

Quick Note 25/01/2018

Spain · A positive, albeit less buoyant, labour market performance in Q4 2017**Data**

- In seasonally adjusted terms, the QoQ change to employment in Q4 2017 stood at **0.39%** (0.75% in Q3 2017).
- The YoY change to employment stood at 2.6% in Q4 2017 (2.8% in Q3 2017).
- The **unemployment rate** stood at **16.6%** (–2.1 p.p. last year).
- In the last four quarters:
 - **Employment:** grew by 490,300 to 18,998,400.
 - **Active population:** expanded by 19,100 to 22,765,000.
 - **Unemployment:** declined by 471,100 to 3,766,700.

Assessment

- **The labour market posted a strong performance, but lost some buoyancy in the final stage of the year**, as evidenced by sustained employment growth in seasonally adjusted terms, albeit at a slower pace than in previous quarters.
- The growth in employment (490,300 accumulated in all four quarters) was significantly **less robust than anticipated** by CaixaBank Research (571,100), and far smaller than the uptick in social security affiliates (611,100).
- One very positive aspect was that **employment growth was driven chiefly by the private sector** (401,600 in the full year), although in the last quarter this was down by 63,500 due to seasonal reasons.
- In the last year the **active population** expanded by 19,100, indicating that the economic recovery is driving labour market participation. As a result, the activity rate, which measures the percentage of active individuals out of the total population over 16 years old, dipped 0.2 p.p. in the last year to 58.8%. This was basically due to population ageing, **as the activity rate in the 16-64 age bracket was practically unchanged** at 75.1%.
- The number of unemployed was down very sharply in the last four quarters (–471,100 individuals), while the **unemployment rate slipped to an annual average of 17.2%** (19.6% in 2016), seeing the average unemployment rate dip 2.4 p.p. In the last quarter, however, the unemployment rate rose slightly (16.3% in Q3 2017) due to an uptick in the number of unemployed of 34,900, due to negative seasonality effects in the final quarter of the year.
- As usual in the fourth quarter, **the temporary employment rate declined** to 26.7% (27.4% in Q3 2017), but remains high compared to European standards.
- Looking ahead to the coming quarters, the labour market is expected to perform well, albeit losing some momentum, which would be consistent with the anticipated easing in the pace of Spanish economic growth.
- In the light of these figures, the risks surrounding **the employment growth forecast of 2.1% for 2018 look to be slightly on the downside.**

Spain: labor market

Annual change (thousands)

	2002-2007*	2008-2013*	Q4 2014	Q4 2015	Q4 2016	Q4 2017	
						Data	Forecast
Employment	728	-597	434	525	414	490	571
Active population	728	69	-44	-153	-128	19	12
Unemployed	0	666	-478	-678	-542	-471	-559
Unemployment rate (%)	9.8	21.1	23.7	20.9	18.6	16.5	16.2

Note: *Q4 average of 4 quarters accumulated data.

Source: CaixaBank Research, based on INE (EPA) data.

Spain: labor market

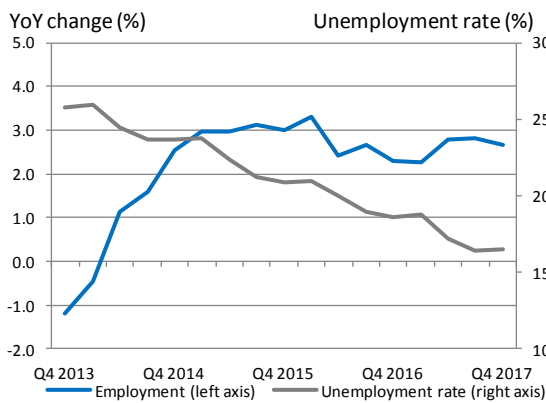
Annual change (thousands)

	2002-2007*	2008-2013*	2014	2015	2016	2017	
						Data	Forecast
Employment	758	-666	205	522	476	483	503
Active population	693	25	-236	-33	-99	-81	-83
Unemployed	-65	691	-441	-554	-575	-564	-586
Unemployment rate (%)	9.9	20.2	24.4	22.1	19.6	17.2	17.1

Note: *Annual average.

