

Considerations for Spain: Geopolitical risk on top of a challenging post- pandemic recovery

WHAT MATTERS

The return of **geopolitical risk**: The economic effects of the war in Ukraine

Responses to the **energy crisis**: The cases of Germany, France, Italy and Spain

Spain's **household and corporate accounts**: Two years after the pandemic

Strong recovery in 2021 **tax revenue**: Contrasting with the previous crisis

Financial digitalisation in Spain in the wake of the pandemic: Assessing the impact

State guarantees and latent non-performance

The impact of the COVID-19 crisis on **businesses and the self-employed**

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Contact

publica@funcas.es

Web Site

www.funcas.es

Orders or Claims:

Funcas, publications
Tel.: +34-91-5965481, Fax: +34-91-
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SEFO

SPANISH AND INTERNATIONAL
ECONOMIC & FINANCIAL OUTLOOK

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Letter from the Editors

The outlook for the global economy has become more unclear since the March edition of *Spanish and International Economic & Financial outlook (SEFO)*. The invasion of Ukraine has heightened existing tensions in the energy and commodities markets. The situation has been exacerbated by the Chinese government's zero COVID policy, which has triggered further supply chain disruptions. Geopolitical turbulence and supply chain friction are aggravating inflationary pressures, foreshadowing monetary policy tightening. The Federal Reserve has already initiated interest rate tightening, which has had ripple effects on the financial markets, and the ECB will likely not be far behind.

The confluence of these factors is clouding the prospects for economic recovery, as evidenced by the IMF's recent downward revisions for global growth and the European Commission's downward revisions for the European growth outlook.

Within this uncertain context, the May issue of *SEFO* is marked by the conflict in Ukraine and begins with an assessment of the return of geopolitical risk and its near-term impacts, as well as potential long-term, structural implications. The invasion of Ukraine by Russian forces implies a shift in the international paradigm impacting global geopolitical dynamics prevailing since the fall of the Berlin Wall. An event of such magnitude

(a black swan in financial terminology) will not only have effects on the economic cycle in the short-term but may also alter the underlying trends that have defined the economy's performance in recent decades. In the near-term, the increase in political risk will impact the economy via multiple channels, such as commodity prices, commercial ties, uncertainty and financial stability. At the same time, the return of policies articulated around blocks of geopolitical influence could imply a threat to the globalisation that has been intact since China joined the global production chain. Specifically, this may occur through triggering structural changes in the global economy, particularly on the supply side. Making this transition in Europe will require reconfiguring economic, foreign, defence and energy policy, potentially providing the long-awaited impetus for European integration.

We then look more closely at policy responses to the conflict from key eurozone countries. The global shortage of fossil fuels, which developed in the middle of last year and gained momentum in the aftermath of the invasion of Ukraine, has had a strong macroeconomic impact. The most visible effects are higher inflation and slower economic growth, moving Europe to the brink of stagflation. In this context, this article compares the responses to the energy crisis of Germany, France, Italy and Spain. All four countries carried out similar measures, with

a view to: i) cushion the impact of higher energy costs on vulnerable households and enterprises (especially in Germany and France); ii) directly curb inflation via oil price subsidies (all four countries) or electricity price caps (notably France and Spain); and iii) tackle windfall profits (in particular in Italy). These initiatives may help attenuate consumer price trends, while also reducing the burden of the crisis on disadvantaged groups and sectors. However, they are temporary in nature, so they are not necessarily adapted to a long-lasting crisis – not to mention the fact that their cost to the public accounts ranges from 15 to nearly 30 billion euros over the next few months. Moreover, the measures leave entirely open their consistency with energy transition goals.

We then look at the evolution of several key areas affecting the Spanish economy two years after the pandemic. We begin by studying the behaviour of Spanish non-financial accounts, with a view to determining the health of the household and corporate sectors. Although the recovery in Spanish GDP was somewhat less intense than initially expected in 2021, the recovery in employment was noteworthy and stronger than anticipated. Against that backdrop, the recovery in household income was more intense than that of the corporate segment that year. Household GDI ended 2021 2.8% below that of 2019, whereas corporate income remained 9.7% lower. The more pronounced recovery in the former was driven largely by public sector wages, as well as social benefits, which both rose above 2019 levels. Spain's households once again registered excess savings in 2021, albeit below 2020 levels, earmarking nearly the entire volume of surplus savings towards housing investment. Despite that, household debt levels increased for the first time since 2008, albeit by a far lesser degree than the increase in Spanish corporate debt. That said, Spain's companies too increased their leverage, despite generating, on aggregate, a sizeable net lending position, with companies most affected by the pandemic taking on additional borrowings largely to fund current expenses and ultimately, to some extent, eroding their overall financial health.

We then examine the performance of Spanish tax revenues, and the factors that have influenced receipts throughout the health crisis. The revenue managed by Spain's tax authority, the AEAT, over the past decade has registered average annual growth of 2%. Tax revenue peaked in 2021 at 223.39 billion euros, rebounding by 15.1% from 2020, when receipts contracted. This contrasts with the slower and more gradual recovery etched out from 2010 onwards in the wake of the 2008 crisis. The two most noteworthy aspects of the trend in tax revenue in 2021 include the fact that: (i) the correction lasted for just one year; and (ii) it was followed by a strong recovery to above pre-pandemic levels in the span of just one year. The differential performance of the recovery in tax revenues during the two crises can be largely attributed to the different institutional measures implemented to mitigate their consequences and the healthy pace of recovery in the tax bases of each of the main taxes, both those related with income and, especially, those associated with consumption. That last factor bodes well for continued healthy tax collection dynamics in 2022, shaped by economic growth, albeit with more moderate growth than initially anticipated on account of the war in Europe and, above all, ongoing high inflation. These favourable tax dynamics, however, rest on the assumption that the measures passed to tackle the crisis unleashed by the war thus far, including the associated tax breaks, do not remain in place for an extended period.

As regards the financial sector, we analyse how COVID-19 has accelerated the trend in financial digitalisation and specifically, for the case of Spain, we examine the details of the state guarantee program in light of its recent extension to take into effect the damaging impact of geopolitical tensions on various sectors, as well as the potential factors that could impact loan non-performance for the business sector going forward, once the program comes to an end.

In the wake of the pandemic, we are seeing considerable changes in how Spaniards are using banking services. The pandemic has given

significant impetus to the process of financial digitalisation. According to the Observatory of Financial Digitalisation (ODF in its Spanish acronym)-Funcas online survey from December 2021, 36.4% of banking service users are currently using their online banking applications daily or almost daily, compared to 17.3% before the pandemic. That said, although the digital divide in online banking has narrowed, physical branches, despite being used less, continue to play an important role for some segments of the population. Another significant change relates to Spaniards' methods of payment. Digital payments, especially from mobile phones, have displaced cash as the main payment method. Indeed, 69.1% of purchases are being settled using non-cash instruments and just 18% of those surveyed said they continued to use cash as their main payment method. There is also growing interest in crypto-assets, although so far their usage is concentrated within the younger population. According to survey results, the typical crypto-asset investor is young (and male), studies or works, generates a high monthly income and lives in a big city. Finally, in light of the cyber-risks ushered in by online banking, Spaniards stand out for their use of basic security measures in accessing those services. Over 80% of the population follows their banks' security recommendations when banking online, with the sole exception of installing antivirus software on their mobile phones, where the percentage is a much lower 44.2%.

One of the most noteworthy measures taken by the government to mitigate the effects of the war in Ukraine is the approval of a new state guarantee programme and extension of the maturities of the loans awarded under the pandemic guarantee scheme in an attempt to prevent geopolitical tensions from having compounding adverse effects on top of the toll taken by the pandemic. Extension of outstanding state guaranteed loans will come as a lifeline for the sectors and businesses most affected by the two crises. In the case of the banks, it will contain the materialisation of associated non-performance. Nonetheless, the increase in

riskier stages of public guarantee scheme (PGS) exposures could translate into growth in non-performance in the business loan segment, with the potential impact substantially higher in Spain than in Europe due to the higher weight of PGS exposures in total outstanding business loans. The possible increase in non-performance is highly sensitive to both the level of impairment of stage-2 exposures, which determines the spillover to stage-3 classification, and the multiplier effect derived from pre-existing customer-level exposure. Depending on the combination of estimates for these two factors, analysis shows that the increase in the non-performance ratio could be upwards of one percentage point. However, given the high degree of uncertainty characterizing the current economic climate, including over the path of interest rate increases, the impact on non-performance is difficult to quantify. In any event, non-performance should not translate into a significant increase in NPL coverage for two main reasons: (i) cautious front-loading of impairment provisioning by the banks in 2020 and 2021; and, (ii) the impact of the guarantees on the amount of losses incurred, as the banks' exposure is ultimately limited to the percentage not covered by those public guarantees.

Finally, we assess business creation and destruction dynamics in Spain throughout the pandemic. In 2020, Spain created over 100,000 fewer businesses than in 2019, a reduction of close to 24% to levels not seen since the aftermath of the crisis of 2008. Business creation fell across all main forms of incorporation –public limited and limited liability companies– albeit somewhat less intensely in the case of the self-employed. However, based on the available data, the number of businesses closed also decreased, albeit much less intensely (less than 2%) in 2020. Looking at the intensity of business creation and destruction between 2019 and 2020, on the creation side, financial services, postal and courier activities and certain transport segments were more dynamic, while on the destruction side, travel agencies and retail establishments stand out. If we break down the analysis by both business

activity and legal form of incorporation, the data point to a degree of business reorganisation in some activities related with construction, with the number of incorporated enterprises declining and the number of self-employed professionals increasing. More broadly, in addition to pandemic-related factors, the figures reveal the continuation of a trend observed before the pandemic – 2008 marked a shift in the most dynamic type of business format, away from limited liability companies to individuals, a trend that continued in 2020.

What's Ahead (Next Month)

Month	Day	Indicator / Event	
June	1	Tourist arrivals (May)	
	2	Social Security registrants and official unemployment (May)	
	7	Industrial production index (April)	
	9	ECB monetary policy meeting	
	10	CPI (May)	
	16	Eurogroup meeting	
	16	Foreign trade report (April)	
	23-24	European Council meeting	
	24	Quarterly National Accounts (1 st quarter 2020, 2 nd release)	
	24	Balance of payments quarterly (1 st quarter 2020)	
	29	Retail trade (May)	
	29	Preliminary CPI (June)	
	30	Non-financial accounts, State (May)	
	30	Non-financial accounts, Regional Governments and Social Security (April)	
	30	Non-financial accounts, General Government (1 st quarter 2020)	
	30	Balance of payments monthly (April)	
	30	Quarterly Non-financial Sector Accounts (1 st quarter 2020)	
	July	4	Social Security registrants and official unemployment (June)
		4	Tourist arrivals (June)
		6	Industrial production index (May)
11		Quarterly Financial Accounts (1 st quarter 2020)	
13		CPI (June)	
18		Foreign trade report (May)	
21		ECB monetary policy meeting	
28		Labour Force Survey (2 nd quarter 2020)	
28		Retail trade (June)	
29		Preliminary CPI (July)	
29		Non-financial accounts, State (June)	
29		Non-financial accounts, Regional Governments and Social Security (May)	
29		Preliminary Quarterly National Accounts (2 nd quarter 2020)	
29		Balance of payments monthly (May)	

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What Matters



5 **The return of geopolitical risk: The economic effects of the war in Ukraine**

Russia's invasion of Ukraine will have economic effects in the short-term through channels such as commodities, trade, and financial markets. Importantly, the current geopolitical conflict may also have serious implications over the longer-term by challenging globalisation, leading to a potential restructuring of existing supply chain networks.

José Ramón Díez Guijarro



17 **Responses to the energy crisis: The cases of Germany, France, Italy and Spain**

The emergency measures rolled out in Germany, Spain, France and Italy to mitigate the impact of the war in Ukraine provide a short-term solution to the budding energy crisis. However, their long-term efficacy is questionable, and they also exacerbate tensions between inflation-curbing targets and energy model transformation ambitions, highlighting the importance of formulating a big-picture plan to transition away from the recent measures towards a long-term, sustainable energy strategy.

Raymond Torres



27 **Spain's household and corporate accounts: Two years after the pandemic**

Although the recovery in Spanish GDP was somewhat less intense than initially expected in 2021, the recovery in employment was noteworthy and stronger than anticipated. Against that backdrop, two years after the onset of the pandemic, the financial health of Spain's households remains solid, whereas that of the corporate sector has somewhat deteriorated.

María Jesús Fernández



35 Strong recovery in 2021 tax revenue: Contrasting with the previous crisis

The contraction in 2020 tax receipts as a result of the pandemic and the associated mobility and business restrictions was mitigated by the government's crisis response measures. In contrast to the wake of the previous crisis of 2008, in the space of just one year, 2021 tax revenue increased 15.1%, topping pre-pandemic levels- a trend that, under current assumptions, is expected to continue into 2022, albeit at a slower pace.

Susana Borraz Perales and Montaña González Broncano, A.F.I.



47 Financial digitalisation in Spain in the wake of the pandemic: Assessing the impact

The pandemic has accelerated the push towards digitalisation in Spain on multiple fronts. This trend has been particularly significant within the financial arena, with Spaniards increasing reliance on online banking and payments methods, as well as their interest in crypto-assets, while at the same time taking into account the growing importance of related security measures.

Santiago Carbó Valverde, Pedro Cuadros Solas and Francisco Rodríguez Fernández



55 State guarantees and latent non-performance

Spain's public guarantee scheme has served to ease the effects of the pandemic and now of the war on the country's business segment, thus containing the materialisation of non-performing loans. Going forward, while a potential increase in the incidence of business non-performance is expected in the near-term, the increase in NPL coverage should be mitigated by the strong provisioning efforts of the banks, together with their limited exposure thanks to the state guarantee scheme.

Marta Alberni, Ángel Berges and María Rodríguez, A.F.I.



63 **The impact of the COVID-19 crisis on businesses and the self-employed**

The COVID-19 crisis prompted a slowdown in business creation across all the main legal forms of incorporation, but underpinned a continuation of a trend observed even prior to the onset of the pandemic— a shift away from limited liability companies to individuals. In order to tackle the deterioration in business creation dynamics as a result of the COVID crisis, it will be necessary to take measures to foster business creation and entrepreneurship.

Ramon Xifré

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GEOPOLITICAL RISK

The return of geopolitical risk: The economic effects of the war in Ukraine

Russia's invasion of Ukraine will have economic effects in the short-term through channels such as commodities, trade, and financial markets. Importantly, the current geopolitical conflict may also have serious implications over the longer-term by challenging globalisation, leading to a potential restructuring of existing supply chain networks.

José Ramón Díez Guijarro

Abstract: The invasion of Ukraine by Russian forces implies a shift in the international paradigm impacting global geopolitical dynamics prevailing since the fall of the Berlin Wall. An event of such magnitude (a black swan in financial terminology) will not only have effects on the economic cycle in the short-term but may also alter the underlying trends that have defined the economy's performance in recent decades. In the near-term, the increase in political risk will impact the economy via multiple channels, such as commodity prices, commercial ties,

uncertainty and financial stability. At the same time, the return of policies articulated around blocks of geopolitical influence could imply a threat to the globalisation that has been intact since China joined the global production chain. Specifically, this may occur through triggering structural changes in the global economy, particularly on the supply side. Making this transition in Europe will require reconfiguring economic, foreign, defence and energy policy, potentially providing the long-awaited impetus for European integration.

“ As a result of the conflict in Ukraine, the IMF lowered its forecast for global growth for this year by 0.8 percentage points to 3.6%, cutting its GDP forecasts for 143 of the 198 economies under its coverage. ”

Short-term effects

Having navigated the last major variant of COVID-19 (Omicron) better than feared, but not so well as to avoid the sharp mismatches between supply and demand, the global economy faces a new challenge as the war in Ukraine implies yet a new supply shock and, therefore, an increase in economic risks. Recently, the International Monetary Fund (IMF, 2022) lowered its forecast for global growth for this year by 0.8 percentage points to 3.6%, [1] cutting its GDP forecasts for 143 of the 198 economies under its coverage. In other words, nearly all countries will be negatively affected to a greater or lesser degree by the distortions caused by the armed conflict, the exceptions being the major commodity producers.

In addition, the nature of the disruption and its timing are a challenge in terms of economic policy response as the room for manoeuvre is limited following the effort made in the past two years to mitigate the effects of the pandemic. Therefore, the increase in geopolitical risk will have economic, financial and social repercussions on top of diplomatic and military ramifications. And they are all interrelated, with the scope for a seismic shift in the major trends that have shaped the international economy since China joined the global production chain towards the end of the 1970s.

The transmission channels in the short-term include commodity prices, trade ties,

confidence levels and financial stability. The most direct impact is already being felt in the form of the biggest increase in commodity prices since the 70s, which, in addition to its direct consequences for inflation, will rapidly spread to disposable income and, by extension, growth and employment. Between the start of the year and the beginning of May, commodity prices have surged 30%, with all categories registering growth, from energy (+60%), to industrial metals (+21%) and farm products (+26%).

The problem is that the supply shock has come on the heels of a strong rally in the prices of these products in 2021 (+25%), due to supply chain bottlenecks. It is, therefore, a disruption that comes at a time when the effects of the mismatches between supply and demand that marked global economic trends in 2021 (evident, for example, in the cost of shipping containers) have not disappeared.

It is obvious that the spike in oil and gas prices will prove the main source of contagion, particularly in Europe, where Russia is the source of 20% of all oil imports and 35% of natural gas imports. According to the International Energy Agency, Russia is the world's third largest oil producer, at 10.5 million barrels per day (behind the US and Saudi Arabia) and its exports account for 11% of the worldwide total.

Last December, nearly all of the economic scenarios for 2022 were predicated on the

“ It is obvious that the spike in oil and gas prices will prove the main source of contagion, particularly in Europe, where Russia is the source of 20% of all oil imports and 35% of natural gas imports. ”

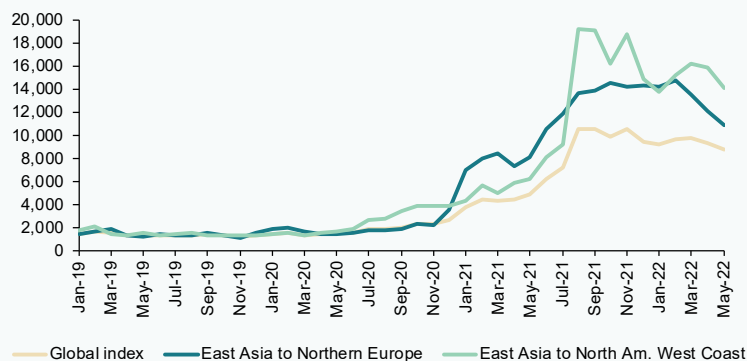
Table 1 **Commodities**

	Metric	Price	Change (%)				
			Last month	Last quarter	Last year	2020	2021
Commodities	Index	129.0	4.1	3.7	30.1	-4.7	27.8
Energy	Index	52.8	15.2	15.8	71.1	-44.4	54.5
Brent	\$/barrel	106.9	2.6	-1.0	37.4	-25.0	51.5
WTI	\$/barrel	104.7	6.9	6.3	42.7	-11.0	57.6
Natural gas (Europe)	€/MWh	96.5	-13.2	-23.4	37.2	54.6	270.2
Precious metals	Index	218.9	-4.9	-6.4	-0.1	25.4	-6.2
Gold	\$/ounce	1854.8	-4.0	-4.3	1.4	25.0	-3.4
Industrial metals	Index	195.4	-8.6	-7.8	13.0	15.4	29.0
Aluminium	\$/MT	3052.5	-11.2	-12.6	8.7	9.4	40.4
Copper	\$/MT	9769.5	-5.3	-5.8	0.5	26.2	23.9
Nickel	\$/MT	31771.0	-0.1	-1.0	53.1	17.2	23.7
Agricultural	Index	75.7	5.4	4.0	24.6	14.4	28.0
Corn	\$/bushel	814.0	10.7	8.7	37.2	22.2	25.0
Wheat	\$/bushel	1043.5	6.0	3.7	35.4	15.2	20.3

Note: Data as of end of the period.
Source: Bloomberg.

Exhibit 1 **Container costs**

\$ per 40-foot container



Source: CaixaBank Research, based on Reightos data (via Refinitiv).

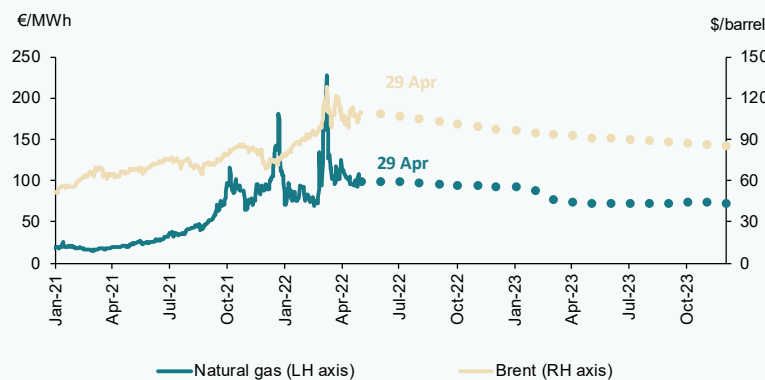
“ If we assume a negative impact on growth of around 0.25pp for every €10 increase in average oil prices and of another 0.25pp for every €30/MWh increase in gas prices, it is very likely that many industrialised nations will feel an adverse impact of close to one percentage point this year from the spike in energy prices alone. ”

–all-important– assumption than crude prices would average around \$75 (having rallied by 50% in 2021); today, futures prices point to a price of around \$105/bbl this year and, more importantly, only a slight easing in 2023, to \$96. By the same token, natural gas [2] futures are pointing to an average price of €96/MWh this year (2023: €82/MWh), compared to €47/MWh on average in 2021. In short, since the start of the conflict, oil and natural gas futures contracts, in addition to presenting significant volatility, have priced in increases in the medium-term (2023 and 2024), assuming that the mismatch between supply and demand will not be resolved immediately.

If we assume a negative impact on growth of around 0.25pp for every €10 increase in average oil prices and of another 0.25pp for every €30/MWh increase in gas prices, it is very likely that a good number of the industrialised nations are looking at an adverse impact of close to one percentage point this year on account of the spike in energy prices alone. That will ultimately depend on the governments’ ability to accommodate the supply shock, limiting its incidence in the short-term so as to avoid second-round effects.

The good news is that households in most developed economies are still holding on to some of the surplus savings set aside in 2020

Exhibit 2 Gas and oil prices



Notes: Dutch TTF natural gas and Brent oil. The dots indicate the prices of futures contracts for gas and oil for May 2022 until December 2023. The gas prices are updated using prices as of April 29th.

Source: CaixaBank Research, based on Bloomberg data.

and 2021, [3] which will help lower-income households to absorb the short-term effects of the increased prices of basic necessities. It is important to underscore the impact of the growth in agricultural commodity prices (over 50% since January 2021) for a good number of emerging economies for whom the weight of food in CPI is very high. [4] According to the World Trade Organisation, 35 African countries are highly dependent on grains from Ukraine and Russia, which could lead to shortages and, thereby, considerable social tension, in the months to come.

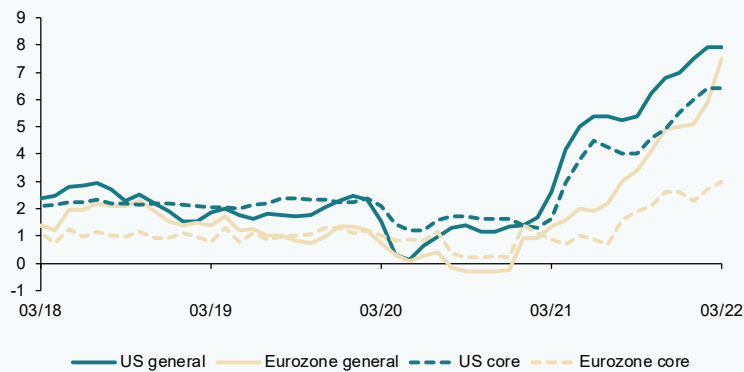
The problem is exacerbated by the fact that the supply shock comes at a particularly fragile time, as inflation had already been hovering at abnormally high levels [5] for a year. Following the contraction in global supply prompted by the widespread lockdowns of 2020, global production has been unable to keep up with the extraordinary rebound in global demand as soon as mobility restrictions were lifted, [6] compounded by the shift in consumer habits induced by the lockdowns and home-working phenomenon, triggering growth in expenditure on durable goods (computers, televisions, etc.).

The result is that the world's sophisticated and efficient value chains have displayed fragility in the last two years in the face of events such as COVID and the armed conflict, in addition to the inability to adapt to changes in demand. Therefore, the supply shock comes immediately on the heels of another disruption, at a time of great economic fragility, with inflation well above expected levels and central banks likely to be proven with hindsight to have been behind the curve in trusting for much of last year that the spike in prices would prove transient. All of which limits the scope for monetary policy intervention and increases the likelihood of second-round effects.

The second channel of transmission is the increase in uncertainty and its impact on confidence and spending and investment decisions, given that we are watching the war play out live, in real time, over social media. The Caldara and Iacovello geopolitical risk index (GPR) has almost doubled from before the hostilities began. Moreover, it has reached its highest level since the onset of the war in Iraq in March 2003 (Garcia-Arenas y Carreras Baquer, 2022).

Exhibit 3 US and eurozone: CPI

Year-on-year change, %

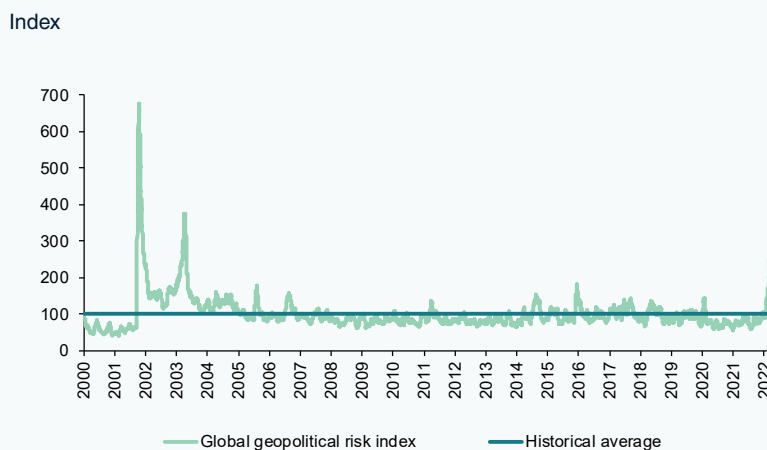


Note: The November data for the eurozone relate to the flash estimate.

Sources: CaixaBank Research, based on Bureau of Labor Statistics and Eurostat data.

“ The supply shock emanating from Ukraine comes immediately on the heels of another disruption, at a time of great economic fragility, with inflation well above expected levels and central banks likely to be proven with hindsight to have been behind the curve. ”

Exhibit 4 **Global geopolitical risk**



Note: 1-month moving average. Most recent reading: May 2nd, 2022.

Source: CaixaBank Research, based on the GPR Index from Caldara and Iacoviello.

How will the erosion of confidence affect economic agents' decisions? For now, consumer confidence has eroded by more than business sentiment and within the corporate sector, the players in the manufacturing sector appear more concerned than those in services. Although all readings remain consistent with an economy still in growth territory.

Nevertheless, as expected, confidence has eroded more considerably in Europe due to its proximity to the epicentre of the conflict. In April, the composite business sentiment index (PMI) came in at 51.0 points, down from 52.7 points in March, the lowest reading in 22 months. The key for growth, as is nearly always the case, will be the trend in private

“ While Russian goods and services exports account for around 2% of global trade, the exposure is very asymmetric and the real problem lies with Russia's energy ties, as Russia is the world's second largest oil exporter (11%) and largest natural gas exporter (25%) with Europe being its main market. ”

consumption, shaped by the negative effects of prevailing inflation on purchasing power and the existence of pent-up savings which could be released, potentially counteracting the downturn in expectations.

It is easier to predict the effects derived from trade ties with Russia, *i.e.*, the trade channel effects. Russian goods and services exports account for around 2% of the global total (0.2% in the case of Ukraine). However, that exposure is very asymmetric: Russian imports account for 7% of gross goods and services imports in the EU-27, a figure that rises above 20% in the case of Bulgaria, and ranges between 8% and 17% in the case of Finland and the Baltic nations, compared to just 1% in Ireland or Spain, for example. The real problem, however, are the energy ties, as Russia is the world's second largest oil exporter (with a share of 11%) and the largest natural gas exporter (25%), Europe being its main sales market. As a result, as expected, Russia is a prominent trade partner in the mining and coke refined oil derivative manufacturing sectors, where it commands shares of 21% and 42%, respectively, of total EU-27 imports. That high dependence is evident not only in the countries closest to Russia's borders, but also across the EU's major economies, including Germany, France and Italy, with percentages of between 13%

and 20% in mining and 15% and 24% in refined oil products.

Using the OECD's input-output tables [7] it is possible to analyse gross imports by country and to filter for the effect of intermediate inputs to determine the real impact of a country in the productive process of its trade partners. It is a good way of approximating the level of economic integration and, therefore, interdependencies across countries and sectors. For example, if we import a good into a given country, but most of that good has been made in other countries, the gross import figures fail to reflect the reality of the underlying economic ties. Something which is possible with the OECD tables. As a result, it is possible to map out the origin of the goods produced, consumed and exported in a given country by filtering for the intermediate goods along the entire value chain.

As a result, if we focus on end demand in the various European countries, the weight of Russia in value added is not very significant, just 1% of the total. [8] By country, as expected, the more dependent countries are Lithuania (6.2%), Bulgaria (5.7%), Cyprus (4.4%), Latvia (4.1%) and Estonia (3.8%). [9] However, breaking the figures down at the sector level once again reveals widespread high dependence on Russian commodities

Table 2 **Value added in end demand originating in Russia**
(% of end demand)

	TOTAL	Agriculture	Mining	Manufacturing	Utilities	Construction	Services
EU-27	1.0	1.3	16.1	2.2	2.9	0.9	0.7
Eurozone	0.9	1.1	15.8	2.0	2.5	0.8	0.6
Germany	1.0	1.2	17.4	1.9	2.1	0.8	0.6
SPAIN	0.4	0.6	11.1	1.2	1.1	0.4	0.3
France	0.6	0.7	20.1	1.7	2.2	0.5	0.4
Italy	0.9	0.9	13.5	1.9	2.3	0.6	0.5
UK	0.6	1.1	14.4	1.6	0.9	0.4	0.4
US	0.2	0.3	0.4	0.5	0.2	0.2	0.1
China	0.5	0.5	2.7	0.7	1.3	0.6	0.3
India	0.3	0.1	2.5	0.6	0.5	0.3	0.3

Source: CaixaBank Research, based on OECD data.

in the mining (16.1%) and coke and refined oil product (16.8%) sectors. In other sectors such as electricity, gas and water services (utilities), that dependence is circumscribed to specific countries, including Bulgaria (26% of end demand), Slovakia (16%), Latvia (17.9%) and Lithuania (19%). Note that in the case of Germany, 17% of end demand for mining sector products comes from Russia, a figure that rises to 19% in the case of refined products. Spain is the EU country in which Russian imports account for the lowest share of end demand, although dependence in the mining sector is also high (11% of end demand). In short, data support the perception that the potential impact via trade ties is moderate as economic integration with Russia is not significant. The problem, however, is the relatively high dependence of strategic sectors, mainly energy related, in many countries. Indeed, Russia's weight in the energy sector implies a significant 'footprint' in many products, most notably in certain manufacturing sectors.

Lastly, the financial channel is another potential source of transmission to growth, due to the banks' direct exposure to Russia and the instability that could arise in certain segments of the financial markets as a result of monetary tightening in the wake of the slew of bad news on the inflation front in recent months. As for the former, the international banks' exposure to Russia is very limited (around 100 billion euros) and has been halved since Russia annexed Crimea. In the case of the European banks, the only systems with significant exposure to Russian residents are those of Austria and Italy (4.5% and 1.5% of GDP, respectively); all other countries' exposure is very small.

The run-up in inflation is set to have a more significant impact on the financial markets. Although inflation looks to be close to peaking in much of the OECD, the worry is the spillover to core inflation and the knock-on effects for long-term inflation expectations, which are edging nearer to 3% than 2% on both sides of the Atlantic. That is shaping a shift in central bank messaging and a sharp increase in the nominal yield demanded by investors all along the interest rate curve to compensate for their exposure to inflationary risks. The market is discounting more aggressive monetary policy normalisation with official rates currently expected to reach close to 3% in the US and 1.5% in the EMU. [10] Those levels would have a potentially moderate effect on financial stability and growth, especially if they are sufficient to anchor inflation expectations at 2%, although they contrast with the financing conditions economic agents have gotten used to over the last decade (average 12m EURIBOR: 0.05%).

In the short-term, therefore, we are looking at a very different scenario to that seen in recent decades and the key lies with the interaction between interest rates, inflation and uncertainty all at much higher levels than we are used to, especially for highly indebted economies. The fact that the economic structure and the flexibility of the factors of production are very different from those prevailing in the 1970s reduces the risk of stagflation. However, it will not be easy to conduct economic policy in order to protect the more vulnerable agents' income, apportion the loss of activity generated by a supply shock fairly, allow prices to send the right signals for rebalancing the markets most affected by the war or avoid second-round inflation effects. Or at least not without

“ Data support the perception that the potential impact via trade ties is moderate as economic integration with Russia is not significant; however, the problem is the relatively high dependence of strategic sectors, mainly energy related, in many countries. ”

triggering a cooling-off in economic activity in light of the need to normalise monetary policy. As the economic authorities face the umpteenth crossroads in recent years, the price to be paid for an appropriate response to the current challenges (political and economic) could be stagnant growth for two or three quarters in exchange for minimising the threat of stagflation, which would imply many more sacrifices in the medium-term.

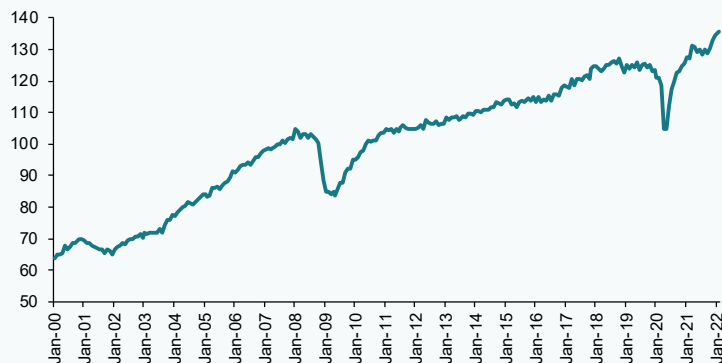
Structural changes

Although the effects of the armed conflict on economic prospects will remain front of mind over the coming months, the longer-term impacts on some of the trends that have shaped global economic performance in recent decades may prove even more

important. The search for greater strategic autonomy (especially in Europe) will drive the reformulation of foreign policy, including energy, defence and competition policies, with knock-on effects for the economy. It is obvious that the return to areas of geopolitical influence will have negative impacts on foreign trade, just as doubts about the resilience of value chains are beginning to translate into incipient searches for vertical integration in sectors where the supply chain bottlenecks have been particularly disruptive. In fact, in its most recent *World Economic Outlook (WEO)*, the IMF warns of the return of a global economy split into geopolitical blocks with different technology standards, cross-border payment systems and, even, reserve currencies. The consequence would be a reduction in potential output (loss of efficiency in the long-term),

Exhibit 5 **International trade in manufactured goods***

Index (2010 = 100)



* Monthly volumes.

Source: CaixaBank Research, based on the CPB World Trade Monitor (Merchandise).

“ In its most recent *WEO*, the IMF warns of the return of a global economy split into geopolitical blocks with different technology standards, cross-border payment systems and, even, reserve currencies, resulting in a reduction in potential output, increase in volatility and a long adaptation process. ”

“ We can call it deglobalisation, reglobalisation, nearshoring or strategic autonomy but either way we are moving towards the reformulation of value chains, which will imply sacrificing a degree of efficiency in order to gain resilience. ”

increase in volatility and a long adaptation process if the framework that has governed international trade relations during the last 75 years breaks apart.

In short, after three decades of progress, the globalisation process is now being challenged by a host of open-ended issues (COVID, geopolitics, trade wars, *etc.*), thus raising the question of whether it might be necessary to redesign a global production chain that has not been capable of getting back on its feet in over five years. The loss of efficiency in global supply could be offset by reduced dependence on countries presenting high political risk. Such regimes with ‘poor-quality democracies’ represent 31% of global GDP (The Economist, 2022) and imply a risk for trade relations that is hard to quantify or cover. Country risk analysis can assess a country’s payment capacity by analysing its liquidity and solvency but it is much harder to estimate non-democratic regimes’ ‘willingness’ or ‘inclination’ to adhere to openness and rule of law. It is harder, therefore, to measure political risk.

We are not only talking about moral matters, but also security in the event of disruptive effects caused by political tensions. We can call it deglobalisation, reglobalisation, nearshoring or strategic autonomy but either way we are moving towards the reformulation of value chains, which will imply sacrificing a degree of efficiency in order to gain resilience. It is impossible to tell where that change of paradigm will lead us but it is unlikely we’ll ever get back to the *status quo* we had before Trump took power.

The question is not whether we are on the cusp of a deglobalisation process but rather what is the best way of transitioning towards a new equilibrium. That process will not be

easy, immediate or cost-free but in all likelihood the changes are already underway. The paradox is that globalisation, apparently the most robust vertex of the Rodrik trilemma [1] up until the pandemic, may now be the component that has to be sacrificed in light of the wear and tear sustained in recent years.

The good news is that Europe has once again responded forcefully to a huge challenge for the second time in just over two years. If the European integration process advances piecemeal between crises, the materialisation of three major moments of instability (financial crisis, COVID and Ukraine) since 2008 has raised the gauntlet. A response of the calibre warranted by the circumstances wrought by the war in Ukraine, as we are seeing to date, will require reconfiguring economic, foreign, defence and energy policy, so giving the much awaited definitive push towards European integration.

Notes

- [1] The downgrade compared to the October 2021 forecasts is 1.3 percentage points.
- [2] Dutch TTF Gas Futures, the benchmark used in Europe.
- [3] Surplus savings in Spain are estimated at close to 90 billion euros, most of which are in liquid assets, which in an environment of rampant inflation should be used to offset the loss of purchasing power.
- [4] According to the IMF, food represents 40% of consumer spending in Sub-Saharan African countries, compared to 20-25% in other emerging economies and 16-18% in developed economies.
- [5] Year-on year rates of CPI in April: 7.5% in the EMU, 7.4% in Germany, 8.3% in Spain and 8.3% in the US.

[6] Demand fuelled by extremely expansionary monetary and fiscal policies.

[7] TiVA (Trade in Value Added).

[8] For example, in China, that share is 2%.

[9] The incidence of the value added by Russia is minimal in the US (0.2%) and in China (0.5%).

[10] The increases observed along the rate curve are as follows: 12m EURIBOR at 0.2%; the 12/12 FRA at 1.5%; the 10Y Spanish bond at 2% and the 10Y Treasury bond at 3%.

[11] It is not possible to pursue globalisation, national sovereignty and democracy simultaneously; one must be sacrificed.

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Responses to the energy crisis: The cases of Germany, France, Italy and Spain

The emergency measures rolled out in Germany, Spain, France and Italy to mitigate the impact of the war in Ukraine provide a short-term solution to the budding energy crisis. However, their long-term efficacy is questionable, and they also exacerbate tensions between inflation-curbing targets and energy model transformation ambitions, highlighting the importance of formulating a big-picture plan to transition away from the recent measures towards a long-term, sustainable energy strategy.

Raymond Torres

Abstract: The global shortage of fossil fuels, which developed in the middle of last year and gained momentum in the aftermath of the invasion of Ukraine, has had a strong macroeconomic impact. The most visible effects are higher inflation and slower economic growth, moving Europe to the brink of stagflation. In this context, this article compares the responses to the energy crisis of Germany, France, Italy and Spain. All four countries carried out similar measures, with

a view to: i) cushion the impact of higher energy costs on vulnerable households and enterprises (especially in Germany and France); ii) directly curb inflation via oil price subsidies (all four countries) or electricity price caps (notably France and Spain); and iii) tackle windfall profits (in particular in Italy). These initiatives may help attenuate consumer price trends, while also reducing the burden of the crisis on disadvantaged groups and sectors. However, they are temporary in

“ The key objectives of government measures are to control energy prices, the prime source of prevailing inflation, and cushion the impact on disadvantaged groups and sectors. ”

nature, so they are not necessarily adapted to a long-lasting crisis – not to mention the fact that their cost to the public accounts ranges from 15 to nearly 30 billion euros over the next few months. Moreover, the measures leave entirely open their consistency with energy transition goals.

Introduction

Having collapsed in the midst of the pandemic as a result of the economic paralysis, the energy markets have roared back to life, generating a supply shock which is spreading through the global economy. A barrel of Brent crude oil is currently trading at over 110 dollars, which is nearly four times the price observed at the start of 2021 (Exhibit 1). Over that same period, the benchmark for gas prices in the European market (Dutch TTF futures) has increased more than fivefold (to

close to 85 euros per MWh). In both markets, in addition to the clear-cut rally, prices have been highly volatile, especially since the invasion of Ukraine.

This scenario has clouded the economic outlook, particularly for net importers, such as the European Union. [1] In the face of such a deterioration in expectations, governments have rolled out different emergency measures, as outlined in this paper, which focuses on the responses to the energy crisis in Germany, Spain, France and Italy – the EU’s four largest economies.

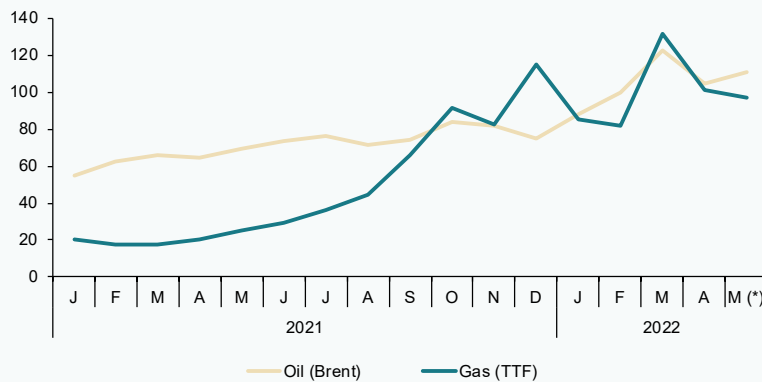
Objectives of the measures

The emergency plans rolled out in recent months are designed to mitigate the main channels of transmission of the exponential growth in energy prices, chief among which

Exhibit 1

Energy market tensions

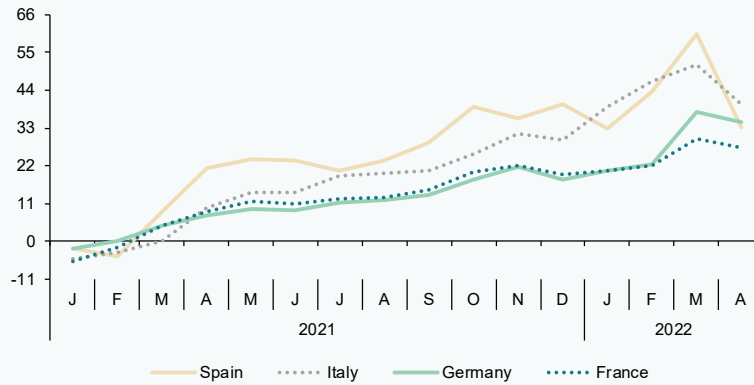
Brent oil prices (\$/barrel) and TTF gas prices (€/MWh)



(*) Average to May 20th.
Source: Eurostat.

Exhibit 2 **Energy component fuelling CPI**

Energy CPI, YoY rates



Source: Eurostat.

inflation, which is rising sharply in all European countries. In April, eurozone CPI reached 7.4%, fuelled mainly by energy costs (Exhibit 2). As is well known, Russian gas is crucial to electricity price formation, even in countries like Spain whose dependence on Russia is relatively small. Higher electricity bills are precisely what caused the abrupt uptick in inflation observed since mid-2021. More recently, the higher cost of electricity has spilled over to other goods and services, driving core CPI to close to 3.5%. As a result, the primary goal pursued by the measures taken so far is to control energy prices, the prime source of prevailing inflation.

Secondly, policies also seek to shield specific vulnerable groups from the effects of inflation.

As household income is increasing at a slower pace than spiralling prices (average collectively-bargained wages are increasing by less than 3% in all four economies under analysis), purchasing power is being eroded. To keep up their spending, households can dip into the savings set aside during the pandemic. However, since that is not happening so far, an abrupt slowdown in consumption is unavoidable. Moreover, low-income households with meagre savings buffers are facing major difficulties making ends meet, thereby sparking social unrest.

