THE SPANISH ECONOMY

Recent Developments and Prospects

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1.- INTRODUCTION AND SUMMARY

The world economy maintained a high rate of growth in the first half of 2007

The main industrial economies expanded by around 2.5% y/y in the first half of 2007—a pace that was solid but more moderate than last year, reflecting the slow-down in the US. At the same time, the emerging economies remained strong, especially China and India, where GDP increased by 11.9% and 9.3%, respectively, in the second quarter. In the months of August and September, the financial markets were shaken by the repercussions of the US subprime mortgage crisis while US economic indicators were weaker than expected.

Uncertainty on the rise since the summer due to financial turbulence

As a result, uncertainties and risks have increased and it is difficult to assess the situation as the impact on the US and world economies is not yet known, nor is the impact on business and consumer confidence or the degree of caution that will prevail in the market. In general terms, players are relying on the sound fundamentals underlying the present economic expansion and the actions of the monetary authorities to enable the economy to overcome this crisis with only a modest reduction in growth. Several international organisations have slightly downgraded their projections for 2007 in the big industrial economies, and they project around 5% economic growth worldwide. Those organisations expect the impact to be more acute in 2008, but it is difficult to quantify using the available indicators.

GDP grew more than 4% in the first half of 2007 …

In the first half of 2007, the Spanish economy maintained a dynamic growth pattern and the restructuring of GDP on the demand side continued. After 3.9% average annual GDP growth in 2006, the economy slowed from 4.1% in the first quarter of 2007 to 4% in the second quarter, while Spain's growth differential with respect to the euro area was 1.3 percentage points in the first six months.

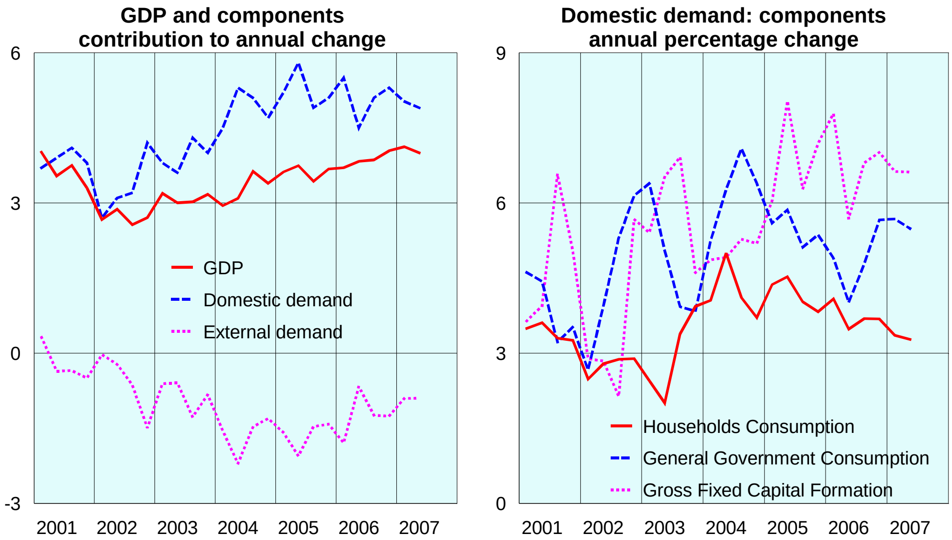
... and improved on the expenditure side

Strong economic expansion in Spain in the first half of 2007 was due to a 0.3-point improvement in the contribution by external demand to growth, reaching -0.9 percentage points and offsetting the gentle deceleration in domestic demand. Nevertheless, domestic demand's contribution to GDP growth is still high because of buoyant consumer spending (though it slowed in the period) and, above all, rapidly growing investment in fixed capital.

Slow-down of private consumption expenditure

The slight deceleration observed in private consumption expenditure is due to, among other factors, tightening monetary conditions, although that aggregate is showing some resistance, underpinned by rapidly-growing household disposable income (driven by good employment growth and moderate inflation). Public consumption expenditure grew faster than private consumption expenditure, accelerating by 0.8 points in the first half of 2007 in comparison with 2006.

