

THE SPANISH ECONOMY: MONTHLY REPORT

MAY 2005

No. 280 Contents

- 1 Economic outlook**
- 2 Economic situation**
- 6 International review**
- 6 IMF forecasts**
- 8 World trade**
- 9 United States
- 12 Japan
- 14 Brazil
- 16 Argentina
- 18 Raw materials
- 20 European Union**
- 20 EU Commission forecasts**
- 23 Euro area
- 25 Germany
- 27 France
- 28 Italy
- 28 United Kingdom
- 30 Financial markets**
- 30 Monetary and capital markets
- 39 Spain: overall analysis**
- 39 Economic activity
- 42 GDP by autonomous community**
- 44 Company profits**
- 46 Cars**
- 50 Labour market
- 51 Labour force up-date**
- 54 Prices
- 59 Foreign sector
- 62 Foreign investment**
- 63 Public sector
- 65 Savings and financing
- 69 Special reports**
- 69 China**
- 75 Foreign workers**

IMF forecasts: growth slowing down

Following notable 5.1% in 2004, world economy to grow by 4.3% in 2005. Page 6

Spain's motor vehicle industry shows modest balance in 2004

Slight drop in production due to weak performance in foreign sales. Page 46

Further drop in direct foreign investment in Spain

In 2004, net inflow of foreign investment in companies down. Page 62

First quarter surplus in central government accounts

Tax collections up notably reflecting growth of domestic demand. Page 63

SPECIAL REPORTS

China: engine of world growth

High growth, heavy imports of raw materials and strong exports of manufactured goods. Page 69

Foreign workers take up half new jobs

In few short years, foreign workers now represent 10% of total employment in Spain. Page 75

Research Department

Forecast

% change over same period year-before unless otherwise noted

	2003	2004	2005	2004				2005		
				1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.
INTERNATIONAL ECONOMY										
			Forecast					Forecast		
Gross domestic product										
United States	3.0	4.4	3.5	5.0	4.8	4.0	3.9	3.6	3.6	3.5
Japan	1.4	2.6	1.4	4.1	3.1	2.3	1.0	1.0	1.4	1.6
United Kingdom	2.2	3.1	2.5	3.0	3.6	3.1	2.9	2.8	2.4	2.3
Euro area	0.5	1.8	1.7	1.5	2.2	1.8	1.6	1.5	1.5	1.9
<i>Germany</i>	-0.1	1.0	1.1	0.9	1.4	1.2	0.6	0.8	1.0	1.1
<i>France</i>	0.5	2.4	1.9	2.0	3.2	2.0	2.3	2.0	1.7	2.0
Consumer prices										
United States	2.3	2.7	2.8	1.8	2.9	2.7	3.3	3.0	3.0	2.7
Japan	-0.3	0.0	0.0	-0.1	-0.3	-0.1	0.5	-0.2	-0.1	0.2
United Kingdom	2.8	2.2	2.3	2.3	2.2	2.1	2.3	2.2	2.0	2.5
Euro area	2.1	2.1	2.0	1.7	2.3	2.2	2.3	2.0	2.1	2.1
<i>Germany</i>	1.1	1.7	1.5	1.0	1.9	1.9	1.9	1.7	1.4	1.3
<i>France</i>	2.1	2.1	1.7	1.8	2.4	2.3	2.1	1.7	1.7	1.8
SPANISH ECONOMY										
Macroeconomic figures										
Household consumption	2.9	3.5	3.3	3.4	3.6	3.5	3.5	3.4	3.3	3.3
Government consumption	3.9	4.9	4.8	4.6	4.7	4.8	5.4	5.1	4.9	4.7
Gross fixed capital formation	3.2	4.6	5.2	2.7	4.0	5.8	6.0	5.8	5.4	5.0
<i>Capital goods and other</i>	1.7	4.9	6.4	0.7	3.8	7.5	7.4	7.1	6.6	6.1
<i>Construction</i>	4.3	4.4	4.3	4.2	4.1	4.6	4.9	4.8	4.6	4.2
Domestic demand	3.2	4.2	4.0	3.6	4.3	4.5	4.5	4.2	4.1	3.9
Exports of goods and services	2.6	4.5	5.7	5.5	3.3	4.1	5.2	5.7	5.9	5.7
Imports of goods and services	4.8	9.0	9.0	8.0	8.2	9.5	10.2	9.8	9.4	8.7
Gross domestic product	2.5	2.7	2.7	2.7	2.6	2.6	2.7	2.8	2.7	2.7
Other variables										
Employment	1.7	2.1	2.2	2.1	2.0	2.1	2.2	2.3	2.3	2.2
Unemployment (% labour force)	11.5	11.0	10.0	11.5	11.1	10.7	10.6	10.2	10.1	9.9
Consumer price index	3.0	3.0	3.0	2.2	3.2	3.3	3.4	3.2	3.3	2.9
Unit labour costs	3.5	3.4	3.2	3.5	3.5	3.5	3.3			
Current account balance (% GDP)	-3.3	-5.7	-5.4	-5.1	-6.1	-6.7	-4.9			
Net lending or net borrowing										
rest of the world (% GDP)	-2.1	-4.6	-4.3	-4.4	-4.7	-5.6	-3.8			
Government balance (% GDP)	0.3	-0.3	0.0							
FINANCIAL MARKETS										
Interest rates										
Federal Funds	1.1	1.3	3.1	1.0	1.0	1.4	1.9	2.4	2.9	3.3
ECB repo	2.3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
10-year US bonds	4.0	4.3	4.6	4.0	4.6	4.3	4.2	4.3	4.5	4.7
10-year German bonds	4.1	4.1	3.8	4.1	4.2	4.1	3.8	3.6	3.6	3.8
10-year Spanish bonds	4.1	4.1	3.8	4.1	4.2	4.2	3.8	3.6	3.6	3.8
Exchange rate										
\$/Euro	1.13	1.24	1.31	1.25	1.20	1.22	1.30	1.31	1.32	1.32

"la Caixa" GROUP: KEY FIGURES

As of December 31, 2004

FINANCIAL ACTIVITY	Million euros
Total customer funds	143,912
Receivable from customers	93,242
Profit attributable to Group	1,020

STAFF, BRANCHES AND MEANS OF PAYMENT

Staff	24,827
Branches	4,841
Self-service terminals	6,988
Cards	7,805,561

COMMUNITY PROJECTS: 2005 BUDGET

Activities	Million euros	%
Social	114	62
Cultural	29	16
Science and environmental	23	13
Educational	17	9
Total activities	183	100
Investment and other costs	67	
TOTAL BUDGET	250	

THE SPANISH ECONOMY: MONTHLY REPORT

May 2005

CAJA DE AHORROS Y PENSIONES DE BARCELONA

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ECONOMIC OUTLOOK FOR 2005

On top of concern arising from high oil prices we now see the disappointing results in some economic activity indicators in the United States and the European Union. The International Monetary Fund itself has warned of the risk the volatility of oil prices could mean for growth of the world economy. In any event, the United States has taken on a profile of **slowdown during 2005** so that the results indicated do no more than confirm existing forecasts. As a result, the IMF believes that US growth will reach 3.6% this year after showing 4.4% in 2004. At the same time, it underlines the danger from the persistence of the foreign and budgetary deficits, imbalances which have an impact at the world level and pose a potential risk for the stability of future growth.

In the euro area as well the IMF is expecting lower growth (from 2.0% in 2004 to 1.6% in 2005). Given the stagnation seen in the large economies on the Continent in the early months of 2005, even to meet the slim growth of the gross domestic product forecast a notable recovery will be needed in the second half-year. Nevertheless, **the indicators do not point in the direction of an improvement**. Rather, we detect a progressive worsening of the foreign sector on top of the lack of strength in domestic demand noted in recent quarters. So far as prices are concerned, the forecast shows a rise of less than 2% in 2005, thanks to the anti-inflationary effect of a strong euro and the lack of pressure from domestic demand.

This trend in the macroeconomic scenario has scarcely changed forecasts for **increases in interest rates** by the Federal Reserve in the United States. Nevertheless, its margin for manoeuvre seems to have shrunk because of the risk of a slowdown in economic activity bigger than expected, on the one hand, and then the possible appearance of inflationary pressures arising from persistent high oil prices. In the case of the European Central Bank, the **spreading pessimism over the economic situation** has begun to raise questions about the prospects for an increase in reference rates in the final stages of the year.

With regard to Spain's economy, it is estimated that the rate of economic activity **in the first quarter will be similar to that seen in the final months of 2004**. In general terms, the strength of investment, both in capital goods and construction, should have counteracted the trend to an increased easing off in the consumption of certain goods and services. This situation could continue in following quarters so that, in this case, it will be the foreign sector which sets the tone for the year. For the moment, most forecasts converge on seeing maintenance of the GDP growth rate at around 2.7% in 2005. Even if oil prices go higher and the increases stay longer than at first believed, it is generally felt that these rises will ease in coming months making it possible that, following the expected rise in the first half of the year, the inflation rate will ease, going below 3% at year-end.

April 27, 2005

ECONOMIC SITUATION

Questions arise on trend in world economy

Increasing pessimism about economic trends due to sharp rise in oil...

April brought some clouds over prospects for the world economy. Once more, the price of oil was the leading player with confirmation of levels between 50-55 dollars a barrel (Brent quality) and the threat it could climb to new levels. While up until now the rise has been taken well by those economies which import energy, inevitably new fears arise about the effects this could have in terms of inflation and growth. Furthermore, certain economic activity indicators in the United States appearing in recent weeks have been disappointing and this has set off some alarm bells about the direction being taken by the main world economy.

...and sharpening imbalances in trade and public finances in United States.

These doubts come on top of the persistence of major imbalances in the world economy. The figures reached in recent quarters are causing more and more disquiet which led the International Monetary Fund (in its Spring report) to recognize that economic growth has been at the cost of excessive increase in global imbalances. As counterbalance, the US foreign deficit requires a huge inflow of capital which largely is coming from emerging countries. Furthermore, public sector deficits are not limited to the United States. Most of the main developed economies, in fact, are running major budgetary imbalances.

Rising oil prices and doubts about growth bring about correction on stock markets.

Uncertainty about the state of the international economy has had a weakening effect on the financial markets. The stock markets have shown a marked correction because of fear of an economic slowdown. As a result, after sharp rises in 2003 and 2004, many international indices face the end of the first four months of 2005 below par for the year. Among the exceptions were most of those in Europe which showed appreciable increases over December in some markets.

Yield on German 10-year government bonds stands close to lowest level in recent decades.

At the same time, concern about inflationary pressures meant that toward the end of March the yield on US 10-year bonds showed the highest level since June 2004. It was feared that the Federal Reserve might raise its official interest rate more aggressively than expected. Nevertheless, the yield on US long-term bonds later tended to turn downward as these fears began to disappear due to figures pointing to a slowing down of the economy. On the other hand, in the fourth week of April the economic slack in Europe put the yield on German long-term government bonds close to the lowest level in recent decades.

Euro stands at around 1.30 dollars.

Since the middle of March, with increased upward prospects for interest rates the dollar has tended to appreciate. The dollar exchange rate reached 1.28 units to the euro at the beginning of April. With disappearance of the prospect of much tougher monetary restriction by the Federal Reserve, the greenback lost strength and went back to the range of 1.30 units to the euro.

United States slowing down slightly but inflation fears remain.

Latest macroeconomic indicators have not served to dispel existing doubts. Gradually the United States is showing increased signs of a slowdown, especially on the part of consumers, while at the same time there have appeared some signs of inflation. Japan has not been able to leave behind its current stage of economic slowdown, largely because of stagnation in the foreign sector, a situation which is not being fully compensated by the incipient recovery of domestic demand. In this situation, the return to a stage of deflation since last January cannot be other than symptomatic of the lack of domestic strength.

China maintaining enviable growth rate with no appreciable signs of slowdown.

The positive note in this general picture of international stagnation or slowdown continues to be China. While forecasts pointed to some slowdown in economic activity reported growth for the first quarter (9.5%) is in line with that recorded in previous quarters. According to available indicators, this sharp growth rate is due not only to the contribution of the foreign sector but also to the increasing growth of domestic demand.

Slack in domestic demand and some worsening of foreign sector dragging down economic activity in euro area.

The euro area, in turn, continues unable to take over from the United States-China team as an engine of world growth. In spite of the fact that the foreign environment is not unfavourable to the euro area, very easy monetary conditions and the absence of increases in consumer prices, the euro area has not been able to respond. In the early months of the year we have seen further stagnation in domestic demand, basically because of the slack in household spending, and a troubling worse situation in the foreign sector. The weak state of the Old Continent continues to have the economies of Germany and Italy as its poor players although in the former case the situation does show some hopeful signs.

Spain's economy: growth continuing

Spain maintaining stable economic growth with consumption tending to slow down while investment remains strong.

In clear contrast with trends among its euro area neighbours, Spain is showing a high level of economic activity holding at a growth rate of 2.5%-3%. At a more broken down level, however, the picture is more uneven. While some recent indicators are partly biased upward because of the early date of Easter Week this year, once this effect has been corrected we note some slowing down in the area of consumption. On the other hand, investment in capital goods continues to show substantial strength. On the supply side, construction, and to a lesser extent, services (including tourism now showing a recovery) remain expansionist. On the other hand, the industrial sector continues slack, a trend which, if we are to go by the situation in industrial orders, does not look like being corrected over the short term.

Substantial increase in foreign imbalance...

The counterweight to the domestic strength of Spain's economy lies in the increase in certain imbalances, mainly in the foreign deficit and inflation. With regard to the former, the trade deficit continues to increase month after month. In terms of the balance of payments and the cumulative balance for 12 months ending January 2005, the trade deficit stood at levels 40% higher than one year earlier. This worse situation is due to the combined effect of high demand for imports, which is logical in a situation of sharp growth of domestic demand, and the stagnation in exports.

...which lies behind a drastic plan to foster exports.

The difficulties in exports are not due only to immediate factors such as the poor situation in European markets and because of this on April 6 the Ministry of Industry, Tourism and Commerce presented parliament with a drastic plan to boost international competitiveness of export sectors of Spain's economy. The special concern of this plan is both to promote exports to emerging markets (China, Mexico, Morocco, Algeria, Russia, etc.) and to strengthen industrial segments with high value added, such as the high technology area.

Notable decrease in direct foreign investment in Spanish companies in 2004.

The alarm bells arising from the foreign imbalance are not the only warning on the need to improve the competitiveness of Spain's economy. The recent trend in direct foreign investment is also cause for concern. According to figures from the foreign investment register kept by the Ministry of Industry, Tourism and Commerce, last year showed net inflows of 7.2 billion euros, 47.1% less than in 2003 and the lowest figure since 1998. Furthermore, a good part of foreign investment inflows in 2004 went into so-called «entities holding foreign securities» which does not involve real investment in the country. If these investments are excluded, net investment stood at only 582 million euros, 89.8% less than in 2003.

Economic growth increases effect of oil on inflation.

With regard to the second basic imbalance, inflation, we observe notable resistance of the consumer price index (CPI) to drop below 3% year-to-year (growth of 3.4% year-to-year in March). We note a similar refusal to yield in other key prices, such as producer prices and import prices, in both cases showing year-to-year increases of the order of 5%. While the increase in energy prices is the immediate cause of the rise in inflation, the recent trend to an increase in the differential in consumer prices with the euro area shows the specific difficulties that exist in the case of Spain's economy.

Good state of labour market holding up helped by immigrant segment.

The labour market, in turn, continues to present a good performance. While the early start of Easter Week affected available figures, the background trend continues to be one with a drop in registered unemployment and a rise in employment, if we are to go by the increase in registrations with Social Security. In the latter case, the increase is led by the growing importance of registration of foreign workers. This importance was confirmed by the revised statistical series for the Labour Force Survey which showed an increase in the number of employed persons of nearly one million, due almost entirely to bringing up to date figures for the number of foreign workers.

CHRONOLOGY

2003

- March 20** *United States and its allies begin **war against Iraq** to depose Saddam Hussein regime.*
- May 25** ***Elections** for local government and autonomous communities.*
- June 5** ***European Central Bank** cuts official interest rate by 50 basis points to 2.00%, the second reduction this year.*
- November 1** *Jean-Claude Trichet, former governor of French central bank, takes over from Willem F. Duisenberg as **chairman of European Central Bank**.*

2004

- March 11** *Tragic **terrorist attacks** on commuter trains in Madrid.*
- 14** *Victory of Spanish Socialist Workers Party (PSOE) in Spanish **general elections**.*
- May 1** *Enlargement of the **European Union** by ten new member states making a total of 25.*
- October 29** *Signing in Rome of first **European Constitution** by heads of State and government of 25 member states of European Union.*
- November 2** *George W. Bush re-elected **President of the United States**.*
- December 28** ***Euro** running at 1.363 dollars, highest figure since launching of single currency at beginning of 1999.*

2005

- February 15** *IBEX 35 index for **Spanish stock market** marks up annual high (9,634.3), a cumulative gain of 6.1% over end of December 2004.*
- 25** *Government approves **Economic Potential Plan**, broad programme of economic reforms aimed at increasing productivity and employment (BOE 14-3-05).*
- March 4** *Dow Jones index for **New York stock exchange** marks up annual high (10,940.55), a rise of 1.5% over end of 2004.*
- 22** ***Federal Reserve** raises reference rate by quarter-point to 2.75%.*
- 23** *Heads of state and government of European Union member states approve reform of **Stability and Growth Pact** introducing more flexibility.*
- April 4** *One-month forward price for Brent quality **oil** rises to record level of 56.90 dollars a barrel.*
- 20** *Dow Jones index for **New York stock exchange** marks up annual low (10,012.36) with 7.1% drop compared with end of 2004.*

AGENDA

May

- 3** *Meeting of Open Market Committee of Federal Reserve.*
- 4** *Meeting of Governing Council of European Central Bank.*
- 6** *Industrial production index (March).*
- 12** *Preliminary Quarterly National Accounts (1st Quarter).*
- 13** *Consumer price index (April).*
- 19** *Harmonized consumer price index (HCPI) for European Union (April).*
- 24** *Central government revenue and spending (April).*
- 25** *Quarterly National Accounts (1st Quarter).*
- 26** *Producer price index (April).*
- 30** *Preliminary HCPI index (May).*

June

- 2** *Meeting of Governing Council of European Central Bank.*
- 3** *Industrial production index (April).*
- 14** *Consumer price index (May).*
- 16** *Quarterly labour cost survey (1st Quarter). Harmonized consumer price index for European Union (May).*
- 24** *Central government revenue and spending (May).*
- 27** *Producer price index (May).*
- 29** *Preliminary HCPI index (June).*
- 29/30** *Meeting of Open Market Committee of Federal Reserve.*

INTERNATIONAL REVIEW

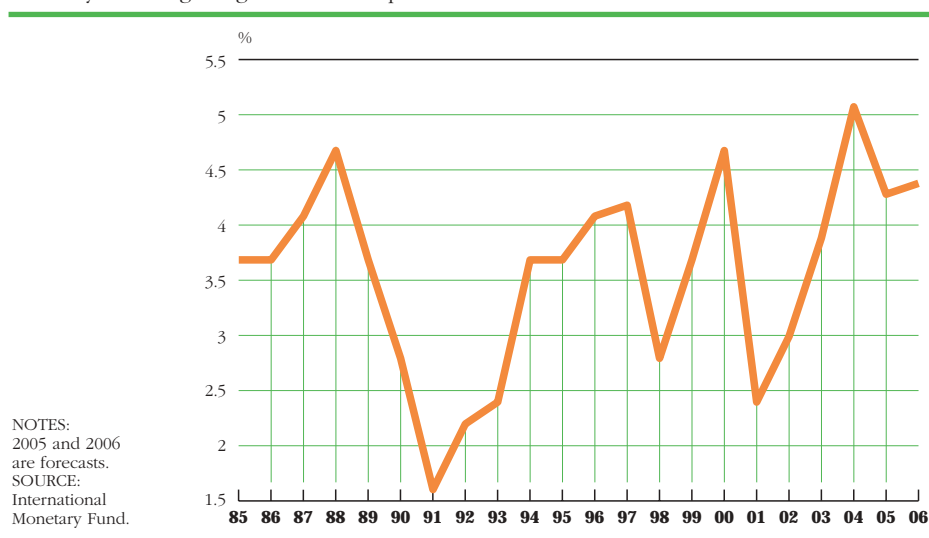
IMF expecting growth somewhat above 4% in 2005 and 2006 with oil price volatility most immediate risk.

IMF forecasts: growth slowing down

The International Monetary Fund (IMF) has maintained its world growth forecasts for 2005 at 4.3%. World growth in 2004 stood at 5.1%. In the second half of 2004, there was a slowdown in growth of industrial production and international trade to more moderate levels. This slowdown appears to have hit bottom and prospects for 2005 are for stable growth which will strengthen in 2006. Within this expansionist framework, the volatility of oil prices stands as a greater and greater risk.

WORLD ECONOMY TO CONSOLIDATE GROWTH

Year-to-year change in gross domestic product



United States and China continue as engines of world growth.

Growth is more and more out of balance. The United States and China, the engines of world growth, are expected to grow by 3.6% and 8.5% respectively in 2005, figures which have been revised upward from the rates of 3.5% and 8.0% forecast last September. China particularly is not moderating growth. For the developing economies, the forecast is for 6.3%, a figure also revised upward. By contrast, the euro area and Japan continue to show weak growth. In 2005, growth in the euro area is expected to be 1.6% while in Japan it will be 0.8%, well below the 2.2% and 2.6% respectively forecast in September 2004. In both cases, somewhat stronger growth is expected in 2006.

Inflationary pressures seen as moderate.

Inflationary pressures will continue to be moderate. In this respect, inflation forecasts for the advanced economies as a whole in 2005 have been revised slightly downward to 2.0%, with 1.9% expected in 2006. In 2005, inflation is forecast at 2.7% for the United States and 1.9% for the euro area.

IMF FORECASTS

Annual change as percentage

	2003	2004	2005 (1)	2006 (1)
GDP				
United States	3.0	4.4	3.6	3.6
Japan	1.4	2.6	0.8	1.9
Germany	-0.1	1.7	0.8	1.9
France	0.5	2.3	2.0	2.2
Italy	0.3	1.2	1.2	2.0
United Kingdom	2.2	3.1	2.6	2.6
Spain	2.5	2.7	2.8	3.0
Euro area	0.5	2.0	1.6	2.3
Advanced economies	2.0	3.4	2.6	3.0
World total	4.0	5.1	4.3	4.4
<i>Developing countries</i>	<i>6.4</i>	<i>7.2</i>	<i>6.3</i>	<i>6.0</i>
<i>Latin America</i>	<i>2.2</i>	<i>5.7</i>	<i>4.1</i>	<i>3.7</i>
<i>Eastern and Central Europe</i>	<i>4.6</i>	<i>6.1</i>	<i>4.5</i>	<i>4.5</i>
<i>Russia</i>	<i>7.3</i>	<i>7.1</i>	<i>6.0</i>	<i>5.5</i>
<i>China</i>	<i>9.3</i>	<i>9.5</i>	<i>8.5</i>	<i>8.0</i>
Consumer prices				
United States	2.3	2.7	2.7	2.4
Japan	-0.2	0.0	-0.2	0.0
Germany (2)	1.0	1.8	1.5	1.2
France (2)	2.2	2.3	2.0	1.9
Italy (2)	2.8	2.3	1.8	1.8
United Kingdom (2)	1.4	1.3	1.9	1.9
Spain (2)	3.1	3.1	3.1	2.7
Euro area (2)	2.1	2.2	1.9	1.7
Advanced economies	1.8	2.0	2.0	1.9
<i>Developing countries</i>	<i>6.0</i>	<i>5.7</i>	<i>5.5</i>	<i>4.6</i>
Unemployment rate (3)				
United States	6.0	5.5	5.3	5.2
Japan	5.3	4.7	4.5	4.4
Germany	9.6	9.2	9.4	9.2
France	9.5	9.7	9.5	8.9
Italy	8.7	8.3	8.0	7.6
United Kingdom	5.0	4.8	4.7	4.7
Spain	11.3	10.8	10.3	9.9
World trade by volume (4)	4.9	9.9	7.4	7.6
Oil price (\$ per barrel) (5)	15.8	30.7	23.2	-5.9

NOTES: (1) Forecasts in April 2005.

(2) Harmonized consumer price index.

(3) Percentage of labour force.

(4) Goods and services.

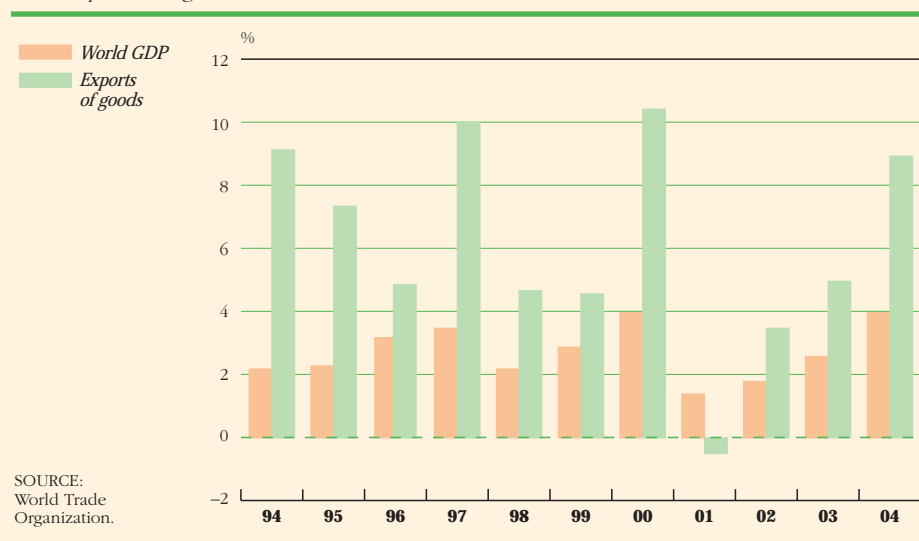
(5) Average spot prices for Brent, Dubai and West Texas Intermediate oil. Average oil price in dollars per barrel in 2004 was \$37.76; price forecast for 2005 is \$46.50 and \$43.75 for 2006.

WORLD TRADE EXPANDING WITH GROWTH AT 9%

World trade continued to expand growth in 2004 aided by the strength of the international economy. Measured as exports by volume, the increase was 9.0%, the highest rate since 2000 when growth of 10.5% brought world trade to a record for the last 30 years. The World Trade Organization forecasts that trade in goods will drop to rates of 6.5% in 2005 because of the easing of world growth which began in the second half of 2004.

WORLD GROWTH INCREASES VOLUME OF TRADE

Year-to-year change



The increase in trade in current dollar terms was up 21% compared with the year before, the highest in the last 25 years due to growth by volume and depreciation of the dollar. This sharp increase was aided by rising prices in oil and raw materials and the strength of trade in telecommunications and data processing equipment.

The trend in prices was the main factor in the regional distribution of trade in goods in monetary terms. Prices of fuels and metals rose by more than 30%, so that those countries which are exporters of oil and raw materials saw an increase in their share of world trade. In this respect, the Middle East, the republics of the former USSR and Africa showed the biggest increases and naturally demonstrated an improvement in trade terms. Beverages and textile fibres were the other side of the coin.

Growth of exports from Asia were based on strong domestic demand in the United States. China became the biggest exporter of goods in Asia and the third on a world scale while North America was the only region to show a trade deficit. In the United States alone the deficit reached 618 billion dollars, 7% of world trade in goods.

The extension of the European Union to 25 member states stimulated trade among those countries previously belonging to the EU and the new countries. If internal trade is included the European Union represented 42% of world trade in goods.

Current account and budgetary imbalances remain a risk.

The foreign and budgetary imbalances of the developed economies continue and, along with oil, make up the main risk for 2005. In 2004, the US current account deficit continued to rise to 5.7% of the gross domestic product. As a result, the moderating effects of depreciation of the dollar were compensated by strong domestic demand and increases in oil prices. The budgetary balances of many advanced countries remain in deficit, especially in the United States but also in Europe and Japan, in spite of some improvements in the latter two cases. Canada and Latin America are notable exceptions in this respect.

Interest rates to move up but without big jumps.

In this context, interest rates should continue to rise with a return to more neutral fiscal policies. Nevertheless, the slowness of the adjustment and greater aversion to risk in corporate borrowing would indicate no big increases over coming months in long-term government bond rates.

Price volatility in oil to continue.

Raw materials prices, excluding oil, moderated notably at the end of 2004. Oil showed sharp increases in 2004 due to heavy world economic activity, temporary supply problems and political uncertainty. In 2005, a return to lower growth rates should help to stabilize prices. Nevertheless, energy deficits in China and low reserve levels would indicate a volatile trend depending on political ups and downs and attitudes in producer countries.

United States: increasing signs of slowdown

Retail sales in United States grow by 5.8% while car sales halt drop.

In the early months of 2005, the US economy continued to present a vigorous level of activity although somewhat below 2004 levels. Among most recent demand indicators we should point out that retail sales in March moderated their strong growth rate to show an increase of 5.8% year-to-year, somewhat below the 7.8% rate in February. Industrial production of consumer goods in March recorded a modest increase of 2.4% year-to-year, in line with recent months. Car sales in the same period recovered from the poor start for the year with a rise of 3.8%. While following a downward trend this indicator shows clear signs of a halt to this drop. Industrial production of capital goods, in turn, grew by 8.7% year-to-year, slightly above the February figure.

