

THE SPANISH ECONOMY

Recent Developments and Prospects

**Quarterly bulletin
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DATA ON SPANISH ECONOMY

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	2008(3)	2007				2008	
				I	II	III	IV	I	II
Final consumption expenditure.....	4.1	3.8	2.2	4.2	4.3	3.5	3.3	2.6	1.8
- Households	3.9	3.4	1.7	3.8	4.1	3.0	2.9	2.2	1.2
- NPISH (1)	4.9	4.6	3.7	5.1	4.4	4.6	4.2	3.8	3.7
- General Government	4.6	4.9	3.7	5.3	5.0	4.8	4.4	3.6	3.8
Gross fixed capital formation.....	7.1	5.3	1.1	6.6	5.8	4.6	4.5	2.5	-0.2
- Equipment.....	10.2	10.0	3.8	13.3	11.3	8.5	7.1	5.2	2.3
- Other products.....	7.1	3.9	4.7	2.4	3.7	3.6	6.0	6.0	3.3
- Construction.....	5.9	3.8	-1.0	5.1	4.2	3.3	2.9	0.3	-2.4
Stockbuilding inventories (2).....	0.2	-0.1	0.1	-0.1	-0.1	-0.1	0.0	0.1	0.1
Domestic demand (2)	5.3	4.4	2.1	5.1	4.9	3.9	3.8	2.8	1.5
Exports of goods and services.....	6.7	4.9	4.2	3.3	3.9	8.2	4.0	4.3	4.1
Imports of goods and services.....	10.3	6.2	3.2	6.1	6.2	7.6	4.9	4.1	2.3
External demand (2).....	-1.5	-0.8	0.1	-1.1	-1.0	-0.3	-0.5	-0.2	0.3
GDP AT MARKET PRICES	3.9	3.7	2.2	4.0	3.9	3.6	3.3	2.6	1.8
- GVA Agriculture, forestry and fishing...	2.5	3.0	2.3	4.6	2.5	2.8	2.1	2.7	1.9
- GVA Industry	1.9	2.8	-1.5	4.1	3.1	2.9	1.0	-0.1	-2.8
- GVA Energy	-0.1	0.8	3.0	0.2	1.1	0.2	1.7	1.1	4.8
- GVA Construction.....	5.0	3.5	-0.2	3.8	4.3	3.1	2.8	1.6	-1.9
- GVA Services	4.4	4.6	3.8	4.5	4.6	4.3	4.8	3.9	3.7

(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

	2007	2008(1)	2007		2008			Latest Data
			III	IV	I	II (1)	III (1)	
Activity								
Social Security contributors.....	3.0	0.5	2.7	2.4	1.4	0.2	-0.3	Aug
General IPI (filtered) (2).....	1.9	-3.0	1.1	-0.2	-0.5	-5.1	-4.4	Jul
Industrial capacity utilisation (%).....	81.0	80.1	81.4	80.0	81.1	80.2	79.0	III
Industrial sentiment indicator (balances in %).....	-0.2	-12.0	-0.6	-3.4	-7.1	-13.5	-17.0	Aug
Electricity power consumption (3).....	4.4	2.7	2.5	4.9	3.3	2.7	1.9	Aug
Cement consumption.....	0.2	-18.6	-1.1	-1.9	-14.1	-17.8	-26.7	Aug
Surface to be built (projects)	-22.3	-50.8	-48.3	-26.3	-52.9	-47.0	-	May
Official bidding	-14.9	10.8	-30.0	-33.1	27.7	-13.3	-	May
Construction confidence indicator (balances in %).....	9.4	-17.5	12.1	-1.0	-14.6	-17.1	-22.5	Aug
Railway traffic (goods) (4)	-4.4	-1.7	-1.4	-5.3	-2.7	-0.7	-	Jun
Air-traffic (passengers)	9.0	1.1	10.6	8.6	7.9	-0.7	-3.0	Aug
Foreign tourist.....	1.4	-0.2	1.2	1.6	5.3	0.9	-5.0	Aug
Demand								
IPI, consumer goods (filtered) (2).....	1.2	-3.3	0.9	-2.7	-0.8	-5.6	-3.6	Jul
Consumer goods imports (volume).....	5.1	-4.1	8.4	7.7	-1.2	-6.9	-4.0	Jul
Consumer goods availabilities (adjusted)	4.5	-2.8	4.0	2.0	-1.5	-3.8	-3.1	Jul
New car registrations.....	-1.6	-21.0	-3.6	-1.5	-16.1	-19.4	-31.4	Aug
Consumer Confidence Indicator (balances in %).....	-13.2	-28.7	-12.4	-17.3	-20.1	-31.2	-37.9	Aug
IPI, capital goods (filtered) (2).....	5.9	-0.9	6.3	3.3	2.0	-3.1	-2.2	Jul
Capital goods imports (volume)	9.8	-15.1	-0.6	9.0	-16.0	-16.4	-7.8	Jul
Capital goods availabilities (adjusted)	12.4	-14.2	9.1	9.3	-9.9	-15.4	-17.6	Jul
Households and business financing (5).....	17.0	7.1	17.4	12.6	9.4	6.2	3.3	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: MTIN, INE, REE, OFICEMEN, MFOM, RENFE, AENA, IET, DA, DGT, CE, BE and MEH.

