

The impact of the pandemic on Spain's businesses

WHAT MATTERS

The impact of the pandemic on **Spanish household and corporate sector accounts**

Spain's business demographics post-COVID-19: An initial assessment

The resilience of Spain's manufacturers in the face of COVID-19

Stimulating business creation: Analysis and proposals

Market values of European and Spanish banks: Contraction and recovery against the backdrop of COVID-19

Payments in year two of the pandemic

Deterioration in **Spain's public finances** in the wake of COVID-19

SEFO

SPANISH AND INTERNATIONAL
ECONOMIC & FINANCIAL OUTLOOK

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Letter from the Editors

Progress on the vaccination front, albeit highly uneven, has ushered in a change in global economic momentum that is already being foreshadowed by economic indicators. This wave of growth is reaching Europe and should be supported further by the upcoming disbursement of Next Generation EU funds. Economic indicators in Spain too are sending broadly positive signals, pointing to a recovery. Within this context, the publication of the May issue of *Spanish and International Economic & Financial Outlook (SEFO)* is marked by a more constructive backdrop.

As Spain heads into the second stage of the COVID-19 crisis, the recovery phase, this issue of *SEFO* takes a look at the asymmetrical impact of the crisis on Spain's business fabric, both in broad terms and for specific industry segments.

To frame our analysis, we start out this issue of *SEFO* by assessing the impact of the pandemic on households and corporates. Although the impact of COVID-19 on the Spanish economy was substantial, the extent to which it hit the household and corporate sectors' finances differed in several notable ways. Thanks to generous government protection measures, such as the furlough and income support schemes, households' gross disposable income (GDI) declined by just 3.3% in 2020, which is considerably lower than the contraction in GDP. Notably,

Spain's household savings rate shot up to 14.7% of GDI in 2020 from 6.3% in 2019. That said, it is possible the drop in income was concentrated in low-income households, while the growth in savings occurred primarily in medium- and high-income households, which could have consequences for post-pandemic consumption and savings trends. Meanwhile, gross operating profit of the non-financial corporate sector declined by 18% in 2020 with the sector's net lending position deteriorating to 2.4% of GDP. This has contributed to a fall in the number of businesses operating in Spain. While the recently announced government support measures directed towards the business community were a welcome development, these data suggest that additional measures are needed in order to prevent even greater structural damage. That said, the increase in public indebtedness could leave the economy more vulnerable when the ECB eventually winds down asset purchases.

We then focus on Spain's business demographics as a consequence of the pandemic. Specifically, this *SEFO* places particular emphasis on the performance of the manufacturing sector – a sector that seems to have demonstrated resilience in the face of the COVID-19 crisis in terms of output, but may face a mixed outlook going forward, given the contraction in new businesses created and some deterioration in employment trends.

Although previous crises have had adverse effects on business volume indicators and corporate dynamism, the extent to which COVID-19 has impacted Spanish businesses is unprecedented. For example, business turnover in the first few months of the pandemic contracted by nearly twice as much as during the financial crisis. In terms of corporate dynamism, there was an average year-on-year reduction in the number of net new businesses of 72% in April 2020. However, closer analysis reveals that some sectors have been hit harder than others, with the subsequent recovery speeds also differing across industries. While the manufacturing industry contracted for 15 consecutive months during the financial crisis, it has sustained a relatively rapid recovery in turnover during the COVID-19 crisis. Conversely, turnover in the retail sector remains 10% below pre-crisis levels. Although it is difficult to be more precise, evidence suggests that the positive performance within the retail sector comes from the sale of food and everyday products, while the rest of the retail sector is still struggling with uncertainty and difficulties. That said, manufacturing fared less well in terms of business dynamism, where the number of net new businesses contracted by 20%, slightly less than the 22% registered by the hospitality sector (accommodation and food service activities). These data highlight the need to design economic support measures in accordance with each sector's trajectory, reality and reasonable outlook.

While Spain's GDP contracted by more than the other core EU countries in 2020, its manufacturing sector has proved surprisingly resilient. At 10.8%, the Spanish manufacturing sector's GVA posted the smallest contraction, with Germany's manufacturing GVA plunging by 11.3%, more than double its fall in GDP. Admittedly, part of this is explainable by the fact that tourism, a key sector for Spain, collapsed in 2020, weighing heavily on GDP. Also relevant is the fact that Spain entered the crisis after several years of stronger growth in output in the manufacturing sector compared to Germany, France and Italy. Notably, the recovery in Spanish manufacturing took longer to emerge due to the prolongation of lockdown measures compared

with peer countries. However, by December 2020, Spanish manufacturing production was down just 2% year-on-year. In terms of manufacturing employment trends, Spanish firms had a strong record of job creation going into the crisis. However, by the second quarter of 2020, the number of hours worked in the manufacturing industry had fallen significantly, with job losses rising incrementally despite the temporary job protection scheme.

Apart from assessing the performance of Spain businesses to date, we look ahead at the outlook for business creation in Spain, taking into account the relevant policy considerations necessary to underpin a constructive environment. The Ministry of Economic Affairs and Digital Transformation has published a document titled "Measures for Fostering Business Creation and Growth" that argues in favour of increasing the average size of Spain's enterprises to close the productivity gap. But many studies show that it is not company size that determines productivity levels but productivity that determines size and that the breakdown of a country's enterprises by size segments is the result of market discipline, competition and management practices. Although the government argues that the minimum capital required for setting up an LLC is an impediment to business creation, reducing this amount could send a misleading message to start ups about the real financial needs of going into business. More attention should also be paid to the employer and management training market in Spain and the gap in formal education between the two. In terms of regulations relating to enterprise size thresholds, it may be necessary to review these but such a review should be approached from a broad perspective that takes general interest goals into account. Lastly, business creation policy underestimated the internal costs of growth. As a first step in taking them into consideration, the government could benefit from commissioning a white book on management practices in Spain.

The next section of the May *SEFO* shifts the attention back to the financial system. First, we analyse the performance of European bank stocks throughout the pandemic. As well, we look

at the impact of the health crisis on payments trends in Spain. European and Spanish banks' share prices took a significant hit during the peak of the COVID-19 crisis. Measured using price-to-book value, Spanish and European banks were trading at a low of 0.3x (*i.e.* at a discount to their book value of 70%) in 2020. At the start of the crisis, some bank stocks lost more than 50% of their value, compared to average index correction of 20-25%. However, towards the end of 2020 and beginning of 2021, banks have been one of the best-performing sectors, significantly outperforming the broader indices. Although both European and Spanish banks' share prices have rebounded, the recovery has been more intense for the Spanish banking sector. These strong recoveries are due to monetary and fiscal measures as well as a rebound in M&A activity and progress on the vaccination front. Banks' shares also received a significant boost from the sizeable upward shift in rate curves. Notably, the experience of banks' CoCo bonds has highlighted the asymmetric nature of these instruments. Their prices contracted by less than ordinary bank shares yet went on to rebound more strongly.

COVID-19 has accelerated shifts in social and economic patterns that predate the crisis, including those in the retail payments sphere. Last year, there were 4.7 billion card transactions at the point of sale (PoS), up 4.4% from 2019. This is despite the overall drop in the volume of transactions due to strict lockdowns and social distancing requirements. Although the growth rate in card payments is lower than seen in previous years, the contraction in cash sales was considerably more pronounced in 2020. Evidence also shows an increased willingness of consumers to use alternative digital payment options. For example, the percentage of the population that made a payment from their mobile handset increased from 55.66% before the pandemic to 63.22 % during the final months of 2020. Meanwhile, the percentage of the population using P2P applications to transfer money increased from 62.79% to 75.26% over the same timeframe. Looking forward, QR codes and biometric payments are expected to grow in

popularity due to their user-friendliness, security and speed. Nevertheless, it will not be possible to determine the extent of the shift in consumer preferences for payment technologies until some degree of normality returns.

Finally, we close the issue with an assessment of the health of public balances, as well as present the latest forecasts as regards the evolution of Spain's deficit and debt figures. Spain reported a public deficit of 10.1% of GDP in 2020, which ultimately rose to 11.0% following the assumption of the reclassified deficit of the SAREB, or Spain's so-called bad bank. Much of this was concentrated in the central government, whose deficit came in 0.89 percentage points of GDP higher than initially forecast due in large part to transfers made to sub-central governments. The deficit is the result of two primary factors: an increase in spending and a fall in revenue. Specifically, spending rose to finance furlough schemes, healthcare expenses and income support for the self-employed. While personal income tax receipts rose in 2020, VAT and corporate tax receipts plummeted. The 2021 General State Budget includes a deficit of 8.4% of GDP in 2021. Upward pressure on the deficit could come from solvency support for the corporate sector and the rollover of fiscal and bankruptcy protection. Downward pressure on the deficit could arise from a positive trend in corporate income tax, VAT revenue and the gradual withdrawal of the measures passed in 2020 to mitigate the effects of the pandemic. However, the uncertainty regarding the economy and, particularly, the absence of a medium-term consolidation plan, raises considerable doubts about the forecast trajectory in public debt over the coming years.

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What's Ahead (Next Month)

Month	Day	Indicator / Event	
June	1	Tourist arrivals (May)	
	2	Social Security registrants and official unemployment (May)	
	7	Industrial production index (April)	
	10	ECB monetary policy meeting	
	11	CPI (May)	
	17	Eurogroup meeting	
	17	Foreign trade report (April)	
	24	Quarterly National Accounts (1 st quarter 2020, 2 nd release)	
	24	Balance of payments quarterly (1 st quarter 2020)	
	24-25	European Council meeting	
	29	Retail trade (May)	
	29	Preliminary CPI (June)	
	30	Non-financial accounts, State (May)	
	30	Non-financial accounts, Regional Governments and Social Security (April)	
	30	Non-financial accounts, General Government (1 st quarter 2020)	
	30	Balance of payments monthly (April)	
	30	Quarterly Non-financial Sector Accounts (1 st quarter 2020)	
	July	2	Social Security registrants and official unemployment (June)
		2	Tourist arrivals (June)
		6	Industrial production index (May)
12		Quarterly Financial Accounts (1 st quarter 2020)	
14		CPI (June)	
16		Foreign trade report (May)	
22		ECB monetary policy meeting	
29		Labour Force Survey (2 nd quarter 2020)	
29		Preliminary CPI (July)	
30		Retail trade (June)	
30		Non-financial accounts, State (June)	
30		Non-financial accounts, Regional Governments and Social Security (May)	
30		Preliminary Quarterly National Accounts (2 nd quarter 2020)	
30	Balance of payments monthly (May)		

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What Matters



5 **The impact of the pandemic on Spanish household and corporate sector accounts**

Data show that COVID-19's impact on Spanish households has been smaller than that sustained by its non-financial corporations, thanks in part to generous support schemes for Spanish workers. Going forward, additional measures will be required to buoy Spanish firms, but this could leave Spain's public debt more vulnerable if the ECB tightens its monetary policy stance.

María Jesús Fernández



15 **Spain's business demographics post-COVID-19: An initial assessment**

While the effect of COVID-19 on Spanish business demographics has been unprecedented, it has also been unequal, with certain sectors hit harder or recovering faster than others. For this reason, any economic recovery plan should consider the needs and vulnerabilities of specific sectors.

Ramon Xifré



27 **The resilience of Spain's manufacturers in the face of COVID-19**

In comparison with peer countries, Spain's manufacturing output held up relatively well amidst a historic contraction in GDP. That said, despite its strong track record in job creation prior to the crisis, the number of hours worked and employees in the manufacturing sector fell as a result of the pandemic.

María José Moral



37 **Stimulating business creation: Analysis and proposals**

Although the Spanish government has focused on average enterprise size as a means of closing the productivity gap, studies show that it is productivity that determines size. In order to spur business creation, more attention should be paid to those factors that shape the internal costs of growth in Spain.

Emilio Huerta Arribas, Alfonso Novales Cinca and Vicente Salas Fumás



47 **Market values of European and Spanish banks: Contraction and recovery against the backdrop of COVID-19**

European and Spanish banks' share prices took a significant hit during the worst periods of the COVID-19 crisis, only to outperform other stocks once a recovery took hold. Interestingly, banks' CoCo bonds performed even better, registering a smaller contraction and a stronger rebound.

Ángel Berges, Fernando Rojas and Diego Aires, A.F.I.



55 **Payments in year two of the pandemic**

The pandemic has accelerated the use of new payment technologies, such as mobile and P2P payments, with future growth projected in the use of QR codes and biometric payments. However, only once the crisis dissipates will it be possible to assess the strength of these trends.

Santiago Carbó Valverde, Pedro Cuadros Solas and Francisco Rodríguez Fernández



63 **Deterioration in Spain's public finances in the wake of COVID-19**

The spike in Spain's deficit in 2020 was the result of higher spending and lower tax revenue due to the COVID-19 pandemic. Although the government is forecasting smaller deficits in the coming years, Spain lacks a credible deficit consolidation plan.

Desiderio Romero-Jordán and José Félix Sanz-Sanz

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The impact of the pandemic on Spanish household and corporate sector accounts

Data show that COVID-19's impact on Spanish households has been smaller than that sustained by its non-financial corporations, thanks in part to generous support schemes for Spanish workers. Going forward, additional measures will be required to buoy Spanish firms, but this could leave Spain's public debt more vulnerable if the ECB tightens its monetary policy stance.

María Jesús Fernández

Abstract: Although the impact of COVID-19 on the Spanish economy was substantial, the extent to which it hit the household and corporate sectors' finances differed in several notable ways. Thanks to generous government protection measures, such as the furlough and income support schemes, households' gross disposable income (GDI) declined by just 3.3% in 2020, which is considerably lower than the contraction in GDP. Notably, Spain's household savings rate shot up to

14.7% of GDI in 2020 from 6.3% in 2019. That said, it is possible the drop in income was concentrated in low-income households, while the growth in savings occurred primarily in medium- and high-income households, which could have consequences for post-pandemic consumption and savings trends. Meanwhile, gross operating profit of the non-financial corporate sector declined by 18% in 2020 with the sector's net lending position deteriorating to 2.4% of GDP. This has contributed to a fall in

the number of businesses operating in Spain. While the recently announced government support measures directed towards the business community were a welcome development, these data suggest that additional measures are needed in order to prevent even greater structural damage. That said, the increase in public indebtedness could leave the economy more vulnerable when the ECB eventually winds down asset purchases.

Introduction

The COVID-19 pandemic has wreaked unprecedented havoc on global and national economies. For Spain, the economic pain has been particularly severe, with GDP contracting by 10.8% in 2020. This paper analyses the impact on the financial situation of Spain's households and businesses based on the non-financial quarterly accounts by institutional sector compiled by Spain's national statistics office, the INE, and the financial accounts drawn up by the Bank of Spain.

The data show that the impact on Spain's households has been smaller than that sustained by its non-financial corporations, primarily because the bulk of the protection measures implemented by the government have been targeted at households. In fact, one of the most noteworthy consequences of this crisis has been the record rise in the household savings rate. It is important to note, however, that while at first sight the impact of COVID-19 on households appears moderate, significant disparity likely exists below the headline data.

Spain's households generate record savings

Households' gross disposable income (GDI) declined by 3.3%, or 25 billion euros, in 2020,

a reduction that appears modest compared with the scale of Spain's GDP contraction. Notably, at 8.7%, the drop in salaries paid by corporations, and in other income, such as the gross operating profit of the self-employed and dividend income, was greater than the fall in GDI. This is explained by two factors: (i) growth in the salaries paid by the public sector, which increased by 4.5%; and, (ii) a sharp increase in social benefits, of close to 14% (Table 1). The increase in social benefits materialised through: payments made by the government to furloughed employees and to self-employed professionals forced to stop working; growth in unemployment benefits; and growth in pension expenditure, among other benefits. The taxes and social security contributions paid by households barely changed, despite the dip in their GDI.

The 12% drop in consumption was significantly greater than the reduction in income. As a result, savings surged by 60.8 billion euros to reach 108.8 billion euros, which is more than double the 2019 figure. The savings rate, which was equivalent to 6.3% of GDI in 2019, shot up to 14.7% in 2020, a record high (the last record in the series —of 11.3%— was recorded in 2009).

As for the quarterly trend, the savings rate peaked at 25.7% during the second quarter, which corresponds to the strictest lockdown period. The savings rate subsequently fell to 10.6% in the fourth quarter. The second quarter's sharp increase in the savings rate reflects the fact that opportunities to spend were highly constrained by lockdown measures. In the following quarters, as the lockdown ended and businesses reopened, forced savings declined but did not disappear, due to continued restrictions on opening hours, capacity, interregional mobility, *etc.* That, coupled with the probable increase in precautionary savings and, possibly additional

“ At 8.7%, the drop in salaries paid by corporations, and in other income, such as the gross operating profit of the self-employed and dividend income, was greater than the fall in GDI in 2020. ”

Table 1 **Non-financial accounts - household sector**

Millions of euros

	2019	2020	Change
Salaries paid by the public sector	134,463	140,470	6,007
Other salaried earnings received by households	439,003	401,976	-37,027
Other income and current transfers received by households	254,442	230,627	-23,815
Social benefits	215,309	245,166	29,857
Tax and social security contributions paid by households	278,624	278,654	30
Gross disposable income	764,593	739,585	-25,008
Consumption	713,803	628,198	-85,605
Savings	48,037	108,844	60,807
Gross capital formation	42,462	35,680	-6,782
Net lending (+) /borrowing (-) position	3,130	72,989	69,859

Note: Household savings is not exactly equivalent to the difference between GDI and consumption due to the movements in their share of pension funds. Similarly, the net lending or borrowing position is not exactly equal to savings less investment due to the net capital transfers paid.

Source: INE.

savings as a result of the voluntary avoidance of certain activities outside the home, explains why the savings rate stayed so high.

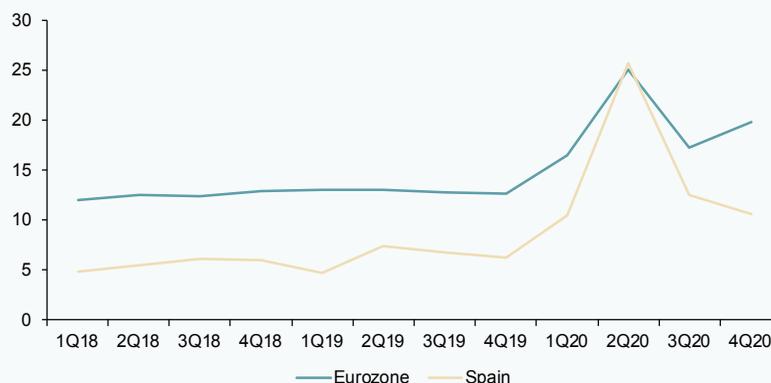
This pattern mirrors that etched out across the eurozone, although the increase in the savings rate in Spain has exceeded the eurozone average (Exhibit 1). While the eurozone's savings rate reached a similar level to Spain's during the second quarter, it started from a level that was twice that of Spain's savings rate. The bigger increase in Spain's savings rate reflects a bigger contraction in private consumption,

as a result of the greater impact of the crisis, coupled with more stringent restrictions. As well, relative to the eurozone average, Spaniards spend more of their income on those activities and purchases curtailed by lockdown and social distancing measures. For example, in 2015, the last year for which comparable data are available, expenditure on hotels and restaurants accounted for 9.3% of Spaniards' total annual expenditure, compared to 6% in the eurozone, helping explain the higher initial drop in consumption in Spain.

“ While the eurozone's savings rate reached a similar level to Spain's during the second quarter of 2020, it started from a level that was twice that of Spain's savings rate. ”

Exhibit 1 Household savings rate

Percentage of GDI



Source: Eurostat.

The trend in Spain's savings rate has been markedly pro-cyclical since the turn of the century, falling by more than the eurozone average during periods of growth and rising higher during economic crises. It is possible that these trends could be self-fulfilling. As savings fall significantly during periods of growth, households build up less of a financial buffer, so that when the next crisis comes along, they have to tighten their belts more intensely.

It is possible to estimate the magnitude by which household savings are above the level desired by calculating the difference between effective savings (108 billion euros) and the result of multiplying the average savings rate recorded between 2014 and 2019 —6.4%— by GDI. Based on that calculation, surplus savings stand at around 60 billion euros, which is equivalent to 8.5% of consumption

in 2019. Elsewhere, we can estimate the volume of precautionary savings at 32 billion euros [1], which puts the level of forced or surplus savings over precautionary savings at around 28 billion euros (Exhibit 2).

Note that the aggregate trend for the household sector may mask pronounced differences at a more disaggregated level. It is probable, for example, that the drop in income was concentrated in low-income households while the growth in savings occurred primarily in medium- and high-income households. Although there are no statistics available yet to confirm this assumption, it is underpinned by the fact that most of the jobs destroyed or negatively affected by the crisis have been relatively unskilled jobs [2].

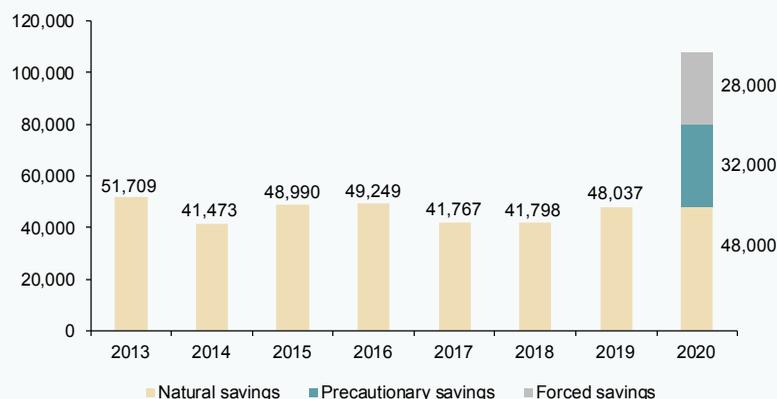
It is unlikely that households will spend all their savings accumulated in 2020. One

“ Savings accumulated in the rest of the eurozone should also prove a source of growth in spending, providing additional momentum for the Spanish economy via exports. ”

Exhibit 2

Breakdown of household savings

Millions of euros



Source: INE and Funcas.

reason for this is that those savings are concentrated in higher-income households with a lower marginal propensity to spend. Nevertheless, it constitutes an important potential driver of growth in household consumption—or even investment—once the remaining business and mobility restrictions are removed. Savings accumulated in the rest of the eurozone should also prove a source of growth in spending, providing additional momentum for the Spanish economy via exports. If the savings buffer is not spent or invested, the result would be a reduced need for credit, thereby accelerating the household deleveraging process.

Of the 108 billion euros of savings accumulated in the crisis, households invested 35 billion euros, down 16% from 2019. As a result, Spain’s households generated a net lending position of close to 73 billion euros, equivalent

to 6.5% of GDP in 2020. Note that the previous high of 19.9 billion euros was recorded in 2013 (Exhibit 3).

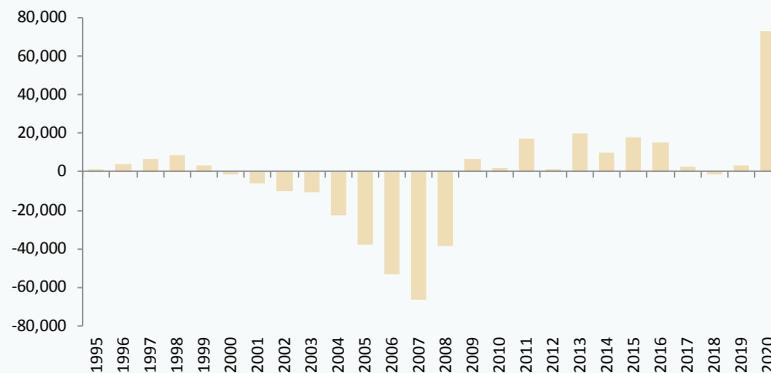
Meanwhile, 4.3 billion euros of the savings surplus was used to repay debt. This is well below the amount earmarked for debt repayment between 2011 and 2016. Considering that new loans to households declined by 10 billion euros in 2020, it is fair to say that money was used not to prepay debt but rather to reduce reliance on credit. Despite the reduction in household borrowings in absolute terms, as a percentage of GDP, leverage rose to 62.5%, the first increase since 2009. Given that that increase was entirely attributable to the contraction in the denominator, it is foreseeable that once the recovery gains traction, the leverage ratio will return to its pre-crisis trendline. This is made more likely by the fact that the financial buffer

“ Considering that new loans to households declined by 10 billion euros in 2020, it is fair to say that money was used not to prepay debt but rather to reduce reliance on credit. ”

Exhibit 3

Net lending (+) /borrowing (-) position of households

Millions of euros



Source: INE.

generated in 2020 could reduce households' reliance on credit.

The rest of the financial surplus went mainly to bank deposits (64.5 billion euros) and, to a far lesser degree, to increased cash holdings or the purchase of other financial assets. Despite the huge volume of net purchases of financial assets in 2020 and the decline in liabilities, the household sector's overall net asset value declined as a result of the correction in the value of equities and investment fund holdings.

Deleveraging at non-financial corporations interrupted

The gross operating profit (GOP) of the non-financial corporate sector declined by 18% in 2020, which is equivalent to nearly 51 billion euros, the biggest drop in the series. The decline in profit was greater than the reduction in salaries paid, so that the

percentage of gross value added accounted for by GOP declined to 40.8%, the lowest level since 2008.

The drop in GOP is echoed in the earnings reported by the Bank of Spain, specifically by its central balance sheet data office, which points to a drop in GOP of 36.8% in 2020, accompanied by a significant reduction in profitability margins (refer to the Bank of Spain, 2021). Likewise, the percentage of firms reporting negative profit margins increased by 8 percentage points to around 35%.

Dividend income fell sharply, while net interest paid on borrowings also fell. Lastly, tax payments decreased by 1.4 billion euros, while the sum earmarked to the payment of dividends declined by nearly 35 billion euros. As a result, the corporate sector's disposable income –profit after tax and dividend

“ Despite cutting investment sharply, the non-financial corporations' net lending position deteriorated significantly to 2.4% of GDP. ”

Table 2 **Non-financial accounts — non-financial corporations**

Millions of euros

	2019	2020	Change
Gross value added	654,766	565,487	-89,279
Wages paid	371,504	339,241	-32,263
Gross operating profit	281,572	230,602	-50,970
Interest and dividends received	60,996	39,197	-21,799
Interest paid	11,335	9,343	-1,992
Dividends paid	83,723	49,119	-34,604
Income tax paid	18,592	17,208	-1,384
Gross disposable income	218,227	181,418	-36,809
Gross capital formation	187,484	159,136	-28,348
Net lending (+) /borrowing (-) position	33,808	26,958	-6,850

Source: INE.

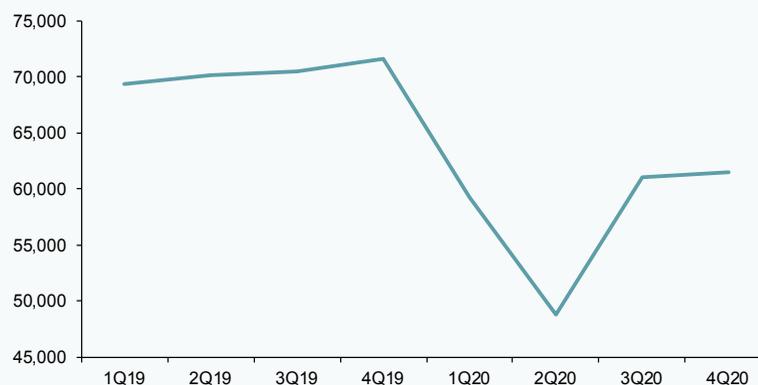
payments— declined by 36.8 billion euros. Thus, despite cutting investment sharply, the non-financial corporations' net lending position fell significantly to 2.4% of GDP (Table 2).

Analysing the results by quarter reveals that GOP sustained the biggest contraction in

the second quarter, going on to recover only partially in the third quarter. During both the third and fourth quarters (when the recovery stalled), the non-financial corporations' GOP remained below pre-crisis levels by around 10 billion euros (in each quarter) (Exhibit 4).

Exhibit 4 **Gross operating profit of non-financial corporations**

Millions of euros, adjusted for seasonality



Source: INE.

“ The ratio of corporates’ unconsolidated debt to GDP increased considerably to 107.7%, albeit more due to the contraction in GDP than the increase in absolute borrowings. ”

As for the financial accounts, Spain’s corporations increased their borrowings and their financial asset holdings. The increase in the latter may reflect the rerouting of profits that would otherwise have been invested in order to build a liquidity buffer in the face of such pronounced uncertainty. The ratio of unconsolidated debt to GDP increased considerably to 107.7%, albeit more due to the contraction in GDP than the increase in absolute borrowings. That made 2020 the second year (after 2019) in which the corporate sector increased its debt in absolute terms after eight years of non-stop deleveraging, and the first year in which it increased as a percentage of GDP since 2010 (Exhibit 5).

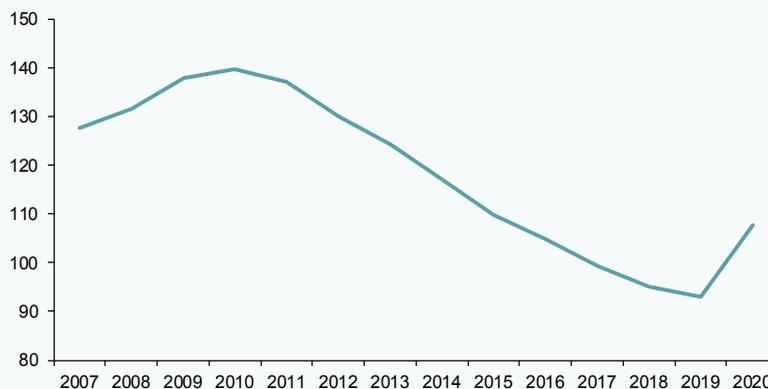
Despite that, the amount of interest paid decreased, such that the increase in the sector’s financial burden, whether expressed as debt to GOP or interest payments in

relation to GOP, was mainly attributable to the reduction in profits, and not the higher cost of debt. Moreover, Spain’s firms took advantage of the state guarantee scheme to lengthen their debt maturity profiles. Therefore, it is likely that the sector’s credit ratios will return to more favourable levels once the recovery consolidates. However, the impact of the crisis varies as we drill down into the numbers, as shown by the increase in the number of firms in a more vulnerable situation, *i.e.*, presenting less sustainable leverage ratios (refer to the Bank of Spain, 2021).

That increase in vulnerability, coupled with growth in the number of firms with negative profit ratios, materialised in a high rate of business destruction in 2020. By the end of the year, there were 44,000 fewer companies registered with the Social Security than before the crisis. The longer the

Exhibit 5 Unconsolidated debt of non-financial corporations

Percentage of GDP



Source: Bank of Spain.

Exhibit 6

No. of firms registered with the Social Security

Thousands, adjusted for seasonality



Source: Funcas based on Ministry of Inclusion, Social Security and Migration data.

business and mobility restrictions last, the more firms will suffer irreversible damage and disappear. In fact, having stabilised in number during the second half of 2020, the early months of 2021 have been marked by fresh business destruction (Exhibit 6). Against that backdrop, the aid package passed by the Spanish government, which includes 7 billion euros of direct aid for viable troubled businesses, appears insufficient.

Conclusions

Despite the severity of COVID-19's impact on the Spanish economy in 2020, the overall effect on the household sector accounts has been fairly moderate, thanks to the protection measures rolled out by the government in the form of the furlough scheme and extraordinary income support for the self-employed. Spain's households posted an unprecedented increase in savings and continued to reduce their indebtedness. Drilling down into the numbers, the impact on the lower income households

was probably harsher, although we do not yet have the statistics to support this.

The crisis has taken a greater toll on the corporate sector's finances and earnings. That sector has not enjoyed the same level of government support provided to Spain's households and has suffered record losses in earnings and an increase in indebtedness and financial pressure. Notably, some firms have suffered more than others, with the share of firms posting negative margins and finding themselves above certain vulnerability thresholds increasing. This has led to a reduction in the number of Spanish businesses.

Although the government's protection measures were costly, they were necessary to mitigate the social fallout from the crisis and prevent even greater structural damage. It is even possible to argue that these measures have not gone far enough in their support of

“ By the end of the year, there were 44,000 fewer companies registered with the Social Security than before the crisis. ”

Spain's business community. However, the flip side has been an alarming increase in public indebtedness, leaving the Spanish economy particularly vulnerable. This vulnerability will become even more acute when the European Central Bank winds down its asset purchases.

Notes

- [1] This uses a model to calculate household savings as a function of the change in households' real disposable income and the number of hours worked, with an error correction. Using that model, savings in 2020 should have been around 80 billion euros, with the difference up to the 108 million euros actually saved constituting the level of non-precautionary forced or surplus savings.
- [2] Taking fourth-quarter 2020 data: 95% of the jobs lost compared to a year earlier were workers with low qualification levels; 9% of all people with low qualifications lost their job, compared to 0.2% of those with medium- or high-level qualifications; and 42% of the people on furlough came from the hospitality sector, where salaries are 40% below the average.

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María Jesús Fernández. Funcas



Spain's business demographics post-COVID-19: An initial assessment

While the effect of COVID-19 on Spanish business demographics has been unprecedented, it has also been unequal, with certain sectors hit harder or recovering faster than others. For this reason, any economic recovery plan should consider the needs and vulnerabilities of specific sectors.

Ramon Xifré

Abstract: Although previous crises have had adverse effects on business volume indicators and corporate dynamism, the extent to which COVID-19 has impacted Spanish businesses is unprecedented. For example, business turnover in the first few months of the pandemic contracted by nearly twice as much as during the financial crisis. In terms of corporate dynamism, there was an average year-on-year reduction in the number of net new businesses of 72% in April 2020. However, closer analysis

reveals that some sectors have been hit harder than others, with the subsequent recovery speeds also differing across industries. While the manufacturing industry contracted for 15 consecutive months during the financial crisis, it has sustained a relatively rapid recovery in turnover during the COVID-19 crisis. Conversely, turnover in the retail sector remains 10% below pre-crisis levels. Although it is difficult to be more precise, evidence suggests that the positive performance

within the retail sector comes from the sale of food and everyday products, while the rest of the retail sector is still struggling with uncertainty and difficulties. That said, manufacturing fared less well in terms of business dynamism, where the number of net new businesses contracted by 20%, slightly less than the 22% registered by the hospitality sector (accommodation and food service activities). These data highlight the need to design economic support measures in accordance with each sector's trajectory, reality and reasonable outlook.

Introduction

Recent publications have looked at the outlook for the Spanish economic recovery following the COVID-19 crisis (Torres and Fernández, 2021) and the challenge of recapitalising the business sector in Spain (Peña and Guijarro, 2021; Torres, 2021). This paper aims to provide complementary analysis by providing a provisional and approximate diagnosis of the impact of the crisis on the business sector. It therefore builds on earlier business demographic and dynamism studies conducted prior to the onset of COVID-19 (Xifré, 2016, 2019).

Unlike those earlier studies, this paper, constrained by data limitations, is unable to address the situation facing the self-employed, focusing rather on corporate dynamics. The reason is that the January 2021 update of the INE database of business demographic statistics that includes the self-employed segment —*DIRCE*— is not yet available. As a result, the analysis contained in this paper is based on two other INE sources: the business turnover index and the net balance of corporations created/destroyed. We will therefore have to return to the task

of analysing the impact of COVID-19 on the entire business landscape, including self-employed professionals, at a later date.

Business turnover

Exhibit 1 provides the year-on-year change in the business turnover index, corrected for seasonal and calendar effects, for the economy as a whole, the manufacturing sector, the retail sector and other non-financial services. [1] The exhibit tracks the monthly figures between January 2003 and January 2021.

The following facts emerge over the period:

- Other than during episodes of crisis, the year-on-year rates of change remained within a range of 10% in either direction for both the economy as a whole and the individual sectors analysed. Year-on-year changes within that range can therefore be considered compatible with the series' historical stability.
- The Global Financial Crisis (GFC) (2008-2010) triggered contractions of varying magnitude in the three sectors: ~10% in other non-financial services; ~20% in retail; and ~30% in manufacturing.
- Initially, the COVID-19 crisis generated an extraordinarily abrupt and relatively similar contraction in all three sectors, of approximately 40% year-on-year.
- The path to recovery from that initial rout varies significantly from one sector to another and is also diverging from the patterns observed during the GFC.

“ Initially, the COVID-19 crisis generated an extraordinarily abrupt contraction in other non-financial services, retail and manufacturing of approximately 40% year-on-year. ”

To study that last development in greater detail, Exhibit 2 provides two monthly series of the same index, similarly adjusted for seasonal and calendar effects, corresponding to the periods following the Global Financial and the COVID-19 crises. The series are rebased to the last reading prior to each crisis. The first normalised series is rebased to July 2008 = 100 and spans the 15 months until September 2009, while the second series is rebased

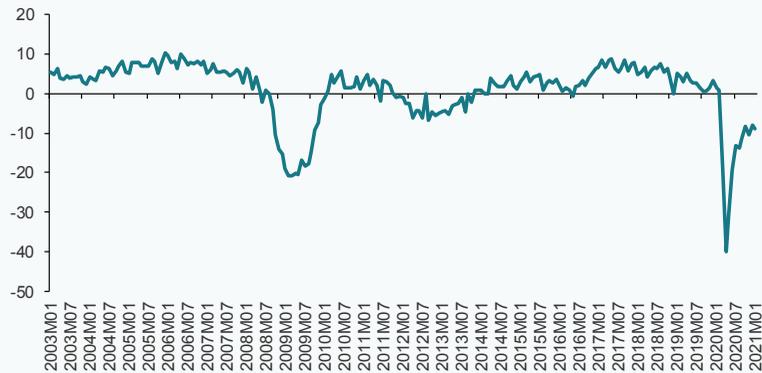
to February 2020 = 100 and runs until January 2021 (last reading available).

As shown, the manufacturing industry has scaled a relatively rapid recovery in the wake of the COVID-19 crisis, whereas the financial crisis generated monthly contractions that were sustained throughout the 15 months analysed. In fact, the manufacturing companies' turnover index has almost recovered in full just 12 months after the onset

Exhibit 1

Year-on-year rate of change in the business turnover index, adjusted for seasonality and calendar effects

A. General index



B. Manufacturing index



Exhibit 1

Year-on-year rate of change in the business turnover index, adjusted for seasonality and calendar effects

Continued

C. Retail index



D. Other services index



Source: INE.

of the COVID-19 crisis (96%). This suggests that a process of reallocation of activity and resources might be taking place within the manufacturing sector by which the strongest, most competitive firms grow while those of smaller size or lower productivity are driven out of the market.

The situation is less positive in the retail sector, where sector turnover remains 10% below pre-crisis levels one year on. In this case it is worth noting that although the available data do not allow for a more in-depth analysis, it is likely that there are significant asymmetries within this sector. It is plausible that the subsector of the

sale of food and other daily products is not in particular trouble, but the rest of the retail sector is indeed experiencing difficulties of various intensities.

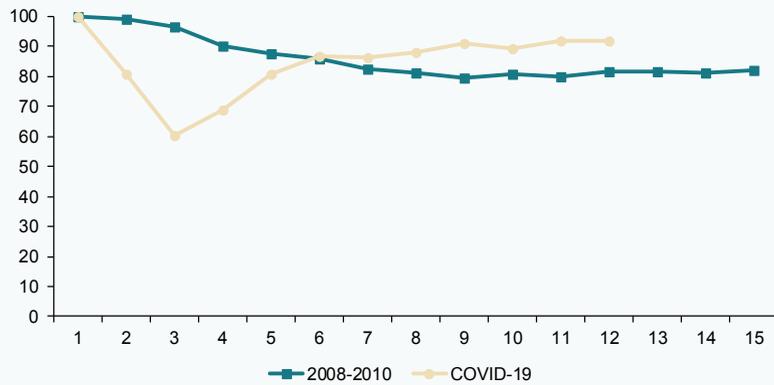
And the situation in other non-financial services, a classification that includes the hospitality sector, is even more worrying. Not only was the initial contraction more pronounced, the recovery is also proving far

weaker and slower, presumably due to the specific adverse impact on those sectors of the mobility restrictions necessary to contain the pandemic. One year after the onset of the COVID-19 crisis, turnover remains 20% below pre-crisis levels for other non-financial services. Overall, business revenue remained nearly 10 percentage points (91%) below pre-crisis levels as of January 2021.

Exhibit 2

Year-on-year rate of change in the business turnover index, adjusted for seasonality and calendar effects (Base year: 2015)

A. General index



B. Manufacturing index

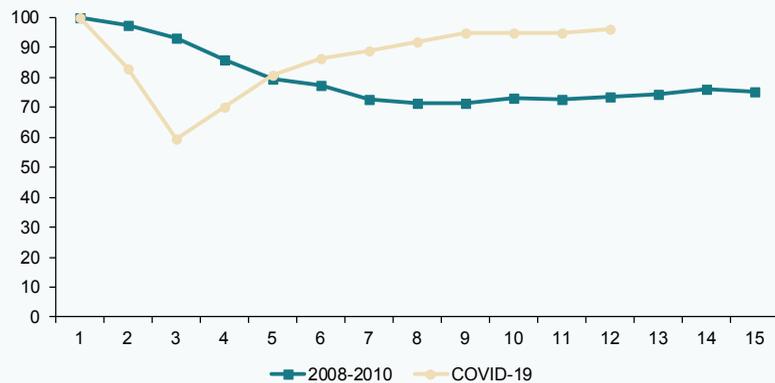
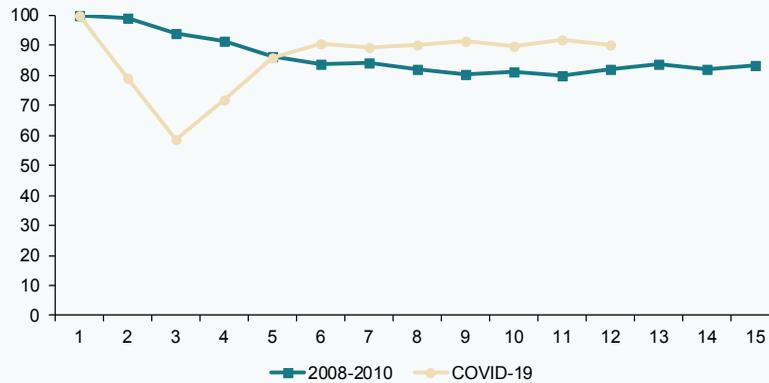


Exhibit 2

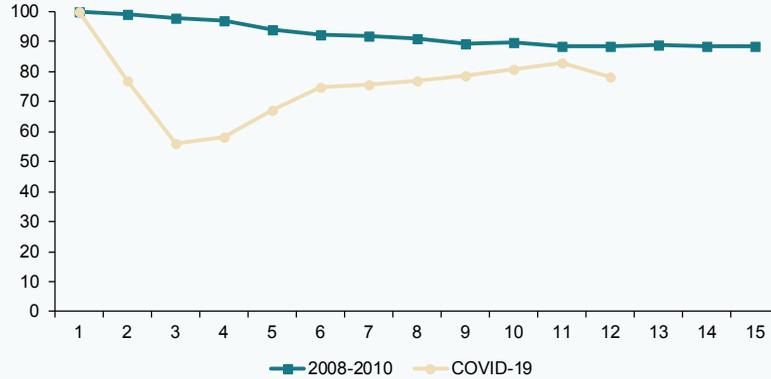
Year-on-year rate of change in the business turnover index, adjusted for seasonality and calendar effects (Base year: 2015)

Continued

C. Retail index



D. Other services index



Note: For the 2008-2010 crisis, the indices are rebased to July 2008 = 100 and for the COVID-19 crisis, they are rebased to February 2020 = 100.

Source: INE.