Consumer confidence stands at 102 points showing slower recovery.

The consumer confidence index stood at 102.4 points in March, below the February figure of 104.4 points. The general state is one of stability with the result that the recovery begun at the beginning of 2003 is losing strength. The present situation component, at the 115.6 points level, has continued to show signs of strength but, with a level of 93.7 points, the prospects component was well below the 96.1 points seen the month before.

UNITED STATES: MAIN ECONOMIC INDICATORS

Percentage change over same period year before unless otherwise indicated

	2003	2004	2004				2005		
			1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	January	February	March
GDP	3.0	4.4	5.0	4.8	4.0	3.9	–	...	–
Retail sales	4.3	7.3	7.0	7.6	6.3	8.3	8.0	7.8	5.8
Consumer confidence (*)	79.8	96.1	91.6	96.3	100.4	96.1	105.1	104.4	102.4
Industrial production	0.0	4.1	2.8	4.9	4.6	4.3	4.2	3.3	3.9
Sales of single-family homes	11.6	10.0	22.2	9.2	–0.2	10.6	–2.9	5.2	...
Industrial activity index (ISM) (*)	53.3	60.5	62.4	62.0	60.1	57.5	56.4	55.3	55.2
Unemployment rate (**)	6.0	5.5	5.7	5.6	5.4	5.4	5.2	5.4	5.2
Consumer prices	2.3	2.7	1.8	2.9	2.7	3.3	3.0	3.0	3.1
Trade balance (***)	–44.4	–54.2	–45.4	–47.8	–50.6	–54.2	–55.3	–56.6	...

NOTES: (*) Value.

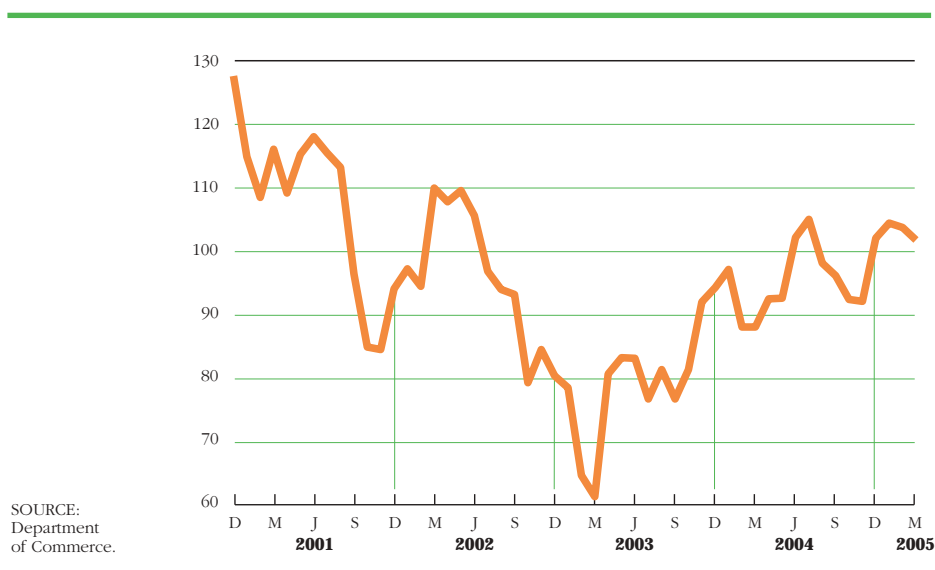
(**) Percentage of labour force.

(***) Cumulative balance for 12 months as monthly average. Billion dollars.

SOURCE: OECD, national statistical bodies and internal figures.

CONSUMER CONFIDENCE EASING RECOVERY

Consumer confidence index



Manufacturing activity indicator stands at 55.2 points.

On the supply side, the manufacturing activity index of the Institute of Supply Management for March showed slightly better prospects than the month before. The general index was practically unchanged at 55.2 points but the new orders component rose from 55.8 to 57.1 points. The non-manufacturing activity index was more on the rise going from 59.8 to 63.1 points. With these figures, the evaluation of the US economy by the business sector in March, while still maintaining a positive note, was better than the month before although worse than in the first half of 2004.

Industrial production grows by 4% while housing starts drop 8%.

Another indicator on the supply side, industrial production, grew by 3.9% year-to-year in March, a drop in rate although somewhat higher than the 3.3% seen in February. Housing starts in the same period showed a drop of 8.2%. This was in contrast to sharp growth rates at the beginning of the year with rates of 13.2% and 17.6% in January and February respectively.

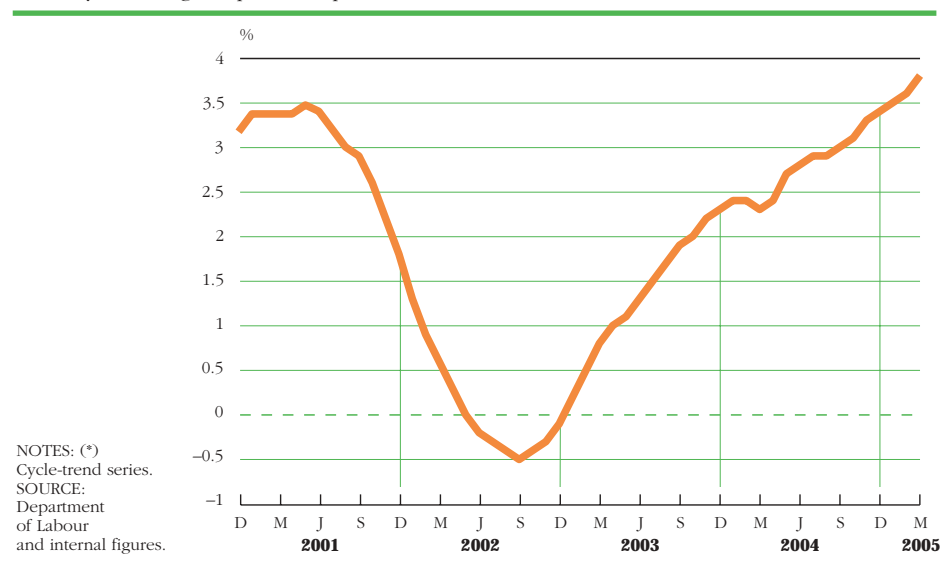
Labour market creates 110,000 jobs and unemployment drops to 5.2% of labour force.

The labour market showed a less vigorous performance in March than it had in February. Some 110,000 non-farm jobs were added compared with 243,000 jobs the month before following a downward revision. The services sector added 86,000 jobs while manufacturing lost 8,000 jobs, with the latter going back to the state of weakness dominating employment in the sector during this stage of recovery. In spite of the general figure, which is relatively weak, the total increase in non-farm jobs was 1.6% year-to-year in line with increases in recent months. Along the same lines, unemployment dropped to 5.2% in March.

Inflation in January rises to 3.1% with rise in producer prices close to 5%.

Inflation in March showed an upward performance. The general index rose to a rate of 3.1% year-to-year, as against 3.0% in February. With regard to February, the seasonally-adjusted index rose by a sharp 0.6%. Energy and hotel costs were among the more inflationary components. The underlying inflation component (excluding food and energy) was practically unchanged at 2.3% year-to-year and showed a rise of 0.4% compared with February. Producer prices rose by 4.9% year-to-year in March following the upward trend which has strengthened in recent months.

PRODUCER PRICES MOVING UP
Year-to-year change in producer price index (*)



Trade deficit reaches new high of 663.6 billion dollars.

The foreign sector remains far from hitting bottom. The trade deficit for February was 63.7 billion dollars, another record. The cumulative deficit for the past 12 months ending February, also reached a new high of 678.8 billion dollars. In the fourth quarter of 2004 the trade deficit represented 6.0% of the gross domestic product while, in turn, the current account balance showed 6.3%.

TRADE DEFICIT CONTINUES TO WORSEN

Trade deficit over gross domestic product



Recovery of demand not confirmed in Japan

Retail sales in Japan continue recovery trend and consumer confidence holds at high levels.

Demand indicators in February, although somewhat weaker than in the month before, continued with a moderate trend to recovery. Retail sales moved up by 1.0% year-to-year. While the figure is worse than the 2.1% in January, the trend in this component continues to clearly improve. In a similar context, car sales dropped by 0.3% year-to-year in March but the trend is still upward although not as clearly as in the former case. At a more vigorous stage, industrial production of consumer goods rose in February going up to 5.0% year-to-year, well above the 0.5% rate recorded in January which also forms part of the recovery course set since the low levels in mid-2002.

Industrial production up by 3.7% but machinery orders stagnant.

On the supply side, industrial production moved up by 3.7% year-to-year in February going well above the January rate which, nevertheless, was revised upward to 2.2%. These rates, although clearly an improvement, are still well below those at the beginning of 2004 when Japanese growth seemed stronger. Machinery orders in February continued to show a slack performance and again dropped by 0.2% (it had recorded an increase of 10.6% in December). The number of bankruptcies in March rose with 1,140 companies declaring bankruptcy, 126 more than in February. Nevertheless, for the 12 months ending March, the total number of bankruptcies went down to 13,186 as against 13,375 in the 12 months ending February.

JAPAN: MAIN ECONOMIC INDICATORS

Percentage change over same period year before unless otherwise indicated

	2003	2004	2004				2005	
			1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	January	February
GDP	1.4	2.6	4.1	3.1	2.3	1.0	–	...
Retail sales	–1.9	–0.6	0.2	–1.9	–0.3	–0.5	2.1	1.0
Industrial production	3.3	5.3	5.2	7.8	6.6	1.6	2.2	3.7
Tankan company index (*)	–21.0	–0.5	–5.0	0.0	2.0	1.0	–	–
Housing construction	0.6	2.6	5.2	–3.5	9.4	–0.1	6.6	0.3
Unemployment rate (**)	5.2	4.7	4.9	4.6	4.8	4.6	4.5	4.7
Consumer prices	–0.3	0.0	–0.1	–0.3	–0.1	0.5	–0.1	–0.3
Trade balance (***)	12.3	14.1	13.2	14.0	14.5	14.1	14.1	13.9

NOTES: (*) Value.

(**) Percentage of labour force.

(***) Cumulative balance for 12 months. Trillion yen.

SOURCE: OECD, national statistical bodies and internal figures.

Housing prices deflate in March with Tokyo prices down 7%.

The housing sector showed general decreases. Housing starts in February were up by 0.3% year-to-year, a clear drop from the 6.6% in January although still not breaking away from an upward trend. Prices of housing units sold in Tokyo in March were down 7.0% year-to-year. The number of housing units sold in the capital dropped by 20.3% in the same period. These figures have for the moment broken the slight upward trend in the sector.

Unemployment rises to 4.7% while productivity moves up to 3.3%.

The unemployment rate in February rose slightly to 4.7% of the labour force. The number of non-farm employees rose by 0.5% year-to-year, thus repeating the good trend seen the month before. The services sector in January showed 4.5% more employees than in the same period last year while the manufacturing sector lost 1.8% of jobs. Labour productivity rose in February with growth of 3.3% year-to-year.

Inflation again negative with prices dropping by 0.3%.

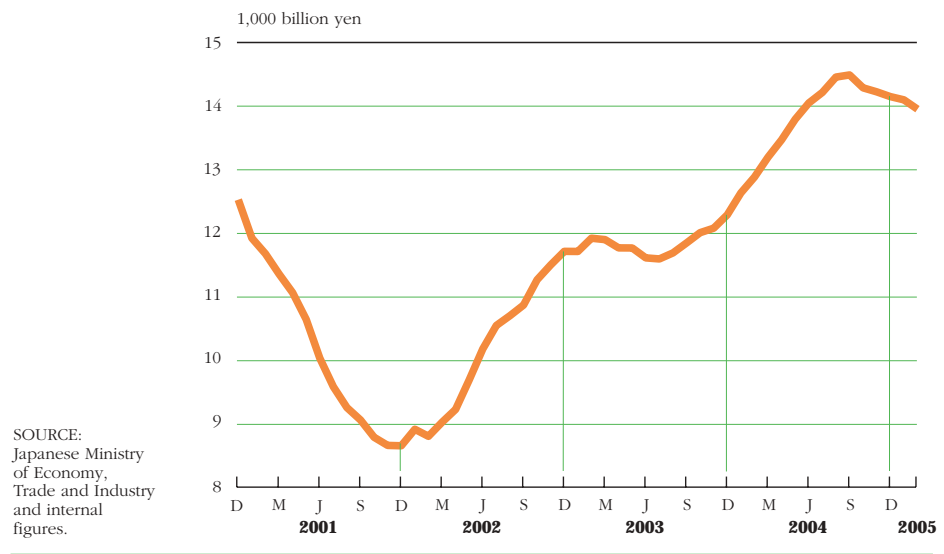
Consumer prices in February dropped by 0.3% year-to-year which continues to leave Japan's economy in a state of deflation. Nevertheless, the trend is still toward recovery to moderate levels of inflation. Prices of non-durables in February moved up by 0.3% year-to-year, a clear drop compared with previous months, while consumer durables were down by 3.2%.

Trade surplus remains stagnant because of drop in exports.

The trade balance for the 12 months ending February showed a surplus of 13,900 billion yen, all within a process of stagnation. In February, growth of exports was 4.1% year-to-year, a definitely weak figure compared with 7.7% the month before. Imports in February grew at the rate of 9.8%, a much higher figure, although still below the 12.0% recorded in January.

HALT TO GROWTH OF TRADE SURPLUS

Cumulative figure for trade balance over 12 months



Growth in Brazil holding at high levels

Brazil slowing down but economy still growing at robust 4.8%.

In the fourth quarter of 2004 growth of Brazil's economy remained vigorous although recording something of a slowdown compared with the third quarter. The gross domestic product (GDP) grew at a rate of 4.8% year-to-year, down from 6.2% in the previous quarter. Private consumption followed a similar pattern growing by 5.3% compared with 5.9% in the previous quarter. By contrast, public consumption was up slightly to 0.8% year-to-year, a rate still low compared with other components but one which breaks with the downward trend seen in previous quarters.

Investment loses steam with growth of 9% as against 20% in third quarter.

Investment moved up by 9.2% year-to-year, a high rate but one showing a notable drop compared with 19.7% in the previous quarter, which was revised slightly downward. In quarter-to-quarter terms annualized, this component was down by 14.8%, a notable figure even taking into consideration the volatility of the quarter-to-quarter rate.

BRAZIL: MAIN ECONOMIC INDICATORS

Percentage change over same period year before unless otherwise indicated

	2003	2004	2004				2005		
			1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	January	February	March
GDP	0.5	5.2	4.0	5.8	6.2	4.8	—	...	—
Industrial production	0.1	8.3	6.5	9.9	10.4	6.3	5.9	4.4	...
Unemployment rate São Paulo (*)	19.9	18.8	19.8	19.8	18.2	17.6	16.7	17.1	...
Consumer prices	17.0	6.3	7.6	5.4	6.3	5.9	5.9	5.9	6.1
Trade balance (**)	24.8	33.7	27.1	29.4	32.1	33.7	34.3	35.1	35.9

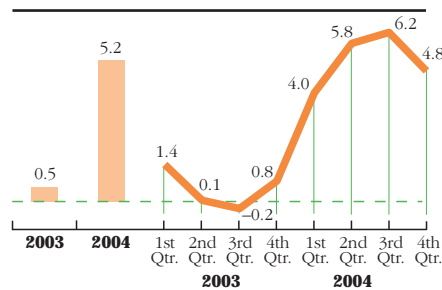
NOTES: (*) Percentage of labour force.

(**) Cumulative balance for 12 months. Billion dollars.

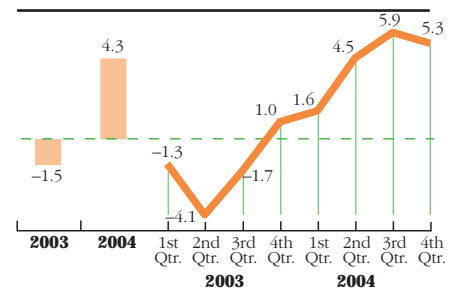
SOURCE: Brazilian Institute of Geography and Statistics, Central Bank of Brazil and internal figures.

TREND IN BRAZIL'S GDP BY COMPONENT
Percentage year-to-year change

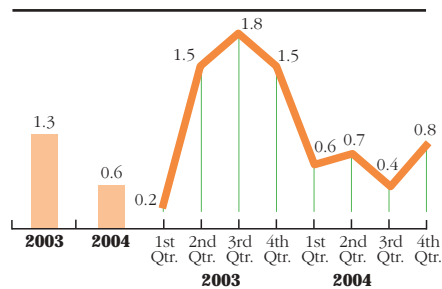
GDP



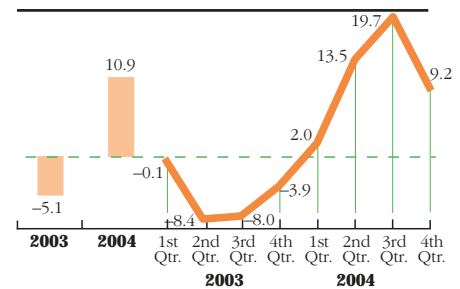
PRIVATE CONSUMPTION



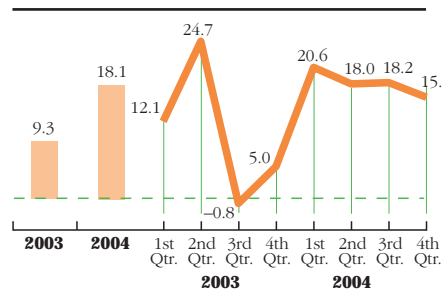
PUBLIC CONSUMPTION



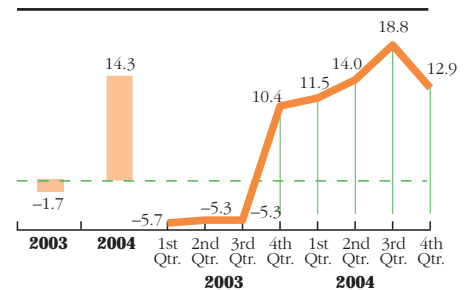
GROSS FIXED CAPITAL FORMATION



EXPORTS OF GOODS AND SERVICES



IMPORTS OF GOODS AND SERVICES



SOURCE: Brazilian Institute of Geography and Statistics, Central Bank of Brazil and internal figures.

Foreign sector remains indication of Brazil's competitiveness.

The foreign sector continued to show the positive trend of previous months. Exports in the fourth quarter were up by 15.9% year-to-year, very much in line with the good performance in 2004 as a whole. Imports were down in keeping with the situation in domestic demand. Even so, they grew by 12.9% compared with 18.8% in the third quarter.

Industrial production rises by 4.4% but slowdown process continuing.

Monthly supply indicators continued to lose strength compared with the situation in mid-2004. Industrial production in February rose by 4.4% year-to-year, well below growth figures in the summer around 10%. Industrial production of capital goods grew by a slim 1.1% year-to-year in February, also showing a clear process of slowdown since June 2004. Utilization of production capacity was down slightly to a level of 80.6 points.

Retail sales up 1.3% while car sales again drop by 11%.

On the demand side, retail sales also continued to lose strength with growth in February going to 1.3% year-to-year, below the 6.2% rate in January and a long way from the 9.0% for 2004 as a whole. Showing a more downward trend over the short term, car sales continued their poor start to the year and again dropped by 10.8% year-to-year in February.

Inflation stabilizes at 6% in February with unemployment rate at 17%.

Consumer prices in March rose by 6.1% year-to-year, slightly above the 5.9% in February while still maintaining the trend to moderation which was predominant in 2004. The unemployment rate in São Paulo in February stood at 17.1% of the labour force, a repetition of the December level but higher than the 16.7% in January.

Trade surplus goes above 35 billion dollars.

The trade balance was the most positive indicator for Brazil's economy. In the past 12 months ending February, it reached 35.88 billion dollars based on strong growth of exports mainly in manufactures and raw materials.

Argentina maintaining strength of recovery

Argentina grows by strong 9.1%.

The Argentine economy grew by 9.1% year-to-year in the fourth quarter thus strengthening recovery. Private consumption continued along the same lines with growth of 9.1%. Public consumption showed a sharper increase with growth of 6.5%, a rate which in any case is still far from the rates of increase under other headings.

Investment down but still growing at 24%.

Gross fixed capital formation was down compared with the sharp rates of increase seen in the first half of 2004. Even so, in the fourth quarter investment grew by a strong 23.9% compared with the same period the year before.

Foreign sector continues to improve thanks to strength of exports.

The foreign sector continued to show strong recovery. Exports increased growth to 16.8% as against 9.2% in the previous quarter. In keeping with the relative moderation in investment, imports, in turn, showed a slowdown with growth of 27.8%, considerably lower than the 38.2% in the third quarter.

Retail sales up 18% while car sales rise by 35%.

Demand indicators showed a clearly expansionist performance. Retail sales in the Buenos Aires region grew by 17.7% year-to-year in February. Car sales were up 35.4% in March. In both cases, there was some slowdown, something logical with the strengthening of recovery and as the lows seen in 2002 are left behind.

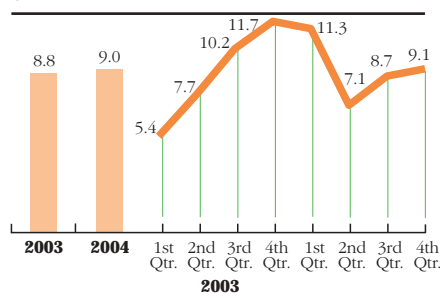
Industrial production on increase with rise of 8%.

Supply indicators followed a course of sustained growth. Industrial production rose in February with an increase of 7.6% year-to-year as against 6.1% in January. The strongest sectors were the chemical industry with a growth rate of 7.3% and minerals with increases of 9.5%. In the construction sector, the ISAC indicator was up by 6.4%, a rate very close to the 6.9% seen the month before but well below rates in 2004.

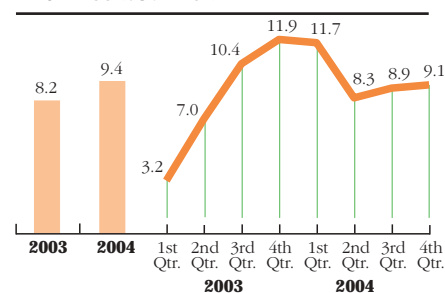
TREND IN ARGENTINA'S GDP BY COMPONENT

Percentage year-to-year change

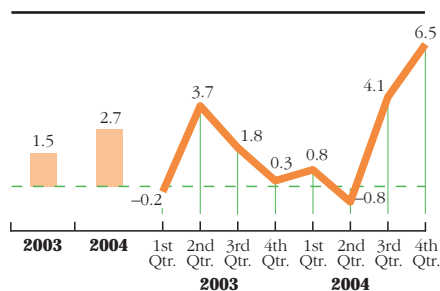
GDP



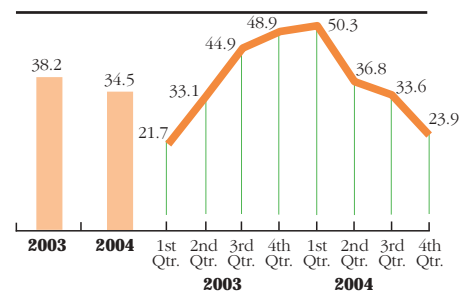
PRIVATE CONSUMPTION



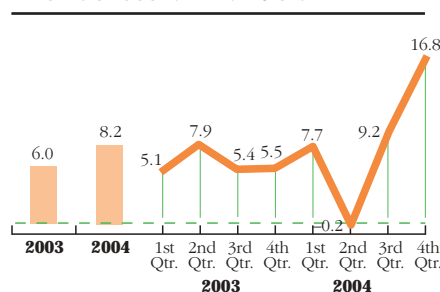
PUBLIC CONSUMPTION



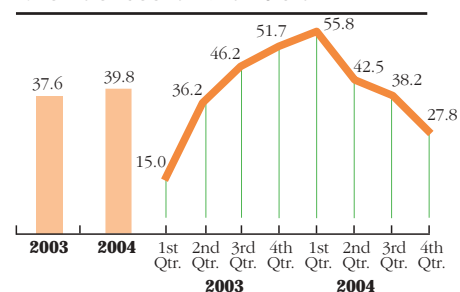
GROSS FIXED CAPITAL FORMATION



EXPORTS OF GOODS AND SERVICES



IMPORTS OF GOODS AND SERVICES



SOURCE: National Institute of Statistics and Census Republic of Argentina (INDEC) and internal figures.

ARGENTINA: MAIN ECONOMIC INDICATORS

Percentage change over same period year before unless otherwise indicated

	2003	2004	2004				2005		
			1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	January	February	March
GDP	8.8	9.0	11.3	7.1	8.7	9.1	-	...	-
Industrial production	12.5	7.5	7.7	7.7	8.2	6.4	6.1	7.6	...
Unemployment rate (*)	17.3	18.8	14.4	14.8	13.2	12.1	...	...	...
Consumer prices	13.4	4.4	2.4	4.1	5.4	5.7	7.2	8.1	9.1
Trade balance (**)	15.7	12.1	14.4	13.5	12.6	12.1	12.3	12.0	...

NOTES: (*) Percentage of labour force.

(**) Cumulative balance for 12 months. Billion dollars.

SOURCE: National Institute of Statistics and Census, Republic of Argentina (INDEC) and internal figures.

Inflation continues to rise going up to 9%.

Consumer prices continued to rise showing growth of 9.1% in March as against 8.1% in January and 4.4% in 2004 as a whole. In addition, the trade surplus stabilized and for the 12 months ending February stood at 11.98 billion dollars. In exports, farm products were again the strongest sector with growth of 12.0% year-to-year, followed by industrial manufactures at 9.9%, whereas energy and raw materials grew at lower rates of 6.0% and 7.1% respectively. In terms of imports, the leading components were capital goods, with an increase of 5.5%, and intermediate goods, with 8.6%.

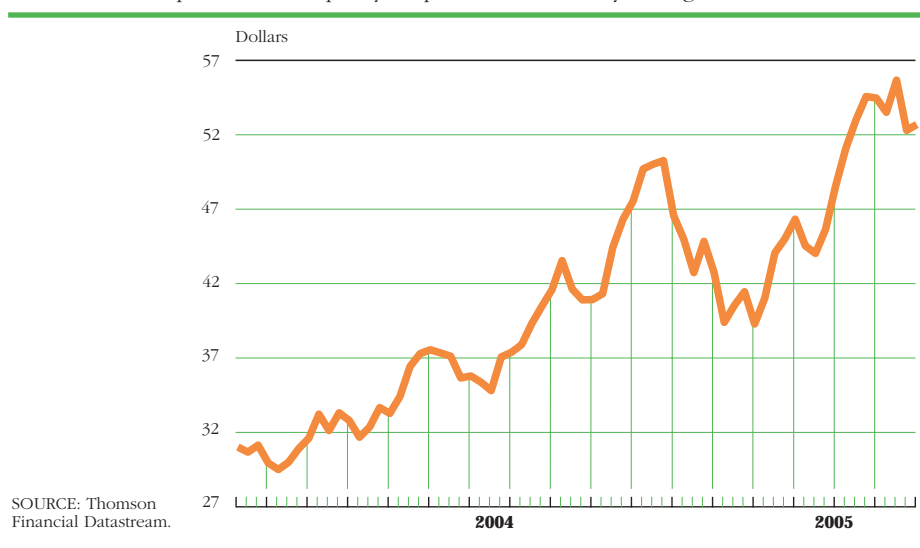
Raw materials: after all-time high, oil prices drop but again rise

Oil nears 57 dollars a barrel but later drops to 50 dollars to again move up to 53 dollars.

On April 4, the one-month forward price of Brent quality oil was 56.9 dollars a barrel, an all-time high. From that moment on, there has been a substantial downward move in oil prices to levels of the order of 50 dollars a barrel in mid-April, followed by a rise to 53 dollars a barrel at the end of that month. The figures at the end of the month represented an increase of 32% from the beginning of the year and 58% compared with one year earlier.

OIL PRICES SHOW DOWNWARD CORRECTION

1-month forward price of Brent quality oil per barrel as weekly average



Performance in oil prices fluctuates according to accumulation of inventory.

This trend may largely be explained by changes in the rate of accumulation of oil and petrol inventories in the United States recorded in April, as well as some easing off in demand that may be explained by seasonal factors. Initially, the bigger margin between supply and demand of oil and oil derivatives and the increase in inventories was reflected in a drop in the per barrel price. This trend put an end to a number of speculative operations which forced a correction in oil prices quoted. Nevertheless, this drop ended when new figures showed a decrease in US inventories.

***Other raw materials
down in April.***

Other raw materials have been less expansionist than in previous months. The Economist index in dollars dropped by nearly 4% year-to-year in April compared with a decrease of 0.5% year-to-year in March, thanks to the containment of all components. Specifically, the biggest year-to-year drops showed up in those for food-industry raw materials. In spite of this recent trend, metals continued to show notable year-to-year increases in April of the order of 16% year-to-year.

EUROPEAN UNION

European Commission forecasts: recovery delayed

EU to grow by 2.0% in 2005 moving up to 2.3% in 2006.

