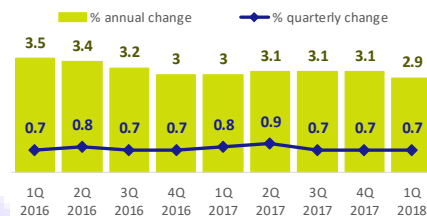


Preliminary Quarterly GDP

In Q1 2018, the Spanish economy grew by 0.7% quarter-on-quarter, maintaining the rate of advance of the last two quarters. This evolution continues to be supported by the dynamism of domestic demand, by the improvement of financial conditions and the labour market, and also by the positive contribution of the external sector (INE).

For the first time since the beginning of 2015, in year-on-year terms, growth abated to below 3% (2.9%).

GDP growth
% change



Source: Círculo de Empresarios based on INE, 2018

Labour Force Survey Q1 2018 (INE)

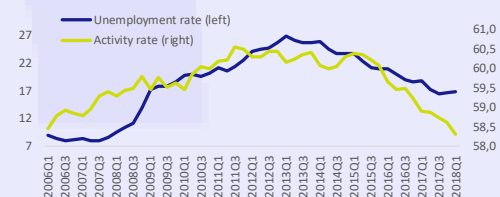
In Q1 2018, the number of employed people fell by 124,100 to stand at 18,874,200, although in interannual terms it increased by 2.36% (+435,900; 131,900 in the public sector).

unemployment has dropped by 10.79% (-458,000 people).

The activity rate stood at the lowest level of the last 12 years, 58.46%, after the number of labour force fell by 94,700 people in Q1 (-0.4%) and 23,000 since Q1 2017.

Unemployment and activity rates

% labour force and % working age population



Source: Círculo de Empresarios based on INE, 2018

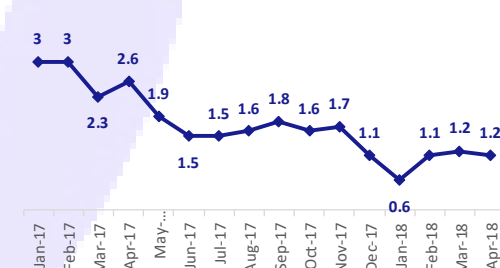
Increase in Prices (INE)

According to the flash estimate issued by the INE, the annual inflation in April 2018 was 1.1%, one-tenth of a point down from March.

This evolution is mainly explained by the decrease in the prices of package tours and gas, compared to the increase registered in April 2017.

Inflation rate

% annual change, 2016 base



Source: Círculo de Empresarios based on INE, 2018

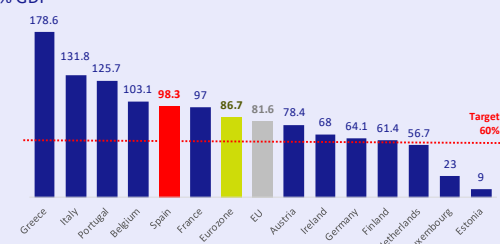
European public debt (Eurostat)

At the end of 2017, the Eurozone registered a public debt of 86.7% of GDP, decreasing 2.3 pp with respect to 2016.

respectively. Spain closed with 98.3% of GDP, 0.7 pp less than in Q4 2016 and 38.3 pp above the target of 60%.

Eurozone public debt, Q4 2017

% GDP



Source: Círculo de Empresarios based on Eurostat, 2018

Global growth (IMF)

In 2017, global growth closed at 3.8% owing to the upturn in world trade, the recovery of investment in advanced economies and the acceleration of growth in emerging economies driven by the price of raw materials.

For 2018 and 2019, the IMF foresees a global progress of 3.9%, highlighting the development of the US and emerging Asia. In the case of Spain, it estimates a growth of

2.8% and 2.2%, respectively. The European Commission forecasts an advance of 2.9% in 2018 and 2.4% in 2019.