Trend in the number of corporations

To arrive at a more detailed sector-specific picture of business dynamics, Exhibit 3 depicts the year-on-year rates of change in the net number of corporations created (companies set up less those dissolved)

between February 2020 and January 2021. Distinguishing between the companies' core businesses yields two markedly different trends, depicted in Exhibits 3.A and 3.B, respectively. Exhibit 3.A represents the sectors that have experienced sustained

“ The year-on-year reduction in the number of net new businesses in April 2020 was broadly similar across all sectors, with an average decrease of 72%. ”

growth in the net number of new businesses created since the COVID-19 crisis, whereas Exhibit 3.B encompasses the sectors in which the trend remains negative.

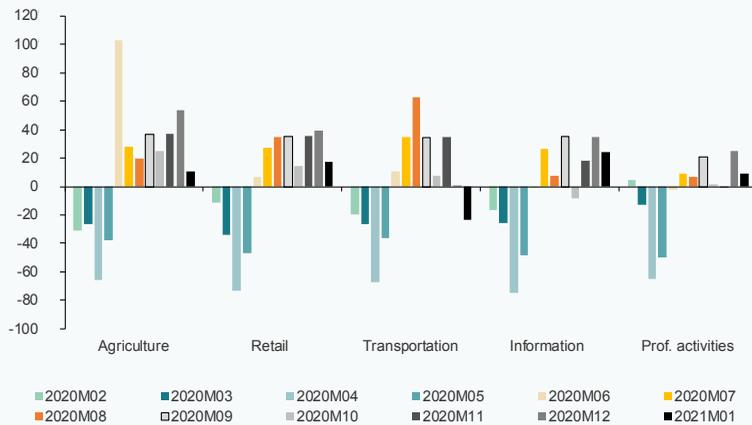
The exhibits reveal that the year-on-year reduction in the number of net new businesses in April 2020 was broadly similar across all sectors, with an average decrease of 72%.

Exhibit 3

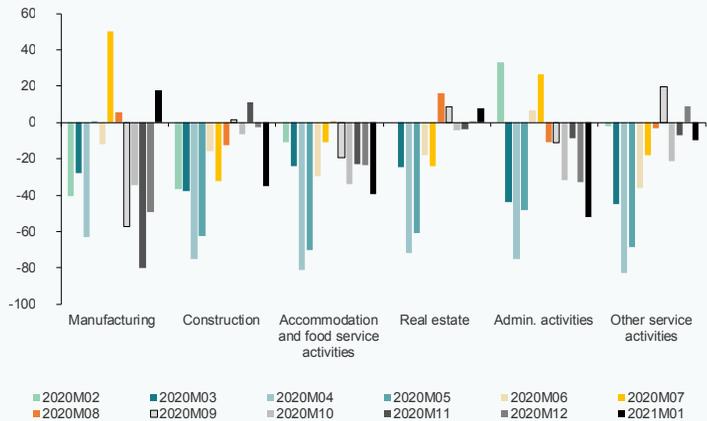
Year-on-year rate of change in net business creation by core business sector

Percentage

A. Sectors registering net business creation post-COVID-19



B. Sectors registering net business destruction post-COVID-19



Source: INE.

There is some divergence from this trend, with the manufacturing (63%), professional activities (65%) and agricultural sectors registering relatively smaller reductions, and hospitality (81%) and other non-financial services (83%) at the other end of the spectrum. It is also worth noting that net business creation fell in all sectors in March 2020 and in most sectors (all except administrative and professional activities), the number of businesses had already fallen in February 2020 (by 11% on average). The January 2020 figures are not included in the exhibit as the manufacturing sector experienced a sharp year-on-year contraction (144%), which would distort the analysis. This was the biggest decline in the sector since 2013 and one for which it is hard to find a natural explanation.

Despite the similarities among sectors before and during the height of the crisis, the trends begin to diverge during the ensuing months.

In the sectors represented in Exhibit 3.A, net business creation has been positive, year-on-year, virtually every month between June 2020 and January 2021. As shown in Table 1, the sector experiencing the most dynamic pace of net business creation during the second half of 2020 was the primary sector (39%), followed by the retail sector (26%).

Conversely, in the sectors depicted in Exhibit 3.B the business destruction dynamic has continued during the months since the initial impact of the COVID-19 crisis. Revisiting Table 1, the worst-performing sectors—in terms of the year-on-year averages between June 2020 and January 2021—were hospitality (22%) and manufacturing (20%). The list of sectors that have continued to register net business destruction is rounded out by the construction, real estate, financial & insurance and other service activities.

Table 1

**Net business creation, year-on-year rate of change.
Averages for: (i) June 2020 - January 2021;
and, (ii) June 2019 - January 2020**

Percentage

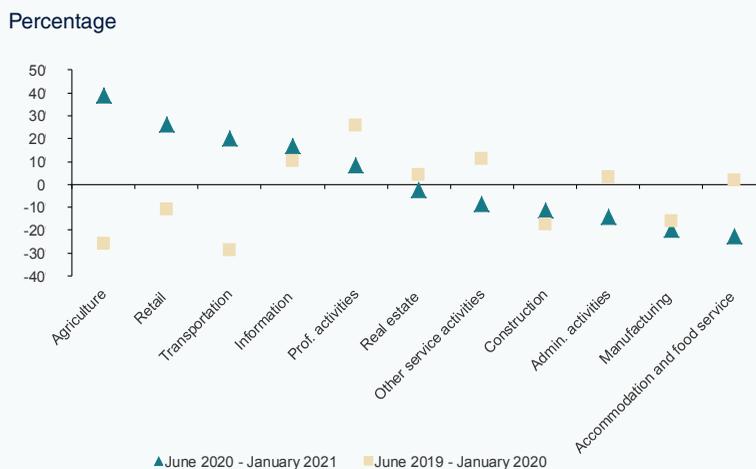
	June 2020 - January 2021	June 2019 - January 2020
Agriculture, forestry and fishing	39.1	-25.6
Wholesale and retail trade; repair of motor vehicles and motorcycles	26.2	-11.1
Transportation and storage	20.3	-28.5
Information and communication	17.0	10.5
Professional, scientific and technical activities	8.5	25.9
Financial and insurance activities	-2.2	4.2
Other service activities	-8.4	11.4
Construction	-11.5	-17.5
Administrative and support service activities	-14.3	3.2
Manufacturing and energy	-19.8	-15.9
Accommodation and food service activities	-22.4	1.7

Source: INE.

“ The hospitality sector has gone from average year-on-year rates of business creation of 2% to a reduction of over 22% as a result of the crisis. ”

Exhibit 4

Average year-on-year rate of net business creation by period



Source: INE.

To put the variability in sector patterns into longer-term context, Table 1 also provides the same rates of change 12 months earlier, *i.e.*, between June 2019 and January 2020. Exhibit 4 depicts Table 1 graphically and enables a comparison between the average changes in both periods.

The data allow us to group the sector trends into different categories.

- First, we have a group of sectors with business creation dynamics that are proving similar before and since the COVID-19 crisis. The manufacturing and construction activities have been experiencing sustained business destruction for some time. In the case of telecommunication and information management, the ongoing dynamic is one of net new business creation. Real estate

activities constitute a case apart: although the trend has reverted (from net creation to net destruction), the magnitude of the change is scantily significant quantitatively.

- The second category includes a mixed bag of sectors in which business creation dynamics have improved considerably since the crisis. It includes the agriculture, transportation and retail sectors, where the year-on-year average rates of net business creation have gone from being very negative before the crisis to being very positive since. In agriculture and transportation, the differences between the two periods are particularly eye-catching, with gains of 65 and 48 percentage points, respectively.
- Lastly, there are four areas of activity in which business creation dynamics have

“ The trend in revenue in other non-financial service activities, a category that includes the hospitality sector, is, unfortunately, far less encouraging, with turnover remaining below 80% of pre-crisis levels.

clearly deteriorated since the crisis: professional activities; other non-financial service activities; administrative and support service activities; and accommodation and food service activities. In the last three sectors, net business creation was increasing before the crisis and has fallen sharply in its aftermath, with the hospitality sector standing out for the magnitude of its decimation. This sector has gone from average year-on-year rates of business creation of 2% to a reduction of over 22%.

Conclusion

This paper provides an approximate and provisional snapshot of COVID-19's impact on business volume indicators and dynamism and explores differences across sectors, comparing those impacts with the previous crisis and pre-COVID trends.

In terms of business turnover, the adverse impact of the COVID-19 crisis is without precedent, with the initial fallout roughly twice as large as the initial impact of the GFC. Nevertheless, the recovery in certain sectors, including manufacturing, has been relatively swift and far more intense than was seen in the wake of the financial crisis. The trend in revenue in other service activities, a category that includes the hospitality sector, is, unfortunately, far less encouraging, with turnover remaining below 80% of pre-crisis levels.

In terms of business dynamics, the available figures relate only to corporations and do not include the self-employed. It is possible to clearly single out three areas in which business dynamism has improved since the crisis: agriculture; retail trade; and transportation. Although it is very probable that the improvement observed reflects momentum in the wake of such a sharp initial contraction,

some sectors have been registering net positive year-on-year growth in new businesses for eight months in a row. At the other end of the spectrum lie the construction, manufacturing and hospitality sectors, in which business destruction has continued in the aftermath of the crisis. In the hospitality sector, the change in trend is pronounced, with the sector having posted net new business creation prior to the pandemic.

The joint interpretation of the business turnover and business creation readings points to polarisation of the business landscape, both across and within sectors. Based on the data at hand, which run until January 2021, it is clear that some sectors, such as agriculture and transportation, are recovering vigorously from the crisis. The crisis has decimated the hospitality sector and the sub-sectors most reliant on it, with unpredictable consequences. The current state and perspectives for the manufacturing sector look mixed: there is a contraction in the number of new enterprises created but a significant recovery in this sector's turnover. This observation is compatible with a process of concentration of economic activity and labour in those manufacturing companies that are more competitive. In the retail sector, turnover continues to fall in the wake of the crisis but net business creation is recovering. In this case, it is very likely that there is asymmetric behaviour across subsectors, with the segment of food and daily products keeping a certain stability coupled with a troubling situation and perspectives for the rest of the retail sector.

All of the above highlights the need to design economic support measures in accordance with each sector's trajectory, reality and reasonable outlook. More specifically, governments need to ensure respect for legal and desirable labour conditions and to promote job stability to the maximum extent possible.

Notes

- [1] Following the NACE codes, activities are classified as follows for revenue tracking purposes: mining & quarrying and manufacturing industries (codes B-C); wholesale and retail trade; repair of motor vehicles and motorcycles (code G); other non-financial services, which includes transportation and storage; accommodation and food service activities; professional, scientific and technical activities; and administrative and support service activities (codes H-N, except for K).

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Ramon Xifré. ESCI – UPF, UPF Barcelona School of Management, PPSRC – IESE

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The resilience of Spain's manufacturers in the face of COVID-19

In comparison with peer countries, Spain's manufacturing output held up relatively well amidst a historic contraction in GDP. That said, despite its strong track record in job creation prior to the crisis, the number of hours worked and employees in the manufacturing sector fell as a result of the pandemic.

María José Moral

Abstract: While Spain's GDP contracted by more than the other core EU countries in 2020, its manufacturing sector has proved surprisingly resilient. At 10.8%, the Spanish manufacturing sector's GVA posted the smallest contraction, with Germany's manufacturing GVA plunging by 11.3%, more than double its fall in GDP. Admittedly, part of this is explainable by the fact that tourism,

a key sector for Spain, collapsed in 2020, weighing heavily on GDP. Also relevant is the fact that Spain entered the crisis after several years of stronger growth in output in the manufacturing sector compared to Germany, France and Italy. Notably, the recovery in Spanish manufacturing took longer to emerge due to the prolongation of lockdown measures compared with peer countries. However, by

“ The relative strength of Spanish manufacturers may be attributable to the fact that they benefitted from far more solid growth momentum prior to the pandemic. ”

December 2020, Spanish manufacturing production was down just 2% year-on-year. In terms of manufacturing employment trends, Spanish firms had a strong record of job creation going into the crisis. However, by the second quarter of 2020, the number of hours worked in the manufacturing industry had fallen significantly, with job losses rising incrementally despite the temporary job protection scheme.

Introduction

The year 2020 will be remembered for the pandemic, the extraordinary pressure it exerted on healthcare systems, and the sharpest peacetime contraction in economic activity. In this paper, we analyse the trend in production and employment in the manufacturing sectors of the four largest economies in the EU-27: Germany, France, Italy and Spain. Although the focus is on

2020, we also analyse the trends in the run-up to the crisis in order to explain the reasons for the differing reactions to the pandemic.

The most important conclusion is that the strong performance of Spain's manufacturers since 2017 limited the contraction in real GVA in 2020 to just 1% using 2015 as the base year. Germany, France and Italy were in a weaker position at the start of the pandemic, which has translated into a slower recovery. Although Spain's GDP contracted by more than its peer countries, its manufacturing sector has proven more resilient.

Gross value added by manufacturers relative to GDP

The trend in manufacturing GVA and GDP in the four European economies is depicted in Exhibit 1. The first thing of note is the profound V-shaped recession triggered by

Table 1 **Trend in GDP and manufacturing GVA in Europe in 2020**

Year-on-year rate of change in %, quarterly frequency

	GDP					Manufacturing GVA				
	1Q YoY	2Q YoY	3Q YoY	4Q YoY	Annual rate of change	1Q YoY	2Q YoY	3Q YoY	4Q YoY	Annual rate of change
EU-27	-2.7	-13.8	-4.0	-4.6	-6.3	-3.8	-19.9	-5.5	-1.7	-7.7
Germany	-2.2	-11.2	-3.8	-3.3	-5.1	-7.0	-22.6	-11.2	-4.5	-11.3
France	-5.5	-18.6	-3.7	-4.8	-8.2	-7.8	-26.2	-8.3	-5.1	-11.9
Italy	-5.8	-18.1	-5.2	-6.6	-8.9	-9.6	-28.8	-5.0	-3.3	-11.7
Spain	-4.3	-21.6	-8.6	-8.9	-10.8	-6.2	-27.8	-5.4	-3.7	-10.8

Note: Adjusted for seasonality and working days. The annual rate of change is the average of the year-on-year rates of change in each quarter.

Source: Author's own elaboration based on Eurostat figures (5-5-21).

the pandemic, with the collapse in the second quarter of 2020 followed by a sharp recovery in the following quarter.

Second, the correction in manufacturing activity for each country in the second quarter was more pronounced than that of their respective GDP performance. In Spain, the year-on-year decline in manufacturing GVA reached 27.8%, compared to a GDP contraction of 21.6% (Table 1). The reason is that many manufacturers had to shut their

doors between the third (or fourth) week of March and the end of April, either on account of the strict lockdown or the lack of supplies (many of which come from China). The supply issues forced the production chains to pause for longer than was strictly necessary while economies froze during lockdown.

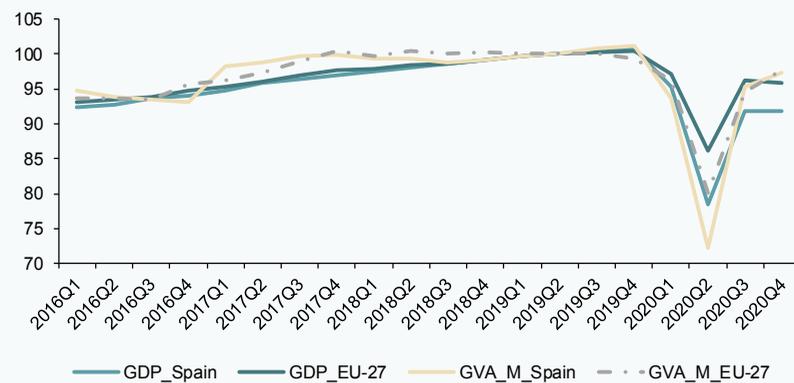
However, during the third and fourth quarters, those economies more dependent on tourism –Spain and Italy– saw the recovery in their GDP lag that of manufacturing GVA. While

Exhibit 1

Trend in GDP and manufacturing GVA. An international comparison

Volume series, rebased 1Q19=100

A. Spain and EU-27



B. Germany



Exhibit 1

Trend in GDP and manufacturing GVA. An international comparison

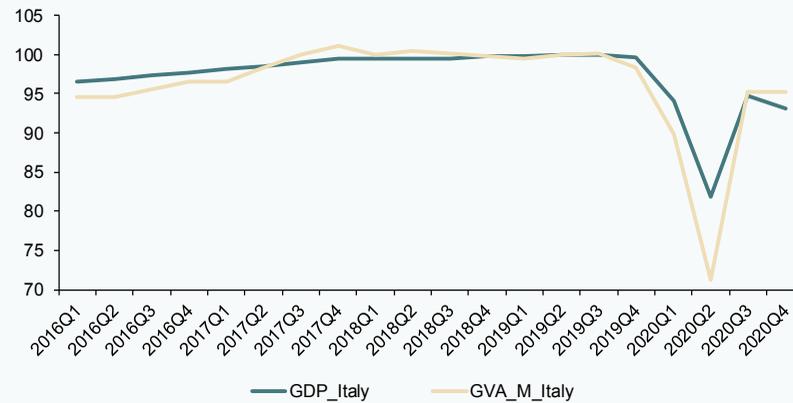
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Volume series, rebased 1Q19=100

C. France



D. Italy



Note: Adjusted for seasonality and working days.

Source: Author's own elaboration based on Eurostat figures.

most factories were able to reopen, business activity in the hospitality and tourism sectors collapsed. For that reason, Spanish GDP sustained the biggest contraction of the four major economies, amounting to 10.8% in 2020. By comparison, Germany saw a much

narrower decline of 5.1%. However, at 10.8%, the Spanish manufacturing sector posted the smallest contraction of any of the economies analysed. Germany's manufacturing GVA contracted by 11.3%, which is more than double its fall in GDP (Exhibit 1.B).

“ Italy’s annualised contraction in manufacturing output peaked at 46.3%, followed by Spain, France and Germany, where the collapse in production peaked at 38.1%, 37.7% and 29.7%, respectively. ”

These data support the thesis that the Spanish manufacturing sector has proven more resilient. That relative strength may be attributable to the fact that Spanish manufacturers benefitted from far more solid growth momentum prior to the pandemic. Between 2017 and 2019, their GVA was growing at an average annual rate of 2.8%, compared to just 0.6% and 0.3% in Italy and France, respectively. German manufacturing did not grow during that period, which is consistent with the fact that its manufacturers staged such a mediocre performance in 2020 in comparison with the rest of its economy.

That being said, the pandemic had a massive adverse impact on industry in all four of the European Union’s largest economies, marked by double-digit contractions in sector GVA.

Collapse and recovery in manufacturing activity

In this section, we analyse the monthly industrial production index (IPI) figures. Exhibit 2 provides the year-on-year rate of change in the IPI in Spain, Germany, France and Italy. Notably, European manufacturing activity had been slowing since 2018. In 2019, German manufacturers showed clear signs of recession. In Spain, although growth had eased, the year-on-year rates of change remained in positive territory throughout 2019 (Moral, 2019).

In January and February 2020, when the talk was still of a virus contained in China, the year-on-year numbers turned negative for the first time due to the lack of supplies from Asia. In March, the contraction was initially sharper in Italy, as COVID-19 had forced the industrial northern region of the country to shut down earlier that month. In Spain, Germany and France the pandemic took a little longer to take hold, as did the attendant lockdown

measures, cushioning the impact in March somewhat. By April, output turned negative in all four countries. The annualised contraction in manufacturing output peaked at 46.3% in Italy, followed by Spain, France and Germany, where the collapse in production peaked at 38.1%, 37.7% and 29.7%, respectively. Never before had there been negative output readings of such severity. In Spain, for example, in the toughest months of the previous crisis, the fall in production bottomed out at 22%.

From May, the recovery in manufacturing mirrored the easing of social distancing restrictions. As a result, Spain’s manufacturing recovery was slower than that of both France and Italy. Fortunately, the collapse in activity did not last for long. In July there were already signs of recovery, except in Germany. However, it would take until September for the year-on-year negative rates to return to within a range of 10% (in absolute terms).

The monthly IPI figures provide a fuller picture of the trajectory back to pre-pandemic levels. Until then, the changes in trend were less perceptible with the annual data containing more information. However, a collapse of this magnitude warrants closer attention to the monthly movements for insight into the strength of the recovery.

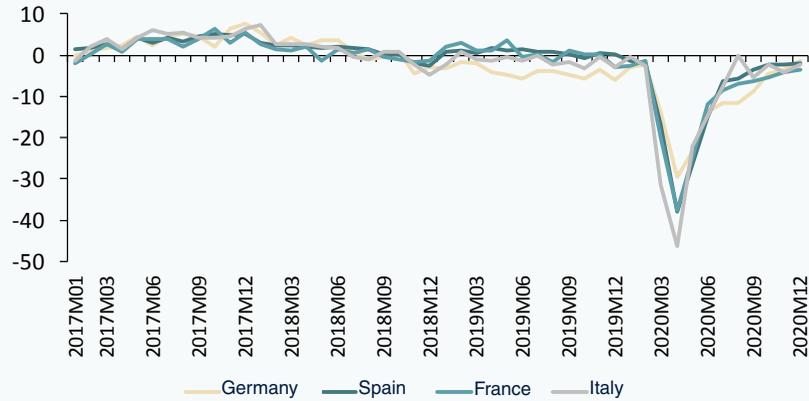
The first four rows of Table 2 show the annual change in the IPI as the average of the year-on-year changes in the 12 months of the year. These figures confirm the slowdown in industrial production in 2018, which turned into a contraction in Germany and Italy the following year. That is the context in which the pandemic occurred. The Spanish manufacturers performed relatively better, registering an annual decline of 10.2% in 2020.

Exhibit 2

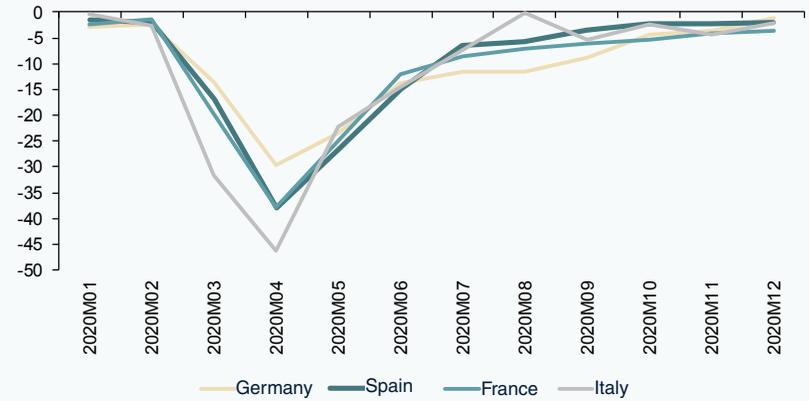
Industrial production index (IPI): Spain, Germany, Italy and France

Year-on-year change in percentage

A. 1M2017-12M2020



B. 1M2020-12M2020



Note: Adjusted for seasonality and working days.

Source: Author's own elaboration based on Eurostat figures.

The second group of figures in Table 2 provide the key to tracking how manufacturing production has fared month by month. From February on, the numbers represent the average of the year-on-year rates for the remaining months of the year.

From May the turnaround emerged in all four economies. The return to pre-pandemic levels was very robust, despite the advent of a second wave. The negative rates have been narrowing month after month, revealing very narrow contractions by December

“ Spain’s manufacturers produced just 2% less in December 2020 than the same month in 2019. ”

Table 2 **Average year-on-year change in manufacturing sector IPI**

Percentage

	Germany	Spain	France	Italy
2017	3.5	3.5	2.9	3.8
2018	1.2	1.1	0.4	1.0
2019	-4.1	0.7	0.7	-1.3
2020	-10.5	-10.2	-11.1	-11.6
From February	-11.3	-11.0	-11.9	-12.6
From March	-12.1	-11.9	-12.9	-13.6
From April	-12.0	-11.3	-12.2	-11.6
From May	-9.8	-8.0	-9.0	-7.3
From June	-7.8	-5.3	-6.7	-5.2
From July	-6.8	-3.7	-5.8	-3.6
From August	-5.9	-3.2	-5.3	-2.8
From September	-4.5	-2.5	-4.8	-3.5
From October	-3.0	-2.2	-4.4	-2.9
From November	-2.4	-2.2	-3.8	-3.2
From December	-1.2	-2.0	-3.6	-2.1

Note: The annual figure is the average of the year-on-year rates of change throughout the year. For 2020, we distinguish the average year-on-year rates of change from each month until the end of the year to show how the recovery's momentum builds.

Source: Author's own elaboration based on Eurostat data.

2020. Spain's manufacturers produced just 2% less that month than in December 2019. In Germany, which had posted a weaker recovery initially, production has recovered strongly since November, with the country producing only 1.2% less than a year earlier by December. Note that the quarterly figures did not catch that change in trend, which took place later.

Impact on European manufacturing jobs

Temporary job protection measures in Europe

The reduced demand for labour is evident from the activity analysis conducted above. This situation was common to virtually all sectors of the economy, prompting the European Union to introduce the Support to

Mitigate Unemployment Risk in an Emergency (SURE) fund for 19 member states. Of the four countries analysed, only Italy and Spain received assistance from that fund (SURE, 2021).

The need for employment protection peaked in April 2020. Since then, the number of workers covered by the various schemes has fallen gradually [1], although the persistence of the pandemic has necessitated the extension of labour support schemes into 2021. In some countries, the number of people affected increased in January and February 2021.

Germany has used a protection measure that already existed in its labour legislation, known as *Kurzarbeit*, or short-time work benefits. It is a fund that is capitalised by employer and employee contributions (and by the state in exceptional circumstances) and reimburses part of employee salaries at firms forced to scale back their activity. According to the Bundesagentur für Arbeit (2021), 17.9% of all job holders were enrolled in the *Kurzarbeit* program in April, a figure that fell to 7.1% by December.

In France, Decree 2020-325 of March 25th, 2020, modified the partial unemployment coverage (*chômage partiel*) provided to enterprises. According to la Dares (2021), in April 2020, some 8.4 million French workers were under that scheme and by January 2021, 2.1 million (7.5% of job holders as of 4Q20) were still enrolled in it.

In Italy, an existing coverage scheme —*Cassa Integrazione Guadagni*— was also modified to expand it for the workers covered by temporary reductions in activity. According to Istat (2021), as many as 5.36 million workers were covered by that scheme in April, falling to 972,000 by September.

In Spain, the existing redundancy scheme legislation —the ERTE instrument— was also amended [2] to allow the furlough of workers affected by reduced activity at companies due to COVID-19. The number of Spanish employees on furlough peaked at 3,576,078 in April (19.4% of social security contributors as of the end of April 2020) and 755,613 were still on the scheme in December (4.0% of year-end 2020 contributors). As already noted, Spain received financing from the SURE fund. It received the last payment on March 16th, 2021, putting the total received at 13.9 billion euros. Of the 19 recipient member states, Spain ranks second to Italy in loans approved through the SURE scheme. Italy has had 27.44 billion euros of SURE loans approved, of which 24.82 billion euros had been received as of March 18th, 2021.

Trend in manufacturing jobs

The furloughed employee figures provided in the last section are totals and therefore correspond mostly to tourism sector jobs. However, it is important to consider those temporary protection schemes given that they should mitigate the drop in employment relative to the number of hours effectively worked in the manufacturing industry (Exhibit 3).

Before the pandemic, with the exception of the fourth quarter of 2018 and the first quarter of 2019, Spain's manufacturing companies were creating jobs at a faster rate than manufacturers in the other countries analysed and faster than the EU-27 on average. During that period, the number of people employed in Spain increased by 2.3%, compared to 1% in the EU-27 (average year-on-year rates between 1Q17 and 4Q19).

With the onset of the pandemic, and in line with the trend in production already analysed, the number of hours worked

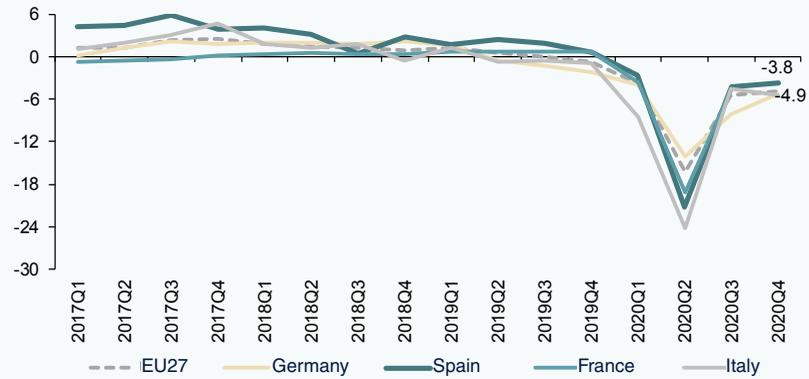
“ Of the 19 recipient member states, Spain ranks second to Italy in loans approved through the SURE unemployment scheme. ”

Exhibit 3

Trend in hours worked at manufacturers

Year-on-year rate of change in %, quarterly frequency

A. Hours worked



B. People employed



Note: Seasonally and working-day adjusted.

Source: Author's own elaboration based on Eurostat Industrial Survey data.

decreased significantly in the second quarter. Meanwhile, thanks to the temporary job protection schemes, the decrease in the number of job holders was lower and occurred incrementally. However, Spain registered a more significant reduction in the number of job holders.

The Spanish economy's initial 'overreaction' may be attributable to the flexibility afforded by the higher percentage of temporary contracts. That has prompted companies to terminate those contracts instead of opting for the furlough scheme. This suggests that the trend of sharper job destruction in the Spanish

“ Spanish manufacturers staged a more sustained recovery throughout the second half of 2020, which kept the contraction in real GVA at just 1% compared to 2015 levels. ”

economy during recessionary events observed in prior recessions continues to hold (López and Malo, 2015). Importantly, the protection offered by the furlough scheme is only valid for companies that remain operational. If a company shuts down permanently, its employees are considered as unemployed.

Conclusion

By the final months of 2020, production in the manufacturing sectors of the EU's core economies was approaching 2019 levels. By December 2020, France was still under its pre-pandemic output level by 3.6%, followed by Italy at 2.1%, Spain at 2% and Germany at 1.2%. Spanish manufacturers staged a more sustained recovery throughout the second half of 2020, which, coupled with their strong performance since 2017, has kept the contraction in real GVA at just 1% compared to 2015 levels. Therefore, despite the underperformance of the Spanish economy as a whole, the manufacturing sector has staged a remarkable recovery. The bad news remains the job market, where the presence of the furlough scheme has not prevented a more pronounced fall in employment levels.

Notes

- [1] Gómez and Monte (2020) studied the labour market in most EU-27 member states (Germany is not included) in the first and second quarters.
- [2] On March 17th, 2020, via Royal Decree-Law 8/2020, extended in September 2020 (RDL 30/2020) and January 2021 (RDL 2/2021).

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María José Moral. UNED and Funcas



Stimulating business creation: Analysis and proposals

Although the Spanish government has focused on average enterprise size as a means of closing the productivity gap, studies show that it is productivity that determines size. In order to spur business creation, more attention should be paid to those factors that shape the internal costs of growth in Spain.

Emilio Huerta Arribas, Alfonso Novales Cinca and Vicente Salas Fumás

Abstract: The Ministry of Economic Affairs and Digital Transformation has published a document titled “Measures for Fostering Business Creation and Growth” that argues in favour of increasing the average size of Spain’s enterprises to close the productivity gap. But many studies show that it is not company size that determines productivity levels but productivity that determines size and that the breakdown of a country’s enterprises by size segments is the result of market discipline, competition and management practices. Although the government argues that the

minimum capital required for setting up an LLC is an impediment to business creation, reducing this amount could send a misleading message to start-ups about the real financial needs of going into business. More attention should also be paid to the employer and management training market in Spain and the gap in formal education between the two. In terms of regulations relating to enterprise size thresholds, it may be necessary to review these but such a review should be approached from a broad perspective that takes general-interest goals into account. Lastly, business

“ Evidence suggests that it is not hard to create a new business in Spain; what is hard, and limited in scope, is innovation-driven business creation. ”

creation policy underestimated the internal costs of growth. As a first step in taking them into consideration, the government could benefit from commissioning a white book on management practices in Spain.

Introduction

In February 2021, Spain's President, Pedro Sánchez, unveiled a report titled "Spain: An Entrepreneurial Nation", which is considered key to articulating and supporting the country's social and economic transformation. Elsewhere, the Ministry of Economic Affairs and Digital Transformation has published a document titled "Measures for Fostering Business Creation and Growth" for public consultation. That document highlights the over-representation of smaller-sized enterprises and the high number of self-employed professionals as a hallmark structural characteristic of the Spanish economy. It further states that that atomised structure is largely responsible for Spain's productivity gap, positing that increasing the average size of Spain's enterprises would be an effective means of closing that gap.

This paper has a double objective. Firstly, to analyse the transaction costs incurred in the process of starting up a company. And secondly, to evaluate the Ministry of Economic Affairs' diagnosis of the state of business creation and enterprise size structure in Spain and the reform proposals made on the basis thereof. The rest of the paper presents some thoughts about specific aspects addressed in that document.

Diagnosis of the situation

Entrepreneurship and business creation have been the subject of economic policy debate in Spain for some time. An important first distinction to make when analysing business creation and development is between the

quantity and quality of business creation. That distinction tends to bear a close relationship with the reasons for starting a business: self-employment, driven by the conviction that it is not possible to find suitable salaried work (*i.e.*, out of necessity), or, to the contrary, when those who do have opportunities for salaried work believe they can be more productive by setting out on their own (*i.e.*, opportunity-driven business creation). If the goal of public policy is to lift the economy's productivity and potential output, then clearly it is best to stimulate opportunity-driven business creation. If, on the other hand, the idea is to increase the number of people in work, the distinction between quantity and quality may be less important from the public policy perspective.

On the robustness of the general diagnosis

The document for consultation notes that Spain presents a higher percentage of smaller companies than those European countries with higher labour productivity rates. Framed by that paradigm, the main argument is that it is desirable to increase the average size of Spain's enterprises as a means to boosting the economy's productivity. The work by De Castro and Larraza (2018) characterises business creation and shows how the process is similar in Spain to that of benchmark countries, such as Germany and France. However there are some singular differences with those countries. For example, the enterprises created in Spain have lower growth expectations and are far less export minded. The average size of start-ups in Spain is very small, half of all start-ups disappear within five years and those that survive remain small in size (not much bigger than at the outset) in subsequent years. Evidence therefore suggests that it is not hard to create a new business in Spain; what is hard is innovation-driven business creation.

“ The cause-and-effect relationship, if it exists at all, is not that size shapes productivity but rather that productivity determines size. ”

Moreover, in relation to the debate about company size and its consequences, there is abundant international and national literature (Moral-Benito, 2016; Huerta y Salas, 2014 and 2018; Bloom *et al.*, 2007 and 2014) that the cause-and-effect relationship, if it exists at all, is not that size shapes productivity but rather that productivity determines size. In other words, it is the more efficient and productive enterprises that gain market share and size, whereas less productive firms lose market clout.

It is also worth pointing out that the breakdown of a country's enterprises by size segments is not arbitrary but rather the result of market competition and management practices. It is therefore important to correctly diagnose why Spanish companies have the size they have and to assess the nature and ambition of the business ventures launched in order to understand why they continue to have such a limited impact on productivity and scale.

On the objectives to be pursued

Peer-reviewed academic studies (Bloom *et al.*, 2010 and 2014) show that the productivity differences associated with the quality of management practices have a more than proportionate impact on company size, so that by increasing the average quality of those inputs, average enterprise size and productivity increase more than proportionately. That evidence suggest a shift in attention away from legal persons (companies) or productive plants, the number of establishments in existence and their size to obtain a better understanding of the profile of the country's entrepreneurs-employers and the skills and educational backgrounds of their executives and the teams they manage.

On institutional factors

Analysis of business dynamism in Spain using the DIRCE database (The National Statistics

Office's Database of Business Demographic Statistics) evidences that the rates of business destruction, creation and net survival (Fariñas and Huergo, 2015; García Perea, 2020; Huerta and Salas, 2021; and Xifre, 2019) are highly sensitive to the economic cycle. This shows that the creation and closure of businesses acts as an adjustment mechanism in the face of changes in demand when, in a bid to shore up productivity, it would be far preferable for cyclical adjustment to involve the redistribution of man hours across existing firms.

The database analysis also reveals that the breakdown of Spanish enterprises by size and the number of people employed by each size segment has barely changed since the early 1990s. Over that period, there have been considerable changes in technology, regulations and market dynamics but the size and employment breakdowns have remained constant. We can therefore infer that the rigidity of that structure is attributable to more structural factors than those alluded to in the government's document for public consultation.

Measures for facilitating business creation

Reducing the minimum level of capital needed to incorporate a LLC to one euro

The government's document claims that there are indications that the minimum capital requirement for setting up a limited-liability company (LLC) of 3,000 euros may be a significant impediment to business creation but does not specify how this impediment works. To create a business, it is not necessary to set up a company (legal person) to intervene between the entrepreneur, a natural person, and the third parties he or she contracts with. Incorporating and interposing a legal person is a decision that comes after a natural person discovers a business opportunity and takes

“ Legal structure also facilitates the allocation of risk between multiple financial investors, enabling investments of larger scale while allowing each investor to maintain a degree of wealth diversification. ”

action to secure the inputs needed to take advantage of it.

Among the legal structures an entrepreneur can choose from to conduct business with third parties, those that confer limited liability privilege are of particular importance. By limiting liability to the equity of the company created, the personal wealth of the entrepreneur is ring-fenced from the risk of business failure. Legal structure also facilitates the allocation of risk between multiple financial investors, enabling investments of larger scale while allowing each investor to maintain a degree of wealth diversification.

We believe that any decision to eliminate the minimum LLC capital requirement of 3,000 euros would need to be thoroughly substantiated. To assess the suitability of a minimum capital requirement in addition to general-interest considerations (society may view that the limited liability privilege should be associated with a social return from the enterprise created, beyond the private return), it is necessary to contemplate the market logic. The equity of a corporate enterprise is an important indicator of the guarantees the legal person brings to performance of the contractual obligations assumed with third parties.

Reducing the minimum capital of an LLC from 3,000 euros to one euro (as proposed in the government's document) would, in theory,

cheapen the cost of setting up corporate enterprises for future entrepreneurs but it is important to consider whether this would increase the costs for the third parties that do business with them. Without a minimum capital requirement, the company would not provide any information about its equity and guarantees or about how much the person setting it up is willing to risk.

Lastly, reduction of the minimum capital needed to set up a company to one euro would send a misleading message to start-ups about the real financial needs of going into business. For technology or social innovation-driven ventures, the initial phase of investment is marked by significant uncertainty about the final outcome and significant asymmetry of information about the venture between 'insiders' and 'outsiders'. It is well known that uncertainty and information asymmetry complicate access to debt, especially bank debt, if not making it outright impossible.

It is obvious that for the types of enterprises that could help strengthen the business environment, reducing the minimum incorporation capital to one euro would not have any impact.

High financial and administrative costs of setting up a company in Spain

As noted, the evidence about the path of business creation in Spain is not consistent with the notion that the financial and

“ Reducing the legal minimum for setting up an LLC would not, on its own, have any meaningful impact on the ultimate goal, which is understood to be fostering opportunity-driven business creation. ”

administrative costs of setting up a business are excessive. If they were, the number of companies created would be comparatively lower than at present.

Business creation in the form of incorporation may pursue a range of objectives and it should not be taken for granted that the privilege that comes with setting up a company, and setting up an LLC in particular, will always be used in a socially responsible manner. In our view, reducing the legal minimum for setting up an LLC would not, on its own, have any meaningful impact on the ultimate goal, which is understood to be fostering opportunity-driven business creation.

Financial support measures for business growth

The government's document puts all the emphasis on corporate financing and ignores the first and most important step: the nature of the investment project needed to set up a business venture. Information asymmetry issues curtail such ventures' access to financing. The funds available and their cost are heavily conditioned on the difficulties faced by external investors in reducing uncertainty about the outcome of the ventures they are asked to finance and creating favourable conditions for controlling agency costs. It is hard to finance innovative start-ups and when financing is obtained it will generally come at a high cost in order to reflect the significant risk premium. Can we be certain, however, that the relatively lower weight of start-ups in Spain is attributable exclusively or above all to unique corporate financing issues?

It should not be assumed that the impediment to growth lies with a lack of financing without looking at the quantity and quality of innovative ventures the business sector

can generate. Our vision of business creation acknowledges that the technology underpinning the venture or business model and the venture's competitive strategy are fundamental aspects of the business creation process. Through that approach, it is necessary to analyse the obstacles facing the innovation ecosystem in Spain to generate competitive projects.

Financial instruments are securities that regulate access to a company's cash flows and profits and also come with voting rights. There is a degree of consensus that many entrepreneurs prefer to retain control over the company they have created and 'reared' over the alternative of achieving higher growth at the cost of bringing in outside shareholders who would force them to share or cede that control. That matter, related with "managerial culture/quality", suggests the need to reflect on the professional background of management style in Spain. There is something amiss in the employer and management training market in Spain if, judging by the Eurostat data (Pérez and Hernández, 2013), the difference between the number of years in formal education of employers in Spain compared to the most productive countries in Europe is bigger than the difference in the number of years of education presented by employees as a whole.

It is also important to flag the significance of managerial capital in business growth. There is evidence (Rubio *et al.*, 2018; Garcés-Galdeano *et al.*, 2019; and García Olaverri *et al.*, 2006) that the value of any business endeavour in the financial markets will be largely determined by the value the market ascribes to the perceived quality, credibility and confidence of its management team.

“ The difference between the number of years in formal education of employers in Spain compared to the most productive countries in Europe is bigger than the difference in the number of years of education presented by employees as a whole. ”

Measures to eliminate regulatory barriers to business growth

In recent years, the idea has taken hold in Spain and other countries (Garicano *et al.*, 2016), that companies face significant external costs in attempting to grow beyond a certain threshold of revenue and/or number of employees, as greater scale leads to higher tax transparency requirements and/or labour demands for collective representation [1].

In assessing the *external costs* of growth and company size in Spain, it is important to consider why the legislator set those thresholds in the first place. Those thresholds are part of public policies and regulations whose social cost-benefit analysis warrants discriminatory application to some companies and not others depending on their size. In such cases, there may be social efficiency reasons to justify leaving them in place.

Evidence suggests a considerable number of companies could try to alter their revenue or headcount figures in order to avoid more stringent tax oversight if their revenue tops the six-million-euro mark or having to set up a workers' committee if they employ more than 50 people. If this were the case, companies that, in the spirit of the law, should be on one side of the threshold would in practice avoid that marker. However, such socially reprehensible conduct is insufficient to conclude that the thresholds have effects on the average enterprise size of relevance in terms of efficiency and corporate productivity.

The enterprise size thresholds relate to the size of the legal person, whereas the relationship between size and productivity resides within the enterprise as a productive or organisational unit (management unit). A company may operate at an efficient production scale and/or leverage the economies of scale of sharing

the same management team whereas its assets, productive units and employees may be divided among different legal persons. Formally, the enterprise does not reach the threshold and therefore eludes the labour and tax consequences of surpassing them, but productive efficiency is not affected.

The need to review the public policy and regulations conditioned by company size may be wholly justified but, in our opinion, should be approached from a broad perspective that takes general-interest goals into account.

However, the external costs of growth are not the only costs the legislator should examine. Business growth also entails *internal costs* that depend on the complexity of the coordination and motivation issues that come with increasing size within a given management unit and the organisational solutions taken to tackle them. In general, keeping costs under control when companies increase in size is achieved through internal organisational structures characterised by a higher degree of decentralisation and delegation of decision-making. For such delegation to work at least two conditions must be met: (i) the employees onto which the decisions are delegated must have the skills and training needed to perform the tasks they now need to pursue with greater autonomy; and, (ii) the person delegating the decisions must be convinced that that autonomy will be exercised in the organisation's interests and not the specific interests of the person(s) onto which they are being delegated.

