

THE SPANISH ECONOMY

Recent Developments and Prospects

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1.- INTRODUCTION AND SUMMARY

World growth begins to flag and ...

The world outlook has been tarnished in recent months by the prolonged financial market crisis, the sharp slow-down in the US economy and rising prices of oil and other commodities. The advanced economies have slowed but the big emerging markets remain dynamic and are sustaining world economic growth, which can be expected to attain slightly over 4% this year, down from around 5% in the last two years.

... inflationary pressure is building

Slower growth is being accompanied by rising commodity prices, driven to a great extent by rising demand in the emerging economies, coupled with a number of supply-side problems. As a result, inflation has risen and the monetary authorities have had to prioritise their goals. The central banks have generally injected abundant liquidity to palliate the credit crisis; the Federal Reserve and the Bank of England have also cut interest rates, while the European Central Bank and the Bank of Japan have kept them stable.

Sharp deceleration in the US economy

In the fourth quarter of 2007, US GDP decelerated sharply, and the economic indicators in the early months of 2008 are showing increasing signs of weakness. In addition to interest rate cuts, a fiscal stimulus plan has been adopted which is expected to produce a recovery in economic activity in the second half of the year; however, it is difficult to know whether these measures will take effect in time to avoid an economic downturn. There also signs of deceleration in the euro area, although its position seems to be sounder, and growth is expected to be lower this year (around 2%). There are also downside risks in poorer-than-expected performance by the US economy or financial markets and in the dollar's depreciation.

Outside the euro area, the UK economy is decelerating due to a cooling property market, the impact of the credit crisis on its important financial sector, and sluggish consumer spending. Japan has also slowed recently, and the yen's rise against the dollar coupled with weak US demand are viewed with concern, particularly by exporters.

The Spanish economy grew by 3.8% in 2007

The deceleration observed in the Spanish economy since mid-2007 continued in the fourth quarter and real GDP in the period was 3.5%, 0.3 points less than in the third quarter. Overall, the economy grew by 3.8% in 2007, 0.1 point less than in 2006.

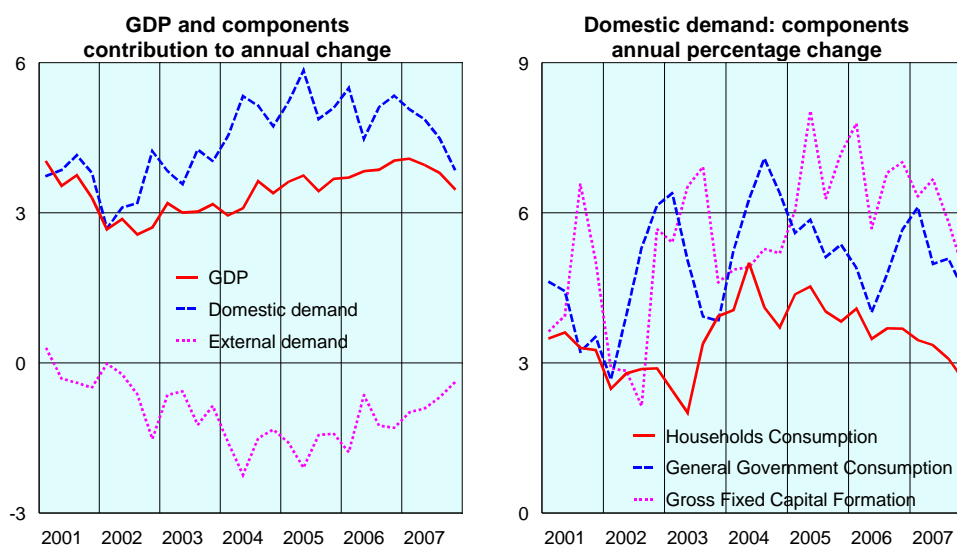
Rebalancing of the growth pattern continues

This was due to a slowing pace of growth in domestic demand (which contributed 3.9 points to GDP growth in the fourth quarter, 0.6 points less than in the third quarter) and to the improvement in foreign demand's net contribution (-0.4 points in the fourth quarter, an improvement on the -0.7 points registered in the third quarter).