Spanish businesses are also encountering new difficulties in the form of costs that were already rising sharply before the conflict. In Spain, for example, the industrial price

“ So far, the growth in costs of commodities and other crucial inputs has only been partially passed on to end prices by non-energy firms, suggesting that profits are being eroded, threatening another harsh blow for businesses less than two years after the eruption of the pandemic. ”

“ Governments are trying to contain energy inflation and its impacts by means of four different lines of intervention: untargeted tax measures; reforms designed to alter how the market operates; compensation for specific groups; and initiatives designed to encourage energy savings and the use of alternative sources of supply. ”

index registered unprecedented year-on-year growth of 47% in March, fuelled by energy costs (135%), spilling over to non-energy products (14%). That sharp upward trend echoes, above all, the surge in the cost of commodities and other crucial inputs, such as chips and metals. So far, the growth in those costs has only been partially passed on to end prices by non-energy firms, suggesting that profits are being squeezed, thus threatening another harsh blow for businesses less than two years after the eruption of the pandemic.

That squeeze on margins, coupled with bottlenecks and the uncertainty exacerbated by the war, is weighing on business investment. Without a doubt, the European funds can offset this risk to a degree. For that to happen, however, in addition to resolving the delays in their management, it is important to prioritise deployment of the funds so as not to add further to inflation. Some sectors, like construction, were already experiencing rising costs and supply issues before the conflict.

Thirdly, to finance some of the spending triggered by the cost-compensation schemes, governments have introduced other measures designed to reduce the windfall profits reaped in the wholesale electricity market, a marginal price system.

Key lines of initiative

More specifically, governments are trying to contain energy inflation and its impacts by means of four different lines of intervention: untargeted tax measures; reforms designed to alter how the market –especially the electricity market– operates; compensation for specific groups; and initiatives designed to encourage energy savings and the use of alternative sources of supply. [2]

The measures with the most immediate impact include all-encompassing energy tax breaks and subsidies to alleviate energy bills for consumers as a whole –i.e., these are untargeted measures. The most common such measure consists of reducing duties on hydrocarbons, applicable to individuals and businesses alike, irrespective of their income levels. The most emblematic, announced in the context of deep social unrest as a result of the sudden spike in oil prices, includes a discount at petrol stations, ranging from 20 cents per litre of fuel in Spain to 30 cents in Germany and Italy and up to 35 cents in France (Table 1). Another widespread move has been to cut VAT on energy products and other indirect taxes and surcharges on electricity consumption.

Given their untargeted nature, these measures are proving particularly expensive for the

“ The measures with the most immediate impact include all-encompassing energy tax breaks and subsidies to alleviate energy bills for consumers as a whole, in an untargeted manner. ”

Table 1 Responses to the energy crisis

A. Untargeted measures: Fuel subsidies (per litre)	
Germany	30 cents per litre of petrol and 14 cents per litre of diesel
Spain	15 cents borne by the state and 5 cents by the fuel companies
France	15 cents (35 cents for the fishing fleet)
Italy	30 cents
B. Electricity market	
All countries	Reduction in VAT and other levies
Spain	Cap on the price of gas used to generate electricity
France	Electricity tariff increase capped at 4% in 2022
Italy	25% windfall tax on electric utilities
C. Compensation schemes for vulnerable households and sectors	
Households (a few examples):	
Germany	Poor households receive checks to fully cover payment of electricity bills
Spain	Automatic rollover of the so-called social voucher and extension to beneficiaries of minimum income scheme
France	Additional energy voucher of €100 for vulnerable households
Italy	€200 check for people with annual income under €35,000
Businesses (a few examples)	
Germany	No specific aid (only general measures; see above)
Spain	Aid for carriers, fishing community and electro-intensive industry
France	Additional aid for transport sector
Italy	Aid for electro-intensive sectors whose electricity bills increase by over 30%
D. Reduction of energy dependency	
All countries	Investment in renewables (in France, mainly nuclear power)
Germany	Monthly public transport subsidy of €9 Investment in regasification plants
Italy	Air-conditioning usage controls in summer Investment in regasification plants

Source: Funcas, based on national sources.

public coffers. In Germany, for example, the budget impact is estimated at 15 billion euros.

Electricity price formation reforms, designed to take direct aim at inflation, are more heterogeneous. France is the only one of the

four major economies to limit the price paid by end consumers for their electricity – price increases have been capped at 4% for 2022, so that costs that exceed that threshold will generate a tariff deficit, which will be borne by the public operator (adding to EDF's debt,

“ In Spain, the authorities are negotiating a price mechanism with the European Commission that will limit the price of gas used in the electricity market and is expected to take effect in the coming weeks. ”

“ All of the countries analysed have rolled out ambitious energy cost compensation schemes with the goal of mitigating the impact of inflation on the more vulnerable groups. ”

which at year-end 2021 stood at 43 billion euros).

In Spain, the authorities are negotiating a price mechanism with the European Commission that will limit the price of gas used in the electricity market and is expected to take effect in the coming weeks. That limit will initially be set at 40 euros, almost half of the traded price (on MIBGAS) in May, from where it will gradually increase to 70 euros. That mechanism, which will be put in place for one year, will alleviate electricity bills (official estimates put the saving at around 15% to 20%). However, unlike the French measure, it will not prevent price fluctuations. Indeed, the difference between the price cap and market gas prices will be offset in electricity bills depending on the energy consumed.

All of the countries analysed have rolled out ambitious energy cost compensation schemes. Here the goal is not to contain inflation but rather to mitigate its impact on the more vulnerable groups. These schemes pay particular attention to individuals facing financial difficulties. In Germany, the lowest income households will receive checks to cover their electricity bills in full, whereas in the other three countries, the governments will hand out vouchers as a function of income levels and, in the case of Italy, recipients' health situation. These schemes also contemplate a broad range of circumstances affecting businesses, including carriers, the fishing

community, electro-intensive industries and small companies in general. The only exception is Germany, which is not providing businesses with any specific aid.

Among those initiatives, it is worth highlighting the 20% reduction in energy bills for businesses in electro-intensive industries in Italy experiencing price increases in excess of 30%. These are, therefore, income compensation schemes similar to those rolled out during the pandemic to help the sectors most affected by the business restrictions.

Lastly, in terms of reducing dependence on hydrocarbons, particularly Russian oil and gas, some modest steps have been taken to limit demand for energy, such as the reduction in public transportation prices in Germany and the obligation in Italy to set air-conditioning thermostats at no less than 25 degrees this summer. Demand-curbing measures are not therefore the governments' preferred choice in tackling the energy crisis. In contrast, the promotion of renewable sources of energy, electric vehicles and energy-efficiency investments is fairly common in the EU. That effort is being intensified under the scope of the Next Generation EU funds and comes as good news for Spain, which presents a significant comparative advantage in the sector.

Elsewhere, given Russia's threats to cut off gas supplies altogether, efforts have intensified

“ Demand-curbing measures are not the governments' preferred choice in tackling the energy crisis; however, the promotion of renewable sources of energy, electric vehicles and energy-efficiency investments is fairly common in the EU. ”

Table 2

Estimated budget cost of the various measures

€ billion

	Germany	Spain	France	Italy
Measures implemented:				
Before invasion of Ukraine	15.0	6.0	16.4	8.5
After invasion of Ukraine	15.0	16.0	27.0	26.5

Note: The period before the invasion of Ukraine refers to the measures adopted between September 2021 and the start of the war.

Source: National plans and Funcas estimates.

to diversify sources of supply, including the construction of new regasification plants (particularly in Germany and Italy), expansion of storage capacity and upgrade of interconnection infrastructure in Europe. France, in particular, is prioritising consolidation of its nuclear power programme.

The budget costs of the emergency plans are considerable (Table 2). The funds earmarked prior to the invasion of Ukraine amounted to between 6 and 16.4 billion euros. Since then, all of the economies have rolled out emergency measures with an additional cost of between 15 billion euros in Germany and 27 billion euros in France. Moreover, they are time-limited measures which may have to be extended depending on the course taken by inflation. All of which before considering the cost of the investments announced to reduce dependence on Russian gas. As noted above, the measures applied to the population at large, such as the fuel price subsidies, are the most onerous. The energy investment programmes are also costly in the short-term but are expected to deliver savings in the medium- to longer-term.

Finally, it is worth noting that each country plans to finance those programmes differently.

France is essentially using the general state budget, whereas Germany and Spain are tapping part of the tax receipts generated directly by the growth in prices (via VAT or carbon allowances, for example) to finance their measures. Italy has introduced a windfall profit tax of 25% in the energy sector.

Expected effects

The four types of measures described in the previous section exert different economic impacts, at least in theory (Table 3). The most immediate measures deployed to curb inflation are the widespread reductions of energy taxes and surcharges, with a direct impact on the prices borne by consumers. However, their effectiveness tends to get diluted over time. Moreover, by failing to focus on the neediest consumers, across-the-board cuts are usually relatively costly for the public coffers, while only of limited effectiveness in terms of shielding the business community. Lastly, measures of this kind interfere with market signals, therefore conflicting with energy transformation goals.

Changes to price formation mechanisms can also help thwart the inflationary spiral in the short-term. One example is to place a cap on

“ While the budget impact of emergency measures will be considerable, each country plans to finance those programmes differently. ”

Table 3

Theoretical impact of the various measures for combatting energy inflation

	Goals	
	Reduce inflation	Redistribute the burden
Measures		
Untargeted energy tax cuts	Favourable in the short-term; subsequently of no benefit	Nil or adverse
Electricity price mechanism reform	Effective for curbing electricity costs but not overall inflation	Limited
Compensation for vulnerable households and sectors	Nil	Favourable (if well designed)
Energy efficiency	Nil in the short-term; subsequently favourable	Uncertain

Source: Funcas.

the price of the gas coming into the electricity system. [3] Depending on its design, the cost-benefit trade-off of this measure could be relatively favourable. However, this formula also creates the need to ensure market rules contemplate incentives to shift to renewable energy and transform production and consumption habits.

The income compensation schemes targeted at vulnerable groups and sectors are undoubtedly the most effective at shielding the productive apparatus and fostering social cohesion. However, they do not have a direct impact on inflation; nor do they provide an incentive for structural transformation. The lessons offered by the aid provided to heavy industry in the 1970s highlight the importance of accompanying relief measures with energy-efficiency incentives or run the risk of

artificially propping up zombie technologies in the long-run.

Programmes designed to foster energy savings and investment in renewable sources are therefore essential even though they will only tackle the effects of the crisis in the long-term. Their effectiveness will depend on the coherence between those investments –covered by the European funds– and market incentives.

In short, the emergency plans rolled out in the wake of the onset of war in Ukraine provide a short-term solution to the budding energy crisis. However, they are unlikely to tackle inflationary forces in a durable manner. They also exacerbate the tension between inflation-curbing targets and energy model transformation ambitions. The effectiveness

“ The lessons offered by the aid provided to heavy industry in the 1970s highlight the importance of accompanying relief measures with energy-efficiency incentives or run the risk of artificially propping up zombie technologies in the long-run. ”

of some of the initiatives, particularly non-targeted tax cuts or widespread fuel subsidies, is questionable, despite being the option of choice for all four economies analysed. All of this highlights the importance of moving away from the recent measures justified by the urgent circumstances towards a strategy which takes into account long-term energy transition goals.

Notes

[1] As noted in the IMF's *World Economic Outlook* of April 2022.

[2] See the comparative analysis published by Bruegel (<https://www.bruegel.org/publications/datasets/national-policies-to-shield-consumers-from-rising-energy-prices/>).

[3] See the latest Bank of Spain's annual report.

Raymond Torres. Director of
Macroeconomic and International
Analysis, Funcas

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Spain's household and corporate accounts: Two years after the pandemic

Although the recovery in Spanish GDP was somewhat less intense than initially expected in 2021, the recovery in employment was noteworthy and stronger than anticipated. Against that backdrop, two years after the onset of the pandemic, the financial health of Spain's households remains solid, whereas that of the corporate sector has somewhat deteriorated.

María Jesús Fernández

Abstract: Although the recovery in Spanish GDP was somewhat less intense than initially expected in 2021, the recovery in employment was noteworthy and stronger than anticipated. Against that backdrop, the recovery in household income was more intense than that of the corporate segment that year. Household GDI ended 2021 2.8% below that of 2019, whereas corporate income remained 9.7% lower. The more pronounced recovery in the former was driven largely by public sector wages, as well as social benefits, which both rose above 2019 levels. Spain's households once again

registered excess savings in 2021, albeit below 2020 levels, earmarking nearly the entire volume of surplus savings towards housing investment. Despite that, household debt levels increased for the first time since 2008, albeit by a far lesser degree than the increase in Spanish corporate debt. That said, Spain's companies too increased their leverage, despite generating, on aggregate, a sizeable net lending position, with companies most affected by the pandemic taking on additional borrowings largely to fund current expenses and ultimately, to some extent, eroding their overall financial health.

“ The recovery in employment was noteworthy and stronger than anticipated, with the number of job holders in Spain by the end of the third quarter of 2021 surpassing that of the same quarter of 2019. ”

The surplus savings generated in 2021 were earmarked for home buying

Having contracted a resounding 10.8% in 2020 as a result of COVID-19, Spanish GDP recovered somewhat less intensely than initially expected in 2021, registering growth of 5.1%. The recovery in employment, however, was noteworthy and stronger than anticipated. Job destruction in 2020 was contained by the furlough scheme. Nevertheless, by the end of the third quarter of 2021, according to the *Labour Force Survey*, the number of job holders in Spain had surpassed that of the same quarter of 2019, despite the ongoing lag in the recovery in GDP. By the same token, the total number of Social Security contributors revisited pre-pandemic levels by around September, with the private sector contributor figure reaching the same milestone a couple of months later. However, the number of hours worked has yet to fully recover.

Against that backdrop, Spanish households' gross disposable income (GDI) (and that of non-profit institutions serving households) increased by 2.2% in 2021, recovering 42% of the ground lost during year one of the pandemic, albeit with significant differences by source of income. Wage compensation increased by 5.5% – just 0.4% (or 2.25 billion euros) shy of 2019 levels. That recovery is largely due to the increase in wages paid by

the public sector, which in 2021 were 9.4% higher than in 2019, shaped by growth in public employment, while the remuneration paid by corporations continued to lag that threshold by 3.5%. In contrast, recipients of capital income, specifically dividends, who saw that income contract by 80% in 2020, suffered an additional contraction of 2.8% in 2021, to 5.4 billion euros, compared to the 27.71 billion euros received in 2019 (Table 1).

The other sources of capital income sustained a decrease of 9.5% on aggregate over the two years in question. Social benefits, meanwhile, registered a slight increase in 2021, on the heels of sharp growth in 2020, so that in 2021 they were 15% above pre-pandemic levels, which is 33.9 billion euros more. Lastly, Spanish households' interest payments declined further in 2021, to a record low since the series began in 1995.

Although household income had not revisited pre-crisis levels by 2021, the amounts paid by them in the form of social security contributions and income and property taxes were considerably above 2019 levels. Indeed, social security contributions were 11.33 billion euros higher and income tax was 7.71 billion euros higher. That meant a considerable increase in effective tax rates relative to taxable income for which it is hard to find a complete explanation, as there were no regulatory changes or tax rate increases to substantiate that phenomenon.

“ Although household income had not revisited pre-crisis levels by 2021, social security contributions and property taxes were considerably above 2019 levels, leading to a considerable increase in effective tax rates relative to taxable income, despite the lack of regulatory changes or tax rate increases to substantiate that phenomenon. ”

Table 1 **Non-financial accounts – households and NPISHs**

Millions of euros

	2019	2020	2021	Change versus 2019, in %
Wage compensation, of which:	578,350	546,162	576,104	-0.4
- Paid by public sector	134,729	140,454	147,363	9.4
- Paid by non-financial corporations	375,668	343,153	362,536	-3.5
- Other	67,953	62,555	66,205	-2.6
Household gross operating profit and mixed income	217,184	199,375	204,105	-6.0
Social benefits received	215,452	248,393	249,347	15.7
Dividends	27,712	5,552	5,398	-80.5
Other property income	23,817	21,183	21,543	-9.5
Current transfers received	82,242	83,113	94,761	15.2
Total income received	1,144,757	1,103,778	1,151,258	0.6
Property income paid	5,606	4,305	3,591	-35.9
Social benefits paid	173,379	174,376	184,708	6.5
Current transfers paid	78,730	77,185	90,377	14.8
Income and property tax	106,144	105,374	113,858	7.3
Gross disposable income	780,898	742,538	758,724	-2.8
Nominal consumption	713,638	628,017	669,734	-6.2
Savings (*)	64,507	110,694	86,547	34.2
Gross capital formation	42,590	41,887	71,064	66.9
Gross fixed capital formation	42,077	40,902	52,115	23.9
Net lending (+) /borrowing (-) position	20,552	68,688	19,224	-6.5

(*) The sum of consumption plus savings is not exactly equivalent to GDI due to adjustments in participation in pension funds.

Source: INE.

Nominal consumption rebounded by 6.6%, outpacing the growth in disposable income, driving a drop in household savings to 86.55 billion euros, down from the all-time high of 110.69 billion euros generated in 2020. Nevertheless, that figure continues to mark a very high level by historical standards and the second highest reading since 2020. Savings as a percentage of GDI dipped from 14.9% in 2020 to 11.4%, which is well above the average of recent years, which means that households continued to generate surplus savings (Exhibit 1). In 2021, the population's spending patterns had still not returned to

normal. Recall that the interregional mobility restrictions remained in place until May and a number of other restrictions remained in place all year long. It wasn't until late in the year that enough of the population was vaccinated to enable the more hesitant citizens to resume their social lives and pre-pandemic customs. Which is why the pool of *forced* savings stored away in 2020 increased even further in 2021 (Fernández, 2021).

If we assume that the desired savings rate is in line with the average recorded from the

“ If we assume that the desired savings rate is in line with the average recorded from the end of the last crisis until 2019, which is 6.9%, surplus savings set aside in 2021 amounted to around 34 billion euros, on top of the approximately 60 billion euros generated in 2020. ”

end of the last crisis until 2019, which is 6.9%, surplus savings set aside in 2021 amounted to around 34 billion euros, on top of the approximately 60 billion euros generated in 2020. Note, however, that not all of that surplus is *undesirable* as a portion may be justified by the prevailing uncertainty.

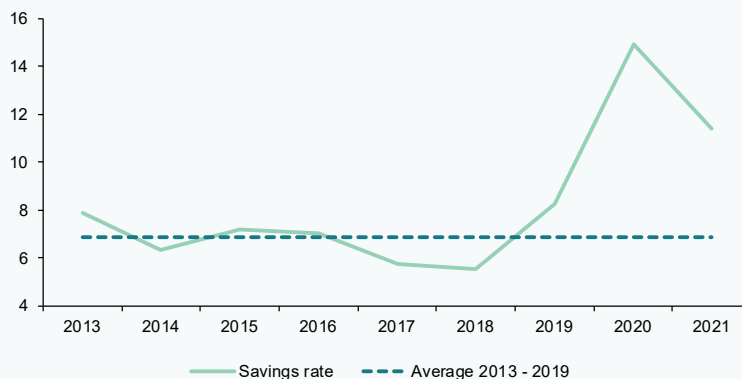
What was very different in 2021 compared to year one of the pandemic was what Spanish households did with their savings. In 2020, 40.90 billion euros was channelled into gross fixed capital formation, primarily real estate – in line with the level observed in prior years. However, in 2021, this figure rose to 52.12 billion, the highest since 2011 (Exhibit 2). Added to this are almost 19.0 billion in changes in inventories and acquisitions less transfers of valuable objects, an amount that is surprisingly higher than usual (given that in

the entire historical series, households have never allocated more than 1.7 billion for this purpose). The remainder, 19.22 billion euros, or 1.6% of GDP, constitutes the net lending position generated by Spain’s households in 2021, which was earmarked to financial assets, mainly deposits and investments in shares and mutual funds. It is fair to say, in short, that the surplus savings generated in 2021 over the desired savings were earmarked entirely to increasing investment in housing, in addition to the aforementioned increase in changes in stocks and acquisitions, less transfers of valuable objects.

Elsewhere, unlike what we saw in 2020, in 2021, the household segment did not use their spare savings to repay debt; to the contrary, their borrowings increased in nominal terms, albeit very moderately (3.71 billion euros), for

Exhibit 1 Household savings rate

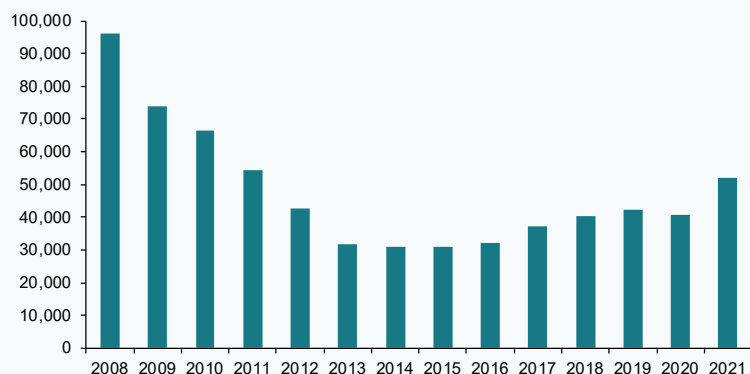
Savings as a percentage of GDI



Source: INE.

Exhibit 2 Household gross fixed capital formation

Millions of euros



Source: INE.

the first time since 2008. However, the ratio of debt to GDI actually decreased, to 92.8%. This leverage is a little above that of 2019, because GDI has still not fully recovered, but remains the lowest reading –except for 2019– since 2003.

Corporate income, still far from pre-pandemic levels

The non-financial corporations' gross operating profit (GOP) made up half of the ground lost in 2020 in 2021, but still ended up 8.8% (24.4 billion euros) below the pre-

Table 2

Non-financial accounts – non-financial corporations

Millions of euros

	2019	2020	2021	Change versus 2019, in %
Gross value added	651,743	563,239	611,362	-6.2
Personnel costs	375,668	343,153	362,536	-3.5
Gross operating profit	274,407	224,583	250,381	-8.8
Interest, dividends and other income received	68,327	59,692	58,840	-13.9
Interest paid	11,111	9,285	8,245	-25.8
Corporate income	316,542	260,389	285,846	-9.7
Dividends paid	84,967	52,715	54,543	-35.8
Income tax paid	18,548	16,989	26,462	42.7
Gross disposable income	202,990	180,657	192,620	-5.1
Gross capital formation	189,938	155,788	155,012	-18.4
Gross fixed capital formation	180,478	152,721	156,697	-13.2
Net lending (+) /borrowing (-) position	16,755	31,016	46,819	179.4

Source: INE.

“ Despite the shortfall in operating profit by comparison with 2019, corporate income essentially increased by 43%, again implying, as in the case of the household segment, a significant increase in the effective tax rate borne by the business community. ”

pandemic figure. The capital income earned by these businesses, mainly dividends, contracted further, however, so that overall corporate income was nearly 10% below that of 2019. The dividends paid out increased slightly year-on-year, to 54.54 billion euros, but were still lower than those of 2019 by 30.42 billion euros (Table 2).

The Bank of Spain’s quarterly balance sheet statistics point in the same direction. Gross operating income increased by 23.6% in 2021, not fully making up for the contraction of 38.3% sustained in 2020, while the ratio of ordinary profit over net assets amounted to 4.7%, still well below the 6.8% attained in 2019. The Bank of Spain highlights the fact that the growth in energy costs curtailed the recovery in business margins in the more

energy-intensive sectors towards the end of the year (Bank of Spain, 2022).

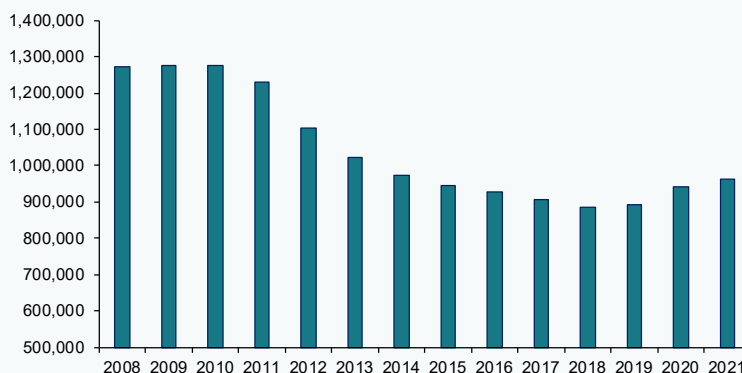
Despite the shortfall in operating profit by comparison with 2019, income and capital gains tax (mainly corporate income tax) increased by 43%, again implying, as in the case of the household segment, a significant increase in the effective tax rate borne by the business community.

The corporate sector’s gross savings – equivalent to disposable income, *i.e.*, corporate income after the payment of taxes and distribution of dividends – increased to 192.62 billion euros, which is still 10.37 billion euros below 2019 levels. That volume of savings was more than what was needed to finance gross capital formation, giving rise to a surplus (net lending position) of

Exhibit 3

Consolidated debt of non-financial corporations

Millions of euros



Source: Bank of Spain.

46.82 billion euros, which was used to purchase financial assets.

Despite having generated a comfortable buffer, corporate indebtedness increased, as was the case in 2020. That is attributable to the different impact of the crisis on the various sectors. The financial health of the companies operating in the sectors related with hospitality, tourism and leisure remained very delicate due to the persistence for much of the year of considerable restrictions and a still-limited recovery in their business volumes. In short, whereas some companies were able to generate a financial surplus, others were obliged to leverage up, with the proceeds earmarked, essentially, to current spending rather than productive investment. As a result, the volume of corporate borrowings at year-end 2021 was 70 billion euros above that of 2019 (Exhibit 3).

Conclusions

Two years on from the onset of the pandemic, the financial health of Spain's households, taken as a whole, remains solid, whereas that of the corporate sector has deteriorated. The recovery in household income was more intense than that of the corporate segment in 2021. Household GDI ended 2021 2.8% below that of 2019, whereas corporate income remained 9.7% lower. The more pronounced recovery in the former was driven largely by the wages paid by the public sector, as well as social benefits, with both headings rising above 2019 levels.

Spain's households once again saved in excess of the desired level in 2021, albeit by less than in 2020, and earmarked the entire balance of their surplus savings to financing the substantial growth observed in investment in housing. The latter is also responsible for the increase in household debt, for the first time since 2008, although by far less than Spain's corporate sector. Indeed, Spain's companies increased their borrowings, despite generating, on aggregate, a sizeable net lending position. That increase is attributable to the varying impact of the pandemic on different sectors. The companies most affected by the pandemic were forced to take on additional borrowings, not to finance

capital expenditure, but rather to fund current expenses, implying, in addition to the partial recovery in earnings, erosion of their financial health.

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María Jesús Fernández. Funcas

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Strong recovery in 2021 tax revenue: Contrasting with the previous crisis

The contraction in 2020 tax receipts as a result of the pandemic and the associated mobility and business restrictions was mitigated by the government's crisis response measures. In contrast to the wake of the previous crisis of 2008, in the space of just one year, 2021 tax revenue increased 15.1%, topping pre-pandemic levels- a trend that, under current assumptions, is expected to continue into 2022, albeit at a slower pace.

Susana Borraz Perales and Montaña González Broncano

Abstract: The revenue managed by Spain's tax authority, the AEAT, over the past decade has registered average annual growth of 2%. Tax revenue peaked in 2021 at 223.39 billion euros, rebounding by 15.1% from 2020, when receipts contracted. This contrasts with the slower and more gradual recovery etched out from 2010 onwards in the wake of the 2008 crisis. The two most noteworthy aspects of the trend in tax revenue in 2021 include the fact that: (i) the correction lasted for just one year; and (ii) it was followed by a strong recovery to above pre-pandemic levels in the span of

just one year. The differential performance of the recovery in tax revenues during the two crises can be largely attributed to the different institutional measures implemented to mitigate their consequences and the healthy pace of recovery in the tax bases of each of the main taxes, both those related with income and, especially, those associated with consumption. That last factor bodes well for continued healthy tax collection dynamics in 2022, shaped by economic growth, albeit with more moderate growth than initially anticipated on account of the war in Europe

“ Among other things, government crisis mitigation measures unlocked tax receipts in 2021 that topped pre-pandemic levels by over 10 billion euros, to reach a record level of 223.39 billion euros, which was 1.3 billion euros above the figure budgeted for 2021. ”

and, above all, ongoing high inflation. These favourable tax dynamics, however, rest on the assumption that the measures passed to tackle the crisis unleashed by the war thus far, including the associated tax breaks, do not remain in place for an extended period.

Positive tax collection trend over the past decade

Revenue from the taxes managed by the Spanish tax authority, the AEAT, has been trending higher since the financial crisis, registering average annual growth of 2% since 2009. Although the snapshot for the public coffers during that time is positive, it is important to recall that Spain has had to navigate two crises during the last 13 years. However, the reasons underpinning each were radically different, [1] as were the

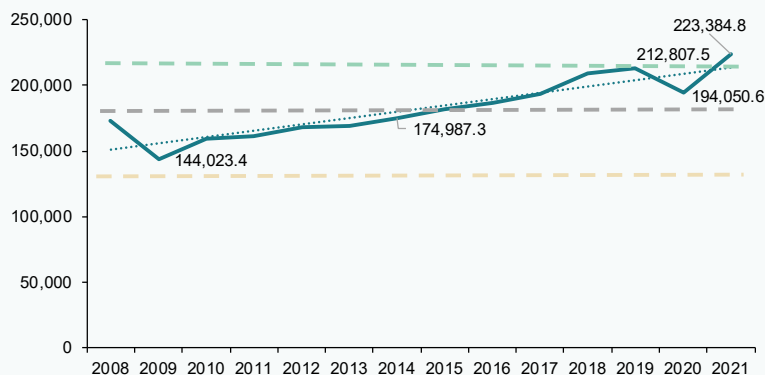
government’s responses and measures to tackle their economic and social ramifications. As a result, the impact on tax revenue has also been different in terms of intensity and the specific impact on the different taxes.

The crisis unleashed in 2008 was characterised by a slower recovery in tax revenue, as it took five years for revenue to revisit pre-crisis levels, with receipts plummeting in 2009 (-17% YoY), by far more than the contraction in GDP (-3.6% YoY). In contrast, in response to the more recent crisis of 2020, the government passed a specific package of measures designed to mitigate the fallout from the coronavirus, sized at nearly 80 billion euros between 2020 and 2021. That response: i) contained the drop in revenue in 2020 to 8.8% year-on-year, which is one percentage point less than the contraction

Exhibit 1

Net receipts from the taxes managed by the AEAT

Millions of euros

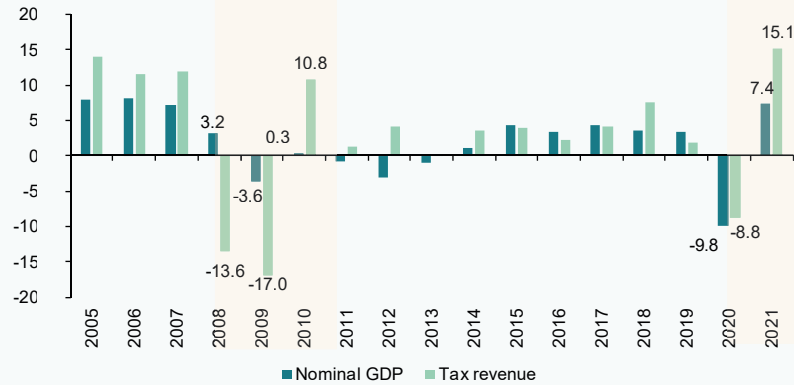


Source: Monthly Statistics (AEAT).

Exhibit 2

Trend in tax revenue relative to GDP growth

YoY, %



Sources: Monthly Statistics (AEAT and INE).

in GDP; ii) limited the duration of the crisis to just one year – the economy rebounded in 2021, fuelling significant growth in revenue (+15.1%, above the growth in nominal GDP of 7.4%); and iii) unlocked tax receipts in 2021 that topped pre-pandemic levels by over 10 billion euros, to reach a record level of 223.39 billion euros, which was 1.3 billion euros above the figure budgeted for 2021.

Impact on tax revenue of the health and economic crisis of 2020 by comparison with the financial crisis of 2008

As already noted, the most remarkable thing about the impact on tax revenue of the crisis of 2020 is the speed of the recovery to pre-pandemic levels, most notably towards the end of 2021, thanks to the recovery in employment and jump in inflation.

The pace of recovery of pre-crises tax revenue levels was radically different in both crises. Tax revenue increased by 15.1% in 2021, well above the recovery observed in the wake of the previous crisis – five points above the growth registered in 2010 and even more so compared to the rates of growth sustained in subsequent years (2011-2019).

However, in contrast to what happened in 2021, the healthy pace of recovery in revenue observed in 2010 was not enough to push receipts back above the previous highs of 2005. It took until 2018, a year of significant growth in tax revenue (+7.6%), for Spain to revisit 2005 levels, with growth over most of the previous years limited to less than 5% year-on-year.

The factors driving the recovery in tax revenue also differed starkly between the two crises. The growth in revenue in 2010 was mainly attributable to the reduction of the refunds in personal income tax (PIT), corporate income tax (CIT) and VAT that were applied for in respect of 2009 (reimbursed in 2010), with a cash impact in 2010 of 11.35 billion euros. [2] There was also an increase in revenue from payments deferred in prior years and the results of inspections, which increased by 25.2% from 2009 (2.45 billion euros).

However, the trend in tax revenue in 2010 was shaped above all by the boost provided by the fiscal austerity measures passed. Those measures had an estimated impact of 6.14 billion euros, which was responsible for

“ The trend in tax revenue in 2010 was shaped above all by the boost provided by the fiscal austerity measures passed, while in 2021, the main reason for growth in revenue was the recovery in the various tax bases. ”

revenue growth of 4.3 points. Stripping out that impact, the adjusted rate of growth in tax revenue would have fallen to 6.5%. The main tax regulation changes included partial elimination of the 400-euro tax deduction in withholdings and fractionated payments, with an impact of almost 3.9 billion euros; the increase in indirect tax rates, including VAT (impact of +2 billion euros) and excise duty (+1.19 billion euros).

In contrast, returning to 2021, the main reason for the growth in revenue was the recovery in the various tax bases, which increased by

12.7%, topping 2019 levels by 4%. On the other hand, unlike in 2020, the numerous and varied regulatory measures and changes rolled out in 2021 had a limited impact on tax revenue in net terms. Isolating the effect of the measures approved in conjunction with the 2021 state budget, a year of higher taxation wherewithal, the net impact is estimated at just 0.75% of the effective growth.

The differences are even more pronounced when we dig down into the trend in each of the main taxes in the most critical years, particularly in the case of PIT. During the

Table 1 **Impact of new tax regulations in 2010**

	Impact (€ m)	Impact on revenue (%)
Total impact of regulatory changes, 2010	6,140	4.30
Partial elimination of €400 deduction	3,890	2.72
<i>Withholdings</i>	3,650	2.56
<i>Fractionated payments</i>	240	0.17
5% reduction in public wages	-570	-0.40
Increase in capital gains withholding tax to 19%	430	0.30
Reduction in job creation/maint. rate	-410	-0.29
Accelerated depreciation	-400	-0.28
Increase in VAT to 18% / 8%	2,010	1.41
Increase in excise duty rates	1,190	0.83

Source: AEAT, Monthly December 2010 report.

“ During the previous crisis, the drop in PIT revenue in 2009 coincided with a drop in gross household income of around 2.5%, while in contrast, in 2020, PIT was the only tax to register slight revenue growth (+1.2%). ”

Table 2 **Impact of new tax regulations in 2021**

	Impact (€ m)	Impact on revenue (%)
Total impact of regulatory changes, 2021	-501	-0.26
Measures to facilitate liquidity	712	0.37
Measures to support SMEs	-203	-0.10
Measures related to COVID products	9	0.00
Other COVID measures	-52	-0.03
2021 budget	1,462	0.75
<i>Increase in PIT rates</i>	131	0.07
<i>Amendment of exemption under art. 21</i>	79	0.04
<i>Increased rate on sugary and sweetened beverages</i>	314	0.16
<i>Increased rate on insurance premiums</i>	476	0.25
<i>New tax on financial transactions</i>	296	0.15
<i>New tax on certain digital services</i>	166	0.09
Measures related with electricity	-1,605	-0.83
<i>Electricity VAT rate cut</i>	-509	-0.26
<i>Electricity duty rate cut</i>	-336	-0.17
<i>Elimination of 7% generation levy</i>	-760	-0.39
Income and refunds	-824	-0.42

Source: Monthly December 2021 Report (AEAT).

previous crisis, the drop in PIT revenue in 2009 coincided with a drop in gross household income of around 2.5%, compared with growth of 4% in 2008. All components of pre-tax income deteriorated, but earned income contracted the hardest (-0.4% vs. +7.1% in 2008) affected by the loss of paid employment (-6.2%) and slower growth in average wages. In contrast, public wage, pension and jobless claim dynamics remained positive (+8.5%), confirming their role as automatic stabilisers in times of crisis. Other components that corrected sharply were capital income (-8.6%) and income from business activities (-11.8%). In contrast, in 2020, PIT was the only tax to register slight revenue growth (+1.2%). The reason for that growth in such an adverse climate as that of the pandemic was the offsetting role played by public wages and pensions –as was the case in 2009– which registered growth

all year long, in tandem with the income support measures, such as the furlough scheme, curtailing the immediate impact on tax revenue. Note additionally with respect to the comparison with 2019, the bulk of the refunds associated with maternity benefits took place that year. [3] The 2020 result was also positively affected by a good performance in other items, including annual taxpayer returns and, less significantly, withholdings against investment funds. In the other items of income (employee withholdings in the private sector, fractionated payments by businesses, withholdings against securities capital gains and leases), the decline was the result of the general economic situation.

Corporate income tax patterns were also different, not in terms of the contraction (sharper in 2020) but rather, the recovery. After the financial crisis, it took until 2012 for

“ Corporate income tax patterns were also different, not in terms of the contraction (sharper in 2020) but rather, the recovery. ”

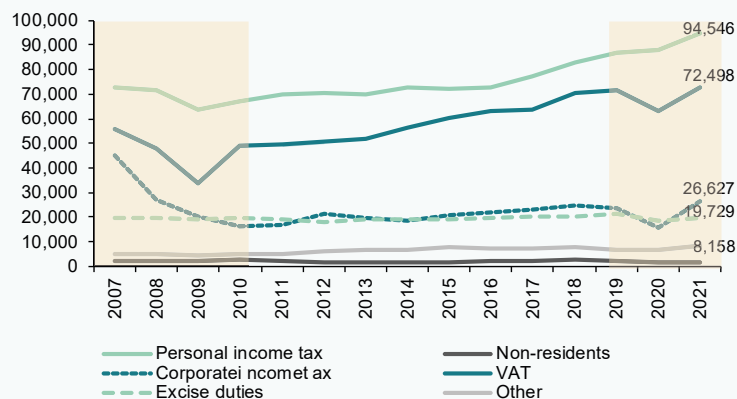
corporate income tax to take off meaningfully, albeit remaining well below the peak recorded in 2007 (44.8 billion euros). Indeed, that record has not been matched again, the second highest benchmark being 2018, when CIT revenue was 55% of that peak. However, following the sharp correction of 2020 attributable to the drop in fractionated payments, to 66% of 2019 levels, the recovery in 2021 was explosive, to over 26.6 billion euros, the highest level since 2008 (and nearly 60% of the 2007 record). It is worth highlighting the fact that that performance was impressive not only by comparison with such an adverse year as 2020, but also compared to 2019, improving 12% on that reading. That performance was driven by two circumstantial factors, which could foreshadow more moderate growth in the years to come: (i) non-recurring transactions in 2021 (stripping them out, the growth in revenue compared to 2019 narrows to 3.1%; and (ii) the relevance of the

refunds applied for in 2018, with an impact in 2020, a pattern not repeated in 2019, such that the volume of refunds in 2021 decreased significantly year-on-year.

The differences in the correction and recovery patterns in VAT and excise duties are less pronounced. However, the contraction in VAT revenue in 2009 was far more aggressive than in 2020 (30.1% vs. 11.5%), shaped by the prior-year levels and the different causes of the crisis, with a particular impact on indirect taxation (bursting of the retail bubble). As already noted, in both instances, the recovery got off to a swift start and was complete within one year from the initial contraction, but the underlying drivers were different – rate hikes in 2010 vs. recovery in tax bases in 2021. The recovery in 2021 would have been even stronger were it not for the cut in the rate on electricity consumption applied at the end

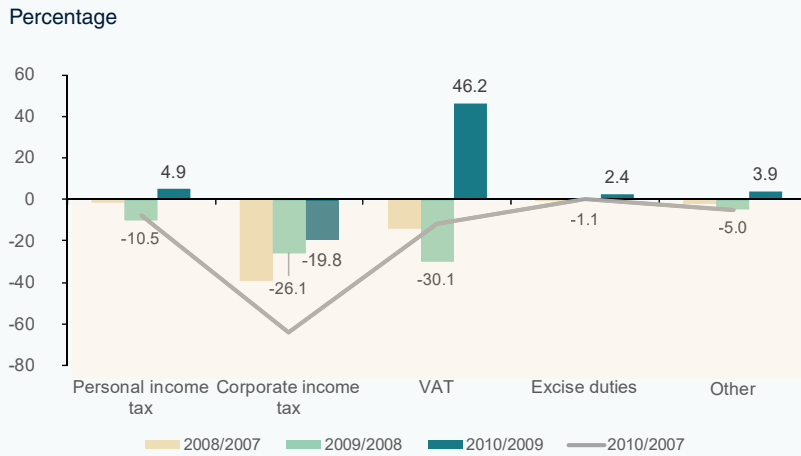
Exhibit 3 **Trend in revenue by tax**

Millions of euros (2008-2021)



Source: Monthly Statistics (AEAT).

Exhibit 4 **Impact of the 2007-2010 crisis on tax revenue**



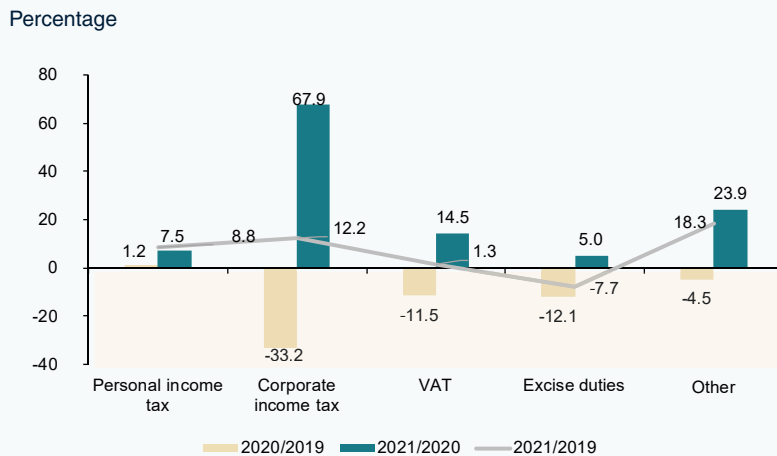
Source: Monthly Statistics (AEAT).

of June, which meant foregoing 500 million euros of revenue.

Note, lastly, that the buoyancy in “Other taxes” in the recent crisis is associated with new taxes introduced and the increase in the

rate of tax levied on insurance premiums, with an impact of over 476 million euros. The new taxes (financial transactions and certain digital services), despite not reaching the initially forecast levels, brought in around 462 million euros in 2021.

Exhibit 5 **Impact of the 2020-2021 crisis on tax revenue**



Source: Monthly Statistics (AEAT).

“ The economic context impacted the recovery in revenue throughout 2021, paving the way for the boom in the fourth quarter, when revenue amounted to 69.47 billion euros, one-third of the annual total and three percentage points above pre-pandemic averages. ”

Momentum in revenue during the second half of 2021, solidity of the revenue recovery and outlook for 2022

The unique circumstances unfolding in 2021 drove tax revenue in Spain to record levels. Analysing the dynamics by quarter shows how momentum really increased during the second half of the year. The impact of the measures rolled out to contain the collateral effects of the pandemic in the form of income support measures, coupled with the arrival of the vaccine at the start of the year and its rapid rollout, unlocked a recovery in economic activity and clearcut improvement in the job market. Social security contributor numbers began to register growth from 2019 levels from June and reached 2% by December, albeit still shaped by prolongation

of the furlough scheme. In parallel with that recovery in economic activity, global supply chains became disrupted, [4] triggering a spike in prices, a phenomenon that accelerated sharply towards the end of the year when inflation averaged close to 6%.

