

Business Confidence Indicators (BCI)
Third quarter of 2014

The Harmonised Business Confidence Index (HBCI) registers a rise of 4.0%, as compared with the second quarter of 2014

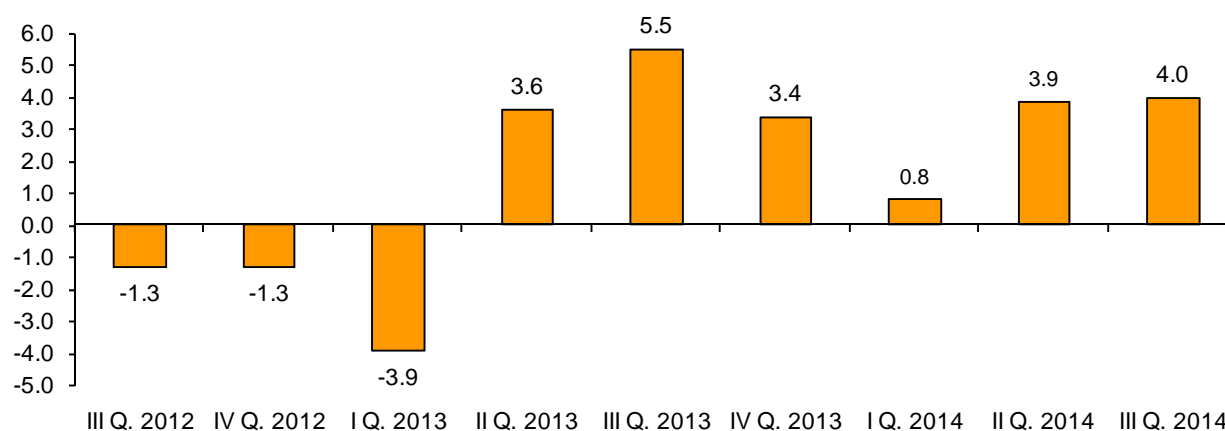
17.3% of the business establishments are optimistic about the performance of their business, as compared with 16.0% in the previous quarter

Evolution of the Harmonised Business Confidence Index. HBCI

In the third quarter of 2014, the Harmonised Business Confidence Index (HBCI) registered a rise of 4.0%, as compared with the second quarter 2014, showing an increase in the business confidence.

The business confidence increased in all activity sectors, in all size brackets of business establishments and in all Autonomous Communities, except Canarias.

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



Opinions regarding the coming quarter (Expectations)

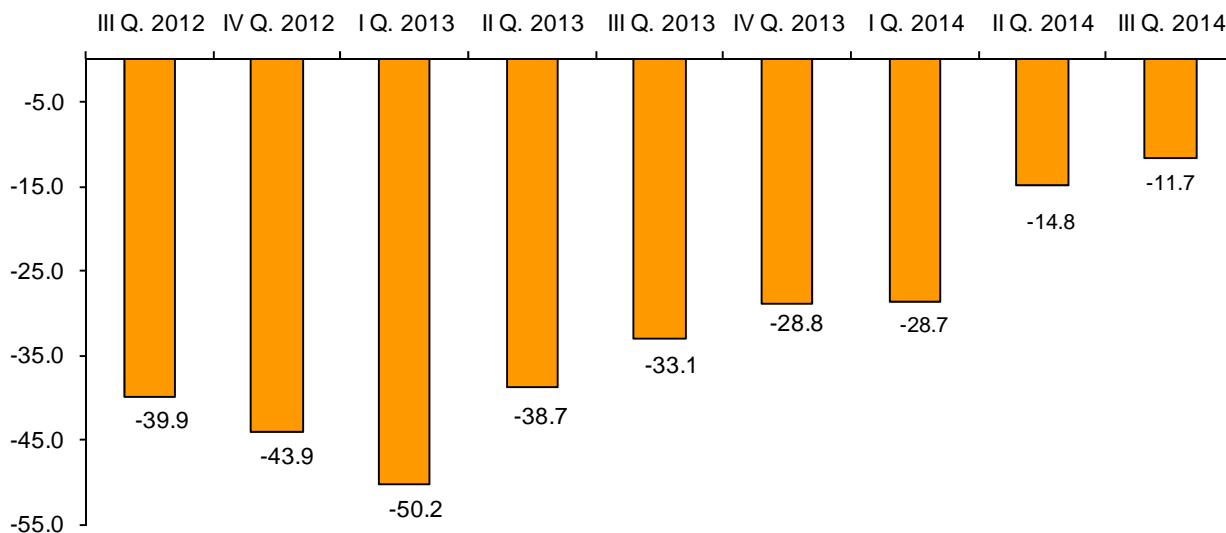
17.3% of the establishments' managers considered that the performance of their business during the third quarter of 2014 would be favourable, whereas 29.0% considered that it would be unfavourable. The remaining 53.7% considered that it would be normal.

