

2 April 2009

**Quarterly Spanish National Accounts. Base 2000**  
**Quarterly Non-Financial Accounts for the Institutional Sectors**  
**Fourth quarter of 2008**

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- In the fourth quarter of 2008, the savings rate for households and non-profit institutions serving households (NPISH) reaches 23.7% of their disposable income, 3.7 points more than one year ago. **Considering mobile periods of the last four quarters as a reference, the savings rate recovers 1.1 points to 13.0%.**
- Net lending of households and NPISH during the fourth quarter stands at 26,801 million euros, 9.5% of GDP.
- Net borrowing reaches 0.9% of GDP in non-financial corporations, and 17.0% in the General Government. Financial institutions obtain net lending of 0.7% of quarterly GDP.
- Net borrowing of the whole of the economy against the rest of the world is estimated at 21,475 million euros, 7.6% of GDP for the quarter.

**Year 2008**

- **The savings rate for households and NPISH increases 2.8 points over the year 2008, and stands at 13.0% of their disposable income.** Their net borrowing increases to 6,361 million euros, 0.6% of GDP.
- Non-financial corporations increase their net borrowing to 81,880 million euros, 7.5% of GDP in 2008.
- After three consecutive years of generating capacity, the general government presents net borrowing in 2008, estimated at 41,840 million euros, 3.8% of GDP.
- Financial institutions have net lending of 18,166 million euros in the year 2008, accounting for 1.7% of GDP.
- Net borrowing of the economy against the rest of the world in 2008 is estimated at 99,193 million euros, 9.1% of GDP and six tenths less than in 2007.

## Households and Non-profit Institutions Serving Households Sector

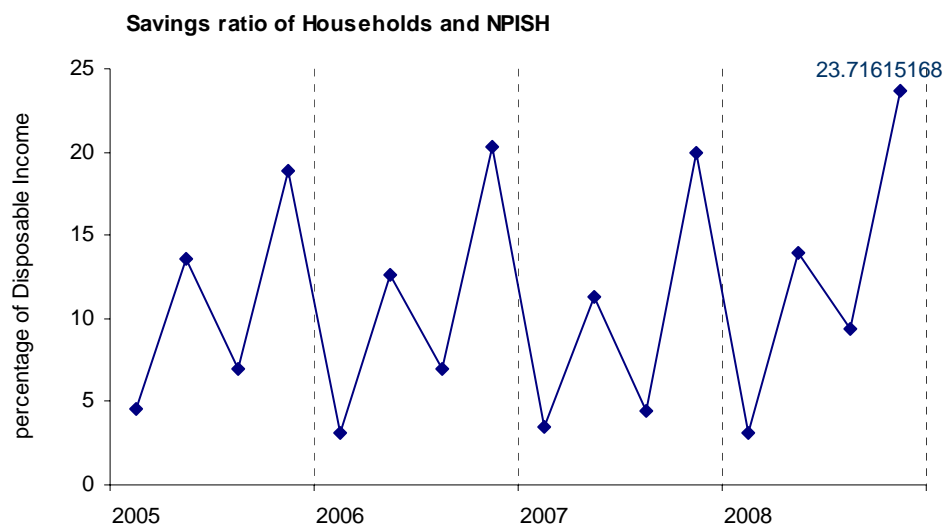
During the fourth quarter of 2008, disposable income for the Households and Non-profit Institutions Serving Households Sector (NPISH) increased 4.3%, that is, 7,969 million euros more than in the same quarter the previous year.

This result was due, first of all, to the increase in the balance of primary income (1.9%), in which the increases in operating surplus and mixed income, and in employee remuneration (4.2% and 1.7%, respectively), were worth noting. Conversely, the balance of property income (interests, dividends, etc.) decreased 9.2%, as a result of the greater decrease in paid income (9.7%) than in income received (9.4%).

