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Economic and Business Outlook

April 2024

Overview

The world economy

- **The IMF points to a slow but steady recovery of the global economy.**
- **The strong performance of the US economy complicates the easing of monetary policy in this country.**
- **Oil prices continue to rise, driven by production cuts and geopolitical tensions.**

The Spanish economy

- **The IMF estimates growth of 1.9% for the Spanish economy in 2024, in line with other institutions.**
- **The tightening of financial conditions has not slowed down the deleveraging process of the private sector, where debt has fallen to the lowest ratios since 2002.**
- **In Q1 2024, industrial activity confirmed its improvement and the services sector accelerated, maintaining a remarkable dynamism.**
- **Social Security registrations continued to rise in March, closing a favourable quarter for job creation.**
- **Inflation picked up in March due to the elimination of the VAT reduction on electricity.**
- **Despite the positive surprise in the public deficit in 2023 (-3.6% of GDP), all the agencies agree that the budget balance will stabilise somewhere above -3% of GDP in the coming years.**
- **Turnover continues to fall with notable differences across sectors and business financing conditions remain high. However, business confidence indicators continue to improve.**

The International Scenario

Gradual improvement in the global economy relaxes expectations of monetary policy easing

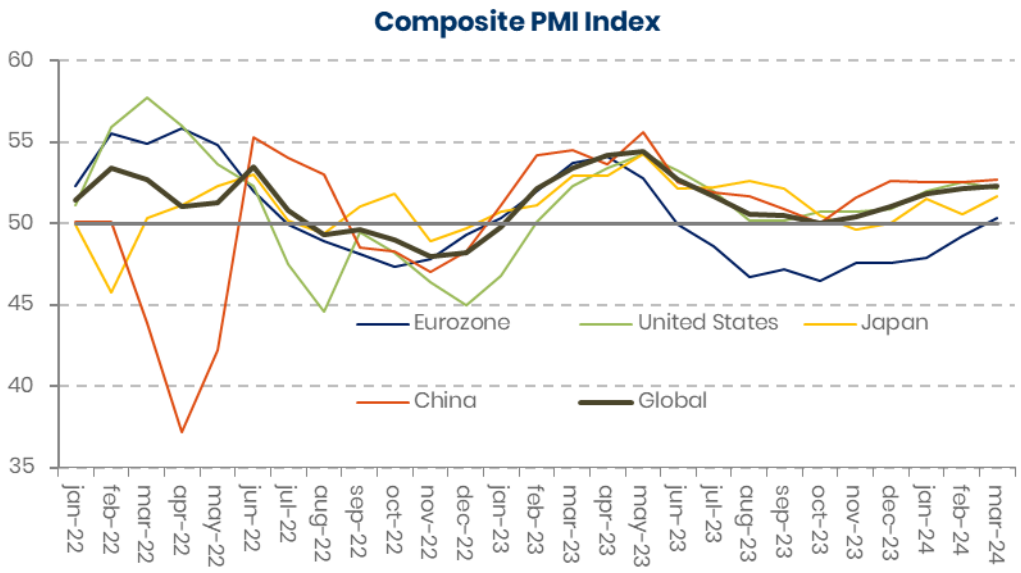
The International Monetary Fund (IMF) has revised slightly upwards its forecast for global growth in 2024 to 3.2%, one tenth higher than the forecast published in January and three tenths higher than that of October 2023. This is the same rate posted in 2023, and the same rate estimated for 2025, albeit with significant differences across regions. The agency highlights the resilience of the economy, supported by the savings accumulated during the pandemic, and notes that the recovery in activity is slow but steady. They also highlight that current global growth is historically weak due to a combination of short-term factors, such as high borrowing costs and lower fiscal support, together with longer-term effects such as those stemming from COVID-19 or the war in Ukraine. This is compounded by increased geo-economic fragmentation and very moderate productivity growth. In fact, its five-year global growth forecast, at 3.1%, is the lowest in decades. On the other hand, the IMF expects global inflation to continue to decelerate from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025 and expects advanced economies to reach their targets before the emerging and developing economies.

