

Quarterly Spanish National Accounts. Base 2000
Quarterly non-financial accounts for the Institutional Sectors
Second quarter of 2008

Main results

- In the second quarter of 2008, the savings rate for households and non-profit institutions serving households (NPISH) reaches 14.0% of their disposable income, 2.7 points more than the same period in 2007. Taking mobile periods of the last four quarters as a reference, this rate stands at 10.7% of disposable income, seven tenths more than the previous period.
- The financing capacity of households and NPISH during the second quarter stands at 1,803 million euros, 0.6% of GDP. Since 2005 households and NPISH had not shown financing capacity in a second quarter.
- Non-financial corporations have a financing need of 21,968 million euros, 7.8% of quarterly GDP. This rate is 2.3 points lower than the rate estimated for the same quarter of the previous year.
- The Public Administrations present a financing need of 7,445 million euros, 2.6% of quarterly GDP. Unlike households and NPISH, since 2005, the public authorities had not shown a financing need for a second quarter.
- Financial corporations have a financing capacity of 2,338 million euros this quarter, 0.8% of GDP.
- The financing need of the economy as compared with the rest of the world is estimated at 25,272 million euros, accounting for 9.0% of quarterly GDP, one tenth more than one year ago.
- In accordance with the normal calendar of the updating of the Spanish National Accounts, the quarterly series of the accounts of the institutional sectors has been reviewed with regard to that published in July this year. In this way, the quarterly data presented today is consistent, on the one hand, with the new annual and quarterly GDP series and its components, updated in August this year; on the other hand, with the new annual and quarterly public administration accounts data, and with the estimates notified to the European Commission within the framework of the Protocol on Excessive Deficit. Finally, they also are consistent with the updated estimates of the annual and quarterly Financial Accounts, as well as the Balance of Payments of the Spanish Economy.

Households and Non-Profit Institutions Serving Households Sector

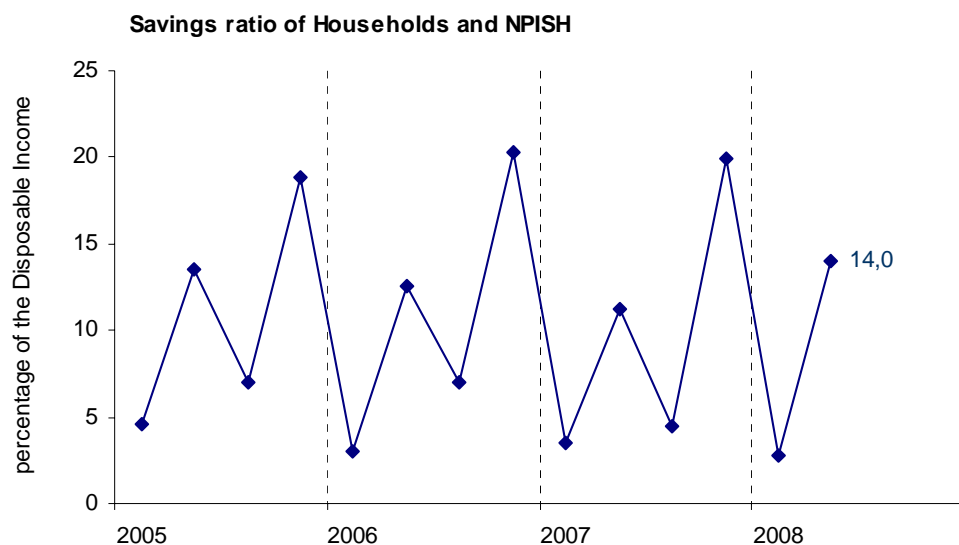
During the second quarter of 2008, disposable income for the Households and Non-profit Institutions Serving Households (NPISH) Sector increased 8.1% interannually, which amounted to 183,382 million euros, an increase of 13,791 million euros as compared with the income estimated in the second quarter of the previous year.

This result was particularly influenced by the increase in the balance of primary income (7.3%), in which worth noting were both the growth in aggregate operating surplus and mixed household, which grew 10.0% and the net balance of perceived property income (interest, dividends, ...), which grew 12.4% (income received grew 13.3% and paid income, 14.4%). Lastly, the growth estimated in employee compensation, during the quarter, was 5.7%.

