17 January 2018

Business Confidence Indicators (BCI)
First quarter of 2018

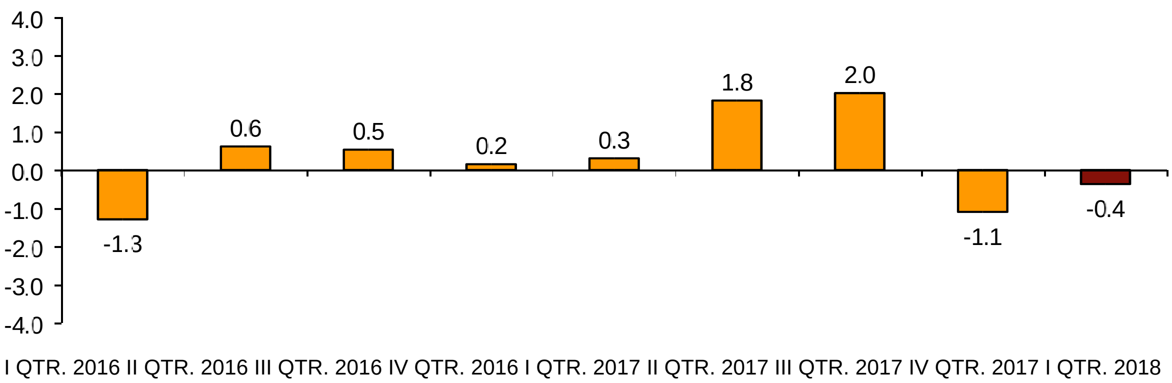
The Harmonised Business Confidence Index (HBCI) in the first quarter of 2018 decreased by 0.4% as compared with the fourth quarter of the previous year.

19.6% of business establishments foresee a favourable quarter and 17.7% are pessimistic about the performance of their business

Evolution of the Harmonised Business Confidence Index

The Harmonised Business Confidence Index (HBCI) in the first quarter of 2018 decreased by 0.4% as compared with the fourth quarter of the previous year.

Harmonised Business Confidence Index (HBCI) Quarterly rate



Opinions regarding the coming quarter (Expectations)

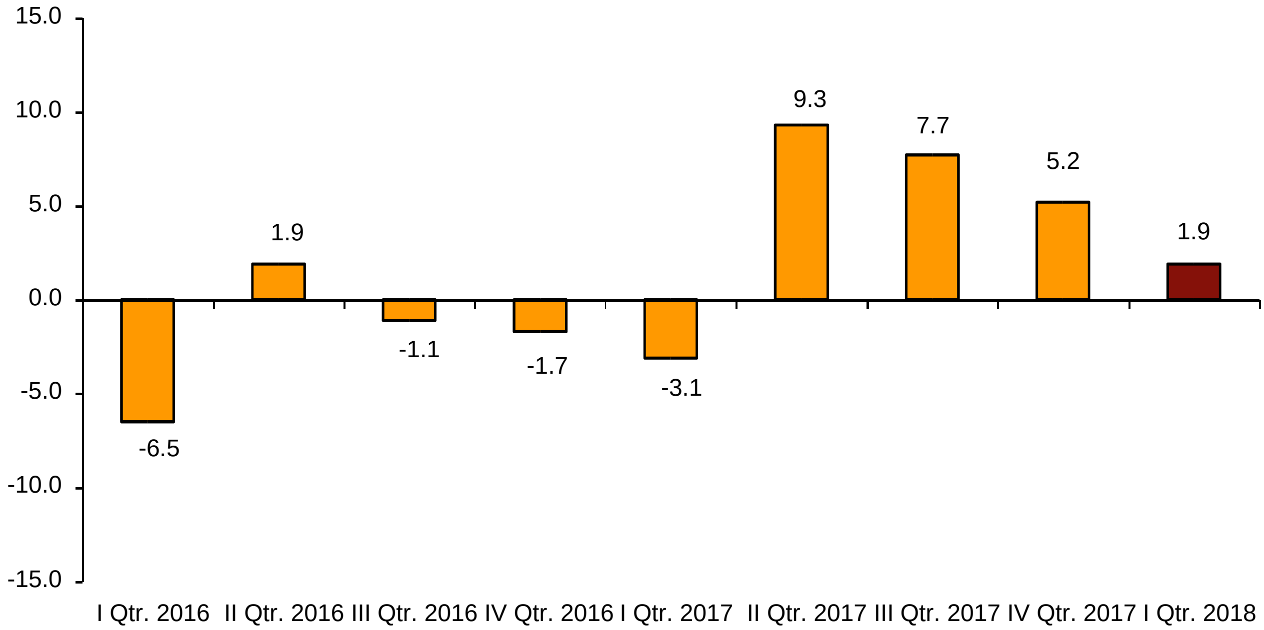
19.6% of the establishments' managers thought that the performance of their business during the first quarter of 2018 will be favourable, whereas 17.7% thought that it will be unfavourable. The remaining 62.7% thought that it will be normal.

