

Business Confidence Indicators (BCI)
Fourth quarter of 2016

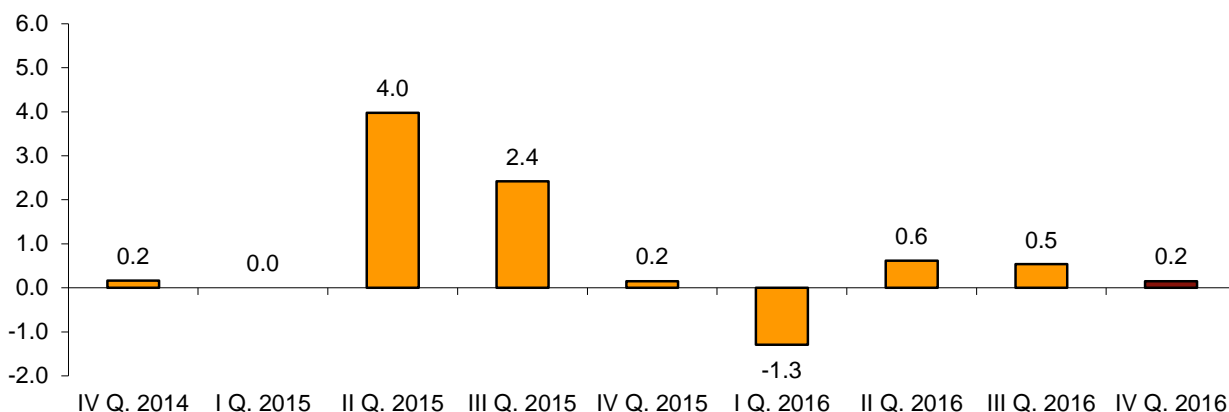
The Harmonised Business Confidence Index (HBCI) increases by 0.2% in the fourth quarter of 2016 as compared with the third quarter

18.9% of the business establishments are optimistic about the performance of their business and 20.6% foresee an unfavourable quarter

Evolution of the Harmonised Business Confidence Index. HBCI

The Harmonised Business Confidence Index (HBCI) in the fourth quarter of 2016 increased by 0.2% as compared with the third quarter 2016.

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



Opinions regarding the coming quarter (Expectations)

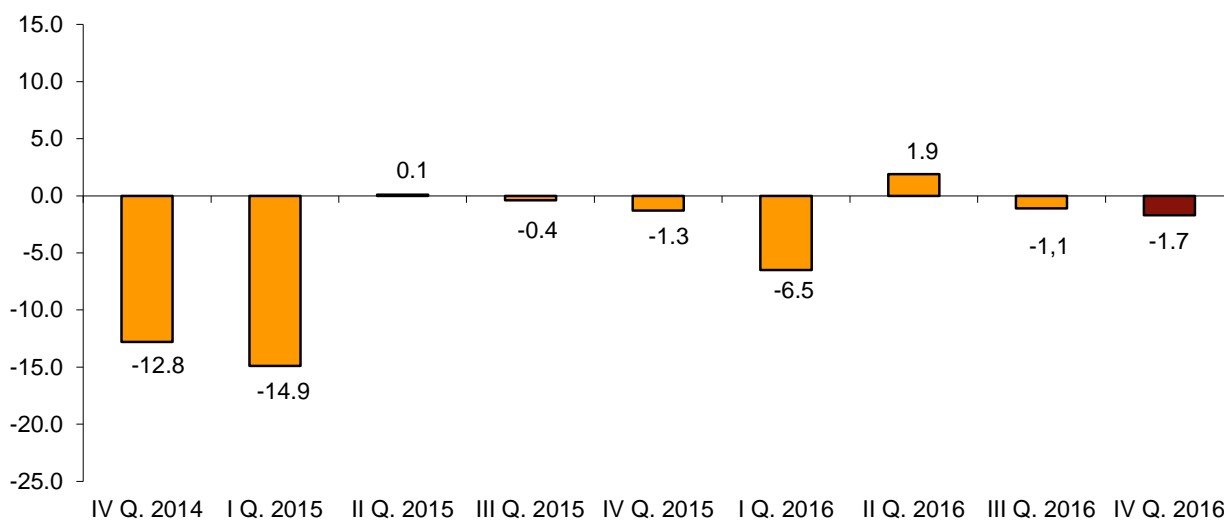
18.9% of the establishments' managers considered that the performance of their business during the fourth quarter of 2016 would be favourable, whereas 20.6% considered that it would be unfavourable. The remaining 60.5% considered that it would be normal.

The difference between the percentages of favourable and unfavourable responses, known as *Expectations Balance*, stood at -1.7 points for Spain as a whole, as compared with -1.1 of the previous quarter.