In its Spring forecasts, the European Commission anticipates a moderate loss of economic growth rate in the 25 countries of the European Union in 2005. Following a rise of 2.4% in 2004, growth is expected to slow down to 2.0% this year although it is expected that it will rise to 2.3% in 2006. A similar trend will take place in the euro area where growth of 2.0% in 2004 will drop to 1.6% in 2005. In 2006, the EU Commission forecasts an increase in gross domestic product (GDP) of 2.1% in the euro area. It should be pointed out that due to the larger number of working days, the 2004 GDP is not strictly comparable with that of other years. If we calculate the GDP in homogeneous terms, the euro area grew by 1.8% in 2004 and, according to forecasts, will show growth of 1.7% in 2005.

MACROECONOMIC FORECASTS FOR EURO AREA ⁽¹⁾

	2002	2003	Current forecasts Spring 2005			Difference from Autumn 2004 (2)	
			2004	2005	2006	2004	2005
Gross domestic product	0.9	0.6	2.0	1.6	2.1	-0.4	-0.1
Consumption	0.7	1.1	1.3	1.6	1.8	-0.1	-0.2
Investment	-2.4	-0.5	2.1	2.8	3.7	-0.4	0.1
Employment	0.5	0.2	0.6	0.7	0.9	-0.2	0.0
Unemployment rate (3)	8.2	8.7	8.8	8.8	8.5	-0.1	-0.1
Inflation (4)	2.3	2.1	2.1	1.9	1.5	0.0	-0.2
Government balance (% of GDP) (5)	-2.4	-2.8	-2.7	-2.6	-2.7	-0.1	-0.2
Government debt (% of GDP)	69.5	70.8	71.3	71.7	71.9	0.6	1.0
Current account balance (% of GDP)	1.2	0.6	0.6	0.6	0.6	-0.2	-0.2
<i>Growth of GDP in EU-25</i>	<i>1.1</i>	<i>1.0</i>	<i>2.4</i>	<i>2.0</i>	<i>2.3</i>	<i>-0.3</i>	<i>-0.1</i>

NOTES: (1) Annual change in percentage unless otherwise stated.

(2) A plus sign '+' (↔) indicates a higher (lower) positive figure or a lower (higher) negative figure compared with Autumn 2004.

(3) Percentage of labour force.

(4) Harmonized consumer price index.

(5) Including proceeds relative to UMTS licenses in 2002.

SOURCE: European Commission.

Weakness in second half of 2004 affecting recovery...

The modest economic trend expected in the euro area may largely be explained by the loss of economic drive in the second half of 2004. From this point on, it is felt that, as 2005 moves on, domestic demand, especially investment, will recover part of the ground lost. In any case, the draw-off expected from the foreign sector in 2005 will prevent growth of domestic demand from turning into increased GDP growth. On the other hand, in

...which will largely depend on foreign sector.

Recovery to benefit from factors such as good state of international trade and boost from economic policy.

2006 it will be precisely the positive contribution from the foreign sector that makes a modest increase in the GDP possible. The above pattern of recovery is not greatly different from what is expected for the EU as a whole.

The factors contributing to this gradual recovery, in the view of the EU Commission, are the growth of world trade, easy economic policies, low inflation, the increase in company profits, favourable borrowing terms, low inflationary pressures and the forward moves in structural reform. With regard to risks facing recovery, we should point out that, among others, there is the threat of further increases in oil prices and the highly volatile nature of that market in recent years, as well as the instability of interest rates, which the Commission links to the imbalance in the US in terms of the deficit in current account balance.

MACROECONOMIC FORECASTS OF EURO AREA COUNTRIES

Spring 2005

	GDP (*)			Inflation (**)			Unemployment (***)		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
Belgium	2.7	2.2	2.3	1.9	2.0	1.8	7.8	7.7	7.5
Germany	1.6	0.8	1.6	1.8	1.3	1.1	9.5	9.7	9.3
Greece	4.2	2.9	3.1	3.0	3.2	3.2	10.3	10.5	10.3
Spain	2.7	2.7	2.7	3.1	2.9	2.7	10.8	10.4	10.3
France	2.5	2.0	2.2	2.3	1.9	1.8	9.6	9.4	9.1
Ireland	5.4	4.9	5.1	2.3	2.1	2.4	4.5	4.6	4.6
Italy	1.2	1.2	1.7	2.3	2.0	1.9	8.0	7.9	7.7
Luxembourg	4.2	3.8	4.0	3.2	3.1	1.9	4.2	4.6	4.3
Netherlands	1.3	1.0	2.0	1.4	1.3	-3.0	4.7	5.2	5.0
Austria	2.0	2.1	2.1	2.0	2.3	1.7	4.5	4.1	3.9
Portugal	1.0	1.1	1.7	2.5	2.3	2.1	6.7	7.0	7.0
Finland	3.7	3.3	2.9	0.1	1.1	1.4	8.8	8.4	8.0
Euro area	2.0	1.6	2.1	2.1	1.9	1.5	8.8	8.8	8.5

NOTES: (*) Percentage real change.

(**) Percentage change in harmonized consumer price index.

(***) Percentage of labour force.

SOURCE: European Commission.

In contrast to inflation under control, labour market shows little strength.

The increase in economic activity, according to the Commission report, should not mean higher prices although it expects that the anti-inflationary effect of a strong euro, together with a more positive trend in raw materials (with the exception of oil) will be fully noted in coming years. The harmonized consumer price index (HCPI) in 2005 will stand below 2% both in the euro area and in the EU as a whole, a downward trend that will sharpen in 2006. In turn, the labour market will be dominated by stability with moderate growth in employment (below 1% annual in both years) and a contained reduction in the unemployment rate. Nor can we expect any significant improvement in the public accounts so that the government deficit, both in the euro area and the

European Union, will stand below 3% of the GDP but with no major reduction in fiscal imbalances expected.

MACROECONOMIC FORECASTS FOR EUROPEAN UNION COUNTRIES OUTSIDE EURO AREA

Spring 2005

	GDP (*)			Inflation (**)			Unemployment (***)		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
Czech Republic	4.0	4.0	4.2	2.6	1.9	2.6	8.3	8.3	8.2
Denmark	2.0	2.3	2.1	0.9	1.4	1.7	5.4	4.9	4.6
Estonia	6.2	6.0	6.2	3.0	3.3	2.7	9.2	8.7	8.2
Cyprus	3.7	3.9	4.2	1.9	2.3	2.1	5.0	4.8	4.6
Latvia	8.5	7.2	6.9	6.2	5.0	3.6	9.8	9.4	9.2
Lithuania	6.7	6.4	5.9	1.1	2.9	2.6	10.8	10.2	9.7
Hungary	4.0	3.9	3.8	6.8	3.8	3.6	5.9	6.3	6.2
Malta	1.5	1.7	1.9	2.7	2.4	2.1	7.3	7.1	7.0
Poland	5.3	4.4	4.5	3.6	2.1	2.3	18.8	18.3	17.6
Slovenia	4.6	3.7	4.0	3.6	2.6	2.6	6.0	5.9	5.6
Slovakia	5.5	4.9	5.2	7.4	3.7	2.9	18.0	17.6	16.8
Sweden	3.5	3.0	2.8	1.0	0.4	1.4	6.3	5.9	5.3
United Kingdom	3.1	2.8	2.8	1.3	1.7	2.0	4.7	4.7	4.7
UE-25	2.4	2.0	2.3	2.1	1.9	1.7	9.0	9.0	8.7
UE-15	2.3	1.9	2.2	2.0	1.8	1.6	8.0	8.0	7.8
United States	4.4	3.6	3.0	2.7	2.6	2.3	5.5	5.2	5.0
Japan	2.7	1.1	1.7	0.0	-0.1	0.2	4.8	4.4	4.1

NOTES: (*) Percentage real change.

(**) Percentage change in harmonized consumer price index except for United States and Japan which show national consumer price index.

(***) Percentage of labour force.

SOURCE: European Commission.

By country, notably low growth expected in Germany and Italy with positive trend in new member states.

By country, the growth trend forecast for 2005 reflects the existence of three different groups. One group is made up of those member states whose growth is expected to be around half the average for the European Union, that is, two of the large economies (Germany and Italy) together with Portugal and the Netherlands. In sharp contrast to these, a second group of countries consists of those which will at least double growth in the EU. These include almost all the member states in Central and Eastern Europe along with Ireland. Finally come the other member states which will stand in a growth range between 2% and 3%.

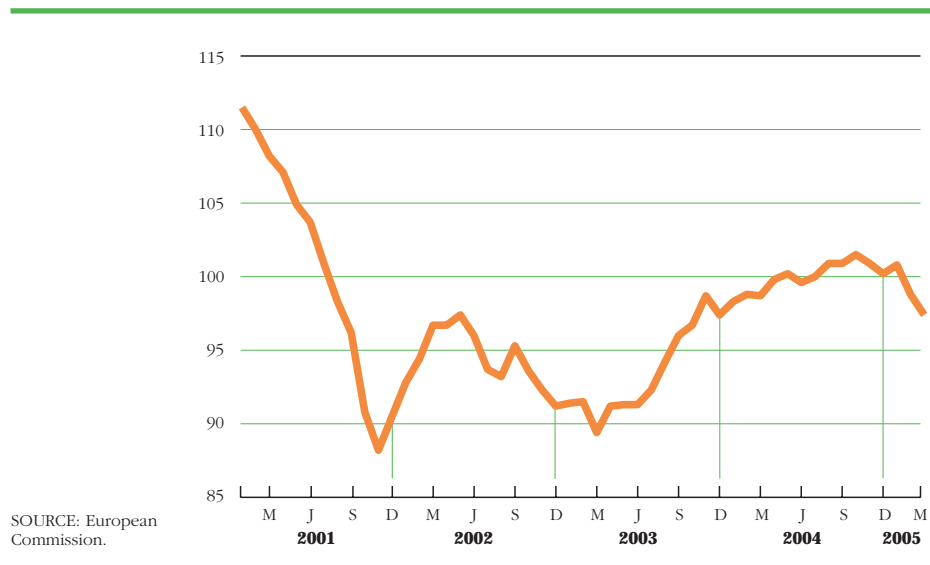
Euro area: economic slowdown in first quarter

Stagnant domestic demand in euro area continues in first quarter.

The euro area went through a low level of economic activity in the first quarter of 2005. Available demand indicators point to stagnation in domestic demand, especially consumer demand. As a result, on average in January and February, the trend in retail sales continued at low growth rates with levels similar to those in the fourth quarter of 2004. The low state of household spending was heightened as a result of a consumer confidence level at -13 points in the fourth quarter of 2004 and the first quarter of 2005. In this context of a weak domestic scene, the incipient increase in corporate investment must be seen as positive. This seems to show up in the recovery of industrial production of capital goods on January- February average, with this component growing by 2.0% year-to-year.

FURTHER WORSENING OF ECONOMIC ACTIVITY IN EURO AREA

Value of economic sentiment index



Industrial sector especially noting lack of demand.

The weak economic situation in the euro area shows up rather unevenly by sector. Industry is by far the sector which has most clearly shown the lack of demand. This would explain the growing drop seen in the industrial confidence index which decreased by four points in the first quarter. Along similar lines run the decreases shown in the business climate index which stood at the 0.2 points level in February, down below the weak figure of 0.4 points in January. As a result, it is not surprising to see the drop shown in industrial production in February (rise of 0.6% year-to-year against 2.0% in January). On the other hand, if we are to go by the relative stability in sector confidence indices, construction and services are showing up as more stable.

EURO AREA: MAIN ECONOMIC INDICATORS

Percentage change over same period year before unless otherwise indicated

	2003	2004	2004				2005		
			1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	January	February	March
GDP	0.5	1.8	1.5	2.2	1.8	1.6	-	...	-
Retail sales	0.3	0.1	0.4	0.0	0.0	0.1	-0.6	1.0	...
Consumer confidence (*)	-18	-13.8	-14	-14	-14	-13.0	-13	-13	-14
Industrial production	0.3	1.9	1.0	3.0	2.8	1.0	2.0	0.6	...
Economic sentiment indicator (*)	93.4	100.0	98.6	99.9	100.6	100.9	100.8	98.8	97.4
Unemployment rate (**)	8.7	8.8	8.9	8.8	8.8	8.8	8.8	8.9	...
Consumer prices	2.1	2.1	1.7	2.3	2.2	2.3	1.9	2.1	2.1
Trade balance (***)	80.4	81.7	76.5	89.0	86.0	75.1	70.3	66.4	...

NOTES: (*) Value.

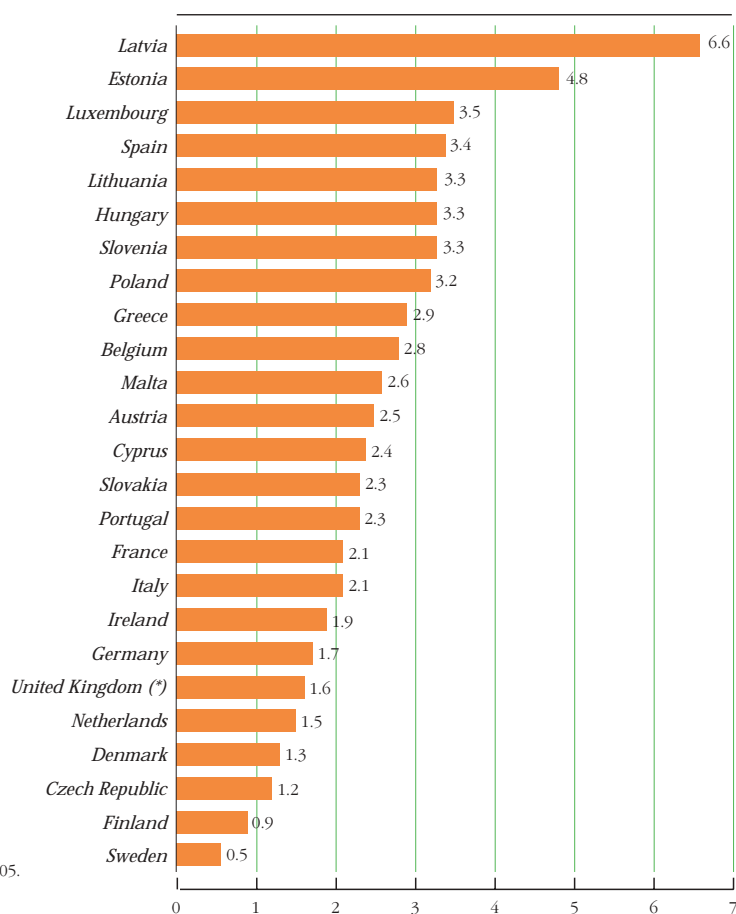
(**) Percentage of labour force.

(***) Cumulative balance for 12 months. Billion euros.

SOURCE: Eurostat, European Central Bank, European Commission and internal figures.

SHARP DIFFERENCES IN INFLATION IN EUROPEAN UNION

Percentage year-to-year change in harmonized consumer price index (March 2005)



Containment of prices taking into account increase in oil cost.

Inflation, in turn, remains relatively contained if we take into account the trend in oil prices. While the energy component rose to nearly 9% year-to-year, the general harmonized consumer price index (HCPI) held at 2.1% year-to-year with no change over February.

Unemployment rate at 8.9% in February.

In keeping with the situation of poor economic growth, the labour market is not very dynamic. Employment is growing at a moderate rate (year-to-year rise of 0.7% in the fourth quarter of 2004, the latest figure available) while the unemployment rate continues to swing at levels slightly below 9% of the labour force. Specifically, the unemployment rate in February added one decimal going to 8.9%.

Foreign sector worsens in February.

Foreign demand began 2005 at a less expansionist rate than at the end of 2004 as seen in the reduction of the cumulative trade surplus for 12 months from 73.1 billion euros in December to 66.4 billion euros in February. While exports continue to grow, with a rise of close to 4% year-to-year in February, the increase in imports (up 9% year-to-year in February) is bringing about a reduction in the trade surplus.

Germany: economic activity at low levels

Germany showing low level of economic activity but seems not to be getting worse.

In the early months of the year, the German economy has been showing a notable lack of economic drive although there is a growing impression that the situation has stopped getting worse. If we take the worst problem of the present economic stage, the lack of strength in domestic consumption, the latest indicators show that the level remains low but with the start of a recovery trend. After dropping by 2.2% year-to-year in the fourth quarter, retail sales rose by 0.3% year-to-year on average for the January-February period. In any case, the drop in consumer confidence as of March means that the process of recovery in household spending cannot be considered as consolidated. The rise in the capital goods component of industrial production is showing stronger after leaving behind year-to-year drops in November and December to record increases of more than 3% year-to-year in January and February.

Industrial production grows 1.5% in February.

On the supply side, we do not see any improvement over previous months. Industrial production continues to grow at a contained rate (1.5% year-to-year in February), a trend that is not going to be quickly turned around if we are to go by three consecutive months (February to April) with decreases in the IFO industrial activity index. In any case, the situation is worse in the construction sector given that the main early indicator, new housing building permits, collapsed by more than 30% year-to-year in December and January. The drop in the confidence indicator for the services sector, more than five points between February and March, completes this negative picture of the various sectors.

GERMANY: MAIN ECONOMIC INDICATORS

Percentage change over same period year before unless otherwise indicated

	2003	2004	2004				2005		
			1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	January	February	March
GDP	-0.1	1.0	0.9	1.4	1.2	0.6	-	...	-
Retail sales	-0.5	-1.7	-0.5	-2.3	-1.7	-2.2	-0.4	0.9	...
Industrial production	0.1	2.4	1.3	3.4	3.8	1.4	3.7	1.5	...
Industrial activity index (IFO) (*)	91.7	95.7	96.4	95.7	95.4	95.2	96.4	95.4	94.0
Unemployment rate (**)	10.5	10.8	10.4	10.5	10.7	10.8	11.4	11.7	12.0
Consumer prices	1.0	1.7	1.1	1.8	1.9	2.0	1.6	1.7	1.8
Trade balance (***)	129.8	149.3	137.4	150.5	154.0	155.4	155.9	157.4	...

NOTES: (*) Value.

(**) Percentage of labour force.

(***) Cumulative balance for 12 months. Billion euros.

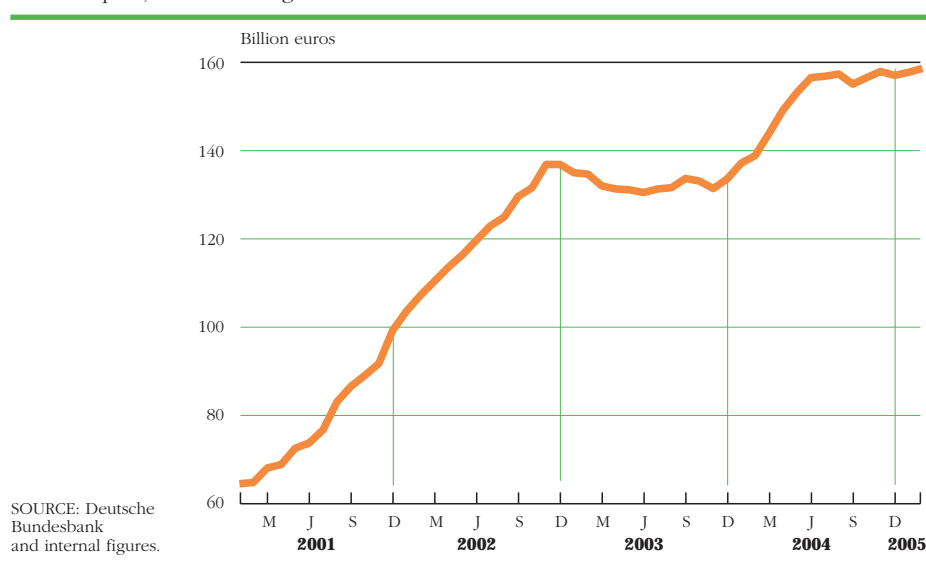
SOURCE: OECD, national statistical bodies and internal figures.

Notable worsening of unemployment rate with rise to 12% in March.

The limited drive in domestic demand provides an explanation both of the easing of inflationary pressures (the German CPI stood at 1.8% year-to-year in March, similar to the 1.7% in February) and of the rapid worsening of the unemployment rate which added three decimals in March putting it at 12.0% of the labour force. Foreign demand, in turn, continues to represent the only positive counterweight to the slack on the domestic front. The surplus in the trade balance as a cumulative total for 12 months stood at 157.4 billion euros in February compared with 155.4 billion euros in the fourth quarter. This figure arises from a conjunction of exports that continue to grow at relatively high rates and imports which are progressively easing down.

GERMANY'S FOREIGN SECTOR ONLY BRIGHT SIDE OF ECONOMY AT LOW EBB

Trade surplus, cumulative figure for 12 months



France: consumption cooling off

French consumer curbs spending partly due to lack of improvement in labour market.

In recent months the French economy has shown some cooling down mainly as a result of less expansionist consumption. As a result, domestic consumption went from growth of 6.1% year-to-year in December to 4.0% in March. While other factors are also at work, the stagnation in the labour market seems to be a determining element in the slowdown. In view of the latest available indicators, with an unemployment rate now above 10% (10.1% in February) and employment practically not growing (year-to-year increase of 0.1% in the fourth quarter) it is not expected that this trend will be turned around over the short term.

Confidence in industry and services still weak.

While the extent of the slowdown should not be excessive, prospects in the various sectors have recently worsened, as may be seen from the negative trend in confidence indicators for industry and services. Quantitative indicators available confirm the above trends. To cite only the most representative of the secondary sector, industrial production has weakened over the course of the first quarter going down to 1.2% year-to-year in February as against 2.7% in January. With regard to construction, both housing starts and building permits issued are evidence of lower activity in this sector.

FRANCE: MAIN ECONOMIC INDICATORS

Percentage change over same period year before unless otherwise indicated

	2003	2004	2004				2005		
			1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	January	February	March
GDP	0.5	2.4	2.0	3.2	2.0	2.3	–	...	–
Domestic consumption	0.7	4.4	3.1	5.8	3.7	4.9	4.3	3.1	4.0
Industrial production	–0.5	1.8	0.6	2.9	2.0	1.6	2.7	1.2	...
Unemployment rate (*)	9.8	10.0	10.0	10.0	10.0	10.0	10.1	10.1	...
Consumer prices	2.1	2.1	1.9	2.4	2.2	2.1	1.6	1.6	1.9
Trade balance (**)	0.2	–0.1	0.2	0.2	–0.1	–0.5	–0.9	–1.0	...

NOTES: (*) Percentage of labour force.

(**) Cumulative balance for 12 months. Billion euros.

SOURCE: OECD, national statistical bodies and internal figures.

Stability in consumer prices while producer prices rise.

With regard to prices, the most recent trend reflects a growing divergence between consumer prices (which are contained) and producer prices, which are notably more expansionist. In spite of a rise of three decimals, the CPI in March stood at 1.9% year-to-year whereas, after deducting the more volatile headings, the resulting rate was only 1.2% year-to-year. On the other hand, producer prices have been stuck at rates of increase above 4% year-to-year since last September (4.5% year-to-year in February).

Italy: drop in expectations

Poor current situation in Italy goes hand in hand with none-too-bright prospects.

The economic situation in Italy remains in a current state of weakness to which must be added increasingly worse future prospects. The loss of level in the economic sentiment indicator, down four points between January and March thus reflecting a low rate of current economic activity, comes on top of the fact that the early composite index was down 1.2% year-to-year in February, which could be an indication that the low level of economic drive may carry over into coming quarters.

Consumption not responding while industrial production continues to drop.

Behind this current (and future) weakness lies domestic demand showing no recovery, especially due to the lack of strength in consumption (retail sales in January were down 2.5% year-to-year). The cyclical slump is especially seen in the industrial sector as noted from the poor trend in industrial production. In February, that indicator dropped by 2.4% in year-to-year terms, the same decrease as in January. In addition, consumer prices have held stable up to March (the CPI grew by 1.9% year-to-year that month and in the two previous months), while the unemployment rate was again 8.0% of the labour force in the fourth quarter of 2004, a level where it has stayed since the second quarter of that year.

ITALY: MAIN ECONOMIC INDICATORS

Percentage change over same period year before unless otherwise indicated

	2003	2004	2004				2005		
			1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	January	February	March
GDP	0.4	1.0	0.7	1.2	1.2	0.8	–	...	–
Retail sales	2.0	–0.4	1.2	–0.2	–1.3	–1.1	–2.5	...	...
Industrial production	–0.5	–0.6	–0.3	0.8	–0.7	–2.0	–2.4	–2.4	...
Unemployment rate (*)	8.4	8.0	8.2	8.0	8.0	8.0	–	...	–
Consumer prices	2.7	2.2	2.2	2.4	2.2	2.0	1.9	1.9	1.9
Trade balance (**)	4.1	1.6	2.0	2.9	2.3	–0.9	–1.4	–1.9	...

NOTES: (*) Percentage of labour force.

(**) Cumulative balance for 12 months. Billion euros.

SOURCE: OECD, national statistical bodies and internal figures.

United Kingdom: investment takes over from consumption

Growth in United Kingdom at 2.8% in first quarter.

In the first quarter, the British economy showed a rate similar to that at the end of 2004, given that, after growing by 2.9% year-to-year in the fourth quarter, it dropped by one decimal to 2.8% year-to-year in the first quarter of 2005. Although the breakdown by demand components has not yet been made public, available indicators suggest that this trend is due to the fact that the slowdown in consumption is not taking on dramatic dimensions (retail sales grew by more than 3.5% year-to-year in January and February while consumer confidence rose in February and March) whereas investment has been recovering ground. At least pointing in this direction is the rise in industrial production of capital goods which

went up from a 1.1% year-to-year rise in October to 4.2% year-to-year in February. The strength of domestic demand has had its counterpart in the sharp rise in imports which is bringing about a constant worsening of the trade balance. In February, the cumulative trade deficit for 12 months stood at 58.4 billion pounds sterling, compared with 50.7 billion pounds in the fourth quarter.

UNITED KINGDOM: MAIN ECONOMIC INDICATORS

Percentage change over same period year before unless otherwise indicated

	2003	2004	2004				2005		
			1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	January	February	March
GDP	2.2	3.1	3.0	3.6	3.1	2.9	–	2.8	–
Retail sales	3.1	6.1	6.2	6.8	6.6	4.8	3.5	3.6	...
Industrial production	–0.2	0.5	0.3	1.8	0.1	–0.5	–0.1	–0.1	...
Unemployment rate (*)	2.9	2.6	2.8	2.7	2.7	2.6	2.6	2.6	2.7
Consumer prices	2.8	2.2	2.3	2.2	2.1	2.3	2.1	2.1	2.4
Trade balance (**)	–46.3	–54.4	–50.3	–53.4	–56.2	–57.7	–57.8	–58.4	...

NOTES: (*) Percentage of labour force.

(**) Cumulative balance for 12 months. Billion pounds.

SOURCE: OECD, national statistical bodies and internal figures.

Worsening situation in industry seems contained in view of better trend in production and orders.

On the supply side, the most notable factor is the stabilized situation in secondary industry. While not leaving behind the range of year-to-year decreases, industrial production has recorded two consecutive months with minimal drops (decrease of 0.1% year-to-year in January and February). Recovery in industrial order books up to March would indicate that this incipient halt to the downturn could be consolidating.

Unemployment down while inflation relatively moderate.

Maintenance of the unemployment rate at moderate levels (2.7% of the labour force in February) and inflationary pressures not out of line in view of the climate of economic growth (the CPI grew by 2.4% year-to-year in March compared with 2.1% in February) round out a generally positive economic scene.

MERCATS FINANCERS

MERCATS MONETARIS I DE CAPITAL

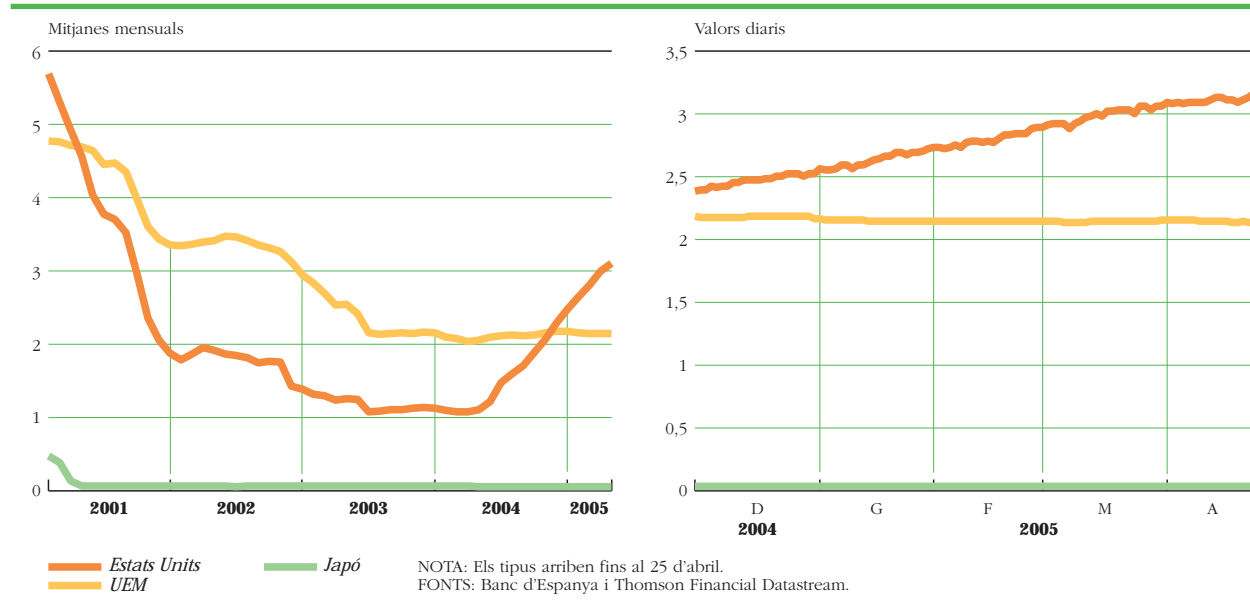
La Reserva Federal, preocupada per les tensions inflacionistes

La Reserva Federal probablement continuarà apujant el tipus d'interès de manera gradual...

