



# BULLETIN OF EU AND US INFLATION AND MACROECONOMIC ANALYSIS

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Instituto Flores de Lemus

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Second Phase

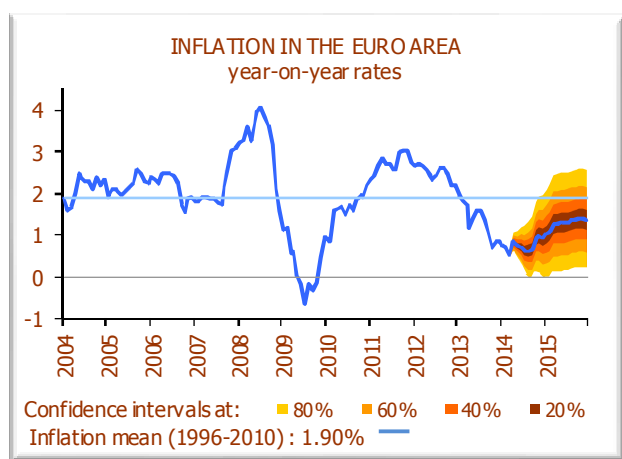
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20<sup>th</sup>

2014

ANNIVERSARY

**Deflation is not expected in the euro area or Spain, but a long period of low inflation is forecast.**


 Source: EUROSTAT & BIAM (UC3M)  
Date: March 27, 2014

**Rise in euro area growth expectations. The GDP is expected to grow by 1.4% ( $\pm 0.9$ ) this year and by 1.5% ( $\pm 1.6$ ) in the next.**

GROSS DOMESTIC PRODUCT IN THE EURO AREA (*)							
		Average annual rates			Q-o-Q rates		
		2013	2014	2015	III-13	IV-13	I-14
Final consumption	Private	-0.5	0.9	1.3	0.1	0.2	0.2
	Public	0.3	0.4	0.9	0.4	-0.3	0.2
Gross fixed capital formation	Construction	-3.9	0.2	0.0	0.7	0.1	0.0
	Equipment	-1.8	5.8	6.2	0.4	1.8	1.3
		-3.0	2.4	2.5	0.4	0.9	0.5
Contribution domestic demand		-0.9	1.1	1.4	0.6	-0.1	0.4
Exports of goods and services		1.3	3.8	4.1	0.0	1.3	0.7
Imports of goods and services		0.1	3.5	4.1	0.9	0.4	0.8
Contribution foreign demand		0.5	0.2	0.1	-0.4	0.3	0.0
Real GDP		-0.4	1.4 (±0.9)	1.5 (±1.6)	0.2	0.3	0.4

\* In brackets are 80% confidence intervals

 Source: EUROSTAT & BIAM (UC3M)  
Date: March 21, 2014

## Economic Outlook

P. 1

"In this Bulletin, we present the growth perspectives for the euro area, which we have revised upwards. However, both in Spain and the euro area, the figures related to consumption or credit show no signs of improvement. The weak domestic demand is closely related to persistent very low inflation rates. We are not forecasting deflation, but we do expect a long period of low inflation, with all the problems that this involves."

## The evolution of labour costs in the last few years.

P. 41

"Labour costs did not start to react to the crisis until towards the end of 2009. This delay had negative effects on employment. Labour costs fell in 2012 and remained unaltered in 2013. They will continue to fall slowly this year, together with domestic demand and the high unemployment rate. The evolution of labour costs, together with major progress in labour productivity, has enabled our ULCs to continue to fall in 2013, and they will probably continue to do so in 2014, albeit at a slower pace, while they are growing in the euro area. This competitiveness gain has a positive effect on our exports."

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

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<b>I.1. ECONOMIC OUTLOOK</b>	p.1
<b>II. THE ECONOMY IN THE EURO AREA</b>	p.4
II.1. Macroeconomic Forecasts	p.6
Gross Domestic Product	p.8
Industrial Production Index	p.10
II.2. Inflation	p.12
II.3. Monetary Policy	p.18
<b>III. UNITED STATES</b>	
III.1. Industrial Production Index	p.19
III.2. Inflation	p.20
<b>IV. THE SPANISH ECONOMY</b>	p.26
IV.1. Macroeconomic Forecasts	p.28
Gross Domestic Product	p.30
Industrial Production Index	p.32
IV.2. Inflation	p.34
IV.3. The evolution of labour costs in the last few years	p.41
<b>V. FORECASTS FOR DIFFERENT INSTITUTIONS</b>	p.44
<b>VI. ANNEX I: CHANGE IN FORECASTS AND DATA REVISION</b>	p.45
<b>VII. ANNEX II: SUMMARY OF FORECASTS FOR DIFFERENT AREAS</b>	p.55

\*The cut-off date for the statistics included in this Bulletin was March 28, 2014



## I. ECONOMIC OUTLOOK

### II.1. ECONOMIC OUTLOOK<sup>1</sup>

*"In this Bulletin, we present the growth perspectives for the euro area, which we have revised upwards. However, both in Spain and the euro area, the figures related to consumption or credit show no signs of improvement. The weak domestic demand is closely related to persistent very low inflation rates. We are not forecasting deflation, but we do expect a long period of low inflation, with all the problems that this involves."*

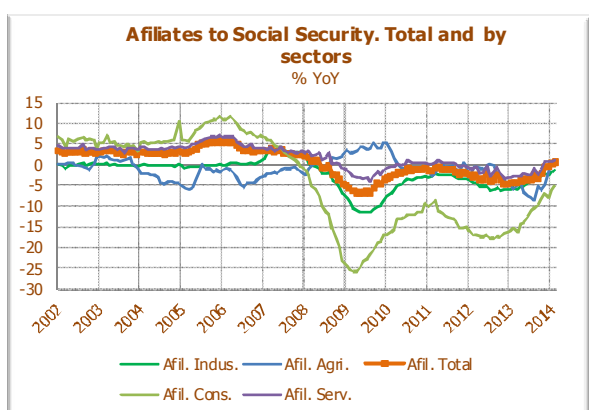
In March, Spanish debt's risk premium fell by 10 points to around 170, and the return on 10-year bonds is 3.26%.

Also, the figures referring to direct foreign investment for 2013 show that 12,645 million euros went on greenfield projects (new or capital enlargements), showing a change in the perception of foreign investors.

With regards to the real economy, so far this year several indicators have provided positive signs related to Spanish growth in the first quarter.

The good social security contributor figures for December and January, due to a good agricultural campaign, continued in February, when the series' annual growth rate increased to 0.7%, with 1.2% growth in the service sector. (Graph I.1) In view of this, the Active Population Update due on April 29th, which also involves some methodological changes applied by the INE, will probably lead us to revise our employment

Graph I.1



Source: GDSS & BIAM (UC3M)

Date: March 4, 2014

Table I.1

SPANISH ECONOMICALLY ACTIVE POPULATION SURVEY					
	year-on-year average rates				
	2011	2012	2013	2014	2015
Employed	-1.9	-4.5	-3.1	<b>0.1</b>	<b>1.3</b>
Agriculture	-4.1	-0.9	-1.1	<b>-1.8</b>	<b>-0.6</b>
Industry	-2.1	-4.9	-5.7	<b>-2.8</b>	<b>-0.9</b>
Construction	-15.6	-17.6	-11.4	<b>-5.7</b>	<b>-2.4</b>
Services	0.0	-3.3	-2.0	<b>1.3</b>	<b>2.0</b>
Active	0.1	-0.2	-1.3	<b>-0.9</b>	<b>-0.2</b>
Unemployment rate	21.6	25.0	26.4	<b>25.6</b>	<b>24.5</b>

Source: INE & BIAM (UC3M)

Date: January 27, 2014

growth rate upwards for 2014, from the current figure of 0.1%. (Table I.1)

The increase in SS contributors is important now because of its positive effect on consumption, although most of the new contracts are temporary or part-time, so the effect on permanent income is limited.

The foreign sector also registered positive figures. In the first two months of 2014, spending by foreign tourists grew by an annual rate of 9.1% relative to the same period last year. Exports of goods also grew in January in real terms by an annual rate of 5.4%.

Nonetheless, the euro area and Spain share some unfavourable elements for domestic demand: historically high unemployment rates, restrictive fiscal policies and the unfavourable evolution of credit. -See graphs I.2 and I.3-

These common features help to explain the drop in inflation in both areas, and the possibility of deflationist processes.

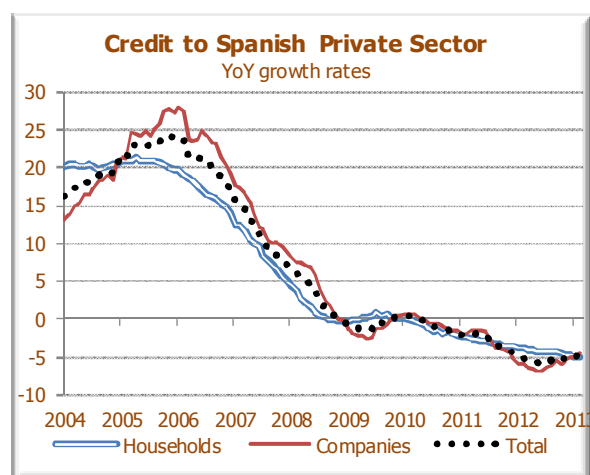
We pay special attention to this hypothesis in the Bulletin, which has new content: a table with the likelihood of the forecast year-on-year rate falling beneath zero (Tables I.2 and I.3), and a chart that shows the likelihood of twelve-month ahead forecasts being beneath zero (Graphs I.4 and I.5).

For the Spanish economy, we estimate that average annual inflation in 2014 will be 0.2% ( $\pm 0.74$ ), with a likelihood of more than 37% that it will be negative. Also, the percentage of CPI components with negative rates is now 47%. For

<sup>1</sup>Although the Bulletin works with figures published up to the 28th of the previous month, in view of its importance, on this occasion we waited for the ECB executive committee meeting on April 3rd, so that it could be taken into consideration when reporting on the Economic Outlook.



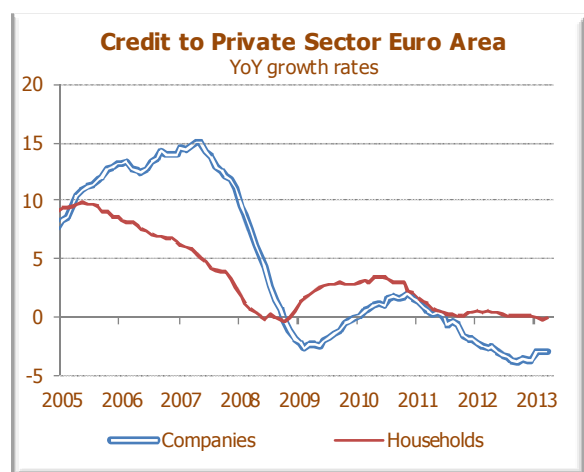
Graph I.2



Source: Banco de España & BIAM (UC3M)

Date: March 27, 2014

Graph I.3



Source: ECB & BIAM (UC3M)

Date: March 27, 2014

2015, we predict an average annual inflation rate of 1% and a 18% likelihood of a negative rate 18%.

We do not expect a deflationist spiral. We are forecasting a dis-inflation period that will last for at least 2014 and 2015, with an inflation forecast at the end of the period of around 1% ( $\pm 1.7$ ).

For the euro area as a whole, our forecasts are 0.8% ( $\pm 0.46$ ) for 2014 and 1.3% ( $\pm 1.0$ ) for 2015, with values of around 1% ( $\pm 0.9$ ) at the end of 2014 and 1.4% ( $\pm 1.2$ ) at the end of 2015.

Neither are we forecasting deflation, but a long period, which began in the second half of 2013, of inflation forecasts far below the ECB's 2% target. This could be unfavourable for the sustainability of the debt of peripheral countries.

Table I.2

PROBABILITY OF THE YEAR-ON-YEAR SPAIN TOTAL CPI AND CORE CPI FORECASTS TO BE UNDER ZERO			
		Prob (CPI_Total<0)	Prob (CORE<0)
2014	March	76.99%	60.11%
	April	5.10%	5.21%
	May	22.91%	27.10%
	June	35.56%	31.19%
	July	43.87%	28.72%
	August	54.52%	31.93%
	September	47.39%	30.41%
	October	33.30%	23.71%
	November	32.55%	24.61%
	December	34.14%	19.95%
2015	January	28.43%	13.17%
	February	25.89%	12.03%
	March	22.69%	12.00%
	April	19.69%	12.26%
	May	18.55%	11.90%
	June	20.12%	12.41%
	July	23.29%	12.62%
	August	24.14%	12.49%
	September	24.16%	11.83%
	October	25.31%	11.61%
	November	25.24%	11.37%
	December	26.79%	13.33%

Source: INE & BIAM (UC3M)

Date: March 27, 2014

If one of the effects of inflation is that it can be similar to a tax increase in disguise, one of the effects of low inflation rates is that they can be similar to an interest rate increase in disguise.

Some analysts have therefore insisted that the ECB inflation target should be considered symmetrical and that interest rate measures should be applied, and not only their possibility be announced, particularly at this time of quantitative growth.

The failure to make any changes decided by the ECB in its April meeting could affect its credibility if it is forced to change its mind in a few months' time.

The above economic forecasts for the euro area show a situation of stable growth of around 1.5%. Therefore, in view of the described dis-inflation context, demand-increasing measures should be adopted by the countries that have foreign surpluses, enabling real disequilibria to be adjusted through quantities and prices, as this cannot be achieved by exchange rates in a monetary union.



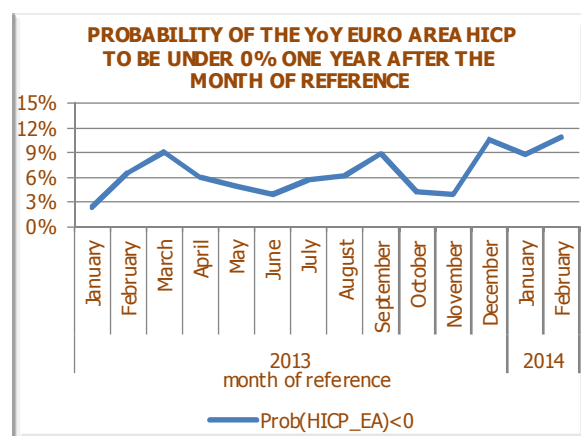
Table I.3

PROBABILITY OF THE YEAR-ON-YEAR EURO ÁREA TOTAL AND CORE HICP FORECASTS TO BE UNDER ZERO			
		Prob (HICP_Total<0)	Prob (CORE<0)
2014	March	0.00%	0.00%
	April	0.00%	0.00%
	May	0.34%	0.00%
	June	2.43%	0.00%
	July	7.88%	0.00%
	August	11.52%	0.00%
	September	13.12%	0.01%
	October	7.52%	0.01%
	November	8.56%	0.12%
	December	11.27%	0.17%
2015	January	10.68%	0.36%
	February	10.71%	0.64%
	March	8.21%	0.44%
	April	8.29%	0.84%
	May	8.12%	0.91%
	June	7.97%	1.04%
	July	7.82%	1.15%
	August	7.41%	1.14%
	September	7.29%	1.09%
	October	7.39%	1.16%
	November	10.15%	1.14%
	December	10.46%	1.26%

Source: EUROSTAT &amp; BIAM (UC3M)

Date: March 27, 2014

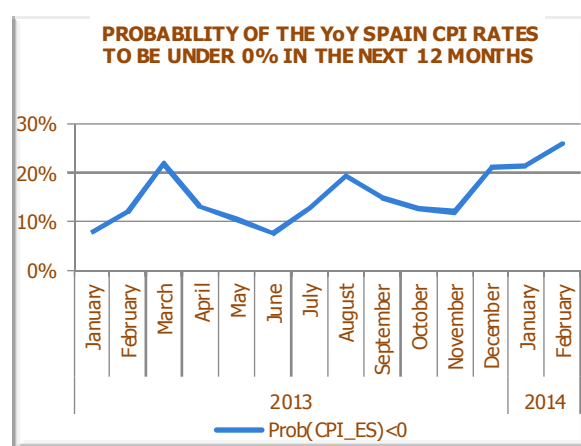
Graph I.4



Source: EUROSTAT &amp; BIAM (UC3M)

Date: March 27, 2014

Graph I.5



Source: INE &amp; BIAM (UC3M)

Date: March 27, 2014





## II. THE ECONOMY IN THE EURO AREA

**Heavy increase in growth expectations in the euro area.**  
**The GDP is expected to grow by 1.4%(±0.9) this year and 1.5%(±1.6) the next.**

**The new IPI forecast for a 2014 has been revised upwards by 1.2 percentage points to an average annual growth rate of 2.9% (±2). For 2015, the revision is by one point to 3.1% (±2.7).**

**Year-on-year inflation could fall by another 0.2 pp in March to 0.5% (±0.1), ending the year at around 1%.**

**Our total inflation forecasts remain practically the same, at 0.8% (±0.55) and 1.3% (±0.99) for 2014 and 2015, respectively.**

Table II.1

MAIN VARIABLES AND INDICATORS IN THE EURO AREA											
Annual average rates											
					Forecasts						
					2014	2015					
					(±0.9)	(±1.6)					
GDP mp. <sup>1</sup>		1.9	1.6	-0.7	-0.4	1.4	1.5				
Demand	Private consumption	1.0	0.3	-1.4	-0.5	0.9	1.3				
	Public consumption	0.6	0.0	-0.6	0.3	0.4	0.9				
	Gross fixed capital formation	-0.6	1.7	-3.9	-3.0	2.4	2.5				
	Construction	-4.5	-0.3	-4.1	-3.9	0.2	0.0				
	Equipment	8.8	3.5	-7.6	-1.8	5.8	6.2				
	Others	4.1	2.6	0.0	-0.3	3.0	5.1				
	Contribution domestic demand*	1.1	0.8	-2.1	-0.9	1.1	1.4				
	Exports of goods and services	11.4	6.6	2.7	1.3	3.8	4.1				
	Imports of goods and services	9.8	4.5	-0.8	0.1	3.5	4.1				
Contribution foreign demand*		0.8	0.8	1.4	0.5	0.2	0.1				
Supply GVA	Agriculture, livestock breeding, forestry, ...	-3.0	0.3	-4.8	-0.2	3.6	0.0				
	Industry	9.3	3.1	-0.9	-0.5	2.5	2.8				
	Manufacturing Industry	10.9	4.9	-1.4	-0.3	3.4	3.9				
	Construction	-5.9	-1.6	-4.0	-3.9	0.0	-0.1				
	Services	0.9	1.7	0.0	0.0	1.2	1.4				
	Market services	0.8	1.9	0.0	-0.2	1.2	1.5				
	Public administration, health and educ.	1.3	1.1	0.1	0.5	1.3	1.3				
	Taxes	1.3	0.1	-1.9	-1.0	0.9	0.4				
Prices (HICP <sup>2</sup> )											
Total						1.6	2.7	2.5	1.4	0.8	1.3
										(±0.5)	(±1)
Core						1.0	1.7	1.8	1.3	1.1	1.2
Processed food						0.9	3.3	3.1	2.2	1.9	2.0
Non-energy industrial goods						0.5	0.8	1.2	0.6	0.4	0.6
Services						1.4	1.8	1.8	1.4	1.3	1.3
Residual						4.7	7.6	5.8	1.8	-0.3	1.9
Non-processed food						1.3	1.8	3.0	3.5	0.2	2.4
Energy						7.4	11.9	7.6	0.6	-0.7	1.5
Industrial production index (excluding construction) <sup>3</sup>											
Total						7.3	3.4	-2.5	-0.7	2.9 (±2)	3.1 (±2.7)
Consumer goods						2.8	1.0	-2.4	-0.5	1.3	1.7
Durables						2.7	0.7	-4.9	-3.5	2.1	5.7
Non-durables						2.9	1.0	-2.1	-0.1	1.3	1.1
Equipment						9.0	8.5	-1.1	-0.5	5.5	5.7
Intermediate						10.0	4.1	-4.5	-1.0	3.4	2.8
Energy						3.9	-4.5	-0.4	-1.1	-3.5	-0.8

The figures in the shaded area are forecasts

(1) Data adjusted for seasonality and working days effect

(1) In brackets are 80% confidence intervals

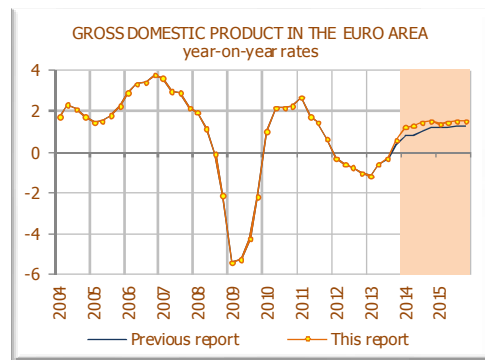
Source: EUROSTAT & BIAM (UC3M)

Date: (1) March 21, 2014

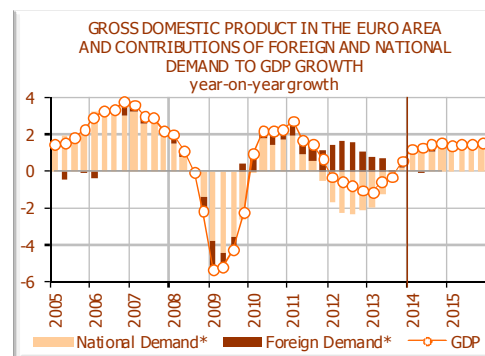
(2) March 27, 2014

(3) March 12, 2014

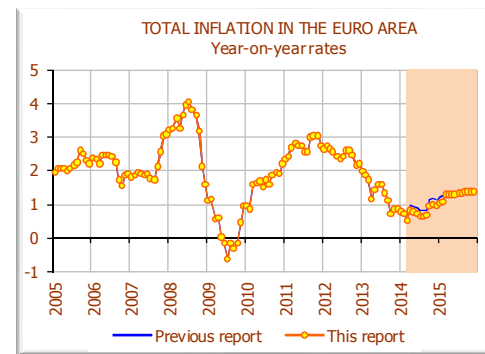
Graph II.1



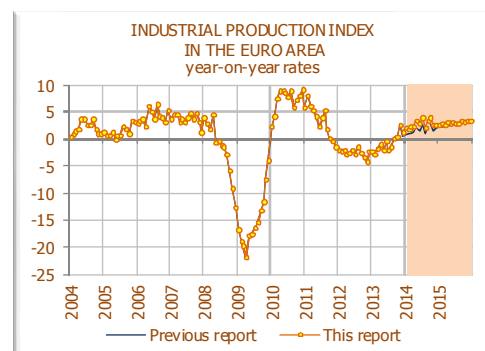
Graph II.2



Graph II.3

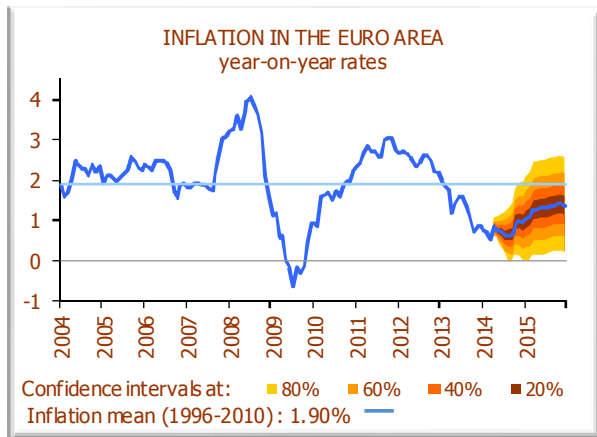


Graph II.4

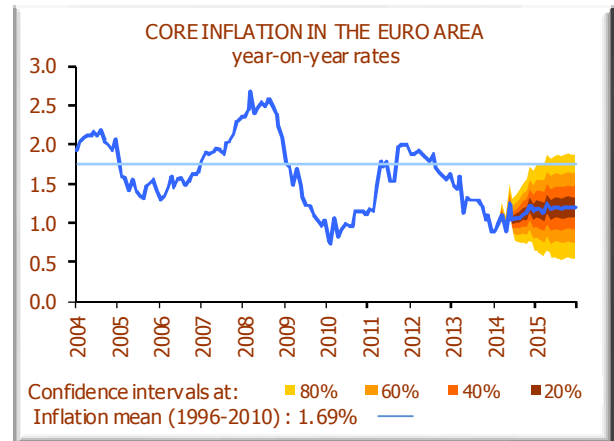




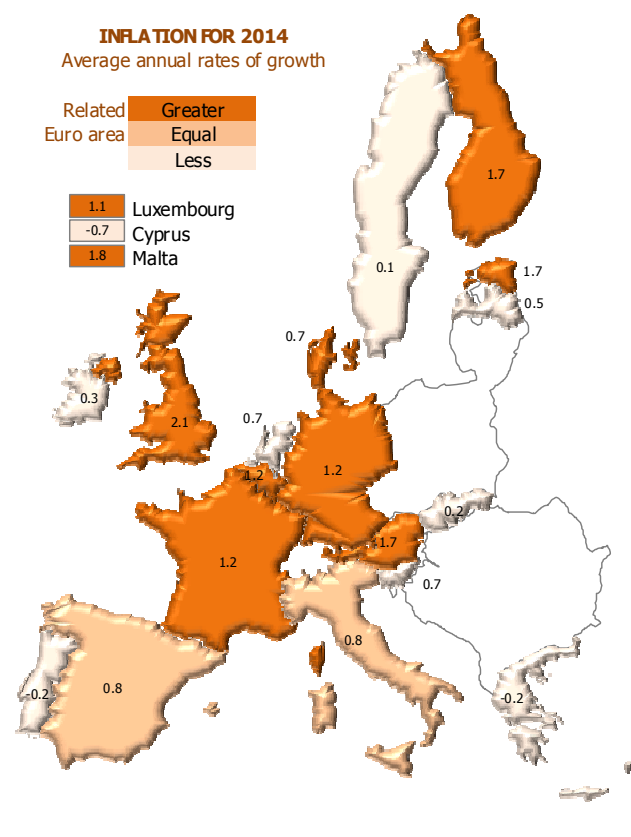
Graph II.5



Graph II.6



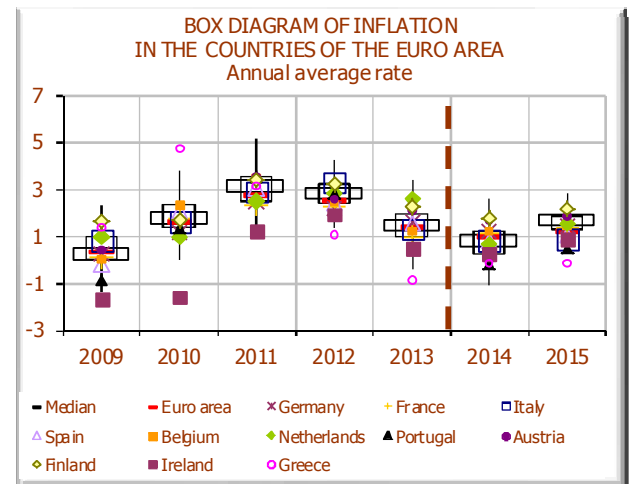
Graph II.7



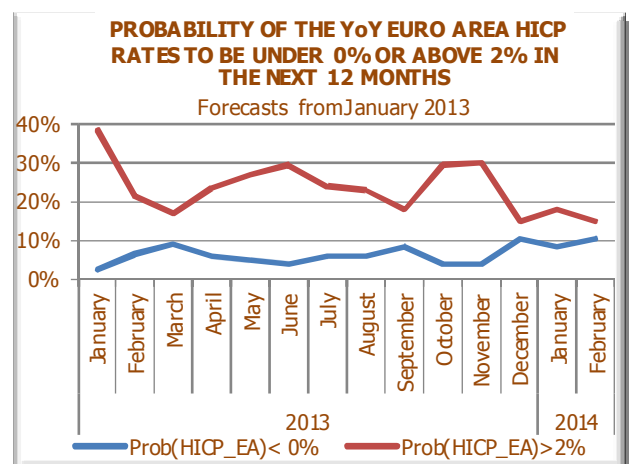
Source: EUROSTAT &amp; BIAM(UC3M)

Date: March 27, 2014

Graph II.8



Graph II.9



## II.1. MACROECONOMIC FORECASTS

The euro area economy grew by a quarterly rate of 0.3%, 0.2 pp more than expected and more than in the third quarter, which led to doubts regarding economic recovery.

This surprise was due to the evolution of the foreign sector and investment.

On the supply side, industrial activities and construction performed better than expected.

The indicators for so far in 2014 are, in general, positive.

The March Economic Sentiment Indicator (ESI) rose by 1.2 points, making 11 consecutive months of growth. All the sub-indicators involved improved, with the best progress found in Spain, Italy, Portugal and Greece.

The manufacturing PMI, however, fell by 0.2 pp to 53, the service PMI by 0.2 pp to 52.4 and the compound PMI by 0.1 pp to 53.2.

January's Industrial Production Index (IPI) adjusted for working days, grew by 2.1%, 1.4 points better than forecast.

By country, Germany registered 4.2% annual growth of industrial production. The figure in Italy was 1.4%, with France registering a 1.4% decline.

The new IPI forecast for 2014 has been revised upwards to an average annual growth rate of 2.9% ( $\pm 2$ ). The forecast for 2015 is 3.1% ( $\pm 2.7$ ). Table II.1.1

Our euro area GDP growth forecast has there been revised for 2014 to an average annual rate of 1.4% ( $\pm 0.9$ ), followed by 1.5% ( $\pm 1.6$ ) in 2015. not only the forecast but also the breakdown are detailed un table II.1, at the beginning of this section.

Household consumption is expected to grow by 0.9% in 2015 and 1.3% in 2015.

The growth rates forecast for public consumption are 0.4% and 0.9%, respectively.

With regards to investment, the forecast fixed gross capital formation has gone from 1.5% to 2.4% for 2014 and from 1.9% to 2.5% for 2015. This improvement is interesting for three reasons.

The first is the importance of productive investment as a long-term growth variable. The second is its importance as tangible evidence of agents' confidence in an economy's future. And the third is because these figures are registered in a context in which credit to the private sector continues to decline.

As for the balance of trade, the positive contribution of the net balance to aggregate growth is still small, from 0.1% to 0.2%.

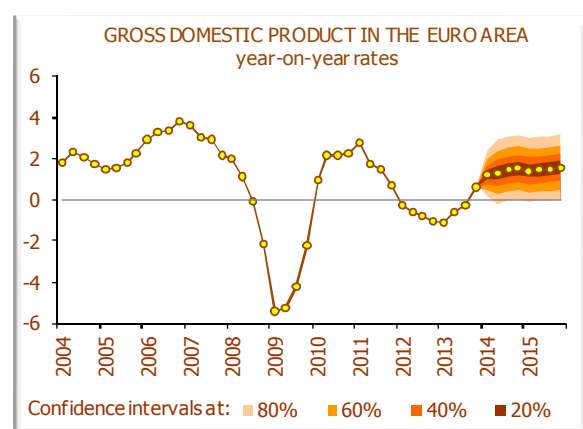
Exports are expected to grow by an average annual rate of around 4%, very close to the average for the last ten years.

These forecasts are based on an expected downwards evolution of the exchange rate, estimated at 1.30 dollars per euro at the end of 2015.

Domestic demand will represent 83% of growth in 2014 and 91% in 2015.

