



Comunidad
de Madrid

Economic Situation in the Community of Madrid

Subdirectorato General for Economic Analysis
Directorate General for Economic Affairs

II 2022

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Disclaimer:

The Community of Madrid does not make its own predictions about the growth of the regional economy. Those included in this report have been published by various independent sources and are cited as such.

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.

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I. Overview of the economic situation

The global economic outlook has become substantially gloomier in recent months as a significant number of the forecast downside risks have come to pass, including though not limited to the energy crisis. The war triggered by the Russian invasion of Ukraine has ruptured not only to the occupied country and the lives of its citizens, but also the already fragile global geopolitical order.

The outbreak of the conflict has demonstrated the extreme energy fragility of Europe, dormant for decades in the heat of the national fragmentation of a European Union, whose capacity for action has been constrained by the unease of its member states to transfer their sovereignty.

The EU's energy dependency on Russian gas has exacerbated inflationary pressures at a time when most analysts were expecting a reduction in prices. The persistence and widespread increase in prices, its contagion effect, starting with energy prices and moving on to other components of the shopping basket, together with difficulties in the global supply of some raw materials and intermediate goods, are already beginning to trigger the feared second-round effects, and the question now is not whether this will occur, that is already certain, but how intense and how long lasting it will be.

Currently, inflation has ceased to be a monetary problem and has become a real issue: addressing its containment will have effects in terms of activity and employment, and the performance of monetary policy will be essential to also mitigate the intensity and duration of its consequences. Stopping the inflationary inertia has led a good number of the central banks to carry out forceful and rapid interest rate hikes this summer, something not seen in decades. However, not all economies are facing this escalation in interest rates from the same baseline position; the significant divergence in terms of recovery of pre-pandemic activity is going to generate very different consequences depending on the economic phase in which the region finds itself and what its fundamentals are, including, naturally, the degree of indebtedness and the level of perceived solvency of the country.

In other words, behind the rise in the general level of prices in the different economies is a combination of supply and demand factors that vary wildly from one region to the next and, although some show unequivocal signs of an overheating economy –such as the US, with frictional unemployment and with significant difficulties in filling vacancies–, others have barely recovered pre-Covid levels. This is the case of the EU, which also suffers from significant exogenous and endogenous distortions in some of its key industries, and which is immersed in an inexorable process of productive reconversion. Within the EU, the situation in Spain is unique: it is the only economy that has not recovered pre-pandemic levels of activity, and has both unemployment rates above pre-Covid rates and very high levels of public debt.

The US Federal Reserve is acting to reach its NAIRU, non-accelerating inflation rate of unemployment, in the shortest possible time and at the lowest possible social cost, with tools that history has shown to be relatively effective. The challenge facing the European Central Bank (ECB) is much greater, forced to implement a response that prevents the de-anchoring of inflation expectations in the medium term, to ensure non-financial fragmentation and to avoid a long economic recession that will necessarily be asymmetric: current thinking suggests that there may be reductions in activity in the fourth quarter of 2022 and in the first of 2023. The ECB's tools for dealing with such a large undertaking are, on the one hand, those already in place, which are less effective the more significant supply factors become in the rise in prices, and, on the other, those that it is capable of designing in the complicated European decision-making framework, while also having to undertake this task in record time, before tensions over peripheral risk premiums spill over.

However, in this gloomy economic context, the break in the clouds in the immediate future could come from the allocation of NGEU funds to projects based on activities that promote growth and have that transformative capacity for which these funds were created, though currently there is a lack of awareness and implementation of these. That is what most of the economic experts propose, for whom public spending is the essential driver for emerging from any crisis.

This report details the results of the main economic variables in the Community of Madrid and Spain for the second quarter of 2022, those with the shortest publication lag corresponding to the evolution observed until August. These results indicate that there are still factors that are currently driving activity, such as the spending of savings accumulated during the pandemic in this first summer free of restrictions, which has boosted consumption despite high inflation. However, due to the depletion of said savings or caution in the face of a much more uncertain economic outlook, these factors are not expected to continue stimulating consumption in this final part of the year.

The regional economy continued its process of recovery in the second quarter, though maintaining the slower rate of growth that began in the previous quarter. The region's GDP grew by 0.6% quarter-on-quarter, with data corrected for seasonal and calendar variations, two tenths less than in the first quarter and significantly lower than the extraordinary growth of 3.0% in the fourth quarter of 2021. This increase of 0.6% is supported by external demand, which offsets the apparent weakness of internal demand, weighed down by lower volumes of final consumption expenditure. A correct interpretation of this reduction in final consumption should take into account that this component reached an all-time high in the current series in the fourth quarter of 2021, which began in 2010.

In year-on-year terms, the region's GDP accelerated two tenths reaching 5.4% in the second quarter and reduced the pre-pandemic differential down to 1.2%. In Spain, activity grew by 1.5% in the quarter and grew year-on-year by 6.8%, although it is still 2.2% below the levels reached before the health crisis.

This growth in activity has translated into an outstanding performance of the regional labour market, which in the second quarter of the year reached a record volume of active and employed persons, with significant reductions in the number of unemployed, which caused the unemployment rate to fall to 10.2%, slightly above the pre-pandemic level. Affiliation to the Social Security system reached an all-time high in the month of June, with numbers then falling in the summer months for seasonal reasons. This seasonal factor also explains the most recent increases in the number of registered unemployed, while legislative changes explain the record number of those on permanent contracts. The coming quarters will be essential to see if the new contractual framework is equipped with sufficient flexibility mechanisms in the face of variations in activity.

External demand for goods has been extraordinary, not only in terms of the volume of exchanges with foreign countries, but also because of the factors that are driving these, which explain the two-digit growth rates of the main flows in the region and in Spain, as well as the particular year-on-year growth of exports from the Community of Madrid.

The values of international trade flows reached record levels in the second quarter in the region; for the first seven months of the year, accumulated sales already total more than 30,000 million while purchases exceed 61,000 million, figures that are even higher than the amounts of relatively recent full years. These results have been spurred by two factors: the meteoric rise in the prices of energy products and the recent allocation of all national gas exports to Madrid, which had already been allocated those of electricity. As a result, fuels and mineral oils represent the most significant imports to Madrid, accounting for 22.0% of purchases of goods from abroad up to July when for the same period in 2019 it only accounted for 3.6%. Pharmaceuticals are the second most imported items in 2022, and continue to be the most exported, accounting for about 25% of regional sales abroad.

We must of course talk about the most recent trend of the general inflation indicator, which in Madrid increased from 3.0% in August 2021, a rebound after a fall of -0.5% in the same month of the previous year, to 9.3% in August 2022. This is undoubtedly the result of the contagion effect of the most volatile elements (energy and unprocessed food) on all other goods that has led to a record deterioration of core inflation, anchored at values below 1% until the fourth quarter of 2021, which has shot up in the region so far this year to 5.4% in August, its highest value in the homogeneous series that began back in 2005. The indicator has experienced a similar behaviour on a national scale, with an even faster increase: reaching 6.4% in August.

Derived from the materialization of downside risks and greater uncertainty about the near future, the trusted indicators of agents have plummeted and expectations, whose role is key in consumption and investment decisions, have worsened. Therefore, the new post-holiday growth estimates for 2023 seem to have inaugurated a new wave of downward revisions, while those for 2022 remain practically stable due to the effect of a better-than-expected second quarter that offsets the greater deterioration now forecast for the second half of the year.

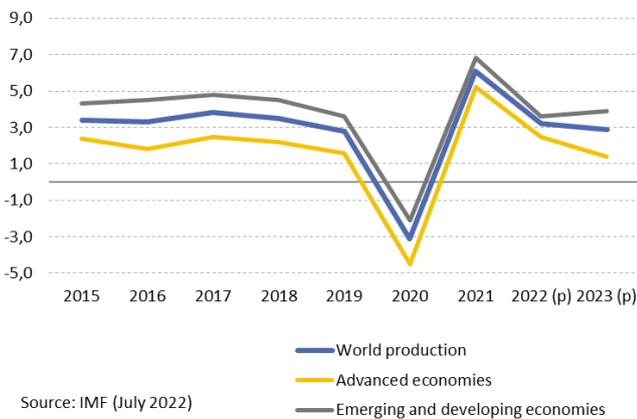
The perception that we are experiencing a turning point, for which we still have little economic data, is something we already experienced in other post-pandemic moments, in which the downward risks did not materialize or subsequently faded away. It seems unlikely that this will be the case this time round.

II. International context

The energy crisis threatens the economy. During the second quarter of this year, global output contracted, due to slowdowns in China and Russia, while US household spending fell short of expectations. Several shocks have rocked a global economy already weakened by the pandemic: higher-than-expected inflation around the world—particularly in the United States and major European economies—causing financial conditions to tighten; a worse-than-expected slowdown in China, as a result of the several COVID-19 outbreaks and lockdowns, and further negative fallout from the war in Ukraine.

could be more difficult to reduce than expected, either because labour markets are rigid than expected, or because inflation expectations become unanchored; tightening global financial conditions could cause debt distress in emerging markets and developing economies; new outbreaks of COVID-19 and lockdowns, as well as a worsening crisis in the real estate sector, could further inhibit growth in China, and geopolitical fragmentation could hamper global trade and cooperation.

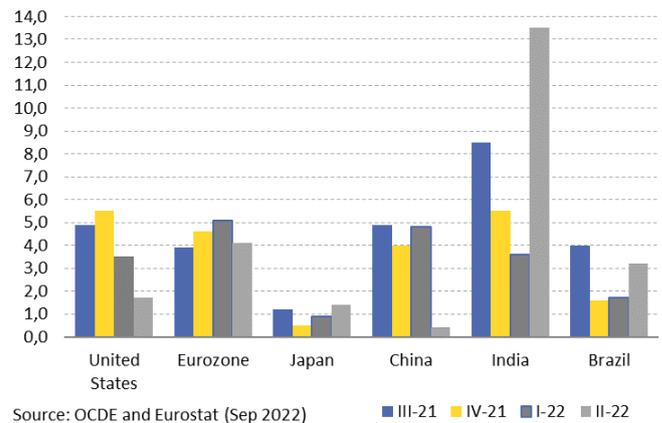
World economic growth 2015–2023 (e)



According to the baseline forecast, growth will slow from 6.1% last year to 3.2% in 2022, down 0.4 percentage points from the World Economic Outlook April 2022 (WEO report). The lower growth registered at the beginning of the year, the loss of purchasing power of households and a more restrictive monetary policy caused a downward revision of 1.4 percentage points in the United States. In China, the new lockdowns and the worsening of the crisis in the real estate sector have forced a downward revision of growth by 1.1 percentage points, with important repercussions on a global scale. For its part, in Europe, the significant reductions are a reflection of the repercussions of the war in Ukraine and the tightening of monetary policy. Global inflation has been revised upwards due to food and energy prices and persistent supply and demand imbalances, and is expected this year to reach 6.6% in advanced economies and 9.5% in emerging markets and developing economies, that is, upward revisions of 0.9 and 0.8 percentage points, respectively. In 2023, disinflationary monetary policy is expected to kick in and global growth is expected to be just 2.9%.

Overwhelmingly, the forecasts point to a downward trend as a result of the existing risks. The war in Ukraine could cripple Russian gas imports into Europe; inflation

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



However, the world's economies continue to grow, although all show signs of a slowdown with the exception of India and Brazil. The US decreased by 0.1% quarter-on-quarter in the second quarter of 2022, leaving the year-on-year rate at 1.7%. The Eurozone GDP grew by 0.8% quarter-on-quarter in the second quarter, bringing the year-on-year rate to 4.1%. Growth in China fell by 2.6% quarter-on-quarter in the second quarter, bringing the year-on-year rate to a scant 0.4%. India also decreased by 1.4% in the second quarter, however, the comparison with the previous year reflects a spectacular growth of 13.5%.

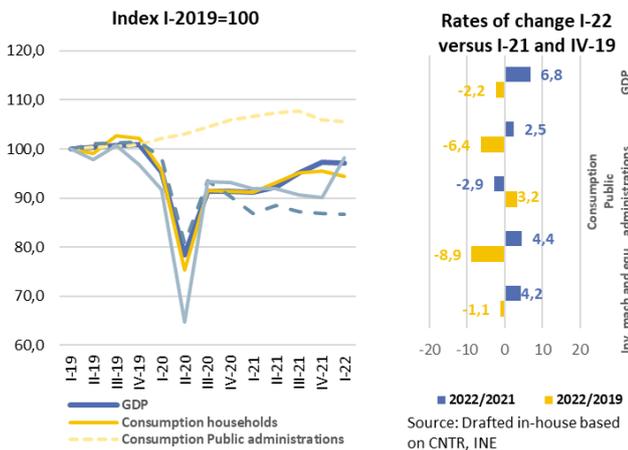
III. National framework

1. Growth

The contraction of GDP in 2020 was more acute and growth in 2021 greater, according to the latest estimate from the Spanish National Accounts. The downturn in the Spanish economy in the year the pandemic began was not -10.8%, but -11.3%, and the recovery in 2021 occurred at a rate four tenths higher (5.5%) than that forecast by the quarterly accounting in the month of March; an increase derived exclusively from a mere statistical effect when calculated on a lower base.

The data for the second quarter of this year has also been revised upwards, with the INE (National Statistics Institute) now forecasting a quarter-on-quarter growth of 1.5% (four tenths above the figure published in July), resulting in the year-on-year rate of 6.8%, half a point higher.

Evolution of GDP, consumption and investment in Spain



The recovery in the second quarter of 2022 is based on the upturn in private consumption and investment in construction. After the decline of national demand in the first quarter, with falls in household consumption and gross capital formation, a significant improvement can be seen in both components, which have grown by 1.2% and 0.8% % respectively.

The rate of year-on-year growth has picked up slightly thanks more dynamic exports. The year-on-year growth of GDP intensified in the second quarter, reaching 6.8% (6.7% in the previous period), continuing the recovery process, although activity is still 2.2% below the level of the fourth quarter of 2019.

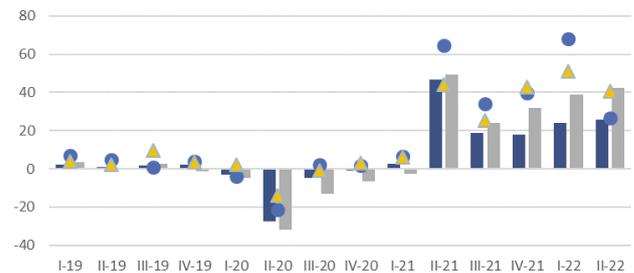
This accelerated year-on-year growth reflects the improvement in foreign demand, which increased its contribution to GDP growth more than two points, thus standing at 4.9 points. However, the contribution of domestic demand fell to 1.9 points, due to the lower private consumption and investment in machinery.

2. Foreign sector

In the second quarter of 2022, Spain's exchanges of goods with foreign countries continue to register significant growth, setting records so far this year, both in terms of volume and rates. Spanish exports of goods grew by 25.6% in the second quarter of 2022 versus the same period of 2021 (provisional data) compared to 23.9% in the previous quarter, posting a volume of €101,308 million, while imports increased by 42.4%, compared to 39.0% in the first quarter, reaching €117,854 million. Both figures are all-time series highs for that period. The trade balance for the second quarter recorded a deficit of €16,547 million.

The latest data for July slightly moderates the latest rates: 20.6% year-on-year for exports and 37.1% for imports. In terms of volume, in the January-July period, exports increased by 6.1% year-on-year, since their approximate prices according to unit value indices grew by 17.1%, and imports rose by 17.7% year-on-year, because their prices increased by 19.2%.

