



BULLETIN OF EU AND US INFLATION AND MACROECONOMIC ANALYSIS

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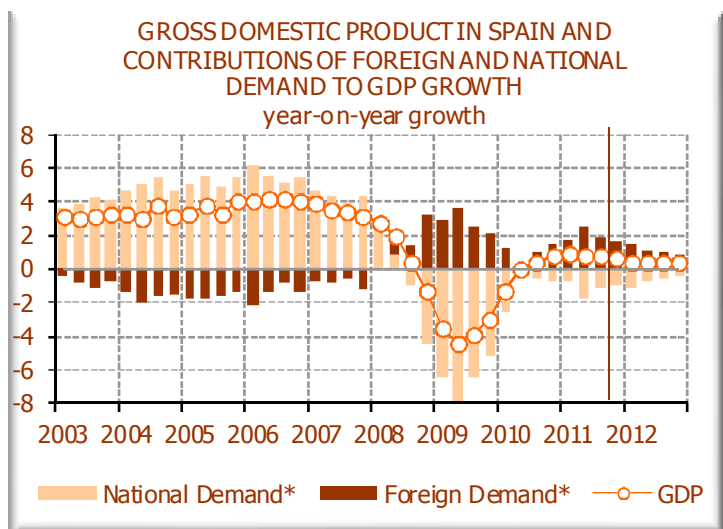
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November, 2011

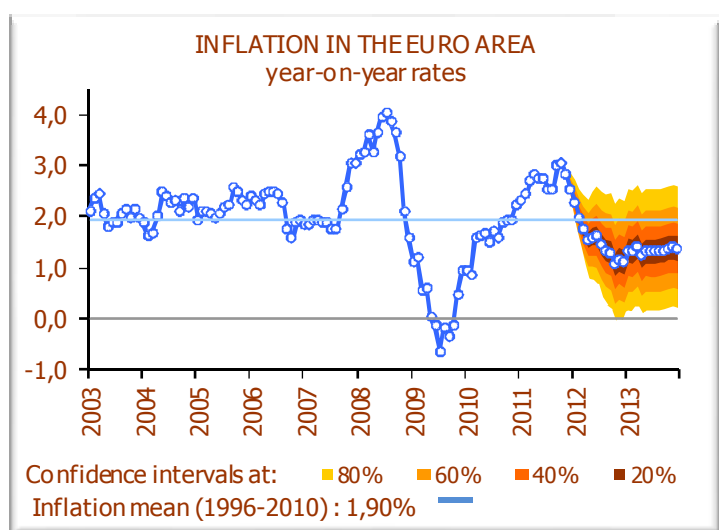
Second Phase

Forecast Spanish GDP growth has fallen by 0.7 pp to 0.3% (± 1.3) so domestic demand will not make a positive contribution until at least 2013.



Source: INE & BIAM (UC3M)
Date: November 28, 2011

With inflation expectations in the medium term below the 2% mark, the deterioration found in economic indicators increase the likelihood of the ECB adopting new expansionary measures.



Source: EURO AREA & BIAM (UC3M)
Date: November 16, 2011

Economic Outlook.

P. 1

This month, the world's leading central banks have started to react, both in coordination and individually, to the real economic crisis caused by the passiveness of European leaders, incapable of solving the euro area's financial and public debt situation. As well as the measures that have already been announced, the ECB is likely to approve additional expansionary measures in its next meeting on 8th December. However, it would appear that the relentless orthodoxy of some of those leaders will continue to prevent the ECB from more decisively intervening on the public debt markets until fiscal integration is greater and more solid. This situation continues to reduce market confidence and affect real economies, in the euro area and elsewhere. In this context, our Spanish GDP growth forecasts have been revised downwards by 0.7 pp for 2012, to 0.3% (± 1.3).

The Spanish economic and debt crisis in the context of the euro

P. 40

Since it joined the euro area, the Spanish economy has accumulated a large amount of foreign debt which, in the current context of major financial shocks, is increasing financing costs and affecting the real economy in terms of growth and employment; similar situations are found in other euro area economies. To a great extent, this level of debt has been generated by maintaining increasingly high current account deficits for several years, although the deficit has been significantly adjusted during the crisis. The necessary reduction of this foreign debt requires an increase in international competitiveness, especially with the euro area, which in turn requires reduced labour costs and greater productivity, although not at the cost of reducing employment.

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

Director: **Antoni Espasa**

Coordination: **Santiago Sánchez Guiu**

Macroeconomic Analyst: **Michele Boldrin**

Labor Market Analyst: **Jose Ignacio Pérez Infante y Cesar Rodriguez**

Analysis of Financial Markets Consultant: **Esther Ruiz**

Inflation Analysis and Forecasts:

Spain and Euro Area: **Santiago Sánchez Guiu and César Castro**

United States: **Ángel Sánchez**

Macroeconomic Analysis and Forecasts:

Spain: and Euro Area **Nicolás Carrasco and Santiago Sánchez Guiu**

Norway: **Gunnar Bardsen y Ragnar Nymoen**

Industrial Production Analysis:

Spain: **Carles Bretó and Santiago Sánchez Guiu**

Euro Area: **Santiago Sánchez Guiu**

USA: **Santiago Sánchez Guiu**

Composition: **Elena Arispe and Eva María Torijano**

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Macroeconomic Forecast and Analysis Laboratory, Instituto Flores de Lemus

Universidad Carlos III de Madrid

C/ Madrid, 126 E-28903 Getafe (Madrid) Tel +34 91 624 98 89 Fax +34 91 624 93 05

[www. uc3m.es/boletin](http://www.uc3m.es/boletin) E-mail: laborat@est-econ.uc3m.es

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*The cut-off date for the statistics included in this Bulletin was December 1, 2011

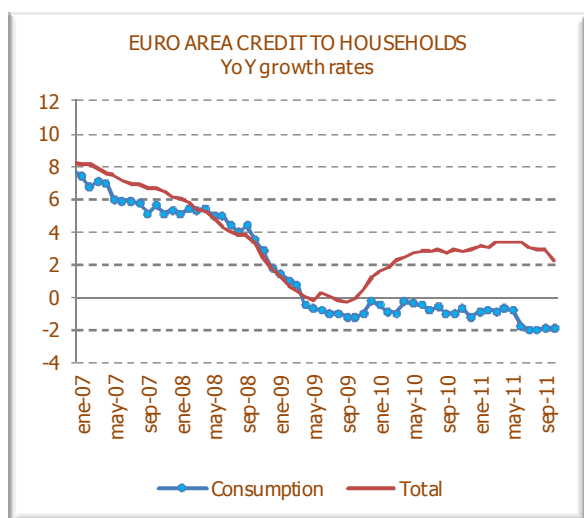
I. ECONOMIC OUTLOOK

This month, the world's leading central banks have started to react, both in coordination and individually, to the real economic crisis caused by the passiveness of European leaders, incapable of solving the euro area's financial and public debt situation. As well as the measures that have already been announced, the ECB is likely to approve additional expansionary measures in its next meeting on 8th December. However, it would appear that the relentless orthodoxy of some of those leaders will continue to prevent the ECB from more decisively intervening on the public debt markets until fiscal integration is greater and more solid. This situation continues to reduce market confidence and affect real economies, in the euro area and elsewhere. In this context, our Spanish GDP growth forecasts have been revised downwards by 0.7 pp for 2012, to 0.3% (± 1.3).

The latest information about credit and economic activity in the euro area show the inevitable consequences of the as yet few steps taken to solve the financial and public debt crisis. In the first place, with the wholesale financing markets closed to most euro area banks and constant tension related to the returns on public debt in nearly all euro area countries, the efforts made by banks to meet new capitalisation requirements continue to reduce the availability of consumer credit. In the euro area, this type of credit decreased in October at a year-on-year rate of 1.9%, just 0.1 pp above its lowest ever level.

Secondly, the difficult fiscal adjustment process affecting growing numbers of euro area countries is not helping to absorb the impact of the euro project's confidence crisis on the real economy. For example, the euro area unemployment rate grew to 10.3%, its highest ever value, in October.

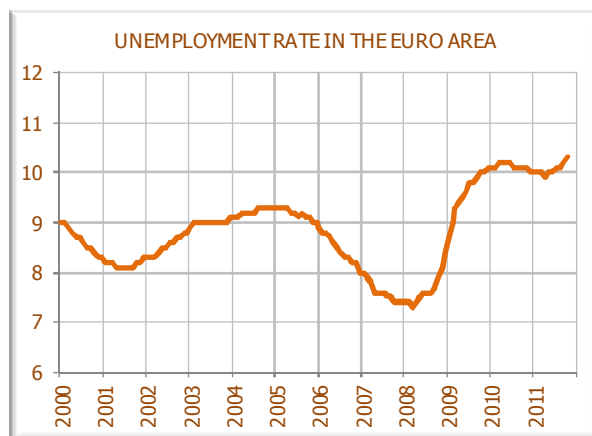
Graph I.1



Source: EUROSTAT & BIAM (UC3M)
Date: December 1, 2011

On the other hand, although inflation remained at 3% in November, according to Eurostat's preliminary estimation and in line with our forecasts, the medium-term expectations continue to be anchored beneath the ECB target. According to our calculations, inflation could be less than 2% in April next year. In this context, a new rate reduction is likely on the 8th December. Also, we cannot rule out the approval of other, unconventional, measures such as extraordinary 2 or 3-year credit facilities.

Graph I.2



Source: EUROSTAT & BIAM (UC3M)
Date: September 22, 2011

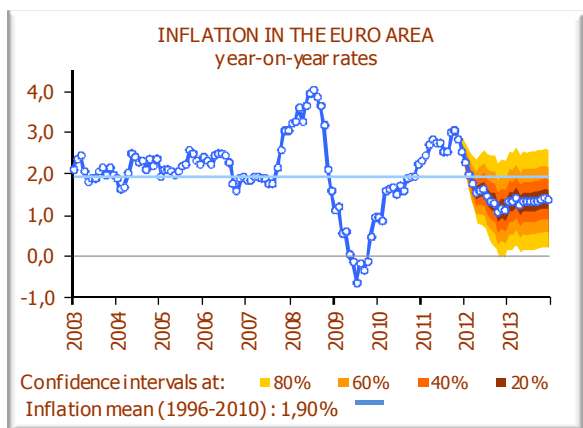
With regards to Spain, according to the INE, the Spanish GDP remained stagnant in the third quarter, with a year-on-year growth rate of 0.8% instead of the expected 0.6%. The INE also revised second quarter GDP growth upwards by 0.1 pp to 0.8%. The small upwards innovation in the third quarter and the revision of the second quarter figure led to a slight increase in our GDP growth forecast for 2011, to 0.8% (± 0.1). However, the latest hard and soft data have led to a more significant reduction in the GDP growth forecast for 2012, 0.7 pp to 0.3% (± 1.3).

According to our updated forecasts, the quarterly GDP growth rate in the fourth quarter of this year will be from 0.2% to -0.1%. Therefore, the probability of a drop in the GDP in the last quarter of 2011 is less than 50%, but still considerable. For 2012, growth in each quarter relative to the immediately previous quarter is expected to be close to zero, an average of 0.075%. Considering the confidence intervals around those values, the likelihood of negative quarterly growth is greater than is estimated for the fourth quarter of 2011.

The deterioration of the labour market and access to credit, on the one hand, and the impact of fiscal adjustment on public consumption and investment, on the other, have led to worse domestic demand growth expectations. As a result, it will not make a positive contribution to



Graph I.3



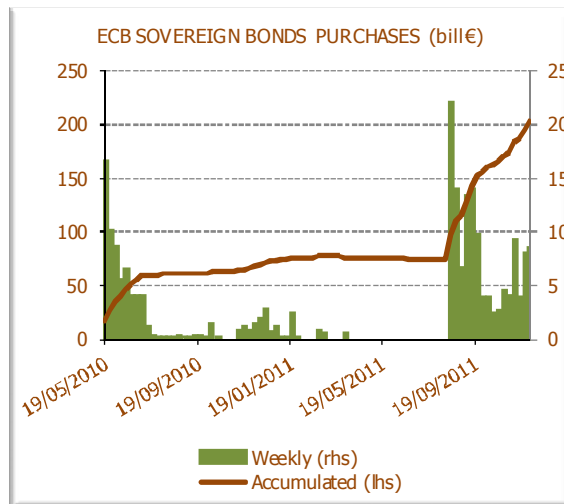
Source: EUROSTAT & BIAM (UC3M)
Date: November 28, 2011

GDP growth until at least 2013. The expected contribution of net foreign demand has improved significantly this month, basically due to the negative impact of weak domestic demand on imports, and also because failure to solve the public debt crisis in the euro area will continue to favour the currency's depreciation and counteract the loss of traction of Spain's trade partners in the euro area.

With regards to domestic demand, our expectations for growth of household consumption have been revised downwards considerably to 0.1% for 2011 and 2012, as a result of the heavy downwards revision of the historic series and expected deterioration of the labour market and access to credit. In September, the system default rate grew for the sixth consecutive month to more than 7%. Furthermore, in this context of greater capital requirements and closed wholesale financing markets, Spanish banks continue to access ECB financing; in October it represented 19% of the total, closer than ever to the highest level registered in July 2010. In this context, it is complicated to anticipate recovery of total credit to the non-financial sector in the short or medium term; the figure fell for the third consecutive month in September.

On the other hand, compliance with the State deficit target in 2011 seems more feasible now, after the good regional budgetary performance figures in the third quarter. However, the new government's apparently greater commitment to meeting the deficit reduction target in 2012 and the downwards revision of the public consumption series, led to a considerable downwards revision of the growth forecast for 2012, to -2.6%. On the other hand, despite the upwards revision of the historic gross capital formation series in 2010 and 2011, the expected impact of the fiscal adjustment process on public investment in infrastructures and the non-recovery of the

Graph I.4



Source: EUROSTAT & BIAM (UC3M)
Date: December 1, 2011

property market have reduced our investment growth expectations for 2012 to -1.2%.

On the production side, the construction GVA is not expected to recover until at least 2013. In 2012 the forecast is for -1.4% growth, more than two points less than our previous estimate. Property sales fell again in September by a year-on-year rate of 28.2%, after the greatest reduction on the year in August, 38%. Absorption of property stocks and the subsequent recovery of construction will not begin until the property assets held by Spanish banks are valued at their real prices, until mortgage credit ceases to diminish and until the Spanish labour market starts to show signs of improvement. At the Instituto Flores de Lemus we do not expect this to occur until at least 2013.

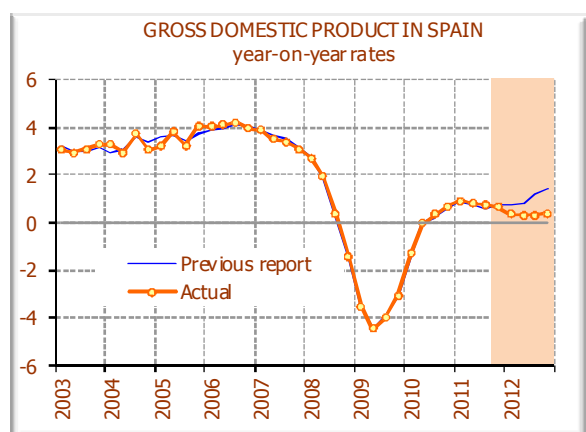
On the other hand, the revision of the series after the base change has also had a significant impact on the change of industrial GVA forecast, which now includes most of the production that was previously classified in the energy GVA. The manufacturing PMI continued to decrease in November, for the seventh consecutive month. Expected industrial GVA growth has therefore fallen by more than two points for 2011 and 2012, to 2.6% and 0.3%, respectively.

With regards to market services, despite the upwards revision of the historic series in 2010, the latest hard and soft data and the new downwards revision of expected euro area economic growth have kept the growth forecast practically unaltered, at 0.9% for both 2011 and 2012.

In conclusion, it is difficult to imagine a more complex challenge than that facing the new government. On the one hand, the weak labour market, credit constraints and fiscal adjustment appear to prevent the recovery of domestic



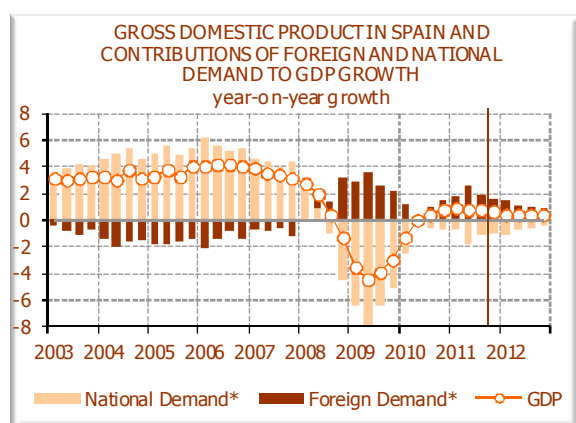
Graph I.5



Source: INE & BIAM(UC3M)
Date: November 28, 2011

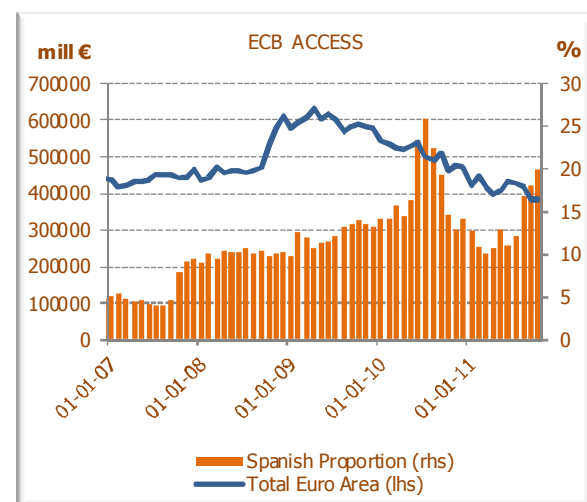
demand in the short or medium term. On the other, the likely duration of the European public debt crisis could continue to endanger real economic growth the world over, thus affecting the positive contribution of net foreign demand in Spain. The challenge is great, but so is the opportunity. It is clear that Spain cannot depend on the growth of its trade partners, but that the Spanish government must decisively undertake the reforms required to reactivate domestic demand and improve the Spanish productive system's efficiency and competitiveness. These reforms must necessarily make the labour market more flexible, to prevent adjustment of quantities instead of adjustment of prices, for the definitive resolution of the banking crisis – including the real evaluation of property assets – and rationalisation of regional finances. In sum, as Professor Antoni Espasa explained in his article published in *Expansión* on 30th November, situations in which demand is particularly low require global business action to create such demand. It is therefore essential for everyone to recognise that sustainable growth can only come from businesses.

Graph I.6



Source: INE & BIAM(UC3M)
Date: November 28, 2011

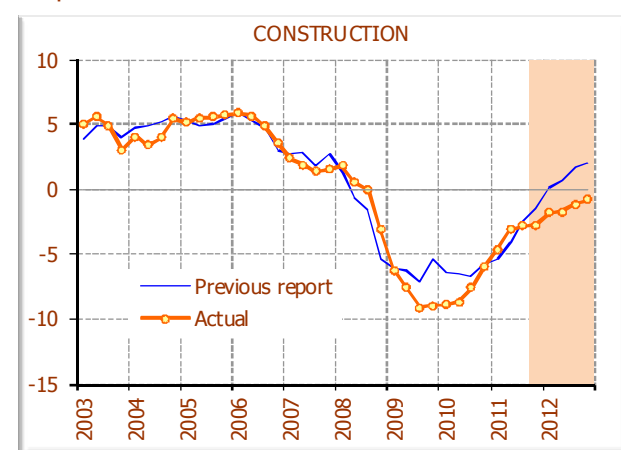
Graph I.7



Source: EUROSTAT & BIAM (UC3M)
Date: December 1, 2011

Last, our forecast for the quarterly GDP growth of the different Spanish regions (CCAA) for 2011 have been updated this month. In comparison with our previous expectations, the average GDP growth for 2011 forecast worsened for 11 CCAA, while only 3 improved it. Despite that, the number of CCAA with more favourable GDP growth forecast than Spain, has increased this month to 11, one more than previously expected. Canarias is still the region with the highest GDP growth forecast (2.1%), while Castilla La Mancha also remains as the region with the highest expected GDP contraction (-0.6%).

Graph I.8



Source: INE & BIAM (UC3M)
Date: November 28, 2011



II. THE ECONOMY IN THE EURO AREA

The expected rise in energy inflation and a necessary modelling change in the apparel series have led to an increase in the total HICP expected for 2012 to 1.9% (± 0.77)

The soft data and heavy downwards innovations in September lead to the fifth reduction in the euro area industrial growth forecast in the last six months.

MAIN VARIABLES AND INDICATORS IN THE EURO AREA						
Average annual rates						
	2007	2008	2009	2010	Forecasts	
					2011	2012
GDP mp.¹	3,0	0,3	-4,1	1,8	1,7 ($\pm 0,5$)	1 ($\pm 1,3$)
Demand						
Private final consumption	1,6	0,4	-1,2	0,8	0,4	0,1
Public final consumption	2,2	2,4	2,7	0,4	0,4	0,2
Gross capital formation	6,2	-1,7	-15,6	3,7	5,5	2,3
Contribution domestic demand	2,7	0,3	-3,0	1,3	1,4	0,5
Exports of goods and services	6,6	0,8	-12,8	10,1	5,8	5,3
Imports of goods and services	6,1	0,8	-11,6	9,1	5,1	4,3
Contribution foreign demand	0,3	0,0	-0,6	0,5	0,3	0,5
Supply GVA						
Total	3,3	0,5	-4,2	1,8	1,7	1,0
Agriculture	1,3	1,5	2,9	0,1	0,5	-0,4
Industry	3,5	-2,7	-13,1	6,1	4,4	2,3
Construction	2,6	-1,8	-6,0	-4,1	0,8	0,7
Trade services	3,9	1,3	-5,3	2,4	1,6	0,8
Financial services	4,2	1,6	-1,5	0,9	1,1	1,2
Public services	1,8	1,9	1,2	0,9	0,7	0,3
Prices (HICP²)						
Total	2,1	3,3	0,3	1,6	2,7 ($\pm 0,03$)	1,9 ($\pm 0,77$)
Core	2,0	2,4	1,3	1,0	1,7 ($\pm 0,03$)	1,7 ($\pm 0,42$)
Processed food	2,8	6,1	1,1	0,9	3,3	3,1
Non-energy industrial goods	1,0	0,8	0,6	0,5	0,8	1,1
Services	2,5	2,6	2,0	1,4	1,8	1,7
Residual	2,8	7,3	-4,5	4,7	7,7	3,0
Non-processed food	3,0	3,5	0,2	1,3	1,8	1,4
Energy	2,6	10,3	-8,1	7,4	12,0	4,1
Labour market³						
Unemployment rate	7,6	7,6	9,6	10,1	10,0	10,2
Industrial production index (excluding construction)⁴						
Total	3,9	-1,6	-14,8	7,4	3,9 ($\pm 1,1$)	1,5 ($\pm 2,2$)
Consumer goods	2,4	-1,9	-4,9	3,3	1,3	-0,1
Durables	1,3	-5,2	-17,3	2,5	0,8	-5,5
Non-durables	2,6	-1,3	-2,9	3,4	1,4	0,6
Equipment	6,7	0,0	-20,9	9,1	9,2	7,0
Intermediate	4,0	-3,4	-19,0	10,1	4,4	-1,1
Energy	-0,7	0,2	-5,3	3,8	-4,1	-1,0

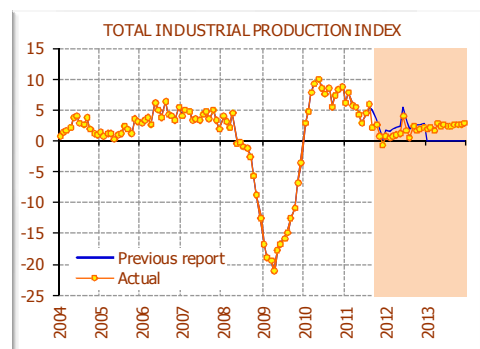
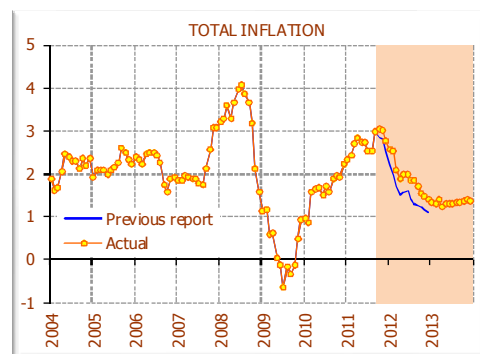
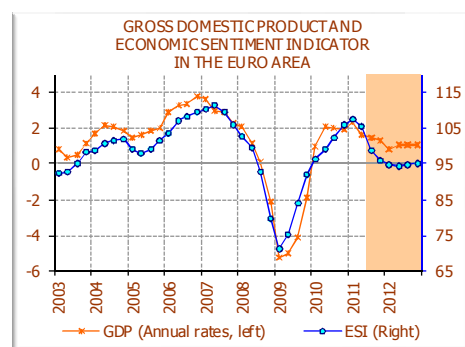
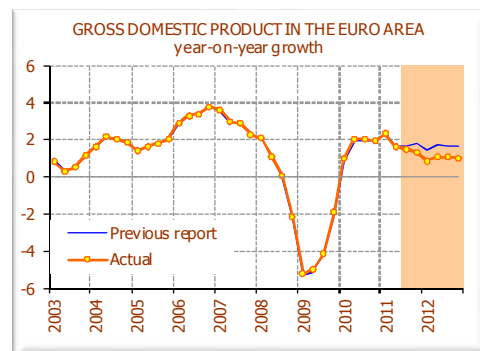
The figures in the shaded area are forecasts.

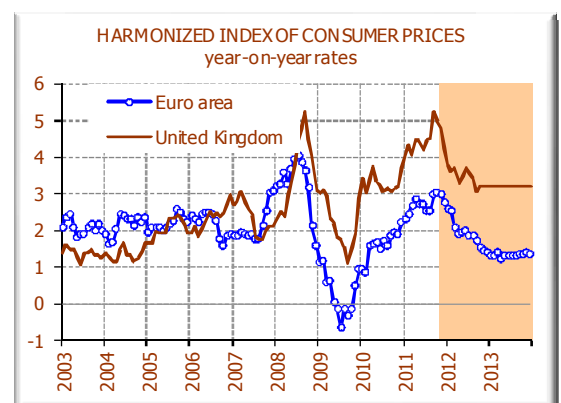
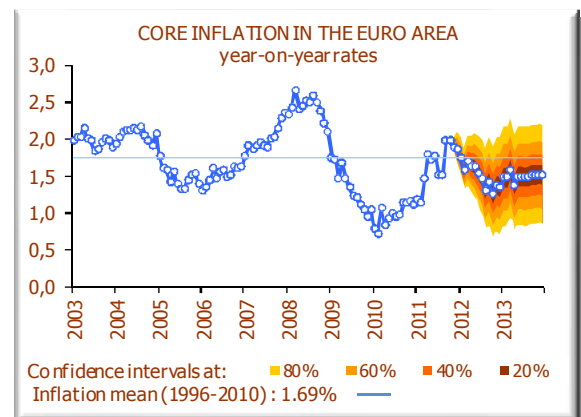
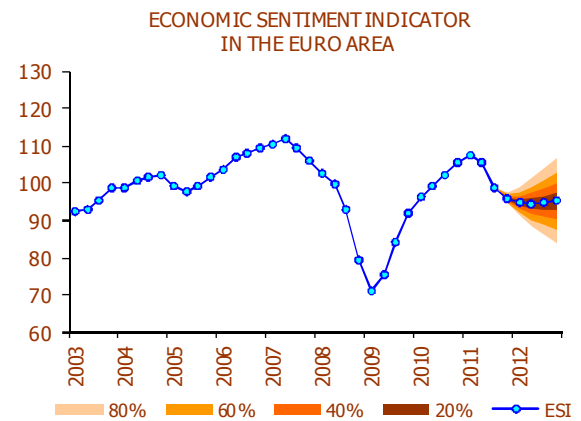
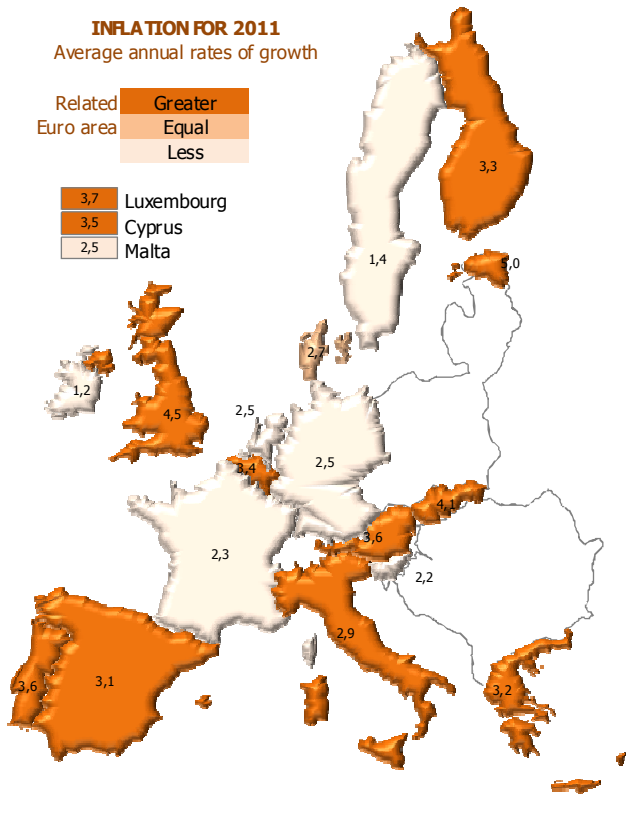
(1) Data adjusted for seasonality and working days effect.

Source: EUROSTAT & BIAM (UC3M)

Date: (1) October 14, 2011 (2) November 28, 2011

(3) September 22, 2011 (4) November 15, 2011





II.1. MACROECONOMIC FORECASTS

Towards the end of 2011, the euro area economy continues to be greatly affected by its sovereign debt crisis. The steps taken to date have not been enough to solve the problem and the euro crisis. The fiscal adjustment processes in many euro area countries and the length of the crisis is affecting the area's economic confidence indices and, therefore, consumption (both private and public) and investment. Considering that economic growth is also slowing down in the rest of the world, euro area economic forecasts are deteriorating more than those of other areas.

The leading indicators published in the last few months anticipated a weak euro area economy in the third quarter. These expectations were confirmed with Eurostat's advance GDP figure, according to which the euro area economy grew by a quarter-on-quarter rate of 0.2% in the third quarter, the same as in the second. Growth in the period was based on the area's two leading economies. Germany registered a quarter-on-quarter rate of 0.5% and the French rate was 0.4%. However, Holland's rate was -0.3% and the Spanish economy remained stagnant.

The euro area's Industrial Production Index (IPI) in September was 2% less than the previous month, after growing by 1.4% in August. In year-on-year terms, the IPI registered a growth rate of 2.2%, following August's 6%. The September figure was a negative surprise, as we had forecast 4.9%. Although all major groups registered this surprise, it was especially significant in capital goods. With regards to qualitative information, the industrial confidence indicator was negative for the third consecutive month (-6.6 points).

The IPI forecast has now been revised downwards. For this year, we expect an average annual growth rate of 3.9%, instead of the previously expected 4.9%, and for 2012 the forecast is 1.5%, a percentage point less than the previous estimate. We are also publishing our first forecasts for 2013, when the IPI should recover to an average annual rate of 2.4%. The most dynamic sectors in 2012 and 2013 are expected to be capital and non-durable consumer goods.

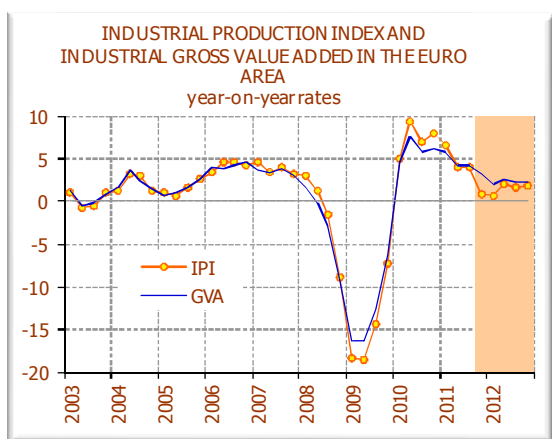
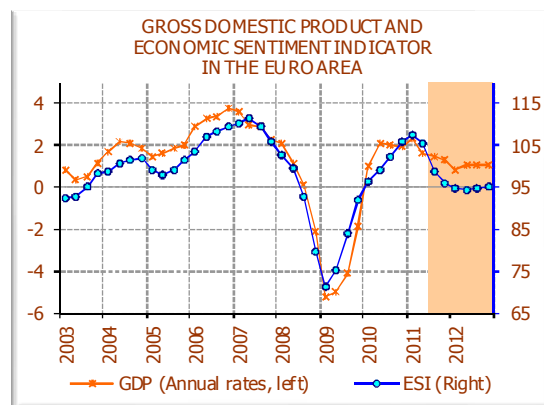
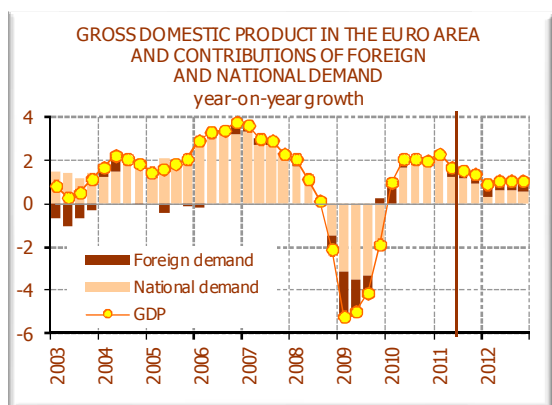
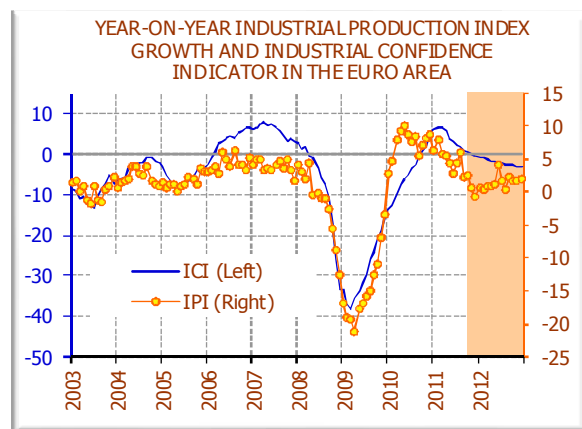
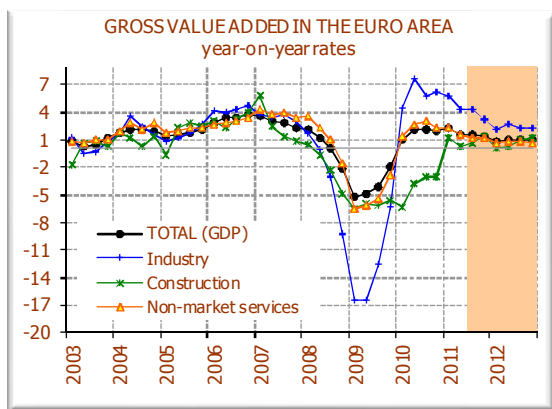
Euro area confidence indicators have deteriorated in the last few months. The

November Economic Sentiment Indicator (ESI), for example, fell by 1.1 points, after the 0.2 point reduction in the previous month, to a total of 93.7, around ten points less than a year earlier. This was due to all sectors except construction. By country, France was particularly affected, with a 3.4 point reduction, while Germany practically remained unaltered and Spain grew slightly by 0.2 points.

The OECD and European Commission have just revised their forecasts for their respective areas and the world economy. For the euro area, the OECD expected a poor average annual growth rate for 2012 (0.2%), with a significant cut of 1.8 pp from the estimates published in spring this year. On the other hand, the European Commission is expecting a slightly higher rate for 2012 (0.5%), which is nonetheless 1.3 pp less than the estimate published in the spring. We will not be revising our GDP growth forecasts for the euro area until the disaggregate GDP is published, although a downwards revision can be expected for 2012.

With regards to the euro area labour market, there has been some deterioration in the last few months, consistent with a sluggish economic activity. The most recent figure pertained to the second quarter, and was discussed last month. According to the National Accounts edited by Eurostat, employment grew at a quarter-on-quarter rate of 0.3%, 0.2 pp more than the rate registered in the previous two quarters. The unemployment rate started to rise at the beginning of the summer, and this trend intensified in September and October, leading to an unemployment rate of 10.3% of the active population, 0.3 pp higher than in June. In the next few months, the euro area unemployment rate is expected to continue to rise very slightly, as economic activity further diminishes.





