



Independent Authority
for Fiscal Responsibility

PRESS RELEASE
18th December 2014

**Report on the macroeconomic forecasts for 2015 of the
Autonomous Regions**

**AIReF ENDORSES THE FORECASTS OF THE
AUTONOMOUS REGIONS FOR 2015 BUT
BELIEVES THE FORECASTS OF MADRID AND
MURCIA ARE LESS LIKELY**

- **The Fiscal Authority develops its own model to compare and contrast the forecasts. The model will enable it to analyse on a quarterly basis the performance of GDP and employment in each Autonomous Region and to make estimates.**

The Independent Authority for Fiscal Responsibility (AIReF) has published its Report on the macroeconomic forecasts in the Autonomous Regions' Budgets for 2015. In the report it endorses all the forecasts although it considers the forecasts given by Madrid and Murcia to be "less likely". From now on AIReF will use its own model to make quarterly estimates of the growth in GDP and employment in each Autonomous Region.

To fulfil its mandate, AIReF has to prepare a report on the macroeconomic forecasts contained in the draft General State Budget. That report was published on 26th September. In that report AIReF endorsed the scenario given by the Government and indicated certain downside risks.

AIReF now publishes this Report on the macroeconomic forecasts of the Autonomous Regions for 2015 as a continuation of that earlier report. The conclusion drawn in this new report is: endorsement of all the forecasts of all the Autonomous Regions but the forecasts given by Madrid and Murcia are considered less likely.

The Autonomous Regions that have published macroeconomic forecasts that do not match exactly those given for Spain in the General State Budget 2015 are Andalusia, Aragón, Balearic Islands, Basque Country, Canary Island, Castilla-La Mancha, Castilla-León, Catalonia, Galicia, Madrid, Murcia, Navarra, and Valencia. All of the other Regions have used the forecasts given for the whole of the State.



AIReF considers the forecast of a variable skewed to the upside (optimistic) or to the downside (cautious) depending on whether it is higher or lower respectively than the central forecasts of the two models used for the comparison. Otherwise, the forecasts are considered to be approximately centred.

AIReF states in its report that the GDP forecasts of Castilla-La Mancha and Catalonia, as well as those given by Madrid and Murcia, are optimistic.

The forecasts of Aragón, Balearic Islands, Canary Islands, Castilla-León, Galicia and Valencia “are centred”.

And the forecasts of Andalusia, Basque Country and Navarra “are cautious”.

As far as the employment forecasts are concerned, in the case of Aragón, Catalonia, Madrid and Navarra they are optimistic; the forecasts of Andalusia, Basque Country, Canary Islands, Castilla-León and Murcia are centred; and the forecasts presented by Galicia are cautious.

Quarterly estimates in 2015

To compare and contrast the forecasts, AIReF has used two models: a simple model providing more stable results and a more sophisticated model incorporating more up-to-date economic information.

As of January 2015, AIReF will publish quarterly growth estimates for the Autonomous Regions based on the sophisticated model methodology developed in-house by its Economic Analysis department.

Moreover, AIReF recommends in its report that all Autonomous Regions not complying with the requirements to include a comparison with other independent forecasts and to make explicit the methodology, assumptions and parameters of they have used for the forecasts should do so.

AIReF likewise recommends that GDP and employment variables should be more homogeneous. All the Autonomous Regions that do not adopt in their future budgets identical forecasts to those in the State General Budget should provide at least forecasts on GDP in like-for-like terms with Spain’s Regional Accounts, and on employment in like-for-like terms either with Spain’s Regional Accounts or the Labour Force Survey.

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