Press Release

12 July 2017

Business Confidence Indicators (BCI)
Third quarter of 2017

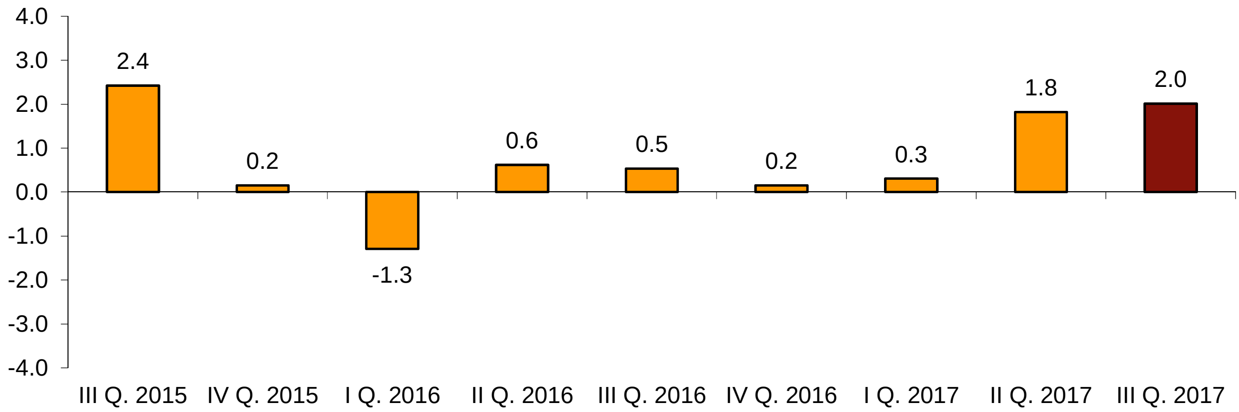
The Harmonised Business Confidence Index (HBCI) increased by 2.0% in the third quarter of 2017 as compared with the second quarter

Of the business establishments, 24.4% are optimistic about the performance of their business, and 16.7% foresee an unfavourable quarter

Evolution of the Harmonised Business Confidence Index

The Harmonised Business Confidence Index (HBCI) increased by 2.0% in the third quarter of 2017 as compared with the second quarter.

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



Opinions regarding the coming quarter (Expectations)

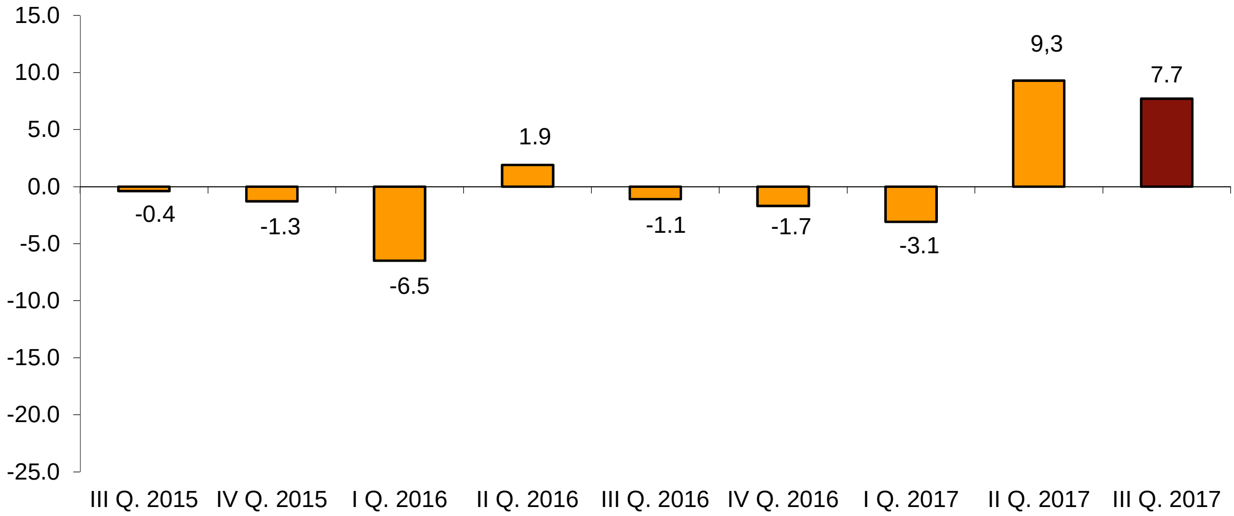
Of the establishments' managers, 24.4% consider that the performance of their business during the third quarter of 2017 will be favourable, whereas 16.7% consider that it will be unfavourable. The remaining 58.9% consider that it will be normal.

