



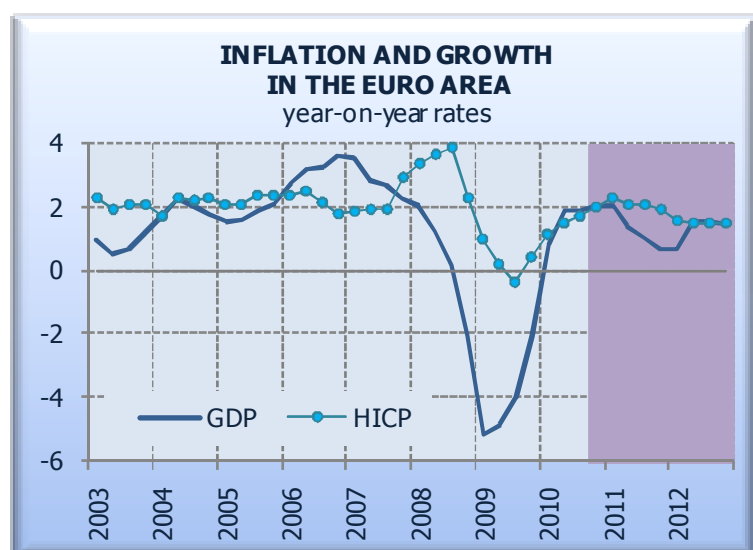
Unemployment confirms its condition of worst problem of the Spanish economy. The expected average annual unemployment rate for 2011 increases until 20.8%.

ECONOMICALLY ACTIVE POPULATION SURVEY				
	year-on-year rates			
	2009	2010	2011	2012
Employed	-6,8	-2,3	-0,5	0,3
Agriculture	-4,0	0,9	0,1	-4,0
Industry	-13,3	-5,9	-1,4	0,1
Construction	-23,0	-12,6	-8,1	-4,1
Services	-2,5	-0,3	0,6	1,1
Active	0,8	0,2	0,4	0,4
Unemployment rate	18,0	20,1	20,8	20,9

Source: INE & BIAM (UC3M)

Date: January 28, 2011

Euro area GDP growth and inflation are expected to slow down after the second quarter of 2011. This year, GDP growth and inflation are forecasted to reach 1.3% (± 0.7) and 2.1% (± 0.6), respectively.



Source: EUROSTAT & BIAM (UC3M)

Date: January 14, 2011

Economic Outlook

P.1

Despite market relief, the macroeconomic situation in Spain has shown no sign of improvement in the last few months. The good evolution of the industrial sector towards the end of 2010 slightly increased the short term growth forecasts, strengthening the recovery of a sector that, since May 2010, has been hovering between crisis and stagnation. In the fourth quarter of 2010, the Spanish economy probably grew by one tenth of a point, due to the 1.1% increase in the industrial GVA. According to the active population survey, from October to December last year industry created 6,800 net jobs (figures corrected for seasonality).

An analysis of the external sector trough the current account balance.

P.58

The high external disequilibrium accumulated by the Spanish economy in the last period of growth, which lasted until mid-2007, has been cut by half since the onset of the economic and financial crisis, from 10% of the GDP in 2007 to 4.7% in 2010. The process has been a fast one, as the deficit had a high cyclic component, largely thanks to the automatic stabilisers. However, the current account deficit now has a high structural component, meaning that it will be corrected much more slowly. Both households and firms are correcting their previously accumulated debts, and they both present a surplus in their accounts in 2010. The public sector, however, continues to present a high deficit.

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

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I. ECONOMIC OUTLOOK

The joint action of Germany, France and the ECB, together with the Spanish government's determination to rapidly reform the pension system, have taken Spanish financing costs back to the levels registered in early November 2010.

This month, we analyse the reasons for this improvement, the opportunities and risks involved in the creation of the rescue fund and the restructuring of the Spanish financial system, and the new challenges that are now appearing on the horizon.

Despite market relief, the macroeconomic situation in Spain has shown no sign of improvement in the last few months. The good evolution of the industrial sector towards the end of 2010 slightly increased the short term growth forecasts, strengthening the recovery of a sector that, since May 2010, has been hovering between crisis and stagnation. In the fourth quarter of 2010, the Spanish economy probably grew by one tenth of a point, due to the 1.1% increase in the industrial GVA. According to the active population survey, from October to December last year industry created 6,800 net jobs (seasonally adjusted figure).

Despite market relief, the macroeconomic situation in Spain has shown no evident signs of improvement.

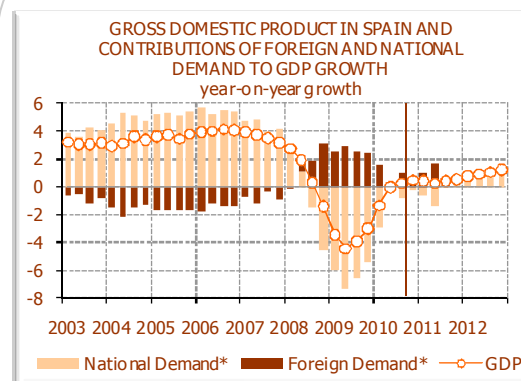
However, the aggregate evolution of employment was negative, as expected. Seasonally adjusted, the Spanish economy lost 37,000 jobs in the last three months of 2010, much as forecast. The unemployment rate expected for 2011 remains at 20.8% and may increase until 20.9% in 2012. The variation in employment will continue to be negative this year (-0.5), with 2012 possibly registering a slight recovery, with an average annual growth rate of 0.3%. The aggregate GDP forecasts have not significantly changed for 2011 and 2012. On the supply side, the improvement in the industrial sector was counteracted by a downwards revision in the GVA of services. On the demand side, the private consumption forecasts were revised downwards, with medium-term expectations improving for investment in capital goods. The average annual growth rates expected for this year and the next are 0.4%(±0.7) and 1.0%(±1.0), respectively.

Note that, in January, the IMF also revised its growth forecasts for the Spanish economy in 2011, which have fallen to 0.6%. In other words, the market truce is not due to an unexpected improvement in short term growth expectations. It is more related to the positive medium-term effects expected from the economic reforms instated since last May.

It is difficult to provide an overall evaluation of these reforms. The pension agreement is certainly positive. A more sustainable system has been obtained with broad consensus and without testing social cohesion. At the same time, the completion of the labour reform and the restructuring of saving banks are the source of new concern. The pension reform improves the long term sustainability of Spain's public accounts without endangering short term growth, but this reform alone cannot provide more than an expectations effect on the financial markets. The labour reform, however, is of key importance for defining the Spanish economy's short and medium term possibilities of recovery. If it does not completely eliminate the dual nature of the Spanish labour market and also does not contemplate an important change in collective hiring, the reform will merely be a series of changes with moderate effects.

The savings bank situation is more complicated. The government seems to be determined to challenge, once and for all, market distrust concerning the real scope of the Spanish financial system's losses. It is a three-phase plan. First, banks and savings banks have been forced to provide details of their property exposure. Secondly, all financial operators are

Graph I.1



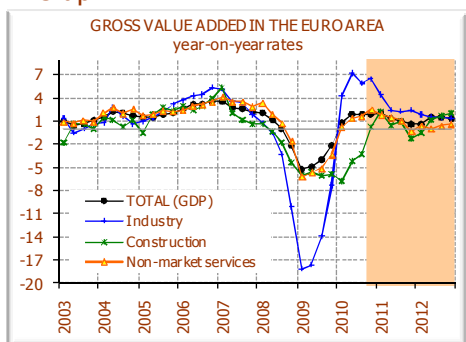
Source: EUROSTAT & BIAM(UC3M)
Date: January 9, 2010

The pension reform improves the long term stability of the Spanish public accounts without threatening short term growth, but this reform alone can do no more than improve financial market expectations.



required to have a capital ratio of 8.0% or more, with the threat of nationalisation if this is not the case. Thirdly, all regional savings banks are being forced to evolve into banks.

Graph I.2



Source: EUROSTAT & BIAM(UC3M)
Date: January 9, 2010

private losses, the risks and intrinsic unfairness of which have been identified by us since the onset of the crisis. The government estimated that 20,000 million euros will be needed, at the most. Other agencies refer to 80,000 or even 130,000 million. The market was punishing Spanish debt for the risk of the State being incapable of salvaging the financial system. Now that the State recognised that its intervention is necessary, the market has given up the chase and reduced the risk premium of Spanish debt by 50%.

This neither error nor contradiction nor a gift, but the result of a pact that Spanish citizens may pay for dearly. Spain agrees to cover the cost of the investments made by

international lenders and investors who erroneously lent money to now insolvent banks and savings banks. In exchange, Germany, France, the ECB and the IMF, which represent most of them, undertake to guarantee Spanish debt issues through the salvage fund. The result is less dramatic but not

very different from what happened in Greece and Ireland. The damage that this agreement causes for our welfare largely depends on the magnitude of the financial

sector's losses, a variable for which there is currently no accurate estimate.

With all this, the Spanish economy

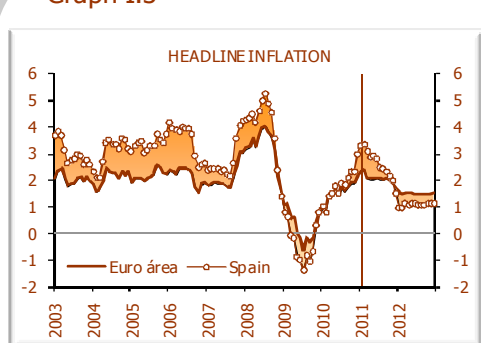
gains time and improved its short term access to credit, but is far from solving its problems. In this context, fears arise about a new danger that, according to some analysts, could be emerging. It is inflation, not in Spain but in Europe. Rising energy and raw material prices could push annual inflation in the euro area up to 2.4% in the first quarter of 2011. The futures markets for oil suggest, except for new events in the Arabic world and North Africa the impact of which is difficult to quantify, that the energy CPI in 2011 will grow by a similar rate as in 2010: 7.4%. An inflationist increase is expected in food, which we estimate at around 1.5pp in 2010 and 2011, but no further increases are expected for 2012. IN all, average annual inflation will rise from 1.6% in 2010 to 2.1% (± 0.62) in 2011, but falling to 1.7% (± 1.2) by December, with the average value for 2012 forecast at 1.5% (± 1). The ECB has repeated its commitment to guarantee price stability in the euro area, but with the above expectations, interest rate increases are very unlikely.

On the one hand, the Central Bank realises that the main causes for this rise in inflation are exogenous and would not react to a rate increase. On the other, the labour agreements signed in 2009 and 2010 in the leading European countries were conditioned by high unemployment levels and are basically inspired by salary contention. At least this year, these agreements will hopefully prevent the appearance of second round effects, favouring stable price and salary expectations.

Indeed, our forecasts anticipate a relatively calm scenario that could get the ECB out of trouble without the need for risking a stricter monetary policy too soon. The European economy, including Germany, will start to reduce its growth in the first quarter of 2011, albeit with positive rates. The average annual GDP growth rate for 2011 and 2012 is 1.3% (± 0.7 and ± 1.0 , respectively). Raw material, energy, mineral and food prices are already at their

The rise in energy and raw material prices could push euro area inflation up to 2.4% in the first quarter of 2011.

Graph I.3



Source: EUROSTAT & BIAM(UC3M)
Date: January 15, 2010



The Spanish government has decided to cover the financial system's losses and not only guarantee deposits. In exchange, Europe and the ECB have decided to support its debt, which is now trading at the same levels as last autumn.

highest and they will probably stabilise or return to moderate growth rates. Due to the strong fiscal component and diversity of energy sources, the German economy is one of the least sensitive to rising oil prices. Until the leverage levels of households and firms has not significantly decreased, the Spanish economy is too vulnerable to a rate increase. With no clear evidence that raw material prices could rise by another 20/40% and that there are second round effects in the leading European economies, a preventive rate increase would be too risky.

In sum, the Spanish government has decided to cover the financial system's losses and not only guarantee the deposits. In exchange, Europe and the ECB have decided to support its debt, which is now trading at last autumn's levels. We have passed the point of no return: the final result for Spain will depend on the real magnitude of the losses of banks and savings banks that will have to be covered by public money.

In the meantime, the macroeconomic situation has not improved. There is a slight improvement in the industrial sector and investment which was counteracted by less than expected growth in services and private consumption. The Spanish economy's stagnation contrasts with the rapid recovery of the German economy, placing the ECB in a difficult position. We believe that the inflationist risks are smaller than feared in other media and that there is plenty of time to obtain more information before increasing interest rates, the cost of which could be much greater than the benefit.

Table I.1

ECONOMICALLY ACTIVE POPULATION SURVEY					
TOTAL					
Thousands					
		Employed	Active	Unemployed	Unemployment rate
Annual average	2008	20258	22848	2591	11,3
	2009	18888	23037	4150	18,0
	2010	18456	23089	4632	20,1
	2011	18368	23186	4818	20,8
	2012	18417	23276	4859	20,9
2008	I	20402	22577	2174	9,6
	II	20425	22807	2382	10,4
	III	20346	22945	2599	11,3
	IV	19857	23065	3208	13,9
2009	I	19091	23102	4011	17,4
	II	18945	23082	4137	17,9
	III	18870	22994	4123	17,9
	IV	18646	22973	4327	18,8
2010	I	18394	23007	4613	20,0
	II	18477	23122	4645	20,1
	III	18547	23122	4575	19,8
	IV	18408	23105	4697	20,3
2011	I	18224	23097	4873	21,1
	II	18370	23217	4847	20,9
	III	18488	23221	4733	20,4
	IV	18392	23209	4817	20,8
2012	I	18241	23182	4941	21,3
	II	18405	23289	4884	21,0
	III	18545	23318	4774	20,5
	IV	18476	23313	4837	20,7

Source: INE & BIAM(UC3M)
Date: January 28, 2010



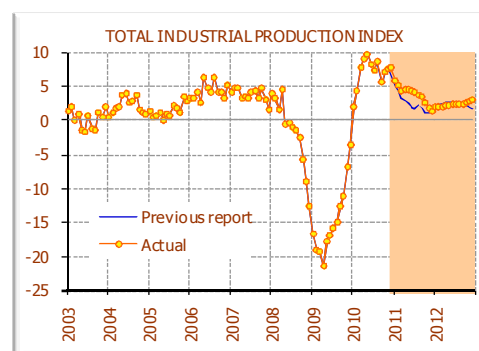
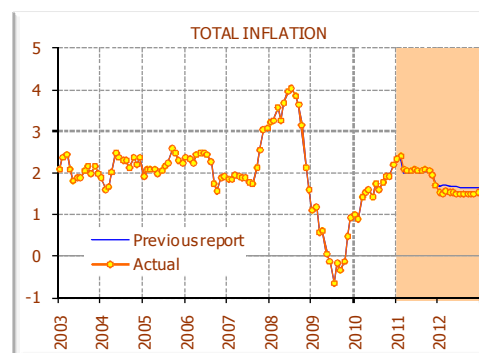
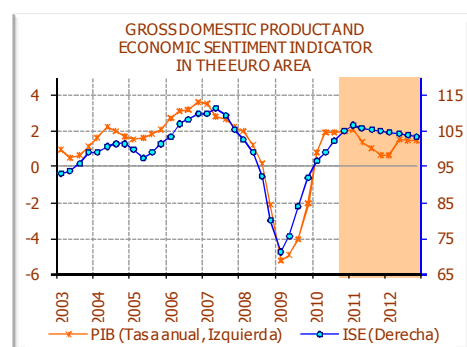
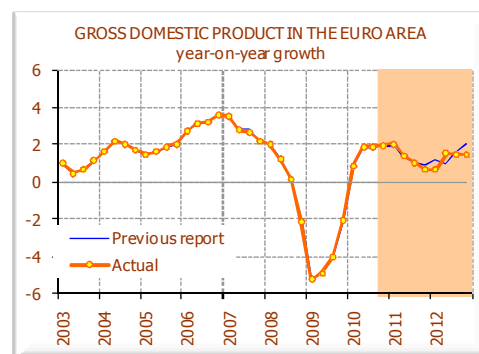
II. THE ECONOMY IN THE EURO AREA

Quarterly growth in the Euro Area in 3Q10 was 0.3%. The year-on-year rate is 1.9%. Growth expectations remain at 1.7% (± 0.2) for 2010 and fall to 1.3% for 2011 and 2012.

In November 2011, inflation is expected to meet the ECB target, so the interest rate is unlikely to change in 2011.

The Industrial Growth forecast increases for 2010, 2011 and 2012 to 7.0%, 3.8% and 2.4%, respectively.

Capital and intermediate goods play a significant role in the growth expected for 2011



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

The figures in the shaded area are forecasts.

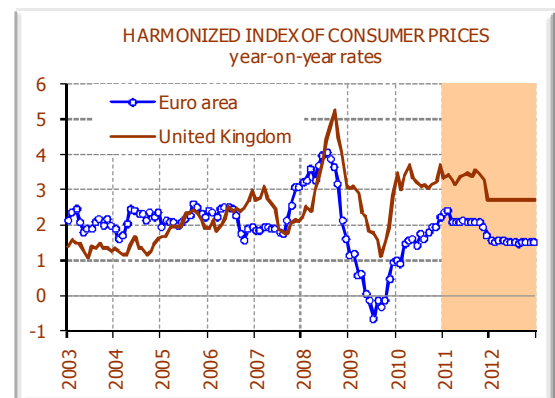
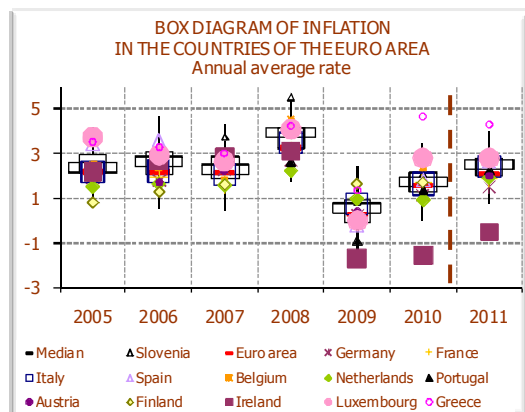
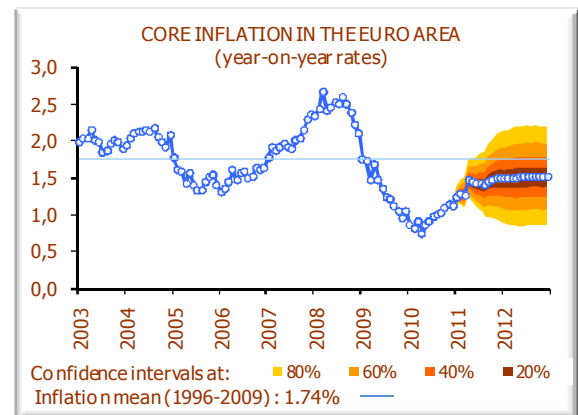
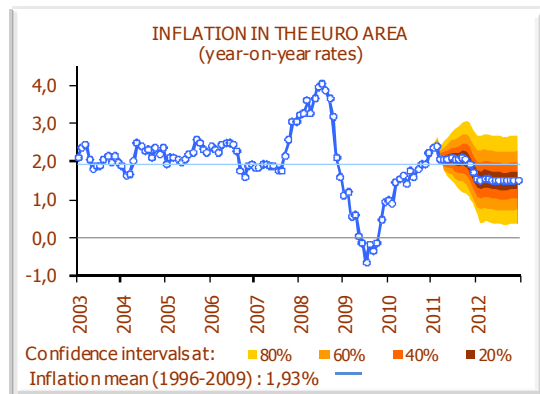
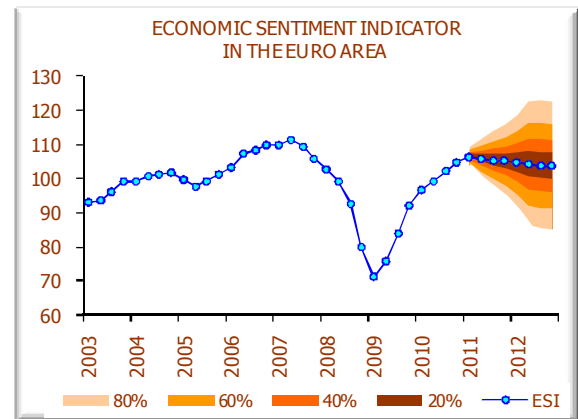
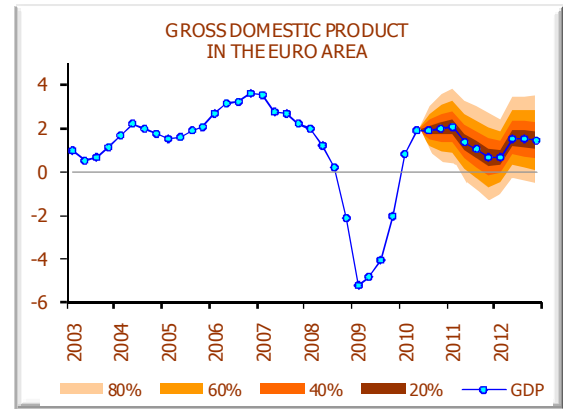
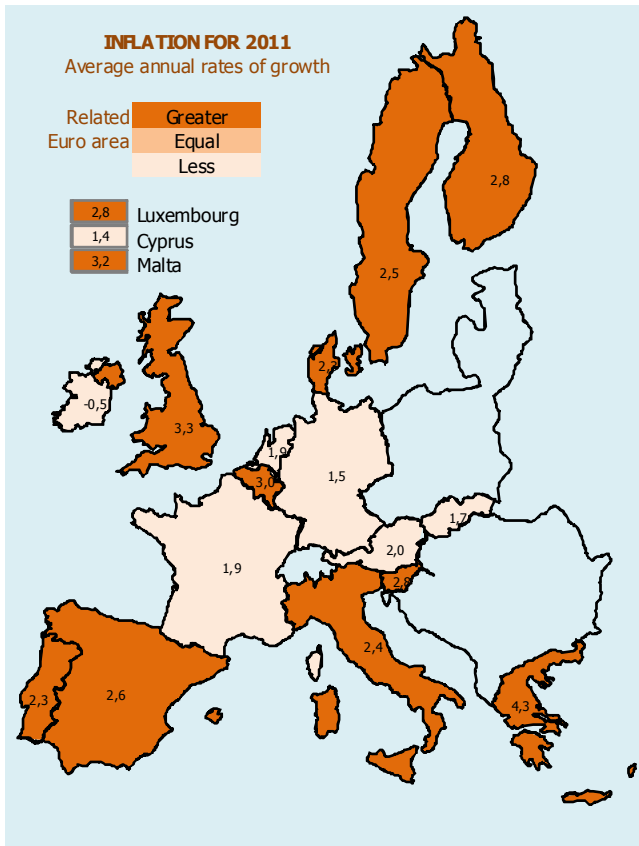
(1) Data adjusted for seasonality and working days effect.

Source: EUROSTAT & BIAM (UC3M)

Date: (1) January 7, 2011 (2) January 14, 2011

(3) 14 de enero de 2011 (4) 12 de enero de 2011





II.1. MACROECONOMIC FORECASTS.

The euro area economy decreased its growth in the third quarter of 2010, after growing in the first two quarters of the year. It is expected to continue to do so, in view of the indicators published this quarter. Indeed, the second estimate of the euro area's quarter-on-quarter GDP growth (0.3%) published at the beginning of January represented a downwards revision of the first (0.4%), which itself showed a considerable reduction. In year-on-year terms, GDP growth in the third quarter remained at 1.9%.

Our forecasts continue to show less GDP growth in 2011 and 2012 than in 2010.

The euro area's economy started to recover in the third quarter of 2009 and, despite the doubts that were not clarified until early 2010, the first three quarters of the year were positive, as the fourth is expected to be. The 2010 GDP will probably register an average annual rate of 1.7%, showing significant recovery after the -4% registered in 2009. However, despite this, there is a high degree of dispersion among different countries, which is a problem due to the sovereign debt crisis affecting some peripheral members.

Furthermore, the rate of recovery is considerably slower than in the United States. One of the worst problems affecting the euro area is probably related to attaining sustainable growth once all fiscal incentives have disappeared.

The downwards revision of the euro area growth forecast for the third quarter is largely due to domestic demand, with private consumption reducing its growth rate by one tenth of a point, and fixed gross capital formation, which is no longer stagnant and has fallen by 0.3%. On the other hand, imports fell slightly; together with the lack of change in exports this enabled the contribution of foreign demand to GDP growth to fall by one tenth of a point from its neutral level.

The most recent economic indicators, referring to the fourth quarter, such as economic sentiment in December and the two previous months, and the November and October industrial production indices, show that economic activity improved in the fourth quarter of 2010. However, our forecasts continue to show less GDP growth in 2011 and 2012 than in 2010. As before, these forecasts do not consider the possibility of Spanish economic default or a structural crisis affecting the euro. On the other hand, the latest labour market information continues to show that employment adjustment is complete, but the economy is still not capable of creating employment; the unemployment rate may have peaked in the last two months, but there are no signs of it decreasing in the very near future.

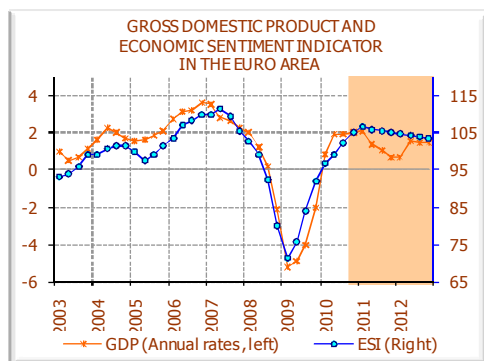
The December Economic Sentiment Indicator continued to grow to 106.2 points. This was a little better than expected and the highest since November 2007. This growth was based on confidence in industry and the retail trade. Confidence in construction stayed the same and consumer confidence decreased, probably due to the persistent doubts regarding consolidation of the labour market's recovery. Confidence in the service sector also decreased.

The new ESI represented a slight upwards innovation, although our forecasts have hardly changed. In 2011 and 2012 the indicator will continue to fall, although always around the 105-point level.

The November Industrial Production Index showed a month-on-month increase of 1.2%, half a point more than in the previous month, equivalent to a year-on-year rate of 7.4%, three tenths more. This was based on intermediate, energy and capital goods, while durable and non-durable goods

The downwards revision of the euro area growth forecast for the third quarter is largely due to domestic demand, with private consumption reducing its growth rate by one tenth of a point.

Graph II.1.1



Source: EUROSTAT & BIAM (UC3M)
Date: January 7, 2011



The November IPI improved our forecasts again, as the reduction announced for the end of 2010 is smaller than expected.

stabilised. The November IPI improved our forecasts again, as the reduction announced for the end of 2010 is smaller than expected, largely due to exports, which were supported by the weakness of the euro relative to the dollar and other currencies.

The industrial confidence indicator is also decisive for the IPI's better than expected evolution in the last few months. In December it rose again by 3.3 points, with improvements in all its components. However, the industrial confidence indicator is still expected to fall gradually in both 2011 and 2012.

The new IPI growth forecasts have improved a little. For 2010, the 6.9% forecast has now grown to 7%. For 2011 and 2012, the forecasts continue to show less IPI growth, albeit greater than the previous estimates. This year, we expect an average annual rate of 3.8%, followed by one tenth of a point more in 2012.. IPI growth in this period will be due to all its components, especially capital and intermediate goods.

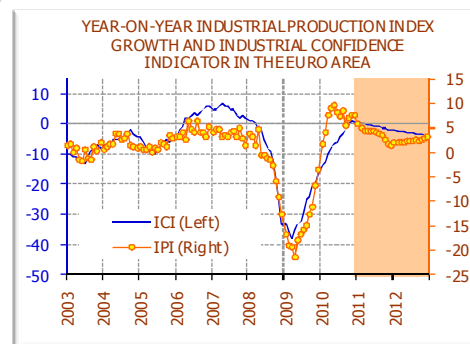
Our current forecasts are very similar to the first estimates. Growth in this year and the next continues to be less than in 2010. The average annual GDP growth rate for 2010 is expected to be 1.7%, followed by 1.3% in both 2011 and 2012. These are the same as our previous estimates, although there is a small change in the composition of growth in 2011 and 2012, with less growth of private consumption compensated by more growth in the foreign sector.

The average annual GDP growth rate for 2010 is expected to be 1.7%, followed by 1.3% in both 2011 and 2012.

As for employment, the adjustment process may have ended at the beginning of 2010 and the situation remained unaltered in the first three quarters of the year. Net employment is not yet being created. Hours worked, however, started to grow in early 2010. The growth of worked hours and not of employment, in a context of incipient economic recovery, is consistent as there is a greater

demand for labour but, until recovery becomes solid, employers will not start to create more jobs. On the other hand, the recovery of GDP growth in year-on-year terms, together with a stagnant labour market, is enabling productivity to recover, consistent with the variable's procyclic nature. Given the delayed effect of the evolution of economic activity on the labour market, and the increase in worked hours in the first three quarters of 2010, jobs should start to be created, albeit modestly, in 2011. The euro area unemployment rate in November remained at 10.1%. If economic recovery is consolidated, the rate should start to fall, albeit weakly, in 2011.

Graph II.1.2



Source: EUROSTAT & BIAM (UC3M)
Date: 12 de enero de 2011

The recovery of GDP growth in year-on-year terms, together with a stagnant labour market, is enabling productivity to recover, consistent with the variable's procyclic nature.



GROSS DOMESTIC PRODUCT IN THE EURO AREA: DEMAND

GROSS DOMESTIC PRODUCT AND COMPONENTS IN THE EURO AREA										
Annual average and annual rates of growth										
		Final Consumption		Gross Capital Formation	Domestic Demand (1)	Exports of goods and services	Imports of goods and services	Foreign Demand (1)	Real GDP	
		Private	Public							
ANNUAL AVERAGE	2006	2,1	2,1	6,4	3,0	8,8	8,7	0,2	3,2	
	2007	1,7	2,2	5,3	2,6	6,3	5,8	0,3	2,8	
	2008	0,4	2,3	-1,8	0,3	0,7	0,6	0,0	0,3	
	2009	-1,0	2,4	-14,9	-3,4	-13,2	-11,8	-0,8	-4,0	
	2010	0,7	0,7	5,6	1,8	9,5	9,7	0,1	1.7 (±0.2)	
	2011	0,8	0,9	1,7	1,0	2,9	2,3	0,3	1.3 (±0.7)	
	2012	1,1	1,7	1,2	1,2	-3,6	-3,8	0,1	1.3 (±1)	
ANNUAL RATES*	2010	QI	0,4	1,1	-0,2	0,4	5,7	4,9	0,4	0,8
		QII	0,5	0,5	8,5	2,3	11,7	12,3	-0,4	1,9
		QIII	1,0	0,4	6,5	2,1	11,3	11,7	-0,2	1,9
		QIV	0,9	0,9	7,9	2,4	9,2	10,2	-0,4	2,0
	2011	QI	0,6	1,3	4,5	1,6	9,4	8,3	0,5	2,1
		QII	0,7	1,1	0,6	0,8	3,6	2,3	0,6	1,4
		QIII	0,9	0,5	0,8	0,8	2,9	2,5	0,2	1,0
		QIV	1,1	0,6	0,9	1,0	-4,0	-3,6	-0,3	0,7
	2012	QI	1,6	1,5	1,0	1,4	-6,6	-5,4	-0,7	0,7
		QII	1,8	1,7	0,7	1,5	-4,9	-5,2	0,0	1,6
		QIII	0,6	2,0	1,6	1,1	-7,0	-8,2	0,4	1,5
		QIV	0,5	1,9	1,4	1,0	4,8	3,9	0,5	1,5

GROSS DOMESTIC PRODUCT AND COMPONENTS IN THE EURO AREA										
Annual average and quarterly rates of growht										
		Final Consumption		Gross Capital Formation	Domestic Demand (1)	Exports of goods and services	Imports of goods and services	Foreign Demand (1)	Real GDP	
		Private	Public							
ANNUAL AVERAGE	2006	2,1	2,1	6,4	3,0	8,8	8,7	0,2	3,2	
	2007	1,7	2,2	5,3	2,6	6,3	5,8	0,3	2,8	
	2008	0,4	2,3	-1,8	0,3	0,7	0,6	0,0	0,3	
	2009	-1,0	2,4	-14,9	-3,4	-13,2	-11,8	-0,8	-4,0	
	2010	0,7	0,7	5,6	1,8	9,5	9,7	0,1	1.7 (±0.2)	
	2011	0,8	0,9	1,7	1,0	2,9	2,3	0,3	1.3 (±0.7)	
	2012	1,1	1,7	1,2	1,2	-3,6	-3,8	0,1	1.3 (±1)	
QUARTERLY RATES*	2010	QI	0,4	0,1	3,6	1,0	2,6	4,2	-0,7	0,4
		QII	0,2	0,0	4,2	1,0	4,4	4,3	0,0	1,0
		QIII	0,2	0,4	0,0	0,2	1,9	1,6	0,2	0,4
		QIV	0,2	0,4	0,0	0,2	0,0	-0,2	0,1	0,3
	2011	QI	0,1	0,5	0,3	0,2	2,8	2,4	0,2	0,4
		QII	0,3	-0,2	0,3	0,2	-1,1	-1,4	0,1	0,3
		QIII	0,4	-0,1	0,2	0,2	1,3	1,8	-0,2	0,0
		QIV	0,4	0,4	0,1	0,3	-6,7	-6,2	-0,4	-0,1
	2012	QI	0,5	1,4	0,4	0,6	0,0	0,5	-0,2	0,4
		QII	0,6	0,0	0,0	0,3	0,7	-1,2	0,9	1,2
		QIII	-0,9	0,1	1,0	-0,2	-0,9	-1,5	0,2	0,0
		QIV	0,4	0,3	-0,1	0,3	5,0	6,2	-0,4	-0,1

Data adjusted for seasonality and working days effect

The figures in the shaded area are forecasts

(1) Contribution to GDP growth

*Year-on-year rates

Source: EUROSTAT & BIAM (UC3M)

Date: January 7, 2011



GROSS DOMESTIC PRODUCT IN THE EURO AREA: SUPPLY

GROSS DOMESTIC PRODUCT AND COMPONENTS IN THE EURO AREA										
Annual average and annual rates of growth										
		GVA							Real GDP	
		Agriculture	Industry	Construction	Trade Services	Financial Services	Public Services	TOTAL		
ANNUAL AVERAGE	2006	-0,1	4,6	3,1	3,0	4,2	1,5	3,2	3,2	
	2007	1,1	3,6	2,3	3,6	4,0	1,8	3,1	2,8	
	2008	1,1	-3,2	-1,4	1,2	1,6	1,9	0,5	0,3	
	2009	2,2	-14,4	-5,9	-5,0	-1,5	1,1	-4,2	-4,0	
	2010	-0,1	6,0	-3,5	1,5	1,4	1,2	1,7	1.7 (±0.2)	
	2011	-0,8	2,9	0,6	1,1	1,7	0,7	1,4	1.3 (±0.7)	
	2012	0,8	1,6	1,1	0,4	1,6	1,9	1,4	1.3 (±1)	
ANNUAL RATES*	2010	QI	0,6	4,4	-6,6	0,4	0,8	1,3	0,9	0,8
		QII	0,4	7,3	-4,2	1,4	1,4	1,1	1,9	1,9
		QIII	-1,0	5,9	-3,2	1,7	1,8	1,2	1,8	1,9
		QIV	-0,3	6,6	0,2	2,6	1,7	1,1	2,3	2,0
	2011	QI	-1,7	4,5	2,3	1,9	1,9	0,9	1,9	2,1
		QII	-1,3	2,6	0,4	1,6	2,0	0,9	1,6	1,4
		QIII	-0,2	2,2	1,0	1,1	1,4	0,5	1,3	1,0
		QIV	0,1	2,4	-1,1	-0,2	1,4	0,6	0,9	0,7
	2012	QI	0,0	1,9	-0,5	0,5	0,8	1,0	0,9	0,7
		QII	0,5	1,6	1,2	0,1	0,9	1,6	1,0	1,6
		QIII	0,7	1,5	1,7	0,5	2,1	2,2	1,6	1,5
		QIV	1,9	1,4	2,1	0,7	2,5	2,7	1,9	1,5

GROSS DOMESTIC PRODUCT AND COMPONENTS IN THE EURO AREA										
Annual average and quarterly rates of growht										
		GVA							Real GDP	
		Agriculture	Industry	Construction	Trade Services	Financial Services	Public Services	TOTAL		
ANNUAL AVERAGE	2006	-0,1	4,6	3,1	3,0	4,2	1,5	3,2	3,2	
	2007	1,1	3,6	2,3	3,6	4,0	1,8	3,1	2,8	
	2008	1,1	-3,2	-1,4	1,2	1,6	1,9	0,5	0,3	
	2009	2,2	-14,4	-5,9	-5,0	-1,5	1,1	-4,2	-4,0	
	2010	-0,1	6,0	-3,5	1,5	1,4	1,2	1,7	1.7 (±0.2)	
	2011	-0,8	2,9	0,6	1,1	1,7	0,7	1,4	1.3 (±0.7)	
	2012	0,8	1,6	1,1	0,4	1,6	1,9	1,4	1.3 (±1)	
ANNUAL RATES*	2010	QI	1,5	2,3	-1,6	0,4	0,4	0,4	0,6	0,4
		QII	-0,7	2,7	0,8	0,9	0,7	0,3	0,8	1,0
		QIII	-1,1	0,8	-0,7	0,3	0,6	0,3	0,3	0,4
		QIV	0,0	0,6	1,8	1,0	0,0	0,2	0,5	0,3
	2011	QI	0,1	0,3	0,4	-0,2	0,6	0,2	0,3	0,4
		QII	-0,3	0,8	-1,1	0,5	0,8	0,2	0,5	0,3
		QIII	0,0	0,5	-0,1	-0,2	-0,1	0,0	0,0	0,0
		QIV	0,2	0,8	-0,4	-0,4	0,1	0,2	0,1	-0,1
	2012	QI	0,0	-0,2	1,0	0,5	-0,1	0,6	0,2	0,4
		QII	0,3	0,5	0,6	0,2	1,0	0,8	0,6	1,2
		QIII	0,2	0,4	0,4	0,2	1,1	0,7	0,6	0,0
		QIV	1,4	0,7	0,0	-0,1	0,5	0,7	0,4	-0,1