The industrial GVA is expected to grow by 2.4% and 2.5% in 2014 and 2015, respectively. Both public and private services are expected to grow by more than 1% in both years. For construction, however, we forecast zero growth rates in the next two years. Table II.1.3

Graph II.1.1



Source: EUROSTAT & BIAM (UC3M)

Date: March 12, 2014

Table II.1.1

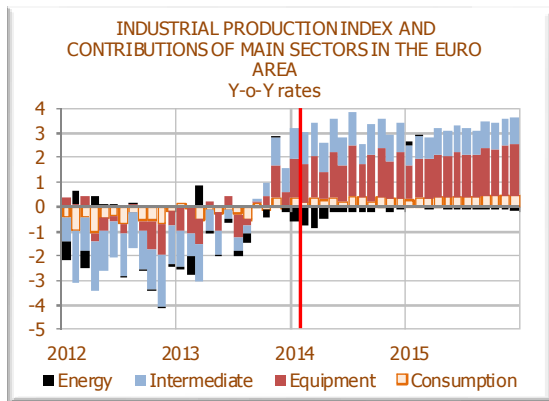
INDUSTRIAL PRODUCTION INDEX IN THE EURO AREA Annual average rates				
	2012	2013	2014	2015
Consumption	-2.4	-0.5	1.3	1.7
Durable	-4.9	-3.5	2.1	5.7
Non-durable	-2.1	-0.1	1.3	1.1
Capital	-1.1	-0.5	5.5	5.7
Intermedite	-4.5	-1.0	3.4	2.8
Enery	-0.4	-1.1	-3.5	-0.8
TOTAL	-2.5	-0.7	2.9 ( $\pm 2$ )	3.1 ( $\pm 2.7$ )

Source: EUROSTAT & BIAM (UC3M)

Date: March 12, 2014



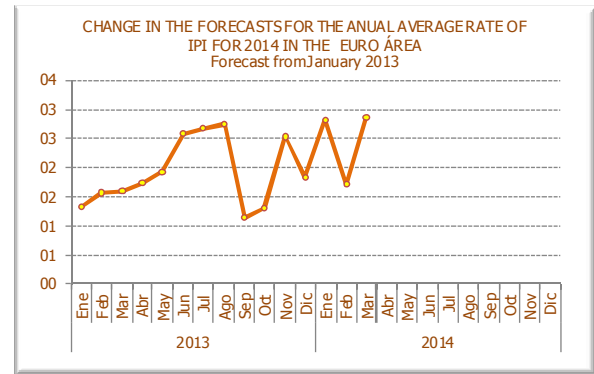
Graph II.1.2



Source: EUROSTAT &amp; BIAM (UC3M)

Date: March 12, 2014

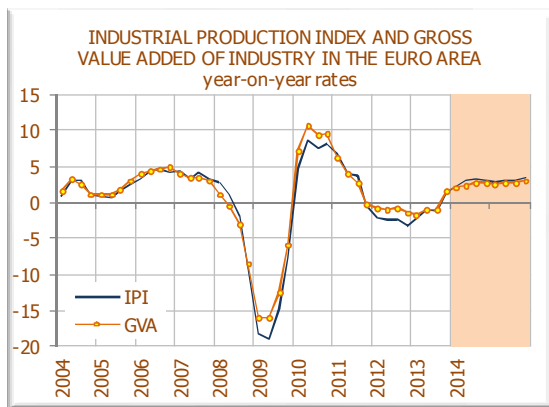
Graph II.1.3



Source: EUROSTAT &amp; BIAM (UC3M)

Date: March 12, 2014

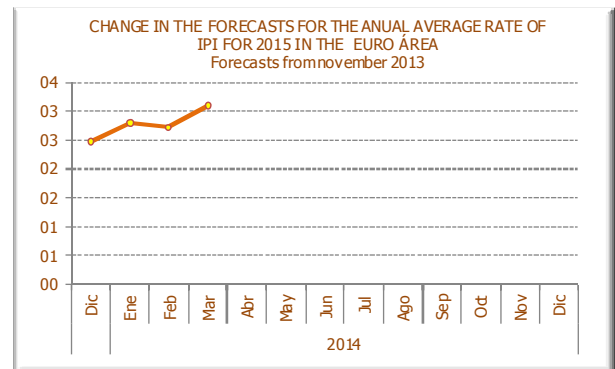
Graph II.1.4



Source: EUROSTAT &amp; BIAM (UC3M)

Date: March 12, 2014

Graph II.1.5



Source: EUROSTAT &amp; BIAM (UC3M)

Date: March 12, 2014



## GROSS DOMESTIC PRODUCT IN THE EURO AREA: DEMAND

Table II.1.2

GROSS DOMESTIC PRODUCT IN THE EURO AREA													
		Final Consumption		Gross Fixed Capital Formation				Domestic Demand (1)	Exports of goods and services	Imports of goods and services	Foreign Demand (1)	Real GDP	
				Construc-tion	Equipment	Other							
		Private	Public										
ANNUAL AVERAGE RATES	2009	-0.8	2.6	-9.7	-22.2	-5.2	-12.6	-3.5	-12.1	-10.6	-0.8	-4.3	
	2010	1.0	0.6	-4.5	8.8	4.1	-0.6	1.1	11.4	9.8	0.8	1.9	
	2011	0.3	0.0	-0.3	3.5	2.6	1.7	0.8	6.6	4.5	0.8	1.6	
	2012	-1.4	-0.6	-4.1	-7.6	0.0	-3.9	-2.1	2.7	-0.8	1.4	-0.7	
	2013	-0.5	0.3	-3.9	-1.8	-0.3	-3.0	-0.9	1.3	0.1	0.5	-0.4	
	2014	0.9	0.4	0.2	5.8	3.0	2.4	1.1	3.8	3.5	0.2	1.4 (±0.9)	
	2015	1.3	0.9	0.0	6.2	5.1	2.5	1.4	4.1	4.1	0.1	1.5 (±1.6)	
Y-o-Y rates	2012	I	-1.3	-0.4	-3.6	-5.0	0.5	-2.8	-1.7	2.9	-0.7	1.5	-0.3
		II	-1.2	-0.7	-4.0	-7.6	0.3	-3.8	-2.3	3.4	-0.8	1.7	-0.6
		III	-1.6	-0.5	-3.8	-8.7	0.1	-4.2	-2.3	2.8	-1.0	1.6	-0.8
		IV	-1.4	-0.7	-4.9	-9.2	-0.8	-4.8	-2.1	1.9	-0.8	1.1	-1.0
	2013	I	-1.3	-0.1	-5.9	-7.3	-1.2	-5.6	-1.9	0.1	-1.9	0.8	-1.1
		II	-0.6	0.2	-4.5	-2.3	-0.4	-3.5	-1.2	1.5	-0.1	0.7	-0.6
		III	-0.4	0.6	-3.2	0.3	-0.6	-2.5	-0.4	0.8	0.6	0.1	-0.3
		IV	0.4	0.4	-1.8	2.3	0.8	-0.4	0.2	2.7	1.9	0.4	0.6
	2014	I	0.7	0.3	0.5	5.0	1.2	2.0	1.0	4.4	3.9	0.3	1.2
		II	0.8	0.4	0.7	5.6	2.7	2.6	1.3	3.0	3.1	0.0	1.3
		III	1.1	0.3	-0.1	6.5	3.8	2.7	1.1	4.1	3.2	0.4	1.5
		IV	1.2	0.7	-0.2	6.0	4.4	2.3	1.5	3.8	3.8	0.1	1.5
	2015	I	1.2	0.8	-0.2	6.1	4.7	2.3	1.3	4.1	4.1	0.1	1.4
		II	1.3	0.9	0.0	5.9	5.0	2.4	1.4	4.1	4.1	0.1	1.4
		III	1.3	0.9	0.1	6.1	5.2	2.5	1.4	4.1	4.1	0.1	1.5
		IV	1.3	1.0	0.3	6.5	5.4	2.8	1.5	4.1	4.1	0.1	1.6

Table II.1.3

GROSS DOMESTIC PRODUCT IN THE EURO AREA													
		Final Consumption		Gross Fixed Capital Formation					Domestic Demand (1)	Exports of goods and services	Imports of goods and services	Foreign Demand (1)	Real GDP
		Private	Public	Construc-tion	Equipment	Other							
ANNUAL AVERAGE RATES	2009	-0.8	2.6	-9.7	-22.2	-5.2	-12.6	-3.5	-12.1	-10.6	-0.8	-4.3	
	2010	1.0	0.6	-4.5	8.8	4.1	-0.6	1.1	11.4	9.8	0.8	1.9	
	2011	0.3	0.0	-0.3	3.5	2.6	1.7	0.8	6.6	4.5	0.8	1.6	
	2012	-1.4	-0.6	-4.1	-7.6	0.0	-3.9	-2.1	2.7	-0.8	1.4	-0.7	
	2013	-0.5	0.3	-3.9	-1.8	-0.3	-3.0	-0.9	1.3	0.1	0.5	-0.4	
	2014	0.9	0.4	0.2	5.8	3.0	2.4	1.1	3.8	3.5	0.2	1.4 (±0.9)	
	2015	1.3	0.9	0.0	6.2	5.1	2.5	1.4	4.1	4.1	0.1	1.5 (±1.6)	
Q-on-Q rates	2012	I	-0.3	-0.4	-1.2	-3.4	0.9	-1.1	-0.5	0.9	0.0	0.4	-0.1
		II	-0.5	-0.3	-1.8	-3.7	-1.1	-1.9	-0.7	0.9	-0.2	0.4	-0.3
		III	-0.1	-0.1	-0.6	-2.2	0.3	-0.6	-0.3	0.7	0.3	0.2	-0.1
		IV	-0.6	0.0	-1.4	-0.3	-0.8	-1.2	-0.6	-0.6	-0.8	0.1	-0.6
	2013	I	-0.1	0.3	-2.3	-1.3	0.5	-2.0	-0.3	-0.9	-1.2	0.1	-0.2
		II	0.2	0.0	-0.2	1.4	-0.3	0.2	0.0	2.3	1.7	0.3	0.3
		III	0.1	0.4	0.7	0.4	0.1	0.4	0.6	0.0	0.9	-0.4	0.2
		IV	0.2	-0.3	0.1	1.8	0.6	0.9	-0.1	1.3	0.4	0.3	0.3
	2014	I	0.2	0.2	0.0	1.3	0.9	0.5	0.4	0.7	0.8	0.0	0.4
		II	0.3	0.2	-0.1	2.0	1.1	0.8	0.4	1.0	1.0	0.0	0.4
		III	0.3	0.2	-0.1	1.3	1.1	0.5	0.3	1.0	1.0	0.0	0.4
		IV	0.3	0.2	0.0	1.3	1.2	0.5	0.3	1.0	1.0	0.0	0.3
	2015	I	0.3	0.2	0.0	1.3	1.2	0.5	0.3	1.0	1.0	0.0	0.3
		II	0.3	0.2	0.1	1.9	1.4	0.8	0.4	1.0	1.0	0.0	0.4
		III	0.3	0.3	0.1	1.5	1.3	0.7	0.4	1.0	1.0	0.0	0.4
		IV	0.3	0.3	0.1	1.6	1.4	0.8	0.4	1.0	1.0	0.0	0.4

Data adjusted for seasonality and working days effect

The figures in the shaded area are forecasts

(1) Contribution to GDP growth

(2) In brackets are 80% confidence intervals

\*Year-on-year rates

Source: EUROSTAT &amp; BIAM (UC3M)

Date: March 21, 2014



## GROSS DOMESTIC PRODUCT IN THE EURO AREA: SUPPLY

Table II.1.4

GROSS DOMESTIC PRODUCT IN THE EURO AREA											
		Agriculture, livestoch breeding, forestry...	Industry		Construction	Services			Taxes	Real GDP	
			Manufacturing industry			Market services	Public administration, ...				
ANNUAL AVERAGE RATES	2009	1.6	-15.1	-12.6	-7.6	-2.9	1.5	-1.7	-4.2	-4.3	
	2010	-3.0	10.9	9.3	-5.9	0.8	1.3	0.9	1.3	1.9	
	2011	0.3	4.9	3.1	-1.6	1.9	1.1	1.7	0.1	1.6	
	2012	-4.8	-1.4	-0.9	-4.0	0.0	0.1	0.0	-1.9	-0.7	
	2013	-0.2	-0.3	-0.5	-3.9	-0.2	0.5	0.0	-1.0	-0.4	
	2014	3.6	3.4	2.5	0.0	1.2	1.3	1.2	0.9	1.4 (±0.9)	
	2015	0.0	3.9	2.8	-0.1	1.5	1.3	1.4	0.4	1.5 (±1.6)	
Y-o-Y rates	2012	I	-1.0	8.7	6.4	-1.2	2.3	1.2	2.0	3.2	-0.3
		II	0.7	5.5	3.9	-2.8	2.1	1.2	1.8	0.2	-0.6
		III	1.0	4.3	2.8	-2.1	2.0	1.1	1.7	-1.0	-0.8
		IV	0.5	1.2	-0.3	-0.1	1.5	1.0	1.4	-1.9	-1.0
	2013	I	-2.0	-0.9	-0.7	-3.5	0.6	0.3	0.5	-1.7	-1.1
		II	-4.4	-1.4	-1.0	-3.6	0.2	0.0	0.2	-2.0	-0.6
		III	-6.2	-1.2	-0.8	-3.7	-0.2	-0.2	-0.2	-1.7	-0.3
		IV	-6.7	-1.9	-1.4	-5.3	-0.5	0.2	-0.3	-2.0	0.6
	2014	I	-2.6	-1.9	-1.7	-5.2	-0.8	0.4	-0.5	-2.4	1.2
		II	-0.9	-0.5	-0.9	-4.9	-0.3	0.4	-0.1	-0.8	1.3
		III	0.4	-0.7	-0.9	-3.8	0.0	0.6	0.1	-0.5	1.5
		IV	2.4	2.0	1.6	-1.6	0.5	0.6	0.5	-0.3	1.5
	2015	I	0.5	3.7	2.7	-0.3	1.4	1.3	1.4	0.5	1.4
		II	-0.1	3.8	2.7	-0.2	1.5	1.3	1.4	0.5	1.4
		III	-0.5	3.9	2.8	-0.1	1.5	1.4	1.5	0.4	1.5
		IV	0.2	4.2	3.1	0.0	1.6	1.4	1.5	0.4	1.6

Table II.1.5

GROSS DOMESTIC PRODUCT IN THE EURO AREA											
		Agriculture, livestoch breeding, forestry...	Industry		Construction	Services			Taxes	Real GDP	
			Manufacturing industry			Market services	Public administration, ...				
ANNUAL AVERAGE RATES	2009	1.6	-15.1	-12.6	-7.6	-2.9	1.5	-1.7	-4.2	0.2	
	2010	-3.0	10.9	9.3	-5.9	0.8	1.3	0.9	1.3	-4.3	
	2011	0.3	4.9	3.1	-1.6	1.9	1.1	1.7	0.1	1.9	
	2012	-4.8	-1.4	-0.9	-4.0	0.0	0.1	0.0	-1.9	-0.7	
	2013	-0.2	-0.3	-0.5	-3.9	-0.2	0.5	0.0	-1.0	-0.4	
	2014	3.6	3.4	2.5	0.0	1.2	1.3	1.2	0.9	1.4 (±0.9)	
	2015	0.0	3.9	2.8	-0.1	1.5	1.3	1.4	0.4	1.5 (±1.6)	
Q-on-Q rates	2012	I	-3.4	0.2	0.4	-1.2	0.0	-0.3	-0.1	0.2	-0.1
		II	-1.7	-0.6	-0.2	-1.3	-0.2	0.1	-0.1	-1.0	-0.3
		III	-1.4	0.3	0.2	-1.2	-0.1	0.0	-0.1	-0.5	-0.1
		IV	-0.4	-1.8	-1.7	-1.8	-0.3	0.4	-0.1	-0.7	-0.6
	2013	I	0.8	0.2	0.0	-1.1	-0.3	-0.1	-0.2	-0.2	-0.2
		II	0.1	0.9	0.7	-1.0	0.3	0.1	0.3	0.6	0.3
		III	-0.1	0.1	0.2	0.0	0.2	0.3	0.2	-0.2	0.2
		IV	1.6	0.8	0.7	0.5	0.2	0.4	0.2	-0.5	0.3
	2014	I	1.8	1.1	0.4	0.0	0.4	0.4	0.4	1.0	0.4
		II	0.6	1.1	0.9	-0.1	0.3	0.3	0.3	0.1	0.4
		III	0.6	0.8	0.7	-0.1	0.3	0.3	0.3	0.2	0.4
		IV	-0.6	0.8	0.7	-0.1	0.4	0.3	0.4	0.1	0.3
	2015	I	-0.1	0.9	0.3	0.0	0.4	0.4	0.4	0.1	0.3
		II	0.1	1.2	1.0	0.0	0.4	0.3	0.4	0.1	0.4
		III	0.1	0.9	0.8	0.0	0.4	0.3	0.4	0.1	0.4
		IV	0.1	1.1	0.9	0.0	0.4	0.3	0.4	0.1	0.4

Data adjusted for seasonality and working days effect

The figures in the shaded area are forecasts

(1) Contribution to GDP growth

(2) In brackets are 80% confidence intervals

\* Year-on-year rates

Source: EUROSTAT &amp; BIAM (UC3M)

Date: March 21, 2014



## INDUSTRIAL PRODUCTION INDEX IN THE EURO AREA

Table II.1.6

INDUSTRIAL PRODUCTION INDEX AND SECTORS IN THE EURO AREA										
		Consumer Goods								
		Durable	Non Durable	Total	Capital Goods	Intermediate Goods	Energy	Total excluding energy	TOTAL	
ANNUAL AVERAGE RATES	2009	-17.4	-3.4	-5.4	-21.2	-19.7	-5.1	-16.3	-15.1	
	2010	2.7	2.9	2.8	9.0	10.0	3.9	7.8	7.3	
	2011	0.7	1.0	1.0	8.5	4.1	-4.5	4.4	3.4	
	2012	-4.9	-2.1	-2.4	-1.1	-4.5	-0.4	-2.7	-2.5	
	2013	-3.5	-0.1	-0.5	-0.5	-1.0	-1.1	-0.7	-0.7	
	2014	2.1	1.3	1.3	5.5	3.4	-3.5	3.6	2.9 (±2)	
	2015	5.7	1.1	1.7	5.7	2.8	-0.8	3.5	3.1 (±2.7)	
Y-o-Y rates	2012	I	-3.6	-2.5	-2.7	1.1	-4.1	-2.4	-2.0	-2.0
		II	-4.8	-2.4	-2.7	-1.2	-4.6	2.0	-2.8	-2.4
		III	-5.6	-1.8	-2.2	-0.9	-4.3	-0.3	-2.5	-2.3
		IV	-5.4	-1.7	-2.2	-3.3	-5.1	-0.5	-3.6	-3.3
	2013	I	-4.5	-0.4	-0.8	-3.4	-3.6	0.0	-2.6	-2.2
		II	-3.9	-0.2	-0.7	-0.1	-2.0	-1.2	-1.0	-1.0
		III	-3.5	-0.6	-0.9	-1.3	-0.7	-2.0	-1.0	-1.1
		IV	-2.2	0.8	0.3	2.5	2.6	-1.6	1.9	1.5
	2014	I	0.4	1.5	1.3	5.6	3.7	-6.1	3.3	2.1
		II	1.5	1.2	1.2	4.8	3.4	-3.5	3.7	3.0
		III	2.7	1.4	1.3	6.0	3.2	-2.4	4.0	3.3
		IV	3.9	1.1	1.5	5.8	3.4	-1.4	3.6	3.1
	2015	I	4.6	0.9	1.3	5.1	2.5	0.3	3.1	2.7
		II	5.4	1.1	1.7	5.6	2.8	-1.0	3.5	3.1
		III	6.3	1.1	1.7	5.9	2.9	-1.2	3.6	3.1
		IV	6.4	1.2	2.0	6.3	3.1	-1.2	4.0	3.4

\* In brackets are 80% confidence intervals

Source: EUROSTAT &amp; BIAM (UC3M)

Date: March 12, 2014



## INDUSTRIAL PRODUCTION INDEX IN THE EURO AREA

Table II.1.7

INDUSTRIAL PRODUCTION INDEX IN THE EURO AREA							
Y-o-Y rates							
	2009	2010	2011	2012	2013	2014	2015
January	-16.6	2.3	6.0	-1.9	-2.3	2.1	2.7
February	-18.8	4.4	8.0	-2.1	-2.8	1.8	2.9
March	-19.6	7.5	6.2	-2.0	-1.6	2.3	2.7
April	-21.8	9.0	5.4	-2.7	-0.8	2.3	3.1
May	-17.7	8.8	4.3	-2.5	-1.9	3.6	3.0
June	-17.3	8.5	2.3	-1.9	-0.3	3.1	3.1
July	-16.2	7.9	4.1	-2.7	-2.0	3.9	3.1
August	-15.2	9.0	5.5	-1.4	-1.5	2.2	3.0
September	-13.2	6.0	1.8	-2.6	0.2	3.6	3.3
October	-11.4	7.3	0.3	-3.3	0.4	3.9	3.3
November	-7.3	8.2	-0.3	-4.1	2.8	2.7	3.4
December	-3.8	9.1	-1.5	-2.3	1.2	2.7	3.4

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: March 12, 2014

Table II.1.8

IPI ERRORS IN THE EURO AREA					
year-on-year rates, January 2014					
	Weights	Observed	Forecast	Δ Revision dic-13	Error
Durable goods	3	1.2	-1.4	0.0	2.6
Non-durables goods	20	1.4	-0.7	1.0	2.1
TOTAL CONSUMPTION	24	1.5	-0.9	1.2	2.4
Equipment	28	5.8	2.6	2.1	3.3
Intermediate	36	3.7	2.1	-0.2	1.5
Energy	12	-4.6	-0.2	0.2	-4.3
TOTAL	100	2.1	0.7	0.7	1.4

Table II.1.9

CHANGE IN THE FORECASTS FOR IP IN THE EURO AREA			
Average annual rate, 2014			
	Forecasts with observed data till:		
	dic-13	ene-14	Change
Durable consumption	0.6	2.1	1.5 ↑
Non-durable consumption	0.2	1.3	1.1 ↑
Total consumption	0.2	1.3	1.1 ↑
Equipment	2.9	5.5	2.6 ↑
Intermediate	2.5	3.4	0.9 ↑
Energy	-1.2	-3.5	-2.3 ↓
<b>TOTAL</b>	<b>1.72</b>	<b>2.87</b>	<b>1.15 ↑</b>

Source: EUROSTAT & BIAM (UC3M)

Date: March 12, 2014





## II.2. INFLATION

In February, the year-on-year euro area HICP was 0.7%, 0.1 pp less than EUROSTAT's flash estimate, but in line with our forecasts. The monthly variation was 0.3%.

With regards to core inflation, and consistent with our forecast, year-on-year growth was 1.1%. We expect it to continue at less than 1.3% until December 2015.

This month's most important forecasting errors were upwards in non-energy industrial goods and downwards in unprocessed food. The upwards movement in non-energy industrial goods was due to apparel and footwear. In the case of unprocessed food, the error is within the normal 80% confidence interval.

The innovations in other groups were not significant, and our expectations remain practically unaltered.

The total CPI forecasts have hardly changed. For 2014, it has been revised downwards by 0.5 pp, going from 0.9% to 0.8% ( $\pm 0.55$ ). For 2015 it

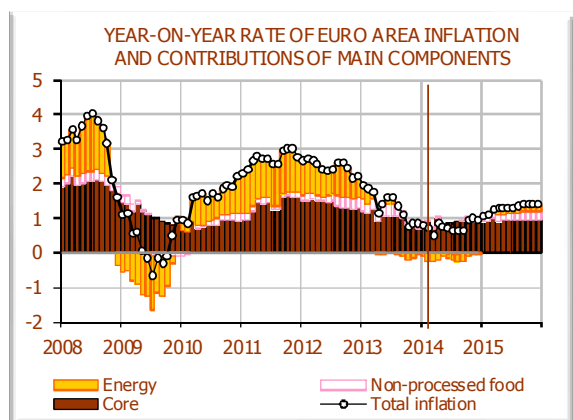
has been revised upwards so little that it remains at 1.3% ( $\pm 0.99$ ).

In the short term, the year-on-year total inflation rate could fall by another 0.2 pp to 0.5% ( $\pm 0.12$ ) next month. The change in the Easter calendar and the evolution of energy prices will be responsible for this. After April, it will rise slightly to 1.0% by December 2014 and 1.4% by December 2015. Table II.2.5

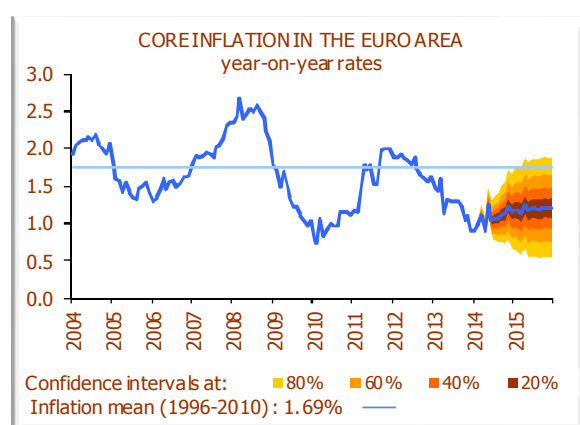
Our forecasts, then, describe a scenario of low inflation, but not deflation. The probability of seeing negative inflation in the next 12 months has not increased since January 2013 (see graph II.2.4).

With regards to monetary policy, the moderate growth in domestic demand does not support a rate increase in the short or medium terms. The stability of the 12-month Euribor rate since 2012 shows that the markets do not expect a change either. In this case, the ECB can be expected to maintain its current position in the short term.

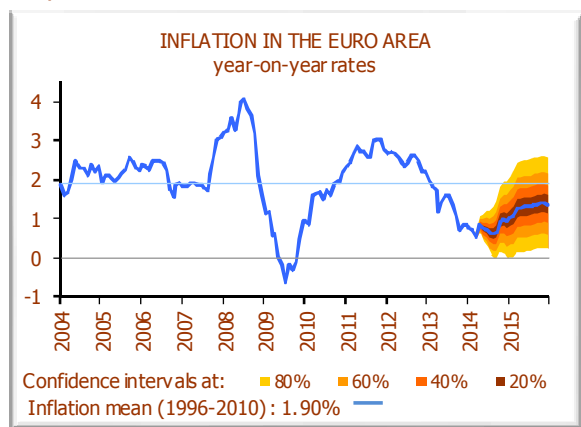
Graph II.2.1



Graph II.2.3



Graph II.2.2



Source: EUROSTAT & BIAM(UC3M)  
Date: March 27, 2014

Table II.2.1

INFLATION IN THE EURO AREA*						
HICP	Annual rates		Annual average rates			
	2014		2012	2013	2014	2015
	February	March				
Core	1.1	0.9 ( $\pm 0.14$ )	1.8	1.3	1.1 ( $\pm 0.25$ )	1.2 ( $\pm 0.59$ )
81.71%						
Total	0.7	0.5 ( $\pm 0.12$ )	2.5	1.4	0.8 ( $\pm 0.46$ )	1.3 ( $\pm 0.99$ )
100%						

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

(1) Year-on-year rate anterior

(2) Yearly average rate

Source: EUROSTAT & BIAM(UC3M)

Date: March 27, 2014



## FORECASTS ERRORS BY SECTORS IN THE EURO AREA,

Table II.2.2

INFLATION IN THE EURO AREA Annual rates, February, 2014				
Harmonized Index of Consumer Prices HICP	Weights 2014	Observed	Forecasts	Confidence Intervals*
Processed Food	122.72	1.83	2.01	± 0,38
Tobacco	23.94	4.10	3.94	
Processed food excluding tobacco	98.78	1.27	1.53	
Non-energy Industrial goods	266.60	0.44	0.24	± 0,21
Services	427.76	1.29	1.22	± 0,14
<b>CORE</b>	<b>817.08</b>	<b>1.11</b>	<b>1.04</b>	± 0,13
Non-processed food	74.85	0.94	1.72	± 0,72
Energy	108.07	-2.33	-2.58	± 0,86
<b>RESIDUAL</b>	<b>182.92</b>	<b>-1.03</b>	<b>-0.87</b>	± 0,57
<b>TOTAL</b>	<b>1000</b>	<b>0.71</b>	<b>0.68</b>	± 0,12

\* Confidence intervals at 80% calculated with historical errors

Table II.2.3

INFLATION IN THE EURO AREA Monthly rates, February, 2014				
Harmonized Index of Consumer Prices HICP	Weights 2014	Observed	Forecasts	Confidence Intervals*
Processed Food	122.72	0.08	0.27	± 0,38
Tobacco	23.94	0.35	0.25	
Processed food excluding tobacco	98.78	0.01	0.27	
Non-energy Industrial goods	266.60	0.42	0.21	± 0,21
Services	427.76	0.51	0.44	± 0,14
<b>CORE</b>	<b>817.08</b>	<b>0.41</b>	<b>0.34</b>	± 0,13
Non-processed food	74.85	-0.45	0.31	± 0,72
Energy	108.07	0.06	-0.20	± 0,86
<b>RESIDUAL</b>	<b>182.92</b>	<b>-0.15</b>	<b>0.01</b>	± 0,57
<b>TOTAL</b>	<b>1000</b>	<b>0.30</b>	<b>0.28</b>	± 0,12

\* Confidence intervals at 80% calculated with historical errors

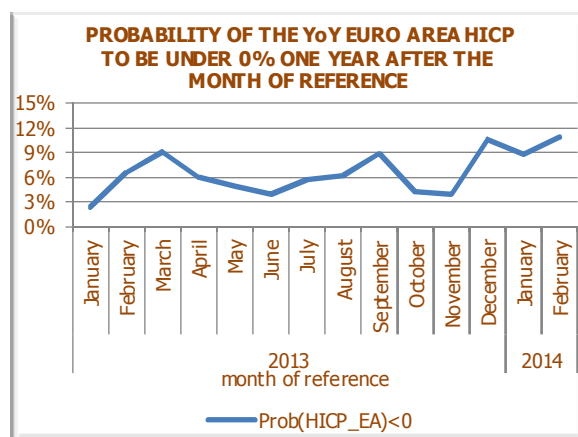
Table II.2.4

PROBABILITY OF THE YEAR-ON-YEAR EURO AREA TOTAL AND CORE HICP FORECASTS TO BE UNDER ZERO			
		Prob (HICP_Total<0)	Prob (CORE<0)
2014	March	0.00%	0.00%
	April	0.00%	0.00%
	May	0.34%	0.00%
	June	2.43%	0.00%
	July	7.88%	0.00%
	August	11.52%	0.00%
	September	13.12%	0.01%
	October	7.52%	0.01%
	November	8.56%	0.12%
	December	11.27%	0.17%
2015	January	10.68%	0.36%
	February	10.71%	0.64%
	March	8.21%	0.44%
	April	8.29%	0.84%
	May	8.12%	0.91%
	June	7.97%	1.04%
	July	7.82%	1.15%
	August	7.41%	1.14%
	September	7.29%	1.09%
	October	7.39%	1.16%
	November	10.15%	1.14%
	December	10.46%	1.26%

Source: EUROSTAT, INE &amp; BIAM(UC3M)

Date: March 17, 2014

Graph II.2.4



Source: EUROSTAT &amp; BIAM(UC3M)

Date: March 27, 2014



Table II.2.5

HARMONIZED INDEX OF CONSUMER PRICES AND COMPONENTS IN THE EURO AREA														
Annual rates of growth														
		HICP												
		Core				TOTAL80 % Confidence Intervals*			Residual		TOTAL80 % Confidence Intervals*			
		Processed food excluding tobacco	Tobacco	Non energy industrial goods	Services				Non processed food	Energy			TOTAL	
Weights 2014		9.9%	2.4%	26.7%	42.8%	81.7%			7.5%	10.8%	18.3%			
ANNUAL AVERAGE RATE	2005	0.5	7.8	0.3	2.3	1.5			0.8	10.1	5.7	2.2		
	2006	1.6	3.9	0.6	2.0	1.5			2.8	7.7	5.5	2.2		
	2007	2.3	4.5	1.0	2.5	2.0			3.0	2.6	2.8	2.1		
	2008	6.8	3.2	0.8	2.6	2.4			3.5	10.3	7.3	3.3		
	2009	0.2	4.7	0.6	2.0	1.3			0.2	-8.1	-4.5	0.3		
	2010	-0.2	5.5	0.5	1.4	1.0			1.3	7.4	4.7	1.6		
	2011	2.8	5.1	0.8	1.8	1.7			1.8	11.9	7.6	2.7		
	2012	2.6	5.2	1.2	1.8	1.8			3.0	7.6	5.8	2.5		
	2013	1.7	4.4	0.6	1.4	1.3			3.5	0.6	1.8	1.4		
	2014	1.3	4.0	0.4	1.3	1.1	± 0.25		0.2	-1.4	-0.7	0.8	± 0.46	
	2015	1.4	4.6	0.6	1.3	1.2	± 0.59		2.4	1.3	1.8	1.3	± 0.99	
ANNUAL RATES (year-on-year rates)	2013	January	1.7	4.7	0.8	1.6	1.5			4.8	3.9	4.2	2.0	
		February	1.7	4.6	0.8	1.5	1.4			3.5	3.9	3.7	1.8	
		March	1.6	4.7	1.0	1.8	1.6			3.5	1.7	2.4	1.7	
		April	1.6	4.1	0.8	1.1	1.1			4.2	-0.4	1.4	1.2	
		May	1.7	3.8	0.8	1.5	1.3			5.1	-0.2	1.9	1.4	
		June	1.8	3.7	0.7	1.4	1.3			5.0	1.6	3.0	1.6	
		July	1.9	4.9	0.4	1.4	1.3			5.1	1.6	3.0	1.6	
		August	1.8	5.4	0.4	1.4	1.3			4.4	-0.3	1.5	1.3	
		September	1.7	5.4	0.4	1.4	1.2			2.9	-0.9	0.5	1.1	
		October	1.7	4.0	0.3	1.2	1.0			1.4	-1.7	-0.5	0.7	
		November	1.5	4.0	0.2	1.4	1.1			0.9	-1.1	-0.3	0.9	
		December	1.5	4.0	0.3	1.0	0.9			1.5	0.0	0.6	0.8	
	2014	January	1.5	3.9	0.2	1.2	1.0			1.3	-1.2	-0.2	0.8	
		February	1.3	4.1	0.4	1.3	1.1			0.9	-2.3	-1.0	0.7	
		March	1.4	3.8	0.3	1.0	0.9	± 0.14		0.6	-2.3	-1.2	0.5	± 0.12
		April	1.4	4.0	0.3	1.7	1.3	± 0.19		0.1	-1.9	-1.0	0.8	± 0.25
		May	1.3	4.2	0.3	1.3	1.0	± 0.23		-0.4	-0.6	-0.5	0.7	± 0.35
		June	1.3	4.5	0.3	1.3	1.1	± 0.27		-1.0	-0.6	-0.8	0.7	± 0.47
		July	1.3	3.6	0.3	1.3	1.1	± 0.31		-1.0	-1.4	-1.2	0.6	± 0.58
		August	1.3	3.4	0.5	1.3	1.1	± 0.34		-0.9	-1.9	-1.5	0.6	± 0.68
		September	1.3	3.5	0.6	1.3	1.1	± 0.39		0.2	-2.3	-1.3	0.7	± 0.77
		October	1.2	4.1	0.6	1.5	1.2	± 0.43		0.9	-1.0	-0.2	1.0	± 0.86
		November	1.2	4.4	0.6	1.3	1.1	± 0.48		1.3	-0.2	0.4	1.0	± 0.94
		December	1.3	4.7	0.6	1.3	1.2	± 0.51		0.9	-0.7	-0.1	1.0	± 1.01
	2015	January	1.2	4.7	0.5	1.4	1.2	± 0.55		0.9	0.2	0.5	1.0	± 1.07
		February	1.4	4.6	0.4	1.3	1.1	± 0.59		1.8	0.2	0.9	1.1	± 1.12
		March	1.3	4.6	0.6	1.4	1.2	± 0.61		2.1	1.0	1.4	1.3	± 1.17
		April	1.3	4.6	0.6	1.3	1.2	± 0.62		2.1	1.6	1.8	1.3	± 1.19
		May	1.4	4.6	0.6	1.3	1.2	± 0.65		2.0	1.6	1.8	1.3	± 1.19
		June	1.4	4.6	0.6	1.3	1.2	± 0.66		2.3	1.5	1.8	1.3	± 1.19
		July	1.4	4.6	0.5	1.3	1.2	± 0.67		2.5	1.5	1.9	1.3	± 1.19
		August	1.5	4.7	0.6	1.3	1.2	± 0.67		2.8	1.6	2.1	1.4	± 1.19
		September	1.5	4.7	0.6	1.3	1.2	± 0.68		3.0	1.6	2.2	1.4	± 1.19
		October	1.5	4.5	0.6	1.3	1.2	± 0.67		3.3	1.6	2.3	1.4	± 1.19
		November	1.5	4.5	0.6	1.3	1.2	± 0.67		3.3	1.6	2.3	1.4	± 1.19
		December	1.5	4.5	0.6	1.3	1.2	± 0.67		3.3	1.6	2.3	1.4	± 1.19

\* Confidence intervals calculated with historical errors

The figures in the shaded area are forecasts

Source: EUROSTAT &amp; BIAM(UC3M)

Date: March 27, 2014



Table II.2.6

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

\*The figures in the shaded area are forecasts

Source: EUROSTAT &amp; BIAM(UC3M)

Date: March 27, 2014



Table II.2.7

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

\* The figures in the shaded area are forecasts

Source: EUROSTAT &amp; BIAM(UC3M)

Date: March 27, 2014



Table II.2.8

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

\*The figures in the shaded area are forecasts

Source: EUROSTAT &amp; BIAM(UC3M)

Date: March 27, 2014



## II.3. MONETARY POLICY

In February 2014, the year-on-year euro area HICP was 0.7%, 0.1 pp less than in January, in line with our forecast. However, the forecast for average annual inflation in 2014 fell by 0.1 pp to 0.8% ( $\pm 0.46$ ) and remains stable at 1.3% ( $\pm 0.99$ ) for 2015, as shown in table II.3.1.

