



Comunidad  
de Madrid

# Economic Situation in the Community of Madrid

Subdirectorato General for Economic Analysis  
Directorate General for Economic Affairs

I /2022

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**Note on the analysis of the evolution of economic indicators in this report.**

An assessment of how the economic indicators have picked up at the start of 2022 is based on a comparison with the usual levels in the pre-pandemic reference months. This report, therefore, sheds light on monthly indicator values from March 2019 to February 2020 and the variations in 2022 levels relative to pre-pandemic levels, alongside the usual year-on-year rate of change. They are all geared towards spotting possible shifts in recent normalisation patterns, which are of particular relevance in the current context of high uncertainty about economic developments.

***Close date: 30/05/22***

## I. Overview of the economic situation

Another new event emerged onto the global stage in the first quarter of 2022, substantially complicating and conditioning the future of the global economy, while still in an incomplete and asymmetrical recovery from the pandemic-spawned crisis. The Russian army's incursion into Ukraine on 24 February ushered in a new European war with devastating consequences, the main cost of which is, above all other considerations, the loss of human life. On top of the devastation of death, there is a wave of refugees on a scale not seen since the Second World War, and a large part of the country has been reduced to rubble, with war in the present and an extremely complicated political, economic and social scenario in the future.

The Moscow-triggered war and the ensuing two-way flurry of economic sanctions affecting activity, particularly within the EU, whose dependence on Russian energy and certain raw materials, both of which are very difficult to replace in the short term, has now become a major Gordian knot.

While all wars are dreadful, the timing of this one has been fatal for a European Union in the throes of a recovery which is far from complete, a trait common to all other major economic blocs; affected by inflationary pressures, a consequence of the demand shock generated after the first wave of the pandemic, but also because of the supply problems arising from the disruption of global value chains in the supply of goods and, above all, from the monetary policy of the European Central Bank, which more than doubled its balance sheet between 2014 and 2019, to €457.1 billion, to grow by another 50% to €681.1 billion by the end of 2021; in the midst of the most ambitious fiscal policy effort ever undertaken, with the laudable objective of accelerating the transformative dynamics of European activity towards a more sustainable and resilient economy, in a context of a slow and gradual normalisation of monetary policy, but also with exceptionally high government deficits, driven by the European Central Bank's monetary policy and a blasting away of the Union's fiscal rulebook.

Consequently, the invasion of Ukraine brings two detrimental effects: the first, which is already observable, concerns prices. It has accelerated price hikes for all goods, especially energy, at a time when the general price level was expected, not without a certain optimistic bias, to flex downwards, following the absorption of the various demand and supply shocks. The further

persistence of the inflationary process that originated in the second quarter of 2021 hinders the emergence of second-round effects and increases the likelihood of de-anchored expectations on inflation.

This disruption has directly resulted in an earlier than expected normalisation of monetary policy: the withdrawal of asset purchases planned for the end of the first half of this year will now be followed by an immediate increase in the European Central Bank's reference rates, which would be aimed at once again limiting agents' inflation expectations to a range of no more than 3%. However, the 2% target, as unscientific as it was well-intentioned, lingers in the memory.

The ECB's challenge now is to prevent this from jeopardising the process of recovery in activity, which in the third quarter of 2021 for the EU-27 as a whole, and only one quarter later in the EU-19, reached pre-pandemic levels, and whose current growth is only 1.1% and 0.5% above the fourth quarter of 2019, respectively. The relevance of the pre-pandemic gap in the European context lies not only in its size, but also in its very wide dispersion across countries. Based on Q4 2021 data (Q1 2022 data are not yet available for all Member States on the reporting date), it swings from 15.3% in Ireland to -3.8% in Spain, placing the Spanish economy lagging the furthest behind in the EU-19 framework. This sluggishness in the recovery has been reduced to -3.4% at the end of the first quarter of 2022, a much slower progress than expected by the government. This delay in the recovery, it should be borne in mind, has an effect on revenue budgets, as the government budgeted for 7% growth and its latest estimate has lowered it to 4.3%; however, inflation can nominally compensate for the loss of revenue resulting from the fall in activity, as price increases are accompanied by increases in revenue collection.

The timing of the US business cycle is very different, as the US economy recovered its pre-pandemic GDP in the second quarter of 2021, and now exceeds it by 2.8%, with current frictional levels of unemployment, resulting in wage increases of around 5% and fuelling rising underlying inflation at much higher rates than in Europe. This is compounded by the safe haven effect of the dollar in times of high uncertainty and volatility in financial markets. These factors have warranted the Federal Reserve's heavy-handed intervention in the withdrawal of monetary stimuli

with rate hikes, of which it has already implemented the first of the six planned, and which anticipates a steeply sloping positive yield curve.

In contrast to the economic outlook on the other side of the Atlantic, the asymmetries in the recovery within the EU-19 in the aforementioned monetary policy context entail a risk of fragmentation of financial systems, and specifically of debt systems, which is particularly delicate after the heavy indebtedness undertaken by countries to contain the negative effects of the pandemic, and which also shows a notable asymmetry by territory, in line with the deterioration of activity and employment. We should therefore remain vigilant with regard to the recent increase in the risk premiums of the so-called peripheral countries, which include Spain.

A second detrimental effect of the war, which will be judged in the longer term, refers to the changes it is bringing about, and may be accelerating, in the geopolitical sphere: the return to bloc confrontation and the weakening of multilateralism, which had already been hit before the pandemic by the departure of the two most important economies, the US and China, from some of its most important forums. A new geopolitical map will condition key long-term strategies in the EU, including energy and any concerning the relocation of value chains. The distortion in resource allocation that these changes will generate goes far beyond purely block rearmament-related changes.

We are, therefore, at a decisive moment for economic policy, where we must address not only short-term challenges, but also the configuration of long-term strategies within a framework of real national integration into the EU, a key factor for the role that the Spanish economy, and therefore, the Madrid economy, can play in the very near future. Reflecting on what we want to be necessarily involves understanding the strengths and weaknesses of the present and designing medium-term transformation strategies. The main problem we face is therefore one of design, with a lax monetary policy that has not had the expected results and which has instead led to levels of indebtedness that are difficult to bear in the medium term, combined with fiscal policies that, in the case of Spain, place the entire recovery on the shoulders of the taxpayer, with no sign of a normalisation of public spending that is clearly out of control.

This report serves in its role of analysing the present Economic Situation in the Community of

Madrid, an account of the first quarter of 2022. We hope that readers will consider it as the starting point for other, longer-term considerations.

The Community of Madrid's GDP exceeded €62.5 billion in the first quarter, which, in volume and seasonally adjusted terms, translates into an increase in activity of 0.8% quarter-on-quarter and 5.2% year-on-year. These high rates consolidate a pattern of significant acceleration in relation to the fourth quarter, though activity in the first quarter was still conditioned in January by the after-effects of the sixth wave of the virus, and in March by the transport strike resulting from the additional increase in energy and fuel prices after the Russian invasion of Ukraine, which caused tensions in basic supplies in the main markets.

The 0.3% increase in GDP in Spain in the quarter was relatively stagnant, which nevertheless translates into year-on-year growth of 6.4%, due to the comparison with a weaker first quarter of 2021 in the country as a whole than in the region, with most Autonomous Communities, except Madrid, practically closed. Thus, according to these data, the pre-pandemic production differential would be 3.4% for Spain compared to 1.8% for the Community of Madrid.

According to these data, the implicit GDP deflator in the first quarter would have grown by 3.2% year-on-year in the region, 3.7% in Spain, which, limited to the final consumption expenditure component, would reach 5.3% and 5.5% respectively. This component shows a notable acceleration in both areas, where growth was 3.8% and 4% in the fourth quarter of 2021, when it experienced a strong advance compared to the pace observed in the previous quarters.

The latest price data put headline inflation in April at 7.7% in the region, 8.3% in Spain and 8.7% in May (anticipated). This May indicator corrects the downward pattern that appeared to be observed in April, after reaching its highest levels in three decades in March at 9.8% at the national level. The break in the trend, in what was expected to be a return to more sustainable levels of inflation, unfortunately allows us to anticipate excessively high levels throughout the year. The underlying inflation pattern is quite different in the Community of Madrid, reflecting a significant contagion effect from higher energy prices, as it rose to 4.2% in April (4.4% in Spain in the same month, and 4.9% in May according to the anticipated data), with 15 of the 41 subgroups in the region registering inflation above 4% (versus 3 a year ago, when general inflation stood at 1.7% and underlying inflation -0.3%).

Against this background of ongoing recovery and inflationary pressures, the Community of Madrid's economic performance is remarkable for the dynamism of its labour market and also foreign trade in goods.

The region reported employment of 3,169,800 in Q1 2022, a record high for a first quarter in the entire series and only 5,800 less than the record high reached in the previous quarter, with employment levels consistently above the pre-pandemic levels since Q1 2021. These robust employment figures stand tall with an excellent evolution of the active population, which reached its highest level in the first quarter of 2022, i.e. 3,595,800 people available for work, of whom 11.8% are unemployed, a figure that has experienced significant quarter-on-quarter growth, but not annual growth, due to the greater dynamism shown by activity as opposed to employment.

The official labour statistics confirm the strength of the labour market, which set record highs in April in terms of total registration for men and women alike, and in the main systems. Registered unemployment, on the other hand, has been lower since February than in the pre-pandemic period, with very significant year-on-year reductions in the first quarter of 2022, driven by a healthy labour market and the end of the automatic renewal of job applications. The statistics on registered contracts show a very significant change at the start of the year, with growing shares of indefinite contracts that are double the pre-pandemic levels, as opposed to temporary contracts, which in April 2022 are half of those recorded in the same month of 2019, after the end of the transitional period for the entry into force of the labour reform. It will be necessary to wait until the end of this year to assess whether this new legal framework, which is very restrictive as far as temporary contracts are concerned, contains the necessary elements of flexibility so as not to contract the supply of employment in the medium term.

Trade in goods with foreign countries is, as already mentioned, the other well performing component in the regional economy. Export and import flows in the first quarter of the year broke all-time records, exceeding 13 billion in sales and almost 26 billion in purchases. This increase of at least 50% in each flow was driven almost exclusively by two tariff chapters: pharmaceuticals, and fuels and mineral oils. Two aspects should be noted in relation to these record values: firstly, the dynamics of these

nominal data incorporate the distortion observed in the prices of certain items, amplified in the regional context compared with the national context due to the statistical allocation to the Community of Madrid, for the last year, of the totality of liquefied natural gas trade flows, and which is added to that already existing in the case of electricity flows. Secondly, in the composition of trade in pharmaceuticals, the most dynamic elements are those related to the pandemic.

In this economic and geopolitical context, forecasts for 2022 as a whole have, following the outbreak of the war in Ukraine, spiralled downwards, while the scenarios for forecasting have proliferated, downgrading the probability of occurrence and the intensity of the main risks, including yet not restricted to the extension of the war in terms of time and geographical scope, persistent inflationary pressures leading to steeper rate hikes than previously contemplated, genetic mutations of the virus that will once again be a factor in the economy's performance, and differential pressures in bond markets.

However, there are also factors that can significantly spur the growth of activity in the short term in our immediate surroundings. For instance, the existence of savings accumulated during the pandemic, possibly coupled with an increased propensity to consume (as long as the labour market continues to perform resiliently, and provided inflation will not defer consumption decisions), may be driving the extraordinary dynamics of certain domestic markets, particularly ones which have gone beyond their fundamentals, as in the case of the real estate market. The role of the materialisation of Next Generation EU (NGEU) funds into business projects for shoring up potential growth, could prove to be very significant, though the current understanding on their practical implementation is limited and their execution is also very slow.

The main international forecasting organisations have concentrated most of the downward revisions of activity in 2022 in the European framework, although the intensity of these revisions does not, at least to date, compromise the continuity of the expansionary phase, ruling out a recessionary scenario for the European area. The IMF's April report trimmed its global forecast by 8 tenths of a percentage point to 3.6% and lowered growth in the Euro area to 2.8%; while the European Commission's May projection estimated a 2.7% growth for the EU as a whole and also the EU-19 (4% and 2.8% in its winter forecast). However, Germany will have to be

monitored with particular care, as its GDP growth is already flagging amidst very high inflation rates that capped a record 60-year high in May.

Most forecasters expect Spain's growth in 2022 to fall between 4% and 4.5%, more than one percentage point lower than estimated at the beginning of the year.

## II. International context

**Global economic growth tends to be dampened as a result of the geopolitical situation.**

Three months into the war in Ukraine, the perception is that economic scenarios remain wide open, subject to the high level of uncertainty about the course of the conflict and its economic implications, the effect of the partial shutdowns in China caused by the zero COVID policy, and also the implications of the general tightening of financial conditions. The interaction of the dynamics (and imbalances) that have been dragging on since the beginning of the pandemic, with the new reality of increased geopolitical instability and rising interest rates, create a new and challenging scenario to which families, companies and governments will have to adapt their decisions. This is particularly so with the emergence of inflation, a new threat to an entire generation that we are already facing on a day-to-day basis, after decades without it manifesting itself with the current intensity.

Global growth is projected to ease from 5.9% in 2021 to 3.6% in 2022, which is eight tenths lower than projected in the January edition of the IMF's World Economic Outlook, largely because of a cut in the projections for the two largest economies.

**The most recent macroeconomic data releases have generally confirmed the worsening of the global economic growth and inflation mix in the first quarter.**

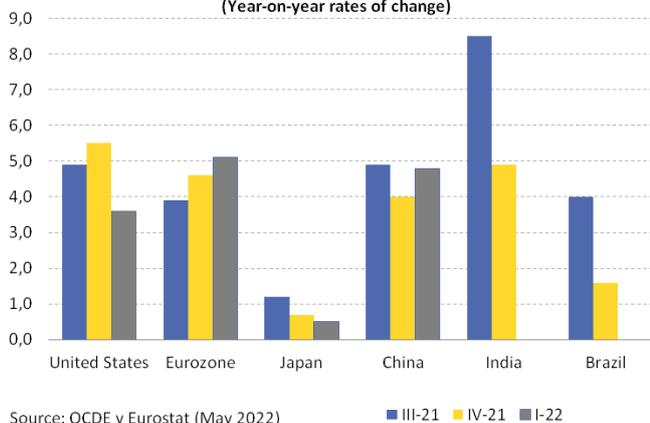
All these developments have led to a downturn in the global trading volume, with the consequent

impact on expectations for world economic growth. Combined with China's problems in the real estate sub-sector, and in the financial and technological sectors owing to a new regulatory framework and the energy problems it is experiencing, we have all the ingredients for a perfect storm to be unleashed in markets that are facing unanswered questions.

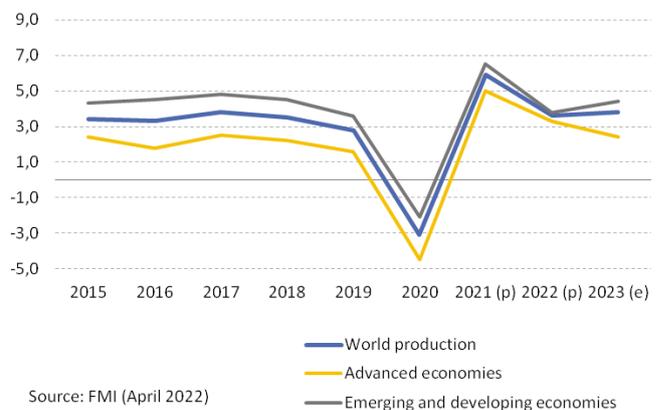
The implications of the war in Ukraine, inflation and the withdrawal of monetary stimulus make for a scenario of high uncertainty and strong volatility as markets overreact to every single newsworthy event or shift in expectations. Already strained by pre-war bottlenecks, commodity markets have been driven up to levels that would have been unthinkable before the geopolitical turmoil in light of the uncertainty surrounding supplies.

Faced with this situation, central banks have opted to accelerate monetary policy normalisation strategies, and markets have reflected these signals in rising inflation expectations, sovereign interest rates and a strengthening of the dollar against other currencies, given its historical status as a safe haven currency. However, economies continue to grow at a reasonable pace. The **US**, which was already above pre-COVID levels in the first half of 2021, slid 0.4% quarter-on-quarter in Q1 2022, leaving the annual rate at 3.6%. The **Eurozone** GDP grew by a scant 0.3% quarter-on-quarter in Q1 2022, bringing the year-on-year rate to 5.1% and already matching pre-pandemic levels. **China** continued growing by 1.3% quarter-on-quarter in Q1 2022, bringing the year-on-year rate to 4.8%.

**Evolution of main economies**  
(Year-on-year rates of change)



**World economic growth 2015–2023 (e)**



### III. National framework

#### 1. Growth

**Household consumption is dragging on GDP growth in the first quarter of 2022.**

The Spanish economy slackened the pace of growth in Q1 2022, standing at 0.3% versus the previous quarter, according to the advance data of the Quarterly National Accounts published by the INE (National Statistics Institute). This stagnation stems from a downturn in domestic demand, namely the 3.7% quarter-on-quarter drop in household consumption, which was only partly offset by the growth in general government consumption (1.3%) and the dynamic growth of investment, especially in the machinery and equipment segment (7.6%).

**Despite the tepid quarter-on-quarter performance, year-on-year growth has picked up, buoyed by robust exports.**

In year-on-year terms, GDP growth picked up in Q1 2022 with a rate of 6.4% compared with 5.5% in the previous quarter, continuing the recovery process, although activity is still 3.4% below the level in Q4 2019.

This accelerated year-on-year growth reflects the improvement in foreign demand, which increased its contribution to GDP growth by 2.3 points, thus standing at 3.1 points. Exports grew by 20.8%,

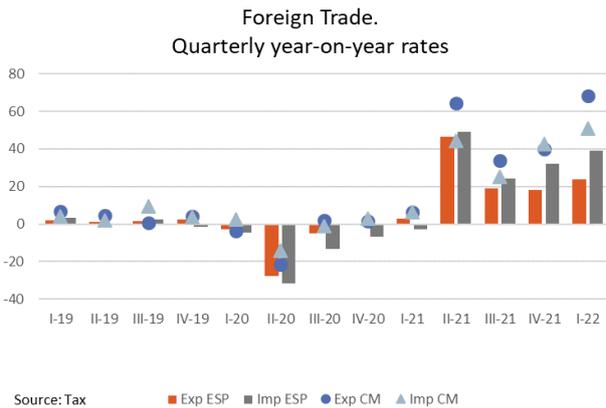
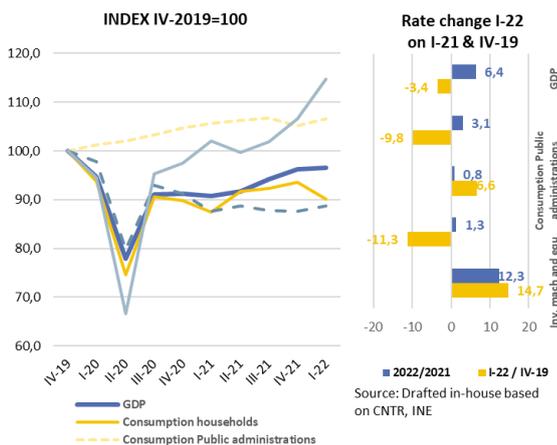
driven by the dynamic performance in services and, in particular by tourism. Imports, however, tempered slightly to 12.1%. Domestic demand reduced its contribution to overall growth by half a point, to 3.3 points, due to lower growth in household consumption (3.1%) and despite the dynamism of investment in machinery and equipment (12.3%), intellectual property products (12.1%) and construction (1.3%).