The difference between the percentages of favourable and unfavourable responses, known as *Expectations Balance*, stood at 7.7 points for Spain as a whole, as compared with 9.3 for the previous quarter.

Opinions regarding the coming quarter (Expectations)

Period	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
2015 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
Quarter III	24.4	58.9	16.7	7.7

Evolution of the Expectations Balance



Opinions regarding the last quarter (Situation)

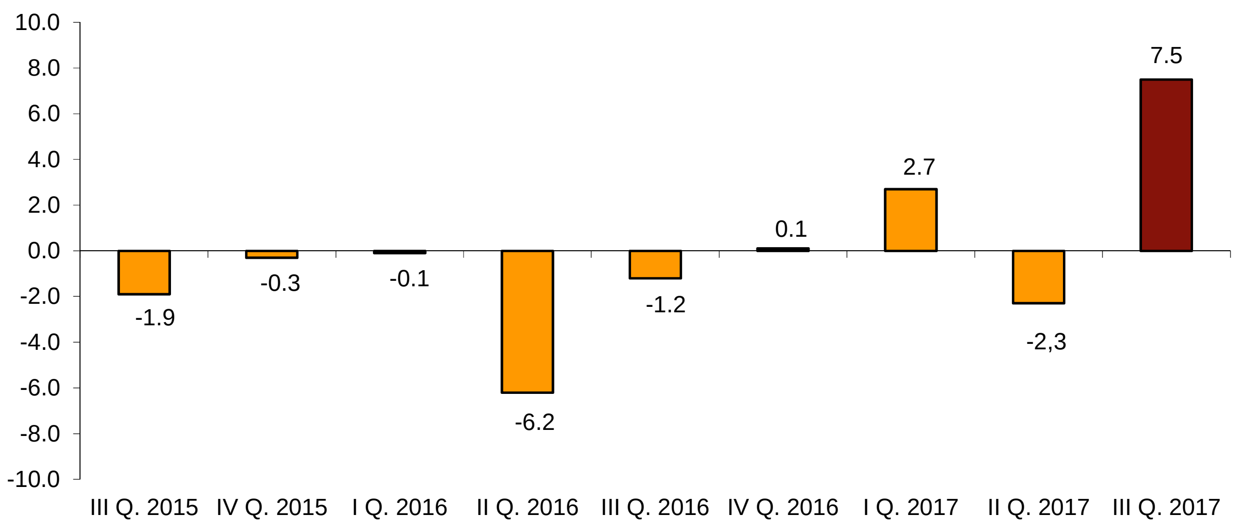
A favourable opinion regarding the performance of their business in the second quarter 2017 was expressed by 23.5% of the establishments' managers. In turn, 16.0% had an unfavourable opinion.

The difference between the percentages of favourable and unfavourable responses referring to the last quarter, known as *Situation Balance*, stood at 7.5 points. This figure does not reach the *Expectations* previously expressed for that quarter, which stood at 9.3 points.