Domestic demand is slowing ...

Domestic demand weakened in all its components, particularly investment in construction and (to a lesser extent) consumer spending. Nevertheless, investment in capital goods continued to grow at a brisk pace.

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



Source: INE (CNE-2000).

Consumer spending continues to slow

Household consumption expenditure continued the deceleration that commenced some months ago, and this is reflected in consumer confidence figures. Flagging consumer expenditure is due, at least partly, to the negative impact of rising prices on real household incomes. Public consumption expenditure was also less dynamic than in previous quarters.

The deceleration in the real estate sector is confirmed

Available indicators for construction confirm the deceleration in investment in this sector. In particular, residential investment was curtailed sharply in the fourth quarter. In addition to the factors that justify a slowdown in residential investment (tighter lending conditions), the continuing turbulence in the world financial markets since August 2007 also took its toll.

Investment in capital goods continues to expand briskly

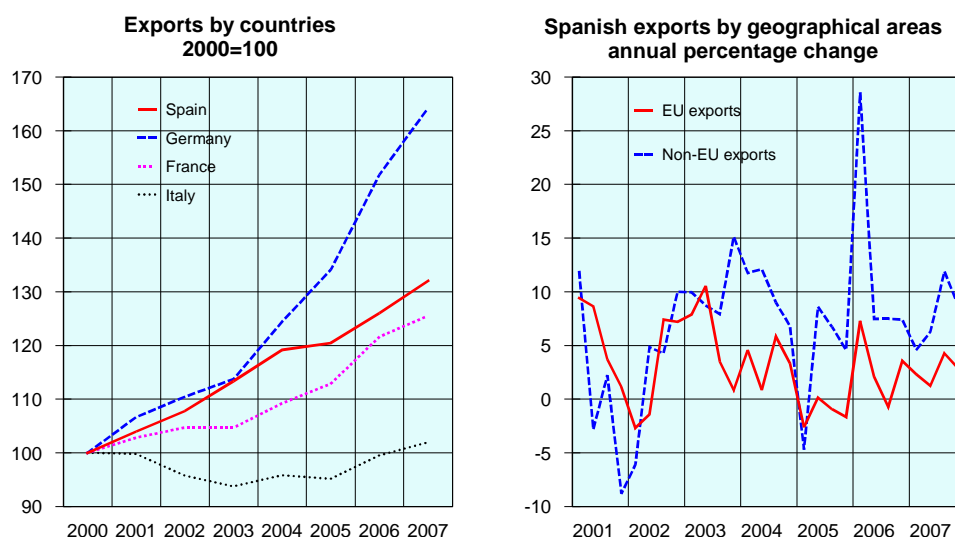
Fixed capital formation continues to grow at a good pace, although it decelerated slightly in the fourth quarter of 2007. Investment in capital goods and in other construction slowed with respect to the previous quarter but growth is still strong, particularly in the case of capital goods (8.6%).

In the fourth quarter of 2007, foreign trade flows decelerated because our export markets were less dynamic and also as a result of slowing domestic demand

According to the Quarterly National Accounting, the net contribution by foreign demand detracted 0.4 points from GDP growth, the fourth consecutive improvement in this figure. Imports and exports of goods and services slowed, in line with deceleration in Spain's export markets and slacker domestic demand, though imports decelerated by less than exports.

Exports of goods and services expanded at a slower pace than in the third quarter in a departure from the rising trend observed since the beginning of the year. Among the components, non-tourism goods and services slowed, while tourism advanced slightly after two consecutive declines. Imports of goods and services decelerated, and the pace of growth in the purchase of non-tourism goods and services eased, while consumption expenditure by non-residents accelerated despite softening domestic consumption expenditure.

Chart 2. EXPORTS OF GOODS IN VOLUME



Sources: Eurostat, DA and SGAM.

The Spanish economy's borrowing increased again

In the period, the Spanish economy's external borrowing amounted to 9.8% of GDP, almost 1.5 points more than in the fourth quarter of 2006. All line items worsened except for the current transfer deficit, whose decline offset a lower services surplus. The trade deficit and net primary income deficit were the main factors driving the increase in the foreign imbalance.