#### 2. Foreign sector

**Foreign trade in goods in Spain posted double-digit growth in Q1 2022, though the increase in both flows was lower in terms of volumes, due to the significant rise in prices.**

Spanish exports of goods grew by 23.9% in Q1 2022 versus the same period of 2021 (provisional data), posting a volume of €89,611 million, while imports increased by 39.0% to €105,028 million. Both figures are all-time series highs for that period. The trade balance for the first quarter thus recorded a deficit of €15,417 million. In terms of volume, exports rose by 6.2% as their prices, when approximated by the unit value index, increased by 16.7%. Imports also increased in volume by 14.7%, as prices rose by 21.1%.

Evolution of GDP, consumption and investment in Spain



Source: Tax Exp ESP Imp ESP Exp CM Imp CM

### 3. Labour market

**The Spanish LFS for Q1 2022 improved in year-on-year terms as average Social Security enrolment peaked at its highest level in the series and registered unemployment dropped.**

Employment in Spain in the first quarter of 2022 increased by 877,900, or 4.6%, versus the same quarter of the previous year, to 20,084,700 jobholders. However, the number of jobholders fell by 100,200, 0.5% lower than the previous quarter. The quarterly change under seasonal and calendar adjustments (SCA) grew by 1.1%. The employed population in this quarter surpasses pre-pandemic levels.

The unemployed population in Q1 2022, in turn, stood at 3,174,700, which is 13.1% or 479,200 less than the same quarter of 2021. Compared with the previous quarter, the number of unemployed increased by 2.3%, 70,900. The quarterly change under seasonal and calendar adjustments in terms of the number of unemployed shrunk by 0.9%. The unemployed population in this first quarter is below pre-pandemic levels.

Positive LFS data are matched by the results for average monthly Social Security enrolment, as the average enrolment number in the first quarter of 2022 grew by 4.5% versus the same quarter of the previous year. The most recent data published for April 2022, when enrolment stood at 20,019,080, marks an all-time high in enrolment since the beginning of the series in 2004, with a year-on-year growth of 5.1%.

For the fourth straight quarter since the second quarter of 2021, quarterly averages of registered unemployment have fallen year-on-year, with a

rate of 21.6% in this first quarter of 2022; the latest published data for the month of April 2022 indicates a year-on-year fall in unemployment of 22.7%, and 4.5% compared to April 2019. Spain's unemployment figure in April stood at 3,022,503.

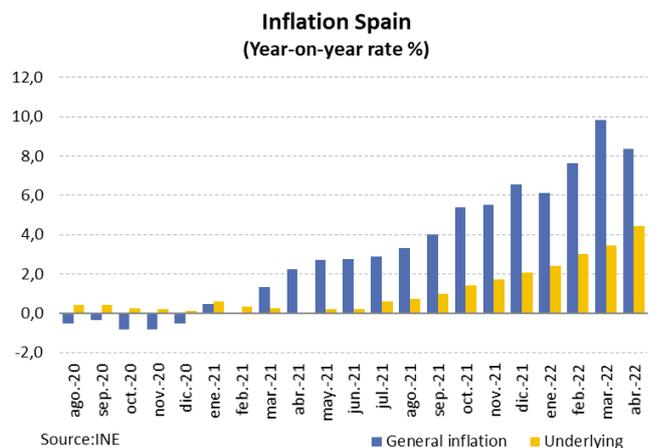
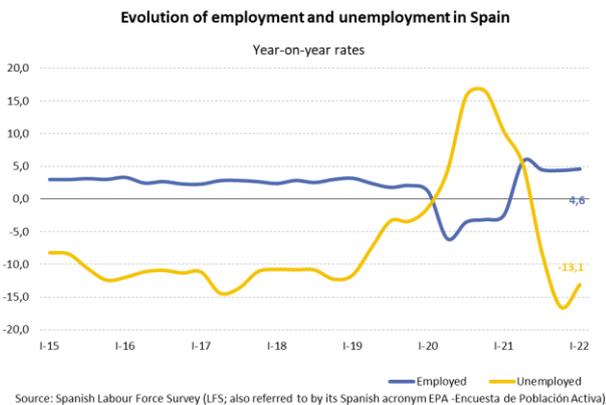
### 4. Prices

**Soaring energy prices drove inflation in the first quarter of 2022 to levels not seen since 1985. Underlying inflation, excluding energy and unprocessed food, continued its upward trend, standing at 4.9% in May.**

Inflation averaged 7.9% in the first quarter of 2022, reaching 9.8% in March, the highest rate since May 1985. The most recent figure published for May, 8.7%, confirms what, unfortunately, distracted the mirage of April, whose rate of 8.3% seemed to halt the upward trend that began in April 2021.

The 'Housing' and 'Transport' groups, both directly affected by the rise in the price of energy products, are the main contributors to the rise since then. The *Electricity* subclass posted an inflation rate of 107.8% in March, an all-time high, while *Liquid Fuels* hit 83.0% in March. Electricity values eased to 34.9% in April, but the high prices of energy products were passed on to the rest of the groups.

Underlying inflation kept its upward profile in early 2022 and recorded an average increase of 2.9% in the first quarter. The published May figure peaked at 4.9%, with values not seen since the last century. European inflation, in turn, continued its upward trend in the first quarter of 2022, from 5.1% in January to 7.5% in March, which extended into April.



## IV. Recent developments in Madrid's economy

### IV.1. Economic growth

**Madrid's economy attenuates its growth rate in the first quarter of 2022, though well above the national average.**

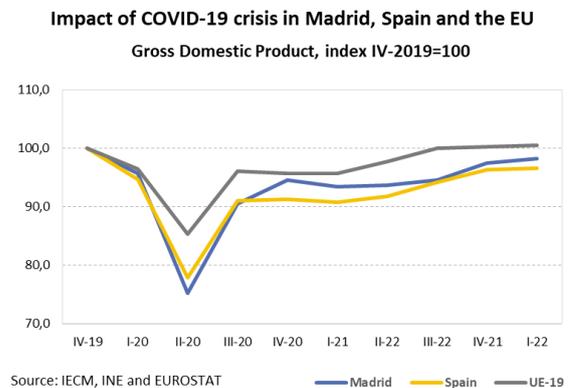
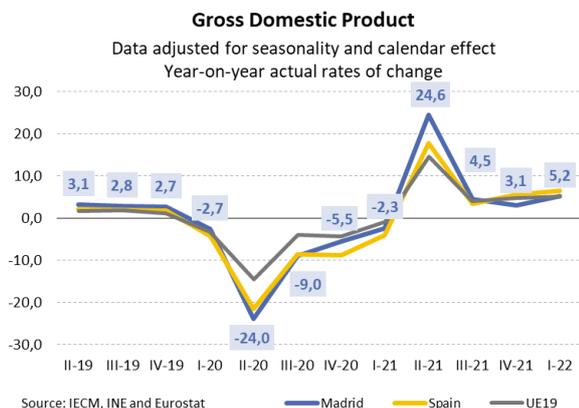
The recovery of the regional economy continued in Q1 2022, according to the Community of Madrid's Regional Accounts, though the pace of growth slowed compared to the previous quarter. This performance is part of an initially difficult context, which has become even more complicated since the outbreak of the war in Ukraine, which has altered expectations of a global recovery and whose impact is being very intense and through very different channels. The surging energy prices are being passed on to other goods and services and prompting monetary policy actions aimed at controlling inflation. These developments, together with the increased levels of uncertainty that this new scenario entails, are conditioning the decisions of economic agents.

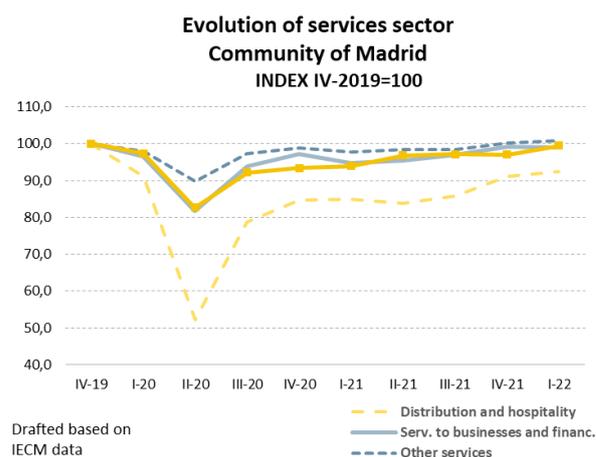
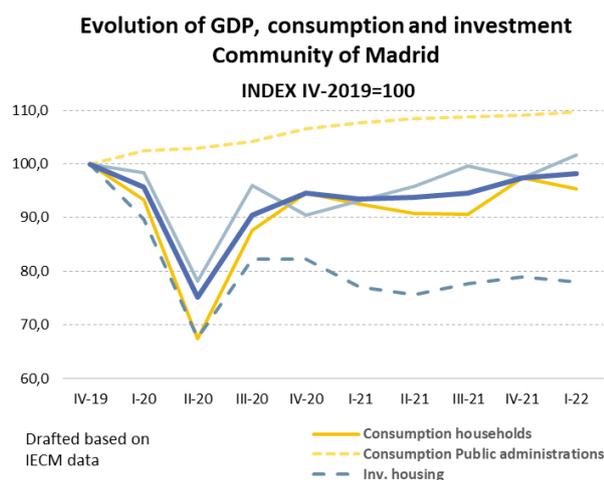
The Community of Madrid thus posted quarter-on-quarter GDP growth of 0.8% versus 3% in Q4 2021. This slowdown in the rate of growth is also observed in Spain, with a rate of 0.3%. In year-on-year terms, Madrid's GDP increased by 5.2%, accelerating from 3.1% in the previous quarter. It stands at 6.4% in Spain. That brings Madrid's GDP level to 98.2% of GDP in real terms in Q4 2019, while Spain stands at 96.6% of GDP at the same time, notwithstanding a sharper downturn in Q2 2020 in the region than in Spain as a whole.

**First-quarter growth was based on the good performance of non-residential investment and the foreign sector, despite the slackened recovery in household consumption.**

In terms of the composition of growth compared with the previous quarter, household consumption contracted by 2.1%, while general government consumption increased slightly by 0.5%. Despite the reduction in investment in housing, which fell by 1.1%, investment was boosted by the 4.3% increase in the rest of gross capital formation. Thus, regional demand posted an 0.8% drop, which was offset by the positive contribution of foreign demand of 1.5 points.

In year-on-year terms, regional demand accelerated, with growth of 3.4%, and external demand increased its contribution to Madrid's GDP growth, from the previous three tenths to two points. Household end consumption expenditure is still growing at 3.1%, still 4.7% below the fourth quarter of 2019. Consumption in the general government sector, which has been growing steadily, is now 9.6% above the pre-pandemic level. Gross capital formation (GCF) was boosted by a rebound in non-residential investment (9.1%) and a somewhat more moderate increase in housing investment (1.2%). Compared to Q4 2019, the former is already 1.6% higher, though the latter is still 22.0% lower. On the supply side in year-on-year terms, growth in the three non-agricultural sectors is accelerating. Across tertiary activities, *distribution and hospitality services* continue to post the strongest growth, though their deterioration has been so intense that they are still 7.5% below Q4 2019 levels; *business and financial services* are only 1.1% below their pre-COVID level; and *other services* has consolidated recovery from, and is also 0.9% above, the pre-pandemic level it posted in Q4 2021.





QUARTERLY ACCOUNTS OF THE COMMUNITY OF MADRID BASE 2013										
(Volume indices, seasonally and calendar-adjusted data)										
		Quarter-on-quarter rate of change (%)								
	2020	2021	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022
Agriculture	-	-	-0,9	-1,4	0,2	3,3	2,4	0,0	-2,7	-0,5
Industry	-	-	-15,1	11,5	1,2	0,6	3,1	0,3	-0,1	2,6
Construction	-	-	-23,9	25,8	6,6	-0,9	0,3	-0,3	1,5	1,4
Services	-	-	-20,8	19,8	4,0	-1,5	0,2	1,4	3,2	0,5
GVA	-	-	-20,4	19,2	3,9	-1,3	0,5	1,2	2,7	0,7
<b>GDP</b>	-	-	<b>-21,3</b>	<b>20,2</b>	<b>4,5</b>	<b>-1,2</b>	<b>0,3</b>	<b>0,9</b>	<b>3,0</b>	<b>0,8</b>
Final Consumption Expenditure	-	-	<b>-20,2</b>	<b>20,2</b>	<b>6,3</b>	<b>-1,3</b>	<b>-1,1</b>	<b>-0,1</b>	<b>5,4</b>	<b>-1,4</b>
- households	-	-	-27,8	29,9	7,9	-2,2	-1,8	-0,2	7,5	-2,1
- Public sector and NPISH	-	-	0,6	1,1	2,3	1,1	0,7	0,2	0,3	0,5
<b>Gross Capital Formation</b>	-	-	<b>-22,0</b>	<b>22,4</b>	<b>-3,9</b>	<b>-0,2</b>	<b>1,2</b>	<b>3,6</b>	<b>-1,0</b>	<b>2,5</b>
- Investment in housing	-	-	-24,6	21,6	0,0	-6,3	-1,9	2,8	1,5	-1,1
- Rest of investment	-	-	-20,6	22,8	-5,8	3,1	2,8	4,0	-2,2	4,3
<b>Regional demand</b>	-	-	<b>-20,5</b>	<b>20,6</b>	<b>4,5</b>	<b>-1,1</b>	<b>-0,7</b>	<b>0,5</b>	<b>4,3</b>	<b>-0,8</b>
<b>External demand<sup>(1)</sup></b>	-	-	<b>-2,3</b>	<b>1,1</b>	<b>0,2</b>	<b>-0,1</b>	<b>1,0</b>	<b>0,4</b>	<b>-1,0</b>	<b>1,5</b>
<b>GDP COMMUNITY OF MADRID</b>	-	-	<b>-21,3</b>	<b>20,2</b>	<b>4,5</b>	<b>-1,2</b>	<b>0,3</b>	<b>0,9</b>	<b>3,0</b>	<b>0,8</b>
<b>GDP SPAIN (Forecast)</b>	-	-	<b>-17,7</b>	<b>16,8</b>	<b>0,2</b>	<b>-0,5</b>	<b>1,1</b>	<b>2,6</b>	<b>2,2</b>	<b>0,3</b>
		Year-on-year rates of change (%)								
	2020	2021	II 2020	III 2020	IV 2020	I 2021	II 2021	III 2021	IV 2021	I 2022
Agriculture	-3,1	3,6	-3,8	-3,1	-2,4	1,1	4,5	6,0	2,9	-0,9
Industry	-8,6	5,3	-17,6	-7,9	-6,7	-3,6	17,1	5,3	3,9	6,0
Construction	-11,4	8,6	-28,1	-9,6	-3,0	1,1	33,2	5,6	0,6	2,9
Services	-10,1	6,0	-23,4	-8,7	-5,8	-2,8	23,0	4,1	3,2	5,3
GVA	-10,1	6,1	-23,1	-8,7	-5,8	-2,6	22,9	4,3	3,1	5,2
<b>GDP</b>	<b>-10,3</b>	<b>6,5</b>	<b>-24,0</b>	<b>-9,0</b>	<b>-5,5</b>	<b>-2,3</b>	<b>24,6</b>	<b>4,5</b>	<b>3,1</b>	<b>5,2</b>
Final Consumption Expenditure	<b>-9,0</b>	<b>7,1</b>	<b>-22,7</b>	<b>-7,9</b>	<b>-2,5</b>	<b>0,7</b>	<b>24,7</b>	<b>3,7</b>	<b>2,8</b>	<b>2,7</b>
- households	-13,6	8,3	-31,8	-12,1	-5,5	-1,0	34,6	3,4	3,1	3,1
- Public sector and NPISH	4,9	4,3	4,3	4,7	6,5	5,2	5,3	4,4	2,4	1,8
<b>Gross Capital Formation</b>	<b>-12,6</b>	<b>2,8</b>	<b>-25,2</b>	<b>-9,1</b>	<b>-12,6</b>	<b>-8,4</b>	<b>18,8</b>	<b>0,6</b>	<b>3,6</b>	<b>6,5</b>
- Investment in housing	-18,4	-3,9	-31,3	-16,7	-17,8	-14,1	11,8	-5,5	-4,0	1,2
- Rest of investment	-9,2	6,4	-21,6	-4,8	-9,6	-5,3	22,6	3,9	7,8	9,1
<b>Regional demand</b>	<b>-9,6</b>	<b>6,4</b>	<b>-23,2</b>	<b>-8,1</b>	<b>-4,2</b>	<b>-0,9</b>	<b>23,7</b>	<b>3,2</b>	<b>3,0</b>	<b>3,4</b>
<b>External demand<sup>(1)</sup></b>	<b>-1,4</b>	<b>0,6</b>	<b>-2,4</b>	<b>-1,4</b>	<b>-1,6</b>	<b>-1,5</b>	<b>2,5</b>	<b>1,6</b>	<b>0,3</b>	<b>2,0</b>
<b>GDP COMMUNITY OF MADRID</b>	<b>-10,3</b>	<b>6,5</b>	<b>-24,0</b>	<b>-9,0</b>	<b>-5,5</b>	<b>-2,3</b>	<b>24,6</b>	<b>4,5</b>	<b>3,1</b>	<b>5,2</b>
<b>GDP SPAIN (Forecast)</b>	<b>-10,8</b>	<b>5,1</b>	<b>-21,5</b>	<b>-8,7</b>	<b>-8,8</b>	<b>-4,1</b>	<b>17,8</b>	<b>3,5</b>	<b>5,5</b>	<b>6,4</b>

(1) Contribution to GDP growth

Source: Institute of Statistics of the Community of Madrid and INE (Quarterly Spanish National Accounts Forecast)

## Sidebar I. Sector contributions to quarterly GDP growth

## Offer

All values are presented seasonally and calendar adjusted, SCA, and comparisons are always in relation to the previous quarter.

The latest Quarterly Regional Accounts data published by the Directorate-General for Economic Affairs of the Community of Madrid reported that the volume of regional **gross value added** (GVA) in the first quarter of 2022, **grew 0.7%**, i.e. 2 points less than the previous quarter.