Table 3.- FOREIGN SECTOR (1)

	2006 (p)	2007 (p)	2007				2008		
			I	II	III	IV	I	Febr.	Mar.
Imports cif (Million €) (2)	21,630	23,369	22,482	23,476	22,414	25,105	24,753	24,695	25,484
Exports fob (Million €) (2)	14,156	15,123	15,043	15,509	14,117	15,823	15,810	16,621	15,822
Trade balance (Million €) (2)	-7,474	-8,246	-7,439	-7,967	-8,297	-9,281	-8,943	-8,074	-9,602
Imports (% Δ on p.y.): Volume	8.6	6.9	5.4	7.3	7.2	7.7	7.0	10.6	4.8
Price	3.3	1.1	1.0	-0.4	1.4	2.2	2.9	2.7	0.9
Exports (% Δ on p.y.): Volume	5.6	4.2	3.0	2.8	6.7	4.6	2.2	7.3	-3.2
Price	4.7	2.5	3.9	3.3	1.9	1.0	2.8	4.2	0.6
Current and capital account balance: Million € ..	-6,793	-8,445	-8,511	-7,916	-8,501	-8,855	-10,157	-7,928	11,827
% GDP	-8.3	-9.7	-10.0	-8.9	-10.1	-9.6	-11.3	..	..
Net external reserves (Million €) (3)	14,685	12,946	14,045	12,873	12,493	12,946	12,976	13,586	12,976

(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				2008		Thousands			
	2006	2007	II	III	IV	I	II	III		IV	I	II
Labour force.....	3.3	2.8	3.3	3.4	3.1	2.8	2.8	3.0	2.7	3.0	3.1	22.81
Employment.....	4.1	3.1	4.2	3.7	3.6	3.4	3.4	3.1	2.4	1.7	0.3	20.43
Agriculture.....	-5.6	-2.0	-3.0	-8.0	-8.4	0.5	-3.8	-3.0	-1.7	-6.8	-4.4	0.88
- Non agriculture.....	4.6	3.3	4.6	4.3	4.2	3.6	3.8	3.4	2.6	2.1	0.5	19.54
Industry.....	0.4	-0.9	0.7	-0.7	1.0	-0.3	-1.3	-0.9	-1.2	2.2	0.9	3.27
Construction.....	7.9	6.1	7.8	8.1	8.3	9.4	7.6	4.9	2.7	-1.7	-7.9	2.50
Services.....	5.1	3.9	5.0	4.9	4.3	3.5	4.3	4.2	3.5	2.8	2.1	13.77
Wage earners.....	4.6	3.4	4.3	3.9	3.9	3.9	4.1	3.1	2.5	1.8	0.4	16.85
- Public sector.....	0.6	1.1	0.4	-0.3	1.4	2.4	0.7	1.0	0.2	-2.0	2.3	2.94
- Private sector.....	5.4	3.9	5.2	4.9	4.5	4.3	4.9	3.5	3.0	2.7	0.0	13.91
Unemployed.....	-3.9	-0.2	-5.5	0.0	-1.7	-4.1	-4.2	1.5	6.5	17.1	35.3	2.38
Unemployment rate (% labour force).....	8.5	8.3	8.5	8.1	8.3	8.5	8.0	8.0	8.6	9.6	10.4	-
Employment offices (*)												
Registered unemployment.....	-1,5	0.0	-0.6	-1.9	-3.4	-4.2	-1.3	1.9	3.9	10.6	18.8	2.53

(*) Latest available Aug.