IMF Forecasts (April 2024)

	GDP			Inflation		
(y-o-y rate)	2023	2024	2025	2023	2024	2025
World	3.2	3.2	3.2	6.8	5.9	4.5
United States	2.5	2.7	1.9	4.1	2.9	2.0
Japan	1.9	0.9	1.0	3.3	2.2	2.1
United Kingdom	0.1	0.5	1.5	7.3	2.5	2.0
Eurozone	0.4	0.8	1.5	5.4	2.4	2.1
Germany	-0.3	0.2	1.3	6.0	2.4	2.0
France	0.9	0.7	1.4	5.7	2.4	1.8
Spain	2.5	1.9	2.1	3.4	2.7	2.4
Italy	0.9	0.7	0.7	5.9	1.7	2.0
China	5.2	4.6	4.1	0.2	1.0	2.0
India	7.8	6.8	6.5	5.4	4.6	4.2
Brazil	2.9	2.2	2.1	4.6	4.1	3.0
Mexico	3.2	2.4	1.4	5.5	4.0	3.3
Advanced economies	1.6	1.7	1.8	4.6	2.6	2.0
Emerging economies	4.3	4.2	4.2	8.3	8.3	6.2
World trade	0.3	3.0	3.3			

Source: IMF

PMI indices continue to point to an improvement in global activity. The global composite PMI index rose for the fifth consecutive month in March, from October's lows, and is now set at 52.3 points, with the indices of the main economies in expansionary territory for the first time since May 2023. The strengthening of the economy was seen in both the services and manufacturing sectors.



Source: Prepared in-house based on data from Markit Economics

In the United States, the economy continues to show remarkable strength, with signs of acceleration for the first quarter of the year, versus the last months of 2023. Both the PMI and ISM manufacturing indices were positive in March, with industrial production also improving, while services continued to perform well. Moreover, in the labour market, employment rose by 303,000 in March and the unemployment rate fell by one tenth to 3.8%. This robustness of activity and employment has led the IMF to increase its growth forecast for 2024 by six tenths to 2.7%, two tenths higher than the forecast for 2025.

On the other hand, the economy's good performance makes inflation's moderation difficult. In March it rose three tenths to 3.5%, while core inflation, excluding energy and food, remained unchanged at 3.8%, both rates far from the Federal Reserve's targets. This price resistance may delay the first interest rate cut to after June. Even the markets are already expecting the number of rate cuts by the US monetary authority this year to be two if not fewer, as opposed to the four that were envisaged just a few months ago.

In contrast, the other major advanced economies continue to show signs of weakness, with the UK in technical recession, while Japan and the Eurozone are

close to stagnation. Nevertheless, in the first months of the year, the PMI indices point to a slight improvement, although growth will be very modest.

In the Eurozone, retail trade continued to decline in February, while industrial production, construction and services improved in comparison to January's results, although the first two continued to fall year-on-year. In contrast, there was an acceleration in services, both in month-on-month and year-on-year rates. On the other hand, the labour market continues to show remarkable resilience, with the unemployment rate remaining stable in February at 6.5%, an all-time low.

As for inflation, both headline and core inflation, excluding energy and food, fell by two tenths in March, with the former standing at 2.4% and the latter at 2.9%. However, services have remained stagnant at 4% since last November. This situation, together with the resilience of the labour market on the one hand and the weakness of the economy on the other, is what the ECB will have to consider at its next meetings after having left interest rates unchanged in April.

China surprised positively in Q1 with quarterly growth of 1.6%, up from 1% in Q4 2023. Despite the good data, supported by investment and the improvement in the manufacturing sectors, March showed certain signs of weakness such a slowdown in retail sales, after the festivities of the previous month, and a slight decline in month-on-month industrial production. This is compounded with difficulties in the real estate sector, where house sales and prices are falling, as well as in residential investment. Thus, growth is expected to slow down in Q2.

March saw most commodity prices rise on the back of geopolitical tensions, with industrial metals and precious metals, considered as safe-haven assets, outperforming. Oil prices also continued to rise slightly in March to $86.3/barrel. In the first days of April, crude oil prices rose significantly due to the extension of OPEC+ countries' production cuts until June, Ukraine's attacks on some Russian refineries and the increased tension between Israel and Iran. In recent days, however, the pressure on prices has eased, as the reactions of these countries have averted an escalation of tensions in the Middle East.

