



BULLETIN OF EU AND US INFLATION AND MACROECONOMIC ANALYSIS

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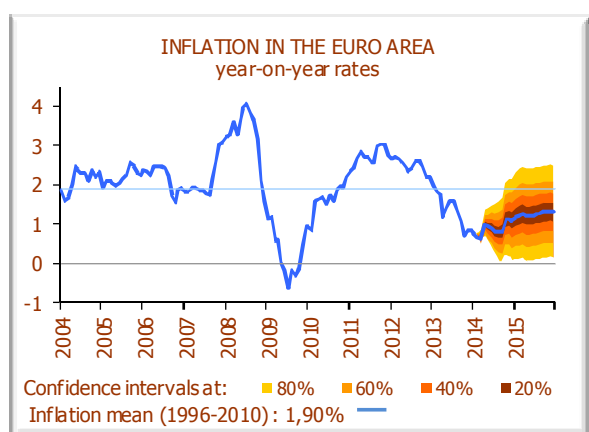
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The average inflation forecast for the euro area for 2015 has fallen to 1.3%. The likelihood of negative average rates in both 2014 and 2015 is no more than 5.2%.



Source: EUROSTAT & BIAM (UC3M)
Date: February 24, 2014

The Spanish GDP will grow by 0.9% (± 1.1) in 2014 and 1.6% (± 1.7) in 2015. The foreign sector will provide 75% of the growth in 2014 and 25% in 2015.

GROSS DOMESTIC PRODUCT IN SPAIN(*)								
		Annual average rates			Q-o-Q rates			
		2013	2014	2015	III-13	IV-13	I-14	
Final consumption		Private	-2,1	1,5	1,8	0,5	0,5	0,4
		Public	-2,3	-3,4	-0,5	0,6	-3,9	0,4
Gross fixed capital formation	Tangible fixed assets	Construction	-9,6	-4,8	-1,8	-0,9	-0,1	-2,1
		Capital goods and grown assets	2,2	7,7	5,8	2,4	1,7	2,1
			-5,5	-0,1	1,0	0,3	0,6	-0,5
			-5,1	0,3	1,3	0,7	0,7	-0,3
Contribution of domestic demand			-2,7	0,3	1,2	0,5	-0,3	0,2
Exports of goods and services			4,9	6,3	6,4	0,6	0,8	0,9
Imports of goods and services			0,4	4,7	5,7	2,1	-0,6	0,8
Contribution of foreign demand			1,5	0,7	0,4	-0,5	0,4	0,1
Real GDP			-1,2	0,9 (±1,1)	1,6 (±1,7)	0,1	0,2	0,3

* In brackets are 80% confidence intervals

Source: INE & BIAM (UC3M)
Date: February 27, 2014

Economic Outlook

P. 1

Most of the hard and soft data related to the Spanish economy continued to be favourable in February, including the 4Q13 GDP, which grew for the second consecutive quarter, February SS contributors, which grew for the sixth time running (corrected for seasonality), capital influx and Spanish public debt sales. Moody's also increased the rating of Spanish debt (one step to Baa2) and the European Commission removed Spain from the group of countries with excessive macroeconomic disequilibria. However, other important risks continue, such as the sustainability of Spanish debt in the current context of low inflation.

The Economics of the Monetary Union and the Eurozone Crisis. Por Manuel Sanchis i Marco.

P. 45

This new book, *The Economics of the Monetary Union and the Eurozone Crisis*, published by Springer, point to ideas, recommendations and conclusions resulting from many years of analysis and research at European Commission, where the author worked as civil servant as from 1986, now on personal leave. The book has a Preface by Prof. Paul De Grauwe, from the London School of Economics, and covers the set of six *Guest Lectures*, now transformed into the six chapters of this book, that the author was invited to deliver in early in October 2012 at the MA program on European Studies of Maastricht University. It underlines that the euro project is strictly political in nature, while its economic rationale is still clumsy, and both rationales are today in direct conflict. Europeans have nowadays a *one-size-fits-all* type of EU-wide monetary policy, which obliges the European Central Bank (ECB) to look more attentively at the economic needs of the core countries than those of the peripheral partners.

BULLETIN OF E.U. AND US INFLATION AND MACROECONOMIC ANALYSIS

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I. ECONOMIC OUTLOOK AND CONSIDERATIONS ABOUT THE SPANISH ECONOMY

II.1. ECONOMIC OUTLOOK

Confidence in the Spanish economy and debt continued to grow in the last month. The risk premium is not budging from under 180 points and there was a significant increase in demand for public debt and a considerable reduction in returns in February. Furthermore, 2013 ended with 13,000 million euros in portfolio and other investments, versus the reduction of 157,000 million in 2012. In December, the percentage of public debt in the hands of non-resident investors also increased to 43.7%, the highest since January 2012.

The good status of Spanish debt markets is due to the favourable evolution of the macroeconomic indicators, the positive reaction of institutions such as Moody's and the European Commission and falling confidence in emerging markets.

The fourth quarter's national accounts for 2013 were published this month. The Spanish GDP grew again by a quarterly 0.2%, with the only positive contribution coming from the foreign sector. Despite the slight growth in the last two quarters, 2013 ended with an average fall of 1.2%, compared with 1.6% in 2012. On the supply side, the decrease in the construction GVA was the lowest since the first quarter of 2008. The industrial GVA remained the same, and the service GVA grew at a lower than expected rate.

Our forecasts have been revised upwards by 0.2 pp for 2014 and 0.1 pp for 2015, to 0.9% (± 1.1) and 1.6% (± 1.7), respectively (table I.1). The revision is largely due to domestic demand, the

contribution of which to average growth will be 0.3 pp in 2014, 0.2 pp more than previously forecast. The contribution for 2015 will be 1.2 pp, 75% of Spanish GDP growth.

In 2015 foreign demand could reduce its contribution by 0.3 pp, to 0.4 pp, due to the expected growth in imports.

In the short and medium terms, despite better expectations, the quarter by quarter profile shows very slow GDP recovery. Indeed, quarterly growth of more than 0.5% is not expected throughout the forecasting period.

On the other hand, table I.2 shows the evolution of the weight of different economic sectors from the onset of the crisis to 2013, and also includes the year 2000 for reference purposes. The construction sector lost 5 points of weight in the GVA since it peaked at 12.6% in 2006. Market and non-market services have grown, while industry has remained practically stable.

Table I.3 also shows the structure of the crisis by sector, including details of the impact of each phase on the GDP, industrial production and employment. As a result of the adjustment to the labour market, there has been an important increase in labour productivity, largely in industry, the GVA of which has fallen by 7.2 pp, with industrial employment falling by 18.4 pp.

With regards to the IPI, our expectations for Spanish industry have improved this month, while declining slightly for the euro area. As

Table I.1

GROSS DOMESTIC PRODUCT IN SPAIN (*)							
		Annual average rates			Q-o-Q rates		
		2013	2014	2015	III-13	IV-13	I-14
Final consumption	Private	-2.1	1.5	1.8	0.5	0.5	0.4
	Public	-2.3	-3.4	-0.5	0.6	-3.9	0.4
Gross fixed capital formation	Construction	-9.6	-4.8	-1.8	-0.9	-0.1	-2.1
	Tangible fixed assets						
	Capital goods and grown assets	2.2	7.7	5.8	2.4	1.7	2.1
		-5.5	-0.1	1.0	0.3	0.6	-0.5
		-5.1	0.3	1.3	0.7	0.7	-0.3
Contribution of domestic demand		-2.7	0.3	1.2	0.5	-0.3	0.2
Exports of goods and services		4.9	6.3	6.4	0.6	0.8	0.9
Imports of goods and services		0.4	4.7	5.7	2.1	-0.6	0.8
Contribution of foreign demand		1.5	0.7	0.4	-0.5	0.4	0.1
Real GDP		-1.2	0.9 (± 1.1)	1.6 (± 1.7)	0.1	0.2	0.3

* In brackets are 80% confidence intervals

Source: INE & BIAM (UC3M)

Date: February 27, 2014



shown by table I.4, the growth differential favourable to Spanish industry versus the euro area increases for 2015, to 0.6 pp.

Finally, our GDP growth forecasts for the euro area will be updated and published in the next few days, after last week saw the publication of the final breakdown for the fourth quarter of 2013.

On the other hand, last month the January inflation rate in Spain was published, falling by 0.1 pp to a year-on-year rate of 0.2%, 0.07 pp less than forecast. Having updated our forecasts, for 2014 average Spanish inflation will be 0.5% (± 0.9), having fallen by 0.1 pp due to lower inflation forecasts for energy and services. The 2015 forecast remains unaltered at 1.1% (± 1.4), table I.5.

In the euro area, the year-on-year HICP in January was 0.8%, the same as the previous month and in line with our forecast. Our inflation expectations have not changed much, and remain at 0.9% (± 0.55) for 2014, falling by 0.1 pp for 2015 to 1.3% (± 0.99), see table I.6.

Despite inflation forecasts in the euro are for 2015 moving even farther from the ECB target, we do not expect rate changes in the short and medium terms.

Table I.2

WEIGHTS BY VAB IN SPAIN				
% GDP				
	Industry	Construc	Market Services	Non-Mark Serv
2000	18.78	9.31	44.07	14.44
2006	15.83	12.60	43.92	14.22
2007	15.56	12.45	44.90	14.46
2008	15.50	12.47	46.04	15.35
2009	14.36	12.07	47.43	16.80
2010	15.12	9.74	47.12	16.97
2011	15.72	8.71	48.06	16.95
2012	15.92	7.85	49.14	16.56
2013	15.93	7.16	49.08	16.69

Source: INE & BIAM (UC3M)

Date: February 27, 2014

Table I.3

STRUCTURE OF THE CRISIS IN SPAIN															
		GDP								IPI	EMPLOYED PERSONS EAPS				
		Total	VAB								Total				
			Agric	Industry		Constr	Services								
				Total	Manuf		Market	Non Market							
Initial Deep Recession	Starting Date	2008-2	2008-1	2008-3	2008-3	2008-2	2008-2	2008-2	2009-1	Apr-07	2008-2	2012-4	2008-2	2007-4	2009-1
	Duration in quarters	7	8	5	5	27	5	6	21	26	23	13	31	33	20
	Cumulative change, %	-5.0	-6.4	-14.0	-15.5	-44.5	-1.7	-3.7	2.9	-23.2	-18.4	-4.2	-33.1	-66.6	-8.1
Moderate Recovery	Starting Date	2010-1	2010-1	2009-4	2009-4		2009-3	2009-4		Jun-09					
	Duration in quarters	5	8	6	6		9	7		19					
	Cumulative change, %	0.7	9.5	13.0	10.6		3.2	2.8		2.7					
Relapse (Until last observed data)	Starting Date	2011-2	2012-1	2011-2	2011-2		2011-4	2011-3		Jan-11					
	Duration in quarters	11	8	11	11		9	10		36					
	Cumulative change, %	-3.0	-9.1	-3.1	-4.6		-0.6	-0.4		-10.1					
Cumulative effect (Until 2013-4)	Starting Date	2008-2	2008-1	2008-3	2008-3	2008-2	2008-2	2008-2	2009-1	Apr-07	2008-2	2012-4	2008-2	2007-4	2009-1
	Duration in quarters	23	24	22	22	23	23	23	20	81	23	5	23	25	20
	Cumulative change, %	-7.2	-6.8	-5.8	-10.9	-43.2	0.7	-1.4	4.1	-29.1	-18.4	-1.5	-31.0	-64.3	-8.1
Cumulative variations, thousand of people											3682.6	8.1	988.1	1748.2	744.0
Cumulative effect until 2015-4(with forecasts)	Starting Date	2008-2	2008-1	2008-3	2008-3	2008-2	2008-2	2008-2	2009-1	Apr-07	2008-2	2012-4	2008-2	2007-4	2009-1
	Duration in quarters	31	32	30	30	31	31	31	28	105	31	13	31	33	28
	Cumulative change, %	-4.3	-5.6	-1.8	-6.3	-45.2	5.3	4.3	5.3	-26.0	-16.7	-4.2	-33.1	-66.6	-4.5
Cumulative variations, thousand of people											3324.3	28.2	1056.4	1810.0	246.8

Seasonally adjusted by Tramo-Seats

Last observed figure; Employment: 2013-4; GDP: 2013-4;

Source: INE & BIAM (UC3M)

Date: February 27, 2014



Table I.4

INDUSTRIAL PRODUCTION INDEX				
Average rate of growth				
	2012	2013	2014	2015
Spain				
Consumption	-4,8	-2,2	1,2	2,0
Durable	-13,6	-12,1	-4,1	3,2
Non-durable	-3,9	-1,3	1,7	1,9
Capital	-11,0	1,1	2,7	6,2
Intermediate	-8,9	-2,7	1,0	3,8
Energy	0,9	-2,7	0,4	0,9
TOTAL	-6,4	-1,8	1.3 (±2)	3.3 (±3)
Euro area				
Consumption	-2,4	-0,6	0,2	0,4
Durable	-4,9	-3,5	0,6	4,7
Non-durable	-2,1	-0,2	0,2	-0,3
Capital	-1,2	-0,7	2,9	5,1
Intermediate	-4,6	-0,9	2,5	3,0
Energy	-0,4	-1,2	-1,2	0,0
TOTAL	-2,5	-0,8	1,7 (±2)	2,7 (±2,7)

Source: INE, EUROSTAT & BIAM (UC3M)

Date: February 20, 2014

Table I.5

INFLATION IN SPAIN						
CPI	Annual rates		Average annual rates			
	2014		2012	2013	2014	2015
	January	February				
Core 81,41%	0,2	0.1 (±0.19)	1,6	1,4	0.3 (±0.52)	1 (±0.91)
Total 100%	0,2	-0.1 (±0.18)	2,4	1,4	0.5 (±0.87)	1.1 (±1.41)

Source: INET & BIAM (UC3M)

Date: February 24, 2014

Table I.6

INFLATION IN THE EURO AREA *						
HICP	Annual rates		Annual average rates			
	2014		2012	2013	2014	2015
	January	February				
Core 81,71%	1,0	1 (±0.14)	1,8	1,3	1.1 (±0.29)	1.1 (±0.59)
Total 100%	0,8	0.7 (±0.12)	2,5	1,4	0.9 (±0.55)	1.3 (±0.99)

Source: EUROSTAT & BIAM (UC3M)

Date: February 24, 2014



II. THE ECONOMY IN THE EURO AREA

Our euro area GDP forecasts will be updated and published in the next few weeks when the 4Q13 figures are included.

In line with this month's innovations, the euro area IPI forecast has fallen for 2014. The 2015 forecast remains practically unaltered.

Upwards and downwards innovations have cancelled each other out this month, and our total inflation forecasts for 2014 and 2015 remain practically unaltered at 0.9% (± 0.55) and 1.3% (± 0.99), respectively

Inflation is not expected to exceed 1.5% during the entire forecasting period, justifying that interests rate will remain as they are now

Table II.1

MAIN VARIABLES AND INDICATORS IN THE EURO AREA							
Annual average rates							
				Forecasts			
				2013	2014	2015	
				2010	2011	2012	
GDP mp. ¹				1.9	1.6	-0,7	
				-0,4 (±0,4)	1 (±0,9)	1,3 (±1,6)	
Demand	Private consumption	1.0	0.3	-1.4	-0,4	1.0	1.1
	Public consumption	0.6	-0.1	-0.6	0.3	0.6	0.9
	Gross fixed capital formation	-0.6	1.7	-3.9	-3,4	1.3	1.9
	Construction	-4.6	-0.3	-4.2	-4,1	-0.2	-0.2
	Equipment	8.9	2.9	-7.3	-4,1	3.5	5.0
	Others	4.1	3.6	0.3	-0.2	3.4	4.9
	Contribution domestic demand*	1.1	0.8	-2.1	-0.9	1.0	1.2
	Exports of goods and services	11.4	6.6	2.7	1.1	3.6	3.8
	Imports of goods and services	9.8	4.6	-0.9	0.1	3.8	3.8
Contribution foreign demand*				0.8	0.8	1.4	
				0.5	0.0	0.1	
Supply GVA	Agriculture, livestock breeding, forestry, ..	-3.0	0.3	-4.7	-1,4	1.9	0.9
	Industry	9.3	3.1	-1.0	-0.8	1.5	2.3
	Manufacturing Industry	10.9	4.8	-1.3	-0.7	2.3	3.3
	Construction	-5.9	-1.6	-4.1	-3,8	-0.5	-0.3
	Services	0.9	1.7	0.0	0.0	1.0	1.3
	Market services	0.8	2.0	0.0	-0.1	0.9	1.3
	Public administration, health and educ.	1.3	1.2	0.1	0.4	1.1	1.3
	Taxes	1.3	0.1	-1.9	-0.9	0.7	0.4
Prices (HICP ²)							
Total				1.6	2.7	2.5	
				1.4	0,9 (±0,5)	1,3 (±1)	
Core				1.0	1.7	1.8	
				1.3	1.1	1.1	
Processed food				0.9	3.3	3.1	
				2.2	2.2	2.3	
Non-energy industrial goods				0.5	0.8	1.2	
				0.6	0.3	0.3	
Services				1.4	1.8	1.8	
				1.4	1.2	1.3	
Residual				4.7	7.6	5.8	
				1.8	0.1	1.9	
Non. processed food				1.3	1.8	3.0	
				3.5	1.0	2.7	
Energy				7.4	11.9	7.6	
				0.6	-0.5	1.4	
Industrial production index (excluding construction) ³							
Total				7.3	3.4	-2.5	
				-0.8	1,7 (±2)	2,7 (±2,7)	
Consumer goods				2.8	1.0	-2.4	
				-0.6	0.2	0.4	
Durables				2.7	0.7	-4.9	
				-3.5	0.6	4.7	
Non-durables				2.9	1.0	-2.1	
				-0.2	0.2	-0.3	
Equipment				9.0	8.5	-1.2	
				-0.7	2.9	5.1	
Intermediate				10.0	4.2	-4.6	
				-0.9	2.5	3.0	
Energy				3.9	-4.5	-0.4	
				-1.2	-1.2	0.0	

The figures in the shaded area are forecasts

(1) Data adjusted for seasonality and working days effect

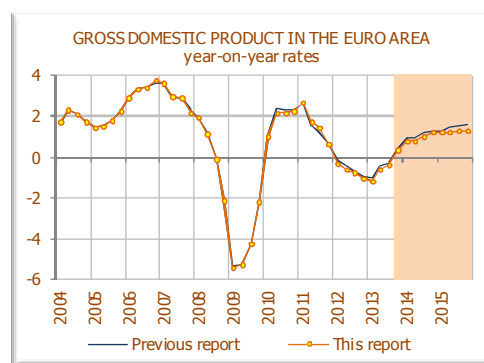
(1) In brackets are 80% confidence intervals

Source: EUROSTAT & BIAM (UC3M)

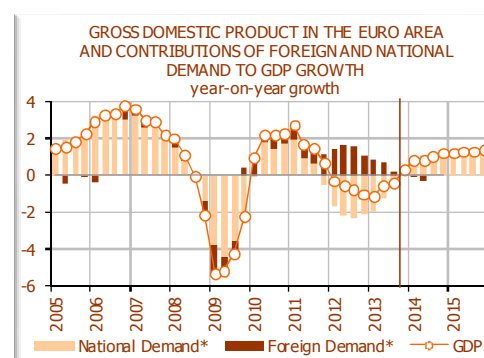
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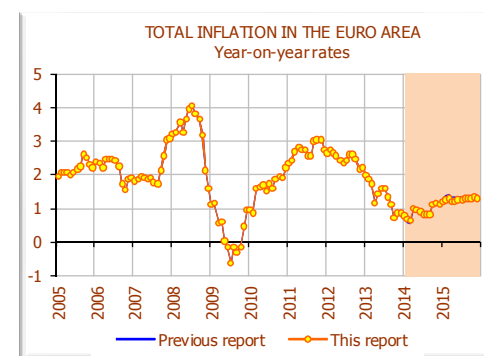
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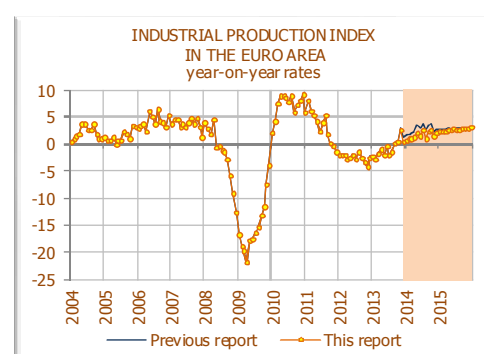
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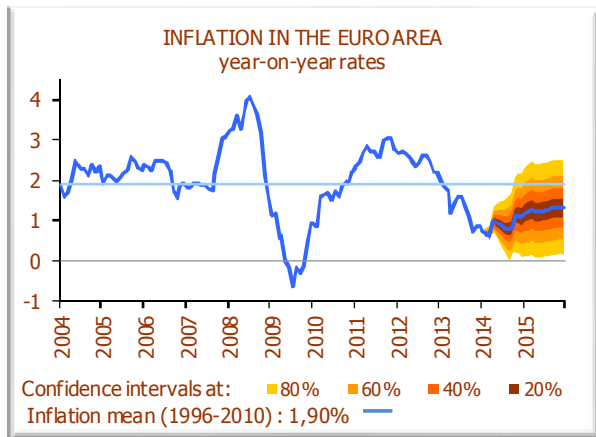
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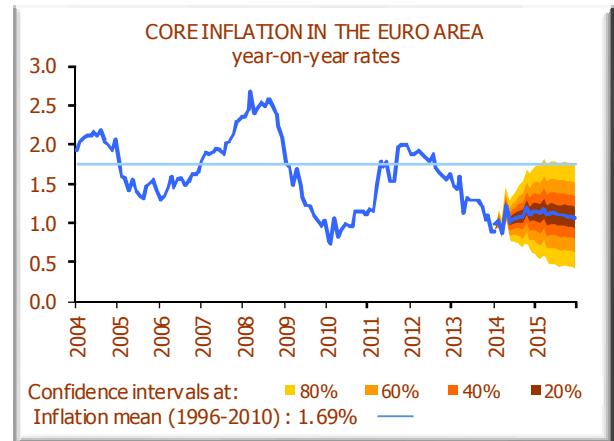
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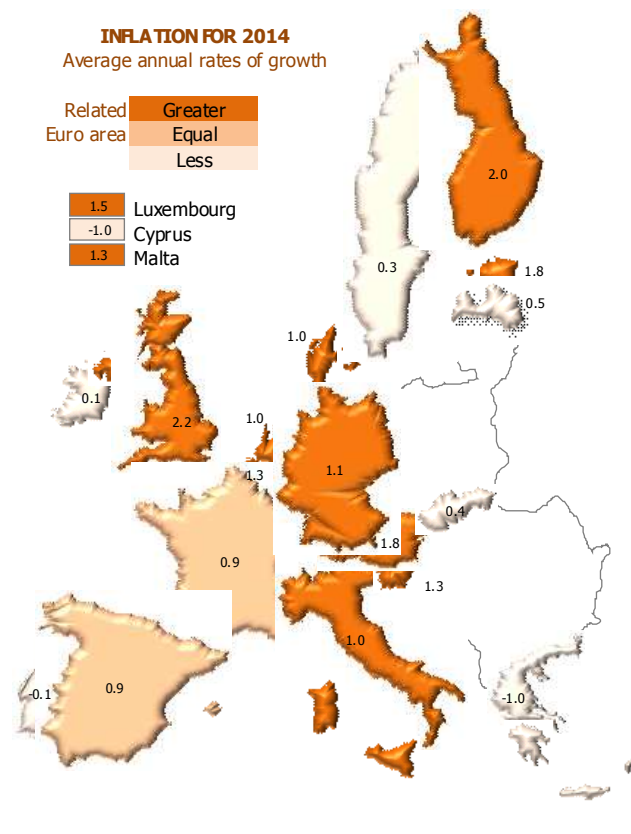
Graph II.5



Graph II.6

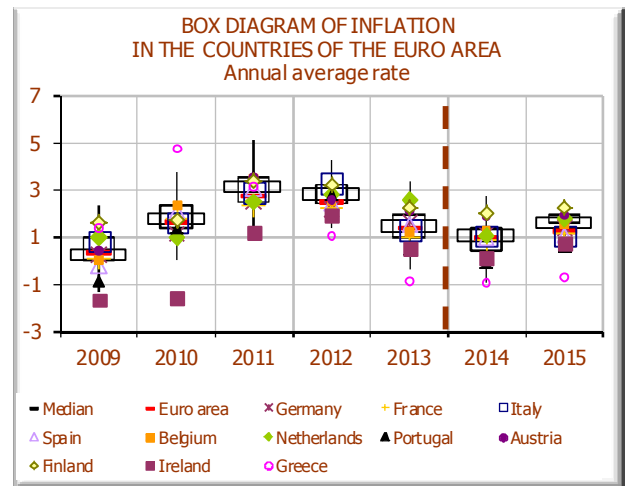


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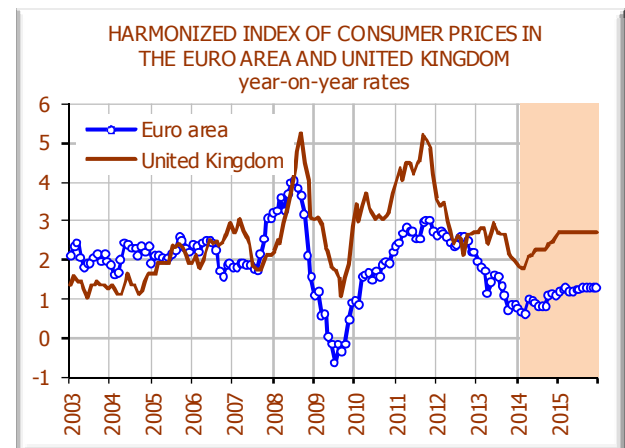


Source: EUROSTAT & BIAM(UC3M)
Date: February 24, 2014

Graph II.8



Graph II.9



II.1. MACROECONOMIC FORECASTS

The euro area economy managed to leave the recession behind in the second quarter of last year, registering quarter-on-quarter GDP growth of 0.3%. It then started to recover slowly, in a context of price moderation that led to 0.8% annual inflation in January. According to the preliminary Eurostat estimate, in the fourth quarter of 2013, the euro area GDP grew by 0.3%, 0.2 pp more than in the previous three months. Last year thus ends with an average GDP reduction of 0.4%, as forecast, versus the 0.7% decline registered in 2012.

The latest economic activity indicators largely refer to the end of the last quarter of last year and the first of 2014, primarily January. In general terms, they confirm the improvement registered in the last quarter of 2013 and foresee a continuation of gradual improvement in the first quarter of this year.

The January Economic Sentiment Indicator rose by 0.5 points, after growing by 1.6 in December, making nine months of consecutive increases. This affected services, consumers and the retail trade. The January manufacturing PMI grew by 1.2 points to a total of 53.2. The service PMI rose by 0.9 points in January, to a total of 51. In turn, the compound PMI in January rose by 0.4 points to 52.9, the highest in four months; this can be expected to strengthen the economy's upwards evolution.

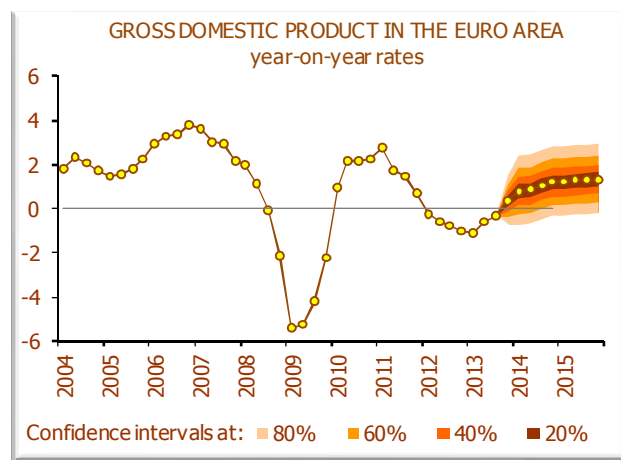
The December Industrial Production Index (*IPI*) fell by 0.7%, after growing by 1.6% in the previous month. Relative to a year earlier, the IPI rose by 0.5%, compared with the previous month's 2.8%, less than forecast (1.2%). In the entire year, the IPI fell by 0.8%, significantly less than in the previous year (2.5%). The IPI forecast for 2014 has been revised downwards and we now expect 1.7% average annual growth instead of the previously estimated 2.8%. For 2015 the forecast has fallen by a mere 0.1 pp, to 2.7%.

Our macro forecasts will be updated next month when we have the breakdown of the GDP in the fourth quarter of 2013. Our current forecasts refer to GDP growth of 1% and 1.3%, respectively, for 2014 and 2015.

With regards to the labour market, the latest figures continue to refer to the third quarter of 2013, which we have discussed in previous reports. In that quarter, employment fell by 0.2% and for the last quarter of 2013 and the first if

2014 the leading opinion indicators show that employment will stabilise. The latest unemployment rate for the euro area refers to December, when it remained at 12% of the active population, 0.3 pp more than a year earlier. The total number of unemployed was 19 million, around 192,000 less than in the previous month.

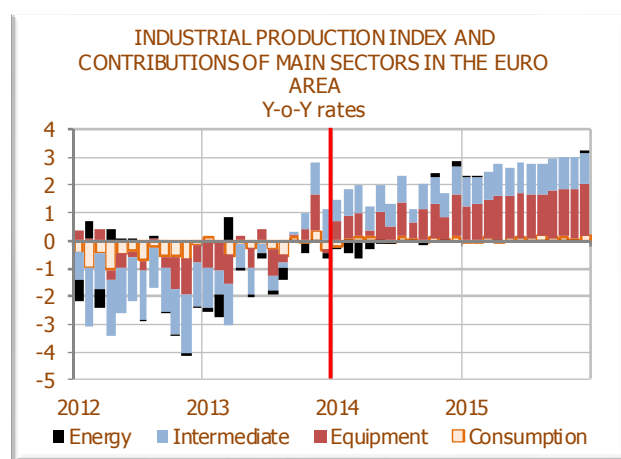
Graph II.1.1



Source: EUROSTAT & BIAM (UC3M)

Date: December 12, 2013

Graph II.1.2



Source: EUROSTAT & BIAM (UC3M)

Date: February 20, 2014



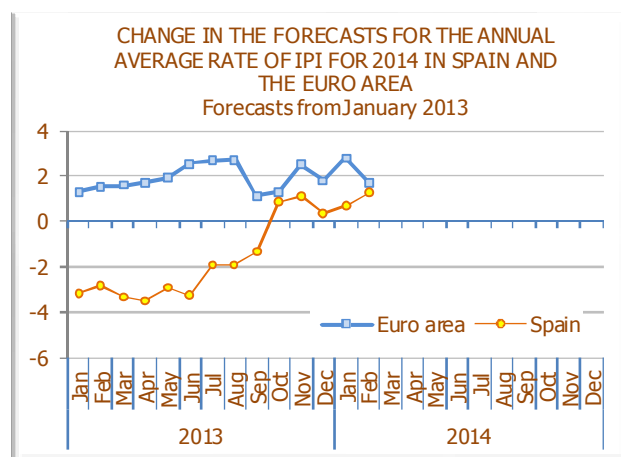
Table II.1.1

INDUSTRIAL PRODUCTION INDEX				
Average rate of growth				
	2012	2013	2014	2015
Spain				
Consumption	-4,8	-2,2	1,2	2,0
Durable	-13,6	-12,1	-4,1	3,2
Non-durable	-3,9	-1,3	1,7	1,9
Capital	-11,0	1,1	2,7	6,2
Intermediate	-8,9	-2,7	1,0	3,8
Energy	0,9	-2,7	0,4	0,9
TOTAL	-6,4	-1,8	1.3 (±2)	3.3 (±3)
Euro area				
Consumption	-2,4	-0,6	0,2	0,4
Durable	-4,9	-3,5	0,6	4,7
Non-durable	-2,1	-0,2	0,2	-0,3
Capital	-1,2	-0,7	2,9	5,1
Intermediate	-4,6	-0,9	2,5	3,0
Energy	-0,4	-1,2	-1,2	0,0
TOTAL	-2,5	-0,8	1,7 (±2)	2,7 (±2,7)

Source: EUROSTAT & BIAM (UC3M)

Date: February 20, 2014

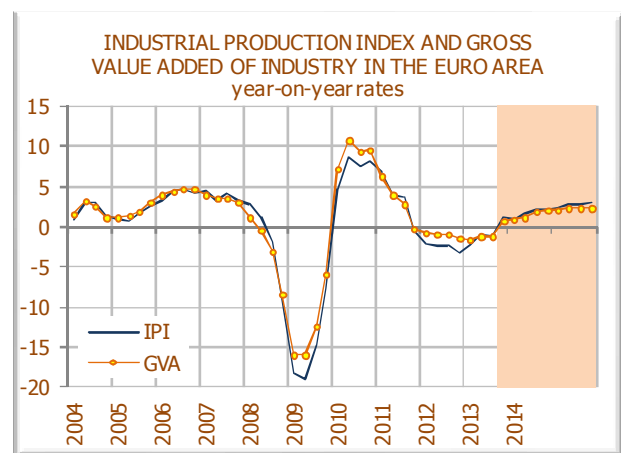
Graph II.1.3



Source: EUROSTAT & BIAM (UC3M)

Date: February 20, 2014

Graph II.1.4



Source: EUROSTAT & BIAM (UC3M)

Date: February 20, 2014



GROSS DOMESTIC PRODUCT IN THE EURO AREA: DEMAND

Table II.1.2

GROSS DOMESTIC PRODUCT IN THE EURO AREA													
		Final Consumption		Gross Fixed Capital Formation				Domestic Demand (1)	Exports of goods and services	Imports of goods and services	Foreign Demand (1)	Real GDP	
				Construc- tion	Equipment	Other							
		Private	Public										
ANNUAL AVERAGE RATES	2009	-0.8	2.6	-9.7	-22.3	-5.3	-12.6	-3.5	-12.1	-10.6	-0.8	-4.3	
	2010	1.0	0.6	-4.6	8.9	4.1	-0.6	1.1	11.4	9.8	0.8	1.9	
	2011	0.3	-0.1	-0.3	2.9	3.6	1.7	0.8	6.6	4.6	0.8	1.6	
	2012	-1.4	-0.6	-4.2	-7.3	0.3	-3.9	-2.1	2.7	-0.9	1.4	-0.7	
	2013	-0.4	0.3	-4.1	-4.1	-0.2	-3.4	-0.9	1.1	0.1	0.5	-0.4 (±0,4)	
	2014	1.0	0.6	-0.2	3.5	3.4	1.3	1.0	3.6	3.8	0.0	1 (±0,9)	
	2015	1.1	0.9	-0.2	5.0	4.9	1.9	1.2	3.8	3.8	0.1	1,3 (±1,6)	
Y-o-Y rates	2012	I	-1.3	-0.3	-3.8	-4.8	1.2	-2.8	-1.7	2.8	-0.8	1.5	-0.3
		II	-1.2	-0.6	-4.3	-7.2	0.6	-3.8	-2.2	3.3	-0.8	1.6	-0.6
		III	-1.5	-0.6	-3.8	-8.1	0.2	-4.2	-2.3	2.8	-1.1	1.6	-0.8
		IV	-1.4	-0.7	-4.8	-9.2	-0.8	-4.8	-2.1	1.9	-0.8	1.1	-1.0
	2013	I	-1.3	-0.2	-5.7	-8.3	-1.4	-5.6	-2.0	0.1	-2.0	0.8	-1.1
		II	-0.6	0.1	-4.0	-4.3	-0.7	-3.5	-1.2	1.4	-0.3	0.7	-0.6
		III	-0.4	0.5	-3.9	-2.4	-0.3	-2.5	-0.6	0.9	0.4	0.2	-0.4
		IV	0.5	0.6	-2.5	-0.9	1.4	-1.9	0.3	2.2	2.3	0.0	0.3
	2014	I	0.9	0.5	-0.2	2.0	1.8	0.8	0.9	4.1	4.4	-0.1	0.8
		II	0.9	0.6	-0.3	3.3	3.2	1.1	1.1	2.9	3.6	-0.2	0.8
		III	1.1	0.7	-0.2	4.2	4.0	1.1	1.0	3.6	3.6	0.1	1.0
		IV	1.0	0.7	-0.3	4.4	4.4	2.1	1.1	3.7	3.6	0.1	1.2
	2015	I	1.0	0.8	-0.4	4.9	4.7	1.8	1.1	3.8	3.7	0.1	1.2
		II	1.1	0.9	-0.2	4.9	4.8	1.9	1.2	3.8	3.8	0.1	1.3
		III	1.1	0.9	-0.1	4.9	4.9	1.9	1.2	3.8	3.8	0.1	1.3
		IV	1.1	1.0	0.0	5.1	5.1	2.1	1.3	3.8	3.8	0.0	1.3

Table II.1.3

GROSS DOMESTIC PRODUCT IN THE EURO AREA													
		Final Consumption		Gross Fixed Capital Formation				Domestic Demand (1)	Exports of goods and services	Imports of goods and services	Foreign Demand (1)	Real GDP	
		Private	Public	Construc- tion	Equipment	Other							
ANNUAL AVERAGE RATES	2009	-0.8	2.6	-9.7	-22.3	-5.3	-12.6	-3.5	-12.1	-10.6	-0.8	-4.3	
	2010	1.0	0.6	-4.6	8.9	4.1	-0.6	1.1	11.4	9.8	0.8	1.9	
	2011	0.3	-0.1	-0.3	2.9	3.6	1.7	0.8	6.6	4.6	0.8	1.6	
	2012	-1.4	-0.6	-4.2	-7.3	0.3	-3.9	-2.1	2.7	-0.9	1.4	-0.7	
	2013	-0.4	0.3	-4.1	-4.1	-0.2	-3.4	-0.9	1.1	0.1	0.5	-0.4 (±0,4)	
	2014	1.0	0.6	-0.2	3.5	3.4	1.3	1.0	3.6	3.8	0.0	1 (±0,9)	
	2015	1.1	0.9	-0.2	5.0	4.9	1.9	1.2	3.8	3.8	0.1	1,3 (±1,6)	
Q-on-Q rates	2012	I	-0.4	-0.3	-1.4	-3.1	1.1	-1.1	-0.4	0.8	0.0	0.3	-0.1
		II	-0.5	-0.3	-1.8	-4.0	-1.0	-1.9	-0.7	0.8	-0.2	0.4	-0.3
		III	-0.1	-0.3	-0.3	-1.7	0.0	-0.6	-0.3	0.7	0.3	0.2	-0.1
		IV	-0.5	0.1	-1.3	-0.7	-0.9	-1.2	-0.7	-0.5	-0.9	0.2	-0.6
	2013	I	-0.2	0.3	-2.3	-2.2	0.5	-2.0	-0.3	-1.0	-1.2	0.1	-0.2
		II	0.2	0.0	0.0	0.2	-0.2	0.2	0.1	2.1	1.6	0.2	0.3
		III	0.1	0.2	-0.2	0.3	0.4	0.4	0.4	0.2	0.9	-0.3	0.1
		IV	0.4	0.2	0.0	0.9	0.7	-0.6	0.2	0.9	0.9	0.0	0.1
	2014	I	0.2	0.1	0.0	0.6	0.9	0.8	0.2	0.8	0.8	0.0	0.3
		II	0.2	0.2	-0.2	1.5	1.2	0.5	0.3	0.9	0.9	0.0	0.3
		III	0.3	0.2	-0.1	1.2	1.1	0.4	0.3	0.9	0.9	0.0	0.3
		IV	0.3	0.2	-0.1	1.1	1.1	0.4	0.3	1.0	0.9	0.0	0.3
	2015	I	0.3	0.2	-0.1	1.1	1.1	0.4	0.3	0.9	0.9	0.0	0.3
		II	0.3	0.3	0.0	1.5	1.3	0.6	0.4	1.0	1.0	0.0	0.4
		III	0.3	0.3	0.0	1.2	1.2	0.5	0.3	1.0	1.0	0.0	0.3
		IV	0.3	0.3	0.1	1.2	1.3	0.6	0.3	1.0	1.0	0.0	0.4

Data adjusted for seasonality and working days effect

The figures in the shaded area are forecasts

(1) Contribution to GDP growth

(2) In brackets are 80% confidence intervals

*Year-on-year rates

Source: EUROSTAT & BIAM (UC3M)