GDP growth in 2017 and 2018/19 forecasts

% annual change

	2017	2018	2019
World	3.8	3.9	3.9
Advanced economies	2.3	2.5	2.2
US	2.3	2.9	2.7
Eurozone	2.3	2.4	2.0
Germany	2.5	2.5	2.0
France	1.8	2.1	2.0
Italy	1.5	1.5	1.1
Spain	3.1	2.8	2.2
Emerging market economies	4.8	4.9	5.1
Emerging Asia	6.5	6.5	6.6
Emerging Europe	5.8	4.3	3.7

Source: Círculo de Empresarios based on IMF, 2018

Global debt (IMF)

Global debt reached 164 trillion dollars in 2016, equivalent to 227.1% of world GDP, 12.4 pp more than the maximum of 2009 (214.7%). This upsurge is largely explained by the increase in private debt, which has almost tripled since 1950.

China, the US and Japan amass more than half of total debt, representing 21.5% more than their weight in world GDP.

Total Gross Debt (public and private non-financial)

Trillion \$

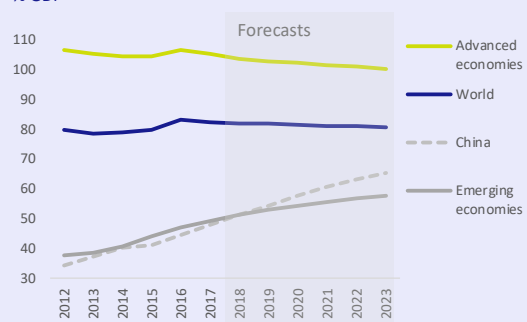
	2001	2007	2015	2016	% total 2016
World	61.8	115.9	158.3	164.4	100,0
Advanced economies	55.1	99.9	116.5	119.2	72.5
US	20.3	33.6	46,0	48.1	29.3
Japan	13.2	15.7	17.1	18.2	11.1
France	2.7	6.2	6.7	6.7	4.1
Emerging economies	6.4	15.6	40.6	43.9	26.7
China	1.7	4.9	23.6	25.5	15.5
Low-income developing countries	0.3	0.5	1.2	1.3	0.8

Source: Círculo de Empresarios based on Fiscal Monitor, IMF, 2018

Public debt accounts for one-third of the global total. In 2017, advanced economies registered 105.4% of global GDP, levels not seen since World War II. In the case of emerging economies, they accumulate public debt at around 50% of GDP, figures similar to those of the 1980s.

Public debt

% GDP



Source: Círculo de Empresarios based on Fiscal Monitor, IMF, 2018

Taxes on average salary

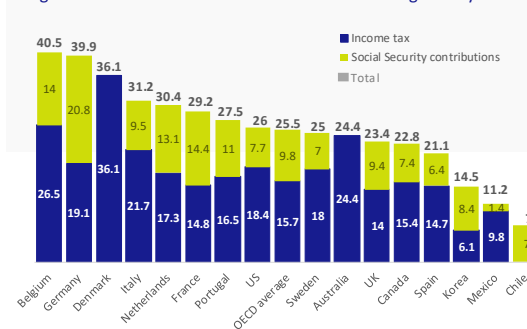
In 2017, in the OECD, workers paid an average of 25.5% of their average gross salary in taxes¹, a rate that has remained stable for the last two decades.

By country, Belgium registered the highest rate (40.5%), followed by Germany (39.9%) and Denmark (36.1%), while in Chile, Mexico and Korea it did not reach 15%.

Percentage of average gross salary paid in taxes¹

% gross wage earnings, 2017

Single worker without children who earns the average salary



Average gross salary before taxes in Spain = € 26,534.65

Source: Círculo de Empresarios based on Taxing Wages 2018, OECD

1. Average net personal tax rate: Income Tax and Social Security contributions paid by employees, minus any family benefit received, as a percentage of gross wages. Calculated for a single worker without children who earns the average salary.

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