



Payment performance

Average payment time (INFORMA)

In the 2Q of 2016 the average payment period continued to drop, reaching 91.48 days, its lowest level since the 2Q of 2014, and 3.37 days lower in year-on-year terms.

For its part, the proportion of punctual payments by companies (47.52%) increased 4 percentage points in comparison with the same quarter of the previous year.

Average payment period

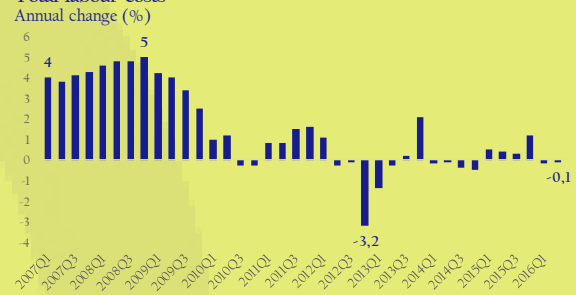


Source: Informa, 2016

Labour costs for companies

According to the Quarterly Survey of Labor Costs, in the 2Q of 2016, labor costs for companies dropped 0.1% year-on-year to 2,589€ per month (1,943€ in salaries; 585.96€ to Social Security contributions; and the rest to financial compensations, to social benefits...).

Total labour costs



Source: INE, 2016

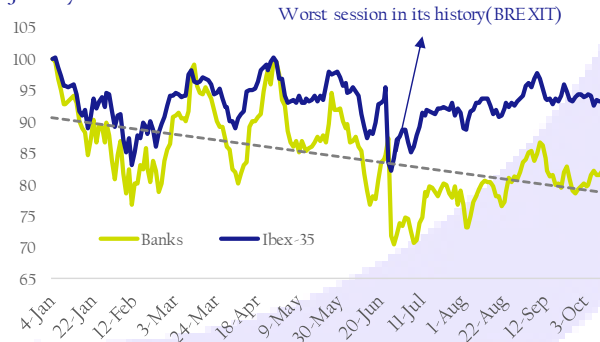
Stock Markets

Doubts about world economic growth, Brexit, and the evolution of the European banking sector led the selective Spanish stock market index in June to the lowest levels of of 2013 (down an annual -15%), although its drop until October has mitigated by -7%.

According to the MSCI, from January to October the stock markets of emerging nations rose 15% due to the prudent stance of the Fed and the recovery in the price of raw materials, among other factors. This represents their best performance since 2010, and for the first time in four years they surpassed advanced economies in profitability.

Ibex 35 vs Ibex 35 banks

January 2016=100



Source: Investing, 2016

Emerging stocks (MSCI) vs S&P 500

January 2016=100



Source: Investing, 2016

Business confidence (INE)

The Business Confidence Index rose slightly, 0.2%, in the 3Q of 2016 in comparison with the previous quarter, principally in the construction and commerce sectors. In particular, 20,8% of businessmen felt this quarter was positive

and for the first time in the historical time-series data was greater than the unfavorable or negative opinions (20.7%).

Nevertheless, expectations for the coming quarter have worsened slightly.



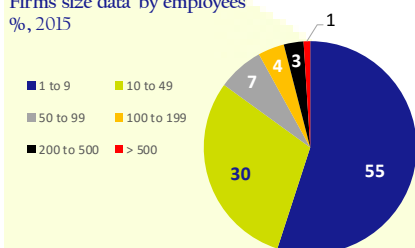
Chemical sector

Overseas market and company structure

The chemical industry has increased its exports since 2007 by 43%, and continues to be the sector of the Spanish economy with the 2nd highest volume of exports, after the automotive sector. By areas, Spain's principal clients are the EU (59% of the total), Asia (14.2%) and the Americas (13.9%).

Some 85% of this sector's companies are micro and small firms, while 15% are medium-sized and large. In addition, their annual contribution to the fiscal system is 8,400 million € (0.8% of GDP).

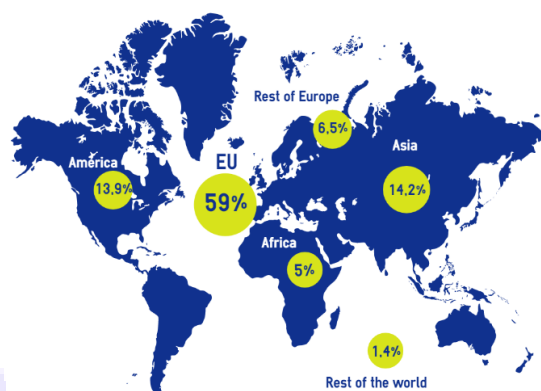
Firms size data by employees
%, 2015



Source: INE, 2016

Spanish chemical exports distribution

%



Source: Círculo de Empresarios based on Feique, 2016

Innovation and employment

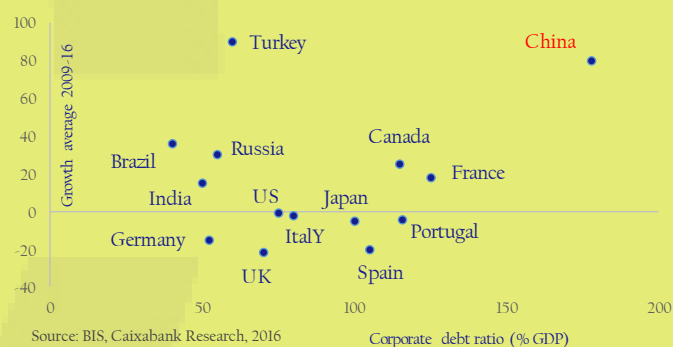
Some 56% of the companies in the chemical sector are innovative, as against the industrial average of 23.3%, and thus represent 25% of the R+D+I of the industrial sector in Spain. Likewise, the chemical sector generate 191,400 direct jobs, with more than 90% of permanent contracts. (75% national average).

Corporate debt

According to the BIS, China's corporate debt accounts for two-thirds of its total debt, and has grown 72% since 2009; it is currently at 170% of GDP (71.6% in USA and 105% in the Eurozone).

In addition, more than half of this debt is short-term, as against the US and the Eurozone, where hardly reaches to one third of its total debt

Corporate debt 2009-16



Source: BIS, CaixaBank Research, 2016

Central Banks balance sheets

The balance of the top 10 largest Central Banks is increasing at its greatest rate since 2011, and is now at 21.4 trillion \$ (29% of world GDP). In addition, 82% is concentrated in China, Japan, the USA and the Eurozone.

Top largest Central Banks balance sheets 2016, trillion \$

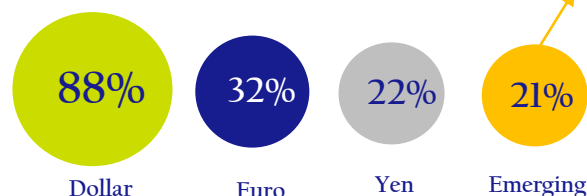


Source: Círculo de Empresarios based on Bloomberg, Yardeni, 2016

Foreign Exchange Market

According to the BIS (April-16), trade in this market averaged 5.1 trillion dollars per day (-5,5% year on year). For its part, the dollar continued to be the dominant currency (88%) ahead of the euro (31%) and the yen (22%). However, the share of these currencies has diminished in favor of the currencies of emerging nations (21.2% of the total).

Foreign Exchange market turnover by currency % total (200%= total)



Source: Círculo de Empresarios based on BIS, 2016

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