Construction and industry slowing

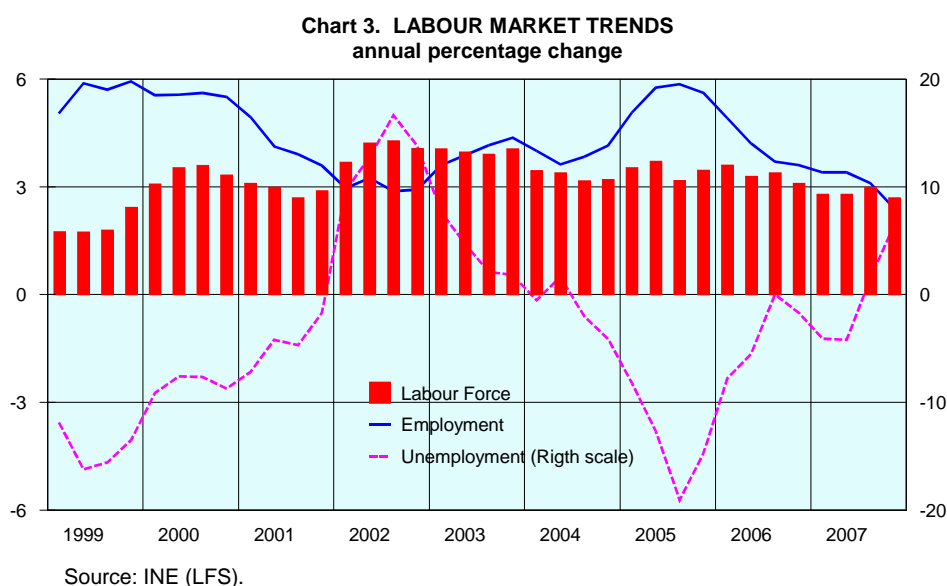
On the supply side, slower GDP growth was due mainly to slack performance by industry, construction and, to a lesser extent, services; this was partly offset by acceleration in the primary sector and energy.

The labour market performed positively in 2007 as a whole ...

The labour market performed well in 2007; employment increased by 3.1% in annual average terms, and close to half a million jobs were created during the year. The quality of employment also improved significantly, since the percentage of workers in stable employment increased and the percentage of fixed-term contracts decreased; the result was a significant reduction in the *rate of fixed-term employment* (2.9 points) to 30.9% at year-end.

... but it has decelerated in the final months of 2007 and so far in 2008

Nevertheless, the pace of job creation decelerated in the final months of 2007, particularly in construction because of the correction in that industry that commenced early in 2007. The most recent job creation indicators, such as the number of Social Security contributors, for the first two months of 2008 reveal that job creation continues to decelerate, in line with the lower expected pace of economic growth.



The activity rate is easing and unemployment is worsening

Growth in the **labour force** slowed with respect to last year, falling 0.5 points in annual average terms, but it is still strong, basically because of dynamic immigration flows and the steady incorporation of women into the job market. As a result of trends in labour supply and demand, the unemployment rate, expressed in annual average terms, fell by 0.2 points to 8.3%; however, the slacker labour market towards the end of the year led to a slight upswing in that figure.