Els alts nivells assolits pel preu del petroli i d'altres primeres matèries han enterbolit les perspectives econòmiques globals i han plantejat un dilema als bancs centrals. Atesa la incertesa sobre l'efecte de l'encariment de l'or negre sobre el creixement econòmic i sobre la inflació, s'ha complicat el plantejament de les polítiques monetàries. Fins ara, les autoritats monetàries han reaccionat tenint en compte les característiques de les seves economies. Entre els principals bancs centrals, la Reserva Federal dels Estats Units apunta a una continuació gradual del tensionament monetari. En canvi, a la zona de l'euro, el Banc Central Europeu probablement es prendrà un temps abans de decidir un canvi de posició, a causa de la fragilitat del feble creixement de l'activitat.

TIPUS D'INTERÈS A CURT TERMINI: PUGEN ELS NORD-AMERICANS

Tipus d'interès interbancaris a 3 mesos, en percentatge anual



...en un marc de creixement econòmic moderat.

Als Estats Units, el «Beige Book» del 20 d'abril, elaborat per la Reserva Federal, dibuixa un panorama de creixement econòmic moderat, però sembla que les tensions inflacionistes s'han intensificat. En aquest marc, la Reserva Federal probablement continuarà apujant els tipus d'interès de referència en 25 punts bàsics en les properes reunions previstes, la primera de les quals se celebrarà el dia 3 de maig.

Les expectatives sobre una agressiva pujada del tipus d'interès de referència de la Reserva Federal es corregeixen a la baixa.

Després del comunicat posterior a l'última pujada del tipus d'interès oficial del 22 de març fins al 2,75%, el mercat va apreciar un to més agressiu i va descomptar una tònica d'increments més intensos del que estava previst. Així, el tipus d'interès dels dipòsits interbancaris a un any dels Estats Units va pujar considerablement fins al 3,83% el dia 29 de març. No obstant això, aquestes expectatives es van corregir posteriorment en publicar-se diversos indicadors econòmics desfavorables. D'aquesta manera, el rendiment dels dipòsits interbancaris a un any nord-americans va baixar posteriorment fins a situar-se en el 3,55% al final de la quarta setmana d'abril. Així i tot, aquest tipus d'interès es col·locava gairebé dos punts per damunt de dotze mesos abans.

TIPUS D'INTERÈS A CURT TERMINI ALS MERCATS NACIONALS

Mitjanes mensuals, en percentatge anual

	Zona de l'euro			Estats Units		Japó	Regne Unit		Suïssa
	Subhastes BCE (2)	Euríbor		Nivell objectiu de la Reserva Federal (3)	Tres mesos	Tres mesos	Tipus d'intervenció Banc d'Anglaterra (4)	Tres mesos	Tres mesos
		Tres mesos	Un any						
2004									
Març	2,00	2,03	2,06	1,00	1,07	0,01	4,00	4,21	0,25
Abril	2,00	2,05	2,16	1,00	1,10	0,00	4,00	4,30	0,28
Maig	2,00	2,09	2,30	1,00	1,21	0,00	4,21	4,44	0,26
Juny	2,00	2,11	2,40	1,25	1,47	0,00	4,42	4,71	0,41
Juliol	2,01	2,12	2,36	1,25	1,59	0,00	4,50	4,77	0,50
Agost	2,01	2,11	2,30	1,43	1,70	0,00	4,72	4,88	0,54
Setembre	2,02	2,12	2,38	1,59	1,88	0,00	4,75	4,85	0,67
Octubre	2,03	2,15	2,32	1,75	2,06	0,00	4,75	4,81	0,71
Novembre	2,05	2,17	2,33	1,92	2,28	0,00	4,75	4,79	0,75
Desembre	2,07	2,17	2,30	2,25	2,47	0,00	4,75	4,78	0,75
2005									
Gener	2,06	2,15	2,31	2,25	2,64	0,00	4,75	4,79	0,74
Febrer	2,06	2,14	2,31	2,50	2,80	0,00	4,75	4,80	0,75
Març (*)	2,05	2,14	2,34	2,59	2,99	0,00	4,75	4,90	0,75
Abril (1)	2,05	2,13	2,23	2,75	3,16	0,00	4,75	4,77	0,76

NOTES: (*) Xifres provisionals.

(1) Dia 25.

(2) Tipus d'interès marginal. Últimes dates de variació del tipus mínim: 6-3-03 (2,50%), 5-6-03 (2,00%).

(3) Últimes dates de variació: 30-6-04 (1,25%), 10-8-04 (1,50%), 21-9-04 (1,75%), 10-11-04 (2,00%), 14-12-04 (2,25%), 2-2-05 (2,50%), 22-3-05 (2,75%).

(4) Últimes dates de variació: 6-2-03 (3,75%), 10-7-03 (3,50%), 6-11-03 (3,75%), 5-2-04 (4,00%), 6-5-04 (4,25%), 10-6-04 (4,50%), 5-8-04 (4,75%).

FONTS: Banc Central Europeu, Banc d'Espanya, Thomson Financial Datastream i elaboració pròpia.

El Banc Central Europeu expressa inquietud pel creixement econòmic...

A la zona de l'euro, el Consell de Govern del Banc Central Europeu (BCE) no va modificar els tipus d'interès directors en la reunió del dia 7 d'abril. El BCE va constatar que les perspectives de creixement a curt termini no són gaire clares, per bé que continua esperant una expansió moderada a més llarg termini. Pel que fa a la inflació, situada en el 2,1%, lleugerament per damunt de l'objectiu a mitjà termini, va continuar indicant l'existència de riscos alcistes, derivats de l'evolució del cru i de la seva possible transmissió al conjunt de l'economia. Com a nota positiva, les magnituds monetàries van flexionar molt lleugerament al febrer, tot i que l'excessiva liquiditat continua constituint un risc inflacionista a mitjà termini.

...i l'euríbor a un any baixa en les primeres setmanes d'abril.

L'euríbor a dotze mesos va pujar 3 punts bàsics de mitjana mensual al març fins al 2,34%. No obstant això, en les primeres setmanes d'abril, ha presentat una trajectòria descendent, coherent amb la intensificació de la preocupació pel creixement econòmic. Així, al començament de l'última setmana del mes, l'euríbor a un any era del 2,23%, 6 punts bàsics per damunt de la mateixa data del 2004. El mercat, d'aquesta manera, ha ajornat l'inici del gir alcista fins al proper exercici.

El dòlar experimenta alts i baixos

Els increments del tipus d'interès de la Reserva Federal donen suport al dòlar...

La divisa dels Estats Units es va apreciar l'1,6% en el primer trimestre del 2005 en relació amb un conjunt ampli de monedes, després d'haver patit una intensa caiguda en l'últim trimestre del 2004. Aquesta evolució, però, no va estar lliure de vaivens. D'una banda, el dòlar va estar sotmès a una forta pressió a la baixa a causa de l'important i creixent dèficit exterior per compte corrent i de les notícies de diversificació de les reserves de divises per part de nombrosos bancs centrals. No obstant això, un creixement econòmic relativament notable i l'ampliació del diferencial de tipus d'interès al seu favor en relació amb altres divises després dels successius increments del tipus d'interès de referència de la Reserva Federal van jugar al seu favor.

...però els dubtes sobre la marxa de l'economia nord-americana i el dèficit exterior el perjudiquen.

En les últimes setmanes de març, la moneda nord-americana va ser impel·lida per la intensificació de les expectatives alcistes dels tipus d'interès dels Estats Units. No obstant això, cap a la meitat d'abril, va aparèixer un seguit d'indicadors que van mostrar una caiguda de la confiança del consumidor i un empitjorament de l'activitat manufacturera, amb el rerefons d'uns preus del petroli elevats. D'aquesta manera, la moderació de les perspectives de creixement econòmic i de pujades dels tipus d'interès va incidir negativament sobre el dòlar.

L'euro s'estabilitza a l'abril després de la reculada del primer trimestre.

L'euro va recular el 2,7% en el primer trimestre del 2005 en relació amb el conjunt dels seus principals socis comercials després d'una considerable apreciació en el quart trimestre del 2004. El feble creixement econòmic de la zona de l'euro el va perjudicar. No obstant això, en les primeres setmanes d'abril, aprofitant la feblesa d'altres divises, com el dòlar, l'euro va frenar la seva davallada. Així, l'euro va recuperar la cota d'1,30 dòlars, després d'haver baixat fins a 1,28 dòlars al començament d'abril.

TIPUS DE CANVI DE LES PRINCIPALS MONEDES

Març 2005

	Última sessió del mes		Tipus de canvi mitjà	Dades mensuals			Tipus de canvi 25-4-05
	Tipus de canvi	% de variació mensual (2)		% variació (2)			
				Mensual	s/desembre 2004	Anual	
Enfront del dòlar dels EUA							
Ien japonès	107,2	2,5	105,3	0,3	1,5	-2,9	105,8
Lliura esterlina (1)	1,889	-1,6	1,903	0,8	-1,4	4,1	1,911
Franc suís	1,196	2,7	1,176	-1,3	2,7	-7,9	1,188
Dòlar canadenc	1,210	-2,1	1,216	-1,9	-0,2	-8,5	1,237
Peso mexicà	11,18	0,8	11,16	0,2	-0,4	1,2	11,05
<i>Índex efectiu nominal</i> (4)	<i>109,7</i>	<i>1,1</i>	<i>108,9</i>	<i>-0,6</i>	<i>0,0</i>	<i>-4,7</i>	<i>109,5</i>
Enfront de l'euro							
Dòlar dels EUA	1,296	-2,2	1,318	1,3	-1,7	7,5	1,297
Ien japonès	138,4	0,3	138,8	1,6	-0,3	4,2	137,3
Franc suís	1,549	0,6	1,550	0,0	0,9	-1,1	1,544
Lliura esterlina	0,689	-0,2	0,693	0,4	-0,4	3,2	0,679
Corona sueca	9,143	0,9	9,090	0,1	1,2	-1,6	9,152
Corona danesa (3)	7,450	0,1	7,447	0,1	0,2	0,0	7,449
Zloty polonès	4,081	4,5	4,022	0,9	-2,7	-15,6	4,203
Corona txeca	29,96	0,7	29,80	-0,5	-2,7	-9,7	30,36
Forint hongarès	247,2	2,2	245,0	0,5	-0,3	-3,3	250,0
<i>Índex efectiu nominal</i> (5)	<i>105,2</i>	<i>-0,6</i>	<i>105,9</i>	<i>0,7</i>	<i>-1,0</i>	<i>2,4</i>	<i>104,9</i>

NOTES: (1) Unitats per lliura esterlina.

(2) Els percentatges de variació fan referència a les cotitzacions tal com apareixen al quadre.

(3) La corona danesa té una paritat central enfront de l'euro de 7,46038 amb una banda de fluctuació del $\pm 2,25\%$.

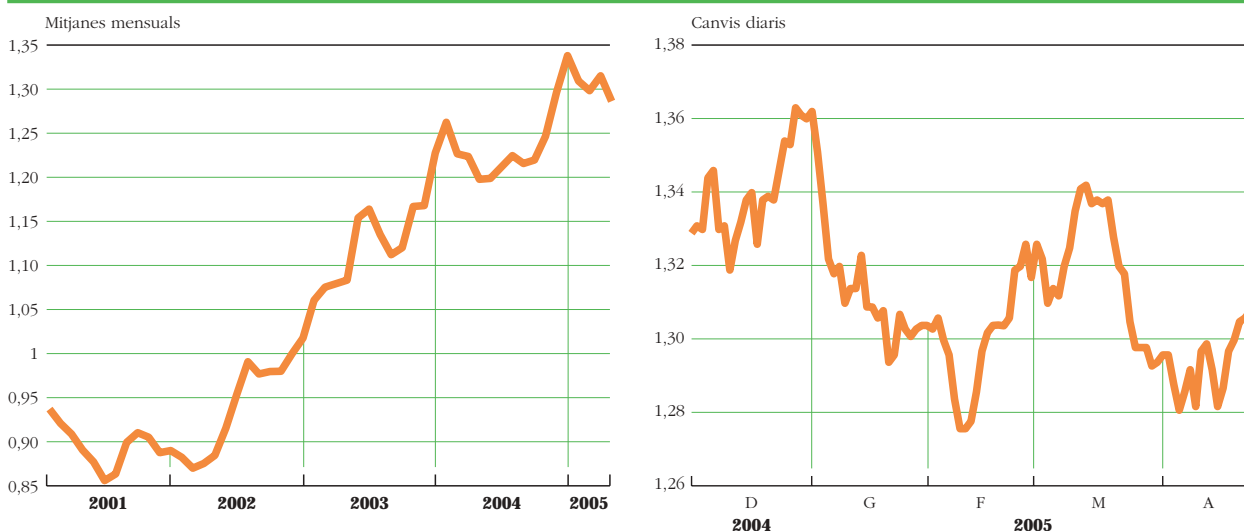
(4) Índex efectiu nominal ampli del dòlar de la Reserva Federal dels Estats Units. Calculat com a mitjana ponderada del valor del dòlar enfront de les 26 monedes dels països amb més volum de comerç amb els Estats Units. Base: 1-1997 = 100.

(5) Índex de tipus de canvi efectiu nominal de l'euro del Banc Central Europeu. Calculat com a mitjana ponderada del valor bilateral de l'euro enfront de les monedes dels 23 principals socis comercials de la zona de l'euro. Base: 1-1999 = 100.

FONTS: Thomson Financial Datastream i elaboració pròpia.

L'EURO REACCIONA DAVANT LA FEBLESA DEL DÒLAR

Dòlars d'Estats Units per euro



NOTA: Les dades arriben fins al 25 d'abril.

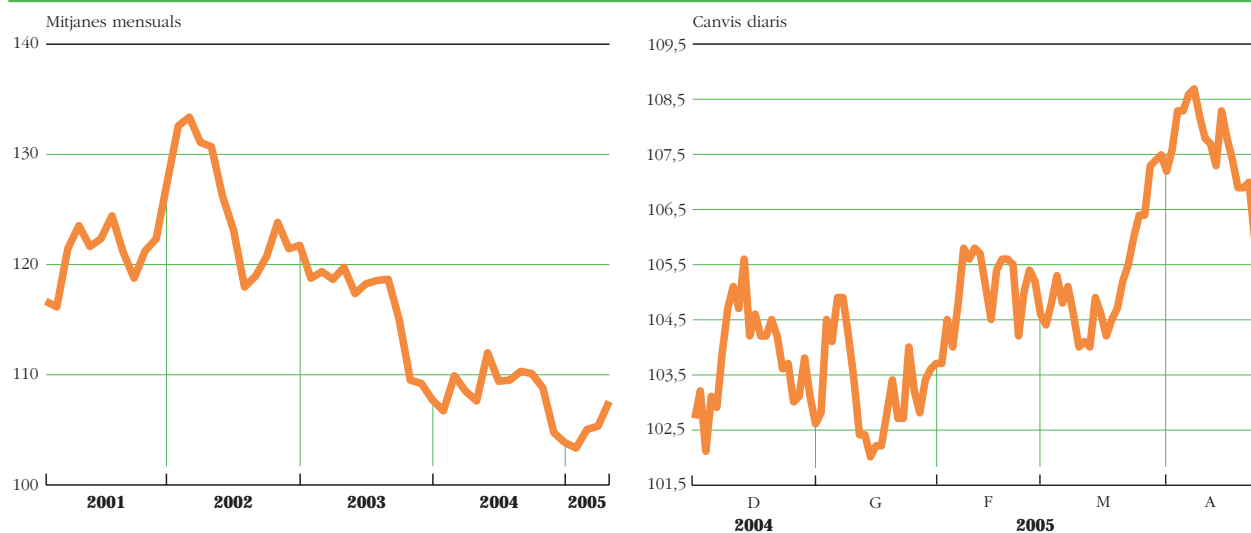
FONTS: OCDE, Thomson Financial Datastream i elaboració pròpia.

Apreciació de la lliura esterlina.

La lliura esterlina va pujar el 2,2% en el període gener-març del 2005 en termes globals. En les primeres setmanes d'abril, es va continuar apreciand en general. Així, enfront del dòlar i de l'euro, la moneda britànica va anotar guanys fins al començament de l'última setmana del mes. El diferencial de tipus d'interès al seu favor, amb el tipus de referència situat en el 4,75%, va donar suport a la divisa del Regne Unit.

EL IEN REMUNTA ENFRONT DEL DÒLAR

Iens per dòlar



NOTA: Els tipus arriben fins al 25 d'abril.

FONTS: OCDE, Thomson Financial Datastream i elaboració pròpia.

El ien remunta enfront del dòlar i de l'euro.

El ien es va depreciar el 4,3% enfront del dòlar en el primer trimestre en un marc d'incertesa sobre l'economia japonesa. En el mateix període, la moneda nipona va pujar el 0,9% en relació amb l'euro. En les primeres setmanes d'abril, el ien va recuperar terreny enfront del dòlar i continuava guanyant posicions enfront de la moneda única europea.

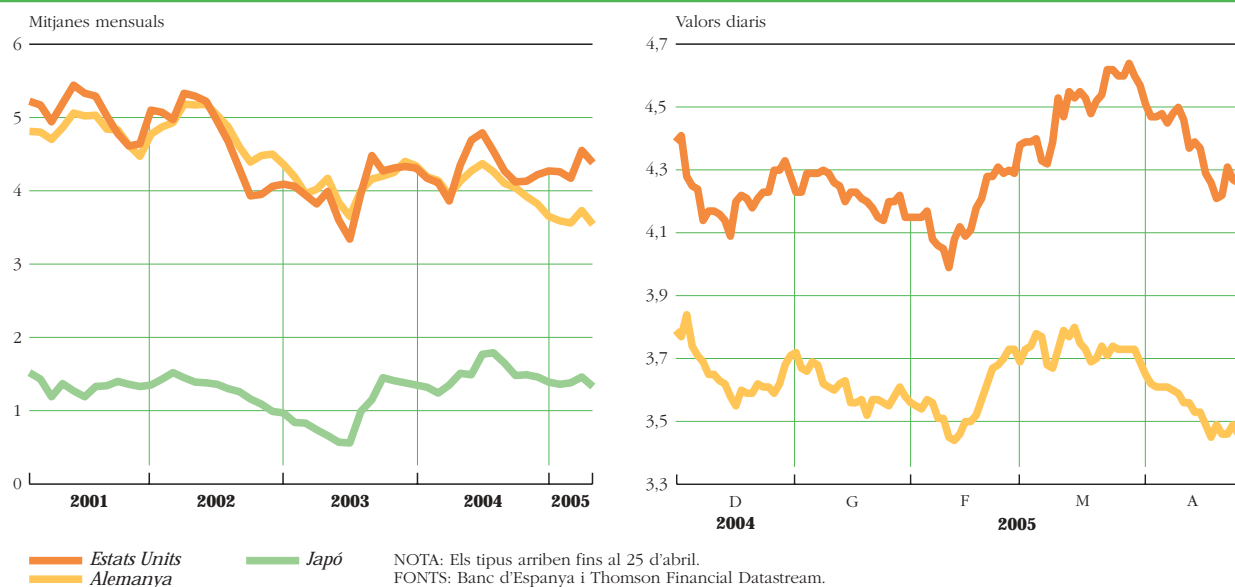
El rendiment del deute alemany a llarg termini baixa a mínims

La rendibilitat dels bons del Tresor dels Estats Units a 10 anys baixa en les primeres setmanes d'abril.

La rendibilitat dels bons a 10 anys dels Estats Units va assolir la cota màxima des del final de juny del 2004 el dia 28 de març en arribar al 4,63%. Aquest increment va ser impulsat per la preocupació que les tensions inflacionistes motivessin que la Reserva Federal apugés el tipus d'interès oficial més agressivament del que estava previst. No obstant això, amb posterioritat el rendiment dels bons nord-americans a llarg termini va tendir a disminuir progressivament a mesura que s'anaven esvainent aquests temors amb dades que apuntaven a un alentiment econòmic.

EL STIPUS D'INTERÈS A LLARG TERMINI TORNEN A BAIXAR

Rendibilitat dels bons públics a 10 anys, en percentatge anual



Els transvasaments cap al deute públic alemany a llarg termini fan que la seva rendibilitat caigui fins al 3,4% cap a mitjan abril.

A Alemanya, el rendiment dels bons de l'Estat a 10 anys, després de pujar fins al 3,79% el dia 14 de març, va emprendre una via a la baixa. Els febles indicadors econòmics publicats, sobretot a Alemanya, van allunyar el moment d'un gir monetari restrictiu a la zona de l'euro, de manera que va remetre la pressió alcista sobre la rendibilitat del deute públic a llarg termini. D'aquesta manera, el rendiment dels bons públics germànics a 10 anys va lliscar fins al 3,44% el dia 18 d'abril, molt a prop del nivell mínim de les últimes dècades anotat al febrer d'enguany, en produir-se transvasaments de capitals cap al deute públic a la recerca de refugi. Per la seva banda, el diferencial de tipus d'interès a llarg termini entre els Estats Units i Alemanya es va anar ampliant per les diferents perspectives de les polítiques monetàries fins a col·locar-se en 91 punts bàsics el dia 8 d'abril. D'aquesta manera, aquest diferencial va marcar el màxim des del juny del 2000.

Augment de l'aversió al risc.

La taxa de morositat global dels bons d'alt rendiment va baixar fins al 2,2% al març, des del 2,3% registrat en l'últim trimestre del 2004, segons l'agència de qualificació Moody's. Així i tot, es preveu que la morositat dels bons repunti en els propers mesos. Així, la prima de risc dels bons de baixa qualitat creditícia, mesurada com la diferència entre el rendiment d'aquests bons i el del deute públic a llarg termini, va continuar pujant en les primeres setmanes d'abril i va tornar als nivells de març del 2004.

TIPUS D'INTERÈS A LLARG TERMINI ALS MERCATS NACIONALS

Deute públic a 10 anys, mitjana del període, en percentatge anual

	2002	2003	2004			2005			
			II	III	IV	Gener	Febrer	Març	25 abril
Estats Units	4,65	4,04	4,64	4,34	4,21	4,26	4,20	4,55	4,25
Japó	1,27	0,99	1,59	1,64	1,45	1,36	1,40	1,46	1,26
Alemanya	4,80	4,10	4,26	4,13	3,80	3,59	3,57	3,73	3,45
França	4,88	4,13	4,31	4,16	3,83	3,58	3,59	3,76	3,50
Itàlia	5,04	4,24	4,47	4,31	3,94	3,72	3,68	3,84	3,60
Espanya	4,96	4,12	4,31	4,17	3,82	3,59	3,58	3,73	3,47
Regne Unit	4,93	4,53	5,14	5,05	4,71	4,62	4,66	4,88	4,57
Suïssa	3,02	2,47	2,74	2,70	2,38	2,14	2,09	2,22	2,08

FONTS: Banc d'Espanya, Thomson Financial Datastream i elaboració pròpia.

Les borses pateixen una sacsejada per la incertesa sobre l'economia internacional

L'increment del preu del petroli, amb els riscos que representa per a la inflació i el creixement...

La majoria de les principals borses internacionals van acabar el primer trimestre de l'exercici amb guanys acumulats sobre el mes de desembre, en alguns casos notables, però lluny dels màxims dels últims anys anotats al febrer o al començament de març. L'escalada del preu del petroli, que va registrar màxims històrics al març, i d'altres primeres matèries i el repunt dels tipus d'interès a llarg termini nord-americans a partir de mitjan febrer van causar estralls al març, en especial als Estats Units i a força mercats emergents.

...perjudica els mercats borsaris.

En les primeres setmanes d'abril, les borses van continuar experimentant ensurts. Per bé que el preu del cru va cedir una mica, es continuava mantenint en cotes altes amb indicis de permanència. I, si els rendiments dels bons van flexionar a la baixa, va ser per les expectatives de desaceleració del creixement econòmic, la qual cosa va acabar afectant els mercats borsaris. D'aquesta manera, després de les fortes pujades del 2003 i del 2004, nombroses borses encaraven el final del primer quadrimestre per sota de la par de l'exercici.

Les borses nord-americanes pateixen...

Els principals índexs dels Estats Units van anotar els pitjors comportaments. La relativa sobrevaloració de les accions nord-americanes, els recents increments dels tipus d'interès nord-americans i un seguit de resultats empresarials decebedors expliquen aquest comportament diferencial. Així, tant l'índex Standard & Poor's 500 com el tradicional Dow Jones Industrials van perdre el 2,6% en el primer trimestre de l'any. L'índex Nasdaq general, representatiu dels valors tecnològics, va patir una davallada del 8,1%. Aquestes minusvàlues van augmentar en les primeres setmanes d'abril amb els dubtes sobre la marxa de l'economia.

...tot i que els sectors energètic i de serveis públics anoten una evolució positiva.

Per sectors, l'evolució va ser desigual. El sector energètic va recollir importants plusvàlues sobre el desembre. Les companyies de serveis públics van aconseguir notables avanços fins al començament de l'última setmana d'abril. Finalment, el sector sanitari i farmacèutic també aconseguia situar-se en terreny positiu. Al pol contrari, les minusvàlues més

importants van correspondre a les companyies de tecnologia de la informació, al consum no cíclic i a les telecomunicacions.

ÍNDEXS DE LES PRINCIPALS BORSES MUNDIALS

31-03-2005

	Índex (*)	% variació mensual	% variació acumulada	% variació anual	Cotització a 25-4-05	
					% variació acumulada	% variació sobre la mateixa data de 2002
Nova York						
<i>Dow Jones</i>	10.503,8	-2,4	-2,6	1,4	-5,0	2,1
<i>Standard & Poor's</i>	1.180,6	-1,9	-2,6	4,8	-4,1	6,5
<i>Nasdaq</i>	1.999,2	-2,6	-8,1	0,3	-10,3	13,8
Tòquio	11.669,0	-0,6	1,6	-0,4	-3,6	-4,9
Londres	4.894,4	-1,5	1,7	11,6	1,1	-6,4
Zona de l'euro						
<i>Frankfurt</i>	4.348,8	0,0	2,2	12,8	-0,2	-16,0
<i>París</i>	4.067,8	1,0	6,5	12,2	4,5	-10,4
<i>Amsterdam</i>	369,6	-1,3	6,2	9,1	2,6	-30,3
<i>Milà</i>	24.642,0	1,0	4,7	21,1	1,8	1,6
<i>Madrid</i>	9.258,8	-1,4	2,0	15,5	0,3	11,4
Zuric	5.929,7	0,0	4,2	5,5	3,6	-10,5
Hong Kong	13.516,9	-4,8	-5,0	6,6	-3,4	20,5
Buenos Aires	1.400,4	-10,2	1,8	16,5	-0,5	226,2
São Paulo	26.610,0	-5,4	1,6	20,2	-3,7	90,1

NOTA: (*) Nova York: Dow Jones Industrial, Standard & Poor's Composite, Nasdaq Composite; Tòquio: Nikkei 225; Zona de l'euro: DJ Eurostoxx 50; Londres: Financial Times 100; Frankfurt: DAX; París: CAC 40; Amsterdam: AEX; Milà: MIBTEL; Madrid: IBEX 35 de les borses espanyoles; Zuric: Swiss Market Index; Hong Kong: Hang Seng; Buenos Aires: Merval; São Paulo: Bovespa.

FONTS: Thomson Financial Datastream i elaboració pròpia.

L'índex Eurostoxx 50 aconsegueix guanys modestos.

L'índex DJ Eurostoxx 50, que inclou les firmes més grans de la zona de l'euro, va acabar el mes de març amb una alça acumulada del 3,5%. No obstant això, en les primeres setmanes d'abril, aquests guanys van disminuir. Entre les principals borses de la zona de l'euro, algunes es col·locaven amb sensibles pujades sobre el desembre, com París i Amsterdam, mentre que Frankfurt mostrava números vermells.

Les tensions polítiques amb la Xina fan que el Nikkei 225 perdi la par de l'exercici.

Fora de la zona de l'euro, l'índex Financial Times 100 de la Borsa de Londres aconseguia mantenir-se en terreny positiu al començament de l'última setmana d'abril. L'índex SMI de la borsa suïssa presentava un bon registre en el mateix període. L'índex Nikkei 225 del Japó, que va acabar el primer trimestre amb un augment de l'1,6% sobre el mes de desembre, va passar a zona de pèrdues a l'abril, perjudicat per les tensions polítiques entre la Xina i el Japó, que podrien afectar les empreses exportadores nipones.

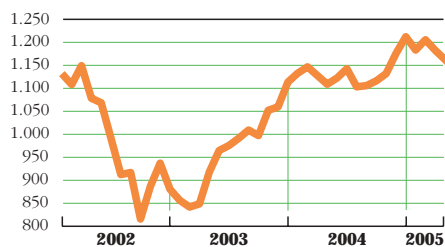
L'IBEX 35 es manté per damunt del nivell del començament de l'any.