The Spanish Economy

Notable fall in private sector debt in 2023

The tightening of financial conditions over the last two years has not slowed down the deleveraging process of the private sector in Spain, whose debt levels continue to fall and have reached the lowest ratios since 2002. Thus, in the last quarter of 2023, this debt stood at 111.6% of GDP, versus 123.4% at the end of 2022 and far from the highs of 200% of GDP reached in 2010. It is worth noting that both, companies and households, contributed to this decline. At the end of 2023, corporate debt was 64.7% of GDP and household debt 46.9% of GDP, both lower than the ratios recorded in the same period of 2022 (71.2% and 52.3%, respectively).

In the case of households, and according to the financial accounts, it is worth highlighting that in 2023 there was a notable increase in disposable income (11%) as well as in the household savings rate, with an annual average of 11.7%, 4 points higher than in 2022. In the case of companies, the gross operating surplus only increased by 3.6%, which, together with the significant rise in income and wealth taxes (21%), meant that their savings fell by -4.3% in 2023.

The higher savings of Spanish households in 2023 may be a support for private consumption in 2024, together with lower debt levels, more moderate inflation (around 3%) and continued job creation, albeit at a slower pace than in 2023, and an increase in disposable income. On the other hand, there is some doubt regarding the extent to which investment will be a key variable for economic growth due to increased geopolitical and regulatory uncertainty and the increase in fiscal pressure and costs. European funds should help to support investment. We should bear in mind that 38.419 billion have already been received and 33.6 billion have been allocated, of which 17 billion have gone to the private sector. It is also important to include the funds from the Addendum[1].

Finally, unless geopolitical tensions affect value chains, commodity prices, or global growth in a very negative way, the foreign sector is expected to make a positive contribution to GDP in 2024 and the Spanish economy is expected to maintain its external financing capacity at around 2% of GDP.

With that said, the growth forecast for 2024 is set at around 1.9%, as indicated by the IMF, a rate that is in line with other agencies.

[1] For further information, please read CEOE's report (in Spanish): https://www.ceoe.es/sites/ceoe-corporativo/files/content/file/2024/03/21/110/sexto_informe_next_generation_definitivo_2024_03.pdf

Demand and Activity

The Q1 2024 figures confirm the improvement in industrial activity and the services sector accelerates

The new estimate published by the National Statistics Institute (INE) for Q4 2023 confirms the 0.6% anticipated a month ago. Only the composition of growth is slightly revised, with a slower increase in private and public consumption and slightly higher growth in investment. Pending the release of the figures for Q1, scheduled for 30 April, the available indicators suggest that the Spanish economy has continued to post a notable dynamism in this period.

The favourable trend in activity at the start of the year has continued to be driven by the good performance of private consumption, in line with the increase in household disposable income and the notable dynamism shown by the tourism sector, which has reached record levels in these first few months.

The first quarter saw a general improvement in agents' expectations. The economic sentiment indicator published by the Commission showed a more positive result in Q1 on average than in any of the previous four quarters of 2023. Consumer confidence has also recorded a more positive result than at the end of 2023, underpinned by a better perception of the financial situation and expectations of future savings, in line with the increase in disposable income and the decline in interest rates expected from the middle of the year onwards. This improvement in expectations, together with the high level of household savings, in a context of wage increases and job creation, could fuel the rise in private consumption in the coming quarters.

There was also an improvement in most of the indicators relating to the industrial sector, from the confidence indicator to industrial production and the manufacturing PMI, so it seems that the sector's recovery is consolidating following the deterioration in the second half of 2023. The manufacturing PMI reached a twenty-month high of 51.5 in February and remained virtually unchanged in March (51.4). The companies surveyed report that they have increased their pace of production amid growing new domestic and export orders. In line with the production trend, manufacturing industries have also increased the number of people employed. On a negative note, there has also been a rise in input prices, which may be linked to delays in deliveries due to the problems in the Red Sea. Expectations for 2024 are optimistic, especially compared to the evolution of the industrial sector in Europe, which remains stagnant or in recession. The inflow of new orders in February and March guarantees production in the coming months.

The services sector continues to perform better than the industrial one and may even have accelerated recently. The services PMI in January-March reached its best level since May 2023, with the index standing at 56.1 in March, supported by an acceleration in new orders. Faced with rising demand, foreign demand included, companies are increasing their hiring amid rising wages and cost increases in general, which is being passed through to some extent to selling prices, albeit less strongly than in previous months. The outlook for the coming months remains optimistic, as the economic environment is expected to improve and continue to boost new orders.

