

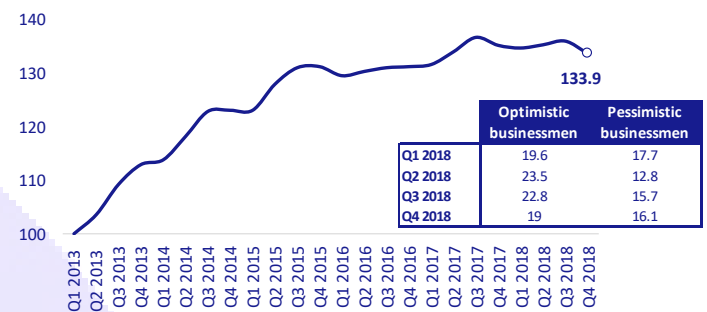
## Business perception

In Q4 2018, the Harmonised Business Confidence Index (HBCI) of Spain decreased by 1.1% year-on-year to stand at 133.9 points, recording its biggest drop since 2013.

The percentage of businessmen that are more pessimistic increases to 16.1%, while the optimists fall for the second consecutive quarter and are down to 19%.

### Harmonised Business Confidence Index (HBCI)

Index and % above total businessmen



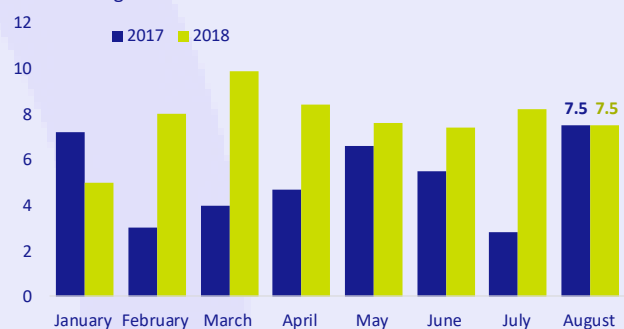
Source: *Círculo de Empresarios* based on INE, 2018

## Business activity

In August (the latest data available), the Industrial New Orders Received Index showed a year-on-year increase of 7.5%, with the energy sector (+36.4%) and capital goods (+13.6%) in the lead. Likewise, indicators of the services sector activity experienced a year-on-year increase of 7.6%, especially in the trade sector (+9.4%).

### Industrial New Orders Received Index

% YoY change



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

## Competitiveness (WEF)

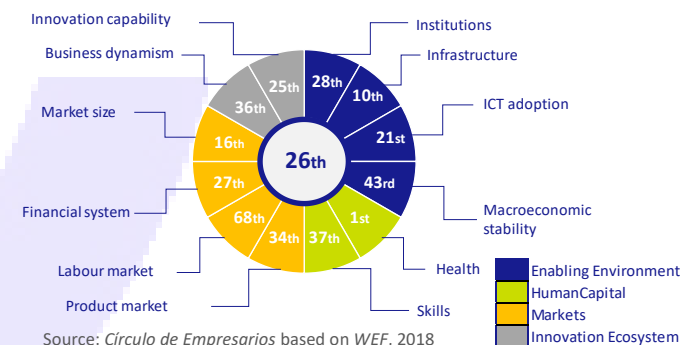
After the new change in the methodology of the WEF competitiveness ranking, Spain is ranked 26th (out of 140 countries), dropping by one position with respect to 2017\*.

Of the 12 pillars analysed, Spain commands a leading position in health (1st) and infrastructure (10th), while it obtains its worst position in the labour market (68th).

\* Based on the new methodology

### Spain in the competitiveness ranking (WEF)

Position of 140 countries



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

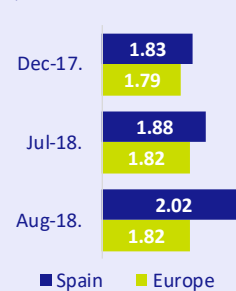
## Interest rate

In August, the average interest rate on new loans for small and medium-sized enterprises\* stood at 2.05%, on par with the Eurozone, but it increased by 5bp compared with July.

