



MONTHLY REPORT AND SUMMARY OF ECONOMIC INDICATORS

May 2021



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MONTHLY REPORT AND SUMMARY OF ECONOMIC INDICATORS

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Executive Summary

The data announced over the reference period of this report¹ confirm the consolidation of the economic recovery in the second quarter.

In particular, employment continued to gain momentum in May. This was due to both practical normalisation of the month-on-month pace of growth in Social Security affiliations and the ongoing fall in workers under job-retention schemes (ERTEs). The rate at which workers left such schemes intensified compared with the previous period, ending the month at 542,142 people.

This improvement in employment was mainly the result of developments in hospitality, in a context of the progressive lifting of health and mobility restrictions, following the end of the state of alarm, together with an accelerating vaccination rollout.

Other indicators that performed positively in May were industrial production, car registrations, consumer confidence and the PMI, which reached an all-time high.

However, retail and large company sales fell in April. The data published on overnight stays and arrivals of inbound tourists show a budding, albeit slow, recovery in the tourism sector. It should, however, be noted that these data refer to April, before the end of the state of alarm.

There were also improvements in the housing market in March, which completed the set of indicators showing improved economic activity towards the end of the first quarter.

In the external sector, trade in goods continued to improve in March 2021, with exports recording particularly strong growth.

Inflation measured on the basis of the CPI accelerated sharply in March, to 2.2%. This was the result of both the upturn in the price of electricity and the base effect associated with the sharp fall in oil prices recorded 12 months earlier. However, core inflation stood at zero in April, after a rise of 0.3% in March.

As regards public accounts, the State budget deficit up to April moderated compared with a year earlier, although it remains at levels higher than those of 2019.

On the international front, most qualitative indicators improved significantly in May. In particular, the PMI reached its highest value in over three years in the euro area, and an all-time high in the United States.

Other indicators point to similar trends in the euro area, such as the OECD composite leading indicator, which continues its upward path, and economic sentiment, which stands at values significantly above its long-term average.

It is also worth highlighting the inflation data published, particularly in the euro area, where it reached 2% year-on-year in May, its highest level since the end of 2018 (below 1% for core inflation) and in the United States, where it stood at 4.2% year-on-year in April (core inflation almost doubled to 3%).

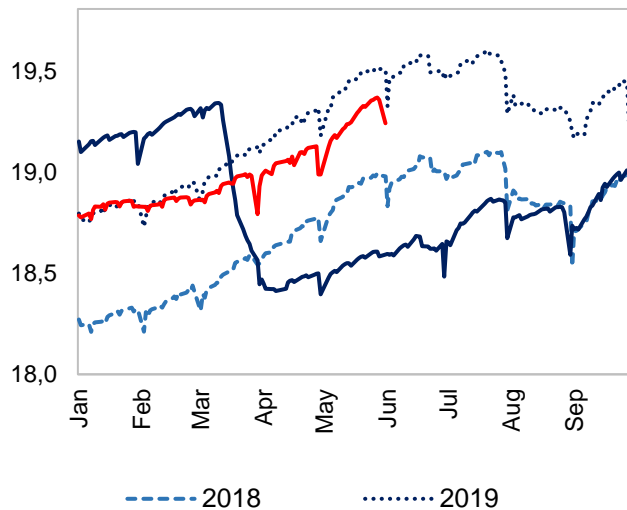
¹ Report prepared with information published up to 9 June 2021.

Spanish economy

Affiliations continue to gain buoyancy in May

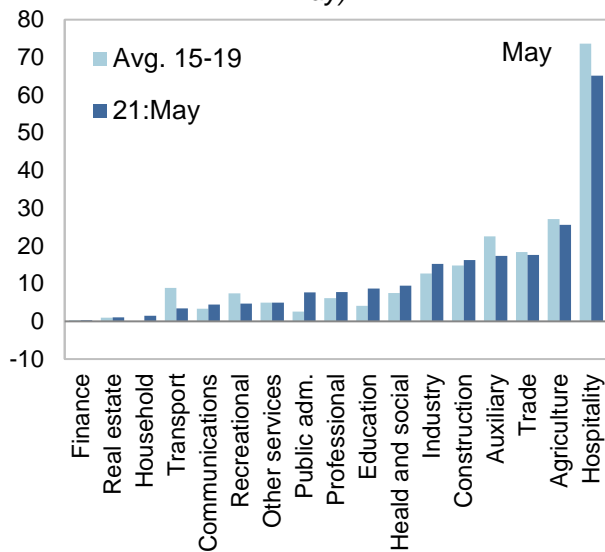
Affiliations grew by 1.1% m-o-m in May, slightly below the average of 1.2% in 2015-2019. In absolute terms, the month-on-month rise stands at 211,923 workers, very close to the average of 216,634 in 2015-2019 and approaching 2019 levels (Graph 1).

Graph 1. **Social Security Affiliations** (million)



Source: TGSS. [Interactive version](#)

Graph 2. **Social Security Affiliations** (month-on-month change, thousands, months of May)



Source: TGSS. [Interactive version](#)

This rise mainly comes from the hospitality sector (+65,171, close to the average rise of 73,624 in 2015-2019), bringing it closer for the first time to the rates of growth of previous years (Graph 2).

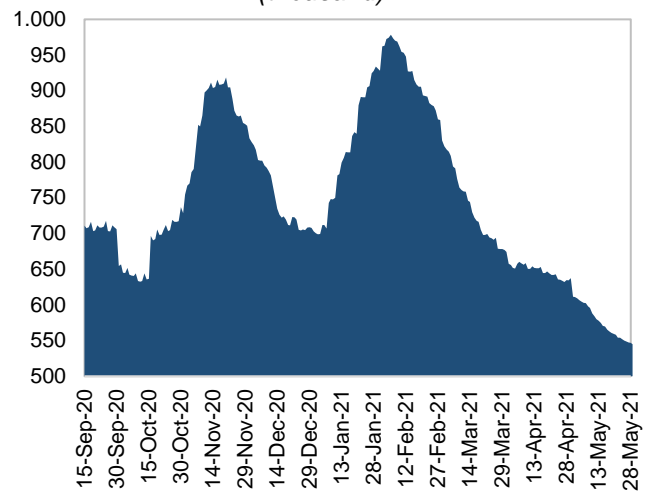
With the seasonally-adjusted series, Social Security affiliations grew by 0.24% (+45,434 workers) after three months of falls.

In comparison with the figures for two years earlier, affiliations fell by 0.9% in May, as they did in April.

In contrast, **effective employment** in terms of net affiliation of ERTes (with preliminary ERTE data) recorded a significant improvement, reaching practically 2019 levels (-0.1% inter-biennial, after -3.8% the previous month), thanks to the workers leaving ERTes.