Opinions regarding the last quarter (Situation)

Period	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
2015 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
Quarter III	23.5	60.5	16.0	7.5

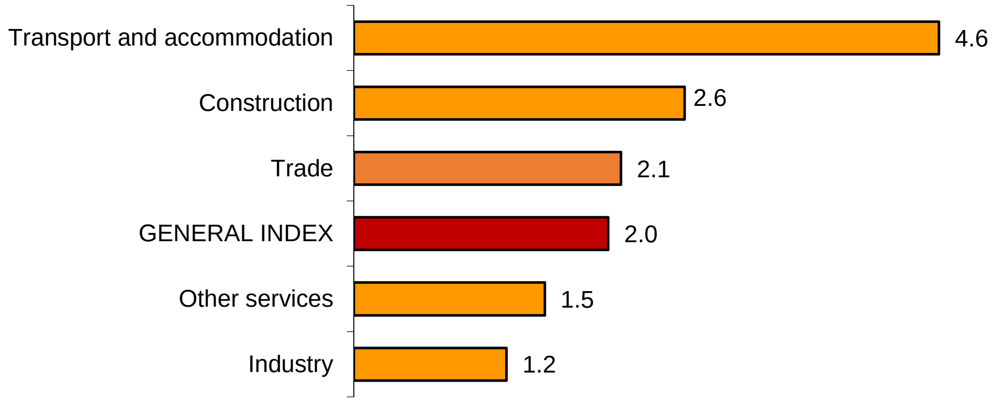
Evolution of the Situation Balance



Harmonised Business Confidence Index by activity sector

All the sectors analysed presented an improvement in the confidence, as compared with the previous quarter. *Transport and Accommodation* (4.6%) and *Construction* (2.6%) registered the greatest increases.

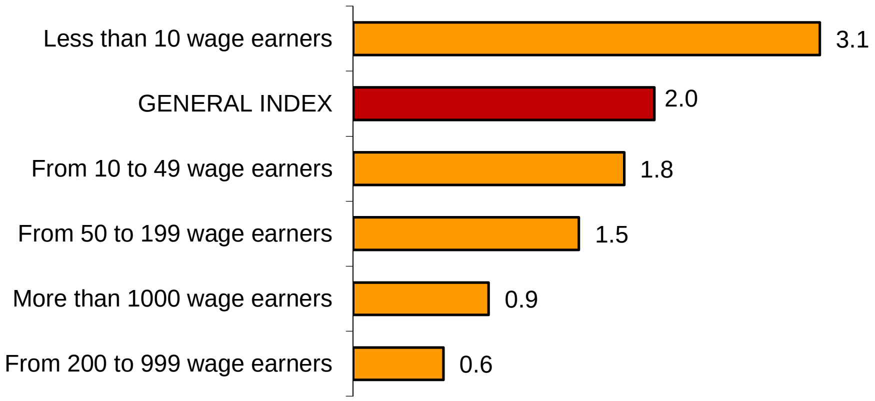
Quarter-on-quarter rate of the HBCI General Index and by activity sector



Harmonised Business Confidence Index by size of the establishments

All the sectors analysed presented an improvement on the confidence, as compared with the previous quarter. The interval *Less than 10 wage earning employees* registered the largest increase (3.1%) and *From 200 to 999 wage earning employees* the least (0.6%).

