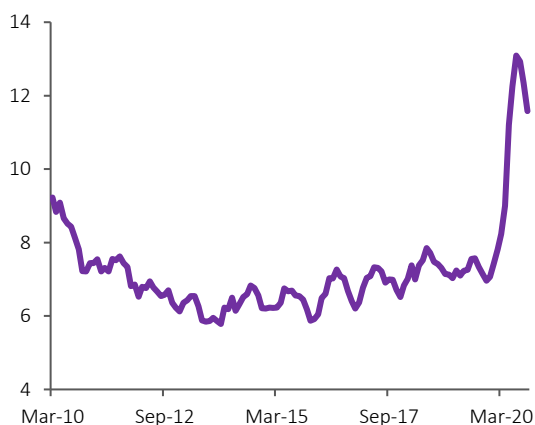


## Employment continues to improve, but at a slow pace

In the quarter ended in October, the INE registered an increase of 303 thousand jobs compared to the previous moving quarter, reflecting the impact of the deconfinement process that has allowed the reopening of a series of economic activities. Although this is the largest increase since the labor market recovery began in August, employment remains well below pre-pandemic levels (-15% y / y) and the pace of growth has been slow compared to what has happened with the activity (we estimate that the Imacec will have an annual variation of -4.4% in the moving quarter ended in October). The labor force, for its part, increased by 269 thousand people, with which the unemployment rate fell again (11.6% versus 12.3% in September).

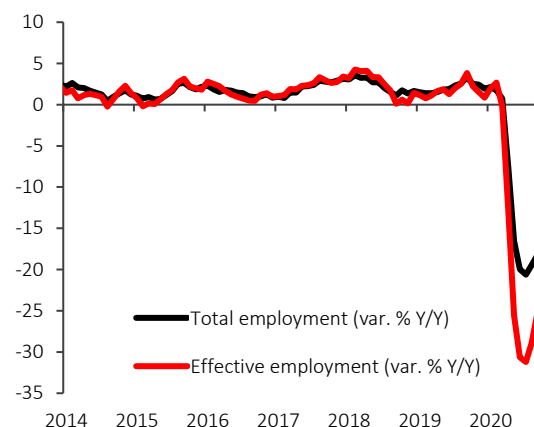
Absent employees reached 896 thousand, while the previous month the figure reached 1.1 million people. This reflects the reinstatement of those workers who were covered by the Employment Protection Law. In this way, part of the gap that maintains effective employment with respect to total employment is closed.

Unemployment rate continues to fall



Source: INE and Santander

Employment is recovering but maintains a substantial gap

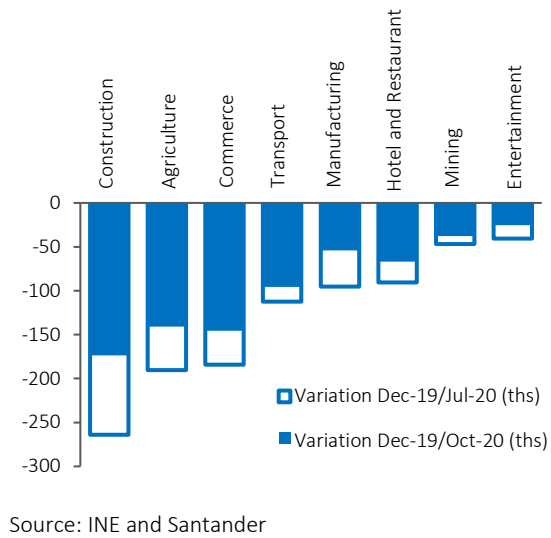
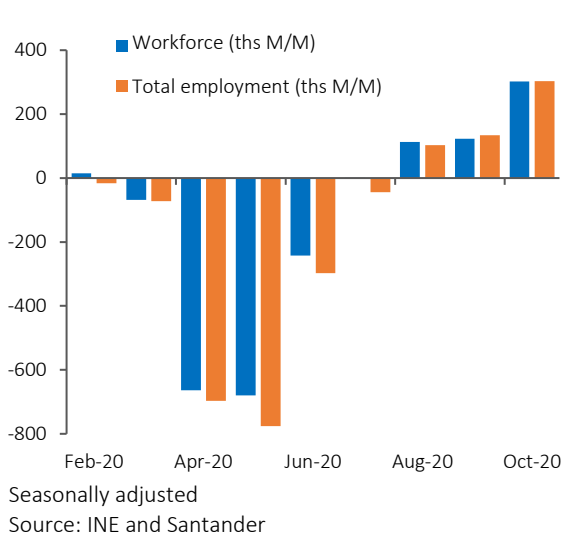


Effective employment does not include absent employees  
Source: INE and Santander

The sectors most affected by the deconfinement measures have seen an increase in employment from the lows reached in July. Some, such as construction and manufacturing, have already closed between 35% and 40% of the gap that had opened up to July. But others have had less progress, such as commerce (21%) and hotels and restaurants (26%). Although this implies that employment should continue to increase in the coming months, it is expected that in some of these sectors it will not return to pre-pandemic levels.

