SEFO

SPANISH AND INTERNATIONAL
ECONOMIC & FINANCIAL OUTLOOK

VOLUME 13 | number 4, July 2024

Assessing the impact of interest rate changes across the Spanish financial sector

funcas

WHAT MATTERS

Spanish economic forecasts: 2024-2025

The impact of the pandemic on the **shadow economy:** Known knowns

Monetary policy changes: Scale and implications

Bank margins: Price, volume and composition effects - Spain in a European context

Spain's **insurance business** in 2023 and outlook for 2024

Public support for **broadband deployment** in Spain: Improving connectivity and competitiveness

Gender diversity on corporate boards: Enhancing sustainability outcomes for Spain's IBEX 35 companies

SEFO is a bi-monthly Economic Journal published by Funcas and written by its experts, on the most pressing issues facing the Spanish and international economy / financial system today.

Readers can find this and archived issues of SEFO at www.funcas.es. Please contact us to request permission to republish an article at **publica@funcas.es**

Electronic Edition
An electronic edition of this Journal is available at
http://www.funcas.es/Publicaciones

Contact
publica@funcas.es

Web Site
www.funcas.es

Orders or Claims:
Funcas, publications
Tel.; +34-91-5965481, Fax: +34-91-5965796, e-mail: publica@funcas.es

Printed in Spain

Editorial and Production
Funcas
Caballero de Gracia, 28. 28013 Madrid (Spain)

ISSN print edition 2254-3899
ISSN electronic edition 2254-3880
Depósito Legal: M-10678-2012
Prints: Cecabank.

SEFO

SPANISH AND INTERNATIONAL
ECONOMIC & FINANCIAL OUTLOOK

This page was left blank intentionally.

Letter from the Editors

As the July issue of *Spanish and International Economic & Financial Outlook* (*SEFO*) goes to print, geopolitical and military conflicts persist, while protectionist tensions are intensifying, weighing on world trade in goods. European industry is the most affected, with manufacturing PMIs confirming signs of deceleration, remaining below 50 for the Eurozone as a whole as well as in each of the major European economies, except Spain. That said, services are performing better, particularly those most closely associated with tourism.

The lacklustre performance in Europe contrasts with relative strength in the US, both in services and industry. The resilience of growth, together with uncertainties about the pace of inflation de-escalation, have clouded the outlook for monetary policy easing by the Federal Reserve. Finally, in China, the deleveraging process continues to weigh on domestic demand, while encouraging companies to export to offset weakness in domestic markets.

Within this context, we start off the July *SEFO* with an update of our forecasts for the Spanish economy for 2024 and 2025.

The Spanish economy continues to post healthy growth, outpacing the European average by a considerable margin. We are forecasting GDP growth of 2.5% this year and of 1.8% in 2025, buoyed by the external surplus, private sector deleveraging and, to a lesser degree, the NGEU funds. As a result, we are expecting the creation of 730,000 new jobs over the next two years, which will nevertheless leave unemployment in the double digits. As for inflation, we are forecasting CPI of 3.3% in 2024, just 0.2pp below the 2023 figure. This inertia, which is typical of inflationary episodes, reflects the reversal of VAT and excise duty cuts on energy products (introduced in the wake of the invasion of Ukraine), wage agreements for restoring purchasing power and weak productivity trends. Disinflation should become more tangible in 2025, although we are still forecasting CPI above the ECB's target of 2%, in both Spain and the rest of the Eurozone. Despite recent economic successes, corporate investment and investment in housing continue to lag pre-pandemic levels, undermining potential output. Lastly, the persistence of such a high structural public deficit leaves the Spanish economy vulnerable to geopolitical and financial risks.

Relatedly, we next take a look at a crucial issue for the Spanish economy, yet one that is difficult to accurately measure-the informal economy.

Analysis appears to support a favourable evolution of the tax revenue-to-GDP figures and the estimates regarding the size of the shadow economy in Spain. The shock

induced by the pandemic led to a spike in inflation, which drove growth in tax receipts to a level that apparently outpaced inflation and real economic growth, albeit the evidence is far from conclusive. The gap in the tax burden with respect to the EU-27 average in 2019 has closed by half. This gap originated from a plethora of special tax treatments and a relatively larger shadow economy and level of tax fraud. Related to tax fraud, indeed, it is possible that the rise in electronic payments during and after the pandemic (perpetuated by the decrease in cash payments during this period) has made tax evasion more difficult, helping to increase VAT collections and changing individuals' behaviour. As well, the pandemic may have helped bring about a decrease in the number of workers without a contract and not paying income taxes and social contributions. Thus, given that the regime for special tax treatment has not changed substantially, it has been deduced that resolution of the latter issues is responsible for reducing the gap. That said, once again, on this point, the empirical evidence is far from conclusive. Moreover, the surprising and starkly contrasting pictures painted by the various calculations made using VAT, and the divergence in estimates about the size of the shadow economy, which place Spain both above and below the EU-27 average, clearly illustrate the need for more rigorous analysis over a larger time series after the pandemic. Such an effort would additionally serve to provide the foundations for building a more ambitious strategy for situating Spain within the first quartile of the EU-27's best-performing member states in terms of efforts to combat the shadow economy and tax fraud.

Moving on to the financial sector, we assess the various impacts of interest rate changes - first more broadly, and then through a more targeted lens as regards Spanish banks' margins, in addition to the performance of the Spanish insurance sector.

In June 2024, the ECB cut the rate on its main refinancing operations by a quarter of a point to 4.25%, convinced by the let-up in inflationary pressures and drop in core inflation. 12-month Euribor has been trading between 3.4% and 3.9%, reflecting market expectations about future rate cuts by the ECB. However, the effects of the rate cut have been minor as the credit channel remains relatively rigid. The volume of financing extended to the non-financial sector has been trending lower in 2023 and 2024, with credit contracting over this timeframe. For now, even in the face of the more favourable financing conditions, it is not likely that demand for credit will increase significantly in the coming months. Despite the rate tightening, the ECB's liquidity policy continues to play a crucial role. Even though the ECB has pared back its long-term refinancing operations, it continues to operate its asset purchase programmes, providing the market with stability but also prolonging dependence on official funding – although the tapering of its long–term financing programmes could increase financial volatility. In contrast, the Fed left its target range for the federal funds rate at 5.25-5.50%, evidencing its conservative approach to inflationary risks. The divergent decisions reflect different attitudes towards inflation, with potential implications for the global economy. In any event, the bond markets have responded to the ECB's move with a reduction in yields, while the equity markets have been mixed, reflecting uncertainty around the effectiveness of these measures. Going forward, clear central bank communication strategies remain key to mitigating market volatility and strengthening economic stability in an increasingly complex environment.

The two years since the start of rate tightening have been marked by very positive net interest margin dynamics in the European banking sector in general and in the Spanish sector in particular. Within this context, various factors have shaped the trend in margins, with some making a clearly positive contribution compared to others that have been less favourable and have even called into question the sustainability of current margins. Broadly speaking, the return on interest-bearing assets has been boosted significantly by the rate

effect, compared to a neutral or even negative volume effect, in line with meagre growth in credit, especially in Spain. As regards the cost of deposits, this has been shaped by a different strategy pursued by the Spanish banks compared to their European peers as a whole. This liability price management strategy has contributed to a different pattern in funding inflows and outflows and significant reconfiguration of the banks' pool of funding, marked by a bigger share of wholesale funding, particularly during the past year, when the banks have taken advantage of sharp tightening in their bond spreads. A disaggregation of the rate, volume and funding reconfiguration effects help to explain the incremental growth in the Spanish banks' net interest margin relative to their European counterparts.

As was expected in response to the extraordinarily rapid and intense period of interest rate hikes throughout 2023 in the midst of rampant inflation, last year's unique performance marked a turning point for certain lines of the Spanish insurance business. Indeed, the more than 76 billion euros of premium revenues recorded by the Spanish insurance sector in 2023 marks a new record. That sharp top-line growth – 18% from 2022 – was driven mainly by the life insurance business. Turning to the nonlife business, growth in premium revenues remained remarkably solid, the highest in recent years, at close to 7%. This noteworthy growth was driven by business growth in real terms but probably more so by the revaluation of policy premiums as a result of the adverse impact of inflation, which had been weighing on the business since 2022. However, a softer than expected economic landing, coupled with the containment of inflationary pressures, paving the way for a period of rate cuts, foreshadow a new scenario for the business in the quarters to come. Nevertheless, under the new scenario, if Spain's relatively favourable economic forecasts are on target, we would be looking at a new record in premium revenues for the sector of over 80 billion euros in 2024. This means sector conditions and prospects remain largely bright for the insurance sector as a whole, allowing for a robust outlook and the continued sizeable contribution to banks' profits.

Finally, we close this *SEFO* by assessing two microeconomic issues – competition and connectivity improvements in Spain's broadband network and the impact of higher levels of inclusion of women on the boards of Spanish companies as well as in executive positions at Spanish corporations.

Spain has experienced an increase in connectivity over the past decade, positioning itself as one of the leading countries in the European Union. Public support through broadband deployment subsidies has positively contributed to this evolution. Between 2013 and 2020, broadband deployment support programs in Spain mobilized a total investment of 672 million euros, with public support accounting for 51% of this total. Spain's competition authority, the CNMC, conducted a quantitative study of these subsidies between 2013 and 2020, which concluded that they have been effective in improving connectivity and creating positive competition synergies by increasing the variety of operators. Indeed, in 2020, nearly 4,000 municipalities out of more than the 8,000 existing municipalities had an active connexion to fiber optic networks (FTTH), constituting an enormous improvement compared to 2013, where only 270 municipalities (the most populated) had FTTH. Similar improvement is found from the perspective of concentration, considering that the number of municipalities with FTTH connections and a single operator decreased from 87% to 9% between 2013 and 2020. The improvements are most notable in smaller municipalities, with populations of fewer than 10,000 inhabitants, suggesting that public efforts should focus on fostering broadband deployment improvements in these types of municipalities.

Historically, corporate boards were predominantly male due to societal norms and systemic barriers limiting women's participation in senior leadership. More recently, institutional changes, such as board quotas and evolving

social norms, now promote gender diversity in boardrooms. Such changes are believed to have positively impacted ESG outcomes within firms. Through an examination of annual reports across Spain's IBEX-35 companies over the six-year period from 2017-2022, preliminary findings reveal that the overall impact of the presence of women directors and executives is limited except as regards sensitivity related to ESG issues, although the causality between gender diversity and ESG sensitivity cannot be confirmed. That said, the presence of woman directors is often linked to sustainability committees, providing diverse perspectives that improve the social and environmental responsibility of the companies. In the case of women executives, they seem to have a stronger impact on gender agendas.

What´s Ahead (Next Month)

Month	Day	Indicator / Event
August	2	Social Security registrants and official unemployment (July)
	2	Tourist arrivals (June)
	5	Industrial production index (June)
	13	CPI (July)
	19	Foreign trade report (June)
	21	Services sector production index (June)
	29	Preliminary CPI (August)
	30	Retail trade (July)
	30	Balance of payments monthly (June)
September	2	Tourist arrivals (July)
	3	Social Security registrants and official unemployment (August)
	10	Industrial production index (July)
	11	Non-financial accounts, State (July)
	11	Non-financial accounts, Regional Governments and Social Security (June)
	12	CPI (August)
	12	ECB monetary policy meeting
	20	Foreign trade report (July)
	23	Balance of payments quarterly (2nd quarter)
	24	Services sector production index (July)
	26	Retail trade (August)
	27	Quarterly National Accounts (2nd quarter, 2nd release)
	27	Preliminary CPI (September)
	30	Non-financial accounts, State (August)
	30	Non-financial accounts, Regional Governments and Social Security (July)
	30	Non-financial accounts, General Government (2nd quarter)
	30	Quarterly Non-financial Sector Accounts (2nd quarter)
	30	Balance of payments monthly (July)

This page was left blank intentionally.

What Matters

This page was left blank intentionally.

Spanish economic forecasts: 2024-2025

The Spanish economy is expected to grow by 2.5% in 2024 and another solid 1.8% next year, continuing to outpace the European average by a considerable margin. The favourable external competitiveness position is a key factor behind this performance; nonetheless, corporate and housing investment continue to lag pre-pandemic levels, undermining potential output, while the high structural public deficit increases vulnerability to geopolitical and financial risks.

Raymond Torres, María Jesús Fernández and Fernando Gómez Díaz

Abstract: The Spanish economy continues to post healthy growth, outpacing the European average by a considerable margin. We are forecasting GDP growth of 2.5% this year and of 1.8% in 2025, buoyed by the external surplus, private sector deleveraging and, to a lesser degree, the NGEU funds. As a result, we are expecting the creation of 730,000 net new jobs over the next two years, which will nevertheless leave unemployment in the double digits. As for inflation, we are forecasting CPI of 3.3% in 2024, just 0.2pp below the 2023 figure. This inertia, which is typical of inflationary episodes, reflects the reversal of VAT and excise duty cuts on energy products (introduced in the wake of the invasion of Ukraine), wage agreements for restoring purchasing power and weak productivity trends. Disinflation should become more tangible in 2025, although we are still forecasting CPI above the ECB's target of 2%, in both Spain and the rest of the Eurozone. Despite recent economic successes, corporate investment and investment in housing continue to lag pre-pandemic levels, undermining potential output. Lastly, the persistence of such a high structural public deficit leaves the Spanish economy vulnerable to geopolitical and financial risks.

> “Of the total 0.8% of q-o-q GDP growth in the first quarter of 2024, 0.5pp was the result of the contribution of the foreign sector, with net tourist and non-tourist service exports more than offsetting the contraction in goods exports.”

Recent performance: Ongoing healthy momentum

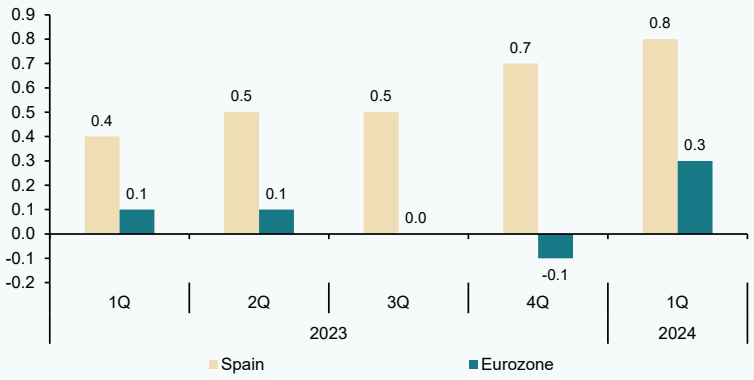
The revised national accounting statistics for the first quarter of 2024 raised the initially estimated quarter-on-quarter GDP figure by 0.1pp to 0.8%. The composition was largely unchanged from the provisional figures published in April, other than a smaller than initially estimated contraction in public spending. Of the total, 0.5pp of the first-quarter growth was the result of the contribution of the foreign sector, with net tourist and non-tourist service exports more than offsetting the contraction in goods exports. Domestic demand accounted for 0.3pp of the growth, underpinned by private consumption and investment.

As a result, the Spanish economy continued to report healthy growth in the first quarter, in contrast to far more moderate growth – and in some instances the odd quarter of contraction – we are seeing across the Eurozone (Exhibit 1).

Exhibit 1

GDP growth in Spain and the Eurozone

Percentage quarter-on-quarter



Sources: Eurostat and INE.

> “Due to the sharp growth in household gross disposable income, the savings rate rose to 14.2% in the first quarter, the highest figure on record, excluding the pandemic years.”

> “The disinflation process is being curtailed by downward inertia in services markets, as well as base effects in energy prices and the withdrawal of anti-inflation measures.”

Household gross disposable income continued to grow, at a sharp 8% year-on-year in the first quarter, albeit down from the rates observed during the last four quarters. The growth was driven by growth in employee compensation, social benefits (mainly pensions), albeit less of a force than in previous quarters, and property income, which jumped by 44% year-on-year, despite a sharp increase in interest payments. As a result, the savings rate in the first quarter of 2024 was the highest first-quarter figure in the history of the series, excluding the years of the pandemic (2020 and 2021), which were marked by anomalous excess savings. In seasonally adjusted terms, the savings rate rose to 14.2%, from 13% in 4Q23.

As for the second quarter, although not all of the information is in, the signals remain positive. Social Security contributors increased by 0.8% from from the growth observed in 1Q24, up from the 0.7% growth recorded in the previous quarter. The industrial activity indicators started the year largely where they left off last year, whereas the services activity indicators were less consistent: healthy overnight stays, air passenger and PMI readings compared to more lacklustre confidence and large enterprises sales reports. On the other hand, housing sales and mortgage activity are picking up. New business loans were also more dynamic in March and April. In short, the data available to date point to quarterly GDP growth of 0.6% in the second quarter.

Headline inflation has increased from a low of 2.8% in February to around 3.5% in recent months, shaped partly by step effects in energy products and as a result of the reversal of VAT rate cuts on electricity and gas. Core inflation, which paints a better picture of underlying inflationary pressures, has dropped from 3.6% at the start of the year to around 3% between April and June. Inflationary pressures remain strong in services, particularly all sectors related with tourism. In other words, the disinflation process is being curtailed by the trend in specific components, especially services, as well as step effects in energy products and the timeline for withdrawing the various anti-inflation measures.

The ECB, having raised its rate for the 10th consecutive time last September, cut its official rate by 25 basis points in June. Market rates, meanwhile, started to trend lower last autumn, pricing in swift easing by the ECB. In recent months, however, as those expectations have cooled, market rates have once again ticked higher. 12-month Euribor is moving up and down around the 3.6% mark. Elsewhere, the yield on Spanish bonds has been coming down since December, likewise with ups and downs, and is currently trading at around 3.2%. The sovereign risk premium dropped from over 100 basis points in 2023 to under 80 basis points in May, from where it has since risen due to the uncertainty generated in the Eurozone following the snap elections called in France.

> “The sovereign risk premium on the Spanish 10-yr bond dropped from over 100 basis points in 2023 to under 80 basis points in May, from where it has since risen due to the uncertainty generated in the Eurozone following the snap elections called in France.”

> “Despite the rapid increase in tax receipts over the period from 2019 to 2023, total government revenues as a percentage of GDP are still 3.6 percentage points below the European average (compared to a gap of 7.2pp in 2019).”

The current account surplus hit a new record in the first quarter of 2024 of 11.9 billion euros. The goods trade deficit increased year-on-year, whereas the services trade surplus registered strong growth, fuelled by non-tourist services but especially by tourist service exports. As for the income deficit, net payments abroad increased slightly.

Budget outturn

Spain reported a deficit of 6.1 billion euros in the first quarter of 2024, compared to 3.5 billion euros in 1Q23, driven by higher deficits at the local and, above all, regional government levels. The deterioration in public finances is attributable to more moderate growth in revenue compared to expenses, with employee compensation standing out (1.9 billion euros higher than in 1Q23), along with interest expense (up 1.3 billion euros), particularly expenditure on pensions (which was some 2.3 billion euros higher than in the first quarter of 2023).

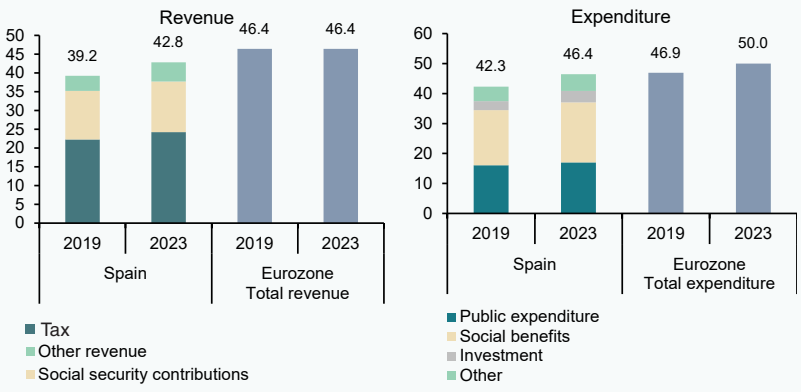
Total government receipts increased by 3.6 points as a percentage of GDP between 2019 and 2023, from 39.2% to 42.8% (Exhibit 2). Note, however, that around one percentage point of 2023 receipts came from transfers from Europe to fund the Recovery and Resilience Plan that had no equivalent in 2019. Looking only at tax and social contributions revenue, the percentage has increased from 35.2% of GDP to 37.7%. The bulk of that increase – 2.1 percentage points – has come from current taxes on personal and corporate income.

The growth in total public revenue contrasts with the stability observed in the European

Exhibit 2

General government revenue and expenditure in Spain and the Eurozone

Percentage of GDP



Source: Authors' own elaboration based on Eurostat and INE data.

> “Since the pandemic, public spending has increased rapidly, but, as a percentage of GDP, it remains 3.6 points below the European average (one point down from 2019).”

average over the same timeframe (in all instances expressed over GDP). Nevertheless, total receipts over GDP in Spain are still 3.6 percentage points below the European average (compared to a gap of 7.2pp in 2019).

Total expenditure, meanwhile, has increased by 4.1 percentage points of GDP, from 42.3% to 46.4%, albeit shaped by a similar distortion, as the 2023 figures include spending financed by European transfers that did not exist in 2019 (with no impact on the deficit). On a like-for-like basis, we estimate that government spending increased by 3.2 percentage points of GDP between 2019 and 2023. Of this increase, 1.4 points has gone to social transfers, mainly pensions. Among the remaining items, expenditure on intermediate goods has increased substantially (+0.6pp), as has gross capital formation (0.7pp), albeit largely attributable in this case to the Recovery and Resilience Plan.

A comparison with the pre-pandemic snapshot also signals a bigger increase in total public spending than that observed in the Eurozone. Despite that, the ratio of public expenditure over GDP is still below the European average, marked by a gap of 3.6 percentage points (one point down from 2019).

The short-term outlook is positive, but concerns over the public deficit and pace of investment linger

These forecasts assume less expansionary fiscal policy than in recent times, specifically the gradual unwinding of the anti-inflationary pressures, rollover of the last budget and reinstatement of the European fiscal rules, at a time when the debt burden needs to be financed in the market, as the ECB is rolling back its asset purchase programmes. In terms of monetary policy, we are now forecasting a more gradual rate-cutting path than previously. The ECB is going to have to factor the resilience of inflation and cautious attitude of the Federal Reserve, which is extremely important for the financial markets in general and the currency markets in particular, into its decisions. On the international front, while geopolitical uncertainties linger, the European economic situation is expected to gradually improve.

Framed by these assumptions, we are looking for healthy GDP growth throughout the projection period, consistently above the European average. In 2024, we are forecasting GDP growth of 2.5%, up 0.4pp from our last set of forecasts (Table 1). That upward revision partly reflects the inclusion of the first-quarter figure, which was better than expected. It also reflects a brighter outlook for private consumption, shaped by the existence of a higher stock of savings, according to the latest estimates (INE).

As a result, we are expecting internal demand to contribute 2.1 points of growth, which would be 0.4pp more than in 2023. That acceleration will be driven by private consumption (thanks to growth in household disposable income and the use of pent-up savings) and gross fixed capital formation. With respect to the latter,

> “In 2024, we are forecasting GDP growth of 2.5%, up 0.4pp from our last set of forecasts.”

> In 2025, the economy is expected to grow by 1.8%, slowing from this year.

investment in infrastructure is expected to be the most dynamic component, with residential construction and investment in capital goods, both of which affected by interest rates and bottlenecks (in the case of the housing market), registering more moderate growth. Public spending is the only component of internal demand expected to drag on growth, in line with the assumptions outlined above.

