



Twenty-three reasons for optimism in Spain

Allow me to offer you twenty-three hopeful statistics:

1. Spain has emerged from recession and dispelled the risk of a bailout that hung over our country in 2012. In the third quarter of 2013, the Spanish economy began to grow again. In the third quarter of 2014, this growth has continued at a rate of 1.6%. The European Commission's forecast for Spain indicates a growth rate of 1.2% for the current year, and of 1.7% for 2015.
2. In the year 2012, public deficit was reduced by nothing less than two GDP percentage points, that is, in one single year and during a recession —one of the greatest fiscal consolidations seen in the Eurozone. When the year 2013 ended, Spain had a deficit of 6.33%, *lower* than our target figure. In the first eight months of 2014, public deficit has been cut by another 12.4%.



3. The balance of payments current account deficit, which reached 9.6% of GDP in 2008, had dropped to 0.9% by the first half of 2014, thus providing the world with the clearest indicator that Spain has cleaned up its trade situation.
4. In 2013, exports rose by 5.2%, amounting to 234.24 billion euros, the highest figure in Spain's history. Spanish exports continued growing from January to September 2014, with a year-on-year increase of 1.9%, hitting 178.39 billion euros. Spain's trade deficit was slashed by 48.1% in 2013.
5. Inflation is perfectly under control and, discounting tax increases, it will be negative; in 2013, the CPI closed at 0.3%, the lowest rate since 1961; in September 2014, it was actually negative (-0.2%).
6. The spread of Spanish sovereign debt against the German Bund has experienced a steady downward trend, to approximately 130 basis points, far below the 649 basis points reached in July 2012.



7. The Spanish Treasury has been able to pay lower and lower interest rates, due to the fact that, at the most recent debt auctions, demand has by far exceeded targets. At the latest auctions, yields have fallen to euro-era lows.
8. The biggest Spanish corporations are also being able to finance themselves by issuing bonds at unprecedented interest rates; *Telefónica* issued debt at the lowest rate in its history, and *Repsol's* seven-year bonds were issued at the lowest rate paid by a Spanish company since the launch of the euro.
9. Financing is finally reaching businesses and households. Credit lines for SMEs and household consumer borrowing are already on the rise. These figures started heading upwards in December 2013, their first uptick in two years. Even the mortgage market is showing positive signs. In March 2014, there was a 40% year-on-year increase in new home purchase loans.



10. The indebtedness of companies and households has fallen to levels that have not been seen since before the economic crisis broke out in 2007.
11. The pace of business start-ups has picked up in Spain; 93,363 new companies were registered in Spain in 2013, a 7.1% increase on the previous year. And in just the first five months of this year, 43,608 new companies have been created, 1% more than last year.
12. Spain's manufacturing sector hit a four-year high in May, after six consecutive months of expansion.
13. The Industrial Production Index (IPI) of September 2014 reflected recent improvements in industrial production (1%), after eleven consecutive months of growth, something that had not occurred since 2007.
14. The Spanish tourism industry has broken new records, making Spain the world's second tourist destination in revenue terms, after the USA. In 2013, 60.6 million tourists visited Spain, generating 59.08 billion euros in revenue.



These positive figures held steady between January and September 2014, when Spain reached another record high, that of 52.4 million international tourists (7.4% higher than the previous year), and tourist spending for the month of September was up 6.8%.

15. After 38 consecutive months of decline in year-on-year terms, retail sales were in black once again, and in November 2013, rose by 2% compared to the same month in 2012. In April 2014, retail sales continued to increase, resulting in a 1.1% rise.

16. Unit labour costs, a measure showing the Spanish economy's degree of competitiveness, are 20% lower in Spain than in the rest of Europe. The Employers' Council on Competitiveness has forecast a new decrease in unit labour costs of 1.5% for the 2013-2014 period, "compared with a 2.9% rise" in the average for the other major Euro Zone countries.

17. Jobs are being created again for the first time since 2007. The Labour Force Survey for the third quarter of 2014



confirms an annual increase rate of employed people of 1.6%, the first positive rate in six years. The unemployment rate dropped again, standing at 23.7%, two percentage points lower than that of a year ago.

18. The Consumer Confidence Index for December 2013 (71 points) almost doubled that of December 2012. This upward trend has continued, reaching 84.9 points in May 2014.

19. The confidence of international institutions and markets regarding the Spanish economy is very positive. The headline of a report by Morgan Stanley was self-explanatory: “Viva España”; it predicted that growth would double previous forecasts. JP Morgan has referred to Spain as “Europe’s next big success story”, and recently the IMF Managing Director, Christine Lagarde, said that “Spain is the only country in the Eurozone for which we have revised forecast upwards, so it is a country where reforms, the hard work being done and the sacrifices made by the people are paying off”.



20. The three major rating agencies (Fitch, Standard & Poor's and Moody's) have upgraded their forecasts for Spain to "stable".

21. Foreign investors injected nearly 88.76 billion euros into Spain in 2013—compared to the 174.33 billion they took out in 2012. Media headlines have changed from "Pain in Spain" to "Gain in Spain".

22. During 2013, the Spanish stock market experienced a turning point. The Ibex 35 stock market index rose by 21.4% that year, and in the first ten months of 2014, it grew by 7%.

23. And, as Prime Minister Mariano Rajoy said, "Spain is witnessing a change in cycle, and we Spaniards have earned the right to be hopeful."

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