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Economic Outlook

October 2021

BOX: Effective private employment is still below pre-pandemic rates

Overview

- **The recovery of the global economy lost momentum in Q3.**
- **Leaving aside the evolution of the pandemic, bottlenecks and the energy crisis are the main risks to global growth.**
- **Oil prices continue to rise, driven by higher global demand and price tensions in natural gas.**
- **Following the downward revision of growth in Q2, expectations about the intensity of the recovery process for the Spanish economy in 2021 have cooled down.**
- **The General State Budget for 2022 postpones the structural consolidation of our public finances.**
- **Household consumer spending on services boosts activity in Q3, but there are concerns about the lack of supply and the increase in raw material prices in some industries.**
- **In Q3, the labour market posted a positive balance, with almost 260,000 more registered workers than in Q2. In addition, the seasonally adjusted effective number of workers registered with the Social Security (discounting those under furlough schemes-ERTE) grew by 3.3% quarter-on-quarter.**
- **In the coming months, inflation will continue to be strongly influenced by the increase in the price of energy products, although the underlying inflation rate will remain very subdued.**

HIGHLIGHT
• Effective private employment is still below pre-pandemic rates.

The International Scenario

The recovery of the global economy loses momentum in Q3

Reports by the OECD and the IMF highlight that the recovery of the world economy remains strong, supported by the increase in vaccinations and the expansionary monetary and fiscal policies, which has enabled global GDP to have surpassed pre-pandemic levels. However, they point out that growth is losing momentum and is being held back by the advance of the virus' Delta variant, with uneven behaviour among sectors and across countries.

Within this context, both organizations have revised downward their global growth forecasts for this year by one tenth of a percentage point, the OECD to 5.7% and the IMF to 5.9%. They foresee that there will be a certain slowdown in the short term in advanced economies due to problems and delays in supply chains. Furthermore, they estimate a more negative evolution in low-income countries, where the pandemic has hit the hardest, which not only makes it difficult for activity to return to normal but, in addition, the rise in food prices also increases food-insecurity and, in turn, social unrest. On the other hand, the outlook for some commodity exporting countries has improved, favoured by the increase in commodity prices.

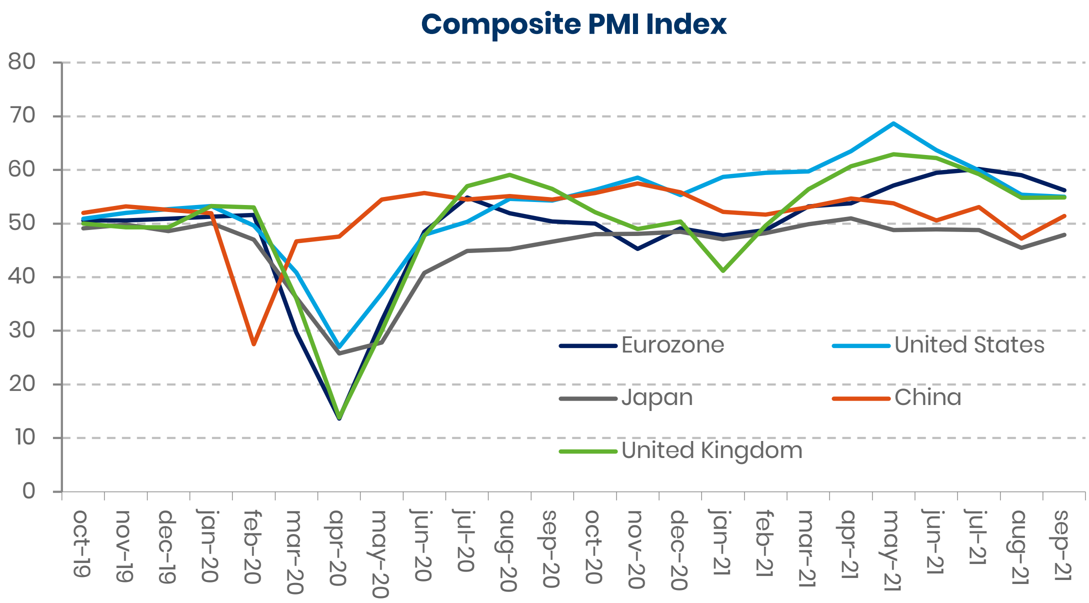
OECD (September 2021) and **FMI** forecasts (October 2021)

