11 July 2018

Business Confidence Indicators (BCI)
Third quarter of 2018

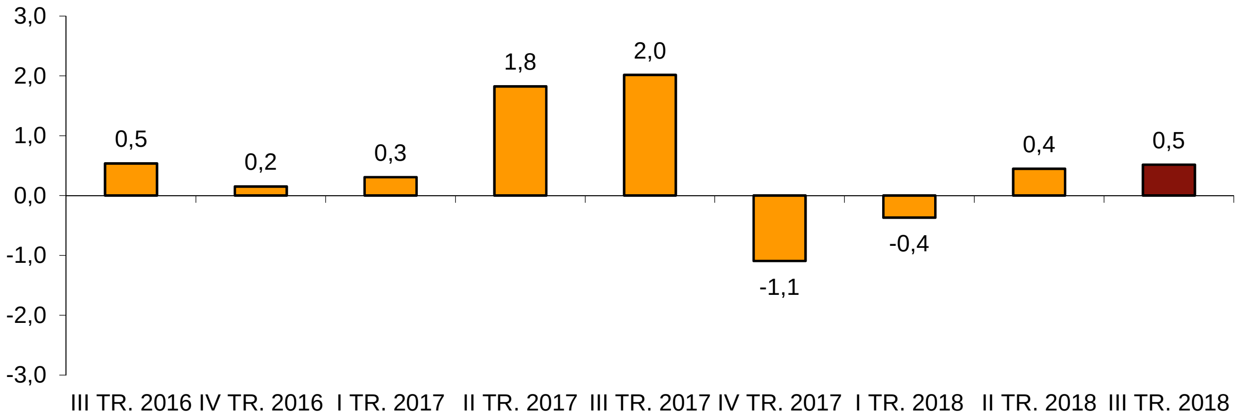
The Harmonised Business Confidence Index (HBCI) increases by 0.5% in the third quarter of 2018 as compared with the second quarter.

22.8% of business establishments foresee a favourable quarter and 15.7% are pessimistic about the performance of their business

Evolution of the Harmonised Business Confidence Index

The Harmonised Business Confidence Index (HBCI) increased by 0.5% in the third quarter of 2018 as compared with the second quarter.

Indice de Confianza Empresarial Armonizado (ICEA)
Tasa trimestral



Opinions regarding the coming quarter (Expectations)

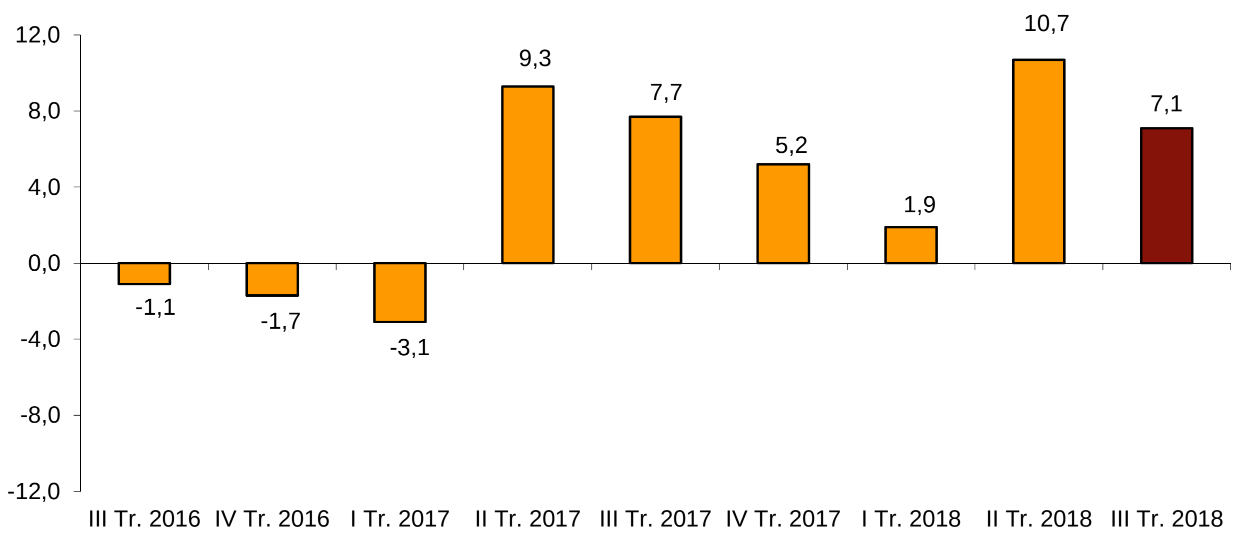
Of the establishments' managers, 22.8% consider that the performance of their business during the third quarter of 2018 will be favourable, whereas 15.7% consider that it will be unfavourable. The remaining 61.5% consider that it will be normal.