For both years, our forecasts are far from the ECB target: 1.2 points for 2014 and 0.7 for 2015, with low likelihood of reaching the 2% target (0.03% and 18.2%, respectively). The deflationist hypothesis is also unlikely (1.7% and 4.7% for 2014 and 2015, respectively.)

The ECB has decided to maintain leading financing operations at 0.25% and taken no further unconventional steps. The perception is that inflation risks in the medium term are limited, and that inflation expectations are in line with the target, lower than but close to 2%.

The fact that the Federal Reserve approved a new 10 mm dollar reduction in the purchase of financial assets and withdrew the unemployment rate as the sole reference does not appear to have given rise to an ECB intervention to relieve the dollar's upwards pressure versus the euro.

The Eonia interbank rate continues to move farther away from the ECB deposit rate (graph II.3.1) –showing some reactivation of interbank market operations–, and the February figures confirm weak growth of credit, as shown by the M3 aggregate, the year-on-year rate of which grew by 0.1 pp to 1.3%.

In February, the year-on-year growth rate of credit to the private sector grew by 0.1 pp to -2.2%. Loans to non-financial firms fell more than in January, 0.1 pp to -3.0%. Household loans grew by a mere 0.1 pp to -0.1% (graph II.3.2).

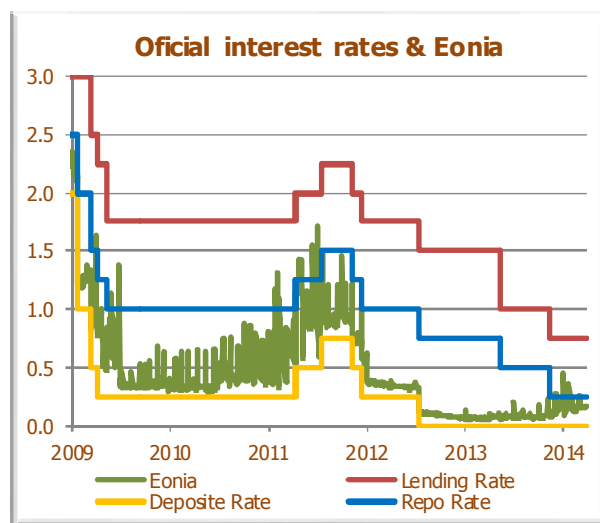
Table II.3.1

INFLATION IN THE EURO AREA*					
HICP	Annual rates		Annual average rates		
	2014		2012	2013	2014
	February	March			
Core 81.71%	1.1	<b>0.9</b> ( $\pm 0.14$ )	1.8	1.3	<b>1.1</b> ( $\pm 0.25$ )
Total 100%	0.7	<b>0.5</b> ( $\pm 0.12$ )	2.5	1.4	<b>0.8</b> ( $\pm 0.46$ )
					<b>1.2</b> ( $\pm 0.59$ )
					<b>1.3</b> ( $\pm 0.99$ )

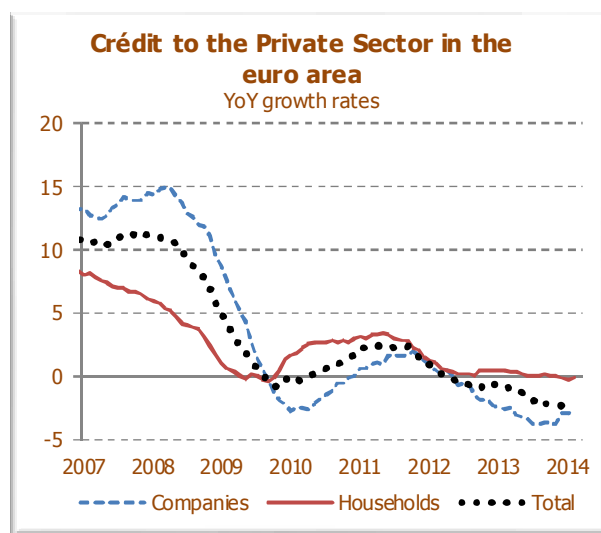
Source: EUROSTAT &amp; BIAM (UC3M)

Date: March 27, 2014

Graph II.3.1



Graph II.3.2



Source: ECB &amp; BIAM(UC3M)

Date: March 27, 2014

<sup>1</sup>Although the Bulletin works with figures published up to the 28th of the previous month, in view of its importance, on this occasion we waited for the ECB executive committee meeting on April 3rd, so that it could be taken into consideration when reporting on the Economic Outlook.





### III. UNITED STATES

#### III.1. INDUSTRIAL PRODUCTION INDEX

**In February, the US IPI grew by 3.3%, 0.4 pp more than expected. All innovations were upwards, especially material and capital goods. Our forecasts have therefore been revised. Growth will be 3.5%, 0.7 pp more, in 2014, and 3.7% in 2015.**

Table III.1.1

INDUSTRIAL PRODUCTION INDEX AND SECTORS IN U.S.							
		Consumer Goods		Capital Goods	Intermediate Goods	TOTAL	
		Durable	Non Durable				
ANNUAL AVERAGE RATES	2009	-16.7	-3.9	-14.7	-11.3	-10.8	
	2010	7.3	-0.5	5.2	8.8	5.5	
	2011	5.0	0.6	2.4	4.7	3.1	
	2012	8.1	0.1	4.7	4.5	3.7	
	2013	7.6	1.0	3.0	3.2	2.9	
	2014	5.1	3.0	3.1	3.7	3.5	
	2015	6.9	2.5	3.4	4.0	3.7	
Y-o-Y rates	2012	I	8.8	-1.4	3.9	4.9	3.4
		II	11.1	0.8	5.8	5.0	4.6
		III	7.0	0.5	4.7	4.4	3.7
		IV	5.5	0.5	4.3	3.9	3.3
	2013	I	6.1	1.9	3.3	3.0	3.0
		II	7.6	0.6	2.7	3.0	2.6
		III	8.1	-0.5	2.8	3.3	2.6
		IV	8.7	2.0	3.3	3.6	3.5
	2014	I	5.3	2.7	2.8	3.5	3.3
		II	5.2	3.2	3.3	3.9	3.7
		III	4.6	3.4	3.3	3.9	3.7
		IV	5.3	2.6	3.1	3.6	3.4
	2015	I	6.8	2.6	3.5	4.1	3.8
		II	7.0	2.4	3.4	4.0	3.7
		III	7.1	2.4	3.3	3.9	3.6
		IV	6.6	2.6	3.4	4.1	3.7

Table III.1.2

INDUSTRIAL PRODUCTION INDEX AND SECTORS IN U.S.							
Y-on-Y rates							
	2009	2010	2011	2012	2013	2014	2015
January	-12.0	0.5	5.0	2.8	2.8	3.3	<b>3.7</b>
February	-12.7	1.4	4.0	4.4	2.7	3.3	<b>3.9</b>
March	-13.8	3.8	4.5	2.9	3.5	<b>3.3</b>	<b>3.8</b>
April	-14.9	5.5	3.6	4.5	3.2	<b>3.4</b>	<b>3.8</b>
May	-14.4	7.5	2.3	4.8	2.4	<b>3.8</b>	<b>3.6</b>
June	-14.4	8.2	2.2	4.5	2.4	<b>3.8</b>	<b>3.6</b>
July	-12.8	7.4	2.6	4.2	1.7	<b>4.0</b>	<b>3.5</b>
August	-10.7	7.0	2.4	3.3	2.8	<b>3.7</b>	<b>3.6</b>
September	-7.0	6.7	2.5	3.6	3.3	<b>3.4</b>	<b>3.7</b>
October	-7.1	6.0	3.2	3.0	3.7	<b>3.1</b>	<b>3.9</b>
November	-5.6	5.6	3.2	3.8	3.4	<b>3.4</b>	<b>3.7</b>
December	-2.8	6.2	2.4	3.2	3.3	<b>3.5</b>	<b>3.6</b>

Source: Federal Reserve & BIAM(UC3M)

Date: March 17, 2014



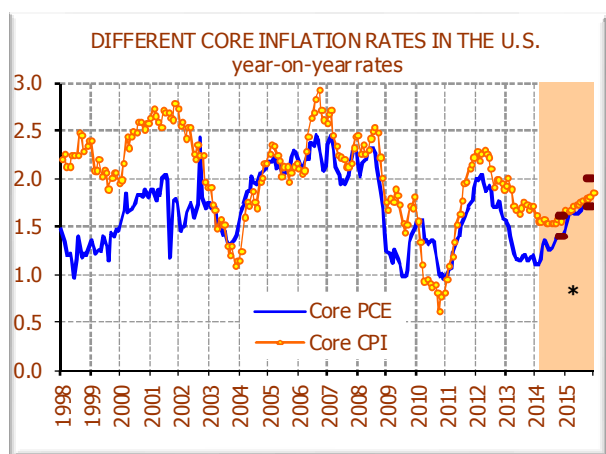
## III.2. INFLATION

The core PCE<sup>1</sup> in February was slightly lower than expected, 0.09% versus 0.13%, with the annual rate remaining at 1.10%.

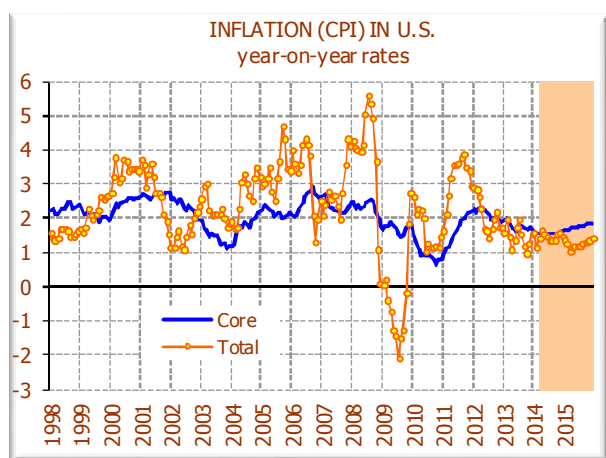
With the February figures and those published today, our forecasts are now in the lower part of the central interval established by the Fed for 2014 and 2015.

As mentioned in the February CPI report, the core CPI rose exactly as forecast, with the annual rate falling slightly from 1.62% to 1.57%. Likewise, both services and non-energy industrial goods registered increases much as expected. The most outstanding items were: used cars and college tuition and fees upwards and landline telephone services downwards, the latter after moving in the opposite direction in the previous month.

Graph III.2.1



Graph III.2.2



Source: BLS & BIAM  
This report: March 28, 2014  
Last report: March 3, 2014

Property rentals rose exactly as forecast, although medium term expectations have fallen due to less tension expected on the labour market.

Energy prices were as forecast a month ago, with food registering an upwards innovation.

Medium-term expectations regarding core inflation have fallen slightly, and rates of less than 2% are expected at the end of 2015.

In terms of the core personal consumption expenditure index (core PCE), the annual rate forecast for March is 1.16%, and our forecasts are in the lower half of the central interval established by the Fed for 2014 and 2015<sup>2</sup>

Table III.2.1

DIFFERENT MEASURES OF INFLATION IN THE U.S.					
Annual rates of growth					
		Total	Core		
		CPI	CPI	PCE	MB-PCE
Annual Average Rates	2011	3.2	1.7	1.4	1.4
		2.1	2.1	1.8	1.8
		1.5	1.8	1.2	1.2
		<b>1.4</b>	<b>1.6</b>	<b>1.3</b>	<b>1.1</b>
		<b>1.2</b>	<b>1.7</b>	<b>1.7</b>	<b>1.6</b>
	2013	2.0	1.7	1.1	1.1
		1.5	1.8	1.2	1.2
		1.2	1.7	1.2	1.1
		1.0	1.7	1.1	1.1
		1.2	1.7	1.2	1.2
YEAR-ON-YEAR RATES	2013	1.5	1.7	1.2	1.2
		1.6	1.6	1.1	1.0
		1.1	1.6	1.1	0.9
		<b>1.4</b>	<b>1.6</b>	<b>1.2</b>	<b>1.0</b>
		<b>1.6</b>	<b>1.6</b>	<b>1.3</b>	<b>1.2</b>
	2014	<b>1.5</b>	<b>1.5</b>	<b>1.4</b>	<b>1.2</b>
		<b>1.5</b>	<b>1.5</b>	<b>1.3</b>	<b>1.1</b>
		<b>1.4</b>	<b>1.5</b>	<b>1.3</b>	<b>1.1</b>
		<b>1.3</b>	<b>1.5</b>	<b>1.3</b>	<b>1.1</b>
		<b>1.4</b>	<b>1.5</b>	<b>1.4</b>	<b>1.2</b>

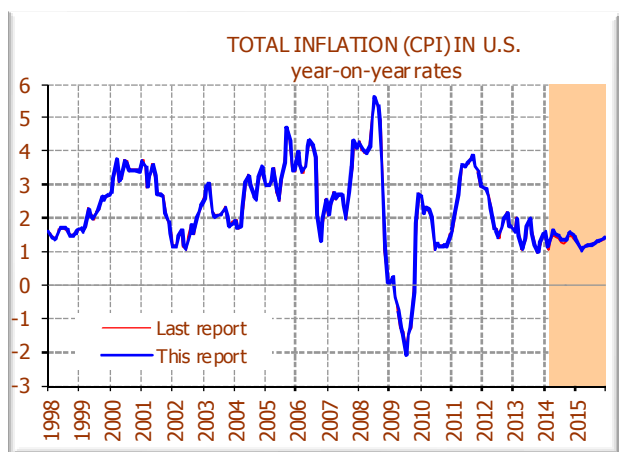
Source: BLS & BIAM  
Date: March 28, 2014

<sup>1</sup> Adjusted rates are used for the PCE and not seasonally adjusted for the CPI.

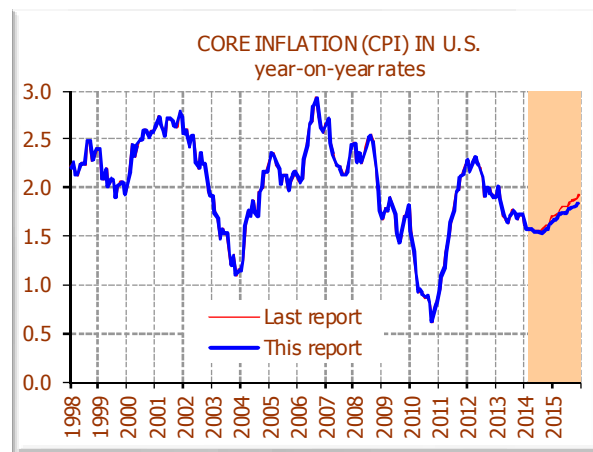
<sup>2</sup> <http://www.federalreserve.gov/monetarypolicy/files/fomcprojtab20120913.pdf>



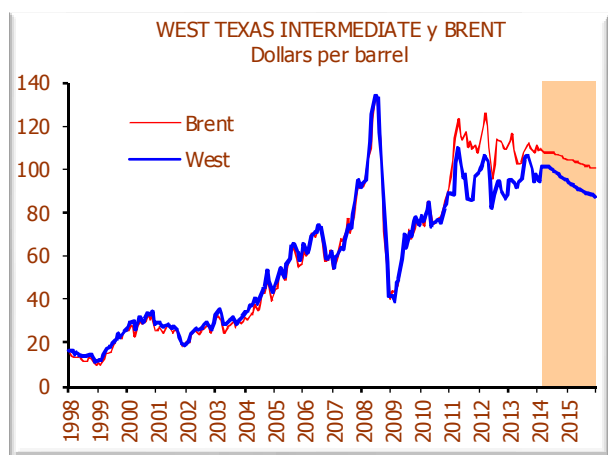
Graph III.2.3



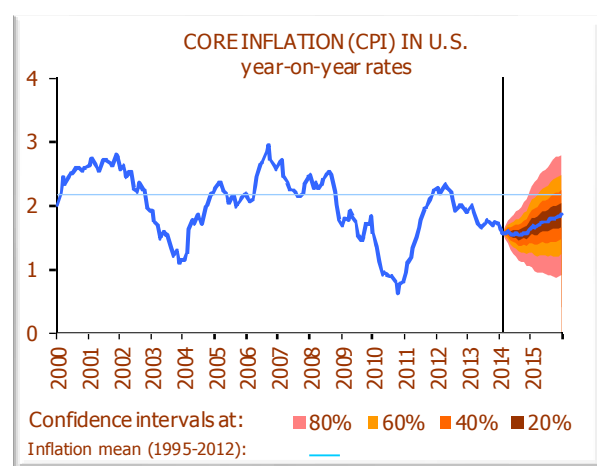
Graph III.2.4



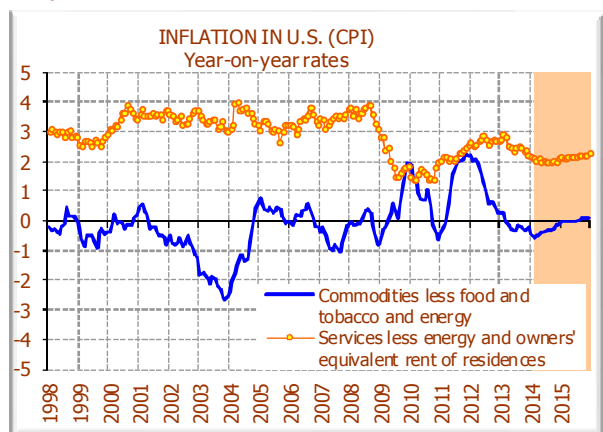
Graph III.2.5



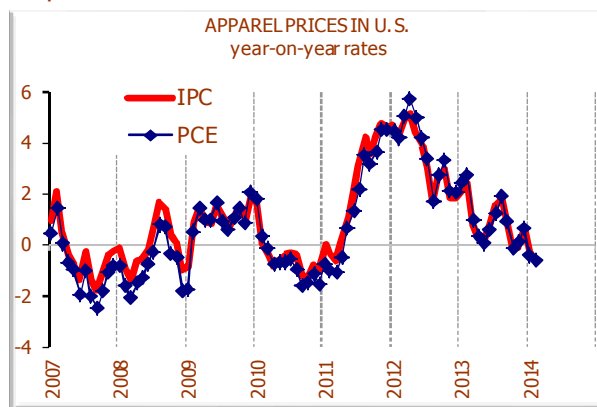
Graph III.2.6



Graph III.2.7



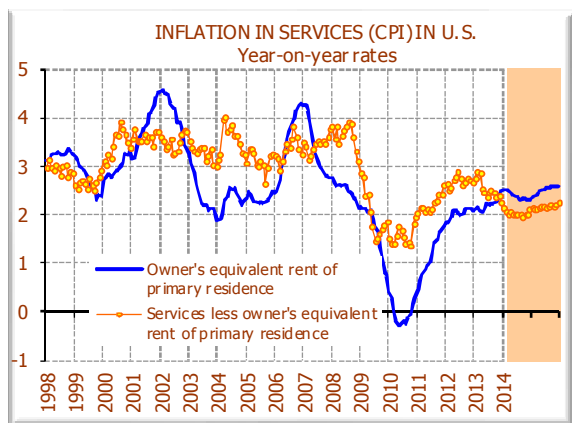
Graph III.2.8



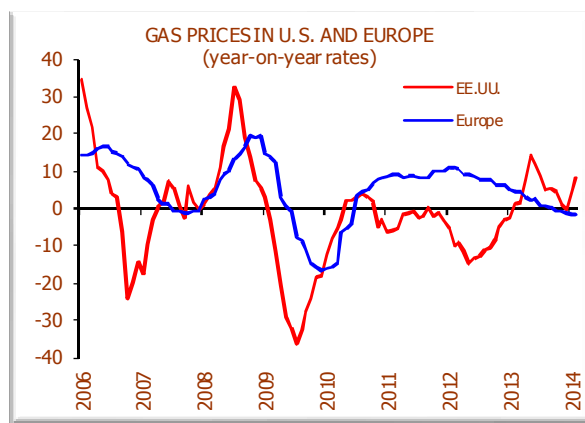
Source: BLS & BIAM  
 This report: March 28, 2014  
 Last report: March 3, 2014



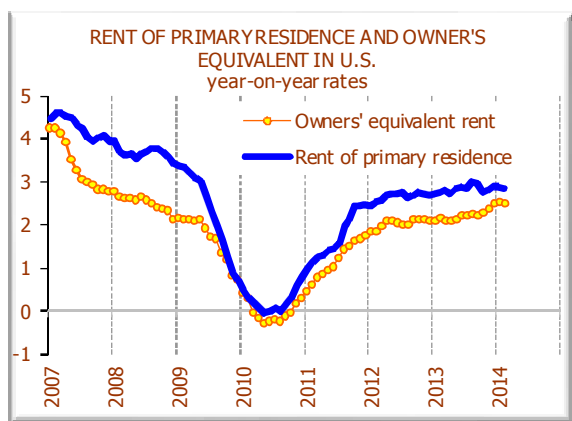
Graph III.2.9



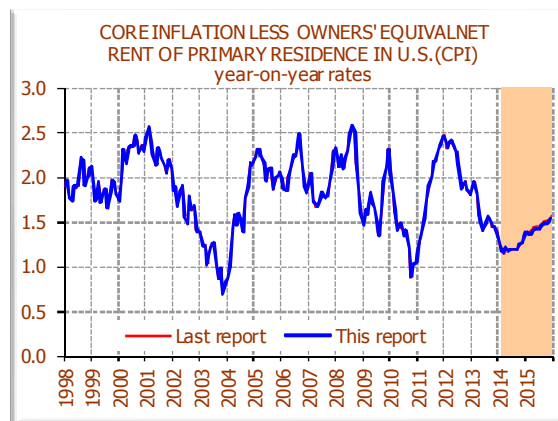
Graph III.2.10



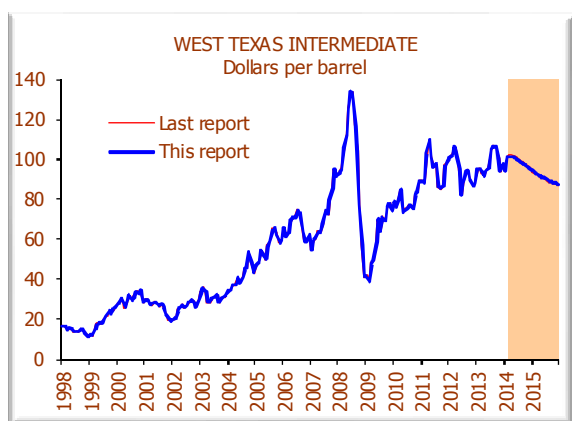
Graph III.2.11



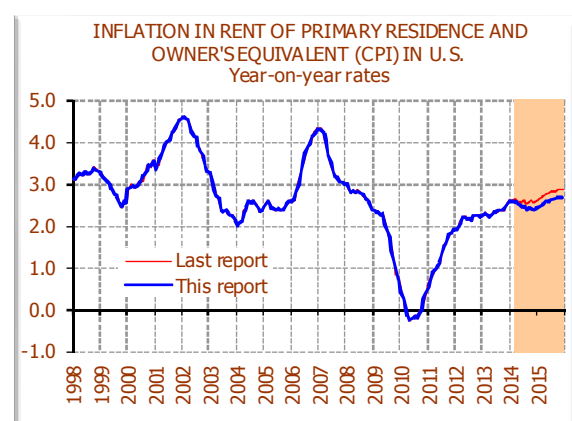
Graph III.2.12



Graph III.2.13



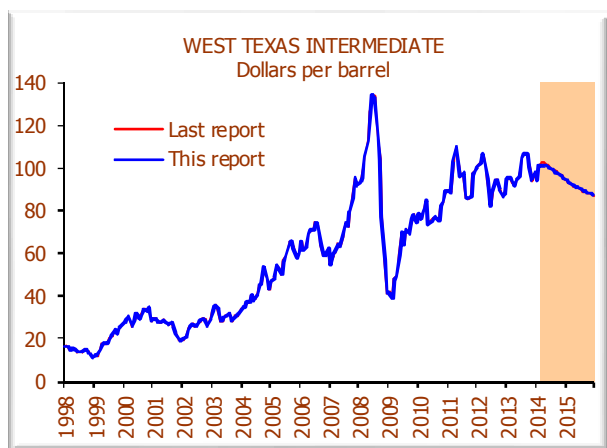
Graph III.2.14



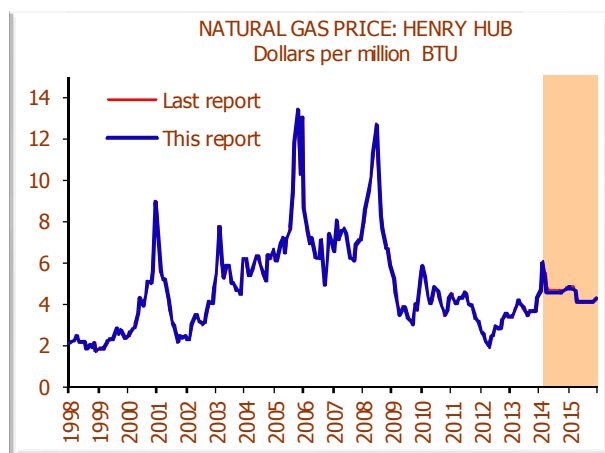
Source: BLS & BIAM  
This report: March 28, 2014  
Last report: March 3, 2014