Date: December 12, 2013



GROSS DOMESTIC PRODUCT IN THE EURO AREA: SUPPLY

Table II.1.4

GROSS DOMESTIC PRODUCT IN THE EURO AREA											
		Agriculture, livestoch breeding, forestry...	Industry		Construction	Services			Taxes	Real GDP	
			Manufacturing industry			Market services	Public administration, ...				
ANNUAL AVERAGE RATES	2009	1.5	-15.1	-12.6	-7.6	-2.9	1.5	-1.8	-4.2	-4.3	
	2010	-3.0	10.9	9.3	-5.9	0.8	1.3	0.9	1.3	1.9	
	2011	0.3	4.8	3.1	-1.6	2.0	1.2	1.7	0.1	1.6	
	2012	-4.7	-1.3	-1.0	-4.1	0.0	0.1	0.0	-1.9	-0,7	
	2013	-1.4	-0.7	-0.8	-3.8	-0.1	0.4	0.0	-0.9	-0,4 (±0,4)	
	2014	1.9	2.3	1.5	-0.5	0.9	1.1	1.0	0.7	1 (±0,9)	
	2015	0.9	3.3	2.3	-0.3	1.3	1.3	1.3	0.4	1,3 (±1,6)	
Y-o-Y rates	2012	I	-1.0	8.7	6.4	-1.2	2.3	1.2	2.0	3.1	2.7
		II	0.6	5.4	3.9	-2.8	2.1	1.2	1.8	0.2	1.7
		III	1.1	4.2	2.8	-2.1	2.0	1.2	1.8	-1.0	1.4
		IV	0.6	1.1	-0.3	-0.1	1.5	1.0	1.4	-1.8	0.7
	2013	I	-1.8	-0.8	-0.7	-3.8	0.6	0.3	0.5	-1.6	-0.3
		II	-4.4	-1.4	-1.0	-3.6	0.2	0.0	0.2	-2.1	-0.6
		III	-6.3	-1.2	-0.9	-3.7	-0.2	-0.2	-0.2	-1.7	-0.8
		IV	-6.4	-1.8	-1.5	-5.3	-0.5	0.3	-0.3	-2.1	-1.0
	2014	I	-2.9	-2.0	-1.7	-5.3	-0.7	0.4	-0.4	-2.5	-1.1
		II	-1.4	-0.7	-1.1	-4.5	-0.2	0.5	0.0	-0.9	-0.6
		III	-0.4	-1.0	-1.1	-3.5	0.0	0.5	0.1	-0.8	-0.4
		IV	-0.7	1.0	0.8	-1.9	0.4	0.4	0.4	0.5	0.3
	2015	I	1.8	3.2	2.2	-0.5	1.2	1.3	1.2	0.5	1.2
		II	1.0	3.3	2.3	-0.4	1.2	1.3	1.2	0.5	1.3
		III	0.5	3.3	2.3	-0.3	1.3	1.3	1.3	0.4	1.3
		IV	0.3	3.4	2.4	-0.2	1.4	1.4	1.4	0.4	1.3

Table II.1.5

GROSS DOMESTIC PRODUCT IN THE EURO AREA											
		Agriculture, livestoch breeding, forestry...	Industry		Construction	Services			Taxes	Real GDP	
			Manufacturing industry			Market services	Public administration, ...				
ANNUAL AVERAGE RATES	2009	1.5	-15.1	-12.6	-7.6	-2.9	1.5	-1.8	-4.2	0.2	
	2010	-3.0	10.9	9.3	-5.9	0.8	1.3	0.9	1.3	-4.3	
	2011	0.3	4.8	3.1	-1.6	2.0	1.2	1.7	0.1	1.9	
	2012	-4.7	-1.3	-1.0	-4.1	0.0	0.1	0.0	-1.9	-0,7	
	2013	-1.4	-0.7	-0.8	-3.8	-0.1	0.4	0.0	-0.9	-0,4 (±0,4)	
	2014	1.9	2.3	1.5	-0.5	0.9	1.1	1.0	0.7	1 (±0,9)	
	2015	0.9	3.3	2.3	-0.3	1.3	1.3	1.3	0.4	1,3 (±1,6)	
Q-on-Q rates	2012	I	-3.3	0.3	0.3	-1.4	0.0	-0.3	-0.1	0.2	-0.1
		II	-1.8	-0.7	-0.2	-1.2	-0.2	0.1	-0.1	-1.1	-0.3
		III	-1.4	0.1	0.0	-1.2	-0.1	0.1	0.0	-0.2	-0.1
		IV	0.0	-1.5	-1.6	-1.8	-0.3	0.4	-0.1	-1.0	-0.6
	2013	I	0.3	0.1	0.0	-1.3	-0.2	-0.2	-0.2	-0.2	-0.2
		II	-0.3	0.7	0.5	-0.4	0.3	0.2	0.3	0.5	0.3
		III	-0.4	-0.2	0.0	-0.1	0.1	0.2	0.1	-0.1	0.1
		IV	-0.3	0.4	0.3	-0.2	0.1	0.2	0.2	0.3	0.1
	2014	I	1.4	0.7	0.2	0.0	0.3	0.3	0.3	0.2	0.3
		II	0.8	0.9	0.8	-0.2	0.2	0.3	0.3	0.1	0.3
		III	0.6	0.8	0.6	-0.1	0.3	0.3	0.3	0.2	0.3
		IV	0.2	0.7	0.6	-0.1	0.3	0.3	0.3	0.1	0.3
	2015	I	0.1	0.7	0.2	-0.1	0.3	0.4	0.3	0.1	0.3
		II	0.1	1.0	0.8	-0.1	0.3	0.3	0.3	0.1	0.4
		III	0.1	0.8	0.6	0.0	0.3	0.3	0.3	0.1	0.3
		IV	0.1	0.8	0.7	0.0	0.4	0.3	0.4	0.1	0.4

Data adjusted for seasonality and working days effect

The figures in the shaded area are forecasts

(1) Contribution to GDP growth

(2) In brackets are 80% confidence intervals

* Year-on-year rates

Source: EUROSTAT & BIAM (UC3M)

Date: December 12, 2013



INDUSTRIAL PRODUCTION INDEX IN THE EURO AREA

Table II.1.6

INDUSTRIAL PRODUCTION INDEX AND SECTORS IN THE EURO AREA										
		Consumer Goods			Capital Goods	Intermediate Goods	Energy	Total excluding energy	TOTAL	
		Durable	Non Durable	Total						
ANNUAL AVERAGE RATES	2009	-17.4	-3.4	-5.4	-21.2	-19.7	-5.1	-16.3	-15.1	
	2010	2.7	2.9	2.8	9.0	10.0	3.9	7.8	7.3	
	2011	0.7	1.0	1.0	8.5	4.2	-4.5	4.4	3.4	
	2012	-4.9	-2.1	-2.4	-1.2	-4.6	-0.4	-2.7	-2.5	
	2013	-3.5	-0.2	-0.6	-0.7	-0.9	-1.2	-0.7	-0.8	
	2014	0.6	0.2	0.2	2.9	2.5	-1.2	2.1	1,7 (±2)	
	2015	4.7	-0.3	0.4	5.1	3.0	0.0	3.1	2,7 (±2,7)	
Y-o-Y rates	2012	I	-3.6	-2.5	-2.6	1.0	-4.1	-2.3	-2.0	-2.0
		II	-4.8	-2.4	-2.7	-1.2	-4.6	2.0	-2.8	-2.4
		III	-5.6	-1.7	-2.2	-0.9	-4.3	-0.3	-2.5	-2.3
		IV	-5.4	-1.7	-2.1	-3.3	-5.2	-0.5	-3.6	-3.3
	2013	I	-4.5	-0.4	-0.8	-3.4	-3.5	-0.1	-2.5	-2.2
		II	-3.9	-0.2	-0.7	-0.1	-2.0	-1.2	-1.0	-1.0
		III	-3.5	-0.6	-0.9	-1.3	-0.6	-2.0	-0.9	-1.1
		IV	-2.0	0.5	-0.1	1.8	2.7	-1.7	1.6	1.3
	2014	I	-1.2	0.3	0.0	2.7	2.6	-3.2	1.5	0.9
		II	0.0	0.3	0.2	1.9	2.4	-1.5	2.1	1.7
		III	1.3	0.3	0.2	3.3	2.3	-0.6	2.4	2.1
		IV	2.4	-0.1	0.3	3.8	2.7	0.8	2.3	2.1
	2015	I	3.7	-0.4	0.2	4.4	2.8	0.1	2.6	2.3
		II	4.4	-0.3	0.3	5.0	3.0	-0.1	3.0	2.7
		III	5.2	-0.2	0.5	5.3	3.0	-0.1	3.1	2.8
		IV	5.4	-0.2	0.6	5.6	3.2	0.0	3.4	3.0

* In brackets are 80% confidence intervals

Source: EUROSTAT & BIAM (UC3M)

Date: February 20, 2014



INDUSTRIAL PRODUCTION INDEX IN THE EURO AREA

Table II.1.7

INDUSTRIAL PRODUCTION INDEX IN THE EURO AREA							
Y-o-Y rates							
	2009	2010	2011	2012	2013	2014	2015
January	-16.5	2.2	6.0	-1.9	-2.3	0.7	2.3
February	-18.8	4.4	8.0	-2.1	-2.9	1.0	2.3
March	-19.6	7.5	6.3	-2.0	-1.6	1.1	2.5
April	-21.8	9.0	5.4	-2.7	-0.8	1.2	2.7
May	-17.7	8.8	4.3	-2.5	-1.9	2.2	2.6
June	-17.3	8.5	2.3	-1.9	-0.2	1.7	2.8
July	-16.2	7.9	4.1	-2.7	-2.0	2.7	2.8
August	-15.2	9.0	5.5	-1.4	-1.4	1.0	2.7
September	-13.2	6.0	1.8	-2.6	0.2	2.4	2.9
October	-11.4	7.3	0.3	-3.3	0.5	2.8	3.0
November	-7.3	8.1	-0.3	-4.1	2.8	1.6	3.0
December	-3.8	9.1	-1.5	-2.4	0.5	2.0	3.1

Data adjusted for seasonality and working days effect

The figures in the shaded area are forecasts

*Year-on-year rates

Source: EUROSTAT & BIAM (UC3M)

Date: February 20, 2014

Table II.1.8

IPI ERRORS IN THE EURO AREA					
year-on-year rates, December 2013					
	Weights	Observed	Forecast	Δ Revision nov-13	Error
Durable goods	3	-1.2	-3.0	0.9	1.7
Non-durables goods	20	-0.9	0.7	-1.1	-1.6
TOTAL CONSUMPTION	24	-1.4	-0.1	-1.0	-1.3
Equipment	28	-0.3	2.1	-0.1	-2.5
Intermediate	36	3.6	4.5	-0.1	-0.9
Energy	12	-2.0	-0.5	0.5	-1.4
TOTAL	100	0.5	1.2	-0.2	-0.7

Table II.1.9

CHANGE IN THE FORECASTS FOR IP IN THE EURO AREA			
Average annual rate, 2014			
	Forecasts with observed data till:		
	nov-13	dic-13	Change
Durable consumption	-0.4	0.6	1.0 ↑
Non-durable consumption	1.1	0.2	-1.0 ↓
Total consumption	0.9	0.2	-0.8 ↓
Equipment	4.9	2.9	-1.9 ↓
Intermediate	3.3	2.5	-0.8 ↓
Energy	-1.2	-1.2	0.0 ↑
TOTAL	2.81	1.72	-1.09 ↓

Source: EUROSTAT & BIAM (UC3M)

Date: February 20, 2014



II.2. INFLATION

In January, the year-on-year euro area HICP remained at 0.8%, 0.1 pp more than was anticipated by EUROSTAT in its flash estimation, but in line with our latest forecasts. From a monthly perspective, euro area prices fell by 1.1%.

Core inflation increased its year-on-year growth rate by 0.1 pp, to 1.0%, 0.2 pp less than our forecast. Core prices fell by a monthly 1.4%.

Upwards (energy) and downwards (services) innovations cancelled each other out this month.

The error in services, for which we forecast a year-on-year rate of 1.6%, versus the observed 1.2%, is largely due to inappropriately modelling the impact on this series of the methodological change made by the German statistics institute when estimating restaurant inflation. After correcting our model, the forecasts for average price growth in services have fallen by 0.3 pp and 0.2 pp for 2014 and 2015, to 1.2% and 1.4%, respectively.

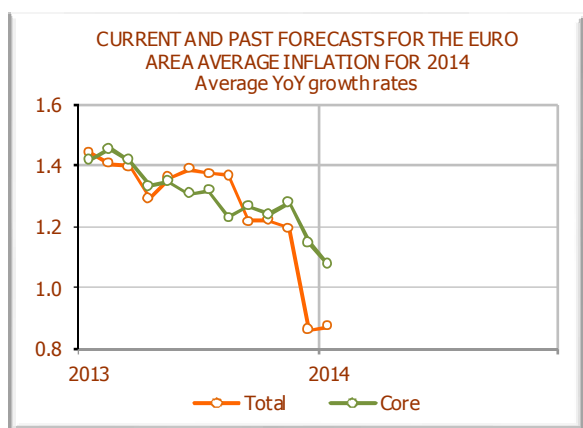
This revision in services was counteracted by the opposite revision in energy inflation. This month's innovation (prices fell by 1.2%, 1.1 pp less than expected) was the main reason for the increase in our forecast for this group in 2014, by 0.8 pp, to -0.7%. In the other groups there were no significant innovations, so their forecasts remain unaltered.

As a result of these revisions, our forecasts for the CPI have only been revised downwards by 0.1 pp for 2015, to 1.3% (± 0.99). The 2014 forecast remains at 0.9% (± 0.55).

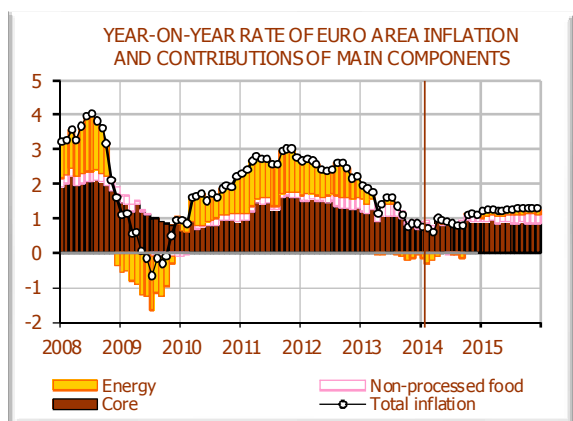
According to our forecasts, the likelihood of a negative average inflation rate in 2014 is 2%, and 5% for 2015. The low prices expected in the short term in the euro area are more because of exogenous factors (energy prices or Easter calendar) than growing domestic demand.

Inflation is not expected to exceed 1.5% during the entire forecasting period, explaining why interest rates will remain at the current low levels.

Graph II.2.1



Graph II.2.2



Source: EUROSTAT & BIAM(UC3M)

Date: February 24, 2014

Graph II.2.3

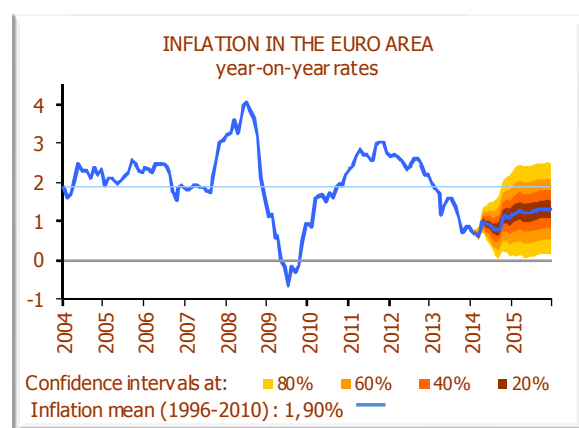


Table II.2.1

INFLATION IN THE EURO AREA*						
HICP	Annual rates		Annual average rates			
	2014		2012	2013	2014	2015
	January	February				
Core 81.71%	1.0	1 (± 0.14)	1.8	1.3	1.1 (± 0.29)	1.1 (± 0.59)
Total 100%	0.8	0.7 (± 0.12)	2.5	1.4	0.9 (± 0.55)	1.3 (± 0.99)

* Intervals at 80% of confidence calculated with historical errors.

(1) Year-on-year rate anterior

(2) Yearly average rate

Source: EUROSTAT & BIAM(UC3M)

Date: February 24, 2014



FORECASTS ERRORS BY SECTORS, COUNTRIES IN THE EURO AREA, UNITED KINGDOM, SWEDEN AND DENMARK

Table II.2.2

INFLATION IN THE EURO AREA Annual rates, January, 2014				
Harmonized Index of Consumer Prices HICP	Weights 2014	Observed	Forecasts	Confidence Intervals*
Processed Food	122.72	1.99	1.90	± 0,38
Tobacco	23.94	3.95	3.89	
Processed food excluding tobacco	98.78	1.50	1.40	
Non-energy Industrial goods	266.60	0.21	0.18	± 0,21
Services	427.76	1.15	1.60	± 0,14
CORE	817.08	1.00	1.18	± 0,13
Non-processed food	74.85	1.34	1.49	± 0,72
Energy	108.07	-1.25	-2.26	± 0,86
RESIDUAL	182.92	-0.21	-0.76	± 0,57
TOTAL	1000	0.78	0.81	± 0,12

* Confidence intervals at 80% calculated with historical errors

Graph II.2.4

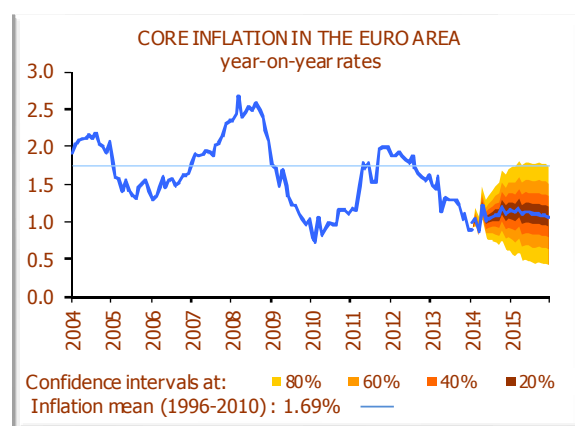


Table II.2.3

INFLATION IN THE EURO AREA Monthly rates, January, 2014				
Harmonized Index of Consumer Prices HICP	Weights 2014	Observed	Forecasts	Confidence Intervals*
Processed Food	122.72	0.33	0.24	± 0,38
Tobacco	23.94	0.50	0.45	
Processed food excluding tobacco	98.78	0.29	0.18	
Non-energy Industrial goods	266.60	-3.87	-3.90	± 0,21
Services	427.76	-0.40	0.04	± 0,14
CORE	817.08	-1.42	-1.25	± 0,13
Non-processed food	74.85	0.60	0.75	± 0,72
Energy	108.07	-0.01	-1.03	± 0,86
RESIDUAL	182.92	0.23	-0.32	± 0,57
TOTAL	1000	-1.11	-1.08	± 0,12

* Confidence intervals at 80% calculated with historical errors

Table II.2.4

SUMMARY OF INFLATION IN THE EURO AREA (HICP) AND SPAIN (CPI)					
		Spain		Euro area	
		Total	Core	Total	Core
Annual average rates	2012	2.4	1.6	2.5	1.8
	2013	1.4	1.4	1.4	1.3
	2014	0.5	0.3	0.9	1.1
	2015	1.1	1.0	1.3	1.1
	Jan-14	0.2	0.2	0.8	1.0
y-o-y rates	Feb-14	-0.1	0.1	0.7	1.0
	Mar-14	0.0	0.0	0.6	0.9
	Dec-14	0.8	0.6	1.1	1.2
	Dec-15	0.9	1.0	1.3	1.1

Source: EUROSTAT, INE & BIAM(UC3M)

Date: February 24, 2014



Table II.2.5

HARMONIZED INDEX OF CONSUMER PRICES AND COMPONENTS IN THE EURO AREA											
Annual rates of growth											
		HICP									
		Core				80 % Confidence Intervals*		Residual		TOTAL	TOTAL 80 % Confidence Intervals*
		Processed food excluding tobacco	Tobacco	Non energy industrial goods	Services			Non processed food	Energy		
Weights 2014		9.9%	2.4%	26.7%	42.8%	81.7%		7.5%	10.8%	18.3%	
ANNUAL AVERAGE RATE	2005	0.5	7.8	0.3	2.3	1.5		0.8	10.1	5.7	2.2
	2006	1.6	3.9	0.6	2.0	1.5		2.8	7.7	5.5	2.2
	2007	2.3	4.5	1.0	2.5	2.0		3.0	2.6	2.8	2.1
	2008	6.8	3.2	0.8	2.6	2.4		3.5	10.3	7.3	3.3
	2009	0.2	4.7	0.6	2.0	1.3		0.2	-8.1	-4.5	0.3
	2010	-0.2	5.5	0.5	1.4	1.0		1.3	7.4	4.7	1.6
	2011	2.8	5.1	0.8	1.8	1.7		1.8	11.9	7.6	2.7
	2012	2.6	5.2	1.2	1.8	1.8		3.0	7.6	5.8	2.5
	2013	1.7	4.4	0.6	1.4	1.3		3.5	0.6	1.8	1.4
	2014	1.8	3.9	0.3	1.2	1.1	± 0.29	1.0	-0.5	0.1	0.9 ± 0.55
	2015	1.7	4.6	0.3	1.3	1.1	± 0.59	2.7	1.4	1.9	1.3 ± 0.99
ANNUAL RATES (year-on-year rates)	2013	January	1.7	4.7	0.8	1.6	1.5	4.8	3.9	4.2	2.0
		February	1.7	4.6	0.8	1.5	1.4	3.5	3.9	3.7	1.8
		March	1.6	4.7	1.0	1.8	1.6	3.5	1.7	2.4	1.7
		April	1.6	4.1	0.8	1.1	1.1	4.2	-0.4	1.4	1.2
		May	1.7	3.8	0.8	1.5	1.3	5.1	-0.2	1.9	1.4
		June	1.8	3.7	0.7	1.4	1.3	5.0	1.6	3.0	1.6
		July	1.9	4.9	0.4	1.4	1.3	5.1	1.6	3.0	1.6
		August	1.8	5.4	0.4	1.4	1.3	4.4	-0.3	1.5	1.3
		September	1.7	5.4	0.4	1.4	1.2	2.9	-0.9	0.5	1.1
		October	1.7	4.0	0.3	1.2	1.0	1.4	-1.7	-0.5	0.7
		November	1.5	4.0	0.2	1.4	1.1	0.9	-1.1	-0.3	0.9
		December	1.5	4.0	0.3	1.0	0.9	1.5	0.0	0.6	0.8
	2014	January	1.5	3.9	0.2	1.2	1.0	1.3	-1.3	-0.2	0.8
		February	1.5	3.9	0.2	1.2	1.0 ± 0.14	1.7	-2.6	-0.9	0.7 ± 0.12
		March	1.6	3.7	0.2	0.9	0.9 ± 0.19	1.5	-1.8	-0.4	0.6 ± 0.25
		April	1.7	3.8	0.2	1.6	1.2 ± 0.23	1.1	-0.7	0.0	1.0 ± 0.35
		May	1.7	4.0	0.2	1.2	1.0 ± 0.27	0.5	0.7	0.6	0.9 ± 0.47
		June	1.8	4.3	0.2	1.2	1.0 ± 0.31	-0.2	0.7	0.3	0.9 ± 0.58
		July	1.8	3.4	0.3	1.2	1.1 ± 0.34	-0.2	-0.2	-0.2	0.8 ± 0.68
		August	1.9	3.2	0.3	1.2	1.1 ± 0.39	-0.1	-0.7	-0.5	0.8 ± 0.77
		September	1.9	3.3	0.4	1.2	1.1 ± 0.43	1.0	-1.2	-0.3	0.8 ± 0.86
		October	1.9	3.9	0.4	1.4	1.2 ± 0.48	1.7	0.1	0.8	1.1 ± 0.94
		November	1.9	4.3	0.4	1.2	1.1 ± 0.51	2.1	0.9	1.4	1.2 ± 1.01
		December	1.9	4.5	0.4	1.3	1.2 ± 0.55	1.6	0.4	0.9	1.1 ± 1.07
	2015	January	1.9	4.6	0.3	1.3	1.1 ± 0.59	1.6	1.3	1.4	1.2 ± 1.12
		February	1.8	4.6	0.3	1.3	1.1 ± 0.61	2.0	1.6	1.7	1.2 ± 1.17
		March	1.8	4.5	0.4	1.4	1.2 ± 0.62	2.1	1.4	1.7	1.3 ± 1.19
		April	1.8	4.6	0.3	1.2	1.1 ± 0.65	2.2	1.4	1.7	1.2 ± 1.19
		May	1.7	4.6	0.3	1.3	1.1 ± 0.66	2.2	1.2	1.6	1.2 ± 1.19
		June	1.7	4.6	0.3	1.3	1.1 ± 0.67	2.5	1.2	1.7	1.2 ± 1.19
		July	1.7	4.6	0.3	1.3	1.1 ± 0.67	2.8	1.3	1.9	1.3 ± 1.19
		August	1.7	4.7	0.3	1.3	1.1 ± 0.68	3.1	1.4	2.1	1.3 ± 1.19
		September	1.7	4.7	0.3	1.3	1.1 ± 0.67	3.2	1.5	2.2	1.3 ± 1.19
		October	1.7	4.5	0.3	1.3	1.1 ± 0.67	3.5	1.5	2.3	1.3 ± 1.19
		November	1.7	4.5	0.3	1.3	1.1 ± 0.67	3.5	1.5	2.3	1.3 ± 1.19
		December	1.7	4.5	0.2	1.3	1.1 ± 0.67	3.6	1.5	2.4	1.3 ± 1.19

* Confidence intervals calculated with historical errors

The figures in the shaded area are forecasts

Source: EUROSTAT & BIAM(UC3M)

Date: February 24, 2014



Table II.2.6

HARMONIZED INDEX OF CONSUMER PRICES AND COMPONENTS IN THE EURO AREA												
Monthly rates of growth												
			Harmonized Index of Consumer Prices									
			Core					TOTAL	Residual		TOTAL	TOTAL
			Processed food excluding tobacco	Tobacco	Non energy industrial goods	Services	Non processed food		Energy			
Weights 2014			9.9%	2.4%	26.7%	42.8%	81.7%	7.5%	10.8%	18.3%		
MONTHLY RATES (Growth of the month over the previous month)	January	2012	0.4	0.2	-3.6	-0.4	-1.4	0.5	2.6	1.7	-0.8	
		2013	0.2	0.6	-3.8	-0.5	-1.5	0.8	1.3	1.1	-1.0	
		2014	0.3	0.5	-3.9	-0.4	-1.4	0.6	0.0	0.2	-1.1	
		2015	0.2	0.5	-3.9	-0.4	-1.4	0.6	0.8	0.8	-1.0	
	February	2012	0.3	0.3	0.2	0.5	0.3	1.2	1.1	1.2	0.5	
		2013	0.2	0.2	0.2	0.4	0.3	-0.1	1.2	0.7	0.4	
		2014	0.3	0.3	0.2	0.4	0.3	0.3	-0.2	0.0	0.3	
		2015	0.2	0.3	0.2	0.4	0.3	0.7	0.1	0.3	0.3	
	March	2012	0.2	0.5	3.6	0.1	1.3	0.5	1.6	1.1	1.3	
		2013	0.1	0.6	3.8	0.4	1.5	0.6	-0.6	-0.2	1.2	
		2014	0.2	0.4	3.8	0.1	1.3	0.4	0.2	0.3	1.1	
		2015	0.2	0.3	3.9	0.2	1.4	0.5	0.1	0.2	1.2	
	April	2012	0.1	0.7	0.7	0.3	0.4	-0.1	1.1	0.6	0.5	
		2013	0.1	0.2	0.5	-0.4	0.0	0.5	-1.0	-0.4	-0.1	
		2014	0.2	0.3	0.5	0.3	0.3	0.0	0.0	0.0	0.3	
		2015	0.1	0.4	0.5	0.1	0.3	0.1	0.1	0.1	0.2	
	May	2012	0.0	0.5	0.0	-0.1	0.0	0.2	-1.4	-0.8	-0.1	
		2013	0.2	0.1	0.0	0.3	0.2	1.1	-1.2	-0.3	0.1	
		2014	0.2	0.3	0.0	-0.1	0.0	0.6	0.2	0.4	0.0	
		2015	0.1	0.3	0.0	0.0	0.0	0.6	0.0	0.3	0.0	
	June	2012	0.0	0.1	-0.3	0.3	0.1	0.8	-1.7	-0.7	-0.1	
		2013	0.1	0.1	-0.3	0.3	0.1	0.7	0.1	0.4	0.1	
		2014	0.1	0.4	-0.3	0.3	0.1	0.0	0.1	0.0	0.1	
		2015	0.1	0.4	-0.3	0.3	0.1	0.3	0.0	0.1	0.1	
	July	2012	0.0	0.3	-3.4	1.0	-0.7	-1.1	0.9	0.1	-0.5	
		2013	0.1	1.4	-3.7	1.0	-0.7	-1.0	0.8	0.1	-0.5	
		2014	0.1	0.5	-3.7	1.0	-0.7	-0.9	0.0	-0.4	-0.6	
		2015	0.1	0.5	-3.7	1.0	-0.7	-0.7	0.1	-0.2	-0.6	
	August	2012	0.1	0.0	0.0	0.3	0.2	-0.3	2.4	1.4	0.4	
		2013	0.0	0.4	0.0	0.3	0.2	-0.9	0.5	-0.1	0.1	
		2014	0.1	0.3	0.1	0.3	0.2	-0.8	0.0	-0.3	0.1	
		2015	0.1	0.3	0.1	0.3	0.2	-0.6	0.1	-0.2	0.1	
	September	2012	0.1	0.1	3.5	-0.9	0.7	0.4	1.1	0.8	0.7	
		2013	0.0	0.1	3.4	-0.9	0.6	-1.1	0.5	-0.1	0.5	
		2014	0.1	0.2	3.5	-0.9	0.6	0.0	0.0	0.0	0.5	
		2015	0.1	0.2	3.6	-0.9	0.6	0.2	0.0	0.1	0.5	
	October	2012	0.2	1.4	0.6	0.0	0.3	1.0	-0.5	0.1	0.2	
		2013	0.2	0.1	0.6	-0.3	0.1	-0.5	-1.2	-0.9	-0.1	
		2014	0.1	0.7	0.6	-0.1	0.2	0.2	0.0	0.1	0.2	
		2015	0.1	0.5	0.5	-0.1	0.2	0.5	0.1	0.2	0.2	
	November	2012	0.3	0.0	0.1	-0.3	-0.1	0.6	-1.4	-0.7	-0.2	
		2013	0.1	0.0	0.1	-0.1	0.0	0.1	-0.8	-0.4	-0.1	
		2014	0.2	0.4	0.1	-0.3	-0.1	0.4	0.0	0.2	0.0	
		2015	0.1	0.4	0.1	-0.3	-0.1	0.5	0.1	0.2	0.0	
	December	2012	0.1	0.1	-0.3	1.1	0.5	0.7	-0.5	-0.1	0.4	
		2013	0.0	0.1	-0.3	0.6	0.2	1.3	0.6	0.9	0.3	
		2014	0.1	0.3	-0.3	0.7	0.3	0.9	0.0	0.4	0.3	
		2015	0.1	0.3	-0.3	0.7	0.3	0.9	0.0	0.4	0.3	

*The figures in the shaded area are forecasts

Source: EUROSTAT & BIAM(UC3M)

Date: February 24, 2014



Table II.2.7

HARMONIZED INDICES OF CONSUMER PRICES BY COUNTRIES IN THE EURO AREA, UNITED KINGDOM, SWEDEN AND DENMARK																							
		Euro Area																		United Kingdom Sweden Denmark			
		Germany	France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Portugal	Finland	Ireland	Slovakia	Slovenia	Luxembourg	Cyprus	Latvia	Estonia	Malta				
Weights 2014 %		27.7	20.6	17.7	12.0	5.0	3.6	3.3	2.6	2.1	1.9	1.4	0.7	0.4	0.3	0.2	0.2	0.2	0.1				
ANNUAL AVERAGE RATE	2005	1.9	1.9	2.2	3.4	1.5	2.5	2.1	3.5	2.1	0.8	2.2	2.8	2.5	3.8	2.0	6.9	4.1	2.5	2.0	0.8	1.7	
	2006	1.8	1.9	2.2	3.6	1.7	2.3	1.7	3.3	3.0	1.3	2.7	4.3	2.5	3.0	2.2	6.6	4.4	2.6	2.3	1.5	1.9	
	2007	2.3	1.6	2.0	2.8	1.6	1.8	2.2	3.0	2.4	1.6	2.9	1.9	3.8	2.7	2.2	10.1	6.7	0.7	2.3	1.7	1.7	
	2008	2.8	3.2	3.5	4.1	2.2	4.5	3.2	4.2	2.7	3.9	3.1	3.9	5.5	4.1	4.4	15.3	10.6	4.7	3.6	3.3	3.6	
	2009	0.2	0.1	0.8	-0.2	1.0	0.0	0.4	1.3	-0.9	1.6	-1.7	0.9	0.9	0.0	0.2	3.3	0.2	1.8	2.2	1.9	1.1	
	2010	1.2	1.7	1.6	2.0	0.9	2.3	1.7	4.7	1.4	1.7	-1.6	0.7	2.1	2.8	2.6	-1.2	2.7	2.0	3.3	1.9	2.2	
	2011	2.5	2.3	2.9	3.1	2.5	3.5	3.6	3.1	3.6	3.3	1.2	4.1	2.1	3.7	3.5	4.2	5.1	2.5	4.5	1.4	2.7	
	2012	2.1	2.2	3.3	2.4	2.8	2.5	2.6	1.0	2.8	3.2	1.9	3.7	2.8	2.9	3.1	2.3	4.2	3.2	2.8	0.9	2.4	
	2013	1.6	1.0	1.3	1.5	2.6	1.2	2.1	-0.9	0.4	2.2	0.5	1.5	1.9	1.7	0.4	0.0	3.2	1.0	2.6	0.4	0.5	
	2014	1.1	0.9	1.0	0.9	1.0	1.3	1.8	-1.0	-0.1	2.0	0.1	0.4	1.3	1.5	-1.0	0.5	1.8	1.3	2.2	0.3	1.3	
	2015	1.3	1.1	1.1	1.1	1.7	1.5	1.9	-0.7	0.6	2.2	0.7	1.3	1.9	1.6	-0.2	0.4	4.5	1.6	2.7	0.3	1.7	
Y-o-Y rates	2013	January	1.9	1.4	2.4	2.8	3.2	1.5	2.8	0.0	0.4	2.6	1.5	2.5	2.8	2.1	0.6	3.7	2.4	2.7	0.7	1.0	
		February	1.8	1.2	2.0	2.9	3.2	1.4	2.6	0.1	0.2	2.5	1.2	2.2	2.9	2.4	1.8	0.3	4.0	1.8	2.8	0.5	1.0
		March	1.8	1.1	1.8	2.6	3.2	1.3	2.4	-0.2	0.7	2.5	0.6	1.9	2.2	2.0	1.3	0.3	3.8	1.4	2.8	0.5	0.7
		April	1.1	0.8	1.3	1.5	2.8	1.1	2.1	-0.6	0.4	2.4	0.5	1.7	1.6	1.7	0.1	-0.4	3.4	0.9	2.4	0.0	0.4
		May	1.6	0.9	1.3	1.8	3.1	1.1	2.4	-0.3	0.9	2.5	0.5	1.8	1.6	1.4	0.2	-0.2	3.6	0.8	2.7	0.3	0.6
		June	1.9	1.0	1.4	2.2	3.2	1.5	2.2	-0.3	1.2	2.3	0.7	1.7	2.2	2.0	0.8	0.2	4.1	0.6	2.9	0.5	0.6
		July	1.9	1.2	1.2	1.9	3.1	1.6	2.1	-0.5	0.8	2.5	0.7	1.6	2.8	1.8	0.7	0.5	3.9	0.9	2.7	0.8	0.4
		August	1.6	1.0	1.2	1.6	2.8	1.1	2.0	-1.0	0.2	2.0	0.0	1.4	2.2	1.7	0.1	-0.1	3.6	0.7	2.7	0.8	0.1
		September	1.6	1.0	0.9	0.5	2.4	1.0	1.8	-1.0	0.3	1.8	0.0	1.1	1.5	1.5	0.3	-0.4	2.6	0.6	2.7	0.5	0.2
		October	1.2	0.7	0.7	0.0	1.3	0.7	1.5	-1.9	0.0	1.7	-0.1	0.7	1.1	1.0	-0.5	0.0	2.2	0.5	2.2	0.2	0.3
		November	1.6	0.8	0.7	0.3	1.2	0.9	1.5	-2.9	0.1	1.8	0.3	0.5	1.2	1.1	-0.8	-0.3	2.1	0.3	2.1	0.3	0.3
		December	1.3	0.8	0.6	0.3	1.4	1.2	2.0	-1.8	0.2	1.9	0.4	0.4	0.9	1.5	-1.3	-0.4	2.0	1.0	2.0	0.4	0.4
	2014	January	1.2	0.8	0.7	0.3	0.8	1.1	1.5	-1.4	0.1	1.9	0.3	0.0	0.9	1.5	-1.6	0.5	1.6	0.9	1.8	0.2	0.8
		February	0.9	0.7	0.7	1.1	0.8	1.1	1.6	-1.6	0.0	1.9	-0.1	0.1	0.7	1.2	-1.6	0.5	1.2	1.1	1.8	0.2	0.6
		March	1.0	0.6	0.8	1.1	0.8	1.1	1.8	-1.3	-0.2	1.9	-0.2	0.1	1.2	1.5	-1.2	0.3	0.7	1.2	1.8	0.2	0.9
		April	1.2	0.8	1.0	1.1	1.0	1.3	1.8	-1.1	0.0	1.9	-0.1	0.2	1.4	1.4	-0.8	0.4	0.9	1.2	2.1	0.4	1.3
		May	1.1	1.0	1.2	1.1	0.9	1.4	1.7	-1.2	-0.3	1.9	0.0	0.3	1.6	1.6	-0.9	0.2	0.9	1.2	2.1	0.3	1.3
		June	1.1	1.0	1.2	1.0	0.9	1.3	1.8	-1.2	-0.3	2.1	0.0	0.3	1.4	1.3	-1.3	0.1	0.7	1.1	2.3	0.2	1.4
		July	1.0	0.9	1.1	0.9	0.7	1.1	1.8	-1.0	-0.4	1.8	0.0	0.4	1.2	1.4	-1.3	0.3	0.9	1.0	2.3	0.1	1.4
		August	1.0	0.8	1.1	0.9	0.9	1.3	1.9	-0.9	-0.1	2.2	0.1	0.6	1.2	1.5	-1.0	0.9	1.3	1.4	2.3	0.1	1.4
		September	0.9	0.8	1.1	0.9	1.1	1.3	1.9	-0.9	-0.1	2.2	0.1	0.6	1.3	1.5	-1.0	0.7	2.2	1.5	2.3	0.2	1.5
		October	1.3	1.0	1.2	0.9	1.5	1.5	2.1	-0.5	0.1	2.2	0.3	0.7	1.6	1.9	-0.5	0.6	2.9	1.6	2.4	0.4	1.5
		November	1.2	1.1	1.3	0.9	1.6	1.4	2.1	-0.1	0.2	2.2	0.4	0.9	1.7	1.8	-0.4	0.8	3.7	1.6	2.5	0.3	1.6
		December	1.4	1.1	1.2	0.9	1.4	1.3	1.9	-0.5	0.0	2.0	0.4	1.0	1.9	1.7	-0.3	0.8	4.2	1.5	2.5	0.3	1.6
	2015	January	1.4	1.1	1.2	0.0	1.7	1.5	2.1	-0.6	0.6	2.2	0.7	0.9	1.9	1.7	-0.1	0.4	4.3	1.6	2.7	0.4	1.7
		February	1.4	1.2	1.1	0.1	1.7	1.5	2.0	-0.4	0.6	2.2	0.6	1.0	1.9	1.7	0.0	0.5	4.4	1.6	2.7	0.3	1.7
		March	1.4	1.2	1.1	0.1	1.7	1.5	2.0	-0.6	0.6	2.2	0.5	1.1	1.9	1.6	-0.2	0.4	4.5	1.6	2.7	0.4	1.7
		April	1.4	1.2	1.1	0.1	1.7	1.5	1.9	-0.7	0.6	2.2	0.6	1.1	1.9	1.6	-0.4	0.4	4.5	1.6	2.7	0.3	1.7
		May	1.3	1.2	1.1	0.1	1.7	1.5	2.0	-0.6	0.6	2.2	0.6	1.1	1.9	1.5	-0.3	0.4	4.5	1.6	2.7	0.3	1.7
		June	1.3	1.2	1.1	0.1	1.7	1.5	2.0	-0.7	0.6	2.2	0.6	1.2	1.9	1.6	0.0	0.3	4.5	1.6	2.7	0.3	1.7
		July	1.3	1.2	1.0	0.1	1.7	1.6	1.9	-0.8	0.6	2.2	0.7	1.2	1.9	1.6	0.0	0.2	4.5	1.6	2.7	0.4	1.7
		August	1.3	1.1	1.0	0.1	1.7	1.6	1.9	-0.8	0.6	2.2	0.7	1.3	1.9	1.6	-0.2	0.5	4.5	1.6	2.7	0.4	1.7
		September	1.3	1.1	1.0	3.0	1.7	1.6	1.9	-0.8	0.6	2.2	0.8	1.4	1.9	1.6	-0.2	0.5	4.5	1.6	2.7	0.4	1.7
		October	1.3	1.1	1.0	2.7	1.7	1.6	1.8	-0.9	0.6	2.2	0.9	1.4	1.9	1.5	-0.5	0.4	4.5	1.6	2.7	0.3	1.7
		November	1.3	1.1	1.0	3.0	1.7	1.6	1.8	-1.1	0.6	2.2	0.9	1.5	1.9	1.5	-0.5	0.5	4.5	1.6	2.7	0.3	1.7
		December	1.3	1.1	1.0	3.5	1.7	1.6	1.9	-1.0	0.6	2.2	0.9	1.6	1.9	1.6	-0.5	0.5	4.5	1.6	2.7	0.3	1.7