In recent years, there have been a number of academic articles (Bloom *et al.*, 2014; Huerta and Salas, 2014 and 2017; Walk-Círculo de Empresarios, 2020) that have provided evidence of the relationship between confidence and delegation and the internal

“ Business growth also entails internal costs that depend on the complexity of the coordination and motivation issues that come with increasing size and the organisational solutions taken to tackle them. ”

costs of growth for hierarchical companies. The relationship between the quality of management at companies and their ability to create decentralised environments of trust has also been established. In all countries, at consolidated firms, the management quality/management practice input emerges first as a critical source of productivity and then as a capacity for growth. Therefore, in Spain, who owns a company and how they came to own this company ends up being decisive in the decision-making that directly impacts the organisation and the costs of growth.

Conclusions

Any legislative drive aimed at stimulating business creation and business growth should start by recognising the considerable differences between innovation-driven and necessity-driven start-ups. Public policy in support of business creation with a focus on productivity gains needs to be concerned with opportunity-driven business creation.

We believe that the range of choices afforded by existing regulations is sufficient for incorporating any kind of venture in the manner best suited to its needs (LLC, cooperative, PLC, *etc.*). We agree with the idea of unifying legislation on the minimum capital requirement for setting up a LLC but the legislator should bear in mind that the ultimate goal of the minimum capital regulations is not to reduce the cost of setting up a company. The goal should be to reduce the total transaction costs, private and social, of interposing a legal person with limited liability between the natural persons starting a venture and the third parties that engage with it.

Young companies will find it hard to find external financing as there is no guarantee

that the market failures intrinsic to start-ups will not occur. That task has to be left to the private and public institutions specialised in the provision of seed and growth capital.

In considering the financing issues facing start-ups, it is important to view them through the prism of the investments needed to fund a new venture. To do that, the overall technological and innovation ecosystem needs to be looked at.

We agree that a revision of the headcount and/or revenue thresholds that may create external costs of growth for enterprises is in order but believe that any such initiative needs to establish that the adverse effects of those costs on societal wellbeing are higher than the potential benefits sought by the legislator when those thresholds were first established.

In our opinion, the impact of the external costs of growth generated by the public policies tied to company size on the make-up of the Spanish business sector and its productivity is overestimated. What public business creation policy overlooks completely are the internal costs of growth. As a first step in taking them into consideration, we recommend that the government commission a white book on management practices in Spain.

Notes

[1] To demonstrate that those costs and the associated barriers exist, some have studied the discontinuity in the distribution of company sizes around those thresholds, specifically an over-concentration of companies with between 40 and 45 employees and just below 6 million euros of revenue and an under-concentration in companies with between 50 and 55 employees and just over six million euros in revenue (Almunia and López-Rodríguez, 2014). The leap to the next conclusion is straightforward:

“ Any legislative drive aimed at stimulating business creation and business growth should start by recognising the considerable differences between opportunity-driven, innovation-driven and necessity-driven start-ups. ”

eliminating the thresholds, the external costs of growth would decrease and company size and productivity would increase.

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Emilio Huerta Arribas. Professor of Business Organisation at the Public University of Navarra, UPN

Alfonso Novales Cinca. Professor of Fundamentals of Economic Analysis at Madrid's Complutense University

Vicente Salas Fumás. Professor of Business Organisation at Zaragoza University

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Market values of European and Spanish banks: Contraction and recovery against the backdrop of COVID-19

European and Spanish banks' share prices took a significant hit during the worst periods of the COVID-19 crisis, only to outperform other stocks once a recovery took hold. Interestingly, banks' CoCo bonds performed even better, registering a smaller contraction and a stronger rebound.

Ángel Berges, Fernando Rojas and Diego Aires

Abstract: European and Spanish banks' share prices took a significant hit during the peak of the COVID-19 crisis. Measured using price-to-book value, Spanish and European banks were trading at a low of 0.3x (*i.e.* at a discount to their book value of 70%) in 2020. At the start of the crisis, some bank stocks lost more than 50% of their value,

compared to average index correction of 20-25%. However, towards the end of 2020 and beginning of 2021, banks have been one of the best-performing sectors, significantly outperforming the broader indices. Although both European and Spanish banks' share prices have rebounded, the recovery has been more intense for the Spanish banking sector.

These strong recoveries are due to monetary and fiscal measures as well as a rebound in M&A activity and progress on the vaccination front. Banks' shares also received a significant boost from the sizeable upward shift in rate curves. Notably, the experience of banks' CoCo bonds has highlighted the asymmetric nature of these instruments. Their prices contracted by less than ordinary bank shares yet went on to rebound more strongly.

Introduction

In the year since the World Health Organization (WHO) declared the outbreak of COVID-19 a pandemic, stock market valuations have etched out a V-shape, starting with a collapse during the initial lockdown in March 2020 followed by a strong recovery that has proven particularly intense since the end of 2020 and into the beginning of 2021. That rally has been underpinned by the markedly dovish stance taken by central banks and governments, as well as progress made on developing and administering vaccines. More recently, valuations have been boosted by clear signals, such as the upward shift in the US Treasury rate curve, that the economic recovery is gaining traction.

Those swings in market valuations have by no means been evenly distributed across the various sectors. If one sector stands out for its swings in valuations, it is the bank sector. Banking has a long-standing reputation as a highly cyclical sector of the stock market, with a beta well in excess of 1 (~1.3 - 1.5), which translates into outsized movements relative to the market during rallies and corrections alike.

Against that backdrop, Spanish and European banks suffered an initial correction at the onset of the pandemic that was far more intense than that sustained by other sectors.

However, these banks have performed much better in the aftermath, conforming to a V-shaped recovery. Those swings in market value have had an impact on trading multiples (relative to book value), which posted lows during the height of the pandemic only to recover and, in some sectors, keep pace with the general indices.

The purpose of this paper is threefold. First, we compare valuation multiples between the banks and other sectors and between Spain and Europe. We then examine in more detail the factors that have driven the intense recovery in the banks' stock prices since the peak of the health crisis. Lastly, we analyse the extent to which the swings in their equity market values have been echoed in the banks' other key loss-absorbing instrument, contingent convertible bonds (CoCos or AT1 instruments), which in recent years have been the main vehicle for recapitalising the European and Spanish banks.

Bank sector stock market recovery in Spain and Europe

The trends outlined above are depicted in Exhibits 1 and 2, which show how the banks were one of the sectors hardest hit by the pandemic. Some bank stocks lost more than 50% of their value at the start of 2020, compared to average index correction of 20-25%. However, during the rally towards the end of 2020 and beginning of 2021, banks have been one of the best-performing sectors, significantly outperforming the broader indices.

Within those patterns, Spanish banks sustained a sharper and more abrupt correction in March than their European counterparts yet went on to stage a more pronounced recovery at the end of 2020

“ Spanish banks sustained a sharper and more abrupt correction in March than their European counterparts yet went on to stage a more pronounced recovery at the end of 2020 and beginning of 2021. ”

and beginning of 2021. The relatively bigger correction in March is attributable to the Spanish banks' higher exposure to those sectors more affected by business closures during lockdown.

The recovery in Spanish banks' share prices at the end of 2020, in addition to the factors already mentioned (support from central banks and governments; advances on the vaccine front), was boosted by the reactivation

Exhibit 1

Eurostoxx banks vs. Eurostoxx

Rebased: (31-Dec 2019 = 100)

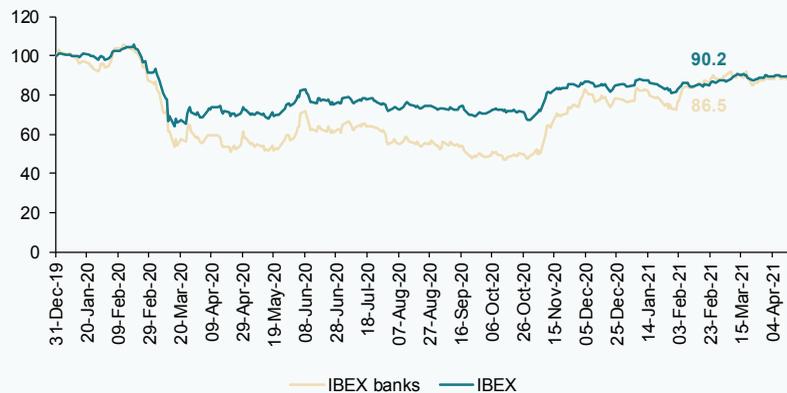


Source: Factset, Afi.

Exhibit 2

IBEX banks vs. IBEX 35

Rebased: (31-Dec 2019 = 100)



Source: Factset, Afi.

of M&A activity as a means to: (i) accelerating the reconfiguration of their productive structures for a business environment in which it is becoming much harder to generate interest income; and, (ii) facilitating the absorption of non-performance which, despite originating in 2020, will be reflected on the banks' financial statements over the course of 2021 and 2022.

It is worth mentioning the notable effort made to frontload impairment charges in 2020, which was a significant advantage for Spanish banks. Specifically, Spanish banks provisioned around 1.4% of total assets, which is more than twice the level provisioned by other main European banking systems.

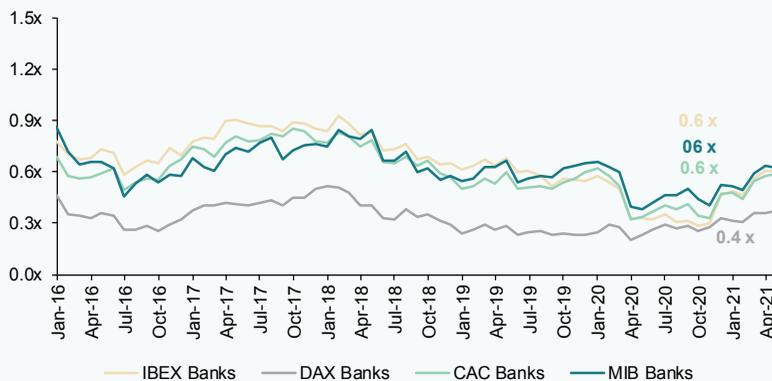
In relative valuation terms, measured using the ratio between market value and book value, or price-to-book value (PBV), Spanish and European banks were trading at a low of 0.3x (*i.e.* at a discount to their book value of 70%) during the worst periods of the pandemic (Exhibit 3). The subsequent recovery has nearly doubled that multiple, which stood at

around 0.6x on average at the end of the first quarter of 2021.

Despite the recovery, those multiples remain depressed, indicating that the market is pricing in the banks' inability to generate a return on capital equivalent to their costs, which will unquestionably make it harder for banks to tap the capital markets. In order to illustrate the scale of that discount to book value, recall that Spain's eight listed banks at year-end 2020 (Bankia was delisted in March 2021 as a result of its merger with Caixabank) had own funds of around 180 billion euros. Nevertheless, the market is valuing them at around 110 billion euros.

If the market is valuing all European banks (listed and unlisted) at those multiples, the implicit discount, considering total eurozone banking system own funds of somewhere over 1.5 trillion euros, is equivalent to around 700 billion euros, reflecting either potential impairment provisions or the banks' inability to remunerate shareholders on terms sufficiently appealing to attract their investment.

Exhibit 3 Trend in PBV by national bank sector



Source: Factset, Afi.

“ The recovery in banks’ share prices was primarily driven by economic support measures (monetary, regulatory and, above all, fiscal policies), accompanied by the progress made on the vaccination front. ”

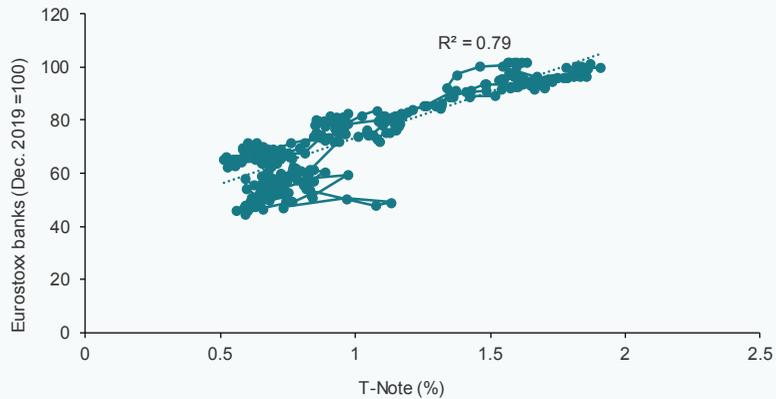
The rate curve is propping up bank valuations

Although both European and Spanish banks’ share prices have rebounded, the recovery has been more intense for the Spanish banking

sector. Several factors account for these strong recoveries.

During the last few months of 2020, the recovery in banks’ share prices was primarily

Exhibit 4 **Eurostoxx banks vs. US 10Y yield**



Sources: Factset, Bloomberg Afi.

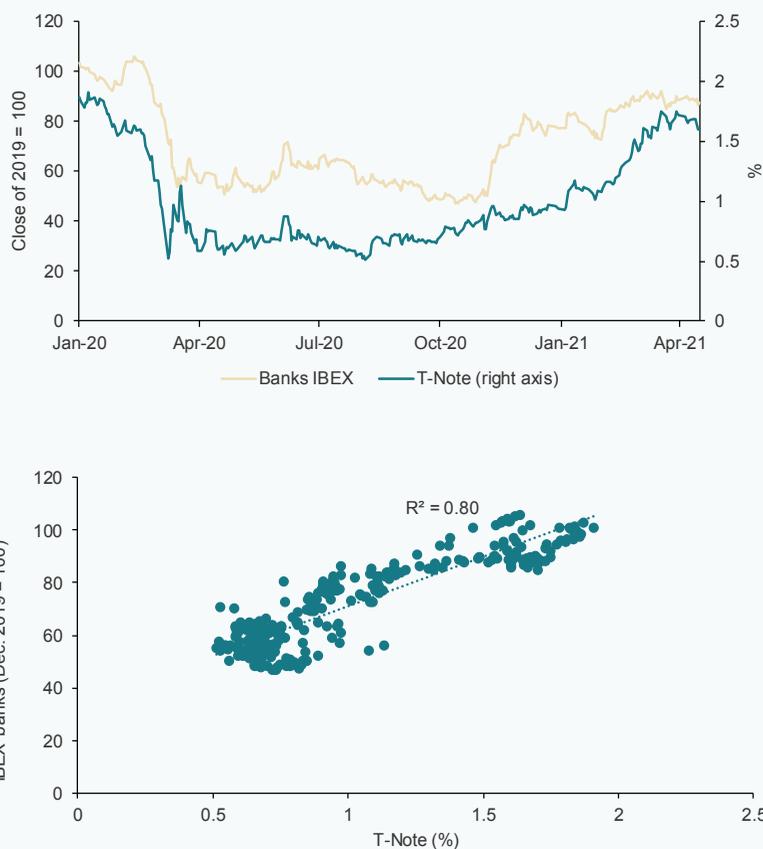
driven by economic support measures (monetary, regulatory and, above all, fiscal policies), accompanied by the progress made on the vaccination front.

In 2021, bank valuations have received a significant boost from the sizeable upward shift in rate curves, initially in US Treasuries and subsequently followed by German government bonds. The latter are relevant given that they act as the main anchor for long-term rates in the various eurozone countries.

Exhibits 4 and 5 demonstrate the high correlation (close to 80%) between European (and Spanish) bank market values and the yield on US Treasuries, clearly the main benchmark for rate expectations.

This correlation is attributable to two key factors. Firstly, an increase in benchmark rates paves the way for growth in the banks' net interest income, which is particularly important for European and Spanish banks whose business models are more reliant on the retail banking business (deposit-taking and

Exhibit 5 IBEX banks vs. US 10Y yield



Sources: Factset, Bloomberg Afi.

loan-making) than other banking systems, such as the American system, which is more exposed to investment banking. An economy with structurally higher rates than prevailing interest rates can alleviate the pressure that the negative rate phenomenon exerts on profitability in the retail banking segment.

Secondly, a high absolute risk-free rate is associated with growth cycles, in which lending activity rises and non-performance falls, unquestionably benefitting stock market valuations in a sector as cyclical as the banking business.

CoCos *versus* bank share prices: A different tale

Having observed the banks' stock market swings during the pandemic, it is helpful to analyse the different trend in the price of their contingent convertible bonds (CoCos or AT1 instruments). After the banks' ordinary shares, those instruments constitute the banks' next loss-absorbing instrument. Notably, in recent years these instruments have grown to become an outsized share of Spanish and European banks' market capitalisations.

CoCos corrected by relatively less at the height of the pandemic, but went on to recover more intensely, so that CoCos registered net gains in 2020. The banks' share prices, on the other hand, have only recovered just over half of the value destroyed, so that they are still trading 25% below pre-pandemic levels today.

The most noteworthy trend, however, is the difference in performance from one bank to another, particularly the asymmetry in that disparity during the episodes of correction *versus* recovery. In the case of the CoCos, the disparity between banks widened extraordinarily at the height of the pandemic, whereas prices converged to an extraordinary

degree during the subsequent recovery (far more so than the banks' share prices).

That extraordinary asymmetry in the banks' CoCo prices, far more pronounced than in the case of their share prices, is the result of the very nature of those instruments, which combine features of a fixed-income asset (payment of a —relatively high— coupon in normal conditions), with equity features, as the bonds automatically convert into equity ready to absorb losses if the entity enters resolution or its CET1 falls below a certain threshold.

It is the contingent and convertible nature of the CoCos that shapes that asymmetric price performance. During 'good times', in which the probability of mandatory conversion into equity is minimised (the beginning and end of 2020 and the first quarter of 2021) we see significant convergence among the banks, with the small divergences mainly attributable to the entities' differing business models. During the height of the lockdown, however, the various banks' CoCo prices diverged significantly, due to the risk of resolution priced in by the market for each entity.

Looking at the performance of the listed banks, it is reasonable to conclude that the perceived risk to banks has dissipated. The current risks priced in by the market relate to business model risks associated with the scant margins of some of the banks, as well as the anticipated rise in non-performance, similarly associated with some of the banks' business models and exposure.

Conclusion

Over the past year, banks' share prices have undergone far greater swings than other sectors, providing further evidence of their markedly pro-cyclical nature. Their shares

“ Banks' CoCos corrected by relatively less at the height of the pandemic, but went on to recover more intensely, so that CoCos registered net gains in 2020. ”

corrected far more severely than those of other sectors during the initial lockdown, as the market priced in the expectation that the sector would be hardest hit as their asset quality deteriorated in the midst of a recession. They then went on to stage a more intense recovery fuelled by the expectations of economic recovery and helped by monetary and, most importantly, fiscal stimulus measures and the progress made on the vaccine front.

It is also worth highlighting the positive influence on bank valuations that the upward shift in the US long-term rate curve has had in recent months. This yield curve, more than any other, is foreshadowing a degree of normalisation in the negative rate environment that has been so harmful for the banking business in Spain and Europe in general.

Lastly, the analysis of the trend in the banks' CoCos, in contrast to their share prices, reveals a much better performance. Although they were penalised less during the height of the crisis, they have made a stronger subsequent recovery. However, it is important to underline the asymmetric nature of those instruments. During episodes of deep crisis, they expose investors to a 'tail risk' that differs from one bank to the next.

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Ángel Berges, Fernando Rojas and Diego Aires. A.F.I. – Analistas Financieros Internacionales, S.A.



Payments in year two of the pandemic

The pandemic has accelerated the use of new payment technologies, such as mobile and P2P payments, with future growth projected in the use of QR codes and biometric payments. However, only once the crisis dissipates will it be possible to assess the strength of these trends.

Santiago Carbó Valverde, Pedro Cuadros Solas and Francisco Rodríguez Fernández

Abstract: COVID-19 has accelerated shifts in social and economic patterns that pre-date the crisis, including those in the retail payments sphere. Last year, there were 4.7 billion card transactions at the point of sale (PoS), up 4.4% from 2019. This is despite the overall drop in the volume of transactions due to strict lockdowns and social distancing requirements. Although the growth rate in card payments is lower than seen in previous years, the contraction in cash sales was considerably more pronounced

in 2020. Evidence also shows an increased willingness of consumers to use alternative digital payment options. For example, the percentage of the population that made a payment from their mobile handset increased from 55.66% before the pandemic to 63.22% during the final months of 2020. Meanwhile, the percentage of the population using P2P applications to transfer money increased from 62.79 % to 75.26% over the same timeframe. Looking forward, QR codes and biometric payments are expected to grow in popularity

due to their user-friendliness, security and speed. Nevertheless, it will not be possible to determine the extent of the shift in consumer preferences for payment technologies until some degree of normality returns.

Payments in the midst of a pandemic

In the 21st century, the manner in which we pay for things has become a symbol of the society we live in. Purchase transactions reveal information about our preferences for technology, propensity to save, financial planning, data usage and our appetite for debt. Unexpected disruptions, such as the COVID-19 pandemic, and the uncertainty they usher in can radically change some of those preferences, with retail payments mirroring these shifts. In this article, we analyse the pandemic-induced changes in Spanish retail payments and the extent to which some market trends may have accelerated as a result.

Several payment instrument trends have emerged forcefully in recent years, although there are marked differences between countries depending on institutional, technology infrastructure and even psychological/social factors. Academic research shows that payment trends tend to be entrenched, with consumer preferences changing slowly over the long-term. Each region has a payments 'culture'. Nevertheless, a gradual transition from physical payments (*i.e.* cash) towards electronic and digital methods is emerging. In the broadest sense, the aim is to move towards more efficient, secure and fiscally transparent transactions. It is important to focus on attainment of those objectives rather than the promotion of specific payment instruments, as society and technology evolve and adapt in response to the shift in preferences. It

is still too soon to determine to what extent the pandemic has contributed to changes in payment but some data suggest that we have evolved in just 12 to 15 months to a position that would otherwise have taken several years to reach. Four main changes have been observed in Spain during the pandemic:

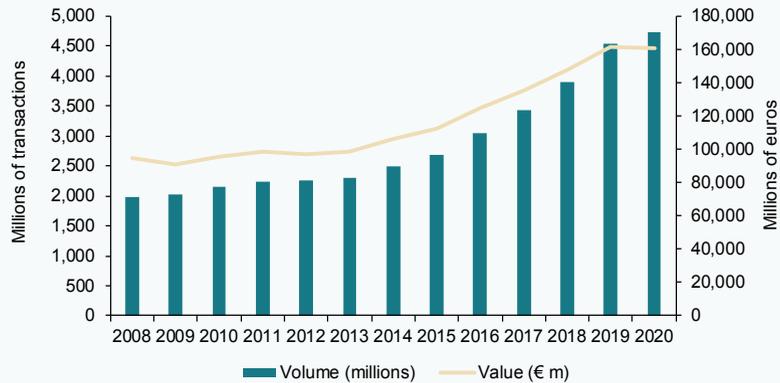
- In general, the volume of transactions has fallen during the periods of lockdown or tighter restrictions, in tandem with the contraction in consumption and growth in savings, a trend that is mirrored in other countries.
- Cash payments have declined in weight relative to payments with electronic instruments but remain a priority and persistent form of payment for a broad spectrum of citizens.
- Contactless mobile payments are becoming more popular, this being one of the payments instruments registering the strongest growth during the pandemic.
- The use of instant money payment or transfer apps has also proliferated. In Spain, the use of Bizum stands out. Alongside mobile and P2P payments, new transacting methods, such as those based on quick response, or QR, codes, are emerging, albeit still in the early stages of adoption.

The data published by the Bank of Spain until the end of 2020 provide insight into payments made throughout the pandemic. Exhibit 1 shows that there were 4.7 billion card transactions at the point of sale (PoS) last year, up 4.4% from 2019. This indicates a notable slowdown, compared to the double-digit annual growth rates registered since 2016. Note, however, that volumes only

“ It is still too soon to determine to what extent the pandemic has contributed to changes in payment but data suggest that we have evolved in just 12 to 15 months to a position that would otherwise have taken several years to reach. ”

Exhibit 1 Trend in purchases paid for by card at PoS

Volume and value



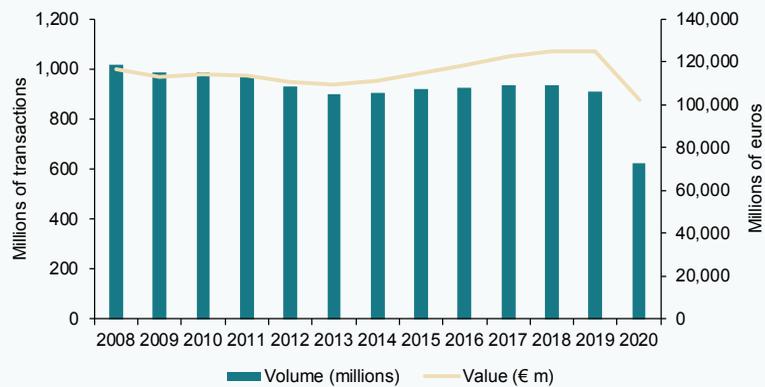
Source: Bank of Spain and authors' own elaboration.

contracted in the second quarter (not shown in the exhibit), specifically by 16.3%, which is when the most stringent lockdown was in place. Value-wise, card PoS transactions amounted to 160.55 billion euros in 2020, down 0.49% from 2019.

Although the Bank of Spain does not publish statistics on cash payments in retail establishments, it does track ATM cash withdrawals (Exhibit 2). The drop in withdrawals is noteworthy. The number of transactions declined by 31.2% from 908

Exhibit 2 Trend in ATM cash withdrawals

Volume and value



Source: Bank of Spain and authors' own elaboration.

“ The number of ATM transactions declined by 31.2% from 908 million in 2019 to 604 million in 2020. ”

million in 2019 to 604 million in 2020. The value of those transactions declined by 18.4% from 125.19 billion euros to 102.2 billion euros.

Shifting preferences: Mobile and P2P payments

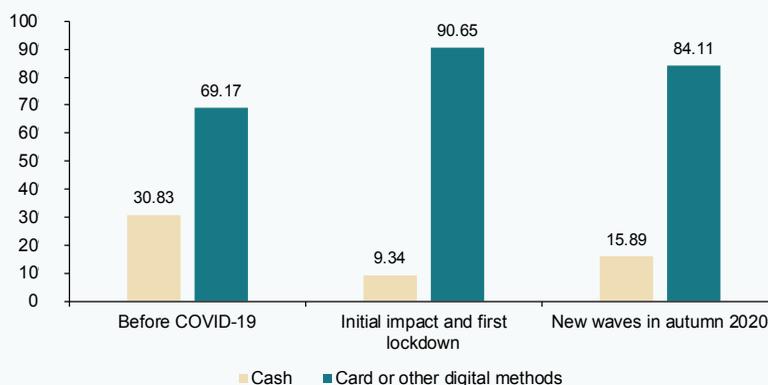
The Funcas Observatory of Financial Digitalisation (ODF-Funcas) has been analysing changes in the demand for payment instruments as part of the financial digitalisation of the Spanish population. The last edition of the Financial Innovation Barometer [1] examined patterns before COVID-19, during the first lockdown and the subsequent waves of transmission and restrictions in the autumn of 2020. In analysing the use of cash versus cards and other digital methods, there are some important caveats to note. Although the statistics regarding the use of notes and coins

are scant and not systematic, a significant difference has been observed in the use of cash and other payment methods and the opinions expressed in surveys about user preferences. While the European Central Bank (2020) has calculated that Spaniards, like citizens of other European countries, use cash for over 80% of their transactions, the surveys suggest a growing preference for other means of payment. Specifically, the Barometer (Exhibit 3) shows that before the onset of COVID-19, Spaniards strongly preferred electronic or digital payment instruments (69.17%) over cash (30.83%). When the pandemic broke out and during the initial hard lockdown, those percentages jumped to 90.65% and 9.34%. That mix rebalanced only slightly (at 84.11% and 15.89%, respectively) during the subsequent waves and less-stringent restrictions in the autumn of 2020.

Exhibit 3

Trend in the use of payment instruments since the onset of the COVID-19 crisis

Percentage of those surveyed for the Barometer



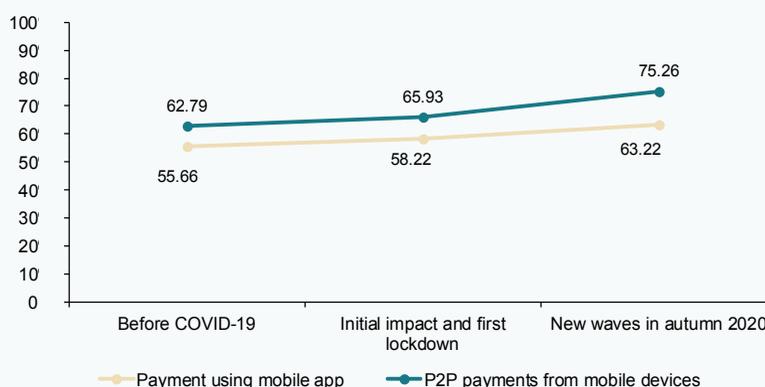
Source: Special Barometer ODF: The effects of COVID-19 on financial digitalisation and authors' own elaboration.

“ The percentage of the population using peer-to-peer, or P2P, applications to transfer money increased from 62.79% before the pandemic to 75.26% during the final months of 2020. ”

Exhibit 4

Percentage of the population using P2P payments and transfers since the onset of COVID-19

Percentage of those surveyed for the Barometer



Source: Special Barometer ODF: The effects of COVID-19 on financial digitalisation and authors' own elaboration.

By examining digital payment instruments, particularly transactions completed from mobile phones or other handheld devices, we can see significant additional changes in how Spaniards are processing and sending their money. According to the Barometer, the percentage of the population that made a payment from their mobile phone increased from 55.66% before the pandemic to 58.22% during the first lockdown and to 63.22% during the final months of 2020. The percentage of the population using peer-to-peer, or P2P, applications to transfer money, the most popular of which is Bizum in Spain, increased from 62.79% to 65.93% and to 75.26% over the same timeframes.

The surge in P2P payments warrants special attention. A broad variety of social interactions

and transactions that involve money, from dividing up the bill at a restaurant to making a donation — are changing shape. In Spain, as noted above, the leading platform is called Bizum, a company owned by the main banks (currently encompassing 31 financial institutions) that have come together to develop this innovative payment solutions. As shown in Table 1, there are similar projects in other European countries whose market penetration is rising at a similar pace. It is important to note that those platforms, although initially created as a way of facilitating person-to-person transfers, are gradually embedding the ability to pay online and in physical stores, thereby building a solid bank-backed alternative to the payment platforms offered by tech companies (such as Paypal, GooglePay, SamsungPay and ApplePay). The multi-channel features offered

Table 1

Key bank-sponsored mobile P2P payment initiatives in Europe

	Bizum	Swish	Paylib	Blik	Twint	Paym	Vipps
Country	Spain	Sweden	France	Poland	Switzerland	UK	Norway
Launch	2016	2012	2018	2015	2014	2014	2015
Users	15 million	7.6 million	15 million	5.5 million	3 million	4 million	3.5 million
Banks involved	31	12	20	15	17	15	> 100
Payments - e-commerce	Yes	Yes	Yes	Yes	Yes	No	Yes
Payments - in-store	Yes	Yes	Yes	Yes	Yes	No	Limited
Payment interface	Each bank's app and QR code (in development)	QR code/ Camera	Each bank's app and NFC	Each bank's app and payment codes	QR code, Bluetooth and payment codes	Each bank's app	QR code and Bluetooth

Source: Authors' own elaboration.

by Bizum and similar platforms in Europe, which range from mobile apps to QR codes and other contactless or near-field communication (NFC) payment technologies, are key reasons for the growing popularity of these payment solutions.

On the horizon: New payment alternatives

Although new technology adoption occurs at varying speeds, certain payment technologies have proven especially popular in Spain during the crisis, pointing to the future of payments post-pandemic. In particular, the growing use of QR codes stands out. Although the technology was available before the pandemic, consumer interest in it has increased. With the imposition of health and safety measures, consumers have become used to scanning

these codes to perform multiple activities, not all of which financial (*e.g.*, reading the menu in a restaurant) and have transitioned to using them to make payments. The upside for QR payments lies with their user-friendliness, security and speed. Customers simply scan the code, select their bank and authenticate payment from their mobile phones. Growing familiarity with those uses suggests QR payments' market penetration will continue to grow. Some studies indicate that over 73% of Spaniards plan to use a QR code as a method of payment in the near future (MobileIron, 2020). Bizum has already announced plans to introduce QR-code enabled payments in the second half of 2021.

Biometric payment constitutes another high-potential method that is rising in popularity.

“ Worldwide, the biometric payments market is expected to grow by 49% between 2019 and 2027. ”

Biometric payments rely on user identification technology such as voice, face, fingerprint or iris recognition. Worldwide, the biometric payments market is expected to grow by 49% between 2019 and 2027 (Research Nester, 2020). Here the value-added lies with the scope for improving the customer experience by eliminating transaction friction. In today's touchless world, biometric payments are synonymous with the so-called 'invisible' or contact-free payment methods.

The introduction of biometric techniques is also affecting existing hardware. A good example is the biometric payment card which features a fingerprint reader. Unlike traditional cards, instead of typing in a PIN when paying for a good or service, users simply need to touch the fingerprint reader on the front of their cards. Moreover, all such cards are equipped with NFC technology to enable contactless payments. Voice payments, albeit still a nascent technology, could also provide benefits in the post-pandemic world. Consumers are becoming increasingly used to carrying out everyday tasks using voice commands (turning on lights or a home appliance, playing music, etc.), paving the way towards its eventual use in payments. Some of the technology players such as Google are already testing solutions that would allow voice authentication for payments. The challenge lies with the fact that the technology needs not only to understand the content of the message (the consumer command accepting the payment) but also to recognise its origin in order to authenticate the payer's identity. Research is also underway in the area of face recognition technology that goes beyond facial features. The idea is to embed a camera into a device that recognises physical characteristics and decides which gestures determine a transaction. That technology is already being used in China, where Alibaba has introduced a 'smile-to-pay' system whereby consumers can pay in stores by smiling at a camera. It is worth noting that the EU has just announced plans to regulate AI, including the use of facial recognition.

Adoption and the sustainable use of all of these new forms of payments depend largely on whether consumers perceive them as easy

and safe to use. What the current trends do seem to indicate, however, is that the COVID-19 pandemic has shifted preferences and spawned an experimental environment in which some of these new technologies may thrive. We will not be able to tell, however, to what extent these trends prove structural until some degree of normality in social contacts and mobility returns.

Notes

- [1] Retrievable from <https://www.funcas.es/odf/barometro-especial-odf-efectos-de-la-covid-19-en-la-digitalizacion-financiera/>

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Santiago Carbó Valverde. University of Granada and Funcas

Pedro Cuadros Solas. CUNEF and Funcas

Francisco Rodríguez Fernández. University of Granada and Funcas

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Deterioration in Spain's public finances in the wake of COVID-19

The spike in Spain's deficit in 2020 was the result of higher spending and lower tax revenue due to the COVID-19 pandemic. Although the government is forecasting smaller deficits in the coming years, Spain lacks a credible deficit consolidation plan.

Desiderio Romero-Jordán and José Félix Sanz-Sanz

Abstract: Spain reported a public deficit of 10.1% of GDP in 2020, which ultimately rose to 11.0% following the assumption of the reclassified deficit of the SAREB, or Spain's so-called bad bank. Much of this was concentrated in the central government, whose deficit came in 0.89 percentage points of GDP higher than initially forecast due in large part to transfers made to sub-central governments. The deficit is the result of two primary factors: an increase in spending and a fall in revenue. Specifically, spending

rose to finance furlough schemes, healthcare expenses and income support for the self-employed. While personal income tax receipts rose in 2020, VAT and corporate tax receipts plummeted. The 2021 General State Budget includes a deficit of 8.4% of GDP in 2021. [1] Upward pressure on the deficit could come from solvency support for the corporate sector and the rollover of fiscal and bankruptcy protection. Downward pressure on the deficit could arise from a positive trend in corporate income tax, VAT revenue and the gradual

“ The only positive note within the sharp deterioration in Spain’s public finances is that the 2020 deficit came in 0.33 percentage points below the October forecast. ”

withdrawal of the measures passed in 2020 to mitigate the effects of the pandemic. However, the uncertainty regarding the economy and, particularly, the absence of a medium-term consolidation plan, raises considerable doubts about the forecast trajectory in public debt over the coming years.

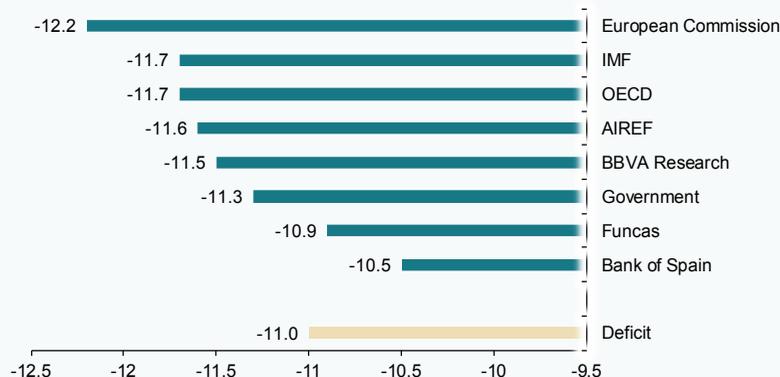
The starting point: Back to a double-digit deficit in 2020

Spain reported a public deficit of 10.1% of GDP in 2020, which is equivalent to 113.17 billion euros. That figure was well below the 11.3% originally estimated by the government in October 2020 in the General State Budget for 2021 (Government of Spain, 2020). As shown in Exhibit 1, that official forecast was in line with the consensus forecast presented by Funcas but below the estimates of AIREF, BBVA, the OECD, the IMF and the European Commission,

which were projecting a deficit ranging from 11.5% to 12.2%. However, in March, Eurostat obliged the Spanish government to assume the deficit of the SAREB —of nearly 9.9 billion euros— in its 2020 figures. [2], [3] Following the reclassification of the SAREB’s deficit, the total 2020 deficit, which includes all levels of government, ultimately amounted to 10.97% of GDP, equivalent to 123.07 billion euros. The 2020 deficit is very close to the peaks recorded in 2010 and 2012 (11.28% and 10.74%, respectively) during the financial crisis of 2008. Therefore, the economic crisis induced by the pandemic has led Spain back to a double-digit deficit, one that will necessitate a major fiscal consolidation process for the second time in a just over two decades.

The only positive note within the sharp deterioration in Spain’s public finances is the fact that the 2020 deficit came in 0.33

Exhibit 1 Public deficit in 2020



Source: Government of Spain (2021a).

percentage points below the October forecast. The breakdown of the aggregate deviation from the target by level of government, excluding the deficit generated by the reclassification of the SAREB deficit, is shown in Table 1. Specifically, that table shows how the central government deficit came in 0.89 percentage points of GDP higher than initially forecast, at 7.49%. The deterioration in the central government's deficit is the result of transfers made to sub-central governments. In contrast, the Social Security deficit was 1.45 percentage points of GDP below the initial forecast. The regional and local governments also performed better than expected, with the former reporting a deficit of 0.21% (0.39 percentage points below the target) and the local governments reporting a surplus of 0.26% (the target was for a balanced budget at this level). In fact, eight of the 17 regional governments went from a deficit in 2019 to a surplus in 2020: Andalusia, Aragon, Asturias, Balearic Islands, Cantabria, Castile-La Mancha, Castile & Leon and La Rioja. In total, the regional governments'

deficit decreased by 65.7%, from 7.11 billion euros in 2019 to 2.31 billion euros in 2020.

The public deficit reported in 2020 is the result of the interplay of two factors: (i) a drastic increase —of 62.9 billion euros —in public spending (growth of 12.0% of GDP), accompanied by a decrease, albeit smaller than expected, of 24.5 billion of public revenue (an increase of 2.1% of GDP due to the strong decrease in the denominator of the ratio) (IGAE, 2021). On the expenditure side, the Spanish government implemented a highly expansionary fiscal policy to cover the health and financial holes left by the pandemic. Specifically, the volume of discretionary spending amounted to 44.91 billion euros, with an estimated impact on the deficit, according to BBVA Research, of four percentage points of GDP (BBVA Research, 2021). According to that research report, the remaining five percentage point increase in the deficit was shaped by the ordinary correction in economic activity on account of the pandemic. Most of the

Table 1

Deviation with respect to the public deficit estimated by the government

Percentage of GDP

	Forecast	Final deficit	Change
Central government	-6.60	-7.49	-0.89
Regional governments	-0.60	-0.21	0.39
Local governments	0.00	0.26	0.26
Social Security	-4.10	-2.65	1.45

Source: Government of Spain (2021a).

“ The volume of discretionary spending amounted to 44.91 billion euros, with an estimated impact on the deficit of four percentage points of GDP. ”

discretionary spending was concentrated in the following three items: (i) 47.9% was used to cover the furlough scheme; (ii) 18.4% went to finance healthcare expenses which were managed by the regional authorities; and, (iii) 17.3% went to income support for the self-employed. As shown in Table 2, the central government assumed the financing of 90% of the expenditure generated by COVID-19, which in absolute terms translated into an outlay of 40.44 billion euros. It is worth highlighting the 16 billion euros transferred (non-repayable) to the regional governments to finance the COVID-19 fund [4] and the 22.36 billion euros earmarked to the Social Security administration. The latter transfers were used to finance the furlough scheme and income support for the self-employed. As a result of that expansionary fiscal policy, total public spending, at all levels of government, reached an all-time high of 576.49 billion euros in 2020, pushing the ratio of public spending over GDP up from 42.0% in 2019 to

51.5% in 2020 (Government of Spain, 2020, 2021a).

The historical drop in GDP in 2020 triggered a reduction in tax revenue of 7.8% (IGAE, 2021). As a result, tax revenue decreased from 212.81 billion in 2019 to 194.05 billion in 2020. However, the pandemic had a very uneven impact on the various key taxes. Personal income tax receipts were nearly flat, up 0.03%, whereas revenue from the other key taxes plummeted. Specifically, VAT receipts and excise duties both decreased by 12.8% and the corporate income tax take decreased by 12.7%. In the case of personal income tax, the increase was driven by: (i) growth of 2% in public sector salaries and of 0.9% in pensions; and, (ii) the role of the furlough scheme in propping up income (the number of people on that scheme peaked at 3.55 million in April 2020). The contraction in corporate tax revenue stands out and is closely related with the fall in business activity.

Table 2 **Expenses generated to tackle COVID-19 by level of government**

	Millions of euros	% of GDP
(+) Central government	40,443	3.6
(+) Social Security funds	29,311	2.6
(+) Regional governments	13,149	0.7
(+) Local governments	1,249	0.1
(-) Consolidation of transfers	39,246	3.5
(=) Total	44,907	3.6

Source: Government of Spain (2021a).

“ The historical drop in GDP in 2020 triggered a reduction in tax revenue of 8.8%, or 18.75 billion euros. ”

According to the Bank of Spain (2021a), enterprise revenue increased on average in 2020 at companies with over 50 employees (by 4.4% at companies that size) but fell at companies smaller than that (by 1.3% at firms with fewer than 10 employees). The drastic reduction in VAT and duties is attributed to the collapse in household consumption, the most severe in the series, and the rout in tourism (foreign visitors plummeted by 77% in 2020). Lastly, revenue from Social Security contributions increased by 0.8% in 2020, for similar reasons to those given for the growth in personal income tax receipts.