The difference between the percentages of favourable and unfavourable responses, known as *Expectations Balance*, stood at 1.9 points for Spain as a whole, as compared with 5.2 for the previous quarter.

Opinions regarding the coming quarter (Expectations)

Period	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
2016 Quarter I	16.1	61.3	22.6	-6.5
Quarter II	20.1	61.7	18.2	1.9
Quarter III	20.3	58.3	21.4	-1.1
Quarter IV	18.9	60.5	20.6	-1.7
2017 Quarter I	17.0	62.9	20.1	-3.1
Quarter II	24.1	61.1	14.8	9.3
Quarter III	24.4	58.9	16.7	7.7
Quarter IV	21.1	63.0	15.9	5.2
2018 Quarter I	19.6	62.7	17.7	1.9

Evolution of the Balance of Expectations



Opinions regarding the last quarter (Situation)

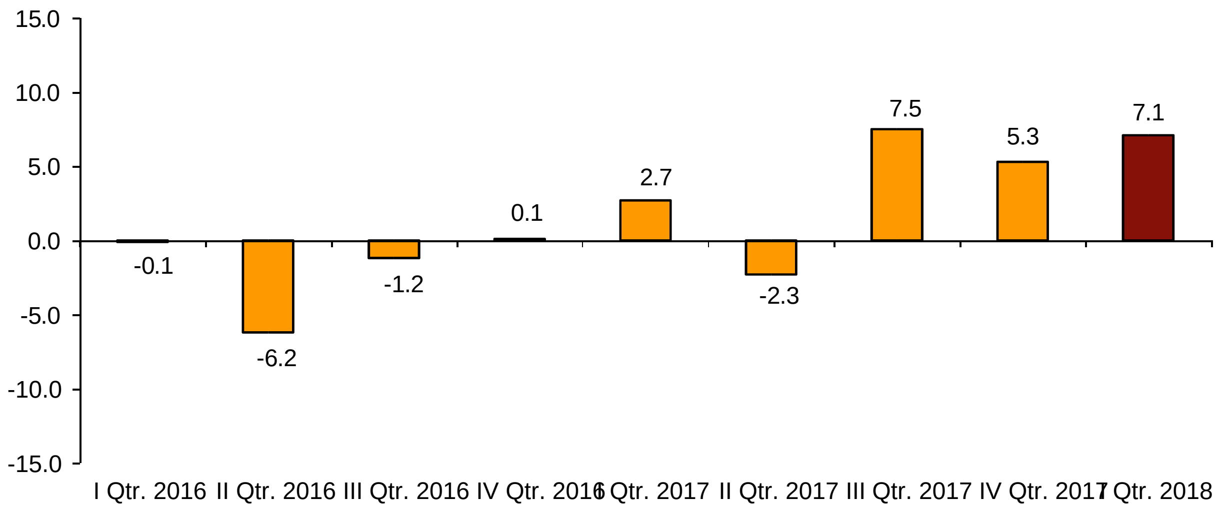
A favourable opinion regarding the performance of their business in the fourth quarter of 2017 was expressed by 23.9% of establishments' managers. In turn, 16.8% had an unfavourable opinion.

The difference between the percentages of favourable and unfavourable responses referring to the last quarter, known as *Situation Balance*, stood at 7.1 points. This figure improves the *Expectations* previously expressed for said quarter, which stood at 5.2 points.