* The figures in the shaded area are forecasts

Source: EUROSTAT & BIAM(UC3M)

Date: February 24, 2014

Table II.2.8

HARMONIZED INDICES OF CONSUMER PRICES BY COUNTRIES IN THE EURO AREA, UNITED KINGDOM, SWEDEN AND DENMARK																							
Monthly rates of growth																							
			Euro Area																	United Kingdom Sweden Denmark			
			Germany	France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Portugal	Finland	Ireland	Slovakia	Slovenia	Luxembourg	Cyprus	Latvia	Estonia				Malta
Weights 2014 %			27.7	20.6	17.7	12.0	5.0	3.6	3.3	2.6	2.1	1.9	1.4	0.7	0.4	0.3	0.2	0.2	0.2	0.1			
MONTHLY RATES (Growth of the month over the previous month)	January	2012	-0.5	-0.4	-1.8	-1.7	0.1	-1.3	-0.5	-1.1	0.3	0.8	-0.4	1.5	-0.3	-0.5	-1.4	0.8	0.5	-1.1	-0.5	-0.6	0.4
		2013	-0.7	-0.6	-2.0	-1.8	0.0	-1.8	-0.6	-1.4	-1.3	0.0	-0.6	0.7	-0.6	-0.9	-0.8	-0.2	0.6	-1.4	-0.5	-1.0	-0.5
		2014	-0.8	-0.6	-2.0	-1.8	-0.6	-1.9	-1.1	-0.9	-1.4	-0.1	-0.6	0.3	-0.6	-0.9	-1.1	0.7	0.2	-1.5	-0.6	-1.2	-0.2
		2015	-0.7	-0.6	-2.0	-2.7	-0.3	-1.7	-0.9	-1.0	-0.9	0.2	-0.3	0.2	-0.5	-0.9	-1.0	0.3	0.4	-1.4	-0.5	-1.1	-0.1
	February	2012	0.9	0.5	0.2	0.0	1.0	2.4	0.5	-1.7	0.1	0.8	1.1	0.2	0.6	1.6	0.4	0.2	0.4	0.6	0.6	0.7	1.0
		2013	0.8	0.3	-0.2	0.1	1.0	2.4	0.3	-1.6	-0.1	0.6	0.8	0.0	0.7	1.9	0.2	-0.1	0.7	0.0	0.6	0.6	1.0
		2014	0.5	0.2	-0.1	0.9	1.0	2.3	0.4	-1.9	-0.1	0.6	0.5	0.1	0.5	1.6	0.2	0.0	0.3	0.2	0.6	0.6	0.9
		2015	0.5	0.3	-0.2	1.0	1.0	2.3	0.4	-1.7	-0.1	0.6	0.4	0.2	0.5	1.7	0.3	0.1	0.4	0.2	0.6	0.6	0.9
	March	2012	0.4	0.9	2.5	2.2	1.4	0.1	1.2	2.9	1.2	0.5	1.0	0.3	1.0	0.5	1.4	0.6	1.0	1.5	0.3	0.5	0.6
		2013	0.4	0.8	2.3	1.9	1.3	0.0	1.0	2.5	1.7	0.5	0.4	0.0	0.3	0.1	0.9	0.5	0.8	1.1	0.3	0.5	0.3
		2014	0.5	0.8	2.4	1.9	1.3	0.1	1.2	2.9	1.5	0.5	0.3	0.1	0.8	0.3	1.2	0.2	0.3	1.3	0.3	0.5	0.5
		2015	0.5	0.7	2.4	1.9	1.3	0.1	1.1	2.7	1.5	0.5	0.2	0.1	0.8	0.3	1.0	0.1	0.4	1.3	0.3	0.5	0.5
	April	2012	0.1	0.2	0.9	1.1	0.5	0.0	0.3	0.8	0.3	0.2	0.0	0.2	1.2	0.4	1.5	0.7	0.4	3.4	0.6	0.3	0.0
		2013	-0.5	-0.1	0.3	0.1	0.1	-0.2	0.0	0.5	0.1	0.2	-0.1	0.0	0.6	0.1	0.2	0.0	0.1	2.9	0.2	-0.2	-0.3
		2014	-0.3	0.1	0.6	0.0	0.3	0.0	0.0	0.7	0.2	0.2	0.0	0.1	0.8	0.0	0.7	0.1	0.4	2.9	0.5	0.0	0.1
		2015	-0.3	0.1	0.6	0.0	0.3	0.0	0.0	0.6	0.2	0.2	0.0	0.1	0.8	0.0	0.6	0.1	0.4	2.9	0.5	-0.1	0.1
	May	2012	-0.2	-0.1	0.0	-0.2	-0.2	-0.1	-0.2	-0.3	-0.3	-0.1	0.0	0.1	0.3	-0.2	0.7	0.0	0.2	1.2	-0.1	0.0	0.0
		2013	0.3	0.1	0.0	0.1	0.0	-0.1	0.1	0.0	0.2	0.0	0.0	0.1	0.3	-0.5	0.8	0.3	0.4	1.1	0.2	0.2	0.2
		2014	0.2	0.2	0.1	0.1	0.0	0.0	0.0	-0.2	0.0	0.0	0.1	0.1	0.4	-0.2	0.7	0.1	0.4	1.1	0.2	0.1	0.1
		2015	0.2	0.2	0.1	0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.1	0.2	0.4	-0.3	0.8	0.1	0.4	1.1	0.2	0.2	0.1
	June	2012	-0.2	0.1	0.2	-0.2	-0.6	-0.1	0.0	-0.2	-0.2	0.1	-0.2	0.2	-0.6	-0.2	-0.1	0.0	0.1	1.1	-0.4	-0.3	-0.2
		2013	0.1	0.2	0.3	0.1	-0.5	0.3	-0.2	-0.2	0.1	-0.1	0.1	0.2	0.0	0.4	0.6	0.4	0.6	0.8	-0.2	-0.1	-0.2
		2014	0.1	0.2	0.2	0.0	-0.5	0.2	-0.1	-0.1	0.1	0.1	0.1	0.2	-0.1	0.1	0.1	0.2	0.4	0.7	0.0	-0.2	-0.1
		2015	0.1	0.2	0.2	0.0	-0.5	0.2	-0.1	-0.2	0.1	0.1	0.1	0.2	-0.1	0.2	0.4	0.1	0.4	0.7	0.0	-0.2	-0.1
	July	2012	0.4	-0.5	-1.7	-0.9	0.4	-1.3	-0.5	-1.4	0.2	-0.3	-0.1	0.0	-0.8	-0.8	-1.0	-0.4	0.3	-0.3	0.2	-0.5	-0.1
		2013	0.4	-0.3	-1.8	-1.1	0.4	-1.3	-0.6	-1.6	-0.2	0.0	-0.1	-0.1	-0.3	-1.0	-1.1	-0.1	0.2	0.1	-0.1	-0.1	-0.3
		2014	0.3	-0.4	-1.9	-1.2	0.2	-1.5	-0.6	-1.5	-0.3	-0.3	-0.1	0.1	-0.5	-0.9	-1.1	0.2	0.4	0.0	-0.1	-0.3	-0.2
		2015	0.3	-0.4	-1.9	-1.2	0.2	-1.4	-0.6	-1.6	-0.3	-0.3	0.0	0.1	-0.5	-1.0	-1.1	0.1	0.4	0.0	-0.1	-0.2	-0.2
	August	2012	0.4	0.7	0.0	0.5	0.1	2.1	0.4	-1.2	-0.1	0.4	0.8	0.0	0.8	1.5	0.9	-0.4	0.3	0.2	0.5	0.1	0.4
		2013	0.0	0.5	0.0	0.2	-0.2	1.6	0.2	-1.7	-0.7	-0.1	0.1	-0.2	0.2	1.4	0.3	-1.0	-0.1	-0.1	0.5	0.1	0.1
		2014	0.1	0.4	0.0	0.2	-0.1	1.8	0.3	-1.5	-0.4	0.2	0.1	0.0	0.3	1.6	0.6	-0.4	0.4	0.2	0.5	0.1	0.1
		2015	0.0	0.4	0.0	0.2	-0.1	1.8	0.3	-1.6	-0.4	0.2	0.1	0.1	0.3	1.6	0.4	-0.2	0.4	0.2	0.5	0.1	0.1
	September	2012	0.0	-0.3	2.1	1.9	0.5	-0.1	1.1	2.5	0.4	0.6	-0.1	0.3	1.2	0.5	-0.1	0.4	0.4	-0.7	0.3	0.7	0.3
		2013	0.0	-0.2	1.8	0.8	0.1	-0.2	1.0	2.5	0.5	0.4	-0.1	0.0	0.4	0.4	0.1	0.0	-0.5	-0.8	0.3	0.4	0.3
		2014	-0.1	-0.2	1.7	0.8	0.3	-0.1	1.0	2.5	0.5	0.5	0.0	0.0	0.5	0.4	0.1	-0.1	0.4	-0.6	0.3	0.6	0.4
		2015	-0.1	-0.2	1.7	3.7	0.3	-0.1	1.0	2.5	0.5	0.5	0.1	0.1	0.5	0.3	0.1	-0.1	0.4	-0.6	0.3	0.5	0.4
	October	2012	0.1	0.2	0.3	0.5	0.8	0.2	0.3	0.7	0.1	0.2	-0.1	0.4	0.3	0.1	0.2	-0.2	0.1	-0.7	0.6	0.1	-0.1
		2013	-0.3	-0.1	0.1	0.0	-0.3	-0.1	0.0	-0.2	-0.1	0.1	-0.2	0.0	0.0	-0.4	-0.6	0.2	-0.3	-0.7	0.1	-0.2	0.1
		2014	0.0	0.1	0.2	0.0	0.1	0.0	0.1	0.2	0.1	0.1	-0.1	0.1	0.2	-0.1	0.0	0.1	0.4	-0.6	0.2	-0.1	0.0
		2015	0.0	0.1	0.2	-0.3	0.1	0.0	0.1	0.0	0.1	0.1	0.0	0.1	0.2	-0.2	-0.4	0.0	0.4	-0.6	0.2	-0.1	0.0
	November	2012	-0.2	-0.2	-0.3	-0.2	-0.5	-0.1	0.1	-0.3	-0.4	-0.1	-0.5	0.1	-0.2	-0.2	-1.0	-0.1	-0.3	-1.9	0.2	-0.2	-0.2
		2013	0.3	0.0	-0.3	0.0	-0.6	0.1	0.0	-1.3	-0.3	0.0	-0.1	-0.2	-0.1	-0.1	-1.3	-0.4	-0.5	-2.2	0.1	-0.1	-0.2
		2014	0.2	0.0	-0.2	0.0	-0.5	0.1	0.0	-0.9	-0.2	0.0	0.0	0.0	0.0	-0.2	-1.2	-0.2	0.4	-2.1	0.2	-0.1	-0.1
		2015	0.2	0.0	-0.2	0.3	-0.5	0.1	0.0	-1.1	-0.2	0.0	0.1	0.1	0.0	-0.2	-1.2	-0.1	0.4	-2.1	0.1	-0.1	-0.1
	December	2012	0.9	0.4	0.3	0.0	-0.1	0.2	0.2	-0.3	0.2	0.2	0.0	-0.1	-0.2	-0.3	-0.1	0.1	0.0	-0.6	0.5	0.2	-0.3
		2013	0.5	0.4	0.3	0.0	0.1	0.4	0.8	0.8	0.3	0.4	0.1	-0.2	-0.5	0.1	-0.6	0.0	0.0	0.2	0.4	0.3	-0.2
		2014	0.7	0.4	0.2	0.0	-0.1	0.3	0.5	0.4	0.2	0.1	0.1	0.0	-0.4	0.1	-0.4	-0.1	0.4	0.0	0.5	0.3	-0.1
		2015	0.7	0.3	0.2	0.5	-0.1	0.3	0.6	0.6	0.2	0.1	0.1	0.1	-0.4	0.1	-0.4	0.0	0.4	0.0	0.5	0.3	-0.1

*The figures in the shaded area are forecasts

Source: EUROSTAT & BIAM(UC3M)

Date: February 24, 2014



II.3. MONETARY POLICY

In January 2014, the year-on-year euro area HICP was 0.8%, the same as the previous month and in line with our forecast. Our inflation expectations have not changed much, remaining at 0.9% (± 0.55) for 2014 and falling by 0.1 pp for 2015 to 1.3% (± 0.99), see table II.3.1.

In both cases, the forecasts are far from the ECB target (just under 2%): by 1.1 pp for the 2014 average and 0.7 pp for 2015. The likelihood of reaching that target is 0.4% and 17.2%, respectively. We also believe that a deflationist scenario is unlikely. The likelihood of average inflation being less than 0 in 2014 and 2015 are 1.8% and 5.2%, respectively.

In the last month there have been favourable signals on the credit and interbank markets. In the first place, in January the year-on-year growth rate of credit to the private sector improved by 0.1 pp to -2.2%. This slight improvement is shown in the M3 aggregate, the year-on-year rate of which grew by 0.2 pp to 1.2%, concentrated in loans to non-financial enterprise. They fell by a year-on-year rate of 2.9%, 0.1 pp less than the previous month. However, household loans continued to fall by the second highest rate ever, 0.2% (graph II.3.2).

On the other hand, the Eonia interbank rate continues to be unrelated to the ECB deposit rate, which shows some reactivation of operations on the interbank market (graph II.3.3).

In line with the signals seen on the markets (the 12-month Euribor rate has remained practically the same since December 2012), ECB rate increases can be ruled out in the short and medium terms, as euro area GDP growth is still too slow and fragile. On the other hand, neither do we expect a reduction for a long time, as short and medium-term inflation forecasts continue to be too far from the ECB target.

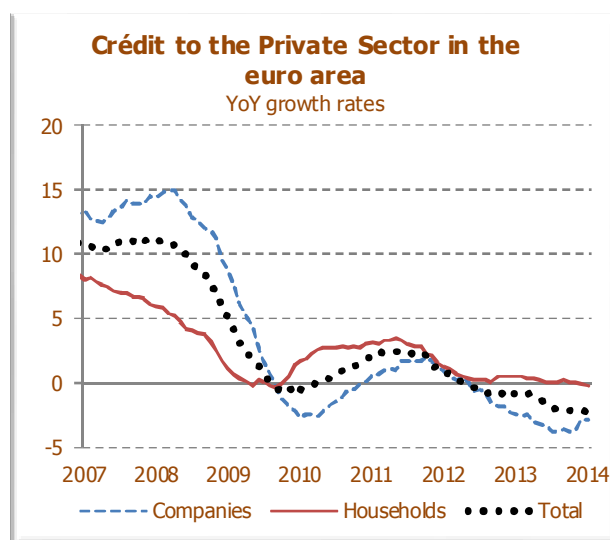
Table II.3.1

INFLATION IN THE EURO AREA*					
HICP	Annual rates		Annual average rates		
	2014		2012	2013	2014
	January	February			
Core 81,71%	1,0	1 (± 0.14)	1,8	1,3	1.1 (± 0.29)
Total 100%	0,8	0.7 (± 0.12)	2,5	1,4	0.9 (± 0.55)

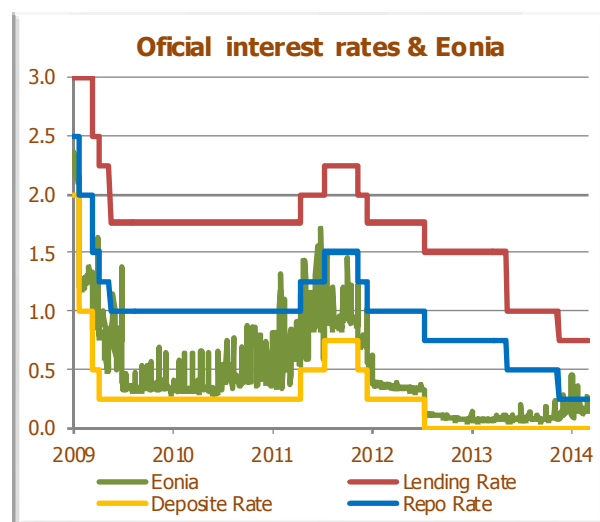
Source: EUROSTAT & BIAM (UC3M)

Date: February 24, 2014

Graph II.3.1



Graph II.3.2



Source: ECB & BIAM(UC3M)

Date: March 5, 2014



III. UNITED STATES

III.1. INDUSTRIAL PRODUCTION INDEX

In January, the US IPI grew by 3.2%, slightly less than expected. Our forecasting profile has been revised due to downwards innovation in durable and capital goods consumption. We now forecast 2.8% growth for this year, 0.9 pp less, and 3.4% for 2015.

Table III.1.1

INDUSTRIAL PRODUCTION INDEX AND SECTORS IN U.S.							
		Consumer Goods		Capital Goods	Intermediate Goods	TOTAL	
		Durable	Non Durable				
ANNUAL AVERAGE RATES	2009	-16.7	-3.9	-14.7	-11.3	-11.3	
	2010	7.3	-0.5	5.2	8.8	5.7	
	2011	5.0	0.6	2.5	4.7	3.4	
	2012	8.3	-0.2	5.0	4.2	3.6	
	2013	7.2	0.9	2.9	2.8	2.6	
	2014	4.0	2.9	2.3	3.0	2.8	
	2015	6.3	2.4	3.0	3.6	3.4	
Y-o-Y rates	2012	I	9.1	-1.5	4.3	5.0	3.7
		II	11.4	0.5	6.2	4.9	4.7
		III	7.2	0.1	5.1	3.8	3.4
		IV	5.7	0.2	4.4	3.0	2.8
	2013	I	5.8	1.7	3.3	2.1	2.4
		II	7.1	0.5	2.5	2.2	2.1
		III	7.7	-0.3	2.7	3.0	2.4
		IV	8.4	1.8	3.2	3.6	3.4
	2014	I	4.7	2.7	2.1	3.2	2.9
		II	4.0	3.1	2.4	3.2	3.0
		III	3.5	3.3	2.4	3.0	2.9
		IV	4.0	2.6	2.2	2.6	2.6
	2015	I	6.0	2.5	2.9	3.5	3.3
		II	6.4	2.3	3.0	3.6	3.4
		III	6.6	2.3	3.0	3.6	3.4
		IV	6.2	2.5	3.0	3.8	3.5

Table III.1.2

INDUSTRIAL PRODUCTION INDEX AND SECTORS IN U.S.							
Y-on-Y rates							
	2009	2010	2011	2012	2013	2014	2015
January	-12.3	0.4	5.2	3.2	2.3	3.2	3.1
February	-13.1	1.5	4.1	4.8	2.2	2.9	3.4
March	-14.3	4.0	4.6	3.1	2.8	2.7	3.5
April	-15.4	5.8	3.6	4.7	2.6	2.8	3.4
May	-15.0	7.9	2.4	4.8	1.9	3.1	3.3
June	-15.0	8.6	2.4	4.6	1.9	3.0	3.4
July	-13.3	7.6	2.8	4.1	1.5	3.2	3.3
August	-11.2	7.2	2.6	3.1	2.7	2.8	3.3
September	-7.4	7.0	2.8	3.2	3.1	2.6	3.5
October	-7.5	6.3	3.4	2.5	3.7	2.2	3.7
November	-6.0	5.7	3.6	3.3	3.1	2.7	3.5
December	-3.1	6.4	2.9	2.5	3.4	2.8	3.4

Source: Federal Reserve & BIAM(UC3M)

Date: February 20, 2014



III.2. INFLATION

The January core PCE was much as expected, going from an annual rate of 1.19% to 1.09% instead of the forecast 1.12%.

With the figures published today and the January CPI, our forecasts are in the centre of the interval established by the Fed for 2014 and 2015.

As mentioned in the January CPI report, in aggregate terms the figures were much as expected. The general CPI rose by 0.37% instead of the forecast 0.39%. The annual CPI rose from 1.50% to 1.58%, due to the energy component. Core inflation was lower than expected, increasing by 0.16% instead of the forecast 0.26%; the annual rate fell from 1.72% to 1.62%.

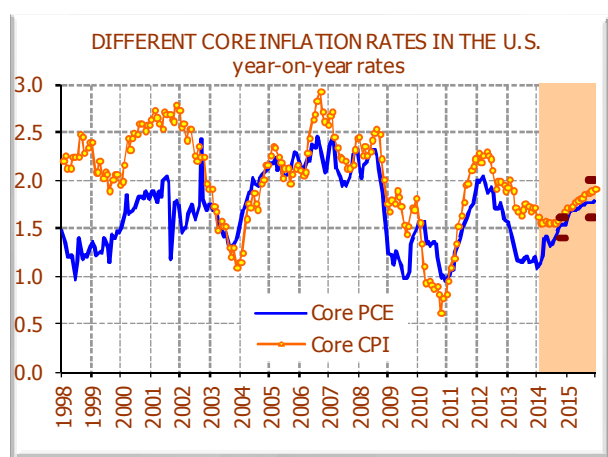
Two factors were ratified by the PCE figures. On the one hand, airline prices fell heavily atypically in January. The same is true of childcare, books and educational material.

There were significant increases this month in the production and import prices of both durable and non-durable goods.

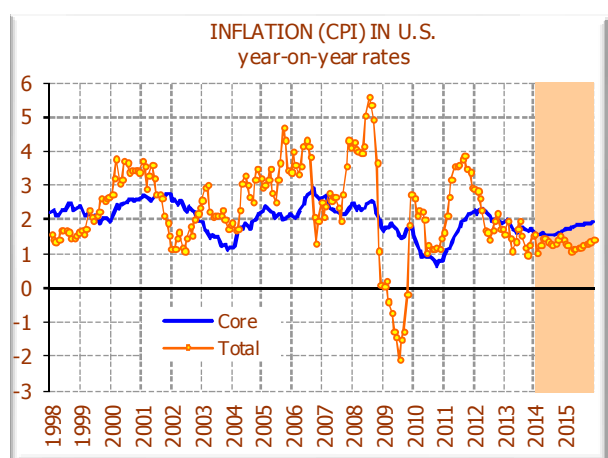
West Texas and Brent oil prices rose by an average of 4%, without considering the possible impact of the tension in Ukraine.

In terms of the core personal consumption expenditure rate – core PCE¹-, we are forecasting an annual rate of 1.13% for February. Our current forecasts are in the centre of the interval established by the Fed for 2014 and 2015.

Graph III.2.1



Graph III.2.2



Source: BLS & BIAM
This report: March 3, 2014
Last report: January 31, 2014

Table III.2.1

DIFFERENT MEASURES OF INFLATION IN THE U.S.						
Annual rates of growth						
		Total	Core			
		CPI	CPI	PCE	MB-PCE	
Annual Average Rates	2011	3.2	1.7	1.4	1.4	
	2012	2.1	2.1	1.8	1.8	
	2013	1.5	1.8	1.2	1.2	
	2014	1.4	1.6	1.4	1.2	
	2015	1.2	1.8	1.7	1.7	
YEAR-ON-YEAR RATES	2013	July	2.0	1.7	1.1	1.1
		August	1.5	1.8	1.2	1.2
		September	1.2	1.7	1.2	1.1
		October	1.0	1.7	1.1	1.1
		November	1.2	1.7	1.2	1.2
		December	1.5	1.7	1.2	1.2
	2014	January	1.6	1.6	1.1	1.0
		February	1.0	1.6	1.1	1.0
		March	1.3	1.6	1.2	1.0
		April	1.5	1.6	1.4	1.2
		May	1.5	1.6	1.4	1.2
		June	1.4	1.6	1.3	1.1
		July	1.3	1.6	1.3	1.1
		August	1.2	1.6	1.4	1.2
		September	1.3	1.6	1.5	1.3

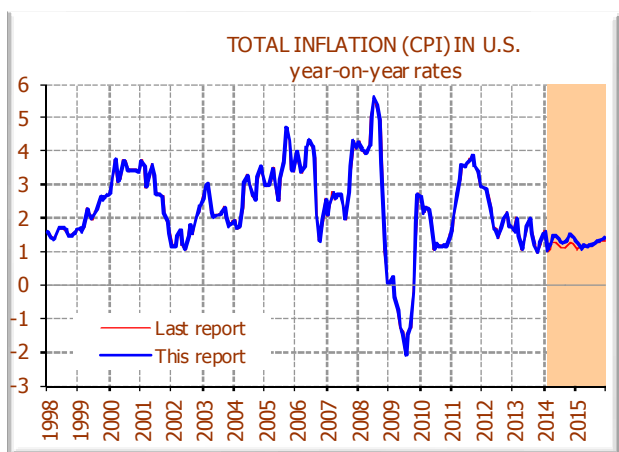
Source: BLS & BIAM
Date: March 3, 2014

¹ Adjusted rates are used for the PCE and not seasonally adjusted for the CPI.

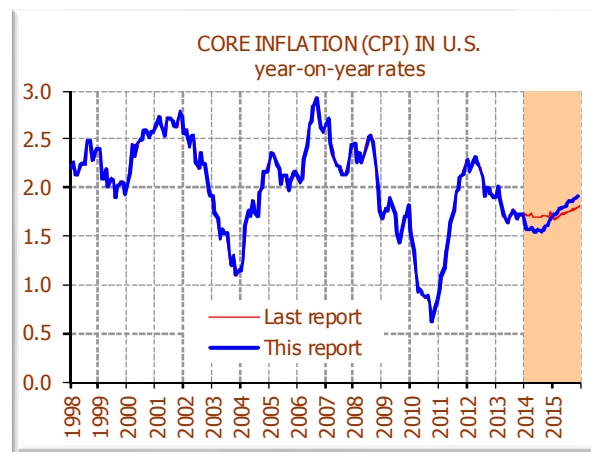
² <http://www.federalreserve.gov/monetarypolicy/files/fomcprojtab20120913.pdf>



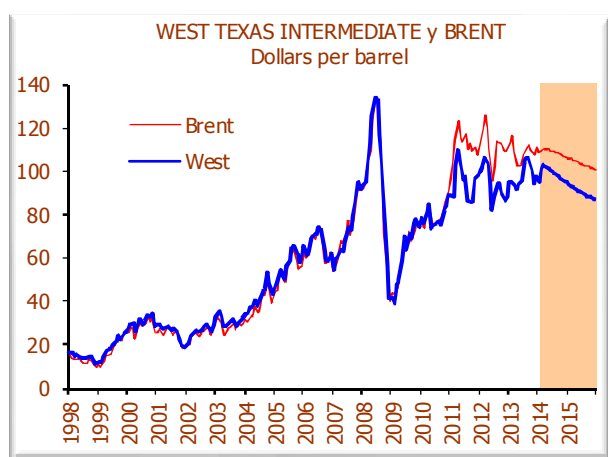
Graph III.2.3



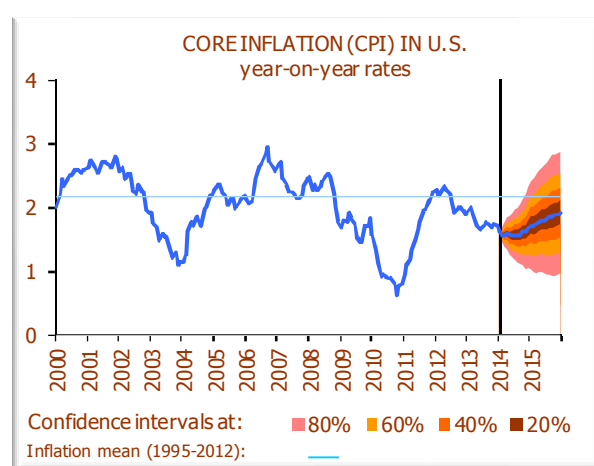
Graph III.2.4



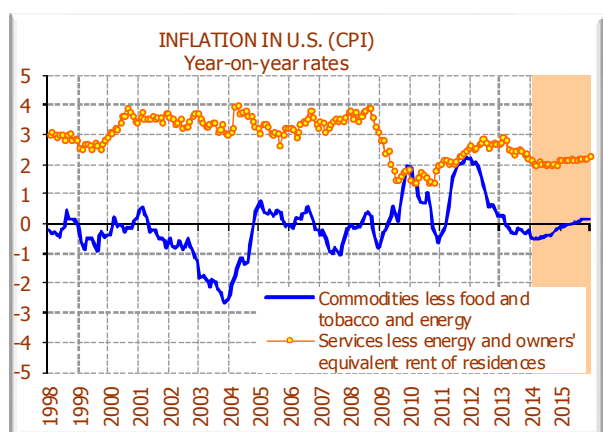
Graph III.2.5



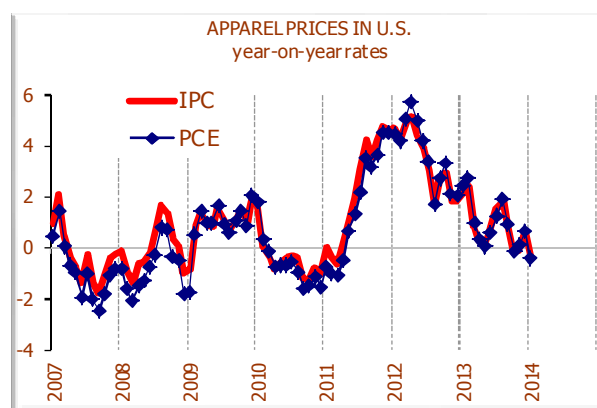
Graph III.2.6



Graph III.2.7



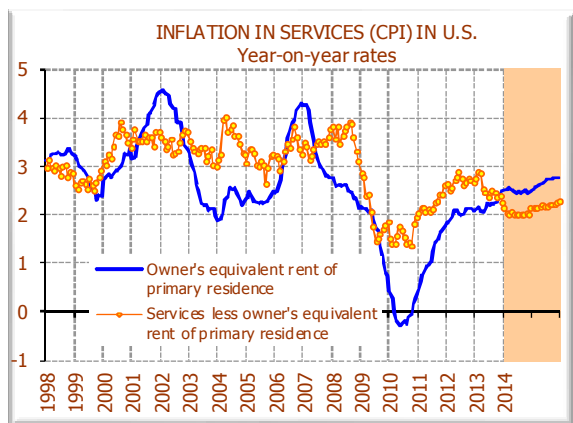
Graph III.2.8



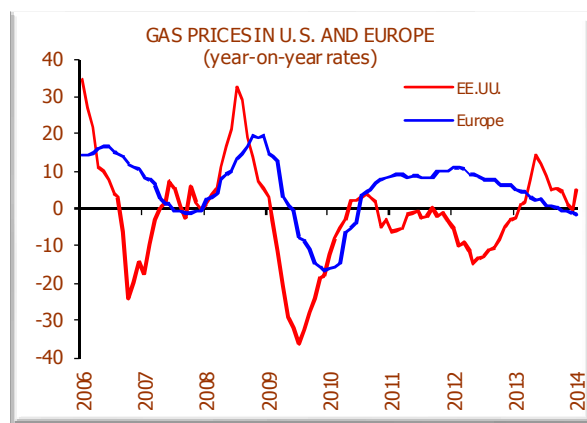
Source: BLS & BIAM
This report: March 3, 2014
Last report: January 31, 2014



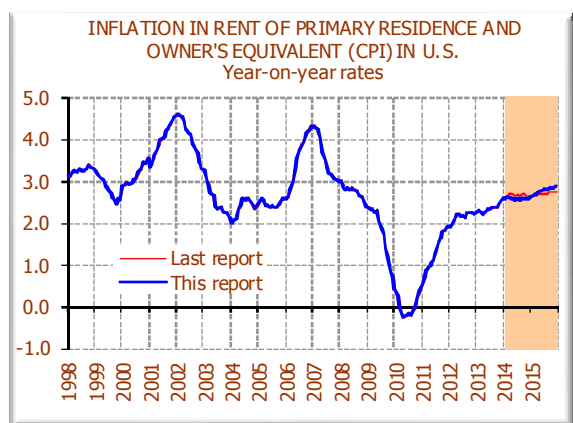
Graph III.2.9



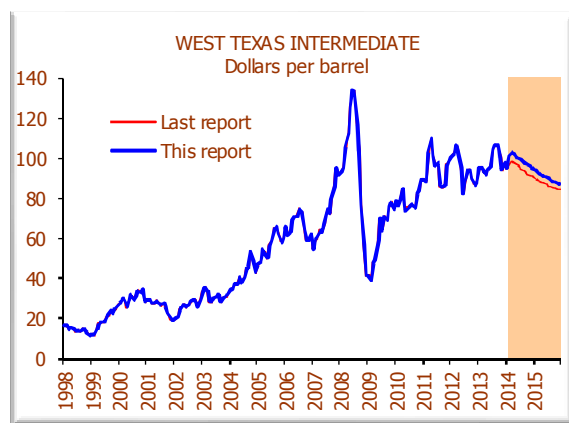
Graph III.2.10



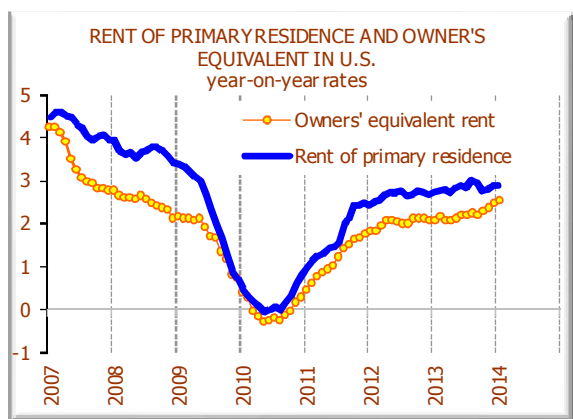
Graph III.2.11



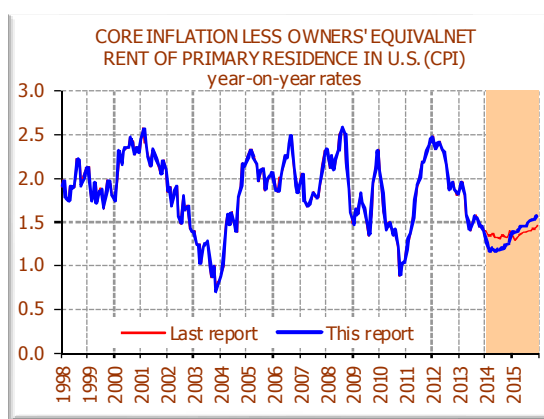
Graph III.2.12



Graph III.2.13



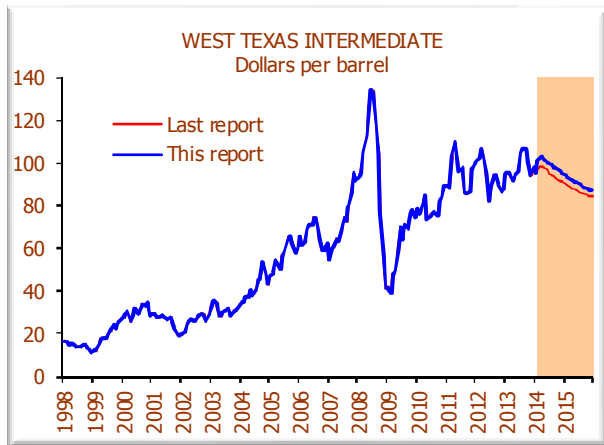
Graph III.2.14



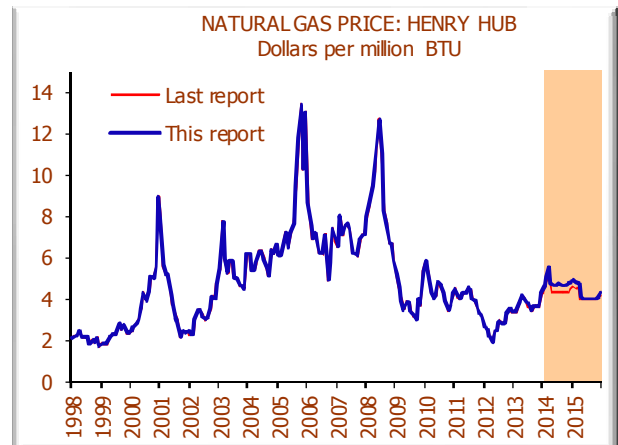
Source: BLS & BIAM
This report: March 3, 2014
Last report: January 31, 2014



