

11 April 2017

Business Confidence Indicators (BCI)
Second quarter of 2017

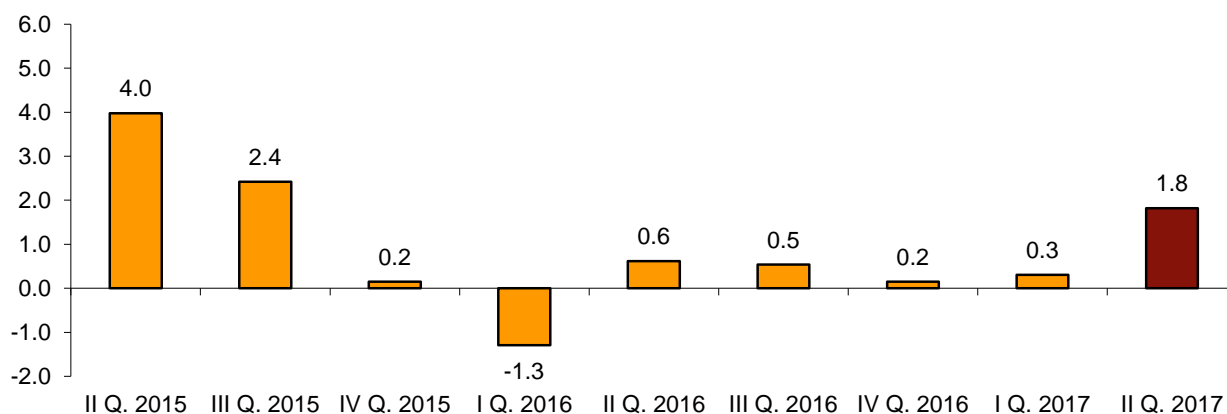
The Harmonised Business Confidence Index (HBCI) increases by 1.8% in the second quarter of 2017 as compared with the first quarter

24.1% of the business establishments foresee a favourable quarter and 14.8% are pessimistic about the performance of their business

Evolution of the Harmonised Business Confidence Index

The Harmonised Business Confidence Index (HBCI) increased by 1.8% in the second quarter of 2017 as compared with the first quarter.

Harmonised Business Confidence Index (HBCI)
Quarter-on-quarter rate



Opinions regarding the coming quarter (Expectations)

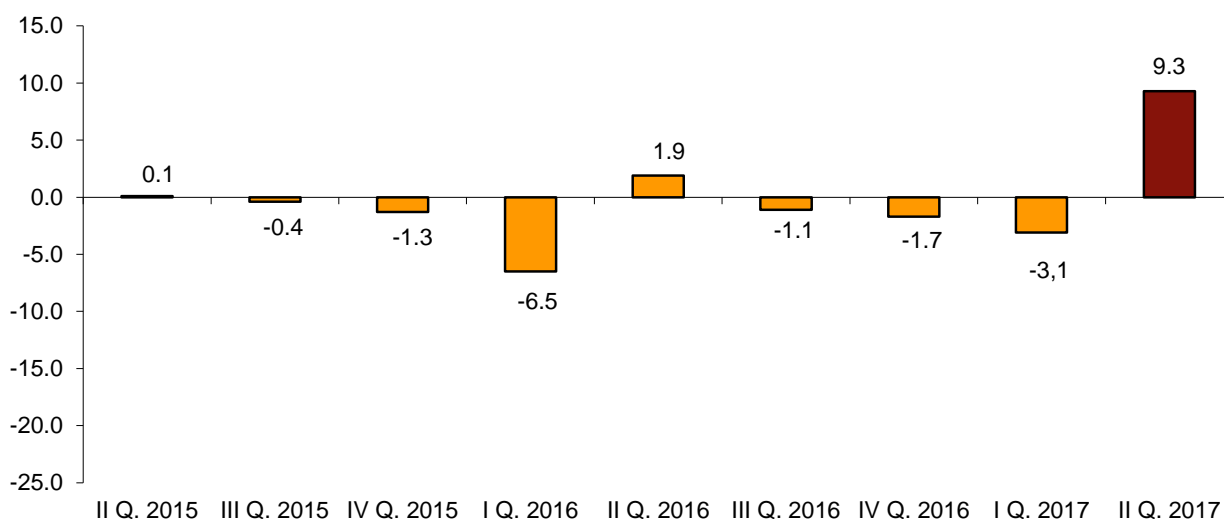
24.1% of the establishments' managers considered that the performance of their business during the second quarter of 2017 would be favourable, whereas 14.8% considered that it would be unfavourable. The remaining 61.1% considered that it would be normal.

