

10 September 2020

Harmonised Labour Cost Index (HLCI). Base 2016
Second Quarter 2020. *Provisional data*

The quarterly variation of the cost per hour worked is 5.4%, after adjusting for seasonal and calendar effects

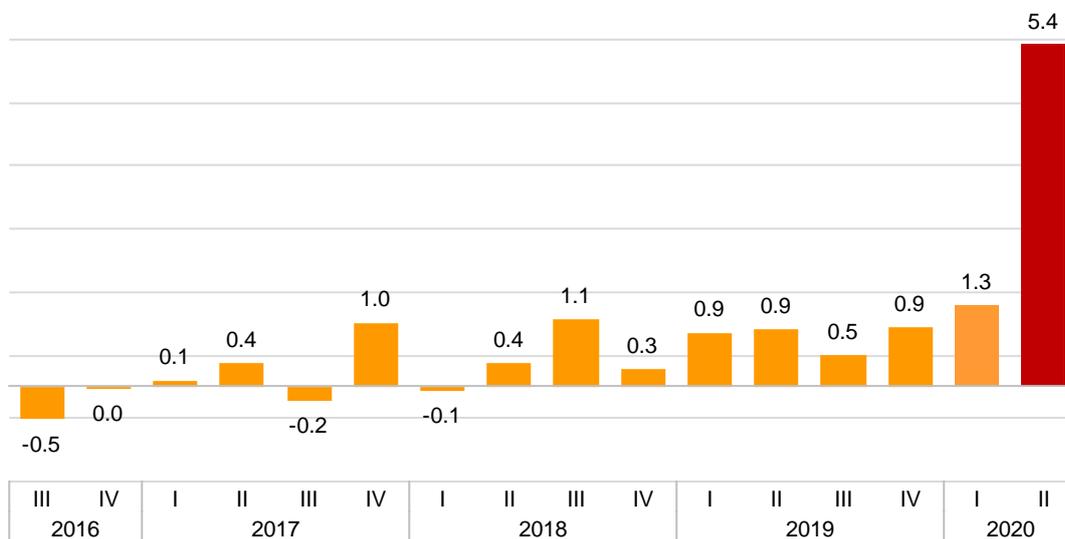
The cost per hour worked increases 8.3% in the annual rate in the series adjusted for calendar and seasonal effects, and 8.2% in the original series

Quarterly variation of the Index

The quarterly variation of the HLCI –which measures the labour cost per hour worked while keeping constant the structure by branch of activity– stood at 5.4% between the first and second quarter of 2020, after adjusting for seasonal and calendar effects.

Labour Cost Index adjusted for seasonal and calendar effects

Quarterly rate. Percentage



By components, after adjusting for seasonal and calendar effects, the cost of wages rose by 3.2% and other costs rose by 11.7%.

Excluding seasonal and calendar adjustment, the quarterly rate of the HLCI is 12.7%, mainly due to the higher weight of extraordinary payments and delays in the second quarter of 2020 compared to the previous quarter.

Harmonised Labour Cost Index in the second quarter 2020

Index and quarterly rates by cost components

	General Index		Index adjusted for seasonal and calendar effects	
	Index	Rate	Index	Rate
Total labour cost	112.8	12.7	113.3	5.4
Wages	110.9	12.7	110.6	3.2
Other costs	118.2	12.9	121.5	11.7
Labour costs excluding extraordinary and late payment	110.6	8.0	113.4	5.3