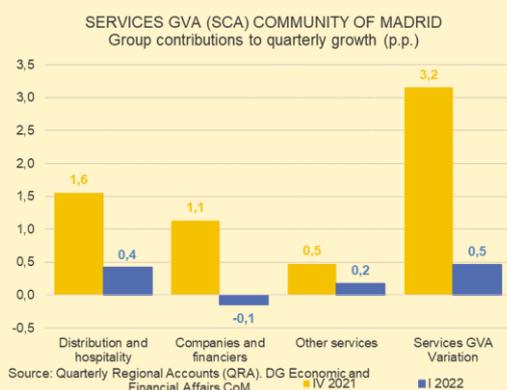
GVA demand (SCA) COMMUNITY OF MADRID			
Sector contributions to quarterly growth (p.p.)			
		IV 2021	I 2022
Contributions	Agriculture and livestock	0,0	0,0
	Industry	0,0	0,3
	Construction	0,1	0,1
	Services	2,7	0,4
<b>GVA Variation (%)</b>		<b>2,7</b>	<b>0,7</b>

Source: Quarterly Regional Accounts (QRA).

DG Economic Affairs CoM

All sectors contributed to quarterly GVA growth in the first quarter: *Agriculture and livestock* is very low, *Industry* (with a weight of 10.8% and a null contribution in the previous quarter) contributes 0.3 points, *Construction* (weight 5.4%) 0.1 points, the same contribution as in the previous quarter, and, above all, *Services* (weight 83.6%) which contributes 0.4 points and which, in the previous quarter, had been the main contributor to GVA growth, with 2.7 points.

In turn, the **services sector** grew by **0.5%** in the period, reducing its contribution by 2.7 points versus the previous quarter. All groups



contributed to the recovery, except *Business and Financial Services* which, with a weight of 46.7% of services, shaved off 0.1 points. The contribution of *Distribution and hospitality* is 0.4 points and a weight of 27.5% of services, and finally *Other services*, with a contribution of 0.2 points and a weight of 21.6%.

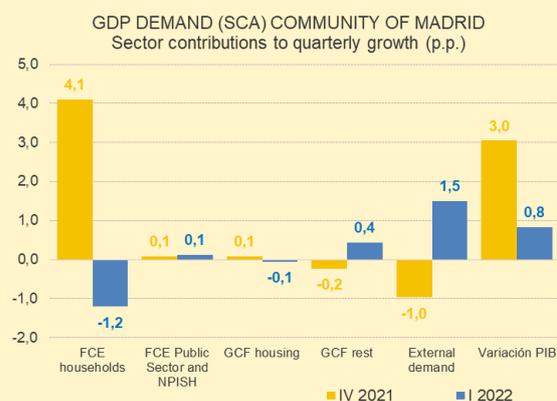
## Demand

The **GDP** volume expanded by **0.8%** in the first quarter of 2022, driven by a 1.5-point contribution from foreign demand and a 0.4-point contribution from GCF; however, final consumption expenditure (FCE), which in the previous quarter had strongly pulled GDP by 4.2 points, mainly due to household consumption, in this first quarter drains 1.1 points from quarter-on-quarter GDP growth.

GDP Demand (SCA) Community Of Madrid			
Sector contributions to quarterly growth			
		IV 2021	I 2022
Contributions	FCE households	4,1	-1,2
	FCE Public Sector and NPISH	0,1	0,1
	<b>FCE</b>	<b>4,2</b>	<b>-1,1</b>
	GCF housing	0,1	-0,1
	GCF rest	-0,2	0,4
<b>GCF</b>	<b>-0,2</b>	<b>0,4</b>	
External demand		-1,0	1,5
<b>GDP variation (%)</b>		<b>3,0</b>	<b>0,8</b>

Source: Quarterly Regional Accounts (QRA). DG Economic Affairs

The FCE, with a weight of 80.7% of GDP, reduced GDP growth because of a household consumption drop of 1.2 points, which is not compensated by the 0.1-point contribution of general government and non-profit institutions serving households. The GCF (with a weight of 15.6% of GDP) contributes because the rest of the investment adds 0.4 points even though investment in housing detracts 0.1. Finally, foreign demand (with a weight of 3.6% of GDP) contributed most to growth, although it had dropped 1 point in the previous quarter.



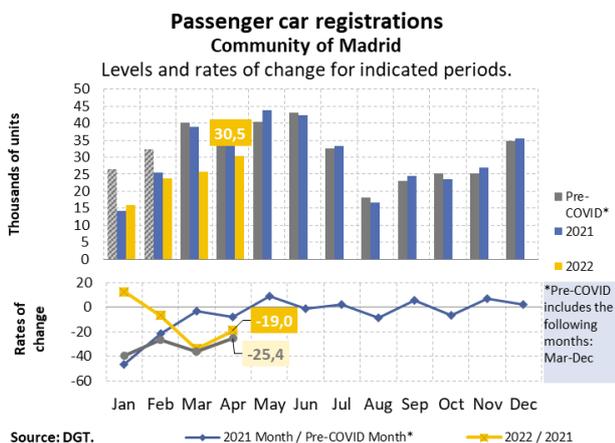
## IV.2. Demand and production

### IV.2.A. Domestic demand

**Passenger car registrations in the first quarter of 2022 are the lowest for this quarter since 2009 and continue to fall in April.**

The Directorate-General for Traffic reports that passenger car registrations in the first quarter amounted to 65,413 units, the second lowest number for this period in the series, with data since 2002. The year-on-year comparison reveals a drop of 16.7%, with 13,135 fewer units than a year ago and 36,605 fewer, or 35.9%, than in the same period of 2019. The sector's crisis is no longer only due to a shortage of supply due to the lack of microchips, but also to low demand: higher prices, more expensive energy, the geopolitical situation and, particularly in the second half of March, the transport strike which directly interfered with the activity of the dealers, are the main causes of the current situation. One should not rule out the impact that policies targeting private vehicles powered by fossil fuels may have. The latest data for April 2022 reflects a 19% year-on-year decline and the lowest volume for a month of April since 2015, with 30,500 registrations (-25.4% compared to April 2019), with the exception of April 2020 (1,118 units) in full lockdown.

Lorry and van registrations in Q1 2022, at 12,064 units, slipped 29% compared to the same quarter of 2021, down 4,919 registrations, and was 4,791 units, or 28.4%, lower than in the same period of 2019. The April data reflect a year-on-year slump of 27.4%, and a 16.6% drop compared to April 2019.

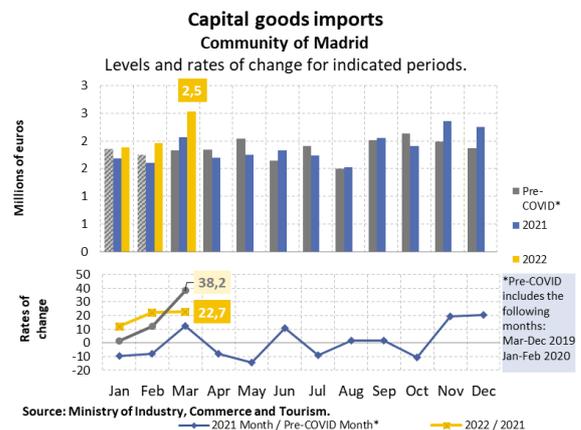


**Petrol consumption in Q1 2022 outpaced pre-pandemic volumes, while diesel consumption remains lower.**

Petrol consumption in Q1 2022 reached the highest volume for this quarter since 2008 and grew by 32.2% compared to the same quarter in 2021, the largest increase for this period in the series, an increase of 11.4% compared to Q1 2019. The latest data published, corresponding to March, reflects the highest consumption for this month since 2007 and 11.1% higher year-on-year, the second highest increase in the series for a March month, after that of 2021 (+58.7%); compared to March 2019, the increase is 9.8%. Diesel consumption in this first quarter is 9.9% higher than in 2021, taking into account that the comparison is made with the lowest value for a first quarter in the series, with 2022 being the second lowest; the comparison with the first quarter of 2019 shows a decrease of 12%. The most recent data, corresponding to March, presents the second lowest consumption in the series for this month, only above that of March 2020, at the start of the state of alarm; in this month of 2022, it is worth highlighting the carrier strike starting on the 14th, with which diesel fuels have fallen by 1.1%, and 8.7% compared to March 2019.

**Imports of capital goods continue to rise in Q1 2022.**

Imports of capital goods stood at €6,380.8 million in Q1, the highest amount for this period in the series, with a year-on-year increase of 19.2%, and 21.1% compared to Q1 2019. In March, it reached the second highest in the series at €2,534.4 million, only higher than in October 2008 and up 22.7% year-on-year, 38.2% higher than in 2019.



## IV.2.B. Foreign demand

In Q1 2022, the Community of Madrid's trade balance continued the extraordinary dynamism that began in the second half of 2021.

In Q1 2022, exports from the Community of Madrid are up 68.3% compared to the same period in 2021, and stand at €13,133.9 million, a record value for a quarter in the history of the series.

The Community of Madrid bought 51% more from abroad in Q1 2022 than a year ago. Purchasing figures stood salient at €25,919 million, hitting a new series record for a quarter. The rise in the prices of energy products and the headquarters effect in the territorial allocation of some of its main items are behind the extraordinary boost in this chapter.

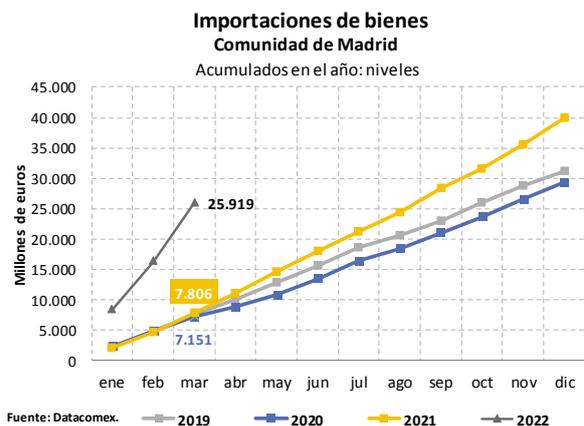
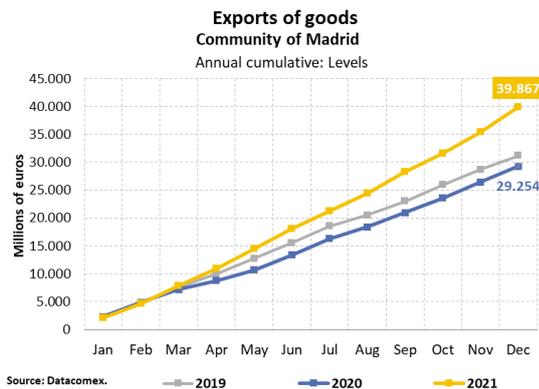
**The role in the exchange of pharmaceuticals and energy products remains a key issue in the face of inflationary pressures.**

The two tariff headings that contributed most to export growth in 2021 continue to play a leading role in Q1 2022: *Pharmaceuticals and Fuels; mineral oils*. The sum of the contribution of both headings is 59.3 points for the year as a whole. The Community of Madrid sold Pharmaceuticals worth €3,987.9 million this quarter, 266% more than in the same period of 2021. For *Fuels; mineral oils*, exports amounted to €2,080.9

million, 492% higher than in Q1 2021. Combined, they account for 46.2% of Madrid's sales, whereas in Q1 2019, both headings barely accounted for 17.3% of exports. The participation in the manufacturing process for the Moderna vaccine of Rovi Laboratories, located in San Sebastián de los Reyes, centralised a significant increase in sales of *Pharmaceuticals* in Madrid, where vaccines account for almost 54% of the heading, with an increase of 533% in this period. From *Fuels; mineral oils*, nearly 80% comes under "2716 *Electrical energy*". It is worth noting that Madrid is the region that accounts for all electricity sales in Spain.

The same players appear again for the Madrid imports. For *Fuels; mineral oils*, we purchased €5,398.3 million in Q1 2022, more than 58% of the amount purchased in the whole of 2021. It represents over 28% of Spain's total imports under this heading, which in the same period in 2021 accounted for 14.4%. In the case of code 2711 Petroleum gases and other gaseous hydrocarbons, which includes liquefied natural gas (LNG), imports by the Community of Madrid account for almost 73% of the total purchased by Spain. The Community of Madrid's locational centre effect for both LNG imports (from April 2020) and electricity purchases, together with the inflationary pressures on these supplies, explain, to some extent, Madrid's excellent import data.

The countries accompanying the growth of these headings are: Belgium as a major recipient of vaccines, and Portugal and France as destinations for electricity. In addition, the US as a supplier of both *Pharmaceuticals* (vaccines and drugs to combat the coronavirus) and LNG.



**Sidebar II: Changes in the composition of trade flows before and after the pandemic**

**B. Spanish exports and imports by Autonomous Communities - 2019 vs 2022**



These charts reflect the prominence gained by the Community of Madrid in 2022 compared to the situation for the same period in 2019. The weight of Madrid's exports on the national total has gone from fourth place with 10.5% to second place with 14.7%. It is still in second place in terms of imports, but has gone from absorbing 19.4% of Spain's total imports to representing 24.7%.

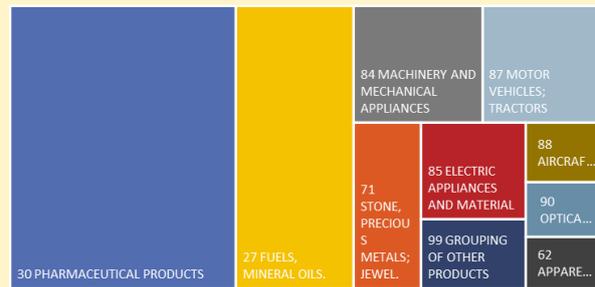
In terms of contributions to Spanish export growth, the Community of Madrid stands out as the region with the highest contribution in Q1 2022, with 7.4 points, much higher than the next region, Catalonia, which contributes 3.7 points. As for the increase in imports, once again, the Community of Madrid has the highest contribution, with 11.6 points, while Catalonia follows with 7.5 points in Q1 2022.

## B. Changes in the composition of exports and imports of the Community of Madrid by code heading - 2019 vs 2022.

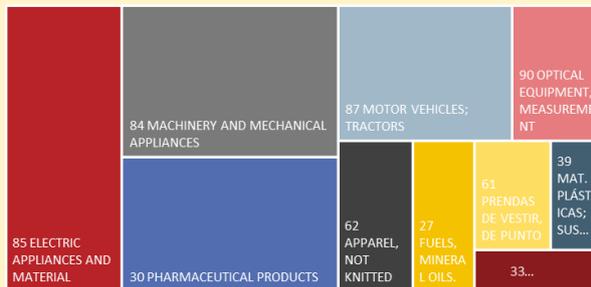
10 most sold TARIC (69,3%)  
(First quarter 2019)



10 most sold TARIC (79,4%)  
(First quarter 2022)



10 most purchased TARIC (71,0%)  
(First quarter 2019)



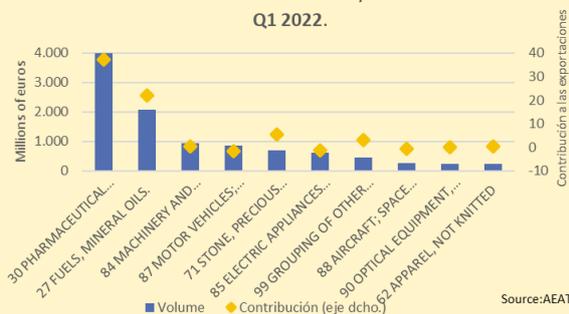
10 most purchased TARIC (78,2%)  
(First quarter 2022)



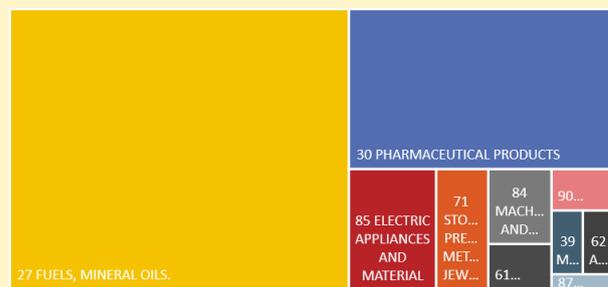
The composition of exports by code or TARIC headings, based on trends from Q1 2019 to the same period in 2022, clearly reflects the prominence of the two main ones in both flows: *Pharmaceuticals and Fuels; mineral oils*. Combined, they accounted for 46.2% of total sales in Q1 2022, compared to only 17.3% in 2019. Of purchases, the two accounted for 38.3% of Madrid's total imports, compared to 16% in Q1 2019.

In terms of contributions, three of the top 10 best-selling items have negative contributions in the first quarter of 2022, so we cannot represent them in the chart above. However, *Pharmaceuticals and Fuels; mineral oils* once again account for 59.3 points of export growth. Both contribute 35.4 points to the change in imports.

10 most sold TARIC by CoM.  
Q1 2022.



Contribution of the top 10 TARIC to the increase in imports. Q1 2022.



### IV.2.C. Foreign direct investment

#### The year 2021 closed with a rebound in direct investment in the region.

Foreign direct investment (FDI) received in Madrid, excluding Foreign Securities Holding Entities (ETVE), increased in the fourth quarter of 2021, the latest available data, to 10,937 million euros, 142.1% above Q3 and 71.6% higher than a year ago. Investment in Spain as a whole also increased by 125% compared to the third quarter, or by 54.7% compared to the fourth quarter of 2020. Madrid continues to be the preferred destination for investment in Spain, accounting for 77.2% of the national total.

Fourth quarter Investment by sector in the Community of Madrid was mainly directed towards two branches: *specialised construction activities*, which accounted for 45% of the FDI received, and *electricity supply*, which accounted for 24.2% of the total.

By country, there was a high concentration in the origin of the investment received in Madrid in the fourth quarter: The main countries are France (50.5% of the total), Australia (22%) and the United Kingdom (12%).

This strong increase in the fourth quarter brings the FDI received for the year as a whole to 20,944 million, 14.6% higher than in 2020. France is responsible for 31% of the investment received in the year as a whole, though the USA (15.6%), Australia (11.8%) and the UK (11.3%) are also

prominent. By sector, the first two branches, the same as in the fourth quarter, account for 46.2% of the total FDI received.

#### The region's investment abroad moderated again in the fourth quarter and was almost 25% lower in 2021 than in the previous year.

Madrid's gross investment abroad in Q1 2021, excluding ETVEs, fell sharply, by 66.8% quarter-on-quarter and 85.8% year-on-year, to €1,089 million. There was also a sharp downturn in investment in Spain as a whole, where Madrid accounted for 53.5% of the total in the quarter.

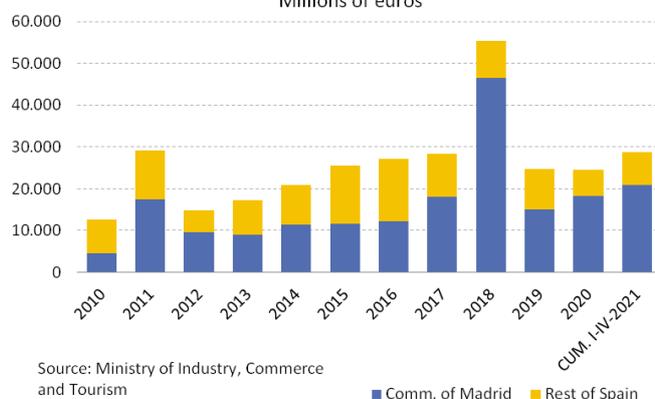
The top four destinations for FDI issued in the last quarter were Latin American countries (Uruguay, Brazil, Mexico and Chile), which accounted for 60.6% of investment.