The latest available data from the tourism sector show that international tourist arrivals continued to recover at the beginning of 2024. In the months of January-February, visitor inflows almost reached 9.8 million tourists, 15.6% higher than in the same period of 2023. February marked an all-time high for this month, standing 13.1% above the pre-pandemic figures of 2020. In addition, total tourist expenditure in February was 25.8% higher than in February 2023.

From the point of view of the external sector, the customs information available for the Jan-Feb 2024 period shows a continuation of the contracting trend in external flows recorded during 2023, with falls in exports and imports already at similar levels. A large part of this decline is due to the cutback in energy products, both in exports and imports. The trade deficit fell by -5.3%, due to the improvement in the energy balance and, especially, in the non-energy balance.

In the same line, according to the Balance of Payments data published by the Bank of Spain, in January 2024, the current account surplus reached 5.1 billion, compared to a surplus of 2.3 billion in the same period of the previous year. This good performance was due to a significant reduction in the deficit on the balance of goods and non-tourism services and an increase in the surplus on tourism services. In twelve-month cumulative terms, the current account surplus reached 40.8 billion, compared to 13.8 billion in January 2023.

The Labour Market

Registrations with the Social Security continued to rise in March and close a favourable quarter for the labour market

After the notable strength of Social Security registrations in February, they rose again significantly in March, although the increase was somewhat lower than might have been expected in a month that included Easter Week. In any event, the favourable trend in the number of people registered with the Social Security in the first months of 2024 has meant that seasonally-adjusted Social Security registrations have gained momentum in Q1 compared with the end of last year.

In March, Social Security registrations increased by 193,585 individuals, a high figure, but lower than the increase recorded in the same month last year, which exceeded 206,000 people. However, it should also be noted that the month-on-month rate of change was 0.9%, higher than the average increase in this month in the most recent years (2021-2023) and in the pre-pandemic period (2014-2019). In seasonally adjusted terms, the evolution has been favourable. Thus, according to the Ministry of Inclusion, Social Security and Migration, there was an increase of 77,876 persons in March in seasonally-adjusted registrations, which is the highest figure since April 2023. Moreover, the average monthly increase in Q1 was 63,240 individuals, double the average of the 31,250 people recorded in Q4 2023.

Turning to the gross data, the good performance of Social Security registrations in March was largely due to the momentum of the private sector, which created 178,378 jobs. By contrast, the public sector added 15,207 new workers. By branch of activity, there was a notable increase in jobs in accommodation and food service activities, due to Easter Week, with almost 84,000 new registered workers. This figure is much higher than the usual figure for March and is also higher than the figures for this month in 2022 and 2023, when the sector was recovering from the pandemic crisis.

In year-on-year terms, new registrations fell by one tenth to 2.6%, although it should be noted that this rate has remained anchored between 2.6% and 2.7% practically since the middle of last year, apart from the occasional upturn. In the private sector, the year-on-year rate held at 2.5%, while in the public sector there was a notable slowdown, with the rate falling by eight tenths to 2.8%.

By economic sector, developments have been mixed. In industry there was a slight slowdown in employment in March, with the year-on-year rate standing at 1.8%, although the rate of growth in Q1 was somewhat higher than in the final stretch of the year 2023. Meanwhile, services continue to show high growth (3.0% in March)

which has been relatively stable (between 3.0% and 3.1%, since the second half of 2023). In contrast, construction continues with the slowdown it has been showing since the middle of last year, to a year-on-year rate of 1.6% in March, the lowest figure since the beginning of 2021. Finally, agriculture continues to lose jobs, although its rate of decline has slowed to -1.3%.

The unemployment figure was less favourable than the employment one. Specifically, registered unemployment fell in March by 33,405 individuals, although in seasonally adjusted terms it rose by 11,900, the first increase since July 2022. On the other hand, the number of job seekers who were employed or with an employment relationship, which includes those with permanent seasonal contracts that are currently inactive ("fijos-discontinuos" in Spanish), fell by 72,598 workers in March.

