

Flash Note 25/10/2018

Spain · The unemployment rate declines sharply to 14.6% in 3Q**Data**

- In seasonally adjusted terms, the QoQ change to employment during 3Q 2018 stood at 0.5% (0.8% in 2Q 2018).
- The YoY shift in employment was 2.5% in 3Q 2018 (2.8% in 2Q 2018).
- In the last four quarters:
 - **Employment:** rose by 478,800 to 19,528,000.
 - **The active population:** expanded by 73,000 to 22,854,000.
 - **Unemployment:** was down by 405,800 to 3,326,000.
- The unemployment rate stood at 14.6% in 3Q 2018 (-1.8 pp in the last year).

Assessment

- **The labour market performed well in the third quarter of the year**, as evidenced by the fact that job creation was up robustly (2.5% YoY), albeit slightly short of first half figure (2.6%).
- Employment growth (478,800 individuals accumulated over four quarters) was **stronger than anticipated** by CaixaBank Research (444,900), but less than the uptick in social security affiliates (526,552) during the same period.
- **The private sector again spearheaded job creation**, adding 373,300 workers in the last year, meaning a 2.3% YoY increase. Likewise, **the growth in public employment stood out** at 105,500 accumulated in the last four quarters, representing a YoY uptick of 3.4% and outstripping the growth observed in recent years.
- Looking at sectors of the economy, **there was standout employment growth during 3Q in the services sector** (346,900 employees), with a stronger number than observed in 3Q 2017 (301,700). This faster increase partially offset **slower expansion of employment in the industrial sector** (55,000, compared to 139,400 in 3Q 2017).
- The number of unemployed has declined very robustly in the last four quarters (-405,800 individuals), while the **unemployment rate stood at 14.6%** (16.4% in 3Q 2017), the lowest level since 4Q 2008. In the last quarter the unemployment rate declined 0.7 pp, at the same time as the active population expanded.
- Meanwhile, **the temporary employment rate stood at 27.4%** (26.8% in 2Q 2018), matching last year's level and far higher than 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 **2018 employment growth forecast of 2.5% look to be slightly on the upside**.

Spain: labor market

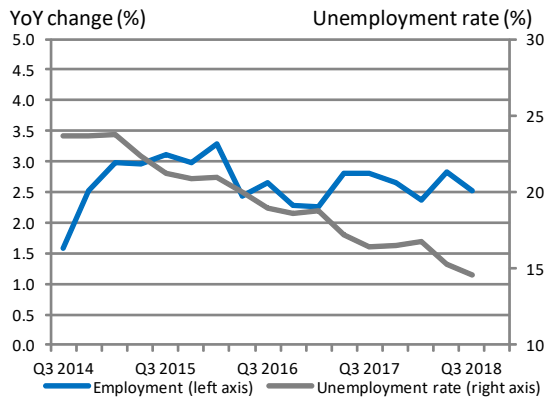
Annual change (thousands)

	2002-2007*	2008-2013*	Q3 2015	Q3 2016	Q3 2017	Q3 2018	
						Data	Forecast
Employment	767	-587	545	479	522	478	445
Active population	689	102	-32	-51	-67	73	63
Unemployed	-78	690	-577	-530	-589	-406	-382
Unemployment rate (%)	9.7	20.0	21.2	18.9	16.4	14.6	14.7

Note: * 4 quarters accumulated data.

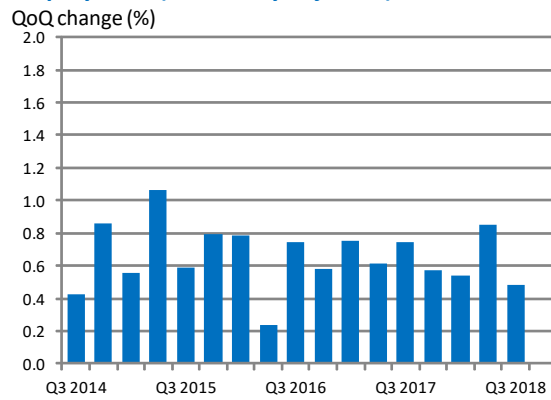
Source: CaixaBank Research, based on INE (EPA) data.

Labor market



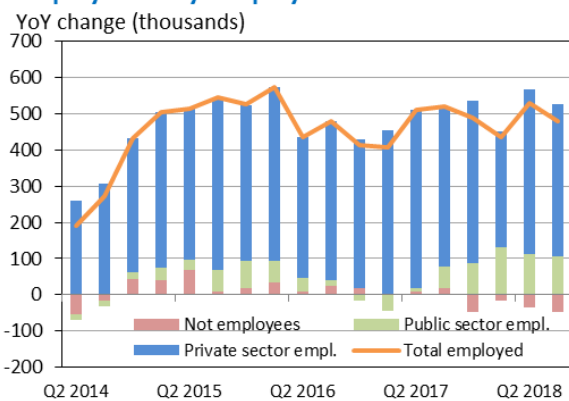
Source: CaixaBank Research, based on INE (EPA).

