



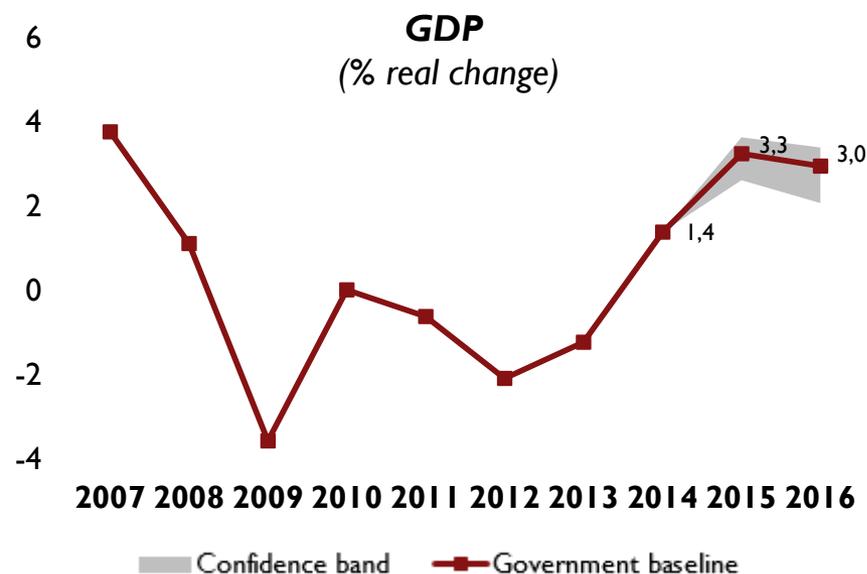
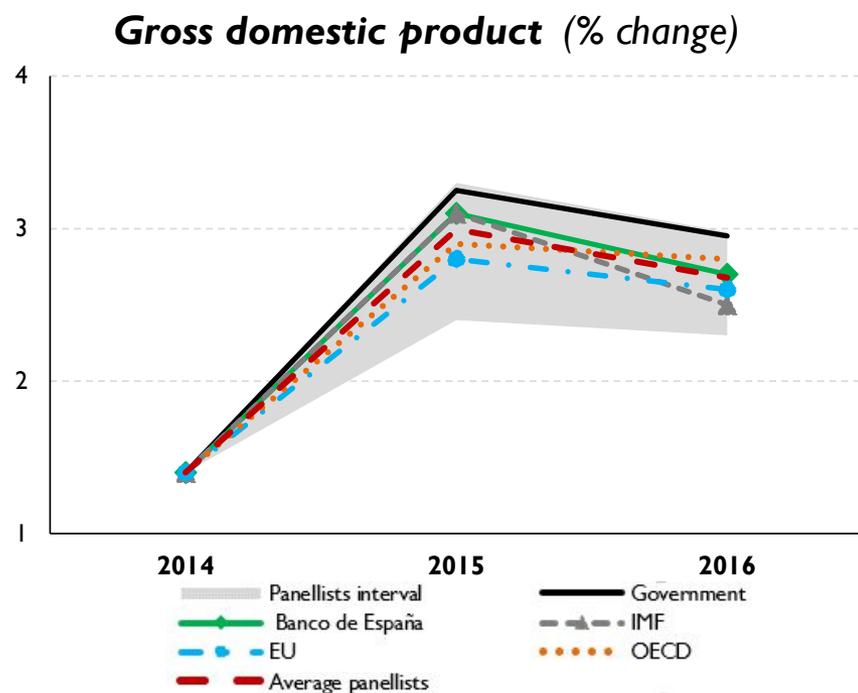
Independent Authority
for Fiscal Responsibility

Report on the Spanish government's
2016 draft budget
macroeconomic forecasts
Graphs and auxiliary tables

July 2015

Endorsement of forecasts

- Endorsed as **likely**, although there are **risks**.