Pending the results of the Labour Force Survey (LFS), which will be released on April 26th, all signs point to employment gaining momentum in Q1. According to CEOE estimates, effective Social Security registrations (discounting furloughs), adjusted for seasonal effects, increased by 0.7% quarter-on-quarter in Q1, a higher figure than the 0.4% recorded in the Q3 and Q4 of 2023.

Q1 LFS will incorporate information from the 2021 Census of Population and Dwellings (until now the 2011 Census had been used). As a result, there has been a change in the population base, which has made it necessary to review the survey results retrospectively. This time, it has only been necessary to review the series from Q1 2021, with results (up to Q4 2023) having already been published by the National Statistics Institute (INE).

In general, there has been an increase in the main series (population, population over 16 years of age, active population, working population, unemployed and inactive population) with respect to the ones in place up to now. For example, the number of employed individuals in Q4 2023 has increased from 21,246,900 to 21,389,700. On the other hand, the year-on-year rate of people employed in this period is now 3.6%, instead of the previously estimated 3.8%. Meanwhile, the number of unemployed now stands at 2,860,800, higher than the previously published figure of 2,830,600. Thus, the unemployment rate for Q4 2023 has increased by 0.04 percentage points, from the previous 11.76% to the current 11.80%.

Inflation

Inflation rises in March due to the withdrawal of the VAT reduction on electricity

In March, headline inflation accelerated by 0.4 to 3.2%, while core inflation continued its gradual moderation, standing at 3.3%, 0.2 lower than in February.

Food prices recorded a significant slowdown. Both unprocessed and processed food prices are at their lowest levels since the outbreak of the war in Ukraine two years ago. Unprocessed food prices decreased year-on-year by 1.9 to 3.1%.

Within the underlying component, Processed foods, beverages and tobacco fell by six tenths year on year to 4.7%; services prices remained at 3.9% year on year, on the back of the increase in package holidays and hotels and restaurants due to the Easter effect; and industrial goods prices excluding energy products dropped by three tenths to 0.9%

Energy products no longer contribute to the inflation decline, as they once again recovered positive year-on-year rates, albeit still very moderate: they stand at 1.6%, versus a fall of -4.7% in the previous month. This trend can be explained by the increase in electricity prices with respect to March 2023, due to the withdrawal in March this year of the previously applicable VAT reduction, which went from 10% to 21% and, thus, more than offset the decline in fuel prices.

The latest CPI figure compared to what CPI would have posted at constant taxes shows that inflation would have risen by 5 tenths less in March. In other words, if the tax reduction measures had been maintained with respect to March 2023, inflation would have been 2.7%. Of these five tenths, three tenths would correspond to the latest withdrawal of the VAT reduction on electricity.

Inflation is forecast to hover around 3% during 2024, while core inflation will continue to ease. In any case, these changes will be conditioned by the pace of the unwinding of anti-inflationary measures and by commodity prices on international markets.

The Public Sector

The public deficit closed 2023 at -3.6% of GDP

In terms of National Accounts, the final balance of the entire general government sector stood at -3.6% of GDP in 2023, a better result than expected and better than what the government announced months ago. The level of general government that has most reduced its deficit was central government, with -2.1% of GDP, while the autonomous communities posted -0.9% of GDP and local bodies practically stabilised their budget balance (-0.1% of GDP). Finally, Social Security recorded a deficit of -0.6% of GDP, in line with government forecasts.

Public deficit and public debt in Spain
% GDP

	2022	2023	2023 (forecast)
Public deficit of the General Government	-4.7	-3.6	-3.9
Central Government	-3.1	-2.1	-3.2
Regional Government	-1.1	-0.9	-0.3
Local Government	-0.1	-0.1	0.1
Social Security	-0.5	-0.6	-0.5
Public Debt	109.8	107.7	112.4

Source: Ministry for Treasury

This year, the budgetary adjustment was, once again, due to greater dynamism in resources than in uses. Resources increased by 9%, due to the continued strength of tax revenue, up 7%, and of social security contributions, which rose by 9.3%, on the back of the good performance of the labour market and the rise in wages. The weight of revenue as a percentage of GDP rose by a few tenths to 42.8%, the second highest figure in the historical series following the high in 2021 (43.1%).