The daily rate of decline in the number of workers under ERTes intensified in May

Graph 3. **Workers under job-retention schemes** (thousand)



Source: TGSS. [Interactive version](#)

The fall in the number of workers under **ERTes** intensified in May, with an average daily rate of decline of 3,000 workers, more than double the figure for April (-1,200). This led to a cumulative fall to 31 May of 95,439 people compared with a

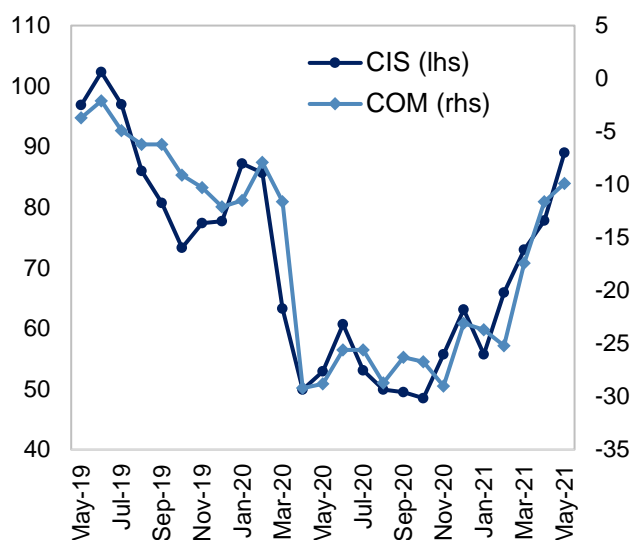
month earlier, to leave a total of 542,142 workers (Graph 3).

Car registrations and consumer confidence perform favourably in May

Noteworthy among the recently published short-term indicators relating to consumption was the 24.4% m-o-m rise in car and SUV registrations, which exceeded the 2015-2019 May average rise of 14.7%. Compared with May 2019, the fall stands at 24.1%, down by over ten points compared with April (-34.2%).

In addition, consumer **confidence** reached higher levels in May than prior to the start of the pandemic, according to the index prepared by the CIS. This was driven by the improvement in both expectations and the current situation. However, the European Commission's indicator (Graph 4) remains below the pre-pandemic level, despite rising for the third straight month. This sluggishness is mainly due to the assessment by consumers of the current situation and their intentions to make major purchases.

Graph 4. **Consumer confidence**
(index and balances)



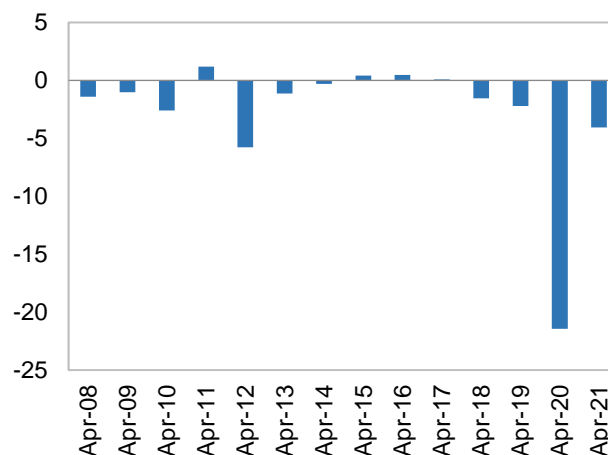
Sources: CIS and European Commission. [Interactive version](#)

In contrast, with seasonally-adjusted data, the **retail trade index** fell by 0.4% m-o-m, following

rises in the previous two months. The fall was widespread across regions and products, with particularly noteworthy falls in service stations (-1.6%) and personal equipment (-1.5%), while the fall in the food group was less pronounced (-0.2%).

In addition, deflated **sales of large companies**² fell by 8.8% m-o-m in April, above the 2015-2019 average for months of April (-5.1%). With calendar and seasonality adjustments, they fell by 4.1% on March, as a result of the fall in both domestic sales and in imports (-4.1% and -4.3%, respectively). This contraction was transferred to every productive sector and was sharper in industry (-5.3% m-o-m) than in services (-3.5%).

Graph 5. **Retail trade index (cca)**
(% monthly change, months of April)



Source: INE. [Interactive version](#)

² Deflated by the Industrial Price Index (IPRI) for industry, the Service Sector Price Index (IPS) for services and the Consumer Price Index (CPI) for retail and transport.

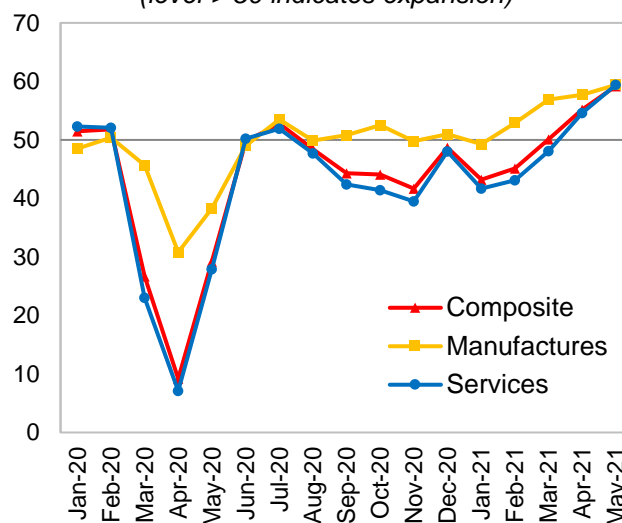
Industrial confidence rose in May as PMI hit record highs

With calendar and seasonal adjustments, the **industrial production index** grew by 1.2% m-o-m in April, the highest rate for nine months and double the rate recorded in the previous month. All destination groups performed more favourably, particularly consumer non-durables (5.3%, the second highest rate on record). However, by branch of industry, a large part of the improvement was concentrated in the manufacture of motor vehicles, trailers and semi-trailers, which rose by 11.1% m-o-m, after five months of falls.

Among the qualitative indicators of industrial activity, **the industrial confidence** indicator reported by the European Commission rose in May, recording a positive balance for the second straight month (4.6 points), the highest figure since the start of 2018. This is mainly a result of the increase in the order book and the reduction in stocks.

This trend is in line with that of the manufacturing **PMI**, which again rose in May for the fourth straight month, reaching its highest level (59.4) in the last 23 years. In the same vein, the services PMI rose sharply in May, by 4.8 points to stand at 59.4, its highest level since the end of 2006. This led to the composite PMI of the Spanish economy rising by over four points to 59.2, the highest figure on record (Graph 6).

Graph 6. **Spain PMI**
(level > 50 indicates expansion)

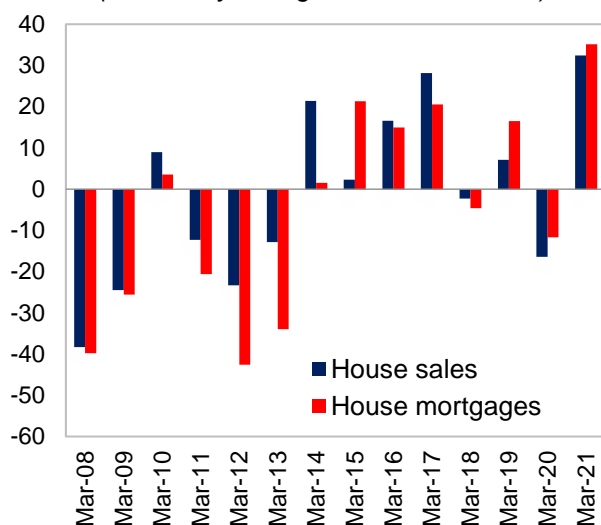


Source: IHS Markit. [Interactive version](#)

The housing market regained momentum at the end of the first quarter

Among the indicators relating to residential investment, **house sales** rose in March by 9.6% m-o-m. This was the second highest rise in a month of March on record, which began in 2007, which contrasts with an average fall of 2.1% in the 2015-2019 series in a month of March. Almost every region contributed to this positive development, with half growing at double-digit rates, led by Catalonia (+25.5%) and the Canary Islands (+24%). The most noteworthy rise was seen in sales of second-hand housing, which rose by 12.5% (-0.6% on average in 2015-2019).

