

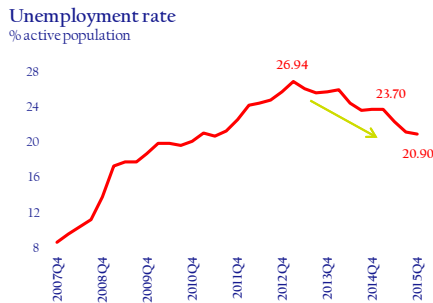


SPAIN

Labor Force Survey 4Q 2015 [\(INE\)](#)

Reducing unemployment

The year 2015 ended with 4,779,500 people out of work (20.9% of the active population), which was 678,200 fewer people than a year ago. In the 4Q unemployment dropped by 71,300 persons.



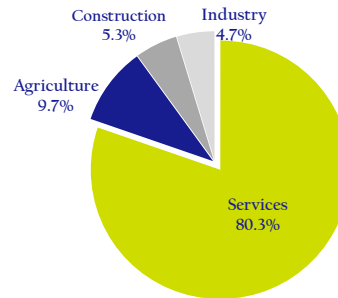
Source: INE, January 2016

Homes with all the members out of work dropped by 11.9% year-on-year (-209,700 homes) to 1,556,600 homes.

Creating employment

In 2015 some 525,100 jobs were created (86% in the private sector), or 3% more than in 2014, to reach 18,094,200 workers. In the 4Q, 45,500 jobs were created.

Job distribution by sectors:



Source: INE, January 2016

Permanent employment grew by 170,600 persons, and temporary employment by 335,100, although the latter figure fell by 63,600 persons in the 4Q.

Estimating growth in GDP, 4Q 2015 [\(INE\)](#)

In the 4Q of 2015 the Spanish economy grew by 0.8% quarterly and 3.5% year-on-year (vs. 2.1% in the 4Q of 2014), principally because of increased family spending. Thus 2015 ended with an average annual advance in GDP of 3.2% (vs. 1.4% in 2014).

Leading indicator of CPI, January 2016 [\(INE\)](#)

In January, year-on-year inflation was -0.3%, 3 decimal points less than in December (0.0%), which is explained by the drop in the price of fuel and electricity.

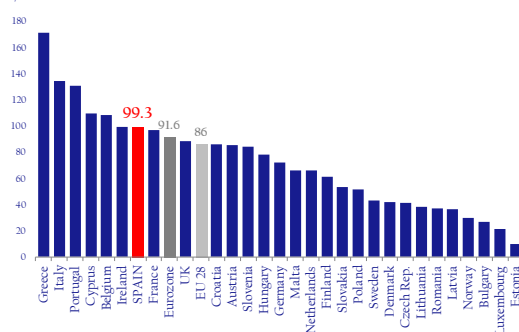
EUROPEAN UNION

Debt 3Q 2015 [\(Eurostat\)](#)

In the 3Q of 2015, public debt in the Eurozone was 91.6% of the GDP (vs. 92.3% in the 2T of 2015) and in the EU28 it was 86% (vs. 87.7%).

In Spain, it stayed at the same level as the 4Q of 2015 (99.3%), and rose 9 decimal points in comparison with the 3Q of 2014 (98.4%).

Public debt 3Q 2015 in Europe % GDP



Source: Eurostat, January 2016

Eurozone: CPI January 2016

In the Eurozone it is estimated that in January there was an annual variation in the CPI of 0.4%, or 2 decimal points more than in December of 2015 [\(Eurostat\)](#).

The greatest rise in prices came in the service sector (1.2%), food/drinks/tobacco (1.1%), and non-energy industrial goods (0.7%). At the same time, energy dropped by 5.3%.

INTERNATIONAL

USA

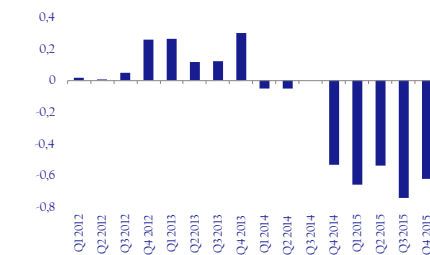
In spite of the fact that the US economy grew by 2.6% in 2016 (IMF) and that there was an improvement in its labor market (292,000 more jobs in December and 2.7 million more in 2015), some indicators raise doubts about future developments there:

- Over the past year there has been a continual drop in industrial production (-3.4% in the 4Q of 2015, reaching 2% below the maximum of December 2014), principally because of the decline in mining (-10%) due to a reduction in drilling for petroleum and gas (-62%).
- Reduction in company earnings in the energy sector: 5% less in the 3Q of 2015 in

comparison with the maximum that was reached in the middle of 2014.

- Reduction in private investment in the 4Q of 2015 (-2.5% quarterly) and slowdown in consumer expenditure (2.2% vs. 4.3% in the 4Q 2014).
- Appreciation of the dollar and the negative contribution to growth from exports.

Net exports, contribution to GDP growth
4Q moving average

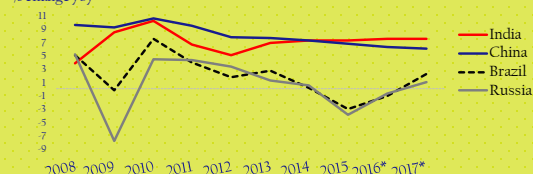


Source: IMF, 2016

Emerging economies

In 2015, India's GDP continued to grow strongly (+7.3%) in contrast to the slowdown in China (+6.9%) and the recessions in other emerging nations like Russia (-3.7%) and Brazil (-3.8%).

Emerging economies, GDP growth
% change yoy



* Forecast
Source: IMF, January 2016

India-China

India continues to avoid the slowdown in the economies of most emerging nations and comes on strong as an alternative to China, which continues to lag behind it. While China grew at an average rate of 10% over the past three decades, India did so at 6%, due mostly to its lower investment in physical capital and technology.

India and China

| | India | | China | |
|----------------------------|-------|---------|-------|---------|
| | 1980 | Current | 1980 | Current |
| Population | 686 | 1,296 | 987 | 1,375 |
| Weight on global GDP (ppp) | 3 | 7.1 | 2.4 | 17.2 |
| GDP per capita (\$ 2005) | 1,007 | 3,780 | 747 | 10,538 |
| Received FDI* (million \$) | 81 | 28,937 | 251 | 124,497 |
| Goods exports (billion \$) | 8 | 318 | 18 | 2,343 |

* FDI annual inflows moving average 2012-14

Source: Círculo de Empresarios based on La Caixa Research, 2016

This is revealed by the following data:

- China's share of world GDP is 17.2% as against the 7.1% of India.
- China's per capita GDP has multiplied by 14, while India's only by four.
- China is more active internationally: between 2012 and 2014 it received 9.1% of world FDI flow (surpassed only by the USA), while India got 2.1%.
- In 2014 China's exported goods represented nearly 13% of the world total, as against the 1.7% of India.

Brazil

According to the IMF, Brazil's GDP will drop by 3.5% in 2016 because of the decline in the prices of petroleum, the country's political situation, and the absence of structural reforms that will allow it to become more competitive.

Russia

Its growth will decline by 1% because of the drop in oil prices and because of the sanctions imposed on it due to the conflict in Ukraine. With the ruble at historic lows, inflation has shot up to 13%, while the percentage of people living below the poverty line has grown to 32%.

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