

Coronavirus impact, Spain

According to CEPYME, the stagnation of the Spanish economy¹ due to the coronavirus will slow down private consumption with a direct impact on GDP of 0.9% (or 1.7% if indirect effects are taken into consideration), and a possible loss of 313,692 jobs.

By company size, small and medium-size enterprises will be the hardest hit, with a drop in employment of around 61% (191,762 jobs), while for large firms it will be around 16% (50,481 jobs).

Tourism sector, Spain

According to estimates by Exceltur, the impact of the coronavirus will lead to a loss of between €40,000 to €62,000 million to the tourism sector, depending on the duration of the pandemic, and will put 800,000 jobs at risk. This key sector for the Spanish economy represented 12.3% of GDP in 2018, and provided employment for more than 2 million people in 2019. In light of the exceptional nature of this crisis, expectations for the sector are negative in the context of deteriorating consumer confidence.

Foreign sector, Spain

In January, Spanish goods exports increased 2.7% year-on-year (reaching €23,142 million), 2.3 pp more than in the EU27.

By destination, exports to the EU (68.5% of the total) increased 4.5% year-on-year, while those destined for the rest of the world fell 1%.

By contrast, imports fell 1.3% year-on-year (reaching €26,650 million), compared to an average fall of 0.2% in the EU27.

As a result, the trade deficit fell by 21.8%, reaching €3,508 million.

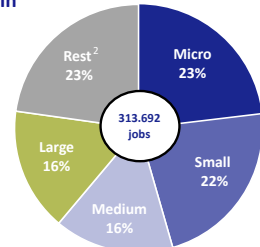
These figures clearly don't reflect the full impact of the coronavirus, even though the effects of the Chinese economic slowdown had started to set in.

Added to this will be a reduction in investment due to increased global uncertainty, a slowing down of global activity, and the instability of financial markets.

Impact on the employment, Spain

% of the total affected employment

	GDP 2020
Direct effects	0.9%
Indirect effects	1.7%

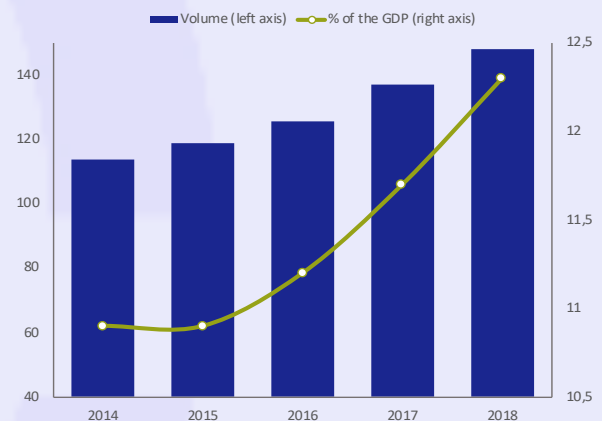


¹Based on a period of one month for the duration of the state of emergency.
²Mostly comprised of freelance workers.

Source: Círculo de Empresarios based on CEPYME, 2020.

Contribution of tourism, Spain

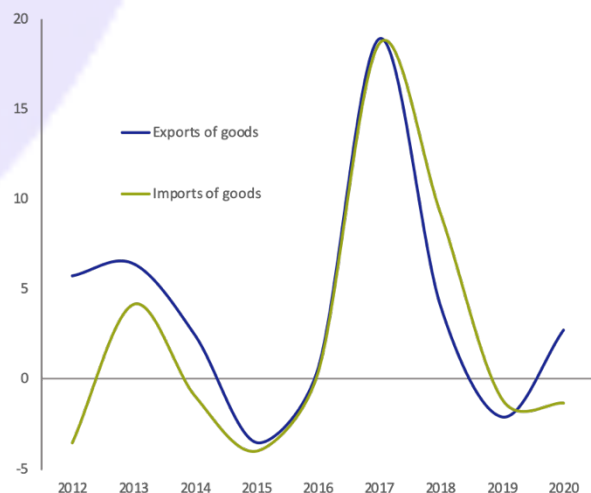
Billions of € and % of the GDP



Source: Círculo de Empresarios based on INE and Exceltur, 2020.

Foreign sector, Spain

YoY change (%), month of January



Source: Círculo de Empresarios based on Ministry of industry, trade and tourism, 2020.

