

Flash Note 11/10/2018

Spain · Inflation rose in September, with the core figure unchanged

Data

- CPI showed a YoY change of **2.3% in September** (2.2% in August).
- **Core inflation** held at **0.8%** (0.8% in August).

Assessment

- Inflation stood at 2.3% in September, 1 tenth faster than the uptick announced by the National Statistics Institute on 28 September. This stronger inflation was chiefly due to rising electricity prices.
- **Non-core components** had an upside bearing on inflation. Specifically, impetus from **electricity** prices, which were up 13.7% YoY compared to 10.8% in August and 8.1% in July, more than offset declining prices for **nonprocessed foods**, which were up 3.7% YoY, slower than the previous month's 4.6%. Meanwhile, fuel inflation held stable at 11.3%.
- **Core components** were up slightly. **Processed foods** climbed 0.8% YoY, 1 tenth up on the 0.7% figure from August. **Services** held at 1.3% YoY, despite the year-on-year decline in **tour packages** (-4.7% against -4.4% in August). Meanwhile, **industrial goods** inflation was unchanged at 0.1% YoY.
- Should oil price growth ease during the coming months, as expected by CaixaBank Research, inflation will gradually correct through to the end of the year.
- In the light of this data **the risks in terms of our full-year 2018 inflation forecast of 1.7% look balanced.**

CPI components (September-18) YoY

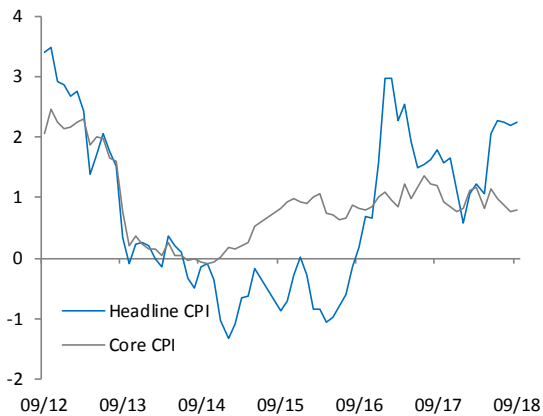
Year-on-Year change (%)

	Weight	Previous month data	Real Data	CaixaBank Research forecast	Prediction error
Headline CPI	100	2.2	2.3	2.2	0.1
Energy	11	10.2	12.0	10.2	1.8
Unprocessed food	7	2.4	3.7	2.4	1.4
Core CPI	81	1.1	0.8	1.1	-0.2
Services	41	1.7	1.3	1.7	-0.3
Industrial goods	25	-0.1	-0.1	-0.1	0.0
Processed food	15	1.1	0.8	1.1	-0.3

Source: CaixaBank Research, based on INE data.

CPI evolution

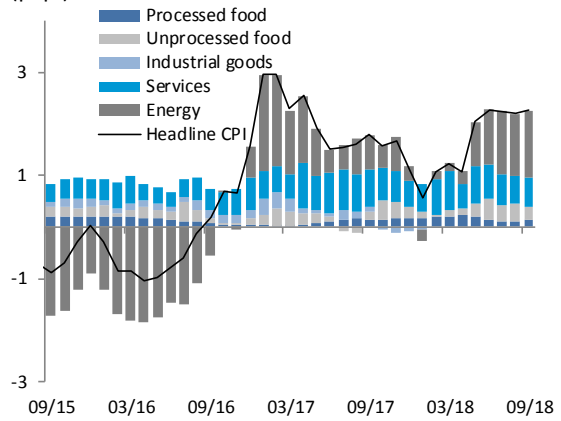
YoY change (%)



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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