Graph 7. **Housing demand**
(% monthly change, months of March)



Source: INE. [Interactive version](#)

Following the strong performance in February, **mortgages on residential properties** once again grew strongly in March, with a total of 36,886 mortgages taken out. This was the highest number in a month of March since 2012 and 16.6% up on the figure for February, the largest month-on-month growth in a month of March on record (Graph 7).

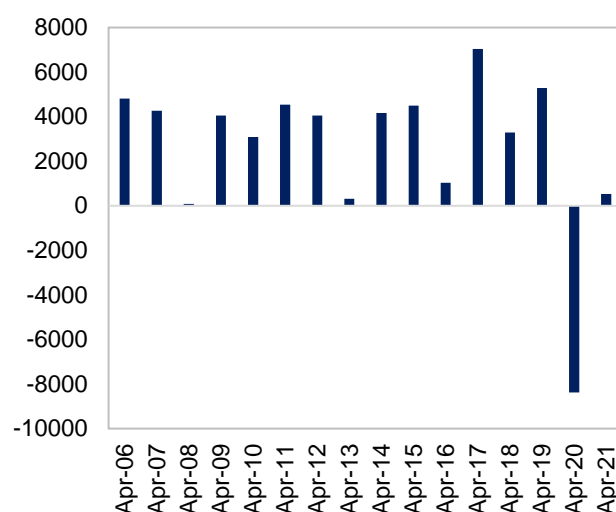
In contrast, the apparent consumption of **cement** fell by 12% m-o-m in April, much higher than the average change in a month of April in 2015-2019 (-2.5%). However, the construction confidence indicator prepared by the European Commission improved in May for the third straight month to record a positive balance of 2.2 points, the highest figure in the last two years.

In the first quarter of 2021, the **house price index** prolonged the slowdown that began in the second quarter of 2019, recording a year-on-year rise of 0.9%, 0.6 points lower than in the previous quarter and the most moderate rise since the end of 2014. By component, this evolution was the result of new housing, which went from recording a price rise of 8.2% in the fourth quarter of 2020 to a rise of 2.3% in the first quarter of 2021, while the prices of second-hand housing showed a certain level of stabilisation (+0.3 points, up to 0.7%).

Tourism continued to recover timidly in April

Short-term tourism indicators remain far from their pre-pandemic levels, but the sector continues to recover (Graph 8). **Hotel overnight stays** rose in April by 530,469 on March (+241,892 stays by residents in Spain and +288,577 by non-residents), although this rate is still much lower than the average of the months of April in 2015-2019 (+4.2 million). By region, the most positive performance was recorded by the Canary Islands (+95,903, vs -381,518 on average in the months of April 2015-2019). This was mainly due to inbound tourists, whose overnight stays rose for the first time in a month of April. By country of origin, Germany once again ranks first (22.3% of the total number of non-residents), followed by France (13.4%) and Italy (7.3%).

Graph 8. **Hotel overnight stays**
(monthly change, thousands, months of April)



Source: INE. [Interactive version](#)

Along the same lines, **overnight stays in non-hotel accommodation** grew in April compared with March, although the rise was considerably lower than in the same period in years prior to the pandemic, 692,976, compared with an average of 1,173,180 in 2015-2019. This weak performance extends to all types of accommodation, although those that are holding up best are overnight stays on campsites (484,237, compared with an average of 747,970

in 2015-2019) and in apartments (118,255, compared with 180,226).

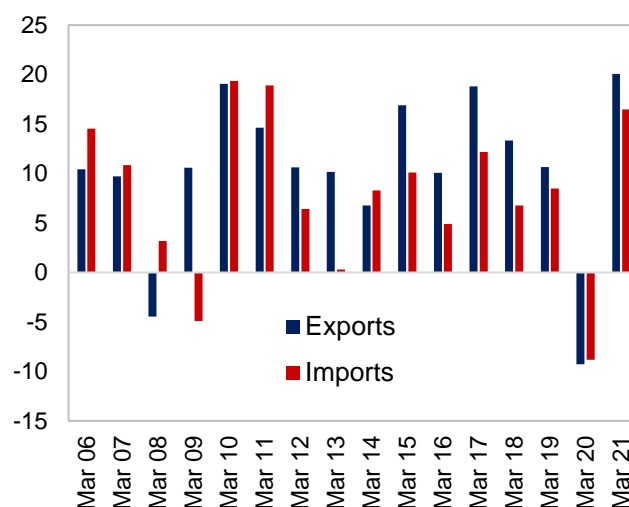
Arrivals of inbound tourists grew by 140,559 in April compared with March. However, this growth is lower than that recorded in months of April prior to the pandemic, and stands at 8.8% of the average in 2015-2019 (1,595,310). This weak performance extends to all countries of origin, although there was a relatively good performance in the number of tourists from Germany (44,253, 19.5% of the 2016-2019 average) and Italy (9,948, 14.6%), in contrast with the poor performance in the number of tourists from France (6,693, 1.5%) and the United Kingdom (5,703, 1.7%). Within the main regions to receive tourists, the least negative performance corresponded to the Balearic Islands, Andalusia and Valencia, whose increases on March are between 10% and 14% of the 2016-2019 average, while Madrid lost 3,981 tourists on March, compared with average growth of 111,143 in 2016-2019.

Similarly, **tourism spending** grew by 158 million euros, the equivalent of 13.7% of the 2015-2019 average (1.15 billion).

Trade flows recorded double-digit month-on-month gains in March

Exports of goods in March accentuated the recovery that began in the previous month, recording a month-on-month rate of 20.1%, which is higher than the average month-on-month rate for the months of March in 2015-2019 (13.9%). There was a particularly positive performance in cars, metal products and clothing and footwear and, by country, strong growth in sales to the main euro area countries and a recovery in sales to the United Kingdom.

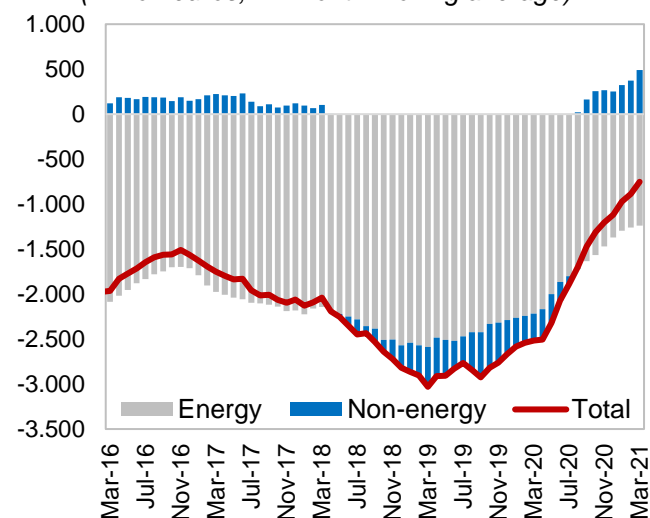
Graph 9. **Exports and imports**
(% month-on-month change, months of March)



Source: AEAT. [Interactive version](#)

Similarly, **imports** accelerated the recovery recorded in the previous month, reaching a month-on-month rate of 16.5%, double the average for 2015-2019 (8.5%). This increase was driven by crude oil, clothing and footwear and metal products, and, to a lesser extent, by medicines and pharmaceutical products.