Opinions regarding the last quarter (Situation)

Period	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
2016 Quarter I	20.8	58.3	20.9	-0.1
Quarter II	17.2	59.4	23.4	-6.2
Quarter III	19.6	59.6	20.8	-1.2
Quarter IV	20.8	58.5	20.7	0.1
2017 Quarter I	21.6	59.5	18.9	2.7
Quarter II	18.5	60.7	20.8	-2.3
Quarter III	23.5	60.5	16.0	7.5
Quarter IV	22.4	60.5	17.1	5.3
2018 Quarter I	23.9	59.3	16.8	7.1

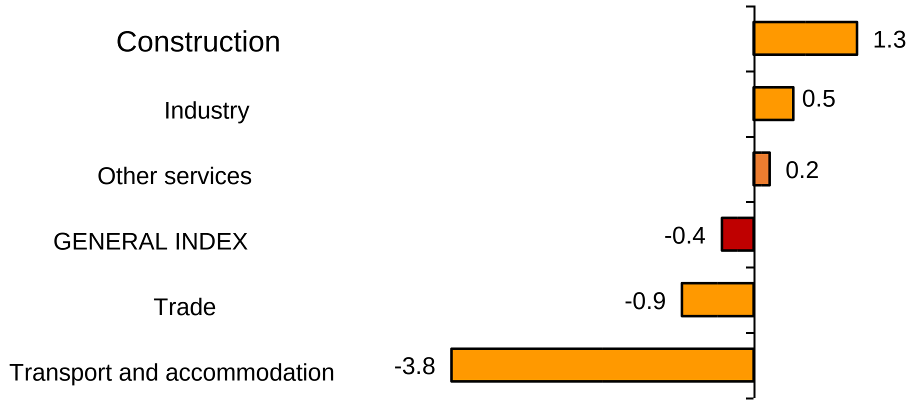
Evolution of the Situation Balance



Harmonised Business Confidence Index by activity sector

Three out of the five sectors analysed presented an improvement on the confidence, as compared with the previous quarter. *Construction* registered the highest increase (1.3%), while *Transport* and *Accommodation* presented the highest decrease (-3.8%).

Quarterly rate of the HBCI
General index and by activity sector



Harmonised Business Confidence Index by size of the establishments

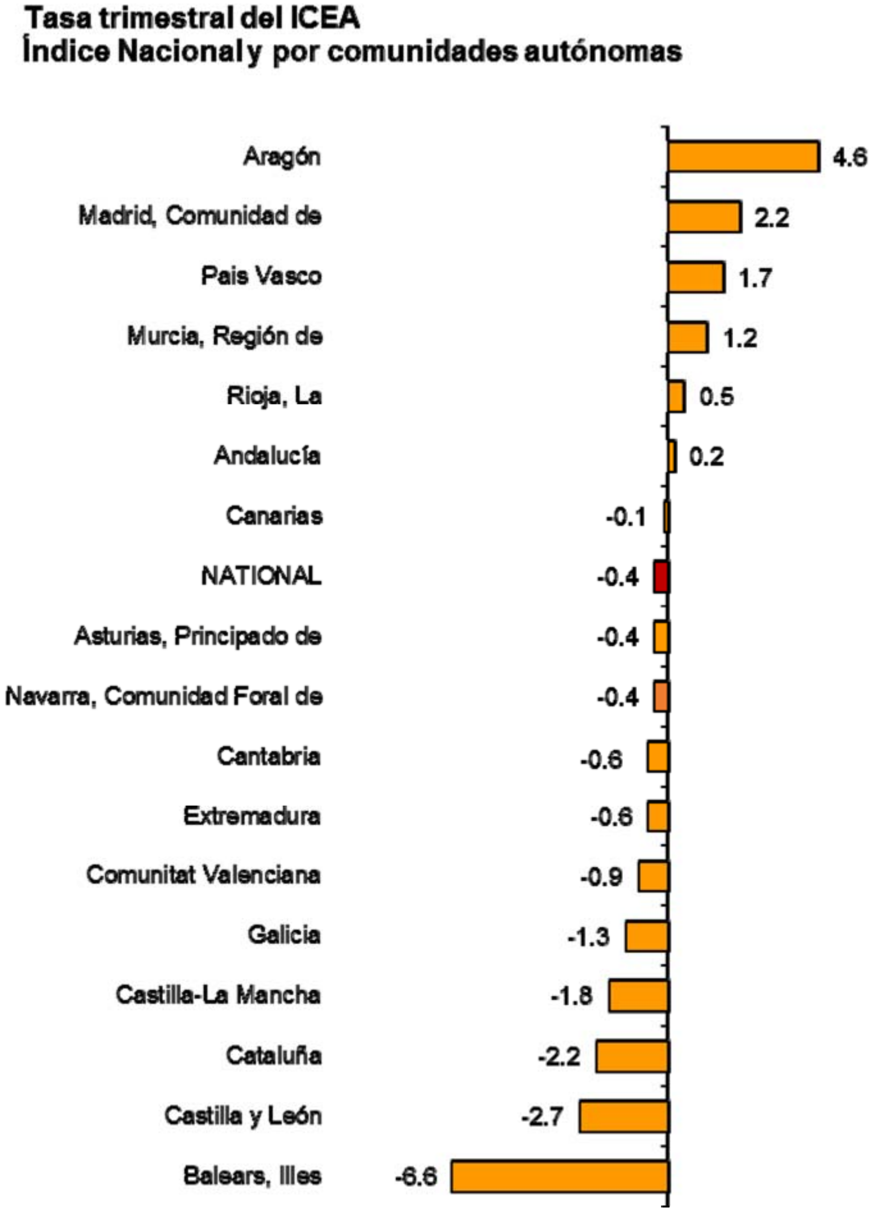
Three out of the five sizes of establishments analysed presented an improvement on the confidence, as compared with the previous quarter. The size bracket *More than 1,000 employees* registered the greatest increase (2.9%).