That economic context impacted the recovery in revenue throughout the year, paving the way for the boom in the fourth quarter, when revenue amounted to 69.47 billion euros, one-third of the annual total and three percentage points above pre-pandemic averages. [5]

As noted at the start of this paper, one sign of the solidity of the recovery in tax revenue in 2021 is the positive trend in the tax bases for the main taxes, which increased 12.7%, outpacing the contraction observed in 2020 (-7.5%), leaving them 4.2% above 2019

Table 3 Breakdown by key taxes

Millions of euros

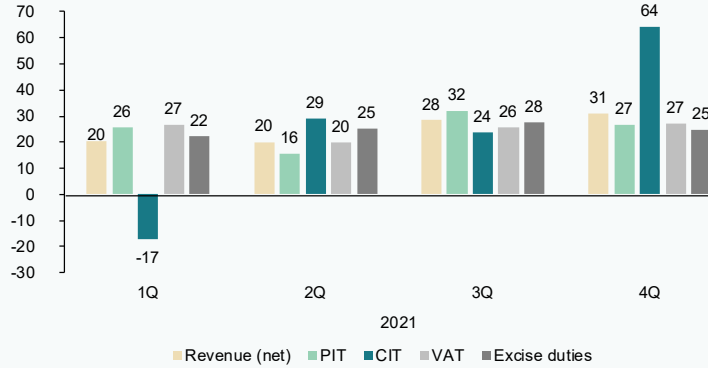
	Tax revenue					Comp. vs. budget		Comp. vs. 2020 revenue	Comp. vs. 2019/2020 revenue	Comp. vs. 2018/2019 revenue	2021/2019
	Budget 2021	2021	2020	2019	2018	Difference	Outturn, %	YoY change, %	YoY change, %	YoY change, %	YoY change, %
Personal income tax	94,196	94,546	87,972	86,892	82,859	350	100.4	7.5	1.2	4.9	8.8
Corporate income tax	21,720	26,627	15,858	23,733	24,838	4,908	122.6	67.9	-33.2	-4.4	12.2
Non-resident income tax	1,417	1,828	1,511	2,369	2,665	410	128.9	20.9	-36.2	-11.1	-22.9
Value added tax	72,220	72,498	63,337	71,538	70,177	273	100.4	14.5	-11.5	1.9	1.3
Excise duty	23,150	19,729	18,790	21,380	20,528	-3,422	85.2	5	-12.1	4.1	-7.7
Total tax revenue	222,107	223,385	194,051	212,808	208,685	1,275	100.6	15.1	-8.8	2.0	5.0

Source: Ministry of Finance and Government.

Exhibit 6

Quarterly breakdown of revenue by key taxes in 2021

Percentage



Source: AEAT.

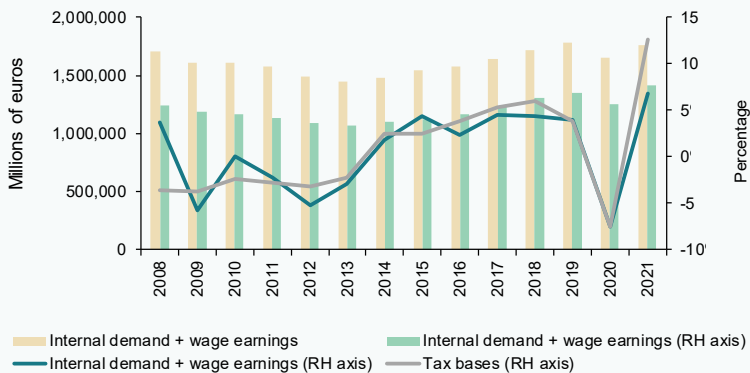
levels. The growth in tax bases topped the growth in internal demand and employee compensation (-2.5%), the macroeconomic indicator typically used as the benchmark for the former. The explanation for that disparity

lies with that fact that some bases, including corporate earnings and the value of energy product consumption, which take time to trickle down to the macroeconomic indicator, drove growth in the tax bases. [6]

Exhibit 7

Rates of change in relative and absolute terms in tax bases and the corresponding macroeconomic indicators

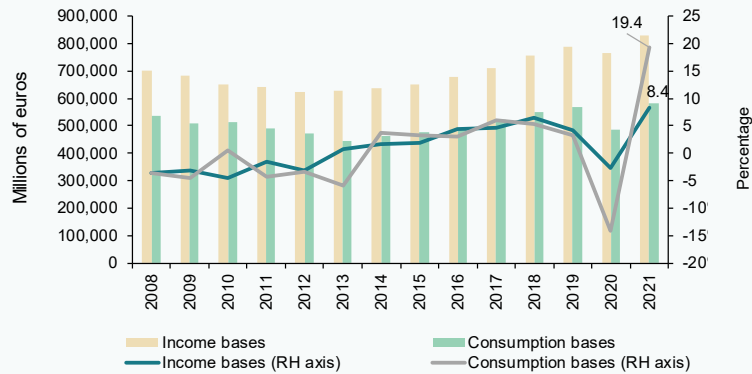
Internal demand + wage earnings



Source: AEAT.

Exhibit 8

Income and consumption tax basis and rates of change



Source: AEAT.

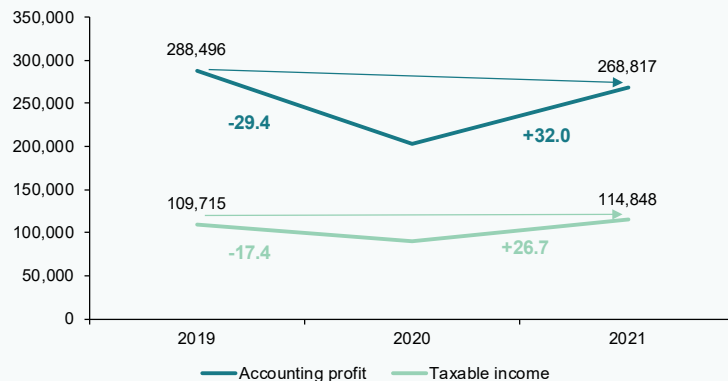
The trend in tax bases throughout 2021 was also marked by the comparison with 2020 and the various events taking place that year, namely the lockdown and business and

mobility restrictions. The start of the year was marked by moderate growth due to the spike in the caseload at the end of 2020 and start of 2021, as well as the one-off effect of

Exhibit 9

Corporate income tax: Tax bases and accounting profit, 2019-2021

Millions of euros and percentages



Source: AEAT.

“ The contrast between the growth in revenue –of over 64%– in 2021 relative to that in taxable income (+26.7%) suggests that 2022 is likely to mark an inflection point with respect to 2021, which was largely attributable to circumstantial factors. ”

the winter storm, taking off from the second quarter, due to the contrast with the sharp contraction sustained during the harshest months of lockdown. Throughout that second half, that growth continued however, remaining above 13%.

Distinguishing between income and consumption bases, we note that the latter registered more intense growth (19.4% YoY) than the former (8.4%) due to the relatively greater deterioration of consumption in 2020, whereas income was less affected thanks to public income sources (public sector wages, pensions, furlough scheme, income support for the self-employed). Consumption really took off in the second half (spending remained below 2019 levels during the first half), boosted by inflation towards the end of the year.

It is worth taking a closer look at the trend in the corporate income tax base, which registered such strong growth in 2021, in order to assess the feasibility of that level being repeated and the prospects for growth. In 2021 the CIT tax base registered growth of 26.7% from 2020 and of 4.7% from 2019. Corporate earnings, meanwhile, registered growth of 32%, due to the contraction sustained in 2020 but also, as already noted, the impact of one-off transactions (a bank merger and major asset sale by a corporate). By comparison, earnings remained 6.8% below 2019 levels. The fractionated payment statistics indicate that the growth in profits and tax base was higher at groups –even stripping out the one-off transactions– relative to the large companies and SMEs that file their taxes on the basis of their earnings for the year.

The contrast between the growth in revenue –of over 64%– in 2021 relative to that in

taxable income (+26.7%) suggests that 2022 is likely to mark an inflection point with respect to 2021, which was largely attributable to circumstantial factors.

Looking at the health of the year-end 2021 dynamics, in 2022 it is likely, assuming that the tax system will not be reformed in line with the recommendations made by the committee of experts set up to that end, that tax revenue will register further growth, of around 4.3%, which is lower than expected when the budget was drawn up, due to the armed conflict in Europe and the likely protraction of supply chain bottlenecks. In 2022, the measures rolled out by the government in response to the war in Ukraine will reduce tax revenue –for at least one quarter– as a result of the electricity tax cuts passed. [7] The main risk lies with the potential need to leave those measures in place for longer than initially expected, considering that the ministry estimates an overall impact over a 12-month period of 10 to 12 billion euros.

It is foreseeable that the impact of lower growth will be offset by the protraction of inflation at high levels, such that we are forecasting growth in nominal GDP of 8.5% in 2022. Framed by those expectations, and in the absence of fresh shocks, tax revenue momentum should gather, underpinned by a recovery in aggregate tax bases above pre-pandemic levels.

Notes

[1] Whereas in 2008 the economic and financial crisis was triggered by the bursting of the real estate bubble, the crisis of 2020 was attributable to the health emergency induced by the COVID-19 pandemic.

- [2] AEAT, monthly December 2010 report.
- [3] Following a sentence ruling that maternity benefits were tax exempt.
- [4] Triggered by the recovery in activity and the difficulties some countries faced in responding to demand due to an explosion in COVID cases.
- [5] In 2018 and 2019, fourth-quarter revenue amounted to 30% of the annual total, compared to 33.2% in 4Q21. In year-on-year terms, growth accelerated in the fourth quarter to 17.5%, compared to 11% in the third quarter.
- [6] Those disparities, as noted by the AEAT itself, are also evident in the bases that are more closely correlated to indicators, such as wages: the stock of wages gleaned from 2021 tax returns was 3.1% above 2019 levels, while the pool of wages and salaries estimated in the national accounts was 0.8% below that threshold.
- [7] VAT cut to 10%, electricity excise duty cut to 0.5% and temporary suspension of the 7% levy on the value of electricity generated.

Susana Borraz Perales and Montaña González Broncano. Afi – Analistas Financieros Internacionales, S.A.



Financial digitalisation in Spain in the wake of the pandemic: Assessing the impact

The pandemic has accelerated the push towards digitalisation in Spain on multiple fronts. This trend has been particularly significant within the financial arena, with Spaniards increasing reliance on online banking and payments methods, as well as their interest in crypto-assets, while at the same time taking into account the growing importance of related security measures.

Santiago Carbó Valverde, Pedro Cuadros Solas and Francisco Rodríguez Fernández

Abstract: In the wake of the pandemic, we are seeing considerable changes in how Spaniards are using banking services. The pandemic has given significant impetus to the process of financial digitalisation. According to the Observatory of Financial Digitalisation (ODF in its Spanish acronym)-Funcas online survey from December 2021, 36.4% of banking service users are currently using their online banking applications daily or almost daily, compared to 17.3% before the pandemic. That said, although the digital divide in online banking has narrowed, physical

branches, despite being used less, continue to play an important role for some segments of the population. Another significant change relates to Spaniards' methods of payment. Digital payments, especially from mobile phones, have displaced cash as the main payment method. Indeed, 69.1% of purchases are being settled using non-cash instruments and just 18% of those surveyed said they continued to use cash as their main payment method. There is also growing interest in crypto-assets, although so far their usage is concentrated within the younger population.

“ A very significant part of the acceleration observed in the push towards digitalisation in Spain has taken place in the financial arena. ”

According to survey results, the typical crypto-asset investor is young (and male), studies or works, generates a high monthly income and lives in a big city. Finally, in light of the cyber-risks ushered in by online banking, Spaniards stand out for their use of basic security measures in accessing those services. Over 80% of the population follows their banks' security recommendations when banking online, with the sole exception of installing antivirus software on their mobile phones, where the percentage is a much lower 44.2%.

The pandemic: Catalyst for digitalisation

The impact of the pandemic has been felt on multiple fronts –personal, social and professional– and on all these fronts the result has been the acceleration of digitalisation. The imposition of social distancing rules and mobility restrictions forced consumers, businesses and public authorities to accelerate that digital leap.

Consequently, Spanish society has made considerable progress on its digitalisation.

According to the most recent data published by Spain's National Statistics Office, the INE (INE, 2021), 95.9% of Spanish households currently have internet access, which is 4.5 percentage points higher than before the pandemic. As for usage, 85.8% of Spaniards go online daily, up 10.6pp from pre-pandemic levels. The range of activities carried out online has also broadened significantly. The most frequent uses are: social interaction (use of social media or sending messages to family and friends); information searches (reading the news or looking up information about leisure activities), learning (completing courses online); and job searches. For the first time since the INE has been tracking this information, more than half of the population (55.2%) is shopping online regularly. And those purchases are no longer limited to digital products and subscriptions like music, films, ebooks: 54.1% of the adult population is now shopping online for products that entail physical delivery. Digitalisation is also impacting how we interact with the public authorities. In 2021, 68.7% of all adults had

Table 1 ODF-Funcas survey

Interview technique	Online survey
Universe	Spanish residents with digital skills aged between 18 and 70
Sample size	2,121 interviews
Participation	Voluntary
Field work	November 30 th – December 23 rd , 2021
Quotas	Controlled by age, gender, region of residence and city size
Sample error	± 2.2% for a confidence level of 95.5%

Source: Authors' own elaboration.

some form of online contact or interaction with the public authorities or services.

This transition coincides with growth in Spaniards’ digital skills. The most recent European Commission data (2021) evidence the progress in digital capabilities. 64.2% of Spanish citizens now possess basic digital skills, up 7 percentage points from before the pandemic. That is the biggest increase on record.

A very significant part of the acceleration observed in the push towards digitalisation in Spain has taken place in the financial arena. Increasingly, Spaniards are contacting their banks, paying for and purchasing products using online banking channels. Moreover, the pandemic has given fresh impetus to the use of new digital assets connected with the world of finance –crypto-assets– which has also implied a major change in many Spaniards’ investment patterns. To analyse the changes in banking service access and the degree of adoption of crypto-currencies, ODF-Funcas conducted a survey looking at the use of online banking services, digital payment methods and crypto-assets. It was sent to a representative sample of digitally-

savvy consumers resident in Spain, aged between 18 and 70, in December 2021.

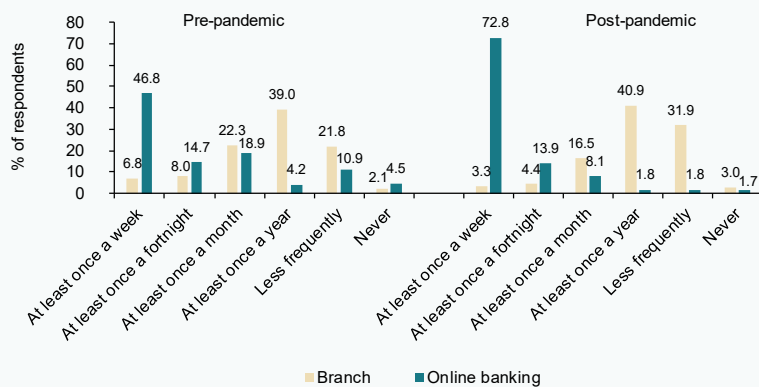
Financial digitalisation: From branch to online banking

The results of the survey reveal a clear shift in how people are banking. In general terms, the pandemic has accelerated the use of online banking at the expense of branch banking (Exhibit 1). Currently, 36.4% of bank customers access their online banking apps daily or almost daily. Before the pandemic, just 17.3% of respondents said they used their online apps daily. Moreover, 72.8% report using online banking services weekly.

The number of customers who have never banked online has decreased. Before the pandemic, 4.5% of respondents said they had never used the online channel. In the wake of the pandemic, that percentage has fallen to 1.7%. In general, those figures suggest that both usage of and access to online banking have increased. Many customers who before the health crisis had never asked their banks for online access codes did so during or after the pandemic.

Exhibit 1

Frequency of visits to bank branches versus use of online channels



Source: ODF-Funcas survey and authors’ own elaboration.

“ The ODF-Funcas survey indicates a reduction in branch usage across all age and income brackets; however, there are still differences in digitalisation rates. ”

Digitalisation is also evident in growth in the number of purely online bank users. 46.1% of respondents reported having at least one account at a purely online bank. That percentage is higher among younger people. Over half of respondents under the age of 40 has an account with an online-only bank, specifically 52.6% of those aged between 30 and 39.

The growth in the use of online banking has decreased reliance on branches. The custom of going physically to the bank to perform certain banking transactions has decreased in the wake of the pandemic. 31.9% of banking users polled said they go to the bank less frequently than before the pandemic. In fact, just 3.3% of those surveyed go to the bank weekly. Indeed, nearly four out of ten adults claim not to go to the bank even once a year. Considering the fact that, according to the World Bank, 94% of the Spanish population over the age of 15 has a bank account, it can be inferred that nearly 14.9 million Spaniards never visit their banks over the course of the year.

The ODF-Funcas survey indicates a reduction in branch usage across all age and income brackets. However, there are still differences in digitalisation rates. Despite the fact that the biggest percentage increases in the use of online banking are observed in the groups of the population that were less digitalised before the pandemic, (Carbó-Valverde, Cuadros-Solas

and Rodríguez-Fernández, 2021) there are still gaps by socioeconomic status. 37.4% of adults aged between 60 and 70 visit their bank branches at least once a month. Branch usage is also higher among the less educated. 35.1% of respondents without higher level studies or with basic studies visit their branches every month.

Payments preferences in Spain in the wake of the pandemic

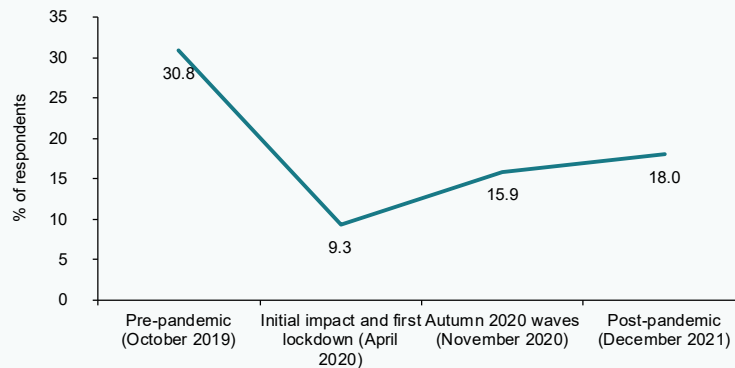
One of the most noteworthy changes observed since the pandemic is the shift in how Spaniards are paying for their purchases. Cash, whose usage was already on the decline before the onset of the health crisis, is no longer the most popular payment method. As shown in Exhibit 2, the drastic drop in the use of cash observed during the first lockdown subsequently reversed only to a small degree. Cash usage remains very low compared to pre-pandemic levels. Use of the new digital payment methods –payment cards, mobile/wearable payments and payments using QR codes– is rising across all segments of the Spanish population.

According to the results of the ODF-Funcas survey, 69.1% of purchases made by our respondents are paid for using methods other than cash. Indeed, just 18% of those surveyed said they continued to use cash as their main payment method. The use of cash is even declining among the older segments of the population. The use of cash to pay for purchases stands at 34.9% among those aged between 60 and 70.

“ The drastic drop in the use of cash observed during the first lockdown subsequently reversed only to a small degree, with cash usage remaining very low compared to pre-pandemic levels. ”

“ Among the payment apps used, it is worth highlighting the surge in person-to-person (P2P) payments, particularly Bizum, whose usage has jumped from 55.66% before the pandemic to 75.4% today, with an estimate 30.5 million Spaniards using Bizum to send money to other people or pay for online purchases. ”

Exhibit 2 **Trend in the use of cash to pay for purchases**



Sources: ODF-Funcas Barometers (October 2019, April 2020, November 2020), ODF-Funcas Survey (December 2021) and authors' own elaboration.

Elsewhere, if we focus on digital transactions, especially those paid for using mobile handsets or other devices, we are seeing significant changes in the use of payment applications. 67.9% of respondents reported that they had used a payment app in the past year. Among the payment apps used, it is worth highlighting the surge in person-to-person (P2P) payments, particularly Bizum, whose usage has jumped from 55.66% before the pandemic to 75.4% today. It is estimated that close to 30.5 million Spaniards are using Bizum to send money to other people or pay for online purchases. Other applications provided by tech firms such as PayPal, Google Pay, Apple Pay and Amazon Pay are also gaining ground in the wake of the pandemic.

Digital assets: The use of crypto-assets

The digital revolution accelerated by the pandemic has also sparked growing interest in crypto-assets. The proliferation of a broad range of different crypto-assets –with close to 17,000 in existence, between cryptocurrencies, stablecoins, NFTs and/or tokens– and increasing media coverage have driven this greater degree of consumer interest.

According to the survey, 5% of respondents have crypto-currencies in their digital wallets. That figure contrasts with other estimates, such as the crypto-currency exchange, Finder (2021), which estimates penetration in Spain at 12%, as indicated by the Bank of Spain in

Table 2 **Crypto-asset user profile**

Crypto-asset user profile (segment with highest incidence, %)	
Gender	Male – 8.1
Age	Between 20 and 29 – 10.2
Monthly household income	Over €5,000 – 12.9
Inhabitants	Cities with over 200,000 inhab. – 6.4
Employment situation	Student – 5.9
Reason (%)	
As an investment	79.5
As safe haven asset	8.3
To make payments	0.6
Game/hobby	3.4
Curiosity/try/learn	5.9
Other	2.4
Type of cryptocurrency (%)	
Bitcoin (BTC)	41.7
Ethereum (ETH)	24.2
Cardano (ADA)	25.3

Source: ODF-Funcas survey and authors' own elaboration.

its *Financial Stability Report* (Bank of Spain, 2022). The gap between the two figures may be attributable to differences in the number of users that have opened an account in any of the main cryptocurrencies in a digital wallet and the number of people who are actually actively trading in those virtual assets.

The survey suggests that age, occupancy and income levels are indicators of the propensity to use crypto-assets. According to the poll,

the typical virtual currency investor is young (and male), studies or works, generates a high monthly income and lives in a big city (Table 2).

The survey also highlights Bitcoin's dominance over the other cryptocurrencies. Four out of every ten cryptocurrency investors have Bitcoins in their digital wallets. It is the most popular asset in every age bracket. Bitcoin is followed in popularity by Ethereum (24%)

“ As central banks begin to raise interest rates, appetite for investing in a high-risk asset class, such as that of crypto-assets, could wane. ”

and Cardano (25%). Other currencies such as Solana, Polkadot and Dogecoin account for less than 10% of the polled crypto users' holdings.

Irrespective of which cryptocurrencies are purchased, they are mainly acquired for investment purposes (79.5%). The potential returns, in exchange for assuming higher risk, have enticed many consumers to invest some of their savings in those assets, particularly with interest rates at or below zero. As central banks begin to raise interest rates, appetite for investing in such a high-risk asset class could wane. What does seem clear is the fact that at present their use as a payment method is scant. Just 0.6% of those surveyed said they had purchased cryptocurrencies for online payment purposes.

Cybersecurity and online banking

The switch from physical to online banking ushers in the risk of cyber-crime. In addition to the cybersecurity measures taken by the financial institutions, the use of online banking channels requires consumers to take a series of measures to reduce the likelihood of falling victim to a financial cyber scam.

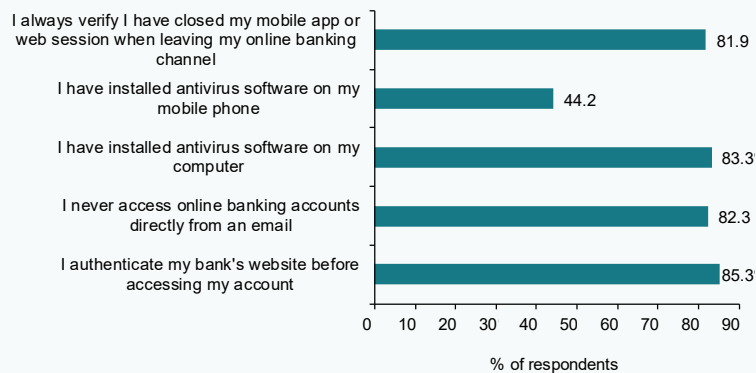
As shown in Exhibit 3, a significant percentage of banking customers follow the security measures recommended by their banks when banking online. 85.3% of respondents verify the authenticity of their bank's website before accessing their online accounts. They also take that precaution when they end their online banking sessions (81.9%). Given that a significant proportion of fraud attempts start with a fake email which purports to supplant the various financial institutions' identities (phishing), it is vital that users follow a series of additional precautionary steps when accessing their online accounts. 82.3% of respondents said they never access their online accounts from an email, even if that email has apparently been sent by their bank.

The only major security gap relates to the installation of antivirus software on mobile phones. Less than half of those surveyed (44.2%) has installed antivirus software on their smartphones. That contrasts with computer security, where 83.3% of users have active antivirus software. That shortfall of mobile device security is significant considering the fact that the use of social media and messaging apps facilitates the spread of computer viruses

Exhibit 3

Cybersecurity measures taken when banking online

Percentage



Source: ODF-Funcas survey and authors' own elaboration.

that can end up gaining fraudulent access to user banking data.

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Santiago Carbó Valverde. University of Granada and Funcas

Pedro Cuadros Solas. CUNEF University and Funcas

Francisco Rodríguez Fernández. University of Granada and Funcas



State guarantees and latent non-performance

Spain's public guarantee scheme has served to ease the effects of the pandemic and now of the war on the country's business segment, thus containing the materialisation of non-performing loans. Going forward, while a potential increase in the incidence of business non-performance is expected in the near-term, the increase in NPL coverage should be mitigated by the strong provisioning efforts of the banks, together with their limited exposure thanks to the state guarantee scheme.

Marta Alborni, Ángel Berges and María Rodríguez

Abstract: One of the most noteworthy measures taken by the government to mitigate the effects of the war in Ukraine is the approval of a new state guarantee programme and extension of the maturities of the loans awarded under the pandemic guarantee scheme in an attempt to prevent geopolitical tensions from having compounding adverse effects on top of the toll taken by the pandemic. Extension of outstanding state guaranteed loans will come as a lifeline for the sectors and businesses most affected by the two crises. In the case of the banks, it will

contain the materialisation of associated non-performance. Nonetheless, the increase in riskier stages of public guarantee scheme (PGS) exposures could translate into growth in non-performance in the business loan segment, with the potential impact substantially higher in Spain than in Europe due to the higher weight of PGS exposures in total outstanding business loans. The possible increase in non-performance is highly sensitive to both the level of impairment of stage-2 exposures, which determines the spillover to stage-3

“ The downward trend in non-performing assets during the two years since the onset of the pandemic is one of the headline paradoxes in the financial statements published by the Spanish and European banks, although it has not stopped those entities from setting aside significant provisions in anticipation of future impairment. ”

classification, and the multiplier effect derived from pre-existing customer-level exposure. Depending on the combination of our estimates for these two factors, our analysis shows that the increase in the non-performance ratio could be upwards of one percentage point. However, given the high degree of uncertainty characterizing the current economic climate, including over the path of interest rate increases, the impact on non-performance is difficult to quantify. In any event, non-performance should not translate into a significant increase in NPL coverage for two main reasons: (i) cautious front-loading of impairment provisioning by the banks in 2020 and 2021; and, (ii) the impact of the guarantees on the amount of losses incurred, as the banks' exposure is ultimately limited to the percentage not covered by those public guarantees.

Introduction

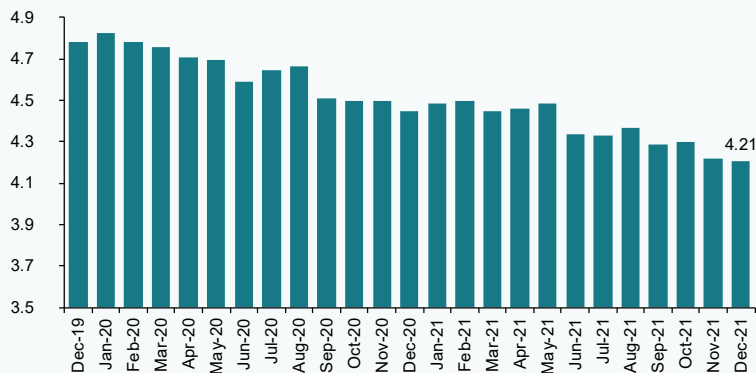
The downward trend in non-performing asset in the two years since the pandemic (flat or even slightly decreasing in a context of unprecedented economic contraction) is one of the headline paradoxes of the financial statements published by the Spanish and European banks. That has not, however, stopped the banks from setting aside significant provisions in anticipation of future impairment losses.

The fact that non-performance has been so contained is attributable to the easing of regulatory and accounting rules and business and sector support measures, most particularly the guarantee schemes rolled out by the government in the early months of the pandemic.

Exhibit 1

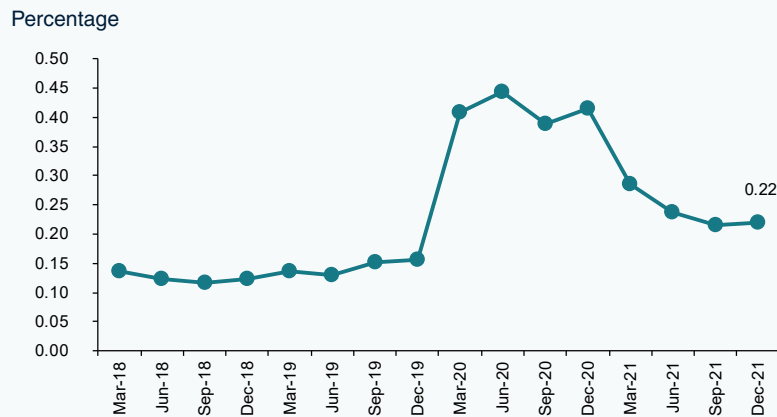
NPL ratio

Percentage



Source: Authors' own elaboration based on Bank of Spain data.

Exhibit 2

Cost of risk*

*Cost of risk: Credit impairment over total average assets.

Source: Authors' own elaboration based on Bank of Spain data.

Those guarantees constitute an important lifeline for a significant number of businesses and self-employed professionals (nearly one million) thanks to the effort rolled out by the banks, in terms of both the speed with which they channelled credit to the various companies and their detailed analysis of the risks, a task in which the banks clearly had a vested interest given the fact that they have to assume a considerable percentage (20% to 30%) of the credit risk on the loans guaranteed.

That exposure has barely materialised in non-performance to date, as a significant percentage of the loans are still covered by grace periods, initially granted for one year and later extended for another year. Just when those grace periods had nearly concluded, the government has announced a new extension agreement, for another six months, for the sectors and businesses most affected by the war in Ukraine, which will once again push back crystallisation of the unrealised impairment losses on the loans awarded under the state guarantee program. As a result, it is likely that we will continue to observe the dichotomy, depicted in Exhibits 1 and 2, between non-performance

for accounting purposes and impairment allowances that has largely shaped the banks' earnings performance, as already analysed on several occasions.

Guaranteed exposures: Leading indicator of impairment

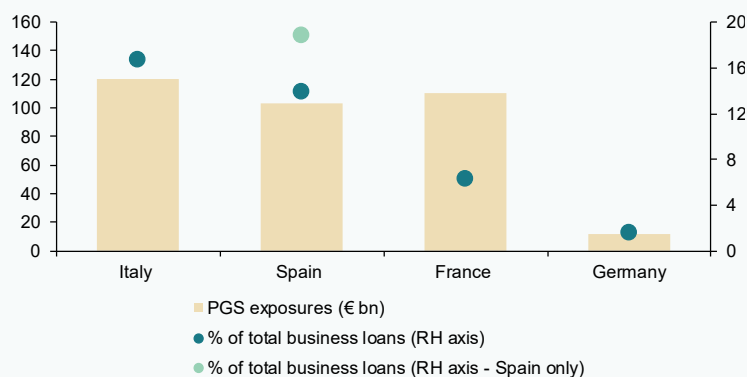
Within the wide range of measures taken to contain the effects of the pandemic on businesses and self-employed professionals, the state guarantee scheme played a significant role in Spain. It was the third-largest such programme in Europe in absolute terms (behind France and Italy) and the largest in relative terms. It is worth highlighting the fact that the volume of guaranteed loans outstanding in Spain represents nearly one-third of the total outstanding in Europe, and is nearly double the Spanish banking system's weight in the overall eurozone system.

Given the quantitative materiality of the Spanish banks' exposure to state guaranteed loans, we attempt to analyse that exposure in terms of risk categorisation in order to infer the scope for potential migration to non-performance, after more than two years at very controlled levels.

“ It is worth highlighting the fact that the volume of guaranteed loans outstanding in Spain represents nearly one-third of the total outstanding in Europe, and is nearly double the Spanish banking system’s weight in the overall eurozone system. ”

Exhibit 3 **PGS exposures in the main European economies**

€ bn | % of business loans



Source: Authors' own elaboration based on the 4Q Risk Dashboard (EBA).

To do so, we use the information published in the latest Risk Dashboard released by the European Bank Authority (EBA), which classifies outstanding transactions secured by public guarantees by their riskiness in keeping with IFRS 9 rules: Stage 1 (performing); stage 2 (under-performing) and stage 3 (non-performing). The accompanying table provides that breakdown for the Spanish banks’ public guarantee scheme (PGS) exposure and for the European banks’ PGS exposure on aggregate.

The table reveals a very similar risk breakdown of PGS exposures at the Spanish and eurozone levels, suggesting very similar approaches in both instances on the part of the banks and/or their supervisors with

respect to the classification of transactions as stage 2 (under-performing) exposures, the category where there is more room for discretion.

The table also provides the breakdown by stages at year-end 2020 and the trend over the course of 2021. Those figures reveal a significant increase in stage 3 exposures (which have tripled in Europe and more than quadrupled in Spain) and stage 2 exposures, which have increased by around 11 percentage points as a percentage of the total, (doubling) in Spain and Europe. The increase in both stage 3 and, above all, stage 2 exposures probably reflects more stringent assessment by the banks of latent risk on those PGS exposures or, possibly, greater ‘pressure’ from the supervisory authorities to that end.

Table 1 **PGS exposures: Classification by stages**

(€ bn | % of total)

	Performing	Under-performing	Non-performing	Total
Spain				
2020	92.1	9.4	0.6	102.1
	90.2%	9.2%	0.6%	
2021	77.8	21.8	4.0	103.6
	75.1%	21.0%	3.9%	
YoY change (%)	-15.5	131.6	559.5	
Europe				
2020	299.6	40.2	3.8	343.6
	87.2%	11.7%	1.1%	
2021	277.0	84.3	11.6	372.8
	74.3%	22.6%	3.1%	
YoY change (%)	-7.6	109.6	205.8	

Source: Authors' own elaboration based on the 4Q Risk Dashboard (EBA).

Simulation of the potential impact of the PGS on non-performance

Regardless of where the impetus is coming from, the transition to riskier stages has the potential to translate into growth in non-performance in the business loan segment in the future. And although the riskiness of PGS exposures in Spain and Europe is very similar, the potential impact on the banks' non-performance is substantially higher in Spain on account of the higher weight of PGS exposures in total outstanding business loans.

Specifically, the Spanish banks' 104 billion euros of PGS exposures at year-end 2021 represent around 15% of their aggregate exposure to the business lending segment on a consolidated basis, *i.e.*, including loans extended by their foreign subsidiaries. The weight of PGS exposures over the total would be much higher (around 20%) if measured over the balance of credit extended by domestic entities of Spanish banking groups. By way of

contrast, in the eurozone on aggregate, the 373 billion euros of PGS exposures at year-end 2021 represent just 7% of total outstanding loans to the business segment.

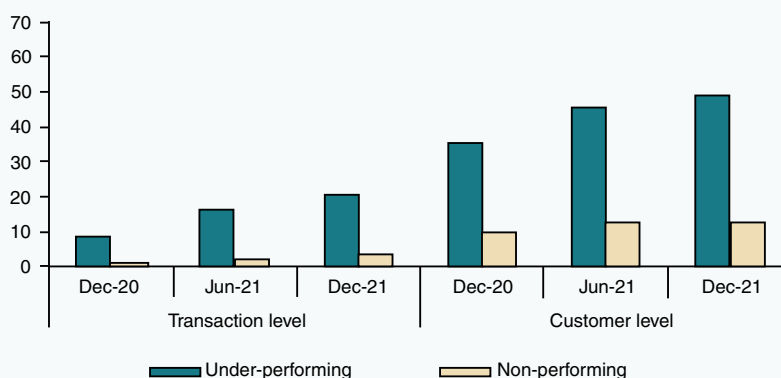
Focusing the analysis on the Spanish situation, an additional factor stands to multiply the potential impact of the impairment of PGS exposures on non-performance. The knock-on effect on other exposures to the same borrowers. That knock-on effect could be really major, perhaps twice as large in size, extrapolating the information published by the Bank of Spain in its April 2022 *Financial Stability Report*, as shown in Exhibit 4, gleaned from that report, which dates to year-end 2021.

That exhibit depicts the increase in the percentage of stage-2 exposures from 20% when analysed at the transaction level to nearly 50% when looked at from the customer perspective, *i.e.*, factoring in all loans extended

“ By making assumptions about the reclassification of PGS exposures to stage 3 and the multiplier effect derived from customer-level exposure, it is possible to simulate the potential impact of the public guarantees on asset non-performance in the business and self-employed lending segments. ”

Exhibit 4 **Status of ICO-backed loans as at December 2021**

LHS: Transaction level | RHS: Customer level, percentage



Source: Financial Stability Report, Bank of Spain (Spring 2022).

to customers that have received credit under the ICO scheme. Those figures suggest that the knock-on multiplier effect (customer level to transaction level) could be more than 2 times – that multiplier would be higher in the case of business loans relative to the self-employed segment, according to the data published by the Bank of Spain in its previous *Financial Stability Report*, using June 2021 figures.

Using the above data, and factoring in the significant weight of PGS exposures over total outstanding credit in Spain (around 20%), we can perform a sensitivity analysis with respect to the potential future impact on non-performance in the Spanish business lending

segment, most of which is likely to materialise next year, or at the end of this year, insofar as borrowers from the sectors most affected, initially by the pandemic and now by the war, decide to make use of the option of extending the grace periods on their secured loans.

Based on a starting volume of around 22 billion euros of PGS exposures classified as stage 2, the impairment sensitivity analysis is shaped by two key inputs:

- The ratio of transition from stage 2 (under-performing) to stage 3 (non-performing), which we model at between 20% and 40%.

- The knock-on multiplier effect at the customer level, which we model at between 2x and 2.5x.

Taking these factors into account, we analyze the potential increase in non-performance in the business lending segment, from the current level of 5%.

According to our estimates, the increase in non-performance is highly sensitive to: (i) the percentage of operations in stage-2 that finally will be classified as stage-3, and (ii) the multiplier effect derived from customer-level exposure. Depending on the combination of the two drivers modelled, the increase in the non-performance ratio could be upwards of one percentage point. However, given the high degree of uncertainty characterizing the current economic climate, including over the path of interest rate increases, the impact on non-performance is difficult to quantify.

That said, a potential increase in non-performance should not translate into a significant increase in NPL coverage for two main reasons: (i) cautious front-loading of impairment provisioning by the banks in 2020 and 2021; and (ii) the impact of the guarantees on the amount of losses incurred, as the banks' exposure is ultimately limited to the percentage not covered by those public guarantees.

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The impact of the COVID-19 crisis on businesses and the self-employed

The COVID-19 crisis prompted a slowdown in business creation across all the main legal forms of incorporation, but underpinned a continuation of a trend observed even prior to the onset of the pandemic— a shift away from limited liability companies to individuals. In order to tackle the deterioration in business creation dynamics as a result of the COVID crisis, it will be necessary to take measures to foster business creation and entrepreneurship.

Ramon Xifré

Abstract: In 2020, Spain created over 100,000 fewer businesses than in 2019, a reduction of close to 24% to levels not seen since the aftermath of the crisis of 2008. Business creation fell across all main forms of incorporation –public limited and limited liability companies– albeit somewhat less intensely in the case of the self-employed. However, based on the available data, the number of businesses closed also decreased, albeit much less intensely (less than 2%) in

2020. Looking at the intensity of business creation and destruction between 2019 and 2020, on the creation side, financial services, postal and courier activities and certain transport segments were more dynamic, while on the destruction side, travel agencies and retail establishments stand out. If we break down the analysis by both business activity and legal form of incorporation, the data point to a degree of business reorganisation in some activities related with

construction, with the number of incorporated enterprises declining and the number of self-employed professionals increasing. More broadly, in addition to pandemic-related factors, the figures reveal the continuation of a trend observed before the pandemic—2008 marked a shift in the most dynamic type of business format, away from limited liability companies to individuals, a trend that continued in 2020.

Introduction

The Spanish economy, like most of the world's economies, is in the midst of a recovery from the COVID pandemic that has been abruptly truncated by the ramifications of Russia's invasion of Ukraine (Torres and Fernández, 2022).

This paper attempts to analyse the impact of the pandemic, specifically its impact on Spain's business fabric, covering both corporate enterprises (public limited companies and limited liability companies) and individuals (self-employed professionals). The work presented here is based on the most recent data available in the National Statistics Institute's (INE's) central companies database, known in its Spanish acronym as *DIRCE*, which runs through year-end 2020.

This paper represents an update of previous analysis published not long after the onset of the COVID crisis (Xifré, 2021) for which it was not possible to capture, due to a lack of updated *DIRCE* data, the direct impact on business demographics. It also provides an update, using post-COVID data, of two previous pieces of analysis that likewise centred on data gleaned from *DIRCE* (Xifré 2016, 2019) and can be read in conjunction with other papers with more of a policy focus that make proposals for fostering entrepreneurship in

Spain (Huerta Arribas, Nogales Cinca, Salas Fumás, 2021).

The paper first analyses the business creation and destruction flows and the stock of active businesses on aggregate by form of incorporation. We then break that analysis down further, looking at the data by form of incorporation and core business. Lastly, we present our conclusions.

Aggregate analysis

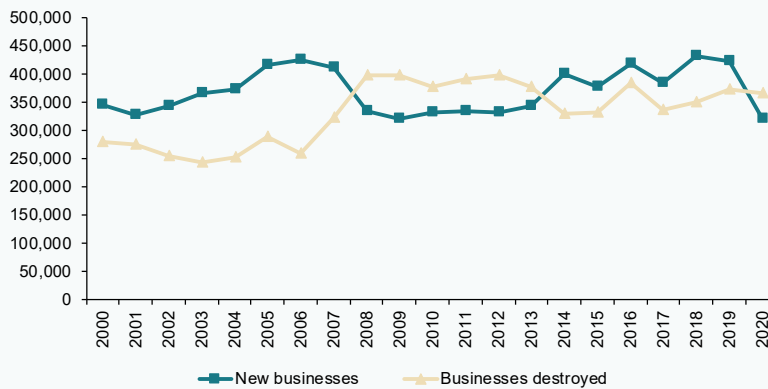
Exhibit 1 provides the trend in business start-ups and closures (including all forms of incorporation) as of December 31st, 2020, between 2000 and 2020. That analysis reveals three distinct phases. In the first, between 2000 and 2007, the period prior to the global economic and financial crisis, business creation significantly outnumbered business destruction. Between 2009 and 2013, the number of businesses clearly contracted. The universe of businesses began to register net growth once again from 2014, albeit less intensely than during the first period, which was interrupted in 2020 by the COVID crisis, with the number of businesses created falling significantly from 2019. Having created 423,837 businesses in 2019, Spain created just 321,749 in 2020, *i.e.*, over 100,000 fewer, which is equivalent to a reduction of 24% and puts the number of new businesses back at the level last seen in the wake of the economic and financial crisis.

Exhibit 2 breaks down the net additions (new businesses less closures) by legal form of incorporation (self-employed, public limited company, limited liability company and other types of enterprises) over that same timeframe. That breakdown shows how the contraction in the number of businesses in 2020 was observed across the board. Such

“ Having created 423,837 businesses in 2019, Spain created just 321,749 in 2020, *i.e.*, over 100,000 fewer, which is equivalent to a reduction of 24% and puts the number of new businesses back at the level last seen in the wake of the economic and financial crisis. ”

Exhibit 1

New businesses and businesses destroyed during the year



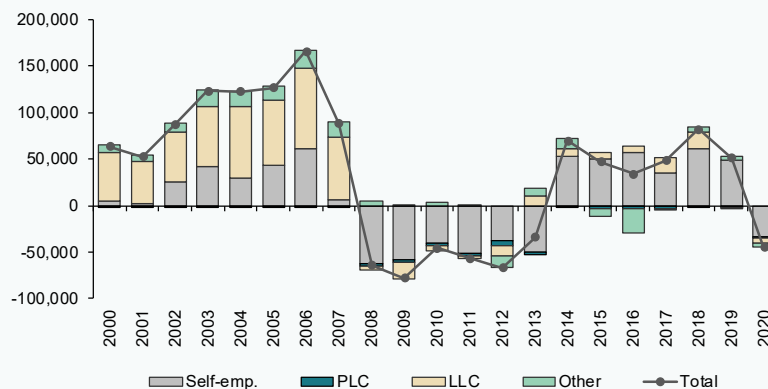
Source: INE (DIRCE).

widespread business destruction had only ever taken place previously in 2009, 2011 and 2012. In the other years marked by net business destruction (2008, 2010 and 2013) other types of enterprises (such as cooperatives, partnerships or limited partnerships) and

even limited liability companies (in 2013) sustained net growth. Elsewhere, Exhibit 2 also reveals a shift in the type of enterprise sustaining the biggest variations, from limited liability companies (which in 2000-2007 saw their numbers increase significantly) to

Exhibit 2

Net new businesses over the course of the year by legal form of incorporation



Source: INE (DIRCE).

“ On the creation side, the most dynamic type of enterprise has gone from being the limited liability company in the first two years of the series to self-employed professionals since 2008. ”

the self-employed (whose ranks contracted after 2007 albeit recovering strongly after the financial crisis).