Chart 1. QUARTERLY NATIONAL ACCOUNTS
seasonal and calendar effects adjusted data, chain-linked volume



Source: INE *(CNE-2000).*

Investment in construction eclipsed by capital goods

Good performance by gross fixed-capital formation, the fastest-growing component of domestic demand, is due mainly to capital goods, which increased by over 13% in the first half of 2007. Investment in construction decelerated by over one percentage point in the same period, mainly as a result of a slow-down in residential building. The deceleration in the residential segment is also visible in other recent indicators, such as the falling number of new home sales, the fact that house price appreciation is easing, and the slower pace of growth in residential mortgage lending. In contrast, other construction accelerated in the first half of 2007.

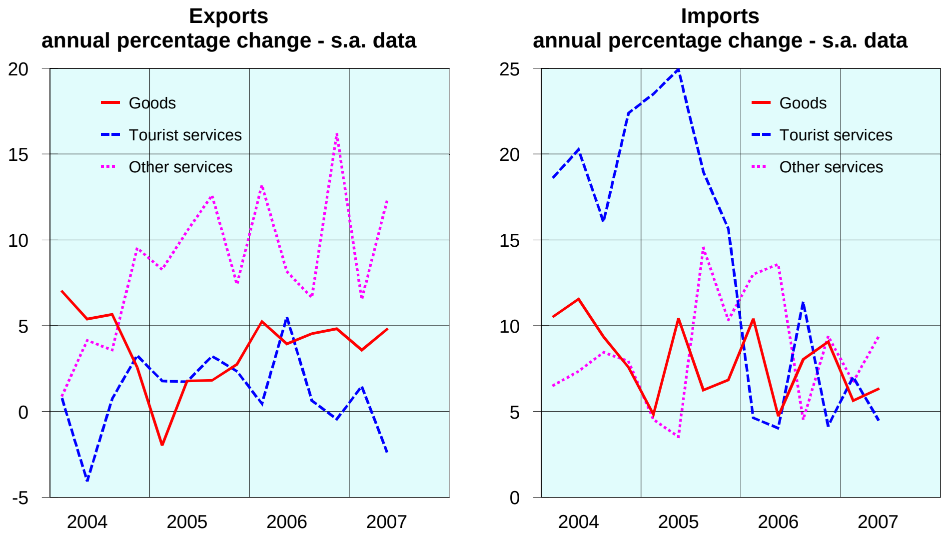
The net contribution by foreign demand to GDP improved once again

In the first half of 2007, the foreign sector's negative contribution to GDP growth declined to 0.9 percentage points, 0.3 points less than in 2006 as a whole. Exports and imports of goods and services slowed in comparison with 2006, in line with the slow-down in world trade and the gentle deceleration by domestic demand, although both flows accelerated in the second quarter.

The trade imbalance stabilised, but the net primary income and current transfer deficits both widened

In the first half of 2007, according to the Rest of World account, the Spanish economy's external borrowing amounted to 9.2% of GDP, one percentage point more than in the same period of 2006. The capital transfer surplus was stable while the current transaction balance widened to 9.6% of GDP, mainly because of the deterioration in the current transfer and net primary income deficits. As for transactions in goods and services, the trade deficit amounted to 7.8% of GDP, similar to the first half of 2006, as the deceleration observed since early 2006 continued. The services surplus remained at 1.4% of GDP since rising exports of non-tourist services offset lower net tourism revenues.

Chart 2. EXPORTS AND IMPORTS OF GOODS AND SERVICES
volume



Source: INE.

All areas of the economy except energy made a positive contribution to growth

On the supply side, all sectors of the economy made a positive contribution to growth in the first half, except for energy, whose gross value added declined by 0.1 point with respect to the same period of 2006. Among the other segments, industry expanded strongly, boosted by the recovery by exports and strong investment in capital goods, among other factors. Industry's firm recovery was reflected not only in the gross value added (GVA) but also in job creation.

Labour market continues to perform well …

The Spanish labour market continued to perform well in the first half of 2007, according to the main labour indicators. Employment grew at a steady pace, although more slowly than in 2006, and unemployment fell to 8%. Good labour market performance was coherent with the strong economy, which continue to grow at a rapid pace.

... enabling the working population to exceed 20 million for the first time

According to the Labour Force Survey (LFS), the working population increased by 3.4% y/y this year, compared with 4.1% last year, and there were over 20 million people in employment in the first quarter of 2007. Strong employment in the first half is also clear from the number of social security contributors; nevertheless, that statistic flagged during August and September, particularly in construction.