	OECD			FMI		
GDP (y-o-y rate)	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
World growth	-3,4	5,7	4,5	-3,1	5,9	4,9
United States	-3,4	6,0	3,9	-3,4	6,0	5,2
Japan	-4,6	2,5	2,1	-4,6	2,4	3,2
Eurozone	-6,5	5,3	4,6	-6,3	5,0	4,3
Germany	-4,9	2,9	4,6	-4,6	3,1	4,6
France	-8,0	6,3	4,0	-8,0	6,3	3,9
Spain	-10,8	6,8	6,6	-10,8	5,7	6,4
Italy	-8,9	5,9	4,1	-8,9	5,8	4,2
United Kingdom	-9,8	6,7	5,2	-9,8	6,8	5,0
China	2,3	8,5	5,8	2,3	8,0	5,6
India	-7,3	9,7	7,9	-7,3	9,5	8,5
Advanced economies				-4,5	5,2	4,5
Emerging economies				-2,1	6,4	5,1
World trade				-8,2	9,7	6,7

Source: OECD and IMF

For 2022, the IMF maintained its global growth forecast at 4.9%, while the OECD raised it by one tenth of a percentage point to 4.5%. The unequal response to the crisis, both in terms of access to vaccines and of support policies adopted by governments and central banks, will mean that, according to IMF forecasts, in 2022, the advanced economy group of countries will recover the pre-pandemic projected trend, and in 2024 they will exceed it by 0.9%. On the other hand, in the emerging economy group, excluding China, GDP will be 5.5% below pre-pandemic forecasts in 2024.

The slowdown in world growth continues to be reflected in September's confidence indicators, with the Global Composite PMI Index standing at 53 points, four tenths better than in August, but significantly lower than the figures for previous months. Despite this weaker number, the global economy continues to show clear signs of expansion, supported by growth in the United States and Europe, by China's return to growth, albeit very moderate, and by Japan's improvement, although it remains in negative territory.



Source: Markit Economics

In the United States, September's labour market figures sent mixed signals. On the one hand, non-farm payrolls were set at 194,000, i.e., 40,000 less than in August and the lowest growth since the end of 2020. On the other hand, the unemployment rate fell four tenths, to 4.8%, and wages continued to rise. This situation, coupled with the inflation rate, which posted 5.4% in September, may lead to the Federal Reserve announcing at its next meeting (to be held on November 2-3) a decrease in its bond purchases conducted under the program scheduled to end in mid-2022. The Fed also revised down to 5.9% its growth forecast for the country, vs. 7.0%

estimated three months ago, and increased inflation estimations from 3.4% to 4.2%, stressing the transitory nature of this expected increase in prices.

On the political front, after the approval of the temporary funding bill, which prevents a government shutdown at least until December 3, tensions are now focused on approving an increase in the country's borrowing capacity before December 18 and averting what could be the first default in the history of the United States. In addition, there are also divergent views over whether to approve a program aimed at improving the country's infrastructure with an endowment of one trillion dollars or to combine it with measures focused on strengthening social services and tackling climate change, which would raise the amount to 3.5 trillion dollars.

Inflation in the Eurozone also rose again in September to 3.4%, reflecting the increase in energy prices, particularly natural gas, and the tensions caused by problems in global supply chains. The latter are affecting the production of certain goods, causing production to be delayed and leading to increases in the prices of these goods. Meanwhile, the ECB kept its monetary policy unchanged and believes that the rise in inflation is mostly cyclical, expecting it to ease throughout 2022.

Meanwhile, China is facing a difficult situation as it tries to redress some of its economy's imbalances while it's also trying to reduce emissions, and all this with the least possible negative impact on growth. On the one hand, they aim to reduce the high level of corporate borrowing, which exceeds 230% of GDP, and, in exchange, to give greater prominence to private consumption, which is less dependent on debt than investment. They are also trying to contain the excessive weight of the real estate sector, which stands at around 29% of GDP, in order to avoid bubbles that could derail growth. In this regard, the case of the real estate company Evergrande and its possible defaults is a sign that the government will not respond every time. In addition, they are pushing for a greater presence in and control of the economy by the public sector, mainly in sectors they consider strategic such as the most technological ones.