Data adjusted for seasonality and working days effect

The figures in the shaded area are forecasts

(1) Contribution to GDP growth

* Year-on-year rates

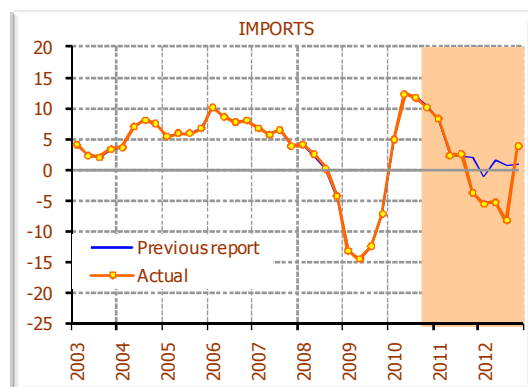
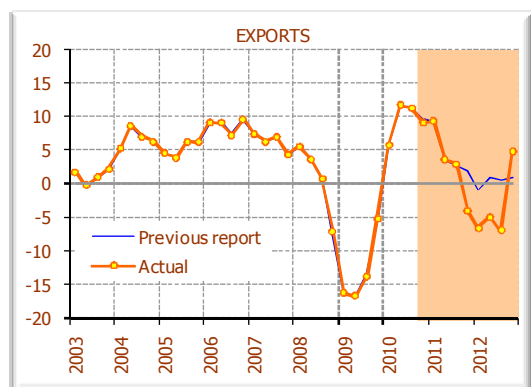
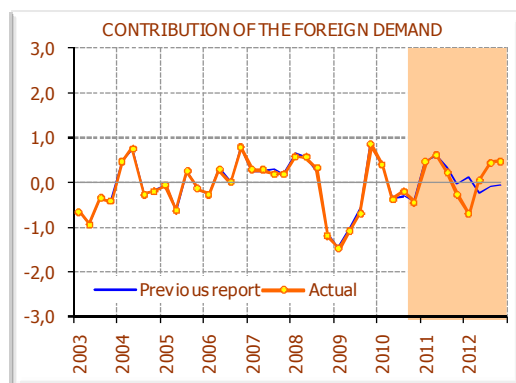
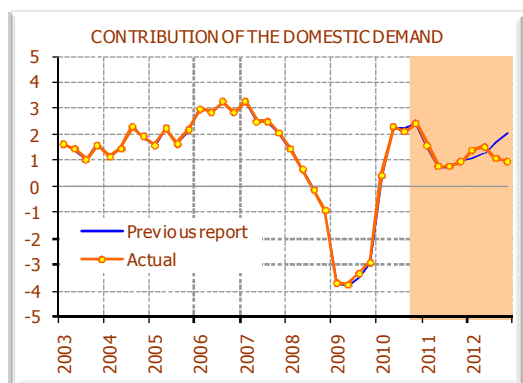
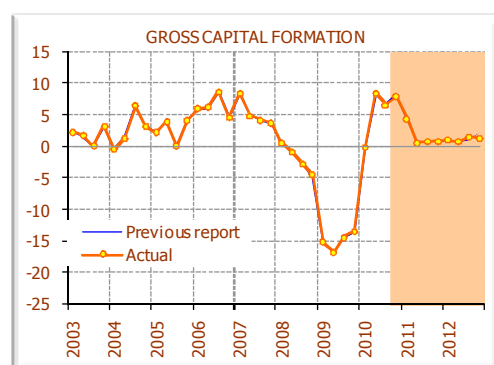
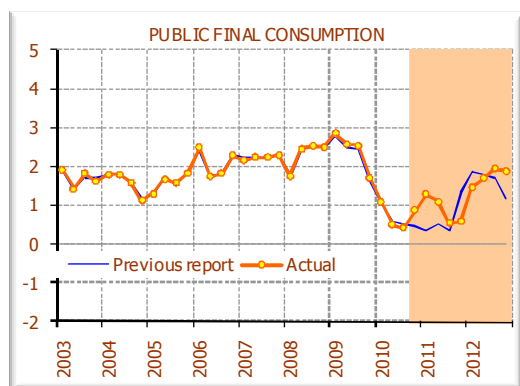
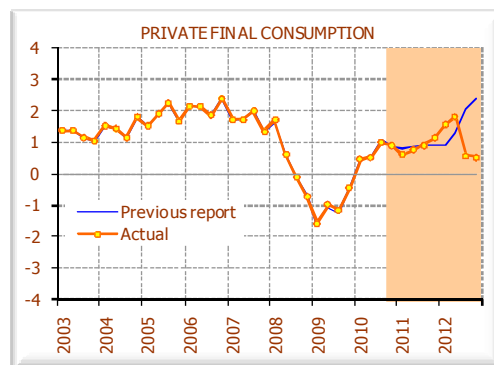
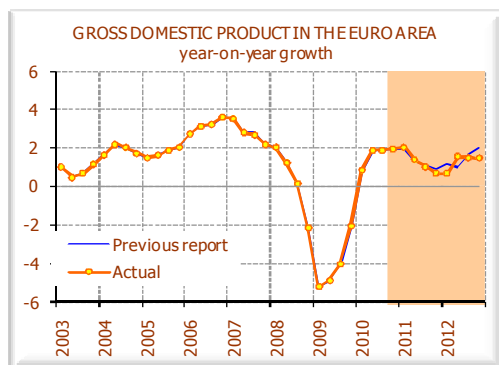
Source: EUROSTAT & BIAM (UC3M)

Date: January 7, 2011



CHANGE IN FORECASTS AND DATA REVISION FOR THE COMPONENTS OF GROSS DOMESTIC PRODUCT DEMAND IN THE EURO AREA

Year-on-year rates

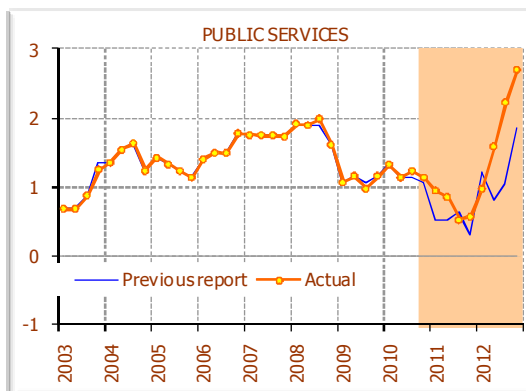
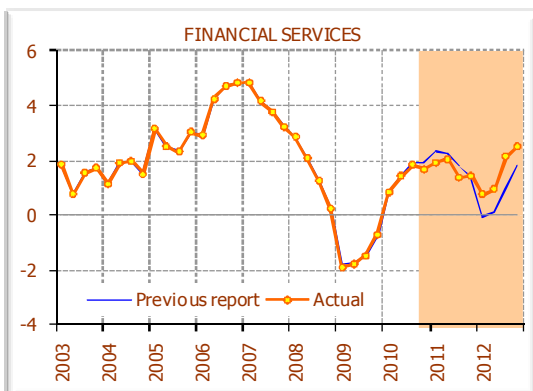
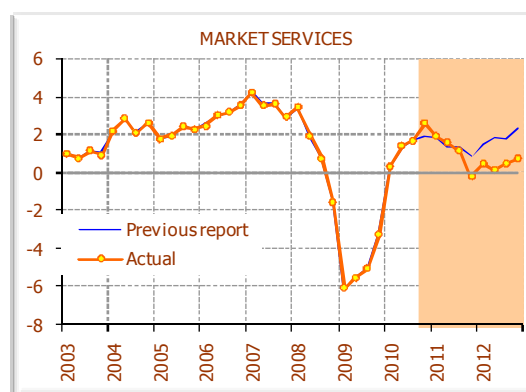
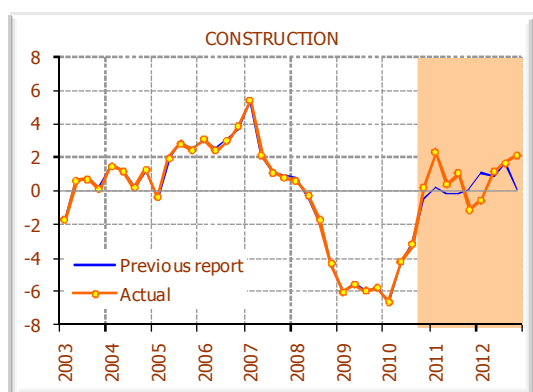
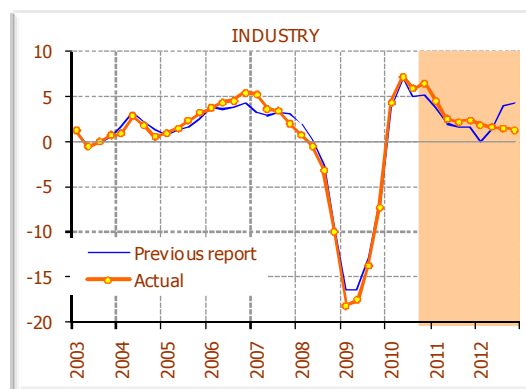
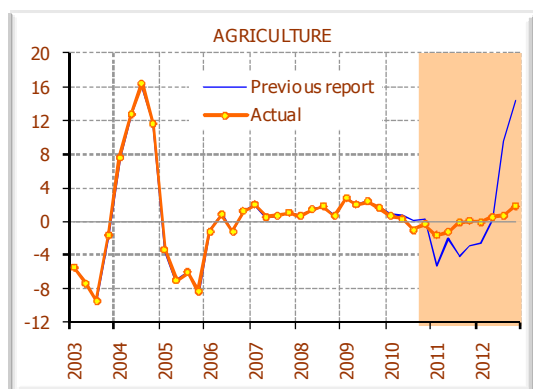


Source: EUROSTAT & BIAM (UC3M)
Date actual report: January 7, 2011
Date previous report: December 2, 2010



CHANGE IN FORECASTS AND DATA REVISION FOR THE COMPONENTS OF GROSS DOMESTIC PRODUCT SUPPLY IN THE EURO AREA

Year-on-year rates



Source: EUROSTAT & BIAM (UC3M)
 Date actual report: January 7, 2011
 Date previous report: December 2, 2010



INDUSTRIAL PRODUCTION INDEX IN THE EURO AREA

INDUSTRIAL PRODUCTION INDEX AND SECTORS IN THE EURO AREA*									
Annual rates of growth									
		Consumer Goods			Capital Goods	Intermediate Goods	Energy	TOTAL	
		Durable	Non Durable	Total					
ANNUAL AVERAGE RATES	2006	4,6	2,7	3,0	5,9	4,8	0,6	4,3	
	2007	1,3	2,5	2,4	6,6	3,8	-0,9	3,7	
	2008	-5,7	-1,5	-2,1	-0,2	-3,5	0,3	-1,8	
	2009	-17,4	-3,0	-5,0	-20,8	-19,2	-5,3	-14,9	
	2010	2,3	3,3	3,2	8,5	9,9	3,4	7,0	
	2011	1,0	1,3	1,3	6,4	4,2	1,9	3,8	
	2012	1,1	1,7	1,7	4,4	1,7	0,6	2,4	
ANNUAL RATES*	2010	QI	0,0	3,5	3,1	2,5	8,0	3,2	4,7
		QII	4,9	3,5	3,7	8,9	13,9	5,4	9,0
		QIII	3,8	3,2	3,3	9,8	9,4	1,5	7,0
		QIV	0,8	3,1	2,8	12,5	8,2	-0,4	7,4
	2011	QI	0,7	1,0	1,0	10,2	5,6	3,2	3,8
		QII	1,8	1,0	1,1	7,4	5,0	2,0	-1,7
		QIII	1,0	1,7	1,6	5,4	4,3	1,3	6,3
		QIV	0,4	1,4	1,3	3,2	2,0	5,1	-1,0
	2012	QI	1,1	1,5	1,5	3,8	1,2	0,7	3,2
		QII	0,6	2,1	1,9	4,2	1,3	0,6	8,6
		QIII	0,7	1,8	1,6	4,7	1,8	0,5	0,1
		QIV	1,8	1,5	1,6	5,0	2,6	0,4	5,9

INDUSTRIAL PRODUCTION INDEX IN THE EURO AREA*							
year-on-year rates of growth							
	2006	2007	2008	2009	2010	2011	2012
January	3,2	4,0	3,8	-16,7	1,9	5,8	1,9
February	3,4	4,7	3,2	-18,9	4,2	5,1	1,9
March	4,1	4,7	1,5	-19,3	7,7	4,3	2,0
April	2,6	3,2	4,6	-21,3	9,1	4,5	2,1
May	6,3	3,4	-0,7	-17,8	9,8	4,5	2,3
June	4,7	3,2	-0,5	-16,8	8,2	4,3	2,3
July	4,1	4,0	-1,0	-15,8	7,4	4,1	2,4
August	6,4	4,4	-1,4	-15,0	8,5	3,7	2,5
September	4,1	3,4	-2,6	-12,7	5,6	3,6	2,4
October	4,1	4,9	-5,8	-11,1	7,1	2,7	2,6
November	3,3	3,1	-9,0	-6,9	7,5	1,9	2,8
December	5,2	1,5	-12,6	-3,6	7,7	1,3	3,1

Data adjusted for seasonality and working days effect

The figures in the shaded area are forecasts

*Year-on-year rates

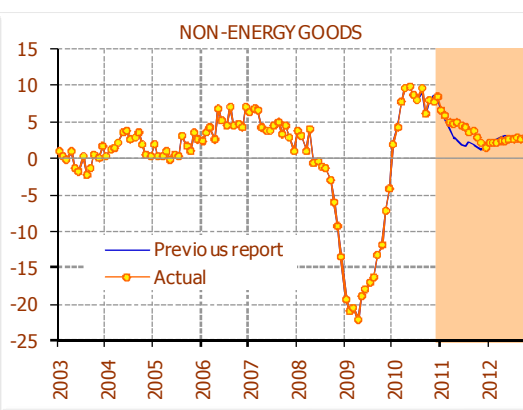
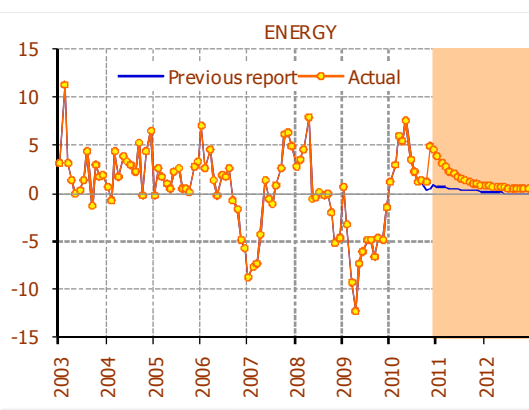
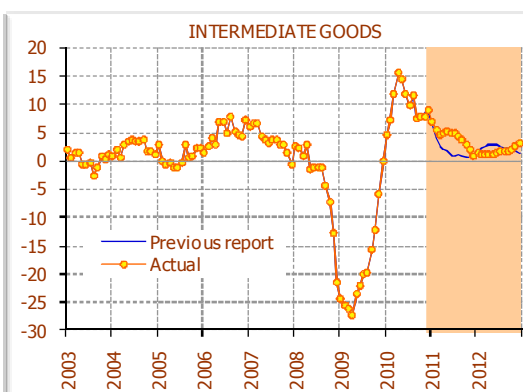
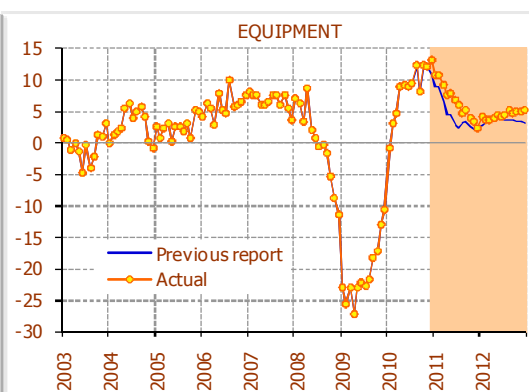
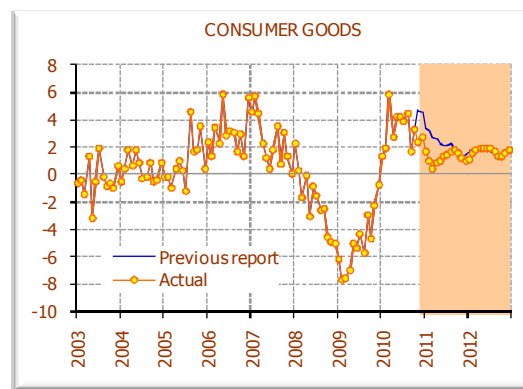
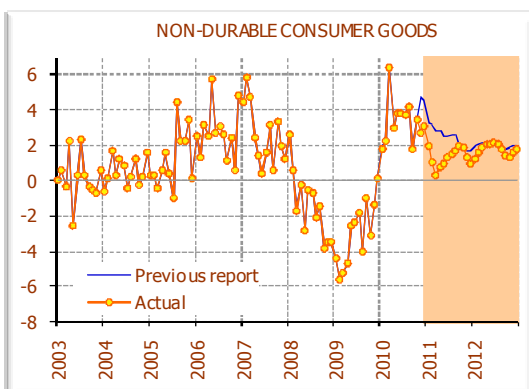
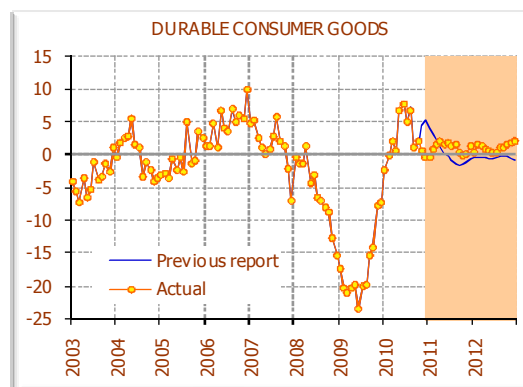
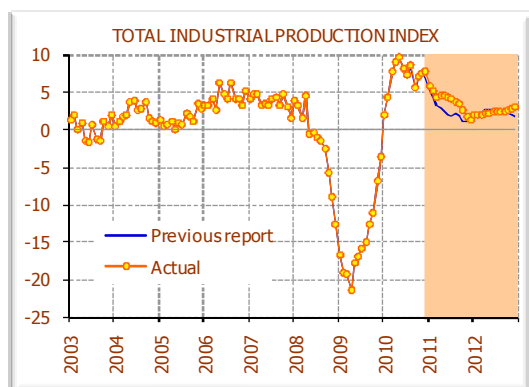
Source: EUROSTAT & BIAM (UC3M)

Date: December 14, 2010



CHANGE IN FORECASTS AND DATA REVISION FOR THE COMPONENTS OF INDUSTRIAL PRODUCTION INDEX DEMAND IN THE EURO AREA

Year-on-year rates



Source: EUROSTAT & BIAM (UC3M)
 Date actual report: December 14, 2010
 Date previous report: December 14, 2010



II.2. INFLATION

Inflation forecasts have been revised upwards by one tenth of a point in 2011 to 2.1% (± 0.62). At the same time, the forecasts for 2012 have fallen by two tenths to 1.5% (± 0.99).

These revisions are due to rising energy prices. Core inflation forecasts were revised downwards to 1.4% and 1.5% for 2011 and 2012, respectively.

Regardless of these small variations, today's figure

has to be analysed considering its possible effects on monetary policy.

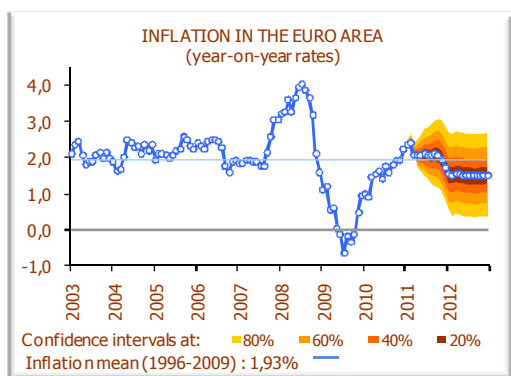
In October 2008, in an attempt to stop the rising inflation caused by energy prices, the ECB increased the interest rate to 4.0%. Just a month later, the collapse of Lehman Brothers sent the financial world into chaos and the euro area into its most important recession in history.

In November 2011, inflation is expected to meet the ECB target, so the interest rate is unlikely to change in 2011.

yesterday, the Governor of the ECB highlighted two key ideas. The first is that the Central Bank is aware that the rise in inflation to more than the target 2.0% is probably temporary and due to exogenous factors. If he is right, rates will not rise. The second idea is that, should this not be the case, if inflation expectations are not reduced in the next few months, the ECB will fulfil its mandate and increase interest rates.

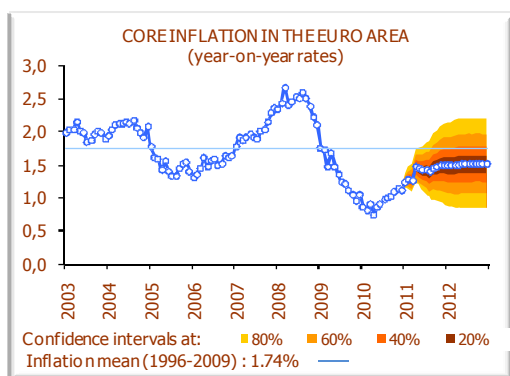
At this time, a rate increase would be a disproportionate blow for the economies in the greatest difficulties, including Spain. Considering the indebtedness of the private sector and the doubts concerning the solvency of its financial sector, the consequences of such a rise for Spain are potentially devastating for the entire euro area. An increase in real interest rates, lacking solid economic recovery, would very likely lead to a new increase in the default rate, faster depreciation of property assets and a widespread increase in financing costs for businesses and households. This would increase the losses generated by the banking sector, with devastating effects on Spain's ability to sell its debt at reasonable prices. The evolution of inflation expectations and the ECB's reactions are therefore of vital importance.

Graph II.2.1



Source: EUROSTAT & BIAM(UC3M)
Date: January 14, 2011

Graph II.2.2



Source: EUROSTAT & BIAM(UC3M)
Date: January 14, 2011

The euro area is now in a similar situation. Raw material prices are pushing inflation indices up. The joint growth of rich and emerging countries is revealing a shortage of natural resources and stressing the markets to levels similar, and in some cases more, to those reached in 2008. In his statement

According to our forecasts, the annual total rate will be 2.4% in January and February, subsequently falling to 2.1% and less than 2.0% by the end of 2011. The average annual rate expected for 2012 is 1.5%. On the other hand, core inflation will continue to be moderate, from 1.3% to 1.4% at the beginning of 2011, subsequently stabilising at around 1.5% in 2012. The forecast inflation rate is less than or in line with the average for the last ten years.

In other words, our forecasts show that an inflationist process is highly unlikely in the euro area. If energy

With the new figure, the inflation forecasts for 2011 and 2012 are 2.1% (± 0.62) and 1.5% (± 0.98).



The forecasts for energy prices in 2011 are revised upwards and inflation expectations for services and non-energy industrial goods are revised downwards.

prices stabilise (they do not have to decrease), inflation expectations will remain the same and inflation will be constantly less than 2.0% from November 2011 on.

The evolution of credit and monetary masses also appears to rule out an unexpected rise in consumer prices. Despite the liquidity injected into the interbank market, credit for households and the non-financial private sector in general fell throughout 2009, grew again very moderately in 2010 and appears to now be stable.

In conclusion, inflation expectations for 2011 have grown by one tenth of a point to 2.1%. The annual rate could be around 2.4% at the beginning of the year, falling from March on and meeting the ECB target in November. If this rise in inflation is indeed temporary and basically due to exogenous factors, monetary policy should remain unaltered in the short term.

In January and February, 2011, the annual inflation rate could be the highest of the current cycle, at around 2.4%. There will then be a gradual decrease to values of less than 2.0% at the end of the year.

Table II.2.1

INFLATION IN THE EURO AREA						
HICP	Annual rates ¹ 2010/ 2011		Annual average rates ²			
	December	January	2009	2010	2011	2012
Core 82.6%	1,1	1,2 ±0,13	1,3	1,0	1,4 ±0,35	1,5 ±0,64
Total 100%	2,2	2,4 ±0,23	0,3	1,6	2,1 ±0,62	1,5 ±0,98

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

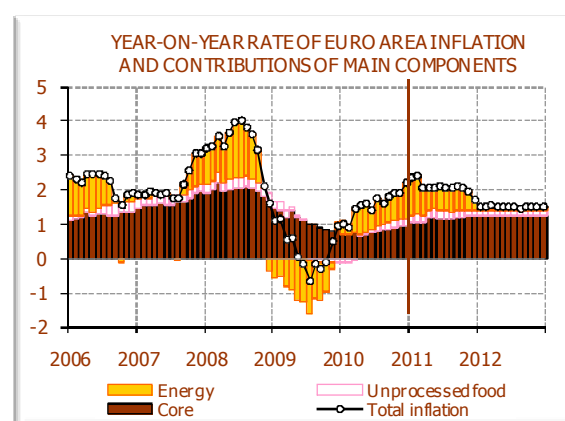
(1) Year-on-year rate anterior

(2) Yearly average rate

Source: EUROSTAT & BIAM(UC3M)

Date: January 14, 2011

Graph II.2.3



Source: EUROSTAT & BIAM(UC3M)

Date: January 14, 2011

If energy prices moderate their growth, as expected according to the futures markets, the risk of a stricter monetary policy in 2011 is minimal.



Table II.2.2

GOODS AND SERVICES IN THE EURO AREA WITH NEGATIVE ANNUAL RATES IN HICP GROWTH																					
		Weights x 1000																			
Special Group*	Weights 2010	Description	2010												2009				2008		
			December	November	October	September	August	July	June	May	April	March	February	January	QIV	QIII	QII	QI	QIV	QIII	Average
PROCESSED FOOD 9.67	22,0	Milk, cheese and eggs						-0,4	-0,9	-1,5	-2,4	-2,5	-2,7	-2,8	-3,5	-3,8	-2,7	-1,0			
	5,1	Oils and fats	-0,7	-0,6						-1,0	-1,3	-1,9	-2,2	-2,0	-3,8	-6,9	-4,2	-1,0			
	25,9	Bread and cereals			-0,04	-0,3	-0,2	-0,4	-0,4	-0,4	-0,5	-0,5	-0,6	-0,7	-0,4						
	9,7	Sugar, jam, honey, chocolate and confectionery			-0,2	-0,3	-0,4	-0,4	-0,3	-0,3	-0,3	-0,2	-0,3	-0,3							
	9,3	Mineral waters, soft drinks, fruit and vegetable juices			-0,1	-0,8	-0,8	-0,9	-0,9	-0,6	-0,6	-0,5	-0,6	-0,2							
	4,6	Food products n.e.c.	-0,7	-0,6	-0,9	-0,7	-0,6	-0,8	-0,8	-0,6	-0,5	-0,2	0,0	-0,2							
	3,7	Coffee, tea and cocoa						-0,2	-0,4	-0,1	0,0	-0,1	-0,2								
NON-ENERGY INDUSTRIAL GOODS 35.32	0,2	Clothing materials													-1,7	-1,9	-2,0	-0,9			
	49,7	Garments					-0,01					-0,3	-0,9	-0,6		-0,2		-0,4			
	9,1	Major household appliances whether electric or not and small electric household appliances	-1,2	-1,1	-1,0	-0,9	-1,0	-1,0	-0,6	-0,6	-0,5	-0,3	-0,1	-0,1					-0,4	-0,7	-0,7
	38,9	Motor cars							-0,7	-0,7	-0,6	-0,8	-0,8	-1,2	-1,3	-1,0	-0,3				
	1,8	Telephone and telefax equipment	-3,8	-6,9	-10,6	-8,5	-1,3	-5,8	-8,3	-10,9	-8,4	-7,7	-7,4	-10,3	-8,6	-10,5	-11,9	-13,6	-16,0	-18,7	-16,8
	4,7	Equipment for the reception, recording and reproduction of sound and pictures	-8,0	-8,0	-8,0	-8,0	-8,1	-8,3	-8,3	-8,7	-9,1	-9,4	-9,3	-10,3	-11,3	-12,9	-13,5	-13,4	-12,1	-10,6	-10,8
	1,6	Photographic and cinematographic equipment and optical instruments	-10,2	-10,8	-10,7	-10,8	-10,9	-10,3	-10,6	-10,5	-10,5	-10,1	-10,1	-10,2	-10,7	-12,4	-14,2	-15,7	-15,6	-14,6	-14,2
	4,9	Information processing equipment	-5,1	-4,8	-4,9	-3,8	-3,5	-3,9	-4,6	-5,2	-5,6	-5,4	-5,2	-6,1	-6,2	-8,4	-11,0	-13,0	-15,1	-14,6	-14,6
	2,9	Recording media	-3,3	-2,8	-3,4	-3,0	-2,5	-2,7	-3,1	-3,6	-4,4	-3,2	-3,2	-3,7	-3,3	-3,7	-2,9	-3,6	-3,5	-3,4	-3,1
	5,4	Games, toys and hobbies	-0,7			-1,4	-1,0	-1,2	-0,7	-1,6	-1,1	-1,6	-1,8	-0,9	-1,4	-0,4	-0,2	-0,3	-0,6	-1,2	-0,7
	6,5	Gardens, plants and flowers										0,0	0,0	0,0					-0,2	0,0	
	6,0	Books									-0,1	0,0	0,0	0,0						-0,1	
	12,3	Pharmaceutical products	0,00				-0,04	-0,1			-0,7	-0,3	-0,6	0,0							
	5,1	Household textiles										-0,2	-0,4	0,0							
	4,6	Other personal effects					-0,1	-0,7	-0,5	-0,5	-0,5		0,0	-0,8	-0,1						
	3,1	Equipment for sport, camping and open-air	-0,2		-0,1	-0,4	-0,7	-0,5	-0,5	-0,5		0,0	-0,1	-0,1							
	1,9	Carpets and other floor coverings	-0,2		-0,1		-1,0	-0,6	-0,5	-0,4		-0,2	-0,4	-0,1							
SERVICES 49.25	5,7	Passenger transport by air	-3,4	-2,5	-3,9	-1,3	-1,0	-0,9	-1,1	-1,1	-1,0	-0,2	0,0	-2,3	-4,7	-5,1	-1,0				
	27,9	Telephone and telefax services	-1,1	-1,0	-1,1	-1,0	-0,9	-1,1	-1,1	-1,0	-0,5	-0,2	-0,6	-0,4	-0,2	0,0	-0,7	-1,1	-1,2	-1,2	-1,1
	16,7	Accommodation services									-0,1	0,0	-0,5	0,0	-0,1	-0,4					
	15,7	Package holidays	-1,0	-1,7	-1,0	-1,6	-0,6	-1,4	-1,5	-2,2	-6,1	0,0	-1,7	-1,6							
	0,8	Passenger transport by sea and inland		-1,9	-1,3	-1,7	-1,7	-0,8	-0,6	-1,8	-1,1	-1,1	-1,2	-1,3	-1,8	-1,3					
	0,7	Other purchased transport services				-0,7	-0,8	-0,6	-1,8	-1,1	-1,1	-1,2	-1,3	-1,8	-1,3						
	0,0	Maintenance and repair of other major durables for recreation and culture							-0,1	-0,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0			
	10,8	Fish and seafood										0,0	-0,6	-0,6	-0,5	-0,7	-1,1				
	11,4	Fruits									-0,2	-1,3	-3,1	-3,3	-2,1	-2,8	-5,5	-0,5			
	14,7	Vegetables									0,0	-1,3	-2,5	-4,1	-2,9						
	36,1	Meat							-0,1	-0,1	-0,2	-0,6	-0,6	-0,7	-0,2						
	7,7	Liquid fuels										0,0	0,0	0,0	-12,4	-35,8	-37,6	-27,6	-2,6		
	42,8	Fuels and lubricants for personal transport equipment										0,0	0,0	0,0		-16,3	-18,5	-17,1	-6,4		
	15,5	Gas						-4,1	-5,2	-6,4	-14,9	-15,6	-16,3	-15,5	-9,1						
	5,2	Heat energy		-1,1	-2,7	-4,6	-5,8	-7,5	-9,0	-10,2	-10,8	-11,2	-10,7	-10,0	-7,0						
			94,24	89,94	134,71	138,91	200,82	168,6	250,5	273,5	303,5	312,4	382,8	382,1	269,3	290,2	193,8	176,7	106,2	71,4	65,0
*With the sum of the weights of the sub-groups with negative YoY price variations in the last month. In shaded area the items with negative year-on-year inflation since January 2009.																					

*With the sum of the weights of the sub-groups with negative YoY price variations in the last month.
In shaded area the items with negative year-on-year inflation since January 2009.

Source: EUROSTAT & BIAM(UC3M)

Date: January 14, 2011



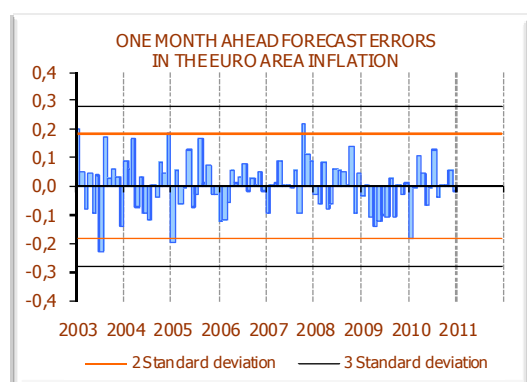
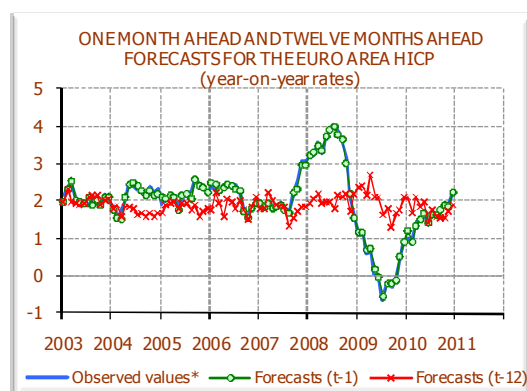
FORECASTS ERRORS BY SECTORS, COUNTRIES IN THE EURO AREA, UNITED KINGDOM, SWEDEN AND DENMARK

INFLATION IN THE EURO AREA Annual rates, December, 2010				
Harmonized Index of Consumer Prices HICP	Weights 2010	Observed	Forecasts	Confidence Intervals*
Processed Food	118,64	1,51	1,51	± 0.38
Tobacco	23,77	5,35	5,07	
Processed food excluding tobacco	94,87	0,55	0,62	
Non-energy Industrial goods	292,76	0,73	0,89	± 0.21
Services	419,55	1,28	1,33	
CORE	830,95	1,13	1,20	± 0.13
Non-processed food	72,93	3,18	3,14	± 0.72
Energy	96,12	10,97	10,45	± 0.86
RESIDUAL	169,05	7,59	7,30	± 0.57
TOTAL	1000	2,21	2,23	± 0.12

In November 2011, inflation is expected to meet the ECB target, so the interest rate is unlikely to change in 2011.

With the new figure, the inflation forecasts for 2011 and 2012 are 2.1% (±0.62) and 1.5%(±0.98).