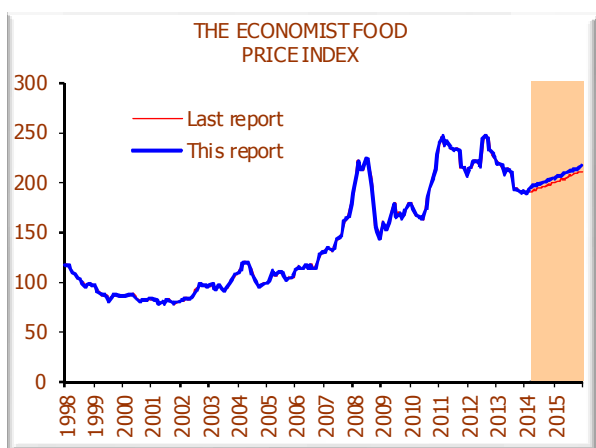
Graph III.2.15



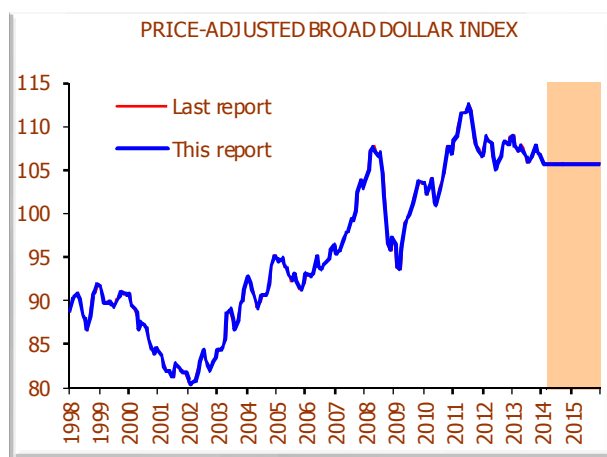
Graph III.2.16



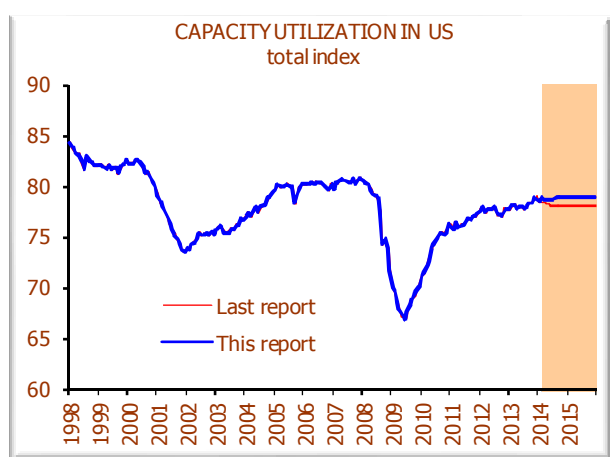
Graph III.2.17



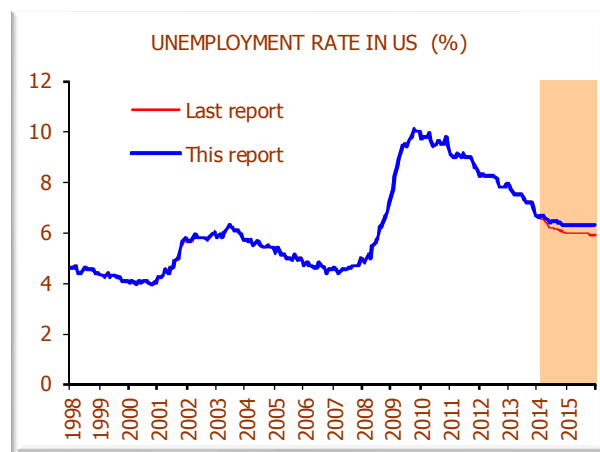
Graph III.2.18



Graph III.2.19



Graph III.2.20



Source: BLS & BIAM  
This report: March 28, 2014  
Last report: March 3, 2014



Table III.2.2

CONSUMER PRICE INDEX AND COMPONENTS IN USA															CORE	
Annual rates of growth																
		CPI														
		Core						Residual								
		Non-energy commodities less food			Non-energy services			TOTAL	Confidence Intervals at 80% level	Food	Energy	TOTAL	TOTAL 100%	Confidence Intervals at 80% level		
		Durables	Non durables	All	Owner's equivalent rent of primary residence	Other services	All									
IR Diciembre '13		9.2%	10.5%	19.7%	22.5%	34.8%	57.4%	77.1%		13.9%	9.0%	22.9%				
	2012	0.2	2.2	1.3	2.0	2.7	2.4	2.1		2.6	0.9	1.9	2.1		1.8	
	2013	-0.8	0.6	0.0	2.2	2.5	2.4	1.8		1.4	-0.7	0.5	1.5		1.2	
	2014	-1.1	0.5	-0.2	2.4	2.0	2.2	1.57	± 0.41	1.5	0.7	1.1	1.45	± 1.31	1.3	
	2015	-0.7	0.8	0.1	2.5	2.2	2.3	1.75	± 0.92	2.0	-4.0	-0.4	1.25	± 1.63	1.7	
ANNUAL RATES (growth of the month over the same month of the previous year)	2013	January	-0.5	1.1	0.4	2.1	2.7	2.5	1.9		1.6	-1.0	0.5	1.6		1.5
		February	-0.6	1.1	0.3	2.1	2.9	2.6	2.0		1.6	2.3	1.9	2.0		1.5
		March	-0.6	0.6	0.0	2.1	2.8	2.5	1.9		1.5	-1.6	0.2	1.5		1.4
		April	-0.7	0.5	-0.1	2.1	2.5	2.3	1.7		1.5	-4.3	-0.9	1.1		1.2
		May	-1.0	0.5	-0.2	2.1	2.5	2.3	1.7		1.4	-1.0	0.4	1.4		1.2
		June	-1.1	0.5	-0.2	2.2	2.3	2.3	1.6		1.4	3.2	2.1	1.8		1.2
		July	-1.3	0.7	-0.2	2.2	2.5	2.4	1.7		1.4	4.7	2.8	2.0		1.1
		August	-1.1	0.8	0.0	2.2	2.5	2.4	1.8		1.4	-0.1	0.8	1.5		1.2
		September	-0.6	0.4	-0.1	2.2	2.5	2.4	1.7		1.4	-3.1	-0.5	1.2		1.2
		October	-0.6	0.2	-0.1	2.3	2.4	2.3	1.7		1.3	-4.8	-1.3	1.0		1.1
		November	-0.7	0.2	-0.2	2.4	2.4	2.4	1.7		1.2	-2.4	-0.3	1.2		1.2
		December	-0.77	0.49	-0.08	2.49	2.24	2.34	1.72		1.05	0.46	0.81	1.50		1.20
	2014	January	-0.99	0.21	-0.32	2.52	2.14	2.29	1.62		1.07	2.10	1.48	1.58		1.10
		February	-1.12	0.19	-0.40	2.51	2.07	2.25	1.57		1.40	-2.46	-0.21	1.13		1.10
		March	-1.24	0.44	-0.33	2.53	2.02	2.22	1.56	± 0.11	1.61	0.41	1.08	1.43	± 0.12	1.16
		April	-1.2	0.4	-0.3	2.4	2.1	2.2	1.6	± 0.18	1.3	2.7	1.8	1.6	± 0.44	1.3
		May	-1.2	0.5	-0.3	2.4	2.0	2.2	1.5	± 0.25	1.5	1.5	1.5	1.5	± 0.78	1.4
		June	-1.2	0.6	-0.2	2.4	2.0	2.1	1.5	± 0.30	1.4	1.2	1.3	1.5	± 1.09	1.3
		July	-1.0	0.5	-0.2	2.4	2.0	2.2	1.5	± 0.34	1.4	0.3	0.9	1.4	± 1.34	1.3
		August	-1.0	0.5	-0.2	2.3	2.0	2.1	1.5	± 0.38	1.5	0.0	0.8	1.3	± 1.53	1.3
		September	-1.1	0.7	-0.2	2.3	2.0	2.1	1.5	± 0.41	1.6	0.1	0.9	1.4	± 1.67	1.4
		October	-1.0	0.7	-0.1	2.4	2.0	2.2	1.6	± 0.45	1.6	1.0	1.4	1.5	± 1.77	1.4
		November	-1.0	0.8	0.0	2.3	2.0	2.1	1.6	± 0.50	1.6	1.6	1.6	1.6	± 1.86	1.4
		December	-0.9	0.8	0.0	2.3	2.1	2.2	1.6	± 0.56	1.7	0.0	1.0	1.5	± 1.94	1.4
	2015	January	-0.9	0.9	0.1	2.3	2.1	2.2	1.7	± 0.63	1.8	-1.9	0.3	1.4	± 2.01	1.5
		February	-0.9	0.9	0.1	2.4	2.1	2.2	1.7	± 0.70	1.7	-3.0	-0.2	1.2	± 2.07	1.6
		March	-0.8	0.9	0.1	2.4	2.1	2.2	1.7	± 0.74	1.7	-5.4	-1.2	1.0	± 2.15	1.6
		April	-0.8	0.9	0.1	2.5	2.1	2.3	1.7	± 0.78	2.0	-4.9	-0.8	1.1	± 2.19	1.6
		May	-0.8	0.8	0.1	2.5	2.2	2.3	1.7	± 0.82	2.0	-4.2	-0.5	1.2	± 2.20	1.6
		June	-0.7	0.8	0.1	2.5	2.2	2.3	1.7	± 0.85	2.0	-4.2	-0.5	1.2	± 2.21	1.6
		July	-0.7	0.8	0.1	2.5	2.2	2.3	1.7	± 0.89	2.1	-4.3	-0.5	1.2	± 2.22	1.7
		August	-0.6	0.8	0.2	2.6	2.2	2.3	1.8	± 0.93	2.2	-4.3	-0.5	1.3	± 2.23	1.7
		September	-0.5	0.8	0.2	2.6	2.2	2.3	1.8	± 0.97	2.2	-4.2	-0.4	1.3	± 2.24	1.7
		October	-0.5	0.8	0.2	2.6	2.2	2.3	1.8	± 1.01	2.2	-4.1	-0.3	1.3	± 2.25	1.7
		November	-0.5	0.8	0.2	2.6	2.2	2.4	1.8	± 1.04	2.3	-3.9	-0.2	1.4	± 2.26	1.7
		December	-0.5	0.8	0.2	2.6	2.3	2.4	1.8	± 1.06	2.3	-3.8	-0.1	1.4	± 2.27	1.7

Source: BLS &amp; BIAM(UC3M)

Date: March 28, 2014



Table III.2.3

CONSUMER PRICE INDEX AND COMPONENTS IN USA													
Monthly rates of growth													
			CPI									TOTAL 100%	
			Core						Residual				
			Non-energy commodities less food			Non-energy services			TOTAL	Food	Energy		TOTAL
			Durables	Non durables	All	Owner's equivalent rent	Other services	All					
IR Diciembre '13			9.2%	10.5%	19.7%	22.5%	34.8%	57.4%	77.1%	13.9%	9.0%	22.9%	
MONTHLY RATES (Growth of the month over the previous month)	January	2012	0.1	0.0	0.0	0.2	0.3	0.3	0.2	0.6	2.0	1.2	0.4
		2013	0.2	0.0	0.1	0.2	0.4	0.3	0.3	0.4	0.5	0.4	0.3
		2014	0.0	-0.3	-0.2	0.2	0.3	0.3	0.2	0.4	2.1	1.1	0.4
		2015	0.0	-0.2	-0.1	0.2	0.3	0.3	0.2	0.6	0.2	0.4	0.2
	February	2012	0.3	0.6	0.5	0.1	0.3	0.2	0.3	-0.1	2.4	0.9	0.4
		2013	0.3	0.5	0.4	0.2	0.4	0.3	0.4	0.0	5.8	2.3	0.8
		2014	0.13	0.51	0.33	0.16	0.37	0.29	0.30	0.31	1.04	0.60	0.37
		2015	0.1	0.5	0.3	0.2	0.3	0.3	0.3	0.2	-0.1	0.1	0.2
	March	2012	0.1	1.2	0.7	0.2	0.3	0.3	0.4	0.1	4.5	1.9	0.8
		2013	0.2	0.6	0.4	0.1	0.3	0.2	0.3	0.0	0.6	0.2	0.3
		2014	0.03	0.89	0.49	0.15	0.21	0.19	0.26	0.22	3.53	1.54	0.56
		2015	0.1	0.8	0.5	0.2	0.2	0.2	0.3	0.2	1.0	0.5	0.3
	April	2012	0.3	0.2	0.3	0.2	0.3	0.2	0.2	0.2	0.8	0.5	0.3
		2013	0.2	0.2	0.2	0.2	0.0	0.0	0.1	0.2	-1.9	-0.7	-0.1
		2014	0.2	0.2	0.2	0.1	0.0	0.1	0.1	-0.1	0.3	0.1	0.1
		2015	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.8	0.4	0.2
	May	2012	0.3	-0.3	0.0	0.1	0.3	0.2	0.1	0.0	-2.1	-0.9	-0.1
		2013	0.1	-0.3	-0.2	0.2	0.2	0.2	0.1	-0.1	1.2	0.4	0.2
		2014	0.0	-0.2	-0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1
		2015	0.1	-0.2	-0.1	0.2	0.1	0.2	0.1	0.1	0.8	0.4	0.2
	June	2012	0.2	-0.5	-0.2	0.1	0.3	0.2	0.1	0.1	-2.5	-1.0	-0.1
		2013	0.0	-0.5	-0.3	0.2	0.2	0.2	0.1	0.1	1.7	0.8	0.2
		2014	0.0	-0.4	-0.2	0.1	0.2	0.2	0.1	0.0	1.3	0.6	0.2
		2015	0.1	-0.5	-0.2	0.1	0.2	0.2	0.1	0.1	1.3	0.6	0.2
	July	2012	0.0	-0.7	-0.4	0.2	0.1	0.1	0.0	0.0	-1.7	-0.7	-0.2
		2013	-0.2	-0.5	-0.3	0.2	0.2	0.2	0.1	0.1	-0.2	0.0	0.0
		2014	-0.1	-0.6	-0.3	0.2	0.2	0.2	0.1	0.1	-1.0	-0.4	0.0
		2015	0.0	-0.6	-0.3	0.2	0.2	0.2	0.1	0.2	-1.2	-0.4	0.0
	August	2012	-0.4	0.4	0.0	0.3	0.1	0.2	0.1	0.2	4.3	1.9	0.6
		2013	-0.2	0.5	0.1	0.3	0.2	0.2	0.2	0.2	-0.5	-0.1	0.1
		2014	-0.2	0.5	0.2	0.2	0.2	0.2	0.2	0.2	-0.9	-0.3	0.1
		2015	-0.1	0.5	0.2	0.3	0.2	0.2	0.2	0.3	-0.9	-0.2	0.1
	September	2012	-0.8	1.4	0.4	0.2	0.2	0.2	0.3	0.1	2.4	1.0	0.4
		2013	-0.3	1.0	0.4	0.2	0.1	0.2	0.2	0.0	-0.6	-0.2	0.1
		2014	-0.4	1.1	0.4	0.2	0.1	0.2	0.2	0.2	-0.5	-0.1	0.2
		2015	-0.4	1.1	0.4	0.2	0.1	0.2	0.2	0.2	-0.4	0.0	0.2
	October	2012	-0.4	0.7	0.2	0.2	0.2	0.2	0.2	0.2	-2.3	-0.8	0.0
		2013	-0.3	0.4	0.1	0.3	0.1	0.2	0.2	0.1	-4.0	-1.6	-0.3
		2014	-0.3	0.5	0.2	0.3	0.2	0.2	0.2	0.2	-3.1	-1.2	-0.1
		2015	-0.2	0.5	0.2	0.3	0.2	0.2	0.2	0.2	-3.0	-1.0	-0.1
	November	2012	-0.2	-0.5	-0.4	0.2	0.1	0.1	0.0	0.0	-4.6	-1.9	-0.5
		2013	-0.3	-0.5	-0.4	0.3	0.1	0.2	0.0	-0.1	-2.3	-1.0	-0.2
		2014	-0.3	-0.4	-0.3	0.3	0.1	0.2	0.0	-0.1	-1.7	-0.7	-0.1
		2015	-0.2	-0.4	-0.3	0.3	0.1	0.2	0.0	-0.1	-1.6	-0.6	-0.1
	December	2012	-0.1	-1.2	-0.7	0.1	0.1	0.1	-0.1	0.2	-2.3	-0.8	-0.3
		2013	-0.2	-0.9	-0.6	0.3	0.0	0.1	-0.1	0.1	0.6	0.3	0.0
		2014	-0.1	-1.0	-0.6	0.3	0.1	0.1	0.0	0.2	-1.0	-0.3	-0.1
		2015	-0.1	-1.0	-0.6	0.3	0.1	0.2	0.0	0.2	-0.8	-0.2	-0.1

Source: BLS &amp; BIAM(UC3M)

Date: March 28, 2014





## IV. SPAIN

**GDP recovery began in the second half of last year and it can be expected to gain momentum in the first quarter of 2014.**

**For 2014, we expect the IPI to grow at an average annual rate of 1.7% ( $\pm 2$ ), 0.4 pp more than previously expected; for 2015 we are forecasting growth of 3% ( $\pm 3$ ), 0.3 pp less than previously estimated**

**The average annual inflation rates for 2014 and 2015 are forecast at 0.2% ( $\pm 0.74$ ) and 1.0% ( $\pm 1.41$ ), so the probability of seeing negative values is 36.5% and 18.3%, respectively.**

Table IV.1

MAIN VARIABLES AND INDICATORS IN SPAIN							
Annual average rates							
					Forecasts		
					2014	2015	
					(±1.1)	(±1.7)	
GDP mp. <sup>1</sup>		-0.2	0.1	-1.6	-1.2	<b>0.9</b>	<b>1.6</b>
Demand	Final consumption private	0.2	-1.2	-2.8	-2.1	<b>1.5</b>	<b>1.8</b>
	Final consumption public	1.5	-0.5	-4.8	-2.3	<b>-3.4</b>	<b>-0.5</b>
	Gross fixed capital formation	-5.5	-5.4	-7.0	-5.1	<b>0.3</b>	<b>1.3</b>
	Tangible fixed assets	-6.4	-6.3	-7.8	-5.5	<b>-0.1</b>	<b>1.0</b>
	Construction	-9.9	-10.8	-9.7	-9.6	<b>-4.8</b>	<b>-1.8</b>
	Capital goods and grown assets	4.3	5.3	-3.9	2.2	<b>7.7</b>	<b>5.8</b>
	Contribution domestic demand*	-0.3	-1.8	-4.1	-2.7	<b>0.3</b>	<b>1.2</b>
	Exports of goods and services	11.7	7.6	2.1	4.9	<b>6.3</b>	<b>6.4</b>
	Imports of goods and services	9.3	-0.1	-5.7	0.4	<b>4.7</b>	<b>5.7</b>
Contribution foreign demand*	0.1	1.9	2.5	1.5	<b>0.7</b>	<b>0.4</b>	
Supply GVA	Agriculture, livestock breeding, forestry,...	1.9	5.6	-10.9	1.1	<b>3.1</b>	<b>0.3</b>
	Industry	7.1	2.7	-0.5	-1.2	<b>1.5</b>	<b>2.6</b>
	Manufacturing Industry	4.6	1.3	-1.1	-0.9	<b>1.6</b>	<b>3.0</b>
	Construction	-16.5	-9.0	-8.6	-7.7	<b>-3.3</b>	<b>-1.7</b>
	Services	1.2	1.4	-0.3	-0.5	<b>1.8</b>	<b>2.2</b>
	Market services	0.8	1.6	-0.2	-0.5	<b>2.3</b>	<b>2.7</b>
	Public administration, health and educ.	2.4	1.1	-0.5	-0.6	<b>0.1</b>	<b>0.5</b>
	Taxes	-0.6	-6.1	-4.9	-1.2	<b>-3.3</b>	<b>-1.3</b>
Prices CPI <sup>2</sup>							
Total		1.8	3.2	2.4	1.4	<b>0.5</b>	<b>1.1</b>
						(±0.9)	(±1.4)
Core		0.6	1.7	1.6	1.4	<b>0.3</b>	<b>1</b>
						(±0.5)	(±0.9)
dec / dec		3.0	2.4	2.9	0.3	<b>0.8</b>	<b>0.9</b>
Foreign sector <sup>1</sup>							
Balance of current account (bil€)		-46.0	-39.4	-8.9	<b>11.4</b>	<b>20.9</b>	-
Net lending or borrowing (% of GDP)		-3.8	-3.7	-0.2	<b>1.6</b>	<b>2.5</b>	-
Public Administration: Net lending or 							

The figures in the shaded area are forecasts

(1) Data adjusted for seasonality and working days effect

(1) In brackets are 80% confidence intervals

Source: INE & BIAM(UC3M)

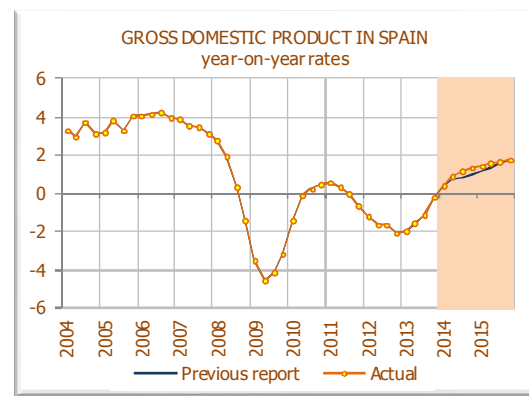
Dates: (1) February 27, 2014

(2) March 27, 2014

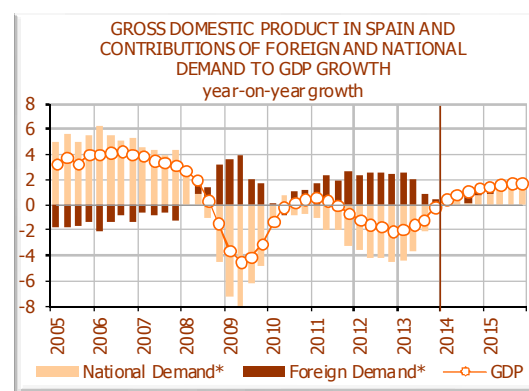
(3) March 10, 2014

(4) January 27, 2014

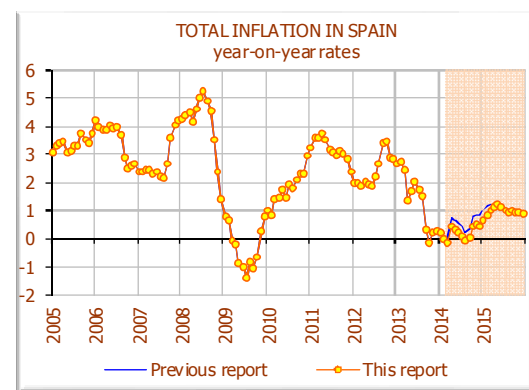
Graph IV.1



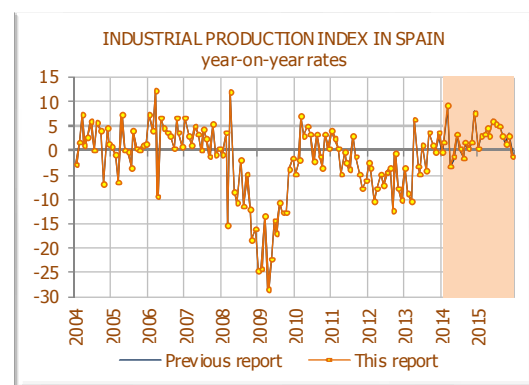
Graph IV.2



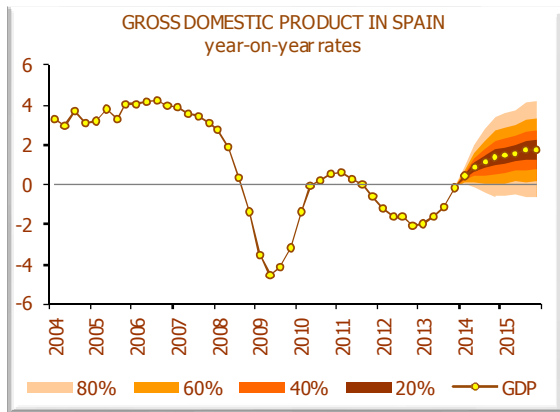
Graph IV.3



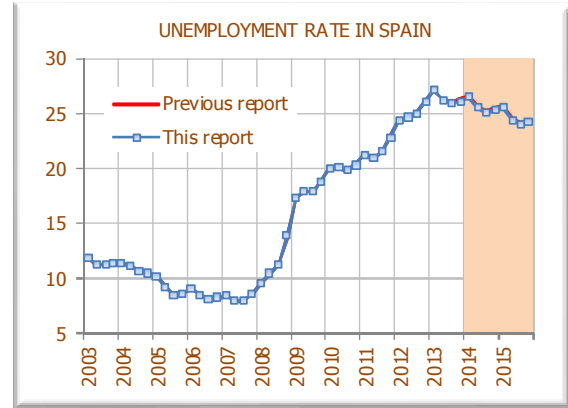
Graph IV.4



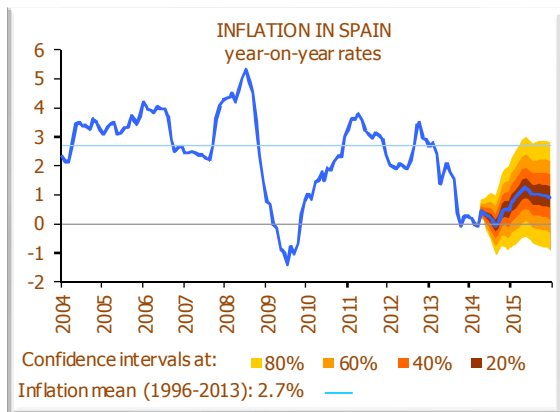
Graph IV.5



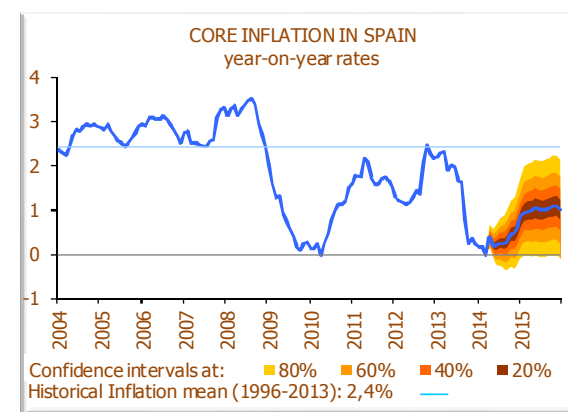
Graph IV.6



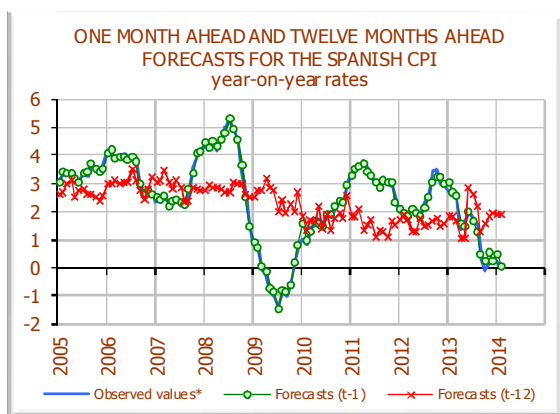
Graph IV.7



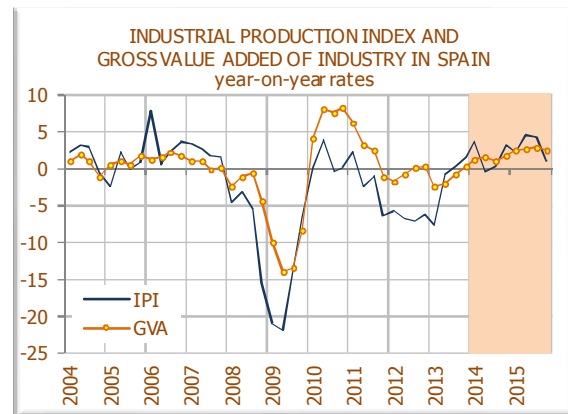
Graph IV.8



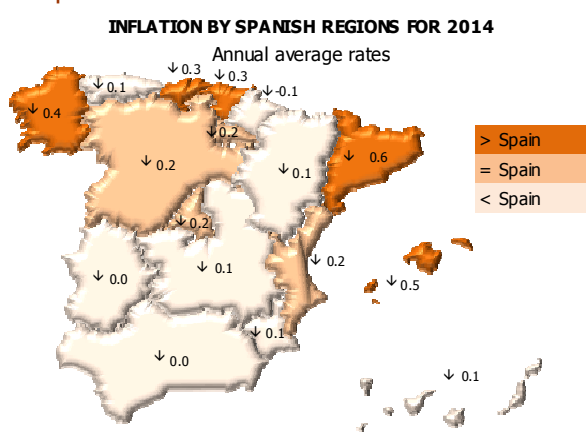
Graph IV.9



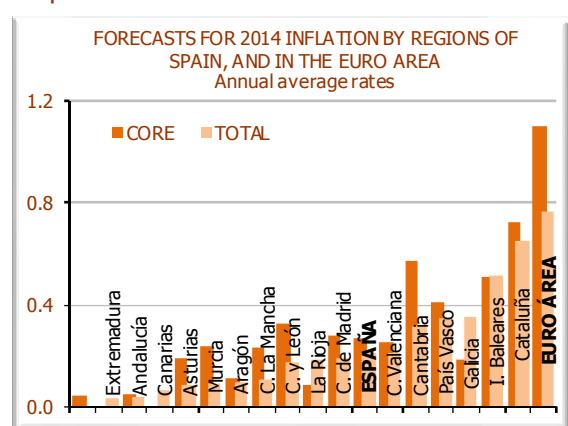
Graph IV.10



Graph IV.11



Graph IV.12



## IV.1. MACROECONOMIC FORECASTS

In the last quarter of last year, the Spanish GDP grew by 0.2% after registering only 0.1% in the third, in line with our forecasts. This represents two consecutive quarters of growth, after nine negative quarters. Relative to a year earlier, the GDP fell by 0.2%, so 2013 ended with an annual average reduction of 1.2%, 0.4 pp less than in 2012.

The latest indicators, referring to the first two months of this year, show that the Spanish economy is more dynamic than in the last quarter of this year, although it is still weak overall. The confidence indicators for the first three months of this year are favourable, and on average better than in the last quarter of 2013. The January IPI grew in its year-on-year rate, although less than in December. With regards to the labour market, the monthly indicators for the first two months were also favourable. The good performance of foreign trade in the first 10 months of 2013 also continued in January 2014.

The January Industrial Production Index (IPI) registered a year-on-year decline of 0.1%, after growing by 3.9% in the previous month. When corrected for calendar effect, this figure shows 1.1% year-on-year growth, 1.1 pp less than the previous month. The uncorrected IPI was better than forecast (-1%). We have therefore revised our average annual IPI growth forecasts upwards for 2014 and 2015. For this year, we are expecting a 1.7% growth rate, 0.4 pp more than our previous estimate, followed by 3% in 2015, 0.3 pp less than previously expected.

The Spanish Economic Sentiment Indicator continued to grow in the first quarter, after falling slightly by 0.2 pp in January, remaining stable in February and growing by 2.2 points in March.

The revision of the Spanish macroeconomic forecast for 2014-2015 was discussed in last month's Bulletin. Remember that it involved an upwards revision estimating 0.3% quarter-on-quarter growth for the first quarter of this year and 0.9% for the entire 12-month period.

In the labour market, the latest figures refer to Social Security contributors and registered unemployment in February. These and the January figures show an improvement in the labour market in the first quarter of 2014. In February, SS contributors increased by 38,700 people, after falling by 28,700 in February 2013. Corrected for seasonality, the increase was 34,300, with a 0.2% month-on-month growth

rate. Registered unemployment fell by 1,900 people in February, after increasing by 59,400 a year earlier. Relative to a year earlier, there were 227,700 less unemployed in February, a 4.5% reduction, and registered unemployment has been registering negative year-on-year rates since October.



Table IV.1.1

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

\* In brackets are 80% confidence intervals

Source: INE &amp; BIAM (UC3M)

Date: February 27, 2014

Table IV.1.2

INDUSTRIAL PRODUCTION INDEX IN SPAIN				
Annual average rates				
	2012	2013	2014	2015
Consumption	-4.8	-2.1	<b>2.3</b>	<b>2.2</b>
Durable	-13.6	-12.2	<b>-1.8</b>	<b>2.6</b>
Non-durable	-3.9	-1.1	<b>2.7</b>	<b>2.1</b>
Capital	-11.0	1.1	<b>3.2</b>	<b>5.3</b>
Intermedite	-8.9	-2.6	<b>2.6</b>	<b>3.9</b>
Energy	0.9	-2.6	<b>-2.4</b>	<b>0.5</b>
TOTAL	-6.4	-1.7	<b>1.7 (±2)</b>	<b>3 (±3)</b>
GVA Industry	-0.5	-1.2	<b>1.5</b>	<b>2.6</b>

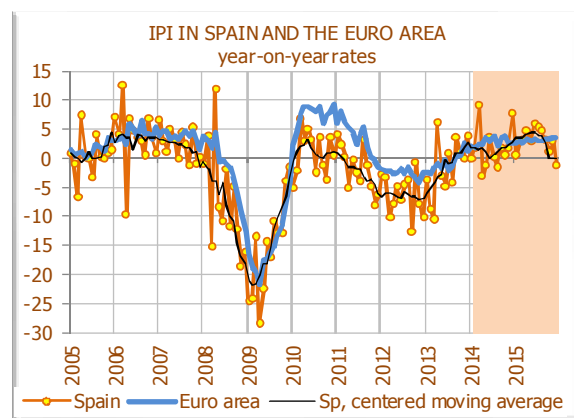
Table IV.1.3

CHANGE IN THE FORECASTS FOR IP IN SPAIN				
Average annual rate, 2014				
	Forecasts with observed data till:			
	Dec-13	Jan-14	Change	
Durable consumption	-4.1	-1.8	2.3	↑
Non-durable consumption	1.7	2.7	1.0	↑
Total consumption	1.2	2.3	1.1	↑
Equipment	2.7	3.2	0.5	↑
Intermediate	1.0	2.6	1.6	↑
Energy	0.4	-2.4	-2.8	↓
<b>TOTAL</b>	<b>1.31</b>	<b>1.68</b>	<b>0.4</b>	<b>↑</b>

Source: INE &amp; BIAM (UC3M)

Date: March 10, 2014

Graph IV.1.1



Source: INE, EUROSTAT &amp; BIAM (UC3M)

Date: March 10, 2014



## GROSS DOMESTIC PRODUCT IN THE SPAIN: DEMAND

Table IV.1.4

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

Table IV.1.5

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

Data adjusted for seasonality and working days effect

\*The figures in the shaded area are forecasts

(1) Contribution to GDP growth

(2) In brackets are 80% confidence intervals

Quarter-on-quarter rates

Source: INE &amp; BIAM(UC3M)

Date: February 27, 2014



## GROSS DOMESTIC PRODUCT IN THE SPAIN: SUPPLY

Table IV.1.6

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

Table IV.1.7

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

Data adjusted for seasonality and working days effect

The figures in the shaded area are forecasts

(1) Contribution to GDP growth

(2) In brackets are 80% confidence intervals

Quarter-on-quarter rates

Source: INE &amp; BIAM(UC3M)

Date: February 27, 2014



## INDUSTRIAL PRODUCTION INDEX IN SPAIN

Table IV.1.8

INDUSTRIAL PRODUCTION INDEX AND SECTORS IN SPAIN										
Y-o-Y rates										
		Consumer Goods								
		Durable	Non Durable	Total	Capital Goods	Intermediate Goods	Energy	Total excluding energy	TOTAL *	
ANNUAL AVERAGE RATES	2009	-28.3	-5.5	-8.8	-22.5	-21.3	-8.6	-17.4	-16.2	
	2010	-7.4	1.9	0.9	-3.3	2.7	2.5	2.4	0.9	
	2011	-11.4	-0.9	-2.0	0.1	-2.7	-2.9	18.6	-2.0	
	2012	-13.6	-3.9	-4.8	-11.0	-8.9	0.9	-7.4	-6.4	
	2013	-12.2	-1.1	-2.1	1.1	-2.6	-2.6	-1.6	-1.7	
	2014	-1.8	2.7	2.3	3.2	2.6	-2.4	2.2	1.7 (±2)	
	2015	2.6	2.1	2.2	5.3	3.9	0.5	3.6	3 (±3)	
Y-o-Y RATES	2012	I	-12.6	-2.5	-3.5	-9.4	-8.5	0.4	0.4	-5.6
		II	-14.3	-2.1	-3.4	-12.5	-9.4	0.9	0.9	-6.6
		III	-14.3	-5.6	-6.4	-13.1	-9.2	1.5	1.5	-7.1
		IV	-13.2	-5.2	-6.0	-9.0	-8.4	1.0	1.0	-6.1
	2013	I	-18.1	-6.5	-7.5	-6.7	-9.4	-5.9	-5.9	-7.6
		II	-12.2	-0.8	-1.8	3.5	-1.4	-2.7	-2.7	-0.8
		III	-8.1	0.8	0.0	2.9	-0.2	-0.9	-0.9	0.3
		IV	-9.8	2.1	1.1	4.9	1.2	-0.9	-0.9	1.5
	2014	I	-0.5	5.4	4.9	5.7	4.6	-2.0	-2.0	3.6
		II	-3.9	0.0	-0.3	0.4	0.2	-2.1	-2.1	-0.3
		III	-5.8	1.6	1.1	2.8	1.8	-4.8	-4.8	0.4
		IV	2.9	3.8	3.8	4.1	3.9	-0.3	-0.3	3.1
	2015	I	0.7	1.3	1.3	3.9	2.5	1.5	1.5	2.2
		II	4.6	4.2	4.3	7.0	5.3	0.6	0.6	4.6
		III	5.5	3.7	3.8	7.4	5.6	0.6	0.6	4.4
		IV	-0.3	-0.5	-0.5	3.0	2.0	-0.6	-0.6	1.0

Table IV.1.9

INDUSTRIAL PRODUCTION INDEX IN SPAIN							
y-o-y rates							
	2009	2010	2011	2012	2013	2014	2015
January	-24.5	-5.0	4.0	-2.6	-3.6	-0.1	0.5
February	-24.2	-2.0	2.5	-3.4	-8.8	1.7	2.9
March	-13.5	6.8	0.4	-10.3	-10.4	9.3	3.3
April	-28.4	3.0	-5.0	-7.8	6.3	-3.1	4.6
May	-22.2	5.1	-0.2	-4.8	-3.1	-1.2	3.1
June	-14.3	3.3	-2.4	-7.3	-4.8	3.5	6.0
July	-17.0	-2.3	-4.0	-4.5	1.0	0.4	5.3
August	-10.6	3.5	3.1	-3.5	-4.3	-1.5	4.9
September	-12.7	-1.1	-1.2	-12.4	3.6	1.8	3.1
October	-12.7	-3.6	-4.7	-0.6	1.1	0.4	1.3
November	-3.9	3.4	-7.9	-7.8	-0.1	1.7	2.9
December	-1.5	0.4	-6.3	-10.2	3.9	7.8	-1.3

The figures in the shaded area are forecasts.