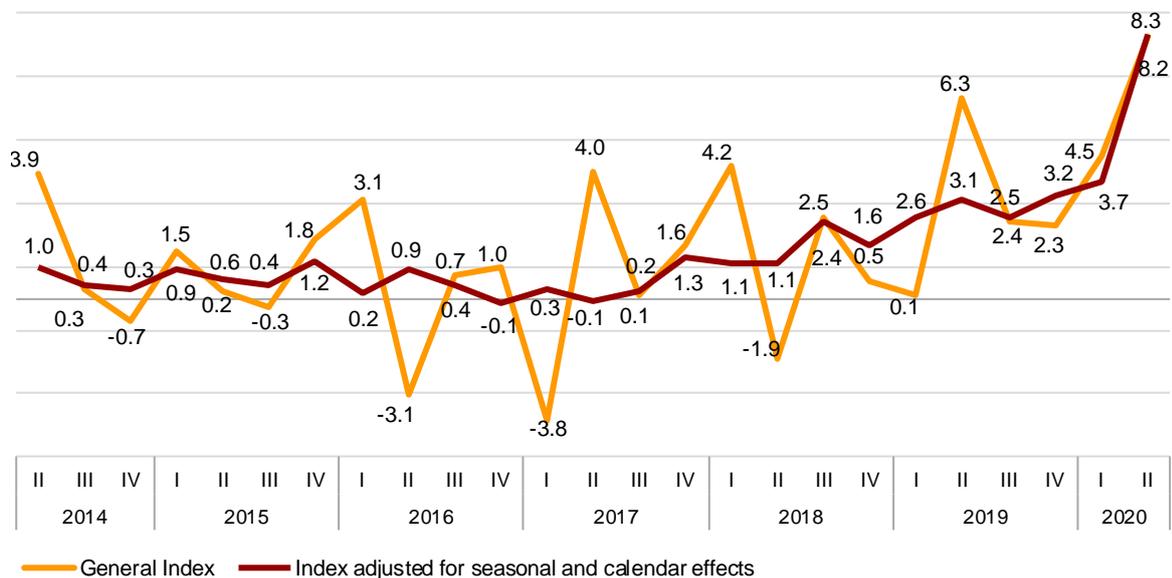
Annual variation of the Index

The cost per hour worked increased by 8.2% in the second quarter of 2020, as compared with the same period of the previous year. This growth is due to the situation caused by the COVID-19 pandemic and the state of alarm, which resulted in a greater decrease in hours worked than in costs. See more information in the section 'Covid-19's Influence on the HLCI Results' on page 5 of this press release.

The annual variation of the cost per hour was 8.3%, after adjusting for seasonal and calendar effects.

Variation of the general index and index adjusted for seasonal and calendar effects

Annual rate. Percentage



By components, wage costs recorded an annual variation of 6.2% in adjusted data and other costs increased by 14.4%.

Harmonised Labour Cost Index in the second quarter 2020

Index and annual rates by cost components

	General Index		Index adjusted for season and calendar effects	
	Index	Rate	Index	Rate
Total labour cost	112.8	8.2	113.3	8.3
Wages	110.9	6.2	110.6	6.2
Other costs	118.2	14.3	121.5	14.4
Labour costs excluding extraordinary and late payment:	110.6	7.6	113.4	7.9

Results by activity sections

The sections that registered the highest annual increases in the second quarter of 2020 were *Artistic, recreational and entertainment activities* (29.6%), *Real estate activities* (22.3%) and *Other services* (18.5%).

On the other hand, the lowest variations were in *Financial and insurance activities* (1.2%), *Electricity, gas, steam and air conditioning supply* (2.3%) and *Information and communications* (4.0%).

Harmonised Labour Cost Index in the second quarter 2020 by activity sections

General index and index adjusted for seasonal and calendar effects

	General		Adjusted for calendar effects		Adjusted for season and calendar effects	
	Index ²	Rate ¹	Index ²	Rate ¹	Index ²	Rate ¹
TOTAL	112.8	8.2	112.5	8.6	113.3	8.3
B. Mining and quarrying industries	114.6	17.1	114.1	17.7	115.6	17.8
C. Manufacturing industries	111.7	9.1	111.0	9.4	113.7	9.5
D. Electricity, gas, steam and air conditioning supply	115.0	2.3	114.9	2.2	108.3	2.0
E. Water supply, waste management and remediation activities	108.2	5.2	107.4	5.4	109.3	5.0
F. Construction	112.1	8.8	111.6	9.5	110.6	9.4
G. Wholesale and retail trade, repair of motor vehicles and motorcycles	117.4	10.0	116.8	10.1	118.3	10.1
H. Transport and storage	110.8	8.1	110.7	8.6	111.6	8.6
I. Accommodation	116.0	12.4	117.5	14.3	119.9	14.4
J. Information and communications	107.4	4.0	107.1	4.2	111.3	3.7
K. Financial and insurance activities	101.9	1.2	101.5	1.7	107.0	1.4
L. Real estate activities	132.5	22.3	132.1	22.7	131.0	21.0
M. Professional, scientific and technical activities	107.8	7.7	107.6	8.1	110.7	6.3
N. Administrative and support services activities	109.0	6.1	108.8	6.3	110.5	6.0
O. Public Administration and defence, compulsory Social Security	115.6	6.4	114.9	7.0	110.7	5.6
P. Education	108.3	8.7	108.8	8.5	110.0	8.3
Q. Health and social services activities	113.3	6.1	112.9	6.3	111.2	6.2
R. Arts, entertainment and recreation	141.0	29.6	140.6	30.0	141.7	30.2
S. Other services	121.3	18.5	121.1	19.0	124.5	18.2