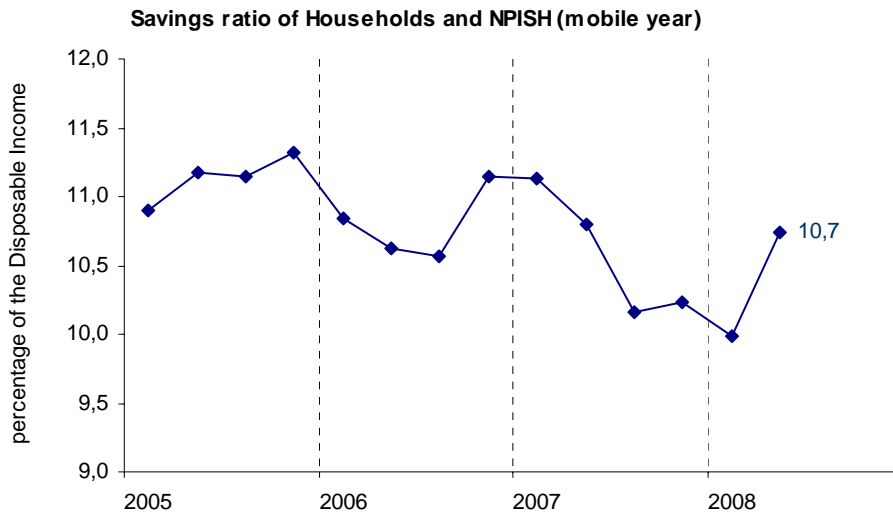
Regarding secondary income distribution, households benefited this quarter from a volume of social benefits received which grew at an interannual rate of 12.3%, this rate being higher than that reached by the amount of social contributions paid (6.1%), and from a balance of current transfers received which almost tripled in value (as a result of a 9.8% increase in those received and of a 3.8% decrease in those paid). On the other hand, taxes on income and wealth paid by households increased 20.3%.

The joint consideration of all of the elements mentioned determined that the interannual growth of the disposable income of households stood at 8.1%, as previously stated.

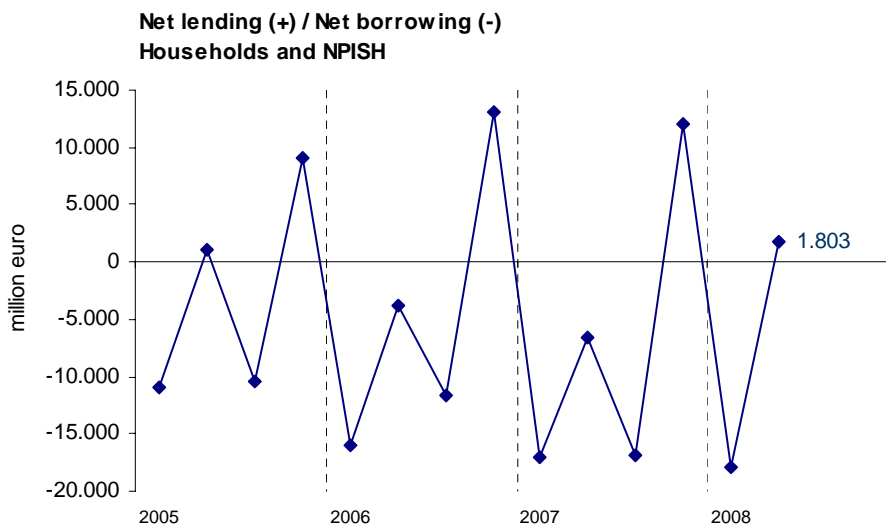
As regards the use of this disposable income, it is important to note that final consumption expenditure by households and NPISH in the period grew at a lower rate (4.8%) than that of the disposable income itself, with the result that savings increased 34.5%, reaching 25,728 million euros (6,603 million more than the same quarter the previous year). The savings rate thus stood at 14.0% of disposable income, 2.7 points more than one year ago.



Considering mobile periods of four quarters, the period from the third quarter of 2007 to the second quarter of 2008 showed a savings rate for the sector that recovered to reach 10.7% of disposable income, seven tenths more than the previous mobile period.



On inspection of the capital account, it is clear that this savings generated by households and NPISH, together with a positive balance of 1,194 million due to net capital transfers received, was sufficient to finance the considerable investment volume of the sector, which reached 25,119 million euros this quarter, 5.0% less than in the same period of 2007. Thus the sector generated a financing capacity of 1,803 million euros (0.6% of quarterly GDP). As can be observed in the graph, this positive balance for the sector had not been attained for a second quarter since 2005.



