

Flash Note 25/04/2019

**Spain · A good labour market trend in 1Q 2019****Data**

- In seasonally adjusted terms, the **qoq change to employment during 1Q 2019 stood at 0.8%** (0.9% in 4Q 2018).
- The **yoy change to employment** stood at 3.2% in 1Q 2019 (3.0% in 4Q 2018).
- In the last four quarters:
  - **Employment:** rose by 597,000 to 19,471,000.
  - **The active population:** expanded by 155,000 to 22,825,000.
  - **Unemployment:** was down by 442,000 to 3,354,000.
- The **unemployment rate** stood at **14.7% in 1Q 2019 (-2.0 pp in the last year)**.

**Assessment**

- **The labour market showed a very robust trend in the first quarter**, as evidenced by job creation rallying to 3.2% yoy, the fastest pace in the last three years. Occupation in non-seasonally adjusted terms was down by 93,000 individuals in 1Q against the previous quarter, a smaller figure than the previous year (-124,000).
- Employment growth (597,000 individuals accumulated over four quarters) was **far stronger than forecast** by CaixaBank Research (555,000), as was the uptick in social security affiliates (534,000) during the same period.
- **The private sector again spearheaded job creation**, adding 489,000 workers last year, meaning a 3.1% YoY increase. Likewise, **there was standout public employment growth**, up by 108,000 individuals cumulative in the fourth quarter (+3.5% yoy). By contract type, **permanent employment was up by 455,000 people** cumulatively in the four quarters, **while temporary employment expanded by 110,000**.
- By sectors of the economy, **there was particularly vigorous employment growth during 1Q in the services sector** (yoy change of 429,000), far higher than seen in 1Q 2018 (274,000), and likewise **in the construction sector** (123,000 more jobs, compared to 71,000 in 1Q 2018). Meanwhile, occupation in the **industrial sector** climbed by 32,000, a figure well short of the number seen in 1Q 2018 (+106,000), due to sector weakness over the last year.
- The jobless number declined very robustly in the last four quarters (-442,000 individuals), while the **unemployment rate stood at 14.7%** (16.7% in 1Q 2018), **the lowest figure for the first quarter since 1Q 2008**. Over the last year the unemployment rate declined 2.0 pp, thus accumulating more than five years of declines following the peak levels of 2013.
- **The temporary employment rate stood at 25.9%** (26.1% in 1Q 2018), a very high figure by 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, **2019 employment growth could stand somewhat higher than our current forecast (2.2%)**.

**Spain: labor market**

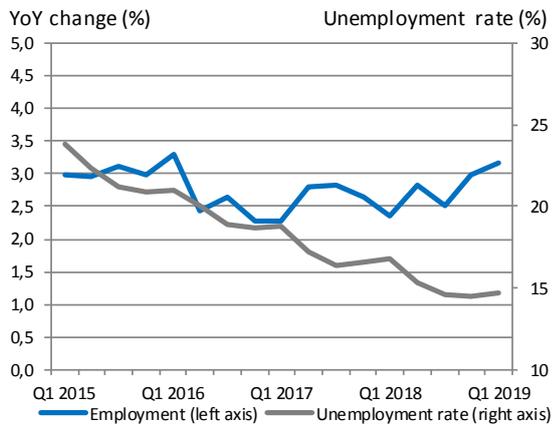
Annual change (thousands)

	2002-2007*	2008-2015*	Q1 2016	Q1 2017	Q1 2018	Q1 2019	
						Data	Forecast
Employment	757	-540	575	409	436	597	555
Active population	699	196	-78	-128	-23	155	143
Unemployed	-58	736	-653	-536	-459	-442	-413
Unemployment rate (%)	10,4	19,8	21,0	18,8	16,7	14,7	14,8

Note: \* 4 quarters accumulated data.

