

Quick Note 13/4/2018

Spain · Inflation climbs in March due to the Easter Week effect

Data

- CPI showed a YoY change of **1.2% in March** (1.1% in February).
- **Core inflation** was up to **1.2%** (1.1% in February).

Assessment

- Inflation was up 1 tenth in March to 1.2%, matching the INE flash estimate. The rise in inflation was driven by core groups.
- Within **core groups**, the inflation uptick was caused by rising services prices (1.9% YoY), underpinned by the Easter Week effect, as in 2017 Easter came in April. The segments behind the increase were personal vehicle use (1.5% YoY) and in particular **tourism packages**, which were up 6.4% YoY.
- Meanwhile, the **non-core** groups offset each other. On the one hand, there was a robust 7.6% decline in **electricity** prices during March measured against February. On the other hand, **fuel** prices declined in March less rapidly than in the previous year, accelerating in YoY terms to 2.6%. Likewise, the **non-prepared foods** group made a positive contribution to rising inflation, with an uptick of 1.6%.
- In April the downside impact on services prices had by Easter Week will be offset by rising fuel prices.
- In the light of this data **the risks in terms of our full-year 2018 inflation forecast of 1.5% look balanced.**

CPI components (March-18) YoY

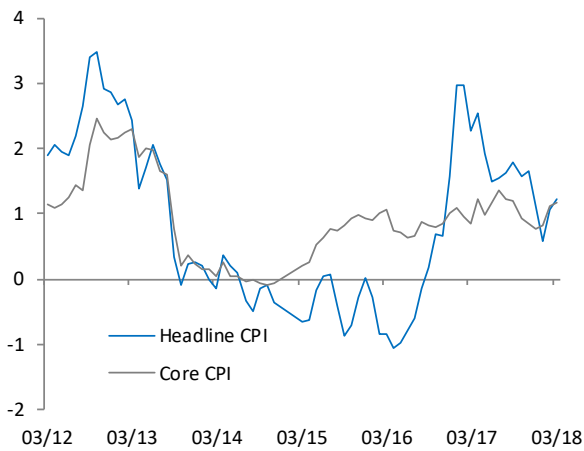
Year-on-Year change (%)

	Weight	CaixaBank Research forecast	Real data	Prediction error
Headline CPI	100	1.2	1.2	-
Energy	11	2.4	1.3	-1.1
Unprocessed food	7	1.6	1.6	0.0
Core CPI	81	1.3	1.2	-0.2
Services	41	2.2	1.9	-0.3
Industrial goods	25	0.0	-0.1	-0.1
Processed food	15	1.2	1.3	0.1

Source: CaixaBank Research, based on INE data.

CPI evolution

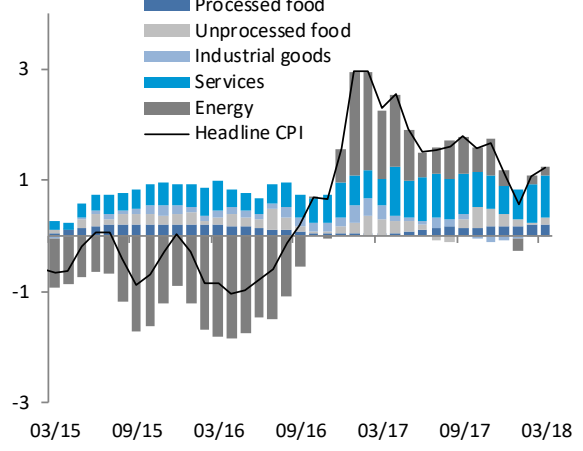
YoY change (%)



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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