2021 deficit: A worsening outlook

The 2021 General State Budget, passed last December, was framed by an overly optimistic

forecast for GDP growth of 9.8%. As shown in Table 3, that forecast was significantly above the growth forecast at the time by most economic research institutions, which, shaped by the significant uncertainty, ranged between 5.4% (European Commission) and 8.2% (AIReF). The Stability Programme Update (SPU) –2021 (Government of Spain, 2021b) cuts that growth forecast to 6.5%, a significant 3.3 points of GDP. However, even the new figures look optimistic in light of the revised forecasts presented by the main analysts, which call for growth of between 5.5% and 6.6%. The uncertainty prevailing over the economic recovery –pace of inoculation, European funds, normalisation of tourism— will affect the public finances in 2021 on the spending and revenue sides alike:

Table 3

Growth forecasts for the Spanish economy in 2021

	Original forecasts for 2021	Revised forecasts for 2021	Delta in forecasts
Government of Spain (April 2021)	9.8	6.5	-3.3
AIReF (April 2021)	8.2	6.6	-1.6
Bank of Spain (March 2021)	7.3	6.0	-1.3
Funcas (May 2021)	6.7	6.0	-0.7
BBVA Research (January 2021)	6.0	5.5	-0.5
IMF (April 2021)	7.2	6.4	-0.8
European Commission (May 2021)	5.4	5.9	+0.5
OECD (March 2021)	7.2	5.7	-1.5

Note: The sources are itemised in the reference section.

“ The 2021 General State Budget, passed last December, was framed by an overly optimistic forecast for GDP growth of 9.8%. ”

- The government's revised forecasts estimate that 70% of the Spanish population will be vaccinated by the end of the summer. The number of people vaccinated by mid-April was less than 9% of the population, albeit the rate is expected to accelerate considerably in the coming weeks (Ministry of Health, 2021).
- As for the arrival of the European funds, there is no information as to when exactly the 140 billion euros from the European Recovery Fund will start to arrive, although the SPU-2021 assumes it won't be launched until the second half of the year. In April, the Spanish government approved the broad areas of the reforms required by Brussels in exchange for receiving those funds. However, the labour market and pension reforms are yet to receive the greenlight from the European Commission [5] [6] [7]. In terms of fiscal reforms, in early April the government set up a tax reform commission which is due to deliver its main findings at the start of next year. The SPU-2021 estimates that the European funds will boost GDP by 2 percentage points and create over 800,000 jobs over the next three years. However, the uncertainty surrounding the specific projects to which the funds will be earmarked, the execution timeframes, management of the funds and their economic effects has prompted AIREF to lower its estimate of the economic impact in 2021 to 1.6 percentage points of GDP [8].
- Lastly, the World Tourism Organisation believes that international tourist flows will not recover until the end of 2022 or early 2023, depending on how the pandemic unfolds around the world.

The government is forecasting a deficit of 104.4 billion euros, or 8.4% of GDP, in 2021.

Surprisingly, the updated deficit figure implies an upward revision of 8.7 billion euros (0.7 percentage points of GDP) with respect to the forecasts sent to Brussels as recently as March 31st, 2021 (Government of Spain, 2021). In sum, the SPU-2021 now assumes that the drastic downward revision to the GDP forecast for 2021 will have a much bigger impact on the deficit than was initially estimated. As shown in Table 4, the deficit forecast by the government is higher than that forecast by AIREF (7.6%), Funcas (8.3%) and the European Commission (-7.6) but below that forecast by BBVA Research (8.9%), the IMF (9.0) and the OECD (9.0%).

The SPU-2021 does not provide details about the weight of the various factors expected to shape the forecast increase in the deficit in 2021. For illustrative purposes, AIREF (2021) expects that the 1.6 percentage point reduction in its GDP growth forecast for 2021 will lift the public deficit by one percentage point. In that same report, AIREF estimates the upward impact on the deficit of the new measures approved at the various levels of government at one percentage point of GDP. Those measures notably include 11 billion euros of direct solvency support for the corporate sector and the rollover of fiscal and bankruptcy protection measures with an estimated impact on the deficit of 0.7 percentage points [9]. On the other hand, AIREF believes three factors will push the deficit lower. Firstly, the final deficit figure recorded in 2020, which was lower than expected, coupled with the positive trend in corporate income tax payments on account and VAT revenue in the first few months of 2021, could reduce the deficit by 2.3 percentage points. Secondly, the gradual withdrawal of the measures passed in 2020 to mitigate the effects of the pandemic could reduce the deficit by a further percentage point. Lastly, the fact that the reclassification of the SAREB deficit

“ The SPU-2021 estimates that the European funds will boost GDP by 2 percentage points and create over 800,000 jobs over the next three years. ”

“ AIReF expects that the 1.6 percentage point reduction in its GDP growth forecast for 2021 will lift the public deficit by one percentage point. ”

in 2020 was a ‘one-off’ will reduce the deficit in terms of GDP by another percentage point.

The SPU-2021 contemplates a downward trend in the public deficit between 2021 and 2024. Specifically, it projects deficits of 8.4% of GDP in 2021, 5.0% in 2022, 4.0% in 2023 and 3.2% by 2024. This amounts to a reduction of

7.7 percentage points in just four years. That reduction is expected to be driven by two forces: (i) on the spending side, the definitive withdrawal of the measures implemented in 2020 to tackle COVID-19; and, (ii) on the revenue side, the growth momentum created by the Recovery Transformation and Resilience Plan (RTRP). Thus, there is no specific budget consolidation plan underpinning the

Table 4

Forecast trend in public deficit in Spain, 2019-2024

Percentage of GDP

	2019	2020	2021 (P)	2022 (P)	2023 (P)	2024 (P)
Government of Spain (April 2021)	2.86	-10.9	-8.4	-5.0	-4.0	-3.2
AIReF (April 2021)			-7.6	---	---	---
Bank of Spain (March 2021)			-7.7	-4.8	-4.4	---
Funcas (May 2021)			-8.3	-6.7	---	---
BBVA Research (January 2021)			-8.9	-5.6	---	---
IMF (April 2021)			-9.0	-5.8	---	---
European Commission (May 2021)			-7.6	-5.2	---	---
OECD (December 2020)			-9.0	-6.6	---	---

Note: (P) Provisional. The sources are itemised in the reference section.

“ There is no specific budget consolidation plan underpinning the optimistic outlook for the deficit contemplated in the SPU-2021. ”

“ Spain’s public debt increased by 156.73 billion euros in 2020 (growth of 13.2%) to a record level of 1.35 trillion euros. ”

optimistic outlook for the deficit contemplated in the SPU-2021. Moreover, that document contemplates the passage of certain budgetary measures whose net effects only add further uncertainty to the ability to deliver the deficit cuts. Specifically, on the spending side, the plan is to restate public salaries and pensions in line with the consumer price index, a move that will increase structural public spending. Regarding revenue, the idea is to eliminate the current deduction for joint personal income tax returns. That measure, included in Appendix IV of the plan sent to Brussels but not publicly announced, would boost tax revenue by 2.4 billion euros per annum (Sanz and Romero, 2020). However, the strong criticism it has garnered makes it unclear whether it can be pushed through. In short, the deficit reduction forecasts gleaned from the SPU-2021 should be viewed with caution in light of the following two factors: (i) the lack of a credible and rigorous consolidation plan; and, (ii) Spain’s recent experience with consolidation in the wake of the 2008 crisis (Romero and Sanz, 2019). In fact, as shown in Table 4, the estimated deficit for 2022 –5% of GDP– is below the forecasts of most of the analysts, which put it at over 5.5%.

Escalation in public borrowings: Consolidation plan required

Table 5 outlines the trajectory in public debt between 2019 and 2024. It shows that as a result of the pandemic, the public debt ratio climbed from 95.5% of GDP in 2019 to 120.0% in 2020. In other words, Spain’s

public debt increased by 156.73 billion euros in 2020 (growth of 13.2%) to a record level of 1.35 trillion euros. Indeed, Spain tops the ranks of developed countries in terms of growth in debt, exceeding Italy (21 percentage points of GDP), the U.S. (18.9) and France (15.4). According to AIReF (2021), that 24.5 percentage point increase is attributable to three factors. First, 10.5 percentage points correspond to the denominator effect (*i.e.*, the collapse in economic activity in 2020). Second, 11 percentage points are attributable to the growth in the public deficit in 2020. Third, 3 percentage points are the result of the reclassification of the SAREB debt, forcing the government to consolidate 35 billion euros of borrowings. Most of Spain’s public debt is concentrated at the central government level (1.2 trillion euros), followed by the regional governments (0.3 trillion euros), the Social Security (0.09 trillion euros) and the local governments (0.02 trillion euros).

The government is forecasting public debt equivalent to 119.5% of GDP in 2021, down 0.5 percentage points from 2020. As depicted in Table 5, that forecast looks optimistic in light of most analysts’ projections. Indeed, BBVA (120.4%), the IMF (121.3%) and the OECD (120.5%) all put Spain’s public debt above the 120% threshold in 2021. The uncertainty regarding the economy and, most especially, the absence of a medium-term consolidation plan, raises considerable doubts about the forecast trajectory in public debt over the coming years. By way of illustration, the level of debt estimated by the government in

“ The state of Spain’s public finances in early 2020 was much weaker than would have been desirable to handle an exogenous shock of the intensity of COVID-19. ”

Table 5 **Forecast trend in public debt in Spain, 2019-2024**

	2019	2020	2021 (P)	2022 (P)	2023 (P)	2024 (P)
Government of Spain (April 2021)	95.5	120.0	119.5	115.1	113.3	112.1
AIReF (April 2021)			118.7	---	---	---
Bank of Spain (March 2021)			117.9	116.4	117.6	---
Funcas (May 2021)			120.2	118.2	---	---
BBVA Research (January 2021)			120.4	116.5	---	---
IMF (October 2020)			121.3	120.4	---	---
European Commission (May 2021)			119.6	116.9	---	---
OECD (December 2020)			120.5	122.4	---	---

Note: (P) Provisional. The sources are itemised in the reference section.

2023 is 113.3% of GDP, whereas the Bank of Spain is forecasting that ratio at 117.6% in its baseline scenario. In sum, the government is forecasting a 6.2 percentage point reduction in public debt over GDP between 2021 and 2023, while the Bank of Spain is projecting a much narrower decrease of 0.3 percentage points.

There is no date for the reintroduction of the fiscal rules in the European Union, although most observers expect it will happen in 2023. Spain needs to urgently devise a rigorous and credible budget consolidation plan that ensures the sustainability of its debt in the long-term. Unfortunately, the Spanish experience over the past decade raises many flags. The medium-term deficit and debt targets set down in the annual stability plans have been consistently pushed back in time. As a result of that poor budget discipline, the state of Spain's public finances in early 2020 was much weaker than would have been desirable to handle an exogenous shock of the intensity of COVID-19. The sustainability of

Spain's public debt is highly dependent on the persistence of low interest rates in the long-run. Around half of the public debt issued by Spain in 2021 was issued at negative rates. However, the withdrawal of instruments such as the Pandemic Emergency Purchase Programme (PEPP) by the ECB, slated for 2022, will generate an uptick in borrowing costs that could usher in other risks in the future if not tackled urgently.

Notes

- [1] The figure in the Budget is -7.7% although this was later revised to -8.4%.
- [2] SAREB is the acronym in Spanish for Spain's bad bank, a company whose remit is to manage the non-performing assets received by the government in the midst of a bank restructuring. It was set up in 2012 with the government taking a shareholding stake of 45%, to manage the banking sector's "toxic assets" in the wake of the financial crisis of 2008.

- [3] The government initially opted not to include the SAREB's deficit in its deficit based on its understanding that it was not required to do so as it owned less than 50% of the company. However, Eurostat has obliged Spain to consolidate it within the public deficit, going against the government's criteria, for two reasons. First it guarantees the debt issued by SAREB. And second, it includes losses compiled by SAREB since its creation.
- [4] Regulated by Royal Decree-Law 22/2020 (June 16th, 2020) so that the budgets of the 17 regional governments and the cities of Ceuta and Melilla could absorb the impact of the health, economic and social measures. Its allocation by geography is available for consultation at the following link: https://www.hacienda.gob.es/es-ES/CDI/Paginas/SistemasFinanciacionDeuda/InformacionCCAAs/Fondo_COVID.aspx#:~:text=%2C%20dotado%20con%20un%20cr%3%A9dito%20extraordinario,para%20hacer%20frente%20a%20la
- [5] Those broad areas include reforms in: (i) pension restatements; (ii) retirement age (later); (iii) the Social Security earnings cap; and, (iv) self-employment pensions. The government expects to pass the first two reforms in the third quarter of 2021, with the second two on hold until 2022.
- [6] The key aspects of the proposed labour market reforms are: (i) simplification of contract types; (ii) changes in collective bargaining; (iii) digitalisation; and, (iv) subcontracting.
- [7] The government will receive an advance payment of 9 billion euros when the European Commission approves the national reform package. That payment will be followed by twice-yearly payments of 16 billion euros in 2021, twice-yearly payments of 27 billion euros in 2022, with the remaining balance, to lift the total to 70 billion euros, due in 2023.
- [8] Indeed AIREF has criticised the lack of information about the timing and breakdown of the funds and reforms, information it needs to calculate the impact of the recovery plan more accurately.
- [9] The direct aid for self-employed professionals and enterprises has an envelope size of 7 billion euros and will be managed by the regional governments.

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Desiderio Romero-Jordán. Rey Juan
Carlos University and Funcas

José Félix Sanz-Sanz. Madrid
Complutense University and Funcas

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Recent key developments in the area of Spanish financial regulation

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

Royal Decree-law on extraordinary measures in support of company solvency in response to the COVID-19 pandemic (Royal Decree-law 5/2021, published in Spain's Official State Journal on March 13th, 2021)

The key financial measures implemented via Royal Decree-law 5/2021, which took effect on the day of its publication, are summed up below:

Three funds have been created to help viable companies whose solvency has been impaired as a result of the pandemic. The funds have a total size of 11 billion euros. The recipients of those funds must meet certain requirements at the time of application (*e.g.* not having been disbarred from applying for public grants or aid, being current on the servicing of any other public grants or aid received, *etc.*) and assume a series of commitments (*e.g.* remaining in business until June 30th, 2022).

There are also penalties for anyone who avails of the aid without meeting the above requirements.

I. COVID-19 direct aid for companies and the self-employed

This facility has an envelope size of 7 billion euros and is designed to enable the regional governments to extend aid directly to non-financial businesses and professionals from the sectors most affected by the pandemic.

This aid will go to companies or professionals in those sectors where business volumes contracted by over 30% year-on-year in 2020, and companies or professionals that pay personal income tax (PIT) under the objective estimation regime. Companies and

professionals are ineligible for aid if their 2019 PIT return showed a loss or presented a tax loss for corporate income tax or non-resident income tax purposes (before application of the capitalisation reserve and the offset of tax losses).

The funds are for servicing debt and settling payments that are outstanding with suppliers and other creditors, financial or otherwise, and for covering fixed costs incurred, so long as they accrued between March 1st, 2020, and May 31st, 2021, and derive under contracts entered into prior to the effectiveness of Royal Decree-law 5/2021. Beneficiaries must use the funds to satisfy supplier payments, prioritised by the length of time outstanding, and then, if applicable, to reduce the face value of bank debt, prioritising the repayment of debt secured by state guarantees.

This facility will have two tranches:

- A first tranche endowed with 5 billion euros to be allocated to all of the regional governments and the cities of Ceuta and Melilla, except for the Balearic Islands and the Canary Islands.
- A second tranche sized at 2 billion euros to be earmarked specifically to the Balearic Islands and Canary Islands.

The criteria for allocating the funds per recipient are framed by the following ceilings:

- 3,000 euros in the case of companies or professionals that pay their PIT under the objective estimation regime.
- When annual turnover has contracted by more than 30% in 2020 with respect to 2019, the maximum amount of aid will be:

- 40% of the amount by which the decline in turnover in 2020 compared to 2019 exceeds the 30% threshold in the case of companies or professionals that pay PIT using the direct assessment method and entities or permanent establishments with no more than 10 employees.
- 20% of the amount by which the decline in turnover in 2020 compared to 2019 exceeds the 30% threshold in the case of entities, companies, professionals or permanent establishments with more than 10 employees.

The deadline for awarding the funds to companies is December 31st 2021.

II. COVID-19 debt restructuring facility

These funds are for companies or professionals that have arranged financing secured by state guarantees that were granted by banks between March 17th, 2020, and the date of publication of this Royal Decree-law; and, to financing transactions awarded between March 17th, 2020, and the date of publication of this Royal Decree-law which have been counter guaranteed by Compañía Española de Reafianzamiento, S.A.

That facility has an envelope size of 3 billion euros and the funds are to be provided to cover the expenses derived from the debt reduction measures. It has the following characteristics:

- The maturity date of the guarantees can be extended further.
- The state guarantees will be left in place for financing transactions that have already been awarded such a public guarantee and are converted into profit-participating loans.
- A Code of Good Practices will be approved for voluntary adoption by the banks.
- Spain's Ministry of Economic Affairs and Digital Transition may make transfers to companies and professionals that meet

the requirements stipulated in the Code of Good Practices with the sole purpose of reducing the outstanding principal on their loans.

- The late-payment interest applicable from when a borrower asks its bank to apply any of the measures encompassed by the Code of Good Practices, having certified qualification, shall not exceed the sum of the ordinary interest as per the loan agreement and 1% of the outstanding principal.

III. Recapitalisation fund for companies affected by COVID-19

This fund is sized at 1 billion euros and its purpose is to provide temporary public support for business solvency. This aid will take the form of debt, equity or hybrid financial instruments, or a combination thereof, in viable non-financial entities that specifically apply for the aid and are experiencing temporary difficulties on account of COVID-19.

The obligation to present a public tender offer will not apply to the acquisition of equity interests via this fund.

In addition to the creation of the three funds itemised above, Royal Decree-law 5/2021 amends the following pieces of legislation:

- The Securities Market Act (Legislative Royal Decree 4/2015): establishing the mechanisms necessary so that the regulator—the CNMV— can regulate the advertising of crypto assets or other assets or instruments presented as investment assets.
- Royal Decree-law 8/2020: extension of the deadline for granting public guarantees under the ICO scheme to December 31st, 2021.
- Royal Decree-law 11/2020: in relation to the loans awarded by SME General Secretariat, clarification that: (i) the application must be presented at least two months before the first maturity of the loan the applicant is looking to refinance;

and, (ii) the presentation of a refinancing application does not imply the suspension of the loan maturities.

- Royal Decree-law 25/2020: extension until December 31st, 2021 of the deadline for awarding guarantees under the Facility for the coverage by the Spanish state of financing extended by supervised financial institutions to companies and professionals with the main aim of financing investments.
- Royal Decree-law 34/2020: giving joint-stock companies that have not yet been able to amend their bylaws the legal possibility of continuing to hold their annual general meetings remotely in 2021, so long as they can guarantee authentication of shareholders casting votes and offer shareholders a number of methods for participating in those meetings.

Law amending the consolidated text of the Corporate Enterprises Act in order to encourage long-term shareholder engagement at listed companies (Spanish Law 5/2021, Spain's Official State Journal on April 13th, 2021)

The purpose of Law 5/2021 is to transpose Directive (EU) 2017/828 of the European Parliament and of the Council of May 17th, 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, into Spanish law. It will take effect 20 days after its publication in the official state journal.

In broad terms, and in relation to the transposition to the aforementioned Directive, the new legislation establishes the following:

- It newly obliges collective investment undertaking management companies, private equity firms and closed-end collective investment undertakings to draw up and publish an engagement policy, in which they itemise, among other things, how they integrate shareholder engagement into their investment policies and provide a general description of their voting behaviour and an explanation of the

most significant votes and the use of proxy advisor services.

- The definition of asset managers is expanded to include investment firms that provide portfolio management services to investors.
- When management companies provide asset management services to insurance firms or pension funds, they must inform the entities with which they have entered into such arrangements as to how their investment strategy is consistent with the profile and duration of their liabilities, and how they contribute to the medium- to long-term performance of their assets.
- Companies are entitled to insist on the identification of beneficial owners in addition to the formal shareholders.
- The figure of the proxy advisor is added and defined as a legal person that analyses, on a professional and commercial basis, the corporate disclosure and, where relevant, other information of listed companies with a view to informing investors' voting decisions by providing research, advice or voting recommendations that relate to the exercise of voting rights. The law itemises the obligations of these proxy advisors.
- In relation to related-party transactions, it is worth highlighting the following:
 - The definition of related-party transaction is adapted to match that provided in IFRS 24 of Commission Regulation (EC) No. 1126/2008.
 - It independently regulates the regime for publicly announcing and approving related party transactions and the exceptions thereto.
 - It introduces the obligation to publish information about material transactions that exceed certain quantitative thresholds, accompanied by a report drawn up by the audit committee by the

time of the conclusion of the transaction at the latest.

- Related-party transactions must continue to be approved at the general meeting.
- As for voting by shareholders involved in conflict situations, specific rules are established for listed companies and minority shareholder rights are reinforced.

In addition to transposing the Directive, the new Law introduces the following regulatory amendments in the areas of corporate governance and capital markets:

- Specifically, it introduces the following changes to the Corporate Enterprises Act:
 - It reinforces directors' due diligence requirements.
 - It requires listed company directors to be natural persons.
 - It introduces the 'loyalty voting share' concept: a company's bylaws may allow for the granting of additional votes to shares held by an owner on an uninterrupted basis for at least two years.
 - In relation to raising equity by listed companies and companies whose shares are admitted to trading on multilateral trading facilities, the new legislation: (i) shortens the minimum term for the exercise of preemptive subscription rights; and, (ii) introduces the requirement to produce an independent expert report when waiving preemptive subscription rights.
 - The regime of capital increases is modified to enable its use by smaller-sized companies whose shares are trading on multilateral trading facilities and for initial public offerings of shares, whether on regulated exchanges or the above-mentioned facilities.
 - The legislation clarifies the regime applicable to Spanish companies whose

shares are traded on foreign securities markets only.

- It regulates the arrangement of general meetings that are held 100% remotely.
- It addresses the approval of intragroup transactions.
- It stipulates that listed company directors must be remunerated unless stipulated otherwise in the bylaws.
- It introduces a limit applicable to banks with respect to the delegation of the power to waive preemptive subscription rights when issuing convertible bonds.
- It introduces non-financial reporting obligations related with social and employee matters into the Commerce Code.
- In introduces the annual director remuneration report within the information itemised in Spain's Audit Act (Law 22/2015) that must be verified by the auditor.
- It introduces the following changes to the Securities Market Act:
 - The Securities Market Act is adapted to the Prospectus Regulation (Regulation (EU) No. 2017/1129) to raise the threshold for offers of securities to the public for which it is mandatory to draw up and publish a prospectus to 8 million euros, with the exception of credit institutions, for which the threshold remains at 5 million euros on account of the complexity of their business activities and their structure as issuers. The CNMV will be entitled to require a prospectus for issues below that threshold when it deems warranted on account of the complexity of the issuer of financial instruments in question.
 - It eliminates the requirement that companies whose shares are listed on a regulated market publish quarterly financial information.
 - It eliminates the significant shareholding disclosure requirement for directors in

keeping with the Market Abuse Regulation (Regulation (EU) No. 596/2014).

- It exempts issuers of securities that are not listed joint-stock companies from having to publish an annual corporate governance report.

Royal Decree-law passing complementary measures in support of companies and professionals affected by the COVID-19 pandemic (Royal Decree-law 6/2021, published in the *Official State Journal* on April 21st, 2021)

Royal Decree-law 6/2021, which took effect the day after its publication, enacts an exceptional and temporary procedure for 2021 and 2022 whereby the authorities can agree to the deferral and/or fractioning of the payment of debts of a public nature that are neither tax nor customs related and derive from the reimbursement and/or repayment of aid or loans awarded by the state government, along with a guarantee waiver. The idea is to provide the authorities with the documentation needed to analyse the transitory nature of the financial difficulties faced by companies and their future viability through the provision by the applicant of a viability or business plan. Specifically, the authorities can provide a grace period on all debt payments for up to two years from the maturity date and subsequent fractioning of the debt for another two years.

It also modifies the ‘COVID-19 direct aid for self-employed and companies fund’ contemplated in Royal Decree-law 5/2021 to channel aid to specific sectors in order to allow the possibility of adding other sectors that may have been affected by the pandemic at the regional level but have not met the thresholds established at the national level to receive the aid. To that end, Royal Decree-law 6/2021 empowers the regional governments and the cities of Ceuta and Melilla to earmark some of the COVID-19 funds allocated to each authority to additional sectors deemed to have been particularly affected by the pandemic within their geographical areas of purview.

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Spanish economic forecasts panel: May 2021*

Funcas Economic Trends and Statistics Department

Outlook for recovery in 2021 GDP largely unchanged

The Spanish economy contracted by 0.5% in the first quarter of 2021, 0.1 percentage points more than the consensus forecast. Domestic demand detracted from growth by 0.9 percentage points, while external demand contributed 0.4 percentage points, shaped by a bigger drop in imports relative to exports. As for the end of the first quarter and beginning of the second, available indicators are sending broadly positive signals, with some, specifically the PMI and confidence readings, staging very strong recoveries.

The consensus forecast for GDP growth in 2021 has been trimmed by 0.1 percentage points since our last survey, to 5.8%, reflecting small adjustments in analysts' estimates as well as the slightly stronger than expected first-quarter contraction. In terms of the quarterly pattern, the second and third-quarter forecasts have been raised a little, while the fourth-quarter forecast is unchanged (Table 2). Most of the analysts are expecting a recovery in tourism exports to around 40% of pre-pandemic levels during the high season (third quarter).

Domestic demand is expected to contribute 5.6 percentage points of growth, which is 0.4 percentage points down from the last set of forecasts. External demand is now expected to contribute 0.2 percentage points (*vs.* -0.1pp in the last survey), due to a higher upward revision to estimated growth in exports relative to that in imports. The analysts have lowered their forecasts for public and private consumption, but raised their estimate for growth in gross fixed capital formation (Table 1).

The GDP forecast for 2022 has been raised by 0.1pp to 5.7%

The consensus forecast for GDP growth in 2022 has been raised by 0.1 percentage points to 5.7%, shaped by stable quarterly growth of around 0.8% to 0.9% in the first three quarters, with momentum

expected to taper a little by the last quarter (Table 2). The new consensus forecast is higher than the Bank of Spain's and IMF's current projections and lower than those of the Spanish government and the European Commission. On average, the analysts are expecting a recovery in tourism to over 80% of pre-pandemic levels by the end of 2022.

The slight ease-up in growth in 2022 is attributable to a lower contribution by domestic demand, in turn shaped by slower growth in public and private consumption and in investment in capital goods, more than offsetting the increase in construction investment (Table 1). External demand is expected to contribute 0.5 percentage points, up from 0.2 percentage points as per the last survey.

Note that half of the analysts are forecasting stronger growth in 2022 than in 2021, while the other half expect a slowdown.

Upward revision to estimated 2021 CPI

The rally in oil prices during the first quarter, coupled with other factors - some of which are transitory - has pushed year-on-year inflation back into positive territory. Inflation is expected to strengthen further from April (Exhibit 1) as a result of a "step" or base effect in energy prices. Core inflation, however, would remain subdued.

The consensus forecast is for average inflation of 1.6% in 2021, up 0.5 percentage points since the last set of forecasts. The projection for 2022 is for inflation of 1.3%. In terms of core inflation, although the forecast for 2021 is unchanged at 0.7% it is expected to increase slightly to 1% in 2022.

The year-on-year rates forecast for December 2021 and December 2022 are 1.9% and 1.3%, respectively.

Unemployment expected to rise to 16.2% in 2021

According to the latest labour market survey, employment increased by 0.4% in the first quarter,

controlling for seasonal effects. The unemployment rate increased to 16%, up 1.6 percentage points year-on-year.

The growth in the number of Social Security contributors trailed that indicated by the labour market survey. However, it is worth highlighting the high number of people coming out of furlough and going back to work in March and April, so that effective employment has increased by around 150,000 people, adjusting for seasonality –figures that point to a stronger job market in the second quarter.

The consensus forecast for employment, in terms of full-time equivalents, is for an increase of 3.9% in 2021 - up 0.5 percentage points from the last survey - and 3.4% in 2022. The forecasts for growth in GDP, job creation and wage compensation yield implied forecasts for growth in productivity and unit labour costs (ULCs). Productivity is expected to gain 1.9% this year, down 0.6 percentage points from the last survey, and 2.3% in 2022, up 0.1 percentage points. ULCs, meanwhile, are projected to contract by 1.2% in 2021 and by 0.9% in 2022, having risen sharply in 2020. However, these trends should be interpreted with caution due to the distortion created by the furlough scheme.

The average annual unemployment rate is expected to increase to 16.2% in 2021 (down 0.5pp from the last set of forecasts) and to fall back to 15.3% in 2022.

Improvement in external surplus

According to the revised figures, Spain recorded a current account surplus of 7.4 billion euros in 2020, down 70% from 2019. In the first two months of 2021, the trade surplus deteriorated year-on-year, while the income deficit widened, so that the current account balance deteriorated.

The consensus forecasts continue to call for a current account surplus of 1% of GDP (down 0.1 percentage points from last set of forecasts) in 2021 and 1.3% in 2022 (unchanged).

Consensus public deficit forecasts: 8.5% of GDP in 2021 and 6% in 2022

In 2020, the deficit amounted to 123 billion euros, compared to 35.6 billion euros in 2019. The

deterioration is the result of a 24.5 billion euro drop in revenue coupled with growth of 63 billion euros in spending, of which around 45 billion euros is related to the pandemic. Public debt, meanwhile, increased by 156.7 billion euros to 120% of GDP in 2020.

The analysts are expecting the overall deficit to come down over the next two years. The forecast for 2021 is for a deficit of 8.5% of GDP (which is 0.2pp higher than the last survey), declining to 6% in 2022.

Nearly all analysts are expecting an improvement in the external environment

Progress on the vaccination front, albeit highly uneven, has ushered in the change in global economic momentum that had been foreshadowed by the indicators already published at the time the previous survey was conducted. The improvement in the US stands out, with the economy having grown by 1.6% in the first quarter, fuelled by private consumption following the easing of the restrictions put in place to control the pandemic, as well as the new stimulus package rolled out by President Biden. The Chinese economy, meanwhile, continues to expand, albeit losing a little steam in recent weeks due to fresh outbreaks in Asia, particularly in India. In its April economic outlook, the IMF raised its forecast for global growth to 6% in 2021 and 4.4% in 2022, up 0.5 and 0.2 percentage points from the January outlook, respectively. The IMF forecasters have improved their outlook for all regions, except for Southeast Asia. According to IHS Markit, the global PMI reached a ten-year high in April, heralding consolidation of the unfolding recovery in the months to come.

The wave of growth is reaching Europe. In its Spring outlook, the European Commission revised its growth forecasts for the EU upwards to 4.2% in 2021 and 4.4% in 2022, up 0.1 and 1.4 percentage points, respectively, compared to its Autumn outlook.

However, the fears of more pronounced inflation are growing as the price rally in commodities and technology components continues. Price pressures are particularly intense on the other side of the Atlantic, where inflation is running at 4.2%, but are beginning to spread to Europe, too.

Overall, the analysts are less pessimistic about the current state of the global and European economies. Nearly all agree that the economic context will improve over the coming months, an outlook already foreshadowed in the last survey.

Yield on government bonds rising but still at low levels

The markets have started to price in an increase in inflation, demanding higher yields in order to purchase debt. Spain's 10-year government bonds are trading at a yield of over 0.5%, which is nearly 20 basis points higher than in March. 12-month EURIBOR has hardly budged, however, and is trading just above the ECB deposit facility rate (-0.5%).

Central banks, starting with the Federal Reserve and followed by the ECB, have reiterated their commitment to leaving the monetary stimuli in place for as long as is necessary, despite inflationary pressures. Their reaction has not, however, managed to stem a slight upward shift in market interest rates.

Against that backdrop, the analysts continue to expect that market rates will trend higher during the projection horizon, albeit remaining low by historical standards (Table 2).

Slight euro depreciation

Since our last Panel survey, the euro has mapped out two opposite trends, depreciating until the end of March (reflecting the lower growth expected for the region at the time) and later wiping out those losses, as signals emerged that the recovery was spreading to the eurozone. The analysts continue to believe the exchange rate will remain close to current levels over the coming months.

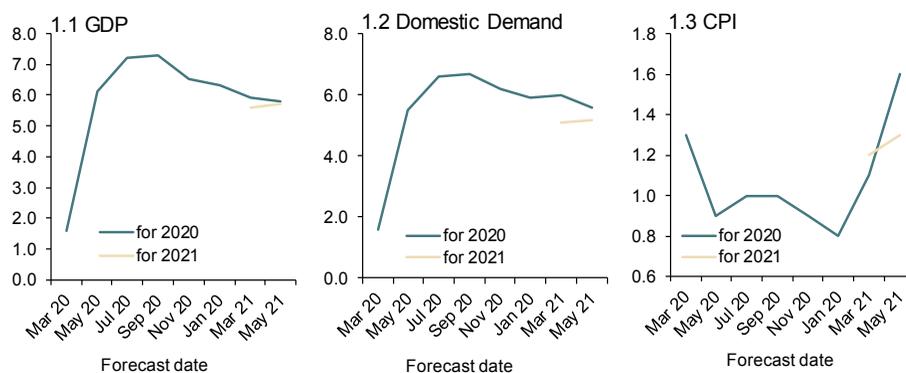
Macroeconomic policy should remain expansionary

The analysts unanimously consider that monetary and fiscal policies are expansionary and virtually all of them believe they should remain so for the coming months (Table 4). No changes of substance are expected in ECB benchmark rates over the projection horizon.

Exhibit 1

Change in forecasts (Consensus values)

Annual rates in %



Source: Funcas Panel of Forecasts.

* The Spanish Economic Forecasts Panel is a survey run by Funcas which consults the 20 research departments listed in Table 1. The survey, which dates back to 1999, is published bi-monthly in the months of January, March, May, July, September and November. The responses to the survey are used to produce a "consensus" forecast, which is calculated as the arithmetic mean of the 20 individual contributions. The forecasts of the Spanish Government, the Bank of Spain, and the main international organisations are also included for comparison, but do not form part of the consensus forecast.

Spanish economic forecasts panel: May 2021*

Funcas Economic Trends and Statistics Department

Table 1

Economic Forecasts for Spain – May 2021

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

	GDP		Household consumption		Public consumption		Gross fixed capital formation		GFCF machinery and capital goods		GFCF construction		Domestic demand ³	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Analistas Financieros Internacionales (AFI)	6.4	5.8	7.7	6.2	6.0	4.9	9.9	5.2	10.5	5.6	7.4	5.4	7.3	5.5
Axesor Rating	5.2	5.9	6.4	4.8	2.8	1.7	4.2	7.0	9.9	5.4	2.8	8.8	--	--
BBVA Research	5.5	7.0	6.1	6.8	4.6	2.5	9.2	15.4	13.5	13.2	6.2	16.0	5.9	7.3
CaixaBank Research	6.0	4.4	6.8	4.0	3.7	1.7	6.8	5.7	12.7	5.8	3.7	5.7	6.3	3.9
Cámara de Comercio de España	5.9	5.4	5.9	4.5	4.8	2.6	6.4	8.9	12.3	11.0	4.0	6.1	5.2	4.8
Cemex	5.5	7.0	6.0	6.5	2.5	2.5	6.9	9.0	11.4	7.1	5.5	10.6	5.1	5.9
Centro de Estudios Economía de Madrid (CEEM-URJC)	5.9	5.5	6.2	5.6	3.1	1.5	8.2	6.3	11.3	5.6	8.1	8.3	5.7	4.7
Centro de Predicción Económica (CEPREDE-UAM)	6.4	4.8	6.3	6.6	3.0	1.2	8.5	4.3	15.0	-3.9	4.8	11.3	5.8	5.1
CEOE	5.4	6.0	5.2	6.1	2.6	1.7	5.5	7.6	12.4	8.2	1.8	8.4	4.5	4.2
Equipo Económico (Ee)	6.3	4.6	5.3	4.9	2.6	3.0	5.9	4.6	4.5	4.8	6.9	5.0	5.0	4.4
Funcas	6.0	6.2	6.2	5.9	3.1	2.5	6.3	9.1	9.9	7.3	2.6	11.6	5.5	5.7
Instituto Complutense de Análisis Económico (ICAE-UCM)	5.6	5.8	6.2	5.2	4.0	2.4	7.7	8.7	9.8	8.5	6.3	8.4	6.1	5.5
Instituto de Estudios Económicos (IEE)	4.8	5.7	4.8	5.6	2.4	1.6	4.7	7.7	11.0	8.2	1.5	8.7	4.1	4.0
Intermoney	6.2	5.2	6.9	5.5	3.1	1.9	7.8	8.8	12.6	5.1	2.6	12.8	5.9	5.1
Mapfre Economics	6.0	5.0	6.3	6.8	3.9	1.2	7.9	6.4	--	--	--	--	5.5	5.0
Oxford Economics	6.0	6.5	6.2	7.3	3.5	1.7	7.4	8.7	7.2	8.0	4.5	7.7	5.6	6.0
Repsol	5.7	5.2	5.7	3.5	4.3	3.6	7.2	7.6	15.7	6.8	2.9	10.0	6.0	4.2
Santander	5.6	7.0	6.1	5.4	2.5	0.5	7.9	13.8	15.9	17.7	2.2	10.1	5.4	6.0
Metysis	5.5	6.0	6.5	6.5	3.5	2.0	6.6	8.0	8.0	11.0	7.0	8.0	5.8	5.8
Universidad Loyola Andalucía	5.8	5.3	6.6	5.3	2.7	2.1	7.4	7.8	19.2	8.0	8.5	7.3	5.9	5.2
CONSENSUS (AVERAGE)	5.8	5.7	6.2	5.7	3.4	2.1	7.1	8.0	11.7	7.6	4.7	8.9	5.6	5.2
Maximum	6.4	7.0	7.7	7.3	6.0	4.9	9.9	15.4	19.2	17.7	8.5	16.0	7.3	7.3
Minimum	4.8	4.4	4.8	3.5	2.4	0.5	4.2	4.3	4.5	-3.9	1.5	5.0	4.1	3.9
Change on 2 months earlier ¹	-0.1	0.1	-0.5	0.5	-0.6	-0.1	0.5	-0.6	1.9	-1.1	-0.4	-0.2	-0.4	0.1
- Rise ²	5	8	4	12	5	7	12	4	11	5	5	9	4	8
- Drop ²	7	4	12	4	12	5	4	9	3	8	10	5	13	7
Change on 6 months earlier ¹	-0.7	--	-1.1	--	1.2	--	-1.0	--	0.7	--	-3.0	--	-0.6	--
Memorandum items:														
Government (April 2021)	6.5	7.0	7.3	6.9	2.5	1.5	10.3	12.3	--	--	--	--	6.7	6.7
Bank of Spain (March 2021) ⁴	6.0	5.3	8.8	4.8	1.4	-0.4	7.1	9.5	--	--	--	--	6.2	4.9
EC (May 2021)	5.9	6.8	6.4	5.8	2.7	1.9	9.6	12.7	12.2	15.0	--	--	--	--
IMF (April 2021)	6.4	4.7	6.0	3.3	3.9	0.4	8.9	7.5	--	--	--	--	--	--
OECD (March 2021)	5.7	4.8	--	--	--	--	--	--	--	--	--	--	--	--

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

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

³ Contribution to GDP growth, in percentage points.

⁴ Baseline scenario.

Table 1 (Continued)

Economic Forecasts for Spain – May 2021

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

	Exports of goods & services		Imports of goods & services		CPI (annual av.)		Core CPI (annual av.)		Wage earnings ³		Jobs ⁴		Unempl. (% labour force)		C/A bal. of payments (% of GDP) ⁵		Gen. gov. bal. (% of GDP) ⁶	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Analistas Financieros Internacionales (AFI)	12.2	10.9	15.6	7.7	1.5	1.2	--	--	--	--	5.1	2.5	16.1	15.0	1.4	1.3	-7.8	-5.3
Axesor Rating	12.2	9.2	12.1	5.1	1.5	1.2	1.2	1.0	--	--	--	--	16.9	15.7	0.9	1.1	-8.5	-6.0
BBVA Research	11.8	15.0	14.2	17.2	1.5	1.0	0.5	0.9	1.0	2.8	4.4	3.4	16.6	14.6	0.9	0.7	-8.5	-5.0
CaixaBank Research	11.4	7.8	11.3	6.2	1.1	1.5	0.6	1.1	0.5	1.7	1.6	2.1	16.5	15.3	1.5	1.6	-8.8	-6.3
Cámara de Comercio de España	16.2	11.7	13.9	10.9	1.8	1.4	0.9	1.4	--	--	3.5	4.2	16.8	16.0	1.1	1.3	-8.0	-6.0
Cemex	10.9	13.3	10.0	10.4	1.4	1.4	0.8	1.0	--	--	3.2	4.0	--	--	1.0	1.5	-8.5	-5.5
Centro de Estudios Economía de Madrid (CEEM-URJC)	9.9	12.1	9.8	10.2	1.7	1.9	0.7	1.8	--	--	3.1	4.1	16.9	15.8	1.1	1.3	-8.7	-5.8
Centro de Predicción Económica (CEPREDE-UAM)	12.5	11.7	11.2	13.2	1.3	1.0	--	--	0.7	1.4	6.7	4.3	14.3	12.7	1.1	1.4	-7.1	-3.4
CEOE	9.2	10.6	6.0	5.1	1.8	1.0	0.5	0.8	0.5	1.1	4.3	4.5	15.5	14.6	1.2	1.5	-9.0	-6.0
Equipo Económico (Ee)	13.9	7.1	11.1	7.0	1.8	1.2	0.8	0.9	0.7	1.2	4.4	3.0	16.6	16.1	1.0	1.2	-8.9	-7.7
Funcas	11.1	10.7	10.1	9.5	2.0	1.3	0.6	1.0	-0.2	0.3	5.4	2.6	15.9	15.3	0.6	1.3	-8.3	-6.7
Instituto Complutense de Análisis Económico (ICAE-UCM)	8.9	12.4	10.5	11.9	1.6	1.3	0.7	0.8	--	--	4.0	3.6	16.8	15.0	1.0	1.0	-8.8	-5.7
Instituto de Estudios Económicos (IEE)	8.3	10.5	5.8	5.1	1.6	0.8	0.4	0.7	0.4	1.0	3.9	4.1	16.0	15.2	1.0	1.2	-9.2	-6.2
Intermoney	11.8	10.2	11.6	10.5	1.5	1.4	0.8	1.0	--	--	4.7	3.1	15.9	15.5	0.9	1.0	-8.0	-6.0
Mafre Economics	11.4	8.2	11.0	7.3	1.4	0.9	0.6	0.6	--	--	0.9	1.7	16.7	16.6	0.9	1.8	-8.3	-6.1
Oxford Economics	10.9	10.0	9.9	8.6	1.5	1.5	0.5	1.1	--	--	--	--	15.5	15.5	0.8	1.5	-8.3	-5.8
Repsol	19.9	13.0	17.8	11.0	1.9	1.2	0.8	1.0	0.8	1.1	4.0	3.5	16.5	15.7	1.2	1.5	-9.0	-6.5
Santander	12.4	13.6	12.3	11.1	1.7	1.4	0.6	1.1	2.0	2.0	1.8	3.0	16.6	16.3	1.0	1.5	--	--
Metysis	8.0	10.0	9.0	9.0	1.0	1.2	0.8	1.2	--	--	4.5	5.0	15.5	15.0	0.5	1.0	-9.0	-7.0
Universidad Loyola Andalucía	10.1	10.7	10.4	10.4	1.8	1.2	0.6	0.8	--	--	4.0	3.3	16.8	15.3	1.1	1.2	-8.1	-6.5
CONSENSUS (AVERAGE)	11.7	10.9	11.2	9.4	1.6	1.3	0.7	1.0	0.7	1.4	3.9	3.4	16.2	15.3	1.0	1.3	-8.5	-6.0
Maximum	19.9	15.0	17.8	17.2	2.0	1.9	1.2	1.8	2.0	2.8	6.7	5.0	16.9	16.6	1.5	1.8	-7.1	-3.4
Minimum	8.0	7.1	5.8	5.1	1.0	0.8	0.4	0.6	-0.2	0.3	0.9	1.7	14.3	12.7	0.5	0.7	-9.2	-7.7
Change on 2 months earlier ¹	1.5	0.0	1.0	0.2	0.5	0.1	0.0	0.0	-0.3	-0.2	0.5	0.0	-0.5	-0.2	-0.1	0.0	-0.2	0.0
- Rise ²	12	9	12	9	15	8	5	7	1	1	9	6	1	2	4	5	2	4
- Drop ²	6	6	5	7	2	5	7	5	5	2	2	5	11	8	6	6	9	4
Change on 6 months earlier ³	-1.0	--	-0.7	--	0.7	--	-0.1	--	0.3	--	0.8	--	-1.3	--	-0.2	--	-0.2	--
Memorandum items:																		
Government (April 2020)	9.2	10.3	10.3	10.0	--	--	--	--	--	--	4.0	2.7	15.2	14.1	--	--	-8.4	-5.0
Bank of Spain (March 2020) ⁴	11.1	8.2	12.4	7.2	1.4 ⁽⁷⁾	0.8 ⁽⁷⁾	0.5 ⁽⁸⁾	1.0 ⁽⁸⁾	--	--	--	--	17.0	15.1	--	--	-7.7	-4.8
EC (May 2021)	10.4	12.8	11.7	11.7	1.4 ⁽⁷⁾	1.1 ⁽⁷⁾	--	--	0.5	2.0	4.5	2.0	15.7	14.4	-0.1	0.3	-7.6	-5.2
IMF (April 2021)	11.2	11.4	9.0	9.2	1.0	1.3	--	--	--	--	--	--	16.8	15.8	0.9	1.9	-9.0	-5.8
OECD (March 2021)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

Table 2

Quarterly Forecasts – May 2021

	21-I Q	21-II Q	21-III Q	21-IV Q	22-I Q	22-II Q	22-III Q	22-IV Q
GDP ¹	-0.5	1.8	3.2	1.9	0.9	0.8	0.8	0.6
Euribor 1 yr ²	-0.49	-0.48	-0.47	-0.45	-0.42	-0.40	-0.37	-0.34
Government bond yield 10 yr ²	0.31	0.39	0.42	0.46	0.53	0.59	0.65	0.71
ECB main refinancing operations interest rate ²	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01
ECB deposit rates ²	-0.50	-0.50	-0.50	-0.50	-0.49	-0.49	-0.44	-0.44
Dollar / Euro exchange rate ²	1.19	1.20	1.20	1.20	1.19	1.19	1.19	1.19

Forecasts in yellow.

