Comunidad de Madrid

# Economic Situation in the Community of Madrid

Subdirectorate General for Economic Analysis
Directorate General for Economic Affairs

III /2021

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

Assessing the situation in terms of activity over the course of 2021 requires us to compare the levels habitually found in the reference months to those prior to the start of the pandemic. In this report, we have therefore chosen to focus on the values of the monthly indicators since 2019 and the variations in the levels for 2021 compared to 2019, rather than the usual recourse to year-on-year rates, in order to demonstrate the upward or downward corrections in the evolution of the latest published data. As a result, the axes in some graphs have been forced in order to ensure that the extreme, one-off variations due to the outliers of March and April 2020 do not prevent the most recent normalisation patterns from being observed.

# I. Overview of the economic situation

Perceptions around the economic situation have cooled and uncertainty has increased in the two months since the close of the Q2 report. Behind these changes, as has been the case since early 2020, is the evolving pandemic; the health situation has recently worsened significantly, not only in countries with limited access to vaccines, but also in others where the vaccination programme has failed to reach a large proportion of the population. This is proving to be a key factor in the new wave, which is spreading faster due to the predominance of the delta variant, resulting once again in pressure on health systems, to such an extent that initial measures are now in place in central Europe to restrict both activity and mobility. The increase in cases of COVID in central Europe (with a fully vaccinated population rate of 37% in Russia; less than 70% in the countries of central and northern Europe and the United Kingdom; and above 80% only in Spain, Portugal and Iceland), Asia (China has 75% of its population fully vaccinated) and North America (with the USA at 58%, Mexico less than 50% and only Canada above 75%) presents an obvious risk given the possibility of lockdowns affecting both the population (which would stop consuming certain consumer goods, affecting Spanish exports) and businesses (with more or less prolonged closures in factories in China and South-East Asia, something which is already happening, albeit in a very localised manner; nevertheless they could affect the supply chain again if extended). The appearance of the new omicron variant in the penultimate week of November, apparently originating in South Africa, has only added to the uncertainty of its potential (but as yet unknown) ability to transmit and resist current vaccines. As a result, the US stock market's Dow Jones index closed on Friday 26th November with the biggest daily fall on a Black Friday since 1950.

As we have noted, there has recently been increased stress on supply chains, due, among other reasons, to the resurgence of cases in producer countries and China's "zero-COVID" policy. This accentuates the rigidity of the world production structure in terms of meeting pent-up demand –a phenomenon that has been obvious since the start of the recovery–, disproportionately affecting different activities. One of the consequences is that the shortage of certain supplies is conditioning production not only through quantities but also through prices, with a recent rise in the price of non-energy industrial goods.

This new upward pressure on prices comes on top of the pressure exerted by the energy component, mainly due to the rise in electricity and fuel prices above pre-pandemic levels, which has pushed national inflation to 5.4%, regional inflation to 5.1%, and Eurozone inflation to 4.1%. As a result, while the start of the recovery in activity and mobility ushered in an eminently temporary hike in prices, the recent rise in core inflation, which may also be temporary, means we must remain vigilant in order to prevent those mechanisms that could make it structural from gaining strength.

The European Central Bank and its major international counterparts have not, as of yet, made any changes to the withdrawal of monetary stimulus policies envisaged prior to the most recent inflationary pressures. The study of the new ECB bond purchase programme does not help the recovery, putting Spain and Italy in the firing line for their solvency levels by eliminating pandemic emergency purchases (PEPP), along with the risk premium cliff effect. Monetary policy continues to be marked by the search for a solid, sustainable recovery in activity and employment in accordance with traditional patterns, considering inflationary tensions to be merely transitory and, from this perspective, secondary to agents' need for cheap financing. While the base effect could be playing a part in the observed increase in services and may, for some analysts, be transitory in nature, many others believe that tensions are becoming more prolonged than they should be and may be structural in nature; the deluge of liquidity from Central Banks has never been neutral, and finally it seems that tensions in investment markets over these years (mainly securities, debt and housing markets, but also in food, cryptocurrencies and utilities) are finally being transferred to consumer markets (i.e. those included in the CPI, in any of its versions). In any case, we will have to remain vigilant to see what the final impact is and, above all, its duration and repercussion on the labour market, which is always sensitive to price rises in these goods.

Measuring activity levels has been one of the main challenges facing analysis institutes since the start of this unprecedented shock. The measures implemented to contain the virus and the economic policy adopted to support activity and employment are both unprecedented, causing changes in the relationships between the variables that growth estimation models are built on. Moreover, these models have required new sources of information in order to quickly capture the rapid changes that this temporary suspension of ceteris paribus has brought about. One of the biggest lessons from the pandemic in terms of the orthodoxy of economic analysis is quite possibly the questioning of the renowned and, for some, pernicious clause in the face of an economic system that has never, ever been static, but dynamic.

The rigorous exercise of estimating growth now entails reviewing estimates in a way never seen before, choosing the best approximation to the measurement of an activity that will take years to be definitively quantified. Only time will show the new relational structures between variables that we are now merely glimpsing, and/or the normal operation of the structural models in force until the pandemic arrived.

An initial estimate of GDP growth in the Community of Madrid in Q3 would place the year-on-year increase at 4.5%, down from 24.6% in the previous quarter according to the revised data, in line with the re-estimation of Q2 by the National Statistics Institute for Spain. The regional increases in GDP in Q2 and Q3 were more intense, in year-on-year terms, than those published for the national group (2.7% and 17.5%) and the Eurozone (3.7% and 14.2%). According to these data, the recovery of activity would still be incomplete in all three areas: in relation to Q4 2019, the current GDP would be 5.5% lower in Madrid, 6.6% lower in Spain, and only 0.5% lower in the EU-19.

This slowdown in the year-on-year growth rate in Q3 is part of the expected normalisation of rates, once we have overcome the maximum distortion of activity caused by the pandemic. The quarter-on-quarter comparison in Q3 shows higher levels of activity in all territories.

The main labour market variables point in the same direction, showing very favourable evolution in Q3, which the October registration data also bear out. The Labour Force Survey for the region points to a quarterly and annual recovery of employment, reaching (with 3,129,300 people) the highest employment level for a third quarter since 2008, already exceeding its 2019 equivalent by 1.1. The employment rate differential is also encouraging for the region, exceeding the national rate by 4.4 points. The significant annual increase in activity (2.5%) is particularly worthy of note, stabilising at 63.5%, i.e. at pre-pandemic values. Unemployment fell by 1.5 points compared to one year ago and by 3 tenths during the quarter, standing at 11.8%, 1.5 points above the same quarter in 2019, which was the lowest recorded since before the 2008 crisis. This rate is 2.8 points lower than the national rate of 14.6%. Unemployment fell by 2.2% over the quarter and 8.4% over the year to 420,400 people, although this is 18.7% higher than in Q3 2019.

Social Security enrolments in October mark an all-time high (almost 3,330,000), exceeding the December 2019 figures (the highest to date) by 27,000 people. The two main Social Security contribution schemes also hit all-time highs for both men and women. This increase in the number of people paying Social Security contributions comes about within a context of employment protection mechanisms, although the number of beneficiaries of such schemes is falling month by month: in October 2021, 36,902 people were on furlough (19.3% of the national total), and 12,619 self-employed persons have received income support. It is worth remembering that a total of 566,307 workers were on furlough in April 2020, which meant more than one in five members on the last day of this month.

The evolution in international trade in goods in the region in Q3 was also very positive, with the amount of exports and imports in September exceeding any previous record. The aggregates for the quarter and for the year as a whole also reach maximum values. The dramatic double-digit increases in both trade flows are driven by pharmaceuticals (trade in COVID vaccines) and fuels, whose relative importance is bolstered by rising prices.

Widespread advances in the recovery of activity can be observed with regard to the evolution of the classic variables for monitoring regional sectoral production, albeit with some provisos. The industrial indicators show the most diffuse recovery profiles in Q4, while construction is benefiting from the dynamism of the residential segment, which is boosting home sales and purchases to very high levels in a context of still rising prices, exerting a drag effect on the mortgage market and on the leading residential indicators.

The overall indicator for the sector is gradually recovering in services (the sector most affected by pandemic restrictions); the return to some degree of normality means that the figure for September 2021 is only 1.5% lower than for the same month in 2019. Partial indicators point to a still considerable impact on urban transport passenger levels, associated with changes in mobility, work, and consumption patterns linked to COVID. A strong upturn in retail trade, above pre-pandemic levels, and the boost to tourism variables (still diminished by the slower reactivation of international flows) thanks to the recovery of domestic demand, can both be observed.

Regional indicators therefore suggest that good progress continued to be made in Q3 towards economic recovery, albeit with significant differences from activity to activity.

This is the backdrop to the wave of downward revisions to the growth forecast for 2021 at national (and therefore also regional) level, triggered by the historical downgrading of national GDP by the National Statistics Institute for Q2, which has automatically brought a reduction in the growth forecast for the year as a whole; the deterioration in expectations generated by increased tension in supply chains, inflationary pressures, and the delay in the arrival of the first NGEU funds are also playing a major role.

Regional growth forecasts for 2021 now stand at 5.5% on average, falling to 4.5% if only those published in October and November are taken into account. The average of the estimates for 2022 raise GDP growth to 6.3%, with the almost universal perception that the economy will become more dynamic in the coming year. Volatility, uncertainty, complexity and ambiguity are more present than ever before.

***Close of information: 27th November 2021***

# II. International context

### The global economic recovery continues.

The global recovery continues but has lost momentum, hampered by the pandemic. Driven by the highly contagious delta variant, the number of documented COVID-19 deaths worldwide is now approaching 5 million and health risks abound, preventing a return to full normality. The world economy is expected to grow by 5.9% in 2021 and 4.9% in 2022. The downward revision by one tenth for 2021 reflects a deterioration in advanced economies and developing countries as a result of the evolution of the pandemic. This is partly offset by the improved short-term outlook for some commodity-exporting emerging markets and developing economies. The emergence of the omicron variant, however, has ushered in more uncertainty and much more volatility.

### Overall, the latest macroeconomic data have confirmed a worsening of the global economic growth and inflation mix during Q3 2021.

The slowdown in the pace of global activity has been caused by the loss of momentum in the three major world economies (the US, China and Germany), weighed down by global supply bottlenecks and the effects of higher energy prices.

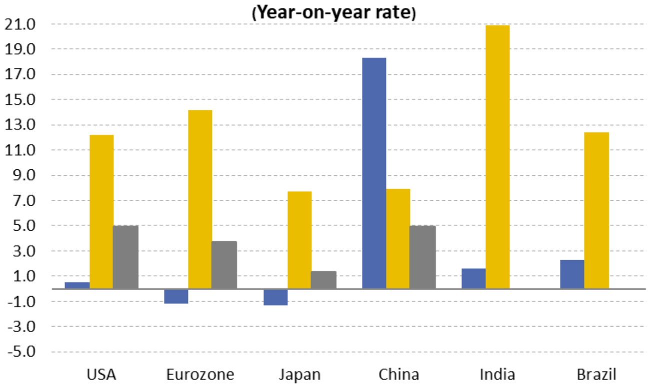
Problems are beginning to manifest themselves in the industrial sector in countries such as Germany, as a result of distortions in supply chains as well as imbalances in the labour market. For the first time in a long time, supply is unable to meet the increase in demand brought by the spending of pent-up savings accumulated during lockdown and the extraordinarily expansive tone of economic policy. This mismatch continues to manifest itself in delays in deliveries of all types of goods and shortages in many product categories, leading to higher inflation.

Indeed, imbalances in the commodities markets and production factors currently characterise the international economy, when a good number of countries have not yet recovered lost GDP levels. These imbalances are mostly global, given the singularity of COVID-19, which makes it difficult to anticipate when they may disappear.

The question for some is whether economic policy should try to reduce these imbalances in the short term or continue to rely on supply-side resilience and a return to "normal" consumption. The risk is that this mismatch could become entrenched well into next year, disrupting the recovery of the global economy.

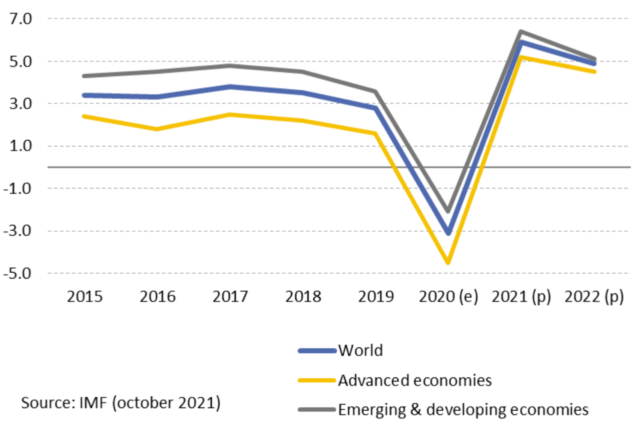
The USA is already above pre-COVID levels. This grew by 0.5% quarter-on-quarter in Q3 2021, leaving the year-on-year rate at 4.9%. In the Eurozone, with data still to be published, GDP rose by 2.2% quarter-on-quarter in Q3 2021, bringing the year-on-year rate to 3.7%. These data place the Eurozone around 0.5% below pre-pandemic level. The dynamics of the Chinese economy are also somewhat weaker. GDP grew by 0.2% quarter-on-quarter in Q3 2021, bringing the year-on-year rate to 4.9%.

