

8 April 2008

Quarterly Spanish National Accounts. Base 2000
Quarterly Non-Financial Accounts for the Institutional Sectors
Fourth quarter of 2007

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- In the fourth quarter of 2007, the savings rate for households and non-profit institutions serving households (NPISH) reaches 20.6% of their disposable income, two tenths more than one year ago. Considering mobile periods of the last four quarters as a reference, **the savings rate recovers two tenths to 10.3%.**
- The financing capacity of households and NPISH during the fourth quarter stands at 12,020 million euros, 4.3% of GDP.
- The financing need reaches 6.6% of GDP in non-financial corporations, and 8.9% in Public Administrations. Financial institutions obtain a financing capacity of 1.3% of quarterly GDP.
- The financing need of the whole of the economy versus the rest of the world is estimated at 27,206 million euros, 9.8% of GDP for the quarter.

Year 2007

- **The savings rate for households and NPISH decreases two tenths over the year 2007, and stands at 10.3% of their disposable income.** Their financing needs increases to 29,268 million euros, 2.8% of GDP.
- Non-financial corporations increase their financing need to 110,970 million euros, 10.6% of GDP in 2007.
- For the third consecutive year, the public administrations present a financing capacity, estimated at 23,398 million euros, 2.2% of GDP.
- Financial institutions have a financing capacity of 16,972 million euros in the year 2007, accounting for 1.6% of GDP.
- The financing need of the economy versus the rest of the world in 2007 is estimated at 99,868 million euros, 9.5% of GDP and 1.4 points higher than in 2006.

Households and Non-profit Institutions Serving Households Sector

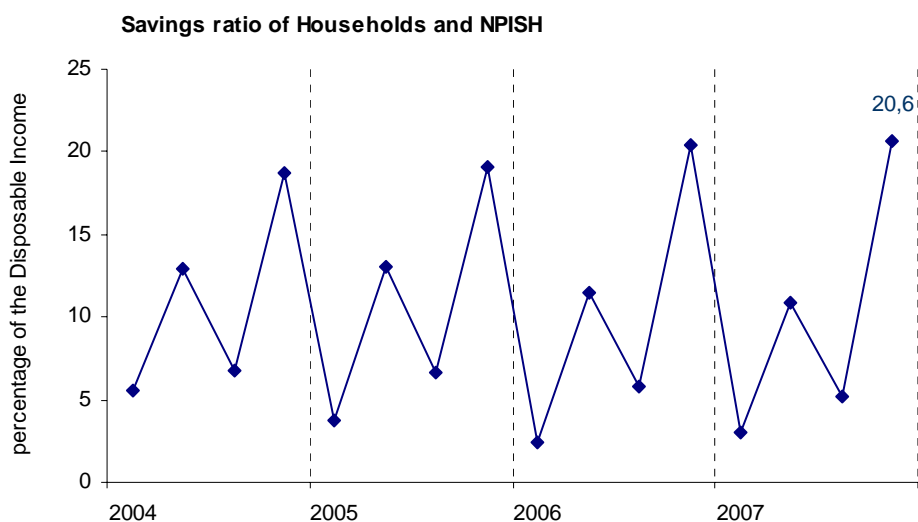
During the fourth quarter of 2007, disposable income for the Households and Non-profit Institutions Serving Households Sector (NPISH) increased 7.0%, that is, 12,055 million euros more than in the same quarter of the previous year.

The increase in the balance of primary income (6.3%) contributed significantly to this result, and was noticeably influenced by the growth both in operating surplus and mixed income, and in employee remuneration (6.8% and 6.6%, respectively). Conversely, the difference between net property income (interests, dividends, etc.) received and paid decreased 1.5% as a result of the higher level of growth in paid income (40.8%) than in received income (14.6%).