¹ Qr-on-qr growth rates.

² End of period.

Table 3

CPI Forecasts – May 2021

Year-on-year change (%)					
Apr-21	May-21	Jun-21	Jul-21	Dec-21	Dec-22
2.2	2.1	1.9	1.9	1.9	1.3

Table 4

Opinions – May 2021

Number of responses

	Currently			Trend for next six months		
	Favourable	Neutral	Unfavourable	Improving	Unchanged	Worsening
International context: EU	0	7	13	18	2	0
International context: Non-EU	5	3	12	17	3	0
	Is being			Should be		
	Restrictive	Neutral	Expansionary	Restrictive	Neutral	Expansionary
Fiscal policy assessment ¹	0	0	20	0	1	19
Monetary policy assessment ¹	0	0	20	0	0	20

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

Key Facts

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Economic Indicators

Table 1

National accounts: GDP and main expenditure components SWDA*

Forecasts in yellow

	GDP	Private consumption	Public consumption	Gross fixed capital formation			Exports	Imports	Domestic demand (a)	Net exports (a)	
				Total	Construction	Equipment & others products					
Chain-linked volumes, annual percentage changes											
2014	1.4	1.7	-0.7	4.1	3.0	5.2	4.5	6.8	1.9	-0.5	
2015	3.8	2.9	2.0	4.9	1.5	8.2	4.3	5.1	3.9	-0.1	
2016	3.0	2.7	1.0	2.4	1.6	3.1	5.4	2.6	2.0	1.0	
2017	3.0	3.0	1.0	6.8	6.7	6.9	5.5	6.8	3.1	-0.2	
2018	2.4	1.8	2.6	6.1	9.3	3.1	2.3	4.2	3.0	-0.5	
2019	2.0	0.9	2.3	2.7	1.6	3.7	2.3	0.7	1.4	0.6	
2020	-10.8	-12.1	3.8	-11.4	-14.0	-8.8	-20.2	-15.8	-8.8	-2.0	
2021	6.0	6.2	3.1	6.3	2.6	9.8	11.1	10.1	5.5	0.5	
2022	6.2	5.9	2.5	9.1	11.6	6.8	10.7	9.5	5.7	0.5	
2020	I	-4.3	-5.9	3.5	-5.1	-6.3	-3.9	-5.8	-5.3	-4.0	-0.3
	II	-21.6	-24.3	3.3	-24.3	-25.4	-23.1	-38.7	-32.6	-18.7	-2.9
	III	-8.6	-9.2	4.0	-9.0	-12.5	-5.4	-19.8	-15.7	-6.8	-1.8
	IV	-8.9	-9.2	4.5	-7.2	-11.5	-2.8	-16.3	-9.4	-6.3	-2.6
2021	I	-4.3	-3.9	3.8	-4.2	-12.5	4.1	-9.5	-5.2	-2.7	-1.6
	II	18.3	21.3	3.2	21.5	12.6	30.5	40.9	35.2	16.4	1.8
	III	4.8	4.4	2.7	3.7	3.1	4.3	12.4	10.6	4.1	0.7
	IV	7.3	5.9	2.5	7.1	9.7	4.7	11.0	6.8	5.9	1.4
2022	I	8.9	8.1	2.5	11.2	17.7	5.6	13.5	10.7	7.8	1.0
	II	8.2	7.6	3.0	12.1	17.1	7.7	13.2	11.4	7.5	0.7
	III	5.0	4.4	2.6	8.6	9.6	7.7	9.5	8.8	4.6	0.3
	IV	3.0	3.6	1.9	4.7	3.3	6.1	7.2	7.4	3.0	0.0
Chain-linked volumes, quarter-on-quarter percentage changes											
2020	I	-5.4	-6.5	1.1	-4.9	-4.2	-5.6	-7.5	-5.8	-18.3	12.9
	II	-17.8	-19.7	0.6	-20.5	-20.7	-20.2	-34.0	-28.6	-60.6	42.9
	III	17.1	20.9	1.3	21.5	16.7	26.4	31.1	26.8	61.6	-44.6
	IV	0.0	0.0	1.3	1.0	-0.2	2.1	4.6	6.2	1.7	-1.7
2021	I	-0.5	-1.0	0.5	-1.9	-5.2	1.2	-0.1	-1.3	-3.6	3.1
	II	1.5	1.4	0.0	0.9	2.0	0.0	2.8	1.8	4.7	-3.2
	III	3.7	4.0	0.8	3.7	6.8	1.0	4.6	3.8	13.5	-9.8
	IV	2.5	1.5	1.2	4.3	6.2	2.5	3.3	2.5	8.6	-6.2
2022	I	0.9	1.0	0.4	1.9	1.7	2.0	2.1	2.2	3.9	-3.0
	II	0.9	0.9	0.5	1.8	1.5	2.0	2.5	2.4	3.6	-2.7
	III	0.6	0.9	0.4	0.5	0.0	1.0	1.2	1.3	2.5	-2.0
	IV	0.5	0.7	0.5	0.5	0.0	1.0	1.1	1.2	2.2	-1.7
Percentage of GDP at current prices											
	Current prices (EUR billions)										
2014	1,032	59.4	19.6	17.8	8.8	8.9	33.5	30.4	96.9	3.1	
2015	1,078	58.5	19.5	18.0	8.7	9.3	33.6	30.6	97.0	3.0	
2016	1,114	58.2	19.1	18.0	8.6	9.4	33.9	29.9	96.0	4.0	
2017	1,162	58.4	18.6	18.7	9.0	9.7	35.1	31.5	96.4	3.6	
2018	1,204	58.2	18.7	19.5	9.7	9.7	35.1	32.4	97.3	2.7	
2019	1,245	57.3	18.9	19.9	10.0	9.9	34.9	31.9	97.0	3.0	
2020	1,122	56.0	22.0	19.8	9.8	10.1	30.6	29.1	98.5	1.5	
2021	1,201	56.7	21.8	19.9	9.5	10.5	32.2	31.3	99.1	0.9	
2022	1,292	56.5	21.0	20.4	9.9	10.5	33.4	32.0	98.6	1.4	

*Seasonally and Working Day Adjusted.

(a) Contribution to GDP growth.

Source: INE and Funcas (Forecasts).

Chart 1.1 - GDP

Percentage change

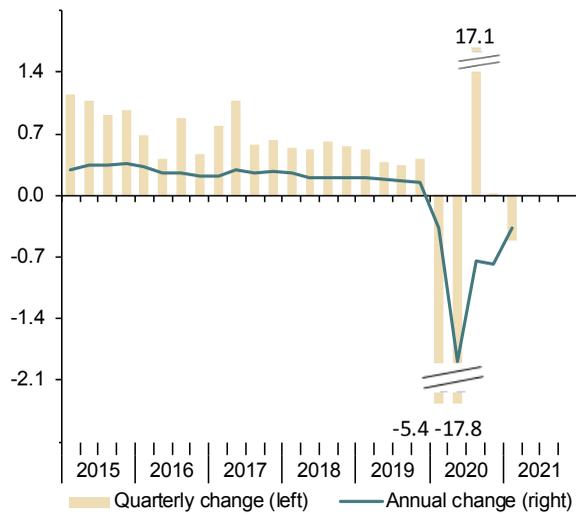


Chart 1.2 - Contribution to GDP annual growth

Percentage points

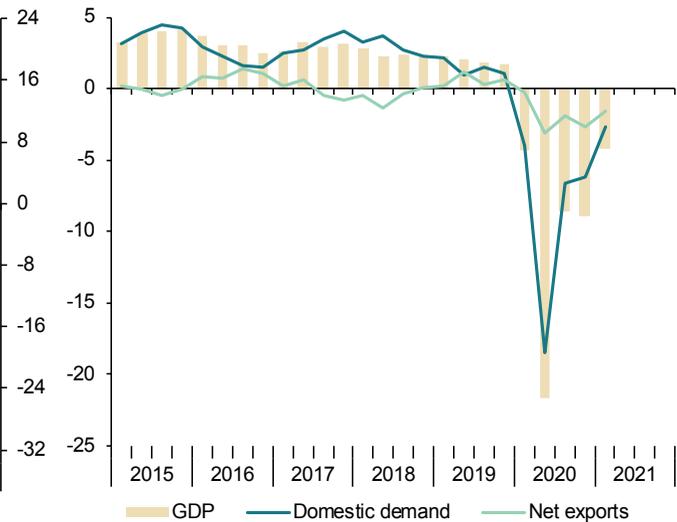


Chart 1.3 - Final consumption

Annual percentage change

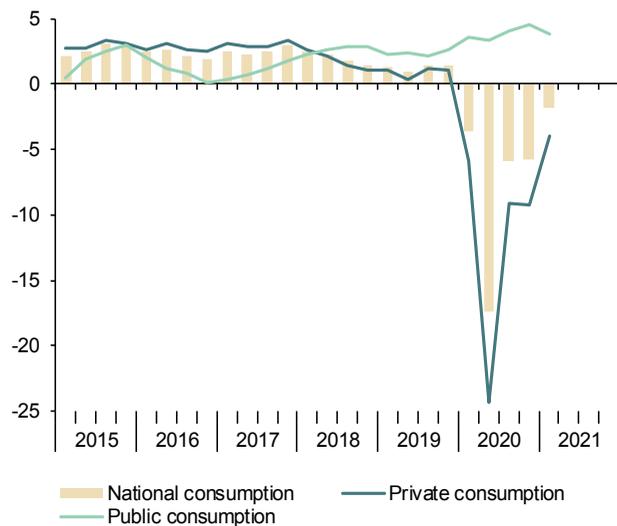


Chart 1.4 - Gross fixed capital formation

Annual percentage change

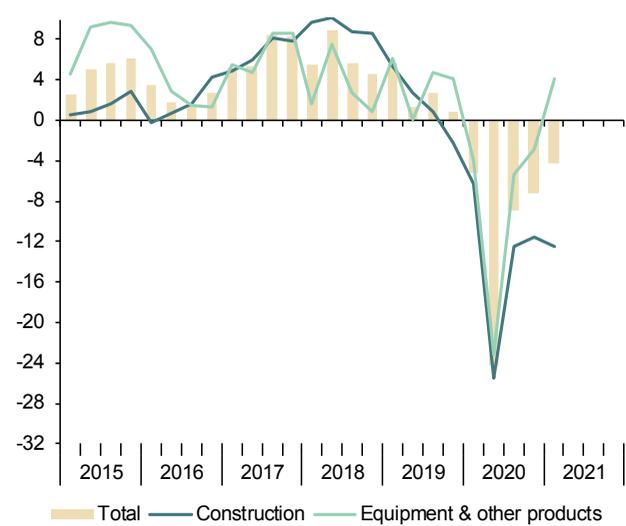


Table 2

National accounts: Gross value added by economic activity SWDA*

		Gross value added at basic prices								
		Industry			Services					
		Total	Agriculture, forestry and fishing	Total	Manufacturing	Construction	Total	Public administration, health, education	Other services	Taxes less subsidies on products
Chain-linked volumes, annual percentage changes										
2015		3.3	4.7	3.0	4.6	5.4	3.1	1.1	3.8	9.6
2016		2.8	4.8	4.1	2.3	3.9	2.4	1.4	2.7	5.2
2017		3.1	-3.7	4.0	5.7	2.0	3.3	2.5	3.5	1.9
2018		2.5	7.5	0.6	0.0	4.1	2.6	1.0	3.1	1.8
2019		2.1	-2.3	1.7	1.2	4.3	2.2	1.2	2.6	0.1
2020		-10.6	5.3	-9.6	-10.7	-14.5	-11.1	1.5	-15.1	-12.9
2021 (a)		-4.3	3.7	1.1	1.1	-10.1	-5.3	4.2	-8.5	-3.8
2019	II	2.3	-4.4	1.6	0.7	5.8	2.4	1.5	2.7	0.2
	III	2.0	0.0	2.4	1.9	3.2	1.9	1.0	2.2	0.0
	IV	1.9	-5.3	2.1	2.0	1.7	2.2	1.5	2.4	-0.3
2020	I	-3.8	1.0	-5.4	-6.2	-6.8	-3.4	0.9	-4.8	-8.9
	II	-21.5	7.6	-24.3	-27.8	-28.3	-21.5	0.1	-28.4	-22.2
	III	-8.5	4.6	-5.0	-5.4	-10.2	-9.6	1.3	-13.1	-9.0
	IV	-8.6	8.2	-3.6	-3.7	-12.7	-10.0	3.5	-14.3	-11.7
2021	I	-4.3	3.7	1.1	1.1	-10.1	-5.3	4.2	-8.5	-3.8
Chain-linked volumes, quarter-on-quarter percentage changes										
2019	II	0.4	-2.7	0.7	0.3	0.6	0.5	0.6	0.4	-0.2
	III	0.4	1.4	0.7	0.7	-0.3	0.3	0.0	0.5	-0.1
	IV	0.5	0.1	-0.1	0.4	-0.1	0.7	0.4	0.7	-0.2
2020	I	-5.1	2.3	-6.6	-7.5	-7.0	-4.8	-0.2	-6.3	-8.4
	II	-18.1	3.7	-19.4	-22.8	-22.6	-18.3	-0.1	-24.5	-14.8
	III	17.1	-1.4	26.4	31.9	24.8	15.5	1.1	21.9	16.9
	IV	0.3	3.4	1.3	2.2	-2.8	0.3	2.6	-0.6	-3.2
2021	I	-0.6	-2.0	-2.1	-2.8	-4.2	0.2	0.5	0.1	-0.2
		Current prices EUR billions)	Percentage of value added at basic prices							
2014		940	2.8	16.4	12.4	5.7	75.2	18.7	56.5	9.8
2015		978	3.0	16.4	12.4	5.8	74.9	18.5	56.4	10.1
2016		1,011	3.1	16.2	12.4	5.9	74.8	18.4	56.5	10.2
2017		1,053	3.1	16.2	12.5	5.9	74.8	18.1	56.7	10.3
2018		1,090	3.1	16.1	12.3	6.1	74.7	17.9	56.8	10.5
2019		1,129	2.9	16.1	12.3	6.4	74.5	18.0	56.5	10.3
2020		1,024	3.5	16.3	12.2	6.3	74.0	20.5	53.4	9.6

(a) Period with available data over the same period previous year.

* Seasonally and Working Day Adjusted.

Source: INE.

Chart 2.1 - GVA by sectors

Annual percentage change

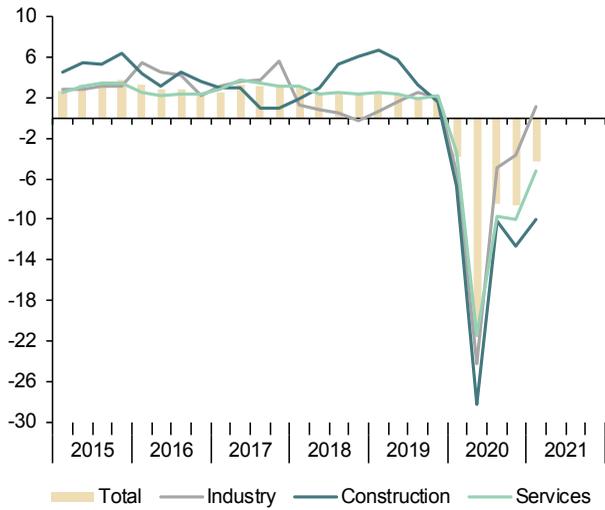


Chart 2.2 - GVA, Industry

Annual percentage change

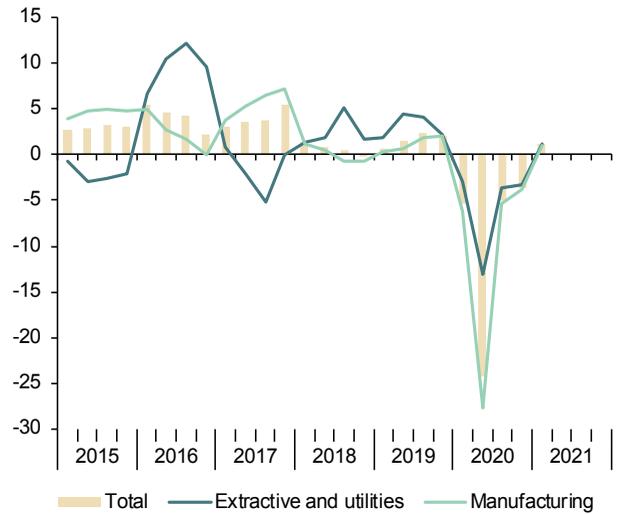


Chart 2.3 - GVA, services

Annual percentage change

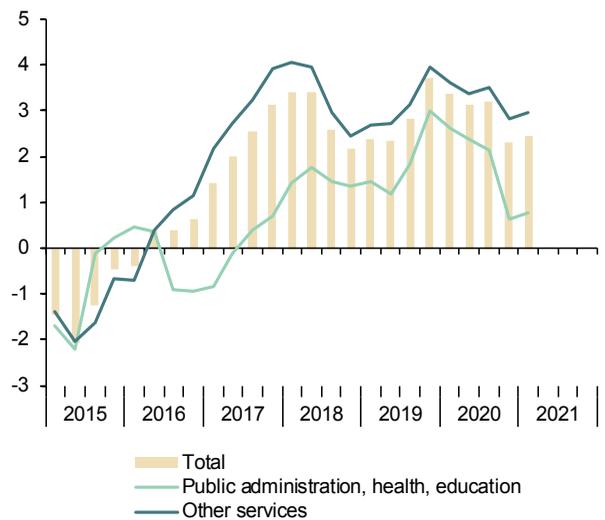


Chart 2.4 - GVA, structure by sectors

Percentage of value added at basic prices

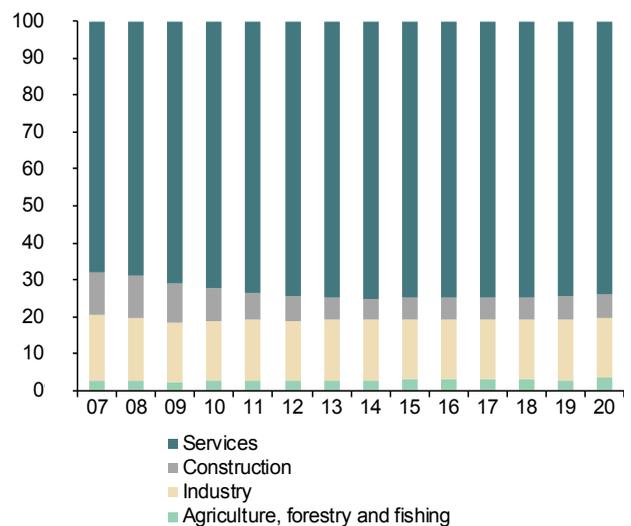


Table 3

National accounts: Productivity and labour costs

Forecasts in yellow

	Total economy						Manufacturing Industry						
	GDP, constant prices	Employment (jobs, full time equivalent)	Employment productivity	Compensation per job	Nominal unit labour cost	Real unit labour cost (a)	Gross value added, constant prices	Employment (jobs, full time equivalent)	Employment productivity	Compensation per job	Nominal unit labour cost	Real unit labour cost (a)	
	1	2	3=1/2	4	5=4/3	6	7	8	9=7/8	10	11=10/9	12	
Indexes, 2015 = 100, SWDA													
2014	96.3	96.9	99.4	99.4	100.1	100.6	95.6	97.7	97.9	100.7	102.9	102.6	
2015	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
2016	103.0	102.8	100.2	99.4	99.2	98.9	102.3	103.5	98.9	100.1	101.2	100.4	
2017	106.1	105.8	100.3	100.1	99.8	98.2	108.1	106.6	101.4	101.5	100.1	100.1	
2018	108.7	108.5	100.1	101.1	100.9	98.1	108.2	108.8	99.4	102.4	103.0	101.2	
2019	110.8	111.0	99.8	103.2	103.4	99.1	109.5	111.2	98.5	103.5	105.1	100.9	
2020	98.8	102.7	96.2	104.6	108.7	103.2	97.7	102.8	95.1	101.1	106.3	100.9	
2021	104.7	108.2	96.7	104.4	107.9	101.4	--	--	--	--	--	--	
2022	111.2	111.0	100.1	104.7	104.6	96.9	--	--	--	--	--	--	
2019	II	110.6	110.8	99.8	103.1	103.3	99.2	109.1	111.1	98.1	103.2	105.2	101.1
	III	111.0	111.0	100.0	103.5	103.5	99.3	109.8	111.8	98.2	103.6	105.4	101.3
	IV	111.4	111.9	99.6	103.7	104.1	99.0	110.3	111.1	99.2	104.3	105.1	99.2
2020	I	105.5	109.6	96.2	103.6	107.7	103.0	102.1	110.9	92.0	102.9	111.8	108.6
	II	86.7	90.3	96.0	106.2	110.6	105.1	78.8	93.6	84.1	98.8	117.5	110.0
	III	101.5	104.8	96.8	104.3	107.7	102.0	103.9	102.2	101.6	100.4	98.8	94.2
	IV	101.5	106.1	95.7	104.6	109.3	103.0	106.2	104.4	101.7	101.8	100.1	93.7
2021	I	101.0	107.6	93.9	103.7	110.5	104.5	103.1	103.9	99.3	99.5	100.2	95.1
Annual percentage changes													
2014	1.4	1.0	0.4	0.3	-0.1	0.1	2.1	-1.9	4.0	0.7	-3.2	-3.3	
2015	3.8	3.2	0.6	0.6	-0.1	-0.6	4.6	2.4	2.2	-0.7	-2.9	-2.6	
2016	3.0	2.8	0.2	-0.6	-0.8	-1.1	2.3	3.5	-1.1	0.1	1.2	0.4	
2017	3.0	2.9	0.1	0.7	0.6	-0.7	5.7	3.0	2.5	1.4	-1.1	-0.4	
2018	2.4	2.6	-0.2	1.0	1.2	0.0	0.0	2.1	-2.0	0.8	2.9	1.1	
2019	2.0	2.3	-0.3	2.1	2.4	1.0	1.2	2.2	-0.9	1.1	2.0	-0.3	
2020	-10.8	-7.5	-3.6	1.4	5.2	4.1	-10.7	-7.5	-3.5	-2.4	1.2	0.1	
2021	6.0	5.4	0.6	-0.2	-0.8	-1.8	--	--	--	--	--	--	
2022	6.2	2.6	3.5	0.3	-3.1	-4.4	--	--	--	--	--	--	
2019	II	2.1	2.5	-0.4	2.3	2.8	1.3	0.7	2.0	-1.3	1.2	2.5	0.3
	III	1.8	1.8	0.1	2.3	2.2	0.8	1.9	3.1	-1.1	1.0	2.1	0.4
	IV	1.7	2.1	-0.4	1.9	2.3	0.7	2.0	1.9	0.1	1.0	0.9	-2.7
2020	I	-4.3	-0.6	-3.7	1.2	5.0	3.9	-6.2	0.3	-6.5	0.0	6.9	6.7
	II	-21.6	-18.5	-3.8	3.0	7.1	5.9	-27.8	-15.8	-14.3	-4.3	11.7	8.8
	III	-8.6	-5.6	-3.2	0.7	4.0	2.7	-5.4	-8.6	3.5	-3.0	-6.3	-7.0
	IV	-8.9	-5.2	-3.9	0.8	4.9	4.1	-3.7	-6.1	2.5	-2.4	-4.8	-5.5
2021	I	-4.3	-1.9	-2.4	0.1	2.6	1.5	1.1	-6.3	7.9	-3.2	-10.3	-12.5

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

Source: INE and Funcas (Forecasts).

Chart 3.1 - Nominal ULC, total economy

Index, 2000=100

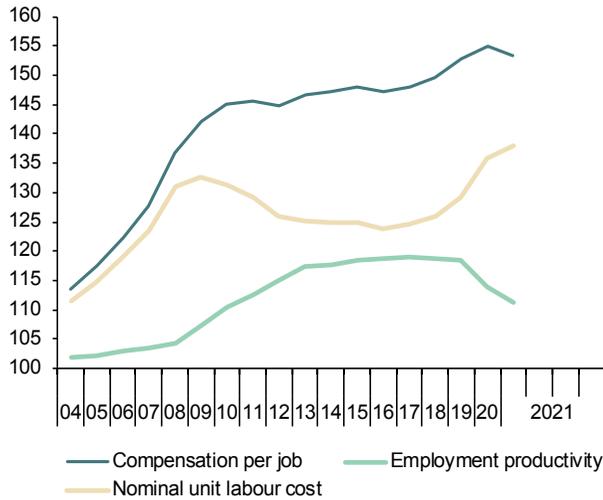
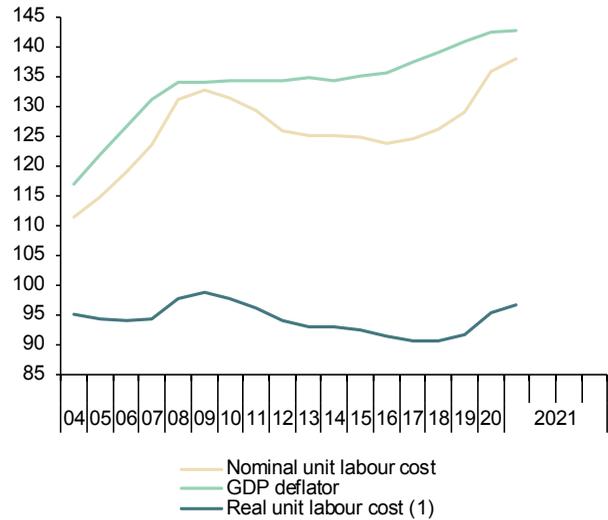


Chart 3.2 - Real ULC, total economy

Index, 2000=100



(1) Nominal ULC deflated by GDP deflator.

Chart 3.3 - Nominal ULC, manufacturing industry

Index, 2000=100

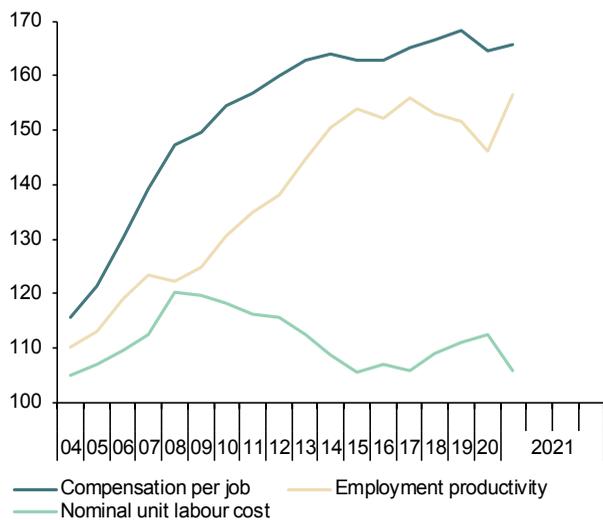
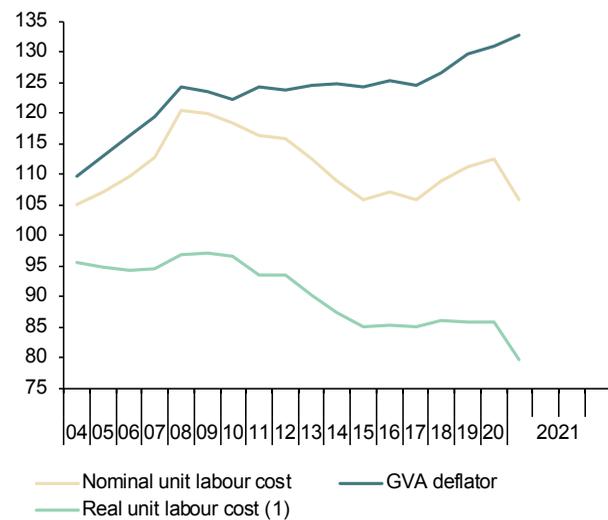


Chart 3.4 - Real ULC, manufacturing industry

Index, 2000=100



(1) Nominal ULC deflated by manufacturing GVA deflator.

Table 4

National accounts: National income, distribution and disposition

Forecasts in yellow

	Gross domestic product	Compensation of employees	Gross operating surplus	Gross national disposable income	Final national consumption	Gross national saving (a)	Gross capital formation	Compensation of employees	Gross operating surplus	Saving rate	Investment rate	Current account balance	Net lending or borrowing	
	EUR Billions, 4-quarter cumulated transactions							Percentage of GDP						
2014	1,032.2	473.5	455.4	1,017.7	815.4	202.3	184.8	45.9	44.1	19.6	17.9	1.7	2.1	
2015	1,077.6	492.9	472.6	1,066.7	840.1	226.5	204.7	45.7	43.9	21.0	19.0	2.0	2.7	
2016	1,113.8	503.7	495.8	1,104.8	860.5	244.3	208.9	45.2	44.5	21.9	18.8	3.2	3.4	
2017	1,161.9	523.7	518.4	1,152.2	894.4	257.7	225.5	45.1	44.6	22.2	19.4	2.8	3.0	
2018	1,204.2	544.9	533.2	1,194.7	925.0	269.7	246.5	45.2	44.3	22.4	20.5	1.9	2.4	
2019	1,244.8	571.0	546.4	1,233.7	948.7	285.0	258.6	45.9	43.9	22.9	20.8	2.1	2.5	
2020	1,121.7	540.1	480.4	1,112.4	875.5	236.9	229.5	48.2	42.8	21.1	20.5	0.7	1.1	
2021	1,200.7	569.2	515.6	1,196.8	942.2	254.5	247.5	47.4	42.9	21.2	20.6	0.6	1.5	
2022	1,291.9	580.8	586.3	1,290.6	1,001.0	289.6	272.6	45.0	45.4	22.4	21.1	1.3	2.8	
2019	II	1,225.0	558.7	538.8	1,215.3	937.2	278.1	255.0	45.6	44.0	22.7	20.8	1.9	2.4
	III	1,234.7	564.9	542.1	1,224.3	942.9	281.4	257.8	45.7	43.9	22.8	20.9	1.9	2.4
	IV	1,244.8	571.0	546.4	1,233.7	948.7	285.0	258.6	45.9	43.9	22.9	20.8	2.1	2.5
2020	I	1,234.8	573.6	536.5	1,225.6	942.9	282.8	256.4	46.4	43.5	22.9	20.8	2.1	2.6
	II	1,170.4	553.7	506.9	1,161.7	902.7	259.0	241.1	47.3	43.3	22.1	20.6	1.5	1.9
	III	1,147.5	546.7	496.5	1,138.8	889.3	249.4	235.7	47.6	43.3	21.7	20.5	1.2	1.4
	IV	1,121.7	540.1	480.4	1,112.4	875.5	236.9	229.5	48.2	42.8	21.1	20.5	0.7	1.1
2021	I	1,112.0	535.9	478.1	--	873.4	--	225.3	48.2	43.0	--	20.3	--	--
	Annual percentage changes							Difference from one year ago						
2014	1.2	1.3	0.1	1.7	1.3	3.0	5.2	0.1	-0.5	0.3	0.7	-0.3	-0.5	
2015	4.4	4.1	3.8	4.8	3.0	12.0	10.8	-0.1	-0.3	1.4	1.1	0.3	0.5	
2016	3.4	2.2	4.9	3.6	2.4	7.8	2.0	-0.5	0.7	0.9	-0.2	1.1	0.7	
2017	4.3	4.0	4.6	4.3	3.9	5.5	8.0	-0.2	0.1	0.3	0.7	-0.4	-0.4	
2018	3.6	4.0	2.8	3.7	3.4	4.6	9.3	0.2	-0.3	0.2	1.1	-0.8	-0.6	
2019	3.4	4.8	2.5	3.3	2.6	5.7	4.9	0.6	-0.4	0.5	0.3	0.2	0.0	
2020	-9.9	-5.4	-12.1	-9.8	-7.7	-16.9	-11.2	2.3	-1.1	-1.8	-0.3	-1.5	-1.4	
2021	7.0	5.4	7.3	7.6	7.6	7.5	7.9	-0.8	0.1	0.1	0.1	-0.1	0.4	
2022	7.6	2.0	13.7	7.8	6.2	13.8	10.1	-2.4	2.5	1.2	0.5	0.7	1.3	
2019	II	3.5	4.7	2.3	3.5	3.1	5.2	8.2	0.5	-0.5	0.4	0.9	-0.5	-0.3
	III	3.4	4.8	2.2	3.4	2.7	5.9	7.2	0.6	-0.5	0.5	0.7	-0.2	-0.1
	IV	3.4	4.8	2.5	3.3	2.6	5.7	4.9	0.6	-0.4	0.5	0.3	0.2	0.0
2020	I	1.7	4.0	0.2	1.7	1.3	3.2	1.5	1.0	-0.6	0.3	0.0	0.4	0.3
	II	-4.5	-0.9	-5.9	-4.4	-3.7	-6.8	-5.5	1.7	-0.7	-0.6	-0.2	-0.3	-0.5
	III	-7.1	-3.2	-8.4	-7.0	-5.7	-11.4	-8.6	1.9	-0.6	-1.1	-0.3	-0.7	-1.0
	IV	-9.9	-5.4	-12.1	-9.8	-7.7	-16.9	-11.2	2.3	-1.1	-1.8	-0.3	-1.5	-1.4
2021	I	-9.9	-6.6	-10.9	--	-7.4	--	-12.1	1.7	-0.5	--	-0.5	--	--

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

Source: INE and Funcas (Forecasts).

Chart 4.1 - National income, consumption and saving

EUR Billions, 4-quarter cumulated

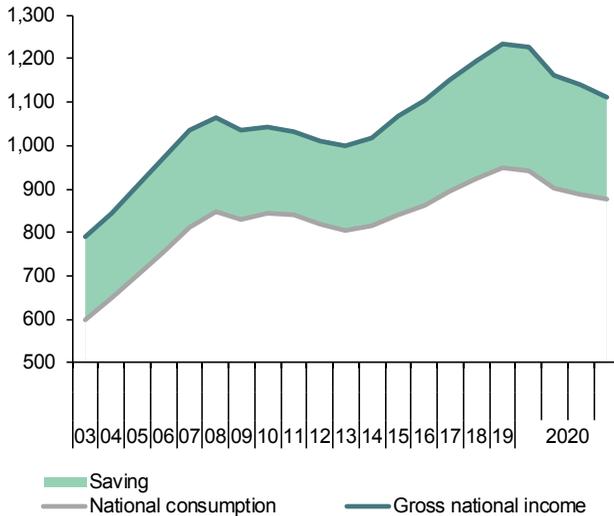


Chart 4.2 - National income, consumption and saving rate

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

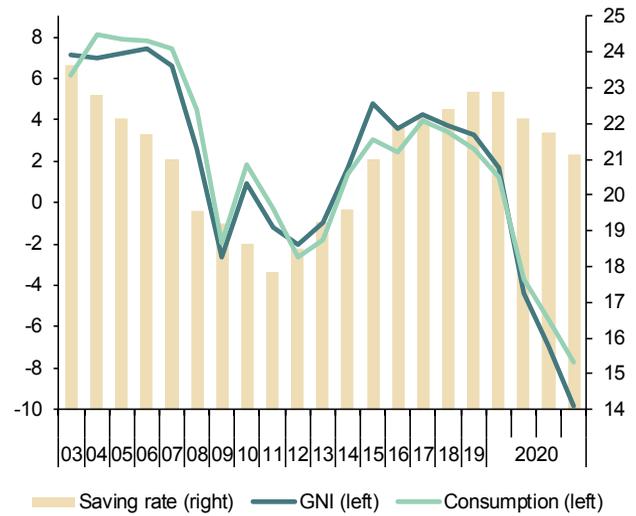


Chart 4.3 - Components of National Income

Percentage of GDP, 4-quarter moving averages

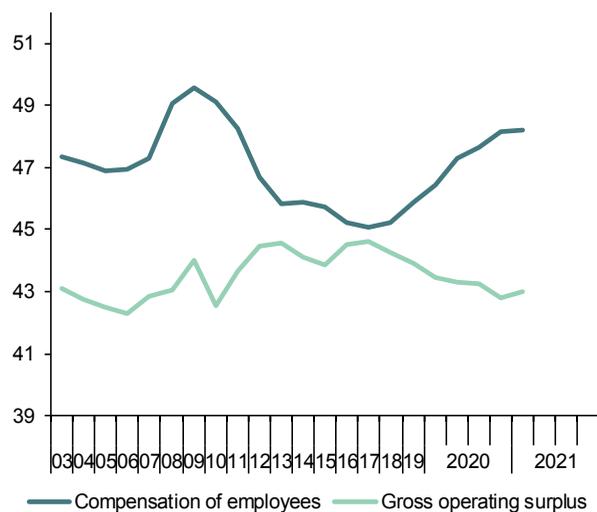


Chart 4.4 - Saving, Investment and Current Account Balance

Percentage of GDP, 4-quarter moving averages

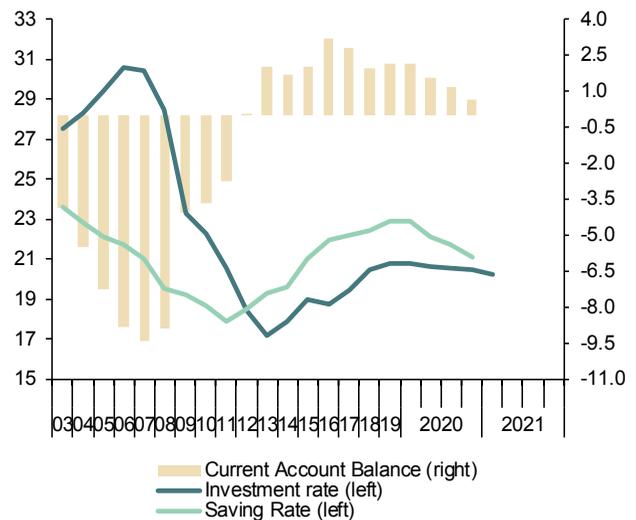


Table 5

National accounts: Household and non-financial corporations accounts

Forecasts in yellow

	Households							Non-financial corporations						
	Gross disposable income (GDI)	Final consumption expenditure	Gross saving	Gross capital formation	Saving rate	Gross capital formation	Net lending or borrowing	Gross operating surplus	Gross saving	Gross capital formation	Saving rate	Gross capital formation	Net lending or borrowing	
	EUR Billions, 4-quarter cumulated operations				Percentage of GDI	Percentage of GDP			EUR Billions, 4-quarter cumulated operations				Percentage of GDP	
2014	656.2	612.7	41.5	30.2	6.3	2.9	1.0	228.7	171.7	127.7	16.6	12.4	4.7	
2015	682.2	630.2	49.0	30.5	7.2	2.8	1.7	241.0	185.1	140.4	17.2	13.0	4.4	
2016	700.6	648.3	49.2	31.8	7.0	2.9	1.4	255.3	196.2	149.2	17.6	13.4	4.4	
2017	722.9	678.1	41.8	36.8	5.8	3.2	0.2	267.0	200.7	160.6	17.3	13.8	3.6	
2018	744.9	700.3	41.8	40.9	5.6	3.4	-0.1	272.9	201.2	177.1	16.7	14.7	2.2	
2019	764.6	713.8	48.0	42.5	6.3	3.4	0.3	281.6	218.2	187.5	17.5	15.1	2.7	
2020	739.6	628.2	108.8	35.7	14.7	3.2	6.5	230.6	181.4	159.1	16.2	14.2	2.4	
2021	774.7	680.8	91.3	35.6	11.8	3.0	4.5	252.5	194.7	174.5	16.2	14.5	2.3	
2022	802.9	730.3	70.1	36.5	8.7	2.8	2.4	286.0	221.0	197.3	17.1	15.3	3.0	
2019	I	749.6	704.2	42.9	42.0	5.7	3.5	-0.1	274.4	204.0	180.6	16.8	14.8	2.2
	II	756.9	706.8	47.9	42.2	6.3	3.4	0.3	276.9	207.7	184.2	16.9	15.0	2.2
	III	760.7	710.6	47.1	42.7	6.2	3.5	0.2	278.1	210.2	185.1	17.0	15.0	2.3
	IV	764.6	713.8	48.0	42.5	6.3	3.4	0.3	281.6	218.2	187.5	17.5	15.1	2.7
2020	I	767.8	703.9	61.2	41.6	8.0	3.4	1.4	271.5	207.4	183.7	16.8	14.9	2.1
	II	748.7	662.1	84.1	37.3	11.2	3.2	3.9	250.1	198.5	171.6	16.9	14.6	2.4
	III	746.7	648.5	95.2	37.1	12.8	3.2	4.9	241.8	188.4	165.5	16.4	14.4	2.1
	IV	739.6	628.2	108.8	35.7	14.7	3.2	6.5	230.6	181.4	159.1	16.2	14.2	2.4
		Annual percentage changes				Difference from one year ago			Annual percentage changes				Difference from one year ago	
2014		0.0	1.8	-19.8	-2.7	-1.6	-0.1	-1.0	0.0	2.5	11.3	0.2	1.1	-0.6
2015		4.0	2.9	18.1	1.1	0.9	-0.1	0.7	5.4	7.8	10.0	0.5	0.7	-0.3
2016		2.7	2.9	0.5	4.2	-0.2	0.0	-0.3	5.9	6.0	6.2	0.4	0.4	0.0
2017		3.2	4.6	-15.2	15.7	-1.3	0.3	-1.2	4.6	2.3	7.7	-0.3	0.4	-0.8
2018		3.0	3.3	0.1	11.2	-0.2	0.2	-0.3	2.2	0.3	10.2	-0.6	0.9	-1.4
2019		2.6	1.9	14.9	3.8	0.7	0.0	0.4	3.2	8.4	5.9	0.8	0.4	0.5
2020		-3.3	-12.0	126.6	-16.0	8.4	-0.2	6.3	-18.1	-16.9	-15.1	-1.4	-0.9	-0.3
2021		4.7	8.4	-16.1	-0.3	-2.9	-0.2	-2.0	9.5	7.3	9.6	0.0	0.3	-0.1
2022		3.6	7.3	-23.2	2.8	-3.1	-0.1	-2.0	13.3	13.5	13.1	0.9	0.7	0.7
2019	I	2.9	2.9	4.7	15.3	0.1	0.3	-0.3	1.9	0.6	9.5	-0.5	0.8	-1.2
	II	3.3	2.5	18.6	12.3	0.8	0.3	0.3	2.0	1.0	9.5	-0.5	0.8	-1.2
	III	3.0	2.2	17.9	10.7	0.8	0.2	0.3	2.0	3.0	6.2	-0.1	0.4	-0.4
	IV	2.6	1.9	14.9	3.8	0.7	0.0	0.4	3.2	8.4	5.9	0.8	0.4	0.5
2020	I	2.4	0.0	42.8	-0.9	2.3	-0.1	1.6	-1.1	1.6	1.7	0.0	0.0	-0.1
	II	-1.1	-6.3	75.6	-11.6	4.9	-0.3	3.6	-9.7	-4.4	-6.8	0.0	-0.4	0.3
	III	-1.8	-8.7	102.2	-13.1	6.6	-0.2	4.8	-13.1	-10.4	-10.6	-0.6	-0.6	-0.2
	IV	-3.3	-12.0	126.6	-16.0	8.4	-0.2	6.3	-18.1	-16.9	-15.1	-1.4	-0.9	-0.3

Source: INE and Funcas (Forecasts).