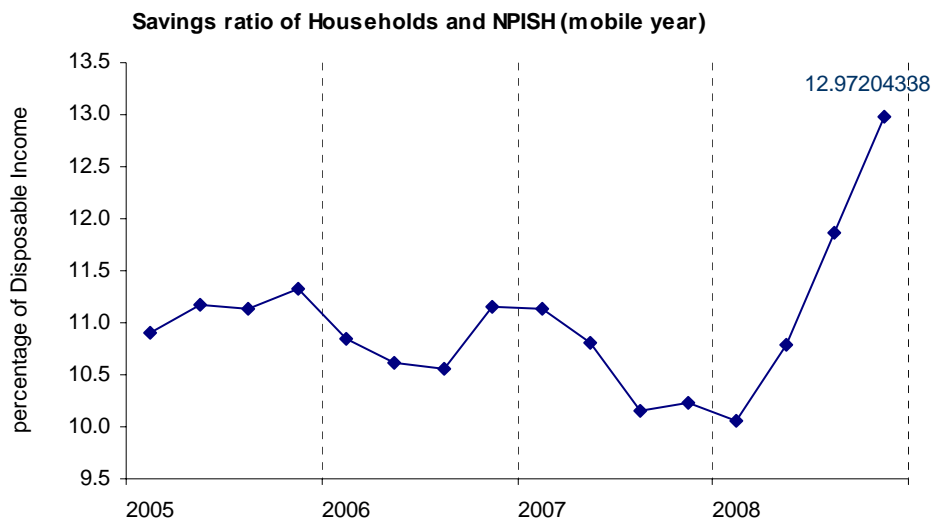
In turn, disposable income for households was affected by the significantly greater volume of social benefits received by households than the volume of social contributions paid (the former grew 6.6%, and the latter grew 1.7%). Lastly, income taxes, wealth taxes, etc., paid by households, decreased 5.4% during this quarter.

In absolute terms, the disposable income of the sector was estimated at 192,908 million euros for this fourth quarter.

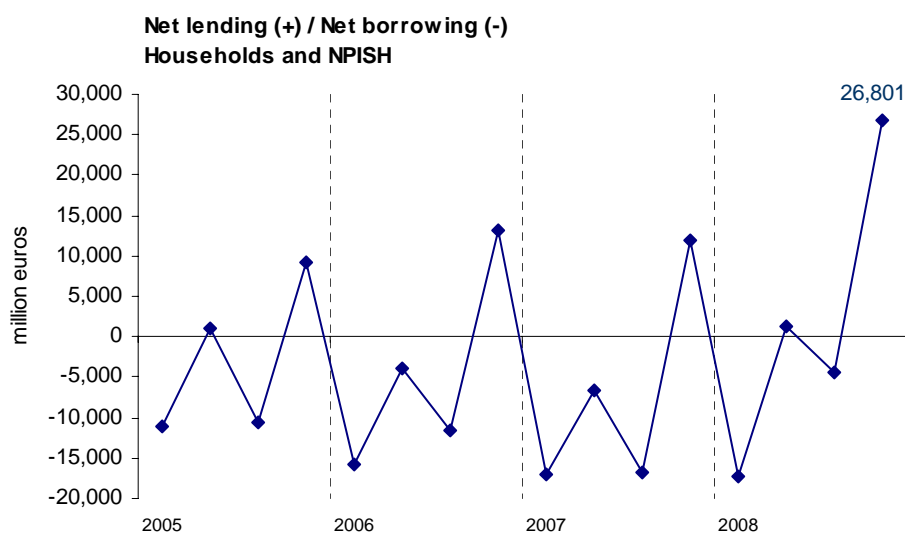
Regarding the use of said disposable income, the drop in household and NPISH final consumption expenditure this quarter (0.6%) favoured an interannual increase of 24.0% in savings, whose total value reached 45,937 million euros. The savings rate was therefore 23.7% of disposable income, 3.7 points more than in the fourth quarter of 2007.



Considering mobile periods of four quarters, the last period (from the first to the fourth quarter of 2008) showed a savings rate for the sector recovering 1.1 points, to stand at 13.0% of their disposable income.



Considering capital accounts, the savings generated by households and NPISH, together with a positive balance of 1,513 million euros due to net capital transfers received, was sufficient to finance the volume of investment made by the sector, which reached 20,649 million euros this quarter, 23.6% less than during the same period of 2007. Thus, the sector had net lending of 26,801 million euros (9.5% of quarterly GDP).