Graph 10. **Trade balances**
(million euros, 12-month moving average)



Source: AEAT. [Interactive version](#)

The **trade deficit** stood at 412 million euros, one fifth of the deficits recorded in 2019 and 2020 and the lowest figure in a month of March since 2013, with the non-energy balance recording the largest surplus in a month of March for six years. This reduction was the result of both energy components, particularly fuels, and non-energy components, particularly cars and, to a lesser extent, metal products and clothing and footwear.

Lending to the private sector rose in April, but at a slower pace and new credit fell

Lending to non-financial sectors slowed down again in April, to 1.9% y-o-y (3.3% in March). This is partly explained by the acceleration in lending to companies 12 months earlier, while lending to households remained unchanged after falling constantly since the start of the pandemic.

New credit suffered a sharp month-on-month fall in April (-11%, higher than the average for the same period of 2015-2019), due to both the corporate segment (-10.3%) and the household segment (-12.7%, with declines in all segments, particularly the -16.5% in the housing segment). Compared with two years ago, the change was of -10.7% (+5.1% in March).

The **NPL ratio** stood at 4.51% in March, slightly lower than in the previous month (4.55%), when a decrease in NPLs (-0.3% m-o-m) and an increase in total loans (+0.6%) were combined. Together with the rate recorded in December 2020, this rate is the lowest since 2009.

The public guarantee programme continues to support corporate liquidity

The ICO COVID-19 Liquidity Line of Guarantees has approved 1,004,009 operations up to 31 May, for a value of 91.18 billion euros, which have allowed the injection of a volume of lending of 120.05 billion euros, which is concentrated in the most affected sectors, particularly those of retail, transport and hospitality (Table 1).

Almost all the guarantees (98% of the operations and 70% of the lending mobilised) are concentrated in SMEs and the self-employed.

Cuadro 1. **ICO COVID-19 Liquidity Line of Guarantees**

<i>Industries</i>	<i>No. of operations</i>	<i>Lending million euros</i>
Agriculture	47,212	3,885
Industry	129,071	26,404
Construction	99,313	11,378
Retail, transport and hospitality	467,383	51,523
Information and communications	22,112	3,190
Financial activities	4,876	790
Real estate activities	24,171	2,593
Professional, scientific	112,800	13,132
Pub. Adm., education and health	41,796	3,317
Artistic, recreational	55,275	3,835
Total economy	1,004,009	120,048

Source: compiled by the author on the basis of ICO data (as at 31-May-2021).

Funcas and the OECD forecast GDP growth for this year of close to 6%

The **panel of forecasts**³ collected by Funcas predicts that GDP will grow by 1.8% in the second quarter (0.1 points higher than the forecast two months ago) and by 3.2% in the third quarter (+0.3 points), while it maintains its forecast for the fourth quarter at 1.9%.

However, growth for 2021 is revised downwards by 0.1 points (5.8%), mainly as a result of the contraction in the first quarter being 0.1 points higher than expected. Growth for 2022 has been revised upwards by 0.1 points (5.7%). As a result, aggregate GDP growth for the two-year 2021-2022 biennium would remain practically unchanged. By component, household consumption is revised downwards in 2021 and upwards in 2022, and *vice versa* for investment. It is also worth noting the downward revisions in public consumption in 2021 and the upward revisions in trade flows, especially exports, with

³ Panel of forecasts for May 2021: <https://www.funcas.es/textointegro/panel-de-previsiones-de-la-economia-espanola-mayo-2021/>

a contribution from external demand that is positive in 2021 (0.2 points).

For its part, the **OECD**⁴ has revised upwards Spain's GDP growth **forecasts** for 2021 and 2022 to 5.9% and 6.3%, respectively (5.7% and 4.8% in March). This revision is based on the improvement in activity thanks to the vaccination rollout and improved confidence, and on the impact of European funds in the framework of the Recovery Plan.

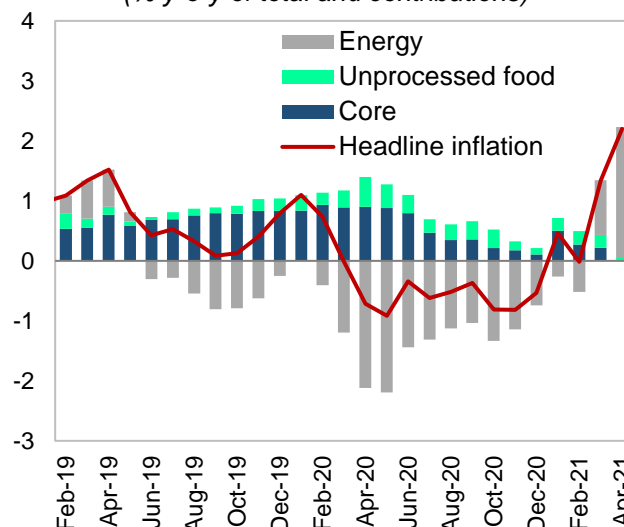
This CPI rose by over two points in April and stands at 2.2%...

The **CPI** recorded a rise of 2.2% in April compared with a year earlier, after recording a rate of 1.3% in March.

This strong acceleration is explained by the sharp rise in the energy component (Graph 11), particularly electricity prices, which rose by 12.6% m-o-m in April after 11.6% in the previous period, and the base effect seen in fuel and lubricant prices due to the sharp fall in oil prices in April 2020.

Core inflation⁵ stood at zero in April, after a rise of 0.3% in March. It was mainly weighed down by the price of services, whose evolution is part of a trend that started in July last year and mainly the result of the headings of accommodation services and telephony and fax services.

Graph 11. **General inflation and components**
(% y-o-y of total and contributions)



Source: INE. [Interactive version](#)

... and continues to accelerate in May according to flash estimates.

According to flash estimates, the CPI in May rose by 2.7% y-o-y, 0.5 points up on the figure for April. Once again, there was a noteworthy rise in fuel prices in contrast with the fall recorded in May last year.

The public deficit without local governments worsened up to March compared with a year earlier...

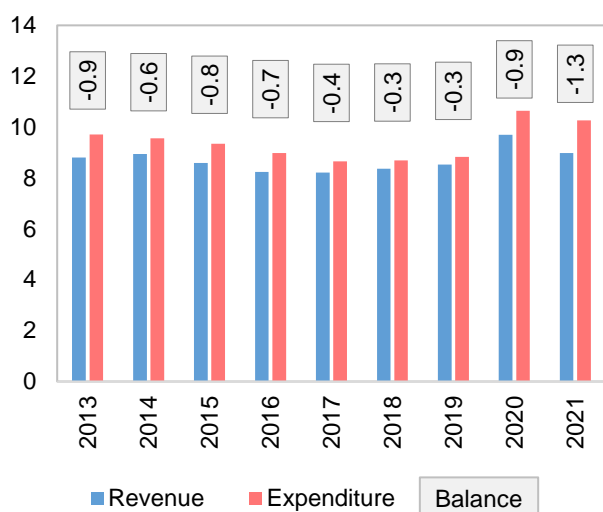
The **budget balance of the General Government without Local Governments** up to March fell by 0.4 points on the same period of 2020 (Graph 12), a year affected by the pandemic. This was due to the fall in revenue (-0.7 points of GDP) from several tax headings and social security contributions, which offset the lower expenditure (-0.4 points), mainly on intermediate goods⁶.