Inflation continues to rise, but the core rate declined in January

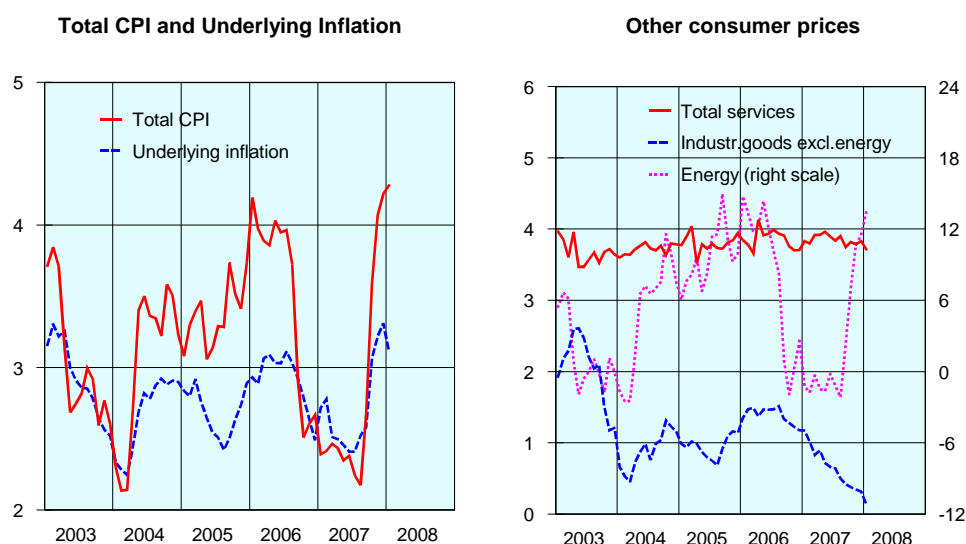
Spanish inflation stood at 4.2% at the end of 2007, continuing the rising trend that commenced last September, from the August low of 2.2%. Before this upswing, inflation had been falling steadily for approximately a year, having declined by nearly 2 percentage points. Inflation continue to expand in January 2008, to 4.3%. Meanwhile, *core inflation* ended 2007 significantly lower (3.3%). In parallel with headline inflation, core inflation began to rise in

August; however, in contrast with the former, the core rate halted its upward trend in January, falling to 3.1%.

The upswing in inflation is attributable to the most volatile components of the CPI

The reduction in inflation in the first eight months of 2007 was due to decelerating prices of energy products. In contrast, the sharp increase in the CPI since September is due to a broad range of factors. Regarding energy components: as expected, there was an adverse baseline effect on oil prices in the period; moreover, oil prices unexpectedly began to rise again. There was also a food price shock, particularly in certain processed foods, as a result, among other factors, of the sharp increase in cereal prices on the international markets. Therefore, the upswing in inflation was driven mainly by some of the most volatile components of the CPI. Whereas shocks of this type have been temporary in the past, this time there appear to be major tensions in demand worldwide in both cases (energy and food), creating the risk that the phenomenon may last.

Chart 4. CONSUMER PRICES
annual percentage change



Source: INE.

Spain's inflation differential with respect to the EMU was 1.2 points in January

Prices have also increased in the euro area over the last few months, primarily due to the same factors affecting Spain; however, this increase is less intense than in Spain. Euro area inflation was 1.7% in August, rising to 3.2% in January. Core inflation was much more subdued, reaching 2.3% in January, just 0.4 points higher than the low attained in the spring and summer of 2007. Spain's harmonised CPI (HCPI) reached 4.4% in January 2008, 0.1 points higher than domestic CPI. As a result of the trend in HCPI in Spain and the euro area, Spain's differential with the euro area was 1.2 percentage points, i.e. 0.2 percentage points more than in the autumn but in line with the average differential observed since Spain joined Economic and Monetary Union.

The public deficit increased in 2007

As for **public finances**, the Spanish Public Administrations ended 2007 with a surplus amounting to 2.23% of GDP, up from the 1.79% surplus obtained in 2006. This result, which was

better than initially expected, arose as a result of an increase of 8.5% in public revenues and of 7.4% in public expenditure.

The **Central Administration** (Central Government and its autonomous agencies) made a major contribution to this budget surplus by attaining a surplus of 1.29% of GDP (0.59% in 2006); meanwhile, in a positive labour market context, the Social Security Administrations also attained a sizeable surplus (1.25% in 2007, 1.29% in 2006). The Autonomous Communities and Local Governments increased their deficits slightly in 2007 (0.17% and 0.14%, respectively).

