

Flash Note 29/03/2019

## Spain · Inflation continues its slight rally

### Data

- **CPI posted a yoy change of 1.3% in March (1.1% in February).**
- The mom CPI change was 0.4% (0.1% in March 2018).

### Assessment

- Inflation climbed 0.2 pp in March to 1.3%, providing continuity to the uptick posted in the previous month. **The figure stands slightly short of the CaixaBank Research forecast (1.5%).**
- Although no breakdown of components is yet available, the National Statistics Institute pointed to rising **fuel prices** as the driving force behind the increase, with oil prices climbing 4.0% mom in March (9.1% yoy). The inflationary impetus from oil prices was amplified by the underlying electricity price trend, which declined less sharply in mom terms than in March of last year, when there was a dip of 7.6% mom.
- Over the coming months we expect a **gradual recovery from core inflationary pressure**, moving largely in line with the Eurozone as a whole and underpinned by private consumption, which in turn should be buoyed by job creation. Likewise, recovering oil prices are set to have a slight upside effect on inflation over the coming months. In any case, inflation will hold at more constrained levels than history would indicate in more mature stages of the growth cycle, such as we are currently experiencing.
- In the light of the data **the risks in terms of our full-year 2019 inflation forecast of 1.5% look balanced.**

#### Flash CPI estimate for Mar-19

(%)

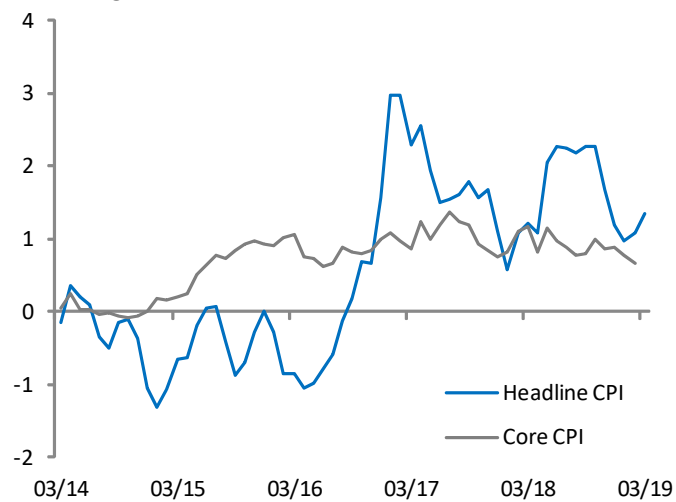
	Dec-18	Jan-19	Feb-19	Mar-19	
				Data	Forecast
Headline CPI (YoY)	1.2	1.0	1.1	1.3	1.5
	<b>Average*</b>	<b>Average*</b>	<b>Mar-18</b>	<b>Mar-19</b>	
	<b>2004-2009</b>	<b>2010-2016</b>		<b>Data</b>	<b>Forecast</b>
Headline CPI (QoQ)	0.7	0.6	0.1	0.4	0.5

Note: \*March average.

Source: CaixaBank Research, based on INE data.

### CPI evolution

YoY change (%)



Source: CaixaBank Research, based on INE data.

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