Quarterly rate of the HBCI
General index and by size of establishment

Harmonised Business Confidence Index. Results by Autonomous Communities

Business confidence increased in the first quarter of 2018 as compared with the previous quarter in six Autonomous Communities and decreased the other 11.

Aragón (4.6%), Comunidad de Madrid (2.2%) and País Vasco (1.7%) registered the greatest increases. In turn Illes Baleares (-6.6%), Castilla y León (-2.7%) and Cataluña (-2.2%) registered the greatest decreases.



Methodological note

The survey on which the Business Confidence indicators (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 from 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. Those for La Rioja in the third trimester of 2013, and since the third quarter of 2017 those of Extremadura.

The population scope of the survey is comprised of all those establishments whose main activity is included in the following sections of NACE-2009: B to N (both inclusive, except for 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 prepared and published quarterly. Three indicators are considered 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[1] sectors and size of the establishments. Also for each Autonomous Community.

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

Business Confidence Indicators
First quarter of 2018

Provisional data

17 January 2018

1. Harmonized Business Confidence Index by sectors

Period	TOTAL	Industry	Construction	Trade	Transport and accomodation	Other Services
2016 Quarter I	129.7	126.3	132.2	135.5	133.7	126.3
Quarter II	130.5	126.7	128.9	135.3	140.7	126.8
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

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 I	129.7	129.6	135.7	128.2	124.2	119.6
Quarter II	130.5	131.7	134.5	129.3	124.3	120.8
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

3. Harmonized Business Confidence Index by Autonomous Community

Period	NATIONAL	Andalucía	Aragón	Asturias, Principado de	Balears, Illes	Canarias
2016 Quarter I	129.7	131.2	132.8	131.7	130.5	128.8
Quarter II	130.5	130.9	131.4	131.7	136.0	129.8
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

Period	Cantabria	Castilla y León	Castilla-La Mancha	Cataluña	Comunitat Valenciana	Extremadura
2016 Quarter I	134.8	133.1	139.3	134.8	122.1	124.5
Quarter II	131.5	132.0	134.7	138.7	125.3	125.5
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

Period	Galicia	Madrid, Comunidad de	Murcia, Región de	Navarra, Comunidad Foral	País Vasco	Rioja, La
2016 Quarter I	123.0	126.9	124.8	130.3	129.9	126.8
Quarter II	124.6	128.1	125.4	133.6	126.0	126.8
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