The difference between the percentages of favourable and unfavourable responses, known as *Expectations Balance*, stood at 7.1 points for Spain as a whole, as compared with 10.7 for the previous quarter.

Opiniones respecto al trimestre que comienza (Expectativas)

Periodo	Favorables (%) (optimistas)	Normales (%)	Desfavorables (%) (pesimistas)	Saldo (optimistas - pesimistas)
2016 Trimestre III	20,3	58,3	21,4	-1,1
Trimestre IV	18,9	60,5	20,6	-1,7
2017 Trimestre I	17,0	62,9	20,1	-3,1
Trimestre II	24,1	61,1	14,8	9,3
Trimestre III	24,4	58,9	16,7	7,7
Trimestre IV	21,1	63,0	15,9	5,2
2018 Trimestre I	19,6	62,7	17,7	1,9
Trimestre II	23,5	63,7	12,8	10,7
Trimestre III	22,8	61,5	15,7	7,1

Evolución del Saldo de Expectativas



Opinions regarding the last quarter (Situation)

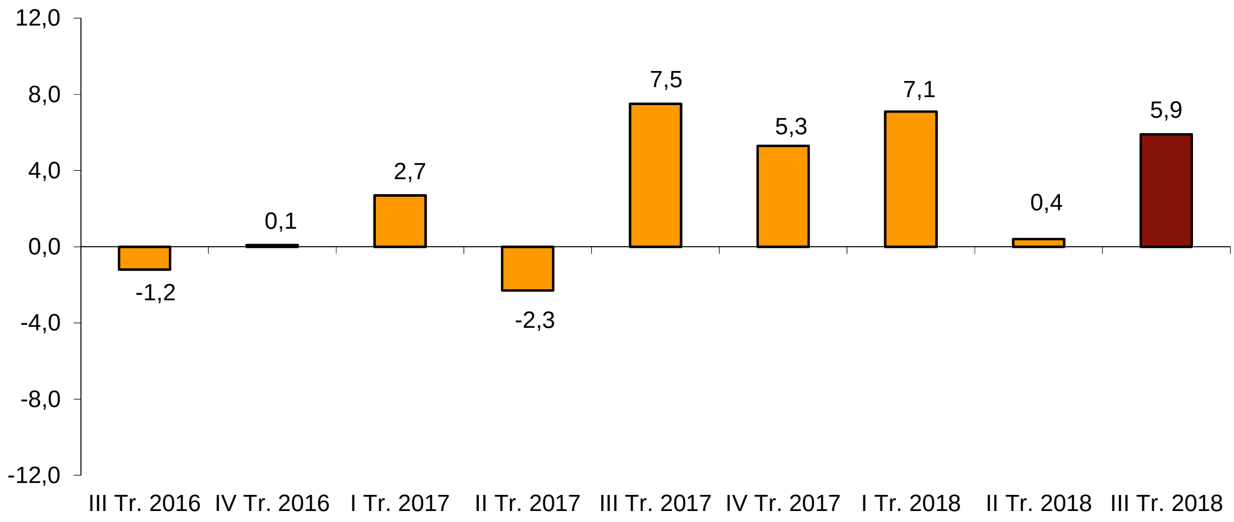
21.7% of the managers of business establishments had a favourable opinion on the performance of their business in the second quarter of 2018. In turn, 15.8% had an unfavourable opinion.