HARMONIZED INDICES OF CONSUMER PRICES BY COUNTRIES IN THE EURO AREA, UNITED KINGDOM, SWEDEN AND DENMARK Annual rates, December, 2010				
	Weights 2010 Euro area	Observed Monthly Rate	Forecast	Confidence Intervals at 80%
Germany	262,06	1,9	1,8	± 0.29
France	207,61	2,0	2,0	± 0.20
Italy	182,32	2,1	2,4	± 0.23
Spain	126,43	2,9	2,3	± 0.15
Netherlands	50,76	1,8	1,5	± 0.33
Belgium	32,47	3,4	2,8	± 0.32
Austria	30,40	2,2	1,6	± 0.37
Greece	36,33	5,2	4,6	± 0.78
Portugal	22,18	2,4	2,1	± 0.66
Finland	17,25	2,8	2,2	± 0.37
Ireland	14,71	-0,2	-1,0	± 0.30
Slovakia	7,22	1,3	1,1	± 0.24
Slovenia	3,90	2,2	1,6	
Luxembourg	2,76	3,1	2,4	
Cyprus	2,79	1,9	1,6	± 0.32
Malta	0,81	4,0	3,5	
United Kingdom		3,7	3,0	± 0.33
Sweden		2,1	1,5	± 0.50
Denmark		2,8	2,5	± 0.27



Source: EUROSTAT & BIAM(UC3M)

Date: January 14, 2011



HARMONIZED INDEX OF CONSUMER PRICES AND COMPONENTS IN THE EURO AREA													
Annual rates of growth													
		HICP									TOTAL80 % Confidence Intervals*		
		Core				TOTAL80 % Confidence Intervals*		Residual					
		Processed food excluding tobacco	Tobacco	Non energy industrial goods	Services			Non processed food	Energy	TOTAL			
Weights 2010		9,6%	2,3%	29,7%	41,4%	83,0%		7,5%	9,6%	17,0%	100%		
ANNUAL AVERAGE RATE	2002	2,4	5,9	1,5	3,1	2,5		3,1	-0,6	1,2	2,2		
	2003	2,1	8,4	0,8	2,5	2,0		2,1	3,0	2,6	2,1		
	2004	1,3	12,2	0,8	2,6	2,1		0,6	4,5	2,6	2,1		
	2005	0,5	7,8	0,3	2,3	1,5		0,8	10,1	5,7	2,2		
	2006	1,6	3,9	0,6	2,0	1,5		2,8	7,7	5,5	2,2		
	2007	2,3	4,5	1,0	2,5	2,0		3,0	2,6	2,8	2,1		
	2008	6,8	3,2	0,8	2,6	2,4		3,5	10,3	7,3	3,3		
	2009	0,2	4,7	0,6	2,0	1,3		0,2	-8,1	-4,5	0,3		
	2010	-0,2	5,5	0,4	1,4	1,0		1,2	7,4	4,7	1,6		
	2011	1,2	6,5	0,9	1,5	1,4	± 0,35	2,8	7,4	5,4	2,1	± 0,62	
	2012	1,4	6,1	1,0	1,6	1,5	± 0,64	2,1	1,1	1,5	1,5	± 0,98	
ANNUAL RATES (year-on-year rates)	2010	January	-0,8	6,5	0,1	1,4	0,9		-1,3	4,0	1,7	1,0	
		February	-0,8	6,3	0,1	1,3	0,8		-1,2	3,3	1,3	0,9	
		March	-0,7	5,9	0,1	1,6	0,9		-0,1	7,2	4,0	1,4	
		April	-0,7	6,2	0,2	1,2	0,8		0,7	9,1	5,4	1,5	
		May	-0,5	6,6	0,3	1,3	0,9		0,4	9,2	5,3	1,6	
		June	-0,3	5,4	0,4	1,3	0,9		0,9	6,2	3,9	1,4	
		July	-0,1	4,7	0,5	1,4	1,0		1,9	8,1	5,4	1,7	
		August	0,0	4,7	0,4	1,4	1,0		2,4	6,1	4,5	1,6	
		September	0,1	4,6	0,6	1,4	1,0		2,5	7,7	5,5	1,8	
		October	0,3	4,9	0,7	1,4	1,1		2,4	8,5	5,9	1,9	
		November	0,4	4,9	0,8	1,3	1,1		2,7	7,9	5,7	1,9	
		December	0,6	5,4	0,7	1,3	1,1		3,2	11,0	7,6	2,2	
	2011	January	0,8	6,1	0,8	1,4	1,2	± 0,13	3,2	11,4	7,8	2,4	± 0,23
		February	1,0	6,2	0,7	1,4	1,3	± 0,18	3,3	11,7	8,1	2,4	± 0,34
		March	1,1	7,1	0,8	1,3	1,3	± 0,23	2,7	8,6	6,1	2,1	± 0,46
		April	1,3	6,9	0,9	1,6	1,5	± 0,27	2,5	6,8	5,0	2,1	± 0,59
		May	1,3	6,5	0,9	1,5	1,4	± 0,32	3,4	6,4	5,1	2,1	± 0,70
		June	1,3	6,1	0,9	1,5	1,4	± 0,36	3,2	7,1	5,5	2,1	± 0,79
		July	1,3	6,3	0,9	1,5	1,4	± 0,41	2,7	7,2	5,3	2,1	± 0,87
		August	1,2	6,4	0,9	1,5	1,4	± 0,45	2,5	7,5	5,3	2,1	± 0,95
		September	1,3	6,8	0,9	1,6	1,5	± 0,51	2,5	7,2	5,2	2,1	± 1,02
		October	1,3	6,9	0,9	1,6	1,5	± 0,54	2,7	6,5	4,9	2,1	± 1,07
		November	1,3	6,7	1,0	1,6	1,5	± 0,58	2,3	5,7	4,2	1,9	± 1,12
		December	1,3	6,5	0,9	1,6	1,5	± 0,62	2,2	3,3	2,8	1,7	± 1,16
	2012	January	1,3	6,1	0,9	1,6	1,5	± 0,64	2,2	1,5	1,8	1,5	± 1,17
		February	1,4	6,0	0,9	1,6	1,5	± 0,65	2,1	1,2	1,6	1,5	± 1,17
		March	1,4	6,1	0,9	1,6	1,5	± 0,67	2,1	1,7	1,9	1,6	± 1,17
		April	1,4	6,0	1,0	1,6	1,5	± 0,69	2,1	1,3	1,7	1,5	± 1,17
		May	1,4	6,1	1,0	1,6	1,5	± 0,69	2,1	1,1	1,6	1,5	± 1,17
		June	1,4	6,1	1,0	1,6	1,5	± 0,69	2,1	0,9	1,5	1,5	± 1,17
		July	1,5	6,1	1,0	1,6	1,5	± 0,69	2,1	0,9	1,4	1,5	± 1,17
		August	1,5	6,1	1,0	1,6	1,5	± 0,68	2,1	0,8	1,3	1,5	± 1,17
		September	1,5	6,2	1,0	1,6	1,5	± 0,68	2,1	0,7	1,3	1,5	± 1,17
		October	1,5	6,0	1,0	1,6	1,5	± 0,68	2,1	0,9	1,4	1,5	± 1,17
		November	1,5	5,8	1,0	1,6	1,5	± 0,68	2,1	1,0	1,5	1,5	± 1,17
		December	1,5	5,9	1,0	1,6	1,5	± 0,68	2,1	1,1	1,6	1,5	± 1,17

* Confidence intervals calculated with historical errors

The figures in the shaded area are forecasts

Source: EUROSTAT & BIAM(UC3M)

Date: January 14, 2011



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 2010			9,6%	2,3%	29,7%	41,4%	83,0%	7,5%	9,6%	17,0%	100%
MONTHLY RATES (Growth of the month over the previous month)	January	2009	0,2	0,4	-2,6	-0,4	-1,1	1,0	0,0	0,4	-0,8
		2010	0,0	0,4	-2,9	-0,5	-1,3	1,3	2,1	1,7	-0,8
		2011	0,3	1,0	-2,9	-0,4	-1,2	1,3	2,5	2,0	-0,6
		2012	0,3	0,7	-2,9	-0,4	-1,2	1,3	0,6	0,9	-0,8
	February	2009	-0,1	0,5	0,5	0,5	0,4	0,0	0,5	0,3	0,4
		2010	0,0	0,2	0,5	0,4	0,4	0,1	-0,1	0,0	0,3
		2011	0,2	0,4	0,5	0,4	0,4	0,2	0,2	0,2	0,4
		2012	0,2	0,3	0,5	0,4	0,4	0,2	0,0	0,1	0,4
	March	2009	-0,1	0,5	1,8	-0,1	0,6	-0,3	-1,2	-0,8	0,4
		2010	0,0	0,1	1,8	0,2	0,7	0,7	2,6	1,8	0,9
		2011	0,1	0,9	1,9	0,0	0,7	0,2	-0,3	-0,1	0,6
		2012	0,1	1,0	1,9	0,0	0,7	0,2	0,1	0,1	0,6
	April	2009	-0,1	0,4	0,6	0,4	0,4	-0,1	0,2	0,1	0,4
		2010	-0,1	0,7	0,7	0,0	0,2	0,8	2,0	1,5	0,5
		2011	0,1	0,5	0,8	0,3	0,4	0,6	0,3	0,4	0,4
		2012	0,1	0,4	0,8	0,3	0,4	0,6	0,0	0,2	0,4
	May	2009	-0,2	0,2	0,0	0,0	0,0	0,0	0,4	0,2	0,1
		2010	0,0	0,6	0,1	0,1	0,1	-0,3	0,6	0,2	0,1
		2011	0,0	0,3	0,2	0,0	0,1	0,5	0,2	0,3	0,1
		2012	0,1	0,3	0,2	0,0	0,1	0,5	0,0	0,2	0,1
	June	2009	-0,2	2,0	-0,3	0,1	0,0	-0,5	2,5	1,2	0,2
		2010	0,1	0,9	-0,2	0,2	0,1	0,0	-0,4	-0,2	0,0
		2011	0,0	0,5	-0,2	0,2	0,0	-0,1	0,2	0,1	0,0
		2012	0,0	0,5	-0,2	0,2	0,0	-0,1	0,0	0,0	0,0
	July	2009	-0,1	0,7	-2,5	0,8	-0,5	-1,2	-1,8	-1,5	-0,7
		2010	0,1	0,1	-2,4	0,9	-0,4	-0,2	0,0	0,0	-0,3
		2011	0,1	0,3	-2,4	0,8	-0,4	-0,7	0,1	-0,2	-0,4
		2012	0,1	0,3	-2,4	0,8	-0,4	-0,7	0,0	-0,3	-0,4
	August	2009	0,0	0,2	0,5	0,2	0,3	-1,1	1,8	0,5	0,3
		2010	0,2	0,1	0,5	0,3	0,3	-0,7	-0,1	-0,4	0,2
		2011	0,1	0,2	0,4	0,3	0,3	-0,9	0,1	-0,3	0,2
		2012	0,1	0,2	0,4	0,3	0,3	-0,9	0,0	-0,4	0,2
	September	2009	-0,1	0,0	1,5	-0,7	0,2	0,1	-1,2	-0,7	0,0
		2010	0,0	-0,1	1,7	-0,8	0,2	0,2	0,3	0,2	0,2
		2011	0,1	0,4	1,7	-0,7	0,3	0,2	0,1	0,1	0,2
		2012	0,1	0,4	1,7	-0,7	0,3	0,2	0,1	0,1	0,2
	October	2009	0,0	0,1	0,7	0,1	0,3	0,1	-0,2	-0,1	0,2
		2010	0,1	0,4	0,9	0,0	0,4	0,0	0,6	0,3	0,4
		2011	0,1	0,5	0,9	0,0	0,4	0,2	-0,1	0,0	0,3
		2012	0,1	0,4	0,9	0,0	0,4	0,2	0,1	0,1	0,3
	November	2009	0,0	0,8	0,1	-0,2	0,0	0,3	1,4	0,9	0,1
		2010	0,2	0,8	0,3	-0,3	0,0	0,6	0,8	0,7	0,1
		2011	0,1	0,6	0,3	-0,2	0,0	0,2	0,0	0,1	0,0
		2012	0,1	0,4	0,3	-0,2	0,0	0,2	0,1	0,1	0,0
	December	2009	-0,1	0,7	0,0	0,8	0,4	0,2	-0,5	-0,2	0,3
		2010	0,1	1,1	-0,1	0,8	0,4	0,7	2,3	1,6	0,6
		2011	0,1	0,9	-0,1	0,8	0,4	0,6	-0,1	0,2	0,4
		2012	0,1	1,0	-0,1	0,8	0,4	0,6	0,1	0,3	0,4

*The figures in the shaded area are forecasts

Source: EUROSTAT & BIAM(UC3M)

Date: January 14, 2011



HARMONIZED INDICES OF CONSUMER PRICES BY COUNTRIES IN THE EURO AREA, UNITED KINGDOM, SWEDEN AND DENMARK																					
Annual rates of growth																					
		Euro Area															United Kingdom	Sweden	Denmark		
		Germany	France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Portugal	Finland	Ireland	Slovakia	Slovenia	Luxembourg	Cyprus				Malta	
Weights 2010 %		26,2	20,8	18,2	12,6	5,1	3,2	3,0	3,6	2,2	1,7	1,5	0,7	0,4	0,3	0,1					
ANNUAL AVERAGE RATE	2001	1,9	1,8	2,3	2,8	5,1	2,4	2,3	3,7	4,4	2,7	4,0	7,2	8,6	2,4	2,0	2,5	1,2	2,7	2,3	
	2002	1,4	1,9	2,6	3,6	3,9	1,6	1,7	3,9	3,7	2,0	4,7	3,5	7,5	2,1	2,8	2,6	1,3	1,9	2,4	
	2003	1,0	2,2	2,8	3,1	2,2	1,5	1,3	3,4	3,3	1,3	4,0	8,4	5,7	2,5	4,0	1,9	1,4	2,3	2,0	
	2004	1,8	2,3	2,3	3,1	1,4	1,9	2,0	3,0	2,5	0,1	2,3	7,5	3,7	3,2	1,9	2,7	1,3	1,0	0,9	
	2005	1,9	1,9	2,2	3,4	1,5	2,5	2,1	3,5	2,1	0,8	2,2	2,8	2,5	3,8	2,0	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	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	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	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	1,8	2,2	1,9	1,1	
	2010	1,2	1,7	1,6	1,8	0,9	2,3	1,7	4,7	1,4	1,7	-1,6	0,7	2,1	2,8	2,6	2,0	3,3	1,9	2,2	
	2011	1,5	1,9	2,4	2,6	1,9	3,0	2,0	4,3	2,3	2,8	-0,5	1,7	2,8	2,8	1,4	3,2	3,3	2,5	2,3	
	2012	1,3	1,5	1,9	1,1	1,6	2,6	1,9	4,5	1,7	2,0	-1,1	2,2	2,7	2,8	1,9	2,6	2,7	2,2	2,0	
ANNUAL RATES OF GROWTH	2010	January	0,8	1,2	1,3	1,1	0,4	0,8	1,2	2,3	0,1	1,6	-2,4	-0,2	1,8	3,0	2,5	1,2	3,5	2,7	1,9
		February	0,5	1,4	1,1	0,9	0,3	0,8	0,9	2,9	0,2	1,3	-2,4	-0,2	1,6	2,3	2,8	0,7	3,0	2,8	1,8
		March	1,2	1,7	1,4	1,5	0,7	1,9	1,8	3,9	0,6	1,5	-2,4	0,3	1,8	3,2	2,3	0,6	3,4	2,5	2,1
		April	1,0	1,9	1,6	1,6	0,6	2,1	1,8	4,7	0,7	1,6	-2,5	0,7	2,7	3,1	2,5	0,8	3,7	2,1	2,4
		May	1,2	1,9	1,6	1,8	0,4	2,5	1,7	5,3	1,1	1,4	-1,9	0,7	2,4	3,1	1,8	1,8	3,3	1,9	1,9
		June	0,8	1,7	1,5	1,5	0,2	2,7	1,8	5,2	1,1	1,3	-2,0	0,7	2,1	2,3	2,1	1,8	3,2	1,6	1,7
		July	1,2	1,9	1,8	1,9	1,3	2,4	1,7	5,5	1,9	1,3	-1,2	0,9	2,3	2,9	2,7	2,5	3,1	1,4	2,1
		August	1,0	1,6	1,8	1,8	1,2	2,4	1,6	5,6	2,0	1,3	-1,2	1,1	2,4	2,5	3,4	3,0	3,1	1,1	2,3
		September	1,3	1,8	1,6	2,1	1,4	2,9	1,7	5,7	2,0	1,4	-1,0	1,1	2,1	2,6	3,6	2,4	3,0	1,5	2,5
		October	1,3	1,8	2,0	2,3	1,4	3,1	2,0	5,2	2,3	2,3	-0,8	1,0	2,1	2,9	3,2	2,2	3,1	1,6	2,4
		November	1,6	1,8	1,9	2,2	1,4	3,0	1,8	4,8	2,2	2,4	-0,8	1,0	1,6	2,5	1,7	3,4	3,2	1,7	2,5
		December	1,9	2,0	2,1	2,9	1,8	3,4	2,2	5,2	2,4	2,8	-0,2	1,3	2,2	3,1	1,9	4,0	3,7	2,1	2,8
	2011	January	1,8	2,2	2,5	3,3	2,1	2,9	2,1	5,3	2,7	2,8	-0,1	1,3	2,7	3,0	1,5	3,5	3,3	2,1	2,4
		February	1,9	2,0	2,6	3,4	2,0	3,1	2,3	5,0	2,6	2,9	-0,1	1,4	2,6	3,2	1,5	3,7	3,4	2,1	2,3
		March	1,4	1,8	2,5	3,1	1,8	2,9	2,0	4,6	2,3	2,8	-0,1	1,5	2,6	2,6	1,8	3,6	3,3	2,2	2,1
		April	1,3	1,7	2,4	2,8	1,8	2,8	2,0	4,3	2,5	2,8	-0,1	1,4	2,2	2,5	1,6	3,6	3,1	2,4	2,2
		May	1,3	1,8	2,3	2,9	2,0	2,8	2,0	4,1	2,5	3,0	-0,3	1,5	2,5	2,5	1,7	3,2	3,4	2,5	2,5
		June	1,5	1,9	2,3	2,8	2,1	3,2	2,0	4,1	2,5	3,0	-0,3	1,6	2,7	2,9	1,6	3,3	3,4	2,7	2,6
		July	1,6	1,9	2,3	2,5	2,0	3,4	2,0	4,0	2,0	3,2	-0,6	1,6	3,0	2,5	1,2	3,1	3,5	2,8	2,4
		August	1,6	1,9	2,3	2,4	2,0	3,2	2,1	3,9	2,0	3,0	-0,7	1,8	2,8	2,8	0,9	2,8	3,4	2,9	2,0
		September	1,6	2,0	2,4	2,3	1,9	3,0	2,0	3,9	2,3	3,1	-0,8	1,9	3,1	2,9	0,8	3,2	3,6	2,7	2,2
		October	1,6	1,9	2,4	2,2	1,8	2,9	1,9	4,1	2,0	2,7	-0,9	2,0	3,1	2,9	1,0	3,6	3,4	2,7	2,3
		November	1,5	1,9	2,3	2,0	1,8	2,9	2,0	4,3	2,0	2,4	-0,9	1,9	3,1	3,0	1,9	2,8	3,3	2,6	2,2
		December	1,3	1,7	2,2	1,5	1,6	2,6	1,8	4,1	1,7	2,0	-1,2	1,9	2,8	2,7	1,6	2,6	2,7	2,4	2,0
2011	January	1,2	1,5	2,0	1,0	1,6	2,8	1,8	4,1	1,7	2,0	-1,3	2,0	2,7	2,8	1,8	2,6	2,7	2,4	2,0	
	February	1,2	1,5	1,9	1,0	1,6	2,7	1,8	4,2	1,7	2,0	-1,3	2,0	2,7	2,7	1,7	2,6	2,7	2,4	2,0	
	March	1,3	1,5	1,9	1,2	1,6	2,7	1,9	4,3	1,7	2,0	-1,3	2,1	2,7	2,9	1,6	2,6	2,7	2,4	2,0	
	April	1,3	1,5	1,9	1,1	1,6	2,7	1,9	4,5	1,7	2,0	-1,3	2,0	2,7	2,8	1,7	2,6	2,7	2,3	2,0	
	May	1,3	1,5	1,9	1,2	1,6	2,6	1,9	4,5	1,7	2,0	-1,2	2,1	2,7	2,8	1,8	2,6	2,7	2,2	2,0	
	June	1,3	1,5	1,9	1,2	1,6	2,5	1,9	4,5	1,7	2,0	-1,2	2,1	2,7	2,7	1,8	2,6	2,7	2,2	2,0	
	July	1,3	1,5	1,9	1,2	1,6	2,5	1,9	4,6	1,7	2,0	-1,1	2,2	2,7	2,8	2,1	2,6	2,7	2,1	2,0	
	August	1,3	1,5	1,9	1,1	1,6	2,5	1,8	4,6	1,7	2,0	-1,0	2,3	2,7	2,7	2,2	2,6	2,7	2,1	2,0	
	September	1,3	1,5	1,9	1,1	1,6	2,5	1,9	4,6	1,7	2,0	-1,0	2,3	2,7	2,8	2,2	2,6	2,7	2,1	2,0	
	October	1,3	1,5	1,9	1,2	1,6	2,5	1,9	4,5	1,7	2,0	-0,9	2,4	2,7	2,8	2,1	2,6	2,7	2,2	2,0	
	November	1,3	1,5	1,9	1,2	1,6	2,5	1,9	4,5	1,7	2,0	-0,9	2,4	2,7	2,7	1,7	2,6	2,7	2,2	2,0	
	December	1,3	1,5	1,9	1,2	1,6	2,5	2,0	4,5	1,7	2,0	-0,8	2,4	2,7	2,9	1,9	2,6	2,7	2,3	2,0	

* The figures in the shaded area are forecasts

Source: EUROSTAT & BIAM(UC3M)

Date: January 14, 2011



HARMONIZED INDICES OF CONSUMER PRICES BY COUNTRIES IN THE EURO AREA, UNITED KINGDOM, SWEDEN AND DENMARK																							
Monthly rates of growth																							
		Euro Area																United Kingdom		Sweden		Denmark	
		Germany	France	Italy	Spain	Netherlands	Belgium	Austria	Greece	Portugal	Finland	Ireland	Slovakia	Slovenia	Luxembourg	Cyprus	Malta						
Weights 2010 %		26,2	20,8	18,2	12,6	5,1	3,2	3,0	3,6	2,2	1,7	1,5	0,7	0,4	0,3	0,3	0,1						
MONTHLY RATES (Growth of the month over the previous month)	January	2009	-0,6	-0,4	-1,7	-1,3	0,0	-1,9	-0,6	-0,5	-0,9	0,3	-0,8	0,3	-0,3	-1,1	-2,3	-2,2	-0,7	-0,1	-0,4		
		2010	-0,6	-0,2	-1,5	-1,0	-0,3	-1,4	-0,4	-0,8	-0,6	0,1	-0,7	0,1	-0,6	-0,6	-1,4	-0,5	-0,2	-0,2	0,3		
		2011	-0,7	-0,1	-1,0	-0,7	0,0	-1,9	-0,4	-0,7	-0,4	0,1	-0,6	0,2	-0,1	-0,7	-1,8	-1,0	-0,5	-0,1	0,0		
		2012	-0,8	-0,2	-1,2	-1,2	0,0	-1,7	-0,4	-0,7	-0,4	0,1	-0,7	0,2	-0,2	-0,6	-1,6	-1,0	-0,5	-0,2	0,0		
	February	2009	0,7	0,4	0,2	0,0	1,0	2,3	0,5	-1,1	0,0	0,7	0,2	0,0	0,6	1,8	0,0	0,8	0,8	0,6	1,0		
		2010	0,4	0,6	0,0	-0,2	0,9	2,3	0,2	-0,6	0,0	0,4	0,2	0,0	0,3	1,1	0,3	0,3	0,4	0,6	0,9		
		2011	0,4	0,4	0,0	-0,1	0,9	2,5	0,3	-0,8	-0,1	0,5	0,2	0,1	0,3	1,3	0,3	0,5	0,5	0,6	0,7		
		2012	0,5	0,4	0,0	-0,1	0,9	2,4	0,3	-0,7	-0,1	0,5	0,2	0,2	0,3	1,1	0,2	0,5	0,5	0,6	0,7		
	March	2009	-0,2	0,2	1,2	0,2	1,2	-0,6	0,2	2,0	0,8	0,4	0,1	-0,3	0,8	-0,1	1,4	1,5	0,2	0,5	0,4		
		2010	0,6	0,5	1,5	0,7	1,5	0,5	1,0	3,1	1,2	0,6	0,1	0,1	1,0	0,7	0,9	1,4	0,5	0,3	0,7		
		2011	0,1	0,3	1,4	0,4	1,3	0,3	0,7	2,7	1,0	0,5	0,1	0,2	1,0	0,1	1,2	1,3	0,4	0,4	0,6		
		2012	0,2	0,4	1,4	0,6	1,3	0,2	0,9	2,8	1,0	0,5	0,1	0,2	1,0	0,3	1,1	1,3	0,4	0,3	0,6		
	April	2009	0,1	0,1	0,6	1,0	0,3	0,3	0,2	0,4	0,4	0,2	0,1	-0,1	0,2	0,5	0,9	2,3	0,3	0,3	-0,1		
		2010	-0,1	0,3	0,9	1,1	0,3	0,5	0,2	1,2	0,4	0,3	0,0	0,4	1,1	0,4	1,1	2,6	0,6	-0,1	0,2		
		2011	-0,2	0,2	0,8	0,9	0,4	0,4	0,2	0,9	0,6	0,3	0,0	0,3	0,8	0,3	0,9	2,6	0,5	0,1	0,3		
		2012	-0,2	0,2	0,8	0,8	0,4	0,4	0,2	1,1	0,6	0,3	0,0	0,3	0,8	0,2	1,0	2,6	0,5	0,0	0,3		
	May	2009	-0,1	0,1	0,2	0,0	0,1	-0,1	0,1	0,2	-0,2	-0,1	-0,4	0,1	0,6	0,3	0,7	0,2	0,5	0,3	0,4		
		2010	0,1	0,1	0,1	0,2	-0,1	0,4	-0,1	0,8	0,2	-0,2	0,3	0,1	0,4	0,3	0,1	1,2	0,2	0,1	-0,1		
		2011	0,1	0,2	0,1	0,3	0,1	0,4	0,0	0,6	0,2	0,0	0,0	0,2	0,7	0,3	0,2	0,8	0,4	0,2	0,2		
		2012	0,1	0,2	0,1	0,3	0,0	0,3	0,0	0,6	0,2	0,0	0,1	0,2	0,7	0,3	0,2	0,8	0,4	0,2	0,2		
	June	2009	0,4	0,1	0,2	0,5	-0,4	-0,1	-0,1	-0,1	0,2	0,4	0,0	0,0	0,5	0,7	0,1	-0,1	0,3	0,2	0,2		
		2010	0,0	0,0	0,1	0,2	-0,7	0,0	0,0	-0,2	0,2	0,2	-0,1	0,0	0,2	-0,1	0,3	-0,1	0,2	-0,1	-0,1		
		2011	0,1	0,1	0,1	0,1	-0,5	0,3	0,0	-0,1	0,3	0,2	-0,1	0,1	0,4	0,3	0,2	0,0	0,2	0,1	0,1		
		2012	0,1	0,1	0,1	0,1	-0,5	0,2	0,0	-0,1	0,3	0,2	-0,1	0,2	0,4	0,2	0,2	0,0	0,2	0,0	0,1		
	July	2009	-0,1	-0,5	-1,2	-0,8	-1,6	-1,6	-0,4	-0,7	-0,4	-0,7	-0,8	-0,1	-0,8	-0,9	-1,4	-0,1	-0,1	-0,2	-0,6		
		2010	0,3	-0,3	-0,9	-0,4	-0,6	-1,8	-0,5	-0,4	0,4	-0,6	-0,1	0,1	-0,6	-0,4	-0,8	0,6	-0,3	-0,4	-0,1		
		2011	0,4	-0,3	-0,9	-0,7	-0,7	-1,6	-0,5	-0,6	-0,1	-0,4	-0,4	0,2	-0,3	-0,7	-1,2	0,4	-0,2	-0,3	-0,3		
		2012	0,4	-0,4	-0,9	-0,8	-0,7	-1,6	-0,5	-0,5	-0,1	-0,4	-0,3	0,2	-0,3	-0,6	-1,0	0,4	-0,2	-0,4	-0,3		
	August	2009	0,3	0,6	0,2	0,4	0,2	2,1	0,4	-0,8	-0,2	0,4	0,2	-0,2	0,1	1,3	0,2	0,6	0,5	0,2	0,3		
		2010	0,1	0,2	0,2	0,3	0,1	2,0	0,3	-0,7	-0,1	0,4	0,2	-0,1	0,1	1,0	0,9	1,0	0,5	-0,1	0,5		
		2011	0,1	0,3	0,2	0,2	0,2	1,9	0,3	-0,8	-0,1	0,2	0,1	0,0	-0,1	1,2	0,5	0,7	0,4	0,1	0,1		
		2012	0,1	0,3	0,2	0,2	0,2	1,9	0,3	-0,8	-0,1	0,2	0,2	0,1	-0,1	1,1	0,7	0,7	0,4	0,0	0,1		
	September	2009	-0,5	-0,2	0,7	-0,3	0,5	-0,4	0,2	1,9	-0,1	0,3	-0,4	-0,1	-0,1	-0,1	0,8	-0,2	0,1	0,4	0,2		
		2010	-0,2	0,0	0,6	0,0	0,7	0,1	0,4	1,9	-0,1	0,4	-0,2	0,0	-0,4	0,0	1,0	-0,7	0,0	0,8	0,4		
		2011	-0,1	0,0	0,7	0,0	0,7	-0,1	0,3	1,9	0,1	0,5	-0,3	0,1	-0,1	0,1	1,0	-0,3	0,2	0,6	0,5		
		2012	-0,1	0,0	0,7	0,0	0,7	-0,1	0,3	1,9	0,1	0,5	-0,2	0,1	-0,1	0,1	1,0	-0,3	0,2	0,7	0,5		
	October	2009	0,1	0,1	0,4	0,7	0,3	0,0	0,1	0,5	0,0	-0,5	-0,2	0,2	0,1	-0,2	0,9	-0,4	0,2	0,3	0,0		
		2010	0,1	0,1	0,7	0,9	0,2	0,1	0,4	0,1	0,3	0,4	0,1	0,0	0,1	0,1	0,6	-0,6	0,3	0,3	-0,1		
		2011	0,1	0,1	0,7	0,7	0,1	0,1	0,3	0,3	0,1	0,0	0,0	0,1	0,1	0,1	0,7	-0,2	0,1	0,3	0,0		
		2012	0,1	0,1	0,7	0,8	0,1	0,1	0,3	0,2	0,1	0,0	0,0	0,2	0,1	0,2	0,7	-0,2	0,1	0,3	0,0		
	November	2009	-0,2	0,2	0,1	0,5	-0,1	0,2	0,2	0,6	0,1	0,2	-0,1	0,3	0,8	0,6	0,7	-2,6	0,3	0,0	0,0		
		2010	0,1	0,1	0,0	0,5	-0,1	0,1	0,0	0,2	0,1	0,2	-0,2	0,3	0,3	0,1	-0,7	-1,5	0,3	0,2	0,1		
		2011	0,0	0,1	0,0	0,4	-0,2	0,0	0,1	0,4	0,0	0,0	-0,2	0,3	0,3	0,3	0,1	-2,2	0,2	0,1	0,0		
		2012	0,0	0,1	0,0	0,4	-0,2	0,0	0,0	0,3	0,0	0,0	-0,2	0,2	0,3	0,3	-0,4	-2,2	0,2	0,1	0,0		
	December	2009	0,9	0,3	0,2	0,0	-0,7	0,2	0,3	0,1	0,2	0,2	-0,5	-0,1	-0,4	-0,1	-0,4	-0,2	0,6	0,2	-0,2		
		2010	1,2	0,5	0,4	0,6	-0,3	0,6	0,7	0,5	0,4	0,5	0,2	0,2	0,1	0,5	-0,2	0,5	1,0	0,6	0,1		
		2011	1,0	0,3	0,2	0,2	-0,5	0,3	0,5	0,4	0,1	0,1	-0,1	0,3	-0,1	0,2	-0,4	0,2	0,5	0,4	-0,1		
		2012	1,0	0,3	0,2	0,2	-0,5	0,3	0,6	0,4	0,1	0,1	0,0	0,3	-0,1	0,3	-0,3	0,2	0,5	0,5	-0,1		

*The figures in the shaded area are forecasts

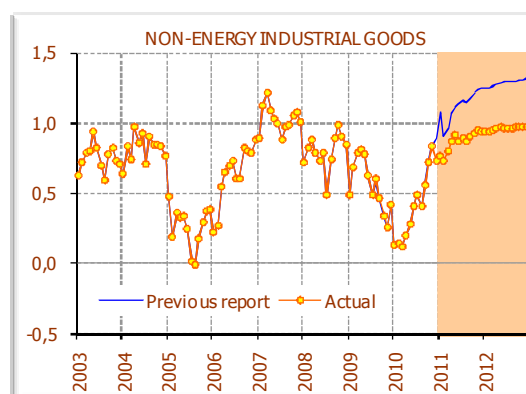
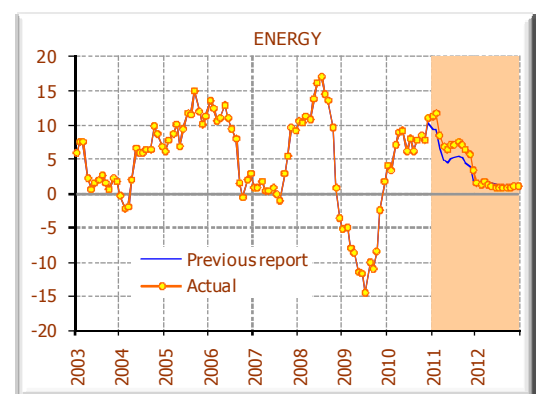
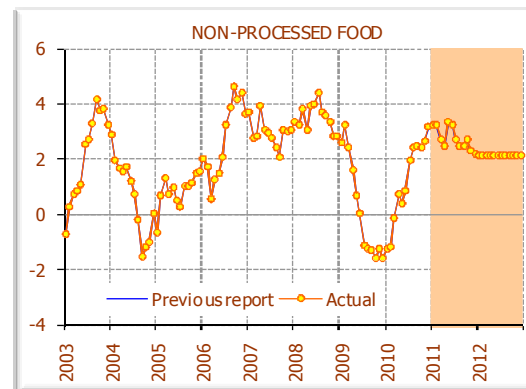
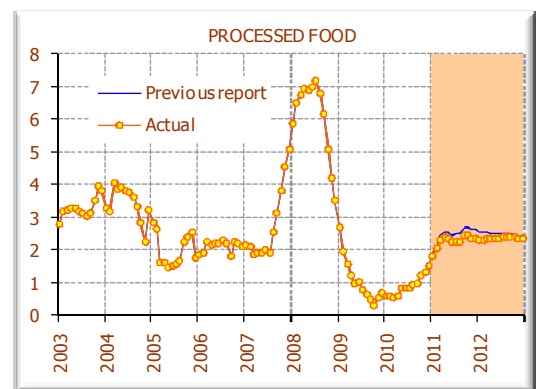
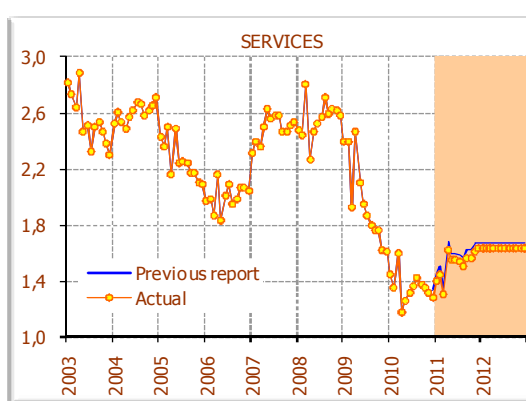
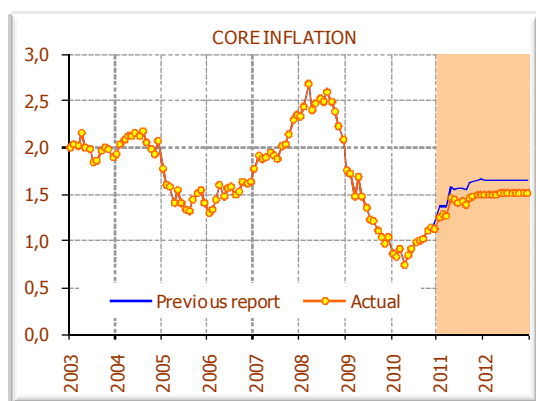
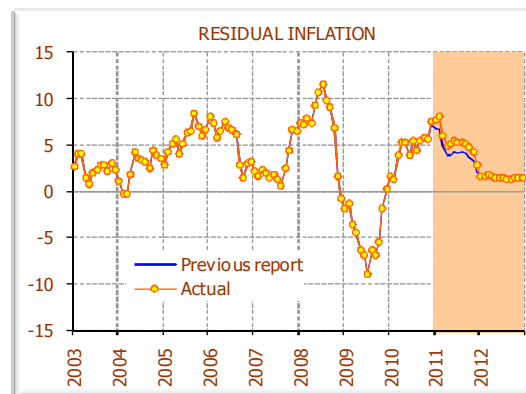
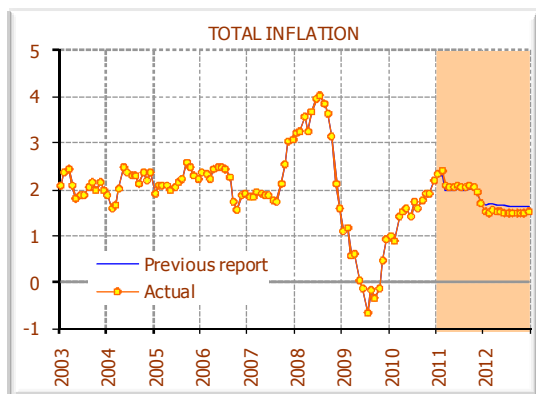
Source: EUROSTAT & BIAM(UC3M)

Date: January 14, 2011



CHANGE IN FORECASTS FOR THE COMPONENTS OF HARMONISED INDEX OF CONSUMER PRICES IN THE EURO AREA

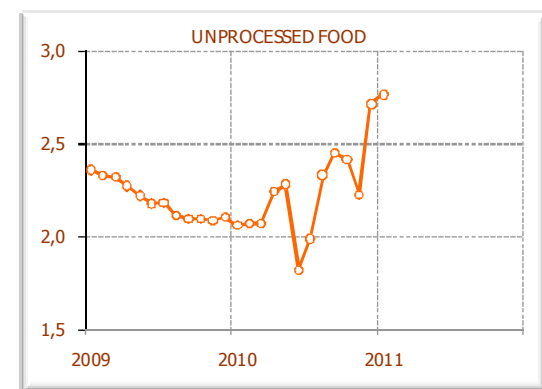
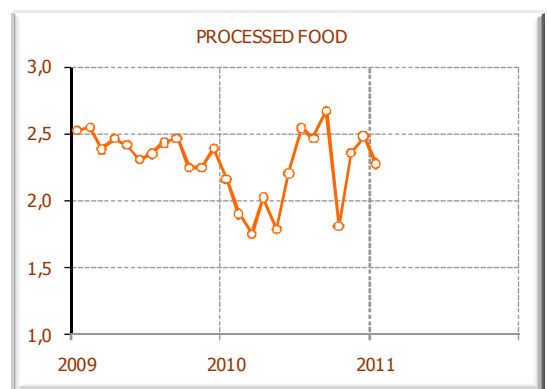
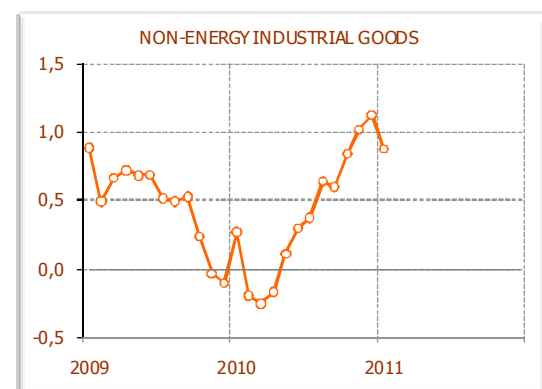
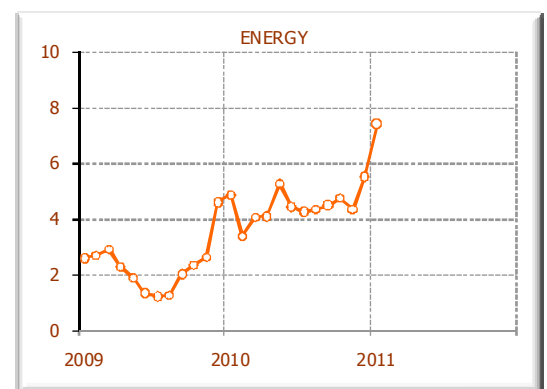
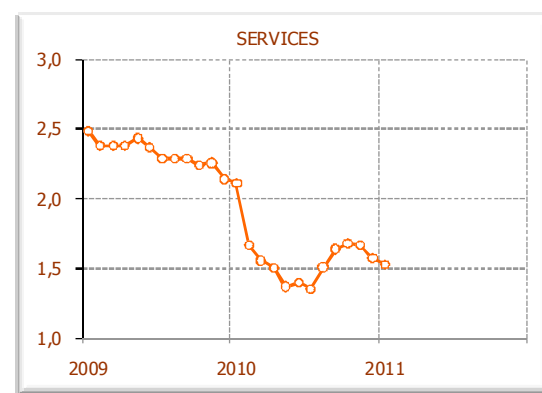
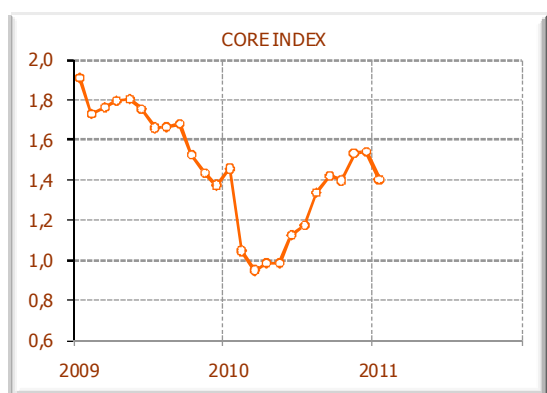
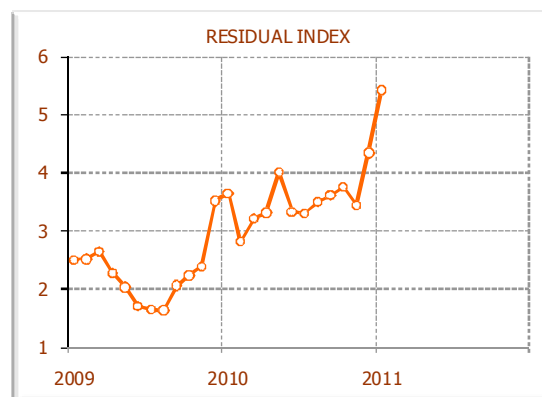
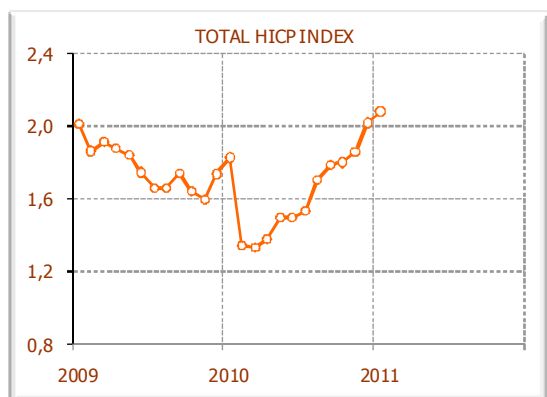
Year-on-year rates



Source: EUROSTAT & BIAM (UC3M)
Date actual report: January 14, 2011
Date previous report: December 16, 2010



EURO AREA INFLATION FORECASTS BY SPECIAL GROUP CHANGES OF EXPECTATIONS FOR THE AVERAGE 2011 RATE



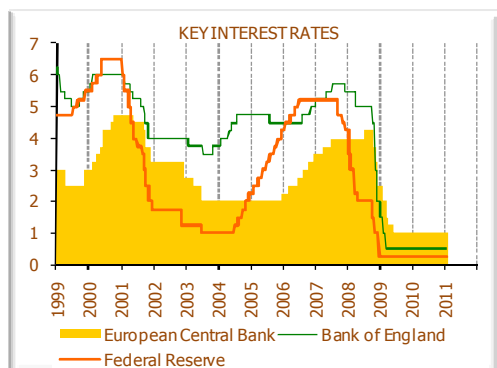
Source: EUROSTAT & BIAM (UC3M)
Date: January 14, 2011



II.3. MONETARY POLICY

The ceaseless increase in energy and raw material prices is increasing inflationist pressure in the euro area. According to our forecasts, the annual inflation rate will be over 2.0% for longer than previously expected and will not fall beneath this level until November 2011. It will peak in January and February this year (2.4%).

