

THE RECOVERY OF EMPLOYMENT IN RECENT MONTHS FROM A PROVINCIAL AND SECTORAL STANDPOINT

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By August, average Social Security registrations had increased by somewhat more than 330,000 (around 1.8%) from the low recorded in April. Although job creation has been higher than usual in these months (for instance, Social Security registrations rose by 0.3% during the same period in 2019), only 42% of the employment lost between February and April has been recovered.¹ Thus, in August registrations were still 2.4% lower than in February, and 2.8% below the level a year earlier.

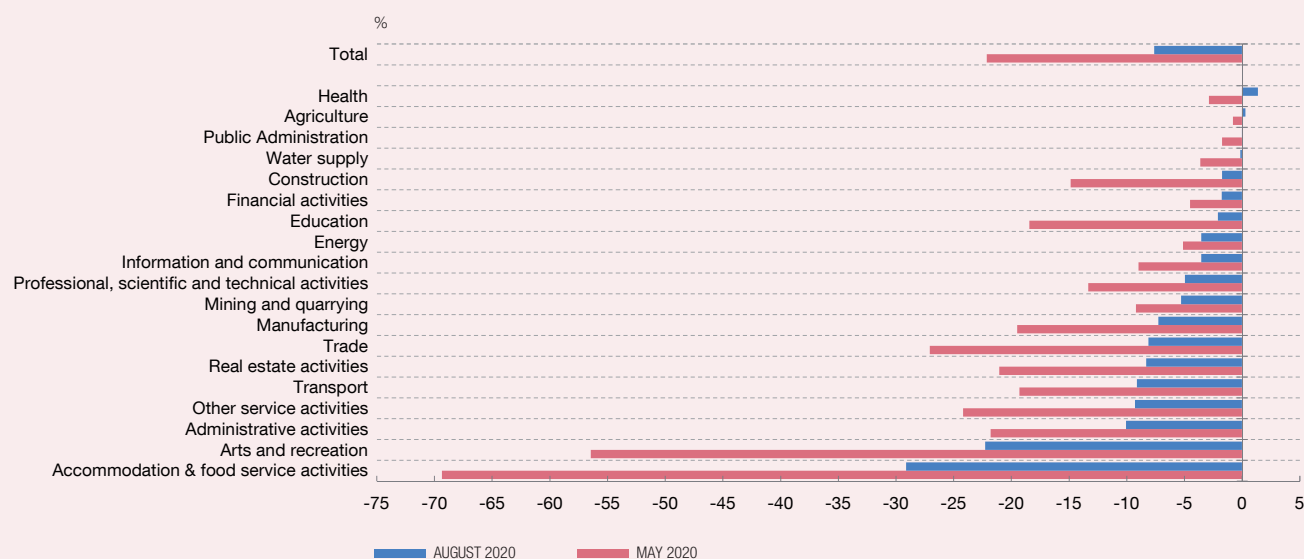
The intensity of the adjustment of employment during the months of lockdown and the subsequent recovery are more clearly seen when recent changes in the number of workers on furlough are considered. This number has declined from the almost 3.2 million recorded on average in May (somewhat more than 17% of total Social Security registrations) to 894,478 on average in August. As a result of this decline of more than 70%, actual registrations (calculated as total registrations minus the number of workers on furlough) recovered sharply during the summer months, from a year-on-year decrease of more than 20% in May to a drop of 7.4% in August.

The monthly Social Security registrations profile evidences that most of the recovery in employment from the record lows of April was concentrated in July and August, once the vast majority of the restrictions in force during the different stages of the lockdown easing plan implemented in May and June were lifted. However, according to daily Social Security registration data for the second half of August, the recovery path is petering out somewhat. This could be related to the different measures adopted in certain regions owing to the worsening of the health crisis.

In recent months, the recovery of employment has, however, been very uneven by sector and province. Chart 1 shows the year-on-year rate of change in actual Social Security registrations by activity. Although the recovery from the record lows posted in May is across the board, sectoral dispersion is high. In general in August, market services were farther from their level of employment a year earlier than the industrial sector and, especially, construction.

Although employment in market services has recovered considerably in recent months, actual Social Security

Chart 1
ACTUAL SOCIAL SECURITY REGISTRATIONS BY SECTOR OF ACTIVITY
Year-on-year rate of change in actual Social Security registrations (a)



SOURCES: Banco de España and Ministerio de Inclusión, Seguridad Social y Migraciones.

a Actual Social Security registrations: total registrations less workers on furlough.