Expenditure did not slow down and, in fact, continued to grow at a good pace (6.5%), albeit below nominal GDP (8.6%), bringing its weight in GDP down by one percentage point to 46.4%. The items with a notable increase were intermediate consumption (7.5%), social benefits (10.1%) and interest (13.1%), while compensation of employees increased by 5.5%. Expenditure restraint in 2023 was concentrated in grants, EU own resources and capital transfers.

Despite the positive surprise in the 2023 figures, all the agencies agree that the budget balance will stabilise somewhat above -3% of GDP in the coming years if no additional measures are implemented.

Business Activity

- **Since April 2023, turnover has continued to fall, with notable differences across sectors. However, it is worth highlighting the positive rates in the industrial sector in February, after ten consecutive months of decline.**
- **Corporate financing conditions continue to be high. However, new credit operations have increased in all segments, with this trend being more intense in loans of more than €1 million in February.**
- **Business confidence indicators are improving compared with the pessimism seen at the end of 2023. The composite PMI for March stood at 55.3, the highest level since April 2023.**
- **The number of companies registered with the Social Security in March is slightly above pre-pandemic levels.**

Turnover and sales

According to the National Statistics Institute (INE), turnover in February continued its year-on-year rate of decline, accumulating eleven months of consecutive falls. Specifically, the year-on-year rate adjusted for seasonal and calendar effects stood at -1.9%. The decline in energy, water and sanitation continued (-32.1%), while the rest of the sectors recorded increases, with non-financial market services posting the highest rate (7.7%). Extractive and manufacturing industries posted positive rates (0.5%), after ten months of declines.

According to the Tax Agency, **Total Sales of Large Companies, deflated and corrected for seasonal and calendar variations, increased by 0.4% in February versus the same month of the previous year**. This represents a slight slowdown compared to January but is still an improvement compared to the end of 2023. This result is due to both the slight slowdown in domestic sales and the decline in exports. By sector, the largest declines were recorded in some industrial sectors, specifically in the mining and quarrying industry (-10.2%) and in the manufacture of transport equipment (-11.3%). The sectors that increased their sales the most were information and communications (7.9%) and social, cultural, recreational and other services (8.3%).

The net ordinary income of non-financial corporations in the quarterly sample of the Central Balance Sheet Data Office grew by 6.5% in 2023 compared with 2022. All sectors show positive rates, except for the Industrial sector, whose fall is explained by the decline in the refining sub-sector. If this sector were excluded, industry would show positive rates.

The turnover of the companies in the sample fell by 8.1% in 2023, due to the fall in sales prices in the energy-related sectors (energy, refining and marketing of energy fuels).

Labour Costs

According to data from the Collective Bargaining Agreements Statistics published by the Ministry of Labour and Social Economy, as of 31 March, there were 2,461 agreements with known economic impact and registered for 2024, covering 949,995 companies and 8,399,690 people. The wage increase agreed in the negotiations with economic impact in 2024, registered up to 31 March, stands at 2.91%. In national sectoral agreements, wages increased by 2.88%, in regional agreements by 3.02% and in provincial agreements by 2.88%. By sector of activity and considering the provisional nature of the data and possible statistical effects, services recorded the highest wage variation (2.97%), followed by construction (2.89%), industry (2.81%) and the agricultural sector (2.24%).

Financing conditions and costs

In January, **interest rates on loans to companies increased slightly for transactions of up to €250,000 and between €250,000 and €1 million, standing at 5.1% and 4.9% respectively**. For transactions of more than one million euros, there was a decrease of 2 tenths over the previous month, from 4.9% in January to 4.7% in February. Despite these interest rates, **all new business loan transactions increased in February compared with the same month in 2023,** with transactions of more than €1 million showing the largest increase.

Business confidence

As for confidence indicators, **the composite PMI for March came in at 55.3, 1.4 points higher than in February (53.9). This is the highest level since April 2023.** This performance is explained by a further rise in activity in the services sector to 56.1 (54.7 in February) and by an increase in manufacturing production. The manufacturing PMI stood at 51.4 (51.5 in the previous month).