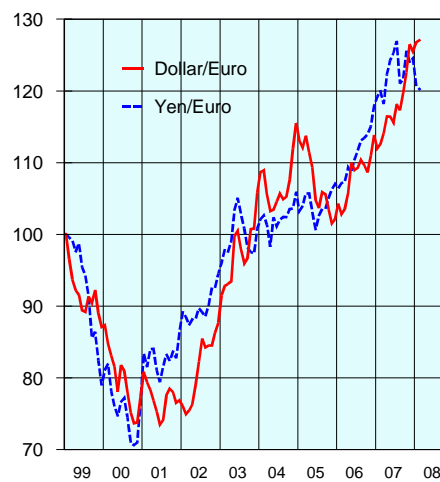
The surplus attained by the Public Administrations in 2007 made it possible to reduce the **ratio of government debt/GDP** by 3.5 percentage points to 36.2%.

Chart 5. INTEREST RATES
Percentage



Source: Banco de España.

Chart 6. EURO EXCHANGE RATE
January 99=100



Source: European Central Bank.

Strong prospects of further interest rate cuts in the USA and more moderate cuts in the euro area

The uncertainties created by the current international financial turbulence appear to have had an appreciable impact on the real economy, particularly in the USA, at the beginning of 2008. The US monetary authorities, which have cut the benchmark rate by 2.25 percentage points since September to 3% at present, are determined to maintain an expansive monetary policy so as to prevent the current sharp deceleration in the US economy from lasting too long or even turning into a recession. In these conditions, the markets expect US interest rates to continue falling.

In the euro area, in contrast, the expectations of rate cuts that had existed some months ago have been tempered by the more favourable economic situation and, above all, by the ECB's monetary policy, which is focused more on price stability. As a result, the ECB has kept interest rates stable since last June.

In this context, after falling notably in January and remaining stable in February, **short-term interest rates** in the euro area began to climb early in March. **Yields on government bonds**, which are viewed as a safe haven in times of financial turbulence, declined in January and February, particularly on the shorter-term references, and have been practically stable since the beginning of March.

The international economic situation is having an impact on the equity and currency markets

The **stock markets** remained highly volatile at the beginning of March. Following the sharp declines in January, the markets had taken a respite in February; but early in March, the world's indices fell sharply once again.

The weak US economy and expectations of further rate cuts by the Fed pushed the **euro** to record highs against the dollar, and the US currency's strong appeal as a safe haven in times of financial turbulence was powerless to counter this trend on a lasting basis. Nevertheless, the euro's loss of competitiveness is less intense than is suggested by its dollar exchange rate if measured in effective nominal terms against the industrialised countries as a whole.

The euro area money and credit supply continue to grow at a rapid pace at the beginning of 2008.

The **money and credit supply** in the euro area expanded rapidly in January, showing no adverse impact from the international financial crisis. Private sector borrowing increase in January at a similar rate to December and faster than in January 2007.

In line with the dynamic performance of private sector borrowing in the euro area (assets of monetary financial institutions in the euro area), the **M3 broad money supply** (liabilities of those institutions) also increased rapidly in January, supported mainly by growth in other short-term deposits.

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.