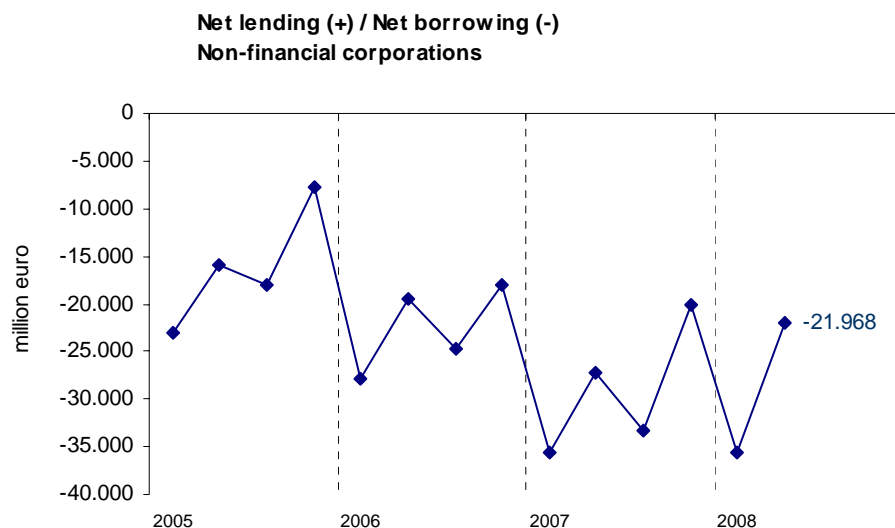
Non-Financial Corporations Sector

During the second quarter of 2008, non-financial corporations experienced an interannual increase of 15.6% in disposable income.

The aggregates explaining this behaviour were, on the one hand, the increase of 10.1% in the balance of primary income (obtained from the growth of 8.3% in the operating surplus and from the decrease of 5.1% in the balance of the net property income paid) and, on the other hand, the interannual decrease of 24.6% of the company tax paid by the sector.

In absolute terms, disposable income for the sector reached 27,068 million euros during the referenced quarter.

This amount, linked to the positive balance of 2,911 million in transfers of net capital received, was not sufficient to finance the total investment volume of the sector (51,947 million euros). Consequently, financing needs of 21,968 millions were estimated, a figure accounting for 7.8% of quarterly GDP, 2.3 points less than the figure recorded one year ago.



Public Administrations Sector

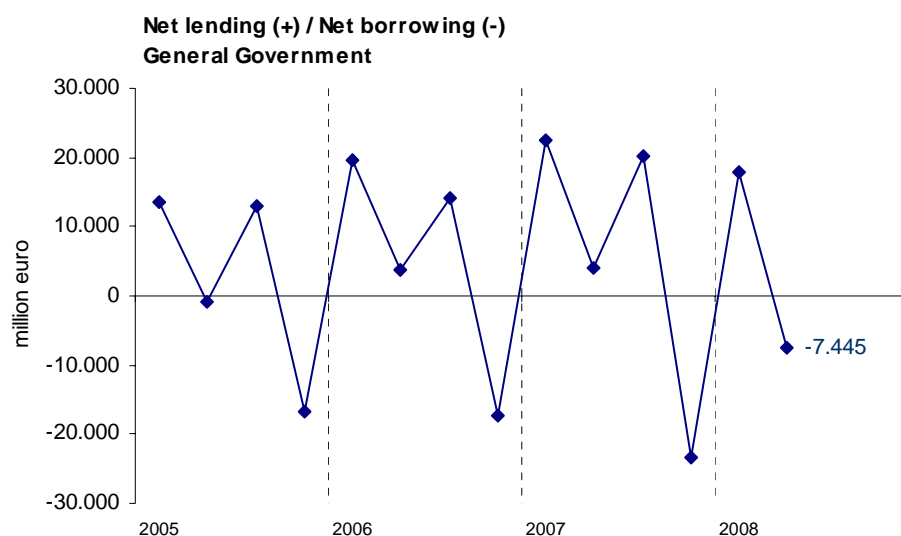
In the second quarter of 2008, Public Administrations decreased their disposable income by 11.1% in the interannual rate, reaching 54,237 million euros.

The factors explaining this result were, firstly, the interannual decrease in the total value of net taxes received by the sector (-8.8%), in which differentiated behaviours were observed between taxes linked to production and taxes from income and wealth. Indeed, whereas the former decreased their level 21.6% (a decrease of 5,927 million), the latter grew at a rate of 5.4% (an increase of 1,330 million). The second element is the decrease in volume of contributions received as compared with social benefits paid (6.0% of interannual growth of the former as compared with 13.4% of the latter). Finally, the greater net balance of current transfers paid by the sector.

In turn, the final consumption expense of public administrations increased 8.2%, therefore the saving of the sector decreased, amounting to 1,471 million euros.

These savings, reduced by 1.882 million due to the net balance of capital transfers, was not sufficient to complete financing of the investment of the Public Administrations during this quarter; a period in which the sector obtained a financing need of 7,445 million euros, 2.6% of quarterly GDP (4.1 points less than one year ago).

The following graph illustrates that the Public Administrations show a final negative balance in this quarter, for the first time since 2005.