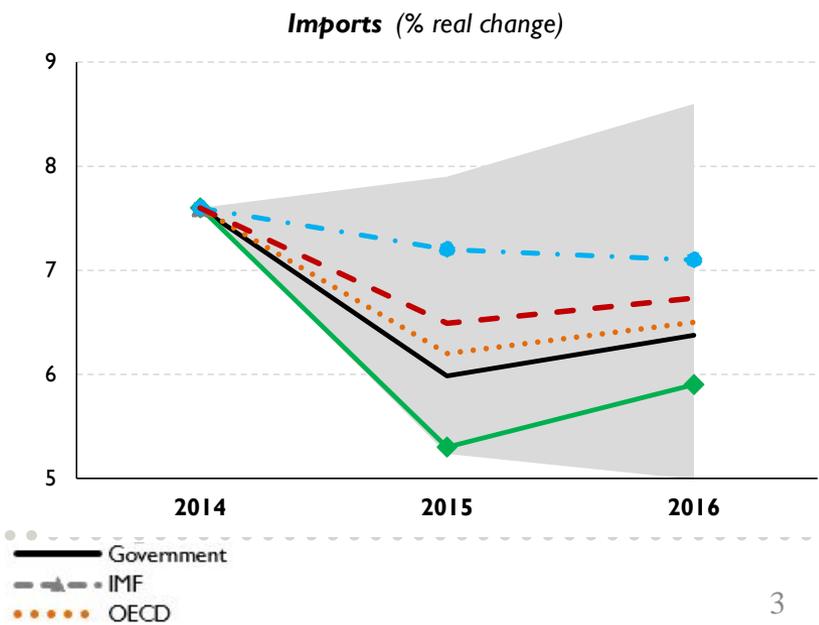
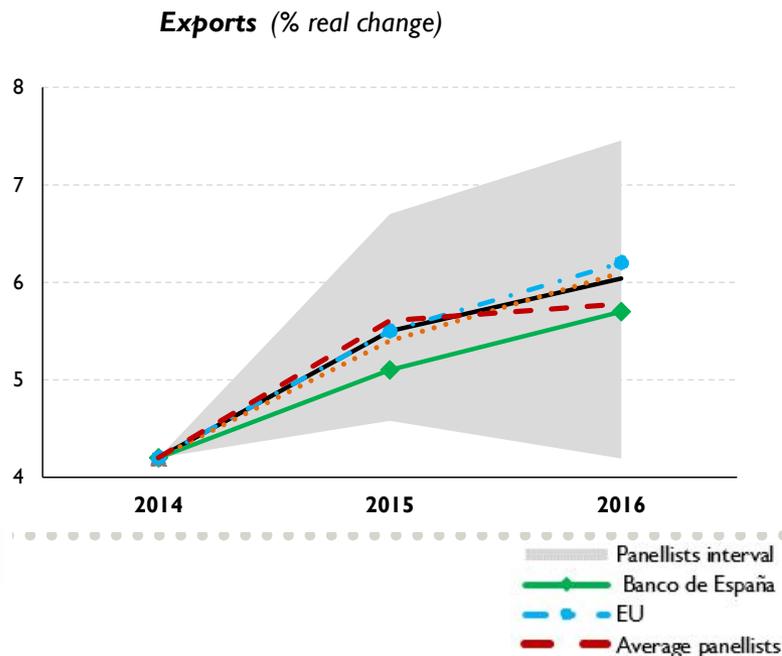