Table 1 provides the movements in the number of start-ups and closures and in the stock of active businesses between 2019 and 2020 by business type. The number of start-ups declined across all forms of incorporation. However, the number of public limited companies and other types of enterprises that closed increased as expected but the number of self-employed professionals and limited liability companies that went out of business in 2020 decreased by comparison with 2019.

The relative dynamism in self-employment relative to incorporated enterprises is likewise evident in Exhibits 3a and 3b, which show the rates of business creation (businesses created over total businesses) and destruction (businesses closed over total businesses).

On the creation side (Exhibit 3a), the most dynamic type of enterprise has gone from being the limited liability company in the

first two years of the series to self-employed professionals since 2008. The creation of public limited companies has been more stable, declining clearly between 2000 and 2017, but registering strong growth in 2018. In all three types of businesses, the rate of creation fell in 2020, most notably in the case of the self-employed (whose rate of business creation fell from 16.1% in 2019 to 11.5% in 2020, to near the series low of 10.4% in 2008).

As for business destruction (Exhibit 3b), those rates have consistently been higher among the self-employed relative to the other types of enterprises. The evolution of business destruction for all three categories was largely similar between 2000 and 2020, with no major changes in 2020 other than in the limited liability category, where the rate of destruction narrowed (from 8.3% to 7.4%).

To wrap up the aggregate analysis, Exhibit 4 provides the number of companies active as of January 1st each year with respect to 2008. That analysis shows how public limited companies have been consistently on the

Table 1 Change in new businesses and businesses closed and in active businesses, between 2019 and 2020, by form of incorporation

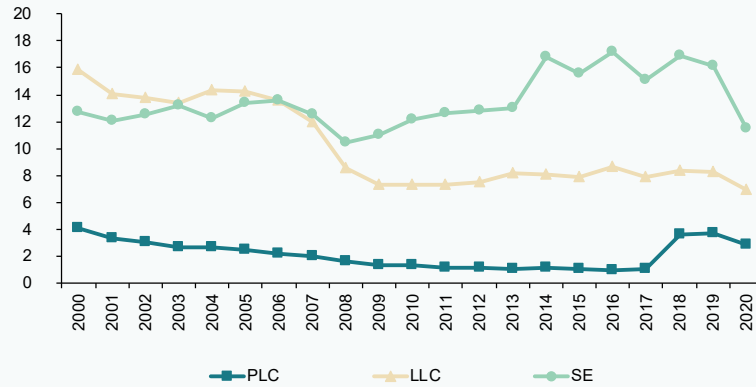
	New businesses			Businesses closed			Active businesses (at Dec. 31 st)		
	2019	2020	Change (%)	2019	2020	Change (%)	2019	2020	Change (%)
Total	423,837	321,749	-24.1	372,856	366,548	-1.7	3,404,428	3,366,570	-1.1
Public limited companies	297,608	218,867	-26.5	248,311	251,643	1.3	63,456	60,510	-4.6
Limited liability companies	2,511	1,813	-27.8	4,595	4,171	-9.2	1,143,625	1,134,632	-0.8
Self employed	94,875	79,397	-16.3	95,258	84,066	-11.7	1,899,810	1,879,120	-1.1
Other forms of incorporation	28,843	21,672	-24.9	24,692	26,668	8.0	297,537	292,308	-1.8

Source: INE (DIRCE).

Exhibit 3

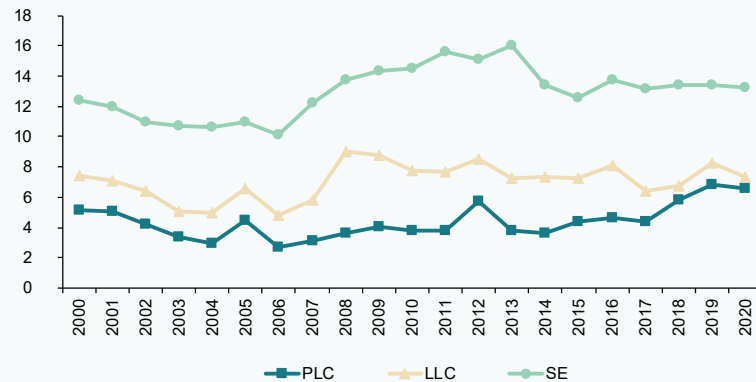
a. Rate of business creation

Percentage



b. Rate of business destruction

Percentage



Source: INE (DIRCE).

wane since 2000. The number of active self-employed professionals has passed through three distinct phases: Growth between

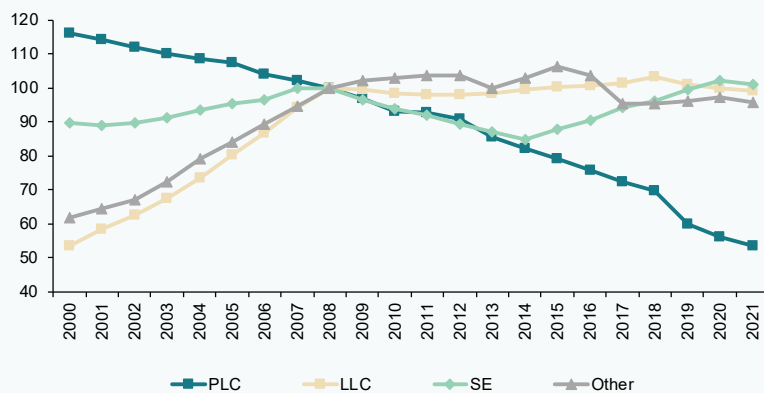
2000 and 2008 and then again between 2015 and 2020; contractions between 2009 and 2014. In the other two types of enterprises,

“ In the activities related with the construction sector, the number of businesses decreased, but the number of self-employed actually increased, indicating a degree of restructuring between the types of incorporation. ”

Exhibit 4

Number of businesses as at January 1st relative to 2008

2008 = 100



Source: INE (DIRCE).

data reveal growth in the number of active companies between 2000 and 2008, followed by a period of stabilisation.

Disaggregated analysis

Table 2 presents the 10 NACE economic activities with the highest number of businesses for the three main forms of incorporation: Self-employed professionals; public limited companies and limited liability companies. For each NACE activity presented, the table provides the number of businesses active as at December 31st, 2019, and December 31st,

2020, along with the percentage change. Given that some of the activities encompass more than one type of business, the statistics are presented side by side to facilitate the comparison. The last row of the table provides the percentage that the businesses belonging to the 10 activities selected represent in relation to the total number of businesses.

As the analysis shows, there are four lines of activity with all three forms of incorporation: Construction of buildings, specialised construction activities, wholesale trade and

Table 2

Economic activities with the highest number of businesses, by form of incorporation

of businesses and change in %

NACE activity	Self employed			Public limited companies			Limited liability companies		
	2019	2020	Chg. (%)	2019	2020	Chg. (%)	2019	2020	Chg. (%)
10. Food products				1,710	1,644	-3.9			
25. Manufacture of metal products				1,780	1,690	-5.1			
41. Construction of buildings	85,544	87,582	2.4	7,209	6,645	-7.8	120,236	115,675	-3.8
43. Specialised construction activities	109,924	111,839	1.7	2,027	1,851	-8.7	62,732	62,225	-0.8

Table 2 Economic activities with the highest number of businesses, by form of incorporation

of businesses and change in %

Continued

NACE activity	Self employed			Public limited companies			Limited liability companies		
	2019	2020	Chg. (%)	2019	2020	Chg. (%)	2019	2020	Chg. (%)
45. Sale and repair of motor vehicles				1,896	1,773	-6.5	32,115	31,858	-0.8
46. Wholesale trade	73,749	71,356	-3.2	9,650	9,174	-4.9	122,831	121,482	-1.1
47. Retail trade	304,083	298,170	-1.9	3,642	3,427	-5.9	104,944	103,479	-1.4
49. Land transport and transport via pipelines	131,443	131,311	-0.1				31,067	30,310	-2.4
52. Warehousing and support activities				1,402	1,350	-3.7			
55. Accommodation				1,414	1,394	-1.4			
68. Real estate activities				6,939	6,887	-0.7	101,015	102,677	1.6
69. Legal and accounting activities	109,318	106,737	-2.4				45,372	45,375	0.0
71. Architectural and engineering activities	67,756	65,063	-4.0				35,749	35,489	-0.7
82. Office administrative and support activities							42,978	42,996	0.0
85. Education	76,722	74,013	-3.5						
86. Human health and social work activities	131,275	128,297	-2.3						
96. Other personal service activities	114,129	116,076	1.7						
% of business represented		63			59			61	

Source: INE (DIRCE).

retail trade. In the last two activities, the number of businesses in all three forms of incorporation decreased, with a noteworthy contraction in the number of public limited companies (business loss of between 5% and 6%). In the activities related with the construction sector, the situation is more nuanced – the number of businesses decreased (marked by contractions of around 8% or higher in the case of public limited companies), but the number of self-employed actually increased (by between 1.7% and 2.4%), indicating a degree of restructuring between the types of incorporation.

Meanwhile, in all of the top 10 activities carried on by public limited companies, the number

of companies decreased, most intensely in the sectors related with construction, followed by the sale of motor vehicles. In the case of the top 10 activities performed by limited liability companies, the number of businesses declined in all instances (notably ground transportation, where the number of businesses contracted by 2.4%), except for those devoted to real estate activities (whose number increased by 1.6%). And in the case of the top 10 activities performed by self-employed professionals, the number of businesses active in activities related with construction increased, as already noted, as did the number of firms devoted to the provision of personal services (+1.7%).

Table 3 Economic activities registering the biggest increases in # of businesses, by form of incorporation

of businesses and change in %

NACE activity	Self employed			Public limited companies			Limited liability companies		
	2019	2020	Chg. (%)	2019	2020	Chg. (%)	2019	2020	Chg. (%)
21. Manufacture of pharmaceutical products				117	119	1.7			
35. Electricity, gas, steam and air conditioning supply	845	910	7.7						
42. Civil engineering							1,839	1,894	3.0
50. Water transport	215	267	24.2						
53. Legal and courier activities	17,469	24,454	40.0				2,361	2,439	3.3
62. Computer programming, consultancy and related activities							17,405	17,859	2.6
64. Financial service activities, except insurance and pension funding	175	192	9.7	489	512	4.7	1,986	2,532	27.5
66. Activities auxiliary to financial services				865	882	2.0	16,460	17,145	4.2
68. Real estate activities				6,939	6,887	-0.7			
74. Other professional, scientific and technical activities				207	211	1.9			
87. Residential care activities	313	341	8.9						

Source: INE (DIRCE).

The next two tables provide analogous analysis for the five NACE activities registering the biggest increases (Table 3) and

the biggest decreases (Table 4) in the number of businesses between 2019 and 2020 for all three formats.

Table 4 Economic activities registering the biggest decreases in # of businesses, by form of incorporation

of businesses and change in %

NACE activity	Self employed			Public limited companies			Limited liability companies		
	2019	2020	Chg. (%)	2019	2020	Chg. (%)	2019	2020	Chg. (%)
8. Other mining and quarrying							1,290	1,238	-4.0
14. Manufacture of wearing apparel				308	283	-8.1			
15. Manufacture of leather and related products							2,785	2,625	-5.7
17. Manufacture of paper and paper products	221	201	-9.0						

Table 4 **Economic activities registering the biggest decreases in # of businesses, by form of incorporation**

of businesses and change in %

Continued

NACE activity	Self employed			Public limited companies			Limited liability companies		
	2019	2020	Chg. (%)	2019	2020	Chg. (%)	2019	2020	Chg. (%)
27. Manufacture of electrical equipment	237	213	-10.1						
30. Manufacture of other transport equipment				113	102	-9.7			
41. Construction of buildings							120,236	115,675	-3.8
43. Specialised construction activities				2,027	1,851	-8.7			
49. Land transport and transport via pipelines				1,293	1,176	-9.0			
60. Programming and broadcasting activities	234	206	-12.0						
77. Rental and leasing activities	6,988	6,577	-5.9						
79. Travel agency, tour operator activities	7,407	6,535	-11.8				6,208	5,759	-7.2
80. Security and investigation activities				196	174	-11.2			
91. Cultural activities							1,307	1,251	-4.3

Source: INE (DIRCE).

As shown by both analyses, there are very few activities with all three forms of incorporation. In the case of the self-employed, the activities registering the strongest growth in the number of businesses were postal and courier activities (+40%) and water transportation (+24%), while the sectors registering the greatest business destruction were travel agencies and radio and television programming and broadcasting activities (-12% in both instances).

In the case of the public limited companies, the bright spots within the overall negative

panorama were financial services (4.7%) and auxiliary financial services (2.0%), as well as other professional and scientific activities (growth of close to 2%). The areas that lost the highest number of public limited companies were security and investigation activities (-11.2%) and the manufacture of other transport equipment (-9.7%).

Lastly, turning to the universe of limited liability companies, it is worth highlighting the growth in the number of firms in the financial services sector (+27.5%), well above that sustained in any other sector, and the

“ In the case of the public limited companies, the bright spots within the overall negative panorama were financial services (4.7%) and auxiliary financial services (2.0%), as well as other professional and scientific activities (growth of close to 2%). ”

decrease in the number of travel agencies (loss of companies of 7.2%) and companies in the leather and footwear industry (business destruction of 5.7%).

Conclusions

This paper documents some of the main changes in the business fabric in Spain as a result of the COVID crisis, using data that run until year-end 2020. Spain created over 100,000 fewer businesses in 2020 than in 2019, a reduction of close to 24%. Business creation slowed in all the main legal forms of incorporation. However, judging by the available data, the pace of business destruction did not increase commensurably and in some forms of incorporation, the pace of destruction actually narrowed. Insofar as it is likely that not all of the effects of the health crisis will have materialised by the end of 2020, we will have to continue to analyse these trends in order to fully assess the impact of the COVID crisis. It is also worth recalling that the immediate impacts of the COVID crisis may have been absorbed initially, as intended, by means of the special employment support measures such as the furlough scheme (Malo, 2021; Torres and Fernandez, 2021a, 2021b), rather than via business destruction.

This analysis also documents a trend already observed before the pandemic (Xifré, 2019): The most dynamic form of incorporation changed in 2008, from limited liability company to self-employment.

Regardless, in order to tackle the possible deterioration in business creation dynamics as a result of the COVID crisis, a situation that could be exacerbated by Russia's invasion of Ukraine, it will be necessary to take measures to foster business creation and entrepreneurship. The contributions made recently in this same publication (Huerta Arribas, Novales Cinca, Salas Fumás, 2021) are relevant in that respect and focus on reducing the internal costs or other obstacles that limit business growth and curtail business creation. To cite a few, those measures include: Resolving the financing issues facing opportunity-driven start-ups; shoring up the technology innovation and knowledge-

sharing system; and designing public policies targeted at pushing disruptive innovation.

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Ramon Xifré. ESCI-Universitat Pompeu Fabra, UPF Barcelona School of Management, PPSRC – IESE Business School

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Recent key developments in the area of Spanish financial regulation

Prepared by the Regulation and Research Department of the Spanish Confederation of Savings Banks (CECA)

Law 4/2022 on consumer and user protection in cases of social and economic vulnerability (published in the Official State Journal on March 1st, 2022)

Law 4/2022 introduces changes to the recast text of the General Consumer and User Protection Act and other complementary laws enacted by Royal Legislative Decree 1/2007 with the aim of reinforcing consumer and user protection guarantees and effectively upholding the legitimate interests of vulnerable consumers. To that end, the legislation introduces the figure of a person who is vulnerable in consumer relations terms, defined as physical persons who, individually or collectively, on account of their personal, economic, educational or social circumstances, find themselves, whether in regional, sector-specific or temporary terms, in a position of particular subordination, defencelessness or vulnerability that prevents them from being able to exercise their rights as consumers on an equal footing. The legislation also defines their basic rights.

It is worth highlighting the new requirements for amendments to contracts with consumers and users that are not negotiated individually with respect to font size and line spacing. Specifically, accessibility and legibility requirements state that contract font sizes may not be smaller than 2.5 millimetres and line spacing may not be smaller than 1.15 millimetres.

The new legislation also includes a package of measures designed to enhance vulnerable consumers' financial inclusion, particularly that of the elderly, which the government must push through within three months of effectiveness of Law 4/2022, making the corresponding legislative changes needed to ensure the provision of personal

payment service customer care to vulnerable consumers and users who seek it, without any discrimination on the grounds of the "digital divide".

That package is to be prepared in coordination with the Bank of Spain, in a supervisory capacity, and representatives from the banking sector, and must include the following:

- The closure of bank branches may not imply the switching off of external ATMs.
- An increase in support staff dedicated to helping less digitally-savvy people perform the transactions they need.
- The installation of signage and instructions to give vulnerable consumers priority use of ATMs.
- Encouragement of the reservation of certain ATMs for exclusive use by vulnerable consumers.
- Simple, understandable, inclusive and secure bank access technology.
- Maximum security to protect bank users against online theft, hoaxes and fraud.
- Measures for guaranteeing personal customer attention for older people and other groups for whom accessing financial services using new technologies constitutes a motive for financial exclusion.
- Measures for bringing financial services to everyone, especially in rural areas, paying particular attention to the needs of people with disabilities and the elderly.

In addition, the government will foster, among the lines of strategic initiative pursued by the national state postal service, initiatives

designed to prevent the financial exclusion of vulnerable consumers and the installation of ATMs in post offices in small towns without such services, or the execution of agreements with the banks to enable the lodging and withdrawal of cash.

The new legislation took effect the day after its publication, except for the article related with contract font sizing, which will take effect three months after its publication.

Bank of Spain Circular 2/2022 on the rules applicable to payment service providers and payment system operators regarding the provision of payment statistics to the Bank of Spain (published in the *Official State Journal* on March 18th, 2022)

The Circular implements regulations addressing the following aspects:

- The procedure by which reporting agents must submit statistical data to the Bank of Spain.
- The frequency with which that statistical data has to be furnished to the Bank of Spain (quarterly, half-yearly and annually).
- The Bank of Spain's power to exonerate certain reporting agents from having to comply with the statistical data reporting requirements.

The Circular also determines the manner and frequency with which payment service providers must provide the Bank of Spain with statistical data on fraud related with the various methods of payment itemised in article 67.4 of Royal Decree-law 19/2018.

The reporting agents' first submission of statistical data to the Bank of Spain will be that corresponding to the first quarter of 2022 and must be presented no later than the last working day of April 2022.

Lastly, the new Circular repeals Bank of Spain Circular 2/2015 on the rules applicable to payment service providers and payment

system operators for sending the Bank of Spain the payments and payment systems statistics itemised in Regulation (EU) 1409/2013 of the European Central Bank of November 28th, 2013, on payments statistics.

Circular 2/2022 took effect the day after its publication.

Royal Decree-law 6/2022 enacting urgent measures under the scope of the National Response Plan to the economic and social consequences of the war in Ukraine (published in the *Official State Journal* on March 30th, 2022)

The key economic measures implemented by means of Royal Decree-law 6/2022 are the following:

- Measures to reinforce liquidity for businesses and self-employed professionals. Approval of a new 10-billion-euro state guarantee line for businesses and self-employed professionals until December 31st, 2022, designed to mitigate the economic consequences of Russia's invasion of Ukraine, which must first be authorised by the European Commission. The applicable terms, conditions and requirements will be determined by means of a Cabinet Resolution.
- Amendment of Royal Decree 164/2019. Victims of trafficking or sexual abuse have been added to the groups of people deemed vulnerable or at risk of financial exclusion in terms of qualifying for payment accounts with basic features free of charge.
- Amendment of Royal Decree-law 5/2021. Elimination of the requirement that the beneficiaries of the public support measures (businesses and self-employed professionals) need to have sustained a significant reduction in their revenue as a result of the COVID-19 pandemic. Specification that the Code of Good Practices governing renegotiations for customers with state-guaranteed loans will determine the sectors, cases and conditions on which principal repayments may be

temporarily suspended by means of an extension of the existing grace period or the granting of a new grace period, in the event the original period has already lapsed.

Royal Decree-law 6/2022 took effect the day after its publication.

Resolution of March 29th, 2022, issued by the Secretary of State for the Economy and Business Support publishing the Agreement reached by the Spanish Cabinet that same day amending the Code of Good Practices for renegotiating the guarantees contemplated in Royal Decree-law 5/2021 (published in the Official State Journal on March 30th, 2022)

The Spanish Cabinet, at a meeting held on March 29th, 2022, ratified an Agreement modifying the Code of Good Practices governing the renegotiation of the state-guaranteed loans contemplated in Royal Decree-law 5/2021. The following measures stand out:

- The entities endorsing the Code must respect the limits and terms and conditions of the working capital facilities granted to all customers and, specifically the financing extended by virtue of Royal Decree-law 5/2021, until at least September 30th, 2022. In the event they implement any of the measures contemplated in the Code, that deadline will be at least June 30th, 2023.
- Elimination of the requirement that applicants' revenue must have fallen by at least 30% between 2019 and 2020 in order to access the measures contemplated in Appendix II of the Code.
- Any extension of transaction grace periods must be notified by June 1st, 2022, at the latest. For maturity extensions applied for and granted after March 31st, 2022, self-employed professionals and SMEs from the sectors with economic activity codes 01, 03, 493 and 494 (agriculture, animal production, fishing and road transportation, respectively) will be entitled to a six-month

suspension of principal repayments either by extending the prevailing grace period or granting an additional grace period if the original one has already lapsed. The self-employed professionals and SMEs from those sectors whose loan maturity dates cannot be extended as they have already reached the limit will be entitled to the above temporary suspension.

The banks have a deadline of 15 days to notify the General Secretariat of Treasury and International Financing, in writing, of their intention not to be bound by the amendments introduced by this Agreement, in which case they must continue to apply the version of the Code of Good Practices applicable under the Resolution of January 13th, 2022, issued likewise by the General Secretariat of Treasury and International Financing.

Bank of Spain Circular 3/2022 amending Circular 2/2016, Circular 2/2014 and Circular 5/2012 (published in the Official State Journal on April 6th, 2022)

The goal of Circular 3/2022 is to: (i) complete transposition of CRD V in Spain by amending Circular 2/2016; (ii) exercise the options and discretions that CRR II attributes to the competent national authorities by amending Circular 2/2014; and (iii) implement certain information obligations in respect of revolving credit at the pre-contractual and contractual phases, by modifying Circular 5/2012. The following aspects stand out:

1. Amendment of Circular 2/2016:

- Implementation of the Bank of Spain's powers, contemplated in Royal Decree-law 7/2021 and implementing Royal Decree 970/2021 (transposition of CRD V) in relation to the following matters, among others:
 - The information the banks must document and provide to the Bank of Spain in respect of loans extended to members of their boards and parties related to them. That information must also be published on the banks' websites.

- Remuneration requirements, including the thresholds for the exemption from certain variable remuneration requirements. Specification that remuneration policy implementation may not discriminate on the grounds of gender.
 - The method for calculating the buffer for systemic risks.
 - The regime for authorising financial holding companies and mixed financial holding companies.
 - The additional annual reporting requirements applicable to branches of credit institutions headquartered outside a European Union Member State.
 - The additional method for identifying globally systemically important institutions (G-SIIs).
 - Calculation of the maximum distributable amount as a function of the leverage ratio buffer.
- Introduction of provisions related with the delegation of the provision of services or exercise of duties.
 - Elimination of the systemic risk assessment as a result of the establishment of the new macroprudential framework (macroprudential authority, alerts and oversight rules).
 - Likewise, the content related to the management of interest rate risk has been eliminated as that aspect is now regulated by Law 10/2014 and Royal Decree 84/2015, as amended. However, the extent of the information regarding interest rate risk that must be submitted to the Bank of Spain has been expanded.

2. The amendments made to Circular 2/2014 relate basically to the options and national discretions related with liquidity risk.

3. The amendments made to Circular 5/2012 on banking service transparency and

responsible loan granting address matters related with the information to be provided to customers before and after executing a revolving credit facility contract, including interest payment and fee notices and statements.

The Circular took effect the day after its publication, except for the changes made to Circular 5/2012, which will take effect six months after publication.

Spanish economic forecasts panel: May 2022*

Funcas Economic Trends and Statistics Department

Consensus GDP growth forecast for 2022 trimmed to 4.3%

The Spanish economy grew by 0.3% in the first quarter of 2022, according to the provisional numbers, 0.4 percentage points below the consensus forecast. Domestic demand detracted from growth by 1.2 percentage points, driven by a sharp drop in private consumption, whereas external demand contributed 1.5 points, thanks to growth in exports combined with a drop in imports. As for the start of the second quarter, the scant indicators available so far point to contraction or similar readings to those observed in previous months, other than the service sector indicators, which are rebounding strongly (confidence index, PMI and Social Security contributor numbers).

The consensus forecast for GDP growth in 2022 stands at 4.3%, down 0.5 points from our last survey, with 15 of the analysts having trimmed their estimates. As for the quarterly profile, the analysts are expecting lower growth for the remainder of the year (Table 2).

Domestic demand is expected to contribute 3.3 percentage points, down 0.8 percentage points from the last set of forecasts. The analysts have cut their forecasts for public and private consumption, and for investment, especially construction, sharply. External demand, meanwhile, is expected to make a one-point contribution to GDP, up 0.3 percentage points from the last set of estimates, shaped by lower import estimates (Table 1).

The forecast for 2023 is 3%

The consensus forecast is for growth of 3% in 2023, implying a 1.3 percentage point slowdown with respect to the 2022 forecast. That forecast is in line with the most recent forecasts published by the Bank of Spain and international organisations, such as the IMF.

The anticipated slowdown is attributable to a slight easing in the contribution by domestic demand but above all to the expectation of a flat contribution by

foreign trade (which is expected to contribute one point to growth this year) (Table 1).

Inflation expected to ease in 2023

The headline inflation rate continued to climb to a new record level of 9.8% in March. In April it fell back to 8.3%, but core inflation continued to rise, to 4.4%. The reduction in headline inflation points to an easing in energy product tightness; however, the increase in core inflation suggests that higher production costs are being passed on to less volatile components of the index.

The consensus forecast for average inflation in 2022 has increased by 1.5 percentage points to 6.9%. Headline inflation is expected to trend lower over the course of the year to reach 4.3% year-on-year by December (Table 3). In 2023, inflation is expected to come down considerably to 2.2% on average and to end the year at 1.8% year-on-year. Core inflation, meanwhile, is estimated at 3.6% and 2.4% in 2022 and 2023, respectively.

Unemployment rate could fall to 13.2% in 2023

According to the labour force survey, employment increased by 1.1% in the first quarter, adjusting for seasonal effects, marking slight easing from the growth observed during the last two quarters. The rate of unemployment decreased 2.3 percentage points year-on-year to 13.6%.

The rate of growth in Social Security contributors points to a more pronounced slowdown in job creation in the first quarter than that gleaned from the labour force survey. However, that reading registered strong growth in April, albeit concentrated in the services sector in general and the hospitality sector in particular. The consensus forecast for job growth in 2022 has been trimmed by 0.6 percentage points to 2.9%; the forecast for 2023 is for growth of 1.9%.

The forecasts for growth in GDP, job creation and wage compensation yield implied forecasts for growth in productivity and unit labour costs (ULCs). Productivity per full-time equivalent job is expected to increase by 1.4% this year and by 1.1% in 2023. Meanwhile, ULCs are expected to increase by 1% in 2022 and by 1.2% in 2023.

The average annual unemployment rate is expected to continue to come down to 13.7% in 2022 (down 0.2pp from the last Panel) and to 13.2% in 2023.

Ongoing balance of payments surplus

According to the definitive figures, Spain recorded a current account surplus of 11.3 billion euros in 2021, which is 0.9% of GDP – slightly greater than the surplus of 9.25 billion euros recorded in 2020. In the first two months of 2022, the trade surplus deteriorated year-on-year, while the income deficit narrowed. As a result, the current account deficit deteriorated by 622 million euros.

The consensus forecasts point to a current account surplus of 0.6% of GDP in 2022 (down 0.1pp from the last survey) and of 0.7% in 2023.

Downtrend in public deficit

Spain recorded a public deficit of 6.8% of GDP in 2021, 0.5 percentage points below the consensus forecast, compared to a deficit of 10.1% in 2020. Throughout the first few months of 2022, the various levels of government are displaying a considerable improvement in their financial health.

The analysts are expecting the deficit to come down over the next two years to 5.5% in 2022 and to 4.8% in 2023. Those numbers would imply missing the government's targets by 0.5pp and 0.9pp, respectively.

International context marred by consequences of the war

The outlook for the global economy has become more uncertain since our March survey. The invasion of Ukraine has compounded existing tensions in the energy and commodities markets. Faced by the risk of supply shortages, Brent oil is trading at around \$115/barrel, compared to \$100 in March, while the benchmark for gas prices in Europe, the TTF index, remains at high levels fuelled by the fear of

an interruption in supply from Russia. The collapse in exports from the regions affected by the conflict has also sent cereal prices soaring, with grave consequences for the major importing nations, particularly the poorest countries. All of which, exacerbated by the Chinese government's zero COVID policy, has triggered further supply chain disruptions, intensifying bottlenecks in industry, as evidenced in the manufacturing PMI suppliers' delivery. Geopolitical turbulence and supply chain friction are aggravating inflationary pressures, foreshadowing monetary policy tightening. The Federal Reserve has embarked on rate tightening, which has had ripple effects on the financial markets.

All of this has clouded the prospects for economic recovery. In its spring forecasts, the IMF cut its estimate for global growth in 2022 by 0.8 percentage points to 3.6%. More recently, the European Commission has also revised its forecasts for the European economy downwards. It is now forecasting growth of 2.7% in 2022, down 1.6 points from its last forecast, made before the war broke out, and growth of 2.3% in 2023 (down 0.1pp).

Virtually all of the analysts surveyed view the external climate as unfavourable, both in the EU and beyond, an assessment unchanged from the last Panel. And a wide majority of analysts believe that negative environment will persist or deteriorate in the months to come.

The withdrawal of monetary stimulus measures is accelerating in the face of persistent inflation

Given the persistence of inflationary pressures as a result of the run-up in the cost of energy and other inputs, the leading central banks are accelerating the withdrawal of their monetary stimulus measures. That shift is ushering in the end of the public and private debt repurchase programmes (both those initiated during the pandemic and those previously in existence), obliging the various states to refinance in the capital markets, without the backing of a central bank. Meanwhile, the Federal Reserve has already increased its benchmark rate twice (from 0-0.25% at the start of the year to 0.75-1% today) and has announced additional hikes in the coming months. The ECB is emitting increasingly explicit signs that it plans

to increase the rate on its deposit facility, stuck in negative territory since 2014. The challenge is to contain second-round effects from energy inflation without sparking financial tension in the eurozone of the calibre seen in 2011.

The markets have taken stock of the shift in monetary policy. 12-month forward EURIBOR (the leading indicator for the trend in the deposit facility rate, controlled by the ECB) has tightened from -0.24% in March to above +0.2% at the time the Panel results were written up, the first positive reading since 2016. The yield on the 10-year Spanish bond is trading above 2.1%, compared to 1.4% in March. The risk premium has widened slightly to close to 110 basis points.

The analysts expect market rates to continue to inch higher over the projection horizon (Table 2), reflecting significantly sharper tightening than they had been forecasting in March. EURIBOR at the end of the projection horizon is estimated at 1% and the yield on 10-year Spanish bonds, at 2.5%.

Euro approaching parity with the dollar

Monetary tightening is proceeding at a faster rate in the US than on this side of the Atlantic, driving euro depreciation against the dollar. The exchange rate is approaching parity compared to €/1.10 in March. The analysts, however, expect monetary conditions to converge, enabling the euro to regain some of the ground lost against the greenback during the projection horizon (Table 2).

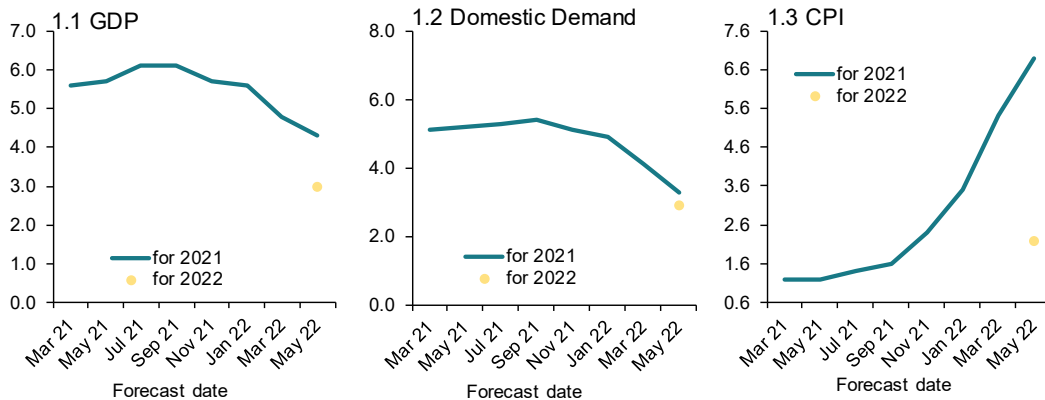
Macroeconomic policy remains expansionary

There was little change in the analysts' assessment of macroeconomic policy since our last Panel. They remain virtually unanimous about the expansionary character of prevailing policies. Most of them think that the current orientation is the right one, although the number of forecasters who think monetary policy should become more neutral has increased (Table 4). Lastly, the ECB is expected to start to increase one of its key rates –the deposit facility rate– considerably from the third quarter.

Exhibit 1

Change in forecasts (Consensus values)

Annual rates in %



Source: Funcas Panel of Forecasts.

* The Spanish Economic Forecasts Panel is a survey run by Funcas which consults the 19 research departments listed in Table 1. The survey, which dates back to 1999, is published bi-monthly in the months of January, March, May, July, September and November. The responses to the survey are used to produce a "consensus" forecast, which is calculated as the arithmetic mean of the 19 individual contributions. The forecasts of the Spanish Government, the Bank of Spain, and the main international organisations are also included for comparison, but do not form part of the consensus forecast.

Spanish economic forecasts panel: May 2022*

Funcas Economic Trends and Statistics Department

Table 1

Economic Forecasts for Spain – May 2022

Average year-on-year change, as a percentage, unless otherwise stated

	GDP ¹		Household consumption		Public consumption		Gross fixed capital formation		GFCF machinery and capital goods		GFCF construction		Domestic demand ³	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Analistas Financieros Internacionales (AFI)	4.3	3.0	3.5	2.5	3.1	1.7	4.9	2.5	7.5	3.3	2.0	2.2	3.7	2.3
BBVA Research	4.1	3.3	3.5	2.7	1.1	1.7	7.0	18.1	3.7	15.5	8.6	20.2	3.9	5.6
CaixaBank Research	4.2	3.8	3.3	4.5	0.1	0.4	3.6	5.0	4.5	5.0	1.3	5.0	3.8	3.6
Cámara de Comercio de España	4.3	2.8	2.0	2.0	0.6	0.7	4.5	2.7	10.6	5.3	1.2	1.2	2.8	2.5
Centro de Estudios Economía de Madrid (CEEM-URJC)	4.3	3.0	3.8	2.8	2.8	2.7	5.9	5.1	7.9	6.9	6.0	5.0	3.9	3.2
Centro de Predicción Económica (CEPREDE-UAM)	4.9	2.6	1.3	3.3	1.0	1.2	8.4	6.5	12.7	5.2	4.3	7.3	2.6	3.6
CEOE	4.2	3.2	3.1	2.7	2.2	1.3	7.4	5.4	12.2	6.8	3.3	4.7	3.1	2.7
Equipo Económico (Ee)	4.4	3.5	3.9	2.4	2.2	1.9	6.4	4.9	6.4	5.9	4.8	4.1	4.2	3.3
EthiFinance Ratings	4.7	3.5	3.0	4.1	1.7	1.5	4.0	8.7	--	--	--	--	--	--
Funcas	4.2	3.3	3.8	2.9	1.1	2.1	6.8	6.9	8.3	4.9	6.0	7.9	3.8	3.2
Instituto Complutense de Análisis Económico (ICAE-UCM)	4.3	3.3	3.8	2.6	1.2	2.1	5.0	6.0	8.5	5.0	3.7	7.7	3.5	3.0
Instituto de Estudios Económicos (IEE)	3.9	2.8	3.0	2.4	2.3	1.7	5.7	4.6	7.9	7.0	2.9	2.8	2.7	2.5
Intermoney	4.7	3.6	3.6	3.0	1.5	2.0	7.6	6.2	8.8	7.0	6.4	5.5	3.9	3.4
Mapfre Economics	4.2	3.0	3.6	3.5	-0.1	1.1	3.9	2.0	--	--	--	--	3.9	1.4
Oxford Economics	4.5	3.6	2.2	5.1	1.4	1.2	7.5	5.1	4.1	5.7	4.0	7.3	2.6	4.1
Repsol	4.0	2.5	-0.4	1.2	0.4	0.7	5.2	1.5	8.6	0.8	1.1	1.7	0.8	1.0
Santander	4.3	2.8	1.7	3.1	0.8	0.8	6.8	5.6	11.0	5.9	2.7	4.8	2.7	3.0
Metysis	3.7	2.5	3.4	1.9	1.5	1.4	6.8	5.4	9.2	4.5	5.6	6.4	3.8	2.7
Universidad Loyola Andalucía	3.8	1.9	3.6	1.1	0.9	0.7	7.0	5.4	8.2	5.2	0.7	-1.0	3.3	1.8
CONSENSUS (AVERAGE)	4.3	3.0	2.9	2.8	1.4	1.4	6.0	5.7	8.2	5.9	3.8	5.5	3.3	2.9
Maximum	4.9	3.8	3.9	5.1	3.1	2.7	8.4	18.1	12.7	15.5	8.6	20.2	4.2	5.6
Minimum	3.7	1.9	-0.4	1.1	-0.1	0.4	3.6	1.5	3.7	0.8	0.7	-1.0	0.8	1.0
Change on 2 months earlier ¹	-0.5	--	-1.0	--	-0.4	--	-1.1	--	-0.1	--	-1.9	--	-0.8	--
- Rise ²	2	--	1	--	5	--	6	--	7	--	2	--	3	--
- Drop ²	15	--	17	--	11	--	12	--	9	--	12	--	13	--
Change on 6 months earlier ¹	-1.4	--	-2.4	--	-0.7	--	-2.1	--	-0.7	--	-4.3	--	-1.8	--
Memorandum items:														
Government (April 2022)	4.3	3.5	4.1	2.7	2.0	2.2	9.3	7.5	11.1	5.9	5.2	8.6	4.6	3.6
Bank of Spain (April 2022)	4.5	2.9	4.5	3.9	-0.3	0.8	4.5	2.1	--	--	--	--	3.3	2.7
EC (May 2022)	4.0	3.4	0.8	3.8	-0.5	0.4	8.3	5.8	13.0	5.5	4.2	6.8	2.0	3.4
IMF (April 2022)	4.8	3.3	5.2	3.4	0.6	0.4	4.5	5.2	--	--	--	--	4.0	3.0
OECD (December 2021)	5.5	3.8	4.5	3.1	2.5	1.7	8.1	7.0	--	--	--	--	--	--

¹ Difference in percentage points between the current month's average and that of two months earlier (or six months earlier).

² Number of panellists revising their forecast upwards (or downwards) since two months earlier.

³ Contribution to GDP growth, in percentage points.

Table 1 (Continued)

Economic Forecasts for Spain – May 2022

Average year-on-year change, as a percentage, unless otherwise stated

	Exports of goods & services		Imports of goods & services		CPI (annual av.)		Core CPI (annual av.)		Wage earnings ³		Jobs ⁴		Unempl. (% labour force)		C/A bal. of payments (% of GDP) ⁵		Gen. gov. bal. (% of GDP) ⁵	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Analistas Financieros Internacionales (AFI)	7.9	4.1	6.5	2.2	6.0	2.0	3.1	2.5	--	--	2.8	1.4	13.3	13.0	1.1	1.3	-4.7	-3.9
BBVA Research	9.3	7.8	9.0	14.8	7.0	2.5	--	--	3.9	3.6	2.6	1.5	14.2	13.8	-0.4	-2.2	-6.0	-4.6
CaixaBank Research	10.1	3.0	6.0	2.5	6.8	1.1	4.0	2.2	2.6	3.1	3.8	2.9	13.6	12.5	1.5	1.5	-5.5	-4.8
Cámara de Comercio de España	11.5	4.5	6.8	4.4	7.6	3.3	4.1	3.0	--	--	3.2	1.9	13.9	13.4	0.8	0.4	-5.9	-5.5
Centro de Estudios Economía de Madrid (CEEM-URJC)	9.6	4.8	8.8	5.3	7.1	3.1	4.0	3.0	--	--	2.8	1.5	13.6	12.8	0.5	0.0	-5.3	-4.2
Centro de Predicción Económica (CEPREDE-UAM)	15.2	4.2	9.2	7.0	8.0	2.4	--	--	1.7	2.7	3.6	1.1	14.0	13.9	1.1	1.7	-5.8	-4.8
CEOE	11.3	6.9	8.3	6.0	7.0	1.9	3.9	2.1	2.0	1.8	3.1	2.8	13.7	12.9	0.0	0.5	-5.2	-4.5
Equipo Económico (Ee)	9.6	7.7	9.4	7.6	7.4	2.9	3.4	2.0	2.6	2.0	2.9	2.1	13.2	12.7	0.8	1.1	-5.2	-4.5
EthiFinance Ratings	16.2	3.9	10.8	4.9	6.8	2.1	3.5	1.9	--	--	--	--	13.6	13.1	0.5	0.8	-5.0	-4.1
Funcas	7.1	4.9	6.2	4.8	7.0	3.1	4.6	3.6	2.0	2.5	2.3	1.5	13.4	12.9	0.3	0.8	-5.0	-4.5
Instituto Complutense de Análisis Económico (ICAE-UCM)	9.4	7.3	6.8	6.9	7.2	2.6	2.7	1.9	--	--	2.5	1.7	13.7	13.0	0.9	0.7	-5.0	-4.7
Instituto de Estudios Económicos (IEE)	9.4	6.3	5.8	5.6	6.9	1.7	3.8	2.1	2.0	1.8	3.0	2.4	14.1	13.5	-0.5	0.0	-5.5	-4.9
Intermoney	10.1	6.2	8.1	5.8	6.5	2.2	3.4	1.8	--	--	3.0	2.1	14.2	13.2	0.6	--	-5.6	-4.8
Mapfre Economics	6.2	6.4	6.7	1.9	6.5	1.9	2.9	1.3	2.0	1.5	2.2	2.0	13.9	14.3	0.6	1.4	-5.5	-4.1
Oxford Economics	12.0	2.1	6.7	3.4	6.3	1.1	3.4	1.6	--	--	--	--	13.0	13.5	0.7	1.5	-5.1	-4.4
Repsol	15.9	10.0	6.9	7.0	6.3	1.4	3.3	1.7	2.5	2.0	3.5	2.2	13.5	13.1	0.0	0.5	-5.5	-4.2
Santander	11.2	2.4	7.4	3.3	6.5	2.0	3.5	2.5	--	--	--	--	13.6	13.3	--	--	--	--
Metysis	10.8	5.6	8.6	5.9	7.3	2.3	2.8	2.0	--	--	3.0	2.8	13.8	12.8	0.9	0.8	-5.7	-5.0
Universidad Loyola Andalucía	10.0	4.0	7.8	3.7	6.6	2.3	4.4	4.8	--	--	1.3	1.2	14.0	13.2	0.7	0.5	-7.1	-8.9
CONSENSUS (AVERAGE)	10.7	5.4	7.7	5.4	6.9	2.2	3.6	2.4	2.4	2.3	2.9	1.9	13.7	13.2	0.6	0.7	-5.5	-4.8
Maximum	16.2	10.0	10.8	14.8	8.0	3.3	4.6	4.8	3.9	3.6	3.8	2.9	14.2	14.3	1.5	1.7	-4.7	-3.9
Minimum	6.2	2.1	5.8	1.9	6.0	1.1	2.7	1.3	1.7	1.5	1.3	1.1	13.0	12.5	-0.5	-2.2	-7.1	-8.9
Change on 2 months earlier ¹	0.0	--	-0.9	--	1.5	--	0.8	--	0.4	--	-0.6	--	-0.2	--	-0.1	--	0.0	--
- Rise ²	7	--	4	--	17	--	14	--	6	--	3	--	7	--	3	--	9	--
- Drop ²	10	--	14	--	2	--	0	--	0	--	10	--	9	--	8	--	6	--
Change on 6 months earlier ¹	-0.8	--	-2.0	--	4.5	--	2.2	--	0.6	--	-0.5	--	-0.7	--	-0.6	--	0.2	--
Memorandum items:																		
Government (April 2022)	7.8	6.2	9.1	6.5	--	--	--	--	--	--	3.0	1.7	12.8	11.7	-0.4	-0.3	-5.0	-3.9
Bank of Spain (April 2022)	12.0	3.8	9.0	3.3	7.5 ⁽⁷⁾	2.0 ⁽⁷⁾	2.8 ⁽⁸⁾	1.8 ⁽⁸⁾	--	--	1.9 ⁽⁹⁾	2.0 ⁽⁹⁾	13.5	13.2	--	--	-5.0	-5.2
EC (May 2022)	13.6	4.6	8.3	4.8	6.3 ⁽⁷⁾	1.8 ⁽⁷⁾	3.9 ⁽⁸⁾	2.7 ⁽⁸⁾	2.8	3.0	3.3	1.6	13.4	13.0	1.8	2.1	-4.9	-4.4
IMF (April 2022)	8.6	3.7	0.6	3.0	5.3	1.3	--	--	--	--	--	--	13.4	13.1	0.3	0.4	-7.0	-5.3
OECD (December 2021)	10.7	6.1	8.5	5.4	3.2 ⁽⁷⁾	1.5 ⁽⁷⁾	1.2 ⁽⁸⁾	1.5 ⁽⁸⁾	--	--	2.4	1.2	14.2	13.6	1.0	1.2	-5.4	-4.2

¹ Difference in percentage points between the current month's average and that of two months earlier (or six months earlier).² Number of panellists revising their forecast upwards (or downwards) since two months earlier.³ Average earnings per full-time equivalent job.⁴ In National Accounts terms: Full-time equivalent jobs.⁵ Current account balance, according to Bank of Spain estimates.⁶ Excluding financial entities bail-out expenditures.⁷ Harmonized Index of Consumer Prices (HICP).⁸ Harmonized Index excluding energy and food.⁹ Hours worked.