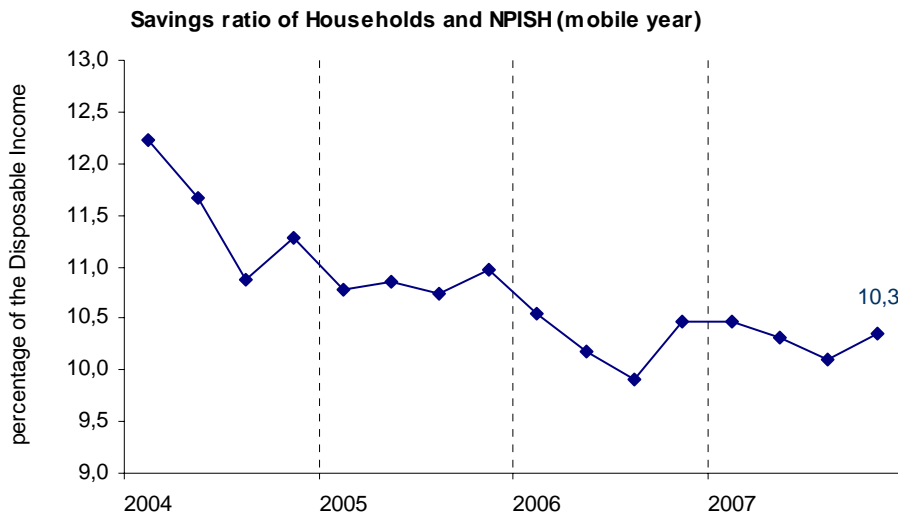
In turn, the disposable income for households was affected by the significantly greater volume of social benefits received by households than the volume of social contributions paid (the former grew 14.2% and the latter grew 6.2%). Lastly, income taxes, wealth taxes, etc, paid by households, grew 17.7% during this quarter.

In absolute terms, the disposable income of the sector was estimated at 183,341 million euros for this fourth quarter.

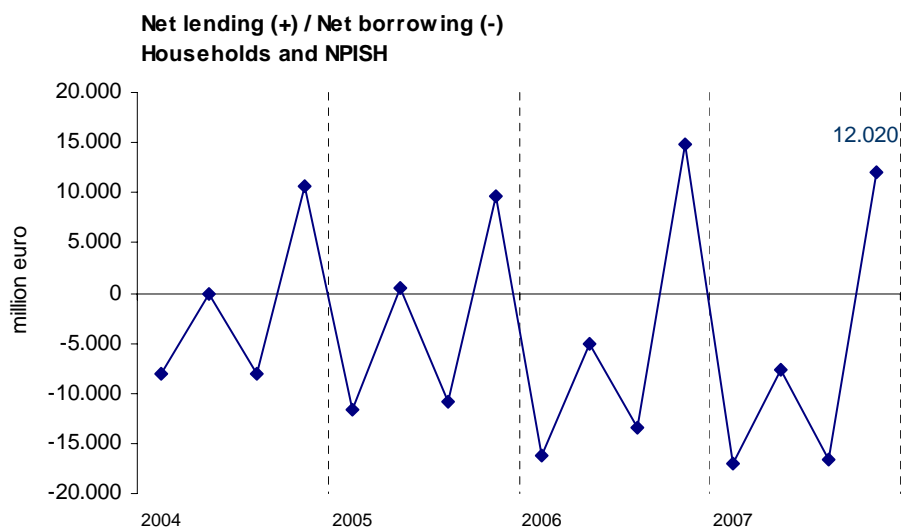
Regarding the use of said disposable income, the lower increase in household and NPISH final consumption expenditure this quarter (6.6%) favoured an interannual increase of 8.0% in savings, whose total value reached 37,868 million euros. The savings rate was therefore 20.6% of disposable income, two tenths more than in the fourth quarter of 2006.



Considering mobile periods of four quarters, the last period (from the first to the fourth quarter of 2007) showed a savings rate for the sector recovering two tenths to stand at 10.3% of disposable income.



Considering capital accounts, the savings generated by households and NPISH, together with a positive balance of 1,852 million euros due to net capital transfers received, was sufficient to finance the volume of investment made by the sector, which reached 27,700 million euros this quarter, 5.5% more than during the same period of 2006. Thus, the sector had a financing capacity of 12,020 million euros (4.3% of quarterly GDP).