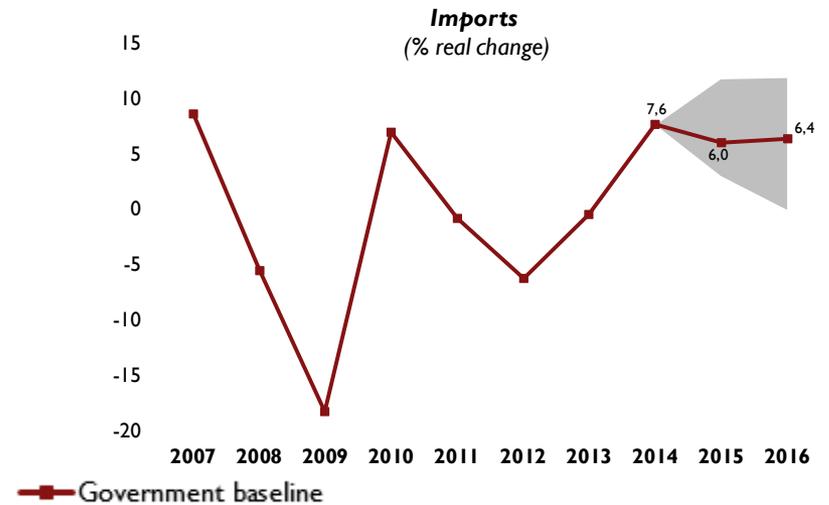
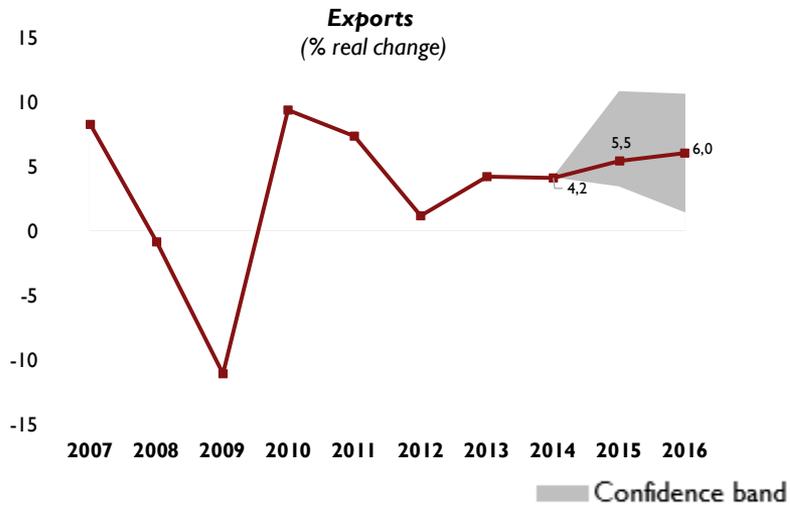