¹ As compared to the same quarter of the previous year

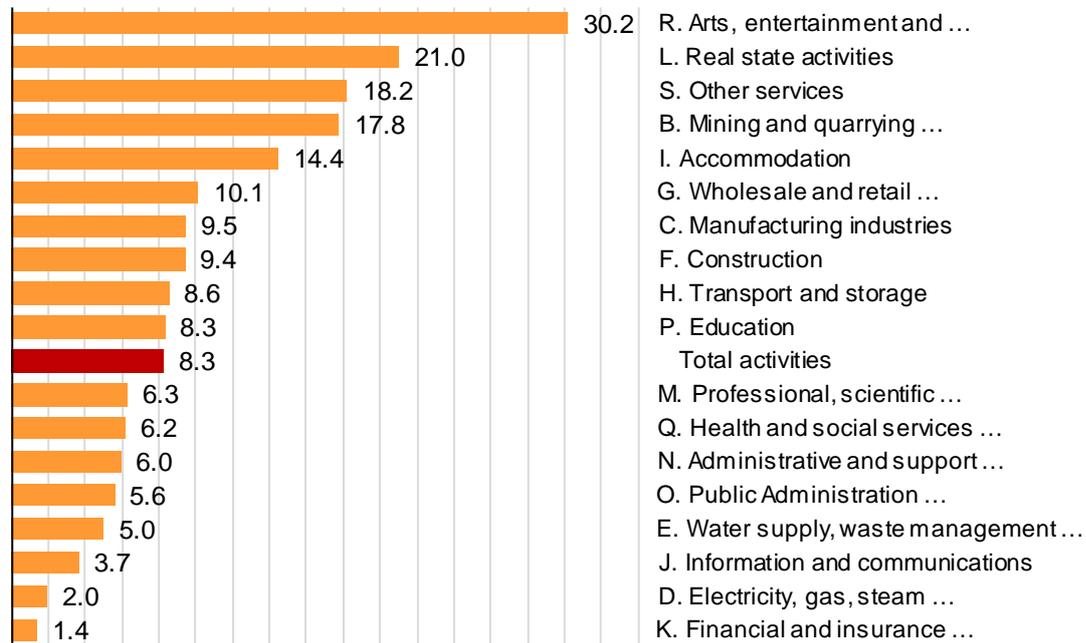
² Base year 2016

If seasonal and calendar effects are eliminated, the activities with the highest annual rates are *Arts, recreation and entertainment activities* (30.2%), *Real estate activities* (21.0%) and *Other services* (18.2%) .

On the other hand, *Financial and insurance activities* (1.4%), *Electricity, gas, steam and air conditioning supply* (2.0%) and *Information and communications* (3.7%) registered the lowest corrected annual rates.

Index adjusted for seasonal and calendar effects. Activity sections

Second quarter 2020. Annual rate. Porcentaje



Results by activity sections and cost components. Original series

The sections that recorded the highest annual increases in *wage cost* during the second quarter of 2020 were *Arts, recreational and entertainment activities* (24.9%), *Construction* (20.6%) and *Information and communications* (15.6%).

The lowest variations were in *Hospitality* (0.4%), *Financial and insurance activities* (1.2%) and *Transport and storage* (2.8%).

With regard to *other costs*, the sections with the greatest annual increases in the second quarter of 2020 were *Arts, recreational and entertainment activities* (11.5%), *Hospitality* (44.4%) and *Real estate activities* (27.6%).

The lowest rates were in the *Electricity, gas, steam and air conditioning Supply* (-0.8%), *Information and communications* (0.3%) and *Financial and insurance activities* (1.4%).

