

ECONOMIC PULSE

SPAIN: ARE OPINION SURVEYS TOO OPTIMISTIC?

The latest economic figures from Spain have shown so far a substantial gap between the very positive signals from opinion surveys and the hard data, particularly on consumption, where a significant rebound has yet to materialise. This might be partly explained by the collapse in tourism activity until April.

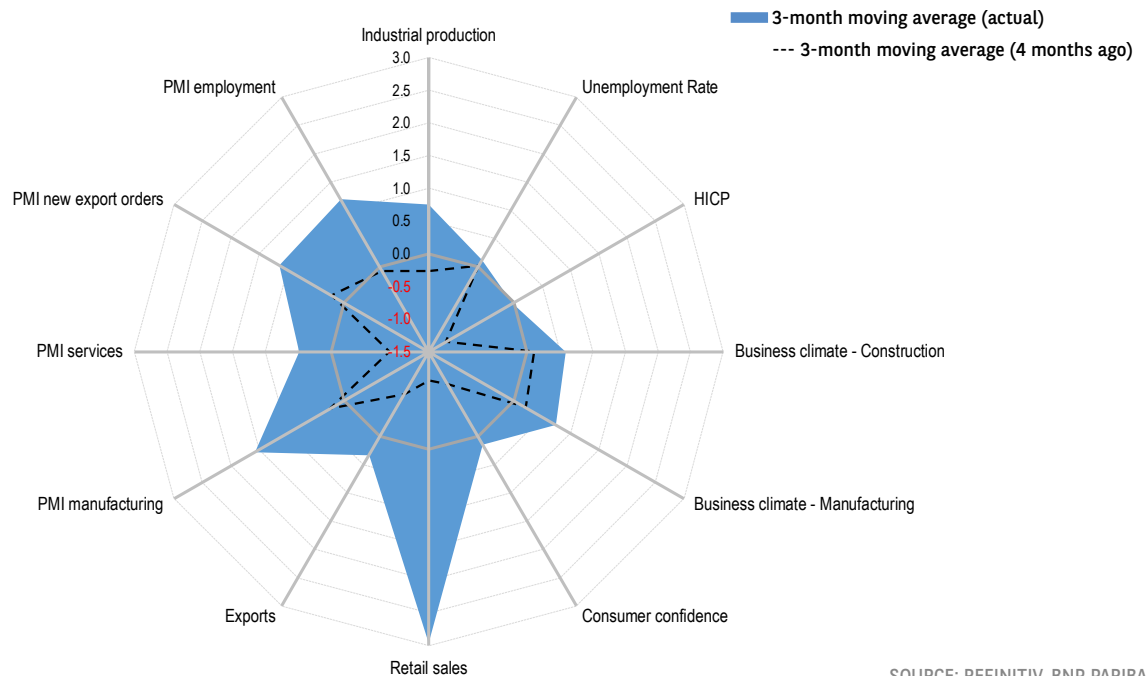
On the survey front, the PMI report published last week by Markit showed another marked increase in the composite index (+4 points to 59.2), driven by services (+4.8 points to 59.4), whilst the manufacturing indicator hit a new record (59.4). These figures are in line with European Commission surveys also showing significant improvements, with the economic sentiment indicator for May reaching its highest level since August 2019.

Our barometer reports a marked but rather deceptive increase in retail sales: this mainly reflects base effects caused by the collapse in consumption in spring 2020. Indeed, retail sales fell again in April (-0.8% m/m) and remain well below their pre-pandemic level. New car sales were also weak. That said, consumption will strengthen this summer if the pandemic continues to ease and business and travel conditions start to normalise. The number of daily contaminations continues to fall – it is now below 130 cases per million population – whilst, by 31 May, just under 40% of the population had received at least one vaccine dose.

Meanwhile, the Spanish employment agency (SEPE) has published its latest estimates of the number of jobseekers in the country. There was a slight decline in unemployment last month (down 29,429, or -0.8% after seasonal adjustment), coming mainly from a drop in the services sector. Nonetheless, on non-adjusted terms, the fall was the sharpest ever reported by SEPE. The number of workers affiliated to the social security system rose, after three consecutive monthly declines. The unemployment rate was 15.4% in April. Lastly, the number of employees on temporary unemployment (ERTE) remained important, although it is at its lowest since the onset of the pandemic. More than 542,000 workers were covered by the ERTE scheme in May, against a peak of 3,600,000 at the height of the first wave in April 2020.

Guillaume Derrien

QUARTERLY CHANGES



The indicators in the radar are all transformed into 'z-scores' (deviations from the long-term average, as standard deviations). These z-scores have mean zero and their values are between -1.5 and +3. In the radar chart, the blue area shows the actual conditions of economic activity. It is compared with the situation four months earlier (dotted-line). An expansion of the blue area compared to the dotted area signals an increase in the variable.