Chart 5.1 - Households: Net lending or borrowing

Percentage of GDP, 4-quarter moving averages

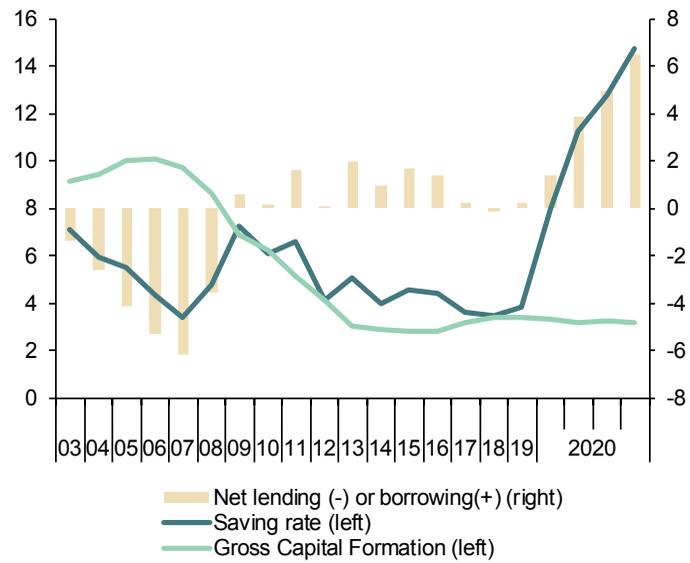


Chart 5.2 - Non-financial corporations: Net lending or borrowing

Percentage of GDP, 4-quarter moving averages

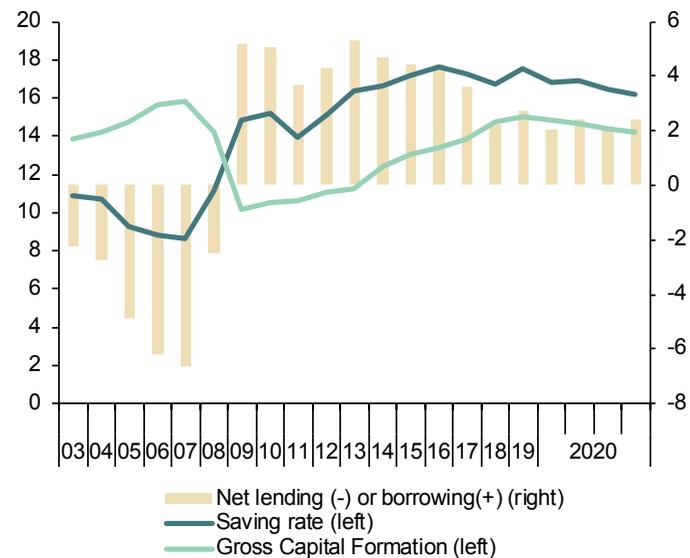


Table 6

National accounts: Public revenue, expenditure and deficit

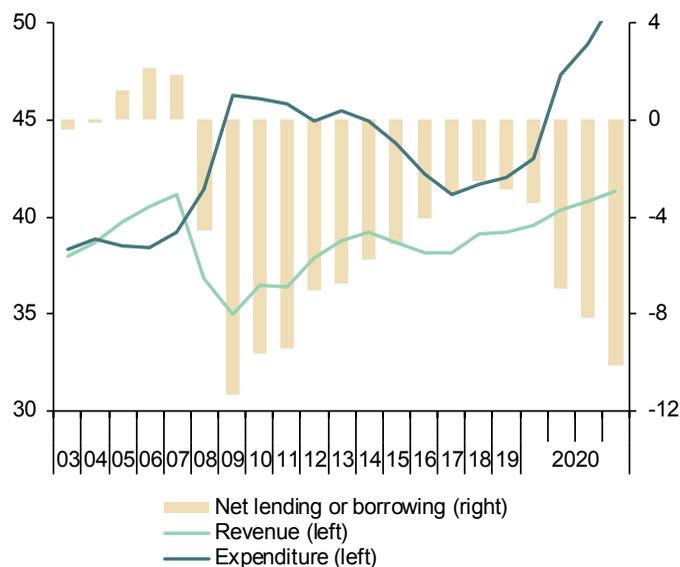
Forecasts in yellow

	Non financial revenue					Non financial expenditures							Net lending(+)/ net borrowing(-)	Net lending(+)/ net borrowing(-) excluding financial entities bail-out expenditures	
	Taxes on production and imports	Taxes on income and wealth	Social contributions	Capital and other revenue	Total	Compensation of employees	Intermediate consumption	Interests	Social benefits and social transfers in kind	Gross capital formation and other capital expenditure	Other expenditure	Total			
	1	2	3	4	5=1+2+3+4	6	7	8	9	10	11	12=6+7+8+9+10+11	13=5-12	14	
EUR Billions, 4-quarter cumulated operations															
2014	118.5	104.4	129.0	52.7	404.6	115.0	56.3	35.5	198.5	32.4	28.0	465.7	-61.1	-59.7	
2015	126.4	107.1	131.5	52.1	417.2	119.2	59.0	32.4	198.6	35.4	28.3	473.0	-55.8	-55.2	
2016	128.9	110.0	135.6	50.3	424.8	121.5	58.7	30.7	203.0	30.4	28.4	472.7	-48.0	-45.6	
2017	135.1	116.9	142.4	49.1	443.5	123.5	59.9	29.3	207.4	30.6	28.0	478.7	-35.1	-34.6	
2018	141.2	127.3	149.5	53.8	471.7	127.6	62.1	29.3	216.6	36.4	29.6	501.6	-29.9	-29.8	
2019	142.8	129.2	160.7	55.1	487.8	134.5	64.5	28.4	229.6	34.8	31.6	523.4	-35.6	-35.6	
2020	126.0	125.3	161.9	50.2	463.3	140.5	66.6	25.2	261.7	50.9	41.5	586.4	-123.1	-113.2	
2021	135.8	130.3	163.1	63.6	492.8	146.1	70.8	26.7	258.9	45.6	44.1	592.1	-99.3	-99.3	
2022	144.9	135.6	160.4	76.7	517.6	149.3	73.8	28.0	262.6	52.8	37.1	603.6	-86.0	-86.0	
2019	I	142.5	127.1	152.5	55.0	477.1	129.4	62.9	28.9	219.5	36.4	30.5	507.4	-30.3	-30.5
	II	142.4	129.0	155.3	55.2	481.8	131.7	63.2	29.3	224.0	36.3	31.1	515.7	-33.9	-33.8
	III	143.2	130.8	158.0	55.8	487.8	132.9	63.7	28.8	226.0	37.3	32.1	520.8	-33.0	-32.9
	IV	142.8	129.2	160.7	55.1	487.8	134.5	64.5	28.4	229.6	34.8	31.6	523.4	-35.6	-35.6
2020	I	141.7	130.6	161.6	55.8	489.7	135.6	65.4	27.9	234.2	37.0	32.2	532.3	-42.6	-42.6
	II	131.6	126.6	161.4	53.1	472.8	136.8	65.6	26.6	250.4	37.1	37.5	553.9	-81.1	-81.1
	III	128.1	126.7	161.4	51.8	468.0	138.3	65.9	26.0	255.6	37.1	38.8	561.7	-93.7	-93.7
	IV	126.0	125.3	161.9	50.2	463.3	140.5	66.6	25.2	261.7	50.9	41.5	586.4	-123.1	-113.2
Percentage of GDP, 4-quarter cumulated operations															
2014	11.5	10.1	12.5	5.1	39.2	11.1	5.5	3.4	19.2	3.1	2.7	45.1	-5.9	-5.8	
2015	11.7	9.9	12.2	4.8	38.7	11.1	5.5	3.0	18.4	3.3	2.6	43.9	-5.2	-5.1	
2016	11.6	9.9	12.2	4.5	38.1	10.9	5.3	2.8	18.2	2.7	2.6	42.4	-4.3	-4.1	
2017	11.6	10.1	12.3	4.2	38.2	10.6	5.2	2.5	17.9	2.6	2.4	41.2	-3.0	-3.0	
2018	11.7	10.6	12.4	4.5	39.2	10.6	5.2	2.4	18.0	3.0	2.5	41.7	-2.5	-2.5	
2019	11.5	10.4	12.9	4.4	39.2	10.8	5.2	2.3	18.4	2.8	2.5	42.1	-2.9	-2.9	
2020	11.2	11.2	14.4	4.5	41.3	12.5	5.9	2.2	23.3	4.5	3.7	52.3	-11.0	-10.1	
2021	11.3	10.9	13.6	5.3	41.0	12.2	5.9	2.2	21.6	3.8	3.7	49.3	-8.3	-8.3	
2022	11.2	10.5	12.4	5.9	40.1	11.6	5.7	2.2	20.3	4.1	2.9	46.7	-6.7	-6.7	
2019	I	11.7	10.5	12.5	4.5	39.2	10.6	5.2	2.4	18.0	3.0	2.5	41.7	-2.5	-2.5
	II	11.6	10.5	12.7	4.5	39.3	10.7	5.2	2.4	18.3	3.0	2.5	42.0	-2.8	-2.8
	III	11.6	10.6	12.8	4.5	39.5	10.8	5.2	2.3	18.3	3.0	2.6	42.2	-2.7	-2.7
	IV	11.5	10.4	12.9	4.4	39.2	10.8	5.2	2.3	18.4	2.8	2.5	42.1	-2.9	-2.9
2020	I	11.5	10.6	13.1	4.5	39.6	11.0	5.3	2.3	18.9	3.0	2.6	43.1	-3.4	-3.4
	II	11.2	10.8	13.8	4.5	40.4	11.7	5.6	2.3	21.4	3.2	3.2	47.3	-6.9	-6.9
	III	11.2	11.0	14.1	4.5	40.8	12.1	5.7	2.3	22.3	3.2	3.4	48.9	-8.2	-8.2
	IV	11.2	11.2	14.4	4.5	41.3	12.5	5.9	2.2	23.3	4.5	3.7	52.3	-11.0	-10.1

Source: IGAE and Funcas (Forecasts).

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

Percentage of GDP, 4-quarter moving averages



(a) Excluding financial entities bail-out expenditures.

Chart 6.2 - Public sector: Main expenditures

Percentage of GDP, 4-quarter moving averages

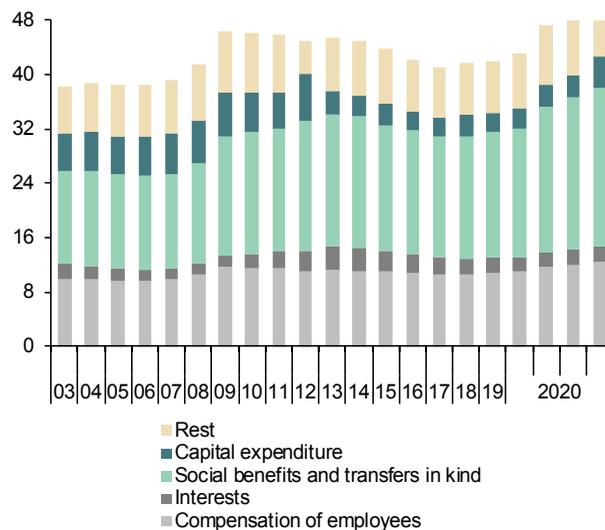


Table 7

Public sector balances, by level of Government

Forecasts in yellow

	Net lending (+)/ net borrowing (-) (a)					Debt					
	Central Government	Regional Governments	Local Governments	Social Security	TOTAL Government	Central Government	Regional Governments	Local Governments	Social Security	Total Government (consolidated)	
	EUR Billions, 4-quarter cumulated operations					EUR Billions, end of period					
2014	-35.9	-18.7	5.5	-10.6	-59.7	901.4	237.9	38.3	17.2	1,039.4	
2015	-28.2	-18.9	4.6	-12.9	-55.2	939.3	263.3	35.1	17.2	1,070.1	
2016	-25.7	-9.5	7.0	-17.4	-45.6	968.4	277.0	32.2	17.2	1,104.6	
2017	-20.6	-4.2	6.9	-16.8	-34.6	1,011.5	288.1	29.0	27.4	1,145.1	
2018	-15.7	-3.3	6.5	-17.3	-29.8	1,047.3	293.4	25.8	41.2	1,173.4	
2019	-16.4	-7.1	3.7	-15.9	-35.6	1,061.2	295.1	23.2	55.0	1,188.8	
2020	-84.1	-2.3	2.9	-29.7	-113.2	1,206.8	303.6	21.9	85.4	1,345.6	
2021	--	--	--	--	-99.3	--	--	--	--	1,442.9	
2022	--	--	--	--	-86.0	--	--	--	--	1,527.4	
2019	I	-17.8	-3.3	5.9	-15.3	-30.5	1,066.0	296.9	26.0	43.1	1,196.7
	II	-17.2	-4.1	5.8	-18.3	-33.8	1,072.0	300.6	26.2	48.7	1,207.4
	III	-11.4	-8.5	4.8	-17.7	-32.9	1,070.3	298.1	25.2	52.4	1,203.8
	IV	-16.4	-7.1	3.7	-15.9	-35.6	1,061.2	295.1	23.2	55.0	1,188.8
2020	I	-15.8	-8.1	3.6	-22.3	-42.6	1,094.9	298.3	22.9	55.0	1,224.5
	II	-54.8	-6.3	2.2	-22.2	-81.1	1,159.2	305.7	25.0	68.9	1,291.0
	III	-64.7	-1.6	3.3	-30.7	-93.7	1,177.7	301.9	23.7	74.9	1,308.2
	IV	-84.1	-2.3	2.9	-29.7	-113.2	1,206.8	303.6	21.9	85.4	1,345.6
		Percentage of GDP, 4-quarter cumulated operations					Percentage of GDP				
2014	-3.5	-1.8	0.5	-1.0	-5.8	87.3	23.1	3.7	1.7	100.7	
2015	-2.6	-1.8	0.4	-1.2	-5.1	87.2	24.4	3.3	1.6	99.3	
2016	-2.3	-0.9	0.6	-1.6	-4.1	86.9	24.9	2.9	1.5	99.2	
2017	-1.8	-0.4	0.6	-1.4	-3.0	87.1	24.8	2.5	2.4	98.6	
2018	-1.3	-0.3	0.5	-1.4	-2.5	87.0	24.4	2.1	3.4	97.4	
2019	-1.3	-0.6	0.3	-1.3	-2.9	85.3	23.7	1.9	4.4	95.5	
2020	-7.5	-0.2	0.3	-2.6	-10.1	107.6	27.1	2.0	7.6	120.0	
2021	--	--	--	--	-8.3	--	--	--	--	120.2	
2022	--	--	--	--	-6.7	--	--	--	--	118.2	
2019	I	-1.5	-0.3	0.5	-1.3	-2.5	87.8	24.4	2.1	3.5	98.5
	II	-1.4	-0.3	0.5	-1.5	-2.8	87.5	24.5	2.1	4.0	98.6
	III	-0.9	-0.7	0.4	-1.4	-2.7	86.7	24.1	2.0	4.2	97.5
	IV	-1.3	-0.6	0.3	-1.3	-2.9	85.3	23.7	1.9	4.4	95.5
2020	I	-1.3	-0.7	0.3	-1.8	-3.4	88.7	24.2	1.9	4.5	99.2
	II	-4.7	-0.5	0.2	-1.9	-6.9	99.0	26.1	2.1	5.9	110.3
	III	-5.6	-0.1	0.3	-2.7	-8.2	102.6	26.3	2.1	6.5	114.0
	IV	-7.5	-0.2	0.3	-2.6	-10.1	107.6	27.1	2.0	7.6	120.0

(a) Excluding financial entities bail-out expenditures.

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

Chart 7.1 - Government deficit

Percent of GDP, 4-quarter cumulated operations

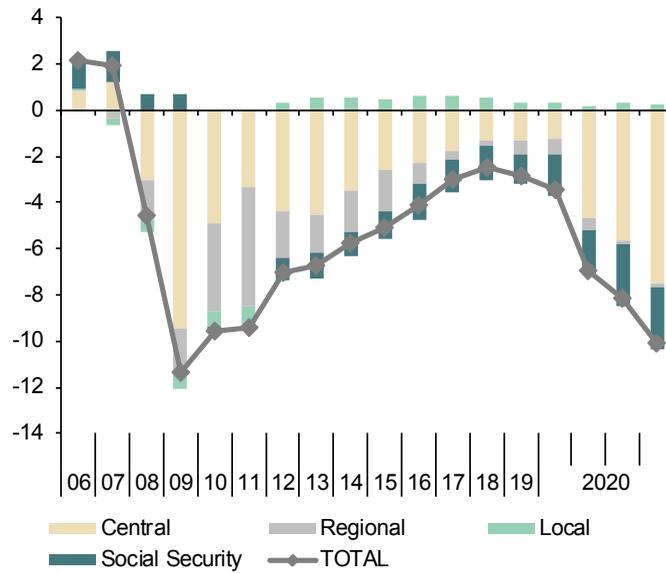


Chart 7.2 - Government debt

Percent of GDP

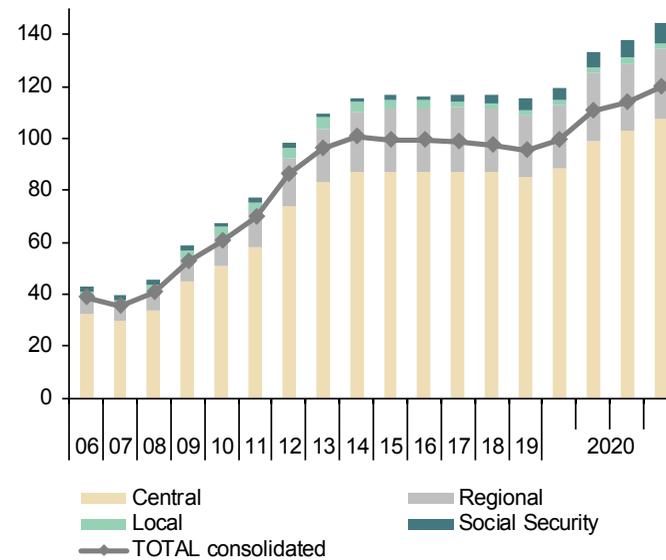


Table 8

General activity and industrial sector indicators (a)

	General activity indicators				Industrial sector indicators					
	Economic Sentiment Index	Composite PMI index	Social Security Affiliates (f)	Electricity consumption (temperature adjusted)	Industrial production index	Social Security Affiliates in industry	Manufacturing PMI index	Industrial confidence index	Manufacturing Turnover index deflated	Industrial orders
	Index	Index	Thousands	1,000 GWH	2015=100	Thousands	Index	Balance of responses	2015=100 (smoothed)	Balance of responses
2013	90.7	48.3	15,855.2	250.0	95.5	2,021.6	48.5	-14.0	93.2	-30.7
2014	100.9	55.1	16,111.1	249.6	96.8	2,022.8	53.2	-7.1	95.3	-16.3
2015	108.1	56.7	16,641.8	253.8	100.0	2,067.3	53.6	-0.3	100.0	-5.4
2016	105.9	54.9	17,157.5	253.8	101.8	2,124.7	53.1	-2.3	102.7	-5.4
2017	108.8	56.2	17,789.6	258.4	105.1	2,191.0	54.8	1.0	107.1	2.2
2018	108.4	54.6	18,364.5	259.3	105.3	2,250.9	53.3	-0.1	108.4	-0.2
2019	104.6	52.7	18,844.1	251.8	106.1	2,283.2	49.1	-3.9	108.9	-5.1
2020	90.2	41.5	18,440.5	239.5	95.9	2,239.3	47.5	-14.0	98.8	-29.5
2021 (b)	96.9	48.4	18,469.4	87.5	102.9	2,234.6	54.2	-4.8	98.5	-11.8
2019 III	106.2	52.0	18,885.3	62.1	105.9	2,286.5	48.2	-3.8	108.6	-4.5
IV	102.3	51.9	18,969.0	62.8	104.1	2,291.5	47.2	-4.6	105.3	-7.3
2020 I	101.8	43.3	18,904.2	61.9	98.7	2,284.4	48.2	-2.0	99.2	-7.8
II	78.5	29.4	17,957.3	55.2	83.4	2,201.9	39.4	-27.8	95.5	-49.4
III	90.3	48.5	18,321.9	59.9	100.2	2,227.3	51.4	-11.9	98.9	-37.7
IV	90.1	44.8	18,592.5	61.9	101.4	2,244.1	51.1	-11.0	103.5	-23.2
2021 I	93.8	46.1	18,634.2	61.6	100.9	2,245.5	53.1	-7.3	105.9	-14.1
II (b)	106.0	55.2	18,578.6	20.5	--	2,250.1	57.7	2.6	--	-5.1
2021 Feb	90.7	45.1	18,641.5	20.6	100.7	2,245.4	52.9	-9.6	106.3	-14.7
Mar	96.9	50.1	18,590.9	20.6	101.1	2,245.5	56.9	-5.7	--	-10.1
Apr	106.0	55.2	18,578.6	20.7	--	2,250.1	57.7	2.6	--	-5.1
Percentage changes (c)										
2013	--	--	-2.9	-2.2	-1.5	-4.4	--	--	-1.9	--
2014	--	--	1.6	-0.2	1.3	0.1	--	--	2.3	--
2015	--	--	3.3	1.7	3.4	2.2	--	--	4.9	--
2016	--	--	3.1	0.0	1.8	2.8	--	--	2.8	--
2017	--	--	3.7	1.8	3.2	3.1	--	--	4.3	--
2018	--	--	3.2	0.3	0.2	2.7	--	--	1.2	--
2019	--	--	2.6	-2.9	0.7	1.4	--	--	0.5	--
2020	--	--	-2.1	-4.9	-9.6	-1.9	--	--	-9.3	--
2021 (d)	--	--	-0.3	2.8	2.6	-0.8	--	--	-5.0	--
2019 III	--	--	0.4	-1.7	-2.5	0.2	--	--	-0.8	--
IV	--	--	0.4	1.1	-1.7	0.2	--	--	-3.1	--
2020 I	--	--	-0.3	-1.4	-5.1	-0.3	--	--	-5.8	--
II	--	--	-5.0	-10.9	-15.5	-3.6	--	--	-3.7	--
III	--	--	2.0	8.5	20.2	1.2	--	--	3.6	--
IV	--	--	1.5	3.4	1.2	0.8	--	--	4.6	--
2021 I	--	--	0.2	-0.5	-0.6	0.1	--	--	2.3	--
II (e)	--	--	-0.3	-0.1	--	0.2	--	--	--	--
2021 Feb	--	--	-0.2	-2.8	-0.1	0.0	--	--	0.7	--
Mar	--	--	-0.3	0.9	0.4	0.0	--	--	--	--
Apr	--	--	-0.1	0.2	--	0.2	--	--	--	--

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

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

Chart 8.1 - General activity indicators (I)

Annual percentage changes

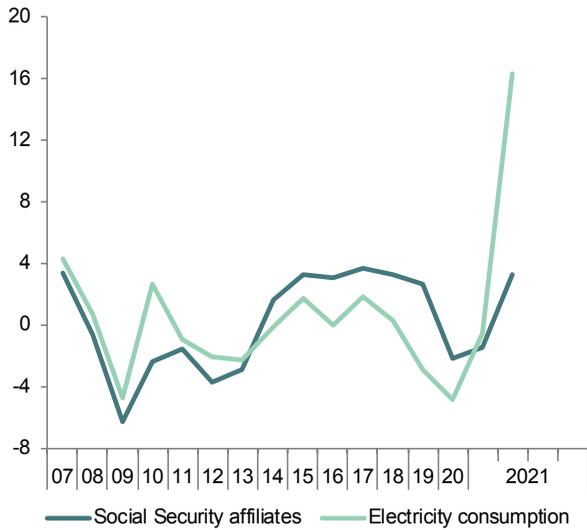


Chart 8.2 - General activity indicators (II)

Index

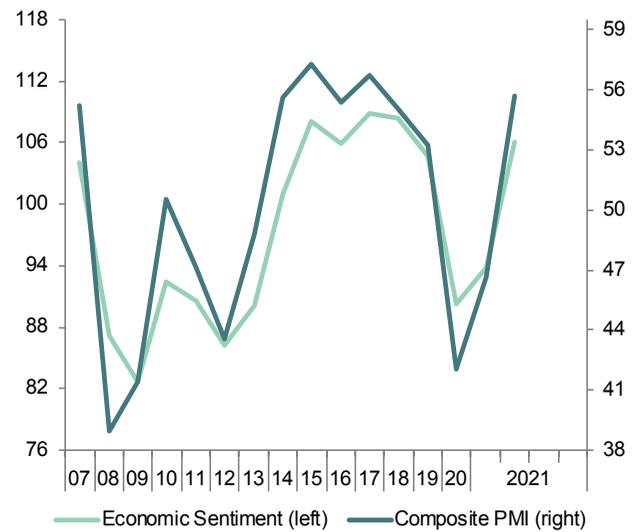


Chart 8.3 - Industrial sector indicators (I)

Annual percentage changes

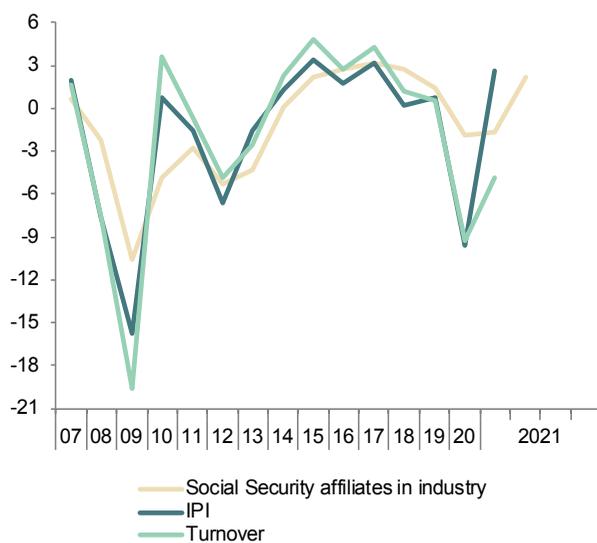


Chart 8.4 - Industrial sector indicators (II)

Index

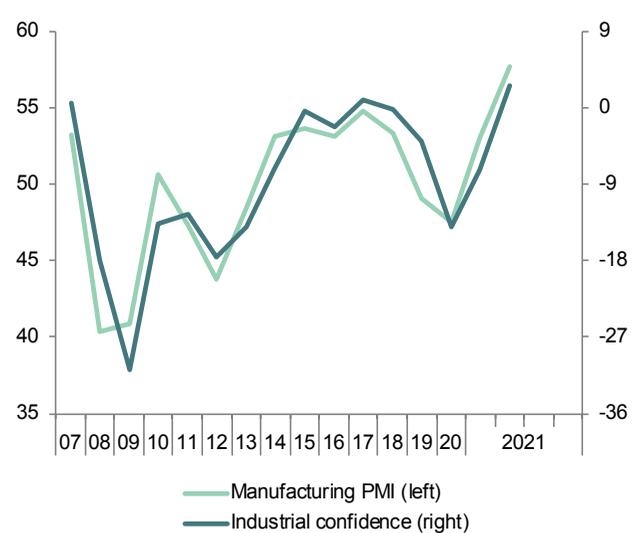


Table 9

Construction and services sector indicators (a)

	Construction indicators					Service sector indicators					
	Social Security Affiliates in construction	Industrial production index construction materials	Construction confidence index	Official tenders (f)	Housing permits (f)	Social Security Affiliates in services (g)	Turnover index (nominal)	Services PMI index	Hotel overnight stays	Passenger air transport	Services confidence index
	Thousands	2015=100 (smoothed)	Balance of responses	EUR Billions (smoothed)	Million m ²	Thousands	2015=100 (smoothed)	Index	Million (smoothed)	Million (smoothed)	Balance of responses
2013	996.8	93.6	-55.6	9.2	6.8	11,727.9	92.9	48.3	286.0	186.5	-15.3
2014	980.3	92.8	-41.4	13.1	6.9	11,995.5	95.3	55.2	295.3	194.9	9.9
2015	1,026.7	100.0	-25.3	9.4	9.9	12,432.3	100.0	57.3	308.2	206.6	19.4
2016	1,053.9	102.6	-39.6	9.2	12.7	12,851.6	104.1	55.0	331.2	229.4	17.8
2017	1,118.8	111.5	-26.9	12.7	15.9	13,338.2	111.0	56.4	340.6	248.4	22.5
2018	1,194.1	114.2	-4.6	16.6	19.8	13,781.3	117.5	54.8	340.0	262.9	21.7
2019	1,254.9	124.8	-7.0	18.3	20.0	14,169.1	122.2	53.9	343.0	276.9	13.9
2020	1,233.1	110.6	-18.4	14.3	16.1	13,849.2	102.9	40.3	91.6	75.6	-26.2
2021 (b)	1,256.5	117.3	-8.9	4.0	2.9	13,844.3	99.1	46.9	8.3	11.8	-18.2
2019 III	1,258.7	123.7	-7.4	4.4	4.8	14,208.3	122.7	53.5	86.6	69.7	14.2
IV	1,265.1	118.9	-12.4	3.9	4.5	14,287.9	118.2	53.6	76.5	62.4	11.0
2020 I	1,253.7	111.1	-8.6	3.4	4.7	14,250.7	108.4	42.5	53.0	44.3	7.8
II	1,166.6	107.5	-26.3	3.2	3.3	13,470.8	100.3	28.4	27.2	23.1	-47.1
III	1,250.3	112.1	-24.3	3.4	3.9	13,728.1	101.2	47.3	15.0	13.0	-35.9
IV	1,263.5	117.2	-14.4	4.0	4.2	13,958.9	105.5	43.0	11.2	10.4	-29.4
2021 I	1,261.4	121.1	-11.8	4.5	4.4	14,000.3	109.1	44.3	10.2	10.0	-25.5
II (b)	1,273.8	--	-0.1	--	--	13,933.9	--	54.6	--	3.3	3.7
2021 Feb	1,259.9	121.1	-15.2	1.5	1.5	13,998.4	109.8	43.1	3.4	3.3	-29.4
Mar	1,265.0	122.4	-6.9	1.5	--	13,959.4	--	48.1	3.4	3.3	-19.5
Apr	1,273.8	--	-0.1	--	--	13,933.9	--	54.6	--	3.3	3.7
Percentage changes (c)											
2013	-12.2	-7.5	--	23.2	-20.3	-1.5	-2.0	--	1.9	-3.5	--
2014	-1.7	-0.9	--	42.6	2.2	2.3	2.6	--	3.2	4.6	--
2015	4.7	7.8	--	-28.2	42.6	3.6	4.9	--	4.4	6.0	--
2016	2.6	2.6	--	-1.7	29.0	3.4	4.1	--	7.4	11.0	--
2017	6.2	8.7	--	37.1	24.8	3.8	6.6	--	2.8	8.3	--
2018	6.7	2.5	--	30.8	24.5	3.3	5.8	--	-0.2	5.8	--
2019	5.1	9.2	--	10.4	1.3	2.8	4.0	--	0.9	5.3	--
2020	-1.7	-11.3	--	-21.9	-19.8	-2.3	-15.8	--	-73.3	-72.7	--
2021 (d)	3.6	5.8	--	18.9	-15.0	-0.6	-12.8	--	-80.2	-71.8	--
2019 III	0.6	-1.0	--	0.2	-3.4	0.5	-0.3	--	-2.3	-1.2	--
IV	0.5	-3.9	--	-20.3	-8.8	0.6	-3.7	--	-11.7	-10.4	--
2020 I	-0.9	-6.6	--	-32.1	-10.5	-0.3	-8.2	--	-30.7	-29.1	--
II	-7.0	-3.2	--	-33.7	-39.4	-5.5	-7.5	--	-48.8	-47.9	--
III	7.2	4.3	--	-22.1	-18.9	1.9	0.9	--	-44.8	-43.8	--
IV	1.1	4.5	--	2.4	-7.8	1.7	4.2	--	-25.4	-19.7	--
2021 I	-0.2	3.4	--	30.6	-15.0	0.3	3.4	--	-8.5	-4.2	--
II (e)	1.0	--	--	--	--	-0.5	--	--	--	-1.1	--
2021 Feb	0.1	1.1	--	31.1	-15.7	-0.3	1.3	--	-1.4	-0.8	--
Mar	0.4	1.1	--	40.3	--	-0.3	--	--	-1.0	-0.5	--
Apr	0.7	--	--	--	--	-0.2	--	--	--	-0.5	--

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

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

Chart 9.1 - Construction indicators (I)

Annual percentage changes and index

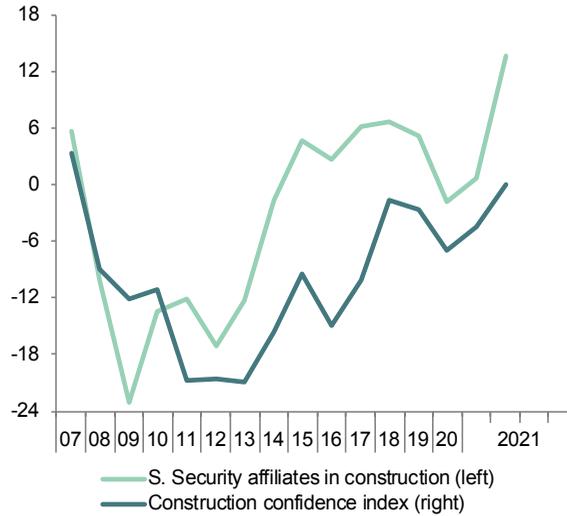


Chart 9.2 - Construction indicators (II)

Annual percentage changes

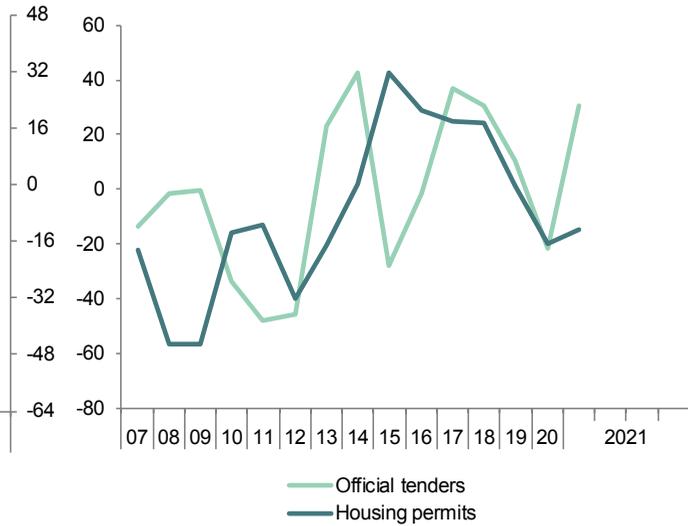


Chart 9.3 - Services indicators (I)

Annual percentage changes

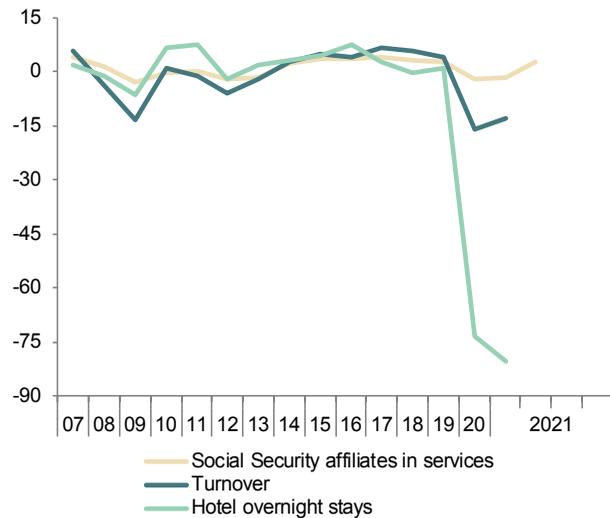


Chart 9.4 - Services indicators (II)

Index

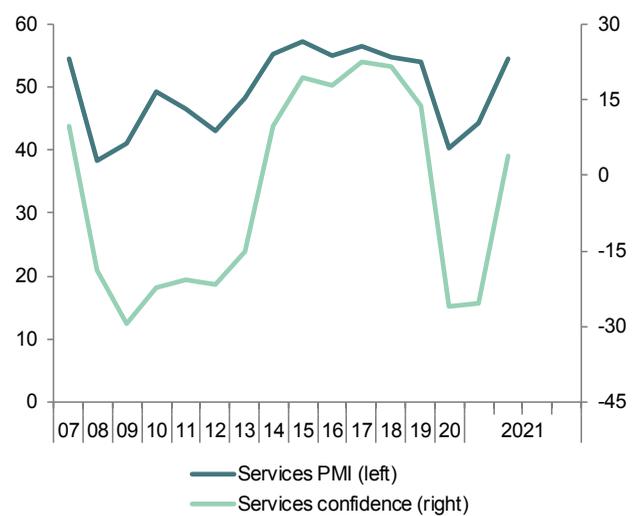


Table 10

Consumption and investment indicators (a)

	Consumption indicators					Investment in equipment indicators			
	Retail sales deflated	Car registrations	Consumer confidence index	Hotel overnight stays by residents in Spain	Industrial orders for consumer goods	Cargo vehicles registrations	Industrial orders for investment goods	Imports of capital goods (volume)	
	2015=100 (smoothed)	Thousands (smoothed)	Balance of responses	Million (smoothed)	Balance of responses	Thousands (smoothed)	Balance of responses	2005=100 (smoothed)	
2013	95.0	742.3	-28.1	100.6	-21.8	107.6	-33.5	68.9	
2014	96.0	890.1	-14.5	104.7	-9.1	137.5	-16.5	81.6	
2015	100.0	1,094.0	-4.7	110.3	-3.1	180.3	0.2	93.3	
2016	103.9	1,230.1	-6.3	114.2	-1.4	191.3	-0.2	97.2	
2017	104.7	1,341.6	-3.4	115.8	2.2	207.6	4.9	103.3	
2018	105.4	1,424.0	-4.2	116.5	-5.6	230.0	12.4	105.4	
2019	107.9	1,375.6	-6.3	119.6	-2.9	220.9	8.8	105.6	
2020	100.4	939.1	-22.8	50.7	-25.3	170.8	-22.7	100.0	
2021 (b)	96.8	824.8	-19.5	2.0	-17.5	176.1	-8.6	99.4	
2019	III	108.0	335.7	-5.8	30.0	-6.2	53.6	6.8	105.0
	IV	105.5	304.5	-10.5	27.0	-2.8	48.4	1.2	99.7
2020	I	100.5	246.9	-10.3	20.1	-3.8	41.1	-11.4	94.4
	II	97.8	216.0	-27.9	13.1	-41.5	38.6	-41.0	94.0
	III	100.4	240.8	-26.9	10.9	-32.7	43.9	-28.9	100.7
	IV	102.9	256.3	-26.3	9.9	-23.1	49.3	-9.6	107.7
2021	I	104.1	242.1	-22.1	8.7	-18.0	52.8	-13.7	112.1
	II (b)	--	--	-11.6	--	-16.0	--	6.7	--
2021	Feb	104.1	80.7	-25.2	2.9	-16.8	17.6	-10.1	113.0
	Mar	104.5	78.4	-17.4	2.8	-17.6	17.9	-4.0	--
	Apr	--	--	-11.6	--	-16.0	--	6.7	--
Percentage changes (c)									
2013		-3.8	4.5	--	-1.4	--	-0.1	--	13.7
2014		1.1	19.9	--	4.1	--	27.8	--	18.4
2015		4.2	22.9	--	5.3	--	31.1	--	14.4
2016		3.9	12.4	--	3.6	--	6.1	--	4.1
2017		0.8	9.1	--	1.4	--	8.5	--	6.4
2018		0.7	6.1	--	0.6	--	10.8	--	2.0
2019		2.3	-3.4	--	2.7	--	-4.0	--	0.2
2020		-6.9	-31.7	--	-57.6	--	-22.6	--	-5.3
2021 (d)		-1.2	-14.5	--	-62.3	--	21.9	--	2.3
2019	II	0.8	-0.3	--	1.3	--	-2.2	--	3.0
	III	-0.1	-2.9	--	-1.8	--	-5.2	--	-8.3
	IV	-2.3	-9.3	--	-10.1	--	-9.7	--	-18.7
2020	I	-4.7	-18.9	--	-25.5	--	-15.0	--	-19.9
	II	-2.7	-12.5	--	-35.1	--	-6.3	--	-1.4
	III	2.6	11.5	--	-16.4	--	13.9	--	31.4
	IV	2.5	6.4	--	-9.6	--	12.3	--	30.9
2021	I (e)	1.2	-5.5	--	-12.0	--	7.0	--	17.6
2021	Jan	0.3	-2.3	--	-4.2	--	2.1	--	1.5
	Feb	0.4	-2.8	--	-4.2	--	2.0	--	1.5
	Mar	0.4	-2.9	--	-4.1	--	1.9	--	--

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

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

Chart 10.1 - Consumption indicators

Annual percentage changes and balance of responses

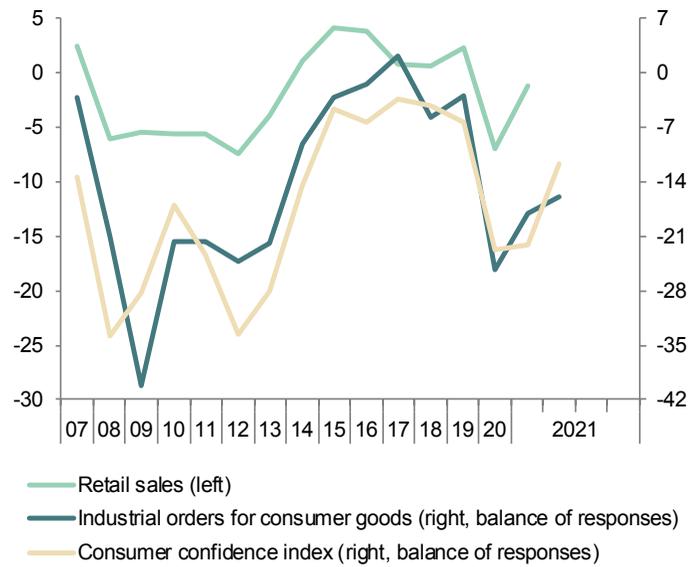


Chart 10.2 - Investment indicators

Annual percentage changes and balance of responses

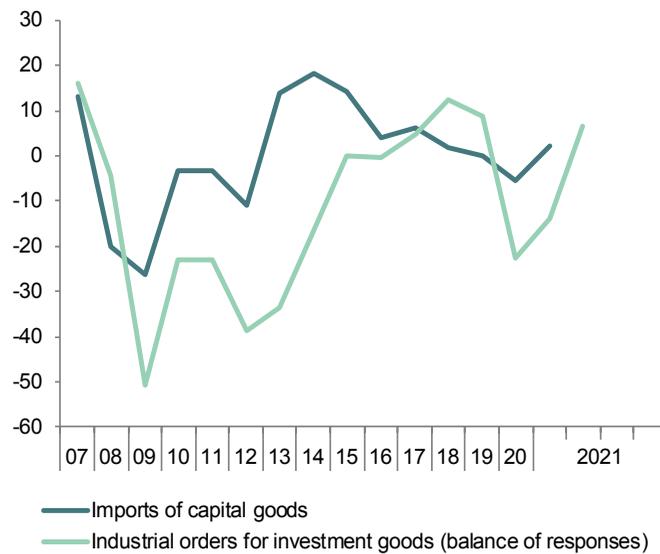


Table 11a

Labour market (I)

Forecasts in yellow

	Population aged 16 or more	Labour force		Employment		Unemployment		Participation rate aged 16 or more (a)	Employment rate aged 16 or more (b)	Unemployment rate (c)				
		Original	Seasonally adjusted	Original	Seasonally adjusted	Original	Seasonally adjusted			Total	Aged 16-24	Spanish	Foreign	
		I	2=4+6	3=5+7	4	5	6			7	Seasonally adjusted			
Million										Percentage				
										10=7/3	11	12	13	
2014	38.5	23.0	--	17.3	--	5.6	--	59.6	45.0	24.4	53.2	23.0	34.5	
2015	38.5	22.9	--	17.9	--	5.1	--	59.5	46.4	22.1	48.3	20.9	30.5	
2016	38.5	22.8	--	18.3	--	4.5	--	59.2	47.6	19.6	44.4	18.7	26.6	
2017	38.7	22.7	--	18.8	--	3.9	--	58.8	48.7	17.2	38.6	16.3	23.8	
2018	38.9	22.8	--	19.3	--	3.5	--	58.6	49.7	15.3	34.4	14.3	21.9	
2019	39.3	23.0	--	19.8	--	3.2	--	58.6	50.4	14.1	32.6	13.2	20.1	
2020	39.6	22.7	--	19.2	--	3.5	--	57.4	48.5	15.5	38.3	14.1	24.6	
2021	39.8	23.1	--	19.4	--	3.7	--	58.1	48.9	15.9	--	--	--	
2022	40.1	23.4	--	19.8	--	3.6	--	58.4	49.5	15.3	--	--	--	
2019	II	39.2	23.0	23.0	19.8	19.7	3.2	3.3	58.7	50.3	14.0	33.2	13.1	20.3
	III	39.3	23.1	23.1	19.9	19.8	3.2	3.3	58.6	50.2	13.9	31.7	13.1	19.3
	IV	39.4	23.2	23.1	20.0	19.9	3.2	3.2	58.7	50.6	13.8	30.5	12.8	20.0
2020	I	39.5	23.0	23.1	19.7	19.9	3.3	3.2	58.4	50.3	14.4	33.0	13.3	21.2
	II	39.6	22.0	21.9	18.6	18.5	3.4	3.4	55.5	46.9	15.3	39.6	13.9	24.9
	III	39.6	22.9	22.9	19.2	19.1	3.7	3.8	57.7	48.1	16.3	40.4	14.8	25.7
	IV	39.6	23.1	23.0	19.3	19.3	3.7	3.7	58.1	48.7	16.1	40.1	14.5	26.6
2021	I	39.6	22.9	23.0	19.2	19.4	3.7	3.5	57.9	49.0	16.0	39.5	14.4	26.2
Percentage changes (d)								Difference from one year ago						
2014	-0.3	-1.0	--	1.2	--	-7.3	--	-0.4	0.7	-1.7	-2.3	-1.4	-2.5	
2015	0.0	-0.1	--	3.0	--	-9.9	--	-0.1	1.4	-2.4	-4.9	-2.1	-4.0	
2016	0.1	-0.4	--	2.7	--	-11.4	--	-0.3	1.2	-2.4	-3.9	-2.2	-3.8	
2017	0.3	-0.4	--	2.6	--	-12.6	--	-0.4	1.1	-2.4	-5.9	-2.4	-2.8	
2018	0.6	0.3	--	2.7	--	-11.2	--	-0.2	1.0	-2.0	-4.2	-2.0	-1.9	
2019	1.0	1.0	--	2.3	--	-6.6	--	0.0	0.7	-1.2	-1.8	-1.1	-1.8	
2020	0.8	-1.3	--	-2.9	--	8.7	--	-1.2	-1.9	1.4	5.7	0.9	4.5	
2021	0.5	1.6	--	1.2	--	3.9	--	0.6	0.3	0.3	--	--	--	
2022	0.7	1.3	--	2.0	--	-2.5	--	0.3	0.6	-0.6	--	--	--	
2019	II	1.0	0.9	0.4	2.4	0.3	-7.4	0.5	-0.1	0.7	-1.3	-1.5	-1.3	-1.7
	III	1.1	1.0	0.2	1.8	0.1	-3.4	1.1	0.0	0.4	-0.6	-1.3	-0.6	-1.3
	IV	1.0	1.3	0.4	2.1	0.9	-3.4	-3.0	0.1	0.5	-0.7	-3.0	-0.7	-0.8
2020	I	1.0	0.7	-0.2	1.1	-0.3	-1.2	0.3	-0.2	0.0	-0.3	-2.0	-0.4	0.4
	II	0.9	-4.6	-5.0	-6.0	-6.7	4.3	6.1	-3.2	-3.5	1.3	6.5	0.8	4.7
	III	0.7	-0.8	4.2	-3.5	2.8	15.8	11.8	-0.9	-2.1	2.3	8.8	1.7	6.3
	IV	0.5	-0.4	0.8	-3.1	1.3	16.5	-2.2	-0.6	-1.8	2.3	9.6	1.6	6.6
2021	I	0.3	-0.6	-0.3	-2.4	0.5	10.3	-4.7	-0.5	-1.3	1.6	6.5	1.1	5.0

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

Source: INE (Labour Force Survey) and Funcas.