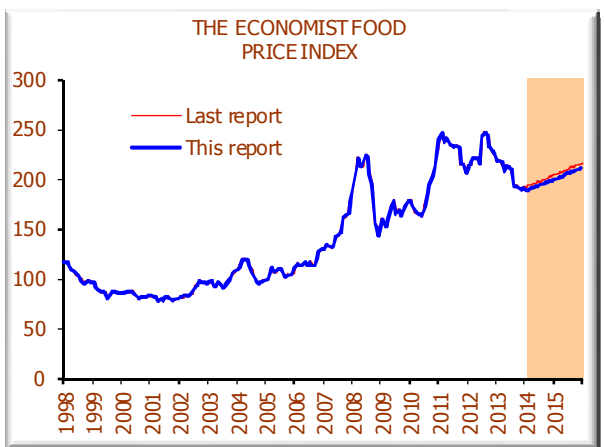
Graph III.2.15



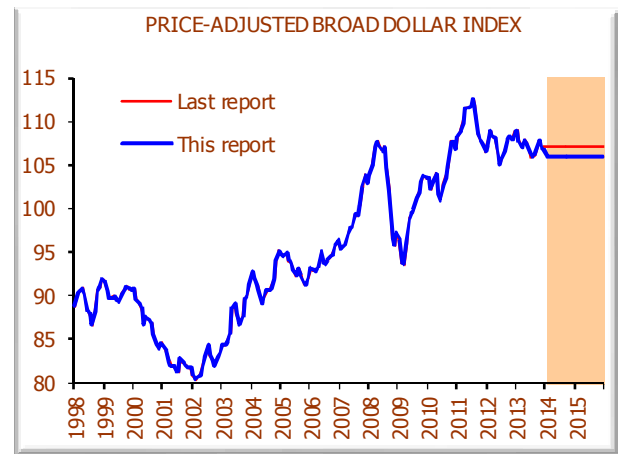
Graph III.2.16



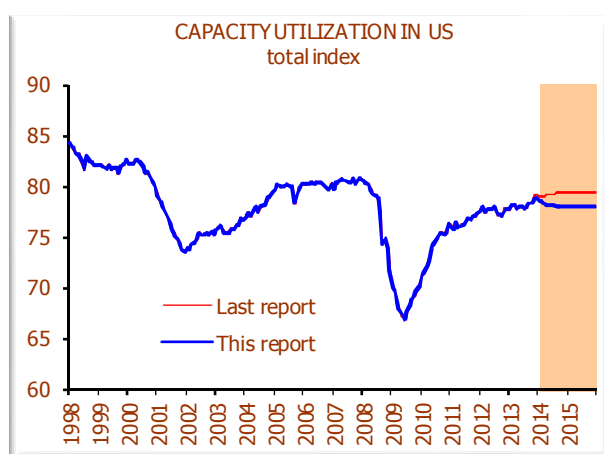
Graph III.2.17



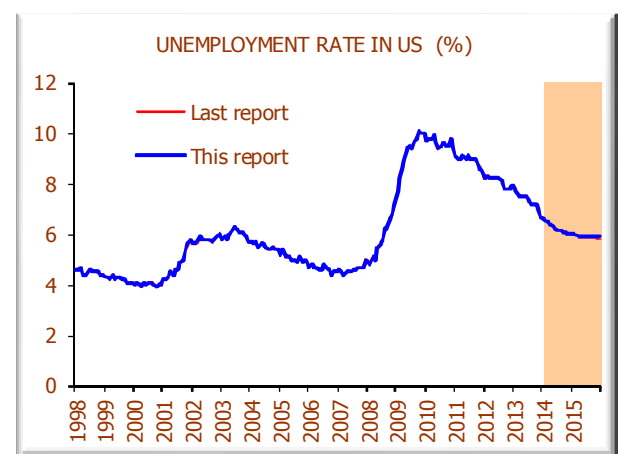
Graph III.2.18



Graph III.2.19



Graph III.2.120



Source: BLS & BIAM

This report: March 3, 2014

Last report: January 31, 2014



Table III.2.2

CONSUMER PRICE INDEX AND COMPONENTS IN USA															CORE	
Annual rates of growth																
		CPI														
		Core						Residual					TOTAL 100%			Confidence Intervals at 80% level
		Non-energy commodities less food			Non-energy services			TOTAL	Confidence Intervals at 80% level	Food	Energy	TOTAL				
		Durables	Non durables	All	Owner's equivalent rent of primary residence	Other services	All									
IR Diciembre '13		9.2%	10.5%	19.7%	22.5%	34.8%	57.4%	77.1%			13.9%	9.0%	22.9%			
	2012	0.2	2.2	1.3	2.0	2.7	2.4	2.1			2.6	0.9	1.9	2.1		
	2013	-0.8	0.6	0.0	2.2	2.5	2.4	1.8			1.4	-0.7	0.5	1.5		
	2014	-1.3	0.7	-0.3	2.5	2.0	2.2	1.59	± 0.46	0.9	0.4	0.7	1.36	± 1.45		
	2015	-0.8	0.9	0.1	2.7	2.2	2.4	1.81	± 0.92	1.6	-4.0	-0.7	1.24	± 1.63		
ANNUAL RATES (growth of the month over the same month of the previous year)	2013	January	-0.5	1.1	0.4	2.1	2.7	2.5	1.9		1.6	-1.0	0.5	1.6		
		February	-0.6	1.1	0.3	2.1	2.9	2.6	2.0		1.6	2.3	1.9	2.0		
		March	-0.6	0.6	0.0	2.1	2.8	2.5	1.9		1.5	-1.6	0.2	1.5		
		April	-0.7	0.5	-0.1	2.1	2.5	2.3	1.7		1.5	-4.3	-0.9	1.1		
		May	-1.0	0.5	-0.2	2.1	2.5	2.3	1.7		1.4	-1.0	0.4	1.4		
		June	-1.1	0.5	-0.2	2.2	2.3	2.3	1.6		1.4	3.2	2.1	1.8		
		July	-1.3	0.7	-0.2	2.2	2.5	2.4	1.7		1.4	4.7	2.8	2.0		
		August	-1.1	0.8	0.0	2.2	2.5	2.4	1.8		1.4	-0.1	0.8	1.5		
		September	-0.6	0.4	-0.1	2.2	2.5	2.4	1.7		1.4	-3.1	-0.5	1.2		
		October	-0.6	0.2	-0.1	2.3	2.4	2.3	1.7		1.3	-4.8	-1.3	1.0		
		November	-0.7	0.2	-0.2	2.4	2.4	2.4	1.7		1.2	-2.4	-0.3	1.2		
		December	-0.77	0.49	-0.08	2.49	2.24	2.34	1.72		1.05	0.46	0.81	1.50		
	2014	January	-0.99	0.21	-0.32	2.52	2.14	2.29	1.62		1.07	2.10	1.48	1.58		
		February	-1.2	0.3	-0.4	2.5	2.0	2.2	1.6	± 0.11	1.0	-2.9	-0.6	1.0	± 0.12	
		March	-1.4	0.6	-0.3	2.6	2.0	2.2	1.6	± 0.18	1.1	-0.5	0.4	1.3	± 0.44	
		April	-1.4	0.6	-0.3	2.5	2.1	2.3	1.6	± 0.25	0.8	1.8	1.2	1.5	± 0.78	
		May	-1.5	0.7	-0.3	2.5	2.0	2.2	1.6	± 0.30	0.9	1.7	1.2	1.5	± 1.10	
		June	-1.5	0.7	-0.3	2.5	2.0	2.2	1.6	± 0.34	0.8	1.2	0.9	1.4	± 1.34	
		July	-1.4	0.6	-0.3	2.5	2.0	2.2	1.6	± 0.38	0.8	0.1	0.5	1.3	± 1.54	
		August	-1.4	0.7	-0.3	2.4	2.0	2.2	1.6	± 0.41	0.8	-0.3	0.3	1.2	± 1.68	
		September	-1.4	0.8	-0.2	2.5	2.0	2.2	1.6	± 0.45	0.9	-0.2	0.4	1.3	± 1.78	
		October	-1.4	0.9	-0.2	2.5	2.0	2.2	1.6	± 0.51	0.9	0.8	0.9	1.4	± 1.87	
		November	-1.3	1.0	-0.1	2.5	2.0	2.2	1.6	± 0.57	0.9	1.5	1.1	1.5	± 1.95	
		December	-1.2	0.9	-0.1	2.5	2.1	2.3	1.7	± 0.63	0.9	-0.1	0.5	1.4	± 2.02	
	2015	January	-1.2	1.0	0.0	2.5	2.2	2.3	1.7	± 0.70	1.1	-2.0	-0.2	1.3	± 2.08	
		February	-1.1	1.0	0.0	2.6	2.1	2.3	1.7	± 0.74	1.2	-2.7	-0.4	1.2	± 2.17	
		March	-1.0	0.9	0.1	2.6	2.1	2.3	1.7	± 0.78	1.2	-4.7	-1.2	1.1	± 2.20	
		April	-0.9	1.0	0.1	2.6	2.2	2.4	1.8	± 0.82	1.5	-4.2	-0.8	1.2	± 2.21	
		May	-0.8	0.9	0.1	2.7	2.2	2.4	1.8	± 0.85	1.5	-4.5	-1.0	1.2	± 2.22	
		June	-0.8	0.9	0.1	2.7	2.2	2.4	1.8	± 0.89	1.6	-4.4	-0.9	1.2	± 2.23	
		July	-0.7	0.9	0.1	2.7	2.2	2.4	1.8	± 0.93	1.7	-4.3	-0.8	1.2	± 2.24	
		August	-0.6	0.9	0.2	2.7	2.2	2.4	1.8	± 0.97	1.7	-4.3	-0.7	1.3	± 2.25	
		September	-0.6	0.9	0.2	2.7	2.2	2.4	1.9	± 1.01	1.8	-4.2	-0.7	1.3	± 2.26	
		October	-0.5	0.9	0.3	2.8	2.2	2.4	1.9	± 1.04	1.8	-4.2	-0.6	1.3	± 2.27	
		November	-0.5	0.9	0.3	2.8	2.2	2.4	1.9	± 1.07	1.9	-4.1	-0.5	1.3	± 2.28	
		December	-0.5	0.9	0.3	2.8	2.3	2.5	1.9	± 1.09	2.0	-4.0	-0.4	1.4	± 2.29	

Source: BLS & BIAM(UC3M)

Date: March 3, 2014



Table III.2.3

CONSUMER PRICE INDEX AND COMPONENTS IN USA													
Monthly rates of growth													
			CPI									TOTAL 100%	
			Core						Residual				
			Non-energy commodities less food			Non-energy services			TOTAL	Food	Energy		TOTAL
			Durables	Non durables	All	Owner's equivalent rent	Other services	All					
IR Diciembre '13			9.2%	10.5%	19.7%	22.5%	34.8%	57.4%	77.1%	13.9%	9.0%	22.9%	
MONTHLY RATES (Growth of the month over the previous month)	January	2012	0.1	0.0	0.0	0.2	0.3	0.3	0.2	0.6	2.0	1.2	0.4
		2013	0.2	0.0	0.1	0.2	0.4	0.3	0.3	0.4	0.5	0.4	0.3
		2014	-0.01	-0.32	-0.17	0.22	0.30	0.27	0.16	0.42	2.14	1.10	0.37
		2015	0.0	-0.2	-0.1	0.2	0.3	0.3	0.2	0.5	0.2	0.4	0.2
	February	2012	0.3	0.6	0.5	0.1	0.3	0.2	0.3	-0.1	2.4	0.9	0.4
		2013	0.3	0.5	0.4	0.2	0.4	0.3	0.4	0.0	5.8	2.3	0.8
		2014	0.04	0.66	0.37	0.17	0.35	0.28	0.30	-0.09	0.62	0.19	0.28
		2015	0.1	0.6	0.4	0.2	0.3	0.3	0.3	0.0	-0.1	0.0	0.2
	March	2012	0.1	1.2	0.7	0.2	0.3	0.3	0.4	0.1	4.5	1.9	0.8
		2013	0.2	0.6	0.4	0.1	0.3	0.2	0.3	0.0	0.6	0.2	0.3
		2014	-0.1	0.9	0.5	0.2	0.2	0.2	0.3	0.1	3.0	1.3	0.5
		2015	0.1	0.9	0.5	0.2	0.2	0.2	0.3	0.2	1.0	0.5	0.3
	April	2012	0.3	0.2	0.3	0.2	0.3	0.2	0.2	0.2	0.8	0.5	0.3
		2013	0.2	0.2	0.2	0.2	0.0	0.0	0.1	0.2	-1.9	-0.7	-0.1
		2014	0.2	0.2	0.2	0.1	0.1	0.1	0.1	-0.1	0.4	0.1	0.1
		2015	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.8	0.4	0.2
	May	2012	0.3	-0.3	0.0	0.1	0.3	0.2	0.1	0.0	-2.1	-0.9	-0.1
		2013	0.1	-0.3	-0.2	0.2	0.2	0.2	0.1	-0.1	1.2	0.4	0.2
		2014	0.0	-0.2	-0.1	0.1	0.1	0.1	0.1	0.0	1.1	0.5	0.2
		2015	0.1	-0.2	-0.1	0.2	0.2	0.2	0.1	0.1	0.8	0.3	0.1
	June	2012	0.2	-0.5	-0.2	0.1	0.3	0.2	0.1	0.1	-2.5	-1.0	-0.1
		2013	0.0	-0.5	-0.3	0.2	0.2	0.2	0.1	0.1	1.7	0.8	0.2
		2014	0.0	-0.4	-0.2	0.1	0.2	0.2	0.1	0.0	1.2	0.5	0.2
		2015	0.1	-0.5	-0.2	0.2	0.2	0.2	0.1	0.1	1.3	0.5	0.2
	July	2012	0.0	-0.7	-0.4	0.2	0.1	0.1	0.0	0.0	-1.7	-0.7	-0.2
		2013	-0.2	-0.5	-0.3	0.2	0.2	0.2	0.1	0.1	-0.2	0.0	0.0
		2014	-0.1	-0.6	-0.3	0.2	0.2	0.2	0.1	0.1	-1.3	-0.5	-0.1
		2015	0.0	-0.6	-0.3	0.2	0.2	0.2	0.1	0.1	-1.2	-0.4	0.0
	August	2012	-0.4	0.4	0.0	0.3	0.1	0.2	0.1	0.2	4.3	1.9	0.6
		2013	-0.2	0.5	0.1	0.3	0.2	0.2	0.2	0.2	-0.5	-0.1	0.1
		2014	-0.2	0.5	0.2	0.3	0.2	0.2	0.2	0.2	-1.0	-0.3	0.1
		2015	-0.1	0.5	0.2	0.3	0.2	0.2	0.2	0.3	-0.9	-0.2	0.1
	September	2012	-0.8	1.4	0.4	0.2	0.2	0.2	0.3	0.1	2.4	1.0	0.4
		2013	-0.3	1.0	0.4	0.2	0.1	0.2	0.2	0.0	-0.6	-0.2	0.1
		2014	-0.4	1.1	0.4	0.2	0.1	0.2	0.2	0.1	-0.5	-0.1	0.2
		2015	-0.4	1.1	0.4	0.3	0.1	0.2	0.3	0.2	-0.4	-0.1	0.2
	October	2012	-0.4	0.7	0.2	0.2	0.2	0.2	0.2	0.2	-2.3	-0.8	0.0
		2013	-0.3	0.4	0.1	0.3	0.1	0.2	0.2	0.1	-4.0	-1.6	-0.3
		2014	-0.2	0.5	0.2	0.3	0.2	0.2	0.2	0.1	-3.0	-1.1	-0.1
		2015	-0.2	0.5	0.2	0.3	0.2	0.2	0.2	0.2	-3.0	-1.0	-0.1
	November	2012	-0.2	-0.5	-0.4	0.2	0.1	0.1	0.0	0.0	-4.6	-1.9	-0.5
		2013	-0.3	-0.5	-0.4	0.3	0.1	0.2	0.0	-0.1	-2.3	-1.0	-0.2
		2014	-0.2	-0.4	-0.3	0.3	0.1	0.2	0.0	-0.1	-1.7	-0.7	-0.1
		2015	-0.2	-0.4	-0.3	0.3	0.1	0.2	0.0	-0.1	-1.6	-0.6	-0.1
	December	2012	-0.1	-1.2	-0.7	0.1	0.1	0.1	-0.1	0.2	-2.3	-0.8	-0.3
		2013	-0.2	-0.9	-0.6	0.3	0.0	0.1	-0.1	0.1	0.6	0.3	0.0
		2014	-0.1	-1.0	-0.6	0.3	0.1	0.2	0.0	0.1	-1.0	-0.3	-0.1
		2015	-0.1	-1.0	-0.6	0.3	0.1	0.2	0.0	0.2	-0.8	-0.2	-0.1

Source: BLS & BIAM(UC3M)

Date: March 3, 2014



IV. SPAIN

Our Spanish GDP forecasts have improved based on growing investments.

In line with this month's innovations, Spanish IPI forecasts have improved, increasing the differential with the euro area for 2015, favourable for Spanish industry, to 0.6 pp.

The February CPI forecast has been reduced by 0.2 pp to a year-on-year rate of -0.1% (± 0.18).

Table IV.1

MAIN VARIABLES AND INDICATORS IN SPAIN						
Annual average rates						
		2010	2011	2012	Forecasts	Forecasts
						2014 2015
GDP mp. ¹		-0.2	0.1	-1.6	-1.2	0.9 1.6 (± 1.1) (± 1.7)
Demand	Final consumption private	0.2	-1.2	-2.8	-2.1	1.5 1.8
	Final consumption public	1.5	-0.5	-4.8	-2.3	-3.4 -0.5
	Gross fixed capital formation	-5.5	-5.4	-7.0	-5.1	0.3 1.3
	Tangible fixed assets	-6.4	-6.3	-7.8	-5.5	-0.1 1.0
	Construction	-9.9	-10.8	-9.7	-9.6	-4.8 -1.8
	Capital goods and grown assets	4.3	5.3	-3.9	2.2	7.7 5.8
	Contribution domestic demand*	-0.3	-1.8	-4.1	-2.7	0.3 1.2
	Exports of goods and services	11.7	7.6	2.1	4.9	6.3 6.4
	Imports of goods and services	9.3	-0.1	-5.7	0.4	4.7 5.7
		0.1	1.9	2.5	1.5	0.7 0.4
Supply GVA	Agriculture, livestock breeding, forestry,...	1.9	5.6	-10.9	1.1	3.1 0.3
	Industry	7.1	2.7	-0.5	-1.2	1.5 2.6
	Manufacturing Industry	4.6	1.3	-1.1	-0.9	1.6 3.0
	Construction	-16.5	-9.0	-8.6	-7.7	-3.3 -1.7
	Services	1.2	1.4	-0.3	-0.5	1.8 2.2
	Market services	0.8	1.6	-0.2	-0.5	2.3 2.7
	Public administration, health and educ.	2.4	1.1	-0.5	-0.6	0.1 0.5
	Taxes	-0.6	-6.1	-4.9	-1.2	-3.3 -1.3
Prices CPI ²						
Total		1.8	3.2	2.4	1.4	0.5 1.1 (± 0.9) (± 1.4)
Core		0.6	1.7	1.6	1.4	0.3 1 (± 0.5) (± 0.9)
dec / dec		3.0	2.4	2.9	0.3	0.8 0.9
Industrial production index (excluding construction) ⁴		0.9	-2.0	-6.4	-1.8	1.3 3.3 (± 2) (± 3)
ECONOMICALLY ACTIVE POPULATION SURVEY ³						
Employed		-2.3	-1.9	-4.5	-3.1	0.1 1.3
Agriculture		0.9	-4.1	-0.9	-1.1	-1.8 -0.6
Industry		-5.9	-2.1	-4.9	-5.7	-2.8 -0.9
Construction		-12.6	-15.6	-17.6	-11.4	-5.7 -2.4
Services		-0.3	0.0	-3.3	-2.0	1.3 2.0
Active		0.2	0.1	-0.2	-1.3	-0.9 -0.2
Unemployment rate		20.1	21.6	25.0	26.4	25.6 24.5

The figures in the shaded area are forecasts

(1) Data adjusted for seasonality and working days effect

(1) In brackets are 80% confidence intervals

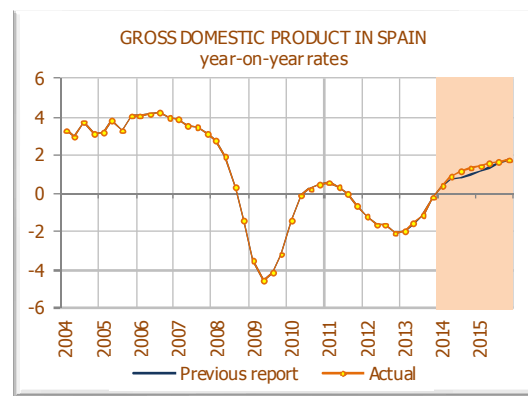
Source: INE & BIAM(UC3M)

Dates: (1) February 27, 2014

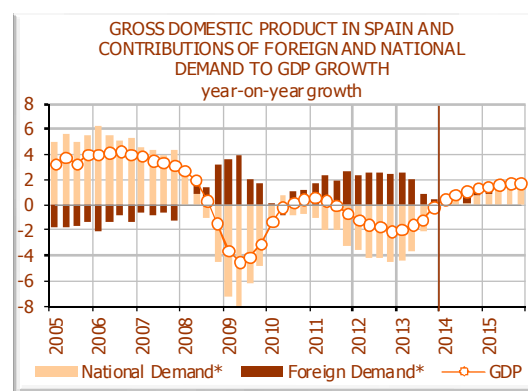
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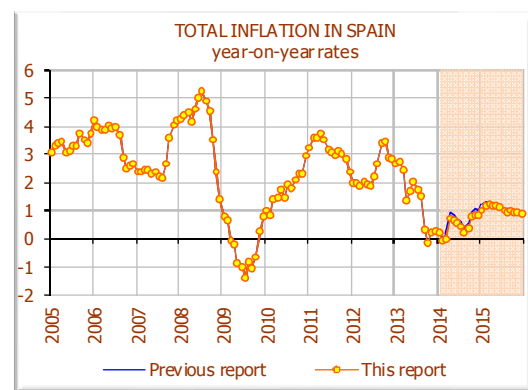
Graph IV.1



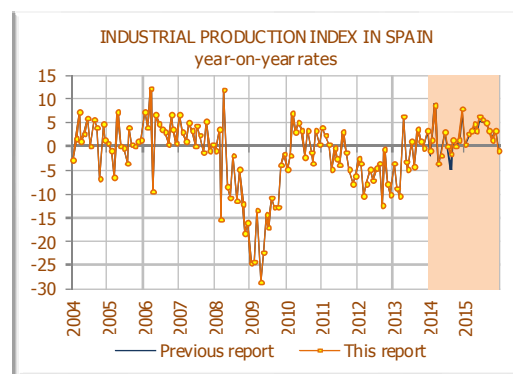
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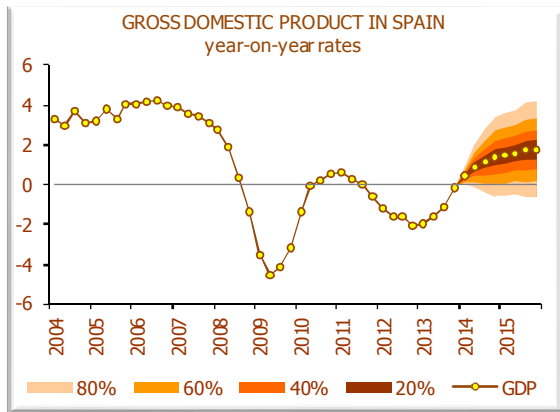
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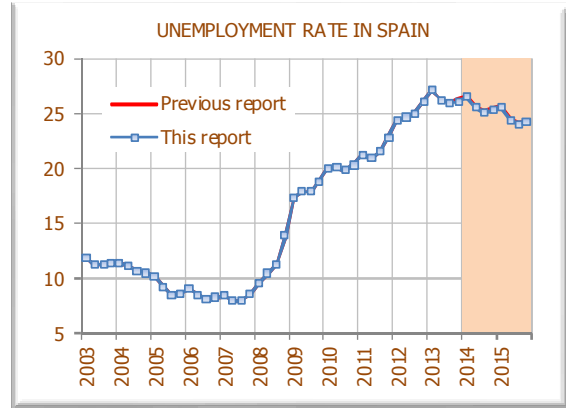
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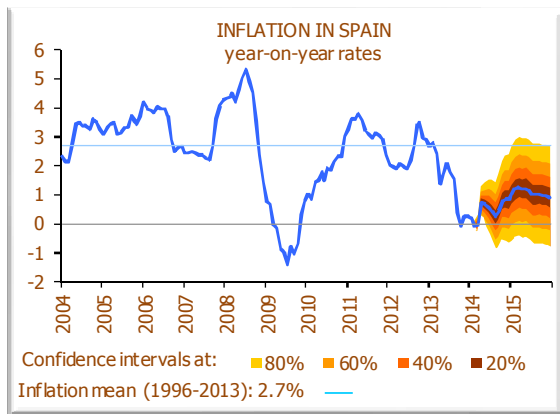
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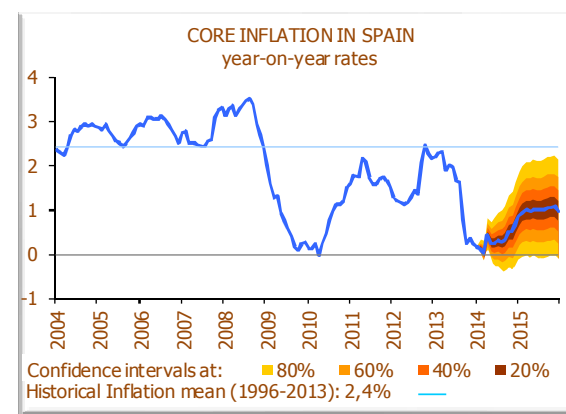
Graph IV.6



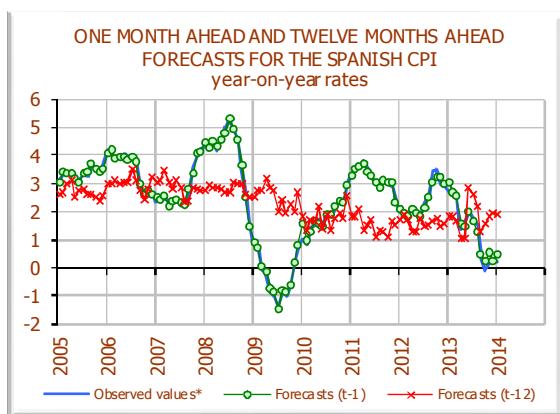
Graph IV.7



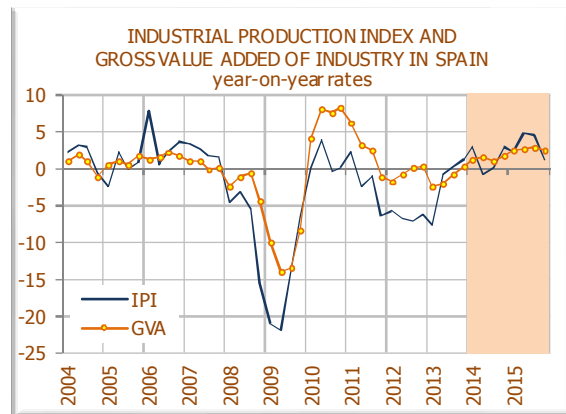
Graph IV.8



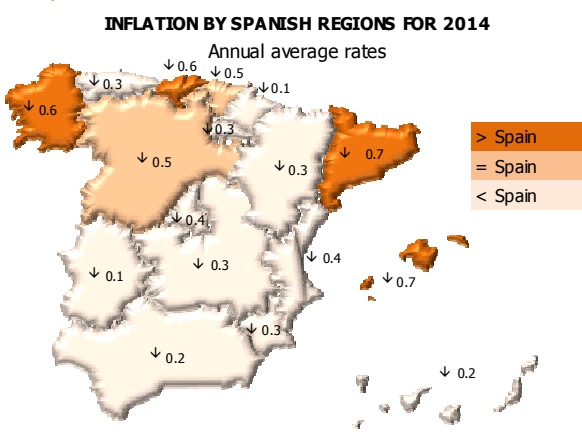
Graph IV.9



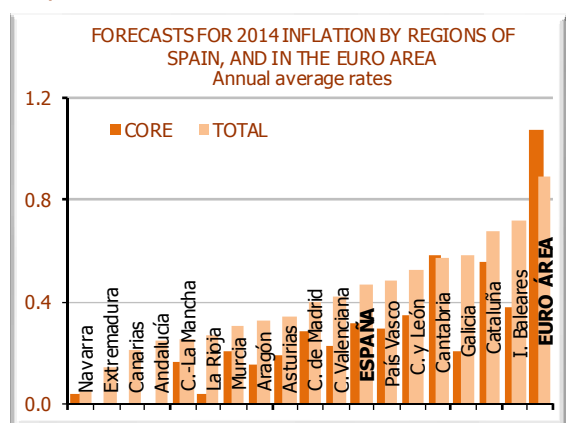
Graph IV.10



Graph IV.11



Graph IV.12



IV.1. MACROECONOMIC FORECASTS

The Spanish economy grew by 0.2% in the last quarter of last year, accumulating two quarters with positive GDP growth. However, this did not compensate for the economic decline registered in the previous quarters so 2013 ended with an average annual growth rate of -1.2%.

This growth at the end of 2013 was largely due to foreign demand, basically tourism, which ended the year with 15.8 million visitors, 1.5 million more than in 4Q12.

Foreign demand contributed 0.4 pp to quarterly GDP growth. On average in 2013, exports of goods and services grew by 4.9%, while the contribution of foreign demand was 1.5 percentage points.

With regard to domestic demand aggregates, private consumption grew again by a quarterly 0.5%, the same as in 3Q13, (annual average of -2.1). Investment grew by 0.7%, ending the year with an average rate of -5.1%. However, public consumption fell considerably by 3.9%, enabling the government to end the year meeting its objective as anticipated on the macroeconomic table (2.3%) in the 2014 budget.

As a result, the contribution of domestic demand to GDP growth was negative in the last quarter, 0.5 pp, and on average for the year, 2.7 pp.

Our growth forecasts for 2014 and 2015 are 0.9% (± 1.1) and 1.6% (± 1.7), respectively.

Positive signs, although moderate, have been seen at the beginning of this year.

New car registrations, encouraged by the PIVE Plan, grew again in January. The annual rates of variation have increased progressively to close to 30%.

SS contributors grew in February for the first time since July 2010, by 0.38%, partly due to the good agricultural campaign.

The tourist sector ended the winter season with growth rates of more than 10%, with a record number of visitors in 2013, 60 million. It would appear that this situation will continue in the short term, so tourism will be a growth factor in the next few months.

The same can be said of the IPI. According to the December figure, the series, uncorrected for seasonality, grew by a year-on-year rate of 3.5%. We have seen a moderate growth trend in the last few months, and now expect an average IPI growth rate of 1.3% (± 2) in 2014.

There are other variables, however, which suggest caution with regards to the scope and intensity of these positive tendencies.

On the one hand, what jobs will be created in 2014? Will private consumption recover? These questions both affect domestic demand.

On the other, there are doubts about European growth this year. As this economic area is the destination of most of our exports, this could hinder faster growth.

With current growth expectations, the Spanish GDP will grow very slowly, and will not register quarterly rates of more than 0.5% until the end of the forecasting period. At this rate, Spain will not register pre-crisis GDP growth until after the third quarter of 2018.



Table IV.1.1

GROSS DOMESTIC PRODUCT IN SPAIN (*)								
			Annual average rates			Q-o-Q rates		
			2013	2014	2015	III-13	IV-13	I-14
Final consumption		Private	-2.1	1.5	1.8	0.5	0.5	0.4
		Public	-2.3	-3.4	-0.5	0.6	-3.9	0.4
Gross fixed capital formation	Tangible fixed assets	Construction	-9.6	-4.8	-1.8	-0.9	-0.1	-2.1
		Capital goods and grown assets	2.2	7.7	5.8	2.4	1.7	2.1
			-5.5	-0.1	1.0	0.3	0.6	-0.5
			-5.1	0.3	1.3	0.7	0.7	-0.3
Contribution of domestic demand			-2.7	0.3	1.2	0.5	-0.3	0.2
Exports of goods and services			4.9	6.3	6.4	0.6	0.8	0.9
Imports of goods and services			0.4	4.7	5.7	2.1	-0.6	0.8
Contribution of foreign demand			1.5	0.7	0.4	-0.5	0.4	0.1
Real GDP			-1.2	0.9 (±1.1)	1,6 (±1,7)	0.1	0.2	0.3

* In brackets are 80% confidence intervals

Source: INE & BIAM (UC3M)

Date: February 27, 2014

Table IV.1.2

INDUSTRIAL PRODUCTION INDEX IN SPAIN				
Annual average rates				
	2012	2013	2014	2015
Consumption	-4.8	-2.2	1.2	2.0
Durable	-13.6	-12.1	-4.1	3.2
Non-durable	-3.9	-1.3	1.7	1.9
Capital	-11.0	1.1	2.7	6.2
Intermedite	-8.9	-2.7	1.0	3.8
Energy	0.9	-2.7	0.4	0.9
TOTAL	-6.4	-1.8	1.3 (±2)	3.3 (±3)
GVA Industry	-0.5	-1.2	1.5	2.6

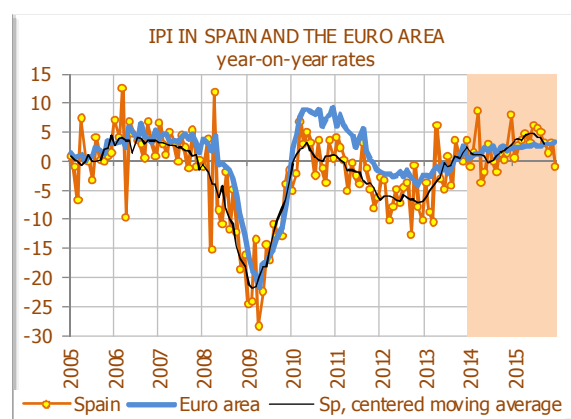
Table IV.1.3

CHANGE IN THE FORECASTS FOR IP IN SPAIN				
Average annual rate, 2014				
	Forecasts with observed data till:			
	Nov-13	Dec-13	Change	
Durable consumption	-4.3	-4.1	0.1	↑
Non-durable consumption	2.1	1.7	-0.5	↓
Total consumption	0.2	1.2	1.0	↑
Equipment	3.3	2.7	-0.6	↓
Intermediate	1.0	1.0	0.0	↓
Energy	0.5	0.4	0.0	↓
TOTAL	0.73	1.31	0.6	↑

Source: INE & BIAM (UC3M)

Date: February 20, 2014

Graph IV.1.1



Source: INE, EUROSTAT & BIAM (UC3M)

Date: February 20, 2014



GROSS DOMESTIC PRODUCT IN THE SPAIN: DEMAND

Table IV.1.4

GROSS DOMESTIC PRODUCT IN SPAIN													
		Final Consumption		Gross Fixed Capital Formation				Domestic Demand (1)	Exports of goods and services	Imports of goods and services	Foreign Demand (1)	Real GDP (2)	
				Tangible fixed assets									
		Private	Public	Construc- tion	Capital goods and grown assets								
ANNUAL AVERAGE RATES	2009	-3.7	3.7	-16.6	-23.9	-18.5	-18.0	-6.9	-10.0	-17.2	3.1	-3.8	
	2010	0.2	1.5	-9.9	4.3	-6.4	-5.5	-0.3	11.7	9.3	0.1	-0.2	
	2011	-1.2	-0.5	-10.8	5.3	-6.3	-5.4	-1.8	7.6	-0.1	1.9	0.1	
	2012	-2.8	-4.8	-9.7	-3.9	-7.8	-7.0	-4.1	2.1	-5.7	2.5	-1.6	
	2013	-2.1	-2.3	-9.6	2.2	-5.5	-5.1	-2.7	4.9	0.4	1.5	-1.2	
	2014	1.5	-3.4	-4.8	7.7	-0.1	0.3	0.3	6.3	4.7	0.7	0.9 (±1.1)	
	2015	1.8	-0.5	-1.8	5.8	1.0	1.3	1.2	6.4	5.7	0.4	1.6 (±1.7)	
Y-o-Y RATES	2012	I	-1.8	-4.9	-8.6	-2.9	-6.8	-6.0	-3.5	0.1	-6.9	2.2	-1.2
		II	-3.1	-4.4	-9.3	-4.3	-7.6	-6.9	-4.2	0.5	-7.7	2.6	-1.6
		III	-2.8	-4.9	-10.9	-3.8	-8.6	-7.5	-4.2	3.3	-4.6	2.5	-1.7
		IV	-3.5	-5.0	-10.0	-4.8	-8.3	-7.7	-4.5	4.4	-3.5	2.5	-2.1
	2013	I	-4.2	-2.3	-9.8	-4.1	-7.9	-7.2	-4.5	2.9	-4.9	2.5	-1.9
		II	-3.0	-3.4	-10.1	1.7	-6.1	-5.8	-3.7	9.5	3.2	2.1	-1.6
		III	-1.7	0.2	-9.8	2.2	-5.6	-5.3	-2.1	3.5	0.6	1.0	-1.1
		IV	0.7	-3.5	-8.6	9.5	-2.5	-1.7	-0.5	3.7	2.7	0.4	-0.2
	2014	I	1.5	-4.1	-7.5	10.8	-1.1	-0.8	0.0	9.5	8.5	0.4	0.4 (±0.4)
		II	1.7	-3.2	-4.3	7.5	0.1	0.9	0.6	4.0	3.1	0.3	0.9 (±0.9)
		III	1.5	-4.9	-3.4	6.6	0.4	0.8	0.2	5.5	2.6	1.0	1.1 (±1.3)
		IV	1.5	-1.1	-3.7	6.2	0.1	0.5	0.8	6.3	4.8	0.5	1.4 (±1.6)
	2015	I	1.6	-1.2	-2.4	5.6	0.6	1.0	0.9	6.7	5.3	0.5	1.4 (±1.7)
		II	1.8	-1.1	-1.4	5.9	1.4	1.6	1.3	6.7	5.9	0.3	1.6 (±1.7)
		III	1.9	0.1	-1.6	5.9	1.2	1.5	1.5	6.1	5.7	0.2	1.7 (±1.9)
		IV	1.9	0.3	-2.0	5.9	0.9	1.3	1.6	6.1	5.7	0.2	1.7 (±1.9)

Table IV.1.5

GROSS DOMESTIC PRODUCT IN SPAIN													
		Final Consumption		Gross Fixed Capital Formation				Domestic Demand (1)	Exports of goods and services	Imports of goods and services	Foreign Demand (1)	Real GDP (2)	
				Tangible fixed assets									
		Private	Public	Construc- tion	Capital goods and grown assets								
ANNUAL AVERAGE RATES	2009	-3.7	3.7	-16.6	-23.9	-18.5	-18.0	-6.9	-10.0	-17.2	3.1	-3.8	
	2010	0.2	1.5	-9.9	4.3	-6.4	-5.5	-0.3	11.7	9.3	0.1	-0.2	
	2011	-1.2	-0.5	-10.8	5.3	-6.3	-5.4	-1.8	7.6	-0.1	1.9	0.1	
	2012	-2.8	-4.8	-9.7	-3.9	-7.8	-7.0	-4.1	2.1	-5.7	2.5	-1.6	
	2013	-2.1	-2.3	-9.6	2.2	-5.5	-5.1	-2.7	4.9	0.4	1.5	-1.2	
	2014	1.5	-3.4	-4.8	7.7	-0.1	0.3	0.3	6.3	4.7	0.7	0.9 (±1.1)	
	2015	1.8	-0.5	-1.8	5.8	1.0	1.3	1.2	6.4	5.7	0.4	1.6 (±1.7)	
Q-o-Q RATES	2012	I	0.2	-1.8	-3.5	0.1	-2.4	-1.7	-0.5	-3.1	-3.3	0.1	-0.4
		II	-1.1	0.0	-4.2	-1.8	-3.4	-3.3	-1.4	0.6	-2.2	0.9	-0.5
		III	-0.7	-3.0	-1.3	1.9	-0.2	0.2	-0.9	6.5	4.6	0.5	-0.4
		IV	-2.0	-0.3	-1.3	-5.0	-2.6	-3.0	-1.8	0.6	-2.6	1.0	-0.8
	2013	I	-0.4	1.0	-3.3	0.9	-1.9	-1.2	-0.3	-4.5	-4.6	0.0	-0.3
		II	0.1	-1.1	-4.6	4.2	-1.5	-1.9	-0.5	7.0	6.1	0.3	-0.1
		III	0.5	0.6	-0.9	2.4	0.3	0.7	0.5	0.6	2.1	-0.5	0.1
		IV	0.5	-3.9	-0.1	1.7	0.6	0.7	-0.3	0.8	-0.6	0.4	0.2
	2014	I	0.4	0.4	-2.1	2.1	-0.5	-0.3	0.2	0.9	0.8	0.1	0.3
		II	0.2	-0.2	-1.3	1.1	-0.3	-0.2	0.1	1.6	0.9	0.3	0.3
		III	0.4	-1.3	0.0	1.5	0.6	0.7	0.1	2.1	1.5	0.2	0.3
		IV	0.5	0.0	-0.4	1.4	0.3	0.4	0.4	1.5	1.6	0.0	0.4
	2015	I	0.4	0.3	-0.7	1.5	0.0	0.1	0.3	1.3	1.3	0.1	0.4
		II	0.5	-0.1	-0.2	1.4	0.4	0.5	0.4	1.6	1.4	0.1	0.4
		III	0.4	-0.1	-0.2	1.4	0.4	0.5	0.3	1.6	1.3	0.1	0.5
		IV	0.6	0.2	-0.7	1.4	0.1	0.2	0.5	1.5	1.6	0.0	0.5

Data adjusted for seasonality and working days effect

*The figures in the shaded area are forecasts

(1) Contribution to GDP growth

(2) In brackets are 80% confidence intervals

Quarter-on-quarter rates

Source: INE & BIAM(UC3M)