	2005	2006	2007	2006		2007			
				III	IV	I	II	III	IV
Final consumption expenditure.....	4.5	4.0	3.6	4.0	4.2	4.1	3.8	3.6	3.1
- Households	4.2	3.7	3.1	3.7	3.7	3.5	3.4	3.1	2.7
- NPISH (1)	5.6	6.7	4.4	7.3	6.3	5.1	4.3	4.1	4.0
- General Government	5.5	4.8	5.1	4.8	5.7	6.1	5.0	5.1	4.4
Gross fixed capital formation.....	6.9	6.8	5.9	6.8	7.0	6.3	6.7	5.8	4.8
- Equipment.....	9.2	10.4	11.6	11.0	13.0	13.1	13.1	11.6	8.6
- Other products.....	6.4	4.6	4.2	3.7	3.8	1.9	4.7	4.3	6.1
- Construction.....	6.1	6.0	4.0	5.9	5.5	4.9	4.6	3.8	2.9
Stockbuilding inventories (2).....	-0.1	0.1	0.0	0.1	0.1	0.1	0.0	0.0	0.1
Domestic demand (2)	5.3	5.1	4.6	5.1	5.3	5.1	4.9	4.5	3.9
Exports of goods and services.....	2.6	5.1	5.3	4.2	5.7	3.6	4.7	7.7	5.1
Imports of goods and services.....	7.7	8.3	6.6	7.5	8.9	6.0	6.7	8.4	5.4
External demand (2)	-1.6	-1.2	-0.7	-1.3	-1.3	-1.0	-0.9	-0.7	-0.4
GDP AT MARKET PRICES	3.6	3.9	3.8	3.9	4.0	4.1	4.0	3.8	3.5
- GVA Agriculture, forestry and fishing...	-8.6	2.4	3.8	-2.4	10.1	6.8	2.8	2.8	2.9
- GVA Industry	1.0	2.9	3.1	3.9	3.5	5.0	3.6	2.4	1.4
- GVA Energy	5.2	1.4	1.0	4.1	-3.2	-3.6	3.4	0.0	4.5
- GVA Construction.....	5.6	5.0	3.8	5.1	3.9	4.5	4.2	3.8	2.8
- GVA Services	4.1	4.1	4.2	4.2	4.2	4.2	4.2	4.3	4.1

(1) Non-profit institutions serving households. (2) Contribution to GDP growth in percentage points.

Source: INE. *Quarterly National Accounts*.

Table 2.- ACTIVITY AND DOMESTIC DEMAND INDICATORS

Percentage change on previous year or balance

	2006	2007(1)	2007				2008	Latest Data
			I	II	III	IV	I(1)	
Activity								
Social Security contributors.....	4.3	3.0	3.6	3.3	2.7	2.4	1.8	Feb
General IPI (filtered) (2).....	3.9	1.9	4.2	2.4	1.1	-0.2	-	Dec
Industrial capacity utilisation (%).....	80.5	81.0	81.2	81.3	81.4	80.0	81.1	I
Industrial sentiment indicator (balances in %).....	-2.5	-0.2	2.5	0.6	-0.6	-3.4	-6.0	Feb
Electricity power consumption (3).....	3.9	4.1	5.2	4.2	1.9	5.0	3.4	Feb
Cement consumption.....	8.5	0.3	5.5	-1.3	-1.3	-1.5	-7.9	Jan
Surface to be built (projects)	14.2	-22.3	6.9	-14.0	-48.3	-26.3	-	Dec
Official bidding	31.3	-15.2	13.3	-2.2	-30.3	-32.7	-	Dec
Construction confidence indicator (balances in %).	14.1	9.4	10.6	16.0	12.1	-1.0	-11.9	Feb
Railway traffic (goods) (4)	-1.2	-4.4	-4.1	-6.5	-1.4	-5.3	-	Dec
Air-traffic (passengers)	6.8	9.0	9.5	7.1	10.5	8.6	6.9	Jan
Foreign tourist.....	4.1	1.7	5.2	0.1	1.4	1.6	0.9	Jan
Demand								
IPI, consumer goods (filtered) (2).....	2.3	1.2	4.8	2.1	0.8	-2.7	-	Dec
Consumer goods imports (volume).....	8.9	5.1	-1.1	5.6	8.4	7.7	-	Dec
Consumer goods availabilities (adjusted)	4.7	5.3	6.4	4.8	5.1	4.9	-	Dec
New car registrations.....	-1.0	-1.6	1.0	-2.5	-3.6	-1.5	-7.8	Feb
Consumer Confidence Indicator (balances in %)....	-12.1	-13.2	-10.9	-12.3	-12.4	-17.3	-20.5	Feb
IPI, capital goods (filtered) (2).....	8.4	5.8	8.9	5.3	6.3	3.0	-	Dec
Capital goods imports (volume)	3.2	9.8	20.1	11.0	-0.6	9.0	-	Dec
Capital goods availabilities (adjusted)	3.1	12.3	20.3	11.0	8.9	9.6	-	Dec
Households and business financing (5).....	19.4	17.2	19.8	18.7	17.5	13.3	-	Dec

(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)