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

Annual growth rates and percentage of active population

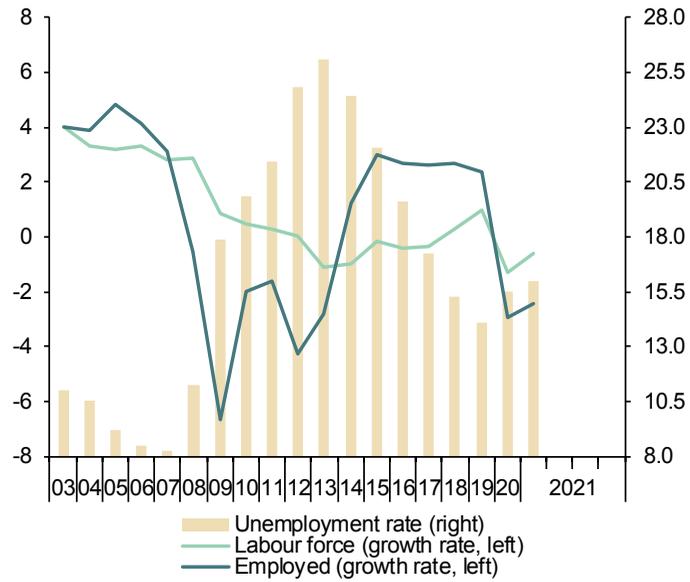


Chart 11a.2 - Unemployment rates, S.A.

Percentage

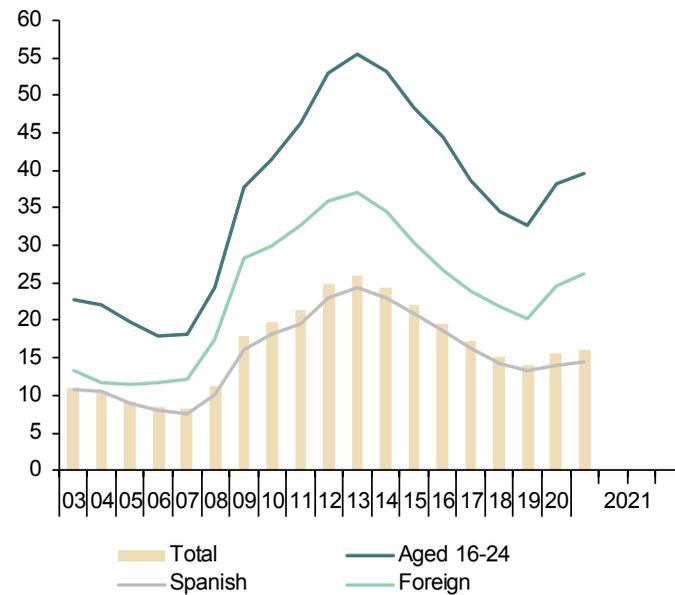


Table 11b

Labour market (II)

	Employed by sector				Employed by professional situation				Employed by duration of the working-day				
	Agriculture	Industry	Construction	Services	Employees			Self employed	Full-time	Part-time	Part-time employment rate (b)		
					Total	By type of contract							
						Temporary	Indefinite					Temporary employment rate (a)	
1	2	3	4	5=6+7	6	7	8=6/5	9	10	11	12		
Million (original data)													
2014	0.74	2.38	0.99	13.23	14.29	3.43	10.86	24.0	3.06	14.59	2.76	15.91	
2015	0.74	2.48	1.07	13.57	14.77	3.71	11.06	25.1	3.09	15.05	2.81	15.74	
2016	0.77	2.52	1.07	13.97	15.23	3.97	11.26	26.1	3.11	15.55	2.79	15.21	
2017	0.82	2.65	1.13	14.23	15.72	4.19	11.52	26.7	3.11	16.01	2.82	14.97	
2018	0.81	2.71	1.22	14.59	16.23	4.35	11.88	26.8	3.09	16.56	2.76	14.31	
2019	0.80	2.76	1.28	14.94	16.67	4.38	12.29	26.3	3.11	16.95	2.83	14.30	
2020	0.77	2.70	1.24	14.49	16.11	3.88	12.23	24.1	3.09	16.51	2.70	14.05	
2021 (c)	0.80	2.64	1.26	14.50	16.10	3.83	12.27	23.8	3.10	16.51	2.70	14.04	
2019	II	0.81	2.76	1.28	14.95	16.69	4.40	12.29	26.4	3.12	16.85	2.95	14.90
	III	0.75	2.82	1.27	15.04	16.79	4.48	12.31	26.7	3.08	17.09	2.79	14.03
	IV	0.79	2.76	1.28	15.13	16.85	4.40	12.45	26.1	3.12	17.30	2.67	13.38
2020	I	0.78	2.77	1.28	14.85	16.56	4.14	12.42	25.0	3.12	16.83	2.85	14.47
	II	0.76	2.64	1.17	14.03	15.53	3.47	12.06	22.4	3.08	16.12	2.49	13.36
	III	0.73	2.69	1.25	14.51	16.11	3.89	12.21	24.2	3.07	16.52	2.65	13.84
	IV	0.78	2.69	1.28	14.59	16.24	4.00	12.24	24.6	3.10	16.55	2.80	14.47
2021	I	0.80	2.64	1.26	14.50	16.10	3.83	12.27	23.8	3.10	16.51	2.70	14.04
Annual percentage changes									Difference from one year ago	Annual percentage changes			Difference from one year ago
2014		-0.1	1.0	-3.5	1.7	1.5	5.3	0.4	0.9	-0.4	1.1	1.9	0.1
2015		0.1	4.3	8.1	2.6	3.4	8.3	1.9	1.1	1.1	3.2	1.9	-0.2
2016		5.1	1.6	0.0	2.9	3.1	6.8	1.8	0.9	0.7	3.3	-0.8	-0.5
2017		5.8	5.0	5.1	1.9	3.2	5.6	2.3	0.6	-0.1	2.9	1.0	-0.2
2018		-0.8	2.3	8.3	2.5	3.3	3.8	3.1	0.1	-0.5	3.5	-1.9	-0.7
2019		-1.9	2.0	4.6	2.4	2.7	0.6	3.5	-0.6	0.5	2.3	2.3	0.0
2020		-4.0	-2.3	-2.6	-3.0	-3.4	-11.4	-0.5	-2.2	-0.5	-2.6	-4.6	-0.3
2021 (d)		1.7	-4.6	-1.3	-2.3	-2.8	-7.5	-1.2	-1.2	-0.6	-1.9	-5.3	-0.4
2019	II	-1.6	1.5	5.0	2.5	2.7	1.0	3.3	-0.4	1.0	0.9	11.9	1.3
	III	-2.9	3.3	2.4	1.7	2.2	-0.7	3.3	-0.8	-0.3	1.6	2.8	0.1
	IV	-3.8	2.0	0.3	2.5	2.4	-0.5	3.4	-0.8	0.3	3.8	-7.7	-1.4
2020	I	-6.5	2.2	-0.3	1.4	1.2	-2.2	2.4	-0.9	0.2	1.6	-1.8	-0.4
	II	-5.7	-4.4	-8.4	-6.2	-7.0	-21.1	-1.9	-4.0	-1.2	-4.3	-15.8	-1.5
	III	-2.0	-4.5	-1.6	-3.5	-4.1	-13.0	-0.8	-2.5	-0.5	-3.3	-4.8	-0.2
	IV	-1.5	-2.5	-0.3	-3.6	-3.6	-9.0	-1.7	-1.5	-0.6	-4.3	4.8	1.1
2021	I	1.7	-4.6	-1.3	-2.3	-2.8	-7.5	-1.2	-1.2	-0.6	-1.9	-5.3	-0.4

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

Source: INE (Labour Force Survey).

Chart 11b.1 - Employment by sector

Annual percentage changes

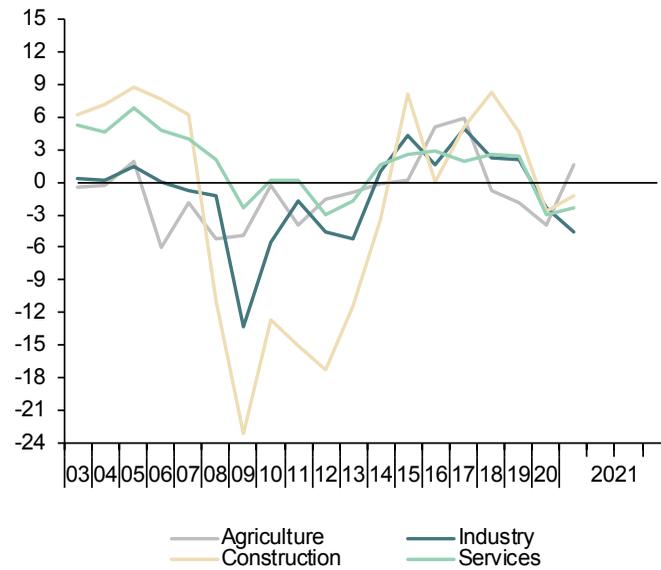


Chart 11b.2 - Employment by type of contract

Annual percentage changes and percentage over total employees

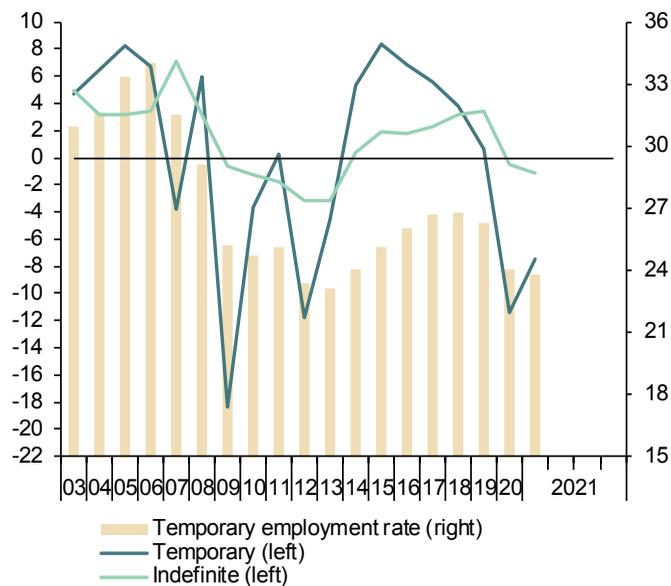


Table 12

Index of Consumer Prices

Forecasts in yellow

	Total	Total excluding food and energy	Excluding unprocessed food and energy				Unprocessed food	Energy	Food	
			Total	Non-energy industrial goods	Services	Processed food				
% of total in 2020	100.00	62.46	80.14	24.07	38.40	17.68	9.14	10.72	26.82	
Indexes, 2016 = 100										
2015	100.2	99.2	99.2	99.5	98.9	99.2	97.7	109.4	98.7	
2016	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
2017	102.0	101.1	101.1	100.2	101.6	100.7	102.6	108.0	101.3	
2018	103.7	102.1	102.0	100.2	103.1	101.7	105.8	114.7	103.1	
2019	104.4	103.0	102.9	100.4	104.6	102.2	107.8	113.2	104.0	
2020	104.1	103.6	103.6	100.6	105.4	103.6	111.8	102.4	106.2	
2021	106.2	104.2	104.3	101.1	106.0	104.5	113.6	115.7	107.4	
2022	107.5	105.5	105.6	101.3	108.0	105.7	114.5	117.8	108.5	
Annual percentage changes										
2015	-0.5	0.5	0.6	0.3	0.7	0.9	1.8	-9.0	1.2	
2016	-0.2	0.8	0.8	0.5	1.1	0.8	2.3	-8.6	1.3	
2017	2.0	1.1	1.1	0.2	1.6	0.7	2.6	8.0	1.3	
2018	1.7	0.9	0.9	0.0	1.5	1.0	3.1	6.1	1.8	
2019	0.7	1.0	0.9	0.3	1.4	0.5	1.9	-1.2	0.9	
2020	-0.3	0.6	0.7	0.2	0.8	1.3	3.7	-9.6	2.1	
2021	2.0	0.5	0.6	0.4	0.6	0.9	1.6	13.1	1.1	
2022	1.3	1.3	1.2	0.2	1.9	1.1	0.8	1.8	1.0	
2021	Jan	0.5	0.4	0.6	0.3	0.5	1.1	2.5	-1.8	1.6
	Feb	0.0	0.1	0.3	0.2	0.1	0.7	2.6	-4.2	1.4
	Mar	1.3	0.1	0.3	0.3	0.0	0.6	2.6	8.4	1.3
	Apr	2.2	-0.1	0.0	0.4	-0.4	0.3	0.2	21.4	0.3
	May	2.3	0.0	0.1	0.5	-0.2	0.2	1.2	21.0	0.6
	Jun	2.1	0.0	0.1	0.5	-0.4	0.6	1.8	17.9	1.0
	Jul	2.5	0.5	0.6	0.4	0.7	0.9	2.3	16.4	1.4
	Aug	2.6	0.8	0.9	0.4	1.0	1.0	1.7	16.3	1.2
	Sep	2.6	0.8	0.9	0.5	1.0	1.2	1.5	16.0	1.3
	Oct	3.0	1.1	1.1	0.5	1.4	1.3	0.7	18.6	1.1
	Nov	2.9	1.2	1.2	0.6	1.5	1.4	1.2	17.1	1.4
	Dec	2.6	1.2	1.3	0.6	1.5	1.6	1.1	13.8	1.4
2022	Jan	1.6	0.9	1.0	0.2	1.3	1.4	0.2	6.8	1.0
	Feb	2.2	1.0	1.1	0.3	1.5	1.4	0.5	11.2	1.1
	Mar	1.4	1.2	1.2	0.2	1.8	1.4	0.1	4.0	0.9
	Apr	1.0	1.3	1.3	0.2	2.0	1.3	0.2	-0.2	0.9
	May	1.2	1.4	1.3	0.2	2.1	1.2	0.3	0.9	0.9
	Jun	1.2	1.4	1.3	0.2	2.2	1.1	0.4	0.2	0.9
	Jul	1.1	1.4	1.3	0.2	2.1	1.0	0.5	-0.2	0.8
	Aug	1.1	1.4	1.3	0.2	2.1	1.0	0.7	-0.3	0.9
	Sep	1.1	1.4	1.3	0.3	2.0	1.0	0.8	-0.1	0.9
	Oct	1.1	1.3	1.3	0.2	2.0	1.0	1.4	0.1	1.1
	Nov	1.2	1.3	1.2	0.2	2.0	1.0	2.0	0.2	1.3
	Dec	1.3	1.4	1.3	0.3	2.1	0.9	2.6	0.3	1.5

Source: INE and Funcas (Forecasts).

Chart 12.1 - Inflation rate (I)

Annual percentage changes

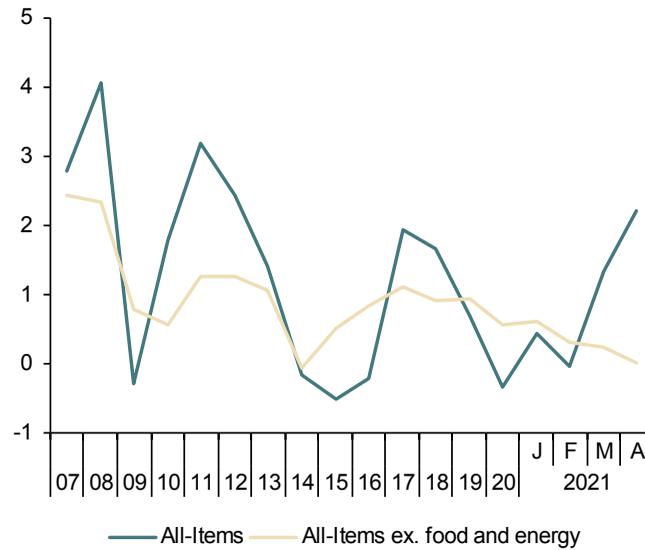


Chart 12.2 - Inflation rate (II)

Annual percentage changes

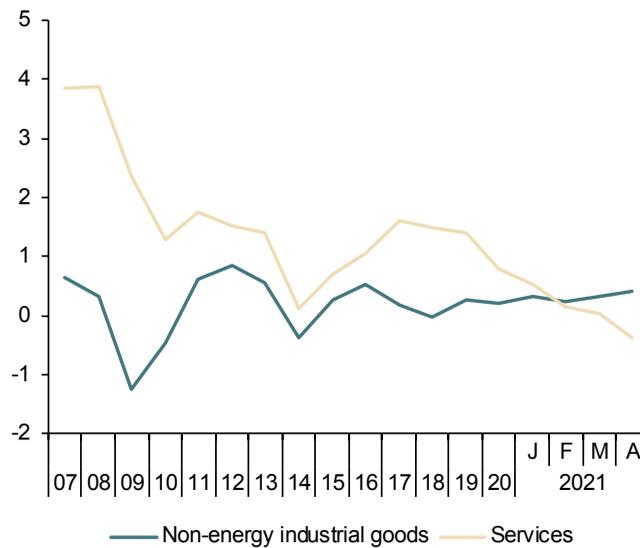


Table 13

Other prices and costs indicators

	GDP deflator (a)	Industrial producer prices		Housing prices		Urban land prices (M. Public Works)	Labour Costs Survey				Wage increase agreed in collective bargaining	
		Total	Excluding energy	Housing Price Index (INE)	m ² average price (M. Public Works)		Total labour costs per worker	Wage costs per worker	Other cost per worker	Total labour costs per hour worked		
		2015=100	2015=100	2007=100			2000=100					
2013	99.7	103.5	100.5	64.3	72.7	55.1	143.8	141.1	152.2	155.2	--	
2014	99.5	102.1	99.7	64.5	71.0	52.6	143.3	140.9	150.7	155.5	--	
2015	100.0	100.0	100.0	66.8	71.7	54.9	144.2	142.5	149.6	156.5	--	
2016	100.3	96.9	99.6	70.0	73.1	57.8	143.6	142.1	148.3	156.2	--	
2017	101.6	101.1	101.9	74.3	74.8	58.2	144.0	142.3	149.1	156.2	--	
2018	102.8	104.1	103.0	79.3	77.4	57.3	145.4	143.8	150.6	158.6	--	
2019	104.3	103.6	103.2	83.3	79.8	57.7	148.7	146.4	155.7	162.7	--	
2020	105.4	99.2	103.1	85.0	78.9	52.3	145.4	142.6	154.1	173.4	--	
2021 (b)	106.1	104.0	106.2	--	--	--	--	--	--	--	--	
2019	II	104.6	104.3	103.4	83.0	79.6	59.0	150.6	149.2	155.0	160.5	--
	III	104.7	103.3	103.2	84.3	79.7	58.2	144.3	140.6	155.9	167.0	--
	IV	105.7	102.8	103.0	83.8	80.4	56.5	155.7	155.4	156.6	171.2	--
2020	I	105.0	101.4	103.5	84.7	79.8	58.9	145.3	141.5	156.7	158.6	--
	II	105.7	96.3	102.6	84.8	78.3	50.1	138.1	135.1	147.2	180.2	--
	III	106.1	99.2	102.8	85.7	78.8	49.3	142.7	139.2	153.5	174.1	--
	IV	106.6	99.9	103.6	85.0	78.9	51.0	155.5	154.4	159.1	180.5	--
2021	I (b)	106.1	104.0	106.2	--	--	--	--	--	--	--	
2021	Jan	--	104.3	105.0	--	--	--	--	--	--	--	--
	Feb	--	102.5	106.2	--	--	--	--	--	--	--	--
	Mar	--	105.1	107.4	--	--	--	--	--	--	--	--
Annual percent changes (c)												
2013	0.4	0.6	0.7	-10.6	-5.8	-15.7	0.2	0.0	0.6	0.3	0.5	
2014	-0.2	-1.3	-0.8	0.3	-2.4	-4.6	-0.3	-0.1	-1.0	0.2	0.5	
2015	0.5	-2.1	0.3	3.6	1.1	4.3	0.6	1.1	-0.7	0.6	0.7	
2016	0.3	-3.1	-0.4	4.7	1.9	5.3	-0.4	-0.3	-0.8	-0.2	1.0	
2017	1.3	4.4	2.3	6.2	2.4	0.8	0.2	0.1	0.5	0.0	1.4	
2018	1.2	3.0	1.1	6.7	3.4	-1.6	1.0	1.0	1.0	1.5	1.8	
2019	1.4	-0.4	0.1	5.1	3.2	0.7	2.2	1.9	3.4	2.6	2.3	
2020	1.1	-4.3	0.0	2.1	-1.1	-9.4	-2.2	-2.6	-1.0	6.5	1.9	
2021 (d)	1.0	2.6	2.6	--	--	--	--	--	--	--	1.6	
2019	II	1.4	0.9	0.3	5.3	3.1	0.9	2.4	2.1	3.6	3.0	2.2
	III	1.3	-2.2	0.1	4.7	3.1	4.5	2.2	1.9	3.0	2.3	2.3
	IV	1.6	-2.3	0.0	3.6	2.1	-0.2	2.3	1.8	4.0	2.7	2.3
2020	I	1.1	-2.7	0.4	3.2	0.3	2.8	0.8	0.7	1.0	4.2	2.0
	II	1.1	-7.7	-0.7	2.1	-1.7	-15.1	-8.3	-9.4	-5.0	12.3	2.0
	III	1.3	-3.9	-0.4	1.7	-1.1	-15.2	-1.1	-1.0	-1.5	4.3	1.9
	IV	0.8	-2.8	0.5	1.5	-1.8	-9.7	-0.1	-0.7	1.6	5.5	1.9
2021	I (e)	1.0	2.6	2.6	--	--	--	--	--	--	1.6	
2021	Feb	--	0.6	2.5	--	--	--	--	--	--	--	1.5
	Mar	--	6.3	4.0	--	--	--	--	--	--	--	1.6
	Apr	--	--	--	--	--	--	--	--	--	--	1.6

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

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

Chart 13.1 - Housing and urban land prices

Index (2007=100)

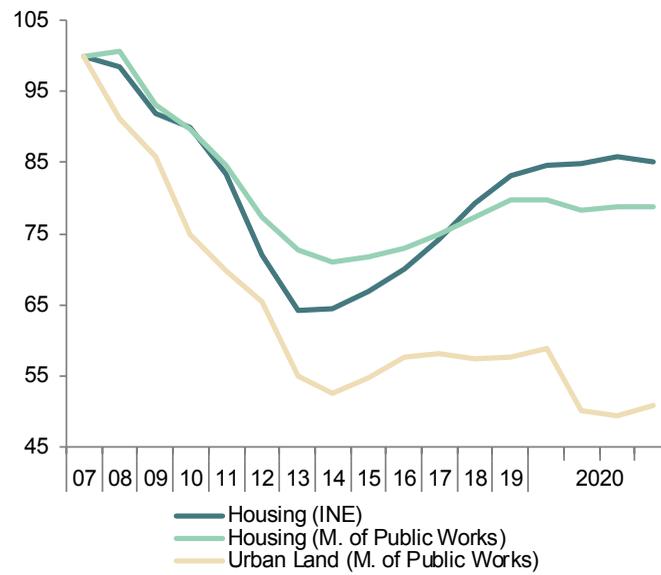


Chart 13.2 - Wage costs

Annual percent change

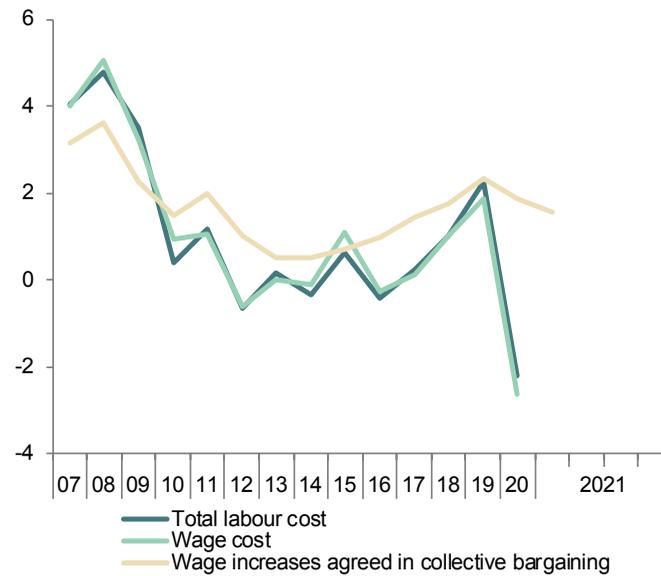


Table 14

External trade (a)

	Exports of goods			Imports of goods			Exports to EU countries (monthly average)	Exports to non-EU countries (monthly average)	Total Balance of goods (monthly average)	Balance of goods excluding energy (monthly average)	Balance of goods with EU countries (monthly average)	
	Nominal	Prices	Real	Nominal	Prices	Real						
	2005=100			2005=100								EUR Billions
2014	155.2	109.4	141.9	114.0	107.3	106.3	11.4	8.7	-2.1	1.1	0.4	
2015	161.2	110.1	146.5	118.0	104.6	112.9	12.0	8.9	-2.1	0.2	0.2	
2016	165.4	108.2	153.0	117.5	101.3	116.1	12.5	8.8	-1.4	0.3	0.4	
2017	178.2	108.9	163.7	129.8	106.1	122.4	13.6	9.5	-2.2	0.0	0.6	
2018	184.0	112.1	164.2	137.2	110.9	123.8	14.1	9.7	-2.9	-0.3	0.7	
2019	187.7	112.9	166.3	138.4	110.8	125.0	14.3	9.9	-2.6	-0.3	0.8	
2020	168.5	112.1	150.4	117.9	107.4	109.4	13.2	8.6	-1.1	0.3	1.3	
2021 (b)	178.6	114.3	156.3	124.5	109.2	114.0	13.5	8.5	-1.4	0.3	1.2	
2019	I	183.7	112.8	162.9	137.9	110.1	125.2	14.0	9.5	-3.1	-0.5	0.8
	II	198.5	111.7	177.7	143.5	110.4	130.0	15.0	10.5	-2.3	-0.1	1.0
	III	186.4	112.5	165.8	139.8	109.5	127.8	14.0	9.9	-3.1	-0.9	0.4
	IV	184.9	114.3	161.8	134.0	113.1	118.4	13.9	9.8	-2.2	0.1	0.9
2020	I	175.9	113.3	155.2	129.2	111.1	116.3	13.5	9.1	-2.4	-0.1	0.8
	II	142.6	111.6	127.8	97.1	104.7	92.7	11.1	7.2	-0.5	0.3	1.7
	III	175.5	110.5	158.9	119.9	105.5	113.7	13.8	8.7	-0.7	0.6	1.6
	IV	179.8	112.5	159.8	123.7	107.4	115.2	13.9	9.2	-0.9	0.3	1.2
2020	Dec	180.1	111.4	161.6	123.7	108.3	114.2	13.6	9.5	-0.8	0.3	0.9
2021	Jan	172.1	114.0	151.0	120.1	107.3	112.0	13.8	8.3	-1.2	0.4	1.4
	Feb	185.1	114.5	161.6	128.9	111.1	116.1	14.2	9.5	-1.2	0.6	1.0
Percentage changes (c)									Percentage of GDP			
2014		2.0	-0.9	3.0	5.2	-2.3	7.7	3.5	-0.4	-2.4	1.3	1.0
2015		3.8	0.6	3.2	3.5	-2.5	6.1	5.3	1.8	-2.3	0.2	0.2
2016		2.6	-1.7	4.4	-0.4	-3.1	2.8	4.7	-0.1	-1.6	0.3	0.4
2017		7.7	0.7	7.0	10.5	4.7	5.5	8.3	6.9	-2.3	0.0	0.7
2018		3.3	3.0	0.3	5.7	4.5	1.2	3.9	2.5	-2.9	-0.3	0.7
2019		2.0	0.7	1.3	0.9	-0.1	0.9	1.8	2.2	-2.5	-0.3	0.8
2020		-10.2	-0.7	-9.6	-14.8	-3.1	-12.5	-8.2	-13.1	-1.2	0.3	1.4
2021 (d)		-6.6	0.7	-7.3	-11.1	-2.0	-9.3	-5.1	-8.8	--	--	--
2019	I	0.8	0.8	0.0	0.4	0.4	0.0	3.0	-2.3	-12.2	-2.1	3.3
	II	8.0	-0.9	9.1	4.0	0.2	3.8	6.7	10.0	-8.9	-0.5	3.9
	III	-6.1	0.7	-6.7	-2.5	-0.8	-1.7	-6.5	-5.5	-12.1	-3.6	1.4
	IV	-0.8	1.6	-2.4	-4.2	3.4	-7.3	-0.4	-1.4	-8.3	0.2	3.3
2020	I	-4.9	-0.8	-4.1	-3.6	-1.8	-1.8	-3.3	-7.1	-9.8	-0.6	3.2
	II	-18.9	-1.6	-17.6	-24.9	-5.7	-20.3	-17.5	-21.0	-2.4	1.3	8.3
	III	23.1	-1.0	24.3	23.5	0.7	22.7	24.5	20.9	-2.8	2.4	6.6
	IV	2.5	1.8	0.6	3.2	1.8	1.3	0.2	6.1	-3.6	1.4	4.9
2020	Dec	0.2	-1.8	2.0	-0.5	0.8	-1.3	-2.1	3.8	--	--	--
2021	Jan	-4.4	2.3	-6.6	-2.9	-1.0	-2.0	1.2	-12.6	--	--	--
	Feb	7.6	0.5	7.0	7.3	3.5	3.7	3.3	14.8	--	--	--

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

Source: Ministry of Economy.

Chart 14.1 - External trade (real)

Annual percent change

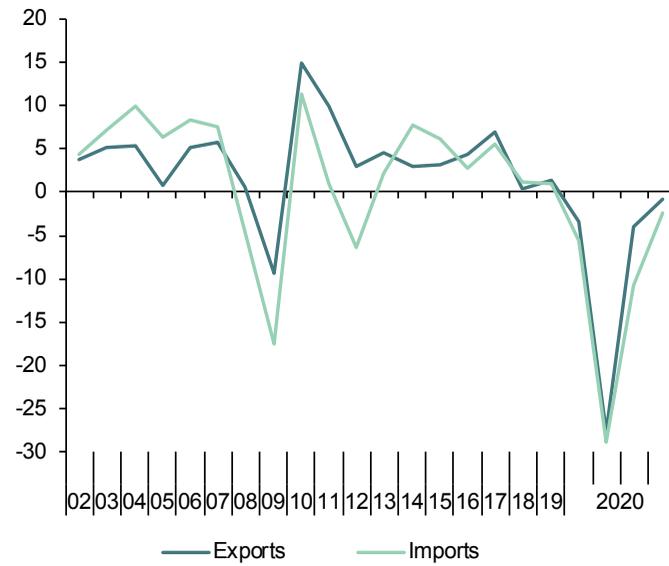


Chart 14.2 - Trade balance

EUR Billions, moving sum of 12 months

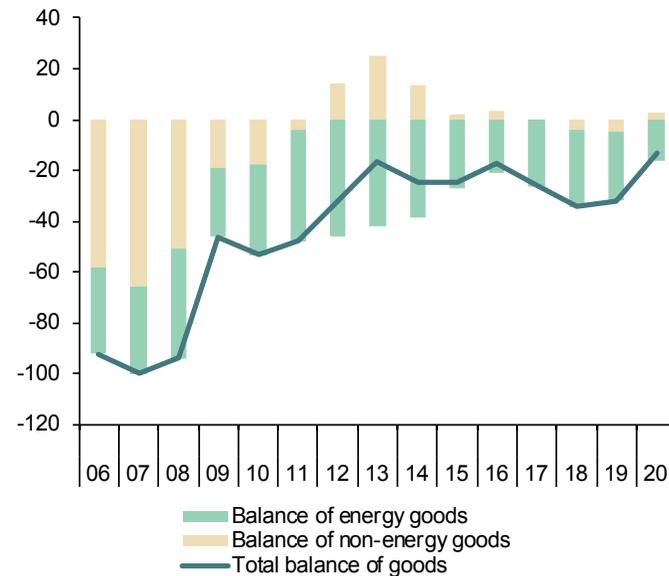


Table 15

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

	Current account					Capital account	Current and capital accounts	Financial account						Errors and omissions	
	Total	Goods	Services	Primary Income	Secondary Income			Financial account, excluding Bank of Spain					Bank of Spain		
								Total	Direct investment	Portfolio investment	Other investment	Financial derivatives			
	1=2+3+4+5	2	3	4	5	6	7=1+6	8=9+10+11+12	9	10	11	12	13	14	
EUR billions															
2014	17.54	-21.26	53.25	-3.79	-10.67	4.54	22.08	-10.00	10.68	-2.67	-19.03	1.01	27.14	-4.94	
2015	21.83	-20.68	53.44	-0.24	-10.69	6.98	28.80	69.47	30.07	-5.16	40.75	3.81	-40.79	-0.12	
2016	35.37	-14.28	58.70	2.75	-11.80	2.43	37.80	89.49	11.19	46.65	29.09	2.57	-54.02	-2.34	
2017	32.21	-22.04	63.93	0.44	-10.13	2.84	35.05	68.01	12.46	25.08	22.74	7.72	-32.63	0.33	
2018	23.22	-29.68	62.45	2.20	-11.74	5.81	29.03	47.49	-13.35	15.24	46.35	-0.75	-14.25	4.20	
2019	26.57	-26.47	63.93	1.86	-12.74	4.21	30.78	10.05	9.97	-50.98	59.32	-8.26	14.82	-5.92	
2020	7.40	-9.08	25.81	5.11	-14.44	5.03	12.42	96.09	10.94	54.04	35.52	-4.40	-81.47	2.20	
2019	I	-1.36	-8.01	10.37	0.70	-4.43	0.76	-0.60	7.21	6.52	19.73	-18.07	-0.97	-7.42	0.39
	II	10.98	-3.94	18.43	-1.25	-2.27	0.84	11.82	45.79	6.18	11.05	26.37	2.19	-35.09	-1.12
	III	8.66	-9.23	21.65	-0.29	-3.47	0.54	9.20	18.82	-3.73	11.84	9.34	1.37	-7.02	2.60
	IV	8.30	-5.29	13.48	2.69	-2.58	2.08	10.37	17.67	2.21	4.03	11.45	-0.02	-4.49	2.81
2020	I	-0.46	-6.09	8.88	0.86	-4.12	1.03	0.57	46.43	-2.76	31.55	15.79	1.86	-43.40	2.46
	II	1.65	0.51	3.83	-0.07	-2.61	0.78	2.43	1.76	5.14	-3.72	-3.26	3.60	5.62	4.95
	III	2.00	-2.69	7.66	-0.04	-2.93	0.94	2.94	13.58	7.95	4.64	-0.98	1.98	-0.54	10.11
	IV	4.20	-0.81	5.43	4.36	-4.78	2.28	6.48	6.23	2.14	-7.38	11.19	0.28	5.70	5.45
			Goods and Services		Primary and Secondary Income										
2020	Dec	0.53	0.56		-0.03	1.68	2.21	18.57	2.95	8.76	6.77	0.09	-16.79	-0.43	
2021	Jan	-1.01	-0.01		-1.01	0.07	-0.94	-6.87	-1.39	5.14	-11.20	0.58	3.39	-2.54	
	Feb	-1.71	0.81		-2.52	0.33	-1.38	7.82	-1.54	-1.22	9.91	0.68	-10.10	-0.91	
Percentage of GDP															
2014		1.7	-2.1	5.2	-0.4	-1.0	0.4	2.1	-1.0	1.0	-0.3	-1.8	0.1	2.6	-0.5
2015		2.0	-1.9	5.0	0.0	-1.0	0.6	2.7	6.4	2.8	-0.5	3.8	0.4	-3.8	0.0
2016		3.2	-1.3	5.3	0.2	-1.1	0.2	3.4	8.0	1.0	4.2	2.6	0.2	-4.9	-0.2
2017		2.8	-1.9	5.5	0.0	-0.9	0.2	3.0	5.9	1.1	2.2	2.0	0.7	-2.8	0.0
2018		1.9	-2.5	5.2	0.2	-1.0	0.5	2.4	3.9	-1.1	1.3	3.8	-0.1	-1.2	0.3
2019		2.1	-2.1	5.1	0.1	-1.0	0.3	2.5	0.8	0.8	-4.1	4.8	-0.7	1.2	-0.5
2020		0.7	-0.8	2.3	0.5	-1.3	0.4	1.1	8.6	1.0	4.8	3.2	-0.4	-7.3	0.2
2019	I	-0.5	-2.7	3.5	0.2	-1.5	0.3	-0.2	2.4	2.2	6.6	-6.1	-0.3	-2.5	0.1
	II	3.5	-1.2	5.8	-0.4	-0.7	0.3	3.7	14.5	2.0	3.5	8.4	0.7	-11.1	-0.4
	III	2.8	-3.0	7.1	-0.1	-1.1	0.2	3.0	6.2	-1.2	3.9	3.1	0.4	-2.3	0.8
	IV	2.6	-1.6	4.1	0.8	-0.8	0.6	3.2	5.4	0.7	1.2	3.5	0.0	-1.4	0.9
2020	I	-0.2	-2.1	3.1	0.3	-1.4	0.4	0.2	16.0	-1.0	10.9	5.4	0.6	-15.0	0.8
	II	0.7	0.2	1.5	0.0	-1.0	0.3	1.0	0.7	2.0	-1.5	-1.3	1.4	2.2	2.0
	III	0.7	-1.0	2.7	0.0	-1.0	0.3	1.0	4.8	2.8	1.6	-0.3	0.7	-0.2	3.6
	IV	1.4	-0.3	1.8	1.5	-1.6	0.8	2.2	2.1	0.7	-2.5	3.7	0.1	1.9	1.8

Source: Bank of Spain.