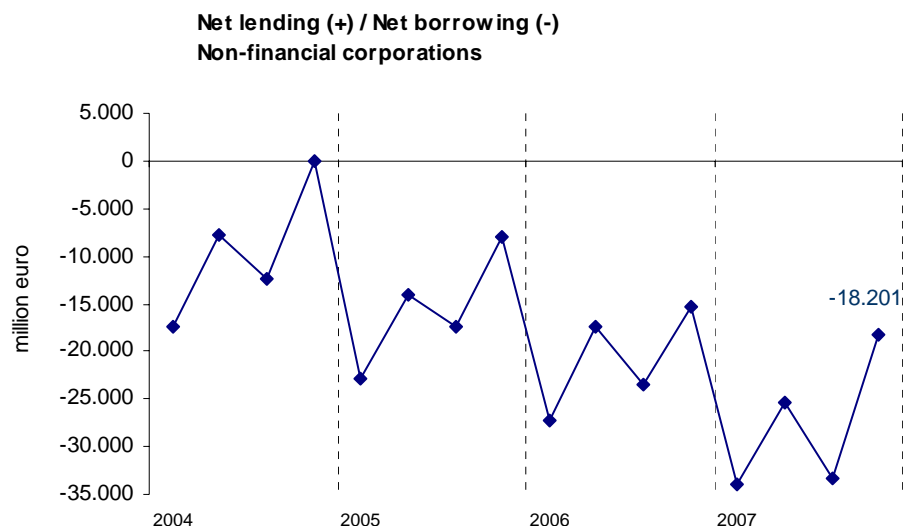
Non-Financial Corporations Sector

During the fourth quarter of 2007, non-financial corporations experienced an increase of 3.2% in disposable income.

The 5.5% increase in the balance of primary income contributed especially to this result, this data being obtained as a consequence of the simultaneous growth of the operating surplus of the sector (6.3%) and the net property income paid (8.0%).

In turn, the increase in the balance of primary income was compensated by a higher payment of the corporate tax (7.3%) and by a larger amount of net current transfers paid to the remaining sectors. In absolute terms, the disposable income of the sector reached 15,900 million euros during this fourth quarter.

This quantity of disposable income, linked to the positive balance of 5,814 million transfers of net capital received, was not sufficient to finance the total investment volume of the sector. In short, non-financial corporations generated a financial need of 18,201 million euros. This figure accounted for 6.6% of quarterly GDP and was seven tenths higher than the figure recorded one year prior.

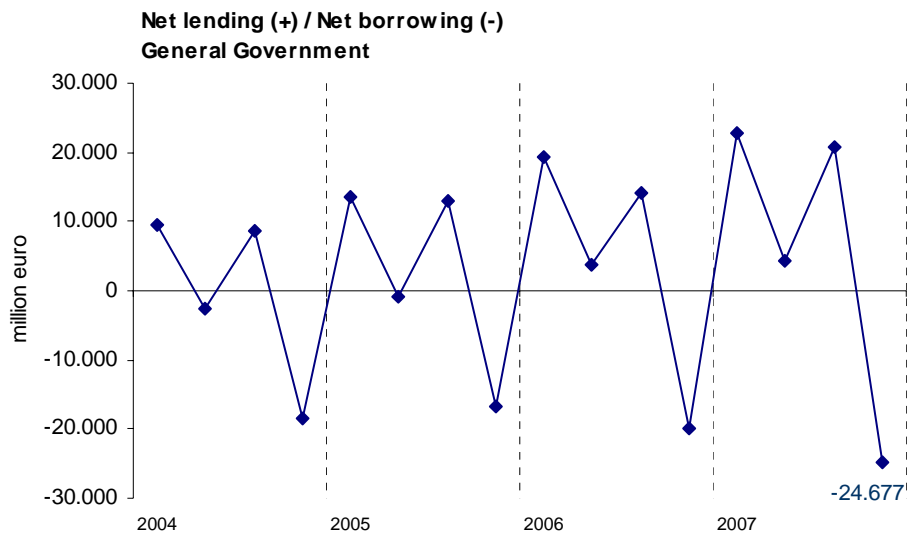


Public Administrations Sector

The Public Administrations increased their disposable income by 3.6% during the fourth quarter of 2007, reaching a figure of 65,287 million euros. This behaviour was due to the interannual increase experienced by net taxes (5.5%), in which those linked to production and imports recorded a negative evolution (-2.7%), while those related to income and wealth increased at a significant rate (11.9%). This growth was compensated by an interannual evolution of social contributions received (7.3%) that was less than that of benefits paid (14.9%), yielding as a result the said increase for disposable income.

Conversely, the final consumption expenditure of the public administrations grew above disposable income (6.6%), which contributed to the savings generated being 37.6% lower than in the fourth quarter of the previous year, with an absolute value of 2,670 million euros.