⁴ OECD Economic Outlook of May 2021: <https://oecd.org/economic-outlook>

⁵ The general index excluding energy products and unprocessed food.

⁶ This analysis of the evolution by heading does not take into account the reversal to the State of two sections of toll motorways for a value of 1.75 billion euros in 2020, which is reflected in an increase both in revenue and expenditure (approximately 0.16 points of GDP), but has no impact on the deficit.

Graph 12. **Budgetary implementation of the General Government without Local Governments**
(% GDP, cumulative data up to March)



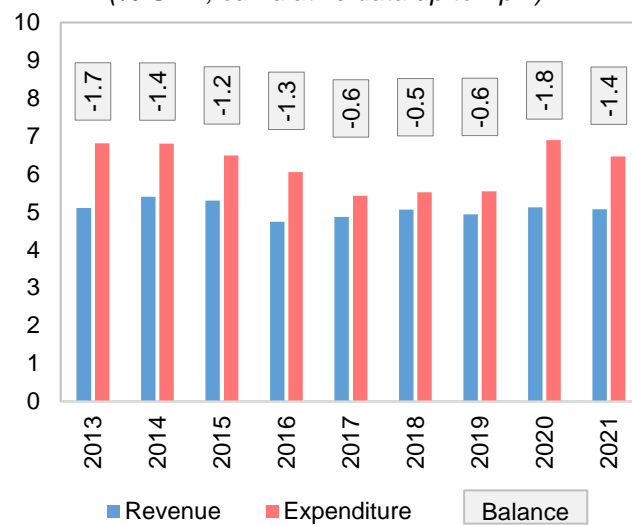
Source: IGAE. [Interactive version](#)

Compared with 2019, the deficit up to March is 1 percentage point higher. This is due to the increase in expenditure (+1.4 points of GDP), particularly social benefits other than transfers in kind (+0.7 points), despite the increase in revenue (+0.5 points).

... but fell in April with available data from the State

Particularly noteworthy among the recent data on implementation is the budgetary balance of the **State** up to April, which rose by 0.4 points on one year earlier (Graph 13), mainly due to lower current transfers to other General Government sub-sectors and lower intermediate consumption.

Graph 13. **Budgetary implementation of the State**
(% GDP, cumulative data up to April)



Source: IGAE. [Interactive version](#)

Compared with 2019, the State deficit intensified by 0.8 points, mainly as a result of higher current transfers to other General Government sub-sectors.

The government debt fell by less than usual

The **State debt** fell by -0.6% m-o-m in April, which is less than usual for a month of April (-1.3% on average in 2015-2019), to stand at 1,202 billion euros.

The **General Government debt** in February amounted to 1,392 billion euros, an increase of 1.9% m-o-m, the same rate as that recorded last year and 1.1 points higher than the average in the months of March of 2015-2019.

Cuadro 2. Spain's economic indicators
(% y-o-y change, unless qualitative indicators, unemployment rate or otherwise indicated)

	2019	2020	2020 Q3	2020 Q4	2021 Q1	Mar-21	Apr-21	May-21
Activity								
GDP	2.0	-10.8	-8.6	-8.9	-4.3	-	-	-
- Domestic demand (contribution)	1.4	-8.8	-6.7	-6.2	-2.6	-	-	-
- Net exports (contribution)	0.6	-2.0	-1.9	-2.7	-1.6	-	-	-
Electric power consumption	-2.9	-4.9	-3.8	-1.2	-0.5	3.4	15.8	12.5
PMI Index	52.7	41.5	48.5	44.8	46.1	50.1	55.2	59.2
Economic Sentiment Indicator	104.6	90.2	90.3	90.1	93.8	96.9	106	108.3
Consumer confidence indicator	-6.3	-22.8	-26.9	-26.3	-22.1	-17.4	-11.6	-9.9
Large Firms Sales	1.8	-9.1	-5.8	-4.0	-1.4	10.0	36.2	-
Retail sales index	2.3	-7.1	-3.5	-2.9	-1.1	14.3	41.0	-
Passenger car registrations	-4.8	-32.3	-6.3	-12.7	-14.9	128.0	1787.9	177.8
External demand								
Export of goods	1.8	-10	-5.7	-2.3	4.9	29.9	-	-
Import of goods	1.0	-14.7	-14.1	-7.3	-1.3	20.5	-	-
Net lending (+) with the Rest of the World(% GDP)	2.5	1.1	1.0	2.2	-0.7	-	-	-
Labour market								
Labour force	1.0	-1.3	-0.8	-0.4	-0.6	-	-	-
Employment	2.3	-2.9	-3.5	-3.1	-2.4	-	-	-
SS covered workers (monthly average)	2.6	-2.1	-3.0	-2.0	-1.4	-0.5	3.2	3.8
At the end of month	2.6	-2.2	-2.9	-1.7	-0.5	1.9	3.2	3.6
Effective hours worked	1.5	-10.4	-6.4	-6.1	-3.6	-	-	-
Unemployment	-6.6	8.7	15.8	16.5	10.3	-	-	-
Unemployment rate	14.1	15.5	16.3	16.1	16.0	-	-	-
Registered unemployment	-4.0	17.8	24.0	21.2	18.7	11.3	2.1	-2.0
Prices and Wages								
CPI	0.7	-0.3	-0.5	-0.7	0.6	1.3	2.2	-
Core CPI	0.9	0.7	0.5	0.2	0.4	0.3	0.0	-
CPI differential eurozone	-0.4	-0.6	-0.6	-0.5	-0.6	-0.1	0.4	-
Producer prices	-0.4	-4.3	-3.9	-2.8	2.6	6.4	12.8	-
Non Energy producer prices	0.1	0.0	-0.4	0.5	2.6	3.9	5.4	-
Housing Price Index	5.1	2.1	1.7	1.5	0.9	-	-	-
Wages Collective bargaining	2.2	1.8	1.9	1.8	1.6	1.6	1.6	-
Compensation of employees per head / fte (QNA)	2.1	1.4	0.7	0.8	0.1	-	-	-
Public sector (% GDP)								
General government balance	-2.9	-11.0	-6.7	-11.0	-	-	-	-
Gov.Balance without local gov	-3.2	-11.2	-6.9	11.2	1.3	1.3	-	-
State balance	-1.3	-8.4	-5.1	-8.4	-0.9	-0.9	-1.4	-
General government debt	95.5	120.0	114.0	120.0	-	-	-	-

Sources: INE, IGAE, AEAT, BE, MISM, MTES, MH, European Commission, ANFAC, REE and Markit.

International economy

First quarter GDP growth is revised upwards in Italy and downwards in Germany

GDP for the first quarter of 2021 has been revised half a point up for Italy, to +0.1% q-o-q, and 0.1 points down for Germany, to 1.8% q-o-q.

The construction activity of the euro area grew in March at a faster rate than in previous years...

The calendar-adjusted euro area **construction production index** rose by 14.8% m-o-m in March, which is higher than the average rate for a month of March in 2015-2019 (11%). Including the adjustment for seasonal effects, the month-on-month growth for March was 2.7%.