1 Using average monthly data.

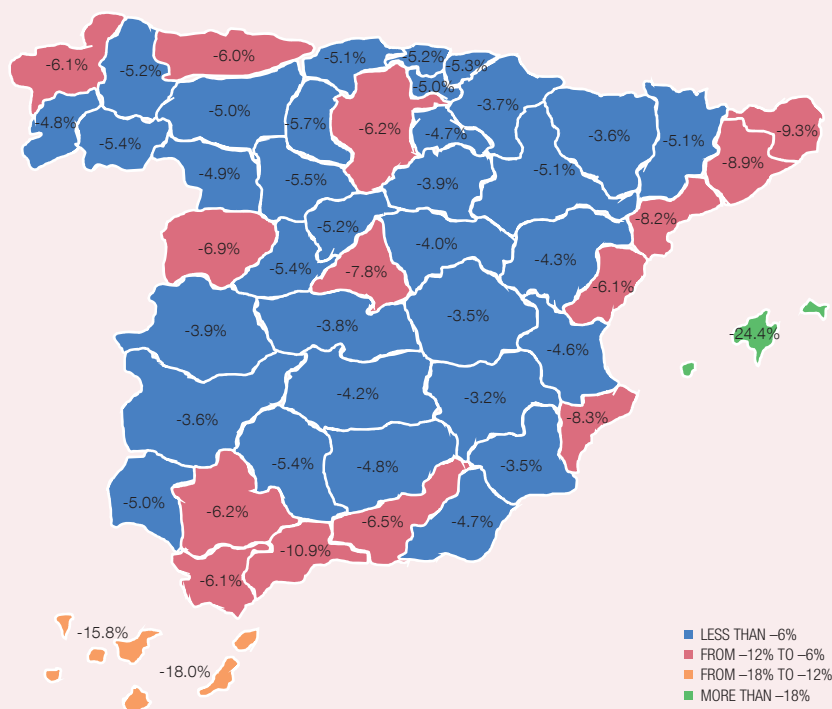
THE RECOVERY OF EMPLOYMENT IN RECENT MONTHS FROM A PROVINCIAL AND SECTORAL STANDPOINT (cont'd)

registrations in August were still nearly 12% below the level a year earlier. In this segment, the steepest year-on-year declines in August were observed in accommodation and food services (-29.1%). However, this sector has recovered sharply since May, when the year-on-year decline in employment was nearly 70%, owing to the closure of many activities in the sector as a result of the measures deployed to contain the pandemic. At a more disaggregated level, it is noteworthy that the level of employment in some of the activities more directly related to tourism, such as travel agency activities, accommodation services and air transport services, was around half that posted a year earlier.² In all other market services, the difference from the level of employment in August 2019 remained at around 10% in certain main sub-sectors, such as retail trade and transport. Only in some of the sectors less affected by the fall in employment in the spring, such as financial activities, was actual

employment in August closer to the level observed in the same period in 2019 (-1.8%). Lastly, in the case of non-market services, only in education was job destruction in March and April comparable to that observed in market services. Employment in education was down 18.4% in May, but following a recent sharp recovery it was down just 2.1% in August. Also in August, Social Security registrations in health services and public administration were both slightly higher than a year earlier.

Industrial sector employment has generally performed more favourably than services sector employment, but it has also been considerably uneven across sectors. Thus, for example, in recent months employment has been quite dynamic in motor vehicle manufacturing, where actual Social Security registrations fell by 7.3% in August compared with -35% in May, and in pharmaceutical products manufacturing, where employment was not

Chart 2
YEAR-ON-YEAR RATES OF CHANGE IN ACTUAL SOCIAL SECURITY REGISTRATIONS IN AUGUST 2020 (a)



SOURCES: Banco de España and Ministerio de Inclusión, Seguridad Social y Migraciones.

a Actual Social Security registrations: total registrations less workers on furlough.

2 For further details on the performance of the tourism sector in Spain in recent months, see Box 8, "Recent developments in inbound tourism in Spain".

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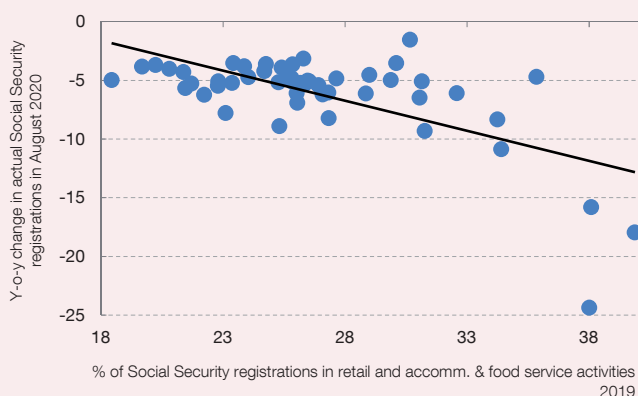
affected by the months of lockdown and in August stood 0.8% above its August 2019 level. By contrast, in other sectors such as clothing manufacturing or the leather industry, employment in August was still more than 15% below its level a year earlier.

