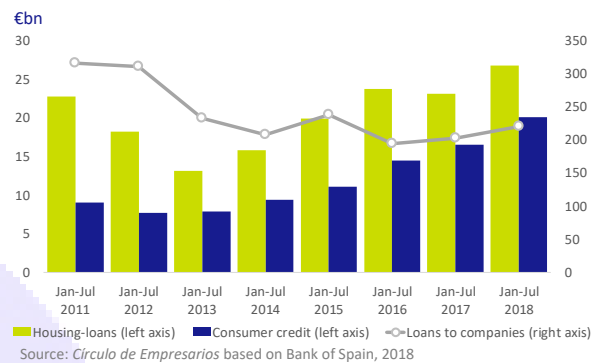


The evolution of lending in Spain

From January to July, the volume of new loans to companies reached €221 billion, an increase of 8.8% year-on-year.

Concurrently, new consumer credit (€20.1 billion) and housing-loans (€26.8 billion) saw gains of 21.8% and 15.8% year-on-year, respectively.

Evolution of new lending in Spain



Private capital investment

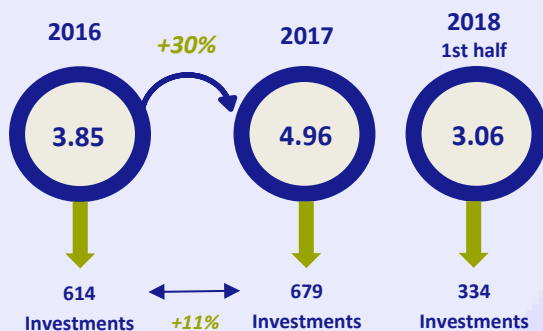
In Spain, in the first half of 2018, investment in Private Equity and Venture Capital reached €3 billion (0.3% of GDP) in 334 investments, 0.5% more than in the first half of 2017 based on the estimates obtained by the Spanish Venture Capital & Private Equity Association (ASCRI).

By type of investor, international funds accounted for 77% of the investment volume in 214 investments, to a total of €2.3 billion (-2.1% year-on-year).

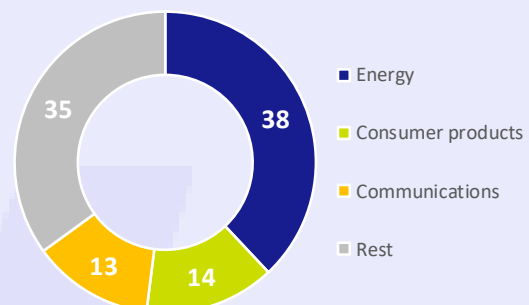
By investment size, the transactions of the *middle market* (between € 10m and € 100m) stand out, reaching a record high of €961.4m (+7.2% year-on-year).

By sectors, Energy (38%) leads the investment volume, followed by Consumer Products (14%) and Communications (13%).

Investment in Private Equity in Spain
€bn



Investment in private capital, distribution by sector
% of total volumen, first half of 2018



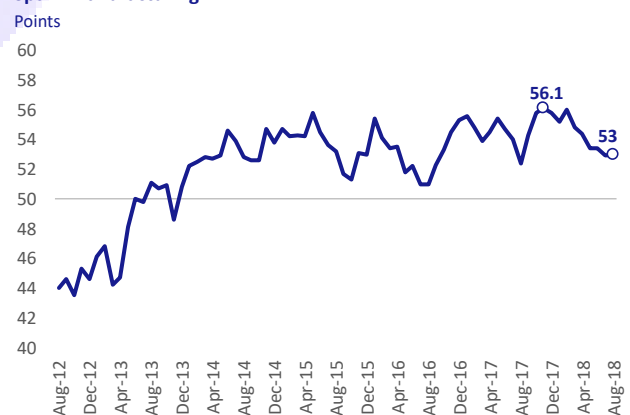
Source: *Círculo de Empresarios* based on Ascric, 2018

Spain Manufacturing PMI

In August, Spain's manufacturing PMI (leading indicator of the evolution of GDP) remained stable at 53 points and is projected to be 53.09 for September 2018.

Despite the great strides in production and order quantity, the tumbling business confidence conditions the future short-term evolution of the indicator.

