

Flash Note 31/01/2019

## Spain · Inflation eases to 1.0% due to energy prices

### Data

- **CPI showed a YoY change of 1.0% in January (1.2% in December).**
- The MoM change was -1.3% (-1.1% in January 2017).

### Assessment

- Inflation was down 0.2 pp in January to 1.0%, a figure 0.3 pp below our forecast and continuing the gradual declining trend. The MoM rate stood at -1.3%, in line with figures from the month of January in recent years, albeit short of the CaixaBank Research forecast.
- Although no breakdown of components is yet available, the National Statistics Institute attributes a significant proportion of the dip in inflation to lower gas prices and a slowdown in fuel prices. Specifically, the fact that the gas component has not been updated since October, combined with a sharp decline in gas prices during the months of November and January, suggest that gas had a substantial bearing on the drop in inflation during January.
- In the light of this data, and after three months of price easing due to temporary factors associated with energy, we expect inflation to recover very gradually over the coming months. **The risks for the full-year 2019 inflation forecast, of 1.6%, look balanced.**

#### Flash CPI estimate for Jan-19

(%)

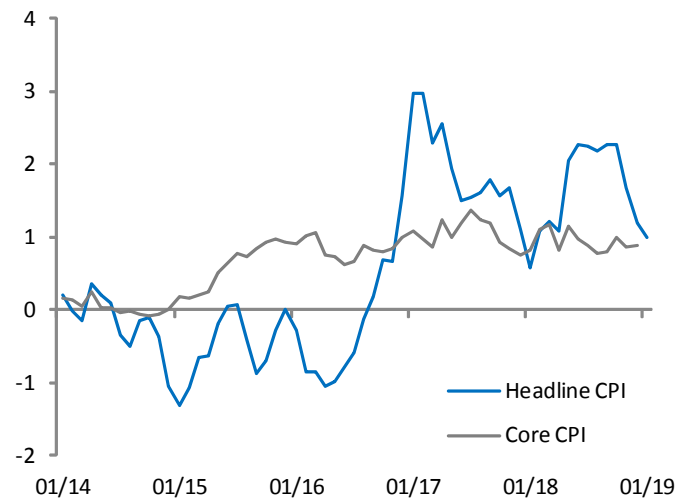
	Oct-18	Nov-18	Dec-18	Jan-19	
				Data	Forecast
Headline CPI (YoY)	2.3	1.7	1.2	1.0	1.3
	<b>Average*</b>	<b>Average*</b>	<b>Jan-18</b>	<b>Jan-19</b>	
	<b>2004-2009</b>	<b>2010-2016</b>		<b>Data</b>	<b>Forecast</b>
Headline CPI (QoQ)	-0.7	-1.3	-1.1	-1.3	-1.0

Note: \*January average.

Source: CaixaBank Research, based on INE data.

### CPI evolution

YoY change (%)



Source: CaixaBank Research, based on INE data.

**Marc Miró**, CaixaBank Research, e-mail: [research@caixabank.com](mailto:research@caixabank.com)

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