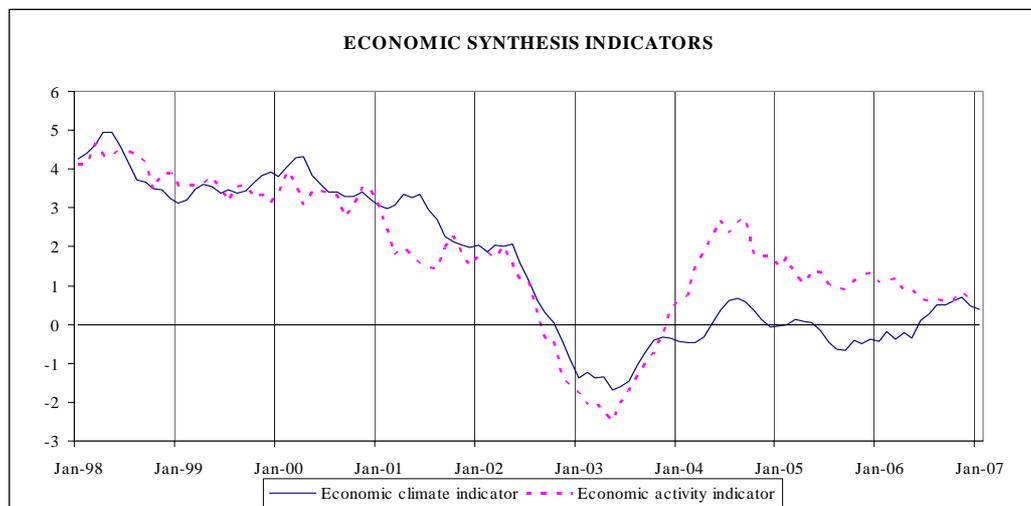


## Economic Short-term Synthesis

### Fourth quarter 2006

During the fourth quarter the pace of the economic activity was similar to the one of the precedent quarter. This signal is extracted from the economic climate and the activity indicators, even if other quantitative indicators, based on the Short Term Statistics, show some slowdown. The set of available information also points to a stronger economic growth in the second half of 2006 than in the first. By sector of activity, only construction had a deeper contraction in the second half of the year, although it is not unlikely to admit some recovery in the fourth quarter. General economic activity was sustained by external demand, whereas domestic demand grew worse in comparison to its positive behaviour of third quarter. Private consumption slowed down and investment returned to a negative performance. On the other hand, exports' dynamism has to be stressed, once its growth continued to be stronger than the one of the external demand indicator. On the labour market the evolution was also somewhat deceiving, since the clearly positive signs of the preceding quarter were not maintained. In the fourth quarter there was a slight growth of employment and an increase of unemployment. The unemployment rate increased on a year on year basis, whereas in the third quarter this rate had diminished. Neither the available information from employment centres nor the employment expectations by enterprises contradict this assessment, however the data presented for January is more favourable. Inflation slowed down significantly in the fourth quarter, mainly due to the price of gas and other fuels. Core inflation has also slowed down, although less intensively. In January there was a slight acceleration of inflation while core inflation continued to decelerate.



Report based on information available up to February 21, 2007.

*Next report will be released on March 19, 2007.*

#### NOTES

With exception of situations duly identified, the values presented in tables and graphs and others that also serve for the analysis are, in the case of quantitative series, year-on-year rates of change (y.r.) under three-month moving average (3-mma) or, in the case of qualitative series, 3-mma of seasonally adjusted values (s.a.) or of effective values (e.v). Annual information correspond to 12-mma, with the exception of variables presented as y.r. on stocks, where the annual value corresponds to the variation of the balance at the end of the year.

Balances: differences between the percentage of respondents giving positive and negative replies. Annualised variation (a.v.). Weight (w.).