**Evolution of the main economies**
**(Year-on-year rate)**




Source: OCDE & Eurostat (November 2021)

**World economic growth 2015-2022 (p)**




Source: IMF (october 2021)

# III. National framework

## 1. Growth

### National GDP accelerates its growth rate in Q3.

The Spanish economy grows again in Q3, this time by 2.0% according to the initial estimate of the National Statistics Institute, driven by the reactivation of exports (6.4%) and a certain recovery in foreign tourism in the summer months, thanks to the improving evolution of the pandemic. National demand, in contrast, sees hardly any growth: 0.2% quarter-on-quarter, weighed down by a fall in household consumption of 0.5% and stagnation in investment in housing and other buildings (0.0%). Only investment in machinery and capital goods shows an increase, estimated at 3.7%, while Public Administration consumption barely grows by 0.1%.

### The year-on-year comparison recovers a degree of normality after the distortion of Q2, gradually advancing in the recovery process.

In year-on-year terms, GDP records growth of 2.7%, following the 17.5% bounce in Q2. Further progress can therefore be seen in the return to the situation prior to the start of the pandemic, although GDP is still 6.6% below the level for Q4 2019.

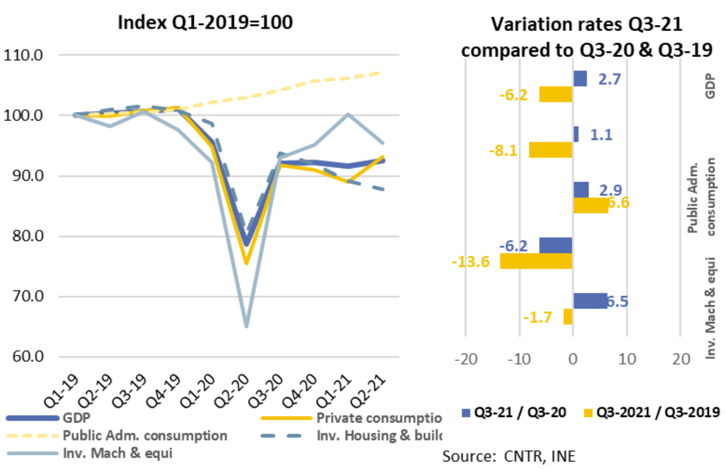
Both domestic and foreign demand contribute to GDP growth (1.5 and 1.2 points respectively). Private consumption increases by 1.1%, at a slower rate than for Public Administrations (2.9%), which has not stopped growing throughout the pandemic. In contrast, investment in housing and other buildings falls by 6.2% year-on-year, while in machinery and equipment it increases by 6.5%. With regard to external demand, exports grow by 13.7% and imports by 10.2%, both driven by the dynamism around services, particularly tourism (including foreigners in Spain and residents abroad). Even so, these figures are still around 50% and 25%, respectively, below Q4 2019.

## 2. Foreign sector

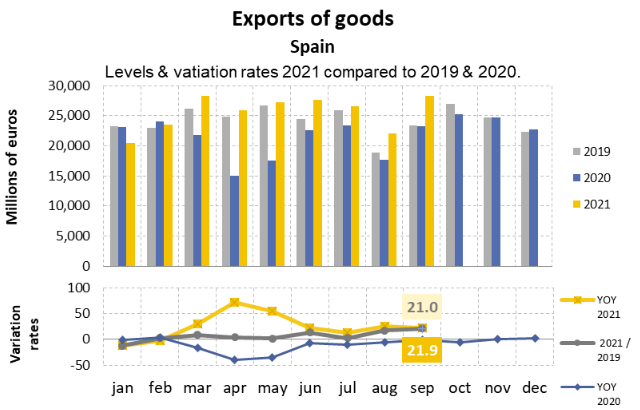
### In Spain, foreign trade in goods moderates the extraordinary increases of the previous quarter, but maintains solid growth in both flows.

Spanish exports of goods grew by 19.8% in Q3 2021 compared to the same period in 2020 (46.1% in Q2 2021). Here, part of the base effect of 2020 is blurred, as sales fall in Q3 that year, albeit less intensely (-5.7%). However, the volume of goods exported this Q3 is 77,001 million euros, 4.5% lower than the previous quarter, but almost 13% higher than in Q3 2019. Imports in Q3 2021 record an increase of 25.1% compared to the same quarter for 2020 (50.2% in Q2 2021) and 7.8% compared to Q3 2019, which translates into a volume of purchases in Spain from abroad of 84,872 million euros, a record figure for a quarter. The trade balance in Q3 2021 therefore recorded a deficit of 7,870 million euros.

**Spanish evolution: GDP, Consumption and investment**




Source: CNTR, INE




Source: Datacomex.

## 3. Labour market

**Pandemic containment measures improve the labour market and the Labour Force Survey for Q3 2021, but taking into account that furloughed workers are classified as employed and that certain inactive people are again classified as unemployed.**

According to the Labour Force Survey, employment figures are up by 359,300 in Spain in Q3 2021 compared to the previous quarter (1.8%), 854,100 higher than the same quarter of the previous year (4.5%), totalling 20,031,000 people in employment. This employment level is 0.8% above pre-pandemic levels (Q3 2019). The employment-to-population ratio gains 1.3 points over the year, to 59.1%.

The unemployed population drops quarterly in Spain by 127,100 persons (-3.6%) and yearly by 306,200 (-8.2%), to 3,416,700. However, the number of unemployed is up 6.3% compared to pre-pandemic levels. This increase can be related in part to the reclassification of the inactive population as unemployed, falling by 3.0% over the year. The national unemployment rate stands at 14.6%, 1.7 points lower than the same quarter the previous year.

The positive data in the Labour Force Survey are for average monthly Social Security enrolments, which grows by 3.8% in Q3 2021 compared to the same quarter of the previous year. Moreover, the latest published data for October show that the number of people paying Social Security contributions grew year-on-year by 3.7% and by 2.5% compared to the same month in 2019 (pre-pandemic level). In October, 19,690,590 people were paying Social Security contributions in Spain.

The quarterly unemployment figure averages have fallen year-on-year, by 2.1% in Q2 and 11.8% in Q3, for the second time since Q1 2021; the latest data published for October indicate a 14.9% year-on-year fall in unemployment, although this is up 2.5% on October 2019 (pre-pandemic level). The number of unemployed in Spain in October stood at 3,257,068.

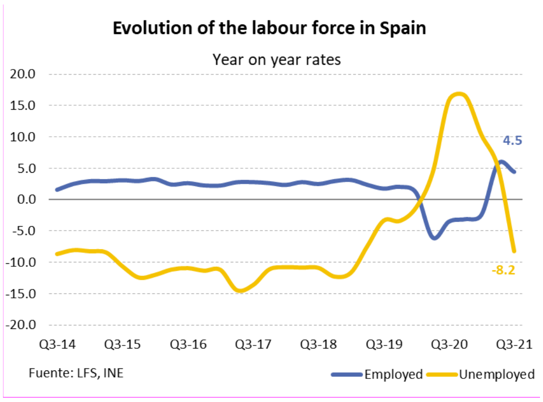
## 4. Prices

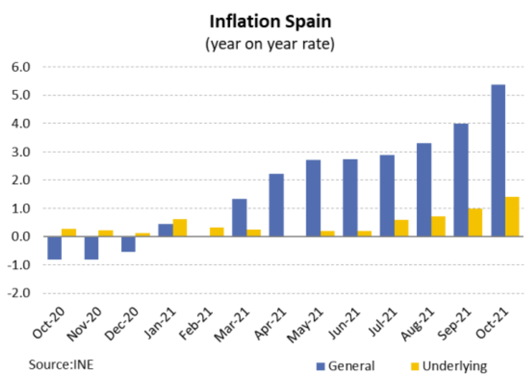
**The price hikes in energy products push the CPI Q3 2021 year-on-year rate to the highest level in the last ten years. The underlying trend, excluding energy and unprocessed food, remains subdued, but with an upward profile.**

Inflation starts Q3 2021 at 2.9%, and rises 1.1 points throughout the quarter, reaching 4.0% in September. Q3 2021 records an average inflation rate of 3.4% (2.6% in Q2 and 0.6% in Q1). The latest data published for October reach 5.4%, the highest figure in 29 years.

The groups "Housing" and "Transport" contribute most to this rise in general inflation. At its origin is the rise in the price of energy products, with a direct impact on both groups. *Electricity* registers a year-on-year increase of 62.8% in October (26.9% in July), while *Fuels and lubricants for personal vehicles* are 28.6% more expensive (19.2% in July).

The underlying rate consolidates its increase in Q3 2021 and moves away from the negative zone, with a value of 0.6% in July, rising to 1.0% in September. The latest data published for October show a value of 1.4%, well below the general values. For its part, European inflation experiences an upward trend in Q3 2021, from 2.2% in July to 3.4% in September, for an average value of 2.8% in Q3. The latest figure for October is 4.1%.



# IV. Recent developments in Madrid's economy

## IV.1. Demand and production

### IV.1.A. Domestic demand

**Passenger car registrations in Q3 2021 exceed pre-pandemic levels.**

According to data provided by the Traffic Agency, passenger car registrations in Q3 total 74,289 units, 461 more (0.6%) than the same period in 2019, the third-highest number for this period since 2007. However, the comparison with the same period in 2020 shows a negative rate of 19.7%, despite the temporary reduction in registration tax; shortages at dealerships due to the scarcity of microchips, which is paralysing factories, is taking its toll, especially in the private customer channel. The latest data for October show a drop of 8.1% year-on-year, and 6.6% compared to October 2019.

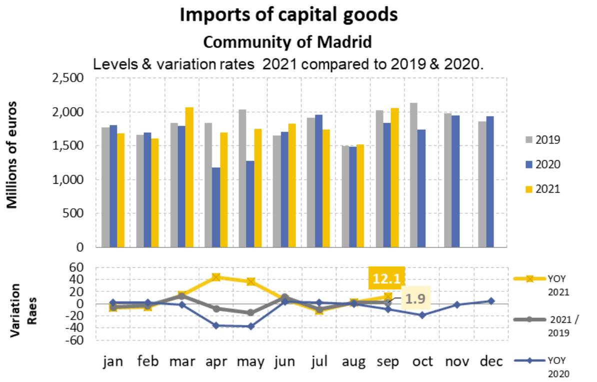
Truck and van registrations in Q3 2021 exceed those for the same period in 2019 by 667 (15,916 units), marking a 4.4% increase, which is the second-highest figure for this quarter since 2007; however, the comparison with the same quarter in 2020 shows a fall of 12.3%, due to the same reasons as affecting passenger cars. The latest figures for October are down 17.6%, but are still 4.5% above pre-pandemic levels.

**Petrol consumption reaches its highest level since 2007 in Q3 2021, while diesel fuels continue to fall.**

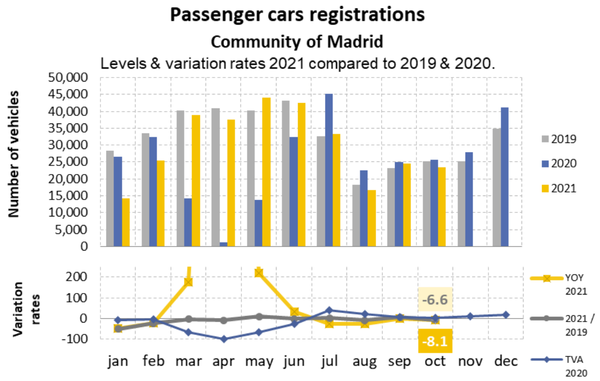
The effects of the return to full mobility, and in many cases an end to working from home, are having an impact on petrol consumption; Q3 2021 shows the highest volume for this period since 2007, 2.7% higher than the same period for 2019. The latest data published for September show the greatest consumption for this month since 2006 (16.6% year-on-year growth), the highest in the series for a September; this increase is 4.2% compared to 2019. Diesel consumption, in contrast, continues to fall: Q3 presents the lowest volume for this quarter of the series (data since 2004), and the comparison with the same quarter in 2019 shows a fall of 10.1%; September's figure, up 2.7% year-on-year (-10.8% compared to 2019), has failed to offset the fall in Q3 2021.

**In Q3, imports of capital goods do not exceed the high figures for 2019**

Imports of capital goods reach 5.32 billion euros in Q3, the third-highest amount of the series for this period (with the second-highest value having been reached in Q3 2019), such that the comparison with this year records a fall of 1.8%. In September, it is up 12.1% year-on-year (+1.9% compared to September 2019) and is the highest volume for this month in the series.




Fuente: AEAT.




Source: DGT.

## IV.1.B. External demand

**The Community of Madrid's trade balance experiences significant growth in Q3 2021, backed by record levels of trade.**

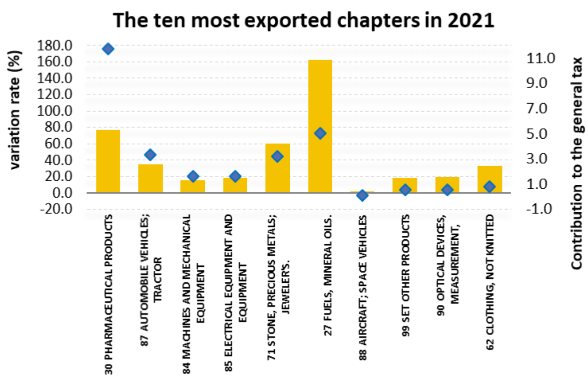
Exports for the Community of Madrid in Q3 2021 show an increase of 34.7% compared to the same period in 2020, which is significantly lower than for August (63.9%). This is largely due to the dilution of the base effect, as Q3 2020 saw the first 1.5% gain since the start of the pandemic. Sales figures once again show record numbers in the historical series. Indeed, the comparison with Q3 2019 also indicates strong growth of 36.7% year-on-year. Exports by the Community of Madrid in Q3 2021 amount to 10.214 billion euros, the second quarter in the history of the series (and also consecutive) in which sales exceed 10 billion euros.