The difference between the percentages of favourable and unfavourable responses, known as *Expectations Balance*, stood at 9.3 points for Spain as a whole, as compared with -3.1 of the previous quarter.

Opinions regarding the coming quarter (Expectations)

Period	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
2015 Quarter II	20.7	58.7	20.6	0.1
Quarter III	21.0	57.6	21.4	-0.4
Quarter IV	19.5	59.7	20.8	-1.3
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

Evolution of the Expectations Balance



Opinions regarding the last quarter (Situation)

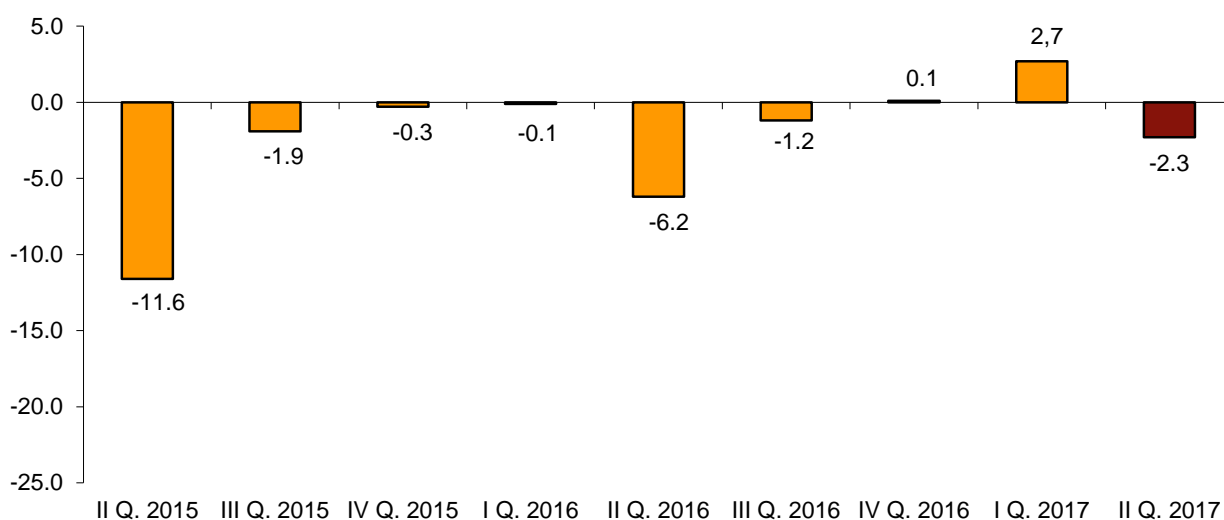
18.5% of the establishments' managers expressed a favourable opinion regarding the performance of their business in the first quarter 2017. In turn, 20.8% had an unfavourable opinion.

The difference between the percentages of favourable and unfavourable responses referring to the last quarter, known as *Situation Balance*, stood at -2.3 points. This figure improves the *Expectations* previously expressed for said quarter, which stood at -3.1 points.

Opinions regarding the last quarter (Situation)

Period	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
2015 Quarter II	16.2	56.0	27.8	-11.6
Quarter III	19.8	58.5	21.7	-1.9
Quarter IV	21.0	57.7	21.3	-0.3
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

Evolution of the Situation Balance



Harmonised Business Confidence Index by activity sector

All sectors analysed presented an improvement on the confidence, as compared with the previous quarter. *Transport and Accommodation* (3.7%) and *Construction* (3.0%) registered the greatest increases.