... while car registrations fell more sharply in April

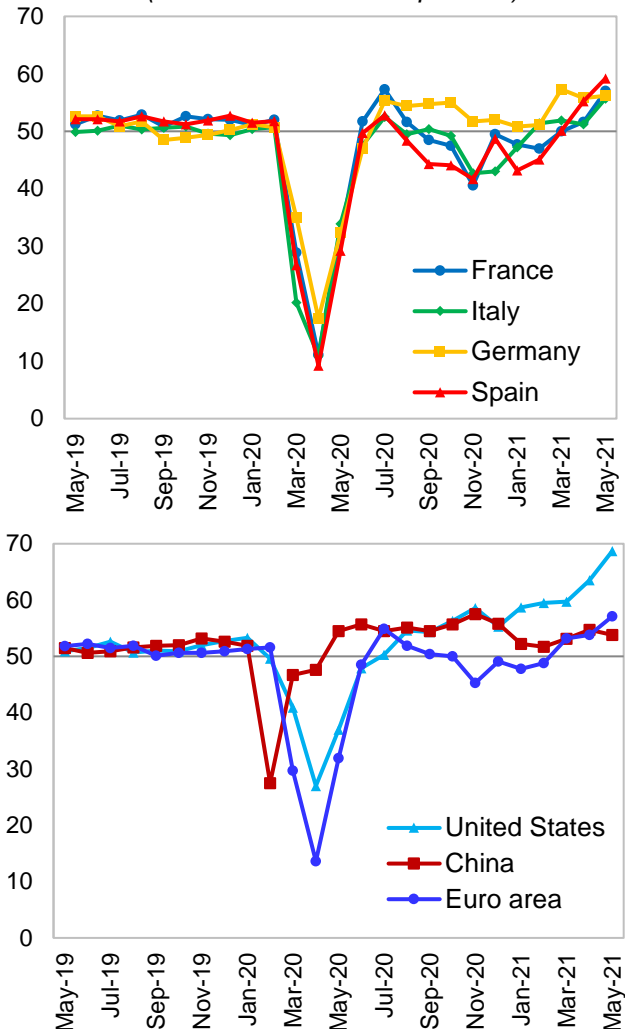
On the consumption side, the **registration** of cars and SUVs in the euro area fell by 17.3% m-o-m in April. This is a slightly larger fall than the average for the months of April in 2015-2019 (-13.6%). By major country, the largest month-on-month falls were recorded in France (-23.2%) and Germany (-21.4%).

Most qualitative indicators improved significantly in May

The **composite PMI** of the euro area improved significantly in May (+3.3 points to 57.1, in the expansion zone for the third straight month and the highest level since February 2018), driven mainly by the services sector, whose PMI rose significantly (+4.7 points to 55.2), in line with the relaxation of the COVID-19 restrictions.

It rose in every country (Graph 14): in France (+5.4 points, to 57), in Italy (+4.5 points, to 55.7), in Spain (+4 points, to 59.2, the highest since November 2006) and, to a lesser extent, in Germany (+0.4 points, to 56.2).

Graph 14. **Composite PMI**
(level > 50 indicates expansion)

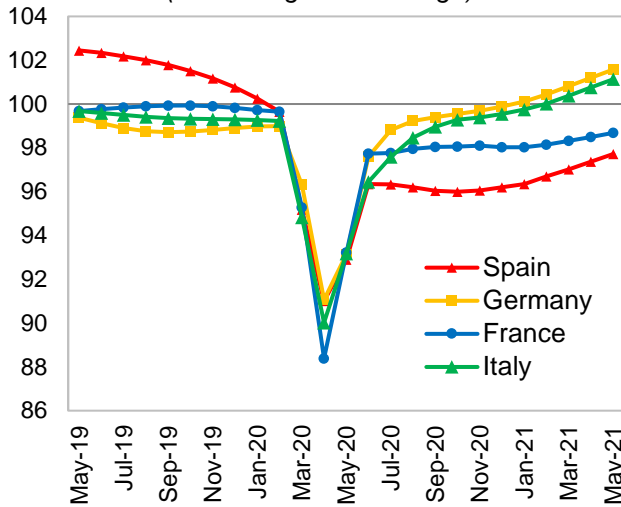


Source: IHS Markit. [Interactive version](#)

Outside the euro area, the composite PMI of the United States improved significantly, by 5.2 points, to 68.7, the highest value since records began in October 2009. The PMI of China fell by 0.9 points, although it remains in the expansion zone.

For its part, the OECD's **composite leading indicator** for the euro area (Graph 15) improved by 0.3 points in May (100.2), as it did in Spain (97.7, the highest level since February 2020) and Italy (101.1), while Germany improved by 0.4 points (101.6) and France gained 0.2 points, from 98.5 to 98.7.

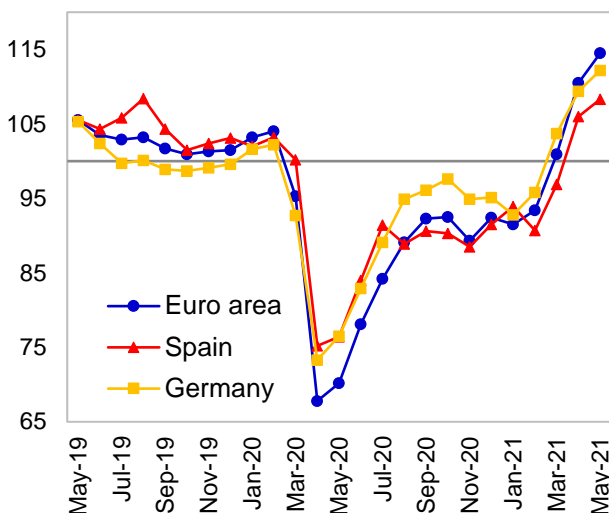
Graph 15. **Composite leading indicator**
(100 = long-term average)



Source: OECD. [Interactive version](#)

Economic sentiment in the euro area (Graph 16) continued to improve notably in May, +4 points, to stand at 114.5. This figure is significantly higher than its long-term average (100) and at pre-pandemic levels, close to one of the highs reached in December 2017. By major country, all countries recorded significant increases, Spain (+2.3 points, to its highest level since August 2019), Germany (+2.8 points), France (+5 points) and Italy (+11 points).

Graph 16. **Economic sentiment**
(long-term average 2000-2020 = 100)



Source: European Commission. [Interactive version](#)

In the same vein, **business** and **consumer confidence** in France and Germany also rose significantly in May, particularly business

confidence in France, which stands above its long-term average and at pre-pandemic levels.

Inflation is rising in the euro area...

The **CPI** of the euro area accelerated by 0.4 points in May, to 2% y-o-y, according to Eurostat's flash estimate, its highest level since November 2018. This evolution is mainly the result of the base effect due to the sharp fall in energy prices in May 2020. Core inflation rose by 0.1 points, to 0.9% y-o-y.

As a result, the harmonised inflation rate **differential** between Spain and the euro area stands at +0.4 percentage points (0.1 percentage points in March).

... and particularly in the United States

The US **CPI** rose sharply in April, by a seasonally-adjusted rate of 0.8% m-o-m, the highest rate since the middle of 2009, driven by the CPI excluding energy and food (core inflation), the highest since 1981. The individual heading that contributed the most to this rise was second-hand vehicles, which rose by 10%, the highest rate on record, which began in 1953. The prices of all services also contributed to the rise, although to a lesser extent, particularly the heading of air transport (+10.2%, also the largest on record).