Pel que fa a la borsa espanyola, l'índex IBEX 35 també va patir una caiguda al març, tot i que el balanç trimestral es va saldar amb una alça del 2,0%. No obstant això, a l'abril va perdre posicions i al començament de l'última setmana del mes es va apropar a la cota 9.100, lluny del màxim de 9.634,3 punts anotat cap a la meitat de febrer. Cal destacar que 13 de les 35 accions que formen part de l'índex IBEX 35 s'han col·locat en números vermells en el que portem d'any.

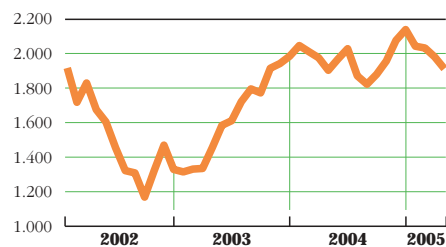
BORSES INTERNACIONALS

Índexs al final del mes

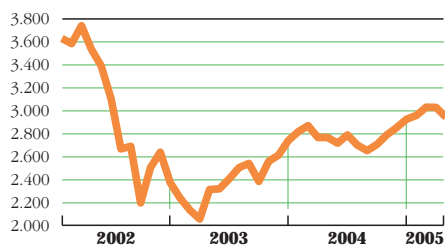
NOVA YORK (Standard & Poor's 500)



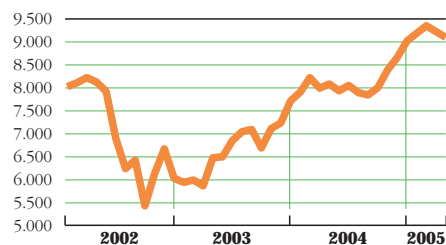
ÍNDEX NASDAQ DELS ESTATS UNITS



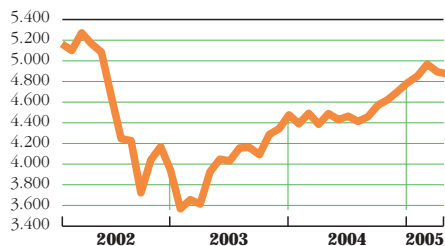
ZONA EURO (DJ Euro Stoxx 50)



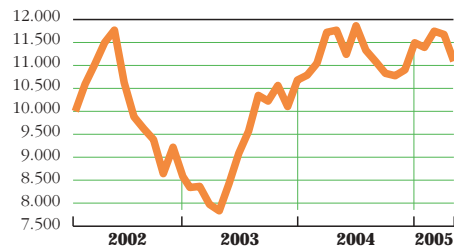
MADRID (IBEX 35)



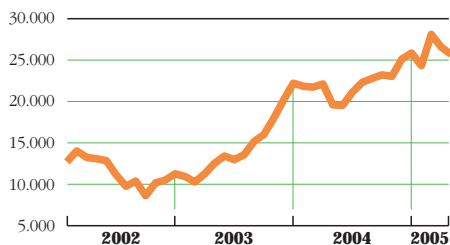
LONDRES (Financial Times 100)



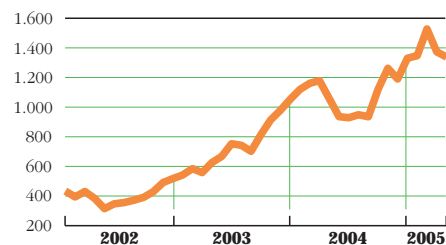
TÒQUIO (Nikkei 225)



SÃO PAULO (Bovespa)



BUENOS AIRES (Merval)



NOTA: Abril 2005, dia 25. FONT: Thomson Financial Datastream.

SPAIN: OVERALL ANALYSIS

ECONOMIC ACTIVITY

Expansionist note in economic activity holds up in first quarter

Strength of investment demand stimulating growth in economic activity.

In the first quarter of 2005, Spain's economy continued to grow at a relatively sustained rate, according to the trend shown in the main economic indicators. We should keep in mind, however, the upward bias shown in this period by the shift of the Easter Week holidays to the month of March mainly in those activities related to tourism, retail trade

SUPPLY INDICATORS

Percentage change over same period year before

	2003	2004	2004				2005		
			1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	January	February	March
Industry									
Electricity consumption (1)	4.9	3.5	3.6	2.4	4.2	3.9	6.8	5.3	5.4
Industrial production index (2)	1.4	1.6	1.4	2.4	2.2	0.4	1.0	-0.5	...
Confidence indicator for industry (3)	-0.9	-2.5	-3.0	-2.0	-2.7	-2.3	-1.0	-5.0	-4.0
Utilization of production capacity (4)	79.1	79.8	78.7	79.3	80.5	80.5	-	79.4	-
Imports of non-energy intermediate goods (5)	6.2	6.6	9.2	6.6	6.0	4.7	9.4	-1.3	...
Construction									
Cement consumption	4.8	3.9	5.6	2.4	3.8	3.9	-0.2	2.2	-2.7
Confidence indicator for construction (3)	10.3	13.6	6.3	8.0	16.0	24.0	17.0	26.0	28.0
Housing (new construction approvals)	21.4	8.0	8.0	9.2	14.9	0.5	7.8	7.4	...
Government tendering	-10.9	17.9	-3.0	-9.4	65.6	37.5	64.9	-37.7	...
Services									
Retail sales	5.7	5.5	6.6	5.6	4.4	5.5	3.4	4.1	...
Foreign tourists	-1.0	3.0	2.7	0.3	1.4	10.0	5.3	-0.8	18.7
Tourist revenue inflows	3.7	1.0	4.0	-2.2	-0.2	3.9	7.4	...	...
Goods carried by rail (km-tonnes)	1.7	-3.5	6.4	6.2	-8.5	-16.7	...	...	...
Air passenger traffic	7.5	7.8	11.0	6.7	6.5	8.3	9.8	2.9	12.2
Motor vehicle diesel fuel consumption	7.5	7.3	7.8	6.8	9.0	5.7	1.9	...	...

NOTES: (1) Adjusted for number of working days and temperature.

(2) Adjusted for difference in number of working days.

(3) European Commission survey: difference between percentage of positive and negative replies.

(4) Business survey: percentage of utilization inferred from replies.

(5) By volume.

SOURCE: Red Eléctrica Española, OFICEMEN, SEOPAN, AENA, National Institute of Statistics, Bank of Spain, European Commission, Ministry of Public Works, Ministry of Industry, Tourism and Commerce, Ministry of Economy and internal figures.

and transport. If this effect is discounted, we note a tendency to a slowing down of growth in some indicators, mainly those for consumption. On the other hand, investment demand in capital goods and construction continues to show strong drive.

Industry continues in slack state...

On the supply side, industry continues in the stage of stagnation noted in recent months. In the period made up January and February 2005 the general production index grew by only 0.3% year-to-year on average, even one decimal below the increase in the final quarter of 2004. Similarly, the sector confidence indicator worsened in February and March going to an average of -4.5 points, with significant worsening in order books.

...a situation in contrast with drive in construction.

In construction, on the other hand, the climate continues very positive with a confidence indicator standing at all-time highs in recent months. In general terms, we see notable drive in public works tendering and a sustained increase in the number of housing units included under new building approved. On the other hand, cement consumption slowed in the early months of 2005 although the background trend remains high.

DEMAND INDICATORS

Percentage change over same period year before

	2003	2004	2004				2005		
			1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	January	February	March
Consumption									
Production of consumer goods (*)	0.2	-0.2	-0.1	-0.7	0.1	0.1	1.1	-1.8	...
Imports of consumer goods (**)	10.9	13.4	19.7	17.2	9.7	8.3	3.4	12.0	...
Car registrations	3.8	9.8	20.9	9.6	5.3	4.7	6.1	-0.7	-3.6
Credit for consumer durables	1.6	5.5	3.7	4.8	4.4	9.2	-	-	-
Consumer confidence index (***)	-13.7	-10.8	-11.7	-9.3	-11.7	-10.3	-9.0	-10.0	-10.0
Investment									
Capital goods production (*)	0.6	1.8	1.3	3.7	4.7	-1.7	-4.8	-0.7	...
Imports of capital goods (**)	14.8	14.9	5.2	4.3	19.2	29.0	21.7	18.6	...
Commercial vehicle registrations	13.5	11.7	14.9	13.1	9.4	9.4	15.1	8.1	5.8
Foreign trade (**)									
Non-energy imports	8.8	9.8	12.1	9.5	8.9	9.0	8.8	5.2	...
Exports	6.9	5.2	6.3	3.7	6.7	4.3	-3.1	-0.1	...

NOTES: (*) Adjusted for difference in number of working days.

(**) By volume.

(***) European Commission survey: difference between percentage of positive and negative replies.

SOURCE: ANFAC, National Institute of Statistics, Bank of Spain, Ministry of Economy, European Commission and internal figures.

Strength of information and communications technology outstanding in services sector.

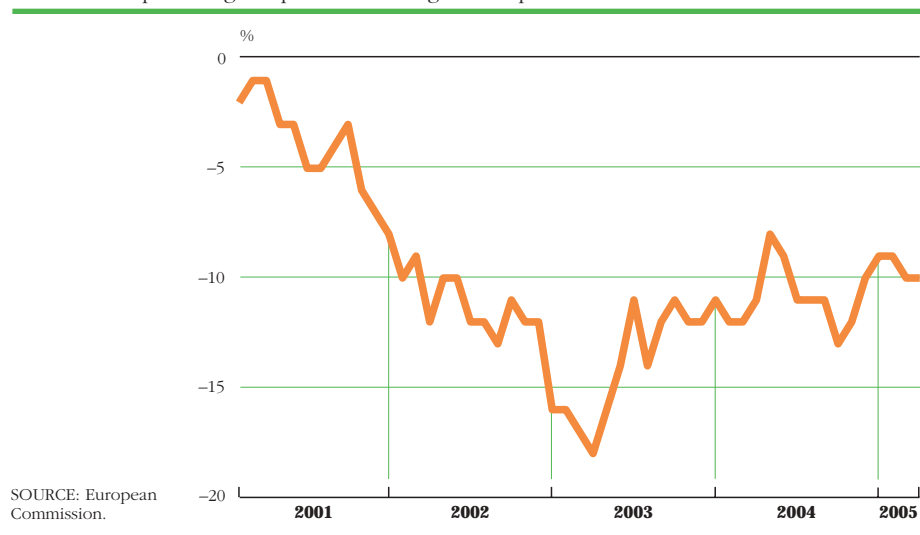
In services, the general situation is positive with notable growth in some activities, especially those related to information and communications technology. At the opposite end of the scale, services to companies are continuing to show an appreciable slowdown. In the first quarter, the tourist balance was fairly satisfactory although the year-to-year comparison is not really representative in this case because of the timing of Easter Week this year, as mentioned earlier. The situation in transport must also be given similar consideration.

Some consumer indicators show signs of easing...

On the demand side, consumption is showing some signs of easing off. Specifically, passenger car registrations were down by 0.1% year-to-year in the first quarter of 2005 with the extenuating circumstance that, in this case, the comparison is being made with the high figure recorded one year earlier. The consumer goods production index, with a decrease of 0.4% year-to-year in January and February, and imports of goods of this type showing a moderate drop in growth rate in this period, help to confirm the loss of strength mentioned. In this context, the consumer confidence indicator recently halted the tendency to recovery noted earlier although for the moment it is showing no signs of a further significant drop.

CONSUMER CONFIDENCE STAGNANT

Difference in percentage of positive and negative responses



...as opposed to those for capital goods investment, still presenting strong growth.

On the other hand, the trend in indicators for capital goods investment is clearly expansionist; imports have been growing at real rates of more than 20% in recent months and vehicle registrations are also on the rise. Domestic production, which was down 2.7% year-to-year in the first two months of the year, is the exception but this drop is largely due to weakness in foreign demand.

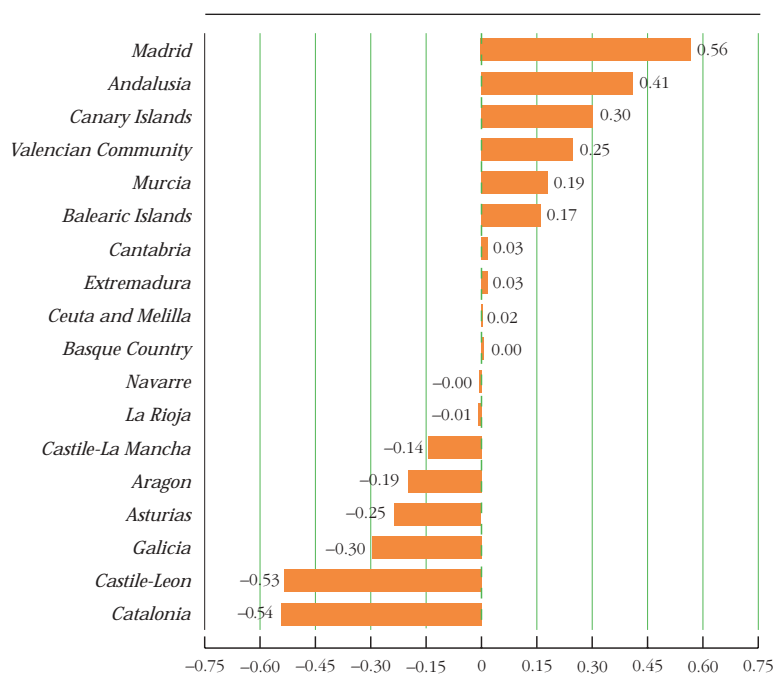
Madrid heads regional growth in recent years

Madrid gains weight in Spain's overall economy while Catalonia drops by practically same proportion.

Madrid Community has taken over as the most dynamic region in the past 10 years. In fact, its contribution to Spain's gross domestic product (GDP) stood at 17.4% in 2004, six decimals above the figure recorded in 1995, according to regional accounting prepared by the National Institute of Statistics. This sharp gain in quota stands in contrast to the relative loss by Catalonia in the overall Spanish scene which dropped to 18.4% of the GDP in 2004 from 18.9% in 1995, although it continues to be the leading autonomous community in terms of relative economic weight.

MADRID, ANDALUSIA AND CANARY ISLANDS GAIN RELATIVE WEIGHT IN SPAIN'S ECONOMY

Change in share of each autonomous community's GDP in Spain's total GDP between 1995 and 2004 (in percentage points)



SOURCE: INE and internal figures.

Andalusia, Canary Islands, Valencia, Murcia and Balearic Islands also gain relative weight in Spain's economy since 1995.

In addition, the balance in recent years seems to have been clearly favourable to the autonomous communities of Andalusia, Canary Islands, Valencian Community, Murcia and the Balearic Islands, in the latter case in spite of the fact that in the past three years the economic situation has not been very favourable. At the other end of the scale, those autonomous communities to lose relative weight in Spain as a whole were Castile-Leon, Galicia, Asturias, Aragon and Castile-La Mancha, while the remaining autonomous communities remained relative static.

Madrid has twice per capita GDP in Extremadura.

In terms of per capita GDP, Madrid continues to head the Spanish list with 25,855 euros, more than double the figure for Extremadura which stood at 66.2% of the country's average. The autonomous communities of Navarre and the Basque Country followed close behind Madrid Community

and stood at around 25% above the Spanish average. Next came Catalonia, the Balearic Islands, La Rioja and Aragon which all were above the average. At the other end of the scale, as well as Extremadura, those regions with lowest economic potential were Andalusia, Galicia and Castile-La Mancha with a per capita GDP of around 80% of the Spanish average.

Navarre leads regional growth in 2004.

In the year 2004, when Spain as a whole showed growth of 2.7%, the most dynamic autonomous community was Navarre with growth of 3.4%, thus continuing the trend seen in 2003. Strong industrial growth along with good activity in the energy sector and utilities gave it leadership in the overall Spanish scene.

Andalusia, Basque Country, Galicia and Madrid grow by around 3%.

At a second level, with growth rates of around 3%, were some of the larger regional economies such as Andalusia, the Basque Country, Galicia and Madrid, along with the small one-province autonomous communities of Murcia, La Rioja and Cantabria. This sharp growth in the case of Andalusia was brought about by the extraordinary growth of construction and the help coming from utilities and was not greater only because of the sharp drop in farm value added. The case of Galicia and Madrid Community were very similar although somewhat more balanced in terms of sectors. On the other hand, industry and energy were the engines of growth in the Basque Country economy. In La Rioja, the drive came from construction and especially from energy while in Cantabria the most

GROSS DOMESTIC PRODUCT BY AUTONOMOUS COMMUNITY
2004

	Gross domestic product		% real change		Per capita GDP	
	Million current euros	% of total	2004	1999-2004	Current euros	Spanish average = 100
						2004
Andalusia	110,404	13.8	3.0	3.6	14,876	76.5
Aragon	24,568	3.1	2.6	2.8	21,128	108.6
Asturias	17,339	2.2	2.0	2.2	16,633	85.5
Balearic Islands	19,709	2.5	1.7	1.6	22,888	117.6
Canary Islands	32,743	4.1	2.8	2.9	17,687	90.9
Cantabria	10,191	1.3	2.9	3.1	19,153	98.4
Castile-La Mancha	27,042	3.4	2.1	2.8	15,504	79.7
Castile-Leon	44,518	5.6	2.7	2.6	18,199	93.5
Catalonia	146,599	18.4	2.5	2.5	23,175	119.1
Valencian Community	77,481	9.7	2.4	3.0	18,374	94.4
Extremadura	13,996	1.8	2.8	3.2	12,886	66.2
Galicia	42,421	5.3	3.0	2.5	15,482	79.6
Madrid	138,671	17.4	2.9	3.2	25,855	132.9
Murcia	19,779	2.5	2.9	3.6	16,793	86.3
Navarre	13,544	1.7	3.4	3.4	24,690	126.9
Basque Country	50,486	6.3	3.0	2.8	24,364	125.2
La Rioja	5,962	0.7	2.9	2.9	21,941	112.8
Ceuta and Melilla	2,436	0.3	2.2	2.9	16,617	85.4
TOTAL	798,672	100.0	2.7	2.9	19,456	100.0

SOURCE: National Institute of Statistics, Eurostat and internal figures.

active sector was industry. Finally, Murcia lost the leadership it held the year before because of a slowdown in construction.

Catalonia and Valencian Community showing decline in some industry branches.

At a third level, with GDP growth rates of around half the Spanish average, come a series of autonomous communities with widely varied economic structures and differing growth rates. These include Extremadura, Canary Islands and Castile-Leon (at the Spanish average or somewhat above) and, on the other hand, Aragon, Catalonia and Valencian Community (each successively below the average by one decimal). In the first three, construction and utilities grew above the regional average while in Castile-Leon industry helped other economic activities. Catalonia and Valencian Community are a separate case with the poor year in industry being partly compensated by the good state of utilities in the first case and by construction in the second case. In Aragon, growth was based on construction and utilities.

Castile-La Mancha and Asturias grow by 2% outpacing Balearic Islands, autonomous community with least growth in Spain.

Growth in Castile-La Mancha and Asturias was not as strong with a figure at around 2%, although in both cases the favourable industrial climate compensated for the relative weakness in other sectors. Finally, for the third year in a row, the Balearic Islands brought up the rear with growth of 1.7%. The relative stagnation of tourism (services were up by 1.2%) was partly relieved by construction which picked up again after a drop the year before.

Sharp increase in profits of non-financial companies in 2004

Non-financial companies record notable increase in operations in 2004...

In 2004, the growth rate of production operations showed an increase, according to figures for the Quarterly Composite Company Statistics supplied by the Bank of Spain. Gross value added (GVA) of all non-financial companies making up the statistics sample grew by 6.1% nominal (the biggest increase since 2000) as against 4.3% recorded in 2003. If we eliminate the profits of refineries and fuel marketing companies (affected by the upward trend in oil prices), growth in 2004 drops down to 4.7% but this is still higher than the 3.6% in 2003.

...mainly in areas of retail trade and industry...

Retail trade was the sector of economic activity to record the sharpest rise in GVA (7.7%) although this was two decimals lower than the year before. In all other sectors the increases were comparatively lower but clearly above those recorded in 2003. In the industrial sector, GVA growth was close to 6%, thanks largely to investment demand for capital goods and the net contribution of the foreign sector. Companies involved in glass, pottery and metal manufacturing, the chemical industry and those industries in electrical, electronic and optical equipment and machinery showed a very expansionist performance with GVA growth between 8.5% and 9.5%.

...telecommunications and refinery companies.

Companies in the transport and communications sector also increased the growth rate of their GVA, going up to 4.5%, close to one percentage point more than in 2003, due to the strength of the telecommunications sub-sector (especially in the cellular telephone and ADSL segments). Growth of GVA generated by companies in the energy sector (6.5% in 2004 as against 2.7% in 2003) was brought about by the situation of refinery companies mentioned above. On the other hand, in the electricity and gas sub-sector GVA showed a slight decrease (0.4%) which may be attributed to the increase in competition in the gas market and higher costs carried by electrical power companies arising from lower utilization of hydro-electrical power stations.

PROFIT AND LOSS ACCOUNT OF NON-FINANCIAL COMPANIES

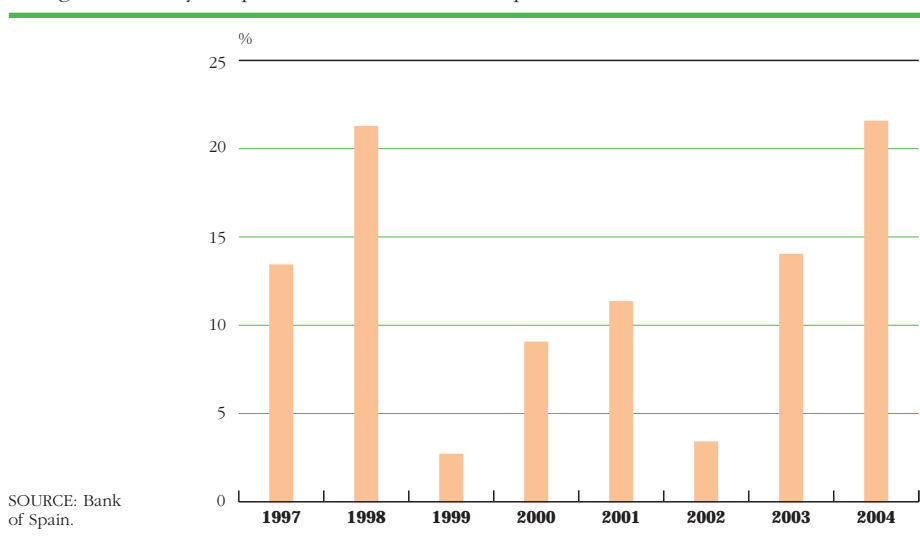
Annual change rates

	2002	2003	2004
Value of production	1.1	3.7	7.7
Intermediate consumption	-0.6	3.3	8.6
Gross value added (GVA)	4.0	4.3	6.1
Labour costs	4.1	3.9	2.9
Gross operating profit	4.0	4.6	8.6
Financial income	-11.5	22.9	12.6
Financial costs	-3.1	0.7	-4.0
Depreciation and operating provisions	1.1	1.6	-1.7
Net ordinary profit	3.4	14.1	21.7
Capital gains and extraordinary income	129.0	-1.0	-37.7
Capital losses and extraordinary costs	147.3	-35.1	-17.5
Tax on profits	118.2	-44.3	7.0
Net profit	0.0	24.4	22.3

SOURCE: Bank of Spain.

SHARP GROWTH OF COMPANY PROFITS IN 2004

Change in ordinary net profits of non-financial companies



Along with this, moderation in labour costs...

In the year under consideration, labour costs grew by 2.9%, one percentage point less than in 2003 as a result both of reductions in work force (brought about by the adjustment carried out by one large company in the telecommunications sector with substantial weight in the statistics sample) and moderation in average wages which were up by 3.1%, close to a half-point less than in 2003.

...and reduction in financial costs, among other factors, brings ordinary profit growth close to 22%.

The increase in economic activity and the easing of labour costs meant that gross operating profit grew by 8.6%, nearly twice that for 2003. Along with this, the increase in dividends from foreign subsidiaries, the further reduction in financial costs (drop of 4.0% basically due to lower interest rates) and the slight reduction in depreciation (the result of certain disinvestments and changes in policy by some large companies) meant that new ordinary profit (the most representative of corporate activity) grew by 21.7%, the sharpest increase recorded in recent years.

Spain's motor vehicle industry shows modest balance in 2004

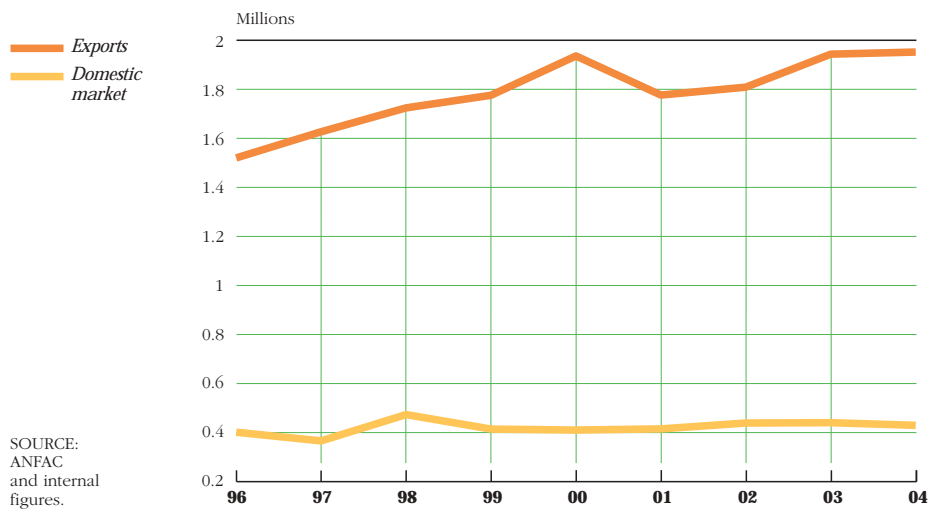
Car production stagnant in 2004...

The motor vehicle industry in Spain ended the year 2004 with a modest balance. Passenger car production came to 2,402,501 units showing a modest 0.1% year-to-year growth while commercial vehicles reported a significant drop (at around 3.0%), according to figures supplied by ANFAC, the Spanish Association of Car and Truck Manufacturers. In overall terms, the total number of vehicles manufactured (passenger cars and commercial vehicles) rose to 3,012,174 units, a year-to-year drop of 0.6% as against an increase of 5.8% reported the year before. Spain continues to be the world's seventh largest producer of motor vehicles and the third in the European Union (EU).

...due mainly to weakness in European demand.

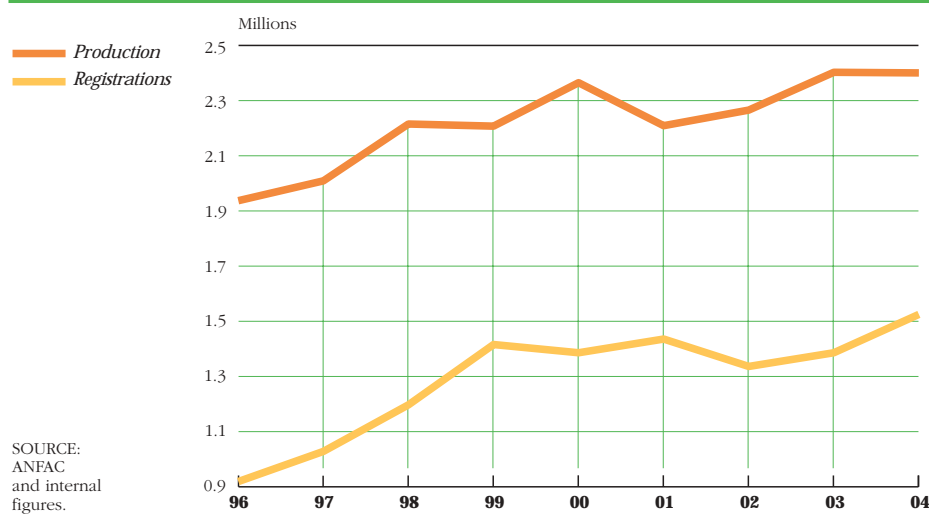
The drop in production in 2004 may be explained by the poor performance of foreign sales which fell by 0.6% overall. By type, exports of commercial vehicles and four-wheel-drive vehicles showed a decrease of more than 4% while passenger car exports were up by a modest 0.4%. This poor result was mainly due to the weakness of demand in the EU to which nearly 88% of exports goes (in turn representing more than three-quarters of total production). On the other hand, demand for passenger cars reached all-time highs in Spain which thus became consolidated as the fifth market by order of size in the EU. Registrations of these vehicles totalled 1,517,518 units (with nearly a quarter taking advantage of the Prever vehicle-retirement plan), which represented growth of 9.8% compared with the year before. Of this number, nearly 71% were for imported passenger cars for which the domestic market keeps increasing year after year.

EXPORTS KEY FACTOR IN MOTOR VEHICLE SECTOR
 Number of passenger cars manufactured in Spain according to destination



DEMAND FOR PASSENGER CARS HITS ALL-TIME HIGHS WHILE DOMESTIC PRODUCTION STAGNANT

Production and registrations of passengers cars



Significant growth in demand for people-carriers and four-wheel-drive vehicles.

By type of vehicle, growth in Spanish demand in 2004 was especially strong in people-carriers (39.1%) and high-range cars (10.8%). Growth was more moderate in medium and lower range vehicles (between 3% and 5%). The sharp increase in four-wheel-drive vehicles put them in a separate category with a boost of close to 100,000 units, an annual increase of 18.9%, which was three times sales in 1989.