Harmonised Labour Cost Index in the second quarter 2020 by activity sections

Index by cost components

	Wages		Other costs		Labour costs excluding extraordinary and late payments	
	Index ²	Rate ¹	Index ²	Rate ¹	Index ²	Rate ¹
TOTAL	110.9	6.2	118.2	14.3	110.6	7.6
B. Mining and quarrying industries	114.6	15.1	114.5	23.1	105.5	13.5
C. Manufacturing industries	108.7	6.4	120.5	17.0	110.1	8.9
D. Electricity, gas, steam and air conditioning supply	118.9	3.0	100.6	-0.8	102.3	-1.0
E. Water supply, waste management and remediation activities	107.2	4.3	110.9	7.7	108.0	6.4
F. Construction	114.1	8.9	107.2	8.5	106.5	7.3
G. Wholesale and retail trade, repair of motor vehicles and motorcycles	115.6	8.6	122.8	13.8	116.4	8.6
H. Transport and storage	104.9	2.8	125.7	21.0	110.9	9.5
I. Accommodation	103.7	0.4	149.1	44.4	113.3	8.4
J. Information and communications	107.5	5.2	107.2	0.3	107.6	2.9
K. Financial and insurance activities	104.0	1.2	95.3	1.4	100.2	0.9
L. Real state activities	133.7	20.6	129.0	27.6	125.9	19.0
M. Professional, scientific and technical activities	106.3	6.4	112.9	12.3	109.9	7.1
N. Administrative and support services activities	106.8	4.3	114.7	11.0	109.2	5.9
O. Public Administration and defence, compulsory Social Security	116.2	6.2	113.8	7.4	113.9	6.8
P. Education	109.3	8.8	105.2	8.4	104.3	8.8
Q. Health and social services activities	111.5	3.9	119.5	13.9	105.7	5.9
R. Arts, entertainment and recreation	134.5	24.9	161.9	44.4	135.6	24.5
S. Other services	118.7	15.6	128.8	26.9	121.5	18.3

¹ As compared to the same quarter of the previous year

² Base year 2016

COVID-19's Influence on HLCI Results

The evolution of the various activity sections reflected the degree of impact resulting from the pandemic and from the measures put in place to contain it.

In the *Hospitality Industry*, the Temporary Workforce Reduction Scheme (ERTE) has led to similar decreases in wage costs and hours worked, meaning that the wage variation is 0.4%. On the other hand, payment of part of the social security contributions and work disabilities, together with a decrease in hours worked, caused other costs to show a notable year-on-year growth of 44.4%.

The sections that, for the most part, include activities considered essential, such as the *Electricity, gas, steam and air conditioning supply, Water supply, sanitation activities, waste management and decontamination, Information and communications, Financial and insurance activities, Public Administration, and Education and Health* have been minimally impacted by the current situation.

The rest of the sections include combinations of economic activities that give rise to different levels of impact. *Artistic, recreational and entertainment activities* and *Other services* are among the most affected, while *Professional, scientific and technical activities* and *Administrative activities and auxiliary services* have been less impacted by the pandemic.

Revision and updating of data

Coinciding with today's publication, the HLCI provisional data for the first quarter of 2020 has been updated. The final index stands at 100.1 points.

The quarterly variation of the original series for that quarter stood at -9.0% , while that of the adjusted index was 1.3% . On the other hand, the annual rate of the original series was 4.5% and that for the index adjusted for seasonal and calendar effects, 3.7% . The results are available at INEBase.

Methodological note

The Harmonised Labour Cost Index (HLCI) is a quarterly continuous statistical operation whose objective is to provide a common and comparable measure of labour cost per hour worked for the whole of the European Union, allowing the monitoring of the evolution of said labour costs.

Indices with base 2016 are provided for total labour costs, wages and salaries and other costs net of subsidies received for the use of labour factor (includes social contributions payable by employers and non-wage payments). The index for total labour cost is also provided excluding extraordinary payments and delayed payments.

Type of operation: Statistics presented mainly in the form of indices.

Base year: 2016.

Population scope: Employees in local units.

Sources of information: The Quarterly Labour Cost Survey which is conducted on the basis of the Social Security contribution accounts. General Scheme: Sections B to S of CNAE-09 and Special Scheme for Seafarers: Sea Transport (Division 50 of CNAE-09). In order to cover all employees of the general government, information from the DARETRI file is used.

Geographical scope: the entire national territory.

Reference period of the results: the calendar quarter.

Calculation method: Chained Laspeyres.

For more information you can access the methodology at:

https://www.ine.es/en/metodologia/t22/t2230211_en.htm

And the standardised methodological report at:

<https://www.ine.es/dynt3/metadatos/en/RespuestaDatos.html?oe=30211>

For further information see **INEbase:** www.ine.es/en/ Twitter: [@es_ine](https://twitter.com/es_ine)

All press releases at: www.ine.es/en/prensa/prensa_en.htm

Press Office: Telephone numbers: (+34) 91 583 93 63 /94 08 – gprensa@ine.es

Information Area: Telephone number: (+34) 91 583 91 00 – www.ine.es/infoine/?L=1