The difference between the percentages of favourable and unfavourable responses referring to the last quarter, known as *Situation Balance*, stood at 5.9 points. This figure worsens *Expectations* previously expressed for that quarter, which stood at 10.7 points.

Opiniones respecto al trimestre finalizado (Situación)

Periodo	Favorables (%) (optimistas)	Normales (%)	Desfavorables (%) (pesimistas)	Saldo (optimistas - pesimistas)
2016 Trimestre III	19,6	59,6	20,8	-1,2
Trimestre IV	20,8	58,5	20,7	0,1
2017 Trimestre I	21,6	59,5	18,9	2,7
Trimestre II	18,5	60,7	20,8	-2,3
Trimestre III	23,5	60,5	16,0	7,5
Trimestre IV	22,4	60,5	17,1	5,3
2018 Trimestre I	23,9	59,3	16,8	7,1
Trimestre II	19,5	61,4	19,1	0,4
Trimestre III	21,7	62,5	15,8	5,9

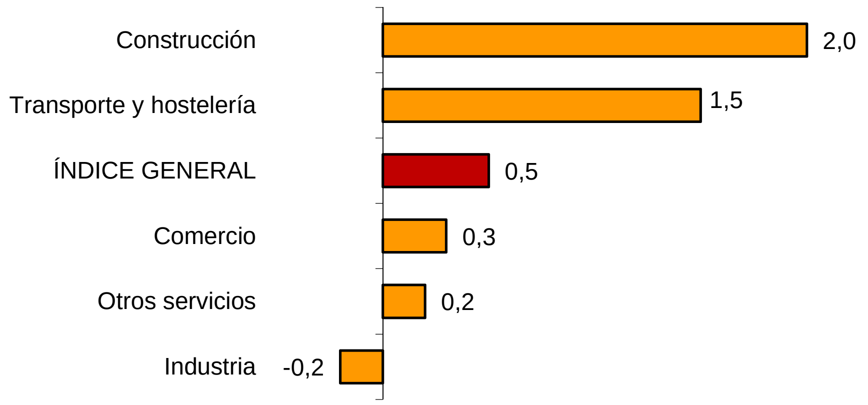
Evolución del Saldo de Situación



Harmonised Business Confidence Index by activity sector

Four out of the five sectors analysed showed an improvement on the confidence, as compared with the previous quarter. *Construction* and *Transport and Accommodation* registered the largest increases (2.0% and 1.5%, respectively). In turn, *Industry* registered the only decrease (-0.2%).

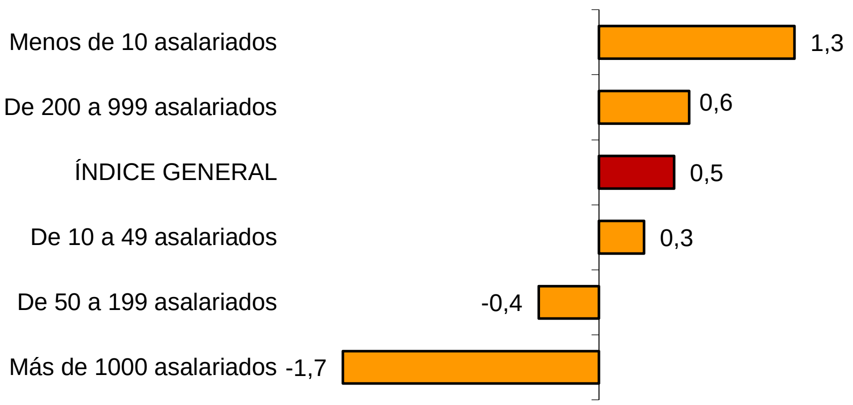
Tasa trimestral del ICEA
Índice general y por sectores de actividad



Harmonised Business Confidence Index by size of the establishments

Three out of the five sizes of establishments analysed presented an improvement on the confidence, as compared with the previous quarter. The interval *Less than 10 employees* registered the largest increase (1.3%) and *More than 1,000 employees* the greatest decrease (-1.7%).