Date: February 27, 2014



GROSS DOMESTIC PRODUCT IN THE SPAIN: SUPPLY

Table IV.1.6

GROSS DOMESTIC PRODUCT IN SPAIN											
		Agriculture, livestoch breeding, forestry...	Industry		Construction	Services			Taxes	Real GDP *	
			Manufacturing industry			Market services	Public administration, ...				
ANNUAL AVERAGE RATES	2009	-3.3	-12.3	-11.4	-8.2	-1.9	2.3	-0.8	-5.4	-3.8	
	2010	1.9	4.6	7.1	-16.5	0.8	2.4	1.2	-0.6	-0.2	
	2011	5.6	1.3	2.7	-9.0	1.6	1.1	1.4	-6.1	0.1	
	2012	-10.9	-1.1	-0.5	-8.6	-0.2	-0.5	-0.3	-4.9	-1.6	
	2013	1.1	-0.9	-1.2	-7.7	-0.5	-0.6	-0.5	-1.2	-1.2	
	2014	3.1	1.6	1.5	-3.3	2.3	0.1	1.8	-3.3	0.9 (±1.1)	
	2015	0.3	3.0	2.6	-1.7	2.7	0.5	2.2	-1.3	1,6 (±1,7)	
Y-o-Y RATES	2012	I	-6.9	-2.8	-1.7	-9.1	0.8	0.4	0.7	-5.0	-1.2
		II	-12.6	-1.8	-0.7	-8.6	-0.1	-0.1	-0.1	-4.7	-1.6
		III	-11.2	0.1	0.2	-8.7	-0.1	-1.3	-0.4	-4.9	-1.7
		IV	-12.7	0.1	0.4	-7.7	-1.1	-1.1	-1.1	-5.1	-2.1
	2013	I	-4.1	-2.5	-2.5	-7.0	-1.6	0.4	-1.1	-2.0	-1.9
		II	3.9	-1.2	-2.1	-8.3	-0.6	-2.0	-0.9	-1.0	-1.6
		III	0.9	-0.8	-0.8	-7.8	-0.5	-0.8	-0.6	-0.8	-1.1
		IV	4.1	1.2	0.3	-7.7	0.8	-0.2	0.5	-1.2	-0.2
	2014	I	4.4	1.3	1.4	-6.0	1.8	-0.4	1.3	-3.3	0,4 (±0,4)
		II	3.1	1.3	1.5	-2.6	2.1	0.7	1.7	-4.5	0,9 (±0,9)
		III	4.3	1.5	1.2	-2.3	2.6	0.0	1.9	-3.2	1.1 (±1.3)
		IV	0.8	2.3	1.8	-2.3	2.9	0.1	2.2	-2.3	1.4 (±1.6)
	2015	I	0.2	2.8	2.4	-2.4	2.7	0.3	2.1	-1.6	1.4 (±1.7)
		II	0.2	3.1	2.7	-1.8	2.7	0.2	2.1	-1.0	1.6 (±1.7)
		III	0.4	3.4	2.9	-1.3	2.7	0.7	2.2	-1.2	1.7 (±1.9)
		IV	0.5	2.8	2.5	-1.3	2.8	1.0	2.4	-1.4	1.7 (±1.9)

Table IV.1.7

GROSS DOMESTIC PRODUCT IN SPAIN											
		Agriculture, livestoch breeding, forestry...	Industry		Construction	Services			Taxes	Real GDP *	
			Manufacturing industry			Market services	Public administration, ...				
ANNUAL AVERAGE RATES	2009	-3.3	-12.3	-11.4	-8.2	-1.9	2.3	-0.8	-5.4	-3.8	
	2010	1.9	4.6	7.1	-16.5	0.8	2.4	1.2	-0.6	-0.2	
	2011	5.6	1.3	2.7	-9.0	1.6	1.1	1.4	-6.1	0.1	
	2012	-10.9	-1.1	-0.5	-8.6	-0.2	-0.5	-0.3	-4.9	-1.6	
	2013	1.1	-0.9	-1.2	-7.7	-0.5	-0.6	-0.5	-1.2	-1.2	
	2014	3.1	1.6	1.5	-3.3	2.3	0.1	1.8	-3.3	0.9 (±1.1)	
	2015	0.3	3.0	2.6	-1.7	2.7	0.5	2.2	-1.3	1,6 (±1,7)	
Q-o-Q RATES	2012	I	-8.4	3.3	2.1	-2.7	0.5	-2.5	-0.3	-1.9	-0.4
		II	-6.4	-0.6	0.1	-3.0	-0.6	1.3	-0.1	-0.7	-0.5
		III	1.7	-0.4	-0.7	-1.8	0.0	-0.1	0.0	-1.8	-0.4
		IV	0.1	-2.0	-1.1	-0.5	-1.0	0.1	-0.7	-0.8	-0.8
	2013	I	0.6	0.6	-0.8	-1.9	0.0	-1.0	-0.2	1.3	-0.3
		II	1.5	0.8	0.6	-4.3	0.4	-1.1	0.1	0.3	-0.1
		III	-1.3	-0.1	0.6	-1.3	0.1	1.1	0.4	-1.6	0.1
		IV	3.3	-0.1	0.0	-0.4	0.2	0.8	0.4	-1.2	0.2
	2014	I	0.9	0.6	0.3	-0.1	1.0	-1.2	0.5	-0.9	0.3
		II	0.2	0.8	0.7	-0.9	0.7	-0.1	0.5	-0.9	0.3
		III	-0.1	0.2	0.3	-0.9	0.6	0.4	0.6	-0.2	0.3
		IV	-0.2	0.7	0.5	-0.5	0.5	1.0	0.6	-0.3	0.4
	2015	I	0.3	1.2	1.0	-0.2	0.9	-1.0	0.4	-0.2	0.4
		II	0.2	1.0	0.9	-0.3	0.7	-0.2	0.5	-0.2	0.4
		III	0.0	0.5	0.4	-0.3	0.6	0.9	0.7	-0.5	0.5
		IV	-0.1	0.1	0.1	-0.4	0.6	1.3	0.8	-0.5	0.5

Data adjusted for seasonality and working days effect

The figures in the shaded area are forecasts

(1) Contribution to GDP growth

(2) In brackets are 80% confidence intervals

Quarter-on-quarter rates

Source: INE & BIAM(UC3M)

Date: February 27, 2014



INDUSTRIAL PRODUCTION INDEX IN SPAIN

Table IV.1.8

INDUSTRIAL PRODUCTION INDEX AND SECTORS IN SPAIN										
Y-o-Y rates										
		Consumer Goods						Total excluding energy	TOTAL *	
		Durable	Non Durable	Total	Capital Goods	Intermediate Goods	Energy			
ANNUAL AVERAGE RATES	2009	-28.3	-5.5	-8.8	-22.5	-21.3	-8.6	-17.4	-16.2	
	2010	-7.4	1.9	0.9	-3.3	2.7	2.5	2.4	0.9	
	2011	-11.4	-0.9	-2.0	0.1	-2.7	-2.9	18.6	-2.0	
	2012	-13.6	-3.9	-4.8	-11.0	-8.9	0.9	-7.4	-6.4	
	2013	-12.1	-1.3	-2.2	1.1	-2.7	-2.7	-1.6	-1.8	
	2014	-4.1	1.7	1.2	2.7	1.0	0.4	1.0	1.3 (±2)	
	2015	3.2	1.9	2.0	6.2	3.8	0.9	3.8	3,3 (±3)	
Y-o-Y RATES	2012	I	-12.6	-2.5	-3.5	-9.4	-8.5	0.4	0.4	-5.6
		II	-14.3	-2.1	-3.4	-12.5	-9.4	0.9	0.9	-6.6
		III	-14.3	-5.6	-6.4	-13.1	-9.2	1.5	1.5	-7.1
		IV	-13.2	-5.2	-6.0	-9.0	-8.4	1.0	1.0	-6.1
	2013	I	-18.1	-6.5	-7.5	-6.7	-9.4	-5.9	-5.9	-7.6
		II	-12.2	-0.8	-1.8	3.5	-1.4	-2.7	-2.7	-0.8
		III	-8.1	0.8	0.0	2.9	-0.2	-0.9	-0.9	0.3
		IV	-9.6	1.7	0.8	5.0	1.2	-1.1	-1.1	1.4
	2014	I	-4.0	3.7	3.0	4.6	2.4	2.4	2.4	3.0
		II	-6.1	-0.8	-1.3	-0.1	-1.3	0.1	0.1	-0.8
		III	-7.6	0.8	0.2	2.5	0.4	-2.8	-2.8	0.1
		IV	1.2	3.2	3.1	4.0	2.7	2.3	2.3	3.0
	2015	I	1.6	1.3	1.3	4.8	2.6	0.6	0.6	2.3
		II	5.2	4.0	4.0	7.9	5.2	1.4	1.4	4.8
		III	6.1	3.4	3.6	8.4	5.5	1.4	1.4	4.7
		IV	0.3	-0.7	-0.6	3.9	2.0	0.2	0.2	1.3

Table IV.1.9

INDUSTRIAL PRODUCTION INDEX IN SPAIN							
y-o-y rates							
	2009	2010	2011	2012	2013	2014	2015
January	-24.5	-5.0	4.0	-2.6	-3.6	-1.0	0.6
February	-24.2	-2.0	2.5	-3.4	-8.8	1.5	2.8
March	-13.5	6.8	0.4	-10.3	-10.4	8.7	3.5
April	-28.4	3.0	-5.0	-7.8	6.3	-3.6	4.8
May	-22.2	5.1	-0.2	-4.8	-3.1	-1.7	3.3
June	-14.3	3.3	-2.4	-7.3	-4.8	3.0	6.2
July	-17.0	-2.3	-4.0	-4.5	1.0	0.0	5.6
August	-10.6	3.5	3.1	-3.5	-4.3	-1.7	5.1
September	-12.7	-1.1	-1.2	-12.4	3.6	1.5	3.4
October	-12.7	-3.6	-4.7	-0.6	1.1	0.2	1.6
November	-3.9	3.4	-7.9	-7.8	-0.1	1.6	3.2
December	-1.5	0.4	-6.3	-10.2	3.5	7.9	-0.9

The figures in the shaded area are forecasts.

In brackets are 80% confidence intervals

Source: INE & BIAM(UC3M)

Date: February 20, 2014



Table IV.1.10

INDUSTRIAL PRODUCTION INDEX BY ECONOMIC ACTIVITIES IN SPAIN												
Y-o-Y rates												
			Weights	2013			Average annual rates					
				Oct	Nov	Dec	2012	2013	2014	2015		
IPI Total	B Mining and quarrying	05 Mining of coal and lignite	2.6	-27.6	-1.6	43.1	-7.5	-31.2	-4.7	-9.5		
		08 Other mining and quarrying	8.6	-1.6	-1.5	-2.7	-28.4	-10.7	-1.0	3.1		
			11.2	-7.4	-1.9	4.9	-23.6	-14.2	-4.6	0.7		
	D Manufacture Industries	10 Manufacture of food products	121.3	0.3	-2.0	7.5	-3.1	-0.9	0.6	1.7		
		11 Manufacture of beverages	35.1	-3.5	-11.2	-2.4	-0.5	-3.4	-5.7	-2.0		
		12 Manufacture of tobacco products	3.0	3.6	-9.4	-14.9	0.6	-3.0	-4.8	0.3		
		13 Manufacture of textiles	11.0	1.8	0.6	5.9	-5.0	1.1	1.7	6.5		
		14 Manufacture of wearing apparel	13.3	7.3	14.9	10.4	-7.0	4.6	4.2	3.8		
		15 Manufacture of leather and related products	7.6	7.4	2.5	7.5	-8.6	-3.0	-0.4	0.6		
		16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	14.8	7.1	-3.2	3.8	-16.6	-3.4	1.3	6.8		
		17 Manufacture of paper and paper products	27.0	1.3	-1.5	0.3	-0.3	-1.2	1.5	4.1		
		18 Printing and reproduction of recorded media	22.8	-3.9	-6.5	-4.5	-10.3	-10.5	-7.0	-3.4		
		19 Manufacture of coke and refined petroleum products	17.5	-5.2	-12.3	-2.8	6.1	-0.3	-0.7	4.2		
		20 Manufacture of chemicals and chemical products	59.8	-0.4	2.3	-0.8	-7.0	-1.3	0.8	4.4		
		21 Manufacture of basic pharmaceutical products and pharmaceutical preparations	32.6	1.5	12.4	16.0	-0.3	3.1	4.7	6.8		
		22 Manufacture of rubber and plastic products	42.5	4.0	4.8	6.2	-8.8	1.3	0.8	-0.5		
		23 Manufacture of other non-metallic mineral products	51.9	-2.2	-0.2	4.8	-16.9	-7.4	5.0	7.9		
		24 Manufacture of basic metals	37.6	3.1	6.2	10.7	-7.4	-1.6	6.4	3.4		
		25 Manufacture of fabricated metal products, except machinery and equipment	87.7	-1.0	-2.5	3.2	-15.5	-1.6	1.0	6.8		
		26 Manufacture of computer, electronic and optical products	14.3	2.1	5.7	-0.8	-18.8	-6.2	-10.6	-15.9		
		27 Manufacture of electrical equipment	32.4	1.2	-9.0	-3.7	-9.7	-5.5	-3.7	6.4		
		28 Manufacture of machinery and equipment n.e.c.	42.1	2.6	3.4	-0.5	-0.1	0.2	0.6	1.8		
		29 Manufacture of motor vehicles, trailers and semi-trailers	64.9	14.4	7.1	9.4	-11.2	6.3	7.3	4.0		
		30 Manufacture of other transport equipment	27.5	3.5	-0.1	-1.1	-2.2	-9.0	-2.2	0.6		
		31 Manufacture of furniture	18.7	-8.1	-11.0	-8.1	-15.7	-14.1	-6.8	0.6		
		32 Other manufacturing	11.0	4.8	-7.0	4.9	-1.6	6.9	0.7	4.0		
		33 Repair and installation of machinery and equipment	23.5	3.9	6.7	19.5	-13.2	-2.9	4.1	2.1		
					819.7	1.8	0.1	4.0	-7.5	-1.4	1.1	3.2
		D Electricity, gas, steam and air conditioning supply			143.9	-2.9	-1.9	1.2	0.1	-4.0	2.2	2.9
		E Water collection, treatment and supply			25.1	5.6	3.2	2.5	2.6	3.8	3.9	6.2

Source: INE & BIAM(UC3M)

Date: February 20, 2014



IV.2. INFLATION

The year-on-year Spanish CPI was 0.20% in January instead of the expected 0.27%. With two exceptions, our forecasts did not exceed their confidence intervals this month. In the core component, year-on-year inflation was 0.2%, the same as total inflation but 0.1 pp less than expected.

The only significant innovation this month was the negative sign for transport-related services, due to the impact of the heavy drop in energy inflation. This led the service group to register its first negative year-on-year rate in the entire historic series, -0.1%.

The weight of CPI subclasses with negative year-on-year rates also grew to 43.3% of the total in January. This is just below the level reached in October 2009 (44.5%), when the percentage peaked in the previous deflation period.

Our average total inflation forecast for 2014 have fallen by 0.1 pp to 0.5% (± 0.9), largely due to energy and services. For 2015 it remains at 1.1% (± 1.4). Our core forecasts have fallen for both 2014 and 2015, by 0.2 pp and 0.1 pp, respectively, to 0.3% (± 0.8) and 1% (± 1.0).

Table IV.2.1

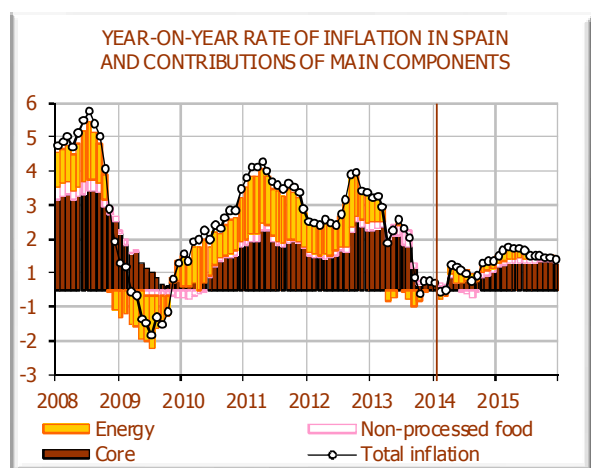
INFLATION IN SPAIN						
CPI	Annual rates		Average annual rates			
	2014		2012	2013	2014	2015
	January	February				
Core 81.41%	0.2	0.1 (± 0.19)	1.6	1.4	0.3 (± 0.52)	1 (± 0.91)
Total 100%	0.2	-0.1 (± 0.18)	2.4	1.4	0.5 (± 0.87)	1.1 (± 1.41)

In brackets are 80% confidence intervals

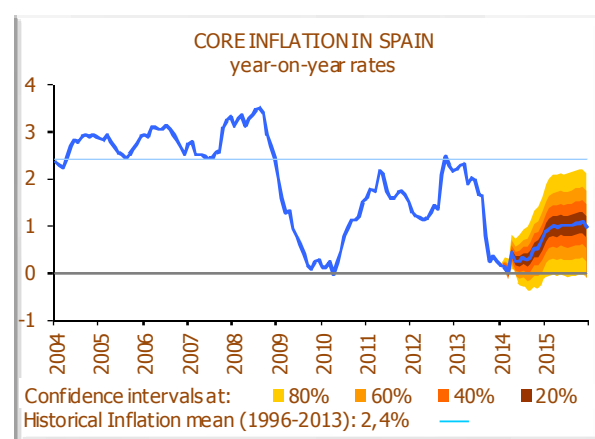
Source: INE & BIAM(UC3M)

Date: February 14, 2014

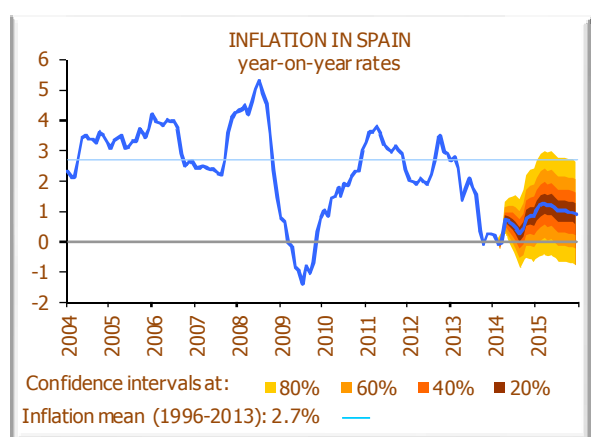
Graph IV.2.1



Graph IV.2.3



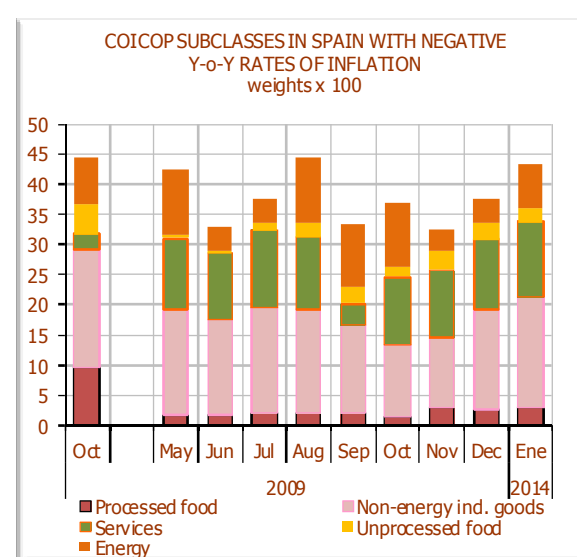
Graph IV.2.2



Source: INE & BIAM(UC3M)

Date: February 14, 2014

Graph IV.2.4



Source: INE & BIAM(UC3M)

Date: February 14, 2014



Table IV.2.2

COICOP SUBCLASSES IN SPAIN WITH NEGATIVE Y-o-Y RATES ¹ OF INFLATION BY SPECIAL GROUP														
Weights x 1000														
Special Group	2009	2013												2014
	Oct ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
PROCESSED FOOD	96,0	8,2	9,1	9,1	20,1	15,9	15,9	19,3	18,7	20,2	14,2	29,4	27,3	29,1
NON-ENERGY INDUSTRIAL GOODS	195,1	178,8	180,3	183,9	179,3	159,1	163,2	158,5	180,8	155,7	122,6	118,7	171,3	184,4
SERVICES	26,3	117,2	117,2	117,2	131,4	109,2	101,6	119,9	119,2	104,4	112,2	112,8	116,1	124,3
CORE CPI	317,3	304,1	306,6	310,2	330,8	284,3	280,7	297,7	318,8	280,3	249,0	260,9	314,7	337,8
NON-PROCESSED FOOD	49,4	10,4	19,4	19,4	5,0	6,9	6,9	13,7	22,7	26,7	17,2	30,8	28,6	21,1
NON-ENERGY CPI	366,7	314,6	326,0	329,6	335,7	291,1	287,6	311,4	341,5	307,0	266,3	291,6	343,4	358,9
ENERGY	78,1	0,0	0,0	5,4	107,8	107,8	33,3	33,3	107,8	107,8	107,8	38,7	38,7	74,4
TOTAL WEIGHTS	444,8	314,6	326,0	335,0	443,5	398,9	320,9	344,7	449,3	414,8	374,0	330,3	382,1	433,2

¹ Estimated impact (see table 2) of the main 2012 fiscal measures in each group.

² October, 2009: month with the higher weight in subclasses with negative rates.

Source: INE & BIAM(UC3M)

Date: February 14, 2014



Table IV.2.3

INFLATION BY COMPONENTS IN THE CONSUMER PRICE INDEX OF SPAIN										
Annual average rates										
				Weights 2014	2010	2011	2012	2013	2014	2015
CPI Total	Core Inflation	Processed food	AE less tobacco & fats	11.9	-1.2	2.1	2.4	1.7	1.5	1.6
			Oils & Fats	0.6	-2.6	0.4	2.9	17.9	-3.4	-1.7
			Tobacco	2.0	15.0	13.3	7.2	7.3	5.0	8.3
				14.5	1.0	3.8	3.1	3.2	1.8	2.4
		Non energy industrial goods	Vehicles	4.4	-1.1	2.9	1.2	-2.0	0.2	4.1
			Footwear	1.7	0.5	0.6	0.5	0.4	0.9	1.1
			Clothing	5.9	-0.6	0.1	0.2	-0.1	-0.4	-0.6
			Rest	14.5	-0.2	0.1	1.0	1.7	-0.5	-0.5
				26.5	-0.5	0.6	0.8	0.6	-0.3	0.3
		Services	Postal services	0.0	4.5	3.6	3.2	3.2	0.3	3.0
			Cultural services	1.8	1.4	1.4	3.8	4.2	-1.0	0.3
			Education	0.9	2.1	1.9	2.0	1.9	0.9	1.2
			Hotels	0.7	0.2	1.3	0.1	-0.6	-1.6	-1.6
			Health	2.7	2.7	2.5	1.6	1.9	2.0	2.1
			Household equipment	2.1	2.5	2.6	2.1	1.8	1.8	2.2
			Restaurants	10.5	1.3	1.6	0.9	0.6	0.4	0.9
			Telephone	3.6	-0.4	-0.7	-3.6	-4.3	-5.6	-2.0
			Transports	5.8	2.2	2.7	2.7	2.2	1.0	1.8
			Package holidays	1.4	-4.6	3.3	5.7	3.3	0.6	2.0
			University	0.6	3.3	3.4	9.7	18.3	3.4	3.0
			Housing	5.9	1.7	1.6	1.2	0.9	0.5	0.8
			Rest	3.4	1.6	2.0	3.1	4.2	0.9	1.0
				39.6	1.3	1.8	1.5	1.4	0.1	0.9
			80.6	0.6	1.7	1.6	1.4	0.3	1.0	
	Residual Inflation	Non processed foods	Meat	2.6	-1.9	2.5	1.8	1.0	1.0	2.8
			Fruits	1.4	-1.2	1.0	4.6	9.8	-5.5	-1.1
			Eggs	0.2	-1.1	-1.1	15.3	1.7	-1.8	-0.5
			Vegetables	0.9	1.3	-0.4	0.6	0.4	6.7	1.2
			Mollusc	0.6	3.2	5.1	0.5	1.0	5.9	4.6
			Potatoes	0.3	7.6	1.6	-3.5	20.3	-1.4	2.9
			Fish	1.2	1.3	2.7	0.9	0.3	0.9	-0.1
				7.3	0.0	1.8	2.3	3.4	0.5	1.4
		Energy	Fuels	6.9	16.9	15.6	8.1	0.2	-1.1	0.7
			Heat energy	0.5	24.7	27.3	11.2	-2.4	-2.0	-1.2
			Electricity and gas	4.7	4.2	14.3	9.6	-0.2	5.9	2.5
				12.1	12.5	15.7	8.9	0.0	1.5	1.3
				19.4	7.6	10.4	6.5	1.3	1.1	1.4
				100.0	1.8	3.2	2.4	1.4	0.5	1.1

* The figures in the shaded area are forecasts

Source: INE & BIAM(UC3M)

Date: February 14, 2014



Table IV.2.4

CONSUMER PRICE INDEX AND COMPONENTS IN SPAIN														
Annual rates of growth														
		Consumer Prices Index												
		Core						Residual			TOTAL 100%		Confidence intervals at 80% *	
		Processed food excluding tobacco	Tobacco	Non energy industrial goods	Services	TOTAL	Confidence intervals at 80% *	Non processed food	Energy	TOTAL				
Weights 2014		13.1%	2.0%	26.3%	39.8%	81.4%			6.7%	12.1%	18.6%			
AVERAGE ANNUAL RATES	2005	3.0	6.6	0.9	3.8	2.7			3.3	9.6	6.5	3.4		
	2006	3.9	1.5	1.4	3.9	2.9			4.4	8.0	6.3	3.5		
	2007	3.0	8.8	0.7	3.9	2.7			4.7	1.7	3.2	2.8		
	2008	6.9	3.5	0.3	3.9	3.2			4.0	11.9	8.5	4.1		
	2009	-0.7	11.7	-1.3	2.4	0.8			-1.3	-9.0	-5.4	-0.3		
	2010	-1.7	15.0	-0.5	1.3	0.6			0.0	12.5	7.6	1.8		
	2011	1.5	13.3	0.6	1.8	1.7			1.8	15.7	10.4	3.2		
	2012	2.4	7.2	0.8	1.5	1.6			2.3	8.9	6.5	2.4		
	2013	2.5	7.3	0.6	1.4	1.4			3.4	0.0	1.3	1.4		
	2014	1.2	5.0	-0.3	0.1	0.3	± 0.52		0.5	1.5	1.1	0.5	± 0.87	
2015	1.4	8.3	0.3	0.9	1.0	± 0.91		1.4	1.3	1.4	1.1	± 1.41		
Year-on-year rates	2013	January	2.6	9.7	1.3	2.2	2.2			4.3	5.3	4.9	2.7	
		February	2.6	9.9	1.4	2.2	2.3			3.1	5.9	5.0	2.8	
		March	2.6	9.9	1.4	2.4	2.3			2.5	3.2	3.0	2.4	
		April	2.6	5.8	1.5	1.7	1.9			2.7	-2.5	-0.7	1.4	
		May	2.6	4.5	1.5	2.0	2.0			4.9	-1.8	0.5	1.7	
		June	2.8	4.5	1.5	1.9	2.0			5.3	1.0	2.5	2.1	
		July	2.7	7.1	0.2	1.9	1.7			7.4	-0.4	2.3	1.8	
		August	2.7	7.1	0.4	1.7	1.6			7.6	-2.2	1.1	1.5	
		September	2.3	7.0	-0.8	1.0	0.8			2.8	-3.7	-1.5	0.3	
		October	1.9	7.2	-0.8	0.0	0.2			0.9	-2.7	-1.5	-0.1	
		November	1.6	7.6	-0.4	0.1	0.4			0.4	-0.7	-0.3	0.2	
		December	1.4	7.3	-0.5	0.0	0.2			0.6	0.2	0.4	0.3	
	2014	January	1.3	3.8	-0.3	-0.1	0.2			0.9	0.0	0.3	0.2	
		February	1.2	4.1	-0.4	-0.1	0.1	± 0.19		1.3	-2.2	-0.9	-0.1	± 0.18
		March	1.2	4.1	-0.3	-0.4	0.0	± 0.29		2.1	-1.4	-0.1	0.0	± 0.36
		April	1.3	5.1	-0.2	0.3	0.4	± 0.39		1.7	2.3	2.1	0.7	± 0.55
		May	1.2	5.2	-0.3	0.0	0.2	± 0.48		0.3	3.7	2.4	0.7	± 0.77
		June	1.2	5.3	-0.3	0.0	0.2	± 0.56		-0.5	3.4	1.9	0.6	± 0.94
		July	1.2	4.2	-0.3	0.1	0.3	± 0.62		-2.0	2.9	1.0	0.4	± 1.06
		August	1.2	4.0	-0.3	0.1	0.3	± 0.70		-2.9	1.9	0.1	0.2	± 1.18
		September	1.2	5.3	-0.2	0.1	0.3	± 0.76		-0.2	1.2	0.7	0.4	± 1.28
		October	1.2	5.6	-0.1	0.4	0.5	± 0.83		1.9	2.1	2.0	0.8	± 1.40
		November	1.3	5.5	-0.1	0.4	0.5	± 0.90		2.2	2.3	2.3	0.8	± 1.49
		December	1.4	7.7	-0.1	0.5	0.6	± 0.96		1.6	1.5	1.6	0.8	± 1.57
	2015	January	1.5	9.4	0.4	0.6	0.9	± 1.01		1.4	1.8	1.6	1.0	± 1.64
		February	1.4	9.0	0.3	0.8	0.9	± 1.05		1.4	2.6	2.1	1.2	± 1.71
		March	1.4	9.0	0.4	0.8	1.0	± 1.07		1.4	2.8	2.3	1.2	± 1.73
		April	1.4	9.2	0.4	0.8	1.0	± 1.10		1.6	2.3	2.1	1.2	± 1.74
		May	1.4	9.3	0.4	0.9	1.0	± 1.10		2.0	2.0	2.0	1.2	± 1.74
		June	1.4	7.5	0.4	0.9	1.0	± 1.11		1.5	1.9	1.7	1.1	± 1.74
		July	1.4	7.8	0.3	0.9	1.0	± 1.12		1.4	0.9	1.1	1.0	± 1.74
		August	1.4	7.8	0.3	1.0	1.0	± 1.13		1.2	0.8	0.9	1.0	± 1.74
		September	1.4	8.2	0.4	1.0	1.0	± 1.14		1.2	0.7	0.9	1.0	± 1.74
		October	1.4	8.3	0.4	1.0	1.1	± 1.14		1.3	0.2	0.6	1.0	± 1.74
		November	1.4	8.2	0.4	1.0	1.1	± 1.14		1.3	0.1	0.6	1.0	± 1.74
		December	1.4	6.6	0.2	1.0	1.0	± 1.14		1.4	0.1	0.6	0.9	± 1.74

* Confidence intervals calculated with historical errors

*The figures in the shaded area are Forecasts

Source: INE & BIAM(UC3M)

Date: February 14, 2014



Table IV.2.5

CONSUMER PRICE INDEX AND COMPONENTS IN SPAIN											
Monthly rates of growth											
			Consumer Prices Index								
			Core				TOTAL	Residual		TOTAL	TOTAL 100%
			Processed food excluding tobacco	Tobacco	Non energy industrial goods	Services		Non processed food	Energy		
Weights 2014			13.1%	2.0%	26.3%	39.8%	81.4%	6.7%	12.1%	18.6%	
MONTHLY RATES (Growth of the month over the previous month)	January	2012	0.3	0.0	-4.7	-0.3	-1.7	0.2	2.3	1.6	-1.1
		2013	0.2	3.5	-4.9	-0.3	-1.6	0.7	0.1	0.3	-1.3
		2014	0.1	0.1	-4.7	-0.4	-1.7	0.9	0.0	0.3	-1.3
		2015	0.1	1.6	-4.4	-0.2	-1.5	0.6	0.3	0.4	-1.1
	February	2012	0.2	0.2	-0.4	0.1	0.0	0.0	1.1	0.7	0.1
		2013	0.2	0.4	-0.3	0.2	0.0	-1.1	1.7	0.7	0.2
		2014	0.2	0.7	-0.3	0.1	0.0	-0.8	-0.6	-0.6	-0.1
		2015	0.2	0.3	-0.3	0.3	0.1	-0.8	0.2	-0.2	0.0
	March	2012	0.1	0.0	1.2	0.2	0.5	0.1	2.1	1.4	0.7
		2013	0.1	0.0	1.1	0.4	0.6	-0.5	-0.6	-0.6	0.4
		2014	0.1	0.0	1.2	0.1	0.4	0.2	0.2	0.2	0.4
		2015	0.1	0.0	1.2	0.2	0.5	0.2	0.5	0.4	0.5
	April	2012	0.1	3.9	2.7	0.5	1.2	0.6	2.9	2.1	1.4
		2013	0.1	0.0	2.9	-0.3	0.8	0.7	-2.7	-1.5	0.4
		2014	0.1	0.9	2.9	0.5	1.3	0.4	0.9	0.7	1.1
		2015	0.1	1.2	2.9	0.5	1.2	0.6	0.4	0.5	1.1
	May	2012	0.1	1.4	0.7	-0.3	0.2	-0.6	-1.9	-1.5	-0.1
		2013	0.1	0.3	0.7	0.0	0.3	1.6	-1.2	-0.2	0.2
		2014	0.1	0.4	0.7	-0.3	0.1	0.0	0.2	0.1	0.1
		2015	0.1	0.5	0.7	-0.2	0.1	0.3	-0.1	0.1	0.1
	June	2012	-0.1	0.0	-0.3	0.3	0.0	1.2	-2.4	-1.1	-0.2
		2013	0.1	0.0	-0.3	0.2	0.0	1.6	0.4	0.8	0.1
		2014	0.0	0.1	-0.4	0.2	0.0	0.7	0.0	0.3	0.1
		2015	0.0	-1.6	-0.4	0.3	0.0	0.2	-0.1	0.0	0.0
	July	2012	0.0	0.2	-2.9	0.5	-0.7	-0.4	3.2	1.9	-0.2
		2013	-0.1	2.7	-4.1	0.5	-1.0	1.6	1.8	1.7	-0.5
		2014	0.0	1.6	-4.0	0.6	-1.0	-0.1	1.3	0.8	-0.6
		2015	0.0	1.8	-4.1	0.6	-1.0	-0.2	0.3	0.1	-0.8
	August	2012	0.2	0.2	-0.5	0.6	0.2	0.9	3.0	2.3	0.6
		2013	0.1	0.3	-0.4	0.4	0.1	1.0	1.2	1.1	0.3
		2014	0.1	0.1	-0.4	0.4	0.1	0.0	0.1	0.1	0.1
		2015	0.1	0.1	-0.4	0.4	0.1	-0.2	0.1	0.0	0.1
	September	2012	0.6	0.1	2.4	0.0	0.9	0.4	2.1	1.5	1.0
		2013	0.2	0.0	1.2	-0.8	0.0	-4.0	0.5	-1.1	-0.2
		2014	0.2	1.2	1.3	-0.7	0.1	-1.0	-0.2	-0.5	0.0
		2015	0.2	1.5	1.3	-0.7	0.1	-0.9	-0.3	-0.5	0.0
	October	2012	0.6	-0.2	3.0	0.6	1.3	-0.2	-1.8	-1.3	0.9
		2013	0.2	0.0	3.0	-0.4	0.8	-2.0	-0.8	-1.2	0.4
		2014	0.2	0.3	3.0	-0.1	0.9	0.2	0.1	0.1	0.8
		2015	0.2	0.4	3.0	-0.1	1.0	0.3	-0.4	-0.1	0.8
	November	2012	0.4	-0.4	1.0	-0.4	0.2	0.6	-2.8	-1.6	-0.1
		2013	0.1	0.0	1.5	-0.3	0.4	0.1	-0.7	-0.5	0.2
		2014	0.2	-0.1	1.5	-0.3	0.4	0.4	-0.5	-0.2	0.3
		2015	0.2	-0.1	1.5	-0.3	0.4	0.4	-0.6	-0.2	0.3
	December	2012	0.2	0.3	-0.5	0.4	0.0	1.1	-0.3	0.2	0.1
		2013	0.0	0.0	-0.6	0.2	-0.1	1.3	0.7	0.9	0.1
		2014	0.1	2.1	-0.5	0.3	0.1	0.6	-0.2	0.1	0.1
		2015	0.1	0.6	-0.7	0.3	0.0	0.7	-0.2	0.1	0.0

* The figures in the shaded area are Forecasts

Source: INE & BIAM(UC3M)

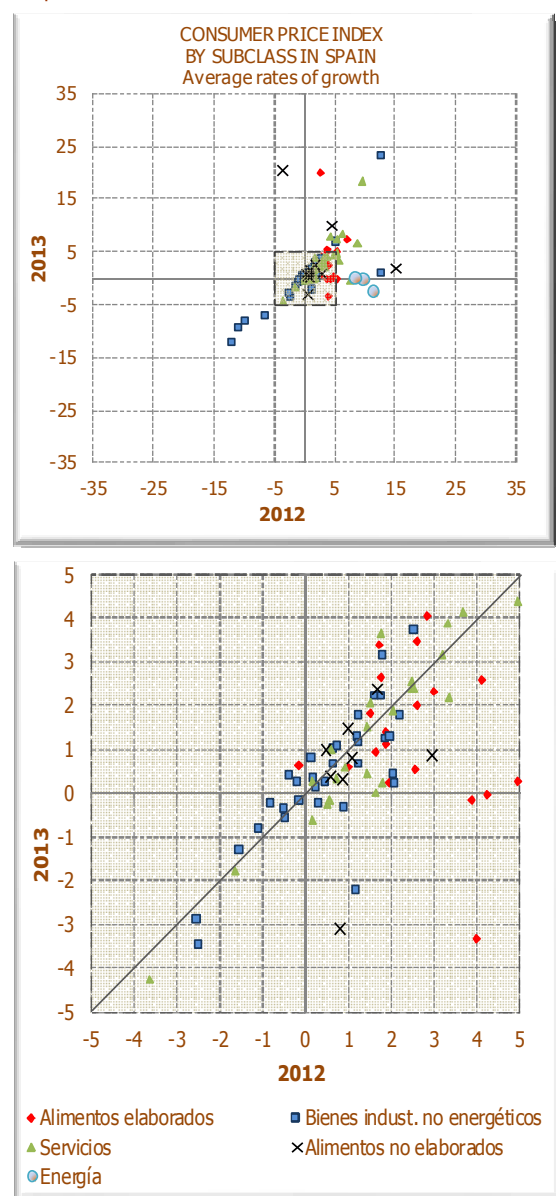
Date: February 14, 2014



INFLATION FORECASTING BY SUBCLASS IN SPAIN

The tables and graphs show the observed values for 2011, 2012 and 2013 and Forecasts for 2014, according to the five special groups.

Graph IV.2.5



The graph below zooms on the grey area marked in the previous figure.

Source: INE & BIAM(UC3M)

Date: February 14, 2014

1. There exists a small agregation caused by the fat that some sub-group contains goods and services taht belong to different spacial groups.