- Forecast falls within the upper interval of the panel
- Likely composition: + Consumption, - Investment & - Employment

Sources: Graphs prepared by AIReF using data from INE, MINECO, FUNCAS and AIReF's own estimates.

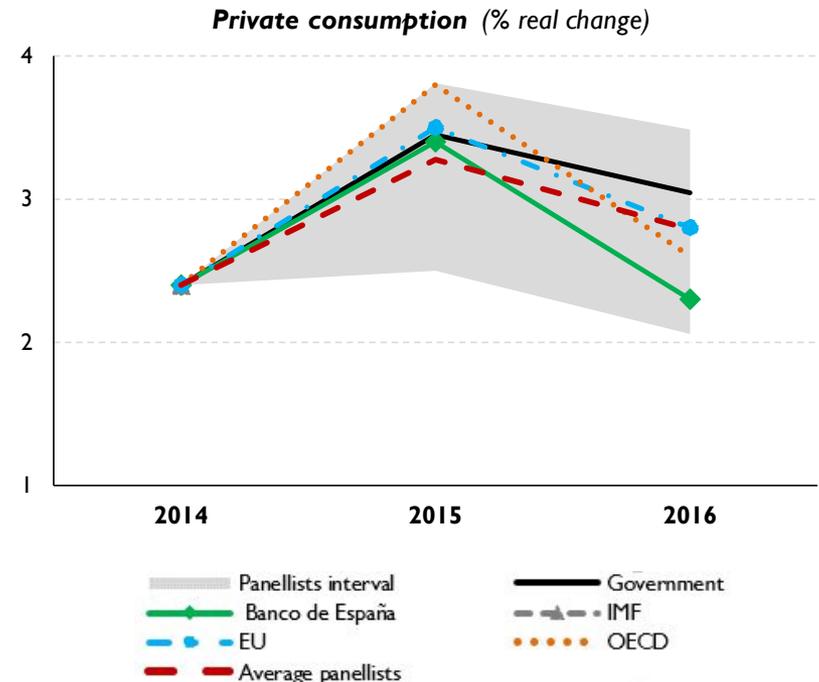
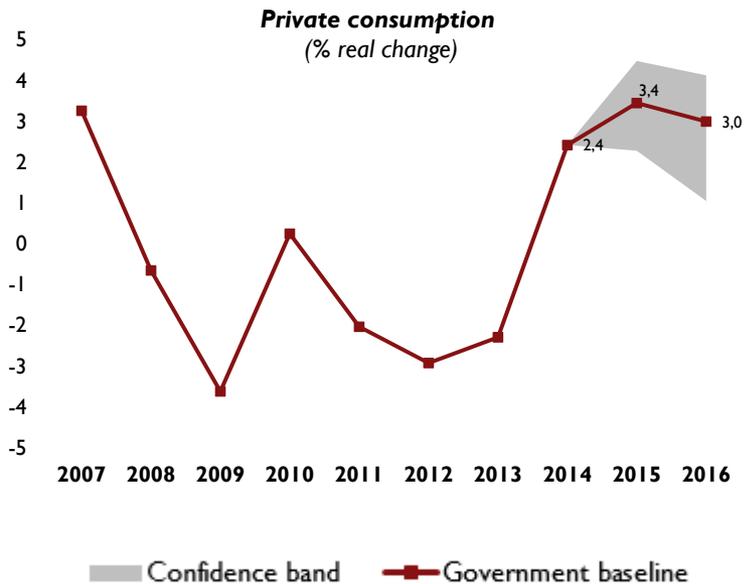
External environment

- Balanced risks. Realistic assumptions.