The level of fixed-term employment has fallen notably in the last year

One of the most notable positive developments in the labour market in the last year was the sharp increase in permanent employment and the decline in fixed-term employment. In fact, the number of employees on permanent contract increased by 8.2% in the second quarter of 2007, while the number of employees on fixed-term contracts fell by 3.6%. As a result, in the second quarter of 2007, 31.8% of workers were on fixed-term contract, a 2.6-point reduction with respect to the previous year. This positive change in the composition of the labour market in the last year can clearly be attributed to the labour reform implemented early in July 2006.

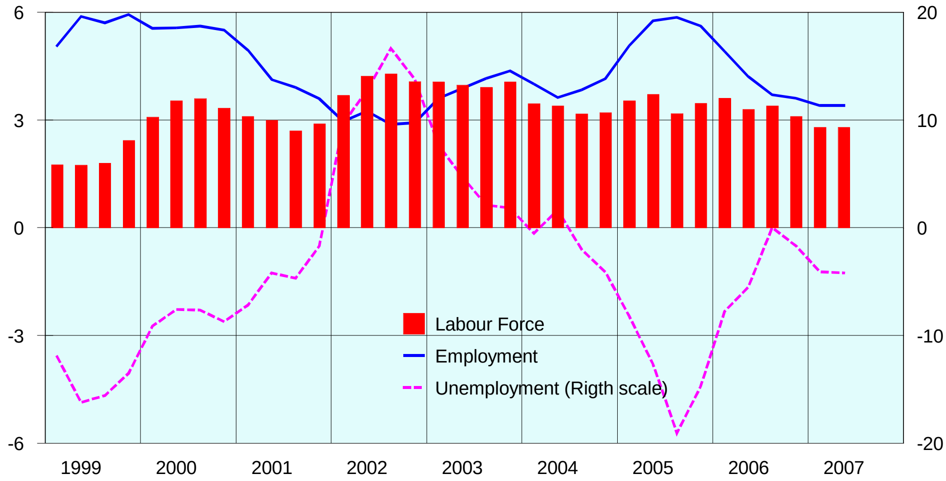
The labour force exceeds 22 million

The labour force continued to grow rapidly in the first half of 2007, although somewhat more slowly than in previous years. In the first half of 2007, the working population amounted to over 22 million people, a 2.8% increase y/y, and the activity rate (as a proportion of the population aged over 16) was 58.7%, 0.6 points more than in the same period of 2006 and well above the 53% registered at the beginning of the decade. Calculated in terms of the population aged 16-64, the activity rate was 72.9%. This strong increase in the working population may be attributable, among other factors, to dynamic immigration flows and the steady incorporation of women into the labour market.

Unemployment fell to slightly under 8%

As a result of the aforementioned trends in labour supply and demand, unemployment continued to decline in the first half of 2007 (by 4.2% y/y). The number of unemployed decreased by approximately 80,000 y/y in the second quarter and unemployment reached 8% (7.95%), slightly more than half a point less than in mid-2006. Unemployment has declined sharply in recent years and it is currently at its lowest since 1978.

Chart 3. LABOUR MARKET TRENDS
annual percentage change



Source: INE (LFS).

