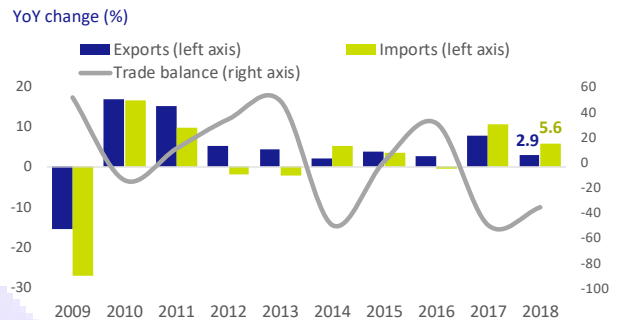


Spain's Balance of trade

In 2018, Spain's trade deficit widened by 36.6% due to an increase in imports of goods (5.6%), and are 2.7pp higher than the increase in exports (2.9%).

The lower dynamism of our exports is mainly explained by the deceleration of the main European economies and global trade tensions.

Trade balance of goods, Spain

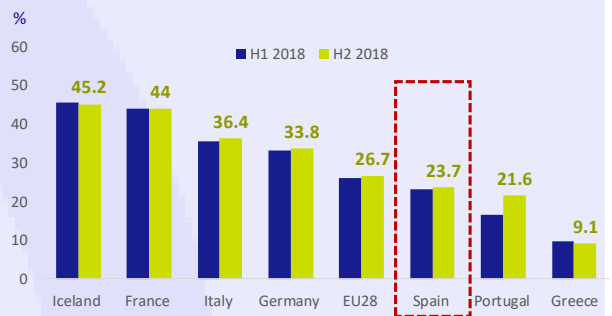


Source: *Círculo de Empresarios* based on Ministry of Economy and Business, 2019

Women on Boards

In the second half of 2018, the average percentage of women on the Boards of Directors of the IBEX35 companies stood at 23.7%, 3pp lower than the OECD average and 6.3pp below the 30% target set by the CNMV for 2020. In Europe, Iceland and France lead the presence of female talent on Boards, with 45.2% and 44%, respectively.

Women on Board of Directors by countries, Europe



Source: *Círculo de Empresarios* based on EIGE, 2019

Labour productivity (Ivie)

In Spain, total-factor productivity* decreased by 10.5% between 1995 and 2017, whereas a 4.5% increase was reported in the EU and 1.4% in the Eurozone. This evolution reveals one of the main structural problems of the Spanish economy that is explained by the reduced investment in R&D and innovation and in the updating of

infrastructures, and by the increasing skills mismatch of human capital to the labour market needs.

Among the main economies of the Eurozone, above-average productivity growth reported in Germany (8.5%) and France (2.2%), and a sharp decline in Italy (-9.7%) and Spain (-10.5%).

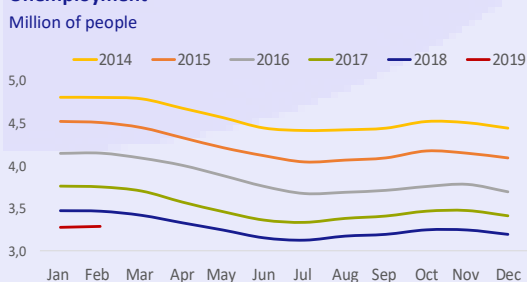
*TFP accounts for, inter alia, technical progress, innovation, business management, economies of scale, and training improvements

Labour market Spain

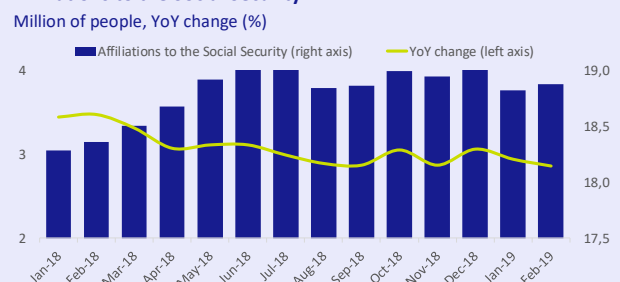
In February, the registered unemployment in the Social Security increased by more 3,279 unemployed people in comparison with the previous month, reaching a total of 3,289,040. In year-on-year terms, it decreased by 5.22%, representing its worst record for February since 2013.

At the same time, Social Security affiliates increased by 69,172 people to a total of 18,888,368, confirming the slowdown in job creation, as it only increased by 2.86% year-on-year (+524,958 contributors) compared with 3.47% registered in the same period of the previous year.