Despite a lethargic European economy, the main destination for Spanish goods exports, foreign demand is expected to continue to contribute positively to growth. Non-tourist service exports and, more so, tourist service exports should fare better, thanks to the favourable competitive positioning of Spanish companies in these sectors and reduced reliance on the ailing European industrial sector. Imports are expected to recover in line with long-run elasticities (in 2022-2023, global supply chain disruptions and the energy crisis led to an anomalous trend in imports, which is not expected to be repeated during the projection horizon). As a result, we expect the foreign sector to contribute 0.4 points to growth this year, which is half of the 2023 contribution but nevertheless a solid performance.

In 2025, the economy is expected to grow by 1.8%, slowing from this year. The slowdown is expected to come from internal and external demand. On the domestic front, consumption is likely to ease: depletion of the savings buffer will weigh on household spending, as will the scant margin for growth in public spending in light of the need to comply with the reinstated European fiscal rules. Investment should accelerate somewhat thanks to a spurt of investment as the final amounts of NGEU funds are allocated. This effect will not, however, offset the slowdown in consumption, so that we expect internal demand to contribute 1.7 points to growth, down 0.4pp from 2024.

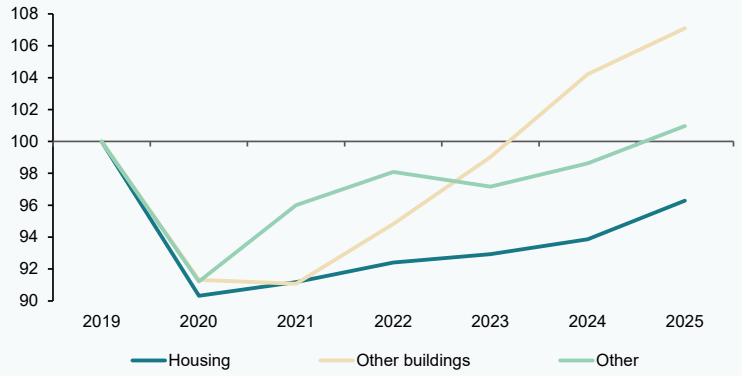
Meanwhile we expect external demand to contribute 0.1pp to growth, down 0.3pp from this year, as the boom in tourism runs its course, in light of the saturation levels already becoming apparent. Goods exports could recover somewhat, in line with gradual economic recovery in Europe, while non-tourist service exports should remain dynamic, albeit not enough to make up for the slump in tourist exports. More normal import elasticities will also weigh on this contribution.

In a nutshell, we are forecasting sustained growth in the next two years. Beyond 2025, the outlook depends on investment, which is key to boosting productivity and potential output. Here, there are some concerns (Exhibit 3). Firstly, the anticipated uptick in investment in housing will not be sufficient to mitigate, or not aggravate, the shortage of housing. Therefore, in the absence of reforms, the housing market is likely to remain tight, weighing on mobility and the labour force. Secondly, according to our forecasts, investment in productive assets is not expected to revisit pre-pandemic levels until 2025. This variable is the key remaining laggard.

> Disinflation should become more tangible in 2025, although we are still forecasting CPI above the ECB's target of 2%, in both Spain and the rest of the Eurozone.

Exhibit 3 **Fixed investment**

Constant prices, 2019 = 100



Source: INE and Funcas forecasts.

Even assuming energy market stabilisation and the absence of a new supply shock, inflation is hardly expected to improve this year. We are forecasting CPI of 3.3% in 2024, just 0.2pp below the 2023 figure. This inertia, which is typical of inflationary episodes, reflects the reversal of VAT and excise duty cuts on energy products (introduced in the wake of the invasion of Ukraine), the agreements for restoring purchasing power and weak productivity trends. Disinflation should become more tangible in 2025, although we are still forecasting CPI above the ECB's target of 2%, in Spain and in the rest of the Eurozone. The GDP deflator, which is a better proxy for the underlying trends, is expected to trend in line with CPI, evidencing stability in the relative terms of trade.

Employment should remain a driving force: we are forecasting net job creation of 730,000 between 2024 and 2025. However, job creation is likely to lose momentum in 2025 as the economy slows and the labour force shrinks (with net inflows of foreign workers expected to slow in the wake of the post-pandemic surge). Unemployment is expected to average 10.3% in 2025, one of the highest rates in Europe.

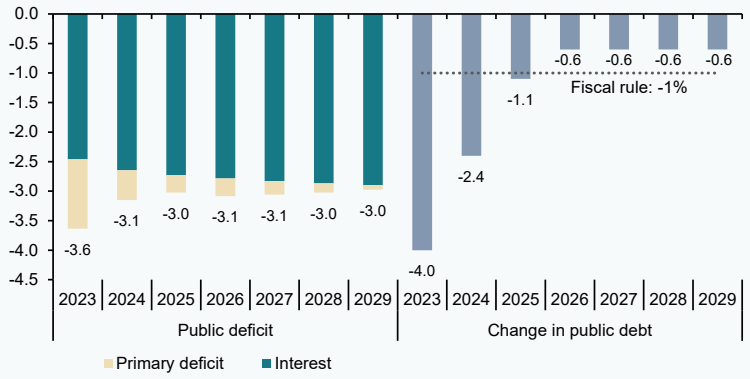
Spain's external accounts are expected to continue to improve thanks to the positive contribution to growth by the external sector and also stabilisation in the relative terms of trade (stable real rate of exchange). We are forecasting a considerable current account surplus of just under 3% of GDP.

We expect both the deficit and public debt to fall as a percentage of GDP, due mainly to circumstantial factors. This year, the fiscal indicators will move within the thresholds stipulated under the reinstated rules. In 2025, however, we expect the deficit to stagnate at

> "Assuming no policy changes, potential output of around 1.75% per annum and inflation of 2%, the ratio of debt-to-GDP will fail to come down at the rate required to comply with the fiscal rules."

Exhibit 4

Public deficit as a % of GDP and change in public debt-to-GDP ratio



Source: INE and Funcas forecasts.

around 3%. As a result, assuming no policy changes, potential output of around 1.75% per annum and inflation of 2%, the ratio of debt-to-GDP will fail to come down at the rate required to comply with the fiscal rules (Exhibit 4). To do so, the deficit would have to be cut further and economic growth would need to be somewhat higher, an outcome that will only be possible in a scenario of investment recovery plus reforms. In theory, inflation of over 2% would also help erode the real value of Spain's debt but that assumption is inconsistent with the ECB's target.

Risks

The main risk to delivery of these forecasts continues to lie with geopolitical strains, particularly the potential for intensification of the crises in Ukraine and the Middle East. There is also a chance of renewed stress in the financial markets, as we saw recently when Macron called a snap election in France. Spain's public debt and deficit levels leave it vulnerable to these eventualities.

Other than those risks, we do not see threats to Spain's current growth trajectory: besides its fiscal shortcomings, there are no macroeconomic imbalances or bubbles in any area of the economy; the balance of payments surplus is solid, and Spain's households and businesses have improved their financial situation on the whole. In the short-term we see more upside than downside. Medium-term, the scenario is more uncertain.

The current savings buffer and financial health of Spanish households implies room for higher growth in consumption than we are currently forecasting. The significant shortage of housing could fuel stronger than forecast activity in the construction sector. Lastly, our forecasts for tourism, where growth has

"The main risk to delivery of these forecasts continues to lie with geopolitical strains, particularly the potential for intensification of the crises in Ukraine and the Middle East."

Table 1

Economic forecasts for Spain, 2024-2025

Annual rate of change in percentages, unless otherwise indicated

	Actual data				Funcas forecasts		Change from last set of forecasts (a)	
	Average 2008-2013	Average 2014-2019	Average 2020-2022	2023	2024	2025	2024	2025
1. GDP and aggregates, constant prices								
GDP	**-1.3**	**2.6**	**0.3**	**2.5**	**2.5**	**1.8**	**0.4**	**-0.2**
Final consumption, households and NPISHs	-2.1	2.2	-0.2	1.8	2.3	1.9	0.4	0.3
Final consumption, government	0.9	1.3	2.2	3.8	1.7	1.0	-0.3	-0.6
Gross fixed capital formation	-7.6	4.8	-1.3	0.8	2.3	2.5	0.1	0.0
Construction	-10.7	4.9	-2.1	2.3	2.9	2.7	-0.1	0.1
Capital goods and other products	-2.7	4.8	-0.5	-0.9	1.5	2.4	0.1	0.0
Exports of goods and services	1.8	3.9	2.9	2.3	3.9	2.4	1.8	-0.9
Imports of goods and services	-4.0	4.4	2.3	0.3	3.1	2.5	1.4	-0.2
Internal demand (b)	-3.1	2.6	0.2	1.7	2.1	1.7	0.2	0.0
Net export (b)	1.8	0.0	0.1	0.8	0.4	0.1	0.2	-0.2
GDP, current prices: - billion of euros	--	--	--	1,461.9	1,548.8	1,615.3	--	--
- % change	-0.8	3.4	3.1	8.6	5.9	4.3	0.5	0.0
2. Inflation, employment and unemployment								
GDP deflator	0.5	0.8	2.6	5.9	3.4	2.5	0.2	0.2
Household consumption deflator	1.7	0.7	2.9	4.2	3.5	2.5	0.3	0.2
Total employment (National Accounts, FTEs)	-3.4	2.6	1.5	3.2	2.2	1.5	0.1	0.5
Compensation per employee (per FTE)	2.4	0.9	2.0	5.2	3.4	2.6	-0.1	-0.1
Unemployment rate (Spanish LFS, % of active pop.)	20.2	18.8	14.5	12.2	11.2	10.3	-0.5	-0.6
3. Financial equilibrium (% of GDP)								
National saving rate	18.8	21.7	21.8	22.9	23.1	23.3	-0.1	0.2
- of which, private saving	22.9	23.6	26.0	24.2	23.4	23.3	0.0	0.2
National investment rate	21.7	19.4	21.2	20.3	20.3	20.5	-0.1	-0.1
- of which, private investment	17.7	17.2	18.4	17.4	17.3	17.4	-0.1	-0.1
Current account surplus/(deficit)	-2.9	2.3	0.7	2.6	2.9	2.8	0.1	0.3
Spain net lending (+) / net borrowing (-)	-2.4	2.7	1.4	3.7	3.6	3.5	0.0	0.4
- Private sector	6.6	6.8	8.6	7.3	6.8	6.6	0.0	0.5
- Public sector	-9.0	-4.1	-7.2	-3.6	-3.1	-3.0	0.1	0.0
Governmrnt debt, EDP criteria	69.0	101.9	116.2	107.7	105.3	104.2	-0.5	-0.4
4. Other variables								
Eurozone GDP	-0.2	1.9	1.0	0.5	0.9	1.4	0.3	0.0
Household saving rate (% of GDI)	8.8	6.7	12.9	11.7	10.8	10.0	-0.2	-0.4
Gross borrowing, household (% of GDI)	128.5	101.6	88.1	74.2	68.9	65.2	-0.3	-0.2
Consolidate gross debt borrowing, NFCs (% of GDP)	112.7	81.6	78.9	64.7	60.5	57.5	-0.4	-0.4
12-month EURIBOR (annual averege %)	1.90	0.01	0.10	3.86	3.60	3.07	0.20	0.50
Yield on 10Y Spanish bond (annual average %)	4.74	1.58	0.97	3.48	3.30	3.10	0.20	0.30

(a) Change in percentage points between the current forecasts and those published in the May 2024 Panel.
(b) Contribution to GDP growth, in percentage points.

Sources: 2008-2023: INE and Bank of Spain; Forecasts 2024-2025: Funcas.

> “Longer-term, the trend in GDP per capita remains a concern, as a result of meagre growth in productivity, the Spanish economy’s Achilles heel.”

been topping our expectations consistently in recent years, are conservative.

Longer-term, however, the trend in GDP per capita remains a concern, as a result of meagre growth in productivity, the Spanish economy’s Achilles heel. Against that backdrop, the stagnation in corporate investment is of particular concern. In the short-term, this factor does not imply a risk of inducing a recession but in the absence of a significant recovery, it will exacerbate the productivity problem and drag on the Spanish economy’s potential output in the years to come. Finally, the weakness in residential investment, were it to persist, could constrain labour mobility and the inflow of foreign workers and similarly weigh on potential output.

Raymond Torres, María Jesús Fernández and Fernando Gómez Díaz.
Funcas

The impact of the pandemic on the shadow economy: Known knowns

An interpretation of recent indicators claims that policy responses such as the furlough scheme and changes in individuals' and firms' behaviours driven by the pandemic, such as increased reliance on electronic payments, have significantly reduced the size of the shadow economy and tax evasion in Spain. However, a more prudent perspective advises deepening the analyses and confirming this structural change with data for an extended period.

Santiago Lago Peñas

Abstract: Analysis appears to support a favourable evolution of the tax revenue-to-GDP figures and the estimates regarding the size of the shadow economy in Spain. The shock induced by the pandemic led to a spike in inflation, which drove growth in tax receipts to a level that apparently outpaced inflation and real economic growth, albeit the evidence is far from conclusive. The gap in the tax burden with respect to the EU-27 average in 2019 has closed by half. This gap originated from a plethora of special tax treatments and a relatively larger shadow economy and level of tax fraud. Related to tax fraud, indeed, it is possible that the rise in electronic payments during and after the pandemic (perpetuated by the decrease in cash payments during this period) has made tax evasion more difficult, helping to increase VAT collections and changing individuals' behaviour. As well, the pandemic may have helped bring about a decrease in the number of workers without a contract and not paying income taxes and social contributions. Thus, given that the regime for special tax treatment has not changed substantially, it has been deduced that resolution of the latter issues is responsible for reducing the gap. That

> The shadow economy and tax fraud are intricately related concepts, but they are not synonymous.

said, once again, on this point, the empirical evidence is far from conclusive. Moreover, the surprising and starkly contrasting pictures painted by the various calculations made using VAT, and the divergence in estimates about the size of the shadow economy, which place Spain both above and below the EU-27 average, clearly illustrate the need for more rigorous analysis over a larger time series after the pandemic. Such an effort would additionally serve to provide the foundations for building a more ambitious strategy for situating Spain within the first quartile of the EU-27's best-performing member states in terms of efforts to combat the shadow economy and tax fraud.

Shadow economy and tax fraud: A few considerations [1]

The shadow economy and tax fraud have been the focus of public debate in Spain of late. The inclusion of component number 27, "Measures and actions to prevent and combat tax fraud", in Spain's Recovery, Transformation, and Resilience Plan (RTRP) involves a series of commitments to the European Union around this issue and helps explain its recent prominence. The argument is that the pandemic modified habits and conduct in such a way as to help reduce the scale of both problems in Spain. Since 2020, Spain has converged towards European averages in terms of the incidence of these issues. The main purpose of this paper is to assess the accuracy of this claim using available estimates and calculations, paving the way for addressing the level of delivery of item 27 of the RTRP in an upcoming article.

The shadow economy and tax fraud are intricately related concepts, but they are not synonymous. The differences between them are not insignificant. The shadow economy involves hiding economic activities in general, while tax fraud consists of deliberately disobeying tax laws, which does not necessarily involve the existence of prior or concurrent informal economic activity.

It is hard to quantify the shadow economy precisely because its participants work to stay out of the spotlight implied by registers and statistics. In general, the preferred estimation methods take an indirect approach, using macroeconomic variables that are correlated with the informal economy. The most reliable are the monetary approach, the so-called MIMIC model, and the analysis of discrepancies between official statistics and estimates gleaned from other sources (Lago Peñas, 2018).

Estimates of tax evasion, meanwhile, involve two main approaches. On the one hand, we have papers that focus on fraud in a specific tax or tax source. These studies use ad-hoc methodologies that depend on the characteristics of the tax in question and the information available. Their main drawback is that they provide partial estimates and fail to quantify tax fraud as a whole. That is why it is also common to see a different approach. Essentially, it focuses on the shadow economy, examining

> The Spanish government calculated that the measures taken during the COVID crisis had brought around 285,000 contributors back into the Social Security system by the summer of 2022: 250,000 employees and 35,000 self-employed workers.

> "The government underlined the importance of the shift in tax consciousness as a result of COVID-19, highlighting the changes in conduct derived, for example, from the growth in card payments relative to cash payments."

its impact on tax revenue in a very simple way: it assumes that the taxable income not taxed is proportionate to the size of the shadow economy and applies the average effective tax rate observed in the formal economy to that base. The validity of this method depends on two key assumptions: (i) that the size of the shadow economy is a good proxy for the amount of taxable income on which tax is avoided; and, (ii) that the average effective tax rate observed in the formal economy is the right rate to apply to that tax base. Both assumptions should be taken with considerable caution. This is so because they ignore the tax fraud that takes place outside of the shadow economy; because some of the shadow economy would disappear if forced into the formal economy due to the resulting increase in costs; and because the average tax rate applicable to the taxable income corresponding to the informal economy likely should be lower than that of the formal economy.

The rest of this paper is structured into four sections. The next section analyses the interpretations and perceptions around the impact of the pandemic on the shadow economy. Subsequently, we take a look at what the most recent estimates and calculations tell us. The following section focuses on the so-called tax residuals and the effects of inflation on tax revenue. Lastly, we outline our main conclusions.

Impact of the pandemic on the shadow economy: Interpretations and perceptions

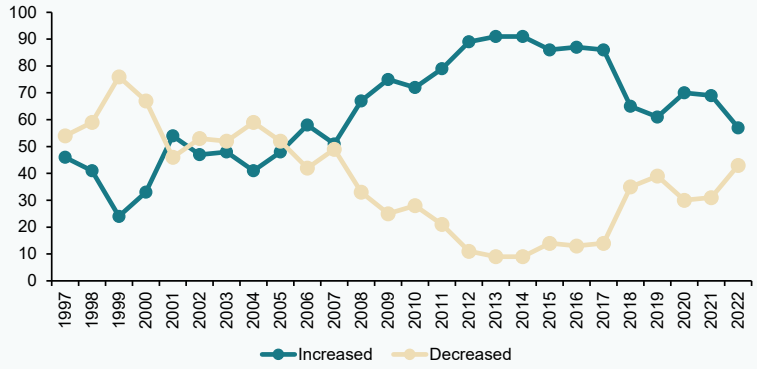
The draft budget for 2023 published in October 2022 (Government of Spain, 2022), claimed that the deployment of an income protection system of unprecedented reach and size has had the positive effect of formalising some of the shadow economy, leading to a better-performing labour market and an improvement in the structural public deficit. Specifically, the furlough scheme, the extraordinary income support for the self-employed, and the minimum income scheme are said to have brought people who used to work in the informal economy back into the fold of the formal economy. Comparing the data from the *Labour Force Survey* and Social Security contributors (general regime), the Spanish government calculated that the measures taken during the COVID-19 crisis had brought around 285,000 contributors back into the Social Security system by the summer of 2022: 250,000 employees and 35,000 self-employed workers. The National Office of Foresight and Strategy has repeated this argument on several occasions.

By April 2023, in presenting the Stability Programme Update, 2023-2026 (Government of Spain, 2023), the emphasis shifted to the impact on tax revenue. The assertion was that the effort to combat tax fraud and reduce the shadow economy was

> "Citizens' perception of the scale of tax fraud has improved in the wake of the pandemic, albeit remaining far from the perception observed at the end of the 1990s, when the people who thought that compliance was improving far outnumbered the pessimists."

Exhibit 1

Responses to the question "In the last decade, in general terms, do you believe tax fraud has increased or decreased?"



Source: IEF (2023).

responsible for the increase in the ratio of tax receipts over GDP. Specifically, the government underlined the importance of the shift in tax morale as a result of the COVID-19 crisis because the protection scheme deployed by the government through measures such as the furlough scheme did not encompass the shadow economy, and highlighted the changes in conduct derived, for example, from the growth in card payments relative to cash payments.

To get an idea of how citizens' perceptions of these issues have evolved in recent years, the best source is the Fiscal Barometer which the Institute of Fiscal Studies (IEF, 2023) has been publishing for over 25 years. Exhibit 1 depicts the trend since 1997 in respondents' answers to the question as to whether they believe tax fraud has increased or decreased in the past decade. Note that the surveys in respect of 2022 were carried out between 30 June 2023 and 27 August 2023. Citizens' perception of the incidence of tax fraud deteriorated sharply between 2007 and 2017. After that, the situation improved, a process interrupted at the height of the pandemic (2020-2021). In 2022, the situation reverted, for the first time in 15 years, to the snapshot from before the Great Recession. This confirms, therefore, that citizens' perception of the scale of tax evasion has improved in the wake of the pandemic, albeit remaining far from the perception observed at the end of the 1990s, when the people who thought that compliance was improving far outnumbered the pessimists.

> "The figure provided for the size of the shadow economy relative to GDP by Schneider and Asllani for 2022 (15.8%) is 1.5 percentage points below the EU-28 average (17.3%), Spain's best performance during the time series analysed, which starts in 2002."

> “Based on the EC’s VAT compliance gap measure, Spain’s gap went from a little over 5% of potential receipts in 2020 to just 0.8% in 2021 – an improvement seen across almost all EU countries, possibly attributable to factors such as improved tax management, growth in online commerce and the reduction in cash payments.”

Estimation of the shadow economy and tax fraud for 2020-2023

Starting with the shadow economy and the international analyses that include Spain along with other countries, we would highlight Schneider and Asllani (2022), whose calculations coincide with those estimated previously by Schneider (2022) using the MIMIC model, and the estimates by Elgin *et al.* (2021), which feed into the World Bank’s informal economy database [2]. Table 1 reproduces the values available for 2018-2022. The World Bank data feature the results obtained using two alternative methodologies: a dynamic general equilibrium (DGE) model and the MIMIC method.

Taken together, the results shown in Table 1 indicate growth in the shadow economy during year one of the pandemic and shrinkage in the following years. The figure provided by Schneider and Asllani for 2022 (15.8%) is 1.5 percentage points below the EU-28 average (17.3%), Spain’s best performance during the time series analysed, which starts in 2002.

Turning to tax fraud, we have the VAT compliance gap estimates of CASE *et al.* (2023). Note that the VAT compliance gap is mainly attributable to evasion but is also the result of tax receipts lost on account of bankruptcies, administrative errors, and tax optimisation strategies. The results are extraordinarily positive for Spain and hard to fit with other findings. By this measure, Spain is the third most compliant country in the EU-27. Between 2020 and 2021, the gap went from a little over 5% of potential receipts under the legislation in effect in 2020 to just 0.8% in 2021. This improvement can be seen across all countries, except Denmark and Sweden, and the authors attribute it to factors such as improvements in tax management, the growth in online commerce and the reduction in cash payments.

Here it is worth referring to Pappadá and Rogoff (2023), who use a new VAT-based methodology dubbed EVADE to estimate the shadow economy. In clear contrast to CASE *et al.* (2023) estimates, Spain ranks

Table 1 **Size of the shadow economy in Spain expressed as a percentage of GDP**

Percentage

	2018	2019	2020	2021	2022
Schenider and Asllani (2022)	16.6	15.4	17.4	16.9	15.8
Elgin *et al.* (2021) DGE	20.9	20.9	20.6		
Elgin *et al.* (2021) MIMIC	22.0	21.8	23.4		

Source: Author’s own elaboration.

“ Spain is, together with Greece and Italy, one of the countries that foregoes the most revenue due to decisions about rates and bases, in addition to the non-application of VAT in the Canary Islands, Ceuta and Melilla. ”

third on a list of 21 European countries ordered from biggest to smallest informal economies. The explanation for this discrepancy lies very probably with the other concept computed by CASE *et al.* (2023): the VAT policy gap, which reflects the impact of policy decisions around tax rates and tax bases. Spain is, together with Greece and Italy, one of the countries that foregoes the most revenue due to decisions about rates and bases, in addition to the non-application of VAT in the Canary Islands, Ceuta and Melilla. The EVADE method is not designed to isolate this dimension, which explains why Greece, Italy and Spain are the countries with the largest informal economies according to the estimates compiled by Pappadá and Rogoff (2023).