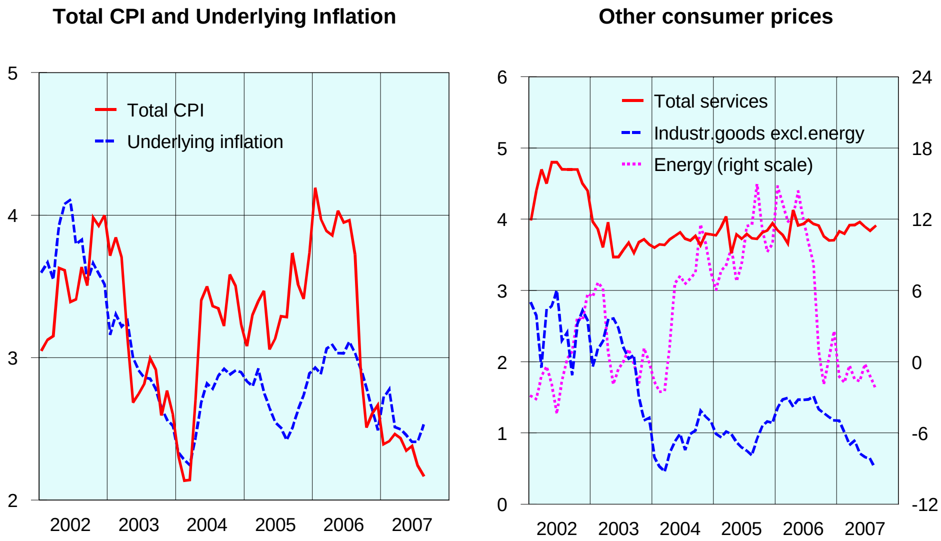
Most wage indicators decelerated

Wage growth has slowed in 2007, as revealed by most wage indicators, particularly the increases agreed under collective wage agreements signed through August (2.9%) and wages in the quarterly National Accounting for the first half of the year (2.9%); in contrast, the Labour Costs Survey shows that wages rose in the first half. The trend in wages coupled with the small increase in productivity has decelerated growth in unit labour costs (ULC), which continue to grow more slowly than the GDP deflator; consequently, although this analysis is based on partly provisional data, corporate earnings should continue to improve, with the resulting positive effect on investment and employment in the future.

Inflation continued to ease in the first eight months of 2007 …

Inflation in the Spanish economy, measured by the year-on-year change in the Consumer Price Index (CPI), was 2.7% at the end of 2006 after falling notably in the last four months of that year. Inflation continued to decline in the first eight months of 2007, falling 0.5 points to 2.2% in August. Core inflation, which excludes the most volatile components of the CPI, such as energy and unprocessed foods, was 2.5% at the end of 2006 and also in August 2007.

Chart 4. CONSUMER PRICES
annual percentage change



Source: INE.

... mainly because of energy products and non-energy industrial goods

The decline in inflation in the first eight months of 2007 was broadly due to deceleration by energy prices caused by the baseline effect of oil prices. Nevertheless, non-energy industrial goods also contributed to the decline in overall inflation in the period, since their already-low inflation more than halved to 0.5% in August. Conversely, inflationary pressure was observed in both services and unprocessed foods.

Spain's inflation gap with EMU has narrowed

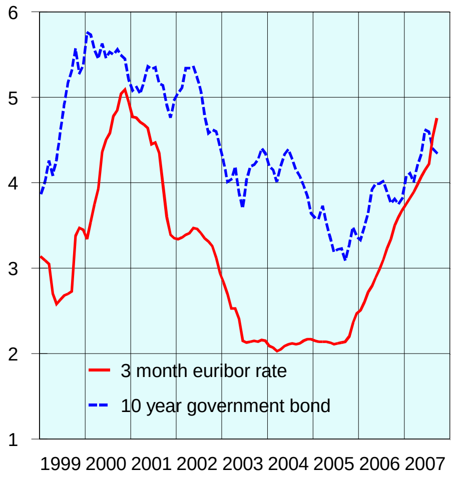
Prices in the euro area were also quite subdued in January-August 2007, with inflation remaining constantly under the 2% level which the European Central Bank considers to represent price stability. In fact, euro area inflation was 1.7% in August, 0.2 points less than in December 2006. Spain's inflation rate, obtained from the harmonised CPI (HCPI), was 2.2% in August, i.e. 0.5 percentage points lower than at the beginning of the year. As a result of the trend in HCPI in Spain and the euro area, Spain's inflation gap with respect to the euro area was 0.5 points in August, having narrowed by 0.3 points since January. The advance September HCPI revealed year-on-year increases of 0.4 points (euro area) and 0.5 points (Spain); if these figures are confirmed by CPI data, the gap will have widened by 0.1 points but will still be moderate.

Good government budget performance reflects dynamic economy

The Spanish economy's rapid pace of growth in 2007 has had a very positive impact on government accounts: revenues are higher than expected while expenditure was more in line with projections through August; consequently, the public administrations overall can be expected to end 2007 with a surplus in excess of the 1.3% of GDP projected in the recently-presented draft 2008 Budget.

