

## Business Confidence

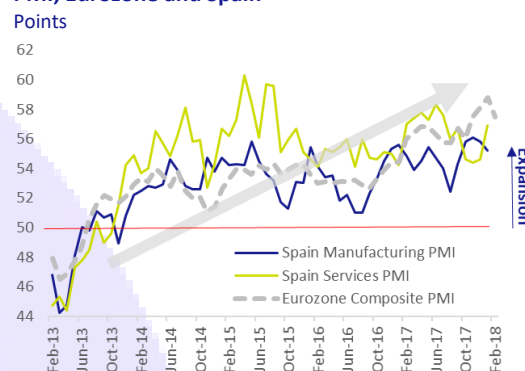
In January 2018, Eurozone PMI Composite Output Index rose to 58.8 (58.1 in December), its highest level since June 2006. France leads the growth ranking at 59.6, followed closely by Germany, Italy, and Ireland at 59.

The February 2018 estimate is that of a slip to 57.5, a three-month low, although it remains in expansion and is indicative of sustained activity growth.

In Spain, the growth of this Index soared to 56.7 in January, its six-month high (55.4 in December), driven by the upturn in services to 56.9 (54.6 in December). On the other

hand, the manufacturing PMI continues in expansion despite dipping slightly (from 55.8 in December to 55.2 in January).

### PMI, Eurozone and Spain

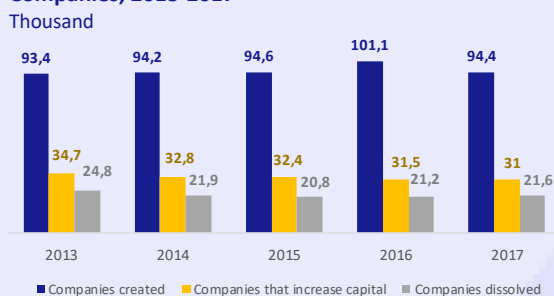


Source: Círculo de Empresarios based on Markit, 2018

## Companies

In 2017, 94,382 companies were created, 6.6% less compared with 2016, and with a 16.4% lower subscribed share capital. Moreover, 31,007 companies increased their share capital (-1.6% year-on-year) and 21,554 were dissolved (+ 1.6%).

### Companies, 2013-2017

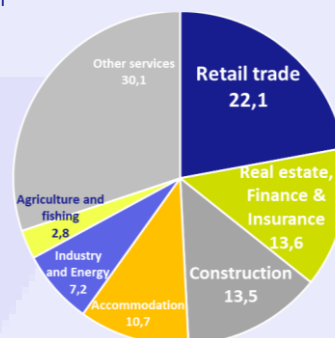


Source: Círculo de Empresarios based on INE, 2018

By sectors, the companies created in Retail trade and Real estate, Finance & Insurance stand out, with 22.1% and 13.6% of the total, respectively. The number of dissolved companies was higher in Retail trade (20.9% of the total) and Construction (18.2%).

### New companies by sector

% of total



Source: Círculo de Empresarios based on INE, 2018

## Glass-ceiling Index

The Glass-ceiling Index developed by *The Economist* identifies which countries provide the best social and working environment for working women. Specifically, it analyses ten indicators related to education, the labour market, work-life balance and the career progression attained by women.

Among the 29 countries examined, Sweden, Norway and Iceland lead this ranking, while South Korea, Japan and Turkey have the worst scores.

Spain, in 15<sup>th</sup> position, ranks four places above the OECD average.



Source: Círculo de Empresarios based on The Economist, 2018

## Sovereign funds<sup>1</sup>

Currently, on a global scale, 92 sovereign funds manage \$7.5 trillion (€6tn), equivalent to 9.4% of world GDP and an increase of 4% in comparison with 2016. In 2017, the top ten controlled 75% of the assets.

IE - Sovereign Wealth Lab Ranking 2017

		bn\$
1	Norway	Government Pension Fund Global
2	China	China Investment Corporation
3	UAE	Abu Dhabi Investment Authority
4	Kuwait	Kuwait Investment Authority
5	Hong Kong (China)	Hong Kong Monetary Authority
6	Saudi Arabia	SAMA - Foreign Holdings
7	China	State Administration of Foreign Exchange
8	Singapore	GIC
9	China	National Social Security Fund
10	Qatar	Qatar Investment Authority
		300

<sup>1</sup> Sovereign funds 2017 developed by IE Business School and ICEX-Invest in Spain

67% of investment is concentrated in three sectors: technology (26.1%), real estate (23.9%) and finance (17%).

### Investments by sectors

% of total

Technology	Real Estate	Finance	Industry	Services	Other
26.1	23.9	17	9.1	9.1	14.8

Source: Círculo de Empresarios based on IE Sovereign Wealth Lab, 2018

In Spain, these funds amass investments of more than €36.4 billion in almost all sectors (finance, energy, manufacturing, technology, etc.).

## Emerging stock markets

In 2017, the MSCI for emerging economies grew by 34.4%, 1.7 times more than the global MSCI (19.8%).

Emerging markets began 2018 with profit margins of about 10%. However, these were offset by the losses incurred during the two-week corrections period that affected stock markets worldwide. Currently, the MSCI Emerging Markets Index has resumed its upward climb by means of recent rises (> 5%), and reflected in the positive stock market performance in Latin America (5.4%) and in developing Asia (+ 4.6%).

### MSCI

January 2017 = 100



\* MSCI Index: developed by MSCI Inc. (previously Morgan Stanley Capital International).

Source: Círculo de Empresarios based on Bloomberg, 2018

## S&P 500 Results

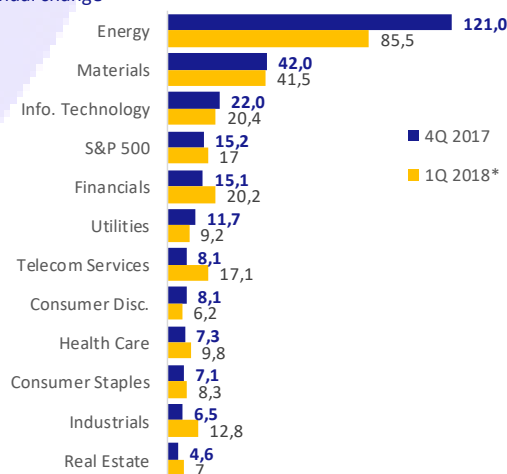
In 4Q 2017, the profit growth of the S&P 500<sup>2</sup> companies reached 15.2%, exceeding the 11% estimate of December 31. 75% of the companies that presented their results have reported higher earnings per share (EPS) than expected in all sectors, with Energy being in the lead.

The estimated P/E ratio for the next 12 months has fallen to 17.1 times (18.2 on December 31st) due to a greater increase in the expected EPS compared to the price. Nevertheless, this ratio still exceeds the average of the last five years (16) and that of the last ten years (14.3).

<sup>2</sup> As of February 16, 2018, 80% of the S&P500 companies had presented results

### Profits growth, S&P 500 by sectors, 4Q 2017 and 4Q 2018

% annual change



\* Forecast

Source: Círculo de Empresarios based on Factset, 2018

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