	2006 (p)	2007 (p)	2006				2007			
			IV	I	II	III	IV	Nov.	Dec.	
Imports cif (Million €) (2)	21,630	23,369	22,824	22,482	23,476	22,414	25,105	25,267	24,030	
Exports fob (Million €) (2)	14,156	15,123	14,966	15,043	15,509	14,117	15,823	16,568	14,196	
Trade balance (Million €) (2)	-7,474	-8,246	-7,857	-7,439	-7,967	-8,297	-9,281	-8,699	-9,835	
Imports (% Δ on p.y.): Volume	8.6	6.9	9.0	5.4	7.3	7.2	7.7	-0.6	17.3	
Price	3.3	1.1	1.0	1.0	-0.4	1.4	2.2	6.5	-2.1	
Exports (% Δ on p.y.): Volume	5.6	4.2	4.7	3.0	2.8	6.7	4.6	8.2	-2.8	
Price	4.7	2.5	4.3	3.9	3.3	1.9	1.0	1.5	0.4	
Current and capital account balance: Million € ..	-6,547	..	-6,067	-7,984	-8,031	-8,306	..	-11,346	..	
% GDP	-8.0	..	-7.0	-9.4	-9.0	-9.9	..	..	..
Net external reserves (Million €) (3)	14,685	12,946	14,685	14,045	12,873	12,493	12,946	12,559	12,946	

(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

	2006		2007		2005				2006				2007				Thousands
	2006	2007	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV		
Labour force.....	3.3	2.8	3.5	3.6	3.3	3.4	3.1	2.8	2.8	3.0	2.7	22.41					
Employment.....	4.1	3.1	5.6	4.9	4.2	3.7	3.6	3.4	3.4	3.1	2.4	20.48					
Agriculture.....	-5.6	-2.0	2.7	-3.2	-3.0	-8.0	-8.4	0.5	-3.8	-3.0	-1.7	0.91					
- Non agriculture.....	4.6	3.3	5.8	5.4	4.6	4.3	4.2	3.6	3.8	3.4	2.6	19.57					
Industry.....	0.4	-0.9	1.3	0.5	0.7	-0.7	1.0	-0.3	-1.3	-0.9	-1.2	3.28					
Construction.....	7.9	6.1	3.9	7.3	7.8	8.1	8.3	9.4	7.6	4.9	2.7	2.69					
Services.....	5.1	3.9	7.4	6.3	5.0	4.9	4.3	3.5	4.3	4.2	3.5	13.60					
Wage earners.....	4.6	3.4	5.5	6.1	4.3	3.9	3.9	3.9	4.1	3.1	2.5	16.88					
- Public sector	0.6	1.1	0.0	1.1	0.4	-0.3	1.4	2.4	0.7	1.0	0.2	2.91					
- Private sector	5.4	3.9	6.7	7.2	5.2	4.9	4.5	4.3	4.9	3.5	3.0	13.96					
Unemployed.....	-3.9	-0.2	-14.7	-7.8	-5.5	0.0	-1.7	-4.1	-4.2	1.5	6.5	1.93					
Unemployment rate (% labour force).....	8.5	8.3	8.7	9.1	8.5	8.1	8.3	8.5	8.0	8.0	8.6	-					
Employment offices (*)																	
Registered unemployment.....	-1.5	0.0	-0.9	0.0	-0.6	-1.9	-3.4	-4.2	-1.3	1.9	3.9	2.32					

(*) Latest available February.