The surprising and starkly contrasting pictures painted by the various calculations made using VAT, and the divergence in estimates about the size of the shadow economy, which place Spain both above and below the EU-27 average, clearly illustrate the need for further analysis. That is the only way to accurately tell what is really going on and identify the underlying mechanisms. We return to this point in the last section of this paper.

Tax residuals and the impact of inflation in Spain

Tax revenue has been growing sharply in Spain since 2019. Using Eurostat data, the weight of tax and social security contributions over GDP in the EU-27 as a whole inched from 41% in 2019 to 41.1% in 2022. In contrast, it jumped from 35.4% to 38.3% in Spain during that same timeframe. The distance to the average decreased by half: from 5.6 points of GDP to 2.8 points. The projections for 2024 set down in the most recent draft budget confirm that the jump was not a one-off (38.6%).

The relatively faster growth in tax revenue than in nominal GDP in Spain may be attributable to several factors that can come in and out of play over time, with varying intensity. Specifically, we refer to the non-adjustment of the tax system for inflation, discretionary measures around taxes and contributions, the underestimation of GDP, growth in tax compliance, a reduction in the size of the shadow economy, and the decoupling between household income and GDP thanks to the above-mentioned income protection schemes. What do the studies tell us?

The work of García-Miralles and Martínez Pagés (2023) confirms that inflation has played a growing role, in tandem with the intensity of the bout of inflation that began in the second half of 2021 whose effects are concentrated in the personal income tax (Romero, 2024; Balladares and García-Miralles, 2024). Indeed, the net impact of the discretionary measures around rates,

“ The starkly contrasting pictures painted by the various calculations made using VAT, and the divergence in estimates about the size of the shadow economy, which place Spain both above and below the EU-27 average, clearly illustrate the need for further analysis. ”

> In contrast to the EU, tax revenue in Spain jumped from 35.4% to 38.3% from 2019 to 2022, decreasing the average distance by half: from 5.6 points of GDP to 2.8 points – with 2024 projections confirming that the jump was not a one-off (38.6%).

relief, and exemptions has been very small: during the period analysed, the governments have approved increases but also tax cuts, particularly to mitigate the impact of the crisis induced by the invasion of Ukraine. The authors conclude that over half of the increase in the ratio of revenue to GDP cannot be explained by the growth in prices, the economic recovery, or the tax measures approved.[3]

The decomposition of the change in the ratio of tax revenue-to-GDP provided by AIReF (2023) confirms this, albeit with certain caveats. AIReF finds that over half of the growth in the ratio of tax revenue-to-GDP is attributable to inflation (1.8 percentage points), concentrated in 2022 and that the discretionary measures reduced the ratio as a whole. This institution reduces the unexplained residual to one-quarter of the increase observed in the ratio (0.8 percentage points).

Lastly, De la Torre (2024) focuses on the residuals and attempts to quantify the existence and scale of improved VAT compliance. Adapting the EVADE methodology to take full advantage of the statistical sources for Spain, he suggests that the contraction of the shadow economy and increase in compliance explain an increase in VAT receipts of 6.2 billion euros between 2019 and 2022, which is equivalent to around 0.4 percentage points of GDP. He believes that the mainstreaming of electronic payments induced by the pandemic is the key to this process.

Conclusions

Analysis appears to support a triumphant reading of the tax revenue-to-GDP figures and the estimates regarding the size of the shadow economy in Spain. The shock induced by the pandemic led to growth in tax receipts without having to raise tax rates. The gap in the tax burden with respect to the EU-27 average in 2019 has closed by half, a gap which originated from a plethora of special tax treatments and a relatively larger shadow economy and level of tax fraud. As the first factor has not changed substantially, it has been deduced that resolution of the latter issues is responsible for reducing the gap.

However, this interpretation is overly simplistic. We know that the most important factor explaining the trend in tax revenue is the intense bout of inflation experienced between 2021 and 2023. The decision not to adjust legislation for inflation has implied a *de facto* increase in personal income tax rates. Secondly, very recent statistical adjustments to Spain's GDP figures have affected the values that use GDP as their denominator. Further statistical revisions in the future cannot be totally ruled out. Thirdly, the sample of post-pandemic years is still small, and it remains to be seen which

> AIReF finds that over half of the growth in the ratio of tax revenue-to-GDP is attributable to inflation (1.8 percentage points), concentrated in 2022, and that the discretionary measures reduced the ratio as a whole.

> De la Torre suggests that the contraction of the shadow economy and increase in compliance explain an increase in VAT receipts of 6.2 billion euros between 2019 and 2022, which is equivalent to around 0.4 percentage points of GDP.

of the posited changes in economic agents' conduct, such as reduced use of cash, will prove permanent. Fourth and last, despite the valuable and laudable efforts made, we still need better information about the size and dynamics of the shadow economy and tax fraud. We continue to await the creation of a permanent tax compliance analysis unit which, according to the *White Book on Tax Reform,* should come under the Institute of Fiscal Studies (IEF) (Committee of Experts, 2022).

In short, although there are signs that Spain has improved its relative position concerning its informal economy and tax fraud indicators in the last three years, we would urge caution pending confirmation of this interpretation via rigorous analyses and studies. Such an effort would additionally serve to provide us with the foundations for building a more ambitious strategy for placing Spain within the first quartile of the EU-27's best-performing member states in terms of efforts to combat the shadow economy and tax evasion.

Notes

[1] The author would like to thank Francisco de la Torre, Esteban García-Miralles, and Carlos Ocaña for their feedback on an earlier version of this paper.

[2] https://www.worldbank.org/en/research/brief/informal-economy-database

[3] Although the authors quantify the increase in the ratio between 2019 and 2022 at 3.7 percentage points, the subsequent statistical revisions to GDP and the definitive figure for 2023 (the authors work with the data available as of 3Q23 in their paper) explain the difference with the above-mentioned Eurostat figure (2.9 points).

References

AIReF. (2023). Technical Document on the Variability in Tax Revenues. *Technical Document,* 5/2023. www.airef.es

Balladares, S. and García-Miralles, E. (2024). Progresividad en frío: El impacto heterogéneo de la inflación sobre la recaudación por IRPF [Progressive taxation looked at objectively: The heterogeneous impact of inflation on personal income tax receipts]. *Bank of Spain Occasional Papers,* No. 2422. www.bde.es

CASE Center for Social and Economic Research, Poniatowski, G., Bonch-Osmolovskiy, M., Śmietanka, A. and Sojka, A. (2023). *VAT gap in the EU. Report 2023. Executive Summary*. Publications Office of the European Union. https://data.europa.eu/doi/10.2778/59019

Committee of Experts. (2022). *White Paper on Tax Reform*. Institute of Fiscal Studies (IEF)

De la Torre, F. (2024). *Did tax fraud and the shadow economy decline in the aftermath of the pandemic? Analysis 2019-23 based on VAT collection*. EsadeEcPol. www.esade.edu/ecpol/en

Elgin, C., Kose, M. A., Ohnsorge, F. and Yu, S. (2021). Understanding Informality. *CERP Discussion Paper,* 16497. London: Centre for Economic Policy Research.

García-Miralles, E. y Martínez Pagés, J. (2023). Government revenue in the wake of the pandemic. Tax residuals and inflation. *Economic Bulletin of the Bank of Spain*. 2023/Q1 Article 16. https://doi.org/10.53479/29732

Government of Spain. (2022). *Draft Budgetary Plan for 2023. Kingdom of Spain*. 15 October 2022. www.hacienda.gob.es

Government of Spain. (2023). *Stability Programme Update, 2023-2026. Kingdom of Spain*. 28 April 2023. www.hacienda.gob.es

IEF. (2023). Opiniones y actitudes fiscales de los españoles en 2022 [Spaniards' opinions and attitudes around tax, 2022]. *Work Documents,* 7/2023. www.ief.es

Lago Peñas, S. (Dir.). (2018). *Economía sumergida y fraude fiscal en España: ¿qué sabemos? ¿qué podemos hacer?* [Shadow economy and tax fraud in Spain: What do we know? What can we do?]. Funcas. www.funcas.es

Pappadà, F. and Rogoff, K. (2023). Rethinking the Informal Economy and the Hugo Effect. *NBER Working Paper,* 31963 www.nber.org/papers/w31963

Romero, D. (2024). Crecimiento de la presión fiscal de los cuatro principales impuestos: papel estelar para el IRPF [Growth in tax burden implied by the four main taxes: Personal income tax steals the show]. Funcas Blog, 17 April 2024. www.blog.funcas.es

Schneider, F. (2022). New COVID-Related Results for Estimating the Shadow Economy in the Global Economy in 2021 and 2022. *International Economics and Economic Policy,* 19, pp. 299–313.

Schneider, F. and Asllani, A. (2022). Taxation of the Informal Economy in the EU. European Parliament. November 2022. www.europarl.europa.eu/thinktank/en/document/IPOL_STU(2022)734007

Santiago Lago Peñas. Professor of Applied Economics at Vigo University and Senior Researcher at Funcas

This page was left blank intentionally.

Monetary policy changes: Scale and implications

The ECB's recent rate cut contrasts with the Fed's recent decision to leave its target rate range unchanged, reflecting the divergent attitudes of the main central banks to inflation, with potential implications for the global economy. Going forward, clear central bank communication remains key to mitigating market volatility and strengthening economic stability in an increasingly complex environment.

Santiago Carbó Valverde and Francisco Rodríguez Fernández

Abstract: In June 2024, the ECB cut the rate on its main refinancing operations by a quarter of a point to 4.25%, convinced by the let-up in inflationary pressures and drop in core inflation. 12-month Euribor has been trading between 3.4% and 3.9%, reflecting market expectations about future rate cuts by the ECB. However, the effects of the rate cut have been minor as the credit channel remains relatively rigid. The volume of financing extended to the non-financial sector has been trending lower in 2023 and 2024, with credit contracting over this timeframe. For now, even in the face of the more favourable financing conditions, it is not likely that demand for credit will increase significantly in the coming months. Despite the rate tightening, the ECB's liquidity policy continues to play a crucial role. Even though the ECB has pared back its long-term refinancing operations, it continues to operate its asset purchase programmes, providing the market with stability but also prolonging dependence on official funding – although the tapering of its long–term financing programmes could increase financial volatility. In contrast, the Fed left its target range for the federal funds rate at 5.25-5.50%, evidencing its conservative approach to inflationary risks. The divergent decisions reflect different attitudes towards inflation, with potential implications for the global economy. In any event, the bond markets have responded to the ECB's

> “Despite cutting rates, the ECB acknowledged that internal inflationary pressures, especially those derived from wage growth, remain strong, with inflation expected to remain above the central bank’s target of 2% until well into next year.”

move with a reduction in yields, while the equity markets have been mixed, reflecting uncertainty around the effectiveness of these measures. Going forward, clear central bank communication strategies remain key to mitigating market volatility and strengthening economic stability in an increasingly complex environment.

The Eurozone moves first

The most recent meetings of the European Central Bank (ECB) and US Federal Reserve (Fed) mark an important turning point in global monetary policy. Both institutions have fine-tuned their stances in response to economic developments and inflation dynamics, albeit taking different approaches. The ECB, in its meeting in June 2024, decided to lower its rate by 25 basis points, to leave the rate on its main refinancing operations at 4.25%. It based its decision on its assessment that inflationary pressures have eased, with core inflation showing signs of moderation. Nevertheless, the ECB acknowledged that internal inflationary pressures, especially those derived from wage growth, remain strong, with inflation expected to remain above the central bank’s target of 2% until well into next year.

Meanwhile, the Fed decided to leave its target range for the federal funds rate at 5.25-5.50%, underlining that it has no plans to cut rates until it is more confident that inflation is moving sustainably towards the 2% mark. The Fed continues to reduce its holdings of Treasury bonds and mortgage-backed securities, evidencing a more conservative line in response to persistent inflation risks.

These movements indicate a shift in monetary policy tack in both regions. The ECB, after a prolonged period of high rates to rein in inflation, has begun to take a more flexible position in response to the improved outlook for inflation and the economy. In contrast, the Fed remains firm around its restrictive stance, underscoring its commitment to controlling inflation before considering any type of monetary easing. The importance of these decisions lies with their potential impact on the global economy. The ECB’s more flexible position could stimulate growth in the Eurozone, supporting business and consumers via more favourable financing conditions. However, it is too soon to expect a major impact considering the small size of the rate cut, coupled with stagnant lending activity in recent years. There is also a risk that overly premature easing could rekindle inflationary pressures if the underlying economic conditions do not stabilise sufficiently. As for the Fed, the US central bank’s conservative position reflects concern about inflationary risks it fears could threaten economic stability in the long-term. Leaving rates high might curb inflation but it could also restrict growth and increase borrowing costs for businesses and households, at a time of considerable geopolitical and electoral uncertainty.

Beyond these traditional macroeconomic analyses, predicting the way expectations will

> “The importance of the divergence in central banks’ decisions lies with their potential impact on the global economy.”

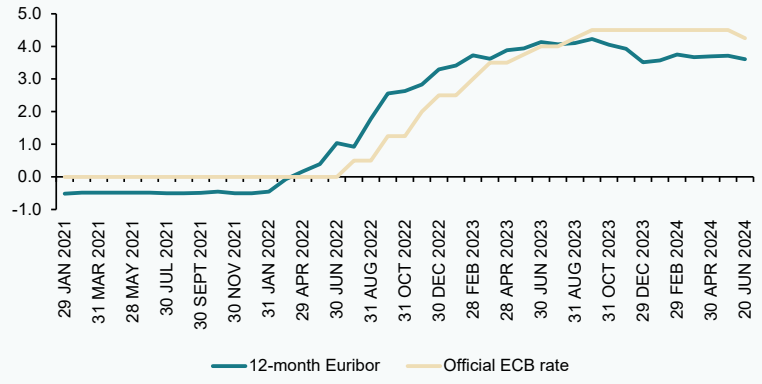
> “In just a few years, we have gone from zero, or negative rates, to sharp increases concentrated in a short spell of time, complicating the creation, and anchoring of expectations around monetary policy.”

play out and agents will react to this fresh shift in monetary policy is complex. In just a few years, we have gone from zero, or negative rates, to sharp increases concentrated in a short spell of time. Against this backdrop, the creation and anchoring of expectations around monetary policy has become far more complex, as the policy transmission channels have not always worked with the desired speed or impact. As a result, there is no clear consensus about the impact the rate cuts might have and even less consensus about how low rates might go. One of the reasons lies with the institutions themselves, as monetary policy remains inherently contingent on how inflation dynamics evolve and unfold. Another reason is that the economic agents no longer internalise monetary policy as they did in the past. Many households and businesses have experienced a period of exceptional monetary policy circumstances since the financial crisis which makes it hard for them to interpret these signals. Lastly, an important part of monetary policy is not related with interest rates at all but rather control over liquidity and here the importance of the “official” financing mechanisms, particularly those related with the buyback of debt, remain very significant.

Impact on financial institutions and markets

Euribor, the interbank lending rate, which tends to reflect the market’s expectations about future ECB movements, has varied significantly in response to the latest monetary policy decisions (Exhibit 1). 12-month Euribor has oscillated between 3.4% and 3.9% in recent months, reflecting fluctuating market expectations about potential rate cuts by the ECB. The trend in Euribor discounts changes in official rates and affects the rates applied to loans and deposits, thereby – theoretically – affecting lending activity.

Exhibit 1 **Official ECB rate and 12-month Euribor**



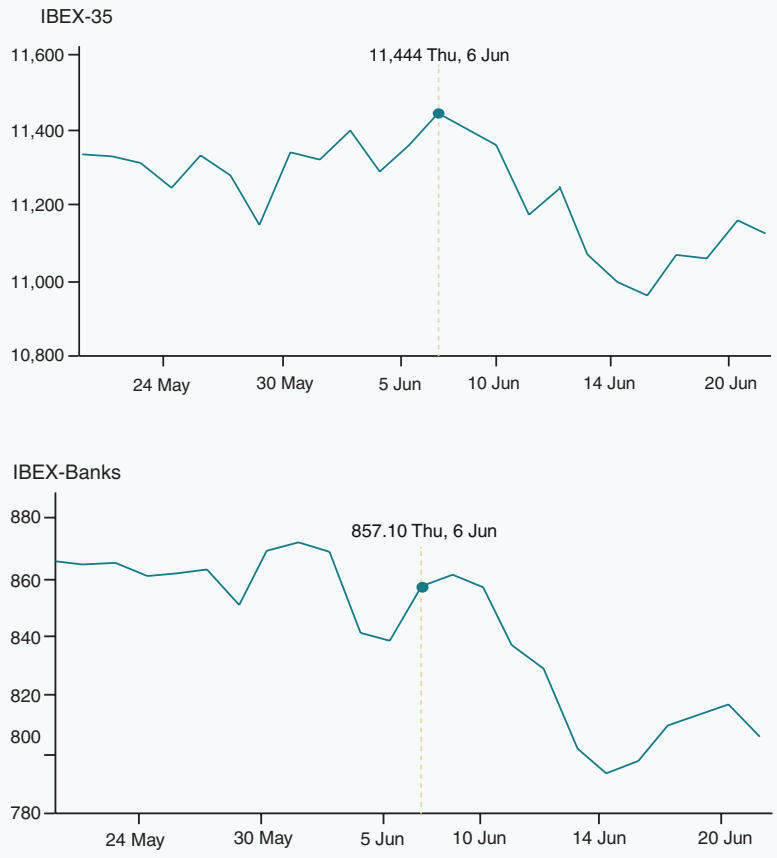
Source: Bank of Spain and authors’ own elaboration.

> “12-month Euribor has oscillated between 3.4% and 3.9% in recent months, reflecting fluctuating market expectations about potential rate cuts by the ECB.”

The financial markets have had a mixed reaction. Whereas some stock exchanges have registered modest gains, the bond market is exhibiting cautious optimism about the scope for additional cuts. Exhibit 2 shows how the stock market indices corrected in the wake of the ECB's decision (both the blue chip IBEX-35 benchmark index and the bank stocks index), compared to a moderate rally in the weeks prior to the rate cut announcement. It is hard to pin down any cause and effect here as the possible effects of the reduced cost of money were very probably already priced in by the market.

Exhibit 2

Trend in the Spanish stock indices on either side of the ECB rate cut. IBEX-35 and IBEX-Banks



Source: BME.

> A key factor affecting the effectiveness of rate cuts is the proportion of fixed-*versus*-floating-rate mortgages and loans – in Spain, approximately 75% of new mortgages arranged in recent years were extended at fixed rates.

Impact on households and businesses

Lending to non-financial corporations, households and the public sector has been contracting year-on-year since 2023 (Exhibit 3). One might think that the rate hikes of recent years may have cooled lending activity; however, the reality is that growth in lending to businesses and households has been very subdued in recent years, with the exception of loans to the non-financial corporations during the pandemic, thanks to the state-guaranteed loan schemes. For now, despite the more favourable financing conditions, it is not likely that demand for credit will increase significantly in the coming months. A key factor affecting the effectiveness of rate cuts is the proportion of fixed-*versus*-floating-rate mortgages and loans. In Spain, approximately 75% of new mortgages arranged in recent years were extended at fixed rates.

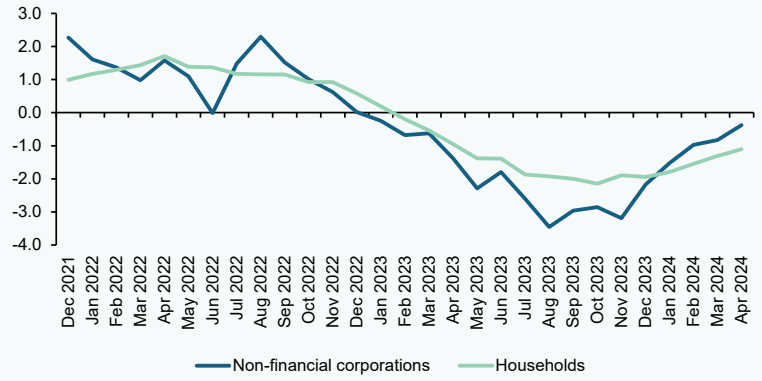
It is even harder to predict how the latest monetary decisions will affect financial savings. More time will have to elapse – and we may well need to see more rate cuts – before we can observe this reaction.

For the business community, the reduction in interest rates will imply lower borrowing costs. Companies may take advantage of the lower rates to finance new investments, expand operations or refinance existing debt. However, the business community's response may well be moderate as for companies to have an incentive to expand their stock of capital (net positive investment rate), the rate of return on those investments needs to be comfortably above the user cost of capital, which is still unlikely to be the case.

Exhibit 3

Year-on-year rate of change in lending to households and businesses

Percentage



Source: Bank of Spain and authors' own elaboration.

> “Downsizing of the asset purchase programmes could lead to increased volatility in the financial markets in the context of the recent European elections in which political uncertainty has driven sovereign risk premiums higher in some countries.”

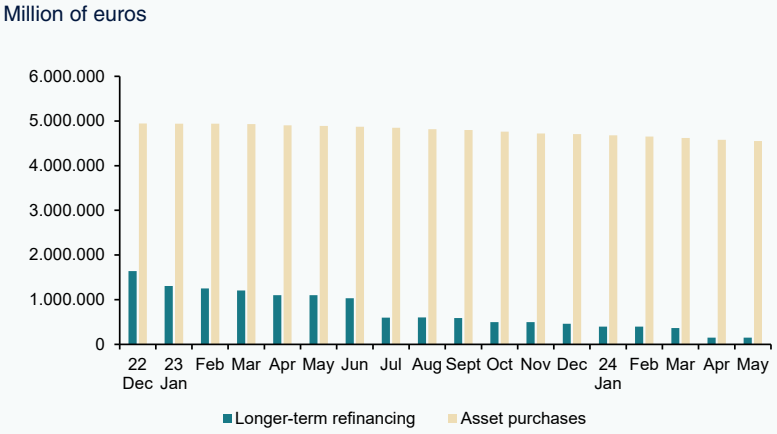
It is not just about rates: “Official” liquidity continues to play its part

Although much of the news coverage focuses on the movements in interest rates, other monetary decisions, such as those related with liquidity, are equally important. Despite paring back its longer-term refinancing programmes, the ECB’s asset purchase programmes (mainly debt) continue to provide the market with a significant source of liquidity (Exhibit 4). This is helping keep market conditions stable, indirectly benefitting businesses. However, this strategy also entails risks as the central bank cannot become a crutch for the European sovereign debt markets.

These liquidity programmes have had a mixed impact on the financial system. On the one hand, they have provided crucial liquidity during episodes of financial stress, helping stabilise the markets and keep the flow of credit moving. On the other hand, the downsizing of these programmes could lead to increased

Exhibit 4

Eurosystem financing. Longer-term operations and asset purchase programmes for the overall Eurozone system



Source: Bank of Spain and authors’ own elaboration.

> “The combination of a laxer ECB and a stricter Fed has caused the dollar to appreciate against the euro, with wider implications, affecting trade balances and capital flows between regions.”

> “Agility and transparency are the most important tools in the central banks’ kit as they strive to balance growth and control inflation in an increasingly interconnected and technologically advanced world.”

volatility in the financial markets. This dynamic is particularly relevant in the context of the recent European elections in which political uncertainty has driven sovereign risk premiums higher in some countries. These movements reflect the market’s perception of credit risk and economic stability and any change in political expectations could have a significant impact on financing costs and financial stability.

Some considerations for the months ahead

The ECB is expected to remain cautious. Analysts anticipate the ECB will continue to cut rates in the second half of 2024, albeit at a modest pace. Persistent economic uncertainty and geopolitical tensions are making it hard for the ECB to normalise monetary policy quickly.

The differences in monetary policies on either side of the Atlantic are also affecting exchange rates. The combination of a laxer ECB and a stricter Fed has caused the dollar to appreciate against the euro. This movement in the exchange rate has wide implications, affecting trade balances and capital flows between regions. The market’s sensitivity to these decisions is not uniform and is influenced by multiple amplifying and mitigating factors, many of which are geopolitical in nature.

