

Flash Note 29/01/2019

Spain · Job creation gains momentum in 4Q 2018**Data**

- In seasonally adjusted terms, the QoQ change to employment during 4Q 2018 stood at 0.9% (0.6% in 3Q 2018).
- The YoY change to employment amounted to 3.0% in 4Q 2018 (2.5% in 3Q 2018).
- In the last four quarters:
 - **Employment:** rose by 566,000 to 19,565,000.
 - **The active population:** expanded by 15,000 to 22,869,000.
 - **Unemployment:** was down by 462,000 to 3,304,000.
- The unemployment rate stood at **14.4% in 4Q 2018 (-2.1 pp in the last year)**.

Assessment

- **The labour market posted a very good performance in the fourth quarter of the year**, as evidenced by job creation rallying to 3.0% YoY, after slowing slightly for several quarters. This is the best pace since 1Q 2016 and comes in what is traditionally a weak quarter.
- Employment growth (566,000 individuals accumulated over four quarters) was **far stronger than forecast** by CaixaBank Research (485,000), with a similar uptick in social security affiliates (564,000) during the same period.
- **The private sector again spearheaded job creation**, adding 430,000 workers last year, meaning a 2.7% YoY increase. Likewise, **there was a standout change in the creation of public sector jobs**, with an increase of 136,000 accumulated in all four quarters, representing expansion of 4.4% YoY, stronger than observed in 4Q 2017 (+3.0%).
- By sectors of the economy, **there was particularly vigorous employment growth during 4Q in the services sector** (YoY change of 428,000), far higher than seen in 4Q 2017 (290,000), and likewise **in the construction sector** (136,000 more jobs, compared to 64,000 in 4Q 2017). This faster expansion offset **lower occupation in the industrial sector** (-3,000 employed, compared to +132,000 in 4Q 2017), marking several consecutive weak quarters.
- The number of unemployed declined very robustly in the last four quarters (-462,000 individuals), while the **unemployment rate stood at 14.4%** (16.5% in 4Q 2017), the lowest figure since 4Q 2008. Last year the unemployment rate declined 2.1 pp, accumulating more than five years of declines following the peak level reached in 2013.
- **The temporary employment rate stood at 26.9%** (26.7% in 2Q 2018), similar to the previous year's figure and much 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, **employment growth in 2019 may stand slightly higher than the forecast expansion of 1.9%**.

Spain: labor market

Annual change (thousands)

	2002-2007*	2008-2013*	Q4 2015	Q4 2016	Q4 2017	Q4 2018	
						Data	Forecast
Employment	728	-597	525	414	490	566	485
Active population	728	69	-153	-128	19	15	77
Unemployed	0	666	-678	-542	-471	-462	-408
Unemployment rate (%)	9.8	21.1	20.9	18.6	16.5	14.4	14.7

Note: * 4 quarters accumulated data.

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

Spain: labor market

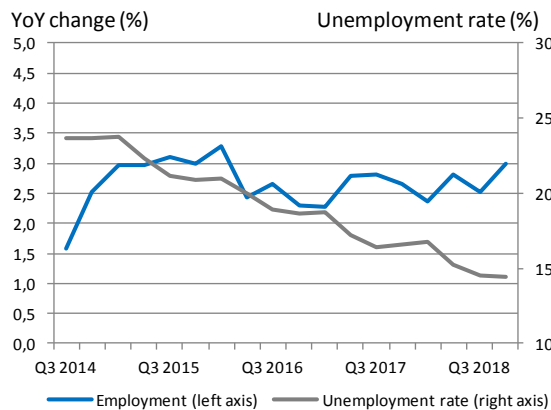
Annual change (thousands)

	2002-2007*	2008-2013*	2015	2016	2017	2018	
						Data	Forecast
Employment	758	-666	205	522	476	503	483
Active population	693	25	-236	-33	-99	58	58
Unemployed	-65	691	-441	-554	-575	-438	-424
Unemployment rate (%)	9.9	20.2	24.4	22.1	19.6	15.3	15.3

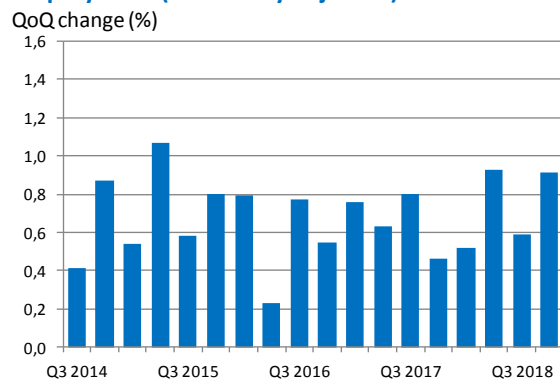
Note: *Annual average.