Sources: INE (Labour Force Survey) and SPEE

Table 5.- PRICES AND WAGES

Annual percentage change

	2006		2007		2006												2007
	2006	2007	Dec.	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	
Consumer price index																	
Total	3.5	2.8	2.7	2.4	2.4	2.5	2.4	2.3	2.4	2.2	2.2	2.7	3.6	4.1	4.2	4.3	
Food	3.8	4.1	3.0	3.1	3.6	3.3	3.6	3.5	3.2	3.0	3.2	3.8	5.6	6.3	6.6	6.6	
Non food	3.4	2.4	2.6	2.2	2.0	2.2	2.0	2.0	2.1	2.0	1.8	2.3	2.9	3.3	3.4	3.6	
Underlying (1)	2.9	2.7	2.5	2.7	2.8	2.5	2.5	2.5	2.4	2.4	2.5	2.6	3.1	3.2	3.3	3.1	
Industry excluded energy	1.4	0.7	1.2	1.2	1.0	0.8	0.9	0.7	0.7	0.6	0.5	0.4	0.4	0.3	0.3	0.1	
Services	3.9	3.9	3.7	3.8	3.8	3.9	3.9	4.0	3.9	3.8	3.9	3.7	3.8	3.8	3.8	3.7	
Energy.....	8.0	1.7	2.6	-1.3	-1.8	-0.3	-1.5	-1.6	-0.2	-1.2	-2.2	2.3	7.0	10.7	11.5	13.4	
Wages																	
Collective bargaining (2)	3.6	4.0	3.3	2.8	2.8	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	3.0	3.3	
Total wage cost per worker (3) .	3.4	3.9	3.7	..	..	4.3	..	..	3.8	..	..	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			
	2006	2007	2007	2008	2006	2007	2007	2008
			Jan.	Jan.			Jan.	Jan.
1. Receipts	141846	159840	12189	12833	10.1	12.7	18.9	5.3
Direct taxes	81131	96980	10526	11588	14.8	19.5	16.9	10.1
Indirect taxes	48327	48445	912	431	8.3	0.2	38.8	-52.7
Other revenues	12388	14415	751	814	-8.2	16.4	26.6	8.3
2. Expenditure	130375	139704	15932	18123	6.2	7.2	7.6	13.8
Wages, goods and services	26007	28131	2291	2462	8.1	8.2	12.3	7.5
Interest expenses	15619	14539	5066	5727	-12.4	-6.9	-5.2	13.0
Current transfers	72225	77680	5570	6894	11.9	7.6	6.3	23.8
Capital outlays	16524	19354	3005	3040	1.3	17.1	37.4	1.2
3.- Cash deficit (2-1)	-11471	-20135	3742	5290	90.5	75.5	-17.9	41.4
4.- Changes in financial assets	5049	12186	1675	-9648	22.1	141,4	-	-
5.- Borrowing requirement (3+4)	-6422	-7949	5417	-4358	240.3	23.8	-203.2	-

Source: MEH.

Table 7.- MONETARY AND FINANCIAL SECTOR

	2007	2008	2007					2008	
			Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb
<u>Financing resident in Spain (1)</u>									
Total financing (loans and securities)	12.8	-	15.9	14.9	14.4	14.4	12.8	-	-
Non financial corporations and household	16.1	-	20.1	18.8	17.8	17.7	16.1	-	-
General government	-7.6	-	-7.8	-7.1	-6.7	-6.5	-7.6	-	-
<u>Interest rates (period averages)</u>									
Intervention rate (2)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
3 mon. euribor rate	4.28	4.42	4.54	4.74	4.69	4.64	4.85	4.48	4.36
1 yr. euribor rate	4.45	4.42	4.67	4.72	4.65	4.61	4.79	4.50	4.35
10 yr. gov. bond yield	4.31	4.16	4.40	4.35	4.38	4.25	4.35	4.18	4.14
Loans. Synthetic rate	5.66	6.00	5.86	6.00	5.97	6.04	6.03	6.00	-
Deposits. Synthetic rate	2.34	2.88	2.42	2.55	2.68	2.69	2.77	2.88	-
<u>Exchange rates(period averages)</u>									
Dollar/Eur	1.371	1.473	1.362	1.390	1.423	1.468	1.457	1.472	1.475
Yen/Eur	161.23	158.32	158.95	159.82	164.95	162.89	163.55	158.68	157.97
Effective (Index: 1999 Q1= 100).....	107.71	111.87	107.13	108.23	109.45	111.00	111.24	111.95	111.78
<u>Stock exchange (3)</u>									
Madrid (Index Dec 1985=100)	1636.8	1430.6	1595.0	1600.9	1724.4	1708.2	1642.0	1435.2	1426.0

(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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