

Majorca Daily Bulletin

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Residents oppose Santa Catalina plan: See Inside



Third of Brits have TIE card: See Inside

Energy costs push Spain's inflation to 29-year high, threatening recovery

Madrid.—Spanish inflation surged to a 29-year high in October as national consumer prices rose 5.5% year-on-year, flash data from the National Statistics Institute (INE) showed yesterday threatening the economic recovery.

Inflation sped up from 4.0% in September and is running at its fastest pace since September 1992, when the peseta weakened against the deutschmark and the rate reached 5.8%.

Driving the surge was an increase in energy costs and, to a lesser extent, in prices for package holidays and vehicle fuels and lubricants. Soaring electricity prices play such a prominent role that the gap with core inflation, which excludes energy and food, is the highest since records began in 1986.

Inflation has risen across the euro zone in recent months, but to a lesser extent. The region's harmonised annual rate was 3.4% in September.

Spanish core inflation, at 1.4% in October, is the indicator that most concerns experts and central banks in anticipating possible changes in monetary policy.

While the government argues price rises are transitory, economists fear they could trigger second-round effects on wages and erode corporate competitiveness. Falling unemployment, driven by a sharp increase in hospitality hiring over the summer, is likely to exacerbate price pressure. Industrial prices reached their highest level since 1977 after jumping 23.6% year-on-year in September, according to INE data published this week.

And, potentially compounding the effect, Spain is set to raise pensions in line with inflation and increase the minimum wage and public salaries in 2022.

Responding to elevated energy prices, the Funcas thinktank on Wednesday trimmed its 2021 economic growth forecast to 5.1% from 6.3%.





The spy who loved Majorca. Film about his life now showing

Palma.—*The Courier*, a film based on the life of former Majorca resident Greville Wynne opens in two local cinemas tomorrow. Wynne was recruited by the Secret Intelligence Service to deliver messages to a double agent in Russia. They were both arrested by the KGB in October 1962, coincidentally at a moment when some of the information their endeavours produced was instrumental to the West during the Cuban Missile Crisis, and convicted of espionage.

Struggling with deteriorating health, Wynne was released in 1964 after the British arranged an exchange of Soviet spy Konon Molody. He lived on Majorca in the late 1970s and opened a rose exporting business in Bunyola. Wynne was well known in the El Terreno and Plaza Gomila areas of Palma. Benedict Cumberbatch stars as Greville Wynne. See What's On.

Greville Wynne, played by Benedict Cumberbatch.