In Q3 2021, the Community of Madrid buys abroad 27.4% more than a year ago. As with exports, the favourable comparison needs to be put in context, as Q3 2020 recorded a negative rate of 2.5%. The magnificent purchases data, amounting to 19.958 billion, once again set a new record for a single quarter. This quarter's growth is 24.1% relative to Q3 2019.

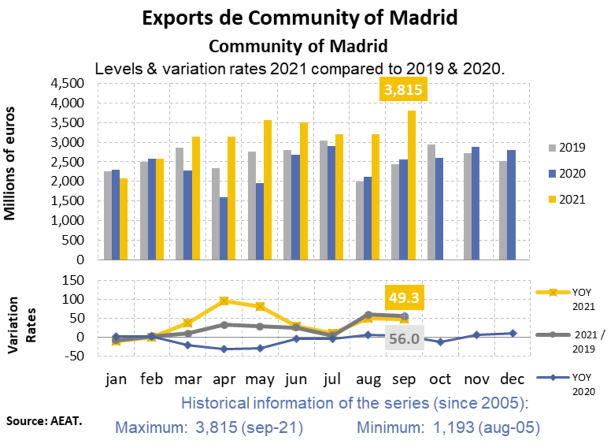
***Pharmaceuticals*, thanks to its leading role in the fight against COVID-19, and *Fuels; mineral oils*, which includes electric power and natural gas, both of which are seeing huge price hikes, are the driving force behind this highly positive trade balance.**

*Pharmaceutical products* makes an outstanding contribution in Q3 2021, with sales of 2.354 billion euros (23.0% of the Madrid total), 114% higher than in Q3 2020 and 143% up on Q3 2019. Belgium is the main destination. It is followed by *Combustibles; mineral oils*, worth 836 million, 209% higher than in Q3 2020 and 210% higher than the same period for 2019. Of these, 384 million are for Portugal and 165 million for France, both under tariff *"2716 Electrical energy".* It is followed by *Stones, precious metals; jewellery*, with a total of 703 million euros, 60% higher than in Q3 2020.

As for Madrid imports, *Pharmaceutical products* plays the biggest role in the advance of Q3 2021, with a purchase volume of 4.248 billion euros, a new record in the series for a quarter. Of this figure, 2.118 billion is for COVID-19 vaccines, with Switzerland, the US and Belgium being the largest suppliers. It is followed by *Combustibles; mineral oils*, with a 162% increase in Q3, the highest ever. The reason is found in the increase in the tariff "*2716 Electrical energy*" (399% year-on-year), making up 37% of the referenced tariff. France and Portugal are the suppliers. Meanwhile, the tariff "*271111 Liquefied Natural gas*" increases by 113% compared to Q3 2020 and 3244% compared to Q3 2019; the USA, Qatar, Russia and Nigeria are its most important suppliers.




Source: AEAT




Source: AEAT.

## IV.2.C. Manufacturing

### 1. Industry

**Industrial indicators continue to make progress in a relatively steady recovery that should allow us to surpass pre-covid levels in a few months.**

The Industrial Production Index (IPI), adjusted for seasonal and calendar variations, increases 1.7% year-on-year for September 2021, following the previous two lukewarm months in which it remained practically stagnant (0.3% in July and -0.3% in August). This improvement has allowed the IPI to reach the same level as September 2019, although the average so far this year still stands at 2.7% below this figure.

By type of goods and in the average up to September, the four large groups that make up the IPI make advances compared to the same period last year; however, within consumer goods, consumer durables show an additional fall to that experienced in 2020. The energy index remains the only one that is above the levels for the same period in 2019, while consumer goods, and especially consumer durables, show a greater decline, reaching 6.5% in the cumulative figures.

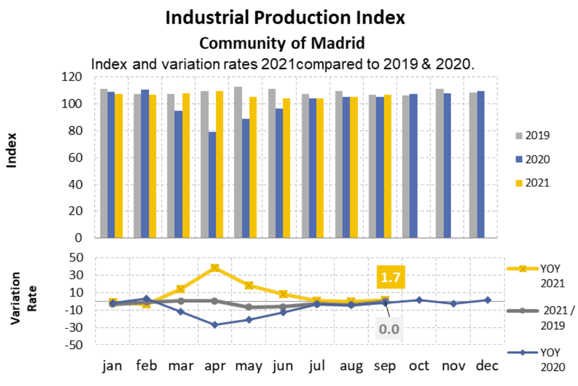
The Industry Turnover Index in the region continues to make progress in its recovery, with very significant year-on-year growth in Q3 (11.9% in September). So far this year, the index has advanced, on average, by 11.0% year-on-year. This allows us to anticipate an early recovery of the indicator to 2019 levels, which it is still 4.8% below.

Special attention should be paid to the evolution of industrial prices (measured through the National Statistics Institute’s Industrial Price Index -IPRI-), which have been rising sharply since April and particularly since August, mainly due to the hike in energy prices, which rose by 92.2% year-on-year in October. This escalation has led the general IPRI to grow by 43.4% year-on-year in October. Likewise, the prices of intermediate goods are also starting to climb, increasing by 7.8% in October, while those relating to consumer goods or equipment remain more contained, although their year-on-year growth is also slightly higher than in previous months.

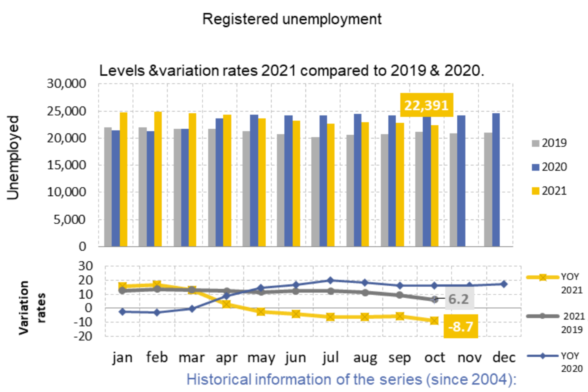
**There are some signs of improvement, even despite the deterioration in the industrial labour market.**

Year-on-year growth for those employed in industry in Madrid in Q3 2021 remains moderate (2600 people, +1.0% year-on-year), albeit higher than in Q2, the first increase since the start of the pandemic. Meanwhile, the number of people paying Social Security contributions in the sector has been growing in the last three months by between 2.1% and 2.4% year-on-year. Social Security figures for the cumulative period to October advance by 1.3%, just 0.5% below the value for the same period in 2019.

The unemployment figures in industry continue to fall, standing at close to 22,400 in October; the downward trend that began in May is accentuated in October with a fall of 8.7%. Notwithstanding, unemployment in the sector in the January-October average is 1.1% above the same period in 2020, and 11.5% above that for 2019.




Source: INE.




Source: MISSYM.

## 2. Construction

**Early indicators show that the building segment continues to perform well, with a notable increase in civil work tenders in Q3.**

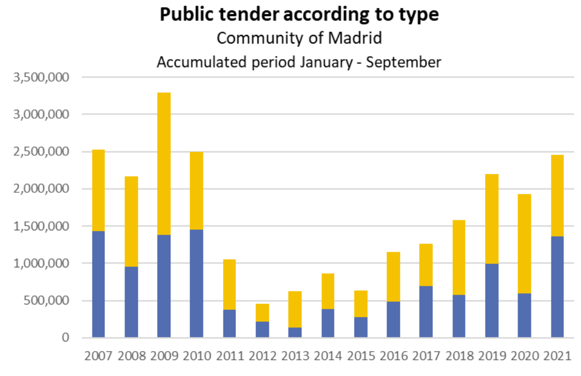
Official tenders in construction continue to show remarkable dynamism in Q3, exceeding 1.15 billion euros in the region, the highest amount for a third quarter since 2006; just a year ago, this figure did not reach 230 million. This trend indicator has been reactivated not only thanks to a bounce in the rates generated by the year-on-year comparison, but also by the significant boost in activity compared to the levels observed before the pandemic. If the recovery during the first half of 2021 was based on building, then in Q3 it is the civil works segment that takes the baton: nearly €785m –the highest volume recorded for a third quarter since 2006 and the highest quarterly amount since Q1 2009– account for 2 out of every 3 euros tendered between July and September (less than 15% of the total in the previous quarter). Building tenders, which had reached relative highs in Q2 2021, moderate to €378m in Q3, half of that registered in the previous quarter but still well above the figures for Q3 2020 and similar to Q2 2019. The momentum of civil works in Q3 breaks the fall in this segment for the year as a whole (-17.6%), which, added to the dynamism of construction (which more than doubled the amount completed in the first nine months of 2020), means the total amount tendered in the first nine months of 2021 will be the highest since 2010.

The building permits issued by the Association of Technical Architects confirm the dynamism of the residential market, as observed in the first half of 2021; the number of buildings up to August is the highest since 2008 for this period, slightly above the 2017 and 2018 figures. More building permits are registered, but with fewer properties. Over the past 6 years, their number has only been lower in the first eight months of 2020, which could be a sign of changing housing trends, reinforced by the pandemic. In relation to the delayed activity indicators, the number of Works Completion Certificates issued backs up the fact that the sector is currently expanding, recording the highest levels since 2010 in the first eight months of 2021, thus reflecting the dynamism of the residential sector during 2020, following the return to activity.

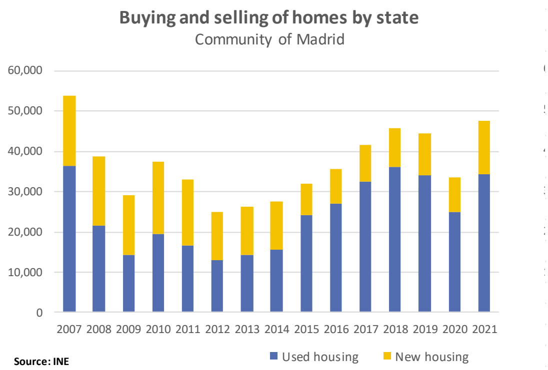
**With purchases and sales touching record highs, the mortgage market is recovering from a bad start to the year.**

The purchase and sale of housing continues to register exceptionally high values, according to the Statistics on Transfer of Property Rights. The 21,670 transactions formalised in Q3 are only below those registered in 2007 Q1 and Q2, i.e. prior to the housing bubble bursting and the start of the financial crisis of 2008. Transactions in Q3 2021 not only almost double those of the same period in 2020, but are also 24.6% higher than in Q3 2019, representing the highest amount in history for a third quarter. In this quarter, it is the new housing segment that posts the highest figures compared to Q3 2019 (39.1%, versus 21.0% for used housing); indeed, new property transactions in Q3 2021, with 16,637 operations, have broken all historical records.

The mortgage statistics also show a sizeable resurgence in Q3, pending the results for September. The transactions signed in July and August have marked the highest levels for these months since 2010, showing a combined advance of 47.5% compared to the same two-month period in 2019. Mortgage activity halts the year-on-year fall of Q1 and advances by 18.6% in 2021 (January-August), standing at slightly higher levels than in 2019.




Source: SEOPAN




Source: INE

## 3. Services

**The Services Sector Activity Indicators (IASS) improve their performance in both the Community of Madrid and throughout Spain, albeit below pre-pandemic levels.**

The quarterly average for the IASS in terms of turnover in the Community of Madrid grows by 18.0% in Q3 2021 versus the same quarter for the previous year. This increase continues the pattern that began in the previous quarter, with 40.8% growth year-on-year, halting the falls in the index that began in Q1 2020 as a result of the pandemic. These growth rates are partly explained by the comparison with the poor 2020 data, as the average quarterly level is still below pre-pandemic levels, standing at 2.6% below Q3 2019.

Business IASS in Spain shows a parallel trajectory, albeit at a slower growth rate, with the quarterly average for Q3 2021 growing by 14.7% versus the same quarter of the preceding year; in Q2 2021 it had grown by 36.9% year-on-year and, as in Madrid Region, is below pre-pandemic levels, in this case by 1.2% compared to Q3 2019.

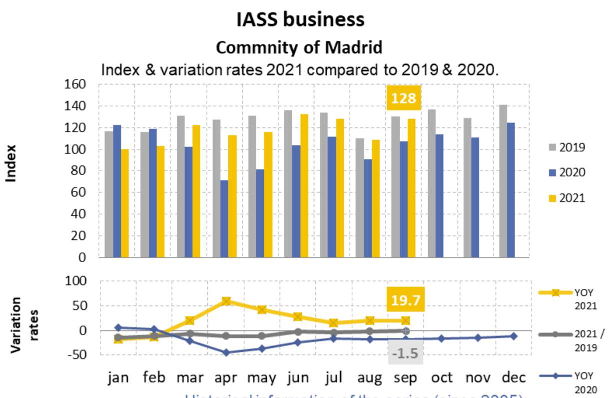
The IASS employment index shows a similar recovery to that of the business index, both in the Community of Madrid and in Spain, although growing at a slower rate. The average for Q3 2021 in Madrid Region grows 1.9% compared to the same quarter for the previous year, and 2.3% in Q2 2021, reversing the fall that had been happening since Q2 2020. In Spain, the averages for the same quarters advance by 2.8% and 2.2% compared to Q3 and Q2 2020. However, in both cases the average level in Q3 2021 is below pre-pandemic levels: 2.3% lower in Madrid Region, and 3.0% lower in Spain compared to Q3 2019.