Foreign Trade Quarterly year-on-year rates



Source: Tax

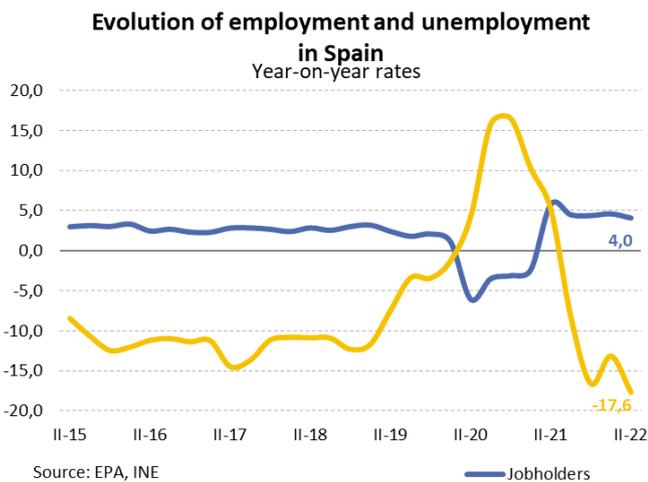
■ EXP SP ■ IMP SP ● EXP CoM ▲ IMP CoM

The sectors that most contributed to the rise in the annual rate of change of exports in the first seven months of 2022 were: *Energy products, Chemical products, Non-chemical semi-manufactures and Food, beverages and tobacco*. By subsectors, *Petroleum and derivatives, Medicines and Coal and electricity*. The destinations with the greatest positive contributions to the rate of change in sales were: France, Portugal, Belgium and the Netherlands.

In the analysis of the contributions to the interannual rate of domestic exports in 2022 (24.2%), the region with the greatest positive contribution was the Community of Madrid, with 5.2 percentage points, whose sales represented 13.7 % of the total.

3. Labour market

Very positive results from the labour market according to the Labour Force Survey and registry sources in the second quarter of the year, with signs of a loss of dynamism in the third. The LFS shows a notable increase in employment and a no less notable fall in unemployment in Spain, although the intensity of both is mitigated by the effects of seasonality. The number of employed persons rose by 4.0% year-on-year reaching around 20.5 million, while unemployment fell by 17.6% and stood at 2.9 million; unemployment has not fallen below 3 million since the third quarter of 2008.



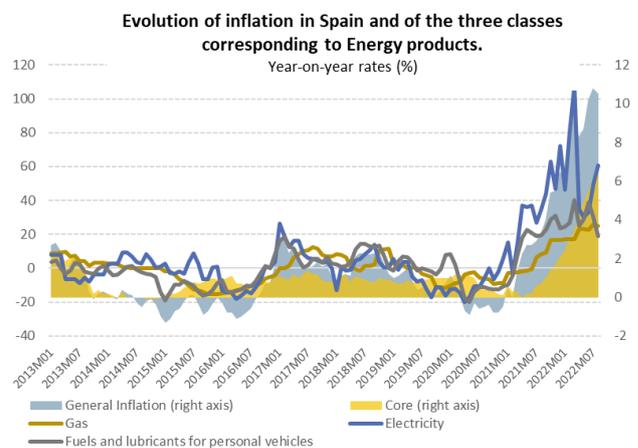
The active population increased in the quarter and in the year, with a more dynamic growth rate than that of the population over 16 years of age. Therefore, the national activity rate rose to 58.7%. Given that unemployment fell to a greater extent than the increase in the number of active workers, the national unemployment rate fell 1.1 points in the quarter and 2.8 points in the year, standing at 12.5% in the second quarter. Again, there hasn't been a lower unemployment rate since the third quarter of 2008. Employment, activity and national activity rate figures exceed pre-pandemic levels.

This is also reflected by the number of Social Security affiliates, whose average grew by 4.8% year-on-year in the second quarter (4.5% in the first), with the June figure of 20,348,330 a new record high. A slowdown over the summer months in the rise that began in June did not impede affiliation in July and August 2022 from being the highest in the series for these months.

Registered unemployment also experienced a sharp year-on-year fall in its quarterly averages, 21.9% in this second quarter of 2022, although with far less intensity in the summer months, falling 12.3% year-on-year in August, 4.6% compared to August 2019, and placing the number of unemployed persons at 2,924,240.

4. Prices

The rise in the prices of energy products continues and impacts the most basic products of the shopping basket Thus, the general and core CPI reached levels not seen for more than 30 years. Inflation measured by the CPI recorded an average rate of 9.1% in the second quarter of 2022, reaching the maximum of the year in July with 10.8%. According to the latest data published for the month of August, inflation stands at 10.5%, a slight drop compared to recent months, but which is unlikely to indicate a change in trend if we bear in mind the current geopolitical tensions and especially considering that the rate is calculated compared to the month of August 2021 in which the CPI already stood at 3.3%. Electricity, after reaching record inflation in March with a figure of 107.8%, fell to 34.9% in April and from there began a new rise, reaching 60.6% in August. Fuels and lubricants, which rose by 38.9% in June, stood at 18.9% in August.



This persistent rise, which initially had an immediate impact on 'Housing' and 'Transport', with double-digit year-on-year rates since the second half of 2021, has this quarter now affected 'Food and non-alcoholic beverages', and 'Restaurants and hotels', which have contributed significantly to the increase in inflation. Thus, 'Food and non-alcoholic beverages', which in April showed a two-digit increase of 10.1%, according to the latest data published for August now stands at 13.8%; 'Restaurants and hotels', meanwhile, increase from a rate of 5.8% in April to 7.6% in August. Core inflation follows the upward trend of general inflation, at a distance of 4.5 points below on average, and stands at 4.9% in the second quarter. The published August figure peaked at 6.4%, with values not seen in decades.

At the international level, the EU's harmonized indicator continued its upward trend in the second quarter, rising from 7.4% in April to 8.8% in July, with a forecast for August of 9.1%.

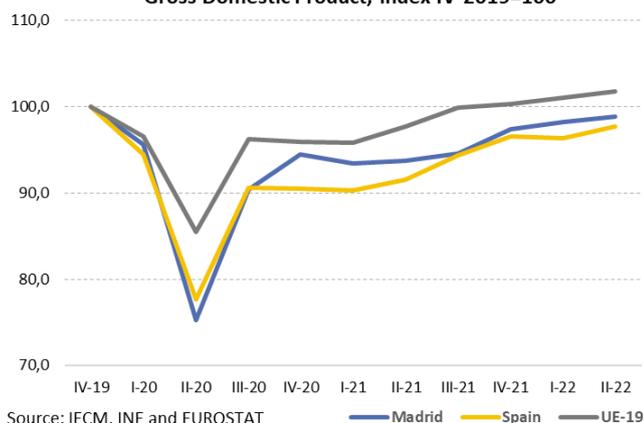
IV. Recent developments in Madrid's economy

IV.1. Economic growth

Madrid's economy grew moderately in the first half of 2022. The recovery of the regional economy continued in the first quarter of 2022, according to the Community of Madrid's Regional Accounts, with a slight quarter-on-quarter growth, similar to that observed in the first quarter. Today's difficult economic context, with high inflation, rising interest rates and in skyrocketing levels of uncertainty, is having a direct impact on private consumption –the most affected component of GDP up to now–, which is holding back the overall growth of Madrid's economy, given its major contribution of 56.0% of the total in 2021.

Under these circumstances, Madrid's economy experienced a quarter-on-quarter growth of 0.6% in the second quarter of 2022, in real terms and with data adjusted for seasonality and the calendar. On a national scale, the growth rate in the quarter was somewhat higher, 1.5% according to revised data from the INE's QNA. In year-on-year terms, the region's GDP increased by 5.4% in the second quarter of 2022, two tenths higher than in the first quarter. Therefore the process of gradual improvement continues, with the level of GDP standing only 1.2% below the level of activity prior to the start of the pandemic. In Spain, GDP recorded a year-on-year increase of 6.8% in the second quarter, 2.2% below pre-Covid levels, even lower than the figure for Madrid, notwithstanding a sharper downturn in the second quarter of 2020 in the region than in Spain as a whole.

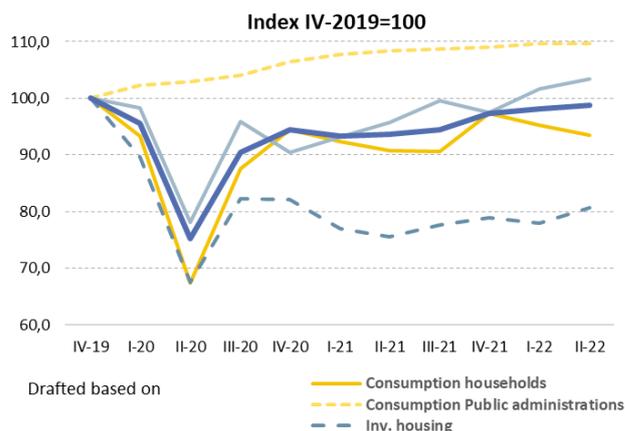
Impact of COVID-19 crisis in Madrid, Spain and the EU
Gross Domestic Product, index IV-2019=100



As in the first quarter, **growth is based on the dynamism of investment and the contribution of the foreign sector**, despite the fact that consumption continues to slow down. In comparative terms with the previous quarter, household consumption again contracted by 1.9%, while general government

consumption remained unchanged. Investment, on the other hand, continued to grow, 3.4% for housing and 1.8% for the rest of gross capital formation, for which, however, growth slowed down. Thus, regional demand posted a 0.7% drop, which was offset by the positive contribution of foreign demand of 1.3 percentage points.

Evolution of GDP, consumption and investment



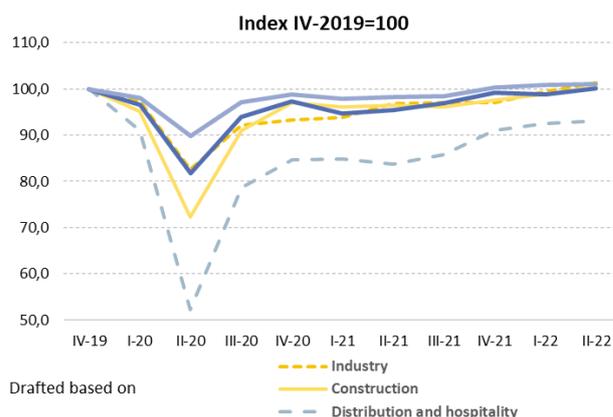
In year-on-year terms, **regional demand continued to grow at a rate of 3.3%**, one tenth below the growth rate of the previous period, and external demand increased its contribution to Madrid's GDP growth, from 2.0 to 2.3 points. Investment grew significantly at a rate of 7.6%. This acceleration was due to the recovery in housing (6.7%), still far from reaching pre-Covid activity levels, 19.3% below these; growth in other investments reached 8.0% and exceeded pre-pandemic level by more than 3.0%. Meanwhile, final consumption expenditure grew more moderately, by 2.5%, with a trend of progressive deceleration in recent quarters: household consumption increased by 3.0%, although it was 6.5% below the fourth quarter of 2019, while government consumption grew by 1.1%, and is now 9.6% above the pre-pandemic level.

From the point of view of supply, all non-agricultural sectors experienced year-on-year growth, particularly distribution and hospitality services. The service sector recorded growth of 5.9%, six tenths above the rate of the first quarter. Construction also experiment a boost, with growth up to 4.1%, while industry continued to grow at a high rate of 4.7%, more moderately than in the previous period; both sectors managed in this quarter to exceed the level of activity of the fourth quarter of 2019.

Of all the tertiary activities, *distribution and hospitality services* continued to post the strongest growth, 11.0%

year-on-year in this quarter, although their decline was so intense during the pandemic that this is still 6.9% below the pre-Covid level. Business and financial services increased by 4.8% year-on-year, recovering in this quarter the level of the fourth quarter of 2019. *Other services* increased by 2.8% and consolidated its recovery, already exceeding the level of activity prior to the pandemic by 1.1%.

Evolution of GVA of major industries



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

(1) Contribution to GDP growth

Sidebar I. Sector contributions to quarterly GDP growth¹

Supply channel

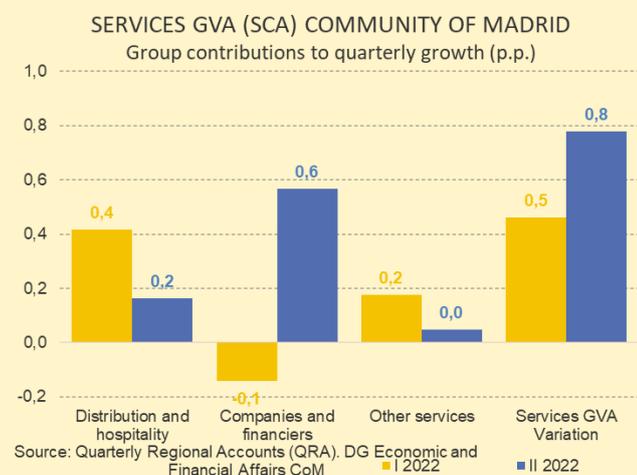
The latest Quarterly Regional Accounts data published by the Directorate-General for Economic Affairs of the Community of Madrid reported that the volume of regional **Gross Value Added (GVA)** in the second quarter of 2022 **grew 0.9%**, two tenths more than the previous quarter.

GVA demand (SCA) COMMUNITY OF MADRID			
Sector contributions to quarterly growth (p.p.)			
		I 2022	II 2022
Contributor	Agriculture and livestock	0,0	0,0
	Industry	0,3	0,2
	Construction	0,1	0,1
	Services	0,4	0,7
GVA Variation (%)		0,7	0,9

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

All sectors contributed positively to quarterly GVA growth in the second quarter: *agriculture and livestock*, with very limited weight, accordingly contributed very little; *industry*, with a weight of 10.7% and a contribution of 0.3 points in the previous quarter, contributed 0.2 points; *construction* (weight of 5.4%) contributed 0.1 points, the same as in the previous quarter; finally, *services* (weight of 83.7%) contributed 0.7 points, and just as in the previous quarter, in which it contributed 0.4 points, it was the main contributor to GVA growth.

In turn, the services sector grew 0.8% in the period, slightly increasing its contribution to GVA growth compared to the previous quarter. This improvement comes exclusively from the greater contribution of *business and financial services* which, with a weight of 46.7% of services, contributed 0.6 points. The contributions of *distribution and hospitality* and *other services*, with weights of 27.5% and 21.6% of services,



respectively, were more limited and lower than those of the previous quarter.

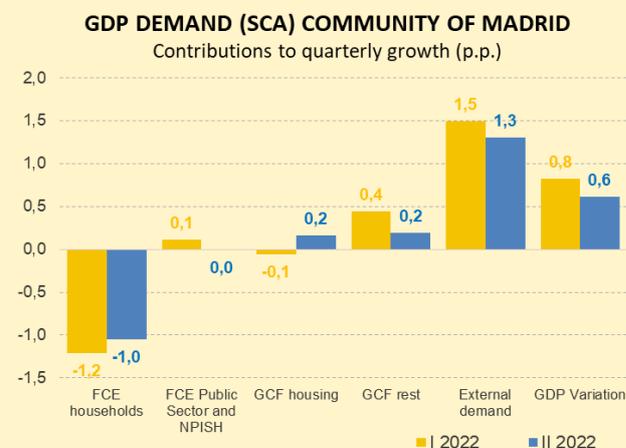
Demand channel

GDP volume expanded by 0.6% in the second quarter of 2022, driven by a 1.3-point contribution from foreign demand and a 0.4-point contribution from GCF; however, final consumption expenditure (FCE) in this first quarter deducted one point from quarter-on-quarter GDP growth.

