

Quick Note 13/06/2017

## Spain · Core inflation declines 2 tenths in May

### Data

- CPI showed a YoY change of **1.9% in May** (2.6% in April).
- **Core inflation** stood at **1.0%** (1.2% in April).

### Valuation

- Inflation was down 7 tenths in May to 1.9%. This easing in the pace of price growth was due to a slowdown in transport prices, in turn caused by a slower rate of fuel price growth. This was likewise driven by an easing of inflation in the leisure and culture group, as the Easter Week effect caused a sharp slowdown in the prices of tourism packages in May compared to April.
- **Core inflation** (the general index excluding non-prepared foods and energy products) **stood at 1.0%**, 2 tenths below the April figure and slightly short of CaixaBank Research forecasts.
- Looking ahead to the coming months, inflation is expected to continue to ease due to a slowdown from oil prices in YoY terms. On the other hand, core CPI should show a smooth rising trend thanks to buoyant private consumption.
- In the light of this figure, **the risks for the full-year 2017 inflation forecast of 2.0% look balanced.**

#### CPI components (May-17) YoY

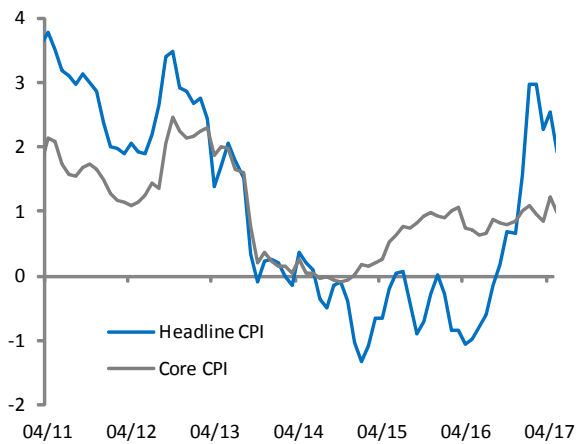
YoY (%)

|                     | Weight     | CaixaBank Research<br>forecast | Real data  | Prediction error |
|---------------------|------------|--------------------------------|------------|------------------|
| <b>Headline CPI</b> | <b>100</b> | <b>1.9</b>                     | <b>1.9</b> | -                |
| Energy              | 11         | 8.0                            | 8.3        | 0.3              |
| Unprocessed food    | 8          | 2.7                            | 2.8        | 0.1              |
| <b>Core CPI</b>     | <b>81</b>  | <b>1.1</b>                     | <b>1.0</b> | <b>-0.1</b>      |
| Services            | 41         | 2.0                            | 1.7        | -0.3             |
| Industrial goods    | 25         | -0.1                           | 0.1        | 0.2              |
| Processed food      | 15         | 0.3                            | 0.4        | 0.2              |

Source: CaixaBank Research, based on INE data.

### CPI evolution

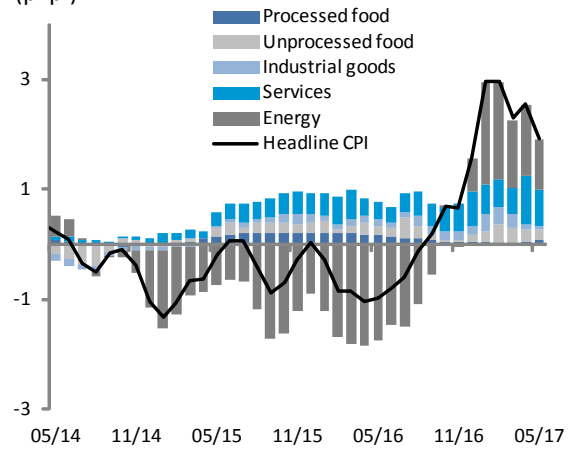
YoY change (%)



Source: CaixaBank Research, based on INE data.

### Contribution to inflation by component

(p. p.)



Note: \* YoY change.

Source: CaixaBank Research, based on INE data.

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