

Flash Note 30/05/2019

## Spain · Inflation eases due to energy components in May

### Data

- **CPI showed a yoy change of 0.8% in May (1.5% in April).**
- The mom CPI change was 0.2% (0.9% in May 2018).

### Assessment

- Inflation was down 0.7 pp in May to 0.8%, thus rolling back the rally posted in recent months. The figure is lower than the CaixaBank Research forecast (1.0%), although we did anticipate some easing of inflation.
- While the breakdown of components is not yet available, the National Statistics Institute attributes the majority of the moderation to **energy components**, particularly a reduction in **electricity** prices, which according to our estimates could accumulate a decline of close to 10% year-to-date (-7.1% at the end of April), which contrasts with an increase of 0.8% in the same period last year. Fuels also had an impact, rising more sluggishly than in May 2018.
- The slowdown in **oil price** growth that we anticipate over the coming months should ensure that inflation remains curtailed. Likewise, salary growth is set to be gradual, having a moderate impact on core inflation. Furthermore, the easing of core inflation should be reinforced by recent containment of profit margins.
- In the light of this data, **Spanish inflation could end 2019 somewhat short of our current forecast of 1.4%.**

#### Flash CPI estimate for May-19

(%)

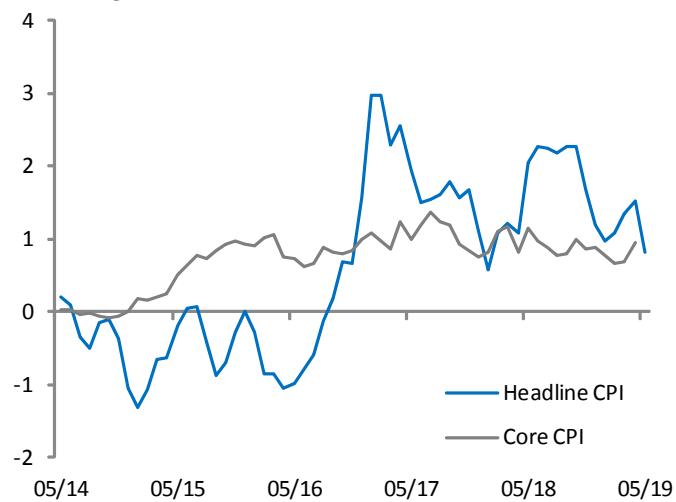
	Feb-19	Mar-19	Apr-19	May-19	
				Data	Forecast
Headline CPI (YoY)	1.1	1.3	1.5	0.8	1.0
	<b>Average*</b>	<b>Average*</b>	<b>May-18</b>	<b>May-19</b>	
	<b>2004-2009</b>	<b>2010-2016</b>		<b>Data</b>	<b>Forecast</b>
Headline CPI (QoQ)	0.3	0.2	0.9	0.2	0.4

Note: \*May average.

Source: CaixaBank Research, based on INE data.

### CPI evolution

YoY change (%)



Source: CaixaBank Research, based on INE data.

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