

AIReF ENDORSES THE MACROECONOMIC FORECASTS OF ASTURIAS AND MURCIA FOR 2022

The Independent Authority for Fiscal Responsibility (AIReF) endorses as prudent the macroeconomic forecasts for 2022 put forward by Asturias and Murcia. However, it considers that in both cases the growth estimates for 2021 are very unlikely, although acceptable within the current context of uncertainty.

According to the Law on the Establishment of AIReF, the macroeconomic forecasts incorporated in the draft budgets of all public authorities must have a report from the institution indicating whether they have been endorsed. Specifically, the reports published today assess the macroeconomic forecasts that will accompany the draft 2022 budgets of Asturias and Murcia.

For the former, the Gross Domestic product (GDP) of Asturias, according to estimates made by this region, might grow by 5.8% in 2021 and 4.7% in 2022. For the latter, the estimates made by Murcia indicate GDP growth of 5.6% in 2021 and 5.2% in 2022. These estimates are in line with those made by AIReF and other institutions. There are, however, downside risks associated with the persistence of the pandemic that might have a major impact on the intensity of the recovery, as well as inflationary pressures and supply chain disruptions in certain industries. Also noteworthy is the uncertainty surrounding the macroeconomic impact of the Recovery, Transformation and Resilience Plan at the level of each Autonomous Region (AR).

It should be stressed that this uncertainty concerns even the national accounting data for 2020. This stems from two distinct sources. Firstly, as indicated by the National Statistics Institute, the estimates prepared since March 2020 are likely to undergo major revisions for the country as a whole. Secondly, unlike previous years, there is still no official estimate of regional accounting for 2020.

AIReF has resumed the probabilistic analysis based around a single scenario, discarding the approach based on alternative scenarios that was used with the outbreak of the health crisis. On the basis of this scenario, the institution considers prudent, and therefore endorses, the forecast scenarios for 2022 prepared by Asturias and Murcia. However, both regions are more optimistic than AIReF on the expected path of employment in 2021, but the differences are



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considered acceptable given the high uncertainty existing in the current context due to COVID-19.

In addition to assessing the degree of realism of these forecasts, AIReF assesses whether the scenarios meet the requirements established by European regulations for Member States of the European Union (EU), as specified in Article 4 of Directive 2011/85/EU, of 8 November 2011.

AIReF highlights that the regions of Asturias and Murcia satisfactorily comply with the requirements applicable to the aforementioned budgetary frameworks. However, it reiterates to the Region of Murcia, as good practice advice, that it should include employment forecasts in Regional Accounting terms in order to have more standardised information and facilitate comparability when performing the analysis.