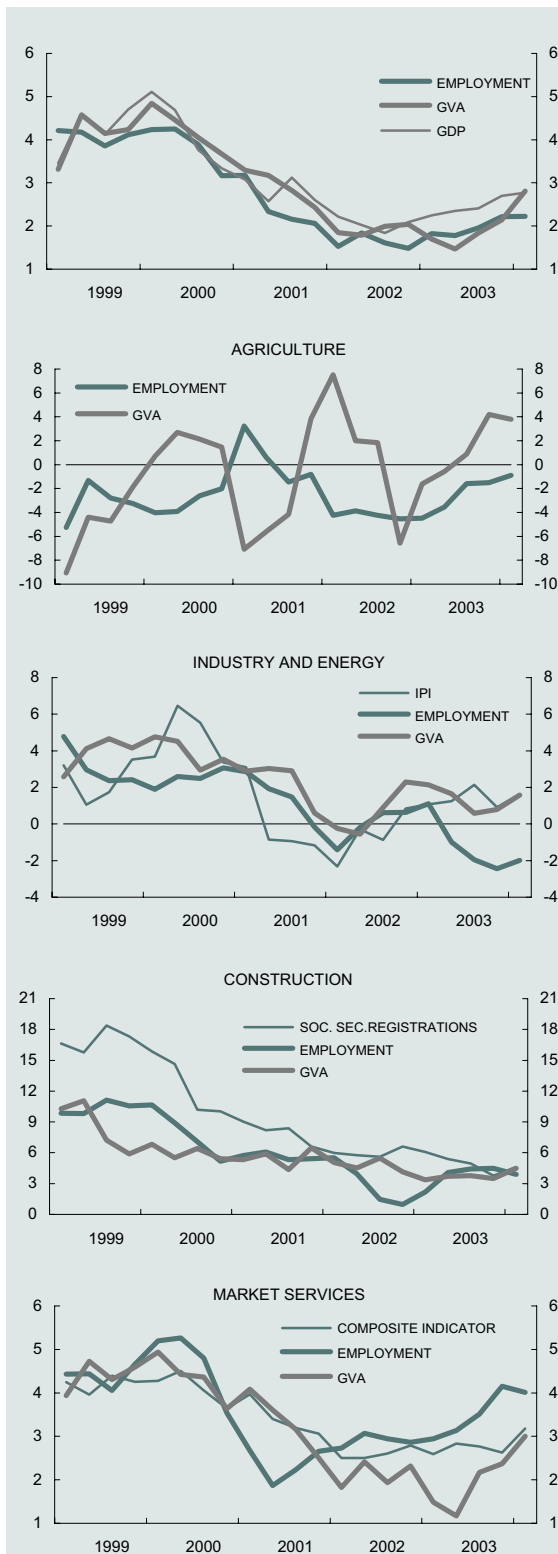
On QNA estimates, the rate of growth of real goods exports fell in 2003 Q4 to 3%. These figures are consistent with Customs figures, which show the slowdown that commenced in the previous quarter continuing in Q4. The Customs data for January are compatible with a certain recovery in sales abroad, which increased in real terms by 5.7% that month. In clear contrast to developments in 2003, exports to euro area countries picked up notably, while sales to non-EU countries slowed. In terms of product group, exports of capital goods accelerated significantly, in real terms, following notable growth in 2003 as a whole. Exports of consumer goods decelerated somewhat, partly owing to the moderation of those of cars, while exports of non-energy intermediate goods recovered slightly, though they remained the least dynamic component.

In 2003 Q4, according to the QNA, exports of services fell more steeply than in the previous quarter, owing to the sharp fall in the aggregate other services. Meanwhile, non-residents' consumption grew by a modest 0.4%, year-on-year, prolonging its previous weakness. This



CHART 18

Gross value added and employment by branch of activity
Percentage change on year ago (a)



Sources: INE and Banco de España.

(a) Seasonally adjusted series. Employment in terms of full-time equivalent jobs. For incomplete quarters, the year-on-year rate for the period available within the quarter is taken.

behaviour reflects not only the weakness of world tourism demand, but the collapse of consumer confidence in some of the main customer countries and the appreciation of the euro, which will have led to a deterioration in competitiveness relative to Spain's main customers. The conjunctural information available for 2004 Q1 shows a notable recovery in the number of foreign travellers staying in hotels (5.1%) and an increase in the total number of foreign tourists entering Spain during these months (5.4%), extending the recovery already apparent at end-2003. However, the overnight stays in hotels of non-residents declined by 0.8% year-on-year between January and March, reflecting a significant fall in the latter month, which may incorporate a short-term effect of the 11 March attacks in Madrid on the demand for tourism. In any event, the future buoyancy of tourism in Spain will basically depend on the capacity of the sector to strengthen its competitiveness.

According to the QNA, real goods imports increased by 4.2% in 2003 Q4, as against 7.4% in the year as a whole. In January 2004, Customs data show a pick-up in real goods imports, which grew by 8.9%, year-on-year, cutting short the previous trend deceleration. By product group, purchases of capital equipment remained highly buoyant, as a result of the increase in machinery imports, especially for use in construction and data processing. Real imports of consumer goods accelerated, with the strength of car purchases and the significant growth of other consumer manufactures (especially textiles and footwear) standing out. Meanwhile, imports of non-energy intermediate goods grew at a very moderate rate that, nonetheless, put behind the contractionary behaviour of 2003 Q4. Imports of energy intermediate goods also picked up, while their prices in euro were declining. Finally, according to the QNA, real services imports contracted at an increasing rate in the second half of 2003, falling by 4.8% in Q4. That said, the behaviour of tourism was highly expansionary, partly owing to the notable strength of the euro, and in the first few months of the current year the declining trend in services imports appears to have moderated.

4.2. Output and employment

As indicated at the beginning of this section, on QNA estimates, the value added of the main productive branches in 2003 Q4 was expansionary. This behaviour is estimated to have continued into 2004 Q1 (see Chart 18). Thus, activity in agriculture and fishing picked up strongly in the final months of 2003, so that the upward trend seen throughout the year became more pronounced, taking the year-on-year

growth rate to 3.7%. This behaviour reflects the excellent olive and grape production, two of the few vegetable products to show a positive performance in 2003. Among animal products, milk production stabilised at the end of the year, following several quarters of contraction. Hardly any information is available on the behaviour of this sector in Q1 of the present year, although the unemployment figures and Social Security registrations provide no support for a further improvement in activity in that period.

Following weakness in the middle quarters of 2003, industry and energy began to recover at the end of 2003, despite the slowdown in exports and capital investment. According to the QNA, the year-on-year growth rate in Q4 was 0.8%, 0.2 pp up from the previous quarter, and the conjunctural information points to a certain improvement in the first few months of 2004. In January and February, the trend rate of growth in the industrial production index (IPI) edged up from 2003 Q4. Among its components, the contraction of consumer goods production and the sustained growth of capital and intermediate goods were notable. However, the industrial confidence indicator compiled by Eurostat dipped slightly in 2004 Q1 since, despite the recovery in employers' production expectations, inventories rose and the deterioration in orders (especially foreign orders) became more pronounced. As for employment, the rate of decline in Social Security registrations decreased in 2004 Q1.

The year-on-year growth rate of construction was 3.5% in 2003 Q4, 0.3 pp less than in the previous quarter. Despite its high rate of growth, construction in this period ceased to be the most buoyant activity, growing less briskly than agriculture and non-market services. As mentioned when discussing spending, the available indicators for 2004 Q1 show a certain recovery in this activity, which is appreciated both in the information of a coincident nature and in the leading indicators, which project a favourable outlook, at least in the short term.

Activity in services accelerated at the end of 2003, extending the expansionary profile already apparent in Q3. On QNA data, it is estimated to have grown by 2.7%, as a result of the impetus from both its components: non-market services, the growth rate of which rose by 0.4 pp to 3.9%; and market services, whose growth rate increased by 0.2 pp to 2.4%. The composite market services indicator (ISIS) for 2004 Q1 pointed to a further acceleration in this sector, with a positive contribution from the wholesale and retail trade, hotels and restaurants, transport and communications, as well as in financial and property activities. In relation

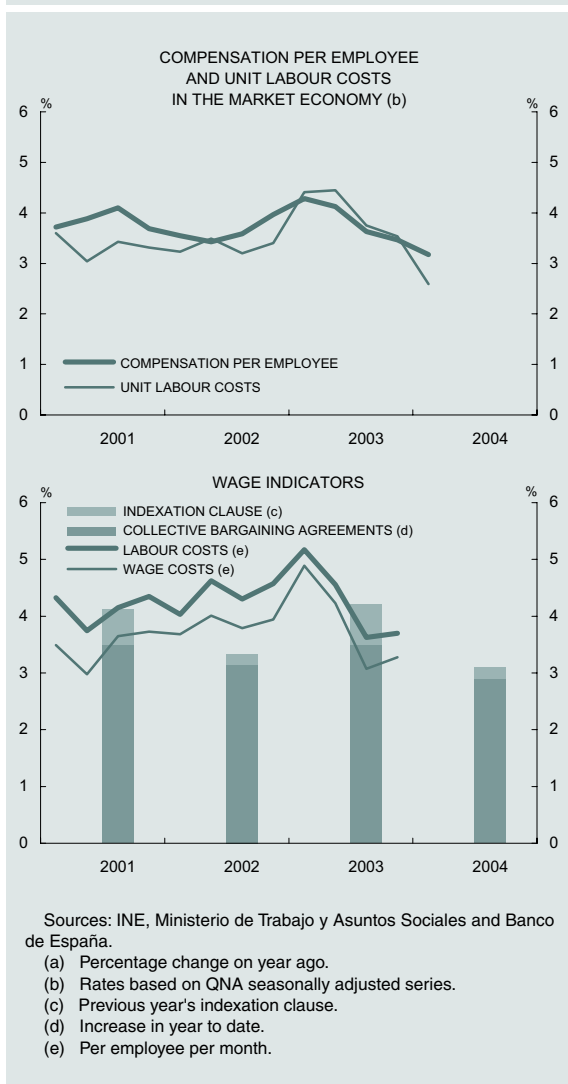
to the former, it has already been mentioned that tourism indicators were favourable in Q1. Social Security registrations sustained a growth rate of more than 4% in Q1 and the confidence indicator held steady at similar levels to the previous year.

In step with the gradual expansion in activity during 2003, the year-on-year rate of change of employment, measured in terms of full-time equivalent jobs, accelerated to 2.1% in the final quarter, according to QNA data. Consequently, the apparent labour productivity of the economy as a whole rose by 0.6%, which was the same as for the year as a whole. In the market economy, employment put in a similar performance, ending the year with growth of 0.2%, so that apparent labour productivity, calculated in terms of value added, continued to contract slightly. The moderate expansion of employment in 2003 Q4 was noticeable in the various economic indicators, albeit to varying extents. Thus, on Labour Force Survey (EPA) data, employment rose by 3%, 0.3 pp more than the average for the year, while Social Security registrations rose by 3%, down 0.1 pp on the previous quarter.

Employment in 2004 Q1 is estimated to have grown somewhat less than in the preceding quarter which, against a background of more expansionary activity, will have meant a slight recovery in productivity gains. According to the EPA for Q1, employment grew by 2.6% year-on-year in that period, down 0.4 pp on end-2003. Social Security registrations grew steadily in this quarter (2.9%), while National Employment Office (INEM) hiring statistics showed an acceleration in the number of contracts signed, which grew by nearly 14%, following the already significant rise in the final months of 2003.

By branch of activity, the QNA data show that 2003 Q4 saw a prolongation of the previous employment trends, as shown in Chart 18. In market services and in construction, employment expanded significantly and, as a result, apparent labour productivity contracted. In agriculture the process of job destruction continued, although more slowly; in industry, however, jobs were being shed at a faster rate. In 2004 Q1, these trends are estimated to have changed to some extent. EPA and Social Security registrations data indicate that in agriculture the contractionary profile of employment seems to have steepened, whereas in industry, by contrast, the reduction in numbers employed has apparently eased, correcting the markedly downward path of 2003. Further, the EPA data show that the numbers employed have decelerated in construction and grown steadily in market services, although employment growth remained high in both cases.

CHART 19

Wages and labour costs (a)


On QNA data, the number of wage-earners grew faster than total employees during 2003, while the fall in the number of non-wage-earners eased, a profile which coincides with that shown by EPA data. This survey shows that 2004 Q1 saw a prolongation of the upward trend in non-wage-earners, while the growth rate of wage-earners slowed to 2.8%, slightly higher than that for total employment. Analysis by contract term shows that wage-earners on permanent contracts and temporary contracts decelerated in Q1, although the slowdown was sharper among temporary workers and thus the ratio of temporary to permanent workers decreased to 31.1%, below its level a year earlier. INEM statistics on contracts indicate that the number of temporary contracts continued to accelerate in 2004 Q1, rising by 14.4%, although permanent contracts also accelerated significantly to 10%. Regarding length of working day,

the number of full-time employees grew by 2.2% in 2004 Q1, continuing the slowdown shown in the previous quarter, while part-time employees (6.7%) maintained the high rates achieved following their sharp acceleration at the end of the previous year. The ratio of part-time to total employees stood at 8.4%, up 0.3 pp on 2003 Q1.

The labour force ended 2003 up 2.7% year-on-year, spurred by a further rise in the participation rate, which stood at 55.4%. At the beginning of 2004, however, the process of incorporation of the population into the labour market slowed, and the growth rate of the labour force decreased to 2.2%, while the participation rate remained at 55.4%, a level which is, nonetheless, 0.8 pp higher than in the same quarter of 2003. The participation rate calculated as a percentage of the population below age 65 remained at 69%. The participation rate with respect to 2003 Q1 rose more sharply among women, whose rate increased to 44.1% in the period January-March, although it was still notably below the 67.4% rate of men. The diverse incentives in place to promote the hiring of women on permanent employment contracts are currently available to all unemployed women and have helped women to join more fully in the labour market. Notable regarding educational level is the rise in the participation rate of university graduates, thereby extending to March 2004 the increase seen in 2003. Finally, given the behaviour of the labour force and of employment in Q1, the number of unemployed decreased by 0.8% with respect to 2003 Q1. Consequently, the unemployment rate stood at 11.4%, 0.3 pp less than a year earlier. On EPA data, the number of unemployed increased in 2004 Q1 at a rate of 1.2%, down 0.2 pp on the preceding quarter.

4.3. Costs and prices

The year-on-year growth rate of labour costs per unit of value added held steady at 3.8% at end-2003. This development, which interrupted the gradual deceleration of this variable, came about because the mild acceleration in compensation per employee was offset by a similar increase in productivity gains. In the market economy, the deceleration in labour costs was prolonged up to 2003 Q4, since the modest slowdown in compensation per employee was not accompanied, in this case, by changes in the behaviour of productivity, which, as mentioned earlier, continued to show negative rates of change (see Chart 19). In 2004 Q1 the growth rate of unit labour costs in the market economy is estimated to have continued to moderate, as a result of a correction in the contractionary be-

haviour of productivity and of an additional slow-down in compensation per employee.

The slight acceleration in compensation per employee reflected by the QNA in 2003 Q4 can also be appreciated in the monthly labour costs per employee, which, according to the Labour Costs Index (LCI), grew by 3.7% in 2003 Q4, up 0.1 pp on the previous quarter. By component, wage costs rose by 3.3%, 0.2 pp more than in the previous quarter, while other costs slowed, although holding at higher rates of change (5%). The main component of other costs, i.e. mandatory contributions, grew by 3.7%, 0.5 pp less than in the year as a whole.

There is still little information available on collective bargaining developments in 2004. The agreements registered up to 31 March 2004 included an average increase in wage rates of 2.8%, against the 3.5% at which collective bargaining ended the year 2003 (before wage indexation). The vast majority of these agreements are revised agreements and they apply to a total of 4,102,000 workers. It should be mentioned here that, for the year 2004, the social partners have renewed the Intersectoral Agreement for Collective Bargaining Agreement (AINC), taking as a reference point the official inflation forecast of 2% and including a spread thereon associated with possible productivity gains.

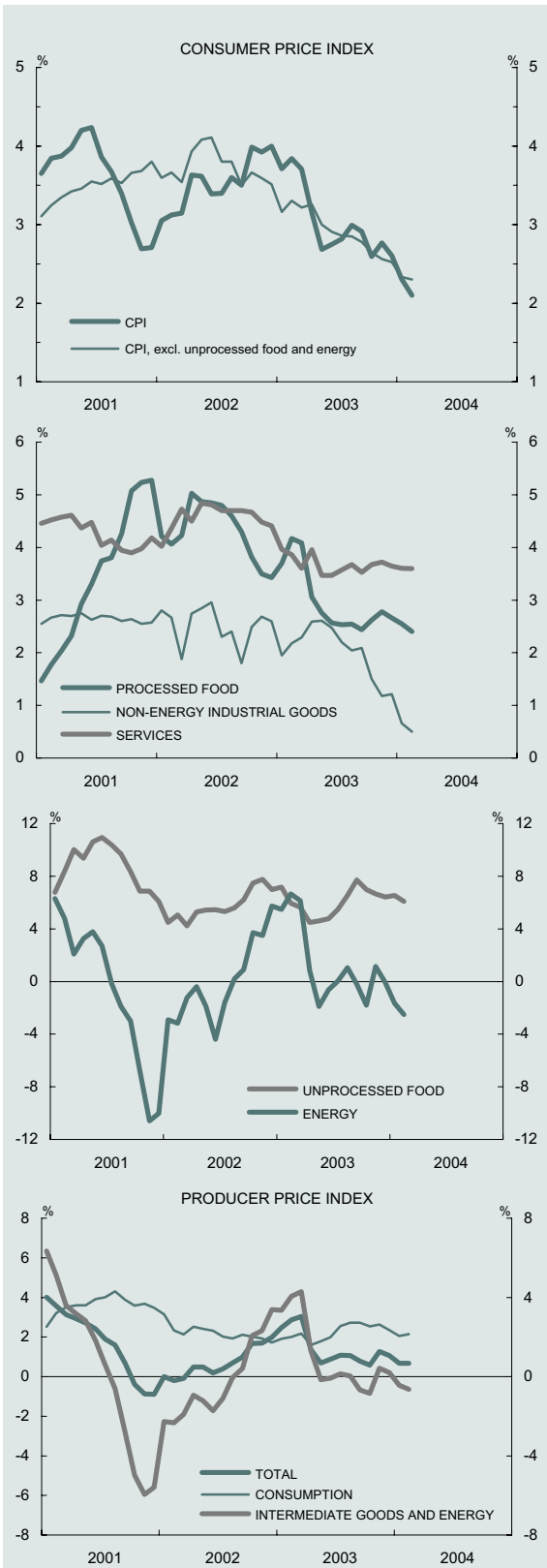
The moderation of labour costs in the final part of 2003 did not feed through to the value added deflators of the total economy or of the market economy, which accelerated by 0.3 pp to 4.3% and 4.4%, respectively, reflecting the boost to the operating surpluses per unit of output. The behaviour of unit margins in 2003 Q4, like that of unit labour costs, was uneven across the various branches, as seen in Chart 20. Margins grew significantly in the agricultural branches (characterised by their volatility), in industry and in construction, while decelerating in market services. Mention should be made of the behaviour of this variable in industry where, against a background of growing competitive pressure that has strongly contained price rises, margins are widening as a result of a moderation in unit labour costs, achieved by cutting staff.

In 2003 Q4, the final demand deflator accelerated again, this time by 3.2%, 0.2 pp more than in the previous quarter. This growth was similar to that of the GDP deflator, which increased by 4.2% year-on-year, and also to that of the import deflator, which went from a decrease of 0.1% to growth of the same amount. The upturn in the final demand deflator reflects the higher growth rates of deflators of capital goods investment, of construction and of exports.



CHART 21

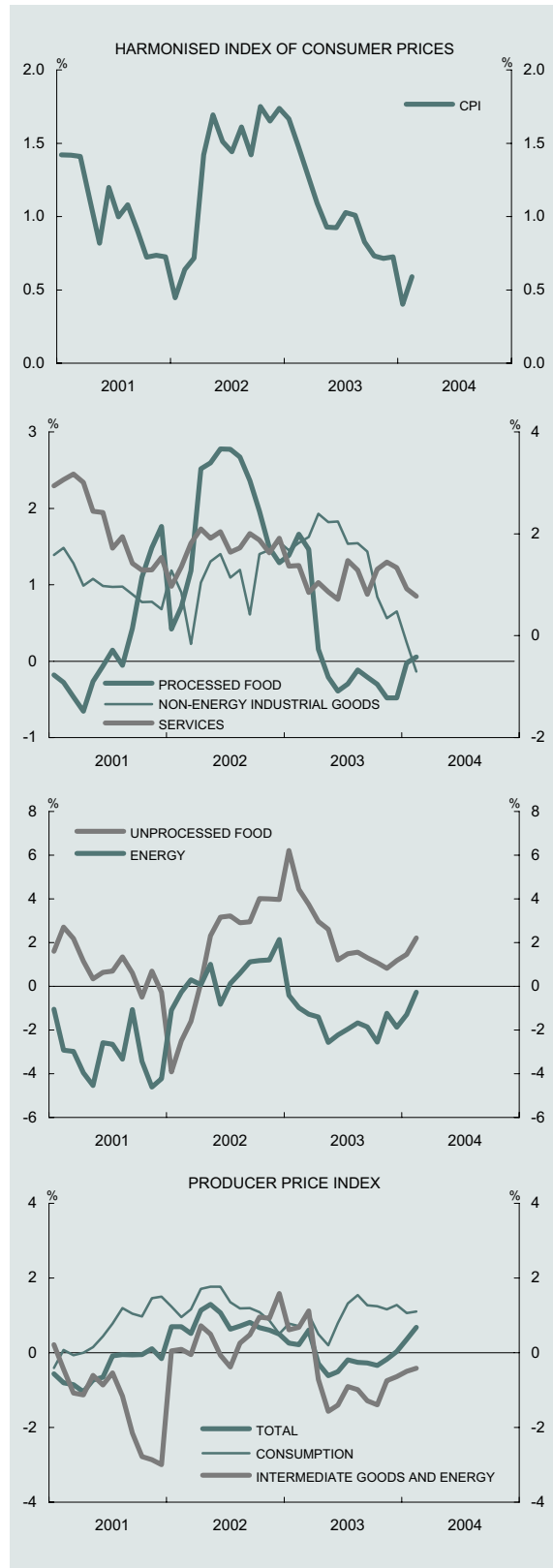
**Price indicators (a)
Spain**



Source: INE.
(a) Twelve-month percentage change based on the original series.

CHART 22

**Price indicators
Differentials vis-à-vis the euro area (a)**



Sources: Eurostat and Banco de España.
(a) Twelve-month percentage change based on the original series.
(b) To December 2001, the series are those published at that date.

Among final prices, in 2003 Q4 the private consumption deflator decelerated by 0.1 pp to 3.0%, a similar rate to that for the year as a whole. The relatively steady path of this deflator in recent quarters is similar to that of its principal indicator, namely the consumer price (CPI), the year-on-year growth of which fell to 2.7% after a sustained increase in the middle months of the year (see Chart 21). The growth rate of the CPI decreased by a further 0.5 pp in 2004 Q1. This reflected a notable moderation in the goods component, which was affected by the major year-on-year fall in energy prices and by a significant containment of the increase in non-energy industrial goods prices and, to a lesser extent, in food prices. Regarding energy, the depreciation of the dollar amply offset the oil price pressures, which intensified notably in the 2004 Q1, rising above \$34 per barrel in the international markets. Finally, the growth rate of services prices moderated by 0.1 pp compared with end-2003 and held at 3.6% between January and March. The CPI excluding unprocessed food and energy, which had held on a downward path in 2003 (the year-on-year rate at the end of the year was 2.6%), continued on this trend in 2004 Q1, when its growth rate decreased by 0.3 pp.

The year-on-year growth rate of the Spanish HIPC decreased by 0.6 pp between January and March, while that of the euro area as a whole decreased by 0.3 pp, so the inflation differential narrowed further to 0.5 pp (see Chart 22). This improvement in the differential is explained by the narrowing of the gap relating to the services component, since that relating to goods widened very slightly. This outcome was due to the notable widening of the unprocessed food differential, as behaviour varied from one food to another in the channelling of upward pressure on fruit and vegetable prices in the summer months. The prices of industrial goods excluding energy recouped, after more than two years, a favourable inflation differential; the negative differential of energy prices decreased slightly in 2004 Q1.

Among the other price indicators, the producer price index (PPI) saw an appreciable decrease in its year-on-year growth rate at the beginning of 2003, due particularly to the behaviour of energy producer prices. The latest available figure, for March, brought the year-on-year rate to 0.8%, which continues to compare favourably with the 1.1% at the end of the previous year. Intermediate goods prices are showing signs of greater buoyancy and their year-on-year rate of growth has accelerated by more than 1.5 pp since the beginning of the year. Consumer durables are another component whose year-on-year rate of growth has risen ap-

preciably in this period. In the euro area, industrial producer prices were more restrained: as a result of a change of 0.4% in February, the growth differential between the index in Spain and in the euro area stood at 0.7 pp, whereas it had been zero at end-2003. The fall in energy producer prices was somewhat sharper in the euro area, so the favourable inflation differential narrowed slightly. Meanwhile, the narrowing of the positive consumer price gap did not offset the widening of the intermediate goods growth differential. Also, the growth rate of prices received by farmers declined and that of hotel prices, amid notably weaker demand, continued to slow in 2004 Q1.

4.4. The State budget

According to National Accounts methodology, the figures released on the State budget outturn for 2004 Q1 show a surplus of €1.17 billion (0.1% of GDP), compared with €3.63 billion (0.5% of GDP) in the same period a year earlier. This was the result of a 4.5% decline in revenue, while expenditure climbed by 5% in the first three months of the year. These figures are in contrast to the cash-basis results, in respect both of the sign and the trend; under this convention the State posted a deficit of €2.3 billion in 2004 Q1, down from €2.81 billion in the same period in 2003 (see Table 3). The different trend of the cash-basis balance compared with that under National Accounts methodology is mainly in response to the adjustment due to the different interest allocation criterion used.

Comparisons with the figures for 2003 are, however, influenced by certain circumstances that affect both years differently. First, the change in the timetable for the receipt from general government of the tax withheld on earned income, the revenue having been transferred monthly (as opposed to quarterly, as was previously the case) since early 2003. Further, a significant portion of personal income tax revenue in the opening months of 2003 was not yet affected by the reduction in withholdings arising from the reform of this tax. Adding to this in 2004 are the effects of the change in local government financing arrangements; a share in certain taxes has been ceded to this layer of government in exchange for fewer State transfers. The rates of change in the last column of Table 3 reflect these events, which is why the figures presented are not fully comparable.

On the revenue side, and given the partial transfer of certain taxes to territorial government hereafter takes total revenue raised by the main taxes, both in the portion assigned to the State

TABLE 3

State budget outturn

EUR m and %

	Outturn	Percentage	Budget	Percentage	Outturn		
	2003	change	2004	change	2003	2004	Percentage
	1	2003/2002	3	2004/2003	JAN-MAR	JAN-MAR	change
					5	6	7=6/5
				4=3/1			
1. Revenue	109,655	1.1	110,496	0.8	27,085	27,259	0.6
Direct taxes	56,510	1.8	58,087	2.8	11,147	10,138	-9.1
<i>Personal income tax</i>	<i>32,824</i>	<i>1.7</i>	<i>31,974</i>	<i>-2.6</i>	<i>10,930</i>	<i>9,513</i>	<i>-13.0</i>
<i>Corporate income tax</i>	<i>21,912</i>	<i>2.3</i>	<i>24,109</i>	<i>10.0</i>	<i>-173</i>	<i>115</i>	<i>...</i>
<i>Other (a)</i>	<i>1,774</i>	<i>-3.7</i>	<i>2,004</i>	<i>13.0</i>	<i>391</i>	<i>510</i>	<i>30.5</i>
Indirect taxes	39,084	2.8	39,836	1.9	12,740	13,179	3.4
VAT	27,130	5.5	27,490	1.3	10,015	10,394	3.8
<i>Excise duties</i>	<i>9,787</i>	<i>-5.4</i>	<i>9,996</i>	<i>2.1</i>	<i>2,233</i>	<i>2,203</i>	<i>-1.3</i>
<i>Other (a)</i>	<i>2,167</i>	<i>10.6</i>	<i>2,350</i>	<i>8.4</i>	<i>493</i>	<i>582</i>	<i>18.1</i>
Other net revenue	14,061	-5.6	12,573	-10.6	3,197	3,942	23.3
2. Expenditure	113,787	2.4	117,260	3.1	29,891	29,556	-1.1
Wages and salaries	18,450	5.1	19,486	5.6	4,200	4,371	4.1
Goods and services	2,996	5.4	2,740	-8.6	648	965	49.0
Interest payments	19,788	4.9	19,047	-3.7	7,575	6,003	-20.7
Current transfers	58,078	-0.4	58,859	1.3	13,682	14,531	6.2
Contingency fund	...	...	2,345.2	...	...	...	...
Investment	7,535	7.0	7,611	1.0	2,211	2,012	-9.0
Capital transfers	6,940	7.5	7,172	3.3	1,576	1,673	6.2
3. Cash-basis balance	-4,132	...	-6,764	...	-2,807	-2,297	...
MEMORANDUM ITEM: NATIONAL ACCOUNTS							
Revenue	110,449	1.9	...	...	27,742	26,491	-4.5
Expenditure	112,566	0.7	...	...	24,111	25,320	5.0
Net lending (+) or borrowing (-) (c)	-2,117	...	-3,470	...	3,631	1,171	...

Source: Ministerio de Hacienda.
(a) Includes revenue from the tax on the income of non-residents.
(b) Includes taxes on insurance premiums and tariffs.
(c) Figures in accordance with the method used in the Excessive Deficit Procedure.

and in that relating to territorial government, the latter not being included in Table 3. Thus, in aggregate terms, personal income tax revenue declined by 6.6% in Q1 on the same period in 2003. This fall was due to the calendar affect mentioned in relation to the withholdings on earned income and to the personal income tax reform. A significant amount will not be shown for corporate income tax until the April prepayment, the negative figure for the year 2003 being due to the high volume of refunds. Indirect tax takings likewise slowed in relation to 2003 as a whole, albeit in line with the figure budgeted. VAT grew, in homogeneous terms, by 6.1%

(compared with 9.9% in 2003), while excise duties, the rates on which have been frozen, increased by 1.6% (4.6% the previous year). Finally, the strong increase in non-tax revenue reflects the bigger transfers received by the State both from administrative bodies and from the European Union.

On the expenditure side, there was a fall in Q1 in relation to the same period a year earlier, owing essentially to the interest payments caption. As a result of the government debt redemption timetable, this caption declined by 20.7% during Q1 (see Table 3). Conversely, the

The recovery in investment in capital goods in 2003: an assessment

In 2003 investment in capital goods increased by 2.2% after having declined by 5.4% in 2002. As can be seen in the accompanying chart, the pick-up in 2003 was apparently weaker than on previous occasions when this aggregate had contracted strongly (for instance in 1984 and in 1993). In the years preceding the cyclical trough in 2002, investment in capital goods appeared to increase less sharply than it had in previous cycles. To assess these developments the factors behind companies' productive investment decisions must be analysed. The concept of private productive investment (PPI) includes, in addition to expenditure on equipment, corporate spending on construction, the trend of which is very close to that of investment in equipment (see chart).

A good starting point for assessing the behaviour of PPI in recent years is the investment equation of the MTBE (Banco de España Quarterly Model). The equation expresses the rate of change of PPI on the basis of several determinants, the most relevant of which are the value added of the market economy (PYER) and the user cost of capital in real terms (PUC/PYED). As can be seen in the second panel, the positive contributions of both factors explain sufficiently the expansion of PPI to 1999. Thereafter, however, investment has grown systematically below the growth plotted by the equation. In 2000 there was a significant mismatch as PPI slowed by almost 3 pp when its determinants pointed to a fresh acceleration. It might be recalled that in 1999-2000 there was a notable increase in foreign direct investment by Spanish firms, which may have partly influenced the financing of projects in Spain (1). In 2001 the rise in companies' cost of capital, associated in part with the increase in risk premia and interest rate developments, accounted for most of the slowdown in investment, which took place against the backdrop of considerable uncertainty over the international outlook. In 2002 and 2003 the behaviour of PPI once again fell below what its determinants would have indicated: although the slowdown in activity would have warranted weak growth in business investment, the notable contraction in 2002 and the moderate recovery subsequently appeared to be associated with other factors not considered in this analysis.

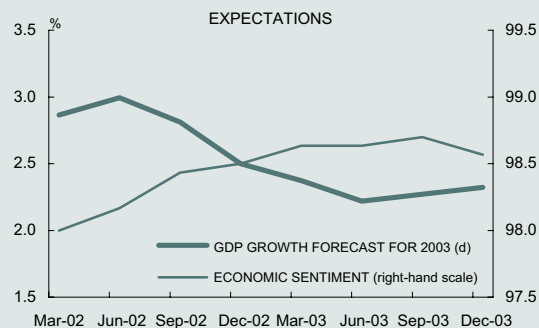
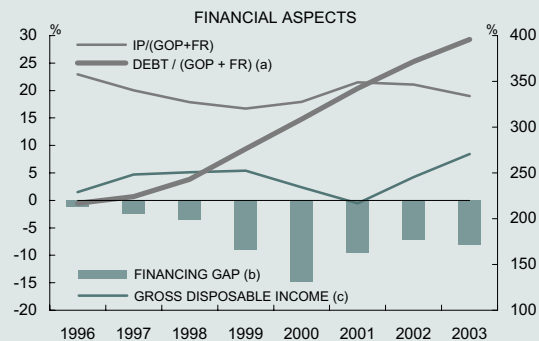
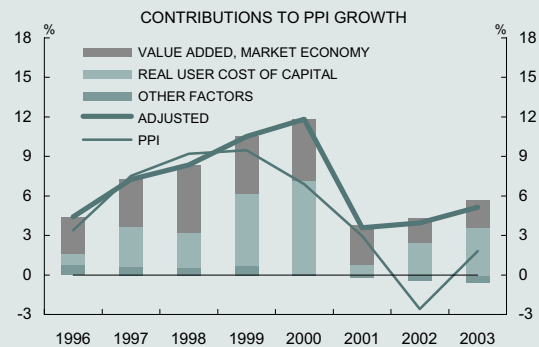
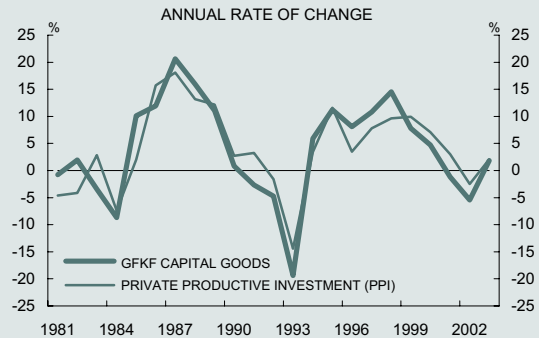
Numerous papers highlight the fact that financial factors, which are not included in the MTBE equation, are important in Spanish companies' decision-making. The third panel depicts the course of certain potentially relevant variables for investment from this standpoint, calculated with National Accounts data for the non-financial corporations sector: the debt ratio, the interest burden, gross saving and an additional variable, the financing gap, which is a measure of the financial resources companies need to cover their real and financial investments of a permanent nature. These variables offer a stylised view of the financial context in which companies have moved in recent years. As can be seen, the notable increase in this financing gap to 2000 (the outcome of the expansion of PPI and of foreign direct investment) led to a significant increase in the sector's debt ratio. And this, combined with the rise in the cost of financing around 2001, gave rise to an increase in the interest burden and to a contraction of gross saving. In these circumstances, non-financial corporations as a whole would appear to have assigned a substantial portion of the funds they generated in 2002 and 2003 to restoring their financial health before increasing their productive investment.

Another factor that may have borne on the behaviour of PPI and which is not adequately reflected in the MTBE equation is business expectations regarding the economic situation. The bottom panel depicts certain indicators of expectations: the European Commission's economic sentiment indicator, and average forecast growth for 2003 according to Consensus Forecast. To differing degrees, both measures showed a check on expectations of a recovery during 2003.

In sum, the financial restructuring needs of certain business sectors and something of a halt in expectations of an economic recovery may have led productive investment spending by companies in 2002 and 2003 to recede to an extent beyond what might be explained by the cyclical slowdown in output and its as-yet incipient recovery. Companies that have made sufficient headway in restructuring will be well poised to harness a clear recovery in the economic outlook, by undertaking investment projects.

(1) See the article "Productive investment in the recent cycle" in the October 2002 Economic bulletin.

Private productive investment



Sources: INE and Banco de España.
 (a) Interest-bearing borrowed funds / (gross operating profit plus financial revenue).
 (b) Interest paid / (gross operating profit plus financial revenue).
 (c) Annual rate of change.
 (d) Consensus Forecast.

TABLE 4

Balance of payments: summary (a)

EURm

	JANUARY-JANUARY	
	2003	2004
	Credits	Credits
Current account	19,978	20,173
Goods	10,520	10,814
Services	4,674	4,583
<i>Tourism</i>	2,121	2,214
<i>Other services</i>	2,553	2,369
Income	2,029	1,563
Current transfers	2,755	3,213
Capital account	1,381	270
	Debits	Debits
Current account	20,894	20,982
Goods	13,211	13,803
Services	3,408	3,291
<i>Tourism</i>	578	632
<i>Other services</i>	2,829	2,659
Income	2,565	2,203
Current transfers	1,710	1,685
Capital account	93	95
	Balance	Balance
Current account	-916	-809
Goods	-2,692	-2,989
Services	1,267	1,292
<i>Tourism</i>	1,543	1,582
<i>Other services</i>	-276	-290
Income	-536	-640
Current transfers	1,046	1,528
Capital account	1,288	176

Source: Banco de España.
(a) First provisional results.

current transfers caption (which grew by 6.2% as a result of the increase in the contribution to the European Union in connection with the Additional resource (GNP)) and the goods and services heading (up 49% due to the high volume of expenditure relating to the years prior to 2004) posted far higher than budgeted rates of change (1.3% and -8.6%, respectively). Finally, the components of capital transfers performed unevenly: real investment fell by 9% during the quarter (against budgeted growth of 1%) and capital transfers increased by 6.2% (against an envisaged increase of 3.3%).

Turning to the Social Security budget outturn, information for January and - for certain items - for February is available for the System.

Social security contributions rose by 7.7% in relation to January 2003, having been upheld by an increase in the number of Social Security registrations which, in Q1, maintained a similar growth rate to that recorded over the past two years (3%). On the expenditure side, pensions increased by 6.5% to February 2004, somewhat below the figure budgeted for the year as a whole. The number of contributory pensions trended very moderately, the related growth rate standing at 0.8% in January. Unemployment benefits accelerated to a growth rate of 9.3% in the period to March (having increased by 6% in 2003 as a whole), while the growth of registered unemployment eased to 1.9% in Q1 (2.8% in 2003). Preliminary figures point to an increase in the eligibility ratio from 71.9% at end-2003 to 73.1% in January.

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

In January 2004, the overall balance on current and capital account was a deficit of €633 million, compared with the surplus of €372 million in the same month the previous year. This result is attributable to the notable deterioration in the balance on capital account, the surplus of which declined by €1.01 billion, since the current-account deficit was €107 million lower in relation to the figure posted in the same month in 2003. Among the current-account items, the sizable increase in the surplus on current transfers and the slight improvement in the tourism balance cancelled out the wider trade and income deficits.

In January 2004 the deficit on the trade balance showed a deterioration of €298 million compared with the level attained in the same month a year earlier. In year-on-year terms the deficit widened by 11.7%, resuming the sharply worsening path that had characterised it during the first three quarters of the previous year. The latest month's result was due to the notable acceleration in real import flows. These were more marked than real export flows as the terms of trade improved in this period thanks to the strength of the euro, which enabled the rise in oil prices on international markets to be offset.

The surplus on the services balance in January 2004 stood at €1.29 billion, €25 million up on that recorded twelve months earlier. This slight improvement made for a year-on-year increase of 2%, which is due to the increase in the tourism surplus, since the deficit on the non-tourism services balance widened. Tourist flows improved in January: receipts grew by 4.4%, interrupting the slowing path on which they had moved since the second half of the

Spain/euro area inflation differential: recent developments

The narrowing of the Spanish economy's inflation differential with the euro area since late 2002 has been notable. Indeed, as the accompanying table shows, the growth differential of consumer prices measured via the HICP fell from 1.7 pp in December 2002 to 0.5 pp last March. This reduction is largely due to the decline in the Spanish inflation rate during this period (1.8 pp), which far exceeded that of the euro area as a whole (0.6 pp). Further, the reduction in the differential in the main price components was relatively uniform and continuous.

Many factors help explain the narrowing of the inflation differential with the euro area. From an aggregate standpoint, mention may be made of the uneven influence of direct general government action on prices. Indeed, the freeze on indirect taxes in Spain in 2003 contrasted with the increases made the previous year. Conversely, the influence of indirect taxes in the euro area in 2003 was the same as the previous year. Moreover, the contribution to inflation of administered prices also fell slightly in Spain last year, while it was stable in the euro area. Lastly, the restraining influence on the inflation rate exerted by the appreciation of the euro might have been more marked in Spain since the econometric models available estimate a higher elasticity of prices to the exchange rate in Spain than in the euro area as a whole.

A component-based analysis of this process shows that, in the period under study, the slowdown in Spanish consumer prices affected the main components and, in particular, energy. In the euro area, however, food prices quickened and the reduction in the growth rate of the remaining groups was less marked than in Spain. Accordingly, the narrowing of the inflation differential has been generalised, but particularly significant in the energy group.

Indeed, energy prices slowed more sharply in Spain than in the euro area, whereby the differential narrowed by more than 2.5 pp. Contributing to this, above all, were fuel and lubricants, partly because of the tax increases in certain euro area countries. It should further be borne in mind that the greater weight of the energy component in the overall index, in the case of the Spanish economy, accentuates the impact of the result for this group in the aggregate HICP.

Non-energy industrial goods prices also slowed significantly in Spain, by more than 2 pp, while they held relatively stable in the euro area. The differential narrowed by 1.8 pp and turned favourable to our country last March, for the first time in recent years. The reduction in this differential largely reflects the marked slowdown in clothing and footwear prices, which account for a higher percentage of household spending in Spain than in the euro area.

As to foodstuffs, although the slowdown in processed food prices in Spain was not very pronounced, there was a considerable acceleration in the euro area, making for a reduction in the inflation differential of over 2 pp. Relatively speaking, tobacco prices played a key role here since, while there was a slowdown in Spain as a result of the base effect arising from the increase in April 2002, there were notable rises in certain euro area countries, generally further to associated tax increases. A similar performance was seen for unprocessed food prices, although in this case the reduction of the related differential was less. The performance of the prices of pulses, vegetables and potatoes was notable in this group, increasing markedly in the euro area owing to the poor weather.

Finally, the contribution of services prices to the narrowing of the inflation differential with the euro area was scant, since the slight slowdown in these prices in the Spanish economy was only marginally greater than that which took place in the euro area. The persistence of a positive and significant inflation differential between the growth rate of services prices in Spain and in the euro area is one of the salient characteristics of inflation developments in recent years.

Spain/euro area inflation differential: recent developments

% and pp

	Spain %	Euro area %	Differential pp
1. Total			
December 2002	4.0	2.3	1.7
March 2004	2.2	1.7	0.5
Reduction	1.8	0.6	1.2
2. Unprocessed food			
December 2002	5.4	1.4	4.0
March 2004	4.4	1.7	2.7
Reduction	1.0	-0.3	1.3
3. Processed food			
December 2002	3.9	2.7	1.2
March 2004	3.1	4.1	-1.0
Reduction	0.8	-1.4	2.2
4. Non-energy industrial goods			
December 2002	2.7	1.1	1.6
March 2004	0.6	0.8	-0.2
Reduction	2.1	0.3	1.8
5. Energy			
December 2002	5.8	3.7	2.1
March 2004	-2.5	-2.0	-0.5
Reduction	8.3	5.7	2.6
6. Services			
December 2002	4.6	3.0	1.6
March 2004	3.5	2.5	1.0
Reduction	1.1	0.5	0.6

Source: Eurostat.

previous year, in line with the renewed firmness of tourists entering Spain at borders in early 2003 and with the increase in overnight stays in hotels. Tourism payments grew by 9.3% in January 2004, accentuating the accelerating path of the preceding months, against the background of the notable appreciation of the euro.

The deficit on the income account deteriorated by €103 million in January 2004 compared with the same month a year earlier to a level of €640 million. Receipts declined by 23%, affected by the reduction in foreign investment earnings and by the fall in such investment in the Latin American countries in recent years. Payments also declined, by 14.1%, in line with the lesser foreign direct investment attracted to Spain last year.

The current-transfers surplus stood at €1.53 billion in the opening month of 2004, notably up €483 million on the related level in January 2003. Receipts climbed by 16.6%, the outcome of the forceful momentum of flows from the EU, especially those targeted on the private sector via the EAGGF Guarantee Fund. Payments, by contrast, fell by 1.4%, reflecting the decline in those to the private sector.

Finally, the capital-account surplus stood at €176 million in January 2004, down €1.11 billion on the same month in 2003. This heavy deterioration, signifying a decline of 86.4% in year-on-year terms, is due to the fall-off in structural funds from the EU; however, these funds are usually delayed in the opening months of the year.

5. Financial developments

5.1. Overview

The backdrop to financial conditions in the private sector in 2004 Q1 was one in which money-market interest rates in the euro area and medium- and long-term yields on Spanish public debt followed a descending path. Thus at end-March, three-month and ten-year interest rates stood, respectively, at 2.03% and 3.96%, down 9 and 30 basis points (bp) on the levels at end-2003. The credit risk premia negotiated by firms on the derivatives markets increased slightly, but their levels remained low (see Chart 23). Retail bank interest rates and non-financial corporations' costs of financing with debt securities remained very moderate.

During most of the quarter, domestic and international stock market prices continued to show the upward path and the low volatility seen in the second half of 2003. The uncertainty generated following the terrorist attack of 11 March in Madrid triggered a bout of instability reflected in decreasing stock market indices and rising volatilities. However, in the days following the attack the markets tended to return to normality. Thus by mid-April the Madrid Stock Exchange General Index had posted a 9.1% rise in the year, topping that of the broad Euro Stoxx euro area stock market index (5.8%) and that of the US S&P 500 (1.5%).

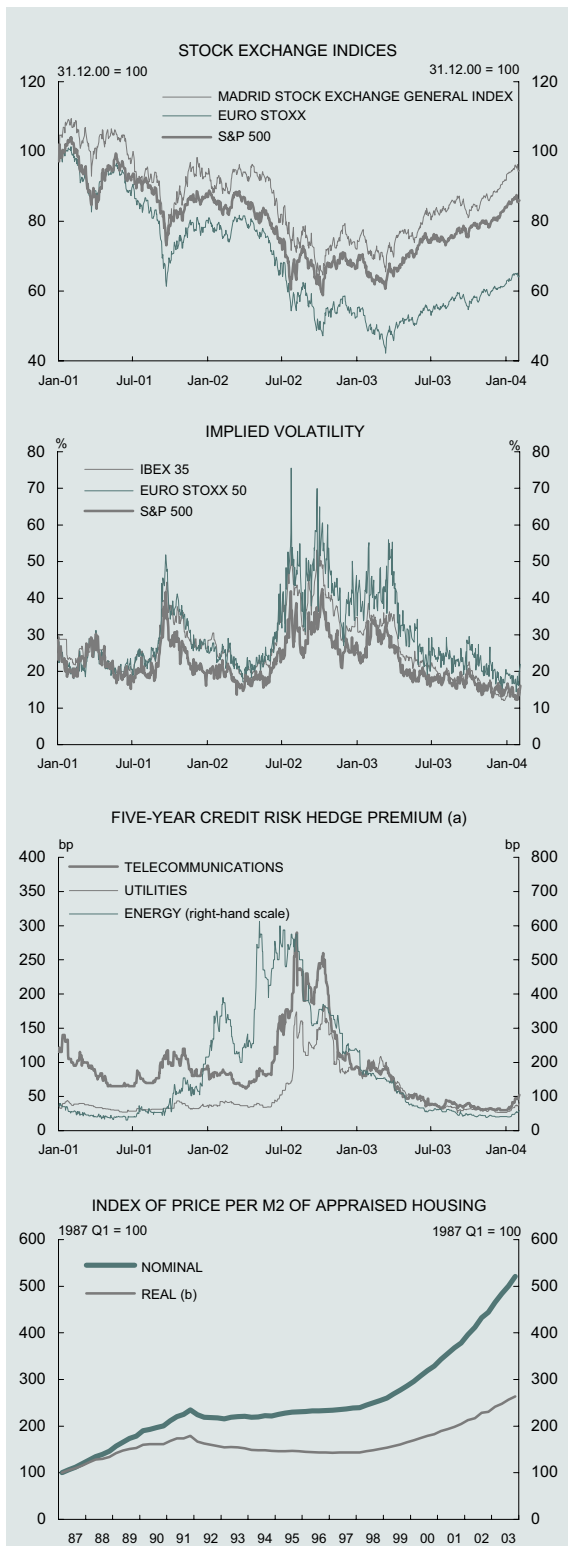
The most recent information on the housing market shows that prices accelerated between September and December last year as the year-on-year growth rate rose by 1.7 pp to stand at 17.3%. On this occasion the rise in the growth rate of real estate asset values was basically due to the performance of this market in municipalities of more than 500,000 inhabitants and in those along the coast.

In this setting, the non-financial private-sector continued to resort heavily to borrowing in 2003 Q4 and 2004 Q1 to finance a part of its spending decisions. The financing received by households grew by 18.7% in 2003 Q4 in year-on-year terms, a rise of more than 2 pp with respect to September. The growth rate of borrowing by corporations was lower (by 0.5 pp) and stood at 14.2% in the same period. The provisional information on 2004 Q1 points to a certain acceleration in the rate of expansion of the debt taken on by households and corporations.

The most recent indicators on the financial position of households show that their net wealth continued to grow in Q4 thanks to rising real estate and financial asset prices. During the same period, however, the financial saving of this sector and its gross saving after debt

CHART 23

Price indicators for various assets



Sources: Bloomberg, Credit Trade and Banco de España.

(a) Average asset-weighted premia. On 22.6.03 a change came into effect in the contractual terms of European firms. The new contract carries lower associated premia (around 10%).

(b) Deflated by the CPI.

service contracted and, accordingly, continued to stand at low levels. The ratio of debt to gross disposable income (GDI) continued its upward path, which, despite the unchanged cost of debt, resulted in an increase in the associated debt burden. This measure of indebtedness, however, held at moderate levels. The provisional information on the first few months of 2004 points to further growth in the level and cost of debt in terms of household income.

The debt burden of corporations continued to fall in 2003 Q4 and their economic results were fairly favourable in 2003 as a whole. The synthetic indicators of financial pressure obtained from the corporations reporting to the Central Balance Sheet Data Office (CBSO) also point to an improvement between October and December and, accordingly, they remain below their historical averages. To this favourable performance should be added the lower need for external financing to cater for real investment decisions and long-term financial initiatives abroad. However, the level of aggregate indebtedness of corporations increased in 2003 Q4 and, on available data, also rose in 2004 Q1. It therefore continues at relatively high levels.

Overall, the aggregate financial position of corporations and households should not represent a significant obstacle to the continuing strength of consumption and to the improved buoyancy of the productive investment of corporations. However, the high level of indebtedness reached by these sectors means that the margin left to them, especially households, to continue sustaining their spending by further resort to credit has now shrunk. Therefore, the behaviour of these variables will depend to a larger extent on the performance of their income. As already pointed out on other occasions, their decisions in this respect will be more sensitive than in the past to unanticipated adverse shocks to income, wealth or financing cost.

5.2. Households

The financing terms of households continued to be easy in 2004 Q1. The retail bank interest rate on house purchase loans rose slightly to 3.51% in February, up 5 bp on end-2003, while that on consumer and other loans fell in the same period by 14 bp to 6.26%. However, the institutions' forecast based on the Bank Lending Survey for 2003 Q4 were for the overall terms on loans offered from January to March 2004 to be somewhat tighter in house financing and similar in consumer and other lending.

TABLE 5

**Net financial transactions
(cumulative four-quarter data)**

% GDP

	NET FINANCIAL TRANSACTIONS								
	1998	1999	2000	2001	2002		2003		
					Q4	Q1	Q2	Q3	Q4
National economy	0.2	-1.0	-2.5	-2.2	-1.6	-2.1	-2.0	-2.3	-2.0
Non-financial corporations and households and NPISHs	2.1	-0.3	-2.3	-3.4	-3.0	-3.6	-3.6	-3.7	-3.8
Non-financial corporations	-1.1	-2.3	-3.4	-4.5	-4.5	-4.3	-4.3	-4.8	-4.6
Households and NPISHs	3.3	2.0	1.1	1.1	1.5	0.7	0.7	1.1	0.8
Financial institutions	1.1	0.5	0.8	1.6	1.5	1.5	1.4	1.4	1.5
General government	-3.0	-1.2	-0.9	-0.4	-0.1	0.0	0.2	0.0	0.3

Source: Banco de España.

The year-on-year growth rate of financing received by the sector increased in 2003 Q4 by more than 2 pp to 18.7% (see Table 6). In cumulative 12-month terms, the fresh funds received represented 10% of GDP, up 1.6 pp on September. This rise was the net result of an acceleration in lending for house purchase and a decline in the rate of expansion of consumer and other lending. On provisional information for 2004 Q1, this pattern of household debt growth has held steady.

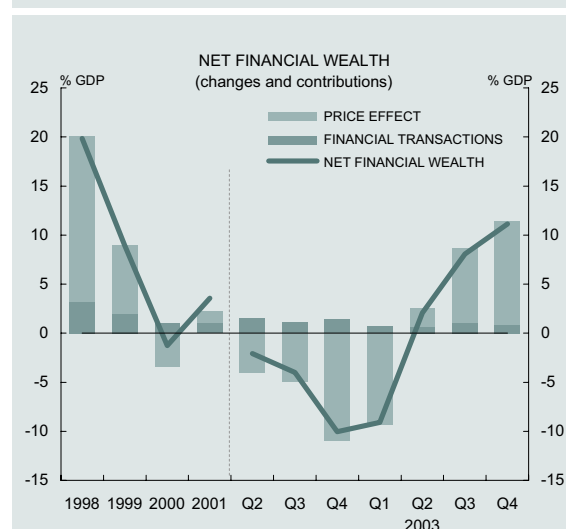
Regarding portfolio decisions, in December the financial assets acquired by households stood at 10.8% of GDP in cumulative 12-month terms (see Table 6). The breakdown by instrument showed a certain preference for greater liquidity, as provided, for instance, by payment instruments and mutual funds, although in the latter case with a composition different from that in the previous quarter. Thus in cumulative terms, net purchases of FIM (capital market) mutual funds rose by 0.6 pp to 1.8% of GDP and those of money market mutual funds decreased by 0.3 pp to 0.6% of GDP, in a shift caused by low interest rates and the favourable performance of equity markets. This same factor probably also contributed to the slight recovery in the purchase of shares and other equity.

The rises in stock market and house prices outstripped those in the sector's liabilities, so its net wealth continued to grow (see Charts 24 and 25). However, household financial saving in 2003 as a whole stood at 0.8% of GDP which, in cumulative twelve-month terms, was lower than in September (see Table 5). Meanwhile, in 2003 Q4 the sector's gross saving after debt service decreased slightly – in contrast to the recovery seen in the last three

quarters – and thus accounted for less than 2% of GDI (see Chart 25). A further rise in household relative indebtedness took it above 90% of GDI. This meant that, despite the lower cost of debt, the household debt burden increased slightly, although it continued to be relatively moderate.

Overall, the aggregate wealth position of the sector will not restrain the buoyancy of consumption and residential investment in the short and medium term. However, the low level of saving after debt service means that the cushion available to the sector to meet a hypo-

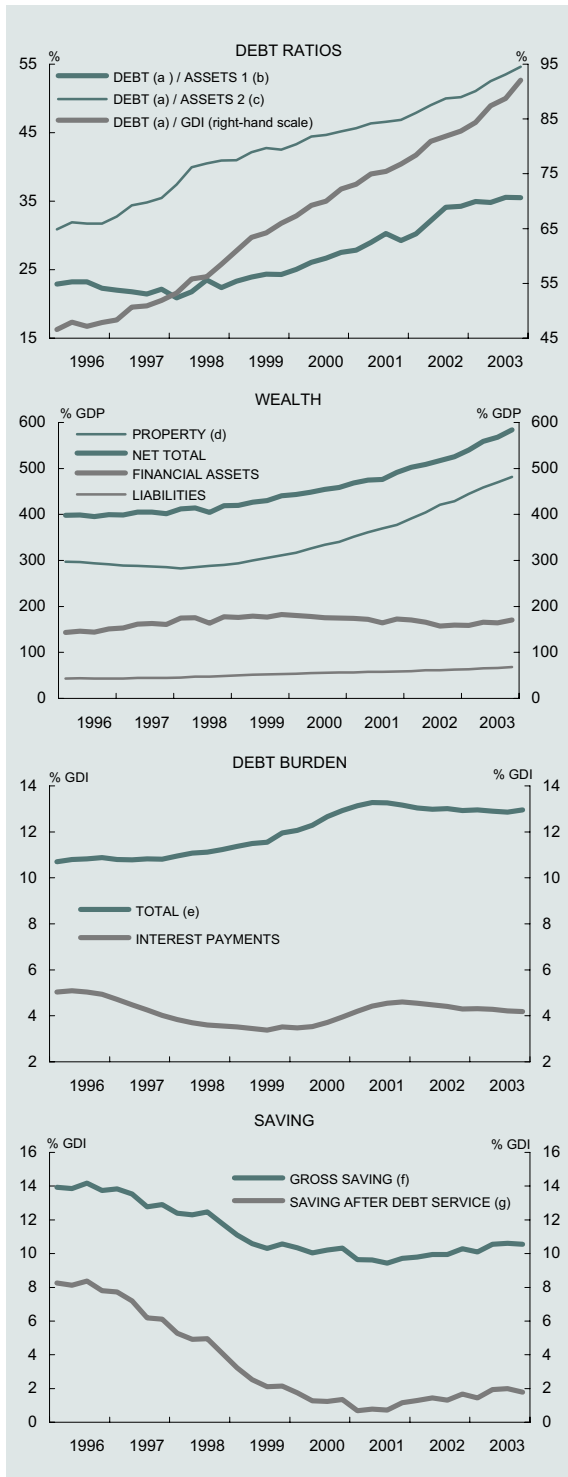
CHART 24

**Households and NPISHs
(cumulative four-quarter data)**


Source: Banco de España.

CHART 25

Indicators of the financial position of households and NPISHs

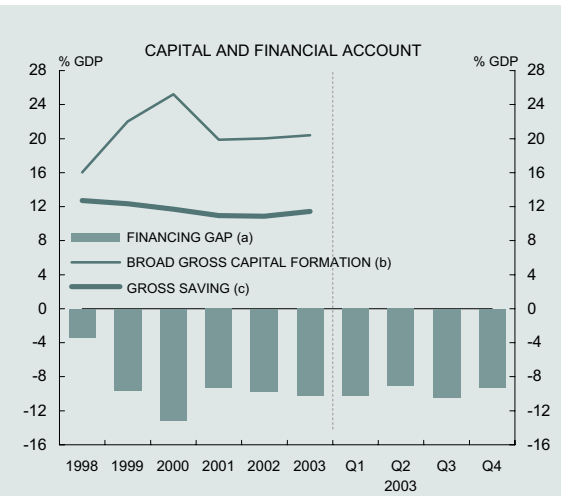


Source: Banco de España.

- (a) Includes bank credit and securitisation.
- (b) Assets 1 = total financial assets - "other".
- (c) Assets 2 = Assets 1 - shares - shares in FIM.
- (d) Calculated on the basis of the estimated changes in the stock of housing, in the average area per house and in the price per square metre.
- (e) Estimated interest payments plus debt repayments.
- (f) Balance of households' use of disposable income account.
- (g) Gross saving less estimated debt repayments.

CHART 26

**Non-financial corporations
(cumulative four-quarter data)**



Source: Banco de España.

- (a) Financial resources that cover the gap between real and permanent financial investment and gross saving.
- (b) Includes gross capital formation, stockbuilding and foreign equities.
- (c) Includes capital transfers.

thetical adverse change in its wealth, in its income or in the cost of debt without changing its spending decisions is now smaller than in the past. Also, as pointed out several times before, the impact of this shock would be greater in a setting of high indebtedness like that at present. In this same line, the microeconomic information available from the Household Budget Survey shows that a growing percentage of households are finding it difficult to save, so the proportion of households that is more vulnerable to unfavourable changes in the macroeconomic environment has probably grown.

5.3. Non-financial corporations

Financing terms for corporations continued to be generous in 2004 Q1. Thus lending rates held at around the low levels reached during the previous year. Specifically, the interest rate on loans of up to €1 million stood at 4.22% in February (4.25% in December), while that on loans of higher amounts decreased to 3.27% (13 bp less than in December). The risk premia required in corporate financing rose slightly although by less than the decline in public debt yields, so the average cost of financing via fixed-income securities continued to be moderate. Similarly, the conditions for raising funds on equity markets generally continued to improve thanks to rising stock market prices and decreasing volatility.

TABLE 6

**Financial assets and liabilities of households, NPISHs and non-financial corporations
(cumulative four-quarter data)**

% GDP

	2000	2001	2002	2003		
				Q2	Q3	Q4
HOUSEHOLDS AND NPISHs						
Financial transactions (assets)	9.4	7.9	9.0	8.7	9.4	10.8
Cash and cash equivalents	0.9	1.2	3.9	3.7	4.2	4.7
Other deposits and fixed-income securities (a)	5.9	3.4	1.5	0.2	-0.1	0.1
Shares and other equity (b)	1.4	-0.1	0.9	0.4	0.4	0.7
Mutual funds	-3.2	0.8	0.2	1.3	2.0	2.3
<i>FIAMM</i>	<i>-1.2</i>	<i>1.3</i>	<i>0.7</i>	<i>0.7</i>	<i>0.9</i>	<i>0.6</i>
<i>FIM</i>	<i>-2.0</i>	<i>-0.5</i>	<i>-0.5</i>	<i>0.6</i>	<i>1.2</i>	<i>1.8</i>
Insurance technical reserves	3.3	2.6	2.6	2.5	2.4	2.1
Of which:						
<i>Life assurance</i>	<i>1.9</i>	<i>1.4</i>	<i>1.5</i>	<i>1.3</i>	<i>1.2</i>	<i>0.5</i>
<i>Pension funds</i>	<i>1.1</i>	<i>0.9</i>	<i>0.9</i>	<i>0.8</i>	<i>0.7</i>	<i>0.9</i>
Other	1.1	0.0	-0.1	0.6	0.6	1.0
Financial transactions (liabilities)	8.3	6.8	7.5	7.9	8.4	10.0
Credit from resident financial institutions (c)	7.0	5.4	7.2	7.8	8.1	9.4
House purchase credit (c)	5.4	4.8	5.2	5.4	5.6	7.2
Consumer and other credit (c)	1.6	0.6	2.1	2.5	2.5	2.1
Other	1.3	1.3	0.3	0.2	0.2	0.7
NON-FINANCIAL CORPORATIONS						
Financial transactions (assets)	25.9	16.7	16.4	18.3	17.5	17.2
Cash and cash equivalents	0.9	1.7	1.6	1.4	1.3	0.9
Other deposits and fixed-income securities (a)	0.5	0.4	1.5	1.0	1.4	1.3
Shares and other equity	13.4	6.4	7.0	7.1	7.1	6.7
Of which:						
<i>Vis-à-vis the rest of the world</i>	<i>9.7</i>	<i>4.7</i>	<i>5.3</i>	<i>4.8</i>	<i>5.6</i>	<i>4.6</i>
Other	11.0	8.3	6.3	8.7	7.6	8.3
Financial transactions (liabilities)	29.2	21.3	20.9	22.6	22.2	21.8
Credit from resident financial institutions (c)	7.5	6.5	6.3	7.3	7.0	7.1
Foreign loans	3.5	4.0	3.0	1.9	2.7	2.8
Fixed-income securities (a)	-1.2	0.0	-0.4	-0.3	-0.2	-0.2
Shares and other equity	12.8	5.3	6.0	6.6	6.5	5.1
Other	6.6	5.4	6.0	7.1	6.3	7.0
MEMORANDUM ITEM: YEAR-ON-YEAR GROWTH RATES (%):						
Financing (d)	18.1	15.6	14.3	14.4	14.9	16.1
Households and NPISHs	17.3	12.4	15.7	16.1	16.6	18.7
Non-financial corporations	18.7	18.1	13.3	13.1	13.7	14.2

Source: Banco de España.

(a) Not including unpaid accrued interest, which is included under "other".

(b) Not including mutual funds.

(c) Includes securitised loans.

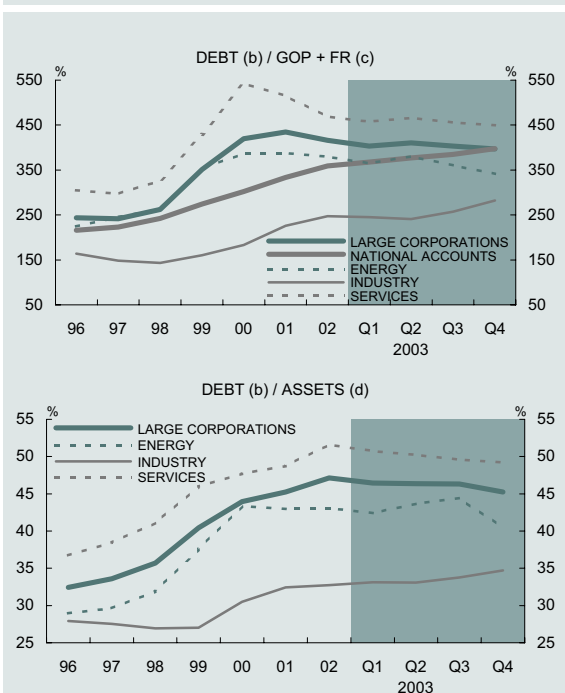
(d) Includes bank credit extended by resident credit institutions, foreign loans, fixed-income securities and financing through securitisation vehicles.

In 2003 Q4 the volume of liabilities-side transactions in cumulative twelve-month terms stood at 21.8% of GDP, down 0.4 pp on September (see Chart 6). In terms of components, the year-on-year growth rate of interest-bearing borrowed funds rose slightly to 14.2% and, on provisional information for 2004 Q1, this trend looks set to continue. The funds obtained in this

way between October and December last year represented, in cumulative twelve-month terms, 9.7% of GDP, up slightly on September, with a very similar composition by instrument. The funds raised by corporations through share and other equity issues amounted to 5.1% of GDP, which was 1.4 pp less than in the previous quarter.

CHART 27

Debt ratios of non-financial corporations (a)



Source: Banco de España.

(a) All the series, except "National Accounts", are calculated with CBSO information. Up to 2002, the information is from the CBSO annual survey (CBA). Thereafter, the indicators have been estimated drawing on the CBSO quarterly survey (CBQ).

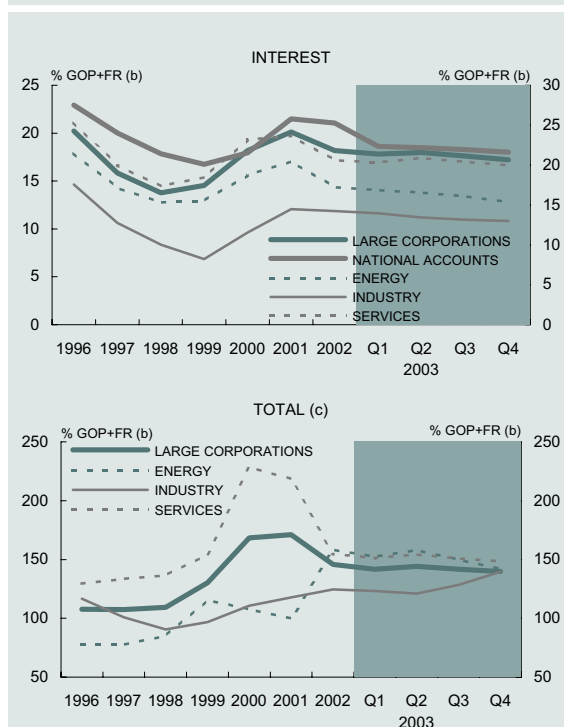
(b) Interest-bearing borrowed funds.

(c) Gross operating profit plus financial revenue.

(d) Defined as total inflation-adjusted assets less non-interest-bearing liabilities.

CHART 28

Debt burden of non-financial corporations (a)



Source: Banco de España.

(a) All the series, except "National Accounts", are calculated with CBSO information. Up to 2002, the information is from the CBSO annual survey (CBA). Thereafter, the indicators have been estimated drawing on the CBSO quarterly survey (CBQ).

(b) Gross operating profit plus financial revenue.

(c) Includes interest plus interest-bearing short-term debt.

The bank credit extended for most productive activities decelerated in Q4, with the main exception of non-real estate services. This trend did not prevent the credit for construction and real estate services from continuing to expand at high rates. Credit to industry was clearly sluggish, probably due to the scant momentum of investment by this sector.

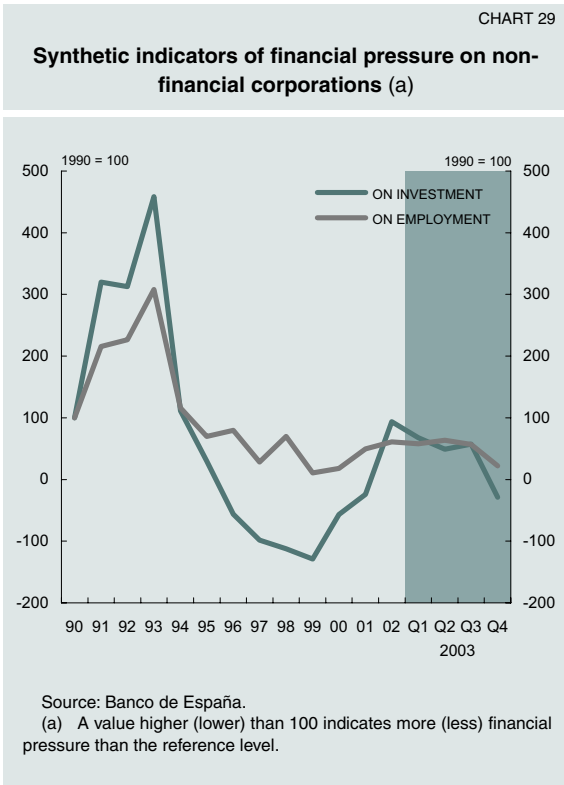
In 2003 Q4, as in the quarter preceding it, the acquisition of financial assets by non-financial corporations decreased and, in cumulative twelve-month terms, financial investment amounted to 17.2% of GDP (see Table 6). Most noteworthy as regards components was the decrease in the percentage of GDP represented by payment instruments and by the acquisition of shares and other equity, the latter being the net result of an increase in Spain and a contraction abroad.

The net borrowing of corporations between October and December in cumulative twelve-month terms represented 4.6% of GDP, down slightly on the previous quarter (see Table 5).

The financing gap, which is the external funds required to enable permanent financial and real investment, contracted during the same period by more than 1 pp to stand at 9.3% of GDP (see Chart 26).

The debt ratios of non-financial corporations increased slightly from September to December last year, and the provisional data for 2004 Q1 point to fresh increases (see Chart 27). On Central Balance Sheet Data Office (CBSO) data for Q4, this behaviour was not homogeneous across corporations, since, in certain cases such as that of the larger corporations, indebtedness continued to decline. Meanwhile, in all sectors the debt burden arising from interest showed the same downward trend seen in previous quarters, reflecting the low cost of debt (see Chart 28). If short-term debt is added to interest, the resulting debt burden indicator also decreased slightly in Q4 in all sectors except the industrial sector.

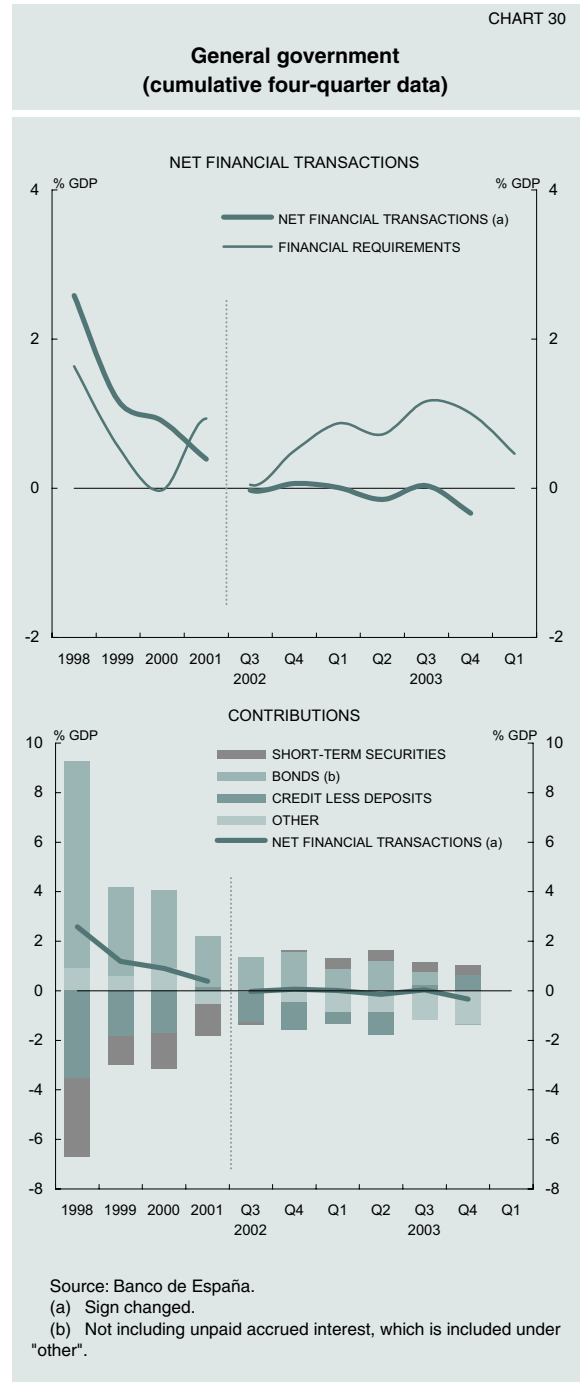
On CBSO data, corporate earnings performed very favourably in 2003. Thus ordinary



net profit, which excludes extraordinary revenue and expenses, increased by 15.9% for the reporting corporations as a whole, well above the 1.2% recorded in 2002. Moreover, this improvement was fairly general across sectors, except for industry, which showed practically zero earnings growth. This performance brought a recovery of ordinary return on equity, which stood at 12.1%. Meanwhile, analysts' short-term expectations regarding listed corporations' profits recovered during 2003, although the same cannot be said for the longer term (Box 5).

As a result of the performance of the aforementioned variables, the aggregate synthetic indicators of financial pressure on investment and employment obtained from CBSO information decreased in 2003 Q4, thereby holding at historically low levels (see Chart 29).

In sum, the aggregate financial position of corporations remains sound, which, together with the improvement in short-term earnings expectations, means that conditions are favourable for the recovery of productive investment. However, the performance of this variable will also depend on the extent to which the balance sheet adjustment by some highly indebted corporations, such as the larger ones, has or has not been completed and on long-term earnings expectations which, as mentioned above, still show no sign of recovery. In any event, as with households, the high level



of indebtedness means that the sensitivity of spending and hiring decisions to unforeseen shocks in the cost of debt and in earnings is greater than in the past.

5.4. General government

From October to December 2003, the net balance of the financial transactions of general government was negative, although in cumulative twelve-month terms it stood at 0.3% of GDP, up slightly on the previous quarter (see Chart 30).

TABLE 7

Financial transactions of the nation (cumulative four-quarter data)

% GDP

	2000	2001	2002	2003		
				Q2	Q3	Q4
Net financial transactions	-2.5	-2.2	-1.6	-2.0	-2.3	-2.0
Financial transactions (assets)	24.5	12.2	13.8	14.1	15.4	13.9
Gold and SDRs	0.0	0.0	0.0	0.0	0.0	0.0
Cash and deposits	2.8	-2.7	3.5	2.8	0.7	1.1
Credit system	2.5	-2.7	2.0	1.6	-0.4	0.2
Other resident sectors	0.4	0.0	1.5	1.2	1.1	0.9
Securities other than shares	3.9	7.2	4.3	5.5	7.8	7.1
Credit system	-0.3	2.0	0.5	1.9	4.1	3.7
Other resident sectors	4.2	5.2	3.8	3.5	3.8	3.4
Shares and other equity	15.0	5.2	5.3	4.6	6.0	4.8
Credit system	1.8	0.0	0.2	-0.4	-0.3	-1.1
Other resident sectors	13.2	5.2	5.2	4.9	6.3	5.9
Of which:						
Non-financial corporations	9.7	4.7	5.3	4.8	5.6	4.6
Loans	2.7	2.5	0.6	1.3	0.9	1.0
Credit system	0.5	0.8	0.1	0.2	0.3	0.3
Other resident sectors	2.1	1.7	0.5	1.1	0.6	0.7
Financial transactions (liabilities)	26.9	14.4	15.4	16.1	17.7	15.9
Deposits	6.7	2.8	4.4	4.5	6.5	7.6
Of which:						
Credit system	6.8	2.8	4.4	4.5	6.4	7.5
Securities other than shares	7.2	3.2	4.5	5.3	4.5	5.6
Credit system	0.7	0.6	1.4	2.8	3.0	3.7
General government	5.8	1.6	1.2	0.4	-0.9	-1.0
Other resident sectors	0.6	0.9	1.8	2.1	2.4	3.0
Shares and other equity	9.4	4.6	4.2	4.6	4.3	0.9
Credit system	1.8	0.5	0.1	-0.1	0.0	-0.2
Other resident sectors	7.7	4.1	4.1	4.6	4.4	1.1
Loans	4.1	4.3	3.5	2.4	3.0	3.2
General government	0.0	0.1	0.1	0.0	-0.1	-0.1
Other resident sectors	4.1	4.3	3.4	2.5	3.1	3.3
Other, net (a)	-0.5	-0.5	-1.1	-0.8	-0.7	-1.3

Source: Banco de España.

(a) Includes the asset-side caption reflecting insurance technical reserves.

In 2003 Q4 the net issuance of marketable securities by general government was positive in both short-term instruments (€125 million) and long-term instruments (€223 million). The stock of net deposits decreased by €891 million in the same period. This did not prevent the net issuance of marketable securities from decreasing significantly in cumulative twelve-month terms to 0.4% of GDP as a result of the lower contribution of funds obtained from medium-

and long-term securities and of the unchanged contribution from short-term issues.

Provisional information for 2004 Q1, evaluated from the standpoint of *financial requirements*, which represent recourse by general government to financial markets and are a leading indicator of the sector's saving, points to a decrease in funding requirements in cumulative twelve-month terms. The breakdown by

Change in business earnings expectations

One of the factors that most influences the investment decisions of firms is their earnings expectations. A source customarily used to measure them is the survey of stock market analysts' earnings forecasts for listed companies conducted by the Institutional Brokers Estimate System (I/B/E/S), which includes individual, sectoral and, in some cases, national-aggregate information on expected short- and long-term earnings (1). The adjacent chart shows the annual growth rates of expected short- and long-term earnings of Spanish corporations (2).

As can be seen, in mid-2000 expectations worsened, especially in the short term, with the year-on-year change slumping to negative values. The international economic slowdown and the heightened uncertainty during that period probably explain this behaviour. By contrast, short-term corporate earnings growth expectations recovered from 2002, turning positive again in 2003. Furthermore, this recovery was general, since it affected all branches, although it was particularly notable in those, such as technology and energy, where the deterioration had been sharpest.

However, this improvement has still not flowed through to longer-term expectations, which continued to deteriorate, although in the last two quarters of 2003 the downward trend seems to have been detained. Thus, the earnings growth expectations over this time horizon currently stand at historically low values. Consequently, despite the favourable performance of the earnings published by Spanish corporations and of their earnings expectations for the coming months, the expectations of profit in the longer term have yet to show clear signs of recovery. This could be one of the factors holding back corporate spending decisions. Against this background, the present lower uncertainty, the firming of an environment of intensified international economic activity and the headway made in certain structural reforms seem to be emerging as the major factors that could lead to an upward revision of earnings expectations and, along with it, to the prompt arrival of the favourable prospects for productive investment heralded by the generous financial conditions enjoyed by this sector.



(1) Short term is defined as a twelve-month horizon. No express horizon is defined for long term.
 (2) More specifically, the chart plots the related averages weighted by the capitalisation of each sector.

instrument shows a certain recovery in long-term liabilities along with a decrease in short-term liabilities.

5.5. The rest of the world

From October to December 2003 the debit balance of the nation's financial transactions in cumulative twelve-month terms decreased to stand at 2% of GDP, down 0.3 pp on the previous quarter. This was the result of increased saving by general government and financial in-

stitutions, which outweighed the growth in dis-saving by the non-financial private sector. Asset and liability flows, measured in cumulative twelve-month terms, decreased again in Q4 following the recovery from June to September.

Net purchases of foreign assets contracted to 13.9% of GDP in cumulative twelve-month terms, against 15.4% in the previous quarter (see Table 7). This resulted from a decline in flows of both debt and equity marketable securities, which was not offset by the increases in other items. On provisional Balance of Pay-

TABLE 8

**Net financial assets vis-à-vis the rest of the world (a)
(Q4 data)**

% GDP

	1998	1999	2000	2001	2002	2003
National economy	-29.4	-30.0	-26.6	-27.5	-31.7	-38.6
Non-financial corporations and households	-17.8	-17.7	-9.8	-10.5	-12.2	-15.0
Non-financial corporations	-23.7	-24.4	-17.1	-17.9	-20.0	-23.9
Households and NPISHs	5.9	6.7	7.3	7.4	7.8	8.9
Financial institutions	6.3	8.1	8.2	8.4	6.3	-1.7
Credit institutions (b)	-5.4	-7.5	-11.6	-13.9	-14.5	-22.2
Institutional investors (c)	12.0	16.3	20.8	24.2	24.4	26.8
Other financial institutions	-0.4	-0.6	-0.9	-1.8	-3.6	-6.3
General government	-17.9	-20.5	-25.1	-25.4	-25.8	-21.8

(a) Calculated as the difference between the stocks of financial assets and liabilities vis-à-vis the rest of the world according to quarterly financial accounts data.
(b) Defined in accordance with the First Banking Directive.
(c) Insurance corporations and portfolio investment institutions.

ments data, in 2003 as a whole foreign long-term (direct) investment contracted by nearly 40% with respect to the previous year, whereas portfolio investment abroad accelerated with respect to 2002.