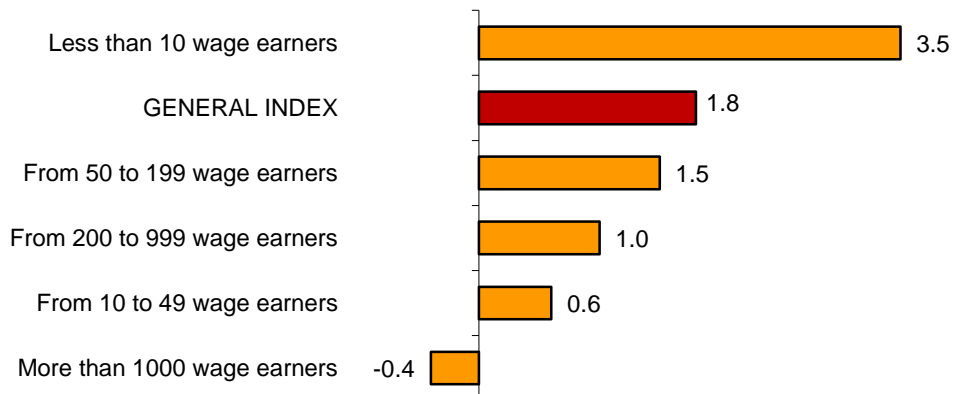
Quarter-on-quarter rate of the HBCI General Index and by activity sector



Harmonised Business Confidence Index by size of the establishments

Four out of the five sizes of establishments analysed presented an improvement on the confidence, as compared with the previous quarter. The size bracket *Less than 10 wage earners* registered the greatest increase 3.5%. The size bracket *Less than 1,000 wage earners* registered the only decrease (-0.4%).

Quarter-on-quarter rate of the HBCI General Index and by size of the establishment

