

AIReF endorses macroeconomic forecasts of Valencia for 2025

The Independent Authority for Fiscal Responsibility (AIReF) endorses the forecasts accompanying the draft budget of Valencia for 2025, which presents growth estimates of the Gross Domestic Product (GDP) and employment, in terms of people employed in the Spanish Regional Accounts, for the period 2024-2025, and the Gross Domestic Product (GDP) in volume terms for the period 2024-2035, which are different from the latest forecasts of the Government of Spain's macroeconomic scenario for the country as a whole.

In accordance with the provisions of the Organic Law on the Creation of AIReF, the macroeconomic forecasts incorporated in the draft budgets of all General Government (GG) authorities must include a report from AIReF indicating whether they have been endorsed.

Valencia estimates GDP growth in volume terms of 2% for 2025. This forecast is lower than expected by AIReF (2.4%) and is below the lower end of the range of forecasts made by other organisations for the Autonomous Region (AR). The forecasts for the Region's nominal GDP for 2025 are included in the central range of AIReF forecasts.

It should be stressed that the macroeconomic forecasts for the ARs are performed in a context of great uncertainty. In addition to the risks arising from the geopolitical environment, in the case of Valencia, there is a fundamental source of uncertainty related to the terrible effects of the Isolated Depression at High Levels (DANA) storm that occurred at the end of October 2024 on its territory and its citizens.

AIReF highlights that Valencia complies with the recommendation to submit, prior to the publication of the draft budget, information on the macroeconomic forecasts that underpin the budget and the corresponding request for endorsement. It also complies with the best practice advice regarding the inclusion of a comparison with other independent forecasts and the provision of information on the econometric techniques, models and parameters used, as well as on the assumptions underpinning its forecasts.

This Region complies with AIReF's best practice advice contained in the Report on the Macroeconomic Forecasts of the 2024 Budget of Valencia (Report 68/23), referring to the inclusion of macroeconomic projections beyond the year for which the budgets are formulated, which is essential for assessing the consistency of the forecasts of the ARs with the medium-term Structural-Fiscal Plan of the Government and to facilitate information on the forecast path for the GDP deflator.