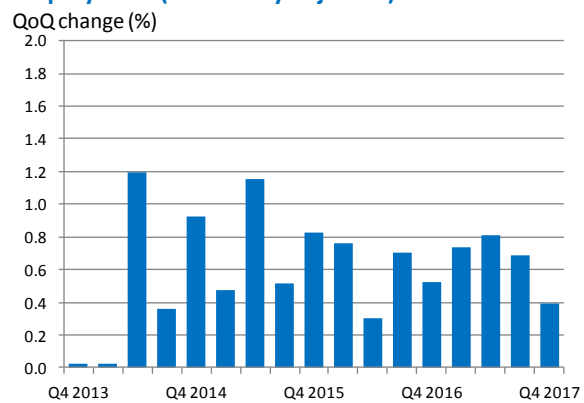
Source: CaixaBank Research, based on INE (EPA) data.

Labor market



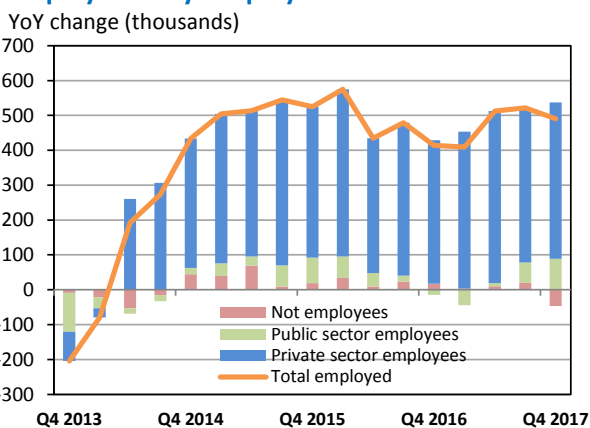
Source: CaixaBank Research, based on INE (EPA).

Employment (seasonally adjusted)



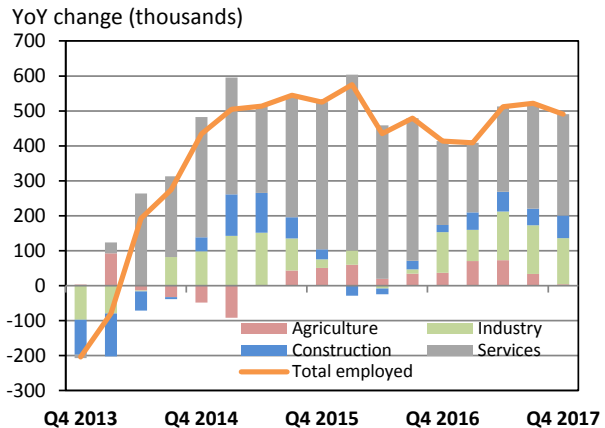
Source: CaixaBank Research, based on INE (EPA).

Employment by employer



Source: CaixaBank Research, based on data from the INE (EPA).

Employment by sector



Source: CaixaBank Research, based on data from the INE (EPA).