**Air passenger and freight traffic and Madrid metro and bus passengers improve their performance, but are still below pre-pandemic level.**

Passenger movement at Adolfo Suarez Madrid Barajas airport doubles in Q3 2021, with more than 8,300,000 passengers (the figure reached in the previous quarter), and greatly improves on the just over 3,300,000 passengers in Q3 2020, still affected by the restrictions imposed due to the pandemic. Q2 and Q3 2021 present the first annual growth rates since Q4 2019; however, the level is still well below the 17,300,000-plus travellers for Q3 2019.

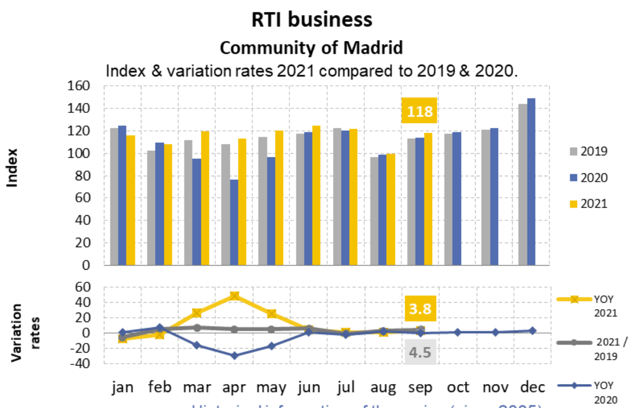
Cargo traffic at Madrid airport shows a similar performance, advancing 53.9% year-on-year in Q3 2021, when in the previous quarter it had grown 82.0% year-on-year for the first time since Q4 2019. The level is very close to pre-pandemic level, only 2.7% below Q3 2019.

Transport on the Madrid metro system has an equivalent trajectory. It grows by 33.9% year-on-year in Q3 2021, down from 196.6% in the previous quarter, as Q2 2020 was the quarter most affected by the pandemic. This is, in both cases, the first increase since the fourth quarter of 2019, although it is still 29.4% below the same quarter of 2019.




Source: INE.

Historical information of the series (since 2005):
Maximum: 143 (dec-07) Minimum: 71 (apr-20)




Source: INE.

Historical information of the series (since 2005):
Maximum: 159 (dec-06) Minimum: 76 (aug-14)

There was identical behaviour for urban bus transport, with annual growth (29.9%) in Q3 2021, but lower than the previous quarter (231.4%), the first positive values since Q4 2019, but below pre-pandemic levels, losing 27.9% compared to Q3 2019.

**So far in 2021, the Retail Trade Index (RTI) in the Community of Madrid is above pre-pandemic levels, but not that of Employment.**

The quarterly averages of the deflated RTI in the Community of Madrid have shown annual growth since the third quarter of 2020, i.e. it has been above pre-pandemic levels since then. In the third quarter of 2021 the index grew by 1.9%, down from the second quarter (22.9%) which was heavily skewed by the comparison with the second quarter of 2020, the most affected by the pandemic, and is 2.3% higher than the same quarter of 2019.

In Spain, the quarterly average for the third quarter of 2021 remains at the same level as the same quarter of the previous year; however, in the second quarter of 2021 it had grown by 17.1% for the first time since the beginning of the pandemic. In 2021, Spain has not recovered to pre-pandemic levels, with the index still 3.5% below the same quarter of 2021.

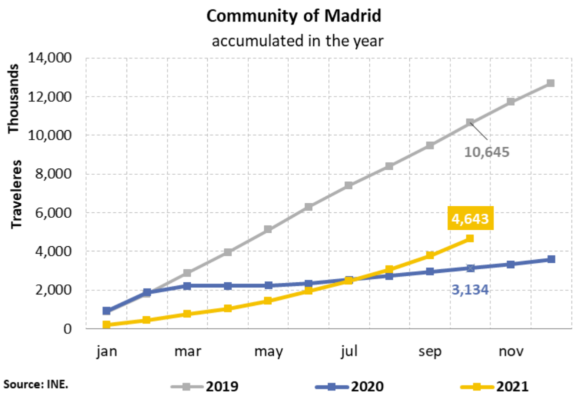
In the third quarter of 2021, the recovery of the RTI employment rate, already started in the previous quarter, continued. The quarterly average is up 2.9% year-on-year in the Community of Madrid and 2.0% in Spain. In 2021, we are already close to the recovery of pre-pandemic levels, with the quarterly average 0.7% lower in the region and 1.3% lower in Spain.

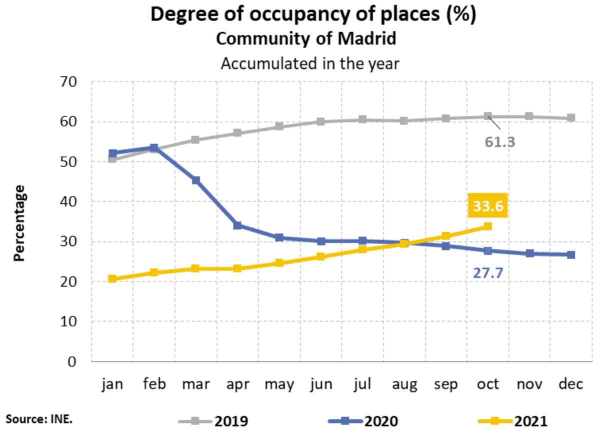
**Hotel activity in the Community of Madrid improved in the third quarter of 2021 but is still below 2019 levels.**

In the third quarter of 2021, just over 1,800,000 travellers were welcomed, almost three times more than the 619,000 welcomed in the third quarter of 2020; in relative terms, the growth is 193.9% and, together with the previous quarter, breaks with the annual declines recorded since the first quarter of 2020. The latest published data for October 2021 continues the trend, with just over 884,000 travellers, an improvement on the just over 178,000 travellers in October 2020. However, the level is still below pre-pandemic data. In the third quarter of 2021, 42.8% fewer tourists came than in the third quarter of 2019, and in October 2021, 24.8% fewer. Two out of every three travellers welcomed in the Region in the third quarter of 2021 are national.

Overnight stays in the Community of Madrid have a similar behaviour to that of incoming travellers. Just over 3,700,000 travellers stayed overnight in the third quarter of 2021, compared to approximately 1,350,000 in the third quarter of 2020 or over 6,500,000 in the same period of 2019. The latest figure for October 2021, just over 1,800,000 overnight stays, improves on October 2020's figure of over 380,000, but is much lower than October 2019's figure of over 2,360,000 travellers.

In relation to the occupancy rate, the average of 41.7% for the third quarter of 2021 is an improvement on the 26.4% from the same quarter in 2020, but again still below the third quarter of 2019, when it was 62.3%. The latest figure for October is 54.6% occupancy, progressively increasing since the beginning of this year.



## Box I: Level of tourism expenditure in the Community of Madrid and Spain in the first nine months of 2021

According to the Tourist Expenditure Survey prepared and disseminated by the INE (EGATUR), a tourist is a traveller who, while residing in another country, spends at least one night in Spain.

Hotel accommodation in Spain was conditioned, during the year 2020, by the publication of Order SND/257/2020 of 19 March, which establishes the suspension of the opening to the public of tourist accommodation establishments from 19 March until 11 May. Due to this lack of data in that year, comparisons in 2021 are made with the year 2019 and, on the other hand, cumulative data from January to September 2021 (last published data) will be used to adjust seasonality.

**Total cumulative expenditure** in the Community of Madrid amounted to just over 1.636 billion euros (see tables below), which is 79.0% less than the same cumulative figure for 2019; in Spain, the drop in the same period in 2021 is also significant, by 70.2%, to just over 21.938 billion euros. Tourism expenditure in the region over this period represents 7.5% of national expenditure, but there is still room for improvement, as 2019 tourism expenditure in the region over the same period accounted for 10.6% of the total.

Almost two out of every three euros of expenditure (63.2%) in the Community of Madrid comes from the tourists who have spent the most, originating from the USA, the rest of the Americas, and the rest of the world. In Spain, the profile is different: tourists from the three countries that have spent the most come from Germany, France and the United Kingdom, accounting for 44.3% of total spending. In the Community of Madrid, the three months with the highest expenditure over this period are July, August and September; in Spain it occurs in the same months, but expenditure in these months represents 73.7% of the total, compared to 62.6% in the region. The highest absolute expenditure was 131.2 million euros in September with tourists from the rest of the Americas, while in Spain it was in August, with tourists from France and 1.1834 billion euros.

The **average expenditure per tourist** in the Community of Madrid amounts to 1,429 euros in 2021, 27% higher than the national average of 1,114 euros. In both cases, the average expenditure for the same period in 2019 is improved, by 4.6% in the region and 1.4% in Spain. The areas with the highest average expenditure in the period are, once again, the USA, the rest of the Americas and the rest of the world, both in the region and in Spain. The three highest average expenditures per tourist in the Region and in the period occur in the months of June, July and September, while in Spain they occur in the months of February, July and August.

The highest average expenditure per tourist in the period in the Community of Madrid was in the month of May with 3,360 euros, and came from tourists from the rest of the world; in Spain it was in the month of February, amounting to 4,436 euros and from tourists of the same origin. The evolution of the average expenditure per tourist since 2019 has always been above the national average (see attached graph).

The **average stay** in the Community of Madrid in 2021 is 6.0 days, lower than the national average of 8.1 days, increasing, in both cases, by approximately 1 day compared to the same period in 2019. The longest stays in the region during the period correspond to tourists coming from Ireland, the United

**Expenditure and stay of tourists by country of origin**
**Community of Madrid. Accumulated jan-sep. 2021**

| País origen | Total expenditure (million €) | Average expenditure per tourist (€) | Average stay (days) | Average expenditure per tourist and day (€) |
|---|---|---|---|---|
| Germany | 47.2 | 913 | 5.1 | 179 |
| Belgium | 23.4 | 905 | 3.7 | 246 |
| France | 146.9 | 883 | 6.4 | 138 |
| Ireland | 10.0 | 1,311 | **9.7** | 136 |
| Italy | 57.2 | 858 | 6.4 | 134 |
| The Netherlands | 26.3 | 1,001 | 5.3 | 189 |
| Portugal | 39.6 | 404 | 2.5 | 163 |
| United Kingdom | 57.0 | 1,109 | **9.1** | 121 |
| Switzerland | 17.6 | 1,132 | 7.2 | 157 |
| Russia | 28.5 | 1,777 | 6.1 | 293 |
| Nordic Countries | 11.3 | 1,194 | 5.9 | 203 |
| Rest of Europe | 137.9 | 1,152 | 5.5 | 210 |
| USA | **244.9** | **1,930** | 6.3 | **308** |
| Rest of America | **497.4** | **2,040** | 6.0 | **338** |
| Rest of the World | **291.5** | **2,422** | **7.8** | **310** |
| **Total** | **1,636.8** | **1,429** | **6.0** | **237** |
| *Acum. jan-sep 2019* | *7,789.6* | *1,366* | *5.1* | *267* |

In darker blue the three largest of each variable.
Source: Egatur. INE

**Expenditure and stay of tourists by country of origin**
**Spain. Acummulated jan-sep. 2021**

| País origen | Total expenditure (million €) | Average expenditure per tourist (€) | Average stay (days) | Average expenditure per tourist and day (€) |
|---|---|---|---|---|
| Germany | **3,849.4** | 1,138 | 8.3 | 137 |
| Belgium | 1,088.8 | 1,122 | 9.5 | 118 |
| France | **3,215.6** | 796 | 7.7 | 103 |
| Ireland | 436.0 | 1,250 | 9.3 | 134 |
| Italy | 963.1 | 896 | 7.0 | 128 |
| The Netherlands | 1,581.5 | 1,164 | 7.9 | 147 |
| Portugal | 347.2 | 415 | 3.3 | 125 |
| United Kingdom | **2,647.4** | 1,137 | 8.9 | 128 |
| Switzerland | 634.5 | 1,005 | 7.6 | 133 |
| Russia | 140.8 | 1,675 | **12.6** | 133 |
| Nordic Countries | 1,237.2 | 1,313 | **9.8** | 134 |
| Rest of Europe | 2,212.3 | 1,102 | 7.4 | 149 |
| USA | 901.7 | **1,971** | 8.8 | **223** |
| Rest of America | 1,236.8 | **2,129** | 9.3 | **230** |
| Rest of the World | 1,446.5 | **2,215** | **9.6** | **232** |
| **Total** | **21,938.7** | **1,114** | **8.1** | **138** |
| *Acum. jan-sep 2019* | *73,515.9* | *1,098* | *7.1* | *138* |

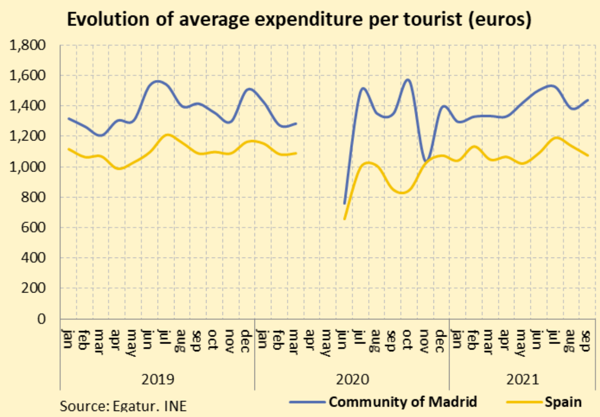
In darker blue the three largest of each variable.
Source: Egatur. INE

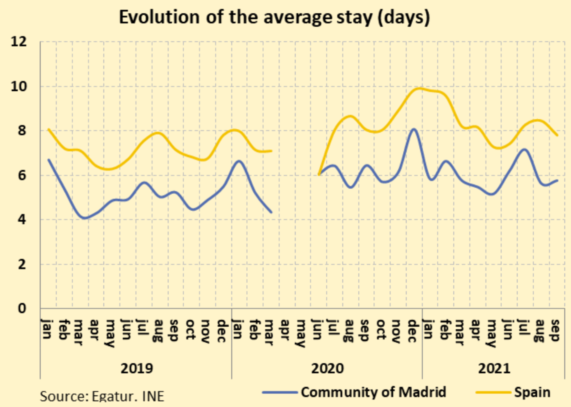
Kingdom and the rest of the world, while in Spain they come from Russia, the Nordic countries (Denmark, Finland, Norway and Sweden) and the rest of the world.