Opinions regarding the coming quarter (Expectations)

Period	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
2014 Quarter IV	15.8	55.6	28.6	-12.8
2015 Quarter I	14.3	56.5	29.2	-14.9
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

Evolution of the Expectations Balance



Opinions regarding the last quarter (Situation)

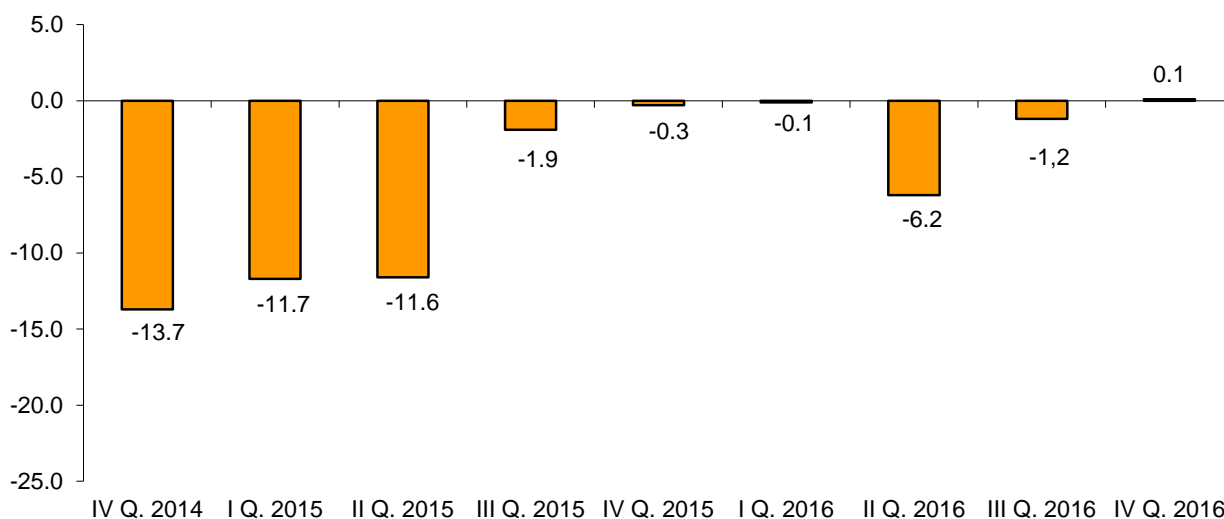
20.8% of the establishments' managers expressed a favourable opinion regarding the performance of their business in the third quarter 2016. In turn, 20.7% had an unfavourable opinion.

The difference between these percentages of favourable and unfavourable responses referring to the last quarter, known as *Situation Balance*, stood at 0.1 points, thereby slightly improving the *Expectations* previously expressed for said quarter, which stood at -1.1 points.

Opinions regarding the last quarter (Situation)

Period	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
2014 Quarter IV	16.0	54.3	29.7	-13.7
2015 Quarter I	17.5	53.3	29.2	-11.7
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

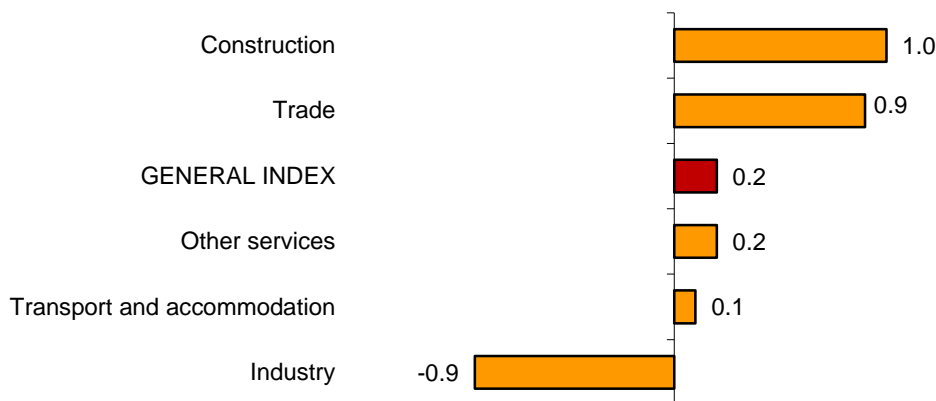
Evolution of the Situation Balance



Harmonised Business Confidence Index by activity sector

Four out of the five activity sectors analysed presented an improvement on the confidence, as compared with the previous quarter. *Construction* registered the greatest increase (1.0%) whereas *Industry* is the only sector with negative rate (-0.9%).

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 a decreased in confidence, as compared with the third quarter of 2016, while only those from *Less than 10 wage earners* registered an increase (0.9%).