On the liabilities side, net flows amounted to 15.9% of GDP in cumulative twelve-month terms, down 1.8 pp on the previous quarter. By instrument, most headings showed increases, although their overall amount was less than the notable decrease in the flows of

shares and other equities. According to Balance of Payments data, inward foreign direct investment in Spain in 2003 as a whole fell by nearly 40%.

Finally, the provisional information on the debit position of the Spanish economy vis-à-vis the rest of the world shows that it stood at 38.6% of GDP at end-2003, a deterioration of 6.9 pp relative to December 2002 (see Table 8).

28.04.2004

Results of non-financial corporations in 2003 Q4 and summary year-end data (1)

1. INTRODUCTION

The November 2003 edition of the Economic Bulletin detailed the results of the non-financial corporations reporting to the CBSO Quarterly Survey (CBQ) during the first three quarters of the year. The information now available for the four quarters of 2003 confirms the diagnosis then made, namely sustained growth in activity throughout the year and up on 2002. This performance reveals a 6.3% increase in the nominal gross value added (GVA) of the corporations making up the quarterly sample, compared with 3.4% in 2002. That said, if the refining and fuel marketing corporations (over-represented in the sample and affected over the past two years by sizable changes in crude oil prices) are excluded from the aggregate, the respective rates for 2003 and 2002 would stand at 5.7% and 4.6%, more in line with the performance reflected by Quarterly National Accounts (QNA). Said performance includes the effect of some stagnation in industrial corporations and, as alternative indicators infer, it was sustained by the favourable trend of consumption and construction, and by something of a pick-up in investment in capital goods and a negative contribution of net external demand. As the year unfolded the international situation showed clear signs of recovery, in terms both of the sound US and South-East Asian economic data and of the Latin-American countries overcoming the worst of the crisis besetting them. However, activity in the main euro area countries remained lacklustre, although there are signs of something of a recovery in the data for the closing months, which are expected to be confirmed during 2004. That would contribute to a gradual reduction in the negative contribution of external activity to the growth of Spanish corporations' GVA and, most particularly, to that of firms in the industrial sector, which would be the main beneficiaries of this recovery, since the euro area is the main recipient of its exports.

In terms of employment, the CBQ data show growth of 0.6% in 2003, slightly up on the figure of 0.3% in 2002. This moderate performance (which, due to the bias in the sample, is less favourable than that reflected by the official employment indicators and than that which, on experience, the CBA survey will show at the close of the year 2003) includes the effect of an adverse trend in employment in industry (-0.8%) for the third year running. In sum, the maintaining of a positive and growing rate of change of

(1) This article is based on the data provided to 12 March 2004 by the 754 corporations which, on average, have reported information to the CBQ survey in the period analysed. In terms of activity, the aggregate of corporations accounts for approximately 13.7% of the GVA of the sector non-financial corporations.

TABLE 1

Profit and loss account. Year-on-year changes
Growth rates of the same corporations on the same period a year earlier

Databases	CBA	CBA		CBQ (a)		
	Structure	2001	2002	01 Q1 - Q4	02 Q1 - Q4	03 Q1 - Q4
	2002	2001	2002	00 Q1 - Q4	01 Q1 - Q4	02 Q1 - Q4
Number of corporations / Total national coverage		8124/28.6%	6288/24.9%	870/15.7%	851/15.6%	754/13.7%
1. VALUE OF OUTPUT (including subsidies)	100.0	4.1	2.9	1.4	1.0	4.1
Of which:						
1. Net amount of turnover and other operating income	132.3	6.2	3.7	3.2	2.6	4.5
2. INPUT (including taxes)	67.9	3.3	1.4	0.0	-0.4	2.7
Of which:						
1. Net purchases	40.4	-1.1	-1.0	-3.4	-2.6	1.4
2. Other operating costs	27.3	8.6	6.7	5.5	4.9	6.6
S.1. GROSS VALUE ADDED AT FACTOR COST [1 - 2]	32.1	5.7	6.1	4.0	3.4	6.3
3. Personnel costs	16.3	5.6	5.2	4.6	4.3	4.0
S.2. GROSS OPERATING PROFIT [S.1 - 3]	15.8	5.9	7.0	3.5	2.6	8.2
4. Financial revenue	2.9	40.8	9.7	37.9	-9.5	4.2
5. Financial costs	3.3	19.1	-4.9	15.2	-2.3	-1.3
6. Depreciation and operating provisions	7.2	3.5	3.5	1.4	1.3	1.2
S.3. ORDINARY NET PROFIT [S.2 + 4 - 5 - 6]	8.2	14.2	8.7	11.4	1.2	15.9
7. Capital gains and extraordinary revenue	8.8	1.6	98.1	15.3	104.8	-40.1
8. Capital losses and extraordinary expenses	5.3	5.6	44.1	-6.6	133.5	-21.0
9. Other net provisioning	9.6	60.4	306.3	60.1	138.8	-86.5
10. Income tax	1.6	6.2	2.3	5.3	-6.9	17.1
S.4. NET PROFIT [S.3 + 7 - 8 - 9 - 10]	0.4	-2.1	-90.1	-10.7	(b)	(b)
Memorandum item: FUNDS GENERATED FROM OPERATIONS [S.2 + 4 - 5 - 10]	13.8	9.3	6.6	6.8	2.3	8.6
PROFIT RATIOS						
R.1 Return on investment (before taxes)		7.6	7.7	7.8	8.2	8.3
R.2 Interest on borrowed funds/ interest-bearing borrowing		5.1	4.3	5.2	4.6	4.2
R.3 Ordinary return on equity (before taxes)		9.6	10.7	9.9	11.4	12.1
R.4 ROI - cost of debt (R.1-R.2)		2.5	3.4	2.6	3.6	4.1
R.5 Debt ratio		49.0	51.9	49.8	53.0	52.4

Source: Banco de España.

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

(b) Rate not significant or not calculable because the relevant figures are of different sign.

Note: Internal accounting movements have been edited out of items 4, 5, 7, 8, 9 and 10.

TABLE 2.a

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

	Gross value added at factor cost				Employees (average for period)				Personnel costs				Compensation per employee			
	CBA		CBQ (a)		CBA		CBQ (a)		CBA		CBQ (a)		CBA		CBQ (a)	
	2001	2002	02 Q1 - Q4	03 Q1 - Q4	2001	2002	02 Q1 - Q4	03 Q1 - Q4	2001	2002	02 Q1 - Q4	03 Q1 - Q4	2001	2002	02 Q1 - Q4	03 Q1 - Q4
Total	5.7	6.1	3.4	6.3	2.7	1.6	0.3	0.6	5.6	5.2	4.3	4.0	2.8	3.6	4.0	3.4
SIZE:																
Small	7.7	3.4	—	—	2.1	0.6	—	—	7.6	4.6	—	—	5.4	4.0	—	—
Medium	8.2	7.7	3.4	3.1	4.1	1.8	1.2	0.2	9.4	6.0	4.0	4.8	5.1	4.1	2.8	4.6
Large	5.3	6.0	3.4	6.5	2.5	1.6	0.2	0.7	5.0	5.2	4.3	3.9	2.3	3.5	4.1	3.2
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:																
Energy	-5.9	-0.8	-4.6	9.7	-2.6	-3.2	-3.2	-1.9	2.9	0.4	0.1	2.7	5.6	3.7	3.4	4.7
Industry	0.2	2.8	1.2	1.1	-0.8	-0.8	-1.8	-0.8	3.1	3.1	1.5	2.5	3.9	4.0	3.4	3.3
Wholesale and retail trade	8.8	11.4	9.8	10.4	6.7	6.8	3.9	4.2	8.9	8.7	6.5	7.6	2.0	1.8	2.5	3.3
Transport and communications	14.8	10.0	7.2	4.8	0.5	-2.5	-1.1	-0.1	3.7	5.4	5.3	3.0	3.2	8.1	6.5	3.1

Source: Banco de España.

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

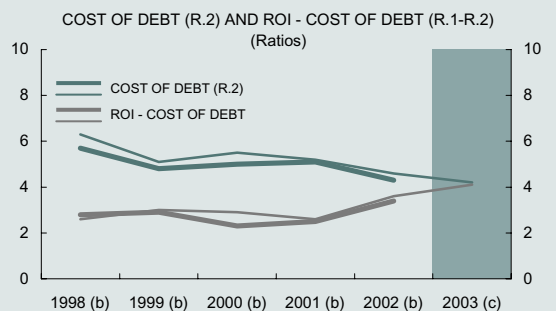
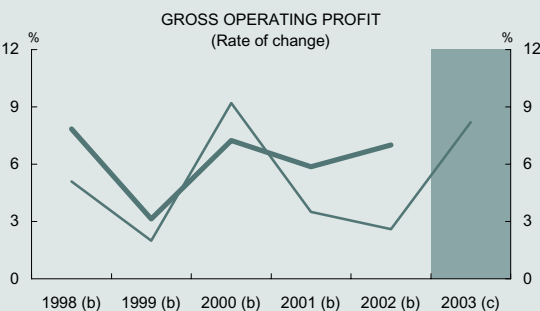
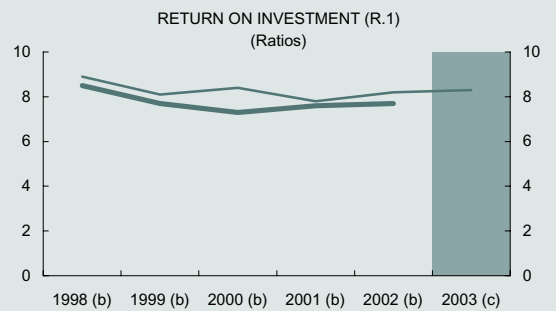
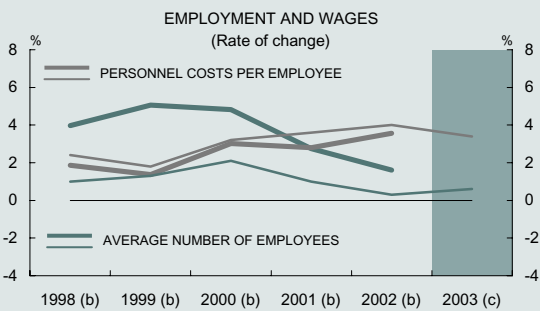
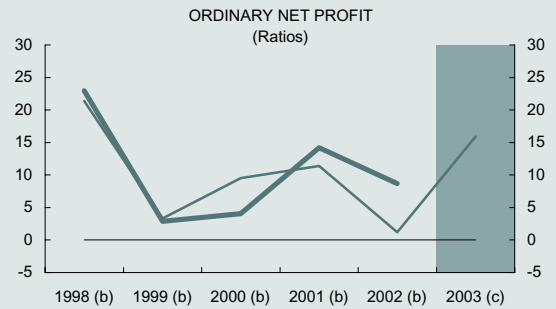
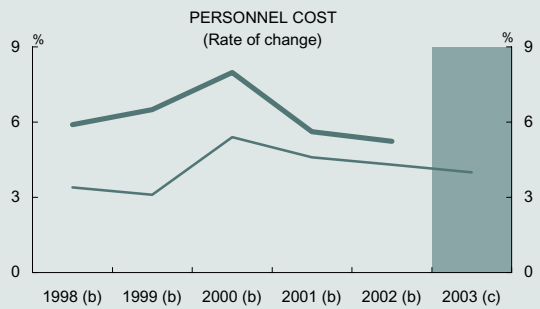
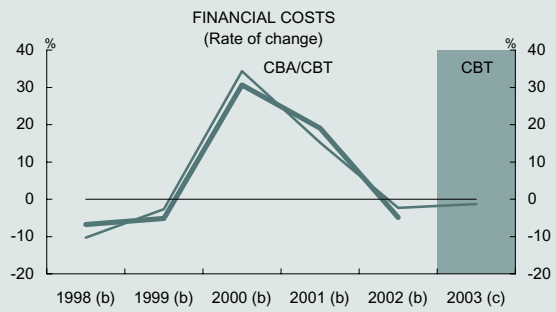
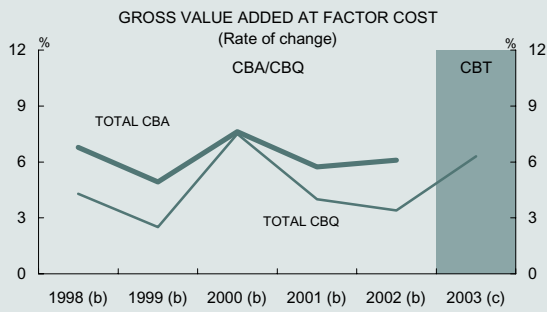
employment in 2003 is further confirmation of the healthy position of corporations during the year and of the favourable conditions in which the firms of the aggregate as a whole are facing the oncoming year, this diagnosis not being valid for industrial corporations. Average compensation grew by 3.4% in 2003, a rate slightly down on 2002 (4%), which is indicative of the fact that the reporting corporations are trending towards more moderate growth. The recent reduction in the CPI will contribute to this positive trend in compensation firming, helping enhance Spanish corporations' competitiveness in the medium and long run.

The performance of employment and compensation taken as a whole meant that personnel costs grew by 4.0% in 2003, compared with GVA of 6.3% the same year. That explains why gross operating profit climbed by 8.2%, against 2.6% in 2002. Financial costs continued on a slightly declining trend in 2003, albeit somewhat slacker than the previous year (-1.3%), since the reductions due to lower rates were largely offset by the increase in debt. Moreover, the inflow of dividends into certain holding companies, arising from profits generated by their foreign subsidiaries, provided for an increase of 4.2% in financial revenue in 2003. This performance, and some stabilisation in

depreciation and operating provisions, explains why ordinary net profit rose by 15.9%, against 1.2% in 2002. These results enabled corporations to maintain a high level of return on investment, higher than in previous years. And that, combined with the fresh reduction in the ratio approximating the cost of borrowing, which held at a minimum, led the spread between both ratios (ROI and cost of debt) to be clearly positive. Finally, mention should be made of net profit, which worsened strongly in 2002, essentially as a result of the extraordinary provisions to recognise the effect wrought on certain Spanish corporations' investments by both the delicate economic situation affecting Latin America and the investment losses in Europe in developing UMTS telephony. Once these effects were absorbed, corporations attained a net profit level in 2003 constituting a high for the quarterly series (28.6% of GVA in 2003 compared with -1.0% of GVA in 2002). This performance cannot be reflected in the rate of change of this variable, since the move from a loss position to a profit-making one precludes calculation of this rate. Further, it is possible that the resumption of a climate of greater stability in Latin America and the roll-out of UMTS technology may contribute to improving net profit as from 2004 by prompting the opposite effects to those recorded in 2002.

CHART 1

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



NUMBER OF CORPORATIONS						
CBA	8,143	8,265	8,153	8,124	6,288	
CBQ	838	884	894	870	851	754
% OF GDP OF THE SECTOR NON-FINANCIAL CORPORATIONS						
CBA	33.6	31.8	30.8	28.6	24.9	
CBQ	18.3	17.9	16.6	15.7	15.6	13.7

NUMBER OF CORPORATIONS						
CBA	8,143	8,265	8,153	8,124	6,288	
CBQ	838	884	894	870	851	754
% OF GDP OF THE SECTOR NON-FINANCIAL CORPORATIONS						
CBA	33.6	31.8	30.8	28.6	24.9	
CBQ	18.3	17.9	16.6	15.7	15.6	13.7

— CBA Data.

— CBQ Data.

Source: Banco de España.

(a) Information available to 12 March 2004 (CBA and CBQ).

(b) The 1998, 1999, 2000, 2001 and 2002 data are based on information from the corporations 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 first four quarters of 2003 relative to the same period of 2002.

TABLE 2.b

Employment and personnel costs
Details based on changes in staff levels

	Total CBO corporations 03 Q1-Q4	Corporations increasing (or not changing) staff levels	Corporations reducing staff levels
Number of corporations	754	415	339
Personnel costs			
Initial situation 02 Q1-Q4 (€ m)	21,251.5	11,414.6	9,836.9
Rate 03 Q1-Q4/02 Q1-Q4	4.0	7.9	-0.5
Average compensation			
Initial situation 02 Q1-Q4 (€)	36,783.6	32,895.1	42,583
Rate 03 Q1-Q4/02 Q1-Q4	3.4	3.0	5.0
Number of employees			
Initial situation 02 Q1-Q4 (000s)	578	347	231
Rate 03 Q1-Q4/02 Q1-Q4	0.6	4.8	-5.6
Permanent			
Initial situation 02 Q1-Q4 (000s)	479	280	199
Rate 03 Q1-Q4/02 Q1-Q4	0.5	3.5	-3.8
Non-permanent			
Initial situation 02 Q1-Q4 (000s)	99	67	32
Rate 03 Q1-Q4/02 Q1-Q4	1.4	10.2	-16.9

Source: Banco de España.

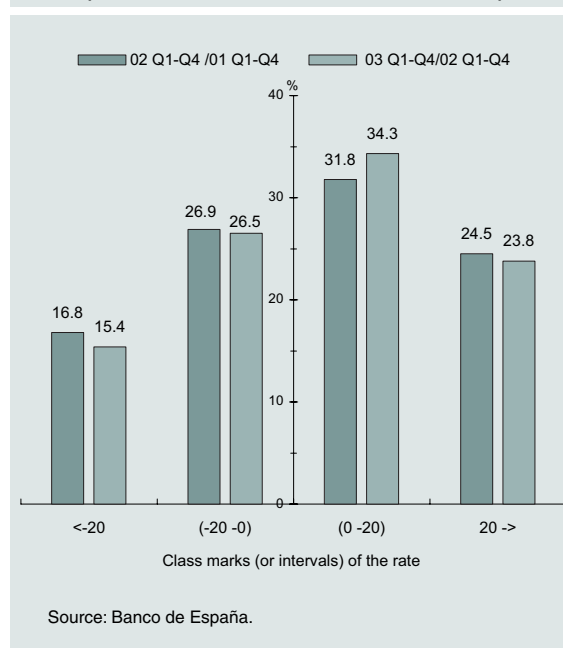
In short, it can be confirmed that the non-financial corporations in the sample were, at end-2003, well poised ahead of 2004 to harness the pick-up in the international economy and, more specifically, the recovery expected in the euro area economy. However, this favourable starting position, which is not extensive to industrial firms, may be affected – to an extent difficult to pinpoint – by the uncertainty generated by the recent terrorist bombings in Madrid on 11 March.

2. ACTIVITY

On the CBQ data available, business activity continued to grow at a sustained rate during 2003, especially in the final quarter. Clearly higher rates than the previous year were posted (see Table 1 and Chart 1), as highlighted by the fact that, in the sample of corporations analysed, GVA grew by 6.3% in 2003 compared with 3.4% in 2002. As has been habitual in the current cycle, consumption and investment in construction were the main underpinnings of business activity, although also accompanying them in 2003 was a certain improvement in investment in capital goods, as other alternative sources confirm. The contribution of foreign activity to output remained negative, since although the international situation improved ap-

CHART 2

Distribution of corporations by rate of change in GVA at factor cost
(02 Q1-Q4 /01 Q1-Q4, 03 Q1-Q4/02 Q1-Q4)



preciably as the year elapsed, the pick-up was more evident in the United States and in the South-East Asian countries, without a recovery in demand having yet come about in the euro area countries. As a result, Spanish firms' exports to the euro area continued to trend very modestly. This is highlighted by Table 3, where the scant buoyancy of exports throughout 2003 can be seen, as can the fact that imports gained in weight during this period.

With the exception of industry, all sectors performed in line with the total aggregate of the sample. GVA in the energy sector increased by 9.7%, as a result of the favourable performance of both electric utilities and refining corporations. The GVA of the electric utilities grew by 7.2%, assisted by the sizeable increases in the demand for electricity (which, adjusted for what the Electricity Network calls "working-time and weather effects", was 4.7% in 2003, one point up on the previous year). Refining corporations saw their margins increase significantly, thanks largely to the fact that the depreciation of the dollar against the euro allowed them to offset the rises in crude oil in 2003, especially in the first half of the year. This meant that GVA in this sector posted an increase of close to 40% over the course of 2003, due partly also to the fact that 2002 levels were very low, following the heavy declines in GVA in that period. If the distortion added by the erraticism of oil prices is stripped out, i.e. if refining and fuel marketing companies are not

TABLE 3

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

	CBA		CBQ (a)	
	2001	2002	02 Q1-Q4 / 01 Q1-Q4	03 Q1-Q4 / 02 Q1-Q4
Total corporations	8,124	6,288	851	754
Corporations reporting source/destination	8,124	6,288	820	727
	%	%	%	%
Net purchases	100.0	100.0	100.0	100.0
SOURCE OF PURCHASES:				
Spain	66.8	67.6	79.3	78.8
Total abroad	33.2	32.4	20.7	21.2
<i>EU countries</i>	19.9	19.4	15.6	16.2
<i>Third countries</i>	13.3	13.0	5.1	4.9
Net turnover	100.0	100.0	100.0	100.0
SALES DESTINATIONS:				
Spain	81.9	83.0	87.0	87.2
Total abroad	18.1	17.0	13.0	12.8
<i>EU countries</i>	13.3	12.6	8.5	9.0
<i>Third countries</i>	4.8	4.4	4.6	3.8

Source: Banco de España.
(a) All the data in these columns have been calculated as the weighted average of the relevant quarters.

considered, GVA growth rates for the aggregate of around 5.7% are obtained in 2003, compared with 4.6% in 2002. That confirms the greater buoyancy of productive activity in 2003, albeit with a somewhat milder profile in line with the trend recorded by the Quarterly National Accounts. Wholesale and retail trade remained on the same expansionary course as in recent quarters, with their GVA rising by 10.4% in 2003, thereby reflecting the continuing robustness of private consumption. Transport and communications companies also continued to grow at a sound pace (4.8%), driven essentially by the expansion of the mobile telephony segment. Finally, and in contrast to the foregoing, industrial corporations (analysed in Box 1) posted GVA growth of 1.1%, virtually unchanged on the previous year. This was largely due to the fact that this particular aggregate was most affected by the slowdown in foreign activity.

Lastly, drawing on the information in Chart 2, it is possible to analyse the distribution of corporations in terms of the rate of change of their GVA. Notably in 2003, there was a rise of almost two points in the percentage of companies posting increases in GVA (from 56.3% in 2002 to 58.1% in 2003), meaning that the favourable performance of the aggregate of firms is exten-

sive to a large number of them considered individually.

3. EMPLOYMENT AND PERSONNEL COSTS

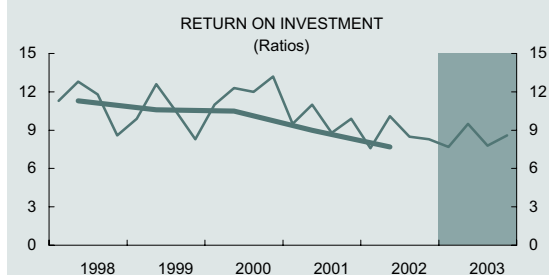
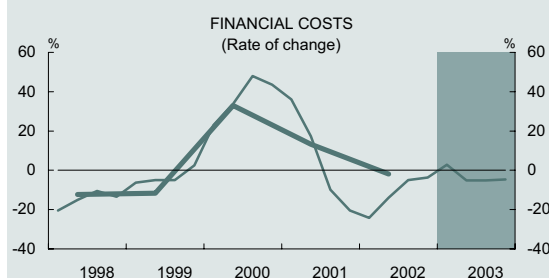
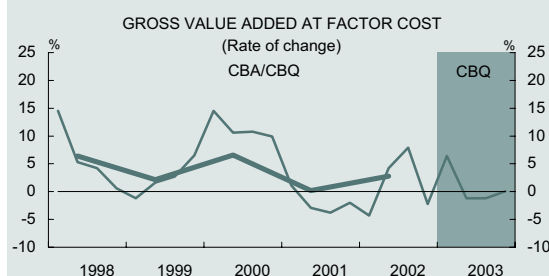
The CBQ data show that there was a rise of 0.6% in employment in 2003, up on the figure for 2002 (0.3%). The particularities of the quarterly sample, in which some sectors undergoing restructuring and systematically reducing staff (such as the electric utilities and transport and communications) have a sizeable weight, appreciably dampen the growth of this caption. In addition, this effect heightened in 2003 Q4 owing to the staffing adjustment by a major telecommunications operator. Consequently, the fact positive values have been sustained in the employment rate for the sample as a whole is consistent with the greater buoyancy of employment arising from the EPA (Labour Force Survey) and other alternative sources. By type of contract, temporary employment grew most strongly in 2003 (1.4%), as Table 2.b shows, reversing the trend of the past two years. Meanwhile, permanent employment continued to grow very mildly (0.5%), at a very similar pace to that of the previous year. Sector by sector, the continuing

Analysis of the industrial sector

The GVA of the industrial corporations making up the quarterly sample grew by scarcely 1.1% in relation to the same period a year earlier. This was the outcome of sharp growth in Q1, but which did not continue in the following quarters, in which activity posted slightly negative rates. Undoubtedly, among the sectors analysed by the CBQ, it is the industrial sector which is still overshadowed by most uncertainty about the future, owing to its dependence on the international and, in particular, the European economic situation. Only the food, beverages and tobacco and the glass, ceramics and metal sub-sectors recorded GVA growth in 2003 worthy of mention (6.8% and 3.2%, respectively). As a direct consequence of these developments in productive activity, industrial corporations as a whole did not – once again – see their staff numbers increase in 2003; on the contrary, for this item they posted a slightly negative rate (–0.8%) which, while this is the third year running they have not recorded net increases in employment, is appreciably up on 2002 (–1.8%). Once more, the two aforementioned sub-sectors (food, beverages and tobacco, and glass ceramics and metal) were alone in recording increases (even though these were mild) during the year as a whole in their average staff numbers. Average compensation grew by 3.3% in 2003, a very similar rate to that in both 2002 and 2001 (3.4%). As discussed in the main body of the text in connection with the total aggregate of corporations, wage growth needs to be more in line with the moderation of inflation, and this without forgetting the particularities of each firm, which should act as an obligatory point of reference in this field. The overall effect of developments in employment and in average compensation meant that personnel costs grew at a rate of 2.5% in 2003 which, as it was higher than that of GVA, led the GOP to decline by –0.6% in the period under study. The reduction in financial costs (–2.9%) allowed for a slight recovery in surpluses, which kept the ONP in 2003 at its 2002 level, a performance which clearly shows the slackness besetting the sector. The overall performance of the ONP and of financial costs enabled industry to sustain satisfactory profit levels, though these were slightly down on previous years in the case of both the return on investment and the return on equity. Lastly, the ratio measuring the cost of debt continued to fall and hit a new low, meaning that the spread between the ROI and cost-of-debt ratios held at positive levels that were virtually unchanged on 2002.

In sum, Spanish industry remained at a low level in terms of productive activity and the generation of surpluses and returns. Further, there are indications, such as the persistence of low rates of employment and the fact that the profile of the quarterly trend of activity in industry in 2003 is diminishing, giving rise to doubts about the sector picking up in the short term. In any event, the expected recovery in activity in the euro area economies is a necessary condition for such a pick-up.

Performance of the industrial corporations reporting to the CBSO (a)



NUMBER OF CORPORATIONS

CBA	3,244	3,038	2,974	2,728	2,137
CBQ	402	392	386	377	422
	392	377	406	397	433
	377	367	367	413	391
	367	377	377	403	393
	393	381	381	364	375
	364	364	352	352	365
	352	352	356	356	332
	356	332	228		

% OF GDP OF THE SUB-SECTOR INDUSTRIAL CORPORATIONS

CBA	34.4	31.2	31.4	27.2	21.6
CBQ	27.4	28.0	26.2	25.2	28.4
	26.2	25.2	29.0	27.1	27.1
	27.1	26.6	26.7	25.3	25.4
	26.6	25.4	22.2	21.8	20.6
	25.4	20.6	21.0	21.0	21.1
	21.0	20.2	20.2	19.1	20.8
	20.2	20.1	18.5	13.4	
	19.1	18.5			

— CBA data
— CBQ data

Source: Banco de España.

(a) Information available to 12 March 2004 (CBA and CBQ). The CBQ data are growth rates in relation to the same quarter a year earlier.

TABLE 4

Personnel costs, employees and average compensation
Percentage of corporations in specific situations

	CBA			CBQ		
	2000	2001	2002	01 Q1-Q4 (a)	02 Q1-Q4 (a)	03 Q1-Q4 (a)
Number of corporations	8,513	8,124	6,288	870	851	754
Personnel costs	100.0	100.0	100.0	100.0	100.0	100.0
Falling	18.1	21.8	28.0	28.3	32.7	30.0
Constant or rising	81.9	78.2	72.0	71.7	67.3	70.0
Average number of employees	100.0	100.0	100.0	100.0	100.0	100.0
Falling	24.5	27.8	31.1	40.2	43.1	45.4
Constant or rising	75.5	72.2	68.9	59.8	56.9	54.6
Average compensation (relative to inflation) (b)	100.0	100.0	100.0	100.0	100.0	100.0
Lower growth	47.4	39.0	48.0	46.8	49.2	43.0
Higher or same growth	52.4	61.0	52.0	53.2	50.8	57.0

Source: Banco de España.
(a) Weighted average of the relevant quarters for each column.
(b) Twelve-month percentage change in the CPI.

buoyancy of job creation in companies in the distributive trade was notable. Staffing levels at these firms increased by 4.2% in 2003, 0.3 pp more than in 2002. The remaining sectors saw slight reductions in employment, but these were less than in 2002, as highlighted by the case of energy and transport and communications corporations. Here, it seems the impact of restructuring derived from opening up to competition is gradually diminishing, although one-off adjustments may still arise. Finally, employment in industrial corporations trended at a negative though low rate for the third year running due to the fact that, as indicated above, this sector has been that most affected in recent years by the slackness of foreign markets.

Average compensation grew by 3.4% in 2003, 0.6 pp down on 2002. An analysis of the quarterly profile reveals that this slight moderation in the increase in average wages took place in the second half of the year and particularly in the final quarter, marking a turnaround on the information from previous quarters, which would be consistent with the moderate course of inflation. Table 2.a shows that this performance was underpinned by the decline in average personnel costs in the transport and communications sector. Regarding the breakdown of companies in terms of developments in employment and personnel costs (see Table 4), 57% of firms in the sample saw their wage costs outgrow the inflation rate during 2003,

while in 2002 only 50.8% of firms were in that position, which confirms the persistence of upward inertia here.

Finally, Table 2.b illustrates the differentiated behaviour of the aggregate of corporations whose average number of employees increased (or held stable), and that of those whose staffing levels fell. The group of companies which saw their average number of employees fall in 2003 was that in which average compensation grew at a higher rate (5.0%). As has habitually been the case, average wage cost increases at the companies maintaining or creating new jobs were appreciably lower (3.0%).

4. PROFITS, MARGINS AND RATES OF RETURN

The outlook described, marked by sustained growth in activity along with more contained personnel costs (thanks chiefly to the slight moderation in average compensation), meant that the gross operating profit of firms in 2003 grew by 8.2%, compared with 2.6% the previous year. Financial costs continued to fall slightly in 2003 (posting a rate of -1.3%), somewhat less marked than the previous year's rate (-2.3%). With the following table it is possible to analyse the extent to which this reduction is due to changes in interest rates or to the increase in companies' indebtedness:

TABLE 5

**Gross operating profit, ordinary net profit, return on investment and ROI-cost of debt (R.1-R.2).
Breakdown by size and main activity of corporations
(Ratios and growth rates of the same corporations on the same period a year earlier)**

	Gross operating profit				Ordinary net profit				Return on investment (R.1)				ROI-Cost of debt (R.1-R.2)			
	CBA		CBQ (a)		CBA		CBQ (a)		CBA		CBQ (a)		CBA		CBQ (a)	
	2001	2002	02 Q1- Q4	03 Q1- Q4	2001	2002	02 Q1- Q4	03 Q1- Q4	2001	2002	02 Q1- Q4	03 Q1- Q4	2001	2002	02 Q1- Q4	03 Q1- Q4
Total	5.9	7.0	2.6	8.2	14.2	8.7	4.2	15.9	7.6	7.7	8.2	8.3	2.5	3.4	3.6	4.1
SIZE:																
Small	7.8	1.5	—	—	3.1	3.9	—	—	9.3	8.1	—	—	3.2	2.8	—	—
Medium	6.7	10.1	2.6	0.8	2.3	10.9	-2.1	2.1	9.7	8.6	8.8	8.9	4.5	4.2	4.0	5.0
Large	5.7	6.9	2.6	8.5	16.6	8.6	1.3	16.6	7.4	7.7	8.2	8.3	2.4	3.4	3.6	4.1
BREAKDOWN OF ACTIVITIES BEST REPRESENTED IN THE SAMPLE:																
Energy	-8.6	-1.2	-6.1	11.9	-12.5	-1.1	-4.9	13.8	8.4	9.4	9.7	8.5	3.7	5.5	5.3	4.9
Industry	-3.6	2.3	0.7	-0.6	-9.4	0.8	1.6	0.0	9.0	7.7	8.7	8.4	3.3	3.0	4.1	4.3
Wholesale and retail trade	8.6	15.4	14.2	14.0	16.0	17.9	12.3	17.8	12.2	12.5	11.3	11.7	7.0	7.8	6.7	7.6
Transport and communications	24.7	13.4	8.6	5.9	86.5	40.8	19.8	9.8	7.7	8.9	10.4	13.4	2.2	4.3	5.3	8.6

Source: Banco de España.

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

	$\frac{03\ Q1-Q4}{02\ Q1-Q4}$
Change in financial costs	+1.3%
A. <i>Interest on borrowed funds (1+2)</i>	-1.5%
1. Due to the cost (interest rate)	-8.3%
2. Due to the amount of interest-bearing debt	+6.8%
B. <i>Commissions and cash discounts</i>	+0.2%

The table shows that the slight reduction in the financial costs borne by companies was due to a reduction in interest-bearing debt, which thus reflected the effect of passing through the interest-rate cuts made over the course of last year, largely offset by the increase in the resort to fresh borrowing, which might denote an incipient recovery in business investment. Nonetheless, the data reflected in the quarterly sample do not allow the course of investment to be clearly discerned; accordingly, data from the annual (CBA) sample for 2003 will be needed to analyse this aggregate more accurately. In any event, financial conditions remain favourable and, insofar as the uncertainty over the international environment is conclusively dispelled, job-creating productive investment should increase. Financial revenue picked up in 2003 after its heavy reduction the previous year. The sound performance of certain foreign subsidiaries,

mainly in Latin America (influenced no doubt by the improvement in this region), led to an inflow of dividends into some of the major Spanish holding companies, which account for the growth of this caption in 2003 (4.2%) following the contraction the previous year, in which the rate recorded was -9.5%. As a consequence, the ordinary net profit (ONP) grew by 15.9% in 2003, far up on the related 2002 figure (1.2%). A sectoral analysis (see Table 5) reveals that, among the sectors featured, it was in the distributive trade that this surplus grew most sharply, while growth was practically zero in industry. However, it was the "Other market services" aggregate (not featured among the sectors published in this article) which, as a result of the increases recorded in certain holding companies' financial revenue, showed the sharpest growth in ONP. The favourable path of ONP (except in industry), along with the notable decline in the extraordinary captions, led to a significant recovery in net profit, which peaked in the quarterly series analysed once the exceptional events (provisioning for potential losses in Latin America and UMTS) which so impacted the result in 2002 were behind. Further factors, among others, that may raise net results in future years are the improved outlook for Latin America and the recent roll-out of products applying UMTS technology.

TABLE 6

Structure of reporting corporations' return on investment and ordinary return on equity

	CBQ			
	Return on investment (R.1)		Ordinary return on equity (R.3)	
	02 Q1-Q4	03 Q1-Q4	02 Q1-Q4	03 Q1-Q4
Total corporations	100.0	100.0	100.0	100.0
R ≤ 0%	23.4	24.1	27.2	26.9
0% < R ≤ 5%	18.8	20.1	14.2	15.6
5% < R ≤ 10%	16.8	15.4	12.9	11.5
10% < R ≤ 15%	11.4	10.9	9.5	9.8
15% < R	29.7	29.5	36.1	36.2
Number of corporations	851	754	851	754
	02 Q1-Q4	03 Q1-Q4	02 Q1-Q4	03 Q1-Q4
MEMORANDUM ITEM:				
Average return	8.2	8.3	11.4	12.1

Source: Banco de España.

The course of activity and of surpluses enabled companies to maintain high levels of ordinary returns. The return on investment stood at 8.3% for 2003 as a whole, marginally higher than in 2002 (8.2%). Across the different sectors of activity, the distributive trade and transport and communications posted notable returns on investment of 11.7% and 13.7%, respectively. Table 6, which offers a breakdown of the corporations in terms of their level of returns, confirms that a situation very similar to that in 2002 was maintained in 2003. These developments, along with the decline recorded in 2003 due to the cost of borrowed funds, meant that the ratio measuring the difference between the return on investment and the cost of debt held at an even more positive level than in 2002, both for the sample as a whole and for the main sectors.

In sum, according to the CBQ, Spanish corporations experienced notable and sustained increases in productive activity in most sectors, up on 2002. This coincided with improvements in employment, although these did not extend to all sectors of activity, notably not to industry. Employee compensation also appears to have moved, particularly in the second half of the year, onto a moderating path, to which the lack of inflationary pressures has contributed. The international outlook appeared to become clearer as the year unfolded, though doubts remain about the onset of a clear recovery in the euro area, and on the uncertain effects that the terrorist bombings on 11 March may exert on agents' confidence. A longer time perspective will be needed to evaluate this matter on firmer grounds.

22.3.2004.

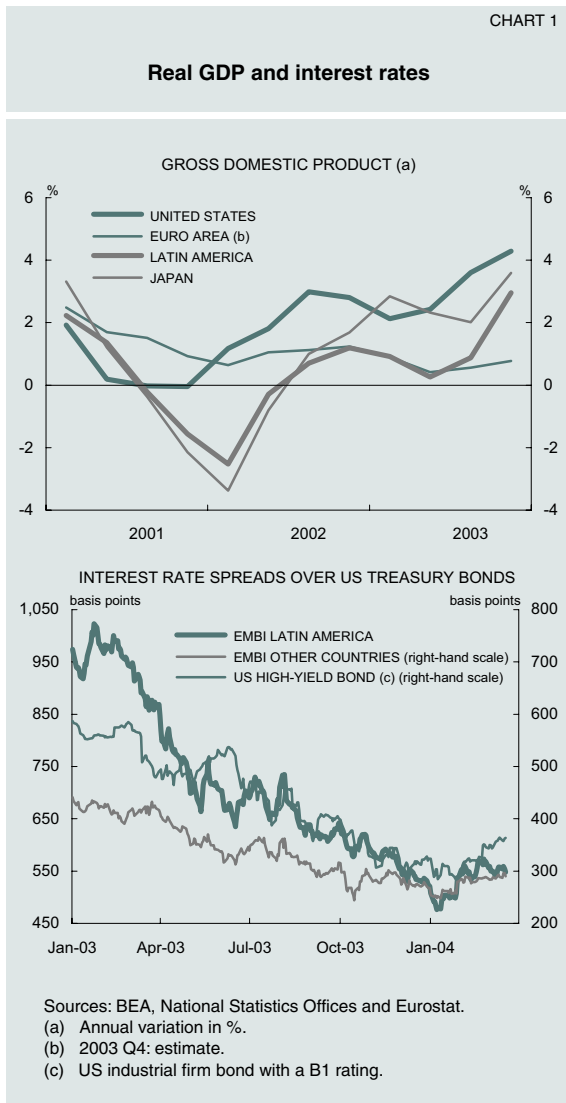
Half-yearly report on the Latin-American economy

1. INTRODUCTION

In early 2004 Latin America has enjoyed the most favourable financing conditions of recent years: a virtual absence of exchange rate pressures; current-account surpluses, in many cases; access to foreign capital markets under favourable terms; and sovereign spreads at similar levels to those prior to the 1998 Russian crisis. However, the region continues to exhibit high fiscal and financial vulnerability and faces uncertainty on certain fronts in the coming months. Doubts centre, first, on retaining international financial investors' favourable disposition to the area, following the high returns accumulated, when there is a possibility that US interest rates may rise in the coming quarters; and further, on regaining the ability to attract foreign direct investment, following the turbulence of recent years. Against this background, the pick-up in economic activity towards late 2003 placed the annual growth rate slightly below 3% in Q4. As a result, growth in Latin America for the year as a whole turned positive again (1.3%, against -0.2% in 2002), but this did not prevent the third consecutive annual decline in per capita income. The recovery is expected to firm during 2004, although the delay with which this is occurring in the two biggest economies - Mexico and, above all, Brazil - calls for an additional note of caution regarding the region's overall outlook.

During the second half of 2003, interest rates in the United States and in Europe, too, held stable at all maturities. In spite of expectations of a global economic recovery, supported by favourable data in the second half of the year particularly in the United States and Japan (see Chart 1), and of the growing US fiscal imbalances, there was no upward shift in the yield curve. This was due perhaps to the sound performance of inflation, which provided for a continuing accommodating monetary policy stance, and, in the case of the United States, possibly to the intense build-up of Treasury bonds by Asian central banks. The firming of the recovery and the search for returns in a less risk-averse environment marked by abundant liquidity exerted, by contrast, a notable effect on the corporate bond market, where spreads narrowed to the lowest levels since 2000 (see Chart 1). That was propitious during the second half of the year to stock markets, whose earnings doubled in relation to the first six months.

All these factors contributed to consolidating, in the second half of 2003, the improvement in Latin American financial markets while, at the same time, capital inflows were recovering in relation to 2002, albeit without attaining the levels of prior years. The narrowing of sovereign



spreads continued, in parallel with that of corporate junk bonds and with emerging regions' bonds, albeit at a more measured pace than in the first half of the year. Nonetheless, spreads have risen slightly since mid-January. Domestic equity markets in Latin America also benefited from this favourable situation, and some recorded the highest annual earnings among stock markets worldwide.

These favourable stock market and financial developments in the area contrasted somewhat with the course of economic activity, which only began to show clear signs of acceleration in most countries in 2003 Q4. Behind the delay in and gradualness of economic recovery is the economic adjustment made in recent years in a large number of countries and the tightening of macroeconomic policies that accompanied it. As financial market tensions were overcome and inflation progressively moderated, the monetary policy stance began to be eased, although this process has slowed in 2004 Q1. Converse-

ly, fiscal policies remained restrictive, owing to the persistent vulnerability of public finances. In these circumstances, external demand was once again the driving force of growth in 2003. The marked rise in commodity prices and the increase in world demand in the second half of the year, against a backdrop of stable exchange rates, were conducive to prolonging the buoyancy of exports, which remains the case into 2004. Although domestic demand is expected progressively to replace this external momentum, the process may take some time due to the depth of the cumulative income adjustment in recent years.

2. ECONOMIC AND FINANCIAL DEVELOPMENTS IN THE AREA

2.1. Economic activity

In contrast to the marked weakness in the first six months, activity in the region quickened notably in 2003 Q4 (3% growth compared with the same period a year earlier), after remaining slack in Q3. GDP thus posted a rate of 1.3% in 2003 as a whole (see Chart 2). The rise was across the board but, as in the first half of the year, it was much sharper in the countries beset by economic crisis in 2002, namely Argentina, Uruguay and Venezuela, which ended the year with growth rates close to 10%. Excluding these countries, the year-on-year rate of increase of GDP in the area would have fallen to 1.5% in Q4 and annual growth in 2003 would have been cut by 0.6 pp.

Growth tended to quicken in most countries towards the end of the year, except in Peru, which was ahead in the cycle. There was sluggish growth in Brazil in the second half of the year: its year-on-year growth was negative in Q3 and practically zero in Q4, placing the rate for 2003 as a whole at -0.2%, the first negative rate since 1992. Argentina recorded the highest annual rate of growth for the year (8.7%), following heavy declines in the two previous years. Next came the countries with growth rates of between 4% and 3%: Peru, Colombia and Chile, in that order. Growth in Mexico was low at 1.3%, and Venezuela underwent a severe recession, with a fall in GDP of over 9%.

The pick-up in industrial output was not as sharp as expected, in the light of the firming of the world recovery. The related year-on-year rates turned positive during Q3, taking root towards the end of the year. There was an increase of 5.2% in December on a year earlier (which saw the year end with a rise of 1.1% in relation to 2002), although the slowdown evident in some of the early data for 2004 high-

TABLE 1

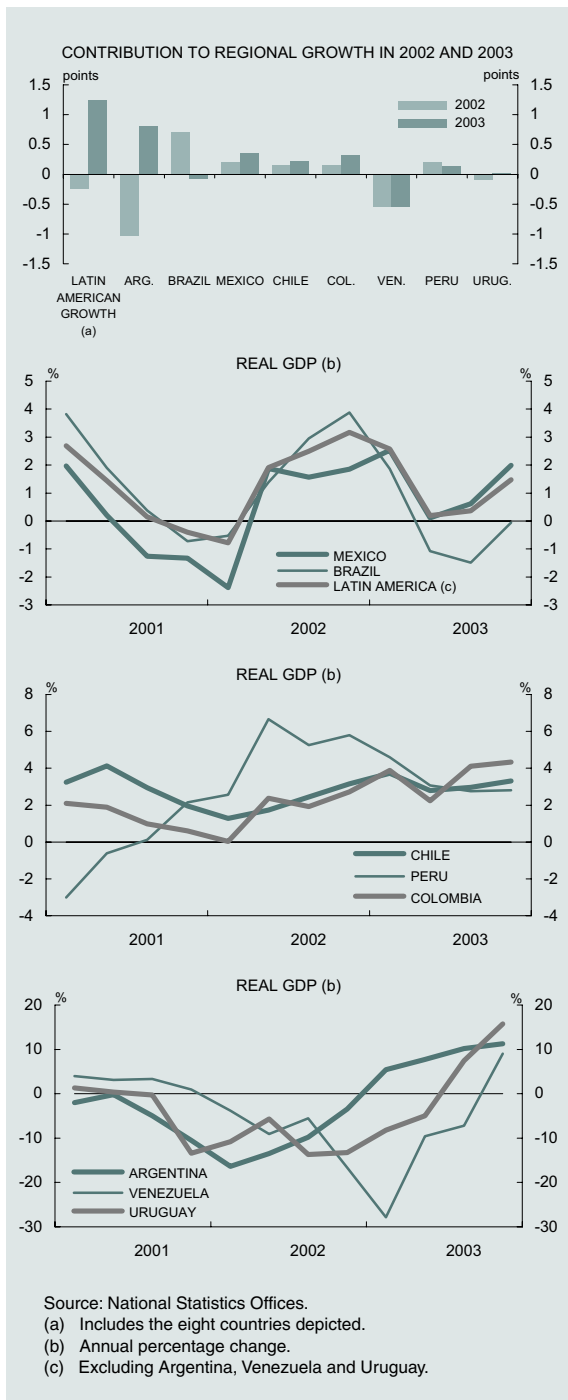
Latin America: relevant macroeconomic indicators

	2001	2002	2003	2002				2003			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Real GDP (y-o-y change) in %											
Argentina	-4,4	-10,8	8,7	-16,3	-13,5	-9,8	-3,4	5,4	7,7	10,1	11,3
Brazil	1,4	1,9	-0,2	-0,5	1,4	3,0	3,9	1,9	-1,1	-1,5	-0,1
Mexico	-0,3	0,7	1,3	-2,2	2,0	1,8	1,8	2,5	0,1	0,6	2,0
Chile	3,1	2,1	3,3	1,3	1,7	2,4	3,2	3,7	2,8	3,0	3,3
Colombia	1,4	1,8	3,7	0,0	2,3	2,0	2,6	3,8	2,3	4,1	4,4
Venezuela	2,7	-8,8	-8,9	-3,8	-9,1	-5,6	-16,7	-27,9	-9,6	-7,2	9,0
Peru	-0,1	5,1	4,0	3,2	6,3	5,1	4,7	6,0	3,6	3,5	2,9
Uruguay	-3,1	-10,8	2,5	-10,8	-5,5	-13,6	-13,1	-8,3	-4,8	7,1	15,7
LA - 8	0,4	-0,2	1,3	-2,5	-0,3	0,7	1,2	0,9	0,3	0,9	3,0
CPI (y-o-y change) in %											
Argentina	-1,1	25,9	14,8	4,2	23,3	36,0	40,3	35,7	14,5	5,2	3,7
Brazil	6,8	8,5	14,8	7,6	7,8	7,6	10,6	15,6	16,9	15,2	11,4
Mexico	6,4	5,0	4,6	4,7	4,8	5,2	5,3	5,4	4,7	4,1	4,0
Chile	3,1	2,9	2,8	2,4	2,2	2,4	2,9	3,8	3,7	2,7	1,1
Colombia	8,0	6,4	7,1	6,6	5,9	6,0	6,8	7,4	7,6	7,1	6,4
Venezuela	12,5	22,4	31,4	14,6	18,9	24,8	30,6	35,4	34,1	29,6	26,2
Peru	2,0	0,2	2,3	-1,0	0,1	0,3	1,4	2,8	2,4	1,9	1,9
Uruguay	4,4	14,0	20,0	4,6	7,1	18,9	25,0	27,9	26,3	15,0	10,7
LA - 8	5,8	9,2	11,1	6,1	8,3	10,0	12,1	14,0	12,2	10,0	8,0
Public-sector balance (% GDP)											
Argentina	-3,0	-1,5	0,4	-3,2	-2,0	-2,2	-1,3	-0,7	0,0	0,5	0,4
Brazil	-5,2	-10,5	-3,7	-4,9	-7,1	-8,9	-10,3	-10,2	-6,5	-3,7	-3,7
Mexico	-0,7	-1,2	-0,7	-1,0	-0,5	-0,6	-1,1	-0,6	-0,5	-0,6	-0,7
Chile	-0,3	-0,8	-1,4	-0,9	-1,3	-1,2	-0,8	-0,3	-0,5	-1,1	-1,4
Colombia	-4,3	-3,6	-2,8 (p)	-4,3	-5,2	-5,4	-3,6	-3,5	-2,0	...	...
Venezuela	-4,5	-1,0	-4,5 (p)	-5,8	-4,4	-4,0	-1,2	-1,4	-1,7	...	...
Peru	-2,4	-2,2	-1,8	-3,0	-2,8	-2,7	-2,2	-1,9	-1,8	-1,7	-1,8
Uruguay	-4,5	-5,1	-5,2	-4,9	-4,4	-5,2	-5,1	-5,1	-6,8	-5,8	-5,2
LA - 8	-3,2	-4,9	-2,2 (p)	-3,3	-3,9	-4,6	-4,8	-4,5	-3,3	-2,0	-2,0
Public debt (% GDP)											
Argentina	53,8	140,0	...	100,6	114,1	142,6	144,9	142,0	109,8	122,7	...
Brazil	52,6	56,5	58,2	54,3	57,3	62,5	55,5	55,0	55,6	58,1	58,2
Mexico	22,4	24,4	26,1	23,3	22,9	24,0	22,9	23,5	23,2	25,3	26,1
Chile	11,8	12,3	13,3	11,3	11,6	12,3	11,9	12,3	11,9	11,9	13,3
Colombia	44,3	50,5	...	43,8	44,3	48,1	47,6	51,3	50,0	...	...
Venezuela	46,4	47,1	77,6	45,5	46,5	50,3	59,5	54,4	58,9	66,7	77,6
Peru	46,1	47,0	46,6	47,4	41,6	46,8	46,6	47,7	42,1	46,3	46,6
Uruguay	54,0	97,4	...	82,4	86,0	97,9	97,4	98,4	100,4	104,9	...
LA - 8	40,8	51,7	...	45,9	48,1	54,0	51,8	51,3	48,4	...	...
Current-account balance (% GDP)											
Argentina	-1,7	9,8	5,7	-0,1	3,8	8,1	10,1	10,0	7,4	6,8	5,7
Brazil	-4,6	-1,7	1,0	-4,0	-4,4	-3,6	-1,9	-1,1	0,3	0,9	1,0
Mexico	-2,9	-2,2	-1,6	-2,6	-2,4	-2,5	-2,2	-2,1	-1,9	-1,8	-1,6
Chile	-1,8	-0,9	-0,8	-1,0	-0,8	-1,1	-1,3	-1,3	-1,5	-0,7	-0,8
Colombia	-1,5	-1,9	-2,7 (p)	-1,2	-1,3	-1,6	-1,9	-2,4	-2,1	-2,1	...
Venezuela	1,7	9,5	14,6	0,4	0,8	4,5	9,2	11,2	15,1	13,5	14,6
Peru	-2,2	-2,1	-1,8	-1,9	-1,8	-1,9	-2,1	-2,3	-2,3	-2,1	-1,8
Uruguay	-2,6	2,1	...	-4,1	-2,4	-0,3	2,1	1,2	1,9	1,4	...
LA - 8	-2,9	-0,1	1,1 (p)	-2,4	-2,1	-1,3	-0,1	0,2	0,8	1,0	1,1 (p)
External debt (% GDP)											
Argentina	52,2	136,9	112,1	115,9	130,7	143,9	141,6	133,7	101,0	107,9	112,1
Brazil	41,6	51,9	...	41,1	43,7	51,4	57,3	54,0	45,3	43,5	...
Mexico	23,1	21,6	...	22,7	21,5	23,1	21,7	23,9	22,2	23,6	...
Chile	56,2	62,2	62,7	56,7	53,6	62,2	62,7	60,9	56,6	58,4	62,7
Colombia	44,4	39,7	...	42,2	40,1	45,6	45,1	48,9	46,4	45,5	...
Venezuela	36,0	57,8	...	42,5	50,8	68,5	68,4	68,1	67,0	...	...
Peru	50,7	49,3	47,8	51,7	45,3	50,6	49,0	49,9	44,1	47,9	47,8
Uruguay	47,9	90,2	...	79,1	89,4	89,0	90,2	86,4	87,7	90,1	...
LA - 8	39,2	52,0	...	45,2	47,2	54,1	55,6	54,2	46,7	...	...

Sources: National Statistics Offices, IMF and own calculations.

CHART 2

Latin American real GDP

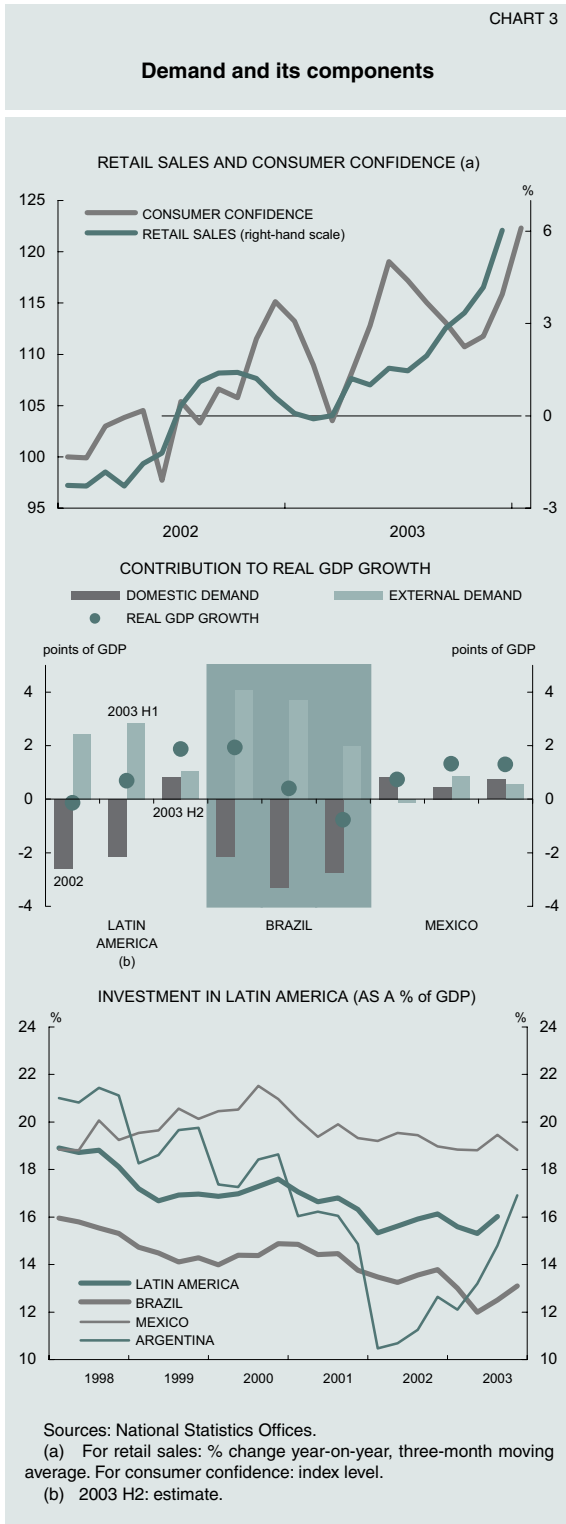


lights the uncertainty over the firming of activity in the region.

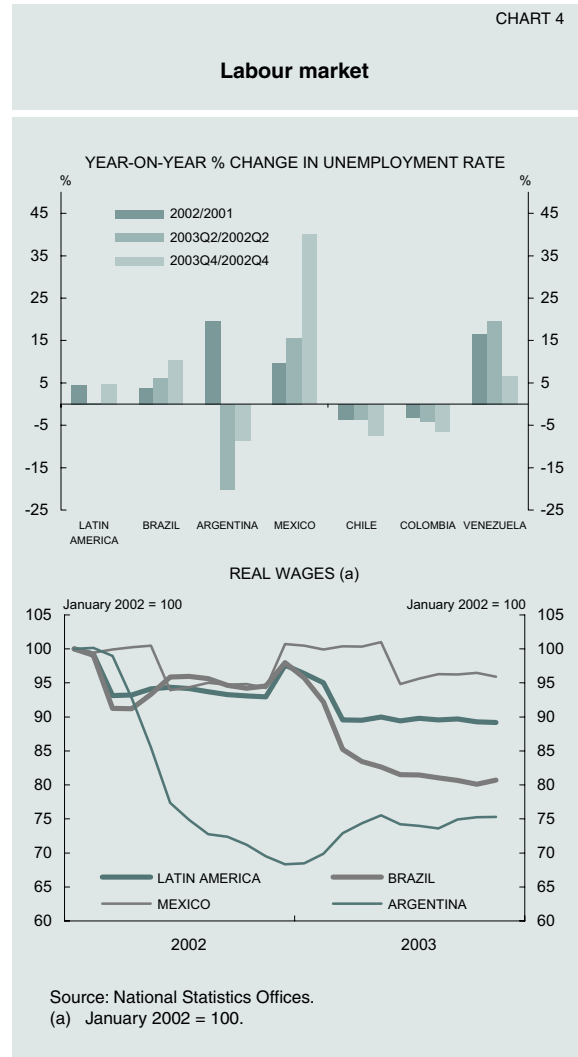
Following a prolonged period of slackness, domestic demand showed signs of picking up, especially in Q4, as indicated by the trend of retail sales (see Chart 3). Despite this, domestic demand contributed scarcely 0.6 pp to year-on-year growth for the area as a whole in the sec-

ond half of 2003. Highly influential here was the stagnation in Brazil and Mexico. Also notable were the divergences in regional behaviour in respect of the domestic demand components. Private investment, which as a percentage of GDP has fallen over the region as a whole by almost 3 pp since 1998 (to below 16%), led the pick-up in domestic demand in the second half of the year in countries such as Colombia and, to a lesser extent, Brazil, where consumption remained very depressed throughout the period. Paradoxically, in other countries with better prospects of stability such as Chile and, above all, Mexico, the pace of the recovery in investment was relatively slow, and private consumption was the most dynamic domestic demand component. The easing in monetary policies throughout last year and improved consumer (see Chart 3) and business confidence, which rose across the board, should contribute to accelerating the momentum of domestic demand. Yet a high degree of wariness remains when it comes to addressing new investment plans and taking on labour. Only in the second half of the year did the labour market begin to show a muted improvement in some countries (see Chart 4), although the limited quality of the region's labour statistics hampers analysis. On one hand, although the aggregate unemployment rate initiated a slight reduction in 2003 Q4, the change compared with a year earlier was positive and slightly greater than that of the previous year, as the sound performance of Argentina was offset by rises in unemployment in Brazil and, above all, in Mexico. On the other, the marked loss of the purchasing power of wages, intensified by the inflationary surge between 2002 and 2003 Q1, was checked in the second half of the year. That said, real wages in the region at the end of the year were still 10% below those recorded at the outset of 2002, due above all to their far-reaching deterioration in Brazil and Argentina.

External demand thus remained the main underpinning of activity over the year as a whole, although its contribution to year-on-year GDP growth in the second half of the year was substantially lower than in the first six months (estimated at 1 pp compared with 2.8 pp in the first six months -- see Chart 3). The prolongation of external momentum in the second half of the year is, in any event, notable. The basis for this was the highly favourable performance of commodity prices - extensive to all the main components (see Chart 5) - and the strengthening of world growth. Further, the weakness of the dollar against the rest of the developed countries, set against the stability of the Latin-American currencies vis-à-vis the dollar, mitigated losses in competitiveness. All these developments were favourable to exports; after



temporarily declining in Q3, the growth rate of exports quickened to over 11% year-on-year in 2003 Q4, signifying an annual average increase of a similar amount to that in 2002. Exports showed sustained resilience in Brazil, where they continued growing at a year-on-year rate of over 25% at the end of the year. This buoyancy was in contrast to the delay with which Mexico harnessed the momentum of the US economy,



although this delay has been slowly corrected in recent months. There was a gradual though moderate acceleration in import growth across the region (9.4% in 2003 Q4, and 2.6% in the year as a whole). This allowed a comfortable and growing trade surplus of close to 5% of GDP in 2003 to be sustained throughout the region. Of the main countries, only Mexico and Colombia closed the year with a small trade deficit, while the surplus in Chile and Brazil amounted to around 5% of GDP; in Argentina it exceeded 13% of GDP, although a turnaround was apparent in the second half of the year.

During the coming quarters the composition of Latin American growth is expected to shift towards domestic demand, although this is taking place more slowly than anticipated. It is also likely that the current-account balance is about to reach, if it has not done so already, a turning point. In any event, the profile of the current-account balance continued to improve in the second half of the year, in parallel with the trade balance (see Chart 5), providing for a current-account surplus of 1.1% of GDP for the area as

CHART 6

Sovereign spreads



a whole in 2003, for the first time since 1988. Although the trade surplus made the main contribution to this improvement, the other components also contributed favourably, as Chart 5 shows. The income balance - which includes interest payments on external debt - worsened by only 0.1 pp of GDP, which reflects lower financing costs and the particular situation of the Argentine debt default. The balance of transfers, for its part, made a more sizable contribution (0.32 pp), which was particularly notable in Mexico and Colombia owing to the increase in

emigrants' remittances. Among the main economies in the area, only Colombia posted simultaneously a current-account deficit (-2.7% of GDP) and a deterioration therein, due above all to the worsening of the income balance. In the remaining countries, greater domestic absorption will not foreseeably give rise to worrying external imbalances in the short and medium term, in view of the comfortable position from which they are departing. This is particularly important in a region in which such imbalances have repeatedly curtailed the duration of expansionary phases.

2.2. Financial markets and external financing

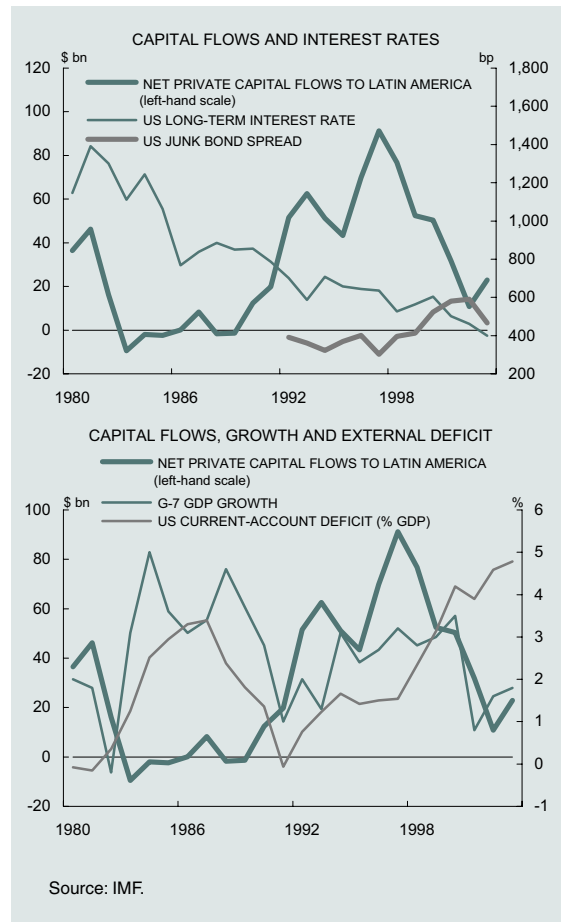
The sound performance of the external position coincided with international investors' continuing favourable perception of Latin American assets, which has seen the year close with a very favourable result for the financial markets. Sovereign spreads thus continued to narrow during the second half of the year (see Chart 6), albeit at a more tempered rate than in the first six months: a 25% decline compared with 31% in the first half of the year for the region's aggregate differential. In Venezuela and Peru the decline accelerated notably in the second half of the year.

The narrowing of differentials was across the board in all emerging markets (as the substantial increase in correlations between their spreads reveals), encompassing credit-rated and speculative issuers virtually indistinctively. The bonds of the Latin American countries with the biggest sovereign spreads benefited from this to a greater extent, as Chart 6 shows. Significantly, there was a marked contrast between the strong fall in differentials and the stability of ratings in most countries. Only Argentina, Venezuela and, in February this year, Ecuador saw their ratings upgraded by the main agencies.

These features reflect the significance of external (or push) factors in determining capital flows towards the region in 2003. Box 1 analyses these factors in greater detail, together with domestic (or pull) factors. Of particular note were the ample liquidity worldwide and the lower risk-aversion of financial markets, which prompted a search for assets with a higher return. The forceful inflow of funds to emerging markets was also conducive to less discrimination between countries, arising in part from the prominent role played by non-specialist investors last year. Adding to this was the better position of the economies in the region where, generally, price stability and fiscal discipline were safeguarded, exchange rates were more com-

Determinants of and outlook for capital flows to Latin America

The year 2003 saw the downward trend in capital flows to Latin America since 1998 cease. To assess whether this recovery is transitory or will firm, it is worth describing and analysing the explanatory factors identified as relevant in determining capital flows to the region. Two types of factors can be distinguished: push factors, related to the economic and financial conditions of the countries from which the flows stem (the developed countries and, in the case of Latin America, the United States in particular); and pull factors, related to the risk/return characteristics of investment in the recipient country. A third factor – degree of financial integration – might be added; this determines the readiness with which capital is transferred, and during the nineties it experienced a strong boost in Latin America and worldwide, prompted by the process of capital account liberalisation. While the evidence is not conclusive concerning the relative significance of these determinants, there is some consensus that the push factors determine the scale of the flows, while the pull factors influence their geographical distribution. The theoretical and empirical bodies of literature have identified the following as the main push factors: the business cycle in the developed countries; the degree of risk aversion, since emerging countries' assets are perceived as high-risk; the level of interest rates in the developed countries, as they determine liquidity and the search for alternative investments; and the external financing requirements of the industrialised countries, since to some extent they compete for foreign capital. The most salient pull factors in macroeconomic terms are Latin America's growth differential vis-à-vis other regions and the degree of macroeconomic stability and vulnerability. These two factors would proxy for the dimension of investment risk. Notable among structural factors are: structural reform processes, the degree of regional integration, and the development and stability of the institutional framework of the recipient country. These factors are particularly relevant for attracting foreign direct investment flows, the biggest component of total flows in Latin America since the mid-nineties (see adjoining chart), and which, since the end of the decade, have fallen to less than half the total to scarcely \$30 billion (the estimate for 2003).



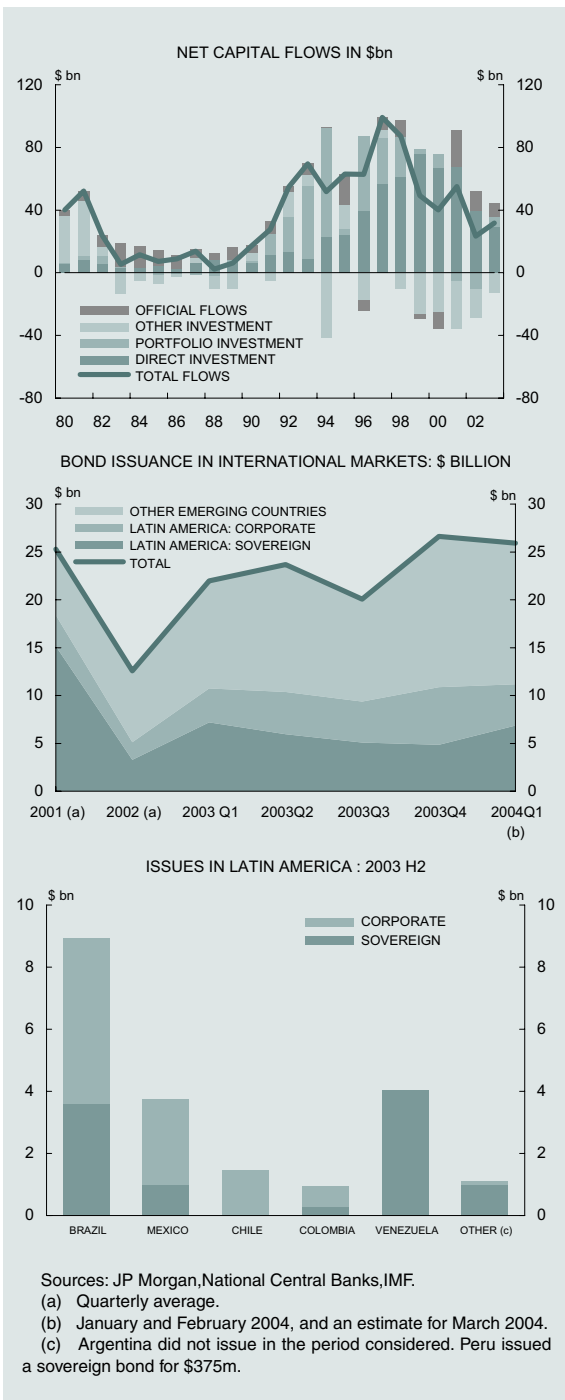
Source: IMF.

The two panels in the accompanying chart depict the relationship between the push factors identified and private capital flows to Latin America since the eighties. In the strong fall-off in flows between 1998 and 2002, the business cycle and risk-aversion (measured by the yield spread between US junk bonds and Treasury bonds) and the growing US external deficit would have performed as expected. The pull factors have also played a relevant role, as inferred by the sharper fall in flows in Latin America than in other emerging regions. This is possibly related to investors' worsening perception of legal security and institutional stability, in the wake above all of the events in Argentina in recent years. Other pull factors bearing adversely on capital flows, such as economic volatility, economic stagnation and also stalling reforms, have a sizable endogenous component, since the fall-off in flows has prompted a strong economic adjustment and has hindered sustaining the pace of reform.

The pick-up in private capital flows in 2003 may likewise be interpreted as the reversal of most of the foregoing factors, at the same time as ample global liquidity conditions remained in place. The prolongation of a propitious external environment and the pick-up in growth in the region should contribute to the recovery in flows firming. Nonetheless, even in this favourable scenario, flows will not foreseeably resume the high levels seen in the mid-nineties (\$70 billion on average in the region), since direct investment flows, which underpinned that earlier expansion, are hardly likely to regain their previous momentum. True, there is recent empirical evidence that prior direct investment exerts a carry-over effect on future investment and that, given Latin America's dependence on external financing, the region's countries will strive to retain their attractiveness to foreign investment. But other structural and institutional factors will probably be dominant. First, investors' perception of political risk has increased, which will give rise to greater caution when undertaking investment projects. Further, other investment destinations among the emerging countries, such as China or the central and eastern European countries, have become relatively more attractive in recent times. And finally, given the unpopularity of reforms, governments' appetite for privatisation has also waned. The limited estimates available for 2004 (IMF, IIF) would support this diagnosis, since they point to moderate growth of direct investment flows (between 10% and 30%). This increase would enable capital flows to settle at around \$40 billion this year, but direct investment flows would be far from those seen in the second half of the nineties.

CHART 7

External capital flows



and there has been a slight widening of differentials in 2004 Q1.

Better financing conditions were accompanied by a notable recovery in net capital flows to Latin America. A level of over \$30 billion was attained in 2003, compared with \$23 billion in 2002 (see Chart 7). This pick-up was sharper than in other emerging regions. The breakdown by component of these flows provides, however, a less favourable reading. Approximately one-quarter of net inflows were official flows, largely related to support by multilateral agencies to the economic programmes adopted to tackle the bouts of instability in recent years. Conversely, bank loans - included under the heading of *Other investment* - continued to show net outflows, albeit in more moderate amounts than in previous years. Of greater concern was the fourth consecutive annual reduction in net direct investment flows, which stood slightly below \$30 million, since their previous high levels had provided capital flows to the region with a basis of stability. Finally, portfolio investment - which includes bond issues and equity investment - posted a net inflow for the first time since 2000.

The availability of external financing was also reflected in an increase in Latin American bond issues on global markets, accounting for almost half the total for emerging economies, a similar proportion to that of the previous year. Gross issues amounted to \$41 billion in 2003, distributed in a relatively uniform manner over the year as a whole (see Chart 7). This figure is almost twice that for 2002 and, though it is notably below that of previous years, it should be borne in mind that Argentina was then a very active player in the primary bond market, from which it is now absent. During the second half of the year, the main issuer was Brazil (\$8.9 billion), although there was a notable \$4 billion issue by Venezuela in relatively good conditions despite its precarious internal situation. The split between sovereign and corporate debt showed a slight predominance of the former (56% of the total), although the proportion of corporate debt increased notably in relation to prior years and, in 2003 Q4, even exceeded sovereign debt. The year 2004 has started with issues - especially of sovereign debt - showing renewed vigour. That has allowed countries such as Chile or Mexico to cover their issuance programme for the entire year, with Brazil having covered more than half of its scheduled issue.

petitive, external positions improved and the adverse effects of the earlier strong adjustment on activity gradually faded.

In any event, the current low levels of spreads make it more difficult for them to continue narrowing. Indeed, following the minimum levels observed in mid-January, the market has started to become more sensitive to bad news

Like the debt markets, stocks in the region performed well, although here most earnings were recorded in the second half of the year (see Chart 8). The Latin-American indices ended the year with rises far above those of the industrialised countries and sharper than those of

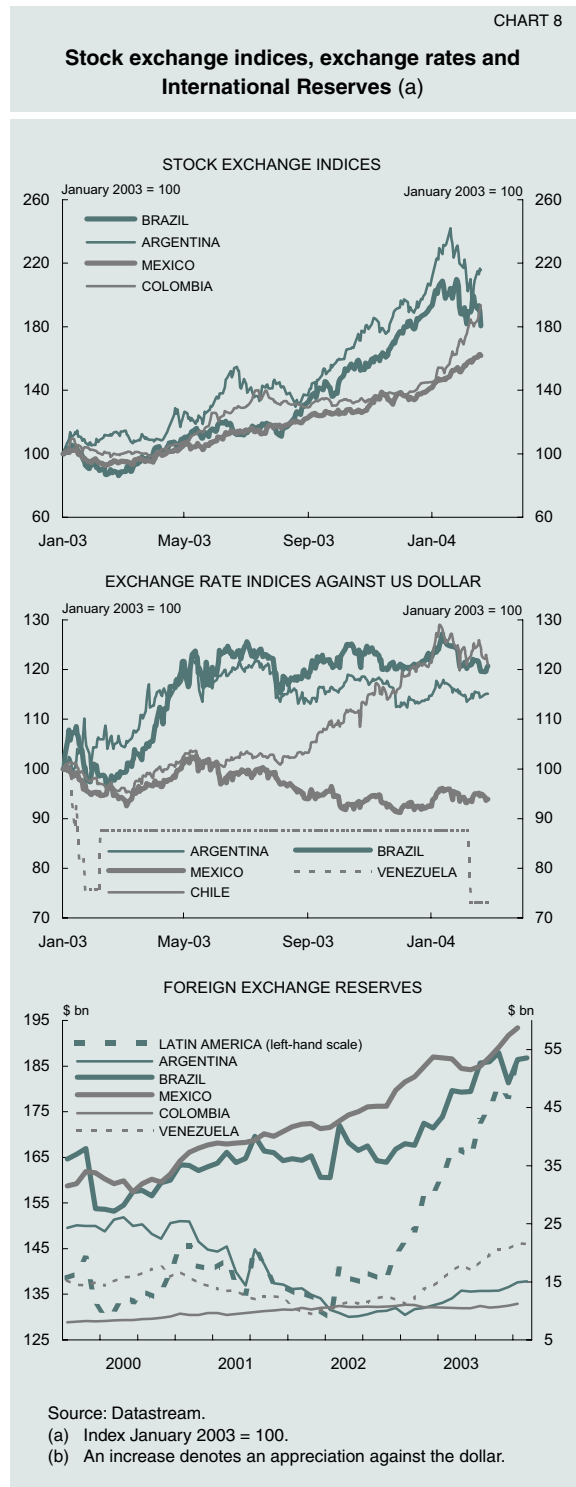
most emerging markets. The rise in the weighted index for the area as a whole was 67.1%, two-thirds of which was in the second half of the year. Most markets saw increases close to or higher than 50%. The indices virtually doubled in Brazil and Peru, and Argentina and Venezuela posted even higher increases (120% and 195%, respectively). Supporting these rises was the return of foreign investors, especially in Brazil (with net foreign inflows of almost \$3 billion) and Chile. However, the rising trend on stock markets has ceased during 2004 Q1 in countries such as Brazil, Chile and Argentina, further to doubts about foreign investors maintaining favourable sentiment towards the region.

2.3. Macroeconomic policies

Greater capital inflows prompted upward pressure on most of the countries' currencies, which was countered by an active intervention and reserves-building policy (see Chart 8). Exchange rates were thus notably stable in the second half of the year, in contrast to the appreciations seen in the first six months. For 2003 as a whole, there was an appreciation across the board against the dollar (8.6% for the regional aggregate), but one which was much more moderate in terms of the nominal effective exchange rate (1.1%) owing to the weakness of the dollar against the rest of the main currencies. Two currencies must be excluded from this general picture: the Chilean peso, which appreciated by 9.8% against the dollar in the second half of the year, making for an annual appreciation of over 20%; and the Mexican peso, which depreciated as from May and hit a low against the dollar in October, ending the year with a depreciation of 5%. Finally, the Venezuelan bolivar was devalued in February, against the backdrop of strict exchange controls.

The increase in foreign reserves (over \$34 billion) was notable in the region as a whole, allowing historical maximum levels to be regained. The countries that benefited most were those that had undergone the biggest erosion during the foreign exchange turbulence of previous years: in Brazil and Argentina, currency reserves climbed by \$4.7 billion and \$10.4 billion, although their levels are still below those reached prior to the Russian crisis. Mexico and Venezuela, meantime, also posted very notable increases (\$8 billion and \$9.3 billion), continuing the rising trend of recent years. Conversely, reserves in Chile and Colombia held stable, reflecting less intervention on the foreign exchange markets.

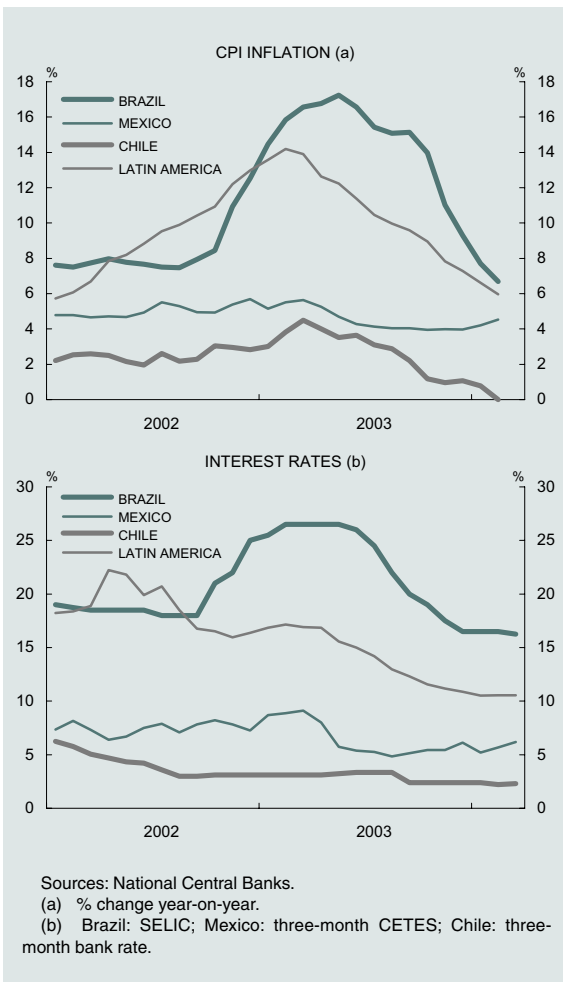
The stability of the exchange rate and the lagged effects of previous appreciations contrib-



uted to inflation continuing to perform favourably in the second half of 2003 (see Chart 9). The year-on-year rate for the region as a whole stood at 8% in Q4, the lowest figure since early 2002. Despite this favourable trajectory, average inflation in 2003 exceeded that of the previous year (11% against 9.1%), one of the highest figures among the emerging regions. Of the countries with direct inflation targets, only Chile and Peru comfortably met theirs. Inflation in

CHART 9

Inflation and interest rates



Mexico stood right at the upper limit of the target range (4%), and Brazil and Colombia exceeded it (9.3% and 6.5%, respectively). There was also a notable downturn in inflation in Argentina which, against all expectations, ended the year with one of the best figures for the region (3.7%). And it has continued to fall in early 2004, despite robust activity. In contrast, Uruguay and Venezuela ended the year with double-digit inflation rates (10.9% and 26.9%, respectively). In the opening months of 2004 inflation has shown greater downward stickiness and has even risen in year-on-year terms in some countries such as Mexico. While results have not been outstanding and targets have been exceeded in a number of cases, the assessment of recent inflation developments in Latin America is relatively favourable if regard is had to the previous exchange rate adjustment most of the countries underwent. The notable ability to cushion the pass-through of previous exchange rate depreciations to final prices - assisted also by greater rigour in combating infla-

tion and by the environment of productive slackness - may have in turn enhanced the reputation of the monetary authorities.