Table 2

Quarterly Forecasts – May 2022

	22-I Q	22-II Q	22-III Q	22-IV Q	23-I Q	23-II Q	23-III Q	23-IV Q
GDP ¹	0.3	0.3	0.8	0.7	0.8	0.8	1.0	0.8
Euribor 1 yr ²	-0.24	0.19	0.41	0.63	0.76	0.95	1.01	1.06
Government bond yield 10 yr ²	1.22	2.01	2.23	2.34	2.40	2.45	2.49	2.54
ECB main refinancing operations interest rate ²	0.00	0.00	0.14	0.33	0.50	0.62	0.65	0.70
ECB deposit rates ²	-0.50	-0.48	-0.25	-0.05	0.08	0.20	0.23	0.25
Dollar / Euro exchange rate ²	1.10	1.07	1.11	1.08	1.09	1.10	1.11	1.11

Forecasts in yellow.

¹ Qr-on-qr growth rates.

² End of period.

Table 3

CPI Forecasts – May 2022

Year-on-year change (%)					
Apr-22	May-22	Jun-22	Jul-22	Dec-22	Dec-23
8.3	7.3	7.0	6.9	4.3	1.8

Table 4

Opinions – May 2022

Number of responses

	Currently			Trend for next six months		
	Favourable	Neutral	Unfavourable	Improving	Unchanged	Worsening
International context: EU	0	2	17	4	9	6
International context: Non-EU	0	3	16	3	11	5
	Is being			Should be		
	Restrictive	Neutral	Expansionary	Restrictive	Neutral	Expansionary
Fiscal policy assessment ¹	0	1	18	1	7	11
Monetary policy assessment ¹	1	0	18	5	9	5

¹ In relation to the current state of the Spanish economy.

Key Facts

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Economic Indicators

Table 1

National accounts: GDP and main expenditure components SWDA*

Forecasts in yellow

	GDP	Private consumption	Public consumption	Gross fixed capital formation			Exports	Imports	Domestic demand (a)	Net exports (a)	
				Total	Construction	Equipment & others products					
Chain-linked volumes, annual percentage changes											
2015	3.8	2.9	2.0	4.9	1.5	8.2	4.3	5.1	3.9	-0.1	
2016	3.0	2.7	1.0	2.4	1.6	3.1	5.4	2.6	2.0	1.0	
2017	3.0	3.0	1.0	6.8	6.7	6.9	5.5	6.8	3.1	-0.2	
2018	2.3	1.7	2.3	6.3	9.5	3.4	1.7	3.9	2.9	-0.6	
2019	2.1	1.0	2.0	4.5	7.1	1.9	2.5	1.2	1.6	0.5	
2020	-10.8	-12.0	3.3	-9.5	-9.6	-9.5	-20.1	-15.2	-8.6	-2.2	
2021	5.1	4.6	3.1	4.3	-2.8	12.1	14.7	13.9	4.7	0.5	
2022	4.2	3.8	1.1	6.8	6.0	7.7	7.1	6.2	3.8	0.4	
2023	3.3	2.9	2.1	6.9	7.9	6.0	4.9	4.8	3.2	0.1	
2020	II	-21.5	-24.1	2.7	-22.2	-20.3	-24.4	-38.3	-31.6	-18.2	-3.3
	III	-8.7	-8.9	3.6	-7.3	-7.8	-6.8	-19.7	-14.5	-6.4	-2.2
	IV	-8.8	-10.0	4.7	-5.7	-8.8	-2.4	-15.3	-9.5	-6.5	-2.3
2021	I	-4.1	-6.5	4.4	-3.3	-10.5	4.8	-6.7	-3.9	-3.1	-1.0
	II	17.8	22.6	4.1	20.6	11.2	31.5	40.4	40.6	17.5	0.3
	III	3.5	1.8	3.5	0.3	-5.5	6.6	16.1	13.2	2.4	1.1
	IV	5.5	4.1	0.4	2.8	-3.9	9.7	17.9	13.1	3.8	1.8
2022	I	6.4	3.0	0.8	6.8	1.3	12.1	20.8	12.1	3.3	3.1
Chain-linked volumes, quarter-on-quarter percentage changes											
2020	II	-17.7	-20.0	0.8	-19.9	-18.4	-21.5	-32.7	-27.6	-15.3	-2.4
	III	16.8	21.0	1.1	20.6	16.5	25.3	30.0	26.5	15.4	1.4
	IV	0.2	-0.8	1.4	0.6	-1.8	3.2	5.6	4.5	-0.1	0.3
2021	I	-0.5	-2.5	1.0	-0.5	-4.0	3.2	1.0	0.4	-0.7	0.2
	II	1.1	4.8	0.5	-0.1	1.3	-1.5	1.3	5.9	2.5	-1.3
	III	2.6	0.6	0.6	0.3	-1.0	1.6	7.5	1.8	0.7	1.9
	IV	2.2	1.4	-1.6	3.1	-0.2	6.2	7.2	4.5	1.2	1.0
2022	I	0.3	-3.6	1.3	3.4	1.2	5.5	3.4	-0.5	-1.2	1.5
Percentage of GDP at current prices											
	Current prices (EUR billions)										
2015	1,078	58.5	19.5	18.0	8.7	9.3	33.6	30.6	97.0	3.0	
2016	1,114	58.2	19.1	18.0	8.6	9.4	33.9	29.9	96.0	4.0	
2017	1,162	58.4	18.6	18.7	9.0	9.7	35.1	31.5	96.4	3.6	
2018	1,203	58.1	18.7	19.4	9.7	9.7	35.2	32.4	97.3	2.7	
2019	1,244	57.3	18.8	20.1	10.4	9.7	35.0	32.0	97.1	2.9	
2020	1,122	56.0	21.9	20.3	10.6	9.7	30.6	29.1	98.5	1.5	
2021	1,205	55.6	21.4	20.1	9.9	10.2	34.9	33.4	98.5	1.5	
2022	1,296	56.9	20.6	20.2	10.0	10.2	36.0	35.1	99.1	0.9	
2023	1,376	56.7	20.3	20.8	10.3	10.4	36.6	35.5	98.9	1.1	

*Seasonally and Working Day Adjusted.

(a) Contribution to GDP growth.

Source: INE and Funcas (Forecasts).

Chart 1.1 - GDP

Percentage change

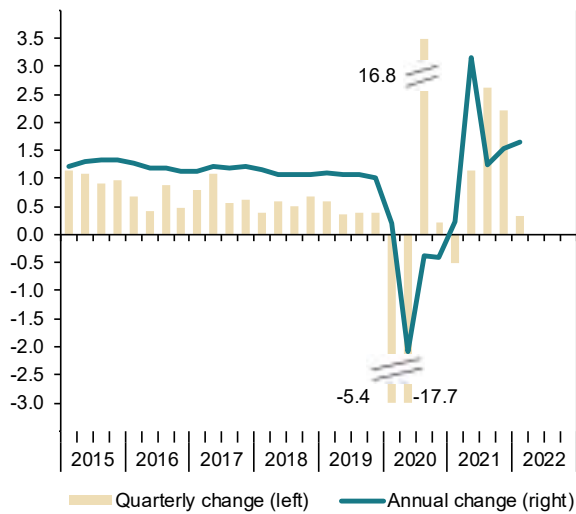


Chart 1.2 - Contribution to GDP annual growth

Percentage points

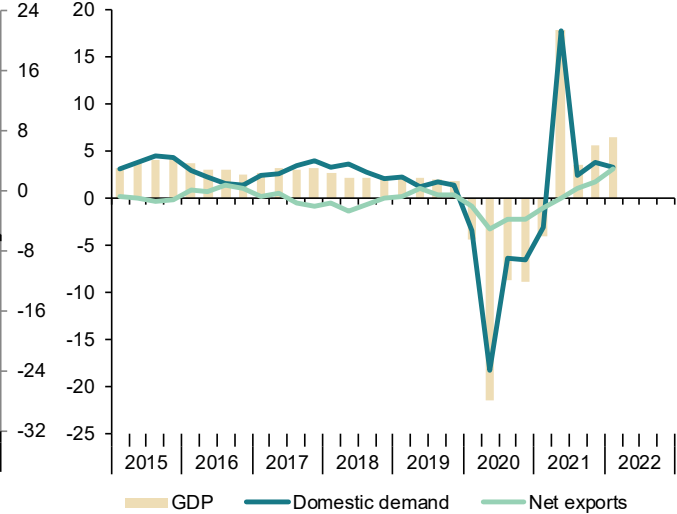


Chart 1.3 - Final consumption

Annual percentage change

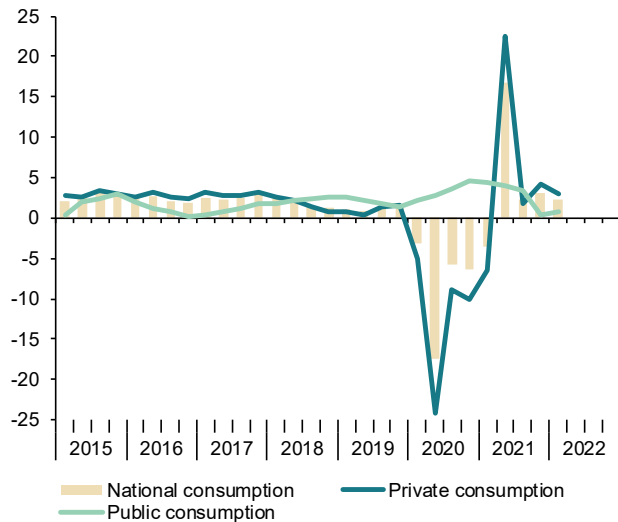


Chart 1.4 - Gross fixed capital formation

Annual percentage change

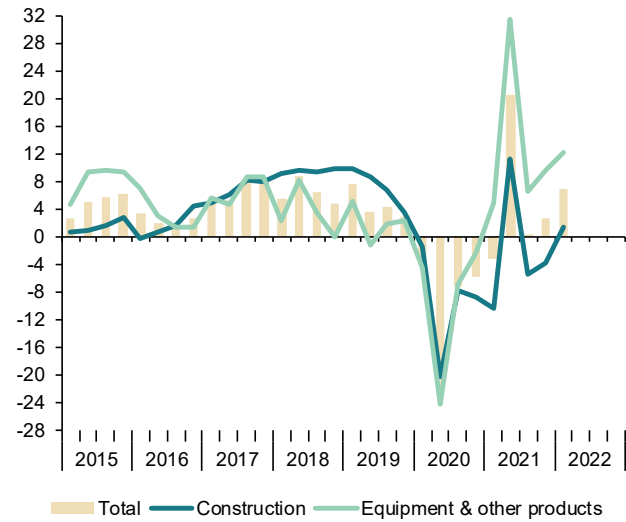


Table 2

National accounts: Gross value added by economic activity SWDA*

		Gross value added at basic prices								
		Industry				Services				
		Total	Agriculture, forestry and fishing	Total	Manufacturing	Construction	Total	Public administration, health, education	Other services	Taxes less subsidies on products
Chain-linked volumes, annual percentage changes										
2015		3.3	4.7	3.0	4.6	5.4	3.1	1.1	3.8	9.6
2016		2.8	4.8	4.1	2.3	3.9	2.4	1.4	2.7	5.2
2017		3.1	-3.7	4.0	5.7	2.0	3.3	2.5	3.5	1.9
2018		2.3	7.5	0.0	-1.1	2.3	2.6	1.7	2.9	2.1
2019		2.2	-2.5	1.4	0.7	5.3	2.3	1.3	2.6	1.1
2020		-10.8	4.3	-10.1	-12.1	-11.3	-11.5	-0.1	-15.1	-11.0
2021		5.0	-3.7	5.2	5.9	-3.4	6.0	3.1	7.2	6.7
2020	II	-21.7	6.7	-24.8	-29.2	-25.1	-21.8	-1.2	-28.4	-19.9
	III	-8.7	3.1	-5.8	-6.9	-7.4	-9.8	0.2	-13.0	-8.7
	IV	-8.8	7.3	-4.4	-5.3	-9.6	-10.3	1.8	-14.1	-8.9
2021	I	-4.4	-0.4	0.2	-0.3	-9.7	-5.0	3.4	-7.8	-1.2
	II	17.4	-5.1	23.5	29.3	11.5	17.8	5.0	23.5	21.8
	III	3.5	-4.3	-0.3	0.4	-8.8	5.8	3.2	6.8	2.9
	IV	5.5	-4.7	1.3	-0.1	-3.6	7.7	0.8	10.4	5.4
2022	I	6.4	-1.3	1.3	2.0	1.1	8.3	1.1	11.0	6.8
Chain-linked volumes, quarter-on-quarter percentage changes										
2020	II	-18.0	3.7	-19.9	-23.8	-22.1	-18.1	0.3	-24.3	-14.2
	III	17.1	-2.1	25.7	32.0	23.9	15.8	1.2	22.3	13.6
	IV	0.4	4.0	0.9	1.4	-2.2	0.3	1.9	-0.3	-1.1
2021	I	-0.8	-5.6	-1.4	-2.2	-4.4	-0.1	-0.1	-0.2	2.4
	II	0.7	-1.3	-1.3	-1.2	-3.8	1.6	1.8	1.5	5.8
	III	3.3	-1.3	1.5	2.5	1.4	4.0	-0.5	5.8	-4.1
	IV	2.3	3.6	2.6	0.9	3.4	2.1	-0.4	3.0	1.3
2022	I	0.0	-2.2	-1.4	-0.2	0.3	0.4	0.3	0.4	3.8
		Current prices EUR billions)	Percentage of value added at basic prices							
2015		978	3.0	16.4	12.4	5.8	74.9	18.5	56.4	10.1
2016		1,011	3.1	16.2	12.4	5.9	74.8	18.4	56.5	10.2
2017		1,053	3.1	16.2	12.5	5.9	74.8	18.1	56.7	10.3
2018		1,089	3.0	16.0	12.2	5.9	75.0	18.1	56.9	10.5
2019		1,128	2.9	16.0	12.1	6.3	74.9	18.1	56.8	10.3
2020		1,024	3.4	16.1	12.1	6.2	74.2	20.5	53.7	9.6
2021		1,089	3.0	16.9	12.5	5.7	74.3	20.0	54.3	10.6

* Seasonally and Working Day Adjusted.

Source: INE.

Chart 2.1 - GVA by sectors

Annual percentage change

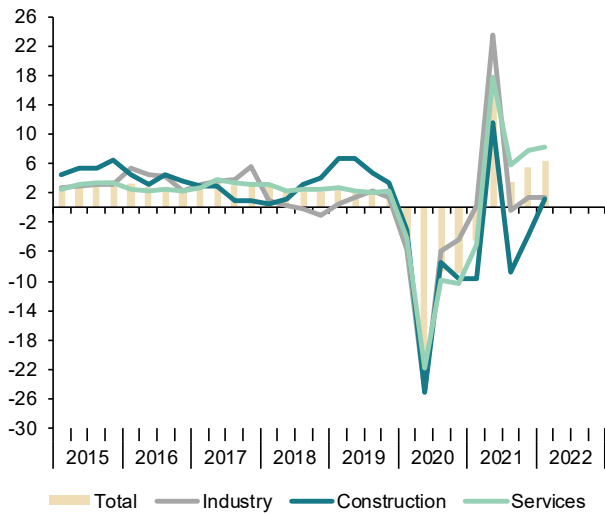


Chart 2.2 - GVA, Industry

Annual percentage change

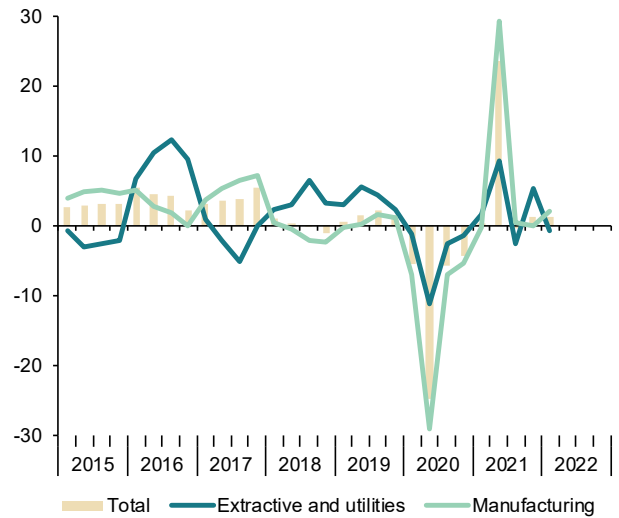


Chart 2.3 - GVA, services

Annual percentage change

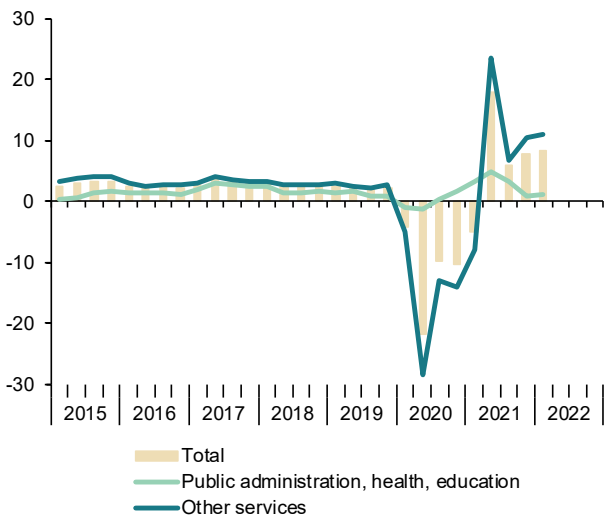


Chart 2.4 - GVA, structure by sectors

Percentage of value added at basic prices

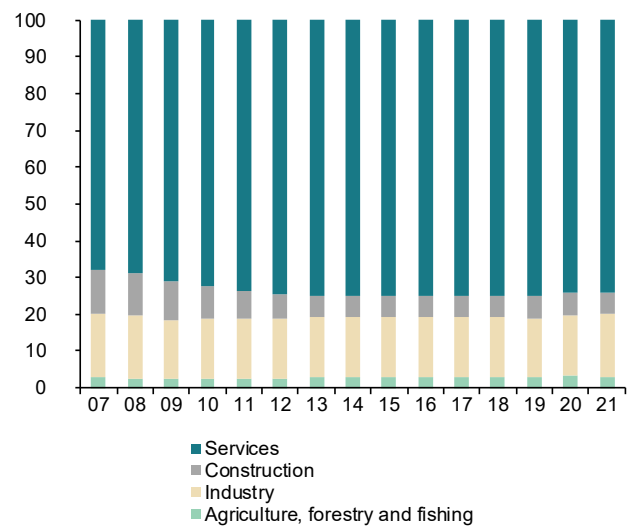


Table 3

National accounts: Productivity and labour costs

Forecasts in yellow

	Total economy						Manufacturing Industry						
	GDP, constant prices	Employment (jobs, full time equivalent)	Employment productivity	Compensation per job	Nominal unit labour cost	Real unit labour cost (a)	Gross value added, constant prices	Employment (jobs, full time equivalent)	Employment productivity	Compensation per job	Nominal unit labour cost	Real unit labour cost (a)	
	1	2	3=1/2	4	5=4/3	6	7	8	9=7/8	10	11=10/9	12	
Indexes, 2015 = 100, SWDA													
2015	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
2016	103.0	102.8	100.2	99.4	99.2	98.9	102.3	103.5	98.9	100.1	101.2	100.4	
2017	106.1	105.8	100.3	100.1	99.8	98.2	108.1	106.6	101.4	101.5	100.1	100.1	
2018	108.5	108.1	100.4	101.9	101.5	98.6	106.9	108.7	98.3	102.7	104.5	102.4	
2019	110.8	110.9	99.9	104.5	104.6	100.3	107.6	110.0	97.8	104.3	106.6	102.5	
2020	98.8	102.5	96.4	105.8	109.8	104.2	94.6	101.5	93.2	101.8	109.2	101.6	
2021	103.9	109.3	95.0	105.1	110.7	102.8	100.2	103.4	96.8	102.1	105.4	94.2	
2022	108.2	111.9	96.7	107.2	110.9	99.8	--	--	--	--	--	--	
2023	111.8	113.5	98.5	109.9	111.6	97.7	--	--	--	--	--	--	
2020	II	86.8	90.0	96.5	107.9	111.8	106.4	76.1	92.3	82.4	100.4	121.8	111.1
	III	101.4	104.7	96.8	105.7	109.1	103.1	100.5	101.0	99.5	100.7	101.2	94.4
	IV	101.6	105.9	96.0	105.5	109.9	103.6	101.9	103.2	98.7	101.0	102.2	92.9
2021	I	101.1	107.0	94.5	106.0	112.2	106.1	99.6	102.3	97.3	103.0	105.9	97.0
	II	102.2	107.0	95.6	103.9	108.7	102.4	98.4	102.6	95.9	101.6	106.0	96.7
	III	104.9	111.3	94.3	105.1	111.5	103.3	100.9	102.9	98.0	103.9	106.0	95.6
	IV	107.2	112.0	95.7	105.5	110.2	99.6	101.8	105.8	96.2	99.9	103.8	88.1
2022	I	107.6	112.7	95.5	107.1	112.1	102.2	101.6	104.6	97.1	103.7	106.8	94.8
Annual percentage changes													
2015	3.8	3.2	0.6	0.6	-0.1	-0.6	4.6	2.4	2.2	-0.7	-2.9	-2.6	
2016	3.0	2.8	0.2	-0.6	-0.8	-1.1	2.3	3.5	-1.1	0.1	1.2	0.4	
2017	3.0	2.9	0.1	0.7	0.6	-0.7	5.7	3.0	2.5	1.4	-1.1	-0.4	
2018	2.3	2.2	0.1	1.8	1.7	0.5	-1.1	2.0	-3.1	1.1	4.4	2.3	
2019	2.1	2.6	-0.5	2.5	3.1	1.7	0.7	1.1	-0.5	1.6	2.1	0.1	
2020	-10.8	-7.6	-3.5	1.3	5.0	3.8	-12.1	-7.7	-4.7	-2.4	2.4	-0.9	
2021	5.1	6.6	-1.4	-0.6	0.8	-1.4	5.9	1.9	3.9	0.3	-3.5	-7.2	
2022	4.2	2.3	1.8	2.0	0.2	-2.9	--	--	--	--	--	--	
2023	3.3	1.5	1.8	2.5	0.7	-2.1	--	--	--	--	--	--	
2020	II	-21.5	-18.8	-3.4	3.3	6.9	5.8	-29.2	-16.1	-15.6	-3.8	14.0	7.8
	III	-8.7	-5.6	-3.2	0.7	4.1	2.5	-6.9	-8.6	1.9	-3.4	-5.1	-8.2
	IV	-8.8	-5.2	-3.8	0.4	4.4	3.3	-5.3	-5.9	0.7	-3.5	-4.2	-7.6
2021	I	-4.1	-2.3	-1.8	1.4	3.3	2.0	-0.3	-6.5	6.6	-1.7	-7.8	-12.9
	II	17.8	18.9	-1.0	-3.7	-2.8	-3.7	29.3	11.1	16.3	1.2	-13.0	-12.9
	III	3.5	6.3	-2.6	-0.5	2.2	0.2	0.4	1.9	-1.5	3.2	4.8	1.3
	IV	5.5	5.8	-0.3	0.0	0.3	-3.8	-0.1	2.5	-2.6	-1.0	1.6	-5.1
2022	I	6.4	5.3	1.1	1.0	-0.1	-3.6	2.0	2.2	-0.2	0.7	0.9	-2.3

(a) Nominal ULC deflated by GDP/GVA deflator.

Source: INE and Funcas (Forecasts).

Chart 3.1 - Nominal ULC, total economy

Index, 2000=100

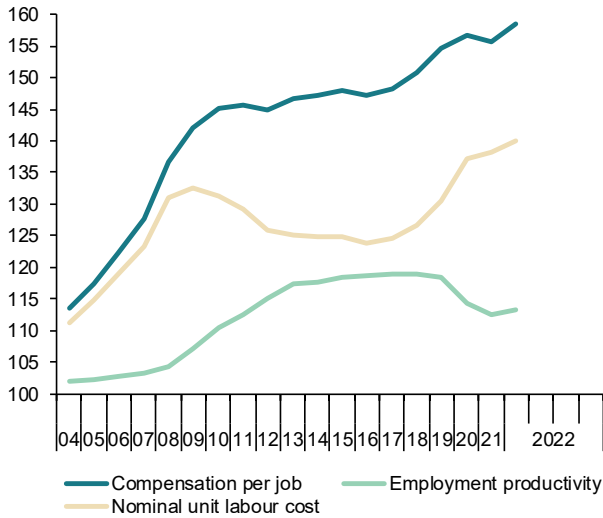
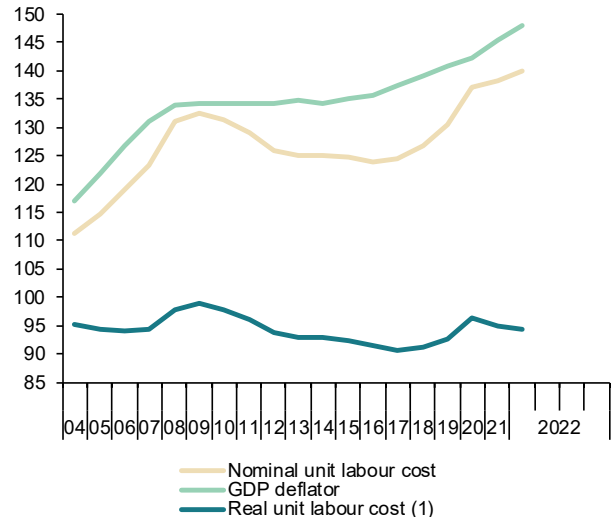


Chart 3.2 - Real ULC, total economy

Index, 2000=100



(1) Nominal ULC deflated by GDP deflator.

Chart 3.3 - Nominal ULC, manufacturing industry

Index, 2000=100

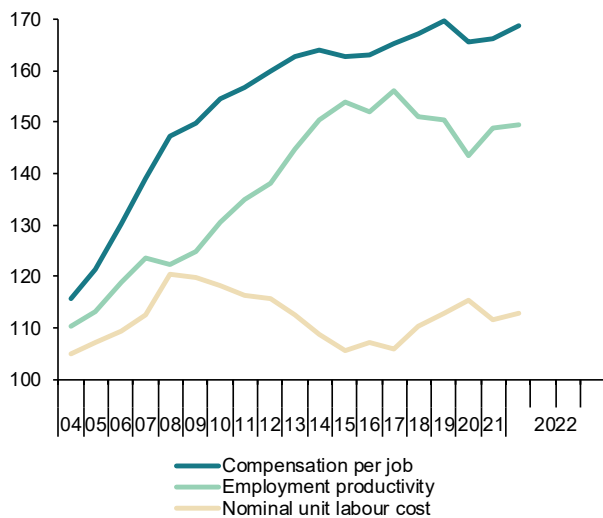
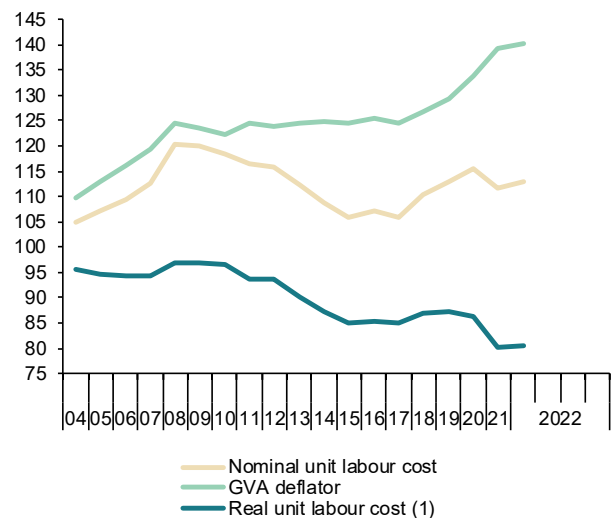


Chart 3.4 - Real ULC, manufacturing industry

Index, 2000=100



(1) Nominal ULC deflated by manufacturing GVA deflator.

Table 4

National accounts: National income, distribution and disposition

Forecasts in yellow

	Gross domestic product	Compensation of employees	Gross operating surplus	Gross national disposable income	Final national consumption	Gross national saving (a)	Gross capital formation	Compensation of employees	Gross operating surplus	Saving rate	Investment rate	Current account balance	Net lending or borrowing	
	EUR Billions, 4-quarter cumulated transactions							Percentage of GDP						
2015	1,077.6	492.9	472.6	1,066.7	840.1	226.5	204.7	45.7	43.9	21.0	19.0	2.0	2.7	
2016	1,113.8	503.7	495.8	1,104.8	860.5	244.3	208.9	45.2	44.5	21.9	18.8	3.2	3.4	
2017	1,161.9	523.7	518.4	1,152.2	894.4	257.7	225.5	45.1	44.6	22.2	19.4	2.8	3.0	
2018	1,203.3	545.7	531.4	1,193.2	924.2	269.0	246.4	45.4	44.2	22.4	20.5	1.9	2.4	
2019	1,244.4	575.9	540.9	1,234.1	948.0	286.1	259.9	46.3	43.5	23.0	20.9	2.1	2.4	
2020	1,121.9	543.9	476.4	1,114.7	873.3	241.4	232.1	48.5	42.5	21.5	20.7	0.8	1.2	
2021	1,205.1	573.0	507.3	1,198.4	927.8	270.6	259.1	47.5	42.1	22.5	21.5	1.0	1.9	
2022	1,295.5	596.9	555.1	1,288.2	1,004.2	284.0	279.8	46.1	42.8	21.9	21.6	0.3	2.5	
2023	1,376.0	621.8	596.5	1,372.2	1,060.5	311.7	300.7	45.2	43.3	22.7	21.9	0.8	2.6	
2020	II	1,169.2	558.1	501.5	1,162.1	902.2	260.0	243.0	47.7	42.9	22.2	20.8	1.4	1.9
	III	1,146.7	550.9	491.9	1,139.5	888.6	250.9	238.0	48.0	42.9	21.9	20.8	1.1	1.4
	IV	1,121.9	543.9	476.4	1,114.7	873.3	241.4	232.1	48.5	42.5	21.5	20.7	0.8	1.2
2021	I	1,113.3	541.3	471.5	1,105.0	866.3	238.7	231.8	48.6	42.4	21.4	20.8	0.6	1.2
	II	1,160.0	556.6	488.5	1,153.4	902.1	251.3	243.2	48.0	42.1	21.7	21.0	0.7	1.3
	III	1,175.8	564.9	489.4	1,169.0	911.5	257.4	247.8	48.0	41.6	21.9	21.1	0.8	1.7
	IV	1,205.1	573.0	507.3	1,198.4	927.8	270.6	259.1	47.5	42.1	22.5	21.5	1.0	1.9
2022	I	1,234.8	583.2	521.9	--	945.6	--	267.3	47.2	42.3	--	21.6	--	--
	Annual percentage changes							Difference from one year ago						
2015	4.4	4.1	3.8	4.8	3.0	12.0	10.8	-0.1	-0.3	1.4	1.1	0.3	-1.8	
2016	3.4	2.2	4.9	3.6	2.4	7.8	2.0	-0.5	0.7	0.9	-0.2	1.1	0.7	
2017	4.3	4.0	4.6	4.3	3.9	5.5	8.0	-0.2	0.1	0.3	0.7	-0.4	-0.4	
2018	3.6	4.2	2.5	3.6	3.3	4.4	9.3	0.3	-0.5	0.2	1.1	-0.9	-0.7	
2019	3.4	5.5	1.8	3.4	2.6	6.4	5.5	0.9	-0.7	0.6	0.4	0.2	0.1	
2020	-9.8	-5.6	-11.9	-9.7	-7.9	-15.6	-10.7	2.2	-1.0	-1.5	-0.2	-1.3	-1.2	
2021	7.4	5.4	6.5	7.5	6.2	12.1	11.6	-0.9	-0.4	0.9	0.8	0.1	0.7	
2022	7.5	4.2	9.4	7.5	8.2	5.0	8.0	-1.5	0.7	-0.5	0.1	-0.6	0.7	
2023	6.2	4.2	7.5	6.5	5.6	9.8	7.5	-0.9	0.5	0.7	0.3	0.5	0.0	
2020	II	-4.6	-0.7	-6.5	8.0	-3.6	85.5	17.1	1.9	-0.9	10.8	3.9	6.9	-0.4
	III	-7.2	-3.2	-8.6	4.9	-5.6	72.8	14.3	2.0	-0.7	10.1	3.9	6.2	-1.2
	IV	-9.8	-5.6	-11.9	1.7	-7.9	63.5	11.5	2.2	-1.0	9.7	4.0	5.7	-1.5
2021	I	-9.7	-6.4	-11.0	-9.8	-8.2	-15.4	-10.2	1.7	-0.6	-1.4	-0.1	-1.3	-1.3
	II	-0.8	-0.3	-2.6	-0.8	0.0	-3.3	0.1	0.3	-0.8	-0.6	0.2	-0.7	-0.6
	III	2.5	2.5	-0.5	2.6	2.6	2.6	4.1	0.0	-1.3	0.0	0.3	-0.3	0.3
	IV	7.4	5.4	6.5	7.5	6.2	12.1	11.6	-0.9	-0.4	0.9	0.8	0.1	0.7
2022	I	10.9	7.7	10.7	--	9.2	--	15.3	-1.4	-0.1	--	0.8	--	--

(a) Including change in net equity in pension funds reserves.

Source: INE and Funcas (Forecasts).

Chart 4.1 - National income, consumption and saving

EUR Billions, 4-quarter cumulated

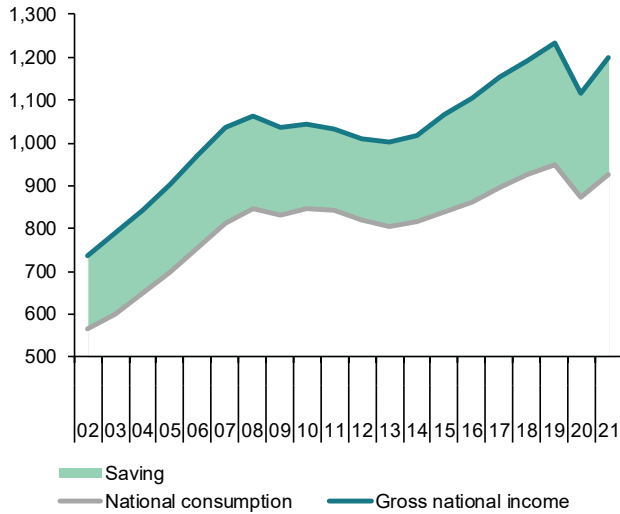


Chart 4.2 - National income, consumption and saving rate

Annual percentage change and percentage of GDP, 4-quarter moving averages

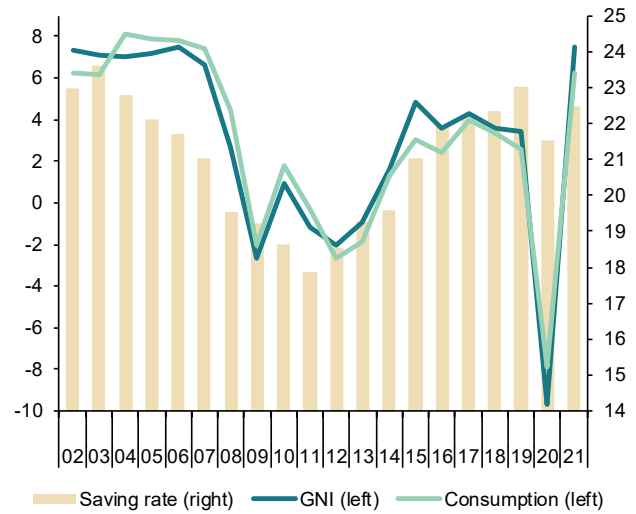


Chart 4.3 - Components of National Income

Percentage of GDP, 4-quarter moving averages

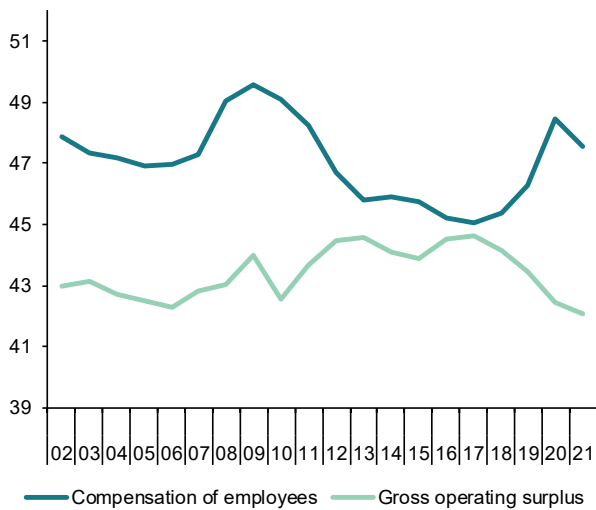


Chart 4.4 - Saving, Investment and Current Account Balance

Percentage of GDP, 4-quarter moving averages

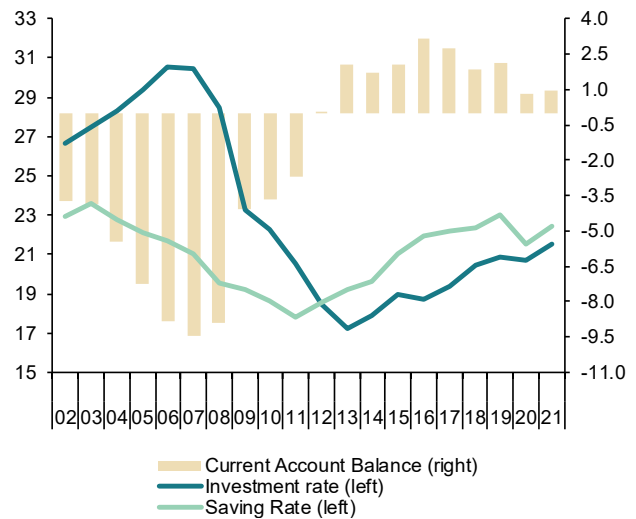


Table 5

National accounts: Household and non-financial corporations accounts

Forecasts in yellow

	Households							Non-financial corporations						
	Gross disposable income (GDI)	Final consumption expenditure	Gross saving	Gross capital formation	Saving rate	Gross capital formation	Net lending or borrowing	Gross operating surplus	Gross saving	Gross capital formation	Saving rate	Gross capital formation	Net lending or borrowing	
	EUR Billions, 4-quarter cumulated operations				Percentage of GDI	Percentage of GDP			EUR Billions, 4-quarter cumulated operations				Percentage of GDP	
2015	682.2	630.2	49.0	30.5	7.2	2.8	1.7	241.0	185.1	140.4	17.2	13.0	4.4	
2016	700.6	648.3	49.2	31.8	7.0	2.9	1.4	255.3	196.2	149.2	17.6	13.4	4.4	
2017	722.9	678.1	41.8	36.8	5.8	3.2	0.2	267.0	200.8	160.6	17.3	13.8	3.6	
2018	743.6	699.5	41.3	40.7	5.5	3.4	-0.1	271.2	200.4	177.2	16.7	14.7	2.1	
2019	780.9	713.6	64.5	42.0	8.3	3.4	1.7	274.4	203.0	189.2	16.3	15.2	1.3	
2020	742.5	628.0	110.7	41.2	14.9	3.7	6.1	224.6	180.7	154.7	16.1	13.8	2.8	
2021	758.7	669.7	86.5	69.6	11.4	5.8	1.6	250.4	192.6	153.3	16.0	12.7	3.9	
2022	799.6	736.8	60.4	73.1	7.6	5.6	-1.1	280.5	212.3	163.1	16.4	12.6	5.0	
2023	837.1	780.7	53.9	80.1	6.4	5.8	-2.0	306.7	226.9	177.0	16.5	12.9	4.6	
2020	I	782.1	703.8	75.4	42.6	9.6	3.4	2.5	263.8	193.8	183.8	15.7	14.9	0.9
	II	758.5	662.0	93.6	40.1	12.3	3.4	4.4	242.9	191.7	169.8	16.4	14.5	2.0
	III	753.8	648.4	102.0	41.4	13.5	3.6	5.2	234.9	184.1	162.1	16.1	14.1	2.1
	IV	742.5	628.0	110.7	41.2	14.9	3.7	6.1	224.6	180.7	154.7	16.1	13.8	2.8
2021	I	740.7	616.1	120.9	46.1	16.3	4.1	6.6	222.6	178.3	152.5	16.0	13.7	2.9
	II	750.4	648.6	97.7	52.5	13.0	4.5	3.8	236.8	185.3	156.5	16.0	13.5	3.0
	III	752.0	654.3	94.9	58.6	12.6	5.0	3.1	237.8	186.3	152.2	15.8	12.9	3.4
	IV	758.7	669.7	86.5	69.6	11.4	5.8	1.6	250.4	192.6	153.3	16.0	12.7	3.9
		Annual percentage changes				Difference from one year ago			Annual percentage changes				Difference from one year ago	
2015		4.0	2.9	18.1	1.1	0.9	-0.1	0.7	5.4	7.8	10.0	0.5	0.7	-0.3
2016		2.7	2.9	0.5	4.2	-0.2	0.0	-0.3	5.9	6.0	6.2	0.4	0.4	0.0
2017		3.2	4.6	-15.2	15.7	-1.3	0.3	-1.2	4.6	2.3	7.7	-0.3	0.4	-0.8
2018		2.9	3.2	-1.2	10.6	-0.2	0.2	-0.3	1.6	-0.2	10.3	-0.6	0.9	-1.5
2019		5.0	2.0	56.4	3.3	2.7	0.0	1.8	1.2	1.3	6.7	-0.3	0.5	-0.8
2020		-4.9	-12.0	71.6	-1.9	6.6	0.3	4.5	-18.2	-11.0	-18.2	-0.2	-1.4	1.4
2021		2.2	6.6	-21.8	68.7	-3.5	2.1	-4.5	11.5	6.6	-0.9	-0.1	-1.1	1.1
2022		5.4	10.0	-30.2	5.1	-3.9	-0.1	-2.7	12.0	10.2	6.4	0.4	-0.1	1.2
2023		4.7	6.0	-10.8	9.5	-1.1	0.2	-0.9	9.3	6.9	8.5	0.1	0.3	-0.5
2020	I	4.0	0.0	64.5	2.5	3.5	0.0	2.3	-2.8	-3.7	1.3	-0.8	0.0	-0.9
	II	-1.0	-6.3	62.6	-3.3	4.8	0.0	3.3	-10.9	-3.7	-8.7	0.1	-0.7	0.7
	III	-2.5	-8.7	71.0	-1.2	5.8	0.2	3.9	-13.8	-7.9	-13.4	-0.1	-1.0	0.8
	IV	-4.9	-12.0	71.6	-1.9	6.6	0.3	4.5	-18.2	-11.0	-18.2	-0.2	-1.4	1.4
2021	I	-5.3	-12.5	60.3	8.4	6.7	0.7	4.1	-15.6	-8.0	-17.1	0.3	-1.2	1.9
	II	-1.1	-2.0	4.3	31.2	0.7	1.1	-0.7	-2.5	-3.3	-7.8	-0.4	-1.0	1.0
	III	-0.2	0.9	-6.9	41.6	-0.9	1.4	-2.1	1.2	1.2	-6.1	-0.2	-1.2	1.4
	IV	2.2	6.6	-21.8	68.7	-3.5	2.1	-4.5	11.5	6.6	-0.9	-0.1	-1.1	1.1

Source: INE and Funcas (Forecasts).

