



Así está

the economy... Nov 2015



SPAIN

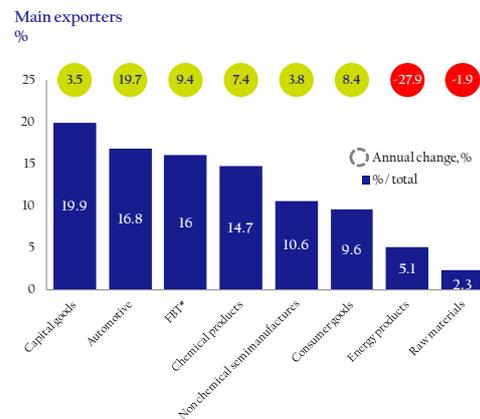
Exports, January-September 2015

Exports of merchandise to September reached 186,261.1 million euro, with an increase of 4.4% year-on-year ([Ministry of the Economy](#)). Imports also increased, 3.9%, to 204,903.1 million euro, thus confirming the recovery of internal demand.

The trade deficit was reduced by 1.1% (to 18,642 million euro). The non-energy balance had a surplus of 2,034.1 million euro (vs. 10,704 million the year before), and the energy deficit dropped 30.1%, principally because of the decline in prices.

Geographically, sales to the EU (64.7% of the total) increased 6.2% year-on-year, and the rest (35.3%) by 1.4%, with advances in the Americas, Asia and Oceania.

By sectors...



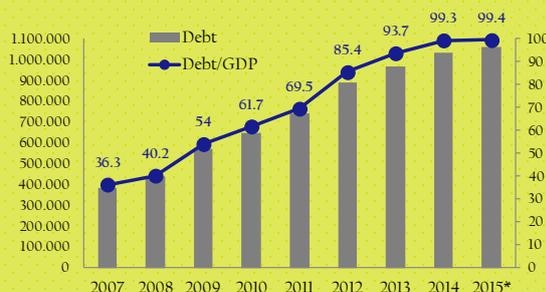
* Food, Beverages and Tobacco Manufacturing
Source: Ministry of Economy, 2015

The number of exporting companies stayed at the same levels as in 2014 (124,637).

Public debt

The debt of the Public Administrations through the third quarter reached 1,062,472 million euro, or 99.4% of the GDP, seven decimal points above the target for the year as whole ([Bank of Spain](#)).

Public debt
Millions of euro and % GDP



* Q3 2015
Source: Bank of Spain and Treasury Department, 2015

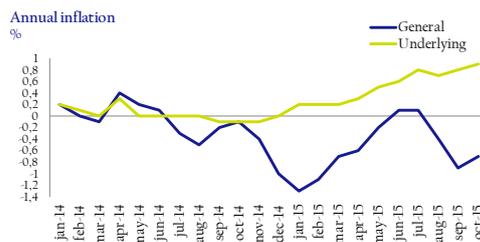
Of the total, 784,840 million correspond to medium- and long-term values; 198,258 to non-commercial credits, and 79,374 to short-term holdings.

In the second quarter, debt dropped in all the Administrations except the Regional Autonomous Communities, where it increased from 22.5% in the first quarter to 23.2%. For its part, debt in the Central Administration retreated from 74.1% to 72.9%, and that of the Local Corporations from 3.6% to 3.5%.

The Government predicts that this year the public debt will reach 98.7% of GDP, and that in 2016 it will be 98.2%, predictions that are more optimistic than those of the European Commission (101.3 % for 2015 and 2016).

CPI October

The Consumer Price Index in October was -0.7% year-on-year ([National Statistical Institute](#)), a smaller fall than in September, which is explained by a smaller drop in fuel prices, which moderated the decline in prices in the Transport sector (-5.7% vs. -6.4%). The underlying year-on-year inflation (excluding unprocessed food and energy products) rose a decimal point to 0.9%.



Source: INE, 2015



EUROPEAN UNION

Growth prospects

The expansionary monetary policy of the ECB, the low cost of petroleum and the devaluation of the euro are factors in maintaining the European Commission prediction for growth of 1.6% in 2015.

For 2016 and 2017, it estimates growth of 1.8% and 1.9%, respectively. It predicts that the factors sustaining this growth –in a setting of non-restrictive monetary policy and neutral fiscal policy– will be the recovery of world economic policy, the effects of structural reforms, and greater public spending, because of increased demand by asylum seekers.

By countries, the predictions are for improvement in Italy and Spain, and a worsening of the situations in Germany and France.

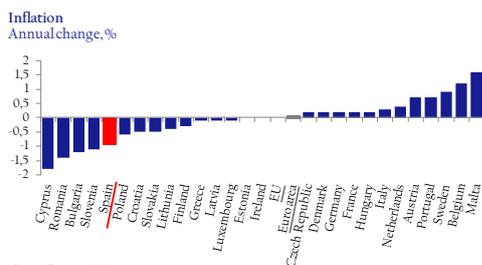
Growth prospects
Annual change %

	Prospects- Autumn 2015			Change over Spring 2015 prospects	
	2015	2016	2017	2015	2016
Eurozone	1.6	1.8	1.9	▲ 0.1	▼ 0.1
Germany	1.7	1.9	1.9	▼ 0.2	▼ 0.1
France	1.1	1.4	1.7	-	▼ 0.3
Italy	0.9	1.5	1.4	▲ 0.3	▲ 0.1
Spain	3.1	2.7	2.4	▲ 0.3	▲ 0.1

Source: La Caixa Research and European Commission, 2015

Inflation

Inflation in the Eurozone in October was 0.1% (vs. -0.1% in September), and in the EU it was 0% (vs. -0.1%) ([Eurostat](#)).



Source: Eurostat, 2015

By sectors...

Sectors with largest impacts on euro area annual inflation

		Impact (pp)	Annual change (%)
Positive	Vegetables	0.14	9.4
	Restaurants and cafés	0.10	1.5
	Fruit	0.07	6.2
Negative	Gas	-0.09	-4.2
	Heating oil	-0.22	-24.7
	Fuels for transport	-0.68	-13.5

Source: Eurostat, 2015

INTERNACIONAL

Japan

Following the technical recession of 2014, the Japanese economy has undergone a new drop in its GDP for two consecutive quarters (-0.7% year-on-year in the second quarter and -0.8% in the third), principally because of reduced company investment (-5%) in the

face of a slowdown of the Chinese economy. This drop has not been offset by the recovery in Japan's domestic consumption (2.1% year-on-year) or its exports (10.9%). In addition, there has been a reduction in public spending (-1.3% year-on-year).

Drop in the price of petroleum - Gulf States

The drop in the price of a barrel of crude oil (from \$115 in June of 2014 to \$50 this November) has had an important effect on the six members of the Gulf Cooperation Council (Saudi Arabia, Bahrain, United Arab Emirates, Kuwait, Oman and Qatar), which get between 60% and 90% of their revenues from hydrocarbons. The IMF calculates that their budget deficits will reach an average of some 13% of their GDP in 2015, and advises that efforts be made to control spending, reform

their policy of energy prices, and diversify their productive fabric.

In the case of Saudi Arabia, the world's largest exporter of petroleum, the deficit will reach 21.6%, in spite of having increased its production to maintain its market quota. As a result of the drop in demand, the country's crude oil reserves are climbing to record levels. In August they reached 326.6 million barrels, while exports dropped to 6.99 million barrels daily (7.28 million daily in July).

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