

Industrial production, Spain

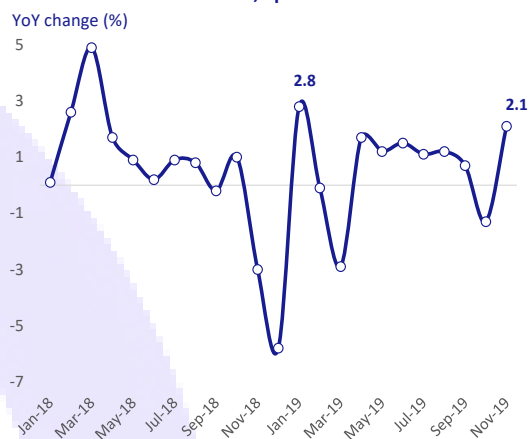
In November 2019, the Industrial Production Index (IPI) in Spain increased by 2.1% year-on-year, compared with the 3% decline registered in the same month of 2018. This increase is the second largest of the year since the 2.8% increase in January, in a context where the industrial production throughout the Eurozone has been on a downward spiral (1.5% year-on-year).

By sectors, the IPI of capital goods, non-durable consumer goods and intermediate goods recorded positive growth rates of 6.2%, 1.5% and 0.7%, respectively. In contrast, those of durable consumer goods and energy decreased by 1.3% and 0.5%, respectively.

On the other hand, the Industrial Price Index of the domestic and foreign market¹

decreased by 1.8%, compared with the 2.3% increase in November 2018. However, excluding energy, this indicator rose by 0.2% year-on-year, which is 0.6pp less than a year earlier.

Industrial Production Index, Spain



¹ Obtained as the aggregation of the Export Price Index (IPRIX) and the Import Price Index (IPRIM) of industrial products

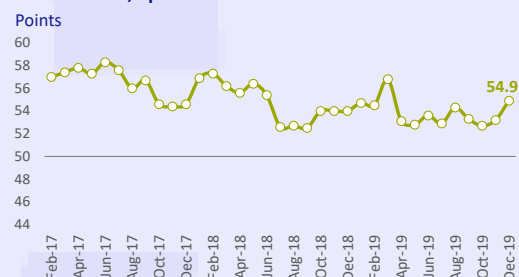
Source: Círculo de Empresarios based on INE and Eurostat, 2020

PMI services, Spain

In December 2019, Spain Services² PMI hit 54.9 points, which is 1.7 points more than the previous month, remaining in the expansion phase and recording a nine-month record high.

This increase is mainly explained by the rising number of new orders and the greater hiring of workers, which in turn has pushed up wages and operating expenses.

Services PMI, Spain



² A PMI value above 50 represents an expansion and a PMI reading under 50 represents a contraction

Source: Círculo de Empresarios based on IHS Markit, 2020

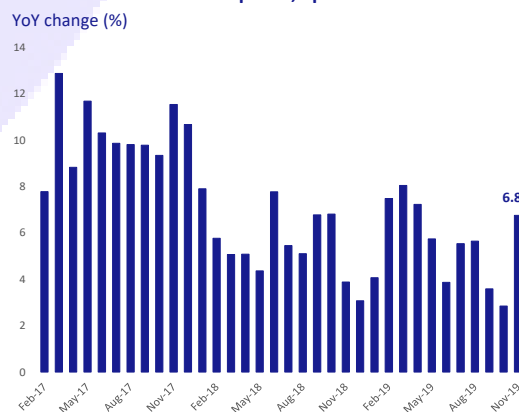
Deposits, Spain

In November 2019, the deposits of Spanish non-financial corporations jumped to 6.8% year-on-year, which is 2.9pp more than in the same month of 2018, amounting to €259.4 billion.

This rise coincides with the launch of the tiering system by the ECB, a move that *de facto* supposes, in a context of negative interest rates, an exemption from interest payments for excess liquidity holdings with the ECB to the tune of six-fold the minimum reserve requirements. This mechanism makes it possible to reduce both the interest

cost of deposits in the ECB and that of loans between the entities themselves.

