

### Activity indicators

#### Service sector

In December, the General Services Sector Turnover Index registered an 8.7% year-on-year contraction, accumulating. This figure has remained in negative territory for the 10<sup>th</sup> consecutive month, but it has improved compared to November (-12.6%), which indicates a slight recovery of the sector that coincided with the Christmas season.

In 2020 as a whole, the index closed with an average annual contraction of 15.6%, in both the original series and the seasonally- and working-day-adjusted one.

By branches of activity, they all registered negative rates in December, with the hospitality sector standing out with a decrease of 52.9% (-50.1% in the annualized average for 2020).

For its part, trade registered a contraction of 8.7% (-15.6% in 2020),

#### Industry sector

In December, the General Industry Turnover Index decreased 2.6% year-on-year (-5.8% in the seasonally and working-day-adjusted series). For 2020 as a whole, the index showed an annual decrease of 11.7% (12.0% in the adjusted series).

By economic destination of goods, the seasonally- and working-day-adjusted indexes showed negative annual rates in all the sectors analyzed, with the fall in Energy (-37.9%) standing out.

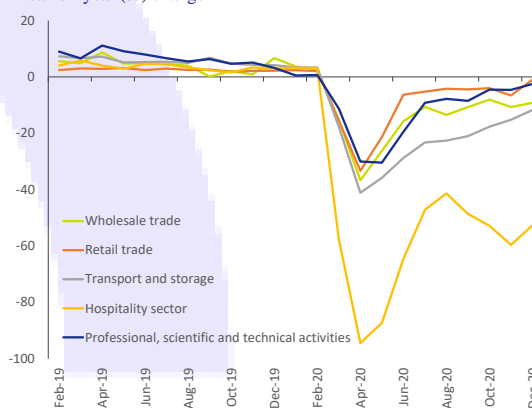
The recovery of international demand in December affected the evolution of industrial sales by geographic destination. While sales increased 3.8% year-on-year in the foreign market and 2.4% in the Eurozone, the domestic market remained negative (-3.6%).

By Autonomous Community, the turnover figure increased in 5 regions, headed by the Valencian Community

and there was a 10.5% decrease (-19.1% yearly average) in transportation and warehousing.

By Autonomous Community, the service sector turnover figure fell in all of them. As an average for 2020, the decreases in the Canary Islands (27%) and the Balearic Islands (23.8%) stand out. At the same time, the Community of Madrid registered an 11.8% drop and Catalonia 6.8%.

**General Services Turnover Index by branches of activity**  
Year-on-year (%) change

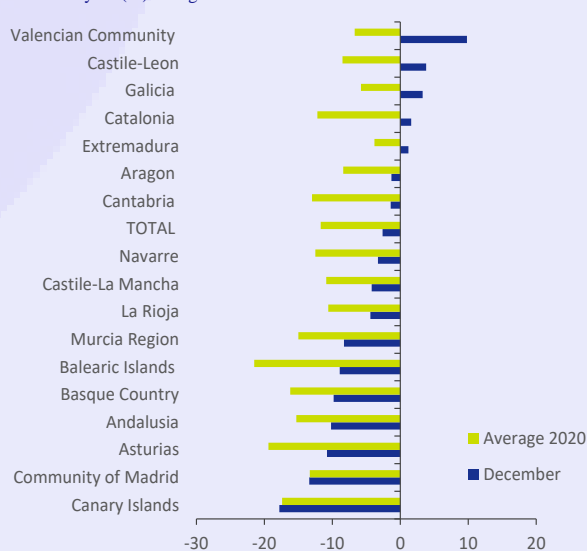


Source: Círculo de Empresarios based on INE, 2021.

with an increase of 9.8%, Castile and Leon (3.8%) and Galicia (3.3%).

On the other hand, the worst performing areas were the Canary Islands with a decrease of 17.8% and the Community of Madrid with 13.3%.

**General Industry Index by Autonomous Community**  
Year-on-year (%) change



Source: Círculo de Empresarios based on INE, 2021.