Central bank communication plays a crucial role in managing this sensitivity. Unexpected or ambiguous announcements can fuel volatility, whereas clear and predictable communication can stabilise market expectations. For example, the clarity with which the ECB communicated its assessment that inflationary pressures had eased and its decision to lower rates helped mitigate adverse reactions. Investors’ pre-existing expectations are another key factor. If a monetary decision coincides with market expectations, reactions tend to be moderate. However, decisions that surprise the market may trigger more extreme reactions. An analysis of the recent movements by the ECB and Fed reveals how market expectations about future policies influence the immediate reactions to policy announcements. The ECB’s announcement on 24 June that it was cutting rates prompted an immediate reduction in sovereign bond yields in the Eurozone, although a few days later the EU Parliamentary elections and the snap election announced in France drove those yields back up again. The stock markets had a mixed reaction, with some indices posting moderate gains and others remaining stable or even correcting, evidencing uncertainty about the effectiveness of the move. On the other hand, the Fed’s restrictive policy underlined its commitment to controlling inflation, driving the dollar higher against the euro, and negatively affecting the US stock markets, in anticipation of higher borrowing costs and possible economic cooling.

In short, the central banks’ ability to anticipate and react to changing market dynamics will be crucial in the coming months. A comprehensive approach which combines well-communicated monetary policies and a constant watch over financial innovation has the potential to not only mitigate volatility but also to bolster global economic stability. Agility and transparency are the most important tools in the central banks’ kit as they strive to balance growth and control inflation in an increasingly interconnected and technologically advanced world.

Santiago Carbó Valverde. University of Valencia and Funcas

Francisco Rodríguez Fernández. University of Granada and Funcas

This page was left blank intentionally.

Bank margins: Price, volume and composition effects - Spain in a European context

Two years since the start of the rate hiking cycle, various factors have shaped the trend in margins, with some clearly positive while others less favourable, raising doubts over the sustainability of current margins. A disaggregation of the rate, volume and funding reconfiguration effects helps to explain the incremental growth in the Spanish banks' net interest margin relative to their European counterparts.

Marta Alberni, Alejandro Montesinos and María Rodriguez

Abstract: The two years since the start of rate tightening have been marked by very positive net interest margin dynamics in the European banking sector in general and in the Spanish sector in particular. Within this context, various factors have shaped the trend in margins, with some making a clearly positive contribution compared to others that have been less favourable and have even called into question the sustainability of current margins. Broadly speaking, the return on interest-bearing assets has been boosted significantly by the rate effect, compared to a neutral or even negative volume effect, in line with meagre growth in credit, especially in Spain. As regards the cost of deposits, this has been shaped by a different strategy pursued by the Spanish banks compared to their European peers as a whole. This liability price management strategy has contributed to a different pattern in funding inflows and outflows and significant reconfiguration of the banks' pool of funding, marked by a bigger share of wholesale funding, particularly during the past year, when the banks have taken advantage of sharp tightening in their

> In contrast to the moderate growth observed in 2022, the banks' net interest income took off in 2023, with the European banks registering year-on-year growth of nearly 20% and the Spanish banks (in respect of their businesses in Spain) recording growth of 52%.

bond spreads. A disaggregation of the rate, volume and funding reconfiguration effects helps to explain the incremental growth in the Spanish banks' net interest margin relative to their European counterparts.

Growth in the European and Spanish banks' net interest margins

The rate increases initiated by the European Central Bank (ECB) mid-2022 have translated into a clearcut improvement in the profitability of the European banks and, especially, the Spanish banks, shaped primarily by the key profit and loss line item: the net interest margin. The improvement began gradually in 2022, in line with the lag historically observed between the repricing of assets *versus* liabilities, with wholesale funding repricing faster, in general, than asset repricing, as analysed in a recent paper (Alberni *et al.,* 2022). In contrast to the moderate growth observed in 2022, the banks' net interest income took off in 2023, with the European banks registering year-on-year growth of nearly 20% and the Spanish banks (in respect of their businesses in Spain) recording growth of 52%.

The improvement in net interest income was shaped by a range of factors, with some making positive contributions and others having a neutral impact, or even a negative impact in the case of the Spanish banks.

Interest income: Contributing factors

On the interest income side of the equation, growth has been substantial in both Europe and Spain, due largely to the increased profitability of the retail business, *i.e.,* the return on loans to customers.

Turning to the factors that shaped the increase in the profitability of the banks' credit portfolios, Exhibit 1 analyses the various drivers of the trend in the total return on credit for each segment, differentiating between: the rate effect (change in the average return associated with the change in interest rates); volume effect (change in the average return derived from the increase or decrease in the stock of credit), and other factors (mainly associated with changes in the composition of the stock of credit). The exhibit illustrates how portfolio repricing (rate effect) is the main factor explaining the improvement in interest income in Europe and Spain in all three key segments (mortgage, consumer credit and business loans) in 2023.

On the other hand, the volume effect had a very slight positive effect in the case of the European banks, albeit this positive contribution has been smaller in 2023.

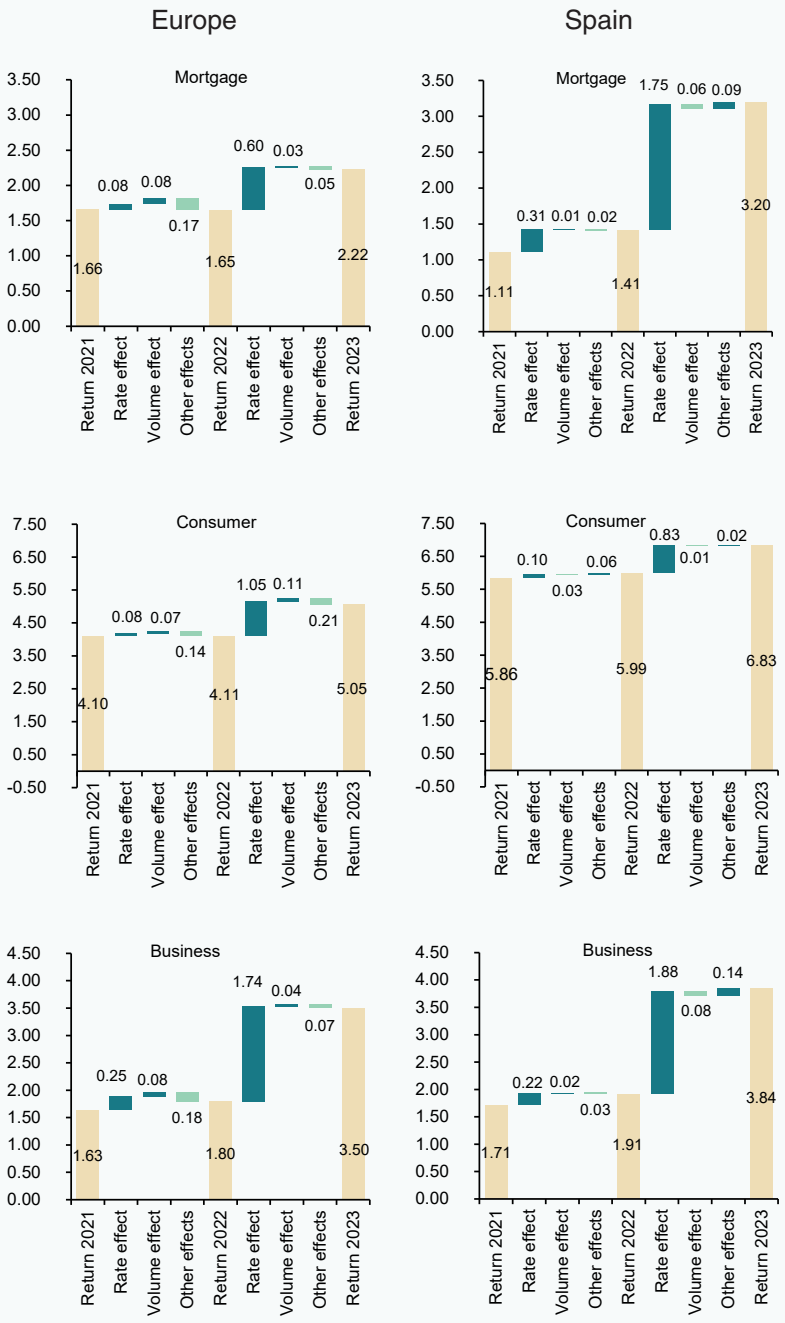
In contrast, the contribution of the volume effect in 2023 in Spanish banks has been negative in the main loan segments.

> Portfolio repricing (rate effect) is the main factor explaining the improvement in interest income in Europe and Spain in all three key segments (mortgage, consumer credit and business loans) in 2023.

Exhibit 1

Disaggregation of the return on credit by effect

Percentage of credit balance*



Note: Calculations made using average 12-month balances. Light green line represents negative contribution.*

Sources: Authors' own elaboration based on ECB and Bank of Spain data.

> In contrast to the situation in Europe, the volume of credit extended by the Spanish banks has contracted considerably in the mortgage and business lending segments, mainly in 2023, having held steady in 2022.

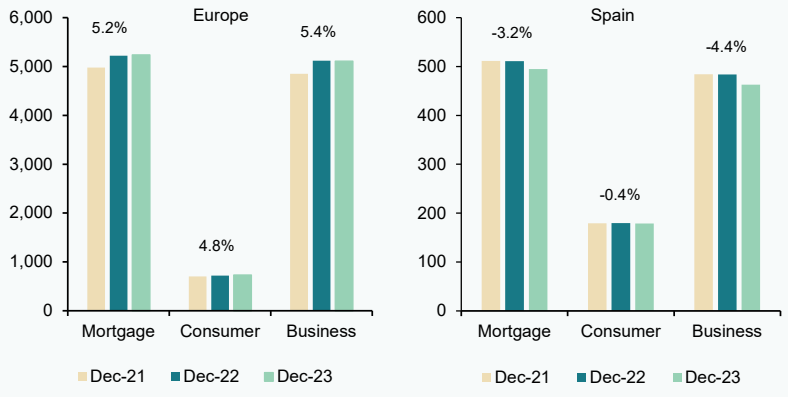
This volume effect is aligned with the trend observed in outstanding credit balances in the various segments analysed. As shown in Exhibit 2, on aggregate in Europe, despite tightening financial conditions since mid-2022 and more sluggish economic growth last year, loans to individuals held steady or increased very slightly in 2023, albeit breaking the upward momentum that carried on throughout 2022, despite the start of rate tightening in the middle of that year. In 2022 and 2023, credit increased by a cumulative 5% to 5.5% in all three segments in Europe.

In contrast, the volume of credit extended by the Spanish banks has contracted considerably in the mortgage and business lending segments, mainly in 2023 (mortgage credit: -3.1%; business loans: -4.3%), having held steady in 2022. The shrinkage of those loan books is the result of: (i) a drop in lending activity, marked by double-digit contractions year-on-year; and, (ii) an increase in repayments, specifically an uptick in mortgage prepayments and the cancellation of the state-guaranteed loans extended to businesses during the pandemic.

The increase in repayments, which has led to a bigger contraction in the stock of credit in the Spanish system, has been shaped by a third factor: the composition effect. This has do with the fact that the Spanish banks are more exposed to loans extended at floating rates of interest, whereas the European banks are more exposed to fixed-rate loans, in both the mortgage and business loan segments. This also explains why the average return on the credit portfolio across the different segments has reached a higher level in Spain than in

Exhibit 2 **Trend in outstanding credit by segment**

Billion euros, cumulative change



Sources: Authors' own elaboration based on ECB and Bank of Spain data.

> “Higher floating rate exposure also explains why the average return on the credit portfolio was higher in Spain than in Europe even though official rate pass-through to new loan prices has been relatively lower (partially compensated by the fact that they have offered relatively less for deposits).”

Europe even though the pass-through of the increase in official rates to new loan prices has been relatively lower in Spain (partially compensated by the fact that they have offered relatively less for deposits).

Average bank funding costs

On the liability side of the equation, bank funding sources have become more expensive across the board, with the average funding cost increasing in Europe and Spain alike. However, the relative weight of deposits among the banks' sources of financing also comes into play. This is because the banks' financing costs in the interbank and wholesale markets are shaped directly by benchmark or market rates that can be considered an exogenous factor, whereas the rates the banks pay on their deposits are an endogenous factor, *i.e.,* a variable over which they have influence or managerial discretion. As a result, the rates offered for deposits followed different patterns in both regions, shaping the trend in the flows in and out of the main liability items and the composition of the sector's funding structure.

The Spanish banking sector has managed deposit pricing more cautiously than the European banks, especially in the retail segment, holding back from increasing the rates offered more intensely until the second quarter of 2023. This more moderate increase in deposit rates was in turn substantiated by a number of factors related with the banks' relative liquidity positions:

- Although several of Europe's largest banking systems had sizeable liquidity buffers in common, the Spanish banks presented (and continue to present) above-average liquidity ratios. According to the data published by the European Banking Authority (EBA) in its *Risk Dashboard* as of June 2022, the Spanish banks reported a liquidity coverage ratio (LCR) of 200.2%, compared to a European average of 164.9%, and a net stable funding ratio (NSFR) of 178.3%, compared to an average of 167.1%. As of year-end 2023, that same publication revealed a lingering gap: LCRs of 178.3% and 167.1%, respectively, and NSFRs of 131.2% *versus* 126.8%.

- Not only did the Spanish banks have a more comfortable liquidity position, as we saw above, demand for credit in Spain was notably weak and the banks' loan books shrank by more than those of their European peers, further alleviating pressure on system liquidity.

- Note, lastly, that the Spanish banks were particularly active in the debt capital markets in 2023, offsetting the reduction in interbank funding sources (mainly use of ECB liquidity under the scope of its targeted longer-

> “Spanish banks' more moderate increase in deposit rates was substantiated by a number of factors related with their relatively stronger liquidity position.”

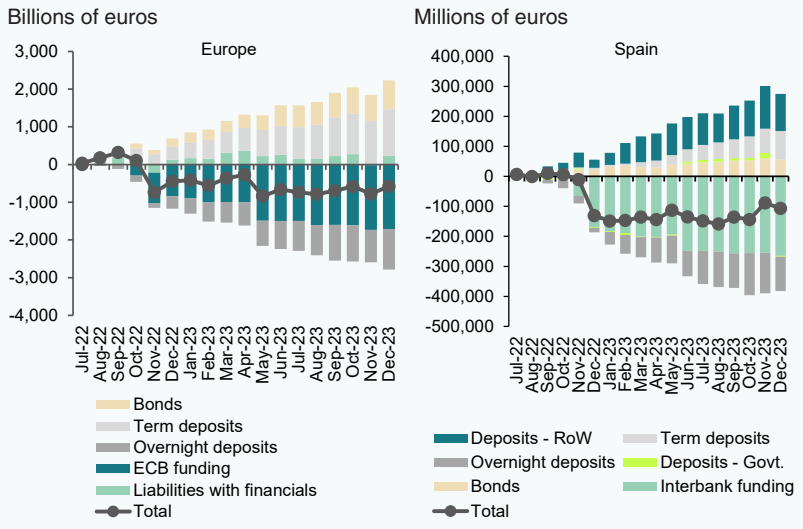
term refinancing operations, specifically TLTRO III) and a considerable outflow of deposits at the start of 2023, which has since stabilised. This demonstrates the Spanish banks' ability to take advantage of windows of opportunity in the capital markets, an ability that allowed them to raise nearly 50% more financing in 2023 than in 2022, tapping into strong demand from investors and more stable issuance costs during the second half of last year, as borne out by the data published by the Bank of Spain in its Spring *Financial Stability Report*.

Due to more cautious management of deposit remuneration rates in Spain relative to Europe, funding flows have also etched out contrasting patterns. As shown in the ECB's most recent *Financial Stability Review,* which dates to May 2024, the European banks' liabilities decreased by almost 508 billion euros between July 2022 and December 2023, shaped largely by the 1.7 trillion euro decrease in central bank funding. In addition, the volume of overnight deposits decreased by 1.1 trillion euros, whereas term deposits increased by 1.2 trillion euros across the European system, so that deposits made a positive net contribution to total bank liabilities.

As shown in Exhibit 3 the Spanish banks' central bank funding also decreased, as the Spanish sector had been one of the heaviest users of the TLTRO III programme, with this exposure contracting by 265 billion euros since July 2022 as the banks repaid those facilities. Therefore, the main difference lies with deposits, where overnight deposits decreased by 114 billion euros in the Spanish system, with term deposits increasing by somewhat less, 95 billion euros, triggering a net decrease in the stock of deposits which has been largely offset by the growth in bond issues, as well as healthy dynamics in deposits outside of Spain.

Within this distinct pattern, it is worth highlighting two key matters: i) the negative trend in credit in Spain relative to Europe has meant that the reduction in most interbank

Exhibit 3 **Cumulative flows of the main funding sources**



Sources: Authors' own elaboration based on the ECB's Financial Stability Review, *May 2024, and the Bank of Spain.*

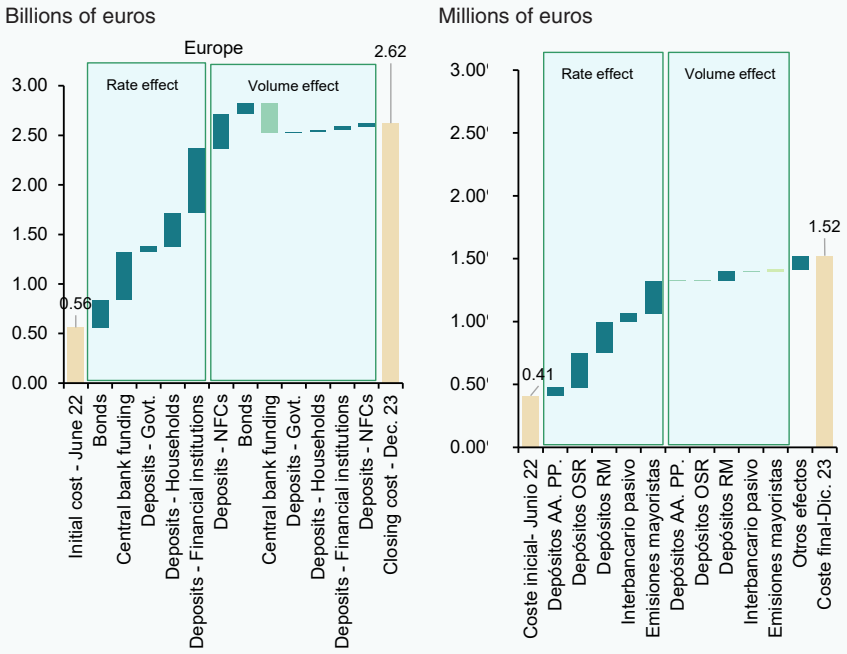
> "As a result of their less favourable liquidity position, the European banks' average funding costs increased by 2 percentage points between June 2022 and December 2023, whereas the Spanish banks' costs increased by just one percentage point."

funding has not had to be replaced by other sources of funding; and, ii) the Spanish banks were in a strong position relative to other European systems where a shortfall of available liquidity relative to TLTRO III repayments forced them to search for alternative sources of financing, including deposits.

As a result, the European banks' average funding costs increased by 2 percentage points between June 2022 and December 2023, whereas the Spanish banks' costs increased by just one percentage point. In both instances, the increase was driven by the rate effect, mainly associated with deposits and wholesale issues, but also a composition effect, due to a shift towards more expensive sources of funding than the ECB interbank facilities they have been repaying.

In short, it is clear that the significant improvement in bank margins has been marked by the increase in interest rates and

Exhibit 4 **Average cost of funding: Rate effect and volume effect**



Note: Light green line represents negative contribution.

Sources: Authors' own elaboration based on the ECB's Financial Stability Review, *May 2024, and the Bank of Spain.*

the impact on the return on credit, rather than business volumes, which have had barely any impact on the improvement. The fact that lending volumes have actually detracted from margin growth clearly raises questions about the banks' ability to further increase or defend their margins in the coming quarters unless credit activity comes back to life, as the positive repricing effect appears to have run its course now that the ECB has started to taper its official rates.

References

Alberni, M., Berges, Á. and Rodríguez, M. (2022). Translating EURIBOR increases into improved banking margins: Differential timing on asset and liability repricing. *Spanish and International Economic & Financial Outlook, Vol. 11*(5). https://www.sefofuncas.com/pdf/Alberni-11-5-1.pdf

Marta Alberni, Alejandro Montesinos and María Rodriguez. Afi

Spain's insurance business in 2023 and outlook for 2024

After a strong performance in 2023 under a high interest rate scenario, a softer than expected economic landing, coupled with the containment of inflationary pressures, paving the way for a period of rate cuts, foreshadow a new scenario for the Spanish insurance business in the quarters to come. Nevertheless, under the new scenario, insurance sector conditions and prospects remain largely bright, allowing for a robust outlook and the continued sizeable contribution to banks' profits.

Daniel Manzano

Abstract: As was expected in response to the extraordinarily rapid and intense period of interest rate hikes throughout 2023 in the midst of rampant inflation, last year's unique performance marked a turning point for certain lines of the Spanish insurance business. Indeed, the more than 76 billion euros of premium revenues recorded by the Spanish insurance sector in 2023 marks a new record. That sharp top-line growth – 18% from 2022 – was driven mainly by the life insurance business. Turning to the non-life business, growth in premium revenues remained remarkably solid, the highest in recent years, at close to 7%. This noteworthy growth was driven by business growth in real terms but probably more so by the revaluation of policy premiums as a result of the adverse impact of inflation, which had been weighing on the business since 2022. However, a softer than expected economic landing, coupled with the containment of inflationary pressures, paving the way for a period of rate cuts, foreshadow a new scenario for the business in

> In the context of high rates, the more than 76 billion euros of premium revenues recorded by the Spanish insurance sector in 2023, up 18% from 2022, largely driven by the life business, marks a new record.

the quarters to come. Nevertheless, under the new scenario, if Spain's relatively favourable economic forecasts are on target, we would be looking at a new record in premium revenues for the sector of over 80 billion euros in 2024. This means sector conditions and prospects remain largely bright for the insurance sector as a whole, allowing for a robust outlook and the continued sizeable contribution to banks' profits.

Foreword

Now that we have the revenue and earnings figures for the insurance providers for 2023, in this paper we assess their performance last year and then delve into a forward-looking analysis, shaped by the shifting macroeconomic context and current financial conditions.

Last year, the economy was conditioned by the central banks' commitment to their decisive switch in monetary policy, raising their benchmark rates to tackle the bout of rampant inflation unleashed by the pandemic and the fallout from the war in Ukraine.

Global economic growth stuttered as a result. However, inflationary pressures were reined in, faster than initially anticipated. Indeed, the central banks have begun to taper their official rates from the peaks reached one year ago, as inflation started to approach their targeted levels. This fresh change of tack is substantiated by the fact that growth, fundamentally in Europe, has slowed significantly. Spain, however, is holding up relatively well and momentum is quite dynamic.

The prospect of a period of anchored inflation, enabling further rate cuts, is propping up the markets. And despite the prevailing geopolitical instability, the equities markets are at record levels, accompanied by moderate credit spreads.

The business

In this context of high rates, the more than 76 billion euros of premium revenues recorded by the Spanish insurance sector in 2023 marks a new record. That sharp top-line growth – 18% from 2022 – was driven mainly by the life insurance business.

The momentum in this line of business was in turn boosted by the newfound attractiveness of its products following the "normalisation" of interest rates after so many years at or below zero. That was particularly true for the traditional life and savings products, many of which had ceased to be of interest to policyholders in the previous conditions. Moreover, unit-linked life-savings products, which boast much higher penetration in Spain than in many neighbouring economies and had continued to perform quite well during the ultra-low rate years, remained buoyant

> Turning to the non-life business, growth in premium revenues was the highest in recent years, at close to 7%, driven by business growth in real terms but probably more so by the revaluation of policy premiums as a result of the adverse impact of inflation.