In terms of sectors, the main branch investing abroad in the fourth quarter was financial services except insurance (28% of the total) followed by activities auxiliary to financial services (20.8%).

In the overall calculation for 2021, the FDI issued by Madrid is 24.5% lower than in 2020, for a total of €15,259 million. In 2021, the United Kingdom was the main destination (50% of the total), followed by Luxembourg (14.9%) and Mexico (7.5%). *Financial services, except insurance*, which accounted for 79.2% of annual investment, stands out among the branches investing abroad, as it has done throughout the year.

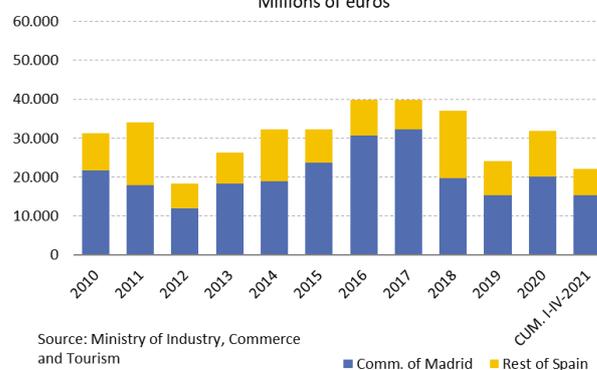
**Inward foreign investment**

Millions of euros



**Outward foreign investment**

Millions of euros



Main countries of destination of outward foreign investment from the Community of Madrid. Sectoral flow breakdown.				
Investment destination	Investment origin sector	Volume (millions of €)	Total weight of each country	Weight over total of CoM
<b>Q4 2021</b>				
<b>1</b>	<b>URUGUAY</b>	<b>Sector totals</b>	<b>213,9</b>	<b>100,0</b>
				<b>19,6</b>
		66 OTHER FINANCIAL ACTIVITIES	213,9	100,0
		99 ACTIV. OF EXTRATERRITORIAL ORGANISATIONS AND BODIES	0,0	0,0
		98 UNDIFF. GOODS- & SERVICES-PRODUCING ACTIVITIES	0,0	0,0
<b>2</b>	<b>BRAZIL</b>	<b>Sector totals</b>	<b>162,1</b>	<b>100,0</b>
				<b>14,9</b>
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	87,1	53,7
		47 RETAIL TRADE, EXCEPT OF MOTOR VEHICLES	56,3	34,7
		66 OTHER FINANCIAL ACTIVITIES	13,0	8,0
<b>3</b>	<b>MEXICO</b>	<b>Sector totals</b>	<b>157,8</b>	<b>100,0</b>
				<b>14,5</b>
		82 OFFICE ADMINISTRATIVE ACTIVITIES	121,4	77,4
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	28,6	18,3
		42 CIVIL ENGINEERING	6,8	4,3
<b>Subtotal FDI ISSUED Top 3 countries</b>			<b>533,8</b>	<b>-</b>
<b>Total FDI ISSUED</b>			<b>1.088,9</b>	<b>-</b>
<b>CUMULATIVE I - IV 2021</b>				
<b>1</b>	<b>UNITED KINGDOM</b>	<b>Sector totals</b>	<b>7.634,1</b>	<b>100,0</b>
				<b>50,0</b>
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	7.594,7	99,5
		41 CONSTRUCTION OF BUILDINGS	37,7	0,5
		20 MANUFACTURING OF CHEM	0,3	0,0
<b>2</b>	<b>LUXEMBURGO</b>	<b>Sector totals</b>	<b>2.279,2</b>	<b>100,0</b>
				<b>14,9</b>
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	2.140,6	94,8
		23 MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS	54,5	2,4
		65 INSURANCE, REINSURANCE & PENSION FUNDING, EXCEPT SS	35,0	1,6
<b>3</b>	<b>MEXICO</b>	<b>Sector totals</b>	<b>1.148,6</b>	<b>100,0</b>
				<b>7,5</b>
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	573,5	50,0
		20 MANUFACTURING OF CHEM	219,0	19,1
		23 MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS	167,8	14,6
<b>Total FDI ISSUED</b>			<b>15.258,7</b>	<b>-</b>
<b>Subtotal FDI ISSUED Top 3 countries</b>			<b>11.061,9</b>	<b>-</b>

Source: Compilation based on data from the Ministry of Industry, Trade and Tourism

Main countries of origin of foreign investment in the Community of Madrid. Sectoral flow breakdown				
Investment origin	Investment sector	Volume (millions of €)	Total weight of each country	Weight over total of CoM
<b>Q4 2021</b>				
<b>1</b>	<b>FRANCE</b>	<b>Sector totals</b>	<b>5.528,6</b>	<b>100,0</b>
				<b>50,5</b>
		43 SPECIALISED CONSTRUCTION ACTIVITIES	4.901,7	88,7
		87 RESIDENTIAL CARE ACTIVITIES	177,0	3,2
		68 REAL ESTATE ACTIVITIES	150,0	2,7
<b>2</b>	<b>AUSTRALIA</b>	<b>Sector totals</b>	<b>2.405,2</b>	<b>100,0</b>
				<b>22,0</b>
		35 ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	2.402,7	99,9
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	2,5	0,1
		30 MANUFACTURE OF OTHER TRANSPORT EQUIPMENT	0,0	0,0
<b>3</b>	<b>UNITED KINGDOM</b>	<b>Sector totals</b>	<b>1.307,4</b>	<b>100,0</b>
				<b>12,0</b>
		56 FOOD AND BEVERAGE SERVICE ACTIVITIES	677,0	51,8
		46 WHOLESALE TRADE, EXCEPT OF MOTOR VEHICLES	190,2	14,5
		63 INFORMATION SERVICES	160,5	12,3
<b>Subtotal FDI Received Top 3 countries</b>			<b>9.241,2</b>	<b>-</b>
<b>Total FDI Received</b>			<b>10.937,1</b>	<b>-</b>
<b>CUMULATIVE QI - IV 2021</b>				
<b>1</b>	<b>FRANCE</b>	<b>Sector totals</b>	<b>6.484,0</b>	<b>100,0</b>
				<b>31,0</b>
		43 SPECIALISED CONSTRUCTION ACTIVITIES	4.958,7	76,5
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	399,9	6,2
		35 ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	298,6	4,6
<b>2</b>	<b>UNITED STATES</b>	<b>Sector totals</b>	<b>3.275,5</b>	<b>100,0</b>
				<b>15,6</b>
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	1.092,5	33,4
		25 MANUFACTURE OF FABRICATED METAL	757,0	23,1
		93 SPORTS ACTIVITIES AND AMUSEMENT AND RECREATION	228,5	7,0
<b>3</b>	<b>AUSTRALIA</b>	<b>Sector totals</b>	<b>2.479,2</b>	<b>100,0</b>
				<b>11,8</b>
		35 ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	2.402,7	96,9
		64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	70,0	2,8
		61 TELECOMMUNICATIONS	4,0	0,2
<b>Subtotal FDI Received Top 3 countries</b>			<b>12.238,7</b>	<b>-</b>
<b>Total FDI Received</b>			<b>20.943,9</b>	<b>-</b>

Source: Compilation based on data from the Ministry of Industry, Trade and Tourism

## IV.2.D. Manufacturing

### 1. Industry

#### Industrial Gross Value Added regained momentum in Q1 2022.

The Community of Madrid Quarterly Regional Accounts for Q1 2022 shows that industrial GVA once again began regaining after stagnating in the second half of 2021, growing by 2.6% in the quarter, well above the growth of the region's GDP as a whole (0.8%). This dynamism is also seen in the year-on-year comparison, from a rate of 3.9% in Q4 2021 to 6% in this first quarter, the highest of the four major sectors.

#### The Industrial Production Index continued recovering throughout Q1 2022.

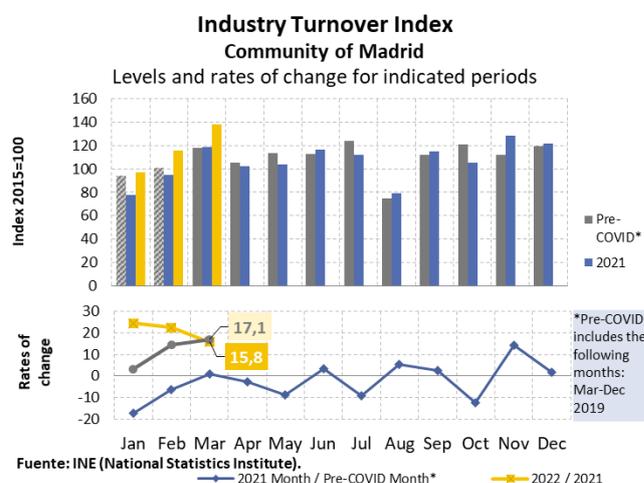
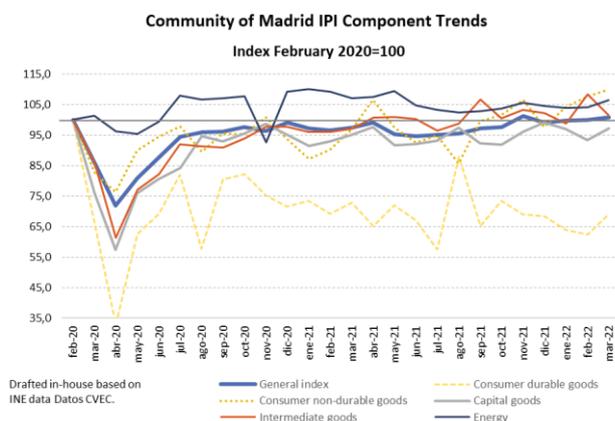
The IPI in the Community of Madrid extended the momentum of the first two months of 2022 into March, with growth of 3.5%, only one tenth of a percentage point lower than in February, with a seasonal and calendar adjustment (SCA). While these data are still provisional, the indicator would be 0.8% ahead of the value immediately prior to the start of the pandemic (February 2020). In Spain, also with SCA data, the evolution in March is more unfavourable, with growth of the indicator decelerating to 0.1% and standing 1.4% below the level of February 2020. The IPI increased by 3.3% year-on-year in Madrid and by 1.6% in Spain in the first quarter as a whole (SCA).

Among the four components of the IPI in the Community of Madrid (in year-on-year and SCA

terms), a new and important increase in March in consumer goods stands out, accompanied by a somewhat milder increase in intermediate goods. Capital goods recovered somewhat from the weakening seen in February, and energy fell again, albeit less sharply than in previous months. Despite the deterioration, the energy index kept above the pre-pandemic level of February 2020, along with intermediate goods and consumer goods; the consumer durables segment still maintains a deep gap with the pre-COVID situation without, for the time being, showing clear signs of improvement.

#### The Turnover Index also exhibited a favourable progression, with very significant growth at the beginning of 2022.

The Community of Madrid's Industry Turnover Index continued recovering in terms of the activity levels as hinted throughout 2021, a year that closed with an overall growth of 11.6% compared to 2020, although, on annual average, it remained 3.1% below 2019. Thus, the index recorded a year-on-year growth rate in March 2022 of 15.8%, which rose to 20.3% in the first quarter as a whole, remaining above the levels prior to the start of the pandemic uninterruptedly since November last year, to stand at 17.1% above the March 2019 value in March 2022.



## 2. Construction

### GVA in construction in the first quarter kept up the good year-on-year pace of 2021.

According to the Quarterly Regional Accounts, and after the contraction recorded in 2020, in 2021 the growth path of GVA in construction in Madrid will recover, with an increase of 8.6% for the year as a whole, the highest in the 2011-2021 series. Although construction GVA grew in all four quarters of 2021, it grew unevenly, slightly in the first quarter (1.1%), strongly in the second quarter (33.2%), then normalised in the third quarter (5.6%) and very slightly in the fourth quarter (0.6%). The sector regained momentum in Q1 2022, with a year-on-year growth of 2.9%.

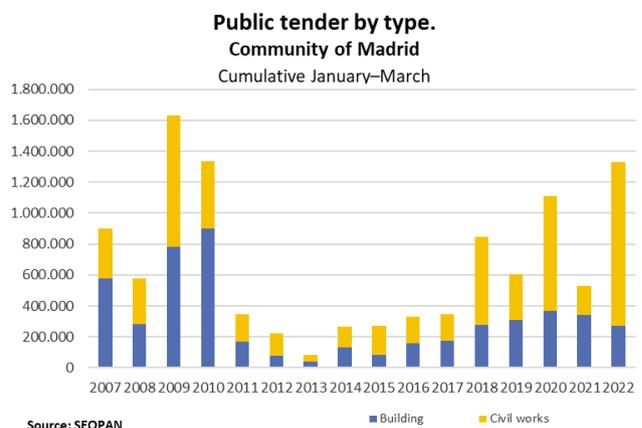
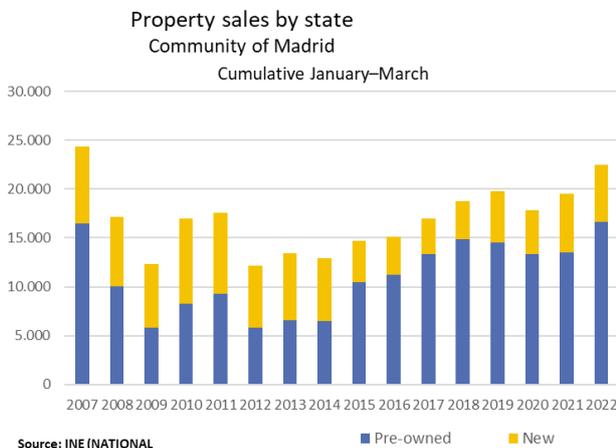
### Tendering in Q1 2022 recorded the highest level of all first quarters of the series since 2010, with leading indicators performing very well.

After the magnificent result of public tenders in construction recorded in 2021 as a whole, 2022 begins with the highest level of activity in the first quarters over the last twelve years and a total tendering of €1,328 million, which represents an increase of 191.7% compared to Q1 2021, and 120.6% compared to the same quarter of 2019. In terms of year-on-year momentum, civil engineering projects was the main driver of progress, with 432% growth and nearly 80% of total tenders. The €1,056.1 million in civil engineering project tenders in the first quarter was more than three times the amount recorded in the same quarter of 2019. Building tenders, having peaked in the second quarter of 2021, continue to taper off and stood at €272 million in Q1 2022, 20.3% lower than a year ago.

With data up to February 2022, all leading indicators are up year-on-year. The building permits issued by the Association of Technical Architects therefore confirm the dynamics of the residential market at the start of 2022; homes multiplied by 50.2% in the cumulative January-February period compared to the same period in 2021; total surface area grew by 38.6%; permit amounts rose by 48.9%; and building permits increased, albeit to a lesser extent, by 6.1%. In relation to the lagging activity indicators, the number of construction completion certifications decreased by 24.8% in the cumulative January-February 2022 period as a result of the disruption that the pandemic generated in the flow of new building projects.

### The upturn in construction was bolstered by the solidly performing residential market.

The post-pandemic performance of the residential segment proved decisive, ahead of the recovery in overall economic activity, driven by the investment of part of the savings accumulated during the lockdown. The INE reports that residential property sales accelerated significantly in 2021 as a whole, with year-on-year increases in purchases of 37.6%: 32.7% in new and 39.5% in pre-owned homes. This expansive trend in 2021 continued in Q1 2022, albeit somewhat more restrained, with year-on-year increases in total sales and purchases of 15.3% and 22.8% in pre-owned homes, while new homes fell 1.9% over the year. The 16,630 purchases of pre-owned homes are the highest figure for a first quarter in the series.



Mortgage statistics reveal that the number of housing transactions formalised in 2021 was above pre-pandemic levels in 2021, with 73,473 transactions, presenting a relative maximum of the series since 2010, and the capital subscribed approaching €15 billion, its highest value since

### 3. Services

**Annual GVA growth in the services sector persisted into Q1 2022 in the Community of Madrid.**

The recovery of the regional economy continued in Q1 2022 according to the Community of Madrid's Regional Accounts. In particular, real GVA in services, adjusted for seasonal and calendar adjustment (SCA), grew by 0.5% versus the previous quarter, and 5.3% in year-on-year terms. This performance underpins the annual performance of services GVA, which grew by 6% in 2021 after a fall of 10.1% in 2020.

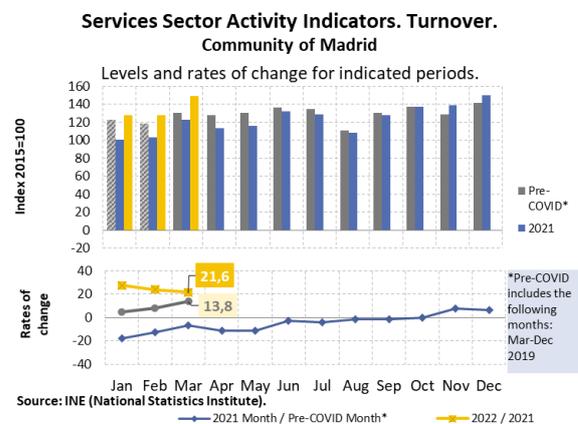
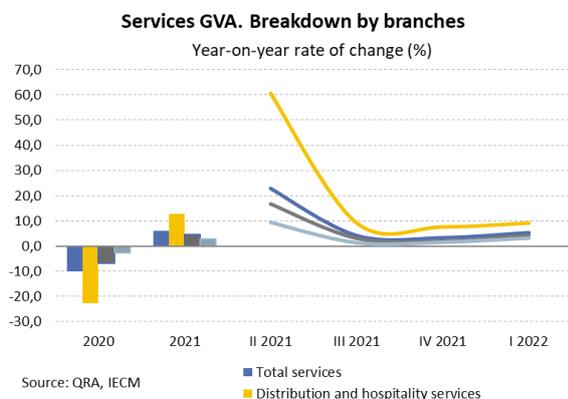
All the branches in the services aggregate posted growth in real GVA (SCA) versus the previous quarter, except for *Business and Financial Services*, which fell by 0.3%; of note was the 1.6% increase in *Distribution and hospitality services*, and *Other services*, which rose by 0.7%. In year-on-year terms, all branches point to significant growth in Q1 2022, namely *Distribution and hospitality* (9%), *Business and financial services* (4.4%) and *Other services* (3.2%).

2008. This good performance of the mortgage market is maintained in Q1 2022, in which the number of mortgages grew by 18% year-on-year and the capital formalised by 32.9%, the latter exceeding by 23% that recorded in Q1 2019.