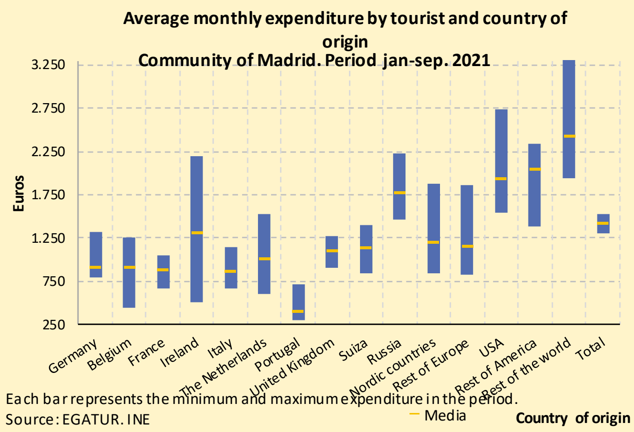
The three longest stays are concentrated in the region in February, June and July; in Spain, in January, February and August. The absolute maximum in the region corresponds to the month of January with 19.2 days and are tourists from the Nordic countries, while in Spain it is 18.4 days and with tourists from Ireland. The evolution of the average stay since 2019, as can be seen in the attached graph, continues to be higher in Spain than in the Community of Madrid, so there could be room for improvement in the region if operators in the sector manage to increase the average stay in the region, bringing it closer to the national average, and maintaining the average expenditure per tourist.

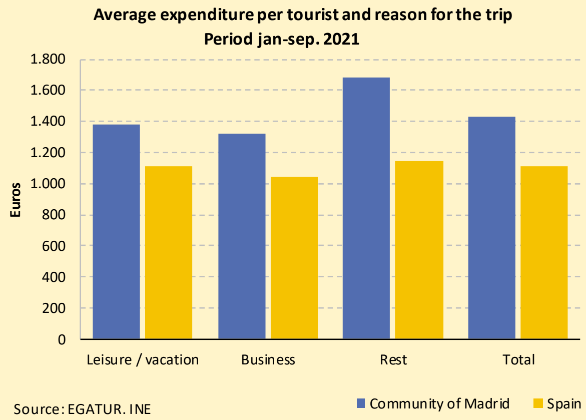
All in all, the average expenditure per tourist per day in the accumulated figure is 237 euros in the Community of Madrid, and 138 euros in Spain; this is 30.3 euros less in the region than in the same accumulated figure for 2019, and the same value in Spain as in 2019. The highest expenditure per tourist per day in the case of the region, and of Spain, corresponds to tourists from the USA, the rest of the Americas, and the rest of the world.

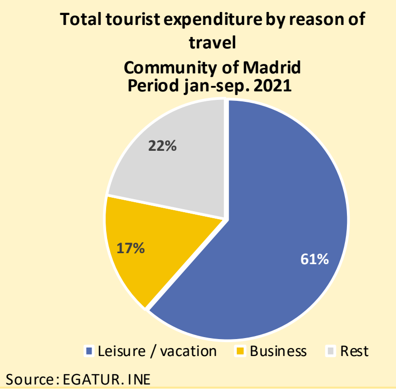
The three highest average expenditures per tourist per day occurred in the months of May, August and September in the region and in the months of May, June and July in Spain. The maximum occurred in the Community of Madrid in January with tourists from the rest of the world (495 euros per tourist per day) and in Spain in March (324 euros per tourist per day) from Russia.

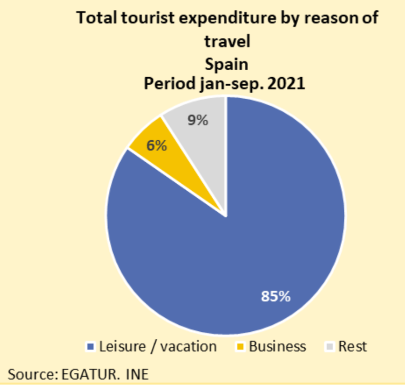


## IV.1.D. Conclusions on recent developments in regional production

### Data for the third quarter still points to an incomplete recovery.

The evolution of the Madrid economy during the third quarter of 2021, as shown by short-term indicators, both in terms of production and employment, continued to show signs of a reactivation of economic activity. Logically, GDP growth in this third quarter is expected to normalise its growth rates, once the strong distortion of the second quarter of 2021, a result of the slump in activity levels in the second quarter of 2020, has been overcome.

According to estimates by the D.G. of Economy, regional GDP continues to recover in the third quarter of 2021, for which growth is estimated at around 0.9% compared with the previous quarter, with data adjusted for seasonal and calendar variations; this rate would represent an acceleration with respect to the increase observed in the second quarter, which is expected to be revised with a decrease due to the incorporation of new information.

In year-on-year terms, after the significant upturn in the second quarter of 2021 (which, according to these estimates, could be somewhat softer than initially envisaged, although equally significant and higher than the national figure of 17.5%), a first advance in GDP growth in the third quarter puts it at around 4.5%.

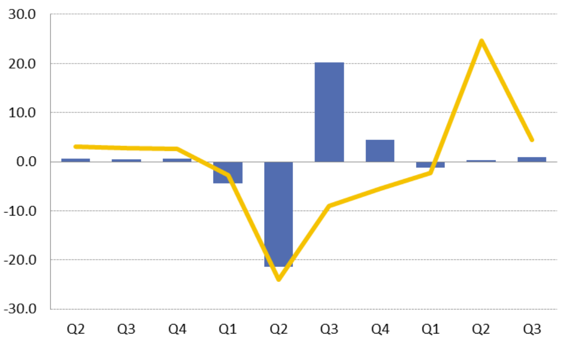
If these estimates are confirmed, the Community of Madrid would have already reached 94.5% of the level of GDP in real terms prior to the start of the pandemic (Q4 2019), while Spain remains further away from recovering to pre-covid levels (at 93.4% of GDP in Q4 2019), even though the contraction in Q2 2020 was more intense in the region than in the country as a whole. Eurostat data shows a better performance for the euro area countries as a whole, which on average are already at 99.5% of the fourth quarter 2019 GDP level.

It seems clear that measuring growth since the outbreak of COVID is proving very complicated, as it is exposed to multiple changes both in the sources of information and, possibly, in the relationships between economic variables, given the never-before-contemplated measures that have been implemented to react to the pandemic and its effects on the economy and society. Thus, the significant discrepancies and revisions that are being observed in growth estimates and forecasts are not surprising, and for this reason it is advisable, more than ever, to consult various sources of information in order to make an approximation as close as possible to the current reality.

According to the figures published by AIReF based on the INE quarterly accounts data, the Community of Madrid would have grown by 2.0% quarter-on-quarter in the third quarter of 2021, in line with the figures for Spain as a whole, making it one of the five most dynamic regions in the quarter. In year-on-year terms, they put Madrid's growth figure at 1.6%, more than one point below the national figure (2.7%).

For its part, CEPREDE, in its November high-frequency growth estimates by Autonomous Regions, reflects year-on-year growth in Madrid of 1.6% in the third quarter of 2021 (2.6% for Spain). These rates already incorporate the INE's revision of second quarter data, which has resulted in a decrease in the expected figures for the third quarter of 2.3 points compared with the October estimate, both in Madrid and in Spain, and also in the rest of the regions (except the Canary Islands) whose estimates have decreased by between 2.2 and 2.7 points.

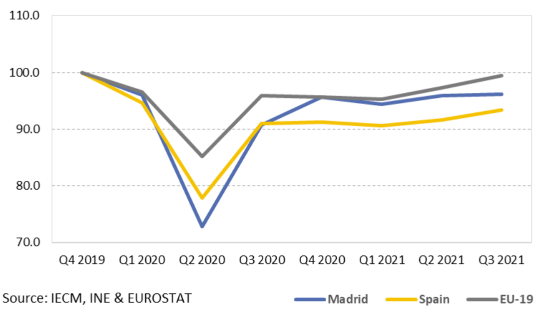
**Estimates of the evolution of the GDP of the Community of Madrid**




Source: Estimates D. G. for Economic Affairs
Regional Ministry of Economy, Finance and Employment

**Impact of the COVID-19 crisis in Madrid, Spain and the EU**

**Gross Domestic Pproduct, Index Q4-2019=100**




Source: IECM, INE & EUROSTAT

## IV.2. Prices and wages

**The escalation of electricity and fuel prices continues in the third quarter of 2021 and pushes general inflation to a 10-year high. The core rate is much more subdued, although it shows a moderate upward profile.**

Inflation in the Community of Madrid started the third quarter with a value of 2.6% after adding 0.5 points to that of June; after two months rising, in September it reached 3.6%. Thus, average inflation in the Community of Madrid in the third quarter of the year was 3.1% (2.0% in the second quarter of 2021). In October, the last month published, it rose to 5.1%, the highest level since January 1993.

The most notable upward contributions to the change in inflation in the third quarter were seen in 'Housing', 'Leisure and Culture' and 'Transport'. The first and third groups are directly affected by higher energy prices. The chart on the left shows the leading role played by the energy component in the rise in inflation. From March onwards, the rise in electricity prices, together with the fall of a year ago, as well as the rise in the price of Brent crude oil, compared to the fall at the beginning of the pandemic, have been driving this rise. The subgroup *Electricity, gas and other fuels* recorded inflation of 29.9% in September (in October it soared to 44.3%). And the subgroup *Use of personal vehicles* (which includes fuels and lubricants), reached a year-on-year rate of 14.4% in September due to the rise in the price of Brent crude oil that month, close to 80 dollars/barrel. In October, the subgroup was up 17.8%, with Brent crude already above 86 dollars. The contribution of 'Leisure and Culture' stems from the evolution of *Package holidays*, which is suffering from the base effect of a pandemic summer with a more than 80% loss in international tourism. This group is partly included in the Services component, whose impact has increased in recent months, as shown in the graph. It is the *Accommodation services* subgroup, with inflation of 19.6%, that drives this component the most, although this is not entirely due to a rise in prices, but rather to a favourable year-on-year comparison with the behaviour of this subgroup a year ago, when prices suffered a significant cut due to the fall in tourists resulting from travel restrictions.

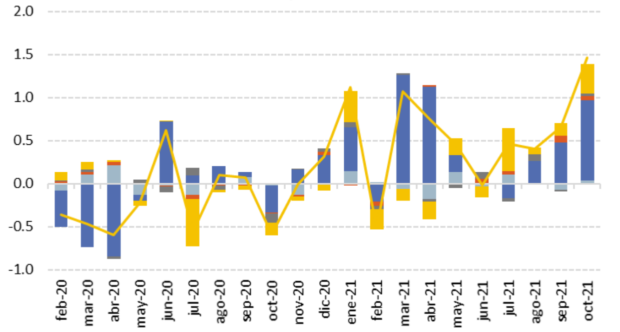
Core inflation, a measure that does not include developments in unprocessed food and energy prices, is gradually rising and is no longer negative. The third quarter saw an average inflation rate of 0.7% (-0.2% in the second quarter). In October, the latest published data, it reached a value of 1.5%, 3.6 points below the general rate, the biggest differential in the series.

**Funcas once again raises the previous month's forecasts in view of October results.**

In a central scenario assumption (assuming that the oil price remains around $82, and the electricity price remains stable until spring), the December rate rises to 5.1%. Thus, the average rate for 2021 is 3.0% year-on-year and for 2022 it will be 2.6%. The core rate is also slightly higher than the previous month's forecast of an average rate of 0.7% in 2021 and 1.6% in December.

**Contribution of the components to the monthly variation of inflation**

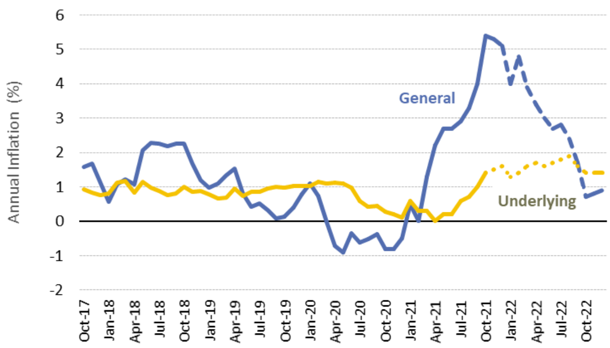
Community of Madrid




Source: Own elaboration from INE data

**CPI Spain**

Interannual rates




**Source: Historical data INE; *Forecast 2020 FUNCAS**

# IV.3. Labour Market

## 1. EPA

**Vaccination and the progressive elimination of restrictions have improved the EPA data for the third quarter of 2021 in the Community of Madrid.**

In the third quarter of 2021, the number of employed individuals increased in the Community of Madrid by 5,200 people with respect to the previous quarter (0.2%), and stood at 3,129,300, maintaining a growth trend since the third quarter of 2020, after falling in the first half of last year. Likewise, in year-on-year terms, there was a very significant increase in employment of 124,000 (4.1%), conditioned by the comparison with the third quarter of 2020, still affected by the effects of the pandemic. However, the whole increase is not due to the base effect, since, if the comparison is made with the third quarter of 2019, an increase in employment of 1.1% can also be observed; it's important to remember, in any case, that workers affected by the ERTE are considered employed.

