Flash Note 02/07/2019

Spain · Employment sets a new record high at 19.5 million affiliates

Data

- In seasonally adjusted terms and compared to the previous month:

    - **The number of social security affiliates was up** by 32,732 in June.

    - **Registered unemployment rose** by 8,986 in June.

- The number of **social security affiliates** climbed by 75,584 (not seasonally adjusted), putting the total affiliation number at **19,517,697.**

- **Registered unemployment** reduced by 63,805 (not seasonally adjusted), meaning a total jobless figure of **3,015,686**.

- In the last 12 months the number of affiliates has risen by 510,707, while the number of unemployed declined by 146,476.

Assessment

- **The labour market posted a record high affiliate number in June, reaching a total of 19.5 million**, just outstripping the previous record of July 2007. The increase in Social Security affiliates, of 32,732 in seasonally adjusted terms, was somewhat stronger than the previous month (26,549). Nonetheless, the pace of job creation in seasonally adjusted terms again eased slightly in June, standing at 2.7% yoy (2.8% yoy in May).

- **A somewhat worse month of June than previous years in terms of employment**. Despite posting a record figure, affiliation in non-seasonally adjusted terms was up 75,584, losing some momentum compared to previous years (91,322 in June 2018) and short of the CaixaBank Research forecast (91,000). However, this lower figure was largely shaped by the highly volatile agricultural sector, where affiliation (-27,887) came in below our forecast (-12,400) and last year's figure (38,979).

- **Looking at the sectors in detail, there is a dichotomy between the services and industrial sectors**. On the one hand, affiliation in the **services** sector was up by 2.9% yoy (+421,391), a robust pace of growth and very similar to previous months (+2.9% yoy in May). Meanwhile, affiliation in the **industrial** sector grew 1.3% yoy (+14,583), short of the previous month's expansion (1.6%) and continuing the deceleration shown over the last few months. Meanwhile, **affiliation growth in construction eased to 5.2% yoy** (+57,567 individuals), a buoyant rate but below the average for the first five months of the year (6.7%).

- **Registered unemployment was down in June by 63,805 compared to May**, a higher figure than posted last year (-89,968 in June 2018). In yoy terms, the decline in registered unemployment stood at 4.6%, a figure 0.7 pp below that of May. Thus, unemployment continues to shrink (-146,476 individuals in the last 12 months), albeit at an increasingly slower pace.

- Looking ahead to the coming months, the good labour market performance is expected to continue, although progressively losing some momentum, which would be consistent with an easing pace of Spanish economic growth.

- In the light of this data, the risks in terms of our 2019 employment growth forecast, of 2.8%, look balanced.

Spain: labor market (employment records)*

Monthly change (thousands)

	2002-2007**	2008-2013**	Jun-16	Jun-17	Jun-18	Jun-19		Jul-19
						Data	Forecast	Forecast
Affiliated to the Social Security	113	3	98	88	91	76	91	66
Agriculture	-4	-14	-13	-28	31	-27	*-12*	-30
Industry	13	2	18	18	19	13	*13*	15
Construction	25	-9	14	12	15	10	*9*	3
Services	83	25	80	87	76	80	*82*	78
Registered unemployed	-29	-66	-124	-98	-90	-64	-75	-37

Annual change (%)

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19		Jul-19
						Data	Forecast	Forecast
Affiliated to the Social Security	2.9	2.9	2.9	3.0	2.8	2.7	2.8	2.9
Agriculture	*1.5*	*1.4*	*1.8*	*0.6*	*0.4*	-0.3	*1.0*	2.2
Industry	*1.9*	*1.7*	*1.7*	*1.8*	*1.6*	1.3	*1.3*	1.3
Construction	*6.5*	*6.7*	*7.7*	*6.8*	*5.8*	5.2	*5.2*	4.9
Services	*2.9*	*2.8*	*2.8*	*3.0*	*2.9*	2.9	*2.9*	3.1
Registered unemployed	-5.5	-5.2	-4.9	-5.2	-5.3	-4.6	-5.0	-5.3

*Note: *Not seasonally adjusted series. ** June average.*

Source: CaixaBank Research, data from MEySS.