In general, inflation and exchange rate developments allowed interest rates to continue to fall throughout the second half of 2003, albeit at more moderate rates than at the start of the year. Brazil was an exception here, since the downward cycle only began in June but was very intense, meaning that the SELIC rate fell by 10 pp in the period to the end of the year. In Argentina, one-month interbank rates fell to very low levels of around 4.5%, signifying a decline of 11 pp. In Chile easing continued apace in 2004 Q1, which placed rates below 2%, while in Mexico monetary policy was tightened through the raising of the short-term rate in February 2004.

With regard to fiscal policy, the results for the year were favourable (see Chart 10): the declining trend of deficits firmed and primary surpluses were obtained in most countries. The total deficit for the region thus contracted in 2003 to 2.2% of GDP, against 4.9% the previous year. Contributing to this improvement in equal measures were the decline in financing costs and the increase in the primary surplus, which stood at 2.8% of GDP, up 0.6 pp on 2002. The performance of tax revenue contributed to this outcome, albeit to a lesser extent than the previous year, and, moreover, it progressively lost steam as the year unfolded (the increase in nominal terms on 2002 was 13.3%, but year-on-year growth fell to 3.3% in Q4). Tax-raising difficulties in the region are deep-seated and related to the narrow tax base and to the structural problems of tax systems. In these circumstances, certain regionally rooted and unorthodox taxes have been retained and even extended, such as bank debit taxes (see Box 2), which impair the development of the financial system. Some countries ran primary surpluses. This was due in some cases to robust economic expansion (Argentina), but in others to notable expenditure restraint, as in Mexico and Brazil, where spending was cut in real terms. The Brazilian primary surplus (4.3% of GDP) exceeded the IMF programme target, and Mexico drew closer to a balanced budget. Chile was one of the few countries where public finances worsened, a development due to a counter-cyclical fiscal policy. This was in marked contrast to the other countries, which had to keep a tight fiscal stance as they did not have the room for manoeuvre to pursue counter-cyclical measures.

Unlike what usually happened in the past, the greater availability and lower cost of external financing did not translate last year into looser fiscal stances. The greater commitment

Bank debit taxes in Latin America

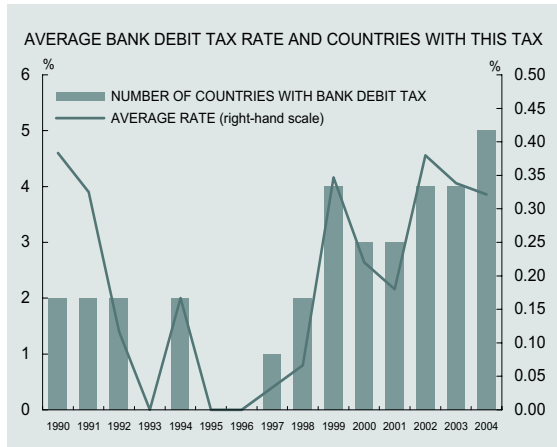
Fiscal difficulties in Latin America in recent years have led to renewed resort to bank debit taxes (BDT)¹. As the accompanying chart shows, a growing number of countries in the region have introduced these taxes, to the extent that currently, among the seven main economies, only Chile and Mexico do not levy them (see adjoining table). Another regularity observed in recent years is that these taxes tend to last and in some cases have even become a quasi-permanent tax, despite the fact the tax authorities usually declare them to be an exceptional measure on introduction, in response to pressing tax-raising needs. The widespread application of these taxes and their durability should be viewed with caution given their adverse effects on financing costs and on financial intermediation, aspects which tend to embed some of the structural problems of the Latin American economies.

BDT chiefly tax the withdrawal of bank deposits and, in certain cases, other financial transactions such as the clearing of cheques, transfers, etc.. BDT are attractive to the tax authorities mainly because of their low administration costs, their high tax-raising potential (due to their broad tax base and the difficulties of evasion) and the ease with which they can be applied, since it is financial institutions that collect them. Moreover, in economic policy terms, one of their advantages is that of scant visibility and the dispersion of those paying them, which discourages the formation of sufficiently organised lobbies opposing them. These features account for the notable resort to BDT in countries with relatively undeveloped tax systems, as is the case in Latin America, where their application has significantly and instantly helped raise short-term tax takings. Thus, in countries in which these taxes were levied in recent years applying a rate of between 0.40% and 0.75% on the total transaction amount, the takings totalled between 1.35% and 1.75% of GDP, which accounts for more than 10% of tax receipts in countries such as Colombia and Venezuela.

However, BDT have high costs. There are problems in that a multistage cumulative tax is involved and that it is not equitable; in addition to not being progressive (a feature shared with *ad valorem* taxes), it is the higher-income agents who can most easily elude BDT. Further, BDT can alter the relative attractiveness of different saving instruments. But their main disadvantage is that they bear on the core of the economy's financial mechanism, namely bank deposits, which adds a distorting element to them that far exceeds their scope of application. The distortion arises both via a price effect and a quantity effect. Regarding the former, there is evidence that depositors pay a large portion of BDT receiving lower interest on their savings, but another portion falls on borrowers, increasing the interest rate on bank credit.² This may also entail higher financing costs for governments, which diminishes the net fiscal impact. As to the quantity effect, BDT: a) promote the use of cash to the detriment of bank deposits, lessening the fiscal authorities' control over the economy; b) heighten the competitive advantage of offshore financial centres or of investment in ADRs; c) encourage the shifting of financial operations to another country; and d) offer an incentive for corporate vertical integration to promote self-financing. As a result of the foregoing the introduction of BDT reduces financial intermediation, a cause for particular concern in Latin America in view of the low prominence of banks in the region. Moreover, given the positive externality exerted by the financial system on economic development, the adverse effects of these taxes in the form of financial disintermediation feed through to the economy as a whole.

Following the inauspicious experience in Argentina and Peru in the early nineties, it has been sought to reduce the harmful effects of BDT in recent years, complementing their application with additional measures. These include certain restrictions on the use of cash to prevent tax avoidance and financial disintermediation. In this way the progressive decline in tax revenue has been successfully tempered, a feature common to the experience of the countries in the region with this type of tax.

To conclude, BDT have been used as a tax-raising vehicle at times of fiscal difficulty. Despite their adverse effects, especially in the long run, BDT have proven relatively more successful when financial intermediation is high, the tax rate low, there is no great tradition of investment in offshore financial assets and there are mechanisms to combat evasion. All such conditions appear to be met, for instance, in Brazil. In any event, from a fiscal perspective it is a relatively inefficient tax and, from an economic viewpoint, it is harmful for the development of the financial system and for the efficient allocation of resources.



Source: Banco de España.
(a) Bank debit taxes

Current BDT in Latin America (a)

	Year of implementation	Current tax rate
Brazil	1997	0.38
Colombia	1999	0.30
Argentina	2001	0.60
Venezuela	2002	0.75
Peru	2004	0.15

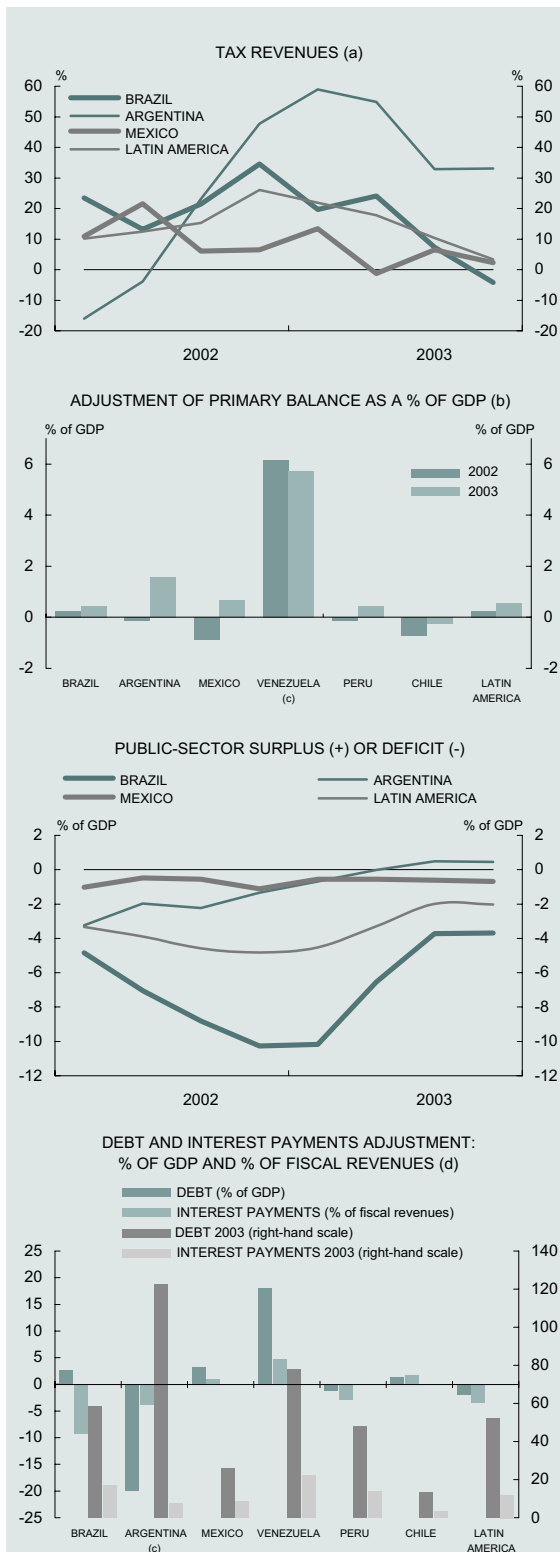
Source: Banco de España.
(a) Bank debit taxes.

(1) This type of tax is a sub-group under the more general heading of taxes on financial transactions (TFT), which also include taxes on securities transactions in the fixed-income and equity markets and taxes on currency operations (Tobin-type taxes).

(2) Albuquerque ("Os Impactos Econômicos da CPMF: Teoria e Evidência", Trabalhos para Discussão n.º 21, Banco Central do Brasil, 2001) calculates that, for Brazil, with a tax rate of 0.38%, the interest rate on credit increases by 2.7 percentage points.

CHART 10

Public sector



Source: National Statistics Offices.
 (a) Year-on-year change.
 (b) Change in primary balance: % GDP 2002Q4 / 2003Q4.
 (c) 2003Q2.
 (d) 2003Q3.

to fiscal discipline seen recently would be behind this change in attitudes, but the persistent vulnerability of public finances also acted as a deterrent. Indeed, although there was success in improving the maturity profile and the structure of debt, and although interest payments as a proportion of revenue declined in 2003 compared with the previous year (see Chart 10), the public debt/GDP ratio increased in most countries. In the region as a whole, the debt ratio rose by almost 4 pp if Argentina - where there was a marked contraction in debt (partly under suspension of payments) - is excluded. This downward stickiness of high public debt levels highlights the need for a prudent fiscal policy stance to be maintained in the coming years.

2.4. Reform and trade integration

After several years of stagnation, or in some cases recession as in Argentina and Venezuela, there was a timid re-launching of the reform process in 2003, albeit unevenly across the region. The vulnerability of public finances placed fiscal reform at the heart of government initiatives, the results of which differed greatly. While in Brazil the reform of the social security system was approved, along with incomplete plans for tax reform, attempts at tax reform in Mexico and Colombia were respectively rejected in parliament and at the polls.

In any event, the focus of the reforms currently reflects notable differences from those pursued in the nineties. Visibly, there is greater emphasis on the social aspects of reform and greater concern for the control of liberalisation processes, along with a tendency to tighten the regulatory framework of privatised services.

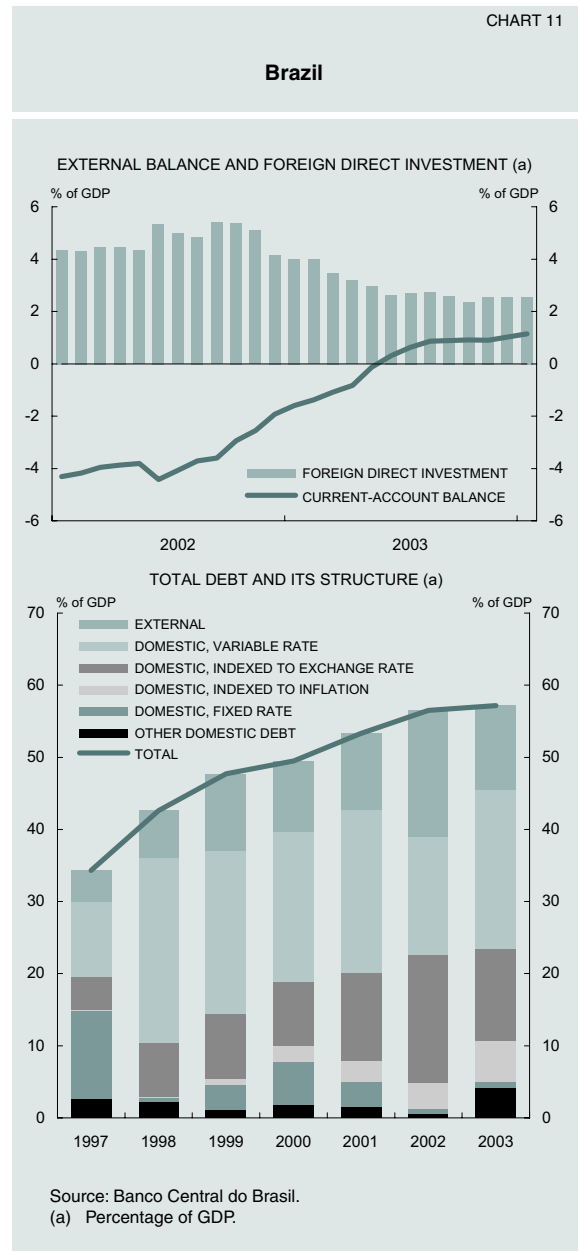
One of the pillars of the structural policies is trade integration, where there were also significant developments during 2003. First, the Mercosur agreement was reactivated. This saw the bolstering of certain initiatives, in particular integration with the Andean community, and the extension of agreements with other countries both within and outside Latin America. Further, negotiations continued on the FTAA (Free Trade Area of the Americas), although there was very limited progress. The stagnation of the process means the entry into force of the agreement on schedule (2005) will be difficult, at least under the previously agreed single undertaking formula. That suggests the FTAA may be set up under a lax framework in which the different countries move forward in the process of integration at different speeds. These obstacles arose in parallel with, and probably even reinforced, the headway in bilateral agreements with the United States. Notable among these were the entry

into force of the agreement with Chile, progress in the negotiation of the CAFTA (Central American Free Trade Agreement) and an interest in entering into agreements with the Andean countries, which benefited from the extension of the preferential tariff arrangements.

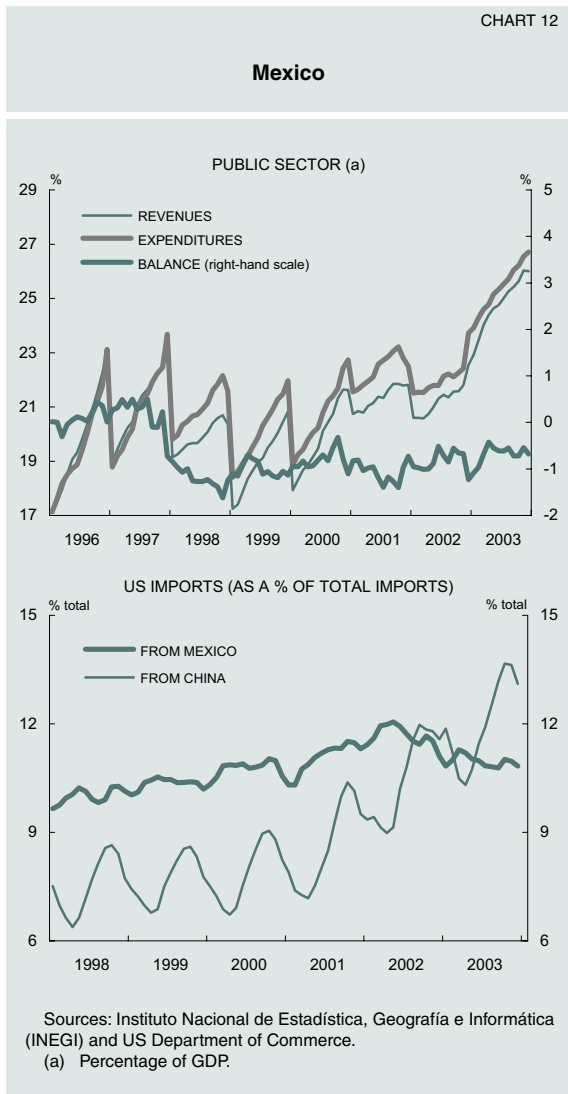
3. DEVELOPMENTS IN THE MAIN COUNTRIES

In *Brazil*, the impact of the adjustment and of economic policy tightening on activity lasted longer than expected. Consequently, Q4 ended with a 0.1% decline in GDP in year-on-year terms, placing growth for the whole of 2003 at -0.2%. That reflects the adverse behaviour of domestic demand, since private consumption shrank by 3.3% due to the reduction in wage income and high unemployment (see Chart 4), and investment declined by 6.6%. Such sluggish activity was not offset by the vigour of the external sector, despite the fact the year closed with a trade surplus of 5.9% of GDP. The momentum of exports, which grew by 22.6% on average in 2003, made for a current surplus of 0.8% of GDP. That offset the reduction in financing flows, particularly foreign investment (-39%), as can be seen in Chart 11.

In respect of demand-side policies there was a sharp easing of monetary policy in the second half of the year, entailing a 10.25 pp cut, down to the current rate of 16.25%. This easing came about in step with the decline in inflation and its associated expectations, which were both assisted by the weakness of demand and the appreciation of the real. Despite this, the December inflation figure was 9.3%, meaning the annual target set (8.5%) was exceeded for the third year running. The downward cycle of rates was interrupted in early 2004, but resumed in March. In the fiscal realm the authorities achieved a primary surplus of 4.3% thanks to the moderation of expenditure, since tax revenue underwent a real decline of 2%. Despite fiscal discipline and the appreciation of the real, a high interest burden and scant nominal growth led to a rise in the public debt ratio (see Chart 11) from 55.5% to 58.2% of GDP. Further, the authorities achieved their aim of reducing the weight of dollar-indexed debt. The financial markets continued to trend favourably in the second half of the year, which resulted in a marked reduction in risk premia and a notable increase in bond issues, which reached record figures in January. That said, spreads rebounded moderately as from mid-January. The progress in structural reforms was also positive since, despite difficulties, the definitive approval of the social security reform and of the first stage of the tax reform was achieved.



In *Mexico*, a pick-up was finally seen in 2003 Q4, enabling a year-on-year GDP growth rate of 2%. Annual growth for 2003 was thus 1.3%. During the second half of the year the contribution of domestic demand outpaced that of external demand (see Chart 3). Among the domestic demand components, consumption and investment in construction exhibited the best results, while investment in capital goods remained weak. The recovery was accompanied by a favourable turnaround in manufacturing output and in non-oil exports, a somewhat delayed response to the pick-up in US industrial output (see Chart 12). Nonetheless, the share of Mexican products in US imports declined further, which prompted intense debate on Mexico's loss of competitiveness against the emerging Asian economies, in particular China. In any



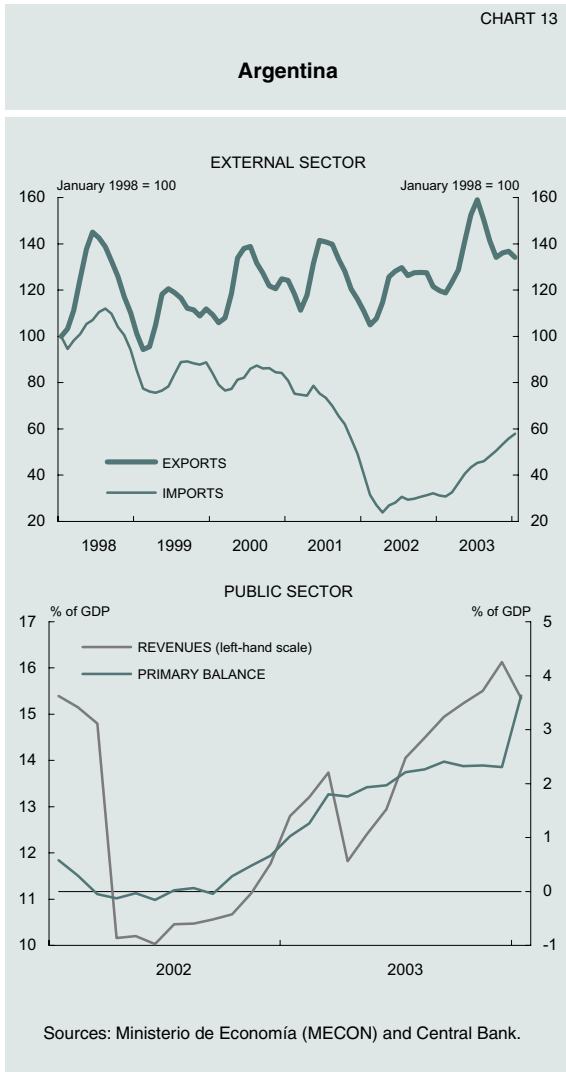
event, compared with the previous year the current-account deficit narrowed by 0.7 pp to 1.5% of GDP, thanks partly to the rise in emigrants' remittances, which increased by 35.2% in annual terms to somewhat over \$13 billion.

Turning to prices, annual inflation at the close of 2003 was at the upper limit of the target range adopted by the Mexican central bank. However, much of the reduction in inflation was due to transitory components, since underlying inflation rose slightly. Since early 2004 the increase in non-core inflation, along with the greater resilience of the recovery and wage behaviour, led the central bank to tighten monetary policy in mid-February and March, after having held it unchanged for most of the previous year. On the financial markets both equity and bonds performed favourably, placing their prices at an all-time high in early 2004. Both general government and, above all, the corporate sector took advantage of this favourable environment to raise \$2.3 billion on the debt markets. The Mexi-

can peso, for its part, exhibited marked volatility during the second half of the year. In November it hit a low for the year (entailing a depreciation of 9% on end-2002), but picked up thereafter. On the fiscal front the figures were favourable, and public finances posted their best result since 1996 (a deficit of 0.7% of GDP). However, the fiscal and energy reforms were at an impasse in the second half of the year.

The recovery in activity in *Argentina* gained fresh momentum in the second half of 2003, and this would have run into 2004 on the latest data. Year-on-year growth was 11.3% in Q4, while the year ended with a GDP increase of 8.7% in relation to 2002. Growth continued to be domestic demand-led, and both private consumption and investment sustained notable growth in Q4 (11.8% and 48.7%, respectively). In step with this momentum, imports were very robust (52%), though they are still far removed from pre-crisis levels (see Chart 13). Meanwhile exports slowed (7.4%), meaning the net contribution of the external sector to growth was -2.4 pp of GDP. The trade surplus for the year was 12% of GDP and the current-account balance was 7.5% of GDP, although both turned down in the second half of the year. The fiscal performance, underpinned by the favourable course of tax revenue (40% in the year), complied with the targets agreed upon with the IMF, although the surplus revenue at the end of the year was partly earmarked for restoring wage income in the public sector (see Chart 13). The general government primary surplus stood at 3% and the total surplus at 0.5%, although regard should be had when assessing these favourable fiscal results to the fact that much of public debt is in default status. Buoyant production in several industries and the freeze on credit meant that economic expansion did not feed through to prices, which held stable in the second half of the year and ended 2003 having increased by 2.7%. This provided for the continuing downward trend in interest rates, in step with the vigorous expansion of the monetary base, although the yield curve assumed a marked positive slope. The monetary expansion was supported by the replenishment of reserves, while the exchange rate held very stable throughout the second half of the year.

The performance of the rest of Argentina's financial markets was uneven. The stock market trended favourably and the Merval index posted earnings exceeding 40% in the second half of the year. By contrast, the sovereign spread included in the EMBI stood at a higher level than that of the previous six months owing to the announced rescheduling of debt in September, which established a partial acquaintance of 75%. Although after some setbacks the IMF



approved the first two revisions of the agreement reached in September, the international community's relations with Argentina remain difficult, mainly because of problems tied to the foreign debt rescheduling process.

The growth rate in Chile also rose slightly in the closing months of 2003 following a period of lower growth in Q2 and Q3. The year-on-year rate in Q4 was 3.3%, meaning the economy also grew by 3.3% in relation to 2002. This acceleration came about due to the greater momentum of consumption, while investment was somewhat lacklustre. Despite the recent increase in imports and the recent exchange rate appreciation, the rise in export prices, especially in mining items, meant there was a record trade surplus of almost \$3 billion (see Chart 14). Given the absence of price pressures (inflation stood at 0% in February 2004) and the favourable course of the exchange rate, the central bank cut its official interest rate by 1 pp to a historical low of 1.75%. In sum, the combination of a brighter external environment and a favoura-



ble series of domestic factors (improved confidence indicators, the favourable trend of employment and real income gains) points to buoyant activity foreseeably taking root in 2004.

Activity in *Colombia* regained momentum during the second half of the year. GDP growth in Q4, which rose to 4.3% year-on-year, dispelled the uncertainty derived from the slowdown experienced at the end of the previous six-month period. Annual growth thereby climbed to 3.7%, the highest rate since 1995. Construction, one of the most buoyant sectors in recent years, and mining were the driving force behind this pick-up. The effects on the labour market were appreciable: the unemployment rate dipped to 14.1%, a similar rate to that of 1997, while the rate of job destruction diminished. Inflation stood at 6.5%, 0.5 pp up on the central bank's upper target limit, but substantially below the figure forecast in early 2003. Underpinning this performance was, among other factors, the appreciation of the Colombian peso. Against this background, the central bank cut its interest rate to 6.75% in February 2004, intervening actively on the foreign exchange markets to check the appreciation of the peso. The increase in commodity prices and the narrowing of sovereign debt spreads made for a sustainable external position, although the current-account deficit widened to 2.7% of GDP. The fiscal imbalance, by contrast, improved in relation to the previous year (2.9% on provisional estimates, against 3.9% in 2002), although the target initially agreed with the IMF was once again exceeded. Also notable in connection with the fiscal realm was the non-approval of the referendum on tax reform (and on

other policies), which made the adoption of alternative adjustment measures necessary.

In *Venezuela*, activity during Q4 rebounded significantly in relation to the previous quarters, with GDP growth of 9% year-on-year. Even so, GDP in 2003 as a whole shrank by 9.2%, the worst recession recorded in the country's history, owing to the effects of the general strike in late 2002, the grinding to a halt of the oil industry and the introduction of exchange controls. The impetus to activity was from external demand, assisted by a rise in oil prices on international markets. Despite strict price controls being set in place, inflation held at a rate of over 20%. The central government accounts recorded a favourable result in 2003 Q3. By contrast, monetary policy management was hampered by the delays in currency delivery to importers and the confrontation between the Venezuelan central bank and the Government, brought on by the latter requesting the transfer of a portion of the country's reserves to finance agricultural projects. In February the official exchange rate was devalued by 16.6%, although the new rate is still higher than that prevailing on the parallel market. Despite persistent political uncertainty, the country's improved economic outlook and its sustainable external position allowed access to international debt markets, where over \$5 billion were placed between the second half of 2003 and 2004 Q1.

Peru grew at a satisfactory rate during 2003, prolonging an expansion that has lasted for 22 months despite its recurring domestic political problems. Nonetheless, in the last six months of the year activity slowed to a growth rate of around 3%, prompted by the moderation of private consumption growth. Inflation ended the year at 2.5% (the target set by the central bank), providing for a continuing downward interest rate path. Despite setbacks in the approval of several tax regulations, public finances at the end of 2003 showed a primary surplus of 0.2%, and the debt ratio stabilised at below 47%.

In *Uruguay*, growth of 15.7% was posted in 2003 Q4, driven by the pick-up in both domestic demand and external demand. As a result, annual growth rose to 2.5%, far higher than expected. Inflation continued on a downward path and ended the year at 10.2%. Financial variables improved thanks to the favourable external setting and a stable domestic environment. The spread on sovereign debt thus narrowed to around 600 bp, while peso deposits grew by 30% over the six-month period. *Ecuador* has recently benefited from a sovereign upgrade, although the growth of its economy slowed. Conversely, there was a serious political crisis in October in *Bolivia*, and banking problems persist in the which has led to successive sovereign downgrades.

24.3.2004.

A comparison between bank rates in Spain and in the euro area

The authors of this article are Luis A. Maza and Alicia Sanchís of the Directorate General Economics, Statistics and Research

1. INTRODUCTION

The European Central Bank (ECB) and the Eurosystem national central banks (NCBs) have recently begun to publish new interest rate statistics for all the countries of the euro area relating to the retail deposit and lending rates of monetary financial institutions (MFIs) (1). This information, suitably extended to include data on the outstanding amounts of these instruments as well as new business, enables the levels of these variables to be compared across Member States on a homogenous basis that was previously unavailable.

It should be pointed out that, currently, only a short run of data is available (the new series go back to the beginning of 2003), and that some residual heterogeneity persists, despite the drive for harmonisation. However, in future these data may be used to assess the degree of integration and competition in different segments of the Spanish and euro area banking markets.

This study makes a first approximation to some of these questions. More specifically, the prices, outstanding amounts and new business of Spanish and euro area MFIs for lending and deposit transactions in 2003 are compared. The interest rates analysed refer, unless expressly stated otherwise, to effective rates, which do not include charges. For those instruments for which it is possible, a comparison is also made of the charges applied in each case. These are approximated by the spread between the "annual percentage rates" (APRs), the calculation of which takes these expenses into consideration, and the effective rates (2).

Following this introduction the article is divided into four sections. In the first two sections the differences between the Spanish and euro area markets in relation to lending and deposit transactions are compared. Section four examines charges, while section five sets out the main conclusions.

(1) For further details of the content of this new source of information, see Departamento de Estadística y Central de Balances (2003), an article only available in Spanish.

(2) The details of these definitions are to be found in Departamento de Estadística y Central de Balances (2003), an article only available in Spanish.

Table 1

Lending rates (new business) (a)

%

	Euro area						
	Spain	Weighted mean (b)	Simple mean	Standard deviation	Coeff. of variation	25th per-centile	75th per-centile
To households							
Bank overdraft	12.98	9.84	9.80	2.68	0.27	7.77	11.11
Lending for house purchase							
<i>Initial rate fixation up to 1 year</i>	3.59	3.87	3.98	0.47	0.12	3.72	4.20
<i>Initial rate fixation over 1 and up to 5 year</i>	3.60	4.23	4.50	0.93	0.21	4.01	4.53
<i>Initial rate fixation over 5 and up to 10 year</i>	5.95	4.94	5.47	1.62	0.30	4.74	5.41
<i>Initial rate fixation over 10 years</i>	4.27	4.90	4.77	0.44	0.09	4.58	5.07
Consumer credit							
<i>Initial rate fixation up to 1 year</i>	8.12	7.42	7.46	2.30	0.31	5.56	9.45
<i>Initial rate fixation over 1 and up to 5 year</i>	7.46	6.91	7.48	1.78	0.24	6.24	8.39
<i>Initial rate fixation over 5 years</i>	7.35	8.18	7.48	1.79	0.24	6.11	8.69
Other lending							
<i>Initial rate fixation up to 1 year</i>	4.65	4.32	4.76	1.14	0.24	3.99	5.00
<i>Initial rate fixation over 1 and up to 5 year</i>	5.23	5.20	5.51	1.43	0.26	4.71	5.74
<i>Initial rate fixation over 5 years</i>	5.51	5.20	5.40	1.69	0.31	4.63	5.24
To non-financial corporations							
Bank overdraft	17.17	5.72	6.62	3.51	0.53	4.75	6.88
Other loans up to €1 million							
<i>Initial rate fixation up to 1 year</i>	4.21	4.34	4.38	0.76	0.17	3.84	4.74
<i>Initial rate fixation over 1 and up to 5 year</i>	4.42	4.86	5.00	0.77	0.15	4.41	5.41
<i>Initial rate fixation over 5 years</i>	4.33	4.90	5.02	0.93	0.19	4.58	5.10
Other loans over €1 million							
<i>Initial rate fixation up to 1 year</i>	3.09	3.29	3.45	0.42	0.12	3.12	3.60
<i>Initial rate fixation over 1 and up to 5 year</i>	3.19	3.52	3.74	0.40	0.11	3.44	4.10
<i>Initial rate fixation over 5 years</i>	3.86	4.35	4.12	0.44	0.11	3.98	4.33

Sources: ECB and Banco de España.

(a) Average monthly data for 2003. Effective interest rates (not including charges).

(b) Weighted by volume.

2. LOANS AND CREDITS

Table 1 summarises the information available on lending rates in 2003 in Spain and in the euro area, in accordance with the breakdown offered by the new statistics. In the case of the euro area, both the simple mean and the volume-weighted mean are shown. Unless otherwise indicated, the analysis is based on the latter type of mean, which is considered more representative. In addition, two measures of the dispersion across the euro area countries are presented (the standard deviation and the coefficient of variation), as well as the 25th and 75th percentiles of the related distributions. The information on volumes of new business is shown in Table 2, with the same breakdown as in Table 1.

2.1. Loans to households

The new interest rate statistics classify loans to households into four categories: bank overdrafts, lending for house purchase, consumer credit and other lending. In terms of outstanding amounts, the financing extended by MFIs to households represents around half of all the funds supplied to the non-financial private sector. By instrument, lending for house purchase has the highest relative importance, both in Spain and in the euro area, accounting for around 67% of loans to households (see Chart 1). However, there are certain differences between these two geographical areas as regards the other categories. Whereas, in Spain, bank overdrafts represent only 0.2% of the funds ob-

Table 2

Volume and percentage structure of loans (new business) (a)

% and EUR millions

	Spain	Euro area
To households		
Bank overdraft (OUTSTANDING AMOUNT in millions of euro)	681.3	175,099.4
Lending for house purchase (in millions of euro)	8,599.1	46,304.3
<i>Initial rate fixation up to 1 year</i>	79.0	43.1
<i>Initial rate fixation over 1 and up to 5 year</i>	18.6	17.8
<i>Initial rate fixation over 5 and up to 10 year</i>	0.8	20.6
<i>Initial rate fixation over 10 years</i>	1.5	18.5
Consumer credit (in millions of euro)	2,926.8	22,809.1
<i>Initial rate fixation up to 1 year</i>	44.0	27.5
<i>Initial rate fixation over 1 and up to 5 year</i>	35.8	47.7
<i>Initial rate fixation over 5 years</i>	20.2	24.8
Other lending (in millions of euro)	3,843.6	26,748.7
<i>Initial rate fixation up to 1 year</i>	80.7	73.8
<i>Initial rate fixation over 1 and up to 5 year</i>	14.2	12.3
<i>Initial rate fixation over 5 years</i>	5.2	13.9
To non-financial corporations		
Bank overdraft (OUTSTANDING AMOUNT in millions of euro)	1,498.5	476,964.0
Other loans up to €1 million (in millions of euro)	26,625.2	69,428.3
<i>Initial rate fixation up to 1 year</i>	92.1	84.3
<i>Initial rate fixation over 1 and up to 5 year</i>	6.9	9.4
<i>Initial rate fixation over 5 years</i>	1.0	6.3
Other loans over €1 million (in millions of euro)	33,140.5	152,533.0
<i>Initial rate fixation up to 1 year</i>	74.5	83.4
<i>Initial rate fixation over 1 and up to 5 year</i>	17.7	9.3
<i>Initial rate fixation over 5 years</i>	7.8	7.4
Sources: ECB and Banco de España.		
(a) Average monthly data for 2003.		

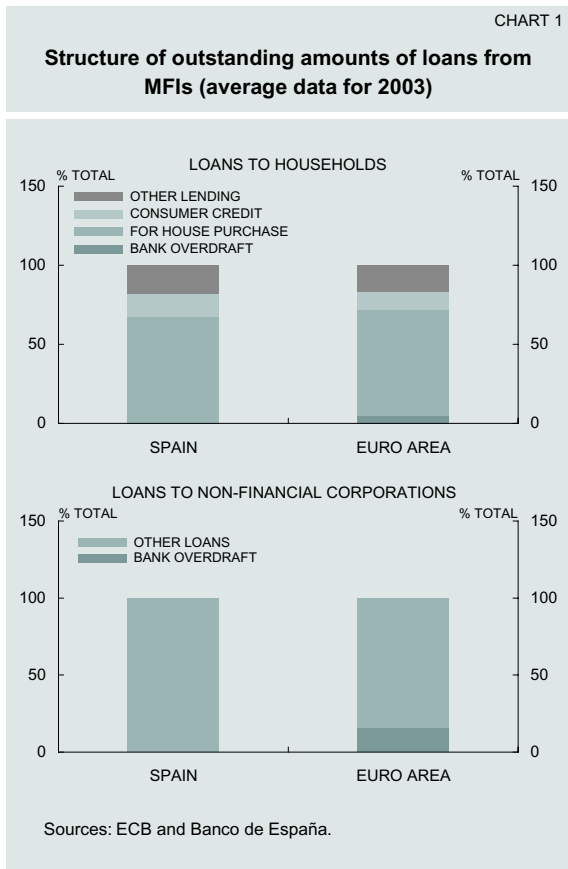
tained by households, in the euro area this proportion is 5%. Accordingly, the other two categories have a somewhat higher weight in Spain.

2.1.1. Bank overdrafts

The interest rates applied to overdrafts by Spanish MFIs are well above the average euro area levels (see Table 1). While the average rate on these transactions was 13% in Spain, during the period analysed, in the euro area it was 9.8%. This difference reflects the fact that in Spain, in contrast to the rest of the euro area, these transactions are not really conceived of as an alternative means of financing on normal terms, but as a marginal instrument (for example, in Spain, unlike in other countries, the limit on funds available through this kind of transaction is not normally fixed by contract).

2.1.2. Lending for house purchase

The statistics distinguish between loans for house purchase according to whether their period of initial rate fixation is: up to one year; over one and up to five years; over five and up to ten years; over 10 years. The distribution by initial rate fixation shows that in Spain new business in 2003 was concentrated in the segment "up to one year", which accounted for almost 80% of the total volume (see Table 2). This characteristic reflects the high weight of floating rate agreements in Spain and the widespread use of short-term reference rates in this kind of transaction [see Álvarez and Gómez de Miguel (2003)]. The next segment (initial rate fixation of over one and up to five years), principally relating to housing renovation, accounted for 19%, while the relative importance of the other two brackets (initial rate fixation of over 5 years), which include fixed



rate loans, was residual. In the euro area, by contrast, the distribution by initial rate fixation was more uniform although, as in the case of Spain, the first bracket accounted for the highest percentage (43%).

As for interest rates, in the brackets that are actually relevant in Spain (initial rate fixation of up to five years), financing costs for households were lower in Spain than on average in the euro area (see Table 1), with a spread of 28 basis points (bp) in the bracket in which most of the volume of new business is located (initial rate fixation of up to one year). This evidence would seem to point to a higher degree of competition in Spain than in the other euro area countries in this market segment, which has recently been characterised by a high degree of buoyancy. In 2003, lending for house purchase grew in Spain at rates of close to 20% year-on-year, while in the euro area it increased at a rate of 7%.

2.1.3. Consumer credit and other lending

There is also a greater preference in Spain, than in the euro area, for linking to short-term interest rates in the case of consumer credit, although the difference is somewhat less pronounced than in the case of lending for house

purchase (see Table 2). In Spain in 2003, 44% of new business in this segment was concentrated in the bracket "initial rate fixation of up to one year", while in the euro area this bracket only accounted for 28% of new business, the most popular bracket being "over one year and up to five years" (48% against 36% in Spain). Other lending is also concentrated in the shorter periods of initial rate fixation, both in the domestic market and in the euro area, the percentage of new business in the interval "up to one year" being 81% and 74%, respectively.

The average interest rates applied by Spanish institutions to consumer credit and other lending generally stood above the euro area weighted average (see Table 1), with spreads that reached a high of 70 bp in the case of the bracket "up to one year" for consumer credit.

However, it is more complicated to draw conclusions on the relative degree of banking competition in this case owing to the fact that the transactions grouped under this heading are probably highly diverse. For example, one factor that affects the cost of a loan is the existence of collateral, but there is no information available on the relative importance of the latter in the various countries. This diversity is, in any case, apparent in the high levels of the dispersion statistics for these forms of financing, which have one of the highest values among the various categories considered (actually double the level of dispersion of the interest rates on loans for house purchase in the most representative segments).

As might be expected, both in Spain and in the euro area, the cost of consumer credit was significantly higher than that of lending for house purchase, with a spread of more than 3 percentage points. This reflects the higher risk associated with these transactions.

2.2. Loans to non-financial corporations

Transactions for the financing of non-financial corporations are classified, in the new interest rate statistics, as either bank overdrafts or other loans, the latter being divided in turn, according to the amount of the transaction, into loans of up to €1 million and loans of over €1 million. There are significant differences between Spain and the euro area in the composition of bank finance to firms according to this classification. In the euro area, bank overdrafts represent around 16% of total MFI lending to non-financial corporations, while this proportion is only 0.4% in Spain (see Chart 1).

2.2.1. Overdrafts

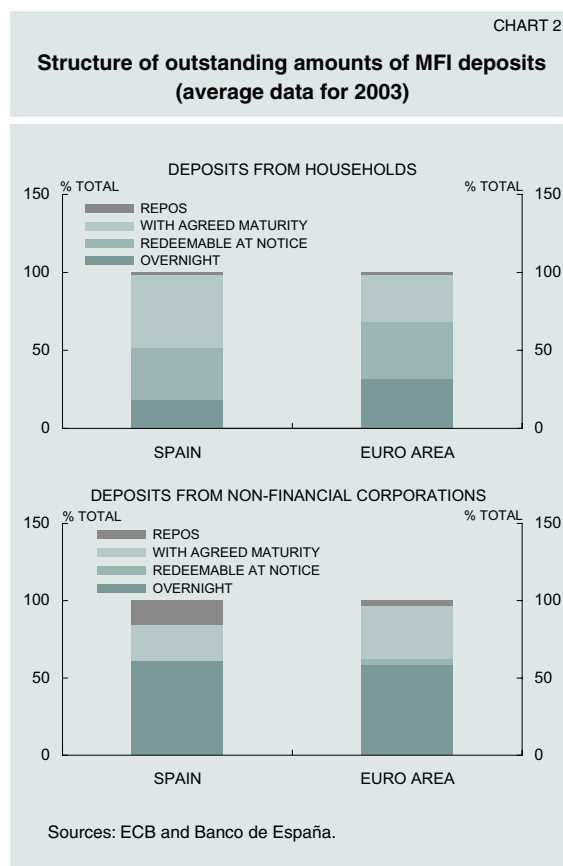
As in the case of households, the interest rates that Spanish institutions charge on overdrafts were much higher than the euro area average levels (see Table 1). Whereas in Spain they were 17.2%, on average in the euro area they were around 6%. Also, the uniqueness of the Spanish level is highlighted when the dispersion of this category of loans is compared for the sample including Spain (3.5 in terms of the standard deviation) and excluding Spain (1.2). As mentioned in the case of households, this form of financing is, in Spain, hardly comparable with the rest of Europe, as is clear from its completely marginal weight in the liabilities of the sector (see Chart 1).

2.2.2. Other loans

As regards other loans, the average interest rates applied by Spanish MFIs were, for all the categories considered, below the average euro area levels, with spreads ranging from 13 bp in the case of loans up to €1 million in the category of initial rate fixation of up to 1 year, to 57 bp on loans for amounts of up to €1 million euro with initial rate fixation of over 5 years (see Table 1).

Analysis of the volumes shows that in Spain low-value transactions at very short maturities (where the spreads over the euro area are smallest) were much more important than on average in the euro area countries (see Table 2). Thus, in the segment of loans of less than €1 million with interest rate fixation of up to one year, the volume of new business of Spanish institutions represented 42% of the euro area total. This behaviour may, at least in part, reflect what is probably a greater weight of trade-bill discounting by non-financial corporations in Spain, and the lower relative importance of overdrafts. This characteristic would also help to explain the lower levels of interest rates in the national statistics in relation to euro area data, given the smaller risk of this type of instrument which incorporates additional collateral.

Meanwhile, the comparison of interest rates according to the size of the loan shows that, both in Spain and in the euro area, the costs associated with higher value transactions (more than €1 million) are smaller than those for smaller amounts, with spreads in both cases of between 50 bp and 130 bp according to the maturity (see Table 1). This characteristic presumably reflects the higher credit quality of the firms that request larger volumes of financing which one would expect, in principle, to be the larger ones. Also, the negotiating power of the latter



would probably also be higher, due to their easier access to alternative sources of financing such as fixed-income and equity issuance and loans from non-resident institutions. Indeed, this may be one of the factors explaining why this category, among all the types of lending reported by the institutions, has the narrowest dispersion of interest rates across countries, with a standard deviation of only 0.4, which would seem to indicate that the cross-border competition is particularly intense in this area of business.

3. DEPOSITS

The analysis in this section is based on Tables 3 and 4. These have a similar design to Tables 1 and 2, discussed in the previous section, but relate instead to MFIs' liabilities-side transactions. The composition, by sector, of the outstanding amount of deposits has a similar structure in Spain to that in the euro area. Around 80% of deposits are held by households, in contrast to lending, where the sectoral breakdown is more balanced.

3.1. Deposits from households

As regards the liabilities-side transactions of MFIs with households, the categories of in-

Table 3

Interest rates on deposits (new business) (a)

%

	Spain	Euro area					
		Weighted mean (b)	Simple mean	Standard deviation	Coeff. of variation	25th percentile	75th percentile
From households							
Overnight	0.75	0.77	0.66	0.34	0.51	0.42	0.93
Redeemable at notice							
up to 3 months	0.29	2.15	1.65	0.81	0.49	1.04	2.10
over 3 months	...	2.98	2.40	0.47	0.20	2.12	2.73
With agreed maturity							
Up to 1 year	2.08	2.10	2.11	0.23	0.11	2.04	2.16
Over 1 and up to 2 years	2.07	2.37	2.45	0.37	0.15	2.14	2.70
Over 2 years	2.17	2.65	2.52	0.92	0.37	2.21	3.04
From non-financial corporations							
Overnight	0.73	1.00	0.96	0.56	0.59	0.61	1.26
With agreed maturity							
Up to 1 year	2.17	2.24	2.23	0.11	0.05	2.17	2.29
Over 1 and up to 2 years	2.16	2.45	2.44	0.31	0.13	2.23	2.58
Over 2 years	2.63	3.37	2.62	0.78	0.30	2.29	3.09
Households and non-financial corporations							
Repos	2.27	2.25	2.29	0.20	0.09	2.16	2.34

Sources: ECB and Banco de España.
(a) Average monthly data for 2003. Effective interest rates (not including charges).
(b) Weighted by volume.

strument defined by the new interest rate statistics are overnight deposits, deposits redeemable at notice and deposits with agreed maturity. In the case of repos, data are available in Spain that break down new business by sector but, since these operations are very rare in the rest of the euro area, this information is not available for all the euro area countries. As a result, the comparison of repo interest rates and volumes can only be made for the non-financial private sector as a whole.

There are certain differences between Spain and the euro area as regards the structure of the composition by instrument of the liabilities of MFIs vis-à-vis households, in terms of outstanding amounts (see Chart 2). In Spain, the weight of overnight deposits (18%) is significantly lower than in the euro area as a whole (31%), while deposits with agreed maturity have a larger share in Spain (46%) than in the euro area (30%). The rela-

tive importance of deposits redeemable at notice (savings deposits, in the case of Spain), which are very similar to overnight deposits, but distinguished by the fact that cheques cannot be drawn on them, is rather similar in the two areas, representing around 35%. The lower weight in Spain of overnight deposits may be related to the greater relative importance of cash in circulation and the lesser acceptance of cheques as means of payment.

3.1.1. *Overnight deposits and deposits redeemable at notice*

Overnight deposits in Spain are remunerated at very similar rates to the euro area average (see Table 3). By contrast, in Spain the interest rates on deposits redeemable at notice were clearly below the euro area average. However, the comparison is more complicated in this case as a consequence of the

Table 4

Volume and percentage structure of deposits (new business) (a)

% and EUR millions

	Spain	Euro area
From households		
Overnight (OUTSTANDING AMOUNT in millions of euro)	73,674.5	1,222,545.5
Redeemable at notice (OUTSTANDING AMOUNT in millions of euro)	135,626.5	1,430,018.2
With agreed maturity (millions of euro)	20,560.3	118,367.8
<i>Up to 1 year</i>	89.1	91.8
<i>Over 1 and up to 2 years</i>	3.8	2.5
<i>Over 2 years</i>	7.1	5.8
From non-financial corporations		
Overnight (OUTSTANDING AMOUNT in millions of euro)	71,939.1	580,845.5
Redeemable at notice (OUTSTANDING AMOUNT in millions of euro)	...	36,472.7
With agreed maturity (millions of euro)	10,719.5	170,645.6
<i>Up to 1 year</i>	91.2	97.9
<i>Over 1 and up to 2 years</i>	2.0	0.4
<i>Over 2 years</i>	6.8	1.8
Repos with households and non-financial corporations (millions of euro)	100,775.3	158,358.0

Sources: ECB and Banco de España.
(a) Average monthly data for 2003.

different weight of other elements, such as charges, the existence of remuneration in the form of draws or gifts and whether or not direct debit and standing order facilities are provided. In fact, Spanish savings deposits are, to some extent, a kind of hybrid between overnight deposits and deposits redeemable at notice.

The existence of a relatively large dispersion in the euro area of the interest rates on overnight deposits and deposits redeemable at notice should be mentioned, which probably reflects the existence of national specifics such as, for example, the legal restrictions on some countries relating to the terms of remuneration, or the different cash services associated with these accounts.

3.1.2. Deposits with agreed maturity

This category has three interest rate fixation brackets: "up to 1 year", "over 1 and up to 2 years" and "over 2 years". The most representative segment in terms of transactions is the first one, which accounted for 89% thereof in the case of Spain and 92% in that of the euro area (see Table 4). However, it should be noted that the greater relative im-

portance of this bracket partly reflects the higher turnover in these transactions.

As regards the remuneration of deposits with agreed maturity in the most representative bracket (up to one year), interest rates in Spain were close to average euro area levels (see Table 3). Moreover, the dispersion across countries in this category was low, which would seem to indicate the homogeneous nature of these products at the euro area level. The interest rates in the other categories were somewhat lower in Spain than the euro area average.

Finally, it should be noted that the volume of new business was high in Spain relative to the euro area, with new deposits with agreed maturity in Spain accounting for around 20% of those of the euro area.

3.2. Deposits from non-financial corporations

In terms of outstanding amounts, the relative importance of repos in the liabilities of MFIs vis-à-vis non-financial corporations is higher in Spain (16%) than in the euro area (3%) (see Chart 2), whereas the opposite is true in the case of deposits with agreed ma-

Table 5

Lending rates and charges (new business) (a)

%

	Euro area						
	Spain	Weighted mean (d)	Simple mean	Standard deviation	Coeff. of variation	25th percentile	75th percentile
Loans to households (effective rate) (b)							
<i>Lending for house purchase</i>	3.61	4.35	4.19	0.48	0.11	3.80	4.50
<i>Consumer credit</i>	7.73	7.36	7.81	1.70	0.22	6.56	9.40
Loans to households (APR) (c)							
<i>Lending for house purchase</i>	3.75	4.55	4.45	0.55	0.12	4.16	4.77
<i>Consumer credit</i>	8.42	8.02	8.42	1.88	0.22	7.15	10.04
APR-effective rate spread							
<i>Lending for house purchase</i>	0.13	0.21	0.26	0.23	0.90	0.07	0.41
<i>Consumer credit</i>	0.68	0.66	0.61	0.45	0.74	0.17	0.87

Sources: ECB and Banco de España.
(a) Average monthly data for 2003.
(b) Charges not included.
(c) Annual percentage rate. Includes charges.
(d) Weighted by volume.

turity. The weight of overnight deposits, meanwhile, is very similar in Spain and the euro area (around 60%). As regards interest rates and volumes of new business, the information available refers only to overnight deposits and deposits with agreed maturity. As mentioned above, there is no sectoral breakdown for repos.

3.2.1. Overnight deposits

Overnight deposits from corporations were remunerated at a lower rate in Spain than in the euro area (see Table 3). Also, as in the case of overnight deposits from households, the dispersion of interest rates across countries was high.

3.2.2. Deposits with agreed maturity

As regards deposits with agreed maturity, the marked preference for the short-term is notable both in Spain and in the euro area (see Table 4). In both cases the bracket "up to 1 year" accounts for more than 90% of the transactions, but it should be recalled that the higher turnover of this instrument distorts the results in its favour. In Spain, this type of transaction is remunerated at a very similar rate to the euro area average (see Table 3). Also, the dispersion of the interest rates across countries is very moderate.

3.3. Repos

The interest rates on repos between MFIs and households and non-financial corporations stood in Spain at around the euro area average level (see Table 3). However, it should be noted that only 6 countries report information on this item and that more than 60% of all the business in the area is channelled through Spain.

4. COMPARISON WITH CHARGES INCLUDED

In the foregoing sections the information used relates to effective interest rates, not including other charges. These rates are available with a greater level of detail than APRs, which do include these expenses. The information available on these latter rates (in relation to loans for house purchase and consumer credit) can be used to compare charges in Spain and in the euro area. These are approximated as the difference between the APR and the effective rates.

As seen in Table 5, in the case of lending for house purchase, charges in Spain were around 13 bp in annual terms, while in the euro area as a whole they were somewhat higher (up to 21 bp). However, it should be noted that the variability of these charges across countries is very high, there being countries in which they are practically zero and others in which they are almost one percentage point.

The charges on consumer credit are higher than those on lending for house purchase (reflecting at least in part, the shorter maturities of such transactions, since the charges are presented in annualised terms). The APR-effective rate spreads on consumer credit stood, on average in the euro area, at 66 bp, generally being, in all countries, higher than those applied to loans for house purchase. In the Spanish market, charges represent around 70 bp of the APRs, which is slightly higher than the euro area average.

Comparing the cost of loans in terms of APR, in Spain and the euro area, shows that charges tend to accentuate the differences seen in effective rates. Thus, in the case of lending for house purchase, in which the effective rates were below the euro area average, the difference in terms of APRs is even greater. In consumer credit, for which the effective rates in Spain were higher, the differentials were somewhat wider when APRs were considered. Therefore, the qualitative conclusions drawn from the comparison for loans for house purchase and consumer credit between the Spanish data and the euro area average in terms of effective rates are not altered if the total cost of transactions, including charges, is considered.

5. CONCLUSIONS

The new statistics on bank interest rates are a significant advance in terms of the financial information available, since the harmonised definitions used facilitate comparisons between euro area countries. It should be noted however, that the short length of the available series and the persistence of some heterogeneity in certain instruments, reflecting the idiosyncrasies of the countries, is still hampering the drawing of final conclusions on the degree of integration and competition in bank services markets. In any case, the article identifies some characteristic features of these issues that may be relevant, although they should be treated with due caution.

In some segments the degree of integration attained appears to be relatively high, e.g. in the case of loans to non-financial corporations, particularly where the transaction amount exceeds €1 million, and in that of shorter-term deposits from corporations. For all these instruments the interest rates are similar in all the countries of the area. On the other hand, there are other segments in which the degree of dispersion of the prices negotiated is high (bank overdrafts, overnight deposits and consumer credit and other lending to households), but the heterogeneity of the operations with these instruments makes it difficult to assess such differences in terms of the integration of these markets.

As regards the degree of competition, it is significant that in the segment of loans for house purchase, where the demand for funds has grown much more in Spain than in the euro area as a whole, costs of financing in Spain were below the euro area average in 2003, both in terms of effective rates and of APRs, which also take into account the effect of other charges.

As for the structure of business, a characteristic of the Spanish market that is seen in practically all the instruments is the predominance of short interest fixation periods. This has significant implications for the monetary transmission mechanism and for the sensitivity of the private sector's debt burden to changes in the cost of financing.

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Spanish export market share in the past decade

By Soledad Bravo and Coral García, Directorate General Economics, Statistics and Research.

1. INTRODUCTION

The launch of the Single Market and the realignments of the peseta between 1992 and 1995 boosted Spanish goods exports, against the background of progressively strengthening world trade, to very high growth rates. During the 1993-97 period, exports advanced at an average rate of over 13% in real terms, whereby their share in world trade rose by 0.4 pp (0.9 pp in the EU market), while the share of Spain's real GDP in global output diminished slightly (see Chart 1). In the following six years, however, export buoyancy has moderated, giving rise to a real average growth rate of exports of 5.7%, which has only allowed their share in world trade to stabilise. This performance in the last few years contrasts with the expansionary cycle seen by the Spanish economy in this period (Spanish GDP gained weight in world output) and with the export strength of other areas, such as South-East Asia, and central and eastern Europe (1), the countries in this latter region being in the process of joining the EU.

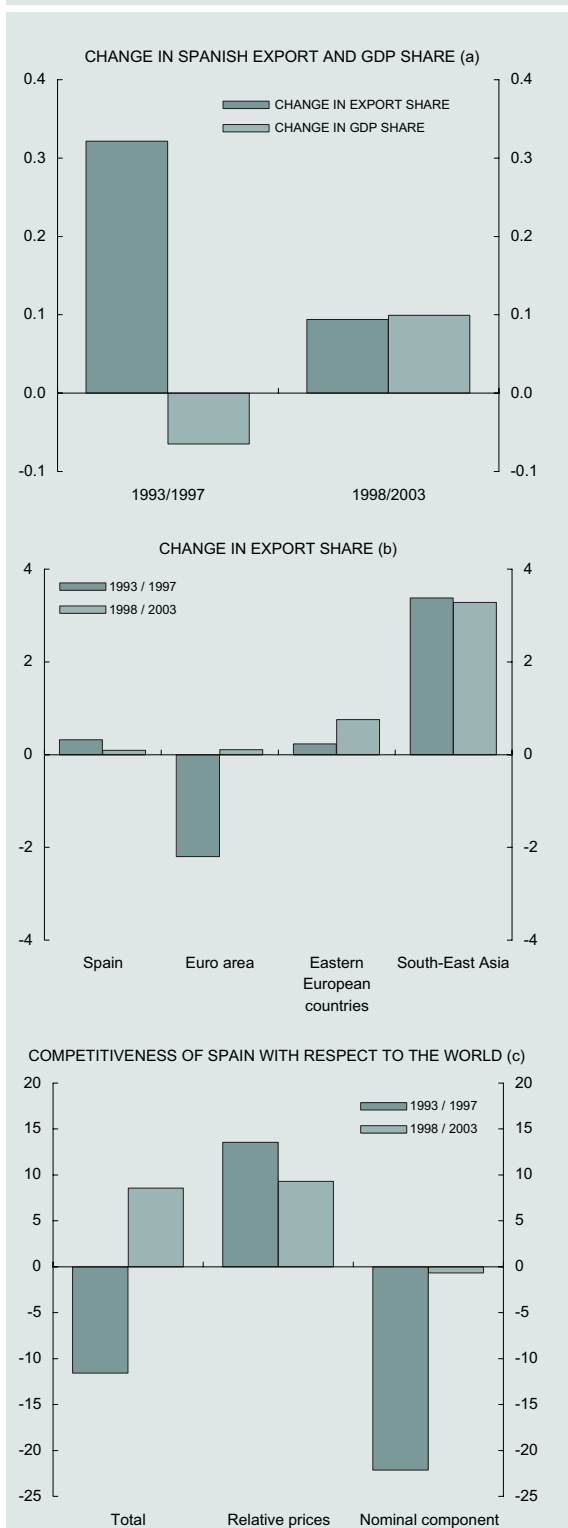
Although the price competitiveness of Spanish exports partly explains their lower buoyancy in recent times (this measure of competitiveness worsened between 1998 and 2003), other factors, such as those relating to the pattern of trade specialisation and to changes in world demand for the various products, may have also been important.

Two recently published studies – one in the Economic bulletin entitled «Comparative analysis of export demand for manufactures in the euro area countries» by Buisán and Caballero (2003), and one in the *Boletín económico* entitled «La industria manufacturera española en el contexto europeo (Spanish manufacturing industry in the European context)» by Gordo, Gil and Pérez (2003) – explored these factors and their effect on the performance of Spanish exports in recent years. The first of them estimates behavioural relationships for the exports of euro area countries and points out the significant disparity in the export responses of the various countries to changes in their fundamental determinants. The price elasticity of manufacturing exports is higher in Spain than in the other countries, which could be related to the export pattern of the economy, characterised by a

(1) In the case of the eastern European countries, another factor to be assessed is the rise in their export share taking account of their low weight in world GDP.

CHART 1

Spanish export shares and competitiveness



Sources: IMF and OECD.

(a) In real terms.

(b) Calculated as a percentage of world exports.

(c) Measured using goods export prices. Positive values indicate loss of competitiveness and negative values indicate gain in competitiveness.

greater presence of traditional manufactures and a lower relative weight of higher technology products. The second study analyses the pattern of productive and trade specialisation of the EU countries and reports the existence of differences of some importance between the productive structures of these countries. Although these differences have tended to grow moderately, Spain's productive (and trade) structure has gradually become more characteristic of the average in the European markets.

The present study focuses on analysing how the pattern of trade specialisation influences the aggregate behaviour of Spanish exports, and seeks to assess the extent to which this pattern has varied in response to changing international demand. It also explores the possible existence of specific competitive factors that may have been responsible for differences in the behaviour of Spanish exports. These questions are addressed using shift-share analysis, which enables the change in a variable (Spanish manufacturing exports) to be broken down into components and its behaviour to be assessed as a function of a reference variable, which in this case is the export market. The analysis was conducted using the disaggregation of external trade by branch of activity and technological intensity (see classification in annex to this paper) which, due to limitations in data coverage, made it necessary to restrict our research to nominal trade flows of manufactured goods with the EU. However, the exercise is representative in that manufactured goods account for 89% of total goods exports, of which 70% are to the EU. Chart 2 shows how the behaviour of the share of manufactured goods in the EU reasonably approximates the behaviour of the share of total exports in world trade.

The next section analyses the change in share. Then follows an examination of the behaviour of Spanish manufacturing exports in nominal terms between 1993 and 2002 (2), disaggregated by technological intensity, and an analysis of the various factors (specialisation and competitive advantage) that have contributed to their growth. Finally some conclusions are drawn.

2. SHIFT-SHARE ANALYSIS.

Shift-share analysis enables the growth of a regional and/or sectoral economic variable in a period of time to be broken down into additive,

(2) The last year for which disaggregated information is available on the manufacturing imports of the main EU countries. Imports of Ireland, Portugal, Denmark, Greece and Spain not included [data source: STAN (OECD)].

analytically interpretable factors, using for this purpose a rule or element of comparison which is usually given by the aggregate growth of that same variable. The interest in this tool, which is applied for descriptive rather than explanatory purposes, lies in the fact that it combines simplicity of approach and execution with an ability to identify the factors responsible for differences in behaviour, particularly those reflecting idiosyncratic comparative advantages or disadvantages.

This technique has been much used in the area of economic geography and in sectoral studies since 1960. A detailed description of it may be found in Loveridge and Selting (1997), where, in addition to reviewing the literature and areas of application (3), the characteristics of the *classical model* and of the various formulations derived from that first model are assessed. The macroeconomic aggregates most frequently analysed by the shift-share technique have been employment and labour productivity. Exports have also been analysed in numerous papers, including most notably Gazel and Schwer (1997) and, more recently, Coughlin and Pollard (2001).

As pointed out above, the present study applies this tool to analyse Spanish exports of manufactured goods to the EU, disaggregated by technological intensity, using as a reference variable the imports of manufactured goods by the area. The formulation of the shift-share model used in this study breaks down the change in the share of Spanish exports in the EU market – proxied by the growth differential between Spanish exports of manufactured goods to the EU (g) and total EU imports of manufactured goods (g^{eu}) – as the sum of three factors

$$g - g^{eu} = \sum_i \omega_i * (g_i^{eu} - g^{eu}) + \sum_i \omega_i^{eu} (g_i - g_i^{eu}) + \sum_i (\omega_i - \omega_i^{eu}) * (g_i - g_i^{eu}) \quad [1]$$

Where the subscript i denotes the branch's technological intensity (high, medium-high, medium-low and low); g_i is the annual growth (or the annual average growth for a number of years) of Spanish exports in branch i ; g_i^{eu} is the annual growth of EU imports in branch i ; ω_i denotes the weight of branch i in Spanish exports in the initial year; and ω_i^{eu} denotes the weight of branch i in EU imports in the initial year. Each of the three factors is analytically interpretable:

(3) As described in Loveridge and Selting, this technique has been used in prediction, spatial and strategic planning studies and in assessment of economic policies. Although the Spanish bibliography is scant, shift-share analysis has been applied in a study of services in Spain by Cuadrado and Río Gómez (1993), of productivity by Villaverde Castro (1996) and of tourism by Marín Carrillo (2002).

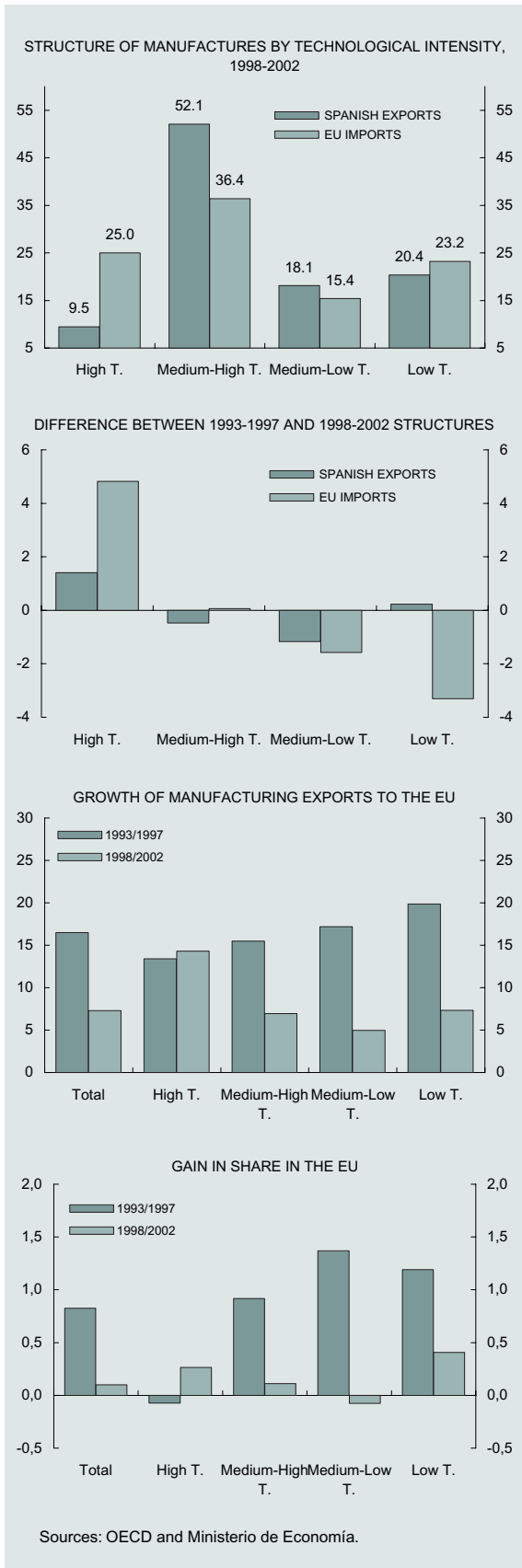


— The first is the sum of the growth differentials between EU imports in each branch and total imports of manufactured goods from the EU, weighted by the structure of Spanish exports. Therefore, this term measures the effect on the export share deriving from the relationship between the pattern of specialisation (4) of Spanish exports and the intensity of relative demand in each branch. This component is called the demand intensity factor.

(4) The term “specialisation” is used in this article to refer to the structure by technological intensity, whether of Spanish exports or EU imports. The term relative specialisation refers to the comparison of these two specialisation structures.

CHART 3

Manufacturing exports to the EU, by technological intensity grouping



— The second factor is the sum of the growth differentials between Spanish exports in each branch and EU imports in the same branch, weighted by the structure of EU imports. Therefore, this factor evaluates the effect on export share of the ability (or lack thereof) of Spanish exports in each branch to grow at a higher rate than their market; i.e. their competitive advantage or disadvantage. To isolate the pure competitive advantage effect, the weight used is the structure of EU imports. This component is called the competitive advantage factor.

— The third factor, which is a second-order factor, is given by the sum of the differences between the weight of each branch in Spanish exports and in EU imports, multiplied by the growth differential between the two. This factor combines elements of specialisation and of competitive advantage or disadvantage: it will be positive if exports are relatively specialised in the branches in which there is a competitive advantage (and negative if they are specialised in the branches in which there is a competitive disadvantage). This residual component is known in the literature as the location factor.

The following analysis assesses the growth of EU manufactured goods exports as a function of these three factors.

3. SPANISH EXPORTS, BY TECHNOLOGICAL INTENSITY, IN THE LAST DECADE.

As seen in Chart 2, from 1993 to 1997 the market share of Spanish exports grew continuously in real terms, driven by the changes in the competitive environment and the trade and financial openness of the Spanish economy after joining the EU and by the exceptional gain in competitiveness derived from the peseta devaluation in the early 1990s. However, from 1997-1998 onwards the share tended to stabilise because, as the process of the Spanish economy's integration in the EU reached increasing levels of maturity, exports tended to grow at the same rate as the EU market. This behaviour was ratified following Spain's membership of the euro area and the irrevocable fixation of the exchange rate against the euro. In nominal terms, the export share has moved more erratically: it showed a sharp downturn in 2000 due to rising oil prices and the appreciation of the US dollar, after which it subsequently recovered to the 1998 level, and by 2003 it had seen a further slight improvement to stand above 2%.

Moving down to a lower level of aggregation and comparing the behaviour of manufacturing

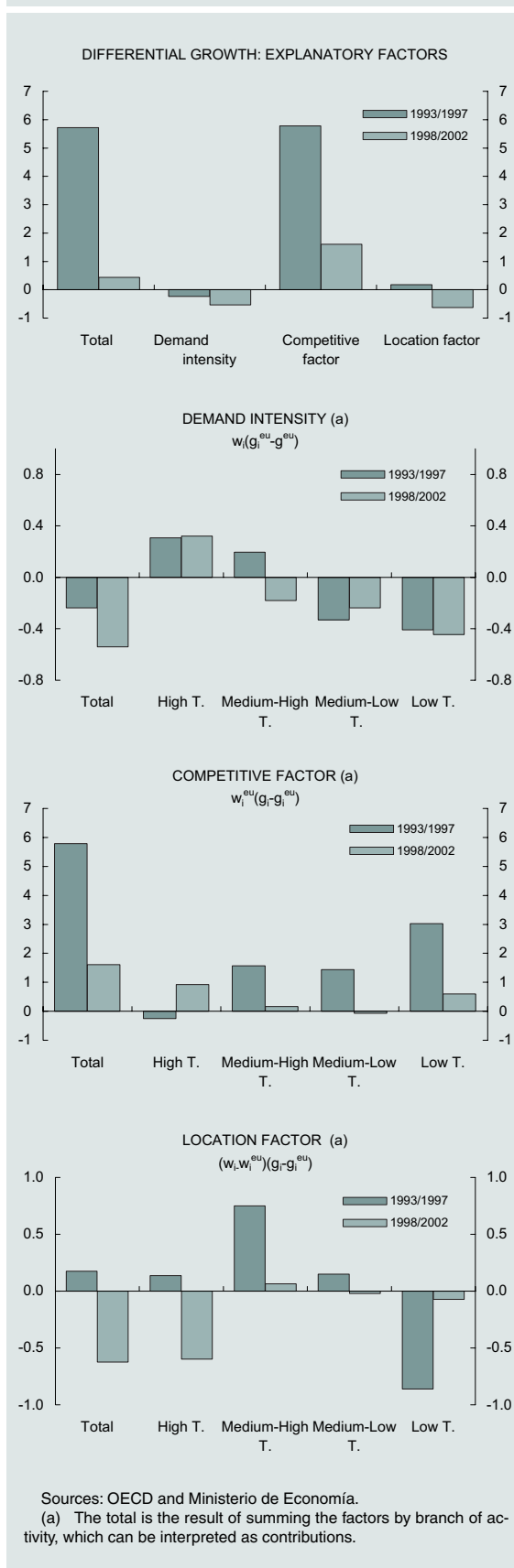
exports by branch of technological intensity, notable differences of behaviour are discernable between the two periods in question. As shown by the two upper panels of Chart 3, Spanish manufacturing exports are specialised in products with a medium-high technological intensity (particularly motor vehicles) and, secondarily, in low technology products. Both groups more or less maintained their relative weight in the export structure in the two periods analysed, while the exports of high technology sectors increased their share in the total at the expense of the medium-low technology sectors. The relative weight of medium-high technology products in EU manufacturing imports is notably lower than in Spanish exports, although they also predominate in the latter. The high technology branches are next in importance and their relative weight has increased significantly in the last five years, in contrast to the medium-low and low technology branches, which have a much lower share in this trade structure. There have been shifts in both trade structures in the same direction in the second period, but with differing intensity: in EU manufacturing imports, the share of the sectors with high technological requirements has increased more, while the weight of medium-low and low technology products has decreased more. In any event, it should be taken into account that here we are comparing the pattern of specialisation of Spanish manufacturing exports with the structure (or pattern of specialisation) of the market to which they are directed, rather than with the export specialisation of the EU countries.

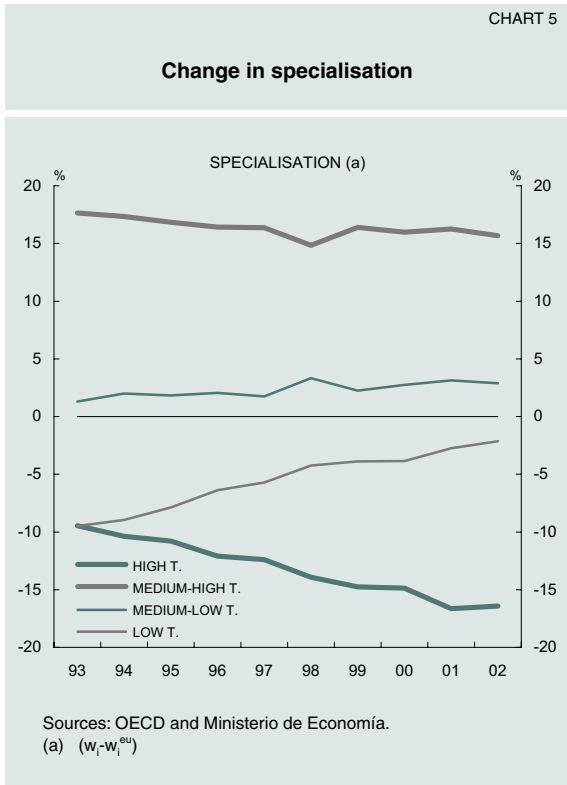
Chart 3 shows that behaviour in the period 1993-1997 differed from that in 1998-2002 and that there was a change in the pattern of Spanish exports to the EU. In the first period, the most expansionary exports were low technology goods, with nominal growth of around 20%. In subsequent years, export sales in high technology branches showed the highest growth rates, higher even than in the previous period. Hence the loss of buoyancy of exports was concentrated in medium and low technology goods. However, from 1998 to 2002 exports continued to show slightly faster growth than the EU, with the sole exception of the medium-low technology branches, as reflected in a fall in their market share. The shares of the other branches increased, although almost inappreciably.

The breakdown of the growth of manufacturing exports into the factors identified in Section 2 and the contributions by branch of technological intensity to the various factors are shown in Chart 4. In the period 1993-1997, the growth differential between Spanish exports and EU imports was, on average, nearly 6 pp, while in 1998-2002 this differential decreased signifi-

CHART 4

Analysis of change in share





cantly, as reflected by the course of the export share. This higher growth of manufacturing exports resulted from uneven contributions by the three aforementioned factors, as can be seen in the top panel of Chart 4. The demand intensity factor made a negative contribution to the aggregate export growth differential, which became more pronounced in the second period; by contrast, the competitive factor assisted the higher export growth, especially in the years 1993-1997, since its impact decreased appreciably in subsequent years, and the location factor (which reflects the interaction between specialisation and competitive advantage) made a slightly positive contribution in the first period, which turned negative in the second period.

A detailed analysis of each of these factors helps to identify the main features of manufacturing export behaviour in the period analysed and enables the assessment of a number of elements that could have a bearing on future behaviour. The second panel of Chart 4 shows the contributions of the various branches to the demand intensity factor. The sign of contributions by the various branches is given by the intensity of their international demand (higher or lower growth than that of the global market) and the value of the contribution reflects the weight of these branches in Spanish exports (see also Table 1). The negative sign of the total effect reflects the fact that Spanish exports are relatively specialised in the less buoyant branches of demand. The intensity of international demand

limited the growth of export sales especially between 1998 and 2002, when this factor changed sign in the medium-high technology branches, the demand for which became relatively less buoyant. Only the intensity of demand for products with high technological requirements – which account for 9.5% of total Spanish manufacturing exports – continued to exert a positive impact, which increased slightly in the second period when the market for these products grew nearly 4 pp more quickly than aggregate demand. By contrast, the growth of exports in the other branches was held back by the relative weakness of demand for them.

The third panel of Chart 4 shows how the competitive advantage of Spanish manufacturing exports (their ability to grow faster than the market) contributed positively to their differing growth in the two periods analysed, although the positive contribution of this factor decreased significantly in the second of them. Although the competitive capacity of the high technology branches, which in the first five-year period had shown a certain disadvantage, i.e. slower growth than that of their market, improved slightly in the second period, the other branches saw a very significant decline in their competitive advantage. In the first few years, the large competitive advantage enjoyed by the medium and low technology branches was based mainly on favourable price differentials achieved partly through exchange realignments in the early 1990s. This competitive advantage has been progressively absorbed in a setting of growing trade globalisation and enlargement of the European Economic Area, so its contribution to export growth in more recent years has been much lower.

Finally, the effect of location (a residual effect, the positive or negative nature of which depends on the way in which competitive advantage and specialisation in each branch interact) changed sign in the second period as shown in the bottom panel of Chart 4 and in the last two columns of Table 1. The change from a positive aggregate contribution in the first period to a negative one in the second period was due mainly to the lower contribution to the location effect of exports of medium-high intensity goods: although this contribution remained positive (since Spanish trade is relatively specialised in these goods, in which moreover it has a competitive advantage), its value decreased considerably. In addition, in the second period the other branches made negative contributions to the location effect: in the case of the most high-tech goods, and also in that of more traditional goods, this was because Spanish sales of manufactured goods are relatively less specialised in these products, despite which they grew

TABLE 1

**Structure and differential growth rates of
nominal manufacturing exports to the EU**

	Structure		Rates			Signs (a)	
	Spanish exports	EU imports	$g_i - g^{eu}$	$g_i^{eu} - g^{eu}$	$g_i - g_i^{eu}$	$g_i > g_i^{eu}$	$w_i > w_i^{eu}$
			1 = 2 + 3	2	3	4	5
Average 1993-1997							
TOTAL	100.0	100.0	5.7	-0.2	6.0		
High technology	8.0	20.2	2.7	3.8	-1.1	-	-
Medium-high technology	52.6	36.3	4.8	0.4	4.4	+	+
Medium-low technology	19.3	17.0	6.6	-1.7	8.3	+	+
Low technology	20.1	26.5	9.1	-2.1	11.1	+	-
Average 1998-2002							
TOTAL	100.0	100.0	0.4	-0.5	1.0		
High technology	9.5	25.0	7.5	3.9	3.7	+	-
Medium-high technology	52.1	36.4	0.1	-0.3	0.5	+	+
Medium-low technology	18.1	15.4	-1.6	-1.2	-0.4	-	+
Low technology	20.4	23.2	0.4	-2.2	2.6	+	-

Sources: OECD and Ministerio de Economía.
(a) Signs of location factor components.

faster than those of the EU; in the case of goods from medium-low technology branches, the negative sign was due to a slight comparative disadvantage, despite a certain degree of trade specialisation in these branches.

Chart 5 illustrates in greater detail how the pattern of specialisation of Spanish manufacturing exports has changed in comparison with that of EU imports during the decade analysed. It shows that the relative specialisation in medium-high technology branches and, to a lesser extent, in medium-low technology branches has remained high and stable during the years analysed, while the weight of exports of more traditional goods and those with higher technological requirements has been lower than that of these goods in the EU market. However, it can be seen that the relative weight of exports of low technology goods has been approaching that which these goods have in the EU market, while in the case of technologically more advanced products the negative gap has tended to widen. Considering that high technology goods have a higher intensity of demand, the prolongation of these trends in Spanish trade specialisation could have a notable adverse effect on the future growth of manufacturing exports.

4. CONCLUSIONS

The share of Spanish exports in world trade shows two clearly differentiated periods of behaviour in the last decade: from 1993 to 1997

the market share showed notable growth in real terms, while from 1998 to 2003 it stagnated. Measured in nominal terms, the market share follows a more erratic path, since the growth in the first few years is followed up by a decline from 1998 to 2000 and a subsequent recovery to levels somewhat higher than in 1998. This study uses shift-share analysis to assess the factors that may explain this behaviour of Spanish export share. In particular, it analyses how the pattern of trade specialisation may have influenced this behaviour or to what extent it can be attributed to other factors, denoted collectively as «competitive advantage». Owing to limitations on the availability of disaggregated data, the analysis was restricted to exports of Spanish manufactured goods to the EU between 1993 and 2002, disaggregated by technological intensity, taking as a reference the behaviour of EU imports of manufactured goods.