At the same time, the commitment to reduce polluting emissions, with the target set on February 2022 and the holding of the Winter Olympic Games in Beijing, is aggravating an energy crisis in the country that will have a knock-on effect on growth. Local governments are limiting electricity production in order to meet their emissions targets, and this means that certain industries, mainly the most energy-intensive ones, are having to reduce or even stop their production, consequently affecting the price of goods and the country's competitiveness. In the current context, with strong increases in world demand for certain goods, these production restrictions generate price increases that will eventually be passed on to the rest of the world. Moreover, given that most household wealth is invested in housing, measures affecting the real estate sector may also lead to lower household consumption. For the above reasons, growth in the Asian giant can be expected to slow down in the short and medium term.

Thus, right now, apart from the evolution of the pandemic itself, which is still very worrying in many countries, the main risks to global growth lie on the energy crisis that is mainly affecting Asia and Europe and the bottlenecks that limit the production of certain goods. Rising food prices are of concern in the more vulnerable lower-income economies. The rise in the prices of raw materials and energy products, with natural gas playing a prominent role in recent weeks, together with the increase in the cost of maritime freights, are causing tensions and making the production and distribution of goods more expensive, which is being passed on to consumer prices and hurting household incomes. However, both the OECD and the IMF believe that inflationary pressures are mostly transitory and that the peak will be reached by the end of 2021, while by mid-2022 we are likely to return to pre-pandemic levels, with rates of around 2% in advanced economies and 4% in emerging economies. They therefore recommend monetary authorities to avoid acting prematurely in a way that could damage the recovery, although they also point out that they should be prepared to act quickly should inflation expectations show signs of rising.

With regard to oil prices, we should point out that they rose again in September, with Brent crude oil averaging 74.4 $/barrel for the month, up 82.7% in year-on-year terms. The increase in world demand due to the reactivation of the economy and the OPEC+ agreement to increase production gradually is generating imbalances that are stressing prices. This is coupled with production problems in the United States, affected by adverse weather conditions and low inventory levels, which are at three-year lows. Furthermore, this situation could be aggravated by the increase in the price of natural gas, which could lead to a greater demand for oil as an energy alternative. Thus, in the first days of October, the price has exceeded $84/barrel, the highest since October 2014. Futures point to a gentle decrease in prices throughout 2022, which will progressively ease off their pressure on global inflation.

The Spanish Economy

Optimism about the recovery process of the Spanish economy cools down and risk factors increase

Positive expectations about the recovery of the Spanish economy in 2021 have cooled down after the Spanish National Statistics Institute (INE) downward revision of GDP growth in Q2 (from 2.8% to 1.1% in quarterly terms). In fact, growth prospects for 2021 are being re-assessed in that direction, with a rate around 5.5% now seeming more likely than 6%. In fact, the IMF estimates it at 5.7%, in line with CEOE. This new scenario has several implications, among which it is worth highlighting that we still have a way to go to recover pre-pandemic levels, taking into account that the Spanish economy is one of ones that fell the most in 2020. Another very relevant implication is that the Government's forecast of 6.5% for this year is going to be difficult to achieve, which conditions the forecast scenario for the 2022 budget, as well as the public deficit targets for this year and the next.

The growth levers, which include European funds, fiscal and monetary expansionary policies, bottled up savings and the recovery of tourism, suggest that the reactivation process will continue in the second half of the current year, and should follow through throughout 2022. The expansive fiscal policy approved in the General State Budget for 2022 will clearly be a driving factor in the short term due to the notable increase in current public spending and also to the contribution of the €27.6 billion of European funds.

But we must consider the growing prominence of new risk factors, which skew the growth forecast downwards also for 2022, year for which the Government continues to estimate 7%, vs. 6% forecasted by CEOE or 6.1% by the Funcas Panel. The risks are mostly focused on inflation, which is on the rise due to a notable increase in demand that cannot be met by supply, given the existing supply problems and restrictions. Supply difficulties due to the disruption in maritime transport and bottlenecks are affecting many industrial sectors (automotive, among others). In addition, there is the problem of rising energy prices, compounded with the price increase in other raw materials. This leads to a scenario of lower growth with higher inflation. Thus, unlike the recovery started in 2013, the present reactivation is characterized by higher growth but will be accompanied by higher production costs for companies and major regulatory changes that may result in greater uncertainty.