EAPS	Last Figure Q4 2017		Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Average 2008-2013	Average 2008-2013	Average 2014-2017
Unemployed	Thousands Percentage		YoY change (%)							
By age										
16-19 years old	140	4%	-11.3	-6.3	-4.5	2.7	2.0	-3.0	6.1	-9.1
20-24 years old	418	11%	-10.5	-13.1	-18.8	-14.4	-12.3	-6.8	19.1	-12.3
25-54 years old	2,676	71%	-12.4	-11.8	-15.6	-15.4	-12.3	-3.7	25.9	-11.3
+ 55 years old	533	14%	-5.9	-7.0	-6.0	-7.7	-7.2	-0.2	28.8	-1.9
By duration										
<6 months	1,185	31%	-4.9	-4.0	-6.9	0.1	2.9	-7.6	45.2	-19.9
6-12 months	419	11%	-15.8	-15.4	-13.9	-13.3	0.8	-5.4	33.8	-14.7
1-2 years	534	14%	-16.8	-11.4	-22.8	-16.5	-15.7	-14.9	48.1	-8.2
>2 years	1,366	36%	-15.6	-17.9	-18.7	-24.9	-22.3	1.5	10.6	-5.4
Already found a job	264	7%	21.4	23.7	5.6	9.3	-5.7	20.3	0.2	4.2
By sex										
Men	1,821	48%	-12.3	-12.1	-15.5	-15.0	-13.1	-3.5	28.9	-12.2
Women	1,946	52%	-10.4	-10.3	-13.4	-12.3	-9.2	-4.5	19.5	-8.3
Total	3,767		-11.3	-11.2	-14.4	-13.6	-11.1	-4.1	23.8	-10.3
Occupied	Thousands Percentage		YoY change (%)							
By sectors										
Agriculture	821	4%	4.7	9.1	9.5	4.4	0.5	-1.5	-3.6	2.9
Industry	2,711	14%	4.7	3.6	5.6	5.5	5.1	1.3	-5.2	3.0
Construction	1,144	6%	2.0	4.8	5.2	4.3	6.0	7.0	-14.9	2.5
Services	14,323	75%	1.7	1.4	1.7	2.1	2.1	5.0	-0.5	2.3
By employer										
Private sector	15,924	84%	2.8	3.0	3.3	3.0	2.6	4.4	-3.5	2.7
Public sector	3,075	16%	-0.5	-1.5	0.3	1.9	3.0	2.9	-0.1	0.8
By professional situation										
Salaried	15,923	84%	2.6	2.7	3.3	3.3	3.5	4.9	-3.0	2.8
Indefinite contract	11,670	61%	1.5	1.7	1.8	2.7	3.2	5.2	-1.2	1.6
Temporary contract	4,252	22%	5.9	5.6	7.7	4.9	4.4	4.5	-7.7	6.5
Not salaried	3,069.8	16%	0.5	0.0	0.3	0.6	-1.5	2.1	-2.6	0.4
By sex										
Men	10,339	54%	2.1	2.0	2.9	3.0	2.7	3.1	-4.2	2.5
Women	8,659	46%	2.5	2.5	2.7	2.5	2.6	6.2	-1.4	2.3
Total	18,998		2.3	2.3	2.8	2.8	2.6	-3.0	2.4	2.4
Rate	Figure		Rate							
Unemployment rate	16.5		18.6	18.8	17.2	16.4	16.5	10.5	20.2	20.8
Activity rate	58.8		59.0	58.8	58.8	58.9	58.8	56.2	60.2	59.3
Activity rate (16 to 64 years old)	75.1		75.1	75.0	75.1	75.2	75.1	70.5	74.7	75.3
Occupation rate	49.1		48.0	47.8	48.7	49.3	49.1	50.3	48.0	46.9
Occupation rate (16 a to 64 years old)	62.6		61.0	61.4	61.9	62.4	62.6	63.4	59.5	59.3
Partiality rate	14.8		15.3	15.6	15.3	14.3	14.8	10.1	13.5	15.5
Temporarity rate	26.7		26.5	25.8	26.8	27.4	26.7	32.5	25.1	25.5

Maria del Mar Domènech, Economist, Macroeconomics Department, Strategy Planning and Research Division, CaixaBank e-mail: research@caixabank.com

NOTICE REGARDING PUBLICATION OF THE CAIXABANK "QUICK NOTE"

The "Quick Note" (Nota Breve) is a publication by CaixaBank Research that contains information and opinions from sources considered to be reliable. This document is for informative purposes only and CaixaBank is not liable in any way for any use made thereof. The opinions and estimates are those of the CaixaBank Research and are liable to change without prior notice.