INDUSTRIAL PRODUCTION INDEX IN THE EURO AREA					
Average year-on-year rates					
	2008	2009	2010	2011	2012
Consumer goods					
Durable	-5,2	-17,3	2,5	0,8	-5,5
Non-durable	-1,3	-2,9	3,4	1,4	0,6
Capital	0,0	-20,9	9,1	9,2	7,0
Intermediate	-3,4	-19,0	10,1	4,4	-1,1
Energy	0,2	-5,3	3,8	-4,1	-1,0
Total	-1,6	-14,8	7,4	3,9 (±1,1)	1,5 (±2,2)
Annual growth of GVA industrial sector	-2,7	-13,1	6,1	4,4	2,3

Source: EUROSTAT & BIAM (UC3M)
Date: November 15, 2011

Source: EUROSTAT & BIAM (UC3M)
Date: November 15, 2011



GROSS DOMESTIC PRODUCT IN THE EURO AREA: DEMAND

GROSS DOMESTIC PRODUCT AND COMPONENTS IN THE EURO AREA										
Annual average and annual rates of growth										
		Final Consumption		Gross Capital Formation	Domestic Demand (1)	Exports of goods and services	Imports of goods and services	Foreign Demand (1)	Real GDP	
		Private	Public							
ANNUAL AVERAGE	2006	2,2	2,2	6,7	3,1	9,2	8,9	0,2	3,4	
	2007	1,6	2,2	6,2	2,7	6,6	6,1	0,3	3,0	
	2008	0,4	2,4	-1,7	0,3	0,8	0,8	0,0	0,3	
	2009	-1,2	2,7	-15,6	-3,0	-12,8	-11,6	-0,6	-4,1	
	2010	0,8	0,4	3,7	1,3	10,1	9,1	0,5	1,8	
	2011	0,4	0,4	5,5	1,4	5,8	5,1	0,3	1,7 (±0,5)	
	2012	0,1	0,2	2,3	0,5	5,3	4,3	0,5	1 (±1,3)	
ANNUAL RATES	2010	QI	0,5	1,1	-2,7	0,0	6,5	4,1	1,0	1,0
		QII	0,7	0,5	5,9	1,6	12,1	11,2	0,4	2,1
		QIII	1,1	0,3	5,8	1,8	11,1	10,6	0,3	2,1
		QIV	1,2	-0,2	6,3	1,8	10,6	10,7	0,1	1,9
	2011	QI	1,0	0,6	7,4	2,1	8,8	8,3	0,2	2,3
		QII	0,5	0,4	4,6	1,2	5,2	4,5	0,4	1,6
		QIII	0,2	0,3	4,9	1,1	4,4	3,8	0,4	1,5
		QIV	-0,1	0,2	5,1	1,0	4,7	3,9	0,4	1,3
	2012	QI	-0,2	0,1	2,0	0,3	4,6	3,4	0,6	0,9
		QII	0,2	0,3	2,6	0,7	5,3	4,4	0,4	1,1
		QIII	0,1	0,3	2,4	0,6	5,8	4,7	0,5	1,1
		QIV	0,1	0,3	2,2	0,6	5,7	4,7	0,5	1,0

GROSS DOMESTIC PRODUCT AND COMPONENTS IN THE EURO AREA										
Annual average and quarterly rates of growth										
		Final Consumption		Gross Capital Formation	Domestic Demand (1)	Exports of goods and services	Imports of goods and services	Foreign Demand (1)	Real GDP	
		Private	Public							
ANNUAL AVERAGE	2006	2,2	2,2	6,7	3,1	9,2	8,9	0,2	3,4	
	2007	1,6	2,2	6,2	2,7	6,6	6,1	0,3	3,0	
	2008	0,4	2,4	-1,7	0,3	0,8	0,8	0,0	0,3	
	2009	-1,2	2,7	-15,6	-3,0	-12,8	-11,6	-0,6	-4,1	
	2010	0,8	0,4	3,7	1,3	10,1	9,1	0,5	1,8	
	2011	0,4	0,4	5,5	1,4	5,8	5,1	0,3	1,7 (±0,5)	
	2012	0,1	0,2	2,3	0,5	5,3	4,3	0,5	1 (±1,3)	
QUARTERLY RATES	2010	QI	0,4	-0,5	2,4	0,6	3,1	3,7	-0,2	0,4
		QII	0,2	0,2	3,3	0,8	4,2	3,9	0,1	0,9
		QIII	0,3	0,1	0,4	0,3	1,8	1,5	0,1	0,4
		QIV	0,3	0,0	0,1	0,2	1,2	1,1	0,1	0,3
	2011	QI	0,2	0,4	3,4	0,8	1,4	1,6	-0,1	0,8
		QII	-0,3	-0,1	0,6	-0,1	0,8	0,2	0,3	0,2
		QIII	0,1	0,0	0,7	0,2	1,0	0,9	0,1	0,2
		QIV	-0,1	-0,1	0,3	0,0	1,5	1,2	0,1	0,1
	2012	QI	0,1	0,2	0,4	0,2	1,3	1,1	0,1	0,3
		QII	0,1	0,1	1,1	0,3	1,4	1,2	0,1	0,4
		QIII	0,0	0,0	0,6	0,1	1,5	1,2	0,1	0,2
		QIV	-0,1	0,0	0,0	0,0	1,4	1,2	0,1	0,1

Data adjusted for seasonality and working days effect

The figures in the shaded area are forecasts

(1) Contribution to GDP growth

*Year-on-year rates

Source: EUROSTAT & BIAM (UC3M)

Date: October 14, 2011



GROSS DOMESTIC PRODUCT IN THE EURO AREA: SUPPLY

GROSS DOMESTIC PRODUCT AND COMPONENTS IN THE EURO AREA										
Annual average and annual rates of growth										
		GVA							Real GDP	
		Agriculture	Industry	Construction	Trade Services	Financial Services	Public Services	TOTAL		
ANNUAL AVERAGE	2006	0,0	4,2	3,1	2,9	4,4	2,0	3,3	3,4	
	2007	1,3	3,5	2,6	3,9	4,2	1,8	3,3	3,0	
	2008	1,5	-2,7	-1,8	1,3	1,6	1,9	0,5	0,3	
	2009	2,9	-13,1	-6,0	-5,3	-1,5	1,2	-4,2	-4,1	
	2010	0,1	6,1	-4,1	2,4	0,9	0,9	1,8	1,8	
	2011	0,5	4,4	0,8	1,6	1,1	0,7	1,7	1,7 (±0,5)	
	2012	-0,4	2,3	0,7	0,8	1,2	0,3	1,0	1 (±1,3)	
ANNUAL RATES	2010	QI	0,8	4,6	-6,3	1,3	0,5	1,4	1,2	1,0
		QII	0,3	7,6	-3,7	2,7	0,7	1,0	2,1	2,1
		QIII	-0,8	5,9	-3,1	3,1	1,2	0,9	2,0	2,1
		QIV	0,0	6,2	-3,0	2,4	1,4	0,5	1,9	1,9
	2011	QI	-0,3	5,8	1,1	2,4	1,5	0,5	2,2	2,3
		QII	0,2	4,3	0,2	1,5	1,3	0,6	1,6	1,6
		QIII	1,4	4,3	0,6	1,1	0,8	0,8	1,5	1,5
		QIV	0,7	3,2	1,3	1,2	0,7	0,8	1,3	1,3
	2012	QI	-0,3	2,1	0,2	0,7	0,9	0,5	0,9	0,9
		QII	-0,2	2,6	0,3	0,9	1,1	0,3	1,1	1,1
		QIII	-0,6	2,3	1,0	0,8	1,4	0,1	1,1	1,1
		QIV	-0,4	2,3	1,2	0,7	1,3	0,1	1,0	1,0

GROSS DOMESTIC PRODUCT AND COMPONENTS IN THE EURO AREA										
Annual average and quarterly rates of growth										
		GVA							Real GDP	
		Agriculture	Industry	Construction	Trade Services	Financial Services	Public Services	TOTAL		
ANNUAL AVERAGE	2006	0,0	4,2	3,1	2,9	4,4	2,0	3,3	3,4	
	2007	1,3	3,5	2,6	3,9	4,2	1,8	3,3	3,0	
	2008	1,5	-2,7	-1,8	1,3	1,6	1,9	0,5	0,3	
	2009	2,9	-13,1	-6,0	-5,3	-1,5	1,2	-4,2	-4,1	
	2010	0,1	6,1	-4,1	2,4	0,9	0,9	1,8	1,8	
	2011	0,5	4,4	0,8	1,6	1,1	0,7	1,7	1,7 (±0,5)	
	2012	-0,4	2,3	0,7	0,8	1,2	0,3	1,0	1 (±1,3)	
QUARTERLY RATES	2010	QI	0,9	2,1	-1,7	0,6	0,2	0,2	0,5	0,4
		QII	-0,7	1,9	1,0	1,1	0,3	0,1	0,8	0,9
		QIII	-0,8	0,8	-1,0	0,7	0,6	0,1	0,4	0,4
		QIV	0,6	1,3	-1,3	0,0	0,3	0,2	0,3	0,3
	2011	QI	0,6	1,7	2,5	0,6	0,2	0,2	0,8	0,8
		QII	-0,2	0,5	0,1	0,2	0,2	0,2	0,2	0,2
		QIII	0,4	0,8	-0,6	0,4	0,1	0,3	0,2	0,2
		QIV	-0,1	0,3	-0,6	0,1	0,3	0,2	0,1	0,1
	2012	QI	-0,4	0,6	1,3	0,1	0,4	-0,1	0,3	0,3
		QII	0,0	1,1	0,3	0,3	0,4	0,0	0,4	0,4
		QIII	-0,1	0,5	0,0	0,3	0,3	0,1	0,2	0,2
		QIV	0,2	0,2	-0,5	0,0	0,2	0,1	0,1	0,1

Data adjusted for seasonality and working days effect

The figures in the shaded area are forecasts

(1) Contribution to GDP growth

* Year-on-year rates

Source: EUROSTAT & BIAM (UC3M)

Date: October 14, 2011



INDUSTRIAL PRODUCTION INDEX IN THE EURO AREA

INDUSTRIAL PRODUCTION INDEX AND SECTORS IN THE EURO AREA									
Annual rates of growth									
		Consumer Goods			Capital Goods	Intermediate Goods	Energy	TOTAL	
		Durable	Non Durable	Total					
ANNUAL AVERAGE RATES	2007	1,3	2,6	2,4	6,7	4,0	-0,7	3,9	
	2008	-5,2	-1,3	-1,9	0,0	-3,4	0,2	-1,6	
	2009	-17,3	-2,9	-4,9	-20,9	-19,0	-5,3	-14,8	
	2010	2,5	3,4	3,3	9,1	10,1	3,8	7,4	
	2011	0,8	1,4	1,3	9,2	4,4	-4,1	3.9 (±1.1)	
	2012	-5,5	0,6	-0,1	7,0	-1,1	-1,0	1.5 (±2.2)	
	2013	-3,8	1,0	0,5	7,6	-0,1	-0,7	2.4 (±2.2)	
ANNUAL RATES*	2011	QI	2,7	1,3	1,4	13,1	9,0	-2,3	6,6
		QII	1,0	2,5	2,3	9,3	4,3	-5,4	4,1
		QIII	1,9	0,9	1,0	9,8	3,7	-3,0	4,0
		QIV	-2,1	0,9	0,5	5,3	0,6	-5,9	1,0
	2012	QI	-5,7	0,4	-0,4	6,4	-1,6	-2,5	0,6
		QII	-5,2	0,2	-0,4	8,0	-0,8	0,5	2,1
		QIII	-6,1	1,0	0,2	6,5	-1,2	-0,9	1,6
		QIV	-5,2	0,8	0,1	7,1	-0,8	-0,6	1,9
	2013	QI	-4,1	0,9	0,3	6,8	-0,4	-1,1	1,9
		QII	-3,6	1,0	0,4	8,0	-0,1	-0,3	2,6
		QIII	-3,6	1,0	0,5	7,7	0,0	-0,7	2,5
		QIV	-3,7	1,1	0,5	7,9	0,0	-0,7	2,6

INDUSTRIAL PRODUCTION INDEX IN THE EURO AREA							
year-on-year rates of growth							
	2007	2008	2009	2010	2011	2012	2013
January	4,1	4,1	-16,8	2,7	6,2	0,8	1,9
February	4,8	3,2	-18,9	4,7	7,8	0,4	2,1
March	4,8	2,0	-19,4	7,8	5,8	0,8	1,7
April	3,4	4,5	-21,1	9,3	5,4	1,0	2,8
May	3,6	-0,5	-17,7	10,0	4,3	1,1	2,4
June	3,4	-0,3	-16,9	8,6	2,8	4,1	2,5
July	4,1	-1,0	-15,8	7,6	4,4	1,7	2,4
August	4,6	-1,1	-14,9	8,4	6,0	0,5	2,4
September	3,6	-2,5	-12,6	5,5	2,2	2,3	2,6
October	4,9	-5,6	-10,9	7,2	2,6	1,8	2,6
November	3,3	-8,7	-6,9	8,1	0,8	1,8	2,6
December	1,8	-12,6	-3,5	8,8	-0,6	2,1	2,7

Data adjusted for seasonality and working days effect

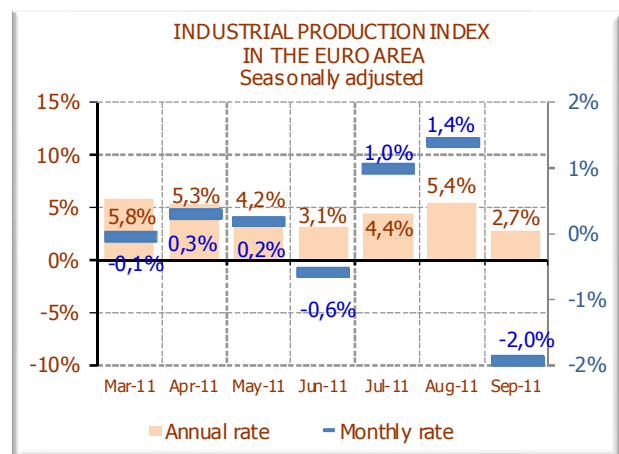
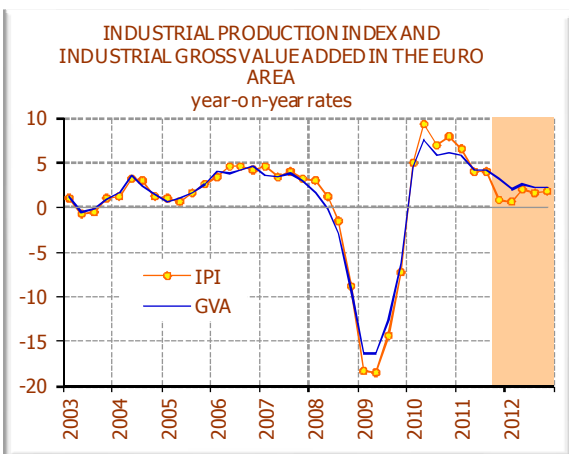
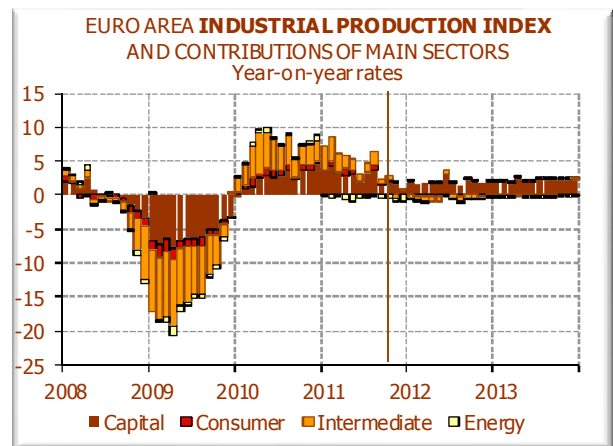
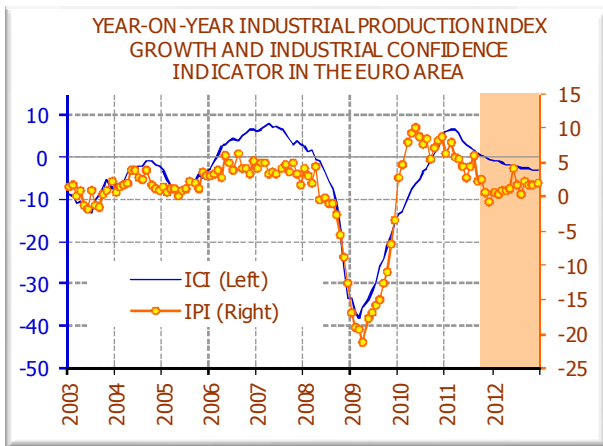
The figures in the shaded area are forecasts

*Year-on-year rates

Source: EUROSTAT & BIAM (UC3M)

Date: November 15, 2011





1. Quarterly data, referred to aug-11 and may-11, respectively
Source: Datastream & BIAM (UC3M)
Date: November 15, 2011



II.2. INFLATION

In October, the annual euro area HICP rate was 3.0%, 0.2 pp more than our latest forecast. Prices in the core component rose at a year-on-year rate of 2.0% instead of the forecast 1.8%. For the second consecutive month, most of the innovation was due to manufactured goods.

Our forecast for mean HICP growth for 2011 remains at 2.7% (± 0.03). However, the expected rise in energy inflation, the heavy upwards innovation in unprocessed food and manufactured goods and a necessary methodological change in the latter's model have led to an upwards revision, in our HICP growth forecast for 2012, to 1.9% (± 0.8). On the other hand, expected core inflation for 2011 and 2012 has been revised upwards to 1.7% (± 0.03) and 1.7% (± 0.42). For 2013, the expected stability of energy prices in euros will reduce the total HICP rate to 1.3% (± 0.94), while core inflation could fall to 1.5% (± 0.63).

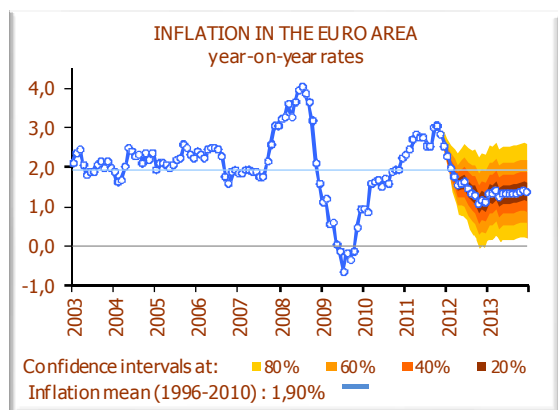
In the core component, while service prices registered a downwards innovation (0.1 pp), inflation in processed food not including tobacco was much as expected. Our forecasts for the former have fallen by 0.1 pp for 2011 and 2012, to 1.8% and 1.7% respectively, while inflation for the latter remains as previously forecast.

With regards to manufactured goods, as we have been mentioning for a few months, the methodological change made by Eurostat in 2010 concerning seasonality in the apparel group continues to make forecasting this series difficult. After two heavy upwards innovations, the series model has been modified, now accepting that the change of seasonality tends to increase the average figures. Our forecasts for this group have therefore been revised upwards by 0.1 pp and 0.7 pp for 2011 and 2012, to 0.8% and 1.1%, respectively.

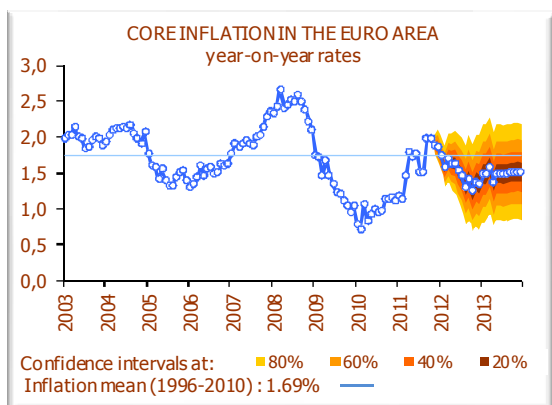
Residual inflation registered upwards innovations in both group, so the growth forecast has been revised in the same direction. According to recent information, fuel prices and future Brent oil prices in euros have risen again this month.

In sum, our inflation forecasts for the euro area have risen by 0.4 pp this month. Most of this revision, however, is due to a change of method imposed by Eurostat or exogenous tension on the international oil markets, unrelated to the euro area's economic growth rate. There is therefore no reason for the ECB to apply a stricter monetary policy.

Graph II.2.1



Graph II.2.2



Source: EUROSTAT & BIAM(UC3M)
Date: November 28, 2011

Graph II.2.3

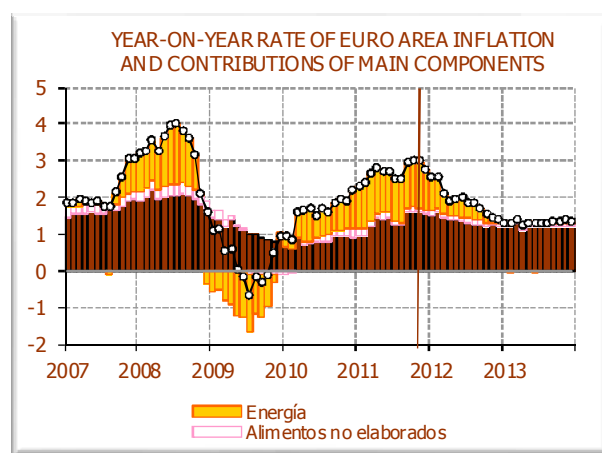


Table II.2.1

INFLATION IN THE EURO AREA						
HICP	Annual rates		Annual average rates			
	2011					
	October	November	2009	2010	2011	2012
Core 82.6%	2,0	1.9 (± 0.13)	1,3	1,0	1.7 (± 0.03)	1.7 (± 0.42)
Total 100%	3,0	3 (± 0.12)	0,3	1,6	2.7 (± 0.03)	1.9 (± 0.77)

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

- (1) Year-on-year rate anterior
(2) Yearly average rate

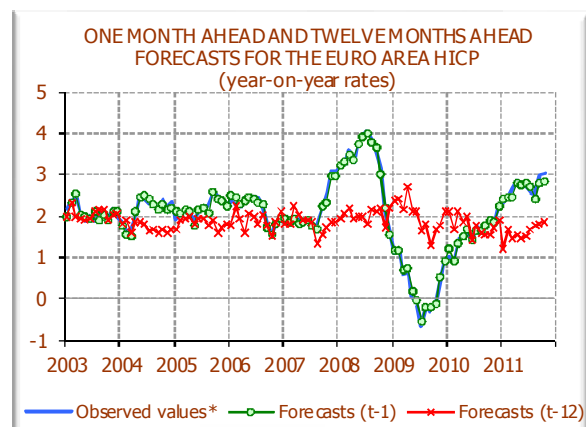
Source: EUROSTAT & BIAM(UC3M)
Date: November 28, 2011



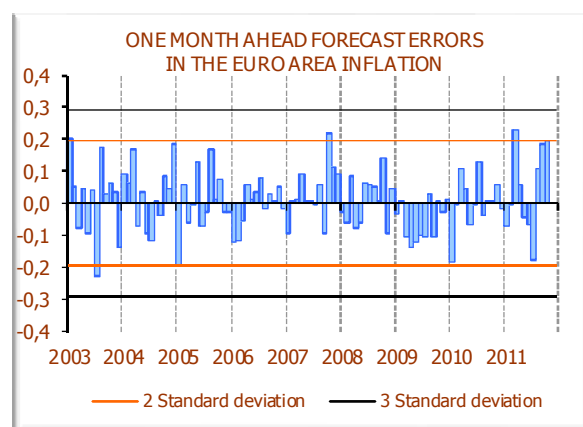
FORECASTS ERRORS BY SECTORS, COUNTRIES IN THE EURO AREA, UNITED KINGDOM, SWEDEN AND DENMARK

INFLATION IN THE EURO AREA Annual rates, October, 2011				
Harmonized Index of Consumer Prices HICP	Weights 2011	Observed	Forecasts	Confidence Intervals*
Processed Food	119,46	4,28	4,05	± 0.38
Tobacco	24,79	6,45	5,46	
Processed food excluding tobacco	94,67	3,72	3,69	
Non-energy Industrial goods	289,07	1,27	0,76	± 0.21
Services	414,32	1,83	1,94	± 0.14
CORE	822,85	1,99	1,83	± 0.13
Non-processed food	73,52	1,82	1,42	± 0.72
Energy	103,88	12,44	12,02	± 0.86
RESIDUAL	177,40	7,99	7,58	± 0.57
TOTAL	1000	3,03	2,83	± 0.12

* Confidence intervals at 80% calculated with historical errors



HARMONIZED INDICES OF CONSUMER PRICES BY COUNTRIES IN THE EURO AREA, UNITED KINGDOM, SWEDEN AND DENMARK Annual rates, October, 2011				
	Weights 2011 Euro area	Observed Monthly Rate	Forecast	Confidence Intervals at 80%
Germany	258,57	2,9	2,9	± 0.29
France	207,49	2,5	2,3	± 0.20
Italy	184,74	3,8	3,6	± 0.23
Spain	126,63	3,0	2,9	± 0.15
Netherlands	48,29	2,8	2,9	± 0.33
Belgium	32,99	3,4	3,3	± 0.32
Austria	31,77	3,8	3,8	± 0.37
Greece	38,41	2,9	2,8	± 0.78
Portugal	21,76	4,0	3,2	± 0.66
Finland	16,56	3,2	3,1	± 0.37
Ireland	12,81	1,5	1,4	± 0.30
Slovakia	7,38	4,6	4,5	
Slovenia	4,11	2,9	2,4	± 0.24
Luxembourg	3,12	3,8	3,9	± 0.32
Cyprus	2,97	3,2	2,8	
Estonia	1,49	4,7	5,3	
Malta	0,91	2,4	3,0	
United Kingdom		4,9	5,1	± 0.33
Sweden		1,1	1,5	± 0.50
Denmark		2,7	2,6	± 0.27



Source: EUROSTAT & BIAM(UC3M)

Date: November 16, 2011



HARMONIZED INDEX OF CONSUMER PRICES AND COMPONENTS IN THE EURO AREA																		
Annual rates of growth																		
		HICP																
		Core				TOTAL		Residual		TOTAL		TOTAL		80 % Confidence Intervals*				
		Processed food excluding tobacco	Tobacco	Non energy industrial goods	Services			Non processed food	Energy									
Weights 2011		9,5%	2,5%	28,9%	41,4%	82,3%			7,4%	10,4%	17,7%	100%						
ANNUAL AVERAGE RATE	2003	2,1	8,4	0,8	2,5	2,0			2,1	3,0	2,6	2,1						
	2004	1,3	12,2	0,8	2,6	2,1			0,6	4,5	2,6	2,1						
	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	5,2	0,8	1,8	1,7	± 0,03		1,8	12,0	7,7	2,7	± 0,03					
	2012	2,1	6,8	1,1	1,7	1,7	± 0,42		1,4	4,1	3,0	1,9	± 0,77					
2013	1,0	5,2	1,1	1,7	1,5	± 0,63		1,3	0,1	0,6	1,3	± 0,94						
ANNUAL RATES (year-on-year rates)	2011	January	0,8	5,5	0,5	1,5	1,2			2,2	12,0	7,7	2,3					
		February	1,2	5,3	0,1	1,6	1,1			2,7	13,1	8,6	2,4					
		March	1,7	5,4	0,9	1,6	1,5			2,2	13,0	8,4	2,7					
		April	2,3	4,9	1,0	2,0	1,8			1,4	12,5	7,7	2,8					
		May	2,7	4,8	1,0	1,8	1,7			2,4	11,1	7,4	2,7					
		June	3,0	3,5	0,9	2,0	1,8			2,0	10,9	7,1	2,7					
		July	3,3	4,0	0,0	2,0	1,5			1,3	11,8	7,4	2,5					
		August	3,4	4,4	0,0	1,9	1,5			1,1	11,8	7,3	2,5					
		September	3,6	5,4	1,2	1,9	2,0			1,4	12,4	7,8	3,0					
		October	3,7	6,4	1,3	1,8	2,0			1,8	12,4	8,0	3,0					
		November	3,8	6,2	1,1	1,9	1,9	± 0,13		1,5	12,6	8,0	3,0	± 0,12				
		December	3,8	6,1	1,1	1,9	1,9	± 0,19		1,2	10,6	6,7	2,8	± 0,24				
	2012	January	3,6	6,1	1,0	1,8	1,9	± 0,24		1,8	8,7	5,9	2,6	± 0,35				
		February	3,5	6,3	1,4	1,8	2,0	± 0,28		1,1	7,9	5,1	2,5	± 0,47				
		March	3,1	7,1	1,1	1,7	1,8	± 0,31		0,9	5,1	3,4	2,1	± 0,59				
		April	2,7	7,3	1,1	1,6	1,7	± 0,35		1,2	3,6	2,6	1,9	± 0,70				
		May	2,4	7,1	1,1	1,7	1,7	± 0,40		1,1	4,3	3,0	2,0	± 0,79				
		June	2,1	7,9	1,1	1,6	1,7	± 0,45		1,5	4,9	3,5	2,0	± 0,88				
		July	1,8	7,7	1,0	1,6	1,6	± 0,50		1,7	3,9	3,0	1,9	± 0,96				
		August	1,6	7,4	1,0	1,6	1,6	± 0,53		1,8	4,0	3,1	1,9	± 1,03				
		September	1,4	7,0	1,0	1,6	1,5	± 0,58		1,7	3,0	2,5	1,7	± 1,09				
		October	1,2	6,0	0,9	1,7	1,5	± 0,61		1,4	2,2	1,9	1,5	± 1,14				
		November	1,1	5,8	1,1	1,7	1,5	± 0,64		1,3	1,1	1,2	1,5	± 1,19				
		December	1,0	5,8	1,0	1,7	1,5	± 0,65		1,3	0,7	1,0	1,4	± 1,20				
	2013	January	1,0	5,7	1,0	1,7	1,5	± 0,68		1,3	0,1	0,6	1,3	± 1,21				
		February	1,0	5,7	1,0	1,7	1,5	± 0,69		1,3	-0,1	0,5	1,3	± 1,21				
		March	1,0	5,1	1,0	1,9	1,6	± 0,69		1,3	0,1	0,6	1,4	± 1,21				
		April	1,0	5,1	1,1	1,4	1,4	± 0,69		1,3	0,0	0,6	1,2	± 1,21				
		May	1,0	5,0	1,1	1,7	1,5	± 0,69		1,3	-0,1	0,5	1,3	± 1,21				
		June	1,0	5,1	1,1	1,7	1,5	± 0,68		1,3	-0,2	0,5	1,3	± 1,21				
		July	1,0	5,1	1,0	1,7	1,5	± 0,68		1,3	-0,1	0,5	1,3	± 1,21				
		August	1,1	5,2	1,0	1,7	1,5	± 0,68		1,4	-0,1	0,5	1,3	± 1,21				
		September	1,1	5,2	1,1	1,7	1,5	± 0,68		1,4	0,0	0,6	1,3	± 1,21				
		October	1,1	5,3	1,1	1,7	1,5	± 0,68		1,4	0,2	0,7	1,4	± 1,21				
		November	1,1	5,3	1,1	1,7	1,5	± 0,68		1,4	0,4	0,8	1,4	± 1,21				
		December	1,1	4,9	1,1	1,7	1,5	± 0,68		1,4	0,3	0,7	1,4	± 1,21				

* Confidence intervals calculated with historical errors

The figures in the shaded area are forecasts

Source: EUROSTAT & BIAM(UC3M)

Date: November 28, 2011



HARMONIZED INDEX OF CONSUMER PRICES AND COMPONENTS IN THE EURO AREA											
Monthly rates of growth											
			Harmonized Index of Consumer Prices								TOTAL
			Core				TOTAL	Residual		TOTAL	
			Processed food excluding tobacco	Tobacco	Non energy industrial goods	Services		Non processed food	Energy		
Weights 2011			9,5%	2,5%	28,9%	41,4%	82,3%	7,4%	10,4%	17,7%	100%
MONTHLY RATES (Growth of the month over the previous month)	January	2010	0,0	0,4	-3,1	-0,5	-1,3	1,5	2,1	1,8	-0,8
		2011	0,3	0,5	-3,3	-0,3	-1,3	0,5	3,0	2,0	-0,7
		2012	0,2	0,6	-3,4	-0,3	-1,3	1,1	1,2	1,2	-0,9
		2013	0,2	0,5	-3,5	-0,3	-1,4	1,1	0,6	0,8	-1,0
	February	2010	-0,1	0,2	0,5	0,4	0,4	0,2	-0,1	0,0	0,3
		2011	0,3	0,1	0,1	0,5	0,3	0,7	0,9	0,8	0,4
		2012	0,2	0,3	0,5	0,5	0,5	-0,1	0,1	0,1	0,4
		2013	0,1	0,3	0,5	0,5	0,5	0,0	-0,1	-0,1	0,4
	March	2010	0,0	0,1	2,5	0,2	1,0	0,9	2,6	1,8	1,1
		2011	0,5	0,1	3,3	0,2	1,3	0,5	2,5	1,7	1,4
		2012	0,1	0,9	2,9	0,1	1,1	0,3	-0,2	0,0	0,9
		2013	0,1	0,3	2,9	0,4	1,2	0,3	0,0	0,1	1,0
	April	2010	-0,1	0,7	0,6	0,0	0,2	0,8	2,0	1,5	0,4
		2011	0,4	0,2	0,7	0,4	0,5	-0,1	1,5	0,8	0,6
		2012	0,1	0,3	0,7	0,3	0,4	0,2	0,0	0,1	0,4
		2013	0,1	0,3	0,8	-0,2	0,2	0,2	-0,1	0,1	0,2
	May	2010	0,0	0,6	0,1	0,1	0,1	-0,5	0,6	0,1	0,1
		2011	0,4	0,5	0,1	-0,1	0,1	0,5	-0,6	-0,2	0,0
		2012	0,1	0,3	0,1	0,0	0,1	0,4	0,1	0,2	0,1
		2013	0,1	0,3	0,1	0,2	0,2	0,4	-0,1	0,1	0,2
	June	2010	0,1	0,9	-0,2	0,2	0,1	-0,1	-0,4	-0,3	0,0
		2011	0,3	-0,4	-0,3	0,4	0,1	-0,5	-0,5	-0,5	0,0
		2012	0,0	0,4	-0,4	0,3	0,0	-0,1	0,0	0,0	0,0
		2013	0,1	0,4	-0,4	0,3	0,0	-0,1	0,0	0,0	0,0
	July	2010	0,1	0,1	-2,7	0,9	-0,5	-0,3	0,0	-0,1	-0,4
		2011	0,4	0,6	-3,6	0,9	-0,8	-0,9	0,8	0,1	-0,6
		2012	0,1	0,4	-3,6	0,8	-0,8	-0,7	-0,1	-0,4	-0,7
		2013	0,1	0,4	-3,7	0,8	-0,8	-0,7	0,0	-0,3	-0,7
	August	2010	0,2	0,1	0,4	0,3	0,3	-0,7	-0,1	-0,4	0,2
		2011	0,3	0,5	0,5	0,2	0,3	-0,8	-0,2	-0,4	0,2
		2012	0,1	0,2	0,5	0,2	0,3	-0,8	0,0	-0,3	0,2
		2013	0,1	0,2	0,5	0,2	0,3	-0,8	0,0	-0,3	0,2
	September	2010	0,0	-0,1	2,1	-0,8	0,3	-0,1	0,3	0,1	0,3
		2011	0,2	0,8	3,3	-0,8	0,8	0,2	0,9	0,6	0,8
		2012	0,0	0,4	3,3	-0,7	0,8	0,1	-0,1	0,0	0,6
		2013	0,0	0,5	3,4	-0,7	0,8	0,1	0,0	0,1	0,7
	October	2010	0,1	0,4	0,7	0,0	0,3	0,1	0,6	0,4	0,3
		2011	0,3	1,4	0,7	-0,1	0,3	0,5	0,6	0,6	0,3
		2012	0,1	0,5	0,6	0,0	0,2	0,1	-0,2	0,0	0,2
		2013	0,1	0,6	0,6	0,0	0,2	0,1	0,0	0,1	0,2
	November	2010	0,2	0,8	0,2	-0,3	0,0	0,6	0,8	0,7	0,1
		2011	0,2	0,6	0,0	-0,2	-0,1	0,3	0,9	0,7	0,1
		2012	0,1	0,4	0,2	-0,2	0,0	0,2	-0,1	0,0	0,0
		2013	0,1	0,4	0,2	-0,2	0,0	0,2	0,0	0,1	0,0
	December	2010	0,1	1,1	-0,1	0,8	0,4	0,7	2,3	1,6	0,6
		2011	0,1	0,9	-0,2	0,8	0,4	0,3	0,4	0,4	0,4
		2011	0,0	1,0	-0,2	0,8	0,4	0,3	0,0	0,2	0,3
		2013	0,0	0,5	-0,2	0,8	0,3	0,3	0,0	0,1	0,3