Graph II.3.1



Date: January, 2011

Last month's incipient inflationist risk could well become a source for concern given the dangerous differences in the recovery rate between core and peripheral countries and the increased importance for inflation of factors not controlled by the regulator.

As the differential between total and core inflation is at its highest for the last 27 months, the proportion of inflation outside ECB's control and which depends more on the financial market developments has considerably grown. While raw material prices are at the highest levels of 2008, crude oil has risen to over 100 dollars per barrel. Furthermore, as shown by the increase in futures prices, energy products may continue to become more costly, in which case the situation will be even more unsustainable. The growing tension in several Arab north-African countries could be playing an important role in this process.

Last week's suspension of the ECB's purchase program of public debt is a sign of its growing concern. In any event, an imminent rate increase is still unlikely, given the fragile recovery in some peripheral countries. This would appear to explain the decision to leave rates unaltered, and not the reason given by the ECB itself (that it will not increase interest rates because inflation will only exceed 2.0% in the short term and its target refers to the medium term), as according to our forecasts euro inflation will be above 2.0% for longer than the short term.

European financial institutions have again reduced their access to ECB liquidity to levels close to the lowest registered in October 2010; non-financial firms still are

not benefiting from the liquidity injected in the system by the ECB, as their access to credit fell even further in December to an annual rate of -0.2%. Credit to households, however, has grown to an annual rate of 3.0%, two tenths of a point higher than the previous value.

In conclusion, inflationist was presented in last month's bulletin as an *incipient* risk but now it could soon well become a source for concern given the dangerous differences in the recovery speed between core and peripheral countries and given the increased importance for inflation of factors not controlled by the regulator. An unexpected rise in inflation favoured by geo-political tension in the leading oil producing area and growing prices of other raw materials, could be a too large shock for the euro area, already suffering from excessive growth differentials. The complexity of the already tense dilemma would increase: the concern for the strict aggregate inflation target versus the concern for the economic recovery of the peripheral countries.



III. UNITED STATES

III.1. INDUSTRIAL PRODUCTION INDEX

INDUSTRIAL PRODUCTION INDEX AND SECTORS IN U.S.							
Annual rates of growth							
		Consumer Goods		Capital Goods	Intermediate Goods	TOTAL	
		Durable	Non Durable				
ANNUAL AVERAGE RATES	2007	1,8	0,4	3,4	3,7	2,7	
	2008	-10,3	-2,1	-3,4	-2,7	-3,3	
	2009	-17,0	-2,4	-11,1	-9,7	-9,3	
	2010	11,8	2,8	4,8	7,0	5,8	
	2011	2,7	2,0	5,0	4,5	4,1	
	2012	1,1	1,3	2,9	2,5	2,4	
ANNUAL RATES	2010	QI	13,2	1,2	-0,6	4,2	2,7
		QII	20,0	3,1	6,5	9,0	7,8
		QIII	10,2	4,2	6,6	7,8	6,9
		QIV	5,0	2,6	6,6	6,8	5,8
	2011	QI	3,7	2,5	6,1	5,9	5,1
		QII	3,1	2,1	5,4	4,9	4,4
		QIII	2,3	1,8	4,7	4,0	3,8
		QIV	1,8	1,6	4,1	3,4	3,3
	2012	QI	1,3	1,4	3,5	2,9	2,8
		QII	1,1	1,3	3,0	2,5	2,5
		QIII	1,0	1,2	2,7	2,3	2,2
		QIV	0,9	1,1	2,4	2,1	2,0

INDUSTRIAL PRODUCTION INDEX AND SECTORS IN U.S.							
Annual rates of growth							
	2006	2007	2008	2009	2010	2011	2012
January	1,6	2,3	2,1	-10,6	1,5	5,4	2,9
February	1,2	3,1	0,4	-11,5	2,3	5,1	2,8
March	2,1	2,6	-0,3	-12,5	4,4	4,9	2,7
April	0,8	3,7	-0,9	-13,6	6,6	4,6	2,6
May	2,0	3,3	-2,1	-13,0	8,2	4,4	2,5
June	2,1	2,7	-2,4	-12,7	8,4	4,2	2,4
July	2,8	2,6	-1,8	-11,0	7,7	4,0	2,3
August	2,6	2,4	-3,7	-8,9	6,7	3,9	2,2
September	4,2	2,9	-7,8	-5,2	6,3	3,6	2,1
October	3,2	2,1	-6,5	-5,5	6,1	3,5	2,1
November	2,0	2,8	-7,6	-4,0	5,5	3,2	2,0
December	2,3	1,9	-8,9	-1,7	5,7	3,1	2,0

Source: Federal Reserve & BIAM(UC3M)

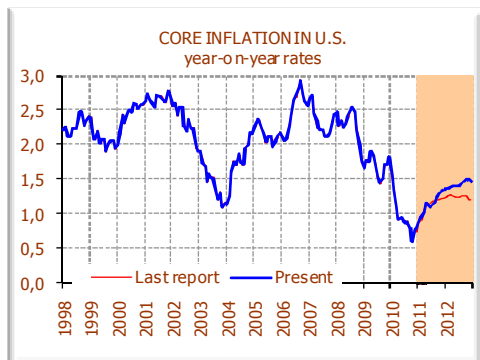
Date: January 14, 2011



III.2. INFLATION

In the US in December, the general consumer price index grew at a monthly rate of 0.17%¹, versus the expected 0.07%. The annual rate rose from 1.14% to 1.50%.

Graph III.2.1



Source: BLS & BIAM
Date: January 14, 2011

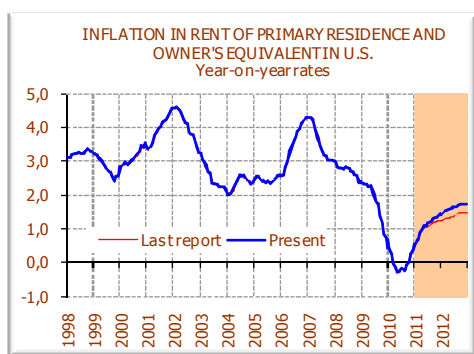
The core index fell by 0.13% instead of the forecast 0.19%. The annual rate rose from 0.77% to 0.80%.

Within core inflation, goods performed much as expected, like last month. With a monthly reduction of

0.53%, less than the forecast 0.60%, the annual rate fell from -0.19% to -0.39%. The greatest reduction in the annual rate was found in second hand cars, which fell from 6.02% to 3.67%.

The service group grew by a monthly 0.02% instead of the expected -0.04%, with the annual rate increasing from 1.13% to 1.25%.

Graph III.2.2



Source: BLS & BIAM
Date: January 14, 2011

Within services, there was an upwards innovation in effective housing rentals, with prices rising heavily in the last few months. As this is a leading indicator of owner's equivalent rent of primary residence, which is heavily weighted in the CPI, the upwards

revision of this forecast push the entire group up, with worsening inflation expectations for both the general and core indices.

For the second consecutive month, the upwards surprise in housing prices and rising international raw material prices have pushed inflation expectations upwards.

On the other hand, and for the second consecutive month, there was an innovation in "other services"; the monthly rate was -0.15% instead of the expected -0.67% and the annual rate rose from 1.09% to 1.55%. Last month we mentioned the need to observe this item in case there was an atypical figure and today's data confirms the growing trend and pushes the forecasts upwards.

The production prices of both durable and non-durable consumer goods were higher than expected. Import prices of durable goods registered a downwards surprise, with non-durables growing more than forecast.

Core inflation expectations therefore increase considerably in the medium term (see Graph III.2.1).

Food prices were somewhat lower than expected, but international raw material prices rose again, so the group's medium term expectations increase for the second consecutive month.

Like last month, there were two important upwards innovations in the service group, namely in real rental prices and "other services".

1. In our reports, unless differently specified, only non-seasonally adjusted data are used.



The prices of raw materials, including energy, also continue to rise, so inflation expectations have increased.

Energy prices rose by a monthly 2.82% instead of the forecast 1.89% due to fuel, electricity and gas prices. The annual rate of the energy index rose from 3.89% to 7.74%.

International oil prices registered an average increase of 6% relative to the previous month.

January's general CPI is therefore expected to increase by a monthly 0.47% (± 0.13), with the annual rate rising from 1.50% to 1.63% (see Graph III.2.3).

The core inflation forecast is for a monthly increase of 0.13% (± 0.12), with the annual rate rising from 0.80% to 0.90%.

The average annual core inflation rates for 2011 and 2012 are forecast at 1.15% (± 0.33)² and 1.43% (± 0.69), respectively, representing two tenths of a point more for 2012 (Table III.2.1 and Graph III.2.1).

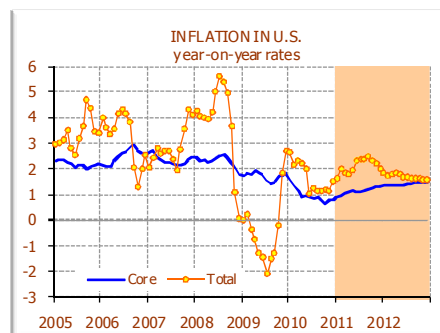
The average annual total inflation rate is forecast at 2.10% (± 1.27) for 2011 and 1.70% (± 1.43) for 2012, representing

The core PCE has been revised upwards and is now within the central tendency established by the FED in its last meeting.

three tenths of a point more than last month's forecast (see Table III.2.1).

In terms of the core personal consumption expenditure index – core PCE³-, which is the inflation indicator most closely monitored by the FED, our forecast for December is an annual rate of 0.73%. It has risen for the second consecutive month and is now within the central tendency established by the Fed for 2011 and

Graph III.2.3



Source: BLS & BIAM
Date: January 14, 2011

Table III.2.1

DIFFERENT MEASURES OF INFLATION IN THE U.S.						
Annual rates of growht						
		Total	Core			
		CPI	CPI	PCE	MB-PCE	
Annual Average Rates	2008	3,8	2,3	2,3	2,3	
	2009	-0,4	1,7	1,5	1,9	
	2010	1,6	1,0	1,3	1,1	
	2011	2,1	1,1	1,0	1,0	
	2012	1,7	1,4	1,2	1,1	
YEAR-ON YEAR RATES	2010	July	1,2	0,9	1,3	1,1
		August	1,1	0,9	1,2	1,1
		September	1,1	0,8	1,1	1,0
		October	1,2	0,6	0,8	0,7
		November	1,1	0,8	0,8	0,8
		December	1,5	0,8	0,7	0,7
	2011	January	1,6	0,9	0,8	0,8
		February	2,0	0,9	0,9	1,0
		March	1,8	1,0	0,9	1,0
		April	1,8	1,1	1,0	1,1
		May	2,0	1,1	0,9	1,0
		June	2,3	1,1	0,9	0,9

The shaded values are forecasts

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

(2) MB-PCE: Market-based components of PCE prices Source: BLS & BIAM

Date: January 14, 2011

2. Considering an 80% confidence interval for all indices

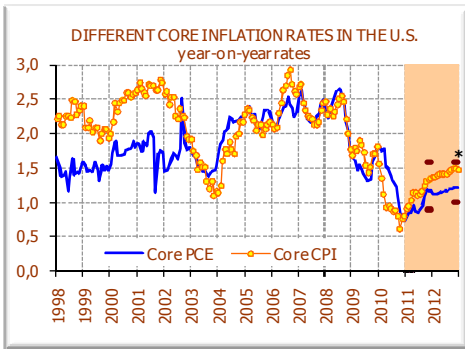
3. The PCE (Personal Consumption Expenditure) is a price index which has the advantage relative to the consumer price index (CPI) that instead of the shopping basket remaining unaltered, it is adjusted to actual expenditure and shows changes in its composition between the periods compared.

4. <http://www.federalreserve.gov/newsevents/press/monetary/fomcminutes20101103.pdf>



2012 in its last meeting (see report)⁴ (Graph III.2.4).

Graph III.2.4



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

Source: BLS & BIAM
Date: January 14, 2011

Conclusion:

For the second consecutive month, there were greater than expected rises in housing rentals which, given their weight in the CPI, has pushed the forecasts upwards for most indices. In this sense, see Graph A4, which shows how prices have risen heavily in the last few months.

There is also considerable tension on the raw material markets, especially farm products and energy. This pushes inflation expectations up, and the forecast PCE is now within the central tendency established by the FED in its last meeting.

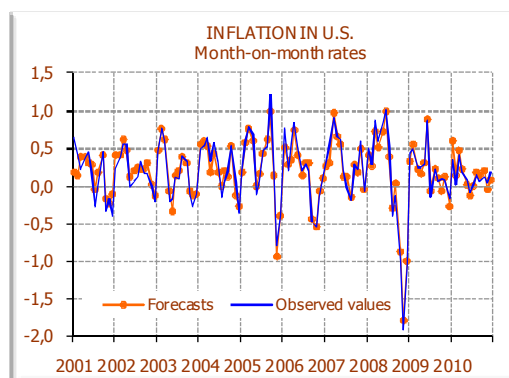
Ultimately, despite the stagnant property market and the high unemployment rate, prices are starting to rise. If this is confirmed, it could be a problem for the FED's current policy.

The upwards pressure registered last months continues, and could create an uncomfortable scenario for the FED's current policy.



FORECASTING ERRORS IN U.S. INFLATION

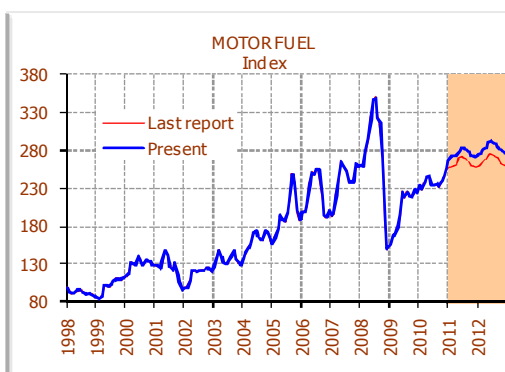
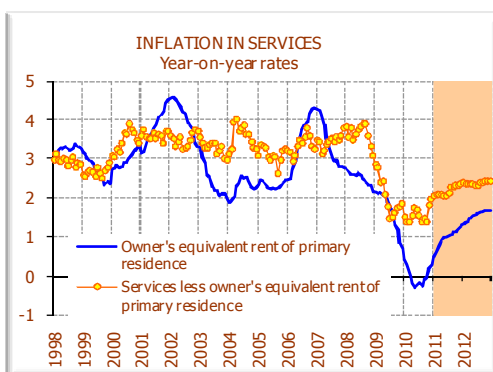
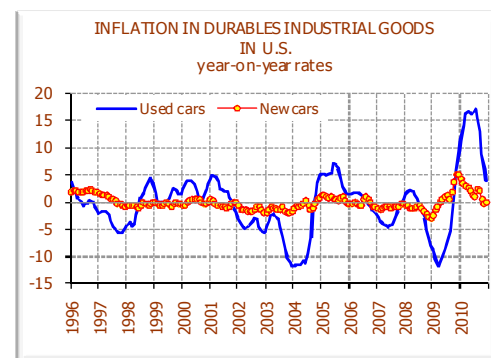
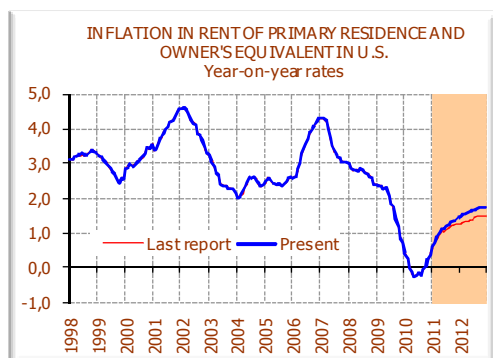
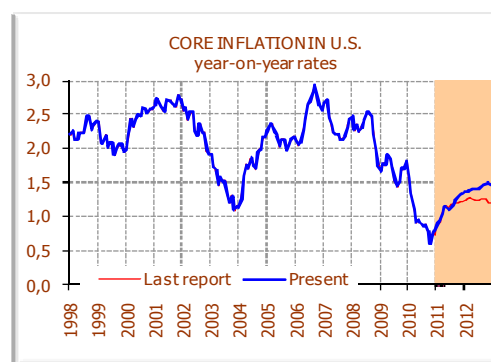
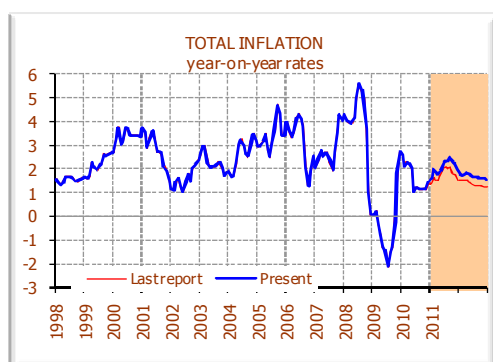
CONSUMER PRICE INDEX IN U.S. Monthly rates December, 2010				
	Relative Imp. Dec. 2009	Observed	Forecasts	Confidence Intervals*
TOTAL INFLATION	100,0	0,17	0,07	0,13
less Owner's equivalent rent of primary residence	76,4	0,19	0,05	0,17
CORE INFLATION	77,7	-0,13	-0,19	0,12
less Owner's equivalent rent of primary residence	54,1	-0,22	-0,33	0,16
Non-food and non-energy goods	21,3	-0,53	-0,60	0,27
Less tobacco	20,4	-0,59	-0,66	0,25
- Durable goods	10,0	-0,06	-0,15	0,31
- Non-durable goods	11,3	-1,04	-0,99	0,39
Non-energy services	56,4	0,02	-0,04	0,14
- Services less Owner's equivalent rent of primary residence	32,8	-0,03	-0,16	0,22
- Owner's equivalent rent of primary residence	23,6	0,10	0,13	0,12
RESIDUAL INFLATION	22,3	1,20	0,96	0,47
Food	13,7	0,15	0,36	0,25
Energy	8,6	2,82	1,89	1,13



Source: BLS & BIAM(UC3M)

Date: January 14, 2011

OTHER GRAPHS ON U.S. INFLATION FORECASTS



Source: BLS & BIAM(UC3M)

Date: January 14, 2011



CONSUMER PRICE INDEX AND COMPONENTS IN USA															
Annual rates of growth															
		CPI										Confidence Intervals at 80% level			
		Core						Residual							
		Non-energy commodities less food			Non-energy services			Food	Energy	TOTAL					
		Durables	Non durables	All	Owner's equivalent rent of primary residence	Other services	All								
IR December 09		10,0%	11,3%	21,3%	23,6%	32,8%	56,4%	77,7%		13,7%	8,6%	22,3%	TOTAL 100%		
	2003	-3,2	-0,7	-2,0	2,4	3,3	2,9	1,5		2,1	12,2	5,3	2,3		
	2004	-2,3	0,4	-0,9	2,3	3,6	2,9	1,8		3,4	10,9	6,0	2,7		
	2005	0,4	0,6	0,5	2,3	3,1	2,8	2,2		2,4	16,9	7,6	3,4		
	2006	-0,7	1,2	0,3	3,5	3,3	3,4	2,5		2,3	11,2	5,8	3,2		
	2007	-1,7	1,0	-0,4	3,4	3,4	3,4	2,3		4,0	5,5	5,1	2,9		
	2008	-1,4	1,7	0,1	2,5	3,6	3,1	2,3		5,5	13,9	9,0	3,8		
	2009	-0,9	3,4	1,3	1,7	2,0	1,9	1,7		1,8	-18,4	-6,8	-0,4		
	2010	1,3	0,8	1,1	0,0	1,6	0,9	1,0		0,8	9,5	4,0	1,6		
	2011	-1,6	1,0	-0,3	1,0	2,2	1,7	1,1 ± 0,33		2,7	9,6	5,4	2,1 ± 1,27		
	2012	-1,9	1,2	-0,2	1,5	2,4	2,0	1,4 ± 0,69		2,6	2,5	2,6	1,7 ± 1,43		
ANNUAL RATES (growth of the month over the same month of the previous year)	2010	January	2,5	3,3	2,9	0,4	1,5	1,0	1,6		-0,4	19,1	6,4	2,6	
		February	2,3	2,6	2,5	0,3	1,4	0,9	1,3		-0,2	14,4	4,9	2,1	
		March	2,2	1,6	1,9	0,0	1,4	0,8	1,1		0,2	18,3	6,6	2,3	
		April	1,9	0,5	1,2	-0,2	1,6	0,8	0,9		0,5	18,5	6,9	2,2	
		May	1,6	0,5	1,1	-0,3	1,7	0,9	0,9		0,7	14,7	5,8	2,0	
		June	1,3	0,6	1,0	-0,2	1,7	0,9	0,9		0,7	3,0	1,6	1,1	
		July	1,5	0,6	1,0	-0,2	1,5	0,8	0,9		0,9	5,2	2,5	1,2	
		August	2,3	0,5	1,3	-0,3	1,4	0,7	0,9		1,0	3,8	2,1	1,1	
		September	1,6	0,0	0,8	-0,1	1,4	0,8	0,8		1,4	3,8	2,3	1,1	
		October	0,3	-0,1	0,1	0,0	1,4	0,8	0,6		1,4	5,9	3,1	1,2	
		November	-0,5	0,1	-0,2	0,2	1,8	1,1	0,8		1,5	3,9	2,5	1,1	
		December	-0,9	0,0	-0,4	0,3	2,0	1,3	0,8		1,5	7,7	3,9	1,5	
	2011	January	-1,1	0,2	-0,4	0,5	2,1	1,4	0,9 ± 0,12		1,8	7,8	4,1	1,6 ± 0,13	
		February	-1,3	0,3	-0,5	0,6	2,1	1,5	0,9 ± 0,26		2,1	11,1	5,5	2,0 ± 0,83	
		March	-1,5	0,7	-0,3	0,8	2,1	1,6	1,0 ± 0,31		2,1	8,4	4,6	1,8 ± 1,19	
		April	-1,3	1,0	0,0	0,9	2,1	1,6	1,1 ± 0,35		2,2	6,8	4,0	1,8 ± 1,50	
		May	-1,4	1,1	-0,1	1,0	2,0	1,6	1,1 ± 0,38		2,4	8,3	4,7	2,0 ± 1,75	
		June	-1,5	0,9	-0,2	1,0	2,0	1,6	1,1 ± 0,41		2,6	12,5	6,5	2,3 ± 1,90	
		July	-1,8	0,9	-0,4	1,0	2,1	1,7	1,1 ± 0,44		2,9	12,4	6,6	2,4 ± 2,01	
		August	-2,0	1,0	-0,5	1,0	2,3	1,8	1,2 ± 0,48		3,1	11,7	6,5	2,4 ± 2,07	
		September	-2,1	1,3	-0,3	1,1	2,3	1,8	1,2 ± 0,53		3,0	12,6	6,7	2,5 ± 2,13	
		October	-2,0	1,4	-0,2	1,2	2,3	1,8	1,3 ± 0,57		3,1	9,8	5,7	2,3 ± 2,19	
		November	-1,8	1,4	-0,1	1,2	2,3	1,8	1,3 ± 0,62		3,3	8,5	5,3	2,2 ± 2,26	
		December	-1,9	1,4	-0,1	1,3	2,4	1,9	1,4 ± 0,64		3,4	5,4	4,2	2,0 ± 2,35	
	2012	January	-1,9	1,3	-0,2	1,3	2,4	1,9	1,4 ± 0,67		3,4	3,4	3,4	1,8 ± 2,39	
		February	-1,9	1,3	-0,2	1,4	2,3	1,9	1,4 ± 0,69		3,2	2,4	2,9	1,7 ± 2,37	
		March	-1,9	1,3	-0,2	1,4	2,4	2,0	1,4 ± 0,72		3,1	3,3	3,2	1,8 ± 2,35	
		April	-1,9	1,3	-0,2	1,5	2,4	2,0	1,4 ± 0,76		2,9	3,9	3,3	1,9 ± 2,35	
		May	-1,9	1,2	-0,2	1,5	2,3	2,0	1,4 ± 0,80		2,8	3,5	3,1	1,8 ± 2,36	
		June	-1,9	1,2	-0,2	1,5	2,3	2,0	1,4 ± 0,84		2,7	2,6	2,6	1,7 ± 2,37	
		July	-2,0	1,2	-0,2	1,6	2,3	2,0	1,4 ± 0,88		2,5	2,2	2,4	1,7 ± 2,44	
		August	-1,9	1,2	-0,2	1,6	2,4	2,1	1,5 ± 0,92		2,4	2,0	2,2	1,6 ± 2,53	
		September	-1,9	1,2	-0,2	1,7	2,4	2,1	1,5 ± 0,95		2,3	1,8	2,1	1,6 ± 2,61	
		October	-1,9	1,2	-0,2	1,7	2,4	2,1	1,5 ± 0,98		2,2	1,5	1,9	1,6 ± 2,72	
		November	-1,9	1,2	-0,2	1,7	2,4	2,1	1,5 ± 1,02		2,1	1,7	1,9	1,6 ± 2,87	
		December	-1,9	1,2	-0,3	1,7	2,4	2,1	1,5 ± 1,06		2,0	1,6	1,9	1,6 ± 3,02	

Source: BLS & BIAM(UC3M)

Date: January 14, 2011



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 of primary residence	Other services	All						
IR December 09		10,0%	11,3%	21,3%	23,6%	32,8%	56,4%	77,7%	13,7%	8,6%	22,3%		
MONTHLY RATES (Growth of the month over the previous month)	January	2009	0,2	-0,4	-0,1	0,2	0,6	0,4	0,3	0,4	2,0	1,0	0,4
		2010	0,2	-0,5	-0,2	-0,1	0,2	0,1	0,0	0,6	2,8	1,4	0,3
		2011	0,0	-0,4	-0,2	0,1	0,3	0,2	0,1	0,8	2,9	1,6	0,5
		2012	0,0	-0,5	-0,3	0,2	0,3	0,3	0,1	0,7	1,0	0,8	0,3
	February	2009	0,2	1,5	0,8	0,1	0,4	0,3	0,4	-0,2	2,4	0,7	0,5
		2010	0,0	0,8	0,4	0,0	0,3	0,2	0,2	0,0	-1,7	-0,7	0,0
		2011	-0,2	0,9	0,4	0,1	0,4	0,2	0,3	0,3	1,2	0,7	0,4
		2012	-0,2	0,8	0,4	0,2	0,3	0,3	0,3	0,1	0,3	0,2	0,3
	March	2009	0,0	1,9	1,0	0,2	0,2	0,2	0,4	-0,3	-0,7	-0,4	0,2
		2010	-0,1	0,9	0,5	-0,1	0,2	0,1	0,2	0,1	2,7	1,1	0,4
		2011	-0,2	1,4	0,6	0,1	0,2	0,2	0,3	0,2	0,2	0,2	0,3
		2012	-0,2	1,3	0,6	0,1	0,3	0,2	0,3	0,0	1,1	0,5	0,4
	April	2009	0,1	1,0	0,6	0,1	0,1	0,1	0,2	-0,2	1,3	0,3	0,2
		2010	-0,2	-0,1	-0,2	0,0	0,2	0,1	0,0	0,1	1,4	0,6	0,2
		2011	0,0	0,2	0,1	0,1	0,2	0,2	0,1	0,1	0,0	0,1	0,1
		2012	0,0	0,3	0,1	0,1	0,2	0,2	0,2	0,0	0,5	0,2	0,2
	May	2009	0,2	-0,4	-0,1	0,1	0,0	0,0	0,0	-0,2	4,0	1,3	0,3
		2010	0,0	-0,4	-0,2	0,0	0,2	0,1	0,0	0,1	0,7	0,3	0,1
		2011	-0,1	-0,3	-0,2	0,1	0,1	0,1	0,0	0,3	2,0	1,0	0,2
		2012	-0,1	-0,3	-0,2	0,1	0,1	0,1	0,0	0,1	1,5	0,7	0,2
	June	2009	0,3	-0,8	-0,3	0,0	0,3	0,2	0,1	0,0	9,9	3,6	0,9
		2010	0,0	-0,7	-0,4	0,1	0,3	0,2	0,0	-0,1	-1,3	-0,5	-0,1
		2011	-0,1	-0,8	-0,5	0,1	0,2	0,2	0,0	0,2	2,6	1,2	0,3
		2012	-0,1	-0,8	-0,5	0,1	0,2	0,2	0,0	0,0	1,7	0,7	0,2
	July	2009	-0,1	-0,7	-0,4	0,0	0,4	0,2	0,0	-0,2	-1,7	-0,8	-0,2
		2010	0,1	-0,8	-0,4	0,0	0,2	0,1	0,0	0,0	0,3	0,1	0,0
		2011	-0,2	-0,8	-0,5	0,1	0,3	0,2	0,0	0,3	0,2	0,3	0,1
		2012	-0,2	-0,8	-0,5	0,1	0,3	0,2	0,0	0,1	-0,1	0,1	0,0
	August	2009	-0,7	0,5	-0,1	0,1	0,3	0,2	0,1	0,0	1,5	0,6	0,2
		2010	0,0	0,4	0,2	0,0	0,1	0,1	0,1	0,2	0,1	0,2	0,1
		2011	-0,2	0,5	0,2	0,1	0,3	0,2	0,2	0,3	-0,5	0,0	0,1
		2012	-0,2	0,5	0,2	0,1	0,3	0,2	0,2	0,2	-0,7	-0,2	0,1
	September	2009	0,2	1,7	1,0	-0,1	0,0	0,0	0,2	-0,1	-1,3	-0,6	0,1
		2010	-0,4	1,2	0,5	0,0	0,1	0,0	0,2	0,3	-1,3	-0,3	0,1
		2011	-0,4	1,5	0,6	0,1	0,1	0,1	0,2	0,3	-0,5	0,0	0,2
		2012	-0,4	1,5	0,6	0,1	0,1	0,1	0,3	0,2	-0,7	-0,2	0,2
	October	2009	1,2	0,4	0,8	0,0	0,1	0,1	0,3	0,1	-1,5	-0,5	0,1
		2010	-0,2	0,4	0,1	0,1	0,0	0,1	0,1	0,2	0,4	0,3	0,1
		2011	-0,1	0,5	0,2	0,1	0,1	0,1	0,1	0,3	-2,0	-0,6	0,0
		2012	-0,1	0,5	0,2	0,1	0,1	0,1	0,2	0,2	-2,3	-0,8	-0,1
	November	2009	0,4	-0,4	0,0	-0,1	-0,3	-0,2	-0,2	-0,1	2,4	0,8	0,1
		2010	-0,4	-0,3	-0,3	0,1	0,1	0,1	0,0	0,0	0,5	0,2	0,0
		2011	-0,2	-0,3	-0,2	0,2	0,1	0,1	0,0	0,1	-0,7	-0,2	0,0
		2012	-0,2	-0,3	-0,2	0,2	0,1	0,1	0,0	0,0	-0,5	-0,2	0,0
	December	2009	0,3	-0,9	-0,3	0,0	-0,2	-0,1	-0,2	0,2	-0,8	-0,2	-0,2
		2010	-0,1	-0,9	-0,5	0,1	0,0	0,0	-0,1	0,1	2,8	1,2	0,2
		2011	-0,1	-1,0	-0,6	0,2	0,0	0,1	-0,1	0,3	-0,2	0,1	0,0
		2012	-0,1	-1,0	-0,6	0,2	0,0	0,1	-0,1	0,2	-0,2	0,1	-0,1

Source: BLS & BIAM(UC3M)

Date: January 14, 2011



In October there were small negative innovations.

Both housing starts and new and second hand home sales were lower than expected.

The delay in mortgage foreclosures, among other factors, is creating some distortion in the residential sector figures.

III.3. PROPERTY SECTOR

Building permits were greater than expected, with a monthly increase of 16.7%¹, instead of the forecast 0.4% decrease. This could have something to do with the change in building code standards. On the other hand the number of **housing starts** registered a monthly decrease of 4.3% instead of the expected 3.2% increase (see Graphs III.3.1, III.3.1b, III.3.2 and III.3.2b).

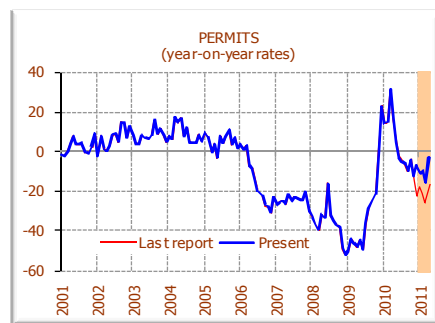
New home sales rose by a monthly 17.5% instead of falling as expected by 7.7%, while prices rose much more than forecast. However, this is not very

significant given the high volatility of this price series (see Graphs III.3.3, III.3.3b, III.3.4 and III.3.4b).

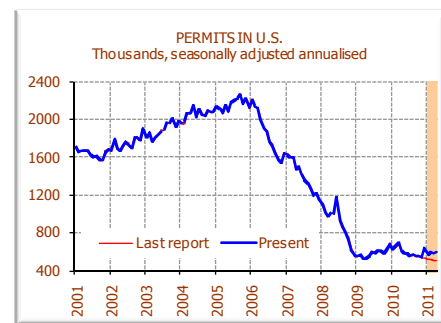
Second hand house sales registered a monthly increase of 12.3% instead of the forecast 2.1%. On the other hand, prices evolve as expected, maintaining last year's levels (see Graphs III.3.5, III.3.5b, III.3.6 and III.3.6b).

For **January**, the high levels reached in December are expected to consolidate, except for permits, which will fall by 11.8%.

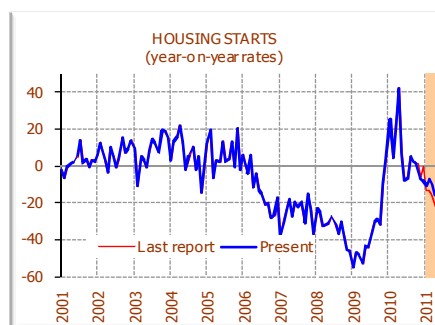
Graph III.3.1



Graph III.3.1b



Graph III.3.2



Graph III.3.2b



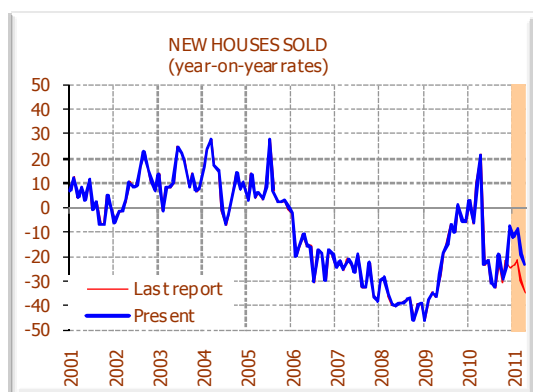
Source: U.S. Census Bureau & BIAM (UC3M)

Date: January 26, 2011

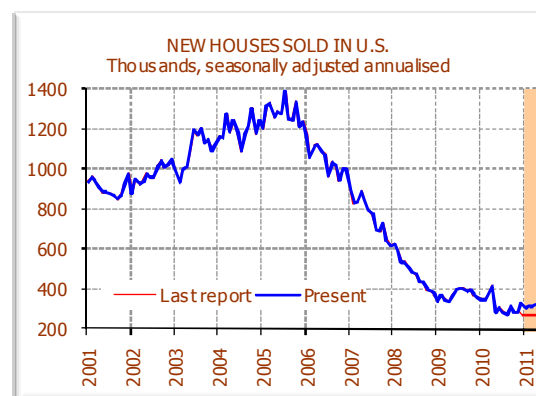
1. Seasonally adjusted and annualized.



