

AIReF FORECASTS REAL GDP GROWTH OF 1.7% IN 2024

- The Independent Authority for Fiscal Responsibility (AIReF) updates its macroeconomic forecasts for 2023 and 2024, after incorporating the latest information available and the Consumer Price Index (CPI) data.
- It revises real GDP growth in 2023 up by 0.1 points to 2.4% and maintains its forecast for real GDP growth in 2024 at 1.7%.
- As regards prices, AIReF revises its forecast for CPI growth in 2024 downwards to around 3.3% due to recent developments and the latest measures approved.

The Independent Authority for Fiscal Responsibility (AIReF) published the updated macroeconomic forecasts for 2023 and 2024 on its website today, after incorporating the latest information available and the Consumer Price Index (CPI) data. The real GDP growth forecast for 2023 is revised up by 0.1 points to 2.4% while the estimate for 2024 remains practically unchanged at 1.7%.

The current estimates incorporate the latest information available and, in particular, the most recent economic indicators, the revised estimates from the Quarterly National Accounts (QNA) for the third quarter of 2023 and the changes in the technical assumptions.

As AIReF explains, the downward revision of the QNA GDP growth estimates for the first half of 2023 would have been offset by better performance of GDP in the third quarter of the year compared with the growth scenario in the Budgetary Plan.

In addition, an upward revision of the quarter-on-quarter rate expected for the fourth quarter is incorporated. Along these lines, [AIReF's MIPred model](#), which provides a real-time estimate of quarter-on-quarter GDP growth based on the information available in public databases, shows more favourable performance of the very short-term indicators than initially forecast. Specifically, the positive performance of services contrasts with the more negative performance of manufacturing, dragged down by the international context. Furthermore, Social Security affiliations have maintained an expansive tone in 2023, albeit less robust in the second half of the year. Together, the factors indicated above imply a revision of the expected growth in 2023 to 2.4%, 0.1 points higher than forecast in the Report on the Budgetary Plan.

For 2024, AIReF maintains its forecast for real GDP growth at 1.7%. The effect of a better second half of 2023 than expected three months ago and expectations of lower interest rates are offset by the worse performance of Spanish export markets - in a context of weak growth in the main euro area countries - together with expectations of a less favourable nominal effective exchange rate and some weakness in the confidence indexes for the manufacturing industry. These forecasts are slightly above the national average of forecasters and in line with the average of the main international organisations.

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As regards prices, AIReF revises inflation downwards in 2023 due to its recent moderation. AIReF stresses that the lower contribution of services and food and the negative contribution of energy prices would explain this revision.

In 2024, AIReF forecasts that the rate of change in the CPI will be around 3.3% on average due to recent developments and the approval of the partial extension of the measures to combat the effects of price rises. In this regard, AIReF highlights that in 2023 the wage increases agreed in all collective bargaining agreements remained contained, in line with the 5th Agreement on Employment and Collective Bargaining, with no appreciable effects, to date, of the second round of collective bargaining.

This exercise involves an update of the macroeconomic estimates on which AIReF bases its fiscal forecasts in order to take into account the latest information. With a view to subsequent reports, AIReF will perform a more detailed analysis of the decisive factors of growth in the short and medium term. According to AIReF, the context of low growth in Europe and, in particular, in the euro area, poses a downside risk to the growth of the Spanish economy. At the same time, significant geopolitical tensions also pose a downside risk to growth and an upside risk to prices.