

Quick Note 13/6/2018

Spain · Inflation climbs due to energy prices

Data

- CPI showed a YoY change of **2.1% in May** (1.1% in April).
- **Core inflation** was up to **1.1%** (0.8% in April).

Assessment

- Inflation was up 1 p.p. in May to 2.1%, 1 tenth higher than the preliminary figure announced by the National Statistics Institute. Nearly two thirds of this inflationary uptick was driven by the rise in fuel and electricity prices.
- **Non-core** groups were the main driver behind rising inflation. Standing out among these were **fuels**, hit by rising oil prices, showing a 9.2% YoY increase (3.7% in April), which alone accounted for 42% of the uptick in inflation during May. **Electricity** prices, meanwhile, drove one fifth of the inflation growth, rising 4.8% YoY compared to a decline of 0.8% in April.
- Within the **core group**, the inflationary increase was driven by faster growth in services prices, which with a 1.8% YoY uptick grew 7 tenths compared to April. In particular, tourist packages (5.4% YoY) and, to a lesser degree, accommodation services (3.7% YoY) accounted for the entire core inflation increase.
- In June, fuel prices will again face upside pressure, but core inflation is expected to hold at more moderate levels.
- In the light of this figure, **the risks for the full-year 2018 inflation forecast of 1.6% look to be upside.**

CPI components (May-18) YoY

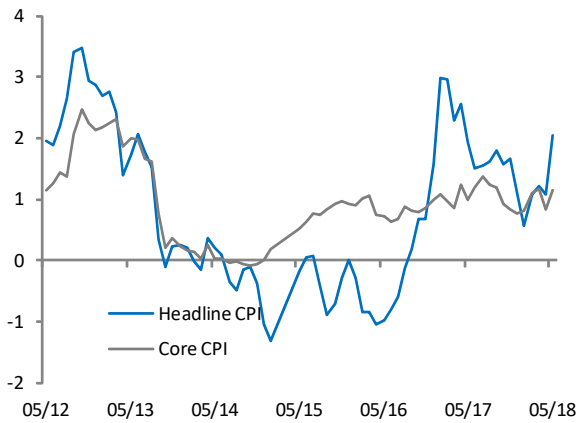
Year-on-Year change (%)

	Weight	Last month data	Real data	CaixaBank Research forecast	Prediction error
Headline CPI	100	1.1	2.1	2.1	-
Energy	11	2.3	7.8	5.9	1.9
Unprocessed food	7	2.0	3.5	1.8	1.7
Core CPI	81	0.8	1.1	1.2	0.0
Services	41	1.1	1.8	1.7	0.1
Industrial goods	25	0.0	0.0	0.1	-0.1
Processed food	15	1.4	1.3	1.4	-0.1

Source: CaixaBank Research, based on INE data.

CPI evolution

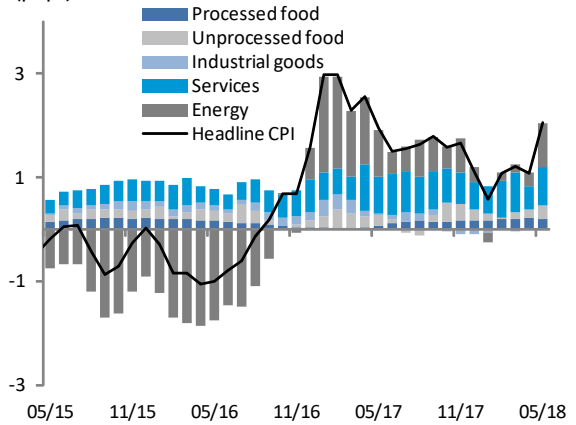
YoY change (%)



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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