Proportion of diesel-powered vehicles continues to rise.

Unequal growth by autonomous community.

Furthermore, preference for cars with diesel engines continues to grow. Sales of passenger cars of this type rose by 18.4% in 2004 (in contrast to the drop of 3.3% in petrol-driven cars) and accounted for 65% of all registrations.

By autonomous community, demand was mainly concentrated in Madrid, Catalonia, Andalusia and Valencian Community although the biggest percentage growth showed up in Castile-La Mancha and Murcia.

PASSENGER CAR REGISTRATIONS IN SPAIN 2004

	Units	% of total	% annual change
Andalusia	233,255	15.4	13.0
Aragon	33,566	2.2	10.5
Asturias	27,140	1.8	8.2
Balearic Islands	56,552	3.7	9.9
Canary Islands	57,949	3.8	8.2
Cantabria	16,325	1.1	6.9
Castile and Leon	45,387	3.0	16.5
Castile-La Mancha	62,250	4.1	10.4
Catalonia	241,508	15.9	4.1
Ceuta and Melilla	3,825	0.3	-0.3
Valencian Community	182,317	12.0	9.9
Extremadura	21,832	1.4	12.0
Galicia	71,750	4.7	6.7
La Rioja	7,014	0.5	9.6
Madrid	341,079	22.5	12.9
Murcia	39,781	2.6	14.7
Navarre	16,339	1.1	5.2
Basque Country	59,649	3.9	3.8
TOTAL	1,517,518	100.0	9.8

SOURCE: ANFAC.

Sector shows negative balance in early months of 2005.

In November 2004 the number of passenger cars on the road in Spain was 20,153,900, some 4.1% more than in the same month in 2003. With regard to prospects for 2005, it is noted that the balance for the first two months of the current year was fairly negative. In passenger cars, the number of units produced was down by 11.5% in those two months compared with the same period in 2004. With regard to the domestic market, registrations dropped slightly in the first quarter of 2005 (0.1% compared with the high figure recorded one year earlier).

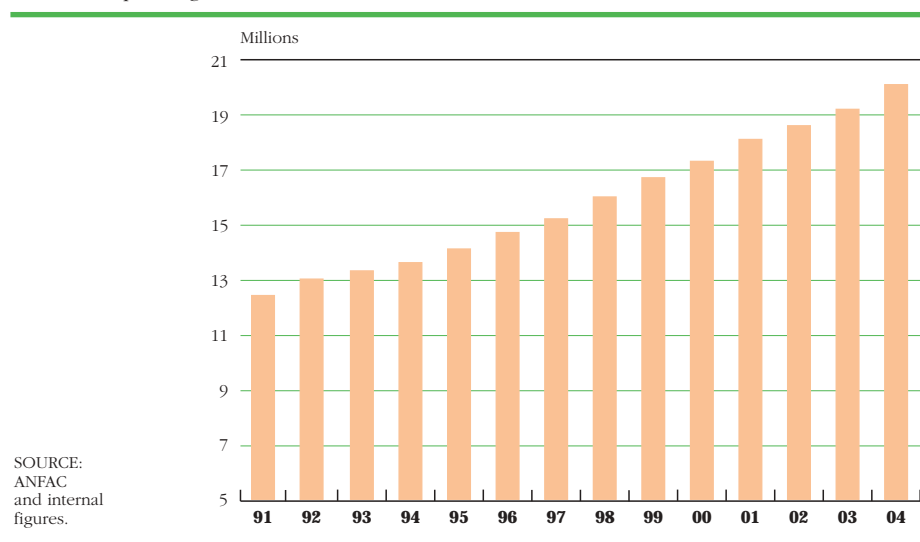
Demand for passenger cars eases in EU.

The strength of the Spanish market in 2004 was in contrast to the easing of demand in the EU where overall growth of passenger car registrations was only 1.6%. On the other hand, production in the EU showed a somewhat more expansionist performance than in Spain with an increase of 1.7%, largely thanks to the contribution of the new

member states. Without including these, growth of production in the EU-15 drops to only 0.4%, slightly above that recorded in Spain.

NUMBER OF CARS ON ROAD CONTINUES TO RISE

Number of passengers cars



Increase in car prices index stands below general CPI.

In December 2004, the component of the consumer price index (CPI) for cars recorded a year-to-year increase of 2.2%, one point less than the general CPI, thus underlining the major effort by the main car-makers to obtain greater efficiency and increase their competitiveness in the global market. In fact, the performance of the motor vehicle industry in recent years has been positive to the point where it has won a place in the markets of more than 90 countries. In Spain, as in the European Union, one out of every ten jobs depends directly or indirectly on the motor vehicle industry, contributing nearly 6% of the GDP, according to calculations by ANFAC.

Notable advances being obtained in safety and environmental concerns.

In recent years, development of new technology has been largely aimed at safety and concern for the environment. In keeping with efforts made, some quite notable advances have been obtained both in terms of passenger safety and that of pedestrians. Very important progress has also been made in the elimination of noxious emissions to the point where today's vehicles produce 95% less CO₂ than those manufactured in 1970, there also being a firm commitment to obtain further reductions in the future. Over the medium and long term the main challenges lie in the appearance of new models using sustainable energy (largely based on hydrogen and fuel cells) which offer the motor vehicle industry opportunities for continuing development well adapted to new environmental demands.

LABOUR MARKET

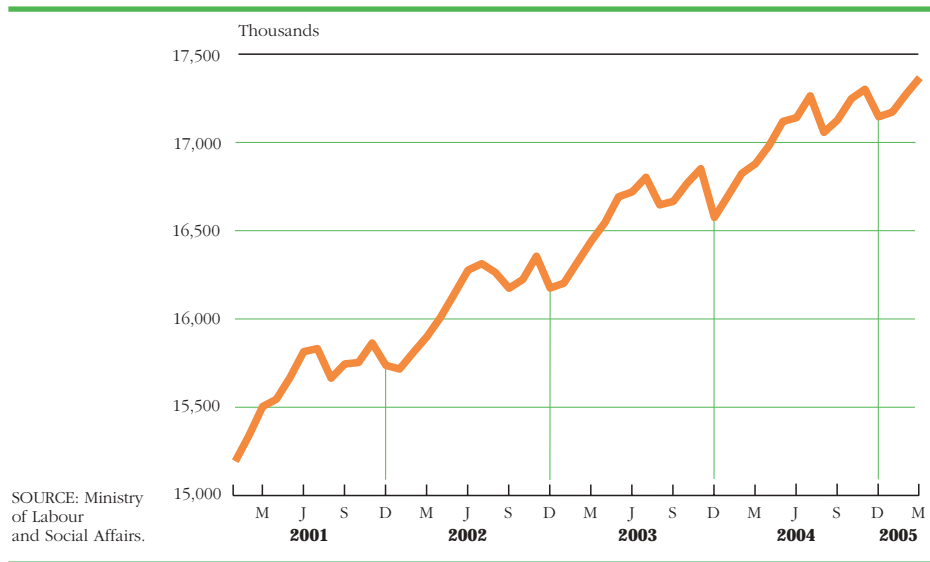
Early Easter Week raises employment figures

Increased growth rate of Social Security registrations thanks to early date of Easter Week.

The number of registrations with Social Security rose by 93,532 in March, a figure practically twice that for the same month in 2004. This sharp increase, which may be attributed to the early date of Easter Week this year, meant that the growth rate of registrations with Social Security rose by two decimals to 2.9% year-to-year. This gradual increase did not mean any major change in the sustained rise shown in registrations in recent months.

NEW RECORD IN REGISTRATIONS WITH SOCIAL SECURITY

Total registrations with Social Security



Registrations by foreign workers up 15%.

The increase in registrations with Social Security is one result of bringing foreign workers into the social insurance system, both those from the European Union and from other countries. The total figure for foreign workers registered stood at 1,154,173 in March, 15.2% more than at the same time in 2004. This increase was in sharp contrast to the increase in registrations among Spaniards at 2.1% year-to-year.

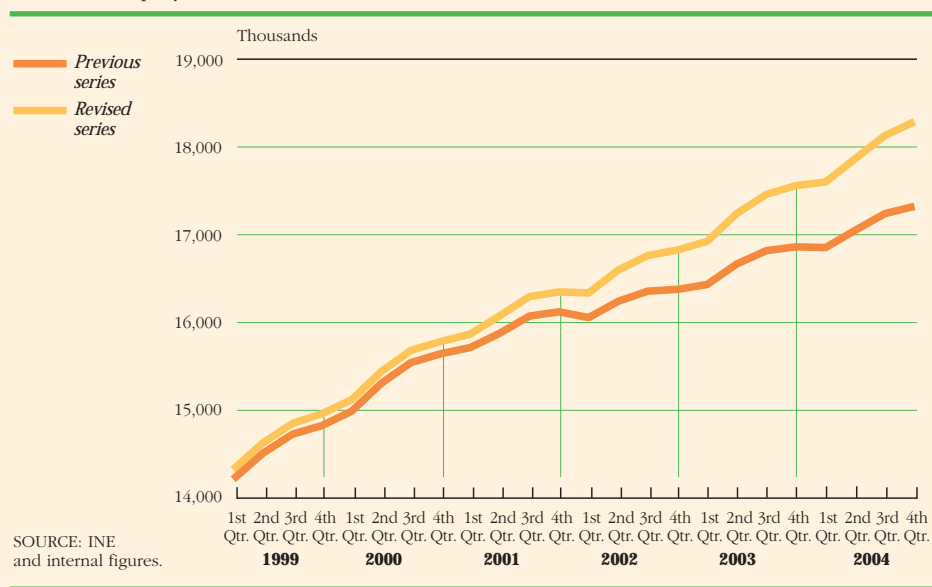
A MILLION MORE JOBS

The National Institute of Statistics (INE) has introduced important methodological changes in the Labour Force Survey which should increase its reliability as a statistical measure of the labour market. These changes, which become effective starting with the figures for the first quarter of 2005, affect three different aspects of the survey.

First of all, there has been a major revision of the population series used by the survey incorporating the results of the population census carried out in 2001. As a result, the Labour Force Survey now more fully includes the resident foreign population, a group which has increased enormously in recent years because of the heavy inflow of immigrants. The result is that the population 16 years or older has risen to 36.04 million as of the fourth quarter of 2004, that is to say, 1.56 million more than the previous estimate.

EMPLOYMENT GOES ABOVE 18 MILLION

Estimated employment



The increase in population implies a parallel rise in the number of those making up the labour force, those employed and those unemployed. Specifically, those within the labour force rose in greater proportion than total population which gave place to an increase of seven decimals in the rate of those in the labour force putting the figure at 56.7%. In turn, those employed grew by 964,700 (5.6% more than in the preceding estimate) while those unemployed rose by 152,200, which puts the unemployment rate at 10.6%, two decimals higher than before.

The second change is an attempt to better adapt to the new regulations of the European Union and, on first place means broadening the number of variables in the survey and, on second place the application of a system of sub-samples with different survey questionnaires. The basic questionnaire will be on a quarterly basis while the other, of a more extensive and structural nature, on an annual basis. With regard to the new variables, among other features, information may be obtained from the extent of hiring through temporary employment agencies, the role of government employment offices in hiring and the balance between working life and family life.

The third point refers to changes in the system of gathering information. On first place, there has been a move to simplify questions which do not allow interpretive responses and the number of questions has been increased. On second place, a system of interviews by personal computer and telephone has been introduced to make the survey process more fluid.

Construction holding strong while services benefit from number of working days.

By sector, the biggest growth showed up in construction with a rise of 5.0% but the most obvious growth came in services where the increase in registrations with Social Security, in the wake of the start-up of the tourist season, rose by a half-point to 4.7% year-to-year. Industrial employment, in turn, continued to drop at a somewhat greater rate than in previous months.

EMPLOYMENT INDICATORS

Percentage change over same period year before

	2003	2004	2004				2005
			1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.
Persons registered with Social Security							
Wage-earners	3.2	2.7	2.9	2.4	2.6	3.1	2.8
<i>Industry</i>	-0.5	-0.5	-0.5	-0.5	-0.6	-0.5	-0.9
<i>Construction</i>	4.3	5.0	4.4	4.3	4.6	6.8	5.0
<i>Services</i>	4.1	4.1	4.3	3.7	4.0	4.4	4.5
Non-wage-earners	2.3	3.2	3.2	3.2	3.2	3.2	2.9
Total	3.0	2.8	2.9	2.6	2.7	3.1	2.8
Persons employed (*)	4.0	3.9	4.0	3.6	3.8	4.1	...
Jobs (**)	1.7	2.1	2.1	2.0	2.1	2.2	...
Hiring contracts registered (***)							
Permanent	-1.0	11.8	10.0	16.3	18.2	4.4	0.6
Temporary	3.9	11.4	14.4	13.7	14.7	4.0	-9.8
Total	3.4	11.5	13.9	13.9	15.0	4.0	-8.8

NOTES: (*) Estimate from Labour Force Survey.

(**) Equivalent to full-time work. National Accounting estimate; figures adjusted for seasonal effects and number of working days.

(***) At INEM.

SOURCE: National Institute of Statistics, Ministry of Labour and Social Services, National Employment Institute and internal figures.

Hiring contracts registered at INEM down 8.8% in first quarter.

The impression coming from the figures for job placements registered at the National Employment Institute (INEM) was somewhat less favourable although these should be taken with some caution because of the great variety in the length of hiring contracts. Registered hiring contracts dropped sharply in March putting the cumulative annual figure at a drop of 8.8%. This decrease was especially notable in temporary hiring contracts and less so in part-time contracts.

Registered unemployment down

Registered unemployment shows sharper rate of decrease...

The number of unemployed registered at INEM dropped by 33,217 in March, thus considerably improving on the figure for the same month last year. As a result, the year-to-year change rate for unemployment showed an increased drop to 3.4%, some 1.4 points lower than in the month before.

...helped by early date of Easter Week.

The improvement in the situation was largely due to the early date of Easter Week this year, if we are to go by the performance of unemployment in services. In fact, unemployment in the tertiary sector fell sharply in March, practically twice as much as in the same month in

2004. In any case, the good performance in unemployment in construction, which also showed an appreciable drop, and the reduction in those seeking a first job, contributed to the good monthly figures.

Unemployment grows less in first quarter of 2005.

The drop in unemployment in March still did not prevent the cumulative balance for the year from being unfavourable, although it was better than in 2004. In fact, the cumulative increase in the first quarter (13,874 persons) was approximately one third that recorded in 2004 and the lowest since 2000.

REGISTERED UNEMPLOYMENT BY SECTOR, SEX AND AGE

March 2005

	No. of unemployed	Change over December 2004		Change over same period year before		% share
		Absolute	%	Absolute	%	
By sector						
Agriculture	39,520	2,120	5.7	-2,228	-5.3	2.3
Industry	252,141	-973	-0.4	-7,584	-2.9	15.0
Construction	188,968	-10,360	-5.2	-659	-0.3	11.2
Services	989,386	18,805	1.9	-23,704	-2.3	58.7
First job	214,149	4,282	2.0	-25,367	-10.6	12.7
By sex						
Males	681,179	-14,451	-2.1	-23,118	-3.3	40.4
Females	1,002,985	28,325	2.9	-36,424	-3.5	59.6
By age						
Under 25 years	240,864	8,501	3.7	-29,363	-10.9	14.3
All other ages	1,443,300	5,373	0.4	-30,179	-2.0	85.7
TOTAL	1,684,164	13,874	0.8	-59,542	-3.4	100.0

SOURCE: National Employment Institute and internal figures.

Navarre, Valencia and Catalonia only autonomous communities with unemployment higher than in 2004.

By autonomous community, the improvement in the situation was across the board although not always with the same intensity. In spite of the improvement, three autonomous communities (Navarre, Catalonia and Valencian Community) held at unemployment levels higher than those for the same month last year in contrast to all other areas when a decrease was general. In these other areas, Madrid Community recorded the sharpest drop in unemployment (11.8% year-to-year) followed by Cantabria, Castile-Leon, the Basque Country, Extremadura and Andalusia with decreases between 5% and 7%.

PRICES

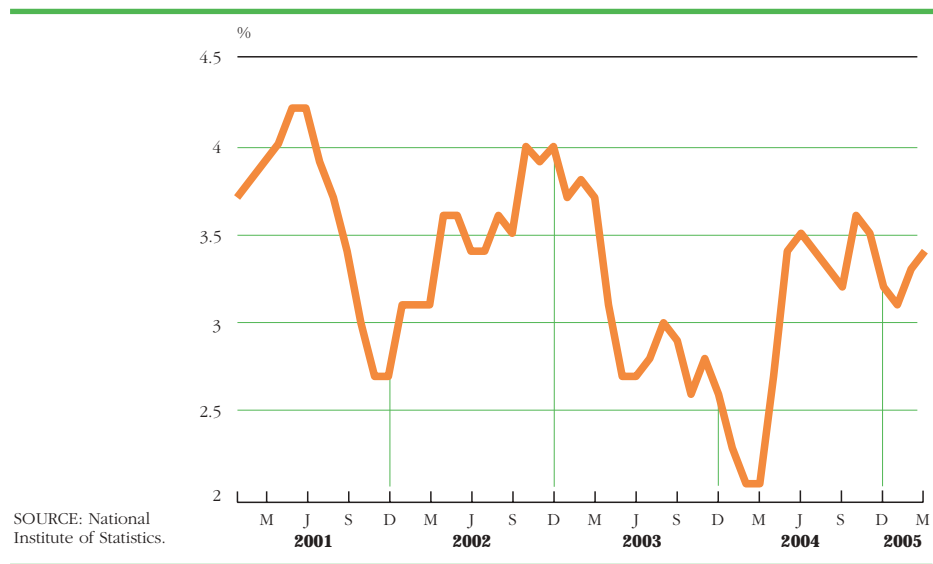
No let-up in price rises

Inflation rate up one decimal in March going to 3.4%.

The annual inflation rate rose slightly in March for the second consecutive month to stand at 3.4%, that is to say, at the level last May and three decimals above the relative low in January. Underlying inflation (excluding fresh unprocessed food and energy) also added one decimal compared with the month before returning to 2.9%, the level at which it has held in recent months.

CPI MOVES UP AGAIN

Year-to-year change in CPI



Increases in clothing and footwear, housing, transport and hotel and restaurant trade; decreases in communications and medical services.

The biggest increases in the consumer price index (CPI) in March came in groups such as clothing and footwear, housing, personal transport and the hotel and restaurant trade. Nevertheless, the decrease in prices of medical services and communications, along with moderation in fresh foods, practically balanced these rises so that finally the increase for the month (0.8%) was only one decimal higher than the year before.

CONSUMER PRICE INDEX

	2004			2005		
	% monthly change	% change over Dec. 2003	% annual change	% monthly change	% change over Dec. 2004	% annual change
January	-0.7	-0.7	2.3	-0.8	-0.8	3.1
February	0.0	-0.7	2.1	0.3	-0.6	3.3
March	0.7	0.0	2.1	0.8	-0.2	3.4
April	1.4	1.4	2.7			
May	0.6	2.0	3.4			
June	0.2	2.2	3.5			
July	-0.8	1.4	3.4			
August	0.4	1.8	3.3			
September	0.2	2.0	3.2			
October	1.0	3.1	3.6			
November	0.2	3.3	3.5			
December	-0.1	3.2	3.2			

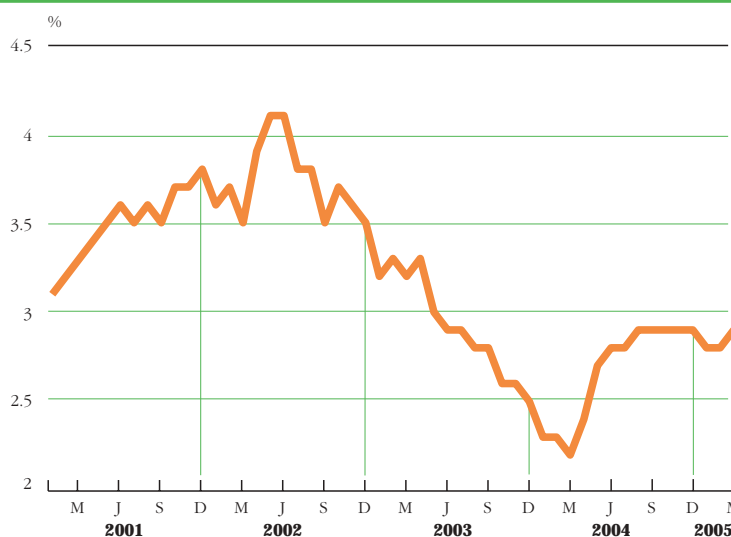
SOURCE: National Institute of Statistics.

Rise in March means no substantial change in CPI background trend.

The sharp monthly rise in the clothing and footwear group, somewhat sharper than in March 2004, may be explained by the end of the retail sales campaigns while the increase in housing was due to heating oil prices, among other factors. Personal transport, in turn, was affected by continual increases in fuels and, in the case of hotels and restaurants, the early date of Easter Week this year meant that seasonal effects went against the CPI in March. These isolated rises, however, represent no substantial change in trends in the large blocks of the CPI in recent months, with the exception of fresh foods.

UNDERLYING INFLATION CLOSE TO 3%

Year-to-year change in CPI general index excluding energy and unprocessed foods

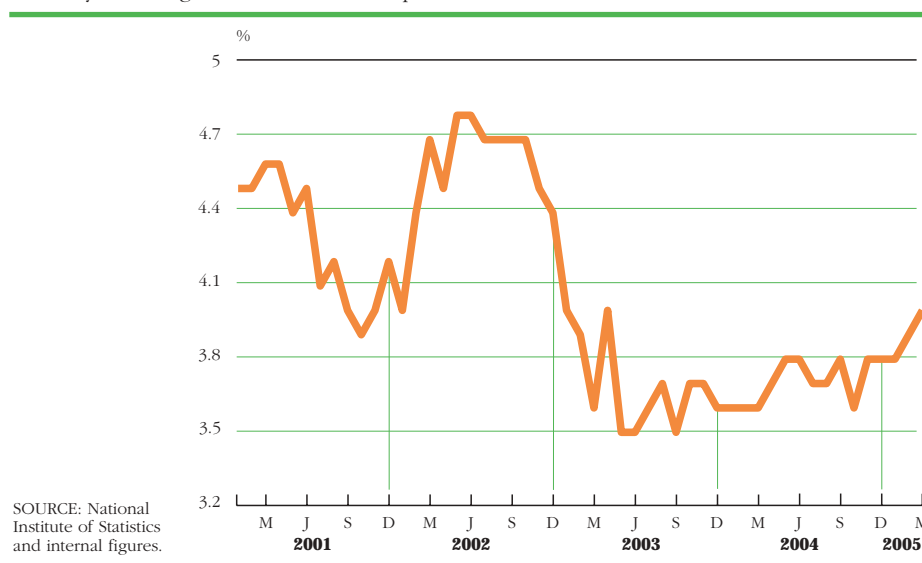


SOURCE: National Institute of Statistics.

Non-energy industrial goods continue to ease while energy shows notable rise.

In fact, with regard to non-energy industrial goods, the increase in prices stood at 1.0% year-to-year, practically in line with previous months. This very modest increase may be explained by the drop in prices seen in markets such as data-processing, consumer electronics, household appliances and games and toys, all subject to sharp competition and supplied by low-cost imports. In the case of energy, on the other hand, prices have held at high and growing levels because of the rise in oil prices and the halt in appreciation of the euro.

EARLY EASTER WEEK PUSHES UP SERVICES PRICES IN MARCH
Year-to-year change in CPI services component



Rise in services prices result of early date of Easter Week this year.

The slight rise in services prices (going to 4.0% year-to-year) was entirely due to the early date of the Easter Week holidays this year given that the most significant price increases showed up in hotels and restaurants and organized tours. With regard to other prices, we note the usual resistance in certain personal services which, nevertheless, were partially compensated by the downward trend in communications and financial services.

Fresh foods recover downward profile after difficulties seen in winter months.

The exception came in fresh foods which appear to be recovering something of a downward trend after the highs attributed to poor weather last winter. The year-to-year rate went to an annual growth rate of 2.9%, six decimals less than in February. In addition, processed foods are still maintaining high growth in prices brought about in March by the sharp rise in the price of cooking oil.

CPI should begin to ease as of April.

The March CPI does not show any relevant figures changing the overall picture of prices in Spain. Only the easing of oil product prices after Easter Week would indicate an improvement in energy prices which, in coming months, could switch growth to lower than current rates. Fresh foods, in turn, also should not put pressure on the CPI over the short term. Finally, underlying inflation should begin a gradual decrease in April with the help of seasonal factors in services which should continue

throughout the year, thanks to the possible easing in processed foods and some gains in prices of non-energy industrial goods.

CONSUMER PRICE INDEX BY COMPONENT

March

	Indices (*)	% monthly change		% change over previous December		% annual change	
		2004	2005	2004	2005	2004	2005
By type of spending							
Food and non-alcoholic beverages	115.7	0.5	0.4	0.6	0.9	4.1	3.4
Alcoholic beverages and tobacco	116.3	0.1	-0.0	0.4	0.3	1.3	5.4
Clothing and footwear	107.6	2.8	3.2	-9.0	-9.4	1.1	1.6
Housing	112.4	0.5	0.8	1.5	1.7	2.5	4.4
Household equipment	106.9	0.4	0.3	-0.2	0.0	1.4	2.0
Health	105.2	0.2	-0.7	-0.8	-0.4	0.6	0.6
Transport	112.7	1.1	1.3	2.5	2.6	0.1	6.2
Communications	92.3	-0.1	-0.8	-0.3	-0.8	-1.8	-1.2
Recreation and culture	103.2	0.3	0.8	-0.8	-0.1	0.1	0.6
Education	116.9	0.0	0.0	0.4	0.5	3.9	4.2
Hotels, cafés and restaurants	118.0	0.5	0.9	1.6	1.8	4.0	4.4
Other	113.9	0.2	0.3	2.1	2.3	2.9	3.0
By group							
Processed foods	113.9	0.3	0.4	1.1	1.0	2.4	4.0
Unprocessed foods	119.5	0.8	0.3	-0.5	0.6	6.5	2.9
Non-food products	110.6	0.8	0.9	-0.2	-0.0	1.6	3.3
Industrial goods	106.3	1.1	1.2	-1.6	-1.6	-0.2	2.7
<i>Energy products</i>	<i>110.7</i>	<i>1.5</i>	<i>1.9</i>	<i>2.5</i>	<i>3.1</i>	<i>-2.5</i>	<i>8.2</i>
<i>Fuels and oils</i>	<i>113.1</i>	<i>2.0</i>	<i>2.7</i>	<i>2.9</i>	<i>3.6</i>	<i>-3.8</i>	<i>10.5</i>
<i>Industrial goods excluding energy products</i>	<i>104.8</i>	<i>0.9</i>	<i>1.0</i>	<i>-2.9</i>	<i>-3.0</i>	<i>0.5</i>	<i>1.0</i>
Services	115.8	0.5	0.6	1.5	1.7	3.6	4.0
Underlying inflation (**)	111.3	0.6	0.7	-0.2	-0.2	2.2	2.9
GENERAL INDEX	111.9	0.7	0.8	0.0	0.2	2.1	3.4

NOTES: (*) Base 2001 = 100.

(**) General index excluding energy products and unprocessed foods.

SOURCE: National Institute of Statistics.

Inflation differential with euro area rises another decimal to 1.3 percentage points.

Spain's inflation differential with countries of the euro area continued to show a tendency to increase in March going to 1.3 points, according to the harmonized consumer price index (HCPI), that is to say, four decimals more than in December 2004. By component, prices are growing more in Spain except in medical costs, in this case because of sharp increase in prices of this component in Germany and the Netherlands. The biggest differential shown by Spain, of more than two percentage points, was recorded in food and transport. Next came clothing and footwear and hotels and restaurants, with 1.6 points.

Energy putting pressure on wholesale prices

Wholesale prices of consumer goods ease.

Industrial prices continued to show a gradual upward trend in March with growth rate going to 5.1% year-to-year, two decimals more than the month before. Pressure on energy prices was decisive in this regard as a result of the continuing increases in crude oil markets although it was not the only determining factor. Prices of capital goods also continued to show something of an upward trend, for the moment still not troubling due to the fact that this is modest growth at 2.0% year-to-year. These increases were partially compensated by prices of products for the consumer market which again stood below 3% at year-to-year rate, helped by the containment in foods.