In brackets are 80% confidence intervals

Source: INE & BIAM(UC3M)

Date: March 10, 2014





Table IV.1.10

INDUSTRIAL PRODUCTION INDEX BY ECONOMIC ACTIVITIES IN SPAIN												
Y-o-Y rates												
			Weights	2013			Average annual rates					
				Oct	Nov	Dec	2012	2013	2014	2015		
IPI Total	B Mining and quarrying	05 Mining of coal and lignite	2.6	-27.6	-1.6	38.1	-7.5	-31.5	26.1	-12.1		
		08 Other mining and quarrying	8.6	-1.6	-1.5	-3.3	-28.4	-10.8	-8.2	12.8		
			11.2	-7.4	-1.9	3.6	-23.6	-14.3	-3.9	6.2		
	D Manufacture Industries	10 Manufacture of food products	121.3	0.3	-1.6	9.3	-3.1	-0.7	14.2	-0.9		
		11 Manufacture of beverages	35.1	-3.5	-11.2	2.1	-0.5	-3.0	9.0	-5.1		
		12 Manufacture of tobacco products	3.0	3.6	-9.4	-16.3	0.6	-3.1	7.9	-1.6		
		13 Manufacture of textiles	11.0	1.8	0.6	5.0	-5.0	1.1	15.4	4.2		
		14 Manufacture of wearing apparel	13.3	7.3	14.7	-5.0	-7.0	3.6	17.7	3.0		
		15 Manufacture of leather and related products	7.6	7.4	2.5	8.9	-8.6	-2.9	13.4	-1.4		
		16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	14.8	7.1	-3.2	3.4	-16.6	-3.5	-59.7	-5.1		
		17 Manufacture of paper and paper products	27.0	1.3	-1.8	-0.9	-0.3	-1.3	14.5	1.8		
		18 Printing and reproduction of recorded media	22.8	-3.9	-6.6	-1.0	-10.3	-10.2	10.0	-5.4		
		19 Manufacture of coke and refined petroleum products	17.5	-5.2	-12.3	-2.8	6.1	-0.3	11.2	2.2		
		20 Manufacture of chemicals and chemical products	59.8	-0.4	2.4	-0.7	-7.0	-1.2	14.7	1.7		
		21 Manufacture of basic pharmaceutical products and pharmaceutical preparations	32.6	1.5	12.4	16.8	-0.3	3.2	16.8	4.6		
		22 Manufacture of rubber and plastic products	42.5	4.0	4.5	5.2	-8.8	1.3	15.0	-2.5		
		23 Manufacture of other non-metallic mineral products	51.9	-2.2	-0.4	5.0	-16.9	-7.4	-51.2	-1.8		
		24 Manufacture of basic metals	37.6	3.1	6.2	11.3	-7.4	-1.6	20.5	0.9		
		25 Manufacture of fabricated metal products, except machinery and equipment	87.7	-1.0	-2.1	4.8	-15.5	-1.5	-68.1	-10.4		
		26 Manufacture of computer, electronic and optical products	14.3	2.1	5.9	-1.7	-18.8	-6.3	10.8	-17.9		
		27 Manufacture of electrical equipment	32.4	1.2	-9.0	-3.1	-9.7	-5.4	-65.5	-7.5		
		28 Manufacture of machinery and equipment n.e.c.	42.1	2.6	3.2	1.9	-0.1	0.4	12.2	-0.1		
		29 Manufacture of motor vehicles, trailers and semi-trailers	64.9	14.4	6.7	10.8	-11.2	6.4	20.0	2.0		
		30 Manufacture of other transport equipment	27.5	3.5	-0.1	-8.7	-2.2	-9.5	14.6	-1.8		
		31 Manufacture of furniture	18.7	-8.1	-11.0	-8.7	-15.7	-14.1	-34.1	15.2		
		32 Other manufacturing	11.0	4.8	-7.2	4.6	-1.6	6.9	13.3	1.9		
		33 Repair and installation of machinery and equipment	23.5	3.9	5.3	13.9	-13.2	-3.5	20.1	0.2		
					819.7	1.8	0.1	4.5	-7.5	-1.4	-1.3	-0.4
		D Electricity, gas, steam and air conditioning supply			143.9	-2.9	-1.8	1.4	0.1	-3.9	15.5	1.0
		E Water collection, treatment and supply			25.1	5.6	3.4	4.8	2.6	3.9	14.6	4.6

Source: INE &amp; BIAM(UC3M)

Date: March 10, 2014



## IV.2. INFLATION

The year-on-year Spanish CPI was 0.0% in February, instead of the expected -0.1%.

Annual core inflation was 0.1%, as forecast.

Our forecasts have been revised due to the downwards innovation in unprocessed food and energy.

Table IV.2.2 shows the percentage of CPI sub-classes with negative inflation. In February, they totalled 47.1%, more than ever before. Note the increase in the sub-classes with negative rates in the service sector, closely related to the weak domestic demand.

The inflation pathway expected for the coming months shows negative figures in both March, with -0.1% ( $\pm 0.18$ ) and August, with -0.1% ( $\pm 1.06$ ) (Table IV.2.5).

For the first time, we are publishing table IV.2.3, which estimates the likelihood of the annual

inflation rate being negative for each month in 2014 and 2015.

For each of these months, graph IV.2.5 shows the probability of the annual inflation rate being negative a year later.

Table IV.2.1

INFLATION IN SPAIN						
CPI	Annual rates 2014		Average annual rates			
	February	March	2012	2013	2014	2015
Core 81.41%	0.1	<b>0</b> <b>(<math>\pm 0.19</math>)</b>	1.6	1.4	<b>0.3</b> <b>(<math>\pm 0.45</math>)</b>	<b>1</b> <b>(<math>\pm 0.91</math>)</b>
Total 100%	0.0	<b>-0.1</b> <b>(<math>\pm 0.18</math>)</b>	2.4	1.4	<b>0.2</b> <b>(<math>\pm 0.74</math>)</b>	<b>1</b> <b>(<math>\pm 1.41</math>)</b>

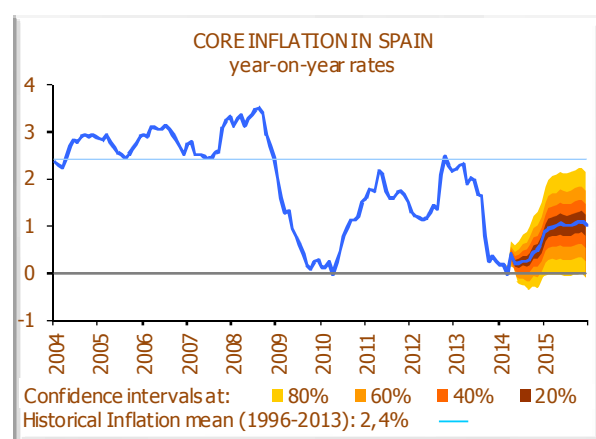
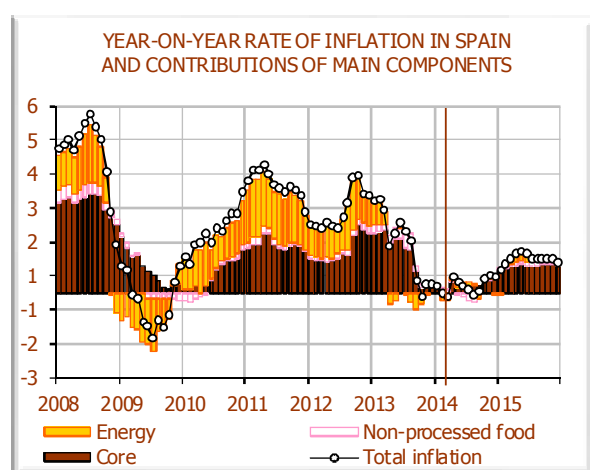
In brackets are 80% confidence intervals

Source: INE & BIAM(UC3M)

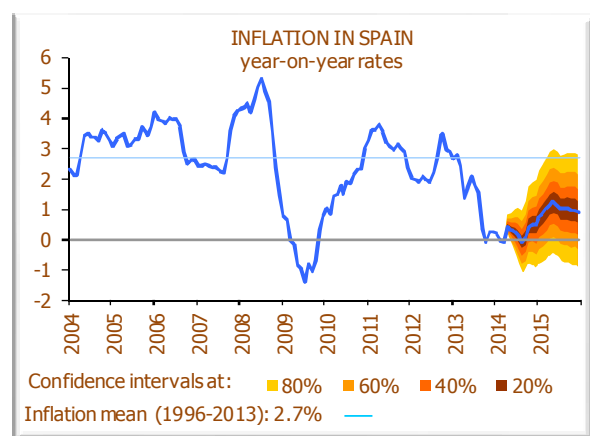
Date: March 12, 2014

Graph IV.2.3

Graph IV.2.1

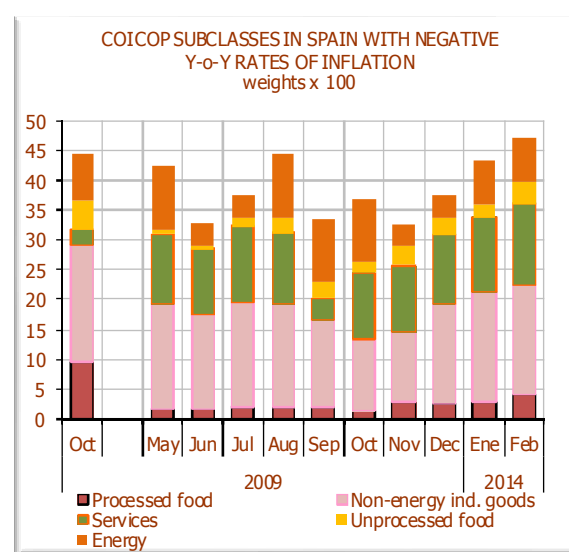


Graph IV.2.2



Source: INE & BIAM(UC3M)

Date: March 27, 2014



Source: INE & BIAM(UC3M)

Date: March 27, 2014



Table IV.2.2

COICOP SUBCLASSES IN SPAIN WITH NEGATIVE Y-o-Y RATES <sup>1</sup> OF INFLATION BY SPECIAL GROUP															
Weights x 1000															
Special Group	2009	2013												2014	
	Oct <sup>2</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
PROCESSED FOOD	96.0	8.2	9.1	9.1	20.1	15.9	15.9	19.3	18.7	20.2	14.2	29.4	27.3	29.1	40.9
NON-ENERGY INDUSTRIAL GOODS	195.1	178.8	180.3	183.9	179.3	159.1	163.2	158.5	180.8	155.7	122.6	118.7	171.3	184.4	183.1
SERVICES	26.3	117.2	117.2	117.2	131.4	109.2	101.6	119.9	119.2	104.4	112.2	112.8	116.1	124.3	137.6
<b>CORE CPI</b>	<b>317.3</b>	<b>304.1</b>	<b>306.6</b>	<b>310.2</b>	<b>330.8</b>	<b>284.3</b>	<b>280.7</b>	<b>297.7</b>	<b>318.8</b>	<b>280.3</b>	<b>249.0</b>	<b>260.9</b>	<b>314.7</b>	<b>337.8</b>	<b>361.5</b>
NON-PROCESSED FOOD	49.4	10.4	19.4	19.4	5.0	6.9	6.9	13.7	22.7	26.7	17.2	30.8	28.6	21.1	35.4
<b>NON-ENERGY CPI</b>	<b>366.7</b>	<b>314.6</b>	<b>326.0</b>	<b>329.6</b>	<b>335.7</b>	<b>291.1</b>	<b>287.6</b>	<b>311.4</b>	<b>341.5</b>	<b>307.0</b>	<b>266.3</b>	<b>291.6</b>	<b>343.4</b>	<b>358.9</b>	<b>397.0</b>
ENERGY	78.1	0.0	0.0	5.4	107.8	107.8	33.3	33.3	107.8	107.8	107.8	38.7	38.7	74.4	74.4
<b>TOTAL WEIGHTS</b>	<b>444.8</b>	<b>314.6</b>	<b>326.0</b>	<b>335.0</b>	<b>443.5</b>	<b>398.9</b>	<b>320.9</b>	<b>344.7</b>	<b>449.3</b>	<b>414.8</b>	<b>374.0</b>	<b>330.3</b>	<b>382.1</b>	<b>433.2</b>	<b>471.3</b>

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

<sup>2</sup> October, 2009: month with the higher weight in subclasses with negative rates.

Source: INE & BIAM(UC3M)

Date: March 27, 2014

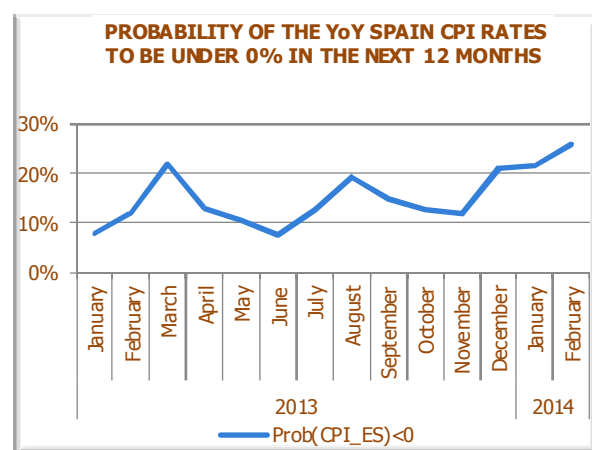
Table IV.2.3

PROBABILITY OF THE YEAR-ON-YEAR SPAIN TOTAL CPI AND CORE CPI FORECASTS TO BE UNDER ZERO			
		Prob (CPI_Total<0)	Prob (CORE<0)
2014	March	76.99%	60.11%
	April	5.10%	5.21%
	May	22.91%	27.10%
	June	35.56%	31.19%
	July	43.87%	28.72%
	August	54.52%	31.93%
	September	47.39%	30.41%
	October	33.30%	23.71%
	November	32.55%	24.61%
	December	34.14%	19.95%
2015	January	28.43%	13.17%
	February	25.89%	12.03%
	March	22.69%	12.00%
	April	19.69%	12.26%
	May	18.55%	11.90%
	June	20.12%	12.41%
	July	23.29%	12.62%
	August	24.14%	12.49%
	September	24.16%	11.83%
	October	25.31%	11.61%
	November	25.24%	11.37%
	December	26.79%	13.33%

Source: INE & BIAM(UC3M)

Date: March 27, 2014

Graph IV.2.5



Source: INE & BIAM(UC3M)

Date: March 27, 2014



Table IV.2.4

INFLATION BY COMPONENTS IN THE CONSUMER PRICE INDEX OF SPAIN										
Annual average rates										
				Weights 2014	2010	2011	2012	2013	2014	2015
CPI Total	Core Inflation	Processed food	AE less tobacco & fats	11.9	-1.2	2.1	2.4	1.7	1.2	1.4
			Oils & Fats	0.6	-2.6	0.4	2.9	17.9	-7.2	-3.1
			Tobacco	2.0	15.0	13.3	7.2	7.3	3.6	7.7
				14.5	1.0	3.8	3.1	3.2	1.2	2.1
		Non energy industrial goods	Vehicles	4.4	-1.1	2.9	1.2	-2.0	0.0	3.9
			Footwear	1.7	0.5	0.6	0.5	0.4	1.1	1.3
			Clothing	5.9	-0.6	0.1	0.2	-0.1	-0.2	-0.3
			Rest	14.5	-0.2	0.1	1.0	1.7	-0.5	-0.5
			26.5	-0.5	0.6	0.8	0.6	-0.2	0.4	
		Services	Postal services	0.0	4.5	3.6	3.2	3.2	0.3	3.0
			Cultural services	1.8	1.4	1.4	3.8	4.2	-1.7	0.5
			Education	0.9	2.1	1.9	2.0	1.9	1.0	1.2
			Hotels	0.7	0.2	1.3	0.1	-0.6	-1.4	-1.4
			Health	2.7	2.7	2.5	1.6	1.9	2.2	2.3
			Household equipment	2.1	2.5	2.6	2.1	1.8	1.9	2.2
			Restaurants	10.5	1.3	1.6	0.9	0.6	0.5	1.0
			Telephone	3.6	-0.4	-0.7	-3.6	-4.3	-5.3	-2.0
			Transports	5.8	2.2	2.7	2.7	2.2	0.8	1.6
			Package holidays	1.4	-4.6	3.3	5.7	3.3	2.7	2.9
			University	0.6	3.3	3.4	9.7	18.3	3.4	3.0
			Housing	5.9	1.7	1.6	1.2	0.9	0.3	0.6
			Rest	3.4	1.6	2.0	3.1	4.2	1.1	1.2
				39.6	1.3	1.8	1.5	1.4	0.2	1.0
			80.6	0.6	1.7	1.6	1.4	0.3	1.0	
	Residual Inflation	Non processed foods	Meat	2.6	-1.9	2.5	1.8	1.0	1.3	2.9
			Fruits	1.4	-1.2	1.0	4.6	9.8	-7.1	-2.6
			Eggs	0.2	-1.1	-1.1	15.3	1.7	-1.7	-0.5
			Vegetables	0.9	1.3	-0.4	0.6	0.4	-0.9	0.9
			Mollusc	0.6	3.2	5.1	0.5	1.0	6.6	4.9
			Potatoes	0.3	7.6	1.6	-3.5	20.3	-4.3	2.5
			Fish	1.2	1.3	2.7	0.9	0.3	3.1	0.0
				7.3	0.0	1.8	2.3	3.4	-0.3	1.2
		Energy	Fuels	6.9	16.9	15.6	8.1	0.2	-2.9	0.2
			Heat energy	0.5	24.7	27.3	11.2	-2.4	-3.2	-1.4
			Electricity and gas	4.7	4.2	14.3	9.6	-0.2	5.1	1.9
				12.1	12.5	15.7	8.9	0.0	0.1	0.8
				19.4	7.6	10.4	6.5	1.3	0.0	1.0
				100.0	1.8	3.2	2.4	1.4	0.2	1.0

\* The figures in the shaded area are forecasts

Source: INE & BIAM(UC3M)

Date: March 27, 2014



Table IV.2.5

CONSUMER PRICE INDEX AND COMPONENTS IN SPAIN														
Annual rates of growth														
		Consumer Prices Index												
		Core					Residual					TOTAL 100%	Confidence intervals at 80% *	
		Processed food excluding tobacco	Tobacco	Non energy industrial goods	Services	TOTAL	Confidence intervals at 80% *	Non processed food	Energy	TOTAL				
Weights 2014		13.1%	2.0%	26.3%	39.8%	81.4%			6.7%	12.1%	18.6%			
AVERAGE ANNUAL RATES	2005	3.0	6.6	0.9	3.8	2.7			3.3	9.6	6.5	3.4		
	2006	3.9	1.5	1.4	3.9	2.9			4.4	8.0	6.3	3.5		
	2007	3.0	8.8	0.7	3.9	2.7			4.7	1.7	3.2	2.8		
	2008	6.9	3.5	0.3	3.9	3.2			4.0	11.9	8.5	4.1		
	2009	-0.7	11.7	-1.3	2.4	0.8			-1.3	-9.0	-5.4	-0.3		
	2010	-1.7	15.0	-0.5	1.3	0.6			0.0	12.5	7.6	1.8		
	2011	1.5	13.3	0.6	1.8	1.7			1.8	15.7	10.4	3.2		
	2012	2.4	7.2	0.8	1.5	1.6			2.3	8.9	6.5	2.4		
	2013	2.5	7.3	0.6	1.4	1.4			3.4	0.0	1.3	1.4		
	2014	0.8	3.6	-0.2	0.2	0.3	± 0.45		-0.3	0.1	0.0	0.2	± 0.74	
2015	1.2	7.7	0.4	1.0	1.0	± 0.91		1.2	0.8	1.0	1.0	± 1.41		
Year-on-year rates	2013	January	2.6	9.7	1.3	2.2	2.2			4.3	5.3	4.9	2.7	
		February	2.6	9.9	1.4	2.2	2.3			3.1	5.9	5.0	2.8	
		March	2.6	9.9	1.4	2.4	2.3			2.5	3.2	3.0	2.4	
		April	2.6	5.8	1.5	1.7	1.9			2.7	-2.5	-0.7	1.4	
		May	2.6	4.5	1.5	2.0	2.0			4.9	-1.8	0.5	1.7	
		June	2.8	4.5	1.5	1.9	2.0			5.3	1.0	2.5	2.1	
		July	2.7	7.1	0.2	1.9	1.7			7.4	-0.4	2.3	1.8	
		August	2.7	7.1	0.4	1.7	1.6			7.6	-2.2	1.1	1.5	
		September	2.3	7.0	-0.8	1.0	0.8			2.8	-3.7	-1.5	0.3	
		October	1.9	7.2	-0.8	0.0	0.2			0.9	-2.7	-1.5	-0.1	
		November	1.6	7.6	-0.4	0.1	0.4			0.4	-0.7	-0.3	0.2	
		December	1.4	7.3	-0.5	0.0	0.2			0.6	0.2	0.4	0.3	
	2014	January	1.3	3.8	-0.3	-0.1	0.2			0.9	0.0	0.3	0.2	
		February	1.0	3.4	-0.4	0.0	0.1			1.2	-1.7	-0.7	0.0	
		March	0.8	3.4	-0.3	-0.4	0.0	± 0.19		1.4	-1.4	-0.4	-0.1	± 0.18
		April	0.9	3.4	-0.2	0.4	0.4	± 0.29		0.9	0.8	0.8	0.5	± 0.35
		May	0.8	3.6	-0.2	0.1	0.2	± 0.39		-0.6	1.8	0.9	0.3	± 0.55
		June	0.7	3.7	-0.3	0.1	0.2	± 0.48		-1.5	1.5	0.4	0.2	± 0.77
		July	0.8	2.5	-0.3	0.2	0.2	± 0.56		-3.0	1.1	-0.5	0.1	± 0.94
		August	0.8	2.3	-0.2	0.2	0.2	± 0.63		-3.9	0.1	-1.4	-0.1	± 1.06
		September	0.7	3.6	-0.2	0.2	0.3	± 0.70		-1.2	-0.6	-0.9	0.1	± 1.18
		October	0.7	3.9	-0.1	0.5	0.4	± 0.77		0.8	0.2	0.5	0.4	± 1.29
		November	0.8	3.8	-0.1	0.5	0.4	± 0.83		1.1	0.5	0.7	0.5	± 1.39
		December	0.9	6.0	0.0	0.6	0.6	± 0.90		0.5	-0.3	0.0	0.5	± 1.48
	2015	January	1.0	7.6	0.4	0.8	0.8	± 0.97		0.2	0.0	0.1	0.7	± 1.56
		February	1.1	7.8	0.4	0.8	0.9	± 1.03		0.5	0.2	0.3	0.8	± 1.64
		March	1.2	7.8	0.4	0.9	1.0	± 1.06		1.2	1.1	1.1	1.0	± 1.72
		April	1.2	8.8	0.4	0.9	1.0	± 1.08		1.6	2.0	1.9	1.2	± 1.74
		May	1.3	8.9	0.4	0.9	1.0	± 1.11		1.9	2.1	2.0	1.2	± 1.75
		June	1.3	7.1	0.4	1.0	1.0	± 1.11		1.4	1.9	1.7	1.1	± 1.75
		July	1.3	7.4	0.4	1.0	1.0	± 1.11		1.4	0.9	1.0	1.0	± 1.76
		August	1.3	7.4	0.4	1.0	1.0	± 1.12		1.1	0.8	0.9	1.0	± 1.80
		September	1.3	7.7	0.4	1.0	1.0	± 1.13		1.1	0.7	0.9	1.0	± 1.84
		October	1.3	7.8	0.5	1.1	1.1	± 1.14		1.2	0.2	0.6	1.0	± 1.88
		November	1.3	7.8	0.5	1.1	1.1	± 1.14		1.3	0.2	0.6	1.0	± 1.88
		December	1.3	6.2	0.3	1.1	1.0	± 1.14		1.4	0.1	0.6	0.9	± 1.88

\* Confidence intervals calculated with historical errors

\*The figures in the shaded area are Forecasts

Source: INE &amp; BIAM(UC3M)

Date: March 27, 2014



Table IV.2.6

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

\* The figures in the shaded area are Forecasts

Source: INE &amp; BIAM(UC3M)

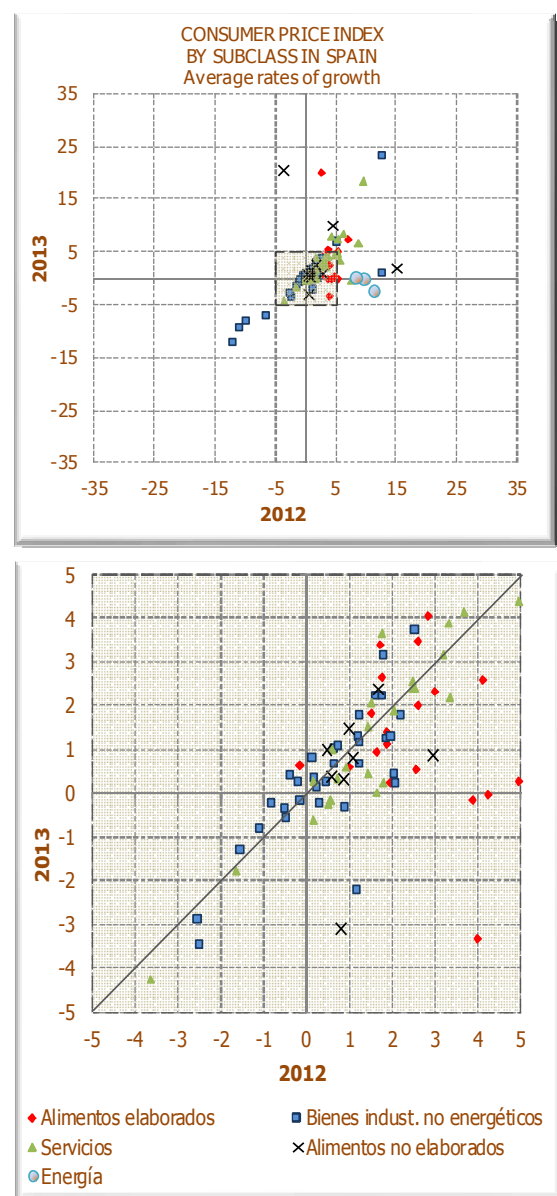
Date: March 27, 2014



## INFLATION FORECASTING BY SUBCLASS IN SPAIN

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

Graph IV.2.6



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

Source: INE & BIAM(UC3M)

Date: March 27, 2014

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

Table IV.2.7

CONSUMER PRICE INDEX BY SUBCLASS IN SPAIN										
Annual average rates of growth										
	Weights 2014	2008	2009	2010	2011	2012	2013	2014	2015	
<b>PROCESSED FOOD AND TOBACCO (PF)</b>										
Rice	0.9	18.8	16.8	-9.4	1.0	3.9	-0.2	-0.2	0.6	
Flours and cereals	1.7	8.7	0.5	-3.4	3.4	1.9	1.1	0.0	1.4	
Bread	15.2	8.9	0.0	-0.3	0.7	1.0	0.6	-0.3	-0.2	
Pastry goods, cakes, mixes and doughs for bakery products	10.0	7.5	1.6	-0.1	3.0	3.0	2.3	0.7	2.2	
Farinaceous-based products	1.2	18.5	-5.8	-1.6	4.6	2.6	0.6	0.3	1.0	
Delicatessen type meat products	17.4	3.3	0.4	0.0	1.0	1.8	2.6	2.0	2.1	
Processed meat products	3.4	4.8	2.3	-0.8	1.3	4.1	2.6	1.3	1.9	
Preserved and processed fish	7.2	5.3	0.7	0.0	4.2	3.8	5.1	2.2	3.0	
Milk	9.3	15.6	-8.3	-5.2	-0.3	1.7	3.4	3.0	0.2	
Other dairy products	7.4	7.6	-2.2	-3.3	5.6	4.0	-3.3	-1.4	-1.3	
Cheeses	7.0	10.0	-0.4	-0.2	0.9	2.0	0.2	2.6	2.0	
Preserved fruits, nuts and dried fruits	2.8	2.1	0.4	-1.4	0.9	2.8	4.1	8.5	5.8	
Dried pulses and vegetables	0.9	10.8	-1.0	-0.8	4.9	5.5	5.1	-0.2	0.2	
Frozen and preserved pulses and vegetables	3.5	7.8	0.7	-1.0	1.6	2.6	3.5	2.3	0.6	
Sugar	1.1	0.3	-6.9	-9.0	19.4	4.9	0.3	-2.6	0.1	
Chocolates and confectionery	5.3	5.3	0.5	-0.1	1.8	1.6	0.9	1.3	2.5	
Other food products	3.7	8.7	4.2	0.2	2.4	2.6	2.0	1.1	0.9	
Coffee, cocoa and infusions	3.6	7.1	1.3	-0.1	10.1	5.5	-0.2	-0.9	2.2	
Mineral water, soft drinks, fruit and vegetable juices	8.0	4.0	3.0	-2.3	0.6	1.5	1.8	1.4	1.8	
Spirits and liqueurs	1.4	4.5	1.9	1.7	1.6	-0.2	0.6	2.7	2.4	
Wines	3.4	4.7	0.1	-0.8	0.5	3.8	5.5	-1.1	1.4	
Beer	3.2	5.5	4.3	0.7	2.2	1.9	1.4	1.7	2.6	
Tobacco	20.0	3.5	11.7	15.0	13.3	7.2	7.3	3.6	7.7	
Butter and margarine	0.6	16.2	0.7	-1.6	7.3	4.2	0.0	3.0	2.2	
Oils	5.4	1.1	-12.4	-2.8	-0.3	2.7	20.0	-8.3	-3.8	
<b>PF INFLATION IN SPAIN</b>	<b>6.5</b>	<b>0.9</b>	<b>1.0</b>	<b>3.8</b>	<b>3.1</b>	<b>3.2</b>	<b>1.2</b>	<b>1.2</b>	<b>2.1</b>	
Standard deviation ( $\sigma$ )*	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.9	1.8	
<b>TOTAL INFLATION IN SPAIN</b>	<b>4.1</b>	<b>-0.3</b>	<b>1.8</b>	<b>3.2</b>	<b>2.4</b>	<b>1.4</b>	<b>0.2</b>	<b>0.2</b>	<b>1.0</b>	