Demand and activity

Household consumer spending on services boosts activity in Q3

The vaccination process continued to progress at a good pace during September and October, extending to the younger population. The number of vaccinated individuals has now reached almost 90% of the population over 12 years of age, making us one of the countries with the highest percentage of vaccinated population. As a result, the incidence has continued to fall to below the 50-case per 100,000 inhabitants' threshold ("low risk"), the number of hospital admissions has also dropped notably, as has the number of ICU occupancies and deaths. In this context, the Autonomous Regions have progressively lifted the restrictions on activity that were still in force, such as those related to capacity or nightlife.

In light of the better outlook with respect to the pandemic and a greater confidence among the population, activity and employment continued to improve during Q3, mainly due to a greater expansion of household spending and an increase in the inflow of foreign tourists to Spain. Thus, after registering an increase of 1.1% in Q2, according to the latest INE revision, in Q3 the economy is expected to have gained momentum.

During Q3, household expectations in the retail and service sectors continued to improve, but there was a slight deterioration in confidence in the industrial and construction sectors. In the case of consumer confidence, both current household conditions and the trend of the economy in general appear to be more optimistic. PMIs for September also remain well above the 50 level (indicating activity growth), both for the manufacturing industry and for services sector, albeit somewhat lower than the levels posted in July and August, when they stood at around 60 points.

The available indicators related to household consumption in Q3 show an acceleration in the positive evolution registered in Q2, particularly spending on services, while spending on goods showed a certain decline in quarter-on-quarter terms. Households considerably increased their spending on accommodation, restaurants and leisure during the summer months, when most of the restrictions were lifted. However, consumption of durable goods, especially automobiles, shows some contraction with respect to Q2. In the case of automobiles, this deterioration is due to supply factors, such as the shortage of microchips, which is causing delays and reducing the stock of vehicles available for sale, as well as demand factors, which had already been weighing down sales since before the start of the pandemic.

Shortages and rising prices of components and raw materials have become a risk factor

This shortage of certain inputs, together with the rising cost of certain raw materials and transportation, is having a negative impact on activity and on the expectations of certain industrial sectors, as well as on construction. This could pose a risk factor for a recovery that is still not consolidated.

From the point of view of the foreign sector, with information up to the month of July, there was a slightly better evolution of exports over imports. Thus, in the first seven months of the year and in terms of volume, exports increased by 15.9% year-on-year and imports grew by 13.5% year-on-year. The result of these flows was an accumulated trade balance over this period of €-6.995 billion, 11.2% lower than in 2020 and 57.7% lower than in 2019. According to the Balance of Payments data published by the Bank of Spain, the Spanish economy in the January-July period recorded a foreign financing capacity of 8.9 billion, vs. 5.8 billion for the same period in the previous year. The improved performance of the balance of goods led to an improvement in the current account balance (4.6 billion vs. 3.9 billion a year earlier) despite the deterioration in the tourism and travel balance (5.5 billion vs. 6.4 billion a year earlier).

In this regard, the latest data available for the tourism sector shows that tourist arrivals continue to recover, although they are still at levels far removed from those prior to the pandemic. International tourist inflows increased in August to 5.2 million tourists, 112.8% more than the previous year, although still -48.7% below the August 2019 figure. Similarly, total spending by international tourists in August reached €5.902 billion, down 49.7%, compared to 2019. The main issuing countries at present are France, the United Kingdom, which in recent months has shown a notable upturn, and Germany.

The Labour Market

The labour market improvement gains even more momentum in Q3

September's results in the number of registered workers and registered unemployment are positive. The advanced vaccination process, the easing of restrictions and the summer season have favoured the boost in activity and the recovery of the labour market in Q3. However, there is still some way to go to reach pre-crisis levels of effective employment, especially in the private sector (see box below) and registered unemployment remains at high levels, exceeding 3.2 million people. This, together with the INE's downward revision of GDP growth in Q2 (from 2.8% to 1.1%), points to the need to remain cautious about the intensity of the Spanish economy's recovery.

Registered unemployment fell by 76,113 people in September, the largest drop in the historical series for this month, bearing in mind, moreover, that unemployment tends to rise this time of year as activities linked to the summer come to an end.

