



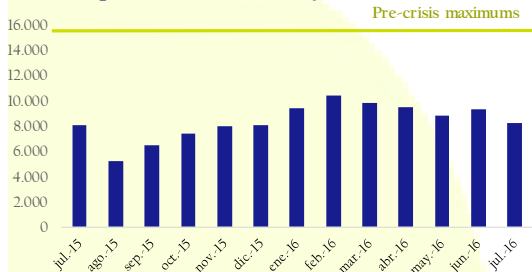
Business activity (INE)

Commercial companies

In July the creation of commercial companies increased by 1.7% over the same period of the previous year, with La Rioja as the autonomous community with the greatest growth in business dynamism (+85,7%).

By sectors, 39.4% of the companies are in the commerce and construction sector, followed by the hotel and restaurant trade (10.3%) and real estate, financial and insurance activities (10.1%).

New companies creation, montly



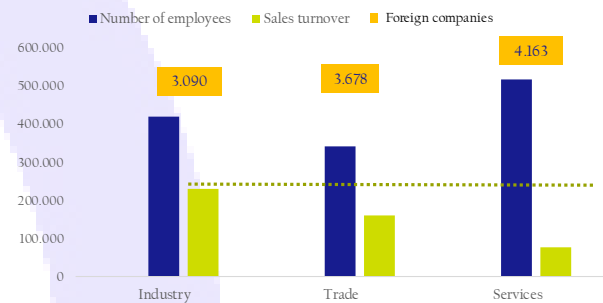
Source: Circulo de Empresarios based on Registro Mercantil, 2016

Foreign affiliates in Spain

In 2014, the number of foreign affiliates in Spain was 10,932, and they had total billings of 464,304 million euros, employing 1,273,409 persons.

The countries with the greatest volume of firms established in Spain were Germany (18.5% of the total), France (13.3%) and the USA (10.8%).

Foreign companies in Spain by sector



Source: Circulo de Empresarios based on INE, 2016

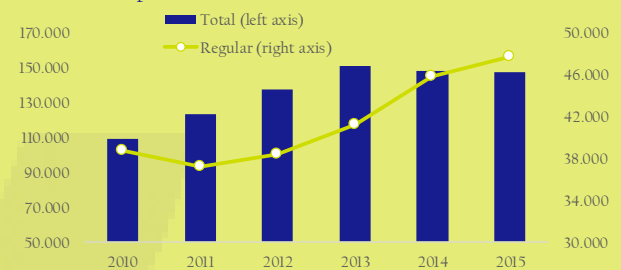
Exporting countries

In 2015, the number of registered exporters rose to 147,378, a figure similar to that for 2014, but representing 34.8% more than in 2010. Of these firms, 32.4% exported on a regular basis (four consecutive years), and accounted for 93.4% of the total value of Spanish exports.

In the first half of this year, there has been a 2% rise year-on-year in the number of exporting companies.

Merchandise external trade

Number of companies



Source: Circulo de Empresarios based on Ministry of Economy, 2016

National accounting (INE)

The new GDP calculation confirmed a growth rate of 3.2% in 2015, with domestic demand 4 decimal points lower than predicted. Also noteworthy is the upward revision of industry growth during 2015, which increased 7.4% over 2014 (it had been previously estimated at 4.6%), and accounted for 16.4% of GDP in 2015 (previously estimated at 15,5%).

Nevertheless, nominal GDP figures for 2014 and 2015 dropped by 4,315 and 5,551 million euros, respectively.

MACROECONOMIC FRAMEWORK 2015

	Previous series	Advanced series
Final consumption expenditure	3	2,6
Households	3,1	2,9
Public Administrations	2,7	2
Gross fixed capital formation	7	6,5
Domestic demand contribution (pp)	3,7	3,3
Exports	5,4	4,9
Imports	7,5	5,6
External sector contribution (pp)	-0,5	-0,1
Real GDP	3,2	3,2
Current prices GDP	1.081.190	1.075.639
Agriculture	2,3	2,3
Industry	15,5	16,4
Construction	5	5,1
Services	68	66,9
Employment	3	3

Source: Circulo de Empresarios based on INE, Bankia Estudios, 2016



Real Sector

Present situation

According to the General Notary Board, in the first six months of 2016 (in seasonally adjusted terms) 42,230 homes were sold in Spain. This represents an increase of 15.9% with respect to the same period of 2015, something principally explained by the creation of jobs, an increase in disposable income, and some more favorable financing conditions.