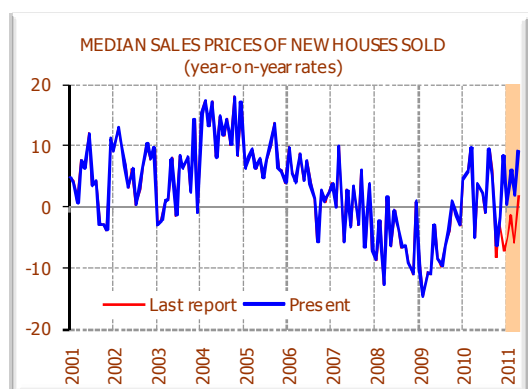
Graph III.3.3



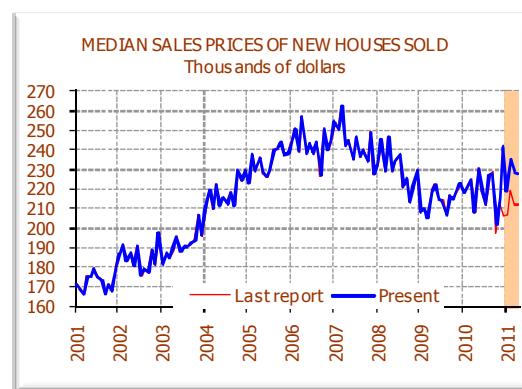
Graph III.3.3b



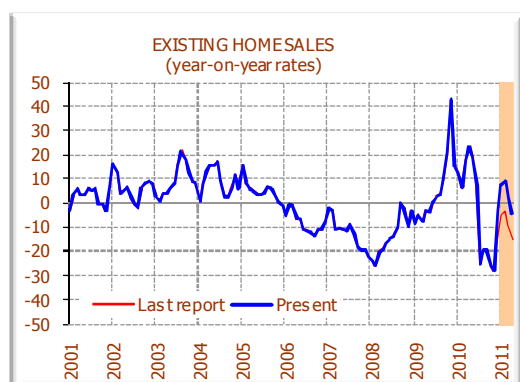
Graph III.3.4



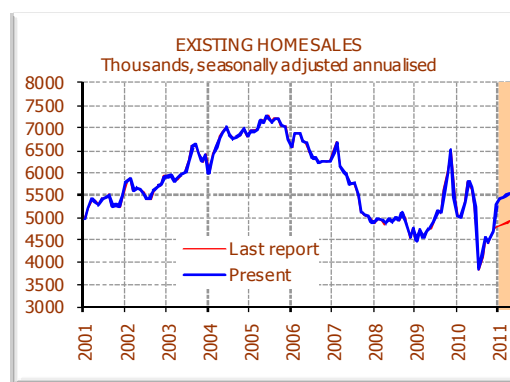
Graph III.3.4b



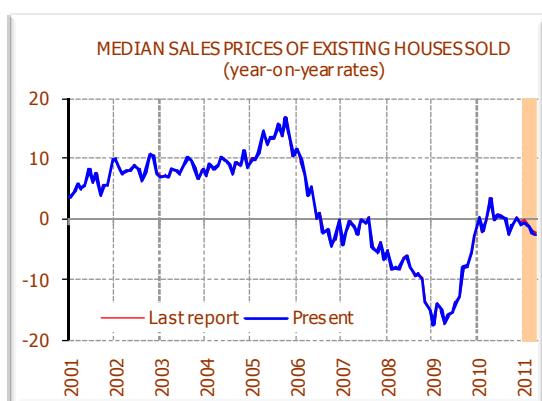
Graph III.3.5



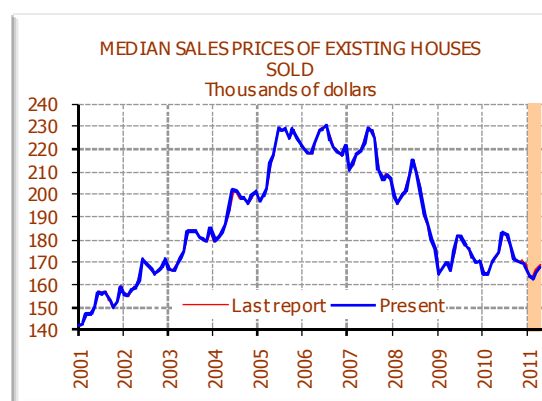
Graph III.3.5b



Graph III.3.6



Graph III.3.6b



Source: National association of REALTORS & BIAI (UC3M)
Date: January 26, 2011



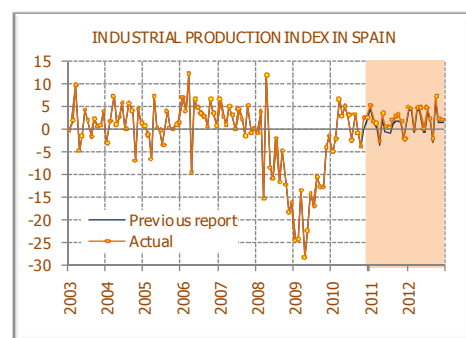
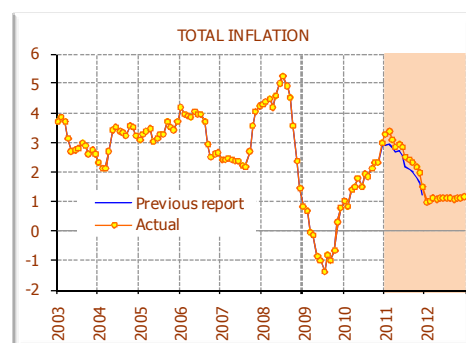
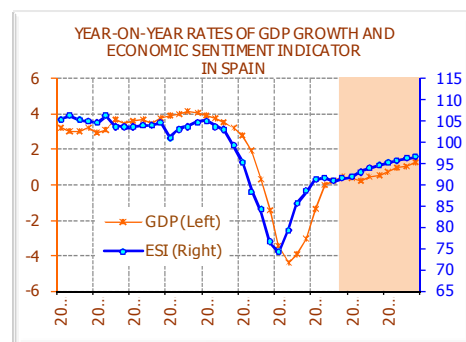
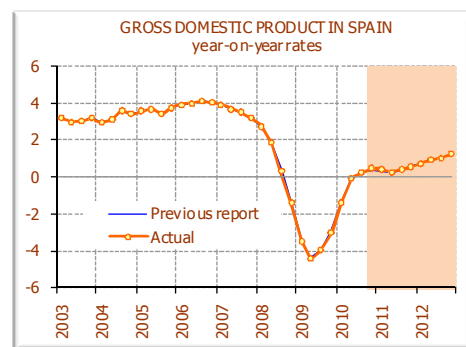
IV. SPAIN

The forecasts for the Spanish GDP remain unaltered at 0.4%(±0.7) for 2011, which could rise to 1.0%(±1.0) in 2012.

In November 2011, inflation is expected to meet the ECB target, so the interest rate is unlikely to change in 2011.

In November, the annual IPI growth rate rose by more than six points, the first significant upwards innovation in the last 12 months.

MAIN VARIABLES AND INDICATORS IN SPAIN						
Average annual rates						
	2007	2008	2009	Forecasts		
				2010	2011	2012
GDP mp.¹	3,6	0,9	-3,7	-0,2	0,4	1,0
Demand						
Private final consumption	3,6	-0,6	-4,3	1,2	0,8	1,7
Public final consumption	5,5	5,8	3,2	0,0	-0,2	0,3
Gross fixed capital formation	4,5	-4,8	-16,0	-7,5	-3,6	-0,9
Equipment	10,4	-2,5	-24,8	2,2	3,6	6,8
Construction	3,2	-5,9	-11,9	-11,1	-7,5	-4,0
Other products	0,8	-4,1	-16,2	-8,4	-1,3	-0,1
Contribution domestic demand*	4,4	-0,6	-6,8	-1,0	-0,6	0,9
Exports of goods and services	6,7	-1,1	-11,6	9,2	4,3	4,5
Imports of goods and services	8,0	-5,3	-17,8	4,9	0,6	3,5
Contribution foreign demand*	-0,8	1,5	2,9	0,8	1,0	0,0
Supply GVA						
Agriculture	7,1	-2,1	1,0	-1,6	0,2	2,6
Energy	0,9	5,8	-6,4	2,8	1,1	0,9
Industry	0,8	-2,7	-13,6	1,0	1,6	2,6
Construction	2,5	-1,6	-6,2	-6,7	-5,6	-3,2
Trade services	4,9	1,7	-1,9	0,5	1,5	1,6
Non-trade services	4,8	4,7	2,1	0,3	-0,1	0,5
Total	3,9	1,1	-3,5	-0,2	0,4	1,0
Tax	0,9	-1,1	-6,0	0,6	0,0	0,5
Prices CPI²						
Total	2,8	4,1	-0,3	1,8	2,6	1,1
Core	2,7	3,2	0,8	0,6	1,4	1,0
dec / dec	4,2	1,4	0,8	3,0	1,5	1,2
Labour market³						
Active population (% change)	2,8	3,0	0,8	0,2	0,4	0,4
Employment EPA (Aver. year-on year)	3,1	-0,5	-6,8	-2,3	-0,5	0,3
Unemployment rate	8,3	11,3	18,0	20,1	20,8	20,9
Basic Balances¹						
Foreign sector						
Balance of current account (m€)	-105354	-104460	-57965	-49930	-41540	-35074
Net lending or borrowing (% of GDP)	-9,5	-9,1	-5,1	-4,0	-3,2	-2,5
Public Administration						
Net lending or borrowing (% of GDP)	1,9	-4,2	-11,1	-9,3	-6,6	-5,1
Industrial production index (excluding construction)⁴						
Total	2,4	-7,1	-16,2	1,0	1,6	3,0



The figures in the shaded area are forecasts

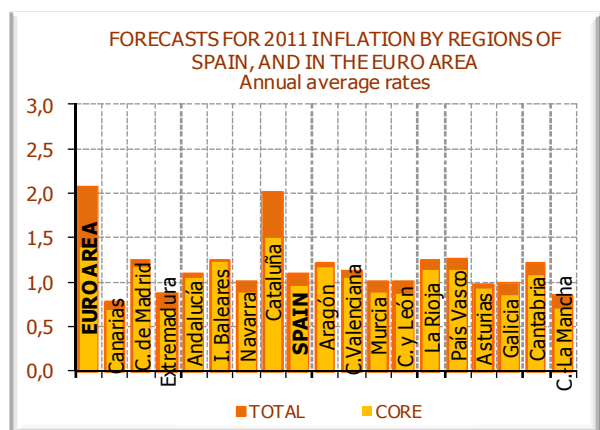
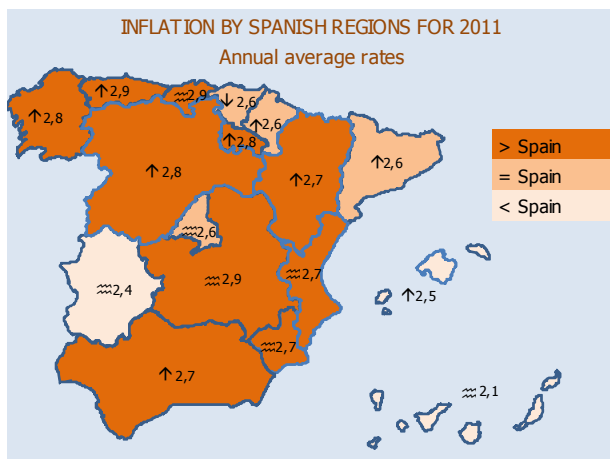
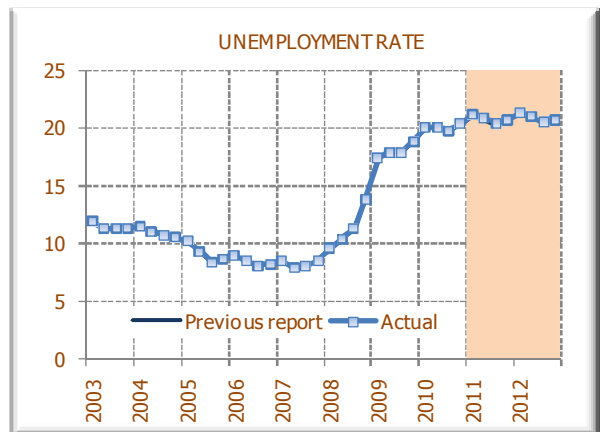
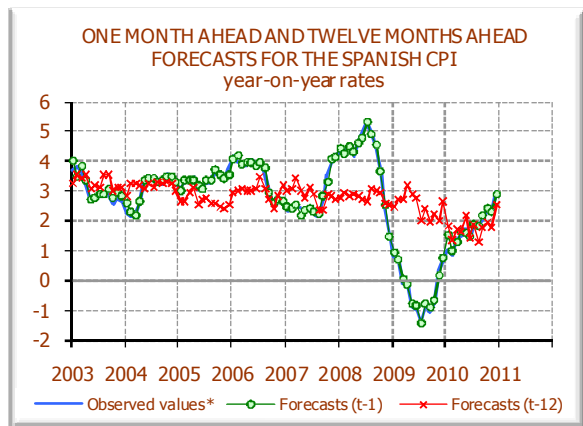
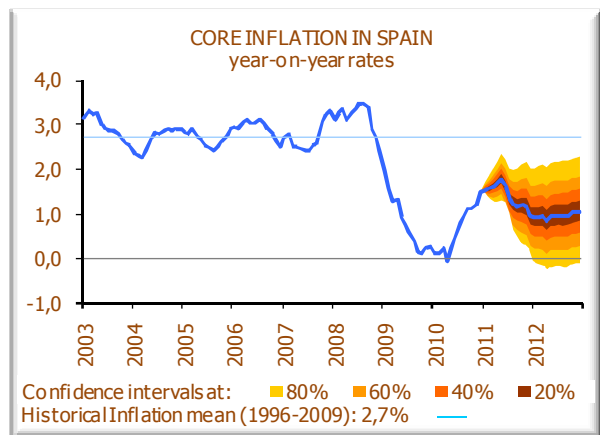
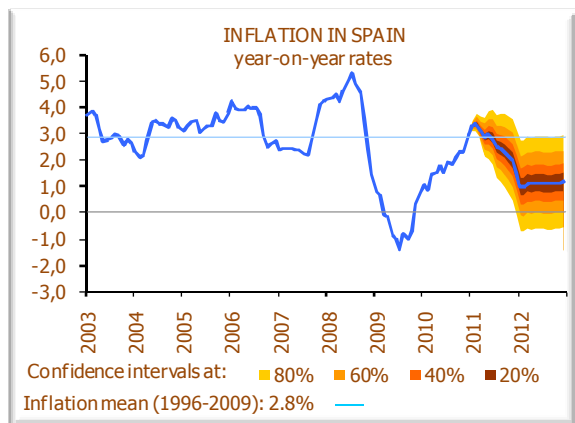
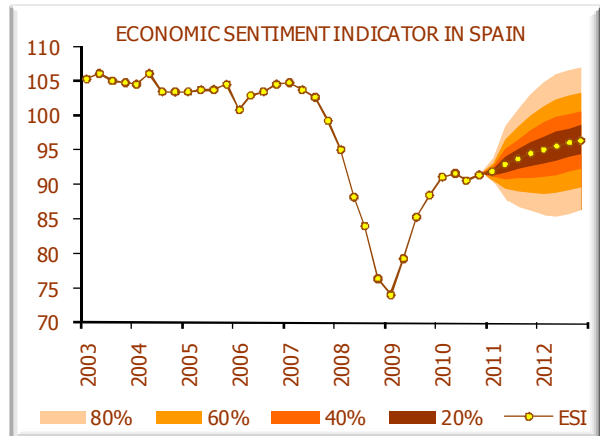
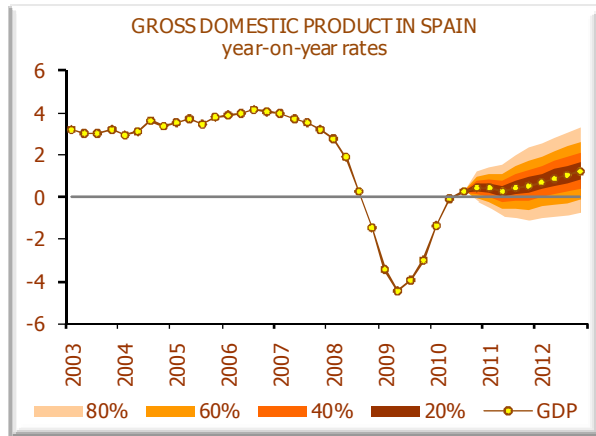
(1) Data adjusted for seasonality and working days effect.

Source: EUROSTAT & BIAM (UC3M)

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

(3) February 1, 2011 (4) January 5, 2011



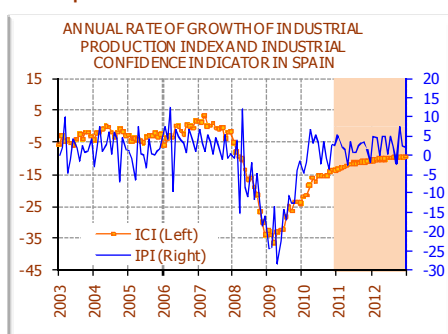


IV.1. MACROECONOMIC FORECASTS

Most IPI groups registered upwards innovations, except for durable consumer goods. A particularly good performance was found in capital and intermediate goods.

In 2010 we continue to expect an average annual GDP growth rate of -0.2%, although quarter-on-quarter growth in the fourth quarter is now forecast at 0.1%.

Graph IV.1.1



Source: INE & BIAM(UC3M)
Date: January 5, 2011

From a sectoral perspective, the adjustment of the labour market continues to depend on the construction sector, the source of nearly all the job losses in the fourth quarter.

According to the latest indicators, largely referring to the last two months of 2010, the Spanish economy may have registered quarter-on-quarter growth in the last quarter of the year. However, it was not sufficient to halt the destruction of employment, according to the quarter's Active Population Survey (EPA). According to our forecast, quarter-on-quarter GDP growth was 0.1%, ending the year with an average annual rate of -0.2%.

The most significant economic information published in the last month was the November industrial production index (IPI), the December economic sentiment indicator (ESI) and the fourth quarter EPA results. Industrial production improved significantly, supported by foreign trade, and the ESI fell by a point in December. The EPA continues to show that the employment adjustment process is not yet over, and that the Spanish economy was practically stagnant in the last part of the year.

The December Economic Sentiment Indicator, edited by the European Commission, fell by one point from the previous month to a total of 89.9. Most of its components evolved downwards except for industry, confidence in which grew by two points. Confidence in construction fell by nearly 6 points, in serviced by more than 5 and consumer and retail trade confidence fell by around 2 points each.

The November IPI registered a year-on-year increase of 2.7%, which falls to 2.3% when corrected for calendar, a result that is better than the previous month's decline (-3.7%) and much better than expected (0.1%). Most IPI groups registered upwards innovations, except for durable consumer goods. A particularly good performance was found in capital and intermediate goods. This was the first significant upwards innovation in Spanish industrial production in the year. The December industrial confidence index (ICI) grew by 2 points to a total of -11.6. This is

the highest value since the onset of the crisis, but it is still far from the neutral level.

The forecasts for 2010, 2011 and 2012 have been updated. For 2010 we expect an average annual IPI growth rate of 1%, four tenths of a point more than our previous forecast. In 2011, the rate will be 1.6%, more than one point more, and this improvement will be consolidated in 2012 with a rate of 3%.

We have also updated our forecasts for the Spanish macroeconomic figures for 2011-2012. In 2010 we continue to expect an average annual GDP growth rate of -0.2%, although quarter-on-quarter growth in the fourth quarter is now forecast at 0.1%. This is due to an improvement in the industrial sector in November. The rate expected for 2011 continues to be 0.4% and everything seems to show that GDP growth will continue to be weak in 2012 (1%), clearly insufficient for noticeably creating jobs. The main obstacle for growth continues to be the construction sector, which is expected to decline by an average of 7.5% in 2011 and 4% in 2012.

The fourth quarter EPA shows that the employment adjustment process is not yet over and that unemployment continues to grow. This was again due to construction, where the drop in temporary employment continues to much greater than in indefinite jobs. The unemployment rate grew again, largely due to job losses. Although employment is a delayed activity indicator, these figures show how weak the Spanish economy is and how difficult it is for it to overcome the crisis.

Employment registered a quarter-on-quarter reduction of 138,600 people. However, the last quarter of the year usually suffers a negative seasonal impact and, when it is considered, this reduction falls significantly to around 40,000, representing a quarter-on-quarter decrease of 0.2%, similar to the previous quarter's figures. Relative to a year earlier, 237,700 jobs were lost, representing a year-on-year rate of 1.3%, less than in the previous quarter (1.7%), and close to the IFL forecast (-1.23%). From a sectoral perspective, the adjustment of the labour market continues to depend on the construction sector, the source of nearly all the job losses in the fourth quarter. All the major branches of non-agricultural activities



moderates their respective rates of year-on-year decline, except construction. Last year, only services were capable of increasing employment, albeit modestly (29,000 jobs, or 0.2%). In services, the observed figure was as expected. In construction it represented a heavy downwards innovation, with the opposite occurring in industry and agriculture.

Indefinite salaried personnel maintained their year-on-year rate of decline (0.8%) and for temporary contracts it fell slightly from 2.4% to 2.2%. These rates show that 92,500 thousand indefinite jobs were lost in 2010, together with 85,900 temporary jobs. Before the second quarter of the year, the latter were more affected than the former. As a result of this, the temporary employment rate fell by eight tenths of a point to 24.8%, double that of the euro area.

The active population fell by 16,700 people in the fourth quarter to a total of 23,104,800. Relative to the previous year it increased by 132,3000, representing a year-on-year growth rate of 0.6%, the same as in the previous quarter. The quarter-on-quarter rate of the active population, corrected for seasonality, showed growth of 0.12%, similar to the previous quarter (0.16%), as expected. The growth of the national active population was compensated by the decline in the foreign active population. Unemployment therefore grew by 122,000 people in the quarter, to 4,696,700, an increase of 370,200 in the year. This increased the unemployment rate by half a point to 20.3%, as forecast.

The updated forecasts for 2011 and 2012 have changed little since last month. The forecast year-on-year rate for employment in the first quarter of this year is now -0.92%. The year will end with a rate of -0.09%, instead of the previously forecast -0.06%. This means that around 16,000 jobs will be lost in 2011, compared with 238,000 in 2010. In average annual terms, the forecast for this year has gone from -0.34% to -0.48%, representing 88,000 less occupied individuals, compared with 431,000 in 2010. Employment is expected to grow slightly in 2012 (0.26%).

The fall in employment in 2011 is largely due to construction and, to a lesser extent, industry. Construction has the worst figures (-8.1%) and is the only sector in which the

forecast has worsened. It is followed by industry with -1.4%, while agriculture and services will create employment in 2011. In 2012, industry will create net employment, although modestly (0.1%), and employment in the service sector will grow by 1.1%.

The forecast average annual growth rate of the active population remains largely unchanged for 2011. The participation of the foreign population in the labour market is expected to fall, with the national population increasing, in the forecasting period. In 2011, the labour supply will grow by 0.42%, practically the same as our previous forecast (0.41%) and this rate will be repeated in 2012.

Despite an expected improvement in employment, these supply and demand forecasts will not see the unemployment rate falling. Indeed,

this year it will increase slightly. The average annual unemployment rate relative to the active population will be 20.78% in 2011 (previously forecast at 20.66%). In the first quarter it is expected to be 21.1%, representing 4.87 million unemployed individuals. In average annual terms, unemployment this year will affect 4,817,000 people, nearly 200,000 more than in 2010. In 2012 it is expected to be 20.88%, representing 4,835 million people. The unemployment rate in the first quarter of 2012 is expected to be 2012 (21.3%), representing 4.9 million unemployed. This could be its highest level, after which unemployment will start to decrease very slowly. The Spanish economy is therefore very unlikely to register more than 5 million unemployed.

Table IV.1.1

INDUSTRIAL PRODUCTION INDEX IN SPAIN				
Average annual rates				
	2009	2010	2011	2012
Consumption	-8,8	0,7	0,3	1,8
Durable	-28,3	-7,6	3,9	4,2
Non-durable	-5,5	1,7	-0,1	1,5
Capital	-22,5	-3,1	-0,5	1,9
Intermedite	-21,4	3,1	3,6	4,9
Energy	-8,6	2,6	2,5	2,2
TOTAL	-16,2	1,0	1,6	3,0
VAB Industry	-13,6	1,0	1,6	2,6

Source: INE & BIAM(UC3M)
Date: January 5, 2011

The fall in employment in 2011 is largely due to construction and, to a lesser extent, industry. Construction has the worst figures (-8.1%).

The average annual unemployment rate relative to the active population will be 20.78% in 2011 (previously forecast at 20.66%). In the first quarter it is expected to be 21.1%, representing 4.87 million unemployed individuals.

Table IV.1.2

ECONOMICALLY ACTIVE POPULATION SURVEY				
year-on-year rates				
	2009	2010	2011	2012
Employed	-6,8	-2,3	-0,5	0,3
Agriculture	-4,0	0,9	0,1	-4,0
Industry	-13,3	-5,9	-1,4	0,1
Construction	-23,0	-12,6	-8,1	-4,1
Services	-2,5	-0,3	0,6	1,1
Active	0,8	0,2	0,4	0,4
Unemployment rate	18,0	20,1	20,8	20,9

Source: INE & BIAM(UC3M)
Date: January 29, 2011



GROSS DOMESTIC PRODUCT IN THE SPAIN: DEMAND

GROSS DOMESTIC PRODUCT IN SPAIN													
Annual rates of growth													
		Final Consumption		Gross Capital Formation					Domestic Demand (1)	Exports of goods and services	Imports of goods and services	Foreign Demand (1)	Real GDP
				Equipment	Building	Other							
		Private	Public										
ANNUAL AVERAGE	2006	3,8	4,6	9,9	6,0	7,5	7,2	5,5	6,7	10,2	-1,4	4,0	
	2007	3,6	5,5	10,4	3,2	0,8	4,5	4,4	6,7	8,0	-0,8	3,6	
	2008	-0,6	5,8	-2,5	-5,9	-4,1	-4,8	-0,6	-1,1	-5,3	1,5	0,9	
	2009	-4,3	3,2	-24,8	-11,9	-16,2	-16,0	-6,8	-11,6	-17,8	2,9	-3,7	
	2010	1,2	0,0	2,2	-11,1	-8,4	-7,5	-1,0	9,2	4,9	0,8	-0.2 (±0.2)	
	2011	0,8	-0,2	3,6	-7,5	-1,3	-3,6	-0,6	4,3	0,6	1,0	0.4 (±0.7)	
	2012	1,7	0,3	6,8	-4,0	-0,1	-0,9	0,9	4,5	3,5	0,0	1 (±1)	
ANNUAL RATES	2010	QI	-0,3	-0,5	-4,4	-11,4	-15,4	-10,4	-2,9	9,1	2,3	1,5	-1,4
		QII	2,2	0,1	8,7	-11,4	-11,2	-6,8	-0,4	11,6	9,3	0,3	0,0
		QIII	1,4	-0,1	2,4	-11,6	-3,3	-7,0	-0,8	8,7	3,9	1,0	0,2
		QIV	1,6	0,3	2,6	-10,0	-2,4	-5,3	-0,3	7,5	4,0	0,7	0,4
	2011	QI	1,0	0,1	2,3	-8,9	-1,7	-4,7	-0,6	4,2	0,0	1,0	0,4
		QII	-0,2	-0,6	-0,3	-8,3	-0,2	-4,8	-1,4	3,9	-2,9	1,7	0,3
		QIII	1,3	-0,2	7,0	-6,6	-1,9	-2,3	0,0	4,9	3,0	0,4	0,4
		QIV	1,3	-0,2	5,8	-5,8	-1,4	-2,4	0,1	4,3	2,4	0,4	0,5
	2012	QI	1,4	-0,1	6,4	-5,0	-0,8	-1,7	0,4	4,5	2,8	0,3	0,7
		QII	1,7	0,1	6,9	-4,3	-0,3	-1,1	0,7	4,5	3,4	0,2	0,9
		QIII	1,7	0,4	6,7	-3,6	0,1	-0,6	0,9	4,5	3,7	0,1	1,0
		QIV	1,9	0,9	7,0	-3,1	0,5	-0,2	1,2	4,5	4,0	0,0	1,2

Year-on-year-rates

GROSS DOMESTIC PRODUCT IN SPAIN													
Annual and quarterly rates of growth													
		Final Consumption		Gross Capital Formation					Domestic Demand (1)	Exports of goods and services	Imports of goods and services	Foreign Demand (1)	Real GDP
				Equipment	Building	Other							
ANNUAL AVERAGE	2006	3,8	4,6	9,9	6,0	7,5	7,2	5,5	6,7	10,2	-1,4	4,0	
	2007	3,6	5,5	10,4	3,2	0,8	4,5	4,4	6,7	8,0	-0,8	3,6	
	2008	-0,6	5,8	-2,5	-5,9	-4,1	-4,8	-0,6	-1,1	-5,3	1,5	0,9	
	2009	-4,3	3,2	-24,8	-11,9	-16,2	-16,0	-6,8	-11,6	-17,8	2,9	-3,7	
	2010	1,2	0,0	2,2	-11,1	-8,4	-7,5	-1,0	9,2	4,9	0,8	-0.2 (±0.2)	
	2011	0,8	-0,2	3,6	-7,5	-1,3	-3,6	-0,6	4,3	0,6	1,0	0.4 (±0.7)	
	2012	1,7	0,3	6,8	-4,0	-0,1	-0,9	0,9	4,5	3,5	0,0	1 (±1)	
QUARTERLY RATES	2010	QI	0,9	0,1	1,2	-3,0	-1,2	-1,6	0,2	4,1	4,4	-0,1	0,1
		QII	1,5	0,7	4,2	-2,2	-2,0	-0,6	0,9	1,4	3,6	-0,6	0,3
		QIII	-1,1	-0,4	-5,2	-3,2	1,5	-2,9	-1,3	0,1	-5,0	1,3	0,0
		QIV	0,3	-0,1	2,6	-2,0	-0,7	-0,2	0,0	1,7	1,3	0,1	0,1
	2011	QI	0,3	-0,1	0,8	-1,8	-0,5	-1,0	-0,1	1,0	0,4	0,1	0,1
		QII	0,3	0,0	1,5	-1,6	-0,4	-0,7	0,0	1,1	0,5	0,1	0,1
		QIII	0,4	0,0	1,8	-1,4	-0,3	-0,4	0,1	1,1	0,7	0,1	0,2
		QIV	0,4	-0,1	1,4	-1,2	-0,1	-0,4	0,1	1,1	0,7	0,1	0,2
	2012	QI	0,4	0,0	1,4	-1,0	0,0	-0,3	0,2	1,1	0,8	0,1	0,2
		QII	0,5	0,2	2,1	-0,8	0,1	0,0	0,3	1,1	1,1	0,0	0,3
		QIII	0,5	0,3	1,6	-0,7	0,2	0,0	0,3	1,1	1,0	0,0	0,3
		QIV	0,5	0,4	1,7	-0,6	0,3	0,1	0,4	1,1	1,1	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

Quarter-on-quarter rates

Source: INE & BIAI (UC3M)

Date: January 28, 2011



GROSS DOMESTIC PRODUCT IN THE SPAIN: SUPPLY

GROSS DOMESTIC PRODUCT IN SPAIN											
Annual rates of growht											
			Gross Value Added							Tax	Real GDP
			Agriculture	Energy	Industry	Construction	Market services	Non-market services			
ANNUAL AVERAGE	2006		5,8	1,3	1,9	4,7	4,6	4,0	4,1	3,7	4,0
	2007		7,1	0,9	0,8	2,5	4,9	4,8	3,9	0,9	3,6
	2008		-2,1	5,8	-2,7	-1,6	1,7	4,7	1,1	-1,1	0,9
	2009		1,0	-6,4	-13,6	-6,2	-1,9	2,1	-3,5	-6,0	-3,7
	2010		-1,6	2,8	1,0	-6,7	0,5	0,3	-0,2	0,6	-0.2 (±0.2)
	2011		0,2	1,1	1,6	-5,6	1,5	-0,1	0,4	0,0	0.4 (±0.7)
	2012		2,6	0,9	2,6	-3,2	1,6	0,5	1,0	0,5	1 (±1)
ANNUAL RATES	2010	QI	-1,5	0,2	-2,1	-6,5	-0,8	0,5	-1,4	-0,8	-1,4
		QII	-2,0	0,8	2,3	-6,6	0,4	0,6	-0,2	1,7	0,0
		QIII	-2,2	4,6	1,7	-6,8	1,0	0,3	0,2	0,8	0,2
		QIV	-0,8	5,9	2,4	-7,1	1,4	-0,2	0,4	0,5	0,4
	2011	QI	-2,5	2,7	0,8	-6,4	1,8	0,2	0,5	-0,3	0,4
		QII	0,1	1,4	0,8	-6,0	1,6	-0,4	0,3	-0,8	0,3
		QIII	1,9	-0,1	2,6	-5,2	1,1	-0,1	0,4	0,5	0,4
		QIV	1,3	0,5	2,1	-4,5	1,3	0,0	0,6	0,5	0,5
	2012	QI	3,2	0,6	2,3	-3,9	1,4	0,1	0,7	0,5	0,7
		QII	2,7	0,9	2,6	-3,4	1,5	0,3	0,9	0,5	0,9
		QIII	2,2	1,1	2,7	-2,9	1,6	0,5	1,1	0,5	1,0
		QIV	2,4	1,0	2,8	-2,5	1,7	0,9	1,3	0,6	1,2

* Year-on-year rates.