Table 1 **Estimated total volume of premiums written in the sector**

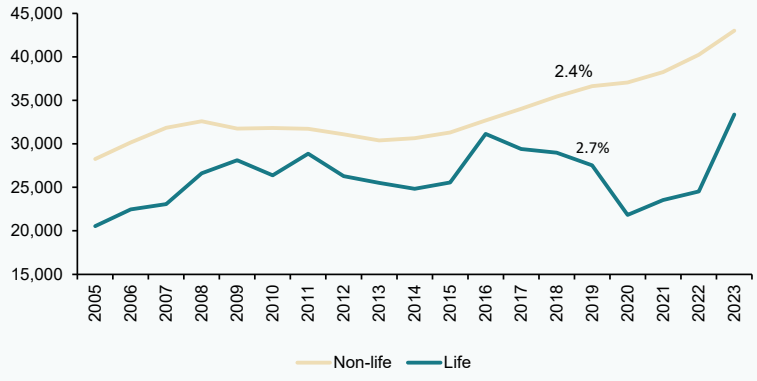
	Estimated total volume of premiums written in the sector (Millions of euros)					Change (%)			
Line	2019	2020	2021	2022	2023	2020-2019	2021-2020	2022-2021	2023-2022
Total Direct Insurance	64,175	58,892	61,798	64,805	76,364	-8.2	4.9	4.9	17.8
Non-life	36,652	37,055	38,247	40,270	43,004	1.1	3.2	5.3	6.8
Motor	11,312	11,086	10,990	11,354	12,107	-2.0	-0.9	3.3	6.6
Health	8,936	9,387	9,854	10,543	11,235	5.0	5.0	7.0	6.6
Multi-risk	7,521	7,753	8,116	8,578	9,158	3.1	4.7	5.7	6.8
Other non-life	8,883	8,829	9,287	9,794	10,504	-0.6	5.2	5.5	7.2
Life	27,523	21,837	23,552	24,535	33,360	-20.7	7.9	4.2	36.0
Risk	4,865	4,848	5,020	5,185	5,047	-0.3	3.5	3.3	-2.7
Savings	22,658	16,989	18,532	19,350	28,313	-25.0	9.1	4.4	46.3
Technical provisions - Life	194,786	194,110	195,721	193,683	203,808	-0.3	0.8	-1.0	5.2

Source: Author's own elaboration based on ICEA data.

in 2023. As a result, the sale of life-savings products soared by no less than 50% from 2022 levels. In contrast, life-risk products, which in premium terms accounts for only around 15% of the life insurance business (albeit particularly profitable for the sector),

Exhibit 1 **Trend in life and non-life premiums**

Millions of euros



Note: The tags over the trend lines show the cumulative annual average for the period.
Source: Author's own elaboration based on ICEA data.

stagnated or even contracted somewhat, undoubtedly shaped by the slowdown in the granting of new mortgages to which this line is heavily linked.

This combination of growth in life-savings and stagnation in life-risk translated into the above-mentioned overall surge in the life insurance business, which registered staggering growth of 36% in 2023, as shown in Table 1 and Exhibit 1.

In terms of provisions, which is a better indicator for monitoring the life insurance business, the growth of 5.25% recorded in 2023 is indicative of the substantial growth in the business after so many years of virtual stagnation, as shown in Table 2.

Turning to the non-life business, growth in premium revenues remained remarkably solid, the highest in recent years, at close to 7%. This noteworthy growth was driven by business growth in real terms but probably more so by the revaluation of policy premiums as a result of the adverse impact of inflation, which had been weighing on the business since 2022. The increase in claims costs

Table 2 **Trend in technical provisions in the life business**

Segment	Technical provisions / Assets (Millions of euros)					Change (%)			
	2019	2020	2021	2022	2023	2020-2019	2021-2020	2022-2021	2023-2022
Risk	6,450	6,572	6,914	7,074	7,186	1.9	5.2	2.3	1.6
Dependency	29	36	38	42	45	24.7	4.9	10.0	7.1
Savings/ Retirement	188,307	187,501	188,770	186,498	196,484	-0.4	0.7	-1.2	5.4
Pension insurance	12,343	12,098	11,400	11,034	10,852	-2.0	-5.8	-3.2	-1.6
Deferred capital	50,326	49,004	47,775	47,215	47,758	-2.6	-2.5	-1.2	1.2
Annuities and temporary income	89,989	89,129	88,449	87,635	92,181	-1.0	-0.8	-0.9	5.2
Transformation of net worth into annuity	2,594	2,418	2,433	2,258	2,290	-6.8	0.6	-7.2	1.4
Systematic individual savings plans	14,457	14,441	14,629	13,645	15,033	-0.1	1.3	-6.7	10.2
Long-term individual savings plans	4,321	4,397	4,321	4,022	3,754	1.7	-1.7	-6.9	-6.7
Unit-linked	14,277	16,016	19,764	20,689	24,615	12.2	23.4	4.7	19.0
Total Life Insurance	194,786	194,110	195,707	193,683	203,808	-0.3	0.8	-1.1	5.2
Pension plans managed by insurance entities	46,168	48,278	61,846	55,922	59,884	4.6	28.1	-9.6	7.1
Total Insurance Entities	240,955	242,388	257,568	249,535	263,692	0.6	6.3	-3.1	5.7

Source: Author's own elaboration based on ICEA data.

> "Inflation, which only began to ease substantially during the second half of the year, was a key factor behind the increase in claims costs, affecting multi-risk as well as motor insurance, albeit having a considerably lower impact in health and other non-life categories (which were probably better able to pass through the impact)."

affected some lines particularly hard (*e.g.*, but not only, motor insurance). Interestingly, the growth in premiums was very similar across the four main categories of non-life insurance (motor, multi-risk, health and other), with all of them coming in at around the overall growth figure of 6.8%. The latter three categories extended the momentum of recent years, while motor insurance picked up after years of weakness, albeit largely as a result of the above-mentioned adaptation of policy premiums.

Sector profits and margins

As was the case in 2022, the momentum in revenue from non-life products was not accompanied by an analogous increase in claims costs in 2023. Both the motor and multi-risk insurance lines experienced significant growth in these costs, for the third year in a row since the pandemic, with claims last year reaching one of the highest levels in recent years. Claims in the motor insurance business, at over 80%, were particularly high and the highest in 15 years. Inflation was a key factor behind the increase in claims costs, affecting multi-risk as well as motor insurance. This process, which only began to ease substantially during the second half of the year, had a considerably lower impact in health and other non-life categories (which were probably better able to pass through the effects of inflation), so that their claims rates were relatively stable.

The margin implied by the technical account for the non-life business as a whole, relative to retained premiums, is largely the result of this uneven trend in claims across the different categories. The collapse in the technical margin in the non-life insurance business as a whole (from 5.06% to just 1.63% [1]) was largely offset by the improvement in the margin in health (from 6.07% to 8.70%). As a result, the aggregate technical account for the non-life business came to 3.25 billion euros, which is similar to the level recorded during the last two years.

Elsewhere, the favourable interest rate climate in 2023 meant that for the second year in a row the technical margin in the life business was largely similar in absolute terms to that reported by the non-life business (3.25 billion euros), after a long period of substantially lower figures. In 2022, that performance

> "The combination of trends in the life and non-life businesses yielded blended aggregate sector profit of close to record levels: almost 6.5 billion euros in the technical account and 5.5 billion euros of estimated profits (margin on the non-technical account), only slightly lower than the exceptional result of 2020 and implying a respectable, double-digit ROE of 12.86%."

had been shaped by the rate normalisation already embarked on and the extraordinary release by some undertakings of sizeable provisions on old product portfolios with actuarial commitments at high rates; in 2023 it was shaped by ongoing normalisation and far more significantly, growth in product sales volumes.

The combination of trends in the life and non-life businesses yielded blended aggregate sector profit of close to record levels: almost 6.5 billion euros in the technical account and 5.5 billion euros of estimated profits (margin on the non-technical account). Looking back in time, this figure is only slightly lower than the exceptional result of 2020 (the year of the pandemic) when profit hit almost 5.8 billion euros under highly unusual circumstances.

The just over 5.46 billion euros of aggregate profits recorded by the sector in 2023 implied a return on equity (ROE) of 12.86%, down slightly from 2022 but still comfortably in the double digits, where it has been steady in recent years. The sector's solvency ratio was an equally ample and robust 241.9% at year-end 2023, two points above the 239.8% reported by the sector watchdog for 2022.

Outlook

Lastly, in terms of the outlook for 2024, we think the situation will continue to benefit the sector. Even though the main economies, particularly the European economies, are expected to remain sluggish in the coming quarters, the Spanish economy is expected to continue to rank towards the top of the growth league tables, reporting GDP growth very close to the 2.5% recorded in 2023, in light of the healthy indicators already released so far this year. In parallel, inflation should continue to ease although it is not expected to close in on the ECB's target of 2% until next year.

Logically, this ongoing economic momentum should continue to have a positive impact on growth in revenue in the insurance lines more exposed to the cycle: in non-life, in the case of motor insurance; and in life, in the case of life-risk. In life-savings, interest rate conditions will remain favourable for business development. However, volumes are likely to adjust more ostensibly to the downtrend in interest rates in the second half of the year. Competition has also increased somewhat as a result of the recent relative improvement in remuneration on bank deposits.

Table 3 **Insurance sector results, 2020-2023**

(Data rebased to 100%)	Result from retained insurance (Millions of euros)				Change (%)		
	FY 2020	FY 2021	FY 2022	FY 2023	2021-2020	2022-2021	2023-2022
Technical account							
Life	2,125	2,539	3,169	3,245	19.5	24.8	2.4
Non-life	4,156	3,322	3,147	3,253	-20.1	-5.3	3.4
Motor	1,503	891	510	170	-40.7	-42.8	-66.7
Multi-risk	467	341	397	349	-27.0	16.4	-12.1
Health	941	715	613	934	-24.0	-14.3	52.4
Other non-life	1,244	1,376	1,626	1,800	10.6	18.2	10.7
Total life and non-life	6,281	5,861	6,315	6,498	-6.7	7.7	2.9
Non-technical account	5,797	5,068	5,526	5,456	-12.6	9.0	-1.3

Source: Author's own elaboration based on ICEA data.

"If forecasts are on target, we would be looking at a new record in premium revenues for the sector of over 80 billion euros in 2024."

As a result, in non-life as a whole, we are looking for continued robust growth in premiums of close to 5% (down by around 2 percentage points from 2023). Elsewhere, after the explosive growth of 36% recorded last year, momentum in life should remain healthy, albeit logically not as intense: we are estimating growth of around 10%. If these forecasts are on target, we would be looking at a new record in premium revenues for the sector of over 80 billion euros in 2024.

In parallel with this topline growth, we think claims costs will fare better in non-life insurance, helped by the anticipated let-up in inflation. It is likely that margins will improve now that premiums have been restated for the initial surge in inflation. Margins should also be lifted, barring surprises in the market, by higher returns on investment portfolios, given their performance in recent quarters. In short, it is reasonable to expect an improvement in profitability against the backdrop of fairly healthy and consistent growth, albeit naturally not as frothy as that seen last year.

Notes

[1] Note that prior to the pandemic, this percentage was over 8%, depicting the scale of the impairment sustained in margins in this business.

Daniel Manzano. PhD in Economics and partner at Afi

This page was left blank intentionally.

Public support for broadband deployment in Spain: Improving connectivity and competitiveness

Public subsidies to foster broadband deployment have led to notable improvements in Spain's connectivity levels over the last decade, positioning the country among the leaders within the EU. The improvements are most notable in smaller municipalities, highlighting the need to focus future such schemes primarily on these geographic areas.

Pablo Delgado Cubillo and Gabriella Németh Kecskeméti

Abstract: Spain has experienced an increase in connectivity over the past decade, positioning itself as one of the leading countries in the European Union. Public support through broadband deployment subsidies has positively contributed to this evolution. Between 2013 and 2020, broadband deployment support programs in Spain mobilized a total investment of 672 million euros, with public support accounting for 51% of this total. Spain's competition authority, the CNMC, conducted a quantitative study of these subsidies between 2013 and 2020, which concluded that they have been effective in improving connectivity and creating positive competition synergies by increasing the variety of operators. Indeed, in 2020, nearly 4,000 municipalities out of more than the 8,000 existing municipalities had an active connexion to fiber optic networks (FTTH), constituting an enormous improvement compared to 2013, where only

270 municipalities (the most populated) had FTTH. Similar improvement is found from the perspective of concentration, considering that the number of municipalities with FTTH connections and a single operator decreased from 87% to 9% between 2013 and 2020. The improvements are most notable in smaller municipalities, with populations of fewer than 10,000 inhabitants, suggesting that public efforts should focus on fostering broadband deployment improvements in these types of municipalities.

Introduction

Between 2013 and 2020, broadband deployment support programs in Spain mobilized a total investment of 672 million euros (635 million euros from PEBA-NGA projects and 37 million euros from regional programs), with public support accounting for 51% of this total (318 million euros in state aid and 27 million euros in regional aid). The research paper "Quantitative Analysis of Public Support for Broadband Deployment in Spain" [EI/01/2022] [1], approved by the CNMC Council on December 20th, 2022, conducted an ex-post impact evaluation of this public aid. The study aimed to explain mainly two aspects: 1) how and to what extent the aid contributed to improving user connectivity (retail-level use of the new infrastructure); and 2) whether the aid improved the competitive situation at the municipal level (degree of concentration of major operators) over time.

This article presents a summary of the study, highlighting the methodology applied (matching) and the main results obtained. The following section presents the characterization of the broadband market in Spain to provide an overview of the sector's evolution between 2013 and 2020. Next, we present the methodology and results. Finally, we conclude with the main message that public support for broadband had the greatest effect in populations of fewer than 10,000 inhabitants, suggesting that public efforts should focus on these types of localities to foster broadband deployment improvements.

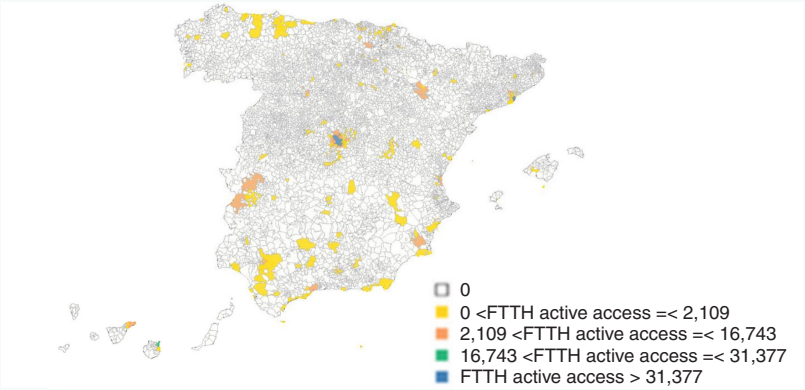
Characterization of the broadband market in Spain

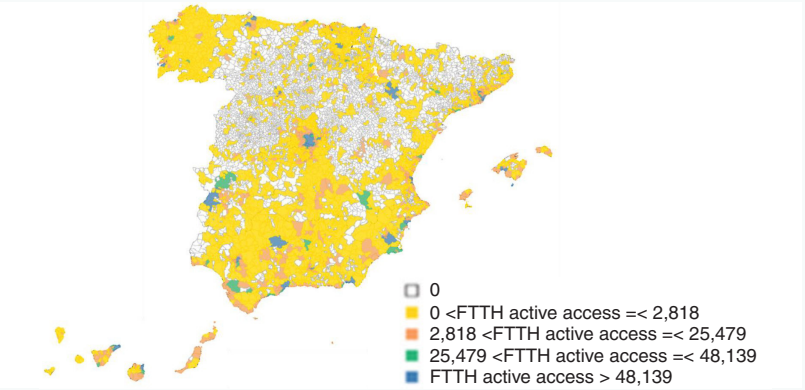
In 2020, nearly 4,000 municipalities out of more than the 8,000 existing municipalities had an active connexion to fiber optic networks (FTTH), constituting an enormous improvement compared to 2013, where only 270 municipalities (the most populated) had FTTH. Indeed, this evolution implies the existence of FTTH coverage for almost all populations with more than 10,000 inhabitants, as illustrated in Exhibit 1 showing the situation in 2013 (upper exhibit) and in 2020 (lower exhibit), where it is possible to see a positive correlation between most-populated areas and FTTH connectivity.

Regarding the demographic distribution of these connections, more than half of the active fiber optic access points in 2013 were concentrated in Madrid and Barcelona, while municipalities with populations of up to 50,000 inhabitants only accounted for 10% of them. In terms of the presence of the main operator, in 2013, most fiber connections (more than 95%) belonged to Telefónica. Out of the 270 municipalities with active connections, there were only 36 (13%) municipalities where Telefónica's market share was not 100% (the metropolitan areas of Madrid and Barcelona and other provincial capitals and large towns).

"In 2020, nearly 4,000 municipalities out of more than 8,000 had an active connexion to fiber optic networks (FTTH), constituting an enormous improvement compared to 2013, where only 270 municipalities (the most populated) had FTTH."

Exhibit 1 **Geographic distribution of active FTTH connections, 2013 and 2020**





Source: CNMC Geographic Report, 2013 and 2020.

These numbers contrast with the demographic distribution of Spain where more than 97% of Spanish municipalities have less than 50,000 inhabitants. Therefore, the FTTH market was characterized by low penetration focused on large municipalities and high concentration, with Telefónica as nearly the only operator.

In contrast, by 2020, the FTTH market had grown significantly (more than twenty times more connexions compared to 2013), with 11.2 million retail access points, distributed across every kind of municipality in term of population, although smaller and rural municipalities still had fewer access points in proportion. Telefónica's market share was reduced to 40%, and the number of municipalities with active access reached 3,964, representing 96% of the population.

From a connectivity perspective, the national connectivity rate, calculated as the ratio

> "In 2013, the FTTH market was characterized by low penetration focused on large municipalities and high concentration."

> In 2013, 83% of municipalities with fewer than 5,000 inhabitants had no fiber, declining to 61% in 2020.

between the number of active connections and the total of households and business premises in each municipality, increased from 3.2% in 2013 to an average of 35% in 2020, with values exceeding 50% in municipalities with more than 10,000 inhabitants. Connectivity in rural areas (less than 5,000 inhabitants) has improved over time, especially in municipalities with 1,000 to 5,000 inhabitants. In this regard, in 2013, 83% of municipalities with fewer than 5,000 inhabitants had no fiber, declined to 61% in 2020.

Regarding the evolution of the number of operators in each municipality, in 2013, as previously mentioned, fiber connexion was concentrated in municipalities with more than 10,000 inhabitants. In the population group between 10,000 and 50,000 inhabitants, close to 20% of the municipalities had active FTTH connections, mostly belonging to Telefónica; whereas in the municipalities with more than 50,000 inhabitants, fiber connection was frequent (more than 70% of these municipalities), although only 22% had more than one operator.

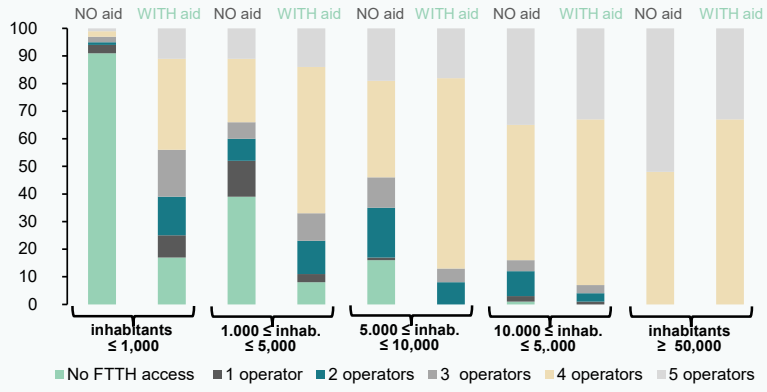
However, by 2020, most municipalities with more than 1,000 inhabitants had more than one operator, with the percentage of municipalities with four or five operators increasing with population size. This progress, illustrated in the Exhibit 2, marked a notable contrast to the situation in 2013, showing greater fiber optic penetration and increased competition in 2020.

Similar improvement is found from the perspective of concentration, considering that the number of municipalities with FTTH connections and a single operator decreased from 87% to 9% between 2013 and 2020. Indeed, in terms of market shares, the concentration ratio of the main operator (CR1) at the municipal level decreased from 99% in 2013 to 62% of total active access

Exhibit 2

Average number of operators at municipal level, depending on the number of inhabitants and the existence of subsidies

Percentages



Source: CNMC (2023).

> “The number of municipalities with FTTH connections and a single operator decreased from 87% to 9% between 2013 and 2020.”

points in 2020 (In both years, Telefónica was the main operator.)

Against this background, where it is possible to see a clear general improvement in both connectivity and competitiveness, the quantitative analysis contained in the next section tried to assess which is the influence of the subsidies to this evolution and if its magnitude depends on the municipality's population size.

Quantitative Analysis: Methodology and results

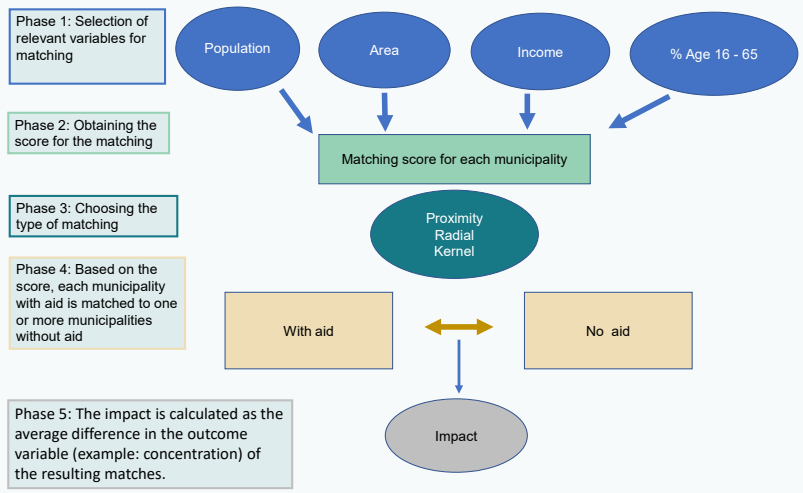
Methodology

To assess whether the subsidies achieved their objectives in terms of connectivity and also had a positive impact on competition, a quantitative impact evaluation focused on municipal fiber optic deployment subsidies granted from 2013 to 2020 is conducted. The technique used is known as Propensity Score Matching (PSM), summarized in Exhibit 3.

Essentially, this technique aims to recreate a dynamic parallel scenario where subsidies did not exist by constructing “twin” municipalities (similar counterparts) to those receiving subsidies. These twin municipalities are created using combinations of relevant variables for subsidy allocation that are sufficiently representative to characterize the different types of municipalities existing before the intervention. In our case, considering the data availability and potential factors influencing the decision to invest in fiber optic deployment, the variables used (phase 1 of the diagram) include population, area, average income per person, and the percentage of the population aged from 16 to 65 in each municipality.

Once the variables are determined, the methodology balances the weights of each

Exhibit 3 **Summary of the methodology applied**



Source: CNMC (2023).

> “Analysis shows subsidies have been effective in achieving their primary objective of increasing broadband usage, contributing to Spain’s leading position in terms of high-speed connectivity within the European Union.”

variable and constructs a twin municipality identifier called pscore (phase 2 of the diagram) using different matching criteria (phase 3 of the diagram) to pair it with its most similar real municipality (phase 4 of the diagram). Finally, the average impact of the subsidy program (phase 5) is captured by the difference in outcome variables (in our case, connectivity rate and concentration ratio in 2020) between municipalities that received subsidies and their matched counterparts that did not. This difference allows attributing changes in fiber optic usage and market concentration to the subsidy program.

