

Flash Note 30/04/2019

Spain · Inflation continues to rise due to temporary factors

Data

- **CPI showed a yoy change of 1.5% in April (1.3% in March).**
- The mom change to CPI was 1.0% (0.8% in April 2018).

Assessment

- Inflation climbed 0.2 pp in March to 1.5%, providing continuity to the uptick posted in the previous month. The figure stands short of the CaixaBank Research forecast (1.8%).
- Despite the breakdown by components still not being available, the National Statistics Institute attributes part of the uptick to **rising tour package prices**, shaped by dates of Easter Week, compared to declining prices posted in the same month of last year. Likewise, oil again had an upside impact on inflation, with a yoy price increment of 8.7% during April (in euros).
- The **recovery from core inflationary pressure will be very gradual** over the coming months, supported by job creation. Meanwhile, the anticipated easing of oil prices suggests a slight downside trend for inflation over the next few months. Thus, inflation will hold at more constrained levels than historic evidence might suggest during more mature stages of the growth cycle, such as we are currently experiencing.
- In the light of this data, **Spanish inflation may end 2019 somewhat below our current forecast of 1.4%.**

Flash CPI estimate for Apr-19

(%)

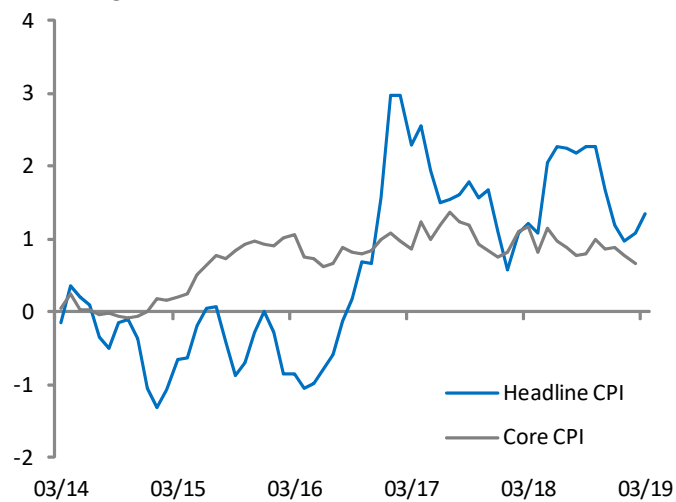
	Jan-19	Feb-19	Mar-19	Apr-19	
				Data	Forecast
Headline CPI (YoY)	1,0	1,1	1,3	1,5	1,8
	Average*	Average*	Apr-18	Apr-19	
	2004-2009	2010-2016		Data	Forecast
Headline CPI (QoQ)	1,3	0,9	0,8	1,0	1,3

Note: *April average.

Source: CaixaBank Research, based on INE data.

CPI evolution

YoY change (%)



Source: CaixaBank Research, based on INE data.

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