*The figures in the shaded area are forecasts

Source: EUROSTAT & BIAM(UC3M)

Date: November 28, 2011



HARMONIZED INDICES OF CONSUMER PRICES BY COUNTRIES IN THE EURO AREA, UNITED KINGDOM, SWEDEN AND DENMARK																						
Annual rates of growth																						
		Euro Area																United Kingdom Sweden Denmark				
		Germany	France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Portugal	Finland	Ireland	Slovakia	Slovenia	Luxembourg	Cyprus	Estonia				Malta	
Weights 2011 %		25,9	20,7	18,5	12,7	4,8	3,3	3,2	3,8	2,2	1,7	1,3	0,7	0,4	0,3	0,3	0,1	0,1				
ANNUAL AVERAGE RATE	2002	1,4	1,9	2,6	3,6	3,9	1,6	1,7	3,9	3,7	2,0	4,7	3,5	7,5	2,1	2,8	3,6	2,6	1,3	1,9	2,4	
	2003	1,0	2,2	2,8	3,1	2,2	1,5	1,3	3,4	3,3	1,3	4,0	8,4	5,7	2,5	4,0	1,4	1,9	1,4	2,3	2,0	
	2004	1,8	2,3	2,3	3,1	1,4	1,9	2,0	3,0	2,5	0,1	2,3	7,5	3,7	3,2	1,9	3,0	2,7	1,3	1,0	0,9	
	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	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	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	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	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	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	2,7	2,0	3,3	1,9	2,2	
	2011	2,5	2,3	2,9	3,1	2,5	3,4	3,6	3,2	3,6	3,3	1,2	4,1	2,2	3,7	3,5	5,1	2,5	4,5	1,4	2,7	
	2012	1,8	1,9	3,0	1,9	2,2	2,7	3,1	3,3	3,2	2,2	1,6	4,1	3,0	2,9	2,9	4,2	1,9	3,4	1,2	2,1	
	2013	1,4	1,4	2,3	1,6	1,9	2,7	3,3	2,7	2,9	2,1	1,9	4,1	2,7	3,3	3,2	4,7	2,0	3,2	1,3	2,1	
ANNUAL RATES OF GROWTH	2011	January	2,0	2,0	1,9	3,0	2,0	3,7	2,5	4,9	3,6	3,1	0,2	3,2	2,3	3,4	3,0	5,1	3,3	4,0	1,4	2,6
		February	2,2	1,8	2,1	3,4	2,0	3,5	3,1	4,2	3,5	3,5	0,9	3,5	2,0	3,9	3,1	5,5	2,7	4,3	1,2	2,6
		March	2,3	2,2	2,8	3,3	2,0	3,5	3,3	4,3	3,9	3,5	1,2	3,8	2,4	4,0	3,2	5,1	2,8	4,1	1,4	2,5
		April	2,7	2,2	2,9	3,5	2,2	3,3	3,7	3,7	4,0	3,4	1,5	3,9	2,0	4,0	3,5	5,4	2,4	4,5	1,8	2,8
		May	2,4	2,2	3,0	3,4	2,4	3,1	3,7	3,1	3,7	3,4	1,2	4,2	2,4	3,8	4,1	5,5	2,5	4,5	1,7	3,1
		June	2,4	2,3	3,0	3,0	2,5	3,4	3,7	3,1	3,3	3,4	1,1	4,1	1,6	3,8	4,5	4,9	3,1	4,2	1,5	2,9
		July	2,6	2,1	2,1	3,0	2,9	4,0	3,8	2,1	3,0	3,7	1,0	3,8	1,1	3,2	3,5	5,3	2,2	4,5	1,6	3,0
		August	2,5	2,4	2,3	2,7	2,8	3,4	3,7	1,4	2,8	3,5	1,0	4,1	1,2	3,7	2,7	5,6	2,3	4,5	1,6	2,4
		September	2,9	2,4	3,6	3,0	3,0	3,4	3,9	2,9	3,5	3,5	1,3	4,4	2,3	3,8	2,5	5,4	2,7	5,2	1,5	2,4
		October	2,9	2,5	3,8	3,0	2,8	3,4	3,8	2,9	4,0	3,2	1,5	4,6	2,9	3,8	3,2	4,7	2,4	4,9	1,1	2,7
		November	2,8	2,6	3,8	3,0	2,7	3,2	3,9	2,9	4,0	3,0	1,6	4,6	3,0	3,9	4,1	4,6	1,7	4,8	1,0	2,6
		December	2,7	2,5	3,7	2,6	2,5	3,0	3,7	2,7	3,7	2,5	1,6	4,6	2,7	3,5	3,9	4,4	1,5	4,2	0,8	2,4
	2012	January	2,4	2,5	3,6	2,2	2,5	2,8	3,6	2,8	3,2	2,3	1,7	3,8	2,8	3,2	3,2	4,8	1,6	3,8	1,2	2,3
		February	2,3	2,4	3,5	2,0	2,5	2,7	3,3	3,1	3,2	2,1	1,4	4,0	3,0	3,0	3,0	4,5	2,0	3,6	1,2	2,1
		March	1,9	2,0	3,2	1,8	2,4	2,7	3,2	3,0	2,9	2,0	1,3	3,9	2,8	2,6	3,0	4,0	1,9	3,7	1,2	2,1
		April	1,6	1,9	3,1	1,8	2,3	2,8	3,0	3,3	3,1	2,1	1,3	3,9	2,8	2,5	2,9	3,6	2,1	3,3	1,0	1,9
		May	1,8	2,0	3,0	1,9	2,2	2,8	3,1	3,6	3,2	2,2	1,4	3,9	2,7	2,6	2,7	3,6	1,8	3,5	1,0	1,9
		June	1,9	1,9	3,0	2,0	2,3	2,7	3,1	3,6	3,5	2,2	1,5	4,1	3,3	2,7	2,5	4,2	1,6	3,7	1,1	2,2
		July	1,8	2,1	3,1	1,9	2,0	2,6	3,0	4,1	3,4	2,2	1,7	4,3	3,8	3,1	3,0	4,0	1,9	3,5	1,0	1,9
		August	1,9	1,9	3,0	2,0	2,0	2,8	3,0	4,4	3,6	2,2	1,7	4,3	3,6	2,9	3,3	4,1	1,7	3,4	1,0	2,1
		September	1,6	1,8	2,7	1,8	1,9	2,7	3,0	2,9	3,4	2,2	1,7	4,3	3,1	3,1	3,4	3,9	1,7	3,1	1,1	2,2
		October	1,6	1,7	2,6	1,8	1,9	2,6	3,0	3,0	2,9	2,1	1,7	4,3	2,7	3,2	3,0	4,4	2,0	3,2	1,3	2,1
		November	1,5	1,6	2,5	1,6	1,9	2,7	3,0	3,1	2,9	2,1	1,8	4,3	2,7	3,1	2,5	4,6	2,0	3,2	1,3	2,1
		December	1,5	1,5	2,4	1,6	1,9	2,7	3,0	3,2	2,9	2,1	1,8	4,4	2,7	3,2	2,6	4,7	2,0	3,2	1,4	2,1
	2013	January	1,4	1,4	2,4	1,6	1,9	2,7	3,1	3,2	2,9	2,1	1,9	3,9	2,7	3,2	3,1	4,7	2,0	3,2	1,3	2,1
		February	1,4	1,4	2,3	1,6	1,9	2,7	3,2	3,1	2,9	2,1	1,8	3,9	2,7	3,3	3,2	4,7	2,0	3,2	1,2	2,1
		March	1,4	1,4	2,3	1,6	1,9	2,7	3,3	3,1	2,9	2,1	1,7	3,9	2,7	3,3	3,3	4,7	2,0	3,2	1,3	2,1
		April	1,4	1,4	2,3	1,6	1,9	2,7	3,3	3,0	2,9	2,1	1,7	3,9	2,7	3,3	3,2	4,7	2,0	3,2	1,4	2,1
		May	1,4	1,4	2,3	1,6	1,9	2,7	3,3	2,9	2,9	2,1	1,7	3,9	2,7	3,3	3,2	4,7	2,0	3,2	1,3	2,1
		June	1,4	1,4	2,3	1,6	1,9	2,7	3,3	2,9	2,9	2,1	1,8	4,0	2,7	3,3	3,3	4,7	2,0	3,2	1,3	2,1
		July	1,4	1,4	2,3	1,6	1,9	2,7	3,4	2,7	2,9	2,1	1,9	4,1	2,7	3,2	3,2	4,7	2,0	3,2	1,3	2,1
		August	1,4	1,4	2,3	1,6	1,9	2,7	3,3	2,5	2,9	2,1	1,9	4,2	2,7	3,3	3,0	4,7	2,0	3,2	1,3	2,1
		September	1,4	1,4	2,3	1,7	1,9	2,7	3,4	2,5	2,9	2,1	1,9	4,2	2,7	3,3	3,0	4,7	2,0	3,2	1,3	2,1
		October	1,4	1,4	2,3	1,7	1,9	2,7	3,4	2,4	2,9	2,1	1,9	4,2	2,7	3,3	3,2	4,7	2,0	3,2	1,2	2,1
		November	1,3	1,4	2,3	1,7	1,9	2,7	3,4	2,3	2,9	2,1	2,0	4,2	2,7	3,3	3,5	4,7	2,0	3,2	1,2	2,1
		December	1,3	1,4	2,3	1,7	1,9	2,7	3,3	2,3	2,9	2,1	2,0	4,2	2,7	3,2	3,4	4,7	2,0	3,2	1,1	2,1

* The figures in the shaded area are forecasts

Source: EUROSTAT & BIAM(UC3M)

Date: November 28, 2011



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	Estonia				Malta
Weights 2011 %			25,9	20,7	18,5	12,7	4,8	3,3	3,2	3,8	2,2	1,7	1,3	0,7	0,4	0,3	0,3	0,1	0,1			
MONTHLY RATES (Growth of the month over the previous month)	January	2010	-0,6	-0,2	-1,5	-1,5	-0,3	-1,4	-0,4	-0,8	-0,6	0,1	-0,7	0,1	-0,6	-0,6	-1,4	0,3	-0,5	-0,2	-0,2	0,3
		2011	-0,5	-0,3	-1,6	-1,3	-0,1	-1,2	-0,1	-1,0	0,5	0,4	-0,3	2,1	-0,4	-0,3	-0,4	0,0	-1,3	0,1	-0,9	0,1
		2012	-0,8	-0,3	-1,7	-1,7	-0,1	-1,4	-0,2	-0,9	0,0	0,2	-0,1	1,3	-0,4	-0,6	-1,1	0,4	-1,1	-0,4	-0,6	0,0
		2013	-0,8	-0,4	-1,7	-1,7	-0,1	-1,4	-0,2	-0,9	0,0	0,2	0,0	0,8	-0,4	-0,6	-0,6	0,4	-1,1	-0,4	-0,7	0,0
	February	2010	0,4	0,6	0,0	-0,2	0,9	2,3	0,2	-0,6	0,0	0,4	0,2	0,0	0,3	1,1	0,3	0,3	0,3	0,4	0,6	0,9
		2011	0,6	0,5	0,2	0,1	0,9	2,2	0,8	-1,3	-0,1	0,8	0,9	0,3	0,0	1,5	0,4	0,7	-0,3	0,8	0,5	1,0
		2012	0,5	0,4	0,1	-0,1	0,9	2,2	0,5	-1,0	0,0	0,6	0,6	0,5	0,2	1,3	0,3	0,4	0,1	0,6	0,5	0,8
		2013	0,5	0,4	0,1	-0,1	0,9	2,2	0,7	-1,1	0,0	0,6	0,4	0,5	0,2	1,4	0,4	0,4	0,1	0,6	0,5	0,8
	March	2010	0,6	0,5	1,5	2,4	1,5	0,5	1,0	3,1	1,2	0,6	0,1	0,1	1,0	0,7	0,9	1,2	1,4	0,5	0,3	0,7
		2011	0,6	0,9	2,2	2,4	1,4	0,4	1,2	3,2	1,6	0,6	0,5	0,4	1,4	0,8	1,0	0,8	1,5	0,3	0,4	0,6
		2012	0,2	0,5	1,9	2,1	1,3	0,4	1,1	3,1	1,3	0,5	0,4	0,4	1,1	0,5	1,0	0,4	1,4	0,3	0,3	0,6
		2013	0,2	0,5	1,9	2,2	1,3	0,3	1,2	3,2	1,3	0,5	0,3	0,4	1,1	0,5	1,0	0,4	1,4	0,3	0,4	0,6
	April	2010	-0,1	0,3	0,9	0,7	0,3	0,5	0,2	1,2	0,4	0,3	0,0	0,4	1,1	0,4	1,1	0,5	2,6	0,6	-0,1	0,2
		2011	0,3	0,4	1,0	0,9	0,6	0,3	0,6	0,7	0,6	0,2	0,3	0,5	0,7	0,4	1,4	0,8	2,1	1,0	0,3	0,4
		2012	0,0	0,2	0,9	0,9	0,4	0,4	0,4	0,9	0,7	0,3	0,3	0,4	0,8	0,3	1,3	0,4	2,4	0,6	0,1	0,3
		2013	0,0	0,2	0,9	0,8	0,4	0,4	0,5	0,8	0,7	0,3	0,2	0,4	0,8	0,2	1,3	0,4	2,4	0,6	0,2	0,3
	May	2010	0,1	0,1	0,1	0,0	-0,1	0,4	-0,1	0,8	0,2	-0,2	0,3	0,1	0,4	0,3	0,1	0,3	1,2	0,2	0,1	-0,1
		2011	-0,2	0,1	0,2	-0,1	0,2	0,2	-0,1	0,2	-0,1	-0,1	0,0	0,3	0,8	0,1	0,6	0,4	1,3	0,2	0,0	0,2
		2012	0,0	0,2	0,1	0,0	0,1	0,2	-0,1	0,5	0,1	0,0	0,1	0,3	0,7	0,2	0,5	0,4	1,0	0,3	0,1	0,2
		2013	0,0	0,2	0,1	0,0	0,1	0,2	-0,1	0,4	0,1	0,0	0,1	0,3	0,7	0,2	0,5	0,4	1,0	0,3	0,0	0,2
	June	2010	0,0	0,0	0,1	0,1	-0,7	0,0	0,0	-0,2	0,2	0,2	-0,1	0,0	0,2	-0,1	0,3	0,4	-0,1	0,2	-0,1	-0,1
		2011	0,0	0,1	0,1	-0,2	-0,6	0,3	0,0	-0,2	-0,2	0,3	-0,2	-0,1	-0,6	-0,1	0,7	-0,1	0,5	-0,1	-0,3	-0,3
		2012	0,1	0,1	0,1	0,0	-0,5	0,2	0,0	-0,2	0,1	0,2	0,0	0,1	0,0	0,0	0,5	0,4	0,2	0,1	-0,2	0,0
		2013	0,1	0,1	0,1	0,0	-0,5	0,2	0,0	-0,2	0,1	0,2	0,0	0,2	0,0	0,0	0,7	0,4	0,2	0,1	-0,3	0,0
	July	2010	0,3	-0,3	-0,9	-1,1	-0,6	-1,8	-0,5	-0,4	0,4	-0,6	-0,1	0,1	-0,6	-0,4	-0,8	0,2	0,6	-0,3	-0,4	-0,1
		2011	0,5	-0,5	-1,7	-1,2	-0,2	-1,3	-0,4	-1,4	0,1	-0,4	-0,2	-0,2	-1,1	-0,9	-1,9	0,6	-0,3	0,0	-0,3	0,0
		2012	0,3	-0,4	-1,7	-1,3	-0,5	-1,5	-0,4	-0,9	0,1	-0,4	0,0	0,0	-0,6	-0,6	-1,4	0,4	0,1	-0,1	-0,4	-0,3
		2013	0,3	-0,4	-1,7	-1,3	-0,5	-1,4	-0,4	-1,1	0,1	-0,4	0,0	0,1	-0,6	-0,7	-1,6	0,4	0,1	-0,1	-0,3	-0,3
	August	2010	0,1	0,2	0,2	0,2	0,1	2,0	0,3	-0,7	-0,1	0,4	0,2	-0,1	0,1	1,0	0,9	0,0	1,0	0,5	-0,1	0,5
		2011	0,0	0,6	0,4	0,0	0,1	1,5	0,2	-1,4	-0,4	0,2	0,2	0,1	0,3	1,4	0,2	0,3	1,1	0,6	-0,1	-0,1
		2012	0,1	0,4	0,3	0,1	0,1	1,7	0,2	-1,1	-0,3	0,2	0,2	0,2	0,1	1,3	0,5	0,4	0,9	0,5	-0,1	0,1
		2013	0,1	0,4	0,3	0,1	0,1	1,7	0,2	-1,2	-0,3	0,2	0,2	0,2	0,0	1,3	0,3	0,4	0,9	0,5	-0,1	0,1
	September	2010	-0,2	0,0	0,6	0,9	0,7	0,1	0,4	1,9	-0,1	0,4	-0,2	0,0	-0,4	0,0	1,0	0,8	-0,7	0,0	0,8	0,4
		2011	0,2	0,0	2,0	1,2	0,9	0,1	0,6	3,4	0,6	0,4	0,1	0,3	0,6	0,1	0,8	0,6	-0,4	0,7	0,7	0,4
		2012	-0,1	-0,1	1,7	1,0	0,8	0,0	0,5	1,9	0,4	0,5	0,1	0,3	0,2	0,3	0,9	0,4	-0,4	0,3	0,8	0,5
		2013	-0,1	-0,1	1,7	1,0	0,8	0,0	0,5	1,9	0,4	0,5	0,2	0,3	0,2	0,3	0,9	0,4	-0,4	0,3	0,7	0,5
	October	2010	0,1	0,1	0,7	0,4	0,2	0,1	0,4	0,1	0,3	0,4	0,1	0,0	0,1	0,1	0,6	0,6	-0,6	0,3	0,3	-0,1
		2011	0,1	0,3	0,9	0,4	0,0	0,2	0,2	0,1	0,9	0,2	0,3	0,2	0,8	0,1	1,2	-0,1	-0,9	0,0	-0,1	0,2
		2012	0,1	0,1	0,7	0,4	0,1	0,1	0,3	0,2	0,4	0,1	0,2	0,3	0,4	0,2	0,8	0,4	-0,6	0,1	0,1	0,1
		2013	0,1	0,1	0,7	0,4	0,1	0,1	0,3	0,1	0,4	0,1	0,2	0,3	0,4	0,2	1,0	0,4	-0,6	0,1	0,0	0,1
	November	2010	0,1	0,1	0,0	0,3	-0,1	0,1	0,0	0,2	0,1	0,2	-0,2	0,3	0,3	0,1	-0,7	0,3	-1,5	0,3	0,2	0,1
		2011	0,1	0,2	0,0	0,4	-0,2	-0,1	0,1	0,2	0,0	0,0	-0,1	0,3	0,4	0,3	0,1	0,2	-2,1	0,2	0,1	0,0
		2012	0,0	0,1	-0,1	0,2	-0,2	0,0	0,0	0,3	0,0	0,0	0,0	0,3	0,3	0,2	-0,3	0,4	-2,1	0,2	0,1	0,0
		2013	-0,1	0,1	-0,1	0,2	-0,2	0,0	0,0	0,2	0,0	0,0	0,1	0,3	0,3	0,2	-0,1	0,4	-2,1	0,2	0,1	0,0
	December	2010	1,2	0,5	0,4	0,6	-0,3	0,6	0,7	0,5	0,4	0,5	0,2	0,2	0,1	0,5	-0,2	0,5	0,5	1,0	0,6	0,1
		2011	1,0	0,3	0,3	0,2	-0,5	0,3	0,6	0,3	0,1	0,1	0,1	0,3	-0,1	0,1	-0,3	0,3	0,2	0,5	0,4	-0,1
		2012	1,0	0,3	0,2	0,1	-0,5	0,3	0,6	0,4	0,1	0,1	0,2	0,3	-0,1	0,2	-0,3	0,4	0,2	0,5	0,5	-0,1
		2013	0,9	0,3	0,2	0,1	-0,5	0,3	0,6	0,4	0,1	0,1	0,2	0,3	-0,1	0,1	-0,3	0,4	0,2	0,5	0,5	-0,1

*The figures in the shaded area are forecasts

Source: EUROSTAT & BIAM(UC3M)

Date: November 28, 2011



II.3. MONETARY POLICY

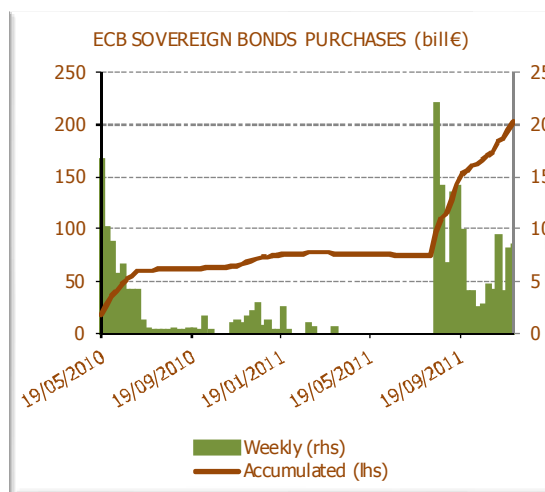
The measures that the monetary authorities of most developed countries, and not only in the euro area, have started to agree upon this month could be a sign that they have run out of patience and are ready to help to solve the serious problems caused by European leaders' inability to solve the financial and public debt crisis in the euro area.

This month, the world's most important central banks approved a series of coordinated measures to reduce the cost of banks' access to liquidity. Consumer credit is decreasing considerably in most developed countries as the result of banks' efforts to meet new capital requirements. In the euro area, consumer credit in October fell at a year-on-year rate of 1.9%, 0.1 pp from its lowest ever value. Together with these coordinated measures, the ECB is likely to establish further expansive measures in its next meeting on 8th December.

The latest hard and soft data shows that economic sluggishness in the euro area continues to get worse. For example, the unemployment rate in the area grew to 10.3% in October, its highest ever level. Although, according to Eurostat's preliminary estimate and in line with our forecasts, inflation in November remained at 3%, medium-term inflation expectations remain anchored beneath the ECB target. According to our estimates, inflation could fall below 2% next April. In this context, a new rate decrease by the ECB on 8th December is very likely. And we cannot rule out the approval of other unconventional measures such as extraordinary 2 or 3-year credit facilities.

Finally, with regards to the Securities Markets Programme (SMP), this month the ECB took it up a notch, buying debt for a total of 33,500 million euros, compared with 13,000 million in the previous month. However, the decisive extension of this programme is still questioned, given the unyielding orthodoxy of some of the ECB's executive board members and the leaders of the area's central economies. The latter do not appear to be willing to agree to the ECB or the euro area in any shape or form providing unlimited help to floundering countries until clear progress has been made towards greater fiscal integration, involving a much stronger commitment to meet deficit criteria.

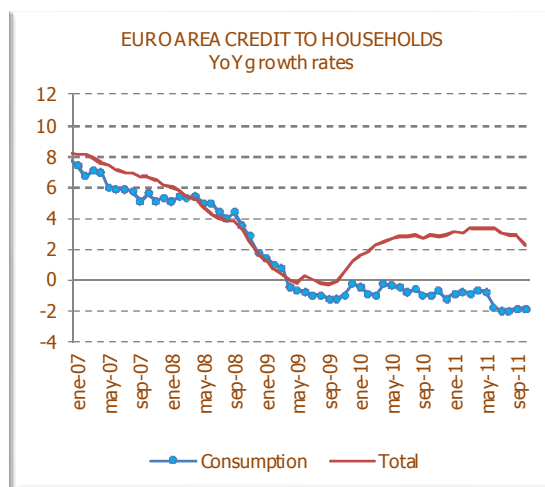
Graph II.3.1



Source: Datastream & BIAM(UC3M)

Date: December 1, 2011

Graph II.3.2



Source: EUROSTAT & BIAM(UC3M)

Date: December 1, 2011



III. UNITED STATES

III.1. INDUSTRIAL PRODUCTION INDEX

INDUSTRIAL PRODUCTION INDEX AND SECTORS IN U.S.							
Annual rates of growth							
		Consumer Goods		Capital Goods	Intermediate Goods	TOTAL	
		Durable	Non Durable				
ANNUAL AVERAGE RATES	2007	1,9	0,5	5,8	3,7	2,7	
	2008	-11,3	-3,2	-0,7	-2,7	-3,7	
	2009	-15,9	-4,6	-15,0	-11,6	-11,2	
	2010	11,1	2,5	8,0	6,4	5,3	
	2011	7,3	0,7	7,7	4,3	4,0	
	2012	6,2	0,9	-1,5	4,2	3,9	
ANNUAL RATES	2010	QI	12,5	0,3	-0,4	2,6	1,5
		QII	18,7	2,5	10,0	7,8	6,8
		QIII	8,8	4,1	11,2	7,6	6,7
		QIV	5,0	3,0	11,7	7,4	6,2
	2011	QI	9,6	1,1	11,6	6,0	5,3
		QII	4,9	1,5	8,4	4,2	3,8
		QIII	6,1	0,1	9,0	3,7	3,4
		QIV	8,5	0,2	2,1	3,5	3,6
	2012	QI	4,9	0,8	-3,6	3,5	3,5
		QII	7,8	0,6	-2,4	4,3	4,1
		QIII	6,8	1,1	-1,8	4,6	4,2
		QIV	5,2	1,1	1,8	4,3	3,9

INDUSTRIAL PRODUCTION INDEX AND SECTORS IN U.S.							
Annual rates of growth							
	2006	2007	2008	2009	2010	2011	2012
January	1,6	2,1	2,4	-12,4	0,3	5,6	3,6
February	1,3	2,8	0,7	-13,0	1,0	5,0	3,5
March	2,1	2,3	0,0	-14,2	3,4	5,4	3,4
April	0,9	3,5	-0,7	-15,3	5,3	4,6	3,8
May	2,1	3,0	-2,0	-14,8	7,2	3,5	4,1
June	2,0	2,6	-2,3	-14,8	7,8	3,4	4,4
July	2,8	2,6	-2,0	-13,1	7,1	3,8	4,1
August	2,5	2,4	-4,4	-10,9	6,7	3,3	4,3
September	4,1	3,1	-8,6	-7,2	6,3	3,2	4,3
October	2,8	2,4	-7,5	-7,5	6,0	3,9	3,6
November	1,9	3,0	-8,9	-5,9	5,9	3,4	4,2
December	2,2	2,2	-10,7	-3,2	6,6	3,5	4,0

Source: Federal Reserve & BIAM(UC3M)

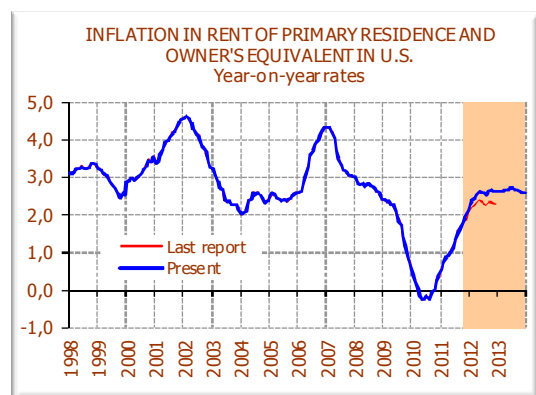
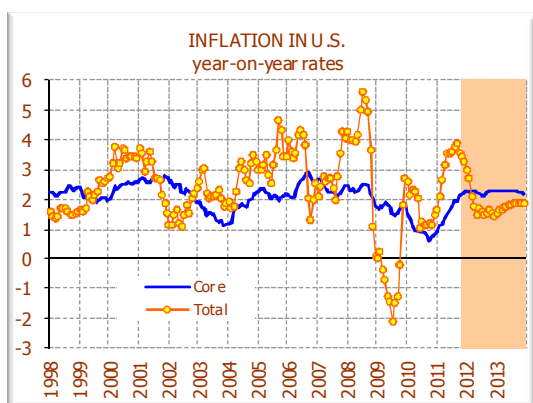
Date: November 16, 2011



III.2. INFLATION

Several items are greater than forecast, but not significantly; they include medical and educational services, effective home rentals and non-energy and non-durable industrial goods.

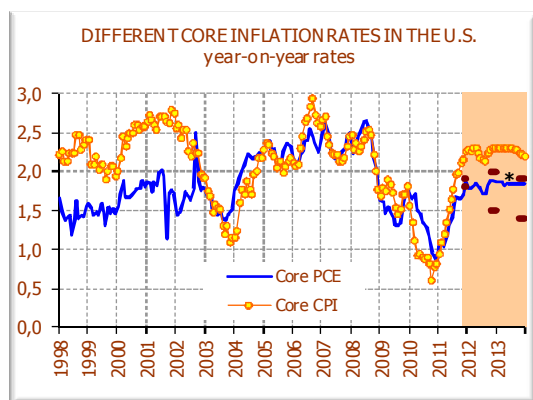
Indeed, effective rentals have increased their annual rate from 2.11% to 2.42% instead of the forecast 2.32%. On this occasion, owner's estimated rent of primary residence was exactly as expected, despite the annual rate increased from 1.50% to 1.63%. On the other hand, the prices of medical and educational services have increased their annual rate by 0.3 pp.



(*) Central tendency projected by the FOMC, for core PCE (fourth quarter of the previous year to the fourth quarter of the year indicated).

Source: BLS & BIAM

Date: November 16, 2011



Source: BLS & BIAM

Date: November 23, 2011

Within non-energy industrial goods, the CPI was better than expected in durable goods and worse than expected in non-durables. Likewise, wholesale and import prices were better than expected in durables and worse in non-durables. There was a heavy increase in the import prices of non-durable goods.

Based on all the above, core inflation expectations have been revised upwards slightly to 2.3% in the first quarter of next year, where they will stabilise.

In terms of the core PCE, which is the inflation indicator most closely monitored by the Fed, with the new figures our forecast for November is an annual rate of 1.74%. Our forecasts for the next two years are close to the upper limit established by the Fed.

Conclusion:

Effective rental prices are higher than expected again. There were also some upwards innovations in educational and medical services. All this leads to a slight, not very significant, upwards revision in core inflation expectations which should not alter the Federal Reserve's previous plans.

DIFFERENT MEASURES OF INFLATION IN THE U.S.						
Annual rates of growht						
			Total	Core		
			CPI	CPI	PCE	MB-PCE
Annual Average Rates	2009	-0,4	1,7	1,5	1,9	
	2010	1,6	1,0	1,3	0,9	
	2011	3,2	1,7	1,4	1,4	
	2012	1,8	2,2	1,8	1,8	
	2013	1,8	2,3	1,8	1,8	
YEAR-ON YEAR RATES	2011	April	3,2	1,3	1,2	1,1
		May	3,6	1,5	1,3	1,3
		June	3,6	1,6	1,4	1,4
		July	3,6	1,8	1,6	1,5
		August	3,8	2,0	1,7	1,6
		September	3,9	2,0	1,6	1,6
		October	3,5	2,1	1,7	1,7
		November	3,5	2,2	1,7	1,7
		December	3,3	2,3	1,9	1,8
	2012	January	3,0	2,3	1,8	1,8
		February	2,7	2,3	1,8	1,8
		March	2,1	2,3	1,8	1,9

The shaded values are forecasts

(1) PCE: chain-type price index for personal consumption expenditures

(2) -MB-PCE: Market-based components of PCE prices

Source: BLS & BIAM

Date: November 23, 2011

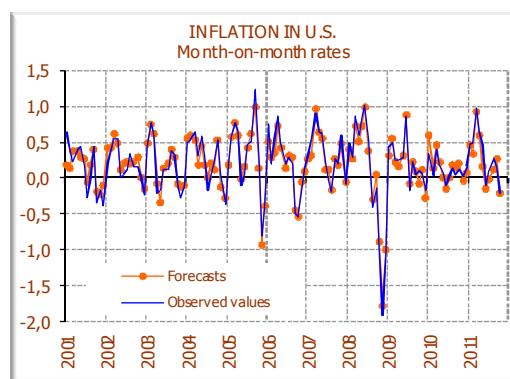
1. The PCE (Personal Consumption Expenditure) is a price index which has the advantage relative to the consumer price index (CPI) that instead of the shopping basket remaining unaltered, it is adjusted to actual expenditure and shows changes in its composition between the periods compared.