The difference between the percentages of favourable and unfavourable responses, known as *Expectations Balance*, stood at -11.7 points for Spain as a whole, as compared with -14.8 of the previous quarter.

Opinions regarding the coming quarter (Expectations)

Period	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
2012 III Quarter	7.3	45.5	47.2	-39.9
IV Quarter	6.2	43.7	50.1	-43.9
2013 I Quarter	5.8	38.2	56.0	-50.2
II Quarter	8.3	44.7	47.0	-38.7
III Quarter	10.9	45.1	44.0	-33.1
IV Quarter	11.6	48.0	40.4	-28.8
2014 I Quarter	11.0	49.3	39.7	-28.7
II Quarter	16.0	53.2	30.8	-14.8
III Quarter	17.3	53.7	29.0	-11.7

Evolution of the Expectations Balance



Opinions regarding the last quarter (Situation)

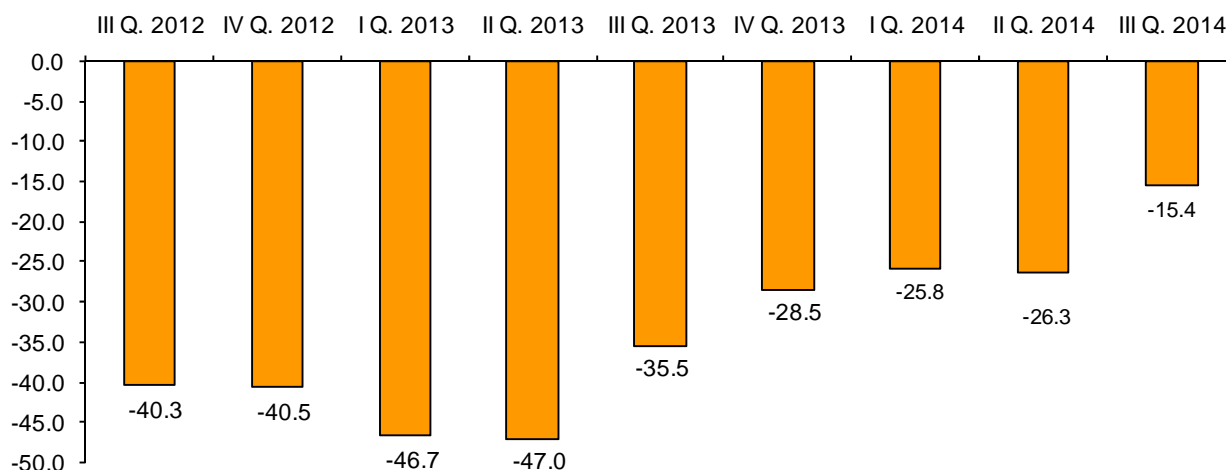
15.3% of the establishments' managers expressed a favourable opinion regarding the performance of their business in the second quarter 2014. In turn, 30.7% had an unfavourable opinion.

The difference between these percentages of favourable and unfavourable responses referring to the last quarter, known as *Situation Balance*, stood at -15.4 points, thereby slightly worsening the *Expectations* previously expressed for that second quarter, which stood at -14.8 points.

Opinions regarding the last quarter (Situation)

Period	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
2012 III Quarter	7.1	45.5	47.4	-40.3
IV Quarter	7.3	44.9	47.8	-40.5
2013 I Quarter	6.9	39.5	53.6	-46.7
II Quarter	6.1	40.8	53.1	-47.0
III Quarter	9.4	45.7	44.9	-35.5
IV Quarter	12.1	47.3	40.6	-28.5
2014 I Quarter	13.0	48.2	38.8	-25.8
II Quarter	12.3	49.1	38.6	-26.3
III Quarter	15.3	54.0	30.7	-15.4