Table IV.2.6

CONSUMER PRICE INDEX BY SUBCLASS IN SPAIN									
Annual average rates of growth									
	Weights 2014	2008	2009	2010	2011	2012	2013	2014	2015
PROCESSED FOOD AND TOBACCO (PF)									
Rice	0.9	18.8	16.8	-9.4	1.0	3.9	-0.2	-3.1	-0.8
Flours and cereals	1.7	8.7	0.5	-3.4	3.4	1.9	1.1	0.5	1.7
Bread	15.2	8.9	0.0	-0.3	0.7	1.0	0.6	-0.4	-0.2
Pastry goods, cakes, mixes and doughs for bakery products	10.0	7.5	1.6	-0.1	3.0	3.0	2.3	1.3	2.5
Farinaceous-based products	1.2	18.5	-5.8	-1.6	4.6	2.6	0.6	1.3	1.6
Delicatessen type meat products	17.4	3.3	0.4	0.0	1.0	1.8	2.6	2.2	2.4
Processed meat products	3.4	4.8	2.3	-0.8	1.3	4.1	2.6	1.6	2.1
Preserved and processed fish	7.2	5.3	0.7	0.0	4.2	3.8	5.1	2.0	3.1
Milk	9.3	15.6	-8.3	-5.2	-0.3	1.7	3.4	3.7	0.6
Other dairy products	7.4	7.6	-2.2	-3.3	5.6	4.0	-3.3	-1.6	-1.4
Cheeses	7.0	10.0	-0.4	-0.2	0.9	2.0	0.2	3.1	2.2
Preserved fruits, nuts and dried fruits	2.8	2.1	0.4	-1.4	0.9	2.8	4.1	7.3	4.7
Dried pulses and vegetables	0.9	10.8	-1.0	-0.8	4.9	5.5	5.1	-0.5	0.3
Frozen and preserved pulses and vegetables	3.5	7.8	0.7	-1.0	1.6	2.6	3.5	3.2	1.1
Sugar	1.1	0.3	-6.9	-9.0	19.4	4.9	0.3	-2.2	0.3
Chocolates and confectionery	5.3	5.3	0.5	-0.1	1.8	1.6	0.9	1.4	2.7
Other food products	3.7	8.7	4.2	0.2	2.4	2.6	2.0	1.2	1.1
Coffee, cocoa and infusions	3.6	7.1	1.3	-0.1	10.1	5.5	-0.2	0.7	2.4
Mineral water, soft drinks, fruit and vegetable juices	8.0	4.0	3.0	-2.3	0.6	1.5	1.8	1.5	2.0
Spirits and liqueurs	1.4	4.5	1.9	1.7	1.6	-0.2	0.6	2.0	2.4
Wines	3.4	4.7	0.1	-0.8	0.5	3.8	5.5	-1.0	1.6
Beer	3.2	5.5	4.3	0.7	2.2	1.9	1.4	1.9	2.8
Tobacco	20.0	3.5	11.7	15.0	13.3	7.2	7.3	5.0	8.3
Butter and margarine	0.6	16.2	0.7	-1.6	7.3	4.2	0.0	1.0	0.4
Oils	5.4	1.1	-12.4	-2.8	-0.3	2.7	20.0	-3.9	-2.0
PF INFLATION IN SPAIN	6.5	0.9	1.0	3.8	3.1	3.2	1.8	2.4	2.4
Standard deviation (σ)*	0.03	0.03	0.03	0.03	0.03	0.03	0.03	1.1	1.8
TOTAL INFLATION IN SPAIN	4.1	-0.3	1.8	3.2	2.4	1.4	0.5	1.1	1.1

* For observed rates (2007-2012) the standard deviation σ is for errors one-period ahead and for the forecast rates for errors n period ahead, with n equal the number of periods to know the observed data

CONSUMER PRICE INDEX BY SUBCLASS IN SPAIN									
Annual average rates of growth									
	Weights 2014	2008	2009	2010	2011	2012	2013	2014	2015
NON-ENERGY INDUSTRIAL GOODS (NEIG)									
Men's outerwear	19.0	0.1	-2.0	-0.5	0.5	0.9	-0.3	-1.2	-1.1
Men's underwear	1.3	1.2	0.0	0.9	1.3	2.0	0.4	-1.1	-1.1
Women's outerwear	25.0	0.5	-2.3	-1.5	-0.2	-0.5	-0.5	-2.3	-2.6
Women's underwear	2.2	1.4	0.0	0.9	1.7	1.2	0.7	-0.5	-1.3
Children's and infants' garments	9.6	0.6	-1.4	-0.2	0.1	-0.4	0.4	-0.6	-1.2
Men's footwear	5.8	1.3	0.0	0.1	0.5	0.5	0.3	0.8	0.9
Women's footwear	7.8	1.6	-0.7	1.0	0.8	0.6	0.7	1.3	1.5
Children's and infants' footwear	3.0	1.3	-0.5	0.1	0.5	0.3	0.1	0.2	0.3
Motor vehicles	40.9	-0.5	-4.1	-1.2	3.0	1.2	-2.2	0.2	3.9
Other vehicles	1.9	-2.4	1.0	0.2	1.2	1.2	1.3	1.0	3.9
Spare parts and maintenance accessories	1.6	4.6	-0.7	1.3	2.5	2.1	0.3	0.8	5.3
Materials for the maintenance and repair of the dwelling	2.3	5.1	3.0	1.4	2.4	1.6	2.2	0.6	1.2
Water supply	10.9	4.9	5.7	2.1	2.6	5.1	7.0	3.1	2.9
Furniture	12.3	3.9	1.1	1.1	1.8	0.6	1.0	0.3	0.3
Other equipments	2.0	2.7	0.5	0.4	2.2	0.7	1.1	0.6	1.5
Household textiles	5.6	2.2	0.5	0.2	2.0	-0.5	-0.4	-1.7	-1.7
Refrigerators, washing machines and dishwashers	3.8	-1.9	-1.0	-1.8	-2.2	-1.6	-1.3	-3.5	-2.6
Cookers and ovens	1.2	-0.8	0.1	-1.6	-1.4	-1.1	-0.8	-2.5	-1.4
Heating and air conditioning	2.2	-0.5	0.8	0.7	-1.0	-0.2	0.3	-1.7	-0.4
Other household appliances	1.2	-0.2	0.5	0.5	-1.3	0.2	0.4	-2.0	-1.8
Glassware, crockery and cutlery	0.9	3.1	2.6	1.9	3.4	1.7	2.3	0.0	1.2
Other kitchen utensils and furnishing	1.1	3.7	2.6	2.2	2.2	1.2	1.8	1.2	1.3
Tools and accessories for house and garden	2.4	3.0	1.9	2.3	2.8	1.2	1.2	0.8	1.2
Cleaning household articles	12.9	1.7	1.9	-0.8	0.0	1.8	1.3	0.2	0.6
Other non-durable household articles	3.9	2.7	1.4	1.1	2.9	2.0	1.3	0.7	0.8
Medicines and other pharmaceutical products	9.7	-6.5	-6.3	-5.3	-6.0	12.5	23.2	0.6	0.0
Therapeutic appliances and equipment	6.3	3.6	1.0	0.0	-0.7	-2.5	-3.4	-0.3	0.5
Equip. for the reception, recording and reproduction of sound and pictures	4.7	-12.7	-13.7	-8.6	-10.9	-11.0	-9.3	-6.9	-8.9
Photographic and cinematographic equipments	1.0	-18.0	-18.5	-14.0	-14.5	-12.2	-12.0	-15.2	-25.3
Information processing equipments	3.5	-21.5	-13.3	-6.1	-11.5	-10.1	-8.0	-12.9	-16.1
Recording media	1.8	-0.9	-0.4	-0.1	-1.3	-6.6	-7.1	-1.4	-0.3
Games and toys	5.5	-0.4	-1.8	-2.5	-3.0	-2.6	-2.9	-2.9	-2.2
Other recreational and sporting articles	0.9	1.1	-0.6	-0.1	-0.2	-0.8	-0.2	-0.4	0.2
Gardens, plants, flowers and pets	6.2	5.3	2.8	2.1	2.1	2.5	3.7	1.2	1.7
Books	7.1	2.0	2.2	1.2	3.0	0.1	0.8	1.0	0.9
Newspapers and magazines	6.7	2.2	3.6	2.6	2.5	2.2	1.8	2.0	1.7
Stationery materials	2.5	3.7	3.2	1.7	2.7	1.8	3.2	1.4	1.9
Personal care articles	18.1	2.2	0.8	0.0	1.0	0.3	-0.2	-0.3	-0.1
Jewellery, costume jewellery, clocks and watches	3.2	11.1	7.5	12.5	15.2	12.7	1.1	-7.7	-2.7
Other articles for personal use	2.8	1.1	-0.6	0.4	0.3	-0.2	-0.2	-0.1	-0.3
NEIG INFLATION IN SPAIN	0.3	-1.3	-0.5	0.6	0.8	0.6	0.6	-0.3	0.3
Standard deviation (σ)*	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.5	0.9
TOTAL INFLATION IN SPAIN	4.1	-0.3	1.8	3.2	2.4	1.4	0.5	1.1	1.1

* For observed rates (2007-2012) the standard deviation σ is for errors one-period ahead and for the forecast rates for errors n period ahead, with n equal the number of periods to know the observed data

Table IV.2.7

CONSUMER PRICE INDEX BY SUBCLASS IN SPAIN									
Annual average rates of growth									
	Weights 2014	2008	2009	2010	2011	2012	2013	2014	2015
SERVICES (SER)									
Maintenance and repair services	21.1	4.8	4.1	2.8	2.6	2.5	2.4	0.9	2.5
Other services related to vehicles	3.3	3.3	1.3	-0.4	0.5	1.5	2.0	-0.2	0.4
Railway transport	2.1	3.7	5.5	4.9	3.3	7.6	-0.5	0.3	1.1
Road transport	6.8	4.2	5.3	1.7	2.8	5.5	4.8	3.0	3.8
Air transport	3.5	13.7	3.0	0.6	5.4	4.4	7.8	4.0	6.4
Other transport services	2.9	7.3	7.0	5.5	2.5	8.6	6.6	3.2	3.9
Insurances connected with transport	18.6	2.0	1.3	1.8	2.8	0.5	-0.3	-0.5	-0.7
Restaurants, bars, coffee bars, canteens	102.2	4.7	2.2	1.3	1.6	0.9	0.6	0.4	0.9
Hotels and other lodgings	7.3	4.2	-1.4	0.2	1.3	0.1	-0.6	-1.6	-1.6
Package holidays	13.9	4.5	0.2	-4.6	3.3	5.7	3.3	0.6	2.0
Higher education	6.0	5.2	5.3	3.3	3.4	9.7	18.3	3.4	3.0
Postal services	0.2	2.8	2.8	4.5	3.6	3.2	3.2	0.3	3.0
Telephone services	36.5	0.6	0.1	-0.4	-0.7	-3.6	-4.3	-5.6	-2.0
Rentals for housing	27.3	4.2	3.1	1.1	1.0	0.5	-0.2	-0.7	-0.6
Services for the maintenance and repair of the dwelling	9.3	5.1	1.4	0.4	0.9	0.2	0.3	-0.9	-0.4
Sewerage collection	22.4	3.4	3.8	3.0	2.7	2.5	2.6	2.4	3.0
Out-of-hospital medical and paramedical services	5.0	4.9	2.2	1.4	1.5	0.7	0.3	2.8	3.5
Dental services	10.5	3.2	2.4	1.3	0.9	0.6	1.0	1.6	1.8
Hospital services	1.2	3.4	0.9	-0.8	0.1	-1.6	-1.8	-0.8	-0.4
Medical insurances	10.2	4.7	6.9	5.6	5.1	3.7	4.2	2.3	2.0
Recreational and sporting services	8.0	1.7	2.1	1.1	1.5	1.8	0.2	-1.2	1.2
Cultural services	10.1	3.6	3.1	1.6	1.3	5.3	7.2	-0.9	-0.5
Education	9.5	3.4	2.5	2.1	1.9	2.0	1.9	0.9	1.2
Repair of footwear	0.2	6.2	4.2	3.5	3.9	2.5	2.4	1.9	3.2
Domestic service and other household services	13.0	4.8	3.0	1.9	1.7	1.4	1.5	1.0	1.5
Insurances connected with the dwelling	7.8	3.5	4.4	3.6	4.2	3.3	2.2	3.1	3.4
Personal care services	15.9	4.0	1.4	1.4	1.7	1.7	3.6	-0.2	-0.2
Social services	4.0	4.6	4.0	2.5	2.0	1.4	0.5	0.6	1.7
Other insurances	6.8	3.9	4.5	2.6	3.4	5.0	4.4	3.1	2.9
Financial services	0.5	4.7	3.6	5.1	4.3	1.6	0.0	-0.4	-0.5
Other services	6.6	2.2	2.2	0.6	1.3	6.2	8.4	1.4	1.5
Repair of household appliances	1.1	4.3	4.2	2.9	3.7	3.3	3.9	2.0	2.0
SER INFLATION IN SPAIN	3.9	2.4	1.3	1.8	1.5	1.4	1.4	0.1	0.9
Standard deviation (σ)*	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.4	0.8
TOTAL INFLATION IN SPAIN	4.1	-0.3	1.8	3.2	2.4	1.4	0.5	1.1	1.1

* For observed rates (2007-2012) the standard deviation σ is for errors one-period ahead and for the forecast rates for errors n period ahead, with n equal the number of periods to know the observed data

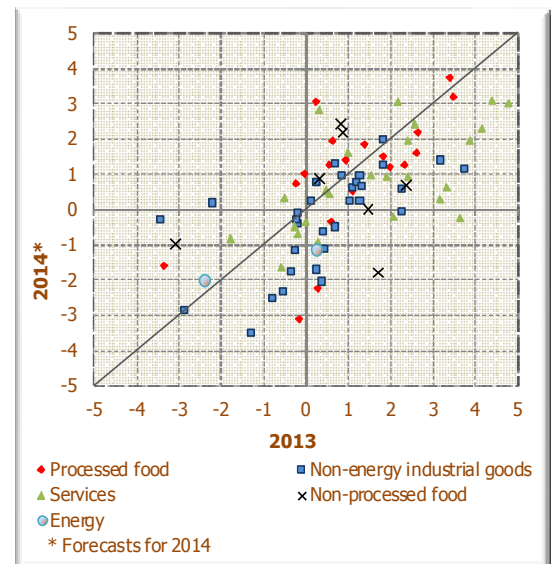
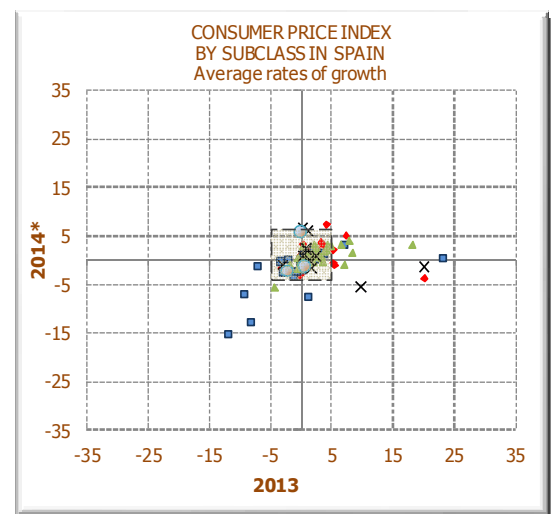
CONSUMER PRICE INDEX BY SUBCLASS IN SPAIN									
Annual average rates of growth									
	Weights 2014	2008	2009	2010	2011	2012	2013	2014	2015
NON-PROCESSED FOOD (NPF)									
Beef	0.0	4.0	1.7	0.5	1.6	3.0	0.9	2.2	4.3
Pork	8.3	1.6	-3.8	-2.1	2.3	1.7	2.4	0.7	2.3
Sheep meat	5.9	5.3	1.9	-3.1	1.6	0.8	-3.1	-0.9	1.8
Poultry	2.5	4.3	-1.9	-4.0	4.3	1.0	1.5	0.0	1.6
Other meats, viscera and other non-meat edibles	8.3	7.0	-1.5	-2.6	1.0	1.1	0.8	2.4	3.9
Fresh fish	11.0	1.2	-4.6	1.3	2.7	0.9	0.3	0.9	-0.1
Crustaceans and molluscs	2.2	-0.2	-2.2	3.2	5.1	0.5	1.0	5.9	4.6
Eggs	5.6	10.7	1.2	-1.1	-1.1	15.3	1.7	-1.8	-0.5
Fresh fruits	2.2	9.4	0.3	-1.2	1.0	4.6	9.8	-5.5	-1.1
Fresh pulses and vegetables	14.4	2.4	2.1	1.3	-0.4	0.6	0.4	6.7	1.2
Potatoes and processed potato products	9.2	-1.7	-7.0	7.6	1.6	-3.5	20.3	-1.4	2.9
NPF INFLATION IN SPAIN	4.0	-1.3	0.0	1.8	2.3	3.4	0.5	1.4	1.4
Standard deviation (σ)*	0.07	0.07	0.07	0.07	0.07	0.07	0.07	1.3	2.1
TOTAL INFLATION IN SPAIN	4.1	-0.3	1.8	3.2	2.4	1.4	0.5	1.1	1.1

* For observed rates (2007-2012) the standard deviation σ is for errors one-period ahead and for the forecast rates for errors n period ahead, with n equal the number of periods to know the observed data

CONSUMER PRICE INDEX BY SUBCLASS IN SPAIN									
Annual average rates of growth									
	Weights 2014	2008	2009	2010	2011	2012	2013	2014	2015
ENERGY (ENE)									
Electricity and gas	0.0	8.7	2.1	4.2	14.3	9.6	-0.2	5.9	2.5
Other fuels	32.1	23.5	-32.7	24.7	27.3	11.2	-2.4	-2.0	-1.2
Fuels and lubricants	15.0	13.0	-15.2	16.9	15.6	8.1	0.2	-1.1	0.7
ENE INFLATION IN SPAIN	11.9	-9.0	12.5	15.7	8.9	0.0	1.5	1.3	1.3
Standard deviation (σ)*	0.08	0.08	0.08	0.08	0.08	0.08	0.08	4.8	7.9
TOTAL INFLATION IN SPAIN	4.1	-0.3	1.8	3.2	2.4	1.4	0.5	1.1	1.1

* For observed rates (2007-2012) the standard deviation σ is for errors one-period ahead and for the forecast rates for errors n period ahead, with n equal the number of periods to know the observed data

Graph IV.2.6



The graph below zooms on the grey area marked in the previous figure.

Source: INE & BIAM(UC3M)

Date: February 14, 2014



IV.3. THE COST OF UNEMPLOYMENT BENEFITS DURING THE ECONOMIC CRISIS.

The cost of Spanish unemployment benefits grew at the onset of the economic crisis as unemployment rose. After 2010, it stabilised at high levels. Most of this cost is represented by unemployment benefits, which represented 3% and 2.9% of the GDP in 2012 and 2013, respectively, double the figure in 2007. Rising unemployment in Spain is leading to a much larger increase in costs than in other euro area countries.

IV.3.1. Introduction

High unemployment has significant costs of all kinds (social, psychological, etc.). The most direct and easily quantifiable cost related to unemployment is the decline in public accounts, under the heading of public expenses and income. On the expenditure side, rising unemployment automatically increases the figures in the form of unemployment benefits.

We now analyse the cost of unemployment benefits. The State budget includes the amount set aside for this, and it has continued to increase considerably in the last few years.

IV.3.3. Evolution of the population eligible for unemployment benefits

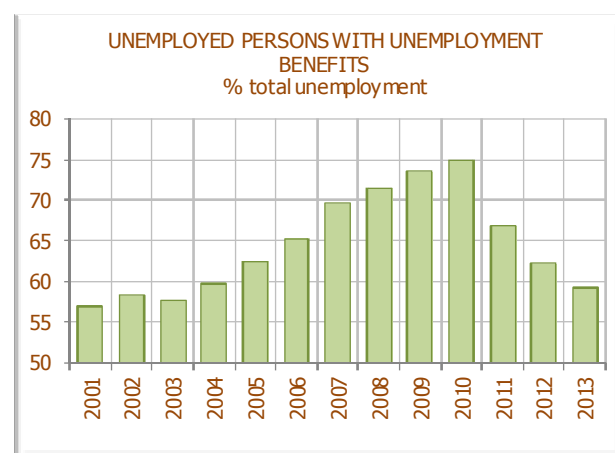
The number of eligible people and the cost of these benefits rose sharply at the onset of the economic crisis. Note that not all unemployed are entitled to benefits in Spain; nonetheless there is a close positive relationship between number of unemployed and number of benefit recipients (see graph IV.3.2.1). In 2013, average annual unemployment totalled 4,845,300, 2.6% more than a year earlier; this number was 4,701,300 at the end of the year, 3% less than in 2012. The number of people receiving some kind of unemployment benefit totalled 2.86 million.

According to these figures, in 2013 there were nearly two million (1.98 million) unemployed in Spain not eligible for public benefits. In other words, more than 40% of the total had no protection. The proportion of beneficiaries relative to total registered unemployment (*coverage rate*) in 2013 was 59.1%, 3.2 points less than in the previous year, and 15.4 less than the highest figure (74.5%) found in 2010 (see graph IV.3.2.2).

Graph IV.3.2.1



Graph IV.3.2.2



Source: Ministry of employment & BIAM(UC3M)
Date: March 4, 2014

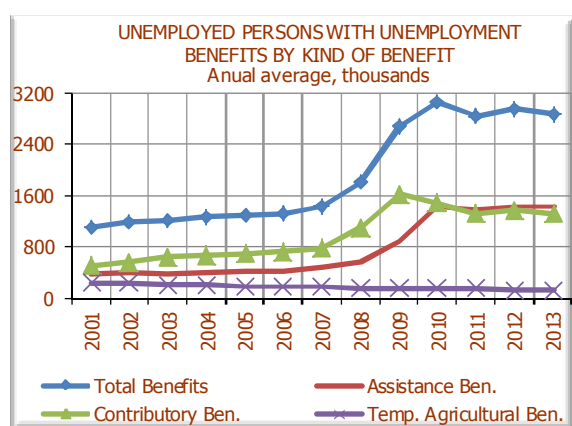
Graph IV.3.2.3 shows the total evolution of unemployment benefit recipients and the different benefits involved: contributive benefits, assistance benefits (including active insertion income) and agricultural benefits. The total number of beneficiaries in 2013 was 2,865,200, 2.6% less than in the previous year.

In 2013, the number of contributive benefit recipients was 1.3 million, 5.1% less than in the previous years. However, in 2011 assistance benefits exceeded contributive benefits for the first time, largely due to unemployed completing the maximum 2-year period for contributive



benefits, continuing to be unemployed and meeting certain conditions making them eligible for assistance benefits. In 2013, the recipients of these benefits totalled 1,420,900, compared to just over 400,000 in the year before the crisis. Assistance benefits include the benefits known as active insertion income, received by people with minimum income, in the amount of around 430 euros/month. This benefit has grown considerably in the last few years, totalling 240,300 recipients in 2013, 2.8% more than in the previous year. Finally, agricultural benefits continue to be paid in rural areas of Andalusia and Extremadura.

Graph IV.3.2.3



Source: Ministry of employment & BIAM(UC3M)
Date: March 4, 2014

IV.3.2.3. Unemployment benefit expenditure

In 2013, unemployment benefit expenditure totalled 29,804,800 euros, 5.9% less than in the previous year, and 2.9% of the GDP (see graphs IV.3.3.1 and IV.3.3.2). During the crisis, the total amount has nearly doubled, as the figure in 2007 totalled 15,299,700 euros, 1.4% of the GDP. In 2013, the total amount of contributive benefits was 21,118,00 euros (see graph 4), 71% of total unemployment benefit expenditure, and 6.7% less than a year earlier.

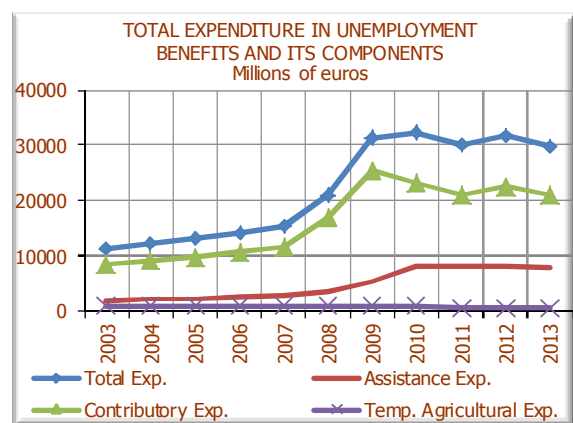
Assistance benefit expenditure also grew with the crisis, but has remained practically stable since 2010, with heavy growth of active insertion payments. With regards to agricultural benefits, they totalled 703,700 million euros in 2013, 4.3% less than in the previous year.

Average expenditure per individual receiving unemployment benefits in 2013 was 10,400 euros per year, compared with 10,800 in the

previous year. Contributive benefits totalled 16,100 euros, slightly less than the previous year's 16,400. If we compare this amount with that received by employed persons we find that the latter received around 22,000 euros per year, so the benefits represent approximately 73% of this figure.

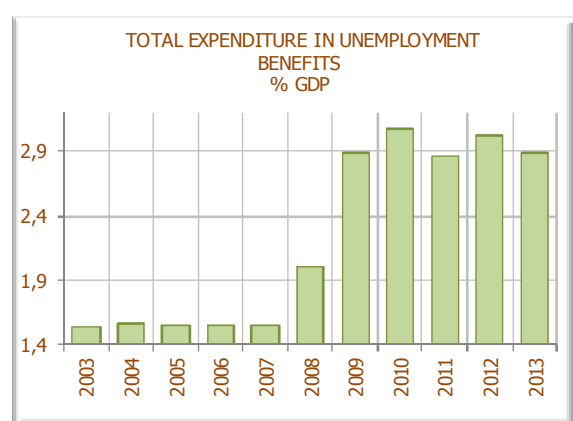
In the last few years, the figure budgeted for unemployment benefits was significantly less than what was really paid, 9% in 2011, 10.1% in 2012 and 10.4% in 2013. For 2014, the budget is 29,727,500 million euros, less than the actual expenditure in 2013 (29,804,800 million). This is expected to be due to a reduction in registered unemployment, which could fall by more than 200,000 people.

Graph IV.3.3.1



Source: Ministry of employment & BIAM(UC3M)
Date: March 4, 2014

Graph IV.3.3.2



Source: INE, Ministry of employment & BIAM(UC3M)
Date: March 4, 2014



Graph IV.3.3.1

EXPENDITURE INACTIVE AND PASIVE EMPLOYMENT POLICIES (% GDP)								
	2005	2006	2007	2008	2009	2010	2011	2012
Unemp. Benefits	0,97 2,35 1,21	0,85 2,09 1,98	0,73 1,29 1,18	0,8 1,11 1	0,99 1,54 1,19	0,94 1,34 1,1	0,8	
Unemp. Benefits	0,9 1,62 1,57	0,92 1,38 1,34	0,93 1,24 1,19	0,85 1,18 1,15	0,99 1,43 1,4	1,14 1,46 1,43	0,9	
Unemp. Benefits	0,54 0,82 0,61	0,5 0,79 0,58	0,45 0,69 0,52	0,47 0,81 0,62	0,47 1,39 0,96	0,46 1,45 0,98	0,4	
Unemp. Benefits	0,78 1,45 1,4	0,8 1,43 1,36	0,79 1,44 1,37	0,81 1,89 1,78	0,86 2,99 2,82	0,89 3,14 2,96	0,9 2,9	3

Source: OCDE, Ministry of employment & BIAM(UC3M)
Date: March 4, 2014



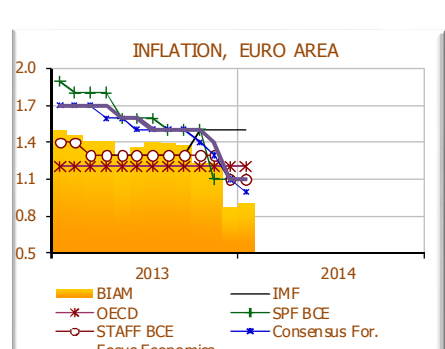
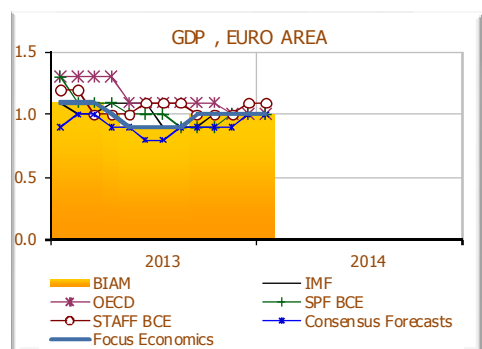
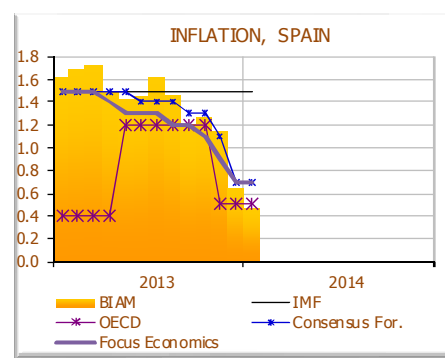
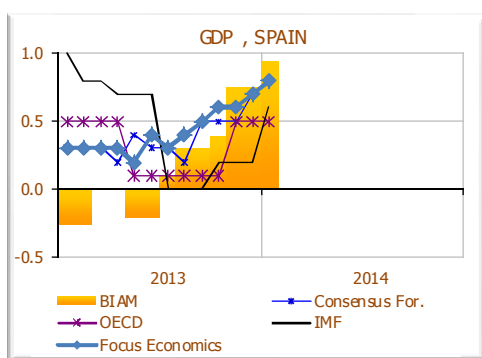
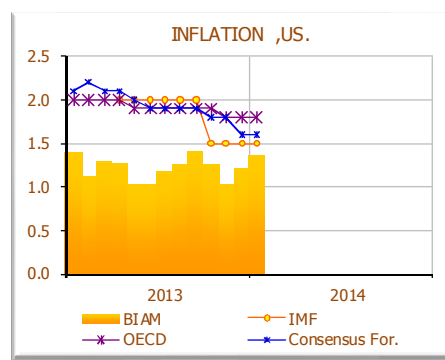
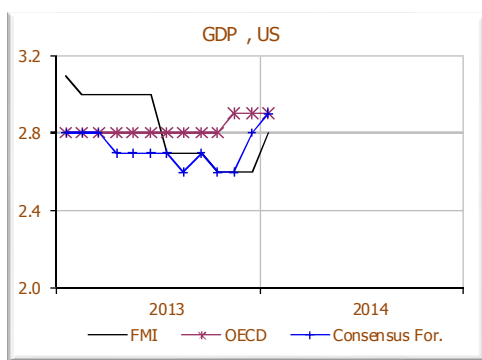
V. FORECASTS OF DIFFERENT INSTITUTIONS

		FORECASTS FOR DIFFERENT INSTITUTIONS															
		UNITED STATES				SPAIN					EURO AREA						
		Consensus Forecasts ¹	BIAM ²	IMF ³	OECD ⁴	Consensus Forecasts	Focus Economics ⁵	BIAM	IMF	OECD	Consensus Forecasts	Focus Economics	BIAM	IMF	ECB SPF ⁶	ECB Staff ⁷	OECD
GDP	2014	2.9	-	2.8	2.9	0.8	0.8	0.9	0.6	0.5	1.0	1.0	1.0	1.0	1.0	1.1	1.0
	2015	3.0	-	3.0	3.4	1.3	1.3	1.6	0.8	1.0	1.4	1.4	1.3	1.4	1.5	1.5	1.6
CPI	2014	1.6	1.4	1.5	1.8	0.7	0.7	0.5	1.5	0.5	1.0	1.1	0.9	1.5	1.1	1.1	1.2
	2015	1.9	1.2	0.0	1.9	1.3	1.1	1.1	0.0	0.6	1.4	1.4	1.3	0.0	1.4	1.3	1.2

1. Consensus Forecasts, February, 2014
2. BIAM. Bulletin of EU & US Inflation and Macroeconomic Analysis, February, 2014
3. IMF, October, 2013
4. OECD. Economic Outlook, November, 2013
5. Focus Economics, February, 2014
6. BCE SPF, "Survey of Professional Forecasters", November, 2013
7. BCE STAFF, staff macroeconomic projection for the Euro Area. Point forecast for interval. December, 2013

EVOLUTION OF FORECASTS FOR 2013

Annual average rates



The Economics of the Monetary Union and the Eurozone Crisis.

This new book, *The Economics of the Monetary Union and the Eurozone Crisis*, published by Springer, point to ideas, recommendations and conclusions resulting from many years of analysis and research at European Commission, where the author worked as civil servant as from 1986, now on personal leave. The book has a Preface by Prof. Paul De Grauwe, from the London School of Economics, and covers the set of six *Guest Lectures*, now transformed into the six chapters of this book, that the author was invited to deliver in early in October 2012 at the MA program on European Studies of Maastricht University. It underlines that the euro project is strictly political in nature, while its economic rationale is still clumsy, and both rationales are today in direct conflict. Europeans have nowadays a *one-size-fits-all* type of EU-wide monetary policy, which obliges the European Central Bank (ECB) to look more attentively at the economic needs of the core countries than those of the peripheral partners.

That the euro was in trouble became evident after the financial markets' turmoil the summer of 2007. Credit markets became risk-averse and peripheral countries showed high fiscal deficits and strong debt/GDP ratio dynamics. This feature caught the eye of international investors and brought about a *sudden stop* in the external financing for the peripherals. The current crisis demonstrates that regions of a currency area cannot adjust when facing shocks because of diverging trends in both labour costs and productivity, and in the saving/investment balance. Any shock absorption would require well functioning markets, free movement of factors of production and flexible wage formation processes within the area.

"Under the leadership of the European Commission and the ECB tight austerity was imposed on the debtor countries while the creditor countries continued to follow policies aimed at balancing the budget. This has led to an asymmetric adjustment process where most of the adjustment has been done by the debtor nations. The latter countries have been forced to reduce wages and prices relative to the creditor countries (an "internal devaluation") without compensating wage and price increases in the creditor countries ("internal revaluations").

These internal devaluations have come at a great cost in terms of lost output and employment in the debtor countries. As these internal devaluations are not yet completed (except possibly in Ireland), more losses in output and employment are to be expected.

Thus, the burden of the adjustments to the imbalances in the eurozone between the surplus and the deficit countries is borne almost exclusively by the deficit countries in the periphery. This creates a deflationary bias that explains why five years after the start of the financial crisis the Eurozone still has not recovered and threatens to return into a recession.

The risk is real that citizens in Southern European countries that are subjected to prolonged deep economic downturns revolt and reject a system that was promised to them to be economic heaven. In order to understand these dramatic economic developments that grip the Eurozone the book of Manuel Sanchis i Marco is the right one coming at the right time. The theory of optimal currency areas remains the essential framework to understand the design failures of the Eurozone. Professor Sanchis i Marco does a superb job in explaining this theory and in making it relevant for our understanding of the problems faced by the Eurozone" [Prof. Paul De Grauwe, London School of Economics]

The book highlights important policy recommendations to be drawn because, with no adjustments in nominal exchange rates, external disequilibria in the Eurozone can only be achieved through changes in relative prices and costs; therefore, several alternative scenarios emerge. First, capital transfers via the EU budget, something politically unacceptable to Germany. These transfers should not aim at subsidizing incomes but rather to help equalize production conditions through public investment. Second, internal devaluations of the peripherals, and internal revaluations in core countries through an expansion in labour



costs. Third, accommodating monetary and euro depreciation policies by the ECB. And, finally, a combination of the previous three.

"The ECB decided in September 2012 to act as a lender of last resort in the government bond markets of the Eurozone. In doing so it prevented panic from undermining the stability of the Eurozone. It was a necessary move to eliminate the existential fear that was destroying the Eurozone.

While necessary, the ECB decision is insufficient to save the euro in the longer run. The greatest threat for the Eurozone today does not come from financial instability but from the potential social and political instability resulting from the economic depression in which Southern European countries have been pushed into and that has led to increases in unemployment not seen since the Great Depression. This state of affairs is the result of a dramatic failure of macroeconomic management in the Eurozone.

The last two chapters of the book turn towards an analysis of the crisis of the euro and how to get out of this crisis. Spain is used as the prototype country to explain how the crisis unfolded. This is the country that in the beginning of the Eurozone seemed to do everything right. Few saw how the imbalances were building up; even fewer predicted that this would lead to disaster. This book produces the best analysis I have seen of why things have gone wrong so badly in Spain. By suggesting a path out of the crisis, Professor Sanchis i Marco leaves us with some hope for the future for Spain and other Eurozone countries." [Prof. Paul De Grauwe, London School of Economics]

The Heads of State and the Heads of Government betray the construction of Europe by emptying it of all content when they favour the diktat of the bureaucratic elites against the political legitimacy of the EU as a supranational democratic community shored up by a legal framework. The strategic and political course that Germany has set weakens its commitment to the construction of Europe, undermines the credibility of German political support of the current political initiatives to complete the Eurozone, and strews Europe with little shadowless bushes, creating a hot house for national resentments. The Euro-sceptical Chancellor Merkel and her government would do well to learn from Chancellor Kohl and, like him, reconcile allegiance to Germany with loyalty to Europe.

The book starts with an overview of the economic analytical framework concerning the theory of currency areas. In the 1960s, the theory of OCAs emerged as a by-product of the theoretical debate between fixed and flexible exchange rates. The *OCAs approach* singles out an economic characteristic to define an economic domain where there is exchange rate fixity *erga intra*, while there is exchange rate flexibility *erga extra*. In an optimum currency area, exchange rates fixity prevails internally without any type of internal or external disequilibrium. Each single characteristic ensures that floating or regular adjustments in nominal exchange rates are *neither necessary nor efficient or desirable* for stabilisation purposes.

The literature proposes several economic criteria: factor mobility (Mundell); openness of the economy (McKinnon); product diversification (Kenen); national propensity to inflate (Magnifico); financial integration (Ingram); real exchange-rate changes (Vaubel). While the *cost-benefit approach* considers OCAs criteria for guaranteeing long-term equilibrium, this approach is operational and focuses on the political commitment of countries to form a monetary union assessing the resulting costs and benefits. Benefits are associated to efficiency and price stability gains, risk reductions arising from exchange rate uncertainty, and gains from using the euro as a reserve currency; while costs relate to the loss of monetary independence, diverging preferences in national inflation-unemployment relationship, and worsening regional disequilibrium.

If countries find difficult sometimes to abandon their respective exchange rates as a device for correcting their external imbalances, why is it the case that regions of a country are tempted to leave the nation-wide currency areas and launch its own regional currencies? To answer this question is devoted the second chapter of the book, in which the economic rationale of fiscal rules in OCAs, that is the Stability and Growth Pact (SGP) and the Excessive Deficit Procedures are subject to analyses.



The chapter also examines the case of regions of national country that consider a good idea to remain part of such a wider country and to share a common currency, despite the fact of showing diverging trends in unemployment, inflation rates, wages, non-wage costs, and productivity trends. This compares with the case of a group of EU countries with decentralised national budgets within a monetary union facing asymmetric shocks. As the latter economic context requires some fiscal commitments from national governments, we analyse the economic rationale of setting fiscal rules under a common currency area and the resulting EU institutional frame for the Stability and Growth Pact (SGP) and the Excessive Deficit Procedure (EDP). We discuss the legal basis for the EDP and the relevant accounting definitions. We also provide the initial settings of the SGP, as well as a summary of the contents and the related assessment of the revised SPG in March 2005. We conclude the chapter with a brief comment on the so-called "Six Pack" adopted by the EU in December 2011, which provides a wide range of macroeconomic indicators to improve the governance of EMU within eurozone countries, through the Surveillance of Macroeconomic Imbalance Procedure.

The above macroeconomic imbalances result from asymmetric shocks within the Eurozone and call for an enhanced role of labour market flexibility. This is dealt with in chapter 3, which discusses the economic conditions for the success of EMU when there is still a need for structural reforms in the markets of goods and services, and factors of production. In view of asymmetric shocks, experience shows that behaviour in nominal and real wage growth resulted in increased unemployment over the EU15. Fiscal policy, on the other side, could mitigate to some extent the burden of wage adjustment, and could play an important role at improving productivity.

In general, however, smooth shock-absorption requires a flexible wage formation process to circumvent low employment levels, but the risk of hysteresis would remain. To avoid the accumulation of wage and labour cost differentials, which finally result in a widening external cost-competitiveness divergence among eurozone countries, wage bargaining behaviour should respect at least several rules. These norms for wage developments are the following: (i) maintain overall nominal wage developments consistent with the goal of price stability; (ii) keep real wage developments in line with productivity increases; (iii) avoid wage demands to converge upwards and to catch up with wage increases in neighbour countries; and, (iv) wage agreements should also better take into account productivity differentials according to qualifications, skills and geographical areas.

A flexible labour market, however, does not refer exclusively to hiring and firing conditions, as the narrow OECD approach to labour market flexibility considers. This is why the following chapter addresses the issue of labour market *flexicurity* in the eurozone, and discusses the evolution of the idea of flexible labour market as a smooth shock absorber in case of asymmetric shocks. The concept of flexible labour markets became an institutionally well-settled concept when the OECD constructed its index of labour market strictness. The OECD recognised, however, the weakness of its narrow approach and the European Commission put forward a more novel notion of *flexicurity*.

In my turn, the personal proposal of the concept of *flexicurity* aims at reaching a reasonable agreement on both the efficiency and the security principles by taking into consideration the interest of all the stakeholders in the labour market, including those inactive or in unemployment. Further, we provide a wide overview of the several approaches concerning the issue of flexible labour markets. We also developed a thorough analysis of the implementation of the notion of *flexicurity* in several EU Member States such as Denmark, The Netherlands, Austria, and Spain. In the case of Spain, we verify the few elements of *flexicurity* contained in the Spanish labour market reforms during the 1980s and 1990s, as well as in the most recent reforms during the 2010-12 period.

The two last chapters of the book jump onto both the Spanish and the eurozone domestic crisis. The former was the result of the housing market bubble and huge external disequilibria, and chapter 5 recalls the major issues at stake in the Spanish economy since 1996, a time when financial markets started to discount the Spanish entry into the eurozone. We start with a summary analysis of the most recent economic developments, and the current macroeconomic imbalances. As from 2007, the Spanish economy underwent the worst period in the recent history since the Stabilisation Plan implemented in 1959.