Meanwhile, unemployment in the Community of Madrid fell by 9,400 individuals compared to the previous quarter (-2.2%) and, even more, by 38,700 individuals less than in the previous year (-8.4%), bringing the total number of unemployed individuals to 420,400. However, the comparison with the third quarter of 2019 reflects the deterioration of the labour market, with unemployment rising by 18.7%.

The activity rate in the Community of Madrid, in the third quarter of 2021, fell one tenth compared to the second quarter, but grew 1.7 points compared to the same quarter of the previous year, standing at 63.5%; compared to the third quarter of 2019, the activity rate increased by 1.1 points. In turn, the unemployment rate in the Community of Madrid fell three tenths compared to the previous quarter, and 1.5 points year-on-year, to 11.8%; however, the unemployment rate stood 1.5 points above that of the third quarter of 2019.

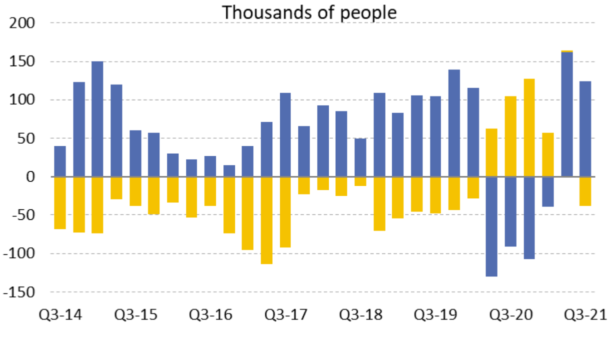
As for inactivity, a variable whose monitoring became particularly relevant from the second quarter of 2020, when some unemployed individuals were classified as inactive (and which, from the third quarter of 2020, to the extent that scaling back of measures occurred, began to decrease with different intensity depending on the period and the region), it should be noted that in the third quarter of 2021 they fell by 4.9% with respect to the same quarter of the previous year.

The EPA flow statistics (EFPA) allow for a detailed analysis of the transitions observed between employment, unemployment and inactivity, showing in the third quarter a generalised normalisation of flows between the different states of activity, which translates into sharp year-on-year reductions in the flows most distorted by the pandemic a year ago. This is the case for the inflow into activity, where the annual decline in the number of people moving from inactivity to employment should not hide the fact that its current level is the second highest for a third quarter since 2008. The recent evolution of the outflow of activity, more contained than that observed in the third quarters prior to the pandemic, shows positive results. In terms of employment, inflow in the third quarter of 2021 is the second highest in the decade for this quarter, while outflow is at a level similar to that prior to the pandemic.

As far as unemployment is concerned, the lower dynamism of the outflow is also observable in the inflow.

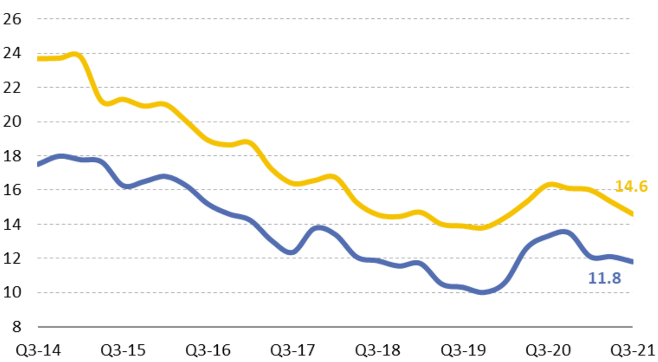
**Interannual variation of employed and unemployed persons CM**

Thousands of people




Source: LFS, INE

**Unemployment rate (%)**




Source: LFS, INE

## 2. Social Security Enrolment

**The favourable trend in Social Security enrolment culminated in the achievement of record highs in October, which could be exceeded again in the coming months.**

For the time being, the complete normalisation of activity, with the elimination in September of the last remaining restrictions, has served as a definitive boost for Social Security enrolment data. The nearly 3,330,000 new enrolments in October are the highest in the series, surpassing the pre-pandemic peak of December 2019. This volume is 1.9% higher than in October 2019 and 4.0% higher than in October 2020.

The total enrolment series, which had recorded record highs for each of the months between April and September, is culminating its recovery in October and, if no external factor distorts the usual seasonal pattern again, October's all-time high may be only the first of those seen in this final part of the year. The monthly variations observed since April, once the last wave of infections was under control, point in this direction, and have not only followed the usual seasonal patterns, but also improved on the records for 2019 up to August and have equalled them since then.

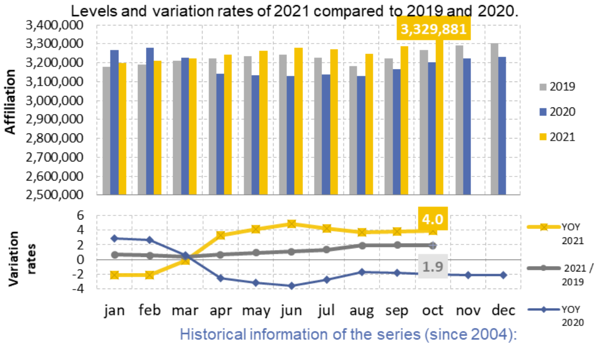
In October, enrolment levels were also high in each of the two main contribution schemes, with more than 2,910,000 in the general scheme and nearly 415,000 in the self-employed scheme. Male and female enrolment reached record highs, with 1,746,871 and 1,583,001 respectively. In terms of their most recent rate of growth, measured in relation to the number of persons employed in 2019, the largest increases were seen in the self-employed and in male enrolment, both 2.3% higher than in October 2019, with increases of 1.9% in the general scheme and 1.5% in female enrolment.

The increase in enrolment has continued to be compatible with the gradual decline in the number of workers on the ERTE at the end of the month, 36,902 in October, 19.3% of those in Spain and 1.1% of those enrolled in the region; the latter is the lowest participation since this mechanism was introduced, which reached 19.6% of those enrolled in April 2020, and 4.3% a year ago. Two out of three workers on the ERTE have a total suspension of employment. At the same time, reductions were also observed in the number of self-employed individuals receiving extraordinary benefits, with only 12,619 benefits being granted to this group in October, a far cry from the 210,000 in July 2020.

The analysis by section of activity of average monthly enrolment in the general scheme (excluding the special agricultural and domestic employees' schemes) shows higher levels of enrolment in October than a year ago in all sectors and sections. Compared with the previous year, enrolment grew in all sectors, with the increase in *Public Administration and Defence*, *Information and Communication* and *Health and Social Work* offsetting the loss of enrolment, mainly in *Hotels and Restaurants*, and to a much lesser extent in *Commerce and Arts and Entertainment*.

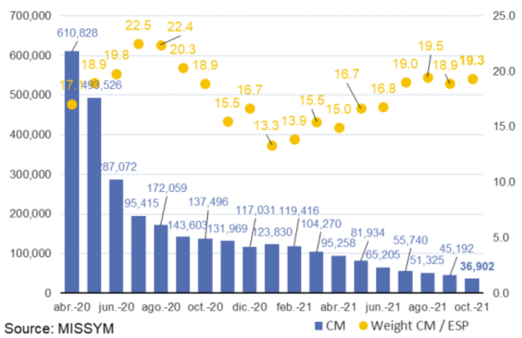
In the self-employed regime, there was an increase in the number of employees in all sectors except industry, both in year-on-year terms and in relation to October 2019. Among the tertiary sections, the number of employees is lower than a year ago in *Transport* and *Administrative and support service activities*, with *Professional, scientific and technical activities* being the main driver of the year-on-year increase in enrolment in this scheme in services. The comparison with October 2019 shows losses in tertiary enrolment in *Administrative and support services*, but also in *Hotels* and *Commerce*, completely neutralised by the increase in *professional, scientific and technical activities*, *Transport and storage* and *Health and social services*, mainly.

**Affiliation to Social Security. Reg. Self-employed. Monthly average**
**Community of Madrid**




Source: MISSYM. Historical information of the series (since 2004): Maximum: 3.329.881 (oct-21) Minimum: 2.564.114 (jan-04)

**Affiliated to Social Security in ERTE**
Number and weight of the Community of Madrid in Spain




Source: MISSYM

## 3. Registered unemployment

**A particularly favourable seasonal trend in unemployment in recent months has led to a fall in registered unemployment, which is still at levels close to 400,000.**

The registered unemployment data also show a very favourable performance in the two months that have elapsed since the end of the previous quarterly report. September's seasonal decline of 1.8% improves on those recorded in the last six years, which in all years between 2008 and 2015 had shown increases. The 2.4% fall in October continues this trend, as it breaks with the usual pattern of this month, which historically shows increases in the number of unemployed individuals and which has only occasionally recorded contained decreases.

Thus, the number of unemployed individuals in October fell to 401,564, allowing this performance not only to accelerate the year-on-year declines initiated in July, but also to reduce the gap with respect to 2019 from 22.2% in August to 16.1% today. However, unemployment in October 2021 is at similar levels to those in the first four months of 2017.

Both genders and all sectors of activity, including the group without previous employment, observed a year-on-year reduction in the number of unemployed individuals in October, with the three main sectors showing an acceleration in decreases; the largest of these was in construction, with 4.1 points with respect to the decline in August. Its industry, however, which recorded the sharpest fall of 8.7% compared to 7.2% for services and 6.3% for construction. The number of unemployed individuals in the group without previous employment shows the first decrease which, although timid, breaks with 17 months of uninterrupted year-on-year increases.

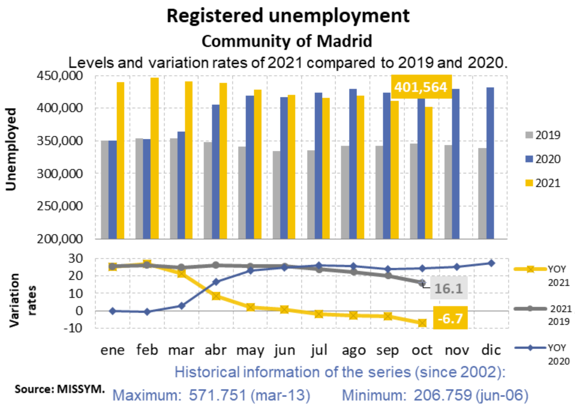
The unemployment gap in October 2019, from the aforementioned 16.1%, narrows to 15.7% for male unemployment, an improvement of 8.1 points from August. Female unemployment in October was 16.3% higher than in the same month of 2019 and saw a smaller reduction in the size of the unemployment gap, only 4.8 points lower than in August.

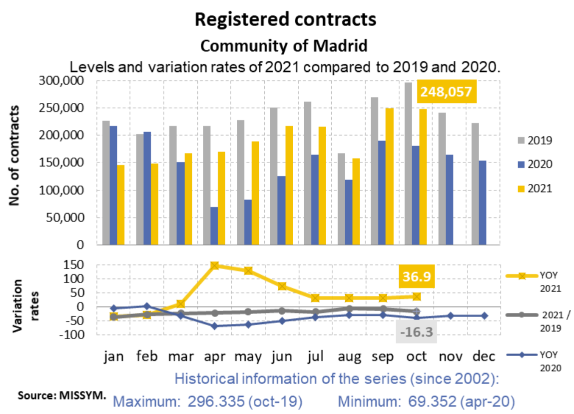
The sectoral overview shows greater differences: services determine the behaviour described for the total (+16.6% relative to October 2019) and record the best recent performance (down 6.0 points relative to August); industry is the sector with the most limited pandemic-related deterioration (+6.2% relative to October 2019 and -5.2 points relative to the August rate), while construction, with a current gap of 11.2%, shows a decrease of 5.1 points relative to August.

**Hiring, however, slowed in October and reversed the progress in closing the pre-pandemic gap made in the previous two months.**

Hiring has continued to experience significant year-on-year increases in September and October, in line with those recorded since July and far from those of the second quarter, reflecting the beginning of the normalisation of activity in 2020, once the first state of alarm ended.

However, the comparison of hiring levels in 2021 with those in 2019, which until August had shown a favourable trajectory with progressively narrowing spreads, especially in August, was reversed in September, with the deterioration becoming more pronounced in October. Both months are historically the busiest months of the year in the region. Thus, the level of hiring this month is again 16.3% below that of October 2019, 14.9% in the case of permanent hiring, which reached the pre-pandemic level last June, and was only 3.2% lower in September. We will have to wait for the results of the coming months to confirm whether the relative deterioration observed in September and October is reversed.



## IV.4. Business environment

Business entrepreneurship started 2021 in the Community of Madrid with the fourth consecutive year-on-year fall, recovering in February and growing until September, when it fell by 1.6% due to the comparison with September 2020, when the highest volume for this month since 2008 was reached. The third quarter, with the creation of 5,038 companies, recorded the highest number for this period since 2007, 10.2% more than the same quarter of 2020 and 631 more companies (+14.3%) than in the third quarter of 2019. In September, the creation of companies reached 1,569 entities, a fall of 1.6% year-on-year, but 19.9% higher than in the same month of 2019. In every month since March 2021, pre-crisis levels have been exceeded in the region. Between January and September 2021, 18,123 companies were created in the Community of Madrid, 37.4% more than in the same period of 2020, and 9.8% more than in the same period of 2019. The Community of Madrid leads the ranking of company incorporations, with 23.5% of the total number of companies created in Spain.

In the third quarter of the year, investment by new firms recorded the second lowest volume for this quarter since 2009 and 14.9% lower than in the third quarter of 2019 (+7.5% compared to 2020). The latest figure for September shows a year-on-year decrease of 36.2%. The comparison with 2019 shows that, from March to May, pre-COVID levels were exceeded, but not in June or July, rebounding in August (+8.2%), only to fall again in September by 25.6%. In the year to date, Madrid is the region where most capital has been raised, 20.2% of the total national investment, with a year-on-year rate of -11.0%, although exceeding that of 2019 by 5.2%.