The analysis shows that, as the factors that drove the export surge in the first few years (the creation of trade derived from economic integration in the EU and the depreciation of the peseta in the early 1990s) progressively weakened, the more permanent idiosyncratic factors have not been sufficient to maintain that difference in growth rate (5). The slowdown in exports from

(5) In 2003, which had to be excluded from the analysis due to lack of EU data, Spanish exports expanded notably. This led to slight growth in their nominal share, while the share in real terms held at around the 1998 level. In the classification by technological intensity, the most buoyant group of exports was medium technology goods.

1998 onwards affected all components, with the exception of sales of products with higher technological requirements, which grew at a faster rate than in the initial period. Despite this, in the second period all branches except those of medium-low technology made modest gains in market share.

This study isolates the factors that have contributed to the difference between Spanish export growth and that of the market. It breaks them down into a first factor which depends on the structure of trade specialisation among branches of differing technological intensity and on the intensity of international demand for each, a second factor which measures competitive advantage or disadvantage, i.e. the ability (or lack thereof) of exports to grow more quickly than the demand for them, and a third, location-based factor which depends on the interaction between specialisation and competitive advantage.

The analysis shows that the pattern of specialisation held back the growth of manufacturing exports to the EU in the period as a whole, because the structure of Spanish exports was dominated by the branches with less buoyant international demand. This factor was offset by the notable competitive advantage shown by Spanish exports in the first few years, although this advantage decreased appreciably in the period 1998-2002. The loss of competitive capacity in medium technology products in recent years largely explains the stagnation of the overall export share. Finally, the location effect, which reflects the extent to which the relative specialisation of exports coincides with their comparative advantage, turned negative in the second period. This was because in these latter years the competitive advantage of the branches with relatively higher trade specialisation (medium-high technology) declined notably, while export buoyancy was greatest in those with a higher technological content in which export specialisation is relatively low.

However, despite the recent buoyancy of sales of high technology goods, their weight in Spanish exports has increased by much less it has in the EU market; by contrast, the relative specialisation in medium technology branches has remained high during the decade, despite the progressive decrease in their competitive advantage. In short, the pattern of relative specialisation shown by Spanish exports may give rise to problems regarding both the pattern of comparative advantage and the intensity of international demand in the various branches. From this standpoint, it seems that the pattern of productive and trade specialisation of the

Spanish economy should be based to a larger extent on industries with a higher technological content, which enjoy stronger demand. However, although the pattern of specialisation is a major determinant of export behaviour, exports also depend on the productive efficiency of the various industries, whatever their technological content. In this respect, all the factors that determine the competitive position of the more traditional export activities, which continue to have a significant presence in Spain's productive and trade structure, have to be strengthened. In the current world, these factors take the form of improvements in product quality and design, in order to maintain a strong position in international markets.

12.4.2004.

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ANNEX

TRADE CLASSIFICATION
BY TECHNOLOGICAL INTENSITY

Based on the ISIC REV2 classification, which refers to the Spanish CNAE-93 (*Clasificación Nacional de Actividades Económicas* – National Classification of Economic Activities), the OECD defined a grouping of manufacturing industry branches according to the degree of technological intensity applied in production. To prepare this classification, the industries of 13 member countries were ordered on the basis of research and development (R&D) ex-

penditure in the period 1991-1997, assessed using two indicators: a) R&D expenditure as a proportion of production and b) R&D expenditure as a proportion of value added. The branches thus ordered are grouped into four categories: high technological intensity branches, medium-high technological intensity branches, medium-low technological intensity branches and low technological intensity branches. The following table sets forth the CNAE branches included in each of the technological intensity categories. For information purposes, the table also shows the weight of each of them in Spanish manufacturing exports to the EU and in total EU manufacturing imports, on 2002 data.

TABLE A1

Spanish foreign trade by technological intensity

	CNAE-93 division	Structure: Year 2002		
		Spain		EU (a)
		Total manufacturing exports	Manufacturing exports to the EU (a)	Manufacturing imports from the EU (a)
High technology industries		10.5	10.4	25.2
Aircraft and spacecraft	353	1.6	1.6	4.0
Pharmaceuticals	244	3.3	3.6	5.2
Office, accounting and computing machines	30	1.1	0.6	6.1
Radio, television and communications equipment	32	3.2	3.5	6.3
Medical, precision and optical equipment	33	1.3	1.1	3.6
Medium-high technology industries		44.9	50.7	36.3
Electrical machinery and apparatus, n.e.c.	31	3.8	3.8	4.1
Motor vehicles, trailers and semi-trailers	34	24.8	32.8	13.2
Chemicals excluding pharmaceuticals	24 excl. 244	6.5	5.3	9.6
Railway equipment and transport equipment, n.e.c.	352, 354 and 355	1.0	1.1	8.7
Machinery and equipment	29	8.8	7.7	0.6
Medium-low technology industries		20.9	17.7	15.4
Coke, refined petroleum products and nuclear fuel	23	2.5	0.9	2.9
Rubber and plastic products	25	5.6	5.9	3.0
Other non-metallic mineral products	26	3.6	2.6	1.4
Building and repairing of ships and boats	351	1.0	0.4	0.2
Basic metals	27	4.5	4.6	5.2
Fabricated metal products, except machinery and equipment	28	3.6	3.2	2.6
Low technology industries		23.8	21.2	23.1
Manufacturing, n.e.c. and recycling	36 and 37	3.0	2.3	3.4
Wood, pulp, paper, paper products, printing and publishing	20, 21 and 22	4.2	3.8	4.8
Food products, beverages and tobacco	15 and 16	8.5	8.4	7.0
Textiles, textile products, leather and footwear	17, 18 and 19	8.1	6.7	7.9

Sources: OECD and Ministerio de Economía.

(a) Excluding Denmark, Greece, Ireland and Portugal.

Financial regulation: 2004 Q1

1. INTRODUCTION

In 2004 Q1, the number of new financial provisions was relatively limited.

With regard to the financial system as a whole, first, regulations have been published for the commissioners for the protection of financial services customers, whose function is to protect the interests and rights of financial services customers. Second, the legal arrangements for the Central Credit Register have been developed, following the propositions of the related law; in particular, the periodicity and the manner of sending reports, the characteristics of the borrowers who must be reported, and the types and characteristics of the credits to be reported are established.

In relation to credit institutions, certain technical aspects of the arrangements for the issuance and functioning of the non-voting equity units of savings banks have been developed in order to promote and spread this financial instrument as a means for these institutions to raise tier 1 capital.

In the area of the securities markets, five provisions have been enacted. First, the terms of issuance for State debt for 2004 and for January 2005 have been issued, subject to the limitation established in the 2004 State Budget Law. Second, the rules governing the annual report on corporate governance of listed public limited companies and savings banks that issue securities listed on official security markets have been established. Third, new regulations have been published on pension schemes and pension funds which update, systematise and complete the adaptation of the regulations on pension schemes and funds, which takes the developments at the European Union level as a reference. Fourth, certain aspects of the lending of listed securities have been regulated. Finally, the information that approved appraisal companies and services are required to furnish to the Banco de España has been determined.

In the field of taxation, the consolidated texts of the personal income tax (IRPF), the tax on the income of non-residents and the corporate income tax have been issued, with the latest published amendments incorporated into the respective basic laws.

Finally, reference should be made to the regulations for the Social Security Reserve Fund. Among other aspects, they specify the securities eligible for inclusion in the fund portfolio, its degrees of liquidity, the rules for disposing of the assets therein and other financial management activities.

2. REGULATIONS FOR COMMISSIONERS FOR THE PROTECTION OF FINANCIAL SERVICES CUSTOMERS

Law 44/2002 of 22 November 2002 (1) on reform of the financial system (the Financial Law) seeks to enhance the efficiency and competitiveness of the Spanish financial system, without reducing the protection of financial services users. The increasing complexity of markets and financial transactions and the need to improve the quality of financial services requires that the system establish certain legal and operational instruments to improve the transparency and protection of customers for financial services, which make up one of the most important sectors in the Spanish economy.

To this end, and exercising the authority granted to the government in the Financial Law, the following legislation has been enacted: *Royal Decree 303/2004 of 20 February 2004* (BOE (Official State Gazette) of 3 March 2004) which approves the Regulations for the protection of financial services customers, and subsequently *Order ECO/734/2004 of 11 March 2004* (BOE of 24 March 2004) on customer service departments and the financial institutions' ombudsman.

The Regulations have developed aspects relating to the appointment and hierarchical ranking of the commissioners, the procedure for the resolution of complaints and claims and the content of the annual report on their activities that they are required to publish.

Among other aspects, the Royal Decree has established that the purpose of the commissioner for the protection of banking services customers, the commissioner for the protection of investors and the commissioner for the protection of insureds and pension scheme participants shall be to protect the interests and rights of financial services customers, and to strengthen transparency and good financial practices and customs in their respective fields. For this purpose, and as provided for in the legal framework indicated, the commissioners are assigned basic powers relating to the resolution of the complaints and claims of financial services users (although the final report thereon is not binding) as well as to advise the latter in relation to consultations about their rights in such matters and the legal channels for exercising them.

These bodies are attached to the Banco de España, the National Securities Market Com-

mission and the Directorate General of Insurance and Pension Funds, respectively, but they shall act independently and autonomously. The technical and administrative support functions of the claims services or equivalent administrative units existing in the institutions referred to are declared to be assigned to the respective commissioners in order that they should have the professional and operational resources necessary to ensure the effectiveness of their actions.

To ensure that the proposed objectives are effectively achieved, it is provided, first, that the appointee be of recognised standing in the economic or financial field, with the relevant and necessary professional experience and, second, that they be given complete autonomy and independence to hear and resolve the matters submitted to them.

Meanwhile, Order ECO/734/2004 of 11 March 2004 aims to regulate the requirements and procedures that customer care departments and services and the financial institutions' ombudsmen shall comply with. In this respect, such institutions shall have a specialised customer care department or service that aims to address and resolve the complaints and claims that their customers may present, as well as to promote compliance with the legislation on transparency and customer protection and good financial practices and customs.

The heads of customer care departments or services and ombudsmen shall be persons of recognised commercial and professional standing, with sufficient knowledge and experience to perform their functions. The appointment of the head of the customer care department or service and, where applicable, the ombudsman shall be notified to the commissioner or commissioners for the protection of financial services customers and to the relevant supervisory authority or authorities according to their activity.

Institutions shall make available to their customers, at each and every branch open to the public, and on their website, in the event that the contracts have been entered into at a distance by electronic means, the following information:

- a) The existence of a customer care department or service and, where applicable, of an ombudsman, and their postal and e-mail addresses.
- b) The institution's obligation to address and resolve complaints and claims presented by its customers within a two month period from their receipt at the customer care department or service or, as the case may be, by the ombudsman.

(1) See "Financial Regulation 2002 Q4" in *Economic bulletin*, Banco de España, January 2003, Section 2.

- c) Reference to the relevant commissioner or commissioners for the protection of financial services customers, with their postal and e-mail address, and to the need for complaints or claims to be pursued first with the customer care department or service or the ombudsman before they can be submitted to the commissioner(s).
- d) The operating rules and the references to legislation on transparency and protection of financial services customers.

At the same time, full details are given of the procedure for presenting, processing and resolving complaints and claims.

Finally, in the first quarter each year, customer care departments and services and, if applicable, ombudsmen shall present to the board of directors or equivalent body, or to the general branch management, as the case may be, a full report on the performance of their duties during the preceding year.

3. DEVELOPMENT OF THE LEGISLATION RELATING TO THE CENTRAL CREDIT REGISTER

In view of the importance of the Central Credit Register (CCR), both for controlling the risk assumed by credit institutions and in the performance of the Banco de España's supervision duties, the Financial Law designs an updated legal system which gives it the nature of a public service in so far as it facilitates the performance of the Banco de España's powers and makes the Spanish credit system more stable. Also, it empowers the Economy minister or, with prior authorisation from the latter, the Banco de España to determine the types of credit to be reported, the conditions that the periodic or supplementary reports shall fulfil, and the content, form and periodicity of reports on credits to natural or legal persons connected with the reporting institutions.

This power has been used to enact the *Order Eco/697/2004 of 11 March 2004* (BOE of 18 March 2004) on the Central Credit Register, which establishes the periodicity and manner of reporting, the characteristics of the borrowers who must be reported and the types of credit to be reported. Those provisions of CBE 3/1995 on the CCR that do not conflict with this Order shall continue to apply while the Banco de España is establishing those matters envisaged by the Order.

In similar terms to those of the previous legislation, the reporting institutions (credit institu-

tions) are required to furnish the CCR with the data necessary to identify those persons to whom, directly or indirectly, they have extended credits, as well as the characteristics of such persons. These returns shall be sent to the CCR monthly and shall relate to the situation existing on the last day of the month concerned. The Banco de España shall establish the procedure, manner and period for sending the periodic returns, as well as the system for presenting supplementary returns to rectify previously reported data.

The data on borrowers shall be those required to identify them properly, such as name, address, date of birth and tax identification code or number or the like. They shall also include those needed for the economic and statistical analysis of the information, such as province, sector, economic activity and insolvency situation; the status of sole proprietor when it is acting in the pursuit of its business activity, as well as the data considered necessary for the Banco de España to properly exercise its powers of supervision and inspection on a consolidated basis, including, where applicable, the link to other reported borrowers belonging to the same economic group.

The Banco de España shall determine the types of credit to be reported, as well as the scope of the data required in relation to the characteristics and circumstances of the different types of credit. It shall be able to request such data as it may deem necessary to achieve the purposes for which the CCR exists, especially as regards the proper performance of the powers of supervision and inspection of the reporting institutions by the competent authorities.

The types of credit to be reported shall include the following: financial credit, trade credit, financial leasing transactions, transactions with fixed-income securities, credit derivatives, other collateral contracts, commitments relating to financial instruments and any other type of legal business specific to the financial activity that involves the assumption of credit risk by the reporting institution with third parties.

The Banco de España may establish subtypes of credit to enable the various credit risks to be appropriately distinguished, as well as prudential categories of credit, for the sole purpose of facilitating proper performance of the powers of supervision and inspection of the competent authorities. Also, it shall set the reporting threshold for the various types of credit, whose amounts shall be expressed in thousands of euros, and it shall determine the content, form and periodicity of the reports that the reporting institutions are entitled to obtain.

Finally, basic regulations are established, which may be developed by the Banco de España, on the content of the reports that reporting institutions are entitled to obtain. Notably, they shall omit, among other data, the name of the institutions from which the borrowers have obtained their credits. As regards the data sent by the Banco de España to the Ministry of Finance in relation to the credits of Spanish general government, in accordance with the applicable legislation, they are required to enable the different transactions to be identified, and shall include, inter alia, the borrower's identification code, the type of credit and, where applicable, depending on the kind of credit reported, the interest rate, start dates, maturity and, if applicable, default, the amount available and the amount drawn down pending repayment, and collateral and personal guarantees.

4. SAVINGS BANKS: NON-VOTING EQUITY UNITS

The regulation of non-voting equity units (*cuotas participativas*) established in Law 26/1988 of 29 July 1988 (2) on discipline and intervention of credit institutions, and in Royal Decree 664/1990 of 25 May 1990 (3), on the non-voting equity units of savings banks, has not helped to develop this instrument as a formula for savings banks to raise tier 1 capital.

The development of this sector is vital for a solid, efficient and competitive financial system. Moreover, savings banks need an instrument enabling them to reconcile their proven capacity for growth with a high degree of solvency, as well as strengthening the incentives for professional management guided by economic criteria.

The Financial Law having already established a complete regulation of the financial, prudential and commercial aspects of non-voting equity units, *Royal Decree 302/2004 of 20 February 2004* (BOE of 3 March 2004) on non-voting equity units has now been published. This develops certain technical aspects of the regime for the issuance and operation of non-voting equity units.

Among other changes, the following should be noted: first, as regards the legal regime for non-voting equity units, part of the one for

(2) See "Regulación financiera: tercer trimestre de 1988", *Boletín económico*, Banco de España, October 1988, pp. 56-58.

(3) See "Regulación financiera: segundo trimestre de 1990", *Boletín Económico*, Banco de España, July/August 1990, p. 79.

shares contained in the consolidated text of the Law on Public Limited Companies, approved by Royal Legislative Decree 1564/1989 of 22 December 1989 shall be applicable to them. Moreover, their issuance is subject to the general law on marketable securities, and there is a legal obligation for them to be listed on organised secondary markets in accordance with their variable income nature.

Second, the issuance procedure is regulated, including the scope of the delegation to the board of directors and the minimum content of the issue resolution. In this respect, the provisions that regulate the calculation of the economic value of the savings bank and its connection to determination of the issuance price of the units are developed, a flexible system being established, which makes use of external reports and of the data supplied by the market so that the units are issued at a price consistent with the economic value of the savings bank.

In addition, the formula for distributing the issue premium, both in the first and in subsequent issues, between the reserve fund of the unit holders and the general reserves of the savings bank is determined, thus completing an issuance procedure based on the determination of a percentage of freely disposable surplus attributed to the unit holders as a quantitative measure of the issue.

Third, the creation and operation of the syndicate of unit holders is regulated, taking as reference the regime for the bondholders' meeting in the Law on Public Limited Companies.

Fourth, this Royal Decree also specifies the criteria for the remuneration of units, having regard to the need to reconcile prudential aspects with the attractiveness of the instrument to investors. Finally, the following aspects are developed: the disapplication of pre-emption rights; the 5% limit on unit holdings; and cases in which units are redeemed and the issuing savings bank is involved in a merger.

5. STATE DEBT: TERMS OF ISSUE FOR 2004 AND JANUARY 2005

Law 61/2003 of 30 December 2003 (4) on the 2004 State budget authorised the government, upon a proposal from the minister of Economy, to increase the State debt during 2004, so that the outstanding amount at year-end does not exceed that existing at 1 January of the same year plus €12,838 million. This limit

(4) See "Financial regulation: 2003 Q4", *Economic bulletin*, Banco de España, January 2004, Section 5.

applies as at year-end. However, it may only be exceeded during the year with the prior authorisation of the Ministry of Economy.

As has become usual at this time of year, the following legislation has been enacted: *RD 5/2004 of 9 January 2004* (BOE of 11 January 2004), which provides for the creation of State debt during 2004 and January 2005; Order *ECO/30/2004 of 14 January 2004* (BOE of 19 January 2004), which establishes the creation of State debt during 2004 and January 2005, delegating certain powers to the Director General of the Treasury and Financial Policy; and the *Resolutions of 21 and 22 January 2004*, of the Directorate General of the Treasury and Financial Policy (BOE of 27 and 29 January 2004, respectively), which provide for certain issues of Treasury bills and State bonds and publish the calendar of tenders for 2004 and January 2005.

Broadly, the instruments, criteria and procedures of issuance applied in previous years are retained, although the option to conduct tenders in terms of price or interest rate and certain minor changes to the dates thereof are incorporated. As in 2003, the Ministry of Economy may provide for debt to be created through the issuance of securities or credit transactions, in domestic or foreign currency.

As regards the procedures for the issuance of State debt, the systems of previous years are retained. In particular, the following issuance procedures are kept: tenders (with competitive and non-competitive bidding), and any technique involving equal opportunities for potential acquirers.

As in previous years, public debt shall take the form of Treasury bills and State bonds and, in all cases, shall be represented solely by book entries.

5.1. Treasury bills

It has been considered desirable to make some slight changes to promote Treasury bill issuance in 2004. In particular, there has been included the option to conduct tenders in terms of price or interest rate. New bills shall be issued at the existing maturities (i.e. three, six, twelve and eighteen months) and issues will continue to be grouped, in order to consolidate the market for Treasury bills, to guarantee its liquidity and to maintain competitiveness with other institutional issuers in the euro area. Tenders are held every four weeks, with alternate issues of three and six-month Treasury bills. That said, the original maturities may differ from those indicated by the number of days neces-

sary to facilitate the grouping of maturities, so that the periodicity of the latter is two months, taking place in the even months and coinciding with issuance dates to facilitate reinvestment by holders.

Thus, the three and six-month issues will be fungible with those issued at twelve and eighteen months with the same maturity date, so that the volume of benchmark issues in circulation can be increased and their liquidity during their lifetime maintained. Finally, tender arrangements remain unchanged, although the possibility is envisaged that, as in the case of State bonds, there will subsequently be a second round reserved for those financial institutions with market-maker status. This second round shall be conducted in accordance with the law regulating such institutions.

Competitive and non-competitive bids can be submitted in tenders. The minimum nominal amount of competitive bids is still €1,000, and larger bids shall be integer multiples of that amount. As for non-competitive bids, the minimum nominal amount is €1,000 and larger bids shall be integer multiples of €1,000, subject to a maximum nominal amount for each bidder of €200,000.

5.2. State bonds

The features of State bond issuance are broadly the same as last year. The obligation is maintained to publish quarterly the annual calendar of ordinary tenders, agreed with market makers, in accordance with market conditions and the development of issues during the year. In any case, if market conditions or financing requirements make it advisable, the Treasury may decide, in the monthly resolution in which the following month's bond issues are arranged, not to issue a maturity or maturities that are included, for guidance only, in the quarterly timetable.

As for maturities, although they have been kept the same as in the previous year, it has been considered desirable to put back the monthly tenders of long-term State bonds to the third Thursday of the month to facilitate the State's cash management, by bringing the receipt of funds from issues into line with the dates of greatest concentration of payments, thereby reducing daily cash surpluses. The tender of short and medium-term bonds will continue to be held in the first week of the month, although the allotment date is moved to Thursday.

As in the case of Treasury bills, the minimum nominal amount of competitive bids shall be €1,000, and larger bids shall be multiples of

€1,000. As regards non-competitive bids, the minimum nominal amount shall be €1,000 and larger bids shall be integer multiples of that amount, subject to a maximum nominal amount for each bidder of €200,000.

6. SECURITIES MARKET: ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES AND OTHER ENTITIES

Recently three provisions have contributed to enhancing transparency, efficiency and competitiveness in Spanish financial markets. First, Law 44/2002 of 22 November 2002 (5) has increased the protection of customers and users in financial markets and strengthened the auditing and the accounting rules of Spanish firms. Second, Law 26/2003 of 17 July (6) (also known as the Transparency Law) has contributed to the proper functioning of firms by fostering transparency and the transmission of information to investors and to the market. Finally, the recent Law 62/2003 of 30 December 2003 (7) on fiscal, administrative and social measures requires listed corporate groups to adopt international accounting standards, extends the obligation to appoint an audit committee to all issuers of securities listed on official secondary securities markets and changes certain aspects of savings bank corporate law.

This was the background to the publication of *Ministerial Order ECO/3722/2003 of 26 December 2003* (BOE of 8 January 2003) on the annual corporate governance report and other information channels of listed public limited companies and other entities, and the issuance of its implementing *Circular CCNMV 1/2004 of 17 March 2004* (BOE of 29 March 2004) on the annual corporate governance report of listed public limited companies and other issuers of securities listed on official secondary securities markets and other information channels of listed public limited companies. Finally, in this setting *Ministerial Order ECO/354/2004 of 17 February 2004* (BOE of 18 February 2004) was published on the annual corporate governance report and other information of savings banks issuing securities listed on official securities markets.

The purpose of Ministerial Order ECO/3722/2003 is generally to develop and complete the content, structure and dissemination of the an-

nual corporate governance report and to transmit other significant information to the market, investors and shareholders. Summarised below are the four main facets regulated by this Ministerial Order.

First, the minimum content of the annual corporate governance report of listed public limited companies is defined as the ownership structure of the firm, its administrative structure, related-party transactions and intra-group transactions, risk control systems, the workings of the annual general meeting and, finally, the degree of monitoring of recommendations on corporate governance. Also, the corporate governance report shall be published by listed public limited companies as a significant event and made available to shareholders by electronic means, via the firm's website.

Second, the Ministerial Order stipulates that the annual corporate governance report of issuers of securities listed on official markets (except for savings banks, whose report is subject to specific regulation), shall cover at least the same matters as the reports of listed firms and empowers the Spanish National Securities Market Commission (CNMV) to specify the detailed content and its structure.

Third, significant events at securities issuers shall be disseminated via the issuers' websites, although they must be notified previously to the CNMV. It is also stipulated that information on significant events shall be understandable, free, direct and easily accessible by investors.

Finally, regarding information channels, the minimum content to be included by listed firms on their websites is established. CCNMV 1/2004 of 17 March 2004 details the content and structure of the annual corporate governance report of listed public limited companies and other issuers of securities listed on official secondary markets (other than savings banks), and establishes a standard report for this purpose. This standard report requires firms to make a specific pronouncement on various matters relating to corporate governance, but does not prevent them from voluntarily adding any other information, clarification or additional details relating to corporate governance practices if they are material to understanding the report.

In addition the Circular includes various requirements as to the minimum information that must be included on the websites of listed public limited companies, as well as technical and legal specifications relating to this information channel. Specifically, the home page must have a specific, easily recognisable and directly accessible section which includes, under the

(5) See "Financial regulation: 2002 Q4", in *Economic bulletin*, Banco de España, January 2003, section 2.

(6) See «Financial regulation: 2003 Q3», in *Economic bulletin*, Banco de España, October 2003, pp. 93-94.

(7) See "Financial regulation: 2003 Q4", in *Economic bulletin*, Banco de España, January 2004, pp. 88-90.

heading “information for shareholders and investors (*información para accionistas e inversores*)”, all the information required by Law 26/2003, Ministerial Order ECO/3722/2003 and this Circular, without prejudice to that which listed firms may include voluntarily. The information included must be structured and hierarchically organised under concise, self-explanatory titles, so as to enable rapid and direct access to the desired item free of charge for the user. As a minimum, the site map must include a direct reference to the following: articles of association, rules for annual general meetings, rules on the board of directors, internal code of conduct, corporate governance reports, documents relating to ordinary and extraordinary general meetings and significant events.

Finally, the purpose of Ministerial Order ECO/354/2004 is to generally develop and complete the content, structure and dissemination of the annual corporate governance report and to transmit other significant information to the market, investors and shareholders.

Accordingly, its structure and provisions reproduce, with the necessary adaptations deriving from the different legal nature of savings banks, those of the aforementioned Ministerial Order ECO/3722/2003. Therefore it need only be mentioned, first, that the minimum content of the annual corporate governance report reflects the consequences of that nature (for example, obviating reference to the capital structure of savings banks and referring, *inter alia*, to operations with public institutions present in their governing bodies and to the Investment Committee report) and, second, that the obligation to disseminate certain information via the website (responsibility for which lies with the general manager rather than with the Board of Directors) is limited to the report itself, and to significant events as defined in Securities Market Law 24/1998, with additional information being optional.

Additionally, under this Ministerial Order, listed portfolio investment institutions that have requested delisting are not required to publish an annual corporate governance report.

7. PENSION SCHEME AND PENSION FUND REGULATIONS

The consolidated text of the law regulating pension schemes and pension funds, enacted by Royal Legislative Decree 1/2002 of 29 November 2002 (8) (“the Pension Scheme Law”),

incorporated the original Law 8/1987 of 8 June 1987 (9) regulating pension schemes and funds and its subsequent amendments. The Pension Scheme Law defined pension schemes that, along with insurance, have constituted specific supplementary welfare instruments in the framework of private systems of saving for future contingencies.

Evolving legislation and changes to the Pension Law made it necessary to publish Royal Decree 304/2004 of 20 February 2004 enacting the Pension Scheme and Fund Regulations (BOE of 25 February 2004), which update, systematise and complete the adaptation of the law governing pension schemes and funds, having regard to past experience in this area and taking as a reference the developments in the European Union.

These new Regulations incorporate and replace the original regulations enacted by Royal Decree 1307/1988 of 30 September 1988 and subsequently amended by Royal Decree 1589/1999 of 15 October 1999. The main features of these Regulations are discussed below.

The new Regulations reflect the various changes introduced by Law 24/2001 of 27 December 2001 on fiscal, administrative and social measures relating to the consideration of occupational pension schemes as employee welfare instruments co-ordinated with representation and collective bargaining processes in the work environment, affording the parties involved a degree of autonomy and freedom to negotiate that enables them to adapt more flexibly to the needs and characteristics found in the work and business environment.

In addition, further headway was made in the distinction that Law 24/2001 makes between occupational pension funds (each comprising a number of occupational pension schemes) and personal pension funds (which consist of individual and association pension schemes), given their different purposes. The former are placed in the so-called “second pillar” of supplementary welfare, which enables the implementation of firms’ pension commitments to their workers, while the latter are placed in the so-called “third pillar”, which channels individual and independent decisions on saving for future contingencies.

Also, these Regulations incorporate certain provisions of European Union financial regulation, particularly Directive 2003/41/EC of the Eu-

(8) See “Financial regulation: 2002 Q4”, in *Economic bulletin*, Banco de España, January 2003, section 3.

(9) See “Regulación financiera: segundo trimestre de 1987”, in *Boletín Económico*, Banco de España, July-August 1987, pp. 49-51.

European Parliament and of the Council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provisions.

Finally, the regulations provide guidelines for the investments made by pension funds, establishing greater legal certainty for the parties involved in the investment process and increasing the level of transparency and information for participants. The regulation of investment is aimed at adapting it to a financial market situation that has changed since 1988, when the current regulations were enacted. Furthermore, provisions relating to the freedom to provide financial services have been included which thus give greater legal importance to the services provided in this area. This in turn leads to improved services and increased specialisation within this area of activity.

8. LENDING OF SECURITIES LISTED ON SECONDARY MARKETS

Law 37/1998 of 16 November 1988 (10) on the reform of Securities Market Law 24/1988 of 28 July 1988 (11) established, among other things, a regulatory framework for the lending of securities listed on secondary markets. What characterises this type of loan is that a person or entity holding certain securities listed on a secondary market or identical to others that will be offered publicly for sale or subscription, lends these securities to another for a certain period of time, so that the latter can dispose of them, use them for a new loan or use them as collateral in a financial transaction.

Now *Ministerial Order ECO/764/2004 of 11 March 2004* (BOE of 26 March 2004) has been published to regulate certain aspects of securities loans and, specifically, to lay down specific obligations to provide financial information on contracts for the lending of securities listed on secondary markets and to empower the CNMV to set general limits on the volume of securities loans that can be granted to institutions and on the terms applicable to these transactions, so as to prevent possible distortions in the trading of loaned securities or their possible use for purposes for which they are not fit or intended.

The provisions of this Ministerial Order shall not apply to the lending of book-entry public debt securities, which will continue to be governed by specific regulations.

(10) See "Financial regulation: 1998 Q4", in *Economic bulletin*, Banco de España, January 1999, pp. 90-98.

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

The secondary market governing bodies, after notifying the CNMV, shall publish in their quotation bulletins the list of securities considered to be appropriate for securities lending, as well as subsequent updates.

Each reporting entity shall communicate to the receiving body certain information, such as the commencement and termination or maturity dates of the loan transaction; the identification and number of securities lent; and the guarantees provided, when these are delivered or provided through the registration, clearing and settlement system managed by the receiving body.

Institutions making securities loans must include in their internal code of conduct the organisational measures required to prevent improper flows of information relating to their securities lending activity and must, if the volume of such activity so warrants on the basis of the criteria laid down for this purpose by the CNMV, set up specialised units separate from those engaging in any other type of activity relating to the same securities.

Finally, the governing bodies of the markets on which the loaned securities are quoted shall, with any necessary assistance from the systems company or from the entity carrying out the functions of registration, clearing and settlement in the market in which the loaned securities are listed, make public the balances of the securities loans outstanding at any given time, the arrangement and termination of loans and any other matters that the CNMV considers to be of interest for the markets. Furthermore, these bodies and the related clearing and settlement systems shall establish, upon a previous favourable report from the CNMV, the procedures and systems for unifying, simplifying and expediting the administrative and IT processing of securities loans.

9. APPROVED APPRAISAL COMPANIES AND SERVICES: INFORMATION TO BE REPORTED TO THE BANCO DE ESPAÑA

Ministerial Order ECO/805/2003 of 27 March 2003 on rules for the appraisal of real estate and of certain rights for financial purposes, repealed the Ministerial Order of 30 November 1994 on real estate appraisal rules for certain financial institutions and enhanced the technical and formal quality of appraisals, increased their transparency, adapted the calculation of appraisal value to reflect diverse legal amendments and fostered the responsibility of appraisal companies in identifying and applying the most important technical parameters for ap-

praisals. It also stipulated that appraisal companies and services must communicate to the Banco de España, in such manner and with such periodicity as the Bank may establish, information on risk premia and on developer profit margins that may be used by them in the conduct of their business, and on any other technical parameter of a general nature that may be used regularly by them in their professional practice for the application of the various appraisal methods and that the Banco de España may consider important in order to ensure uniform compliance with appraisal rules.

In compliance with the aforementioned Ministerial Order, *CBE 5/2003 of 19 December 2003* (BOE of 8 January 2003) amending Circular 3/1998 of 27 January 1988 on information to be reported to the Banco de España by approved appraisal companies and services, has now been published.

Statements must be submitted to the Banco de España via electronic transmission, in accordance with such technical specifications as may be communicated for this purpose. Also, individual confirmation on a duly completed printed form may be requested of any of the statements reported via electronic transmission. Exceptionally, and only for duly justified reasons, authorisation may be granted to submit all or some statements on printed forms prepared by the Banco de España.

Once aggregated, the information received from appraisal companies shall be communicated to the Directorate General of Insurance and Pension Funds and to the CNMV, and shall be distributed among appraisal companies and services.

10. CONSOLIDATED TEXT OF CERTAIN TAX LAWS

The fourth additional provision of Law 46/2002 of 18 December 2002 (12) on the partial reform of personal income tax, of corporate income tax and of tax on the income of non-residents, in the wording given by Law 62/2003 of 30 December 2003 (13) on fiscal, administrative and social measures, established that the government had to formulate and approve within 15 months from the entry into force of this Law the consolidated texts of the laws on personal income tax, tax on the income of non-residents and corporate income tax.

(12) See "Financial regulation: 2002 Q4", in *Economic bulletin*, Banco de España, January 2003, section 6.

(13) See "Financial regulation: 2003 Q4", in *Economic bulletin*, Banco de España, January 2004, section 6.

In compliance with this precept, the government has published *Royal Legislative Decree 3/2004 of 5 March 2004* (BOE of 12 March 2004) enacting the consolidated text of the personal income tax law, *Royal Legislative Decree 5/2004 of 5 March 2004* (BOE of 12 March 2004) enacting the consolidated text of the law on tax on the income of non-residents and *Royal Legislative Decree 4/2004 of 5 March 2004* (BOE of 12 March 2004) enacting the consolidated text of the corporate income tax law.

The personal income tax provisions included in the basic law on this tax [Law 40/1998 of 9 December 1998 (14)] were, inter alia, as follows: exemption of income arising from the use of instruments for hedging the risk of an increase in the floating interest rate on mortgage loans; the tax treatment of certain pre-emptive rights; the inclusion in the maximum deduction base for investment in habitual dwelling of the cost of instruments for hedging the floating rate interest risk on mortgage loans; the obligation to make payments on account in the case of income arising from holdings in portfolio investment institutions; and exemption from withholdings or payments on account of returns arising from the distribution of premia on shares or other equity securities and from capital reductions.

Regarding the consolidated text of the law on the tax on the income of non-residents, the following provisions, among others, were added to Law 41/1998 of 9 December 1998 (15): the deduction of corporate income tax payments on account when the taxpayer acquires taxpayer status due to change of residence and the new wording of the method of calculating the capital gains tax base; the setting, in certain cases, of tax rates under the tax on the income of non-residents that are equal to the withholding rate in place for residents; and the technical improvements introduced by Law 46/2002 of 18 December 2002. Further, provisions were included on certain matters not expressly regulated previously, such as the definition of royalties or pensions and the regime for entities subject to income attribution.

Finally, as regards the consolidated text of the corporate income tax law, the following provisions, among others, were included in Law 43/1995 of 27 December 1995 (16): freedom of depreciation or amortisation of the tangible and

(14) See "Financial regulation: 1998 Q4", in *Economic bulletin*, Banco de España, January 1999, pp. 105-107.

(15) See "Financial regulation: 1998 Q4", in *Economic bulletin*, Banco de España, January 1999, pp. 107-108.

(16) See "Regulación financiera: cuarto trimestre de 1995", in *Boletín económico*, Banco de España, January 1996, pp. 91-92.

intangible fixed assets of workers' limited companies; the deductibility of accrued interest on certain participating loans; the obligation to make certain payments on account of personal income tax, tax on the income of non-residents and corporate income tax, and to make withholdings or payments on account in respect of transfers of coupon-paying financial assets; and the non-taxability of income arising as a result of surrender rights and of profit-sharing under pension-related group insurance contracts.

11. SOCIAL SECURITY RESERVE FUND

Law 28/2003 of 29 December 2003 regulating the Social Security Reserve Fund establishes the legal regime applicable to this Fund set up in the Social Security Treasury under the General Social Security Law enacted by Royal Legislative Decree 1/1994 of 20 June 1994.

Royal Decree 337/2004 of 27 February 2004 implementing Law 28/2003 of 29 December 2003 was published recently to complete certain aspects of this Law. It also sets forth, among other things, a) the criteria whereby budget surpluses are adjusted for contributory benefits and other expenses of managing them in the social security system; b) the securities to be included in the Reserve Fund portfolio, the degree of liquidity of this portfolio, the rules for disposing of the assets in it, and other actions involved in its financial management, and c) the actions of the Social Security Audit Department in this respect and the operating framework of the Management Committee, the Investment Advisory Committee and the Monitoring Committee of the Social Security Reserve Fund.

The following are worthy of mention with regard to financial regulation. Contributions to the Reserve Fund shall be agreed each year by the

Council of Ministers and shall initially take the form of a financial deposit by the Social Security Treasury from an account at the Banco de España to a specific account of the Social Security Reserve Fund, also at the Banco de España.

Subsequently the Reserve Fund can invest in securities issued by Spanish and foreign public legal persons of high credit quality and significant liquidity, i.e. listed on regulated markets or organised trading systems, and in high quality securities issued by public legal persons as agreed by the Council of Ministers. For these purposes, investments shall be deemed to include the cash amounts maintained as liquid assets in the account at the Banco de España.

The acquisitions of the public financial assets in which the reserve fund invests shall be made by the Social Security Treasury through the Banco de España, which shall act as agent and depository bank of those assets.

The financial assets shall be recorded in the account held by the Social Security Treasury with Iberclear (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores* - Securities Registration, Clearing and Settlement System Management Company) and in any other account that may be proposed by the Management Committee of the Social Security Reserve Fund.

The financial assets of the Social Security Reserve Fund may only be disposed of in structural situations of non-financial deficit of the Social Security system in transactions of a contributory nature and other necessary management expenses, delimited as established in this regulation on determination of the budget surplus for the purpose of setting up the Reserve Fund.

12.4.2004

ECONOMIC INDICATORS

CHANGES

Chapter 3. National demand and activity

Indicators 3.5 and 3.6, relating to the MCYT (Spanish Ministry of Science and Technology) Monthly Business Survey (ECI), include methodological changes so as to adapt them to European Commission (Eurostat) rules and guidelines. To assess the repercussions of these changes, readers can consult the methodological notes at the following site: www.mcyt.es.

Chapter 16. Balance of Payments and International Investment Position vis-à-vis other euro area residents and the rest of the world

The International Investment Position (IIP) data for December 2003 include for the first time the results of a new Portfolio Investment reporting system, available as from December 2002.

Banco de España Circular 2/2001 established a reporting system for stocks and transactions with marketable securities. This new system, whose main characteristic is that it gathers information broken down security by security and provided by resident depository institutions and resident investors who transact their operations directly through non-resident financial intermediaries, has allowed one of the main limitations of the IIP to be re-

solved, namely: the lack of information on the portfolio investment assets and liabilities stocks of the non-credit private sector (Other Resident Sectors in Balance of Payments and IIP terminology). This lack of information made it necessary to calculate the related IIP stocks by means of Balance of Payments accumulation of flows, to which an adjustment was added to reflect exchange rate changes, but no correction (except in limited instances) was made for changes in securities prices. Accordingly, the IIP portfolio investment data did not in many cases reflect the value of the instruments on each of the dates to which this statistic refers, and a compilation method enabling this had to be used.

Although the incorporation of the results obtained with the new reporting system has, to a greater or lesser extent, affected all the IIP Portfolio Investment components, their influence is greater in the stocks of the "Shares and mutual funds" caption of Other Resident Sectors. In this caption the inclusion of the new data introduces a bigger break in the time series, whence its revision as from 1992.

Finally, while the differences in these results compared with the previously published results have been checked, it should be understood that the new portfolio investment data may be subject to subsequent revision since they have been generated by what is only a recently implemented system.

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These indicators are continuously updated on the Banco de España's website. For those statistics whose source is the Banco de España, a data dissemination calendar giving the exact or approximate release date over the following three months is updated on the last day of each week (<http://www.bde.es/infoest/htmls/calenda.pdf>). Where the dissemination dates shown in the calendar are approximate, the firm date shall be specified one week before the data are released.

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(1) IMF Special Data Dissemination Standard (SDDS).

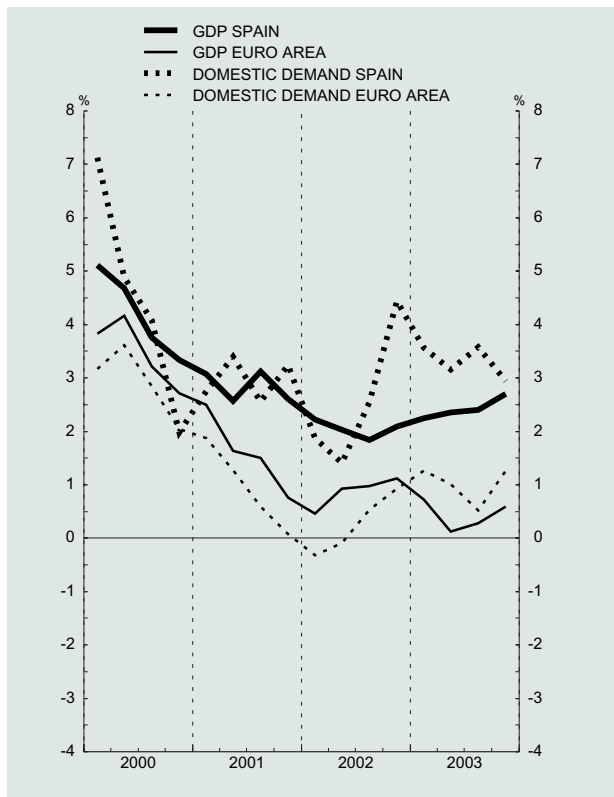
1.1. Gross domestic product. Constant 1995 prices. Demand components. Spain and Euro area (a)

■ Series depicted in chart.

Annual percentage changes

		GDP		Final consumption of households and NPISHs		Government final consumption		Gross fixed capital formation		Domestic demand		Exports of goods and services		Imports of goods and services		Memorandum item: GDPmp (current prices) (e)		
		Spain	Euro area	Spain	Euro area (b)	Spain	Euro area (c)	Spain	Euro area	Spain	Euro area	Spain	Euro area (d)	Spain	Euro area (d)	Spain	Euro area	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
99		4.2	2.8	4.7	3.5	4.2	1.9	8.8	5.9	5.6	3.5	7.7	5.2	12.6	7.4	565	6 150	
00	P	4.2	3.5	4.0	2.7	5.1	2.1	5.7	4.8	4.5	2.9	10.0	12.3	10.6	11.0	610	6 453	
01	P	2.8	1.6	2.8	1.8	3.6	2.5	3.3	-0.3	3.0	1.0	3.6	3.5	4.0	1.8	653	6 843	
02	P	2.0	0.9	2.6	0.1	4.4	2.9	1.0	-2.8	2.6	0.3	-0.0	1.5	1.8	-0.1	696	7 073	
00	Q1	P	5.1	3.8	5.0	2.7	5.3	2.1	7.7	5.9	7.1	3.2	7.4	12.5	14.2	10.8	149	1 588
	Q2	P	4.7	4.2	4.9	3.4	5.6	2.2	6.5	5.6	4.9	3.6	10.0	12.3	10.4	11.0	151	1 609
	Q3	P	3.8	3.2	3.0	2.7	4.9	1.8	5.2	4.2	4.1	2.8	10.6	12.0	11.2	11.3	154	1 620
	Q4	P	3.3	2.7	3.1	2.1	4.4	2.2	3.4	3.6	2.0	2.0	11.9	12.5	6.9	11.0	156	1 636
01	Q1	P	3.1	2.5	3.3	2.3	3.5	2.3	3.6	1.9	2.7	1.9	9.8	8.8	8.2	7.3	159	1 695
	Q2	P	2.6	1.6	2.7	1.8	3.2	2.2	4.1	0.2	3.4	1.3	4.0	4.8	6.6	3.9	162	1 706
	Q3	P	3.1	1.5	3.0	1.7	3.9	2.7	2.6	-1.2	2.6	0.6	3.4	2.3	1.6	-0.2	165	1 714
	Q4	P	2.6	0.8	2.3	1.2	3.9	2.8	2.8	-2.1	3.2	0.1	-2.3	-1.9	-0.1	-3.8	167	1 728
02	Q1	P	2.2	0.5	2.0	-0.2	4.6	2.8	0.7	-2.9	1.9	-0.3	-3.6	-2.1	-4.2	-4.3	169	1 748
	Q2	P	2.0	0.9	2.8	-0.1	4.5	3.3	-0.9	-3.7	1.4	-0.1	-1.9	1.5	-3.5	-1.2	173	1 762
	Q3	P	1.8	1.0	2.5	-0.0	4.2	3.2	1.5	-2.8	2.5	0.5	1.2	2.9	3.4	1.9	176	1 777
	Q4	P	2.1	1.1	3.3	0.6	4.2	2.2	2.9	-1.6	4.4	0.9	4.4	3.6	11.8	3.3	179	1 785

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 Eurostat.

(a) Spain: prepared in accordance with ESA95, SEASONALLY- AND WORKING-DAY-ADJUSTED SERIES (see *Economic bulletin* April 2002); Euro area, prepared in accordance with ESA95.

(b) Private consumption.

(c) Government consumption.

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

(e) Billions of euro.

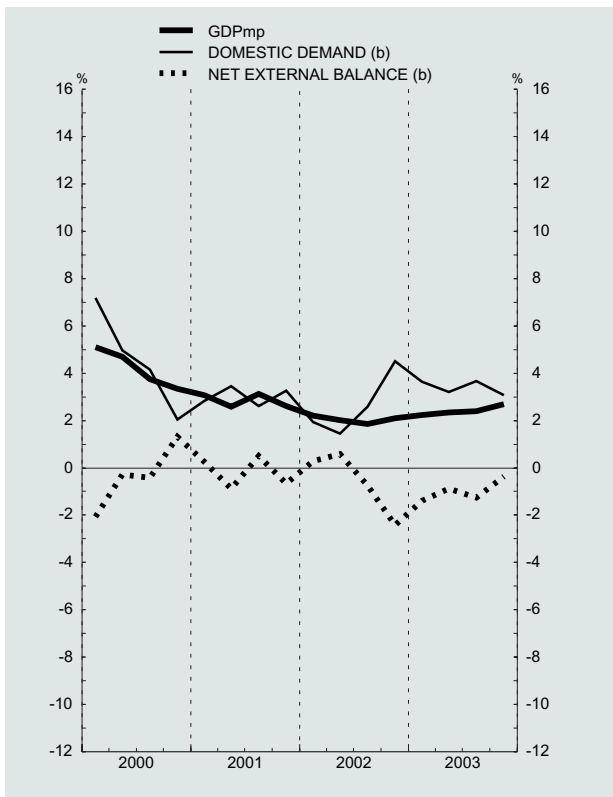
1.2. Gross domestic product. Constant 1995 prices. Demand components. Spain (a)

■ Series depicted in chart.

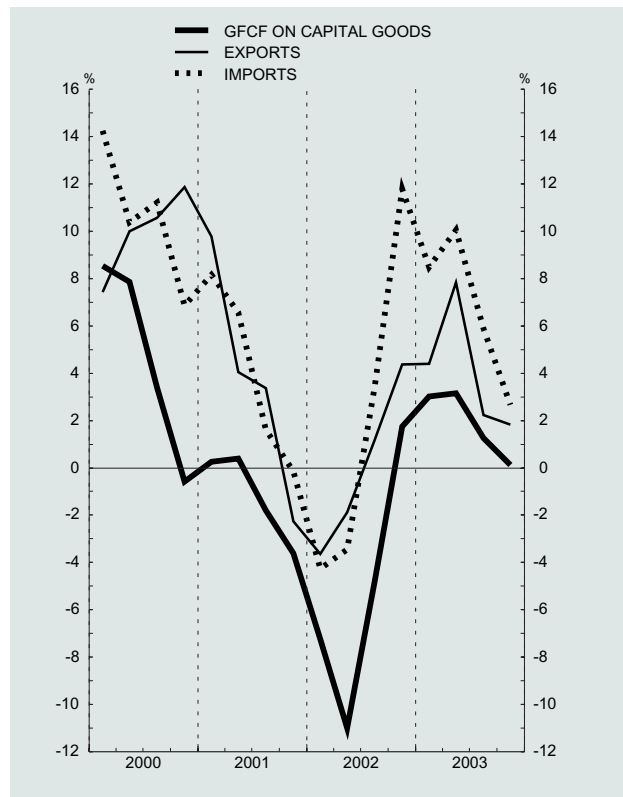
Annual percentage changes

		Gross fixed capital formation			Change in Stocks (b)	Exports of goods and services				Imports of goods and services				Memorandum items:			
		Total	Capital goods	Construction		Total	Goods	Tourism	Services	Total	Goods	Tourism	Services	External balance of goods and services (b)	Domestic demand (b)	GDP	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
00	P	5.7	4.7	6.1	-0.1	10.0	10.0	5.3	17.5	10.6	10.5	9.7	11.4	-0.4	4.6	4.2	
01	P	3.3	-1.2	5.8	-0.1	3.6	2.4	3.2	11.0	4.0	3.3	9.5	7.4	-0.2	3.0	2.8	
02	P	1.0	-5.4	4.2	0.0	-0.0	1.2	-7.3	3.4	1.8	1.5	4.7	2.4	-0.6	2.6	2.0	
03	P	3.0	1.9	3.7	0.0	4.0	5.7	-0.0	0.1	6.7	7.8	6.0	0.1	-1.0	3.4	2.4	
01	Q1	P	3.6	0.3	5.8	-0.7	9.8	8.4	9.9	17.6	8.2	7.6	20.3	9.2	0.3	2.8	3.1
	Q2	P	4.1	0.4	6.3	0.3	4.0	3.4	3.4	8.5	6.6	5.4	8.3	13.4	-0.9	3.5	2.6
	Q3	P	2.6	-1.8	4.9	-0.5	3.4	2.4	1.2	11.8	1.6	1.0	4.9	4.6	0.5	2.6	3.1
	Q4	P	2.8	-3.6	6.2	0.5	-2.3	-4.2	-1.2	6.9	-0.1	-0.8	5.7	2.8	-0.7	3.3	2.6
02	Q1	P	0.7	-7.2	4.6	-0.3	-3.6	-3.6	-7.8	1.8	-4.2	-4.9	1.0	-1.5	0.3	1.9	2.2
	Q2	P	-0.9	-11.0	3.9	-0.8	-1.9	-1.5	-9.5	6.4	-3.5	-3.8	2.6	-2.6	0.6	1.4	2.0
	Q3	P	1.5	-4.8	4.8	0.0	1.2	2.6	-6.8	3.9	3.4	3.0	10.3	4.4	-0.8	2.6	1.8
	Q4	P	2.9	1.7	3.7	1.1	4.4	7.3	-5.0	1.5	11.8	12.4	5.3	9.4	-2.4	4.5	2.1
03	Q1	P	3.2	3.0	3.5	0.3	4.4	6.2	-2.8	4.3	8.5	8.7	4.8	8.1	-1.4	3.6	2.2
	Q2	P	3.4	3.1	3.8	-0.1	7.8	10.5	1.9	1.4	10.1	11.3	5.9	3.7	-0.9	3.2	2.3
	Q3	P	3.0	1.2	3.8	0.2	2.2	3.5	0.5	-2.4	5.9	7.4	4.9	-2.7	-1.3	3.7	2.4
	Q4	P	2.5	0.1	3.6	-0.2	1.8	3.0	0.4	-2.8	2.7	4.2	8.4	-7.6	-0.4	3.1	2.7

GDP. DOMESTIC DEMAND AND NET EXTERNAL BALANCE
Annual percentage changes



GDP. DEMAND COMPONENTS
Annual percentage changes



Source: INE (Contabilidad Nacional Trimestral de España).

(a) Prepared in accordance with ESA95, SEASONALLY- AND WORKING-DAY-ADJUSTED SERIES (see *Economic bulletin* April 2002).

(b) Contribution to GDPmp growth rate.

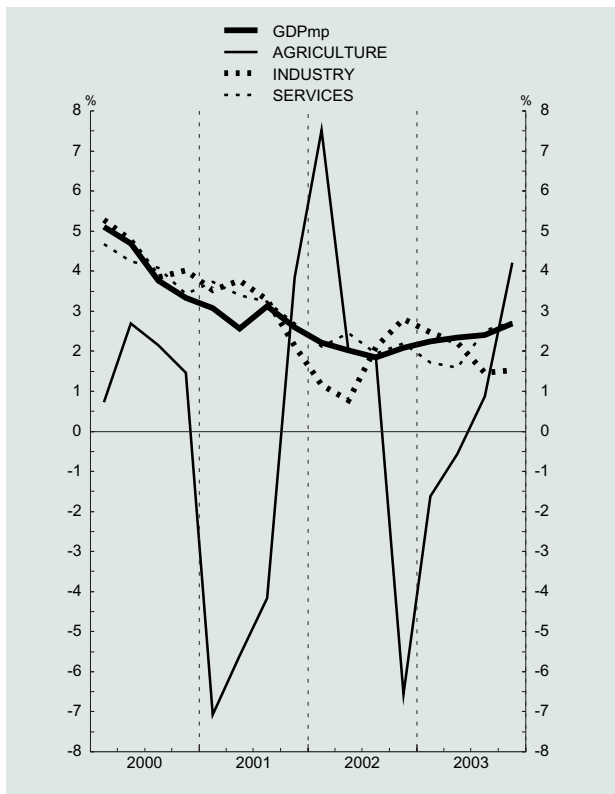
1.3. Gross domestic product. Constant 1995 prices. Branches of activity. Spain (a)

■ Series depicted in chart.

Annual percentage changes

		1	2	3	4	5	Services			9	10	11
							6	7	8			
		Gross domestic product at market prices	Agriculture and fisheries	Energy	Industry	Construction	Total	Market services	Non-market services	VAT on products	Net taxes linked to imports	Other net taxes on products
00	P	4.2	1.8	4.4	3.8	6.0	4.1	4.3	3.3	5.1	6.7	5.6
01	P	2.8	-3.3	4.3	1.9	5.5	3.3	3.3	3.0	2.3	0.9	1.0
02	P	2.0	1.0	0.3	0.7	4.8	2.2	2.1	2.3	2.6	0.5	3.1
03	P	2.4	0.7	1.4	1.3	3.6	2.1	1.8	3.3	6.2	11.8	7.7
01	Q1	P	3.1	-7.1	5.4	2.4	5.3	3.7	4.1	2.6	5.8	-0.3
	Q2	P	2.6	-5.6	5.7	2.5	5.9	3.4	3.6	2.7	2.0	3.3
	Q3	P	3.1	-4.2	4.0	2.7	4.4	3.2	3.2	3.5	-3.1	3.8
	Q4	P	2.6	3.8	2.2	0.3	6.5	2.7	2.5	3.3	-0.8	-2.9
02	Q1	P	2.2	7.5	2.1	-0.7	5.1	2.1	1.8	3.1	-3.9	3.3
	Q2	P	2.0	2.0	-1.2	-0.4	4.5	2.5	2.4	2.6	-	-3.1
	Q3	P	1.8	1.8	-0.3	1.1	5.5	1.9	1.9	2.0	2.0	1.2
	Q4	P	2.1	-6.6	0.5	2.7	4.1	2.2	2.3	1.8	3.9	11.4
03	Q1	P	2.2	-1.6	0.3	2.5	3.4	1.7	1.5	2.5	9.8	8.5
	Q2	P	2.3	-0.6	1.6	1.7	3.7	1.6	1.2	3.0	9.5	12.8
	Q3	P	2.4	0.9	2.6	0.2	3.8	2.5	2.2	3.7	14.5	6.9
	Q4	P	2.7	4.2	1.0	0.7	3.5	2.7	2.4	3.9	13.2	3.2

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 ESA95, SEASONALLY- AND WORKING-DAY-ADJUSTED SERIES (see *Economic bulletin* April 2002).

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

■ Series depicted in chart.

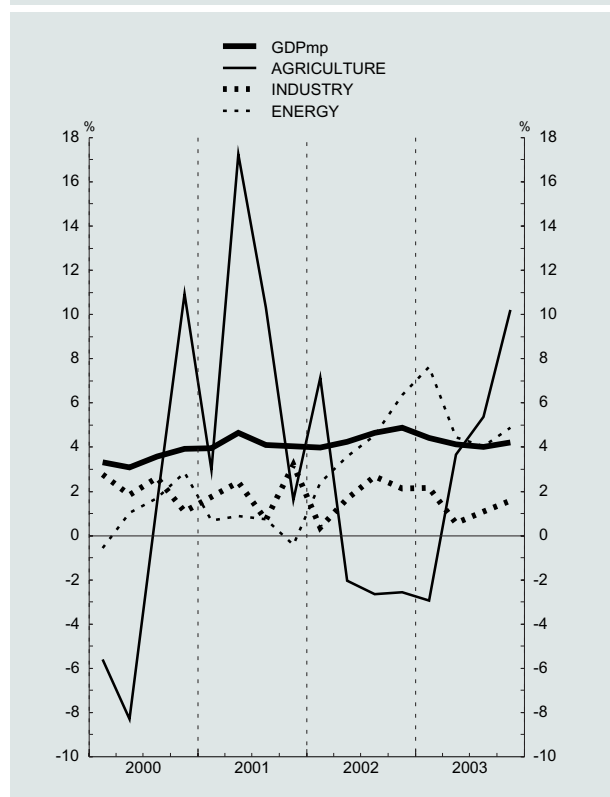
Annual percentage changes

		Demand components							Gross domestic product at market prices	Branches of activity						
		Final consumption of households and NPISHs	Government final consumption	Gross capital formation			Exports of goods and services	Imports of goods and services		Agriculture and fisheries	Energy	Industry	Construction	Of which		
				Total	Of which									Services	Market services	
					Gross fixed capital formation											
					Capital goods	Construction										
1	2	3	4	5	6	7	8	9	10	11	12	13	14			
00	P	3.1	3.5	7.2	4.3	9.1	7.3	9.7	3.5	-0.6	1.3	2.1	8.6	3.5	3.5	
01	P	3.3	3.2	4.0	1.0	5.4	2.7	0.5	4.2	8.0	0.5	2.0	6.6	4.7	5.1	
02	P	3.5	3.4	4.5	1.7	5.3	1.1	-1.0	4.4	-0.3	4.2	1.7	6.8	4.8	5.1	
03	P	3.1	3.0	5.3	2.0	6.1	1.0	-0.3	4.2	4.1	5.2	1.3	7.6	4.2	4.5	
01	Q1	P	3.4	3.2	5.0	2.1	6.5	4.6	3.8	4.0	3.0	0.7	1.8	7.6	4.5	4.9
	Q2	P	3.4	3.3	4.3	1.0	5.9	4.1	1.0	4.6	17.2	0.9	2.4	7.3	4.9	5.4
	Q3	P	3.4	3.2	3.6	0.6	5.1	3.7	1.4	4.1	10.3	0.8	0.7	6.6	4.7	5.1
	Q4	P	3.0	3.0	3.1	0.3	4.2	-1.0	-3.8	4.0	1.6	-0.4	3.2	4.9	4.5	4.9
02	Q1	P	3.3	3.6	3.6	1.1	4.8	1.0	-0.9	4.0	7.1	2.4	0.4	5.7	4.5	4.7
	Q2	P	3.6	3.5	4.1	1.5	5.0	1.3	-0.6	4.2	-2.0	3.6	1.7	6.5	4.7	4.9
	Q3	P	3.4	3.4	4.4	1.9	5.5	0.7	-2.1	4.6	-2.7	4.5	2.7	7.4	4.9	5.2
	Q4	P	3.6	3.3	5.8	2.1	5.8	1.4	-0.1	4.9	-2.6	6.4	2.1	7.8	5.2	5.7
03	Q1	P	3.5	2.9	5.5	1.9	6.0	1.2	0.0	4.4	-2.9	7.6	2.2	7.7	4.5	4.8
	Q2	P	3.0	2.8	4.0	2.1	5.7	1.1	-1.4	4.1	3.7	4.5	0.6	7.6	4.3	4.6
	Q3	P	3.1	2.8	6.0	1.9	6.0	0.2	-0.1	4.0	5.4	4.0	1.1	7.3	4.1	4.3
	Q4	P	3.0	3.3	5.7	2.0	6.6	1.4	0.1	4.2	10.2	4.9	1.6	7.7	4.0	4.2

GDP. IMPLICIT DEFLATORS
Annual percentage changes



GDP. IMPLICIT DEFLATORS
Annual percentage changes



Source: INE (Contabilidad Nacional Trimestral de España).

(a) Prepared in accordance with ESA95, SEASONALLY- AND WORKING-DAY-ADJUSTED SERIES (see *Economic bulletin* April 2002).

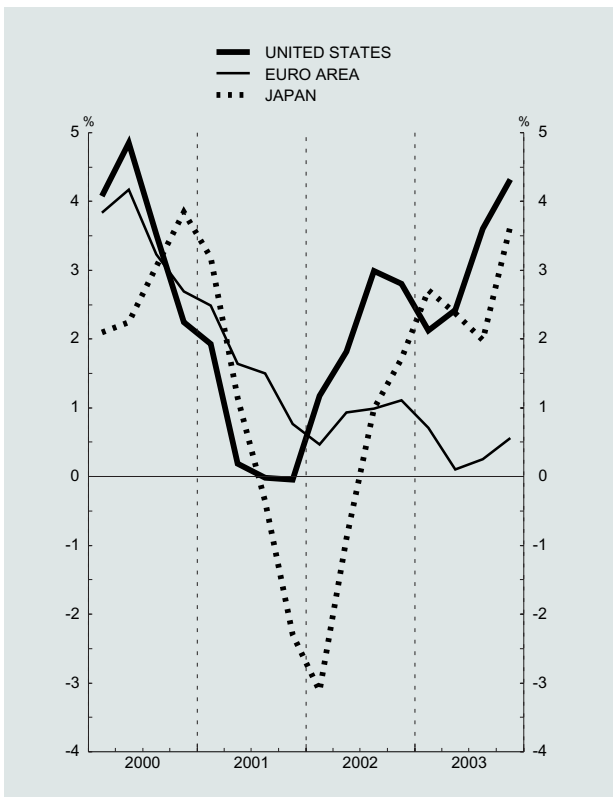
2.1. International comparison. Gross domestic product at constant prices

■ Series depicted in chart.

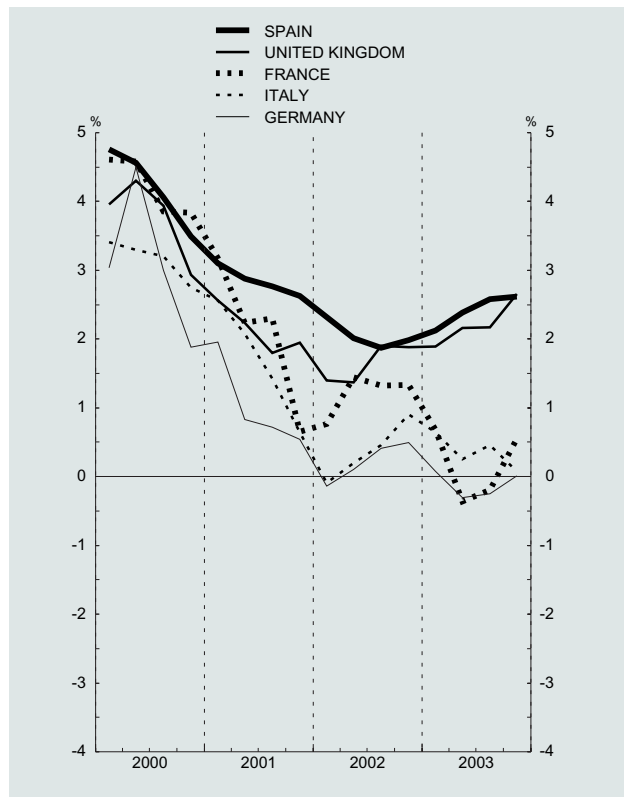
Annual percentage changes

	OECD 1	EU 2	Euro area 3	Germany 4	Spain 5	United States 6	France 7	Italy 8	Japan 9	United Kingdom 10	
01		1.0	1.6	1.6	1.0	2.8	0.5	2.1	1.7	0.4	2.1
02		1.7	1.0	0.9	0.2	2.0	2.2	1.2	0.4	-0.3	1.6
03		...	0.7	0.4	-0.1	2.4	3.1	0.2	0.4	2.7	2.2
00 Q4		3.0	2.8	2.7	1.9	3.3	2.2	3.8	2.7	3.8	2.9
01											
Q1		2.3	2.5	2.5	2.0	3.1	1.9	3.2	2.6	3.2	2.6
Q2		0.9	1.7	1.6	0.8	2.6	0.2	2.2	2.1	1.1	2.2
Q3		0.5	1.5	1.5	0.7	3.1	-0.0	2.3	1.4	-0.4	1.8
Q4		0.2	0.9	0.8	0.5	2.6	-0.0	0.6	0.6	-2.3	1.9
02											
Q1		0.7	0.7	0.5	-0.1	2.2	1.2	0.8	-0.1	-3.1	1.4
Q2		1.5	1.0	0.9	0.1	2.0	1.8	1.4	0.2	-0.9	1.4
Q3		2.3	1.1	1.0	0.4	1.8	3.0	1.3	0.5	1.0	1.9
Q4		2.4	1.2	1.1	0.5	2.1	2.8	1.3	0.9	1.7	1.9
03											
Q1		1.9	0.9	0.7	0.1	2.2	2.1	0.7	0.6	2.7	1.9
Q2		1.7	0.4	0.1	-0.3	2.3	2.4	-0.4	0.2	2.4	2.2
Q3		2.0	0.5	0.3	-0.3	2.4	3.6	-0.2	0.5	2.0	2.2
Q4		...	0.9	0.6	0.0	2.7	4.3	0.6	0.1	3.6	2.7

GROSS DOMESTIC PRODUCT
Annual percentage changes



GROSS DOMESTIC PRODUCT
Annual percentage changes



Sources: ECB, INE and OECD.

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

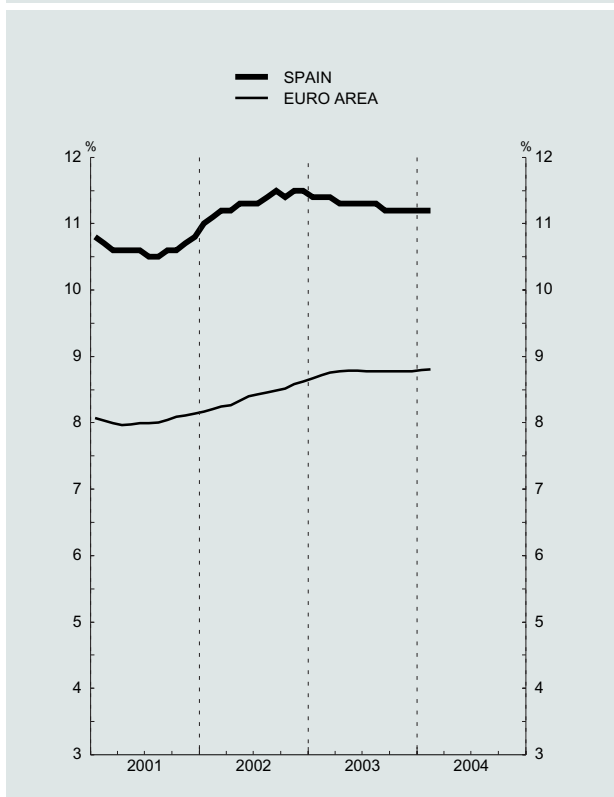
2.2. International comparison. Unemployment rates

■ Series depicted in chart.

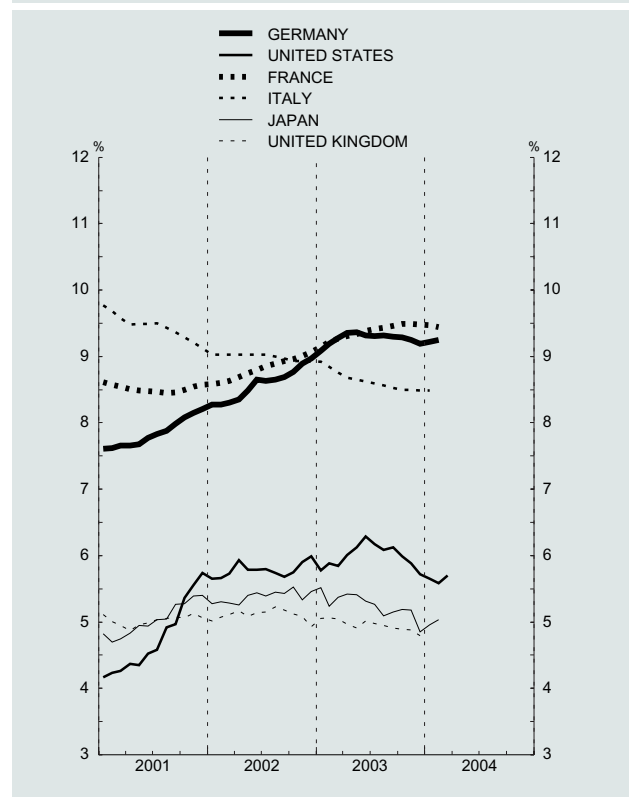
Percentages

	1	2	3	4	5	6	7	8	9	10
	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
02	7.0	7.7	8.4	8.6	11.3	5.8	8.8	9.0	5.4	5.1
03	7.1	8.0	8.8	9.3	11.3	6.0	9.4	8.6	5.2	5.0
04	A ...	...	...	...	...	...	...	...	...	...
02 Sep	6.9	7.8	8.5	8.7	11.5	5.7	8.9	9.0	5.4	5.2
Oct	7.0	7.8	8.5	8.8	11.4	5.8	9.0	8.9	5.5	5.1
Nov	7.0	7.8	8.6	8.9	11.5	5.9	9.0	8.9	5.3	5.1
Dec	7.1	7.9	8.6	9.0	11.5	6.0	9.1	8.9	5.5	4.9
03 Jan	7.0	7.9	8.7	9.1	11.4	5.8	9.1	8.9	5.5	5.1
Feb	7.0	8.0	8.7	9.2	11.4	5.9	9.2	8.8	5.2	5.1
Mar	7.0	8.0	8.8	9.3	11.4	5.8	9.3	8.8	5.4	5.0
Apr	7.1	8.0	8.8	9.4	11.3	6.0	9.3	8.7	5.4	5.0
May	7.2	8.0	8.8	9.4	11.3	6.1	9.3	8.7	5.4	4.9
Jun	7.2	8.0	8.8	9.3	11.3	6.3	9.4	8.6	5.3	5.0
Jul	7.2	8.0	8.8	9.3	11.3	6.2	9.4	8.6	5.3	5.0
Aug	7.1	8.0	8.8	9.3	11.3	6.1	9.4	8.6	5.1	5.0
Sep	7.1	8.0	8.8	9.3	11.2	6.1	9.5	8.5	5.2	4.9
Oct	7.1	8.0	8.8	9.3	11.2	6.0	9.5	8.5	5.2	4.9
Nov	7.0	8.0	8.8	9.3	11.2	5.9	9.5	8.5	5.2	4.9
Dec	6.9	8.0	8.8	9.2	11.2	5.7	9.5	8.5	4.9	4.8
04 Jan	6.9	8.0	8.8	9.2	11.2	5.7	9.5	8.5	5.0	...
Feb	6.9	8.0	8.8	9.3	11.2	5.6	9.4	...	5.0	...

UNEMPLOYMENT RATES



UNEMPLOYMENT RATES



Sources: ECB and OECD.

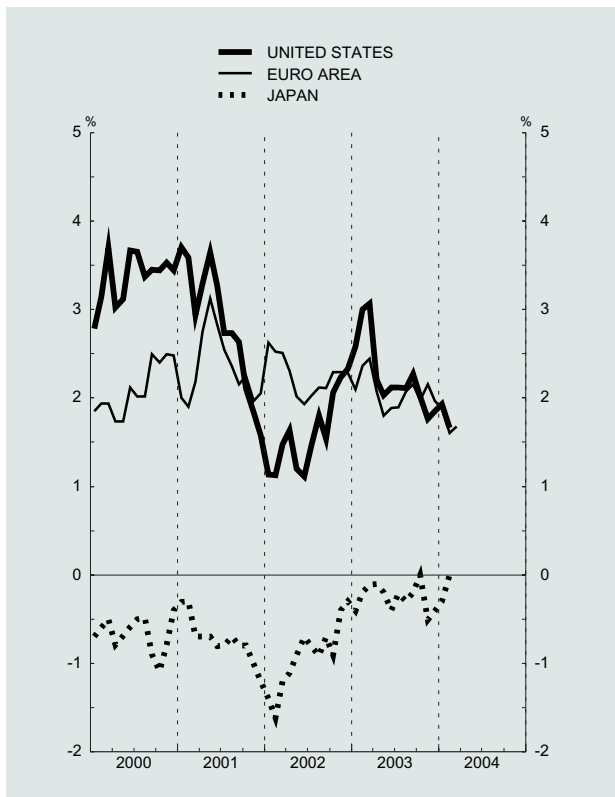
2.3. International comparison. Consumer prices (a)

■ Series depicted in chart.

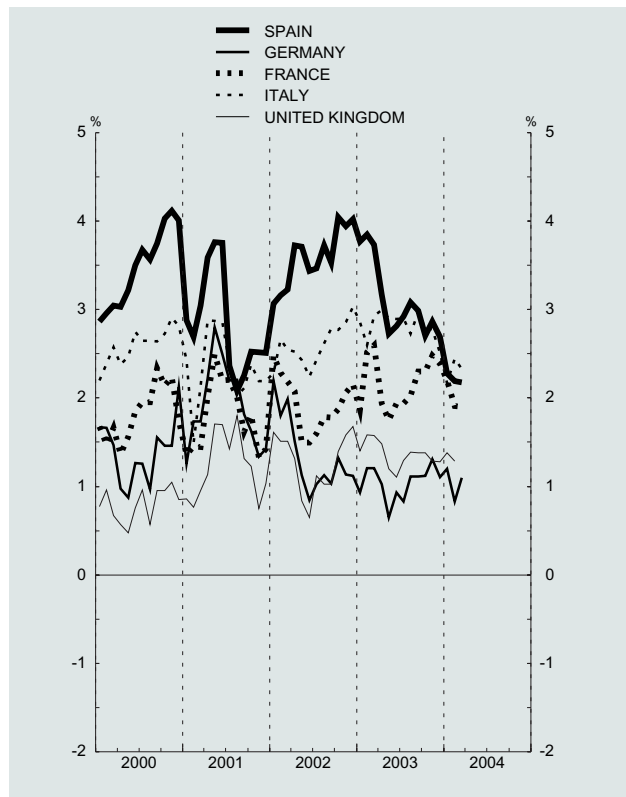
Annual percentage changes

	1	2	3	4	5	6	7	8	9	10
	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
00	2.5	1.9	2.1	1.4	3.5	3.4	1.8	2.6	-0.7	0.8
01	2.3	2.2	2.3	1.9	2.8	2.8	1.8	2.3	-0.7	1.2
02	1.6	2.1	2.3	1.4	3.6	1.6	1.9	2.6	-0.9	1.3
03	2.0	2.0	2.1	1.0	3.1	2.3	2.2	2.8	-0.3	1.4
02 Oct	1.8	2.1	2.3	1.3	4.0	2.1	1.9	2.8	-0.9	1.4
Nov	2.1	2.2	2.3	1.1	3.9	2.2	2.1	2.9	-0.4	1.6
Dec	2.1	2.2	2.3	1.1	4.0	2.3	2.2	3.0	-0.3	1.7
03 Jan	2.2	2.0	2.1	0.9	3.8	2.6	1.9	2.9	-0.4	1.4
Feb	2.5	2.3	2.4	1.2	3.8	3.0	2.5	2.6	-0.2	1.6
Mar	2.5	2.3	2.4	1.2	3.7	3.1	2.6	2.9	-0.1	1.6
Apr	2.0	2.0	2.1	1.0	3.2	2.2	1.9	3.0	-0.1	1.5
May	1.9	1.7	1.8	0.6	2.7	2.0	1.8	2.9	-0.2	1.2
Jun	1.8	1.8	1.9	0.9	2.8	2.1	1.9	2.9	-0.4	1.1
Jul	1.8	1.8	1.9	0.8	2.9	2.1	1.9	2.9	-0.2	1.3
Aug	1.9	2.0	2.1	1.1	3.1	2.1	2.0	2.7	-0.3	1.4
Sep	2.0	2.0	2.2	1.1	3.0	2.3	2.3	3.0	-0.2	1.4
Oct	1.8	1.9	2.0	1.1	2.7	2.0	2.3	2.8	-	1.4
Nov	1.6	2.0	2.2	1.3	2.9	1.8	2.5	2.8	-0.5	1.3
Dec	1.7	1.8	2.0	1.1	2.7	1.9	2.4	2.5	-0.4	1.3
04 Jan	1.7	1.8	1.9	1.2	2.3	1.9	2.2	2.2	-0.3	1.4
Feb	1.5	1.5	1.6	0.8	2.2	1.7	1.9	2.4	-	1.3
Mar	...	1.5	1.7	1.1	2.2	...	1.9	2.3	...	...

CONSUMER PRICES
Annual percentage changes



CONSUMER PRICES
Annual percentage changes



Sources: OECD, INE and Eurostat.

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

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

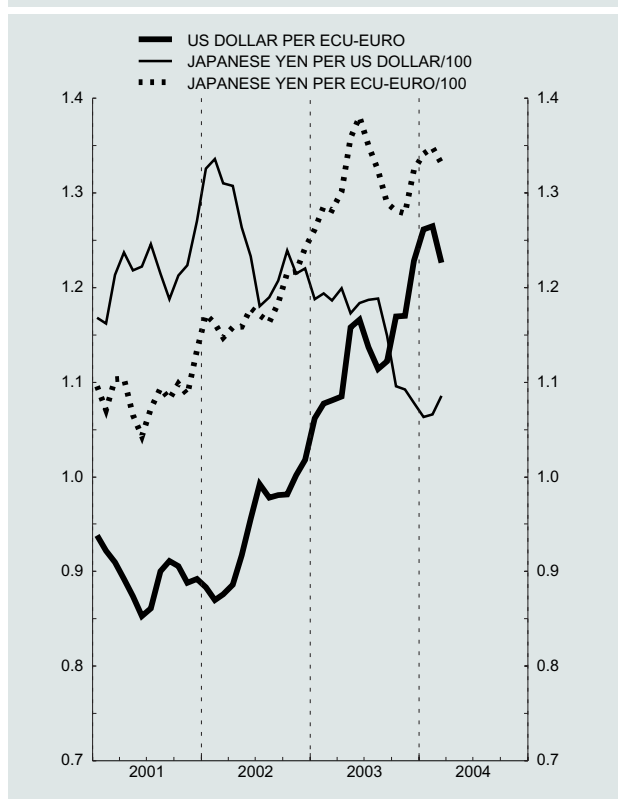
2.4. Bilateral exchange rates and nominal and real effective exchange rate indices for the euro, US dollar and Japanese yen

■ Series depicted in chart.

Average of daily data

	Exchange rates			Indices of the nominal effective exchange rate vis-à-vis the (a) developed countries 1999 QI=100			Indices of the real effective exchange rate vis-à-vis the developed countries (b) 1999 QI=100					
	1 US dollar per ECU/euro	2 Japanese yen per ECU/euro	3 Japanese yen per US dollar	4 Euro (c)	5 US dollar	6 Japanese yen	Based on consumer prices			Based on producer prices		
							7 Euro (c)	8 US dollar	9 Japanese yen	10 Euro (c)	11 US dollar	12 Japanese yen
01	0.8955	108.76	121.50	87.3	111.8	106.9	89.0	116.1	99.3	89.2	112.9	100.3
02	0.9454	118.08	125.18	90.0	110.5	101.1	92.9	115.3	91.4	92.6	109.9	94.7
03	1.1313	130.98	115.93	100.2	97.5	99.9	103.9	102.5	88.3	103.3	98.2	91.9
03 J-M	1.0732	127.59	118.89	96.9	102.2	99.9	100.1	107.2	88.6	99.7	103.3	91.7
04 J-M	1.2504	133.99	107.18	104.3	89.5	102.2	108.5	94.0	89.3	107.7	89.8	93.7
03 Jan	1.0622	126.12	118.74	95.8	103.0	100.5	98.9	107.7	89.7	99.1	103.2	93.0
<i>Feb</i>	1.0773	128.60	119.38	97.1	102.2	99.3	100.2	107.4	87.8	100.1	103.5	91.1
<i>Mar</i>	1.0807	128.16	118.61	97.9	101.4	99.9	101.2	106.7	88.2	100.0	103.2	91.1
<i>Apr</i>	1.0848	130.12	119.95	98.6	101.3	98.6	102.1	106.5	87.4	101.1	101.6	90.9
<i>May</i>	1.1582	135.83	117.28	102.5	96.6	97.7	106.1	101.3	86.9	105.2	96.7	90.4
<i>Jun</i>	1.1663	138.05	118.37	102.7	96.0	96.3	106.6	100.8	85.2	106.4	96.4	88.9
<i>Jul</i>	1.1372	134.99	118.70	101.4	97.6	97.2	105.2	102.7	85.9	105.0	98.0	89.8
<i>Aug</i>	1.1139	132.38	118.83	100.3	98.9	98.2	103.9	104.2	86.7	103.6	99.6	90.4
<i>Sep</i>	1.1222	128.94	114.95	99.9	97.0	101.0	103.5	102.3	89.0	103.1	97.6	92.9
<i>Oct</i>	1.1692	128.12	109.58	101.3	93.1	103.6	105.2	98.2	91.3	104.4	94.5	94.9
<i>Nov</i>	1.1702	127.84	109.25	101.2	92.7	103.7	105.2	97.6	91.0	104.6	93.6	95.1
<i>Dec</i>	1.2286	132.43	107.80	104.0	90.4	102.7	108.4	94.9	90.1	107.3	91.3	94.2
04 Jan	1.2613	134.13	106.34	105.1	88.7	102.5	109.2	93.6	89.8	108.4	89.8	93.7
<i>Feb</i>	1.2646	134.78	106.58	104.7	89.1	102.1	108.9	94.4	88.8	108.2	...	...
<i>Mar</i>	1.2262	133.13	108.56	103.1	90.8	101.8	107.3	...	...	106.5	...	...