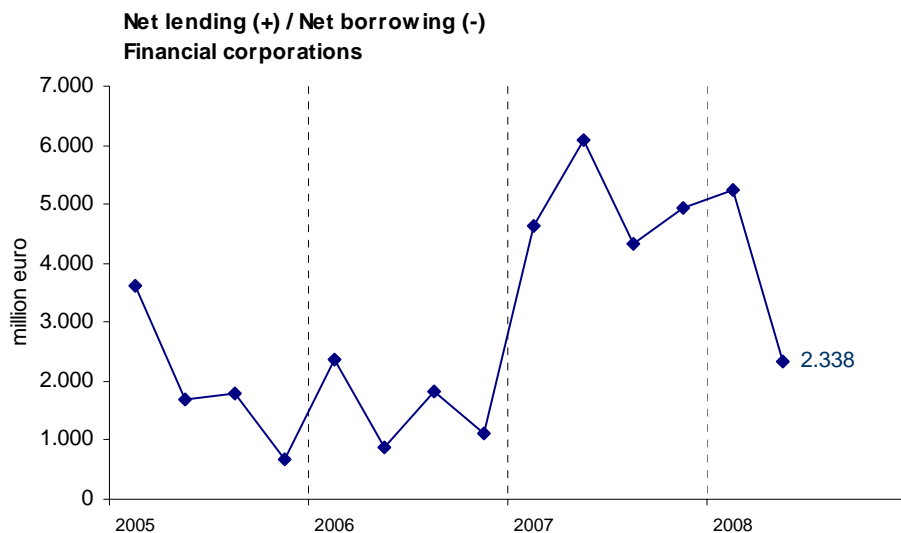


Financial Institutions Sector

In the second quarter of 2008, disposable income for the financial institutions sector decreased 13.7% as compared with the same period of the previous year, standing at 5,756 million euros.

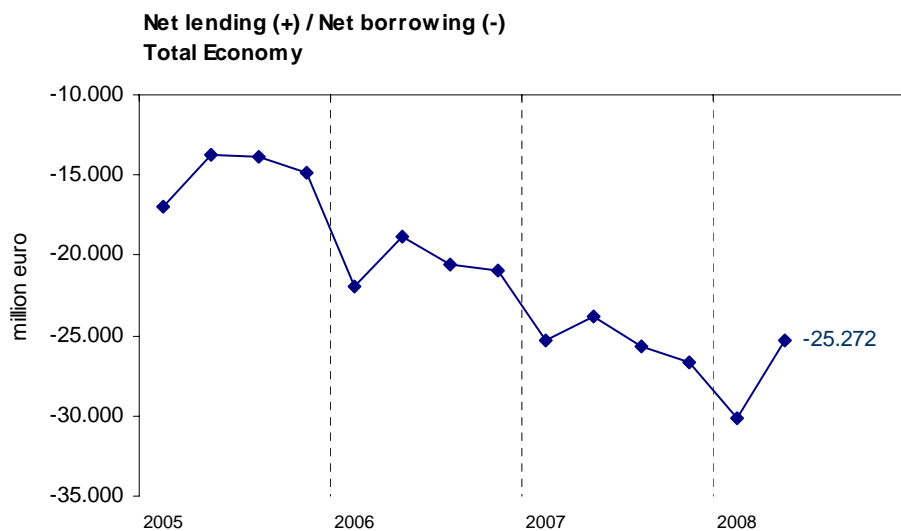
This result was mainly due to the 3,433 million decrease in the net balance of perceived property income (that received increased 8.6%, whilst that paid increased 18.6%), this amount being partially compensated by the increase in its operating surplus (1,668 million) and by the lowest amount of company tax paid by the sector (-787 million).

Disposable income generated this quarter, reduced by a negative balance of 661 million in capital transfers, was enough to finance the volume of investment made by the sector and so that financial institutions obtained a financing capacity of 2,338 million during this period, 0.8% of GDP, 1.5 points less than one year ago.



National Economy

As a result of the actions of all institutional sectors, the national economy presented a financing need of 25,272 million euros against the rest of the world during the second quarter of 2008 (1,528 million euros more than that estimated for the second quarter of 2007). This figure represented 9.0% of GDP, one tenth more than for the same period of the previous year.



From the perspective of the rest of the world, the greater financing need of the Spanish economy is the result of worse performance of our balance of income and current transfers and of capital with the rest of the world, 40.1% more negative (2,646 million euros).

This result has been partially compensated by the better performance of the foreign balance of goods and services, this balance being 1,118 million better than the balance of the second quarter in 2007, thanks to an increased interannual growth in exports (8.4%) as compared with imports (5.4%).

Further information

The results for the period from the first quarter of 2000 to the second quarter of 2008 are available on the INE website (www.ine.es).

The accounts are shown under two perspectives: integrated economic accounts and detailed accounts of the institutional sectors. This presentation is similar to that used traditionally with the Annual National Accounts of the Institutional Sectors.

For further information see INEbase-www.ine.es/en/welcome_en.htm All press releases at: www.ine.es/en/prensa/prensa_en.htm

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