2. <http://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20110622.pdf>



FORECASTING ERRORS IN U.S. INFLATION

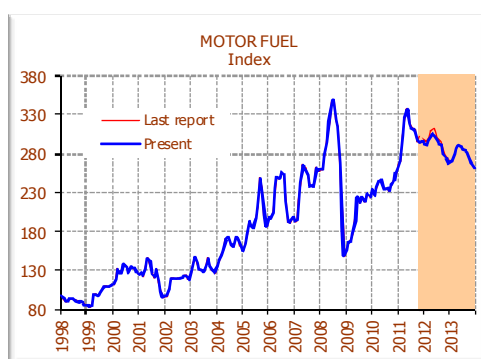
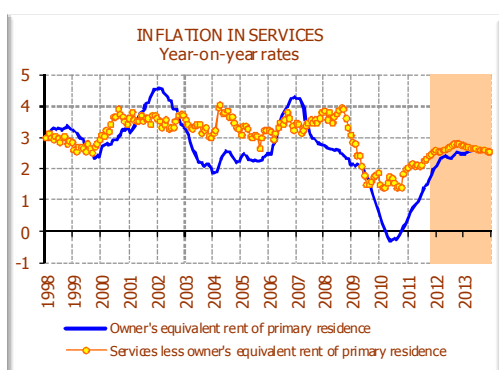
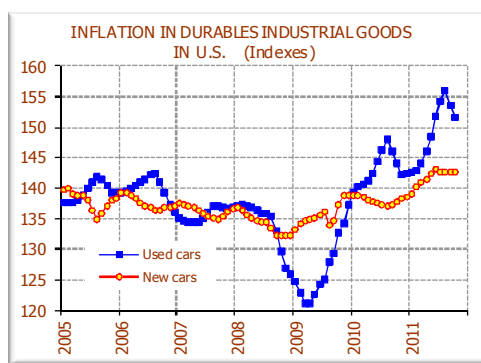
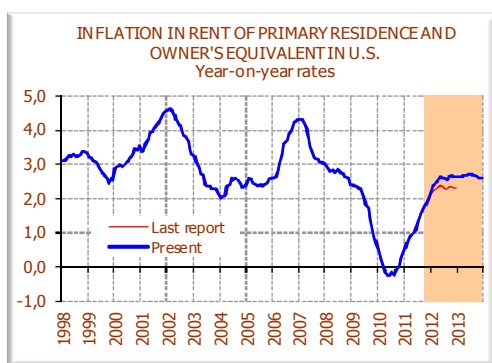
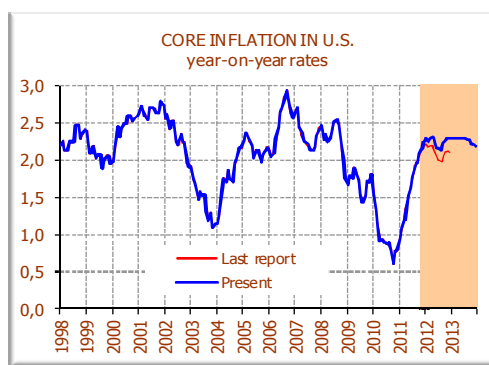
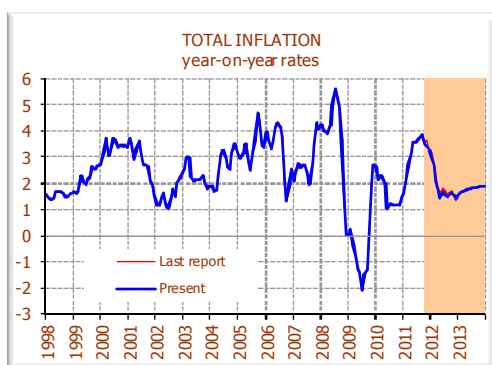
CONSUMER PRICE INDEX IN U.S. Monthly rates October, 2011				
	Relative Imp. Dec. 2009	Observed	Forecasts	Confidence Intervals*
TOTAL INFLATION	100,0	-0,21	-0,21	0,13
less Owner's equivalent rent of primary residence	76,4	-0,33	-0,33	0,17
CORE INFLATION	77,7	0,20	0,16	0,11
less Owner's equivalent rent of primary residence	54,1	0,19	0,14	0,15
Non-food and non-energy goods	21,3	0,23	0,18	0,29
Less tobacco	20,4	0,24	0,21	0,27
- Durable goods	10,0	-0,31	-0,18	0,32
- Non-durable goods	11,3	0,80	0,49	0,40
Non-energy services	56,4	0,19	0,15	0,12
- Services less Owner's equivalent rent of primary residence	32,8	0,17	0,12	0,19
- Owner's equivalent rent of primary residence	23,6	0,22	0,21	0,12
RESIDUAL INFLATION	22,3	-1,50	-1,37	0,41
Food	13,7	0,19	0,30	0,26
Energy	8,6	-3,82	-3,67	0,96



Source: BLS & BIAM(UC3M)

Date: November 16, 2011

OTHER GRAPHS ON U.S. INFLATION FORECASTS



Source: BLS & BIAM(UC3M)

Date: November 16, 2011



CONSUMER PRICE INDEX AND COMPONENTS IN USA																	
Annual rates of growth																	
		CPI															
		Core						Confidence Intervals at 80% level			Residual			TOTAL 100%		Confidence Intervals at 80% level	
		Non-energy commodities less food			Non-energy services						Food	Energy	TOTAL				
		Durables	Non durables	All	Owner's equivalent rent of primary residence	Other services	All	TOTAL									
IR December 09		10,0%	11,3%	21,3%	23,6%	32,8%	56,4%	77,7%				13,7%	8,6%	22,3%			
	2009	-0,9	3,4	1,3	1,7	2,0	1,9	1,7				1,8	-18,4	-6,8	-0,4		
	2010	1,3	0,8	1,1	0,0	1,6	0,9	1,0				0,8	9,5	4,0	1,6		
	2011	1,1	1,5	1,3	1,2	2,2	1,8	1,66	± 0,02			3,8	15,7	8,4	3,19	± 0,05	
	2012	0,5	2,2	1,4	2,4	2,7	2,6	2,24	± 0,42			2,5	-2,3	0,5	1,82	± 1,65	
	2013	1,0	1,7	1,4	2,5	2,6	2,6	2,27	± 0,82			1,4	-1,6	0,2	1,78	± 1,72	
ANNUAL RATES (growth of the month over the same month of the previous year)	2011	January	-0,9	0,5	-0,2	0,5	2,0	1,4	1,0				1,8	7,3	4,0	1,6	
		February	-0,5	0,4	0,0	0,6	2,1	1,5	1,1				2,3	11,0	5,6	2,1	
		March	0,0	0,3	0,2	0,8	2,2	1,6	1,2				2,9	15,5	7,8	2,7	
		April	0,7	0,7	0,7	0,9	2,1	1,6	1,3				3,2	19,0	9,4	3,2	
		May	1,3	1,1	1,2	0,9	2,1	1,6	1,5				3,5	21,5	10,6	3,6	
		June	1,9	1,4	1,6	1,0	2,1	1,6	1,6				3,7	20,1	10,1	3,6	
		July	2,0	1,7	1,8	1,2	2,1	1,7	1,8				4,2	19,0	10,0	3,6	
		August	2,0	2,1	2,1	1,4	2,3	1,9	2,0				4,6	18,4	10,0	3,8	
		September	1,8	2,2	2,0	1,5	2,3	2,0	2,0				4,7	19,3	10,4	3,9	
		October	1,67	2,49	2,11	1,63	2,42	2,10	2,10				4,71	14,2	8,4	3,53	
		November	1,70	2,48	2,12	1,79	2,44	2,17	2,16	± 0,11			4,78	12,9	7,9	3,46	± 0,13
		December	1,7	2,5	2,1	2,0	2,5	2,3	2,3	± 0,20			4,7	9,9	6,8	3,3	± 0,48
	2012	January	1,7	2,3	2,0	2,1	2,6	2,4	2,3	± 0,27			4,4	6,7	5,4	3,0	± 0,88
		February	1,3	2,3	1,8	2,2	2,5	2,4	2,3	± 0,33			4,0	4,3	4,2	2,7	± 1,26
		March	0,9	2,7	1,9	2,3	2,6	2,5	2,3	± 0,38			3,4	-1,0	1,6	2,1	± 1,57
		April	0,6	2,7	1,7	2,4	2,6	2,5	2,3	± 0,42			3,0	-4,2	0,0	1,7	± 1,82
		May	0,2	2,5	1,4	2,4	2,6	2,5	2,2	± 0,45			2,7	-5,7	-1,0	1,5	± 2,00
		June	-0,1	2,3	1,2	2,4	2,6	2,5	2,2	± 0,49			2,5	-2,9	0,2	1,7	± 2,12
		July	-0,1	2,1	1,0	2,3	2,7	2,6	2,1	± 0,54			2,2	-3,3	-0,2	1,6	± 2,23
		August	-0,1	1,9	0,9	2,3	2,7	2,6	2,1	± 0,60			1,8	-3,7	-0,5	1,5	± 2,32
		September	0,1	2,0	1,2	2,5	2,8	2,6	2,2	± 0,66			1,5	-3,6	-0,6	1,5	± 2,40
		October	0,4	1,9	1,2	2,5	2,8	2,7	2,3	± 0,72			1,5	-3,1	-0,4	1,6	± 2,47
		November	0,6	1,9	1,3	2,5	2,8	2,7	2,3	± 0,75			1,3	-4,0	-0,9	1,5	± 2,55
		December	0,8	1,9	1,4	2,5	2,8	2,6	2,3	± 0,79			1,3	-5,2	-1,4	1,4	± 2,60
	2013	January	0,8	1,9	1,4	2,5	2,7	2,6	2,3	± 0,81			1,2	-3,8	-0,8	1,6	± 2,57
		February	0,8	1,9	1,4	2,5	2,7	2,6	2,3	± 0,84			1,2	-2,9	-0,5	1,6	± 2,56
		March	1,0	1,7	1,4	2,5	2,7	2,6	2,3	± 0,87			1,1	-2,5	-0,4	1,7	± 2,57
		April	0,9	1,9	1,4	2,5	2,7	2,6	2,3	± 0,91			1,5	-2,3	-0,1	1,7	± 2,59
		May	1,1	1,7	1,4	2,6	2,6	2,6	2,3	± 0,94			1,4	-1,9	0,1	1,8	± 2,61
		June	1,1	1,7	1,4	2,6	2,6	2,6	2,3	± 0,98			1,5	-1,6	0,2	1,8	± 2,66
		July	1,1	1,7	1,4	2,6	2,6	2,6	2,3	± 0,98			1,5	-1,3	0,3	1,8	± 2,66
		August	1,1	1,7	1,4	2,6	2,6	2,6	2,3	± 0,98			1,5	-1,0	0,4	1,8	± 2,66
		September	1,1	1,6	1,4	2,6	2,6	2,6	2,3	± 0,98			1,5	-0,7	0,6	1,9	± 2,66
		October	1,0	1,6	1,4	2,5	2,6	2,6	2,2	± 0,98			1,6	-0,6	0,7	1,9	± 2,66
		November	1,0	1,6	1,3	2,5	2,6	2,5	2,2	± 0,98			1,6	-0,4	0,8	1,9	± 2,66
		December	0,9	1,6	1,3	2,5	2,5	2,5	2,2	± 0,98			1,6	-0,3	0,8	1,9	± 2,66

Source: BLS & BIAM(UC3M)

Date: November 16, 2011



CONSUMER PRICE INDEX AND COMPONENTS IN USA

Monthly rates of growth

CPI												
Core												
Residual												
TOTAL												
TOTAL												
TOTAL 100%												
IR December 09												
10,0% 11,3% 21,3% 23,6% 32,8% 56,4% 77,7% 13,7% 8,6% 22,3%												
MONTHLY RATES (Growth h of the month over the previous month)			Non-energy commodities less food			Non-energy services			TOTAL	Food		TOTAL
			Durables	Non durables	All	Owner's equivalent rent of primary residence	Other services	All		Food	Energy	
January	2010		0,2	-0,5	-0,2	-0,1	0,2	0,1	0,0	0,6	2,8	1,4
	2011		0,2	-0,1	0,0	0,1	0,3	0,2	0,2	0,9	2,4	1,5
	2012		0,1	-0,3	-0,1	0,3	0,4	0,3	0,2	0,6	-0,5	0,2
	2013		0,1	-0,3	-0,1	0,3	0,3	0,3	0,2	0,6	0,9	0,7
February	2010		0,0	0,8	0,4	0,0	0,3	0,2	0,2	0,0	-1,7	-0,7
	2011		0,5	0,7	0,6	0,1	0,4	0,3	0,4	0,4	1,6	0,9
	2012		0,1	0,8	0,5	0,2	0,4	0,3	0,3	0,0	-0,7	-0,3
	2013		0,1	0,8	0,5	0,2	0,4	0,3	0,3	0,1	0,2	0,1
March	2010		-0,1	0,9	0,5	-0,1	0,2	0,1	0,2	0,1	2,7	1,1
	2011		0,4	0,8	0,6	0,1	0,3	0,2	0,3	0,7	6,9	3,2
	2012		0,0	1,2	0,7	0,2	0,3	0,2	0,3	0,1	1,4	0,6
	2013		0,2	1,0	0,7	0,2	0,2	0,2	0,3	0,0	1,9	0,7
April	2010		-0,2	-0,1	-0,2	0,0	0,2	0,1	0,0	0,1	1,4	0,6
	2011		0,5	0,3	0,4	0,1	0,2	0,1	0,2	0,4	4,5	2,1
	2012		0,2	0,3	0,3	0,1	0,2	0,2	0,2	0,0	1,2	0,5
	2013		0,1	0,5	0,3	0,2	0,2	0,2	0,2	0,3	1,4	0,8
May	2010		0,0	-0,4	-0,2	0,0	0,2	0,1	0,0	0,1	0,7	0,3
	2011		0,6	0,0	0,3	0,1	0,2	0,1	0,2	0,4	2,7	1,4
	2012		0,2	-0,2	0,0	0,1	0,2	0,2	0,1	0,0	1,0	0,4
	2013		0,3	-0,3	0,0	0,2	0,2	0,2	0,1	0,0	1,5	0,6
June	2010		0,0	-0,7	-0,4	0,1	0,3	0,2	0,0	-0,1	-1,3	-0,5
	2011		0,6	-0,4	0,1	0,2	0,2	0,2	0,2	0,2	-2,4	-0,9
	2012		0,3	-0,6	-0,2	0,1	0,3	0,2	0,1	-0,1	0,5	0,2
	2013		0,3	-0,7	-0,2	0,1	0,2	0,2	0,1	0,0	0,8	0,3
July	2010		0,1	-0,8	-0,4	0,0	0,2	0,1	0,0	0,0	0,3	0,1
	2011		0,2	-0,5	-0,2	0,2	0,2	0,2	0,1	0,4	-0,6	0,0
	2012		0,1	-0,7	-0,3	0,2	0,3	0,2	0,1	0,1	-1,0	-0,3
	2013		0,2	-0,7	-0,3	0,2	0,3	0,2	0,1	0,1	-0,7	-0,2
August	2010		0,0	0,4	0,2	0,0	0,1	0,1	0,1	0,2	0,1	0,2
	2011		0,0	0,9	0,5	0,2	0,3	0,3	0,3	0,5	-0,4	0,2
	2012		0,1	0,6	0,4	0,2	0,3	0,3	0,3	0,2	-0,7	-0,2
	2013		0,1	0,6	0,4	0,2	0,3	0,3	0,3	0,2	-0,5	-0,1
September	2010		-0,4	1,2	0,5	0,0	0,1	0,0	0,2	0,3	-1,3	-0,3
	2011		-0,5	1,2	0,4	0,1	0,1	0,1	0,2	0,4	-0,5	0,0
	2012		-0,3	1,4	0,6	0,2	0,1	0,2	0,3	0,2	-0,4	-0,1
	2013		-0,3	1,4	0,6	0,2	0,1	0,2	0,3	0,2	-0,2	0,1
October	2010		-0,2	0,4	0,1	0,1	0,0	0,1	0,1	0,2	0,4	0,3
	2011		-0,31	0,70	0,23	0,22	0,17	0,19	0,20	0,19	-3,82	-1,50
	2012		0,0	0,6	0,3	0,3	0,2	0,2	0,2	0,1	-3,4	-1,3
	2013		-0,1	0,6	0,3	0,2	0,2	0,2	0,2	0,2	-3,2	-1,2
November	2010		-0,4	-0,3	-0,3	0,1	0,1	0,1	0,0	0,0	0,5	0,2
	2011		-0,32	-0,27	-0,29	0,30	0,11	0,19	0,06	0,06	-0,69	-0,25
	2012		-0,1	-0,3	-0,2	0,3	0,1	0,2	0,1	-0,1	-1,6	-0,7
	2013		-0,2	-0,3	-0,2	0,2	0,1	0,2	0,0	-0,1	-1,5	-0,6
December	2010		-0,1	-0,9	-0,5	0,1	0,0	0,0	-0,1	0,1	2,8	1,2
	2011		0,0	-0,9	-0,5	0,3	0,1	0,1	0,0	0,1	0,1	0,1
	2012		0,1	-1,0	-0,5	0,3	0,0	0,1	0,0	0,1	-1,1	-0,4
	2013		0,0	-1,0	-0,5	0,3	0,0	0,1	-0,1	0,1	-1,0	-0,3

Source: BLS & BIAM(UC3M)

Date: November 16, 2011



III.3. PROPERTY SECTOR

- In October, the number of permits and, to a lesser extent, the number of housing starts finally registered a slight change of trend to the better. Second hand home prices, however, consolidated their downwards evolution.
- The forecasts continue to show stability at the current low levels, except for housing starts, which are expected to rise. However, we will have to wait to see how building permits evolve in the next few months.

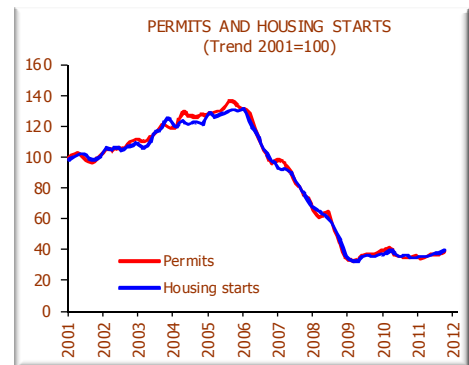
As Graph A shows, the trends in both building permits and housing starts have evolved upwards slightly (around 13% per annum), although they remain at historically low levels. These were the only positive figures in the sector this month.

Graph B shows housing price trends. According to the three indicators used, there is a very slightly downwards trend in both new and second hand property. Second hand property prices can be expected to continue to fall in the next few months, while new property prices will stabilise at their current levels.

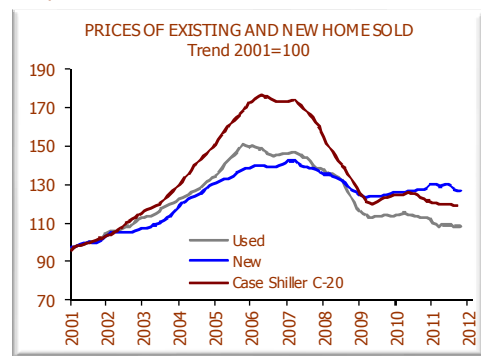
As the rest of the graphs show, practically all the volume series evolved as expected, with historically low positions.

For November, the forecasts show slight month-on-month variations in the volume indicators, with a considerable increase in housing starts, while second hand property prices are expected to maintain their current negative annual levels. With regards to new property prices, they have highly volatile and the series are also revised backwards considerably. The trend, what is most significant, continues to show a slight reduction.

Graph A



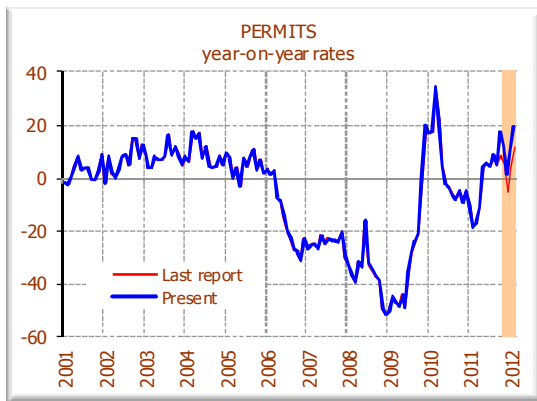
Graph B



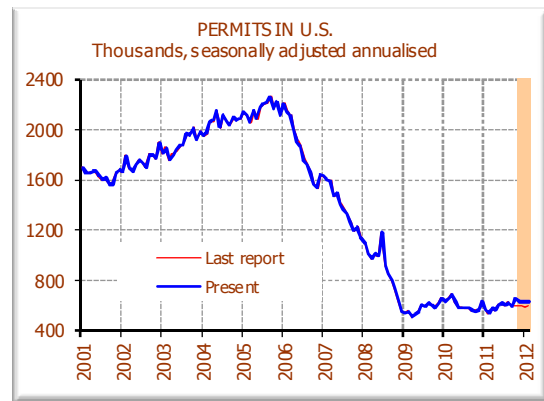
Source: U.S. Census Bureau & IFL (UC3M)

Date: November 29, 2011

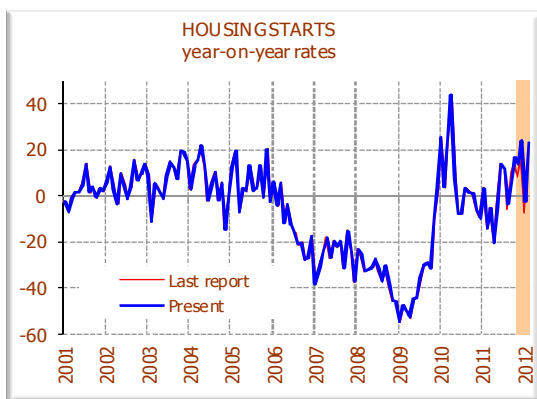
Graph III.3.1a



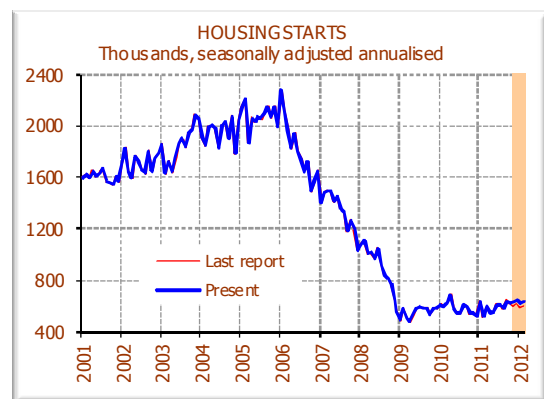
Graph III.3.1b



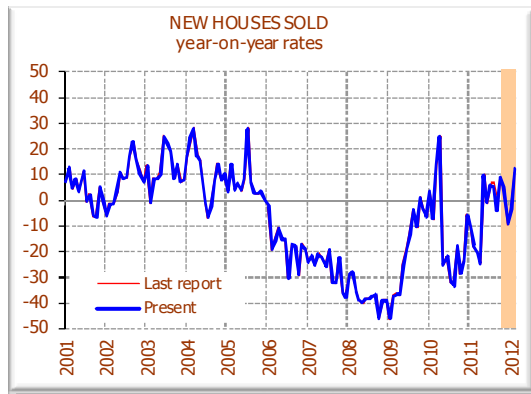
Graph III.3.2a



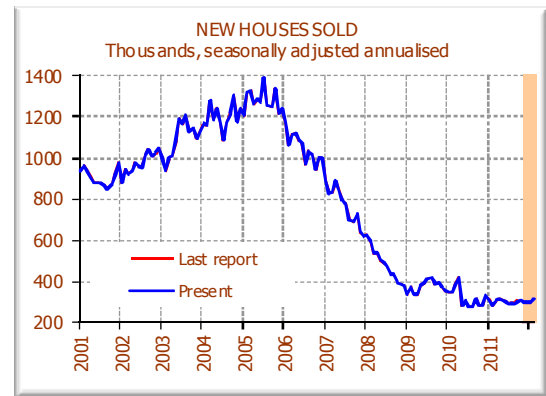
Graph III.3.2b



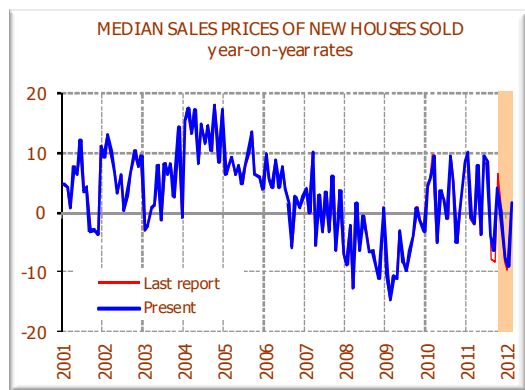
Graph III.3.3a



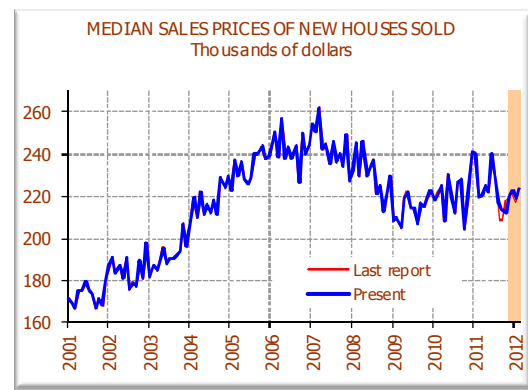
Graph III.3.3b



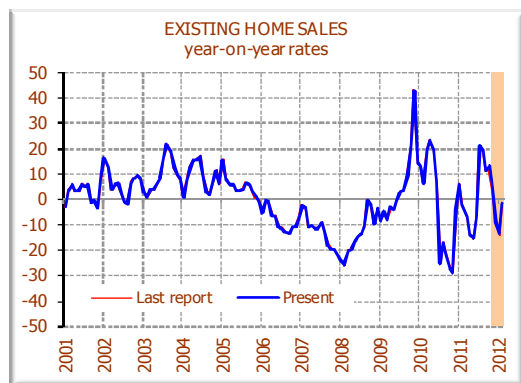
Graph III.3.4a



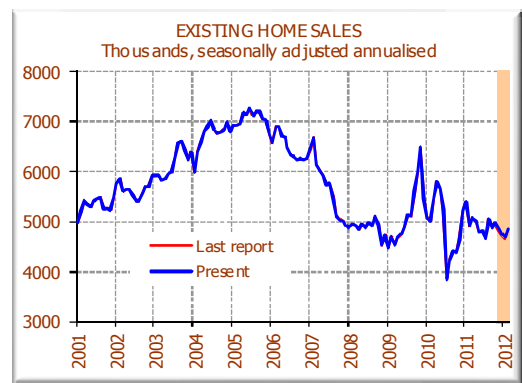
Graph III.3.4b



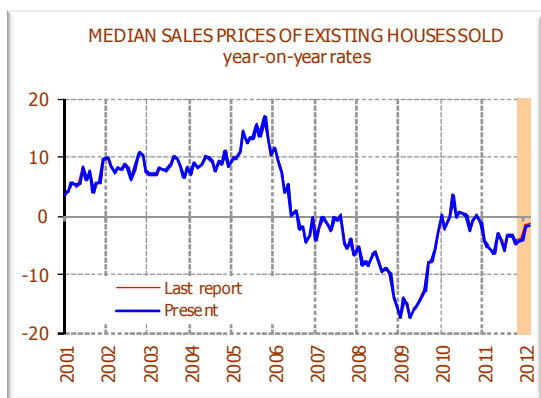
Graph III.3.5a



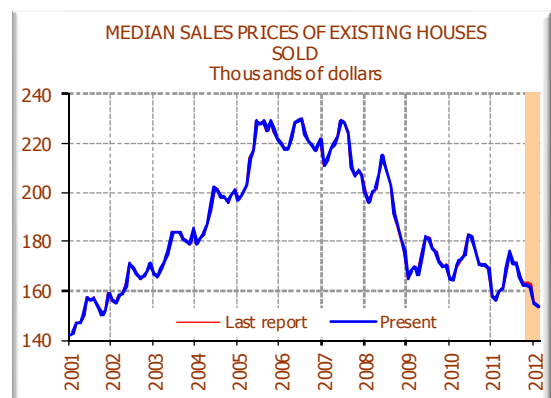
Graph III.3.5b



Graph III.3.6a



Graph III.3.6b



Source: National association of REALTORS & BIAM (UC3M)

Date: November 29, 2011



IV. SPAIN

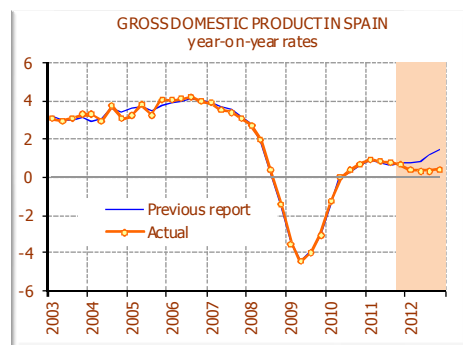
The latest energy inflation figures push our inflation forecast for 2012 up to 1.9% (± 1.28).

The GDP growth forecast for 2012 has been revised downwards by 0.7 pp to 0.3% (± 1.3).

The Spanish IPI growth forecast has been revised downwards to -0.9% (± 0.4) and 0.4% (± 3.2) for 2011 and 2012, respectively, as the slight improvement in the qualitative indicators is not enough to interact the downwards innovation in the September figure.

The most recent information about energy inflation pushes our forecasts up for 2012 to 1.9% (± 1.28). Expectations for 2011 remain unaltered at 3.2% (± 0.04).

This month we are publishing our inflation forecast for 2013 for the first time, 1.6% (± 1.45).



MAIN VARIABLES AND INDICATORS IN SPAIN							
Average annual rates							
		2007	2008	2009	2010	Forecasts	
						2011	2012
GDP mp. ¹		3,5	0,9	-3,7	-0,1	0.8 (±0.1)	0.3 (±1.3)
Demand	Final consumption households	3,5	-0,6	-4,4	0,7	0,1	0,1
	Final consumption general government	5,6	5,9	3,7	0,2	-1,3	-2,6
	Gross fixed capital formation	4,5	-4,7	-16,6	-6,3	-4,4	-1,2
	Equipment	4,3	-5,0	-17,2	-6,4	-4,6	-1,3
	Construction	2,4	-5,8	-15,4	-10,2	-7,6	-4,2
	Other products	10,2	-2,9	-22,3	5,1	2,8	5,9
	Contribution domestic demand*	4,2	-0,5	-6,7	-0,8	-0,9	-0,8
	Exports of goods and services	6,7	-1,0	-10,4	13,5	9,3	6,2
	Imports of goods and services	8,0	-5,2	-17,2	8,9	1,9	2,0
Contribution foreign demand*		-0,7	1,4	3,0	0,7	1,7	1,1
Supply GVA	Agriculture	7,0	-2,7	-1,4	-1,1	-0,1	-1,3
	Energy	0,5	-1,7	-10,9	0,6	2,6	0,3
	Industry	0,3	-2,9	-12,2	0,5	3,1	0,0
	Construction	1,8	-0,2	-8,0	-7,8	-3,4	-1,4
	Trade services	5,0	2,2	-0,9	1,4	1,0	0,8
	Non-trade services	5,1	1,2	-2,2	1,3	0,9	0,9
	Total	4,5	5,1	2,9	1,6	1,2	0,4
	Tax	1,0	-0,3	-5,4	-1,2	1,6	-0,1
Prices CPI ²							
Total		2,8	4,1	-0,3	1,8	3.2 (±0.04)	1.9 (±1.3)
Core		2,7	3,2	0,8	0,6	1.7 (±0.04)	1.5 (±0.8)
dec / dec		4,2	1,4	0,8	3,0	2,6	1,6
Foreign sector ¹							
Balance of current account (bil€)		-105,35	-104,46	-57,97	-47,82	-42,60	-38,29
Net lending or borrowing (% of GDP)		-9,5	-9,1	-5,1	-3,9	-3,4	-2,9
Public Administration*: Net lending or borrowing (% of GDP)		1,9	-4,2	-11,1	-9,3	-6,6	-5,1
Industrial production index (excluding construction) ⁴		2,4	-7,1	-16,2	0,9	-0.9 (±0.4)	0.4 (±3.2)
ECONOMICALLY ACTIVE POPULATION SURVEY ³							
Employed		3,1	-0,5	-6,8	-2,3	-1,6	-1,1
Agriculture		-2,0	-5,0	-4,0	0,9	-5,4	-2,1
Industry		-0,9	-1,1	-13,3	-5,9	-1,4	-0,3
Construction		6,1	-10,9	-23,0	-12,6	-15,7	-12,9
Services		3,8	2,1	-2,5	-0,3	0,3	0,0
Active		2,8	3,0	0,8	0,2	0,1	-0,1
Unemployment rate		8,3	11,3	18,0	20,1	21,4	22,2

The figures in the shaded area are forecasts

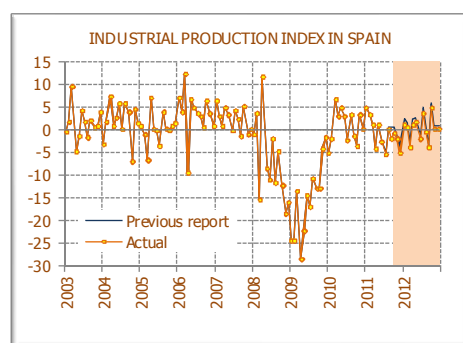
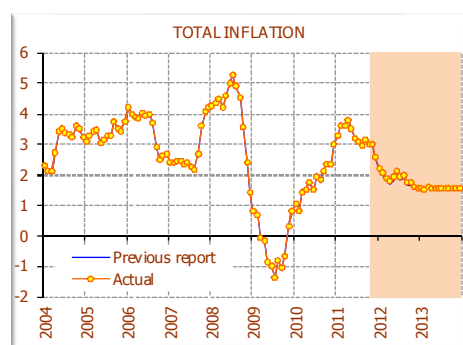
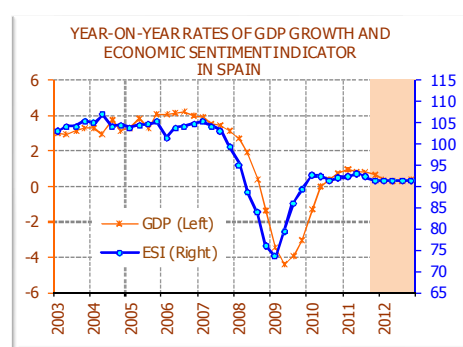
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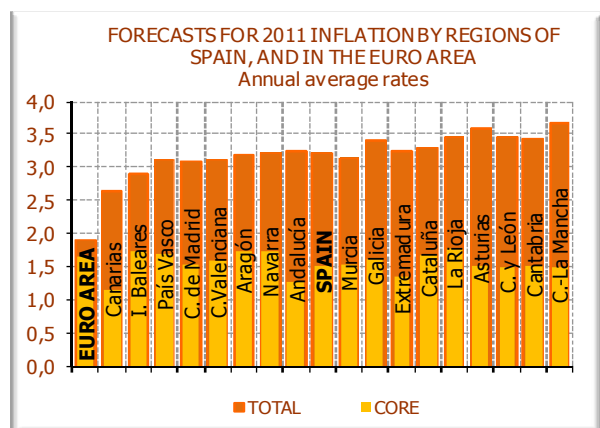
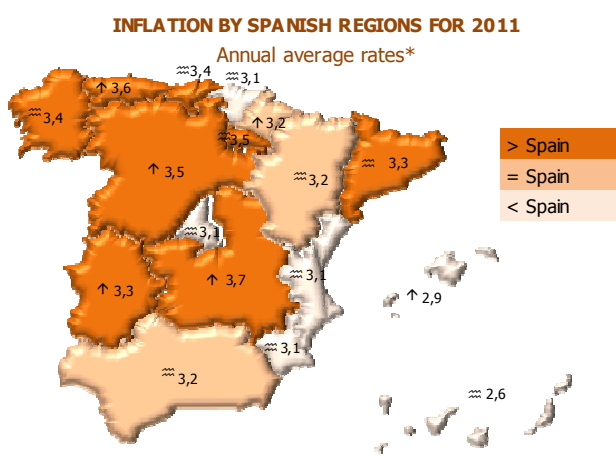
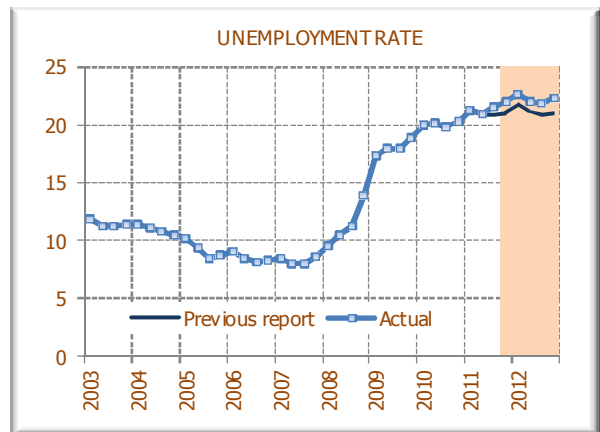
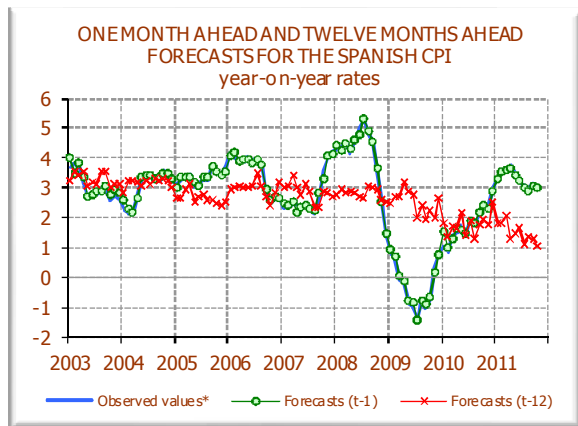
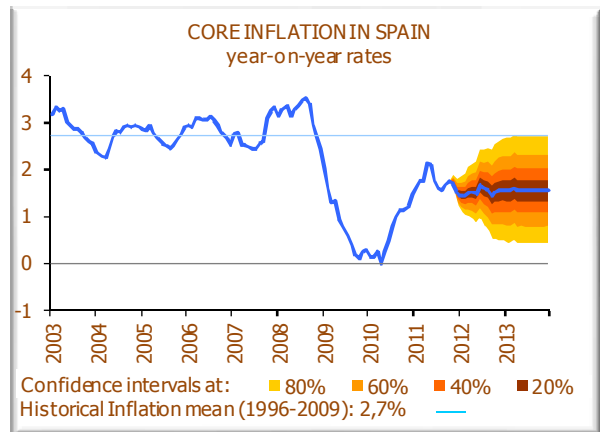
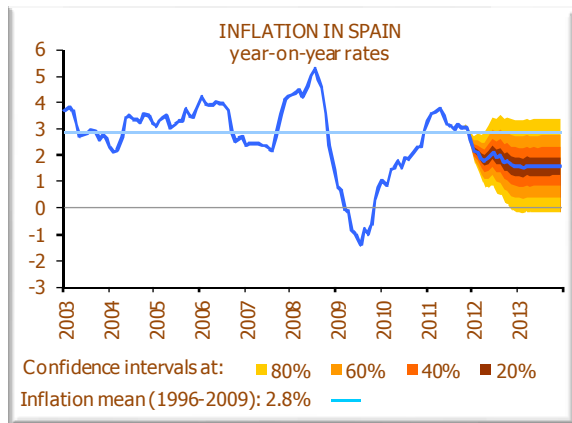
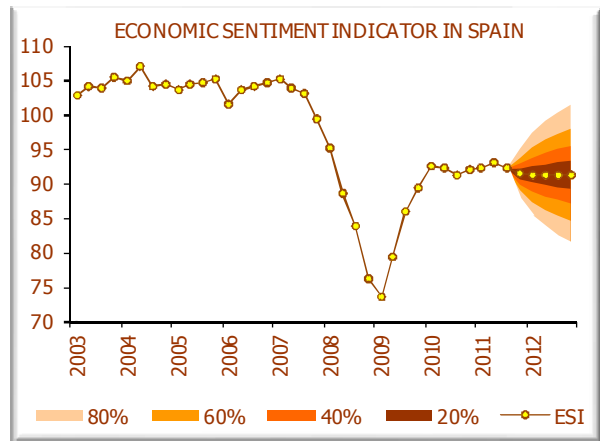
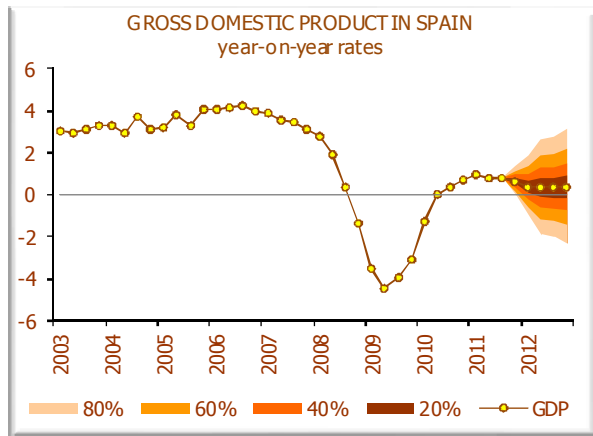
Source: INE & BIAM (UC3M)

Dates: (1) November 28, 2011 (2) November 28, 2011

(3) October 31, 2011

(4) November 8, 2011





IV.1. MACROECONOMIC FORECASTS

The Spanish economy started to slow down in the second quarter of this year, after showing a degree of strength in the first. However, an analysis of most of the third quarter indicators, which we regularly published in the Bulletin in the last two summer months and October, showed that the economy was weakening considerably, with clear signs of stagnation, particularly as the labour market figures were published each month, together with the third quarter's Active Population Survey (EPA). The quarter's National Accounts confirmed that the Spanish economy was stagnant.