Meanwhile, Social Security registrations recorded an increase of 57,387 persons in September, the second largest increase in the historical series for this month just behind the figure posted in 2020, although last year's results reflected the de-escalation following the lockdown. In seasonally adjusted terms, the number of registered workers increased for the fifth consecutive month, specifically by 82,184 people, somewhat more dynamically than in August, although this figure is far from the strong growth recorded in June and July.

Following the September results, the number of workers registered with the Social Security is 207,660 higher than in September 2019. However, the number of workers under furlough schemes (ERTE), despite having decreased in September, still stands at a monthly average of 248,797 people, and, moreover, its rate of decrease is increasingly slowing down. Thus, effective registration figures still show 41,137 fewer workers than in September 2019, in addition to the 226,436 self-employed individuals who are receiving extraordinary allowances.

All in all, the employment balance for Q3 was positive. The number of workers registered with the Social Security increased by nearly 260,000 with respect to the previous quarter. Seasonally adjusted effective registrations (excluding those under furloughs-ERTE) rose by 3.3% quarter-on-quarter, compared with the 1.8% increase recorded in Q2, suggesting that the recovery in activity and employment gained strength during the summer.

Inflation

Inflation rises seven tenths to 4.0% due to the increase in energy prices

In September, inflation increased by seven tenths to 4.0% year-on-year, with the main inflationary element being the increase in energy product prices.

Core inflation increased by three tenths to 1.0% year-on-year, as a result of a slight upturn in its component prices. Thus, Services prices increased by three tenths to 0.9%, Industrial Goods prices excluding energy products increased by one tenth to 0.7% and Processed Foods, Beverages and Tobacco went up by three tenths to 1.5%.

Non-processed food prices significantly decreased their year-on-year rate of change to 1.6% (2.6% in August), due to the decrease in fruit prices in comparison to last year's increase, and the lower price increase in pulses and vegetables.

Energy prices are the most inflationary component of the CPI, with a year-on-year rate of 28.8% (23.5% in August). In fact, the CPI rate excluding energy products was 1.1% in September. In particular, fuel prices, together with electricity and liquid fuels, continued to increase at very high rates. In September the price of crude oil stood at $74.4/barrel, and in the first days of October the price has continued to rise and stands at an average of $82.5/barrel, which, if sustained, would represent an increase of 107.3% year-on-year. Forecasts suggest that the price will remain relatively stable over the next few months, which will continue to put upward pressure on inflation, and then decrease from December onwards.

In the coming months, the upward trend in commodity prices, especially energy, is expected to continue conditioning inflation, although this effect will diminish from the end of the year and especially throughout 2022. This lower impact, together with a core inflation that will remain at very low levels, will be moderating factors for inflation from December onwards.

The Public Sector

The Draft National Budget includes growing expenditures that are not justified by economic growth nor by public debt levels

The government has presented the 2022 Draf National Budget based on an optimistic macroeconomic scenario, which may have a negative impact on the budgetary consolidation process and condition the credibility of the tax revenue figures, among other forecasts. In fact, the revenue increase of 8.1% is hardly achievable since it is based on a GDP growth of 7% (almost 1 point higher than the Funcas Panel) and a GDP deflator of 1.6% (higher than that of 2021). Given that both figures are overestimated, revenues will clearly fall short.

The suspension of fiscal rules is used as an opportunity to set public spending at record highs at a time when public debt levels are also at record highs (120% of GDP in 2020 and 119.5% of GDP in 2021) and the public deficit is marginally being brought back on track (it has gone from -10.8% of GDP in 2020 to -8.4% of GDP in 2021). Therefore, the structural deficit is not corrected and there is no medium- or long-term budget consolidation strategy. By items, there is an increase in social spending of 3.6%, despite a reduction in the amount allocated to unemployment, with a notable increase in dependency care, housing, subsistence income and social protection. The budget for economic activities is determined by European funds, with almost € 19 billion. The fields with the largest budgeted amount are Research, development, innovation and digitalization, with 23.6% of the economic funds, Infrastructures and resilient ecosystems with 22.6%, which grows by a mere 3.2%; and the allocation for Industry and Energy with 21.6% (1.2% growth).