GROSS DOMESTIC PRODUCT IN SPAIN											
Annual and quarterly rates of growth											
		Gross Value Added							Tax	Real GDP	
		Agriculture	Energy	Industry	Construction	Market services	Non-market services				
ANNUAL AVERAGE	2006	5,8	1,3	1,9	4,7	4,6	4,0	4,1	3,7	4,0	
	2007	7,1	0,9	0,8	2,5	4,9	4,8	3,9	0,9	3,6	
	2008	-2,1	5,8	-2,7	-1,6	1,7	4,7	1,1	-1,1	0,9	
	2009	1,0	-6,4	-13,6	-6,2	-1,9	2,1	-3,5	-6,0	-3,7	
	2010	-1,6	2,8	1,0	-6,7	0,5	0,3	-0,2	0,6	-0.2 (±0.2)	
	2011	0,2	1,1	1,6	-5,6	1,5	-0,1	0,4	0,0	0.4 (±0.7)	
	2012	2,6	0,9	2,6	-3,2	1,6	0,5	1,0	0,5	1 (±1)	
QUARTERLY RATES	2010	QI	0,7	3,2	2,1	-2,1	-0,1	-0,5	0,0	0,9	0,1
		QII	-1,5	1,2	0,4	-1,6	0,5	0,7	0,2	0,6	0,3
		QIII	-0,8	1,6	-1,3	-1,9	0,8	-0,2	0,1	-1,1	0,0
		QIV	0,9	-0,2	1,1	-1,6	0,2	-0,1	0,0	0,2	0,1
	2011	QI	-1,1	0,1	0,5	-1,5	0,3	-0,1	0,1	0,1	0,1
		QII	1,1	0,0	0,5	-1,2	0,3	0,1	0,1	0,1	0,1
		QIII	1,0	0,0	0,5	-1,0	0,4	0,0	0,2	0,1	0,2
		QIV	0,3	0,4	0,6	-0,9	0,3	0,0	0,2	0,1	0,2
	2012	QI	0,7	0,2	0,7	-0,8	0,4	0,0	0,2	0,1	0,2
		QII	0,6	0,3	0,8	-0,7	0,4	0,2	0,3	0,1	0,3
		QIII	0,5	0,3	0,6	-0,5	0,5	0,3	0,3	0,1	0,3
		QIV	0,5	0,3	0,7	-0,5	0,5	0,4	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

Quarter-on-quarter rates

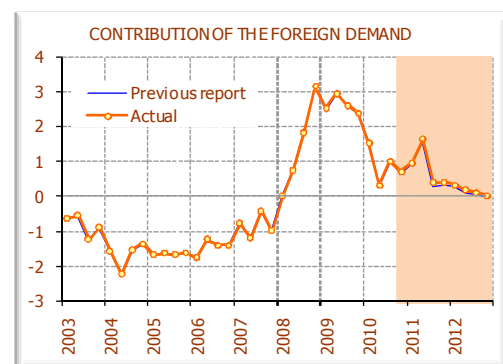
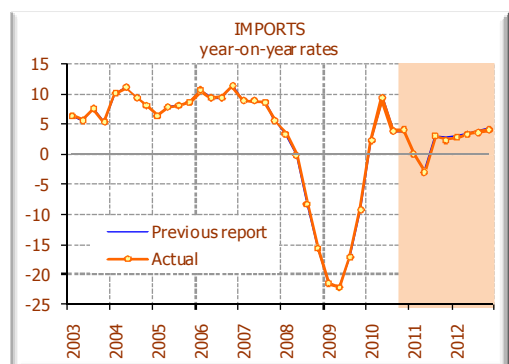
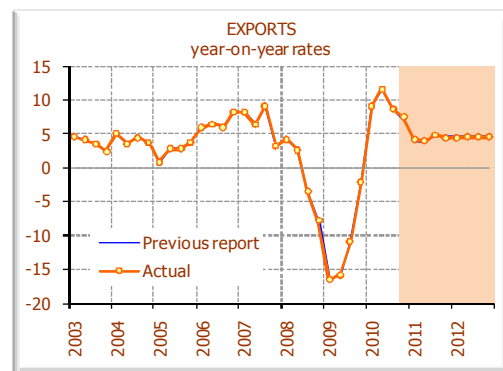
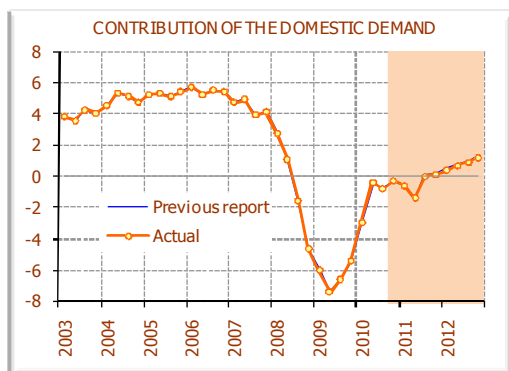
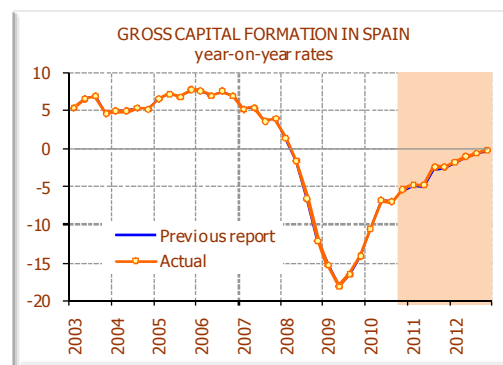
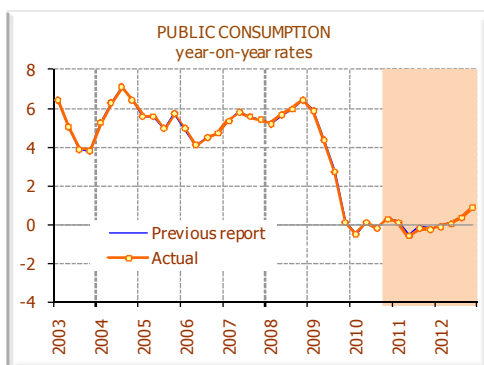
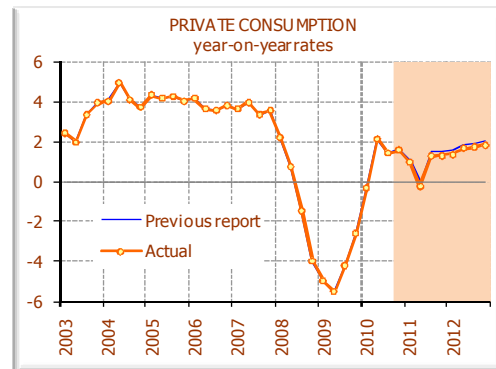
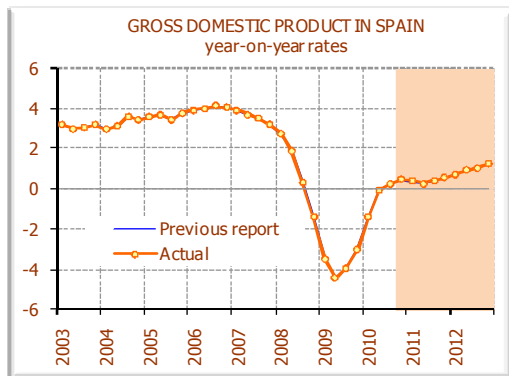
Source: EUROSTAT & BIAM (UC3M)

Date: January 28, 2011



CHANGE IN FORECASTS AND DATA REVISION FOR THE COMPONENTS OF GROSS DOMESTIC PRODUCT DEMAND IN SPAIN

Year-on year rates



Source: INE & BIAM (UC3M)

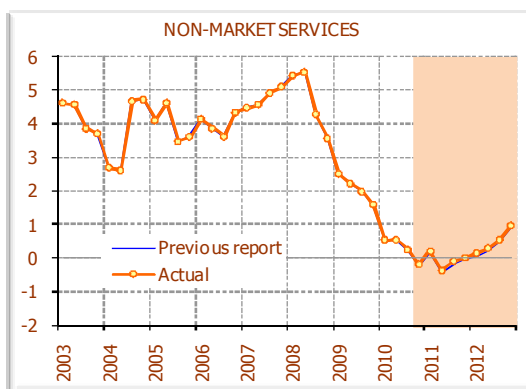
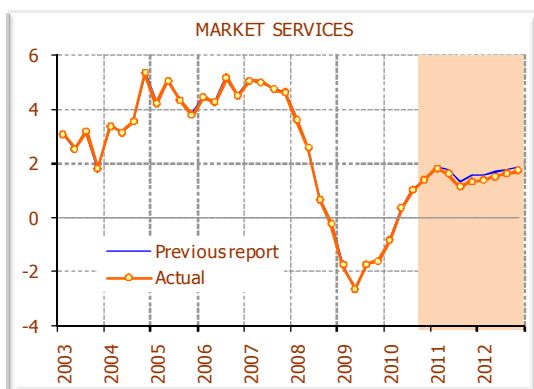
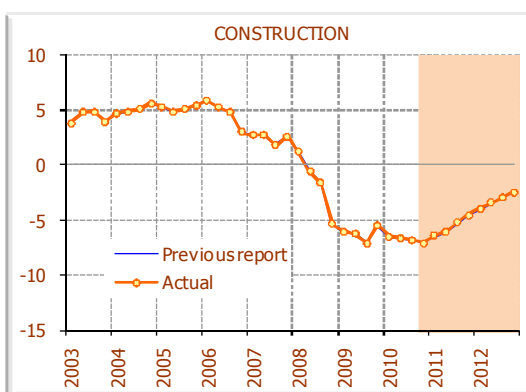
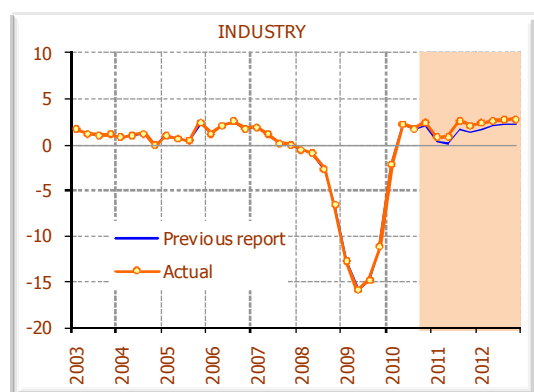
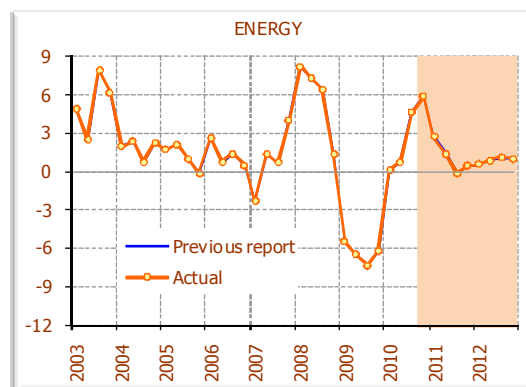
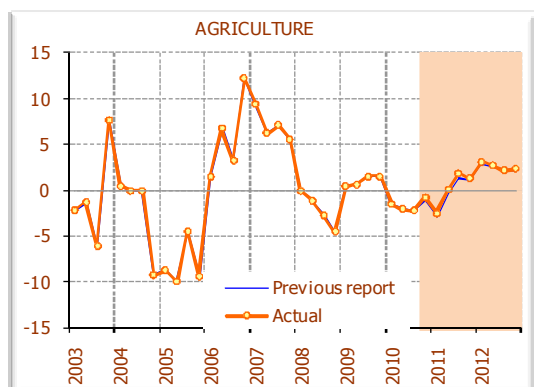
Date actual report: January 28, 2011

Date previous report: December 1, 2010



CHANGE IN FORECASTS AND DATA REVISION FOR THE COMPONENTS OF GROSS DOMESTIC PRODUCT SUPPLY IN SPAIN

Year-on year rates



Source: INE & BIAM (UC3M)

Date actual report: January 28, 2011

Date previous report: December 1, 2010



INDUSTRIAL PRODUCTION INDEX IN SPAIN

INDUSTRIAL PRODUCTION INDEX AND SECTORS IN SPAIN											
Annual rates of growth											
		Consumer Goods				Capital Goods	Intermediate Goods	Energy	Non-Energy	TOTAL	
		Durable	Non Durable	Total							
ANNUAL AVERAGE	2006	8,3	0,9	2,1		7,7	3,6	0,9	4,1	3,7	
	2007	3,4	2,0	2,2		5,0	1,6	0,8	2,6	2,4	
	2008	-16,5	-2,2	-4,6		-8,7	-11,0	1,6	-8,4	-7,1	
	2009	-28,3	-5,5	-8,8		-22,5	-21,4	-8,6	-17,4	-16,2	
	2010	-7,6	1,7	0,7		-3,1	3,1	2,6	0,7	1,0	
	2011	3,9	-0,1	0,3		-0,5	3,6	2,5	1,4	1,6	
	2012	4,2	1,5	1,8		1,9	4,9	2,2	3,1	3,0	
ANNUAL RATES*	2009	QI	-29,6	-8,2	-11,4		-28,3	-28,9	-8,3	-8,3	-21,0
		QII	-35,9	-8,6	-12,9		-28,6	-28,2	-10,5	-10,5	-21,9
		QIII	-28,8	-4,2	-7,5		-19,6	-18,6	-6,8	-6,8	-13,9
		QIV	-17,1	-0,6	-2,9		-11,2	-6,0	-8,7	-8,7	-6,5
	2010	QI	-12,0	1,8	0,2		-2,6	2,1	-0,8	-0,8	0,1
		QII	-1,6	4,1	3,4		-0,7	7,5	1,9	1,9	3,8
		QIII	-5,3	0,8	0,2		-6,5	0,7	4,2	4,2	-0,3
		QIV	-10,7	0,1	-1,1		-2,8	1,8	5,5	5,5	0,4
	2011	QI	-0,9	1,6	1,3		-0,6	5,2	4,4	4,4	2,8
		QII	-0,3	-0,4	-0,4		-1,2	1,4	3,1	3,1	0,6
		QIII	7,2	-0,5	0,2		1,1	4,5	0,9	0,9	1,8
		QIV	10,3	-1,3	-0,1		-1,2	3,3	1,7	1,7	1,1
	2012	QI	8,5	1,5	2,2		1,8	4,9	2,3	2,3	3,1
		QII	5,0	1,7	2,1		2,1	5,1	2,2	2,2	3,2
		QIII	0,2	-0,1	-0,1		0,3	3,6	1,8	1,8	1,6
		QIV	3,2	2,9	3,0		3,3	5,8	2,4	2,4	3,9

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

- Data adjusted for seasonality and working days effect

The figures in the shaded area are forecasts.

Source: INE & BIAM (UC3M)

Date: January 5, 2011



INDUSTRIAL PRODUCTION INDEX BY ECONOMIC ACTIVITIES IN SPAIN												
Average annual rates of growth												
			Weights 2011	2006	2007	2008	2009	2010	2011	2012		
IPI Total	B Mining and quarrying	05 Mining of coal and lignite	0,4	2,8	-4,0	-3,7	-15,3	12,3	-11,6	-0,2		
		08 Other mining and quarrying	1,4	4,3	2,7	-15,4	-25,8	3,5	-1,5	-3,9		
			1,8	3,1	0,9	-13,3	-23,5	5,6	-4,7	-3,0		
	D Industrias manufactureras	10 Manufacture of food products	10,7	0,6	2,1	-0,8	-0,4	2,2	3,2	2,5		
		11 Manufacture of beverages	3,3	1,6	0,6	1,4	-4,7	-5,6	4,0	3,6		
		12 Manufacture of tobacco products	0,4	-14,8	5,4	-2,4	-10,1	-4,1	-5,8	-4,7		
		13 Manufacture of textiles	1,7	-2,3	-4,4	-17,7	-18,4	7,5	3,8	3,6		
		14 Manufacture of wearing apparel	1,8	-2,9	-1,2	-9,1	-18,8	-8,6	-8,2	-10,0		
		15 Manufacture of leather and related products	0,9	-6,1	-8,2	-7,9	-19,5	3,5	2,2	-2,4		
		16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	2,1	1,3	-2,4	-22,0	-23,2	-5,8	4,9	5,5		
		17 Manufacture of paper and paper products	2,6	1,2	1,7	-1,8	-8,7	5,1	1,0	3,2		
		18 Printing and reproduction of recorded media	2,3	0,6	5,4	-10,8	-12,2	1,2	-0,1	-0,5		
		19 Manufacture of coke and refined petroleum products	3,5	2,2	-1,7	4,2	-10,4	1,1	6,1	4,9		
		20 Manufacture of chemicals and chemical products	5,8	1,4	2,3	-5,4	-0,8	5,2	1,7	2,7		
		21 Manufacture of basic pharmaceutical products and pharmaceutical preparations	2,4	10,1	7,6	8,0	0,6	8,8	6,2	6,2		
		22 Manufacture of rubber and plastic products	3,4	2,2	2,1	-10,9	-14,3	8,0	2,9	5,3		
		23 Manufacture of other non-metallic mineral products	8,0	3,9	-1,2	-21,3	-27,7	-4,2	-0,3	3,4		
		24 Manufacture of basic metals	4,3	6,3	0,7	-6,6	-21,5	12,2	5,8	7,8		
		25 Manufacture of fabricated metal products, except machinery and equipment	10,7	4,5	4,5	-9,5	-22,1	-5,7	2,2	4,5		
		26 Manufacture of computer, electronic and optical products	1,6	3,4	7,5	4,1	-26,1	4,7	-12,5	-5,4		
		27 Manufacture of electrical equipment	3,7	11,5	3,0	-6,2	-26,2	-2,9	1,1	3,2		
		28 Manufacture of machinery and equipment n.e.c.	5,4	15,4	9,4	-8,4	-26,1	-3,9	-1,3	-1,2		
		29 Manufacture of motor vehicles, trailers and semi-trailers	7,4	5,7	4,2	-16,1	-19,0	12,6	7,0	7,8		
		30 Manufacture of other transport equipment	2,1	0,6	7,7	6,6	-12,4	-11,2	-4,1	0,3		
		31 Manufacture of furniture	2,8	8,9	4,7	-19,6	-29,1	-8,1	-1,1	1,2		
		32 Other manufacturing	1,8	3,9	0,5	-8,1	-14,0	5,6	-2,5	0,7		
		33 Repair and installation of machinery and equipment	0,3	55,6	-4,2	12,8	-16,2	-18,7	-15,8	-8,3		
			89,0	4,0	2,6	-7,8	-16,2	0,8	1,8	3,2		
		D Electricity, gas, steam and air conditioning supply			9,2	0,6	2,3	1,2	-7,6	3,2	1,1	2,4
					100	3,7	2,4	-7,1	-16,2	1,0	1,6	3,0

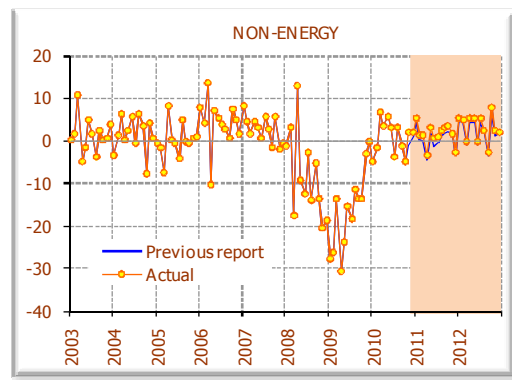
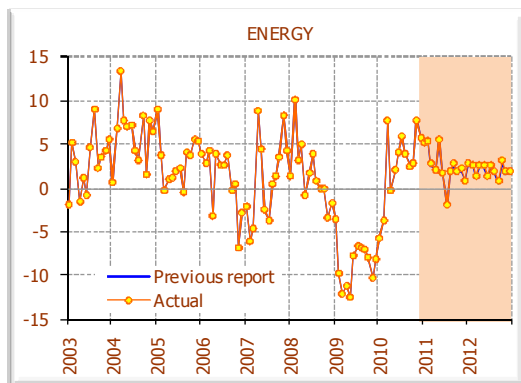
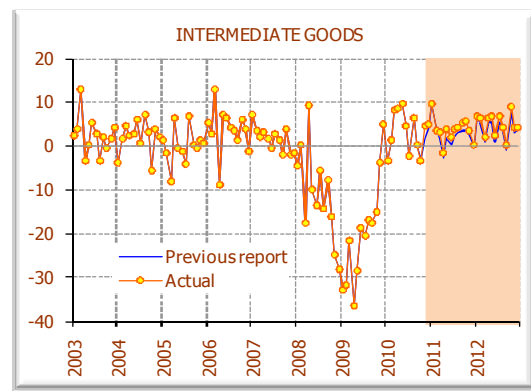
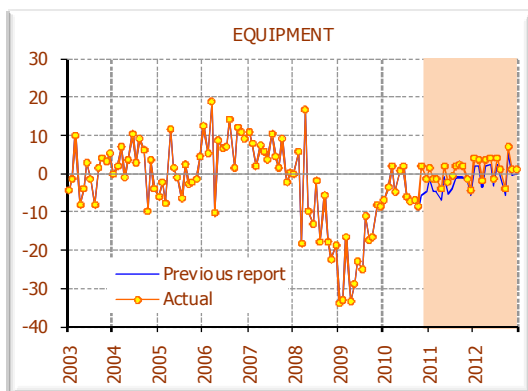
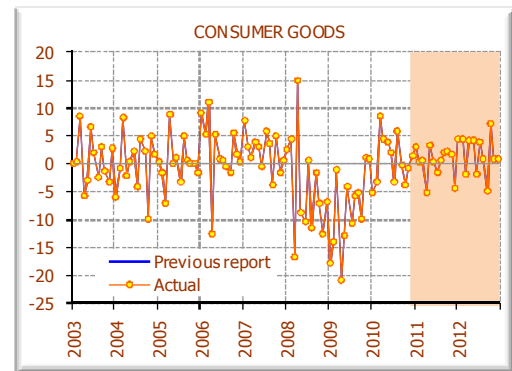
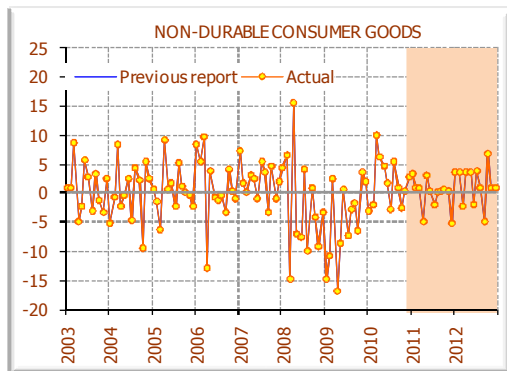
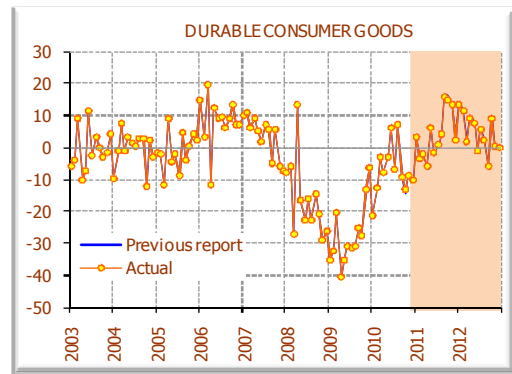
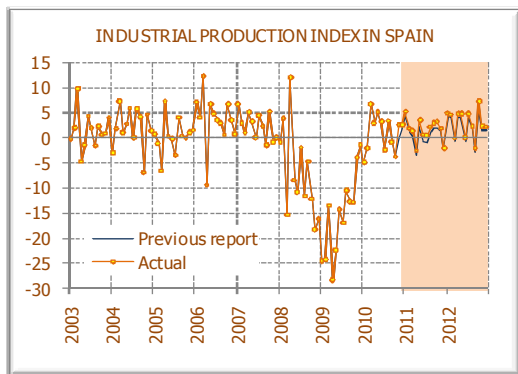
Source: INE & BIAI (UC3M)

Date: January 5, 2011



CHANGE IN FORECASTS AND DATA REVISION FOR THE COMPONENTS OF INDUSTRIAL PRODUCTION INDEX DEMAND IN SPAIN

Year-on-year rates



Source: EUROSTAT & BIAM (UC3M)
 Date actual report: January 5, 2011
 Date previous report: December 3, 2010



IV.2. INFLATION

Energy prices and rising rates and taxes push up inflation expectations for 2011 to 2.6%% (± 1.03). January and February could bring rates of 3.2% (± 0.17) and 3.3% (± 0.35), respectively.

Energy prices pushed Spanish inflation up to 3.0% in December. Inflation is expected to continue to grow in the next few months, to 3.2% in January and 3.3% in February. The fall in the annual rate could begin in March and not until the end of 2011 will annual inflation again fall below 2.0%.

The new forecasts show that core inflation will be 1.4% in 2011. For 2012, the average annual rate is expected to rise to 1.0%, due to a slight increase in the expected figure for non-energy industrial goods.

Total inflation expectations have increased. The average annual rate forecast for 2011 has gone from 2.3% to 2.6%. The inflation rate expected for energy products, solely responsible for this increase, has gone from 9.6% to 12.4%. The inflation forecast for food remains stable.

This rise in inflation is largely due to two factors: a stricter fiscal policies through rate and indirect taxation increases and rising international oil prices.

Spanish inflation was lower than or the same as in the euro area throughout 2009 and up to mid-2010. After the VAT increase in July, Spanish annual inflation now has an unfavourable differential relative to the euro area and in December it was one of the most inflationist countries in the area, together with Greece and Estonia.

On the other hand, if we do not include energy and tobacco prices, the inflation differential was constantly favourable to

Total inflation is expected to register an average annual rate of 2.6% (± 1.03) this year and 1.1% (± 1.48) the next.

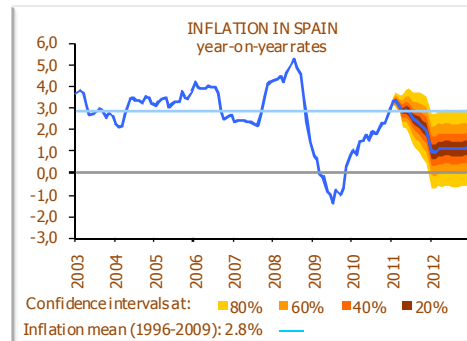
Spain from January 2009 to date, and is expected to continue along those lines throughout the forecasting period.

In other words, net of fiscal policy and energy prices, Spain has internal deflation relative to the euro area, affecting not only prices but salaries. The latest information published by Eurostat regarding the growth of nominal labour costs in the third quarter of 2010, Spain was the last in the ranking, with an annual variation rate of -0.8%.

The reduction in real salaries, at least in relative terms relative to the euro area, is a compulsory phase in the recovery of the Spanish economy, which will probably maintain unemployment rates of close to 20% throughout 2012.

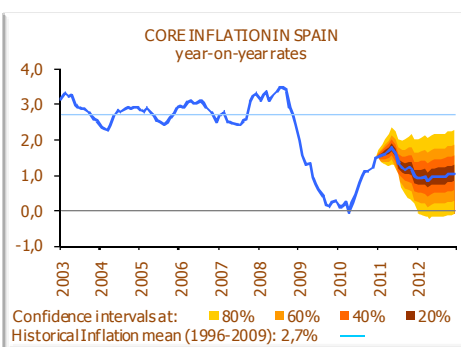
In the present situations, we cannot rule out the possibility of further indirect tax increases, energy and tobacco tax increases and public service tariffs. This is the principal risk for Spanish inflation in the next two years. Despite the increase in July, Spanish VAT is still less than the euro

Graph IV.2.1



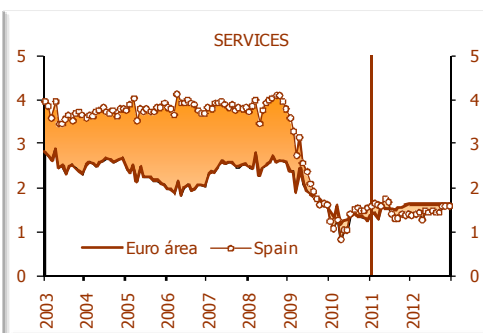
Source: INE & BIAM(UC3M)
Date: January 28, 2011

Graph IV.2.2



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

Graph IV.2.3



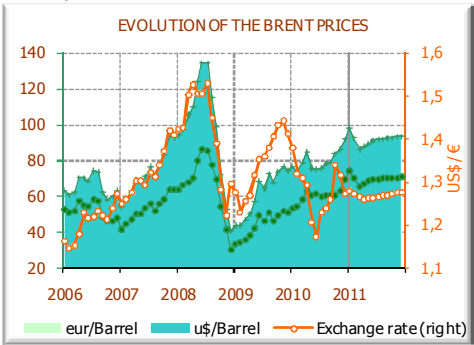
Source: INE & BIAM(UC3M)
Date: January 28, 2011



area average. Tobacco and fuel prices are also among the lowest in Europe. In a recent report about environmental taxation in Europe, Spain had the lowest tax levels for both households and businesses. If the state's financing requirements are not covered, the most likely option would appear to be a persistently inflationist fiscal policy. If VAT is

In sum, energy and taxation will be decisive for Spanish inflation in the short term. Prices and salaries are both evolving favourably in Spain, starting to correct the disequilibria accumulated in the years of the economic boom.

Graph IV.2.4



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

A persistent inflationist fiscal policy is the greatest inflation risk for Spain. New VAT, tobacco and environmental taxation rises are the most likely measures.

Without including energy and tobacco, Spanish inflation has been lower than in the euro area since January 2009, and this is expected to continue throughout the forecasting period. Labour costs are also falling faster than in most euro area countries.

The forecast for core inflation in 2011 remains at 1.4%(±0.65) and has risen by one tenth of a point to 1.0%(±1.02) for 2012.

increased again, and so is environmental taxation and tobacco prices, the average annual inflation rate in 2011 could easily be more than 3.0%.

Table IV.2.1

INFLATION IN SPAIN						
CPI	Annual rates 2010/ 2011		Average annual rates			
	December	January	2009	2010	2011	2012
Core 82.7%	1,5	1.5 ±0.18	0,8	0,6	1.4 ±0.65	1 ±1.02
Total 100%	3,0	3.3 ±0.17	-0,3	1,8	2.6 ±1.03	1.1 ±1.48

* The figures in the shaded area are forecasts
Source: INE & BIAM(UC3M)
Date: January 28, 2011



Table IV.2.3

COICOP SUBCLASSES IN SPAIN WITH NEGATIVE VALUES IN YEAR-ON-YEAR INFLATION RATES																						
weights x 1000																						
Special Group*	Weights 2010	Subclasse COICOP	December	November	October	September	August	July	June	May	April	March	February	January	QI	QII	QIII	QIV	QIV	QIII	Average	
PROCESSED FOOD 61.806	0,997	Rice	-5,3	-9,9	-10,5	-11,0	-11,5	-10,9	-10,9	-9,6	-9,6	-9,2	-8,1	-6,2								
	16,19	Bread	-0,1	-0,2	-0,2	-0,1	-0,3	-0,4	-0,1	-0,2	-0,3	-0,4	-0,5	-0,6	-0,6	-0,5	-0,1					
	1,235	Farinaceous-based products	-0,8	-1,6	-1,1		-1,7	-0,7	-1,2	-0,7	-1,0	-1,4	-2,0	-3,3	-3,5	-6,2	-9,8	-6,8				
	9,315	Bakery and pastry-cook products				-0,02		-0,4	-0,6	-0,8	-1,0	-0,4	-0,7	-0,8	-0,4							
	1,537	Flours and cereals	-1,6	-2,7	-4,2	-4,9	-3,9	-3,1	-4,0	-3,7	-5,0	-3,3	-2,2	-2,0	-0,9	0,0						
	15,882	Delicatessen type meat products								-0,2	-0,3	-0,5	-0,6	-0,7	-0,6	-0,2						
	2,953	Meat preparation		-0,9	-0,9	-2,2	-1,3	-0,4	-1,1	-1,0	-0,7	-0,4	-0,6	-0,8								
	6,205	Preserved and processed fish						-0,1	-0,6	-0,6	-1,0	-1,3	-1,6	-1,1	-0,8							
	10,187	Milk	-2,6	-2,7	-2,9	-2,8	-4,2	-4,1	-6,0	-6,4	-8,8	-7,2	-7,2	-7,6	-9,1	-9,6	-7,9	-6,6	-3,9			
	7,494	Other dairy products			-0,04	-0,9	-1,5	-4,0	-4,3	-5,9	-6,6	-6,5	-6,9	-5,5	-5,7	-3,5	-1,1					
	6,821	Cheeses	-0,1				-0,5	-0,3	-0,3	-0,1	-0,4	-0,7	-1,4	-1,1	-1,9	-1,2	-0,3					
	0,546	Butter and margarine				-1,3	-1,6	-2,5	-2,9	-3,1	-3,2	-2,5	-2,6	-2,2	-1,5	-0,4						
	5,192	Oils	-7,5	-7,5	-5,0					-2,2	-2,5	-3,4	-3,8	-3,5	-8,6	-17,5	-14,6	-8,5	-0,3			
	2,656	Preserved fruits, nuts and dried fruits	-0,3	-1,1	-2,0	-1,4	-1,7	-1,3	-2,0	-1,7	-1,7	-1,3	-1,0	-1,3	-0,7							
	0,834	Fresh pulses and vegetables	-1,1	-1,1	-0,9	-0,6	-0,2	0,0	-0,3	-0,4	-0,8	-1,1	-1,6	-1,9	-2,0	-1,0	-1,2		-0,2			
	3,406	Frozen and preserved pulses and vegetables		-0,2	-0,1	-0,4	-0,5	-0,8	-1,4	-1,6	-1,5	-2,2	-2,0	-1,9	-1,5							
	1,078	Sugar	-9,5	-9,7	-10,0	-10,8	-11,9	-10,8	-9,6	-7,6	-6,9	-7,1	-7,0	-7,4	-8,8	-7,5	-7,5	-3,9				
	4,84	Chocolates								-0,4	-0,6	-0,6	-1,0	-1,4	-1,5	-0,6						
	3,333	Other foods	-0,1				-0,3	-0,6	-0,6	-0,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0				
	0,831	Baby food	-1,7	-1,6	-1,6	-2,4	-1,8	-2,2	-2,5	-2,8	-2,6	-1,9	-1,5	-1,2	-1,5	-2,0	-2,3	-1,2				
	3,006	Coffee, cocoa and infusions				-0,6	-0,7	-0,1	-0,4	-0,5	-1,1	-0,9	-0,4	-0,6	-0,9	-0,6						
	7,739	Water and juices	-1,9	-2,0	-2,3	-2,9	-4,2	-3,9	-3,0	-1,9	-2,3	-1,2	-1,6	-0,1								
	3,176	Wines	-0,8	-0,3	-0,4	-0,5	-0,1	-0,4	-1,3	-1,4	-1,8	-1,5	-1,6	-1,6	-1,6	-0,7						
NON-ENERGY INDUSTRIAL GOODS 56.513	22,441	Men's outerwear				-0,6	-0,6	-0,6	-0,6	-0,6	-0,8	-0,9	-1,2	-1,2	-0,7	-2,6	-2,3	-2,5				
	1,435	Men's underwear								0,0	0,0	0,0	0,0	0,0	0,0	0,7						
	29,133	Women's outerwear			-0,5	-0,7	-0,8	-0,8	-1,3	-1,5	-1,8	-1,9	-2,2	-2,1	-2,4	-3,4	-2,6	-2,6	-0,1			
	2,496	Women's underwear								0,0	0,0	0,0	0,0	0,0	0,0							
	10,336	Children's and infants' garments							-0,1	-0,4	-1,0	-1,0	-1,1	-1,1	-1,2	-1,9	-1,0	-1,7				
	1,705	Clothing accessories of garments								0,0	0,0	0,0	0,0	0,0	0,9							
	6,575	Men's footwear								-0,3	-0,3	-0,2	-0,3	-0,01	-0,1	-0,2						
	8,641	Women's footwear								-0,3	-0,1	-0,2	0,0	0,0	-0,6	-1,2	-0,5	-0,4				
	3,356	Children's and infants' footwear								-0,5	-0,9	-1,2	-1,1	-1,1	-0,7	-0,5	-0,4	-0,3				
	2,737	Other equipments							-0,2	-0,1	-0,2	0,0	0,0	0,0	-0,1							
	6,324	Household textiles							-0,3	-0,3	-0,2	-0,1	0,0	0,0								
	4,63	Refrigerators, washing machines and dishwash.	-1,6	-1,9	-2,0	-2,0	-2,2	-2,1	-2,2	-2,0	-1,9	-1,5	-1,4	-1,2	-1,0	-0,6	-0,9	-1,3	-1,6	-2,2	-1,9	
	1,47	Cookers and ovens	-1,1	-1,4	-1,4	-1,6	-1,6	-1,6	-1,8	-1,7	-2,0	-1,6	-1,4	-1,4					0,0	-1,2	-1,3	
	2,53	Heating and air conditioning				-0,1				0,0	0,0	0,0	0,0	0,0					-0,7	-0,9	-0,5	
	1,305	Other household appliances								0,0	0,0	0,0	0,0	0,0					-0,1		-0,2	
	13,616	Cleaning products for household	-0,6	-0,9	-0,9	-0,8	-1,2	-1,1	-1,1	-1,1	-1,0	-0,4	-0,7	-0,2	0,0	0,0	0,0	0,0	0,0			
	3,777	Other non-durable household goods								0,0	0,0	0,0	0,0	-0,1	0,0	0,0	0,0	0,0				
	9,307	Medicines and other pharmaceutical products	-6,0	-6,0	-5,0	-3,4	-3,3	-3,3	-2,8	-2,9	-7,3	-7,4	-7,6	-7,4	-7,5	-7,3	-5,6	-4,7	-5,9	-6,5	-6,5	
	6,549	Therapeutic appliances and equipment	-0,4	-0,5	-0,6	-0,7	-0,004	0,0	-0,3	-0,3	-0,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0			
	47,126	Motor vehicles						-0,1	-2,3	-3,9	-4,2	-4,2	-4,3	-5,6	-6,5	-5,7	-2,7	-1,5	0,0	-0,4	-0,5	
	2,182	Other vehicles							-1,6	-1,0	-0,9	-1,3	-1,3	-0,8					-0,9	-2,7	-3,1	
	1,51	Spare parts and maintenance accessories								0,0	-0,1	-0,9	-1,5	-2,2	-1,0	-0,6						
	0,686	Telephone equipments	-12,3	-13,4	-13,9	-15,0	-16,0	-15,8	-15,8	-17,8	-25,1	-27,3	-26,7	-25,8	-34,9	-35,4	-31,1	-22,9	-16,7	-23,8	-25,7	
	4,93	Equip. recep., record. and rep. of sound and pict.	-7,7	-7,3	-7,2	-7,3	-7,6	-8,1	-9,0	-9,1	-9,0	-9,5	-9,9	-10,6	-12,9	-13,4	-13,8	-14,6	-12,5	-12,3	-12,7	
	1,188	Photographic and cinematographic equipments	-13,0	-13,8	-13,6	-12,4	-12,4	-12,3	-14,1	-13,9	-15,5	-14,3	-16,2	-16,1	-15,7	-17,9	-19,5	-20,5	-19,3	-19,0	-18,0	
	4,196	Information processing equipments	-6,1	-4,9	-5,2	-5,0	-5,1	-5,7	-6,3	-6,3	-6,2	-6,9	-7,6	-7,9	-9,0	-11,4	-14,4	-17,4	-19,9	-20,7	-21,5	
	2,242	Recording media	-0,4		-0,2					-0,1	0,0	-0,7	-0,8	-0,4					-1,4	-1,0	-0,9	
	6,062	Games and toys	-2,2	-2,1	-1,5	-2,2	-2,7	-3,9	-2,5	-2,4	-2,5	-3,1	-2,4	-2,7	-3,6	-1,9	-1,3	-0,6	-0,4	-0,5	-0,4	
	0,797	Large sports equipment	-0,8	-0,6		-0,8	-1,3	-1,8	-1,5	-1,0	-0,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0			-0,2	
	0,84	Other recreational and sporting articles	-0,5	-0,2	-0,3				-0,3	-0,7	-0,6	-0,1	-0,1	0,0	-1,0	-0,4	-0,8	-0,1				
	2,003	Gardens, plants and flowers								0,0	0,0	-0,7	-0,3		-1,1	-0,3						
	4,284	Books				-0,5	-0,3															
	18,568	Personal care articles							-0,6	-0,7	-0,9	-0,5	-0,3	-0,5	0,0							
	2,812	Other articles for personal use				-0,6				0,0	0,0	0,0	0,0	0,0	-0,9	-1,0	-0,3	-0,4				
SERVICES 54.022	9,775	Services for the maintenance of the dwelling						-0,2	-0,2	-0,2	-0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0				
	1,201	Hospital services	-1,0	-0,9	-0,9	-1,0	-1,0	-1,0	-1,2	-1,1	-1,4	-0,3	-0,1	-0,1	0,0	0,0	0,0	0,0				
	3,478	Other ser. in respect of personal transport equ.						-0,9	-0,9	-1,0	-1,2	-1,1	-0,9	0,0	0,0	0,0	0,0					
	3,321	Air transport					-0,6	-0,7				0,0	-0,7	-0,9	-0,9	-1,3						
	38,06	Telephone services	-0,5	-0,5	-0,5	-0,3	-0,3	-0,3	-0,9	-0,9	-0,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0				
	14,761	Package holidays	-4,6	-5,3	-3,4	-2,2	-0,1	-1,6	-5,3	-5,9	-10,5	-2,7	-8,0	-6,3	-4,3	-2,0						
	1,158	Obligatory education											0,0	0,0	0,0	0,0	0,0	0,0				
	7,524	Hotels and other lodgings					-1,2				-1,4	-0,1	-0,6	-1,7	-1,8	-2,5	-1,3					
NON-PROCESSED FOOD 8.532	8,982	Beef						0,0	-0,3	-0,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0				
	6,111	Pork		-0,3	-1,2	-1,8	-2,2	-2,1	-1,2	-2,0	-2,7	-2,9	-3,9	-4,8	-4,9	-4,9	-4,2	-1,3				
	3,028	Sheep meat	-5,7	-6,4	-5,8	-3,2	-2,0	-1,1		0,0	-2,5	-5,3	-4,6									
	7,642	Poultry			-0,6	-4,1	-4,0	-4,1	-3,7	-3,2	-4,4	-7,7	-9,4	-7,7	-4,1	-3,6	-3,7		-1,3			
	1,453	Other meats, viscera and other non-meat edibles	-0,6	-1,5	-2,9	-1,6	-2,2	-2,4	-2,5	-2,7	-2,6	-3,9	-3,9	-4,4	-4,8	-3,4	-2,4					
	10,066	Fresh fish								0,0	0,0	-1,6	-0,8	-2,9	-5,2	-7,0	-6,2	-1,9				
	2,247	Frozen fish	-0,02	-0,4	-1,0	-1,4	-1,8	-1,6	-1,6	-2,0	-2,9	-3,1	-3,2	-3,2	-2,6	-1,6	-1,2					
	5,436	Crustaceans and molluscs								0,0	0,0	0,0	-1,7	-1,0	-1,2	-2,2	-3,5	-2,1	-1,3	-0,1		
	1,804	Eggs	-1,5	-1,4	-1,5	-2,1	-1,7	-1,3	-0,3	-0,3	-0,6	-0,7	-0,7	-0,6	0,0	0,0	0,0	0,0			-0,2	
	13,013	Fresh fruits							-1,8	-												