Private consumption

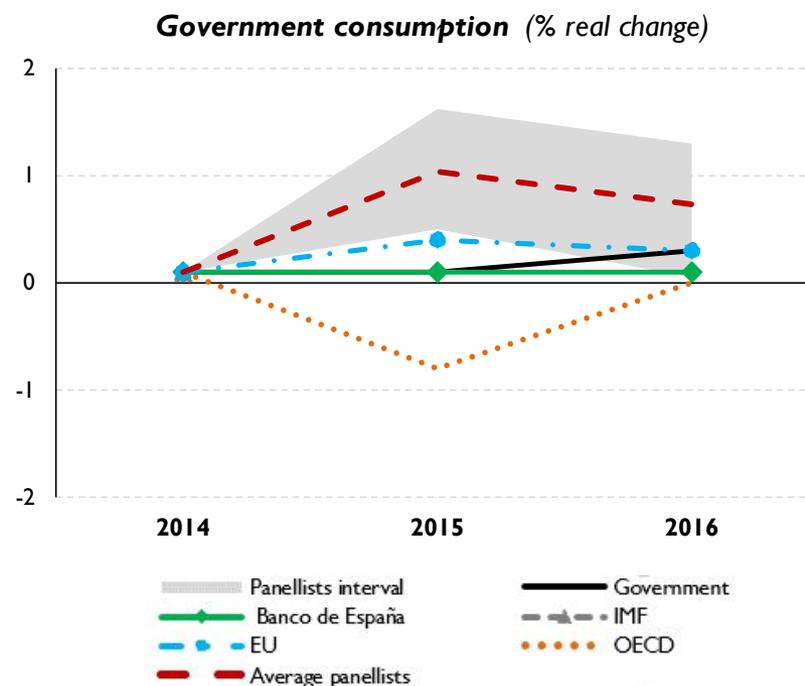
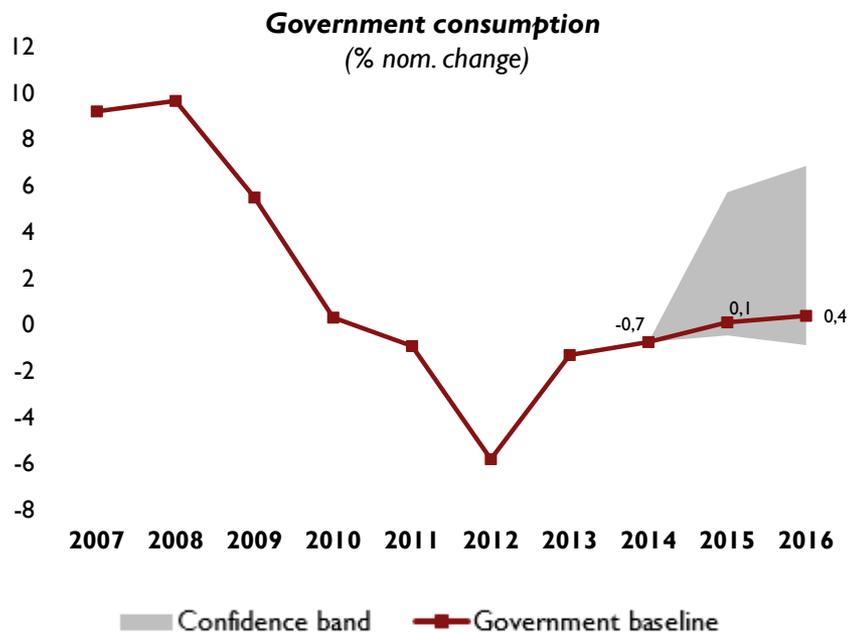
- Near the middle of the confidence interval in AIReF's models and in the consensus forecast.
- The risks seem to be **balanced**.



Sources: Graphs prepared by AIReF using data from INE, MINECO, FUNCAS and AIReF's own estimates.

Risks: Government consumption

- Within the confidence intervals...but close to the lower limits

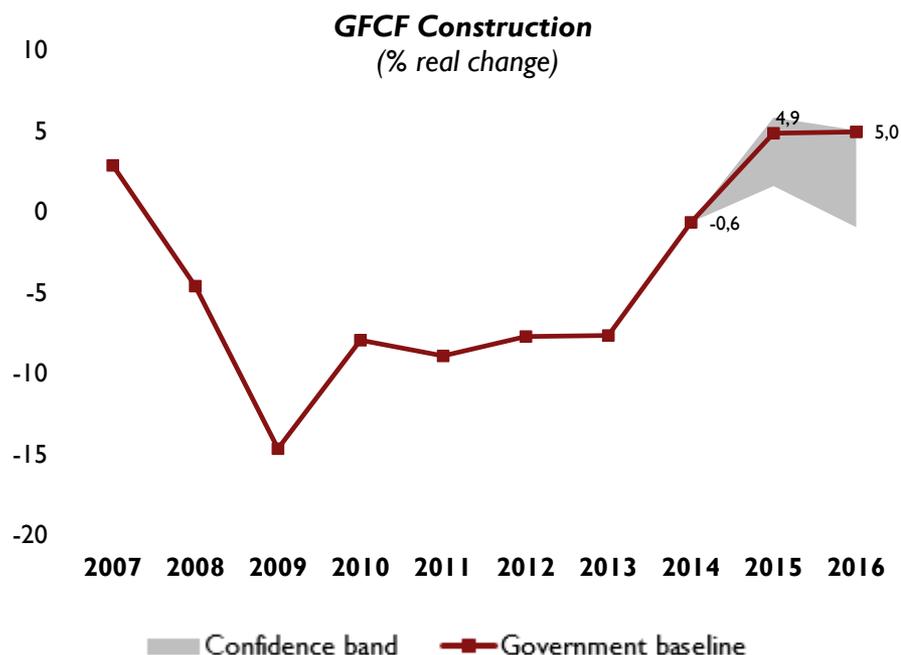


- Reflects the very demanding nature of the government deficit target for 2016 set at -2.8% of GDP

Sources: Graphs prepared by AIReF using data from INE, MINECO, FUNCAS and AIReF's own estimates.