INFLATION INDICATORS

Percentage change over same period year before

	Farm prices	Producer price index					Import prices				GDP deflator (*)
		General index	Consumer goods	Capital goods	Intermediate goods	Energy goods	Total	Consumer goods	Capital goods	Intermediate goods	
2003											
December	9.8	1.1	2.4	1.3	1.0	-1.1	-2.9	-1.8	-8.6	-2.3	-
2004											
January	4.4	0.7	2.1	1.3	1.4	-3.6	-4.1	-2.1	-3.4	-4.9	-
February	-2.6	0.7	2.1	1.3	2.0	-5.4	-4.3	-5.0	-3.0	-4.0	4.1
March	1.3	0.8	2.3	1.3	2.6	-5.6	-1.6	-1.2	-1.5	-1.6	-
April	3.3	2.6	2.9	1.3	3.7	1.2	0.2	-4.5	5.1	1.7	-
May	7.1	3.8	3.1	1.2	4.4	7.2	5.6	2.9	5.1	7.0	4.4
June	12.0	4.0	3.2	1.3	4.8	7.1	1.4	-2.9	3.2	3.3	-
July	11.2	4.1	2.8	1.6	5.3	7.2	3.8	5.0	-9.8	6.4	-
August	-5.4	4.4	2.2	1.7	5.7	9.0	6.8	4.4	-1.8	9.9	4.5
September	-10.4	4.6	2.1	1.6	5.9	11.0	5.4	0.8	-3.1	9.6	-
October	-5.1	5.4	2.3	1.8	6.2	14.2	5.2	1.7	-7.3	9.7	-
November	-0.4	5.2	2.2	1.5	6.3	12.6	4.6	1.8	-3.0	7.5	4.7
December	2.5	5.0	2.8	1.6	6.2	10.6	5.8	4.2	-3.7	9.4	-
2005											
January	...	4.8	3.2	1.8	6.2	8.7	5.0	3.4	-1.6	7.2	-
February	...	4.9	3.1	1.9	5.6	11.0	5.4	1.0	-1.9	9.3	...
March	...	5.1	2.8	2.0	4.9	13.1	...	...	...	...	-

NOTES: (*) Gross figures corrected.

SOURCE: National Institute of Statistics, Ministry of Economy and internal figures.

Import prices down but still showing strong growth because of crude oil levels.

Import prices eased slightly in February but continued to show the effects of oil prices so that year-to-year growth of these prices stood at the still-high level of 5.4%. The increase in non-energy products, on the other hand, remained at relatively low levels (3.4%) with non-energy intermediate goods showing a notable 6.5%. Consumer goods prices held at 1.0% with the highest performance showing up in food (3.6%) compared with the rest (0.5%) while capital goods showed a modest decrease.

FOREIGN SECTOR

Trade deficit begins 2005 with sharp rise

Trade deficit up 50% in January.

The trade deficit of Spain's economy grew sharply in the first month of 2005 as a result of continued pressure on imports in a situation of stagnation in exports. The trade imbalance in January was 50.4% higher than in the same month last year going to 5.28 billion euros.

FOREIGN TRADE January 2005

	Imports			Exports			Balance	Export/ Import ratio (%)
	Million euros	% annual change in value	% share	Million euros	% annual change in value	% share	Million euros	
By product group								
Energy products	2,131	23.8	13.2	438	34.3	4.0	-1,693	20.6
Consumer goods	4,514	6.8	27.9	4,323	-3.3	39.6	-191	95.8
<i>Food</i>	<i>857</i>	<i>-4.7</i>	<i>5.3</i>	<i>1,611</i>	<i>-0.7</i>	<i>14.8</i>	<i>753</i>	<i>187.9</i>
<i>Non-foods</i>	<i>3,657</i>	<i>9.7</i>	<i>22.6</i>	<i>2,713</i>	<i>-5.9</i>	<i>24.9</i>	<i>-945</i>	<i>74.2</i>
Capital goods	1,630	19.7	10.1	782	-17.1	7.2	-848	48.0
Non-energy intermediate goods	7,909	14.6	48.9	5,361	8.2	49.2	-2,548	67.8
By geographical area								
European Union	9,470	12.1	58.5	8,069	3.8	74.0	-1,400	85.2
<i>Euro area</i>	<i>8,301</i>	<i>12.7</i>	<i>51.3</i>	<i>6,771</i>	<i>5.3</i>	<i>62.1</i>	<i>-1,530</i>	<i>81.6</i>
Other countries	6,715	16.5	41.5	2,835	-3.1	26.0	-3,880	42.2
<i>Russia</i>	<i>375</i>	<i>89.3</i>	<i>2.3</i>	<i>58</i>	<i>17.1</i>	<i>0.5</i>	<i>-317</i>	<i>15.5</i>
<i>United States</i>	<i>569</i>	<i>-6.0</i>	<i>3.5</i>	<i>400</i>	<i>9.6</i>	<i>3.7</i>	<i>-169</i>	<i>70.3</i>
<i>Japan</i>	<i>539</i>	<i>44.1</i>	<i>3.3</i>	<i>82</i>	<i>-24.8</i>	<i>0.7</i>	<i>-457</i>	<i>15.2</i>
<i>Latin America</i>	<i>632</i>	<i>14.1</i>	<i>3.9</i>	<i>453</i>	<i>-22.8</i>	<i>4.2</i>	<i>-180</i>	<i>71.6</i>
<i>OPEC</i>	<i>1,143</i>	<i>7.0</i>	<i>7.1</i>	<i>248</i>	<i>8.6</i>	<i>2.3</i>	<i>-895</i>	<i>21.7</i>
<i>Rest</i>	<i>3,457</i>	<i>16.6</i>	<i>21.4</i>	<i>1,594</i>	<i>0.3</i>	<i>14.6</i>	<i>-1,862</i>	<i>46.1</i>
TOTAL	16,185	13.9	100.0	10,905	1.9	100.0	-5,280	67.4

SOURCE: Department of Customs and Special Taxes and internal figures.

Imports maintain rise reflecting impact of bigger oil bill.

Imports rose by 13.9% nominal in January reaching a figure of 16.18 billion euros. Growth by volume was somewhat less (8.5%) due to the rise in prices (5.0%) which may largely be attributed to oil derivatives. Imported crude oil showed an average cost of 210 euros a tonne in January, 17.0% more than in January 2004, while non-energy imports rose by 3.4%.

Moderation in consumer goods imports and drop in food products.

The most dynamic component of foreign purchases was capital and intermediate goods, thanks to purchases of motors and data-processing equipment in the former case and mineral products, iron and steel and chemical products in the latter case. Non-food consumer goods, on the other hand, showed a substantial easing of growth rate, going to 6.4% real. By geographical area, purchases from the European Union (EU-25) eased to 5.3% real as opposed to those from the rest of the world which moved up to growth of 13.2%.

Exports down 3.1% real as result of sales to third countries.

Exports amounted to 10.9 billion euros in January, 1.9% more than in the same month in 2004. This increase was entirely due to prices which, with an increase of 5.1%, compensated for a real decrease of 3.1%. The drop in volume was especially notable in sales outside the EU-25 (down 6.2%).

Drop in exports except in intermediate goods.

By product, the drop in foreign sales was across the board, with the exception of intermediate goods which showed a small increase. The biggest decrease came in foreign sales of capital goods which were affected by the major drop in transportation equipment and office machinery. In consumer goods, there were sharp drops in foreign sales of cars and footwear. Finally, sales of food products were also down sharply.

Current account balance more and more in red

Further increase in current account deficit in January.

The current account balance showed a deficit of 4.15 billion euros in January, five times more than in the same month in 2004. The increase in the trade deficit and the incomes deficit as well as the drop in the transfers surplus were key factors in this trend and more than compensated the slight improvement in the services balance. This poor result strengthened the trend to an increased foreign imbalance which in the past 12 months rose to 42.9 billion euros.

Trade deficit main cause of increase but other headings also contributing.

The sharp worsening of the situation in the past 12 months (the cumulative deficit doubled compared with 12 months earlier) was mainly due to the increase in the trade imbalance which accounted for 70% of the total increase in the deficit. The rest showed up in the incomes heading and, to a lesser extent, to lower cumulative surpluses in services and transfers.

Stagnation of tourist revenue inflows and increase in payments brings drop in surplus under this heading.

The surplus in services (25.3 billion euros in the past 12 months) fell by 7.3% compared with the year before as a result of a tourist balance undergoing a drop because of the increase in payments along with stagnation in revenue inflows. In addition, the transfers surplus, which is traditionally high, has gone into deficit because of lower net transfers from the European Union and remittances abroad by foreign workers resident in Spain.

BALANCE OF PAYMENTS

Cumulative figure for last 12 months in million euros

	January 2004	January 2005	% change
Current account balance			
Trade balance	-38,141	-53,571	40.5
Services			
<i>Tourism</i>	<i>29,596</i>	<i>28,356</i>	<i>-4.2</i>
<i>Other services</i>	<i>-2,305</i>	<i>-3,051</i>	<i>32.3</i>
Total	27,290	25,305	-7.3
Income	-10,689	-13,411	25.5
Transfers	819	-1,208	-
Total	-20,721	-42,884	107.0
Capital account	7,650	8,792	14.9
Financial balance			
Direct investment	674	-26,722	-
Portfolio investment	-15,424	81,844	-
Other investment	33,591	-11,291	-
Total	18,841	43,831	132.6
Errors and omissions	-6,014	-5,240	-12.9
Change in assets of Bank of Spain	244	-4,499	-

NOTES: The figure resulting from the sum of current account balance, capital account balance and financial balance is compensated by the change in assets of Bank of Spain plus errors and omissions.

SOURCE: Bank of Spain and internal figures.

Transfers from EU hold up capital balance.

Capital balance in January showed a higher surplus than in the same month last year. For the past 12 months as a whole the balance was also positive in the amount of 8.8 billion euros, 14.9% higher than in the same period in 2004. This improvement was mainly due to inflows from the European Union in spite of the notable increase in payments.

Spanish direct investment abroad recovering along with foreign investment in Spain, apart from real estate investment.

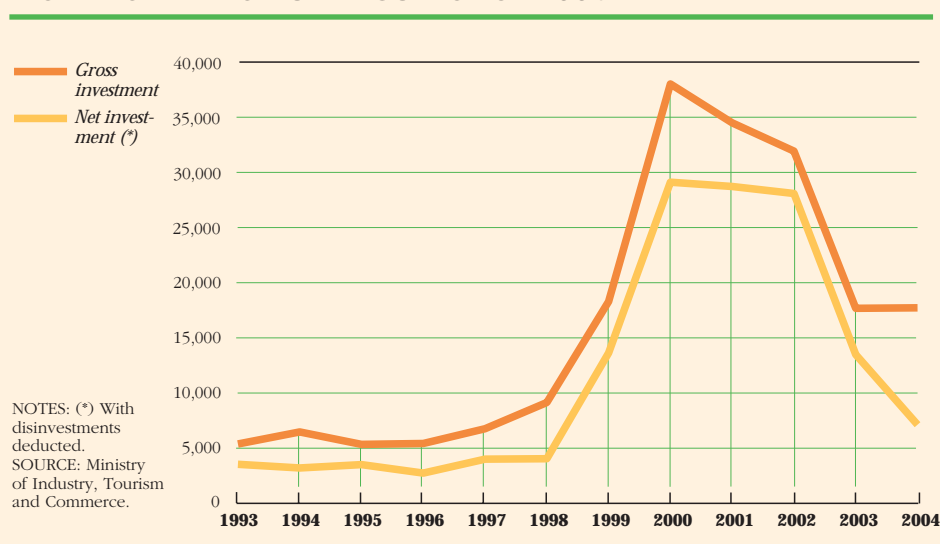
Financial account, excluding Bank of Spain transactions, recorded net entries of 2.28 billion euros, well below the year before. Capital inflows came mainly from foreign portfolio investment and other investments although in both cases the figures were lower than in 2004. Spanish direct corporate investment abroad continued to recover as well as foreign investment in Spain although, in the latter case, with the exception of real estate investment.

FURTHER DROP IN DIRECT FOREIGN INVESTMENT IN SPAIN

Net foreign investment in Spain in 2004 dropped by nearly half. According to figures for foreign investment supplied by the Ministry of Industry, Tourism and Commerce, last year showed net inflows of 7.19 billion euros, 47.1% less than in 2003 and the lowest figure since 1998. It should be noted that this figure includes only direct investment in companies and thus excludes loans between parent companies and subsidiaries and real estate purchases.

The drop in net direct foreign investment was largely the result of foreign disinvestments which largely consisted of total or partial sales of local companies to Spanish investors and, to a lesser extent, to capital reductions. As a result, if we take gross investment figures (without discounting disinvestments), the figure for foreign investment in Spain in 2004 rose to 17.86 billion euros, a figure very similar to that in 2003.

DISINVESTMENTS DULL FIGURES FOR 2004



A good part of foreign investment inflows in 2004 went into so-called «entities holding foreign securities». These are companies established in Spain with the sole aim of holding shares of foreign companies, thus taking advantage of the favourable tax regulations established in 2000 in order to attract the head offices of multinational companies which therefore do not involve real investment in the country. If these investments are excluded, net investment stood at a mere 582 million euros, 89.8% less than in 2003.

The main countries of final origin of foreign investment were the United Kingdom (18.1% of the total), Mexico (17.7%), United States (17.0%), France (11.2%), Portugal (9.5%) and the Netherlands (7.7%). The main sectors to which this investment is directed are cement manufacture, retail trade, insurance, electrical power and real estate. By autonomous community, Madrid Community continues to attract the greater part of these funds due to the «head office effect», that is to say, the practice of recording the investment according to where the company's head office is located becomes the determining factor. In 2004, Madrid received 40% of gross total investment, followed by Valencian Community which obtained 20%. Next came Catalonia with 14% while the other autonomous communities were some distance behind. In recent years, whereas Madrid Community has received approximately 50% of the total, with some swings up and down, Catalonia has shown a clearly downward trend.

PUBLIC SECTOR

First quarter surplus in central government accounts

Tax revenues up 12% in first quarter.

Central government non-financial revenues rose by 13.8% in the first quarter of 2005 going to 31.02 billion euros. This figure does not include those segments of indirect taxes ceded to autonomous communities and local councils so that this is of little significance as an indicator of revenues available to the central government through general taxation. If those revenues ceded are included, collections amounted to 41.32 billion euros, with growth of 12.4% compared with 2004.

CENTRAL GOVERNMENT BUDGET IMPLEMENTATION

March 2005

	Month		Cumulative for year	
	Million euros	% change over same month year before	Million euros	% change over same month year before
Non-financial revenue	5,439	36.2	31,019	13.8
Non-financial revenue adjusted (*)				
Personal income tax	3,114	14.7	15,195	14.0
Corporate tax	133	–	854	642.6
VAT	2,676	45.1	16,889	19.1
Special taxes	1,374	4.6	4,280	4.1
Other	1,576	8.5	4,102	–18.5
Total	8,873	23.9	41,320	12.4
Non-financial spending	8,422	–10.9	34,030	15.1
Treasury balance	–2,983	–45.3	–3,011	31.1
Surplus (+) or deficit (–) (**)	–5,192	–9.9	3,140	190.5

NOTES: (*) Includes tax segments ceded to autonomous communities under financing system in operation as of 2002.

(**) In terms of National Accounting.

SOURCE: Ministry of Finance and internal figures.

Collections for direct taxes up nearly 20% but figure reflects calendar effects.

The increase in tax collections was based on both direct and indirect taxes. The former grew by 18.8% in the quarter because of the rise in collections for corporate tax, increased by lower rebates. The increase in funds arising from personal income tax came to 14.4%, an increase which was not significant due to the effect of changes in amount of tax withheld and calendar effects.

Revenue from indirect taxes shows benefit of rise in imports but growth also distorted by VAT rebates.

Revenues from indirect taxes, in turn, grew by 15.7% compared with the first quarter of 2004, value added tax being the main tax resource and showing an increase of 19.1%. Growth was especially high in collections for import transactions (21.0%) as a result of the rise in purchases abroad. This rise also showed up in collections on foreign trade, that is to say, those arising from customs duty on imports from countries not belonging to the European Union. Among other indirect taxes we should mention the increase in revenues from the tax on alcohol and derivative beverages (26.5%) and, at the opposite extreme, the drop in fuel tax (0.8%) no doubt brought about by the decrease in consumption attributable to the rise in fuel prices.

Central government non-financial spending up 15% with interest as heading to show highest growth.

Central government non-financial spending, in turn, rose by 15.1% going to 34.03 billion euros. This figure does not include the balancing entry for revenues corresponding to those segments of tax ceded to the autonomous communities and it is difficult to interpret this because of the lack of homogeneity in the figures. The increase in spending was due both to current transactions and capital transfers. In the first case, what lay behind the biggest spending payments were financial costs and current transfers. In the second case, what stood out was the increase in real investments.

Treasury deficit up 31% in first quarter but National Accounts balance shows positive.

The non-financial Treasury deficit as of March, that is to say, the difference between central government revenues and spending, was negative for an amount of 3.01 billion euros, some 31.1% more than in the same period the year before. This deficit, partly compensated by the net decrease in financial assets, gave rise to a deficit of 1.1 billion euros, some 84.1% lower than in the same period the year before. In terms of National Accounting, on the other hand, the budgetary balance was positive at 3.14 billion euros, nearly three times that for the first quarter in 2004.

SAVINGS AND FINANCING

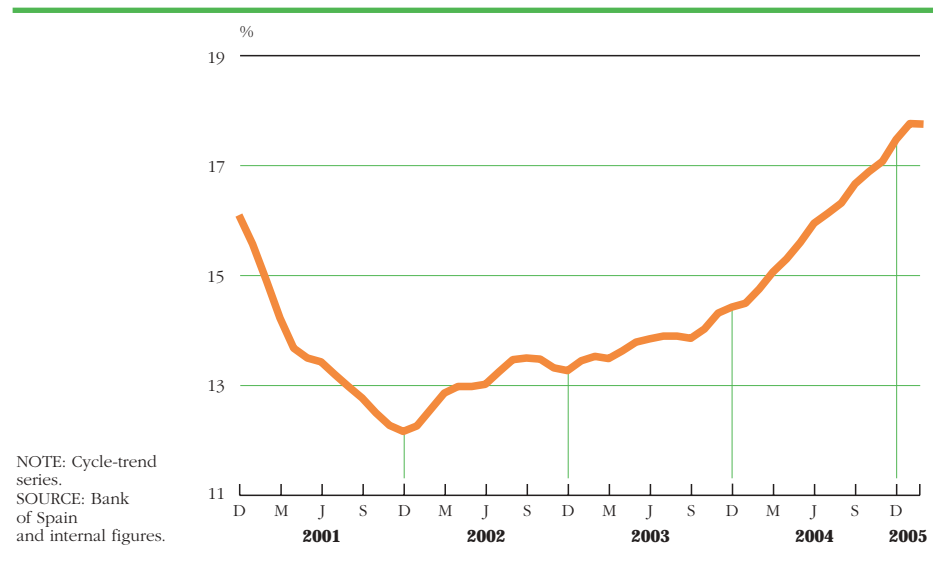
Credit to companies and households continues high growth rate

Credit to private sector up more than twice that for euro area overall.

Bank credit to the private sector rose by 17.9% in February 2005 compared with the same month last year. This rate was 4 decimals lower than that recorded in January and stands at the same level as in December. Furthermore, this rate is more than twice that for the euro area as a whole. Demand for bank credit by companies and households continues to be driven by a positive situation in the labour market and favourable financing terms, with very low interest rates.

CREDIT TO PRIVATE SECTOR INCREASES AT 18% ANNUAL RATE

Year-to-year change in credit granted to companies and households by credit institutions



Growth of credit to companies and households granted by savings bank higher than that by banks.

The slight decrease in the year-to-year growth rate of credit to companies and households in February showed up in both savings banks and banks, although the latter were more affected. As a result, savings banks continued to gain market share in this segment. Total loans to the private sector by savings banks rose by 21.6% in the 12 months ending February whereas for banks the increase was 15.1%.

Mortgage loans show little sign of moderating with 25% rise in past 12 months.

The biggest contribution to growth of credit to companies and households came from mortgage loans which, for the moment, show little sign of slowing down. Mortgage loans granted by banks and savings banks rose by 24.0% in February 2005, one decimal less than in the month before. If we add securitizations and loans by other credit institutions, the year-to-year change was 24.7%, according to figures supplied by the Spanish Mortgage Association, one decimal less than that recorded in January. Higher household incomes, demographic variables and low interest rates are driving mortgage loan demand. Leasing, which goes to finance the acquisition of capital goods and real estate by companies and self-employed professionals, was also up notably with a year-to-year rise of 16.9%.

CREDIT TO COMPANIES AND HOUSEHOLDS

February 2005

	Total	Change this year		Change over 12 months		% share
	Million euros	Million euros	%	Million euros	%	
Trade credit	61,516	1,267	2.1	6,865	12.6	6.4
Secured loans (*)	564,002	19,084	3.5	107,401	23.5	58.2
Other term loans	282,351	1,540	0.5	25,592	10.0	29.1
On-demand loans	23,539	584	2.5	3,027	14.8	2.4
Leasing	29,516	234	0.8	4,257	16.9	3.0
Doubtful loans	7,702	218	2.9	-6	-0.1	0.8
TOTAL	968,626	22,929	2.4	147,137	17.9	100.0

NOTES: (*) For most part made up of mortgage security.
SOURCE: Bank of Spain and internal figures.

Default rate close to recent low levels.

Total doubtful loans rose slightly in February. As a result, the default rate of credit institutions stood at 0.80% in February 2005, close to the lowest rate in recent years recorded in December. On the other hand, the default rate at banks and savings banks (excluding other credit institutions) stood at 0.67%, also close to the all-time low seen two months earlier.

All-time low composite interest rate on loans to private sector in February.

Generally, bank loan rates turned downward in February. The composite rate on loans and lines of credit to the private sector dropped by 11 basis points compared with the month before to stand at 3.83%, thus marking up an all-time low and standing 25 basis points below 12 months earlier. The composite interest rate for households went down 20 basis points to 4.16%, equal to the low level seen in May 2004. The composite interest rate for non-financial companies was down by 2 basis points to 3.47%, some 26 basis points less than in February 2004.

Slight increase in interest rates on housing loans at all credit institutions in March.

In addition, the interest rate on mortgage loans for more than three years for purchase of non-subsidized housing in February 2005 rose very slightly by one basis point to 3.34%. Nevertheless, the rate stood 2 basis points below the same month last year.

Bank deposits growing more than mutual funds

Total deposits by companies and households up 13% in past year ended February.

Total deposits of resident companies and households in euros and foreign currencies rose by 12.7% in February 2005 compared with the same month last year, 1.3% less than the month before. In any case, the growth rate of deposits by the private sector continued to be notable. Nevertheless, the increase in the past 12 months (81.4 billion euros) was considerably lower than the rise in loans. In order to compensate for this imbalance in their balance sheets, credit institutions carried out bond issues and securitizations or had recourse to the foreign interbank market.

Deposits for more than 2 years and those in currencies other than euro increase most.

By type of deposit, the biggest annual rise (56.2%) showed up in those for more than two years which enjoy a 40% tax benefit on interest. Deposits in currencies other than the euro also recorded a major year-to-year increase of 31.0%. Nevertheless, on-demand accounts, which were up 13.1%, continued to show the biggest share of the total at 26.2%. On the other hand, the total for temporary asset transfers showed an annual drop of 14.5%.

DEPOSITS OF COMPANIES AND HOUSEHOLDS AT CREDIT INSTITUTIONS

February 2005

	Total	Change this year		Change over 12 months		% share
	Million euros	Million euros	%	Million euros	%	
On-demand	189,871	2,732	1.5	22,054	13.1	26.2
Savings (*)	157,547	-388	-0.2	12,975	9.0	21.8
2-year term	165,725	5,258	3.3	10,132	6.5	22.9
More than 2-year term	131,409	3,941	3.1	47,274	56.2	18.2
Repos	73,108	-7,374	-9.2	-12,438	-14.5	10.1
Total	717,659	4,169	0.6	79,995	12.5	99.2
Deposits in currencies other than euro	5,964	117	2.0	1,412	31.0	0.8
TOTAL	723,624	4,287	0.6	81,409	12.7	100.0

NOTES: (*) Deposits redeemable at notice, according to ECB definition.

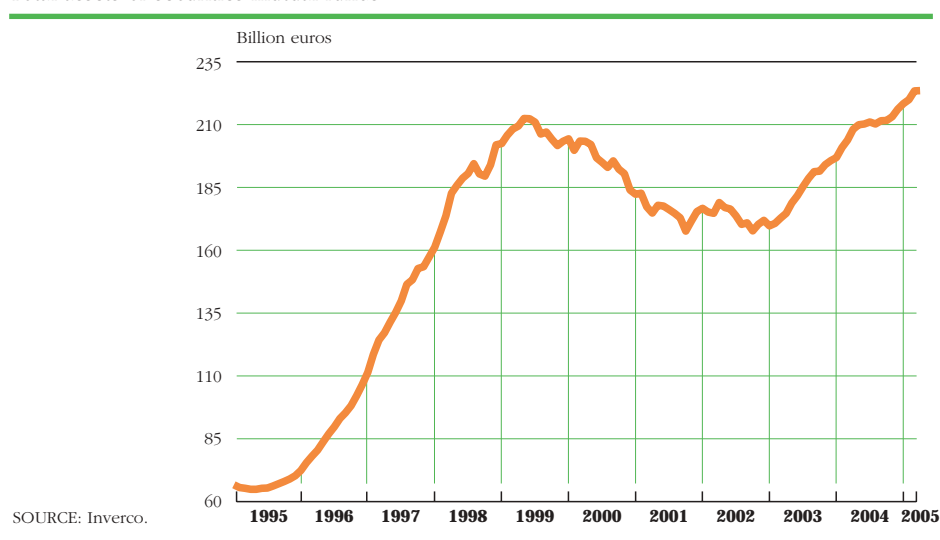
SOURCE: Bank of Spain and internal figures.

Bank deposit interest rates for the private sector down very slightly in February.

With regard to bank deposit interest rates applicable to companies and households, these were down very slightly in February. The composite rate for non-financial companies dropped by 4 basis points to 1.21%, a level almost identical to that 12 months earlier. In turn, the composite interest rate applicable to households remained practically flat at 1.15%.

ASSETS OF SECURITIES MUTUAL FUNDS SLOW DOWN

Total assets of securities mutual funds



New money going into securities mutual funds concentrated in short-term bond-based funds and guaranteed share-based funds.

With regard to assets of securities mutual funds, the figure moved up by 60 million euros in March to reach 224.66 billion euros, a year-to-year increase of 6.5%. This rise was due to net share subscriptions (discounting sales) of 378 million euros, given that during the month there were capital losses because of the negative trend in financial markets. Net inflows of money in March were concentrated in short-term bond-based funds and in guaranteed share-based funds as well as in global funds. The biggest withdrawals showed up in money-market-based funds. As a result, things continued along the same lines as in recent months. In the first quarter, net subscriptions of securities mutual fund shares amounted to 4 billion euros.

Average yield on securities mutual funds stands at 3%.

The average weighted yield on securities mutual funds in the past 12 months was 2.8%. Nearly all types of mutual funds obtained positive annual yields with the exception of US and Japanese share-based funds.

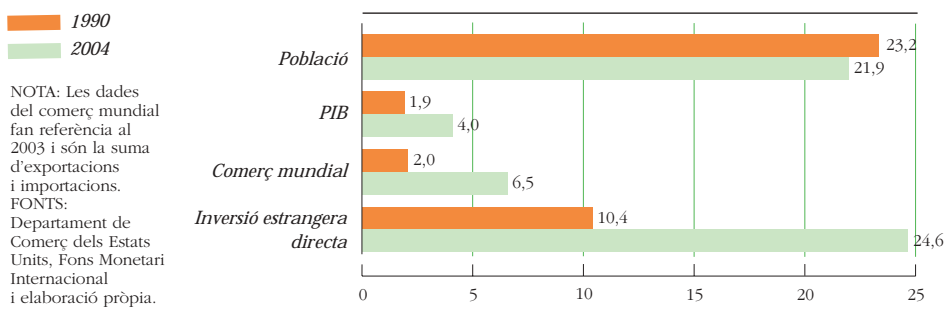
Xina: motor del creixement mundial

La Xina ha estat l'economia més gran del món. Tornarà a ser-ho?

Durant 2.000 anys, la Xina ha estat l'economia més gran del món, però al començament del segle XIX va començar el seu declivi. De representar un terç del producte interior brut (PIB) mundial el 1820, va passar només al 3% el 1950. No obstant això, des del final dels anys setanta, l'economia xinesa ha tornat a recuperar la força perduda. El país més poblat del món està creixent a unes taxes espectaculars, de manera que el valor del seu PIB és ara semblant al de França. Però, si establim un rànquing per paritats de poder adquisitiu, és a dir, depurant les diferències de preus en els béns i serveis, l'economia xinesa seria avui la segona mundial, per darrere dels Estats Units.

RECUPERANT EL TERRENY PERDUT AL MÓN

Percentatge de participació en el total mundial



El PIB xinès és el 4% del món, però, en volum, representa més del 22% del creixement mundial.

La població de la Xina arribava als 1.280 milions el 2002 i superava les de l'Índia (1.049 milions d'habitants), la Unió Europea (378) o els Estats Units (288). Tot i tenir la major població del món, amb el 21,9% del total mundial, el seu PIB només arriba al 4,0% del total mundial, enfront del 29,1% dels Estats Units. No obstant això, en termes de volum, sense tenir en compte el seu baix nivell de preus, la Xina és la segona economia del món, amb el 13,7% del total mundial, i el seu creixement, també en volum, és el 22,5% del creixement global del 2004, superior al 20,5% dels Estats Units. Aquest creixement és especialment patent al comerç mundial, on les exportacions i les importacions de la Xina en dòlars han passat de ser el 2,0% del total mundial el 1990 al 6,5% el 2003.

La comunitat xinesa mundial constitueix una xarxa de suport important per al desenvolupament del país.