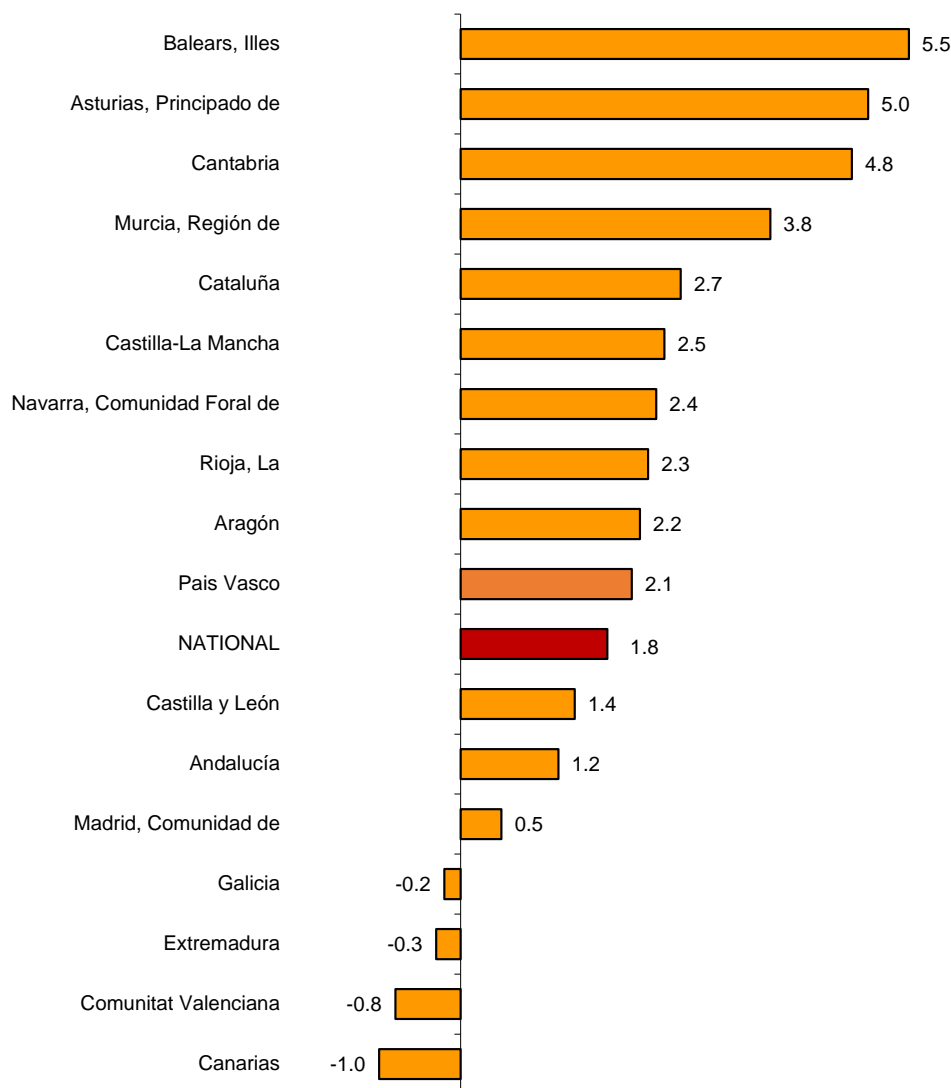


Harmonised Business Confidence Index. Results by Autonomous Communities

In the second quarter of 2017, the Business Confidence Index improved in thirteen Autonomous Communities, as compared to the previous quarter and decreased in the other four.

Illes Balears (5.5%), Principado de Asturias (5.0%) and Cantabria (4.8%) registered the greatest increases. In turn, Canarias (-1.0%), Comunitat Valenciana (-0.8%) and Extremadura (-0.3%) recorded the greatest decreases.

**Quarter-on-quarter rate of the HBCI
National Index and by Autonomous Communit**



Methodological note

The survey on which the 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 for 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 in the general process of the survey according to the appropriate agreements for this purpose.

The data from Andalucía, Illes Balears, Canarias, Castilla y León and Cataluña were integrated during the first quarter of 2013. The data from La Rioja did so by the third quarter 2013.

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 managers regarding the performance of their business for each last quarter, and regarding their expectations for each coming quarter. The methodology is based on the Japanese **TANKAN** index. In other words, there are no weightings or elevations according to the characteristics of the establishments, as the opinion of each respondent carries the same weight.

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

1. How would you assess the performance of the business in your establishment?

	Favourable	Normal	Unfavourable
1. In the quarter that is ending?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. In the quarter that is ending?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The **Harmonised Expectation Indicator** (known as the **Expectations**) includes the difference or balance between the percentages of favourable and unfavourable responses with regard to the coming 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 with regard to the coming quarter.

The **Harmonised Expectation Indicator** (known as the **Expectations**) includes the difference or balance between the percentages of favourable and unfavourable responses with regard to the coming quarter.

The **Harmonised Business Confidence Index** (HBCI) is built using the *Situation* and the *Expectations*. The base for this index is the first quarter of 2013, and the value of that first quarter is therefore equal to 100. Information about the three indicators is disseminated for the national total and for each Autonomous Community, by activity sectors¹ and size of the establishments.

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 Industry, Energy and Tourism.

Business Confidence Indicators Second quarter of 2017

Provisional data

11 April 2017

1. Harmonized Business Confidence Index by sectors

Period	TOTAL	Industry	Construction	Trade	Transport and accomodation	Other Services
2015 Quarter II	128.1	124.6	130.4	130.5	134.1	125.7
Quarter III	131.2	127.9	134.3	135.2	139.2	126.9
Quarter IV	131.4	127.0	133.5	137.2	139.7	127.1
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

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
2015 Quarter II	128.1	128.9	131.5	128.6	122.4	118.7
Quarter III	131.2	133.0	135.3	130.4	123.6	119.7
Quarter IV	131.4	132.9	135.8	130.6	124.6	119.1
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

3. Harmonized Business Confidence Index by Autonomous Communities

Period	NATIONAL	Andalucía	Aragón	Asturias, Principado de	Balears, Illes	Canarias
2015 Quarter II	128.1	130.1	127.6	129.2	135.1	126.8
Quarter III	131.2	131.0	134.4	131.6	145.6	125.3
Quarter IV	131.4	133.5	132.1	134.3	137.9	130.6
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

Period	Cantabria	Castilla y León	Castilla- La Mancha	Cataluña	Comunitat Valenciana	Extremadura
2015 Quarter II	133.0	129.9	133.5	136.2	122.3	122.9
Quarter III	136.9	134.4	138.7	138.0	122.4	126.8
Quarter IV	133.7	137.1	137.0	138.5	123.4	126.2
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