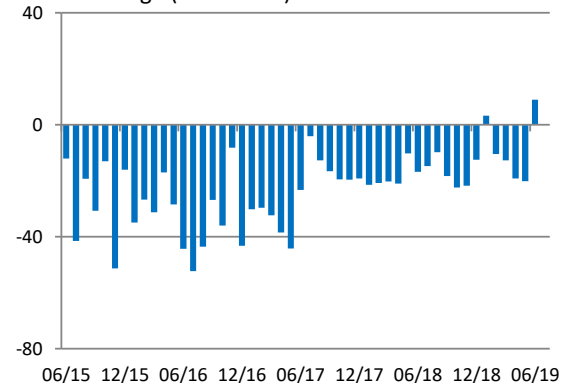## Affiliated to the Social Security*
Monthly change (thousands)
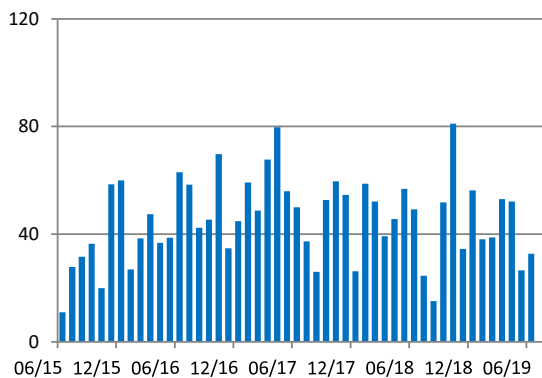
*Note: *Seasonally adjusted.*

Source: CaixaBank Research, data from MEySS.

Unemployed registered*
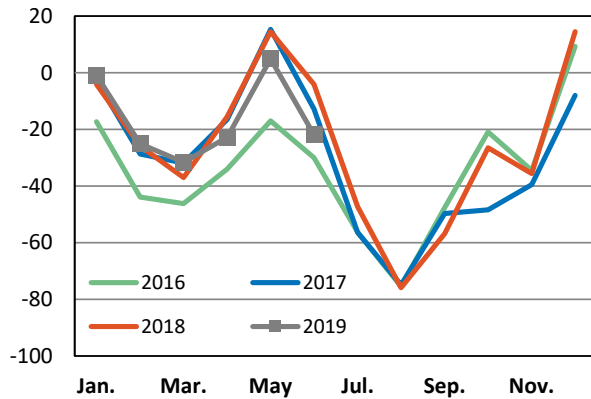Annual change (thousands)

*Note: *Seasonally adjusted.*

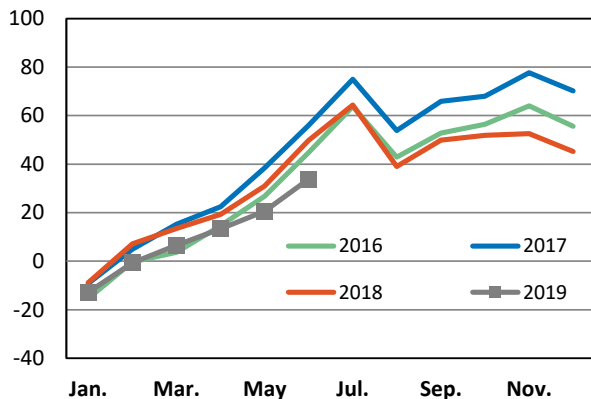*Source: CaixaBank Research, data from MEySS.*

Affiliated: Agriculture
Cumulated figures for the year to date (thousands)

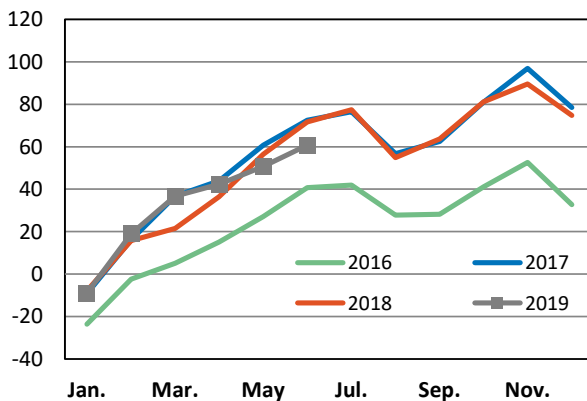Source: CaixaBank Research, data from MEySS.

Affiliated: Industry
Cumulated figures for the year to date (thousands)

Source: CaixaBank Research, data from MEySS.

Affiliated: Construction
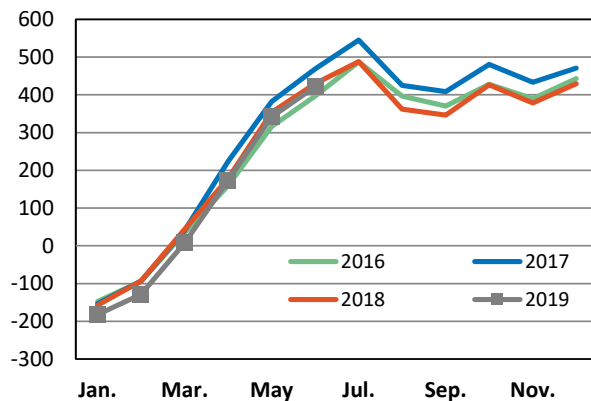Cumulated figures for the year to date (thousands)

Source: CaixaBank Research, data from MEySS.

Affiliated: Services
Cumulated figures for the year to date (thousands)

Source: CaixaBank Research, data from MEySS.

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