GDP demand (SCA) Community of Madrid				
Sector contributions to quarterly growth				
		I 2022	II 2022	
Contributions	FCE households	-1,2	-1,0	
	FCE Public Sector and NPISH	0,1	0,0	
	FCE		-1,1	-1,0
	GCF housing	-0,1	0,2	
	GCF rest	0,4	0,2	
	GCF		0,4	0,4
External demand		1,5	1,3	
GDP Variation (%)		0,8	0,6	

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

Final consumption expenditure, with a weight of 79.6% of GDP, reduced growth because of a household consumption drop of one point, which was barely offset by the contribution this quarter from general government consumption or consumption by non-profit institutions serving households. Gross capital formation (with a weight of 16.3% of GDP) performed better, with both investments in housing and other investments contributing 0.2 points each to global growth. Finally, foreign demand (with a weight of 4.1% of GDP) contributed most to growth, 1.5 points, slightly below the previous quarter.



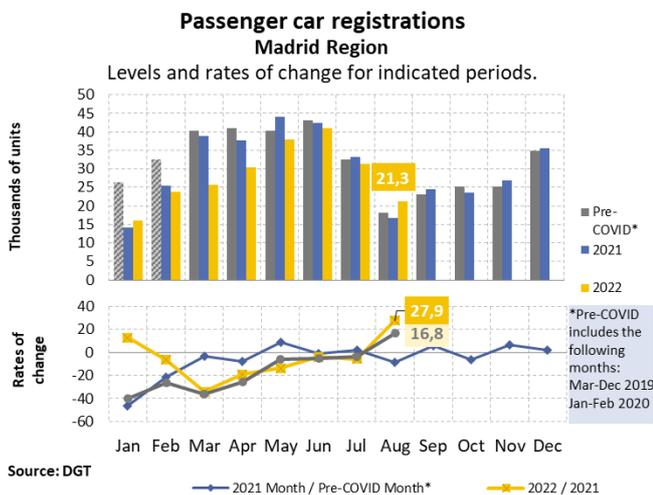
¹ All values are presented seasonally and calendar adjusted, SCA, and comparisons are always in relation to the previous quarter.

IV.2. Demand and production

IV.2.A. Domestic demand

Passenger car registrations in the second quarter of 2022 continue to fall. According to the Directorate-General for Traffic, 109,325 passenger cars were registered in the second quarter; this is a fall for the fourth consecutive quarter, with a total drop of 11.9%, 14,791 units less than a year ago and 12% lower than the same period in 2019. The sector's crisis is no longer only due to a shortage of supply due to the lack of components, but also due to low demand: higher prices, more expensive energy, the geopolitical situation and the rise in interest rates are causes of the current situation. The latest data, for the month of August, reflects the first year-on-year increase, of 27.9%, after six consecutive months of decreases; this sharp rise is due to the fact that August 2021, the baseline, recorded the lowest number of registrations for that month since 2016; the comparison with the pre-pandemic August is also positive, with an increase of 16.8%.

Lorry and van registrations in the second quarter of 2022, at 16,138 units, slipped 23.8% compared to the same quarter of 2021, down 5,036 registrations, and was 17.1% lower than in the same period of 2019. The data for August reflects a year-on-year increase of 8.7%, after eleven months of consecutive falls, but it fails to reach the levels of 2019.

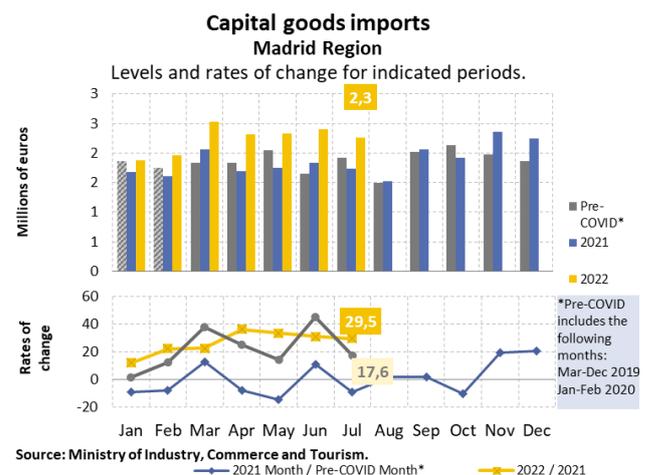


In the second quarter of 2022, petrol consumption reached the highest volume for this quarter since 2006, growing by 11.9% compared to 2021; in the comparison with the same quarter of 2019 it increased by 13.7%. The latest data, for July, reflects the first year-on-year drop since February 2021, a fall of 0.8% despite the drop in fuel prices; demand has contracted as a result of economic uncertainty, although it exceeds pre-pandemic levels by 2.6%. Meanwhile, diesel consumption in this first quarter fell by up to 0.5%

compared to 2021, while the comparison with the second quarter of 2019 shows a decrease of 10%. The latest data, for July, shows the lowest consumption of the series for this month since 2000, with three consecutive months of falls and the decline increasing sharply to 8.4% year-on-year and 16.8% compared to July of 2019.

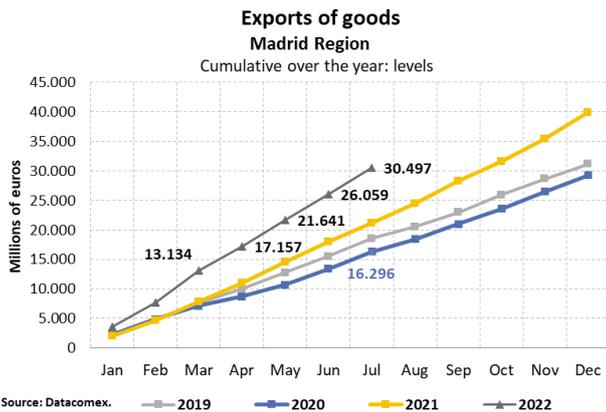
The decrease in deflated loans to the private sector slowed down in the second quarter of 2022; this is the fifth consecutive quarter in decline in which the figure has fallen another 0.5%, though still 0.2% higher than the same quarter in 2019; banks have tightened the criteria for financing companies and the household demand for all types of loans has contracted, given the increase in interest rates and the forecast that these will continue to rise in the near future. For their part, deflated deposits returned to negative rates, falling 1.6% after increasing 4.8% in the first quarter; it should be noted that this comparison is against the high of the series for this period; the comparison with 2019 reflects an increase in the volume of deposits of 12.3%.

In the second quarter of 2022, imports of capital goods grew and accelerated, reaching 7,039.7 million euros, the highest amount in the quarterly series and a record high year-on-year growth of 33.6%, 26.7% more than the second quarter of 2019. In July, it reached a record high for the series for this month with €2,253.0 million and a year-on-year increase of 29.5%, the highest growth for the month of July since 2007, 17.6% more than in July 2019.



IV.2.B. Foreign demand

The extraordinary growth of the Community of Madrid's trade balance in the first quarter slowed somewhat in the second, although it continues to be unusually dynamic. In the second quarter of 2022, exports from the Community of Madrid were up 26.4% (68.3% in the first quarter) compared to the same period in 2021, and stand at €12,924.7 million, the second highest figure for a quarter in the history of the series, only behind that of the previous quarter. The figure for July, the latest one published, reached 38.6%, showing an acceleration of the pace of the previous three months.



The Community of Madrid bought 40.4% more from abroad in the second quarter of 2022 than a year ago (51% in the previous quarter). Purchasing figures stood salient at €27337,4 million, hitting a new series record for a quarter. The latest data for July recorded purchases 21% higher than those of a year ago, thus moderating the progress of recent months.

The notable contributions of *Fuels and mineral oils* and of *Pharmaceuticals* continued to drive export growth in the second quarter. The major contribution of *Fuels and mineral oils* during this period led to a growth of 12.3 percentage points which translates into sales of €1,778.4 million, 238% more than a year ago. *Pharmaceuticals* remains the leader, exporting €3,129.2 million this quarter, which represents a year-on-year increase of 41.3% and a contribution to the growth of exports of 8.9 percentage points. Combined, they accounted for 38% of Madrid's sales, whereas in the second quarter of 2019, both categories only accounted for 15% of exports. From *Fuels; mineral oils*, nearly 80% comes under tariff code "2716 Electrical energy", of which we exported 289% more than in the second quarter of 2021. Much of this growth was due to the escalation of electricity inflation. It is worth noting that

Madrid is the region that accounts for all electricity sales in Spain. However, according to the latest data for July, a new category has taken a leading role in driving sales: *Aircraft; spacecraft*, followed at a distance by *Fuels*.

In terms of Madrid's imports, *Fuels; mineral oils*, played a significant role, with the purchase of €6,594 million in the second quarter of 2022, 71% of the amount purchased in the whole of 2021. And it represented 24% of the total imported by the Community of Madrid in said quarter. The tariff code with the greatest prominence was 2711 *Petroleum gas and other gaseous hydrocarbons*, which includes liquefied natural gas (LNG): of the €11,773 million imported by Spain so far in 2022, 9,935 million were purchased by the Community of Madrid (84.3% of the total). This is followed, due to its contribution to the increase in imports in this quarter, by the category *Electrical appliances and material*, with purchases of €3,170 million euros, 43% more than in the same quarter of 2021. Finally, it is worth mentioning *Pharmaceuticals*, which has played a major role due to its contribution to changes in imports in previous months; this quarter involved a negative contribution, partly due to a reduction in the importance of vaccines in the fight against Covid-19. The data for July confirmed this pattern: a prominent role for *Fuels; mineral oils*, followed by *Electrical appliances and material* and the negative contribution of *Pharmaceuticals*.

Imports of the 5 TARIC with the highest volume in the month			
JULY	Volum.	RC	Contrib.
27 FUELS, MINERAL OILS	1.501,1	155,6	13,9
85 ELECTRIC APPLIANCES AND MATERIAL	990,9	32,2	3,7
30 PHARMACEUTICAL PRODUCTS	962,6	-34,3	-7,6
84 MACHINERY AND MECHANICAL APPLIANCES	856,0	23,2	2,5
87 MOTOR VEHICLES; TRACTORS	629,8	20,5	1,6

Imports of the top 5 TARIC of the Comm. of Madrid				
CUMULATIVE JUL 2022	Volum.	RC	Contrib.	% total
27 FUELS, MINERAL OILS	13.493,1	303,8	23,5	22,0
30 PHARMACEUTICAL PRODUCTS	9.001,9	11,3	2,1	14,7
85 ELECTRIC APPLIANCES AND MATERIAL	6.819,8	32,8	3,9	11,1
84 MACHINERY AND MECHANICAL APPLIANCES	5.828,0	12,3	1,5	9,5
87 MOTOR VEHICLES; TRACTORS	4.889,8	14,7	1,4	8,0

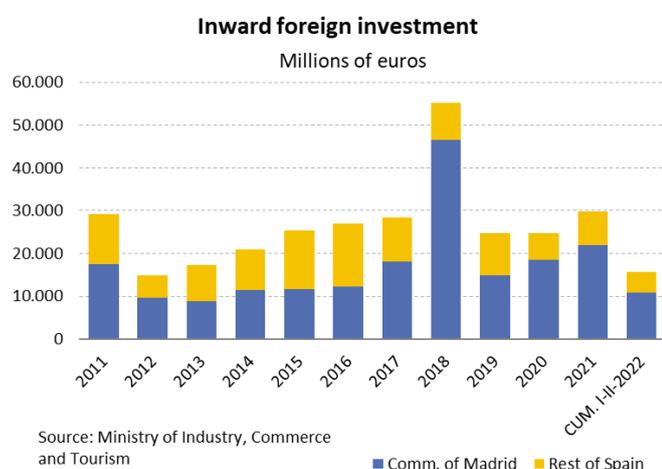
(*) TARIC: Integrated tariff of the European Union; TV: Annual Rate of Change (%)

Source: AEAT

As for the countries involved in these changes in import and export figures, the Netherlands and France were recipients of aircraft and the United States was a supplier of both Liquefied Natural Gas and *Pharmaceuticals* (vaccines and medicines to tackle the coronavirus).

IV.2.C. Foreign direct investment

The foreign investment received in the first half of the year far exceeds the values for the same period in 2021. Foreign direct investment (FDI) received in Madrid, excluding Foreign Securities Holding Entities (ETVE), decreased in the second quarter of 2022, to €5,281 million, 6.5% below the first quarter, although compared to that of the second quarter of last year, investment increased by €1,968 million (59.4%). For the country as a whole, there was a decrease of 5.6% compared to the first quarter of 2022, amounting to €7,606 million, and in year-on-year terms, there was a significant increase of 70.4% Madrid continues to be the preferred destination for investment in Spain, accounting for 69.4% of the national total.



Second-quarter investment by sector in the Community of Madrid was mainly directed towards three branches: *Manufacture of machinery and equipment n.e.c.*, which accounted for 32.8% of the FDI received, *telecommunications*, which represented 18.9% of the total, and *real estate activities*, with 16.3% of the total.

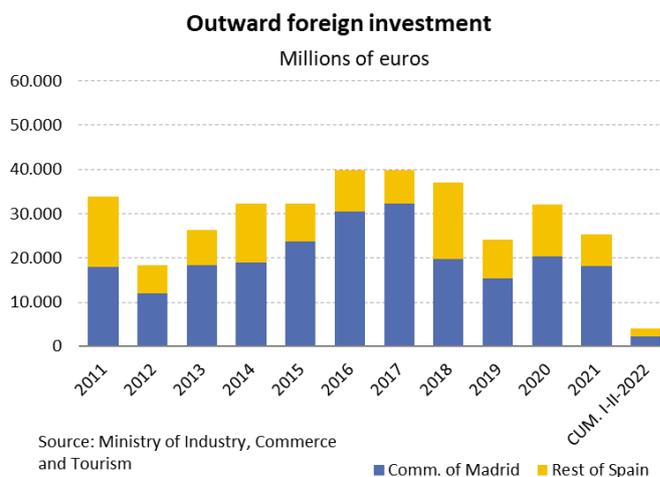
By country, there was a high concentration in the origin of the investment received in Madrid in the second quarter: the US accounted for 61.5% of the total, way ahead of other investing countries such as the United Kingdom (8.5%), France (6.9%) and Canada (6.0%).

In the first half of the year as a whole, the FDI received amounted to 10,927 million, 98.7% higher than that invested in the same period of 2021. The US was responsible for 39.9% of the investment received in the first half of 2022, with the United Kingdom (24.7%) and Australia (10.8%) also contributing significantly. There was a greater distribution of investment across the different branches, with the highest percentages being invested in *Sports activities and amusement and recreation activities* (18.4%), *manufacture of machinery*

and *equipment n.e.c.* (16.0%), *real estate activities* (11.5%) and *telecommunications* (11.3%).

Modest investment abroad so far this year. Madrid's gross investment abroad, excluding investments in Foreign Securities Holding Entities, fell in the second quarter of 2022 by 3.6% quarter-on-quarter, and stood at €1,118 million euros, one of the lowest investment numbers of recent years. It fell by €7,718 million, 87.3% year-on-year, compared to the second quarter of the previous year. There was also a sharp downturn in investment in Spain as a whole, with a historically low value (below all quarterly figures recorded since 2003) and of which Madrid accounted for 69.9% of the total in the quarter.

The top two destinations for FDI issued in the last quarter were European countries: Germany, with 44.1% of the total, and the United Kingdom, which together accounted for 63.5% of the investment. Other destinations, less relevant in terms of their weight, were Colombia (9.2%), France (6.6%) and Brazil (5.8%).



In terms of sectors, the main branch investing abroad in the second quarter was *civil engineering* (45.0% of the total) followed by *financial services except insurance* (42.2%).

In the overall calculation for the first quarter of 2022, the FDI issued by Madrid was 79.8% lower than that of the same period of the previous year, amounting to a total of €2,278 million. This investment was focused on various destinations, the main ones being Germany (21.7% of the total), Luxembourg (20.6%), the US (13.3%) and the United Kingdom (11.1%). Among the branches that invested abroad, *financial services except insurance* stood out, just as in 2021, accounting for 38.9% of the investment, and *civil engineering* (24.1%).