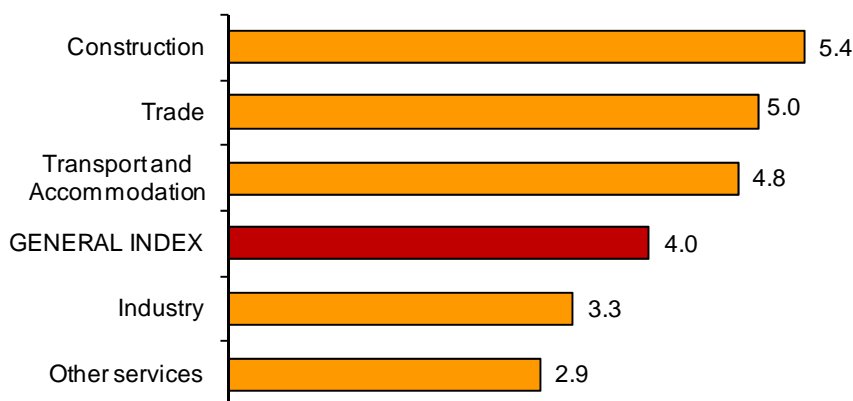
Evolution of the Situation Balance



Harmonised Business Confidence Index by activity sector

In the third quarter 2014, the five activity sectors analysed presented an improvement on the confidence, as compared with the second quarter 2014. *Construction* registered the greatest increase (5.4%), whereas *Other services* recorded the slightest increase in confidence (2.9%).

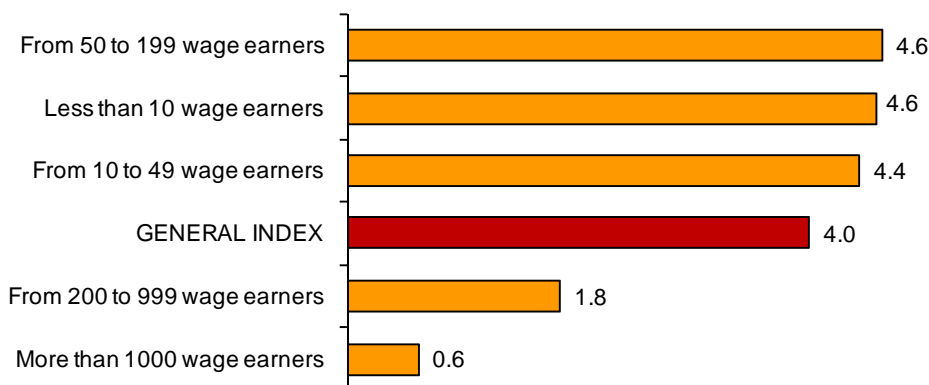
Quarter-on-quarter rate of the HBCI General Index and by activity sectors



Harmonised Business Confidence Index by size of the establishments

The five sizes of establishments analysed presented an improvement in confidence, as compared with the second quarter of 2014. The greatest rise was registered in establishments *from 50 to 199 wage earners* (4.6%). In turn, the establishments of *more than 1000 wage earners* registered the slightest rise in confidence (0.6%).