The most significant economic information published in November referred to the September Industrial Production Index (IPI), the third quarter National Accounts and registered unemployment in October. In September, the Spanish IPI registered a year-on-year decrease of 1.7%, instead of the expected 0.8% growth. When corrected for calendar affect, the registered rate is -1.8%. With this new information, the IPI forecast has been revised downwards. The average annual IPI rate expected for 2011 is now -0.9%, instead of the previously expected -0.4%). For 2012, we expect 0.4% growth, instead of the previously forecast 1.3%. The October labour market information referred to Social Security contributors and registered unemployment shows continued deterioration, as in the third quarter.

The Spanish GDP in volume, corrected for seasonality and calendar, did not change in the third quarter relative to the second, when it grew by 0.2%. In year-on-year terms, this variation represents 0.8% growth, as in the previous quarter. The third quarter Accounts were calculated with the new 2008 base, and the INE took the opportunity to make some methodological changes. The estimated third quarter figure was slightly better than our forecast of -0.1% growth.

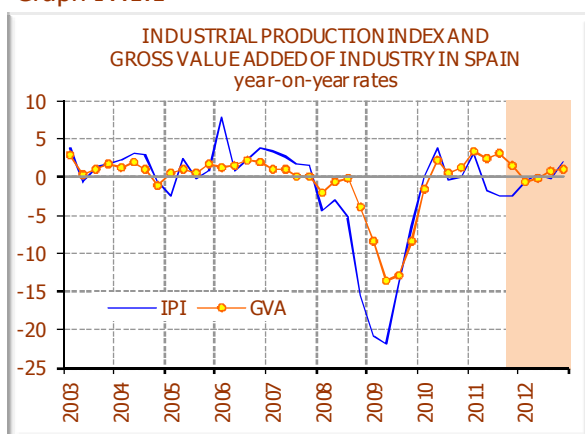
Year-on-year Spanish economic growth continues to depend on foreign demand. In the third quarter, the foreign sector contributed 1.9 percentage points to GDP growth, 0.7 pp less than in the previous three months. This was due both to a slower rate of growth in exports and to greater important growth. On the other hand, domestic demand continued to be very weak, although not quite as much as in the second quarter. Household consumption fell by a quarter-on-quarter rate of -0.1%, after registering 0.1% growth in the previous quarter. Public

consumption registered a much greater reduction (1.1%).

Gross fixed capital formation (GFCF) registered a quarter-on-quarter growth rate of -0.6%, half the previous quarter's rate. This relative improvement was due to capital goods and cultivated assets, which registered 2.3% growth after falling by 13% in the previous quarter, more than counteracting the continued decline of the construction sector, which registered a quarter-on-quarter rate of -1.9%.

In the third quarter, the Spanish labour market deteriorated significantly, in contrast with the relative improvement found in the previous quarters. Social security contributors and

Graph IV.1.1



Source: EUROPEAN COMMISSION, INE & IFL (UC3M)
Date: November 8, 2011

Table IV.1.1

INDUSTRIAL PRODUCTION INDEX IN SPAIN				
Average annual rates				
	2009	2010	2011	2012
Consumption	-8.8	0.9	-0.9	1.4
Durable	-28.3	-7.4	-7.5	-0.3
Non-durable	-5.5	1.9	-0.1	1.5
Capital	-22.5	-3.3	1.9	2.2
Intermedite	-21.4	2.7	-1.7	-1.6
Enery	-8.6	2.5	-2.8	0.6
			-0.9	0.4
TOTAL	-16.2	0.9	(±0.4)	(±3.2)
GVA Industry	-10.9	0.6	2.6	0.3

Source: INE & IFL (UC3M)
Date: November 8, 2011



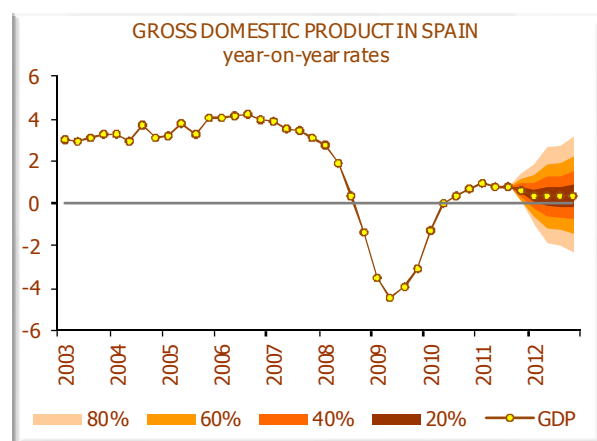
registered unemployment in October shows that the market is continuing to deteriorate in the last quarter of the year. The former fell by 75,200 people, significantly more than a year earlier (5,300). When corrected for seasonality, the reduction is even greater (83,000), equivalent to a month-on-month rate of deterioration of 0.5%, worse than the previous month's 0.2%. Registered unemployment grew by a monthly 134,000 people, double the figure found a year earlier, although when corrected by seasonality it is cut by more than half to 60,000.

With all the new information we have updated our macroeconomic forecast for Spain for 2011-2012. The average annual growth forecast for this year has grown by 0.1 pp to 0.8%, and the expectations for 2012 have grown by 0.2 pp to 0.2%.

Domestic demand will continue to hinder GDP growth, by 0.9 pp in 2011 and 0.8 pp in 2012. Foreign demand, as usual during an economic recession, will continue to make positive contributions in the forecasting period, 1.7 pp and 1.1 pp, respectively. Private consumption registered heavy adjustment with 0.1% quarter-on-quarter contraction in the third quarter, after growing by 0.1% in the previous three months. For 2011 and 2012, the average annual growth rates for private consumption are estimated at 0.1% for both years. For public consumption, growth forecasts have fallen significantly to -1.3% for this year and -2.8% for the next. As for investment in capital and cultivated assets, the forecast average annual growth rate is now 2.8% for 2011 and 5.9% for 2012. Investment in construction has also improved its forecast for 2011 to -7.6%, nearly one pp less than the previous expectation; for 2012, however, the forecast has worsened by nearly 2 pp to -4.2%.

The import forecast has been revised downwards to an average annual growth rate of 1.9% for this year (previous forecast 3.1%) and 2% for 2012 (previously 2.9%). These figures are consistent with the expected reduction in domestic demand. With regards to exports, they have been revised upwards slightly, to rates of 9.3% and 6.2% for 2011 and 2012, respectively. As a result of all this, foreign demand's contribution to GDP growth will be 1.7 pp in 2011 and 1.1 pp in 2012.

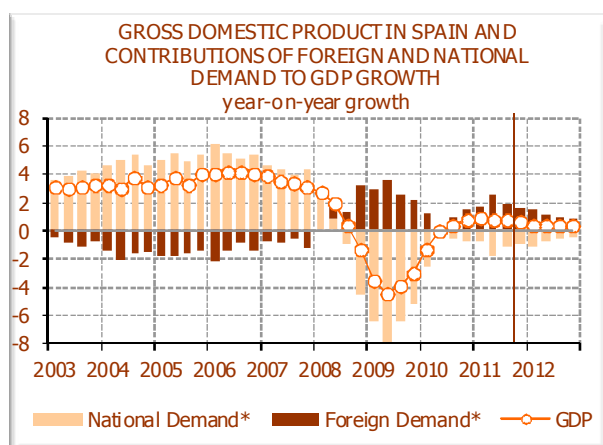
Graph IV.1.2



Source: INE & IFL (UC3M)

Date: November 28, 2011

Graph IV.1.3



Source: INE & IFL (UC3M)

Date: November 28, 2011



GROSS DOMESTIC PRODUCT IN THE SPAIN: DEMAND

GROSS DOMESTIC PRODUCT IN SPAIN													
Annual rates of growth													
		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	Equipment	Building	Other							
ANNUAL AVERAGE	2006	4.0	4.6	6.7	8.2	7.1	7.1	5.4	6.7	10.2	-1.3	4.1	
	2007	3.5	5.6	2.4	10.2	4.3	4.5	4.2	6.7	8.0	-0.7	3.5	
	2008	-0.6	5.9	-5.8	-2.9	-5.0	-4.7	-0.5	-1.0	-5.2	1.4	0.9	
	2009	-4.4	3.7	-15.4	-22.3	-17.2	-16.6	-6.7	-10.4	-17.2	3.0	-3.7	
	2010	0.7	0.2	-10.2	5.1	-6.4	-6.3	-0.8	13.5	8.9	0.7	-0.1	
	2011	0.1	-1.3	-7.6	2.8	-4.6	-4.4	-0.9	9.3	1.9	1.7	0.8 (±0.1)	
	2012	0.1	-2.6	-4.2	5.9	-1.3	-1.2	-0.8	6.2	2.0	1.1	0.3 (±1.3)	
ANNUAL RATES	2010	QI	-0.1	0.6	-12.2	-3.4	-10.0	-9.8	-2.5	11.9	6.3	1.2	-1.3
		QII	1.5	1.0	-9.4	11.7	-4.5	-4.3	0.0	15.3	14.5	-0.1	0.0
		QIII	0.8	0.2	-9.5	7.3	-5.4	-5.5	-0.6	11.8	7.0	1.0	0.4
		QIV	0.8	-0.9	-9.3	5.4	-5.4	-5.4	-0.8	14.9	8.0	1.5	0.7
	2011	QI	0.5	0.4	-9.3	5.6	-5.3	-4.9	-0.8	13.9	7.1	1.7	0.9
		QII	-0.3	-1.7	-8.4	1.5	-5.7	-5.5	-1.7	8.7	-0.7	2.6	0.8
		QIII	0.4	-2.3	-7.4	2.4	-4.5	-4.2	-1.2	8.1	0.8	1.9	0.8
		QIV	-0.3	-1.6	-5.2	1.9	-3.0	-2.7	-1.0	7.0	0.8	1.7	0.6
	2012	QI	0.2	-3.3	-4.8	3.3	-2.5	-2.4	-1.2	5.5	-0.1	1.5	0.4
		QII	0.1	-2.5	-4.8	7.4	-1.3	-1.2	-0.7	7.7	3.5	1.1	0.3
		QIII	0.1	-2.2	-3.9	6.1	-1.1	-0.9	-0.6	5.9	2.3	0.9	0.3
		QIV	0.1	-2.4	-3.4	7.0	-0.5	-0.4	-0.5	5.8	2.3	0.9	0.4

GROSS DOMESTIC PRODUCT IN SPAIN													
Annual and quarterly rates of growht													
		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	Equipment	Building	Other							
ANNUAL AVERAGE	2006	4.0	4.6	6.7	8.2	7.1	7.1	5.4	6.7	10.2	-1.3	4.1	
	2007	3.5	5.6	2.4	10.2	4.3	4.5	4.2	6.7	8.0	-0.7	3.5	
	2008	-0.6	5.9	-5.8	-2.9	-5.0	-4.7	-0.5	-1.0	-5.2	1.4	0.9	
	2009	-4.4	3.7	-15.4	-22.3	-17.2	-16.6	-6.7	-10.4	-17.2	3.0	-3.7	
	2010	0.7	0.2	-10.2	5.1	-6.4	-6.3	-0.8	13.5	8.9	0.7	-0.1	
	2011	0.1	-1.3	-7.6	2.8	-4.6	-4.4	-0.9	9.3	1.9	1.7	0.8 (±0.1)	
	2012	0.1	-2.6	-4.2	5.9	-1.3	-1.2	-0.8	6.2	2.0	1.1	0.3 (±1.3)	
QUARTERLY RATES	2010	QI	-0.1	-0.1	-1.2	0.3	-0.8	-0.9	-0.2	3.7	2.1	0.4	0.2
		QII	0.9	0.8	-2.0	2.7	-0.8	-0.6	0.6	4.6	5.4	-0.3	0.3
		QIII	-0.7	-0.4	-3.0	1.4	-1.8	-1.9	-0.8	3.8	0.1	0.9	0.1
		QIV	0.7	-1.1	-3.4	0.9	-2.2	-2.0	-0.2	2.1	0.3	0.4	0.2
	2011	QI	-0.4	1.1	-1.2	0.4	-0.6	-0.4	0.0	2.8	1.2	0.4	0.4
		QII	0.1	-1.3	-1.1	-1.3	-1.1	-1.2	-0.4	-0.2	-2.2	0.6	0.1
		QIII	-0.1	-1.1	-1.9	2.3	-0.6	-0.6	-0.4	3.1	1.6	0.4	0.0
		QIV	0.0	-0.3	-1.1	0.4	-0.6	-0.5	-0.1	1.1	0.2	0.2	0.1
	2012	QI	0.1	-0.6	-0.8	1.8	-0.1	-0.1	-0.2	1.4	0.3	0.3	0.1
		QII	0.1	-0.6	-1.1	2.8	0.1	0.1	0.0	1.9	1.3	0.1	0.1
		QIII	-0.1	-0.8	-1.0	1.0	-0.4	-0.3	-0.3	1.4	0.4	0.2	0.0
		QIV	0.1	-0.6	-0.6	1.3	0.0	0.0	0.0	1.0	0.3	0.2	0.2

Data adjusted for seasonality and working days effect

*The figures in the shaded area are forecasts

(1)Contribution to GDP growth

Quarter-on-quarter rates

Source: INE & BIAM (UC3M)

Date: November 28, 2011



GROSS DOMESTIC PRODUCT IN THE SPAIN: SUPPLY

GROSS DOMESTIC PRODUCT IN SPAIN											
Annual rates of growht											
		Gross Value Added								Tax	Real GDP
		Agriculture	Energy	Industry	Construction	Market services	Non-market services				
ANNUAL AVERAGE	2006	5.5	1.8	1.7	5.0	4.9	3.8	4.6	3.4	4.1	
	2007	7.0	0.3	0.5	1.8	5.1	4.5	5.0	1.0	3.5	
	2008	-2.7	-2.9	-1.7	-0.2	1.2	5.1	2.2	-0.3	0.9	
	2009	-1.4	-12.2	-10.9	-8.0	-2.2	2.9	-0.9	-5.4	-3.7	
	2010	-1.1	0.5	0.6	-7.8	1.3	1.6	1.4	-1.2	-0.1	
	2011	-0.1	3.1	2.6	-3.4	0.9	1.2	1.0	1.6	0.8 (±0.1)	
	2012	-1.3	0.0	0.3	-1.4	0.9	0.4	0.8	-0.1	0.3 (±1.3)	
ANNUAL RATES	2010	QI	-1.1	-2.0	-1.6	-8.9	-0.1	1.4	0.3	-1.1	-1.3
		QII	-1.3	2.5	2.2	-8.7	1.4	0.6	1.2	-0.6	0.0
		QIII	-1.5	0.5	0.6	-7.6	1.9	2.0	2.0	-0.9	0.3
		QIV	-0.3	1.3	1.3	-5.9	2.0	2.6	2.2	-2.2	0.7
	2011	QI	0.6	3.7	3.3	-4.7	1.2	1.5	1.3	1.0	0.9
		QII	0.2	3.0	2.4	-3.1	0.8	1.2	0.9	2.4	0.8
		QIII	0.0	3.8	3.1	-2.9	0.7	1.3	0.8	1.2	0.8
		QIV	-1.3	2.0	1.5	-2.7	1.0	0.8	1.0	1.8	0.6
	2012	QI	-2.7	-1.1	-0.6	-1.8	1.2	1.0	1.1	0.2	0.4
		QII	-1.3	-0.6	-0.1	-1.7	0.9	1.0	0.9	-0.5	0.3
		QIII	-0.7	0.7	0.9	-1.1	0.8	-0.3	0.5	0.1	0.3
		QIV	-0.5	1.0	1.0	-0.8	0.8	-0.1	0.5	-0.2	0.4

GROSS DOMESTIC PRODUCT IN SPAIN											
Annual and quarterly rates of growth											
		Gross Value Added								Tax	Real GDP
		Agriculture	Energy	Industry	Construction	Market services	Non-market services				
ANNUAL AVERAGE	2006	5.5	1.8	1.7	5.0	4.9	3.8	4.6	3.4	4.1	
	2007	7.0	0.3	0.5	1.8	5.1	4.5	5.0	1.0	3.5	
	2008	-2.7	-2.9	-1.7	-0.2	1.2	5.1	2.2	-0.3	0.9	
	2009	-1.4	-12.2	-10.9	-8.0	-2.2	2.9	-0.9	-5.4	-3.7	
	2010	-1.1	0.5	0.6	-7.8	1.3	1.6	1.4	-1.2	-0.1	
	2011	-0.1	3.1	2.6	-3.4	0.9	1.2	1.0	1.6	0.8 (±0.1)	
	2012	-1.3	0.0	0.3	-1.4	0.9	0.4	0.8	-0.1	0.3 (±1.3)	
QUARTERLY RATES	2010	QI	0.1	1.2	0.6	-2.6	0.7	-0.1	0.5	0.7	0.2
		QII	-0.9	0.3	0.5	-2.0	0.8	0.7	0.8	-1.3	0.3
		QIII	-0.5	-1.9	-1.5	-1.0	0.5	1.7	0.8	-1.7	0.1
		QIV	1.0	1.7	1.8	-0.5	-0.1	0.2	0.0	0.2	0.2
	2011	QI	0.9	3.6	2.6	-1.3	0.0	-1.1	-0.3	3.9	0.4
		QII	-1.3	-0.3	-0.4	-0.3	0.5	0.4	0.4	0.0	0.1
		QIII	-0.7	-1.1	-0.8	-0.7	0.3	1.9	0.7	-2.8	0.0
		QIV	-0.3	-0.1	0.2	-0.4	0.3	-0.3	0.1	0.8	0.1
	2012	QI	-0.5	0.5	0.4	-0.4	0.1	-0.9	-0.2	2.3	0.1
		QII	0.2	0.2	0.1	-0.2	0.3	0.3	0.3	-0.7	0.1
		QIII	0.0	0.1	0.1	-0.1	0.2	0.7	0.3	-2.2	0.0
		QIV	-0.1	0.3	0.3	-0.1	0.3	-0.1	0.2	0.5	0.2

Data adjusted for seasonality and working days effect

The figures in the shaded area are forecasts

(1)Contribution to GDP growth

Quarter-on-quarter rates

Source: EUROSTAT & BIAM (UC3M)

Date: November 28, 2011



INDUSTRIAL PRODUCTION INDEX IN SPAIN

INDUSTRIAL PRODUCTION INDEX AND SECTORS IN SPAIN										
Annual rates of growth										
		Consumer Goods								
		Durable	Non Durable	Total	Capital Goods	Intermediate Goods	Energy	Total excluding energy	TOTAL	
ANNUAL AVERAGE	2006	8.3	0.9	2.1	7.7	3.6	0.9	4.1	3.7	
	2007	3.4	2.0	2.2	5.0	1.6	0.8	2.6	2.4	
	2008	-16.5	-2.2	-4.6	-8.7	-11.0	1.6	-8.4	-7.1	
	2009	-28.3	-5.5	-8.8	-22.5	-21.4	-8.6	-17.4	-16.2	
	2010	-7.4	1.9	0.9	-3.3	2.7	2.5	0.6	0.9	
	2011	-7.5	-0.1	-0.9	1.9	-1.7	-2.8	-0.5	-0.9 (±0.4)	
	2012	-0.3	1.5	1.4	2.2	-1.6	0.6	0.3	0.4 (±3.2)	
ANNUAL RATES*	2009	QI	-29.6	-8.2	-11.4	-28.3	-28.9	-8.3	-8.3	-21.0
		QII	-35.9	-8.6	-12.9	-28.6	-28.2	-10.5	-10.5	-21.9
		QIII	-28.8	-4.2	-7.5	-19.6	-18.6	-6.8	-6.8	-13.9
		QIV	-17.1	-0.6	-2.9	-11.2	-6.0	-8.7	-8.7	-6.5
	2010	QI	-12.0	1.8	0.2	-2.6	2.1	-0.8	-0.8	0.1
		QII	-1.6	4.1	3.5	-0.7	7.5	1.9	1.9	3.8
		QIII	-5.3	0.8	0.2	-6.5	0.7	4.2	4.2	-0.4
		QIV	-10.2	1.0	-0.3	-3.5	0.5	5.0	5.0	0.1
	2011	QI	-8.7	0.9	-0.1	4.3	6.4	0.8	0.8	3.1
		QII	-12.0	-0.2	-1.6	1.8	-3.5	-3.2	-3.2	-1.8
		QIII	-6.0	0.0	-0.8	1.2	-5.0	-5.4	-5.4	-2.5
		QIV	-2.8	-1.1	-1.3	0.2	-4.4	-3.6	-3.6	-2.4
	2012	QI	1.4	1.8	1.7	1.0	-3.8	-0.5	-0.5	-0.7
		QII	-0.1	1.7	1.6	1.6	-1.8	1.3	1.3	0.3
		QIII	-3.1	-0.3	-0.4	1.9	-1.1	0.7	0.7	-0.1
		QIV	0.2	2.7	2.4	4.2	0.4	0.8	0.8	1.9

INDUSTRIAL PRODUCTION INDEXES IN SPAIN							
Annual rates of growth							
	2006	2007	2008	2009	2010	2011	2011
January	7,2	6,6	-0,8	-24,5	-5,0	5,0	1,4
February	4,1	3,0	3,8	-24,3	-1,9	3,3	0,6
March	12,4	1,0	-15,3	-13,5	6,8	1,3	-3,7
April	-9,4	5,1	12,0	-28,4	3,0	-4,0	1,4
May	6,7	3,3	-8,4	-22,3	5,1	1,2	1,7
June	4,8	0,1	-10,9	-14,3	3,2	-2,6	-2,0
July	3,7	4,5	-1,9	-16,9	-2,3	-5,2	3,7
August	3,0	2,4	-11,5	-10,6	3,4	0,3	-0,3
September	0,6	-1,3	-4,7	-12,7	-1,1	-1,7	-3,7
October	6,6	5,3	-12,2	-12,8	-3,5	-0,5	5,0
November	3,6	-0,8	-18,3	-4,0	3,4	-2,0	0,3
December	0,8	0,2	-16,0	-1,5	0,4	-4,9	0,3

Data adjusted for seasonality and working days effect

The figures in the shaded area are forecasts.

Source: INE & BIAM (UC3M)

Date: November 8, 2011



INDUSTRIAL PRODUCTION INDEX BY ECONOMIC ACTIVITIES IN SPAIN									
Annual rates of growth									
		Weights 2011	2011				Average rates		
			Jun	Jul	Aug	Sep	2010	2011	2012
B Mining and quarrying	05 Mining of coal and lignite	0,4	-36,4	-25,8	-20,4	-11,7	9,0	-29,0	11,0
	08 Other mining and quarrying	1,4	-8,0	-12,5	-24,2	-20,6	3,0	-8,9	-13,3
		1,8	-14,7	-15,3	-23,3	-17,6	4,4	-14,6	-10,1
D Manufacture Industries	10 Manufacture of food products	10,7	2,3	-1,3	4,0	1,9	2,1	-0,3	2,4
	11 Manufacture of beverages	3,3	-2,9	-6,9	-3,2	4,9	-5,7	-2,4	0,5
	12 Manufacture of tobacco products	0,4	-12,8	-16,1	4,8	-10,2	-4,7	-11,0	-5,5
	13 Manufacture of textiles	1,7	-11,2	-5,0	7,6	1,5	7,4	0,6	2,5
	14 Manufacture of wearing apparel	1,8	-5,3	-17,0	-7,5	-16,6	-8,7	-10,8	-9,5
	15 Manufacture of leather and related products	0,9	4,0	4,1	2,7	11,8	3,7	5,0	1,9
	16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	2,1	-10,3	-3,8	-2,9	-8,2	-6,8	-5,7	-5,3
	17 Manufacture of paper and paper products	2,6	0,9	-3,4	4,3	4,4	5,2	1,5	0,9
	18 Printing and reproduction of recorded media	2,3	0,4	-4,9	7,0	-6,1	0,9	5,2	-1,5
	19 Manufacture of coke and refined petroleum products	3,5	-8,9	-10,7	0,9	-3,5	1,3	0,6	2,2
	20 Manufacture of chemicals and chemical products	5,8	-4,5	-2,2	2,1	0,4	5,3	1,4	1,1
	21 Manufacture of basic pharmaceutical products and pharmaceutical preparations	2,4	2,2	-4,5	6,4	3,1	9,7	1,5	5,7
	22 Manufacture of rubber and plastic products	3,4	-2,8	-4,6	0,5	-0,2	8,3	0,1	1,6
	23 Manufacture of other non-metallic mineral products	8,0	-11,1	-13,1	-13,8	-14,0	-5,1	-7,6	-5,2
	24 Manufacture of basic metals	4,3	1,6	-1,8	-1,0	-2,8	11,8	1,4	-0,3
	25 Manufacture of fabricated metal products, except machinery and equipment	10,7	1,8	-1,2	-0,4	-2,4	-6,3	1,0	0,2
	26 Manufacture of computer, electronic and optical products	1,6	-18,3	-17,9	-25,0	-9,9	4,4	-15,3	-4,6
	27 Manufacture of electrical equipment	3,7	0,1	-12,0	0,0	-7,2	-2,4	-1,1	-2,1
	28 Manufacture of machinery and equipment n.e.c.	5,4	0,5	1,9	17,4	2,0	-3,9	7,2	4,7
	29 Manufacture of motor vehicles, trailers and semi-trailers	7,4	2,3	0,1	14,0	5,7	12,7	6,0	2,2
D Electricity, gas, steam and air conditioning supply	30 Manufacture of other transport equipment	2,1	-12,4	-16,9	-9,9	-13,1	-11,2	-13,0	-8,8
	31 Manufacture of furniture	2,8	-18,5	-7,1	5,0	-7,3	-8,2	-6,2	-1,7
	32 Other manufacturing	1,8	1,4	-3,6	6,0	0,5	5,8	1,3	1,8
	33 Repair and installation of machinery and equipment	0,3	-10,2	4,9	15,4	7,5	-17,5	-5,2	-3,6
		89,0	-2,4	-4,6	1,3	-1,4	0,7	-0,4	0,4
		9,2	-2,3	-9,3	-4,1	-1,6	3,0	-2,7	1,1
IPI Total		100	-2,6	-5,2	0,3	-1,7	0,9	-0,9	0,4

Source: INE & BIAM (UC3M)

Date: November 8, 2011



IV.2. INFLATION

As we forecast, the annual Spanish CPI rate was 3.0% in October. Our total inflation forecasts were in line with the observed figures, thanks to upwards innovations in tobacco and downwards movements in telephone services, which counteracted each other.

Our forecasts for 2011 remain unaltered at 3.2% (± 0.08), but have increased by 0.1 pp to 1.9% (± 1.37) for 2012. This was due to our energy inflation forecast, which has grown significantly this month due to a rise in future Brent prices in euros. Moreover, the mean inflation rate forecast for 2012, published for the first time this month, is 1.6% (± 1.45). On the other hand, our core inflation forecast for 2011 and 2012 remains at 1.7% (± 0.07) and 1.5% (± 0.84), respectively, and is estimated as 1.5% (± 0.97) for 2013.

The three major core inflation groups were the protagonists of the moderation of inflation expectations during the most acute phase of the crisis in 2009, with a very significant falling trend in services. This is the only group for which inflation forecasts are still beneath pre-crisis levels. Energy, however, is responsible for the heavy rise in total inflation expectations in the last few months of 2010 and 2011.

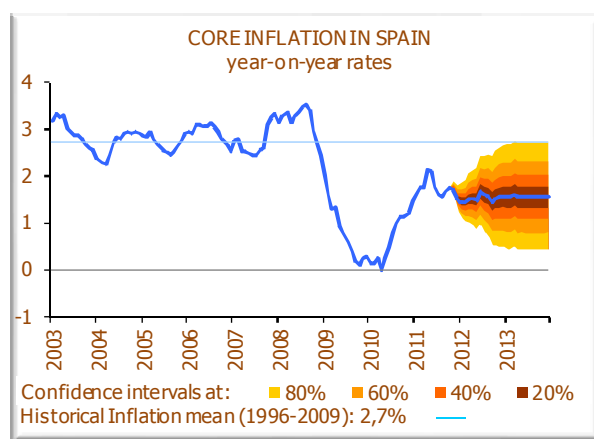
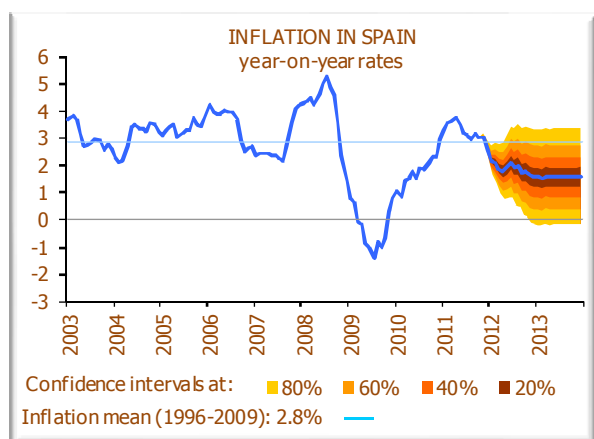
This month, Spanish inflation has confirmed the end of its unfavourable inflation differential with the euro

area. The fact that economic growth is more sluggish in Spain than in the euro area is strongly affecting processed food and services, as shown by the significant inflation differential favourable to Spain in both these groups.

This month, the principal innovations in the core component were found in processed food and services. In the first case, there was an upwards deviation of 0.2 pp, led by tobacco for the second consecutive month. Due to a small upwards innovation, the forecast for processed food not including tobacco was revised upwards very slightly (less than 0.1 pp) for 2011, to 2.0%, and by 0.1 pp for 2012, to 2.8%.

On the other hand, the downwards innovation in services was -0.17 pp, on the limit of its normal 80% confidence interval. This deviation was due to telephone services, as the price war has returned to the sector, and is more intense than expected. Our inflation forecast for services has thus fallen by 0.1 pp for 2011, to 1.7%, and by 0.2 pp for 2012, to 1.5%.

With regards to non-core inflation, our inflation forecasts for unprocessed food and energy were in line with reality. While the forecasts for the first group remain unaltered, energy inflation expectations have been increased to 15.9% and 4.3%, respectively, for 2011 and 2012, due to the increase in future Brent prices in euros.



INFLATION IN SPAIN				
Annual rates, October, 2011				
Consumer Price Index CPI	Weights 2011	Observed	Forecasts	Confidence Intervals at 80%
Processed food	14,58	4,37	4,21	± 0.46
Non-energy industrial goods	28,51	0,55	0,48	± 0.3
Services	39,86	1,60	1,77	± 0.17
CORE	82,96	1,72	1,73	± 0.18
Non-processed food	6,45	0,95	1,16	± 0.92
Energy	10,60	14,49	14,55	± 0.69
RESIDUAL	17,04	9,31	9,16	± 0.7
TOTAL	100	3,01	3,04	± 0.17

Source: INE & BIAM(UC3M)
Date: November 15, 2011

Source: INE & BIAM(UC3M)
Date: November 28, 2011



INFLATION BY COMPONENTS IN THE CONSUMER PRICE INDEX OF SPAIN										
Annual average rates										
				Weights 2011	2008	2009	2010	2011	2012	2013
CPI Total	Core Inflation	Processed food	AE less tobacco & fats	11,4	7,4	-0,1	-1,2	2,1	3,0	2,9
			Oils & Fats	0,6	2,2	-11,4	-2,6	0,6	-0,4	0,1
			Tobacco	2,0	3,5	11,7	15,0	13,3	8,7	11,0
				14,6	6,7	0,9	1,0	3,7	3,7	4,0
		Non energy industrial goods	Vehicles	5,0	-0,5	-3,8	-1,1	2,9	1,8	0,9
			Footwear	1,8	1,4	-0,4	0,5	0,6	0,1	0,1
			Clothing	6,6	0,4	-2,1	-0,6	0,1	0,3	0,3
			Rest	15,1	0,3	-0,1	-0,2	0,2	0,0	0,1
				28,5	0,4	-1,2	-0,4	0,7	0,4	0,2
		Services	Postal services	0,0	2,8	2,8	4,5	3,6	2,0	2,0
			Cultural services	1,9	2,8	2,7	1,4	1,2	1,6	1,6
			Education	0,9	3,4	2,5	2,1	1,9	1,9	2,0
			Hotels	0,8	4,2	-1,4	0,2	1,4	1,2	1,2
			Health	2,6	4,1	3,9	2,7	2,5	2,6	2,8
			Household equipment	1,9	4,4	3,4	2,5	2,6	2,4	2,4
			Restaurants	11,4	4,7	2,2	1,3	1,6	1,4	1,4
			Telephone	3,8	0,6	0,1	-0,4	-0,7	-1,0	0,0
			Transports	5,6	4,1	3,1	2,2	2,7	1,7	1,4
			Package holidays	1,5	4,5	0,2	-4,6	3,1	4,3	1,9
			University	0,5	5,2	5,3	3,3	3,4	4,2	3,0
			Housing	5,7	4,1	3,0	1,7	1,7	1,4	2,1
			Rest	3,3	3,8	2,4	1,6	2,0	1,9	1,9
				39,9	3,9	2,4	1,3	1,7	1,5	1,6
			83,0	3,2	0,8	0,6	1,7	1,5	1,5	
	Residual Inflation	Non processed foods	Meat	2,5	3,9	-0,6	-1,9	2,5	3,7	3,6
			Fruits	1,2	9,4	0,3	-1,2	1,1	0,6	0,5
			Eggs	0,2	10,7	1,2	-1,1	-1,0	1,1	0,3
			Vegetables	0,8	2,4	2,1	1,3	-0,4	0,9	3,2
			Mollusc	0,5	-0,2	-2,2	3,2	5,2	2,9	3,8
			Potatoes	0,3	-1,7	-7,0	7,6	2,1	-0,1	2,0
			Fish	1,1	1,2	-4,6	1,3	2,7	2,1	0,7
				6,4	3,8	-1,2	0,0	2,1	2,3	2,4
		Energy	Heat energy	6,1	13,0	-15,2	16,9	16,0	4,1	-0,4
			Fuels	0,5	23,5	-32,7	24,7	27,8	5,4	-2,7
			Electricity and gas	4,1	8,7	2,1	4,2	14,3	4,4	4,1
				10,6	11,9	-9,0	12,5	15,9	4,3	1,2
				17,0	8,2	-5,2	7,4	10,3	3,5	1,7
				100,0	4,1	-0,3	1,8	3,2	1,9	1,6

* The figures in the shaded area are forecasts

Source: INE & BIAM(UC3M)

