

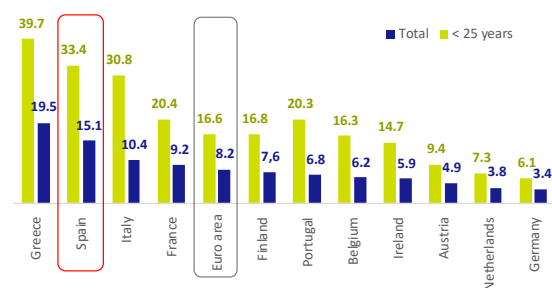
Euro area unemployment

(Eurostat)

In July, the euro area unemployment rate remained at 8.2% of the active population, 0.9 pp lower in year-on-year terms, reaching its lowest level since November 2008.

Greece and Spain continue to register very high unemployment rates, while in Germany and the Netherlands they remain below 4%.

Unemployment in the main euro area economies, July 2018
% active population



Source: Círculo de Empresarios based on Eurostat, 2018

Emerging market currencies

The macroeconomic imbalances of Argentina and Turkey (high levels of debt and inflation) have been accentuated by the depreciation of their currencies since the beginning of the year by 51.1% and 43.1%, respectively.

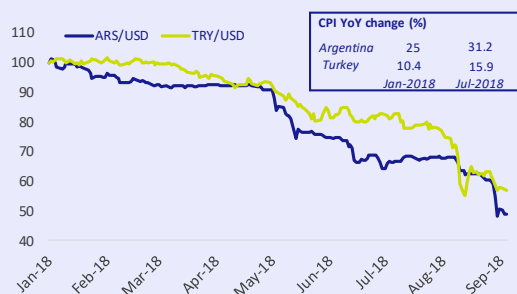
In Argentina, financial instability has forced its central bank to hike interest rates to 60%. Moreover, Mauricio Macri has announced a path of fiscal consolidation aimed at achieving budget balance in 2019 and a surplus of 1% in 2020.

Among the measures of this plan are:

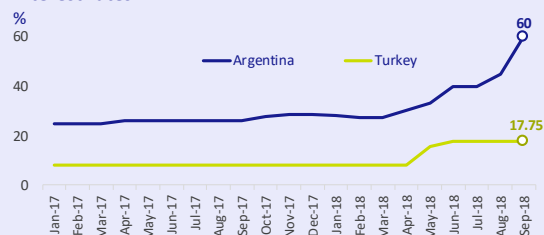
- A reduction in public investment (0.7 points of GDP)
- Abolition of subsidies (0.5 points)
- A cut in salaries and public operating expenditure (0.2 points)
- Imposition of tariffs on export sectors that reaped the most benefit of the depreciation of the peso, as is the case with processed food.

In Turkey, the strong depreciation of the lira has accelerated, well above expected, the growth of core inflation standing at 17.2% year-on-year in August (15.1% in July) which is more than double the upper limit of the target band defined by its central bank (3-7%).

Evolution of emerging market exchange rates
100 = January 1st, 2018



Interest rates



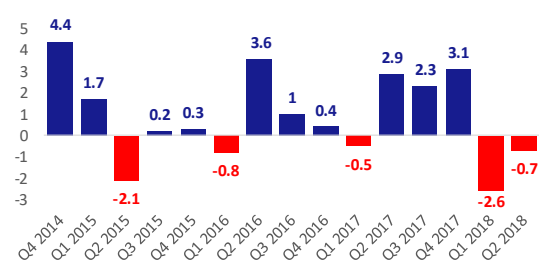
Sources: Círculo de Empresarios based on Central Bank of Turkey (TCMB), Central Bank of Argentina and INDEC, 2018

Economy South Africa

In Q2, South Africa's economic growth fell by 0.7%, accumulating two quarters of contraction. For the first time since 2009, the second largest economy in the African continent enters a recession¹, which has accentuated the loss of value of the rand, with an accumulated depreciation of over 19.8% against the dollar so far this year.

¹ A recession is technically said to occur when real GDP has declined for over two consecutive quarters

Evolution of GDP
% quarter-on-quarter change



Source: Círculo de Empresarios based on Statistics South Africa, 2018

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