Risks: GCF construction

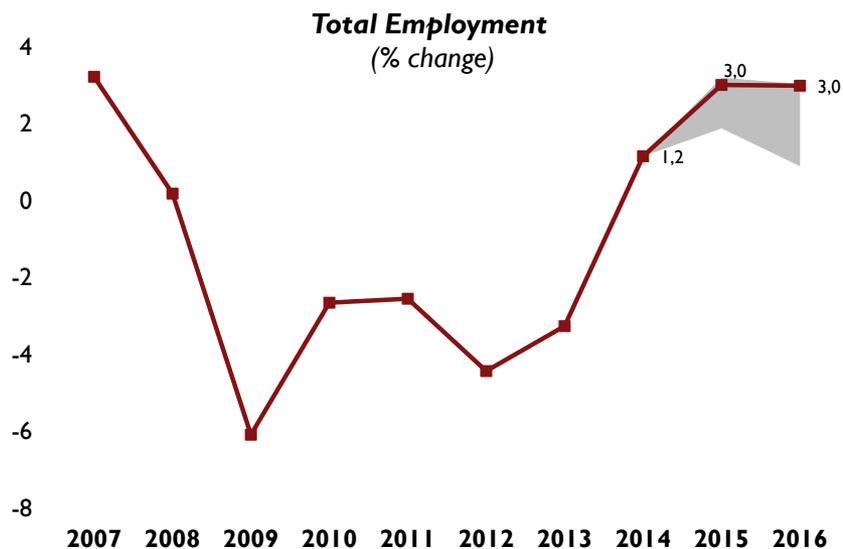
- At the upper end of the confidence interval in the AIReF models...suggesting greater downside risks.
- The government's forecast is also slightly higher than the consensus forecast. There would be a bias being optimistic.



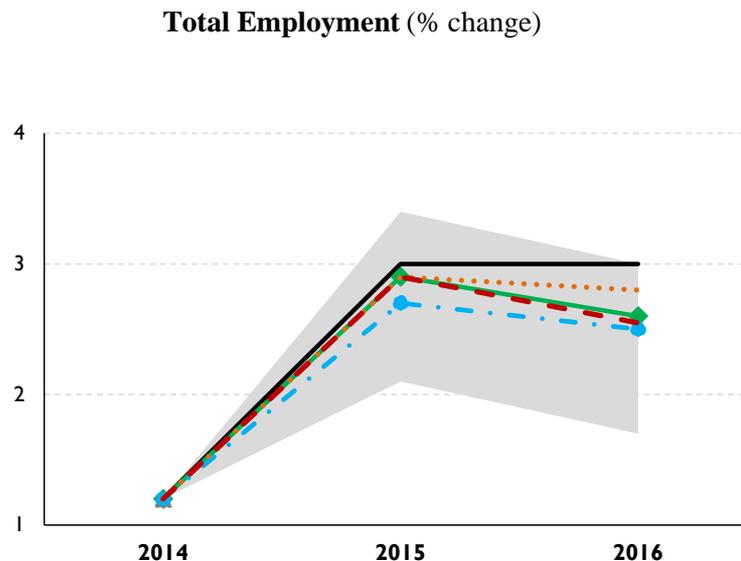
Sources: Graphs prepared by AIReF using data from INE, MINECO, FUNCAS and AIReF's own estimates.

Risks: Employment

- At the upper end of the confidence intervals in the AIReF models and in the consensus forecast. There are downside risks, especially in 2016.



