

## Spanish retail sales plunge by 32%

Another record-breaking figure for Spanish retail sales as they drop by almost 32%, while inflation continues to fall. The drop was severe, but expected, which is why we maintain our GDP growth forecast of -9.5% for 2020



After the 14% drop in March, which was a record fall at the time, Spanish retail sales plunged by an eye-watering 32% in April. The fall is around three times as severe as compared to the worst period during the eurozone crisis in 2012.

Due to the nationwide lockdown, traffic collapsed. Retail sales in service stations dropped by a whopping 58%.

As some stores were obliged to close, they tried to reach their clients online, but this was obviously not possible for many smaller shops as we can see from the data.

Sales of large chains only dropped by 6% in May compared to a year earlier, whereas sales of small chains dropped by 51%.

Inflation dropped further from -0.6% in April to -0.9% in May, which shows that the crisis is clearly deflationary in its initial stage. Indeed, the extreme drop of demand, as shown by the drop in retail sales and the sharp drop in oil prices, caused the downward price pressures.

The drop in retail sales in April was severe, but expected, which is why we maintain our GDP growth forecast of -9.5% for 2020.