

Flash Note 27/06/2019

Spain · Inflation continues to ease due to energy components

Data

- **CPI showed a yoy change of 0.4% in June (0.8% in May).**
- The mom change to CPI was -0.1% (0.3% in June 2018).

Assessment

- Inflation was down 0.4 pp in June to 0.4%, intensifying the easing that began last month. The figure is 1-tenth lower than the CaixaBank Research forecast (0.5%), **which already factored in a decline in inflation.**
- Although the breakdown of components is not yet available, the National Statistics Institute attributes the majority of the moderation to **energy components**. In particular, **fuel prices were down in June** compared to May, reflecting a mom dip in oil prices of 11%, while in June of last year they rose. Likewise, electricity remains on a downside trend, accumulating a decline of around 15% from the peak of September 2018, which represented the highest level since the start of 2017.
- Buoyant job creation together with gradual salary growth should lead to moderate growth for core inflation over the coming months.
- In the light of the data **the risks in terms of our full-year 2019 inflation forecast of 1.1% look balanced.**

Flash CPI estimate for Jun-19

(%)

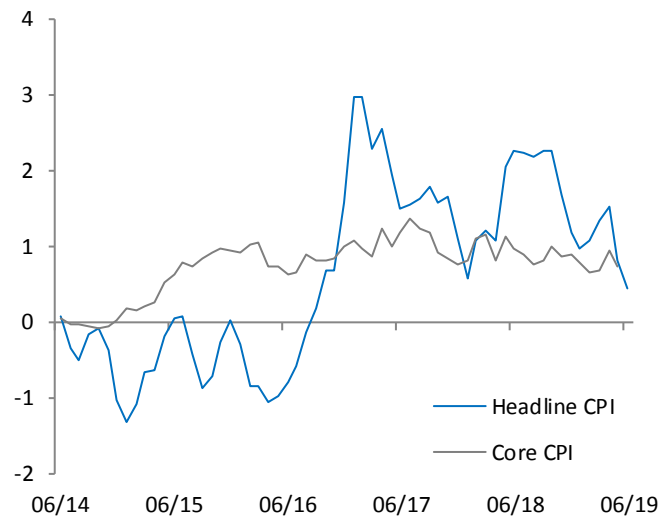
	Mar-19	Apr-19	May-19	Jun-19	
				Data	Forecast
Headline CPI (YoY)	1.3	1.5	0.8	0.4	0.5
	Average*	Average*	Jun-18	Jun-19	
	2004-2009	2010-2016		Data	Forecast
Headline CPI (QoQ)	0.3	0.1	0.3	-0.1	0.0

Note: *June average.

Source: CaixaBank Research, based on INE data.

CPI evolution

YoY change (%)



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