Unemployment



Affiliations to the Social Security



Source: *Círculo de Empresarios* based on Ministry of Labour, Migrations & Social Security, 2019

Manufacturing PMI

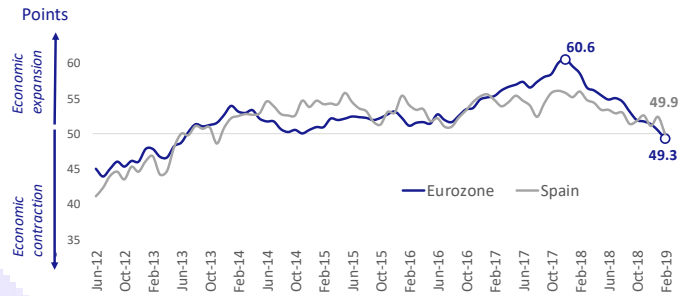
The Manufacturing PMI of the Eurozone entered the contraction zone* in February, reaching 49.3 points (record low in 69 months), mainly due to the falling number of orders and slower progress in industrial production.

Among the largest economies in the Eurozone, the worst data was recorded in Germany (47.6 points) and Italy (47.7), while France remained in the expansion zone.

As for Spain, its Manufacturing PMI fell to 49.9 points (albeit 0.6 points above the Eurozone), the worst record since 2013,

substantiating the slowdown in Spain's economy.

Manufacturing PMI



Greece	Ireland	Netherlands	Austria	France	Spain	Eurozone	Italy	Germany
54.2	54	52.7	51.8	51.5	49.9	49.3	47.7	47.6
max 9 months	max 2 months	min 32 months	min 37 months	max 5 months	min 62 months	min 69 months	min 69 months	min 74 months

*PMI below 50 points

Source: *Círculo de Empresarios* based on Markit, 2019

Services PMI UK

In February, the Services PMI of the United Kingdom rose to 51.3 points, up from 50.6 this January (its lowest level since August 2016). Despite this slight improvement, business confidence remains at record lows,

and job creation in the services sector recorded its worst progress since November 2011. With the confirmation of this evolution, the quarterly growth in Q1 2019 will be 0.1%, down from 0.2% in Q4 2018.

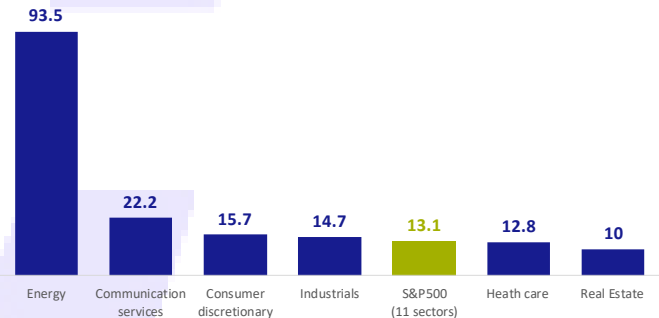
Earnings S&P 500

The Q4 2018 forecast for earnings growth of the S&P 500 companies is 13.1%* year-on-year, 2.1pp lower than that of Q4 2017, confirming the moderation of business activity in the US.

By sectors, in year-on-year terms, the greatest increases are foreseen in energy (93.5%), telecommunications (22.2%), and consumption (15.7%).

S&P 500 Earnings Q4 2018

YoY change (%)



*With 96% of the companies in the S&P 500 reporting actual results for the quarter

Source: *Círculo de Empresarios* based on Facset, 2019

Corporate debt

In 2018, global corporate debt issued by non-financial companies reached \$12.95 trillion (16% of world GDP), representing an increase of 100% compared with 2008.

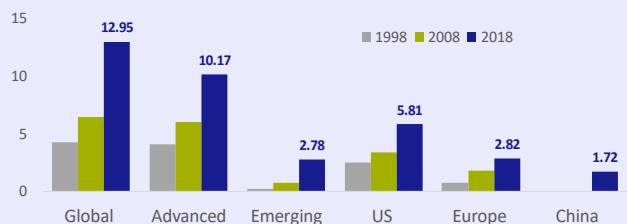
This rise stems from the low interest rates and monetary stimulus programs designed by the main central banks.

The advanced economies concentrated 78.5% of the total volume, having taken on 70% in the last decade. The US represents 44.9% of the global issuance or 57.1% of the advanced economies.

Whereas, emerging countries issued \$2.78 trillion (21.5% of the total), of which 61.9% corresponds to China (395% more than in 2008).

Corporate bonds issued by non-financial companies

\$ trillion



Source: *Círculo de Empresarios* based on OECD, 2019

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