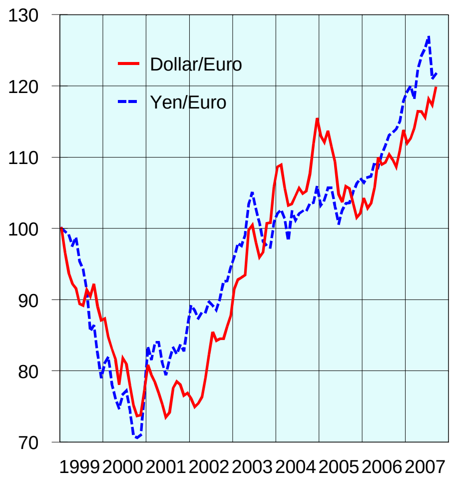
Growth in government revenues took place in a context of a sharp increase in salary and investment income, corporate earnings and capital gains; as a result, direct tax revenues increased by 22.8% through August (in homogeneous terms) while the more subdued growth by the indirect tax base (particularly private consumption expenditure and home purchasing) led to a deceleration in indirect tax revenues to 4.7% y/y in August, in homogeneous terms.

Chart 5. INTEREST RATES
Percentage



Source: Banco de España.

Chart 6. EURO EXCHANGE RATE
January 99=100



Source: European Central Bank.

Likelihood of official interest rate increase recedes

Monetary conditions in the Spanish economy continued to tighten in 2007 as the ECB maintained its policy, adopted at the end of 2005, of gradually reducing monetary stimuli. In a context of economic expansion, rapid growth in credit and the money supply and rising oil prices, the monetary authorities increased official interest rates on two occasions in 2007 (March and June), by a quarter-point in each case, bringing the benchmark rate to 4%.

In these conditions, throughout the first half the markets expected the ECB to raise rates at least once more before year-end. However, as a result of the financial turbulence caused by the subprime mortgage crisis in the US, the ECB did not modify rates at its 6 September meeting, thus helping to dampen expectations of additional interest rate increases. Moreover, the US monetary authorities' decision on 18 September to cut the benchmark interest rate by half a point to 4.75% triggered a degree of relaxation in the financial markets, particularly equities.

STATISTICAL APPENDIX

Table 1.- **QNA: MAIN AGGREGATES OF DEMAND AND OUTPUT**

Percentage change on previous year, chain-linked volume, except when indicated. Seasonal and calendar effects adjusted series.

				2006				2007	
	2005	2006	2007(3)	I	II	III	IV	I	II
Final consumption expenditure	4.5	4.0	3.9	4.3	3.6	4.0	4.2	3.9	3.8
- Households	4.2	3.7	3.3	4.1	3.5	3.7	3.7	3.4	3.3
- NPISH (1)	5.6	6.7	5.1	6.5	6.7	7.3	6.3	5.4	4.7
- General Government	5.5	4.8	5.6	4.9	4.0	4.8	5.7	5.7	5.5
Gross fixed capital formation	6.9	6.8	6.6	7.8	5.7	6.8	7.0	6.6	6.6
- Equipment	9.2	10.4	13.1	10.0	7.4	11.0	13.0	13.3	13.0
- Other products	6.4	4.6	3.3	7.1	3.8	3.7	3.8	2.3	4.3
- Construction	6.1	6.0	4.9	7.1	5.5	5.9	5.5	5.2	4.6
Stockbuilding inventories (2)	-0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.0
Domestic demand (2)	5.3	5.1	5.0	5.5	4.5	5.1	5.3	5.0	4.9
Exports of goods and services	2.6	5.1	4.3	5.7	4.9	4.2	5.7	3.7	4.8
Imports of goods and services	7.7	8.3	6.3	10.6	6.1	7.5	8.9	5.9	6.7
External demand (2)	-1.6	-1.2	-0.9	-1.8	-0.7	-1.2	-1.3	-0.9	-0.9
GDP AT MARKET PRICES	**3.6**	**3.9**	**4.1**	**3.7**	**3.8**	**3.9**	**4.0**	**4.1**	**4.0**
- GVA Agriculture, forestry and fishing	-8.6	2.4	7.2	-0.1	2.3	-2.4	10.1	8.8	5.5
- GVA Industry	1.0	2.9	5.1	1.4	2.7	3.9	3.5	5.5	4.8
- GVA Energy	5.2	1.4	-0.1	3.7	1.4	4.1	-3.2	-3.5	3.5
- GVA Construction	5.6	5.0	4.2	5.8	5.3	5.1	3.9	4.4	4.0
- GVA Services	4.1	4.1	4.0	4.0	4.1	4.2	4.2	4.1	3.9

(1) Non-profit institutions serving households. (2) Contribution to GDP growth in percentage points. (3) Available data period.
Source: INE. *Quarterly National Accounts*.