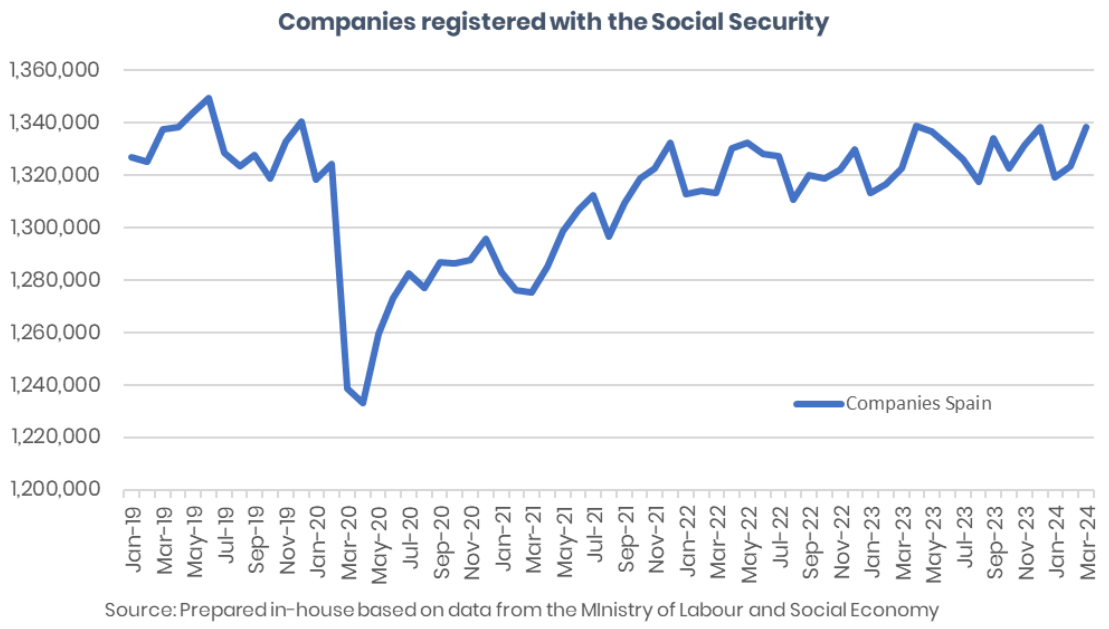
The European Commission's Economic Sentiment Indicator declined slightly from the previous month (102 in March against 102.4 in February) but remained at a relatively high level. Industry remains in contractionary territory, while construction and trade show positive results. The services sector continues to register favourable records and improves from the previous month.

The **Business Confidence Indicator published by the National Statistics Institute (INE)** improved by 1.5% in Q2 from Q1. 23.1% of companies forecast a favourable quarter and 13.8% are pessimistic about the progress of their business. All five sectors analysed have

increased in confidence compared to the previous quarter, with transport and hotels and restaurants (4.1%) showing the greatest improvement. On the other hand, trade and construction (both 0.1%) recorded the smallest increases.

Business dynamism

In March, 796 more companies were registered with the Social Security than in March 2019. By size, the smallest firms, those with 1 to 5 workers, still have not recovered pre-COVID levels. By economic sector, the number of companies registered with Social Security is below pre-pandemic levels in agriculture and industry, and only construction and services have recovered their previous figures.



Source: Prepared in-house based on data from the MInistry of Labour and Social Economy

Main Business Indicators
(last update: April 2024)

Indicator	2021	2022	2023	Penultimate data	Last data	Last given period
Turnover and sales						
	Annual rate			Year-on-year rate		
Business turnover index corrected for seasonal and calendar effects	23.1	11.8	-4.2	-3.1	-1.9	feb-24
Sales indicator for large companies	6.1	5.9	1.5	0.7	0.4	feb-24
Labour costs						
	Annual rate			Year-on-year rate		
Labour cost per worker	5.9	4.2	5.5	5.0	5.0	Q4 23
Business dynamism						
	Annual averages level			Monthly level		
Companies registered with the Social Security	1,301,461	1,321,657	1,327,404	1,323,368	1,338,491	mar-24
Financing conditions and costs						
	Annual average level			Monthly level		
Interest rates applied to new credit transactions up to 250 thousand Euros	1.9	2.3	4.7	4.9	5.1	feb-24
Interest rates applied to new credit transactions from 250 thousand to 1 million Euros	1.5	2.0	4.6	4.8	4.9	feb-24
Interest rates applied to new credit transactions over 1 million Euros	1.3	1.7	4.5	4.9	4.7	feb-24
	Annual rate			Year-on-year rate		
New corporate loans up to 250 thousand Euros	-5.9	15.7	5.3	12.1	8.6	feb-24
New corporate loans from 250 thousand to 1 million Euros	-28.9	8.9	2.9	4.1	12.5	feb-24
New corporate loans over 1 million Euros	-19.6	25.7	-22.1	-10.2	14.2	feb-24
Business confidence						
	Annual average level			Monthly or quarterly level		
Economic sentiment indicator	105.2	101.3	100.6	102.4	102.0	mar-24
Business confidence indicator	120.8	126.8	132.7	134.0	136.0	Q2 24
Composite PMI Index	55.3	51.8	52.5	53.9	55.3	mar-24
Manufacturing PMI Index	57.0	51.0	48.0	51.5	51.4	mar-24
Services PMI Index	55.0	52.5	53.6	54.7	56.1	mar-24
Stock markets						
	Annual averages level			Monthly level		
IBEX 35 Index	8,645.2	8,252.5	9,441.5	10,001.3	11,074.6	mar-24