EXCHANGE RATES



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



Sources: ECB and BE.

(a) Geometric mean -calculated using a double weighting system based on 1995-97 manufacturing trade of changes in the spot price of each currency against the currencies of the other developed countries. A fall in the index denotes a depreciation of the currency against those of the other developed countries.

(b) Obtained by multiplying the relative prices of each area/country (relation 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, may be interpreted as an improvement in that area/country's competitiveness.

(c) The methodology used to compile these indices is explained in Box 5 of the October 1999 ECB Monthly Bulletin.

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

■ Series depicted in chart.

Percentages

	Official intervention interest rates					3-month interbank rates									
	Euro area (a)	United States		Japan	United Kingdom	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
		Discount rate (b)	Federal funds rate	(c)	(d)	6	7	8	9	10	11	12	13	14	15
01	3.25	1.25	3.72	0.10	4.00	3.39	4.30	4.26	-	-	3.66	-	-	0.08	4.93
02	2.75	0.75	1.67	0.10	4.00	2.21	3.42	3.32	-	-	1.71	-	-	0.01	3.96
03	2.00	2.00	1.10	0.10	3.75	1.63	2.55	2.33	-	-	1.12	-	-	0.01	3.64
02 Oct	3.25	1.25	1.75	0.10	4.00	2.20	3.37	3.26	-	-	1.70	-	-	0.01	3.87
Nov	3.25	0.75	1.25	0.10	4.00	2.02	3.26	3.12	-	-	1.38	-	-	0.01	3.88
Dec	2.75	0.75	1.25	0.10	4.00	1.94	3.11	2.94	-	-	1.32	-	-	0.01	3.92
03 Jan	2.75	2.25	1.25	0.10	4.00	1.88	3.01	2.83	-	-	1.27	-	-	0.01	3.89
Feb	2.75	2.25	1.25	0.10	3.75	1.81	2.86	2.69	-	-	1.24	-	-	0.01	3.65
Mar	2.50	2.25	1.25	0.10	3.75	1.73	2.71	2.53	-	-	1.18	-	-	0.01	3.56
Apr	2.50	2.25	1.25	0.10	3.75	1.74	2.71	2.53	-	-	1.20	-	-	0.01	3.55
May	2.50	2.25	1.25	0.10	3.75	1.70	2.59	2.40	-	-	1.20	-	-	0.01	3.54
Jun	2.00	2.00	1.00	0.10	3.75	1.53	2.38	2.15	-	-	1.02	-	-	0.01	3.55
Jul	2.00	2.00	1.00	0.10	3.50	1.51	2.33	2.13	-	-	1.03	-	-	0.01	3.39
Aug	2.00	2.00	1.00	0.10	3.50	1.52	2.35	2.14	-	-	1.05	-	-	0.01	3.43
Sep	2.00	2.00	1.00	0.10	3.50	1.53	2.38	2.15	-	-	1.05	-	-	0.00	3.60
Oct	2.00	2.00	1.00	0.10	3.50	1.54	2.40	2.14	-	-	1.07	-	-	0.00	3.71
Nov	2.00	2.00	1.00	0.10	3.75	1.57	2.43	2.16	-	-	1.08	-	-	0.01	3.89
Dec	2.00	2.00	1.00	0.10	3.75	1.57	2.43	2.15	-	-	1.08	-	-	0.01	3.93
04 Jan	2.00	2.00	1.00	0.10	3.75	1.53	2.39	2.09	-	-	1.05	-	-	0.01	3.96
Feb	2.00	2.00	1.00	0.10	4.00	1.51	2.39	2.07	-	-	1.02	-	-	0.01	4.08
Mar	2.00	2.00	1.00	0.10	4.00	1.50	2.37	2.03	-	-	1.03	-	-	0.01	4.21

OFFICIAL INTERVENTION INTEREST RATES



3-MONTH INTERBANK RATES



Sources: ECB, Reuters and BE.

(a) Main refinancing operations.

(b) As from January 2003, the Primary Credit Rate.

(c) Discount rate.

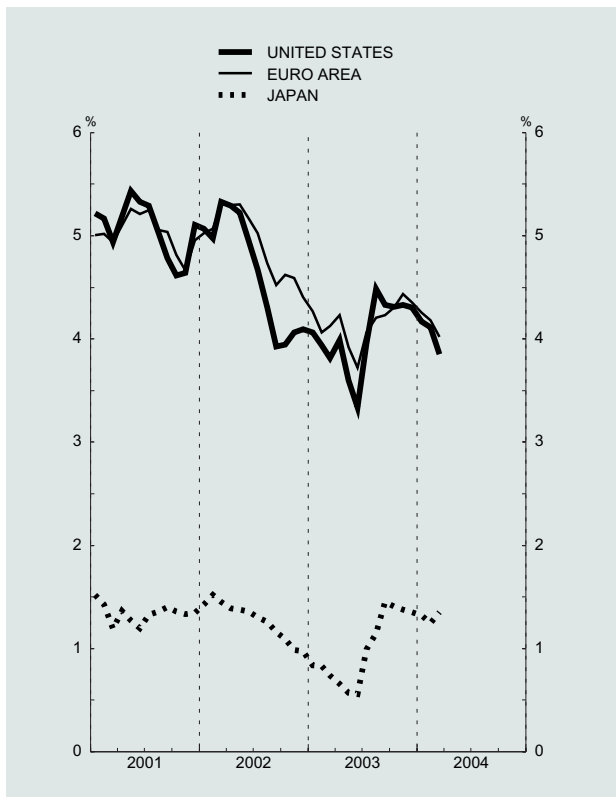
2.6. 10-year government bond yields on domestic markets

■ Series depicted in chart.

Percentages

	1	2	3	4	5	6	7	8	9	10
	OECD	EU	Euro area	Germany	Spain	United States	France	Italy	Japan	United Kingdom
01	4.47	4.98	5.03	4.82	5.12	5.06	4.95	5.19	1.34	4.97
02	4.27	4.92	4.92	4.80	4.96	4.65	4.88	5.04	1.27	4.93
03	3.68	4.22	4.16	4.10	4.12	4.04	4.13	4.24	0.99	4.53
02 Oct	3.84	4.62	4.62	4.48	4.62	3.95	4.59	4.72	1.09	4.63
Nov	3.86	4.63	4.59	4.50	4.60	4.06	4.58	4.74	0.99	4.66
Dec	3.81	4.48	4.41	4.36	4.43	4.09	4.42	4.57	0.97	4.60
03 Jan	3.70	4.29	4.27	4.19	4.24	4.06	4.23	4.38	0.84	4.43
Feb	3.57	4.08	4.06	3.96	4.01	3.94	4.01	4.16	0.83	4.24
Mar	3.53	4.14	4.13	4.02	4.04	3.82	4.11	4.19	0.74	4.32
Apr	3.64	4.28	4.23	4.17	4.19	3.99	4.23	4.32	0.66	4.48
May	3.33	3.96	3.92	3.84	3.88	3.60	3.90	3.98	0.57	4.21
Jun	3.13	3.78	3.72	3.65	3.69	3.34	3.70	3.78	0.56	4.06
Jul	3.60	4.11	4.06	4.00	4.03	3.96	4.01	4.14	0.99	4.38
Aug	3.91	4.28	4.20	4.16	4.19	4.48	4.16	4.30	1.15	4.59
Sep	3.91	4.32	4.23	4.20	4.21	4.33	4.21	4.32	1.45	4.69
Oct	3.93	4.41	4.31	4.25	4.27	4.31	4.29	4.39	1.41	4.92
Nov	4.00	4.55	4.44	4.40	4.40	4.33	4.41	4.52	1.38	5.09
Dec	3.94	4.47	4.36	4.34	4.34	4.31	4.34	4.46	1.35	4.92
04 Jan	3.82	4.33	4.26	4.19	4.19	4.17	4.20	4.32	1.32	4.83
Feb	3.77	4.29	4.18	4.14	4.15	4.11	4.15	4.26	1.24	4.88
Mar	3.61	4.14	4.02	3.94	4.01	3.86	3.99	4.15	1.35	4.77

10-YEAR GOVERNMENT BOND YIELDS



10-YEAR GOVERNMENT BOND YIELDS



Sources: ECB, Reuters and BE.

2.7 International markets: Non-energy commodities price index. Crude oil and gold price.

■ Series depicted in chart.

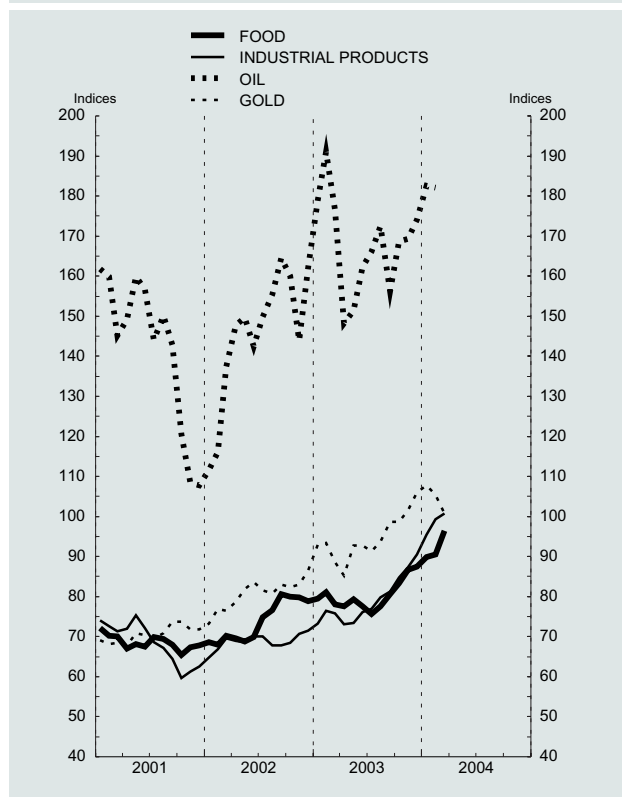
1995 = 100

	Non-energy commodity price index (a)						Oil		Gold		
	Euro index	US dollar index					Index (b)	Brent North sea	Index (c)	US dollars per troy ounce	Euro per gram
	General	General	Food	Industrial products				US dollars per barrel			
				Total	Non-food agricultural products	Metals					
1	2	3	4	5	6	7	8	9	10	11	
01	100.7	68.5	68.6	68.4	65.4	70.9	142.1	24.6	70.5	271.1	9.74
02	99.8	71.7	73.8	68.8	69.7	68.0	145.2	25.0	80.7	310.0	10.55
03	92.7	79.8	80.3	79.1	81.9	76.6	167.8	28.9	94.6	363.6	10.33
03 J-M	95.0	77.6	79.4	75.1	78.1	72.5	181.8	31.4	91.6	351.9	10.54
04 J-M	99.5	94.9	92.3	98.5	94.8	101.6	...	32.0	104.6	401.9	10.49
02 Dec	97.4	75.7	78.8	71.5	74.0	69.4	162.1	28.2	86.6	332.6	10.51
03 Jan	95.0	76.8	79.4	73.2	75.8	70.9	178.9	31.3	92.9	356.9	10.80
<i>Feb</i>	96.7	79.1	81.0	76.4	79.6	73.7	191.1	32.7	93.4	359.0	10.70
<i>Mar</i>	93.7	77.1	78.0	75.8	79.0	73.0	176.5	30.3	88.7	340.6	10.13
<i>Apr</i>	91.7	75.8	77.5	73.1	77.8	69.3	148.2	25.0	85.3	327.7	9.72
<i>May</i>	87.2	76.9	79.4	73.4	75.1	72.0	151.5	25.8	92.8	356.4	9.89
<i>Jun</i>	86.7	77.0	77.6	76.2	79.2	73.7	162.2	27.6	92.8	356.4	9.82
<i>Jul</i>	87.9	76.2	75.6	76.9	79.5	74.7	166.2	28.5	91.4	351.0	9.92
<i>Aug</i>	92.6	78.5	77.6	79.7	82.9	77.0	172.5	29.8	93.6	359.8	10.38
<i>Sep</i>	94.4	80.8	80.6	81.3	86.5	76.5	156.2	27.1	98.6	378.9	10.83
<i>Oct</i>	94.3	83.9	83.3	84.7	88.4	81.6	168.6	29.6	98.6	378.9	10.41
<i>Nov</i>	97.9	86.9	86.6	87.3	90.0	85.1	169.3	28.9	101.5	389.9	10.70
<i>Dec</i>	94.8	88.7	87.4	90.5	89.3	91.4	174.1	29.9	106.0	407.1	10.66
04 Jan	95.7	92.2	89.8	95.4	93.2	97.3	182.5	31.3	107.7	413.8	10.54
<i>Feb</i>	97.7	94.2	90.5	99.3	95.0	102.9	182.0	30.8	105.4	404.9	10.28
<i>Mar</i>	105.1	98.3	96.5	100.8	96.1	104.7	...	33.8	100.8	387.1	10.65

NON-ENERGY COMMODITY PRICE INDEX



PRICE INDICES FOR NON-ENERGY COMMODITIES, OIL AND GOLD



Sources: The Economist, IMF, ECB and BE.

(a) The weights are based on the value of the commodity imports of the OECD countries during the period 1994-1996.

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

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

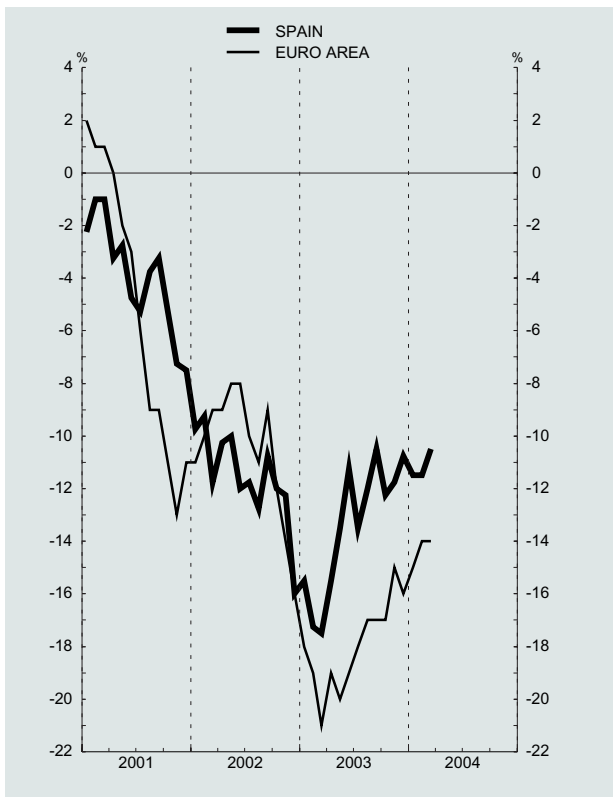
3.1. Indicators of private consumption. Spain and euro area

■ Series depicted in chart.

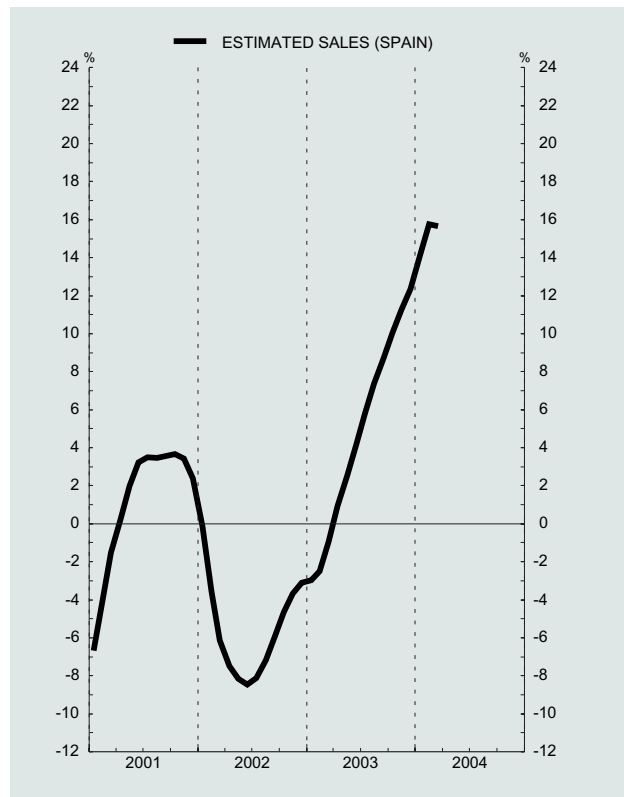
Annual percentage changes

	Opinion surveys (net percentages)						New car registrations and sales				Retail trade: sales index						
	Consumers			Retail trade confidence index	Memorandum item: euro area		of which			Memorandum item: euro area	General index			By type of product (deflated indices)		Memorandum item: euro area deflated index	
	Confidence index	General economic situation: anticipated trend	Household economic situation: anticipated trend		Consumer confidence index	Retail trade confidence index	Registrations	Private use	Estimated sales		Registrations	Nominal	Deflated (a)	of which Large retail outlets (a)	Food (b)		Other (c)
				1						2						3		4	5	6	7	8	9	10	11	12	13	14	15	16
01		-4	-3	4	-0	-5	-7	2.2	1.9	3.2	-0.6	7.1	3.4	3.5	5.1	1.5	1.8
02		-12	-7	-1	-2	-11	-16	-6.0	-5.6	-6.6	-4.1	5.7	2.2	3.6	1.7	2.8	0.0
03	P	-13	-9	-2	-2	-18	-14	6.0	4.0	3.8	-1.5	5.7	2.5	4.9	0.8	3.4	0.2
03 J-M	P	-17	-15	-4	-3	-19	-17	-4.0	-1.2	-5.7	-2.8	5.6	1.8	4.4	-0.4	3.2	0.8
04 J-M	A	-11	-5	-1	-1	-14	-10	21.6	20.9	20.8	1.0	...	...	...	...	...	...
03 Apr	P	-16	-12	-2	1	-19	-17	8.0	-3.8	6.8	-3.7	5.6	2.4	5.2	1.1	3.0	2.2
May	P	-14	-8	-2	-4	-20	-13	-4.7	-5.9	-5.5	-4.5	6.0	3.2	8.1	1.2	4.3	0.2
Jun	P	-11	-7	-	-3	-19	-14	11.7	-7.8	10.0	2.6	6.2	3.3	5.6	0.2	5.3	0.1
Jul	P	-14	-8	-1	-3	-18	-12	8.2	6.5	5.7	2.4	5.6	2.7	4.1	1.8	3.0	-
Aug	P	-12	-7	-	-3	-17	-14	5.7	5.9	3.6	-0.5	2.7	-0.2	2.3	0.5	-1.3	-1.4
Sep	P	-11	-4	1	-1	-17	-12	17.3	18.0	14.6	1.9	6.7	3.7	5.2	3.7	3.1	0.3
Oct	P	-12	-7	-3	2	-17	-9	11.5	12.9	8.2	-0.2	7.2	4.5	6.0	1.7	5.7	0.7
Nov	P	-12	-5	-1	1	-15	-10	15.8	17.8	12.6	-0.0	3.5	0.7	2.0	-2.1	2.1	-1.6
Dec	P	-11	-4	-	-	-16	-13	13.7	13.3	10.3	-7.4	7.3	4.6	7.0	2.6	5.4	-
04 Jan	P	-12	-6	-	-2	-15	-10	10.6	11.9	9.2	1.1	6.2	4.4	8.0	1.7	6.1	0.6
Feb	P	-12	-4	-2	-1	-14	-11	23.5	23.7	22.5	2.5	6.7	5.3	5.7	0.9	8.4	0.4
Mar	A	-11	-4	-1	-	-14	-10	28.6	26.8	28.1	-0.6	...	...	...	...	...	...

CONSUMER CONFIDENCE INDEX



CAR SALES
Trend obtained with TRAMO-SEATS



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

(a) Until December 2003, deflated by the total CPI. From January 2004, INE.

(b) Until December 2003, deflated by the food component of the CPI. From January 2004, INE.

(c) Until December 2003, deflated by the total CPI excluding foods, beverages, and tobacco. From January 2004, INE.

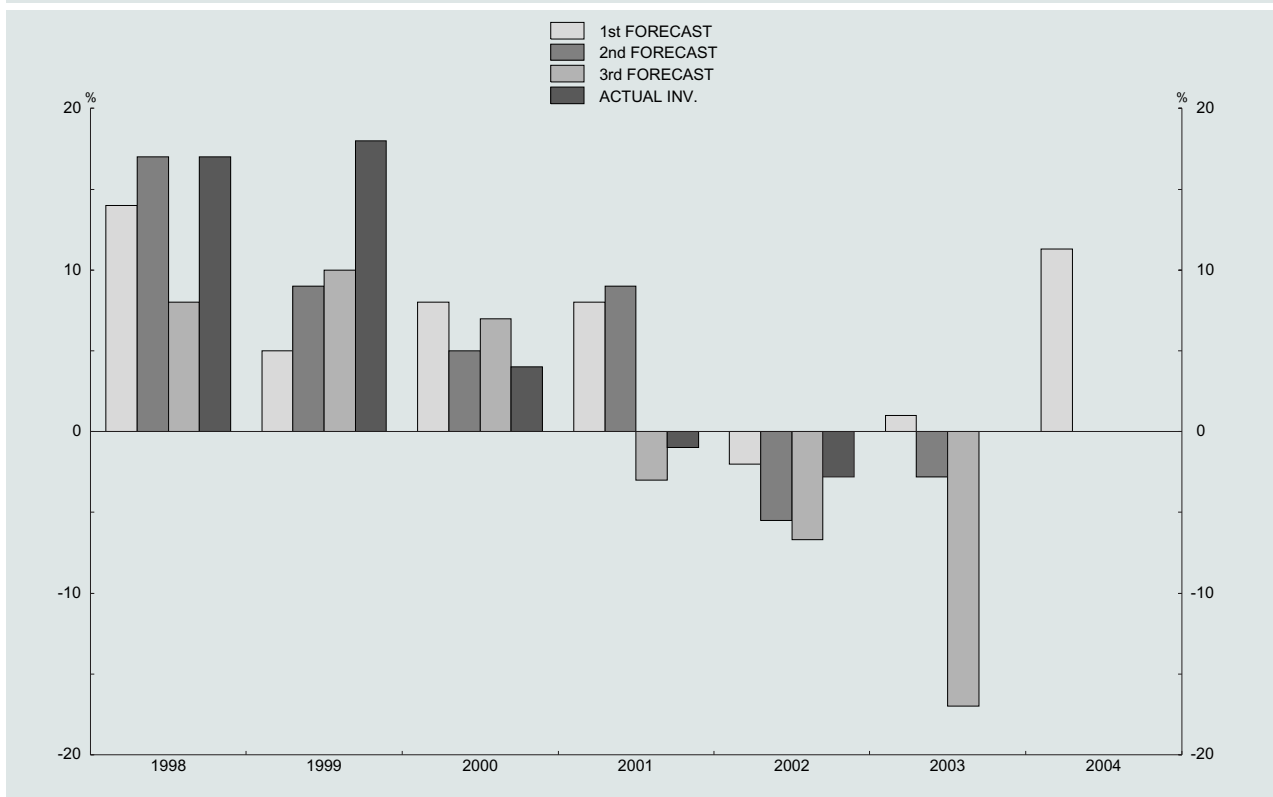
3.2. Investment in industry (excluding construction): opinion surveys. Spain

■ Series depicted in chart.

Annual percentage changes at current prices

	1	2	3	4	
	ACTUAL INV.	1st FORECAST	2nd FORECAST	3rd FORECAST	
98		17	14	17	8
99		18	5	9	10
00		4	8	5	7
01		-1	8	9	-3
02		-3	-2	-6	-7
03		...	1	-3	-17
04		...	11	...	...

INVESTMENT IN INDUSTRY Annual rates of change



Source: Ministerio de Ciencia y Tecnología

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

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

■ Series depicted in chart.

Annual percentage changes

	Permits: buildable floorage				Approvals: buildable floorage		Government tenders (budget)							Apparent consumption of cement
	Total	of which		Non-residential	Total	Housing	Total		Building				Civil engineering	
		Residential	Housing				For the month	Year to date	Total	Residential	Housing	Non-residential		
	1	2	3	4	5	6	7	8	9	10	11	12	13		14
01	-3.7	-7.7	-8.3	14.6	-2.2	-5.5	45.4	45.4	61.4	132.5	95.4	42.6	39.2	9.7
02	-0.3	2.8	3.4	-11.7	3.0	4.1	13.0	13.0	-2.2	-15.2	3.9	3.4	19.9	4.7
03	...	...	...	...	17.5	19.9	-11.0	-11.0	-0.3	-11.7	35.2	3.8	-14.9	4.8
03 J-F	11.0	14.2	13.6	-1.4	12.3	16.2	15.4	15.4	28.7	92.1	441.2	-1.2	8.7	-3.7
04 J-F	...	...	...	...	...	...	...	...	...	...	...	...	...	3.9
02 Nov	3.2	6.3	6.6	-8.0	-3.2	-3.7	52.8	8.8	-37.9	-58.8	-74.7	-29.3	111.0	-0.9
02 Dec	6.6	20.4	21.4	-37.3	21.0	15.2	58.4	13.0	-32.3	-49.4	-25.6	-25.3	113.8	4.6
03 Jan	7.4	14.4	12.6	-15.7	14.3	21.1	12.8	12.8	40.3	219.8	1 169.0	-26.4	1.2	-5.1
03 Feb	14.3	14.1	14.6	14.9	10.6	11.9	19.8	15.4	14.3	-20.0	18.9	35.5	23.6	-2.3
03 Mar	30.7	36.8	35.5	9.0	27.7	36.5	132.5	56.3	192.3	75.8	16.4	216.5	112.5	19.8
03 Apr	23.5	32.5	31.1	-17.5	26.3	21.6	4.8	42.6	-17.0	5.6	-59.6	-23.1	18.5	-0.2
03 May	45.2	49.2	51.5	26.3	18.9	19.1	83.2	50.8	-4.6	30.9	-44.6	-12.6	142.0	5.1
03 Jun	-0.3	4.6	6.1	-22.2	19.0	21.7	-5.0	39.8	-36.4	-28.7	-26.1	-38.1	7.3	10.4
03 Jul	17.2	22.2	22.5	-3.9	22.0	26.8	-47.6	12.6	3.1	-66.4	1.6	41.2	-61.8	5.4
03 Aug	13.5	16.2	16.2	3.8	-5.1	-9.5	-17.6	9.1	14.1	-10.4	-3.8	22.8	-30.3	-1.8
03 Sep	-7.6	-5.9	-5.3	-14.0	9.8	10.8	7.6	9.0	-26.1	-32.5	-44.9	-24.8	27.8	9.0
03 Oct	3.7	1.3	1.8	15.0	17.7	17.5	-41.3	2.0	-56.7	-70.5	-44.7	-48.1	-34.2	0.9
03 Nov	...	...	...	...	17.6	21.9	-59.9	-5.7	-38.9	-42.2	-39.3	-38.1	-63.9	6.7
03 Dec	...	...	...	...	23.3	31.6	-49.6	-11.0	-11.4	-33.8	0.7	-5.3	-57.0	11.3
04 Jan	...	...	...	...	-3.8	-8.6	...	...	...	...	...	...	...	1.6
04 Feb	...	...	...	...	...	...	...	...	...	...	...	...	...	6.0



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.

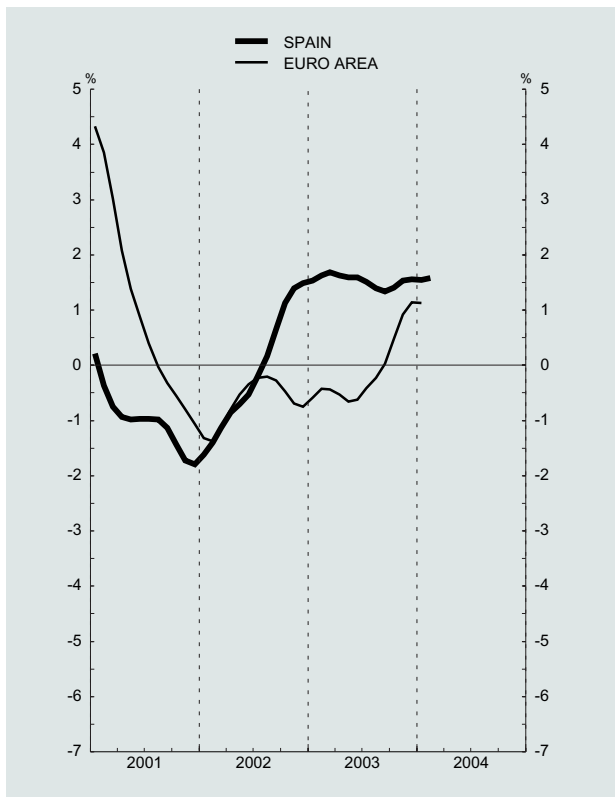
3.4. Industrial production index. Spain and euro area

■ Series depicted in chart.

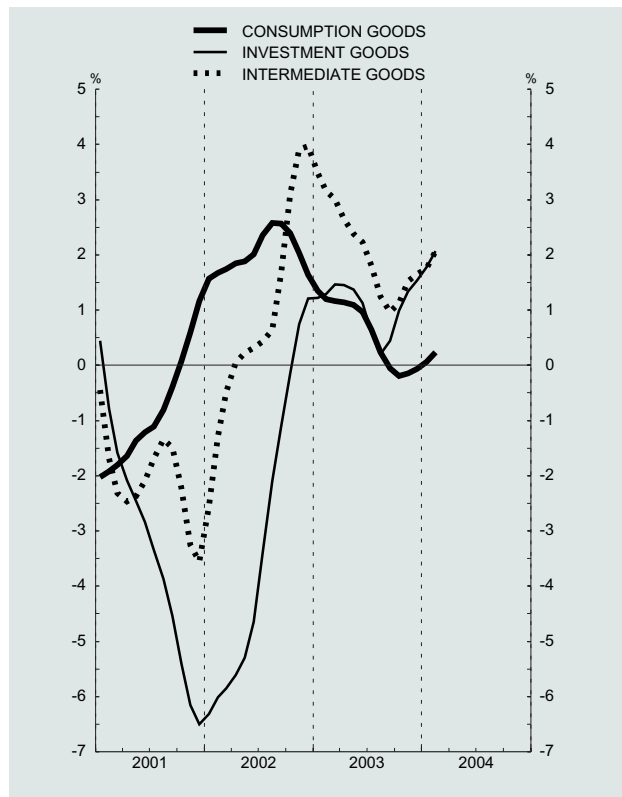
Annual percentage changes

		Overall Index		By end-use of goods				By branch of activity			Memorandum item: euro area					
		Total		Consumption	Investment	Inter-mediate goods	Energy	Mining and quarrying	Manufacturing	Production and distribution of electricity, gas and water	of wich		By end-use of goods			
		Original series	12-month %change 12								Total	Manufacturing	Consumption	Investment	Inter-mediate goods	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	
01	MP	98.8	-1.2	-0.7	-3.3	-2.1	3.0	-3.2	-2.0	4.3	0.4	0.3	0.4	1.6	-0.5	
02	MP	98.9	0.1	2.3	-4.9	1.4	0.0	-0.5	0.4	0.0	-0.5	-0.7	-0.5	-1.5	0.0	
03	MP	100.5	1.6	0.5	0.8	2.1	3.9	0.0	1.5	2.9	0.3	0.1	-0.8	0.0	0.5	
03	J-F	MP	99.1	0.8	-0.2	-0.9	2.3	1.0	-3.7	0.7	2.4	1.3	0.6	-1.1	1.4	1.6
04	J-F	MP	98.7	-0.4	-2.4	-0.6	-0.2	3.3	-4.2	-0.7	2.0	0.7	1.0	0.4	-0.2	1.8
02	Nov	P	103.7	0.3	-1.5	2.9	3.1	-5.9	-0.8	1.2	-5.4	2.5	2.8	1.5	2.9	4.5
	Dec	P	90.6	3.5	3.0	10.4	7.9	-5.3	-4.5	7.0	-7.3	0.0	0.7	-0.5	0.4	2.6
03	Jan	P	98.9	-0.1	-0.3	-2.5	1.7	-2.0	-6.5	0.3	-2.9	1.0	0.8	-1.2	1.3	2.4
	Feb	P	99.3	1.7	-	0.7	2.9	4.6	-1.0	1.1	8.7	1.5	0.3	-1.0	1.5	0.8
	Mar	P	105.0	9.7	8.7	11.6	12.1	3.3	8.3	10.9	1.6	0.1	0.3	-1.5	-0.2	0.3
	Apr	P	99.1	-4.5	-5.0	-6.8	-4.1	-1.2	-7.3	-4.5	-3.4	0.5	-0.4	-0.4	-0.3	0.5
	May	P	104.0	-1.2	-2.3	-2.6	-0.5	1.9	-1.2	-1.1	-1.7	-1.5	-1.6	-3.6	-0.6	-1.4
	Jun	P	104.4	4.5	6.3	2.7	5.3	1.1	3.3	5.1	-0.3	-1.5	-1.9	-1.5	-4.2	-0.9
	Jul	P	110.1	1.9	1.5	-1.5	2.7	6.2	-1.0	1.9	2.7	0.8	0.6	0.9	1.1	0.2
	Aug	P	69.6	-1.4	-2.9	-7.5	-3.9	10.7	-4.1	-3.3	10.1	-0.3	-1.1	-0.4	-3.5	0.8
	Sep	P	103.8	2.5	2.2	0.9	2.7	3.7	4.1	2.4	2.5	-1.1	-1.2	-1.0	-1.6	-2.0
	Oct	P	112.7	0.8	-1.5	3.6	-0.1	5.4	-2.1	0.5	3.9	1.4	1.3	-0.3	1.6	1.6
	Nov	P	105.1	1.4	-2.8	3.5	1.8	6.4	0.1	0.9	5.6	0.9	1.2	-0.5	2.2	1.1
	Dec	P	94.4	4.2	2.6	5.1	3.7	7.4	10.6	3.6	8.5	2.2	2.4	1.0	3.0	3.0
04	Jan	P	96.1	-2.8	-5.2	-2.1	-2.6	0.4	-3.0	-3.2	-	0.7	0.7	0.3	0.1	1.2
	Feb	P	101.3	2.0	0.3	0.9	2.1	6.4	-5.3	1.8	4.2	0.6	1.2	0.4	-0.6	2.4

INDUSTRIAL PRODUCTION INDEX
Trend obtained with TRAMO-SEATS



INDUSTRIAL PRODUCTION INDEX
Trend obtained with TRAMO-SEATS



Sources: INE and BCE.

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

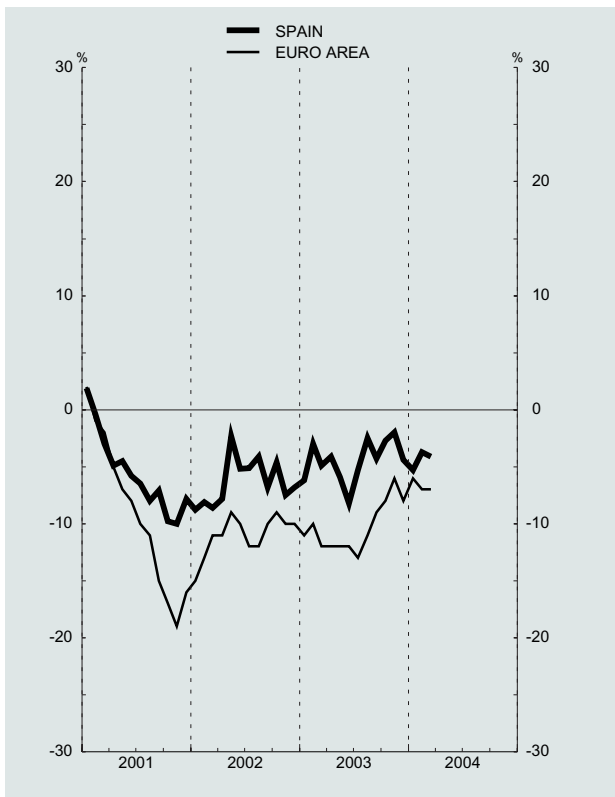
3.5. Monthly business survey: industry and construction. Spain and euro area

■ Series depicted in chart.

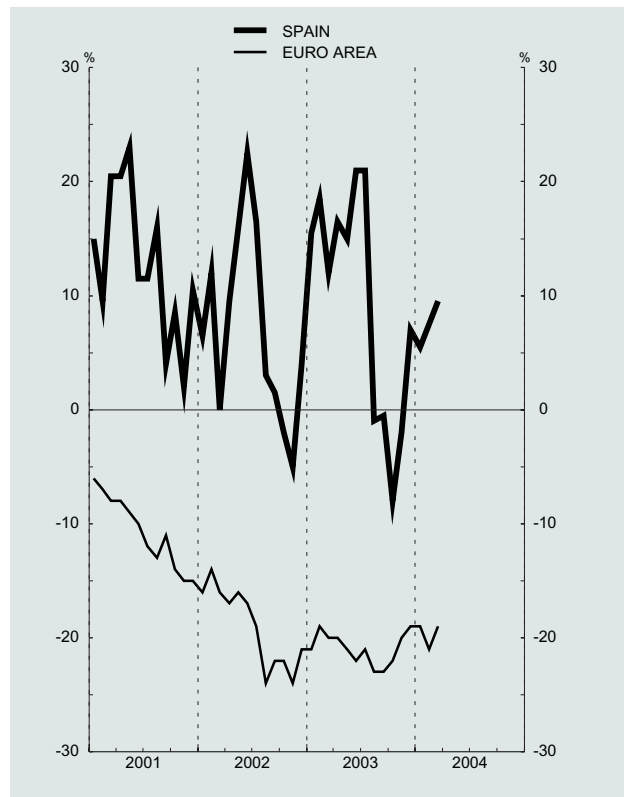
Percentage balances

		Industry, excluding construction										Construction					Memorandum item: euro area		
		Business climate indicator (a)	Production over the last three months	Trend in production (a)	Total orders (a)	Foreign orders	Stocks of finished products (a)	Business climate indicator				Business climate indicator	Production	Orders	Trend		Industry, excluding construction		Construction climate indicator
								Consumption (a)	Investment (a)	Intermediate goods (a)	Other sectors (a)				Production	Orders	Business climate indicator	Order Book	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
01	M	-5	-0	3	-7	-15	12	-5	-3	-7	-2	13	10	21	37	38	-9	-15	-11
02	M	-6	-2	5	-13	-20	11	-7	-7	-6	1	7	10	13	11	25	-11	-25	-19
03	M	-4	4	8	-11	-20	10	-0	-3	-9	1	10	9	20	30	19	-10	-25	-21
03 J-M	M	-5	-5	8	-12	-19	10	-2	-3	-8	0	15	2	26	35	24	-11	-24	-20
04 J-M	M	-4	-3	9	-11	-24	11	-5	1	-7	1	8	-11	10	28	27	-7	-21	-20
02 Dec		-7	1	3	-12	-15	11	-6	-6	-8	-1	4	-11	17	-18	-45	-10	-22	-21
03 Jan		-6	-5	4	-14	-21	10	-4	-4	-10	-1	16	-5	24	35	20	-11	-22	-21
Feb		-3	-5	10	-10	-19	9	-0	-2	-6	-1	19	7	32	46	37	-10	-23	-19
Mar		-5	-4	8	-12	-17	11	-0	-3	-10	3	12	3	22	25	14	-12	-26	-20
Apr		-4	6	9	-10	-23	11	-1	-4	-7	1	17	32	24	15	15	-12	-27	-20
May		-6	5	7	-13	-20	11	-3	-6	-9	-1	15	16	20	19	11	-12	-27	-21
Jun		-8	5	6	-18	-30	12	-1	-10	-14	1	21	14	30	26	14	-12	-28	-22
Jul		-5	8	8	-12	-24	12	-	-3	-11	1	21	13	36	35	23	-13	-28	-21
Aug		-3	12	5	-6	-18	7	5	-3	-9	-1	-1	2	20	42	17	-11	-25	-23
Sep		-4	6	7	-10	-20	10	-1	-2	-8	2	-1	7	17	28	25	-9	-26	-23
Oct		-3	4	11	-10	-14	9	3	-1	-9	3	-8	-15	6	17	-2	-8	-22	-22
Nov		-2	11	10	-8	-13	8	-	2	-6	0	-2	16	9	32	35	-6	-21	-20
Dec		-4	7	6	-9	-20	11	-3	-	-8	-0	7	16	2	38	20	-8	-21	-19
04 Jan		-5	5	5	-9	-23	11	-5	-	-9	4	6	-2	5	11	-3	-6	-20	-19
Feb		-4	-5	10	-10	-23	11	-4	-	-6	1	8	-19	8	44	45	-7	-21	-21
Mar		-4	-8	13	-14	-27	11	-5	3	-7	-1	10	-12	18	29	40	-7	-21	-19

INDUSTRIAL BUSINESS CLIMATE
Percentage balances



CONSTRUCTION BUSINESS CLIMATE
Percentage balances



Sources: Ministerio de Ciencia y Tecnología and ECB.

(a) Seasonally adjusted.

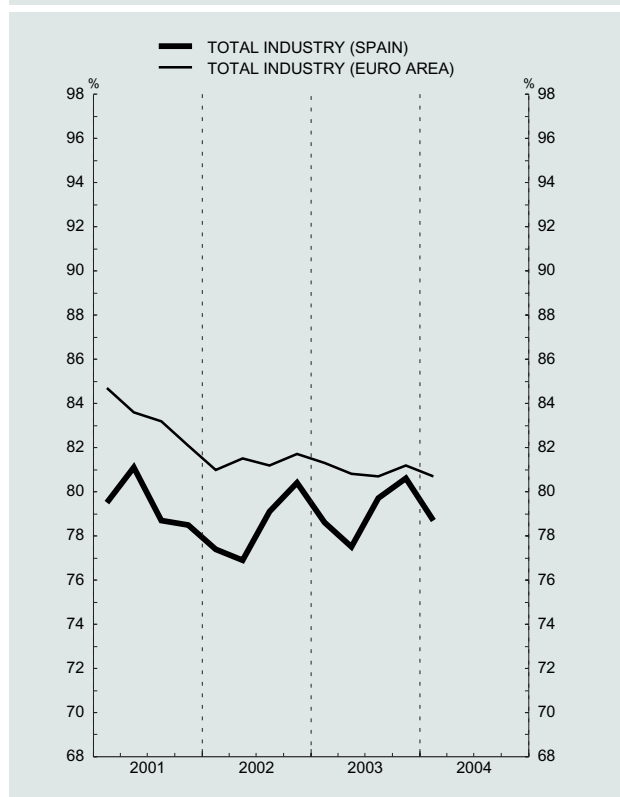
3.6. Business survey: capacity utilisation. Spain and euro area

■ Series depicted in chart.

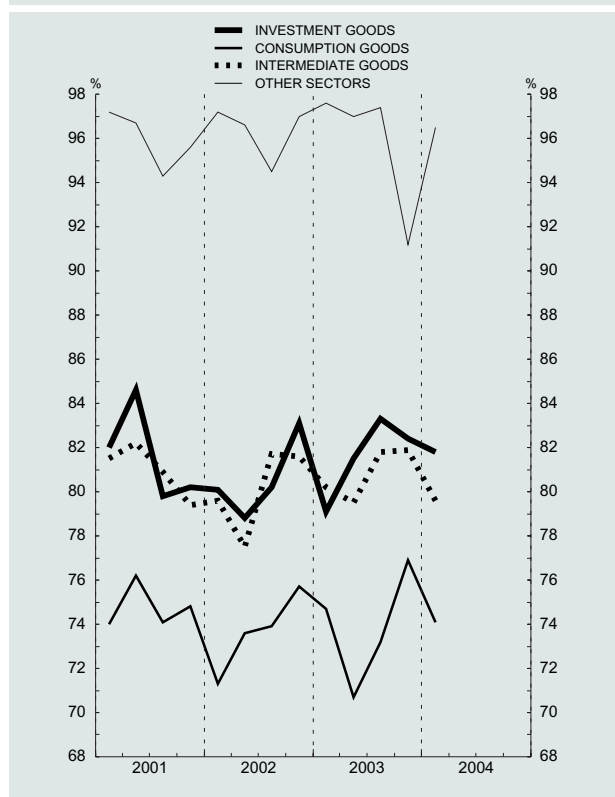
Percentages and percentage balances

	Total industry			Consumer goods			Investment goods			Intermediate goods			Other sectors			Memorandum item: euro area capacity utilisation (%)
	Capacity utilisation		Installed capacity (Percentage balances)	Capacity utilisation		Installed capacity (Percentage balances)	Capacity utilisation		Installed capacity (Percentage balances)	Capacity utilisation		Installed capacity (Percentage balances)	Capacity utilisation		Installed capacity (Percentage balances)	
	Over last three months (%)	Forecast (%)		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	14	15	16	
01	79.5	80.5	2	74.8	76.0	4	81.7	83.2	3	81.0	81.6	1	96.0	96.5	2	83.4
02	78.5	80.4	6	73.6	76.0	6	80.6	82.6	12	80.1	81.7	3	96.3	96.4	-	81.4
03	79.1	80.9	6	73.9	76.7	7	81.6	83.0	7	80.9	82.2	5	95.8	95.6	-1	81.0
03 Q1-Q1	78.6	80.6	3	74.7	77.4	2	79.1	81.8	6	80.2	81.6	4	97.6	96.8	-	81.3
04 Q1-Q1	78.7	80.2	10	74.1	75.8	13	81.8	82.8	10	79.6	81.4	7	96.5	96.4	-	80.7
01 Q3	78.7	79.9	1	74.1	75.4	2	79.8	82.2	-1	80.9	81.4	2	94.3	96.3	3	83.2
Q4	78.5	78.7	6	74.8	74.8	6	80.2	80.5	12	79.4	79.7	2	95.6	96.3	-	82.1
02 Q1	77.4	79.0	5	71.3	73.2	5	80.1	81.7	10	79.6	81.1	4	97.2	97.3	-	81.0
Q2	76.9	80.7	6	73.6	77.9	7	78.8	82.5	9	77.5	81.2	4	96.6	95.2	-	81.5
Q3	79.1	80.7	8	73.9	76.7	8	80.2	82.2	15	81.7	82.2	3	94.5	95.9	-	81.2
Q4	80.4	81.0	5	75.7	76.1	4	83.1	83.9	12	81.6	82.4	2	97.0	97.1	-	81.7
03 Q1	78.6	80.6	3	74.7	77.4	2	79.1	81.8	6	80.2	81.6	4	97.6	96.8	-	81.3
Q2	77.5	80.0	5	70.7	75.4	7	81.5	82.2	5	79.5	81.4	4	97.0	97.4	-2	80.8
Q3	79.7	80.9	7	73.2	75.3	6	83.3	84.3	9	81.8	82.5	7	97.4	96.9	-	80.7
Q4	80.6	82.0	8	76.9	78.5	13	82.4	83.8	7	81.9	83.2	6	91.2	91.1	-	81.2
04 Q1	78.7	80.2	10	74.1	75.8	13	81.8	82.8	10	79.6	81.4	7	96.5	96.4	-	80.7

CAPACITY UTILISATION. TOTAL INDUSTRY
Percentages



CAPACITY UTILISATION. BY TYPE OF GOOD
Percentages



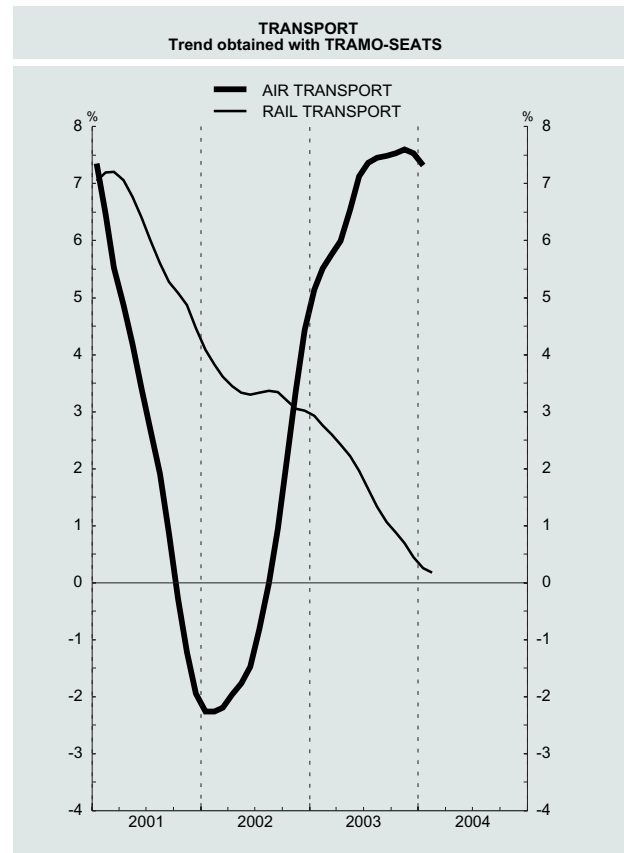
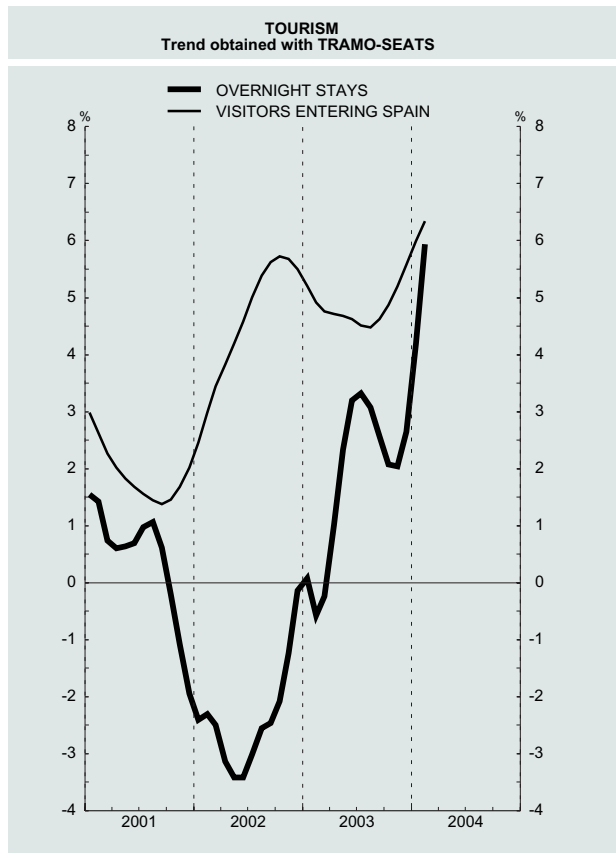
Sources: Ministerio de Ciencia y Tecnología and ECB.

3.7. Tourism and transport statistics. Spain

■ Series depicted in chart.

Annual percentage changes

	Hotel stays (a)		Overnight stays		Visitors entering Spain			Air transport				Maritime transport		Rail transport	
	Total	Foreigners	Total	Foreigners	Total	Tourists	Day-trip-ers	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
01	1.0	-0.5	0.7	-0.2	1.6	4.6	-3.7	3.0	0.8	4.5	-4.9	0.2	3.4	6.6	-0.6
02	-0.1	-1.5	-2.7	-5.3	5.7	4.5	8.3	-1.0	-2.2	-0.3	-0.7	4.2	5.0	3.8	2.8
03	P 3.8	2.2	2.2	0.7	3.1	0.1	8.7	7.4	8.1	7.0	0.5	-3.3	4.8	1.4	2.1
03 J-F	0.3	-0.6	-0.5	-3.5	3.7	4.4	2.8	7.9	8.7	7.3	1.8	-3.9	-0.9	1.0	-0.1
04 J-F	P 10.1	7.0	6.5	3.0	12.7	8.8	18.3	...	...	...	...	...	...	-0.7	...
02 Nov	1.6	2.2	-3.2	-5.7	12.1	9.2	16.8	6.1	4.2	7.7	3.1	11.9	3.6	-3.5	3.5
Dec	5.2	3.0	2.2	-2.8	6.8	6.6	7.0	7.7	7.4	8.0	6.7	10.7	-1.0	10.3	8.5
03 Jan	2.9	5.1	2.9	-0.4	9.0	7.7	10.8	10.2	9.5	10.7	0.0	-2.2	-4.5	0.6	-1.4
Feb	-1.8	-5.1	-3.3	-6.0	-0.9	1.6	-4.7	5.9	7.9	4.2	3.6	-5.7	2.8	1.4	1.3
Mar	P -7.9	-5.5	-8.6	-3.1	-4.1	-10.4	7.7	-0.6	1.9	-2.4	4.4	-24.8	2.1	8.0	6.3
Apr	P 10.4	2.5	9.7	3.5	11.2	12.3	9.2	9.4	7.1	11.2	-2.1	6.5	1.9	-5.1	-10.6
May	P 4.8	4.1	2.5	1.7	8.7	4.7	17.4	7.3	4.4	9.2	-1.3	0.0	11.0	1.8	1.1
Jun	P 8.9	6.8	5.4	4.2	5.3	0.2	18.2	8.3	11.5	6.5	-2.5	0.4	5.1	3.4	2.2
Jul	P 5.8	4.0	2.7	0.3	2.5	1.0	5.9	7.8	10.2	6.4	-0.7	0.4	5.3	1.7	6.0
Aug	P 3.5	2.7	5.1	4.8	-2.9	-6.8	4.1	10.2	10.0	10.3	-1.5	4.0	1.5	0.6	-4.5
Sep	P 3.7	-0.4	1.7	-1.8	0.3	-2.8	7.3	4.9	7.4	3.5	-1.5	1.8	8.6	0.4	10.9
Oct	P 2.8	2.2	1.0	-1.5	4.0	0.1	12.5	7.3	8.6	6.6	3.5	-9.0	6.0	1.0	6.4
Nov	P 2.9	2.1	0.6	-0.9	4.0	0.0	9.8	9.5	9.0	9.9	3.2	-19.8	10.7	5.5	0.8
Dec	P 5.6	4.7	1.2	0.7	7.6	4.5	11.4	9.3	9.4	9.1	0.1	-8.4	6.4	-1.8	6.7
04 Jan	P 5.7	3.2	2.9	0.5	9.2	6.9	12.2	7.4	3.7	10.5	0.2	...	...	-1.8	...
Feb	P 13.9	10.4	9.8	5.2	16.1	10.5	24.9	...	...	...	...	...	...	0.4	...



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 2003, the information for Galicia is based on total figures for hotel stays and overnight stays for the month. The directory of hotels has been reviewed thoroughly.

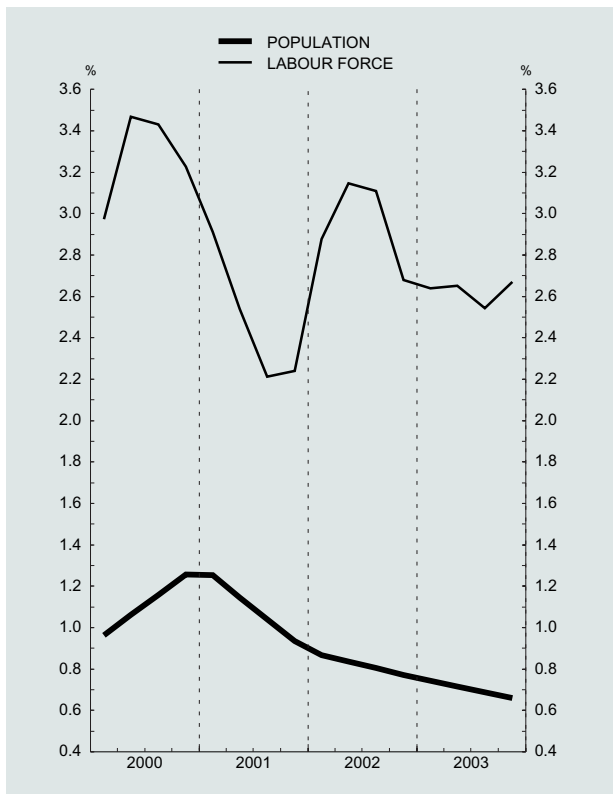
4.1. Labour force. Spain

■ Series depicted in chart.

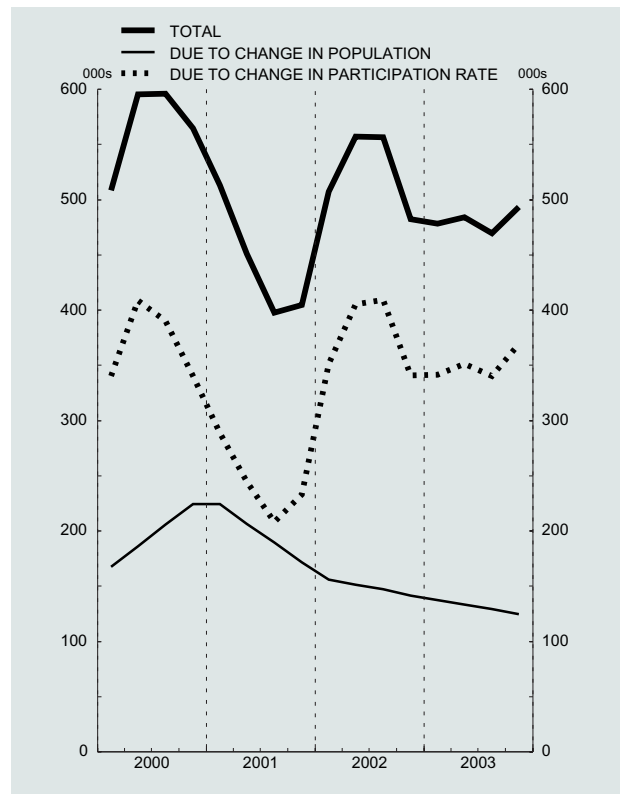
Thousands and annual percentage changes

		Population over 16 years of age			Participation rate (%)	Labour force				
		Thousands	Annual change	4-quarter % change		Thousands (a)	Annual change (b) (c)			4-quarter % change (b)
							Total	Due to change in population over 16 years of age	Due to change in participation rate	
		1	2	3	4	5	6	7	8	9
00	M	33 324	366	1.1	53.58	17 857	566	196	370	3.3
01	M	33 689	364	1.1	52.88	17 815	442	198	244	2.5
02	M	33 965	276	0.8	54.00	18 340	526	149	377	3.0
02	Q1-Q4 M	33 965	276	0.8	54.00	18 340	2 103	597	1 507	3.0
03	Q1-Q4 M	34 203	238	0.7	55.03	18 822	1 926	524	1 402	2.6
01	Q2	33 652	381	1.1	52.63	17 710	451	206	245	2.5
	Q3	33 726	348	1.0	53.09	17 907	398	189	208	2.2
	Q4	33 800	314	0.9	53.29	18 013	405	171	233	2.2
02	Q1	33 869	292	0.9	53.55	18 137	507	156	351	2.9
	Q2	33 933	281	0.8	53.83	18 267	557	151	406	3.1
	Q3	33 997	271	0.8	54.31	18 463	556	147	409	3.1
	Q4	34 061	261	0.8	54.30	18 495	483	142	341	2.7
03	Q1	34 120	252	0.7	54.56	18 615	479	137	341	2.6
	Q2	34 176	243	0.7	54.87	18 751	484	133	351	2.7
	Q3	34 231	234	0.7	55.31	18 932	469	129	340	2.5
	Q4	34 286	225	0.7	55.39	18 989	494	125	369	2.7

LABOUR FORCE SURVEY
Annual percentage change



LABOUR FORCE
Annual changes



Source: INE (Labour Force Survey: 2002 methodology).

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

(b) To calculate the annual percentage changes and annual changes, the INE homogeneous series has been used up to December 2001, and from January 2002, the column 5 series. For this reason the annual percentage changes and annual changes for 2001 cannot be obtained by using the column 5 series. For further information, methodological notes may be consulted at INE's website (www.ine.es).

(b) Col.7 = (col.5/col.1) x annual change in col.1.

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

4.2. Employment and wage-earners. Spain and euro area (a)

■ Series depicted in chart.

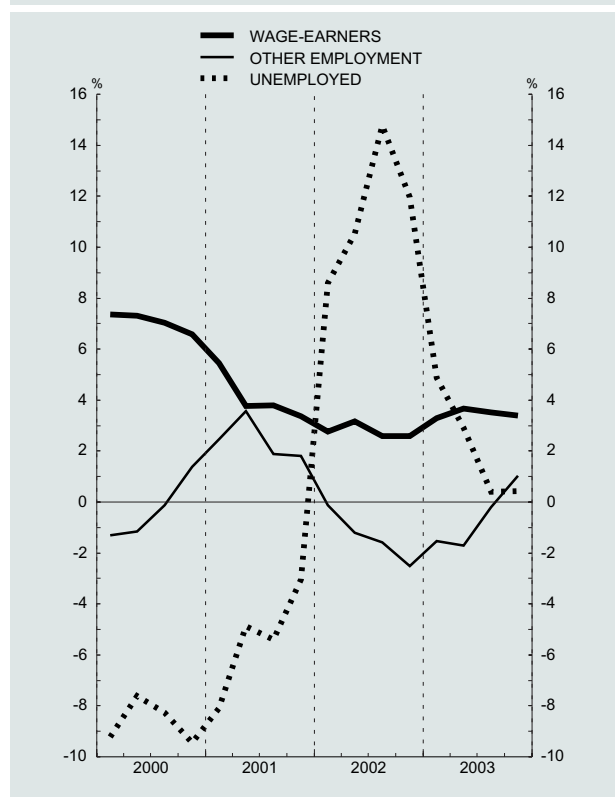
Thousands and annual percentage changes

		Employment									Unemployment			Memorandum item: euro area		
		Total			Wage-earners			Other			Thousands	Annual change	4-quarter % change	Unemployment rate	Employment 4-quarter % change	Unemployment 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
00	M	15 370	802	5.5	12 286	811	7.1	3 084	-10	-0.3	2 487	-235	-8.6	13.93	2.2	8.39
01	M	15 946	576	3.7	12 787	501	4.1	3 159	75	2.4	1 869	-134	-5.4	10.49	1.4	8.03
02	M	16 258	312	2.0	13 142	355	2.8	3 116	-43	-1.4	2 083	214	11.4	11.35	0.5	8.39
02	Q1-Q4 M	16 258	312	2.0	13 142	355	2.8	3 116	-43	-1.4	2 083	214	11.4	11.35	0.5	8.39
03	Q1-Q4 M	16 695	437	2.7	13 598	456	3.5	3 097	-19	-0.6	2 127	44	2.1	11.30	0.2	8.76
01	Q2	15 877	571	3.7	12 692	461	3.8	3 184	109	3.6	1 833	-120	-4.9	10.35	1.5	7.98
	Q3	16 072	529	3.4	12 928	472	3.8	3 144	58	1.9	1 835	-132	-5.4	10.25	1.2	8.02
	Q4	16 121	478	3.1	12 964	422	3.4	3 157	56	1.8	1 892	-74	-3.0	10.50	0.8	8.11
02	Q1	16 055	342	2.2	12 909	347	2.8	3 146	-4	-0.1	2 081	165	8.6	11.47	0.8	8.21
	Q2	16 241	364	2.3	13 095	403	3.2	3 146	-39	-1.2	2 026	193	10.5	11.09	0.6	8.33
	Q3	16 357	285	1.8	13 263	335	2.6	3 094	-50	-1.6	2 106	271	14.8	11.41	0.4	8.46
	Q4	16 377	256	1.6	13 300	336	2.6	3 077	-80	-2.5	2 118	226	12.0	11.45	0.3	8.58
03	Q1	16 432	377	2.3	13 334	425	3.3	3 098	-48	-1.5	2 183	102	4.9	11.72	0.1	8.72
	Q2	16 666	425	2.6	13 574	479	3.7	3 092	-54	-1.7	2 085	59	2.9	11.12	0.2	8.78
	Q3	16 818	461	2.8	13 730	467	3.5	3 088	-6	-0.2	2 115	9	0.4	11.17	0.2	8.78
	Q4	16 862	485	3.0	13 753	453	3.4	3 109	32	1.0	2 127	9	0.4	11.20	0.2	8.78

EMPLOYMENT
Annual percentage changes



LABOUR FORCE: COMPONENTS
Annual percentage changes



Sources: INE (Labour Force Survey: 2002 methodology), and ECB.

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

(b) To calculate the annual percentage changes and annual changes, the INE homogeneous series has been used up to December 2001, and from January 2002, the column 10 series. For this reason the annual percentage changes and annual changes for 2001 cannot be obtained by using the column 10 series. For further information, methodological notes may be consulted at INE's website (www.ine.es).

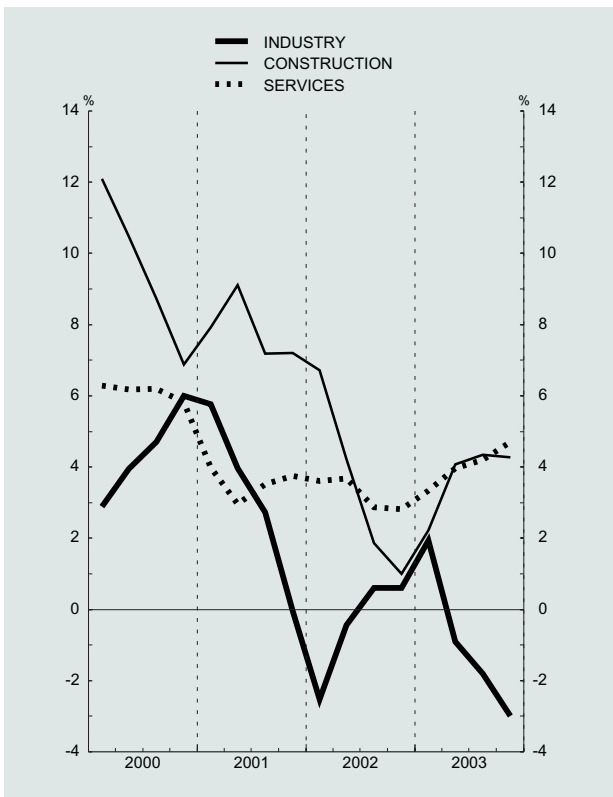
4.3. Employment by branch of activity. Spain (a)

■ Series depicted in chart.

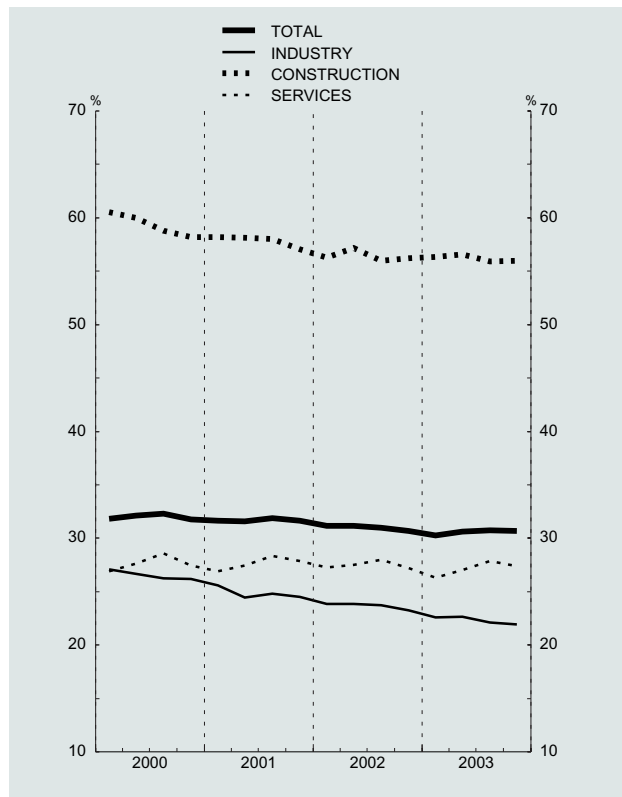
Annual percentage changes

		Total			Agriculture			Industry			Construction			Services			Memorandum item: 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
00	M	5.5	7.1	32.0	-2.6	-1.6	59.0	4.4	5.0	26.5	9.5	10.0	59.4	6.1	7.8	27.6	6.1	6.5	6.7
01	M	3.7	4.1	31.7	0.7	5.0	61.6	3.1	2.8	24.8	7.8	8.3	57.8	3.6	3.7	27.6	4.0	3.8	3.1
02	M	2.0	2.8	31.0	-5.7	-5.7	58.1	-0.4	-0.2	23.7	3.4	3.4	56.4	3.2	4.2	27.5	2.5	2.1	2.9
02	Q1-Q4 M	2.0	2.8	-2.1	-5.7	-5.7	-5.6	-0.4	-0.2	-4.7	3.4	3.4	-2.4	3.2	4.2	-0.5	2.1	1.8	2.5
03	Q1-Q4 M	2.7	3.5	-1.4	-2.0	1.3	0.8	-1.0	-1.3	-5.6	3.7	4.8	-0.4	4.1	4.9	-1.2	3.1	3.0	5.1
01	Q2	3.7	3.8	31.6	1.2	4.2	61.8	4.0	3.7	24.5	9.1	9.3	58.1	3.0	2.8	27.5	3.9	3.9	2.6
	Q3	3.4	3.8	31.9	-2.3	1.1	57.5	2.7	2.6	24.8	7.2	7.5	58.0	3.5	3.7	28.3	3.8	3.4	2.8
	Q4	3.1	3.4	31.7	-1.1	1.2	61.4	-0.0	-0.3	24.5	7.2	8.1	57.0	3.7	4.0	27.8	3.3	3.1	3.4
02	Q1	2.2	2.8	31.2	-4.3	-4.7	61.8	-2.5	-2.3	23.9	6.7	6.6	56.3	3.6	4.3	27.3	2.7	2.2	3.0
	Q2	2.3	3.2	31.2	-6.0	-6.5	58.0	-0.4	-0.1	23.9	4.2	3.9	57.2	3.7	4.7	27.5	2.9	2.5	3.3
	Q3	1.8	2.6	31.0	-5.9	-4.7	53.1	0.6	0.7	23.7	1.9	2.0	56.0	2.9	3.7	28.0	2.3	2.1	2.8
	Q4	1.6	2.6	30.7	-6.5	-7.1	59.5	0.6	1.0	23.2	1.0	1.4	56.2	2.8	3.9	27.2	2.1	1.8	2.5
03	Q1	2.3	3.3	30.3	-5.8	-5.1	62.6	1.9	1.6	22.6	2.2	3.3	56.3	3.3	4.3	26.3	2.9	2.6	3.0
	Q2	2.6	3.7	30.6	-3.0	1.2	57.7	-0.9	-1.5	22.7	4.1	5.5	56.6	4.0	5.2	27.0	3.0	2.5	3.5
	Q3	2.8	3.5	30.7	0.2	2.0	54.6	-1.8	-1.9	22.1	4.3	5.4	55.9	4.2	5.0	27.9	3.0	2.7	4.0
	Q4	3.0	3.4	30.7	1.1	7.8	59.6	-3.0	-3.4	21.9	4.3	4.7	56.0	4.7	5.2	27.4	3.1	3.0	5.1

EMPLOYMENT
Annual percentage changes



TEMPORARY EMPLOYMENT
Percentages



Source: INE (Labour Force Survey: 2002 methodology).

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

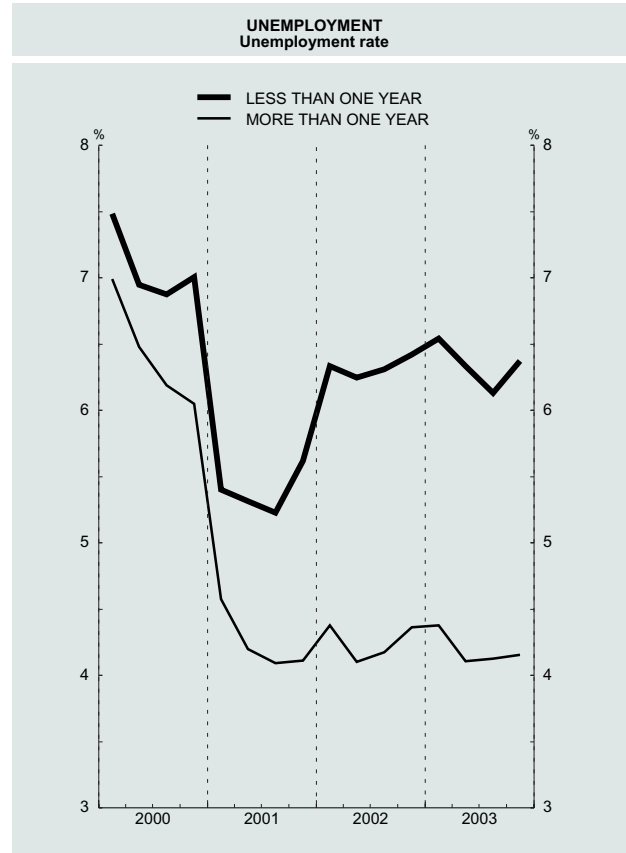
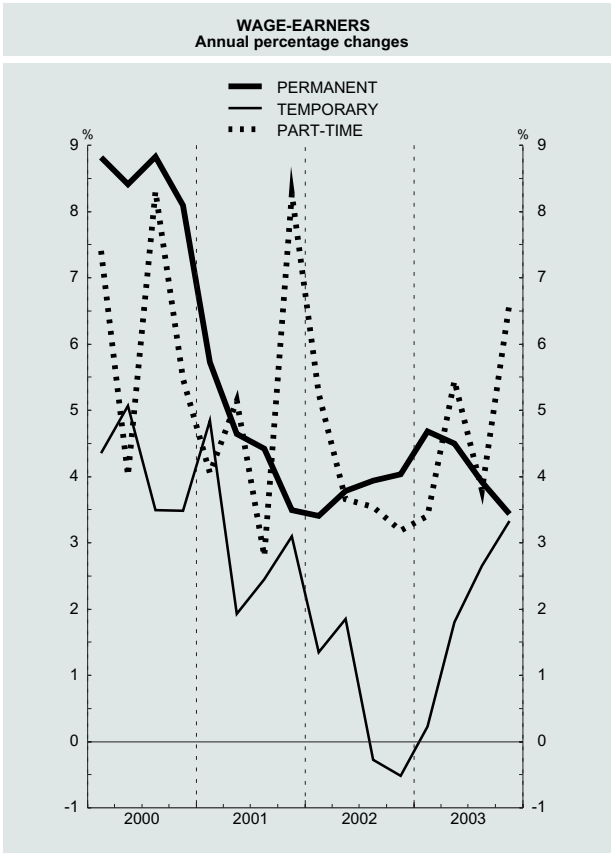
(a) Branches of activity in accordance with NACE-93.

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

■ Series depicted in chart.

Thousands, annual percentage changes and %

		Wage-earners										Unemployment						
		By type of contract					By duration of working day					By duration				% of unemployed that would accept a job (a)		
		Permanent		Temporary			Full-time		Part-time			Less than one year		More than one year				
		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 % for wage earners	Unemployment rate	4-quarter % change	Unemployment rate	4-quarter % change	Entailing a change of residence	Whith a lower wage	Requiring fewer skills
		Thousands		Thousands			Thousands		Thousands			(a)	(b)	(a)	(b)	15	16	17
		1	2	3	4	5	6	7	8	9	10	11	12	13	14			
00	M	657	8.5	154	4.1	32.00	753	7.1	58	6.3	8.04	7.08	-2.1	6.43	-15.4	23.04	52.44	58.49
01	M	381	4.6	120	3.1	31.68	451	4.0	50	5.1	8.11	5.39	-5.6	4.24	-12.9	20.88	45.87	51.01
02	M	331	3.8	24	0.6	31.01	315	2.7	40	3.9	8.20	6.33	20.9	4.25	3.2	20.16	43.38	49.09
02	Q1-Q4 M	331	3.8	24	0.6	31.01	302	2.5	40	3.9	8.20	6.33	20.9	4.25	3.2	20.16	43.38	49.09
03	Q1-Q4 M	374	4.1	82	2.0	30.57	380	3.1	52	4.8	8.31	6.34	2.9	4.19	1.1	19.67	42.05	47.54
01	Q2	386	4.6	76	1.9	31.56	410	3.6	52	5.1	8.30	5.31	-4.3	4.20	-13.3	20.65	45.80	51.25
	Q3	373	4.4	99	2.5	31.89	444	3.9	28	2.8	7.82	5.23	-5.7	4.09	-13.0	21.21	44.58	49.44
	Q4	299	3.5	123	3.1	31.66	341	2.9	81	8.3	8.17	5.62	-1.4	4.11	-12.0	20.52	47.31	52.55
02	Q1	293	3.4	54	1.3	31.18	293	2.5	54	5.2	8.34	6.34	20.6	4.38	-1.6	20.91	43.48	49.45
	Q2	329	3.8	74	1.9	31.16	364	3.1	39	3.7	8.34	6.25	21.3	4.10	0.8	19.67	44.84	50.67
	Q3	347	3.9	-12	-0.3	31.00	299	2.5	36	3.5	7.89	6.31	24.5	4.17	5.2	20.56	41.30	47.13
	Q4	357	4.0	-21	-0.5	30.70	302	2.5	34	3.2	8.22	6.42	17.3	4.36	9.0	19.51	43.91	49.10
03	Q1	416	4.7	9	0.2	30.26	388	3.3	37	3.4	8.35	6.54	6.0	4.38	2.7	20.22	42.43	47.93
	Q2	406	4.5	74	1.8	30.60	420	3.5	60	5.4	8.49	6.34	4.1	4.10	2.7	19.97	43.92	49.45
	Q3	358	3.9	109	2.7	30.74	428	3.5	40	3.8	7.91	6.13	-0.4	4.13	1.4	19.34	38.53	43.88
	Q4	317	3.4	136	3.3	30.68	380	3.1	72	6.6	8.47	6.37	1.9	4.15	-2.3	19.15	43.30	48.90



Source: INE (Labour Force Survey: 2002 methodology).

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

(b) To calculate the annual percentage changes and annual changes, the INE homogeneous series has been used up to December 2001, and from January 2002, the new definition of unemployment. For further information, methodological notes may be consulted at INE's website (www.ine.es).

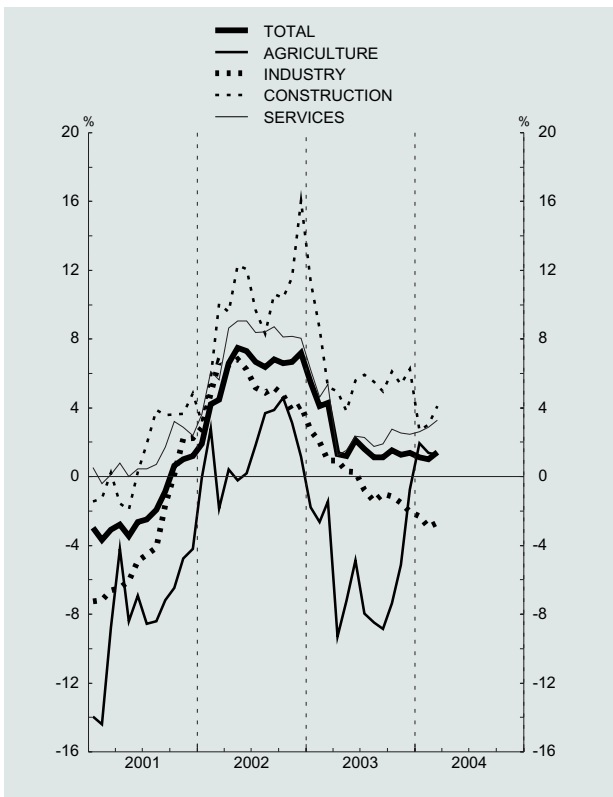
4.5. Registered unemployment by branch of activity. Contracts and placements. Spain

■ Series depicted in chart.