Tasa trimestral del ICEA
Índice general y por tamaño de establecimientos

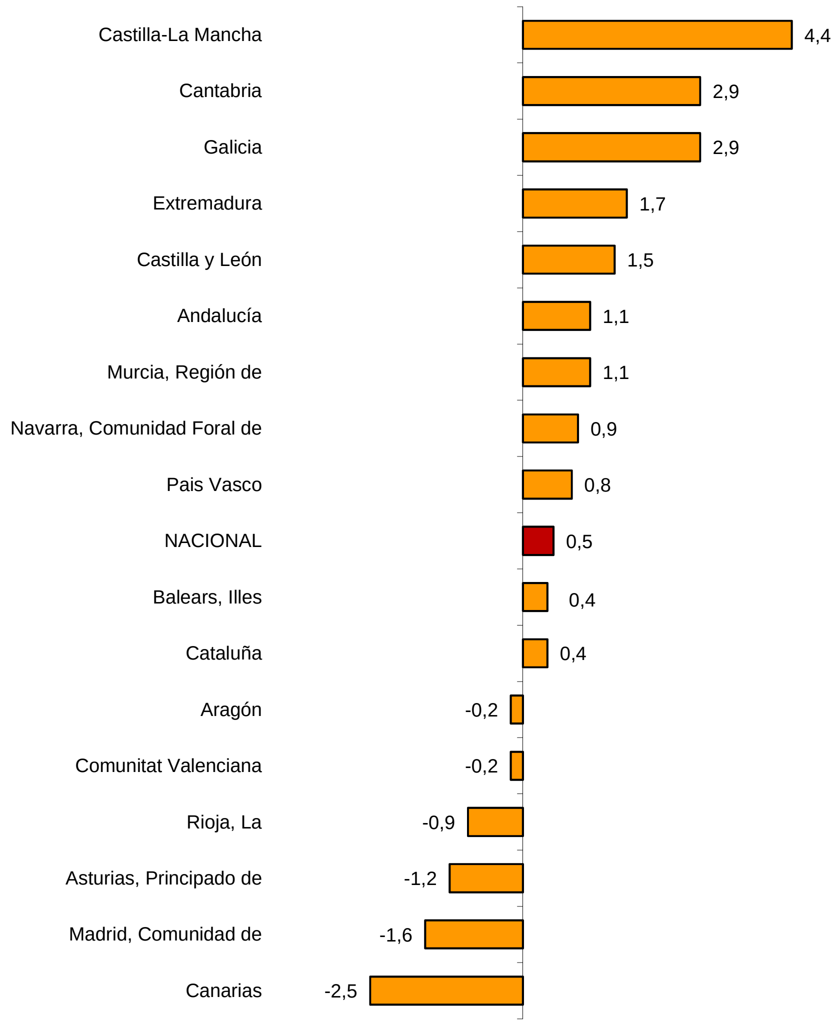


Harmonised Business Confidence Index. Results by Autonomous Communities

Business confidence increased in the third quarter of 2018 compared to the previous quarter in 11 Autonomous Communities and fell in the other six.

Castilla–La Mancha (4.4%), Cantabria and Galicia (both with 2.9%) registered the largest increases. In turn, Canarias (-2.5%), Comunidad de Madrid (-1.6%) and Principado de Asturias (-1.2%) recorded the greatest decreases.