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

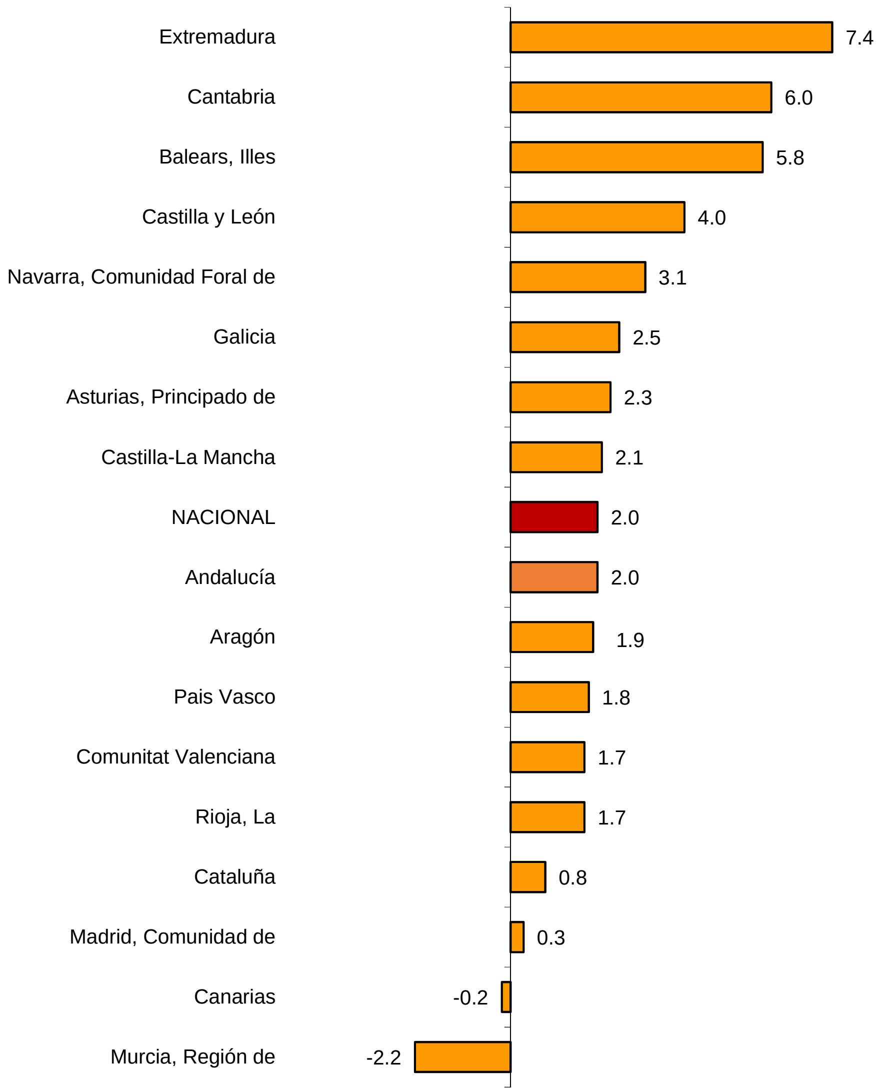


Harmonised Business Confidence Index. Results by Autonomous Communities

The Business Confidence increased in the third quarter of 2017 in 15 Autonomous Communities, as compared to the previous quarter and decreased in two other Communities.

Extremadura (7,4%), Cantabria (6,0%) and Illes Balears (5,8%) had the greatest increases. On the contrary, the only ones that reduced their Business Confidence were Región de Murcia (–2,2%) and Canarias (–0,2%).

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



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. 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 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 base for 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 Industry, Energy and Tourism.

Business Confidence Indicators
Third quarter of 2017

Provisional data

12 July 2017

1. Harmonized Business Confidence Index by sectors

Period	TOTAL	Industry	Construction	Trade	Transport and accomodation	Other Services
2015 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
Quarter III	136.9	130.6	144.4	140.9	148.2	132.1

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
2015 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
Quarter III	136.9	141.0	140.2	134.2	127.0	123.0

3. Harmonized Business Confidence Index by Autonomous Communities

Period	NATIONAL	Andalucía	Aragón	Asturias, Principado de	Balears, Illes	Canarias
2015 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
Quarter III	136.9	136.3	137.4	139.2	149.2	132.6

Period	Cantabria	Castilla y León	Castilla-La Mancha	Cataluña	Comunitat Valenciana	Extremadura
2015 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
Quarter III	149.5	142.7	146.9	143.8	128.3	137.0

Period	Galicia	Madrid, Comunidad de	Murcia, Región de	Navarra, Comunidad Foral	País Vasco	Rioja, La
2015 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
Quarter III	132.4	128.4	128.8	137.7	136.1	132.9