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

CONSUMER PRICE INDEX BY SUBCLASS IN SPAIN										
Annual average rates of growth										
	Weights 2014	2008	2009	2010	2011	2012	2013	2014	2015	
<b>NON-ENERGY INDUSTRIAL GOODS (NEIG)</b>										
Men's outerwear	19.0	0.1	-2.0	-0.5	0.5	0.9	-0.3	0.0	-1.7	
Men's underwear	1.3	1.2	0.0	0.9	1.3	2.0	0.4	0.1	-1.6	
Women's outerwear	25.0	0.5	-2.3	-1.5	-0.2	-0.5	-0.5	-1.3	-3.0	
Women's underwear	2.2	1.4	0.0	0.9	1.7	1.2	0.7	0.4	-1.9	
Children's and infants' garments	9.6	0.6	-1.4	-0.2	0.1	-0.4	0.4	0.4	-1.7	
Men's footwear	5.8	1.3	0.0	0.1	0.5	0.5	0.3	0.7	0.8	
Women's footwear	7.8	1.6	-0.7	1.0	0.8	0.6	0.7	1.6	1.8	
Children's and infants' footwear	3.0	1.3	-0.5	0.1	0.5	0.3	0.1	0.4	0.7	
Motor vehicles	40.9	-0.5	-4.1	-1.2	3.0	1.2	-2.2	0.0	3.7	
Other vehicles	1.9	-2.4	1.0	0.0	1.2	1.2	1.3	1.1	3.9	
Spare parts and maintenance accessories	1.6	4.6	-0.7	1.3	2.5	2.1	0.3	0.4	5.1	
Materials for the maintenance and repair of the dwelling	2.3	5.1	3.0	1.4	2.4	1.6	2.2	0.6	1.1	
Water supply	10.9	4.9	5.7	2.1	2.6	5.1	7.0	3.1	2.8	
Furniture	12.3	3.9	1.1	1.1	1.8	0.6	1.0	0.1	0.1	
Other equipments	2.0	2.7	0.5	0.4	2.2	0.7	1.1	0.6	1.4	
Household textiles	5.6	2.2	0.5	0.2	2.0	-0.5	-0.4	-1.9	-1.9	
Refrigerators, washing machines and dishwashers	3.8	-1.9	-1.0	-1.8	-2.2	-1.6	-1.3	-3.8	-2.8	
Cookers and ovens	1.2	-0.8	0.1	-1.6	-1.4	-1.1	-0.8	-2.7	-1.6	
Heating and air conditioning	2.2	-0.5	0.8	0.7	-1.0	-0.2	0.3	-1.7	-0.5	
Other household appliances	1.2	-0.2	0.5	0.5	-1.3	0.2	0.4	-2.0	-1.9	
Glassware, crockery and cutlery	0.9	3.1	2.6	1.9	3.4	1.7	2.3	0.0	1.1	
Other kitchen utensils and furnishing	1.1	3.7	2.6	2.2	2.2	1.2	1.8	1.0	1.1	
Tools and accessories for house and garden	2.4	3.0	1.9	2.3	2.8	1.2	1.2	0.5	0.9	
Cleaning household articles	12.9	1.7	1.9	-0.8	0.0	1.8	1.3	0.1	0.4	
Other non-durable household articles	3.9	2.7	1.4	1.1	2.9	2.0	1.3	0.6	0.6	
Medicines and other pharmaceutical products	9.7	-6.5	-6.3	-5.3	-6.0	12.5	23.2	3.2	3.6	
Therapeutic appliances and equipment	6.3	3.6	1.0	0.0	-0.7	-2.5	-3.4	-0.8	0.2	
Equip. for the reception, recording and reproduction of sound and pictures	4.7	-12.7	-13.7	-8.6	-10.9	-11.0	-9.3	-8.5	-10.7	
Photographic and cinematographic equipments	1.0	-18.0	-18.5	-14.0	-14.5	-12.2	-12.0	-15.3	-25.5	
Information processing equipments	3.5	-21.5	-13.3	-6.1	-11.5	-10.1	-8.0	-12.7	-16.2	
Recording media	1.8	-0.9	-0.4	-0.1	-1.3	-6.6	-7.1	-1.6	-0.4	
Games and toys	5.5	-0.4	-1.8	-2.5	-3.0	-2.6	-2.9	-2.3	-2.3	
Other recreational and sporting articles	0.9	1.1	-0.6	-0.1	-0.2	-0.8	-0.2	-0.7	0.2	
Gardens, plants, flowers and pets	6.2	5.3	2.8	2.1	2.1	2.5	3.7	0.7	1.4	
Books	7.1	2.0	2.2	1.2	3.0	0.1	0.8	0.3	0.5	
Newspapers and magazines	6.7	2.2	3.6	2.6	2.5	2.2	1.8	1.5	1.5	
Stationery materials	2.5	3.7	3.2	1.7	2.7	1.8	3.2	1.3	1.7	
Personal care articles	18.1	2.2	0.8	0.0	1.0	0.3	-0.2	-0.4	-0.3	
Jewellery, costume jewellery, clocks and watches	3.2	11.1	7.5	12.5	15.2	12.7	1.1	-6.7	-1.6	
Other articles for personal use	2.8	1.1	-0.6	0.4	0.3	-0.2	-0.2	-0.2	-0.5	
<b>NEIG INFLATION IN SPAIN</b>	<b>0.3</b>	<b>-1.3</b>	<b>-0.5</b>	<b>0.6</b>	<b>0.8</b>	<b>0.6</b>	<b>0.6</b>	<b>-0.2</b>	<b>0.4</b>	
Standard deviation ( $\sigma$ )*	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.4	0.9	
<b>TOTAL INFLATION IN SPAIN</b>	<b>4.1</b>	<b>-0.3</b>	<b>1.8</b>	<b>3.2</b>	<b>2.4</b>	<b>1.4</b>	<b>0.2</b>	<b>0.2</b>	<b>1.0</b>	

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



Table IV.2.8

CONSUMER PRICE INDEX BY SUBCLASS IN SPAIN									
Annual average rates of growth									
	Weights 2014	2008	2009	2010	2011	2012	2013	2014	2015
<b>SERVICES (SER)</b>									
Maintenance and repair services	21.1	4.8	4.1	2.8	2.6	2.5	2.4	0.8	1.9
Other services related to vehicles	3.3	3.3	1.3	-0.4	0.5	1.5	2.0	-0.7	0.0
Railway transport	2.1	3.7	5.5	4.9	3.3	7.6	-0.5	1.2	6.5
Road transport	6.8	4.2	5.3	1.7	2.8	5.5	4.8	3.0	3.4
Air transport	3.5	13.7	3.0	0.6	5.4	4.4	7.8	3.5	7.0
Other transport services	2.9	7.3	7.0	5.5	2.5	8.6	6.6	1.5	3.4
Insurances connected with transport	18.6	2.0	1.3	1.8	2.8	0.5	-0.3	-0.3	-0.9
Restaurants, bars, coffee bars, canteens	102.2	4.7	2.2	1.3	1.6	0.9	0.6	0.5	1.0
Hotels and other lodgings	7.3	4.2	-1.4	0.2	1.3	0.1	-0.6	-1.4	-1.4
Package holidays	13.9	4.5	0.2	-4.6	3.3	5.7	3.3	2.7	2.9
Higher education	6.0	5.2	5.3	3.3	3.4	9.7	18.3	3.4	3.0
Postal services	0.2	2.8	2.8	4.5	3.6	3.2	3.2	0.3	3.0
Telephone services	36.5	0.6	0.1	-0.4	-0.7	-3.6	-4.3	-5.3	-2.0
Rentals for housing	27.3	4.2	3.1	1.1	1.0	0.5	-0.2	-0.8	-1.0
Services for the maintenance and repair of the dwelling	9.3	5.1	1.4	0.4	0.9	0.2	0.3	-0.5	0.1
Sewerage collection	22.4	3.4	3.8	3.0	2.7	2.5	2.6	1.9	2.8
Out-of-hospital medical and paramedical services	5.0	4.9	2.2	1.4	1.5	0.7	0.3	0.9	1.7
Dental services	10.5	3.2	2.4	1.3	0.9	0.6	1.0	0.3	0.2
Hospital services	1.2	3.4	0.9	-0.8	0.1	-1.6	-1.8	-2.4	-2.3
Medical insurances	10.2	4.7	6.9	5.6	5.1	3.7	4.2	5.2	5.2
Recreational and sporting services	8.0	1.7	2.1	1.1	1.5	1.8	0.2	-1.6	2.2
Cultural services	10.1	3.6	3.1	1.6	1.3	5.3	7.2	-1.9	-0.8
Education	9.5	3.4	2.5	2.1	1.9	2.0	1.9	1.0	1.2
Repair of footwear	0.2	6.2	4.2	3.5	3.9	2.5	2.4	2.6	4.0
Domestic service and other household services	13.0	4.8	3.0	1.9	1.7	1.4	1.5	1.6	2.2
Insurances connected with the dwelling	7.8	3.5	4.4	3.6	4.2	3.3	2.2	2.3	2.0
Personal care services	15.9	4.0	1.4	1.4	1.7	1.7	3.6	0.1	0.0
Social services	4.0	4.6	4.0	2.5	2.0	1.4	0.5	0.9	1.9
Other insurances	6.8	3.9	4.5	2.6	3.4	5.0	4.4	3.5	3.0
Financial services	0.5	4.7	3.6	5.1	4.3	1.6	0.0	0.0	-0.3
Other services	6.6	2.2	2.2	0.6	1.3	6.2	8.4	1.2	1.7
Repair of household appliances	1.1	4.3	4.2	2.9	3.7	3.3	3.9	1.8	1.9
<b>SER INFLATION IN SPAIN</b>	<b>3.9</b>	<b>2.4</b>	<b>1.3</b>	<b>1.8</b>	<b>1.5</b>	<b>1.4</b>	<b>1.4</b>	<b>0.2</b>	<b>1.0</b>
Standard deviation ( $\sigma$ )*	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.4	0.8
<b>TOTAL INFLATION IN SPAIN</b>	<b>4.1</b>	<b>-0.3</b>	<b>1.8</b>	<b>3.2</b>	<b>2.4</b>	<b>1.4</b>	<b>0.2</b>	<b>0.2</b>	<b>1.0</b>

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

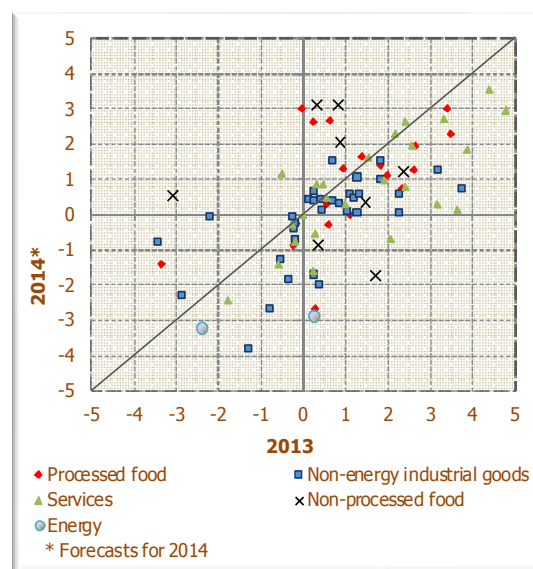
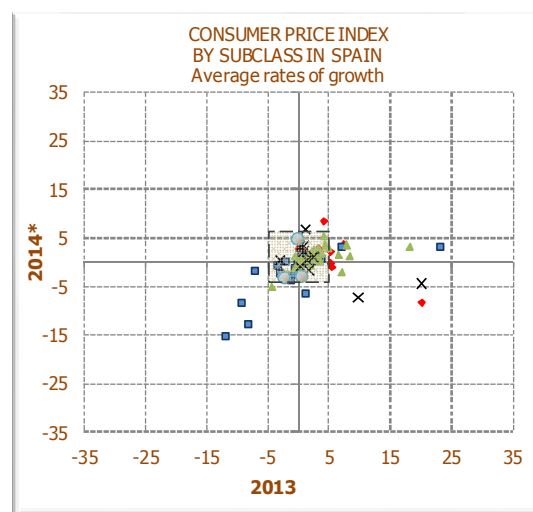
CONSUMER PRICE INDEX BY SUBCLASS IN SPAIN									
Annual average rates of growth									
	Weights 2014	2008	2009	2010	2011	2012	2013	2014	2015
<b>NON-PROCESSED FOOD (NPF)</b>									
Beef	0.0	4.0	1.7	0.5	1.6	3.0	0.9	2.0	4.3
Pork	8.3	1.6	-3.8	-2.1	2.3	1.7	2.4	1.2	2.5
Sheep meat	5.9	5.3	1.9	-3.1	1.6	0.8	-3.1	0.6	2.1
Poultry	2.5	4.3	-1.9	-4.0	4.3	1.0	1.5	0.3	1.8
Other meats, viscera and other non-meat edibles	8.3	7.0	-1.5	-2.6	1.0	1.1	0.8	3.1	4.1
Fresh fish	11.0	1.2	-4.6	1.3	2.7	0.9	0.3	3.1	0.0
Crustaceans and molluscs	2.2	-0.2	-2.2	3.2	5.1	0.5	1.0	6.6	4.9
Eggs	5.6	10.7	1.2	-1.1	-1.1	15.3	1.7	-1.7	-0.5
Fresh fruits	2.2	9.4	0.3	-1.2	1.0	4.6	9.8	-7.1	-2.6
Fresh pulses and vegetables	14.4	2.4	2.1	1.3	-0.4	0.6	0.4	-0.9	0.9
Potatoes and processed potato products	9.2	-1.7	-7.0	7.6	1.6	-3.5	20.3	-4.3	2.5
<b>NPF INFLATION IN SPAIN</b>	<b>4.0</b>	<b>-1.3</b>	<b>0.0</b>	<b>1.8</b>	<b>2.3</b>	<b>3.4</b>	<b>-0.3</b>	<b>1.2</b>	<b>1.2</b>
Standard deviation ( $\sigma$ )*	0.07	0.07	0.07	0.07	0.07	0.07	0.07	1.3	2.1
<b>TOTAL INFLATION IN SPAIN</b>	<b>4.1</b>	<b>-0.3</b>	<b>1.8</b>	<b>3.2</b>	<b>2.4</b>	<b>1.4</b>	<b>0.2</b>	<b>0.2</b>	<b>1.0</b>

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

CONSUMER PRICE INDEX BY SUBCLASS IN SPAIN									
Annual average rates of growth									
	Weights 2014	2008	2009	2010	2011	2012	2013	2014	2015
<b>ENERGY (ENE)</b>									
Electricity and gas	0.0	8.7	2.1	4.2	14.3	9.6	-0.2	5.1	1.9
Other fuels	32.1	23.5	-32.7	24.7	27.3	11.2	-2.4	-3.2	-1.4
Fuels and lubricants	15.0	13.0	-15.2	16.9	15.6	8.1	0.2	-2.9	0.2
<b>ENE INFLATION IN SPAIN</b>	<b>11.9</b>	<b>-9.0</b>	<b>12.5</b>	<b>15.7</b>	<b>8.9</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.8</b>
Standard deviation ( $\sigma$ )*	0.08	0.08	0.08	0.08	0.08	0.08	0.08	4.2	7.9
<b>TOTAL INFLATION IN SPAIN</b>	<b>4.1</b>	<b>-0.3</b>	<b>1.8</b>	<b>3.2</b>	<b>2.4</b>	<b>1.4</b>	<b>0.2</b>	<b>0.2</b>	<b>1.0</b>

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

Graph IV.2.7



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

Source: INE & BIAM(UC3M)

Date: March 27, 2014





### IV.3. THE EVOLUTION OF LABOUR COSTS IN THE LAST FEW YEARS.

*Labour costs did not start to react to the crisis until towards the end of 2009. This delay had negative effects on employment. Labour costs fell in 2012 and remained unaltered in 2013. They will continue to fall slowly this year, together with domestic demand and the high unemployment rate. The evolution of labour costs, together with major progress in labour productivity, has enabled our ULCs to continue to fall in 2013, and they will probably continue to do so in 2014, albeit at a slower pace, while they are growing in the euro area. This competitiveness gain has a positive effect on our exports.*

#### IV.3.1. Introduction

Labour costs continued to fall in 2013, consistent with the unemployment and employment situation. The trend ceased at the end of 2013, when civil servants recovered the extra Christmas pay packet that was cancelled the previous year. For this year, the only information available about collective negotiations refers to January and February.

Spanish salaries showed nominal inertia, uncorrected in the different labour reforms applied up to June 2011 and on 10 February 2012, particularly in the latter. Two years after the last labour reform, there is evidence that its

effects have been noticed in cost reductions in some market segments.

While salaries were falling in the last few years (and will continue to do so in 2014), there was heavy growth in apparent labour productivity, resulting from job losses, considerably reducing unit labour costs (ULC). In the euro area, however, ULCs continue to grow.

#### IV.3.2. Recent evolution of salary indicators

In 2013, the labour cost indicators remained stable after declining in 2012. In the quarterly profile they show a rise in the fourth quarter, due to the inverted effect of the cancellation of civil servants' extra Christmas payment that year, which was recovered in 2013. Salaries continued to fall in 2014; in view of Collective Negotiation results, the increase agreed upon in agreements signed by the end of February was 0.6%, similar to last year.

The latest Quarterly Labour Cost Survey (ETCL) refers to the last quarter of 2013, when there was an apparent rise in labour costs that took the annual rate to 2.1%, versus 0.2% growth in the third, due to the public sector. Labour costs last year overall grew by 0.2%, after falling by 0.6% in 2012.

The rise in total labour costs in the last quarter of 2013 was particularly affected by salaries, which rose by 2.5%, due to the public sector. Non-salary costs rose by 0.8% in the quarter, half the rate in the previous three months. Last year, total labour costs registered 0.2% average annual growth, after falling by 0.6% in 2012 (see table IV.3.2.1).

By comparing the salaries agreed upon in workers' agreements with those really received, we obtain an approximation to what is known as the salary drift. In the last three years it was negative, compatible with the weak Spanish economy and high unemployment rate.

Salaries rose by a year-on-year rate of 2.7% in the fourth quarter, 2.2 pp more than in the previous three

Table IV.3.2.1

EVOLUTION OF THE MAIN WAGE INDICATORS											
year-on-year rates in %											
	2012	2013	2012				2013				2014
			I	II	III	IV	I	II	III	IV	I
<b>WAGE FROM COLLECTIVE BARGAINING<sup>1</sup></b>	<b>1.5</b>	<b>0.6</b>	<b>2.2</b>	<b>1.7</b>	<b>1.3</b>	<b>1.0</b>	<b>0.6</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>
By economic sectors											
Industry	1.3	0.5	2.4	1.7	1.4	1.1	0.3	0.5	0.5	0.5	0.9
Construction	1.1	0.6	2.6	1.1	1.0	1.0	1.4	1.1	0.6	0.6	1.5
Services	1.5	0.6	1.9	1.4	1.2	1.0	0.6	0.7	0.6	0.6	0.5
By field of application											
Company	1.5	0.4	2.0	1.8	1.6	1.2	1.0	0.7	0.5	0.4	0.9
Sector	1.1	0.6	2.2	1.7	1.3	1.0	0.5	0.7	0.5	0.6	0.6
<b>LABOUR COST PER PERSON</b>	<b>-0.6</b>	<b>0.2</b>	<b>1.1</b>	<b>-0.3</b>	<b>-0.1</b>	<b>-3.2</b>	<b>-1.4</b>	<b>-0.3</b>	<b>0.2</b>	<b>2.1</b>	
Wages	-0.6	0.0	1.2	0.0	0.3	-3.6	-1.8	-0.6	-0.2	2.5	
Other non-wage costs	-0.8	0.6	0.9	-1.4	-0.9	-1.8	-0.3	0.4	1.4	0.8	
Wages per hour	-0.1	0.5	1.4	0.7	0.0	-2.2	2.1	-2.4	0.5	1.8	
Wage drift <sup>2</sup>	-1.6	-0.6	-1.0	-2.0	-1.4	-4.2	-1.9	-0.9	-0.4	1.5	
<b>COMPENSATION PER EMPLOYEE<sup>3</sup></b>	<b>0.2</b>	<b>0.7</b>	<b>1.7</b>	<b>0.8</b>	<b>0.7</b>	<b>-2.4</b>	<b>-0.5</b>	<b>-0.1</b>	<b>0.5</b>	<b>2.7</b>	
Industry	2.3	1.3	2.7	2.6	2.2	1.5	0.8	1.1	1.9	1.4	
Construction	3.0	0.3	3.3	3.6	3.3	1.9	-1.0	1.3	0.2	0.7	
Services	-0.4	0.7	1.1	-0.4	0.3	-3.5	-0.8	-0.3	0.4	3.3	
<b>GLOBAL UNIT LABOUR COST</b>	<b>-3.0</b>	<b>-1.5</b>	<b>-1.4</b>	<b>-2.7</b>	<b>-2.4</b>	<b>-5.3</b>	<b>-3.2</b>	<b>-2.5</b>	<b>-1.6</b>	<b>1.2</b>	
ULC Manufactures	-2.9	-3.2	2.3	0.6	-1.0	-1.4	-1.0	-1.4	-0.2		

(1) Includes wage review by safeguard clauses in the annual data.

(2) Wages less wages from collective bargaining.

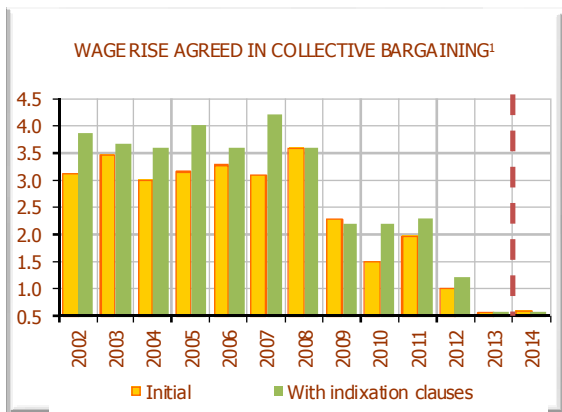
(3) Calculated using full-time equivalent employment and corrected data by QNA.

Source: SS, Ministry of employment & BIAM(UC3M)

Date: March 28, 2014

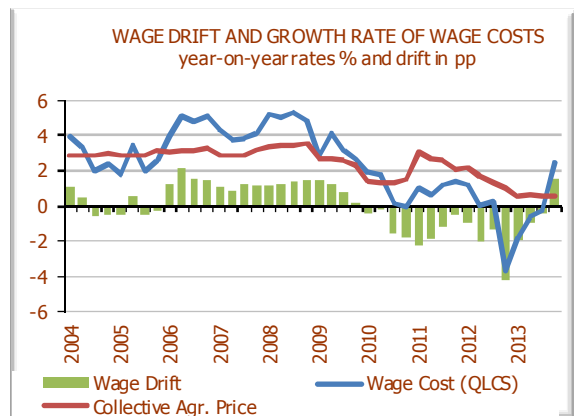


Graph IV.3.2.1



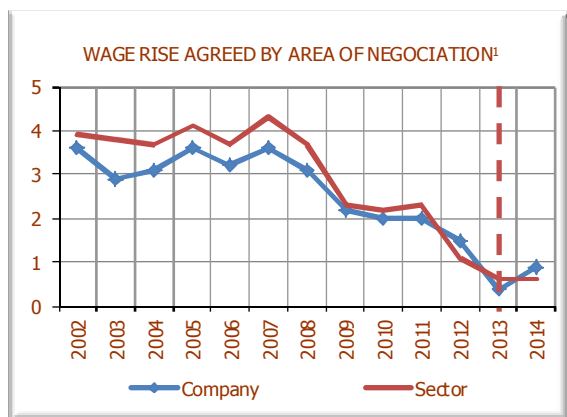
(¹) Data from 2014 includes only first quarter.  
Source: Ministry of employment, SS & BIAM(UC3M)  
Date: March 28, 2014

Graph IV.3.2.4



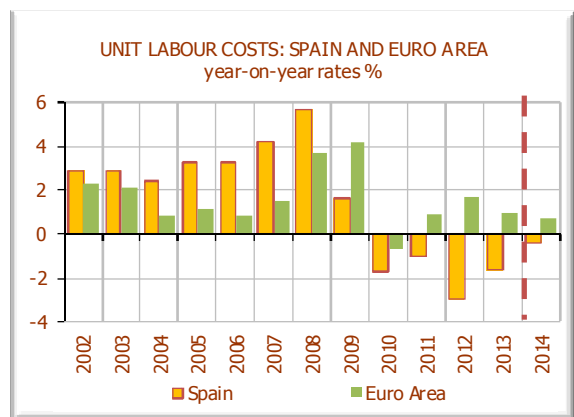
Source: Ministry of employment, SS & BIAM(UC3M)  
Date: March 28, 2014

Graph IV.3.2.2



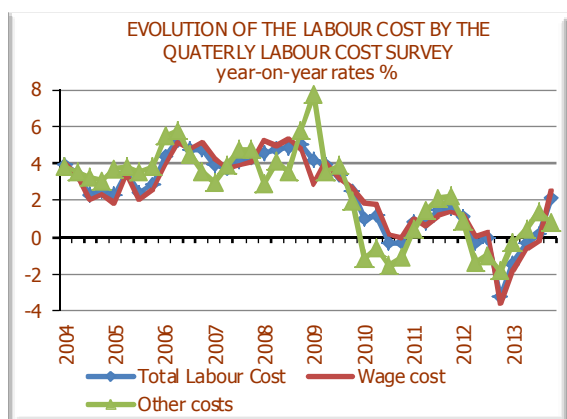
(¹) Data from 2014 includes only first quarter.  
Source: Ministry of employment, SS & BIAM(UC3M)  
Date: March 28, 2014

Graph IV.3.2.5



Source: INE, EUROSTAT & BIAM(UC3M)  
Date: March 28, 2014

Graph IV.3.2.3



Source: INE & BIAM(UC3M)  
Date: March 28, 2014

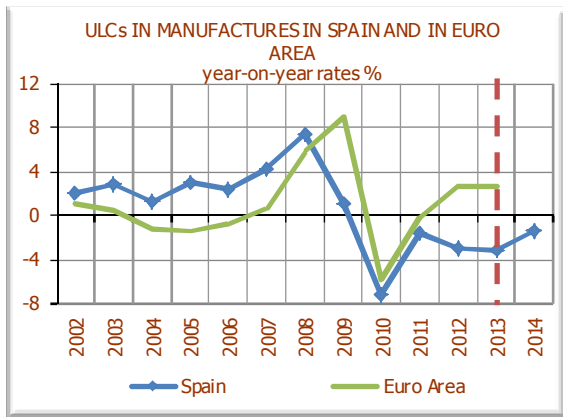
months, all due to the public sector. The ULC in the last quarter of 2013 grew by a year-on-year rate of 1.2%, after falling by 1.6% in the previous three months. This was largely due to the extra salary effect, but was also affected by the reduction in apparent labour productivity growth.

The economy's ULC fell by 1.5% in 2013, less than in 2014, due to the reduction in productivity growth and higher salaries perceived.

Compared with the euro area, Spain's ULCs grew more since Spain joined the euro up to 2009 (see graph IV.3.2.5). However, after the onset of the crisis, our ULCs have grown or fallen relative to the area. The evolution of Spanish ULCs up to 2008 showed a continued reduction in competitiveness, which has



Graph IV.3.2.6



Source: INE, EUROSTAT & BIAM(UC3M)  
Date: March 28, 2014

nonetheless recovered gradually since 2009 (see graph IV.3.2.5).

#### IV.3.3. Salary perspectives and final considerations

Costs are expected to continue to fall in 2014, given the labour market situation. The effects of the Salary Agreement are also expected to continue. This agreement recommends that salary increases should remain at 0.6%. In the first two months of 2014, the salary raise established in workers' agreements is 0.6%, falling to 0.4% in new agreements. The salary raise established in such agreements is expected to be just under 0.6% by the end of the year, and the salary drift will be negative again this year. Other factors in favour of salary moderation are growing tendencies to operate outside workers' agreements and low inflation perspectives.

Public salaries have been frozen again in 2014, so it will all depend on the private sector. Given the context, salaries overall are expected to remain stable or fall this year. ULCs will continue to decline, but at a slower pace than in the last two years, due to the small expected increase in employment, so productivity growth will fall and salaries will remain practically stable.



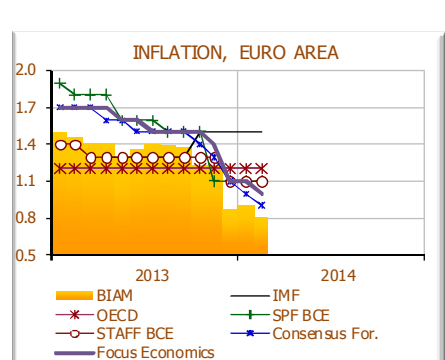
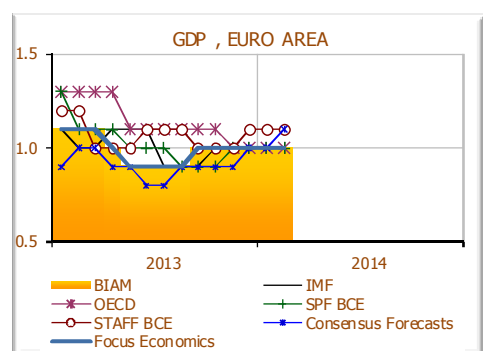
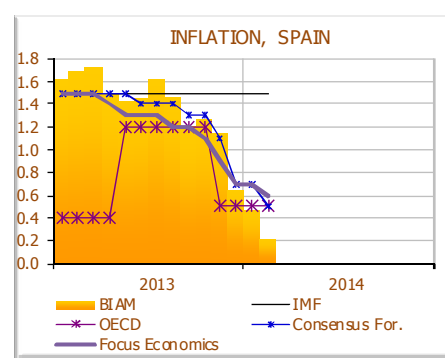
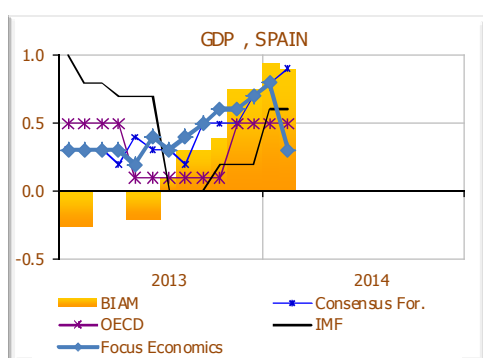
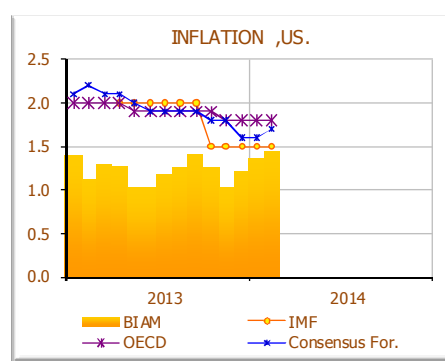
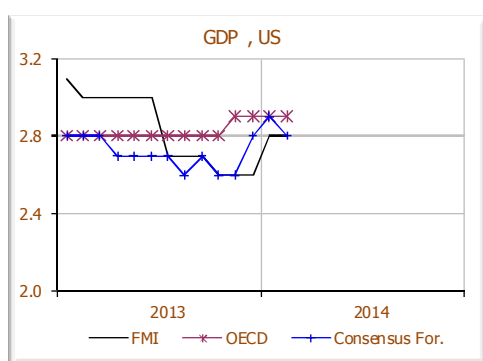
## V. FORECASTS OF DIFFERENT INSTITUTIONS

		FORECASTS FOR DIFFERENT INSTITUTIONS															
		UNITED STATES				SPAIN					EURO AREA						
		Consensus Forecasts <sup>1</sup>	BIAM <sup>2</sup>	IMF <sup>3</sup>	OECD <sup>4</sup>	Consensus Forecasts	Focus Economics <sup>5</sup>	BIAM	IMF	OECD	Consensus Forecasts	Focus Economics	BIAM	IMF	ECB SPF <sup>6</sup>	ECB Staff <sup>7</sup>	OECD
GDP	2014	2.8	-	2.8	2.9	0.9	0.3	0.9	0.6	0.5	1.1	1.0	1.4	1.0	1.0	1.1	1.0
	2015	3.1	-	3.0	3.4	1.5	1.3	1.6	0.8	1.0	1.4	1.4	1.5	1.4	1.5	1.5	1.6
CPI	2014	1.7	1.4	1.5	1.8	0.5	0.6	0.2	1.5	0.5	0.9	1.0	0.8	1.5	1.1	1.1	1.2
	2015	2.0	1.2	0.0	1.9	1.1	1.1	1.0	0.0	0.6	1.3	1.4	1.3	0.0	1.4	1.3	2.2