Results

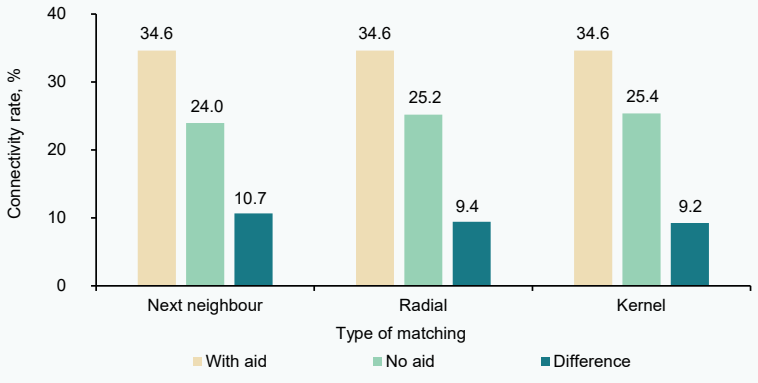
The analysis conducted on a large number of municipalities has allowed for extracting representative results both at the national level and based on municipality population. Thus, on a global scale, as depicted in Exhibit 4, it is observed that by the end of 2020, municipalities receiving subsidies show an average access ratio between 9.24 and 10.66 percentage points higher than their matched counterparts without subsidies. This outcome indicates that the subsidies have been effective in achieving their primary objective of increasing broadband usage, contributing to Spain’s leading position in terms of high-speed connectivity within the European Union (European Commission, 2022a).

Furthermore, in a context marked by network economies with significant sunk costs, it is worth assessing whether the subsidies were designed to create deployment incentives for operators, which would foster consumer

Exhibit 4

Comparison of connectivity rates between the treated and control group according to the matching method

Percentage



Note: The difference, in percentage points, in the connectivity rate in municipalities with and without aid is significant at a level of 1% in all types of matchings.

Source: CNMC (2023).

> “Subsidies have not only significantly increased connectivity but also generated positive effects on market competition due to third-party access rights to the subsidized network, generally enabling consumers to choose from different operators and services.”

choice towards less concentrated and more competitive markets. In this regard, as noted in the market description, there has been a shift from a situation with a single operator in 2013 to multiple operators by 2020. Municipalities receiving subsidies show significant lower levels of concentration compared to their matched counterparts without subsidies. Specifically, both the market share of the largest operator (CR1) and the combined market share of the two largest operators (CR2) are significantly lower (between 6.6 and 7.3 percentage points for CR1, and between 1.5 and 1.7 percentage points for CR2), as shown in Exhibit 5.

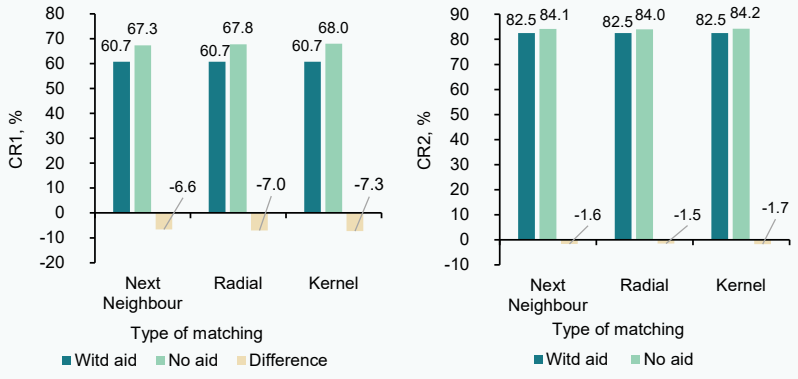
Therefore, the subsidies have not only significantly increased connectivity but also generated positive effects on market competition due to third-party access rights to the subsidized network, generally enabling consumers to choose from different operators and services.

However, given the described territorial heterogeneity of Spain, which conditions both the potential need and effectiveness of such subsidies from various perspectives, it is necessary to disaggregate the results based on population. In principle, incentives for private investment by operators may be limited in sparsely populated municipalities with moderately aged composition, and which may also be surrounded by similar municipalities (without fiber deployment) where extending

Exhibit 5

Comparison of the concentration between the treatment group and the control group according to types of matching

Percentage



Note: The difference, in percentage points, in the concentration in municipalities with and without aid is significant at a level of 1% in all types of pairings, except in the cases of radial pairing in CR2 (5%) and in the case of “nearest neighbour” in CR2, where it is 10%.

Source: CNMC (2023).

> “Public subsidies have a greater incentivizing effect in municipalities where initially there might be less interest from private initiatives due to smaller operational scale.”

existing connections is not possible. However, at the same time, there is a social demand and a political priority to provide high-speed connectivity to these areas, aiming to retain population and promote socio-economic development.

With these premises, the results obtained from our population-disaggregated analysis reinforce the described reasoning, showing greater effects in the form of increased connectivity and lower concentration in municipalities with smaller populations (up to 10,000 inhabitants) that received most of the subsidies. This reflects that public subsidies have a greater incentivizing effect in municipalities where initially there might be less interest from private initiatives due to smaller operational scale. This can serve as a guide for public authorities in deciding where to focus their efforts.

Conclusions

The European Commission (2022b) notes that despite the significant increase in connectivity in rural municipalities across EU countries, there still exists a digital divide between urban and rural areas. The progressive development of increasingly cost-effective wireless technologies in terms of infrastructure and with greater capabilities raises the question of whether fiber optic deployment is the most efficient option in sparsely populated areas with adequate mobile coverage.

Conducting this exercise, which has recently been awarded by the World Bank as one of the winners in the category “Embedding competition in industrial policies through advocacy” at the Competition Advocacy Contest 2024, represents an act of transparency by the Spanish Administration, specifically the CNMC, contributing to the generation of evidence for the evaluation and improvement of public policies. It underscores the importance of continuing to design public subsidies that foster incentivizing effects through inter-administrative coordination, technological neutrality, and third-party access to publicly financed networks.

Undoubtedly, Spain has one of the highest high-quality connectivity levels in the European Union, in part due to public subsidies that enhanced competition without distorting the market. Indeed, the results suggest that public subsidies have a greater incentivizing effect in municipalities where there is initially less private sector interest due to smaller operational scales. This insight can guide public authorities in deciding where to focus their efforts when designing future schemes.

Notes

[1] The content of this article is the responsibility of its authors and might not necessarily reflect the position of CNMC, which is only contained in the study published on the CNMC website.

References

CNMC. (2013 and 2020): Geographical analysis of broadband-services and NGA deployment in Spain (2013y 2020) (https://www.cnmc.es/expedientes/estadcnmc07717).

CNMC. (2023). *Quantitative Analysis of Public Aid for Broadband Deployment in Spain*, EI/01/2022.

European Commission. (2022a). The Digital Economy and Society Index (DESI).

European Commission. (2022b). *State aid Scoreboard 2021*. DG Competition Policy and Strategy State aid case support and policy, 6 September 2022.

Pablo Delgado Cubillo. CNMC and Universidad de Valladolid

Gabriella Németh Kecskeméti. CNMC

Gender diversity on corporate boards: Enhancing sustainability outcomes for Spain's IBEX 35 companies

Institutional changes, such as quotas and evolving social norms, which have promoted gender diversity in boardrooms and at the corporate executive level, are believed to have positively impacted ESG outcomes within firms. Empirical evidence shows that woman directors seem more influential on sustainability issues, while women executives have a stronger impact on gender agendas; nevertheless, preliminary analysis shows that the impact of both groups on these respective areas appears to be limited.

Patricia Gabaldon and Raluca Valeria Ratiu

Abstract: Historically, corporate boards were predominantly male due to societal norms and systemic barriers limiting women's participation in senior leadership. More recently, institutional changes, such as board quotas and evolving social norms, now promote gender diversity in boardrooms. Such changes are believed to have positively impacted ESG outcomes within firms. Through an examination of annual reports across Spain's IBEX-35 companies over the six-year period from 2017-2022, preliminary findings reveal that the overall impact of the presence of women directors and executives is limited except as regards sensitivity related to ESG issues, although

> “In the corporate boardroom, women bring unique perspectives and values, broadening the range of issues considered, challenging groupthink, and fostering holistic decision-making.”

the causality between gender diversity and ESG sensitivity cannot be confirmed. That said, the presence of woman directors is often linked to sustainability committees, providing diverse perspectives that improve the social and environmental responsibility of the companies. In the case of women executives, they seem to have a stronger impact on gender agendas.

Introduction [1]

Until recently, corporate boards were predominantly male due to societal norms and systemic barriers limiting women's participation in senior leadership (Gabaldon *et al.*, 2016; Grau *et al.*, 2020). Institutional changes, such as board quotas and evolving social norms, now promote gender diversity in boardrooms (Krook, 2007; Terjesen and Sealy, 2016). This movement believes that balanced gender representation can enhance governance, promote societal equality, better represent clients and have broader societal impact (Gabaldon *et al.*, 2016; Grau *et al.*, 2020).

Gender diversity on boards has attracted attention for its impact on firms' sustainability outcomes (Ben-Amar *et al.*, 2017; Gabaldón *et al.,* 2023; Galbreath, 2011). As sustainability becomes crucial for businesses, stakeholders demand responsible practices incorporating ESG factors. The existing hypothesis is that the presence of women on corporate boards positively influences sustainability initiatives and outcomes (Campopiano *et al.,* 2023). Meanwhile, research increasingly suggests that gender-diverse boards prioritize sustainability and adopt long-term value creation strategies (Campopiano *et al.,* 2023). Women bring unique perspectives and values, broadening the range of issues considered, challenging groupthink, and fostering holistic decision-making.

This study examines the impact of female board membership for Spain's top listed companies, over the six years period from 2017 through 2022, using the concept of institutional logics. Institutional logics are defined as "systems of cultural elements (values, beliefs, and normative expectations) by which people, groups, and organizations make sense of and evaluate their everyday activities and organize those activities in time and space" (Haveman and Gualtieri, 2017; p. 1).

Women on boards and women executives and their impact on the logics surrounding sustainability

Gender diversity, particularly the inclusion of women on corporate boards and in executive roles, has gained significant attention due to its potentially favorable impact on sustainability and ESG outcomes (Ben-Amar *et al.*, 2013; Ben-Amar *et al.*, 2017; Khemakhem *et al.*, 2023; Manita *et al.,* 2018). Women's representation in leadership has been linked to positive sustainability outcomes, reflecting the diverse perspectives,

> “Research indicates that companies with greater gender diversity on boards and executive teams are more likely to prioritize sustainability and exhibit better ESG performance.”

> "Gender-diverse boards are more likely to embrace multiple institutional logics that prioritize gender equity and inclusivity, recognizing the materiality of ESG opportunities and risks in long-term value creation."

experiences, and values they bring to decision-making (Campopiano *et al.,* 2023; Gabaldón *et al.,* 2023). Research indicates that companies with greater gender diversity on boards and executive teams are more likely to prioritize sustainability and exhibit better ESG performance (Ben-Amar *et al.,* 2017). Women directors and executives bring unique insights, broadening decision-making, enhancing risk assessments, and improving strategic planning (Campopiano *et al.,* 2023). Their presence also promotes stakeholder engagement and transparency, as diverse leadership better addresses the concerns of various stakeholders, including employees, customers, investors, and communities (Brink *et al.*, 2010).

The impact of gender diversity on sustainability and ESG outcomes is shaped by factors such as corporate culture, leadership dynamics, and industry context. Companies prioritizing diversity and inclusion benefit more from gender diversity, fostering environments where women thrive. Research shows that greater gender diversity at the executive level leads to prioritizing sustainability, stronger corporate governance, and higher corporate social responsibility (Ali and Konrad, 2017).

Building on the idea that women are closely associated with ESG outcomes, gender diversity on boards should correlate positively with logics related with gender, sustainability, inclusivity, and ESG factors (Zhang, 2020). The presence of women on boards impacts organizational values and priorities towards greater gender equality, environmental stewardship, social responsibility, and ethical governance. Boards with diverse gender representation are more likely to embrace multiple institutional logics that prioritize gender equity and inclusivity, recognizing the importance of diverse perspectives in decision-making. Additionally, gender-diverse boards are inclined to adopt sustainability logics, acknowledging the interconnectedness between business operations and environmental and social outcomes. Such boards align with ESG considerations, recognizing the materiality of environmental and social risks and opportunities in long-term value creation. Consequently, gender diversity on boards serves as a catalyst for integrating gender, sustainability, inclusivity, and ESG logics into organizational practices and decision-making frameworks. Women on boards may advocate for comprehensive ESG reporting, ensuring environmental and social risks and opportunities are addressed in corporate disclosures. They bring diverse perspectives to board discussions, prompting broader consideration of stakeholder interests and sustainability goals, reflected in the corporation's ESG reporting.

Methodology: Measuring the relationship between women directors, women executives and the corporate ESG agendas

Spain has made significant progress in advancing gender diversity on corporate boards through legislative interventions. In 2007, Spain became one of the first countries in the world, after Norway, to introduce a gender quota for corporate boards, requiring that at least 40% of board members be women, although this quota was not enforced by any punitive measure (Gabaldon and Giménez, 2017).

The trajectory of female representation on corporate boards and among executive ranks

> In 2007, Spain became one of the first countries in the world, after Norway, to introduce a gender quota for corporate boards, requiring that at least 40% of board members be women, although this quota was not enforced by any punitive measure.

has become increasingly visible since 2017 in Spain. The acceleration of this trend has been particularly pronounced from 2019 onwards. Over the specified period, a notable increase of 15 percentage points in the presence of women on boards has been observed, alongside a corresponding increase of 7 percentage points in overall female executive representation.

Moreover, an intriguing observation emerges regarding the influence of regulatory compliance on gender diversity dynamics within corporate entities. Specifically, it appears that regulatory adherence exerts a more pronounced impact on enhancing female representation within board compositions compared to its effects on Top Management Teams (TMTs).

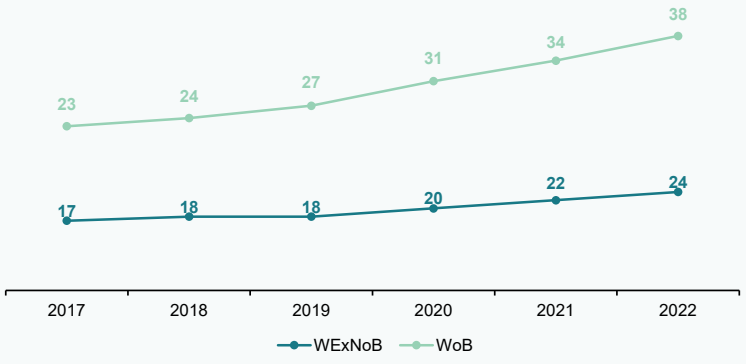
We use panel data analysis to examine data from annual reports of companies included in the Spanish IBEX-35 index from 2017 through 2022. Our final sample consists of 206 firm-year observations.

For the dependent variables, Women on Boards (WoB) and Women Executives Not on Boards (WExNoB), we use data from the Spanish Statistical Office (Instituto Nacional de Estadística), to measure the presence of women on the board of directors and the top management teams of IBEX 35 companies.

The independent variables we use in both our models are counts of mentions of the following terms: "ESG", "Gender", "Inclusivity", and "Sustainability", when these items appear as stand-alone, or they are used in the same paragraph with the words "Board" and "Executive". The data analysis process involved three steps: first, we established the institutional logic words

Exhibit 1

Annual average percentage of women on boards and women executives for IBEX 35 companies, between 2017 and 2022



Source: Authors' calculations.

"A greater number of women on boards appears to have a positive correlation with increased mentions of ESG criteria, Gender, Inclusivity, and Sustainability within corporate discourses; however, only Sustainability demonstrates statistical significance."

based on previous studies (Besharov and Smith, 2014; Haveman and Gualtieri, 2017) which used vocabulary measures. Second, we retrieved annual reports of all the companies in English for the period 2017-2022, from the investors' section of the companies' websites. We chose to focus on the annual reports published in English, because these are publicly listed companies, they are mandated to publish the same information in English as they do in Spanish. Last, we processed the annual reports using Python coding [2] to get the resulting word counts included in our models.

The results of our econometric analysis show that a greater number of women on boards exhibits a positive correlation with increased mentions of ESG criteria, Gender, Inclusivity, and Sustainability within corporate discourses. However, among these variables, only Sustainability demonstrates statistical significance. This suggests that the involvement of women on boards may contribute to a more comprehensive perspective that emphasizes sustainability concerns. Consequently, boards with higher female representation might be deliberately constituted to prioritize sustainability considerations in corporate decision-making processes.

At the same time, we also find that an increased presence of women in executive roles shows a positive association with references to Gender, Inclusivity, and Sustainability within corporate discourses. However, among these variables, only Gender exhibits statistical significance. This observation suggests that female executives may prioritize concerns regarding gender representation over those related to ESG criteria or sustainability. This inclination towards addressing issues of representativity could underscore the motivations driving the prominence of gender-related discourse within companies led by women executives.

Women directors, women executives and corporate logics surrounding sustainability and gender agendas

On average, corporate reports denote ESG-related matters approximately 28 times per annual report, ranging from 0 to 385 mentions of environmental, social, and governance dimensions. Parallelly, gender discourse manifests an average frequency of 29 mentions per report annually, from 0 to 144 references. The thematic analysis of inclusivity shows, with an average of 8 mentions per report per annum, a range of 0 to 100 mentions denoting inclusivity-related concepts. Lastly, the discourse surrounding sustainability emerges as a focal point, with an average of 182 mentions per report per year, spanning a gamut from 0 to 967 mentions encapsulating sustainable practices and principles.

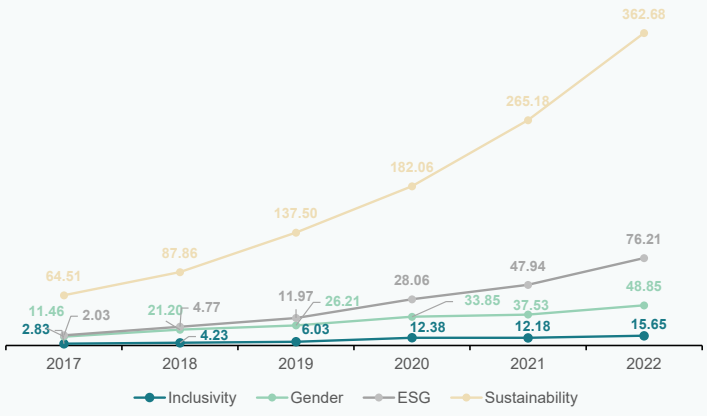
"An increased presence of women in executive roles shows a positive association with references to Gender, Inclusivity, and Sustainability within corporate discourses; however, among these variables, only Gender exhibits statistical significance."

> An analysis of Spanish corporate reporting reveals the discourse surrounding sustainability emerges as a focal point, with an average of 182 mentions per report per year, spanning a gamut from 0 to 967 mentions encapsulating sustainable practices and principles.

The growing number of mentions to the different themes in corporate reports shows the increasing importance of these themes for corporations. This could be due to the corporate governance rules that companies have to follow, like having more women on their boards. However, it could also indicate that different stakeholders are more interested in these topics, placing them into the agenda and corporate outcomes. Over a seven-year period, there has been a significant increase in references to sustainability, surging from a modest number to a much higher frequency by 2022, representing a substantial amplification (362 mentions by 2022). Similarly, mentions of ESG considerations have shown exponential growth, starting from a minimal base and expanding to 76 mentions in 2022. Moreover, the thematic discourse around gender has undergone a notable increase, starting from 11 mentions per report in 2017 and undergoing approximately a fourfold increase by 2022. Similarly, references to inclusivity show a substantive increase, sevenfold times larger, to attain 15 mentions in 2022.

Although these two streams to logics seem to be very correlated, when analyzing these data deeper, our findings suggest no strong correlation between women on boards and the frequency of ESG and sustainability mentions in corporate discourse. While more women on boards positively correlates with mentions of ESG criteria, Gender, Inclusivity, and Sustainability, only Sustainability shows statistical significance. This indicates that women on boards may contribute – or be correlated – to a greater emphasis on sustainability concerns.

Exhibit 2 **Annual average mentions of logics surrounding inclusivity, gender, ESG and sustainability between 2017 and 2022**



Source: Authors' calculations.

"Compliance-driven initiatives, like Spain's non-mandatory gender quotas, push for increased diversity, sometimes resulting in symbolic compliance–superficial efforts to meet quotas without fostering genuine inclusion."

Conclusions

The analysis shows women on boards have limited impact on corporate reporting, mainly influencing sustainability references. One potential explanation could be that women directors are often selected for sustainable committees due to their expertise, diverse perspectives, and commitment to social and environmental responsibility, enhancing corporate sustainability. In Spanish listed corporations, women's integration on boards involves dynamics of corporate compliance. Compliance-driven initiatives, like Spain's non-mandatory gender quotas, push for increased diversity, sometimes resulting in symbolic compliance–superficial efforts to meet quotas without fostering genuine inclusion.

The pressure to increase gender diversity on boards has grown alongside sustainability regulation. Women on boards often serve as ESG representatives, naturally enhancing sustainability focus. Without a counterfactual–what if only men were hired–we cannot isolate the effect of women on sustainability. However, the results show that women on boards do not significantly influence corporate gender discourse, contrary to previous research assumptions.

When we do the same exercise for women executives, we find that the increased presence of women in executive roles is positively associated with references to Gender, Inclusivity, and Sustainability in corporate discourse. However, only Gender shows statistical significance. This suggests female executives may prioritize gender representation over ESG criteria or sustainability. This focus on representation may drive the prominence of gender-related discussions in companies led by women executives.

Women executives face barriers like the "glass ceiling," limiting their ability to drive substantial change. Regulatory constraints and entrenched gender dynamics in boardrooms hinder their influence on corporate governance and decision-making. However, women executives do impact gender discourse in corporate reporting.

Women executives can dismantle the "glass ceiling" in corporate hierarchies, fostering genuine equity and inclusivity. As pioneers in male-dominated fields, they challenge gender biases and systemic barriers. Leveraging their leadership, they advocate for gender diversity, championing policies that promote equal opportunities and cultivate diverse talent pipelines. Their strategic approaches enhance organizational performance and highlight the benefits of diverse leadership teams. Moreover, women executives serve as role models and mentors, inspiring future female leaders and nurturing supportive ecosystems. Their presence at the top amplifies diverse perspectives and fosters empowerment and collaboration. Consequently, their impact extends beyond individual success to drive systemic shifts towards a more equitable corporate landscape.

In a nutshell, women directors seem more influential on sustainability, while women executives have a stronger impact on gender agendas.

Notes

[1] This research has benefitted from the financial support of Funcas.