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
Q2 2022				
1 UNITED STATES	Sector totals	3.245,7	100,0	61,5
	28 MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C.	1.733,2	53,4	32,8
	61 TELECOMMUNICATIONS	995,8	30,7	18,9
	68 REAL ESTATE ACTIVITIES	131,8	4,1	2,5
2 UNITED KINGDOM	Sector totals	446,9	100,0	8,5
	35 ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	213,6	47,8	4,0
	68 REAL ESTATE ACTIVITIES	117,9	26,4	2,2
	79 TRAVEL AGENCY, TOUR OPERATOR AND OTHER RESERVATION SERVICE .	64,9	14,5	1,2
3 FRANCE	Sector totals	364,0	100,0	6,9
	68 REAL ESTATE ACTIVITIES	162,7	44,7	3,1
	64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	48,5	13,3	0,9
	49 LAND TRANSPORT AND TRANSPORT VIA PIPELINES	46,1	12,7	0,9
Subtotal FDI Received Top 3 countries		4.056,6	-	76,8
Total FDI Received		5.281,4	-	100,0
ACCUMULATED I - II TR 2022				
1 UNITED STATES	Sector totals	4.361,6	100,0	39,9
	28 MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C.	1.733,2	39,7	15,9
	61 TELECOMMUNICATIONS	1.178,1	27,0	10,8
	23 MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS	635,5	14,6	5,8
2 UNITED KINGDOM	Sector totals	2.699,1	100,0	24,7
	93 SPORTS ACTIVITIES AND AMUSEMENT AND RECREATION	1.994,5	73,9	18,3
	35 ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	237,4	8,8	2,2
	68 REAL ESTATE ACTIVITIES	169,3	6,3	1,5
3 AUSTRALIA	Sector totals	1.185,3	100,0	10,8
	08 OTHER MINING AND QUARRYING	761,6	64,3	7,0
	35 ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	351,8	29,7	3,2
	24 MANUFACTURE OF BASIC METALS	71,5	6,0	0,7
Subtotal FDI Received Top 3 countries		8.246,0	-	75,5
Total FDI Received		10.927,3	-	100,0

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

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
Q2 2022				
1 GERMANY	Sector totals	493,6	100,0	44,1
	42 CIVIL ENGINEERING	484,5	98,2	43,3
	64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	9,1	1,8	0,8
	99 ACTIV. OF EXTRATERRITORIAL ORGANISATIONS AND BODIES	0,0	0,0	0,0
2 UNITED KINGDOM	Sector totals	216,9	100,0	19,4
	64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	216,9	100,0	19,4
	99 ACTIV. OF EXTRATERRITORIAL ORGANISATIONS AND BODIES	0,0	0,0	0,0
	98 UNDIFF. GOODS-& SERVICES-PRODUCING ACTIVITIES	0,0	0,0	0,0
3 COLOMBIA	Sector totals	102,8	100,0	9,2
	64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	90,5	88,0	8,1
	69 LEGAL AND ACCOUNTING ACTIVITIES	10,2	9,9	0,9
	58 PUBLISHING ACTIVITES	2,1	2,1	0,2
Subtotal FDI ISSUED Top 3 countries		813,3	-	72,7
Total FDI ISSUED		1.118,2	-	100,0
ACCUMULATED I - II TR 2022				
1 GERMANY	Sector totals	493,6	100,0	21,7
	42 CIVIL ENGINEERING	484,5	98,1	21,3
	64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	9,1	1,9	0,4
	99 ACTIV. OF EXTRATERRITORIAL ORGANISATIONS AND BODIES	0,0	0,0	0,0
2 LUXEMBOURG	Sector totals	469,0	100,0	20,6
	64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	358,7	76,8	15,7
	66 OTHER FINANCIAL ACTIVITIES	55,9	12,0	2,5
	47 RETAIL TRADE, EXCEPT OF MOTOR VEHICLES	18,1	3,9	0,8
3 UNITED STATES	Sector totals	302,1	100,0	13,3
	39 EMEDIATION ACTIVITIES AND OTHER WASTE MANAGEMENT SERVICES	222,7	73,9	9,8
	35 ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	41,2	13,7	1,8
	64 FINANCIAL SERV ACTIVITIES, EXCEPT INSURANCE & PENSION FUNDING	21,2	7,0	0,9
Total FDI ISSUED		2.278,3	-	100,0
Subtotal FDI ISSUED Top 3 countries		1.264,8	-	55,5

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

IV.2.D. Manufacturing

1. Industry

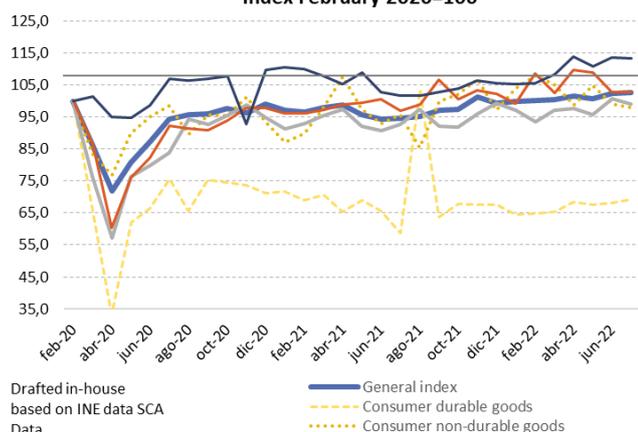
Industrial Gross Value Added slows down, though continues to perform well.

The Community of Madrid Quarterly Regional Accounts for the second quarter of 2022 show that industrial GVA, despite slowing down, continued to perform well; after growing 2.6% quarter-on-quarter adjusted for seasonality in the first quarter, it did so by 1.8% in the second quarter of the year, well above the growth of the region's GDP as a whole (0.6%). In year-on-year terms, it went from a rate of 6% in the first quarter to 4.7% in the second, seven tenths below the year-on-year growth of the regional GDP.

The Industrial Production Index continued its recovery throughout 2022

The IPI in the Community of Madrid, using seasonally and calendar adjusted data (SCA), maintained in July the momentum of the first six months of 2022, with growth of 8.5%, only one tenth lower than that of June. With this data, which is still provisional, the annual average for the first seven months of 2022 grew by 4.9% year-on-year, standing 1.8% above the accumulated value prior to the pandemic (January-July 2019). In Spain, the evolution in July was less positive, with a year-on-year growth of 5.3%, which is 1.7 percentage points lower than in June. This increase was lower than the annual average for January-July, with year-on-year growth of 3.4%, and 0.4% below the accumulated value prior to the start of the pandemic (January-July 2019).

Community of Madrid IPI Component Trends
Index February 2020=100



Among the four components of the IPI in the Community of Madrid (in year-on-year and SCA terms), the moderate growth in consumer goods stands out in July, as a consequence of the slowdown in non-durable goods consumption, which was not offset by the sharp rise in durable goods consumption. Intermediate goods

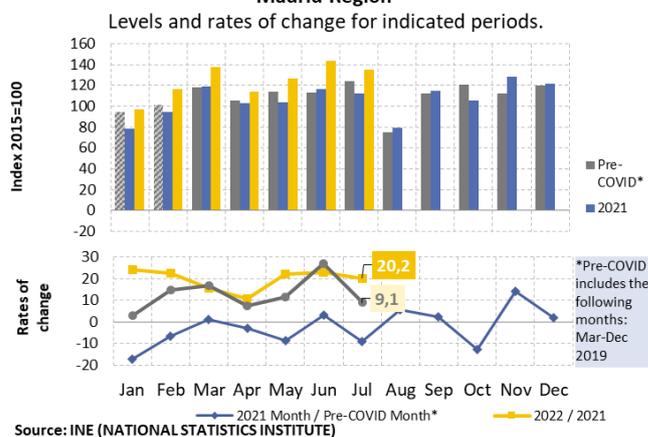
and capital goods both continued to perform well in July, while energy once again grew strongly. Despite its decline, the energy index remains, on average so far this year, above the pre-pandemic January-July 2019 level, as does that of investment goods and, to a lesser extent, intermediate goods. For their part, consumer goods remain at the average for the year, although slightly below the pre-pandemic level due to the major gap between the level of durable consumer goods then and now.

The Turnover Index also exhibited a favourable progression, with very significant growth in 2022 as a whole.

The Community of Madrid's Industry Turnover Index has shown high year-on-year rates of change during the last 17 months, since March 2021, decelerating in July 2022 to 19.9%, 11.7 points percentage lower than in June. In terms of the annual average January-July 2022, Madrid's industry turnover rate grew by 23.3% year-on-year, standing 44.7% above the same period in 2019.

The Industrial Price Index (IPRI) stood at all-time highs in the series in the first two quarters of 2022, with year-on-year growth of 59.2% and 52.3%.

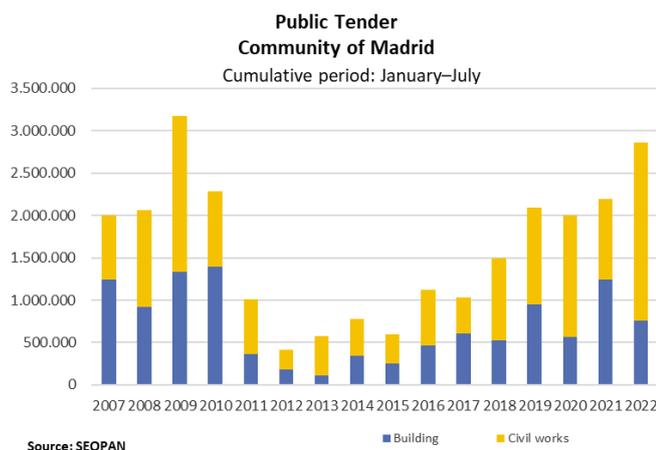
Industry Turnover Index
Madrid Region



2. Construction

GVA in construction grew faster in the quarter compared to the year-on-year pace. According to the Community of Madrid Quarterly Regional Accounts, in 2021 GVA in construction in Madrid recovered the growth trend, 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 returning to a normal rate in the third quarter (5.6%) and very slightly in the fourth quarter (0.6%). The sector regained momentum in the first quarter of 2022, with a year-on-year growth of 2.9%, before growing sharply in the second reaching 4.1% year-on-year.

Tenders in the first two quarters of 2022 recorded the highest level for any first two quarters of the series since 2005, 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 since 2005, a situation that was repeated in this second quarter with a total tendering of €1,352.7 million and €1,246.7 million respectively, with year-on-year increases of 195.5% and 53.4% compared to the same quarter of 2021, and 124.6% and 135% compared to the same quarter of 2019. For the accumulated January-July 2022 period, in terms of year-on-year momentum, total tenders grew by 65.1%, with civil engineering projects the main driver, with a growth of 275%. Thus, the €2,861.7 million of total tenders for the accumulated January-July 2022 period is a historical high for the series and exceeds by 53% that of the same period of 2019.

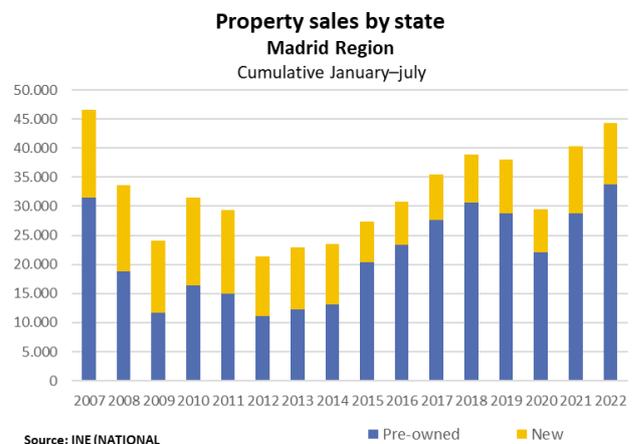


This excellent performance of total tenders is explained by the fantastic growth of civil engineering tenders, while building tenders grew more moderately.

For the data taken up to May 2022, all the leading indicators grew in year-on-year terms during the

accumulated January-May period, except building permits, which contracted by 3.6%. Thus, the number of housing permits grew by 16.5% year-on-year in the accumulated January-May period compared to the same period in 2021, the total surface area of permits rose by 11.5% and permit amounts by 18%. Meanwhile, works completion certificates, a lagging indicator, contracted 10.9% in the accumulated January-May period.

The good performance of the residential market contributed to the upturn in construction. According to the INE (National Statistics Institute), residential property sales accelerated significantly in 2021 as a whole, an expansionary trend that has continued more moderately in the accumulated figure for the first seven months of 2022, with a year-on-year increase in total sales of 6.9%. By quarters, the results in first two of 2022 were excellent; the 21,777 homes sold in the second quarter represent the highest absolute value for a second quarter in the series as a whole since 2007, while the 22,467 homes exchanged on the market in the first quarter represent the second highest absolute value in the series as a whole for first quarters, after the first quarter of 2007.

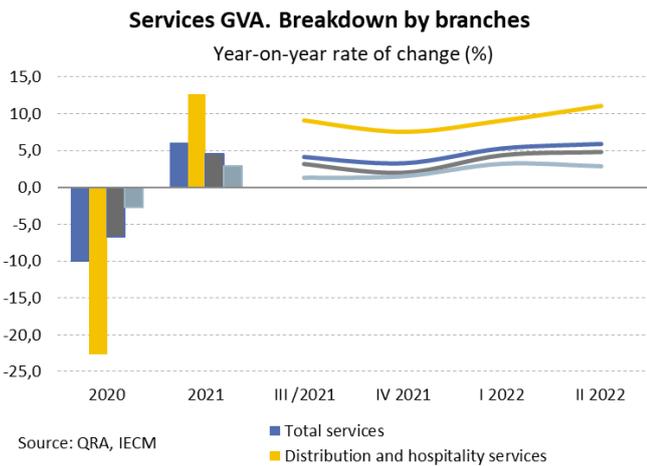


Mortgage data shows that, in the first half of 2022, the number of mortgages taken out on homes grew by 14.3% year-on-year, while capital grew by 23.4%; both parameters exceeded the values of the first half of 2019 by 4.1% and 37.0%, respectively.

In the first quarter of 2022 the number of mortgages on taken out on homes grew by 18% year-on-year, while in the second it did so by 11%, while the constituted capital grew by 32.9% and 15.6%. Both variables exceeded pre-pandemic levels by 29.8% and 53.8%, respectively.

3. Services

Annual GVA growth in the services sector persisted into the second quarter of 2022 in the Community of Madrid. The recovery of the regional economy continued in the second quarter of 2022 according to the Community of Madrid's Regional Accounts. In particular, real GVA in services (SCA), grew by 0.8% versus the previous quarter, and 5.9% 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.



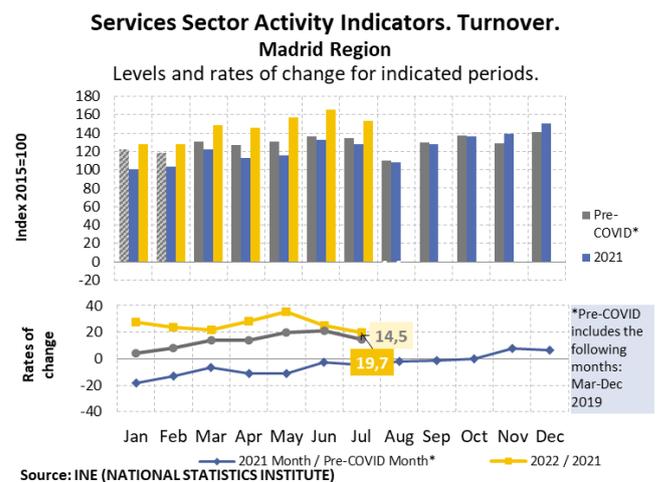
All the branches of services combined posted growth in real GVA (SCA) versus the previous quarter; of note was the 1.2% rise in *Business and financial services* stands out, followed by *Distribution and hospitality services*, which grew by 0.6%, and *Other services*, which grew by 0.2%. In year-on-year terms, all branches point to significant growth in the second quarter of 2022, namely *Distribution and hospitality* (11%), *Business and financial services* (4.8%) and *Other services* (2.8%).