CONSUMER PRICE INDEX AND COMPONENTS IN SPAIN																
Annual rates of growth																
		Consumer Prices Index														
		Core				TOTAL		Residual		TOTAL		TOTAL 100%		Confidence intervals at 80% *		
		Processed food excluding tobacco	Tobacco	Non energy industrial goods	Services			Non processed food	Energy							
Weights 2010		12,6%	2,0%	29,0%	39,8%	83,4%		6,5%	10,1%	16,6%						
AVERAGE ANNUAL RATES	2003	2,9	3,8	2,0	3,7	2,9		6,0	1,4	3,6		3,0				
	2004	3,3	5,6	0,9	3,7	2,7		4,6	4,8	4,7		3,0				
	2005	3,0	6,6	0,9	3,8	2,7		3,3	9,6	6,5		3,4				
	2006	3,9	1,5	1,4	3,9	2,9		4,4	8,0	6,3		3,5				
	2007	3,0	8,8	0,7	3,9	2,7		4,7	1,7	3,2		2,8				
	2008	6,9	3,5	0,3	3,9	3,2		4,0	11,9	8,5		4,1				
	2009	-0,7	11,7	-1,3	2,4	0,8		-1,3	-9,0	-5,4		-0,3				
	2010	-1,3	15,0	-0,4	1,3	0,6		0,0	12,5	7,4		1,8				
	2011	0,2	17,5	0,6	1,5	1,4 ± 0,65		2,3	12,5	8,3		2,6 ± 1,03				
	2012	0,1	7,6	0,2	1,5	1,0 ± 1,02		2,3	1,4	1,7		1,1 ± 1,48				
Year-on-year rates	2010	January	-1,9	16,6	-1,7	1,2	0,1		-3,2	11,4	5,6		1,0			
		February	-2,0	17,2	-1,5	1,1	0,1		-3,8	9,9	4,5		0,8			
		March	-1,9	17,2	-1,5	1,3	0,2		-2,2	13,9	7,5		1,4			
		April	-2,0	17,1	-1,5	0,8	-0,1		-1,3	16,7	9,5		1,5			
		May	-1,6	17,0	-1,1	1,0	0,2		-0,8	16,4	9,6		1,8			
		June	-1,3	17,7	-0,8	1,0	0,4		0,5	10,9	6,8		1,5			
		July	-1,0	11,7	-0,1	1,4	0,8		1,1	11,8	7,6		1,9			
		August	-0,9	11,6	0,2	1,5	1,0		1,6	8,9	6,0		1,8			
		September	-0,6	11,6	0,4	1,5	1,1		1,3	11,1	7,2		2,1			
		October	-0,5	11,6	0,6	1,5	1,1		2,1	12,6	8,4		2,3			
		November	-0,4	11,6	0,8	1,5	1,2		2,2	11,7	8,0		2,3			
		December	-0,3	20,8	0,9	1,6	1,5		2,6	15,6	10,5		3,0			
	2011	January	-0,4	21,6	0,9	1,6	1,5 ± 0,18		3,0	18,0	11,7		3,3 ± 0,17			
		February	0,0	19,2	0,9	1,6	1,6 ± 0,30		3,3	18,3	12,1		3,4 ± 0,35			
		March	0,1	20,5	0,9	1,6	1,6 ± 0,40		3,0	14,9	10,0		3,1 ± 0,53			
		April	0,5	21,4	1,0	1,6	1,7 ± 0,47		3,0	12,2	8,5		2,9 ± 0,72			
		May	0,4	22,4	1,0	1,7	1,8 ± 0,55		3,0	12,1	8,4		2,9 ± 0,89			
		June	0,4	16,0	1,0	1,7	1,6 ± 0,61		2,3	13,0	8,6		2,8 ± 1,03			
		July	0,3	16,6	0,5	1,4	1,3 ± 0,69		2,0	12,5	8,2		2,5 ± 1,17			
		August	0,2	16,5	0,4	1,3	1,2 ± 0,76		1,5	12,9	8,2		2,4 ± 1,28			
		September	0,1	16,7	0,3	1,3	1,2 ± 0,85		1,6	12,2	7,8		2,3 ± 1,38			
		October	0,1	16,7	0,2	1,4	1,2 ± 0,92		1,4	10,4	6,7		2,1 ± 1,47			
		November	0,1	16,7	0,2	1,4	1,2 ± 0,99		1,7	8,7	5,8		2,0 ± 1,54			
		December	0,1	8,0	0,2	1,4	1,0 ± 1,04		2,0	5,7	4,2		1,5 ± 1,62			
	2012	January	0,2	6,9	0,2	1,4	0,9 ± 1,09		2,0	0,9	1,3		1,0 ± 1,70			
		February	0,2	7,0	0,2	1,4	0,9 ± 1,13		2,0	0,8	1,3		1,0 ± 1,73			
		March	0,2	7,0	0,2	1,5	0,9 ± 1,16		2,2	1,8	2,0		1,1 ± 1,74			
		April	0,1	6,9	0,1	1,3	0,9 ± 1,17		2,2	2,2	2,2		1,1 ± 1,74			
		May	0,1	6,9	0,1	1,5	0,9 ± 1,18		2,3	2,0	2,1		1,1 ± 1,74			
		June	0,1	7,9	0,1	1,5	1,0 ± 1,19		2,4	1,7	2,0		1,1 ± 1,74			
		July	0,1	7,9	0,2	1,5	1,0 ± 1,19		2,5	1,4	1,8		1,1 ± 1,74			
		August	0,1	7,9	0,2	1,5	1,0 ± 1,21		2,5	1,2	1,7		1,1 ± 1,74			
		September	0,1	7,9	0,2	1,5	1,0 ± 1,21		2,4	1,2	1,7		1,1 ± 1,74			
		October	0,1	7,9	0,2	1,6	1,0 ± 1,21		2,3	1,2	1,6		1,1 ± 1,74			
		November	0,1	7,9	0,2	1,6	1,0 ± 1,21		2,3	1,1	1,6		1,1 ± 1,74			
		December	0,1	9,1	0,2	1,6	1,1 ± 1,21		2,3	1,1	1,6		1,2 ± 1,74			

* Confidence intervals calculated with historical errors

*The figures in the shaded area are Forecasts

Source: INE & BIAM(UC3M)

Date: January 28, 2011



CONSUMER PRICE INDEX AND COMPONENTS IN SPAIN											
Monthly rates of growth											
			Consumer Prices Index								
			Core				TOTAL	Residual		TOTAL 100 %	
			Processed food excluding tobacco	Tobacco	Non energy industrial goods	Services		Non processed food	Energy		TOTAL
Weights 2010			12,6%	2,0%	29,0%	39,8%	83,4%	6,5%	10,1%	16,6%	
MONTHLY RATES (Growth of the month over the previous month)	January	2009	-0,1	2,7	-4,4	0,3	-1,4	0,3	-0,8	-0,4	-1,2
		2010	-0,2	1,8	-4,4	-0,1	-1,6	0,2	2,8	1,8	-1,0
		2011	-0,1	2,5	-4,4	0,0	-1,5	0,5	4,9	3,1	-0,7
		2012	0,0	1,5	-4,4	0,0	-1,5	0,5	0,2	0,3	-1,2
	February	2009	-0,3	1,6	-0,6	0,2	-0,1	-0,7	1,3	0,5	0,0
		2010	-0,4	2,1	-0,4	0,1	-0,1	-1,4	0,0	-0,5	-0,2
		2011	-0,1	0,0	-0,4	0,1	-0,1	-1,0	0,3	-0,2	-0,1
		2012	-0,1	0,1	-0,4	0,2	-0,1	-1,0	0,2	-0,3	-0,1
	March	2009	-0,3	0,0	1,0	0,3	0,4	-1,3	-1,1	-1,2	0,2
		2010	-0,2	0,0	1,1	0,5	0,5	0,4	2,5	1,7	0,7
		2011	0,0	1,2	1,1	0,4	0,6	0,1	-0,5	-0,3	0,4
		2012	0,0	1,2	1,1	0,5	0,6	0,2	0,5	0,4	0,6
	April	2009	-0,3	0,1	2,7	0,6	1,2	-0,4	0,3	0,0	1,0
		2010	-0,4	0,0	2,7	0,1	0,9	0,5	2,7	1,9	1,1
		2011	-0,2	0,8	2,7	0,1	1,0	0,5	0,4	0,4	0,9
		2012	-0,2	0,7	2,7	-0,1	0,9	0,6	0,7	0,6	0,8
	May	2009	-0,5	0,1	0,3	-0,3	-0,1	-0,5	0,9	0,3	0,0
		2010	-0,1	0,0	0,6	-0,1	0,2	0,0	0,7	0,4	0,2
		2011	-0,1	0,8	0,7	0,1	0,3	0,0	0,6	0,4	0,3
		2012	-0,1	0,8	0,7	0,3	0,4	0,1	0,4	0,3	0,3
	June	2009	-0,2	6,1	-0,5	0,3	0,0	-0,8	4,4	2,4	0,4
		2010	0,1	6,7	-0,2	0,3	0,2	0,5	-0,5	-0,1	0,2
		2011	0,0	1,1	-0,2	0,2	0,1	-0,2	0,3	0,1	0,1
		2012	0,0	2,1	-0,2	0,2	0,1	-0,1	0,0	0,0	0,1
	July	2009	-0,3	6,0	-3,9	0,5	-1,1	-0,1	0,3	0,1	-0,9
		2010	0,0	0,5	-3,3	0,8	-0,7	0,6	1,1	0,9	-0,4
		2011	-0,1	1,0	-3,7	0,5	-1,0	0,2	0,6	0,5	-0,8
		2012	-0,1	1,0	-3,7	0,5	-1,0	0,3	0,3	0,3	-0,8
	August	2009	0,1	0,0	-0,5	0,5	0,1	0,2	2,5	1,7	0,3
		2010	0,2	0,0	-0,2	0,6	0,3	0,7	-0,1	0,2	0,3
		2011	0,1	0,0	-0,3	0,5	0,2	0,3	0,2	0,2	0,2
		2012	0,1	0,0	-0,2	0,5	0,2	0,3	0,0	0,1	0,2
	September	2009	-0,2	0,0	0,8	-0,7	-0,1	0,3	-1,7	-1,0	-0,2
		2010	0,1	0,0	1,1	-0,7	0,0	0,1	0,2	0,2	0,1
		2011	0,0	0,1	0,9	-0,7	0,0	0,2	-0,4	-0,2	0,0
		2012	0,0	0,1	0,9	-0,7	0,0	0,1	-0,4	-0,2	0,0
	October	2009	0,0	0,0	2,7	-0,1	0,9	-0,5	0,0	-0,2	0,7
		2010	0,1	0,0	2,9	-0,2	0,9	0,3	1,3	0,9	0,9
		2011	0,0	0,0	2,8	-0,1	0,9	0,1	-0,2	-0,1	0,7
		2012	0,0	0,0	2,8	0,1	1,0	0,0	-0,2	-0,1	0,8
	November	2009	0,1	0,0	1,4	-0,2	0,4	-0,1	1,9	1,2	0,5
		2010	0,2	0,0	1,5	-0,2	0,5	0,1	1,2	0,8	0,5
		2011	0,3	0,0	1,5	-0,2	0,5	0,4	-0,4	-0,1	0,4
		2012	0,2	0,0	1,5	-0,2	0,5	0,4	-0,4	-0,1	0,4
	December	2009	0,1	0,0	-0,4	0,3	0,0	0,2	-0,6	-0,3	0,0
		2010	0,2	8,3	-0,3	0,4	0,3	0,6	2,8	2,0	0,6
		2011	0,2	0,2	-0,3	0,4	0,1	0,8	-0,1	0,3	0,1
		2012	0,2	1,3	-0,3	0,4	0,1	0,9	-0,1	0,3	0,2

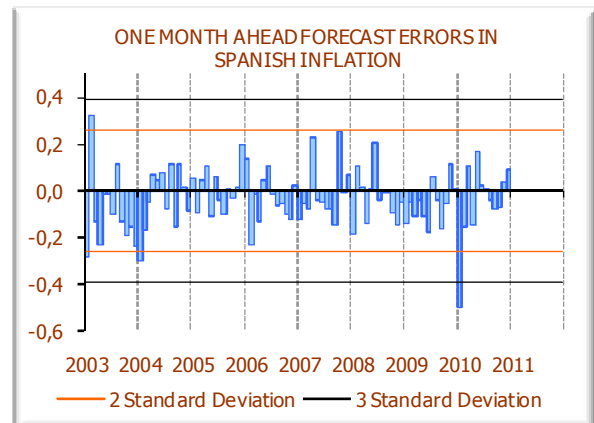
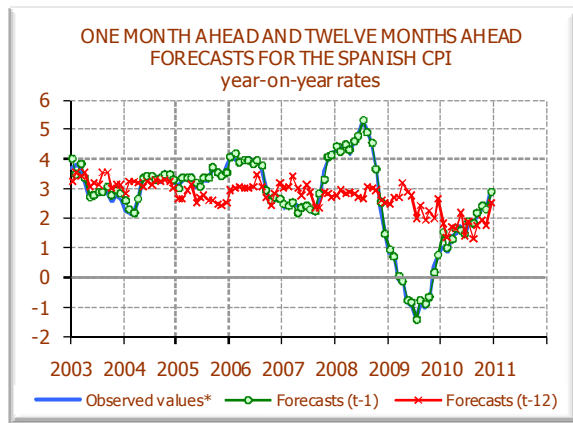
* The figures in the shaded area are Forecasts

Source: INE & BIAM(UC3M)

Date: January 28, 2011



FORECASTS ERRORS IN SPAIN



INFLATION IN SPAIN				
Annual rates, December, 2010				
Consumer Price Index CPI	Weights 2010	Observed	Forecasts	Confidence Intervals at 80%
Processed food	14,54	2,58	2,37	0,48
Non-energy industrial goods	29,02	0,85	0,75	0,31
Services	39,80	1,55	1,60	0,17
CORE	83,36	1,49	1,43	0,18
Non-processed food	6,55	2,60	2,76	0,96
Energy	10,09	15,61	14,95	0,71
RESIDUAL	16,64	10,49	9,91	0,73
TOTAL	100	2,99	2,89	0,17

Source: INE & BIAM (UC3M)

Date: January 14, 2011



INFLATION BY COMPONENTS IN THE CONSUMER PRICE INDEX OF SPAIN										
Annual average rates										
				Weights 2010	2007	2008	2009	2010	2011	2012
CPI Total	Core Inflation	Processed food	AE less tobacco & fats	10,3	4,5	7,4	-0,1	-1,2	0,2	0,1
			Oils & Fats	0,6	-16,8	2,2	-11,4	-2,6	0,1	1,1
			Tobacco	1,7	8,8	3,5	11,7	15,0	17,5	7,6
				12,6	3,8	6,7	0,9	1,0	2,7	1,2
		Non energy industrial goods	Vehicles	5,6	1,4	-0,5	-3,8	-1,1	2,0	0,5
			Footwear	1,8	1,3	1,4	-0,4	0,5	1,3	1,2
			Clothing	6,6	0,9	0,4	-2,1	-0,6	0,3	0,1
			Rest	15,0	0,3	0,3	-0,1	-0,2	0,3	0,0
			29,0	0,8	0,4	-1,2	-0,4	0,6	0,2	
		Services	Postal services	0,0	3,6	2,8	2,8	4,5	2,1	2,0
			Cultural services	1,9	3,1	2,8	2,7	1,4	1,3	1,6
			Education	0,9	4,1	3,4	2,5	2,1	2,0	2,1
			Hotels	0,8	5,5	4,2	-1,4	0,2	1,4	1,5
			Health	2,5	4,2	4,1	3,9	2,7	2,8	2,9
			Household equipment	1,9	4,2	4,4	3,4	2,5	2,5	2,5
			Restaurants	11,8	4,8	4,7	2,2	1,3	1,4	1,3
			Telephone	3,7	0,3	0,6	0,1	-0,4	0,1	0,0
			Transports	5,6	3,1	4,1	3,1	2,2	2,5	2,2
			Package holidays	1,5	0,6	4,5	0,2	-4,6	-4,0	-3,2
			University	0,5	5,3	5,2	5,3	3,3	3,2	3,7
			Housing	5,4	4,6	4,1	3,0	1,7	2,0	1,8
			Rest	3,3	3,9	3,8	2,4	1,6	1,7	1,8
				39,8	3,8	3,9	2,4	1,3	1,5	1,5
			83,4	2,7	3,2	0,8	0,6	1,4	1,0	
	Residual Inflation	Non processed foods	Meat	2,4	5,2	3,9	-0,6	-1,9	1,9	3,4
			Fruits	1,2	4,5	9,4	0,3	-1,2	0,7	1,1
			Eggs	0,2	4,3	10,7	1,2	-1,1	-1,1	-0,3
			Vegetables	0,8	6,4	2,4	2,1	1,3	5,5	3,6
			Mollusc	0,5	0,1	-0,2	-2,2	3,2	6,7	4,9
			Potatoes	0,3	8,4	-1,7	-7,0	7,6	9,0	3,2
			Fish	1,2	2,5	1,2	-4,6	1,3	-0,4	-0,8
				6,5	4,5	3,8	-1,2	0,0	2,3	2,3
		Energy	Heat energy	5,9	1,4	13,0	-15,2	16,9	12,2	2,1
			Fuels	0,5	-0,8	23,5	-32,7	24,7	17,6	2,9
			Electricity and gas	3,7	2,1	8,7	2,1	4,2	12,1	0,2
				10,1	1,7	11,9	-9,0	12,5	12,5	1,4
			16,6	3,1	8,2	-5,2	7,4	8,3	1,7	
			100,0	2,8	4,1	-0,3	1,8	2,6	1,1	

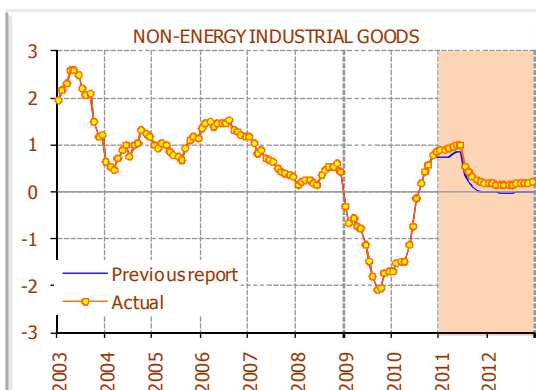
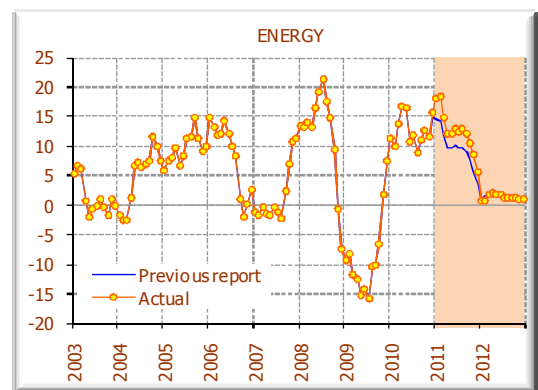
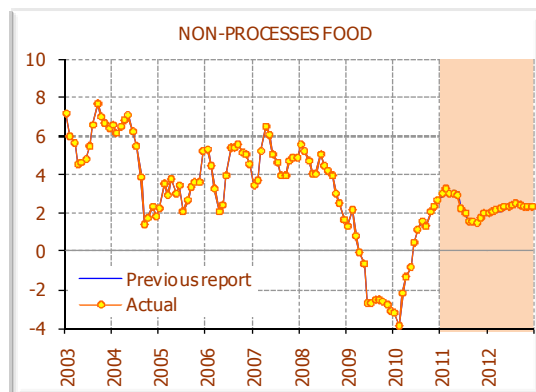
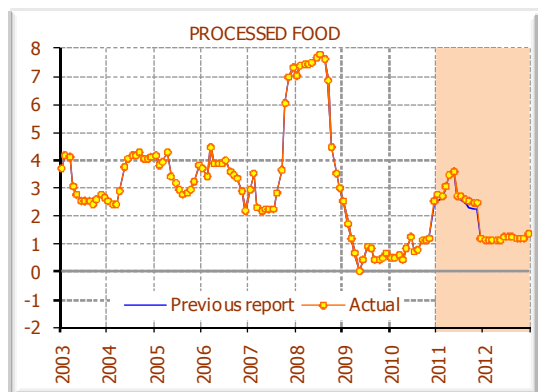
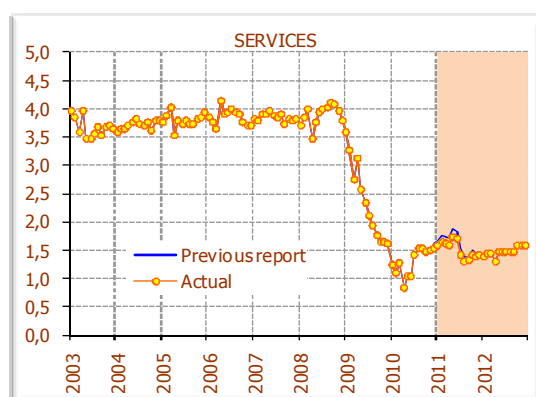
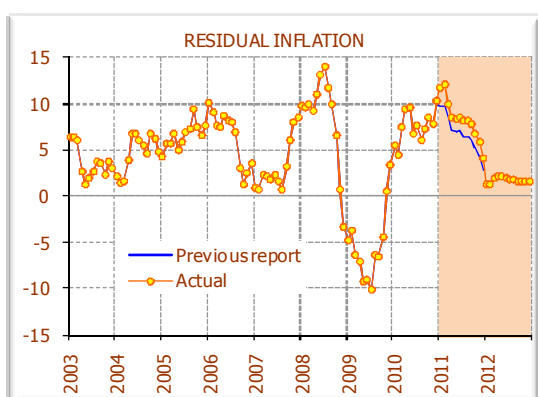
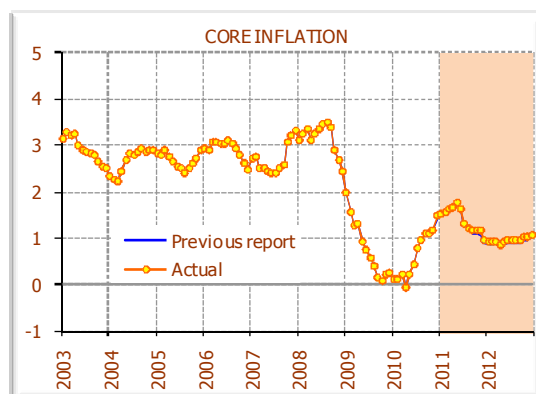
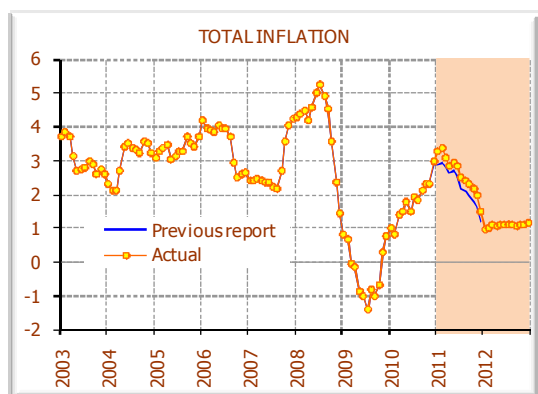
* The figures in the shaded area are forecasts

Source: INE & BIAM(UC3M)

Date: January 28, 2011



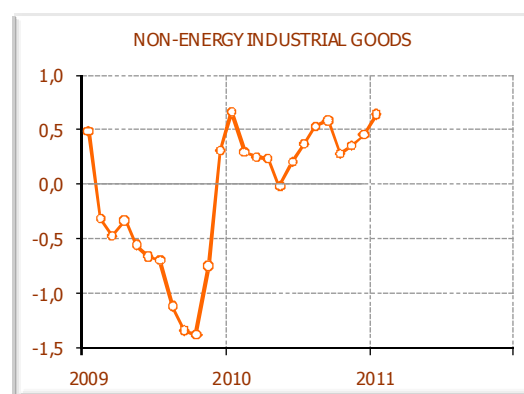
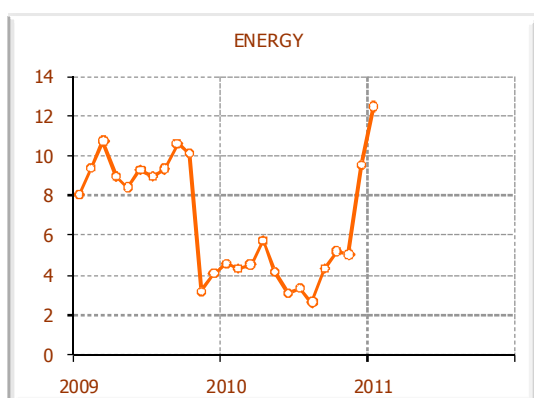
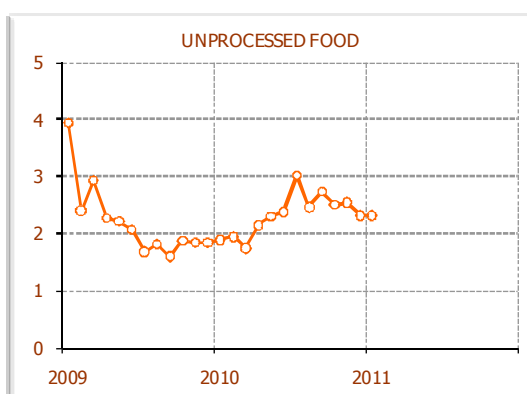
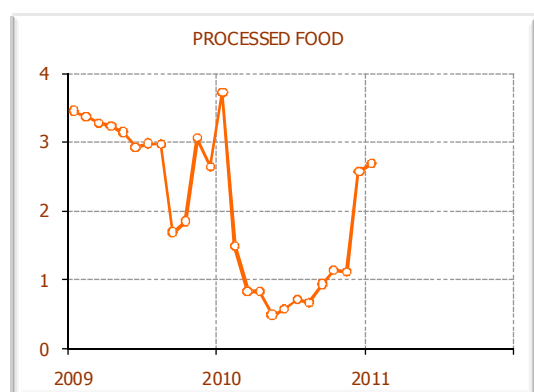
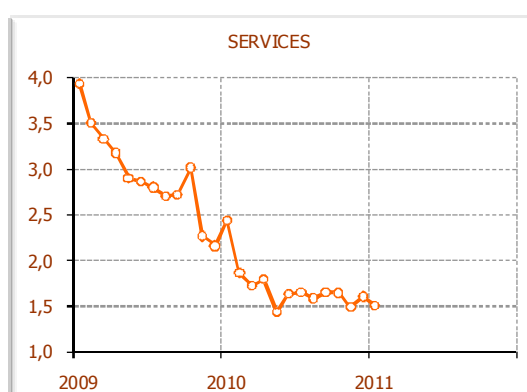
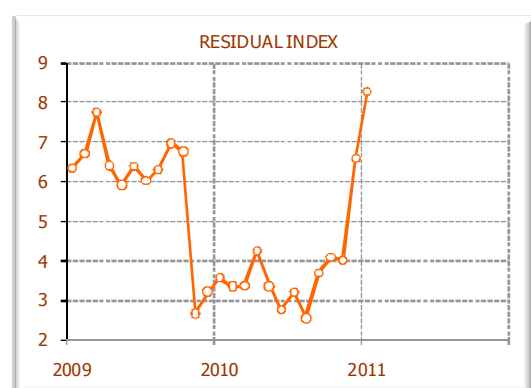
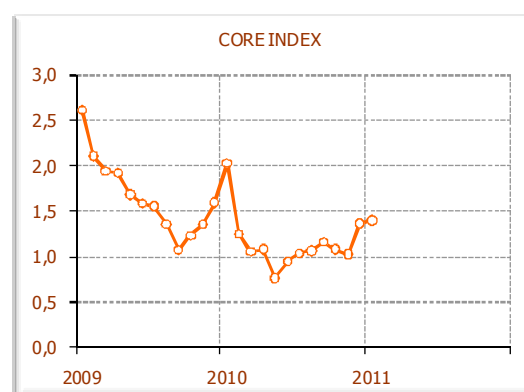
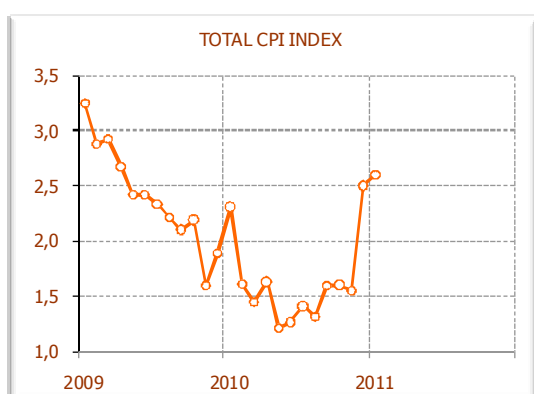
CHANGE IN FORECASTS OF ANNUAL RATE OF INFLATION BY SPECIAL GROUPS IN SPAIN Year-on year rates



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



FORECASTS FOR 2011 ANNUAL AVERAGE CPI GROWTH RATE BY COMPONENT



Note: These graphs show the average anual CPI growth rates forecast in the Bulletin published in the month on the abscissa

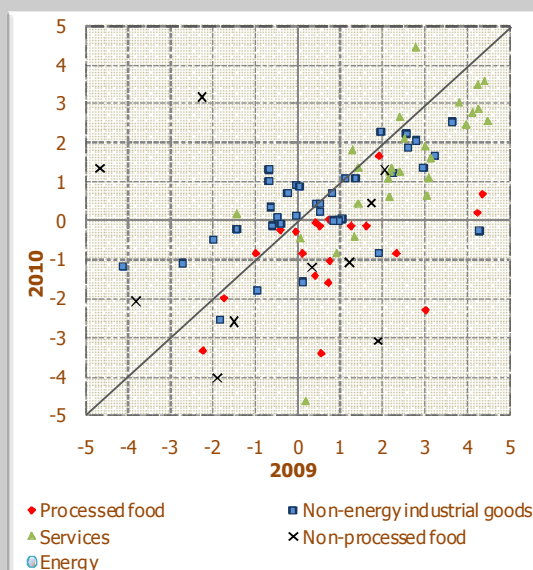
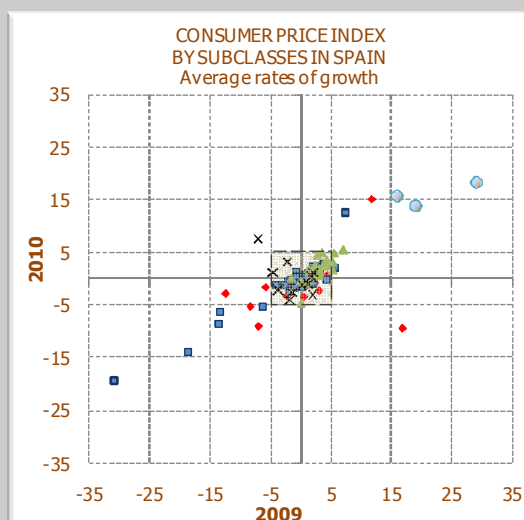
Source: INE & BIAM (UC3M)

Date: January 28, 2011



INFLATION FORECASTING BY SUBCLASS IN SPAIN

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



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

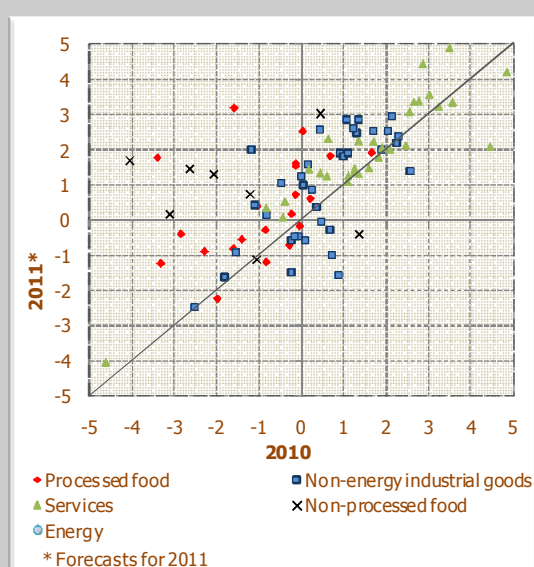
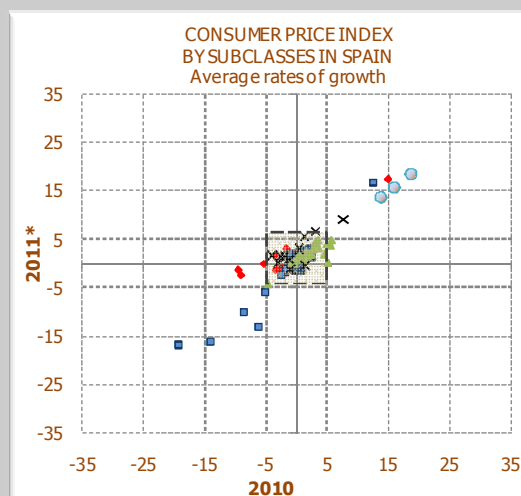
Source: EUROSTAT & BIAM (UC3M)

CONSUMER PRICE INDEX BY SUBCLASS IN SPAIN					
Annual average rates of growth					
	2008	2009	2010	2011	2012
PROCESSED FOOD					
Rice	18,8	16,8	-9,4	-1,2	-0,4
Flours and cereals	8,7	0,5	-3,4	1,8	0,8
Bread	8,9	0,0	-0,3	-0,7	-0,8
Pastry goods, cakes, mixes and doughs for bakery pi	7,5	1,6	-0,1	1,6	1,5
Farinaceous-based products	18,5	-5,8	-1,6	-0,8	-1,1
Delicatessen type meat products	3,3	0,4	0,0	-0,1	-0,4
Processed meat products	4,8	2,3	-0,8	0,3	0,8
Preserved and processed fish	5,3	0,7	0,0	2,6	1,8
Milk	15,6	-8,3	-5,2	0,1	-0,6
Other dairy products	7,6	-2,2	-3,3	-1,2	-2,6
Cheeses	10,0	-0,4	-0,2	0,2	1,2
Preserved fruits, nuts and dried fruits	2,1	0,4	-1,4	-0,5	-0,8
Dried pulses and vegetables	10,8	-1,0	-0,8	-1,2	-0,7
Frozen and preserved pulses and vegetables	7,8	0,7	-1,0	0,4	-0,3
Sugar	0,3	-6,9	-9,0	-2,3	-0,7
Chocolates and confectionery	5,3	0,5	-0,1	0,8	1,9
Other food products	8,7	4,2	0,2	0,6	0,3
Baby food	3,7	-1,7	-2,0	-2,2	-2,4
Coffee, cocoa and infusions	7,1	1,3	-0,1	1,6	1,4
Mineral water, soft drinks, fruit and vegetable juices	4,0	3,0	-2,3	-0,9	0,0
Spirits and liqueurs	4,5	1,9	1,7	1,9	1,8
Wines	4,7	0,1	-0,8	-0,2	0,0
Beer	5,5	4,3	0,7	1,9	2,6
Tobacco	3,5	11,7	15,0	17,5	7,6
Butter and margarine	16,2	0,7	-1,6	3,2	2,0
Oils	1,1	-12,4	-2,8	-0,4	0,8
NON-ENERGY INDUSTRIAL GOODS					
Men's outerwear	0,1	-2,0	-0,5	1,1	1,2
Men's underwear	1,2	0,0	0,9	1,9	1,8
Women's outerwear	0,3	-2,7	-1,1	0,5	-0,6
Women's underwear	1,4	0,0	0,9	-1,6	-1,1
Children's and infants' garments	0,6	-1,4	-0,2	-1,5	-0,5
Clothing accessories of garments	1,4	-0,2	0,7	-1,0	-0,1
Men's footwear	1,3	0,0	0,1	1,6	1,5
Women's footwear	1,6	-0,7	1,0	1,8	1,8
Children's and infants' footwear	1,3	-0,5	0,1	-0,6	-0,9
Motor vehicles	-0,5	-4,1	-1,2	2,0	0,5
Other vehicles	-2,4	1,0	0,0	1,0	0,1
Spare parts and maintenance accessories	4,6	-0,7	1,3	2,5	2,1
Materials for the maintenance and repair of the dwe	5,1	3,0	1,4	2,9	2,7
Water supply	4,9	5,7	2,1	2,9	2,8
Furniture	3,9	1,1	1,1	2,9	2,7
Other equipments	2,7	0,5	0,4	2,6	2,1
Household textiles	2,2	0,5	0,2	0,9	0,7
Refrigerators, washing machines and dishwashers	-1,9	-1,0	-1,8	-1,6	-1,8
Cookers and ovens	-0,8	0,1	-1,6	-0,9	-1,4
Heating and air conditioning	-0,5	0,8	0,7	-0,3	-0,4
Other household appliances	-0,2	0,5	0,5	0,0	-0,1
Glassware, crockery and cutlery	3,1	2,6	1,9	2,0	1,1
Other kitchen utensils and furnishing	3,7	2,6	2,2	2,2	2,1
Tools and accessories for house and garden	3,0	1,9	2,3	2,4	1,9
Cleaning household articles	1,7	1,9	-0,8	0,1	0,6
Other non-durable household articles	2,7	1,4	1,1	1,9	1,3
Medicines and other pharmaceutical products	-6,5	-6,3	-5,3	-6,0	-4,6
Therapeutic appliances and equipment	3,6	1,0	0,0	1,3	1,4
Telephone equipments	-25,7	-30,9	-19,3	-16,9	-22,7
Equip. for the reception, recording and reproduction i	-12,7	-13,7	-8,6	-10,0	-11,8
Photographic and cinematographic equipments	-18,0	-18,5	-14,0	-16,1	-22,1
Information processing equipments	-21,5	-13,3	-6,1	-13,2	-17,9
Recording media	-0,9	-0,4	-0,1	-0,5	-0,4
Games and toys	-0,4	-1,8	-2,5	-2,5	-1,8
Large sports equipment	0,6	4,3	-0,3	-0,5	0,8
Other recreational and sporting articles	1,1	-0,6	-0,1	-0,5	-0,3
Gardens, plants, flowers and pets	5,3	2,8	2,1	2,6	2,1
Books	2,0	2,2	1,2	2,6	1,9
Newspapers and magazines	2,2	3,6	2,6	1,4	1,4
Material de papelería	3,7	3,2	1,7	2,5	2,0
Personal care articles	2,2	0,8	0,0	1,2	0,8
Jewellery, costume jewellery, clocks and watches	11,1	7,5	12,5	16,7	10,4
Other articles for personal use	1,1	-0,6	0,4	0,4	0,2

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



CONSUMER PRICE INDEX BY SUBCLASS IN SPAIN					
Annual average rates of growth					
	2008	2009	2010	2011	2012
SERVICES					
Maintenance and repair services	4,8	4,1	2,8	3,4	3,0
Other services related to vehicles	3,3	1,3	-0,4	0,5	-0,4
Railway transport	3,7	5,5	4,9	4,2	4,2
Road transport	4,2	5,3	1,7	2,2	2,4
Air transport	13,7	3,0	0,6	2,3	2,4
Other transport services	7,3	7,0	5,5	3,9	4,1
Insurances connected with transport	2,0	1,3	1,8	1,8	1,5
Restaurants, bars, coffee bars, canteens	4,7	2,2	1,3	1,4	1,3
Hotels and other lodgings	4,2	-1,4	0,2	1,4	1,5
Package holidays	4,5	0,2	-4,6	-4,0	-3,2
Higher education	5,2	5,3	3,3	3,2	3,7
Postal services	2,8	2,8	4,5	2,1	2,0
Telephone services	0,6	0,1	-0,4	0,1	0,0
Rentals for housing	4,2	3,1	1,1	1,3	0,9
Services for the maintenance and repair of the dwell	5,1	1,4	0,4	1,3	1,3
Sewerage collection	3,4	3,8	3,0	3,6	3,2
Out-of-hospital medical and paramedical services	4,9	2,2	1,4	2,2	2,6
Dental services	3,2	2,4	1,3	1,5	1,5
Hospital services	3,4	0,9	-0,8	0,3	0,6
Medical services	4,7	6,9	5,6	4,9	4,8
Recreational and sporting services	1,7	2,1	1,1	1,1	1,6
Cultural services	3,6	3,1	1,6	1,5	1,5
Education	3,4	2,5	2,1	2,0	2,1
Repair of footwear	6,2	4,2	3,5	4,9	4,6
Domestic service and other household services	4,8	3,0	1,9	2,1	2,1
Insurances connected with the dwelling	3,5	4,4	3,6	3,3	3,1
Personal care services	4,0	1,4	1,4	1,3	1,3
Social services	4,6	4,0	2,5	2,1	2,7
Other insurances	3,9	4,5	2,6	3,1	3,0
Financial services	4,7	3,6	5,1	0,3	0,3
Other services	2,2	2,2	0,6	1,2	1,4
Repair of household appliances	4,3	4,2	2,9	4,4	3,6
Repairs and cleaning of garments	4,7	2,4	2,7	3,3	3,4
NON-PROCESSED FOOD					
Beef	4,0	1,7	0,5	3,0	5,1
Pork	1,6	-3,8	-2,1	1,3	2,5
Mutton	5,3	1,9	-3,1	0,2	3,2
Poultry	4,3	-1,9	-4,0	1,7	2,0
Other meats, viscera and other non-meat edibles	7,0	-1,5	-2,6	1,4	4,7
Fresh fish	1,2	-4,6	1,3	-0,4	-0,8
Crustaceans and molluscs	-0,2	-2,2	3,2	6,7	4,9
Eggs	10,7	1,2	-1,1	-1,1	-0,3
Fresh fruits	9,4	0,3	-1,2	0,7	1,1
Fresh pulses and vegetables	2,4	2,1	1,3	5,5	3,6
Potatoes and processed potato products	-1,7	-7,0	7,6	9,0	3,2
ENERGY					
Electricity and gas	8,7	15,8	15,8	15,8	14,5
Other fuels	23,5	29,0	18,6	18,6	14,4
Fuels and lubricants	13,0	19,0	13,8	13,8	10,5



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

Source: EUROSTAT & BIAM (UC3M)

Date: January 28, 2011



IV.3. AN ANALYSIS OF THE FOREIGN SECTOR THROUGH THE CURRENT ACCOUNT BALANCE

The high foreign disequilibrium accumulated by the Spanish economy in the last period of growth, which lasted until mid-2007, has been cut by half since the onset of the economic and financial crisis, from 10% of the GDP in 2007 to 4.7% in 2010. The process has been a fast one, as the deficit had a high cyclic component, largely thanks to the automatic stabilisers. However, the current account deficit now has a high structural component, meaning that it will be corrected much more slowly. Both households and firms are correcting their previously accumulated debts, and they both present a surplus in their accounts in 2010. The public sector, however, continues to present a high deficit.