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

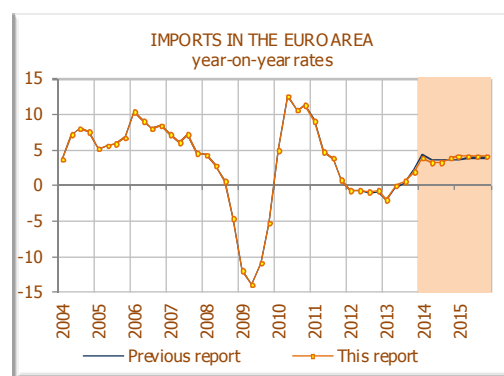
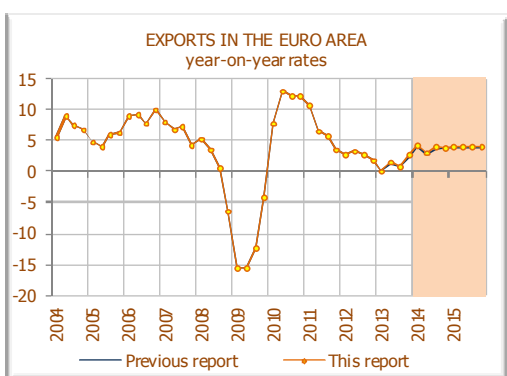
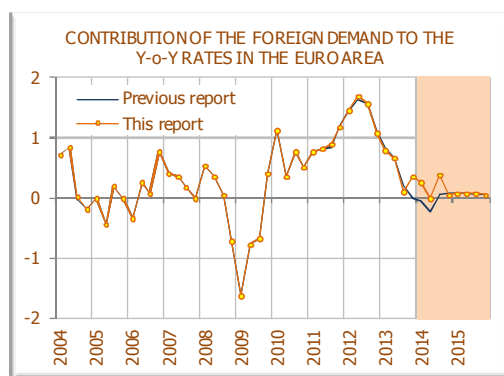
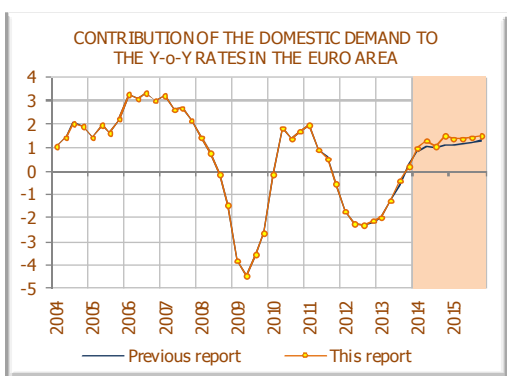
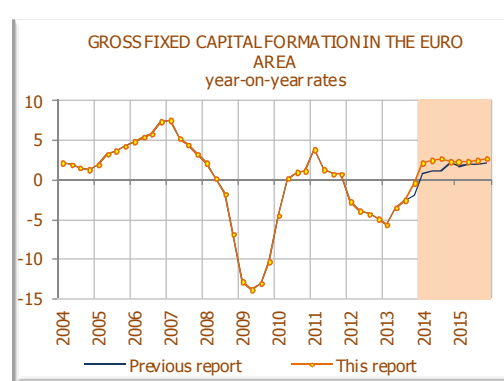
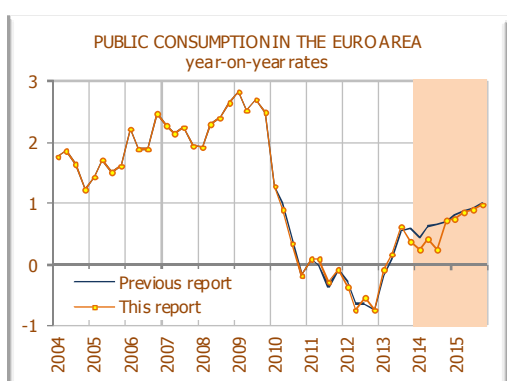
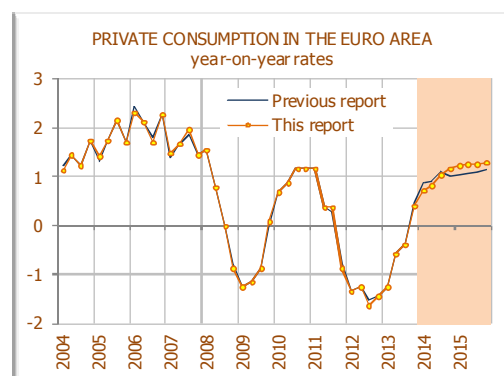
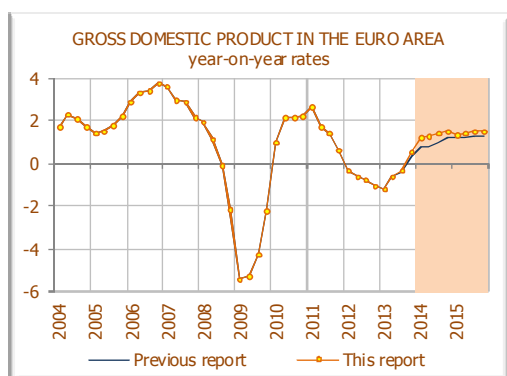
### EVOLUTION OF FORECASTS FOR 2013

Annual average rates



## COMPONENTS OF GROSS DOMESTIC PRODUCT DEMAND IN THE EURO AREA

### Year-on-year rates



Source: EUROSTAT & BIAM (UC3M)

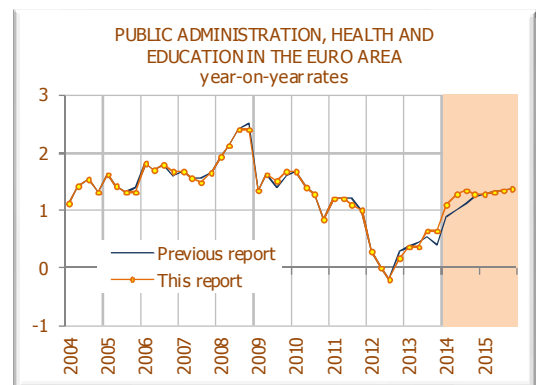
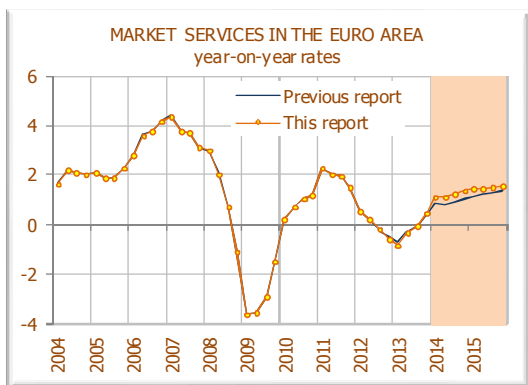
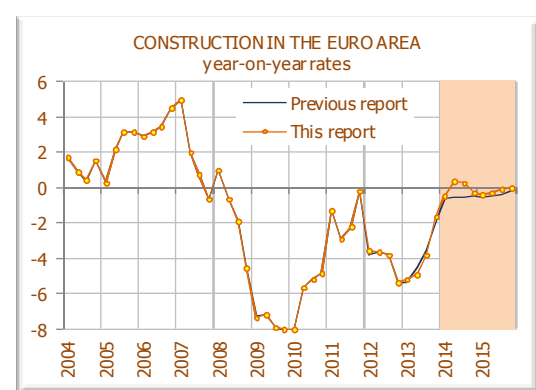
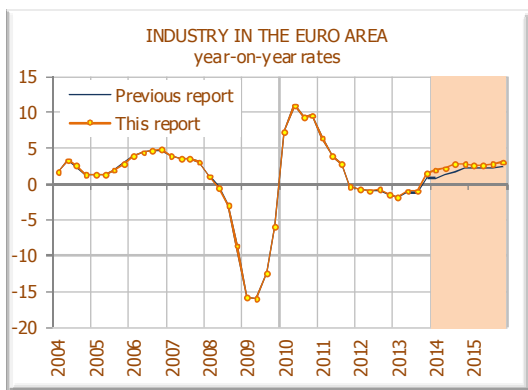
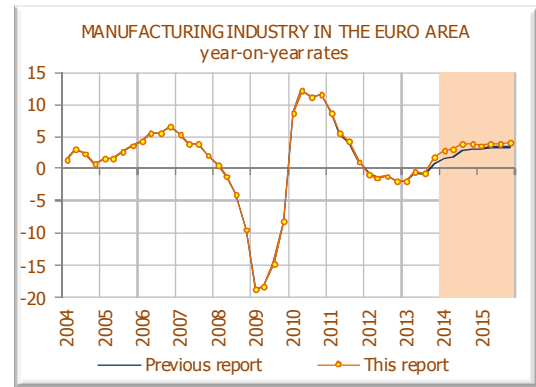
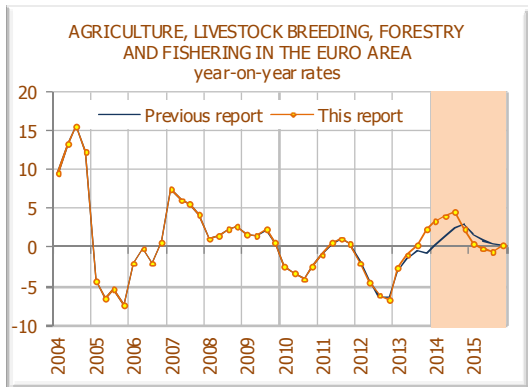
Date this report: March 21, 2014

Date previous report: December 12, 2013



# COMPONENTS OF GROSS DOMESTIC PRODUCT SUPPLY IN THE EURO AREA

## Year-on-year rates

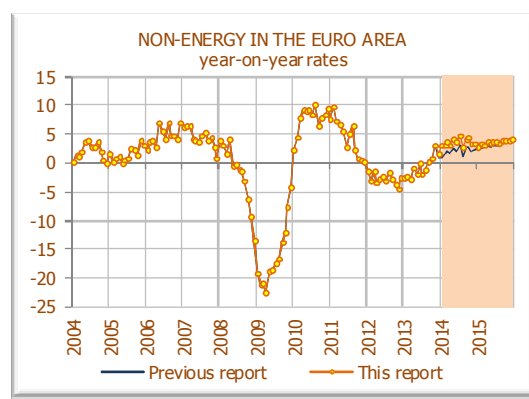
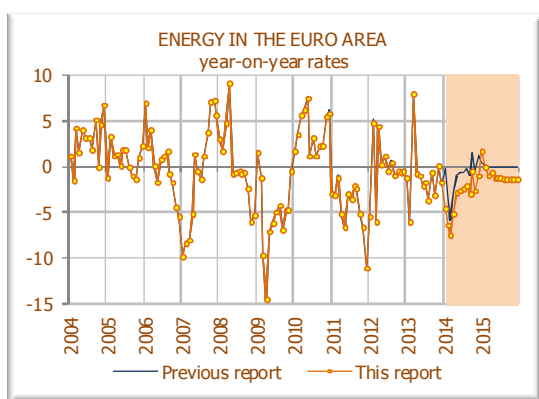
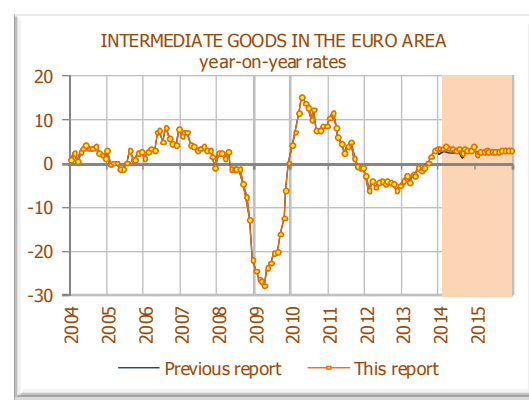
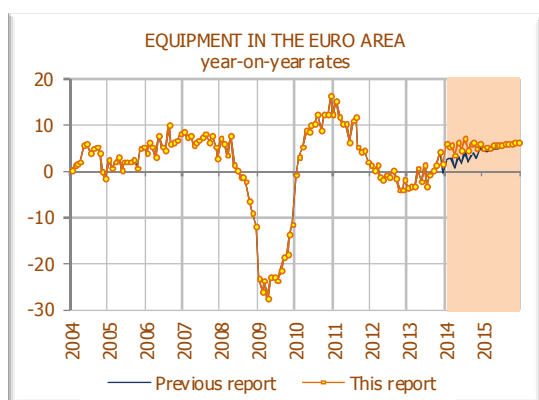
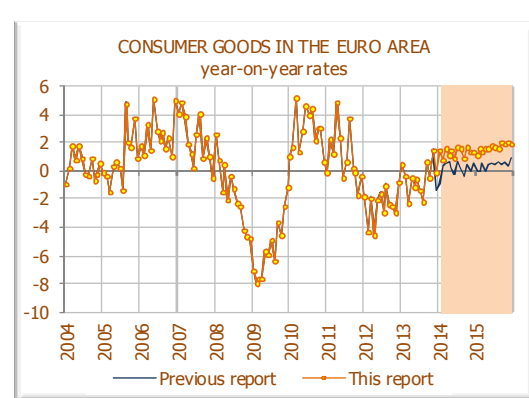
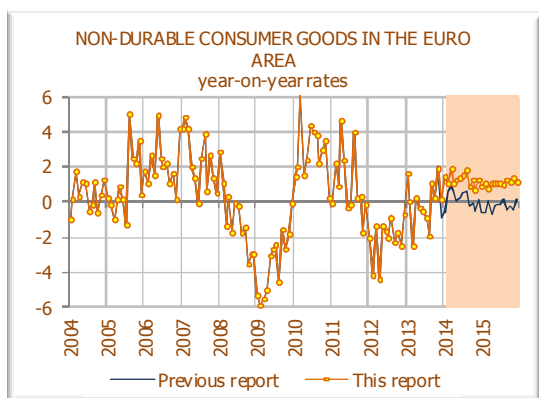
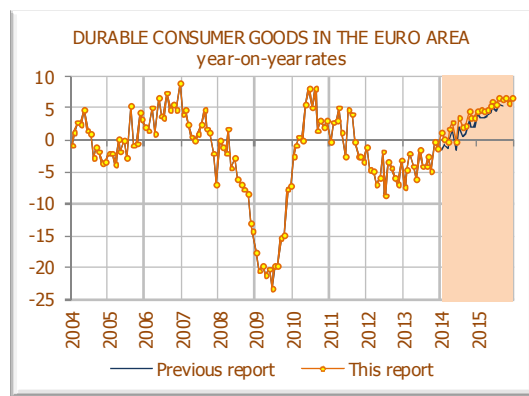
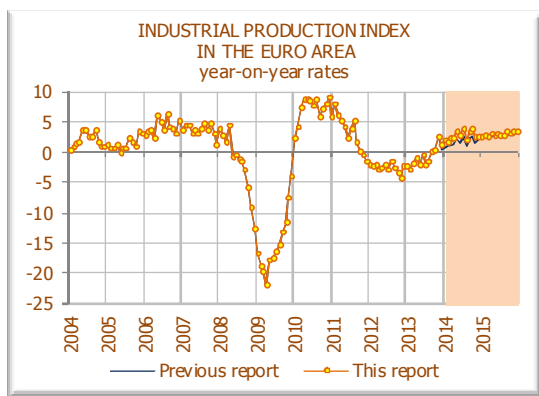


Source: EUROSTAT & BIAM (UC3M)  
Date this report: March 21, 2014  
Date previous report: December 12, 2013



# COMPONENTS OF INDUSTRIAL PRODUCTION INDEX IN THE EURO AREA

## Year-on-year rates



Source: EUROSTAT & BIAM (UC3M)

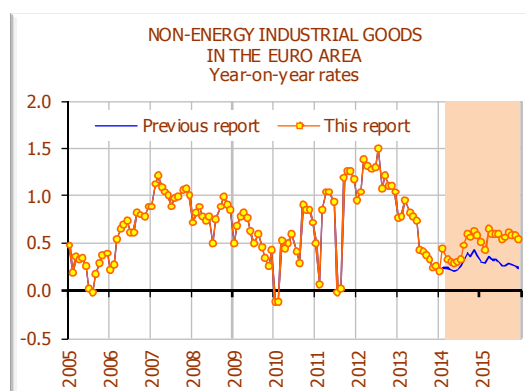
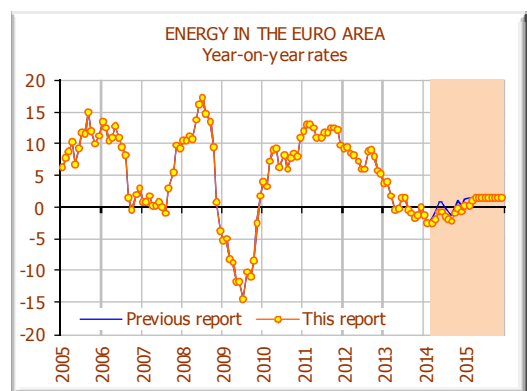
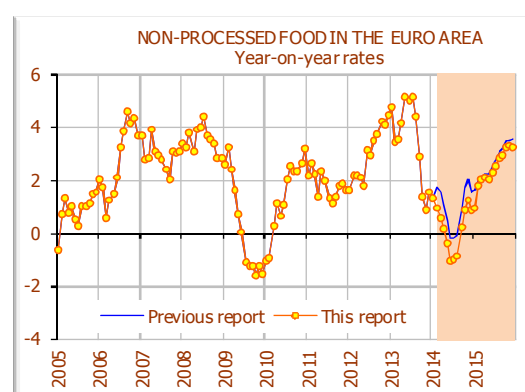
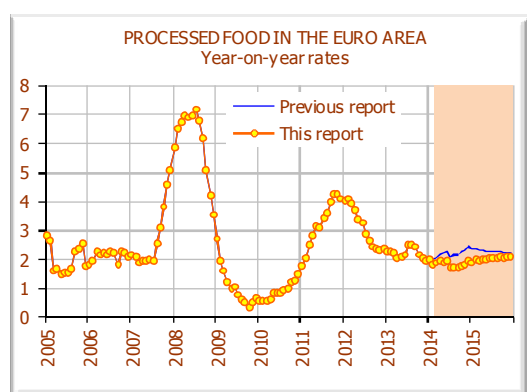
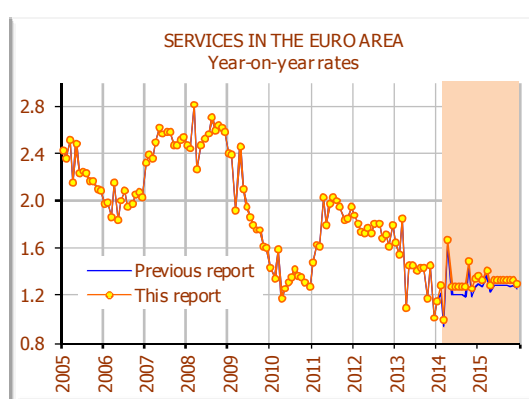
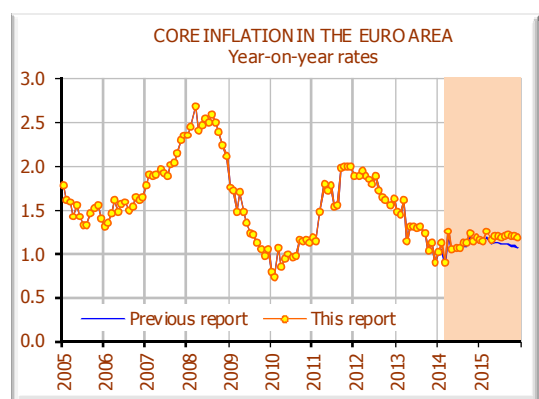
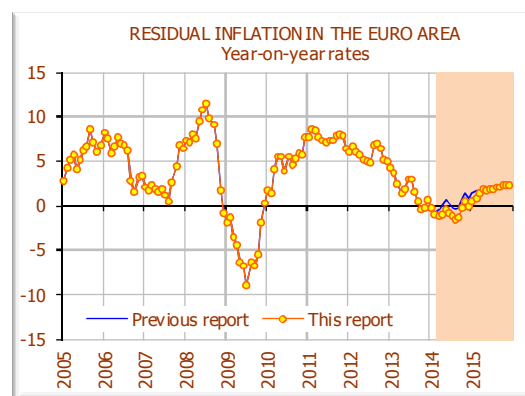
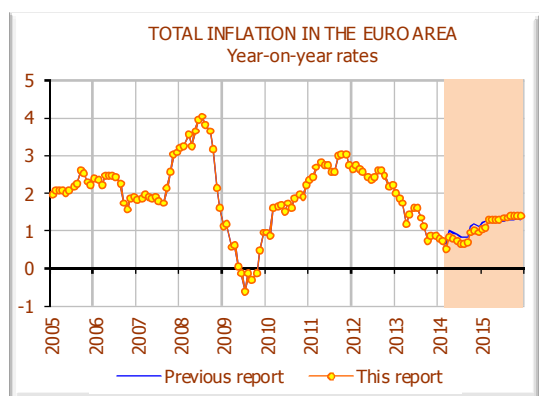
Date this report: March 12, 2014

Date previous report: February 20, 2014



# COMPONENTS OF HARMONISED INDEX OF CONSUMER PRICES IN THE EURO AREA

## Year-on-year rates



Source: EUROSTAT & BIAM (UC3M)

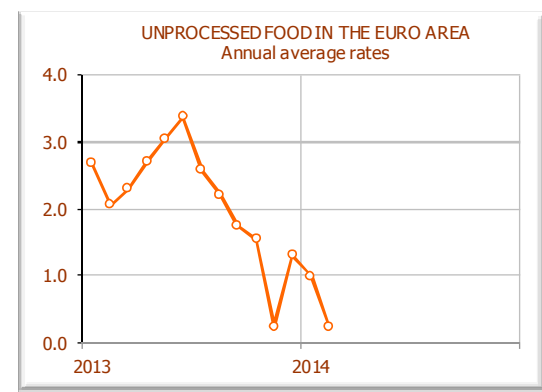
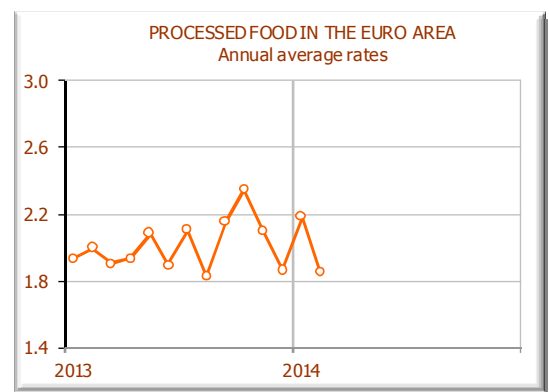
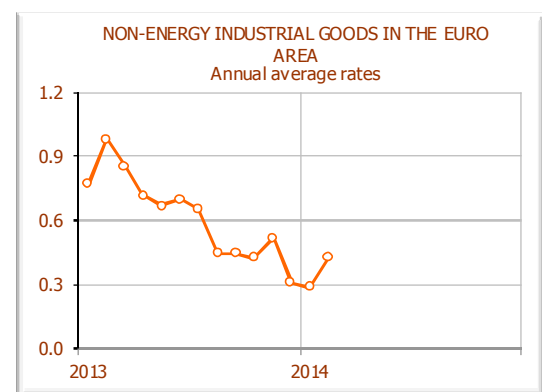
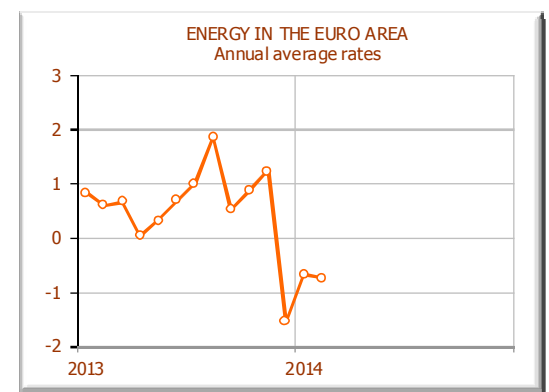
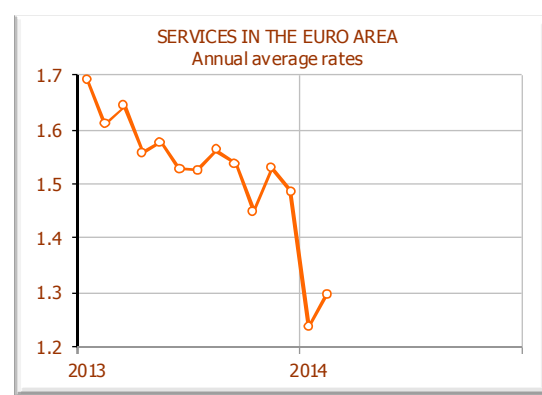
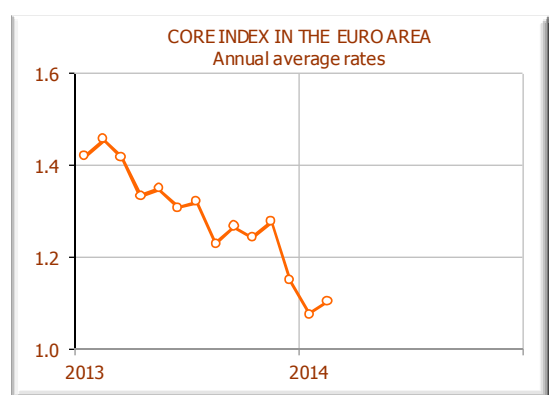
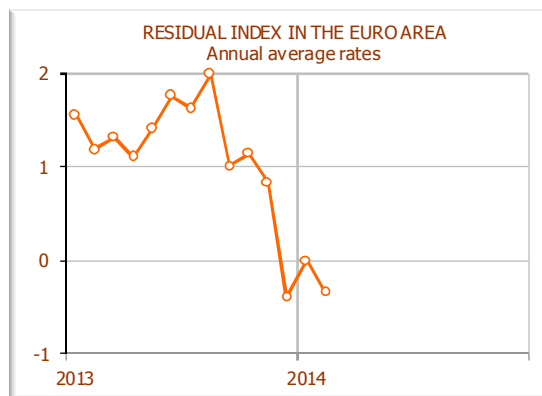
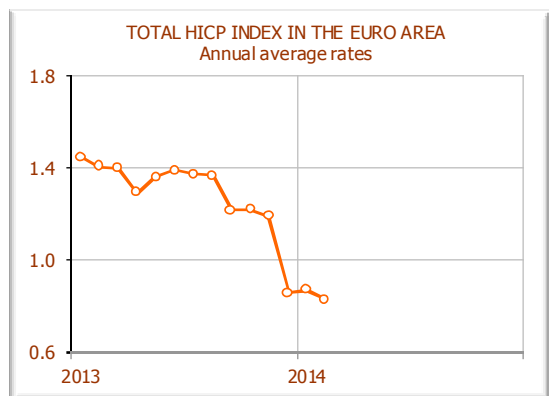
Date this report: March 27, 2014

Date previous report: February 24, 2014





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

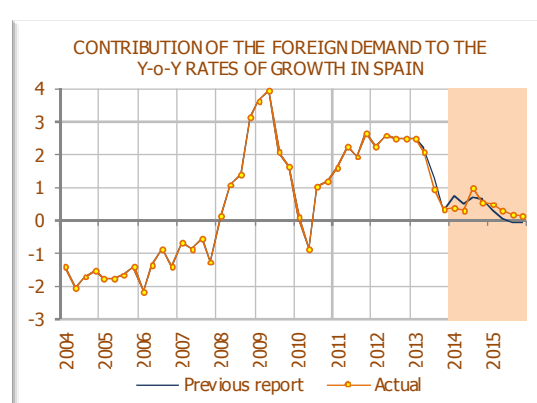
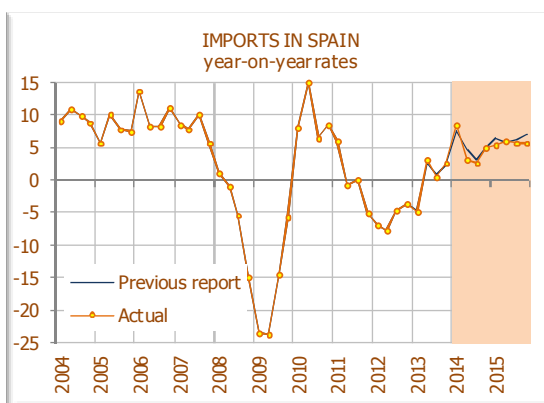
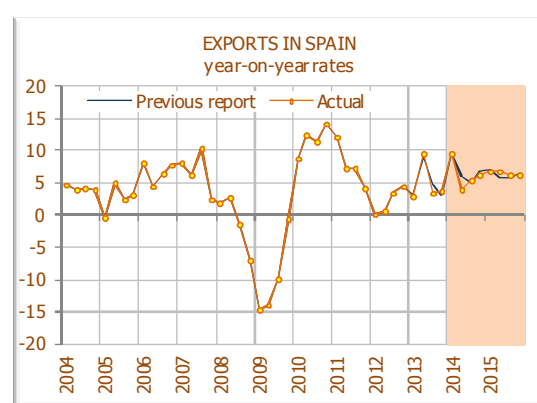
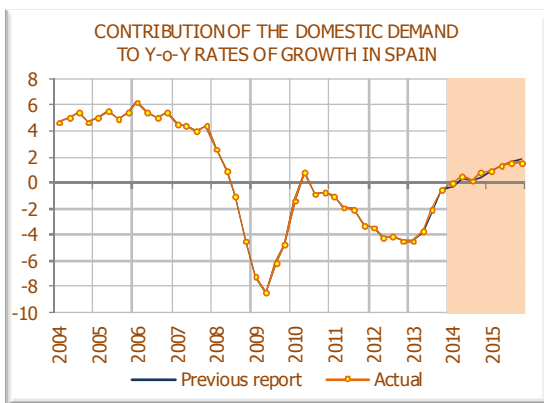
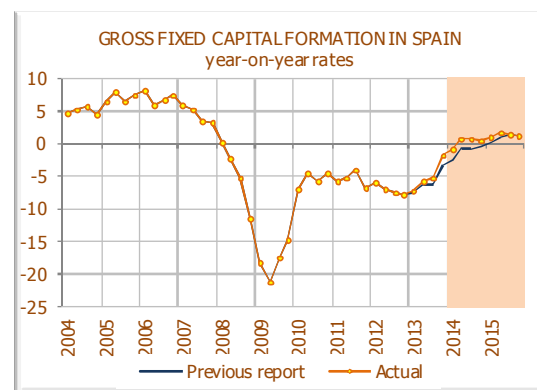
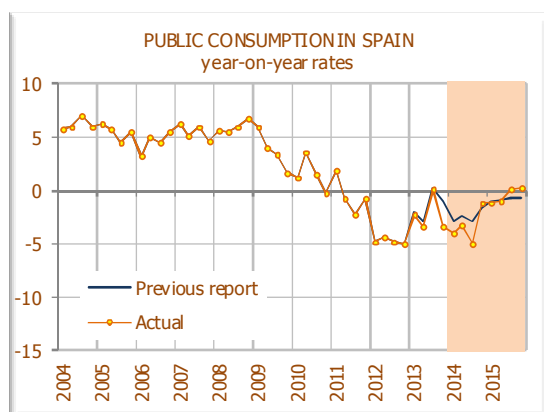
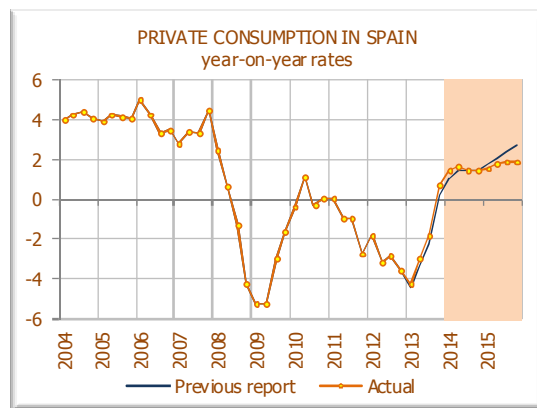
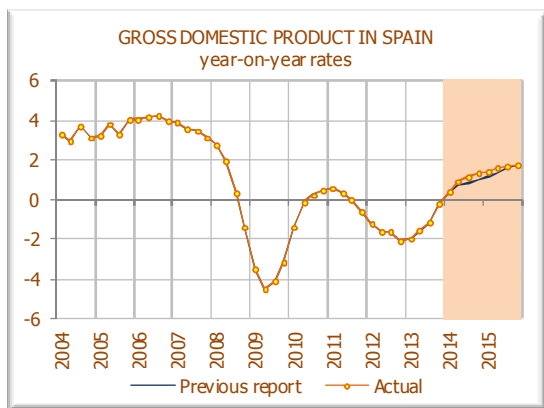