Date: November 28, 2011



CONSUMER PRICE INDEX AND COMPONENTS IN SPAIN														
Annual rates of growth														
		Consumer Prices Index									TOTAL 100% Confidence intervals at 80% *			
		Core				TOTAL Confidence intervals at 80% *		Residual		TOTAL				
		Processed food excluding tobacco	Tobacco	Non energy industrial goods	Services			Non processed food	Energy					
Weights 2011		12,5%	2,1%	28,5%	39,9%	83,0%			6,4%	10,6%	17,0%			
AVERAGE ANNUAL RATES	2004	3,3	5,6	0,9	3,7	2,7			4,6	4,8	4,7	3,0		
	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	-1,3	15,0	-0,4	1,3	0,6			0,0	12,5	7,4	1,8		
	2011	2,0	13,3	0,7	1,7	1,7	± 0,04	2,1	15,9	10,3	3,2	± 0,04		
	2012	2,8	8,7	0,4	1,5	1,5	± 0,77	2,3	4,3	3,5	1,9	± 1,28		
2013	2,7	11,0	0,2	1,6	1,5	± 0,97	2,4	1,2	1,7	1,6	± 1,45			
Year-on-year rates	2011	January	0,1	21,9	0,7	1,6	1,6			2,3	17,6	11,7	3,3	
		February	0,7	19,5	0,8	1,8	1,8			2,9	19,0	12,7	3,6	
		March	1,1	19,5	0,7	1,7	1,7			3,1	18,9	12,8	3,6	
		April	2,1	19,3	0,9	2,2	2,1			2,4	17,7	11,8	3,8	
		May	2,3	19,3	0,9	2,0	2,1			2,7	15,3	10,5	3,5	
		June	2,5	4,7	0,9	1,9	1,7			2,1	15,4	10,3	3,2	
		July	2,7	7,1	0,4	1,7	1,6			1,6	16,0	10,5	3,1	
		August	2,6	6,9	0,4	1,7	1,6			1,1	15,3	9,8	3,0	
		September	2,7	12,0	0,5	1,6	1,7			1,3	15,9	10,3	3,1	
		October	2,8	13,6	0,6	1,6	1,7			0,9	14,5	9,3	3,0	
		November	2,8	13,5	0,6	1,6	1,7	± 0,18	1,2	14,5	9,2	3,0	± 0,17	
		December	2,8	4,9	0,5	1,7	1,5	± 0,29	1,5	11,8	7,7	2,6	± 0,35	
	2012	January	2,7	2,9	0,5	1,7	1,4	± 0,39	2,0	8,0	5,7	2,2	± 0,54	
		February	2,7	3,8	0,4	1,6	1,4	± 0,46	2,0	7,0	5,1	2,1	± 0,74	
		March	2,9	4,7	0,5	1,6	1,5	± 0,53	1,7	4,8	3,6	1,9	± 0,92	
		April	2,8	5,7	0,4	1,7	1,5	± 0,59	2,4	3,5	3,1	1,8	± 1,06	
		May	2,9	6,6	0,5	1,5	1,5	± 0,67	2,2	4,9	3,9	1,9	± 1,20	
		June	2,9	14,9	0,4	1,5	1,7	± 0,75	2,2	5,4	4,1	2,1	± 1,32	
		July	2,8	12,7	0,4	1,5	1,6	± 0,83	2,4	4,2	3,5	1,9	± 1,44	
		August	2,8	13,8	0,4	1,4	1,5	± 0,90	2,5	4,9	3,9	2,0	± 1,53	
		September	2,8	9,6	0,4	1,4	1,4	± 0,97	2,4	3,6	3,1	1,7	± 1,62	
		October	2,7	9,0	0,4	1,5	1,5	± 1,03	2,5	3,3	3,0	1,8	± 1,69	
		November	2,8	10,0	0,3	1,5	1,5	± 1,07	2,7	1,6	2,0	1,6	± 1,76	
		December	2,8	11,0	0,3	1,5	1,5	± 1,10	2,7	1,1	1,7	1,6	± 1,78	
	2013	January	2,8	11,0	0,3	1,5	1,5	± 1,14	2,6	1,0	1,6	1,5	± 1,80	
		February	2,7	11,0	0,3	1,5	1,5	± 1,14	2,5	0,8	1,5	1,5	± 1,80	
		March	2,7	11,0	0,3	1,7	1,6	± 1,15	2,4	1,0	1,6	1,6	± 1,80	
		April	2,7	11,0	0,3	1,6	1,5	± 1,15	2,5	1,1	1,6	1,5	± 1,80	
		May	2,7	11,0	0,3	1,6	1,5	± 1,15	2,4	1,2	1,7	1,6	± 1,80	
		June	2,7	11,0	0,3	1,6	1,5	± 1,15	2,4	1,2	1,7	1,6	± 1,80	
		July	2,7	11,0	0,2	1,6	1,5	± 1,15	2,4	1,3	1,7	1,6	± 1,80	
		August	2,7	11,0	0,2	1,6	1,5	± 1,15	2,3	1,3	1,7	1,6	± 1,80	
		September	2,7	11,0	0,2	1,6	1,5	± 1,15	2,2	1,4	1,7	1,6	± 1,80	
		October	2,7	11,0	0,2	1,6	1,5	± 1,15	2,2	1,5	1,8	1,6	± 1,80	
		November	2,7	11,0	0,2	1,6	1,5	± 1,15	2,2	1,5	1,8	1,6	± 1,80	
		December	2,7	11,0	0,2	1,6	1,5	± 1,15	2,2	1,5	1,8	1,6	± 1,80	

* Confidence intervals calculated with historical errors

*The figures in the shaded area are Forecasts

Source: INE & BIAM(UC3M)

Date: November 28, 2011



CONSUMER PRICE INDEX AND COMPONENTS IN SPAIN											
Monthly rates of growth											
			Consumer Prices Index								
			Core				TOTAL	Residual		TOTAL 100 %	
			Processed food excluding tobacco	Tobacco	Non energy industrial goods	Services		Non processed food	Energy		TOTAL
Weights 2011			12,5%	2,1%	28,5%	39,9%	83,0%	6,4%	10,6%	17,0%	
MONTHLY RATES (Growth of the month over the previous month)	January	2010	-0,2	1,8	-4,4	-0,1	-1,6	0,2	2,8	1,8	-1,0
		2011	0,2	2,8	-4,6	0,0	-1,5	0,0	4,6	2,8	-0,7
		2012	0,2	0,9	-4,6	0,0	-1,5	0,6	1,0	0,8	-1,1
		2013	0,2	0,9	-4,6	0,0	-1,5	0,5	1,0	0,8	-1,1
	February	2010	-0,4	2,1	-0,4	0,1	-0,1	-1,4	0,0	-0,5	-0,2
		2011	0,2	0,1	-0,4	0,3	0,1	-0,9	1,2	0,4	0,1
		2012	0,2	0,9	-0,4	0,3	0,1	-0,8	0,3	-0,1	0,0
		2013	0,2	0,9	-0,4	0,3	0,1	-0,9	0,1	-0,3	0,0
	March	2010	-0,2	0,0	1,1	0,5	0,5	0,4	2,5	1,7	0,7
		2011	0,2	0,0	1,0	0,3	0,5	0,5	2,4	1,7	0,7
		2012	0,4	0,9	1,1	0,3	0,6	0,2	0,2	0,2	0,5
		2013	0,3	0,9	1,1	0,4	0,7	0,2	0,4	0,3	0,6
	April	2010	-0,4	0,0	2,7	0,1	0,9	0,5	2,7	1,9	1,1
		2011	0,5	-0,1	2,9	0,5	1,3	-0,1	1,7	1,0	1,2
		2012	0,4	0,9	2,8	0,6	1,3	0,5	0,5	0,5	1,2
		2013	0,5	0,9	2,8	0,5	1,3	0,6	0,5	0,5	1,1
	May	2010	-0,1	0,0	0,6	-0,1	0,2	0,0	0,7	0,4	0,2
		2011	0,2	0,0	0,6	-0,3	0,1	0,4	-1,3	-0,7	0,0
		2012	0,2	0,9	0,7	-0,4	0,1	0,1	0,0	0,0	0,1
		2013	0,2	0,9	0,7	-0,4	0,1	0,1	0,1	0,1	0,1
	June	2010	0,1	6,7	-0,2	0,3	0,2	0,5	-0,5	-0,1	0,2
		2011	0,2	-6,4	-0,2	0,2	-0,1	-0,1	-0,5	-0,4	-0,1
		2012	0,2	0,9	-0,2	0,2	0,1	-0,1	-0,1	-0,1	0,0
		2013	0,2	0,9	-0,2	0,2	0,1	-0,1	-0,1	-0,1	0,0
	July	2010	0,0	0,5	-3,3	0,8	-0,7	0,6	1,1	0,9	-0,4
		2011	0,2	2,8	-3,8	0,6	-0,9	0,1	1,6	1,1	-0,5
		2012	0,1	0,9	-3,8	0,6	-1,0	0,3	0,5	0,4	-0,7
		2013	0,2	0,9	-3,8	0,6	-1,0	0,3	0,6	0,5	-0,7
	August	2010	0,2	0,0	-0,2	0,6	0,3	0,7	-0,1	0,2	0,3
		2011	0,2	-0,1	-0,2	0,6	0,2	0,2	-0,7	-0,4	0,1
		2012	0,2	0,9	-0,2	0,4	0,2	0,3	-0,1	0,0	0,2
		2013	0,2	0,9	-0,2	0,5	0,2	0,2	-0,1	0,0	0,2
	September	2010	0,1	0,0	1,1	-0,7	0,0	0,1	0,2	0,2	0,1
		2011	0,2	4,8	1,1	-0,7	0,2	0,3	0,8	0,6	0,2
		2012	0,1	0,9	1,1	-0,7	0,1	0,1	-0,4	-0,2	0,0
		2013	0,2	0,9	1,1	-0,7	0,1	0,1	-0,4	-0,2	0,0
	October	2010	0,1	0,0	2,9	-0,2	0,9	0,3	1,3	0,9	0,9
		2011	0,2	1,4	3,0	-0,2	1,0	-0,1	0,1	0,0	0,8
		2012	0,1	0,9	3,0	-0,1	1,0	0,0	-0,2	-0,1	0,8
		2013	0,1	0,9	3,0	-0,1	1,0	0,0	-0,1	-0,1	0,8
	November	2010	0,2	0,0	1,5	-0,2	0,5	0,1	1,2	0,8	0,5
		2011	0,2	0,0	1,5	-0,2	0,5	0,3	1,2	0,9	0,5
		2012	0,3	0,9	1,5	-0,1	0,5	0,4	-0,4	-0,1	0,4
		2013	0,3	0,9	1,5	-0,1	0,5	0,4	-0,4	-0,1	0,4
	December	2010	0,2	8,3	-0,3	0,4	0,3	0,6	2,8	2,0	0,6
		2011	0,2	0,0	-0,3	0,4	0,1	0,8	0,3	0,5	0,2
		2012	0,2	0,9	-0,4	0,4	0,1	0,9	-0,2	0,2	0,1
		2013	0,2	0,9	-0,4	0,4	0,1	0,9	-0,2	0,2	0,2

* The figures in the shaded area are Forecasts

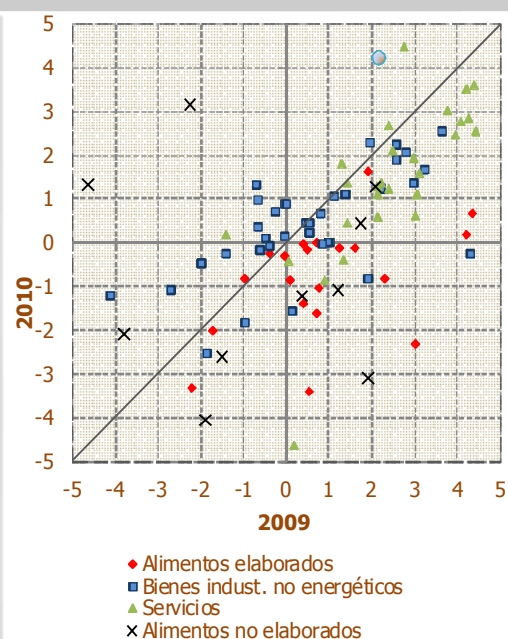
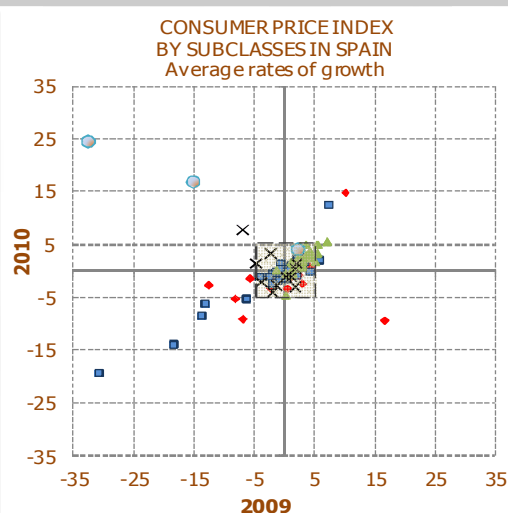
Source: INE & BIAM(UC3M)

Date: November 28, 2011



INFLATION FORECASTING BY SUBCLASS IN SPAIN

The tables and graphs show the observed values for 2008, 2009 and 2010 and Forecasts for 2011 and 2012, according to the five special groups.



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

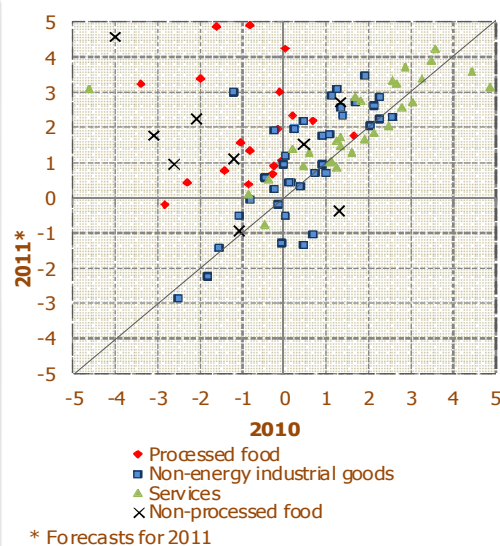
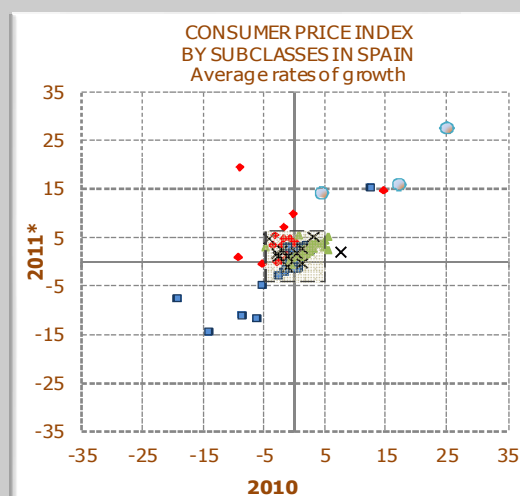
Source: EUROSTAT & BIAM (UC3M)

CONSUMER PRICE INDEX BY SUBCLASS IN SPAIN					
Annual average rates of growth					
	2008	2009	2010	2011	2012
PROCESSED FOOD					
Rice	18,8	16,8	-9,4	0,9	4,7
Flours and cereals	8,7	0,5	-3,4	3,3	2,7
Bread	8,9	0,0	-0,3	0,7	2,0
Pastry goods, cakes, mixes and doughs for bakery pi	7,5	1,6	-0,1	3,0	3,5
Farinaceous-based products	18,5	-5,8	-1,6	4,9	5,1
Delicatessen type meat products	3,3	0,4	0,0	1,1	2,4
Processed meat products	4,8	2,3	-0,8	1,4	3,2
Preserved and processed fish	5,3	0,7	0,0	4,2	4,4
Milk	15,6	-8,3	-5,2	-0,4	0,7
Other dairy products	7,6	-2,2	-3,3	5,4	5,9
Cheeses	10,0	-0,4	-0,2	0,9	2,9
Preserved fruits, nuts and dried fruits	2,1	0,4	-1,4	0,8	1,7
Dried pulses and vegetables	10,8	-1,0	-0,8	4,9	3,4
Frozen and preserved pulses and vegetables	7,8	0,7	-1,0	1,6	2,3
Sugar	0,3	-6,9	-9,0	19,4	4,2
Chocolates and confectionery	5,3	0,5	-0,1	1,9	4,0
Other food products	8,7	4,2	0,2	2,3	3,4
Baby food	3,7	-1,7	-2,0	3,4	5,0
Coffee, cocoa and infusions	7,1	1,3	-0,1	10,1	6,2
Mineral water, soft drinks, fruit and vegetable juices	4,0	3,0	-2,3	0,5	1,9
Spirits and liqueurs	4,5	1,9	1,7	1,8	2,7
Wines	4,7	0,1	-0,8	0,4	1,5
Beer	5,5	4,3	0,7	2,2	4,3
Tobacco	3,5	10,2	14,7	14,6	8,2
Butter and margarine	16,2	0,7	-1,6	7,3	4,1
Oils	1,1	-12,4	-2,8	-0,2	-0,9
NON-ENERGY INDUSTRIAL GOODS					
Men's outerwear	0,1	-2,0	-0,5	0,6	0,5
Men's underwear	1,2	0,0	0,9	0,9	3,2
Women's outerwear	0,3	-2,7	-1,1	-0,5	-0,2
Women's underwear	1,4	0,0	0,9	1,8	1,4
Children's and infants' garments	0,6	-1,4	-0,2	0,3	0,1
Clothing accessories of garments	1,4	-0,2	0,7	0,7	1,3
Men's footwear	1,3	0,0	0,1	0,4	0,4
Women's footwear	1,6	-0,7	1,0	0,7	0,4
Children's and infants' footwear	1,3	-0,5	0,1	0,4	-1,2
Motor vehicles	-0,5	-4,1	-1,2	3,0	1,9
Other vehicles	-2,4	1,0	0,0	1,2	0,2
Spare parts and maintenance accessories	4,6	-0,7	1,3	2,6	3,0
Materials for the maintenance and repair of the dwe	5,1	3,0	1,4	2,4	1,9
Water supply	4,9	5,7	2,1	2,6	2,5
Furniture	3,9	1,1	1,1	1,8	2,6
Other equipments	2,7	0,5	0,4	2,2	1,9
Household textiles	2,2	0,5	0,2	2,0	1,3
Refrigerators, washing machines and dishwashers	-1,9	-1,0	-1,8	-2,2	-1,8
Cookers and ovens	-0,8	0,1	-1,6	-1,4	-0,9
Heating and air conditioning	-0,5	0,8	0,7	-1,0	-0,5
Other household appliances	-0,2	0,5	0,5	-1,3	-0,5
Glassware, crockery and cutlery	3,1	2,6	1,9	3,5	2,4
Other kitchen utensils and furnishing	3,7	2,6	2,2	2,2	2,1
Tools and accessories for house and garden	3,0	1,9	2,3	2,9	1,9
Cleaning household articles	1,7	1,9	-0,8	0,0	1,2
Other non-durable household articles	2,7	1,4	1,1	2,9	2,0
Medicines and other pharmaceutical products	-6,5	-6,3	-5,3	-4,9	-3,8
Therapeutic appliances and equipment	3,6	1,0	0,0	-0,5	1,5
Telephone equipments	-25,7	-30,9	-19,3	-7,7	-14,2
Equip.for the reception, recording and reproduction i	-12,7	-13,7	-8,6	-10,9	-12,4
Photographic and cinematographic equipments	-18,0	-18,5	-14,0	-14,6	-18,7
Information processing equipments	-21,5	-13,3	-6,1	-11,7	-16,1
Recording media	-0,9	-0,4	-0,1	-1,3	-0,4
Games and toys	-0,4	-1,8	-2,5	-2,9	-2,1
Large sports equipment	0,6	4,3	-0,3	1,9	2,1
Other recreational and sporting articles	1,1	-0,6	-0,1	-0,2	0,0
Gardens, plants, flowers and pets	5,3	2,8	2,1	2,1	1,9
Books	2,0	2,2	1,2	3,1	2,1
Newspapers and magazines	2,2	3,6	2,6	2,3	0,9
Material de papeleria	3,7	3,2	1,7	2,7	1,4
Personal care articles	2,2	0,8	0,0	1,0	0,6
Jewellery, costume jewellery, clocks and watches	11,1	7,5	12,5	15,3	14,1
Other articles for personal use	1,1	-0,6	0,4	0,3	-0,7

1. There exists a small aggregation caused by the fact that some sub-group contains goods and services that belong to different special groups.



CONSUMER PRICE INDEX BY SUBCLASS IN SPAIN					
Annual average rates of growth					
	2008	2009	2010	2011	2012
SERVICES					
Maintenance and repair services	4,8	4,1	2,8	2,6	1,4
Other services related to vehicles	3,3	1,3	-0,4	0,5	-1,2
Railway transport	3,7	5,5	4,9	3,2	2,4
Road transport	4,2	5,3	1,7	2,9	2,3
Air transport	13,7	3,0	0,6	5,6	3,6
Other transport services	7,3	7,0	5,5	2,5	1,7
Insurances connected with transport	2,0	1,3	1,8	2,8	2,0
Restaurants, bars, coffee bars, canteens	4,7	2,2	1,3	1,6	1,4
Hotels and other lodgings	4,2	-1,4	0,2	1,4	1,2
Package holidays	4,5	0,2	-4,6	3,1	4,3
Higher education	5,2	5,3	3,3	3,4	4,2
Postal services	2,8	2,8	4,5	3,6	2,0
Telephone services	0,6	0,1	-0,4	-0,7	-1,0
Rentals for housing	4,2	3,1	1,1	1,1	1,0
Services for the maintenance and repair of the dwell	5,1	1,4	0,4	0,9	0,0
Sewerage collection	3,4	3,8	3,0	2,7	2,5
Out-of-hospital medical and paramedical services	4,9	2,2	1,4	1,5	2,2
Dental services	3,2	2,4	1,3	0,9	1,0
Hospital services	3,4	0,9	-0,8	0,1	0,2
Medical services	4,7	6,9	5,6	5,1	4,9
Recreational and sporting services	1,7	2,1	1,1	1,0	0,6
Cultural services	3,6	3,1	1,6	1,3	2,4
Education	3,4	2,5	2,1	1,9	1,9
Repair of footwear	6,2	4,2	3,5	3,9	3,8
Domestic service and other household services	4,8	3,0	1,9	1,7	1,3
Insurances connected with the dwelling	3,5	4,4	3,6	4,2	4,5
Personal care services	4,0	1,4	1,4	1,7	1,2
Social services	4,6	4,0	2,5	2,0	2,4
Other insurances	3,9	4,5	2,6	3,4	3,4
Financial services	4,7	3,6	5,1	4,4	2,9
Other services	2,2	2,2	0,6	1,3	1,6
Repair of household appliances	4,3	4,2	2,9	3,7	2,7
Repairs and cleaning of garments	4,7	2,4	2,7	3,3	2,1
NON-PROCESSED FOOD					
Beef	4,0	1,7	0,5	1,5	4,3
Pork	1,6	-3,8	-2,1	2,2	2,8
Mutton	5,3	1,9	-3,1	1,8	3,1
Poultry	4,3	-1,9	-4,0	4,6	4,0
Other meats, viscera and other non-meat edibles	7,0	-1,5	-2,6	1,0	2,0
Fresh fish	1,2	-4,6	1,3	2,7	2,1
Crustaceans and molluscs	-0,2	-2,2	3,2	5,2	2,9
Eggs	10,7	1,2	-1,1	-1,0	1,1
Fresh fruits	9,4	0,3	-1,2	1,1	0,6
Fresh pulses and vegetables	2,4	2,1	1,3	-0,4	0,9
Potatoes and processed potato products	-1,7	-7,0	7,6	2,1	-0,1
ENERGY					
Electricity and gas	8,7	2,1	4,2	14,3	4,4
Other fuels	23,5	-32,7	24,7	27,8	5,4
Fuels and lubricants	13,0	-15,2	16,9	16,0	4,1



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

Source: EUROSTAT & BIAM (UC3M)

Date: November 28, 2011



IV.3. The Spanish economic and debt crisis in the context of the euro.

Since it joined the euro area, the Spanish economy has accumulated a large amount of foreign debt which, in the current context of major financial shocks, is increasing financing costs and affecting the real economy in terms of growth and employment; similar situations are found in other euro area economies. To a great extent, this level of debt has been generated by maintaining increasingly high current account deficits for several years, although the deficit has been significantly adjusted during the crisis. The necessary reduction of this foreign debt requires an increase in international competitiveness, especially with the euro area, which in turn requires reduced labour costs and greater productivity, although not at the cost of reducing employment.

IV.3.1. Introduction

Since early last summer, the international financial crisis has been focusing on the euro area, due to the intensification of the sovereign debt crisis in several countries. In the spring of 2010, at the onset of the Greek debt crisis, the financial problems affecting the euro area started to become clear, and subsequently infected some of the area's other economies, mainly those of peripheral countries.

The steps taken have evidently been insufficient to solve the sovereign debt crisis and restore market confidence as, during the summer, financial turbulence particularly affected the economies of two countries of some significance in the euro area, Spain and Italy. These financial problems are affecting the area's real economy which, together with the lower growth rate in the rest of the world, has hindered recovery in the

euro area, the economy of which is currently practically stagnant. This prevents most euro area economies from correcting the high macroeconomic disequilibria accumulated in the last few years, especially the most vulnerable countries such as Greece, Portugal, Ireland, Spain and Italy.

When Spain joined the euro area it benefited from greater foreign financing facilities, with lower interest rates. This expansionary monetary policy made consumption and investment grow, especially in construction; the Spanish economy's pattern of growth was based on domestic demand and finally generated an unprecedented property bubble.

This pattern of growth registered by Spain since it joined the area, generated a high level of foreign indebtedness, with a current account deficit reaching an unprecedented two-digit level in 2007. By the end of the long period of economic growth, the economy had accumulated a current account deficit representing 10% of the GDP. The current economic crisis is correcting this situation very rapidly, and this is in fact one of the most outstanding of its effects on the Spanish economy.

IV.3.2. The evolution of foreign debt

As a result of maintaining current account deficits for long periods, an increasingly high stock of foreign debt has accumulated in the Spanish economy, leading to financing problems that are currently enhanced. Since the beginning of the century, the level of debt has rapidly grown so much that it nearly doubled in the first decade. Indeed, in 2002 it represented 92.6% of the GDP,

Table IV.3.1.1

BALANCE OF CURRENT ACCOUNT % GDP											
	Germany	Ireland	Greece	Spain	France	Italy	Portugal	Euro area	U. Kingdom	USA	Japan
2006	6,6	-3,7	-12,7	-9,0	-1,8	-2,0	-10,8	0,3	-3,4	-6,0	3,9
2007	7,5	-5,5	-16,9	-10,0	-1,4	-1,3	-10,2	0,4	-2,6	-5,0	4,8
2008	6,2	-5,6	-17,9	-9,6	-1,9	-2,9	-12,6	-0,7	-1,8	-4,8	3,2
2009	5,8	-2,9	-14,3	-5,1	-2,1	-2,0	-10,8	-0,1	-1,4	-3,3	2,8
2010	5,8	0,5	-12,3	-4,5	-2,2	-3,5	-9,7	0,1	-2,5	-3,3	3,5
2011	5,1	0,7	-9,9	-3,5	-3,2	-3,6	-7,6	-0,1	-2,5	-3,3	2,9

Source: EUROSTAT



and 168.7% in 2010. This level of indebtedness would certainly not have been possible without the financing facilities derived from Spain belonging to the euro area. Also, note that Spain does not lead the indebtedness ranking within the area. Our gross foreign debt is slightly above the euro area average and the Italian and German figures, and it is lower than that of France, Portugal and, above all, the United Kingdom.

In international comparisons, the relevant indicator is not gross but net foreign debt, resulting from subtracting the international assets held by the country in question from the gross debt figure; the result represents net foreign liabilities or international investment status. In the Spanish economy, the international assets held are few in comparison with other euro countries, so our net foreign debt (net foreign liabilities) figure is not a very good one. In 2010 it was 87.7% of the GDP, making us part of the weakest group of euro area countries together with Greece (-94.6%), Portugal (-107.3%) and Ireland (-98%) (the last figure corresponds to 2009). The other euro area countries have much better international investment figures, and superavits are almost systematically found in Germany (42.1% in 2010) and Finland (6.9% in the same year).

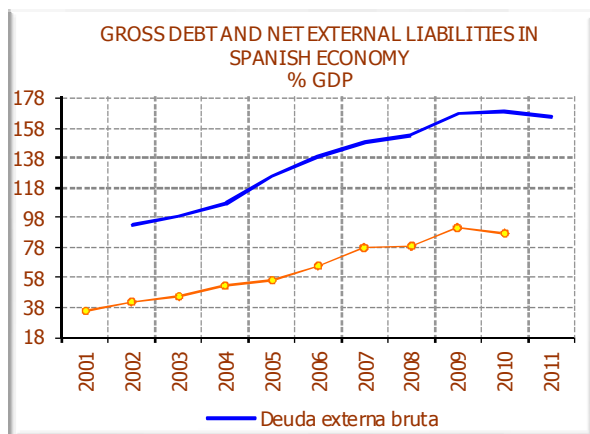
The international investment position has hardly been affected this century (see graph IV.3.2.2) for countries such as France, Italy or United Kingdom and has even improved considerably for Germany. However, it has deteriorated in peripheral countries such as Greece, Portugal, Spain and Ireland (where it deteriorated very quickly after the onset of the economic crisis). The position for Spain in 2010 was better than in 2009, but double that of the first few years of this century.

The Spanish economy is therefore more dependent on foreign financing and vulnerable to being affected by the instability of these markets. The heavy growth registered in the last few months in the Spanish risk premium is increasing financing costs and affecting the real economy. A sustainable foreign debt level requires a low risk premium (and not the recently registered 500 points), a good rate of economic growth and a reduction in foreign deficit.

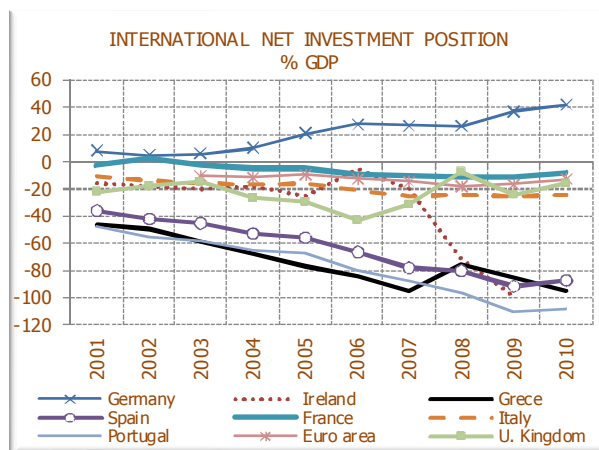
When analysing the composition of gross debt by Spanish institutional sector, we find that they all present a high level of indebtedness. Household debt was 86.4% of the GDP in 2010, practically double the figure in the first few years of this century. This was used both to finance

consumption and housing. Note, however, that this household debt is primarily domestic and only a small proportion is foreign. Also, in international comparisons it is in an intermediate position in relation to the GDP.

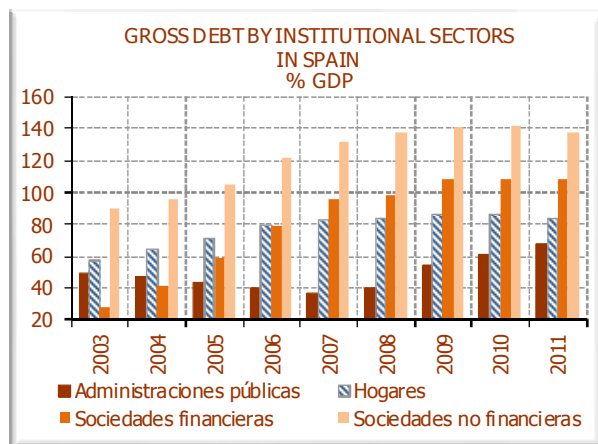
Graph IV.3.2.1



Graph IV.3.2.2



Graph IV.3.2.3



Source: EUROSTAT & BANK OF SPAIN (UC3M)



Table IV.3.2.1

	EXTERNAL NET LIABILITIES % GDP								
	Germany	Ireland	Greece	Spain	France	Italy	Portugal	Euro area	U. Kingdom
2001	8,7	-15,2	-45,6	-35,6	-2,0	-9,9	-47,6		-22,0
2002	5,1	-18,0	-49,7	-41,6	3,0	-13,8	-54,8		-17,2
2003	6,6	-20,1	-58,9	-45,2	-2,7	-15,1	-57,7	-10,2	-14,6
2004	10,6	-18,0	-67,0	-51,9	-4,4	-16,3	-64,3	-10,9	-26,0
2005	20,9	-24,6	-76,6	-55,6	-3,9	-15,7	-67,1	-8,8	-29,4
2006	27,8	-5,3	-84,3	-65,9	-8,1	-20,6	-79,1	-11,9	-43,3
2007	27,0	-19,5	-94,4	-78,1	-9,2	-24,6	-87,9	-14,0	-31,4
2008	26,6	-71,4	-75,6	-79,3	-11,2	-24,2	-96,1	-17,7	-7,4
2009	37,3	-98,4	-84,9	-91,4	-11,1	-25,3	-110,3	-16,3	-23,8
2010	42,1		-94,6	-87,1	-8,0	-24,1	-107,3	-12,8	-15,1

Source: EUROSTAT

Non-financial firms have also shown increasingly high indebtedness since the beginning of this century, rising from 84% of the GDP in 2001 to 143% in 2010. In this case, Spain is high in the gross debt ranking, with a greater ratio only found in Portugal and Ireland. Approximately a quarter of this debt is of foreign origin. For financial firms, the level of debt has grown from 20% of the GDP in the first few years of this century to 108% in 2010. This figure is far from the euro area average and a third of this debt is of foreign origin.

With the onset of the economic crisis, households and companies took steps to reduce their indebtedness and improve their balance sheets. They therefore reduced consumption and investment, as usual in times of crisis, leading to the collapse of domestic demand. Debt has stabilised in the last few years, as it became more expensive, but it has not significantly decreased. The public sector, on the other hand, which presented a surplus in the years before the crisis, attempted to stimulate domestic demand, leading to a dangerous deficit of 11.2% of the GDP in 2009, with a sharp increase in public debt.

IV.3.3. Evolution of Spanish public debt

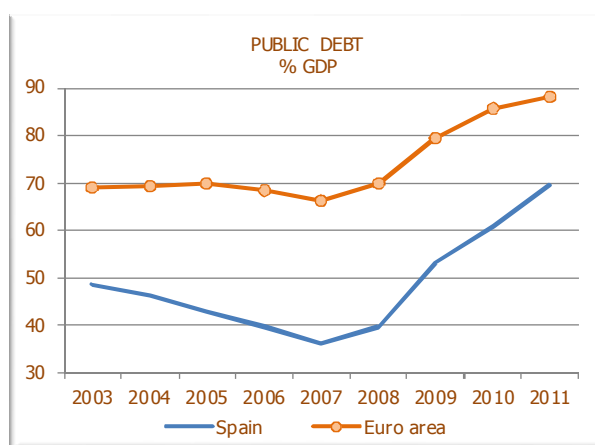
From the late 1990s to the onset of the crisis, public debt levels tended to fall (see table IV.3.3.1 and graph IV.3.3.1). Indeed, in the three years before the crisis, regional administrations registered a superavit. The ratio in 2007 (when the crisis began) was a comfortable 36.1%, half that of the euro area in general.

Since the onset of the crisis, however, Spanish public debt has grown more than that of the euro area (see graph IV.3.3.1), although it is still more favourable than the euro area in general. In 2010, the ratio was 60.1% and the European

Commission's forecast for 2011 is 69.6%, 25 and 18 points, respectively, less than the area. Also, Spanish public debt is considerably lower than other peripheral countries. The Greek figure is more than double and the Portuguese and Irish figures are also much higher. The debt of the central countries relative to their GDP is much greater than in Spain, although the level is growing faster here than in the rest of the area.

With the onset of the crisis, there was a significant reduction in public income due to the effect of the automatic stabilisers in place, together with a series of discretionary public spending measures such as the baby cheque, the 400-euro reduction in personal income tax and local investment funds, plus measures adopted to help savings banks and banks. All this took the public deficit figure up to 11.2% of the GDP in 2009. The set of measures adopted in 2010, including civil servant wage cuts, the elimination of some of the above benefits, pension freezing, etc., reduced the deficit to 9.2% in 2010, although Spain will not meet the 6% target for 2011. Different estimates show that it will be more than 7% and more fiscal adjustment will be necessary to reduce it to the 4% target for 2012. Spain is even more vulnerable considering that nearly 45% of its public debt is of foreign origin, thus creating a high degree of dependence.

