

Flash Note 14/11/2018

Spain · Inflation was unchanged in October, while core inflation again rose slightly

Data

- CPI showed a YoY change of **2.3% in October** (2.3% in September).
- **Core inflation** was up to **1%** (0.8% in September).

Assessment

- Inflation stood at 2.3% in October, thus matching the preliminary figure released by the National Statistics Institute on 30 October. Core components offset a 2-tenth easing in non-core inflation (comprised of energy and non-processed foods). Said uptick in core inflation was chiefly driven by service price inflation.
- Inflation eased for **non-core components** as a whole. **Electricity** price inflation slackened in particular: prices grew 3.8% YoY, well short of the 13.7% posted in September and 10.8% in August. There was also easing of **non-processed food** prices, slipping to 3.5% YoY compared to 3.7% in September. On the other hand, **fuel** price growth accelerated slightly driven by gas, showing an uptick of 13.8% YoY, thus outstripping the 11.3% seen in the previous two months.
- **Core components** were up slightly. **Services** rose 1.6% YoY, 3 tenths higher than the 1.3% of September. **Tour packages** managed to reverse the previous trend, following declines in excess of 4% YoY in August and September. In October prices were back in positive, rising 1% YoY. Likewise, **processed foods** saw an increase of 2 tenths to 1% YoY in October. Meanwhile, **industrial goods** inflation rose 2 tenths up to 0.1% YoY.
- Should the 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 (October-18) YoY

Year-on-Year change (%)

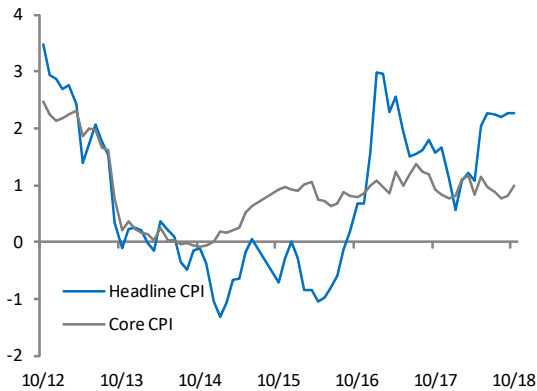
	Weight	Previous Month data	Real data	CaixaBank Research forecast	Prediction error
Headline CPI	100	2.3	2.3	2.3	0.1
Energy	11	12.0	10.7	8.5	2.2
Unprocessed food	7	3.7	3.5	2.0	1.4
Core CPI	81	0.8	1.0	1.1	-0.1
Services	41	1.3	1.6	1.6	0.0
Industrial goods	25	-0.1	0.1	0.2	-0.1
Processed food	15	0.8	1.0	0.9	0.0

Source: CaixaBank Research, based on INE data.

0.0

CPI evolution

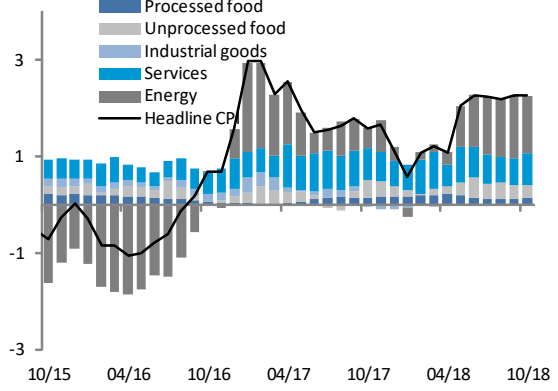
YoY change (%)



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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