

Quick Note 26/04/2018

Spain · The labour market performed well in Q1 2018, albeit losing some buoyancy**Data**

- In seasonally adjusted terms, the QoQ change to employment in Q1 2018 stood at 0.46% (0.47% in Q4 2017).
- The YoY change to employment stood at 2.4% in Q1 2018 (2.6% in Q4 2017).
- In the last four quarters:
 - **Employment:** rose by 435,900 to 18,874,200.
 - **Active population:** declined by 23,000 to 22,670,300.
 - **Unemployment:** declined by 458,900 to 3,796,100.
- The unemployment rate stood at **16.7% in Q1 2018 (-2.0 pp in the last year)**.

Assessment

- **The labour market performed well, but again lost some momentum in the first quarter of the year.** This was evidenced by the fact that in seasonally adjusted terms job creation was positive (0.5% QoQ) at a similar rate to Q4 2017, but somewhat below the average for the first three quarters of 2017 (0.7%).
- The **growth in employment** (435,900 accumulated in all four quarters) was somewhat **less robust than anticipated** by CaixaBank Research (500,100), and far smaller than the uptick in social security affiliates (592,100) in the same period.
- **The private sector again spearheaded job creation**, adding 319,000 workers in the last year, but showing a slowing trend. On the other hand, **the increase in public employment stood out** at 132,000 in the last four quarters, far faster growth than observed in recent years.
- By economic sectors, **there was standout uptick in the construction industry** (70,500 jobs over the four quarters), which is a larger increase than observed in 2017 (54,500).
- The number of unemployed was down very significantly in the last four quarters (-458,900), while the **unemployment rate stood at 16.7%** (18.8% in Q1 2017), meaning the average unemployment rate declined 2.0 pp in the last year. During the last quarter, however, the unemployment rate rose slightly due to the number of unemployed rising 29,400, as a result of the first quarter's negative seasonality.
- One positive aspect, albeit it is frequently seen in the first quarter, was the **slight decline in the temporary employment rate, which stood at 26.1%** (26.7% in Q4 2017), although the current level stands above those of Q1 2017 (25.8%) and 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 2.4% for 2018 look to be slightly on the downside**.

Spain: labor market

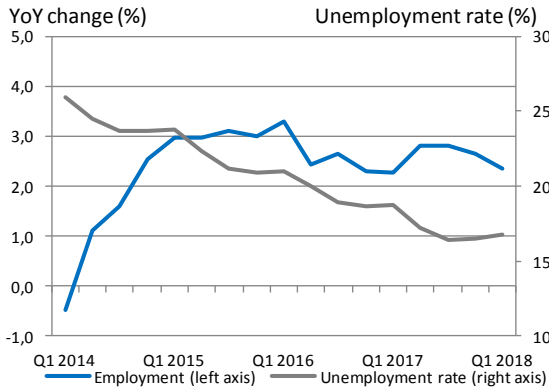
Annual change (thousands)

	2002-2007*	2008-2013*	Q1 2015	Q1 2016	Q1 2017	Q1 2018	
						Data	Forecast
Employment	757	-540	504	575	409	436	500
Active population	699	196	16	-78	-128	-23	-4
Unemployed	-58	736	-489	-653	-536	-459	-504
Unemployment rate (%)	10.4	19.8	23.8	21.0	18.8	16.7	16.5

Note: * 4 quarters accumulated data.

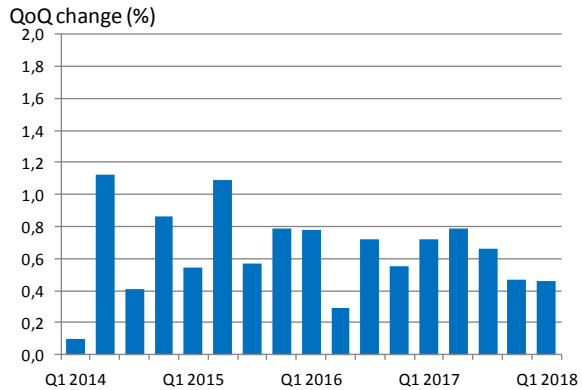
Source: CaixaBank Research, based on INE (EPA) data.

Labor market



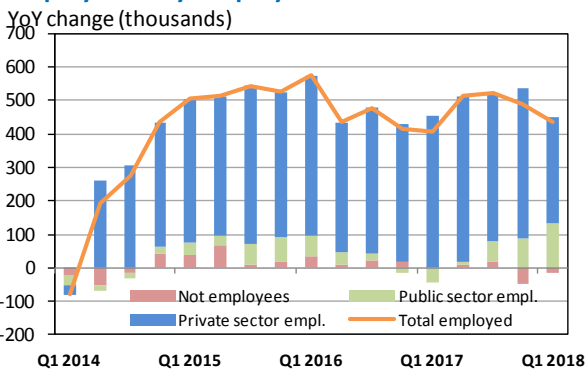
Source: CaixaBank Research, based on INE (EPA).