This trend is also observed in the interest rate on housing loans and household consumption, which increased to 2% and 7.3%, respectively (1.8% and 5.8% on average in the Eurozone).

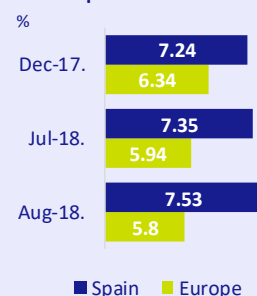
### Interest rate on housing

%



### Interest rate on household consumption

%



Source: *Círculo de Empresarios* based on Bankia Estudios, 2018

\* Access to finance of up to 1 million euros

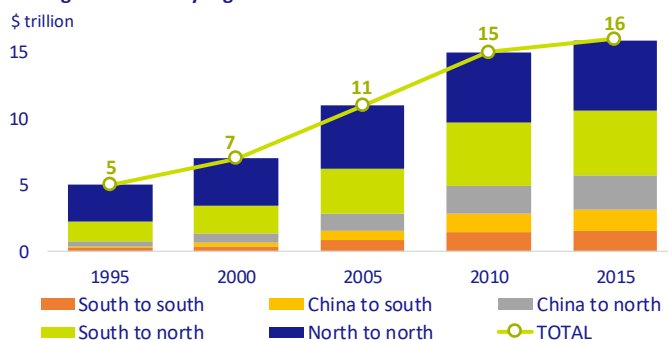
## World trade in goods

Since 1995, the weight of emerging markets in world trade in goods has increased 2.5-fold, from 8% to 20% in 2016.

At the same time, currently, its weight in world GDP represents 58.7%, 16.6pp higher than in 1995.

In turn, the aggregate participation by regions of emerging markets in world trade of goods exceeds 50% of the world total.

Total goods trade<sup>1</sup> by regions



<sup>1</sup>Total imports of goods

Note: "North to north" it is defined as trade between developed countries, "South to south" for developing countries

Source: *Círculo de Empresarios* based on McKinsey&Company, 2018

## Global business dynamism

In 1950, 77% of the world's leading companies in each of the industries worldwide continued to remain in the vanguard for the following five years. However, currently, its proportion has been reduced to 44%.

Between 2012 and 2017, the companies with the highest growth in their revenue in the last five years, by region, are in China (54%) and North America (28%).

Companies with the highest growth in their revenue, 2012-2017

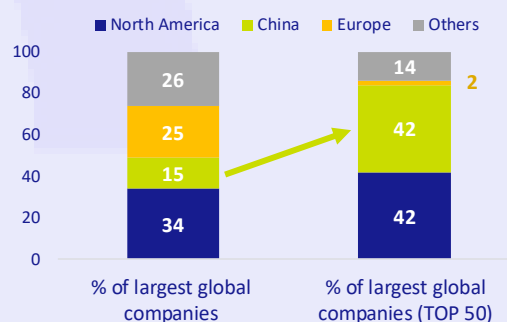
% of companies analyzed for Fortune Future 50



According to Fortune's Future 50<sup>1</sup> data, among the 1,000 largest companies in the world, 25% are European, a percentage that plummets to 2% among the Top 50.

Concentration of companies by region

% of companies analyzed for Fortune Future 50



<sup>1</sup>To identify the Future 50, BCG examined 1,100 publicly traded companies with at least \$20 billion in market value or \$10 billion in revenue in 2017

Sources: *Círculo de Empresarios* based on BCG Henderson Institute, 2018

## Earnings S&P 500

In Q3 2018, the profits of the S&P 500 companies recorded a year-on-year increase of 19.5% (its highest level since Q1 2011).

By sector, the greatest increase was recorded in Energy (+91.9%), followed by the Financial sector (+35.6%) and the Information technology sector (+33%).

This progress emerges from an environment of increasing volatility of the S&P 500 that is explained mainly by the increase in the US 10-year treasury bond yield, the downward revision of the growth forecasts in Europe and China, and the consequences of the US trade policy.

S&P500 and 10-Y Treasury yield



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