[2] https://github.com/itb-ie/raluca-funcas

References

Ali, M. and Konrad, A. M. (2017). Antecedents and consequences of diversity and equality management systems: The importance of gender diversity in the TMT and lower to middle management. E*uropean Management Journal, 35*(4), pp. 440–453. https://doi.org/10.1016/j.emj.2017.02.002

Ben-Amar, C., Hafsi, T. and Labelle, R. (2013). What Makes Better Boards? A Closer Look at Diversity and Ownership. B*ritish Journal of Management, 24*(1), pp. 85–101. https://doi.org/10.1111/j.1467-8551.2011.00789.x

Ben-Amar, W., Chang, M. and McIlkenny, P. (2017). Board Gender Diversity and Corporate Response to Sustainability Initiatives: Evidence from the Carbon Disclosure Project. *Journal of Business Ethics, 142*(2), pp. 369–383. https://doi.org/10.1007/s10551-015-2759-1

Besharov, M. L. and Smith, W. K. (2014). Multiple institutional logics in organizations: Explaining their varied nature and implications. A*cademy of Management Review, 39*(3), pp. 364–381. https://doi.org/10.5465/AMR.2011.0431

Brink, M., Van Den, Benschop, Y. and Jansen, W. (2010). Transparency in Academic Recruitment : A Problematic Tool for Gender Equality? *Organization Studies, 31*(1), pp. 1459–1483. https://doi.org/10.1177/0170840610380812

Campopiano, G., Gabaldón, P. and Gimenez-Jimenez, D. (2023). Women Directors and Corporate Social Performance: An Integrative Review of the Literature and a Future Research Agenda. *Journal of Business Ethics, 182*(3). https://doi.org/10.1007/s10551-021-04999-7

Gabaldon, P., De Anca, C., Mateos De Cabo, R. and Gimeno, R. (2016). Searching for Women on Boards: An Analysis from the Supply and Demand Perspective. *Corporate Governance: An International Review, 24*(3), pp. 371–385. https://doi.org/10.1111/corg.12141

Gabaldon, P. and Giménez, D. (2017). Gender diversity on boards in Spain: A non-mandatory quota. In *Gender Diversity in the Boardroom* (Vol. 1, pp. 47–74). Cham.: Palgrave Macmillan. https://doi.org/10.1007/978-3-319-56142-4_3

Gabaldón, P., Gimenez-Jimenez, D. and Campopiano, G. (2023). Women directors and sustainability: A contribution of networking activities. In *Research Handbook on Corporate Governance and Ethics*. https://doi.org/10.4337/9781800880603.00017

Galbreath, J. (2011). Are there gender-related influences on corporate sustainability? A study of women on boards of directors. *Journal of Management and Organization, 17*(1), pp. 017–038. https://doi.org/10.1017/S1833367200001693

Grau, P., Mateos de Cabo, R., Gimeno, R., Olmedo, E. and Gabaldon, P. (2020). Networks of Boards of Directors: Is the'Golden Skirts' Only an Illusion? *Nonlinear Dynamics, Psychology, and Life Sciences, 24*(2), pp. 215–231.

Haveman, H. A. and Gualtieri, G. (2017). Institutional Logics. *Research Encyclopedia, Business and Management,* 1–15. https://doi.org/10.1093/acrefore/9780190224851.013.137

Khemakhem, H., Arroyo, P. and Montecinos, J. (2023). Gender diversity on board committees and ESG disclosure: evidence from Canada. *Journal of Management and Governance, 27*(4), pp. 1397–1422. https://doi.org/10.1007/S10997-022-09658-1/FIGURES/2

Krook, M. L. (2007). Candidate gender quotas: A framework for analysis. *European Journal of Political Research, 46*(3), pp. 367–394. https://doi.org/10.1111/j.1475-6765.2007.00704.x

Manita, R., Bruna, M. G. and Dang, R. (2018). Board gender diversity and ESG disclosure: evidence from the USA. *Journal of Applied Accounting Research, 19*(2), pp. 206–224. https://doi.org/10.1108/JAAR-01-2017-0024

Terjesen, S. and Sealy, R. (2016). Board Gender Quotas: Exploring Ethical Tensions From A Multi-Theoretical Perspective. *Business Ethics Quarterly, 26*(01), pp. 23–65. https://doi.org/10.1017/beq.2016.7

Zhang, L. (2020). An institutional approach to gender diversity and firm performance. *Organization Science, 31*(2), pp. 439–457.

Patricia Gabaldon and Raluca Valeria Ratiu. IE Business School, IE University, Spain

This page was left blank intentionally.

Recent key developments in the area of Spanish financial regulation

Prepared by the Regulation and Research Department of the Spanish Confederation of Savings Banks (CECA)

Royal Decree-law 1/2024 extending the measures suspending evictions from regular abodes for qualifying vulnerable households (*Official State Gazette*: 15 May 2024)

With the aim of extending the extraordinary protections afforded to the most vulnerable households and preventing situations which could lead these borrowers and their families to social exclusion, the suspension of evictions from regular abodes for 'particularly vulnerable groups' contemplated in Law 1/2013 has been extended to 15 years from its initial entry into effect, *i.e.,* for four more years from its last amendment (via Royal Decree-law 6/2020), until 15 May 2028. The applicable circumstances are unchanged. The Royal Decree-law took effect the day of its publication.

Royal Decree-law 4/2024 extending certain measures for tackling the economic and social consequences of the conflicts in Ukraine and the Middle East and introducing urgent measures around fiscal, energy and social policy (*Official State Gazette*: 27 June 2024)

Among other matters, Royal Decree-law 4/2024 amends Royal Decree-law 20/2021 in order to initiate a new window for applying for the moratorium on (mortgaged and unmortgaged) loan principal and interest payment obligations granted to the victims of the seismic movements and volcanic eruptions in La Palma Island from 19 September 2021. This is the fifth such window for applying for this moratorium and in the preamble to this new piece of legislation the legislator estimates that further extensions will not be needed.

Specifically, the new legislation allows the borrowers in a range of municipalities in La Palma that applied to have their payment obligations suspended (or to have that suspension extended) under Real Decree-law 20/2021 to apply, up until 31 July 2024, for an additional six-month suspension of their payment obligations under mortgaged or unmortgaged loan or credit agreements. Royal Decree-law 4/2024 took effect the day after its publication.

This page was left blank intentionally.

Spanish economic forecasts panel: July 2024*

Funcas Economic Trends and Statistics Department

GDP growth forecast for 2024 raised by three tenths of a percentage point to 2.4%

The GDP growth rate in the first quarter of this year has been revised upwards by one tenth of a percentage point to 0.8%. Likewise, economic indicators for the second quarter continue to point to solid progress: the number of Social Security affiliates grew by 0.8%, one tenth of a percentage point more than in the previous quarter; the PMIs for manufacturing and services registered, on average in the second quarter, a higher result than in the first quarter; and tourist arrivals have once again exceeded expectations. The panelists' consensus forecast for the second quarter has been raised by one tenth of a percentage point to 0.5%, while the forecasts for the third and fourth quarters are unchanged at 0.4% (Table 2).

As a result, the Panel´s forecast for GDP growth in 2024 has been revised upwards by three tenths of a percentage point to 2.4% (Table 1). Two tenths come from the contribution of domestic demand, and the remaining one tenth from the contribution of the foreign sector.

The GDP forecast for 2025 remains at 2%

There has been no change in the Panel forecast for GDP growth in 2025, which remains at 2.0%, with quarter-on-quarter growth rates of 0.5%. As in the previous Panel, domestic demand is expected to contribute 1.9 percentage points to growth, with the external sector contributing one tenth.

The inflation rate is expected to be above 2% throughout the projection period

The inflation rate rose from a low of 2.8% in February to 3.6% in May, due to the staggering effects of the increase in VAT on energy products, although it fell slightly to 3.4% in June. Core inflation fell from around 3.5% in the first quarter of the year to around 3% between April and June.

There are no major changes with respect to previous forecasts. The overall inflation rate is expected to remain above 3% in the coming months, ending at 3.1% in December, with an annual average of 3.2%, one tenth of a percentage point more than in the previous Panel (Table 3). For December 2025, 2.2% is expected, with an annual average of 2.3%, unchanged from the previous survey.

As for core inflation, the forecast has been cut slightly by one tenth of a percentage point in both 2024 and 2025, to 3% and 2.3% respectively.

Unemployment rate to fall to 11.1% in 2025

Job creation remained strong in the second quarter of the year, according to Social Security enrollment figures. Panel forecasts have changed only slightly. Employment growth for the year as a whole is expected to be 2.1% and 1.7% for next year, while the average annual unemployment rate is forecast to be 11.5% this year and 11.1% next year.

The implicit forecast for productivity and unit labour cost (ULC) growth is derived from the forecasts for GDP, employment and wage growth. Productivity per full-time equivalent job is expected to increase by 0.3% this year and by a further 0.3% next year. As for ULCs, they will increase by 3.4% in 2024 and by 2.7% in 2025.

Continued balance of payments strength

In the first quarter of 2024, the current account recorded a surplus of almost 12 billion euros, 1.5 billion more than in the same period of the previous year, and 3.1% of GDP. The improvement came from the increase in the surplus on trade in services, mainly non-tourist services, which continue to show extraordinary dynamism. This increase more than offset the slight worsening of the deficit in the balance of trade in goods and the balance of primary income.

Consensus forecasts point to a surplus of 2.1% of GDP in both 2024 and 2025, with little change from the previous Panel.

Slight cut in public deficit forecast

The public administration recorded a deficit of 6.111 million euros in the first quarter of 2024, almost double compared to the same period of the previous year. The deterioration came from central, regional and local administrations with only Social Security improving its result. However, after incorporating the month of April, all administrations excluding local corporations, for which there are no data, partially corrected this poor performance and obtained a slightly lower deficit than in the same period last year.

The forecast for the general government deficit for 2024 has been revised downwards slightly to 3.3% of GDP, one tenth of a percentage point lower than in the previous Panel, while the forecast for 2025 remains unchanged at 3.1% of GDP. These figures are in line with the Bank of Spain's forecasts, but are higher than those of other national and international organizations.

Eurozone slow to recover

On the international front, geopolitical and military conflicts persist, while protectionist tensions are intensifying, weighing on world trade in goods. European industry is the most affected, showing signs of decline since the last Panel (manufacturing PMIs remain below 50 for the Eurozone as a whole as well as in each of the major European economies, except Spain). Services are performing better, particularly those most closely associated with tourism (the Eurozone services PMI is above the 50 threshold marking expansion).

European sluggishness contrasts with relative strength in the US, in both services and industry. The resilience of growth, together with uncertainties about the pace of inflation de-escalation, have clouded the outlook for monetary policy easing by the Federal Reserve. Finally, in China, the deleveraging process continues to weigh on domestic demand, while encouraging companies to export in order to offset weakness in domestic markets.

The Panel reflects the economic differences between the two sides of the Atlantic: 13 panelists consider the European context to be unfavorable (the same as in the previous assessment), while 10 think the same of the non-EU environment (three less than in May´s Panel). In both cases, most panelists predict little change in the coming months, or even an improvement, with only one analyst anticipating a deterioration in the international environment (Table 4).

Euribor to end the year at around 3.3%, falling to 2.8% by end 2025

Inflation remains above the central bank targets, largely as a result of price inertia in the service sectors (a typical phenomenon of inflationary episodes) and wage compensation agreements in response to the loss of purchasing power in the past two years. The resilience of the US economy, together with tensions in the labour market, both raise the risk of persistent inflation in the US, prompting the Federal Reserve to be cautious before embarking on a path of lowering interest rates. In Europe, the weak economy is fuelling expectations of disinflation, prompting the ECB to make its first rate cut last month. In addition, uncertainties about the direction of economic policy following the French elections have led to some market tensions, slightly raising the risk premia of the most indebted countries.

The Panel maintains its forecast for a smooth adjustment path: after the quarter-point cut in the ECB deposit facility in June, there would be two more cuts between now and the end of the year, and another three in the course of 2025 (Table 2). Market interest rates are expected to follow a similar, albeit less pronounced, trend, with Euribor closing this year at around 3.3%, falling to 2.8% by the end of 2025 (values similar to the previous Panel). The decline in yields on Spanish 10 year government bonds will be even more gradual, still close to 3% at the end of next year.

Slight recovery of the euro against the dollar

Since the May Panel, the euro has shown some volatility, evidenced by a depreciation against the dollar following the French elections, and a subsequent recovery. A relative calm seems to have returned to the markets, with analysts forecasting a slight appreciation trend for the euro over the forecast period (Table 2).

Fiscal policy should be less expansionary, and monetary policy should be neutral

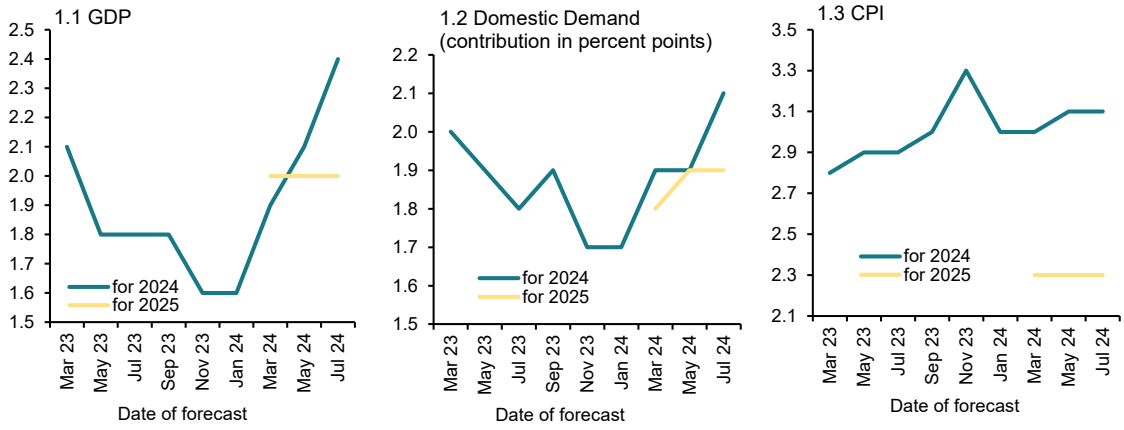
Assessments of macroeconomic policy have undergone few changes compared to the May Panel. The majority opinion is that fiscal policy is being

expansionary in relation to what would be necessary given the intensity of growth in the Spanish economy (Table 4). The panelists therefore consider that it should be neutral, or even restrictive (with no relevant changes with respect to May). On the other hand, there is unanimity in considering that monetary policy is being restrictive. However, in the opinion of the majority of panelists, it should be neutral.

Exhibit 1

Change in forecasts (Consensus values)

Annual rates in %



Source: Funcas Panel of Forecasts.

** The Spanish Economic Forecasts Panel is a survey run by Funcas which consults the 19 research departments listed in Table 1. The survey, circulated since 1999, is a bi-monthly publication issued in the months of January, March, May, July, September and November. The responses to the survey are used to produce a "consensus" forecast, which is calculated as the arithmetic mean of the 19 individual contributions. The forecasts of the Spanish Government, the Bank of Spain, and the main international organizations are also included for comparison, but do not form part of the consensus forecast.*

Spanish economic forecasts panel: July 2024*

Funcas Economic Trends and Statistics Department

Table 1

Economic Forecasts for Spain – July 2024

Average year-on-year change, as a percentage, unless otherwise stated

	GDP		Household consumption		Public consumption		Gross fixed capital formation		GFCF machinery and capital goods		GFCF construction		Domestic demand[3]	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
Analistas Financieros Internacionales (AFI)	2.3	2.0	1.9	1.6	0.6	0.8	3.1	2.9	3.9	4.3	3.2	1.6	1.8	1.7
BBVA Research	2.5	2.1	2.2	1.9	1.8	1.3	3.4	5.4	2.7	5.6	3.7	4.7	2.3	2.5
CaixaBank Research	2.4	2.3	2.2	2.4	1.7	1.0	2.5	3.6	2.2	4.6	2.9	3.1	2.1	2.3
Cámara de Comercio de España	2.4	2.0	1.8	1.5	1.8	1.5	1.8	2.2	1.0	2.1	2.4	2.4	1.9	1.6
Centro de Estudios Economía de Madrid (CEEM-URJC)	2.3	2.4	2.2	2.4	1.3	1.2	1.9	2.1	2.5	2.3	1.5	1.9	1.9	2.1
Centro de Predicción Económica (CEPREDE-UAM)	2.1	2.4	1.8	2.4	2.9	2.3	4.5	4.1	3.1	4.3	5.5	3.2	2.3	2.5
CEOE	2.3	1.8	1.8	1.5	2.5	0.8	1.8	1.1	0.2	1.1	2.4	1.3	2.0	1.3
Equipo Económico (Ee)	2.4	2.0	2.3	2.1	2.8	0.7	2.0	2.5	1.7	2.7	2.7	2.7	2.0	1.8
EthiFinance Ratings	2.4	2.0	2.5	1.8	1.1	0.8	3.6	5.8	2.0	5.7	4.8	5.8	--	--
Funcas	2.5	1.8	2.3	1.9	1.7	1.0	2.3	2.5	1.5	2.4	2.9	2.7	2.1	1.7
Instituto Complutense de Análisis Económico (ICAE-UCM)	2.5	2.3	2.3	2.2	1.6	1.5	2.7	3.6	2.0	3.8	3.6	3.7	2.0	2.2
Instituto de Estudios Económicos (IEE)	2.3	1.8	2.0	1.6	2.3	0.5	1.6	1.1	0.3	1.0	1.4	1.2	2.0	1.3
Intermoney	2.2	1.8	2.2	1.9	1.5	1.5	2.7	2.6	2.6	3.2	2.8	2.2	2.0	1.8
Mapfre Economics	2.1	1.6	1.8	1.6	3.0	0.6	1.4	5.1	--	--	--	--	1.9	1.7
Metyis	2.5	2.1	2.2	2.2	2.0	1.3	3.0	2.5	2.3	2.2	3.6	3.0	2.1	1.9
Oxford Economics	2.5	1.9	2.1	1.8	2.0	1.0	2.6	5.0	1.5	4.0	2.0	3.0	1.9	2.0
Repsol	2.6	2.0	2.0	2.3	1.6	2.0	4.7	3.8	5.4	4.8	5.7	3.6	2.3	2.4
Santander	2.5	2.0	2.2	2.0	1.6	1.3	2.8	3.2	2.8	4.4	3.1	2.6	2.2	2.1
Universidad Loyola Andalucía	2.0	2.0	1.6	1.5	3.5	3.7	1.8	1.5	1.5	3.2	3.9	4.4	1.6	1.3
CONSENSUS (AVERAGE)	2.4	2.0	2.1	1.9	2.0	1.3	2.6	3.2	2.2	3.4	3.2	2.9	2.0	1.9
Maximum	2.6	2.4	2.5	2.4	3.5	3.7	4.7	5.8	5.4	5.7	5.7	5.8	2.3	2.5
Minimum	2.0	1.6	1.6	1.5	0.6	0.5	1.4	1.1	0.2	1.0	1.4	1.2	1.6	1.3
Change on 2 months earlier[1]	0.3	0.0	0.1	0.1	-0.1	0.0	0.1	0.1	0.0	0.0	0.5	-0.1	0.1	0.0
- Rise[2]	15	10	11	9	7	5	7	6	4	5	7	7	8	7
- Drop[2]	0	2	2	1	5	4	3	4	5	4	5	5	3	1
Change on 6 months earlier[1]	0.8	--	0.3	--	0.7	--	0.2	--	-0.4	--	1.2	--	0.3	--
Memorandum items:														
Government (April 2024)	2.0	1.9	2.4	2.1	1.3	1.0	2.8	4.0	--	--	--	--	2.3	2.1
Bank of Spain (June 2024)	2.3	1.9	2.4	2.0	1.6	1.7	2.2	2.4	--	--	--	--	2.1	1.9
AIReF (April 2024)	2.0	1.9	2.4	2.0	1.2	1.3	2.7	2.1	--	--	--	--	2.1	1.8
EC (May 2024)	2.1	1.9	2.1	1.9	1.8	1.3	1.9	2.9	2.0	4.0	1.6	2.6	--	--
IMF (April 2024)	1.9	2.1	1.8	2.0	--	--	2.2	4.0	--	--	--	--	--	--
OECD (May 2024)	1.8	2.0	--	--	--	--	--	--	--	--	--	--	--	--

[1] Difference in percentage points between the current month's average and that of two months earlier (or six months earlier).

[2] Number of panellists revising their forecast upwards (or downwards) since two months earlier.

[3] Contribution to GDP growth, in percentage points.

Table 1 (Continued)

Economic Forecasts for Spain – July 2024

Average year-on-year change, as a percentage, unless otherwise stated

	Exports of goods & services		Imports of goods & services		CPI (annual av.)		Core CPI (annual av.)		Wage earnings[3]		Jobs[4]		Unempl. (% labour force)		C/A bal. of payments (% of GDP)[5]		Gen. gov. bal. (% of GDP)	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
Analistas Financieros Internacionales (AFI)	3.5	4.1	2.4	3.4	3.2	2.3	2.9	2.1	3.9	3.2	1.7	1.5	11.7	11.4	1.9	2.1	-3.1	-3.2
BBVA Research	3.2	3.8	2.7	5.1	3.3	2.4	3.1	2.1	--	--	2.1	1.9	11.4	10.8	2.6	2.2	-2.9	-2.7
CaixaBank Research	3.6	2.4	2.9	2.5	3.2	2.5	3.0	2.4	4.2	3.1	2.7	2.2	11.6	11.1	2.7	2.7	-3.0	-2.6
Cámara de Comercio de España	3.0	2.0	1.6	1.2	3.0	2.1	3.3	2.8	--	--	2.0	1.5	11.6	10.9	2.6	2.5	-3.2	-3.0
Centro de Estudios Economía de Madrid (CEEM-URJC)	3.4	4.6	3.2	2.9	3.3	2.8	3.2	3.0	--	--	1.2	2.1	11.0	10.6	1.0	1.0	-3.4	-2.8
Centro de Predicción Económica (CEPREDE-UAM)	1.9	4.3	2.7	4.9	3.1	2.4	--	--	3.9	3.3	2.0	1.5	12.3	11.8	1.3	0.9	-4.1	-4.1
CEOE	0.2	4.9	-1.0	3.8	3.4	1.9	2.9	2.1	4.0	2.9	2.5	1.7	11.4	10.9	1.8	1.7	-3.3	-3.0
Equipo Económico (Ee)	2.5	2.1	1.8	1.8	3.2	2.3	3.1	2.3	3.9	3.6	2.2	1.3	11.7	11.5	2.0	1.9	-3.4	-3.2
EthiFinance Ratings	1.5	1.7	1.7	3.6	3.1	2.3	2.9	2.1	--	--	--	--	11.4	10.9	1.3	1.0	-3.2	-2.9
Funcas	3.9	2.4	3.1	2.5	3.3	2.3	3.2	2.3	3.4	2.6	2.2	1.5	11.2	10.3	2.9	2.8	-3.1	-3.0
Instituto Complutense de Análisis Económico (ICAE-UCM)	4.1	2.6	2.6	2.4	3.2	2.5	3.1	2.3	--	--	1.9	1.5	11.2	10.8	2.5	2.5	-3.4	-3.0
Instituto de Estudios Económicos (IEE)	2.1	4.4	1.3	3.4	3.5	2.1	3.0	2.3	4.0	2.9	2.3	1.5	11.6	11.2	1.9	1.8	-3.4	-3.1
Intermoney	2.2	2.9	1.9	3.2	3.2	2.3	3.0	2.2	--	--	1.5	1.6	11.8	11.4	1.8	--	-3.6	-3.4
Mapfre Economics	2.2	2.4	1.9	3.0	3.1	2.2	2.6	2.1	--	--	--	--	11.3	11.3	3.4	3.3	-3.1	-3.1
Metyis	2.6	3.0	1.8	2.5	3.0	2.4	2.9	2.2	3.3	2.8	2.4	1.7	10.9	10.4	2.7	2.7	-3.3	-3.1
Oxford Economics	3.7	2.4	2.2	2.5	3.0	2.3	3.1	2.3	--	--	--	--	11.7	11.3	3.1	3.3	-3.2	-2.8
Repsol	4.4	4.3	4.2	5.9	3.1	2.3	2.9	2.5	3.0	2.2	2.8	2.1	11.7	11.5	1.5	1.0	-3.2	-3.0
Santander	3.6	2.8	2.9	3.0	3.1	2.3	2.9	2.2	--	--	2.1	1.8	11.5	10.9	--	--	--	--
Universidad Loyola Andalucía	1.1	1.8	0.8	1.8	3.1	2.4	3.1	2.6	--	--	2.2	2.1	11.9	11.4	1.5	1.7	-3.5	-3.7
CONSENSUS (AVERAGE)	2.8	3.1	2.1	3.1	3.2	2.3	3.0	2.3	3.7	3.0	2.1	1.7	11.5	11.1	2.1	2.1	-3.3	-3.1
Maximum	4.4	4.9	4.2	5.9	3.5	2.8	3.3	3.0	4.2	3.6	2.8	2.2	12.3	11.8	3.4	3.3	-2.9	-2.6
Minimum	0.2	1.7	-1.0	1.2	3.0	1.9	2.6	2.1	3.0	2.2	1.2	1.3	10.9	10.3	1.0	0.9	-4.1	-4.1
Change on 2 months earlier[1]	0.5	0.0	0.2	-0.1	0.1	0.0	-0.1	-0.1	-0.1	0.0	-0.1	0.1	0.0	-0.1	0.0	0.1	0.1	0.0
- Rise[2]	9	4	11	3	8	4	5	0	0	1	4	4	4	1	4	4	8	4
- Drop[2]	3	4	3	5	4	3	5	6	4	2	4	3	7	9	2	2	2	0
Change on 6 months earlier[1]	1.2	--	0.1	--	0.2	--	-0.2	--	0.2	--	0.6	--	-0.2	--	0.6	--	0.3	--
Memorandum items:																		
Government (April 2024)	1.7	3.1	2.7	3.9	--	--	--	--	--	--	2.4	1.7	11.2	10.7	1.3	1.6	-3.0	-2.5
Bank of Spain (June 2024)	2.4	2.4	2.0	2.7	3.0 [6]	2.0 [6]	2.6 [7]	2.0 [7]	--	--	1.1 [8]	1.7 [8]	11.6	11.3	--	--	-3.3	-3.1
AIReF (April 2024)	2.1	3.1	2.6	3.2	3.1	2.2	..	..	3.3	2.0	2.5	1.5	11.6	11.1	--	--	-3.0	-2.9
EC (May 2024)	1.6	2.4	1.3	2.4	3.1 [6]	2.3 [6]	3.2 [7]	2.3 [7]	4.0	2.9	2.1	1.3	11.6	11.1	2.8	2.8	-3.0	-2.8
IMF (April 2024)	3.0	3.9	3.3	4.4	2.7	2.4	--	--	--	--	1.4	0.9	11.6	11.3	2.5	2.4	-3.1	-3.0
OECD (May 2024)	--	--	--	--	..	..	..	..	--	--	--	--	--	--	--	--	--	--