With respect to the State's budget execution up to August, the deficit in national accounting terms has fallen to the equivalent of -4.2% of GDP, compared to -5.4% of GDP accumulated up to August of the previous year. The primary deficit is also being corrected and currently stands at -2.9% of GDP, compared to 4.05% in 2020. The readjustment of the State's fiscal imbalance in 2021, albeit gradual, is explained by the dynamism of non-financial resources which have increased by 14.4%, while non-financial expenses have increased by 3.3%. Tax collection, although recovering, is still below 2019 levels. Thus, according to the Ministry of Finance and Public Administration, tax revenues at the end of August 2021 stood at €104.839 billion, which implies a decrease of 3.4% compared to the same period of 2019.

Forecasts

Economic forecasts for Spain (last update: October 2021)							
Annual rates of change, unless otherwise indicated							
	2016	2017	2018	2019	2020	2021	2022
GDP	3,0	3,0	2,3	2,1	-10,8	5,7	6,0
Private consumption expenditure	2,6	3,0	1,8	0,9	-12,2	5,0	5,4
Government consumption expenditure	1,0	1,0	2,3	2,0	3,3	2,6	2,3
Gross fixed capital formation	2,4	6,8	6,3	4,5	-9,5	6,4	8,0
-Tangible fixed assets	1,7	7,7	7,5	5,8	-10,5	7,1	8,4
Construction	1,6	6,7	9,5	7,1	-9,6	1,1	8,1
Equipment and cultivated assets	1,9	9,2	4,6	3,7	-12,1	17,0	8,7
-Intangible fixed assets	5,2	2,9	1,1	-1,5	-4,3	2,9	6,0
Domestic demand (*)	2,0	3,1	2,9	1,6	-8,6	5,1	4,2
Exports	5,4	5,5	1,7	2,5	-20,1	11,6	12,1
Imports	2,6	6,8	3,9	1,2	-15,2	9,9	6,7
GDP current prices	3,4	4,3	3,5	3,5	-9,9	7,2	7,0
GDP deflator	0,3	1,3	1,2	1,4	1,0	1,5	1,0
CPI (average annual rate)	-0,2	2,0	1,7	0,7	-0,3	2,4	0,9
CPI (dec/dec)	1,6	1,1	1,2	0,8	-0,5	3,0	0,3
Core CPI (average annual rate)	0,8	1,1	0,9	0,9	0,7	0,5	0,8
Employment (Quarterly National Accounts)(**)	2,8	2,9	2,2	2,6	-7,6	4,4	4,6
Employment (LFS)	2,7	2,6	2,7	2,3	-2,9	1,9	2,0
Unemployment rate (LFS) (% active population)	19,6	17,2	15,3	14,1	15,5	15,3	14,2
Productivity	0,2	0,1	0,1	-0,5	-3,5	1,3	1,4
Compensation per employee	-0,6	0,7	1,8	2,6	1,3	0,2	1,1
Unit labour cost (ULC)	-0,8	0,6	1,7	3,1	5,0	-1,1	-0,3
Current Account Balance (% of GDP)	3,2	2,8	1,9	2,0	0,7	1,2	1,5
General government net lending (+) / net borrowing (-) (% of GDP)	-4,3	-3,0	-2,5	-2,9	-11,0	-8,3	-6,0
Interest rates USA (dec)	0,75	1,50	2,50	1,75	0,25	0,25	0,25
Interest rates Eurozone (dec)	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Brent Oil ($)	43,3	54,3	70,9	64,8	41,5	71,9	79,5

Source: CEOE, INE (National Statistics Institute), Banco de España, Eurostat

(*) Contribution to GDP growth

(**) Full-time equivalent jobs

Effective private employment is still below pre-pandemic levels

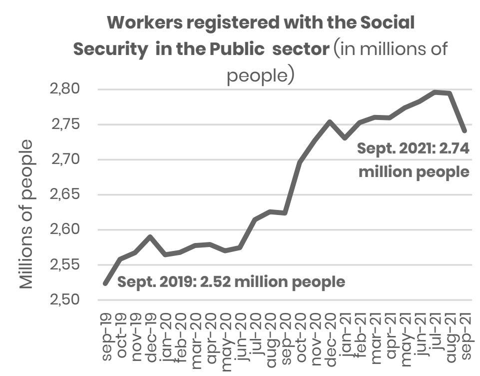
Employment in the public sector has grown strongly since the start of Covid, while companies are yet to recover pre-pandemic employment levels and almost 250,000 workers are still under furlough schemes –ERTE.