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

Activity sectors	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	19.6	62.7	17.7	1.9
Industry	22.5	61.7	15.8	6.7
Construction	21.3	58.8	19.9	1.4
Trade	16.5	62.7	20.8	-4.3
Transport and accommodation	18.3	60.9	20.8	-2.5
Other services	19.8	65.1	15.1	4.7

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

Size of the establishment	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	19.6	62.7	17.7	1.9
Less than 10 wage earners	14.1	61.1	24.8	-10.7
From 10 to 49 wage earners	22.1	62.5	15.4	6.7
From 50 to 199 wage earners	24.9	62.8	12.3	12.6
From 200 to 999 wage earners	24.6	64.8	10.6	14.0
Over 1000 wage earners	25.0	70.0	5.0	20.0

6. Opinions regarding the coming quarter (Expectations)

	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
NATIONAL	19.6	62.7	17.7	1.9
Andalucía	17.9	63.2	18.9	-1.0
Aragón	20.7	65.1	14.2	6.5
Asturias, Principado de	16.8	62.0	21.2	-4.4
Balears, Illes	12.0	66.4	21.6	-9.6
Canarias	24.7	60.9	14.4	10.3
Cantabria	17.7	60.3	22.0	-4.3
Castilla y León	15.8	61.6	22.6	-6.8
Castilla- La Mancha	18.1	61.6	20.3	-2.2
Cataluña	24.6	62.6	12.8	11.8
Comunitat Valenciana	21.7	60.7	17.6	4.1
Extremadura	21.8	55.0	23.2	-1.4
Galicia	17.3	62.8	19.9	-2.6
Madrid, Comunidad de	19.0	67.0	14.0	5.0
Murcia, Región de	23.4	58.7	17.9	5.5
Navarra, Comunidad Foral de	18.8	63.0	18.2	0.6
País Vasco	21.4	62.9	15.7	5.7
Rioja, La	15.2	64.7	20.1	-4.9

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

Activity sectors	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	23.9	59.3	16.8	7.1
Industry	27.1	56.6	16.3	10.8
Construction	24.3	57.0	18.7	5.6
Trade	23.3	56.6	20.1	3.2
Transport and accommodation	24.1	58.9	17.0	7.1
Other services	22.3	63.3	14.4	7.9

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

Size of the establishment	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	23.9	59.3	16.8	7.1
Less than 10 wage earners	16.9	60.8	22.3	-5.4
From 10 to 49 wage earners	29.0	56.4	14.6	14.4
From 50 to 199 wage earners	28.5	59.3	12.2	16.3
From 200 to 999 wage earners	28.0	59.4	12.6	15.4
Over 1000 wage earners	32.0	61.7	6.3	25.7

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

	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
NATIONAL	23.9	59.3	16.8	7.1
Andalucía	20.8	61.0	18.2	2.6
Aragón	23.4	62.4	14.2	9.2
Asturias, Principado de	20.2	59.9	19.9	0.3
Balears, Illes	17.0	63.2	19.8	-2.8
Canarias	33.3	53.5	13.2	20.1
Cantabria	23.4	58.9	17.7	5.7
Castilla y León	23.4	58.4	18.2	5.2
Castilla- La Mancha	18.8	61.2	20.0	-1.2
Cataluña	26.5	56.1	17.4	9.1
Comunitat Valenciana	26.3	58.2	15.5	10.8
Extremadura	28.2	52.4	19.4	8.8
Galicia	21.2	59.7	19.1	2.1
Madrid, Comunidad de	24.3	62.2	13.5	10.8
Murcia, Región de	27.6	57.5	14.9	12.7
Navarra, Comunidad Foral de	22.5	61.4	16.1	6.4
País Vasco	24.2	61.0	14.8	9.4
Rioja, La	22.5	59.9	17.6	4.9

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)	8.4	79.8	11.8	-3.4
Price level	11.2	81.0	7.8	3.4

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)	14.4	72.5	13.1	1.3
Price level	5.9	85.4	8.7	-2.8

Press Office: Telephone numbers: 91 583 93 63 / 94 08 – Fax: 91 583 90 87 - **gprensa@ine.es**
Information Area: Telephone number: 91 583 91 00 – Fax: 91 583 91 58 **– www.ine.es/infoine**