In year-on-year terms, the rise in the general CPI reached 4.2% with unadjusted series (2.6% in March), with core inflation practically doubling to 3% (1.6% in March), due to the combination of this year's evolution and a base effect associated with the sharp fall in prices 12 months earlier at the start of the pandemic.

Growth in world trade of goods accelerated in March

The growth in world trade in goods accelerated in March, to 2.2% m-o-m (0.1% in February), driven mainly by exports and imports of the United States, the euro area and Latin America. In the first quarter of 2021 as a whole, trade grew by 3.5% q-o-q.

Cuadro 3. *International economic indicators*
(% y-o-y change, unless qualitative indicators or otherwise indicated)

	2019	2020	2020 Q3	2020 Q4	2021 Q1	Mar-21	Apr-21	May-21
Global								
Global Manufacturing PMI Index	50	49.2	51.6	53.6	54.2	53.9	55	55.8
Global Services PMI Index	52.2	46.3	51.6	52.3	53	52.8	54.7	56.6
Global activity PMI Index	51.7	46.9	52	53	53.4	53.2	54.8	56.3
World trade goods	-0.3	-5.4	-4.3	0.2	6.7	9.8	-	-
Eurozone								
GDP	1.3	-6.7	-4.1	-4.9	-1.8	-	-	-
Manufacturing PMI Index	47.4	48.6	52.4	54.6	58.4	62.5	62.9	63.1
Services PMI Index	52.7	42.5	51.1	45.0	46.9	49.6	50.5	55.2
Composite PMI Index	51.3	44	52.4	48.1	49.9	53.2	53.8	57.1
Economic Sentiment Indicator	103.7	88.2	88.5	91.4	95.3	100.9	110.5	114.5
Consumer confidence indicator	-7.0	-14.3	-14.4	-15.6	-13.7	-10.8	-8.1	-5.1
Industrial Production Index	-1.3	-8.5	-6.6	-1.3	2.7	10.7	-	-
Passenger car registrations	1.5	-24.2	-6.3	-7.5	2.7	95.5	265.0	-
Trade balance (bil €)	223.1	235.2	62.1	76.2	64.1	13	-	-
Exports	2.8	-9.6	-9.4	-4.3	-0.7	4.7	-	-
Imports	1.6	-11.2	-11.8	-6.9	0.7	15.6	-	-
Employment	1.2	-1.6	-2.1	-1.9	-2.0	-	-	-
Unemployment rate	7.6	8.0	8.6	8.3	8.2	8.1	8.0	-
CPI	1.2	0.3	0.0	-0.3	1.1	1.3	1.6	2.0
United States								
GDP	2.2	-3.5	-2.8	-2.4	0.4	-	-	-
Manufacturing PMI Index	51.8	50.1	52.4	55.7	59	59.1	60.5	62.1
Services PMI Index	52.5	48.7	53.2	56.7	59.5	60.4	64.7	70.4
Composite PMI Index	52.5	48.8	53.1	56.7	59.3	59.7	63.5	68.7
Consumer confidence indicator	128.3	101	93.1	93.8	99.1	114.9	117.5	117.2
Industrial Production Index	0.9	-6.7	-6.3	-4.3	-2.3	1.0	16.5	-
Trade balance (bil €)	-854.4	-905	-244.4	-250.3	-262	-90.6	-	-
Exports	-1.4	-12.9	-12.9	-5.5	1.9	11.8	-	-
Imports	-1.6	-6.4	-4.3	4.5	13.2	20.8	-	-
Employment	1.1	-6.2	-7.4	-5.5	-4.6	-3.0	13.4	10.4
Unemployment rate	3.7	8.1	8.8	6.8	6.2	6.0	6.1	5.8
CPI	1.8	1.2	1.2	1.2	1.9	2.6	4.2	-
China								
GDP	6.1	2.0	4.9	6.5	18.3	-	-	-
Manufacturing PMI Index	50.5	51.1	53.0	53.8	51.0	50.6	51.9	52.0
Services PMI Index	52.5	51.1	54.3	57.0	52.6	54.3	56.3	55.1
Composite PMI Index	51.8	51.4	54.7	56.3	52.3	53.1	54.7	53.8

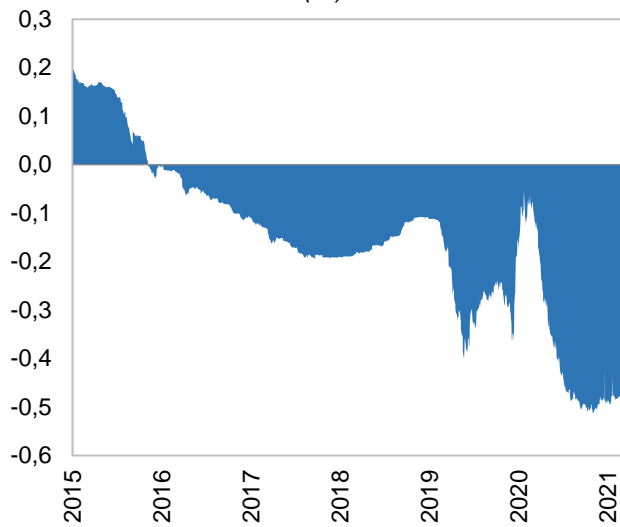
Sources: *Markit, CPB, BEA, Federal Reserve, BLS, The Conference Board, ESRI, Statistical Office of China, Eurostat, EC and ACEA.*

Financial markets and commodities

The Euribor remains close to -0.5% in May...

The **interbank interest rate**, measured by the 12-month Euribor, closed May at -0.48%, remaining stable for the fourth straight month. The average May Euribor remains close to -0.5% for the third straight month.

Graph 17. **12-month Euribor** (%)



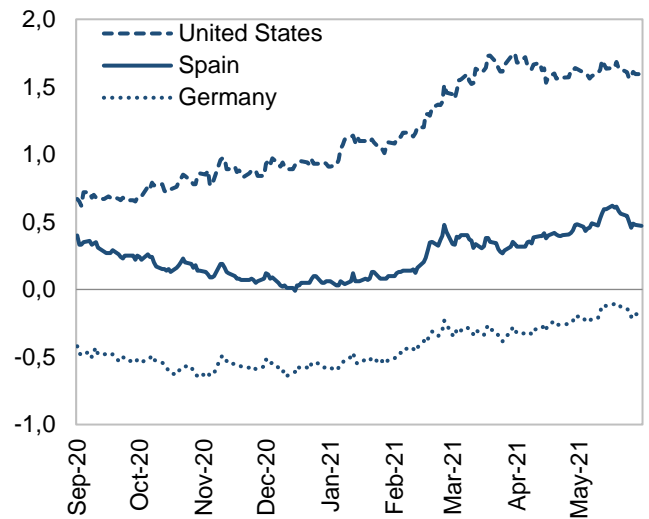
Source: Reuters. [Interactive version](#)

...while the yield on Spanish bonds stabilises

The **yield on the Spanish 10-year bond** closed May at 0.47%, one basis point below the figure for the end of April, following the growth recorded since February.

This evolution continues along the line followed both by the European government bond market and by the yield of the US bond (Graph 18), which continued to stabilise in May following the increases recorded in February and March.