Tasa trimestral del ICEA
Índice Nacional y por comunidades autónomas



Methodological note

The survey on which the Business Confidence Indexes (BCIs) are based is the first opinion poll conducted by the INE, and it is prepared based on a representative sample of establishments, whose opinions began to be collected since the first quarter of 2012.

The methodology of the survey enables the integration of the analogous data compiled by the statistics services of the Autonomous Communities, once their consistency is checked so they can be incorporated into the general process of the survey and according to the relevant agreements subscribed for this purpose.

The data from Andalucía, Illes Balears, Canarias, Castilla y León and Cataluña were integrated during the first quarter of 2013. In the third quarter of 2013, those from La Rioja; in the third quarter of 2017, those from Extremadura; and since the second quarter of 2018 those of Comunitat Valenciana.

The population scope of the survey is comprised of all those establishments whose main activity is included in the following sections of CNAE-2009: B to N (inclusive, except division 70), R (only divisions 92 and 93) and S (only divisions 95 and 96).

The BCIs gather the opinions of the establishment's managers regarding the performance of their business for each past quarter, and regarding their expectations for each coming quarter. The methodology is based on the Japanese ***TANKAN*** index i.e. there is no weighting or elevation depending on the characteristics of the establishment since the opinion of each informant is valued the same.

The BCIs are compiled and published quarterly. Three indicators are based on the following question from the questionnaire:

1. ¿Cómo valoraría la marcha del negocio en su establecimiento?	Favorable	Normal	Desfavorable
1. En el trimestre que está acabando	☐	☐	☐
2. Para el trimestre que va a comenzar	☐	☐	☐

The **Harmonised Expectation Indicator** (known as ***Expectations***) includes the difference or balance between the percentages of favourable and unfavourable responses with regards to the following quarter. It can fluctuate between –100 (all of the respondents are pessimistic - that is, they have marked the *Unfavourable* box - regarding the coming quarter) and +100 (all of the respondents are optimistic - that is, they have marked the *Favourable* box-).

An intuitive interpretation thereof is simple and direct. If the *Expectations* are positive, the optimists exceed the pessimists about the coming quarter.

The **Harmonised Situation Indicator** (known as ***Situation***) is the difference or balance between the percentages of favourable and unfavourable responses with regard to the quarter that is ending.

The **Harmonised Business Confidence Index** (HBCI) is built using the *Situation* and the *Expectations*. The current base of this index is the first quarter of 2013, and whose value for that first quarter is, therefore, equal to 100.

Information about the three indicators is disseminated for the national total and each activity sectors[1] and size of the establishments. Also for each Autonomous Community.

[1] For *Industry* and *Construction*, there is more information available about climate indicators on the Business Tendency Survey, carried out by the Ministry of Economy, Industry and Competitiveness.

Business Confidence Indicators
Third quarter of 2018

11 July 2018

1. Harmonized Business Confidence Index by sectors

Period	TOTAL	Industry	Construction	Trade	Transport and accomodation	Other Services
2016 Quarter III	131.2	126.8	132.2	137.2	140.8	126.5
Quarter IV	131.4	125.6	133.5	138.4	141.0	126.7
2017 Quarter I	131.8	128.2	136.6	137.0	136.7	127.7
Quarter II	134.2	129.1	140.7	138.0	141.7	130.2
Quarter III	136.9	130.6	144.4	140.9	148.2	132.1
Quarter IV	135.4	128.8	143.9	139.2	145.2	130.8
2018 Quarter I	134.9	129.4	145.8	138.0	139.7	131.1
Quarter II	135.5	130.8	144.9	137.6	141.3	132.1
Quarter III	136.2	130.6	147.8	138.0	143.4	132.4