Table 2.- **ACTIVITY AND DOMESTIC DEMAND INDICATORS**

Percentage change on previous year or balance

			2006		2007			Latest
	2006	2007(1)	III	IV	I	II	III(1)	Data
Activity								
Social Security contributors	4.3	3.2	3.6	3.3	3.6	3.3	2.7	Sep
General IPI (filtered) (2)	3.9	3.1	4.2	4.6	4.2	2.5	1.3	Jul
Industrial capacity utilisation (%)	80.5	81.3	79.4	80.6	81.2	81.3	81.4	III
Industrial sentiment indicator (balances in %)	-2.5	0.8	-2.2	-0.2	2.5	0.6	-0.6	Sep
Electricity power consumption (3)	3.8	3.9	6.0	3.7	5.1	4.3	1.5	Aug
Cement consumption	8.5	1.1	5.7	8.5	4.8	-2.1	0.7	Aug
Surface to be built (projects)	14.2	-9.1	43.1	-2.0	6.9	-14.0	-33.9	Jul
Official bidding	31.3	7.5	19.1	55.1	15.2	-2.1	20.0	Jul
Construction confidence indicator (balances in %)	14.1	12.9	14.6	14.7	10.6	16.0	12.1	Sep
Railway traffic (goods) (4)	-1.2	-3.7	-3.3	-6.4	-4.1	-6.5	1.6	Aug
Air-traffic (passengers)	6.7	9.0	4.6	7.1	9.5	7.1	10.9	Aug
Foreign tourist	4.0	2.2	2.3	2.5	5.3	0.1	2.4	Aug
Demand								
IPI, consumer goods (filtered) (2)	2.3	3.5	1.9	4.3	4.8	2.5	2.8	Jul
Consumer goods imports (volume)	8.9	3.9	2.4	7.6	-1.1	5.6	15.0	Jul
Consumer goods availabilities (adjusted)	4.4	5.6	4.0	5.6	6.3	4.8	6.1	Jul
New car registrations	-1.0	-1.0	-4.2	1.1	1.0	-2.5	-1.8	Aug
Consumer Confidence Indicator (balances in %)	-12.1	-11.6	-13.4	-10.0	-10.9	-12.3	-11.5	Aug
IPI, capital goods (filtered) (2)	8.4	7.0	7.9	11.2	8.9	5.3	7.0	Jul
Capital goods imports (volume)	3.2	13.3	6.5	3.4	20.1	11.0	0.6	Jul
Capital goods availabilities (adjusted)	3.1	16.0	-0.2	13.0	19.5	11.1	21.2	Jul
Households and business financing (5)	19.4	19.0	19.6	21.1	19.8	18.6	18.0	Jul

(1) Available data period. (2) Adjusted for calendar effect. (3) Adjusted for calendar and temperature effects. (4) Mt-Km .(5) Deflated by CPI .
(-) Not available.
Sources: MTAS, INE, REE, OFICEMEN, MFOM, RENFE, AENA, IET, DA, DGT, CE, BE and MEH.

Table 3.- **FOREIGN SECTOR (1)**

	2005 (p)	2006 (p)	2006			2007			
			II	III	IV	I	II	Jun.	Jul.
Imports cif (Million €) (2)	19,281	21,630	21,974	20,619	22,824	22,482	23,476	24,426	23,983
Exports fob (Million €) (2)	12,797	14,156	14,608	12,985	14,966	15,043	15,509	16,110	15,322
Trade balance (Million €) (2)	-6,484	-7,474	-7,366	-7,634	-7,857	-7,439	-7,967	-8,316	-8,661
Imports (% Δ on p.y.): Volume	6.4	8.6	5.1	7.7	9.0	5.4	7.3	3.6	13.4
Price	5.0	3.3	5.0	1.4	1.0	1.0	-0.4	3.1	1.8
Exports (% Δ on p.y.): Volume	0.2	5.6	3.7	1.7	4.7	3.0	2.8	2.0	10.6
Price	4.7	4.7	4.9	5.7	4.3	3.9	3.3	4.0	1.9
Current and capital account balance: Million € ..	-4,890	-6,547	-6,026	-7,010	-6,067	-7,984	-8,031	-7,937	..
% GDP	-6.5	-8.0	-7.4	-8.9	-7.0	-9.4	-9.0	..	..
Net external reserves (Million €) (3)	14,601	14,685	14,605	14,972	14,685	14,045	12,873	12,873	12,572