La Xina és, en l'actualitat, una de les economies més dinàmiques del món, pel seu creixement comercial i inversor. En aquest sentit, la Xina és, de bon tros, el major receptor mundial d'inversió directa estrangera. Els canvis institucionals són també rellevants. El pragmatisme de l'elit governant i de la població garanteix l'estabilitat política. Els passos fets el 2004 per garantir els drets de propietat i els intents de sanejament del sistema bancari il·lustren aquest pragmatisme. A més a més, no hem d'oblidar aquí la importància dinamitzadora de les *altres Xines* d'ultramar, és a dir, de Hong Kong, Taiwan, Singapur, i d'altres com les dels Estats Units i Malàisia, comunitats amb uns mercats financers desenvolupats i amb una marcada vocació comercial. La seva afinitat cultural amb la Xina continental fa que siguin importants proveïdors d'inversió directa i d'un capital humà d'alt nivell.

La indústria és la protagonista del creixement.

Pel que fa a l'oferta, en l'estructura del producte interior xinès, cal destacar el pes de l'agricultura, l'enlairament de la indústria –principal motor del creixement– i el reduït pes del sector de serveis. Com correspon a un país emergent, sobresurt l'intens procés de relleu de l'agricultura per la indústria, on les indústries pesants representen el 70% del total d'aquest component. En el quart trimestre del 2004, el sector agrícola va créixer el 6,3% interanual, i la indústria, l'11,1%, mentre que els serveis van avançar el 8,3%. Aquest fort creixement, basat en la indústria, té quatre conseqüències de pes.

DISTRIBUCIÓ DEL PIB DE LA XINA PER SECTORS

Percentatge del PIB en termes corrents

	1998	1999	2000	2001	2002	2003	2004
Agricultura	16,0	15,4	14,2	13,6	13,3	12,6	13,2
Indústria	51,5	51,4	52,1	52,1	52,2	54,3	55,0
Serveis	32,5	33,2	33,7	34,2	34,5	33,1	31,9

FONTS: Oficina Nacional d'Estadístiques de la Xina i elaboració pròpia.

La mecanització del camp fa necessari generar 10 milions de nous llocs de treball anuals.

En primer lloc, hi ha la naturalesa agrícola de la Xina. El 50% dels treballadors són agrícoles, molt per damunt del 13% que representa el valor afegit del sector. L'Índia té el 67% del treball en l'agricultura, però la seva terra cultivable per persona és el 50% superior a la de la Xina. Aquesta escassetat implica una baixa productivitat del treball i grans diferències de renda entre les zones urbanes i les rurals. La mecanització del camp i la substitució de llocs de treball agrícoles poc productius per ocupacions industrials fan que sigui necessari crear 10 milions de llocs de treball, la qual cosa obliga a mantenir altes taxes de creixement econòmic amb uns baixos costos laborals.

Els conglomerats estatals representen un last per a l'economia xinesa.

En segon lloc, les empreses estatals, que el 1978 representaven el gruix de la indústria pesant, encara tenen un pes superior al 40% de la producció industrial. Aquests conglomerats generen pèrdues, i el seu finançament per part dels bancs representa un risc per a l'estabilitat financera.

Grans diferències entre el camp i la ciutat.

D'altra banda, la ràpida industrialització ha creat grans diferències de desenvolupament entre les zones urbanes, on s'han realitzat les inversions més importants, i les rurals. Una última conseqüència d'aquest gran desenvolupament de la indústria, principalment pesant, és l'avidesa xinesa per obtenir primeres matèries, que ha incidit directament sobre els mercats mundials.

DISTRIBUCIÓ DEL PIB DE LA XINA PER AGREGATS DE DEMANDA

Percentatge del PIB en termes corrents

	1998	1999	2000	2001	2002	2003
Consum privat	46,3	47,2	48,1	45,9	43,9	41,3
Consum públic	12,1	12,7	13,1	13,4	13,2	12,6
Inversió	35,3	35,9	36,5	37,8	39,9	43,7
Existències	2,4	1,5	-0,2	0,6	0,3	0,1
Sector exterior	3,9	2,7	2,5	2,3	2,7	2,3

FONTS: Oficina Nacional d'Estadístiques de la Xina i elaboració pròpia.

La inversió supera el 40% del PIB, i el consum no acaba d'enlairar-se.

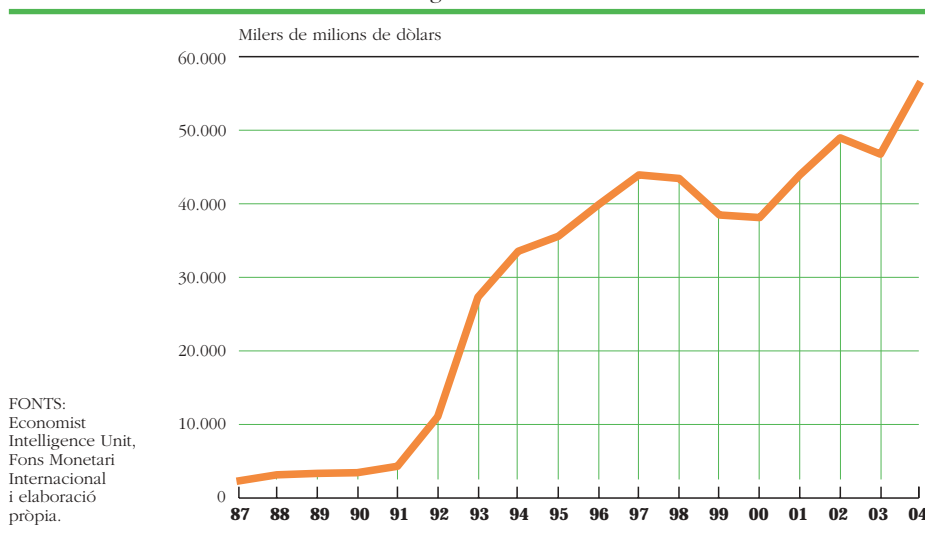
Des de l'òptica de la despesa, la inversió, per damunt del 40% del PIB, és el component dominant. En aquest sentit, el 2003 el creixement inversor va ser el 77,0% del creixement total. Ara com ara, la inversió més rendible ha estat la destinada a l'exportació, aprofitant els avantatges comparatius del país, principalment els baixos costos laborals. El consum interior de béns manufacturats està relativament endarrerit, però en sectors com l'automòbil la demanda ja podria estar despertant.

La Xina és el major receptor mundial d'inversió directa, amb una forta tendència a l'alça.

Cal destacar, en aquest sentit, que la Xina és el líder mundial en la recepció d'inversió directa forana, molt per davant d'altres grans economies emergents, i la tendència és a l'alça. El 2004 la inversió directa estrangera a la Xina va ser de 57.000 milions de dòlars, el 24,6% del total mundial, enfront del 10,4% del 1990. El Brasil i Mèxic, les principals eco-

TOTHOM VOL INVERTIR A LA XINA

Evolució anual de la inversió directa estrangera



nomies de l'Amèrica Llatina, van atreure el 2004 un flux de 31.880 milions de dòlars d'inversions directes estrangeres i l'Índia, l'altre gegant emergent d'Àsia, 5.800 milions. El 2000 aquesta situació era molt diferent, ja que la Xina absorbia unes inversions de 37.483 milions de dòlars, mentre que el Brasil i Mèxic tenien 49.377 milions i l'Índia, 3.513 milions.

Els xinesos d'ultramar generen un important fons d'inversió estrangera.

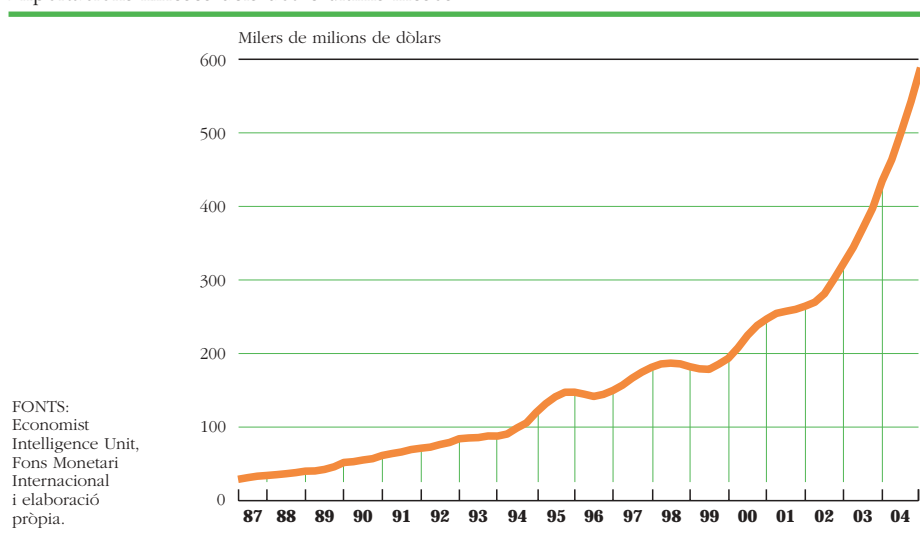
La Xina representa el 10% del creixement del comerç mundial.

Les comunitats xineses dels Estats Units, Singapur i el mateix Taiwan són, en gran part, responsables d'aquest flux creixent. El cas de Taiwan torna a il·lustrar el pragmatisme regnant a la zona, amb inversions a través de Hong Kong que fins ara han estat indiferents a les tensions polítiques.

Pel que fa al comerç exterior, les exportacions representaven el 6,6% del total mundial el 2004 i el 10,0% del creixement mundial. Les importacions van ser el 6,4% i el 10,8%, respectivament. El lideratge xinès en el comerç de l'Extrem Orient i la seva influència sobre l'Amèrica Llatina és cada cop més patent.

LES EXPORTACIONS CREIXEN EXPONENCIALMENT

Exportacions xineses dels dotze últims mesos



El comerç xinès és asimètric en la seva distribució geogràfica i combina la compra de primeres matèries amb la venda de manufactures.

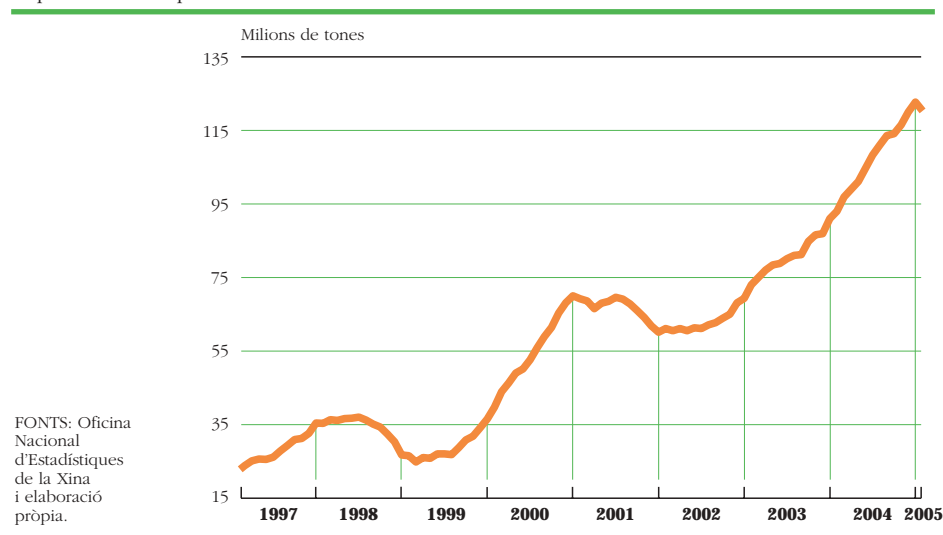
Si el comerç xinès té un pes considerable, la seva singular composició amplia la seva influència global. La Xina presenta una doble asimetria comercial, tant en el que es compra i es ven com en la distribució geogràfica. Pel que fa a la primera, la Xina combina l'avidesa per obtenir primeres matèries amb l'exportació de manufactures. El 2004 les exportacions manufactureres van superar en un 25% les importacions, mentre que les importacions de primeres matèries van superar en un 189% les exportacions. Aquesta asimetria és creixent, ja que el 2002 els percentatges eren el 20% i el 72%, respectivament. La força de la importació de primeres matèries domina, i així el consum xinès d'acer va arribar el 2003 al 26,8% del total mundial; el d'alumini, al 18,8%; el de níquel, al 10,7%, i el de coure, al 19,8%. Les previsions són de manteniment d'aquesta demanda en els propers anys.

La Xina és un creixent consumidor de petroli, àvid de primeres matèries.

Al sector energètic, la Xina no té un dèficit significatiu, ja que la diferència entre el que importa i el que exporta és relativament petita. En contrast, Europa i el Japó supleixen de l'exterior més de la meitat del consum propi. Però la substitució del consum de carbó pel de petroli, per raons mediambientals i d'eficiència, converteix la Xina en un creixent importador de petroli. El 2002 el dèficit energètic era negligible, i les importacions netes de petroli eren d'1,77 milions de barrils diaris, enfront dels 5,3 del Japó i dels 13,4 dels Estats Units. Però amb la seva ràpida evolució a l'alça, la Xina és ja el segon consumidor mundial de cru i la seva influència en les últimes tensions dels preus és notable. En aquest sentit, la Xina representa el 22,3% de l'increment de consum mundial de petroli entre 1992 i 2002.

LA XINA ES CONVERTEIX EN EL SEGON IMPORTADOR DE PETROLI

Importacions de petroli en volum dels dotze últims mesos



Superàvit comercial amb els Estats Units i dèficit amb el Japó, Corea i Alemanya.

La segona asimetria del comerç xinès és geogràfica. Els exportadors de primeres matèries tenen un lògic superàvit amb la Xina, i els exportadors de manufactures haurien de tenir un dèficit. No obstant això, la Xina combina un important dèficit comercial amb Corea del Sud, el Japó i Alemanya, exportadors manufacturers, amb un molt significatiu superàvit comercial creixent amb els Estats Units. En aquest sentit, durant l'any 2004, les importacions nord-americanes provinents de la Xina ja presentaven el 12,9% del total, quan el 2000 només eren el 7,9%. El 2004 aquestes importacions van contribuir en una cinquena part al creixement total de les importacions dels Estats Units i van superar les de Canadà, Mèxic i la zona de l'euro i van quadruplicar les del Japó.

La Xina representa un terç del deteriorament del dèficit extern nord-americanà.

La Xina representa un quart del dèficit comercial americà i un terç del seu deteriorament comercial durant l'any 2004. Atesa aquesta situació, les autoritats nord-americanes han pressionat reiteradament les xineses perquè revaluïn la seva moneda, el règim canviari de la qual es defineix com una paritat fixa enfront del dòlar dels Estats Units, per tal d'alleujar el dèficit comercial americà. El cert és que, des de l'entrada de la Xina en l'Organització Mundial del Comerç el 2002, les exportacions xineses s'han

convertit en una potent competència internacional, mentre que l'obertura del mercat interior xinès als productes estrangers no ha respost a les expectatives.

SALDO DE LA BALANÇA COMERCIAL XINESA PER CONTINENTS I PAÏSOS

Milers de milions de dòlars

	2001	2002	2003	2004
Àsia	-5,9	-20,0	-50,4	-73,6
Japó	2,3	-5,0	-14,8	-20,7
Corea	-10,9	-13,1	-23,1	-34,4
Taiwan	-22,3	-31,5	-40,4	-51,2
Hong Kong	37,1	47,7	65,2	89,3
Sud-est asiàtic	-4,7	-7,6	-16,4	-20,1
Resta d'Àsia	-7,1	-14,9	-21,0	-36,6
Europa	1,0	5,8	18,4	33,6
Alemanya	-3,9	-5,1	-6,9	-6,4
França	-0,4	-0,2	1,2	2,3
Itàlia	0,2	0,5	1,6	2,8
Regne Unit	3,3	4,7	7,3	10,2
Resta d'Europa	1,9	5,8	15,3	24,8
Amèrica	29,0	44,6	56,8	77,8
Estats Units	28,1	42,7	58,6	80,3
Amèrica Llatina	1,6	1,2	-3,0	-3,5
Resta del món	-1,5	0,1	0,6	-5,9
Total	22,6	30,4	25,5	31,9

FONTS: Oficina Nacional d'Estadístiques de la Xina i elaboració pròpia.

El model de desenvolupament seguit per la Xina és diferent del de Japó i Corea.

La asimetria geogràfica s'explica per la peculiar naturalesa de l'economia i de la societat xineses. El model japonès-coreà dona primacia a la sofisticació tecnològica, a la millora de processos i als petits canvis, però freqüents, que millorin el producte de forma gairebé constant. El model americà afavoreix els grans avanços i la innovació. En canvi, el model xinès és una barreja de capacitat de reducció de costos, amb una participació creixent del capital humà de les *altres Xines*, i d'enfocaments més similars al model nord-americà d'innovació. En qualsevol cas, la influència de la Xina en l'economia mundial amb prou feines ha començat a despuntar.

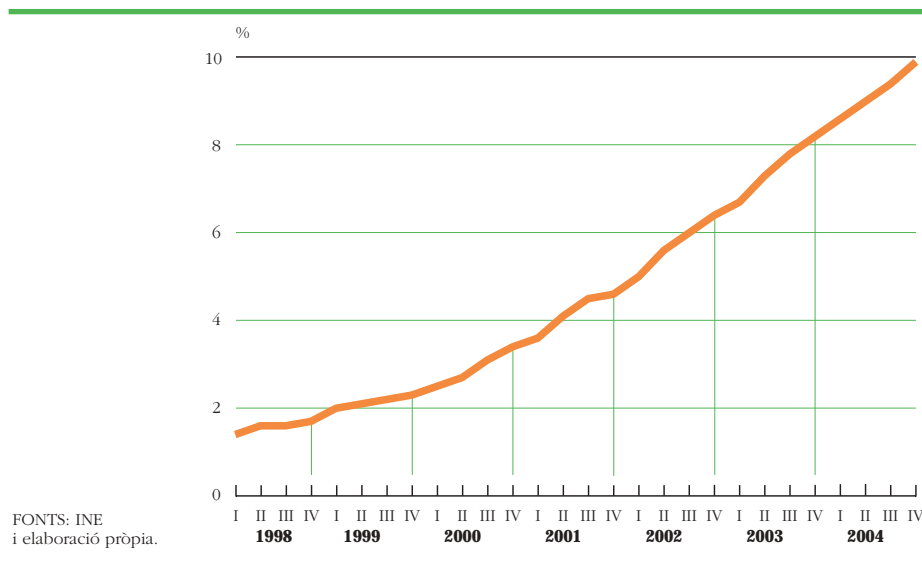
Els treballadors estrangers cobreixen la meitat dels nous llocs de treball

La nova EPA 2005 ajuda a entendre millor els efectes de la immigració sobre el mercat de treball.

La massiva integració de treballadors estrangers en els últims anys ha provocat un canvi significatiu en el panorama del mercat laboral espanyol. L'enquesta de població activa (EPA) aporta noves xifres sobre la importància d'aquest fenomen després de la revisió derivada de la incorporació del Cens de Població del 2001.

L'OCUPACIÓ ESTRANGERA ES DISPARA

Ocupats estrangers sobre l'ocupació estimada total



La població en edat de treballar puja en més d'un milió i mig en la nova enquesta, gairebé tota de procedència estrangera.

D'acord amb les noves estimacions de l'Institut Nacional d'Estadística, en el quart trimestre del 2004 la població en edat de treballar, és a dir, més gran de 16 anys, pujava a 36.038,3 milers de persones, el 4,5% més que abans d'aquesta revisió. Aquest intens augment de la població, 1.564 milers de persones, deriva gairebé exclusivament de la nova estimació de població estrangera, que arriba als 2.727,7 milers d'individus, és a dir, 1.515,9 milers més que en l'estimació anterior. En altres termes, el 96,9% de l'increment de població derivat de la revisió de la base s'atribueix al col·lectiu d'estrangers, que, així, passa a representar el 7,6% de la població total en edat de treballar, percentatge molt allunyat de l'1,3% registrat el 1998, abans que esclatés el fenomen migratori.

L'ocupació es veu incrementada en gairebé un milió de persones.

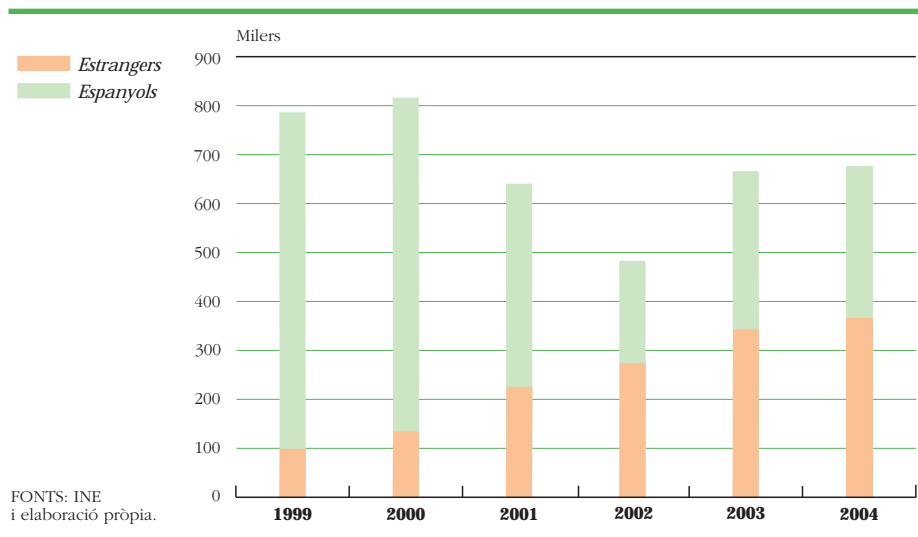
L'increment de població ha repercutit també sobre la xifra global d'ocupació. Segons la nova EPA, en el quart trimestre del 2004 l'ocupació va arribar als 18.288,1 milers de persones, el 5,6% més que la xifra estimada per l'EPA anterior per al mateix període. Aquest increment de l'ocupació, 964,7 milers de persones, correspon íntegrament a l'increment de l'ocupació estrangera estimada. De fet, l'augment dels treballadors estrangers és de 995,8 milers, és a dir, una mica superior a l'increment total.

El mercat de treball absorbeix bé la immigració, i els treballadors estrangers cobreixen el 10% de l'ocupació total al final del 2004.

L'augment de la població estrangera a Espanya no hauria tingut aquesta dimensió si no s'hagués donat un nivell d'activitat capaç d'absorbir i d'integrar aquest volum de força de treball. Segons la nova EPA, els llocs de treball ocupats per la població estrangera en el quart trimestre del 2004 van arribar a 1.809.700, gairebé un milió més que en l'estimació anterior. Aquesta proporció era equivalent al 9,9% de la població ocupada total i molt superior a la registrada en el primer trimestre de 1998, només l'1,4%. Així i tot, aquesta xifra d'ocupats dista considerablement del nombre d'afiliats estrangers a la Seguretat Social, 1.090.093 en el mateix trimestre del 2004. Aquesta gran diferència es podria relacionar, en més o menys grau, amb el treball estranger no regularitzat.

ELS ESTRANGERS ABSORBEIXEN MÉS DE LA MEITAT DE LA NOVA OCUPACIÓ DES DEL 2002

Variació anual de l'ocupació estimada segons nacionalitat



En els tres últims anys, més de la meitat de l'ocupació generada s'ha cobert amb estrangers.

La incorporació al mercat de treball de la població estrangera ha representat que, si més no en els tres últims anys, més de la meitat dels nous llocs de treball fossin coberts per aquest segment de població, segons les dades de l'EPA. En efecte, de l'ocupació neta global generada entre 2002 i 2004, 1.804.500 llocs de treball en total, 976.500 van correspondre a població estrangera.

L'agricultura travessa un procés de substitució de mà d'obra espanyola per estrangera.

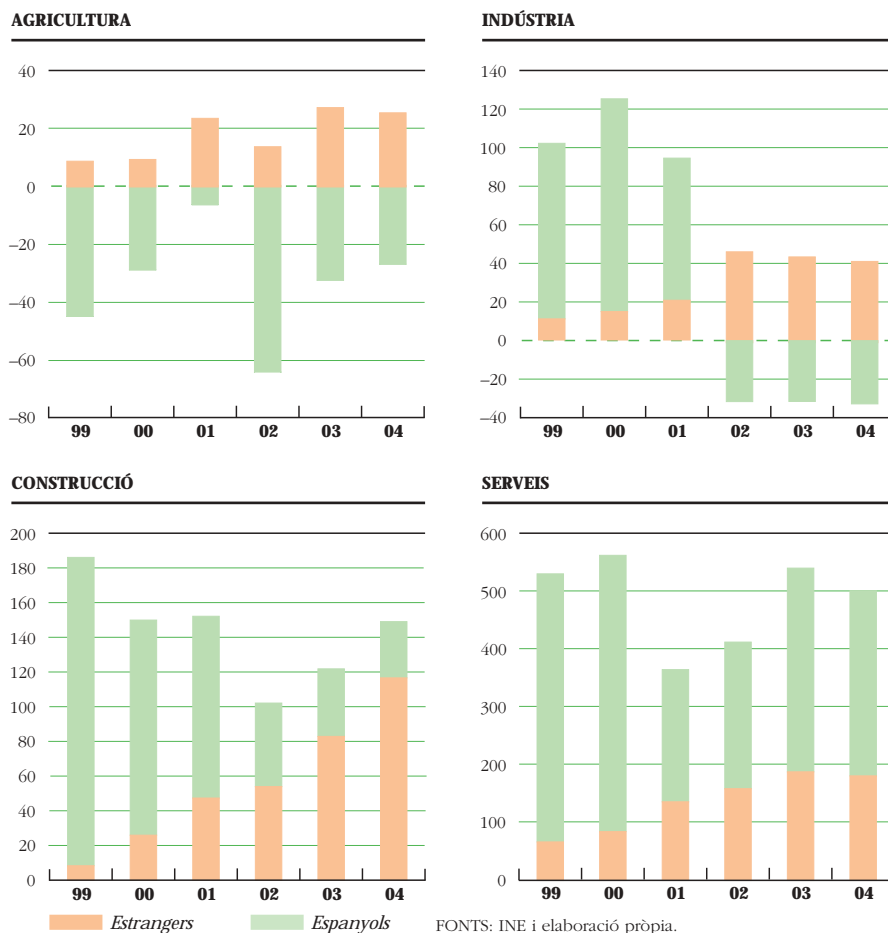
En els cinc últims anys, la incidència de l'ocupació estrangera ha estat molt dispar segons els sectors. A l'agricultura, s'ha donat un clar procés de substitució de mà d'obra espanyola per estrangera dins la tendència secular a la reducció d'ocupació al sector. Això ha permès que, en el quart trimestre del 2004, els estrangers representessin el 13,0% de l'ocupació total en el sector, proporció molt allunyada de l'1,4% registrat en el mateix període de 1998.

Creix la proporció d'estrangers a la indústria.

A la indústria, el procés de substitució d'ocupació d'espanyols per estrangers no es va produir fins a l'any 2002, coincidint amb l'inici de l'ajustament industrial que ha tingut lloc aquests tres últims anys. Per aquest motiu, al final del 2004, el pes relatiu dels estrangers al sector va arribar al 6,8%, enfront de l'1,0% del 1998.

OCUPACIÓ PER SECTOR I SEGONS NACIONALITAT

Variació anual en milers de llocs de treball



El 78% de la nova ocupació a la construcció el 2004 la cobreixen els estrangers.

L'auge de la construcció, per la seva banda, ha absorbit també amb força la mà d'obra estrangera. Des del 2002, els immigrants han ocupat més de la meitat de la nova ocupació, i s'ha assolit una proporció històrica el 2004, quan el 78,3% dels nous llocs de treball van ser coberts per estrangers. Això explica que el pes relatiu de la immigració hagi crescut sense parar des del 1998 fins a assolir el 18,3% de l'ocupació total (l'1,5% el 1998).

L'ocupació estrangera als serveis representa el 9% del total.

Més difuminat ha quedat l'impacte de la immigració sobre el sector terciari en conjunt, tot i la seva importància relativa en determinats subsectors, com l'hoteleria, el comerç, els serveis no qualificats a empreses, el transport o el servei domèstic, segons es desprèn de la informació complementària d'afiliació a la Seguretat Social. Així i tot, a partir del 2001, la proporció de la nova ocupació absorbida per estrangers ha superat la tercera part del sector, i, al final del 2004, els ocupats estrangers representaven el 8,8% del total.

Gairebé la meitat dels treballadors estrangers no supera la formació equivalent a l'ensenyament secundari bàsic.

Gairebé la meitat dels treballadors estrangers, el 44,7%, presenta un nivell de formació igual o inferior a la primera etapa de l'ensenyament secundari o de formació professional. Aquesta proporció augmenta sensiblement si s'exclouen els treballadors de la Unió Europea. A l'extrem oposat, els estrangers amb formació superior representen gairebé una quarta part del total. Aquesta proporció cau per sota del 20% si s'exclouen els ciutadans de la Unió Europea.

La proporció de llocs de treball de baixa qualificació entre els estrangers supera el 50%.

En termes generals, el tipus d'ocupació dels treballadors estrangers guarda un apreciable paral·lelisme amb el seu nivell de formació. Així, els treballadors no qualificats i els que es dediquen a serveis personals, de restauració o de seguretat representen una mica més del 50% de l'ocupació estrangera. Aquesta proporció arriba gairebé al 58% en el cas d'estrangers que no pertanyen a la Unió Europea de quinze membres. En el cas dels ciutadans de la Unió Europea, la major part de l'ocupació es distribueix entre directius, tècnics i professionals de nivells superiors i de suport.

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