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

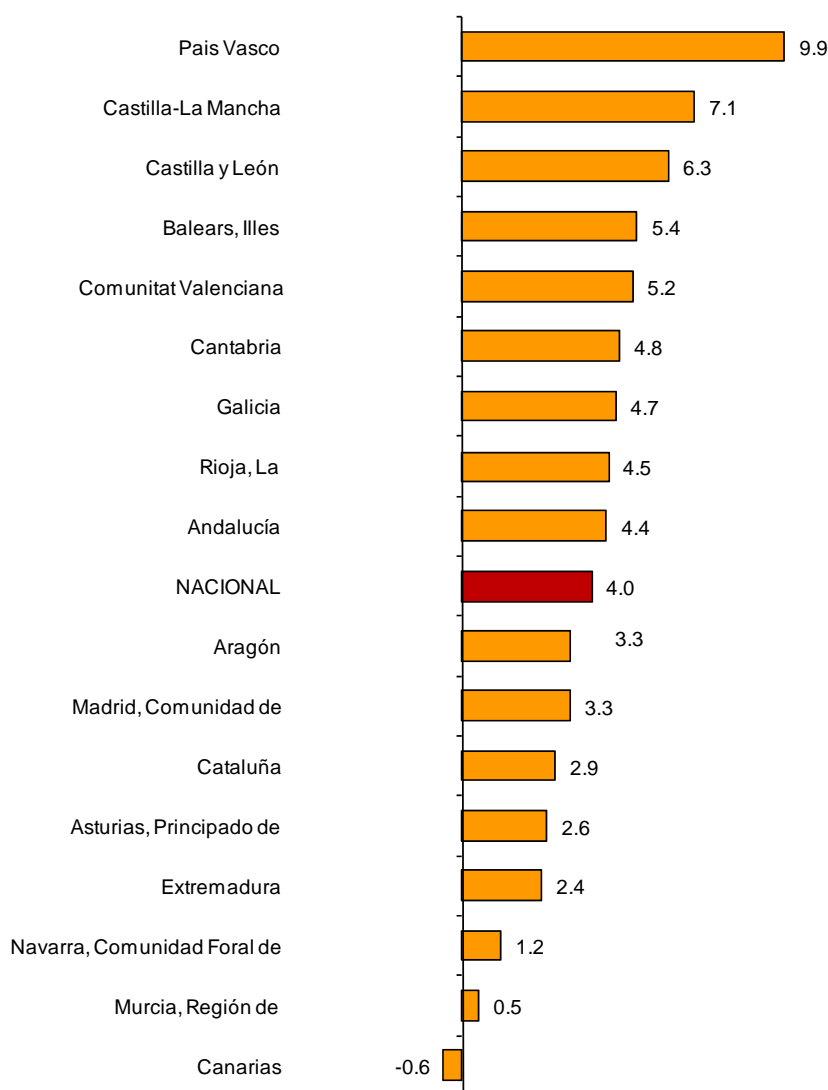


Harmonised Business Confidence Index. Results by Autonomous Community

In the third quarter 2014, the Business Confidence Index improved in all the Autonomous Communities, except Canarias (−0.6%).

País Vasco (9.9%), Castilla-La Mancha (7.1%) and Castilla y León (6.3%) registered the greatest increases, as compared with the previous quarter.

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



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 commencing?	<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. In turn, the **Harmonised Situation Indicator** (known as the **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 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. <http://www.minetur.gob.es/es-ES/IndicadoresyEstadisticas/Industria/EncuestaCoyuntura/Paginas/EncuestaCoyuntura.aspx>

Business Confidence Indicators Second quarter of 2013

Provisional data

10 Julyl 2014

1. Harmonized Business Confidence Index by sectors

Period	TOTAL	Industry	Construction	Trade	Transport and accomodation	Other Services
2013 I Quarter	100.0	100.0	100.0	100.0	100.0	100.0
II Quarter	103.6	102.7	102.0	103.3	106.7	103.5
III Quarter	109.3	109.4	105.9	111.1	115.6	107.0
IV Quarter	113.0	110.9	109.1	117.1	119.2	110.9
2014 I Quarter	113.9	112.5	112.2	118.9	116.5	111.6
II Quarter	118.3	116.8	116.0	121.8	124.9	115.6
III Quarter	123.0	120.6	122.3	127.9	130.9	119.0

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
2013 I Quarter	100.0	100.0	100.0	100.0	100.0	100.0
II Quarter	103.6	104.6	103.7	103.0	101.7	101.3
III Quarter	109.3	110.5	110.0	109.2	107.1	101.8
IV Quarter	113.0	114.1	114.5	112.3	110.1	107.4
2014 I Quarter	113.9	112.4	115.8	115.0	114.2	109.9
II Quarter	118.3	118.5	120.3	119.6	114.7	115.0
III Quarter	123.0	123.9	125.6	125.1	116.8	115.7

3. Harmonized Business Confidence Index by Autonomous Communities

Period	NATIONAL	Andalucía	Aragón	Asturias, Principado de	Balears, Illes	Canarias
2013 I Quarter	100.0	100.0	100.0	100.0	100.0	100.0
II Quarter	103.6	105.2	103.0	105.2	111.8	103.1
III Quarter	109.3	112.8	110.2	110.5	123.1	103.9
IV Quarter	113.0	115.7	113.0	116.3	119.0	113.5
2014 I Quarter	113.9	116.7	114.5	118.2	114.5	115.8
II Quarter	118.3	119.2	120.2	118.9	126.3	117.8
III Quarter	123.0	124.5	124.2	122.0	133.1	117.1

Period	Cantabria	Castilla y León	Castilla- La Mancha	Cataluña	Comunitat Valenciana	Extremadura
2013 I Quarter	100.0	100.0	100.0	100.0	100.0	100.0
II Quarter	106.7	103.2	106.5	105.6	100.7	96.2
III Quarter	108.6	110.8	113.8	112.6	105.6	105.6
IV Quarter	112.7	115.5	114.1	115.5	107.3	107.3
2014 I Quarter	117.5	113.0	114.5	118.6	107.3	111.7
II Quarter	119.9	119.9	117.6	125.5	110.6	114.4
III Quarter	125.7	127.5	126.0	129.1	116.4	117.2