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

Activity sectors	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	24.4	58.9	16.7	7.7
Industry	26.0	59.1	14.9	11.1
Construction	22.8	55.2	22.0	0.8
Trade	22.7	60.2	17.1	5.6
Transport and accommodation	30.6	52.4	17.0	13.6
Other services	22.8	61.7	15.5	7.3

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

Size of the establishment	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	24.4	58.9	16.7	7.7
Less than 10 wage earners	21.6	56.9	21.5	0.1
From 10 to 49 wage earners	26.1	58.9	15.0	11.1
From 50 to 199 wage earners	28.5	59.0	12.5	16.0
From 200 to 999 wage earners	25.4	62.6	12.0	13.4
Over 1000 wage earners	25.1	67.4	7.5	17.6

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

	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
NATIONAL	24.4	58.9	16.7	7.7
Andalucía	22.2	58.3	19.5	2.7
Aragón	19.3	62.3	18.4	0.9
Asturias, Principado de	22.7	58.9	18.4	4.3
Balears, Illes	33.8	54.9	11.3	22.5
Canarias	26.4	59.6	14.0	12.4
Cantabria	30.7	55.1	14.2	16.5
Castilla y León	25.6	56.4	18.0	7.6
Castilla- La Mancha	23.5	57.6	18.9	4.6
Cataluña	30.0	60.2	9.8	20.2
Comunitat Valenciana	25.0	56.4	18.6	6.4
Extremadura	27.6	49.2	23.2	4.4
Galicia	22.9	60.8	16.3	6.6
Madrid, Comunidad de	18.5	64.5	17.0	1.5
Murcia, Región de	23.7	55.1	21.2	2.5
Navarra, Comunidad Foral de	23.8	60.7	15.5	8.3
País Vasco	25.8	56.6	17.6	8.2
Rioja, La	16.7	65.6	17.7	-1.0

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

Activity sectors	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	23.5	60.5	16.0	7.5
Industry	26.0	58.3	15.7	10.3
Construction	23.2	55.9	20.9	2.3
Trade	19.7	62.4	17.9	1.8
Transport and accommodation	28.4	58.8	12.8	15.6
Other services	22.8	62.6	14.6	8.2

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

Size of the establishment	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	23.5	60.5	16.0	7.5
Less than 10 wage earners	19.5	60.1	20.4	-0.9
From 10 to 49 wage earners	24.8	61.3	13.9	10.9
From 50 to 199 wage earners	28.9	59.0	12.1	16.8
From 200 to 999 wage earners	27.1	60.6	12.3	14.8
Over 1000 wage earners	26.9	64.3	8.8	18.1

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

	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
NATIONAL	23.5	60.5	16.0	7.5
Andalucía	21.5	61.6	16.9	4.6
Aragón	20.8	62.9	16.3	4.5
Asturias, Principado de	21.4	58.9	19.7	1.7
Balears, Illes	28.2	60.8	11.0	17.2
Canarias	23.5	58.7	17.8	5.7
Cantabria	22.1	59.9	18.0	4.1
Castilla y León	22.3	59.1	18.6	3.7
Castilla- La Mancha	20.7	61.3	18.0	2.7
Cataluña	30.0	60.2	9.8	20.2
Comunitat Valenciana	26.4	56.2	17.4	9.0
Extremadura	24.3	53.6	22.1	2.2
Galicia	20.3	61.3	18.4	1.9
Madrid, Comunidad de	22.6	62.7	14.7	7.9
Murcia, Región de	20.8	66.1	13.1	7.7
Navarra, Comunidad Foral de	22.9	60.7	16.4	6.5
País Vasco	26.3	57.6	16.1	10.2
Rioja, La	18.6	64.9	16.5	2.1

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)	13.2	76.1	10.7	2.5
Price level	5.4	87.1	7.5	-2.1

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)	16.4	74.0	9.6	6.8
Price level	6.5	84.7	8.8	-2.3