Said savings, reduced by 4,736 million euros by the net balance of capital transfers, and by the investment flow of the public administrations, which during this quarter stood at 22,611 million euros, drove the financing need of the sector to 24,677 million euros, 8.9% of GDP for the quarter.

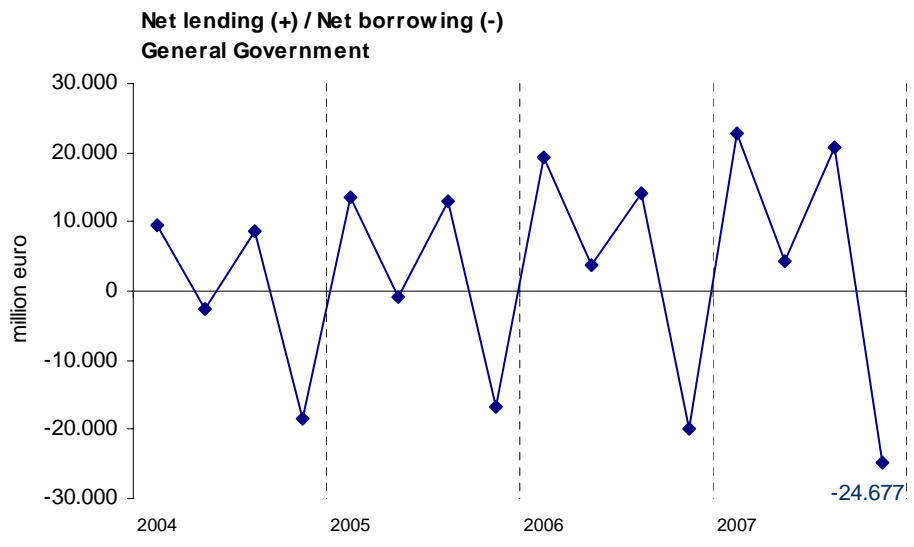


Financial Institutions Sector

The disposable income of the financial institutions sector decreased 18.7% to stand at 4,548 million euros in the fourth quarter of 2007.

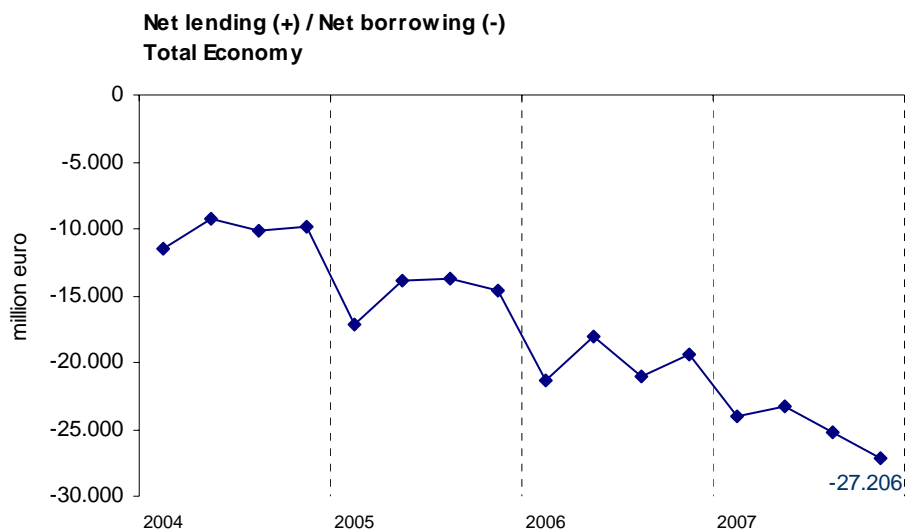
Although the operating surplus grew considerably (54.8%), the net negative balance of property income received, which went from 2,898 million euros in the fourth quarter of 2006 to -458 million euros during the reference year, was the main cause of the drop in the disposable income of the sector.

Despite this decrease in disposable income, the lesser negative balance of capital transfers received and, in particular, the reduction of the investment of the sector, allowed it to generate a financing capacity estimated at 3,652 million euros. This figure accounted for 1.3% of quarterly GDP, nine tenths more than one year prior.



National Economy

As a result of the behaviour of all institutional sectors, the national economy showed a financing need against the rest of the world of 27,206 million euros in the fourth quarter of 2007. This figure represented 9.8% of GDP, 2.4 points more than that estimated 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 was, practically, the result of the poorer performance, both in the foreign balance of goods and services, and in the balance of income and current and capital transfers.