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

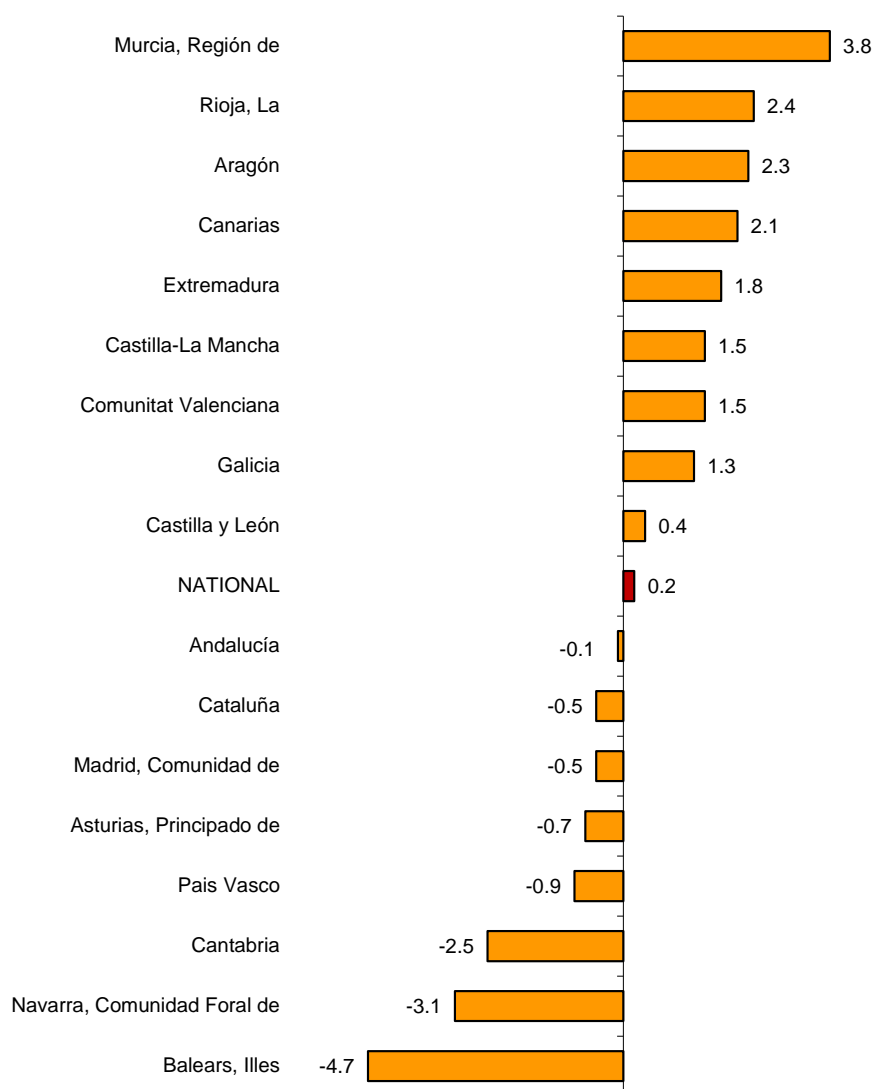


Harmonised Business Confidence Index. Results by Autonomous Community

In the fourth quarter 2016, the Business Confidence Index improved in nine Autonomous Communities, as compared to the previous quarter and decrease in the other eight.

Región de Murcia (3.8%), La Rioja (2.4%) and Aragón (2.3%) registered the greatest increases. In turn Illes Balears (-4.7%), Comunidad Foral de Navarra (-3.1%) and Cantabria (-2.5%) registered 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 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.

Business Confidence Indicators Fourth quarter of 2016

Provisional data

14 October 2016

1. Harmonized Business Confidence Index by sectors

Period	TOTAL	Industry	Construction	Trade	Transport and accomodation	Other Services
2014 Quarter IV	123.2	119.3	122.5	127.0	130.9	120.6
2015 Quarter I	123.2	121.4	124.3	127.1	127.0	120.3
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

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
2014 Quarter IV	123.2	124.2	125.9	123.9	117.6	115.2
2015 Quarter I	123.2	122.8	126.6	124.4	118.5	117.0
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

3. Harmonized Business Confidence Index by Autonomous Communities

Period	NATIONAL	Andalucía	Aragón	Asturias, Principado de	Balears, Illes	Canarias
2014 Quarter IV	123.2	125.4	124.8	124.4	129.3	122.2
2015 Quarter I	123.2	124.8	125.6	126.4	122.2	123.7
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