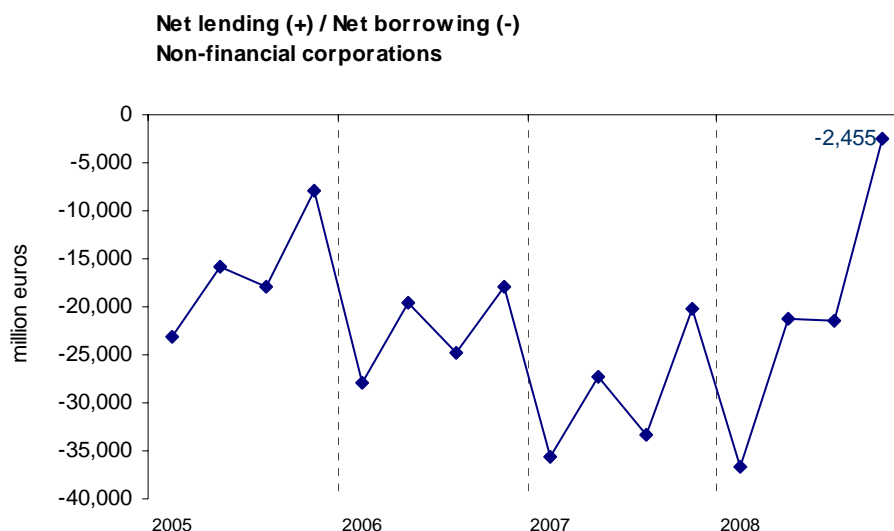
## Non-Financial Corporations Sector

During the fourth quarter of 2008, non-financial corporations experienced an increase of 52.2% in disposable income.

In fact, the balance of primary income decreased 5.0%, as a result of the 4.2% growth in the operating surplus of the sector, and of the 24.2% increase in the net property income paid.

However, this decrease in the balance of primary income was compensated by the substantial decrease in corporate taxes (63.4%) and by the maintenance of the amount of net current transfers paid to the remaining sectors. As a result, in absolute terms, the disposable income of the sector reached 22,950 million euros during this fourth quarter.

This amount of disposable income, linked to the positive balance of 6,457 million euros corresponding to transfers of net capital received, was not sufficient to finance the total investment volume of the sector. In short, non-financial corporations generated an estimated net borrowing of 2,455 million euros. This figure accounted for 0.9% of quarterly GDP, and was 6.4 points lower than the figure recorded one year prior.

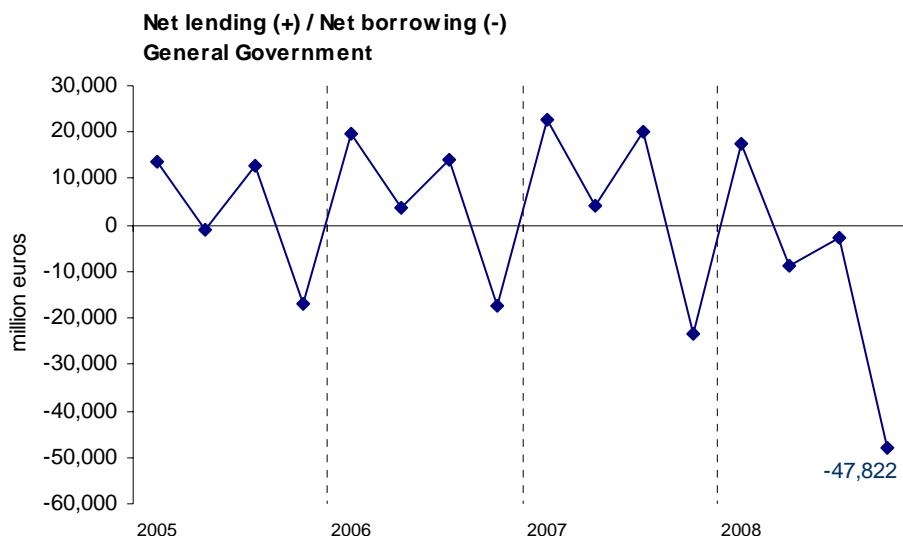


## General Government Sector

The general government decreased its disposable income by 26.1% during the fourth quarter of 2008, reaching a figure of 48,549 million euros. This behaviour was due to the interannual decrease (20.5%) experienced by net taxes, in which those linked to production and imports recorded a negative evolution (-11.4%), while those related to income and wealth decreased (26.6%). This decrease was accentuated by the increase in social contributions received (0.9%), which was less than that of the benefits paid (6.6%).