Graph IV.3.3.1



Source: EUROSTAT



Table IV.3.3.1

PUBLIC TRADE BALANCE % GDP											
	Germany	Ireland	Grece	Spain	France	Italy	Portugal	Euro area	U. Kingdom	USA	Japan
2006	-1,6	2,9	-5,7	2,0	-2,3	-3,4	-4,1	-1,4	-2,7	-2,0	-1,6
2007	0,2	0,1	-6,5	1,9	-2,7	-1,6	-3,1	-0,7	-2,7	-2,8	-2,4
2008	0,1	-7,3	-9,8	-4,5	-3,3	-2,7	-3,6	-2,1	-5,0	-6,4	-2,2
2009	-3,2	-14,2	-15,8	-11,2	-7,5	-5,4	-10,1	-6,4	-11,5	-11,5	-8,7
2010	-4,3	-31,3	-10,6	-9,3	-7,1	-4,6	-9,8	-6,2	-10,3	-10,6	-6,8
2011	-1,3	-10,3	-8,9	-6,6	-5,8	-4,0	-5,8	-4,1	-9,4	-10,0	-7,2

Table IV.3.3.2

GROSS DEBT OF PUBLIC ADMINISTRATION % GDP									
	Germany	Ireland	Grece	Spain	France	Italy	Portugal	Euro area	U. Kingdom
2003	63,9	30,9	97,4	48,7	62,9	104,4	55,9	69,0	39,0
2004	65,8	29,6	98,9	46,2	64,9	103,9	57,6	69,4	40,9
2005	68,0	27,4	100,3	43,0	66,4	105,9	62,8	70,0	42,5
2006	67,6	24,8	106,1	39,6	63,7	106,6	63,9	68,4	43,4
2007	64,9	25,0	105,4	36,1	63,9	103,6	68,3	66,2	44,5
2008	66,3	44,4	110,7	39,8	67,7	106,3	71,6	69,9	54,4
2009	73,5	65,6	127,1	53,3	78,3	116,1	83,0	79,3	69,6
2010	83,2	94,9	144,9	61,0	82,3	118,4	93,3	85,6	79,9
2011	81,7	108,1	162,8	69,6	85,4	120,5	101,6	88,0	84,0

Source: EUROSTAT

IV.3.4. Measures and possible solutions

In the current situation, as part of the euro area and thus without the possibility of a currency devaluation, the question to be asked is: What steps should be taken to solve or mitigate these problems at the lowest possible cost? In an article written by Antoni Espasa in the October Bulletin, he mentions a series of measures, some of which are discussed below. To begin with, the Spanish authorities need to urgently undertake the bank reform and ensure that they balance sheets reflect the true value of their property assets and not the pre-crisis value.

High foreign indebtedness is due to reduced competitiveness. Therefore, correcting the negative current account balance and reducing foreign debt necessarily require more competitiveness, thus correcting the problem primarily caused by the current account deficit. Our Unit Labour Costs (ULC) must, therefore, grow less than those of the rest of the euro area.

As a currency devaluation is evidently out of the question, the experts recommend what is known as an "internal devaluation" or "competitive deflation". It involves the high level of unemployment and economic weakness derived

from the crisis leading to a cut in salaries that is much greater than in the rest of the euro area, which would lead to a relative improvement in our unit labour costs. In the case of the Spanish economy, however, the low sensitivity of salaries to the unemployment rate and the weak economic situation in general mean that this adjustment is usually made via employment rather than via salaries.

An alternative way of improving price competitiveness (reducing ULCs) is by increasing productivity, although to increase it by the destruction of employment, as has been occurring in the last few years, is not the best option. A better way would be to apply structural reforms, such as improving the educational system and significantly increasing R&D investment, while continuing with the labour market reform. Another, different, way of improving competitiveness would be to improve the quality of our products and increase the technological content in our exports.



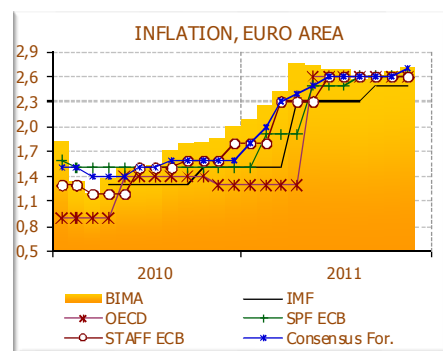
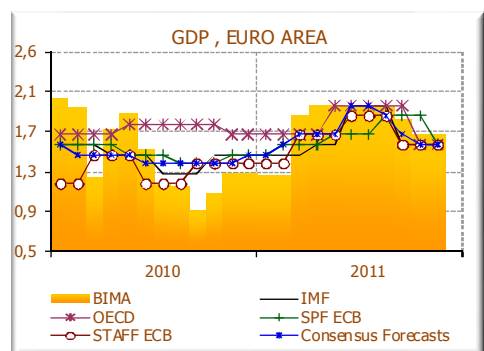
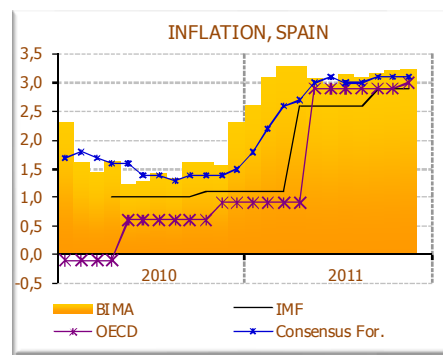
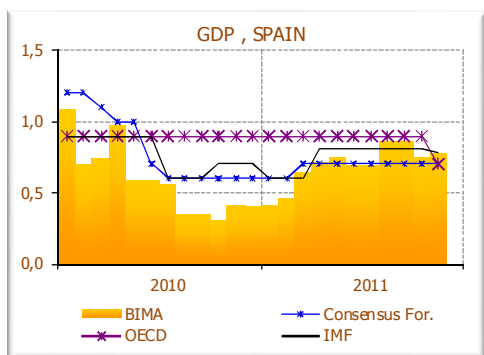
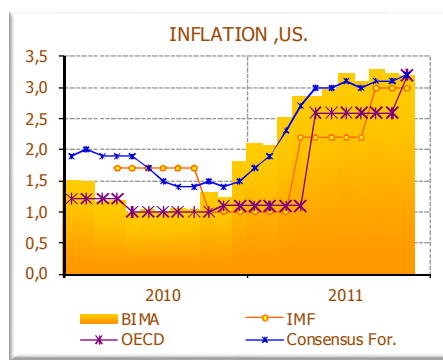
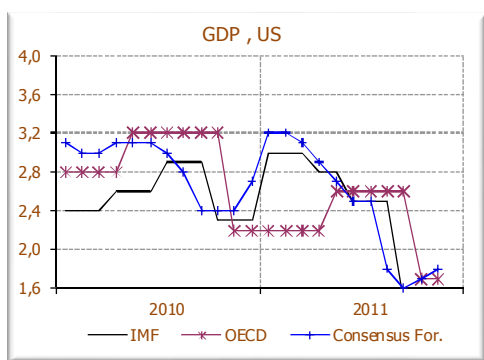
V. FORECASTS OF DIFFERENT INSTITUTIONS

FORECASTS FOR DIFFERENT INSTITUTIONS															
Annual average rates															
		UNITED STATES				SPAIN				EURO AREA					
		Consensus Forecasts ¹	BIMA ²	IMF ³	OECD ⁴	Consensus Forecasts	BIMA	IMF	OECD	Consensus Forecasts	BIMA	IMF	ECB SPF ⁵	ECB Staff ⁶	OECD ⁴
GDP	2011	1,8	-	1,5	1,7	0,7	0,8	0,8	0,7	1,6	1,7	1,6	1,6	1,6	1,6
	2012	2,1	-	1,8	2,0	0,5	0,3	1,1	0,3	0,4	1,0	1,1	0,8	1,3	0,2
CPI	2011	3,2	3,2	3,0	3,2	3,1	3,2	2,9	3,0	2,7	2,7	2,5	2,6	2,6	2,6
	2012	2,1	1,8	1,2	2,4	1,6	1,9	1,5	1,4	1,8	1,9	1,5	1,8	1,7	1,6

1. Consensus Forecasts, November, 2011.
2. BIAM. Bulletin of EU & US Inflation and Macroeconomic Analysis, November, 2011.
3. FMI. IPC: World Economic Outlook. September, 2011; GDP: September, 2011.
4. OCDE. Economic Outlook, November, 2011
5. BCE SPF, "Survey of Professional Forecasters", November, 2011.
6. BCE STAFF, staff macroeconomic projection for the Euro Area. September, 2011. Point forecast for interval.

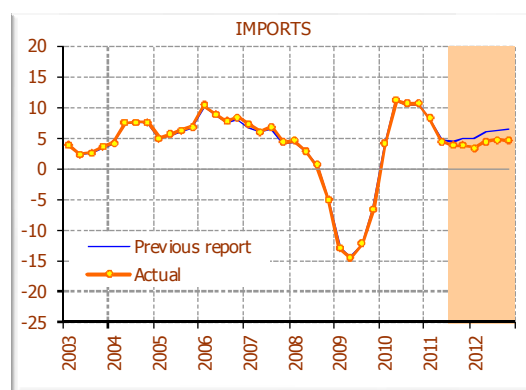
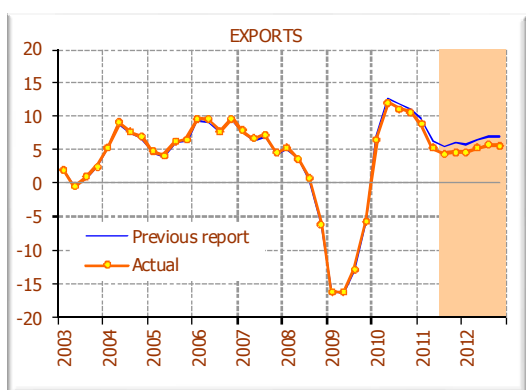
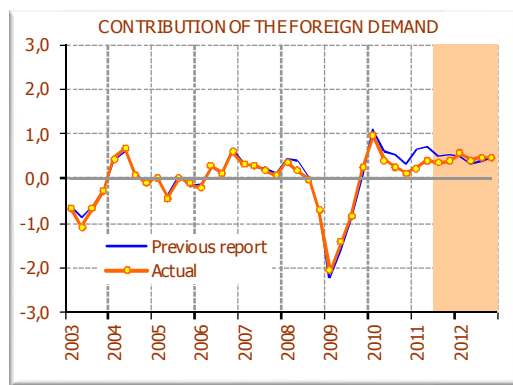
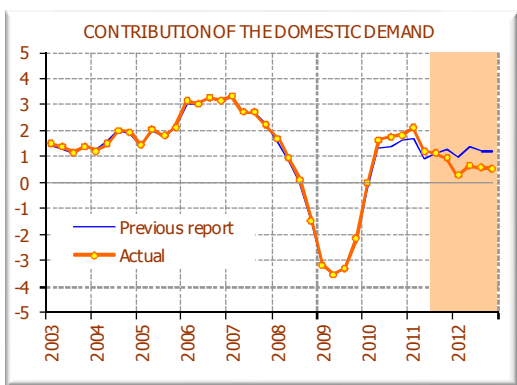
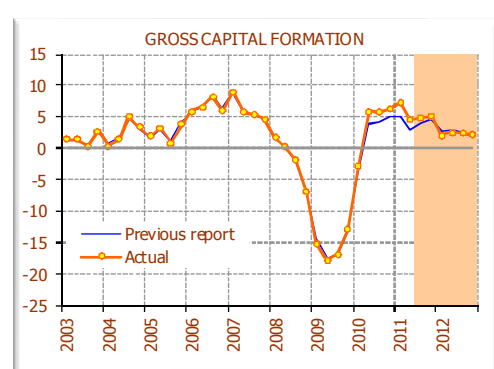
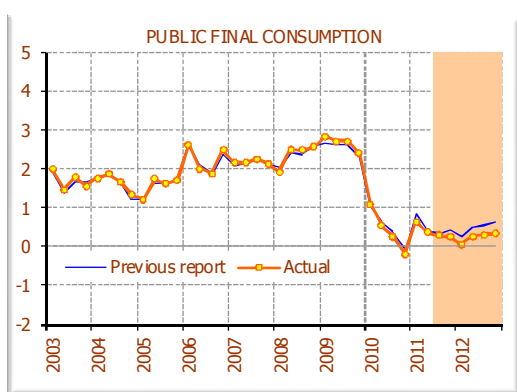
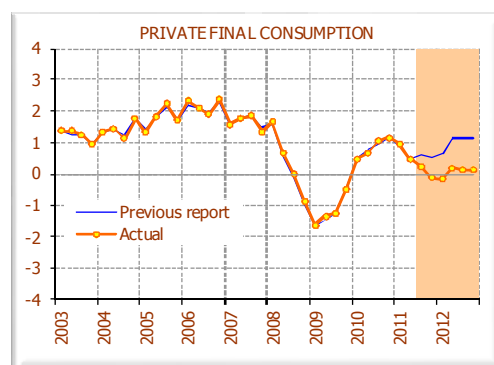
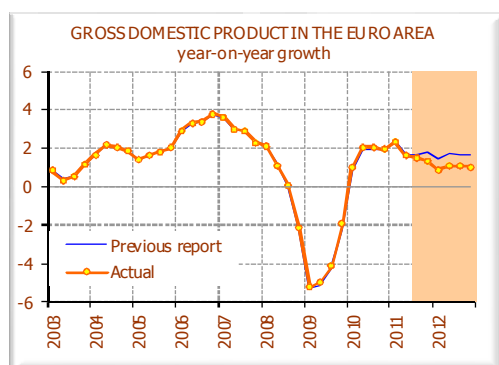
EVOLUTION OF FORECASTS FOR 2011

Annual average rates



COMPONENTS OF GROSS DOMESTIC PRODUCT DEMAND IN THE EURO AREA

Year-on-year rates

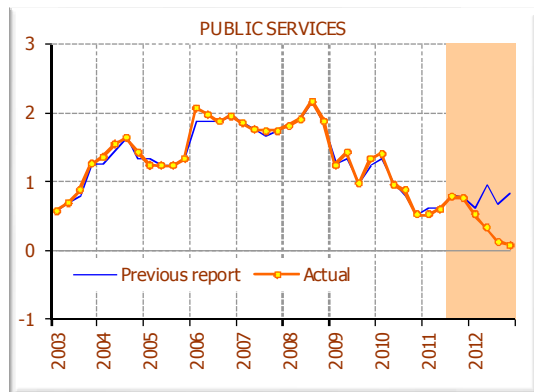
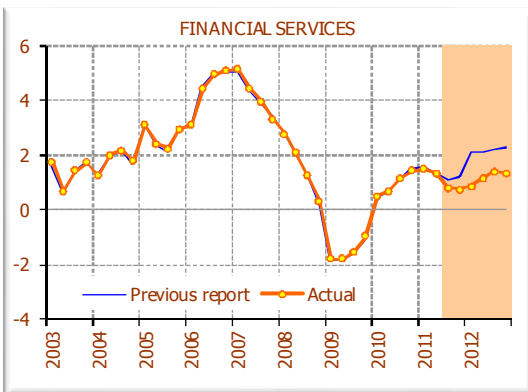
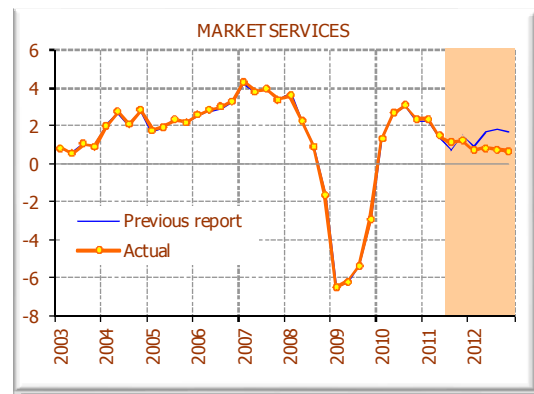
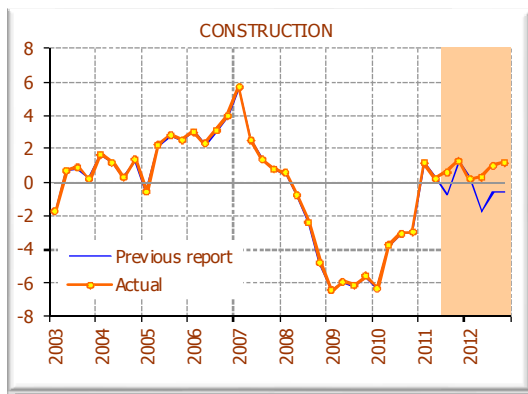
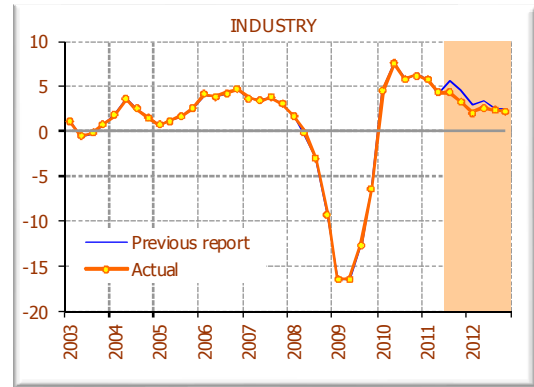
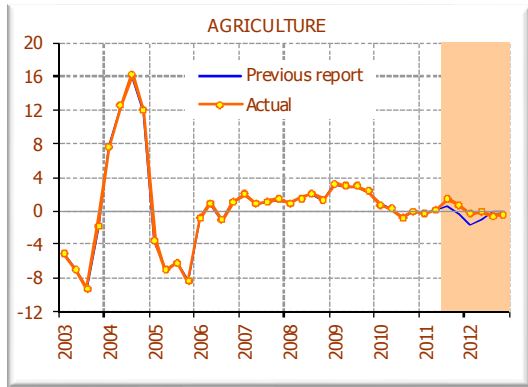


Source: EUROSTAT & BIAM (UC3M)
Date actual report: October 14, 2011
Date previous report: September 6, 2011



COMPONENTS OF GROSS DOMESTIC PRODUCT SUPPLY IN THE EURO AREA

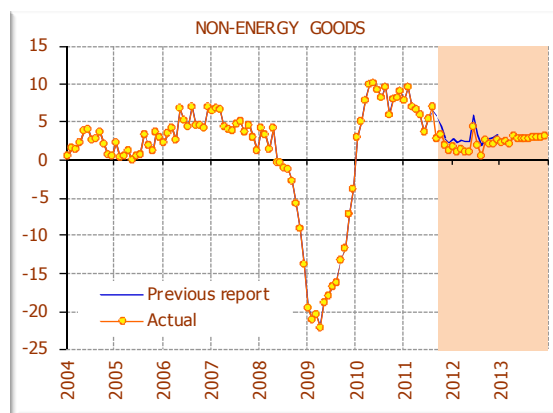
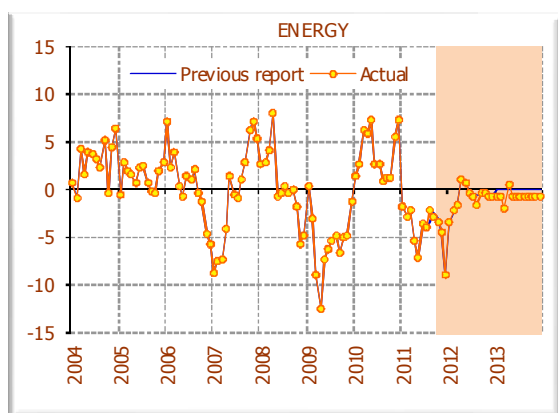
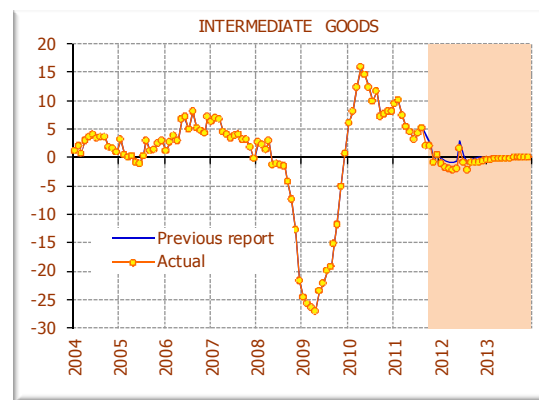
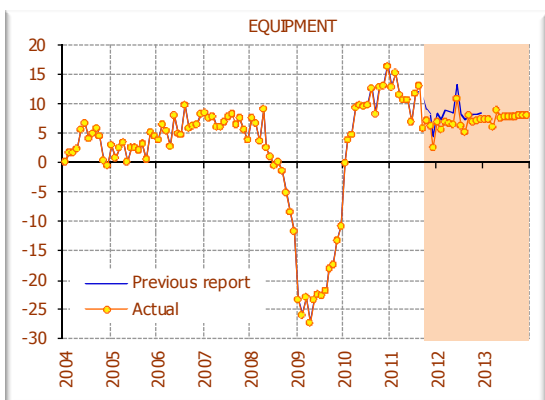
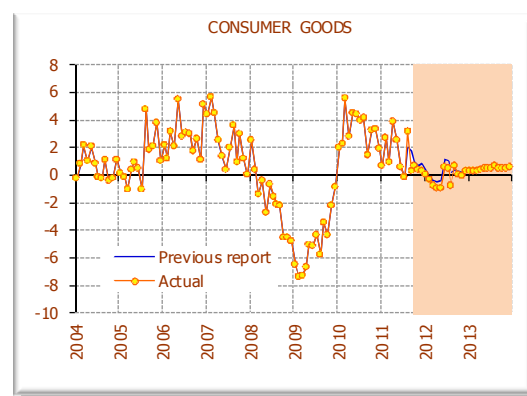
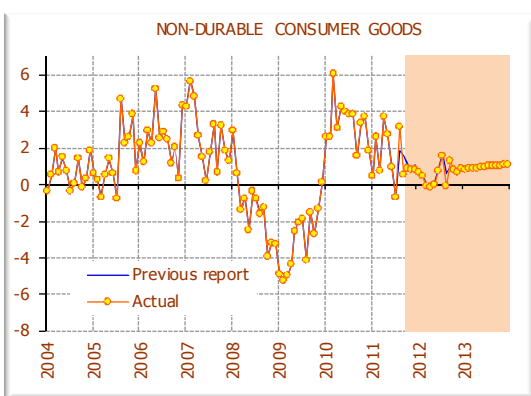
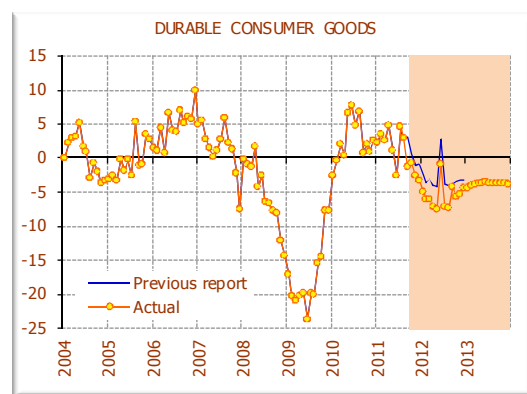
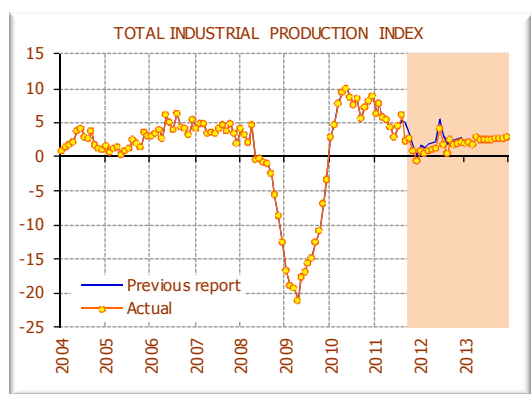
Year-on-year rates



Source: EUROSTAT & BIAM (UC3M)
 Date actual report: October 14, 2011
 Date previous report: September 6, 2011



COMPONENTS OF INDUSTRIAL PRODUCTION INDEX IN THE EURO AREA



Source: EUROSTAT & BIAM (UC3M)

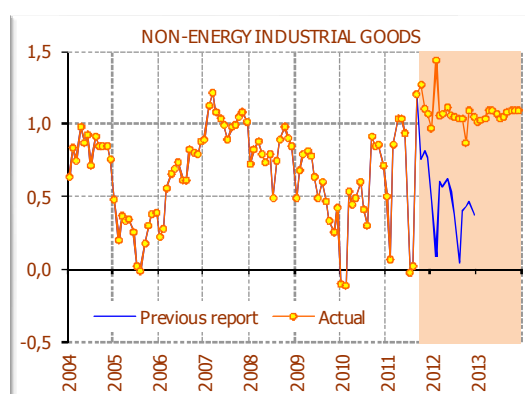
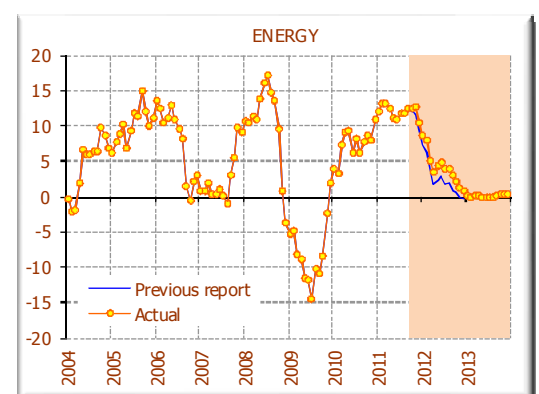
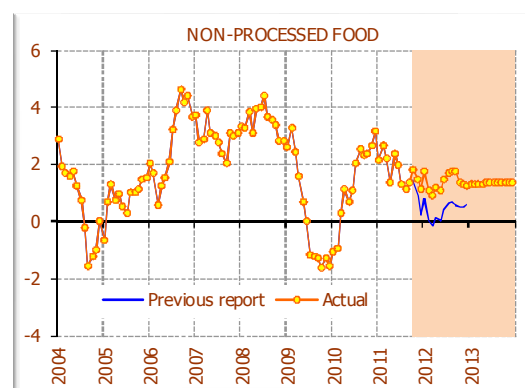
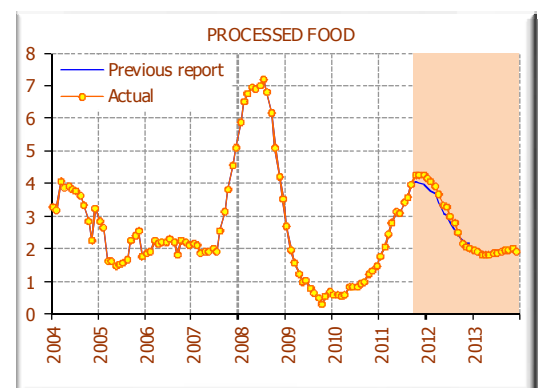
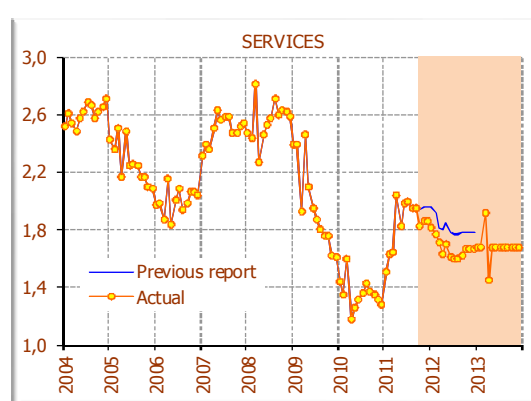
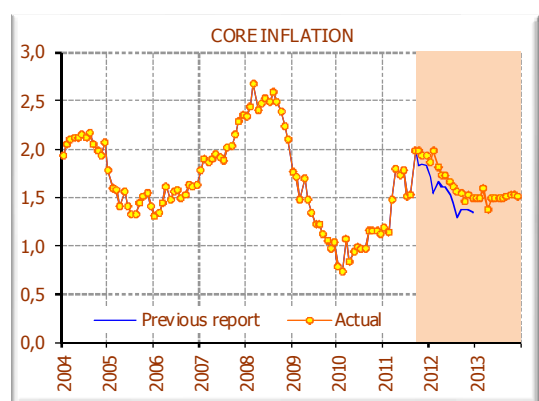
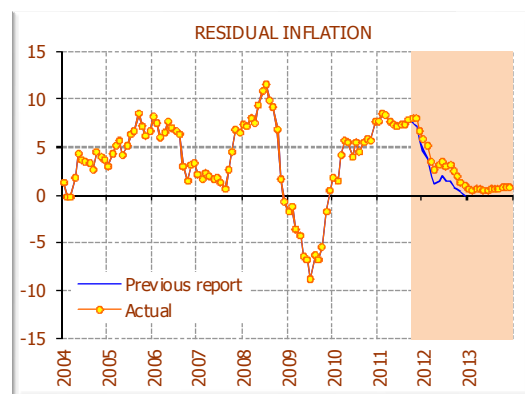
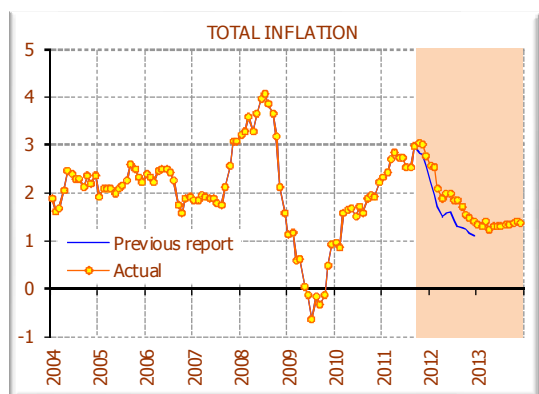
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Date previous report: October 25, 2011



COMPONENTS OF HARMONISED INDEX OF CONSUMER PRICES IN THE EURO AREA

Year-on-year rates



Source: EUROSTAT & BIAM (UC3M)

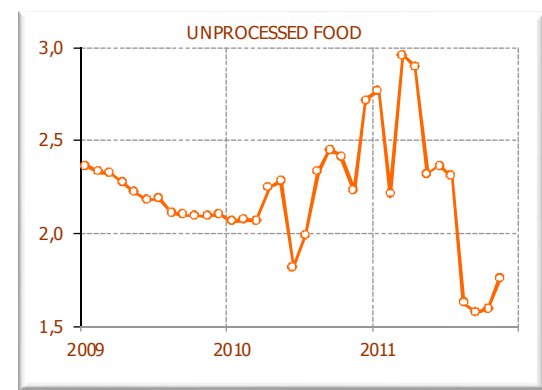
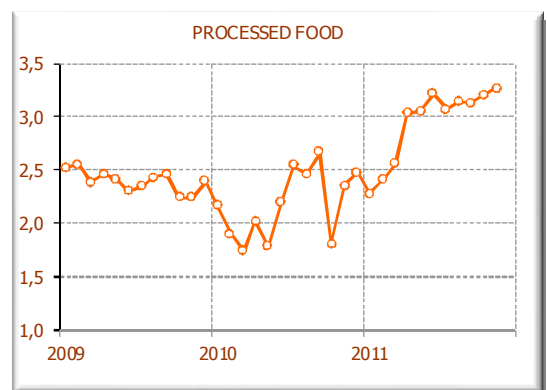
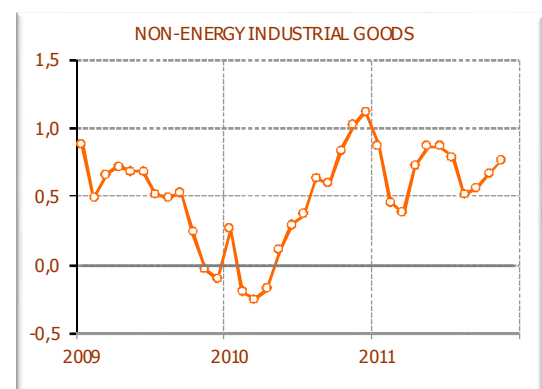
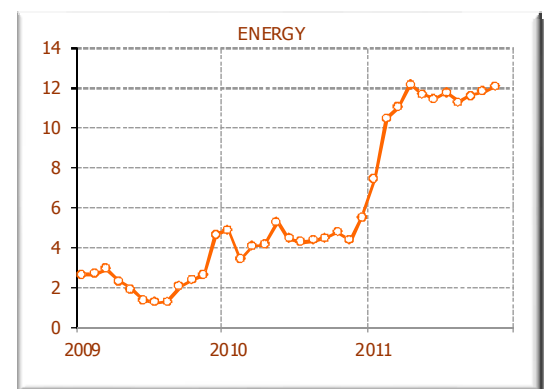
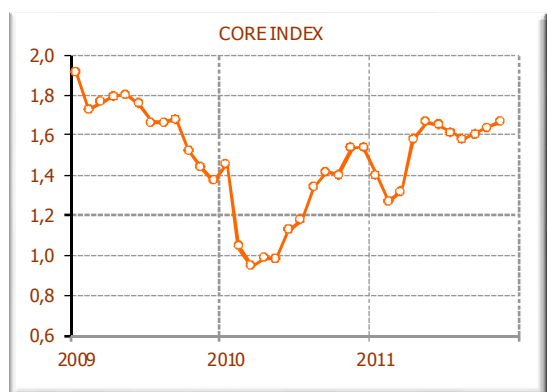
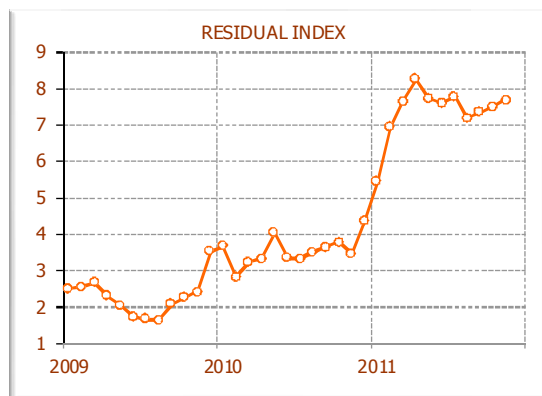
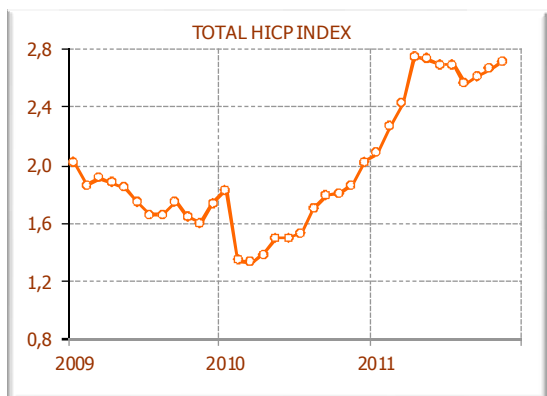
Date actual report: November 28, 2011

Date previous report: October 28, 2011



EURO AREA INFLATION FORECASTS BY SPECIAL GROUP

CHANGES OF EXPECTATIONS FOR THE AVERAGE 2011 RATE

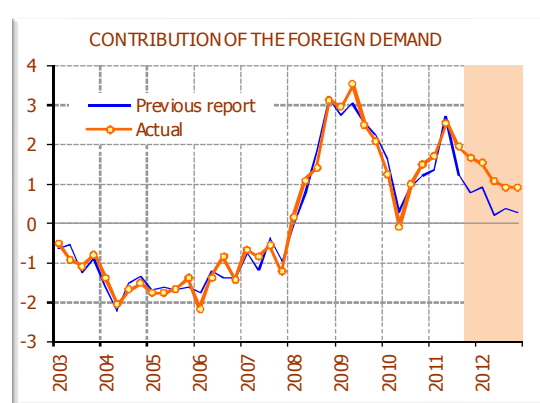
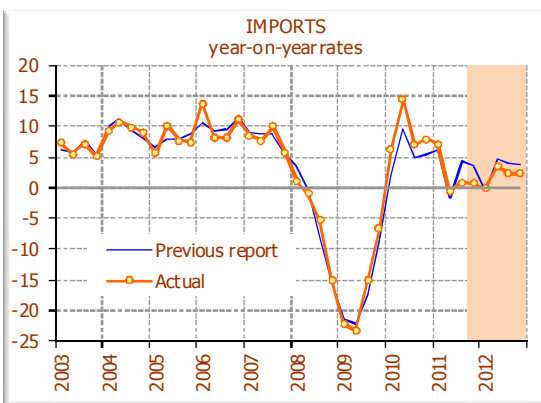
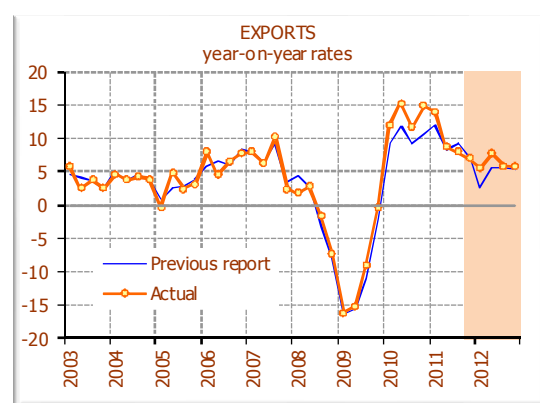
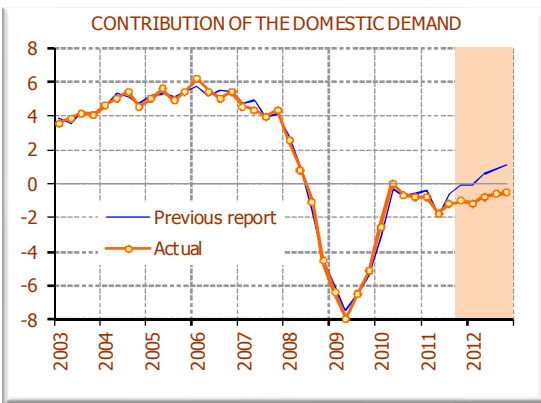
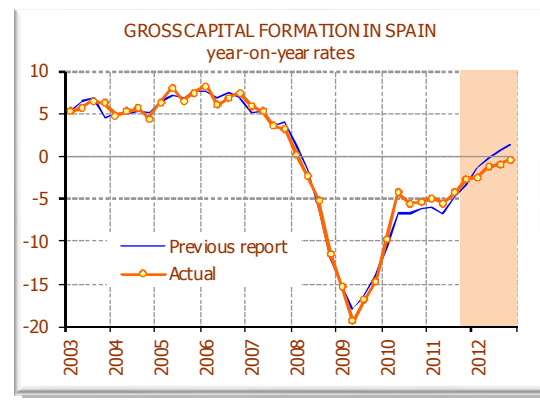
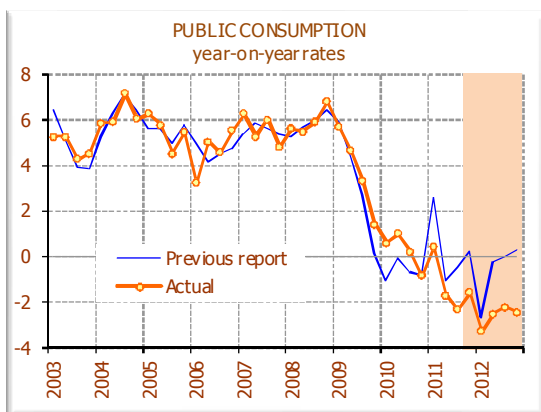
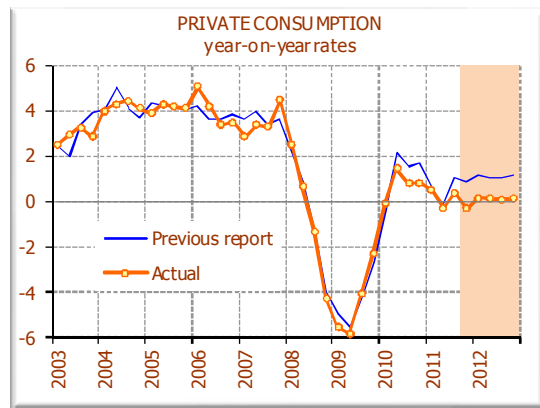
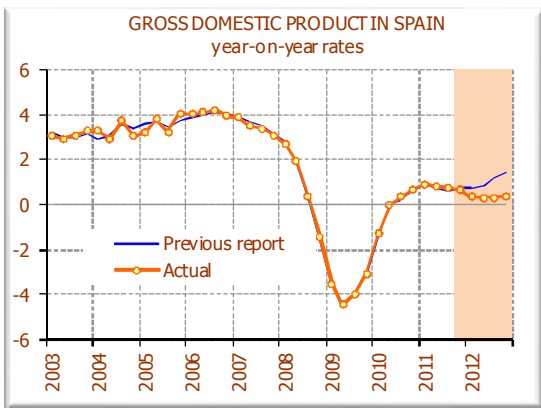