2. Harmonized Business Confidence Index by size

Period	TOTAL	Less than 10 wage earners	From 10 to 49 wage earners	From 50 to 199 wage earners	From 200 to 999 wage earners	Over 1000 wage earners
2016 Quarter III	131.2	132.6	135.9	128.9	124.0	121.2
Quarter IV	131.4	133.8	135.8	128.3	123.1	120.4
2017 Quarter I	131.8	132.2	136.9	130.2	125.0	122.4
Quarter II	134.2	136.8	137.7	132.2	126.2	121.9
Quarter III	136.9	141.0	140.2	134.2	127.0	123.0
Quarter IV	135.4	138.0	139.8	133.5	125.9	122.2
2018 Quarter I	134.9	135.6	139.9	133.0	127.3	125.8
Quarter II	135.5	137.6	139.7	134.2	126.3	123.5
Quarter III	136.2	139.4	140.1	133.7	127.1	121.4

3. Harmonized Business Confidence Index by Autonomous Communities

Period	NATIONAL	Andalucía	Aragón	Asturias, Principado de	Balears, Illes	Canarias
2016 Quarter III	131.2	131.6	126.2	133.6	147.6	129.5
Quarter IV	131.4	131.5	129.1	132.6	140.7	132.2
2017 Quarter I	131.8	132.0	131.9	129.6	133.6	134.2
Quarter II	134.2	133.6	134.8	136.1	141.0	132.8
Quarter III	136.9	136.3	137.4	139.2	149.2	132.6
Quarter IV	135.4	134.1	134.7	136.3	140.8	136.7
2018 Quarter I	134.9	134.4	140.9	135.7	131.5	136.5
Quarter II	135.5	135.0	138.5	137.4	142.3	132.1
Quarter III	136.2	136.5	138.2	135.8	142.8	128.8

Period	Cantabria	Castilla y León	Castilla-La Mancha	Cataluña	Comunitat Valenciana	Extremadura
2016 Quarter III	137.0	135.3	138.0	139.1	122.7	126.9
Quarter IV	133.6	135.8	140.1	138.4	124.6	129.2
2017 Quarter I	134.5	135.3	140.4	138.9	127.2	128.0
Quarter II	141.0	137.2	143.9	142.6	126.2	127.6
Quarter III	149.5	142.7	146.9	143.8	128.3	137.0
Quarter IV	143.5	142.1	145.6	140.6	129.3	138.0
2018 Quarter I	142.7	138.2	143.0	137.5	128.1	137.2
Quarter II	141.9	139.3	141.7	140.0	131.6	137.9
Quarter III	146.0	141.4	147.9	140.5	131.3	140.2

Period	Galicia	Madrid, Comunidad de	Murcia, Región de	Navarra, Comunidad Foral	País Vasco	Rioja, La
2016 Quarter III	126.1	126.4	121.5	133.9	130.2	126.7
Quarter IV	127.8	125.8	126.1	129.8	129.0	129.8
2017 Quarter I	129.5	127.3	126.9	130.4	130.9	127.7
Quarter II	129.2	128.0	131.7	133.5	133.7	130.7
Quarter III	132.4	128.4	128.8	137.7	136.1	132.9
Quarter IV	131.2	127.7	129.7	135.6	132.7	131.9
2018 Quarter I	129.5	130.5	131.3	135.1	135.0	132.5
Quarter II	125.5	129.9	129.6	139.2	136.3	132.6
Quarter III	129.2	127.8	131.0	140.5	137.4	131.4

4. Opinions regarding the coming quarter (Expectations) by sectors

Activity sectors	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	22.8	61.5	15.7	7.1
Industry	26.0	58.6	15.4	10.6
Construction	23.4	59.6	17.0	6.4
Trade	20.2	62.5	17.3	2.9
Transport and accommodation	26.8	54.9	18.3	8.5
Other services	21.0	65.7	13.3	7.7

5. Opinions regarding the coming quarter (Expectations) by size

Size of the establishment	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	22.8	61.5	15.7	7.1
Less than 10 wage earners	19.1	60.7	20.2	-1.1
From 10 to 49 wage earners	24.7	61.6	13.7	11.0
From 50 to 199 wage earners	26.7	61.1	12.2	14.5
From 200 to 999 wage earners	26.4	62.0	11.6	14.8
Over 1000 wage earners	23.8	68.5	7.7	16.1