		Year 2005	Year 2006	Quarter 4 2005	Quarter 1 2006	Quarter 2 2006	Quarter 3 2006	Quarter 4 2006	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07
<b>International background</b>															
Industrial production index of customer countries	s.a./y.r./3-mma	0.8	3.0	1.4	2.6	3.2	3.3	3.0	3.5	3.4	3.3	3.6	3.2	3.0	-
Order books in industry of EU	balance/s.a.-mm3m	-18.0	-3.5	-16.9	-12.5	-4.2	0.0	2.7	-2.9	-1.4	0.0	0.5	2.0	2.7	3.1
Consumer confidence indicator in EU	balance/s.a.-mm3m	-10.7	-7.5	-10.3	-8.6	-7.9	-7.4	-6.1	-7.6	-7.6	-7.4	-7.1	-6.7	-6.1	-6.1
Unemployment rate in EU	s.a./%	8.7	7.9	8.5	8.2	7.9	7.8	7.6	7.8	7.8	7.8	7.7	7.6	7.6	-
Harmonised index of consumer price in EU	y.r.	2.2	2.2	2.3	2.3	2.5	2.1	1.8	2.4	2.3	1.7	1.6	1.9	1.9	-
Production price index of supplying countries	y.r./3-mma	3.8	4.2	3.7	4.3	4.8	4.5	3.2	5.1	5.0	4.5	3.8	3.3	3.2	-
<b>Economic activity</b>															
Economic climate indicator	balance/3-mma	-0.3	0.2	-0.4	-0.4	0.1	0.5	0.5	0.3	0.5	0.5	0.6	0.7	0.5	0.4
Economic activity indicator	3-mma	1.2	0.8	1.3	1.2	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.8	0.6	-
Total turnover index	y.x./3-mma	0.6	2.6	0.1	1.6	1.5	4.4	2.8	4.6	3.5	4.4	3.8	3.0	2.8	-
Manufacturing industry production index	y.x./3-mma	-1.6	2.0	1.2	1.8	1.3	2.5	2.3	3.6	2.7	2.5	3.2	3.1	2.3	-
Production index in construction	y.x./3-mma	-4.9	-6.6	-4.0	-3.6	-7.6	-8.1	-7.3	-6.5	-7.5	-8.1	-7.2	-6.9	-7.3	-
Retail trade turnover index (real)	y.x./3-mma	1.7	0.5	0.5	-0.1	-0.6	2.7	0.1	0.6	0.5	2.7	1.4	0.8	0.1	-
<b>Consumption</b>															
Consumer confidence indicator	balance/3-mma	-37.7	-34.2	-41.0	-37.8	-36.2	-31.9	-31.0	-35.8	-34.0	-31.9	-30.6	-31.0	-31.0	-31.3
Quantitative indicator of consumption	y.x./3-mma	2.6	1.2	1.8	1.1	1.0	1.8	1.0	1.0	0.8	1.8	1.6	1.1	1.0	-
Indicator of non-durable consumer goods	y.x./3-mma	2.4	1.6	2.1	1.1	1.8	1.9	1.4	1.8	1.5	1.9	1.6	1.4	1.4	-
Indicator of durable consumer goods	y.x./3-mma	3.8	-1.1	-0.8	1.2	-5.2	1.4	-1.7	-4.5	-3.9	1.4	1.3	-0.7	-1.7	-
Sales of passenger vehicles	y.x./3-mma	3.3	-5.8	-2.9	-2.5	-9.3	-3.3	-7.3	-10.8	-9.5	-3.3	-1.4	-5.4	-7.3	-9.7
Credit for consumption	y.x./stocks	3.8	-	3.8	6.3	17.2	23.2	-	19.8	19.3	23.2	22.4	22.3	-	-
<b>Investment</b>															
GFCF indicator	3-mma	-2.7	-3.8	-2.8	-1.7	-5.4	-3.1	-4.9	-7.2	-5.8	-3.1	-1.4	-3.5	-4.9	-
Cement sales	y.x./3-mma	-7.0	-	-6.2	-3.2	-11.3	-9.9	-	-8.7	-8.1	-9.9	-10.0	-12.4	-	-
Sales of steel for concrete	y.x./3-mma	-10.1	-	9.1	8.1	14.3	14.2	-	19.3	15.2	14.2	22.4	9.1	-	-
Adjudication of public works	y.x./acumul2m	-32.2	-	-32.2	-43.6	-41.1	-52.1	-	-42.1	-46.8	-52.1	-55.6	-59.5	-	-