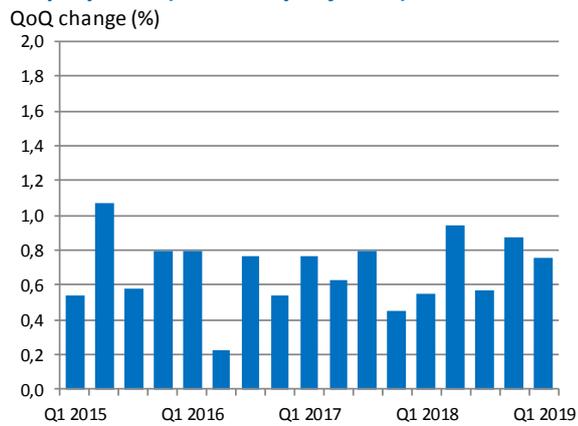
Source: CaixaBank Research, based on INE (EPA) data.

**Labor market**



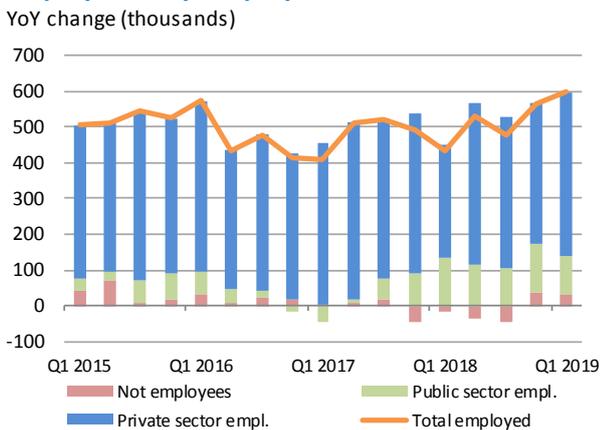
Source: CaixaBank Research, based on INE (EPA).

**Employment (seasonally adjusted)**



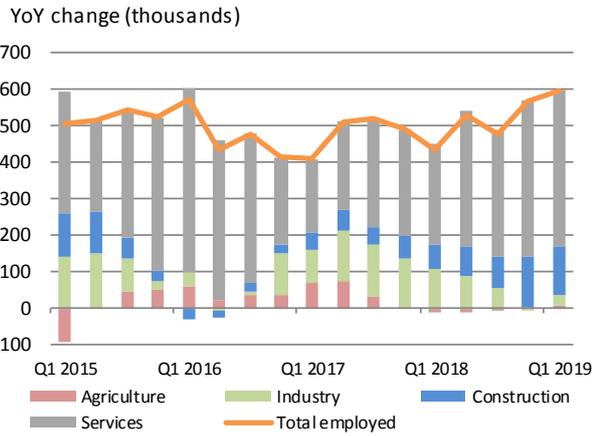
Source: CaixaBank Research, based on INE (EPA).