Period	Galicia	Madrid, Comunidad de	Murcia, Región de	Navarra, Comunidad Foral	País Vasco	Rioja, La
2013 I Quarter	100.0	100.0	100.0	100.0	100.0	100.0
II Quarter	98.9	103.2	102.1	105.6	104.4	102.4
III Quarter	106.4	106.6	107.3	110.2	105.4	110.8
IV Quarter	114.6	110.1	110.4	112.9	111.3	115.3
2014 I Quarter	110.3	114.0	109.8	113.5	111.5	112.9
II Quarter	114.3	114.6	116.8	125.2	113.0	118.2
III Quarter	119.7	118.4	117.4	126.7	124.2	123.5

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

Activity sectors	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	17.3	53.7	29.0	-11.7
Industry	19.3	55.7	25.0	-5.7
Construction	12.3	46.4	41.3	-29.0
Trade	17.8	53.7	28.5	-10.7
Transport and accommodation	22.1	48.4	29.5	-7.4
Other services	15.6	57.3	27.1	-11.5

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

Size of the establishment	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	17.3	53.7	29.0	-11.7
Less than 10 wage earners	14.9	48.2	36.9	-22.0
From 10 to 49 wage earners	17.8	55.1	27.1	-9.3
From 50 to 199 wage earners	23.7	56.2	20.1	3.6
From 200 to 999 wage earners	17.9	61.4	20.7	-2.8
Over 1000 wage earners	18.3	69.0	12.7	5.6

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

	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
NATIONAL	17.3	53.7	29.0	-11.7
Andalucía	18.5	50.9	30.6	-12.1
Aragón	14.4	55.2	30.4	-16.0
Asturias, Principado de	13.7	54.9	31.4	-17.7
Balears, Illes	24.6	51.6	23.8	0.8
Canarias	18.7	50.2	31.1	-12.4
Cantabria	15.3	52.0	32.7	-17.4
Castilla y León	18.9	49.4	31.7	-12.8
Castilla- La Mancha	14.5	49.3	36.2	-21.7
Cataluña	19.9	58.2	21.9	-2.0
Comunitat Valenciana	16.0	56.2	27.8	-11.8
Extremadura	14.2	47.5	38.3	-24.1
Galicia	18.4	52.2	29.4	-11.0
Madrid, Comunidad de	15.5	57.6	26.9	-11.4
Murcia, Región de	14.8	53.9	31.3	-16.5
Navarra, Comunidad Foral de	18.2	57.2	24.6	-6.4
País Vasco	19.3	52.7	28.0	-8.7
Rioja, La	15.9	56.4	27.7	-11.8

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

Activity sectors	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	15.3	54.0	30.7	-15.4
Industry	20.1	54.7	25.2	-5.1
Construction	12.1	46.0	41.9	-29.8
Trade	14.1	52.2	33.7	-19.6
Transport and accommodation	16.9	52.6	30.5	-13.6
Other services	14.1	57.7	28.2	-14.1

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

Size of the establishment	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	15.3	54.0	30.7	-15.4
Less than 10 wage earners	11.1	50.6	38.3	-27.2
From 10 to 49 wage earners	16.8	53.7	29.5	-12.7
From 50 to 199 wage earners	22.2	55.3	22.5	-0.3
From 200 to 999 wage earners	18.7	59.3	22.0	-3.3
Over 1000 wage earners	19.0	66.4	14.6	4.4

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

	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
NATIONAL	15.3	54.0	30.7	-15.4
Andalucía	15.6	53.0	31.4	-15.8
Aragón	12.7	56.9	30.4	-17.7
Asturias, Principado de	8.7	56.2	35.1	-26.4
Balears, Illes	17.9	55.7	26.4	-8.5
Canarias	14.6	52.4	33.0	-18.4
Cantabria	10.2	50.7	39.1	-28.9
Castilla y León	15.2	49.9	34.9	-19.7
Castilla- La Mancha	13.2	44.7	42.1	-28.9
Cataluña	20.7	55.8	23.5	-2.8
Comunitat Valenciana	15.7	57.4	26.9	-11.2
Extremadura	13.6	44.7	41.7	-28.1
Galicia	14.4	51.4	34.2	-19.8
Madrid, Comunidad de	15.8	57.2	27.0	-11.2
Murcia, Región de	14.5	61.3	24.2	-9.7
Navarra, Comunidad Foral de	17.9	52.3	29.8	-11.9
País Vasco	17.6	55.2	27.2	-9.6
Rioja, La	13.8	56.7	29.5	-15.7

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)
Empleo (personal contratado)	9.9	74.9	15.2	-5.3
Nivel de precios	4.1	82.7	13.2	-9.1

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)	12.0	72.3	15.7	-3.7
Price level	4.2	77.3	18.5	-14.3