Period	Cantabria	Castilla y León	Castilla- La Mancha	Cataluña	Comunitat Valenciana	Extremadura
2014 Quarter IV	128.7	126.0	127.0	126.2	115.3	122.1
2015 Quarter I	125.6	124.6	128.5	129.2	119.1	118.3
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

Period	Galicia	Madrid, Comunidad de	Murcia, Región de	Navarra, Comunidad Foral	País Vasco	Rioja, La
2014 Quarter IV	120.1	119.2	118.6	124.9	123.6	121.9
2015 Quarter I	114.3	120.8	116.0	127.7	122.1	123.9
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

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

Activity sectors	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	18.9	60.5	20.6	-1.7
Industry	21.6	59.9	18.5	3.1
Construction	15.6	53.0	31.4	-15.8
Trade	18.8	62.0	19.2	-0.4
Transport and accommodation	20.9	57.7	21.4	-0.5
Other services	17.8	63.5	18.7	-0.9

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

Size of the establishment	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	18.9	60.5	20.6	-1.7
Less than 10 wage earners	13.3	60.3	26.4	-13.1
From 10 to 49 wage earners	22.0	59.4	18.6	3.4
From 50 to 199 wage earners	23.1	61.1	15.8	7.3
From 200 to 999 wage earners	23.1	62.0	14.9	8.2
Over 1000 wage earners	27.1	63.3	9.6	17.5

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

	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
NATIONAL	18.9	60.5	20.6	-1.7
Andalucía	17.5	61.1	21.4	-3.9
Aragón	15.6	60.2	24.2	-8.6
Asturias, Principado de	13.4	65.0	21.6	-8.2
Balears, Illes	17.1	61.8	21.1	-4.0
Canarias	26.0	57.4	16.6	9.4
Cantabria	11.1	58.4	30.5	-19.4
Castilla y León	15.5	59.4	25.1	-9.6
Castilla- La Mancha	17.1	57.3	25.6	-8.5
Cataluña	25.1	61.5	13.4	11.7
Comunitat Valenciana	21.0	61.9	17.1	3.9
Extremadura	20.5	50.5	29.0	-8.5
Galicia	15.4	60.8	23.8	-8.4
Madrid, Comunidad de	20.9	62.3	16.8	4.1
Murcia, Región de	21.9	59.8	18.3	3.6
Navarra, Comunidad Foral de	18.0	58.2	23.8	-5.8
País Vasco	18.2	61.8	20.0	-1.8
Rioja, La	14.6	66.9	18.5	-3.9

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

Activity sectors	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	20.8	58.5	20.7	0.1
Industry	21.6	59.0	19.4	2.2
Construction	16.6	55.2	28.2	-11.6
Trade	21.6	57.3	21.1	0.5
Transport and accommodation	28.9	51.1	20.0	8.9
Other services	18.4	62.7	18.9	-0.5

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

Size of the establishment	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
TOTAL	20.8	58.5	20.7	0.1
Less than 10 wage earners	17.6	56.7	25.7	-8.1
From 10 to 49 wage earners	23.8	57.8	18.4	5.4
From 50 to 199 wage earners	23.4	59.6	17.0	6.4
From 200 to 999 wage earners	21.5	63.8	14.7	6.8
Over 1000 wage earners	24.1	61.1	14.8	9.3

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

	Favourable (%) (optimistic)	Normal (%)	Unfavourable (%) (pessimistic)	Balance (optimistic - pessimistic)
NATIONAL	20.8	58.5	20.7	0.1
Andalucía	19.3	58.1	22.6	-3.3
Aragón	14.3	60.9	24.8	-10.5
Asturias, Principado de	16.5	61.9	21.6	-5.1
Balears, Illes	32.1	55.1	12.8	19.3
Canarias	26.3	54.6	19.1	7.2
Cantabria	21.0	53.4	25.6	-4.6
Castilla y León	22.5	56.1	21.4	1.1
Castilla- La Mancha	22.3	52.4	25.3	-3.0
Cataluña	25.7	60.8	13.5	12.2
Comunitat Valenciana	19.9	59.8	20.3	-0.4
Extremadura	19.8	52.2	28.0	-8.2
Galicia	23.3	56.1	20.6	2.7
Madrid, Comunidad de	17.8	61.2	21.0	-3.2
Murcia, Región de	19.3	59.5	21.2	-1.9
Navarra, Comunidad Foral de	18.9	59.1	22.0	-3.1
País Vasco	19.1	60.0	20.9	-1.8
Rioja, La	14.8	65.8	19.4	-4.6

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)	9.6	74.4	16.0	-6.4
Price level	4.2	86.5	9.3	-5.1

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)	15.6	71.7	12.7	2.9
Price level	4.4	84.1	11.5	-7.1