In 2008, what was most worrying, however, was the perception of disorder transmitted by the Government: they limited themselves to take measures against the global financial crisis pretending this was the major and unique problem to cope with. On the contrary, the very problem in 2008 consisted in the downward shift of the potential productive capacity of the Spanish economy, we became poorer and we should have reacted on it. In 2008, we faced a domestic crisis not an external macroeconomic shock, despite the fact that citizens did not feel fully the pain of the forthcoming macroeconomic adjustment. Inaction in the economic field translated into major macroeconomic imbalances: huge external deficit, overdimensioned and undercapitalised sectors (housing, banking), and lack of structural reforms in sectors (banking, labour market, and health) and policies (fiscal and budgetary).

The chapter 6 provides a diagnosis of the financial crisis and provides a Spanish perspective, yet, it remains within a balanced European approach. The analysis undertaken aims at avoiding, as much as possible, an economic though ideologically guided and the respect of *good economics*. The crisis of the euro became self-evident after the financial markets turmoil, which took place during the summer 2007. The global financial crisis cast serious doubts about some dogmas put forward by the defenders of the libertarian capitalism, as the one on the efficiency of financial markets. Whereas in the US several episodes of bankruptcy took place within banks, in the EU the banking sector was recapitalised, fiscal measures were taken to support companies and families, and to stimulate the economy; moreover, an institutional framework was set up to improve the financial regulation and supervision. The banking and financial crisis was followed, as usual, by a debt crisis. In 2010-2011, successive European Summits accelerated the building up of financial facilities and rescue mechanisms to finance countries facing difficulties and to avoid the contagion effect. Political attention focussed on those funds, hiding the political nature of the euro crisis, and masking the exchange rate and balance of payments disequilibria in the eurozone.

This last chapter emphasises monetary cooperation between Member States of the eurozone cannot be imposed through mere compulsory rules. It also requires mutual trust, a *quid pro quo*. The new budgetary rules, as they do not tackle the very core of the problem – exchange rate misalignments and balance-of-payments disequilibria –, will neither remove the doubts nor the anxiety of investors. A serious progress towards a *fiscal union* would require:

- (i) a greater coordination of fiscal policies between Member States;
- (ii) a larger size and larger redistributive capacities of the EU budget to make it able to fulfil properly its macroeconomic stabilising function. We the Europeans need a common budget with the required minimal size as to be used by the ECOFIN as countercyclical macroeconomic policy device;
- (iii) the introduction a genuine European tax, to increase the own resources of the EU, even though this idea is resisted by the German and French, which refuse to increase their respective EU contributions; and,
- (iv) transfers of European funds towards less favoured regions, through investments, trans-European net works and infrastructures, etc. (European Commission 1993, 75-85]. These resources, channelled through the EU Budget, could be complemented by credits from the European Investment Bank (IEB) and the European Investment Fund (EIF). The latter brings us to the hot debate on a *union of financial transfers*, an issue politically unacceptable to both Chancellor Merkel and the German public opinion, which unveils why the crisis of the euro is political and not economic in nature.

To correct the macroeconomic imbalances, beyond enhanced capital transfers from the EU budget to the peripheral countries, would require continue internal devaluations of the peripheral countries, and internal revaluations in the core countries, namely in Germany. Finally, the chapter proposes alternative scenarios to save the Eurozone from collapse. Indeed, with no adjustments in nominal exchange rates, external disequilibria in the eurozone can only be achieved through changes in relative prices and costs, therefore, *several alternative scenarios emerge*:

- (i) *capital transfers via the EU budget*: this possibility would correct the disequilibria in the long-term, but is politically unacceptable to Germany given the huge amount of resources that this would involve;



(ii) *internal devaluations of the peripherals combined with internal revaluations in the core countries*: on the one side, through a reduction in the absorption of the peripheral economies, which will bring about a containment, or reduction, in the prices of goods, services and assets, which has already started, but has severe limits; and, on the other side, by means of a wage expansion in the surplus countries;

(iii) *accommodating monetary and euro depreciation policies on behalf of the European Central Bank*: this would produce higher inflation pressures in core countries than in the periphery. The prices of goods and services will increase more rapidly in the core than in the periphery absorbing the external deficit of the former and reducing the deficit in the later, which would avoid the dangers and costs of deflation. Central countries will suffer the economic costs of inflation and will see its savings penalised as the banks and households will recover their holdings of sovereign debt in devalued terms, better than suffering a haircut or not recovering it at all. Moreover, the costs of inflation would have the advantage of not being self-evident and distributed over time; and,

(iv) *combining the previous three*: this could probably be the most plausible scenario, and it would combine capital transfers through the EU budget, internal devaluation of the peripherals and internal revaluation in core countries by wage increases; in the case of Germany they could re-introduce subsidies to imports and taxes to exports as they already did in 1964, to penalise the exorbitant profits of exporting industries instead of putting the whole burden on the German taxpayer; it far from being ideal, but it would redistribute the burden of adjustment in the eurozone in a more equitable way, until the new Treaty comes into force.

A part from the above economic proposals to solve out the current eurozone crisis, some additional conclusions, more political in nature, emerge from the book:

(i) Core countries, and more particularly the German authorities, have to understand that no country escapes undamaged from a eurozone in crisis. There is not such a thing as a free lunch in economics, neither for Germany. All of them, however, have a cost that Germany cannot escape. The first would consist to mobilise the excess of savings by implementing a *wage expansion*, that is, an increase in labour costs whether wages and/or non-wage costs. A wage increase would expand the German domestic demand, and part of this expenditure would filter to imports from the eurozone and would be growth supportive, whereas an increase in social security charges would strengthen the generosity of the German social protection schemes.

(ii) In contrast to the *fiscal expansion* proposed time ago by Martin Wolf, the *wage expansion* would not penalise the German taxpayer, but the export-oriented German companies which would have to either increase prices and loose competitiveness, or maintain the competitiveness by squeezing the profit margins that are nowadays exorbitant, a detail that the German authorities do not underline quite often. More inflation would reduce the external surplus and stimulate growth, something that would contribute both to alleviate the periphery debt payments, and to fade away the risk of insolvency that the German banks may fear on the debt holdings that they have in their respective balance sheets.

(iii) There is need to rescue the EU from the trap of the intergovernmental and post-democratic exercise of power in which has fallen. The latter would favour the come back of the so-called *méthode communautaire* to help construct Europe as a transnational democracy.

(iv) There is a need to legitimate the political decisions with regard to Europe through both the National and the European Parliaments, as well as by means of the European Court of Justice.

(v) It is imperative to swerve the present economic and financial fragmentation of Europe.

(vi) There is a need to end up with the German intransigence, which takes root in the re-unification, which allows the German elites to fully exploit the advantages of a brand-new national State.

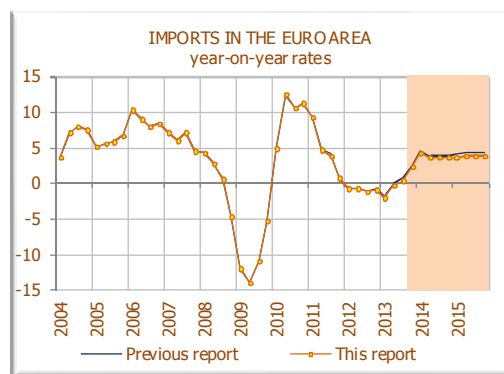
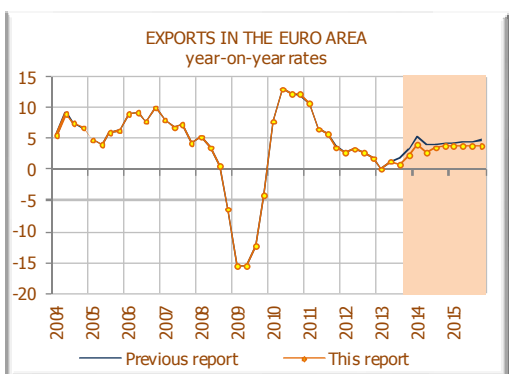
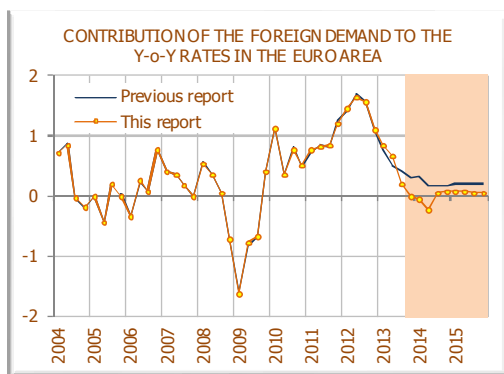
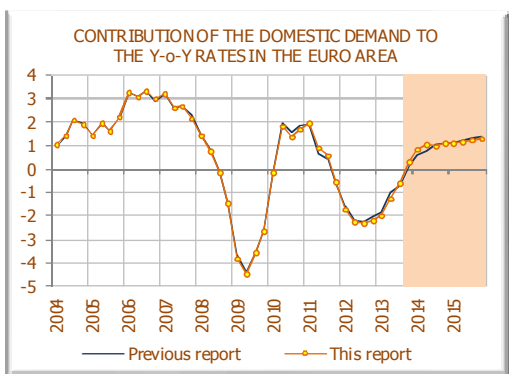
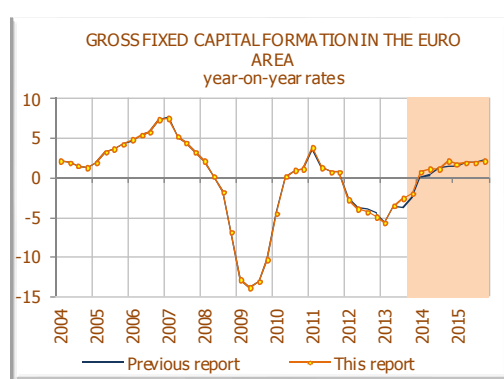
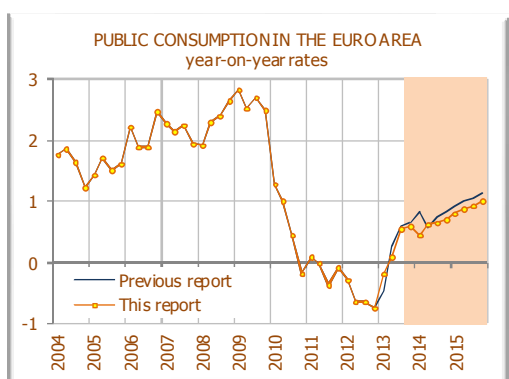
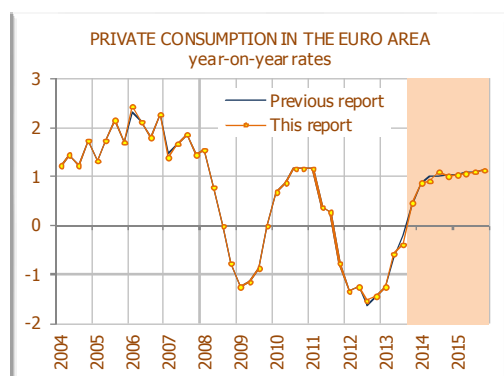
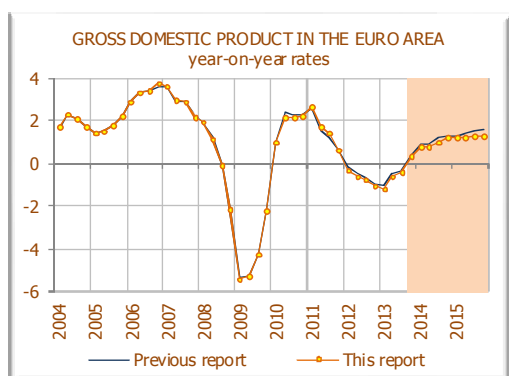


- (vii) The sixth and last challenge lies on the German determination to look Eastern. In this respect, Habermas is right when states "The Republic of Berlin [...] forgot the lessons that the Federal Republic learnt from history". The new German strategic-political course weakens the German commitment with the European construction, undermines the credibility of the German political support to the current political initiatives to complete the eurozone, and sows Europe with little bushes without shadow, with future national resentments. The euro-sceptical Chancellor Merkel and her Government should better learn from Chancellor Kohl and, like him, reconcile the fidelity to Germany with the loyalty to Europe.



COMPONENTS OF GROSS DOMESTIC PRODUCT DEMAND IN THE EURO AREA

Year-on-year rates



Source: EUROSTAT & BIAM (UC3M)

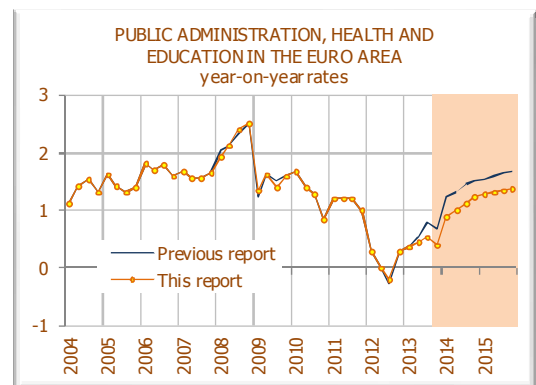
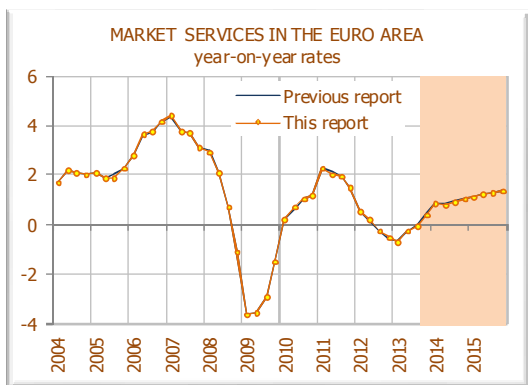
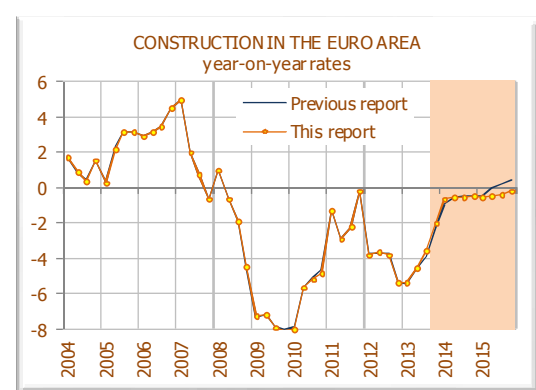
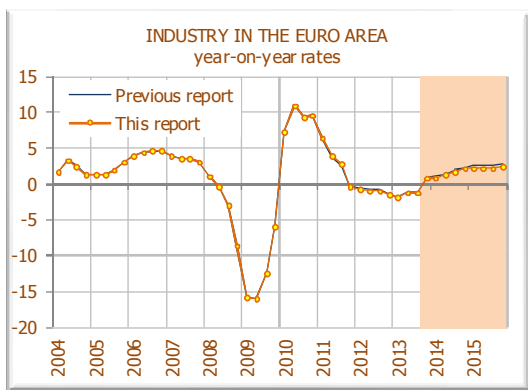
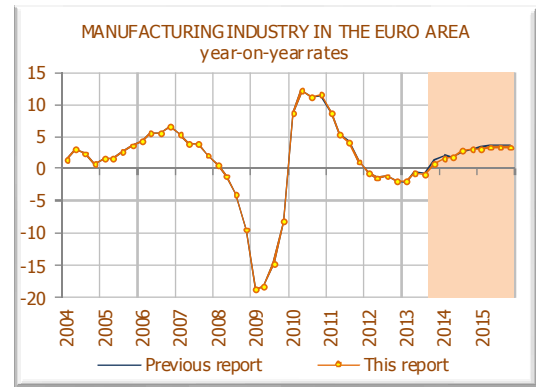
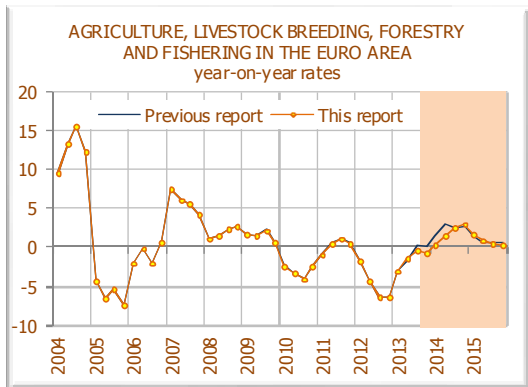
Date this report: December 12, 2013

Date previous report: October 31, 2013



COMPONENTS OF GROSS DOMESTIC PRODUCT SUPPLY IN THE EURO AREA

Year-on-year rates



Source: EUROSTAT & BIAM (UC3M)

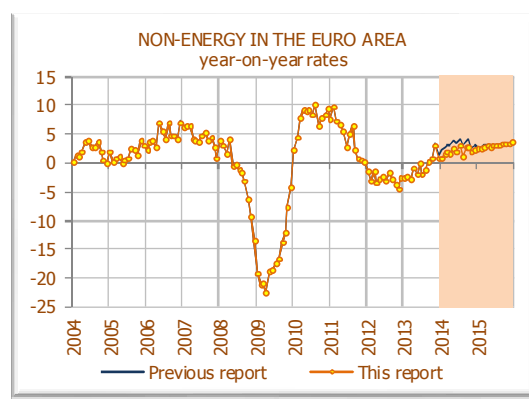
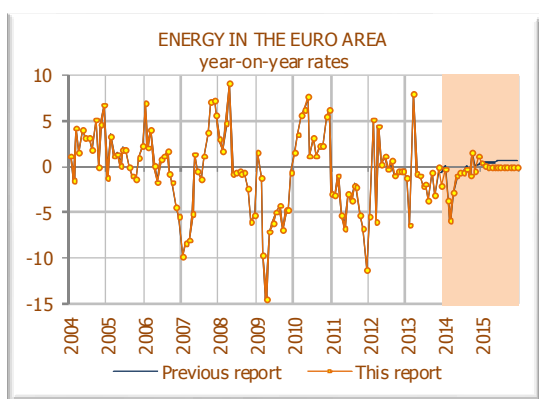
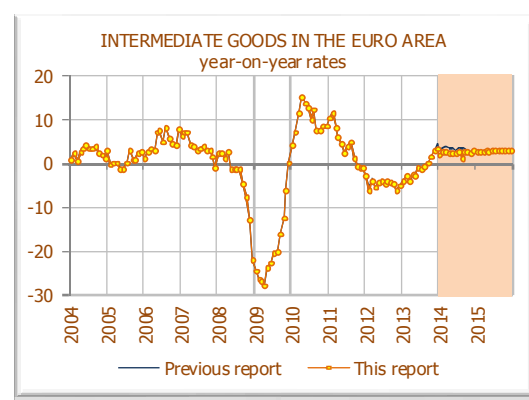
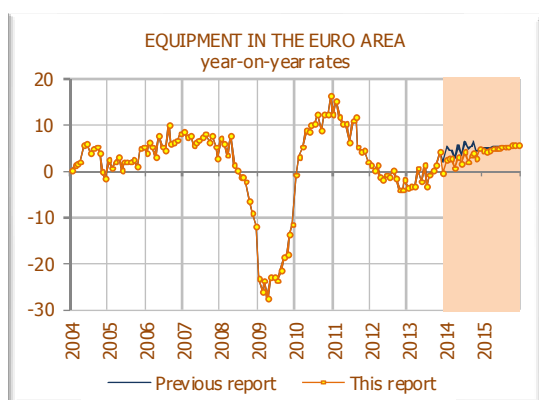
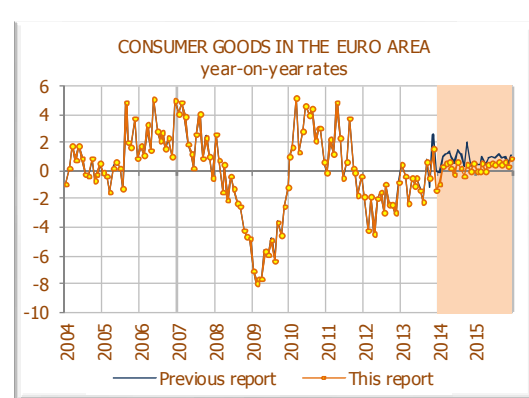
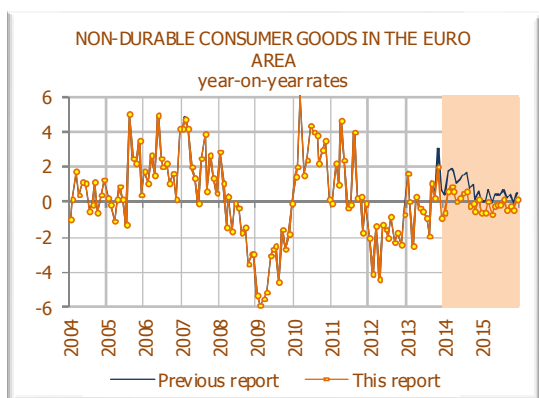
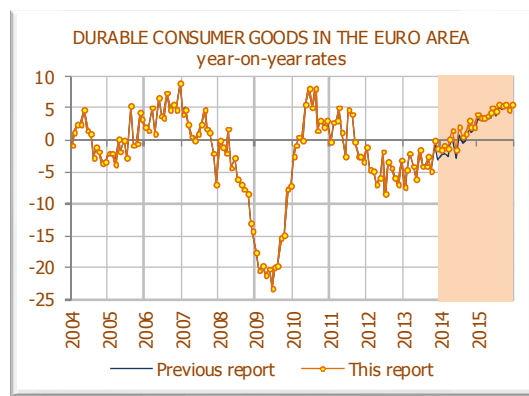
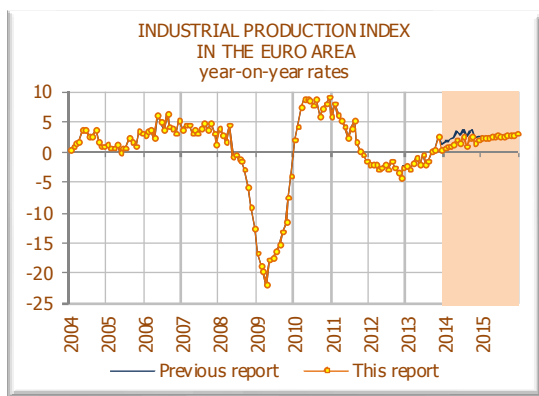
Date this report: December 12, 2013

Date previous report: October 31, 2013



COMPONENTS OF INDUSTRIAL PRODUCTION INDEX IN THE EURO AREA

Year-on-year rates



Source: EUROSTAT & BIAM (UC3M)

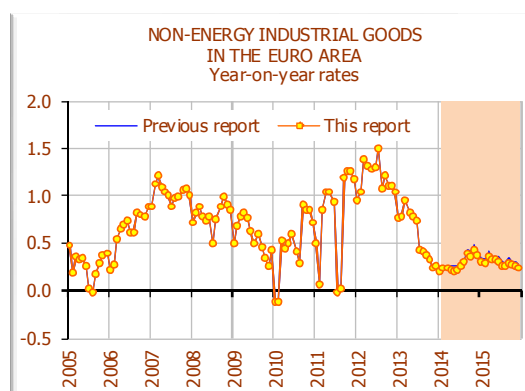
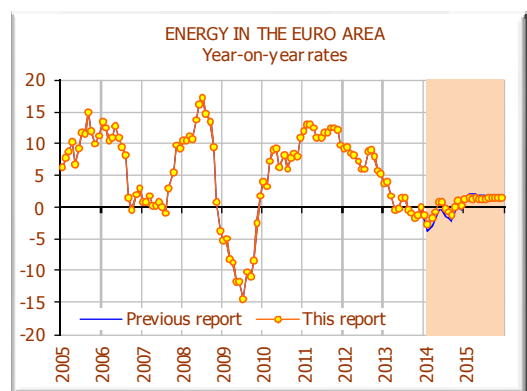
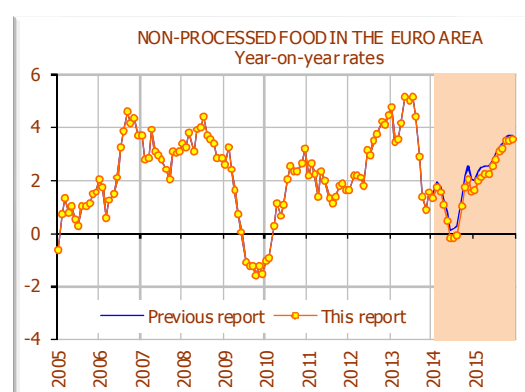
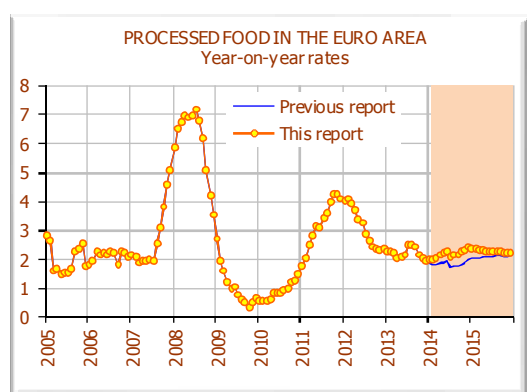
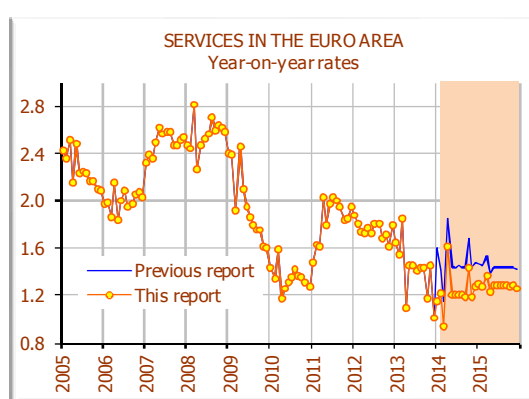
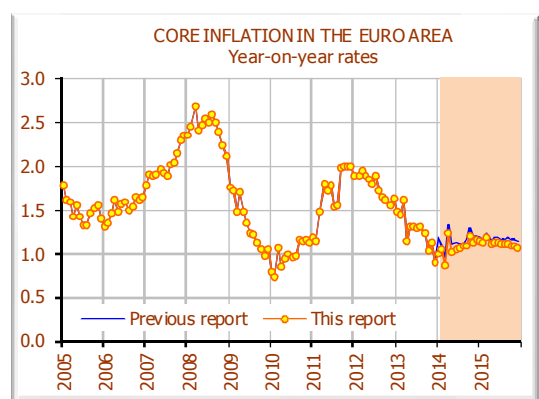
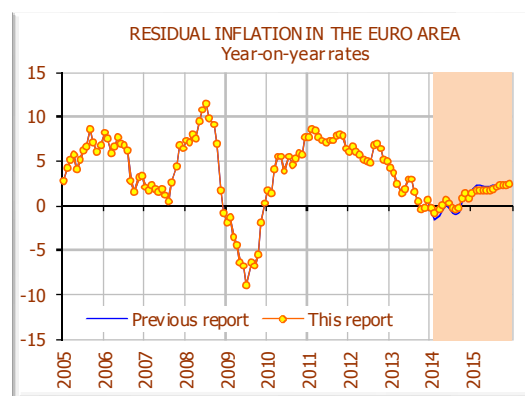
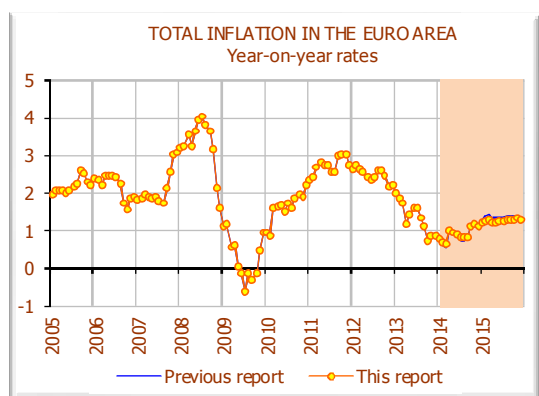
Date this report: February 20, 2014

Date previous report: January 20, 2014



COMPONENTS OF HARMONISED INDEX OF CONSUMER PRICES IN THE EURO AREA

Year-on-year rates



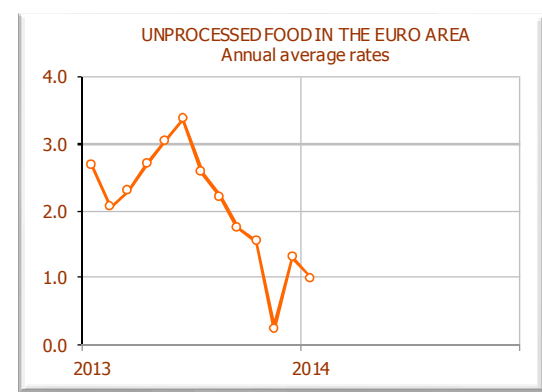
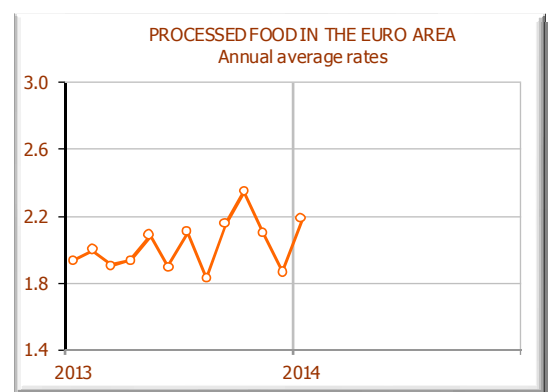
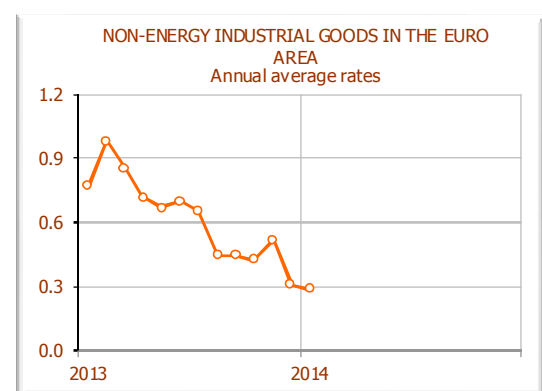
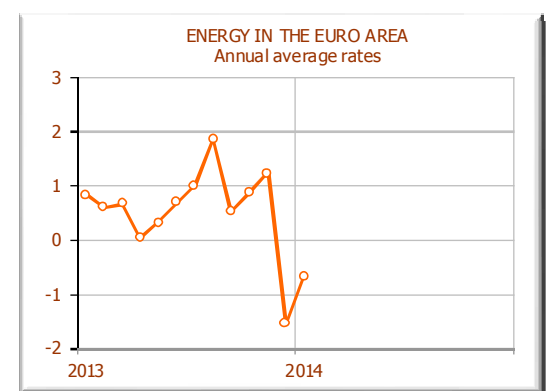
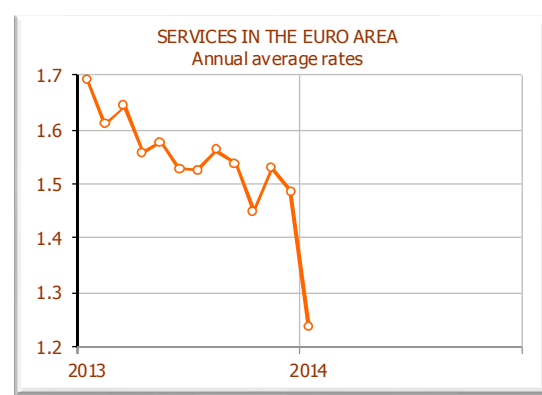
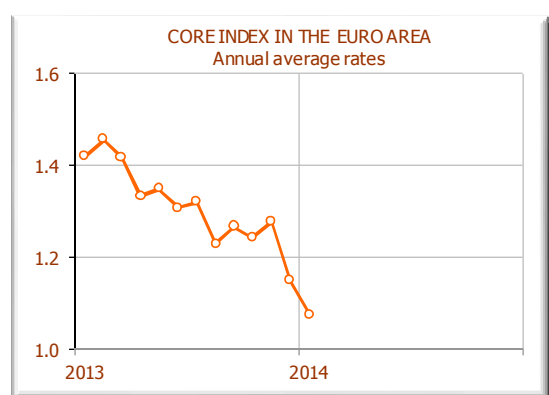
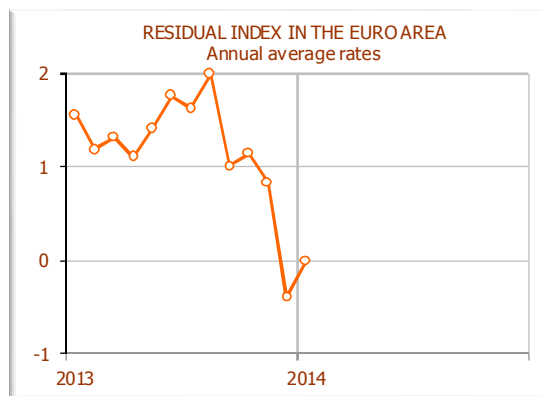
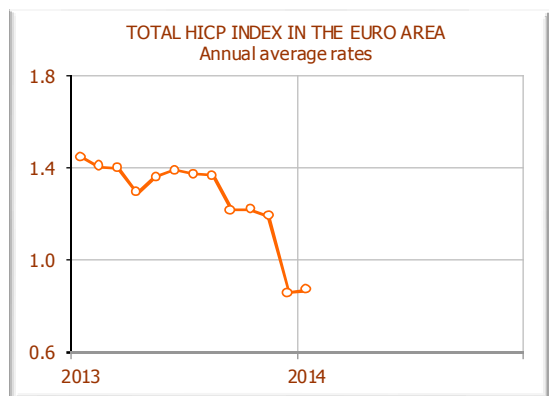
Source: EUROSTAT & BIAM (UC3M)

Date this report: February 24, 2014

Date previous report: January 30, 2014



CHANGES OF EXPECTATIONS FOR THE ANNUAL AVERAGE 2013 RATE OF INFLATION IN THE SPECIAL GROUPS OF THE EURO AREA SINCE JANUARY 2012

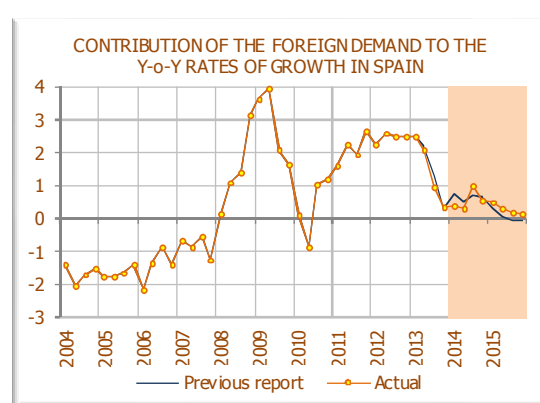
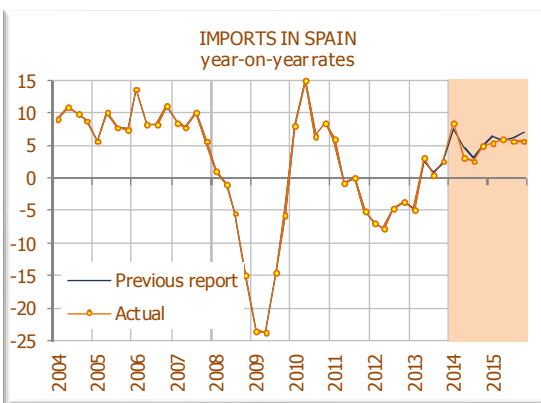
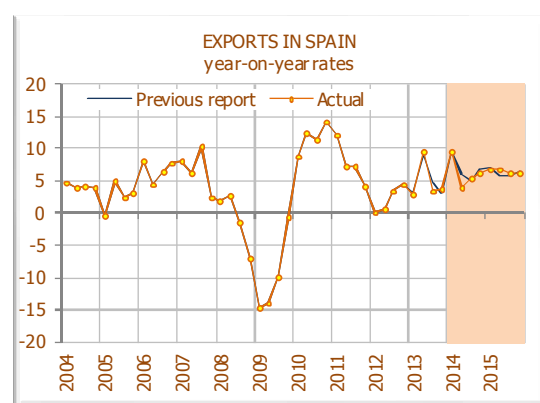
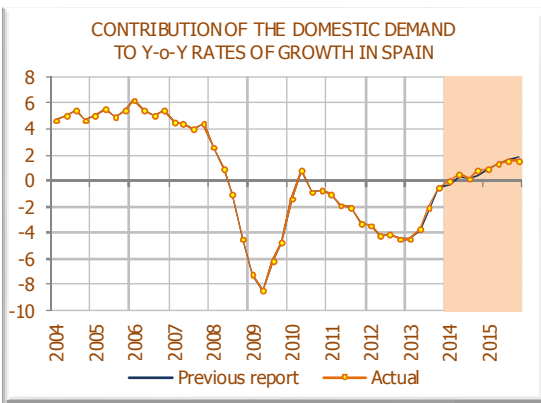
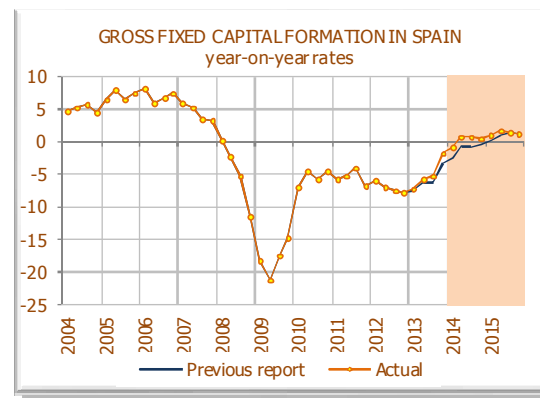
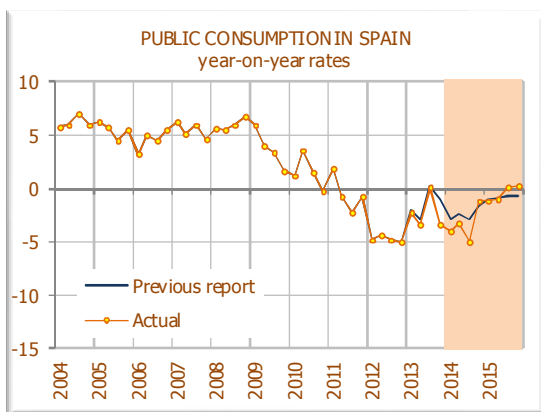
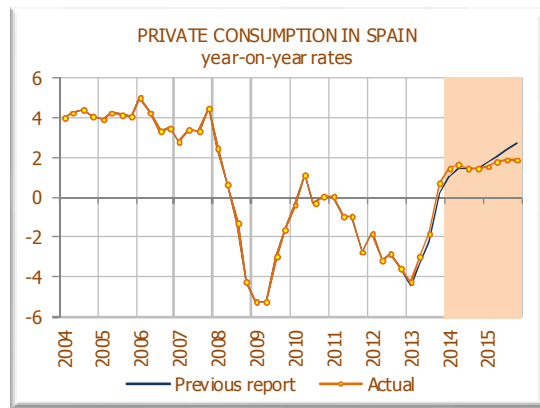
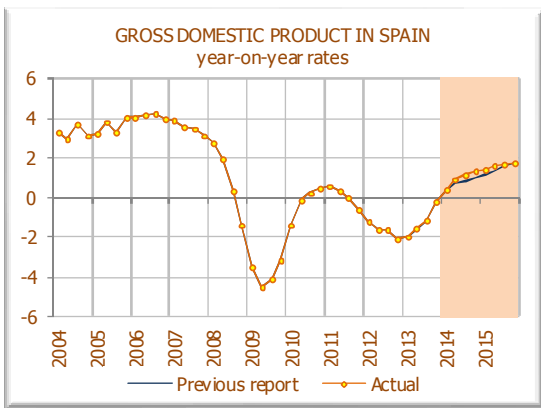