Chart 5.1 - Households: Net lending or borrowing

Percentage of GDP, 4-quarter moving averages

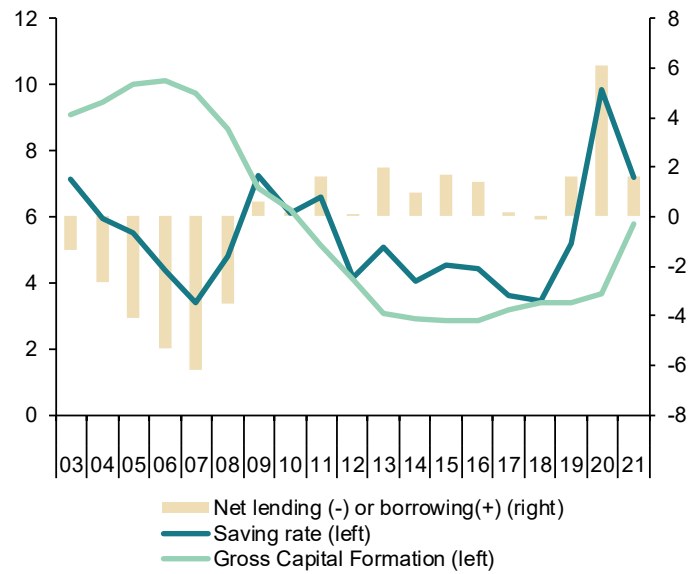


Chart 5.2 - Non-financial corporations: Net lending or borrowing

Percentage of GDP, 4-quarter moving averages

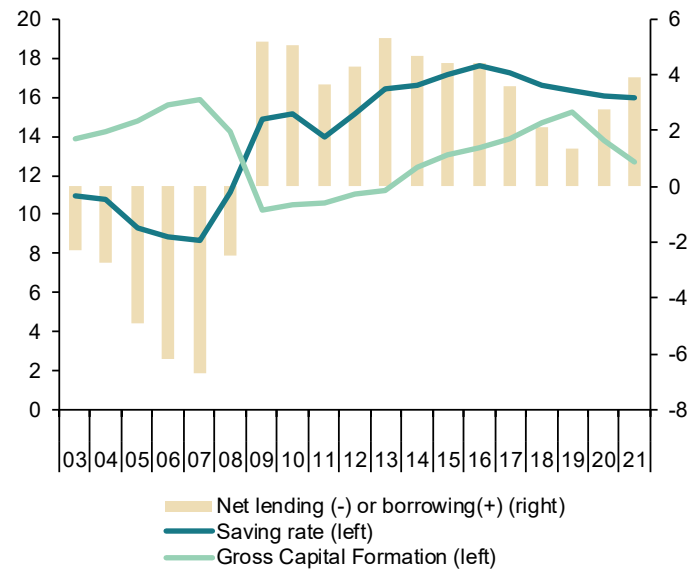


Table 6

National accounts: Public revenue, expenditure and deficit

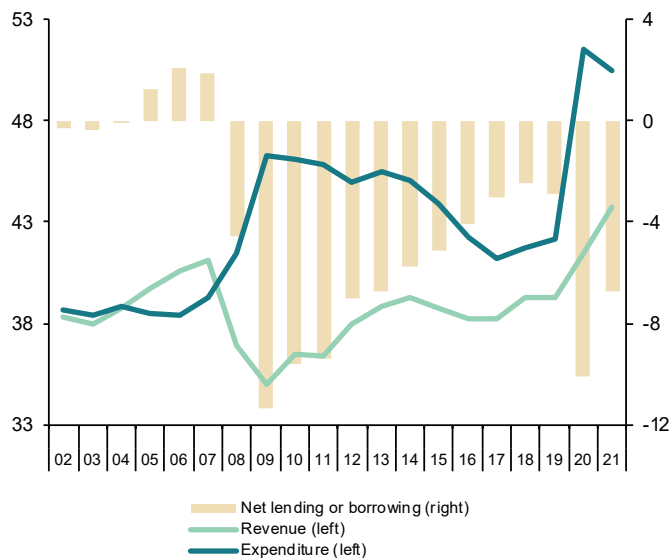
Forecasts in yellow

	Non financial revenue					Non financial expenditures							Net lending(+)/net borrowing(-)	Net lending(+)/net borrowing(-) excluding financial entities bail-out expenditures	
	Taxes on production and imports	Taxes on income and wealth	Social contributions	Capital and other revenue	Total	Compensation of employees	Intermediate consumption	Interests	Social benefits and social transfers in kind	Gross capital formation and other capital expenditure	Other expenditure	Total			
	1	2	3	4	5=1+2+3+4	6	7	8	9	10	11	12=6+7+8+9+10+11	13=5-12	14	
EUR Billions, 4-quarter cumulated operations															
2015	126.4	107.1	131.5	52.5	417.6	119.2	59.0	32.8	198.6	36.9	28.3	474.8	-57.2	-55.2	
2016	128.9	110.0	135.6	50.8	425.3	121.5	58.7	30.7	203.0	30.8	28.4	473.1	-47.9	-45.6	
2017	135.1	116.9	142.4	49.5	444.0	123.5	59.9	29.3	207.4	31.8	28.1	480.0	-36.1	-34.8	
2018	141.2	127.3	149.5	54.2	472.1	127.6	62.1	29.3	216.6	37.9	29.8	503.3	-31.2	-30.0	
2019	143.0	129.1	160.7	55.7	488.5	134.7	64.7	28.4	229.6	37.7	31.6	526.6	-38.1	-35.7	
2020	126.5	125.3	162.2	51.5	465.5	140.5	66.5	25.2	262.2	44.8	41.5	580.7	-115.2	-113.1	
2021	146.2	143.5	172.5	64.8	527.0	147.4	71.3	26.1	264.0	58.8	42.2	609.8	-82.8	-81.5	
2022	157.1	147.5	176.7	77.6	558.9	150.5	74.5	27.9	270.2	61.8	38.8	623.7	-64.8	-64.8	
2023	166.4	159.0	183.3	74.4	583.1	152.7	79.7	32.4	287.7	58.7	33.9	645.1	-61.9	-61.9	
2020	I	141.9	130.6	161.6	56.4	490.5	135.9	64.6	27.9	234.2	39.8	32.1	534.5	-44.1	-41.8
	II	131.9	126.6	161.6	53.7	473.8	137.0	65.0	26.6	250.3	40.4	37.5	556.8	-83.1	-80.9
	III	128.4	126.7	161.5	52.4	469.0	138.4	65.4	26.0	255.9	40.8	38.8	565.4	-96.4	-94.2
	IV	126.5	125.3	162.2	51.5	465.5	140.5	66.5	25.2	262.2	44.8	41.5	580.7	-115.2	-113.1
2021	I	126.5	126.1	164.1	50.4	467.1	142.4	67.7	25.4	267.4	46.7	43.0	592.6	-125.5	-123.3
	II	136.3	132.2	166.5	53.8	488.9	144.8	68.9	25.5	260.8	46.9	39.9	586.8	-97.9	-96.2
	III	141.7	133.6	169.7	58.7	503.8	146.4	70.1	25.3	261.6	52.3	40.3	595.9	-92.1	-90.8
	IV	146.2	143.5	172.5	64.8	527.0	147.4	71.3	26.1	264.0	58.8	42.2	609.8	-82.8	-81.5
Percentage of GDP, 4-quarter cumulated operations															
2015	11.7	9.9	12.2	4.9	38.8	11.1	5.5	3.0	18.4	3.4	2.6	44.1	-5.3	-5.1	
2016	11.6	9.9	12.2	4.6	38.2	10.9	5.3	2.8	18.2	2.8	2.6	42.5	-4.3	-4.1	
2017	11.6	10.1	12.3	4.3	38.2	10.6	5.2	2.5	17.9	2.7	2.4	41.3	-3.1	-3.0	
2018	11.7	10.6	12.4	4.5	39.2	10.6	5.2	2.4	18.0	3.1	2.5	41.8	-2.6	-2.5	
2019	11.5	10.4	12.9	4.5	39.3	10.8	5.2	2.3	18.5	3.0	2.5	42.3	-3.1	-2.9	
2020	11.3	11.2	14.5	4.6	41.5	12.5	5.9	2.3	23.4	4.0	3.7	51.8	-10.3	-10.1	
2021	12.1	11.9	14.3	5.4	43.7	12.2	5.9	2.2	21.9	4.9	3.5	50.6	-6.9	-6.8	
2022	12.1	11.4	13.6	6.0	43.1	11.6	5.8	2.2	20.9	4.8	3.0	48.1	-5.0	-5.0	
2023	12.1	11.6	13.3	5.4	42.4	11.1	5.8	2.4	20.9	4.3	2.5	46.9	-4.5	-4.5	
2020	I	11.5	10.6	13.1	4.6	39.7	11.0	5.2	2.3	19.0	3.2	2.6	43.3	-3.6	-3.4
	II	11.3	10.8	13.8	4.6	40.5	11.7	5.6	2.3	21.4	3.5	3.2	47.6	-7.1	-6.9
	III	11.2	11.1	14.1	4.6	40.9	12.1	5.7	2.3	22.3	3.6	3.4	49.3	-8.4	-8.2
	IV	11.3	11.2	14.5	4.6	41.5	12.5	5.9	2.3	23.4	4.0	3.7	51.8	-10.3	-10.1
2021	I	11.4	11.3	14.8	4.5	42.0	12.8	6.1	2.3	24.0	4.2	3.9	53.3	-11.3	-11.1
	II	11.7	11.4	14.3	4.6	42.1	12.5	5.9	2.2	22.5	4.0	3.4	50.5	-8.4	-8.3
	III	12.0	11.4	14.4	5.0	42.8	12.4	6.0	2.1	22.2	4.4	3.4	50.6	-7.8	-7.7
	IV	12.1	11.9	14.3	5.4	43.7	12.2	5.9	2.2	21.9	4.9	3.5	50.6	-6.9	-6.8

Source: IGAE and Funcas (Forecasts).

Chart 6.1 - Public sector: Revenue, expenditure and deficit (a)

Percentage of GDP, 4-quarter moving averages



(a) Excluding financial entities bail-out expenditures.

Chart 6.2 - Public sector: Main expenditures

Percentage of GDP, 4-quarter moving averages

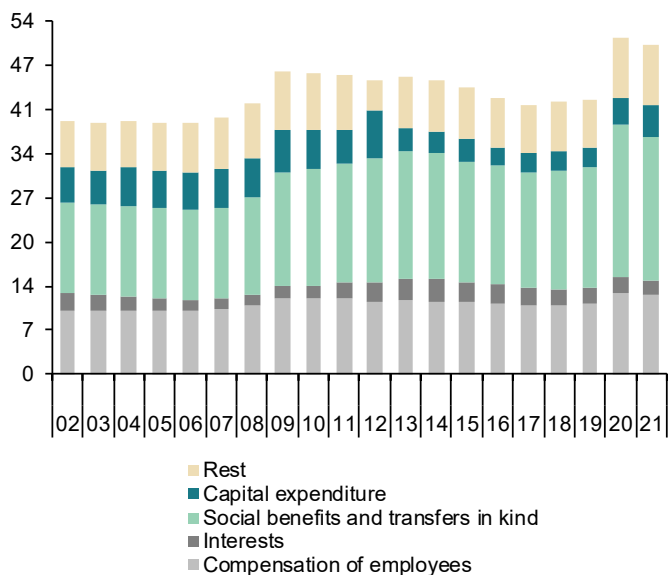


Table 7

Public sector balances, by level of Government

Forecasts in yellow

	Net lending (+)/ net borrowing (-) (a)					Debt					
	Central Government	Regional Governments	Local Governments	Social Security	TOTAL Government	Central Government	Regional Governments	Local Governments	Social Security	Total Government (consolidated)	
	EUR Billions, 4-quarter cumulated operations					EUR Billions, end of period					
2015	-28.2	-18.9	4.6	-12.9	-55.2	982.9	263.3	35.1	17.2	1,113.7	
2016	-25.7	-9.5	7.0	-17.4	-45.6	1,008.9	277.0	32.2	17.2	1,145.1	
2017	-20.6	-4.2	6.7	-16.8	-34.8	1,049.8	288.1	29.0	27.4	1,183.4	
2018	-15.7	-3.3	6.3	-17.3	-30.0	1,082.8	293.4	25.8	41.2	1,208.9	
2019	-16.4	-7.3	3.8	-15.9	-35.7	1,095.8	295.1	23.2	55.0	1,223.4	
2020	-84.2	-2.4	2.9	-29.3	-113.1	1,206.6	304.0	22.0	85.4	1,345.8	
2021	-72.1	-0.3	3.3	-12.3	-81.5	1,280.0	312.6	22.1	97.2	1,427.2	
2022	--	--	--	--	-64.8	--	--	--	--	1,489.2	
2023	--	--	--	--	-61.9	--	--	--	--	1,547.8	
2020	I	-15.1	-8.2	3.8	-22.3	-41.8	1,129.2	298.3	22.9	55.0	1,258.7
	II	-54.5	-6.6	2.5	-22.2	-80.9	1,193.3	305.7	25.0	68.9	1,325.1
	III	-64.7	-2.0	3.5	-30.9	-94.2	1,211.9	301.9	23.7	74.9	1,342.4
	IV	-84.2	-2.4	2.9	-29.3	-113.1	1,206.6	304.0	22.0	85.4	1,345.8
2021	I	-94.0	-3.3	3.2	-29.3	-123.3	1,247.8	307.7	22.1	85.4	1,393.1
	II	-74.6	-2.2	3.8	-23.2	-96.2	1,273.4	312.0	22.7	91.9	1,424.7
	III	-84.3	4.6	3.7	-14.7	-90.8	1,281.4	312.3	22.3	91.9	1,432.3
	IV	-72.1	-0.3	3.3	-12.3	-81.5	1,280.0	312.6	22.1	97.2	1,427.2
		Percentage of GDP, 4-quarter cumulated operations				Percentage of GDP					
2015	-2.6	-1.8	0.4	-1.2	-5.1	91.2	24.4	3.3	1.6	103.3	
2016	-2.3	-0.9	0.6	-1.6	-4.1	90.6	24.9	2.9	1.5	102.8	
2017	-1.8	-0.4	0.6	-1.4	-3.0	90.4	24.8	2.5	2.4	101.9	
2018	-1.3	-0.3	0.5	-1.4	-2.5	90.0	24.4	2.1	3.4	100.5	
2019	-1.3	-0.6	0.3	-1.3	-2.9	88.1	23.7	1.9	4.4	98.3	
2020	-7.5	-0.2	0.3	-2.6	-10.1	107.5	27.1	2.0	7.6	120.0	
2021	-6.0	0.0	0.3	-1.0	-6.8	106.2	25.9	1.8	8.1	118.4	
2022	--	--	--	--	-5.0	--	--	--	--	114.9	
2023	--	--	--	--	-4.5	--	--	--	--	112.5	
2020	I	-1.2	-0.7	0.3	-1.8	-3.4	91.6	24.2	1.9	4.5	102.1
	II	-4.7	-0.6	0.2	-1.9	-6.9	102.1	26.1	2.1	5.9	113.3
	III	-5.6	-0.2	0.3	-2.7	-8.2	105.7	26.3	2.1	6.5	117.1
	IV	-7.5	-0.2	0.3	-2.6	-10.1	107.5	27.1	2.0	7.6	120.0
2021	I	-8.4	-0.3	0.3	-2.6	-11.1	112.1	27.6	2.0	7.7	125.1
	II	-6.4	-0.2	0.3	-2.0	-8.3	109.8	26.9	2.0	7.9	122.8
	III	-7.2	0.4	0.3	-1.3	-7.7	109.0	26.6	1.9	7.8	121.8
	IV	-6.0	0.0	0.3	-1.0	-6.8	106.2	25.9	1.8	8.1	118.4

(a) Excluding financial entities bail-out expenditures.

Sources: National Statistics Institute, Bank of Spain (Financial Accounts of the Spanish Economy), and Funcas (Forecasts).

Chart 7.1 - Government deficit

Percent of GDP, 4-quarter cumulated operations

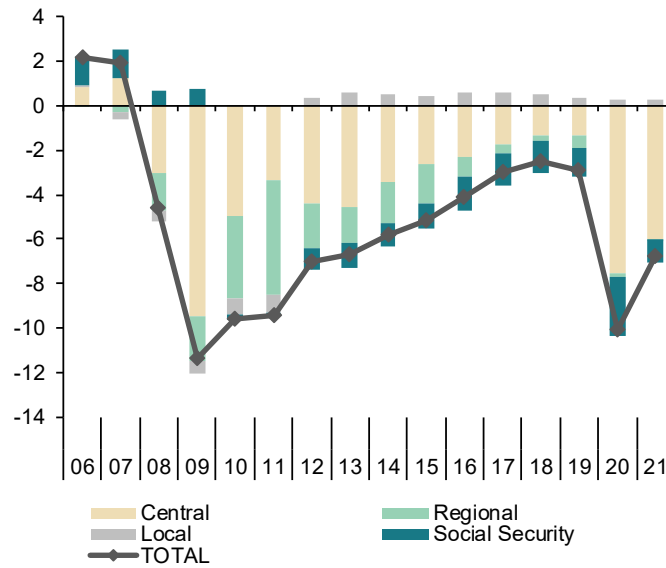


Chart 7.2 - Government debt

Percent of GDP

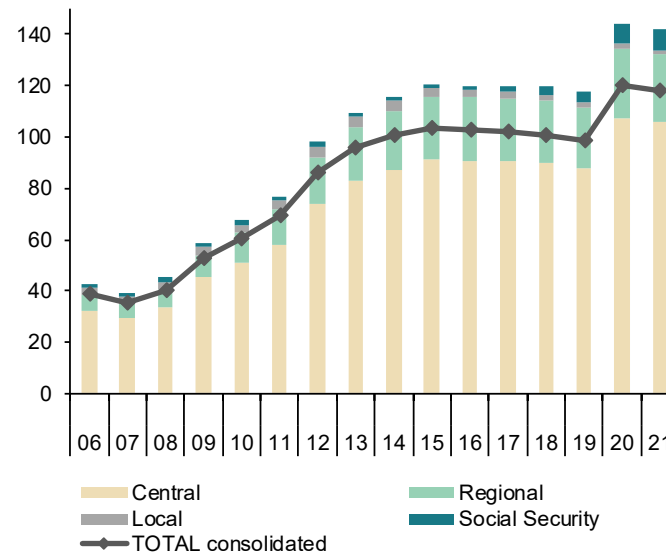


Table 8

General activity and industrial sector indicators (a)

	General activity indicators				Industrial sector indicators						
	Economic Sentiment Index	Composite PMI index	Social Security Affiliates (f)	Electricity consumption (temperature adjusted)	Industrial production index	Social Security Affiliates in industry	Manufacturing PMI index	Industrial confidence index	Manufacturing Turnover index deflated	Industrial orders	
	Index	Index	Thousands	1,000 GWH	2015=100	Thousands	Index	Balance of responses	2015=100 (smoothed)	Balance of responses	
2014	99.9	55.1	16,111.1	247.2	96.8	2,022.8	53.2	-7.5	95.3	-16.3	
2015	107.7	56.7	16,641.8	251.4	100.0	2,067.3	53.6	-0.6	100.0	-5.4	
2016	106.0	54.9	17,157.5	252.1	101.8	2,124.7	53.1	-2.1	102.7	-5.4	
2017	109.2	56.2	17,789.6	256.4	105.1	2,191.0	54.8	1.4	107.1	2.2	
2018	107.9	54.6	18,364.5	257.9	105.3	2,250.9	53.3	-0.5	108.4	-0.2	
2019	104.7	52.7	18,844.1	251.2	106.1	2,283.2	49.1	-3.6	108.9	-5.1	
2020	90.0	41.5	18,440.5	239.1	95.9	2,239.3	47.5	-13.6	98.8	-30.0	
2021	105.1	55.3	18,910.0	244.3	102.9	2,270.4	57.0	0.6	104.3	-1.5	
2022 (b)	106.4	53.3	19,347.2	86.5	104.9	2,299.4	55.2	4.9	100.3	10.8	
2020	III	90.9	48.5	18,321.9	59.7	99.8	2,227.3	51.4	-10.4	102.8	-38.8
	IV	92.2	44.8	18,592.5	61.8	102.9	2,244.1	51.1	-8.4	107.1	-20.2
2021	I	97.4	46.1	18,634.2	61.4	103.1	2,245.5	53.1	-4.6	104.1	-12.7
	II	105.2	58.9	18,666.3	61.3	102.7	2,258.5	59.2	-0.2	102.8	-0.9
	III	108.8	59.6	19,018.8	60.1	101.7	2,280.7	58.8	2.3	103.9	-0.5
	IV	109.2	56.6	19,320.5	61.1	104.4	2,296.9	56.9	4.9	106.4	8.0
2022	I	108.4	52.5	19,494.7	59.7	104.7	2,311.0	55.8	6.9	105.3	11.6
	II (b)	100.2	55.7	19,542.3	19.7	--	2,314.1	53.3	-1.1	--	8.2
2022	Feb	111.7	56.5	19,495.8	20.0	105.7	2,311.8	56.9	9.6	104.5	13.3
	Mar	104.7	53.1	19,509.6	19.9	103.7	2,314.4	54.2	4.5	--	13.6
	Apr	100.2	55.7	19,542.3	19.8	--	2,314.1	53.3	-1.1	--	8.2
Percentage changes (c)											
2014	--	--	1.6	-0.1	1.3	0.1	--	--	2.3	--	
2015	--	--	3.3	1.7	3.4	2.2	--	--	4.9	--	
2016	--	--	3.1	0.3	1.8	2.8	--	--	2.8	--	
2017	--	--	3.7	1.7	3.2	3.1	--	--	4.2	--	
2018	--	--	3.2	0.6	0.2	2.7	--	--	1.2	--	
2019	--	--	2.6	-2.6	0.7	1.4	--	--	0.5	--	
2020	--	--	-2.1	-4.8	-9.6	-1.9	--	--	-9.3	--	
2021	--	--	2.5	2.2	7.3	1.4	--	--	5.5	--	
2022 (d)	--	--	4.8	-2.9	1.9	2.9	--	--	1.7	--	
2020	III	--	2.0	8.6	23.6	1.2	--	--	24.9	--	
	IV	--	1.5	3.5	3.0	0.8	--	--	4.2	--	
2021	I	--	0.2	-0.6	0.2	0.1	--	--	-2.8	--	
	II	--	0.2	-0.2	-0.4	0.6	--	--	-1.3	--	
	III	--	1.9	-1.8	-0.9	1.0	--	--	1.1	--	
	IV	--	1.6	1.5	2.6	0.7	--	--	2.4	--	
2022	I	--	0.9	-2.2	0.3	0.6	--	--	-1.1	--	
	II (e)	--	0.2	-0.9	--	0.1	--	--	--	--	
2022	Feb	--	0.1	-0.2	0.9	0.2	--	--	-1.5	--	
	Mar	--	0.1	-2.8	-1.8	0.1	--	--	--	--	
	Apr	--	0.2	1.1	--	0.0	--	--	--	--	

(a) Seasonally adjusted, except for annual data. (b) Period with available data. (c) Percent change from the previous quarter for quarterly data, from the previous month for monthly data, unless otherwise indicated. (d) Growth of available period over the same period of the previous year. (e) Growth of the average of available months over the monthly average of the previous quarter. (f) Excluding domestic service workers and non-professional caregivers.

Sources: European Commission, Markit Economics Ltd., M. of Labour, M. of Industry, National Statistics Institute, REE and Funcas.

Chart 8.1 - General activity indicators (I)

Annual percentage changes

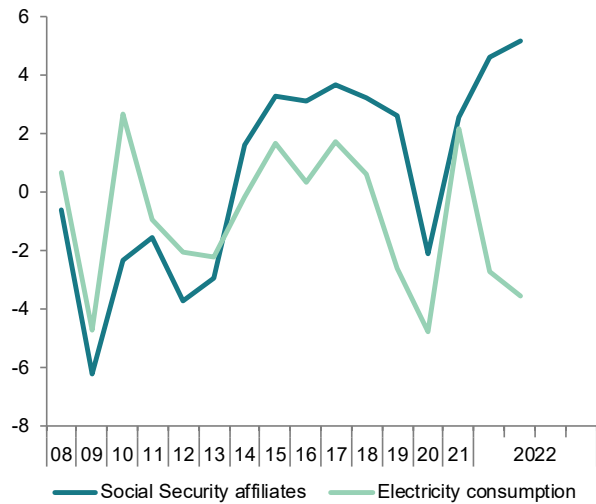


Chart 8.2 - General activity indicators (II)

Index

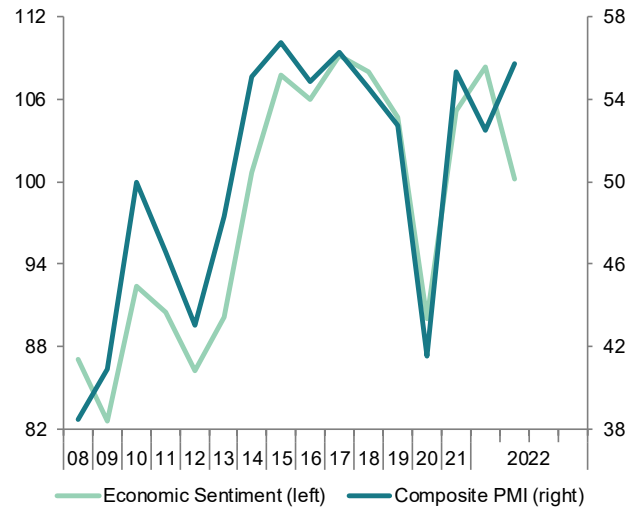


Chart 8.3 - Industrial sector indicators (I)

Annual percentage changes

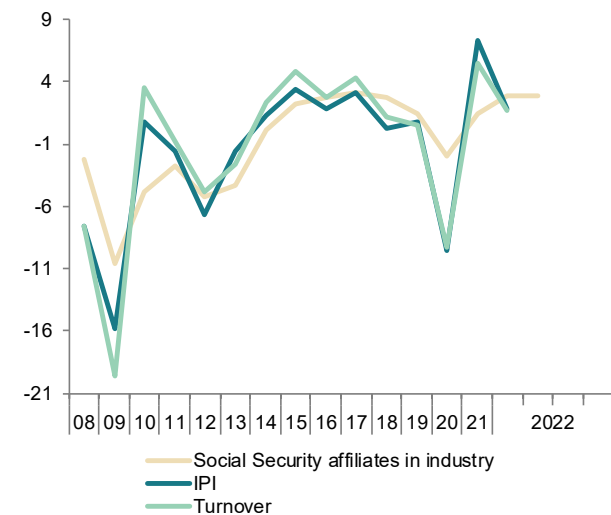


Chart 8.4 - Industrial sector indicators (II)

Index

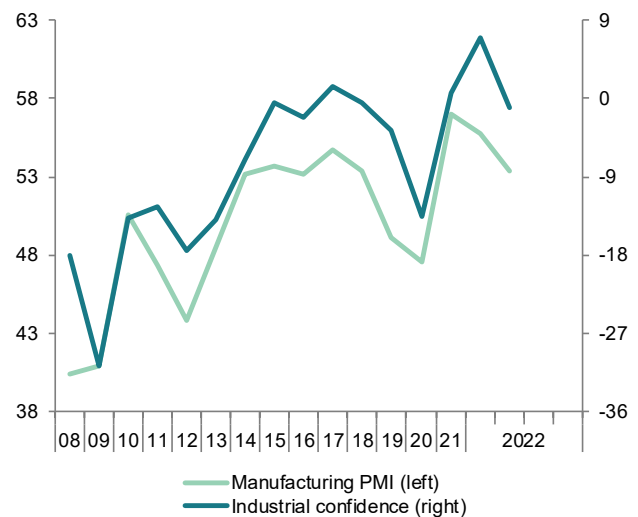


Table 9

Construction and services sector indicators (a)

	Construction indicators					Service sector indicators						
	Social Security Affiliates in construction	Industrial production index construction materials	Construction confidence index	Official tenders (f)	Housing permits (f)	Social Security Affiliates in services (g)	Turnover index (nominal)	Services PMI index	Hotel overnight stays	Passenger air transport	Services confidence index	
	Thousands	2015=100 (smoothed)	Balance of responses	EUR Billions (smoothed)	Million m ²	Thousands	2015=100 (smoothed)	Index	Million (smoothed)	Million (smoothed)	Balance of responses	
2014	980.3	92.8	-40.8	13.1	6.9	11,995.5	95.3	55.2	295.3	194.9	8.8	
2015	1,026.7	100.0	-26.6	9.4	9.9	12,432.3	100.0	57.3	308.2	206.6	18.9	
2016	1,053.9	102.6	-39.1	9.2	12.7	12,851.6	104.2	55.0	331.2	229.4	18.2	
2017	1,118.8	111.5	-25.1	12.7	15.9	13,338.2	111.1	56.4	340.6	248.4	22.9	
2018	1,194.1	114.2	-6.0	16.6	19.8	13,781.3	117.5	54.8	340.0	262.9	21.2	
2019	1,254.9	124.8	-7.7	18.2	20.0	14,169.1	122.2	53.9	343.0	276.9	13.9	
2020	1,233.1	110.7	-17.4	14.1	16.1	13,849.2	102.9	40.3	92.2	75.6	-25.6	
2021	1,288.6	124.2	-1.9	23.7	19.7	14,235.1	119.2	55.0	172.3	119.4	8.3	
2022 (b)	1,310.9	122.0	5.1	6.1	3.3	14,637.3	122.0	53.4	41.8	58.0	15.9	
2020	III	1,250.3	117.8	-24.4	2.9	3.9	13,728.1	104.4	47.3	24.3	16.9	-32.5
	IV	1,263.5	119.4	-9.7	4.9	4.2	13,958.9	108.8	43.0	14.9	12.7	-23.4
2021	I	1,261.4	120.7	-7.2	4.2	4.5	14,000.3	110.9	44.3	12.9	10.6	-15.8
	II	1,281.0	125.5	1.0	6.4	5.0	14,008.1	115.9	58.8	22.8	16.4	8.4
	III	1,300.4	124.3	-2.4	6.4	5.1	14,327.0	120.2	59.6	57.8	39.4	19.1
	IV	1,312.3	125.7	1.1	6.8	5.2	14,604.4	129.6	57.4	68.9	49.4	21.6
2022	I	1,321.7	125.7	3.8	6.1	4.9	14,769.3	134.4	52.2	66.6	48.7	15.9
	II (b)	1,311.9	--	8.9	--	--	14,828.8	--	57.1	--	18.3	15.8
2022	Feb	1,324.3	130.3	5.1	1.8	1.5	14,768.8	138.4	56.6	22.9	16.3	15.1
	Mar	1,317.4	120.0	8.8	1.9	--	14,785.2	--	53.4	24.3	18.1	17.2
	Apr	1,311.9	--	8.9	--	--	14,828.8	--	57.1	--	18.3	15.8
Percentage changes (c)												
2014	-1.7	-0.9	--	42.6	2.2	2.3	2.6	--	3.2	4.6	--	
2015	4.7	7.8	--	-28.2	42.6	3.6	4.9	--	4.4	6.0	--	
2016	2.6	2.6	--	-1.7	29.0	3.4	4.2	--	7.4	11.0	--	
2017	6.2	8.6	--	37.1	24.8	3.8	6.6	--	2.8	8.3	--	
2018	6.7	2.5	--	30.8	24.5	3.3	5.8	--	-0.2	5.8	--	
2019	5.1	9.2	--	10.1	1.3	2.8	4.0	--	0.9	5.3	--	
2020	-1.7	-11.3	--	-22.8	-19.8	-2.3	-15.8	--	-73.1	-72.7	--	
2021	4.5	12.2	--	68.1	22.7	2.8	15.9	--	86.8	57.8	--	
2022 (d)	4.3	3.8	--	45.8	12.9	5.7	23.2	--	396.5	391.1	--	
2020	III	7.2	28.0	--	-36.3	-18.9	1.9	24.4	--	1,190.7	1,295.7	--
	IV	1.1	1.4	--	16.1	-7.8	1.7	4.2	--	-38.5	-24.9	--
2021	I	-0.2	1.1	--	24.3	-4.1	0.3	2.0	--	-13.6	-16.6	--
	II	1.6	4.0	--	118.1	48.9	0.1	4.4	--	77.1	54.5	--
	III	1.5	-1.0	--	118.1	31.4	2.3	3.8	--	153.4	140.6	--
	IV	0.9	1.1	--	38.3	23.8	1.9	7.8	--	19.2	25.5	--
2022	I	0.7	0.1	--	45.8	13.4	1.1	3.7	--	-3.4	-1.5	--
	II (e)	-0.7	--	--	--	--	0.4	--	--	--	12.9	--
2022	Feb	0.1	2.7	--	32.0	2.2	0.1	6.1	--	18.6	14.3	--
	Mar	-0.5	-7.9	--	38.6	--	0.1	--	--	5.9	10.5	--
	Apr	-0.4	--	--	--	--	0.3	--	--	--	1.4	--

(a) Seasonally adjusted, except for annual data and (f). (b) Period with available data. (c) Percent change from the previous quarter for quarterly data, from the previous month for monthly data, unless otherwise indicated. (d) Growth of available period over the same period of the previous year. (e) Growth of the average of available months over the monthly average of the previous quarter. (f) Percent changes are over the same period of the previous year. (g) Excluding domestic service workers and non-professional caregivers.

Sources: European Commission, Markit Economics Ltd., M. of Labour, M. of Public Works, National Statistics Institute, AENA, OFICEMEN, SEOPAN and Funcas.

Chart 9.1 - Construction indicators (I)

Annual percentage changes and index

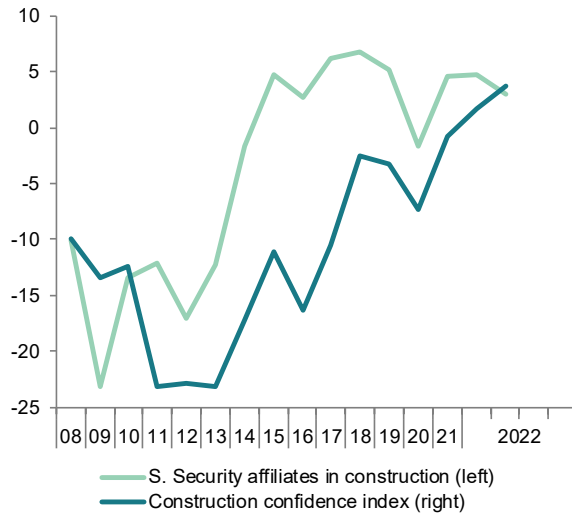


Chart 9.2 - Construction indicators (II)

Annual percentage changes

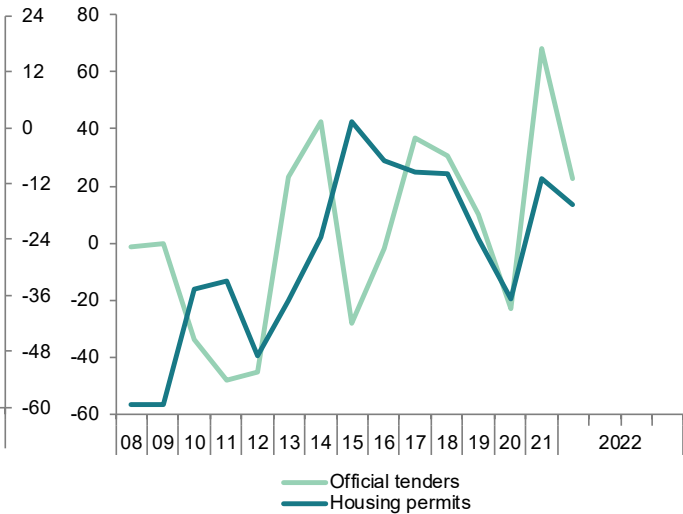


Chart 9.3 - Services indicators (I)

Annual percentage changes

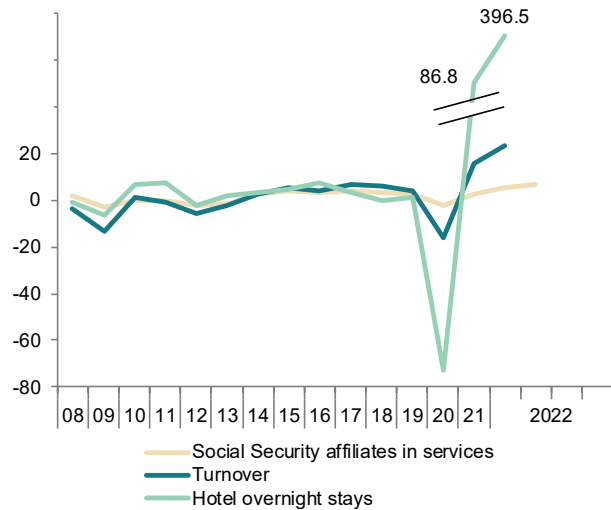


Chart 9.4 - Services indicators (II)

Index

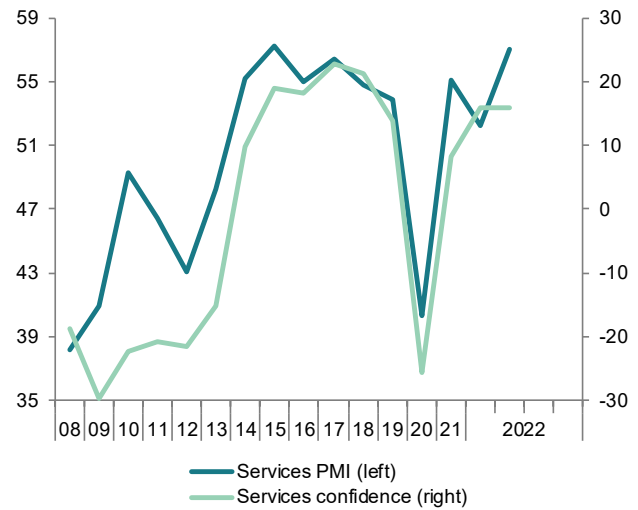


Table 10

Consumption and investment indicators (a)

	Consumption indicators					Investment in equipment indicators			
	Retail sales deflated	Car registrations	Consumer confidence index	Hotel overnight stays by residents in Spain	Industrial orders for consumer goods	Cargo vehicles registrations	Industrial orders for investment goods	Imports of capital goods (volume)	
	2015=100 (smoothed)	Thousands (smoothed)	Balance of responses	Million (smoothed)	Balance of responses	Thousands (smoothed)	Balance of responses	2005=100 (smoothed)	
2014	96.0	890.1	-15.5	104.7	-9.1	137.5	-16.5	81.6	
2015	100.0	1,094.0	-4.9	110.3	-3.1	180.3	0.2	93.3	
2016	103.9	1,230.1	-6.2	114.2	-1.4	191.3	-0.2	97.2	
2017	104.7	1,341.6	-2.8	115.8	2.2	207.6	4.9	103.3	
2018	105.4	1,424.0	-4.4	116.5	-5.6	230.0	12.4	105.4	
2019	107.9	1,375.6	-6.4	119.6	-2.9	220.9	8.8	105.6	
2020	100.4	939.1	-22.8	51.2	-25.5	170.8	-22.7	100.0	
2021	103.9	953.7	-12.8	90.6	-11.5	186.9	4.7	111.1	
2022 (b)	96.9	190.1	-19.9	17.6	1.0	36.7	32.0	118.9	
2020	III	104.5	302.9	-26.4	17.0	-32.8	52.7	-28.9	101.3
	IV	105.1	301.5	-24.7	9.5	-23.7	52.7	-9.6	107.7
2021	I	102.1	199.0	-18.8	8.8	-18.4	50.4	-13.7	110.4
	II	104.1	250.7	-10.0	15.5	-15.1	49.2	11.4	110.9
	III	104.1	244.3	-9.1	30.7	-10.7	43.6	6.4	111.7
	IV	105.7	256.6	-13.1	28.0	-1.8	43.1	14.7	114.9
2022	I	102.3	188.6	-17.4	25.8	1.2	39.2	33.8	120.2
	II (b)	--	--	-27.1	--	0.2	--	26.6	--
2022	Feb	103.9	72.3	-10.6	9.1	0.0	14.2	35.6	120.2
	Mar	99.9	55.4	-28.3	8.6	7.7	11.5	35.8	122.1
	Apr	--	--	-27.1	--	0.2	--	26.6	--
Percentage changes (c)									
2014		1.1	19.9	--	4.1	--	27.8	--	18.4
2015		4.2	22.9	--	5.3	--	31.1	--	14.4
2016		3.9	12.4	--	3.6	--	6.1	--	4.1
2017		0.8	9.1	--	1.4	--	8.5	--	6.4
2018		0.7	6.1	--	0.6	--	10.8	--	2.0
2019		2.3	-3.4	--	2.7	--	-4.0	--	0.2
2020		-6.9	-31.7	--	-57.2	--	-22.6	--	-5.3
2021		3.5	1.6	--	77.0	--	9.4	--	11.1
2022 (d)		0.2	-7.8	--	193.3	--	-23.6	--	11.0
2020	II	-14.7	-57.6	--	-93.5	--	-40.8	--	-0.6
	III	18.8	179.6	--	965.7	--	110.0	--	32.7
	IV	0.6	-0.5	--	-44.1	--	0.0	--	27.6
2021	I	-2.9	-34.0	--	-7.8	--	-4.2	--	10.7
	II	1.9	26.0	--	76.8	--	-2.4	--	1.6
	III	0.1	-2.6	--	97.5	--	-11.4	--	2.8
	IV	1.6	5.0	--	-8.8	--	-1.2	--	12.2
2022	I(e)	-3.2	-26.5	--	-7.9	--	-8.9	--	19.8
2022	Jan	-0.3	-31.6	--	-11.3	--	-7.1	--	1.6
	Feb	0.7	18.6	--	13.3	--	4.9	--	1.6
	Mar	-3.8	-23.3	--	-5.8	--	-18.7	--	1.5

(a) Seasonally adjusted, except for annual data. (b) Period with available data. (c) Percent change from the previous quarter for quarterly data, from the previous month for monthly data, unless otherwise indicated. (d) Growth of available period over the same period of the previous year. (e) Growth of the average of available months over the monthly average of the previous quarter.

Sources: European Commission, M. of Economy, M. of Industry, National Statistics Institute, DGT, ANFAC and Funcas.