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

The quarterly average for the IASS in terms of turnover in the Community of Madrid grew by 29.3% in the second quarter of 2022 versus the same quarter for the previous year, somewhat more than the 25.2% figure for Spain as a whole. This is the fifth consecutive quarter of an upward trend that began in the second quarter of 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, 18.5% more in the region compared to the first of 2019, compared to 18.4% in Spain.

The latest available data, for July, shows a year-on-year growth of 19.7% in the Community of Madrid and 18.3% 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 the second quarter of 2022 compared to the second quarter of the previous year was 4.8% (versus 5.3% for Spain) and, similar to that of business, it has continued to rise since the second quarter of 2021. Moreover, the quarterly average level in this second quarter exceeded pre-pandemic levels, growing 1.5% in the region and 0.5% in Spain compared to the second quarter of 2019.



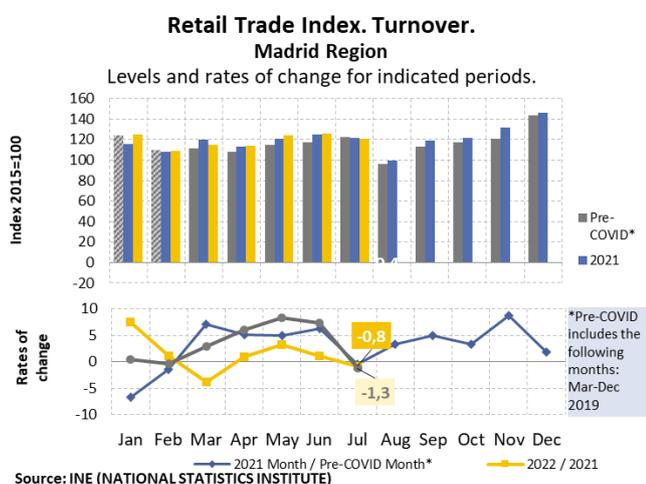
Performance improved for air passenger and freight traffic, and also metro and city bus transport, though they remain below pre-pandemic levels, except for freight. Passenger flows at Adolfo Suarez Madrid Barajas airport rose in the second quarter of 2022 to just over 12,900,000 passengers, compared to 4,000,000 in the second quarter of 2021, finally exceeding the 11,000,000 at the start of the pandemic in the first quarter of 2020.

In this second quarter of 2022, freight traffic at the Madrid airport increased by 13.8% year-on-year, and is above the levels at the beginning of the pandemic, growing by 106.9% in relation to the second quarter of 2020 and 4.1% in relation to the first quarter of 2019.

Metro de Madrid's urban transport in the second quarter of 2022 posted a significant year-on-year growth of 34.8%. Urban bus transport performed similarly, growing by 24.7% compared to the second quarter of 2021. However, the figures are still below those of the first quarter of 2019 by 14.5% and 16.1%, respectively.

Turnover and Employment figures in the Retail Trade Index (RTI) for the Community of Madrid continued to rise in the second quarter 2022. In the second quarter of 2022, the average of the deflated RTI turnover index in the Community of Madrid grew 1.7%

compared to the same quarter of 2021, continuing with the progress started in the third quarter of 2020; since then, it has exceeded the pre-pandemic level, in terms of quarterly averages. However, the latest data for July 2022 shows that this trend could be about to change, having fallen by 0.8% year-on-year.



Spain's quarterly average index in the second quarter of 2022 grew by 2.1% compared with the same quarter in 2021, stopping the decline of the two previous quarters and once again recovering the level prior to the start of the pandemic in March 2020

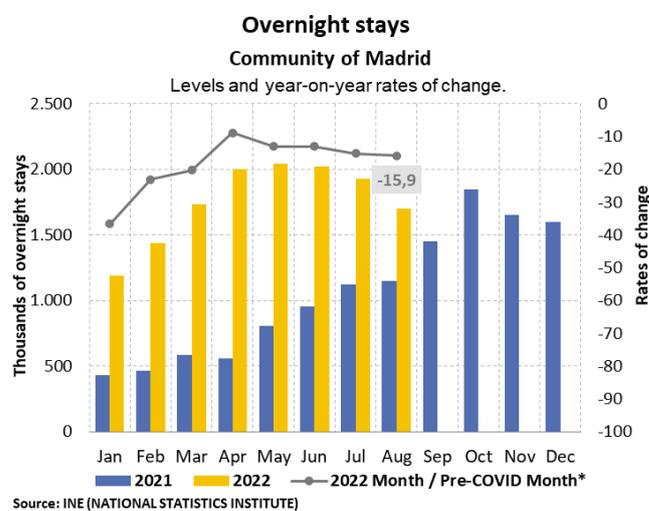
In turn, in the second quarter of 2022, the RTI employment index in the Community of Madrid increased 1.6% year-on-year compared to 2.4% in Spain, and continued the growth path that started in the second quarter of 2021; moreover, compared to the same quarter of 2020, it grew 3.5%, versus 3.6% in Spain. The latest figures for July confirm these positive developments.

Hotel activity in the Community of Madrid improved in the second quarter of 2022 but is still below 2019 levels. Almost 3,000,000 passengers (2,969,401) arrived in the second quarter 2022 compared to the 1,198,241 passengers in the second quarter of the previous year, in line with the trend that began in the second quarter of 2021. The level is, however, still lower than pre-pandemic numbers; 12.9% fewer tourists came in this second quarter of 2022 than in the same quarter of 2019, when there were more than 3.4 million travellers came. Fifty-five per cent of the travellers received in the Community of Madrid in the first quarter of 2022 were domestic. With almost 850,000 travellers, the latest data published, corresponding to August 2022, shows an improvement of 52% compared to that of the same month of the previous year, with more than 291,000 additional travellers; this is still, however, below that of August 2019, which recorded an entry of more than 985,000 travellers.

Overnight stays in the Community of Madrid paralleled the behaviour of incoming travellers. Just over 6,061,000 travellers stayed overnight in the second quarter of 2022, more than in the second quarter of 2021, with only 2,326,269 overnight stays, but fewer than in the second quarter of 2019, when 6,685,719 overnight stays were recorded.

The latest data published places overnight stays in the Community of Madrid at 1,702,124, 48% more than a year ago; this number is still 15.8% lower than that recorded in August 2019.

In relation to the occupancy rate, the average of 58.6% for the second quarter of 2022 is a clear improvement on the 29.1% from the same quarter in 2021, and is close to the levels of the second quarter of 2019, when it reached 61%.

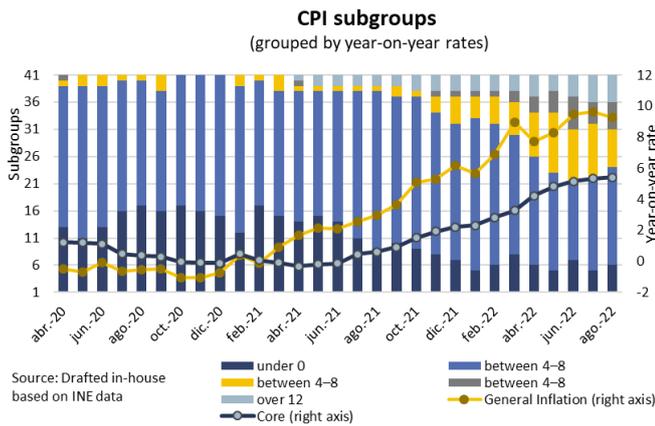


The latest value of 50% occupancy in August 2022 is an improvement on the 39.1% recorded the previous August, though this is still below the 58.1% recorded in July 2019.

In short, the trend continues to be positive in the first two months of the third quarter, approaching the figures prior to the pandemic.

IV.3. Prices and wages

The persistent rise in energy prices has been passed down to the items in the shopping basket, with the high levels of core inflation a clear reflection of this. The CPI for the Community of Madrid, after a brief slowdown in April, continued its climb to 9.6% in July, its highest level in the last 30 years. Thus, average inflation in the Community of Madrid in the second quarter of the year was 8.5%, in CPI terms. This rise stopped slightly in August, resulting in a year-on-year increase of 9.3%.



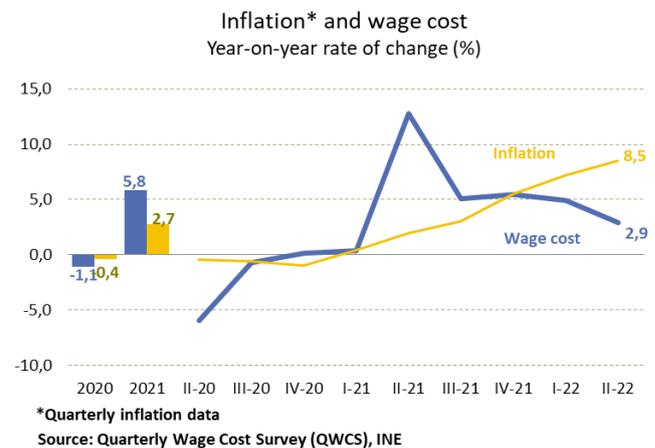
The inflationary pressures of energy products continued in the second quarter of 2022, but they were no longer the only promoters of the rise in inflation; in fact, the volatility of the prices of these products led to this inflationary escalation being cut back during certain months. Other groups not directly related to energy became contributors of this increase. Although 'Food and non-alcoholic beverages' had already contributed to this rise in inflation in the first quarter, it was during the second quarter when its inflationary effects were most keenly felt. In April, it was the group that contributed most to the growth of general inflation, with an increase of 10.2%. It is the first time in its history recording a double-digit growth rate; this trend continued in August, when it grew 13.7%.

The most inflationary categories were *Milk* (26.6%), *Oils and fats* (24.4%), *Grains and cereal products* (24.2%) and *Eggs* (19.0%), all shopping basket essentials. Meanwhile, 'Restaurants and hotels', which recorded a rise of 4.5% in the first quarter, with the arrival of Easter, the end of restrictions and a favourable comparison with a 2021 still in the grip of the pandemic, rose to 6.5% in April, driven by the *Accommodation services* subgroup, which reached its peak in the second quarter with an average growth of over 40%. In August, the increase fell to "only" 20.4%. Another group, with less weight but which followed an upward trend to values never recorded before, was 'Furniture, household goods and articles for routine household maintenance' with

subgroups that recorded two-digit inflation such as *Glassware, tableware and household utensils*, with growth of 11.9% in August and *Furniture and furnishings, carpets and other floor coverings*, with two-digit increases in May and June (10.6%).

Core inflation, which includes only the most structural and less volatile items, continued its upward trend in the second quarter, with a rate of increase that slowed down in July and August. The second quarter saw average inflation of around 4.7% (2.8% in the previous quarter), and in July and August the rate of increase diminished leaving inflation at 5.4% in August, the lowest rate out of all the autonomous communities for that month. More than 24% of the subgroups recorded inflation of over 8%, in particular the following: *Package holidays* (20.4%), *Accommodation services* (20.4%) and *non-alcoholic beverages* (14.1%), all of them used in the calculation of core inflation.

Wages continued to rise in the second quarter, although their growth rate slowed compared to the previous quarter. In the second quarter of 2022, labour costs for companies in the Community of Madrid stood at €3,377.6 per worker per month, the highest in the history of the series, with an increase compared to the same period in 2021 of 2.4%. This figure exceeds the national average by more than €500, which stands at €2,871.6 (3.8% more than a year ago).



By components, *Salary costs* grew by 2.9%, while *Other costs* grew by 0.7%. By sectors, Construction registered an increase of 20.6%, the highest in its history, Industry 7.7% and Services 1.4%. The inflation-wage differential stands at 5.6 points, one of the highest values in history, due to the rise in inflation.

IV.4. Labour Market

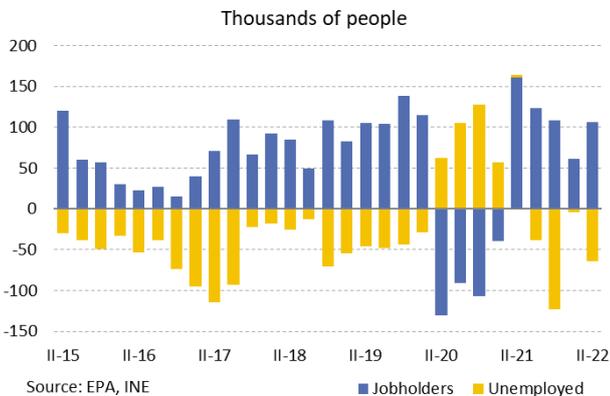
1. LFS

Excellent results from the LFS in the second quarter of 2022, which revealed record highs of activity and employment in the region. A significant increase in employment and a substantial reduction in unemployment were observed, both in quarter-on-quarter and year-on-year terms.

Due to the fact that the number of employed persons, in absolute terms, grew more than the decrease in the number of unemployed persons, the active population also increased and recorded its highest value, standing at 3,597,300 people.

The number of employed persons in the region increased by 61,200 people in the quarter and by 106,900 persons in the year, reaching 3,231,000 employed persons, its highest level. With 59,700 fewer unemployed persons than in the first quarter, the largest reduction in unemployment in a second quarter, and 63,500 fewer unemployed persons than a year ago, the number of unemployed persons in the region fell to 366,300.

Year-on-year change in employed and unemployed Community of Madrid



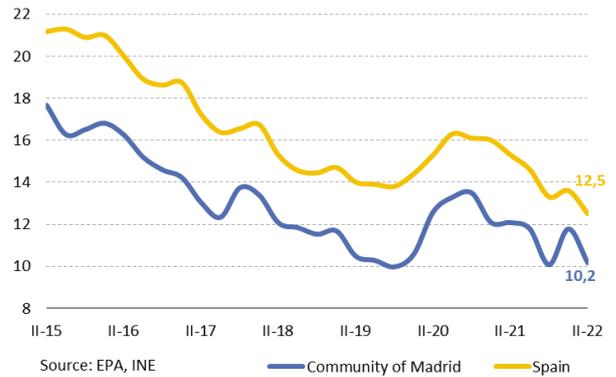
The quarterly and annual increase in the population over 16 years of age also led to an increase in the number of inactive persons in the region to 2,042,200. Therefore, the activity rate in the Community of Madrid in second quarter of 2022 remained at a stable high level of 63.8% of the population over 16 years of age, one tenth below the previous quarter.

Since unemployment in the region fell by more than the amount in which activity grew, the unemployment rate fell to 10.2% of the active population, standing 2.3 percentage points below the national unemployment rate of 12.5%.

Compared to the other Autonomous Communities, the Community of Madrid is the third region in number of active and employed persons and the second in number

of unemployed persons. It has the third highest activity rate of all the Autonomous Communities, and the seventh lowest unemployment rate, together with La Rioja and Castilla-La Mancha.

Unemployment rate (%)

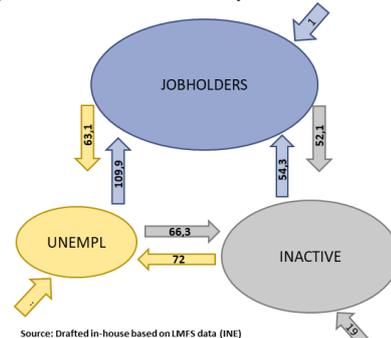


The flows into and out of unemployment and employment provided by the LFS Flow Statistics (EFPA) were especially useful in revealing the origin of the significant increase in employment in the quarter and the largest decrease in unemployment observed in a second quarter, in a general context marked by the normalization of the set of flows.