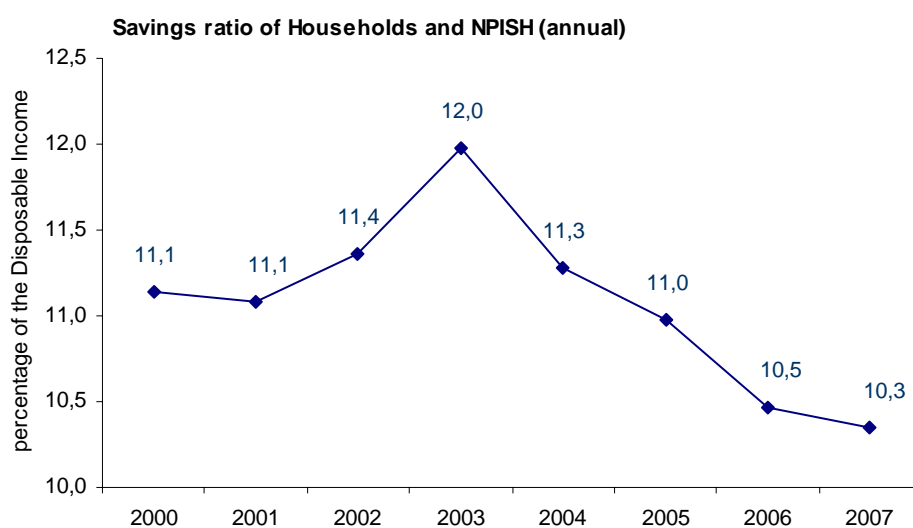
In fact, the greater increase in imports (10.8%) than in exports (6.5%) produced as a result a balance 27.4% more negative than the balance of goods of services, which reached -21,951 million euros.

Lastly, the net foreign balance of income and current and capital transfers increased by 3,126 million euros over the result from the previous year, to stand at -5,255 million euros.

Annual estimates

The data showing the behaviour of the different institutional sectors over the entire year are obtained from grouping the estimates corresponding to the four quarters of 2007.

Households and NPISH reduced their savings rate by two tenths, to stand at 10.3% of their disposable income, as a result of the lesser increase in gross disposable income (5.8%) than in final consumption expenditure (6.0%).



In the analysis of the different household income resources, the balance of primary income grew 6.7% as a consequence of the increases in employee remuneration (7.1%) and operating surplus and mixed income (7.7%), as well as a decreased of 3.5% in the net property income balance (those received grew 11.3%, while those paid grew 41.2%).

The savings generated by households and NPISH reached 68,908 million euros. These savings, linked to the 4,415 million euros corresponding to the balance of capital transfers received, did not allow for financing the elevated investment flow of households and NPISH, estimated at 102,591 million euros, 6.7% higher than in the year 2006.

The sector thus increased its financing need to 29,268 million euros, 2.8% of GDP.

In terms of the remaining institutional sectors, the most significant fact from the perspective of the examination of balances, was that the Public Administrations had a financing capacity for the third consecutive year.

In fact, the disposable income of the Public Administrations grew in 2007 at a rate of 10.5%, mainly due to the increase in net taxes received (9.7%). Nevertheless, the greatest growth corresponded to those linked to income and wealth (18.3%), given that those linked to net production and imports increased only 0.9%.

Regarding the final consumption expenditure of these administrations, it increased 8.3%, facilitating a considerable increase in savings, which reached a level high enough to finance

