

Quick Note 11/5/2018

Spain · Inflation eases due to Easter Week and despite oil prices

Data

- CPI showed a YoY change of **1.1% in April** (1.2% in March).
- **Core inflation** eased to **0.8%** (1.2% in March).

Assessment

- Inflation declined 1 tenth in April to 1.1%, matching the INE flash estimate. The dip in inflation was due to the Easter Week calendar effect; Easter Week fell in March this year, while last year it came in April. This more than offset the impact had on fuel by rising oil prices.
- Within the **core group**, the easing of inflation was caused by slower growth in **services** prices, which at 1.1% YoY came in short of the 1.9% seen in March. The Easter Week effect showed in sliding prices for tour packages (a decline of 6.7% YoY compared to an uptick of 6.4% in March) and to a lesser degree accommodation services and air transport, which accounted for the entirety of the dip in core inflation.
- **Non-core** groups moved in the opposite direction. **Fuels** were hit by rising oil prices, climbing 3.7% YoY (2.6% in March). **Electricity** prices, meanwhile, had a slight positive impact on CPI, with the YoY decrease easing following a sharp dip in March.
- In May the disappearance of the calendar effect and rising fuel prices should drive up inflation, albeit holding at moderate levels.
- In the light of this data **the risks in terms of our full-year 2018 inflation forecast of 1.6% look balanced.**

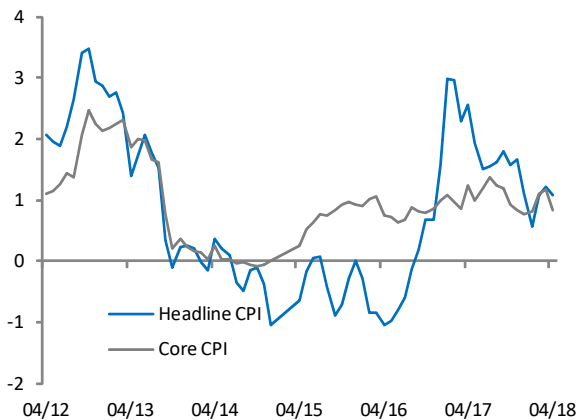
CPI components (April-18) YoY

Year-on-Year change (%)

	Weight	CaixaBank Research forecast	Real data	Prediction error
Headline CPI	100	1.1	1.1	-
Energy	11	3.6	2.3	-1.3
Unprocessed food	7	2.2	2.0	-0.1
Core CPI	81	0.7	0.8	0.1
Services	41	0.9	1.1	0.2
Industrial goods	25	-0.1	0.0	0.1
Processed food	15	1.4	1.4	0.1

CPI evolution

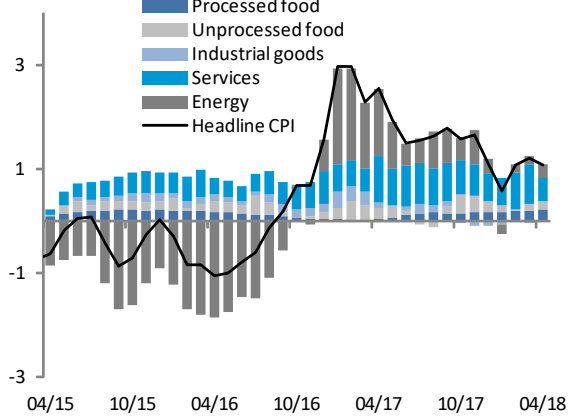
YoY change (%)



Source: CaixaBank Research, based on INE data.

Contribution to inflation by component

(p. p.)



Note: * YoY change.

Source: CaixaBank Research, based on INE data.

Jordi Singla, Economist, CaixaBank Research, e-mail: research@caixabank.com

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