Source: EUROSTAT & BIAM (UC3M)
Date: February 24, 2014



GROSS DOMESTIC PRODUCT IN SPAIN: DEMAND SIDE

Year-on-year rates

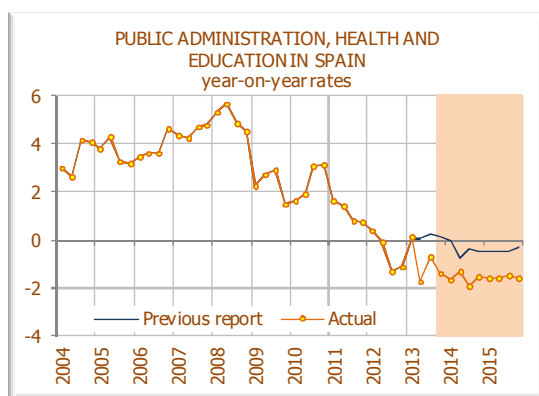
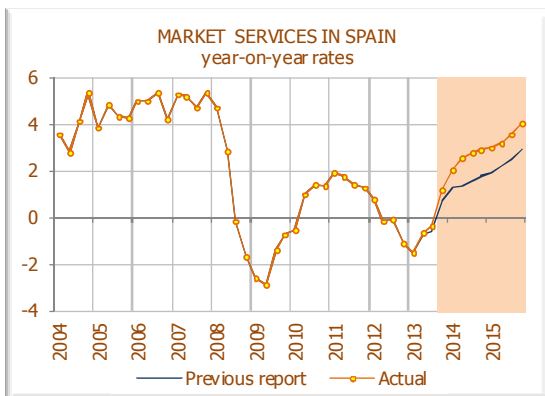
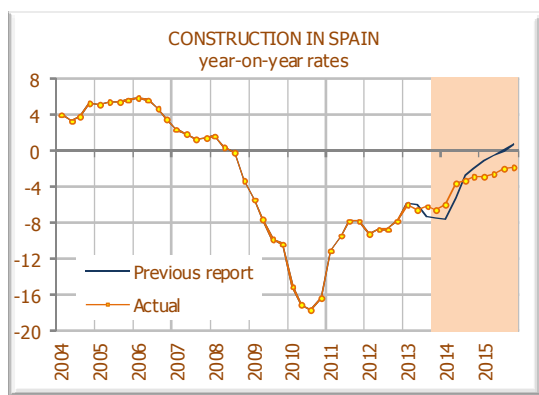
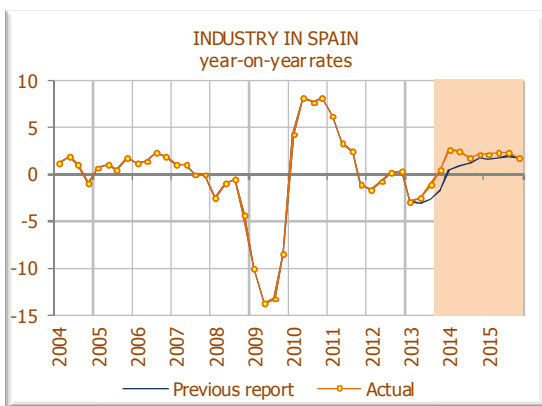
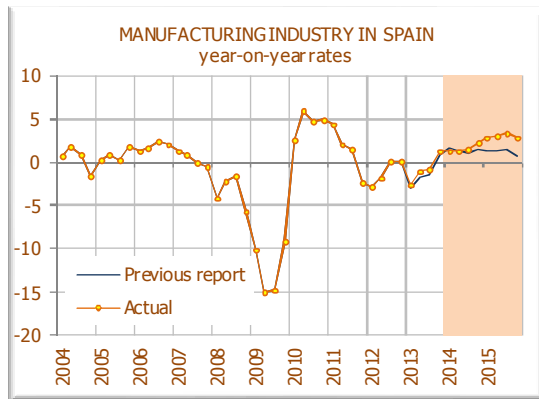
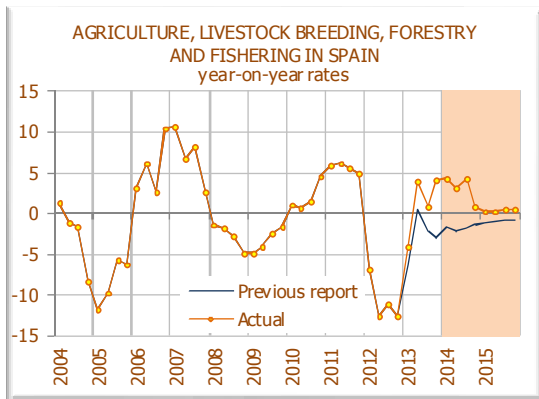


Source: INE & BIAM (UC3M).
Date this report: February 27, 2014
Date previous report: December 2, 2013



GROSS DOMESTIC PRODUCT IN SPAIN: SUPPLY SIDE

Year-on year rates



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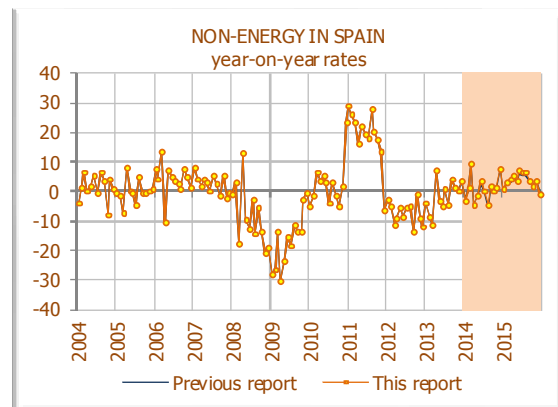
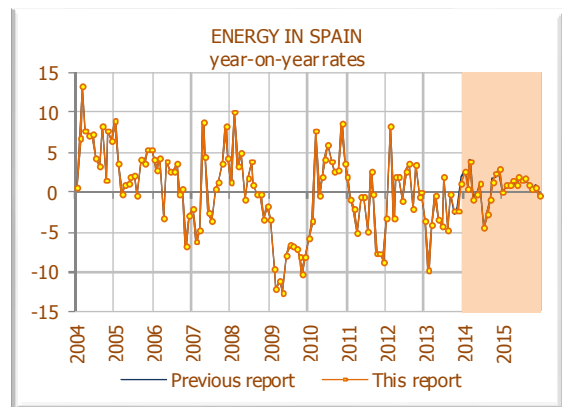
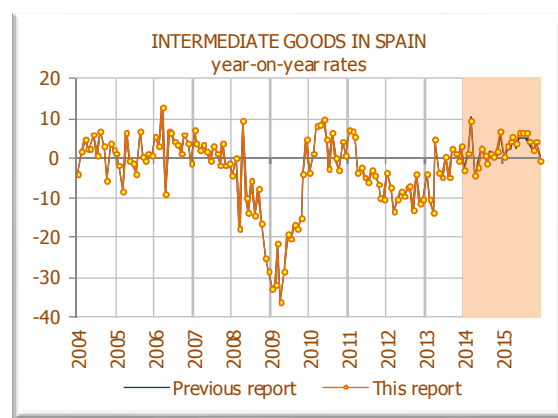
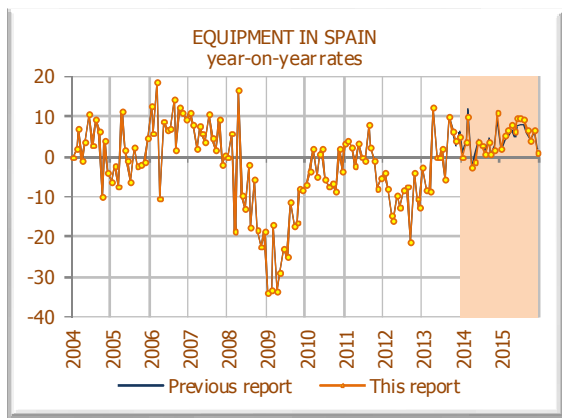
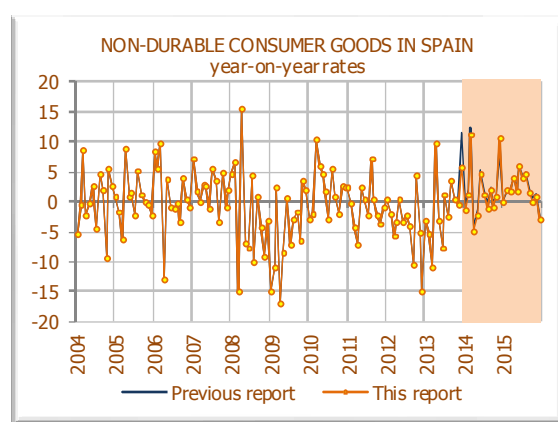
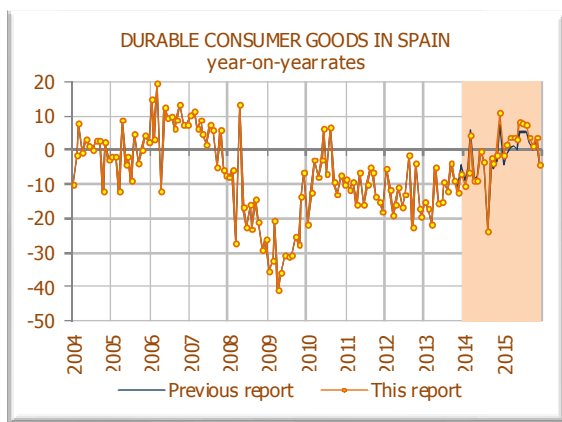
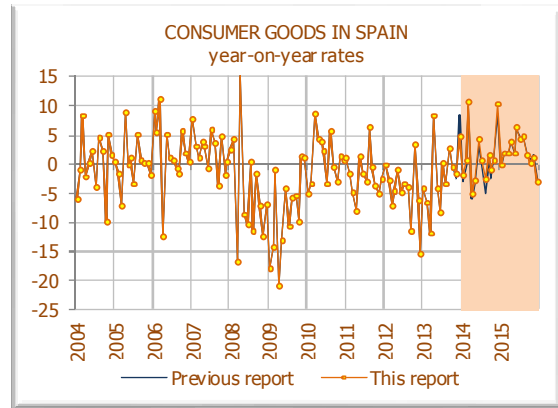
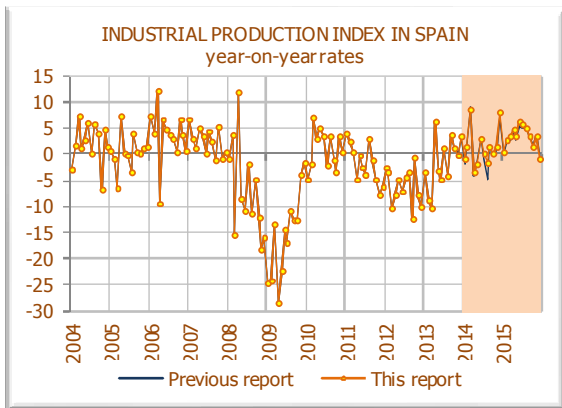
Date this report: February 27, 2014

Date previous report: December 2, 2013



INDUSTRIAL PRODUCTION IN SPAIN

Year-on year rates



Source: INE & BIAM (UC3M)

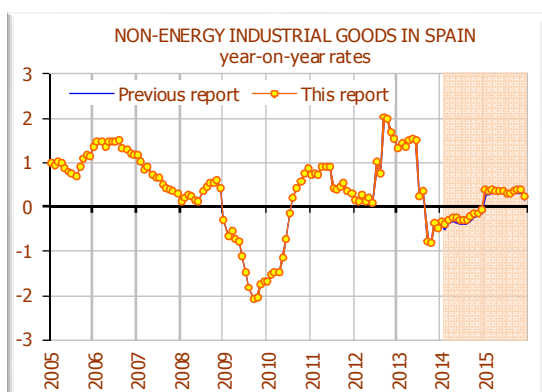
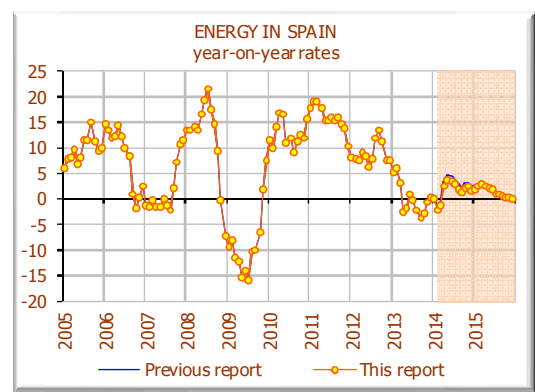
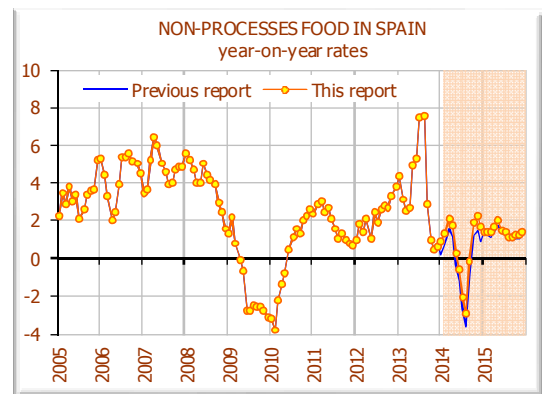
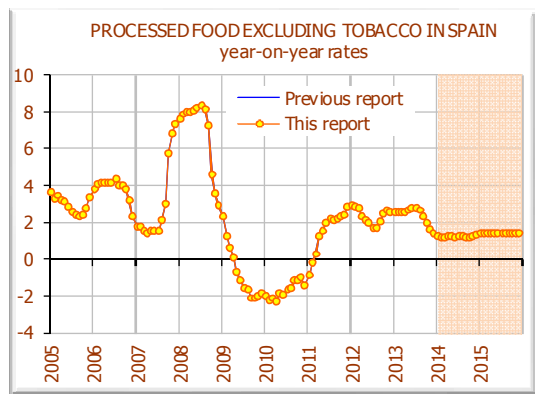
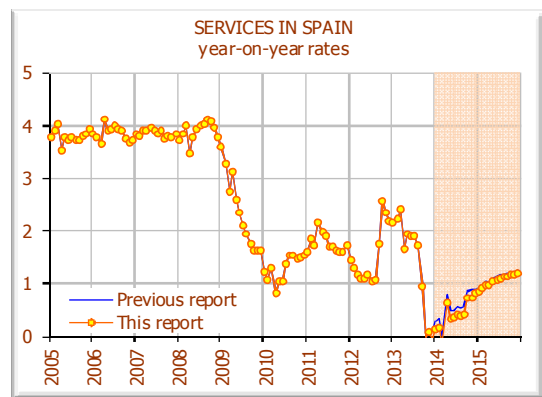
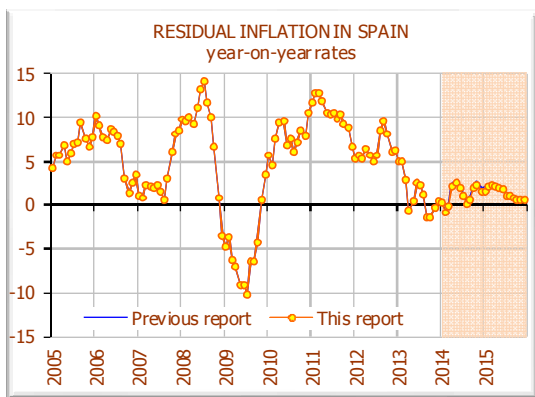
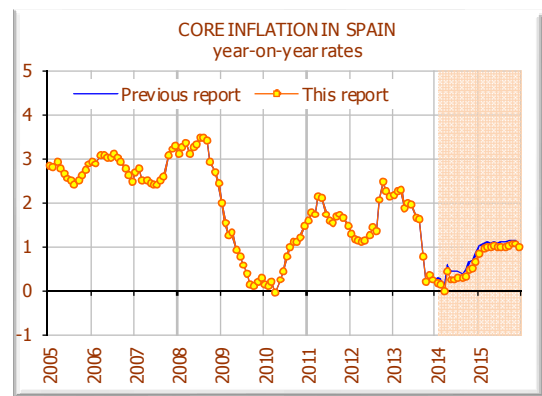
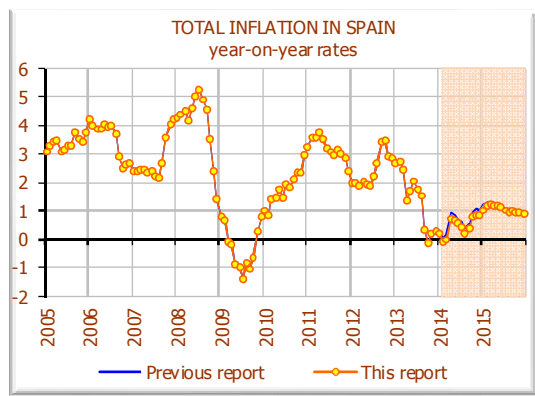
Date this report: February 20, 2014

Date previous report: January 20, 2014



ANNUAL RATE OF INFLATION BY SPECIAL GROUPS IN SPAIN

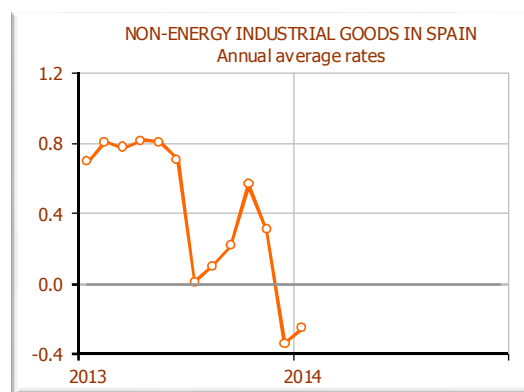
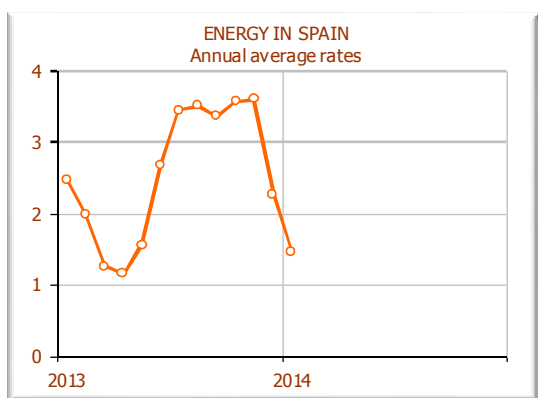
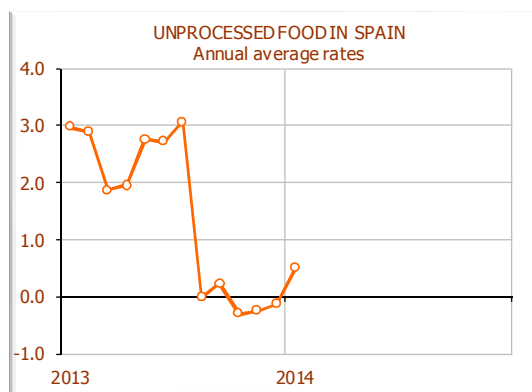
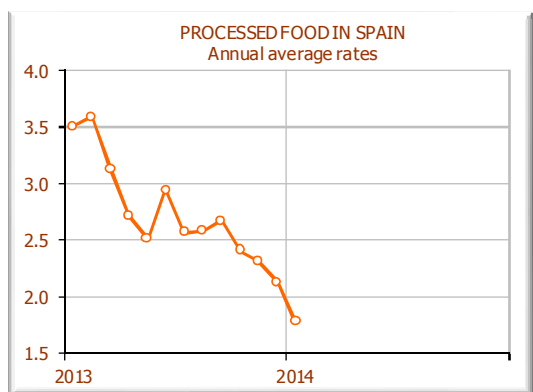
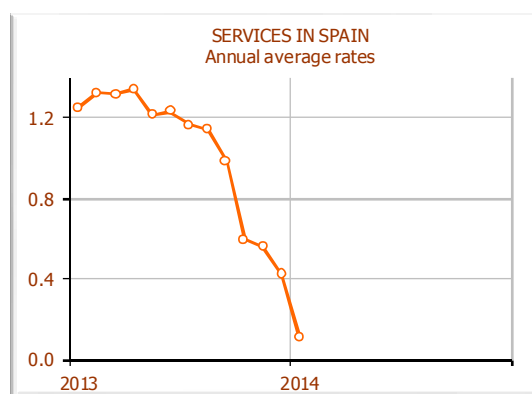
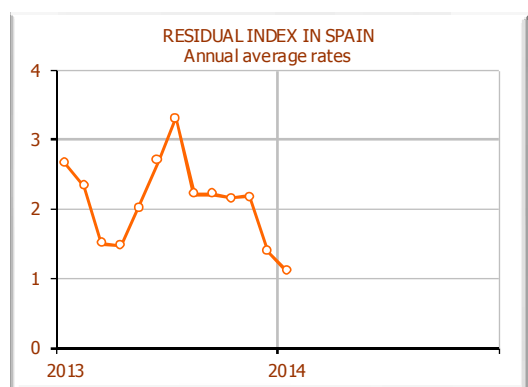
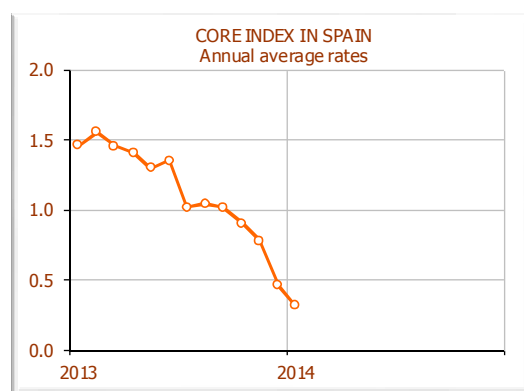
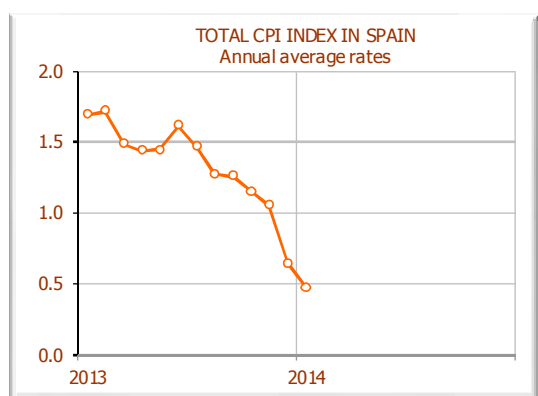
Year-on year rates



Source: INE & BIAM (UC3M).
Date this report: January 30, 2014
Date previous report: January 30, 2014



CHANGES OF EXPECTATIONS FOR THE ANNUAL AVERAGE 2013 RATE OF INFLATION IN THE SPECIAL GROUPS OF SPAIN SINCE JANUARY 2012



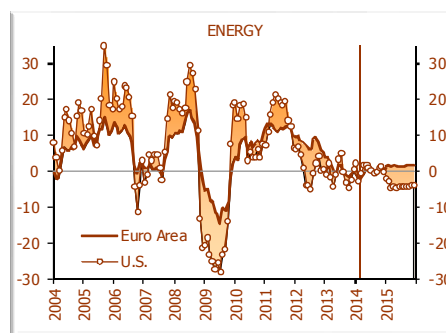
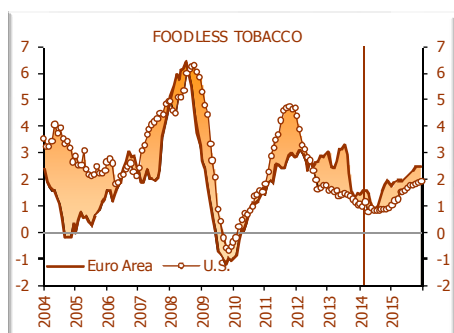
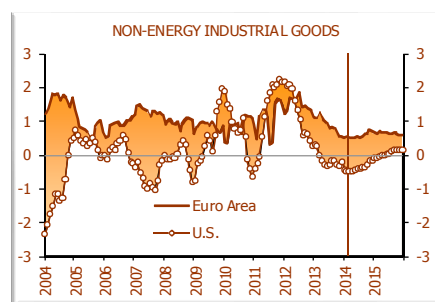
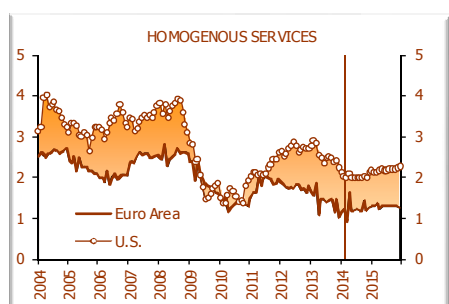
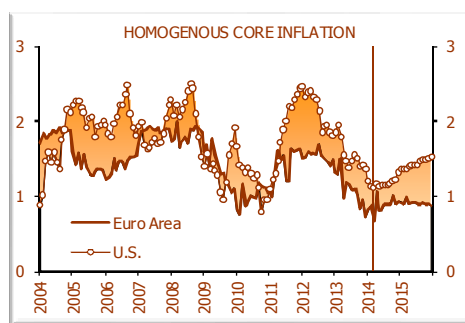
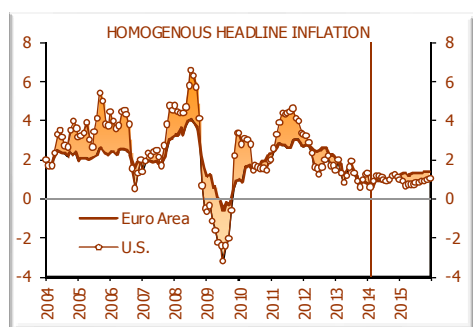
Note: These graphs show the average anual CPI growth rates forecast in the Bulletin published in the month on the abscissa
Source: INE & BIAM (UC3M)
Date: February 14, 2014



VIII. ANNEX II: SUMMARY OF FORECASTS FOR DIFFERENT AREAS

EURO AREA– U.S.

HOMOGENOUS INFLATION IN THE EURO AREA AND U.S.										
Annual average rates										
EA: Weights 2014	2007	2008	2009	2010	2011	2012	2013	Forecasts		
USA: RI Dec 2012								2014	2015	
TOTAL										
less Owner's equivalent rent of primary residence										
Euro area 100.0	2.1	3.3	0.3	1.6	2.7	2.5	1.4	0.9	1.3	
U.S. 77.5	2.7	4.3	-1.0	2.2	3.8	2.1	1.3	1.0	0.8	
HOMOGENOUS CORE INFLATION										
- Non-energy industrial goods and Services, less Processed Food in the Euro area.										
- Non-energy industrial goods less Tobacco in U.S.										
- Services less Owner's equivalent rent of primary residence in U.S.										
Euro area 69.4	1.9	1.8	1.4	1.0	1.4	1.5	1.1	0.9	0.9	
U.S. 55.2	1.8	2.1	1.4	1.2	1.8	2.1	1.6	1.2	1.4	
COMPONENTS OF HOMOGENOUS CORE INFLATION										
Services less Owner's equivalent rent of primary residence										
Euro area 42.8	2.5	2.6	2.0	1.4	1.8	1.8	1.4	1.2	1.3	
U.S. 34.8	3.4	3.6	2.0	1.6	2.2	2.7	2.5	2.0	2.2	
Non-energy industrial goods less Tobacco										
Euro area 26.7	1.0	0.8	0.6	0.5	0.8	1.2	0.6	0.3	0.3	
U.S. 20.4	-0.7	-0.1	0.5	0.7	1.2	1.2	-0.2	-0.4	0.0	
EXCLUDED COMPONENTS FROM HOMOGENOUS CORE INFLATION										
Food less Tobacco										
Euro area 17.4	2.6	5.3	0.2	0.5	2.4	2.8	2.5	1.4	2.1	
U.S. 13.9	4.0	5.5	1.8	0.8	3.7	2.6	1.4	0.9	1.6	
Energy										
Euro area 10.8	2.6	10.3	-8.1	7.4	11.9	7.6	0.6	-0.5	1.4	
U.S. 9.0	5.5	13.9	-18.4	9.5	15.4	0.9	-0.7	0.4	-4.0	



1. Excluding owner's equivalent rent of primary residence. 2. This homogeneous measure of core inflation does not coincide with the usual measure of core inflation for the euro area nor for the USA. It has been constructed in order to compare the data in the euro area and in the USA.

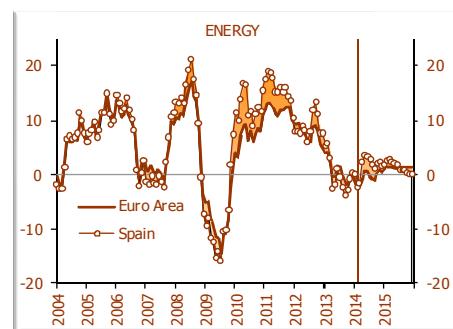
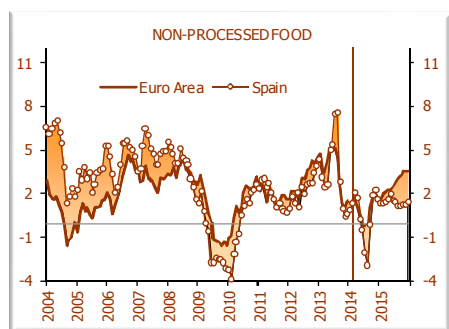
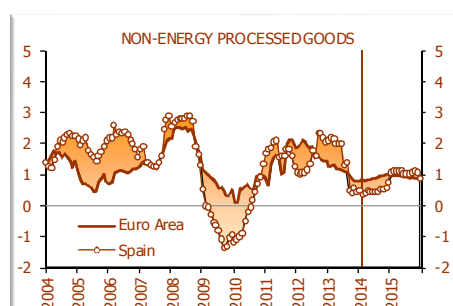
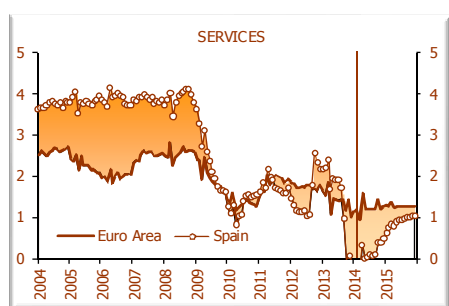
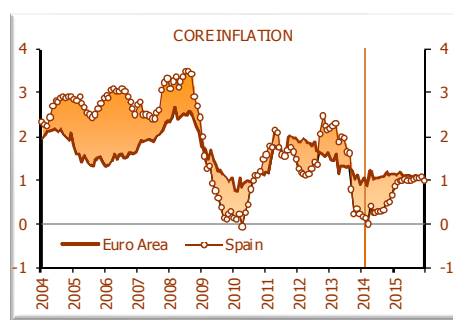
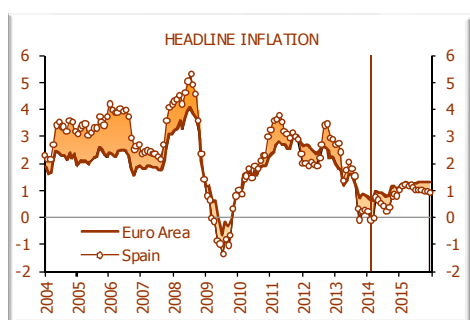
Source: EUROSTAT, BLS & BIAM (UC3M)

Date: February 24, 2014



EURO AREA– SPAIN

INFLATION IN SPAIN (CPI) AND IN THE EURO AREA (HICP)										
Annual average rates										
	Weights 2014	2007	2008	2009	2010	2011	2012	2013	Forecasts 2014 2015	
TOTAL										
Spain	100.0	2.8	4.1	-0.3	1.8	3.2	2.4	1.4	0.5	1.1
Euro area	100.0	2.1	3.3	0.3	1.6	2.7	2.5	1.4	0.9	1.3
CORE INFLATION										
Processed food, Non-energy industrial goods an Services										
Spain	81.4	2.7	3.2	0.8	0.6	1.7	1.6	1.4	0.3	1.0
Euro area	81.7	2.0	2.4	1.3	1.0	1.7	1.8	1.3	1.1	1.1
COMPONENTS OF CORE INFLATION										
Processed food										
Spain	15.1	3.7	6.5	0.9	1.0	3.8	3.1	3.2	1.8	2.4
Euro area	12.3	2.8	6.1	1.1	0.9	3.3	3.1	2.2	2.2	2.3
Non-energy industrial goods										
Spain	26.3	0.7	0.3	-1.3	-0.5	0.6	0.8	0.6	-0.3	0.3
Euro area	26.7	1.0	0.8	0.6	0.5	0.8	1.2	0.6	0.3	0.3
Services										
Spain	39.8	3.9	3.9	2.4	1.3	1.8	1.5	1.4	0.1	0.9
Euro area	42.8	2.5	2.6	2.0	1.4	1.8	1.8	1.4	1.2	1.3
COMPONENTS OF RESIDUAL INFLATION										
Non-processed food										
Spain	6.7	4.7	4.0	-1.3	0.0	1.8	2.3	3.4	0.5	1.4
Euro area	7.5	3.0	3.5	0.2	1.3	1.8	3.0	3.5	1.0	2.7
Energy										
Spain	12.1	1.7	11.9	-9.0	12.5	15.7	8.9	0.0	1.5	1.3
Euro area	10.8	2.6	10.3	-8.1	7.4	11.9	7.6	0.6	-0.5	1.4



Source: EUROSTAT, INE & BIAM (UC3M)
Date: February 14, 2014





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A. MONTHLY REPORTS

BIMA	Analysis and forecast of macroeconomic and labour market variables for Spain and the Euro Area. Inflation forecasts for Spain, the Euro Area and the U.S. Debate / research articles written by in-house and external experts.
BIMA CC.AA	Inflation forecasts by sectors and by Spanish Regions. Introduction to quarterly economic growth forecasts by Spanish Regions. Statistic appendix with update of a large data base with economic indicators for all Spanish Regions.
Diagnosis update service (Monthly reports)	Forecasts update service: 12 hours after the publication for the Spanish CPI, the Euro Area HCPI, the U.S. CPI and the U.S. PCE. Throughout the month for the macroeconomic forecasts and economic indicators for Spain, the Euro Area and the U.S.
Consultancy service and support for research	Immediate access to the working papers developed within the Bulletin. Access to the Bulletin's data bank upon individual request. Consultancy service by BIAM experts on issues related to the Bulletin. Inclusion of the Collaborator Institution's logo in the Bulletin and in the website.

B. QUARTERLY REPORTS³ ABOUT THE QUARTERLY GROWTH OF THE SPANISH CC.AA. AND OTHER SERVICES

Obtained by econometric models with composite leading indicators for each Spanish Region, which are used for quarterization and prediction of GDP for each region. The quarterly interpolations and predictions of each region are consistent with the average annual figure of each region. In addition, each quarterly GDP data for all regions are consistent with the correspondent national aggregate and all taking into account the nonlinear constraints imposed by chain indices.

B1. Quarterly report about a specific CA	Quarterly Forecasts and comparative analysis with Spain and the Euro Area of annual and quarterly rates of GDP growth in one Spanish Region. Cyclic Analysis of growth profile and comparison of the chosen region with Spain and the Euro Area. Access to database of economic indicators for a specific region.
B2. Quarterly report about all CCAA	Quarterly Forecasts and comparative analysis with Spain and the Euro Area of annual and quarterly rates of GDP growth in all the Spanish Regions. Cyclic Analysis of growth profile and comparison of each region with Spain and the Euro Area. Access to database of economic indicators for a specific region.
B3. Access to the data set of economic indicators of one CCAA	Monthly update of a database of high-frequency indicators of economic activity covering the main economic sectors, including credit data and fiscal situation, for a specific region (about 15 monthly and quarterly indicators).
B4. Access to the data set of economic indicators of all CCAA	Monthly update of a database of high-frequency indicators of economic activity covering the main economic sectors, including credit data and fiscal situation, for all Spanish regions (about 255 monthly and quarterly indicators).

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BIAM	via e-mail ⁴	350 € <input type="checkbox"/>	B1. Quarterly report about a specific CA	2 hard copies via regular mail	2,000 € <input type="checkbox"/>
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¹ Reports are for the only use of the client.

² Prices are valid until December 31st, 2014. Shipping included.

³ Delivery within 5 days of the publication of the Quarterly National Accounts (QNA) of Spain. In case IFL finds it appropriate, this forecast report will be updated and sent to the clients after the publication of the Quarterly National Accounts (QNA) of Spain.

⁴ These subscribers will also receive the electronic version, providing the type of distribution remains unaltered

⁵ 50% discount when you subscribe to any subscription modalities of quarterly growth regions. (B1 or B2)

⁶ The e-mail distribution may be changed without notice by urgent mail distribution.

INDICATORS CALENDAR

FEBRUARY

					1	2
3	4	5	6	7 Spanish IPI (December)	8	9
10	11	12 Euro Area IPI (December)	13	14 Spain CPI (January)	15	16
17	18	19	20 USA CPI (January)	21	22	23
24 Euro Area HICP (January)	25	26	27	28 Spain HICP Flash Euro Area HICP Flash (A.D. February)		

MARCH

					1	2
3 USA PCE (January)	4	5 Euro Area GDP (4 th Quarter)	6	7	8	9
10 Spain IPI (January)	11	12 Spain CPI (February) Euro Area IPI (January)	13	14	15	16
17 Euro Area HICP (February)	18 USA CPI (February)	19	20	21	22	23
24	25	26	27	28 Spain HICP Flash (A.D. March) USA PCE (February)	29	30
31 Euro Area HICP Flash (A.D. March)						

HICP: Harmonised Index of Consumer Price

QNA: Quarterly National Accounts

PCE: The Personal Consumption Expenditure Price Index

EAPS Economically Active Population Survey

IPI: Industrial Production Index

A.D.: Advanced Indicator



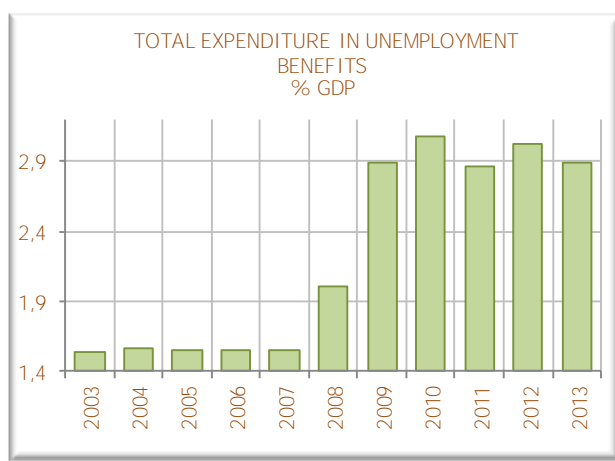
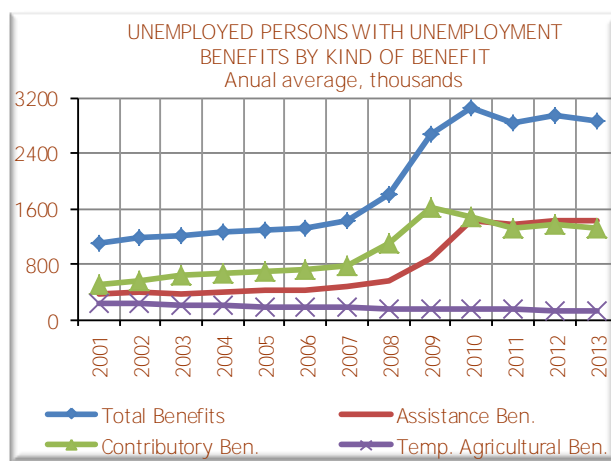
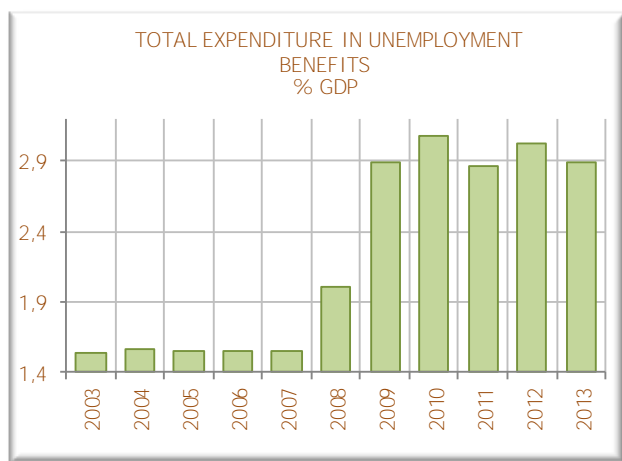
BULLETIN OF EU AND US INFLATION AND MACROECONOMIC ANALYSIS

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Instituto Flores de Lemus

The number of unemployed not eligible for benefits at the end of 2013 in Spain was nearly two million (1.98 million). In other words, more than 40% of all unemployed have no public benefits.

In 2011 for the first time, assistance benefits exceeded contributive benefits, largely because the latter are only available for a two-year period.



Source: Ministry of Employment & BIAM(UC3M)

Date: March 4, 2014


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