

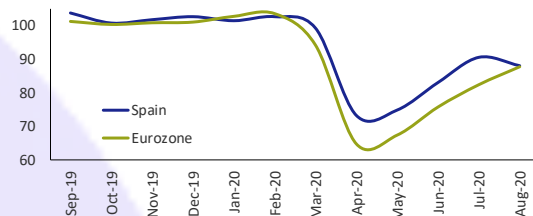
Economic sentiment, Spain

In August, the Economic Sentiment Indicator (ESI) in Spain registered a fall of 2.5 points compared to July, reaching 88.1 points. This places Spain as the EU country where confidence levels have fallen the most.

The reason for this was the worsening of the data for construction (-5.9 points compared to July), retail trade (-5.2 points), the service sector (-4.6) and consumers (-3.1). On the other hand, industry improved relatively well (+0.9) with respect to July.

For its part, the ESI for the Eurozone registered an increase of 5.3 points to 87.7, due to an improvement in the service sector (+9 points compared to July), retail (+4.6 points) and industry (+3.5).

Economic Sentiment Index, Spain and Eurozone
Points



Source: Círculo de Empresarios based on European Commission, 2020.

Tourist sector, Spain

In July, the number of international tourists visiting Spain fell 75% year-on-year, with 2.5 million visits.

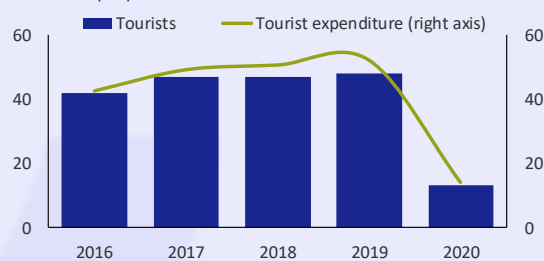
By country of residence, visits from France (24.2% of the total number of tourists), registered a fall of 58.4% year-on-year, followed by Germany (17.5% of the total) with a fall of 65.2% year-on-year, and the United Kingdom (15.3%), with a -82.5% decrease year-on-year.

Between January and July, 13.2 million tourists arrived in Spain, a figure which represents a decrease of 72.4% with respect to the same period in 2019 (34.8 million fewer tourists).

For its part, in July spending by international tourists fell 79.5% year-on-year to €2.45 billion.

At the same time, the average spending per tourist was €944, which represents a decrease of 17.8% year-on-year. In terms of spending by country, Germany (18.7% of the total), France (15.3%) and the UK (15.2%) all plummeted year-on-year by 67.5%, 65.2% and 84.7% respectively. Between January and July, spending fell 72.6% year-on-year, reaching €14.3 billion (compared to +3% from January-July in 2019).

Tourists and tourist expenditure January-July, Spain
Millions of people and Ebn



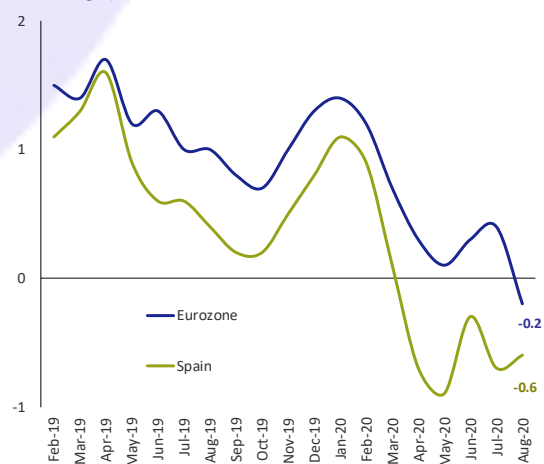
Source: Círculo de Empresarios based on INE, 2020.

HICP, Spain

In August, the HICP (Harmonised Index of Consumer Prices) advanced indicator showed an easing of the decrease to 0.6% year-on-year (against -0.7% in July) due to the increase in electricity prices. If confirmed, this figure would represent a variation of 1 pp from the August 2019 rate and would be the worst registered figure for this month since 2009 (-0.7% year-on-year).

For its part, the HICP for the Eurozone is expected to fall 0.2% year-on-year (compared to +1% in August 2019) due to an increase in the prices of food, alcohol and tobacco and services.

HICP, Spain and Eurozone
YoY change (%)



Source: Círculo de Empresarios based on INE, 2020.

GDP, Italy

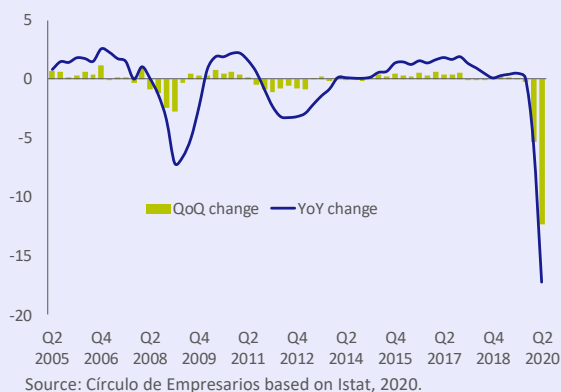
In Q2 2020, according to the definitive data published by the Italian National Institute of Statistics (Istat), Italy's GDP contracted 12.8% quarterly, 4 tenths more than initially forecast. In year-on-year terms, the decrease was 17.7%.

This result is the worst since reporting began, and the Italian economy has already accumulated its third consecutive quarter of contraction.

By demand components, public spending registered a fall of 0.9% quarterly, household spending by 11.3% and gross fixed capital formation 14.9%. At the same time, exports fell 26.4% in the quarter, and imports by 20.5%.

In comparison with the main economies in the region, Italy shows the third biggest decline in this quarter, after Spain (-18.5%) and France (-13.8%).

Evolution of GDP, Italy (%)



German recovery

In 2020, according to the forecasts by the government, German GDP will contract 5.8%, somewhat less than the -6.6% forecast in March, due to the sharp upturn in activity after the collapse in Q2. For 2021, a growth of 4.4% is expected, compared to the previous estimate of 5.2%.

The latest figures for August showing an increase in employment and a rise in confidence of German companies, support this forecast improvement:

- Unemployment fell for the second consecutive month to 2.95 million people, retaining an unemployment level of 6.4%.

- The German IFO business climate index exceeded expectations and rose to 92.6 from the previous figure of 90.4.
- Manufacturing PMI rose 1.2 points compared to July reaching 52.2 points – its maximum level for the past 22 months.

German Government forecasts (%)



Source: Círculo de Empresarios based on German Government, 2020.

Economic activity, China

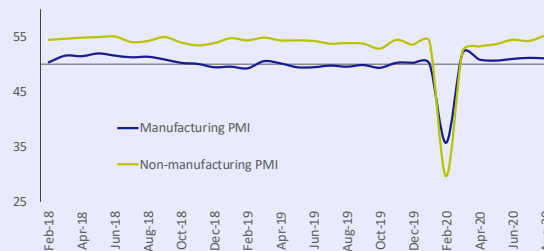
In August, Chinese economic activity continued to recover, boosted by public investment and the reopening of international economies, which helped to reactivate demand and the export sector.

Non-manufacturing PMI rose to 55.2 points (against 54.2 points in July), its highest level since the start of 2018 when the economy grew above 6% yearly.

Manufacturing PMI slowed down slightly to 51 points (against 51.4 points in July). Industrial activity is showing slight signs of recovery.

Although demand for manufactured products is improving, and new export orders are increasing, more than half the companies still point to insufficient market demand as one of the main problems they are facing.

PMIs evolution, China Points



Source: Círculo de Empresarios based on National Bureau of Statistics of China, 2020.