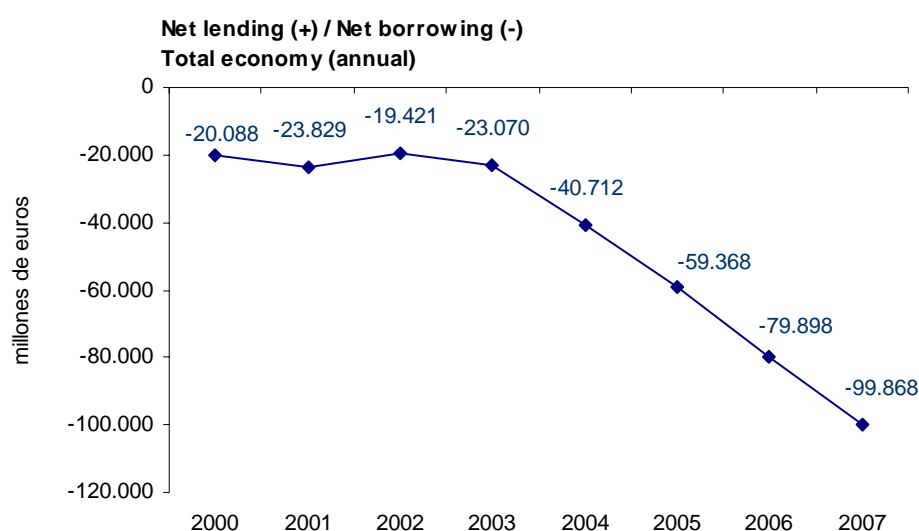
the investment of the sector, yielding a financing capacity of 23,398 million euros, accounting for 2.2% of GDP in 2007¹.

As per non-financial corporations, their disposable income decreased in 2007 by 13.3%, despite the 7.4% increase in operating surplus. The factors that determined said behaviour were the worst balances of net property income (12,562 million euros more negative than in 2006) and current transfers (1,015 million euros more negative than the previous year), and the increase in the payment of corporate tax (24.0%).

The investment of non-financial corporations was 13.9% greater than in 2006, which favoured the increase in the financing need of this sector, which stood at 110,970 million euros, 10.6% of annual GDP.

Finally, financial institutions showed a financing capacity of 16,972 million euros, 1.6% of GDP for 2007.

As an additional result, in 2007 the national economy recorded a foreign financing need of 99,868 million euros, 9.5% of GDP and 1.4 points higher than that from the year 2006.

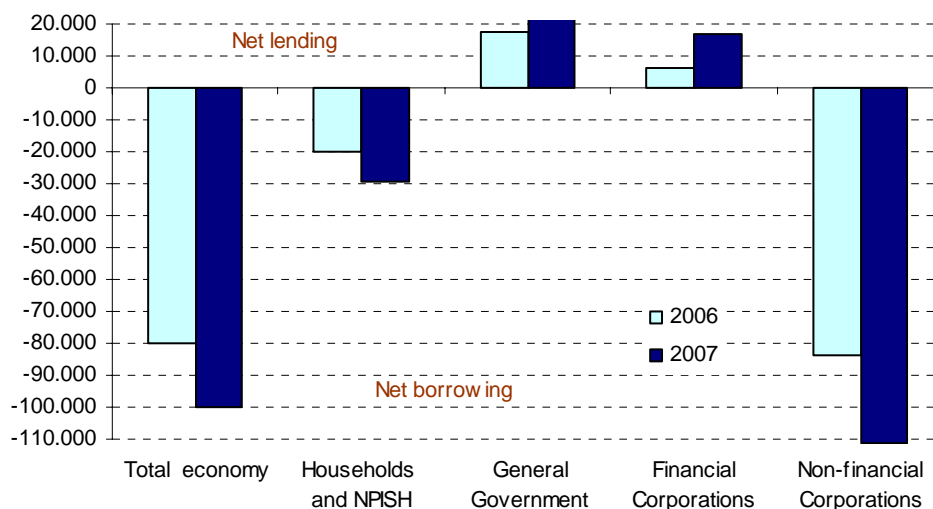


Net lending (+) / Net borrowing (-)

unit: million euro

Institutional sector	2006	2007	difference
Households and NPISH	-19.986	-29.268	-9.282
General Government	17.555	23.398	5.843
Financial Corporations	6.022	16.972	10.950
Non-financial Corporations	-83.489	-110.970	-27.481
Total Economy	-79.898	-99.868	-19.970

¹This fact was strictly coherent with the one transmitted to the European Authorities on 28 March within the framework of the Protocol on Excessive Deficits.



From the perspective of the accounts from the rest of the world, the growth of the financing need of the economy between 2006 and 2007 was explained, on the one hand, by the behaviour of the balance of goods and services transactions abroad, which increased by 8,377 million euros, as a result of the greater increase in imports (8.9%) than in exports (7.7%). It was explained, on the other hand, by the worsening of the balance of income and current and capital transfers, which increased by 11,593 million euros.

The results for the period from the first quarter of 2000 to the fourth quarter of 2007 are available on the INE web page (www.ine.es/en/welcome_en.htm). 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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