**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).

	Last date Q1 2019		Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Average 200-2007	Average 2008-2013	Average 2014-2017
<b>Unemployed</b>	<b>Thousands</b>	<b>Percentage</b>	<b>YoY change (%)</b>							
<b>By age</b>										
16-19 years old	123	4%	-1,3	-1,0	-8,3	-14,3	-7,2	-3,0	6,1	-9,1
20-24 years old	386	11%	-16,4	-13,5	-8,8	-8,4	0,8	-6,8	19,1	-12,3
25-54 years old	2.353	70%	-12,1	-11,9	-11,2	-13,9	-13,7	-3,7	25,9	-11,3
+ 55 years old	493	15%	-1,2	-5,6	-11,6	-6,6	-10,9	-0,2	28,8	-1,9
<b>By duration</b>										
<6 months	1.075	32%	0,3	-4,0	-7,0	-4,9	-7,6	-7,6	45,2	-19,9
6-12 months	441	13%	-9,4	-7,5	-8,7	-11,3	-3,3	-5,4	33,8	-14,7
1-2 years	462	14%	-14,3	-6,8	-12,2	-13,3	-12,2	-14,9	48,1	-8,2
>2 years	1.054	31%	-19,8	-20,0	-16,6	-20,2	-22,7	1,5	10,6	-5,4
Already found a job	323	10%	3,0	2,0	-1,2	-3,5	12,2	20,3	0,2	4,2
<b>By sex</b>										
Men	1.571	47%	-12,0	-12,0	-11,1	-13,5	-14,7	-3,5	28,9	-12,2
Women	1.784	53%	-9,7	-9,8	-10,7	-11,1	-8,8	-4,5	19,5	-8,3
<b>Total</b>	<b>3.354</b>		<b>-10,8</b>	<b>-10,8</b>	<b>-10,9</b>	<b>-12,3</b>	<b>-11,6</b>	<b>-4,1</b>	<b>23,8</b>	<b>-10,3</b>
<b>Occupied</b>	<b>Thousands</b>	<b>Percentage</b>	<b>YoY change (%)</b>							
<b>By sectors</b>										
Agriculture	840	4%	-1,7	-1,2	-1,1	0,6	0,7	-1,5	-3,6	2,9
Industry	2.709	14%	4,1	3,3	2,1	-0,1	1,2	1,3	-5,2	3,0
Construction	1.281	7%	6,5	7,2	7,4	11,9	11,2	7,0	-14,9	2,5
Services	14.642	75%	2,0	2,6	2,4	3,0	3,0	5,0	-0,5	2,3
<b>By employer</b>										
Private sector	16.258	83%	2,0	2,6	2,3	22,9	3,1	4,4	-3,5	2,7
Public sector	3.214	17%	4,4	3,8	3,4	4,4	3,5	2,9	-0,1	0,8
<b>By professional situation</b>										
Employees	16.358	84%	2,9	3,6	3,3	3,3	3,6	4,9	-3,0	2,8
Indefinite contract	12.124	62%	2,4	3,6	3,2	3,1	3,9	5,2	-1,2	1,6
Fixed-term contract	4.234	22%	4,4	3,6	3,5	3,9	2,7	4,5	-7,7	6,5
Self-employed	3.106	16%	-0,5	-1,2	-1,6	1,1	1,0	2,1	-2,6	0,4
<b>By time of occupation</b>										
Full-time employees	16.570	85%	3,2	3,1	3,0	2,9	3,2	3,8	-3,8	2,6
Part-time employees	2.901	15%	-2,1	1,0	-0,4	3,2	3,1	10,2	2,2	1,0
<b>By sex</b>										
Men	10.599	54%	2,3	2,6	2,3	3,0	3,1	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
<b>Total</b>	<b>19.565</b>		<b>2,6</b>	<b>2,4</b>	<b>2,8</b>	<b>2,5</b>	<b>3,0</b>	<b>4,3</b>	<b>-3,0</b>	<b>2,4</b>
<b>Rate</b>	<b>Date</b>	<b>Tax</b>								
Unemployment rate	14,7	16,7	15,3	14,6	14,4	14,7	10,5	20,2	20,8	
Long term unemployment rate (+1 year)	45,2	49,8	51,0	48,1	47,0	45,2	34,0	41,9	58,1	
Youth unemployment rate (16 to 25 years old)	35,0	36,3	34,7	33,0	33,5	35,0	21,2	43,0	46,2	
Activity rate	58,4	58,5	58,8	58,7	58,6	58,4	56,2	60,2	59,3	
Activity rate (16 to 64 years old)	74,6	74,7	75,1	75,0	74,9	74,6	70,5	74,7	75,3	
Employment rate	49,8	48,7	49,8	50,2	50,1	49,8	50,3	48,0	46,9	
Employment rate (16 a to 64 years old)	63,6	62,7	63,3	63,6	64,0	63,6	63,4	59,5	59,5	
Part-time employment	14,9	14,9	15,0	13,9	12,7	14,9	10,1	13,5	15,5	
Fixed-term contracts	25,9	26,1	26,8	27,4	26,9	25,9	32,5	25,1	25,5	

Josep Mestres Domènech, CaixaBank Research, e-mail: [research@caixabank.com](mailto:research@caixabank.com)

#### A NOTICE REGARDING PUBLICATION OF THE CAIXABANK "FLASH NOTE"

Flash Notes are publications produced in conjunction by CaixaBank Research and BPI Research (UEEF), containing information and opinions from sources that we consider reliable. This document is provided for informational purposes only, and CaixaBank and BPI accept no responsibility under any circumstances for any use made of the same. The opinions and estimates herein are those of CaixaBank and BPI and may be subject to change without prior notice.