Covid-19 crisis, Germany

Economic outlook indicators:

In March, the principal German confidence indicators registered one of the greatest falls in its history. This is a consequence of the economic impact and the rapid spread of the coronavirus in Europe and the rest of the world. Specifically:

- The composite PMI shrank to 37.2 points (compared to 50.7 in the previous month), mainly as a result of the collapse of the service sector.
- The ZEW Economic Sentiment Survey fell to -47.5 points (compared to 8.7 in February), reaching 2011 levels.

Economic growth forecast:

In line with economic indicator forecasts, the Ifo Institute predicts that German GDP will shrink by a yearly rate of 1.5% in 2020.

Quarter on quarter, forecasts point to a fall in GDP of 4.5% in the second quarter of 2020, principally as a result of a fall in demand. In the third and fourth quarters of 2020, improvements of around 2% are forecasted, progressively converging to the predicted outcome before the crisis (with quarter-on-quarter figures of around 0.5% up until the end of 2021).

At the same time, the institute forecasts that the impact in terms of GDP volume will be €115.000 million (0.6% below the previously predicted outcome in the medium to long term).

Unemployment, Norway

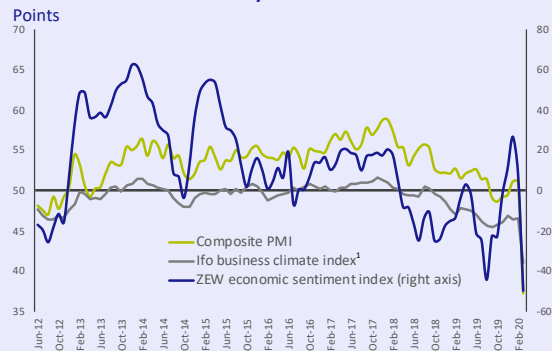
In March, requests for unemployment benefits increased by around 600% compared to February (reaching 274,200) as a result of the economic impact of coronavirus containment measures on businesses.

In line with these developments, to date in 2020, a total of 313,100 requests have been received, compared to a total of 160,500 in 2019 and 166,600 in 2018.

Against this backdrop, unemployment in Norway increased 8.1 pp from February reaching 10.9%, the biggest increase since 1930.

- The Ifo index dropped to 87.7 points (compared to 96 in the previous month), reaching 2009 levels when the German GDP fell 5.6%.

Indexes of economic activity

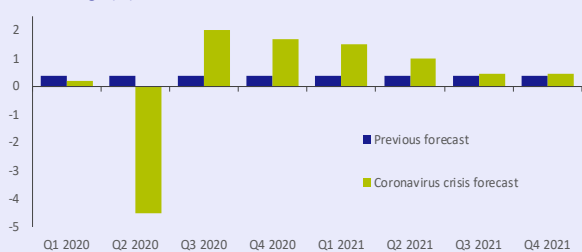


¹Standardised to the PMI scale.

Source: Círculo de Empresarios based on Oxford Economics, 2020.

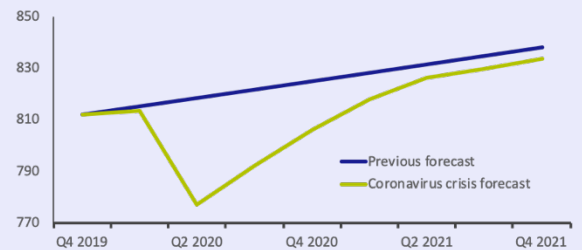
Real GDP growth forecasts, Germany

QoQ change (%)



Volume GDP evolution forecasts, Germany

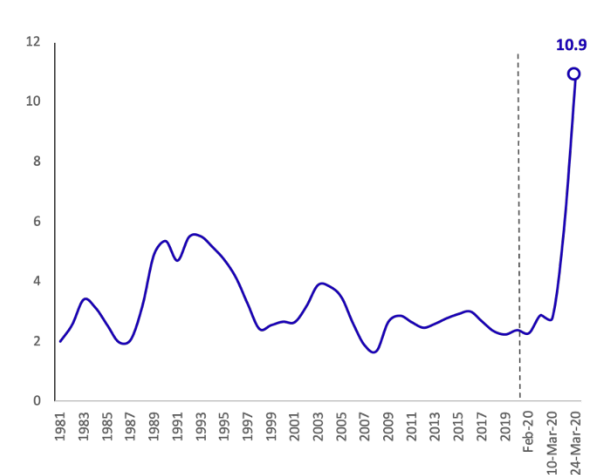
Billions of €



Source: Círculo de Empresarios based on Ifo Institute, 2020.

Evolution of unemployment, Norway

% labour force



Source: Círculo de Empresarios based on NAV, 2020.