6. Opinions regarding the coming quarter (Expectations) by Autonomous Communities

	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
NATIONAL	22.8	61.5	15.7	7.1
Andalucía	22.0	60.8	17.2	4.8
Aragón	16.7	68.1	15.2	1.5
Asturias, Principado de	18.7	62.3	19.0	-0.3
Balears, Illes	26.1	61.1	12.8	13.3
Canarias	22.0	62.0	16.0	6.0
Cantabria	25.2	61.3	13.5	11.7
Castilla y León	27.7	53.8	18.5	9.2
Castilla- La Mancha	23.3	59.5	17.2	6.1
Cataluña	26.0	62.8	11.2	14.8
Comunitat Valenciana	25.7	58.2	16.1	9.6
Extremadura	28.8	52.1	19.1	9.7
Galicia	22.1	60.0	17.9	4.2
Madrid, Comunidad de	17.3	66.5	16.2	1.1
Murcia, Región de	24.2	57.8	18.0	6.2
Navarra, Comunidad Foral de	24.1	64.0	11.9	12.2
País Vasco	23.6	61.8	14.6	9.0
Rioja, La	17.3	66.6	16.1	1.2

7. Opinions regarding the last quarter (Situation) by sectors

Activity sectors	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	21.7	62.5	15.8	5.9
Industry	27.4	55.9	16.7	10.7
Construction	23.2	59.7	17.1	6.1
Trade	16.5	63.0	20.5	-4.0
Transport and accommodation	22.5	61.8	15.7	6.8
Other services	21.2	66.5	12.3	8.9

8. Opinions regarding the last quarter (Situation) by size

Size of the establishment	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	21.7	62.5	15.8	5.9
Less than 10 wage earners	16.6	62.5	20.9	-4.3
From 10 to 49 wage earners	24.3	62.1	13.6	10.7
From 50 to 199 wage earners	27.7	61.0	11.3	16.4
From 200 to 999 wage earners	25.7	62.6	11.7	14.0
Over 1000 wage earners	23.5	67.1	9.4	14.1

9. Opinions regarding the last quarter (Situation) by Autonomous Communities

	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
NATIONAL	21.7	62.5	15.8	5.9
Andalucía	20.1	63.0	16.9	3.2
Aragón	20.1	65.9	14.0	6.1
Asturias, Principado de	17.4	61.6	21.0	-3.6
Balears, Illes	22.7	61.9	15.4	7.3
Canarias	18.4	63.1	18.5	-0.1
Cantabria	17.7	63.5	18.8	-1.1
Castilla y León	20.5	57.4	22.1	-1.6
Castilla- La Mancha	20.6	62.8	16.6	4.0
Cataluña	26.2	63.0	10.8	15.4
Comunitat Valenciana	28.9	57.6	13.5	15.4
Extremadura	24.1	58.1	17.8	6.3
Galicia	16.8	60.8	22.4	-5.6
Madrid, Comunidad de	19.4	67.6	13.0	6.4
Murcia, Región de	23.5	64.1	12.4	11.1
Navarra, Comunidad Foral de	25.6	60.0	14.4	11.2
País Vasco	26.6	60.3	13.1	13.5
Rioja, La	15.6	64.1	20.3	-4.7

10. Other economic variables. Opinions with regard to the quarter that is beginning

Economic variables	It will increase	It will remain the same	It will decrease	Balance (increase - decrease)
Employment (hired personnel)	13.0	76.8	10.2	2.8
Price level	6.1	87.0	6.9	-0.8

11. Other economic variables. Opinions with regard to the quarter that has ended

Economic variables	It increased	It remained the same	It decreased	Balance (increase - decrease)
Employment (hired personnel)	15.6	74.7	9.7	5.9
Price level	7.5	85.0	7.5	0.0