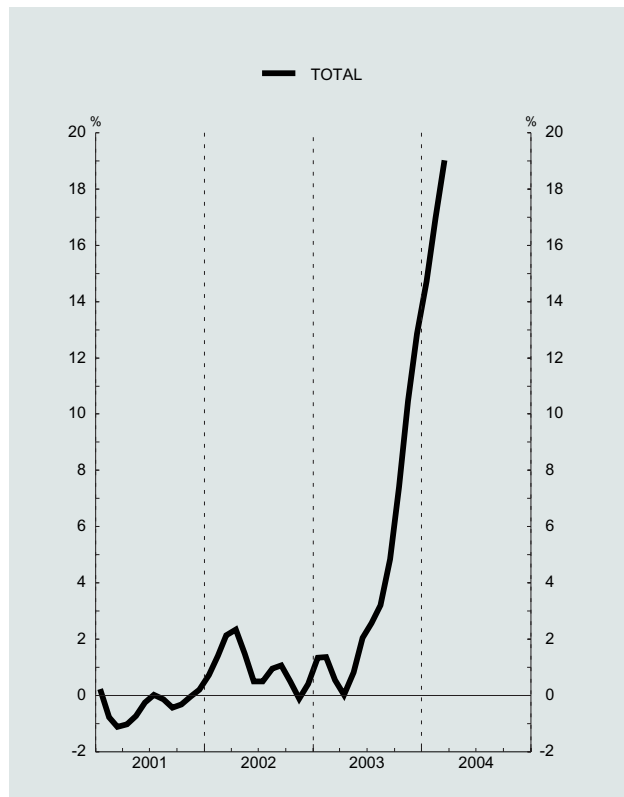
Thousands, annual percentage changes and %

		Registered unemployment										Contracts			Placements			
		Total		First time job-seekers	Previously employed					Total		Percentage of total			Total			
		Thousands	Annual change Thousands	12 month % change	12 month % change	12-month % change					Thousands	12 month % change	Perman	Part time	Temporary	Thousands	12 month % change	
						Total	Agri-culture	Branches other than agriculture										Total
		1	2	3	4	5	6	Total	Industry	Construc-tion	Services	11	12	13	14	15	16	
01	M	1 530	-28	-1.8	-9.6	-0.2	-8.2	0.1	-3.8	1.3	1.1	1 171	1.6	9.26	19.48	90.74	1 133	-0.2
02	M	1 621	92	6.0	-0.7	7.2	1.6	7.4	5.1	9.9	7.6	1 182	0.9	9.05	20.80	90.95	1 145	1.0
03	M	1 658	36	2.2	0.4	2.5	-5.5	2.8	-0.1	6.2	2.9	1 222	3.4	8.67	21.21	91.33	1 193	4.2
03 J-M	M	1 732	76	4.6	2.9	4.9	-2.0	5.1	1.9	8.4	5.4	1 227	7.9	9.75	19.58	90.25	1 184	7.7
04 J-M	MP	1 753	21	1.2	-3.3	1.9	1.5	1.9	-2.6	3.3	2.9	...	13.9	9.36	20.58	90.64	1 386	17.0
03 Feb		1 734	68	4.1	2.2	4.4	-2.6	4.6	2.0	8.6	4.6	1 198	5.1	10.03	19.51	89.97	1 154	4.2
Mar		1 720	71	4.3	4.0	4.3	-1.5	4.5	0.9	5.2	5.4	1 128	12.7	10.27	20.31	89.73	1 087	12.7
Apr		1 658	22	1.3	1.4	1.3	-9.3	1.6	0.9	5.0	1.2	1 053	-15.6	10.22	19.91	89.78	1 014	-15.6
May		1 608	19	1.2	0.6	1.3	-7.2	1.6	0.3	3.8	1.5	1 196	-3.4	9.06	19.85	90.94	1 160	-2.6
Jun		1 601	33	2.1	2.1	2.1	-4.9	2.4	0.3	5.6	2.4	1 199	11.6	8.29	20.37	91.71	1 162	12.1
Jul		1 573	25	1.6	0.3	1.9	-8.0	2.2	-0.8	5.9	2.3	1 302	-1.2	7.37	21.93	92.63	1 270	-0.8
Aug		1 569	17	1.1	-0.2	1.3	-8.5	1.6	-1.5	5.5	1.8	971	-4.8	6.96	21.02	93.04	953	-3.9
Sep		1 608	18	1.1	-0.7	1.4	-8.9	1.7	-1.0	5.0	1.9	1 284	8.2	8.08	22.36	91.92	1 268	9.9
Oct		1 667	25	1.5	-2.0	2.1	-7.4	2.4	-1.1	6.1	2.8	1 558	0.8	8.51	24.14	91.49	1 529	2.1
Nov		1 699	21	1.3	-2.6	1.9	-5.1	2.1	-1.5	5.4	2.5	1 289	9.0	8.31	23.13	91.69	1 278	10.9
Dec		1 711	23	1.4	-2.8	2.1	-0.8	2.1	-2.0	6.2	2.5	1 136	18.6	7.94	23.10	92.06	1 129	20.6
04 Jan		1 762	20	1.1	-2.6	1.7	2.0	1.7	-2.3	2.7	2.6	1 390	2.5	8.18	18.63	91.82	1 378	5.0
Feb		1 752	18	1.0	-3.7	1.8	1.4	1.8	-2.9	3.0	2.9	1 383	15.5	9.71	20.93	90.29	1 370	18.7
Mar	P	1 744	24	1.4	-3.6	2.3	1.3	2.3	-2.7	4.1	3.3	1 421	26.0	10.20	22.19	89.80	1 409	29.7

REGISTERED UNEMPLOYMENT
Annual percentage changes



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



Source: Instituto Nacional de Empleo, Estadística de Empleo.

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

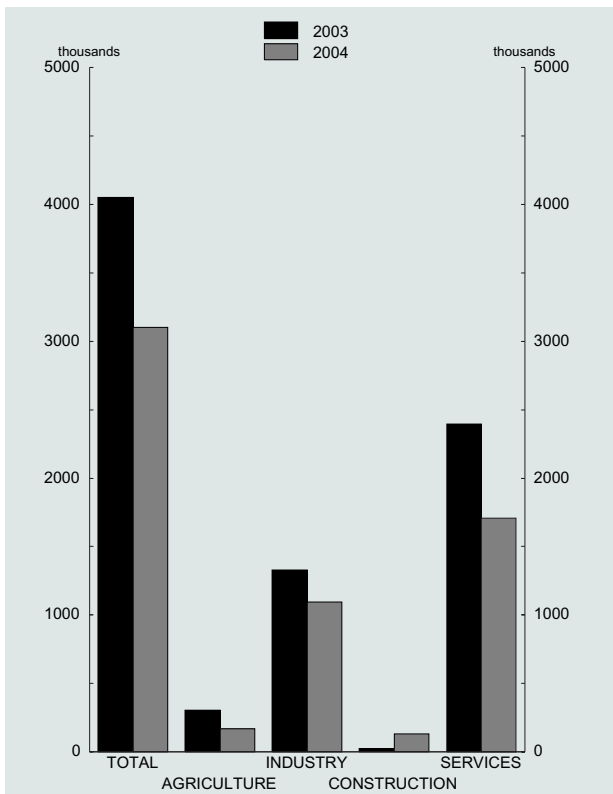
4.6. Collective bargaining agreements

■ Series depicted in chart.

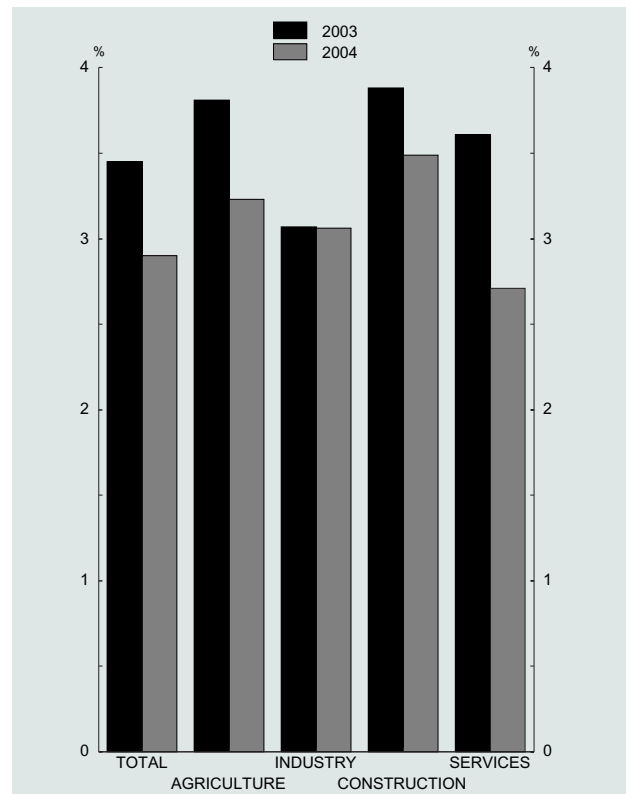
Thousands and %

	As per month economic effects come into force(a)		As per month recorded														
	Em- ployees affected	Average wage settle- ment	Employees affected (a)								Average wage settlement (%)						
			Auto- matic adjust- ment	Newly- signed agree- ments	Total	Annual change	Agricul- ture	Indus- try	Construc- tion	Services	Auto- matic adjust- ment	Newly signed agree- ments	Total	Agricul- ture	Indus- try	Construc- tion	Services
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
01	9 496	3.68	4 909	2 697	7 606	-257	473	2 298	928	3 907	3.35	3.73	3.48	4.04	3.40	4.12	3.31
02	9 678	3.85	5 528	2 280	7 808	202	589	2 538	771	3 910	2.82	3.62	3.05	3.49	2.84	3.52	3.03
03	8 594	3.70	5 482	2 665	8 147	339	711	2 421	848	4 166	3.49	3.53	3.50	3.59	3.21	4.75	3.41
02 Sep	9 564	3.86	5 354	1 361	6 715	336	504	2 362	383	3 466	2.79	3.85	3.00	3.43	2.83	3.47	3.01
Oct	9 674	3.86	5 425	1 707	7 132	340	515	2 485	504	3 629	2.79	3.72	3.01	3.45	2.83	3.50	3.01
Nov	9 674	3.86	5 516	2 176	7 692	465	587	2 520	726	3 859	2.82	3.63	3.05	3.49	2.84	3.52	3.03
Dec	9 678	3.85	5 528	2 280	7 808	202	589	2 538	771	3 910	2.82	3.62	3.05	3.49	2.84	3.52	3.03
03 Jan	7 862	3.69	3 531	1	3 532	1 262	274	1 187	23	2 048	3.41	4.89	3.41	3.91	2.90	3.90	3.63
Feb	7 895	3.69	4 007	45	4 051	1 567	305	1 327	23	2 396	3.45	2.66	3.45	3.81	3.07	3.88	3.61
Mar	7 963	3.68	4 308	87	4 395	494	388	1 379	24	2 604	3.43	2.82	3.42	3.63	3.06	3.90	3.57
Apr	8 248	3.68	4 406	126	4 532	-458	390	1 405	32	2 705	3.43	2.74	3.41	3.64	3.06	4.32	3.54
May	8 419	3.69	4 429	375	4 804	-350	545	1 431	38	2 790	3.42	2.90	3.38	3.46	3.06	4.09	3.52
Jun	8 467	3.69	4 598	449	5 048	-514	546	1 498	38	2 966	3.42	3.10	3.39	3.46	3.07	4.09	3.54
Jul	8 474	3.69	4 784	596	5 380	-472	546	1 561	47	3 226	3.39	3.22	3.37	3.46	3.08	3.83	3.49
Aug	8 475	3.69	4 931	1 138	6 069	74	552	1 925	197	3 395	3.43	3.17	3.38	3.45	3.03	4.72	3.49
Sep	8 490	3.69	5 123	1 836	6 959	245	557	2 271	446	3 685	3.43	3.55	3.46	3.45	3.23	4.72	3.45
Oct	8 592	3.70	5 313	2 164	7 477	344	584	2 368	732	3 793	3.47	3.58	3.50	3.43	3.22	4.73	3.45
Nov	8 592	3.70	5 475	2 331	7 807	115	711	2 392	818	3 885	3.49	3.60	3.52	3.59	3.21	4.74	3.44
Dec	8 594	3.70	5 482	2 665	8 147	339	711	2 421	848	4 166	3.49	3.53	3.50	3.59	3.21	4.75	3.41
04 Jan	2 909	2.90	2 882	0	2 882	-650	126	1 046	77	1 633	2.85	3.29	2.85	2.51	3.09	3.40	2.70
Feb	2 919	2.90	3 099	4	3 103	-948	169	1 094	131	1 709	2.90	3.32	2.90	3.23	3.06	3.49	2.71

EMPLOYEES AFFECTED
January-February



AVERAGE WAGE SETTLEMENT
January-February



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

(a) Cumulative data.

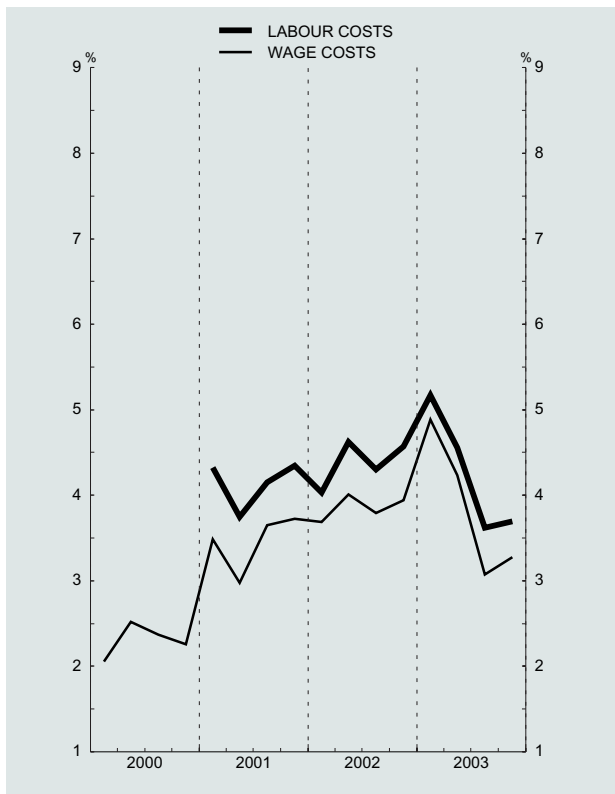
4.7. Labour costs index

■ Series depicted in chart.

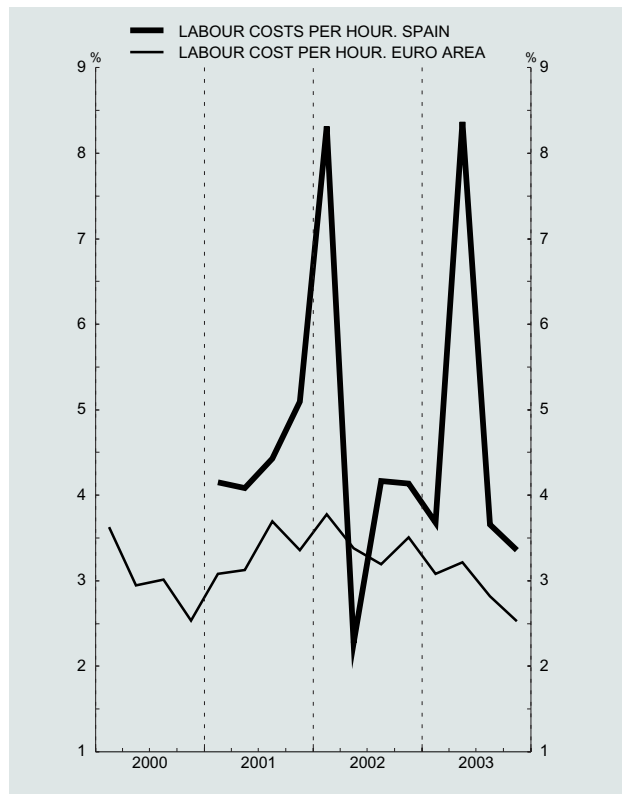
Annual percentage change

		Labour costs					Wage costs					Other costs per worker and month	memorandum item: euro area total hourly labour costs (a)
		Monthly earnings				Per hour worked	Monthly earnings				Per hour worked		
		Total	Industry	Construction	Services		Total	Industry	Construction	Services			
1	2	3	4	5	6	7	8	9	10	11	12		
00	M	...	...	...	...	...	2.3	2.5	3.8	3.0	2.4	...	3.0
01	M	4.1	4.4	4.7	4.1	4.5	3.5	3.7	3.9	3.6	3.8	6.2	3.3
02	M	4.4	4.8	4.8	4.4	4.6	3.9	4.7	4.1	3.8	4.1	6.0	3.5
02	Q1-Q4 M	4.4	4.8	4.8	4.4	4.6	3.9	4.7	4.1	3.8	4.1	6.0	3.5
03	Q1-Q4 M	4.2	4.7	6.3	3.8	4.7	3.8	4.4	5.0	3.5	4.3	5.4	2.9
01	Q2	3.7	3.9	4.9	3.7	4.1	3.0	3.1	4.2	2.9	3.2	6.1	3.1
	Q3	4.1	4.5	4.2	4.3	4.4	3.7	3.8	3.9	3.8	4.0	5.6	3.7
	Q4	4.3	4.3	4.7	4.5	5.1	3.7	3.6	3.4	4.1	4.6	6.4	3.4
02	Q1	4.0	3.7	4.6	4.4	8.3	3.7	3.8	3.9	3.9	8.0	5.0	3.8
	Q2	4.6	5.1	4.5	4.7	2.3	4.0	4.9	4.0	4.0	1.8	6.5	3.4
	Q3	4.3	5.0	5.2	4.1	4.2	3.8	4.9	4.2	3.6	3.7	5.8	3.2
	Q4	4.6	5.4	4.7	4.4	4.1	3.9	5.0	4.4	3.6	3.5	6.6	3.5
03	Q1	5.2	5.2	6.0	5.0	3.7	4.9	5.0	5.1	4.8	3.3	6.0	3.1
	Q2	4.6	5.5	6.3	4.0	8.4	4.2	5.1	4.9	3.9	8.0	5.5	3.2
	Q3	3.6	4.4	6.4	2.9	3.7	3.1	3.7	5.1	2.6	3.1	5.2	2.8
	Q4	3.7	3.9	6.3	3.3	3.4	3.3	3.7	5.1	3.0	3.0	5.0	2.5

PER WORKER AND MONTH
Annual percentage change



PER HOUR WORKED
Annual percentage change



Sources: INE (Labour costs index) and Eurostat.

Note: The underlying series for this indicator are in Tables 24.25, 24.26 and 24.27 of de BE Boletín estadístico.

(a) Whole economy, excluding the agriculture, public administration, education and health sectors.

4.8. Unit labour costs. Spain and euro area (a)

■ Series depicted in chart.

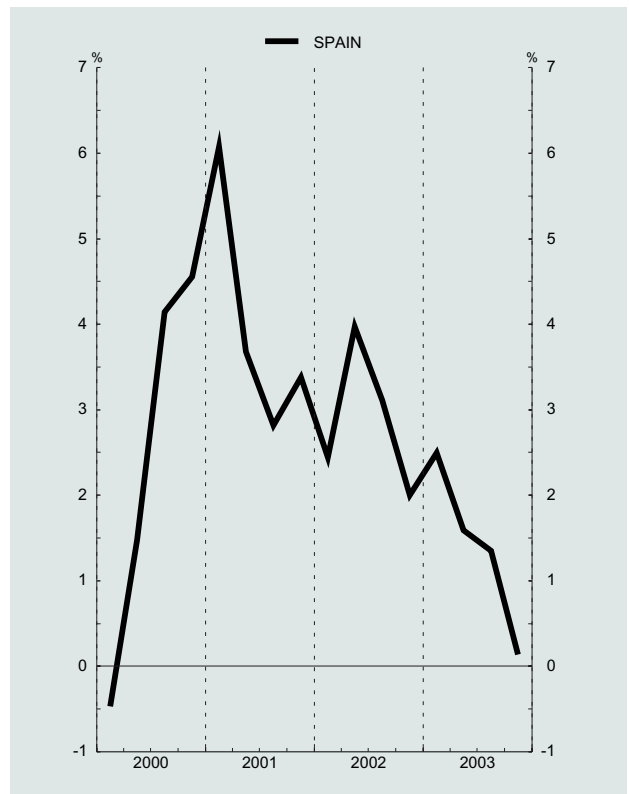
Annual percentage changes

	Whole-economy unit labour costs		Compensation per employee		Productivity						Memorandum item: unit labour costs in manufacturing	
	Spain	Euro area	Spain (b)	Euro area	Spain	Euro area	Output		Employment		Spain (c)	Euro area
							Spain	Euro area	Spain (b)	Euro area		
	1	2	3	4	5	6	7	8	9	10	11	12
00	3.0	1.4	3.7	2.6	0.6	1.2	4.2	3.5	3.6	2.2	2.4	...
01	3.4	2.6	3.8	2.8	0.4	0.2	2.8	1.6	2.4	1.4	4.0	...
02	3.3	2.2	3.9	2.5	0.5	0.3	2.0	0.9	1.5	0.5	2.9	...
03	3.6	...	4.2	...	0.6	0.2	2.4	0.4	1.8	0.2	1.4	...
01 Q1	3.5	2.2	3.0	2.7	-0.4	0.5	3.1	2.5	3.5	2.0	6.1	...
01 Q2	3.5	2.7	3.8	2.9	0.2	0.1	2.6	1.6	2.3	1.5	3.7	...
01 Q3	3.3	2.4	4.5	2.8	1.1	0.3	3.1	1.5	2.0	1.2	2.8	...
01 Q4	3.4	3.1	4.0	3.0	0.6	-0.1	2.6	0.8	2.0	0.8	3.4	...
02 Q1	3.2	3.2	3.9	2.9	0.7	-0.3	2.2	0.5	1.5	0.8	2.4	...
02 Q2	3.5	2.0	3.7	2.3	0.2	0.3	2.0	0.9	1.8	0.6	4.0	...
02 Q3	3.4	1.9	3.7	2.5	0.3	0.5	1.8	1.0	1.6	0.4	3.1	...
02 Q4	3.3	1.5	4.1	2.3	0.8	0.8	2.1	1.1	1.3	0.3	2.0	...
03 Q1	3.9	1.9	4.6	2.4	0.6	0.6	2.2	0.7	1.6	0.1	2.5	...
03 Q2	3.6	2.6	4.3	2.6	0.6	-0.0	2.3	0.1	1.7	0.2	1.6	...
03 Q3	3.5	2.4	4.0	2.5	0.5	0.1	2.4	0.3	1.9	0.2	1.4	...
03 Q4	3.5	...	4.1	...	0.6	0.3	2.7	0.6	2.1	0.2	0.1	...

UNIT LABOUR COSTS: TOTAL
Annual percentage changes



UNIT LABOUR COSTS: MANUFACTURING
Annual percentage changes



Sources: INE (Contabilidad Nacional Trimestral de España) and ECB.

(a) Spain: prepared in accordance with ESA95. SEASONALLY- AND WORKING-DAY-ADJUSTED SERIES (see economic bulletin April 2002).

(b) Full-time equivalent employment.

(c) Industry.

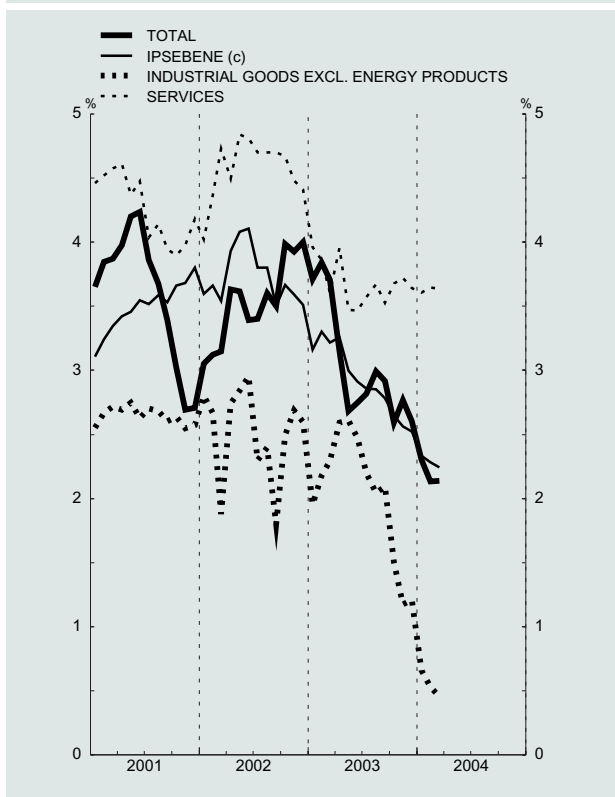
5.1. Consumer price index. Spain (2001=100) (a)

■ Series depicted in chart.

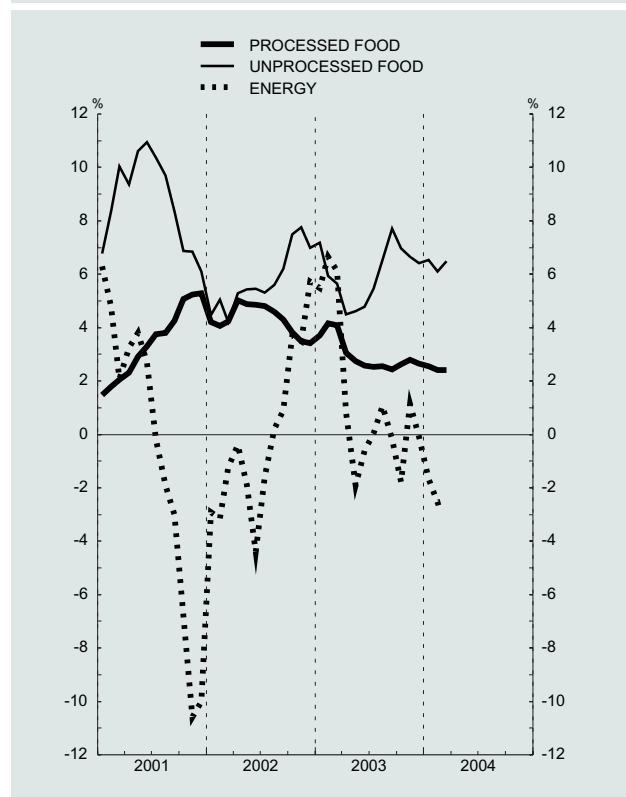
Indices and annual percentage changes

		Total (100%)				Annual percentage change (12-month % change)						Memorandum item: prices for agricultural products (1995=100)	
		Original series	Month-on-month % change	12-month % change (b)	Cumulative % change during year (c)	Unprocessed food	Processed food	Industrial goods excl. energy products	Energy	Services	IPSEBENE (d)	Original series	12-month % change (a)
		1	2	3	4	5	6	7	8	9	10	11	12
01	M R	100.5	—	3.6	2.7	8.7	3.4	2.6	-0.8	4.3	3.5	103.8	4.5
02	M	103.5	—	3.5	4.0	5.8	4.3	2.5	-0.1	4.6	3.7	99.5	-4.1
03	M	106.7	—	3.0	2.6	6.0	3.0	2.0	1.4	3.7	2.9	105.0	5.5
03 J-M	M	105.4	0.2	3.8	-0.0	6.3	4.0	2.1	6.1	3.8	3.2	103.3	-4.0
04 J-M	M	107.7	0.0	2.2	-0.4	6.4	2.5	0.5	-2.2	3.6	2.3	...	...
02 Dec		105.5	0.3	4.0	4.0	7.0	3.4	2.6	5.7	4.4	3.5	98.6	-8.1
03 Jan		105.0	-0.4	3.7	-0.4	7.2	3.7	2.0	5.5	4.0	3.2	96.1	-10.3
Feb		105.2	0.2	3.8	-0.2	5.9	4.2	2.2	6.7	3.9	3.3	105.1	-0.7
Mar		106.0	0.7	3.7	0.5	5.6	4.1	2.3	6.1	3.6	3.2	108.9	-0.8
Apr		106.8	0.8	3.1	1.3	4.5	3.1	2.6	0.8	4.0	3.3	108.8	0.7
May		106.7	-0.1	2.7	1.2	4.6	2.8	2.6	-1.9	3.5	3.0	110.2	7.5
Jun		106.8	0.1	2.7	1.3	4.8	2.6	2.5	-0.6	3.5	2.9	107.1	6.6
Jul		106.1	-0.6	2.8	0.6	5.5	2.5	2.2	0.0	3.6	2.9	98.4	3.7
Aug		106.6	0.5	3.0	1.1	6.5	2.5	2.0	1.1	3.7	2.8	98.5	8.2
Sep		106.9	0.3	2.9	1.4	7.7	2.4	2.1	-0.2	3.5	2.8	104.7	14.5
Oct		107.7	0.7	2.6	2.1	7.0	2.6	1.5	-1.8	3.7	2.6	107.4	12.0
Nov		108.0	0.3	2.8	2.4	6.7	2.8	1.2	1.1	3.7	2.6	108.5	11.1
Dec		108.2	0.2	2.6	2.6	6.4	2.7	1.2	-0.1	3.6	2.5	107.9	9.5
04 Jan		107.4	-0.7	2.3	-0.7	6.5	2.5	0.7	-1.7	3.6	2.3	...	...
Feb		107.5	0.0	2.1	-0.7	6.1	2.4	0.5	-2.5	3.6	2.3	...	...
Mar		108.2	0.7	2.1	0.0	6.5	2.4	0.5	-2.5	3.6	2.2	...	...

CONSUMER PRICE INDEX. TOTAL AND COMPONENTS
Annual percentage changes



CONSUMER PRICE INDEX. COMPONENTS
Annual percentage changes



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

Note: The underlying series for this indicator are in Tables 25.2 and 25.8 of the BE Boletín estadístico.

(a) There is a break in January 2002 owing to the 2001 re-basing. There is no solution to this via the habitual legal links. Consequently, for the year 2002, the official rates of change cannot be obtained from the indices. The detailed methodological notes can be consulted on the INE Internet site (www.ine.es).

(b) For annual periods: average growth for each year on the previous year. (c) For annual periods: December-on-December growth rate.

(d) Index of non-energy processed goods and service prices. (e) Official INE series from January 2002.

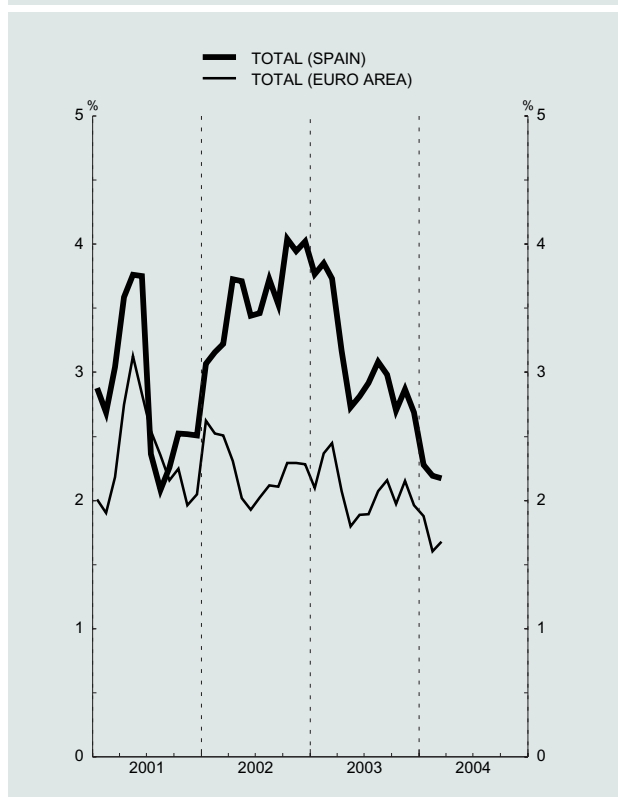
5.2. Harmonised index of consumer prices. Spain and euro area (1996=100)(a)

■ Series depicted in chart.

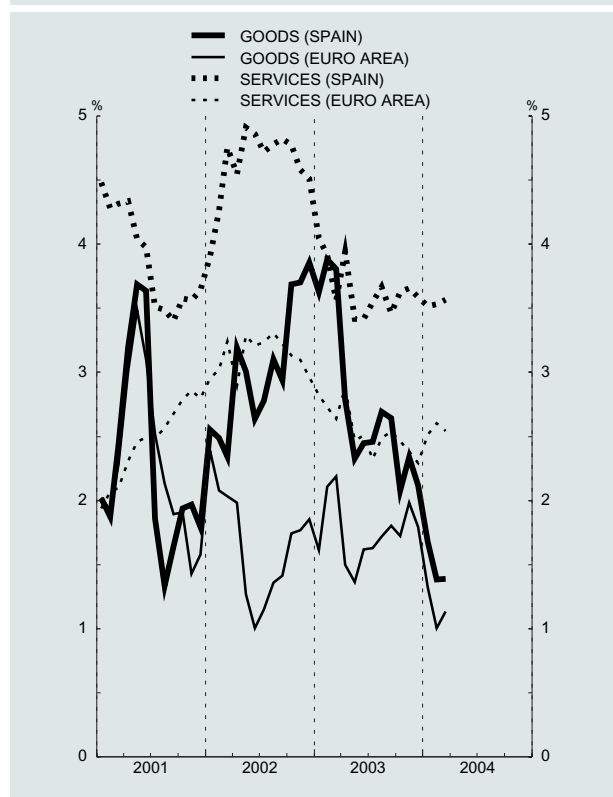
Annual percentage changes

		Total		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	Spain	Euro area		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18		
01	M	2.8	2.3	2.3	2.3	5.1	4.5	2.7	2.9	7.2	7.0	0.6	1.2	1.0	0.9	-0.7	2.2	3.9	2.5
02	M	3.6	2.3	3.0	1.7	4.8	3.1	4.9	3.1	4.7	3.1	1.9	1.0	2.6	1.5	-0.2	-0.6	4.6	3.1
03	M	3.1	2.1	2.8	1.8	4.0	2.8	3.5	3.3	4.6	2.1	2.0	1.2	2.2	0.8	1.3	3.0	3.7	2.5
03 J-M	M	3.8	2.3	3.8	2.0	4.8	1.9	4.6	3.1	4.9	0.1	3.2	2.0	2.2	0.7	6.1	7.0	3.8	2.7
04 J-M	M	2.2	1.7	1.5	1.2	3.7	3.0	3.2	3.5	4.3	2.2	0.0	0.2	0.7	0.7	-2.2	-1.5	3.5	2.6
02 Dec		4.0	2.3	3.9	1.9	4.6	2.1	3.9	2.7	5.4	1.3	3.4	1.7	2.7	1.2	5.8	3.8	4.5	3.0
03 Jan		3.8	2.1	3.6	1.6	4.9	1.4	4.2	2.8	5.5	-0.7	2.9	1.7	2.1	0.6	5.5	6.0	4.0	2.8
Feb		3.8	2.4	3.9	2.1	4.8	2.0	4.8	3.2	4.8	0.3	3.3	2.2	2.3	0.7	6.7	7.7	3.9	2.7
Mar		3.7	2.4	3.8	2.2	4.6	2.2	4.7	3.3	4.5	0.7	3.3	2.2	2.4	0.8	6.1	7.5	3.6	2.6
Apr		3.2	2.1	2.8	1.5	3.6	2.3	3.4	3.3	3.7	0.9	2.3	1.1	2.7	0.8	0.8	2.2	3.9	2.9
May		2.7	1.8	2.3	1.4	3.4	2.4	3.1	3.3	3.7	1.1	1.7	0.9	2.8	0.9	-2.0	0.6	3.4	2.5
Jun		2.8	1.9	2.4	1.6	3.3	2.9	3.2	3.8	2.5	1.9	1.0	2.6	0.8	-0.6	1.6	3.4	2.5	
Jul		2.9	1.9	2.5	1.6	3.5	3.0	2.9	3.1	4.2	2.7	1.8	1.0	2.3	0.7	-	2.0	3.5	2.3
Aug		3.1	2.1	2.7	1.7	3.9	3.1	2.9	3.0	4.8	3.3	2.0	1.0	2.2	0.6	1.0	2.7	3.7	2.5
Sep		3.0	2.2	2.6	1.8	4.2	3.6	2.9	3.2	5.5	4.2	1.7	1.0	2.2	0.8	-0.2	1.6	3.5	2.5
Oct		2.7	2.0	2.1	1.7	4.1	3.6	3.3	3.5	4.9	3.8	0.8	0.8	1.6	0.8	-1.8	0.7	3.6	2.5
Nov		2.9	2.2	2.3	2.0	4.1	3.9	3.5	4.0	4.7	3.8	1.3	1.1	1.3	0.7	1.1	2.2	3.7	2.4
Dec		2.7	2.0	2.1	1.8	3.9	3.6	3.4	3.8	4.4	3.2	1.0	0.9	1.4	0.7	-0.1	1.8	3.6	2.3
04 Jan		2.3	1.9	1.7	1.3	3.9	3.1	3.3	3.3	4.4	2.9	0.3	0.4	0.8	0.6	-1.6	-0.4	3.5	2.5
Feb		2.2	1.6	1.4	1.0	3.6	2.7	3.2	3.2	4.1	1.9	-0.1	0.2	0.7	0.8	-2.6	-2.2	3.5	2.6
Mar		2.2	1.7	1.4	1.1	3.7	3.1	3.2	4.1	4.4	1.7	-0.1	0.2	0.6	0.8	-2.5	-2.0	3.6	2.5

HARMONISED INDEX OF CONSUMER PRICES. TOTAL
Annual percentage changes



HARMONISED INDEX OF CONSUMER PRICES. COMPONENTS
Annual percentage changes



Source: Eurostat.

(a) Compliance with the Regulation on the treatment of price reductions is now complete with the inclusion of sales prices in the Italian and Spanish HICP. The Spanish HICP has included a new basket of goods and services since January 2001. In accordance with the related regulations, the series for the year 2001 have been revised. More detailed methodological notes can be consulted on the Eurostat Internet site (europa.eu.int).

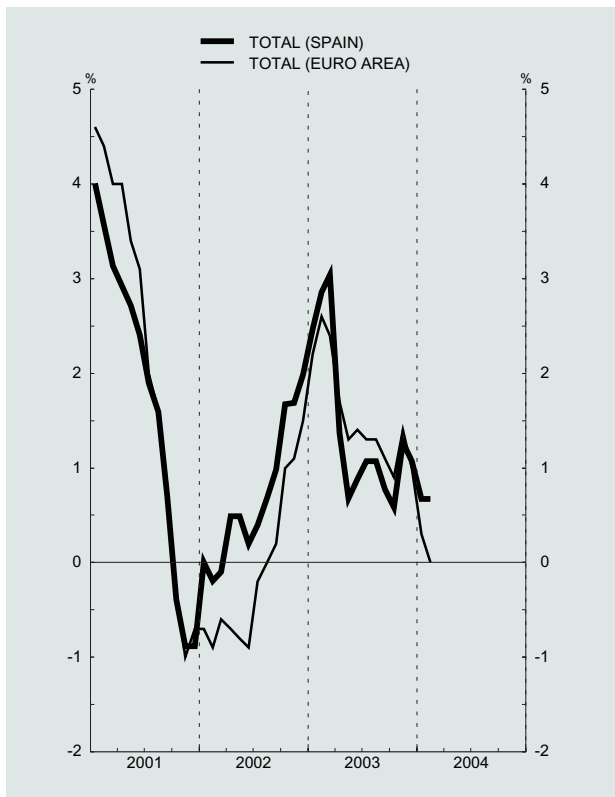
5.3. Producer price index. Spain and euro area (a)

■ Series depicted in chart.

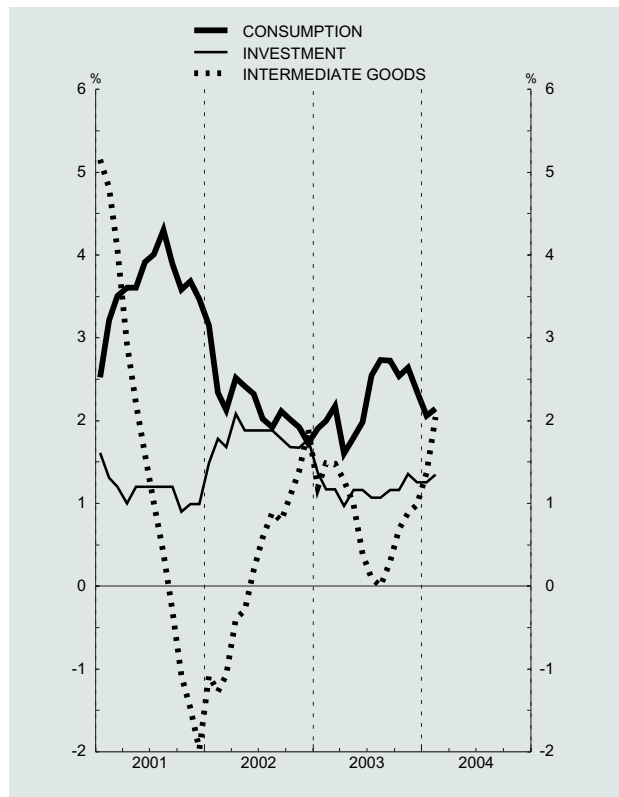
Annual percentage changes

		Total (100%)			Consumption (32.1%)		Investment (18.3%)		Intermediate (31.6%)		Energy (18.0%)		Memorandum item: euro area				
		Original series	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Month-on-month % change	12-month % change	Total	Consumption	Investment	Intermediate	Energy
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
01	MP	101.7	-	1.7	-	3.6	-	1.2	-	1.4	-	-2.0	2.2	3.0	0.8	1.2	3.0
02	MP	102.4	-	0.7	-	2.2	-	1.8	-	0.2	-	-1.3	-0.1	1.0	0.8	-0.3	-1.9
03	MP	103.9	-	1.4	-	2.3	-	1.2	-	0.8	-	1.3	1.6	1.3	0.4	0.8	4.1
03 J-F	MP	104.1	-	2.7	-	2.0	-	1.3	-	1.3	-	8.2	2.4	1.2	0.3	1.6	7.7
04 J-F	MP	104.8	-	0.7	-	2.1	-	1.3	-	1.7	-	-4.5	0.2	1.0	0.5	0.7	-2.3
02 Nov	P	102.6	-0.6	1.7	-0.1	1.9	0.1	1.7	-0.1	1.4	-2.7	4.1	1.1	1.1	0.7	1.1	2.3
Dec	P	102.7	0.1	2.0	-	1.7	0.1	1.8	-	1.9	0.4	6.2	1.5	1.2	0.7	1.1	3.8
03 Jan	P	103.8	1.1	2.5	0.7	1.9	0.4	1.4	0.5	1.2	3.8	7.4	2.2	1.1	0.3	1.4	6.9
Feb	P	104.4	0.6	2.9	0.4	2.0	0.2	1.2	0.5	1.5	1.3	8.9	2.6	1.3	0.2	1.7	8.4
Mar	P	105.0	0.6	3.0	0.6	2.2	0.1	1.2	0.2	1.5	1.8	9.5	2.4	1.2	0.2	1.7	7.5
Apr	P	103.9	-1.0	1.4	-0.2	1.6	0.1	1.0	0.1	1.3	-5.6	1.3	1.7	1.1	0.2	1.5	3.4
May	P	103.4	-0.5	0.7	0.2	1.8	0.2	1.2	-0.1	1.0	-3.3	-2.3	1.3	1.6	0.3	1.3	1.8
Jun	P	103.3	-0.1	0.9	0.1	2.0	-	1.2	-0.4	0.4	-0.2	-0.9	1.4	1.2	0.4	0.7	3.2
Jul	P	103.5	0.2	1.1	0.6	2.5	-0.1	1.1	-0.3	0.1	0.7	0.2	1.3	1.2	0.4	0.2	3.7
Aug	P	103.7	0.2	1.1	0.4	2.7	-	1.1	-0.1	-	0.9	0.1	1.3	1.2	0.4	-0.1	4.5
Sep	P	103.8	0.1	0.8	0.2	2.7	0.1	1.2	0.2	0.3	-0.6	-2.4	1.1	1.5	0.5	-	2.3
Oct	P	103.8	-	0.6	-0.3	2.5	-	1.2	0.2	0.7	0.2	-3.6	0.9	1.3	0.4	0.2	1.7
Nov	P	103.9	0.1	1.3	-	2.6	0.3	1.4	0.1	0.9	0.5	-0.4	1.4	1.5	0.5	0.4	3.6
Dec	P	103.8	-0.1	1.1	-0.3	2.4	-	1.3	0.1	1.0	-0.4	-1.2	1.0	1.1	0.4	0.4	2.1
04 Jan	P	104.5	0.7	0.7	0.4	2.1	0.4	1.3	0.9	1.4	1.2	-3.6	0.3	1.0	0.5	0.5	-1.3
Feb	P	105.1	0.6	0.7	0.5	2.1	0.3	1.3	1.2	2.0	-0.5	-5.4	-	1.0	0.5	0.8	-3.2

PRODUCER PRICE INDEX. TOTAL
Annual percentage changes



PRODUCER PRICE INDEX. COMPONENTS
Annual percentage changes



Sources: INE and ECB.

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

(a) Spain: 2000=100; euro area: 2000=100.

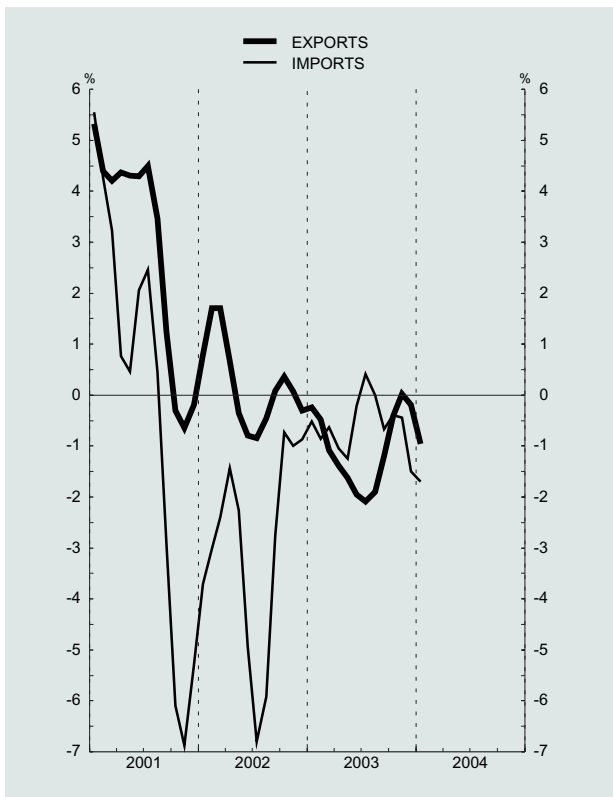
5.4 Unit value indices for Spanish foreign trade

■ Series depicted in chart.

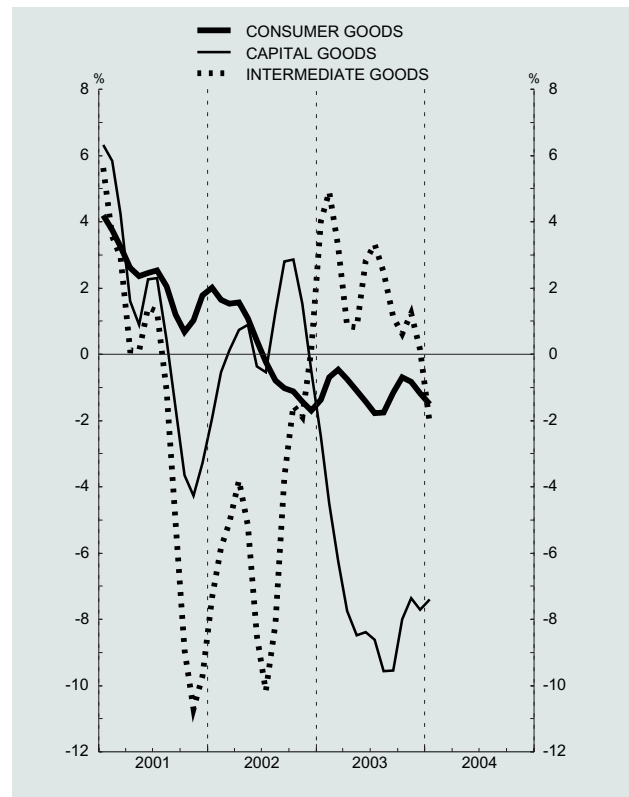
Annual percentage changes

	Exports/dispatches						Imports/arrivals					
	Total	Consumer goods	Capital goods	Intermediate goods			Total	Consumer goods	Capital goods	Intermediate goods		
				Total	Energy	Non-energy				Total	Energy	Non-energy
1	2	3	4	5	6	7	8	9	10	11	12	
01	2.7	4.1	6.2	-0.2	2.6	1.0	-0.4	1.7	0.9	-1.9	-7.9	0.1
02	0.2	-0.8	12.2	-2.4	-6.4	-1.8	-3.1	-0.5	0.6	-5.3	-5.3	-4.2
03	-0.9	-0.7	-8.3	1.4	8.1	-0.1	-0.3	-0.1	-7.4	1.6	1.9	1.7
03 J-J	0.8	4.7	-8.0	0.4	18.1	-1.4	3.6	-4.0	2.0	7.4	36.6	2.7
04 J-J	-2.0	-2.9	-3.3	-0.6	-2.3	-1.1	-3.6	-1.0	-8.4	-3.5	-17.1	-1.6
02 Aug	0.2	0.9	8.1	-2.2	-13.0	-1.4	-8.2	-12.3	3.9	-9.2	-9.1	-6.1
Sep	-0.4	1.1	-2.1	-1.6	-2.3	-1.2	-0.9	-1.1	5.5	-2.3	-1.5	-0.2
Oct	1.1	-1.0	9.5	0.1	4.0	0.1	-0.0	-0.2	4.2	-1.1	14.3	-2.6
Nov	0.6	-0.6	4.6	1.1	4.5	1.3	-0.5	-1.3	5.2	-2.0	12.0	-3.6
Dec	-1.9	-4.8	-0.2	-0.2	22.5	-0.1	-3.3	-4.4	-4.4	-2.2	12.9	-4.3
03 Jan	0.8	4.7	-8.0	0.4	18.1	-1.4	3.6	-4.0	2.0	7.4	36.6	2.7
Feb	0.3	0.5	-11.3	3.9	30.5	2.6	-5.1	2.7	-8.9	-6.9	28.5	-13.5
Mar	-2.1	-3.5	-5.4	0.0	31.8	-2.3	2.9	1.4	-3.0	5.3	25.0	2.0
Apr	-1.3	0.5	-8.1	-0.0	1.6	-2.0	-2.5	-0.1	-10.9	-0.9	-4.5	0.6
May	-0.9	-2.0	-9.2	2.1	3.0	0.9	-2.0	-1.9	-10.0	0.4	-13.8	4.1
Jun	-3.2	-1.4	-14.8	-0.8	-6.0	-1.4	0.7	-0.6	-7.2	3.8	-9.8	8.3
Jul	-0.9	2.6	-16.0	1.0	9.0	0.0	-	-3.4	-7.2	3.2	-6.0	5.4
Aug	-3.8	-6.1	-15.9	1.6	7.7	-0.7	1.5	4.5	-9.1	2.9	-3.3	3.6
Sep	-0.2	-0.4	-2.7	1.2	-2.8	-0.4	-2.8	-0.2	-17.7	0.9	-9.6	0.6
Oct	-0.7	-2.5	-5.3	1.5	6.9	0.3	0.8	2.8	-0.6	-0.0	-12.3	2.3
Nov	0.5	-1.6	0.1	1.9	1.1	0.5	-0.2	-0.4	-7.0	1.8	-2.1	1.3
Dec	1.0	1.0	-3.3	3.6	-2.4	2.5	-1.4	-1.4	-9.4	1.1	-3.8	1.7
04 Jan	-2.0	-2.9	-3.3	-0.6	-2.3	-1.1	-3.6	-1.0	-8.4	-3.5	-17.1	-1.6

EXPORT AND IMPORT UNIT VALUE INDICES (a)



IMPORT UNIT VALUE INDICES BY PRODUCT GROUP (a)



Sources: ME and BE.

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

(a) Annual percentage changes (trend obtained with TRAMO-SEATS).

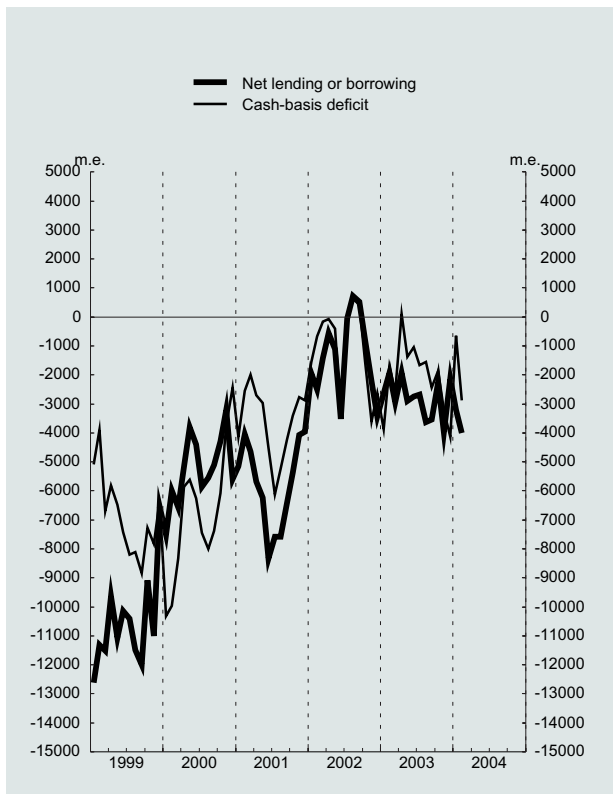
6.1. State resources and uses according to the National Accounts (a). Spain

■ Series depicted in chart.

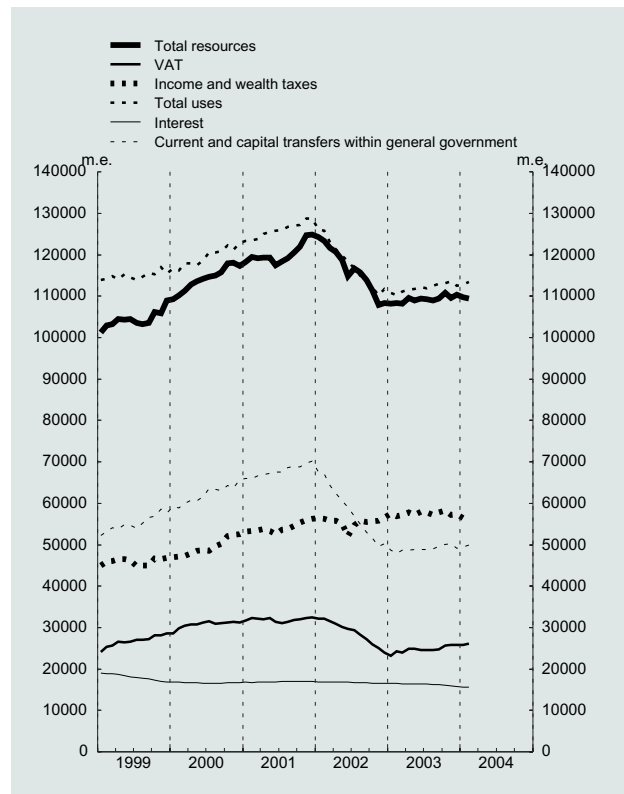
EUR millions

		Current and capital resources						Current and capital uses					Memorandum item: cash-basis deficit				
		Net lending (+) or borrowing (-)	Total	Value added tax (VAT)	Other taxes on products and imports	Interest and other income on property	Income and wealth taxes	Other	Total	Compensation of employees	Interest	Current and capital transfers within general government	Investment grants and other capital transfers	Other	Cash-basis deficit	Revenue	Expenditure
99		-6 538	109 009	28 574	16 408	5 877	46 886	11 264	115 547	17 363	16 912	57 721	3 034	20 517	-6 354	110 370	116 724
00		-5 592	117 346	31 262	17 171	5 210	52 526	11 177	122 938	15 806	16 726	65 635	3 705	21 066	-2 431	118 693	121 124
01	P	-3 956	124 838	32 433	17 838	6 712	56 267	11 588	128 794	16 067	16 940	70 251	3 379	22 157	-2 884	125 193	128 077
02	A	-3 420	108 387	24 001	11 426	5 318	56 612	11 030	111 807	16 979	16 550	50 180	3 350	24 748	-2 626	108 456	111 082
03	A	-2 117	110 449	25 764	10 918	4 970	57 403	11 394	112 566	17 676	15 807	49 234	2 992	26 857	-4 132	109 655	113 787
03 J-F	A	8 741	23 693	9 676	1 719	976	10 164	1 158	14 952	2 572	2 676	6 798	287	2 619	1 903	23 595	21 692
04 J-F	A	6 863	22 713	9 970	1 746	843	8 523	1 631	15 850	2 503	2 472	7 445	280	3 150	3 161	23 266	20 105
03 Mar	A	-5 099	3 946	640	791	197	1 693	625	9 045	1 304	1 366	4 383	192	1 800	-4 710	3 489	8 199
Apr	A	7 391	16 038	5 068	812	671	8 922	565	8 647	1 390	1 332	3 727	165	2 033	8 334	16 064	7 730
May	A	-5 727	3 003	245	882	293	594	989	8 730	1 301	1 373	3 807	215	2 034	-5 297	2 851	8 147
Jun	A	-8 065	2 571	-488	887	343	382	1 447	10 636	2 176	1 323	4 609	212	2 316	-7 123	2 032	9 155
Jul	A	5 176	13 619	3 971	1 134	175	7 818	521	8 443	1 324	1 378	3 868	46	1 827	1 652	14 185	12 533
Aug	A	-1 659	6 484	-1 839	787	314	6 207	1 015	8 143	1 313	1 333	3 657	81	1 759	-765	6 628	7 393
Sep	A	-502	8 185	2 401	1 084	162	3 567	971	8 687	1 350	1 260	4 053	260	1 764	-418	7 687	8 105
Oct	A	8 320	17 681	5 157	959	201	10 937	427	9 361	1 282	1 308	4 915	231	1 625	7 274	18 205	10 931
Nov	A	-3 420	6 457	788	971	883	3 027	788	9 877	1 359	1 236	4 453	307	2 522	-1 752	6 379	8 131
Dec	A	-7 273	8 772	145	892	755	4 092	2 888	16 045	2 305	1 222	4 964	996	6 558	-3 230	8 540	11 770
04 Jan	A	496	7 755	-880	886	333	6 701	715	7 259	1 244	1 279	3 290	62	1 384	-2 471	6 949	9 420
Feb	A	6 367	14 958	10 850	860	510	1 822	916	8 591	1 259	1 193	4 155	218	1 766	5 631	16 317	10 686

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



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



Source: Ministerio de Hacienda (IGAE).

(a) Except in interest rate swaps, where the EDP criterion is followed. That is to say, the net outcome of these transactions is considered to be interest and not financial transactions (the ESA 95 criterion), whereby they influence the calculation of net lending or borrowing.

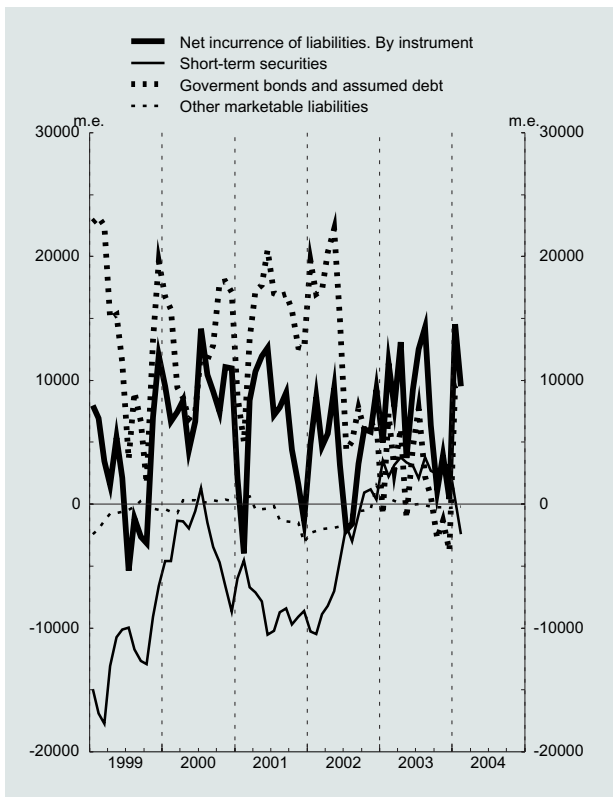
6.2. State financial transactions (a). Spain

■ Series depicted in chart.

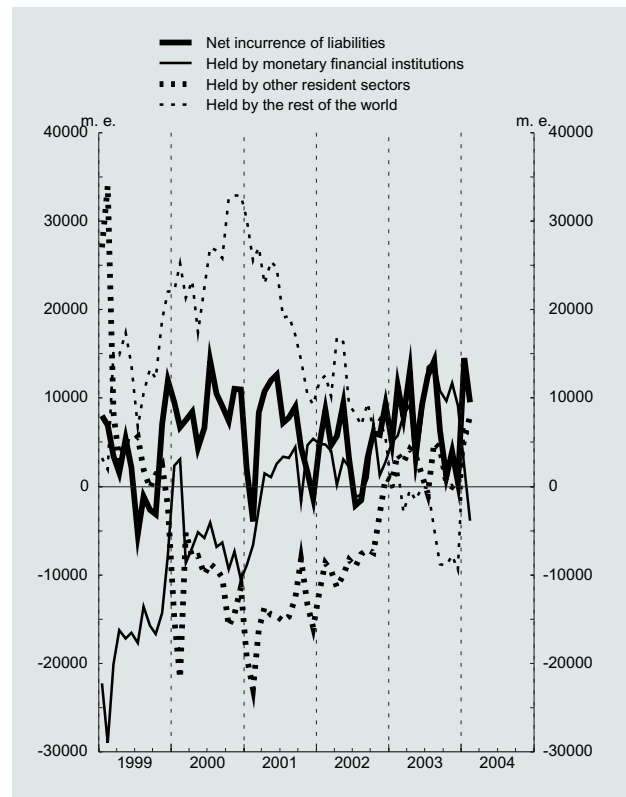
EUR billions

	Net lending (+) or net borrowing(-)	Net acquisition of financial assets		Net incurrence of liabilities										Net incurrence of liabilities (excluding other accounts payable)		
		Of which	Deposits at the Banco de España	Of which		By instrument					By counterpart sector					
				Total	In currencies other than the peseta/euro	Short-term securities	Government bonds and assumed debt	Banco de España loans	Other marketable liabilities (b)	Other accounts payable	Held by resident sectors				Rest of the world	
											Total	Monetary financial institutions	Other resident sectors			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
99	-6 538	5 452	4 574	11 990	199	-6 629	19 581	-499	-446	-18	-10 035	-7 734	-2 301	22 026	12 008	
00	-5 592	5 357	5 690	10 949	1 164	-8 683	17 129	-499	283	2 718	-21 975	-10 554	-11 421	32 924	8 231	
01	P -3 956	-5 294	-20 141	-1 338	827	-8 616	12 546	-499	-3 101	-1 668	-10 545	5 386	-15 931	9 206	330	
02	A -3 420	5 853	-95	9 273	-888	346	6 660	-486	1 488	1 265	3 805	2 797	1 007	5 468	8 008	
03	A -2 117	-1 671	0	446	-1 135	3 146	-3 761	-486	-281	1 828	9 919	9 166	752	-9 472	-1 381	
03 J-F	A	8 741	3 096	0	-5 645	-13	2 038	-7 742	-	-143	202	-386	3 031	-3 417	-5 259	-5 847
04 J-F	A	6 863	10 280	-0	3 417	-1	-3 535	5 706	-	-50	1 295	-6 219	-9 994	3 774	9 636	2 121
03 Mar	A	-5 099	-2 796	-1	2 303	-64	603	1 546	-	-103	257	3 967	2 209	1 759	-1 664	2 046
Apr	A	7 391	14 165	-4	6 774	16	745	6 115	-	-114	28	2 187	1 668	519	4 587	6 746
May	A	-5 727	-8 555	4	-2 828	-664	-419	-1 668	-	37	-779	-2 952	-4 420	1 469	123	-2 050
Jun	A	-8 065	-3 298	-2	4 767	35	-292	4 617	-	33	409	6 005	6 642	-637	-1 238	4 358
Jul	A	5 176	-500	2	-5 676	-113	880	-7 759	-	11	1 192	-3 625	760	-4 385	-2 051	-6 868
Aug	A	-1 659	-378	1	1 281	-39	-710	-3 020	-	-59	5 071	5 198	-877	6 075	-3 917	-3 789
Sep	A	-502	-50	-1	452	-14	14	4 479	-	-2	-4 039	-433	-111	-322	884	4 491
Oct	A	8 320	3 807	1	-4 513	32	-96	-3 449	-	-6	-962	-4 352	-1 699	-2 653	-161	-3 551
Nov	A	-3 420	81	-1	3 501	32	777	2 913	-	7	-195	3 070	2 663	407	431	3 697
Dec	A	-7 273	-7 243	1	30	-343	-393	208	-486	57	644	1 239	-699	1 938	-1 208	-614
04 Jan	A	496	6 008	0	5 512	-33	222	2 401	-	-5	2 894	-4 429	-4 757	328	9 941	2 618
Feb	A	6 367	4 271	-0	-2 096	33	-3 757	3 305	-	-45	-1 599	-1 791	-5 237	3 446	-305	-496

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



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



Source: BE.

(a) Except in interest rate swaps, where the EDP criterion is followed. That is to say, the net outcome of these transactions is considered to be interest and not financial transactions (the ESA 95 criterion), whereby they influence the calculation of net lending or borrowing.

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

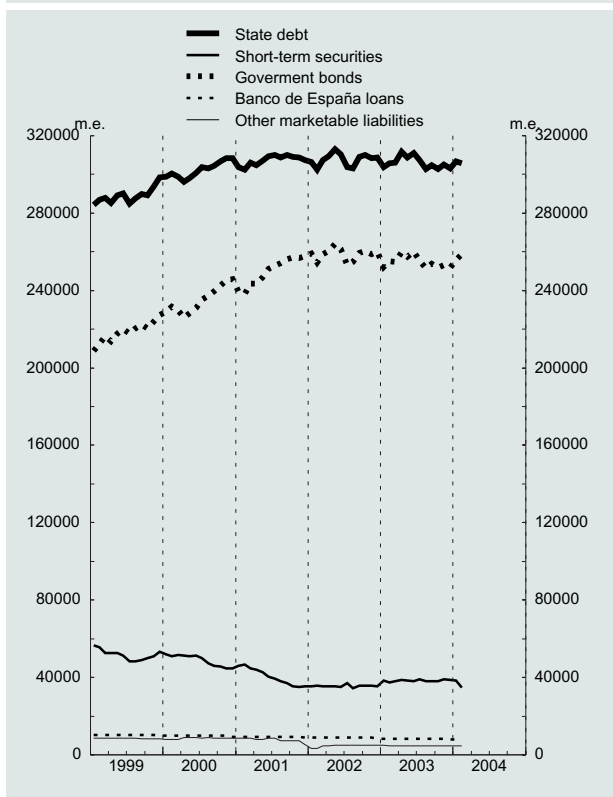
6.3. State: Liabilities outstanding. Spain

■ Series depicted in chart.

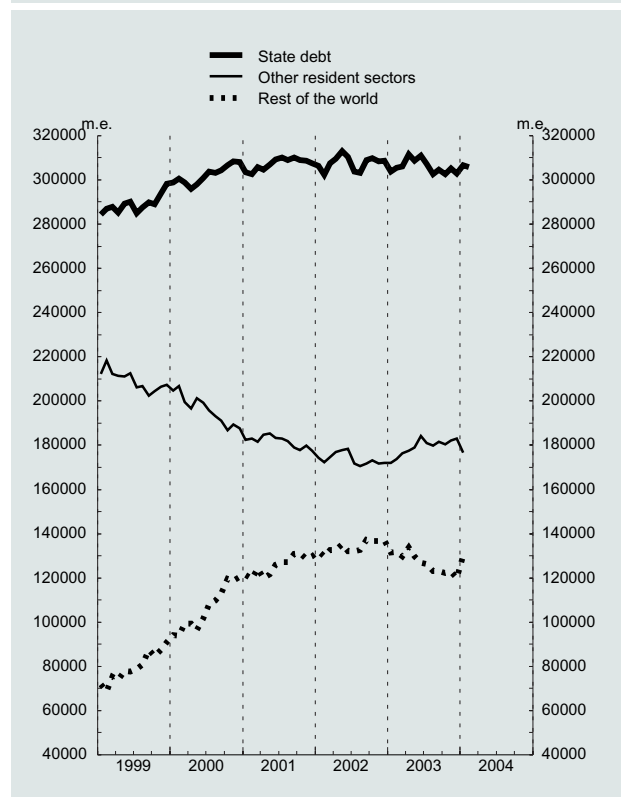
EUR millions

Liabilities outstanding (excluding other accounts payable)											Memorandum item:		
State debt according to the methodology of the excessive deficit procedure	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				
1	2	3	4	5	6	7	8	9	10	11	12		
96		263 963	20 434	81 084	152 293	10 814	19 772	210 489	529	209 960	54 003	15 195	8 185
97		274 168	23 270	71 730	180 558	10 578	11 303	211 530	445	211 085	63 083	9 829	7 251
98		284 153	30 048	59 939	205 182	10 341	8 691	215 200	305	214 895	69 258	10 273	6 412
99		298 378	7 189	53 142	227 151	9 843	8 243	207 458	150	207 308	91 070	14 846	5 310
00		308 212	8 197	44 605	245 711	9 344	8 552	188 482	695	187 787	120 424	20 536	5 430
01		307 434	7 611	35 428	257 716	8 845	5 445	179 118	1 474	177 644	129 791	395	5 460
02	P	308 792	5 823	35 459	260 060	8 359	4 914	177 561	5 648	171 913	136 880	300	6 819
03 Feb	P	305 627	5 664	37 525	254 987	8 359	4 755	179 407	5 563	173 844	131 783	300	6 324
Mar	P	305 975	5 551	38 090	254 881	8 359	4 644	182 471	6 150	176 321	129 654	299	6 271
Apr	P	311 560	5 412	38 815	259 871	8 359	4 515	183 965	6 341	177 624	133 936	295	6 213
May	P	308 676	5 129	38 376	257 420	8 359	4 521	185 234	6 309	178 926	129 750	300	6 051
Jun	P	310 980	5 264	38 055	259 999	8 359	4 567	191 317	7 118	184 198	126 782	298	6 079
Jul	P	307 269	5 313	38 895	255 475	8 359	4 540	188 595	7 667	180 927	126 342	299	6 070
Aug	P	302 704	5 597	38 171	251 608	8 359	4 566	187 785	8 043	179 741	122 963	300	6 098
Sep	P	304 674	5 437	38 151	253 628	8 359	4 535	190 795	9 109	181 686	122 988	299	6 894
Oct	A	302 670	5 504	38 061	251 717	8 359	4 534	189 422	9 109	180 314	122 357	300	6 832
Nov	A	305 064	5 329	38 912	253 268	8 359	4 525	191 301	9 009	182 292	122 772	300	7 112
Dec	A	302 968	5 105	38 704	251 827	7 873	4 564	192 405	9 460	182 945	120 023	300	6 868
04 Jan	A	306 738	5 244	38 519	255 775	7 873	4 570	187 958	11 319	176 640	130 098	300	6 790
Feb	A	305 759	5 133	34 731	258 640	7 873	4 516	...	11 319	...	...	300	6 781

STATE. LIABILITIES OUTSTANDING
By instrument



STATE. LIABILITIES OUTSTANDING
By counterpart sector



Source: BE.

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

7.1. The Spanish balance of payments vis-à-vis other euro area residents and the rest of the world

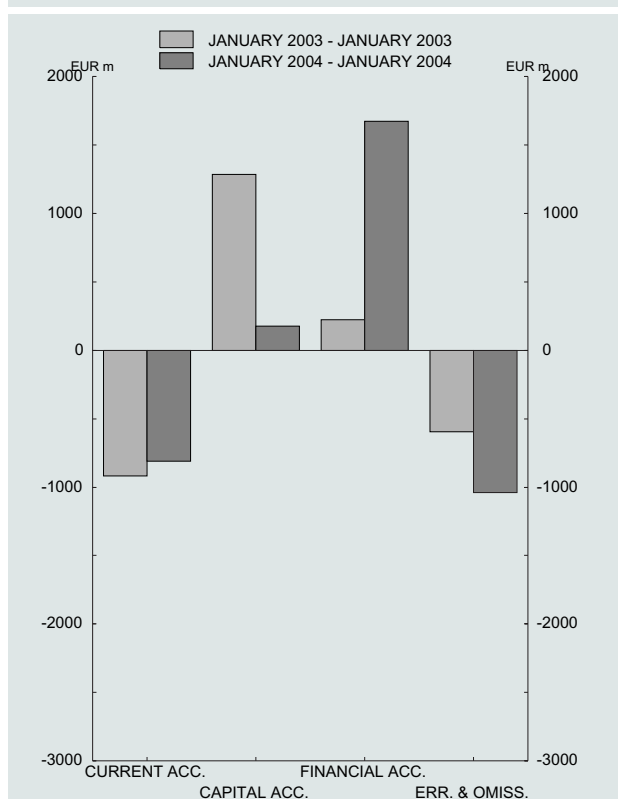
Current account

■ Series depicted in chart.

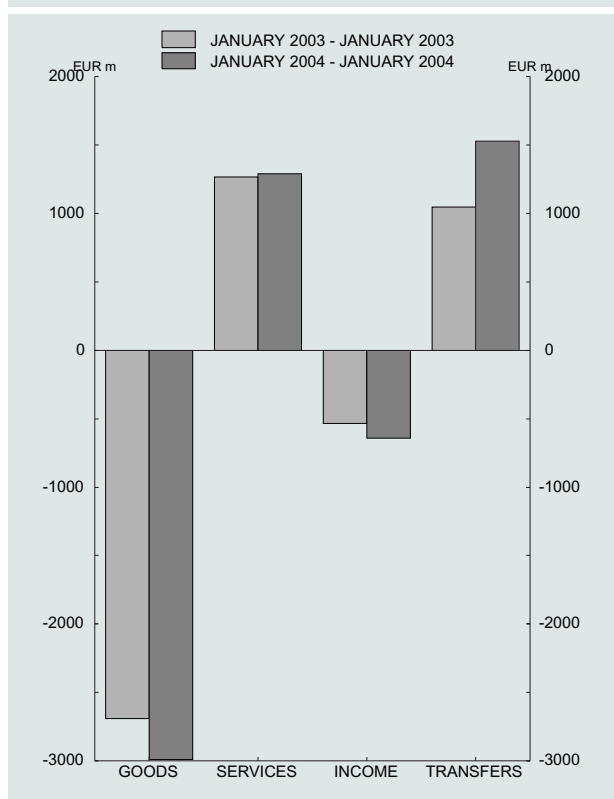
EUR millions

	Current account (a)													Capital account (balance)	Current account plus Capital account (balance)	Financial account (balance) (b)	Errors and omissions (balance) (c)
	Total (balance)	Goods			Services				Income			Current transfers (balance)					
		Balance	Receipts	Payments	Balance	Receipts		Payments		Balance	Receipts		Payments				
						Total	Tourism and travel	Total	Tourism and travel								
	1=2+5+10+13	2=3-4	3	4	5=6-8	6	7	8	9	10=11-12	11	12	13					14	15=1+14	16	17=15+16
01	-18 346	-36 396	131 703	168 099	27 131	65 111	36 602	37 980	6 661	-10 878	22 156	33 034	1 798	5 566	-12 780	20 072	-7 293
02	-16 881	-34 602	135 640	170 242	26 582	66 072	35 543	39 490	7 020	-11 276	21 357	32 633	2 414	7 741	-9 141	14 755	-5 614
03	-20 828	-37 843	141 017	178 860	27 265	67 903	36 871	40 638	7 315	-10 586	21 812	32 398	336	8 762	-12 065	17 634	-5 569
03 J-J	-916	-2 692	10 520	13 211	1 267	4 674	2 121	3 408	578	-536	2 029	2 565	1 046	1 288	372	222	-594
04 J-J P	-809	-2 989	10 814	13 803	1 292	4 583	2 214	3 291	632	-640	1 563	2 203	1 528	176	-633	1 673	-1 040
02 Oct	-766	-3 321	13 001	16 323	2 604	6 326	3 541	3 722	707	18	2 426	2 407	-67	1 237	471	747	-1 218
Nov	-1 454	-3 003	12 268	15 271	2 258	5 531	2 994	3 273	568	-469	1 475	1 944	-240	87	-1 367	2 139	-773
Dec	-4 293	-3 873	10 377	14 250	1 494	4 932	2 010	3 438	498	-1 735	2 646	4 381	-179	480	-3 813	2 957	856
03 Jan	-916	-2 692	10 520	13 211	1 267	4 674	2 121	3 408	578	-536	2 029	2 565	1 046	1 288	372	222	-594
Feb	-866	-2 495	11 434	13 929	1 307	4 498	2 152	3 191	503	-853	1 409	2 262	1 175	482	-384	918	-534
Mar	-2 544	-2 730	12 495	15 225	1 627	4 850	2 382	3 222	472	-1 291	1 593	2 884	-150	80	-2 464	3 064	-600
Apr	-1 438	-2 471	12 604	15 075	2 052	5 324	2 698	3 271	462	-557	2 285	2 842	-462	18	-1 420	2 599	-1 179
May	-1 131	-2 921	12 642	15 563	2 771	5 957	3 413	3 185	478	-666	1 524	2 190	-316	613	-518	610	-92
Jun	-1 845	-2 903	12 053	14 956	2 660	5 980	3 373	3 319	610	-1 281	1 719	3 001	-321	1 598	-247	719	-471
Jul	-1 897	-3 323	11 717	15 040	3 528	7 372	4 461	3 844	794	-1 867	2 307	4 174	-235	358	-1 540	1 724	-184
Aug	-284	-3 357	8 522	11 879	3 543	6 732	4 327	3 189	737	-477	1 980	2 457	8	948	664	257	-920
Sep	-3 043	-4 121	11 966	16 086	2 201	5 696	3 203	3 495	754	-956	1 828	2 784	-167	184	-2 859	3 134	-275
Oct	-1 473	-3 328	13 377	16 705	2 495	6 293	3 647	3 798	752	-798	1 900	2 697	158	872	-600	1 479	-878
Nov	-3 141	-3 891	11 863	15 755	2 382	5 596	3 024	3 214	614	-749	1 122	1 871	-882	344	-2 796	2 858	-62
Dec	-2 251	-3 610	11 826	15 436	1 431	4 932	2 070	3 501	560	-555	2 116	2 670	483	1 978	-273	51	222
04 Jan P	-809	-2 989	10 814	13 803	1 292	4 583	2 214	3 291	632	-640	1 563	2 203	1 528	176	-633	1 673	-1 040

SUMMARY



CURRENT ACCOUNT



Source: BE. Data compiled in accordance with the IMF Balance of Payments Manual (5th edition).

(a) A positive sign for the current and capital account balances indicates a surplus (receipts greater than payments) and, thus, a Spanish net loan abroad (increase in the creditor position or decrease in the debtor position).

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

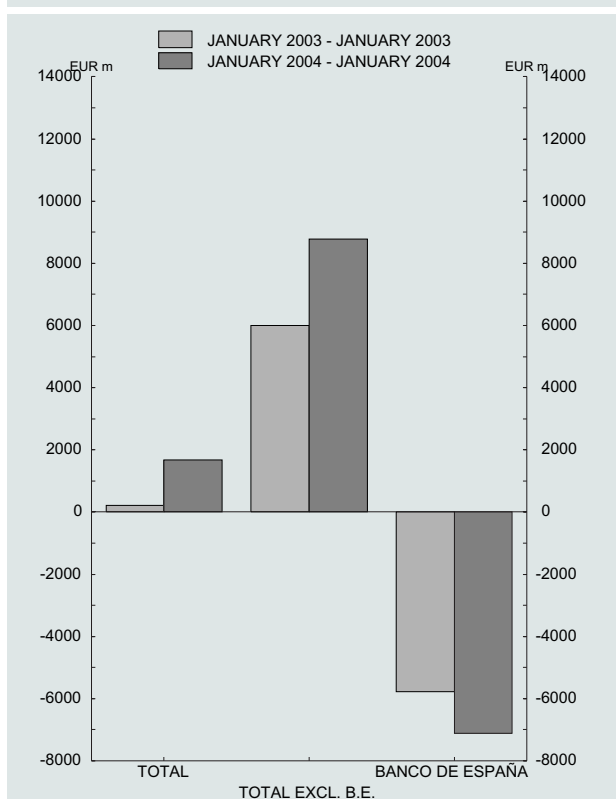
7.2. The Spanish balance of payments vis-à-vis other euro area residents and the rest of the world Financial account (a)

■ Series depicted in chart.