IV.3.1. Introduction

In the last period of growth, from 1997 to mid-2007, the Spanish economy generated considerable and unprecedented foreign disequilibrium. By the end of the period, it had accumulated a current account deficit of 10% of the GDP, after starting with a small positive balance.

The current account deficit is due to excess domestic demand relative to national production, and it is usually of a cyclical nature. Domestic demand cannot be covered by domestic production in periods of growth. Together with the reduced export capacity of our businesses, this pushes the current account deficit up. In recessive periods, however, imports decrease and the deficit starts to be corrected. From another perspective, the current account deficit can also be interpreted as insufficient domestic savings to finance investment, with the rest covered by the savings of other economies.

The Spanish economy's accumulation of high current account deficits is traditional and largely due to the structural nature of our negative balance of trade due to a competitiveness problem. The causes of such deficits and their persistence are well known and have been discussed in depth in previous issues of the Bulletin. In general, our firms appear to find it difficult to export and compete on foreign markets. This is not only due to cyclical or occasional factors such as rising oil or raw material prices at certain times, but to structural factors. They

include low productivity growth, higher unit labour costs than our principal competitors and a high inflation differential with euro area countries, although it was favourable in 2009 and the core inflation rate was also favourable in 2010. In these two years, our unit labour prices also grew less than in the area for the very first time.

Such a high current account deficit would not have been possible if Spain had not belonged to the euro area. The euro's introduction involved much slacker monetary conditions for the economy and an increase in financing facilities. It is evident that they encouraged the generation of the deficit. Prior to the currency's introduction, a highly negative balance of trade used to reduce the domestic growth rate. The problem started with difficulties in obtaining foreign funding, which led to a devaluation process and spending adjustment programmes in order to gain competitiveness and correct the imbalance.

The current economic crisis enabled the deficit to be corrected much faster than expected, at least in 2008 and 2009, although the pace decreases significantly in 2010. This correction was due to the drop in domestic demand, shown by a much heavier cut in imports than in exports. This shows that our foreign markets are not suffering as much as the domestic market, so our economy is certainly one of the most affected by the economic and financial crisis.

IV.3.2. Analysis of the current account balance

The current account balance registered an unprecedented deficit of 10% of the GDP, equivalent to 105,318 million euros. With the onset of the crisis, the deficit started to fall, particularly in 2009, when it was reduced by nearly 5 points to 5.5%. The correction process continued in 2010, albeit at a much slower pace. Indeed, it fell by nearly one point in the first three quarters, to 4.8% of the GDP, equivalent to 37,873 million euros. The reduction, then, in the last three years, represented

Forecast for the current account deficit in 2011 and 2012 slightly moderates until 3.8% and 3.1% of the GDP, respectively.

The current economic crisis enabled the deficit to be corrected much faster than expected, at least in 2008 and 2009, although the pace decreases significantly in 2010.



The trade deficit forecast shows that the correction will continue reaching 3.4% and 2.6% of the GDP in 2011 and 2012, respectively.

around 67,445 million euros. Such an adjustment had never before occurred in the Spanish economy; in a way, it was due to the reversal of the factors that had pushed the figure up in the last period of growth.

The most recent information on foreign trade, referring to October and November, shows that the deficit continued to be corrected in the last quarter of 2010. Indeed, our forecast shows a current account deficit of 4.7% of the GDP in 2010, equivalent to 49,930 million euros, 8,035 million less than in 2009 (13.9%) and a cut of 5.3 pp since 2007, equivalent to 55,424 million. The forecast for the current account deficit in 2011 and 2012 is a moderate correction of 3.8% and 3.1% of the GDP, respectively. The forecast for 2011 has improved by two tenths of a point and this is the first forecast estimated for 2012 (see graph IV.3.2.1).

When analysing the current account deficit by component, we find that it continues to largely depend on the balance of trade. However, this degree of dependence has fallen slightly in the last few years (see graphs IV.3.2.1 and IV.3.2.2). The turning point is found in 2005, when both deficits were the same. Until then the balance of trade exceeded the current account balance, and since then this situation has been reversed. However, their movements before and after the turning point run parallel. This change is due to the fact that tourism and, to a lesser extent, current transfers and primary rents, have declined in relative terms and represent less compensation of the trade deficit.

In 2010, the trade deficit correction process ceased. In the first three quarters, it deteriorated slightly to 4.4% of the GDP. The deficit in the first three quarters of 2010 totalled 34,465 million, 1,218 million more than were accumulated in the same period of 2009. This was particularly due to the energy component, which more than counteracted the good results of the non-energy sectors. According to customs data up to November 2010, the trade deficit was improving in the fourth quarter, so the forecast for 2010 is 4.3% of the GDP, one tenth of a point more than in 2009. The trade deficit forecast for 2011 y 2012 shows that it will continue to be corrected to 3.4%

of the GDP in 2011 and 2.6% in 2012. This is supported by the expected weakness of our domestic demand and strong exports in a context of consolidation of international economic recovery.

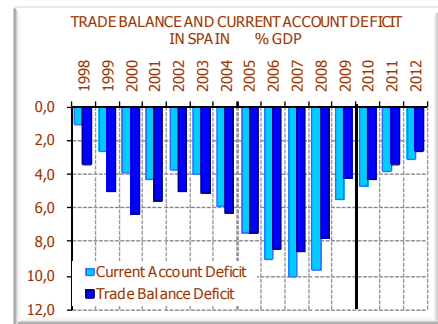
In the last few years, the traditionally positive tourist balance started to fall. In 2009 it was 2.7% of the GDP, seven tenths of a point less than in 2004; this may change in 2010, however, as the balance for the first three quarters is 3% of the GDP and the forecast for the year is 2.8%. The traditionally negative balance of other services is falling gently. In the first nine months of 2010 it was 0.5% of the GDP, the figure forecast for the entire year. Therefore, the joint balance for tourism and other services was 2.5% of the GDP in the first three quarters of 2010, two tenths of a point more than a year earlier. The forecast for the entire year is 2.4%, three tenths more than in 2009.

Primary rents have corrected their deficit significantly, from 2.8% of the GDP in 2008 to 2.3% in 2009, with 1.9% forecast for 2010; this trend is largely due to falling interest rates. With regards to current transfers, largely comprising monies sent abroad by immigrants, the balance still shows a deficit. In 2010 it will be 0.9% of the GDP, compared with 1% in 2009 and 1.1% in 2008. The explanation can be found in the rising number of unemployed immigrants and a larger number of immigrants returning to their countries of origin.

IV.3.3. The Spanish economy's capacity (+) or need (-) for financing

The need for foreign funding is obtained by adding the capital transfers balance to the current account balance. In the Spanish economy, the former is usually positive, although small, so the need (-) or capacity (+) for financing is determined by the

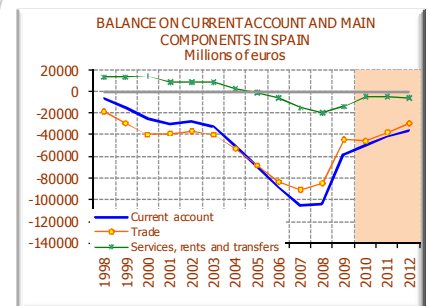
Graph IV.3.2.1



Source: INE (EPA)

The joint balance for tourism and other services was 2.5% of the GDP in the first three quarters of 2010, two tenths of a point more than a year earlier. The forecast for the entire year is 2.4%, three tenths more than in 2009.

Graph IV.3.2.2



Source: INE (EPA)

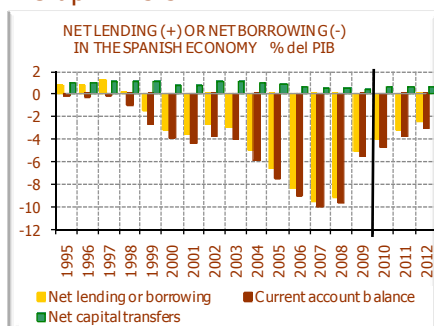


In 2008, at the onset of the crisis, borrowing requirements started to fall. It fell to 9.2% in 2008, to 5.1% in 2009 and to 4.2% in the first three quarters of 2010 (the forecast for the year is 4.1%).

current account balance. In 2009, the capital transfers balance totalled 4,029 million euros, 0.4% of the GDP, one tenth of a point less than the previous year (it has been falling continuously in the last few years). In 2010, however, it rose slightly to 5,212 million in the first three quarters, and the forecast for the year is 0.6% of the GDP. The reduction in capital transfers in the last few years is largely due to a reduction in transfers from the European Union. Spain has benefited from EU structural funds for several years, but they were reduced considerably when its income levels increased.

Graph IV.3.2.3 shows the evolution of the Spanish economy's capacity or need for financing in this century. It shows the close relationship between said capacity or need and the current account balance. There was a systematic and high need for foreign financing in 2001-2010 and the same is expected of 2011 and 2012. Since the start of the century, the country's need for financing increased

Graph IV.3.3.1



Source: INE (EPA)

from 3.5% of the GDP in 2001 to a peak 9.6% in 2007. In 2008, at the onset of the crisis, the need for financing started to fall. It fell to 9.2% in 2009, to 5.1% in 2009 and to 4.2% in the first three quarters of 2010 (the forecast for the year is 4.1%). This trend is expected to continue in 2011 and 2012, although at a slower pace. Indeed, for this year, we expect the need for financing to be 3.2% of the GDP; falling to 2.5% in 2012.

Despite the heavy reduction in the current account deficit and the Spanish economy's need for financing since the onset of the crisis, together with the forecast for 2011 and 2012, the problem of sustained high deficits continues. The correction process since the onset of the crisis is due to the drop in domestic demand, and therefore has a high cyclical component, but when that drop ceases and recovery starts, we can expect the current account deficit, and the need for financing, to rise. This is because the deficit of the goods and services balance has a high structural component derived from Spain's reduced

competitiveness. As our economy will continue to maintain high foreign deficits, the current and future structural reforms must be not only credible but successful. Lenders will then not tighten financing conditions when they see that problems are appropriately tackled, so the risk premium will not rise and there will be no credit constraints.

IV.3.4. The foreign deficit from a saving and investment perspective

As we mentioned earlier, the current account deficit and need for financing shows that domestic demand is greater than domestic production. However, from another viewpoint it can also be seen as the difference between domestic savings and domestic investment. In this case, an economy's need for financing means that domestic savings are not enough to finance investment and foreign funding (savings) is required. The opposite is true if there is financing capacity.

Graph IV.3.2.4 shows the evolution of savings and investment, as a proportion of the GDP, from the mid-1990s to 2010. The differences between the saving and investment rates each year shows the economy's need or capacity for financing. Since the introduction of the euro in 1999, the investment rate has been higher than the rate of saving, showing that Spain has needed foreign financing. This divide grew, largely due to the greater financing facilities provided by the new macroeconomic context, peaking in 2007, at the end of the period of growth. The graph also shows that that need was due to dynamic investment, although after 2003 the reduction in the rate of saving also had an impact. Indeed, in 2006 and 2007 the investment rate was 31% of the GDP, having been less than 22% in 1995. This was partly due to the property boom but even if we exclude property investment, the rate also rose. However, with the onset of the crisis, the investment rate fell by 1.7 points in 2008 and 4.4 in 2009. It will probably fall by 1.3 in 2010, to 23.1%. Although all components were affected by this drop in investment, construction was the most affected sector, especially the property segment.

The rate of saving grew slightly in 1995-2003, ending the period at 23.4% of the GDP. It then started to gradually decline to 18.9% by 2009 and is expected to be



18.6% in 2010. Therefore, the improvement in the need for financing after the economic crisis is due to the drop in investment, as the divide between savings and investment is considerably smaller, as the rate of saving has fallen at a slower pace than the investment rate.

This analysis can also be broadened to include the institutional sectors: households, firms and the public sector. Graph 5 shows the evolution of the financial status of the three institutional sectors from 2001 to 2010. We see that, since the onset of the crisis (2007), firms and households have been reducing their liabilities, while the public sector went from a surplus in 2007 to a significant deficit in 2009 (11.3% of the GDP), although it has fallen, as expected, in 2010 to 9.2% and is expected to decrease in 2011 to around 6%. Households registered a small surplus in 2008, which has grown significantly in the next two years. Firms are also reducing their financing requirements significantly at the present stage of the crisis.

Up to 2007, firms represented most foreign fund requirements, 8.6% of the GDP in 2006 and 9.2% in 2007. Financial firms, however, usually represented a small surplus. After 2007, firms started to reduce their liabilities and the ratio fell by more than three points in 2008 and to 0.7% of the GDP in 2009. They will probably have financing capacity in 2011 (1.5% of the GDP).

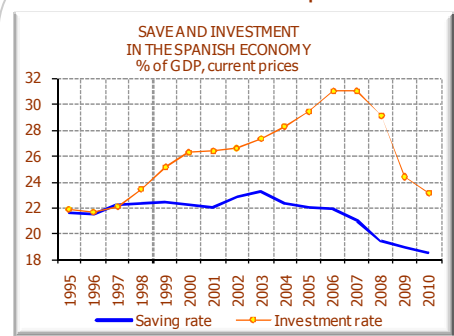
The household sector has traditionally had financing capacity, as households used to save more than they invested in housing. Their other savings were used to finance other sectors. Since the mid-1990s, however, this capacity decreased and foreign funding has been required since 2003, leading to a deficit of 1.9% of the GDP in 2006 and 2.4% in 2007. This was due to the property boom resulting from easy access to credit, helping to significantly increase the current account deficit. When the boom ended in 2007, the household investment rate started to drop and the rate of saving to grow, so the sector started to register a surplus. In 2008, this financing capacity was 1% of the GDP. It increased spectacularly in 2009 to 6.1% and is estimated at 3.1% for 2010.

Since the mid-1990s, the public sector has done exactly the opposite. In Spain, it traditionally presents a deficit, which was

close to 4% of the GDP in 2001. It then started to decrease, and the sector had financing capacity in 2005-2007; indeed, in 2006 the surplus was 2% of the GDP, followed by 1.9% in 2007. In 2008, however, the deficit was significant, 4.1% of the GDP, and it grew as high as 11.1% in 2009. The forecast for 2010 is 9.3% and the country's commitment with Brussels is 6% in 2001 and 3% in 2013. The spectacular increase in public deficit in the first two years of the crisis was due both to less income and to more expenditure. The correction process in 2010 was due to spending constraints and higher VAT rates.

The analysis above shows that households currently present a surplus, so they have gone back to their traditional role as providers of financing for other sectors how that their only investment item, housing, has fallen significantly. Firms are also reducing their deficits, so the private sector is improving its financial status. The public sector is reducing its high deficit, for which it has been forced to apply fiscal measures that will necessarily hinder growth and recovery from the crisis. Some structural reforms are also being applied (labour market and pensions, etc.). They are absolutely essential if we are to guarantee more sustained and balanced growth in the future than in the past. These reforms also increase market confidence, so the financing for our foreign debts is both more accessible and at a lower cost.

Graph IV.3.4.1

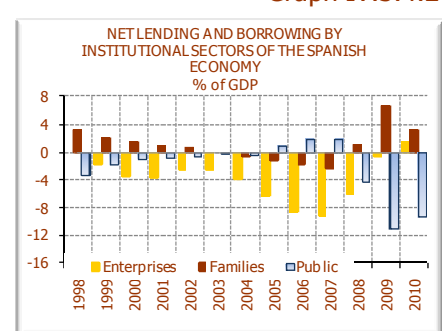


Source: INE (EPA)

The improvement in the borrowing need after the economic crisis is due to the drop in investment, as the divide between savings and investment is considerably smaller.

Since the onset of the crisis (2007), firms and households have been reducing their liabilities, while the public sector went from a surplus in 2007 to a significant deficit in 2009 (11.3% of the GDP), although it has fallen, as expected, in 2010 to 9.2% and is expected to decrease in 2011 to around 6%.

Graph IV.3.4.2

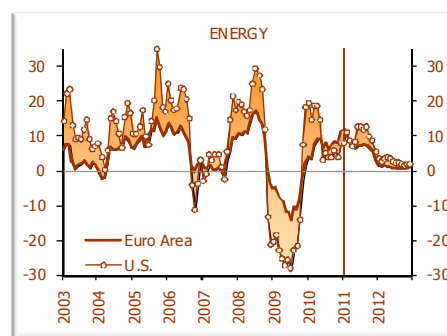
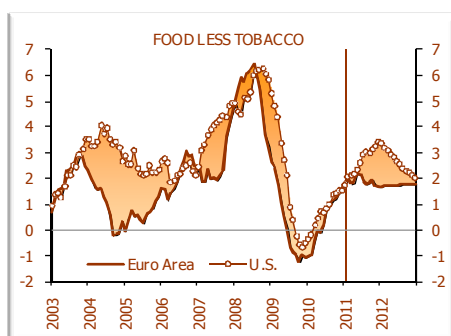
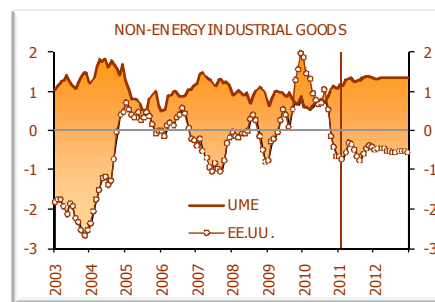
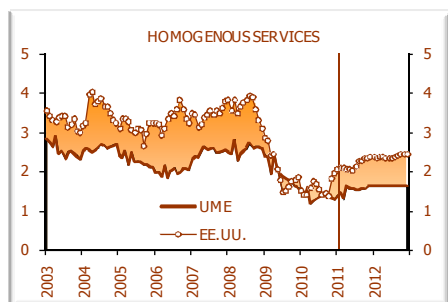
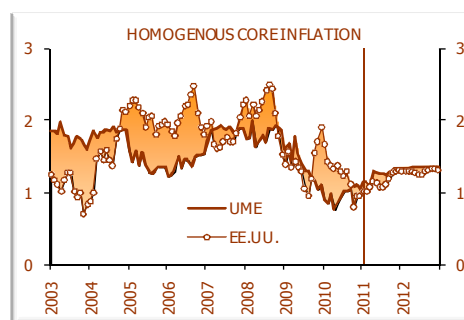
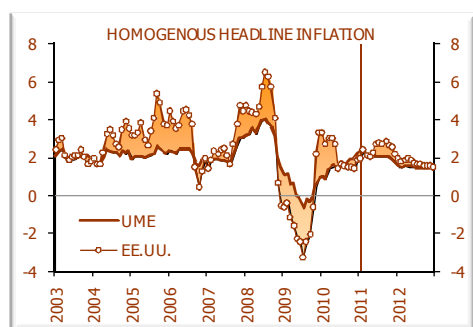


Source: INE (EPA)



V. SUMMARY OF FORECASTS FOR DIFFERENT AREAS

HOMOGENOUS INFLATION IN THE EURO AREA AND U.S.										
Annual average rates										
	Weights 2010	2004	2005	2006	2007	2008	2009	2010	Forecasts	
									2011	2012
TOTAL										
less Owner's equivalent rent of primary residence										
Euro area	100,0	2,1	2,2	2,2	2,1	3,3	0,3	1,6	2,1	1,5
U.S.	76,4	2,8	3,7	3,1	2,7	4,3	-1,0	2,2	2,4	1,7
HOMOGENOUS CORE INFLATION										
- Non-energy industrial goods and Services, less Processed Food in the Euro area.										
- Non-energy industrial goods less Tobacco in U.S.										
- Services less Owner's equivalent rent of primary residence in U.S.										
Euro area	71,1	1,8	1,4	1,4	1,9	1,8	1,4	1,0	1,3	1,4
U.S.	53,2	1,6	2,1	2,1	1,8	2,1	1,4	1,2	1,1	1,3
COMPONENTS OF HOMOGENOUS CORE INFLATION										
Services less Owner's equivalent rent of primary residence										
Euro area	41,4	2,6	2,3	2,0	2,5	2,6	2,0	1,4	1,5	1,6
U.S.	32,8	3,6	3,1	3,3	3,4	3,6	2,0	1,6	2,2	2,4
Non-energy industrial goods less Tobacco										
Euro area	29,7	0,8	0,3	0,6	1,0	0,8	0,6	0,4	0,9	1,0
U.S.	20,4	-1,0	0,3	0,1	-0,7	-0,1	0,5	0,7	-0,5	-0,5
EXCLUDED COMPONENTS FROM HOMOGENOUS CORE INFLATION										
Food less Tobacco										
Euro area	17,1	1,0	0,6	2,1	2,6	5,3	0,2	0,4	1,9	1,7
U.S.	13,7	3,4	2,4	2,3	4,0	5,5	1,8	0,8	2,7	2,6
Energy										
Euro area	9,6	4,5	10,1	7,7	2,6	10,3	-8,1	7,4	7,4	1,1
U.S.	8,6	10,9	16,9	11,2	5,5	13,9	-18,4	9,5	9,6	2,5



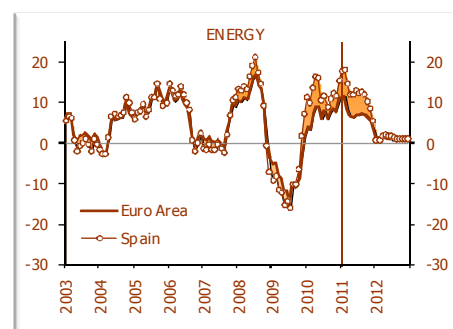
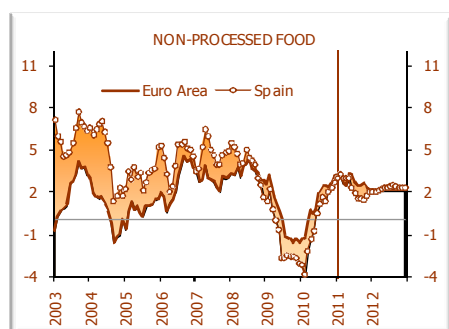
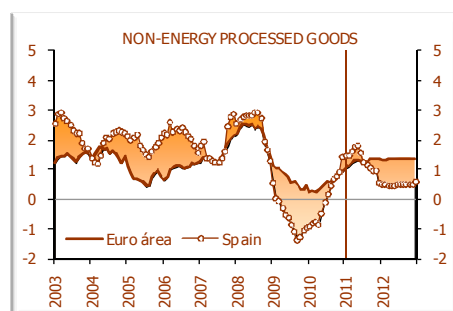
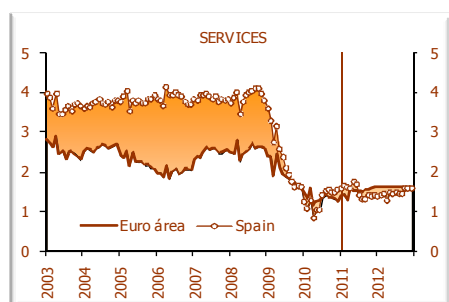
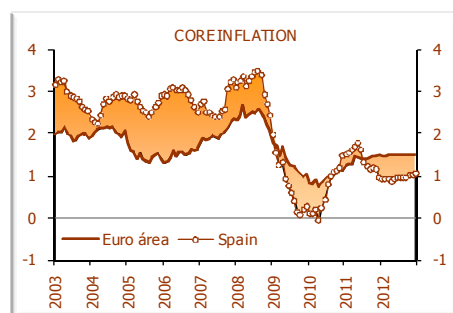
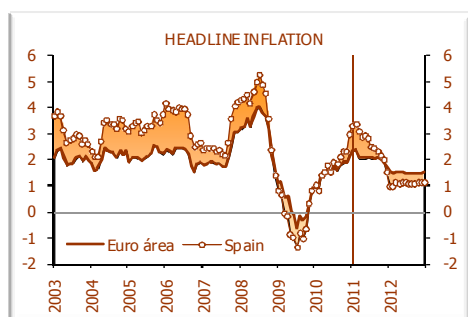
1. Excluding owner's equivalent rent of primary residence. 2. This homogeneous measure of core inflation does not coincide with the usual measure of core inflation for the euro area nor for the USA. It has been constructed in order to compare the data in the euro area and in the USA.

Source: EUROSTAT, BLS & BIAM (UC3M)

Date: January 14, 2011



INFLATION IN SPAIN AND IN THE EURO AREA											
Annual average rates											
	Weights 2010	2004	2005	2006	2007	2008	2009	2010	Forecasts		
									2011	2012	
TOTAL											
Spain	100,0	3,0	3,4	3,5	2,8	4,1	-0,3	1,8	2,6	1,1	
Euro area	100,0	2,1	2,2	2,2	2,1	3,3	0,3	1,6	2,1	1,5	
CORE INFLATION											
Services and Non-energy industrial goods											
Spain	82,5	2,7	2,7	2,9	2,7	3,2	0,8	0,6	1,4	1,0	
Euro area	83,0	2,1	1,5	1,5	2,0	2,4	1,3	1,0	1,4	1,5	
COMPONENTS OF CORE INFLATION											
Processed food											
Spain	13,4	3,6	3,4	3,6	3,8	6,7	0,9	1,0	2,7	1,2	
Euro area	11,9	3,4	2,0	2,1	2,8	6,1	1,1	0,9	2,3	2,4	
Non-energy industrial goods											
Spain	30,1	1,0	1,1	1,5	0,8	0,4	-1,2	-0,4	0,6	0,2	
Euro area	29,7	0,8	0,3	0,6	1,0	0,8	0,6	0,4	0,9	1,0	
Services											
Spain	38,9	3,6	3,7	3,8	3,8	3,9	2,4	1,3	1,5	1,5	
Euro area	41,4	2,6	2,3	2,0	2,5	2,6	2,0	1,4	1,5	1,6	
COMPONENTS OF RESIDUAL INFLATION											
Non-processed food											
Spain	7,2	4,4	3,4	4,2	4,5	3,8	-1,2	0,0	2,3	2,3	
Euro area	7,5	0,6	0,8	2,8	3,0	3,5	0,2	1,2	2,8	2,1	
Energy											
Spain	10,3	4,8	9,6	8,0	1,7	11,9	-9,0	12,5	12,5	1,4	
Euro area	9,6	4,5	10,1	7,7	2,6	10,3	-8,1	7,4	7,4	1,1	



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



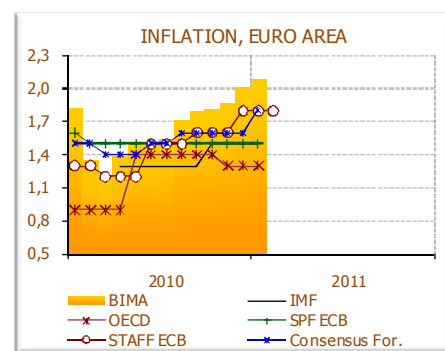
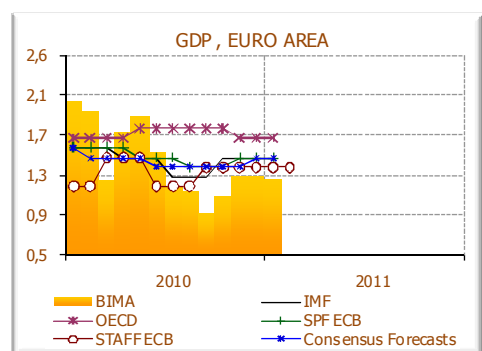
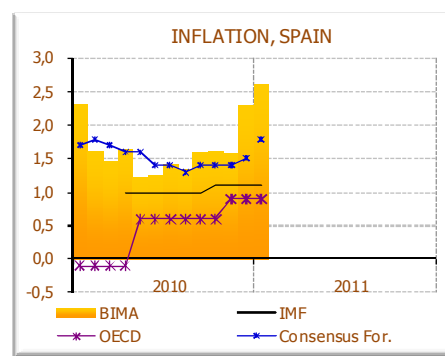
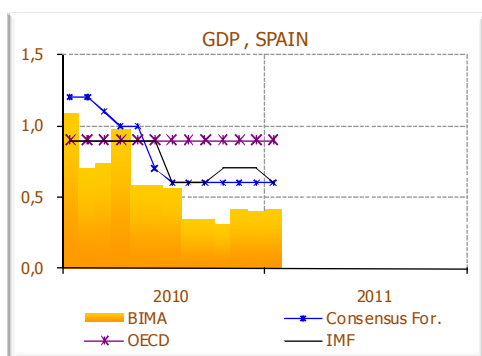
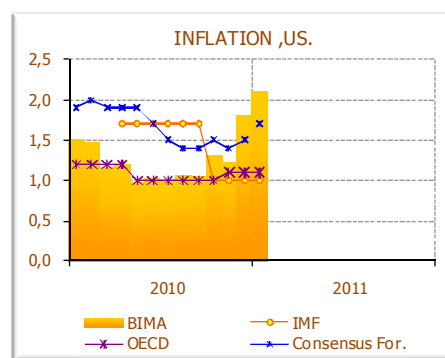
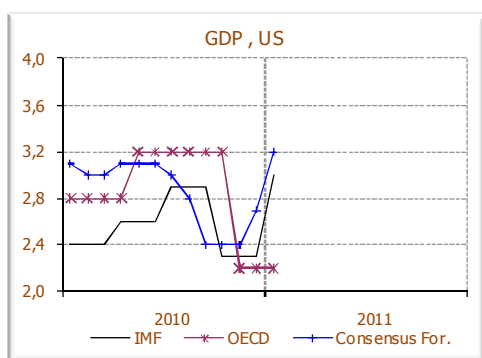
VI. FORECASTS OF DIFFERENT INSTITUTIONS

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

1. Consensus Forecasts, January, 2011.
2. BIMA. Bulletin of EU & US Inflation and Macroeconomic Analysis, January, 2011.
3. FMI. IPC: World Economic Outlook. October, 2010; GDP: January, 2011.
4. OCDE. Euro area and US: Interim Economic Outlook, November, 2010
5. BCE SPF, "Survey of Professional Forecasters", November, 2010.
6. BCE STAFF, staff macroeconomic projection for the Euro Area. December, 2010. Point forecast for interval.

EVOLUTION OF FORECASTS FOR 2011

Annual average rates





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NOTA: **payment must be made before February 15 to ensure continued delivery of the Bulletin.**

INDICATORS CALENDAR

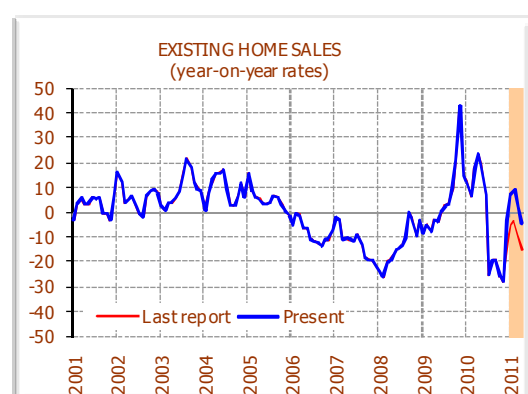
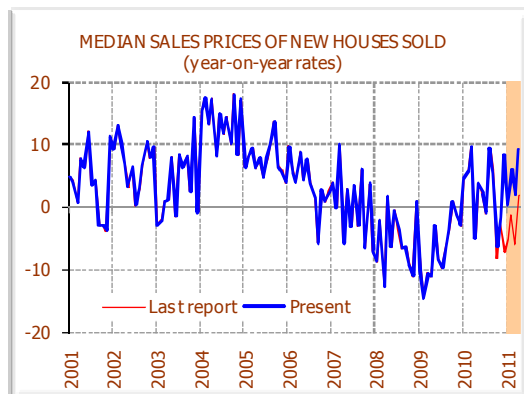
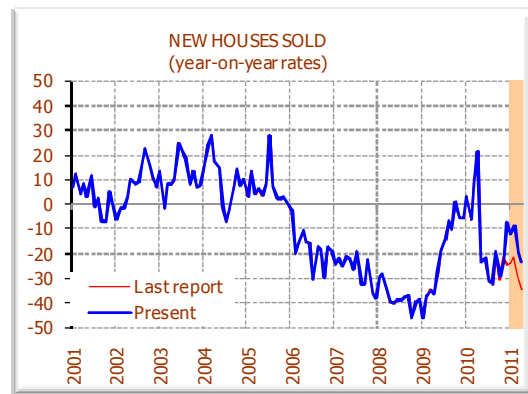
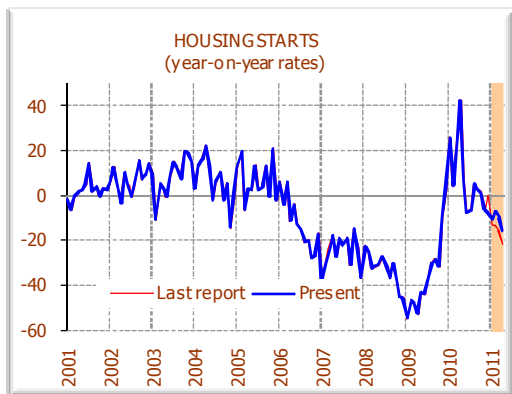
JANUARY						
					1	2
3 Spanish HCPI (D.A. December)	4 Euro Area HICP (D.A. December) Paro Registrado España (December)	5 Spanish IPI (November)	6 Spanish ESI Euro Area ESI (December)	7 Euro Area GDP (2nd)	8	9
10	11	12	13	14 USA CPI Euro Area HICP Spanish CPI (December) USA IPI (December)	15	16
17	18	19	20	21	22	23
24	25	26	27 Spanish ESI Euro Area ESI (January)	28 Spanish EAPS (IV Quarter)	29	30

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

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



Sales in the north-american real state market keep falling but expectations on prices improve. Both new and second hand homes are near to show positive annual rates.



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