In turn, final consumption expenditure of the general government grew 8.4 points, which together with the decrease in disposable income, led to the savings generated reaching 505.5% less than that of the fourth quarter of the previous year, standing at an absolute value of -17,877 million euros.

Said savings, reduced by 6,012 million euros by the net balance of capital transfers, and by the investment flow of the general government, which during this quarter stood at 23,933 million euros, drove the net borrowing of the sector to 47,822 million euros, 17.0% of GDP for the quarter.

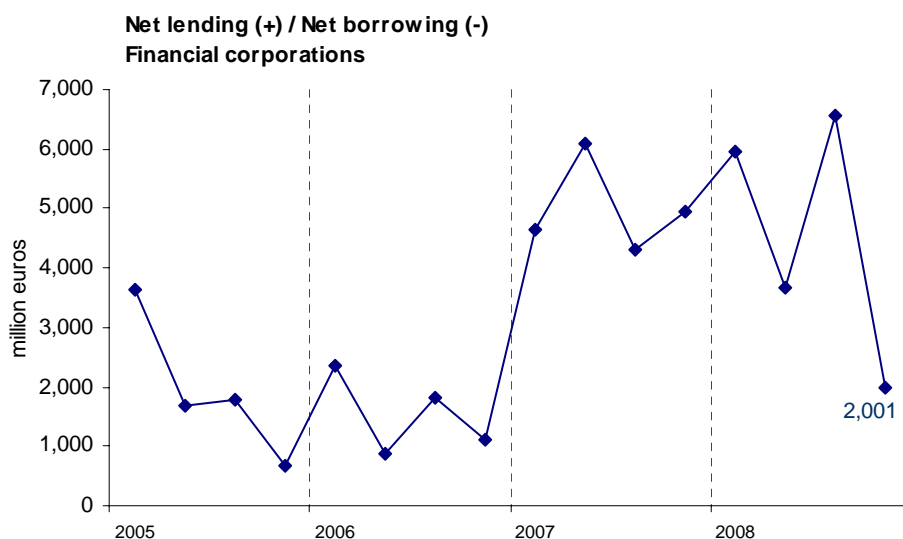


### Financial Institutions Sector

The disposable income of the financial institutions sector increased 51.4% to stand at 7,901 million euros in the fourth quarter of 2008.

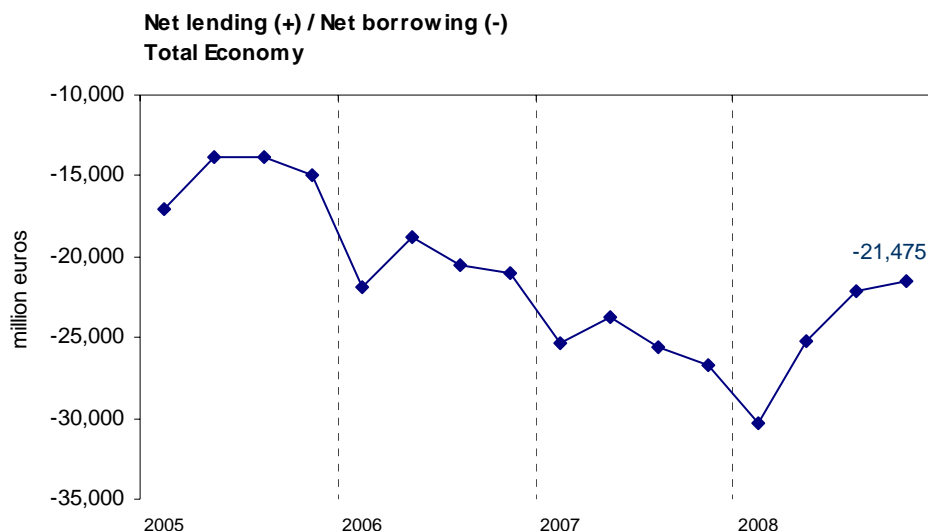
Although operating surplus grew (9.8%), the net positive balance of property income received, which went from -174 million euros in the fourth quarter of 2007 to 2,000 million euros during the reference year, was the main cause of the increase in the disposable income of the sector.