The restrictive measures imposed to counter the pandemic had a significant impact on activity and employment. However, the negative effects on the labour market were cushioned by the implementation of the furlough schemes (ERTEs), which prevented many workers from fattening the unemployment figures. Subsequently, as progress was made with vaccinations and Covid infections rates decreased, these restrictions were relaxed and activity started to recover with the hopes of returning to normality, which also led to a recovery in employment, although in both cases, activity and employment, there is still some way to go to reach pre-crisis levels.

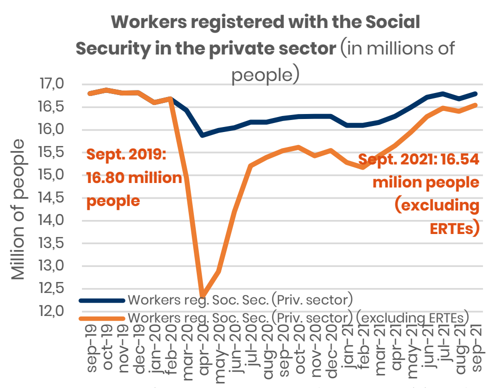
This special report will briefly analyse the current situation in public and private employment in relation to the figures prior to the pandemic, using the monthly Social Security statistics for the number of workers registered. This makes it possible to swiftly follow the evolution of employment, since the results are published on the second working day of the month following the reference month. In addition, for some years now, the Social Security has been publishing data on the number of public sector registrations (workers registered in the Inventories of Public Administration Entities) and, thus, the number of workers registered in the private sector may be calculated as the difference between the total figure and the number of public sector workers.

In September 2021, there were 19,531,110 workers registered with the Social Security, which is 207,660 more than in September 2019 (we compare it with the same month two years ago to avoid seasonal effects). At first glance, this is a positive figure, since it means that, according to the Social Security records, there are more workers than before the pandemic. However, it should be taken into account, firstly, that there are still 248,797 workers under furloughs, which means that effective employment (Social Security registrations excluding furloughs) is still 41,137 fewer workers than two years ago.

Secondly, the evolution of the public and private sectors during the crisis and subsequent recovery has been uneven. The number of workers registered with the Social Security in the public sector has shown an upward trend over the last year and a half and stood at 2,740,983 in September 2021. This means that there are currently 217,388 more public employees registered with the Social Security than there were two years ago, in September 2019.



Source: Prepared in-house based on data from the the Ministry of Inclusion, Social Security and Migrations



Source: Prepared in-house based on data from the the Ministry of Inclusion, Social Security and Migrations

In contrast, employment in the private sector has, indeed, been affected by the pandemic and is yet to recover pre-crisis levels. In this regard, it should be noted that the furlough schemes (ERTEs) have been a fundamental tool to avoid a greater destruction of employment in the productive fabric and a more intense increase in unemployment. At the beginning of the pandemic, in just two months, between February and April 2020, 802,907 jobs were lost in the private sector, in addition to the 3,552,326 workers who were under furloughs in April, at the peak of the lockdown period. Subsequently, as the health situation improved and restrictions were relaxed, activity and employment began to recover. Thus, the number of workers registered with the Social Security in the private sector currently stands at 16,790,127 (September 2021), which is 9,728 fewer than two years ago. However, the group of workers still under furloughs, which in September was set 248,797 people, should be added to the former figure. Thus, effective private employment (i.e., excluding those in furloughs) would still be 258,526 fewer workers than the pre-crisis levels.

In short, the crisis caused by the pandemic resulted in a loss of activity and employment, although the furlough schemes quickly acted as a tool to cushion the fall in employment. Subsequently, as the restrictive measures were relaxed, the economy and the labour market began to recover. In the case of the latter, according to the Social Security worker registrations figures, in September 2021, effective employment, i.e., excluding furloughs, is still below the level recorded two years back by more than 41,000 workers. However, the situation is different in the public and private sectors. In the case of the public sector, employment has increased over the last year and a half and the current number of people registered with the Social Security who work for the Public Administrations is higher than in 2019 by some 217,000 workers. In contrast, in the case of the private sector, although effective employment has recovered in recent months, it is still below pre-crisis levels by around 260,000 workers (also taking into account those currently under a furlough scheme). Due to the above, it is essential that the measures to support the business fabric remain in place and no actions that could hinder economic activity are implemented. The aim is for companies to continue their recovery path, so that the economy may reach pre-crisis levels of activity and employment as soon as possible.