**The Services Sector Activity Indicators (SSAI) kept up an annual growth above pre-pandemic levels.**

The quarterly SSAI average in Q1 2022 grew by 24.2% versus the first quarter of the previous year, against 21.7% in Spain. This is the fourth consecutive quarter of an upward trend that began in Q2 2021, breaking with the pandemic-induced falls in the index that began in the first quarter of 2020. The level of the index, both in the Community and in Spain, stood above that of pre-pandemic, 11.2% more in the region compared to the first of 2019, compared to 11.3% in Spain.

The SSAI employment index points to a recovery similar to the business index in both the Community of Madrid and Spain, albeit at a slower pace. Average growth in the Community of Madrid in Q1 2022 compared to Q1 2021 is 4.1% (versus 4.4% for Spain) and, similar to business, kept advancing since Q2 2021. Moreover, the quarterly average level in this first quarter exceeded pre-pandemic levels, advancing 1.1% in the region and 0.1% in Spain compared to the first quarter of 2019.



**Performance improved for air passenger and freight traffic, and also metro and city bus transport, though they remain below pre-pandemic levels, except for freight.**

Passenger flows at Adolfo Suarez Madrid Barajas airport rose in Q1 2022 to just over 9,100,000 passengers, compared to 2,500,000 in Q1 2021, still a long way short of the 11,000,000 at the start of the pandemic in Q1 2020.

In Q1 2022, freight traffic at the Madrid airport increased by 30.4% year-on-year, and is above the levels at the beginning of the pandemic, growing by 8.1% in relation to Q1 2020 and 6.9% in relation to Q1 2019.

Metro de Madrid's urban transport in Q1 2022 posted a significant year-on-year growth of 45.1%, although it fell by 6.2% compared to the same quarter in 2020. The same behaviour is observed in urban bus transport, growing by 50.3% compared to Q1 2021, although 5.6% below Q1 2020; the decreases are accentuated to 22.6% and 21.5%, respectively, in the comparison with Q1 2019.

**Turnover and Employment figures in the Retail Trade Indices (RTI) for the Community of Madrid continued in Q1 2022.**

Although the latest March 2022 data for the deflated RTI turnover index in the Community of Madrid fell by 3.9% year-on-year, the average for Q1 2022 is 1.5% higher than in the same quarter of 2021, continuing the advance started in Q3 2020, with the index since then exceeding the pre-pandemic level in terms of quarterly averages.

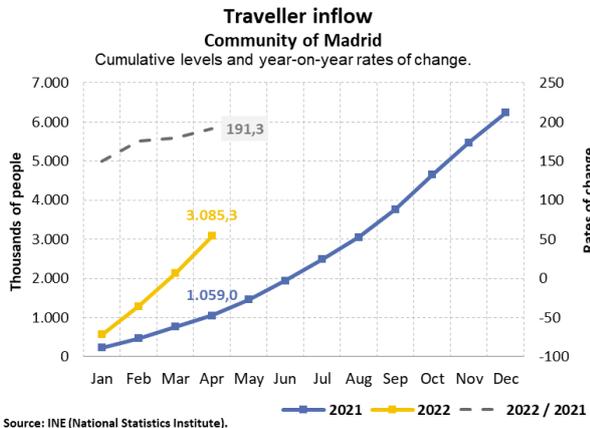
Spain's quarterly average index in Q1 2022 fell by 0.3% compared with the same quarter in 2021,

continuing the decline that began in the previous quarter and even falling below the level at the start of the pandemic in March 2020, falling by 2.1% compared with that quarter.

In turn, in Q1 2022, the RTI employment index in the Community of Madrid advanced 2.6% y-o-y compared to 2.7% in Spain, and continued the growth path that started in Q2 2021; however, compared to the same quarter of 2020, it fell 0.3%, versus 0.4% in Spain. The latest figures for April confirm these favourable developments.

**Hotel activity in the Community of Madrid improved in Q1 2022 but is still below 2019 levels.**

Slightly more than 2,100,000 passengers arrived in Q1 2022 compared to more than 765,000 passengers in the first quarter of the previous year, in line with the trend that began in Q2 2021. The level is, however, still lower than pre-pandemic numbers; 25.6% fewer tourists came in this first quarter of 2022 than in the same quarter of 2019, when more than 2,875,000 travellers came, and slightly less, 3.7%, than in the first quarter of 2020. Sixty-five per cent of the travellers received in CoM in Q1 2022 were domestic. The latest data published, corresponding to April 2022, with more than 947,000 passengers, improves on the same month of the previous year, with almost 294,000 passengers, but well below that of April 2019, with more than 1,065,000 passengers. It is worth recalling that in April 2020, hotel establishments were closed by ministerial order.



Overnight stays in the Community of Madrid paralleled the behaviour of incoming travellers. Just over 4,300,000 travellers stayed overnight in Q1 2022, more than in Q1 2021, with 1,475,000 overnight stays, yet fewer than in Q1 2019, when 5,700,000 overnight stays were recorded. That also remains below the 4,500,000 overnight stays recorded in Q1 2020.

In relation to the occupancy rate, the Q1 2022 average of 43.6% is an improvement on the

23.4% of Q1 2021, but again, still below the Q1 2019 average of 55.4% and the Q1 2020 average of 45.4%. While the latest value of 58.4% occupancy in April 2022 is an improvement on the April 2021 value of 23.4%, it is still below the 62.4% of April 2019. Similarly, the rest of the hotel indicators are behaving along the same lines, where the good results of Easter are driving the recovery process towards pre-pandemic levels.

### IV.3. Prices and wages

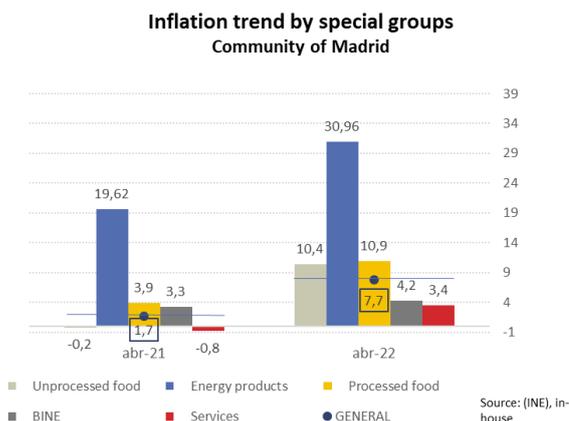
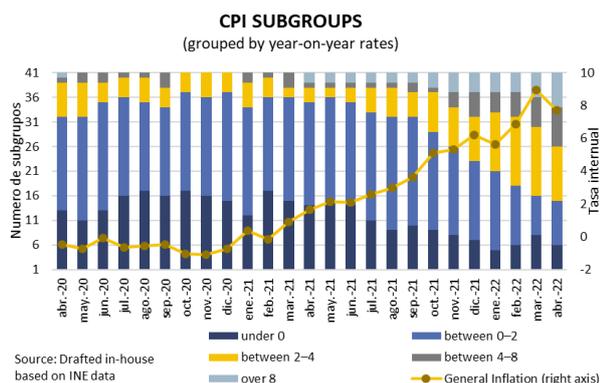
**Soaring electricity and fuel prices propelled inflation in Q1 2022 to levels not seen since 1986. Underlying inflation continues its unstoppable rise as higher energy prices are passed through to the more structural part of the index.**

After being slightly curbed in January, inflation in the Community of Madrid accelerated the rise, reaching 9.0% in March, the highest level since January 1986. Thus, average inflation in the Community of Madrid in the first quarter of the year was 7.2%. The latest data published corresponding to April show that inflation seems to be contained once again, posting a value of 7.7%.

Inflationary pressures from energy products have directly affected the two groups that contributed most to the rise in inflation in the first quarter: 'Housing' and 'Transport'. The first group is directly affected by the increase in electricity prices; thus, the subgroup *Electricity, gas and other fuels* reached an inflation rate of 71.1% in March, a record high in this regard, though it tempered off in April to 36.8%. Within 'Transport', and affected by the rising fuel prices, the subgroup *Use of personal vehicles* reached an

inflation rate of 26.2% in March, a record high in the series, though that also tapered off 16.6% in April.

Notwithstanding the lower prices of energy products in April, the gradual pass-through of the rise in energy product prices to the final prices of the other groups, due to the increase in production costs, is already taking shape in the first quarter of the year. In this regard, 'Food and non-alcoholic beverages' held the third highest contribution in the first quarter, and in April, it is the group that contributed the most to the rise, with inflation at 10.2%, the first time it has recorded a double-digit rate. The most inflationary headings include: *Oils and fats* (49.8% inflation in April), *Eggs* (19.0%), *Grains and cereal products* (16.0%), *Bread* (13.5%) and milk (13.4%); shopping basket essentials. Finally, 'Restaurants and hotels', which posted a 4.5% inflation in the first quarter, but in April, with the arrival of Easter, the end of restrictions and a favourable comparison with a 2021 still in the grip of the pandemic, inflation rose to 6.5%, driven by the *Accommodation services* subgroup, with an



average inflation rate in the first quarter of around 25%, and which in April rose to 42.6%.

Underlying inflation, a measure that excludes trends in unprocessed food and energy prices, continues on its unstoppable upward trajectory, already at elevated figures. In the first quarter, inflation averaged around 2.8% (1.9% in the previous quarter), though it hit 4.2% in April, which

was the highest in the last 20 years, reflecting the pass-through of inflationary pressures from energy products to the other groups; In fact, 8 of the 12 groups that make up the shopping basket have an inflation rate above 2%, and of the 41 subgroups, 26 are above 2% this month, compared with a year ago, April 2021, when only 6 subgroups had an inflation rate above 2%.

## IV.4. Labour Market

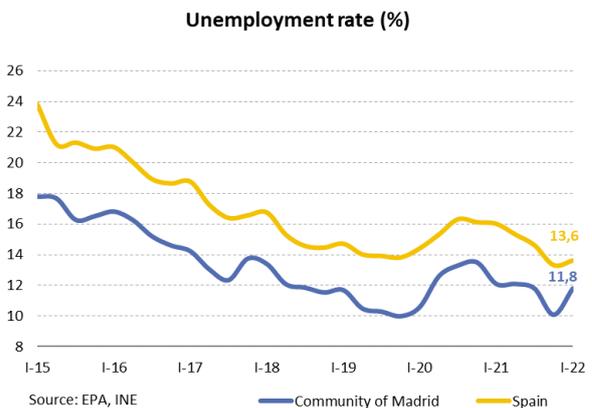
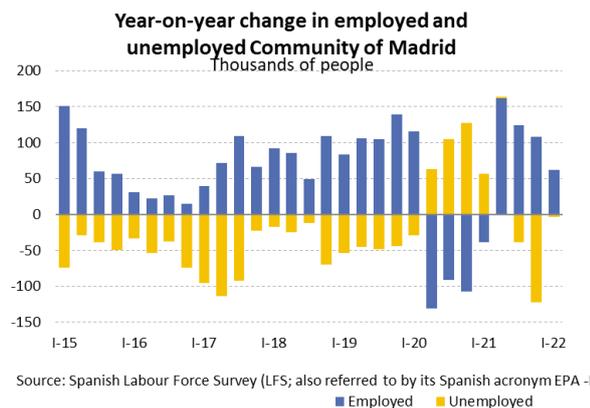
### 1. LFS

**The results of the LFS in Q1 2022 in the Community of Madrid indicate the annual recovery of employment and the annual decline of the unemployed population.**

In Q1 2022, the number of employed persons increased in the Community of Madrid with respect to the same quarter of the previous year by 61,900 persons, or 2%, bringing the total number of employed persons to 3,169,800, the third highest value (the maximum occurred in Q4 2021) since the beginning of the series in 2002. This figure maintains the trend of year-on-year increases in employment that began in the second quarter of the previous year, although the trend has slowed since then. However, in quarterly terms, employment fell in the Community of Madrid in this first quarter by 5,800 (0.2% less), which breaks the quarterly growth trend since Q3 2020. However, the series corrected for seasonal and calendar adjustment (SCA) grows by 0.4% quarterly, a change compatible with the seasonality of the series of employed persons, in which quarterly variations fall in the first quarters in 58% of the cases since the beginning of the series in 2002.

Unemployment fell by 3,800 compared to the same quarter of the previous year, 0.9% lower, bringing the total number of unemployed to 426,000. This year-on-year downward trend in unemployment started in the third quarter of the previous year, although the latest figure slows the decline of previous quarters. Compared with the previous quarter, the unemployment rate increased by 68,500 (19.2%). The SCA series slightly lowers the growth of the unemployed population to 18.7% quarter-on-quarter. Unemployment increased quarterly in the first quarters of the year by 58% of the cases since 2002.

The activity rate in the Community of Madrid in Q1 2022 overcame the falls of the previous quarter by 0.8 points, and by 0.6 with respect to the same quarter of the previous year, standing at 63.9% of the population over 16 years of age. However, the unemployment rate fell 0.3 points from the same quarter of the previous year, but grew 1.7 points quarter-on-quarter to 11.8% of the labour force, 1.8 points below the national unemployment rate. In Q1 2022, the number of inactive workers in the Community of Madrid fell, both quarter-on-quarter



and year-on-year, by 1.8% and 0.9% respectively, to 2,031,500.

The LFS Labour Market Flow Statistics (LMFS) reveal that the relative quarterly weakness in employment is a consequence of the notable containment in the number of active workers, who move from being unemployed to employed in the quarter, which reduces the inflow into employment. Nevertheless, it is above that recorded in the first quarters of the 2013-2019

period. The quarterly growth in unemployment is explained both by the increase in the inflow, as a result of the transfer of the inactive and not of job losses, and by the freezing of the outflow, due to the aforementioned lack of vigour in employment, but also because the number of people who become inactive is reduced. As a consequence, the increase in activity is motivated by the growth of inflows, exclusively due to unemployment, and a reduction in outflows due to the lower transfer from unemployed to inactive.

### Sidebar III. Employed and unemployed LFS of the Community of Madrid

The analysis of this aspect entailed both automatic and manual deseasonalisation through the estimation of an ARIMA model to yield seasonal and irregular trend cycle (TC) signals. Calendar effect intervention variables have been considered, in accordance with the methodology set out in the document "INE Standard for the correction of seasonal effects and calendar effects in short-term series", in addition to outliers.

The SCA employed series, as can be seen in the tables, corrects upwards the quarterly variation in the first quarters of the last three years; the latest data in Q1 2022 grew to 0.4%, thus decreasing 0.2% in the uncorrected series.

In turn, in the second quarters of the year, the quarterly variation is corrected downwards; the forecast for the second quarter of 2022 lowers the uncorrected figure by two tenths of a percentage point from 0.7% to 0.5%, with similar variations in the

following two quarters, which in any case anticipate increases in the coming quarters.

In relation to the unemployed population, the series shows a more erratic behaviour. In Q1 2022, the unemployed population grows by 19.2% and the correction slightly reduced this growth to 18.7%, while in the same quarter of the previous year the unemployed population fell by 10.5% and the quarterly change in the SCA series buffered the fall again to 9.4%.

The forecast for the second quarter of 2022 shows a fall in the unemployed population of 2.9%, while the SCA series lowers this fall to 0.9% and shows similar declines in the following quarters.

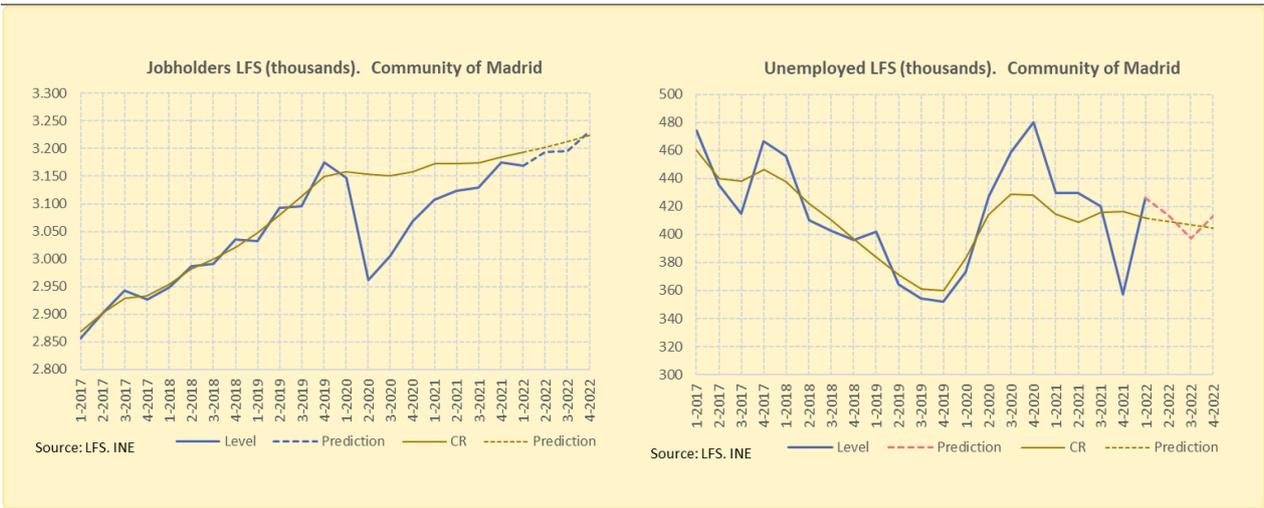
The charts show an upward trend (trend-cycle signal) of the employed population, and a downward one for the unemployed population over the forecast horizon of the next three quarters

COMMUNITY OF MADRID UNEMPLOYMENT					
Series with seasonal and calendar adjustment (SCA) Prediction					
Quarter-Year	Level (thousands)		Quarterly RC (%)		
	Series	SCA	Series	SCA	
1-2020	373,0	380,2	5,9	9,6	
2-2020	427,5	426,3	14,6	12,1	
3-2020	459,1	471,5	7,4	10,6	
4-2020	480,0	473,9	4,6	0,5	
1-2021	429,8	429,3	-10,5	-9,4	
2-2021	429,8	420,2	0,0	-2,1	
3-2021	420,4	432,6	-2,2	3,0	
4-2021	357,5	351,1	-15,0	-18,8	
<b>1-2022</b>	<b>426,0</b>	<b>416,8</b>	<b>19,2</b>	<b>18,7</b>	
Prediction					
2-2022	413,7	413,2	-2,9	-0,9	
3-2022	397,4	409,6	-3,9	-0,9	
4-2022	412,9	406,5	3,9	-0,8	
Prediction errors (+/-). Significance level: 95%					
Quarter-Year	Absolute (thousands)		Relative (%)		
2-2022	50,9	45,1	12,3	10,9	
3-2022	71,3	64,8	17,9	15,8	
4-2022	87,2	81,2	21,1	20,0	

Source: LFS (INE), in-house

JOBHOLDERS COMMUNITY OF MADRID					
Series with seasonal and calendar adjustment (SCA) Prediction					
Quarter-Year	Level (thousands)		Quarterly RC (%)		
	Series	SCA	Series	SCA	
1-2020	3.147,0	3.154,1	-0,9	-0,3	
2-2020	2.962,6	2.959,7	-5,9	-6,2	
3-2020	3.005,3	3.014,3	1,4	1,8	
4-2020	3.067,5	3.055,5	2,1	1,4	
1-2021	3.107,9	3.113,5	1,3	1,9	
2-2021	3.124,1	3.121,3	0,5	0,2	
3-2021	3.129,3	3.139,2	0,2	0,6	
4-2021	3.175,6	3.163,2	1,5	0,8	
<b>1-2022</b>	<b>3.169,8</b>	<b>3.175,1</b>	<b>-0,2</b>	<b>0,4</b>	
Prediction					
2-2022	3.193,4	3.190,4	0,7	0,5	
3-2022	3.195,8	3.204,9	0,1	0,5	
4-2022	3.230,3	3.218,4	1,1	0,4	
Prediction errors (+/-). Significance level: 95%					
Quarter-Year	Absolute (thousands)		Relative (%)		
2-2022	66,9	60,7	2,1	1,9	
3-2022	106,2	95,6	3,3	3,0	
4-2022	138,6	124,8	4,3	3,9	

Source: LFS (INE), in-house



Sidebar IV. Analysis of special variables of the Labour Force Survey

Jobholders who did not work in the reference week.