Source: INE, Bank of Spain, Eurostat, Ministry of Labour and Social Economy, Tax Agency, Ministry of Economy, Trade and Business,

Forecasts

Economic forecasts for Spain (last update: April 2024)							
Annual rates of change, unless otherwise indicated							
	2019	2020	2021	2022	2023	2024	2025
GDP	2.0	-11.2	6.4	5.8	2.5	1.8	2.0
Private consumption expenditure	0.9	-12.4	7.2	4.8	1.8	1.5	1.7
Government consumption expenditure	1.9	3.6	3.4	-0.2	3.8	1.0	0.5
Gross fixed capital formation	4.5	-9.0	2.8	2.4	0.8	1.1	1.6
-Tangible fixed assets	5.3	-10.3	1.7	2.1	1.0	1.0	1.3
Construction	7.2	-9.2	0.4	2.6	2.3	1.0	1.3
Equipment and cultivated assets	2.4	-11.9	3.9	1.2	-1.3	1.0	1.4
-Intangible fixed assets	0.6	-2.7	7.7	3.8	-0.3	1.8	2.9
Domestic demand (*)	1.6	-9.0	6.7	2.9	1.7	1.6	1.4
Exports	2.2	-20.1	13.5	15.2	2.3	2.4	5.0
Imports	1.3	-15.0	14.9	7.0	0.3	2.1	3.8
External demand (*)	0.4	-2.2	-0.3	2.8	0.8	0.2	0.6
GDP current prices	3.5	-10.2	9.2	10.2	8.6	5.1	4.6
GDP deflator	1.4	1.1	2.7	4.1	5.9	3.3	2.6
CPI (average annual rate)	0.7	-0.3	3.1	8.4	3.5	3.1	2.2
CPI (Dec/Dec)	0.8	-0.5	6.5	5.7	3.1	3.4	2.0
Core CPI (average annual rate)	0.9	0.7	0.8	5.2	6.0	3.1	2.3
Employment (Quarterly National Accounts)(**)	3.3	-6.5	7.1	3.7	3.2	2.0	2.1
Employment (LFS)	2.3	-2.9	3.0	3.1	3.0	1.9	2.0
Unemployment rate (LFS) (% active population)	14.1	15.5	14.8	12.9	12.1	11.8	11.0
Productivity	-1.3	-5.0	-0.6	2.0	-0.7	-0.2	-0.2
Compensation per employee	2.5	2.8	0.3	2.9	5.2	3.7	2.9
Unit labour cost (ULC)	3.8	8.3	1.0	0.9	6.0	3.9	3.0
Current Account Balance (% of GDP)	2.1	0.6	0.8	0.6	2.5	1.8	1.7
General government net lending (+) / net borrowing (–) (% of GDP)	-2.9	-11.0	-6.9	-4.8	-3.6	-3.4	-3.2
Interest rates USA (Dec)	1.75	0.25	0.25	4.50	5.50	4.75	3.75
Interest rates Eurozone (Dec)	0.00	0.00	0.00	2.50	4.50	3.75	2.75
Brent Oil ($)	64.8	41.5	71.1	103.7	83.8	83.6	80.5

Source: CEOE, INE (National Statistics Institute), Banco de España, Eurostat

(*) Contribution to GDP growth

(**) Full-time equivalent jobs