Source: EUROSTAT & BIAM (UC3M)
Date: November 28, 2011



GROSS DOMESTIC PRODUCT IN SPAIN: DEMAND SIDE

Year-on-year rates

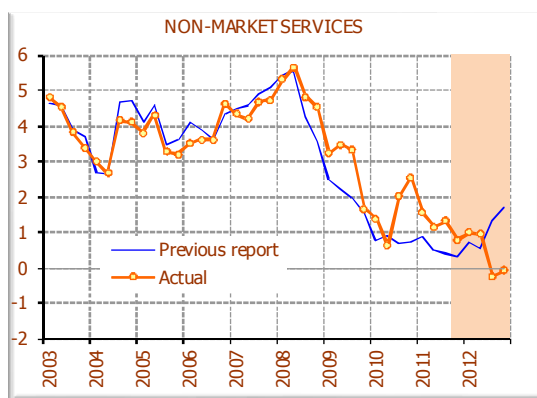
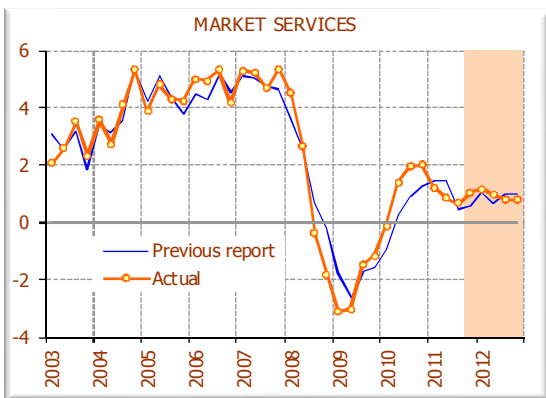
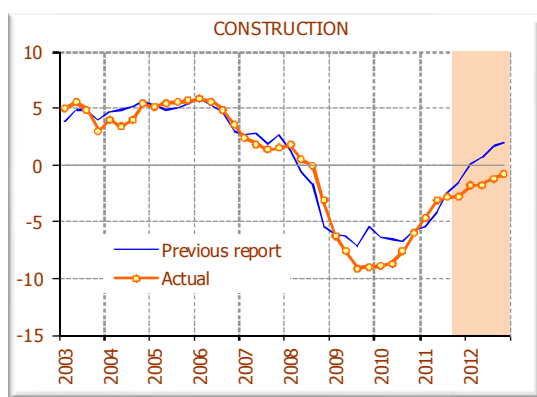
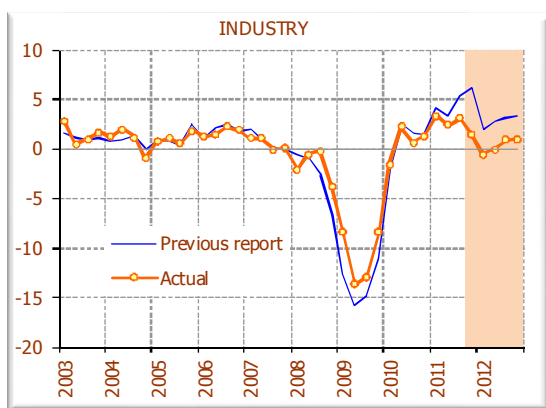
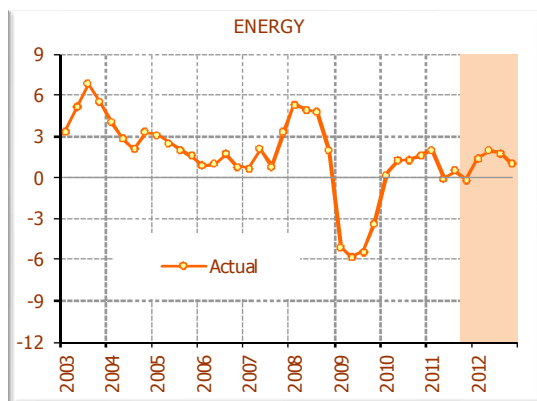
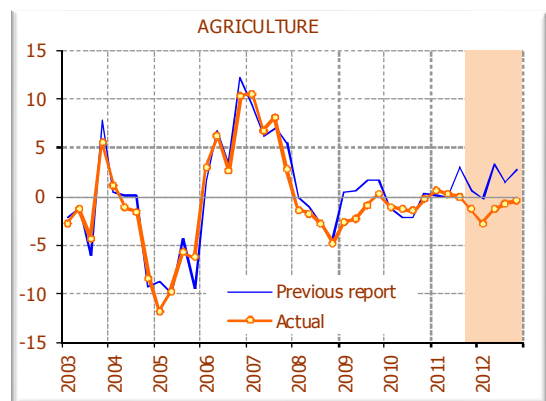


Source: INE & BIAM (UC3M).
Date actual report: November 28, 2011
Date previous report: October, 28 2011



GROSS DOMESTIC PRODUCT IN SPAIN: SUPPLY SIDE

Year-on year rates



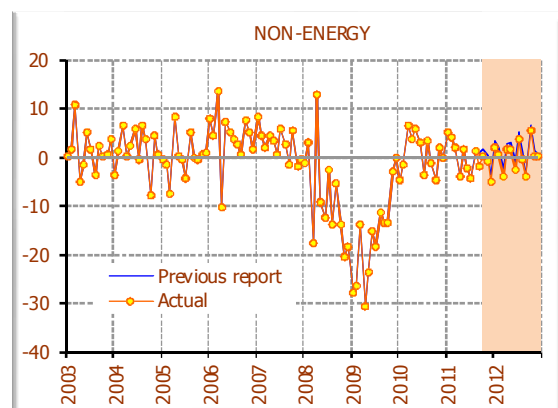
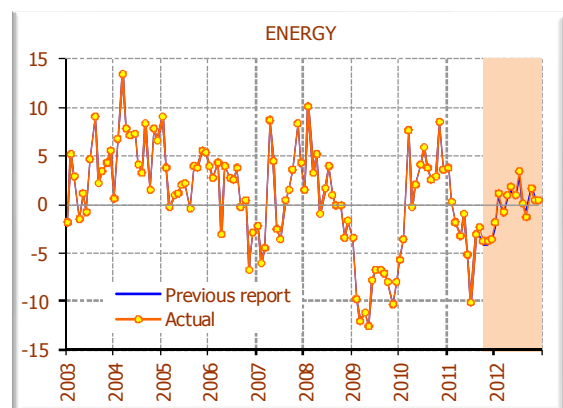
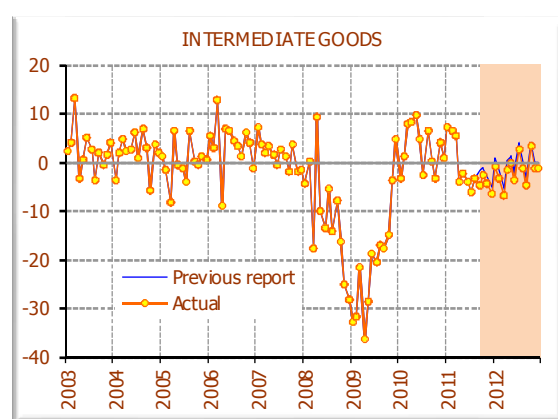
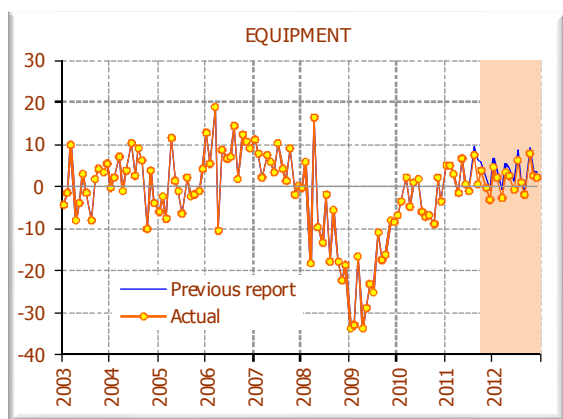
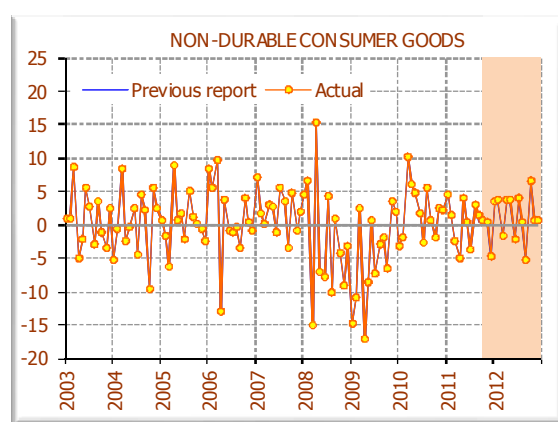
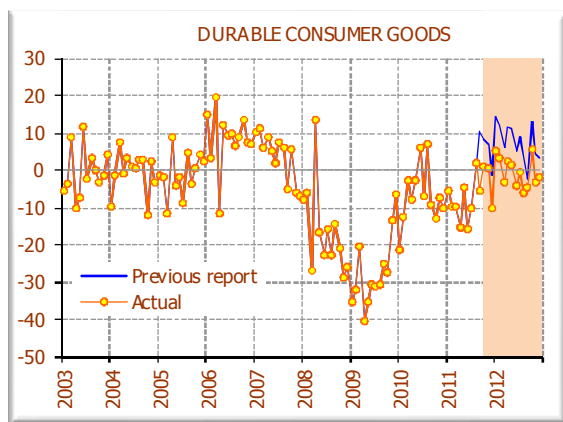
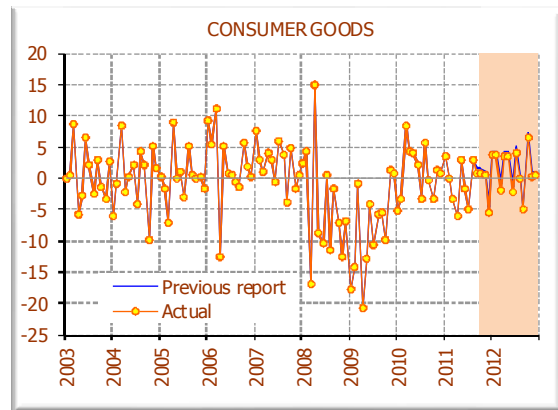
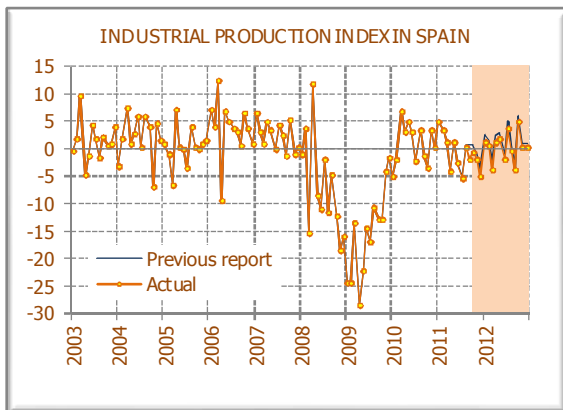
Source: EUROSTAT & BIAM (UC3M)

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INDUSTRIAL PRODUCTION IN SPAIN

Year-on-year rates



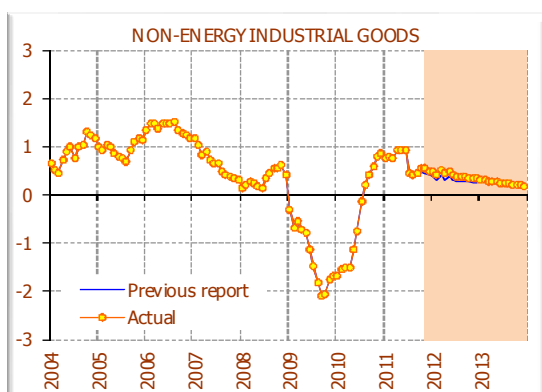
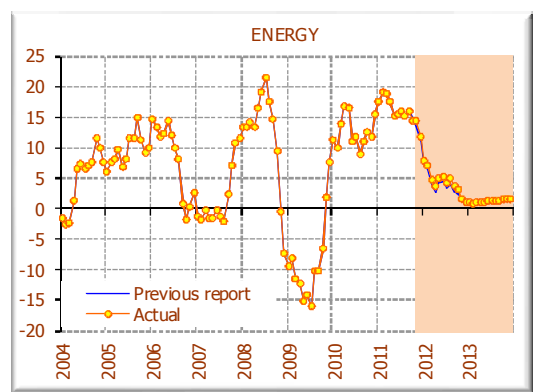
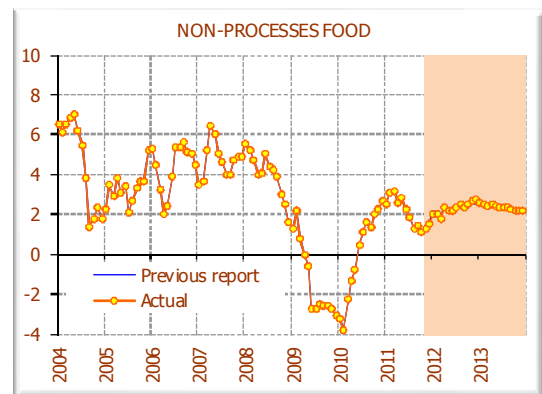
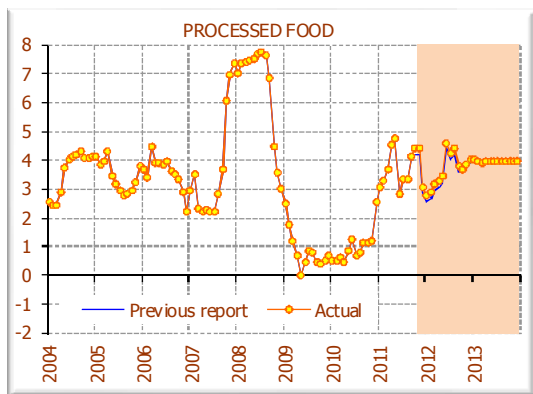
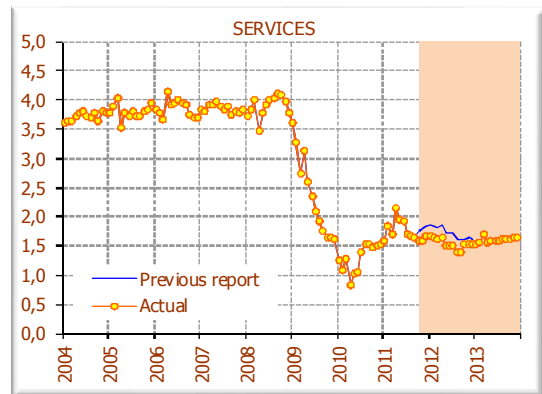
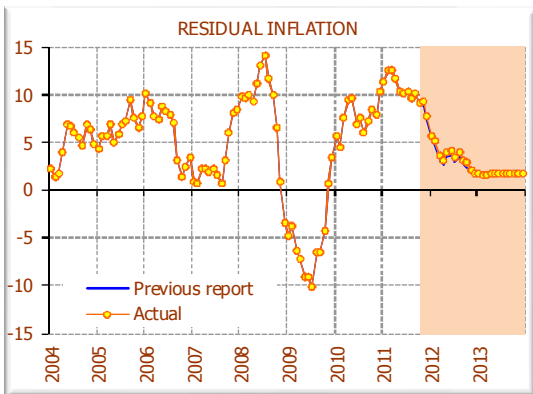
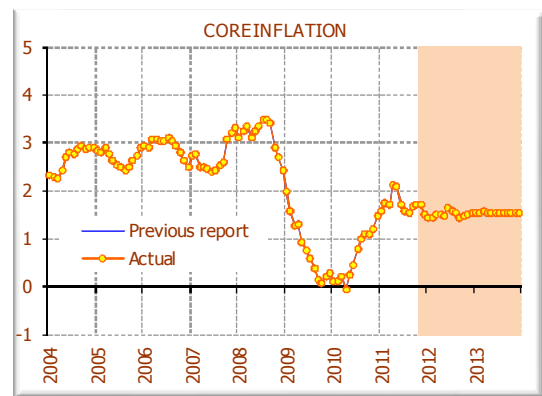
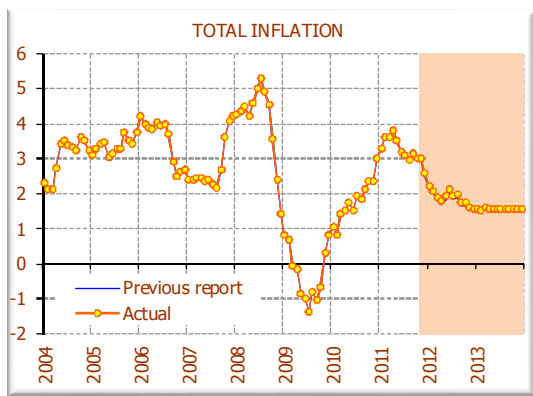
Source: EUROSTAT & BIAM (UC3M)

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ANNUAL RATE OF INFLATION BY SPECIAL GROUPS IN SPAIN

Year-on year rates

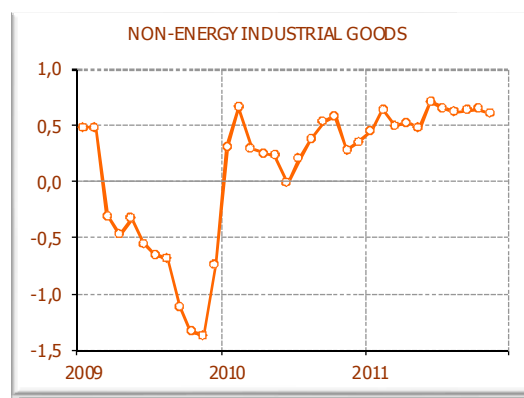
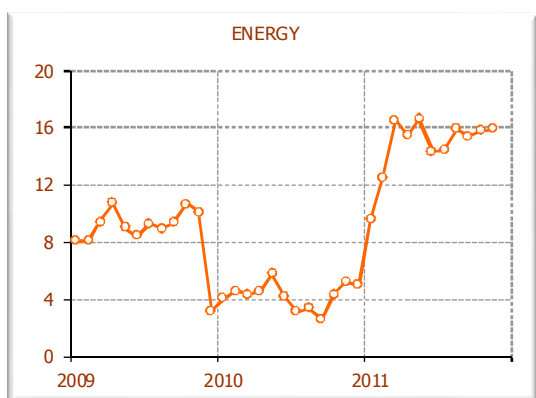
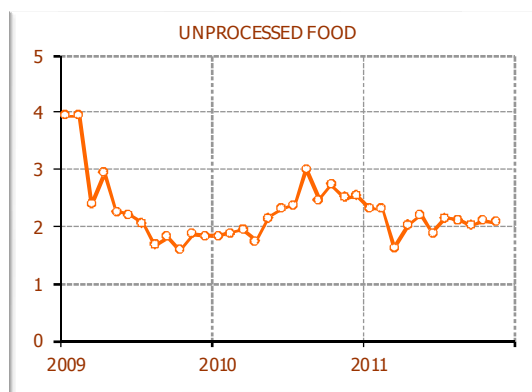
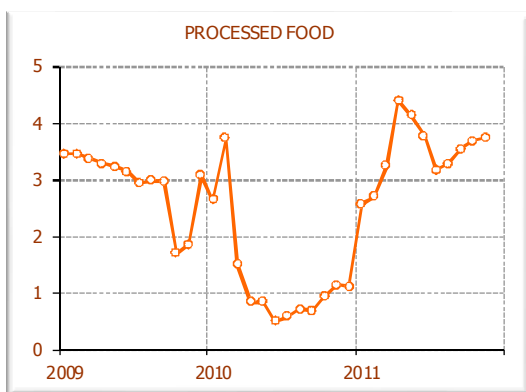
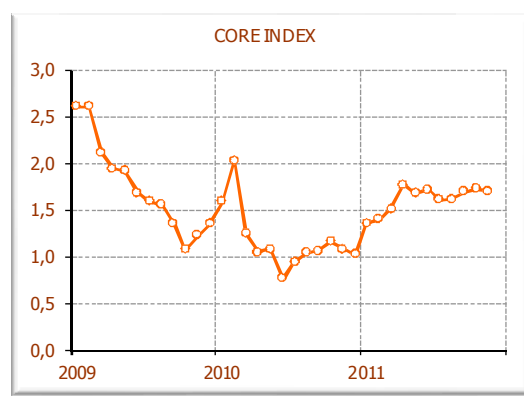
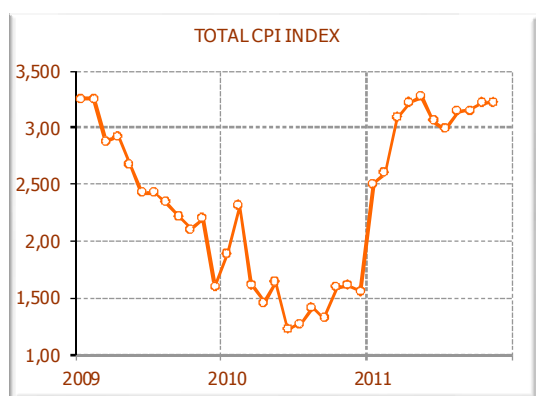


Source: INE & BIAM (UC3M).
 Date actual report: November 28, 2011
 Date previous report: October, 28 2011



INFLATION BY SPECIAL GROUP IN SPAIN

CHANGES OF EXPECTATIONS FOR THE AVERAGE 2011 RATE



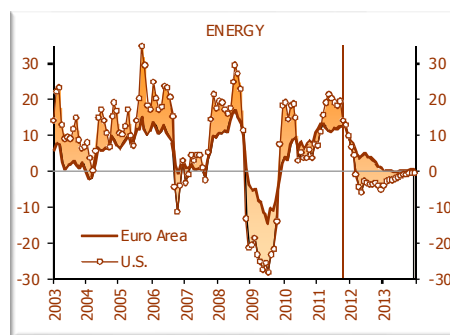
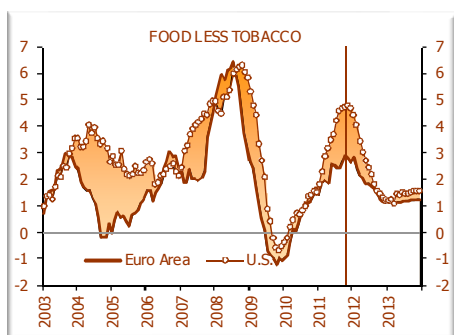
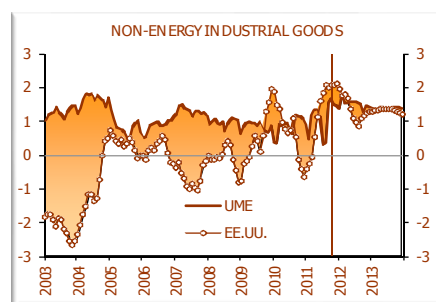
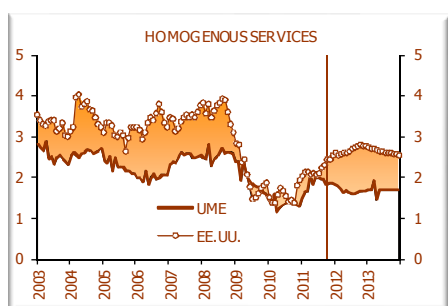
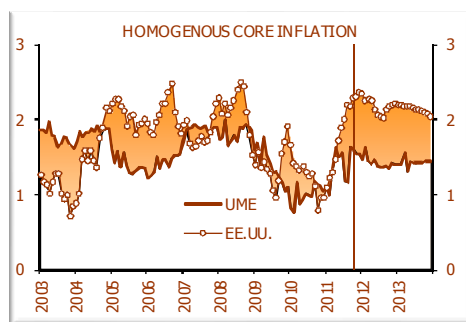
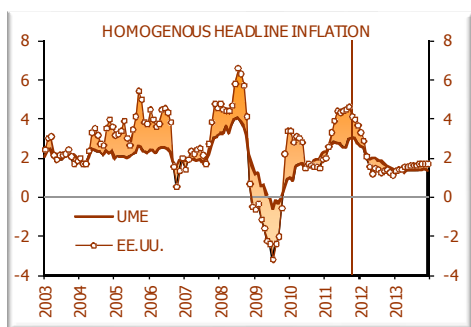
Note: These graphs show the average anual CPI growth rates forecast in the Bulletin published in the month on the abscissa
Source: INE & BIAM (UC3M)
Date: November 28, 2011



VII. ANNEX II: SUMMARY OF FORECASTS FOR DIFFERENT AREAS

EURO AREA– EE.UU.

HOMOGENOUS INFLATION IN THE EURO AREA AND U.S.										
Annual average rates										
EA: Weights 2011	2005	2006	2007	2008	2009	2010	Forecasts			
USA: Weights 2009							2011	2012	2013	
TOTAL										
less Owner's equivalent rent of primary residence										
Euro area 100,0	2,2	2,2	2,1	3,3	0,3	1,6	2,7	1,9	1,3	
U.S. 76,4	3,7	3,1	2,7	4,3	-1,0	2,2	3,8	1,7	1,6	
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 70,3	1,4	1,4	1,9	1,8	1,4	1,0	1,4	1,4	1,4	
U.S. 53,2	2,1	2,1	1,8	2,1	1,4	1,2	1,8	2,2	2,1	
COMPONENTS OF HOMOGENOUS CORE INFLATION										
Services less Owner's equivalent rent of primary residence										
Euro area 41,4	2,3	2,0	2,5	2,6	2,0	1,4	1,8	1,7	1,7	
U.S. 32,8	3,1	3,3	3,4	3,6	2,0	1,6	2,2	2,7	2,6	
Non-energy industrial goods less Tobacco										
Euro area 28,9	0,3	0,6	1,0	0,8	0,6	0,5	0,8	1,1	1,1	
U.S. 20,4	0,3	0,1	-0,7	-0,1	0,5	0,7	1,2	1,3	1,3	
EXCLUDED COMPONENTS FROM HOMOGENOUS CORE INFLATION										
Food less Tobacco										
Euro area 16,8	0,6	2,1	2,6	5,3	0,2	0,5	2,3	1,8	1,2	
U.S. 13,7	2,4	2,3	4,0	5,5	1,8	0,8	3,8	2,5	1,4	
Energy										
Euro area 10,4	10,1	7,7	2,6	10,3	-8,1	7,4	12,0	4,1	0,1	
U.S. 8,6	16,9	11,2	5,5	13,9	-18,4	9,5	15,7	-2,3	-1,6	



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.

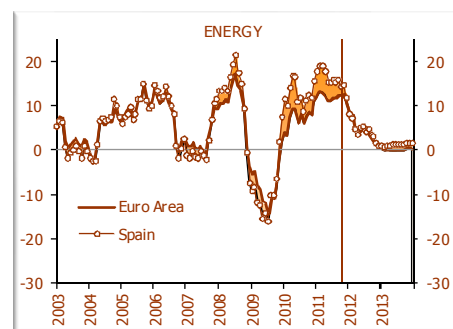
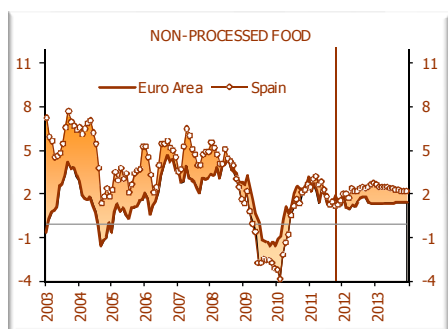
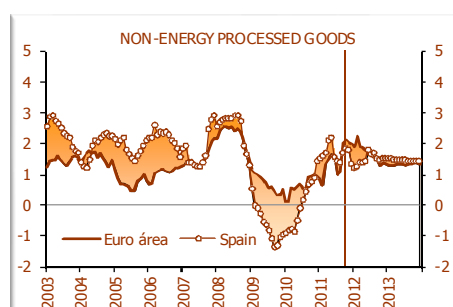
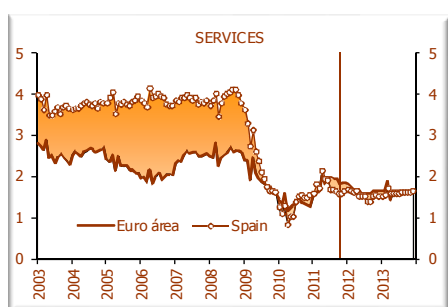
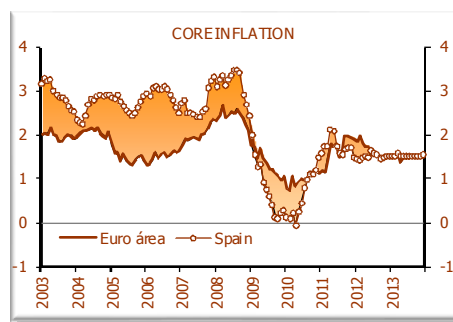
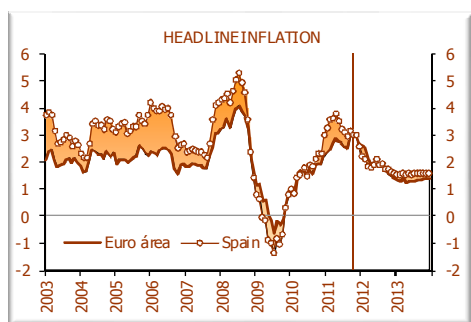
Source: EUROSTAT, BLS & BIAM (UC3M)

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EURO AREA– SPAIN

INFLATION IN SPAIN (CPI) AND IN THE EURO AREA (HICP)											
Annual average rates											
	Weights 2011	2005	2006	2007	2008	2009	2010	Forecasts			
								2011	2012	2013	
TOTAL											
Spain	100,0	3,4	3,5	2,8	4,1	-0,3	1,8	3,2	1,9	1,6	
Euro area	100,0	2,2	2,2	2,1	3,3	0,3	1,6	2,7	1,9	1,3	
CORE INFLATION											
Processed food, Non-energy industrial goods and Services											
Spain	83,0	2,7	2,9	2,7	3,2	0,8	0,6	1,7	1,5	1,5	
Euro area	82,3	1,5	1,5	2,0	2,4	1,3	1,0	1,7	1,7	1,5	
COMPONENTS OF CORE INFLATION											
Processed food											
Spain	14,6	3,4	3,6	3,8	6,7	0,9	1,0	3,7	3,7	4,0	
Euro area	11,9	2,0	2,1	2,8	6,1	1,1	0,9	3,3	3,1	1,9	
Non-energy industrial goods											
Spain	28,5	1,1	1,5	0,8	0,4	-1,2	-0,4	0,7	0,4	0,2	
Euro area	28,9	0,3	0,6	1,0	0,8	0,6	0,5	0,8	1,1	1,1	
Services											
Spain	39,9	3,7	3,8	3,8	3,9	2,4	1,3	1,7	1,5	1,6	
Euro area	41,4	2,3	2,0	2,5	2,6	2,0	1,4	1,8	1,7	1,7	
COMPONENTS OF RESIDUAL INFLATION											
Non-processed food											
Spain	6,4	3,4	4,2	4,5	3,8	-1,2	0,0	2,1	2,3	2,4	
Euro area	7,4	0,8	2,8	3,0	3,5	0,2	1,3	1,8	1,4	1,3	
Energy											
Spain	10,6	9,6	8,0	1,7	11,9	-9,0	12,5	15,9	4,3	1,2	
Euro area	10,4	10,1	7,7	2,6	10,3	-8,1	7,4	12,0	4,1	0,1	



Source: EUROSTAT, BLS & BIAM (UC3M)

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14 Euro Area IPI (September)	15 Spanish CPI (October) Euro Area GDP (3 rd Quarter)	16 Euro Area CPI (October) USA CPI (October) GDP Spain (3 rd Quarter)	17	18	19	20
21	22	23 USA PCE (October)	24	25	26	27
28	29 Spanish ESI Euro Area ESI (November) Spanish HICP (A.D. November)	30 Euro Area HICP (A.D. November)				

DECEMBER						
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* ESI: Economic Sentiment Indicator
 CPI: Consumer Prices Index
 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

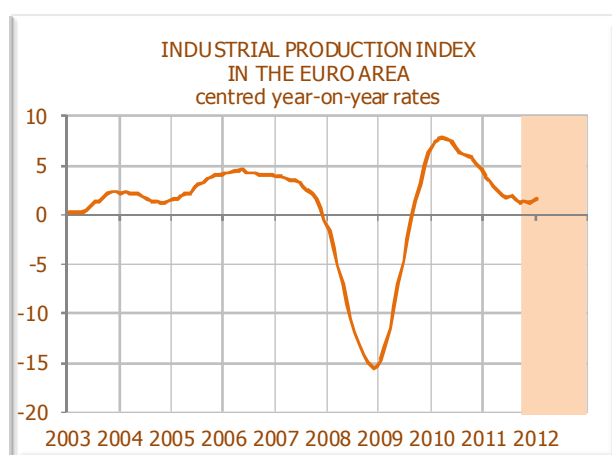


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The soft data and heavy downwards innovations in September led to the fifth reduction in the euro area industrial growth forecast in the last six months.



INDUSTRIAL PRODUCTION INDEX IN THE EURO AREA Average year-on-year rates					
	2008	2009	2010	2011	2012
Consumer goods					
Durable	-5,2	-17,3	2,5	0,8	-5,5
Non-durable	-1,3	-2,9	3,4	1,4	0,6
Capital	0,0	-20,9	9,1	9,2	7,0
Intermediate	-3,4	-19,0	10,1	4,4	-1,1
Energy	0,2	-5,3	3,8	-4,1	-1,0
Total	-1,6	-14,8	7,4	3,9 (±1,1)	1,5 (±2,2)
Annual growth of GVA industrial sector	-2,7	-13,1	6,1	4,4	2,3

Source: Eurostat & BIAM (UC3M)

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