The increase in disposable income, moderated by the greater negative balance of capital transfers received, and the increase in the investment of the sector, allowed it to generate net lending estimated at 2,001 million euros. This figure accounted for 0.7% of quarterly GDP, 1.1 points less than one year ago.



## National Economy

As a result of the behaviour of all institutional sectors, the national economy showed net borrowing against the rest of the world of 21,475 million euros in the fourth quarter of 2008. This figure represented 7.6% of GDP, two points less than that estimated for the same period the previous year.



The smaller net borrowing of the Spanish economy was the main result of the better performance, both in the foreign balance of goods and services and in capital, and of the decline in the performance of income and transfers.

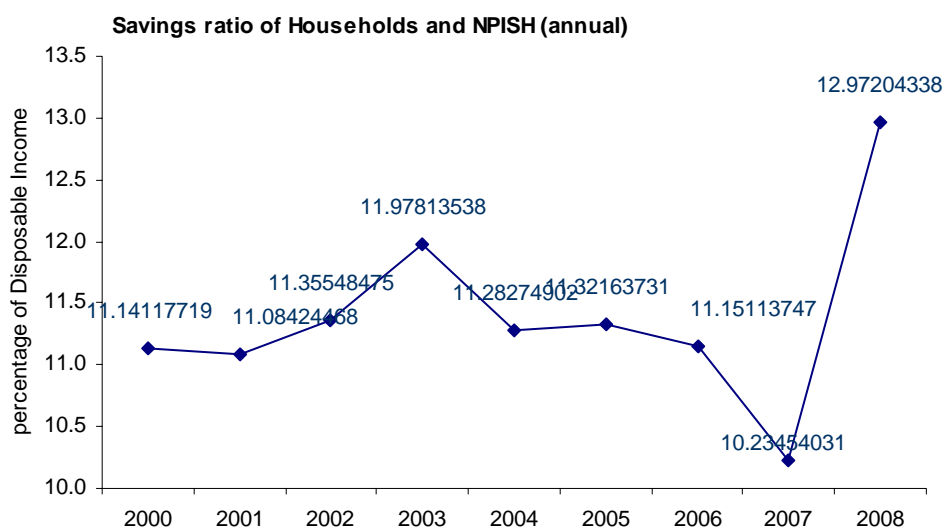
In fact, the greater decrease in imports (13.9%) than in exports (4.5%) produced, as a result, a balance 42.6% less negative than the balance of goods of services, which reached -13,260 million.

Lastly, the foreign balance of income and current and capital transfers decreased by 4,624 million euros over the result from the previous year, to stand at -8,215 million euros.

## Annual estimates

The data showing the behaviour of the different institutional sectors over the entire year were obtained by grouping the estimates corresponding to the four quarters of 2008.

**Households and NPISH increased their savings rate 2.8 points for the whole of the year 2008, to stand at 13.0% of their disposable income**, as a result of the greater increase in gross disposable income (7.0%) than in final consumption expenditure (3.9%).



In the analysis of the different household income resources, the balance of primary income grew 5.2%, as a consequence of the increases in employee remuneration (4.7%) and in operating surplus and mixed income (7.1%), as well as in a decrease of three tenths in the net balance of property income (those received grew 4.8%, while those paid grew 11.5%).

The savings generated by households and NPISH reached 93,307 million euros. These savings, linked to the 4,878 million euros corresponding to the balance of capital transfers received, allowed for financing the investment flow of households and NPISH, estimated at 91,824 million euros, 9.7% lower than in the year 2007.

The sector thus presented net lending of 6.361 million euros, 0.6% of GDP.

In terms of the remaining institutional sectors, the most significant fact from the perspective of the examination of balances, was that the general government had net borrowing, after three consecutive years of lending.