Period	Galicia	Madrid, Comunidad de	Murcia, Región de	Navarra, Comunidad Foral	País Vasco	Rioja, La
2015 Quarter II	120.9	123.8	121.6	129.8	126.3	127.6
Quarter III	128.6	125.7	120.9	136.7	128.9	130.1
Quarter IV	127.1	126.2	123.3	136.7	128.5	130.6
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

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

Activity sectors	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	24.1	61.1	14.8	9.3
Industry	26.3	59.1	14.6	11.7
Construction	21.2	57.7	21.1	0.1
Trade	23.2	61.6	15.2	8.0
Transport and accommodation	28.9	57.3	13.8	15.1
Other services	22.6	64.4	13.0	9.6

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

Size of the establishment	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	24.1	61.1	14.8	9.3
Less than 10 wage earners	21.1	59.5	19.4	1.7
From 10 to 49 wage earners	25.3	62.5	12.2	13.1
From 50 to 199 wage earners	28.9	59.7	11.4	17.5
From 200 to 999 wage earners	25.1	64.9	10.0	15.1
Over 1000 wage earners	26.4	63.7	9.9	16.5

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

	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
NATIONAL	24.1	61.1	14.8	9.3
Andalucía	22.4	59.7	17.9	4.5
Aragón	21.4	63.4	15.2	6.2
Asturias, Principado de	22.2	63.2	14.6	7.6
Balears, Illes	29.9	60.1	10.0	19.9
Canarias	24.0	61.0	15.0	9.0
Cantabria	23.3	61.1	15.6	7.7
Castilla y León	20.5	62.2	17.3	3.2
Castilla- La Mancha	25.8	56.6	17.6	8.2
Cataluña	31.3	60.6	8.1	23.2
Comunitat Valenciana	24.6	59.1	16.3	8.3
Extremadura	20.0	57.3	22.7	-2.7
Galicia	22.7	61.7	15.6	7.1
Madrid, Comunidad de	21.7	64.6	13.7	8.0
Murcia, Región de	27.9	59.3	12.8	15.1
Navarra, Comunidad Foral de	24.5	60.1	15.4	9.1
País Vasco	22.4	63.2	14.4	8.0
Rioja, La	19.3	62.9	17.8	1.5

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

Activity sectors	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	18.5	60.7	20.8	-2.3
Industry	23.4	58.0	18.6	4.8
Construction	17.5	57.5	25.0	-7.5
Trade	15.8	59.6	24.6	-8.8
Transport and accommodation	18.9	58.0	23.1	-4.2
Other services	17.7	64.9	17.4	0.3

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

Size of the establishment	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	18.5	60.7	20.8	-2.3
Less than 10 wage earners	13.3	59.4	27.3	-14.0
From 10 to 49 wage earners	20.4	60.7	18.9	1.5
From 50 to 199 wage earners	24.3	60.2	15.5	8.8
From 200 to 999 wage earners	22.7	65.0	12.3	10.4
Over 1000 wage earners	25.7	63.9	10.4	15.3

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

	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
NATIONAL	18.5	60.7	20.8	-2.3
Andalucía	17.4	60.0	22.6	-5.2
Aragón	14.2	63.2	22.6	-8.4
Asturias, Principado de	12.9	63.9	23.2	-10.3
Balears, Illes	15.7	64.7	19.6	-3.9
Canarias	26.0	57.5	16.5	9.5
Cantabria	16.0	57.1	26.9	-10.9
Castilla y León	16.9	58.5	24.6	-7.7
Castilla- La Mancha	17.9	55.4	26.7	-8.8
Cataluña	26.7	60.1	13.2	13.5
Comunitat Valenciana	20.9	58.6	20.5	0.4
Extremadura	11.7	58.3	30.0	-18.3
Galicia	13.8	64.1	22.1	-8.3
Madrid, Comunidad de	18.3	63.4	18.3	0.0
Murcia, Región de	22.0	60.3	17.7	4.3
Navarra, Comunidad Foral de	15.7	61.9	22.4	-6.7
País Vasco	21.3	60.3	18.4	2.9
Rioja, La	15.1	62.6	22.3	-7.2

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)	12.2	79.3	8.5	3.7
Price level	7.4	86.0	6.6	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)	11.3	75.2	13.5	-2.2
Price level	10.2	79.8	10.0	0.2