Employment and workforce accelerated the pace of recovery compared to prior months

None of the sectors most affected by the confinement has recovered 50% of the jobs lost

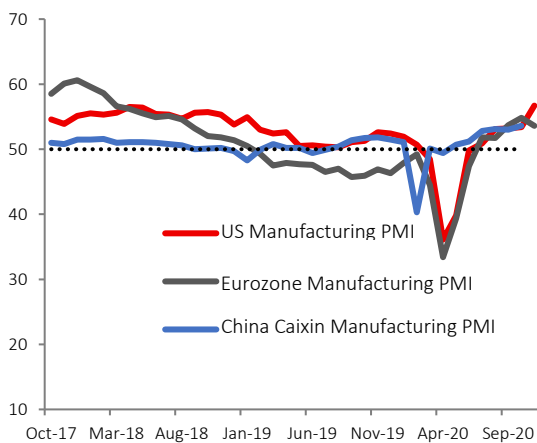


**Busy week in international markets**

In the US, the PMIs once again surprised upward (manufacturing: 56.7 vs. 53.4 October and 53.0 est. ; services: 57.7 vs. 56.9 October; 55.0 est.), realizing that the economy has ignored the outbreaks of the pandemic in that country. President-elect Joe Biden announced that former Fed chief Janet Yellen would take over as Treasury Secretary, which was well received by the markets.

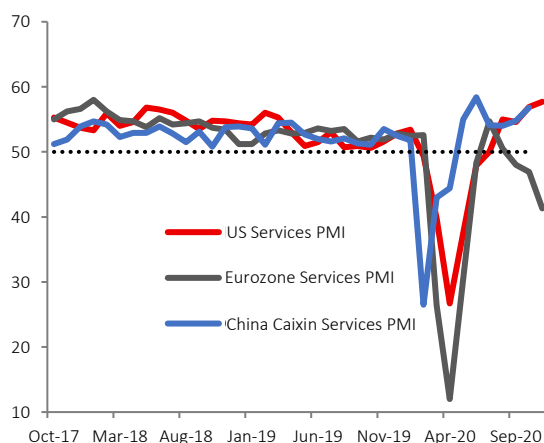
In Europe, the pandemic has made it necessary to adopt new social distancing measures that, unlike the US, have clearly impacted on the most labor-intensive activities. Thus, the services PMIs collapsed in November, placing well below the expansion pivot (41.3 vs. 46.9 October; 42.3 est.), while those of the manufacturing sector had a moderate decline (53, 6 vs. 54.8 October; 53.2 est.). This has affected business confidence, which has fallen significantly (87.6 vs. 90.9 October; 86.5 est.).

Manufacturing is resisting a new pandemic attack



Source: Reuters and Santander

The services sector in Europe show the new distancing measures

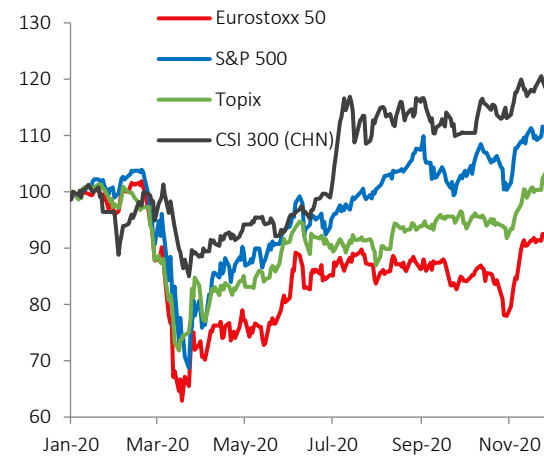


Source: Reuters and Santander

Positive news regarding Covid-19 vaccine developments and greater clarity on the political scene in the US led to widespread optimism in the markets. Stock markets rose again and, in the case of the US, the Dow Jones exceeded 30,000 points for the first time, marking a historic milestone.

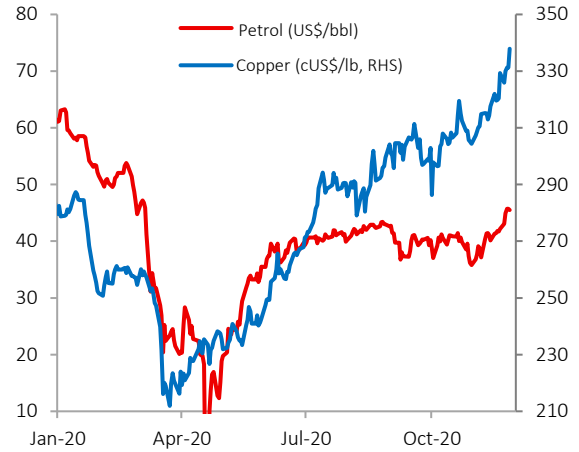
The prices of raw materials also rose strongly. It is trading at US \$ 3.40 a pound, levels that have not been seen since 2014. For its part, the price of oil exceeded US \$ 45 a barrel with an increase of almost 8%.

A good week for the markets due to better expectations



Source: Reuters and Santander

Strong recovery of basic products due to expectations of the recovery of demand



Source: Reuters and Santander

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