Sources: INE (Labour Force Survey) and SPEE

Table 5.- PRICES AND WAGES

Annual percentage change

	2006	2007	2006		2007				2008								
			Dec.	Aug.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.
Consumer price index																	
Total	3.5	2.8	2.7	2.2	2.7	3.6	4.1	4.2	4.3	4.4	4.5	4.2	4.6	5.0	5.3	4.9	
Food	3.8	4.1	3.0	3.2	3.8	5.6	6.3	6.6	6.6	6.7	6.6	6.3	6.4	6.8	6.7	6.5	
Non food	3.4	2.4	2.6	1.8	2.3	2.9	3.3	3.4	3.6	3.6	3.8	3.5	4.0	4.4	4.8	4.4	
Underlying (1)	2.9	2.7	2.5	2.5	2.6	3.1	3.2	3.3	3.1	3.3	3.4	3.1	3.3	3.3	3.5	3.5	
Industry excluded energy	1.4	0.7	1.2	0.5	0.4	0.4	0.3	0.3	0.1	0.2	0.3	0.2	0.2	0.1	0.3	0.5	
Services	3.9	3.9	3.7	3.9	3.7	3.8	3.8	3.8	3.7	3.8	4.0	3.5	3.8	3.9	4.0	4.0	
Energy	8.0	1.7	2.6	-2.2	2.3	7.0	10.7	11.5	13.4	13.3	14.1	13.3	16.5	19.2	21.4	17.6	
Wages																	
Collective bargaining (2)	3.6	4.2	3.3	2.9	2.9	2.9	2.9	3.1	3.3	3.4	3.4	3.4	3.5	3.5	3.5	3.5	
Total wage cost per worker (3) .	3.4	3.9	3.7	..	3.8	..	..	3.7	..	..	5.3	..	..	5.1	..	..

(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 MTIN.

Table 6.- PUBLIC SECTOR: STATE OPERATIONS

	Million €				Annual percentage change			
	2006	2007	2007	2008	2006	2007	2007	2008
			Aug.	Aug.			Aug.	Aug.
1. Receipts	141846	159840	99653	81588	10.1	12.7	12.1	-18.1
Direct taxes	81131	96980	60030	48147	14.8	19.5	20.4	-19.8
Indirect taxes	48327	48445	31005	24219	8.3	0.2	-3.2	-21.9
Other revenues	12388	14415	8619	9222	-8.2	16.4	22.8	7.0
2. Expenditure	130375	139704	92426	96625	6.2	7.2	9.6	4.5
Wages, goods and services	26007	28131	17732	18803	8.1	8.2	7.8	6.0
Interest expenses	15619	14539	12158	13417	-12.4	-6.9	-7.3	10.4
Current transfers	72225	77680	52088	53963	11.9	7.6	13.8	3.6
Capital outlays	16524	19354	10448	10441	1.3	17.1	16.3	-0.1
3.- Cash deficit (2-1)	-11471	-20135	-7228	15037	90.5	75.5	57.9	-
4.- Changes in financial assets	5049	12186	4596	-6321	22.1	141.4	796.1	-
5.- Borrowing requirement (3+4)	-6422	-7949	-2631	8715	240.3	23.8	-35.3	-

Source: MEH.

Table 7.- MONETARY AND FINANCIAL SECTOR

	2007	2008	2008						
			Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.
<u>Financing resident in Spain (1)</u>									
Total financing (loans and securities)	12.1	8.0	10.8	10.4	9.5	8.8	8.0	-	-
Non financial corporations and household	15.4	8.9	13.3	12.2	11.0	10.3	8.9	-	-
General government	-7.2	1.7	-4.9	-2.2	-0.7	-1.7	1.7	-	-
<u>Interest rates (period averages)</u>									
Intervention rate (2)	4.00	4.25	4.00	4.00	4.00	4.00	4.25	4.25	4.25
3 mon. euribor rate	4.28	4.77	4.60	4.78	4.86	4.94	4.96	4.97	4.98
1 yr. euribor rate	4.45	4.97	4.59	4.82	4.99	5.36	5.39	5.32	5.36
10 yr. gov. bond yield	4.31	4.43	4.12	4.31	4.42	4.79	4.80	4.56	4.55
Loans. Synthetic rate	5.66	6.09	5.95	6.01	6.13	6.17	6.36	-	-
Deposits. Synthetic rate	2.34	2.96	2.83	2.96	2.97	3.04	3.16	-	-
<u>Exchange rates(period averages)</u>									
Dollar/Eur	1.371	1.522	1.553	1.575	1.556	1.555	1.577	1.498	1.434
Yen/Eur	161.23	160.96	156.59	161.56	162.31	166.26	168.45	163.63	153.20
Effective (Index: 1999 Q1= 100).....	107.71	114.01	114.56	116.04	115.47	115.43	115.82	113.51	111.53
<u>Stock exchange (3)</u>									
Madrid (Index Dec 1985=100)	1636.8	1362.9	1439.1	1485.0	1460.7	1297.9	1276.5	1256.9	1189.1

(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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