In the Community of Madrid, 262,000 jobholders did not work in the reference week of Q1 2022 according to the latest published data from the Labour Force Survey, which is 44,300 fewer employed persons than in the same quarter of the previous year. However, this figure is above the 165,300 employed in Q1 2019 (pre-pandemic), yet below the 287,300 employed in Q1 2020, the first quarter affected by COVID-19 from the second half of March, and below the 306,300 employed in Q1 2021.

Most jobholders not working in the region, representing 52.9% or 138,600 people, fell under the category *Illness or accident* affected by the sixth wave of the virus. The level is very similar to the first quarter of the previous year but has not recovered since the start of the pandemic in Q1 2020, when it increased by 36.5% year-on-year. The rate accelerated to 57.8% in the first quarter of the following year. An examination of this cause reveals that, in relative terms, it is higher in this first quarter than

in the same quarters of 2020 and 2021 because *Partial lay-off for technical or economic reasons and furlough scheme (ERTE/ERE)* held significant weight in those years. The situation in Spain is similar, reflected in the accompanying chart.

In Q1 2022, the second most common reason for not working in the Community of Madrid was *Holidays or leave*, which accounted for 36.5% of the total due to the Christmas holidays.

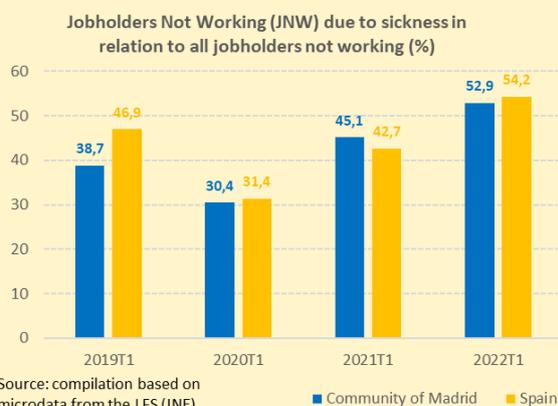
However, *Partial lay-off for technical or economic reasons and furlough scheme (ERTE/ERE)*, which was substantial in the first quarters of 2020 and 2021 as mentioned above, did not appear in the Community of Madrid in Q1 2022.

The following chart shows that the trend for jobholders not working since 2019 in relation to the total jobholders in the first quarters of the year was slightly better in the Community of Madrid than in Spain. In Q1 2022, they account for

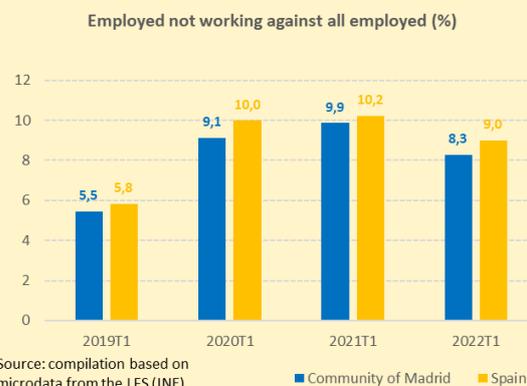
8.3% of the total in the region and 9.0% in Spain, still lower than the pre-pandemic values of 5.5% and 5.8% respectively, but lower than the values for the first quarters of 2020 and 2021.

JOBHOLDERS WHO DID NOT WORK IN THE REFERENCE WEEK (thousands). Community of Madrid				
Motivo	2019T1	2020T1	2021T1	2022T1
Holidays or leave	72,5	106,3	103,7	95,7
Childbirth	16,1	19,2	14,2	18,1
Illness or accident	64,1	87,5	138,1	138,6
Partial lay-off for technical or economic reasons	2,4	45,3	3,2	0,0
Furlough scheme	1,7	20,2	31,3	0,0
Strike or labour dispute	1,6	0,0	0,0	0,0
Other reasons	6,9	7,2	15,0	8,8
Unknown	0,0	0,0	0,0	0,0
Unclassifiable	0,0	1,6	0,8	0,7
<b>Total</b>	<b>165,3</b>	<b>287,3</b>	<b>306,3</b>	<b>262,0</b>

Source: compilation based on microdata from the LFS (INE).



Source: compilation based on microdata from the LFS (INE).



Source: compilation based on microdata from the LFS (INE).

### Effective hours worked.

The total number of effective weekly hours worked by all jobholders (main job) in the Community of Madrid in Q1 2022 grew by 9.8% versus the same quarter of the previous year and by 4% versus Q1 2020. This shows a clear recovery of the effects of the pandemic on actual hours worked, affecting the first quarters of 2020 and, especially, 2021.

The third wave of COVID-19 and storm "Filomena", which struck the Community of Madrid particularly hard at the beginning of January 2021, had a significant effect on the region in the first quarter of 2021, reducing hours worked by 5.3% compared to the previous

year and by 5.2% compared to the first quarter of 2019.

However, in Q1 2022, average weekly effective hours per employee recovered to pre-pandemic levels, after the aforementioned decreases in the first quarters of 2020 and 2021. Work in the Community of Madrid logged 37.3 hours per week in Q1 2022, the same as in Q1 2019, slightly above the 36.7 hours and 36.9 hours of the respective periods in Spain as a whole. The chart below shows that the average effective weekly hours per employee in the region have remained above the national average in the first quarters of the year since 2019.

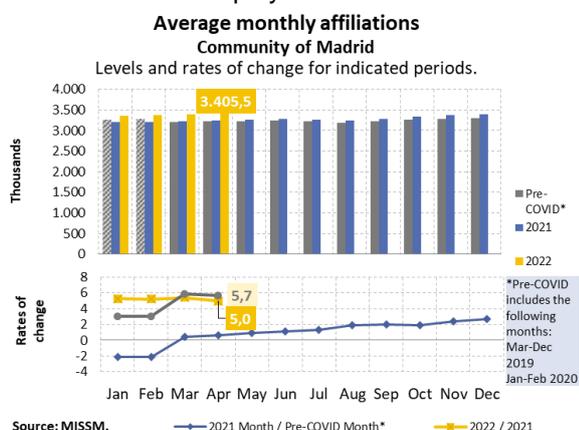


## 2. Social Security Enrolment

**Social Security enrolment in the first quarter was exceptionally buoyant, continuing into April, when new all-time highs were reached by gender and in the main schemes, with seasonal variations in April lower than in the pre-pandemic period.**

There was an average of 3,380,000 new enrolments in the first quarter of the year in the region, a record level in the historical series which, moreover, continues to accelerate in year-on-year terms, to 5.3%, 0.8 points more than in the previous quarter. Enrolment rose again by 5% in April to 3,405,494, its highest level to date. For the first time, the seasonal increase is more contained than before the pandemic, perhaps anticipating an easing in the pace of this activity as a result of the war in Ukraine.

Social Security enrolment levels reached historical highs in the first quarter of the year in both genders and in the two main schemes, with year-on-year growth accelerating in all segments, with the sole exception of the self-employed, whose growth remained slightly above 2%, while exceeding 5% in the other segments. These dynamics continued in April, with new enrolment ceilings: male enrolment exceeded 1,780,000, while female enrolment rose to 1,624,000, general scheme to 2,980,000 and self-employed to nearly 418,000. In terms of their most recent growth rate, the very slight slowdown in year-on-year rates is the common denominator in April for the four segments, which continue to show, despite everything, a significant strength in relation to the number of employees in April 2019, with growth of 6% in male enrolment and the general scheme, 5.3% in the female scheme and 3.7% in the self-employed scheme.



The analysis of average monthly enrolment in April by sector of activity in the general scheme, excluding the special agricultural and domestic workers' schemes, does not, however, show peak enrolment volumes in any of the three major sectors: The tertiary sector peaked in December 2021, though six of its sections, which account for nearly 40% of total membership of the scheme, did so, including professional, scientific and technical activities, and information and communications. The April peak in the self-employed regime has not been extended to the main sectors either, as services reached its peak in December 2021, and industry and construction have still not reached the levels prior to the outbreak of the financial crisis. However, this did not hinder the fact that five tertiary sections, which account for 1 out of every 3 affiliates in this scheme, recorded record highs in April, including the two mentioned in the general scheme.

This very favourable enrolment trend remained compatible with the reduction in the number of workers on the ERTE furlough scheme, with no data for April due to the adaptation of companies to the new regulations. On 31 March 2022, there were 15,608 workers in the region protected by ERTES furlough schemes linked to COVID-19, 19.6% of the total number of workers affected by this type of scheme in Spain, and 1,589 workers in the non-COVID ERTE furlough, both figures in decline, despite the complicated economic situation mentioned for March.

Levels of enrolment in main schemes by section April 2022 and historical highs dated						
Community of Madrid						
CNAE Sections 2009	General (excluding agricultural and domestic work systems)			Self-employed regime		
	Level abr 22	Weight (%)	Historic high	Level abr 22	Weight (%)	Historic high
A - Agric. Livest. Fore. and Fi...	2.386	0,1	jul.-09	2.661	0,6	abr.-22
B ... E - Industry	199.423	6,9	ene.-09	16.903	4,0	ene.-09
F - Construction	151.486	5,3	ene.-09	47.247	11,3	ene.-09
G - Comm. Rep. Vehicles	416.588	14,5	dic.-19	83.672	20,0	dic.-15
H - Transport. Storage	156.679	5,4	abr.-22	34.135	8,2	mar.-21
I - Hospitality	188.792	6,6	dic.-19	27.679	6,6	jun.-19
J - Inform. Commun.	253.209	8,8	abr.-22	17.985	4,3	dic.-21
K - Act. Finance & Insur	111.626	3,9	jul.-21	8.747	2,1	dic.-21
L - Act. Real Estate	26.847	0,9	abr.-22	9.254	2,2	abr.-22
M - Actv. Prof. Tech. Sci.	265.966	9,2	abr.-22	60.905	14,6	abr.-22
N - Actv. Admt. Serv. Auxil.	319.883	11,1	dic.-21	26.263	6,3	ene.-09
O - Public Adm Defen., SS	200.475	7,0	abr.-22	199	0,0	ene.-21
P - Education	209.521	7,3	abr.-22	16.921	4,1	feb.-20
Q - Actv. Health Serv. Social	249.365	8,7	ago.-21	22.473	5,4	abr.-22
R - Actv. Artis. Rec. & Ent	50.512	1,8	dic.-19	13.622	3,3	abr.-22
S ... U - Rest of Serv.	77.187	2,7	feb.-09	29.056	7,0	abr.-22
Total services	2.526.649	87,7	dic.-21	350.910	84,0	dic.-21
<b>Total</b>	<b>2.879.943</b>	<b>100,0</b>	<b>abr.-22</b>	<b>417.721</b>	<b>100,0</b>	<b>abr.-22</b>

SEA: Special Agri System SEEH: Special domestic work system  
Source: Ministry of Inclusion, Social Security and Migration

### 3. Registered unemployment

**There has been a reduction in the number of unemployed in the last three months, in both genders and in all sectors of economic activity, bringing the current levels below pre-pandemic levels,**

The recent performance of registered unemployment has been highly positive. The number of unemployed just over 355,000 in January, dipped below 330,000 in April. These positive figures stem from the resilience of the labour market in the first quarter of the year, as evidenced by both the Social Security enrolment data and the LFS, and which is reflected in the registered unemployment figures, once the automatic renewals of job applications in the region have been completed.

Thus, in the last three months, the downward pace of unemployment has accelerated significantly, from 19% in January 2022 to 25.2% in April 2022. In January 2022, the number of registered unemployed in the region was 1.5% higher than the pre-pandemic level, while in April it was already 5.6% lower than in April 2019, with 19,433 fewer people; this gap was at its widest in December 2020, when unemployment was 27.5% higher than in December 2019. In Spain, which already reduced unemployment to pre-pandemic levels in November, the number of unemployed remains 4.5% below the level of that time, both in March and April 2022.

Both genders and all sectors of activity, including the previously unemployed, participated in this rapid acceleration of year-on-year declines in unemployment in the region and the consequent narrowing of the pre-pandemic unemployment gap. In April 2022, male unemployment continued to show the largest drop of 8.6% compared to the pre-pandemic situation, while female unemployment fell by 3.4%. By sector,

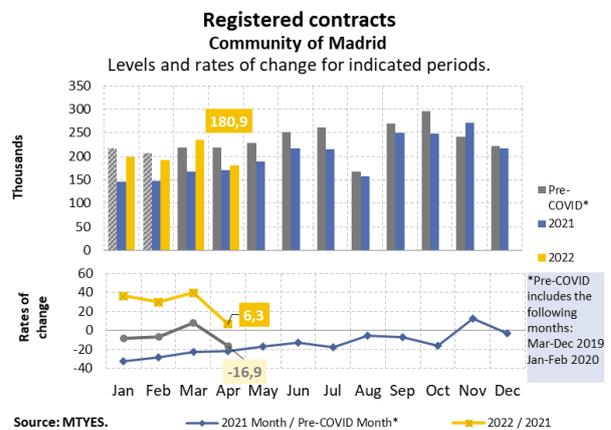
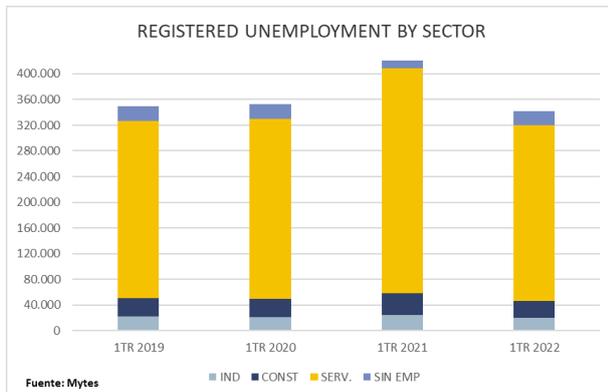
unemployment fell by 12.5% in construction, 11.3% in industry, 10% in the “previously unemployed” sector, 6.9% in agriculture, and 4% in the services sector, always in relation to the levels of the same month in 2019. While Spain maintains the same pattern of decreases in registered unemployment by gender, it is, however, industry that shows the greatest fall in unemployment compared to pre-pandemic levels, by 9.2%.

There was a generalised decrease in registered unemployment in all regions across the Autonomous Communities, with a wide spectrum ranging from a reduction of 13.5% in Castile-La Mancha to 0.1% in the Basque Country; Andalusia posted very similar levels, but only Navarre posted unemployment levels 2.6% higher than before the pandemic.

**Permanent hiring hit record highs, well above pre-pandemic levels.**

Hiring continued to show significant year-on-year increases in Q1 2022, which tapered off somewhat in April 2022, with particularly high increases in permanent hiring, so it can be said that a certain dichotomous behaviour is continuing in the labour market, albeit far from the patterns that characterised it at the start of the health crisis.

Thus, the recent levels of permanent employment far exceed those recorded before the pandemic, as early as November, and exceed them by more than twofold. This is not the case for temporary hiring, which, moreover, seems to have hit a serious bump in its recovery in April 2022, when the pre-pandemic gap extended to 51.6%; throughout 2021, it has always lagged behind indefinite hiring in its reactivation.



### Sidebar V. Analysis of the decline in registered unemployment by sector of activity

#### Unemployment continues to recede, approaching pre-crisis levels

Registered unemployment data for the region reflect a 22.1% year-on-year decline in Q1 2022, driven both by the strong regional labour market and the end of automatic demand renewal, a measure that was introduced to prevent the spread of COVID-19.

The decreases observed in the first quarter occurred in all sectors of activity: 18.8% in agriculture, 19% in industry, 21.7% in services, 22% in construction, and 28.9% in “previously unemployed”.

This decline is also evident when compared with the first quarter of 2020<sup>1</sup>, as current levels of registered unemployment are 3% lower than that quarter. This reduction in unemployment is observed in all sectors, albeit with different intensity: 0.7% in agriculture, 2.2% in services, 3.4% in “previously unemployed”, 6.6% in industry and 8.1% in construction.

In turn, it can be seen that the highest levels of registered unemployment occurred in the first quarter of 2021 in all sectors, except for previously unemployed, which moved to the second quarter of 2021.