Employment (seasonally adjusted)



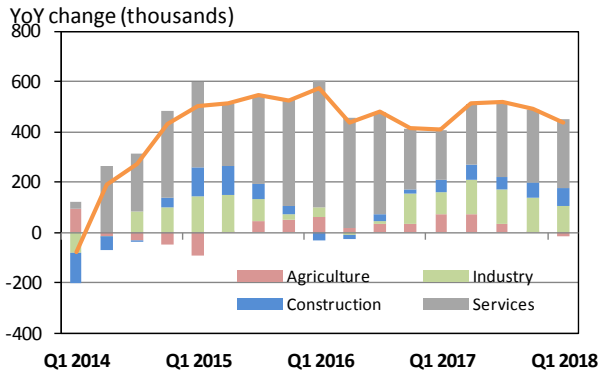
Source: CaixaBank Research, based on INE (EPA).

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		Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Average 2007	Average 2008-2013	Average 2014-2017
Unemployed	Thousands	Percentage	YoY change (%)							
By age										
16-19 years old	133	3%	-6.3	-4.5	2.7	2.0	-1.3	-3.0	6.1	-9.1
20-24 years old	382	10%	-13.1	-18.8	-14.4	-12.3	-16.4	-6.8	19.1	-12.3
25-54 years old	2,727	72%	-11.8	-15.6	-15.4	-12.3	-12.1	-3.7	25.9	-11.3
+ 55 years old	553	15%	-7.0	-6.0	-7.7	-7.2	-1.2	-0.2	28.8	-1.9
By duration										
<6 months	1,163	31%	-4.0	-6.9	0.1	2.9	0.3	-7.6	45.2	-19.9
6-12 months	455	12%	-15.4	-13.9	-13.3	0.8	-9.4	-5.4	33.8	-14.7
1-2 years	526	14%	-11.4	-22.8	-16.5	-15.7	-14.3	-14.9	48.1	-8.2
>2 years	1,364	36%	-17.9	-18.7	-24.9	-22.3	-19.8	1.5	10.6	-5.4
Already found a job	288	8%	23.7	5.6	9.3	-5.7	3.0	20.3	0.2	4.2
By sex										
Men	1,841	48%	-12.1	-15.5	-15.0	-13.1	-12.0	-3.5	28.9	-12.2
Women	1,955	52%	-10.3	-13.4	-12.3	-9.2	-9.7	-4.5	19.5	-8.3
Total	3,796		-11.2	-14.4	-13.6	-11.1	-10.8	-4.1	23.8	-10.3
Occupied	Thousands	Percentage	YoY change (%)							
By sectors										
Agriculture	834	4%	9.1	9.5	4.4	0.5	-1.7	-1.5	-3.6	2.9
Industry	2,676	14%	3.6	5.6	5.5	5.1	4.1	1.3	-5.2	3.0
Construction	1,152	6%	4.8	5.2	4.3	6.0	6.5	7.0	-14.9	2.5
Services	14,212	75%	1.4	1.7	2.1	2.1	2.0	5.0	-0.5	2.3
By employer										
Private sector	15,768	84%	3.0	3.3	3.0	2.6	2.0	4.4	-3.5	2.7
Public sector	3,106	16%	-1.5	0.3	1.9	3.0	4.4	2.9	-0.1	0.8
By professional situation										
Salaried	15,792	84%	2.7	3.3	3.3	3.5	2.9	4.9	-3.0	2.8
Indefinite contract	11,669	62%	1.7	1.8	2.7	3.2	2.4	5.2	-1.2	1.6
Temporary contract	4,123	22%	5.6	7.7	4.9	4.4	4.4	4.5	-7.7	6.5
Not salaried	3,075.7	16%	0.0	0.3	0.6	-1.5	-0.5	2.1	-2.6	0.4
By time of occupation										
Full time employees	16,060	85%	2.4	2.9	3.1	3.3	3.2	3.8	-3.8	2.6
Part time employees	2,814	15%	1.5	2.5	1.1	-1.0	-2.1	10.2	2.2	1.0
By sex										
Men	10,284	54%	2.0	2.9	3.0	2.7	2.3	3.1	-4.2	2.5
Women	8,590	46%	2.5	2.7	2.5	2.6	2.4	6.2	-1.4	2.3
Total	18,874		2.3	2.8	2.8	2.6	2.4	4.3	-3.0	2.4
Rate	Figure	Rate								
Unemployment rate	16.7	18.8	17.2	16.4	16.5	16.7	10.5	20.2	20.8	
Activity rate	58.5	58.8	58.8	58.9	58.8	58.5	56.2	60.2	59.3	
Activity rate (16 to 64 years old)	74.7	75.0	75.1	75.2	75.1	74.7	70.5	74.7	75.3	
Occupation rate	48.7	47.8	48.7	49.3	49.1	48.7	50.3	48.0	46.9	
Occupation rate (16 a to 64 years old)	62.1	61.5	61.9	62.3	62.5	62.1	63.4	59.5	59.5	
Partiality rate	14.9	15.6	15.3	14.3	14.8	14.9	10.1	13.5	15.5	
Temporarity rate	26.1	25.8	26.8	27.4	26.7	26.1	32.5	25.1	25.5	
Long term unemployment rate (+1 year)	49.8	54.4	54.6	50.7	50.4	49.8	34.0	41.9	58.1	
Youth unemployment rate (16 to 25 years old)	36.3	41.7	39.5	36.0	37.5	36.3	21.2	43.0	46.2	

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