Buoyant employment figures for the quarter were the consequence of the notable decrease in flows out of employment, in which stemming the flow towards inactivity played an especially significant role, while the number of employed people who lost their jobs was low. In the flow into employment, the number of unemployed persons who became employed increased.

With regard to the record reduction in unemployment for a second quarter, this can be explained by the significantly reduced flows into unemployment, the lowest for a second quarter of the historical series, in which the inflow of fewer inactive persons played a significant role, in combination with the upturn in flows out of unemployment, due to the aforementioned increased flows into employment.

Diagram of flows between quarters I-22 and II-22



Sidebar II. Employment situation of households in the Community of Madrid according to the Labour Force Survey, recent trends and pre-pandemic comparison.

The Labour Force Survey for the second quarter of 2022 puts the total number of households in the Community of Madrid at 2,674,000, of which, just over one in four (27.2%) were single-person households.

The total number of households increased in the quarter and in the year and exceeded by nearly 50,000 those existing before the pandemic, in the second quarter of 2019. The rise in the number of single-person households explains a very important part of said increases; it is of particular relevance in the pre-pandemic comparison: of the 49,700 new households, 46,400 are single-person households.

The aforementioned positive trend in the number of employed and unemployed persons in the second quarter is also reflected in the analysis of the employment situation of households rather than individuals. The number of households with all their active members employed reached 1,732,400 households in the second quarter of 2022, which represented 64.8% of all households, with both figures even exceeding those recorded immediately prior to the outbreak of the pandemic: in the second quarter of 2019 there were 80,000 fewer households whose active members were all employed, and their weight over total households was 1.8 points lower than the current figure.

Meanwhile, the number of households whose active members are all unemployed dropped to 104,100 in the second quarter of 2022, below the figure recorded both the previous quarter and a year ago, although this segment exceeds pre-pandemic records, both in number (8,000 more households) and in the proportion of total households (2 tenths, 3.9% in the second quarter of 2022).

Households whose members are all inactive fell to 624,100 households (23.3% of all households), 47,800 less than a year ago, when their number marked the highest level in 3 and a half years and their weight reached 25.5%. The current figure is also lower than that recorded last quarter and that of the pre-pandemic, with both differences more contained than the aforementioned year-on-year comparison.

Single-person households are split almost 50% between employed and inactive persons. In the second quarter of 2022 there were 351,400 households whose member was employed (48.3% of single-person households) and 341,800 households whose member was inactive (46.9%). Although households with an employed member fell by 3.1% in relation to the previous quarter, their number experienced significant increases year-on-year and in relation to the pre-pandemic situation: 12.6% and 8.9%, respectively.

The number of households with an inactive member grew by 4.9% this quarter, to 341,800, 7,700 more than in the second quarter of 2019. However, the high number of single-person households with an inactive member recorded in the second quarter of 2021 is the reason behind the reduction observed in year-on-year terms for this type of single-person household, as was the case with the above-mentioned total households whose members are all inactive, group to which this category belongs.

For their part, households whose only member is unemployed represent a small percentage of single-person households, 4.8% in the second quarter of 2022, falling slightly, by 3.7%, compared to the first quarter, to stand at 34,900 households, although this exceeds the figures recorded both a year ago and before the pandemic.

HOUSEHOLDS COMMUNITY OF MADRID (thousands and %) 2022 T2								
	Households whose active members are all employed	Households whose active members are all unemployed	Households whose members are all inactive	All households	Single-person households whose members are all			All single-person households
					Jobholders	Unemployed	Inactive	
Level (thousands) [% / total households]								
2022T2	1,732.4 [64.8]	104.1 [3.9]	624.1 [23.3]	2,674,0	351.4 [48.3]	34.9 [4.8]	341.8 [46.9]	728,1
2022T1	1,677.5 [62.9]	122.8 [4.6]	627.3 [23.5]	2,665,5	362.6 [50.0]	36.2 [5.0]	325.8 [45.0]	724,6
2021T2	1,601.0 [60.8]	108.2 [4.1]	671.9 [25.5]	2,632,0	312.0 [45.0]	33.0 [4.8]	347.7 [50.2]	692,6
2019T2	1,652.4 [63.0]	96.1 [3.7]	649.4 [24.7]	2,624,4	316.2 [46.4]	31.3 [4.6]	334.1 [49.0]	681,6
Difference (thousands)								
2022T1	54,9	-18,7	-3,2	8,6	-11,2	-1,3	16,0	3,4
2021T2	131,4	-4,0	-47,8	42,0	39,3	1,9	-5,8	35,4
2019T2	80,0	8,0	-25,3	49,7	35,1	3,6	7,7	46,4
Variations (%)								
2022T1	3,3	-15,2	-0,5	0,3	-3,1	-3,7	4,9	0,5
2021T2	8,2	-3,7	-7,1	1,6	12,6	5,8	-1,7	5,1
2019T2	3,9	6,7	-3,1	1,5	8,9	9,2	1,8	5,4

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

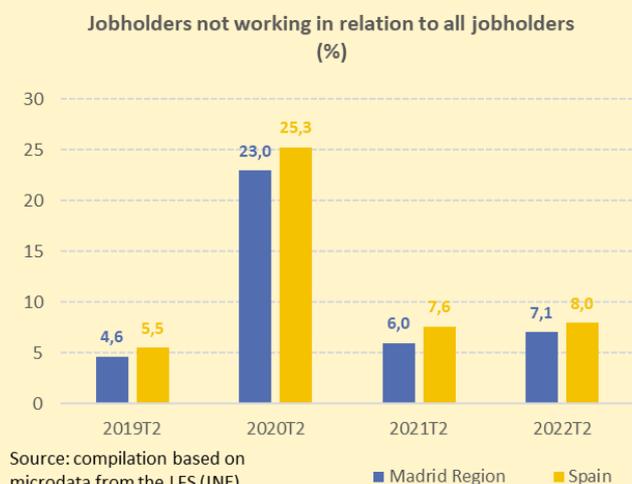
Sidebar III. Analysis of other employment-related variables of the Labour Force Survey

Employed persons who did not work in the reference week. The number of people in this situation recorded in the Community of Madrid stood at 228,000 in the second quarter of 2022, which was 40,400 more employed persons than in the same quarter of the previous year and 84,800 more than in the second quarter of 2019, prior to the pandemic. However, the number of employed persons who did not work in the reference week barely represents a third of those who did not work in the second quarter of 2020, when the country's population were under general lockdown.

JOBHOLDERS NOT WORKING IN REFERENCE WEEK BY REASON FOR NOT WORKING (thousands) Spain				
Reason	2019T2	2020T2	2021T2	2022T2
Holidays or leave	429,6	236,6	357,8	606,5
Childbirth	74,5	99,2	124,1	121,3
Illness or accident	522,6	797,1	736,3	806,7
Partial lay-off for technical or economic reasons	10,9	1.602,1	33,3	12,6
Furlough scheme	0,8	1.809,0	173,8	5,9
Strike or labour dispute	0,4	0,0	0,0	0,4
Other reasons	51,7	129,9	65,2	65,9
Unknown	0,7	3,6	0,5	0,0
Unclassifiable	2,9	28,7	7,4	13,5
Total	1.094,1	4.706,2	1.498,4	1.632,8

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

The proportion of employed persons who did not work in relation to the total number of employed persons in the second quarters of the year since 2019 is slightly lower in the Community of Madrid than in Spain. In the second quarter of 2022, they accounted for 7.1% of the total number of employed persons in the region; for Spain as a whole the figure was 8.0%, both values higher than those recorded a year ago: 6.0% and 7.6% respectively.



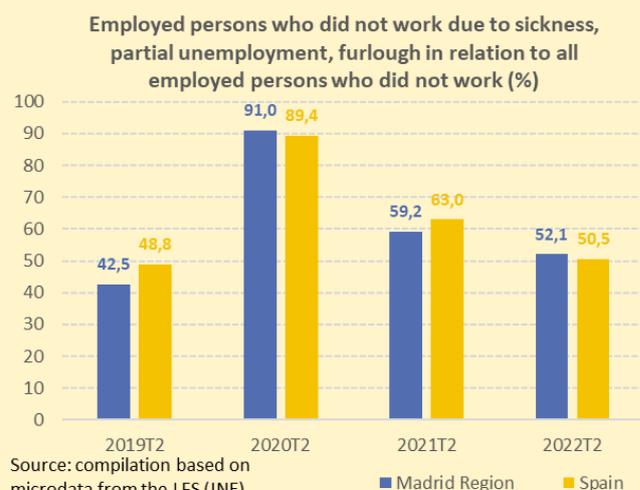
The gap compared to pre-pandemic levels is even more pronounced, given that in the second quarter of 2019,

only 4.6% of employed persons in the region and 5.5% in the country as a whole did not work in the reference week.

Most of the employed persons who did not work in the region in the second quarter of 2022, 51.3%, 117,000 people, fell under the category *Illness or accident*, affected by the seventh wave of the virus. This value is practically double that recorded before the pandemic, and also exceeds, although more moderately, that recorded a year ago.

In the midst of the first wave of the pandemic, in the second quarter of 2022, the number of employed persons who did not work for this reason reached 133,700. This was only the third highest category, behind *Partial lay-off for technical or economic reasons* and *furlough scheme (ERTE/ERE)*, each of which at the time exceeded 220,000 employed persons who had not worked in the reference week.

The sum of these three causes accounted for 52.1% of the employed persons who did not work in the second quarter of 2022, when in the same quarter of 2020 they accounted for 91.0%. However, current employment levels still exceed pre-pandemic values, and looking at the evolution of the three components it seems that, although the now somewhat diminished health effects of the pandemic are still palpable, the number of employed persons still subject to the mechanisms put in place to deal with the effects of the pandemic on employment relationships is residual. The situation in Spain is similar, reflected in the accompanying chart.



In this second quarter of 2022, the second most significant reason given by employed persons in the Community of Madrid for not working was *Holidays or leave*, which represents 31.9% of the total, but which represented 47.8% in the same quarter of 2019 and

which at the time was the main reason for absence from work.

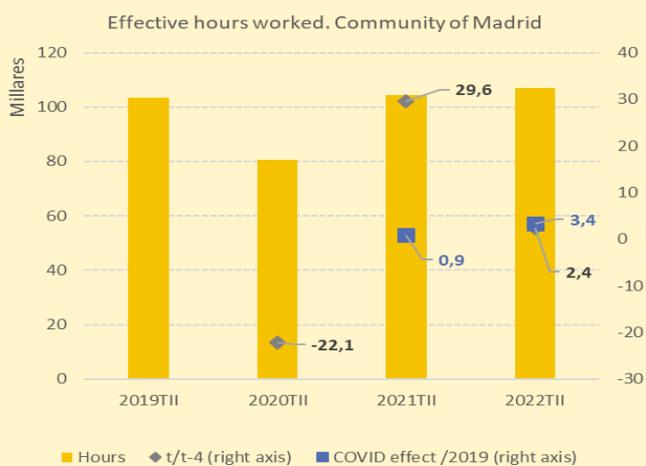
Effective hours worked.

The **total number of effective weekly hours** worked by all employed persons (main job) in the Community of Madrid in the second quarter of 2022 was close to 107



Fuente: elaboración propia a partir de microdatos de la EPA (INE).

million, the highest figure in the last three and a half years. These hours grew by 2.4% compared to the same quarter of the previous year and exceeded by 3.4% the figure for the second quarter of 2019, prior the pandemic.



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



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

■ Madrid Region ■ Spain

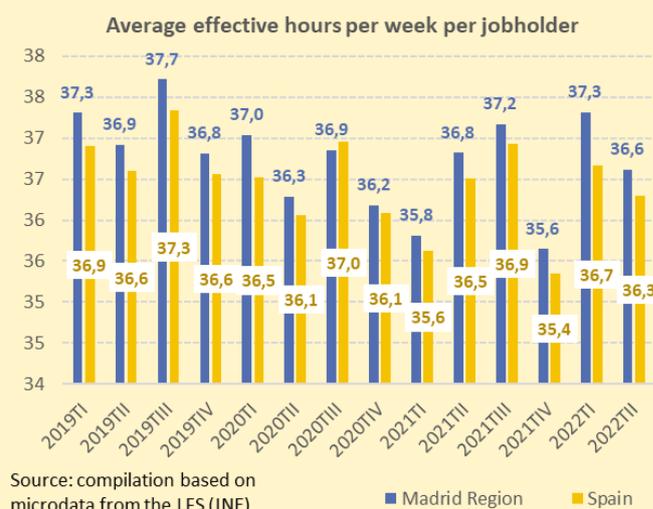
In second quarter of 2021, the number of total effective hours worked already exceeded that recorded for the same period before the pandemic. It was, however, a monetary recovery, not reaching the pre-pandemic levels in the last two quarters of 2021, which were indeed exceeded at the beginning of 2022.

In Spain, the evolution of this variable was similar: it grew by 3.4% year-on-year in the second quarter of 2022 and is now above the levels prior to the COVID crisis for the second consecutive quarter.

The **average weekly effective hours per employed person**, which in the first quarter of 2022 had returned to the level prior to the pandemic, took a downturn in the second and fell below the pre-crisis level.

In the Community of Madrid, 36.6 hours per week were worked on average in the second quarter of 2022 and 37.3 in the first, compared to 36.8 hours a year ago and 36.9 in the second quarter of 2019. The country's economy as a whole has progressed similarly in recent periods, although in this area the pre-crisis levels have not been recovered at any time.

The graph below shows that the average effective weekly hours per employed person in the region have remained above the national average in the second quarters of the year since 2019. Indeed, as the last graph shows, the number of average weekly effective hours per employed person in Spain only exceeded the regional average in the third quarter of 2020.



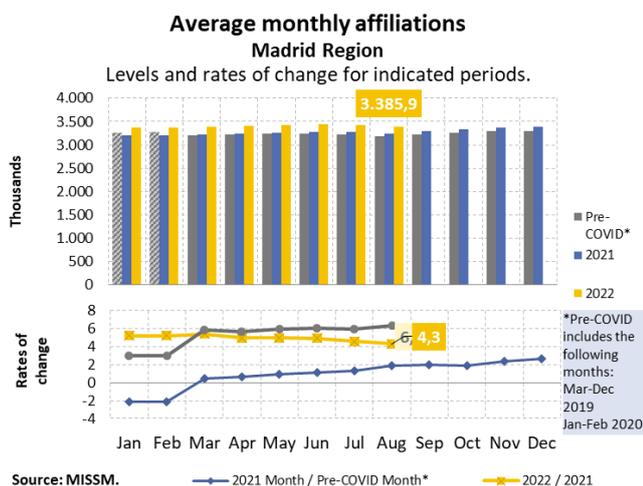
Source: compilation based on microdata from the LFS (INE).

■ Madrid Region ■ Spain

2. Social Security Enrolment

Excellent numbers of Social Security affiliations in the second quarter, hitting record highs for the main schemes and for both genders. With 3,425,166 average affiliations in the second quarter of the year in the region, not only was the affiliation record of the previous quarter broken again, but this new record high showed a remarkable year-on-year movement: it increased by 5.0%, only 3 tenths below that registered in the first quarter, the second highest growth since mid-2006.

This record high in total affiliations was reflected in the numbers of both genders and the two main schemes. The numbers for female affiliations and contributions to the general scheme were noteworthy once again, with increases of 5.2% and 5.5% year-on-year in the second quarter. The self-employed scheme once again grew more slowly, by 1.5%, also experiencing a more acute slowdown in the second quarter, of seven tenths.