Registered unemployment by sections Community of Madrid										
CNAE Sections 2009	Q122					Pandemic max		Pre-pandemic/variation: Q120		
	Level	Weight (%)	Dif. Annual	TVA (%)	Rep. (1)	Level	Date	Difference	TV (%)	Rep. (1)
A - Agric. Livest. Fore. and Fi	2.819	0,8	-652	-18,8	-0,1	3.470	1TR21	-19	-0,7	0,0
B ... E - Industry	20.037	5,8	-4.695	-19,0	-1,1	24.732	1TR21	-1.425	-6,6	-0,4
F - Construction	25.803	7,5	-7.282	-22,0	-1,6	33.085	1TR21	-2.261	-8,1	-0,6
G - Comm. Rep. Vehicles	47.895	13,9	-11.746	-19,7	-2,7	59.641	1TR21	-149	-0,3	0,0
H - Transport. Storage	13.539	3,9	-4.332	-24,2	-1,0	17.871	1TR21	-771	-5,4	-0,2
I - Hospitality	29.443	8,5	-14.538	-33,1	-3,3	43.980	1TR21	-3.155	-9,7	-0,9
J - Inform. Commun.	12.397	3,6	-3.340	-21,2	-0,8	16.122	3TR20	-577	-4,4	-0,2
K - Act. Finance & Insur	5.607	1,6	-245	-4,2	-0,1	6.028	3TR21	246	4,6	0,1
L - Act. Real Estate	2.857	0,8	-724	-20,2	-0,2	3.582	1TR21	-7	-0,2	0,0
M - Actv. Prof. Tech. Sci.	35.605	10,3	-12.273	-25,6	-2,8	47.878	1TR21	-3.325	-8,5	-0,9
N - Actv. Admt. Serv. Auxil.	59.103	17,1	-15.884	-21,2	-3,6	74.986	1TR21	-1.088	-1,8	-0,3
O - Public Adm Defen., SS	13.313	3,9	-341	-2,5	-0,1	15.366	3TR21	1.328	11,1	0,4
P - Education	11.798	3,4	-118	-1,0	0,0	16.956	3TR21	1.396	13,4	0,4
Q - Actv. Health Serv. Social	16.668	4,8	-3.517	-17,4	-0,8	20.185	1TR21	537	3,3	0,2
R - Actv. Artis. Rec. & Ent	6.731	2,0	-2.414	-26,4	-0,5	9.458	3TR20	-511	-7,1	-0,1
S ... U - Rest of Serv.	19.501	5,7	-6.642	-25,4	-1,5	26.142	1TR21	-111	-0,6	0,0
Total services	274.456	79,5	-76.113	-21,7	-17,2	350.569	1TR21	-6.189	-2,2	-1,7
No previous employment	22.008	6,4	-8.940	-28,9	-2,0	31.547	2TR21	-785	-3,4	-0,2
<b>Total</b>	<b>345.122</b>	<b>100,0</b>	<b>-97.683</b>	<b>-22,1</b>	<b>-22,1</b>	<b>442.805</b>	<b>1TR21</b>	<b>-10.679</b>	<b>-3,0</b>	<b>-3,0</b>

(1) Impact is the contribution of each section to total growth

Source: Dirección General del Servicio Público de Empleo. Ministry of Economy, Taxation and Employment

<sup>1</sup> The Community of Madrid closed some of its employment offices in the first half of March 2020 in response to positive cases, which had a differential impact on the activity of the

offices and led to an increase in unemployment due to the pandemic in the following months. Therefore, for this indicator, the figures for the first quarter of 2020 can be considered representative of the pre-pandemic situation.

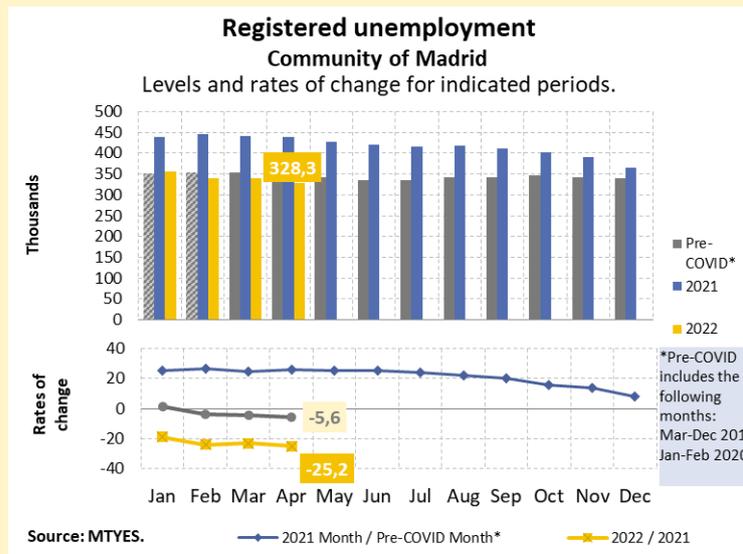
The breakdown by CNAE 2009 activity sections of the services sector shows that unemployment fell in year-on-year terms in all of them, with notable differences as tertiary activity reactivated or increased, with the greatest decrease in registered unemployed in the following sections: Hospitality -33.1%; Arts and Leisure Activities -26.4%; Professional, Scientific and Technical Activities -25.6%; Other Services -25.4% and Transport and Storage -24.2%.

Eight of the thirteen service sections posted their highest level of post-COVID unemployment in the first quarter of 2021.

Against this generalised year-on-year reduction, a comparison of the levels in Q1 2022 with those in Q1 2020 points to significant increases in registered

unemployment in some sections, including the ones that played a significant role in managing the pandemic: Health Care and Social Work Activities +3.3%; Financial and Insurance Activities +4.6%; Public Administration, Defence and Social Security +11.1%; and Education +13.4%. This is consistent with an improved course of the pandemic and the normalisation of the activity. The highest level of unemployment came in Q3 2021 for all of them, with the exception of Health Care and Social Work Activities, which peaked in Q1 2021.

We will have to wait, in the current scenario of uncertainty, to see how these factors affect the recovery of registered unemployment in the region.



## IV.5. Business environment

In the Community of Madrid, business entrepreneurship began growing by 4.1% in January 2022, more gently than in the last three months of 2021. February again showed a significant acceleration of 8.7%, only braking in March after five months of continuous increases and fall by 1.1%. While falling short by 11.2% and thus unable to recover pre-pandemic levels in January, February and March were largely successful, with values of 14.8% and 18.6% higher respectively. The highest number of company incorporations for this period since 2007 was recorded in Q1 2022, with the creation of 6,438 companies, 3.5% more than in the same quarter of 2021 and 220 companies more than a year ago; the comparison with the same period of 2019 shows the creation of 168 more companies, an increase of 2.7%. The number of companies created reached 2,484 in March, the second highest figure for that month since 2007. It is precisely this second position in the ranking that explains the previously mentioned negative year-on-year rate of 1.1%, as the comparison is made with the best month of March since 2007, which was 2021. The relative figures for company start-ups are very significant; 22.4% of the total number of companies created in Spain in March and 22.6% of those created in the first quarter of this year were created in the Community of Madrid.

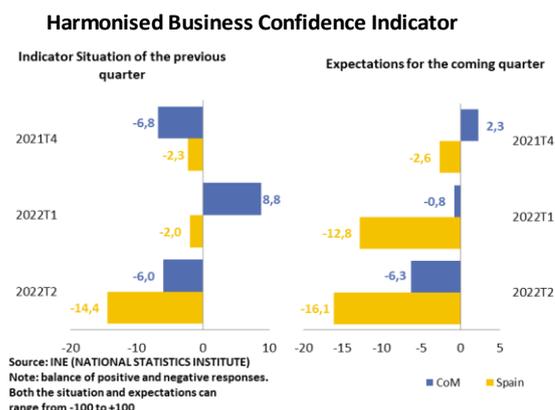
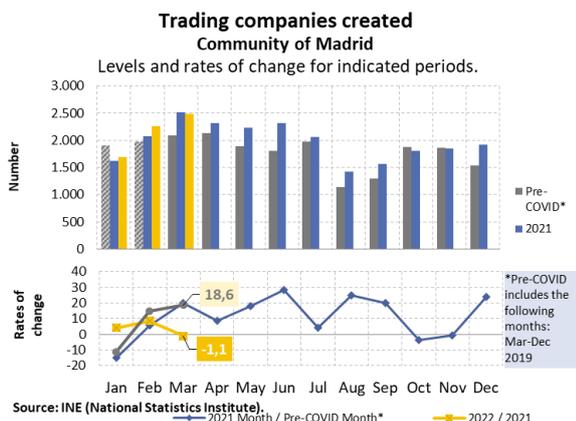
Capital subscribed so far in 2022 fluctuated between negative and positive year-on-year rates. Investment by new companies in the first quarter of the year recorded the highest volume for this quarter since 2016, with a total of €638.2 million. This is due to the significant investment in the month of February (€455.5 million), 82.6% higher than in the first quarter of 2021 and 103.6% higher than in the same quarter of 2019, when the minimum of the quarterly series was reached. The most recent figure, for March, puts investment at

€78.4 million, the lowest for a month of March since 2009, despite which Madrid is the region with the second highest amount of capital subscribed in March, 20% of total domestic investment and the leading region in terms of investment in Q1 2022. Indeed, geopolitical uncertainties and the elevated inflation rate, no longer as transient as the Spanish government pointed out, may again underpin this downturn.

In Q1 2022, dissolutions reached record highs for this quarter, increasing by 23.9% versus 2021 and by 17.0% versus 2019. In March, they are up 68% year-on-year, and 68.6% over 2019. However, it is important to take the context into account in order to understand these figures correctly, and thus to make a cautious analysis. It should be recalled that, from the second half of March 2020 and due to the pandemic, the activity of the Companies Registry was limited until the situation returned to normal in June of the same year.

**In the first four months of the year, the region continues to attract companies from other regions and the migratory balance is once again positive.**

AXESOR data reported that a total of 642 companies changed their registered office to the Community of Madrid between January and April 2022; the most represented sector is industry, with 20.7% of the relocations, followed by professional and administrative activities with 17.6%; in terms of origin, Catalonia and Andalusia predominate, both contributing 40% of the total arrivals. The balance with companies relocating out of the Community of Madrid in this period is positive, with 141 companies opting for our region.



**Early 2022 proved to be a worse than expected start for Madrid's business community.**

Business confidence levels in Q1 2022 return to negative rates of 5.0%. The balance sheet stood

at -6 points, a drop of 14.8 points versus the previous quarter's balance, showing a worse than expected perception for this moment of 0.8 points. Expectations for the coming quarter are again negative at -6.3 points.

**V. Forecasts**

**Generalised downgrading of growth forecasts for the Spanish economy.**

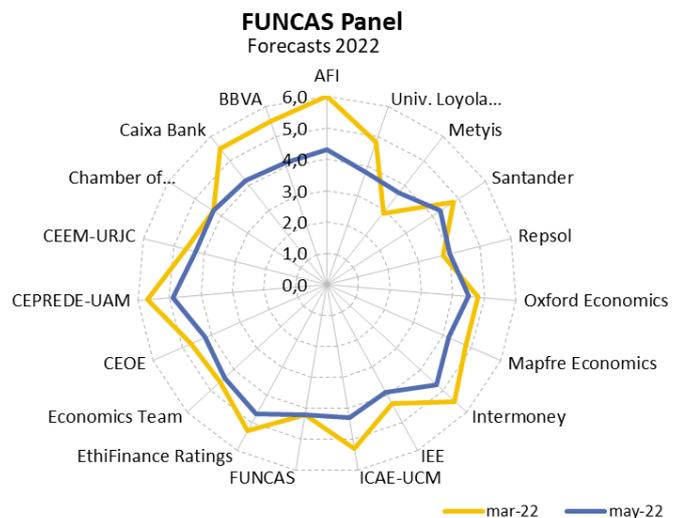
There have been a series of downward revisions over the past few months owing to the emergence of a number of risks that were difficult to foresee at the end of last year or, at least, off the radar of most analysts. The invasion of Ukraine triggered a series of shocks of various kinds for all European economies that substantially transformed the economic context, without a full recovery after the COVID-19 crisis, completely disrupting the pace of recovery.

Most current forecasts project growth for the Spanish economy in 2022 to be somewhat higher than the estimate for 2021, albeit more moderate than expected a few months ago. The Ministry of Economy projects GDP for this year at 4.3%, 2.7 points below the previous optimistic 7% published in July 2021; the ministry's own outlook points to an even greater deceleration in 2023, to 3.5%. The Bank of Spain has also lowered its forecast for 2022 by nine tenths of a percentage point, in just three months, to 4.5%. Looking ahead to 2023, its growth projection is even more cautious at 2.9%, one of the lowest among analysts. The IMF's forecast of 4.8% is slightly higher, although also downwards, one point lower than that announced in January, and with a similar outlook for a slowdown in 2023 to 3.3%.

making consistent estimates, as the models used are not prepared, as they were not two years ago, for the fracture of the series that the COVID represented then and the combination of the war and today's runaway inflation. For some it was very clear that the lax monetary policy of central banks, which has been in place continuously since the financial crisis, would have consequences in the form of higher prices sooner or later. Admittedly, most economists formed a consensus in thinking that the central banks' monetary stimulus would be withdrawn before the arrival of the dreaded inflation. However, economic history bears some evidence that inflationary processes are directly related to currency distortions, something that the consensus has chosen to forget on this occasion as well. As mentioned above in this report, the withdrawal of stimuli that has distorted markets, diverting investment, relaxing risk to levels never seen before and consequently boosting the huge debt of economies, and the consequent rise in interest rates announced by the same central banks that provoked the monetary flood, allow us to anticipate a return to a healthy situation that is as slow as it is difficult.

According to the results of the FUNCAS Panel for May, the forecasts of different analysts for 2022 are between 3.7% and 4.9%, although the majority are between 4% and 4.5%, with a consensus figure of 4.3%, half a point below the average estimate of two months ago. By 2023, all panellists expect a slowdown in the pace of national GDP growth, which on average is estimated at 3%.

In any case, and given the scenario of enormous volatility, uncertainty, complexity and ambiguity, it is necessary to recognise the great difficulty of



**Sidebar VI. The new economic scenario has lowered the European Commission's expectations for growth**

**The Spanish economy is positioned as the laggard in the recovery among the eurozone countries.**

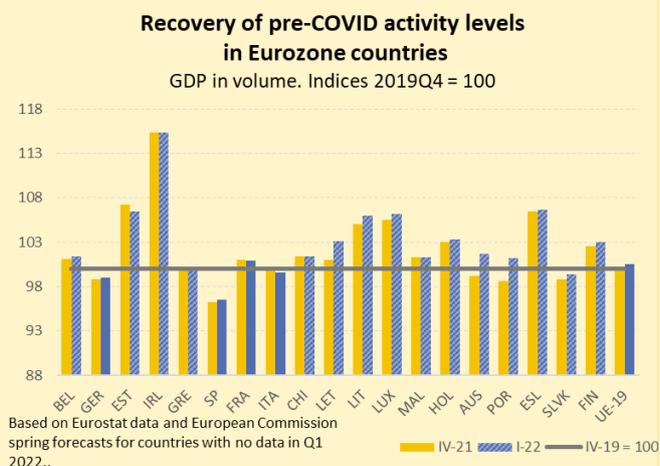
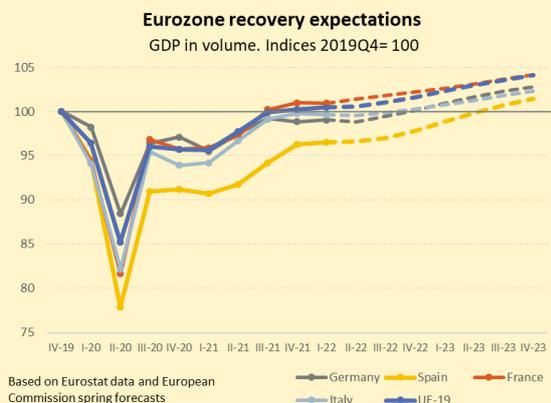
The current economic outlook remains extremely uncertain. The war in Ukraine exacerbated tensions that complicated the recovery process in 2021. In the case of Spain, conditioned by its productive specialisation in activities that require greater social interaction, the recovery is taking place with a certain delay compared to the economies of our environment. Thus, twelve of the nineteen eurozone countries closed 2021 returning to GDP levels in volume terms similar to or higher than before the pandemic; in Q4 2021, the EU-19 as a whole was 0.2 percentage points above the same period in 2019, though Spain was still 3.8 percentage points below.

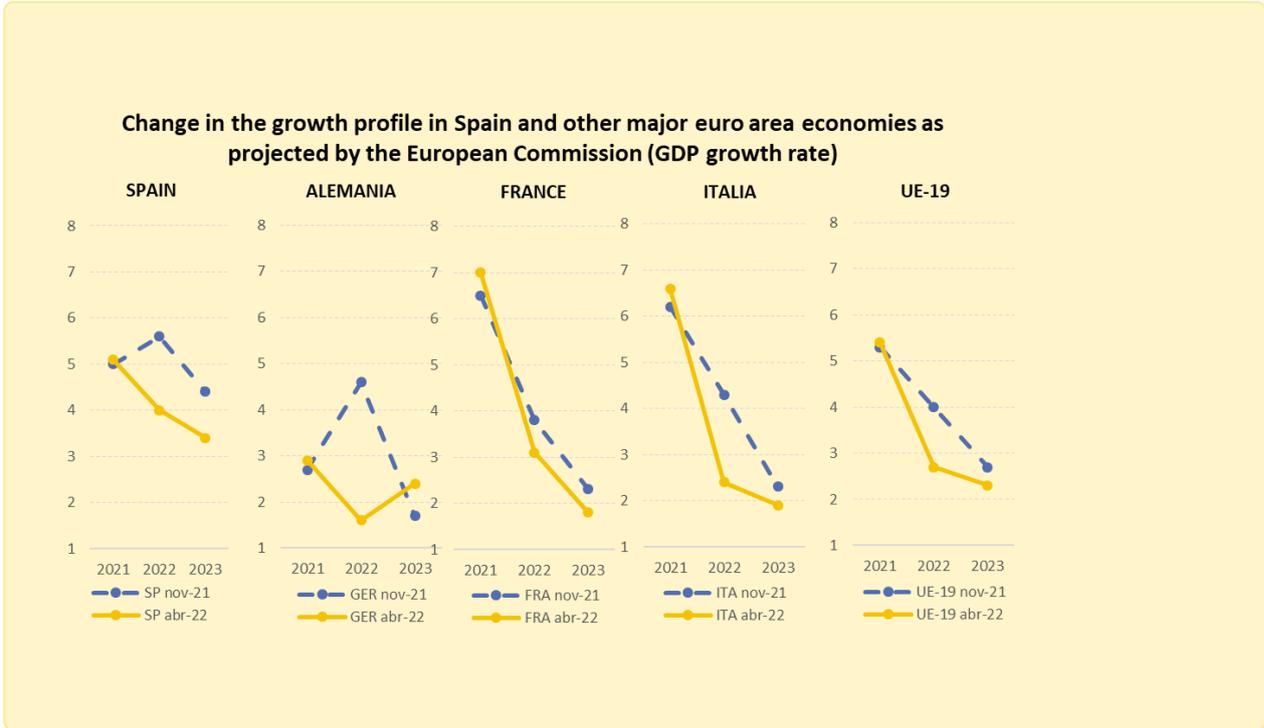
The growth data, advanced by the INE in Q1 2022, reflect tempered growth due to the contraction of private consumption and a slowdown in the growth of exports. Spain would now be 3.4% below Q4 2019 while the EU-19 stands 0.5% above, with 14 of the 19 countries equalling or exceeding pre-COVID levels. In addition to Spain, only Germany and Italy, among the largest economies in the euro area, are still below, at 1% and 0.4% respectively.

**Spain will be the eurozone economy with the longest delay in returning to pre-pandemic levels of GDP in volume.**

In this context, growth projections for the Spanish economy are cooling, and expectations of completing the recovery of pre-COVID activity levels are delayed. The European Commission's latest forecasts for April reflect a generalised downgrading of growth forecasts for eurozone countries compared to its autumn report forecasts. The forecasts for Spain were cut by 1.5 percentage points in 2022 and by one percentage point in 2023, to 4% and 3.4%; while the forecasts for EU-19 were reduced by 1.6 percentage points in 2022, and by much less in 2023, by only one tenth of a percentage point, to 2.7% and 2.3%, respectively.

The Commission thus projects Spain to be the eurozone economy taking the longest to return to pre-COVID activity levels, which is expected to take until Q3 2023, almost a year later than the other eighteen EMU countries, which are projected to close 2022 at levels at least as high as the ones posted in Q4 2019. Across the largest EU-19 economies, the forecasts for Germany or Italy situate their point of return in the last quarter of 2022, while France has already managed to reach it in the third quarter of last year.