Spain Manufacturing PMI



Source: *Círculo de Empresarios* based on Markit, 2018

Note: value > 50 economic expansion, value < 50 economic contraction

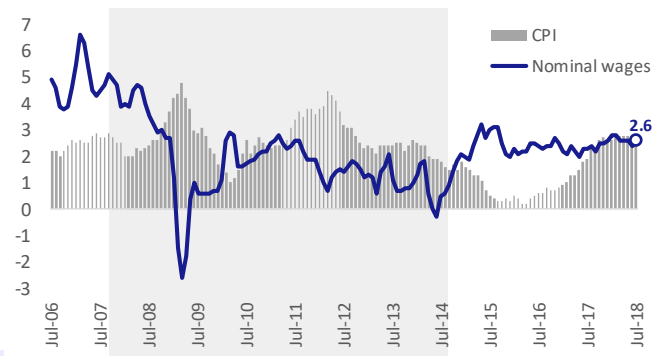
Wages UK

Comparing the average weekly earnings (AWE) in the three months to July 2018 with the same period in 2017, real average weekly earnings (total pay adjusted for inflation) rose by 0.2%, and nominal AWE (total pay) grew by 2.6%.

Since June 2014, nominal wages have been steadily rising, owing to the rise in inflation and an unemployment rate of 4% that stands at the record lows of 1975.

Nominal average weekly earnings (AWE) evolution in UK

% YoY change on rolling 3-months average



Source: *Círculo de Empresarios* based on ONS, 2018

The state of Business dynamics

The technological transformation is reshaping the business world and impacting the average survival chances of companies.

This trend is observed by the fact that in 2018, seven of the ten largest companies in the world by market capitalisation hail from the technology sector, while in 1980 and 1990, the Energy and Financial sectors were at the forefront, respectively.

In addition, this transformation is distinctly apparent in the US, where the market capitalisation of the technology sector alone is almost reaching \$6 trillion, while in the euro area, all the listed companies combined account for \$5 trillion. US tech giant Facebook attracts the spotlight, with 25,000 employees, presenting a greater market capitalisation than the entire Indian stock market (MSCI India¹), a country with 1.35 billion people.

¹ Concentrates 85% of Indian listed companies

Evolution of the 10 largest companies by capitalisation

	1980	1990	2000	2010	2018
1 ^o	IBM	Nippon Telegraph & Telephone	Microsoft	PetroChina	Apple
2 ^o	AT&T	Bank of Tokyo-Mitsubishi	General Electric	Exxon Mobil	Amazon
3 ^o	Exxon	Industrial Bank of Japan	NTT DoCoMo	Microsoft	Microsoft
4 ^o	Standard Oil	Sumitomo Mitsui Banking	Cisco	ICBC	Alphabet
5 ^o	Schlumberger	Toyota Motors	Walmart	Walmart	Berkshire Hathaway
6 ^o	Shell	Fuji bank	Intel	China Construction Bank	Facebook
7 ^o	Mobil	Dai-ichi Kangyo Bank	Nippon Telegraph & Telephone	BHP Billiton	Alibaba
8 ^o	Atlantic Richfield	IBM	Exxon Mobil	HSBC	Tencent
9 ^o	General Electric	UFJ Bank	Lucent	Petrobras	JPMorgan Chase
10 ^o	Eastman Kodak	Exxon	Deutsche Bank	Apple	Johnson & Johnson

- Energy
- Technology
- Telecommunications
- Banks
- Others

Source: *Círculo de Empresarios* based on Bloomberg, 2018

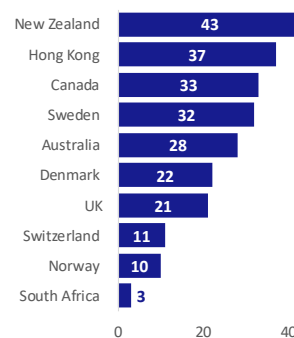
Housing prices

New Zealand, Hong Kong, Canada and Sweden spearhead the increases in the housing prices with percentage changes of more than 30% in the last five years (Oxford Economics).

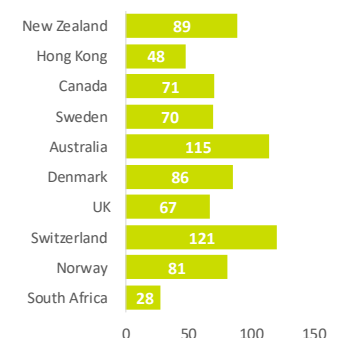
In terms of housing debt to GDP, Switzerland (121%), Australia (115%), New Zealand (89%), and Denmark (81%) stand out.

Housing prices evolution

Rise in real prices over 5 years (%)



Housing debt as a % of GDP



Source: *Círculo de Empresarios* based on Oxford Economics, 2018

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