Chart 10.1 - Consumption indicators

Annual percentage changes and balance of responses

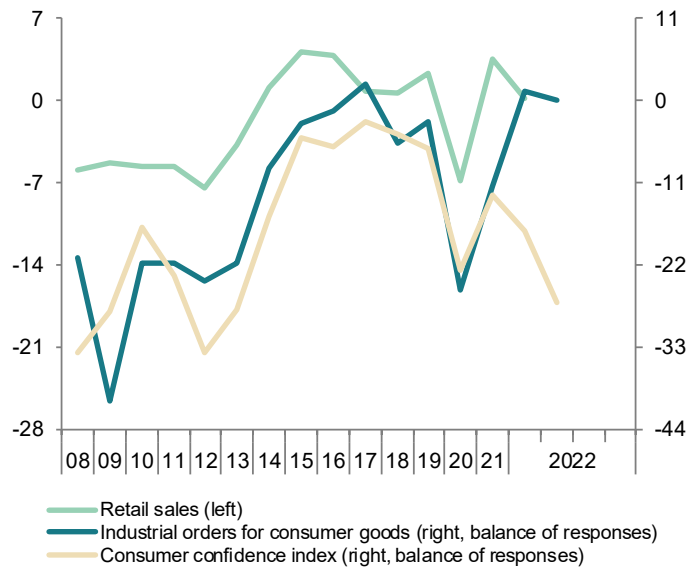


Chart 10.2 - Investment indicators

Annual percentage changes and balance of responses

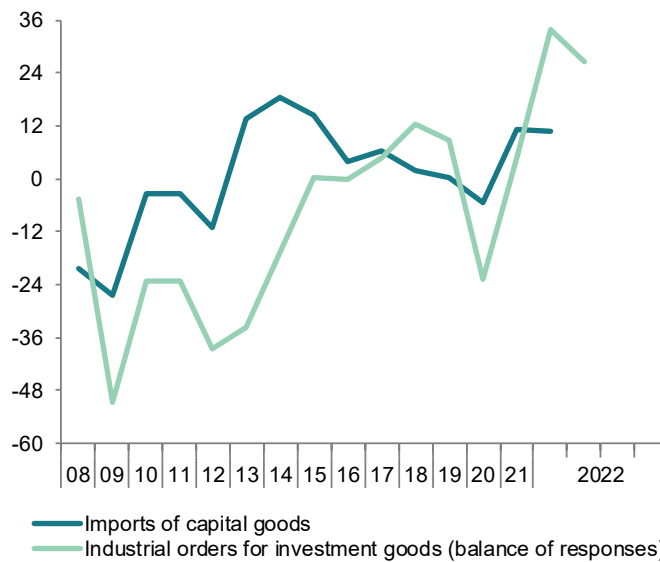


Table 11a

Labour market (I)

Forecasts in yellow

	Population aged 16 or more	Labour force		Employment		Unemployment		Participation rate aged 16 or more (a)	Employment rate aged 16 or more (b)	Unemployment rate (c)				
		Original	Seasonally adjusted	Original	Seasonally adjusted	Original	Seasonally adjusted			Total	Aged 16-24	Spanish	Foreign	
		I	2=4+6 3=5+7	4	5	6	7			Seasonally adjusted			Original	
Million								Percentage						
								8	9	10=7/3	11	12	13	
2015	38.5	22.9	--	17.9	--	5.1	--	59.6	46.4	22.1	48.3	20.9	30.5	
2016	38.5	22.8	--	18.3	--	4.5	--	59.2	47.6	19.6	44.4	18.7	26.6	
2017	38.7	22.7	--	18.8	--	3.9	--	58.8	48.7	17.2	38.6	16.3	23.8	
2018	38.9	22.8	--	19.3	--	3.5	--	58.7	49.7	15.3	34.4	14.3	21.9	
2019	39.3	23.0	--	19.8	--	3.2	--	58.6	50.4	14.1	32.6	13.2	20.1	
2020	39.6	22.7	--	19.2	--	3.5	--	57.4	48.5	15.5	38.3	14.1	24.6	
2021	39.7	23.2	--	19.8	--	3.4	--	58.5	49.9	14.8	34.9	13.5	23.1	
2022	39.8	23.4	--	20.3	--	3.1	--	58.7	50.8	13.4	--	--	--	
2023	40.0	23.6	--	20.6	--	3.0	--	59.0	51.4	12.9	--	--	--	
2020	II	39.6	22.0	21.9	18.6	18.6	3.4	3.4	55.5	46.9	15.4	38.8	13.9	24.9
	III	39.6	22.9	22.8	19.2	19.0	3.7	3.7	57.5	48.1	16.3	41.2	14.8	25.7
	IV	39.6	23.1	23.0	19.3	19.3	3.7	3.7	58.1	48.7	16.2	40.9	14.5	26.6
2021	I	39.6	22.9	23.1	19.2	19.4	3.7	3.7	58.3	49.0	15.8	38.7	14.4	26.2
	II	39.6	23.2	23.2	19.7	19.6	3.5	3.6	58.5	49.5	15.3	37.6	13.9	23.8
	III	39.6	23.4	23.3	20.0	19.9	3.4	3.4	58.7	50.2	14.5	31.6	13.5	21.7
2022	IV	39.7	23.3	23.3	20.2	20.1	3.1	3.1	58.6	50.7	13.4	31.5	12.2	20.9
	I	39.8	23.3	23.4	20.1	20.4	3.2	3.1	59.0	51.2	13.2	28.9	12.5	21.3
Percentage changes (d)								Difference from one year ago						
2015	0.0	-0.2	--	3.0	--	-9.9	--	-0.1	1.4	-2.4	-4.9	-2.1	-4.0	
2016	0.1	-0.5	--	2.7	--	-11.5	--	-0.3	1.2	-2.4	-3.9	-2.2	-3.8	
2017	0.3	-0.3	--	2.6	--	-12.5	--	-0.4	1.1	-2.4	-5.9	-2.4	-2.8	
2018	0.6	0.3	--	2.7	--	-11.2	--	-0.2	1.0	-2.0	-4.2	-2.0	-1.9	
2019	1.0	0.9	--	2.3	--	-6.8	--	0.0	0.7	-1.2	-1.8	-1.1	-1.8	
2020	0.8	-1.3	--	-2.9	--	8.8	--	-1.2	-1.9	1.4	5.7	0.9	4.5	
2021	0.2	2.1	--	3.0	--	-2.8	--	1.1	1.3	-0.7	-3.4	-0.6	-1.5	
2022	0.5	0.8	--	2.5	--	-8.6	--	0.2	1.0	-1.4	--	--	--	
2023	0.4	0.8	--	1.5	--	-3.1	--	0.3	0.5	-0.5	--	--	--	
2020	II	0.9	-4.6	-4.6	-6.0	-6.0	4.3	4.3	-3.2	-3.5	1.3	6.4	0.8	4.7
	III	0.7	-0.8	-1.0	-3.5	-3.6	15.8	14.6	-1.0	-2.1	2.2	8.6	1.7	6.3
	IV	0.5	-0.4	-0.5	-3.1	-3.2	16.5	16.0	-0.6	-1.9	2.3	9.6	1.6	6.6
2021	I	0.3	-0.6	-0.4	-2.4	-2.4	10.3	11.2	-0.4	-1.3	1.7	6.6	1.1	5.0
	II	0.2	5.6	5.7	5.7	5.8	5.2	5.1	3.0	2.6	-0.1	-1.3	0.1	-1.2
	III	0.1	2.4	2.3	4.5	4.4	-8.2	-8.9	1.2	2.1	-1.8	-9.6	-1.3	-3.9
2022	IV	0.2	1.0	0.9	4.3	4.3	-16.6	-16.4	0.4	2.0	-2.8	-9.5	-2.3	-5.7
	I	0.3	1.7	1.5	4.6	4.7	-13.1	-15.3	0.7	2.1	-2.6	-9.8	-2.0	-4.9

(a) Labour force aged 16 or more over population aged 16 or more. (b) Employed aged 16 or more over population aged 16 or more. (c) Unemployed in each group over labour force in that group. (d) Annual percentage changes for original data; quarterly percentage changes for S.A. data.

Source: INE (Labour Force Survey) and Funcas.

Chart 11a.1 - Labour force, employment and unemployment, SA

Annual growth rates and percentage of active population

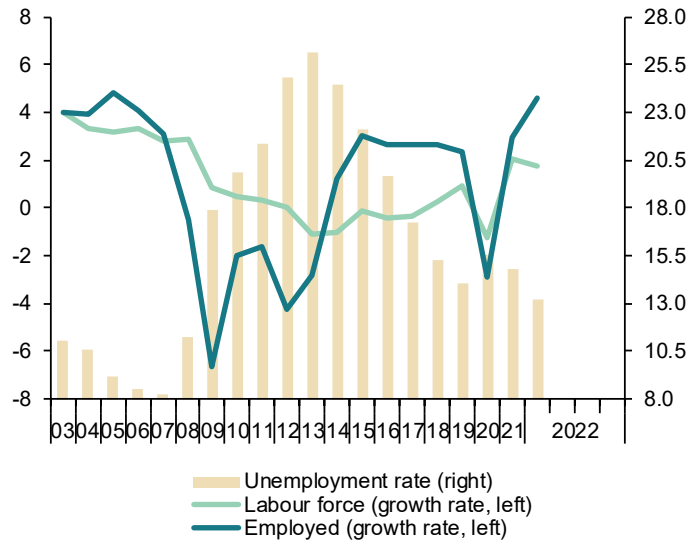


Chart 11a.2 - Unemployment rates

Percentage

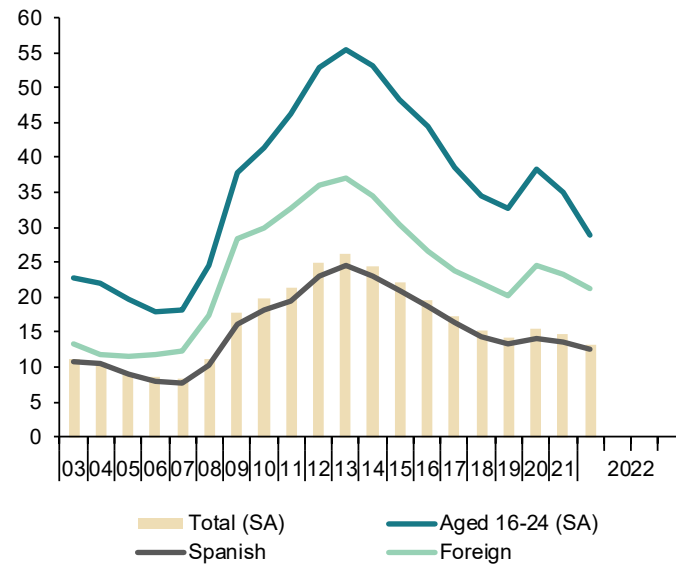


Table 11b

Labour market (II)

	Employed by sector				Employed by professional situation				Employed by duration of the working-day				
	Agriculture	Industry	Construction	Services	Employees			Self employed	Full-time	Part-time	Part-time employment rate (b)		
					Total	By type of contract							
						Temporary	Indefinite					Temporary employment rate (a)	
1	2	3	4	5=6+7	6	7	8=6/5	9	10	11	12		
Million (original data)													
2014	0.74	2.38	0.99	13.23	14.29	3.43	10.86	24.0	3.06	14.59	2.76	15.91	
2015	0.74	2.48	1.07	13.57	14.77	3.71	11.06	25.1	3.09	15.05	2.81	15.74	
2016	0.77	2.52	1.07	13.97	15.23	3.97	11.26	26.1	3.11	15.55	2.79	15.21	
2017	0.82	2.65	1.13	14.23	15.72	4.19	11.52	26.7	3.11	16.01	2.82	14.97	
2018	0.81	2.71	1.22	14.59	16.23	4.35	11.88	26.8	3.09	16.56	2.76	14.31	
2019	0.80	2.76	1.28	14.94	16.67	4.38	12.29	26.3	3.11	16.95	2.83	14.30	
2020	0.77	2.70	1.24	14.49	16.11	3.88	12.23	24.1	3.09	16.51	2.70	14.05	
2021	0.80	2.70	1.29	14.98	16.63	4.17	12.46	25.1	3.15	17.03	2.74	13.87	
2022 (c)	0.83	2.70	1.32	15.24	16.93	4.10	12.83	24.2	3.16	17.28	2.81	13.99	
2020	II	0.76	2.64	1.17	14.03	15.53	3.47	12.06	22.4	3.08	16.12	2.49	13.36
	III	0.73	2.69	1.25	14.51	16.11	3.89	12.21	24.2	3.07	16.52	2.65	13.84
	IV	0.78	2.69	1.28	14.59	16.24	4.00	12.24	24.6	3.10	16.55	2.80	14.47
2021	I	0.80	2.64	1.26	14.50	16.10	3.83	12.27	23.8	3.10	16.51	2.70	14.04
	II	0.81	2.67	1.32	14.87	16.51	4.14	12.37	25.1	3.16	16.84	2.84	14.41
	III	0.76	2.73	1.29	15.25	16.92	4.40	12.52	26.0	3.11	17.33	2.70	13.46
	IV	0.84	2.77	1.29	15.29	16.97	4.31	12.67	25.4	3.21	17.45	2.74	13.56
2022	I	0.83	2.70	1.32	15.24	16.93	4.10	12.83	24.2	3.16	17.28	2.81	13.99
Annual percentage changes								Difference from one year ago	Annual percentage changes			Difference from one year ago	
2014		-0.1	1.0	-3.5	1.7	1.5	5.3	0.4	0.9	-0.4	1.1	1.9	0.1
2015		0.1	4.3	8.1	2.6	3.4	8.3	1.9	1.1	1.1	3.2	1.9	-0.2
2016		5.1	1.6	0.0	2.9	3.1	6.8	1.8	0.9	0.7	3.3	-0.8	-0.5
2017		5.8	5.0	5.1	1.9	3.2	5.6	2.3	0.6	-0.1	2.9	1.0	-0.2
2018		-0.8	2.3	8.3	2.5	3.3	3.8	3.1	0.1	-0.5	3.5	-1.9	-0.7
2019		-1.9	2.0	4.6	2.4	2.7	0.6	3.5	-0.6	0.5	2.3	2.3	0.0
2020		-4.0	-2.3	-2.6	-3.0	-3.4	-11.4	-0.5	-2.2	-0.5	-2.6	-4.6	-0.3
2021		4.9	0.1	3.8	3.3	3.2	7.6	1.8	1.0	1.8	3.2	1.7	-0.2
2022 (d)		3.7	2.1	4.3	5.1	5.1	7.0	4.5	0.4	1.7	4.6	4.2	0.0
2020	II	-5.7	-4.4	-8.4	-6.2	-7.0	-21.1	-1.9	-4.0	-1.2	-4.3	-15.8	-1.5
	III	-2.0	-4.5	-1.6	-3.5	-4.1	-13.0	-0.8	-2.5	-0.5	-3.3	-4.8	-0.2
	IV	-1.5	-2.5	-0.3	-3.6	-3.6	-9.0	-1.7	-1.5	-0.6	-4.3	4.8	1.1
2021	I	1.7	-4.6	-1.3	-2.3	-2.8	-7.5	-1.2	-1.2	-0.6	-1.9	-5.3	-0.4
	II	6.2	0.9	13.3	6.0	6.3	19.2	2.6	2.7	2.7	4.4	14.1	1.1
	III	4.2	1.5	3.5	5.1	5.0	13.0	2.5	1.8	1.5	4.9	1.6	-0.4
	IV	7.4	2.7	0.4	4.8	4.5	7.7	3.5	0.8	3.5	5.5	-2.2	-0.9
2022	I	3.7	2.1	4.3	5.1	5.1	7.0	4.5	0.4	1.7	4.6	4.2	0.0

(a) Percentage of employees with temporary contract over total employees. (b) Percentage of part-time employed over total employed. (c) Average of available data. (d) Change of existing data over the same period last year.

Source: INE (Labour Force Survey).

Chart 11b.1 - Employment by sector

Annual percentage changes

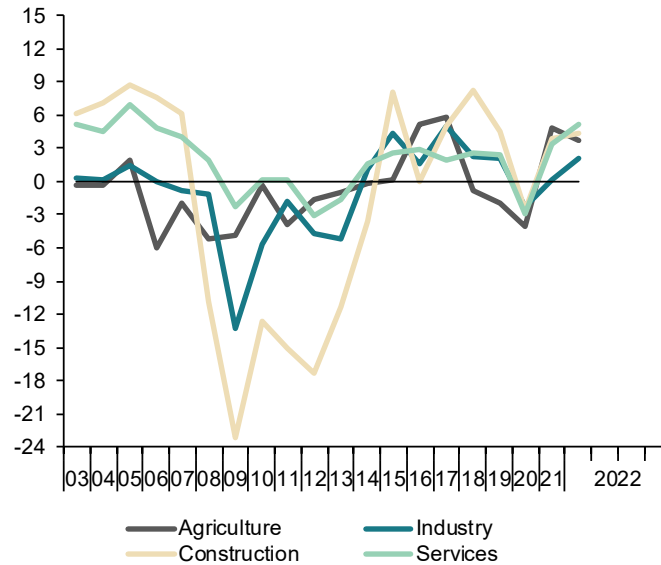


Chart 11b.2 - Employment by type of contract

Annual percentage changes and percentage over total employees

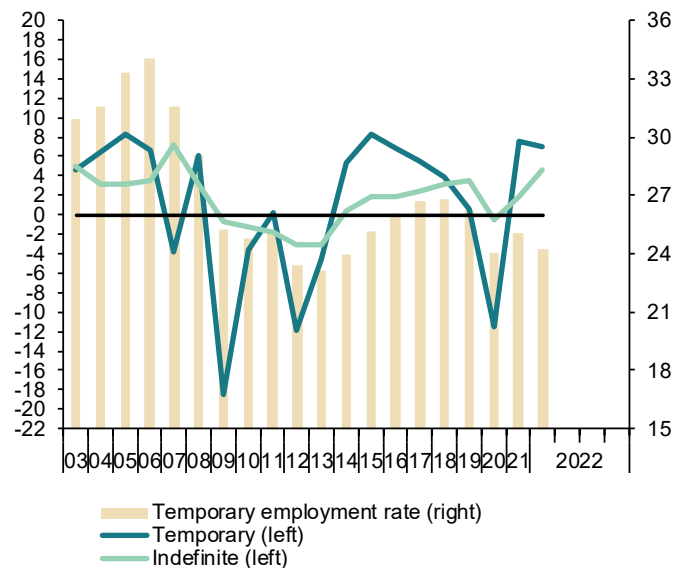


Table 12

Index of Consumer Prices

Forecasts in yellow

	Total	Total excluding food and energy	Excluding unprocessed food and energy				Unprocessed food	Energy	Food	
			Total	Non-energy industrial goods	Services	Processed food				
% of total in 2021	100.00	62.28	79.09	23.28	39.01	16.81	8.92	11.98	25.73	
Indexes, 2021 = 100										
2016	93.2	96.0	95.8	98.7	94.4	95.3	87.4	80.6	92.6	
2017	95.0	97.0	96.8	98.9	95.9	96.0	89.6	87.1	93.8	
2018	96.6	97.9	97.7	98.9	97.3	96.9	92.4	92.4	95.5	
2019	97.3	98.9	98.5	99.2	98.7	97.5	94.2	91.3	96.3	
2020	97.0	99.4	99.2	99.4	99.4	98.7	97.7	82.5	98.4	
2021	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
2022	107.0	103.5	104.6	103.5	103.5	108.5	109.7	120.3	108.9	
2023	110.3	107.2	108.4	105.9	107.9	112.6	117.5	116.1	114.3	
Annual percentage changes										
2016	-0.2	0.8	0.8	0.5	1.1	0.8	2.3	-8.6	1.3	
2017	2.0	1.1	1.1	0.2	1.6	0.7	2.6	8.0	1.3	
2018	1.7	0.9	0.9	0.0	1.5	1.0	3.1	6.1	1.8	
2019	0.7	1.0	0.9	0.3	1.4	0.5	1.9	-1.2	0.9	
2020	-0.3	0.6	0.7	0.2	0.8	1.3	3.7	-9.6	2.1	
2021	3.1	0.6	0.8	0.6	0.6	1.3	2.4	21.2	1.7	
2022	7.0	3.5	4.6	3.5	3.5	8.5	9.7	20.3	8.9	
2023	3.1	3.6	3.6	2.4	4.3	3.8	7.1	-3.5	4.9	
2022	Jan	6.1	2.0	2.4	2.4	1.7	4.0	5.2	33.0	4.4
	Feb	7.6	2.4	3.0	3.0	2.0	5.3	5.0	44.3	5.2
	Mar	9.8	2.7	3.4	3.2	2.4	6.2	6.7	60.9	6.4
	Apr	8.3	3.3	4.4	3.3	3.3	8.7	10.5	33.7	9.3
	May	7.6	3.4	4.6	3.4	3.4	9.0	10.5	24.7	9.5
	Jun	7.1	3.7	4.9	3.6	3.7	9.3	11.6	17.4	10.0
	Jul	7.5	4.1	5.3	3.8	4.2	9.6	11.4	17.8	10.2
	Aug	7.3	4.4	5.6	3.9	4.6	9.9	10.9	14.7	10.2
	Sep	6.7	4.2	5.4	3.9	4.3	10.1	12.0	9.6	10.7
	Oct	5.8	4.1	5.3	3.8	4.2	10.0	12.8	3.0	11.0
	Nov	5.9	4.0	5.3	3.8	4.2	10.0	11.1	4.5	10.4
	Dec	4.8	4.2	5.3	3.8	4.5	9.5	9.0	-1.5	9.3
2023	Jan	4.6	4.1	5.1	3.1	4.8	8.8	9.4	-2.6	9.0
	Feb	3.9	4.0	4.7	2.8	4.7	7.3	9.9	-5.5	8.2
	Mar	1.4	4.2	4.7	2.9	4.9	6.5	7.7	-20.0	6.9
	Apr	2.4	3.8	3.8	2.7	4.4	3.9	4.2	-7.5	4.0
	May	3.0	3.8	3.7	2.6	4.5	3.6	4.0	-2.3	3.7
	Jun	3.2	3.6	3.5	2.5	4.2	3.3	3.8	0.2	3.5
	Jul	2.9	3.4	3.3	2.3	4.0	2.9	3.6	0.0	3.2
	Aug	3.2	3.2	3.0	2.1	3.8	2.6	9.0	0.0	4.8
	Sep	3.2	3.2	3.0	2.0	3.9	2.3	8.7	0.0	4.5
	Oct	3.1	3.2	3.0	2.0	4.0	2.0	8.5	0.0	4.3
	Nov	3.1	3.3	3.0	1.9	4.1	1.7	8.3	0.0	4.0
	Dec	2.9	3.1	2.7	1.8	3.9	1.4	8.1	0.0	3.7

Source: INE and Funcas (Forecasts).

Chart 12.1 - Inflation rate (I)

Annual percentage changes

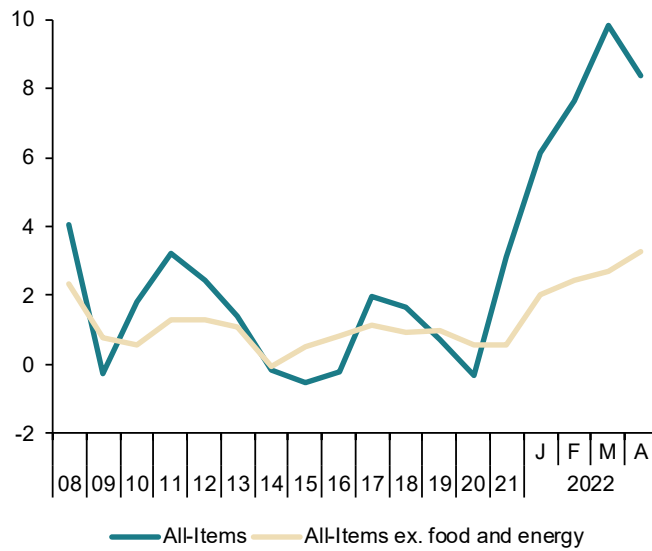


Chart 12.2 - Inflation rate (II)

Annual percentage changes

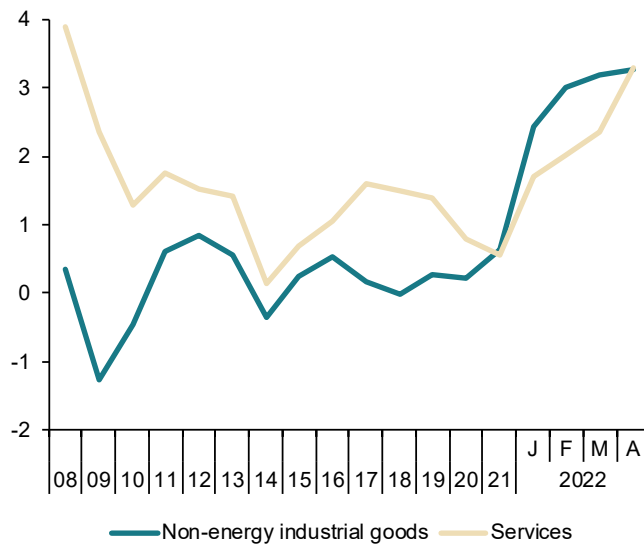


Table 13

Other prices and costs indicators

	GDP deflator (a)	Industrial producer prices		Housing prices		Urban land prices (M. Public Works)	Labour Costs Survey				Wage increase agreed in collective bargaining	
		Total	Excluding energy	Housing Price Index (INE)	m ² average price (M. Public Works)		Total labour costs per worker	Wage costs per worker	Other cost per worker	Total labour costs per hour worked		
												2015=100
2014	99.5	102.1	99.7	64.5	71.0	52.6	143.3	140.9	150.7	155.4	--	
2015	100.0	100.0	100.0	66.8	71.7	54.9	144.2	142.5	149.6	156.5	--	
2016	100.3	96.9	99.6	70.0	73.1	57.8	143.6	142.1	148.4	156.2	--	
2017	101.6	101.1	101.9	74.3	74.8	58.2	144.0	142.3	149.1	156.2	--	
2018	102.9	104.1	103.0	79.3	77.4	57.3	145.4	143.8	150.6	158.5	--	
2019	104.2	103.6	103.2	83.3	79.8	57.7	148.7	146.4	155.7	162.7	--	
2020	105.4	99.2	103.1	85.0	78.9	52.3	145.4	142.6	154.1	173.3	--	
2021	107.7	116.4	110.4	88.2	80.6	54.3	154.0	151.5	161.5	172.3	--	
2022 (b)	109.6	146.9	119.7	--	--	--	--	--	--	--	--	
2020	II	105.1	96.3	102.6	84.8	78.3	50.1	138.1	135.1	147.2	180.2	--
	III	105.9	99.2	102.8	85.7	78.8	49.3	142.7	139.2	153.5	174.0	--
	IV	106.1	99.9	103.6	85.0	78.9	51.0	155.5	154.4	159.1	180.5	--
2021	I	105.8	104.0	106.2	85.4	79.0	49.0	147.3	142.9	160.7	163.5	--
	II	106.2	110.3	109.5	87.5	80.2	58.3	156.4	154.6	161.8	170.8	--
	III	107.9	118.2	111.4	89.3	80.8	52.4	149.7	146.2	160.3	175.2	--
	IV	110.6	132.9	114.4	90.4	82.4	57.5	162.5	162.2	163.3	179.7	--
2022	I (b)	109.6	146.9	119.7	--	--	--	--	--	--	--	--
2022	Jan	--	141.8	117.7	--	--	--	--	--	--	--	--
	Feb	--	144.7	119.2	--	--	--	--	--	--	--	--
	Mar	--	154.2	122.1	--	--	--	--	--	--	--	--
Annual percent changes (c)												
2014		-0.2	-1.3	-0.8	0.3	-2.4	-4.6	-0.3	-0.1	-1.0	0.1	0.5
2015		0.5	-2.1	0.3	3.6	1.1	4.3	0.6	1.1	-0.7	0.7	0.7
2016		0.3	-3.1	-0.4	4.7	1.9	5.3	-0.4	-0.3	-0.8	-0.2	1.0
2017		1.3	4.4	2.3	6.2	2.4	0.8	0.2	0.1	0.5	0.0	1.4
2018		1.2	3.0	1.1	6.7	3.4	-1.6	1.0	1.0	1.0	1.5	1.8
2019		1.3	-0.4	0.1	5.1	3.2	0.7	2.2	1.9	3.4	2.6	2.3
2020		1.1	-4.3	0.0	2.1	-1.1	-9.4	-2.2	-2.6	-1.0	6.5	1.9
2021		2.2	17.3	7.0	3.7	2.1	3.7	5.9	6.3	4.8	-0.6	1.5
2022 (d)		3.7	41.3	12.7	--	--	--	--	--	--	--	2.4
2020	II	1.0	-7.7	-0.7	2.1	-1.7	-15.1	-8.3	-9.4	-5.0	12.3	2.0
	III	1.6	-3.9	-0.4	1.7	-1.1	-15.2	-1.1	-0.9	-1.6	4.2	1.9
	IV	1.0	-2.8	0.5	1.5	-1.8	-9.7	-0.1	-0.7	1.6	5.4	1.9
2021	I	1.2	2.6	2.6	0.9	-0.9	-16.9	1.4	1.0	2.6	3.1	1.6
	II	1.0	14.5	6.7	3.3	2.4	16.3	13.2	14.4	9.9	-5.2	1.6
	III	1.9	19.1	8.4	4.2	2.6	6.2	4.9	5.0	4.4	0.7	1.5
	IV	4.3	33.1	10.4	6.4	4.4	12.7	4.5	5.1	2.7	-0.4	1.5
2022	I (e)	3.7	41.3	12.7	--	--	--	--	--	--	--	2.4
2022	Feb	--	41.2	12.3	--	--	--	--	--	--	--	2.3
	Mar	--	46.6	13.7	--	--	--	--	--	--	--	2.4
	Apr	--	--	--	--	--	--	--	--	--	--	2.4

(a) Seasonally adjusted. (b) Period with available data. (c) Percent change from the previous quarter for quarterly data, from the previous month for monthly data, unless otherwise indicated. (d) Growth of available period over the same period of the previous year. (e) Growth of the average of available months over the monthly average of the previous quarter.

Sources: M. of Public Works, M. of Labour and INE (National Statistics Institute).

Chart 13.1 - Housing and urban land prices

Index (2007=100)

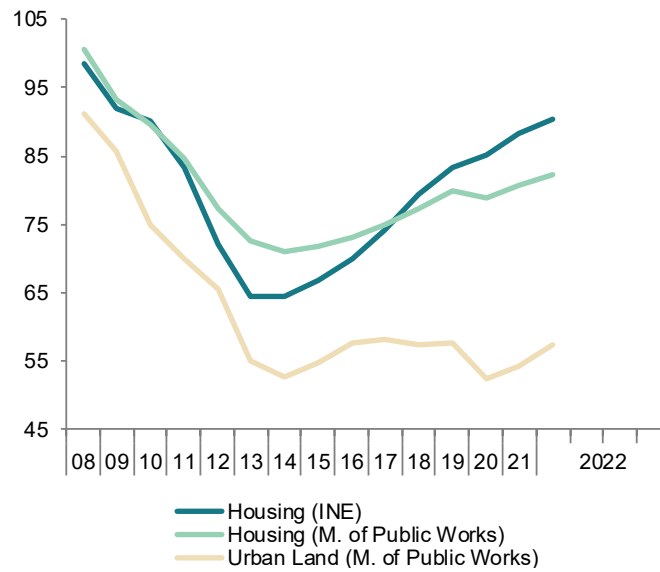


Chart 13.2 - Wage costs

Annual percent change

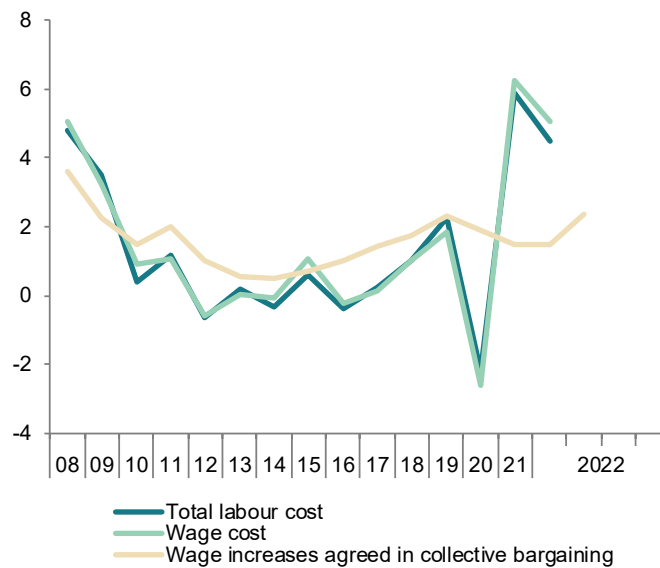


Table 14

External trade (a)

	Exports of goods			Imports of goods			Exports to EU countries (monthly average)	Exports to non-EU countries (monthly average)	Total Balance of goods (monthly average)	Balance of goods excluding energy (monthly average)	Balance of goods with EU countries (monthly average)	
	Nominal	Prices	Real	Nominal	Prices	Real						
	2005=100			2005=100								EUR Billions
2014	155.2	109.4	141.9	114.0	107.3	106.3	11.4	8.7	-2.1	1.1	0.4	
2015	161.2	110.1	146.5	118.0	104.6	112.9	12.0	8.9	-2.1	0.2	0.2	
2016	165.4	108.2	153.0	117.5	101.3	116.1	12.5	8.8	-1.4	0.3	0.4	
2017	178.2	108.9	163.7	129.8	106.1	122.4	13.6	9.5	-2.2	0.0	0.6	
2018	184.0	112.1	164.2	137.2	110.9	123.8	14.1	9.7	-2.9	-0.3	0.7	
2019	187.7	112.9	166.3	138.4	110.8	125.0	14.3	9.9	-2.6	-0.3	0.8	
2020	170.1	112.1	151.8	118.9	107.4	110.8	13.2	8.8	-1.1	0.3	1.3	
2021	204.3	120.9	168.9	147.6	118.1	125.0	16.3	10.1	-2.2	0.1	2.1	
2022 (b)	232.9	134.4	173.3	181.0	134.1	134.9	18.9	10.9	-5.1	-1.2	2.8	
2020	II	140.7	111.6	126.1	96.1	104.7	91.8	11.0	7.0	-0.5	0.2	1.7
	III	176.4	110.5	159.7	120.2	105.5	114.0	13.8	8.8	-0.6	0.6	1.5
	IV	180.9	112.5	160.8	123.8	107.4	115.2	14.0	9.2	-0.7	0.5	1.2
2021	I	187.3	115.2	162.6	129.9	110.6	117.4	14.8	9.2	-1.1	0.7	1.8
	II	208.8	119.4	174.9	145.8	115.8	125.9	16.4	10.3	-1.4	0.5	1.9
	III	210.6	122.4	172.0	150.4	119.6	125.8	16.7	10.3	-2.1	0.3	2.4
	IV	215.6	126.2	170.9	164.4	124.1	132.4	17.1	10.6	-4.1	-0.9	2.2
2022	I	232.9	134.4	173.3	181.0	134.1	134.9	19.1	10.8	-5.1	0.0	3.1
	Dec	219.9	128.4	171.2	169.7	126.5	134.2	17.5	10.7	-4.6	-1.2	2.3
2022	Jan	224.5	131.6	170.6	179.4	132.3	135.6	18.4	10.4	-5.9	-2.3	2.9
	Feb	239.3	132.3	180.9	182.4	135.9	134.3	19.4	11.2	-4.6	-0.6	3.3
	Mar	234.8	139.4	168.4	181.1	134.2	135.0	19.5	10.6	-4.9	-0.7	3.1
Percentage changes (c)									Percentage of GDP			
2014		2.0	-0.9	3.0	5.2	-2.3	7.7	3.5	-0.4	-2.4	1.3	1.0
2015		3.8	0.6	3.2	3.5	-2.5	6.1	5.3	1.8	-2.3	0.2	0.2
2016		2.6	-1.7	4.4	-0.4	-3.1	2.8	4.7	-0.1	-1.6	0.3	0.4
2017		7.7	0.7	7.0	10.5	4.7	5.5	8.3	6.9	-2.3	0.0	0.7
2018		3.3	3.0	0.3	5.7	4.5	1.2	3.9	2.5	-2.9	-0.3	0.7
2019		2.0	0.7	1.3	0.9	-0.1	0.9	1.8	2.2	-2.5	-0.3	0.8
2020		-9.4	-0.7	-8.8	-14.1	-3.1	-11.4	-8.2	-11.1	-1.2	0.3	1.4
2021		20.1	7.9	11.3	24.2	10.0	12.8	23.8	14.5	-2.2	0.1	2.0
2022 (d)		23.9	16.7	6.2	39.0	21.1	14.7	19.8	16.9	--	--	--
2020	II	-20.3	-1.6	-19.0	-25.9	-5.7	-21.4	-19.3	-21.8	-2.7	1.0	8.2
	III	25.4	-1.0	26.6	25.0	0.7	24.2	25.7	25.0	-2.6	2.7	6.2
	IV	2.6	1.8	0.7	3.0	1.8	1.1	1.1	4.9	-3.0	1.9	5.1
2021	I	3.5	2.4	1.1	5.0	3.0	1.9	6.4	-0.8	-4.6	2.7	7.3
	II	11.5	3.6	7.6	12.3	4.7	7.2	10.8	12.6	-5.8	2.1	7.7
	III	0.9	2.6	-1.6	3.2	3.2	-0.1	1.6	-0.2	-8.2	1.0	9.3
	IV	2.4	3.0	-0.7	9.3	3.8	5.3	2.2	2.5	-15.5	-3.2	8.2
2022	I	8.0	6.5	1.4	10.1	8.1	1.9	0.0	1.8	-19.4	0.0	11.8
2022	Jan	2.1	2.5	-0.4	5.7	4.6	1.1	4.9	-2.4	--	--	--
	Feb	6.6	0.5	6.1	1.7	2.7	-1.0	5.8	8.0	--	--	--
	Mar	-1.9	5.4	-6.9	-0.7	-1.2	0.5	0.1	-5.4	--	--	--

(a) Seasonally adjusted, except for annual data. (b) Period with available data. (c) Percent change from the previous quarter for quarterly data, from the previous month for monthly data. (d) Growth of available period over the same period of the previous year.

Source: Ministry of Economy.

Chart 14.1 - External trade (real)

Annual percent change

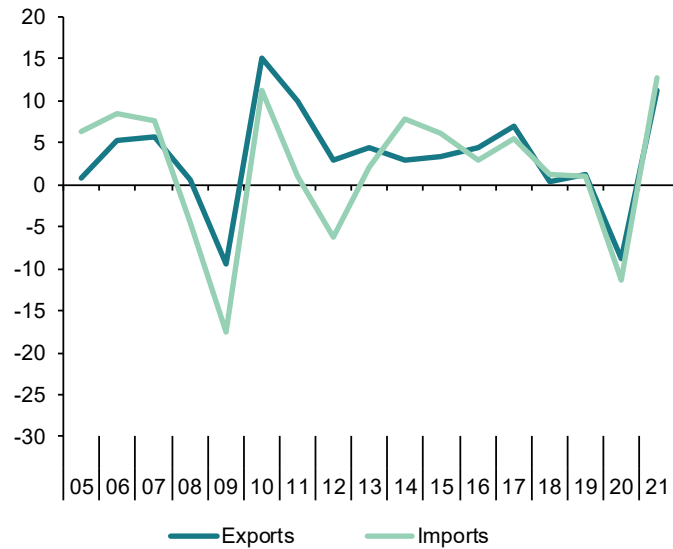


Chart 14.2 - Trade balance

EUR Billions, moving sum of 12 months

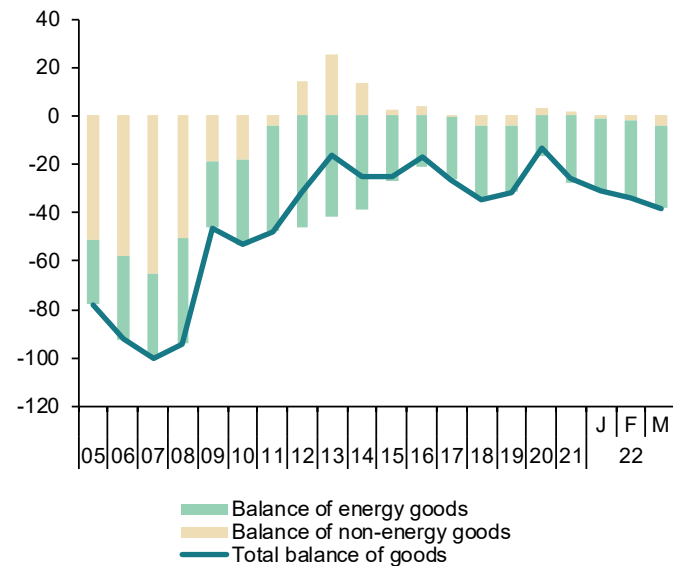


Table 15

Balance of Payments (according to IMF manual)
 (Net transactions)

	Current account					Capital account	Current and capital accounts	Financial account						Errors and omissions	
	Total	Goods	Services	Primary Income	Secondary Income			Financial account, excluding Bank of Spain					Bank of Spain		
								Total	Direct investment	Portfolio investment	Other investment	Financial derivatives			
	1=2+3+4+5	2	3	4	5	6	7=1+6	8=9+10+11+12	9	10	11	12	13	14	
EUR billions															
2014	17.54	-21.26	53.25	-3.79	-10.67	4.54	22.08	-10.00	10.68	-2.67	-19.03	1.01	27.14	-4.94	
2015	21.83	-20.68	53.44	-0.24	-10.69	6.98	28.80	69.47	30.07	-5.16	40.75	3.81	-40.79	-0.12	
2016	35.37	-14.28	58.70	2.75	-11.80	2.43	37.80	89.49	11.19	46.65	29.09	2.57	-54.02	-2.34	
2017	32.21	-22.04	63.93	0.44	-10.13	2.84	35.05	68.01	12.46	25.08	22.74	7.72	-32.63	0.33	
2018	22.61	-29.31	62.00	1.73	-11.81	5.81	28.42	46.64	-16.87	15.13	49.43	-1.05	-14.25	3.98	
2019	26.19	-26.76	63.22	2.69	-12.96	4.22	30.40	10.48	6.62	-48.01	59.42	-7.55	14.82	-5.11	
2020	9.25	-9.09	25.62	6.59	-13.87	4.47	13.72	98.22	19.60	53.67	32.05	-7.09	-80.98	3.53	
2021	6.58	-9.94	24.49	2.40	-10.37	6.06	12.64	33.26	-23.00	21.29	32.46	2.52	-10.53	10.09	
2020	I	0.16	-6.17	8.94	1.33	-3.95	0.74	0.90	46.43	-2.76	31.55	15.79	1.86	-43.40	2.13
	II	1.99	0.51	3.72	0.30	-2.54	0.73	2.71	1.76	5.14	-3.72	-3.26	3.60	5.62	4.67
	III	2.12	-2.71	7.55	0.10	-2.82	0.90	3.02	13.58	7.95	4.64	-0.98	1.98	-0.54	10.03
	IV	4.99	-0.73	5.41	4.86	-4.56	2.10	7.09	6.23	2.14	-7.38	11.19	0.28	5.70	4.84
2021	I	-0.40	-1.49	3.78	1.15	-3.84	1.10	0.71	2.10	-4.56	3.66	1.33	1.67	-3.00	-1.61
	II	2.48	-1.24	6.52	0.84	-3.64	1.88	4.36	24.11	-16.20	15.43	24.71	0.16	-14.40	5.35
	III	4.49	-7.21	14.19	0.40	-2.89	3.08	7.58	7.05	-2.24	2.20	6.41	0.68	6.88	6.36
	IV	4.77	-10.74	14.40	3.88	-2.77	4.90	9.67	13.38	6.14	-6.16	16.97	-3.57	-3.72	-0.01
			Goods and Services		Primary and Secondary Income										
2021	Dec	0.03	-1.11		1.14		3.39	3.42	24.89	-0.27	-0.41	27.49	-1.91	-22.57	-1.10
2022	Jan	-2.60	-1.96		-0.64		0.49	-2.11	-13.03	1.33	14.90	-29.83	0.57	8.91	-2.00
	Feb	0.25	1.58		-1.33		0.64	0.89	3.28	0.87	4.75	-3.98	1.64	-1.43	0.97
Percentage of GDP															
2014		1.7	-2.1	5.2	-0.4	-1.0	0.4	2.1	-1.0	1.0	-0.3	-1.8	0.1	2.6	-0.5
2015		2.0	-1.9	5.0	0.0	-1.0	0.6	2.7	6.4	2.8	-0.5	3.8	0.4	-3.8	0.0
2016		3.2	-1.3	5.3	0.2	-1.1	0.2	3.4	8.0	1.0	4.2	2.6	0.2	-4.9	-0.2
2017		2.8	-1.9	5.5	0.0	-0.9	0.2	3.0	5.9	1.1	2.2	2.0	0.7	-2.8	0.0
2018		1.9	-2.4	5.2	0.1	-1.0	0.5	2.4	3.9	-1.4	1.3	4.1	-0.1	-1.2	0.3
2019		2.1	-2.2	5.1	0.2	-1.0	0.3	2.4	0.8	0.5	-3.9	4.8	-0.6	1.2	-0.4
2020		0.8	-0.8	2.3	0.6	-1.2	0.4	1.2	8.8	1.7	4.8	2.9	-0.6	-7.2	0.3
2021		0.7	-1.1	2.8	0.3	-1.2	0.7	1.4	3.8	-2.6	2.4	3.7	0.3	-1.2	1.2
2020	I	0.1	-2.1	3.1	0.5	-1.4	0.3	0.3	16.0	-1.0	10.9	5.5	0.6	-15.0	0.7
	II	0.8	0.2	1.5	0.1	-1.0	0.3	1.1	0.7	2.0	-1.5	-1.3	1.4	2.2	1.9
	III	0.8	-1.0	2.7	0.0	-1.0	0.3	1.1	4.8	2.8	1.6	-0.3	0.7	-0.2	3.6
	IV	1.7	-0.2	1.8	1.6	-1.5	0.7	2.4	2.1	0.7	-2.5	3.7	0.1	1.9	1.6
2021	I	-0.1	-0.5	1.4	0.4	-1.4	0.4	0.3	0.8	-1.6	1.3	0.5	0.6	-1.1	-0.6
	II	0.8	-0.4	2.2	0.3	-1.2	0.6	1.5	8.0	-5.4	5.1	8.2	0.1	-4.8	1.8
	III	1.5	-2.4	4.8	0.1	-1.0	1.0	2.5	2.4	-0.8	0.7	2.2	0.2	2.3	2.1
	IV	1.5	-3.3	4.4	1.2	-0.8	1.5	3.0	4.1	1.9	-1.9	5.2	-1.1	-1.1	0.0

Source: Bank of Spain.

