

Quick Note 13/09/2017

Spain · Core inflation declined 2 tenths in August

Data

- CPI showed a YoY change of **1.6% in August** (1.5% in July).
- **Core inflation** stood at **1.2%** (1.4% in July).

Assessment

- Inflation rose 1 tenth in August to 1.6%. The **transport** category helped to drive this increase, due to fuel prices gaining traction (in year-on-year terms). Likewise, categories associated with the **shelter** also accelerated, despite a slowdown in electricity prices. Meanwhile, **communications** and **leisure and culture** had a slight negative impact on inflation.
- **Core inflation** (the general index excluding non-prepared food and energy products) **stood at 1.2%**, 2 tenths below the July figure and slightly short of CaixaBank Research forecasts.
- From now until the end of the year general and core inflation are expected to be set to decline moderately compared to current levels.
- In the light of this figure, **the risks for the full-year 2017 inflation forecast (1.8%) look balanced**

CPI components (August-17) YoY

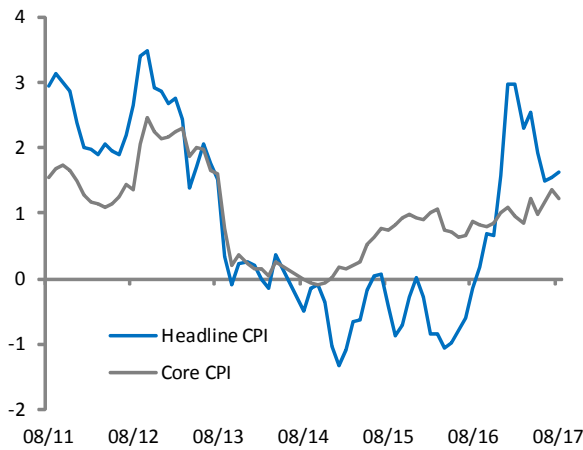
Year-on-Year change (%)

	Weight	CaixaBank Research forecast	Real data	Prediction error
Headline CPI	100	1.6	1.6	-
Energy	11	6.5	6.3	-0.2
Unprocessed food	8	-0.2	-1.6	-1.4
Core CPI	81	1.3	1.2	-0.1
Services	41	1.9	1.7	-0.2
Industrial goods	25	0.3	0.0	-0.2
Processed food	15	1.0	1.1	0.1

Source: CaixaBank Research, based on INE data.

CPI evolution

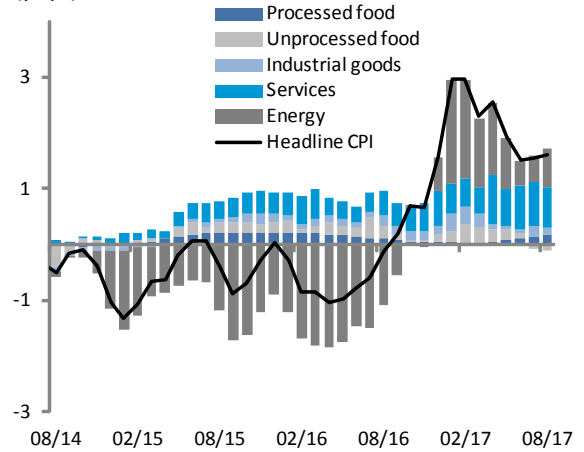
YoY change (%)



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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