Seasonal decline in the summer months that did not prevent the affiliation levels from being the highest in the series for these months. The decrease in the number of affiliations in the summer months is notable seasonal in nature and, although in July it was more acute than in the same pre-pandemic month, in August it was more contained than that recorded in the months of August in the 2016-2019 period. As a consequence, the increase in affiliation compared to 2019 went from 6.1% in June to 6.3% in August. In year-on-year terms, growth is slowing down, but it still recording outstanding rates, 4.3% in August.

These same patterns of behaviour are seen in both genders and in the two main schemes, with a slight year-on-year slowdown but still very significant growth rates. When compared to the pre-pandemic levels, using the data for August, the growth rate is even higher, with hardly any difference in intensity by gender, which was

not the case by scheme. In August 2022, the region had 6.7% more affiliates in the general scheme than in August 2019 and 3.7% more self-employed persons.

The analysis of average monthly affiliation in August by sector of activity in the general scheme, excluding the special agricultural and domestic workers' schemes, does not, however, show peak affiliation volumes in any of the three major sectors, given the aforementioned seasonality; the tertiary sector peaked in December 2021, though three of its sections (healthcare activities and social services, public administration and defence and transport and storage), which account for nearly 22% of total affiliation to the scheme, did so. However, the number of employed persons in the services sector was the highest for the month of August, and this was the case in eight of its sections, in addition to the three already listed.

With regard to the self-employed scheme, the sectoral origin of the relative peak in August lies in the affiliation of the tertiary sector: six of its thirteen service sections recorded affiliation peaks in the month of August. The highest levels were also reached in agriculture for this month, although its weight was very residual.

The number of workers on furlough in the region can now be considered almost anecdotal, since at the end of August this situation affected only 0.1% of affiliates, 4,608 people, of which 71.6% were working under partially suspended contracts.

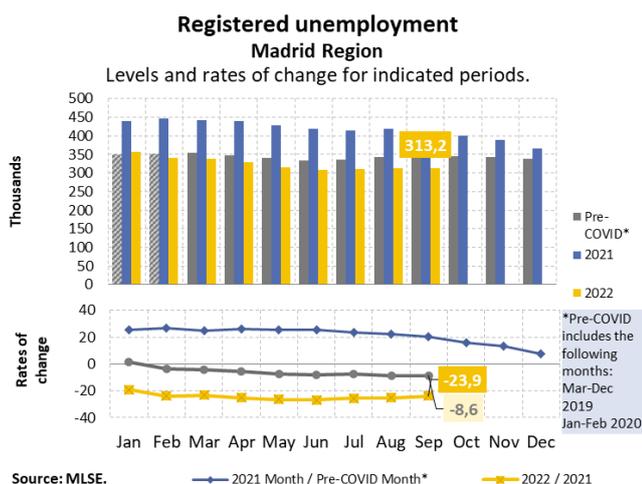
Levels of affiliation in main schemes by section in August 2022 and historical highs dated Community of Madrid							
CNAE Sections 2009	General (excluding agricultural and domestic work systems)			Self-employed regime			
	Level Aug 22	Weight (%)	Historic high	Level Aug 22	Weight (%)	Historic high	
A - Agric. Livest. Fore. and Fi.	2.677	0,1	jul.-09	2.657	0,6	jun.-22	
B ... E - Industry	203.036	7,1	ene.-09	16.762	4,1	ene.-09	
F - Construction	154.738	5,4	ene.-09	47.322	11,4	ene.-09	
G - Comm. Rep. Vehicles	421.506	14,7	dic.-19	82.819	20,0	dic.-15	
H - Transport. Storage	160.956	5,6	ago.-22	33.809	8,2	mar.-21	
I - Hospitality	170.431	5,9	dic.-19	27.548	6,7	jun.-19	
J - Inform. Commun.	256.634	9,0	jul.-22	17.911	4,3	jun.-22	
K - Act. Finance & Insur	112.879	3,9	jul.-22	8.640	2,1	dic.-21	
L - Act. Real Estate	26.911	0,9	jul.-22	9.308	2,3	jul.-22	
M - Actv. Prof. Tech. Sci.	266.205	9,3	jun.-22	60.491	14,6	jun.-22	
N - Actv. Admt. Serv. Auxil.	332.421	11,6	jul.-22	26.002	6,3	ene.-09	
O - Public Adm Defen., SS	201.205	7,0	ago.-22	189	0,0	ene.-21	
P - Education	169.019	5,9	may.-22	15.525	3,8	feb.-20	
Q - Actv. Health Serv. Social	262.667	9,2	ago.-22	22.263	5,4	jun.-22	
R - Actv. Artis. Rec. & Ent	46.084	1,6	jun.-22	13.443	3,2	jun.-22	
S ... U - Rest of Serv.	78.233	2,7	feb.-09	28.952	7,0	jun.-22	
Total services	2.505.150	87,4	dic.-21	346.899	83,9	jun.-22	
Total	2.865.601	100,0	jun.-22	413.641	100,0	jun.-22	

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 positive. The number of unemployed, just over 355,000 in January, fell to around 313,000 in August.

Thus, in the second quarter, the downward pace of unemployment accelerated significantly, from 19% in January 2022 to 26.8% June 2022, although it started to slow down during the months of July (25.4%) and August, standing at 25.2%. In January 2022, the number of registered unemployed in the region was 1.5% higher than the pre-pandemic level, while in August it was already 8.6% lower than the figure for August 2019, with 29,423 fewer unemployed people. In Spain, this drop was less acute, despite unemployment falling to pre-pandemic levels as early as November 2021, standing, in August 2022, at 4.6% below the pre-pandemic level.



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 August 2022, male unemployment continued to show the largest drop of 10.3% compared to the pre-pandemic situation, while female unemployment fell by 7.4%.

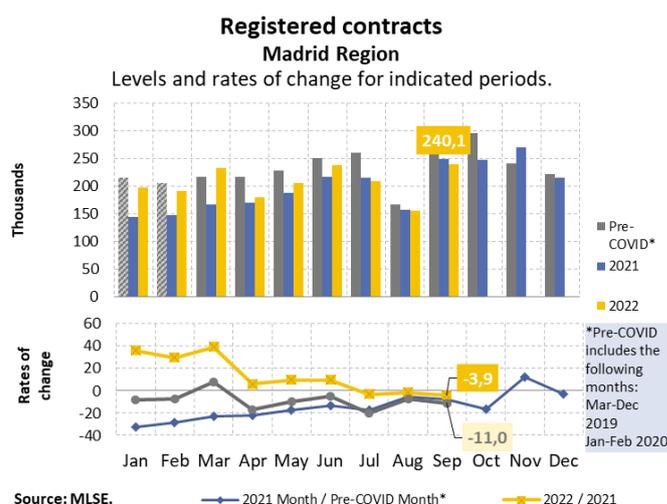
By sector, unemployment fell by 13.7% in construction and industry, 11.2% in the “previously unemployed” sector, 7.5% in the services sector and 6.3% in agriculture, always in relation to the levels for August 2019. Spain as a whole experienced the same pattern of decreases in registered unemployment by gender

and sector. Here too construction and industry experienced the greatest fall in unemployment compared to pre-pandemic levels, by 10.8% and 10.4% respectively.

There was a generalised decrease in registered unemployment across all Autonomous Communities compared to the pre-pandemic levels of August 2019, with a wide range of variations from a reduction of 13.7% in Castilla-La Mancha to 0.4% in Navarre; and only Andalusia and Cantabria posted unemployment levels higher than before the pandemic, 1.8% and 1.5% respectively.

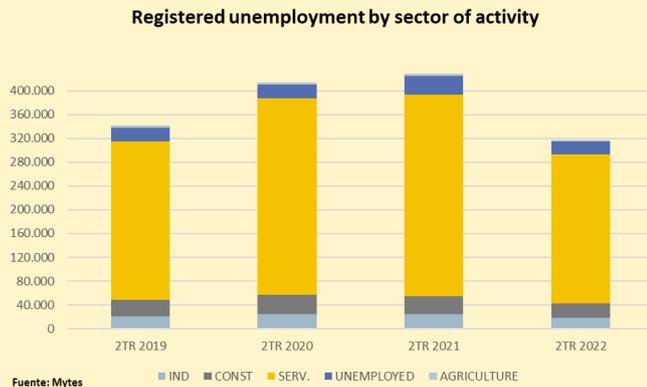
Permanent hiring hit record highs, well above pre-pandemic levels. New employment, which showed significant year-on-year increases in the first quarter of 2022, slowed down notably during the second quarter, with decreasing rates already observed for July and August, of 3.1% and 1.5%, respectively. Permanent employment continued to reach record highs while temporary employment has been experiencing year-on-year declines since April, thus prolonging a certain dichotomous behaviour in the market.

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 employment, which, moreover, seemed to have hit a serious bump in its recovery in April 2022, when the pre-pandemic gap extended to 51.6%; throughout 2021, it always lagged behind permanent employment in its reactivation.



Sidebar IV. 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 reflects a 26.1% year-on-year decline in the second quarter of 2022, driven by the strong regional labour market.



The decreases observed in the second quarter occurred in all sectors of activity: 24.1% in agriculture, 22.0% in industry, 25.0% in construction, 25.9% in services, and 33.0% in “previously unemployed”.

This decline is also evident when compared with the first quarter of 2020², as current levels of registered unemployment are 10.9% lower than that quarter. This reduction in unemployment is observed in all sectors, albeit with different intensity: 7.2% in “previously unemployed”, 9.4% in agriculture, 10.5% in services, 13.7% in industry and 16.2% 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.

The breakdown by activity sections of the services sector (CNAE 2009) 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 35.7%; Other Services 30.1%; Professional, Scientific and Technical Activities 29.9%; Arts and Leisure Activities 29.1% and Transport and Storage 28.2%.

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 the second quarter of 2022 with those in the first quarter of 2020 points to significant increases in registered unemployment in some sections, including the ones that played a significant role in managing the pandemic: Financial and Insurance Activities 4.1%; Public Administration, Defence and Social Security 7.1%; and Education 7.6%. This is consistent with an improved course of the pandemic and the normalisation of the activity. The highest level of unemployment came in the third quarter of 2021 for all of them.

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.

Registered unemployment by sections Community of Madrid										
CNAE Sections 2009	2TR22					Pandemic max		Pre-pandemic variation: 1TR20		
	Level	Weight (%)	Diff Annual	ARC (%)	Rep. (1)	Level	Date	Difference	RC (%)	Rep. (1)
A - Agric. Livest. Fore. and Fi.	2.571	0,8	-817	-24,1	-0,2	3.470	1TR21	-266	-9,4	-0,1
B ... E - Industry	18.528	5,8	-5.212	-22,0	-1,2	24.732	1TR21	-2.935	-13,7	-0,8
F - Construction	23.513	7,4	-7.827	-25,0	-1,8	33.085	1TR21	-4.551	-16,2	-1,3
G - Comm. Rep. Vehicles	43.898	13,8	-14.251	-24,5	-3,3	59.641	1TR21	-4.146	-8,6	-1,2
H - Transport. Storage	12.270	3,9	-4.821	-28,2	-1,1	17.871	1TR21	-2.041	-14,3	-0,6
I - Hospitality	26.490	8,4	-14.688	-35,7	-3,4	43.980	1TR21	-6.108	-18,7	-1,7
J - Inform. Commun.	11.112	3,5	-3.714	-25,0	-0,9	16.122	3TR20	-1.862	-14,4	-0,5
K - Act. Finance & Insur	5.582	1,8	-366	-6,2	-0,1	6.028	3TR21	221	4,1	0,1
L - Act. Real Estate	2.606	0,8	-906	-25,8	-0,2	3.582	1TR21	-2.559	-9,0	-0,1
M - Actv. Prof. Tech. Sci.	32.375	10,2	-13.840	-29,9	-3,2	47.878	1TR21	-6.555	-16,8	-1,8
N - Actv. Admt. Serv. Auxil.	52.794	16,7	-19.389	-26,9	-4,5	74.986	1TR21	-7.397	-12,3	-2,1
O - Public Adm Defen., SS	12.835	4,0	-1.183	-8,4	-0,3	15.366	3TR21	850	7,1	0,2
P - Education	11.194	3,5	-960	-7,9	-0,2	16.956	3TR21	792	7,6	0,2
Q - Actv. Health Serv. Social	16.112	5,1	-3.350	-17,2	-0,8	20.185	1TR21	-19	-0,1	0,0
R - Actv. Artis. Rec. & Ent	6.031	1,9	-2.470	-29,1	-0,6	9.458	3TR20	-1.211	-16,7	-0,3
S ... U - Rest of Serv.	17.926	5,7	-7.707	-30,1	-1,8	26.142	1TR21	-1.686	-8,6	-0,5
Total services	251.224	79,3	-87.644	-25,9	-20,4	350.569	1TR21	-29.421	-10,5	-8,3
No previous employment	21.143	6,7	-10.404	-33,0	-2,4	31.547	2TR21	-1.650	-7,2	-0,5
Total	316.978	100,0	-111.904	-26,1	-26,1	442.805	1TR21	-38.823	-10,9	-10,9

(1) Impact is the contribution of each section to total growth
Source: Directorate General of the Public Employment Service. Ministry of Economy, Taxation and Employment

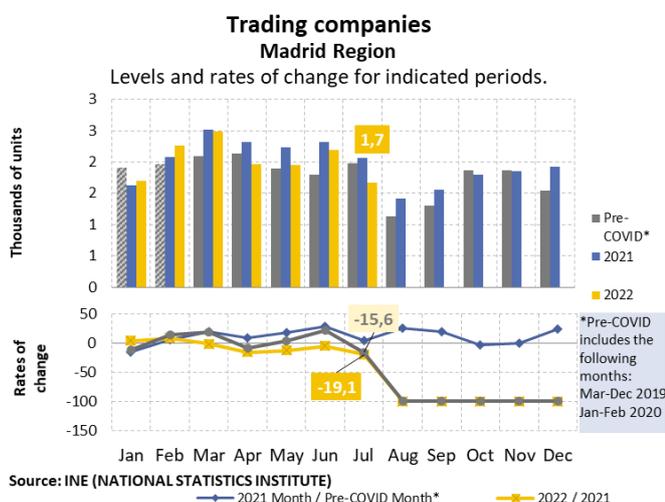
² The Community of Madrid closed some of its employment offices in the first half of March 2020 in response to positive cases, which had a differential impact on the activity of the offices and led to an increase in unemployment due to the pandemic in the following months. Therefore, for this indicator, the figures for the first quarter of 2020 can be considered representative of the pre-pandemic situation.

IV.5. Business environment

In the Community of Madrid and, after beginning the year with two months of growth, business entrepreneurship experienced successive falls since then and until last July.

The highest number of company incorporations for this period since 2007 was recorded in the second quarter of 2022, with the creation of 6,101 companies, 11.2% less than in the same quarter of 2021, which was the year in which the highest figure was recorded for this period since 2007, and therefore 766 fewer companies were incorporated than a year ago; the comparison with the same period of 2019 shows the creation of 273 more companies, an increase of 4.7%.

There were 1,665 companies created in July, the latest data available, a year-on-year fall of 19.1%; it is important to note here that the comparison is against the highest number of incorporations for the month of July since 2007; nevertheless, the Community of Madrid is in first place in the regional ranking for incorporations both in that month and so far this year. The relative figures for the creation of new companies are very significant; 23.2% of the total number of companies created in Spain in July and 22.8% of those created in the accumulated period for 2022 so far 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 second quarter recorded the highest volume for this quarter in the last four years, with a total of €244.7 million, 3.1% higher than in the same quarter of 2021 and 26.9% higher than in the same period of 2019, when the second lowest figure of the quarterly series was reached.