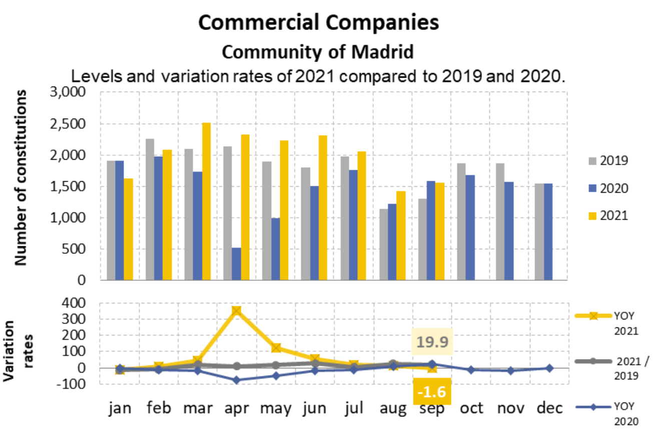
To analyse the dissolution of companies, it should be taken into account that, from March 2020, mercantile registry activity was limited due to the pandemic from the second fortnight until the registry process returned to normal; the termination of companies in the third quarter of 2021 decreased by 16.1% compared to 2020 and by 6.1% compared to the same quarter of 2019. The month of September shows a rate of -36.8% (-15.3% with respect to 2019); however, there's a cumulative increase with respect to both 2020 and 2019 (+13.7% and +2.4% respectively).

**The Community of Madrid is the centre of attraction for the national business community.**

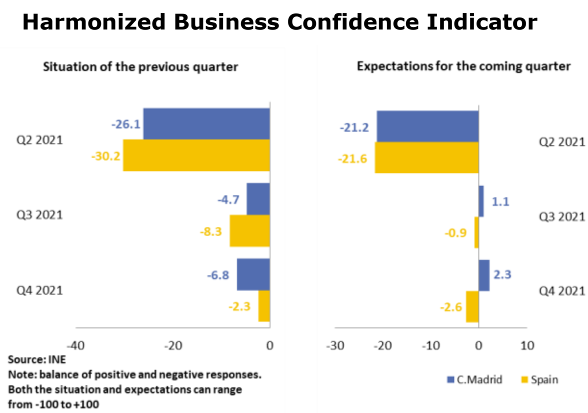
According to AXESOR data, in the period January-October 2021, a total of 1,807 companies changed their registered office to our region; the most represented sector continues to be industry with 37.9% of the transfers, and Andalusia predominates in the origin with 23.3% of the total arrivals, followed by Catalonia, with 20.7%. The balance with companies relocating out of the Community of Madrid is once again positive, with 505 companies favouring our region.

**The Harmonised Index of Business Confidence (ICEA) in the Community of Madrid reflects an upturn in the expectations of Madrid entrepreneurs.**

In the fourth quarter of 2021, business confidence in the region declined by 0.2%, after four consecutive quarters of increases. The balance sheet was -6.8 points, 2.1 points lower than in the third quarter (-4.7 points). Expectations for the Community of Madrid in the coming quarter are positive for the second time and up by 2.3 points since the start of the pandemic (+1.1 in the third quarter).




Source: INE.



# V. Forecasts

### A wave of downward revisions to national growth in 2021.

After a quiet summer, in which the vaccination process continued to make progress and the epidemiological improvement allowed the lifting of restrictions, expectations for the recovery of the Spanish economy remained solid, barely deviating from the 6.0%-6.5% range. However, since the INE revised its estimate for growth in the second quarter of 2021 from 2.8% to 1.1% in September, all analysts have proceeded to lower their growth forecasts for 2021.

However, this is not the only factor driving the deterioration in expectations. On the one hand, misalignments in global supply chains have become more evident, with shortages of raw materials and intermediate goods being observed in certain activities, which is leading to a reduction in the pace of production. On the other, energy prices, as well as transport and other goods and services, are rising rapidly.

Thus, all recent projections are being revised downwards. The European Commission puts Spain's growth in 2021 at 4.6% (1.6 points below the July estimate). Also striking are the results of the November edition of the FUNCAS Panel, in which all panellists have lowered their growth forecast for 2021, with the average figure standing at 4.8% with values between 4.3% and 5.7%, and with 13 of the 20 analysts placing their forecast below 5%.

Thus, forecasts for 2021, on average, have been revised by more than one point in the last month and a half, with the consensus now standing at around 5.1%. Projections for 2022 have been revised both upwards and downwards, remaining at 6.1% on average, although some of the latest projections are also starting to incorporate decreases.

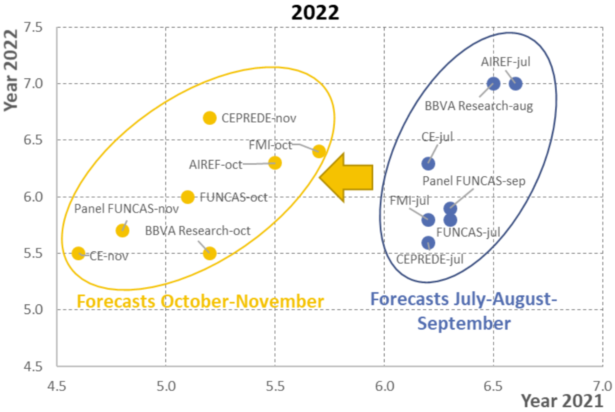
### Growth expectations for the Community of Madrid are also lowered.

The forecasts available at the regional level, as they are updated, also reveal the diminishing optimism that is permeating national estimates. Thus, there is now a significant gap between the forecasts prepared by FUNCAS and Hispalink, which were updated in June and July respectively and placed the growth forecast for Madrid at 7.0%, and those published by BBVA Research and CEPREDE, prepared in October and November, which have lowered the estimates by 1.2 points with respect to those available at the end of September, in line with the decrease applied to the national forecasts. In addition to these estimates, AIReF also published a new estimate in October, which forecasts an overall growth figure for 2021 of 4.4%.

The average forecast of these five institutions for 2021 currently stands at 5.5%, a figure very similar to that which would result for Spain. Although, given the spiral of downward revisions, it would not be unusual for both Hispalink and FUNCAS to downgrade their forecasts in their next update.

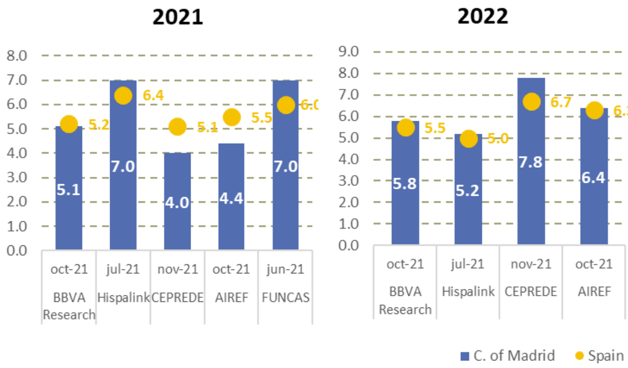
Looking ahead to 2022, significant growth rates are expected to be maintained, in no case below 5%. BBVA Research, CEPREDE and AIReF forecast an increase in the growth rate of the Madrid economy that Hispalink did not take into account in its July estimate. The range of estimates is widened at the higher end by CEPREDE's latest upward revision, now standing at between 5.2% and 7.8%, so that on average, growth is expected to be more dynamic than in 2021, up to 6.3%, four tenths of a percentage point above the national rate.

**Evolution of the national GDP growth forecasts 2021 and 2022**




**GDP growth forecasts. Community of Madrid and Spain**

Real GDP variation rates



# Appendix I. Madrid in the context of European regions

**SUMMARY OF INDICATORS OF EUROPEAN REGIONS (1)**

| | | High Tech Jobs | High Tech Industry Jobs | Jobs Services High Technology | R&D expenditure | GDP ppa | GDP ppa per capita | Household Income (per capita) |
|---|---|---|---|---|---|---|---|---|
| | Last Year Data | 2020 | 2020 | 2020 | 2019 | 2019 | 2019 | 2018 |
| | Unit Measure | Thousands Jobs | Thousands Jobs | Thousands Jobs | % GDP | Millions Euros PPA | Euros | Euros PPA |
| **EU27** | **European Union (2020)** | **8,915.1** | **2,123.6** | **6,791.5** | **2.23** | **13,963,897** | **31,200** | |
| **ES** | **Spain** | **746.5** | **127.3** | **619.2** | **1.25** | **1,335,443** | **28,400** | **15,500** |
| AT13 | Wien | 61.8 | 8.6 | 53.2 | 3.64 | 88,287 | 46,400 | 19,500 |
| BE10 | Bruxelles-Capitale | 31.2 | 5.3 | 25.9 | 2.35 | 76,794 | 63,000 | 16,800 |
| CZ01 | Praha | 72.8 | 8.2 | 64.6 | 2.56 | 83,969 | 63,900 | 18,800 |
| DE21 | Oberbayern | 202.9 | 52.0 | 150.9 | 4.49 | 253,653 | 54,000 | 26,300 |
| DE30 | Berlin | 198.5 | | 178.0 | 3.38 | 139,879 | 38,200 | 19,300 |
| **ES30** | **Comunidad de Madrid** | **247.1** | **35.3** | **211.8** | **1.71** | **257,621** | **38,500** | **19,500** |
| ES51 | Cataluña | 177.4 | 48.2 | 129.2 | 1.52 | 254,064 | 33,400 | 17,600 |
| FI1B | Helsinki-Uusimaa | 86.4 | 12.2 | 74.3 | 3.52 | 75,569 | 45,000 | 19,100 |
| FR10 | Île de France | 464.4 | 57.2 | 407.2 | | 682,716 | 55,500 | 20,600 |
| ITC4 | Lombardia | 242.2 | 80.1 | 162.1 | 1.33 | 400,627 | 39,700 | 21,300 |
| ITI4 | Lazio | 181.5 | 35.1 | 146.4 | 1.86 | 201,770 | 34,300 | 17,700 |
| NL32 | Noord-Holland | 84.3 | 8.9 | 75.4 | | 151,965 | 53,000 | 18,900 |
| PT17 | Lisboa | 75.0 | 10.6 | 64.4 | 1.69 | 91,401 | 32,000 | 16,100 |
| SE11 | Stockholm | 132.4 | 12.4 | 120.0 | 3.31 | 122,419 | 51,900 | 19,600 |
| Position of the Community of Madrid in the selection of regions | | 2 | 5 | 2 | 9 | 3 | 10 | 5 |

| | | Activity rate | Unemployment rate | Unemployment rate under 25 years | Population | Fertility rate | Life Expectancy (age less than 1 year) |
|---|---|---|---|---|---|---|---|
| | Last Year Data | 2020 | 2020 | 2020 | 2020 | 2019 | 2019 |
| | Unit Measure | % | % | % | Persons | Children per woman | Years |
| **EU27** | **European Union (2020)** | **77.4** | **7.1** | **16.8** | **447,319,916** | **1.53** | **81.3** |
| **ES** | **Spain** | **77.3** | **15.5** | **38.3** | **47,332,614** | **1.23** | **84.0** |
| AT13 | Wien | 79.1 | 10.6 | 16.5 | 1,911,191 | 1.35 | 81.1 |
| BE10 | Bruxelles-Capitale | 75.2 | 12.3 | 29.1 | 1,223,364 | 1.71 | 81.6 |
| CZ01 | Praha | 80.6 | 2.3 | 5.0 | 1,324,277 | 1.52 | 81.0 |
| DE21 | Oberbayern | 82.6 | 2.7 | | 4,710,865 | 1.52 | 82.8 |
| DE30 | Berlin | 85.1 | 6.1 | | 3,669,491 | 1.41 | 81.5 |
| **ES30** | **Comunidad de Madrid** | **82.2** | **12.5** | **31.8** | **6,747,068** | **1.23** | **85.8** |
| ES51 | Cataluña | 79.2 | 12.6 | 34.0 | 7,652,348 | 1.29 | 84.3 |
| FI1B | Helsinki-Uusimaa | 85.4 | 7.2 | 20.5 | 1,689,725 | 1.28 | 82.6 |
| FR10 | Île de France | 81.9 | 8.2 | 18.8 | 12,291,557 | 1.93 | 84.6 |
| ITC4 | Lombardia | 69.9 | 5.0 | 19.2 | 10,027,602 | 1.33 | 84.2 |
| ITI4 | Lazio | 66.2 | 9.1 | 32.2 | 5,755,700 | 1.18 | 83.8 |
| NL32 | Noord-Holland | 84.8 | 3.9 | 9.8 | 2,879,527 | 1.46 | 82.4 |
| PT17 | Lisboa | 84.4 | 7.7 | 23.7 | 2,863,272 | 1.75 | 82.2 |
| SE11 | Stockholm | 91.0 | 7.6 | 25.1 | 2,377,081 | 1.61 | 83.9 |
| Position of the Community of Madrid in the selection of regions | | 7 | 2 | 3 | 4 | 13 | 1 |

(1) Of the 240 European regions of the Nomenclator of Territorial Units NUTS2 of the year 2016 of the EU27, without the United Kingdom since 2020, (equivalent in Spain to the Autonomous Communities), some regions with similar characteristics to the Community of Madrid, many of them are capital regions and others are prominent regions of representative states of the Union.