Chart 15.1 - Balance of payments: Current and capital accounts

EUR Billions, 12-month cumulated

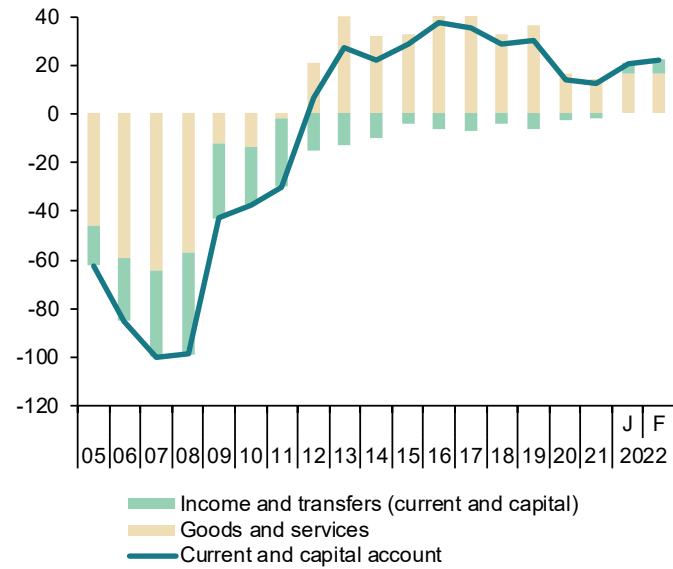


Chart 15.2 - Balance of payments: Financial account

EUR Billions, 12-month cumulated

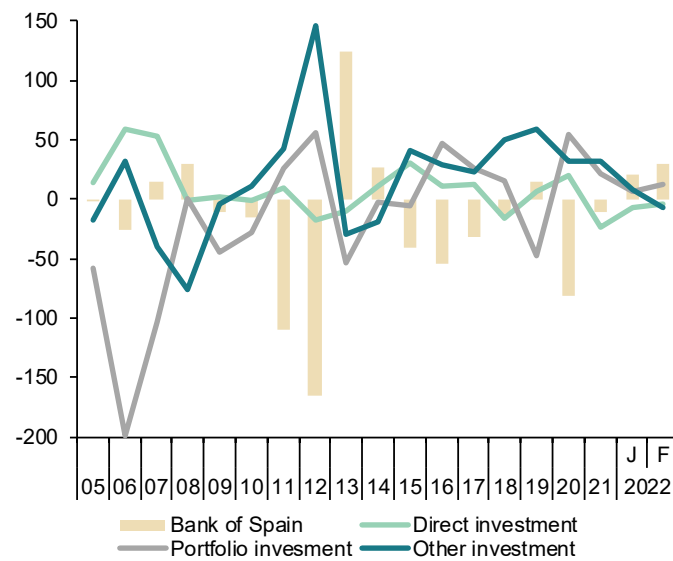


Table 16

Competitiveness indicators in relation to EMU

	Relative Unit Labour Costs in manufacturing (Spain/Rest of EMU) (a)			Harmonized Consumer Prices			Producer prices			Real Effective Exchange Rate in relation to developed countries 1999 I = 100
	Relative hourly wages	Relative hourly productivity	Relative ULC	Spain	EMU	Spain/EMU	Spain	EMU	Spain/EMU	
	1998=100			2015=100			2015=100			
2014	102.2	99.7	102.6	100.6	100.0	100.7	102.1	102.8	99.3	112.2
2015	99.4	99.9	99.4	100.0	100.0	100.0	100.0	100.0	100.0	107.8
2016	98.1	96.7	101.4	99.7	100.3	99.4	96.9	97.9	98.9	108.0
2017	97.7	96.4	101.4	101.7	101.8	99.9	101.2	100.7	100.5	109.7
2018	97.4	93.3	104.4	103.5	103.6	99.9	103.8	103.3	100.4	110.5
2019	97.6	94.0	103.9	104.3	104.8	99.5	103.4	103.7	99.8	109.1
2020	95.4	93.3	102.2	103.9	105.1	98.9	99.8	101.2	98.6	108.5
2021	97.1	94.9	102.4	107.0	107.8	99.3	114.6	111.0	106.2	108.9
2022 (b)	--	--	--	113.0	113.0	100.0	139.7	130.5	107.1	109.0
2020	II	--	--	104.5	105.5	99.1	97.3	99.9	97.4	108.6
	III	--	--	103.4	105.1	98.4	99.7	100.6	99.2	108.2
	IV	--	--	104.1	105.0	99.1	100.4	101.4	99.0	109.3
2021	I	--	--	104.1	105.8	98.4	104.1	104.1	100.1	108.2
	II	--	--	106.9	107.4	99.5	109.5	107.2	102.2	109.5
	III	--	--	106.9	108.0	99.0	116.3	112.2	103.7	108.3
	IV	--	--	110.2	109.9	100.3	128.3	120.4	106.6	109.4
2022	I	--	--	112.3	112.3	100.0	139.7	130.5	107.1	109.0
2022	Feb	--	--	111.2	111.7	99.5	138.1	129.0	107.1	108.4
	Mar	--	--	115.5	114.5	100.9	145.6	134.8	108.0	110.2
	Apr	--	--	115.2	115.1	100.1	--	--	--	--
	Annual percentage changes			Differential	Annual percentage changes			Differential	Annual percentage changes	
2014	-1.7	0.2	-1.9	-0.2	0.4	-0.6	-1.3	-1.5	0.2	13.0
2015	-2.8	0.2	-3.0	-0.6	0.0	-0.6	-2.0	-2.8	0.8	-3.9
2016	-1.3	-3.2	2.0	-0.3	0.3	-0.6	-3.1	-2.1	-1.0	0.2
2017	-0.4	-0.4	0.0	2.0	1.5	0.5	4.5	2.8	1.7	1.5
2018	-0.3	-3.2	2.9	1.7	1.7	0.0	2.5	2.6	-0.1	0.8
2019	0.2	0.7	-0.5	0.8	1.2	-0.4	-0.3	0.4	-0.6	-1.3
2020	-2.3	-0.7	-1.6	-0.3	0.3	-0.6	-3.6	-2.5	-0.8	-0.6
2021	1.8	1.6	0.1	3.0	2.6	0.4	14.8	9.7	5.1	0.4
2022 (c)	--	--	--	8.0	6.5	1.5	33.5	22.9	10.6	0.6
2020	II	--	--	-0.6	0.2	-0.8	-0.6	0.2	-0.8	-1.1
	III	--	--	-0.6	0.0	-0.6	-0.6	0.0	-0.6	-0.3
	IV	--	--	-0.8	-0.3	-0.5	-0.8	-0.3	-0.5	0.4
2021	I	--	--	0.5	1.1	-0.6	2.5	1.2	1.3	0.4
	II	--	--	2.3	1.8	0.5	12.5	7.3	5.2	0.9
	III	--	--	3.4	2.8	0.6	16.6	11.5	5.1	0.1
	IV	--	--	5.8	4.6	1.2	27.8	18.8	9.0	0.1
2022	I	--	--	7.9	6.1	1.8	34.2	25.4	8.8	0.7
2021	Dec	--	--	6.6	5.0	1.6	29.6	20.5	9.1	0.2
2022	Jan	--	--	6.2	5.1	1.1	30.3	23.6	6.7	-0.3
	Feb	--	--	7.6	5.9	1.7	--	--	--	--

(a) EMU excluding Ireland and Spain. (b) Period with available data. (c) Growth of available period over the same period of the previous year.

Sources: Eurostat, Bank of Spain and Funcas.

Chart 16.1 - Relative Unit Labour Costs in manufacturing (Spain/Rest of EMU)

1998=100

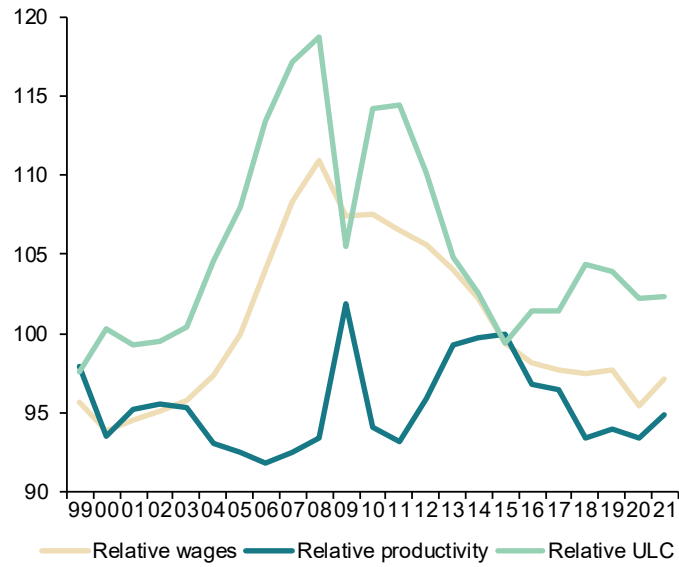


Chart 16.2 - Harmonized Consumer Prices

Annual growth in % and percentage points

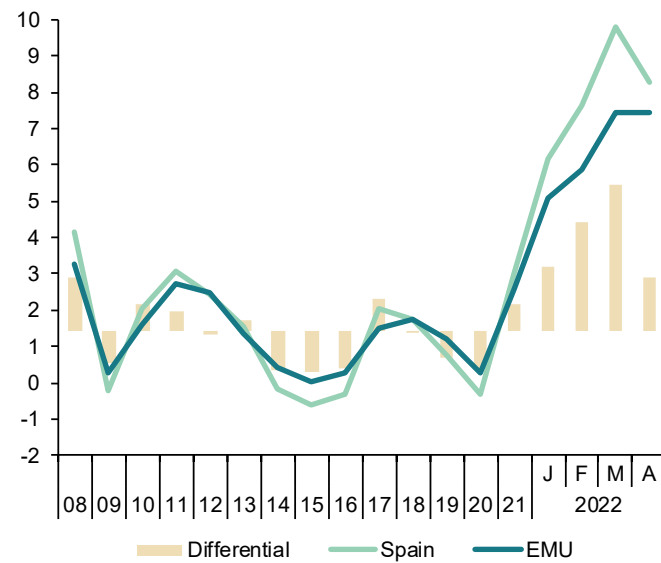


Table 17a

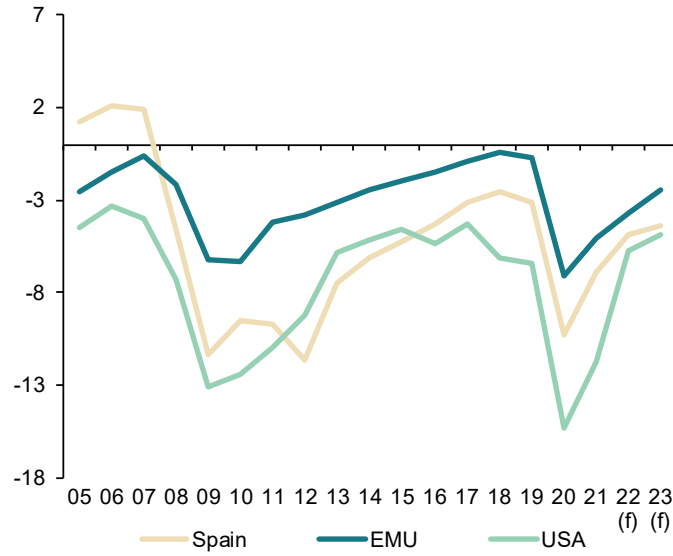
Imbalances: International comparison (I)
(In yellow: European Commission Forecasts)

	Government net lending (+) or borrowing (-)			Government consolidated gross debt			Current Account Balance of Payments (National Accounts)		
	Spain	EMU	USA	Spain	EMU	USA	Spain	EMU	USA
	Billions of national currency								
2008	-50.7	-208.0	-1,084.5	440.6	6,705.0	10,699.8	-98.8	-49.1	-704.2
2009	-120.6	-578.3	-1,896.6	569.5	7,444.7	12,311.3	-43.7	64.9	-383.1
2010	-102.2	-598.3	-1,863.1	649.2	8,189.2	14,025.2	-39.2	59.1	-439.8
2011	-103.6	-416.1	-1,709.1	743.0	8,648.5	15,222.9	-29.0	88.5	-460.3
2012	-119.1	-374.6	-1,493.3	927.8	9,142.2	16,432.7	0.9	230.0	-423.9
2013	-76.8	-305.4	-977.3	1,025.7	9,466.9	17,352.0	20.8	285.1	-352.1
2014	-63.1	-253.1	-910.4	1,084.8	9,709.1	18,141.4	17.5	320.1	-376.2
2015	-57.2	-210.1	-837.2	1,113.7	9,828.8	18,922.2	21.8	359.2	-424.7
2016	-47.9	-159.7	-1,010.1	1,145.1	10,003.7	19,976.8	35.4	390.5	-403.7
2017	-36.1	-105.3	-833.7	1,183.4	10,089.5	20,492.7	32.2	414.5	-372.9
2018	-31.2	-51.9	-1,261.8	1,208.9	10,188.2	21,974.1	22.6	418.0	-440.3
2019	-38.1	-79.6	-1,363.9	1,223.4	10,273.2	23,201.4	26.2	343.4	-479.8
2020	-115.2	-806.9	-3,198.8	1,345.8	11,321.6	27,747.8	9.3	301.1	-587.1
2021	-82.8	-625.7	-2,680.4	1,427.2	11,945.1	29,617.2	11.5	386.0	-828.7
2022	-63.2	-483.5	-1,445.5	1,496.4	12,389.7	31,072.6	23.5	308.9	-979.4
2023	-60.3	-342.3	-1,297.1	1,563.7	12,796.9	32,340.5	28.5	396.4	-913.0
	Percentage of GDP								
2008	-4.6	-2.2	-7.3	39.7	69.7	72.4	-8.9	-0.5	-4.8
2009	-11.3	-6.2	-13.1	53.3	80.3	85.0	-4.1	0.7	-2.6
2010	-9.5	-6.3	-12.4	60.5	85.9	93.2	-3.7	0.6	-2.9
2011	-9.7	-4.2	-11.0	69.9	88.3	97.6	-2.7	0.9	-3.0
2012	-11.6	-3.8	-9.2	90.0	92.9	101.1	0.1	2.3	-2.6
2013	-7.5	-3.1	-5.8	100.5	95.3	103.0	2.0	2.9	-2.1
2014	-6.1	-2.5	-5.2	105.1	95.5	103.4	1.7	3.1	-2.1
2015	-5.3	-2.0	-4.6	103.3	93.4	103.9	2.0	3.4	-2.3
2016	-4.3	-1.5	-5.4	102.8	92.5	106.9	3.2	3.6	-2.2
2017	-3.1	-0.9	-4.3	101.9	89.9	105.2	2.8	3.7	-1.9
2018	-2.6	-0.4	-6.1	100.5	87.8	107.0	1.9	3.6	-2.1
2019	-3.1	-0.7	-6.4	98.3	85.7	108.6	2.1	2.9	-2.2
2020	-10.3	-7.1	-15.3	120.0	99.2	132.8	0.8	2.6	-2.8
2021	-6.9	-5.1	-11.7	118.4	97.4	128.8	1.0	3.2	-3.6
2022	-4.9	-3.7	-5.7	115.1	94.7	123.4	1.8	2.4	-3.9
2023	-4.4	-2.5	-4.9	113.7	92.7	122.1	2.1	2.9	-3.4

Source: European Commission Forecasts, Spring 2022.

Chart 17a.1 - Government deficit

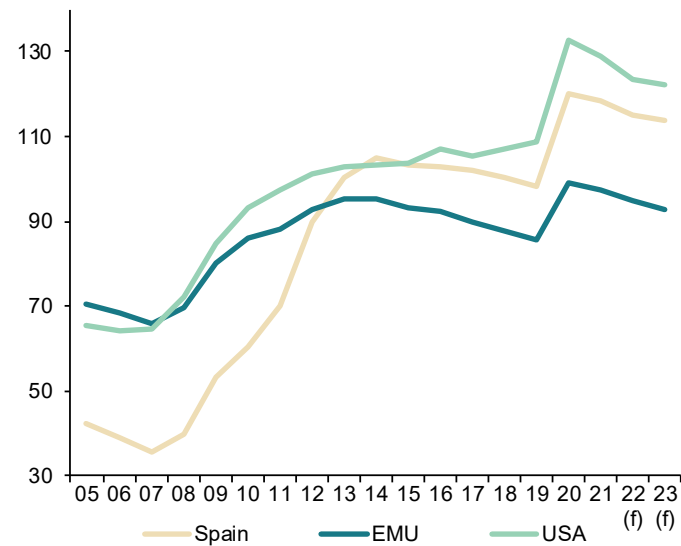
Percentage of GDP



(f) European Commission forecast.

Chart 17a.2 - Government gross debt

Percentage of GDP



(f) European Commission forecast.

Table 17b

Imbalances: International comparison (II)

	Household debt (a)			Non-financial corporations debt (a)		
	Spain	EMU	USA	Spain	EMU	USA
Billions of national currency						
2005	656.2	4,771.4	8,940.4	954.1	7,273.3	8,180.5
2006	783.5	5,193.1	9,940.3	1,171.9	7,914.9	9,000.7
2007	879.3	5,561.2	10,625.0	1,371.6	8,673.8	10,136.1
2008	916.7	5,774.0	10,577.3	1,460.0	9,363.5	10,709.7
2009	908.9	5,880.7	10,441.3	1,473.5	9,458.0	10,192.1
2010	905.2	6,021.5	9,992.3	1,498.0	9,696.1	10,060.1
2011	877.9	6,104.5	9,785.5	1,458.3	10,085.7	10,296.1
2012	840.9	6,097.0	9,537.1	1,339.2	10,245.9	10,839.2
2013	793.6	6,057.7	9,437.0	1,267.9	10,273.1	11,352.2
2014	757.8	6,064.6	9,387.3	1,203.7	10,645.3	12,121.6
2015	733.3	6,127.9	9,492.8	1,183.7	11,194.0	12,931.4
2016	718.5	6,232.8	9,658.8	1,166.5	11,534.4	13,588.5
2017	711.0	6,395.1	9,928.8	1,146.6	11,711.1	14,548.9
2018	709.6	6,582.3	10,203.9	1,138.0	12,016.1	15,515.6
2019	708.6	6,809.2	10,481.2	1,150.1	12,385.1	16,270.1
2020	701.3	7,000.7	10,919.7	1,199.3	12,810.8	17,718.4
Percentage of GDP						
2005	70.8	56.5	68.6	102.9	86.1	62.7
2006	78.0	58.4	71.9	116.7	89.0	65.1
2007	81.8	59.2	73.4	127.5	92.4	70.0
2008	82.6	60.0	71.6	131.6	97.3	72.5
2009	85.0	63.4	72.1	137.8	102.0	70.4
2010	84.4	63.2	66.4	139.6	101.7	66.8
2011	82.5	62.3	62.7	137.1	103.0	66.0
2012	81.6	62.0	58.7	129.9	104.2	66.7
2013	77.8	61.0	56.0	124.3	103.4	67.4
2014	73.4	59.6	53.5	116.6	104.6	69.1
2015	68.0	58.2	52.1	109.8	106.4	71.0
2016	64.5	57.6	51.7	104.7	106.7	72.7
2017	61.2	57.0	51.0	98.7	104.4	74.7
2018	59.0	56.7	49.7	94.6	103.6	75.6
2019	56.9	56.8	49.0	92.4	103.3	76.1
2020	62.5	61.4	52.3	106.9	112.4	84.8

(a) Loans and debt securities.

Sources: Eurostat and Federal Reserve.

Chart 17b.1 - Household debt

Percentage of GDP

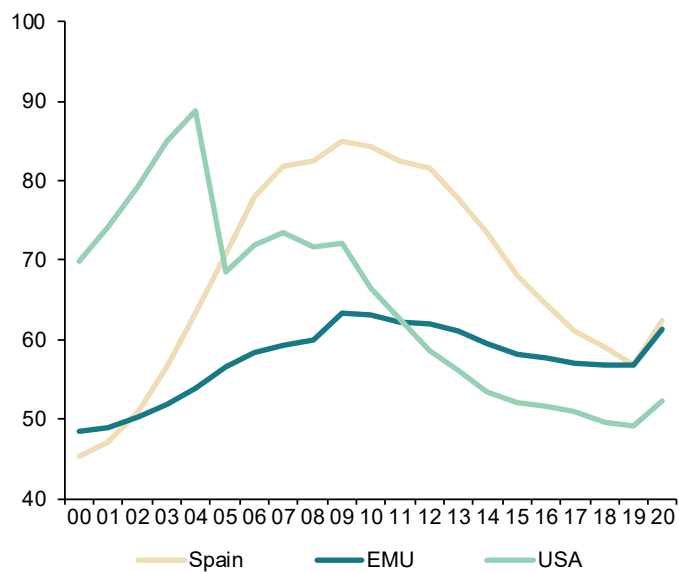
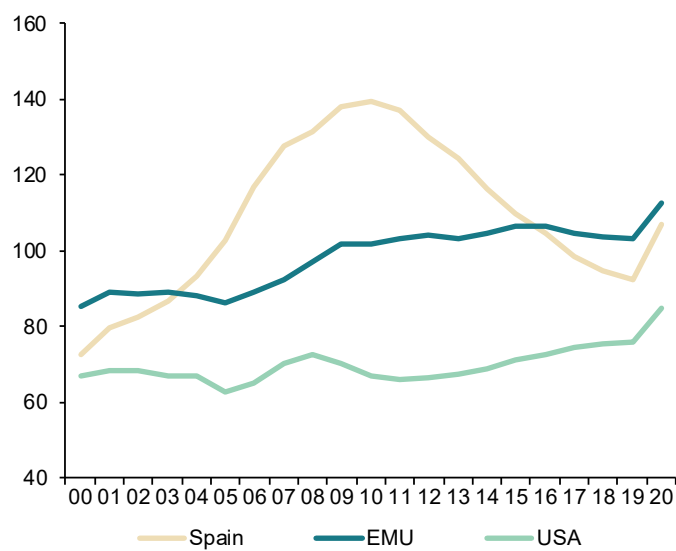


Chart 17b.2 - Non-financial corporations debt

Percentage of GDP



50 Financial System Indicators

Updated: May 15th, 2022

Highlights		
Indicator	Last value available	Corresponding to:
Bank lending to other resident sectors (monthly average % var.)	-0.05	February 2022
Other resident sectors' deposits in credit institutions (monthly average % var.)	-0.1	February 2022
Doubtful loans (monthly % var.)	-0.4	February 2022
Recourse to the Eurosystem L/T (Eurozone financial institutions, million euros)	175,185	April 2022
Recourse to the Eurosystem L/T (Spanish financial institutions, million euros)	19,015	April 2022
Recourse to the Eurosystem (Spanish financial institutions million euros) - Main refinancing operations	2,198,860	April 2022
"Operating expenses/gross operating income" ratio (%)	54.18	December 2022
"Customer deposits/employees" ratio (thousand euros)	12,137.18	December 2022
"Customer deposits/branches" ratio (thousand euros)	111,819.77	December 2022
"Branches/institutions" ratio	98,01	December 2022

A. Money and Interest Rates

Indicator	Source	Average 2001-2019	2020	2021	2022 April	2022 May 15	Definition and calculation
1. Monetary Supply (% chg.)	ECB	5.1	12.3	6.9	-	-	M3 aggregate change (non-stationary)
2. Three-month interbank interest rate	Bank of Spain	1.4	-0.545	-0.572	-0.429	-0.406	Daily data average
3. One-year Euribor interest rate (from 1994)	Bank of Spain	1.8	-0.499	-0.501	0.166	0.230	End-of-month data
4. Ten-year Treasury bonds interest rate (from 1998)	Bank of Spain	3.4	0.03	0.5	1.8	1.9	Market interest rate (not exclusively between account holders)
5. Corporate bonds average interest rate	Bank of Spain	3.8	1.3	-	-	-	End-of-month straight bonds average interest rate (> 2 years) in the AIAF market

Comment on "Money and Interest Rates": Monetary authorities have shown increased concerns over inflation, which has reached very high levels. The invasion of Ukraine has added upward pressures on prices, and there are rumours central banks will raise rates more rapidly. In this context, interbank rates increased in the first half of May. The 1-year interbank rate went from 0.166% in April to 0.230% by May 15th, and the 3-month Euribor increased from -0.429% to -0.406% over the same period. As for the Spanish 10-year bond yield, it increased to 1.9%.

B. Financial Markets

Indicator	Source	Average 2001-2018	2019	2020	2022 February	2022 March	Definition and calculation
6. Outright spot treasury bills transactions trade ratio	Bank of Spain	22.1	288.7	28.8	19.25	20.50	(Traded amount/outstanding balance) ×100 in the market (not exclusively between account holders)
7. Outright spot government bonds transactions trade ratio	Bank of Spain	19.8	87.2	18.5	15.49	15.30	(Traded amount/outstanding balance) ×100 in the market (not exclusively between account holders)
8. Outright forward treasury bills transactions trade ratio	Bank of Spain	0.5	0.01	0.34	0.40	0.10	(Traded amount/outstanding balance) ×100 in the market (not exclusively between account holders)
9. Outright forward government bonds transactions trade ratio	Bank of Spain	0.6	1.2	0.63	0.35	0.73	(Traded amount/outstanding balance) in the market (not exclusively between account holders)
10. Three-month maturity treasury bills interest rate	Bank of Spain	0.5	-0.54	-0.54	-0.61	-0.67	Outright transactions in the market (not exclusively between account holders)
11. Government bonds yield index (Dec 1987=100)	Bank of Spain	727.5	1,311.87	1,289.02	-	-	Outright transactions in the market (not exclusively between account holders)
12. Madrid Stock Exchange Capitalization (monthly average % chg.)	Bank of Spain and Madrid Stock Exchange	0.1	1.2	-0.6	-2.14	-0.57	Change in the total number of resident companies
13. Stock market trading volume. Stock trading volume (monthly average % var.)	Bank of Spain and Madrid Stock Exchange	2.6	-7.4	10.7	7.04	27.7	Stock market trading volume. Stock trading volume: change in total trading volume
14. Madrid Stock Exchange general index (Dec 1985=100)	Bank of Spain and Madrid Stock Exchange	1,007.1	881.6	718.9	843.7	832.6 (a)	Base 1985=100
15. IBEX-35 (Dec 1989=3000)	Bank of Spain and Madrid Stock Exchange	9,703.6	8,812.9	7,347.3	8,479.2	8,338.1 (a)	Base dec 1989=3000
16. Madrid Stock Exchange PER ratio (share value/profitability)	Bank of Spain and Madrid Stock Exchange	15.6	13.2	15.1	15.6	14.7 (a)	Madrid Stock Exchange Ratio "share value/ capital profitability"
17. Long-term bonds. Stock trading volume (% chg.)	Bank of Spain and Madrid Stock Exchange		-		-	-	Variation for all stocks

B. Financial Markets (continued)

Indicator	Source	Average 2001-2018	2019	2020	2022 February	2022 March	Definition and calculation
18. Commercial paper. Trading balance (% chg.)	Bank of Spain and AIAF	-	-	-	-	-	AIAF fixed-income market
19. Commercial paper. Three-month interest rate	Bank of Spain and AIAF	-	-	-	-	-	AIAF fixed-income market
20. IBEX-35 financial futures concluded transactions (% chg.)	Bank of Spain	0.9	-14.4	5.1	14.6	22.1	IBEX-35 shares concluded transactions
21. IBEX-35 financial options concluded transactions (%chg.)	Bank of Spain	12.9	30	35.4	33.3	-25	IBEX-35 shares concluded transactions

(a) Last data published: May 15th, 2022.

Comment on "Financial Markets": The stock market fell in the first half of May amid substantial volatility mainly due to uncertainty related to the invasion of Ukraine. The IBEX-35 decreased to 8,338 points, and the General Index of the Madrid Stock Exchange to 833. During March (last month available), there was an increase in transactions of outright spot T-bills to 20.50 and a decrease of spot government bonds transactions to 15.30. There was an increase in IBEX-35 futures of 22% and a decrease of options of 25%.

C. Financial Saving and Debt

Indicator	Source	Average 2008-2018	2019	2020	2021 Q3	2021 Q4	Definition and calculation
22. Net Financial Savings/GDP (National Economy)	Bank of Spain	-1.4	2.5	1.2	1.7	1.9	Difference between financial assets and financial liabilities flows over GDP
23. Net Financial Savings/GDP (Households and non-profit institutions)	Bank of Spain	1.7	2.2	7.1	3.8	2.7	Difference between financial assets and financial liabilities flows over GDP
24. Debt in securities (other than shares) and loans/GDP (National Economy)	Bank of Spain	270.1	282.0	335.3	327.4	318.6	Public debt. non-financial companies debt and households and non-profit institutions debt over GDP
25. Debt in securities (other than shares) and loans/GDP (Households and non-profit institutions)	Bank of Spain	63.7	56.9	62.5	59.8	58.4	Households and non-profit institutions debt over GDP
26. Households and non-profit institutions balance: financial assets (quarterly average % chg.)	Bank of Spain	0.5	5.9	1.8	-0.8	2.7	Total assets percentage change (financial balance)
27. Households and non-profit institutions balance: financial liabilities (quarterly average % chg.)	Bank of Spain	-1.2	0.3	0.3	-0.7	0.8	Total liabilities percentage change (financial balance)

Comment on "Financial Savings and Debt": During 2021Q4, the financial savings to GDP in the overall economy increased to 1.9%. There was a decrease in the financial savings rate of households to 2.7% of GDP. The debt to GDP ratio of the economy reached 319%. Finally, there was an increase in the stock of financial assets on households' balance sheets of 2.7% and of 0.8% in the stock of financial liabilities.

D. Credit institutions. Business Development

Indicator	Source	Average 2001-2019	2020	2021	2022 January	2022 February	Definition and calculation
28. Bank lending to other resident sectors (monthly average % var.)	Bank of Spain	5.2	-0.1	0.2	-0.9	-0.05	Lending to the private sector percentage change for the sum of banks, savings banks and credit unions.
29. Other resident sectors' deposits in credit institutions (monthly average % var.)	Bank of Spain	6.3	0.6	0.3	-1.3	-0.1	Deposits percentage change for the sum of banks, savings banks and credit unions.
30. Debt securities (monthly average % var.)	Bank of Spain	8.8	0.8	-0.7	2.1	2.5	Asset-side debt securities percentage change for the sum of banks, savings banks and credit unions.
31. Shares and equity (monthly average % var.)	Bank of Spain	7.9	-0.2	0.1	-0.1	0.4	Asset-side equity and shares percentage change for the sum of banks, savings banks and credit unions.
32. Credit institutions. Net position (difference between assets from credit institutions and liabilities with credit institutions) (% of total assets)	Bank of Spain	-2.0	-1.9	0.5	2.8	2.1	Difference between the asset-side and liability-side "Credit System" item as a proxy of the net position in the interbank market (month-end).
33. Doubtful loans (monthly average % var.)	Bank of Spain	-0.4	-0.8	-0.4	-0.3	-0.4	Doubtful loans. Percentage change for the sum of banks, savings banks and credit unions.
34. Assets sold under repurchase (monthly average % var.)	Bank of Spain	2.2	-0.4	0.6	-12.7	6.6	Liability-side assets sold under repurchase. Percentage change for the sum of banks, savings banks and credit unions.
35. Equity capital (monthly average % var.)	Bank of Spain	6.7	-0.3	-0.1	0.5	-0.03	Equity percentage change for the sum of banks, savings banks and credit unions.

Comment on "Credit institutions. Business Development": The latest available data as of February show a decrease in bank credit to the private sector of 0.05%. Data also show a decrease in financial institutions' deposit-taking of 0.1%. Holdings of debt securities grew 2.5%. Doubtful loans decreased 0.4 % compared to the previous month.

E. Credit institutions. Market Structure and Eurosystem Refinancing

Indicator	Source	Average 2000-2018	2019	2020	2021 September	2021 December	Definition and calculation
36. Number of Spanish credit institutions	Bank of Spain	179	114	113	112	110	Total number of banks, savings banks and credit unions operating in Spanish territory
37. Number of foreign credit institutions operating in Spain	Bank of Spain	76	81	78	81	84	Total number of foreign credit institutions operating in Spanish territory
38. Number of employees	Bank of Spain	231,976	176,838	175,185	-	175,185 (a)	Total number of employees in the banking sector
39. Number of branches	Bank of Spain	37,607	23,851	22,589	20,330	19,015	Total number of branches in the banking sector
40. Recourse to the Eurosystem: long term (total Eurozone financial institutions) (Euro millions)	Bank of Spain	371,551	642,118	1,774,798	2,212,101	2,198,860 (b)	Open market operations and ECB standing facilities. Eurozone total
41. Recourse to the Eurosystem: long term (total Spanish financial institutions) (Euro millions)	Bank of Spain	79,421	132,611	260,971	289,676	289,689 (b)	Open market operations and ECB standing facilities. Spain total
42. Recourse to the Eurosystem (total Spanish financial institutions): main refinancing operations (Euro millions)	Bank of Spain	26,049	102	3	34	16 (b)	Open market operations: main long term refinancing operations. Spain total

(a) Last data published: December 2020.

(b) Last data published: April 30th, 2022.

Comment on "Credit institutions. Market Structure and Eurosystem Refinancing": In April 2022, recourse to Eurosystem funding by Spanish credit institutions reached 289.7 billion euros.

MEMO ITEM: From January 2015 the ECB also offers information on the asset purchase programs. The amount borrowed by Spanish banks in these programs reached 616 billion euros in April 2022 and 4.9 trillion euros for the entire Eurozone banking system.

F. Credit institutions. Efficiency and Productivity, Risk and Profitability

Indicator	Source	Average 2000-2018	2019	2020	2021 Q3	2021 Q4	Definition and calculation
43. "Operating expenses/gross operating income" ratio	Bank of Spain	49.11	53.30	54.90	59.57	54.18	Operational efficiency indicator. Numerator and denominator are obtained directly from credit institutions' P&L accounts
44. "Customer deposits/employees" ratio (Euro thousands)	Bank of Spain	4,219.37	9,574.38	11,173.92	11,929.24	12,137.18	Productivity indicator (business by employee)
45. "Customer deposits/branches" ratio (Euro thousands)	Bank of Spain	27,149.27	74,450.04	89,952.10	102,795.08	11,819.77	Productivity indicator (business by branch)

F. Credit institutions. Efficiency and Productivity, Risk and Profitability (continued)

Indicator	Source	Average 2000-2018	2019	2020	2021 Q3	2021 Q4	Definition and calculation
46. "Branches/institutions" ratio	Bank of Spain	194.96	123.09	116.74	105.33	98.01	Network expansion indicator
47. "Employees/branches" ratio	Bank of Spain	6.24	7.7	8.1	8.6	9.2	Branch size indicator
48. "Equity capital" (monthly average % var.)	Bank of Spain	0.04	0.25	-2.4	-0.6	0.6	Credit institutions equity capital variation indicator
49. ROA	Bank of Spain	0.43	0.59	0.4	0.5	0.5	Profitability indicator, defined as the "pre-tax profit/average total assets"
50. ROE	Bank of Spain	5.78	6.96	-0.7	6.5	6.9	Profitability indicator, defined as the "pre-tax profit/equity capital"

Comment on "Credit institutions. Efficiency and Productivity, Risk and Profitability": During 2021Q4, there was a relative increase in the profitability of Spanish banks.

Social Indicators

Table 1

Population

Population										
	Total population	Average age	65 and older (%)	Life expectancy at birth (men)	Life expectancy at birth (women)	Dependency rate	Dependency rate (older than 64)	Foreign-born population (%)	New entries (foreign-born)	New exits (born in Spain)
2008	46,157,822	40.8	16.5	78.2	84.3	47.5	24.5	13.1	701,997	33,053
2010	47,021,031	41.1	16.9	79.1	85.1	48.6	25.0	14.0	441,051	39,211
2012	47,265,321	41.6	17.4	79.4	85.1	50.4	26.1	14.3	344,992	51,666
2014	46,771,341	42.1	18.1	80.1	85.7	51.6	27.4	13.4	368,170	66,803
2015	46,624,382	42.4	18.4	79.9	85.4	52.4	28.0	13.2	417,655	74,873
2016	46,557,008	42.7	18.6	80.3	85.8	52.9	28.4	13.2	492,600	71,508
2017	46,572,132	42.9	18.8	80.4	85.7	53.2	28.8	13.3	592,604	63,754
2018	46,722,980	43.1	19.1	80.5	85.9	53.6	29.3	13.7	715,255	56,745
2019	47,026,208	43.3	19.3	80.9	86.2	53.7	29.6	14.4	827,052	61,338
2020	47,450,795	43.6	19.4	79.6	85.1	53.5	29.8	15.2	523,618	41,708
2021	47,385,107	43.8	19.6			53.4	30.1	15.5		
2022●	47,435,597	44.1	20.0			53.5	30.7	15.8		
Sources	EPC	EPC	EPC	ID INE	ID INE	EPC	EPC	EPC	EVR	EVR

ID INE: Indicadores Demográficos INE.

EPC: Estadística del Padrón Continuo.

EVR: Estadística de Variaciones Residenciales.

Dependency rate: (15 or less years old population + 65 or more years old population)/ 16-64 years old population, as a percentage.

Dependency rate (older than 64): 65 or more years old population/ 16-64 years old population, as a percentage.

● Provisional data.

Table 2

Households and families

	Households				Nuptiality					
	Households (thousands)	Average household size	Households with one person younger than 65 (%)	Households with one person older than 65 (%)	Marriage rate (Spanish)	Marriage rate (foreign population)	Divorce rate	Mean age at first marriage, men	Mean age at first marriage, women	Same sex marriages (%)
2008	16,742	2.71	12.0	10.2	8.5	8.4	2.39	32.4	30.2	1.6
2010	17,174	2.67	12.8	9.9	7.2	7.9	2.21	33.2	31.0	1.9
2012	17,434	2.63	13.7	9.9	7.2	6.7	2.23	33.8	31.7	2.0
2014	18,329	2.51	14.2	10.6	6.9	6.5	2.17	34.4	32.3	2.1
2015	18,376	2.54	14.6	10.7	7.3	6.5	2.08	34.8	32.7	2.3
2016	18,444	2.52	14.6	10.9	7.5	6.8	2.08	35.0	32.9	2.5
2017	18,512	2.52	14.2	11.4	7.4	7.0	2.11	35.3	33.2	2.7
2018	18,581	2.51	14.3	11.5	7.1	6.6	2.04	35.6	33.4	2.9
2019	18,697	2.52	14.9	11.2	7.1	6.7	1.95	36.0	33.9	3.1
2020	18,794	2.52	15.0	11.4	3.8	4.1	1.63	37.1	34.9	3.5
2021	18,919	2.50								
2022■	19,040	2.49								
Sources	LFS	LFS	EPF	EPF	ID INE	ID INE	ID INE	ID INE	ID INE	MNP

Table 2 (Continued)

Households and families

	Fertility					
	Median age at first child, women	Total fertility rate (Spanish women)	Total fertility rate (Foreign women)	Births to single mothers (%)	Abortion rate	Abortion by Spanish-born women (%)
2008	29.3	1.36	1.83	33.2	11.8	55.6
2010	29.8	1.30	1.68	35.5	11.5	58.3
2012	30.3	1.27	1.56	39.0	12.0	61.5
2014	30.6	1.27	1.62	42.5	10.5	63.3
2015	30.7	1.28	1.66	44.4	10.4	65.3
2016	30.8	1.27	1.72	45.8	10.4	65.8
2017	30.9	1.25	1.71	46.8	10.5	66.1
2018	31.0	1.20	1.65	47.3	11.1	65.3
2019	31.1	1.17	1.59	48.4	11.5	64.1
2020	31.2	1.12	1.45	47.6	10.3	65.8
Sources	ID INE	ID INE	ID INE	ID INE	MSAN	MSAN

LFS: Labour Force Survey. EPF: Encuesta de Presupuestos Familiares. ID INE: Indicadores Demográficos INE. MNP: Movimiento Natural de la Población. MSAN: Ministerio de Sanidad, Servicios Sociales e Igualdad.

Marriage rate: Number of marriages per thousand population.

Total fertility rate: The average number of children that would be born per woman living in Spain if all women lived to the end of their childbearing years and bore children according to a given fertility rate at each age.

Divorce rate: Number of divorces per thousand population.

Abortion rate: Number of abortions per thousand women (15-44 years).

■ Data refer to January-March.

Table 3

Education

	Educational attainment				Students involved in non-compulsory education					Education expenditure	
	Population 16 years and older with primary education (%)	Population 30-34 with primary education (%)	Population 16 years and older with tertiary education (%)	Population 30-34 with tertiary education (%)	Pre-primary education	Secondary education	Vocational training	Under-graduate students	Post-graduate studies (except doctorate)	Public expenditure (millions of €)	Public expenditure (% GDP)
2008	32.1	9.2	16.1	26.9	1,763,019	629,247	472,604	1,377,228	50,421	51,716	4.63
2010	30.6	8.6	17.0	27.7	1,872,829	672,213	555,580	1,445,392	104,844	53,099	4.91
2012	28.5	7.5	17.8	26.6	1,912,324	692,098	617,686	1,450,036	113,805	46,476	4.47
2014	24.4	6.1	27.2	42.3	1,840,008	690,738	652,846	1,364,023	142,156	44,846	4.32
2015	23.3	6.6	27.5	40.9	1,808,322	695,557	641,741	1,321,698	171,043	46,598	4.31
2016	22.4	6.6	28.1	40.7	1,780,377	687,595	652,471	1,303,252	190,143	47,579	4.25
2017	21.4	6.6	28.5	41.2	1,767,179	676,311	667,984	1,287,791	209,754	49,458	4.24
2018	20.5	6.4	29.2	42.4	1,750,579	667,287	675,971	1,290,455	217,840	50,807	4.23
2019	19.3	6.3	30.3	44.7	1,749,597	673,740	706,533	1,296,379	237,118	53,053	4.26
2020	17.7	6.1	31.3	44.8	1,622,353●	684,804●	772,417●	1,340,632●	248,460●	55,266●	4.93●
2021	16.4	5.8	32.3	46.7							
2022■	16.1	5.9	32.3	48.7							
Sources	LFS	LFS	LFS	LFS	MECD	MECD	MECD	MECD	MECD	MECD	MECD

LFS: Labor Force Survey.

MECD: Ministerio de Educación, Cultura y Deporte.

● Provisional data.

■ Data refer to January-March.

Table 4

Social protection: Benefits

	Contributory benefits*							Non-contributory benefits			
	Unemployment total	Retirement		Permanent disability		Widowhood		Unemployment	Social Security		
		Total	Average amount (€)	Total	Average amount (€)	Total	Average amount (€)		Retirement	Disability	Other
2008	1,100,879	4,936,839	814	906,835	801	2,249,904	529	646,186	265,314	199,410	63,626
2010	1,471,826	5,140,554	884	933,730	850	2,290,090	572	1,445,228	257,136	196,159	49,535
2012	1,381,261	5,330,195	946	943,296	887	2,322,938	602	1,327,027	251,549	194,876	36,310
2014	1,059,799	5,558,964	1000	929,484	916	2,348,388	624	1,221,390	252,328	197,303	26,842
2015	838,392	5,641,908	1,021	931,668	923	2,353,257	631	1,102,529	253,838	198,891	23,643
2016	763,697	5,731,952	1,043	938,344	930	2,364,388	638	997,192	254,741	199,762	21,350
2017	726,575	5,826,123	1,063	947,130	936	2,360,395	646	902,193	256,187	199,120	19,019
2018	751,172	5,929,471	1,091	951,838	946	2,359,931	664	853,437	256,842	196,375	16,472
2019	807,614	6,038,326	1,138	957,500	975	2,361,620	712	912,384	259,570	193,122	14,997
2020	1,828,489	6,094,447	1,162	952,704	985	2,352,680	725	1,017,429	261,325	188,670	13,373
2021	922,856	6,165,349	1,190	949,765	994	2,353,987	740	969,412	262,177	184,378	11,892
2022■	790,410	6,229,907	1,248	951,491	1,034	2,351,890	775	913,612	264,377	182,623	11,074
Sources	INEM	INSS	INSS	INSS	INSS	INSS	INSS	INEM	IMSERSO	IMSERSO	IMSERSO

INEM: Instituto Nacional de Empleo.

INSS: Instituto Nacional de la Seguridad Social.

IMSERSO: Instituto de Mayores y Servicios Sociales.

* Benefits for orphans and dependent family members of deceased Social Security affiliates are excluded.

■ Data refer to January-March.

Table 5

Social protection: Health care

	Expenditure		Resources				Satisfaction*		Time on waiting list (days)	
	Public expenditure (% GDP)	Public expenditure (millions of €)	Medical specialists per 1,000 inhabitants	Primary care doctors per 1,000 people assigned	Specialist nurses per 1,000 inhabitants	Primary care nurses per 1,000 people assigned	With the working of the health system	With medical history and tracing by family doctor or pediatrician	Non-urgent surgical procedures	First specialist consultations per 1,000 inhabitants
2008	6.1	67,344	1.8	0.8	3.0	0.6	6.4	7.0	71	59
2010	6.6	71,136	1.8	0.8	3.2	0.6	6.6	7.3	65	53
2012	6.3	64,734	1.8	0.8	3.1	0.6	6.6	7.5	76	53
2014	6.2	63,507	1.8	0.8	3.1	0.7	6.3	7.5	87	65
2015	6.2	66,489	1.9	0.8	3.2	0.7	6.4	7.5	89	58
2016	6.1	67,724	1.9	0.8	3.3	0.6	6.6	7.6	115	72
2017	6.0	69,312	1.9	0.8	3.4	0.6	6.7	7.5	106	66
2018	6.0	72,157	2.0	0.8	3.5	0.7	6.6	7.5	129	96
2019	6.1	75,929	2.0	0.8	3.5	0.7			115	81
2020	7.6●	85,383●	2.0	0.8	3.7	0.7			148	99
2021									121	75
Sources	EUROSTAT	EUROSTAT	INCLASNS	INCLASNS	INCLASNS	INCLASNS	INCLASNS	INCLASNS	INCLASNS	INCLASNS

INCLASNS: Indicadores clave del Sistema Nacional del Salud.

* Average of population satisfaction measured on a scale of 1 to 10, where 1 means "totally unsatisfactory" and 10 "totally satisfactory".

● Provisional data.

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Notes

Orders or claims:

Funcas
Caballero de Gracia, 28
28013 Madrid (España)
Teléfono: 91 596 54 81
Fax: 91 596 57 96
publica@funcas.es
www.funcas.es

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