Chart 15.1 - Balance of payments: Current and capital accounts

EUR Billions, 12-month cumulated

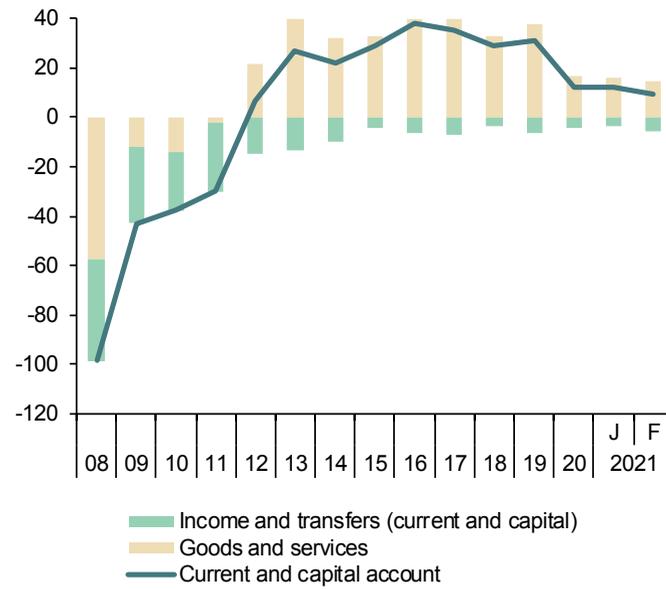


Chart 15.2 - Balance of payments: Financial account

EUR Billions, 12-month cumulated

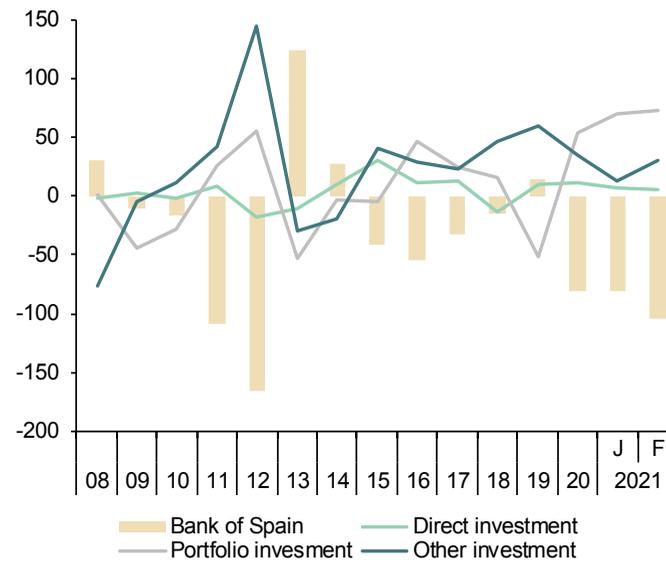


Table 16

Competitiveness indicators in relation to EMU

	Relative Unit Labour Costs in manufacturing (Spain/Rest of EMU) (a)			Harmonized Consumer Prices			Producer prices			Real Effective Exchange Rate in relation to developed countries 1999 I = 100
	Relative hourly wages	Relative hourly productivity	Relative ULC	Spain	EMU	Spain/EMU	Spain	EMU	Spain/EMU	
	1998=100			2015=100			2015=100			
2014	102.2	99.8	102.5	100.6	100.0	100.7	102.1	102.8	99.3	112.2
2015	99.4	100.0	99.3	100.0	100.0	100.0	100.0	100.0	100.0	107.8
2016	98.1	96.8	101.3	99.7	100.3	99.4	96.9	97.9	98.9	108.0
2017	97.7	96.5	101.3	101.7	101.8	99.9	101.2	100.7	100.5	109.7
2018	97.0	94.9	102.3	103.5	103.6	99.9	103.8	103.3	100.4	110.5
2019	96.6	95.9	100.7	104.3	104.8	99.5	103.4	103.7	99.8	109.1
2020	94.6	96.8	97.7	103.9	105.1	98.9	99.8	101.2	98.6	108.5
2021 (b)				104.7	106.1	98.7	104.1	104.0	100.1	108.3
2019	II	--	--	105.2	105.3	99.9	104.1	103.9	100.2	109.8
	III	--	--	104.0	105.1	99.0	103.1	103.4	99.7	108.6
	IV	--	--	105.0	105.3	99.6	102.8	103.4	99.5	108.9
2020	I	--	--	103.6	104.7	98.9	101.6	102.8	98.8	107.8
	II	--	--	104.5	105.5	99.1	97.3	99.9	97.4	108.6
	III	--	--	103.4	105.1	98.4	99.7	100.6	99.2	108.2
	IV	--	--	104.1	105.0	99.1	100.4	101.4	99.0	109.3
2021	I	--	--	104.1	105.8	98.4	104.1	104.0	100.1	108.3
2021	Feb	--	--	103.3	105.5	97.8	103.0	103.9	99.1	107.5
	Mar	--	--	105.2	106.5	98.8	105.3	105.0	100.3	108.6
	Apr	--	--	106.4	107.1	99.4	--	--	--	--
	Annual percentage changes			Differential	Annual percentage changes			Differential	Annual percentage changes	
2014	-1.8	0.5	-2.2	-0.2	0.4	-0.6	-1.3	-1.5	0.2	-1.1
2015	-2.8	0.3	-3.1	-0.6	0.0	-0.6	-2.0	-2.8	0.8	-3.9
2016	-1.3	-3.2	2.0	-0.3	0.3	-0.6	-3.1	-2.1	-1.0	0.2
2017	-0.4	-0.3	0.0	2.0	1.5	0.5	4.5	2.8	1.7	1.5
2018	-0.7	-1.7	1.0	1.7	1.7	0.0	2.5	2.6	-0.1	0.8
2019	-0.5	1.1	-1.6	0.8	1.2	-0.4	-0.3	0.3	-0.6	-1.3
2020	-2.0	0.9	-3.0	-0.3	0.3	-0.6	-3.3	-2.5	-0.8	0.5
2021 (c)	--	--	--	0.9	1.2	-0.3	2.4	1.2	1.2	0.5
2019	II	--	--	1.1	1.4	-0.3	0.8	1.1	-0.3	-1.2
	III	--	--	0.4	1.0	-0.6	-1.8	-0.6	-1.2	-1.3
	IV	--	--	0.5	1.0	-0.5	-1.8	-0.9	-0.9	-1.4
2020	I	--	--	0.7	1.1	-0.4	-2.1	-1.2	-0.9	-1.1
	II	--	--	-0.6	0.2	-0.8	-6.5	-3.8	-2.7	-1.1
	III	--	--	-0.6	0.0	-0.6	-3.3	-2.8	-0.5	-0.3
	IV	--	--	-0.8	-0.3	-0.5	-2.3	-2.0	-0.3	0.4
2021	I	--	--	0.5	1.1	-0.6	2.4	1.2	1.2	0.5
2021	Feb	--	--	-0.1	0.9	-1.0	0.8	0.7	0.1	0.4
	Mar	--	--	1.2	1.3	-0.1	5.8	3.3	2.5	0.1
	Apr	--	--	2.0	1.6	0.4	--	--	--	--

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

Sources: Eurostat, Bank of Spain and Funcas.

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

1998=100

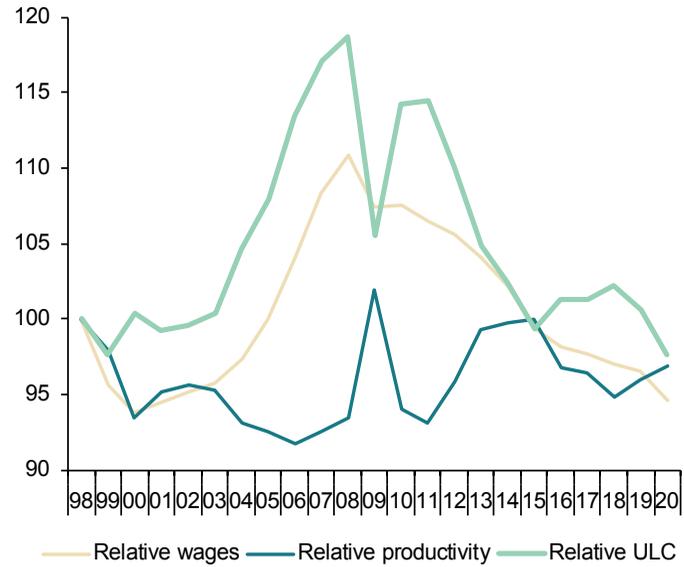


Chart 16.2 - Harmonized Consumer Prices

Annual growth in % and percentage points

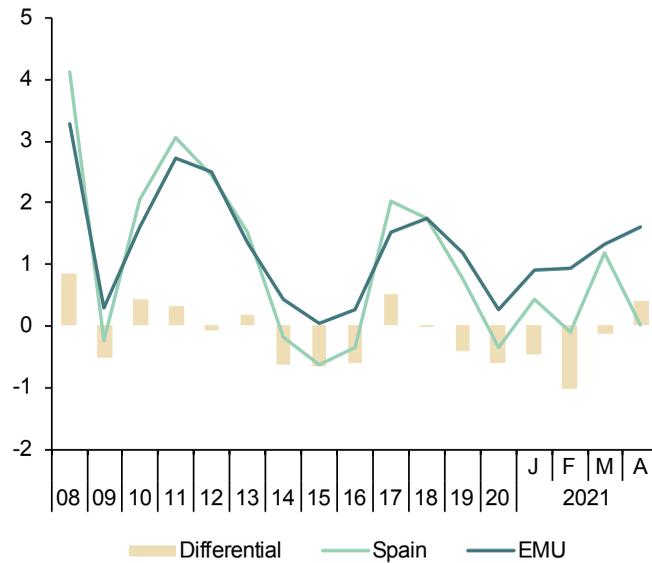


Table 17a

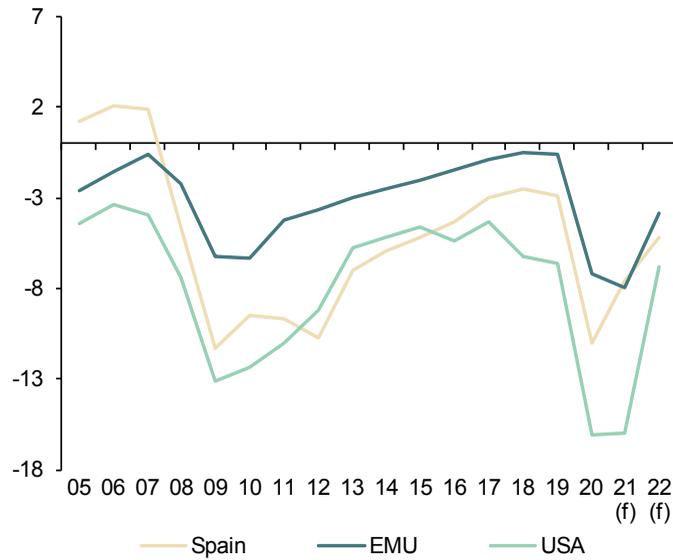
Imbalances: International comparison (I)
(In yellow: European Commission Forecasts)

	Government net lending (+) or borrowing (-)			Government consolidated gross debt			Current Account Balance of Payments (National Accounts)		
	Spain	EMU	USA	Spain	EMU	USA	Spain	EMU	USA
Billions of national currency									
2008	-50.7	-208.1	-1,084.5	440.6	6,700.8	10,844.6	-98.8	-49.8	-677.1
2009	-120.6	-578.4	-1,896.6	569.5	7,440.5	12,535.2	-43.7	63.4	-368.7
2010	-102.2	-598.4	-1,863.1	649.2	8,199.1	14,316.3	-39.2	61.4	-431.3
2011	-103.6	-415.0	-1,709.1	743.0	8,658.8	15,518.1	-29.0	89.5	-461.7
2012	-110.7	-365.9	-1,493.3	889.9	9,114.9	16,740.3	0.9	226.7	-441.3
2013	-71.8	-300.1	-977.3	977.3	9,429.4	17,597.5	20.8	282.2	-360.4
2014	-61.1	-250.8	-910.4	1,039.4	9,674.6	18,328.2	17.5	316.7	-365.6
2015	-55.8	-208.5	-837.2	1,070.1	9,792.7	19,089.9	21.8	359.8	-423.7
2016	-48.0	-159.5	-1,003.6	1,104.6	9,973.5	19,986.4	35.4	389.5	-407.4
2017	-35.1	-103.9	-839.2	1,145.1	10,066.3	20,642.2	32.2	408.9	-391.5
2018	-29.9	-53.2	-1,282.7	1,173.4	10,167.6	21,972.3	23.2	399.7	-467.8
2019	-35.6	-75.4	-1,419.1	1,188.8	10,255.0	23,188.6	26.4	365.1	-502.8
2020	-123.1	-820.4	-3,365.4	1,345.6	11,334.6	26,673.0	7.4	342.1	-613.4
2021	-91.1	-951.1	-3,634.5	1,434.1	12,242.3	30,851.3	-0.7	367.3	-774.1
2022	-67.4	-483.4	-1,645.8	1,512.5	12,755.8	32,218.7	3.6	387.7	-818.1
Percentage of GDP									
2008	-4.6	-2.2	-7.4	39.7	69.6	73.7	-8.9	-0.5	-4.6
2009	-11.3	-6.2	-13.1	53.3	80.2	86.8	-4.1	0.7	-2.6
2010	-9.5	-6.3	-12.4	60.5	86.0	95.5	-3.7	0.6	-2.9
2011	-9.7	-4.2	-11.0	69.9	88.4	99.8	-2.7	0.9	-3.0
2012	-10.7	-3.7	-9.2	86.3	92.7	103.4	0.1	2.3	-2.7
2013	-7.0	-3.0	-5.8	95.8	94.9	104.8	2.0	2.8	-2.1
2014	-5.9	-2.5	-5.2	100.7	95.2	104.6	1.7	3.1	-2.1
2015	-5.2	-2.0	-4.6	99.3	93.1	104.7	2.0	3.4	-2.3
2016	-4.3	-1.5	-5.4	99.2	92.2	106.6	3.2	3.6	-2.2
2017	-3.0	-0.9	-4.3	98.6	89.7	105.6	2.8	3.6	-2.0
2018	-2.5	-0.5	-6.2	97.4	87.7	106.6	1.9	3.4	-2.3
2019	-2.9	-0.6	-6.6	95.5	85.8	108.2	2.1	3.1	-2.3
2020	-11.0	-7.2	-16.1	120.0	100.0	127.4	0.7	3.0	-2.9
2021	-7.6	-8.0	-16.0	119.6	102.4	135.6	-0.1	3.1	-3.4
2022	-5.2	-3.8	-6.8	116.9	100.7	133.7	0.3	3.1	-3.4

Source: European Commission Forecasts, Spring 2021.

Chart 17a.1 - Government deficit

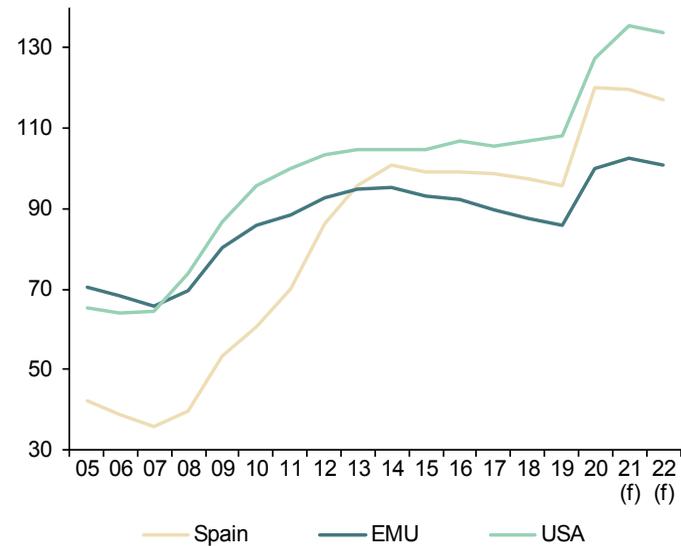
Percentage of GDP



(f) European Commission forecast.

Chart 17a.2 - Government gross debt

Percentage of GDP



(f) European Commission forecast.

Table 17b

Imbalances: International comparison (II)

	Household debt (a)			Non-financial corporations debt (a)		
	Spain	EMU	USA	Spain	EMU	USA
Billions of national currency						
2005	656.2	4,768.9	12,031.8	954.1	7,018.0	8,151.5
2006	783.5	5,191.3	13,317.1	1,171.9	7,620.4	8,971.7
2007	879.3	5,560.2	14,240.3	1,371.6	8,401.5	10,104.4
2008	916.7	5,773.7	14,109.4	1,460.0	9,061.5	10,678.6
2009	908.9	5,881.0	13,950.0	1,473.5	9,149.0	10,161.4
2010	905.2	6,022.2	13,762.4	1,498.0	9,324.1	10,027.1
2011	877.9	6,105.5	13,633.6	1,458.3	9,695.2	10,271.6
2012	840.9	6,098.7	13,568.0	1,339.2	9,871.9	10,839.0
2013	793.6	6,059.9	13,790.8	1,267.9	9,873.2	11,303.0
2014	757.8	6,067.6	13,914.0	1,207.7	10,329.5	12,052.2
2015	733.3	6,131.1	14,069.3	1,183.7	10,885.9	12,873.6
2016	718.5	6,235.8	14,476.0	1,166.5	11,255.9	13,565.8
2017	711.0	6,397.8	15,010.7	1,153.2	11,460.9	14,557.1
2018	709.6	6,585.7	15,493.7	1,145.6	11,813.1	15,492.5
2019	708.6	6,810.4	15,995.0	1,156.7	12,076.6	16,241.8
2020	701.3	--	16,640.1	1,207.8	--	17,719.2
Percentage of GDP						
	Percentage of GDP					
2005	70.8	56.5	92.3	102.9	83.1	62.5
2006	78.0	58.4	96.4	116.7	85.7	64.9
2007	81.8	59.2	98.5	127.5	89.5	69.9
2008	82.6	60.0	95.9	131.6	94.2	72.6
2009	85.0	63.4	96.5	137.8	98.7	70.3
2010	84.4	63.2	91.8	139.6	97.8	66.9
2011	82.5	62.3	87.7	137.1	99.0	66.1
2012	81.6	62.0	83.8	129.9	100.4	66.9
2013	77.8	61.0	82.2	124.3	99.4	67.3
2014	73.4	59.7	79.4	117.0	101.6	68.8
2015	68.0	58.3	77.1	109.9	103.5	70.6
2016	64.5	57.7	77.2	104.7	104.1	72.4
2017	61.2	57.0	76.8	99.3	102.2	74.5
2018	58.9	56.8	75.2	95.1	101.9	75.2
2019	56.9	57.1	74.6	92.9	101.2	75.8
2020	62.5	--	79.5	107.7	--	84.6

(a) Loans and debt securities.

Sources: Eurostat and Federal Reserve.

Chart 17b.1 - Household debt

Percentage of GDP

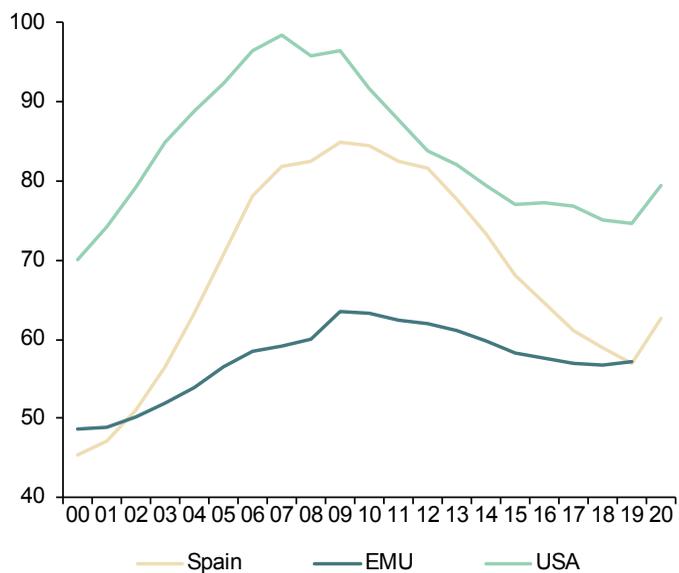
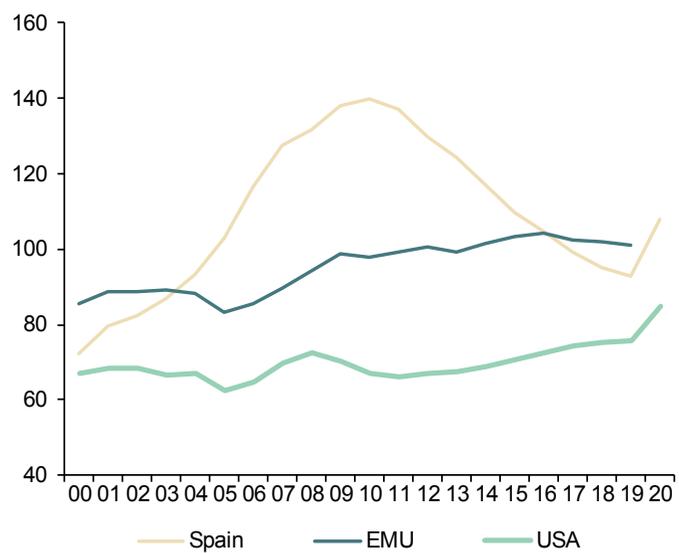


Chart 17b.2 - Non-financial corporations debt

Percentage of GDP



50 Financial System Indicators

Updated: April 30th, 2021

Highlights		
Indicator	Last value available	Corresponding to:
Bank lending to other resident sectors (monthly average % var.)	-0.08	February 2021
Other resident sectors' deposits in credit institutions (monthly average % var.)	-0.01	February 2021
Doubtful loans (monthly % var.)	0.2	February 2021
Recourse to the Eurosystem L/T (Eurozone financial institutions, million euros)	1,787.392	March 2021
Recourse to the Eurosystem L/T (Spanish financial institutions, million euros)	268,740	March 2021
Recourse to the Eurosystem (Spanish financial institutions million euros) - Main refinancing operations	3	March 2021
"Operating expenses/gross operating income" ratio (%)	45.15	December 2020
"Customer deposits/employees" ratio (thousand euros)	11,013.27	December 2020
"Customer deposits/branches" ratio (thousand euros)	89,305.57	December 2020
"Branches/institutions" ratio	117.23	December 2020

A. Money and Interest Rates

Indicator	Source	Average 2001-2018	2019	2020	2021 March	2021 April 30	Definition and calculation
1. Monetary Supply (% chg.)	ECB	5.1	5.0	12.3	10.1	-	M3 aggregate change (non-stationary)
2. Three-month interbank interest rate	Bank of Spain	1.5	-0.383	-0.545	-0.538	-0.536	Daily data average
3. One-year Euribor interest rate (from 1994)	Bank of Spain	1.9	-0.249	-0.499	-0.487	-0.484	End-of-month data
4. Ten-year Treasury bonds interest rate (from 1998)	Bank of Spain	3.6	0.6	0.03	0.34	0.42	Market interest rate (not exclusively between account holders)
5. Corporate bonds average interest rate	Bank of Spain	3.9	-	-	-	-	End-of-month straight bonds average interest rate (> 2 years) in the AIAF market

Comment on "Money and Interest Rates": The ECB has announced the pandemic bond-buying program may end in less than a year. Interbank rates slightly increased in April. The 1-year interbank rate went from -0.487% in March to -0.484% in April, and the 3-month Euribor rose from -0.538% to -0.536% over the same period. As for the Spanish 10-year bond yield, it increased to 0.42%.

B. Financial Markets

Indicator	Source	Average 2001-2018	2019	2020	2021 February	2021 March	Definition and calculation
6. Outright spot treasury bills transactions trade ratio	Bank of Spain	22.1	288.7	28.8	27.71	35.76	(Traded amount/outstanding balance) ×100 in the market (not exclusively between account holders)
7. Outright spot government bonds transactions trade ratio	Bank of Spain	19.8	87.2	18.5	14.70	15.27	(Traded amount/outstanding balance) ×100 in the market (not exclusively between account holders)
8. Outright forward treasury bills transactions trade ratio	Bank of Spain	0.5	0.01	0.34	0.11	0.11	(Traded amount/outstanding balance) ×100 in the market (not exclusively between account holders)
9. Outright forward government bonds transactions trade ratio	Bank of Spain	0.6	1.2	0.63	0.79	0.64	(Traded amount/outstanding balance) in the market (not exclusively between account holders)
10. Three-month maturity treasury bills interest rate	Bank of Spain	0.5	-0.54	-0.54	-0.55	-0.57	Outright transactions in the market (not exclusively between account holders)
11. Government bonds yield index (Dec 1987=100)	Bank of Spain	727.5	1,311.87	1,289.02	1,289.02	-	Outright transactions in the market (not exclusively between account holders)
12. Madrid Stock Exchange Capitalization (monthly average % chg.)	Bank of Spain and Madrid Stock Exchange	0.1	1.2	-0.6	5.3	4.0	Change in the total number of resident companies
13. Stock market trading volume. Stock trading volume (monthly average % var.)	Bank of Spain and Madrid Stock Exchange	2.6	-7.4	10.7	-13.2	30.3	Stock market trading volume. Stock trading volume: change in total trading volume
14. Madrid Stock Exchange general index (Dec 1985=100)	Bank of Spain and Madrid Stock Exchange	1,007.1	881.6	718.9	822.95	875.5 (a)	Base 1985=100
15. Ibex-35 (Dec 1989=3000)	Bank of Spain and Madrid Stock Exchange	9,703.6	8,812.9	7,347.3	8,225.0	8,815.0 (a)	Base dec 1989=3000
16. Madrid Stock Exchange PER ratio (share value/profitability)	Bank of Spain and Madrid Stock Exchange	15.6	13.2	15.1	39.5	27.5 (a)	Madrid Stock Exchange Ratio "share value/ capital profitability"
17. Long-term bonds. Stock trading volume (% chg.)	Bank of Spain and Madrid Stock Exchange		-		-		Variation for all stocks

B. Financial Markets (continued)

Indicator	Source	Average 2001-2018	2019	2020	2021 February	2021 March	Definition and calculation
18. Commercial paper. Trading balance (% chg.)	Bank of Spain and AIAF		-		-		AIAF fixed-income market
19. Commercial paper. Three-month interest rate	Bank of Spain and AIAF		-		-		AIAF fixed-income market
20. IBEX-35 financial futures concluded transactions (% chg.)	Bank of Spain	0.9	-14.4	5.1	0	12.4	IBEX-35 shares concluded transactions
21. IBEX-35 financial options concluded transactions (%chg.)	Bank of Spain	12.9	30	35.4	7.1	26.6	IBEX-35 shares concluded transactions

(a) Last data published: April 30th, 2021.

Comment on "Financial Markets": The stock market continued its upward trend in April amid considerable volatility given the mixed news on the rollout of COVID-19 vaccinations. The IBEX-35 rose to 8,815 points, and the General Index of the Madrid Stock Exchange increased to 876. During March (last month available), there was an increase in transactions of outright spot T-bills to 35.76 and of spot government bonds transactions to 15.27. There was an increase in Ibex-35 futures of 12.4% while options picked up by 26.6%.

C. Financial Saving and Debt

Indicator	Source	Average 2008-2017	2018	2019	2020 Q3	2020 Q4	Definition and calculation
22. Net Financial Savings/GDP (National Economy)	Bank of Spain	-1.8	2.4	2.5	1.4	1.1	Difference between financial assets and financial liabilities flows over GDP
23. Net Financial Savings/GDP (Households and non-profit institutions)	Bank of Spain	1.9	0.1	2.2	5.5	7.3	Difference between financial assets and financial liabilities flows over GDP
24. Debt in securities (other than shares) and loans/GDP (National Economy)	Bank of Spain	269.1	280.7	282.0	322.9	335.3	Public debt. non-financial companies debt and households and non-profit institutions debt over GDP
25. Debt in securities (other than shares) and loans/GDP (Households and non-profit institutions)	Bank of Spain	64.2	58.9	56.9	61.1	62.5	Households and non-profit institutions debt over GDP
26. Households and non-profit institutions balance: financial assets (quarterly average % chg.)	Bank of Spain	0.8	-1.6	5.9	-1.6	1.8	Total assets percentage change (financial balance)
27. Households and non-profit institutions balance: financial liabilities (quarterly average % chg.)	Bank of Spain	-1.4	0.1	0.3	-1.2	0.3	Total liabilities percentage change (financial balance)

Comment on "Financial Savings and Debt": During 2020Q4 financial savings to GDP in the overall economy increased by 1.1% of GDP. There was an increase in the financial savings rate of households of 7.3%. The debt to GDP ratio of the economy reached 335.3%. Finally, there was an increase in the stock of financial assets on households' balance sheets of 1.8% and a rise of 0.3% in the stock of financial liabilities.

D. Credit institutions. Business Development

Indicator	Source	Average 2001-2017	2018	2019	2021 January	2021 February	Definition and calculation
28. Bank lending to other resident sectors (monthly average % var.)	Bank of Spain	6.1	-4.7	0.2	-0.9	-0.08	Lending to the private sector percentage change for the sum of banks, savings banks and credit unions.
29. Other resident sectors' deposits in credit institutions (monthly average % var.)	Bank of Spain	7.0	0.7	0.3	-1.0	-0.01	Deposits percentage change for the sum of banks, savings banks and credit unions.
30. Debt securities (monthly average % var.)	Bank of Spain	9.95	-0.9	-0.3	-1.5	3.5	Asset-side debt securities percentage change for the sum of banks, savings banks and credit unions.
31. Shares and equity (monthly average % var.)	Bank of Spain	9.3	-8.8	0.5	0.3	0.3	Asset-side equity and shares percentage change for the sum of banks, savings banks and credit unions.
32. Credit institutions. Net position (difference between assets from credit institutions and liabilities with credit institutions) (% of total assets)	Bank of Spain	-2.2	-0.6	-1.6	-1.2	-1.3	Difference between the asset-side and liability-side "Credit System" item as a proxy of the net position in the interbank market (month-end).
33. Doubtful loans (monthly average % var.)	Bank of Spain	-0.3	-2.3	-1.7	-0.2	0.2	Doubtful loans. Percentage change for the sum of banks, savings banks and credit unions.
34. Assets sold under repurchase (monthly average % var.)	Bank of Spain	2.6	-1.4	-1.1	-23.1	-0.5	Liability-side assets sold under repurchase. Percentage change for the sum of banks, savings banks and credit unions.
35. Equity capital (monthly average % var.)	Bank of Spain	7.8	-4.1	0.3	0.1	0.1	Equity percentage change for the sum of banks, savings banks and credit unions.

Comment on "Credit institutions. Business Development": The latest available data as of February show a decrease in bank credit to the private sector of 0.08%. Data also show a fall in financial institutions' deposit-taking of 0.01%. Holdings of debt securities increased by 3.5%. Doubtful loans also increased by 0.2% compared to the previous month.

E. Credit institutions. Market Structure and Eurosystem Refinancing

Indicator	Source	Average 2000-2017	2018	2019	2020 June	2020 September	Definition and calculation
36. Number of Spanish credit institutions	Bank of Spain	194	124	122	113	113	Total number of banks, savings banks and credit unions operating in Spanish territory
37. Number of foreign credit institutions operating in Spain	Bank of Spain	75	82	83	78	78	Total number of foreign credit institutions operating in Spanish territory
38. Number of employees	Bank of Spain	246,618	189,280	187,472	176,838 (a)	-	Total number of employees in the banking sector
39. Number of branches	Bank of Spain	40,047	28,643	27,320	23,104	22,589	Total number of branches in the banking sector
40. Recourse to the Eurosystem: long term (total Eurozone financial institutions) (Euro millions)	Bank of Spain	318,141	527,317	762,540	1,602,148	1,787,392 (b)	Open market operations and ECB standing facilities. Eurozone total
41. Recourse to the Eurosystem: long term (total Spanish financial institutions) (Euro millions)	Bank of Spain	65,106	138,455	170,445	256,802	268,740 (b)	Open market operations and ECB standing facilities. Spain total
42. Recourse to the Eurosystem (total Spanish financial institutions): main refinancing operations (Euro millions)	Bank of Spain	20,270	1,408	96	3	3 (b)	Open market operations: main long term refinancing operations. Spain total

(a) Last data published: December 2019.

(b) Last data published: March 2021.

Comment on "Credit institutions. Market Structure and Eurosystem Refinancing": In March 2021, recourse to Eurosystem funding by Spanish credit institutions reached 268.7 billion euros.

MEMO ITEM: From January 2015 the ECB also offers information on the asset purchase programs. The amount borrowed by Spanish banks in these programs reached 496 billion euros in March 2021 and 3.8 trillion euros for the entire Eurozone banking system.

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

Indicator	Source	Average 2000-2017	2018	2019	2020 Q3	2020 Q4	Definition and calculation
43. "Operating expenses/gross operating income" ratio	Bank of Spain	48.8	54.39	53.30	57.68	45.15	Operational efficiency indicator. Numerator and denominator are obtained directly from credit institutions' P&L accounts
44. "Customer deposits/employees" ratio (Euro thousands)	Bank of Spain	3,911.03	9,461.19	9,574.38	11,258.02	11,013.27	Productivity indicator (business by employee)
45. "Customer deposits/branches" ratio (Euro thousands)	Bank of Spain	24,735.07	68,190.72	74,450.04	86,902.35	89,305.57	Productivity indicator (business by branch)

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

Indicator	Source	Average 2000-2017	2018	2019	2020Q3	2020Q4	Definition and calculation
46. "Branches/institutions" ratio	Bank of Spain	198.71	131.36	123.09	119.94	117.23	Network expansion indicator
47. "Employees/branches" ratio	Bank of Spain	6.19	7.2	7.7	7.9	8.1	Branch size indicator
48. "Equity capital" (monthly average % var.)	Bank of Spain	0.09	-0.79	0.25	0.76	1.29	Credit institutions equity capital variation indicator
49. ROA	Bank of Spain	48.8	54.39	53.30	0.06	0.07	Profitability indicator, defined as the "pre-tax profit/average total assets"
50. ROE	Bank of Spain	3,911.03	9,461.19	9,574.38	0.88	0.95	Profitability indicator, defined as the "pre-tax profit/equity capital"

Comment on "Credit institutions. Efficiency and Productivity, Risk and Profitability": During 2020Q4, there was a relative increase in the profitability of Spanish banks after the worst effects of COVID-19.

Social Indicators

Table 1

Population

Population										
	Total population	Average age	65 and older (%)	Life expectancy at birth (men)	Life expectancy at birth (women)	Dependency rate	Dependency rate (older than 64)	Foreign-born population (%)	New entries (all nationalities)	New entries (EU-28 born) (%)
2008	46,157,822	40.8	16.5	78.2	84.3	47.5	24.5	13.1	701,997	33,053
2010	47,021,031	41.1	16.9	79.1	85.1	48.6	25.0	14.0	441,051	39,211
2012	47,265,321	41.6	17.4	79.4	85.1	50.4	26.1	14.3	344,992	51,666
2014	46,771,341	42.1	18.1	80.1	85.7	51.6	27.4	13.4	368,170	66,803
2015	46,624,382	42.4	18.4	79.9	85.4	52.4	28.0	13.2	417,655	74,873
2016	46,557,008	42.7	18.6	80.3	85.8	52.9	28.4	13.2	492,600	71,508
2017	46,572,132	42.9	18.8	80.4	85.7	53.2	28.8	13.3	592,604	63,754
2018	46,722,980	43.1	19.1	80.5	85.9	53.6	29.3	13.7	715,255	56,745
2019	47,026,208	43.3	19.3	80.9	86.2	53.7	29.6	14.4	827,052	61,338
2020	47,450,795	43.6	19.4			53.5	29.8	15.2		
2021●	47,344,649	43.8	19.7			53.4	30.2	15.4		
Sources	EPC	EPC	EPC	ID INE	ID INE	EPC	EPC	EPC	EVR	EVR

ID INE: Indicadores Demográficos INE.

EPC: Estadística del Padrón Continuo.

EVR: Estadística de Variaciones Residenciales.

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

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

● Provisional data

Table 2

Households and families

	Households				Nuptiality					
	Households (thousands)	Average household size	Households with one person younger than 65 (%)	Households with one person older than 65 (%)	Marriage rate (Spanish)	Marriage rate (foreign population)	Divorce rate	Mean age at first marriage, men	Mean age at first marriage, women	Same sex marriages (%)
2008	16,742	2.71	12.0	10.2	8.5	8.4	2.39	32.4	30.2	1.62
2010	17,174	2.67	12.8	9.9	7.2	7.9	2.21	33.2	31.0	1.87
2012	17,434	2.63	13.7	9.9	7.2	6.7	2.23	33.8	31.7	2.04
2014	18,329	2.51	14.2	10.6	6.9	6.5	2.17	34.4	32.3	2.06
2015	18,376	2.54	14.6	10.7	7.3	6.5	2.08	34.8	32.7	2.26
2016	18,444	2.52	14.6	10.9	7.5	6.8	2.08	35.0	32.9	2.46
2017	18,512	2.52	14.2	11.4	7.4	7.0	2.11	35.3	33.2	2.67
2018	18,581	2.51	14.3	11.5	7.1	6.6	2.04	35.6	33.4	2.90
2019	18,697	2.52	14.9	11.2	7.1	6.7	1.95	36.0	33.9	3.9●
2020	18,794	2.52								
2021■	18,864	2.51								
Sources	LFS	LFS	EPF	EPF	ID INE	ID INE	ID INE	ID INE	ID INE	MNP

Table 2 (Continued)

Households and families

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

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

Marriage rate: Number of marriages per thousand population.

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

Divorce rate: Number of divorces per thousand population.

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

● Provisional data

■ Data refer to January-March

Table 3

Education

	Educational attainment				Students involved in non-compulsory education					Education expenditure	
	Population 16 years and older with primary education (%)	Population 30-34 with primary education (%)	Population 16 years and older with tertiary education (%)	Population 30-34 with tertiary education (%)	Pre-primary education	Secondary education	Vocational training	Under-graduate students	Post-graduate studies (except doctorate)	Public expenditure (thousands of €)	Public expenditure (%GDP)
2008	32.1	9.2	16.1	26.9	1,763,019	629,247	472,604	1,377,228	50,421	51,716,008	4.63
2010	30.6	8.6	17.0	27.7	1,872,829	672,213	555,580	1,445,392	104,844	53,099,329	4.91
2012	28.5	7.5	17.8	26.6	1,912,324	692,098	617,686	1,450,036	113,805	46,476,414	4.47
2014	24.4	6.1	27.2	42.3	1,840,008	690,738	652,846	1,364,023	142,156	44,846,415	4.32
2015	23.3	6.6	27.5	40.9	1,808,322	695,557	641,741	1,321,698	171,043	46,597,784	4.31
2016	22.4	6.6	28.1	40.7	1,780,377	687,595	652,471	1,303,252	190,143	47,578,997	4.25
2017	21.4	6.6	28.5	41.2	1,767,179	676,311	667,984	1,287,791	209,754	49,458,049	4.24
2018	20.5	6.4	29.2	42.4	1,750,106	667,287	675,971	1,290,455	217,840	50,807,185	4.23
2019	19.3	6.3	30.3	44.7	1,747,087	673,171	714,292	1,309,791●	234,214●		
2020	17.7	6.1	31.3	44.8							
2021■	16.6	5.4	32.2	46.3							
Sources	LFS	LFS	LFS	LFS	MECD	MECD	MECD	MECD	MECD	MECD	INE National Accounts

LFS: Labor Force Survey.

MECD: Ministerio de Educación, Cultura y Deporte.

INE: Instituto Nacional de Estadística.

● Provisional data.

■ Data refer to January-March

Table 4

Social protection: Benefits

	Contributory benefits*							Non-contributory benefits			
	Unemployment total	Retirement		Permanent disability		Widowhood		Unemployment	Social Security		
		Total	Average amount (€)	Total	Average amount (€)	Total	Average amount (€)		Retirement	Disability	Other
2008	1,100,879	4,936,839	814	906,835	801	2,249,904	529	646,186	265,314	199,410	63,626
2010	1,471,826	5,140,554	884	933,730	850	2,290,090	572	1,445,228	257,136	196,159	49,535
2012	1,381,261	5,330,195	946	943,296	887	2,322,938	602	1,327,027	251,549	194,876	36,310
2014	1,059,799	5,558,964	1000	929,484	916	2,348,388	624	1,221,390	252,328	197,303	26,842
2015	838,392	5,641,908	1,021	931,668	923	2,353,257	631	1,102,529	253,838	198,891	23,643
2016	763,697	5,731,952	1,043	938,344	930	2,364,388	638	997,192	254,741	199,762	21,350
2017	726,575	5,826,123	1,063	947,130	936	2,360,395	646	902,193	256,187	199,120	19,019
2018	751,172	5,929,471	1,091	951,838	946	2,359,931	664	853,437	256,842	196,375	16,472
2019	807,614	6,038,326	1,138	957,500	975	2,361,620	712	912,384	259,570	193,122	14,997
2020	1,828,489	6,094,447	1,162	952,704	985	2,352,680	725	1,017,429	261,325	188,670	13,373
2021	1,121,410♦	6,135,313■	1,185■	947,719■	994■	2,349,259■	738■	1,054,948♦	261,145♦	185,713♦	12,608♦
Sources	INEM	INSS	INSS	INSS	INSS	INSS	INSS	INEM	IMSERSO	IMSERSO	IMSERSO

INEM: Instituto Nacional de Empleo.

INSS: Instituto Nacional de la Seguridad Social.

IMSERSO: Instituto de Mayores y Servicios Sociales.

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

■ Data refer to January-April.

♦ Data refer to January-March.

Table 5

Social protection: Health care

	Expenditure				Resources				Satisfaction*		Time on waiting list (days)	
	Total (% GDP)	Public (% GDP)	Total expenditure (\$ per inhabitant)	Public expenditure (per inhabitant)	Medical specialists per 1,000 inhabitants	Primary care doctors per 1,000 people assigned	Specialist nurses per 1,000 inhabitants	Primary care nurses per 1,000 people assigned	With the working of the health system	With medical history and tracing by family doctor or pediatrician	Non-urgent surgical procedures	First specialist consultations per 1,000 inhabitants
2008	8.29	6.10	2,774	2,042	1.8	0.8	3.0	0.6	6.4	7.0	71	59
2010	9.01	6.74	2,886	2,157	1.8	0.8	3.2	0.6	6.6	7.3	65	53
2012	9.09	6.55	2,902	2,095	1.8	0.8	3.1	0.6	6.6	7.5	76	53
2014	9.08	6.36	3,057	2,140	1.8	0.8	3.1	0.7	6.3	7.5	87	65
2015	9.16	6.51	3,180	2,258	1.9	0.8	3.2	0.7	6.4	7.5	89	58
2016	8.98	6.34	3,248	2,293	1.9	0.8	3.3	0.6	6.6	7.6	115	72
2017	8.8	6.25	3,370	2,385	1.9	0.8	3.4	0.6	6.7	7.5	106	66
2018	8.90	6.20	3,323	2,341	2.0	0.8	3.5	0.7	6.6	7.5	129	96
2019	9.00	6.40	3,616	2,560		0.8		0.7			115	81
Sources	OECD	OECD	OECD	OECD	INCLASNS	INCLASNS	INCLASNS	INCLASNS	INCLASNS	INCLASNS	INCLASNS	INCLASNS

OECD: Organisation for Economic Co-operation and Development.

INCLASNS: Indicadores clave del Sistema Nacional del Salud.

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

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Notes

Orders or claims:

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