(1) Monthly average. (2) Customs basis. (3) End of period data. (..) Not applicable. (p) Provisional.
Sources: DA. BE and MEH

Table 4.- **EMPLOYMENT AND UNEMPLOYMENT**

Annual percentage change and level in the latest quarter

	2005	2006	2005			2006				2007		
			II	III	IV	I	II	III	IV	I	II	Thousands
Labour force..	3.5	3.3	3.7	3.2	3.5	3.6	3.3	3.4	3.1	2.8	2.8	22.13
Employment..	5.6	4.1	5.8	5.9	5.6	4.9	4.2	3.7	3.6	3.4	3.4	20.34
Agriculture..	1.2	-5.6	0.7	2.9	2.7	-3.2	-3.0	-8.0	-8.4	0.5	-3.8	0.92
- Non agriculture...................................	5.8	4.6	6.1	6.0	5.8	5.4	4.6	4.3	4.2	3.6	3.8	19.45
Industry...	2.1	0.4	2.0	2.7	1.3	0.5	0.7	-0.7	1.0	-0.3	-1.3	3.24
Construction.....................................	4.6	7.9	4.5	5.0	3.9	7.3	7.8	8.1	8.3	9.4	7.6	2.71
Services...	7.1	5.1	7.5	7.1	7.4	6.3	5.0	4.9	4.3	3.5	3.7	13.49
Wage earners...	5.3	4.6	5.7	5.9	5.5	6.1	4.3	3.9	3.9	3.9	4.1	16.78
- Public sector.......................................	2.3	0.6	3.0	3.0	0.0	1.1	0.4	-0.3	1.4	2.4	0.7	2.87
- Private sector......................................	6.0	5.4	6.3	6.6	6.7	7.2	5.2	4.9	4.5	4.3	4.9	13.90
Unemployed..	-13.6	-3.9	-12.7	-19.1	-14.7	-7.8	-5.5	0.0	-1.7	-4.1	-4.2	1.76
Unemployment rate (% labour force)........	9.2	8.5	9,3	8.4	8.7	9.1	8.5	8.1	8.3	8.5	8.0	-
Employment offices (*)												
Registered unemployment........................	-2.1	-1,5	-3,6	-1.5	-0.9	0.0	-0.6	-1.9	-3.4	-4.2	-1.3	2.03

(*) Latest available Aug.
Sources: INE (Labour Force Survey) and SPEE

Table 5.- **PRICES AND WAGES**

Annual percentage change

	2005	2006	2005	2006					2007							
			Dec.	Aug.	Sep.	Oct.	Nov	Dec.	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.
Consumer price index																
Total	3.4	3.5	3.7	3.7	2.9	2.5	2.6	2.7	2.4	2.4	2.5	2.4	2.3	2.4	2.2	2.2
Food	3.4	3.8	4.3	4.2	4.2	4.0	3.6	3.0	3.1	3.6	3.3	3.6	3.5	3.2	3.0	3.2
Non food	3.4	3.4	3.5	3.6	2.5	2.0	2.3	2.6	2.2	2.0	2.2	2.0	2.0	2.1	2.0	1.8
Underlying (1)	2.7	2.9	2.9	3.0	2.9	2.8	2.6	2.5	2.7	2.8	2.5	2.5	2.5	2.4	2.4	2.5
Industry excluded energy	0.9	1.4	1.1	1.5	1.3	1.3	1.2	1.2	1.2	1.0	0.8	0.9	0.7	0.7	0.6	0.5
Services.....................................	3.8	3.9	3.9	3.9	3.9	3.8	3.7	3.7	3.8	3.8	3.9	3.9	4.0	3.9	3.8	3.9
Energy.....................................	9.6	8.0	9.9	8.2	0.9	-1.9	0.3	2.6	-1.3	-1.8	-0.3	-1.5	-1.6	-0.2	-1.2	-2.2
Wages																
Collective bargaining (2)	4.0	3.6	3.2	3.2	3.2	3.2	3.2	3.3	2.8	2.8	2.9	2.9	2.9	2.9	2.9	2.9
Total wage cost per worker (3) ..	2.6	3.4	2.5	..	4.0	..	..	3.7	..	..	4.3	..	..	3.8	..	..