## Annex I. Madrid in the context of European regions

SUMMARY OF INDICATORS FOR EUROPEAN REGIONS <sup>(1)</sup>								
		High Tech Jobs	High Tech Industry Jobs	High Tech Service Jobs	R&D Expenditure	GDP (ppp)	GDP (ppp) per capita	Household Income (per capita)
Year of last datum		2021	2021	2021	2019	2020	2020	2019
Unit of Measurement		Thousands of jobs	Thousands of jobs	Thousands of jobs	% GDP	Millions of € PPP	Euros	Euros PPP
<b>EU27</b>	<b>European Union (2020)</b>	<b>9.410,8</b>	<b>2.190,4</b>	<b>7.220,5</b>	<b>2,23</b>	<b>29.900</b>	<b>13.394.141</b>	<b>17.100</b>
<b>ES</b>	<b>Spain</b>	<b>812,1</b>	<b>126,5</b>	<b>685,6</b>	<b>1,25</b>	<b>25.200</b>	<b>1.194.956</b>	<b>16.200</b>
AT13	Wien	68,6	11,7	56,9	3,65	44.100	84.493	20.000
BE10	Bruxelles-Capitale	36,4	5,6	30,8	2,32	61.300	75.156	17.500
CZ01	Praha	92,9	12,1	80,8	2,54	60.400	80.199	18.600
DE21	Oberbayern	222,5	66,7	155,8	4,42	52.500	247.523	26.200
DE30	Berlin	187,2		164,8	3,33	38.300	140.433	19.200
<b>ES30</b>	<b>Community of Madrid</b>	<b>262,3</b>	<b>35,9</b>	<b>226,4</b>	<b>1,70</b>	<b>34.100</b>	<b>230.618</b>	<b>20.300</b>
ES51	Catalonia	182,6	44,9	137,7	1,51	29.600	226.787	18.300
FI1B	Helsinki-Uusimaa	91,0	11,7	79,3	3,50	43.500	73.769	19.500
FR10	Île de France	454,6	45,6	409,0		52.700	652.399	21.000
ITC4	Lombardy	239,3	80,8	158,5	1,34	36.800	367.946	21.600
ITI4	Lazio	185,2	31,8	153,4	1,85	32.700	187.537	18.600
NL32	Noord-Holland	111,9	7,4	104,5		51.200	147.674	19.300
PT17	Lisbon	94,0	11,6	82,4	1,67	29.300	83.953	16.900
SE11	Stockholm	148,0	15,3	132,6	3,34	51.600	122.984	20.300
Position of the Community of Madrid in the selection of regions		2	5	2	9	11	4	5

		Activity Rate	Unemployment Rate	Unemployment Rate under 25	Population	Fertility Rate	Expected lifespan (at least 1 year)
Year of last datum		2021	2020	2020	2021	2020	2020
Unit of Measurement		%	%	%	People	Children per woman	Years
<b>EU27</b>	<b>European Union (2020)</b>	<b>78,2</b>	<b>7,1</b>	<b>16,8</b>	<b>447.218.763</b>	<b>1,50</b>	<b>80,4</b>
<b>ES</b>	<b>Spain</b>	<b>76,5</b>	<b>15,5</b>	<b>38,3</b>	<b>47.398.695</b>	<b>1,19</b>	<b>82,4</b>
AT13	Wien	81,4	10,6	16,5	1.920.949	1,29	80,2
BE10	Bruxelles-Capitale	77,6	12,3	29,1	1.229.583	1,60	79,4
CZ01	Praha	85,0	2,3	5,0	1.335.084	1,51	80,3
DE21	Oberbayern	81,2	2,7		4.719.716	1,51	82,4
DE30	Berlin	82,0	6,1		3.664.088	1,38	80,9
<b>ES30</b>	<b>Community of Madrid</b>	<b>82,9</b>	<b>12,5</b>	<b>31,8</b>	<b>6.755.828</b>	<b>1,16</b>	<b>82,3</b>
ES51	Catalonia	83,1	12,6	34,0	7.671.252	1,23	82,3
FI1B	Helsinki-Uusimaa	90,1	7,2	20,5	1.702.678	1,30	82,3
FR10	Île de France	81,3	8,2	18,8	12.348.605	1,88	82,7
ITC4	Lombardy	74,5	5,0	19,2	9.981.554	1,27	81,4
ITI4	Lazio	68,4	9,1	32,2	5.730.399	1,18	83,1
NL32	Noord-Holland	82,1	3,9	9,8	2.888.486	1,43	81,7
PT17	Lisbon	91,3	7,7	23,7	2.869.033	1,69	81,4
SE11	Stockholm	92,9	7,6	25,1	2.391.990	1,59	82,3
Position of the Community of Madrid in the selection of regions		6	2	3	4	14	7

(1) Of the 242 European regions in the 2021 Nomenclature of Territorial Units for Statistics (NUTS) for EU27 and excluding the UK from 2020 (equivalent in Spain to the Autonomous Communities), some regions with similar characteristics to the Community of Madrid were selected, many of them capital regions while others prominent regions of representative states of the Union.

Source: Eurostat

## Annex II. Relocation of companies to the Community of Madrid

### Companies that relocated their registered address to the Community of Madrid<sup>2</sup>

Most recent data: April 2022

Companies that relocated their registered address to the Community of Madrid														Total	%
By autonomous community of origin and sector of activity. Abril 2022															
Autonomous comm	01	02	03	04	05	06	07	08	09	10	11	n/d			
Andalusia	1	1	3	6	1	2	3	4	6	2				29	16,8
Aragon		1	1	2	1		1			1				7	4,0
Asturias								1	2					3	1,7
Balearic Islands			1				1	1	1		1			5	2,9
Canary Islands				2										2	1,2
Cantabria						1					1			2	1,2
Castile-La Mancha	2	5	1	3			1	2	3	2	2			21	12,1
Castile Leon		2		5				3	2		1			13	7,5
Catalonia		26	4	4	2	2		4	8		2			52	30,1
Extremadura		1		1										2	1,2
Galicia				2						1	1			4	2,3
La Rioja															
Murcia			1							1				2	1,2
Navarra							1	1	1		1			4	2,3
Basque Country		2			1			1	5					9	5,2
Valencia		4	1			1	3	2	5	1	1			18	10,4
Others															
<b>Total</b>	<b>3</b>	<b>42</b>	<b>12</b>	<b>25</b>	<b>5</b>	<b>6</b>	<b>10</b>	<b>19</b>	<b>36</b>	<b>7</b>	<b>8</b>			<b>173</b>	100,0
<b>%</b>	<b>1,7</b>	<b>24,3</b>	<b>6,9</b>	<b>14,5</b>	<b>2,9</b>	<b>3,5</b>	<b>5,8</b>	<b>11,0</b>	<b>20,8</b>	<b>4,0</b>	<b>4,6</b>			<b>100,0</b>	
<b>Balance. Inputs - Outputs</b>														<b>54</b>	

01: Agriculture; 02: Industry; 03: Construction; 04: Commerce; 05: Transport and storage; 06: Hospitality; 07: Information and communications; 08: Financial, insurance and real estate activities; 09: Professional and administrative activities; 10: Public administrations, health and education; 11: Artistic activities and other services; n/d: no data.

### Cumulative: January – April 2022 Total

Companies that relocated their registered address to the Community of Madrid														Total	%
By autonomous community of origin and sector of activity. Acumulado ene-abr 2022															
Autonomous comm	01	02	03	04	05	06	07	08	09	10	11	n/d			
Andalusia	2	16	19	17	3	3	9	19	16	2	1			107	16,7
Aragon		3	2	4	1		1	1	2		2			16	2,5
Asturias			2	1		1	1	2	5	1				13	2,0
Balearic Islands	1	1	2			2	1	5	4		1			17	2,6
Canary Islands	1	1	2	4		1	1	2	5					17	2,6
Cantabria						2		1		1	3			7	1,1
Castile-La Mancha	5	14	4	11			2	7	10	3	4			60	9,3
Castile Leon	1	10	5	13	2	2	2	11	6	1	2			55	8,6
Catalonia		42	15	16	7	5	8	28	33	2	5	1		162	25,2
Extremadura		12		2		1		3	1		1			20	3,1
Galicia		1	1	2	3	4	1	4	3	3				22	3,4
La Rioja		5	1						3	2				11	1,7
Murcia			3	2	1		1	4	3	4				18	2,8
Navarra		6	1	8			2	1	2		1			21	3,3
Basque Country		3	3	5	1	1	3	4	8		1			29	4,5
Valencia		19	5	10		2	6	9	12	2	2			67	10,4
Others															
<b>Total</b>	<b>10</b>	<b>133</b>	<b>65</b>	<b>95</b>	<b>18</b>	<b>24</b>	<b>38</b>	<b>101</b>	<b>113</b>	<b>21</b>	<b>23</b>	<b>1</b>		<b>642</b>	100,0
<b>%</b>	<b>1,6</b>	<b>20,7</b>	<b>10,1</b>	<b>14,8</b>	<b>2,8</b>	<b>3,7</b>	<b>5,9</b>	<b>15,7</b>	<b>17,6</b>	<b>3,3</b>	<b>3,6</b>	<b>0,2</b>		<b>100,0</b>	
<b>Balance. Inputs - Outputs</b>														<b>141</b>	

01: Agriculture; 02: Industry; 03: Construction; 04: Commerce; 05: Transport and storage; 06: Hospitality; 07: Information and communications; 08: Financial, insurance and real estate activities; 09: Professional and administrative activities; 10: Public administrations, health and education; 11: Artistic activities and other services; n/d: no data.

<sup>2</sup> Source: Experian, with information from the Official Gazette of the Companies Registry (in Spanish: Boletín Oficial del Registro Mercantil, or BORME).

## Companies that relocated their registered address from the Community of Madrid<sup>3</sup>

Most recent data: April 2022

Companies that move their registered office outside the Community of Madrid														
By autonomous community of destination and activity sector. April 2022														
Autonomous comm	01	02	03	04	05	06	07	08	09	10	11	n/d	Total	%
Andalusia		2	3	7	2	3		2	5	2	2		28	23,5
Aragon		1						1	1				3	2,5
Asturias				1		1				1			3	2,5
Balearic Islands			1			1	1	1					4	3,4
Canary Islands			1	2		1		1	1				6	5,0
Cantabria									1	1			2	1,7
Castile Leon		3	1					2	1		1		8	6,7
Castile-La Mancha		3	1	4		1	1	1	1				12	10,1
Catalonia		1	2	5			5	7	7	1	1		29	24,4
Extremadura														
Galicia			1	1			1		2				5	4,2
La Rioja														
Murcia		2		2								2	6	5,0
Navarra				1									1	0,8
Basque Country		2						1					3	2,5
Valencia		3	2					1	3				9	7,6
Ceuta														
Melilla														
<b>Total</b>		<b>17</b>	<b>12</b>	<b>23</b>	<b>2</b>	<b>7</b>	<b>8</b>	<b>17</b>	<b>23</b>	<b>4</b>	<b>6</b>		<b>119</b>	100,0
<b>%</b>		14,3	10,1	19,3	1,7	5,9	6,7	14,3	19,3	3,4	5,0		100,0	

01: Agriculture; 02: Industry; 03: Construction; 04: Commerce; 05: Transport and storage; 06: Hospitality; 07: Information and communications; 08: Financial, insurance and real estate activities; 09: Professional and administrative activities; 10: Public administrations, health and education; 11: Artistic activities and other services; n/d: no data.

### Cumulative: January – April 2022 Total

Companies that relocated their registered address from the Community of Madrid														
By autonomous community of origin and sector of activity. Acumulado ene-abr 2022														
Autonomous comm	01	02	03	04	05	06	07	08	09	10	11	n/d	Total	%
Andalusia	2	9	6	17	3	5	5	17	19	5	3	1	92	18,4
Aragon		6	3	3				6	5	2			25	5,0
Asturias			2	3		2				4	1	1	13	2,6
Balearic Islands		1	2	1		2	2	3	1				12	2,4
Canary Islands			5	2		1	7	1	3			1	20	4,0
Cantabria			1						2	1			4	0,8
Castile Leon		7	4	7		2	1	3	2	1	2		29	5,8
Castile-La Mancha	1	5	6	13	2	1	3	8	12	1			52	10,4
Catalonia		17	7	23	2	1	8	33	28	3	5		127	25,3
Extremadura				5				1	1				7	1,4
Galicia		4	1	3			5		6				19	3,8
La Rioja				1			1						2	0,4
Murcia		8	2	3			1	1	2			2	19	3,8
Navarra		1		1					1	1			4	0,8
Basque Country		6	1	4		1	1	3	5		1		22	4,4
Valencia		7	5	6	3	2	4	10	14	3			54	10,8
Ceuta														
Melilla														
<b>Total</b>	<b>3</b>	<b>71</b>	<b>45</b>	<b>92</b>	<b>10</b>	<b>17</b>	<b>38</b>	<b>86</b>	<b>105</b>	<b>18</b>	<b>15</b>	<b>1</b>	<b>501</b>	100,0
<b>%</b>	0,6	14,2	9,0	18,4	2,0	3,4	7,6	17,2	21,0	3,6	3,0	0,2	100,0	

01: Agriculture; 02: Industry; 03: Construction; 04: Commerce; 05: Transport and storage; 06: Hospitality; 07: Information and communications; 08: Financial, insurance and real estate activities; 09: Professional and administrative activities; 10: Public administrations, health and education; 11: Artistic activities and other services; n/d: no data.

<sup>3</sup> Source: Experian, with information from the Official Gazette of the Companies Registry (in Spanish: Boletín Oficial del Registro Mercantil, or BORME).

## Concepts, sources and abbreviations used

### Frequently used abbreviations and acronyms

<i>P. A.</i>	Public Administrations	<i>ETVE</i>	Foreign Securities Holding Entities
<i>AEAT</i>	State Tax Administration Agency	<i>IMF</i>	International Monetary Fund
<i>H&amp;MHT</i>	High and Medium High Tech	<i>FUNCAS</i>	Foundation of the Federated Savings Banks
<i>ECB</i>	European Central Bank	<i>IECM</i>	Institute of Statistics of the Community of Madrid
<i>BDE</i>	Bank of Spain	<i>INE</i> ( <i>NATIONAL STATISTICS INSTITUTE</i> )	National Statistics Institute
<i>AA. CC</i>	Autonomous Communities	<i>MAEYTD</i>	Ministry of Economic Affairs and Digital Transformation
<i>EC</i>	European Commission	<i>MISSYM</i>	Ministry of Inclusion, Social Security and Migration
<i>CoM</i>	Community of Madrid	<i>MITMA</i>	Ministry of Transport Mobility and Urban Agenda
<i>CNTR</i>	Quarterly Spanish National Accounts	<i>OECD</i>	Organisation for Economic Cooperation and Development
<i>CRTR</i>	Quarterly Regional Accounts of the Community of Madrid	<i>OPEC</i>	Organisation of Petroleum Exporting Countries
<i>SPRC</i>	Strategic Petroleum Products Reserves Corporation	<i>GDP</i>	Gross Domestic Product
<i>CRE</i>	Regional Accounts of Spain	<i>SEOPAN</i>	Association of Construction Companies at a National Scale
<i>SCA</i>	Seasonal and calendar adjustment	<i>TARIC</i>	Code for the integrated tariff of the European Union
<i>TC</i>	Trend-cycle component	<i>EU</i>	European Union
<i>DGT</i>	Directorate-General for Traffic	<i>EMU</i>	Economic and Monetary Union
<i>EUROSTAT</i>	Statistical Office of the European Union	<i>GVA</i>	Gross value added

## Basic concepts

### Non-centred moving average of order 12 (MM12).

Series constructed from the original by means of successive arithmetic averages, where each data point is obtained from the average of the last twelve months of the original series. The purpose of constructing a series of moving averages is to eliminate possible seasonal or erratic variations in a series, so that an estimate of the trend-cycle component of the variable in question is obtained.

### Trend-Cycle (TC)

A trend is one of the unobservable components into which a variable can be broken down, according to classic time series analysis. It can be extracted or estimated using a variety of techniques and represents the solid evolution underlying the observed evolution of the variable, once seasonal variations and irregular or short-term disruptions are removed. It therefore reflects the long-term evolution of the series. Normally, the trend includes another component, the cyclical component, which includes oscillations that occur in the series over periods of between three and five years, but due to the difficulty of separating them, they usually appear in the so-called trend-cycle component.

### Seasonal and calendar adjustment (SCA)

A high-frequency time series analysis technique applied to remove both seasonality (movements that form a pattern and are repeated approximately every year) and calendar effects (representing the impact on the time series due to the different structure of the months or quarters in each year, both in length and composition). The aim of adjusting a variable for seasonality and calendar is to eliminate the effect of these fluctuations on the variable, and thus facilitate the interpretation of the economic phenomenon.

### Surveys

These aim to measure the attitude of the subjects to whom the survey is addressed (consumers, the business world, etc.) towards a variable (consumption, production or employment, etc.) in order to anticipate whether in the following months this variable will increase, decrease or remain stable.

### Balance of responses

In surveys, the results for the variables under investigation are basically obtained through the differences or balances between the positive and negative responses, although depending on the survey, there are different calculation methods.

### Rate of change

A rate of change compares the value of a variable at one point in time with its value at another point in time. Various types of rates of change can be calculated. Among the most common are the following:

- *Month-on-month (quarter-on-quarter, etc.) rate*: Compares the value of a period (shorter than a year: month, quarter, etc.) with that of the immediately preceding period (month, quarter, etc.).
- *Year-on-year rate*: Compares the value of a period with that of the same period in the previous year (same month for monthly data, similar quarter for quarterly data, etc.).
- *Year-to-date cumulative rate of change*: Compares the cumulative value of a period (sum or average, depending on the type of data, of the elapsed months, quarters, etc. of a year) with the same cumulative period of the previous year.

## Other periodical publications of the Economics Area

- Notes on the Economic Situation in the Community of Madrid (monthly)
- Situation of Industry in the Community of Madrid (quarterly)
- Foreign Trade Report (monthly)
- Note on EU regional GDP (annual)
- Individual monitoring notes on the main economic indicators of the Community of Madrid (monthly or quarterly depending on the nature of the data):

Social Security Enrolment, Registered Unemployment, Industrial Production Index (IPI), Consumer Price Index (CPI), Mercantile Companies, Retail Trade Indices (RTI), Services Sector Activity Indices (SSAI), Mortgages on homes, Hotel Tourism Situation (HTS), Labour Force Survey (LFS), Foreign Direct Investment (FDI) and Quarterly Regional Accounts (QRA).

If you are not receiving our reports and they are of interest to you, you can request them by emailing us at [estudios@madrid.org](mailto:estudios@madrid.org) or consult them on the web page of the Community of Madrid [Economic Reports](#).



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