Real state indicators

July or latest data

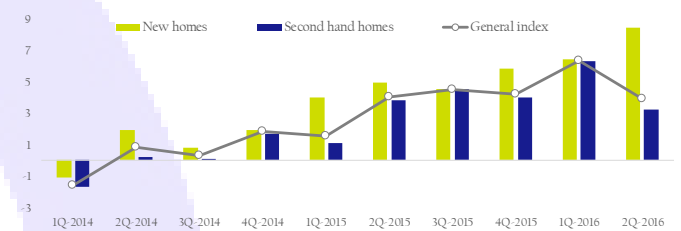
Demand indicators	
New operations interest rate (%)	1,99
New homes sales(% , YoY)	17,8
Disposable income (% , YoY)	32,2
Supply indicators	
Approval for new residential construction(% , monthly)	41,3
Cement consumption(% , monthly)	3
Construction unemployment (% , monthly)	-1,7

Source: Circulo de Empresarios based on BBVA Research, 2016

Perspectives

In the 2Q of 2016 the annual rate of change in the Home Price Index (INE) was 3.9% higher (6.3% in the 1Q), thus confirming the trend toward price increases that was begun in 2015. Predictions for the second half of the year are positive, although there is expected to be slight moderation in prices due to Spain's political uncertainty and predictions of slower economic growth.

Annual home sales prices (IPV)
General index



Source: Circulo de Empresarios based on INE, BBVA Research, 2016

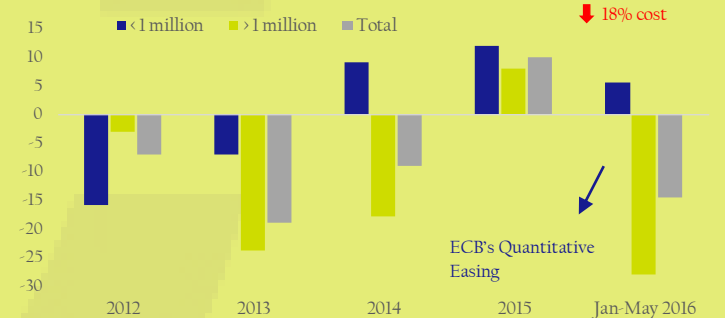
Financing costs

Since 2014, credit conditions among companies have improved notably in part due to:

- The cleanup of the banking system
- The recovery of solvent demand for credit
- The financial deleveraging
- ECB monetary easing

In addition to this, the gap between large size and small size companies interest rates has reduced almost a half since august-12 (288 bp → 119 bp), in line with the Eurozone average.

New credit operations
Annual change (%)



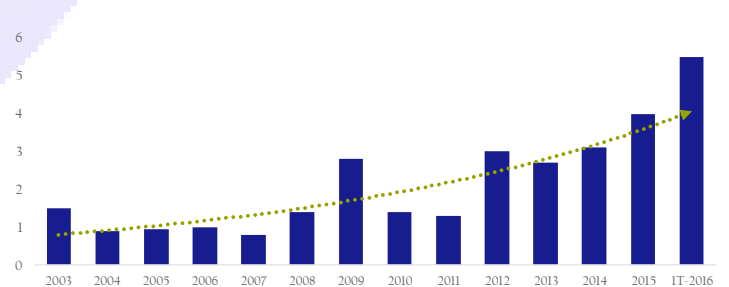
Source: Circulo de Empresarios based on BBVA-IVIE, 2016

Non performing loans

According to the IMF, the non performing loans rate in China is increasing, and is now approximately at 14% (35% of GDP). The eventual cost of a bailout could rise to 30% of the GDP, one of the largest figures in world history.

Moreover, massive levels of stimulus in order to prevent a hard landing of the chinese economy thus far, will not last.

Yuan of credit growth required to generate 1 yuan of China GDP growth
¥



Source: Circulo de Empresarios based on Morgan Stanley Research, 2016

* Official data: 2%

** China need 6 yuan credit growth to generate 1 yuan of China GDP growth

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