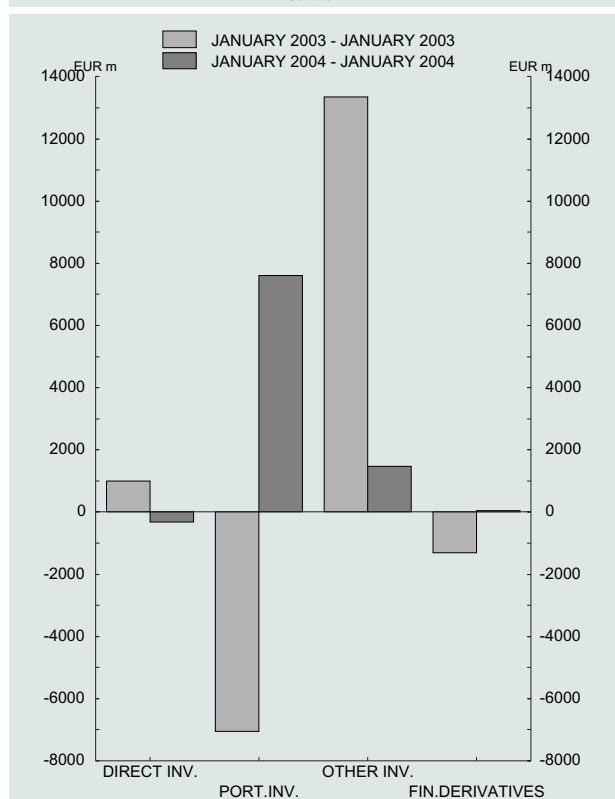
EUR millions

Financial account	Total, excluding Banco de España												Banco de España				Memorandum item:		
	Total (NCL-NCA) 1= 2+13	Direct investment			Portfolio investment			Other investment (d)			Net financial derivatives (NCL-NCA) 12	Balance (NCL-NCA) 13=14+15+16	Re-serves (e) 14	Claims with the Euro-system (e) 15	Other net assets (NCL-NCA) 16	Other investment including Banco de España (d)			
		Balance (NCL-NCA) 3=5-4	Spanish investment abroad (NCA) 4	Foreign investment in Spain (NCL) (b) 5	Balance (NCL-NCA) 6=8-7	Spanish investment abroad (NCA) 7	Foreign investment in Spain (NCL) (c) 8	Balance (NCL-NCA) 9=11-10	Spanish investment abroad (NCA) 10	Foreign investment in Spain (NCL) 11						Spanish investment abroad 17	Foreign investment in Spain 18		
																		2=3+6+9+12	17	18
01	20 072	2 597	-5 686	36 982	31 296	-19 813	50 284	30 471	28 498	4 043	32 541	-401	17 475	1 581	16 122	-228	-12 128	32 264	
02	14 755	11 194	4 671	33 483	38 154	5 686	31 062	36 749	5 742	30 362	36 104	-4 905	3 561	-3 630	6 506	685	23 877	37 295	
03	17 634	16 059	1 995	20 709	22 705	-30 069	65 865	35 795	47 495	16 881	64 376	-3 362	1 575	13 626	4 382	16 433	12 524	63 177	
03 J-J		222	6 003	996	4 849	5 845	-7 049	2 815	-4 234	13 356	-2 822	10 534	-1 300	-5 781	600	-5 834	-547	3 001	9 977
04 J-J	P	1 673	8 785	-326	1 222	896	7 597	967	8 564	1 467	8 685	10 151	47	-7 111	1 320	-7 132	-1 299	15 732	10 104
02 Oct		747	1 413	2 540	2 650	5 191	5 354	-711	4 643	-6 989	11 563	4 573	507	-665	-0	-514	-151	12 092	4 437
Nov		2 139	3 283	364	9 566	9 930	3 078	2 441	5 519	265	236	501	-425	-1 144	-1 761	61	556	141	1 023
Dec		2 957	-1 814	-70	8 424	8 354	-2 370	2 033	-336	2 034	-1 741	293	-1 409	4 771	-365	5 460	-324	-7 163	493
03 Jan		222	6 003	996	4 849	5 845	-7 049	2 815	-4 234	13 356	-2 822	10 534	-1 300	-5 781	600	-5 834	-547	3 001	9 977
Feb		918	-3 799	917	1 493	2 410	-3 233	6 436	3 203	-1 709	7 544	5 835	226	4 717	186	4 830	-299	2 741	5 934
Mar		3 064	3 793	1 004	-92	911	-3 823	11 521	7 698	7 355	-1 730	5 624	-743	-728	804	-683	-849	-1 036	5 531
Apr		2 599	3 920	818	908	1 726	-17	7 438	7 421	3 453	8 198	11 651	-333	-1 321	674	-1 320	-675	9 486	11 601
May		610	3 479	-492	733	241	-1 649	5 194	3 545	6 816	-5 129	1 687	-1 196	-2 868	1 630	-2 711	-1 788	-2 390	1 332
Jun		719	-953	1 814	1 130	2 944	327	1 127	1 454	-3 462	-2 347	-5 809	368	1 671	658	1 602	-589	-3 931	-5 290
Jul		1 724	43	-2 421	2 453	31	-11 201	10 936	-265	13 749	1 236	14 985	-84	1 681	3 284	1 546	-3 149	-323	14 567
Aug		257	-12 296	-630	2 025	1 395	-8 904	5 267	-3 637	-2 855	6 399	3 544	92	12 553	1 748	12 612	-1 807	-6 233	3 495
Sep		3 134	14 953	-701	1 602	901	1 573	5 387	6 960	14 466	-7 092	7 374	-385	-11 819	585	-9 607	-2 797	2 501	7 287
Oct		1 479	7 233	-73	1 454	1 381	7 225	761	7 985	143	917	1 060	-62	-5 754	187	-3 874	-2 067	4 824	1 125
Nov		2 858	5 497	-1 797	1 365	-432	1 907	3 253	5 160	4 832	263	5 096	554	-2 639	3 104	-4 780	-963	5 041	4 914
Dec		51	-11 812	2 560	2 792	5 352	-5 225	5 731	506	-8 649	11 445	2 796	-499	11 864	166	12 601	-903	-1 155	2 705
04 Jan	P	1 673	8 785	-326	1 222	896	7 597	967	8 564	1 467	8 685	10 151	47	-7 111	1 320	-7 132	-1 299	15 732	10 104

FINANCIAL ACCOUNT



**FINANCIAL ACCOUNT, EXCLUDING BANCO DE ESPAÑA
Breakdown**



Source: BE. Data compiled in accordance with the IMF Balance of Payments Manual (5th edition).

(a) Changes in assets (NCA) and changes in liabilities (NCL) are both net of repayments. A positive (negative) sign in NCA columns indicates an outflow (inflow) of foreign financing. A positive (negative) sign in NCL columns implies an inflow (outflow) of foreign financing.

(b) This does not include direct investment in quoted shares, but does include portfolio investment in unquoted shares.

(c) This includes direct investment in quoted shares, but does not include portfolio investment in unquoted shares. (d) Mainly, loans, deposits and repos.

(e) A positive (negative) sign indicates a decrease (increase) in the reserves and/or claims of the BE with the Eurosystem

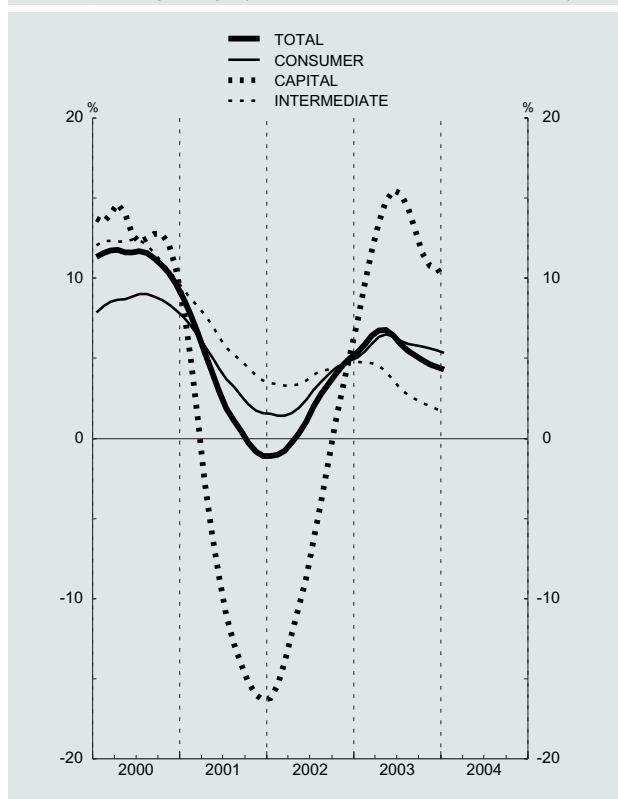
7.3 Spanish foreign trade with other euro area countries and with the rest of the world. Exports and dispatches

■ Series depicted in chart.

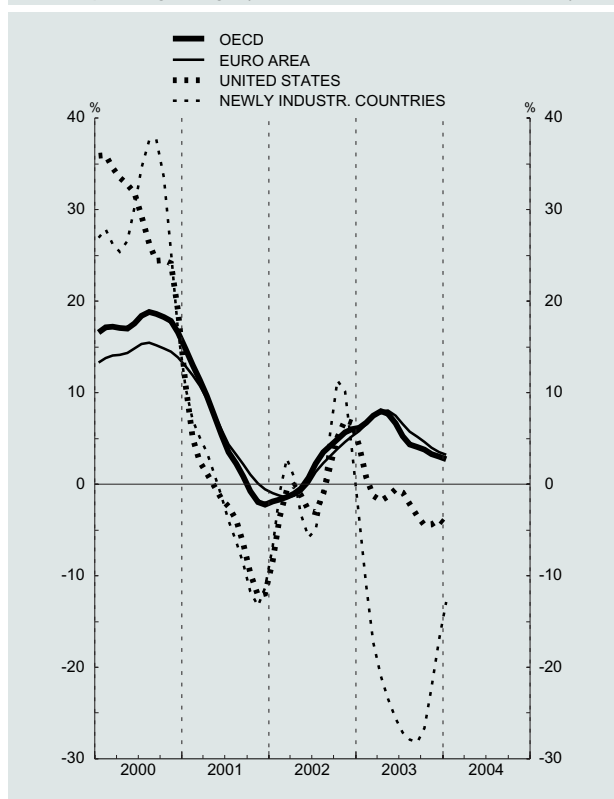
EUR millions and annual percentage changes

	Total			By product (deflated data)(a)					By geographical area (nominal data)								
	EUR millions	Nominal	De-flated	Consumer	Capital	Intermediate			O E C D					OPEC	Other American countries	Newly industrialised countries	Other
						Total	Energy	Non-energy	Total	Euro-pean Union	of which: Euro area	United States of America	Other OECD members				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
99	104 789	4.9	5.7	3.1	16.5	4.4	-4.9	4.8	6.4	5.2	5.8	9.8	6.5	-8.2	-4.7	4.8	1.8
00	124 177	18.5	11.7	8.9	13.7	13.1	9.2	13.2	17.5	18.1	15.4	31.6	16.2	21.7	13.0	32.4	28.0
01	129 771	4.5	2.0	4.1	-9.1	4.5	-19.8	5.4	4.2	5.0	5.1	-6.6	4.9	8.3	-6.1	-6.6	12.1
02	133 268	2.7	2.5	4.4	-10.3	5.1	4.7	4.9	2.9	0.1	1.0	2.4	3.9	10.1	-19.8	5.7	7.6
03	137 815	5.2	6.2	6.4	15.5	3.4	33.7	2.7	5.5	5.3	6.8	-0.3	6.1	-3.4	2.5	-21.1	9.7
02 Dec	10 619	10.0	12.2	11.7	1.0	16.8	21.0	16.7	12.9	15.1	10.7	14.9	12.1	0.1	-18.8	1.1	3.7
03 Jan	10 320	1.8	1.0	-5.3	7.0	4.7	55.9	4.0	2.1	3.3	1.6	17.1	0.7	-13.5	-24.4	-3.5	12.1
<i>Feb</i>	11 212	3.8	3.5	2.3	14.8	1.2	26.8	1.1	3.4	4.7	4.0	-12.8	4.2	2.1	-1.3	1.3	8.8
<i>Mar</i>	12 250	10.7	13.1	15.2	15.2	10.8	25.9	10.9	12.6	10.8	13.3	0.2	14.1	-7.2	-4.9	-32.4	12.7
<i>Apr</i>	12 274	7.6	9.0	4.5	19.0	9.5	72.2	8.0	7.7	4.8	12.3	-7.2	9.9	-7.9	-6.3	-17.8	16.9
<i>May</i>	12 357	10.8	11.8	16.9	18.1	6.1	54.4	5.1	12.9	14.3	17.4	-9.2	14.4	6.2	-1.4	-23.8	4.9
<i>Jun</i>	11 680	9.2	12.8	12.4	35.5	7.0	32.1	6.3	9.2	13.8	13.8	13.5	7.3	-12.9	27.8	-25.5	12.5
<i>Jul</i>	11 431	2.4	3.4	3.5	25.1	-2.2	-6.7	-2.1	4.5	4.4	5.3	-0.8	4.9	-16.8	-9.6	-30.5	1.8
<i>Aug</i>	8 268	-5.8	-2.1	-3.0	13.7	-5.2	60.1	-7.0	-6.9	-1.8	-3.7	-5.2	-8.5	0.3	-21.8	-28.7	8.2
<i>Sep</i>	11 708	11.3	11.5	11.8	24.5	7.5	45.7	6.5	13.4	14.3	13.6	-1.9	14.2	-1.8	-13.1	-21.0	7.4
<i>Oct</i>	13 069	3.6	4.4	8.5	0.1	2.7	17.0	2.4	3.8	-0.2	3.4	-3.3	5.7	-5.9	13.7	-42.8	9.4
<i>Nov</i>	11 675	-1.6	-2.1	1.7	-8.5	-3.0	10.2	-3.4	-1.7	-3.7	-1.0	-20.5	0.4	-15.9	8.4	-19.3	1.4
<i>Dec</i>	11 573	9.0	7.9	7.1	30.4	1.1	11.4	0.9	4.9	-0.8	1.8	24.4	5.3	32.6	62.3	-7.1	20.0
04 Jan	10 696	3.6	5.7	3.6	19.5	4.2	5.0	4.2	2.8	2.3	4.3	-18.8	4.6	-3.5	77.8	-14.5	-2.9

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



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



Sources: ME and BE.

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

(a) Series deflated by unit value indices.

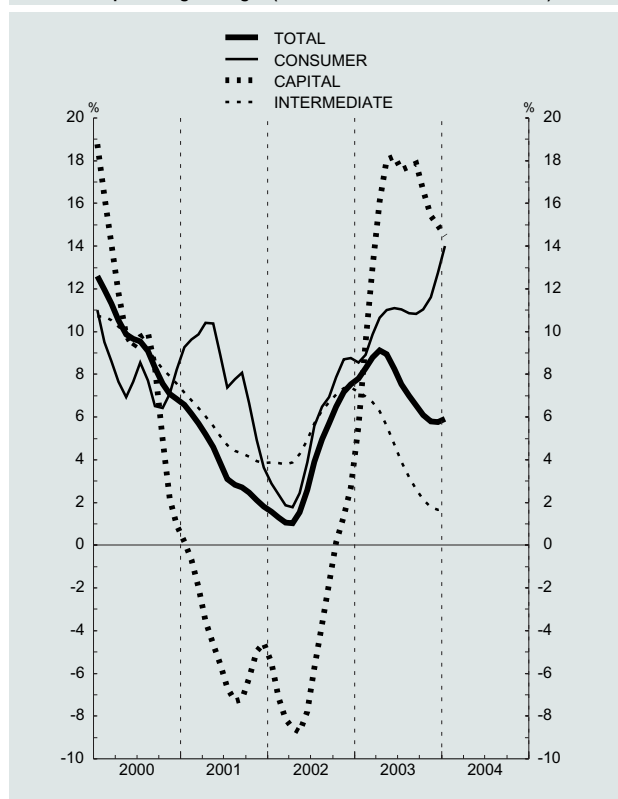
7.4 Spanish foreign trade with other euro area countries and with the rest of the world. Imports and arrivals

■ Series depicted in chart.

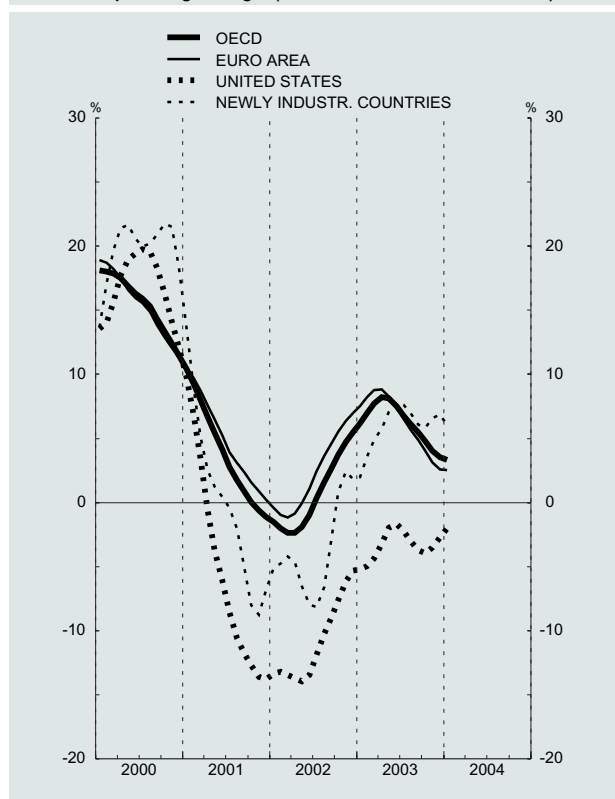
EUR millions and annual percentage changes

	Total			By product (deflated data)(a)					By geographical area (nominal data)								
	EUR millions	Nominal	De-flated	Consumer	Capital	Intermediate			OECD					Other American countries	Newly industrialised countries	Other	
						Total	Energy	Non-energy	Total	Euro-pean Union	of which: Euro area	United States of America	Other OECD member				OPEC
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
99	139 094	13.2	13.2	14.8	22.6	9.7	-0.6	11.0	12.4	10.3	11.7	8.9	13.5	15.8	12.6	16.4	18.1
00	169 468	21.8	7.9	6.3	7.1	8.8	9.5	8.9	15.7	16.5	15.6	14.4	15.5	95.1	14.6	19.6	36.1
01	173 210	2.2	2.9	9.1	-6.6	3.5	5.4	3.1	2.1	0.0	3.7	-10.1	3.9	-8.1	3.7	-2.2	11.3
02	175 268	1.2	4.4	5.2	-4.6	6.7	4.8	7.0	0.6	-0.8	1.9	-8.5	1.7	-11.0	5.7	2.4	11.2
03 P	184 095	6.6	6.9	10.1	16.7	2.9	1.6	3.4	6.5	4.2	6.3	-3.4	8.1	3.9	12.3	4.3	8.6
02 Dec	15 725	12.3	16.2	13.2	-4.4	26.0	11.7	28.0	12.6	-1.2	12.7	16.4	17.0	6.6	24.9	-6.1	14.7
03 Jan	13 541	3.5	-0.1	7.1	0.3	-3.1	-17.8	-0.6	1.8	7.3	4.4	-10.2	1.3	18.1	-12.0	-2.8	9.1
Feb	14 382	7.0	12.7	2.4	15.5	16.5	-5.1	19.7	8.1	2.4	7.6	-13.0	11.8	9.1	-16.8	6.5	5.1
Mar	15 667	16.3	13.0	15.8	16.1	11.0	-0.4	12.6	15.2	17.8	17.3	-5.2	16.1	35.4	-14.0	24.0	19.1
Apr	15 583	7.2	9.9	7.5	16.3	9.2	7.0	9.4	9.5	5.7	11.3	-22.6	13.6	3.8	17.2	-12.2	-2.0
May	16 047	9.9	12.2	12.5	34.0	6.5	2.0	7.0	12.2	9.6	10.3	39.3	11.2	9.0	7.8	8.0	-1.0
Jun	15 426	9.7	8.9	11.0	18.0	5.6	-4.9	6.9	9.1	7.4	8.1	2.9	10.1	0.9	16.4	17.4	15.1
Jul	15 496	7.2	7.2	16.2	18.1	0.8	13.4	-0.7	6.9	2.0	7.3	6.8	8.5	9.3	9.8	5.1	7.3
Aug	12 088	1.8	0.3	3.4	1.0	-1.5	0.2	-1.7	1.7	-9.1	0.8	-11.4	5.7	-10.7	13.7	8.4	6.3
Sep	16 558	11.6	14.8	17.3	56.7	3.6	21.1	1.8	11.4	5.8	11.5	-0.5	13.9	-12.7	35.4	4.0	21.1
Oct	17 178	1.7	0.8	6.9	1.1	-1.9	-5.6	-1.5	3.7	2.4	2.5	-22.8	6.0	-9.7	29.3	-33.0	-2.8
Nov	16 260	2.7	3.0	7.6	14.8	-2.3	7.4	-3.4	2.6	3.7	0.8	-6.8	3.1	-5.4	32.7	1.4	2.0
Dec	15 869	0.9	2.3	12.6	14.0	-5.6	2.0	-6.5	-3.5	-4.8	-5.5	1.1	-3.5	-0.6	27.5	24.6	23.5
04 Jan	14 207	4.9	8.9	16.1	16.3	3.7	18.0	1.9	5.0	1.4	4.7	1.7	6.5	-5.6	10.8	-4.6	10.8

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



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



Sources: ME and BE.

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

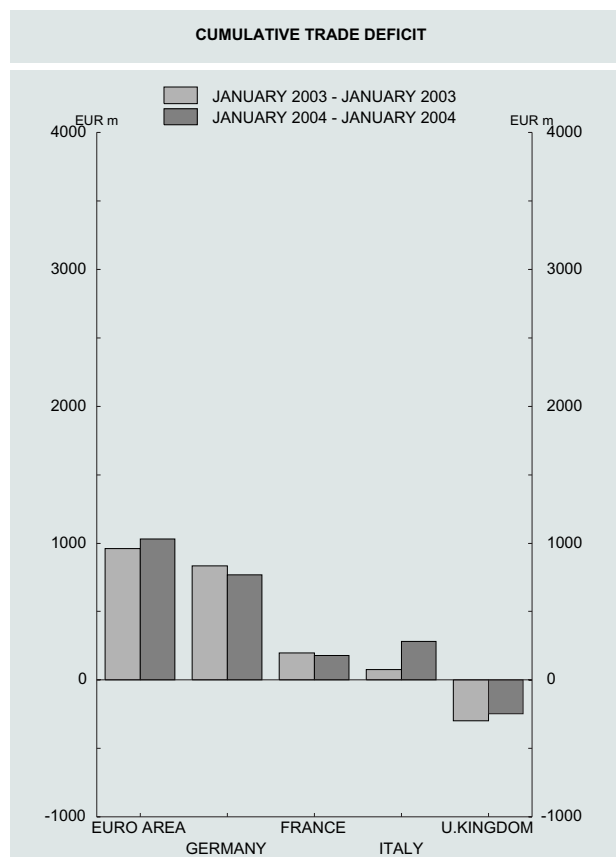
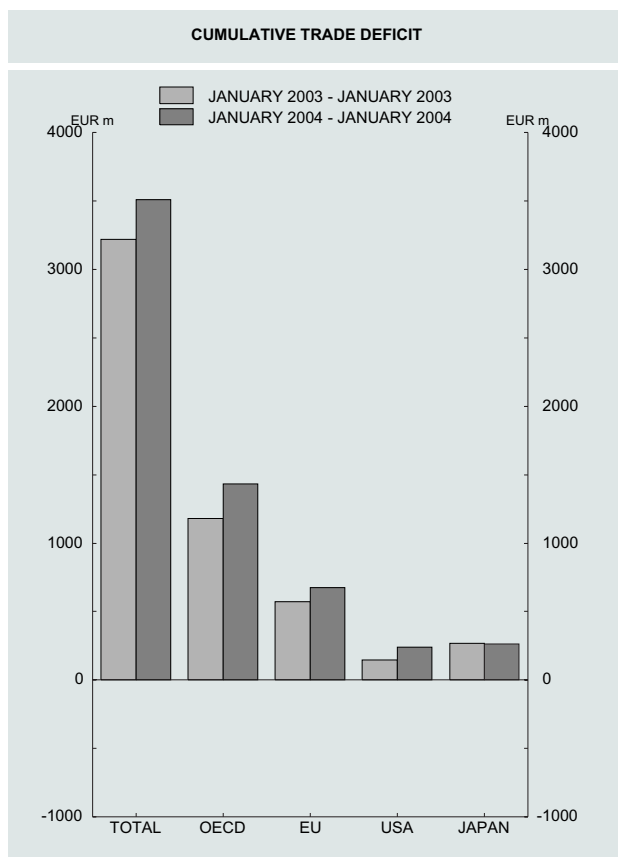
(a) Series deflated by unit value indices.

7.5 Spanish foreign trade with other euro area countries and with the rest of the world.
Trade balance: geographical distribution

■ Series depicted in chart.

EUR millions

	1	OECD											13	14	15	16					
		2	European Union						8	9	10	11					12				
			3	Euro area			United Kingdom	Other EU members										United States of America	Japan	Other OECD members	
				4	of which:																
					5	6															7
World total	Total	Total	Total	Germany	France	Italy						OPEC	Other American countries	Newly industrialised countries	Other						
00	-45 291	-26 645	-20 065	-5 968	-9 828	-4 873	-4 272	-1 861	-12 236	-2 707	-3 616	-258	-10 879	936	-2 151	-6 551					
01	-43 439	-24 992	-17 987	-4 974	-11 539	-3 683	-4 283	-462	-12 551	-2 219	-3 159	-1 627	-9 501	420	-2 176	-7 190					
02	-42 000	-22 665	-17 543	-5 753	-12 970	-3 436	-3 312	1 430	-13 220	-1 416	-3 224	-482	-7 771	-897	-2 176	-8 491					
03	-46 279	-25 084	-18 810	-20 249	-13 592	-3 187	-3 360	1 083	356	-1 138	-3 816	-1 321	-8 147	-1 466	-2 600	-8 982					
03 J-J	-3 221	-1 182	-572	-962	-836	-196	-76	299	91	-146	-268	-196	-895	-122	-242	-781					
04 J-J	-3 511	-1 432	-674	-1 029	-771	-180	-280	246	109	-240	-265	-253	-839	33	-241	-1 031					
03 Jan	-3 221	-1 182	-572	-962	-836	-196	-76	299	91	-146	-268	-196	-895	-122	-242	-781					
Feb	-3 171	-1 597	-1 140	-1 408	-1 045	-182	-219	231	37	-100	-217	-139	-715	19	-175	-703					
Mar	-3 417	-1 681	-1 177	-1 427	-1 159	-178	-208	171	78	-116	-311	-77	-807	6	-206	-730					
Apr	-3 309	-1 662	-1 217	-1 268	-945	-246	-115	41	10	-29	-311	-106	-628	-211	-220	-588					
May	-3 690	-2 108	-1 348	-1 406	-1 175	-139	-172	1	57	-252	-364	-144	-572	-113	-235	-661					
Jun	-3 746	-2 123	-1 579	-1 725	-1 098	-275	-238	118	29	-50	-375	-119	-611	-84	-232	-696					
Jul	-4 065	-2 282	-1 732	-2 021	-1 182	-219	-477	239	50	-59	-340	-150	-677	-162	-221	-724					
Aug	-3 820	-2 154	-1 772	-1 722	-1 068	-227	-305	-69	19	-61	-205	-116	-600	-155	-187	-724					
Sep	-4 850	-2 545	-2 096	-2 086	-1 369	-234	-416	-55	45	-97	-306	-45	-637	-308	-209	-1 153					
Oct	-4 109	-2 281	-1 875	-1 863	-1 216	-332	-282	54	-66	48	-382	-71	-697	-278	-197	-657					
Nov	-4 585	-2 758	-2 061	-2 111	-1 279	-465	-401	39	11	-194	-401	-102	-687	-114	-236	-789					
Dec	-4 295	-2 712	-2 239	-2 249	-1 221	-495	-452	16	-6	-82	-336	-54	-622	56	-241	-777					
04 Jan	-3 511	-1 432	-674	-1 029	-771	-180	-280	246	109	-240	-265	-253	-839	33	-241	-1 031					



Source: ME.

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

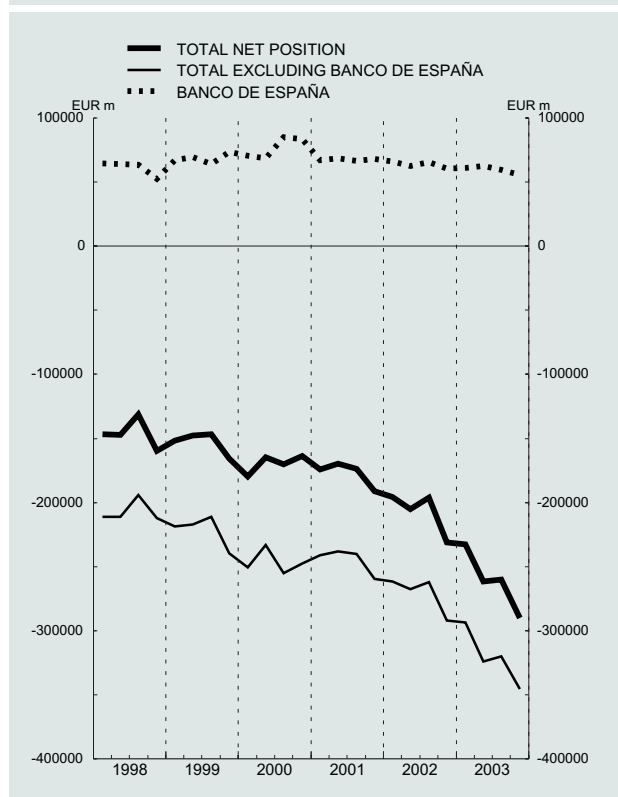
7.6. Spanish international investment position vis-à-vis other euro area residents and the rest of the world Summary

■ Series depicted in chart.

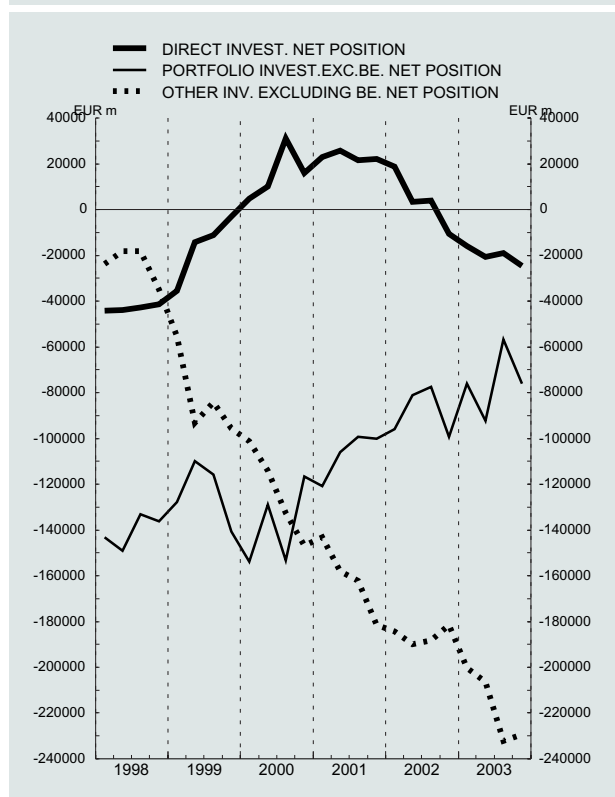
End-of-period stocks in EUR millions

	Total excluding Banco de España											Banco de España			
	Net international investment position (assets-liabil.)	Net position excluding Banco de España (assets-liabil.)	Direct investment			Portfolio investment			Other investment			Banco de España net position (assets-liabil.)	Reserves	Assets vis-à-vis the Euro-system	Other net assets (assets-liabil.)
			Net position (assets-liabil.)	Spanish investment abroad (assets)	Foreign investment in Spain (liabil.)	Net position (assets-liabil.)	Spanish investment abroad (assets)	Foreign investment in Spain (liabil.)	Net position (assets-liabil.)	Spanish investment abroad (assets)	Foreign investment in Spain (liabil.)				
95	-96 182	-123 548	-53 169	26 419	79 588	-85 681	13 788	99 469	15 301	128 920	113 619	27 366	27 263	-	102
96	-108 776	-156 178	-53 223	31 973	85 196	-104 857	17 421	122 278	1 901	132 144	130 243	47 403	47 658	-	-256
97	-121 700	-186 012	-45 445	45 849	91 293	-124 368	33 272	157 640	-16 199	141 754	157 952	64 311	64 174	-	137
98	-159 866	-212 409	-41 318	60 064	101 382	-136 177	73 123	209 300	-34 913	158 773	193 686	52 542	52 095	-	447
99	-165 773	-239 516	-3 178	112 275	115 452	-140 717	127 409	268 125	-95 622	148 074	243 695	73 743	37 288	36 028	427
00 Q4	-163 958	-247 474	16 088	171 847	155 759	-116 666	193 719	310 384	-146 896	159 492	306 388	83 516	38 234	45 278	4
01 Q1	-174 358	-241 352	22 888	183 943	161 055	-120 942	200 829	321 771	-143 298	188 311	331 609	66 994	41 380	27 355	-1 741
Q2	-169 775	-238 167	25 715	204 080	178 365	-105 928	219 383	325 311	-157 954	178 120	336 074	68 393	40 776	28 376	-759
Q3	-173 615	-240 044	21 426	202 287	180 861	-99 224	208 490	307 714	-162 246	170 351	332 596	65 429	39 971	27 762	-1 305
Q4	-191 396	-259 532	22 077	209 592	187 515	-100 066	232 765	332 831	-181 543	163 893	345 436	68 136	38 865	29 156	114
02 Q1	-195 577	-261 617	18 652	212 703	194 050	-95 829	245 199	341 028	-184 441	168 199	352 640	66 041	41 015	26 173	-1 148
Q2	-205 104	-267 584	3 266	203 035	199 769	-81 006	245 783	326 788	-189 844	173 667	363 511	62 480	36 400	26 005	75
Q3	R -196 274	-261 915	3 902	205 574	201 672	-77 612	240 510	318 122	-188 205	178 063	366 268	65 642	38 425	27 657	-440
Q4	-231 370	-291 998	-10 553	214 743	225 295	-99 890	257 858	357 748	-181 555	185 166	366 721	60 628	38 431	22 650	-453
03 Q1	-232 564	-293 601	-15 813	218 244	234 057	-77 566	279 559	357 124	-200 223	184 575	384 798	61 037	35 436	24 337	1 264
Q2	-261 658	-324 125	-20 627	216 847	237 474	-97 106	290 487	387 593	-206 392	183 202	389 594	62 468	31 326	26 766	4 376
Q3	-260 286	-320 023	-19 003	222 571	241 574	-68 825	312 595	381 420	-232 195	181 063	413 259	59 736	25 395	22 216	12 126
Q4	-290 124	-345 681	-24 505	223 030	247 535	-91 689	320 473	412 162	-229 487	187 970	417 457	55 557	21 229	18 269	16 058

INTERNATIONAL INVESTMENT POSITION



COMPONENTS OF THE POSITION



Source: BE.

Note: As from December 2002, portfolio investment data have been calculated using a new information system (see Banco de España Circular 2/2001 and note on changes introduced in the economic indicators). The incorporation of the new data under the heading 'shares and mutual funds' of other resident sectors entails a very significant break in the time series, both in the financial assets and the liabilities, so that the series have been revised back to 1992. This methodological change introduced by the new system also affects the rest of the headings, to some extent, but the effect does not justify a complete revision of the series.

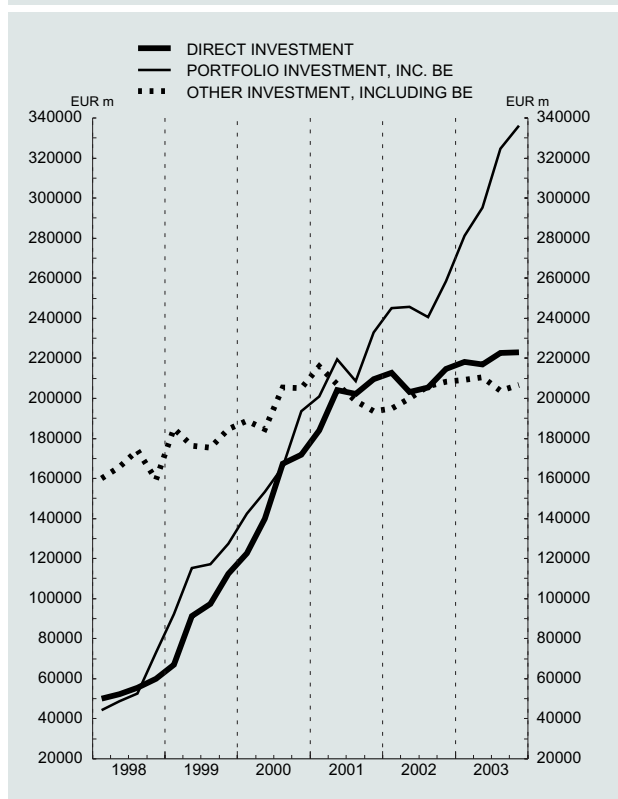
7.7. Spanish international investment position vis-à-vis other euro area residents and the rest of the world. Breakdown by investment

■ Series depicted in chart.

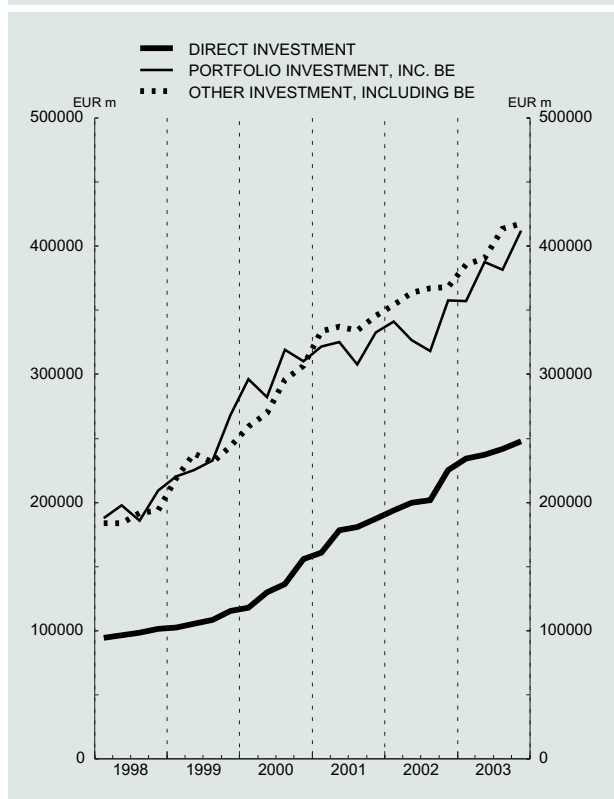
End-of-period stocks in EUR millions

	Direct investment				Portfolio investment, including Banco de España				Other investment, including Banco de España	
	Spanish investment abroad		Foreign investment in Spain		Spanish investment abroad		Foreign investment in Spain		Spanish investment abroad	Foreign investment in Spain
	Shares and other equities	Intercompany debt transactions	Shares and other equities	Intercompany debt transactions	Shares and mutual funds	Debt securities	Shares and mutual funds	Debt securities		
1	2	3	4	5	6	7	8	9	10	
95	24 520	1 899	66 930	12 658	3 226	10 562	36 897	62 572	129 101	113 697
96	29 633	2 340	71 683	13 513	4 272	13 149	53 370	68 908	132 326	130 680
97	42 705	3 143	78 261	13 033	9 918	23 354	75 414	82 226	141 937	157 999
98	54 370	5 693	84 022	17 360	20 249	52 874	116 698	92 603	159 271	193 737
99	104 807	7 467	97 447	18 005	42 288	85 121	145 948	122 177	184 563	243 729
00 Q4	158 803	13 043	129 955	25 804	83 927	109 792	147 521	162 864	205 228	306 842
01 Q1	167 097	16 846	132 506	28 549	79 346	121 483	152 351	169 420	216 082	333 766
Q2	185 397	18 683	144 585	33 779	80 549	138 834	149 410	175 902	206 921	337 259
Q3	181 795	20 492	146 839	34 023	66 943	141 547	124 216	183 499	198 546	334 334
Q4	189 007	20 585	150 244	37 272	74 623	158 142	144 151	188 680	193 461	345 734
02 Q1	191 762	20 940	148 624	45 426	75 523	169 677	148 497	192 530	194 812	354 227
Q2	186 105	16 930	154 641	45 129	65 240	180 543	128 578	198 211	200 112	363 876
Q3	R 186 781	18 793	154 339	47 333	56 609	183 901	103 690	214 432	206 132	367 120
Q4	196 873	17 870	174 445	50 850	50 675	207 669	116 962	240 786	208 247	368 092
03 Q1	199 954	18 290	183 166	50 891	47 280	233 883	116 362	240 763	209 369	385 596
Q2	198 461	18 386	185 992	51 482	51 867	243 395	133 809	253 784	210 439	390 465
Q3	205 574	16 997	187 742	53 832	58 324	266 288	130 590	250 830	203 702	413 572
Q4	207 118	15 913	186 325	61 210	64 587	271 582	147 458	264 704	206 694	417 549

SPANISH INVESTMENT ABROAD



FOREIGN INVESTMENT IN SPAIN



Source: BE.

Nota: See footnote to Indicator 7.6

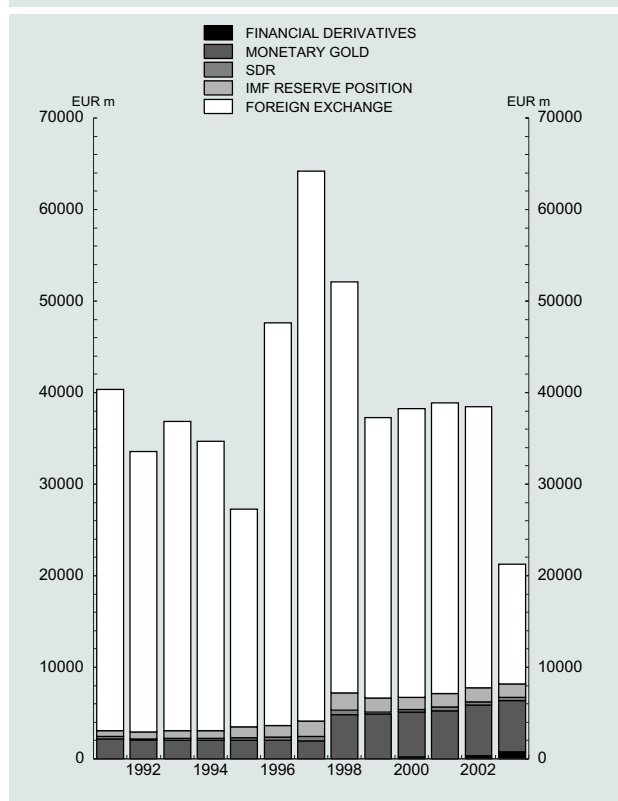
7.8. Spanish reserve assets

■ Series depicted in chart.

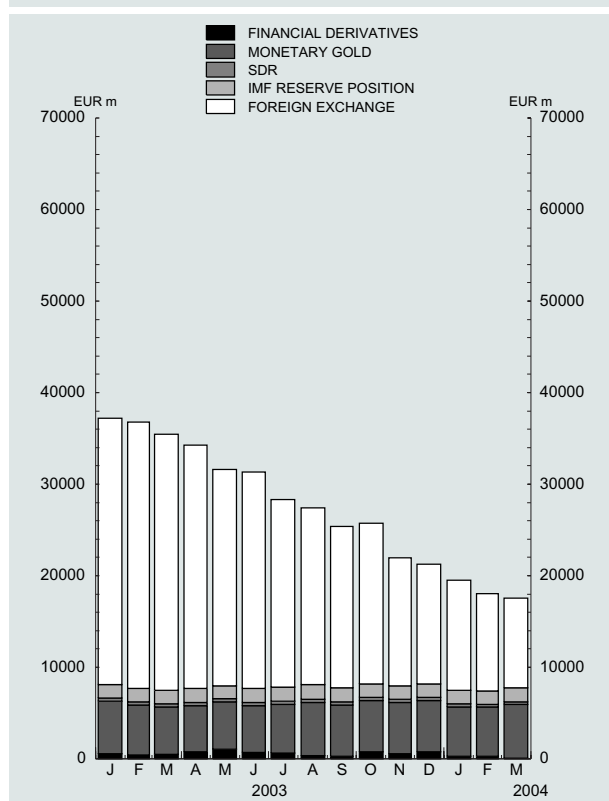
EUR millions

		Reserve assets						Memorandum item: gold
		Total	Foreign exchange	Reserve position in the IMF	SDRs	Monetary gold	Financial derivatives	Millions of troy ounces
		1	2	3	4	5	6	7
99	R	37 288	30 639	1 517	259	4 873	...	16.8
00		38 234	31 546	1 271	312	4 931	175	16.8
01		38 865	31 727	1 503	398	5 301	-63	16.8
02								
	Oct	38 268	30 317	1 575	396	5 401	580	16.8
	Nov	39 125	31 730	1 568	394	5 401	32	16.8
	Dec	38 431	30 695	1 518	337	5 500	382	16.8
03								
	Jan	37 232	29 123	1 468	331	5 747	563	16.8
	Feb	36 768	29 100	1 467	337	5 426	439	16.8
	Mar	35 436	27 950	1 455	334	5 180	517	16.8
	Apr	34 290	26 626	1 503	329	5 084	748	16.8
	May	31 576	23 586	1 446	318	5 169	1 056	16.8
	Jun	31 326	23 650	1 531	330	5 083	731	16.8
	Jul	28 307	20 490	1 536	332	5 297	653	16.8
	Aug	27 436	19 336	1 625	340	5 763	373	16.8
	Sep	25 395	17 626	1 579	330	5 553	306	16.8
	Oct	25 744	17 528	1 505	332	5 592	787	16.8
	Nov	21 942	13 967	1 487	338	5 583	566	16.8
	Dec	21 229	13 073	1 476	328	5 559	793	16.8
04								
	Jan	19 497	11 984	1 499	333	5 424	258	16.8
	Feb	18 015	10 609	1 429	332	5 349	296	16.8
	Mar	17 578	9 790	1 532	337	5 823	95	16.8

RESERVE ASSETS
END-OF-YEAR POSITIONS



RESERVE ASSETS
END-OF-MONTH POSITIONS



Source: BE.

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

7.9. Spain's external debt vis-à-vis other euro area residents and the rest of the world Summary

End-of-period positions

EUR millions

	General government							Other monetary financial institutions				
	Total	Short-term		Long-term			Total	Short-term		Long-term		
		Money market instruments	Loans	Bonds and notes	Loans	Trade credits		Money market instruments	Deposits	Bonds and notes	Deposits	
1	2	3	4	5	6	7	8	9	10	11	12	
03 Q1	688 811	180 381	2 128	707	167 247	10 298	- 328 192	314	165 842	39 543	122 493	
Q2	709 040	185 460	3 007	264	172 304	9 886	- 341 315	322	170 813	46 442	123 738	
Q3	734 822	176 148	3 615	1 777	160 960	9 795	- 363 525	353	183 339	50 032	129 801	
Q4	763 516	171 705	4 505	332	156 917	9 950	- 374 931	279	187 752	57 208	129 692	

7.9.(cont.) Spain's external debt vis-à-vis other euro area residents and the rest of the world Summary

End-of-period positions

EUR millions

	Monetary authority		Other residents sectors								Direct investment		
	Total	Short-term	Total	Short-term			Long-term			Total	Vis-à-vis		
		Deposits		Money market instruments	Loans	Other liabilities	Bonds and notes	Loans	Trade credits		Other liabilities	Direct investors	Subsidiaries
13	14	15	16	17	18	19	20	21	22	23	24	25	
03 Q1	798	798	116 988	2 678	19 303	123	28 852	65 058	435	539	62 452	32 895	29 558
Q2	870	870	116 603	2 497	17 858	77	29 212	66 015	427	516	64 791	33 050	31 741
Q3	313	313	124 416	2 417	20 425	78	33 452	67 125	408	510	70 420	32 808	37 612
Q4	92	92	135 525	2 434	19 226	-58	43 360	69 660	393	510	81 264	38 128	43 135

Source: BE.

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

Average of daily data, EUR millions

	Net lending							Counterparts							
	Open market operations				Standing facilities			Autonomous factors					Other liabilities (net) in euro	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	Bank-notes	Net liabilities to general government	Gold and net assets in foreign currency	Other (net)			
													1=2+3+4 +5+6-7	2	3	4	5	6	7	8=9+10 -11+12	9	10	11	12	13	14	15
02 Oct	193 872	148 869	44 998	-	56	75	127	58 134	330 432	-20 587	371 942	120 232	4 177	128 621	2 939
Nov	191 584	146 571	44 999	-	15	112	112	56 627	335 335	-25 028	372 012	118 331	4 581	128 304	2 072
Dec	224 798	176 656	45 000	1 818	22	1 503	201	85 045	359 811	-16 141	371 043	112 418	4 779	132 945	2 029
03 Jan	216 134	171 227	45 000	-	44	194	331	78 901	343 292	1 621	357 455	91 443	4 633	130 571	2 029
Feb	214 155	169 101	45 000	-	30	215	190	77 507	341 834	6 205	355 613	85 081	2 911	131 708	2 029
Mar	226 881	181 762	45 000	-	22	176	80	92 269	349 423	16 524	350 769	77 092	3 144	129 438	2 029
Apr	225 887	181 136	44 982	-	14	88	332	86 415	361 691	3 881	333 632	54 475	4 102	133 342	2 029
May	223 549	178 317	44 980	-175	21	580	174	87 720	366 841	1 040	332 823	52 662	4 657	129 143	2 029
Jun	242 725	197 701	44 990	-	58	295	320	101 582	375 152	7 666	330 087	48 852	5 590	133 523	2 029
Jul	254 311	209 174	45 000	-	28	434	324	114 625	385 074	10 053	317 476	36 974	5 239	132 418	2 029
Aug	255 246	210 142	44 995	-	25	169	86	116 331	392 180	5 045	315 573	34 679	4 933	131 952	2 029
Sep	262 453	218 091	44 995	-	30	74	738	122 059	392 051	13 425	315 294	31 878	4 982	133 383	2 029
Oct	247 661	202 783	45 000	-	28	100	250	110 659	396 275	-48	322 998	37 431	4 604	130 368	2 029
Nov	254 542	209 544	44 999	-	40	85	125	117 552	400 813	2 428	321 118	35 430	4 528	131 360	1 103
Dec	284 335	238 653	45 000	-	20	755	92	146 710	424 335	7 259	319 186	34 302	4 250	132 321	1 054
04 Jan	275 539	229 365	45 909	-	23	352	109	135 688	421 010	-2 873	306 360	23 910	2 600	136 198	1 054
Feb	273 026	217 065	56 000	-	14	237	290	135 227	417 374	2 714	303 312	18 450	2 293	134 453	1 054
Mar	283 136	218 533	64 999	-	48	84	528	145 578	423 041	9 494	299 843	12 886	1 713	134 791	1 054

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

Average of daily data, EUR millions

	Net lending							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	Bank-notes	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	2	3	4	5	6	7	8=9+10 -11+12	9	10	11	12	13=14+ +15	14	15	16	17
02 Oct	14 989	13 132	1 853	-	4	-	0	27 892	51 039	6 659	40 885	11 079	-24 071	-24 127	55	11 168	-
Nov	15 012	13 603	1 408	-	1	-	-	26 708	51 322	6 683	41 878	10 581	-23 566	-23 634	67	11 870	-
Dec	14 968	13 660	1 106	185	5	21	10	26 241	54 148	3 752	42 276	10 617	-22 641	-22 533	-108	11 368	-
03 Jan	15 510	14 845	670	-	8	1	13	25 487	52 831	3 594	40 512	9 574	-21 385	-21 064	-322	11 409	-
Feb	13 802	12 818	982	-	2	-	0	23 953	52 233	3 482	40 161	8 400	-21 027	-20 511	-515	10 875	-
Mar	16 858	15 631	1 228	-	-3	1	0	26 245	53 103	4 618	39 800	8 324	-21 571	-20 738	-834	12 184	-
Apr	15 460	14 563	900	-	-3	-	-	28 617	54 799	5 628	37 706	5 897	-24 679	-23 845	-833	11 522	-
May	16 142	15 771	367	-	4	-	-	29 707	54 804	6 792	36 619	4 730	-25 126	-24 535	-591	11 562	-
Jun	17 225	17 096	123	-	6	-	0	31 927	55 832	8 040	35 483	3 538	-26 074	-25 645	-429	11 371	-
Jul	18 096	17 719	410	-	5	-	37	30 278	57 570	5 051	32 508	165	-24 062	-23 644	-418	11 880	-
Aug	30 083	28 880	1 209	-	-5	-	-	30 350	57 898	4 681	29 732	-2 497	-12 216	-11 568	-648	11 949	-
Sep	26 635	25 331	1 311	-	-1	-	6	29 945	57 317	6 077	28 723	-4 726	-16 374	-15 599	-775	13 064	-
Oct	22 461	21 098	1 374	-	-1	0	11	29 058	57 688	6 847	28 698	-6 780	-18 702	-17 669	-1 033	12 105	-
Nov	20 801	20 121	665	-	15	-	1	31 189	58 180	8 209	26 491	-8 709	-22 211	-21 156	-1 056	11 823	-
Dec	25 566	25 044	519	-	1	4	2	31 667	61 277	6 017	25 557	-10 069	-18 163	-17 124	-1 039	12 063	-
04 Jan	27 131	26 821	306	-	4	0	-	31 118	61 418	5 215	23 579	-11 936	-17 059	-16 088	-970	13 071	-
Feb	24 426	23 140	1 284	-	2	-	-	29 157	60 837	5 076	22 214	-14 541	-16 993	-15 976	-1 017	12 262	-
Mar	25 205	23 147	2 035	-	29	-	6	30 229	61 787	6 007	21 501	-16 064	-17 935	-16 675	-1 260	12 911	-

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

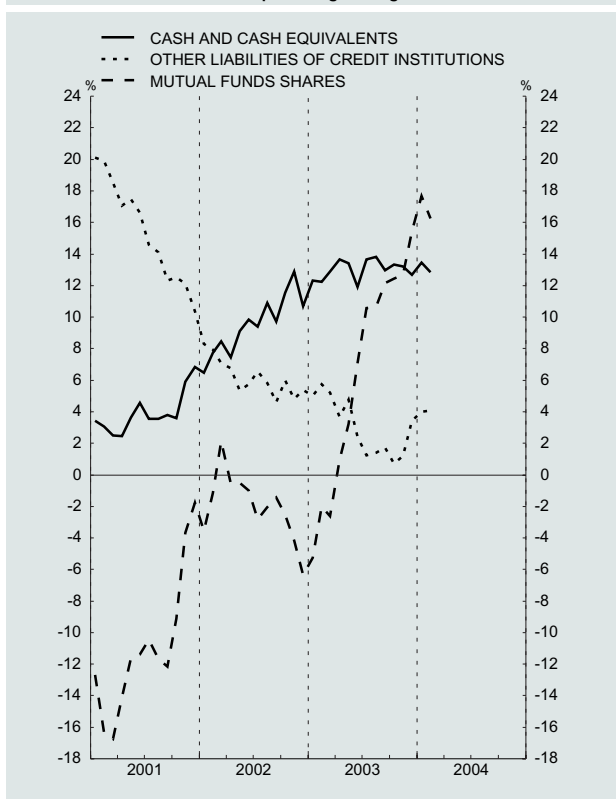
8.2 Cash and cash equivalents, other liabilities of credit institutions and mutual funds shares (a) of non-financial corporations, households and NPISHs resident in Spain

■ Series depicted in chart.

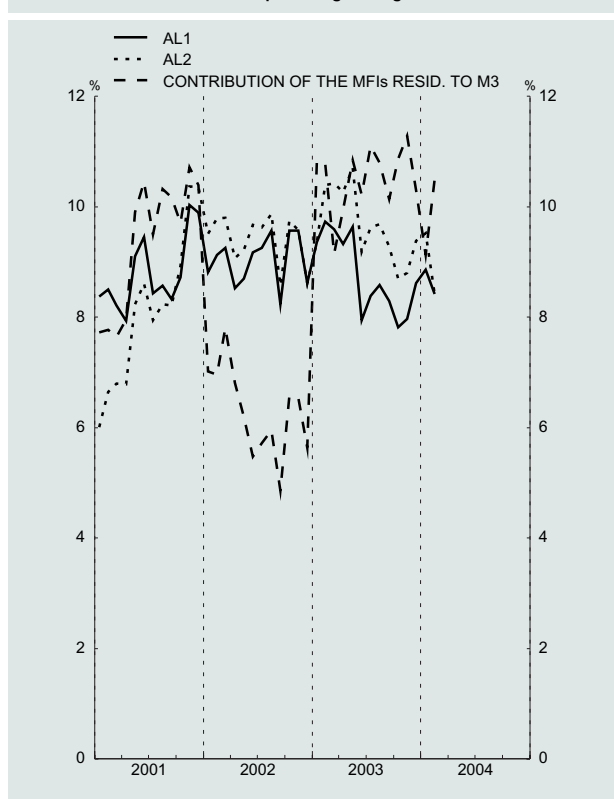
EUR millions and %

	Cash and cash equivalents					Other liabilities of credit institutions					Mutual funds shares				Memorandum items			
	Stocks	12-month % change	12-month % change			Stocks	12-month % change	12-month % change			Stocks	12-month % change	12-month % change			AL1 (d)	AL2 (e)	Contribution of the MFIs resid. to M3
			Cash	Sight deposits	Savings deposits (b)			Other deposits (c)	Repos + credit institutions' securities	Deposits in branches abroad			Money market funds	Fixed income mutual funds in EUR	Other mutual funds			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
01	291 310	6.8	-21.3	16.0	11.8	254 134	10.4	13.0	10.8	-20.6	155 663	-1.8	33.8	20.4	-17.5	9.9	10.4	10.4
02	322 417	10.7	23.4	10.3	6.5	267 803	5.4	6.9	0.2	4.2	145 758	-6.4	14.1	8.6	-21.3	8.6	8.6	5.6
03	363 366	12.7	24.8	7.8	13.1	276 972	3.4	2.2	9.3	-2.0	168 291	15.5	10.1	24.7	14.7	8.6	9.4	10.3
02 Nov	315 459	12.9	8.6	17.8	9.7	267 892	4.8	6.3	2.0	-5.1	148 095	-4.2	16.5	9.9	-18.5	9.6	9.6	6.5
02 Dec	322 417	10.7	23.4	10.3	6.5	267 803	5.4	6.9	0.2	4.2	145 758	-6.4	14.1	8.6	-21.3	8.6	8.6	5.6
03 Jan	315 517	12.3	26.5	13.3	6.5	270 789	5.0	6.0	3.6	-2.6	145 138	-5.3	16.3	9.3	-21.2	9.4	9.4	10.8
03 Feb	319 972	12.2	26.2	12.8	6.7	272 736	5.7	5.7	4.0	11.4	148 824	-2.0	17.5	23.2	-21.1	9.7	10.4	10.8
03 Mar	327 084	12.9	36.5	12.6	5.5	273 290	5.2	4.6	6.4	8.4	150 592	-2.6	13.9	26.9	-21.9	9.6	10.4	9.1
03 Apr	327 397	13.7	33.7	13.3	7.1	270 678	3.7	3.8	5.1	-1.8	154 491	1.0	14.6	28.6	-16.7	9.3	10.3	10.0
03 May	331 134	13.4	29.7	12.4	8.6	272 594	4.8	5.6	3.0	-0.3	157 560	3.2	13.2	31.7	-13.3	9.6	10.7	10.8
03 Jun	345 081	11.9	27.0	9.0	9.6	268 750	2.4	4.2	-0.6	-9.4	161 029	7.1	13.3	34.0	-7.3	7.9	9.2	10.2
03 Jul	346 429	13.6	25.7	11.2	11.6	266 976	1.3	2.5	-2.4	-2.9	162 982	10.6	14.7	34.7	-2.1	8.4	9.6	11.1
03 Aug	345 667	13.8	25.5	11.9	11.3	270 013	1.4	1.9	-0.5	0.7	163 610	10.7	15.6	31.8	-1.5	8.6	9.7	10.8
03 Sep	348 607	13.0	24.7	10.0	11.7	268 557	1.7	2.5	0.0	-2.5	163 035	12.2	14.7	28.6	3.0	8.3	9.3	10.1
03 Oct	346 009	13.3	25.3	9.5	12.6	270 252	0.7	0.4	6.5	-12.9	165 486	12.5	12.8	25.8	6.1	7.8	8.7	10.9
03 Nov	357 161	13.2	25.5	8.9	13.0	271 072	1.2	0.5	6.7	-8.8	166 899	12.7	11.3	25.4	7.8	8.0	8.8	11.3
03 Dec	363 366	12.7	24.8	7.8	13.1	276 972	3.4	2.2	9.3	-2.0	168 291	15.5	10.1	24.7	14.7	8.6	9.4	10.3
04 Jan	P 357 931	13.4	24.7	8.8	13.8	281 573	4.0	2.1	11.6	3.3	170 798	17.7	6.2	22.5	23.7	8.9	9.5	9.1
04 Feb	P 361 068	12.8	23.6	8.6	13.1	283 859	4.1	2.1	19.3	-18.8	173 007	16.2	3.6	8.4	30.3	8.4	8.4	10.5

NON-FINANCIAL CORPORATIONS, HOUSEHOLDS AND NPISHs
Annual percentage change



NON-FINANCIAL CORPORATIONS, HOUSEHOLDS AND NPISHs
Annual percentage change



Source: BE.

(a) This concept refers to the instruments included in the headings of the table, issued by resident credit institutions and mutual funds. The exception is column 10, which includes deposits in Spanish bank branches abroad.

(b) Deposits redeemable at up to and including 3 months' notice.

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

(d) Defined as cash and cash equivalents, other liabilities of credit institutions and money market fund shares.

(e) Defined as AL1 plus fixed income mutual fund shares in euro.

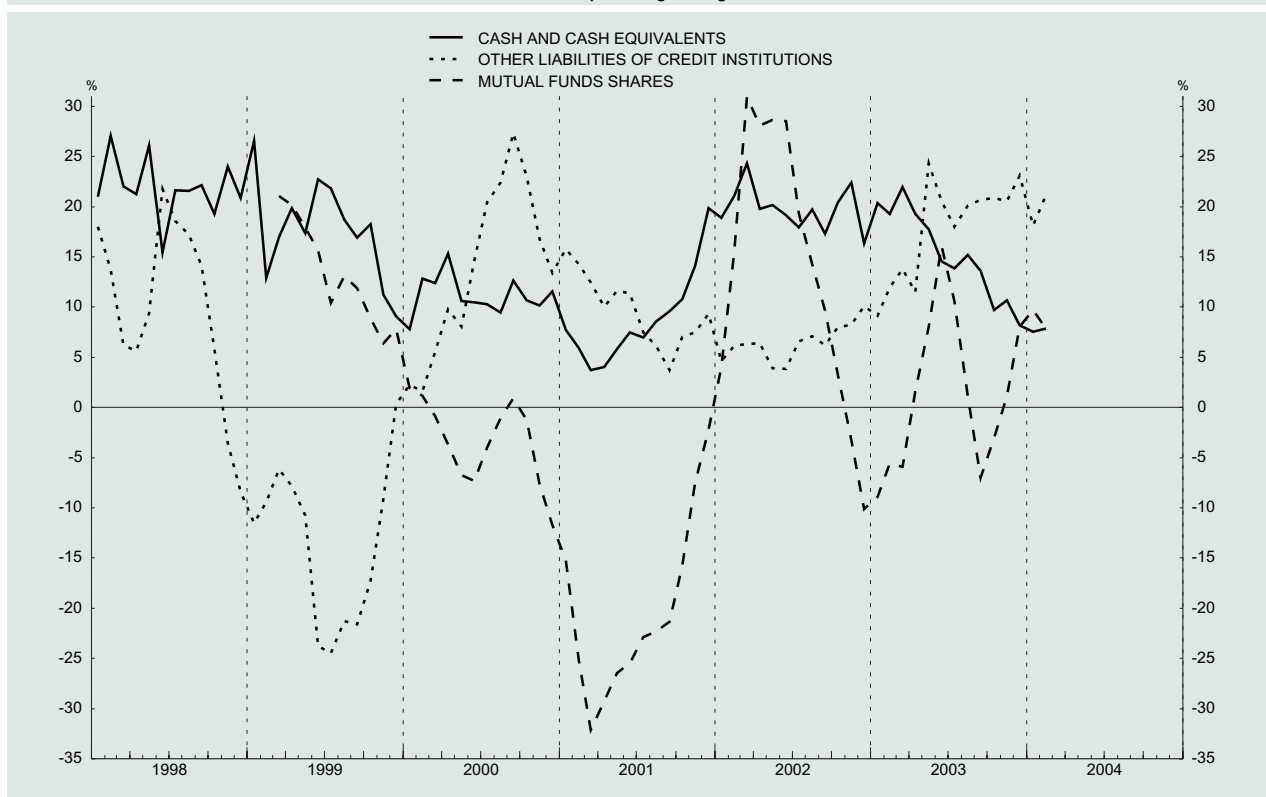
8.3 Cash and cash equivalents, other liabilities of credit institutions and mutual funds shares of non-financial corporations resident in Spain (a)

■ Series depicted in chart.

EUR millions and %

	Cash and cash equivalents				Other liabilities of credit institutions				Mutual funds shares (b)				
	Stocks	Annual growth rate	Annual growth rate		Stocks	Annual growth rate	Annual growth rate		Stocks	Annual growth rate	Annual growth rate		
			Cash and shigt deposits	Saving deposits (c)			Other deposits (d)	Repos + credit instit. securit. + dep. in branches abroad			Money market funds	Fixed income mutual funds in EUR	Other mutual funds
1	2	3	4	5	6	7	8	9	10	11	12	13	
01	66 520	19.9	20.2	10.7	43 222	9.3	16.7	5.6	15 282	-2.2	86.1	14.1	-21.8
02	77 375	16.3	15.6	39.5	47 579	10.1	19.1	5.2	13 730	-10.2	16.3	2.5	-25.7
03	83 696	8.2	7.9	15.6	58 568	23.1	39.2	13.1	14 839	8.1	10.3	13.2	4.1
02 Nov	74 602	22.4	22.0	34.0	45 332	8.2	16.3	3.5	14 444	-3.2	20.9	10.4	-18.1
02 Dec	77 375	16.3	15.6	39.5	47 579	10.1	19.1	5.2	13 730	-10.2	16.3	2.5	-25.7
03 Jan	75 487	20.3	19.9	31.8	46 923	9.1	10.9	8.1	13 721	-8.9	17.9	3.6	-25.3
03 Feb	76 047	19.3	18.6	38.8	47 960	12.0	17.1	8.9	14 125	-5.6	18.6	17.3	-24.9
03 Mar	79 709	22.0	21.7	31.0	49 513	13.8	15.3	12.9	14 353	-5.9	14.4	21.4	-25.3
03 Apr	77 684	19.3	19.2	21.5	48 177	11.5	16.1	8.7	15 621	1.6	15.4	30.1	-15.7
03 May	78 293	17.8	17.6	23.8	53 482	24.3	47.1	10.4	16 874	8.0	14.5	40.3	-7.7
03 Jun	81 835	14.5	14.3	20.6	52 119	20.5	46.7	4.5	18 184	16.1	14.9	49.4	3.4
03 Jul	78 825	13.8	13.8	14.9	50 797	18.0	44.8	0.9	16 962	10.6	12.5	35.9	-11.2
03 Aug	79 040	15.2	15.1	18.1	52 583	20.1	46.3	3.6	15 553	1.1	9.8	18.6	-1.4
03 Sep	80 696	13.6	13.2	24.7	52 895	20.7	47.5	3.8	14 054	-7.0	5.4	1.6	-18.6
03 Oct	77 600	9.7	9.4	17.8	54 137	20.9	38.8	9.3	14 373	-3.0	6.6	4.0	-12.3
03 Nov	82 550	10.7	10.0	28.3	54 658	20.6	39.8	7.9	14 604	1.1	8.2	8.5	-6.7
03 Dec	83 696	8.2	7.9	15.6	58 568	23.1	39.2	13.1	14 839	8.1	10.3	13.2	4.1
04 Jan	P 81 161	7.5	6.8	27.0	55 439	18.1	39.9	5.3	15 052	9.7	6.5	10.4	11.5
04 Feb	P 82 012	7.8	8.3	-4.6	58 085	21.1	30.5	15.1	15 240	7.9	4.1	-2.8	16.8

NON-FINANCIAL CORPORATIONS Annual percentage change



Source: BE.

(a) To December 2002 the frequency of this information was quarterly. The annual growth rates for months for which there is no information have been calculated using the figure obtained from the linear interpolation of the quarterly data.

(b) This concept refers to the instruments included in the headings of the table, issued by resident credit institutions and mutual funds. The exception is column 8, which includes deposits in Spanish bank branches abroad.

(c) Deposits redeemable at up to and including 3 months' notice.

(d) Deposits redeemable at over 3 months' notice and time deposits.

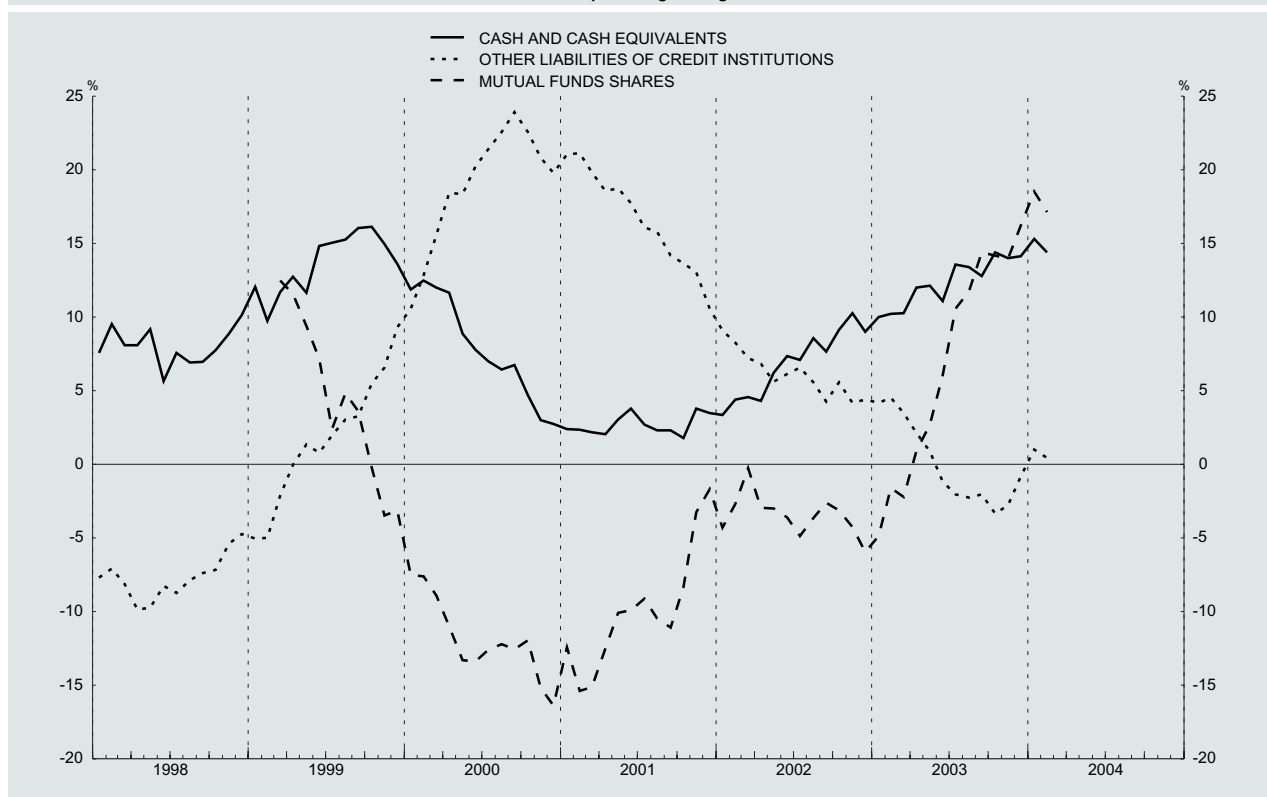
8.4 Cash and cash equivalents, other liabilities of credit institutions and mutual funds shares of households and NPISHs resident in Spain (a)

■ Series depicted in chart.

EUR millions and %

	Cash and cash equivalents					Other liabilities of credit institutions				Mutual funds shares (b)				
	Stocks	Annual growth rate	Annual growth rate			Stocks	Annual growth rate	Annual growth rate		Stocks	Annual growth rate	Annual growth rate		
			Cash	Shigt deposits	Saving deposits (c)			Other deposits (d)	Repos + credit instit. securit. + dep. in branches abroad			Money market funds	Fixed income mutual funds in EUR	Other mutual funds
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
01	224 789	3.5	-22.6	12.1	11.8	210 912	10.6	12.7	1.5	140 381	-1.7	30.2	21.2	-16.9
02	245 042	9.0	21.3	6.9	5.9	220 224	4.4	5.8	-2.3	132 028	-6.0	13.9	9.3	-20.8
03	279 670	14.1	25.3	8.2	13.0	218 403	-0.8	-1.4	2.3	153 452	16.2	10.1	25.9	15.8
02 Nov	240 857	10.3	6.8	14.7	9.2	222 560	4.2	5.5	-1.9	133 651	-4.2	16.1	9.9	-18.5
02 Dec	245 042	9.0	21.3	6.9	5.9	220 224	4.4	5.8	-2.3	132 028	-6.0	13.9	9.3	-20.8
03 Jan	240 030	10.0	24.6	8.4	6.0	223 866	4.2	5.6	-2.1	131 416	-4.9	16.1	9.9	-20.7
03 Feb	243 925	10.2	24.5	8.9	6.1	224 776	4.5	4.7	3.6	134 699	-1.6	17.3	23.8	-20.7
03 Mar	247 375	10.3	34.9	5.8	5.0	223 778	3.5	3.7	2.6	136 239	-2.2	13.8	27.5	-21.5
03 Apr	249 714	12.0	32.4	9.2	6.8	222 500	2.1	2.7	-0.3	138 870	0.9	14.5	28.5	-16.8
03 May	252 841	12.1	28.7	8.7	8.3	219 111	0.9	1.8	-3.5	140 686	2.7	13.1	30.7	-14.0
03 Jun	263 245	11.1	26.2	4.8	9.3	216 631	-1.2	0.3	-7.8	142 844	6.0	13.1	32.2	-8.6
03 Jul	267 604	13.6	25.1	9.7	11.5	216 179	-2.0	-1.4	-4.9	146 020	10.6	14.9	34.5	-2.2
03 Aug	266 627	13.4	25.2	9.6	11.2	217 430	-2.3	-2.2	-2.8	148 057	11.8	16.3	33.4	-0.3
03 Sep	267 911	12.8	24.6	7.5	11.4	215 662	-2.1	-1.7	-3.7	148 981	14.4	15.7	31.8	5.5
03 Oct	268 409	14.4	25.4	10.3	12.5	216 115	-3.3	-3.2	-3.8	151 113	14.2	13.5	28.3	8.2
03 Nov	274 611	14.0	25.8	8.4	12.7	216 413	-2.8	-3.3	-0.3	152 295	13.9	11.7	27.3	9.4
03 Dec	279 670	14.1	25.3	8.2	13.0	218 403	-0.8	-1.4	2.3	153 452	16.2	10.1	25.9	15.8
04 Jan	P 276 770	15.3	25.3	11.4	13.5	226 134	1.0	-1.5	13.1	155 745	18.5	6.1	23.7	25.0
04 Feb	P 279 055	14.4	24.0	9.2	13.5	225 775	0.4	-0.8	6.2	157 767	17.1	3.5	9.6	31.8

HOUSEHOLDS AND NPISH
Annual percentage change



Source: BE.

(a) To December 2002 the frequency of this information was quarterly. The annual growth rates for months for which there is no information have been calculated using the figure obtained from the linear interpolation of the quarterly data.

(b) This concept refers to the instruments included in the headings of the table, issued by resident credit institutions and mutual funds. The exception is column 9, which includes deposits in Spanish bank branches abroad.

(c) Deposits redeemable at up to and including 3 months' notice.

(d) Deposits redeemable at over 3 months' notice and time deposits.

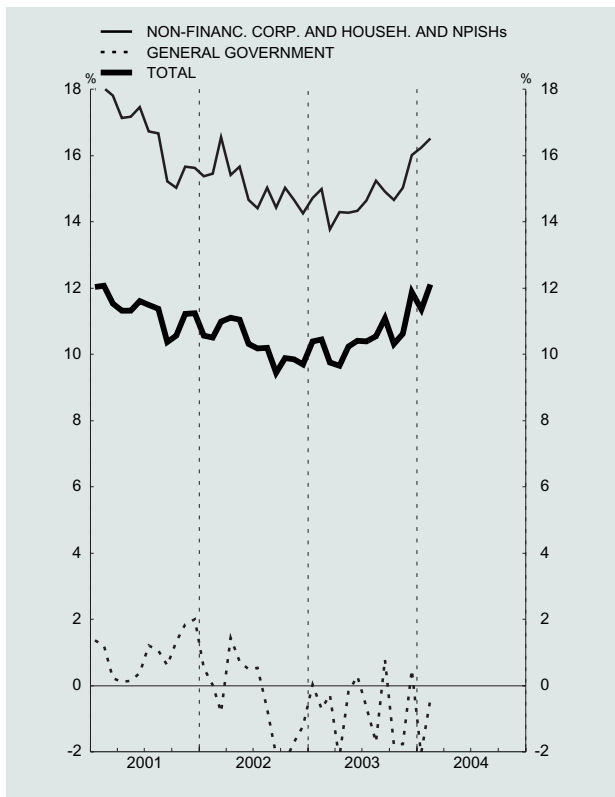
8.5. Financing of non-financial sectors resident in Spain (a)

■ Series depicted in chart.

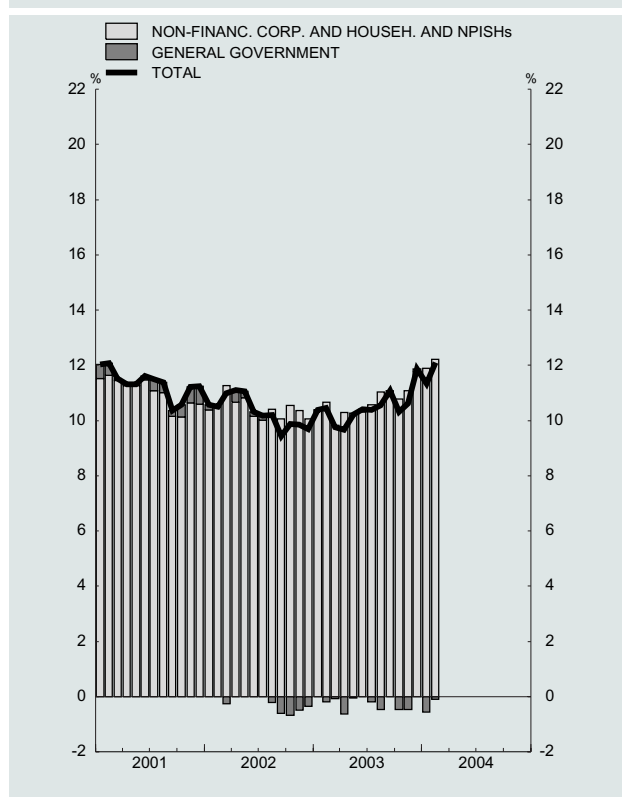
EUR millions and %

	Total			Annual growth rate					Contribution to col.3					Memorandum items: securitisation funds
	Stocks	Effective flow	Annual growth rate	General government (b)	Non-financ. corp. and househ. and NPISHs			General government (b)	Non-financ. corp. and househ. and NPISHs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
01	1 098 394	110 905	11.2	2.0	15.6	13.8	4.9	28.4	0.6	10.6	7.9	0.1	2.7	24 568
02	1 204 081	106 483	9.7	-1.2	14.3	14.4	-17.5	17.4	-0.4	10.1	8.4	-0.2	1.9	38 989
03	1 353 080	143 042	11.9	0.5	16.0	16.5	5.4	14.6	0.1	11.8	10.0	0.1	1.7	56 850
02 Nov	1 187 992	11 794	9.8	-1.7	14.7	14.8	-17.8	17.9	-0.5	10.4	8.6	-0.2	2.0	35 884
02 Dec	1 204 081	17 163	9.7	-1.2	14.3	14.4	-17.5	17.4	-0.4	10.1	8.4	-0.2	1.9	38 989
03 Jan	1 215 172	11 943	10.4	0.0	14.7	15.4	-16.0	14.7	0.0	10.4	8.9	-0.2	1.7	38 789
03 Feb	1 215 383	-595	10.5	-0.7	15.0	15.6	-15.2	15.4	-0.2	10.7	9.1	-0.2	1.7	38 897
03 Mar	1 232 050	16 138	9.8	-0.3	13.8	14.7	-17.0	12.6	-0.1	9.8	8.6	-0.2	1.5	40 538
03 Apr	1 233 694	2 328	9.7	-2.2	14.3	15.6	-17.6	11.1	-0.6	10.3	9.2	-0.2	1.3	41 968
03 May	1 250 474	16 209	10.2	-0.2	14.3	15.7	-11.1	9.6	-0.0	10.3	9.3	-0.1	1.1	41 810
03 Jun	1 273 053	21 647	10.4	0.3	14.3	15.6	-12.3	10.5	0.1	10.3	9.3	-0.1	1.2	43 738
03 Jul	1 284 909	11 283	10.4	-0.6	14.6	15.6	-10.6	12.1	-0.2	10.6	9.3	-0.1	1.4	44 889
03 Aug	1 286 839	-1 282	10.6	-1.7	15.2	15.8	-9.7	14.9	-0.5	11.0	9.4	-0.1	1.7	44 980
03 Sep	1 298 866	13 894	11.1	0.8	14.9	15.5	-9.0	14.2	0.2	10.9	9.3	-0.1	1.7	49 888
03 Oct	1 301 226	735	10.3	-1.8	14.7	15.5	-2.4	11.9	-0.5	10.8	9.4	-0.0	1.4	51 375
03 Nov	1 318 935	16 633	10.6	-1.8	15.0	16.3	0.5	9.6	-0.5	11.1	9.9	0.0	1.1	52 548
03 Dec	1 353 080	34 109	11.9	0.5	16.0	16.5	5.4	14.6	0.1	11.8	10.0	0.1	1.7	56 850
04 Jan	P 1 359 743	6 770	11.3	-2.1	16.2	16.3	5.6	16.9	-0.6	11.9	9.9	0.1	2.0	57 223
04 Feb	P 1 368 326	8 675	12.1	-0.4	16.5	16.5	11.2	16.8	-0.1	12.2	10.1	0.1	2.0	57 472

FINANCING OF NON-FINANCIAL SECTORS
Annual percentage change



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



Source: BE.

GENERAL NOTE: Tables 8.2 to 8.7 were revised in September 2000, to take into account the criteria used to compile the Financial Accounts of the Spanish economy in accordance with ESA 95 (see the box appearing in the article "Evolución reciente de la economía española" in the September 2000 edition of the Boletín Económico).

(a) The annual percentage changes are calculated as the effective flow of the period / the stock at the beginning of the period.

(b) Total liabilities less deposits.

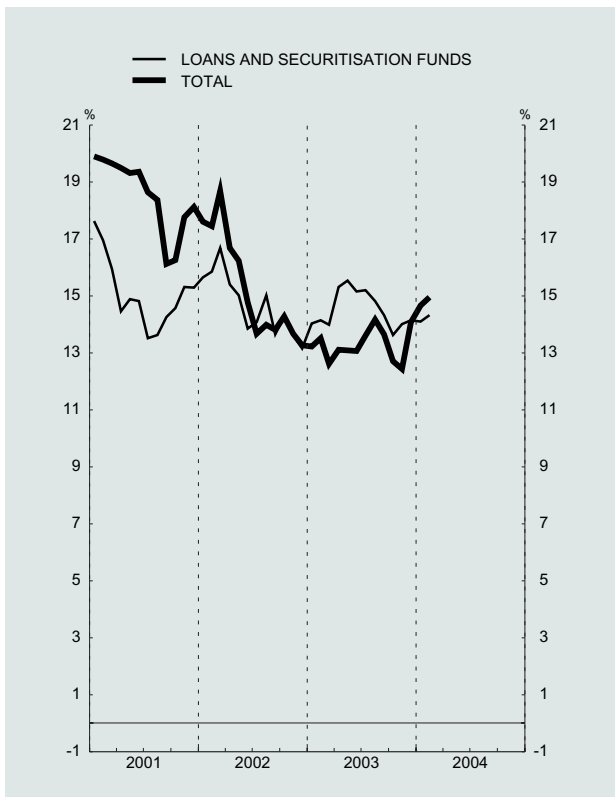
8.6. Financing of non-financial corporations resident in Spain (a)

■ Series depicted in chart.