Non-financial business deposits, Spain



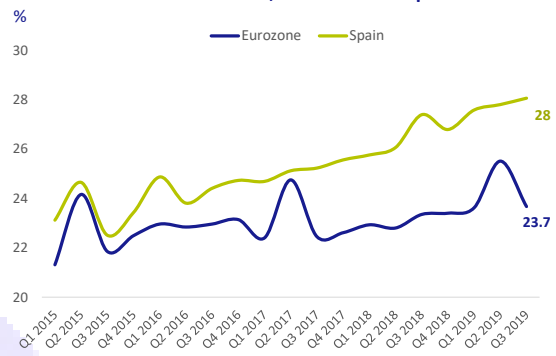
Source: Círculo de Empresarios based on Bank of Spain, 2020

Business investment, Eurozone

In Q3 2019, the ratio of business investment³ in the Eurozone dropped to 23.7% of gross value added, which is 1.8 pp lower than the previous quarter, although it is 0.3pp higher than a year earlier. On the other hand, the profit ratio of non-financial corporations⁴ of the monetary union remained at 39.2% for the second consecutive quarter, compared with 39.5% in Q3 2018.

In the case of Spain, both variables were 28% and 42.4%, respectively, compared with 27.4% and 43.1% in Q3 2018.

Ratio of business investment, Eurozone and Spain



³Calculated by gross fixed capital formation divided by gross value added

⁴Calculated by gross operating surplus divided by gross value added

Source: Círculo de Empresarios based on Eurostat, 2020

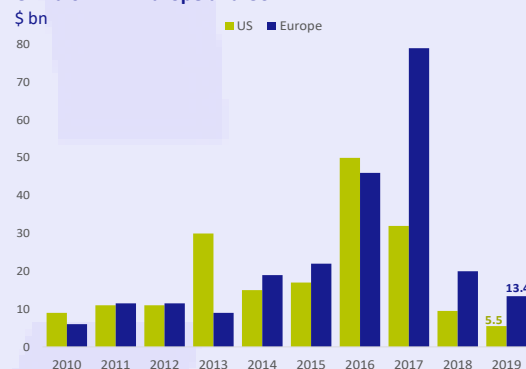
China's FDI in Europe

In 2019, Chinese foreign direct investment (FDI) in Europe plummeted by 83% compared with the peak hit in 2017 (\$79 billion) to stand at \$13.4 billion, a record low since 2013. The silver lining is that it significantly exceeds the sums invested in the US (\$5.5 billion). The sharp plunge is predominantly due to the capital restrictions of the Chinese government, regulatory changes in Europe, the economic slowdown, the lower liquidity in the financial system of China, and the geopolitical tensions between China and some recipients of investment.

Among the European countries that received this investment from China, the following countries stand out the most: Finland (39.5% of

the total invested in Europe), the United Kingdom (28.4%), Sweden (9.7%), Germany (5.2%), and Italy (5.2%). In addition, 80% of it poured in three sectors: consumer products and services (48%), ICT (22%), and automotive (10%).

China's FDI in Europe and US



Source: Círculo de Empresarios based on Baker McKenzie, 2020

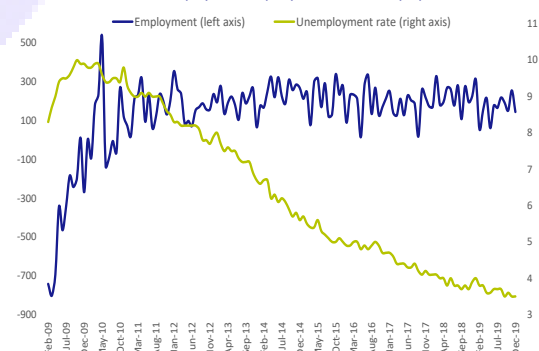
Labour market, US

In December 2019, job creation in the US shot up by 145,000 new (non-agricultural) jobs, which is 36.1% fewer year-on-year than in December 2018. By sectors, hiring in the commerce sector (+41,000 workers) and in that of health (+28,000) compared to the destruction of employment in the mining industry (-8,000). Throughout the year 2019, 2.1 million new jobs were created, which is 500,000 fewer than in 2018. On the other hand, in December 2019, the number of unemployed stood at 5.8 million people, which is 8.5% fewer than in December 2018, keeping the unemployment rate at a record low of 3.5% of the active

population (0.4pp lower than a year earlier). Between January and December 2019, the unemployment rate was reduced by 3.8 million people, which is 5.1% less than what was corrected in 2018.

Employment and unemployment rate, US

Thousand of nonfarm payroll employment; Active population



Source: Círculo de Empresarios based on Bureau of Labor Statistics, 2020

'Business at a glance', a publication of the Círculo de Empresarios produced by its Department of the Economy, contains information and opinion from reliable sources. However, the Círculo de Empresarios does not guarantee its accuracy and does not take responsibility for any errors or omissions. This document is merely informative. As a result, the Círculo de Empresarios is not responsible for any uses that may be made of the publication. The opinions and estimates of the Department can be modified without prior warning.