Confidence band Government baseline

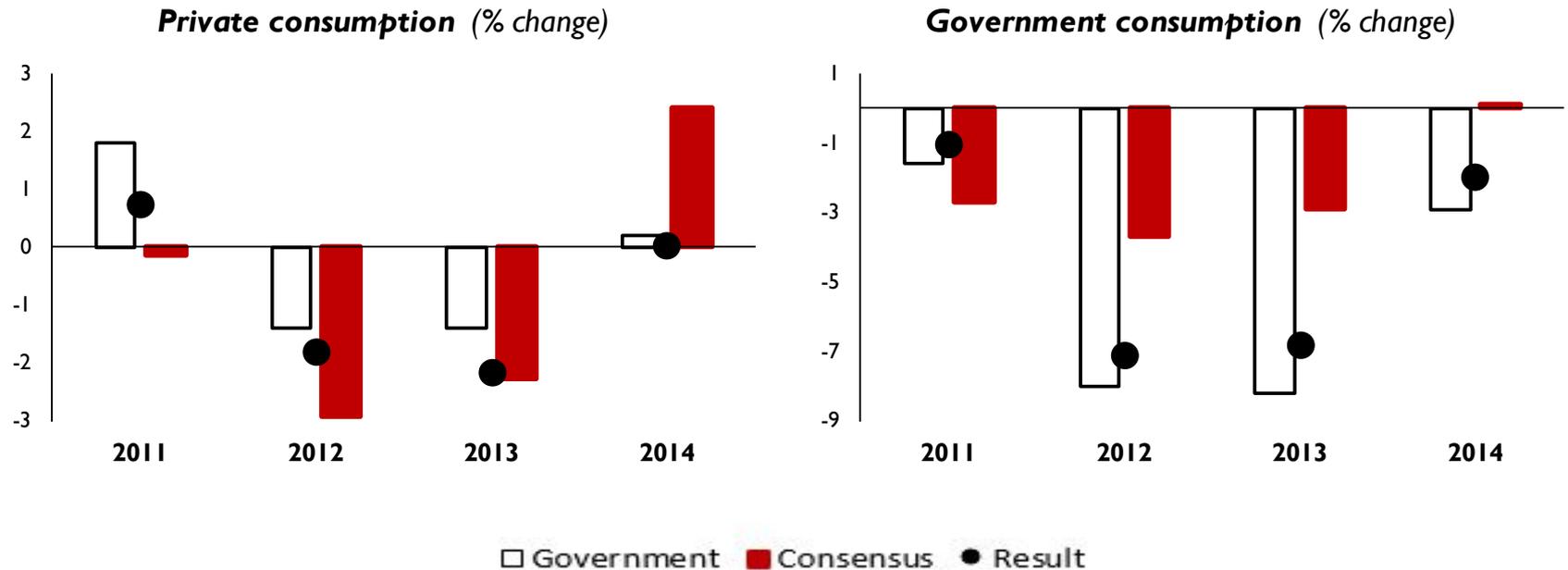


Panellists interval
 Banco de España
 EU
 Average panellists
 Government
 IMF
 OECD

Sources: Graphs prepared by AIReF using data from INE, MINECO, FUNCAS and AIReF \square bwn estimates.

Past forecasts 2011-2014

- **Private consumption** has been overestimated and **government consumption** substantially underestimated.
- In line with the consensus for all the other variables.



Sources: Graphs prepared by AIReF using data from INE, MINECO, FUNCAS and AIReF's own estimates.

Key conclusions

Endorsement

- AIReF's assessment is that the forecasts are **likely**

Risks

- Balanced in the external environment
- Downside, especially as regards fiscal policy implementation
- Composition: + Consumption, - Investment and - Employment

Recommendations

- Publish the methodologies, assumptions and parameters underlying the forecasts



www.airef.es

 [@AIReF_es](https://twitter.com/AIReF_es)