In fact, the disposable income of the general government dropped in 2008 at a rate of 15.8%, mainly due to the decrease in net taxes received (13.7%). The greatest drop corresponded to those linked to production and imports (14.1%), while those linked to income and wealth decreased 13.4%.

The final consumption expenditure of this government increased 9.0%, which caused a considerable decrease in savings, which did not reach a level high enough to finance the

investment of the sector, yielding net borrowing of 41,840 million euros, accounting for 3.8% of GDP in 2008<sup>1</sup>.

As per non-financial corporations, their disposable income increased 42.7% in 2008, with an operating surplus increase of 9.5%. The worst balances of net property income (8,081 million euros more negative than in 2007) and current transfers (478 million euros worse), were compensated by the decrease in the payment of corporate taxes (39.9%).

The investment of non-financial corporations was 2.4% less than in 2007, which favoured the decrease in the net borrowing of this sector, which stood at 81,880 million euros, 7.5% of annual GDP.

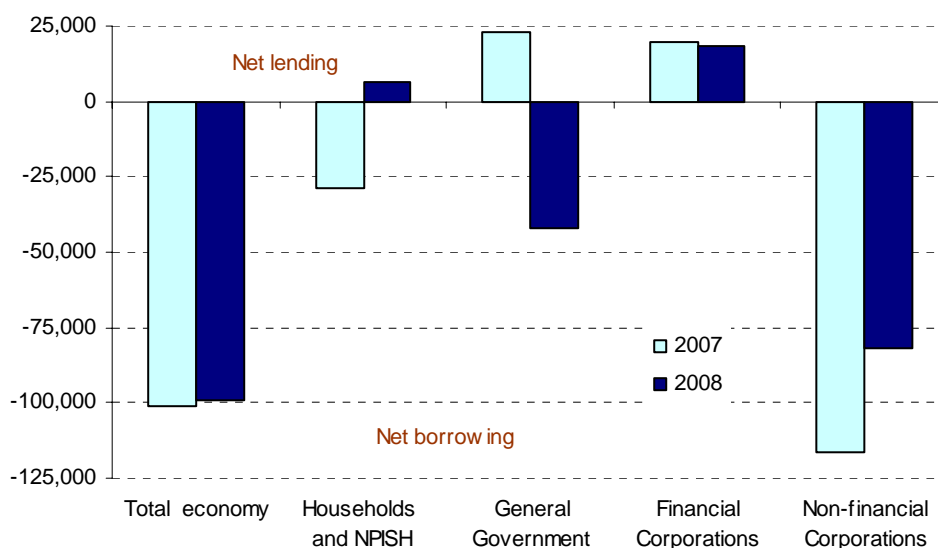
Lastly, financial institutions showed net lending of 18,166 million euros, 1.7% of GDP for 2008.

As an additional result, in 2008 the national economy recorded a foreign net borrowing of 99,193 million euros, 9.1% of GDP and six tenths less than that from the year 2007.

## Net lending (+) / Net borrowing (-)

unit: million euros

| Institutional sector       | 2006            | 2007           |
|----------------------------|-----------------|----------------|
| Households and NPISH       | -28,448         | 6,361          |
| General Government         | 23,272          | -41,840        |
| Financial Corporations     | 19,988          | 18,166         |
| Non-financial Corporations | -116,224        | -81,880        |
| <b>Total Economy</b>       | <b>-101,412</b> | <b>-99,193</b> |



<sup>1</sup>This fact was strictly coherent with that transmitted to the European Authorities on 31 March, within the framework of the Protocol on Excessive Deficits.



From the perspective of the accounts in the rest of the world, the decrease in the net borrowing of the economy between 2007 and 2008 was explained, on the one hand, by the behaviour of the balance of goods and services transactions abroad, which decreased by 7,585 million euros, as a result of the smaller increase in imports (1.0%) than in exports (4.0%). It was also explained, on the other hand, by the improvement in the balance of income and current and capital transfers, which increased to 5,366 million euros.

## More information

**The results for the period from the first quarter of 2000 to the fourth quarter of 2008 are available** on the INE web page ([http://www.ine.es/en/welcome\\_en.htm](http://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.