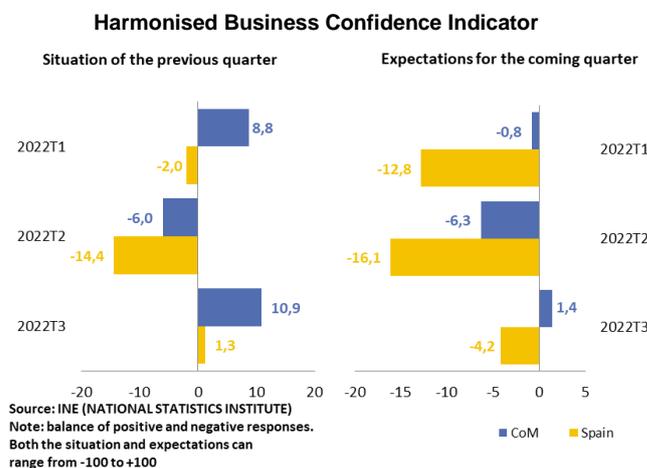
The latest data, for July, puts investment at 78.1 million euros, the lowest for this month since 2009 and 11.6% less than a year ago and 33.2% less than the number for July 2019, despite which Madrid is the region with

the second highest amount of capital subscribed in July, 24.5% of total domestic investment, and the top region in investment so far in 2022; geopolitical uncertainties and the trend of rising inflation may be behind these reductions.

In the second quarter of 2022, dissolutions reached record highs for this quarter, increasing by 2.9% versus 2021 and by 28.7% versus 2019. In July, they are up 13.0% year-on-year, and 6.5% compared to 2019. However, it is important to take the context into account in order to understand these figures correctly, since, on 30 June of this year, the insolvency moratorium period came to an end.

In the accumulated January-August period, businesses from other regions relocated to Madrid. According to AXESOR data, a total of 1,241 companies changed their registered office to the Community of Madrid during this period; the most represented sector is industry, accounting for 21.2% of the relocations, followed by financial, insurance and real estate activities with 16.4%; in terms of origin, Catalonia and Andalusia predominate, both contributing around 40% of the total arrivals. In terms of companies relocating out of the Community of Madrid in this period the result is a positive balance for our region of 233 companies.

Confidence levels in Madrid's business community returned to positive rates for the third quarter, increasing by 6.3% compared to the previous quarter, the highest rise since the third quarter of 2021. The balance of positive responses for this past quarter stands at 10.9 points, 16.9 points more than the previous quarter's balance, revealing a more positive level of expectation than was felt at the same moment in the second quarter, -6.3 points. The expectations for the coming quarter show the business community is optimistic about the future, with a positive balance of responses: 1.4 points, 7.7 points more than those expressed in the previous quarter (-6.3).



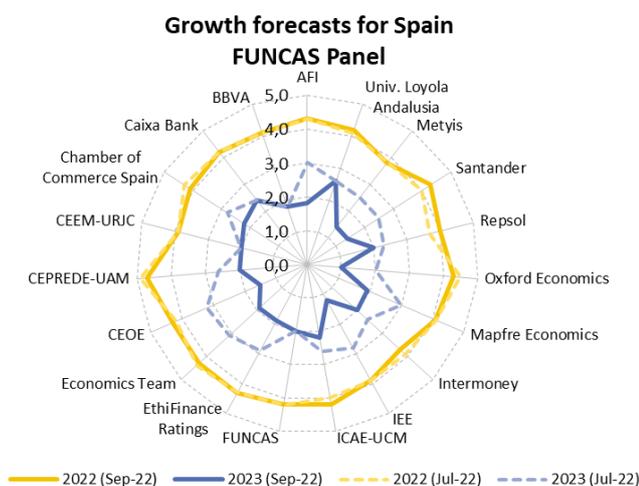
V. Forecasts

A better-than-expected second quarter mitigated the deterioration of expectations for 2022, although those for 2023 have worsened significantly. It seems that, after the wave of downward revisions that occurred before the summer, few adjustments are now being made to growth forecast for 2022 as a whole, thanks in part to the publication by the INE (National Statistics Institute) of the results the second quarter, which show a more positive trend compared to the first quarter. However, the quarterly growth prognosis for the second half of the year has indeed deteriorated significantly, as can be seen in the forecasts of the Economic Forecasting Centre (CEPREDE), which reflect very limited growth, or those of the FUNCAS panel, in which a majority of panellists expect even a contraction of GDP in the fourth quarter.

Quarterly GDP growth profile for Spain			
Evolution of forecasts between July and September			
	II-22	III-22	IV-22
CEPREDE Jul-22	0,2	0,7	0,8
CEPREDE Sep-22	[1.1]	0,1	0,2
FUNCAS Panel, Jul-22	0,5	0,4	0,3
FUNCAS Panel, Sep-22	[1.1]	0,1	-0,2

*In brackets, data from the INE QNA published in July

Based on this quarterly evolution, the results of the FUNCAS Panel for the month of September forecast GDP growth in 2022 as a whole of 4.2%, the same generally accepted figure as two months ago. The forecasts of the participating analysts ranged between 3.7% and 4.7%, although the majority fall into a narrower range, between 3.9% and 4.3%. By 2023, all the panellists expect a sharp slowdown in the growth rate of national GDP, with rates ranging from 1.0% to 2.6% and on average standing at 1.9%, six tenths below the previous estimate.

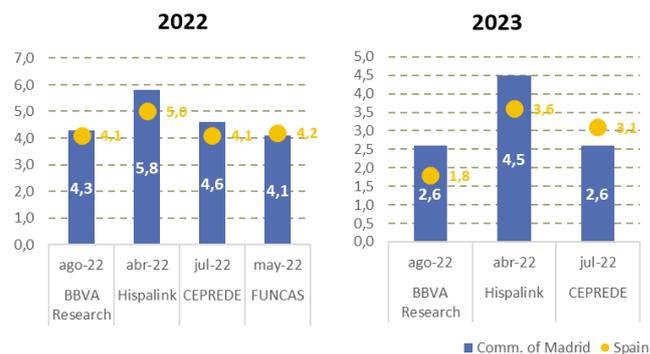


These forecasts of a slowdown in growth are not exclusive to the Spanish economy, as various factors such as the consequences of the war in Ukraine, high inflation or the difficulty of adjusting a monetary policy that is the origin of current inflation, continue to cast a shadow over expectations in Europe, the most affected region, as well as over other major global economies such as the US or China. In its latest forecast report for the euro area, the ECB shows how the rise in gas and electricity prices is affecting the confidence and purchasing power of households, which will lead to stagnation in the second half of 2022 and the first quarter of 2023. Thus, growth forecasts for the euro area stand at 3.1% for 2022, falling to 0.9% for 2023.

Madrid's economy is no stranger to the risks that overshadow growth forecasts. The most recent forecasts, those prepared by BBVA Research in August, point to a growth of 4.3% in the region in 2022, two tenths above the country as a whole, making it one of the most dynamic regions. In 2023, Madrid will grow at a more moderate rate of 2.6%, though the difference with the rate for Spain as a whole, with a forecast increase in its GDP of 1.8%, will increase.

CEPREDE's regional estimates for the month of July also place Madrid among the Autonomous Communities with the highest growth in 2022, with a rate of 4.6%, half a point above the forecast for Spain. Looking ahead to 2023, CEPREDE also expects a slowdown, more acute in Madrid than in Spain, with a growth rate that could stand at 2.6%.

GDP growth forecasts. Madrid Region and Spain
Actual GDP growth rates



Other available regional forecasts, such as those from Hispalink or FUNCAS, for April and May respectively, place Madrid's growth in 2022 at 5.8% and 4.1%, in line with that of Spain as a whole. Given the intensity and speed with which the current economic context is evolving, the forecasting becomes more and more difficult and it is easy for economic estimates to quickly become outdated.

Annex I.

Madrid in the context of European regions

SUMMARY OF INDICATORS FOR EUROPEAN REGIONS ⁽¹⁾								
		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
EU27	European Union (2020)	9.410,8	2.190,4	7.220,5	2,23	29.900	13.394.141	17.100
ES	Spain	812,1	126,5	685,6	1,25	25.200	1.194.956	16.200
AT13	Wien	68,6	11,7	56,9	3,65	44.100	84.493	20.000
BE10	Brussels-Capital	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
ES30	Community of Madrid	262,3	35,9	226,4	1,70	34.100	230.618	20.300
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	2021	2021	2021	2020	2020
	Unit of Measurement	%	%	%	People	Children per woman	Years
EU27	European Union (2020)	78,2	7,0	16,6	447.207.489	1,50	80,4
ES	Spain	76,5	14,8	34,8	47.398.695	1,19	82,4
AT13	Wien	81,4	12,1	19,9	1.920.949	1,29	80,2
BE10	Brussels-Capital	77,6	12,4	30,8	1.226.329	1,60	79,4
CZ01	Praha	85,0	2,3	5,7	1.335.084	1,51	80,3
DE21	Oberbayern	81,2	2,7	5,4	4.719.716	1,51	82,4
DE30	Berlin	82,0	5,7	9,8	3.664.088	1,38	80,9
ES30	Community of Madrid	82,9	11,6	29,4	6.755.828	1,16	82,3
ES51	Catalonia	83,1	11,6	28,9	7.671.252	1,23	82,3
FI1B	Helsinki-Uusimaa	90,1	7,7	15,3	1.702.678	1,30	82,3
FR10	Île de France	81,3	8,0	20,4	12.348.605	1,88	82,7
ITC4	Lombardy	74,5	5,9	21,2	9.981.554	1,27	81,4
ITI4	Lazio	68,4	10,0	34,4	5.730.399	1,18	83,1
NL32	Noord-Holland	82,1	4,5	10,1	2.888.486	1,43	81,7
PT17	Lisbon	91,3	6,8	26,3	2.869.033	1,69	81,4
SE11	Stockholm	92,9	8,2	25,8	2.391.990	1,59	82,3
Position of the Community of Madrid in the selection of regions		6	3	4	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 Madrid³

Latest data: September 2022

Cumulative: January – September 2022

Companies that relocated their registered address to the Community of Madrid													Total	%	
By autonomous community of origin and sector of activity. September 2022															
Autonomous comm	01	02	03	04	05	06	07	08	09	10	11	n/d			
Andalusia	1	5	1	1	2		1	3	3					17	14,5
Aragon		6		1						2				9	7,7
Asturias								1						1	0,9
Balearic Islands		7								3				10	8,5
Canary Islands			1	1	1		1	1	1					6	5,1
Cantabria				1				1						2	1,7
Castile-La Mancha		3	1	2		2				1	1			10	8,5
Castile Leon						2	1	1			1			5	4,3
Catalonia				4			4	5	3	2	2			20	17,1
Extremadura		1								1				2	1,7
Galicia		2		1				2	1					6	5,1
La Rioja															
Murcia		1		2						2				5	4,3
Navarra															
Basque Country				1						3				4	3,4
Valencia	1	4	4	1	1	2		5	2					20	17,1
Others															
Total	2	29	7	15	4	6	7	19	22	4	2			117	100,0
%	1,7	24,8	6,0	12,8	3,4	5,1	6,0	16,2	18,8	3,4	1,7			100,0	
Balance. Inputs - Outputs														7	

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.

Companies that move their registered office outside the Community of Madrid													Total	%	
By autonomous community of destination and activity sector. September 2022															
Autonomous comm	01	02	03	04	05	06	07	08	09	10	11	n/d			
Andalusia	2	1	1	5		1	1	3	1	2	1			18	16,4
Aragon								2				1		3	2,7
Asturias				2										2	1,8
Balearic Islands				1							1			2	1,8
Canary Islands															
Cantabria															
Castile Leon	1	3	1	2			2			1				10	9,1
Castile-La Mancha		4	1		1	1		3	1	2	1			14	12,7
Catalonia		3	1	2		1	1	15	4		1	1		29	26,4
Extremadura				1				1						2	1,8
Galicia										1	2			3	2,7
La Rioja															
Murcia				1				2			1			4	3,6
Navarra															
Basque Country							2					1		3	2,7
Valencia		4		2				4	5	3				18	16,4
Ceuta				1				1						2	1,8
Melilla															
Total	3	15	4	17	1	3	11	31	10	5	8	2		110	100,0
%	2,7	13,6	3,6	15,5	0,9	2,7	##	28,2	9,1	4,5	7,3	1,8		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.

³ 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 Madrid⁴

Latest data: September 2022

Cumulative: January – September 2022

Companies that relocated their registered address to the Community of Madrid														
By autonomous community of origin and sector of activity. Cumulative Jan-Sep 2022														
Autonomous comm	01	02	03	04	05	06	07	08	09	10	11	n/d	Total	%
Andalusia	7	49	26	34	7	5	21	34	36	4	5		228	16,8
Aragon		58	5	6	2		1	12	7		2		93	6,8
Asturias		1	2	3	1	1	1	4	8	1	2		24	1,8
Balearic Islands	1	9	4	4	1	5	1	7	10	1	1		44	3,2
Canary Islands	3	1	3	10	1	2	4	3	8	1			36	2,7
Cantabria	1		1	3		2		3	4	1	3		18	1,3
Castile-La Mancha	5	26	15	19	5	3	5	13	18	7	8		124	9,1
Castile Leon	2	26	10	18	3	5	4	18	14	5	4		109	8,0
Catalonia		45	22	39	10	7	23	55	61	8	12		282	20,8
Extremadura	1	15	2	2		1	3	2	4		1		31	2,3
Galicia		5	1	6	3	2	2	17	8	5			49	3,6
La Rioja		9	2	2				1	3	3			20	1,5
Murcia	1	2	5	7	1		2	5	6	5	2		36	2,7
Navarra		11	1	9		1	4	2	2		3		33	2,4
Basque Country		5	5	9	1	3	5	10	15	1	5		59	4,3
Valencia	2	30	14	28	1	7	21	37	21	4	6		171	12,6
Others								1					1	0,1
Total	23	292	118	199	36	44	97	224	225	46	54		1.358	100,0
%	1,7	21,5	8,7	14,7	2,7	3,2	7,1	16,5	16,6	3,4	4,0		100,0	
Balance. Inputs - Outputs													240	

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.

Companies that relocated their registered address from the Community of Madrid														
By autonomous community of origin and sector of activity. Cumulative Jan-Sep 2022														
Autonomous comm	01	02	03	04	05	06	07	08	09	10	11	n/d	Total	%
Andalusia	8	18	15	36	3	13	17	35	35	6	9	2	197	17,6
Aragon		8	4	5		1		13	8	3	1		43	3,8
Asturias		1	3	6		2	2	1	7	1	1		24	2,1
Balearic Islands		1	6	5		4	2	9	6		2		35	3,1
Canary Islands			7	5		1	13	3	7		2		38	3,4
Cantabria		2	2	2	1		1	1	3	1	1		14	1,3
Castile Leon	5	14	9	20		4	4	5	6	1	4		72	6,4
Castile-La Mancha	5	19	14	29	4	4	5	15	16	3	5		119	10,6
Catalonia	1	24	12	42	3	5	18	78	60	6	10	3	262	23,4
Extremadura	1		1	9		1	1	3	1		1		18	1,6
Galicia	2	6	2	5	2	1	6	7	13	2	5		51	4,6
La Rioja		1		1			1		1				4	0,4
Murcia	1	8	4	9		1	1	5	3	1	4		37	3,3
Navarra		2		2		1		1	1	1			8	0,7
Basque Country		10	2	8	2	3	6	7	9	1	3	1	52	4,7
Valencia	1	21	9	20	4	3	10	39	28	3	3		141	12,6
Ceuta				1			1		1				3	0,3
Melilla														
Total	24	135	90	205	19	44	88	222	205	29	51	6	1.118	100,0
%	2,1	12,1	8,1	18,3	1,7	3,9	7,9	19,9	18,3	2,6	4,6	0,5	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.

⁴ 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

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

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)
- 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 or consult them on the web page of the Community of Madrid [Economic Reports](#).



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