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

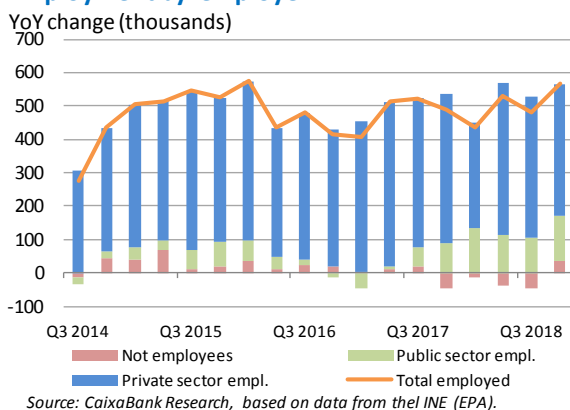
Labor market



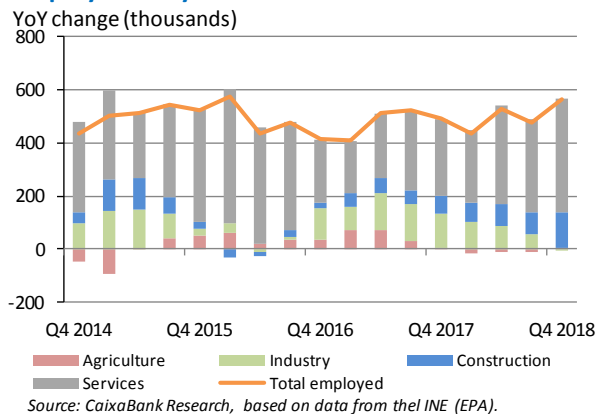
Employment (seasonally adjusted)



Employment by employer



Employment by sector



EPA	Last Figure 4Q 2018		Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Average 2000-2007	Average 2008-2013	Average 2014-2017
Unemployed	Thousands	Percentage	YoY Change (%)							
By age										
16-19 years old	120	4%	2.0	-1.3	-1.0	-8.3	-14.3	-3.0	6.1	-9.1
20-24 years old	383	12%	-12.3	-16.4	-13.5	-8.8	-8.4	-6.8	19.1	-12.3
25-54 years old	2,304	70%	-12.3	-12.1	-11.9	-11.2	-13.9	-3.7	25.9	-11.3
+ 55 years old	498	15%	-7.2	-1.2	-5.6	-11.6	-6.6	-0.2	28.8	-1.9
By duration										
<6 months	1,126	34%	2.9	0.3	-4.0	-7.0	-4.9	-7.6	45.2	-19.9
6-12 months	371	11%	0.8	-9.4	-7.5	-8.7	-11.3	-5.4	33.8	-14.7
1-2 years	463	14%	-15.7	-14.3	-6.8	-12.2	-13.3	-14.9	48.1	-8.2
>2 years	1,089	33%	-22.3	-19.8	-20.0	-16.6	-20.2	1.5	10.6	-5.4
Already found a job	255	8%	-5.7	3.0	2.0	-1.2	-3.5	20.3	0.2	4.2
By sex										
Men	1,574	48%	-13.1	-12.0	-12.0	-11.1	-13.5	-3.5	28.9	-12.2
Women	1,730	52%	-9.2	-9.7	-9.8	-10.7	-11.1	-4.5	19.5	-8.3
Total	3,304		-11.1	-10.8	-10.8	-10.9	-12.3	-4.1	23.8	-10.3
Occupied	Thousands	Percentage	YoY Change (%)							
By sectors										
Agriculture	826	4%	0.5	-1.7	-1.2	-1.1	0.6	-1.5	-3.6	2.9
Industry	2,708	14%	5.1	4.1	3.3	2.1	-0.1	1.3	-5.2	3.0
Construction	1,280	7%	6.0	6.5	7.2	7.4	11.9	7.0	-14.9	2.5
Services	14,751	75%	2.1	2.0	2.6	2.4	3.0	5.0	-0.5	2.3
By employer										
Private sector	19,565	100%	2.6	2.0	2.6	2.3	22.9	4.4	-3.5	2.7
Public sector	3,211	16%	3.0	4.4	3.8	3.4	4.4	2.9	-0.1	0.8
By professional situation										
Employees	16,454	84%	3.5	2.9	3.6	3.3	3.3	4.9	-3.0	2.8
Indefinite contract	12,034	62%	3.2	2.4	3.6	3.2	3.1	5.2	-1.2	1.6
Fixed-term contract	4,420	23%	4.4	4.4	3.6	3.5	3.9	4.5	-7.7	6.5
Self-employed	3,104.6	16%	-1.5	-0.5	-1.2	-1.6	1.1	2.1	-2.6	0.4
By time of occupation										
Full-time employees	16,670	85%	3.3	3.2	3.1	3.0	2.9	3.8	-3.8	2.6
Part-time employees	2,895	15%	-1.0	-2.1	1.0	-0.4	3.2	10.2	2.2	1.0
By sex										
Men	10,653	54%	2.7	2.3	2.6	2.3	3.0	3.1	-4.2	2.5
Women	8,912	46%	2.6	2.4	3.0	2.7	2.9	6.2	-1.4	2.3
Total	19,565		2.6	2.4	2.8	2.5	3.0	4.3	-3.0	2.4
Rate	Figure		Rate							
Unemployment rate	14.4		16.5	16.7	15.3	14.6	14.4	10.5	20.2	20.8
Long term unemployment rate (+1 year)	47.0		50.4	49.8	51.0	48.1	47.0	34.0	41.9	58.1
Youth unemployment rate (16 to 25 years old)	33.5		37.5	36.3	34.7	33.0	33.5	21.2	43.0	46.2
Activity rate	58.6		58.8	58.5	58.8	58.7	58.6	56.2	60.2	59.3
Activity rate (16 to 64 years old)	74.9		75.1	74.7	75.1	75.0	74.9	70.5	74.7	75.3
Employment rate	50.1		49.1	48.7	49.8	50.2	50.1	50.3	48.0	46.9
Employment rate (16 a to 64 years old)	64.0		62.6	62.7	63.3	63.5	64.0	63.4	59.5	59.5
Part-time employment	12.7		14.8	14.9	15.0	13.9	12.7	10.1	13.5	15.5
Fixed-term contracts	26.9		26.7	26.1	26.8	27.4	26.9	32.5	25.1	25.5

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