Source: EUROSTAT & BIAM (UC3M)  
Date: March 27, 2014



## GROSS DOMESTIC PRODUCT IN SPAIN: DEMAND SIDE

### Year-on-year rates

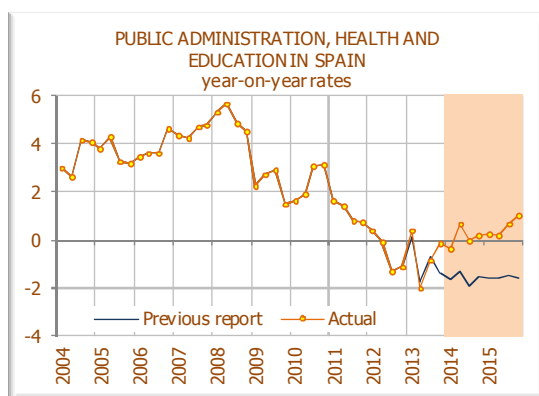
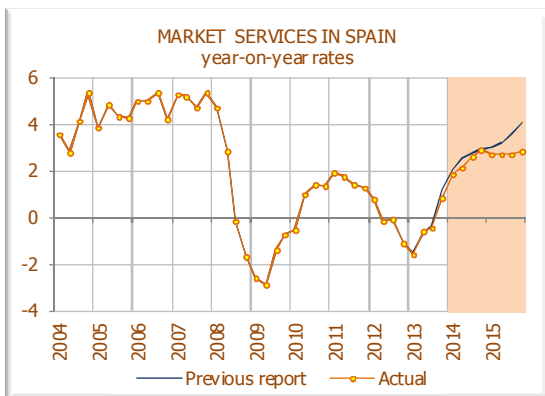
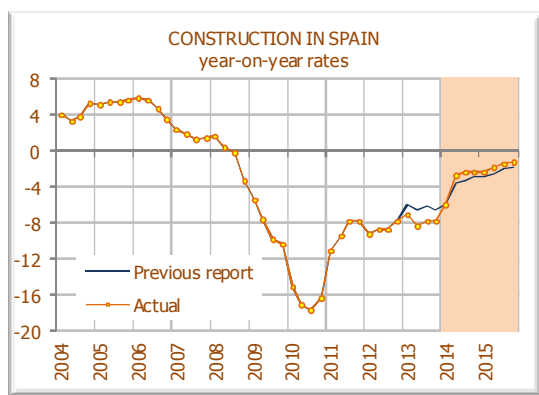
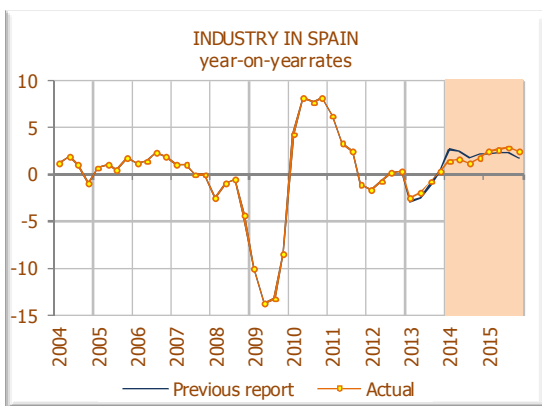
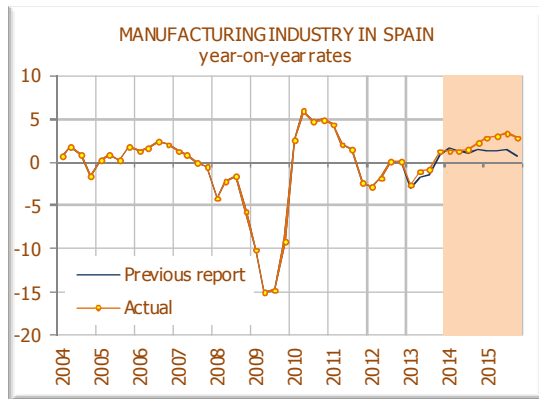
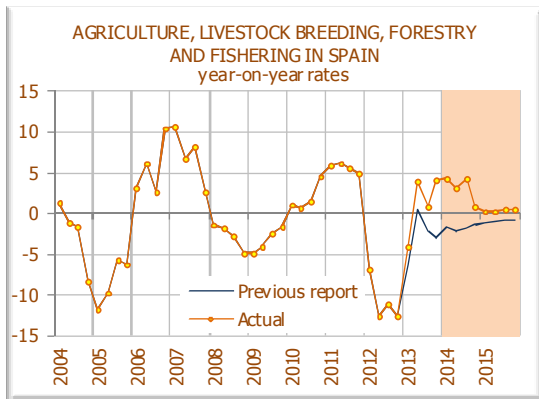


Source: INE & BIAM (UC3M).  
Date this report: February 27, 2014  
Date previous report: December 2, 2013



## GROSS DOMESTIC PRODUCT IN SPAIN: SUPPLY SIDE

### Year-on year rates



Source: INE & BIAM (UC3M)

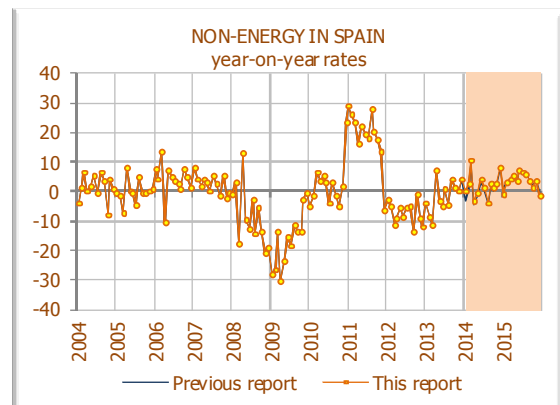
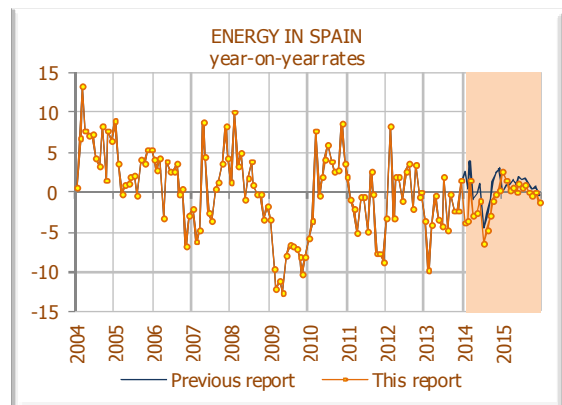
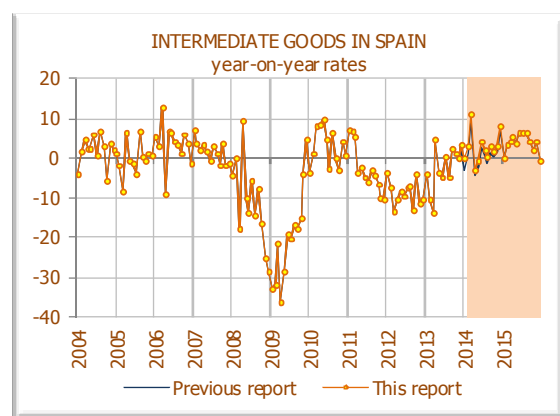
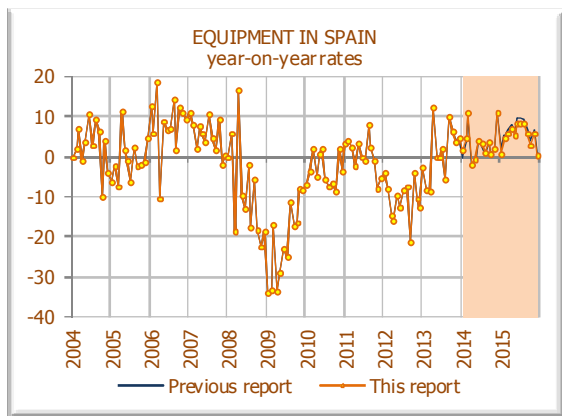
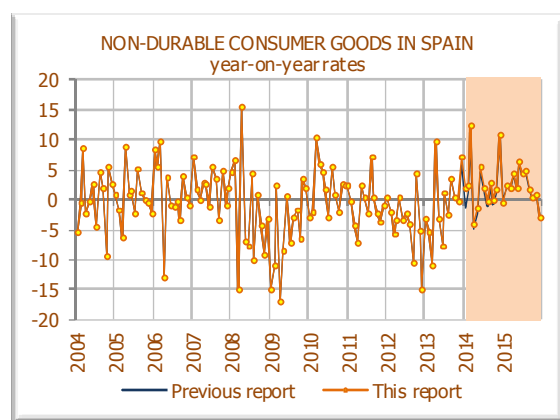
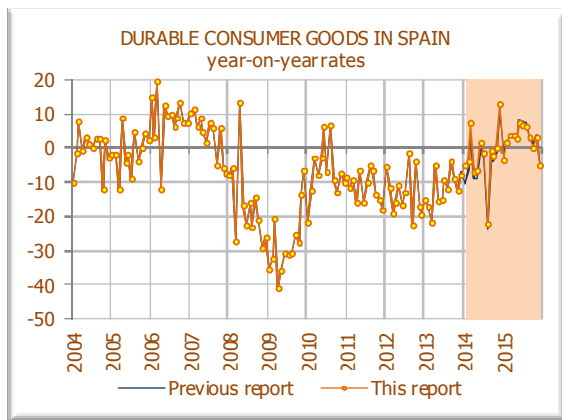
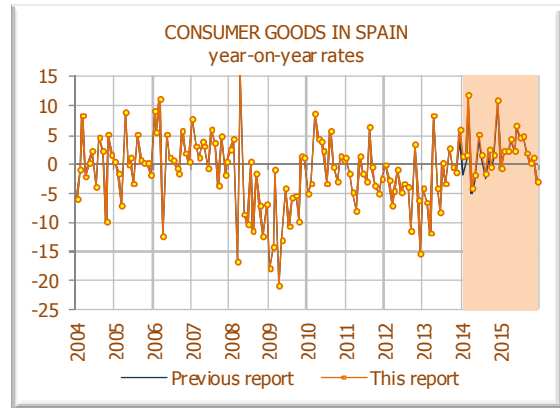
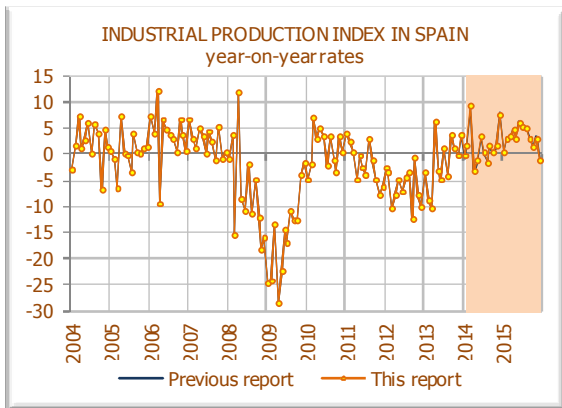
Date this report: February 27, 2014

Date previous report: December 2, 2013



## INDUSTRIAL PRODUCTION IN SPAIN

### Year-on year rates



Source: INE & BIAM (UC3M)

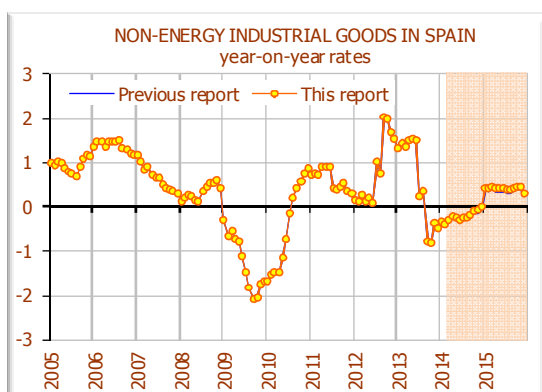
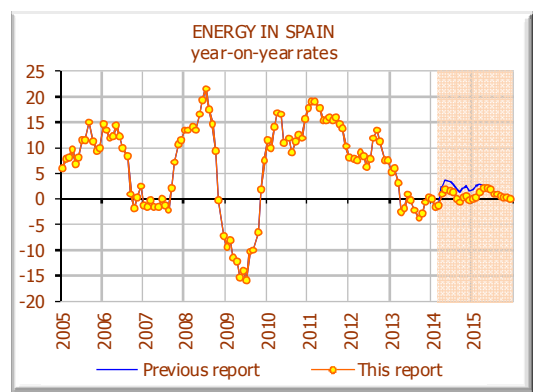
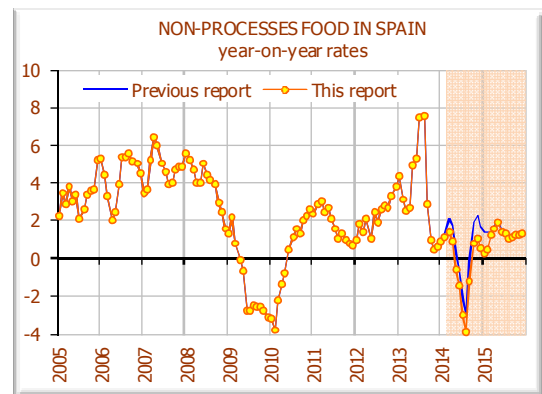
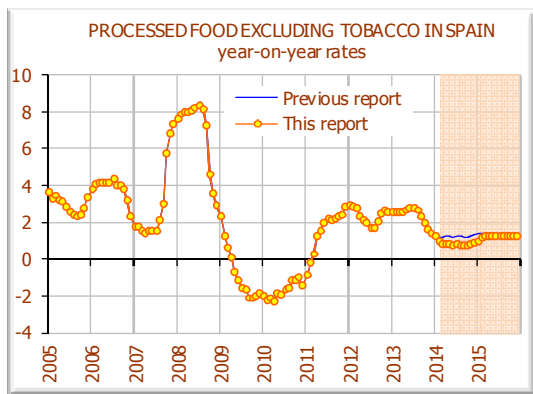
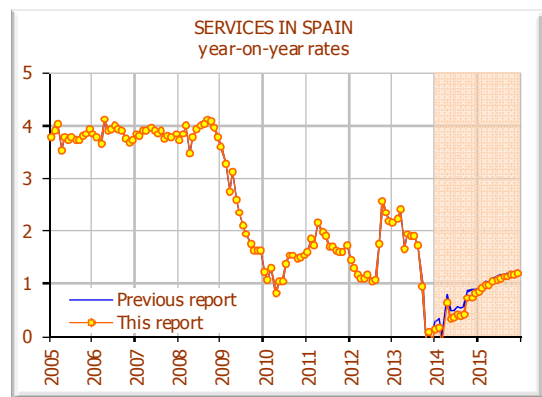
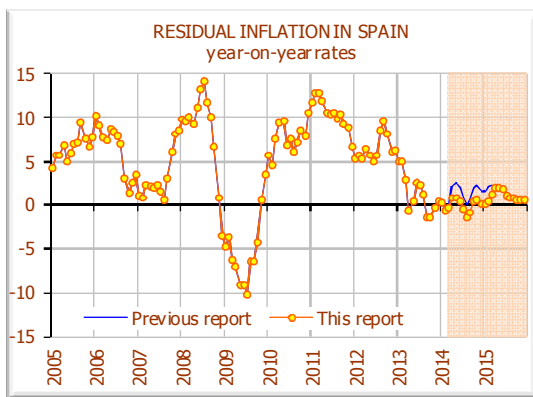
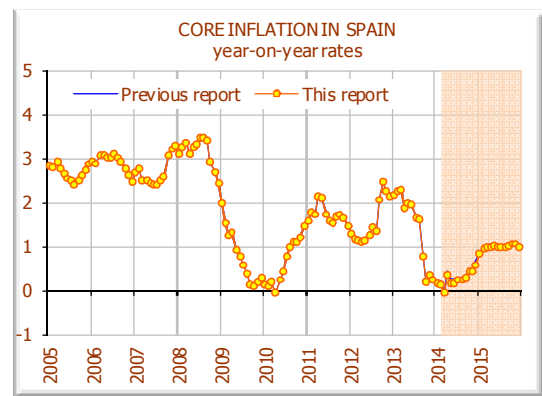
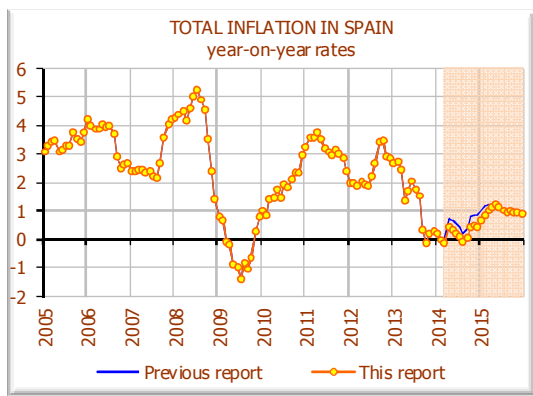
Date this report: March 10, 2014

Date previous report: February 20, 2014



## ANNUAL RATE OF INFLATION BY SPECIAL GROUPS IN SPAIN

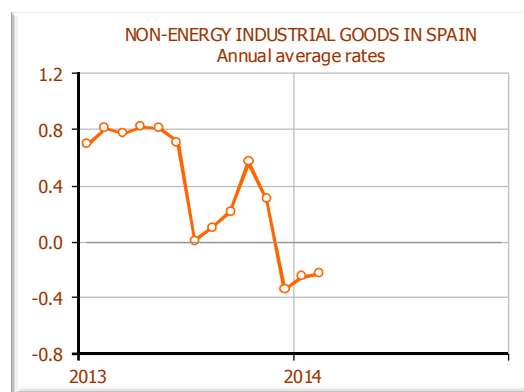
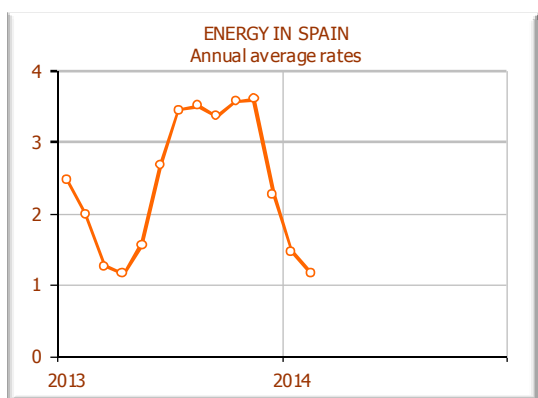
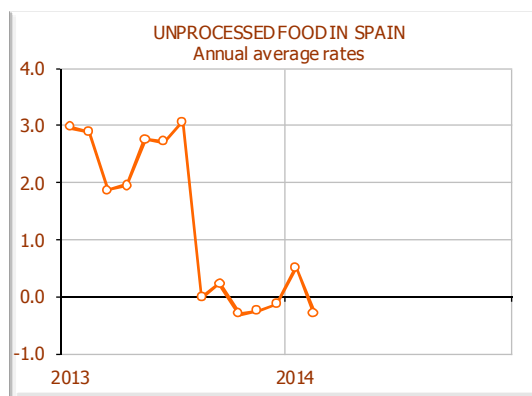
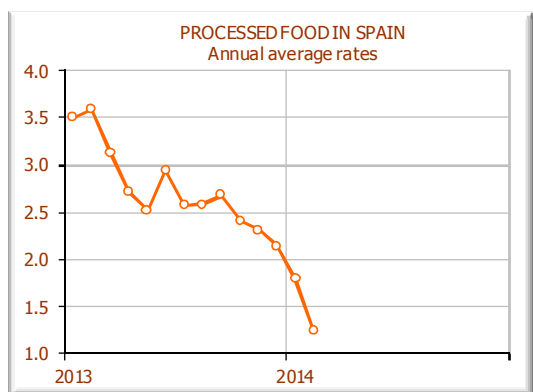
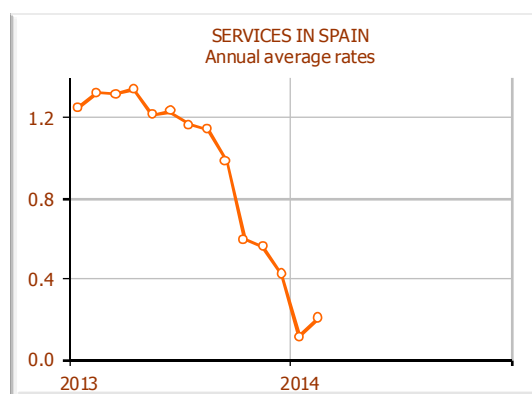
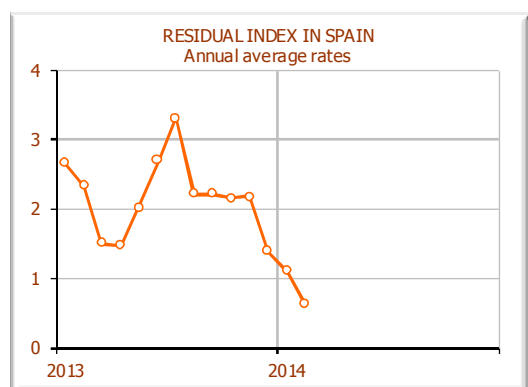
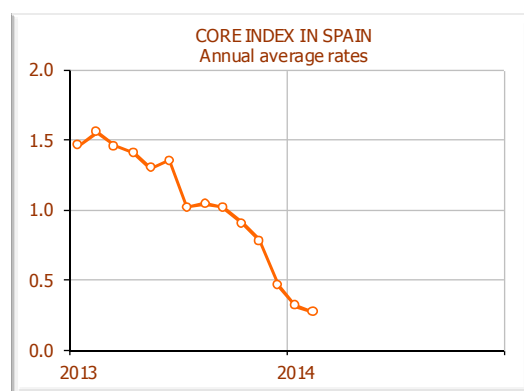
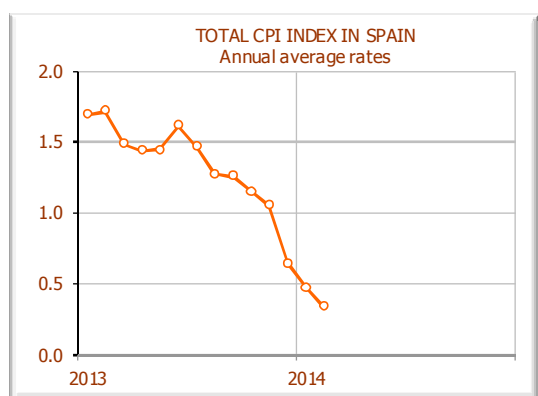
### Year-on year rates



Source: INE & BIAM (UC3M).  
Date this report: March 27, 2014  
Date previous report: March 12, 2014



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



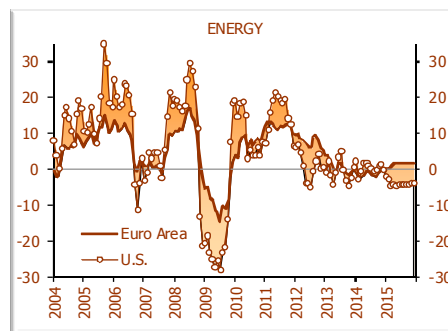
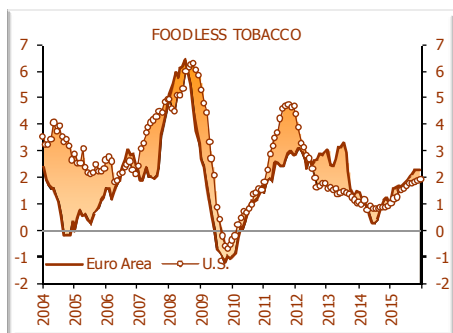
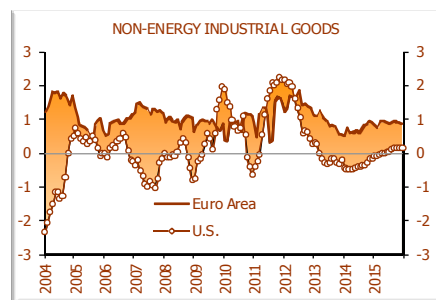
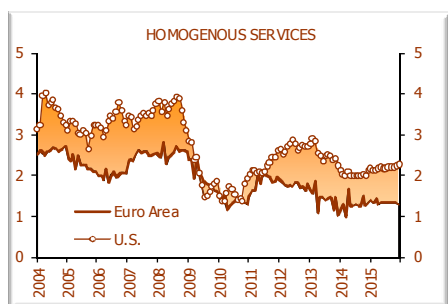
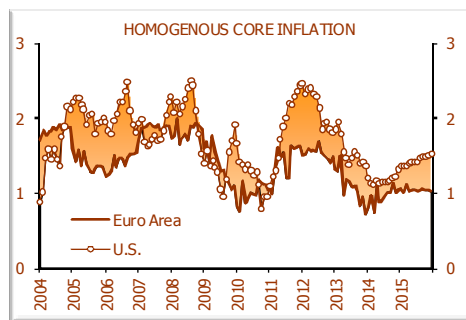
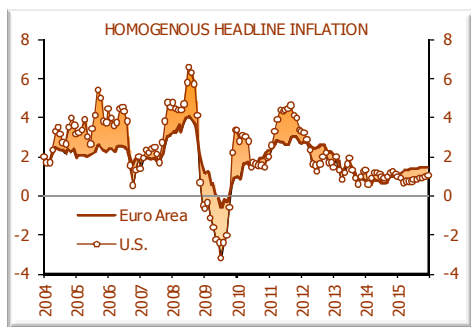
Note: These graphs show the average annual CPI growth rates forecast in the Bulletin published in the month on the abscissa  
Source: INE & BIAM (UC3M)  
Date: March 27, 2014



## VII. ANNEX II: SUMMARY OF FORECASTS FOR DIFFERENT AREAS

### EURO AREA– U.S.

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



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

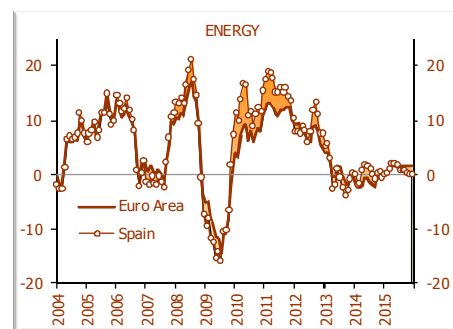
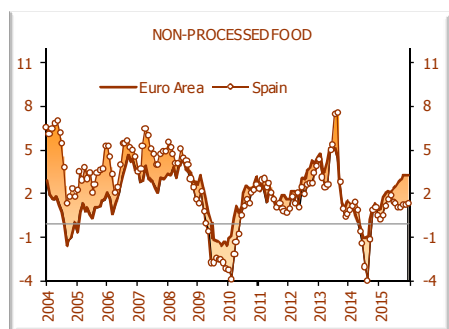
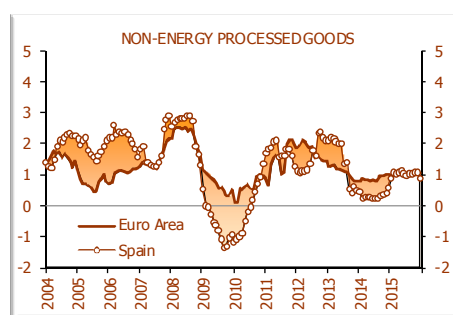
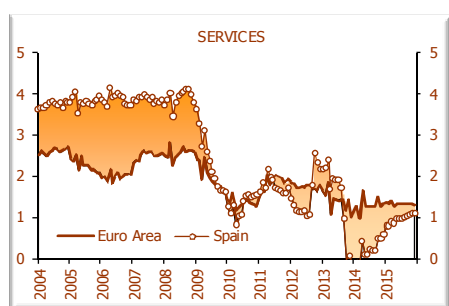
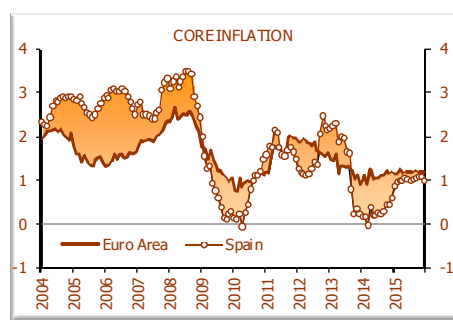
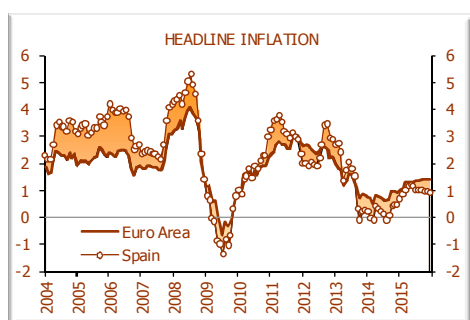
Source: EUROSTAT, BLS & BIAM (UC3M)

Date: March 27, 2014



## EURO AREA– SPAIN

INFLATION IN SPAIN (CPI) AND IN THE EURO AREA (HICP)										
Annual average rates										
	Weights 2014	2007	2008	2009	2010	2011	2012	2013	Forecasts 2014 2015	
TOTAL										
Spain	100.0	2.8	4.1	-0.3	1.8	3.2	2.4	1.4	0.2	1.0
Euro area	100.0	2.1	3.3	0.3	1.6	2.7	2.5	1.4	0.8	1.3
CORE INFLATION										
Processed food, Non-energy industrial goods an Services										
Spain	81.4	2.7	3.2	0.8	0.6	1.7	1.6	1.4	0.3	1.0
Euro area	81.7	2.0	2.4	1.3	1.0	1.7	1.8	1.3	1.1	1.2
COMPONENTS OF CORE INFLATION										
Processed food										
Spain	15.1	3.7	6.5	0.9	1.0	3.8	3.1	3.2	1.2	2.1
Euro area	12.3	2.8	6.1	1.1	0.9	3.3	3.1	2.2	1.9	2.0
Non-energy industrial goods										
Spain	26.3	0.7	0.3	-1.3	-0.5	0.6	0.8	0.6	-0.2	0.4
Euro area	26.7	1.0	0.8	0.6	0.5	0.8	1.2	0.6	0.4	0.6
Services										
Spain	39.8	3.9	3.9	2.4	1.3	1.8	1.5	1.4	0.2	1.0
Euro area	42.8	2.5	2.6	2.0	1.4	1.8	1.8	1.4	1.3	1.3
COMPONENTS OF RESIDUAL INFLATION										
Non-processed food										
Spain	6.7	4.7	4.0	-1.3	0.0	1.8	2.3	3.4	-0.3	1.2
Euro area	7.5	3.0	3.5	0.2	1.3	1.8	3.0	3.5	0.2	2.4
Energy										
Spain	12.1	1.7	11.9	-9.0	12.5	15.7	8.9	0.0	0.1	0.8
Euro area	10.8	2.6	10.3	-8.1	7.4	11.9	7.6	0.6	-1.4	1.3



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







## SUBSCRIPTION FORM FOR 2014<sup>1,2</sup>

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### A. MONTHLY REPORTS

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

### B. QUARTERLY REPORTS<sup>3</sup> ABOUT THE QUARTERLY GROWTH OF THE SPANISH CC.AA. AND OTHER SERVICES

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

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

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INDICATORS CALENDAR

MARCH

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

APRIL

	1	2	3	4	5	6
7 Spain IPI (February)	8	9	10	11 Spain CPI (March)	12	13
14 Euro Area IPI (February)	15 USA CPI (March)	16 Euro Area HICP (March)	17	18	19	20
21	22	23	24	25	26	27
28	29 Spain EAPS (1 <sup>st</sup> Quarter)	30 Spain HICP Flash Euro Area HICP Flash (A.D. April)				

HICP: Harmonised Index of Consumer Price  
QNA: Quarterly National Accounts  
PCE: The Personal Consumption Expenditure Price Index  
EAPS Economically Active Population Survey  
IPI: Industrial Production Index  
A.D.: Advanced Indicator



# BULLETIN OF EU AND US INFLATION AND MACROECONOMIC ANALYSIS

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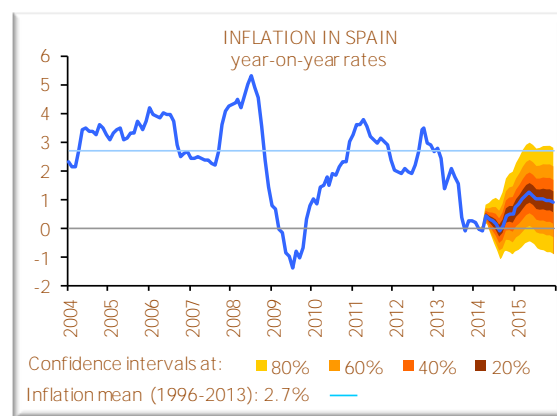
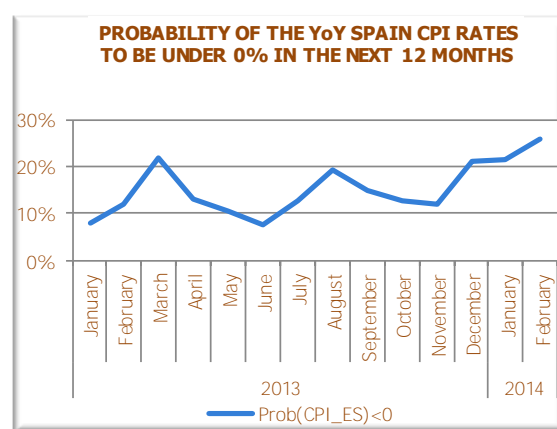
Instituto Flores de Lemus

The forecast average annual inflation rates for Spain in 2014 and 2015 are 0.2% ( $\pm 0.74$ ) and 1.0% ( $\pm 1.41$ ), respectively, so the probability of seeing negative values is 36.5% and 18.3%, respectively.

For the first time, this Bulletin shows the probability of the total and core inflation rates falling below zero for each month in 2014 and 2015.

## PROBABILITY OF THE YEAR-ON-YEAR SPAIN TOTAL CPI AND CORE CPI FORECASTS TO BE UNDER ZERO

		Prob (CPI_Total<0)	Prob (CORE<0)
2014	March	76.99%	60.11%
	April	5.10%	5.21%
	May	22.91%	27.10%
	June	35.56%	31.19%
	July	43.87%	28.72%
	August	54.52%	31.93%
	September	47.39%	30.41%
	October	33.30%	23.71%
	November	32.55%	24.61%
	December	34.14%	19.95%
2015	January	28.43%	13.17%
	February	25.89%	12.03%
	March	22.69%	12.00%
	April	19.69%	12.26%
	May	18.55%	11.90%
	June	20.12%	12.41%
	July	23.29%	12.62%
	August	24.14%	12.49%
	September	24.16%	11.83%
	October	25.31%	11.61%
	November	25.24%	11.37%
	December	26.79%	13.33%



Source: INE &amp; BIAM(UC3M)

Date: March 27, 2014


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