Private sector debt, Spain
In Q1 2019, the consolidated debt of non-financial corporations and households increased for the first time since Q3 2009 by 0.2% year-on-year, to €1.6 billion (132.8% of GDP). In the case of non-financial corporations, the increase in minimum wage, labour and investment costs, and lower profit margins explain the rise in indebtedness by 0.4% year-on-year, up to 74.4% of GDP.
In contrast, the increase in payroll and social benefits favoured a slight reduction in household debt (0.04%), to 58.4% of GDP.

Export sector, Spain
In Q2 2019, the Synthetic Indicator of Exporting Activity\(^1\) moderated to 8.7 points (1.6 points less than in Q1 2019), a record low value in a second quarter since 2012, mainly due to the worsening expectations regarding the evolution of the short-term and long-term order book.
In turn, the global factors that negatively affect the export prospects of the survey respondents are:
- The international price competition.
- Raw material prices.
- Oil prices.

The lower dynamism forecasted for the export sector adversely impacts the job creation attributed to it. Specifically, in the short-term, the forecasts for new hires retreats to 1.6 points, 3 points less than in Q1 2019.

Industrial sector, Spain
In May, the Industrial Turnover Index (ITI), rose by 0.8% year-on-year (1.4 pp more than in April). By typology, the biggest increase was reported in consumer goods (2.3%) and intermediate goods (0.9%), compared to the contraction in energy by 2.3%.

By Autonomous Community, this index rose in 10 of them, where the Region of Murcia stood out the most with an interannual growth rate of 7.7%, as opposed to Extremadura where it fell by 2.3%.
Monetary policy
The deterioration of economic growth at a global level, the trade tensions between the US and China and the slow rise in inflation are forcing the main central banks to review the stance of their monetary policy:

- After having maintained the interest rates between 2.25% and 2.5%, the Fed expects a rate cut of 0.25pp at the end of July. This monetary stimulus is announced in an environment where inflation (1.6%) is still below the target level (2%), even though:
  - In July, the US recorded the longest economic expansion on record (121 months) and exceeding the one that started in March 2001 (120 months)
  - The unemployment rate is at 3.6%, a historic low since 1969.
  - Salaries are at an interannual rate of 3.1%, in line with their year-on-year economic growth (3.1% Q1 2019).
- The ECB does not expect any change to its official rate (0%), although the Bloomberg analyst consensus expects a 0.1pp cut in its deposit rate to ~0.5%. The granting of new macro loans to banks and the launch of a new quantitative easing (QE) of €45 billion per month.
- The Central Bank of Japan maintains its official deposit rate at -0.1% and its bond purchase programme amounting to ¥80 billion per year (€659 billion) until mid-2020 amidst an environment where the country’s economic growth exceeded expectations by 2.2% YoY in Q1 2019.

S&P 500 earnings
In Q2 2019, the earnings of the S&P 500 companies decreased by 1.9% year-on-year for the second consecutive month, confirming the US economic slowdown. This evolution contrasts with the profitability of the index, which since January has made headway by 18.6% despite the uncertainty generated by the deceleration of global economic growth, US trade policy, and the geopolitical scenario.

FDI China
In the first half of 2019, foreign direct investment (FDI) from China to North America and Europe fell by 18% to reach $12.3 billion (0.09% of its GDP), mainly due to restrictions by the Chinese authorities on the capital outflow.

By sectors, 75% of investments in these two regions were concentrated in the automotive and consumer goods and services. In turn, the increase in Chinese investment in non-strategic sectors explains its rise in the Nordic countries. Specifically in Finland, which accounts for 43% of the total FDI received in the first half of 2019, followed by the US (26.8%) and Sweden (8.9%).

Chinese FDI in Europe & North America YoY change (%)