

Quick Note 14/11/2017

Spain · Core inflation eases in October

Data

- CPI showed a YoY change of **1.6% in October** (1.8% in September).
- **Core inflation** stood at **0.9%** (1.2% in September).

Assessment

- Inflation eased 2 tenths in October to 1.6%. The **transport** category was chiefly responsible for the smaller uptick in prices, due to a slowdown in fuel prices in year-on-year terms. **Electricity** prices also eased, albeit less than anticipated by CaixaBank Research. Meanwhile, the **food and non-alcoholic beverages** group made a positive contribution to inflation due to rising fruit prices (up 8.9% year-on-year, compared to a decline of 2.2% in the previous month).
- **Core inflation** (general index excluding non-prepared foods and energy products) **stood at 0.9%**, 3 tenths less than in September.
- From now to the end of the year general inflation is set to ease slightly against current figures, due chiefly to the underlying electricity price effect.
- In the light of this figure, **the risks for the full-year 2017 inflation forecast (1.9%) seem to be balanced.**

CPI components (October-17) YoY

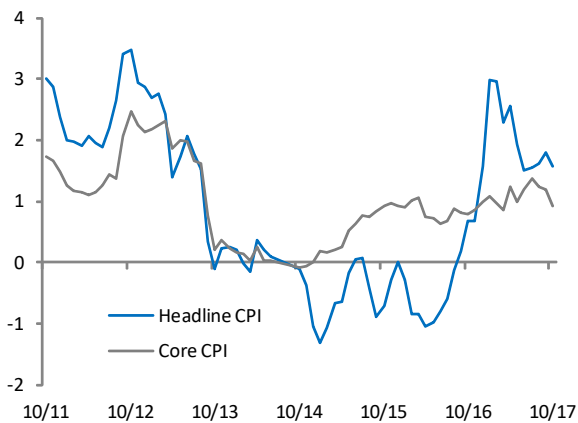
Year-on-Year change (%)

	Weight	CaixaBank Research forecast	Real data	Prediction error
Headline CPI	100	1.6	1.6	-
Energy	11	1.7	3.9	2.1
Unprocessed food	8	0.7	4.9	4.3
Core CPI	81	1.1	0.9	-0.2
Services	41	1.7	1.6	-0.1
Industrial goods	25	0.0	-0.2	-0.2
Processed food	15	1.1	1.0	-0.1

Source: CaixaBank Research, based on INE data.

CPI evolution

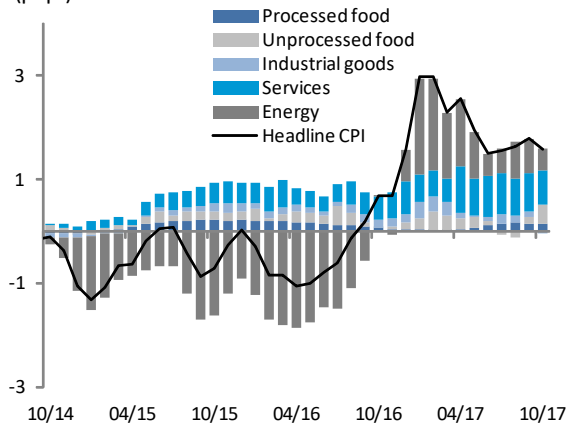
YoY change (%)



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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