Credit for purchase of habitation	y.x./stocks	11.9	-	11.9	17.2	16.2	15.2	-	15.7	15.6	15.2	14.9	14.5	-	-
Licenses for construction of new habitations	y.x./3-mma	-3.4	-5.2	-3.5	1.2	-2.8	-6.8	-12.9	2.4	-1.2	-6.8	-5.0	-8.4	-12.9	-
Machinery and equipment indicator	3-mma	-1.9	0.0	-2.6	0.0	-3.5	0.2	3.3	-4.0	-2.8	0.2	2.8	3.5	3.3	2.9
Sales of light commercial vehicles	y.x./3-mma	-1.8	-7.3	-3.4	-5.5	-15.7	-6.4	-1.0	-14.8	-14.9	-6.4	-2.2	-1.5	-1.0	-1.1
Sales of new heavy commercial vehicles	y.x./3-mma	0.1	12.9	-5.7	9.3	26.0	52.0	-31.9	-36.4	-22.3	52.0	40.7	27.5	-31.9	-17.6
<b>External demand</b>															
External demand indicator in value	s.a./y.x./3-mma	10.4	-	12.7	14.1	12.1	9.0	-	11.7	10.3	9.0	9.3	7.5	-	-
External order books	balance/3-mma	-23.7	-14.4	-17.3	-19.3	-14.0	-13.7	-10.7	-12.0	-9.3	-13.7	-14.0	-11.7	-10.7	-9.7
Forecasted evolution of exports	balance	-4.8	-0.2	-3.3	-0.7	-1.7	0.0	1.7	n.d.						
Exports of merchandises in value	y.x./3-mma	2.8	12.4	4.3	11.5	12.3	13.1	12.7	16.6	16.4	13.1	14.3	12.0	12.7	-
Imports of merchandises in value	y.x./3-mma	5.5	7.9	3.6	10.9	7.0	8.6	5.5	11.5	11.0	8.6	7.0	5.9	5.5	-
<b>Labour market</b>															
Unemployment rate	%	7.6	7.7	8.0	7.7	7.3	7.4	8.2	n.d.						
Unemployed registration along the month	s.a./y.x./3-mma	4.1	1.2	3.9	3.9	-0.6	-1.1	2.9	1.6	0.9	-1.1	1.8	2.1	2.9	-1.0
Unemployment expectations	balance/3-mma	49.0	43.8	53.5	50.6	45.2	40.0	39.3	44.2	42.4	40.0	39.3	39.3	39.3	38.4
Vacancies along the month	s.a./y.x./3-mma	5.3	3.6	16.5	4.4	3.8	7.2	-0.9	7.3	2.3	7.2	8.3	7.0	-0.9	3.1
Employment indicator (short-term indicators)	y.x./3-mma	-2.4	-2.1	-2.1	-2.3	-2.1	-2.0	-1.9	-2.1	-2.1	-2.0	-2.0	-1.9	-1.9	-
Wage negotiation	a.v./3-mma/w.	2.7	2.8	2.5	2.8	3.1	2.6	2.6	2.8	2.8	2.6	2.8	2.7	2.6	2.6
<b>Prices and exchange rates</b>															
Consumer price index	y.r.	2.3	3.1	2.7	3.2	3.7	3.0	2.5	3.0	2.9	3.0	2.7	2.4	2.5	2.6
Core inflation indicator	y.r.	1.5	1.9	1.8	1.9	1.8	2.0	1.9	2.0	2.0	2.0	1.9	1.9	2.0	1.8
Consumer price index - goods	y.r.	1.9	3.2	2.4	3.2	4.0	3.2	2.5	3.2	3.0	3.2	2.6	2.3	2.5	2.6
Consumer price index - services	y.r.	3.0	2.9	3.0	3.1	3.1	2.7	2.6	2.9	2.6	2.8	2.7	2.6	2.6	2.6
Manufacturing industry production price index	y.x./3-mma	3.5	4.6	3.5	5.0	5.6	4.9	2.8	5.7	5.5	4.9	3.9	3.2	2.8	2.8
Expectations of prices in manufacturing industry	bal./s.a./3-mma	1.3	6.2	2.3	8.7	8.0	2.7	5.7	8.0	3.7	2.7	3.3	4.3	5.7	6.7
Exchange rate euro/USD	y.r.	0.1	0.9	-8.2	0.0	-0.2	4.5	8.5	5.4	4.2	3.8	5.0	9.3	11.4	7.4
Exchange rate euro/JPY	y.r.	1.8	6.6	1.7	0.0	6.2	9.2	8.9	8.9	9.2	9.5	8.4	8.3	10.1	12.0