Graph 18. **10-year bond yield** (%)

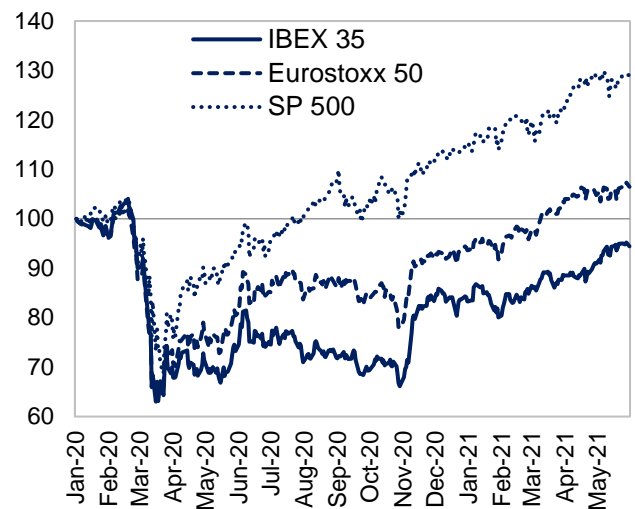


Source: Reuters. [Interactive version](#)

Stock markets continued the upward trend which began in February

The **IBEX 35** closed April with a rise of 3.8%, thus recording four months of gains and standing at the highest level for more than a year. European and American stock markets also closed the month with gains and maintain the same trend (1.6% for the **Eurostoxx 50** and 0.5% for the **S&P 500**).

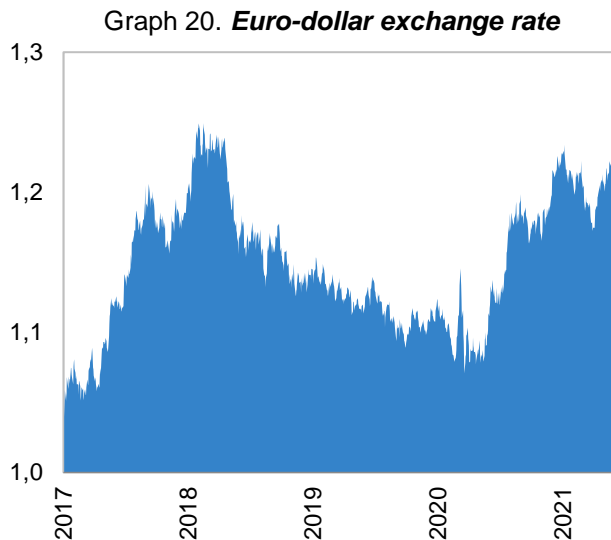
Graph 19. **Stock indexes** (100 = 2 Jan 2020)



Source: Reuters. [Interactive version](#)

The euro continued to appreciate in May

The **euro** rose against the dollar by 1% in May, continuing the rise that started in April, and closed the month at 1.22.



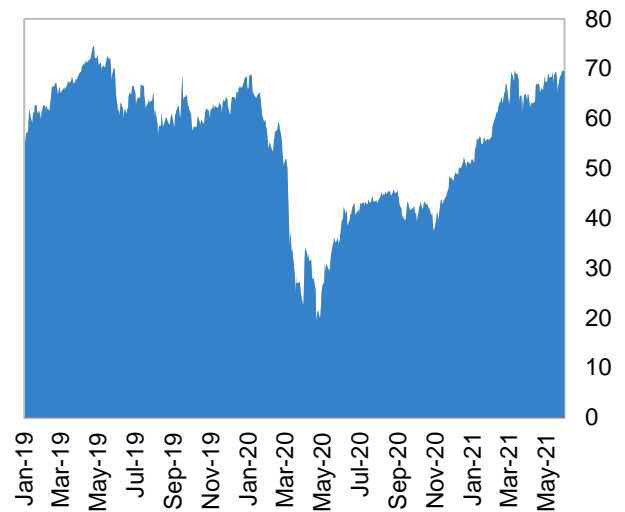
Source: Reuters. [Interactive version](#)

Commodity prices continued to rise in most cases, albeit more moderately

Commodity prices continued to rise in May, in the context of expectations of a recovery in demand.

In particular, the price of **oil** rose by 3.1% over the month of May (Graph 21), driven by the progress of the vaccination rollout in Europe and the US, which has been partially offset by the emergence of new strains and uncertainty with regard to the next few months, particularly in relation to the decisions that OPEC+ may take and the possible lifting of restrictions on Iranian oil exports.

Graph 21. **Brent oil price**
(USD per barrel)



Source: ICE. [Interactive version](#)

Gas prices also continued to rise in May, although at a more moderate pace than in previous months (7.9% m-o-m), while agricultural prices showed a much more stable trend and even, in some cases, such as **corn** and **wheat**, with slight falls that contrast with the strong growth in April. The rises in industrial metals also moderated: copper increased by 2.1% (compared with 12.4% in April, exceeding the record highs recorded in 2011, while aluminium fell (by 1.7%) for the first time in five months. The growth in the price of **gold** in relation to April accelerated (+7.6%, to 1,902 dollars per ounce), approaching levels recorded last summer, when it traded at over 2,000 dollars per ounce.

Cuadro 4. Financial and commodities markets indicators
(Percentage points change for interest rates and spreads and percentage change for the rest)

	30-apr	31-may	Monthly change 31-may	Accum. Change in 2021 31-may	Percentage change 31-may
Interest rates					
ECB Intervention rate	0.00	0.00	0.00	0.00	0.00
Euribor rates:					
3 months	-0.54	-0.54	-0.01	0.00	-0.24
12 months	-0.48	-0.48	0.00	0.02	-0.40
10 year Gov. Bond yield:					
Spain	0.48	0.47	-0.01	0.42	-0.10
Germany	-0.20	-0.18	0.02	0.39	0.26
US	1.63	1.59	-0.04	0.68	0.95
10 year spreads against Germand bond:					
France	36	36	0	12	-1
Spain	68	66	-3	3	-37
Portugal	69	65	-4	1	-32
Italy	107	110	4	0	-84
Greece	119	102	-17	-19	-94
Exchange rates					
Euro/US \$	1.21	1.22	0.98	-0.57	9.56
Euro nominal effective	100.98	100.78	-0.21	-1.38	1.18
Stock exchange					
USA (S&P 500)	4,181	4,204	0.5	11.9	38.1
Eurozone (EUROSTOXX 50)	3,975	4,039	1.6	13.7	32.4
Germany (DAX)	15,136	15,421	1.9	12.4	33.1
France (CAC 40)	6,269	6,447	2.8	16.1	37.3
Italy (FTSE MIB)	24,141	25,171	4.3	13.2	38.3
Spain (IBEX 35)	8,815	9,149	3.8	13.3	28.9
UK (FTSE 100)	6,970	7,023	0.8	8.7	15.6
China (SHANGHAI COMP)	3,447	3,615	4.9	4.1	26.8
Raw Material Prices (USD)					
Brent oil ICE	67.3	69.3	3.1	33.8	96.2
Natural Gas TTF	23.3	25.1	7.9	31.4	472.9
Copper	9,949.0	10,159.5	2.1	31.2	90.5
Iron	2,445.0	2,404.5	-1.7	21.6	58.7
Gold	1,768.6	1,902.5	7.6	0.4	9.7

Sources: European Central Bank, Bank of Spain, Reuters, Intercontinental Exchange, London Metal Exchange.