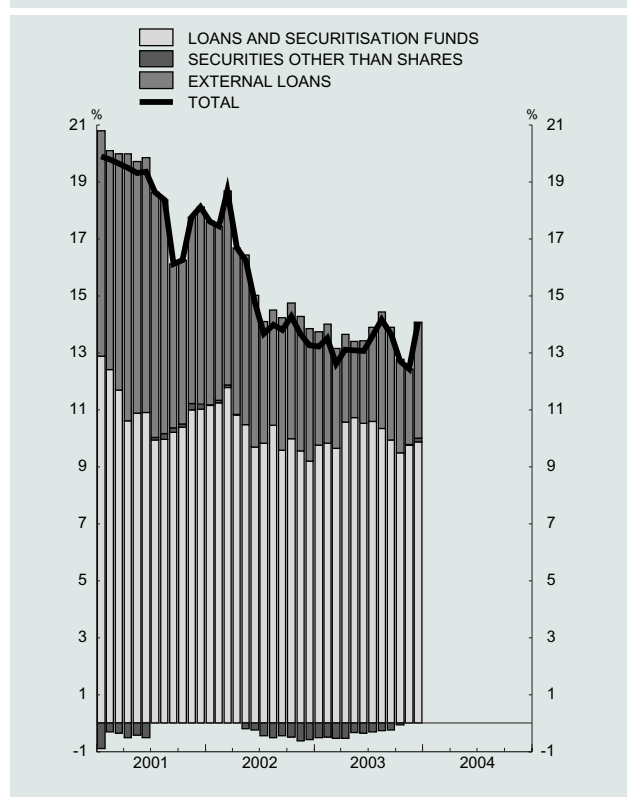
EUR millions and %

	Total			Resident credit institutions' loans and securitisation funds			Securities other than shares			External loans			Memorandum items: securitisation funds
	Stocks	Effective flow	Annual growth rate	Stocks	Annual growth rate	Contribution to col.3	Stocks	Annual growth rate	Contribution to col.3	Stocks	Annual growth rate	Contribution to col.3	
	1	2	3	4	5	6	7	8	9	10	11	12	13
01	452 074	69 065	18.1	316 517	15.3	11.0	14 761	4.9	0.2	120 797	28.5	6.9	14 395
02	511 970	60 010	13.3	357 330	13.1	9.2	12 178	-17.5	-0.6	142 462	17.4	4.6	20 949
03	590 426	72 005	14.1	407 232	14.1	9.9	12 841	5.4	0.1	170 352	14.6	4.1	24 955
02 Nov	506 635	6 016	13.7	353 409	13.6	9.6	12 505	-17.8	-0.6	140 720	17.8	4.7	19 856
02 Dec	511 970	6 282	13.3	357 330	13.1	9.2	12 178	-17.5	-0.6	142 462	17.4	4.6	20 949
03 Jan	513 881	2 736	13.2	359 917	14.0	9.8	12 253	-16.0	-0.5	141 711	14.6	4.0	21 064
03 Feb	518 520	3 817	13.5	361 784	14.1	9.8	12 446	-15.2	-0.5	144 290	15.3	4.2	21 020
03 Mar	526 878	7 788	12.6	367 613	14.0	9.7	12 203	-17.0	-0.5	147 062	12.5	3.5	21 203
03 Apr	533 103	6 889	13.1	373 989	15.3	10.6	11 871	-17.6	-0.5	147 243	11.0	3.1	21 894
03 May	536 112	2 417	13.1	376 546	15.5	10.7	12 281	-11.1	-0.3	147 284	9.6	2.7	21 614
03 Jun	543 276	6 169	13.1	382 237	15.2	10.5	12 042	-12.3	-0.4	148 997	10.4	2.9	21 644
03 Jul	551 055	7 183	13.6	387 832	15.2	10.6	11 983	-10.6	-0.3	151 240	12.0	3.3	21 440
03 Aug	556 812	2 518	14.2	387 928	14.8	10.3	12 039	-9.7	-0.3	156 845	14.9	4.1	21 640
03 Sep	560 528	5 539	13.7	391 144	14.3	9.9	12 054	-9.0	-0.2	157 331	14.2	3.9	23 578
03 Oct	568 450	6 261	12.7	395 952	13.6	9.5	12 763	-2.4	-0.1	159 734	11.8	3.3	23 468
03 Nov	574 911	5 335	12.4	402 279	14.0	9.8	12 566	0.5	0.0	160 067	9.5	2.6	23 586
03 Dec	590 426	15 353	14.1	407 232	14.1	9.9	12 841	5.4	0.1	170 352	14.6	4.1	24 955
04 Jan	P 596 376	6 001	14.6	409 957	14.1	9.9	12 940	5.6	0.1	173 479	16.9	4.6	24 611
04 Feb	P 602 375	6 040	14.9	412 936	14.3	10.0	13 844	11.2	0.3	175 595	16.8	4.7	24 617

FINANCING OF NON-FINANCIAL CORPORATIONS
Annual percentage change



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



Source: BE.

GENERAL NOTE: Tables 8.2 to 8.7 were revised in September 2000, to take into account the criteria used to compile the Financial Accounts of the Spanish economy in accordance with ESA 95 (see the box appearing in the article "Evolución reciente de la economía española" in the September 2000 edition of the Boletín Económico).

(a) The annual percentage changes are calculated as the effective flow of the period / the stock at the beginning of the period. To December 2002 the frequency of this information was quarterly. The annual growth rates for months for which there is no information have been calculated using the figure obtained from the linear interpolation of the quarterly data.

8.7. Financing of households and NPISHs resident in Spain (a)

■ Series depicted in chart.

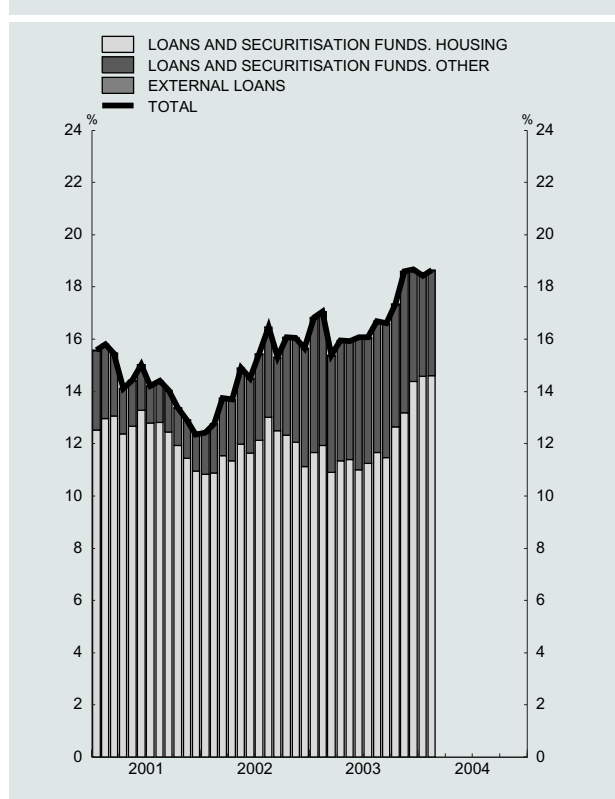
EUR millions and %

	Total			Resident credit institutions' loans and securitisation funds. Housing			Resident credit institutions' loans and securitisation funds. Other			External loans			Memorandum items: securitisation funds	
	Stocks	Effective flow	Annual growth rate	Stocks	Annual growth rate	Contribution to col.3	Stocks	Annual growth rate	Contribution to col.3	Stocks	Annual growth rate	Contribution to col.3	Housing	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
01	322 472	35 487	12.3	215 775	17.1	11.0	106 237	3.9	1.4	460	13.9	0.0	9 985	188
02	372 251	50 461	15.6	251 195	16.6	11.1	120 443	13.6	4.5	613	33.3	0.0	16 109	1 931
03	441 296	69 538	18.7	304 729	21.3	14.4	135 850	13.2	4.3	717	16.9	0.0	28 771	3 124
02 Nov	369 072	5 131	16.0	250 761	18.1	12.1	117 709	11.9	3.9	602	32.7	0.0	14 933	1 095
Dec	372 251	3 307	15.6	251 195	16.6	11.1	120 443	13.6	4.5	613	33.3	0.0	16 109	1 931
03 Jan	376 274	4 049	16.8	253 454	17.4	11.7	122 200	15.6	5.1	620	27.7	0.0	15 794	1 931
Feb	380 572	4 316	17.1	257 029	17.8	11.9	122 915	15.6	5.1	628	27.2	0.0	15 945	1 931
Mar	384 780	4 247	15.4	260 834	16.2	10.9	123 318	13.7	4.5	628	25.4	0.0	16 337	2 999
Apr	391 737	6 977	15.9	265 917	16.9	11.4	125 184	14.0	4.5	635	23.9	0.0	17 075	2 999
May	397 021	5 305	15.9	269 838	16.9	11.4	126 536	13.8	4.5	646	25.6	0.0	17 197	2 999
Jun	406 480	9 522	16.1	274 918	16.3	11.0	130 906	15.5	5.0	657	26.5	0.0	18 907	3 187
Jul	412 508	6 052	16.1	280 742	16.6	11.2	131 093	14.9	4.8	673	31.7	0.0	20 262	3 187
Aug	414 649	2 168	16.7	283 510	17.1	11.7	130 463	15.8	5.0	676	22.3	0.0	20 153	3 187
Sep	419 118	4 515	16.6	287 606	16.7	11.5	130 821	16.4	5.1	692	24.0	0.0	23 153	3 157
Oct	426 691	7 608	17.4	293 668	18.6	12.6	132 319	14.8	4.7	705	23.1	0.0	24 749	3 157
Nov	437 238	10 596	18.6	299 288	19.4	13.2	137 240	16.9	5.4	710	18.0	0.0	25 804	3 157
Dec	441 296	4 183	18.7	304 729	21.3	14.4	135 850	13.2	4.3	717	16.9	0.0	28 771	3 124
04 Jan	P 445 074	3 835	18.4	308 270	21.6	14.6	136 075	11.8	3.8	729	17.5	0.0	29 488	3 124
Feb	P 450 961	5 938	18.6	312 622	21.6	14.6	137 598	12.4	4.0	741	17.9	0.0	29 732	3 124

FINANCING OF HOUSEHOLDS AND NPISHs
Annual percentage change



FINANCING OF HOUSEHOLDS AND NPISHs
Contributions to the annual percentage change



Source: BE.

GENERAL NOTE: Tables 8.2 to 8.7 were revised in September 2000, to take into account the criteria used to compile the Financial Accounts of the Spanish economy in accordance with ESA 95 (see the box appearing in the article "Evolución reciente de la economía española" in the September 2000 edition of the Boletín Económico).
(a) The annual percentage changes are calculated as the effective flow of the period / the stock at the beginning of the period. To December 2002 the frequency of this

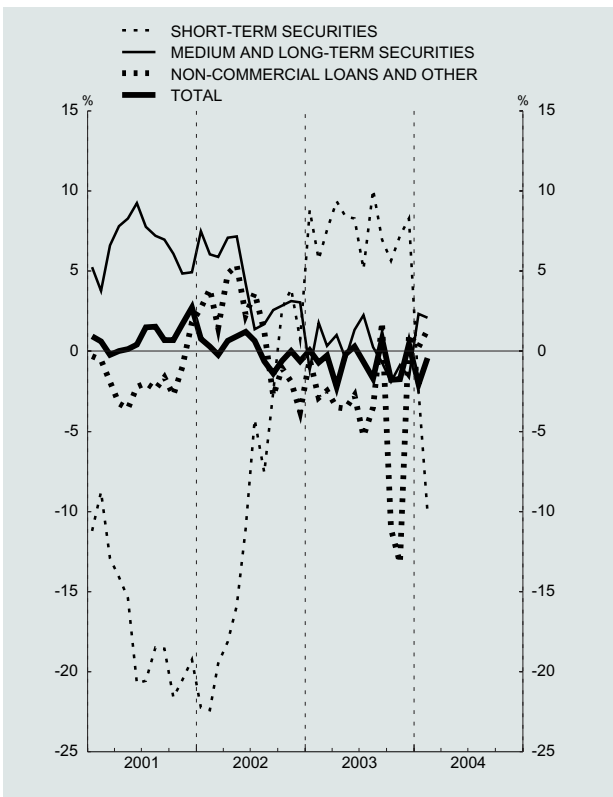
8.8. Net financing of Spain's general government

■ Series depicted in chart.

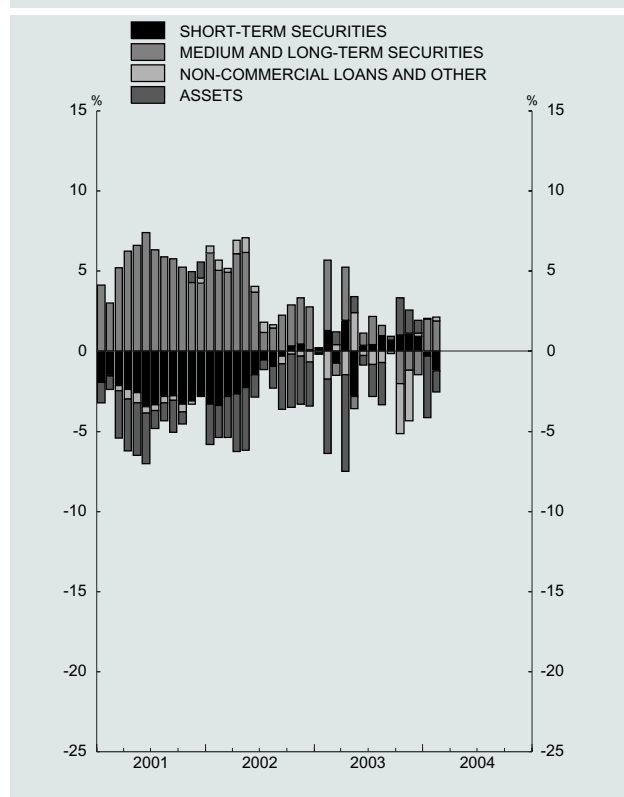
EUR millions and %

	Net financing			Monthly change in stocks						12-month % change in stocks				Contribution to 12-month % change in net stocks of liabilities				
				Liabilities			Assets			Liabilities			Assets	Liabilities			Assets	
	Net stock of liabilities	Monthly change (columns 4-8-9)	12-month % change of col. 1	Total	Securities		Non-commercial loans and other (a)	Deposits at the Banco de España	Other deposits (b)	Total	Securities		Non-commercial loans and other (a)	Assets	Securities		Non-commercial loans and other (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	
01	P 323 848	8 446	2.7	5 390	-8 804	13 223	971	17 158	14 101	1.5	-19.3	4.9	1.8	-5.4	-2.8	4.3	0.3	1.0
02	P 319 860	-2 022	-0.6	6 783	275	8 564	-2 056	1 854	6 950	1.8	0.7	3.0	-3.8	16.5	0.1	2.7	-0.6	-2.8
03	A 321 359	1 499	0.5	-1 097	3 049	-4 707	560	1 767	-4 363	-0.3	8.3	-1.6	1.0	-4.2	1.0	-1.5	0.2	0.8
02 Sep	P 316 727	-5 579	-1.4	3 881	1 039	4 862	-2 019	1 286	8 174	1.3	-2.5	2.6	-2.8	17.1	-0.3	2.3	-0.5	-2.9
Oct	P 311 639	-6 268	-0.6	2 431	275	1 839	316	-584	9 283	2.3	2.7	2.8	-1.1	16.8	0.3	2.6	-0.2	-3.3
Nov	P 312 286	1 213	0.0	600	219	456	-75	1 136	-1 749	2.5	3.9	3.1	-1.9	14.9	0.5	2.9	-0.3	-3.0
Dec	P 319 860	8 951	-0.6	705	-656	894	466	-2 356	-5 890	1.8	0.7	3.0	-3.8	16.5	0.1	2.7	-0.6	-2.8
03 Jan	P 325 018	5 158	0.0	-4 663	3 038	-8 130	429	283	10 104	-0.1	8.8	-1.1	-0.5	-0.8	0.2	0.0	-0.1	-0.1
Feb	P 316 290	-8 728	-0.7	2 039	-850	3 475	-586	-6 10	773	1.5	5.7	1.8	-2.9	13.9	1.3	4.4	-1.7	-4.6
Mar	P 320 393	4 102	-0.3	296	443	-29	-119	316	-4 122	0.6	7.6	0.3	-2.5	5.8	-0.7	-0.8	0.4	0.8
Apr	P 308 855	-11 538	-2.2	7 004	812	5 343	848	2 833	15 709	1.1	9.4	1.0	-3.5	17.2	2.0	3.3	-1.4	-6.1
May	P 317 341	8 487	-0.2	-1 619	-439	-1 039	-140	27	-10 132	-0.1	8.4	-0.5	-3.6	0.3	-2.8	-0.8	2.4	1.0
Jun	P 323 297	5 956	0.3	2 100	-342	2 745	-303	-144	-3 712	1.4	8.3	1.3	-2.7	7.6	0.4	0.8	-0.3	-0.6
Jul	P 321 345	-1 952	-0.6	-3 821	853	-4 332	-342	-1 631	-237	1.4	5.1	2.3	-5.3	13.6	0.4	1.8	-0.8	-2.0
Aug	P 315 378	-5 967	-1.7	-5 702	-840	-3 871	-992	224	41	0.7	10.1	0.3	-3.5	14.7	1.0	0.6	-0.7	-2.6
Sep	P 319 219	3 841	0.8	2 914	-5	2 053	865	-13	-914	0.4	7.0	-0.7	1.8	-1.7	0.6	-0.1	0.1	0.2
Oct	P 306 085	-13 134	-1.8	-8 214	-194	-1 661	-6 359	-459	5 380	-2.4	5.7	-1.9	-11.1	-5.4	1.0	-2.0	-3.1	2.3
Nov	P 306 786	701	-1.8	1 430	813	1 773	-1 156	64	664	-1.8	7.2	-0.9	-13.2	-1.9	1.1	-1.2	-3.2	1.5
Dec	A 321 359	14 573	0.5	7 139	-242	-1 034	8 415	275	-7 709	-0.3	8.3	-1.6	1.0	-4.2	1.0	-1.5	0.2	0.8
04 Jan	A 318 293	-3 066	-2.1	2 176	-986	3 163	-	-409	5 651	1.5	-2.4	2.3	0.2	23.8	-0.3	2.0	0.0	-3.8
Feb	A 314 991	-3 303	-0.4	-937	-3 802	2 865	-	-11	2 377	0.7	-10.1	2.1	1.3	6.4	-1.2	1.9	0.2	-1.3

NET FINANCING OF GENERAL GOVERNMENT
Annual percentage changes



NET FINANCING OF GENERAL GOVERNMENT
Contributions to the annual percentage change



Source: BE.

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

8.9 Lending by credit institutions to other resident sectors. Breakdown by end-use.

■ Series depicted in chart.

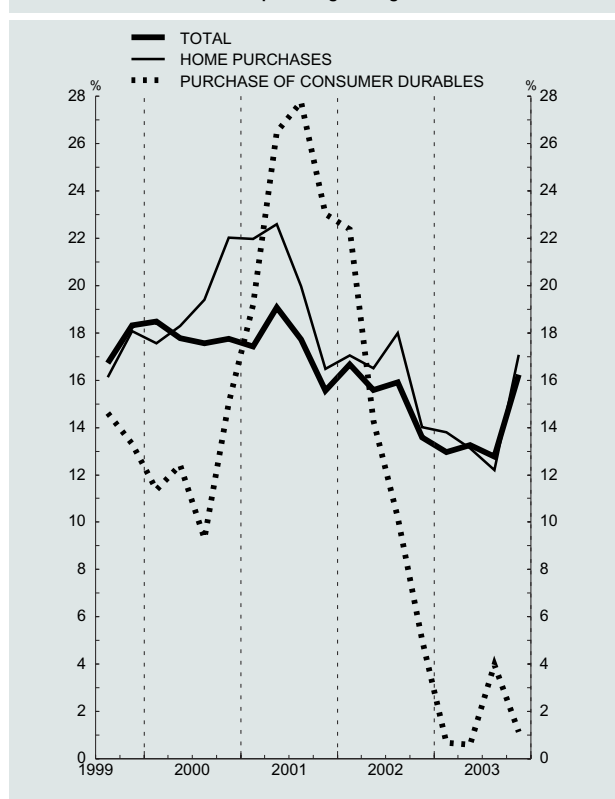
EUR millions and percentages

	Financing of productive activities						Financing of individuals					Financing of private non-profit entities	Unclassified	
	Total (a)	Total	Agriculture and fisheries	Industry excluding construction	Construction	Services	Total	Home purchases and improvements		Purchases of consumer durables	Other (b)			
								Total	Purchases					Improvements
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
00	559 407	302 034	13 141	78 588	42 627	167 679	243 837	176 653	169 280	7 372	26 885	40 299	2 342	11 194
01	624 854	330 591	13 320	82 959	46 412	187 901	281 789	205 790	197 192	8 598	33 076	42 922	2 394	10 079
02	701 663	368 466	15 122	85 762	57 376	210 206	320 053	235 086	224 830	10 256	34 741	50 227	2 324	10 819
00 Q4	559 407	302 034	13 141	78 588	42 627	167 679	243 837	176 653	169 280	7 372	26 885	40 299	2 342	11 194
01 Q1	564 120	299 581	12 764	76 144	42 368	168 306	251 694	183 189	175 505	7 684	28 331	40 175	2 215	10 629
01 Q2	592 071	313 118	12 946	78 850	44 684	176 638	266 945	193 427	185 449	7 978	31 034	42 483	2 264	9 745
01 Q3	603 049	317 262	13 215	81 899	44 957	177 191	273 224	198 747	190 559	8 188	31 826	42 651	2 282	10 280
01 Q4	624 854	330 591	13 320	82 959	46 412	187 901	281 789	205 790	197 192	8 598	33 076	42 922	2 394	10 079
02 Q1	640 193	334 865	13 420	82 689	47 487	191 269	293 673	214 354	205 404	8 949	34 671	44 648	2 382	9 273
02 Q2	664 446	343 191	13 980	81 235	50 770	197 207	308 555	225 521	216 080	9 441	35 466	47 568	2 287	10 413
02 Q3	680 806	351 950	14 281	82 834	53 777	201 057	316 697	234 668	224 849	9 819	35 072	46 957	2 339	9 820
02 Q4	701 663	368 466	15 122	85 762	57 376	210 206	320 053	235 086	224 830	10 256	34 741	50 227	2 324	10 819
03 Q1	722 204	375 901	15 138	86 559	56 975	217 229	331 747	244 498	233 729	10 769	34 910	52 339	2 285	12 271
03 Q2	754 872	389 249	15 712	87 015	59 431	227 091	349 500	256 010	244 414	11 596	35 676	57 814	2 512	13 608
03 Q3	770 523	398 206	16 462	87 240	61 902	232 601	357 146	264 453	252 316	12 136	36 468	56 225	2 651	12 520
03 Q4	802 213	412 054	16 402	85 829	65 784	244 040	372 013	275 958	263 192	12 766	35 136	60 919	3 002	15 144

CREDIT BY END-USE
Annual percentage changes



CREDIT TO INDIVIDUALS BY END-USE
Annual percentage changes



Source: BE.

(a) Series obtained from information in the accounting statement established for the supervision of resident institutions. See the changes introduced in the October 2001 edition of the Boletín estadístico and Tables 89.53, 89.54 and 89.55 of the Boletín estadístico, which are published at www.bde.es.

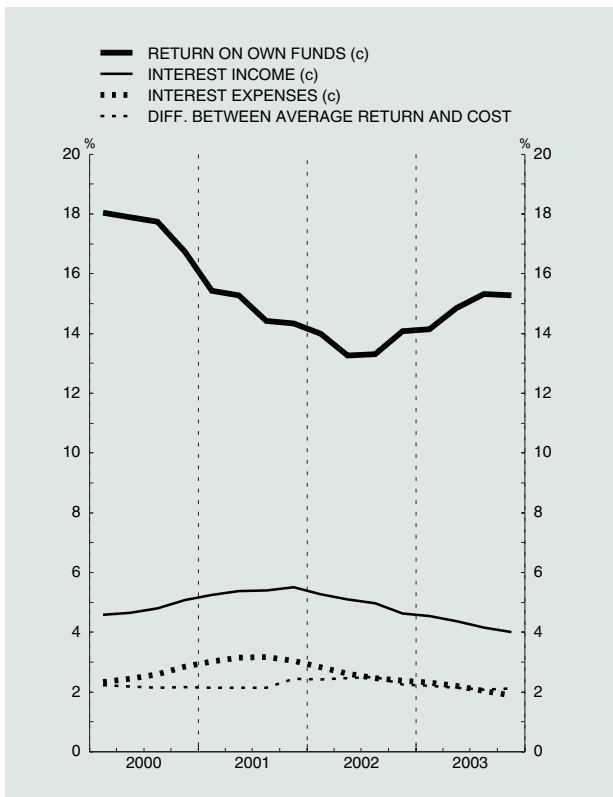
(b) Includes loans and credit to households for the purchase of land and rural property, the purchase of securities, the purchase of current goods and services not considered to be consumer durables (e.g. loans to finance travel expenses) and for various end-uses not included in the foregoing.

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

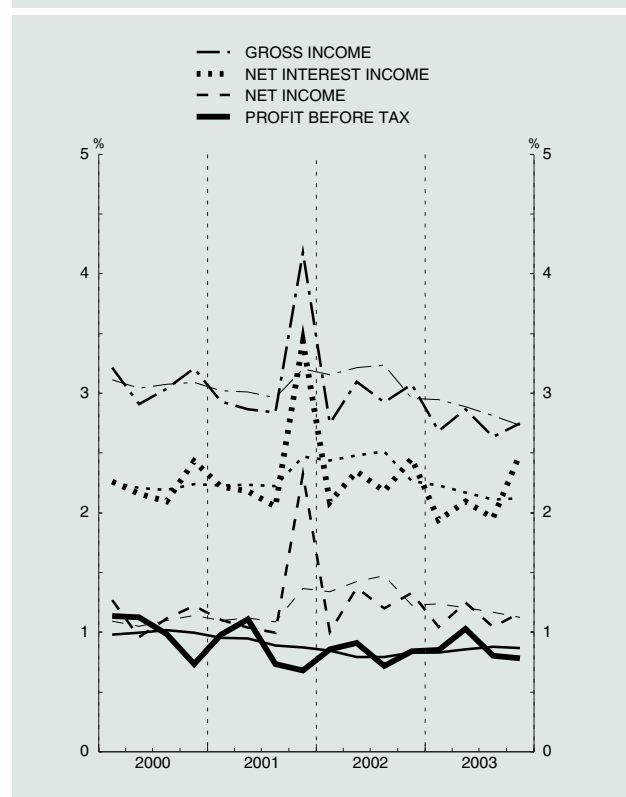
■ Series depicted in chart.

	As a percentage of the adjusted average balance sheet											Percentages			
	1	2	3	4	5	6	7		8	9	10	11	12	13	14
							Of which:	Staff costs							
Interest income	Interest expenses	Net interest income	Non interest income and expenses	Gross income	Operating expenses:	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)			
00	5.7	3.3	2.4	0.8	3.2	2.0	1.2	1.2	-0.6	0.7	11.9	5.5	3.3	2.2	
01	6.2	2.8	3.4	0.7	4.2	1.9	1.1	2.3	-2.0	0.7	11.5	6.0	3.5	2.4	
02	4.8	2.4	2.5	0.6	3.1	1.7	1.0	1.3	-1.6	0.8	14.6	5.0	2.7	2.3	
00 Q4	5.7	3.3	2.4	0.8	3.2	2.0	1.2	1.2	-0.5	0.7	11.9	5.5	3.3	2.2	
01 Q1	5.4	3.2	2.2	0.7	2.9	1.8	1.1	1.1	-0.1	1.0	15.9	5.7	3.5	2.1	
Q2	5.4	3.2	2.2	0.7	2.9	1.8	1.1	1.0	0.1	1.1	17.9	5.8	3.7	2.1	
Q3	5.1	3.0	2.1	0.8	2.8	1.8	1.1	1.0	-0.3	0.7	12.0	5.8	3.7	2.1	
Q4	6.2	2.8	3.4	0.7	4.2	1.9	1.1	2.3	-1.6	0.7	11.5	6.0	3.5	2.4	
02 Q1	4.5	2.4	2.1	0.7	2.7	1.7	1.0	1.0	-0.1	0.9	14.5	5.7	3.3	2.4	
Q2	4.7	2.4	2.3	0.8	3.1	1.7	1.0	1.4	-0.5	0.9	15.0	5.5	3.0	2.5	
Q3	4.6	2.4	2.2	0.7	2.9	1.7	1.0	1.2	-0.5	0.7	12.2	5.3	2.8	2.5	
Q4	4.8	2.4	2.5	0.6	3.1	1.7	1.0	1.3	-0.5	0.8	14.6	5.0	2.7	2.3	
03 Q1	4.0	2.1	1.9	0.7	2.7	1.6	1.0	1.0	-0.2	0.8	14.8	4.9	2.7	2.2	
Q2	4.0	1.9	2.1	0.8	2.9	1.6	1.0	1.3	-0.2	1.0	17.9	4.7	2.5	2.1	
Q3	3.7	1.7	2.0	0.7	2.6	1.6	0.9	1.0	-0.2	0.8	14.0	4.4	2.3	2.1	
Q4	4.2	1.8	2.5	0.3	2.7	1.6	0.9	1.2	-0.4	0.8	14.4	4.3	2.2	2.1	

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 89.61 of the BE Boletín estadístico.

(a) Profit before tax divided by own funds (capital, reserves, and 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.

(c) Average of the last four quarters.

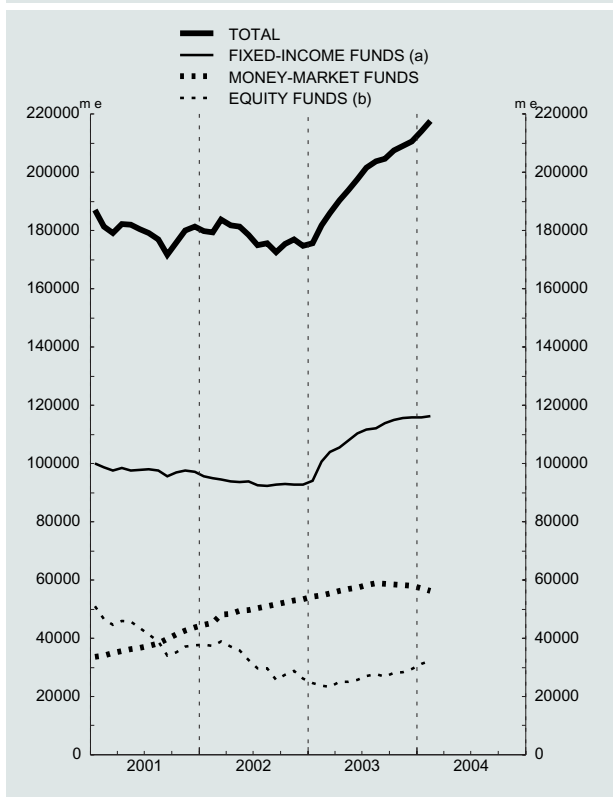
8.11. Mutual funds resident in Spain

■ Series depicted in chart.

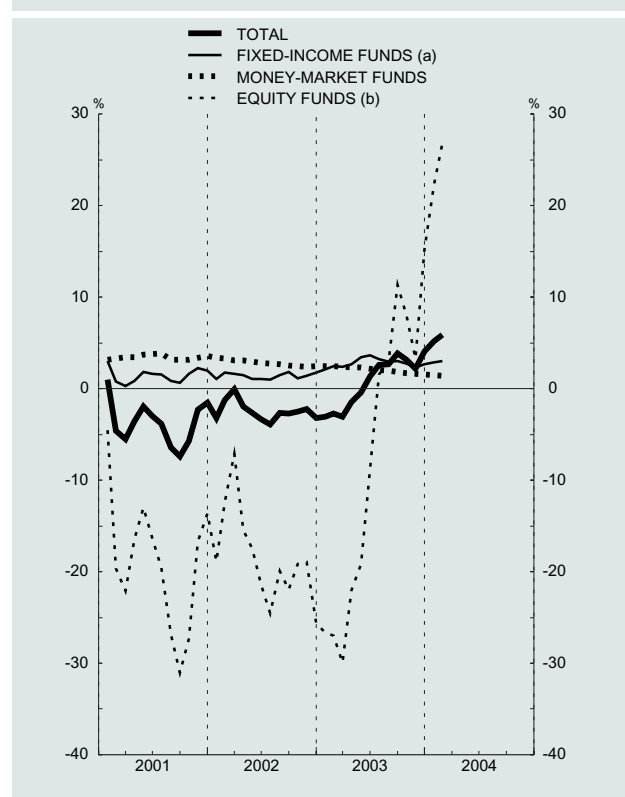
EUR millions

	Total				Money-market funds				Fixed-income funds (a)				Equity funds (b)				Others funds (c)	
	Net asset value	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 asset value
			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	17		
01	181 323	-4 746	-194	-1.5	43 830	10 462	9 798	3.5	97 246	-3 944	-47	1.9	37 494	-11 756	-5 053	-13.7	2 753	
02	174 733	-6 590	1 274	-3.2	53 366	9 536	8 327	2.4	92 742	-4 504	-5 581	1.7	26 067	-11 427	-1 794	-25.7	2 558	
03	210 627	35 894	28 077	4.0	58 054	4 688	3 830	1.5	115 819	23 077	20 129	2.6	29 401	3 334	-202	15.1	7 353	
02 Nov	177 027	1 666	-267	-2.3	52 964	577	472	2.4	92 699	-249	-526	1.4	28 758	1 266	-220	-19.0	2 606	
02 Dec	174 733	-2 294	-399	-3.2	53 366	402	290	2.4	92 742	43	-324	1.7	26 067	-2 691	-395	-25.7	2 558	
03 Jan	175 610	877	1 482	-3.1	54 341	975	869	2.4	94 158	1 415	1 226	2.1	24 521	-1 546	-678	-26.7	2 590	
03 Feb	181 800	6 190	5 772	-2.7	54 716	374	279	2.4	100 648	6 491	5 797	2.4	23 638	-883	-500	-27.0	2 798	
03 Mar	185 853	4 053	4 486	-3.1	55 398	682	607	2.4	103 979	3 331	3 461	2.4	23 347	-291	203	-30.0	3 128	
03 Apr	190 336	4 482	2 226	-1.4	56 235	836	762	2.3	105 580	1 601	1 249	2.7	24 970	1 623	-84	-22.0	3 551	
03 May	193 743	3 408	2 417	-0.4	56 860	625	531	2.3	107 916	2 336	1 669	3.4	25 108	138	-64	-19.2	3 859	
03 Jun	197 665	3 921	2 704	1.3	57 259	399	326	2.2	110 236	2 320	2 052	3.7	25 750	642	-185	-8.8	4 420	
03 Jul	201 537	3 872	3 271	2.6	58 144	885	834	2.1	111 693	1 457	1 704	3.3	26 948	1 198	270	1.5	4 752	
03 Aug	203 769	2 232	1 832	2.6	58 977	834	784	1.9	112 157	464	733	3.0	27 642	694	180	3.0	4 993	
03 Sep	204 588	819	1 160	3.9	58 627	-350	-426	1.8	113 841	1 684	806	3.0	26 718	-924	334	11.3	5 402	
03 Oct	207 521	2 933	1 531	3.1	58 461	-166	-204	1.7	114 870	1 029	1 117	2.7	28 050	1 332	-8	8.0	6 140	
03 Nov	209 092	1 571	1 354	2.2	58 289	-172	-223	1.6	115 520	650	713	2.3	28 423	373	227	3.3	6 860	
03 Dec	210 627	1 535	-156	4.0	58 054	-235	-309	1.5	115 819	299	-397	2.6	29 401	978	101	15.1	7 353	
04 Jan	214 023	3 396	2 019	5.1	57 185	-869	-929	1.4	115 878	59	-479	2.8	31 101	1 701	989	22.3	9 858	
04 Feb	P 217 640	3 617	...	5.9	56 357	-828	...	1.4	116 217	339	...	3.0	32 208	1 107	...	26.8	12 857	

NET ASSET VALUE



RETURN OVER LAST 12 MONTHS



Sources: CNMV and Inverco.

(a) Includes short and long-term fixed-income funds in euros and international, mixed fixed-income funds in euros and international and guaranteed funds.

(b) Includes equity funds and mixed equity funds in euros, national and international.

(c) Global funds.

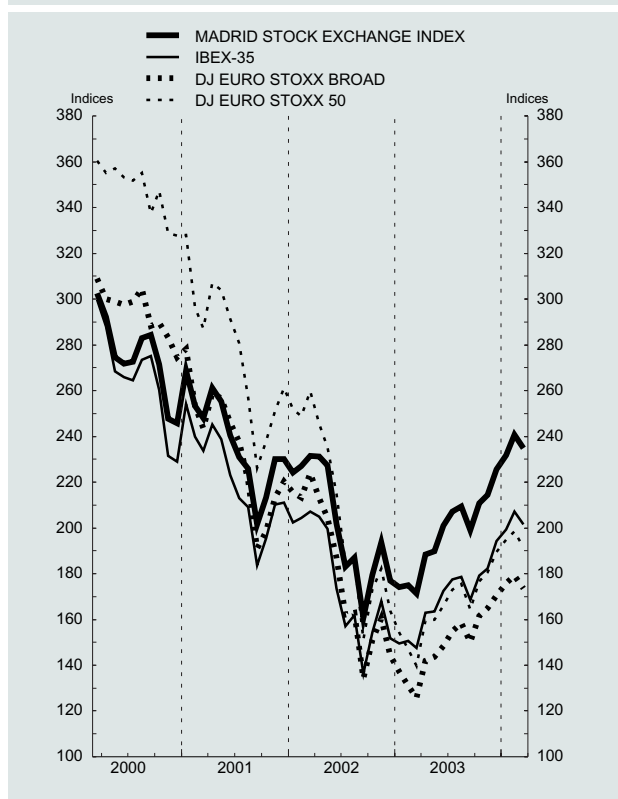
8.12. Share price indices and turnover on securities markets. Spain and euro area

■ Series depicted in chart.

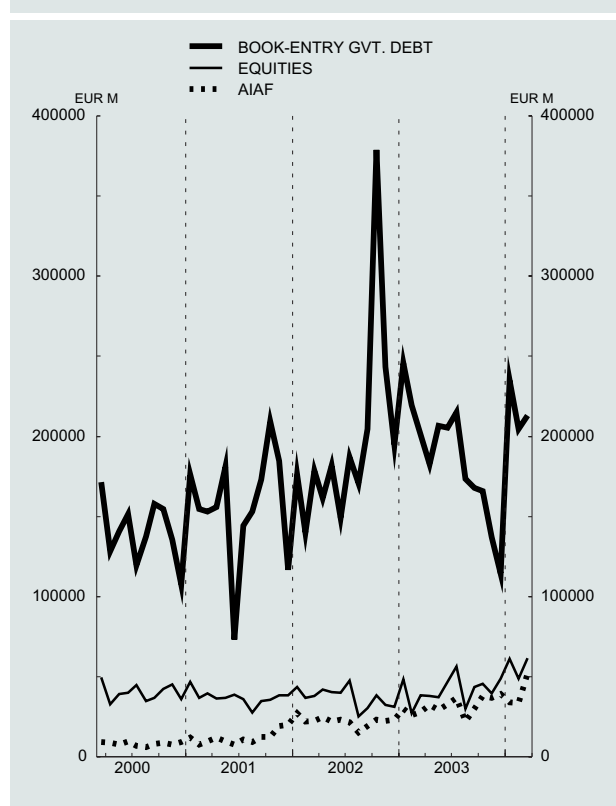
Indices, EUR millions and thousands of contracts

	Share price indices				Turnover on securities markets							
	General Madrid Stock Exchange	IBEX 35	Dow Jones EURO STOXX indices		Stock market		Book-entry government debt	AIAF fixed-income market	Financial options (thousands of contracts)		Financial futures (thousands of contracts)	
			Broad	50	Equities	Bonds			Fixed-income	Shares and other equities	Fixed-income	Shares and other equities
	1	2	3	4	5	6	7	8	9	10	11	12
01	853.16	8 810.46	335.07	4 039.98	445 380	56 049	1 875 428	142 491	-	23 230	290	7 953
02	723.05	7 029.55	258.10	3 027.83	445 071	69 820	2 365 859	265 754	-	19 151	55	3 955
03	706.88	6 727.59	212.92	2 413.39	499 745	74 346	2 234 366	380 204	-	11 677	1	3 653
02 Dec	633.99	6 036.90	205.94	2 386.41	31 078	4 882	194 696	23 268	-	1 775	4	246
03 Jan	623.96	5 947.70	196.03	2 248.17	48 432	5 511	245 815	29 839	-	888	0	303
<i>Feb</i>	626.46	5 999.40	187.03	2 140.73	27 106	5 236	219 445	25 898	-	932	0	265
<i>Mar</i>	614.05	5 870.50	179.32	2 036.86	38 412	5 667	200 899	27 789	-	1 713	0	323
<i>Apr</i>	675.04	6 489.50	202.68	2 324.23	38 139	5 713	182 669	32 317	-	885	0	284
<i>May</i>	679.75	6 508.50	204.92	2 330.06	37 156	5 781	206 426	29 077	-	858	0	298
<i>Jun</i>	719.87	6 862.00	211.91	2 419.51	46 773	5 536	205 541	32 593	-	1 704	0	330
<i>Jul</i>	742.62	7 061.70	221.19	2 519.79	56 329	6 502	215 046	36 895	-	783	0	309
<i>Aug</i>	749.89	7 111.30	226.36	2 556.71	30 058	4 883	173 399	21 953	-	561	0	266
<i>Sep</i>	713.22	6 703.60	214.34	2 395.87	43 490	6 203	167 990	30 007	-	1 080	0	327
<i>Oct</i>	755.09	7 129.50	230.69	2 575.04	45 571	7 582	165 674	37 844	-	740	0	328
<i>Nov</i>	768.38	7 252.50	235.26	2 630.47	39 690	6 965	137 049	36 962	-	473	0	308
<i>Dec</i>	807.98	7 737.20	243.21	2 760.66	48 589	8 767	114 414	39 030	-	1 061	0	312
04 Jan	830.23	7 929.90	250.91	2 839.13	61 276	6 910	235 109	33 803	-	718	0	350
<i>Feb</i>	862.50	8 249.40	255.66	2 893.18	48 757	6 956	204 758	33 643	-	635	0	370
<i>Mar</i>	841.46	8 018.10	247.90	2 787.49	61 389	7 877	212 984	52 067	-	1 064	0	471

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)

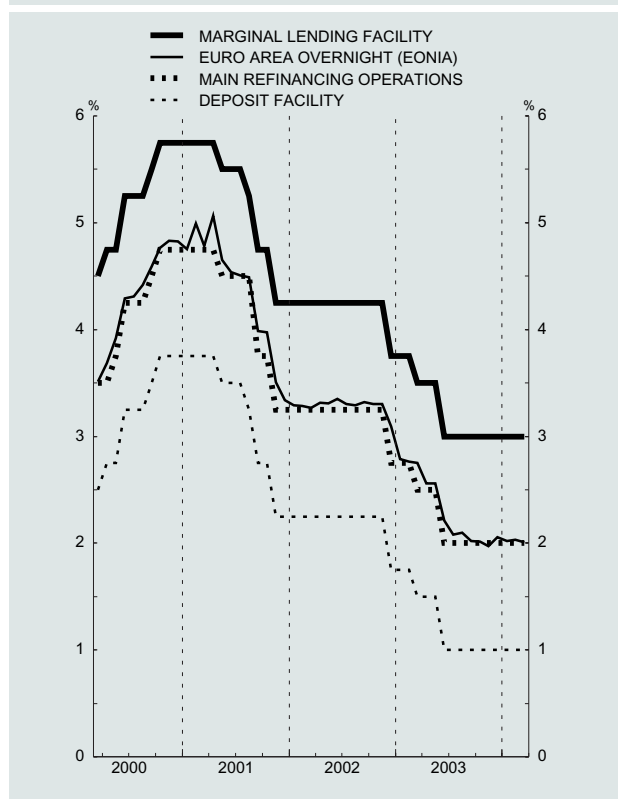
9.1. Interest rates. Eurosystem and money market. Euro area and Spain

■ Series depicted in chart.

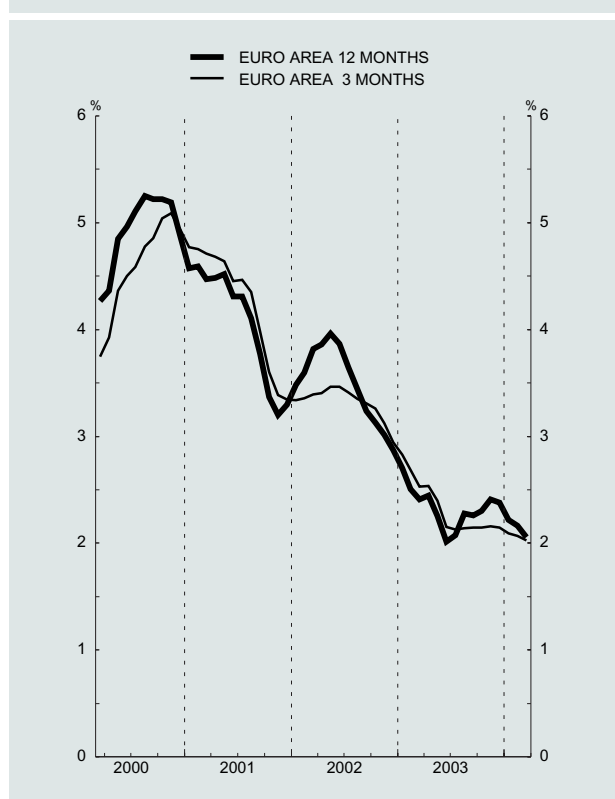
Averages of daily data. Percentages per annum

	Eurosystem monetary policy operations				Money market												
	Main refinancing operations: weekly tenders	Longer term refinancing operations: monthly tenders	Standing facilities		Euro area: deposits (Euribor) (a)					Spain							
			Marginal lending	Deposit	Over-night (EONIA)	1-month	3-month	6-month	1-year	Non-transferable deposits				Government-securities repos			
										Over-night	1-month	3-month	1-year	Over-night	1-month	3-month	1-year
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
01	3.25	3.29	4.25	2.25	4.38	4.33	4.26	4.15	4.08	4.36	4.31	4.24	4.07	4.30	4.20	4.11	4.11
02	2.75	2.93	3.75	1.75	3.29	3.30	3.32	3.35	3.49	3.28	3.29	3.31	3.49	3.21	3.21	3.20	3.38
03	2.00	2.12	3.00	1.00	2.32	2.35	2.33	2.31	2.34	2.31	2.34	2.33	2.35	2.26	2.26	2.21	2.23
02 Dec	2.75	2.93	3.75	1.75	3.09	2.98	2.94	2.89	2.87	3.07	2.95	2.95	2.88	2.93	2.85	2.79	2.67
03 Jan	2.75	2.78	3.75	1.75	2.79	2.85	2.83	2.76	2.71	2.78	2.84	2.83	2.70	2.66	2.73	2.70	2.53
Feb	2.75	2.48	3.75	1.75	2.76	2.77	2.69	2.58	2.50	2.76	2.76	2.71	2.53	2.70	2.66	2.55	2.33
Mar	2.50	2.49	3.50	1.50	2.75	2.60	2.53	2.45	2.41	2.71	2.59	2.52	2.43	2.62	2.48	2.39	2.28
Apr	2.50	2.50	3.50	1.50	2.56	2.58	2.53	2.47	2.45	2.55	2.57	2.53	2.50	2.52	2.43	2.39	2.29
May	2.50	2.25	3.50	1.50	2.56	2.52	2.40	2.31	2.25	2.56	2.52	2.40	2.26	2.52	2.41	2.30	2.10
Jun	2.00	2.11	3.00	1.00	2.21	2.18	2.15	2.08	2.01	2.20	2.17	2.16	2.07	2.18	2.08	2.03	1.90
Jul	2.00	2.08	3.00	1.00	2.08	2.13	2.13	2.09	2.08	2.07	2.12	2.13	2.10	2.06	2.26	2.01	-
Aug	2.00	2.12	3.00	1.00	2.10	2.12	2.14	2.17	2.28	2.08	2.11	2.15	2.28	1.96	1.99	2.02	2.20
Sep	2.00	2.10	3.00	1.00	2.02	2.13	2.15	2.18	2.26	2.02	2.12	2.14	2.26	2.02	2.04	2.03	2.25
Oct	2.00	2.13	3.00	1.00	2.01	2.10	2.14	2.17	2.30	2.01	2.08	2.14	2.28	2.00	2.02	2.02	2.16
Nov	2.00	2.12	3.00	1.00	1.97	2.09	2.16	2.22	2.41	1.98	2.07	2.15	2.43	1.96	2.01	2.04	2.30
Dec	2.00	2.12	3.00	1.00	2.06	2.13	2.15	2.20	2.38	2.02	2.11	2.14	2.36	1.95	2.03	2.04	-
04 Jan	2.00	2.03	3.00	1.00	2.02	2.08	2.09	2.12	2.22	2.01	2.06	2.08	2.21	1.94	1.97	1.92	2.07
Feb	2.00	2.01	3.00	1.00	2.03	2.06	2.07	2.09	2.16	2.03	2.05	2.06	2.22	1.98	1.96	1.97	2.03
Mar	2.00	-	3.00	1.00	2.01	2.04	2.03	2.02	2.06	2.00	2.02	2.03	2.03	1.94	1.95	1.93	1.87

EUROSYSTEM: MONETARY POLICY OPERATIONS AND EURO AREA OVERNIGHT DEPOSITS



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



Source: ECB (columns 1 to 8).

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

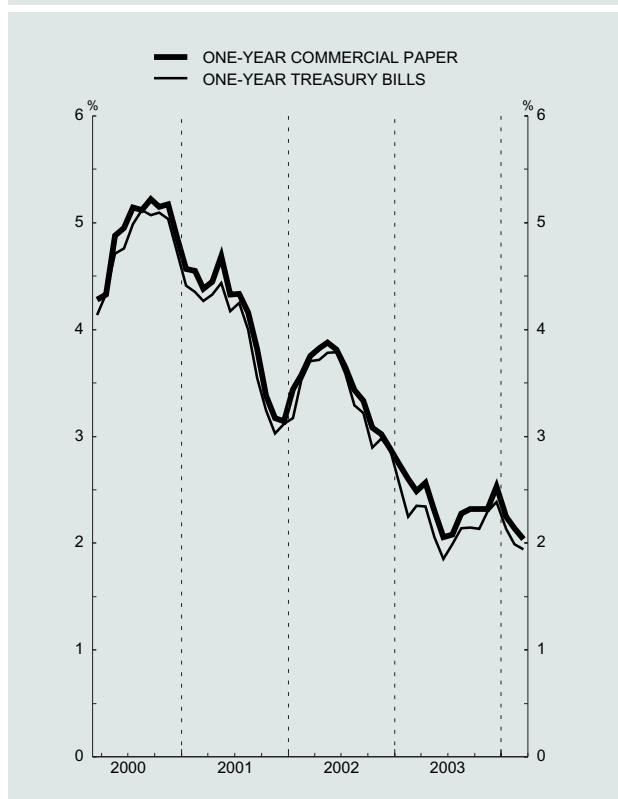
9.2. Interest rates: Spanish short-term and long-term securities markets

■ Series depicted in chart.

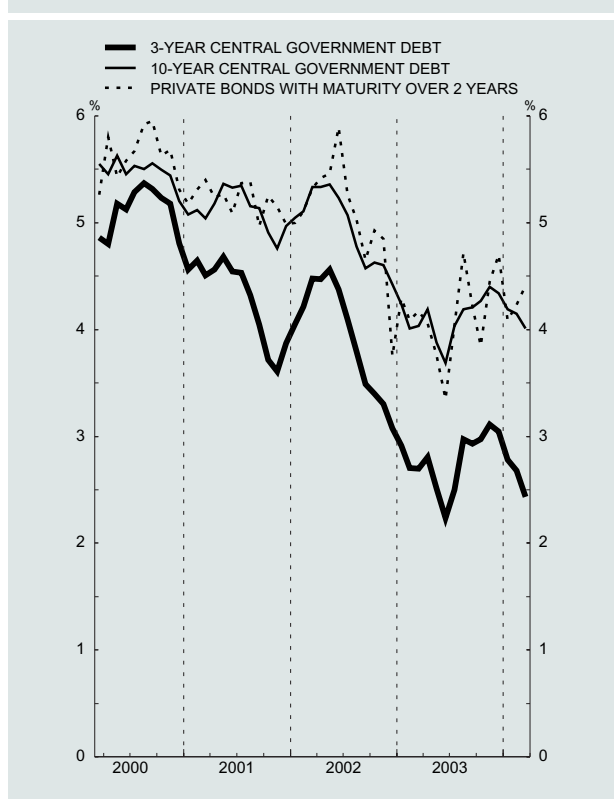
Percentages per annum

	Short-term securities				Long-term securities							
	One-year Treasury bills		One-year commercial paper		Central Government debt							Private bonds with a maturity of over two years traded on the AIAF
	Marginal rate at issue	Secondary market: outright spot purchases between market members	Rate at issue	Secondary market: outright spot purchases	Marginal rate at issue					Secondary market: Book-entry debt. Outright spot purchases between market members		
					3-year bonds	5-year bonds	10-year bonds	15-year bonds	30-year bonds	At 3-years	At 10-years	
1	2	3	4	5	6	7	8	9	10	11	12	
01	3.93	3.91	4.08	4.16	4.35	4.54	5.12	5.28	5.66	4.30	5.12	5.22
02	3.37	3.34	3.47	3.45	4.06	4.40	4.98	5.32	5.22	3.94	4.96	5.05
03	2.21	2.21	2.38	2.34	2.66	3.19	4.11	4.46	4.90	2.78	4.12	4.14
02 Dec	2.87	2.70	2.88	2.75	-	-	4.51	-	-	3.07	4.43	3.75
03 Jan	2.56	2.53	2.74	2.67	3.02	-	4.27	-	4.93	2.91	4.24	4.29
<i>Feb</i>	2.25	2.35	2.60	2.56	2.81	-	-	4.48	-	2.70	4.01	4.09
<i>Mar</i>	2.35	2.18	2.49	2.39	-	2.96	3.86	-	4.70	2.70	4.04	4.17
<i>Apr</i>	2.34	2.30	2.57	2.45	2.74	-	-	4.57	-	2.81	4.19	4.06
<i>May</i>	2.06	2.17	2.30	2.24	-	3.07	-	-	4.78	2.51	3.88	3.76
<i>Jun</i>	1.85	1.84	2.06	2.03	2.22	-	3.75	-	-	2.24	3.69	3.35
<i>Jul</i>	1.99	1.91	2.08	2.12	-	2.85	4.00	4.37	-	2.50	4.03	4.04
<i>Aug</i>	2.14	2.18	2.28	2.29	2.80	-	-	-	-	2.97	4.19	4.72
<i>Sep</i>	2.15	2.22	2.32	2.33	-	3.54	4.39	-	5.07	2.93	4.21	4.22
<i>Oct</i>	2.14	2.23	2.32	2.28	2.40	-	-	4.41	-	2.97	4.27	3.85
<i>Nov</i>	2.30	2.32	2.32	2.42	-	-	4.40	-	5.05	3.11	4.40	4.45
<i>Dec</i>	2.39	2.34	2.53	2.37	-	3.52	-	-	-	3.04	4.34	4.70
04 Jan	2.14	2.15	2.25	2.21	-	3.39	-	4.45	-	2.78	4.19	4.09
<i>Feb</i>	1.99	2.05	2.14	2.15	2.46	-	4.19	-	4.90	2.68	4.15	4.23
<i>Mar</i>	1.95	2.08	2.04	1.97	-	3.29	-	4.24	-	2.43	4.01	4.41

PRIMARY MARKET



SECONDARY MARKET



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

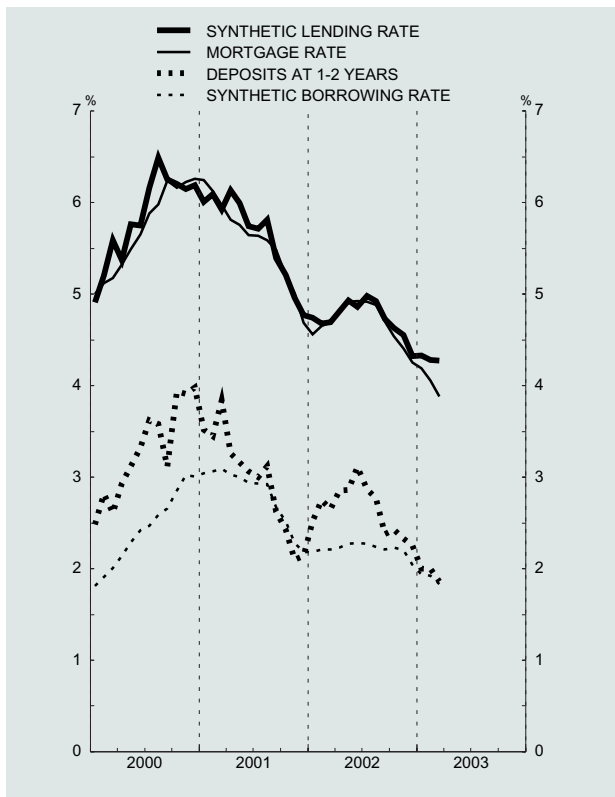
9.3 Interest rates: banks and savings banks resident in Spain

■ Series depicted in chart.

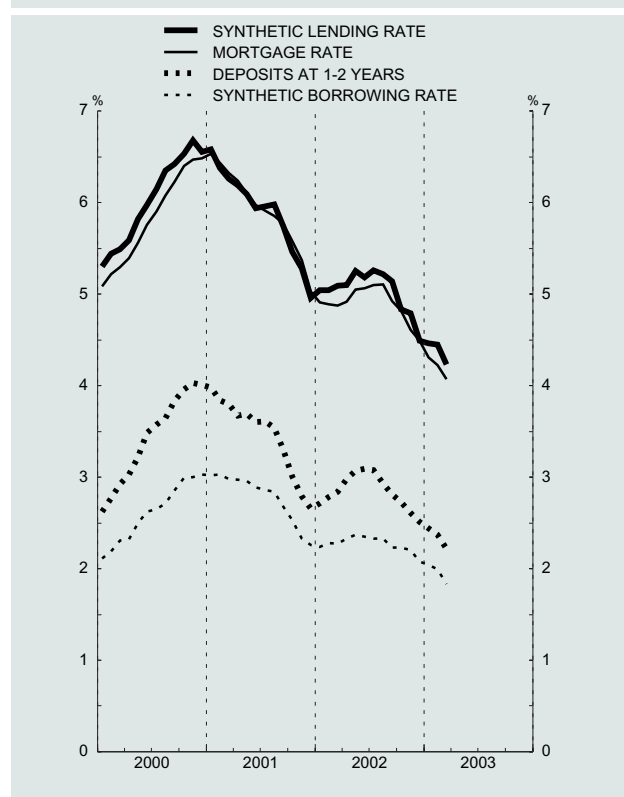
Percentages

		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	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
00	M	5.84	6.42	5.71	7.24	5.71	2.43	2.07	4.04	3.29	6.03	7.21	8.24	5.82	2.61	2.10	3.94	3.43
01	M	5.64	6.68	5.88	7.27	5.59	2.80	2.42	4.24	2.97	5.90	7.39	8.50	5.92	2.78	2.33	4.13	3.46
02	M	4.74	5.62	4.96	6.84	4.69	2.21	1.99	3.14	2.65	5.04	6.81	7.72	4.90	2.27	1.87	3.15	2.85
01	Dec	4.77	5.91	4.91	6.04	4.69	2.18	1.97	3.23	2.14	4.96	6.75	7.20	5.03	2.26	1.90	3.19	2.66
02	Jan	4.74	5.83	4.78	6.87	4.56	2.18	1.91	3.20	2.52	5.04	6.71	8.05	4.91	2.24	1.90	3.16	2.71
	Feb	4.68	5.80	5.06	6.70	4.65	2.21	1.97	3.17	2.75	5.04	6.70	7.90	4.89	2.28	1.89	3.13	2.78
	Mar	4.69	5.66	4.96	6.61	4.70	2.21	1.96	3.14	2.65	5.09	7.05	7.74	4.87	2.27	1.85	3.11	2.84
	Apr	4.81	5.70	4.85	6.69	4.80	2.23	1.94	3.16	2.85	5.10	7.00	7.87	4.92	2.33	1.87	3.11	2.98
	May	4.93	5.71	4.93	6.88	4.92	2.27	2.04	3.13	2.86	5.25	7.08	7.75	5.05	2.37	1.88	3.17	3.07
	Jun	4.86	5.66	5.03	6.66	4.93	2.28	2.06	3.22	3.11	5.18	6.83	7.78	5.06	2.35	1.87	3.24	3.09
	Jul	4.98	5.64	5.25	6.85	4.92	2.27	2.02	3.20	2.87	5.26	6.69	7.48	5.10	2.33	1.86	3.23	3.08
	Aug	4.92	5.58	5.12	7.15	4.88	2.24	2.03	3.19	2.77	5.22	6.94	7.87	5.10	2.33	1.88	3.23	2.93
	Sep	4.73	5.55	5.06	7.31	4.70	2.21	2.02	3.19	2.38	5.14	6.55	7.83	4.93	2.23	1.88	3.22	2.81
	Oct	4.63	5.56	4.97	7.13	4.54	2.23	2.03	3.15	2.43	4.83	6.87	7.66	4.82	2.23	1.91	3.13	2.73
	Nov	4.55	5.47	4.97	6.92	4.41	2.20	2.06	3.08	2.33	4.79	6.87	7.62	4.61	2.20	1.90	3.11	2.61
	Dec	4.32	5.30	4.55	6.28	4.25	2.04	1.88	2.81	2.25	4.49	6.47	7.06	4.49	2.08	1.79	2.91	2.51
03	Jan	4.33	5.14	4.47	6.75	4.19	1.94	1.83	2.61	2.00	4.46	6.61	7.70	4.31	2.04	1.69	2.65	2.44
	Feb	4.28	5.01	4.53	6.46	4.05	1.92	1.75	2.61	2.00	4.45	6.27	7.41	4.23	1.99	1.68	2.66	2.37
	Mar	4.27	4.82	4.43	6.24	3.88	1.83	1.68	2.49	1.86	4.23	6.19	7.10	4.07	1.83	1.61	2.51	2.22

BANKS



SAVINGS BANKS



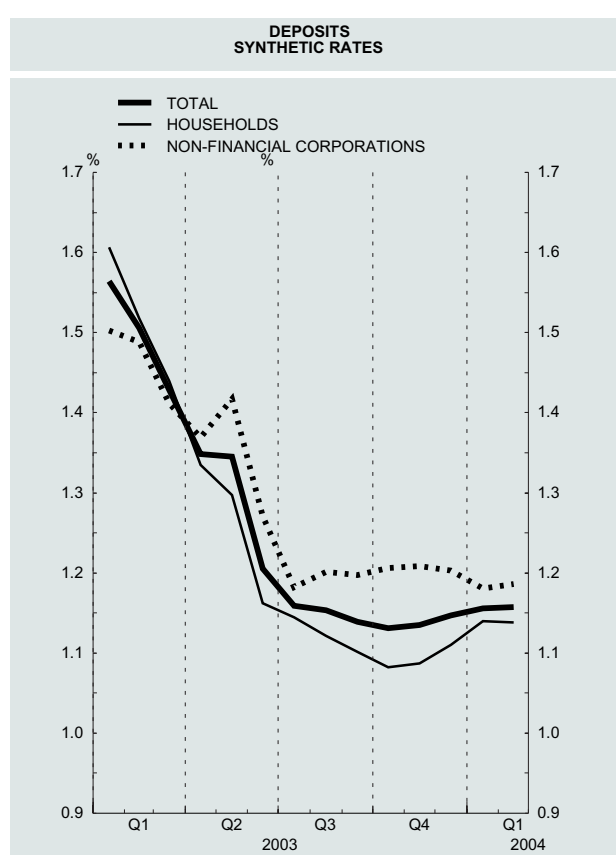
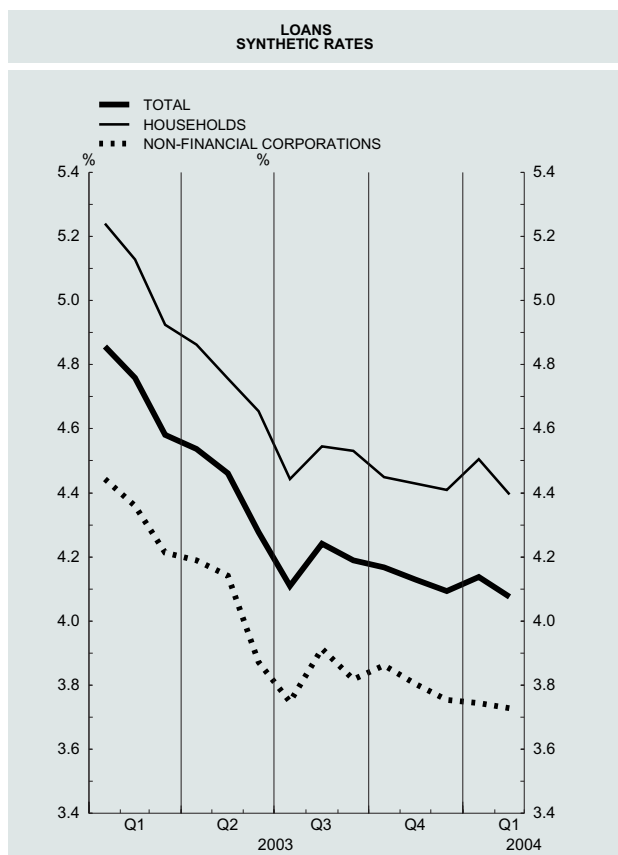
Source: BE.

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

9.3.Bis Interest rates on new business. Credit institutions. (CBE 4/2002)

Percentages

	Loans (APRC) (a)							Deposits (NDER) (a)								
	Synthetic rate	Households and NPISH			Non-financial corporations			Synthetic rate	Households and NPISH				Non-financial corporations			
		Synthetic rate	House purchase	Consumption and other	Synthetic rate	Up to EUR 1 million	Over EUR 1 million (b)		Synthetic rate	Over-night and re-deemable at notice	Time	Repos	Synthetic rate	Over-night	Time	Repos
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
03 Jan	4.86	5.24	4.33	7.05	4.44	5.07	3.90	1.56	1.61	0.53	2.66	2.66	1.50	0.82	2.62	2.69
Feb	4.76	5.13	4.20	6.99	4.36	4.96	3.84	1.51	1.52	0.54	2.48	2.61	1.49	0.82	2.54	2.71
Mar	4.58	4.92	4.07	6.67	4.21	4.83	3.73	1.43	1.44	0.53	2.35	2.60	1.41	0.78	2.44	2.62
Apr	4.54	4.86	3.93	6.77	4.19	4.80	3.68	1.35	1.33	0.51	2.16	2.48	1.37	0.76	2.36	2.52
May	4.46	4.76	3.85	6.62	4.14	4.68	3.67	1.35	1.30	0.48	2.13	2.45	1.42	0.78	2.33	2.51
Jun	4.28	4.65	3.75	6.48	3.87	4.48	3.45	1.21	1.16	0.44	1.94	2.19	1.27	0.77	2.03	2.16
Jul	4.11	4.44	3.55	6.28	3.75	4.38	3.25	1.16	1.14	0.42	1.94	2.05	1.18	0.66	1.97	2.05
Aug	4.24	4.54	3.45	6.81	3.91	4.47	3.45	1.15	1.12	0.42	1.89	2.02	1.20	0.69	1.98	1.97
Sep	4.19	4.53	3.46	6.76	3.82	4.35	3.38	1.14	1.10	0.41	1.87	2.04	1.20	0.68	1.98	2.02
Oct	4.17	4.45	3.48	6.46	3.86	4.41	3.39	1.13	1.08	0.40	1.84	2.03	1.21	0.68	1.98	2.00
Nov	4.13	4.43	3.46	6.41	3.80	4.37	3.33	1.14	1.09	0.39	1.88	1.97	1.21	0.69	2.03	1.97
Dec	4.09	4.41	3.46	6.40	3.75	4.25	3.40	1.15	1.11	0.39	1.93	2.05	1.20	0.66	2.01	1.98
04 Jan	4.14	4.50	3.53	6.55	3.74	4.32	3.29	1.16	1.14	0.39	1.99	1.93	1.18	0.68	1.98	1.95
Feb	P 4.08	4.40	3.51	6.26	3.73	4.22	3.27	1.16	1.14	0.39	1.99	1.96	1.19	0.66	2.02	1.99



(a) APRC: annual percentage rate of change. NDER: narrowly defined effective rate, which is the same as the APRC without including commissions.

(b) Calculated by adding to the NDER rate, which does not include commissions and other expenses, a moving average of such expenses.

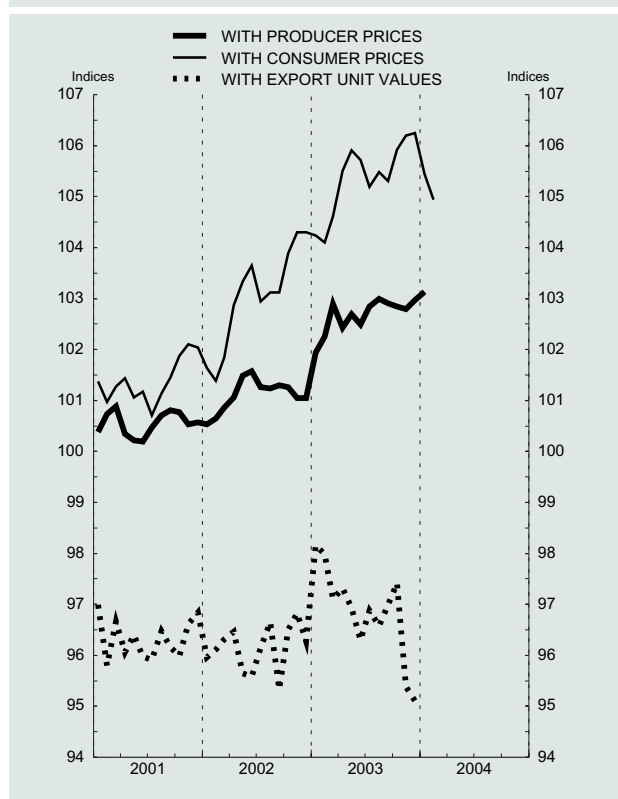
9.4 Indices of Spanish competitiveness vis-à-vis the EU and the euro area.

■ Series depicted in chart.

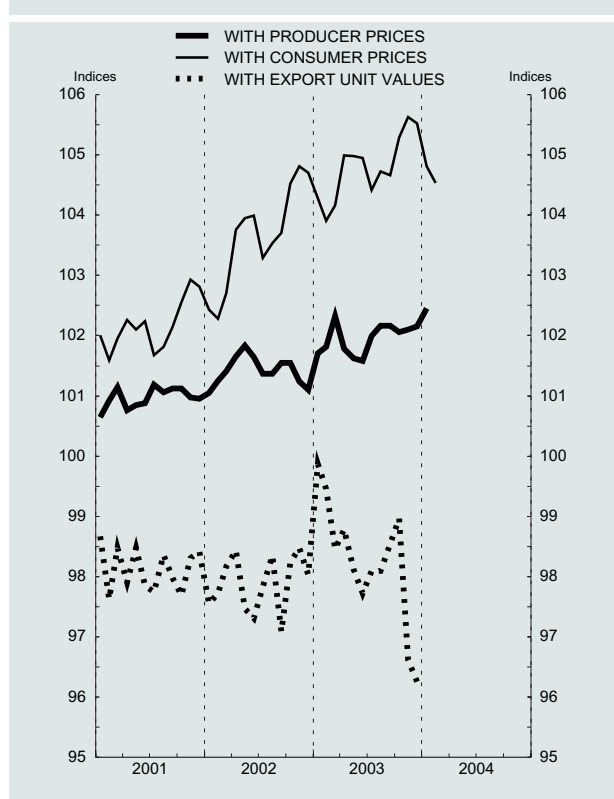
Base 1999 Q1 = 100

	Vis-à-vis the EU									Vis-à-vis the euro area			
	Total (a)				Nominal component (b)	Price component (c)				Based on producer prices	Based on consumer prices	Based on manufacturing unit labour costs	Based on export unit values
	Based on producer prices	Based on consumer prices	Based on manufacturing unit labour costs	Based on export unit values		Based on producer prices	Based on consumer prices	Based on manufacturing unit costs	Based on export unit values				
1	2	3	4	5	6	7	8	9	10	11	12	13	
01	100.6	101.4	103.9	96.3	99.0	101.6	102.4	105.0	97.3	101.0	102.2	104.5	98.1
02	101.1	103.0	105.7	96.2	99.1	102.1	104.0	106.7	97.1	101.4	103.6	106.3	97.9
03	102.7	105.4	107.3	96.8	100.1	102.5	105.2	107.1	96.7	102.0	104.8	106.4	98.2
02 Q1	100.7	101.6	104.7	96.1	98.8	101.9	102.9	105.9	97.3	101.2	102.5	105.5	97.8
Q2	101.4	103.3	105.4	95.9	99.1	102.3	104.3	106.4	96.8	101.7	103.9	106.2	97.7
Q3	101.3	103.1	106.3	96.1	99.2	102.1	103.9	107.1	96.8	101.4	103.5	106.6	97.8
Q4	101.1	104.2	106.4	96.5	99.2	101.9	105.0	107.2	97.3	101.3	104.7	106.8	98.2
03 Q1	102.4	104.3	107.3	97.7	99.8	102.6	104.5	107.5	97.9	102.0	104.1	107.1	99.3
Q2	102.5	105.7	108.0	96.9	100.3	102.2	105.4	107.7	96.5	101.7	105.0	106.9	98.2
Q3	102.9	105.3	107.4	96.8	100.3	102.6	105.0	107.1	96.5	102.1	104.6	106.3	98.2
Q4	102.9	106.1	106.5	96.0	100.2	102.6	105.9	106.3	95.8	102.1	105.5	105.4	97.3
03 Jun	102.5	105.7	...	96.3	100.3	102.2	105.4	...	96.0	101.6	105.0	...	97.7
Jul	102.8	105.2	...	96.9	100.3	102.5	104.9	...	96.6	102.0	104.4	...	98.1
Aug	103.0	105.5	...	96.6	100.3	102.7	105.2	...	96.3	102.2	104.7	...	98.1
Sep	102.9	105.3	...	97.0	100.2	102.7	105.1	...	96.8	102.2	104.7	...	98.5
Oct	102.8	105.9	...	97.4	100.2	102.6	105.7	...	97.2	102.1	105.3	...	99.0
Nov	102.8	106.2	...	95.4	100.1	102.7	106.1	...	95.3	102.1	105.6	...	96.6
Dec	103.0	106.2	...	95.1	100.3	102.7	105.9	...	94.8	102.2	105.5	...	96.3
04 Jan	103.1	105.4	...	...	100.2	103.0	105.3	...	...	102.5	104.8	...	...
Feb	...	104.9	...	...	99.9	...	105.0	...	...	...	104.5	...	...
Mar	...	...	...	...	99.8	...	...	...	...	...	...	...	...

INDICES OF SPANISH COMPETITIVENESS VIS À VIS THE UE



INDICES OF SPANISH COMPETITIVENESS VIS À VIS THE EURO AREA



Source: BE.

(a) Outcome of multiplying nominal and price components. A decline in the index denotes an improvement in the competitiveness of Spanish products.

(b) Geometric mean calculated using a double weighting system based on 1995-1997 manufacturing foreign trade figures.

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

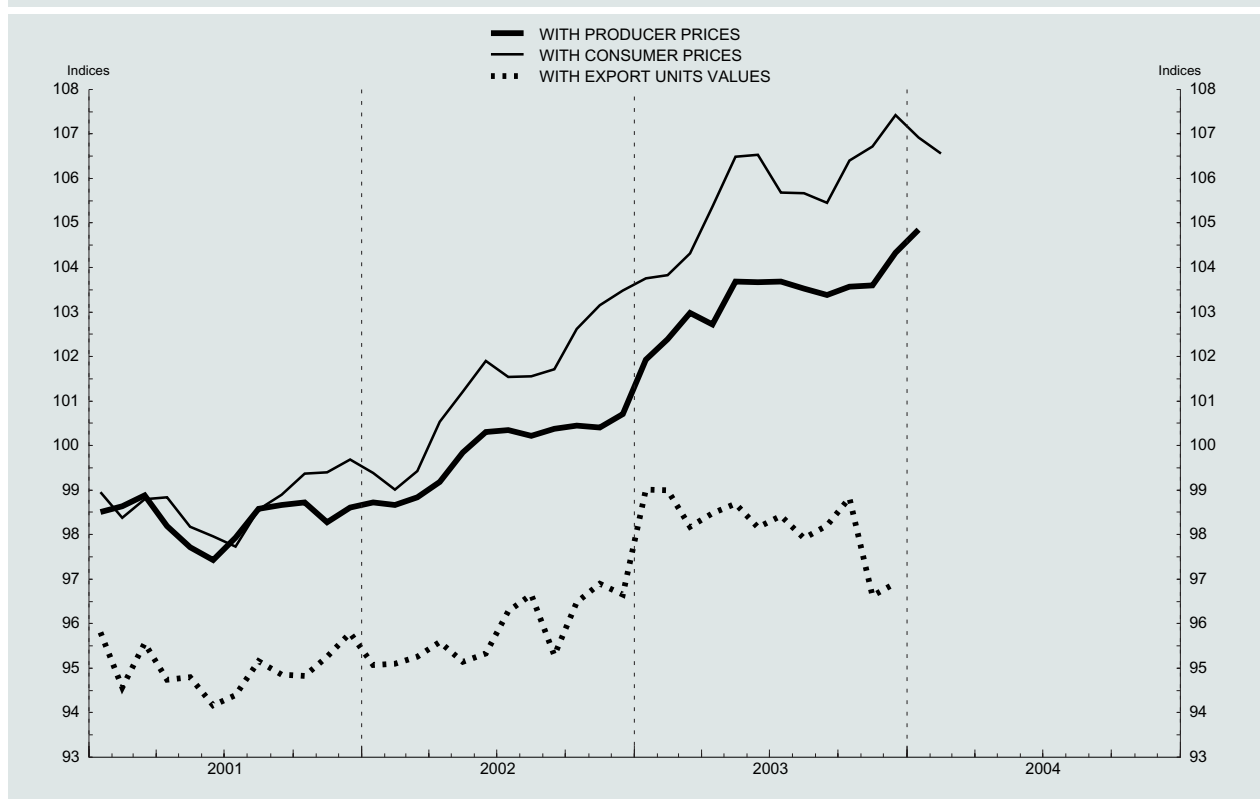
9.5 Indices of Spanish competitiveness vis-à-vis the developed countries.

■ Series depicted in chart.

Base 1999 Q1 = 100

	Total (a)				Nominal component (b)	Price component (c)			
	Based on producer prices 1	Based on consumer 2	Based on manufacturing unit labour costs 3	Based on export unit values 4		Based on producer prices 6	Based on consumer prices 7	Based on manufacturing unit labour cost 8	Based on export unit values 9
01	■	■	■	■					
02	98.3	98.7	101.4	95.0	96.3	102.2	102.6	105.3	98.7
02	99.8	101.3	104.6	95.8	97.1	102.8	104.3	107.7	98.7
03	103.3	105.6	108.3	98.2	100.0	103.3	105.6	108.3	98.2
02 Q1	98.7	99.3	102.7	95.1	96.2	102.6	103.2	106.7	98.9
Q2	99.8	101.2	104.0	95.4	96.8	103.1	104.6	107.4	98.5
Q3	100.3	101.6	105.5	96.1	97.5	102.9	104.2	108.2	98.5
Q4	100.5	103.1	106.1	96.7	97.8	102.7	105.4	108.4	98.8
03 Q1	102.4	104.0	107.8	98.7	99.1	103.4	104.9	108.7	99.6
Q2	103.4	106.1	109.2	98.4	100.3	103.0	105.8	108.9	98.1
Q3	103.5	105.6	108.4	98.2	100.1	103.4	105.5	108.3	98.0
Q4	103.8	106.8	107.9	97.5	100.4	103.4	106.4	107.4	97.0
03 Jun	103.7	106.5	...	98.2	100.7	102.9	105.8	...	97.5
Jul	103.7	105.7	...	98.4	100.4	103.3	105.3	...	98.1
Aug	103.5	105.7	...	97.9	100.1	103.4	105.6	...	97.8
Sep	103.4	105.5	...	98.2	99.9	103.4	105.5	...	98.3
Oct	103.6	106.4	...	98.8	100.3	103.3	106.1	...	98.6
Nov	103.6	106.7	...	96.6	100.2	103.4	106.5	...	96.5
Dec	104.3	107.4	...	96.9	100.9	103.4	106.5	...	96.1
04 Jan	104.9	106.9	...	...	101.1	103.7	105.8	...	...
Feb	...	106.6	...	...	101.0	...	105.5	...	...
Mar	...	...	...	...	100.6	...	...	...	...

INDICES OF SPANISH COMPETITIVENESS VIS-À-VIS THE DEVELOPED COUNTRIES



Source: BE.

(a) Outcome of multiplying nominal and cost/price components. A decline in the index denotes an improvement in the competitiveness of Spanish products.

(b) Geometric mean calculated using a double weighting system based on 1995-1997 manufacturing foreign trade figures.

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

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