Employment (seasonally adjusted)



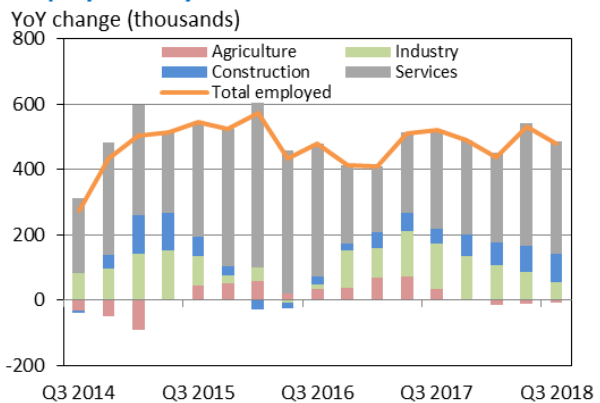
Source: CaixaBank Research, based on INE (EPA).

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 3Q 2018		Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Average 2008-2013	Average 2008-2013	Average 2014-2017
Unemployed	Thousands	Percentage	YoY change (%)							
By age										
16-19 years old	138	4%	-4.5	2.7	2.0	-1.3	-1.0	-3.0	6.1	-9.1
20-24 years old	391	12%	-18.8	-14.4	-12.3	-16.4	-13.5	-6.8	19.1	-12.3
25-54 years old	2,334	70%	-15.6	-15.4	-12.3	-12.1	-11.9	-3.7	25.9	-11.3
+ 55 years old	463	14%	-6.0	-7.7	-7.2	-1.2	-5.6	-0.2	28.8	-1.9
By duration										
<6 months	988	30%	-6.9	0.1	2.9	0.3	-4.0	-7.6	45.2	-19.9
6-12 months	386	12%	-13.9	-13.3	0.8	-9.4	-7.5	-5.4	33.8	-14.7
1-2 years	465	14%	-22.8	-16.5	-15.7	-14.3	-6.8	-14.9	48.1	-8.2
>2 years	1,135	34%	-18.7	-24.9	-22.3	-19.8	-20.0	1.5	10.6	-5.4
Already found a job	352	11%	5.6	9.3	-5.7	3.0	2.0	20.3	0.2	4.2
By sex										
Men	1,610	48%	-15.5	-15.0	-13.1	-12.0	-12.0	-3.5	28.9	-12.2
Women	1,716	52%	-13.4	-12.3	-9.2	-9.7	-9.8	-4.5	19.5	-8.3
Total	3,326		-14.4	-13.6	-11.1	-10.8	-10.8	-4.1	23.8	-10.3
Occupied	Thousands	Percentage	YoY change (%)							
By sectors										
Agriculture	768	4%	9.5	4.4	0.5	-1.7	-1.2	-1.5	-3.6	2.9
Industry	2,726	14%	5.6	5.5	5.1	4.1	3.3	1.3	-5.2	3.0
Construction	1,240	6%	5.2	4.3	6.0	6.5	7.2	7.0	-14.9	2.5
Services	14,794	76%	1.7	2.1	2.1	2.0	2.6	5.0	-0.5	2.3
By employer										
Private sector	16,360	84%	3.3	3.0	2.6	2.0	2.6	4.4	-3.5	2.7
Public sector	3,168	16%	0.3	1.9	3.0	4.4	3.8	2.9	-0.1	0.8
By professional situation										
Employees	16,434	84%	3.3	3.3	3.5	2.9	3.6	4.9	-3.0	2.8
Indefinite contract	11,926	61%	1.8	2.7	3.2	2.4	3.6	5.2	-1.2	1.6
Fixed-term contract	4,508	23%	7.7	4.9	4.4	4.4	3.6	4.5	-7.7	6.5
Self-employed	3,086.4	16%	0.3	0.6	-1.5	-0.5	-1.2	2.1	-2.6	0.4
By time of occupation										
Full-time employees	16,814	86%	2.9	3.1	3.3	3.2	3.1	3.8	-3.8	2.6
Part-time employees	2,714	14%	2.5	1.1	-1.0	-2.1	1.0	10.2	2.2	1.0
By sex										
Men	10,662	55%	2.9	3.0	2.7	2.3	2.6	3.1	-4.2	2.5
Women	8,866	45%	2.7	2.5	2.6	2.4	3.0	6.2	-1.4	2.3
Total	19,528		2.8	2.8	2.6	2.4	2.8	4.3	-3.0	2.4
Rate	Figure	Rate								
Unemployment rate	14.6	17.2	16.4	16.5	16.7	15.3	10.5	20.2	20.8	
Long term unemployment rate (+1 year)	48.1	54.6	50.7	50.4	49.8	51.0	34.0	41.9	58.1	
Youth unemployment rate (16 to 25 years old)	33.0	39.5	36.0	37.5	36.3	34.7	21.2	43.0	46.2	
Activity rate	58.7	58.8	58.9	58.8	58.5	58.8	56.2	60.2	59.3	
Activity rate (16 to 64 years old)	75.0	75.1	75.2	75.1	74.7	75.1	70.5	74.7	75.3	
Employment rate	50.2	48.7	49.3	49.1	48.7	49.8	50.3	48.0	46.9	
Employment rate (16 a to 64 years old)	64.0	61.9	62.3	62.5	62.8	63.4	63.4	59.5	59.5	
Part-time employment	13.9	15.3	14.3	14.8	14.9	15.0	10.1	13.5	15.5	
Fixed-term contracts	27.4	26.8	27.4	26.7	26.1	26.8	32.5	25.1	25.5	

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