

9 October 2012

**Business Confidence Indicators**  
Fourth quarter of 2012

**Main results**

- The Harmonised Business Confidence Index (HBCI) of the INE stands at 98.76 points for the fourth quarter of 2012, indicating a drop of 1.30 points, as compared with the third quarter.
- The *Balance of Expectations*, that is, the difference between the opinions of optimistic and pessimistic business establishments, reaches –44 points in the fourth quarter, as compared with the –40 points registered in the third quarter, indicating a four-point reduction.
- The business confidence climate remains unfavourable. 6% of business establishments are optimistic regarding the future performance of their business as the quarter commences, whereas 50% are pessimistic.

### **Opinions regarding the coming quarter (Expectations)**

6% of establishments believed that the performance of their business during the fourth quarter of the year would be favourable, whereas 50% believed that it would be unfavourable. The remaining 44% believed that it would be normal.

The difference between the percentages of favourable and unfavourable responses, known as the *Balance of Expectations*, stood at -44 points for Spain as a whole.

In the third quarter, 7% of the establishments believed that the performance of the business would be favourable, whilst 47% believed that it would be unfavourable, with the *Balance of Expectations* thus standing at -40 points.

Therefore, the lack of confidence by businesspersons as per *Expectations* increased four points (-40 points in the third quarter, and -44 points in the fourth).

### **Opinions regarding the last quarter (Situation)**

In terms of the responses regarding the last quarter, 7% of the establishments expressed a favourable opinion regarding the past performance of their business in the third quarter. In turn, 48% had an unfavourable opinion.

The difference between these percentages of favourable and unfavourable responses referring to the last quarter, known as the *Situation Balance*, stood at -41 points, thereby getting worse the *Expectations* previously expressed for that third quarter, which stood at -40 points.

### **Harmonised Business Confidence Index (HBCI)**

The HBCI, compiled using the evolution of the *Situation* and *Expectations* Indices, stood at 98.76 points in the fourth quarter, showing an drop of 1.30 points in the confidence by businesspersons with regard to the third quarter of 2012.

## 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 7,694 establishments, whose opinions began to be collected for the first quarter of 2012. 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. They consider three different indicators, both on a national level and by Autonomous Community (in the latter case, the data will be available as of the year 2013). These 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 2012, and the value of that first quarter is therefore equal to 100.