Chart 2 shows that, in recent months, employment has also been very uneven across provinces. In general, in the provinces along Spain’s Mediterranean coast, in Madrid, and especially in the Balearic and Canary Islands, the contraction in employment in year-on-year terms was much higher in August than that seen in the inland

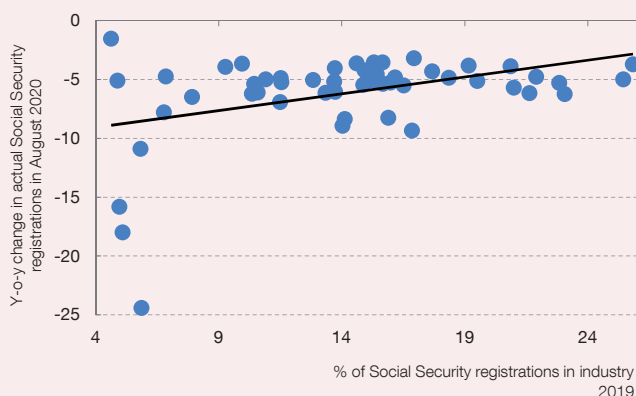
provinces. Accordingly, despite the recovery observed following the lows recorded in May, when employment fell in year-on-year terms by more than 40% in the Balearic Islands and by more than 30% in the two provinces of the Canary Islands, in August actual Social Security registrations were still below their August 2019 levels (24.4% lower in the Balearic Islands and 18% and 15.8% lower, respectively, in Las Palmas and Santa Cruz de Tenerife). The year-on-year declines are lower – albeit close to 10% – in other Mediterranean provinces such as Málaga, Gerona, Barcelona and Alicante. By contrast, in some of the inland provinces such as Cuenca, Albacete,

Chart 3
ACTUAL SOCIAL SECURITY REGISTRATIONS AND SECTORIAL STRUCTURE BY PROVINCE

1 RELATIONSHIP BETWEEN ACTUAL SOCIAL SECURITY REGISTRATIONS AND SPECIALISATION IN RETAIL AND ACCOMM. & FOOD SERVICE ACTIVITIES (a) (b)



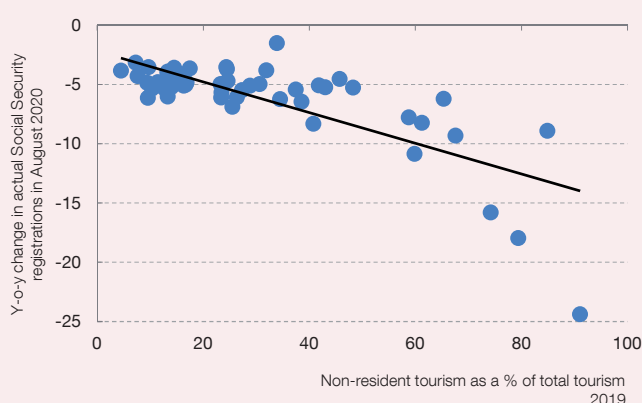
2 RELATIONSHIP BETWEEN ACTUAL SOCIAL SECURITY REGISTRATIONS AND SPECIALISATION IN INDUSTRY (a) (b)



3 RELATIONSHIP BETWEEN ACTUAL SOCIAL SECURITY REGISTRATIONS AND SPECIALISATION IN NON-MARKET SERVICES (a) (b)



4 RELATIONSHIP BETWEEN ACTUAL SOCIAL SECURITY REGISTRATIONS AND WEIGHT OF NON-RESIDENT TOURISM (a) (c)



SOURCES: Banco de España and Ministerio de Inclusión, Seguridad Social y Migraciones.

- a Actual Social Security registrations: total registrations less workers on furlough.
- b Specialisation in each sector is measured as the weight of the corresponding sector in the average total employment in each province in 2019.
- c The weight of non-resident tourism is calculated as overnight stays by non-residents as a percentage of total overnight stays in each province in August 2019, drawing on the Hotel Occupancy Survey (INE).

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Badajoz or Huesca, actual Social Security registrations fell by around 3% year-on-year in August.

This heterogeneity in employment patterns across provinces is largely explained by cross-provincial differences in sectoral structure. Thus, as Chart 3 shows, in August the year-on-year decline in employment was greater in the provinces in which both retail and

accommodation and food services – sectors that were severely affected by the restrictions on mobility during lockdown and whose activity levels have still not been able to recover to the same extent as in other productive sectors – as well as non-resident tourism account for a higher share of their total tourist activity,³ with a lower share of activity for both the industrial sector and non-market services.

³ Calculated as overnight stays by non-residents in August 2020 as a percentage of total overnight stays registered in the month, on data from the Hotel Occupancy Survey of the Spanish National Statistics Institute (INE).