Source: Eurostat

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

## Companies that relocated their registered address to the Community of Madrid[1]

**Last update: October 2021**

| Companies that relocated their registered office to the Community of Madrid | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| By Autonomous Communities of origin and sector of activity. October 2021 | | | | | | | | | | | | | | |
| **CC.AA. / Sector** | **01** | **02** | **03** | **04** | **05** | **06** | **07** | **08** | **09** | **10** | **11** | **s/d** | **Total** | **%** |
| Andalucía | 1 | 27 | 1 | 6 | | | 2 | 3 | 6 | | 3 | | **49** | 35.3 |
| Aragón | | | 1 | | | 1 | | | | 1 | | | **3** | 2.2 |
| Asturias | | 1 | | 1 | | | | 1 | | | | | **3** | 2.2 |
| Baleares | | | | | | | | 1 | 1 | | | | **2** | 1.4 |
| Canarias | | 2 | | | | | | | | | | | **2** | 1.4 |
| Cantabria | | | | | | | | | | | | | | |
| Castilla la Mancha | | 4 | 2 | 3 | 2 | | 1 | | 3 | 1 | | | **16** | 11.5 |
| Castilla León | | 1 | | | 1 | | | | 2 | 1 | | | **5** | 3.6 |
| Cataluña | 1 | 2 | | 3 | 1 | 1 | 1 | 1 | 10 | | | | **20** | 14.4 |
| Extremadura | 1 | 4 | | 2 | | | 1 | | 2 | | | | **10** | 7.2 |
| Galicia | | | | 1 | | | | | 3 | | | | **4** | 2.9 |
| La Rioja | | 5 | | | | | | | | | | | **5** | 3.6 |
| Murcia | 2 | | | | | | | | | | | | **2** | 1.4 |
| Navarra | | | | | | | | | | | | | | |
| País Vasco | | 1 | | | | | | | 4 | 1 | | | **6** | 4.3 |
| Valencia | | 1 | 3 | 2 | | | 1 | 4 | 1 | | | | **12** | 8.6 |
| Otras | | | | | | | | | | | | | | |
| **Total** | **5** | **48** | **7** | **18** | **4** | **2** | **6** | **10** | **32** | **4** | **3** | | **139** | 100.0 |
| **%** | 3.6 | 34.5 | 5.0 | 12.9 | 2.9 | 1.4 | 4.3 | 7.2 | 23.0 | 2.9 | 2.2 | | 100.0 | |
| **Balance. Inputs - Outputs** | | | | | | | | | | | | | **14** | |

01: Agriculture; 02: Industry; 03: Construction; 04: Trade; 05: Transportation 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; s / d: no data.

**Cumulative: January - October 2021**

| Companies that relocated their registered office to the Community of Madrid | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| By Autonomous Communities of origin and sector of activity. Accumulated Jan-Oct 2021 | | | | | | | | | | | | | | |
| **CC.AA. / Sector** | **01** | **02** | **03** | **04** | **05** | **06** | **07** | **08** | **09** | **10** | **11** | **s/d** | **Total** | **%** |
| Andalucía | 5 | 208 | 46 | 43 | 2 | 5 | 34 | 21 | 45 | 7 | 6 | 1 | **423** | 23.4 |
| Aragón | 1 | 11 | 7 | 8 | | 2 | 2 | 5 | 8 | 2 | 1 | | **47** | 2.6 |
| Asturias | 1 | 4 | 2 | 3 | 3 | 4 | 1 | 5 | 11 | | | | **34** | 1.9 |
| Baleares | 1 | 2 | 1 | 1 | 2 | 2 | 2 | 12 | 4 | | 2 | | **29** | 1.6 |
| Canarias | | 2 | 8 | 2 | 1 | | 4 | 3 | 5 | 1 | 1 | | **27** | 1.5 |
| Cantabria | | 1 | 1 | 3 | | | | 5 | 1 | 1 | | | **12** | 0.7 |
| Castilla la Mancha | 8 | 15 | 29 | 37 | 10 | 9 | 14 | 18 | 27 | 11 | 2 | | **180** | 10.0 |
| Castilla León | 4 | 61 | 17 | 19 | 5 | 5 | 8 | 11 | 22 | 5 | 5 | | **162** | 9.0 |
| Cataluña | 1 | 84 | 26 | 56 | 12 | 24 | 24 | 78 | 56 | 9 | 7 | | **377** | 20.9 |
| Extremadura | 4 | 9 | 3 | 10 | | 1 | 3 | 3 | 4 | 2 | 1 | | **40** | 2.2 |
| Galicia | 1 | 5 | 4 | 8 | 2 | 2 | 2 | 6 | 9 | | 2 | | **41** | 2.3 |
| La Rioja | | 8 | 1 | | 1 | | | 1 | | | | | **11** | 0.6 |
| Murcia | 4 | 4 | 8 | 10 | 2 | 1 | 7 | 11 | 6 | 4 | 3 | 1 | **61** | 3.4 |
| Navarra | | 3 | | | | 1 | 1 | 2 | 1 | 1 | | | **9** | 0.5 |
| País Vasco | | 100 | 2 | 9 | 2 | 2 | 2 | 11 | 13 | 2 | | | **143** | 7.9 |
| Valencia | | 104 | 12 | 21 | 4 | 1 | 7 | 14 | 40 | 3 | 1 | | **207** | 11.5 |
| Otras | | | 1 | 2 | | | | 1 | | | | | **4** | 0.2 |
| **Total** | **30** | **621** | **168** | **232** | **46** | **59** | **111** | **207** | **252** | **48** | **31** | **2** | **1,807** | 100.0 |
| **%** | 1.7 | 34.4 | 9.3 | 12.8 | 2.5 | 3.3 | 6.1 | 11.5 | 13.9 | 2.7 | 1.7 | 0.1 | 100.0 | |
| **Balance. Inputs - Outputs** | | | | | | | | | | | | | **505** | |

01: Agriculture; 02: Industry; 03: Construction; 04: Trade; 05: Transportation 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; s / d: no data.

[1]Source: Axesor, with information from the *Boletín Oficial del Registro Mercantil*, or Official Bulletin of the Mercantile Registry (BORME).

## Companies that relocated their registered address from the Community of Madrid[2]

### Last update: October 2021

| Companies that relocated their registered office outside the Com. of Madrid | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| By autonomous community of destination and sector of activity. October 2021 | | | | | | | | | | | | | | |
| **CC.AA. / Sector** | **01** | **02** | **03** | **04** | **05** | **06** | **07** | **08** | **09** | **10** | **11** | **s/d** | **Total** | **%** |
| Andalucía | | 3 | 1 | 5 | 1 | | 1 | 2 | 2 | 1 | 1 | | **17** | 13.6 |
| Aragón | | | 1 | | | | | 1 | 1 | 1 | | | **4** | 3.2 |
| Asturias | | | | | | | | | 1 | | | | **1** | 0.8 |
| Baleares | | | | | | 1 | | 4 | 1 | | | | **6** | 4.8 |
| Canarias | | | 1 | 3 | | 2 | 1 | 1 | | | | | **8** | 6.4 |
| Cantabria | | | | | | | | | 1 | | | | **1** | 0.8 |
| Castilla León | 2 | 3 | | 1 | | 2 | | 1 | | 2 | | | **11** | 8.8 |
| Castilla la Mancha | 1 | 3 | 6 | 5 | 1 | | 1 | 1 | 4 | 1 | | | **23** | 18.4 |
| Cataluña | | 2 | 1 | 2 | | 1 | 1 | 6 | 5 | | 2 | | **20** | 16.0 |
| Extremadura | | | 1 | 1 | | | | | 1 | | | | **3** | 2.4 |
| Galicia | | 1 | | 1 | | 2 | | 1 | 1 | | | | **6** | 4.8 |
| La Rioja | | | | | | | | 1 | | | | | **1** | 0.8 |
| Murcia | | | | | | | | | 1 | | | | **1** | 0.8 |
| Navarra | | | | 1 | | | | 1 | | | | | **2** | 1.6 |
| País Vasco | | | 3 | | | | | 2 | 3 | | | | **8** | 6.4 |
| Valencia | | 1 | 1 | | | 3 | 2 | 4 | 2 | | | | **13** | 10.4 |
| Ceuta | | | | | | | | | | | | | | |
| Melilla | | | | | | | | | | | | | | |
| **Total** | **3** | **13** | **15** | **19** | **2** | **11** | **6** | **25** | **23** | **5** | **3** | | **125** | 100.0 |
| **%** | 2.4 | 10.4 | 12.0 | 15.2 | 1.6 | 8.8 | 4.8 | 20.0 | 18.4 | 4.0 | 2.4 | | 100.0 | |

01: Agriculture; 02: Industry; 03: Construction; 04: Trade; 05: Transportation 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; s / d: no data.

### Cumulative: January - October 2021

| Companies that relocated their registered office outside the Com. of Madrid | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| By autonomous community of destination and sector of activity. October 2021 | | | | | | | | | | | | | | |
| **CC.AA. / Sector** | **01** | **02** | **03** | **04** | **05** | **06** | **07** | **08** | **09** | **10** | **11** | **s/d** | **Total** | **%** |
| Andalucía | 5 | 20 | 33 | 54 | 5 | 4 | 13 | 47 | 24 | 6 | 10 | 1 | **222** | 17.1 |
| Aragón | 1 | 2 | 5 | 2 | | 4 | 3 | 13 | 8 | 2 | 2 | | **42** | 3.2 |
| Asturias | 1 | 4 | 1 | 5 | 2 | 4 | 2 | 4 | 4 | 1 | 1 | | **29** | 2.2 |
| Baleares | 2 | 17 | 4 | 2 | 1 | 3 | 2 | 11 | 11 | 1 | 1 | | **55** | 4.2 |
| Canarias | | 2 | 3 | 8 | 1 | 3 | 5 | 3 | 6 | 1 | | | **32** | 2.5 |
| Cantabria | | | 3 | 3 | | 1 | | 2 | 6 | 1 | 2 | | **18** | 1.4 |
| Castilla León | 3 | 9 | 9 | 14 | 3 | 10 | 3 | 16 | 20 | 5 | 2 | | **94** | 7.2 |
| Castilla la Mancha | 6 | 23 | 24 | 38 | 8 | 10 | 6 | 8 | 24 | 5 | 7 | | **159** | 12.2 |
| Cataluña | 1 | 31 | 18 | 58 | 4 | 7 | 14 | 74 | 53 | 6 | 11 | 1 | **278** | 21.4 |
| Extremadura | 1 | | 1 | 4 | 1 | 3 | 1 | 4 | 3 | | 6 | | **24** | 1.8 |
| Galicia | 1 | 8 | 4 | 15 | 1 | 7 | 5 | 7 | 14 | | 1 | | **63** | 4.8 |
| La Rioja | | 1 | 1 | | | 1 | 1 | 2 | 2 | 1 | | | **9** | 0.7 |
| Murcia | 1 | 4 | 3 | 5 | | 1 | 4 | 4 | 6 | | | | **28** | 2.2 |
| Navarra | | 4 | 1 | 3 | | | 3 | 6 | 3 | | 1 | | **21** | 1.6 |
| País Vasco | | 4 | 9 | 14 | 1 | 2 | 4 | 19 | 22 | | 2 | | **77** | 5.9 |
| Valencia | 2 | 15 | 12 | 30 | 7 | 6 | 15 | 19 | 37 | 4 | 2 | 1 | **150** | 11.5 |
| Ceuta | | | | | | | | | | | 1 | | **1** | 0.1 |
| Melilla | | | | | | | | | | | | | | |
| **Total** | **24** | **144** | **131** | **255** | **34** | **66** | **81** | **239** | **243** | **33** | **49** | **3** | **1,302** | 100.0 |
| **%** | 1.8 | 11.1 | 10.1 | 19.6 | 2.6 | 5.1 | 6.2 | 18.4 | 18.7 | 2.5 | 3.8 | 0.2 | 100.0 | |

01: Agriculture; 02: Industry; 03: Construction; 04: Trade; 05: Transportation 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; s / d: no data.

[2] Source: Axesor, with information from the *Boletín Oficial del Registro Mercantil*, or Official Bulletin of the Mercantile Registry (BORME).

# Concepts, sources and abbreviations used

## Frequently used abbreviations and acronyms

| | | | |
|---|---|---|---|
| *P. A.* | Public Administrations | *ETVE* | Foreign Securities Holding Entities |
| *AEAT* | 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 Regions | *MAEYTD* | Ministry of Economic Affairs and Digital Transformation |
| *EC* | European Commission | *MISSYM* | Ministry of Inclusion, Social Security and Migration |
| *CM* | Community of Madrid | *MITMA* | Ministry of Transport Mobility and Urban Agenda |
| *CNTR* | Quarterly Spanish National Accounts | *OECD* | Organisation for Economic Cooperation and Development |
| *CRTR* | Quarterly Regional Accounts of the Community of Madrid | *POEC* | 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 |

## Basic concepts

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

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

### Trend-Cycle (TC)

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

### Seasonal and calendar adjustment (SCA)

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

### Surveys

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

### Balance of responses

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

### Rate of change

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

- *Month-on-month (quarter-on-quarter, etc.) rate:* Compares the value of a period (shorter than a year: month, quarter, etc.) with that of the immediately preceding period (month, quarter, etc.).

- *Year-on-year rate:* Compares the value of a period with that of the same period in the previous year (same month for monthly data, similar quarter for quarterly data, etc.).

- *Year-to-date cumulative rate of change:* Compares the cumulative value of a period (sum or average, depending on the type of data, of the elapsed months, quarters, etc. of a year) with the same cumulative period of the previous year.

## Other periodical publications of the Economics Area:

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

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

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

Comunidad de Madrid

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