(1) Consumer price index not including energy and unprocessed food. (2) Monthly data refer to the collective agreements registered until the respective month. Annual data include the application of wage revisions clauses. (3) Monthly data refer to the quarter ending in the respective month. (..) Not applicable.
Sources: INE and MTAS.

Table 6.- **PUBLIC SECTOR: STATE OPERATIONS**

	Million €				Annual percentage change			
	2005	2006	2006	2007	2005	2006	2006	2007
			Aug	Aug			Aug	Aug
1. Receipts ………………………………	128777	141846	88879	99653	12.2	10.1	7.0	12.1
Direct taxes ……………………………	70664	81130	49843	60030	20.4	14.8	12.7	20.4
Indirect taxes …………………………	44617	48328	32018	31005	7.9	8.3	5.8	-3.2
Other revenues ………………………	13495	12388	7018	8619	-8.7	-8.2	-18.1	22.8
2. Expenditure …………………………	122755	130375	84301	92426	7.0	6.2	4.5	9.6
Wages, goods and services …………	24065	26007	16449	17732	4.6	8.1	7.5	7.8
Interest expenses ………………………	17831	15619	13116	12158	6.4	-12.4	-14.4	-7.3
Current transfers ………………………	64541	72225	45752	52088	5.8	11.9	11.8	13.8
Capital outlays …………………………	16318	16524	8983	10448	16.7	1.3	-1.1	16.3
3.- Cash deficit (2-1) …………………	**-6022**	**-11471**	**-4578**	**-7228**	**-**	**90.5**	**90.1**	**57.9**
4.- Changes in financial assets…………	**4134**	**5058**	**513**	**4596**	**-5.8**	**22.3**	**-**	**-**
5.- Borrowing requirement (3+4) ……	**-1887**	**-6414**	**-4065**	**-2631**	**-143.6**	**239.9**	**-53.1**	**-35.3**

Source: MEH.

Table 7.- **MONETARY AND FINANCIAL SECTOR**

			2007						
	2006	2007	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.
Financing resident in Spain (1)									
Total financing (loans and securities) ………	19.1	15.8	16.6	17.0	17.0	16.5	16.1	15.8	-
Non financial corporations and household	24.2	20.2	21.1	20.9	21.2	20.6	20.1	20.2	-
General government ……………………	-4.8	-8.6	-5.5	-4.0	-5.7	-5.2	-6.0	-8.6	-
Interest rates (period averages)									
Intervention rate (2) ………………………	3.50	4.00	3.75	3.75	3.75	4.00	4.00	4.00	4.00
3 mon. euribor rate ………………………	3.08	4.13	3.89	3.98	4.07	4.15	4.22	4.54	4.74
1 yr. euribor rate …………………………	3.44	4.37	4.11	4.25	4.37	4.51	4.56	4.67	4.72
10 yr. gov. bond yield ……………………	3.78	4.30	4.01	4.21	4.34	4.62	4.60	4.40	4.35
Loans. Synthetic rate ………………………	4.59	5.49	5.38	5.43	5.48	5.60	5.63	5.86	-
Deposits. Synthetic rate …………………	1.55	2.18	2.10	2.18	2.19	2.23	2.32	2.42	-
Exchange rates(period averages)									
Dollar/Eur …………………………………	1.256	1.344	1.324	1.352	1.351	1.342	1.372	1.362	1.390
Yen/Eur ……………………………………	146.06	160.38	155.24	160.68	163.22	164.55	166.76	158.95	159.82
Effective (Index: 1999 Q1= 100)…………	103.62	106.73	106.11	107.13	107.28	106.91	107.57	107.10	108.19
Stock exchange (3)									
Madrid (Index Dec 1985=100) ……………	1344.0	1618.5	1622.5	1592.9	1690.3	1640.4	1630.9	1595.0	1600.9

(1) Year-on-year percentage change. For annual data. December on December.(2) Last rate of each period. (3) For annual data, period averages.
Source: BE and ECB.

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