## German business confidence

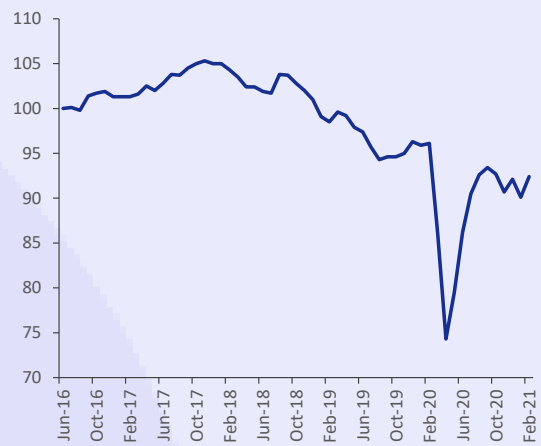
In February, the index of German business confidence (drawn up by the Ifo Economic Research Institute, Munich) jumped to 92.4 points, its highest level since last October. German business confidence increased despite the lockdown measures introduced to contain the latest wave of cases as a result of the pandemic.

At the same time, agents' expectations registered an important upturn to 94.2 points, compared to 91.5 in January.

By sectors, optimism in the manufacturing sector stands out, where the index increased to 16.1 points, its highest level since November 2018. On the other hand, the index remains in negative territory (-22 points) in the

service sector as a result of the Covid-19 movement restrictions. In trade, although the index rose 2.6 points to -14.6 points in February, expectations remain low.

**German Business confidence index (Ifo)**  
Points



Source: Círculo de Empresarios based on Ifo, 2021.

## Labor market, the UK

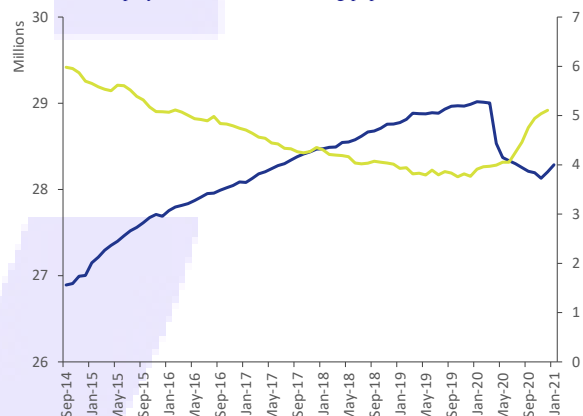
In the UK, the labor market has started to stabilize although the continuing restrictions to counter an upsurge in Covid-19 cases has put a stop to jobs recovery and has led to a new increase in unemployment.

Specifically, in Q4 2020, the unemployment rate increased 0.4 pp to 5.1% of the working population, the highest level in almost five years. The number of unemployed people reached 1.74 million after an increase of 454,000 people in the past 12 months. However, there were also signs of improvement. In January 2021, the number of salaried employees increased by almost 83,000

for the second month consecutively after 10 months of decreases, to a total of 28,287,235 employed people.

**Evolution of the UK job market**

Millions of employees and % of the working population



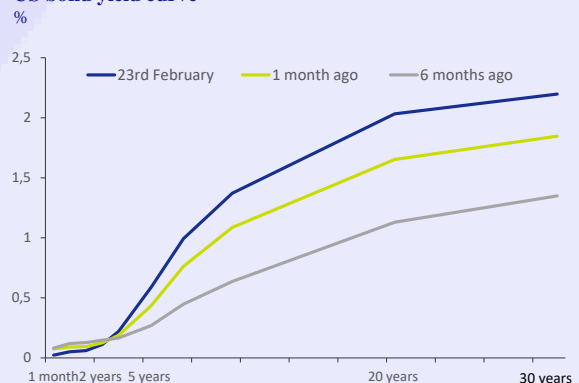
Source: Círculo de Empresarios based on ONS, 2021.

## Bond yield curve, the US

The predictable upturn in inflation due to the fiscal stimulus plans and interest rates at historic minimums, has led investors to demand greater profitability in the acquisition of public debt both in the US and Europe.

More specifically, the yield on a 10-year US bond hit 1.3%, the highest level in a year. In Germany, bond yield picked up, although it remains in negative territory (-0.35%).

**US bond yield curve**



Source: Círculo de Empresarios based on Bloomberg, 2021.