[1] *Difference in percentage points between the current month's average and that of two months earlier (or six months earlier).*

[2] *Number of panellists revising their forecast upwards (or downwards) since two months earlier.*

[3] *Average earnings per full-time equivalent job.*

[4] *In National Accounts terms: Full-time equivalent jobs.*

[5] *Current account balance, according to Bank of Spain estimates.*

[6] *Harmonized Index of Consumer Prices (HICP).*

[7] *Harmonized Index excluding energy and food.*

[8] *Hours worked.*

Table 2

Quarterly Forecasts – July 2024

	24-I Q	24-II Q	24-III Q	24-IV Q	25-I Q	25-II Q	25-III Q	25-IV Q
GDP[1]	0.8	0.5	0.4	0.4	0.5	0.5	0.5	0.5
Euribor 1 yr [2]	3.72	3.65	3.49	3.32	3.16	3.01	2.89	2.79
Government bond yield 10 yr [2]	3.19	3.36	3.27	3.22	3.17	3.12	3.01	3.03
ECB main refinancing operations interest rate [3]	4.50	4.25	3.91	3.69	3.45	3.19	3.02	2.85
ECB deposit rates [3]	4.00	3.75	3.58	3.34	3.12	2.87	2.70	2.52
Dollar / Euro exchange rate [2]	1.09	1.08	1.08	1.08	1.09	1.10	1.10	1.10

Forecasts in yellow.
[1] Qr-on-qr growth rates.
[2] End of period.
[3] Last day of the quarter.

Table 3

CPI Forecasts – July 2024

Year-on-year change (%)					
Jun-24	Jul-24	Aug-24	Sep-24	Dec-24	Dec-25
3.4	3.3	3.1	2.9	3.1	2.2

Table 4

Opinions – July 2024

Number of responses

	Currently			Trend for next six months		
	Favourable	Neutral	Unfavourable	Improving	Unchanged	Worsening
International context: EU	2	4	13	8	9	2
International context: Non-EU	2	7	10	6	12	1
	Is being			**Should be**		
	Restrictive	Neutral	Expansionary	Restrictive	Neutral	Expansionary
Fiscal policy assessment[1]	0	4	15	4	15	0
Monetary policy assessment[1]	19	0	0	8	11	0

[1] In relation to the current state of the Spanish economy.

Key Facts

This page was left blank intentionally.

Economic Indicators

Table 1

National accounts: GDP and main expenditure components SWDA*

Forecasts in yellow

		GDP	Private consumption	Public consumption	Gross fixed capital formation			Exports	Imports	Domestic demand (a)	Net exports (a)
					Total	Construction	Equipment & others products				
		Chain-linked volumes. annual percentage changes									
2016		3.0	2.7	1.0	2.4	1.6	3.1	5.4	2.6	2.0	1.0
2017		3.0	3.0	1.0	6.8	6.7	6.9	5.5	6.8	3.1	-0.2
2018		2.3	1.7	2.3	6.3	9.5	3.4	1.7	3.9	2.9	-0.6
2019		2.0	1.1	1.9	4.5	7.2	1.8	2.2	1.3	1.6	0.4
2020		-11.2	-12.3	3.6	-9.0	-9.2	-8.8	-20.1	-15.0	-9.0	-2.2
2021		6.4	7.1	3.4	2.8	0.4	5.2	13.5	14.9	6.6	-0.2
2022		5.8	4.7	-0.2	2.4	2.6	2.2	15.2	7.0	2.9	2.9
2023		2.5	1.8	3.8	0.8	2.3	-0.9	2.3	0.3	1.7	0.8
2024		2.5	2.3	1.7	2.3	2.9	1.5	3.9	3.1	2.1	0.4
2025		1.8	1.9	1.0	2.5	2.7	2.4	2.4	2.5	1.7	0.1
2022	I	6.8	6.6	0.0	2.8	1.1	4.6	18.0	12.2	4.8	2.0
	II	7.2	4.9	-1.7	3.1	4.3	2.0	21.9	9.8	3.1	4.1
	III	5.4	5.3	-0.6	4.0	3.7	4.3	12.9	6.5	3.0	2.3
	IV	3.8	2.1	1.6	-0.4	1.2	-2.2	8.7	0.1	0.8	3.1
2023	I	4.0	2.5	1.8	-0.2	3.1	-3.5	9.6	2.4	1.3	2.7
	II	2.0	1.7	4.4	1.3	3.5	-1.2	0.0	-0.2	1.9	0.1
	III	1.9	0.5	4.7	0.0	1.1	-1.2	-1.0	-2.4	1.4	0.5
	IV	2.1	2.4	4.1	2.1	1.6	2.5	1.1	1.6	2.2	0.0
2024	I	2.5	2.5	3.4	1.8	3.3	0.0	-0.2	-0.7	2.4	0.2
	II	2.6	2.6	2.6	1.0	0.5	1.5	3.1	2.7	2.3	0.3
	III	2.6	2.0	1.0	2.0	3.6	0.3	7.7	6.3	1.9	0.7
	IV	2.3	2.2	0.1	4.3	4.4	4.2	5.2	4.4	1.8	0.5
		Chain-linked volumes. quarter-on-quarter percentage changes									
2022	I	0.3	-0.1	-0.2	2.7	-0.7	6.3	3.7	2.2	-0.3	0.6
	II	2.5	1.4	-1.3	0.0	3.0	-3.1	6.9	0.2	0.0	2.5
	III	0.5	2.5	1.4	0.7	-0.3	1.7	-2.6	-0.7	1.3	-0.8
	IV	0.5	-1.5	1.6	-3.6	-0.7	-6.6	0.6	-1.6	-0.3	0.8
2023	I	0.4	0.2	0.1	2.9	1.1	4.8	4.6	4.5	0.2	0.3
	II	0.5	0.6	1.3	1.4	3.4	-0.8	-2.5	-2.3	0.6	-0.1
	III	0.5	1.2	1.7	-0.6	-2.6	1.7	-3.6	-2.8	0.8	-0.3
	IV	0.7	0.3	1.0	-1.6	-0.3	-3.2	2.8	2.4	0.5	0.2
2024	I	0.8	0.4	-0.6	2.6	2.8	2.3	3.3	2.2	0.3	0.5
	II	0.6	0.7	0.5	0.7	0.6	0.7	0.8	1.0	0.6	0.0
	III	0.5	0.6	0.1	0.5	0.4	0.6	0.7	0.6	0.4	0.1
	IV	0.4	0.5	0.2	0.6	0.6	0.6	0.5	0.6	0.4	0.0
		Current prices (EUR billions)	Percentage of GDP at current prices								
2016		1,114	58.2	19.1	18.0	8.6	9.4	33.9	29.9	96.0	4.0
2017		1,162	58.3	18.7	18.7	9.0	9.7	35.1	31.5	96.4	3.6
2018		1,204	58.1	18.7	19.4	9.7	9.7	35.1	32.4	97.3	2.7
2019		1,246	57.4	18.9	20.0	10.4	9.7	34.9	32.0	97.1	2.9
2020		1,119	56.1	22.0	20.4	10.5	9.9	30.8	29.3	98.6	1.4
2021		1,222	56.2	21.2	20.1	10.3	9.8	34.2	33.2	99.0	1.0
2022		1,346	56.9	20.4	20.1	10.5	9.5	40.9	39.7	98.8	1.2
2023		1,462	55.6	19.9	19.3	10.4	8.8	39.0	34.8	95.9	4.1
2024		1,549	55.6	19.7	19.3	10.5	8.8	39.1	34.6	95.5	4.5
2025		1,615	55.7	19.5	19.6	10.8	8.8	39.1	34.7	95.6	4.4

**Seasonally and Working Day Adjusted.*

(a) Contribution to GDP growth.

Source: INE and Funcas (Forecasts).

Chart 1.1 - GDP

Level, 2015=100

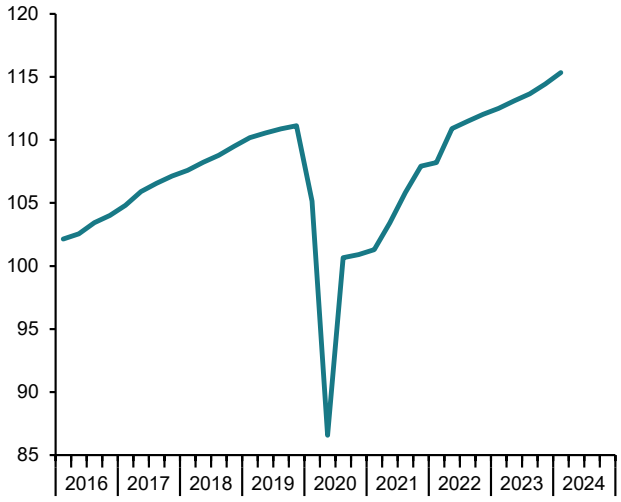


Chart 1.2 - Contribution to GDP annual growth

Percentage points

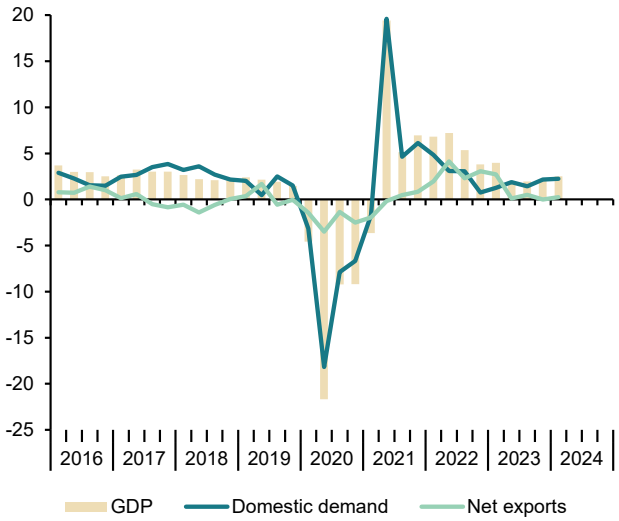


Chart 1.3 - Consumption

Level, 2015=100

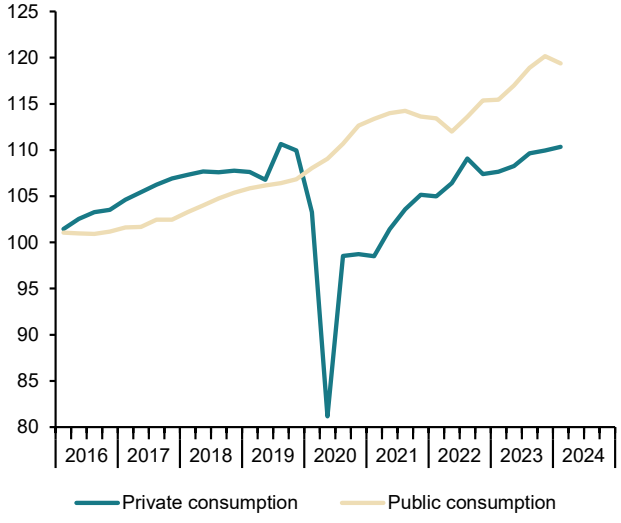


Chart 1.4 - Gross fixed capital formation

Level, 2015=100

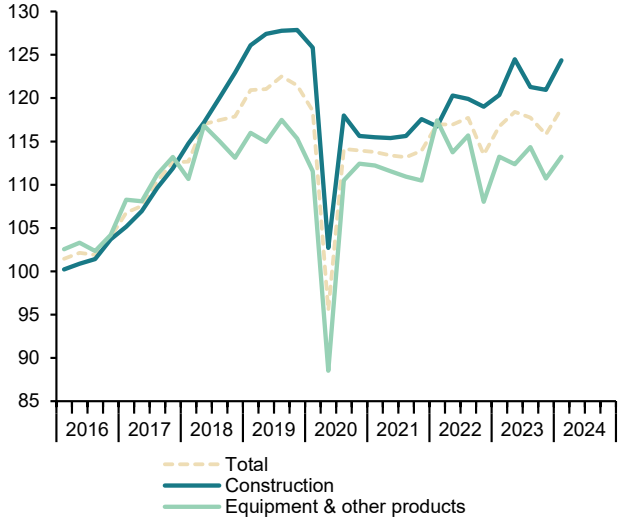


Table 2

National accounts: Gross value added by economic activity SWDA*

		Gross value added at basic prices								
				Industry			Services			
		Total	Agriculture. forestry and fishing	Total	Manufacturing	Construction	Total	Public administration. health. education	Other services	Taxes less subsidies on products
		Chain-linked volumes. annual percentage changes								
2016		2.8	4.8	4.1	2.3	3.9	2.4	1.4	2.7	5.2
2017		3.1	-3.7	4.0	5.7	2.0	3.3	2.5	3.5	1.9
2018		2.3	7.5	0.0	-1.1	2.3	2.6	1.6	2.9	2.1
2019		2.1	-5.9	1.5	0.5	4.3	2.3	1.5	2.6	1.0
2020		-11.1	1.1	-11.2	-15.1	-14.6	-11.2	-1.7	-14.2	-12.1
2021		6.1	4.2	5.4	13.1	-1.0	6.8	1.2	8.9	10.0
2022		5.9	-19.8	2.6	4.4	3.2	8.0	-0.2	10.8	4.1
2023		2.8	-1.9	1.8	3.3	2.3	3.2	2.8	3.3	-0.2
2022	II	7.3	-20.7	3.6	6.0	4.8	9.5	-1.7	13.5	6.1
	III	5.6	-26.9	3.2	3.1	4.7	7.6	-0.3	10.2	2.6
	IV	4.3	-19.3	1.8	2.4	2.7	5.9	2.0	7.1	-0.7
2023	I	4.4	-7.1	4.2	5.0	3.9	4.9	2.2	5.7	-0.1
	II	2.3	-2.1	0.9	2.1	2.1	2.8	2.6	2.9	-1.4
	III	2.2	1.7	0.5	2.9	1.1	2.7	2.9	2.6	-0.3
	IV	2.2	0.5	1.9	3.0	2.0	2.4	3.6	2.1	0.9
2024	I	2.6	1.0	2.3	3.4	3.3	2.7	3.9	2.3	1.6
		Chain-linked volumes. quarter-on-quarter percentage changes								
2022	II	2.6	-7.9	2.1	1.8	2.7	3.0	1.4	3.5	1.9
	III	0.8	-7.8	-0.1	0.1	0.4	1.3	0.9	1.4	-1.9
	IV	0.7	6.6	1.0	1.1	0.3	0.5	2.2	0.0	-1.4
2023	I	0.3	2.6	1.1	1.9	0.5	0.1	-2.2	0.8	1.4
	II	0.5	-2.9	-1.1	-1.0	1.0	1.0	1.8	0.8	0.6
	III	0.6	-4.2	-0.5	0.9	-0.7	1.1	1.1	1.1	-0.8
	IV	0.8	5.3	2.4	1.2	1.2	0.2	2.8	-0.6	-0.2
2024	I	0.7	3.1	1.5	2.2	1.8	0.3	-1.8	1.0	2.1
		Current prices EUR billions)	Percentage of value added at basic prices							
2016		1,011	3.1	16.2	12.4	5.9	74.9	18.4	56.5	10.2
2017		1,054	3.1	16.2	12.5	5.9	74.8	18.1	56.7	10.3
2018		1,089	3.0	16.0	12.2	5.9	75.0	18.1	56.9	10.5
2019		1,130	2.7	15.8	12.0	6.3	75.2	18.2	57.0	10.3
2020		1,021	3.1	16.1	12.0	6.0	74.9	20.2	54.6	9.6
2021		1,106	3.0	16.8	12.5	5.7	74.5	19.1	55.4	10.5
2022		1,226	2.6	17.4	12.5	5.4	74.6	17.8	56.8	9.9
2023		1,332	2.6	16.7	12.6	5.5	75.2	17.5	57.7	9.8

** Seasonally and Working Day Adjusted.*

Source: INE.

Chart 2.1 - GVA by sectors

Level, 2015=100

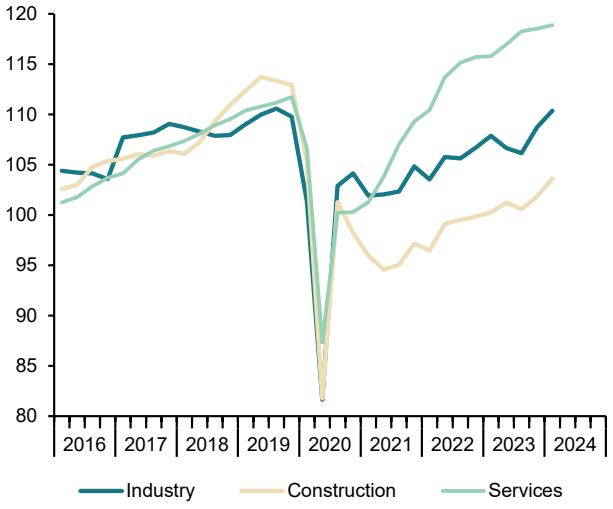


Chart 2.2 - GVA. Industry

Level, 2015=100

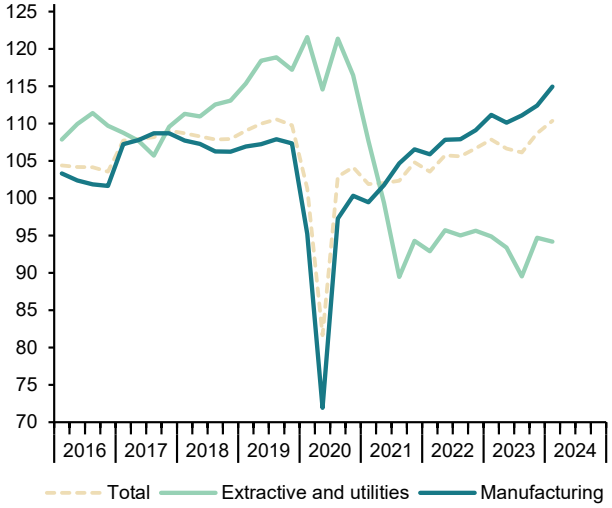


Chart 2.3 - GVA, services

Level, 2015=100

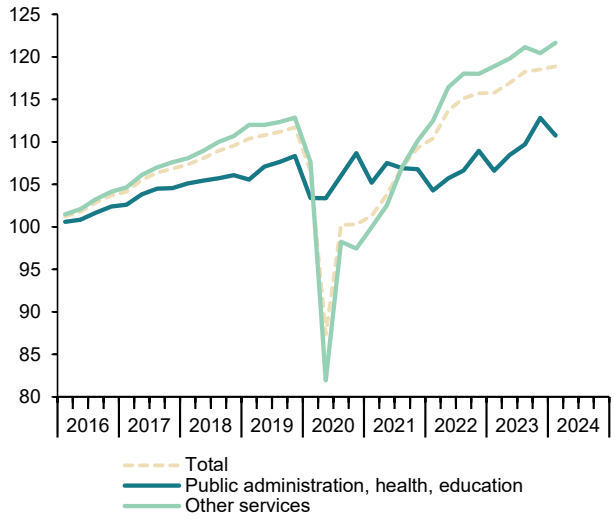


Chart 2.4 - GVA. structure by sectors

Percentage of value added at basic prices

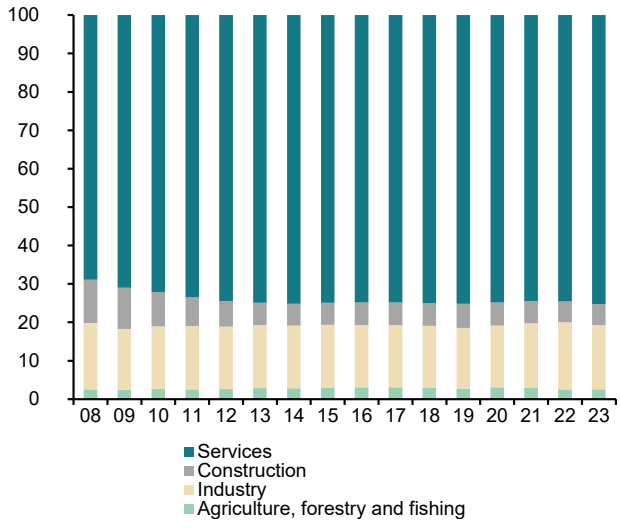


Table 3

National accounts: Productivity and labour costs

Forecasts in yellow

		Total economy						Manufacturing Industry					
		GDP. constant prices	Employment (jobs. full time equivalent)	Employment productivity	Compensation per job	Nominal unit labour cost	Real unit labour cost (a)	Gross value added. constant prices	Employment (jobs. full time equivalent)	Employment productivity	Compensation per job	Nominal unit labour cost	Real unit labour cost (a)
		1	2	3=1/2	4	5=4/3	6	7	8	9=7/8	10	11=10/9	12
		Indexes. 2015 = 100. SWDA											
2016		103.0	102.8	100.2	99.4	99.2	98.8	102.3	103.5	98.9	100.1	101.3	100.5
2017		106.1	105.8	100.3	100.1	99.8	98.2	108.1	106.6	101.4	101.5	100.1	100.1
2018		108.5	108.1	100.4	102.0	101.6	98.7	106.9	108.7	98.3	102.7	104.5	102.4
2019		110.7	111.7	99.1	104.5	105.5	101.0	107.4	110.6	97.1	104.3	107.4	103.3
2020		98.3	104.5	94.1	107.4	114.1	108.1	91.2	104.8	87.0	107.6	123.7	111.7
2021		104.6	111.9	93.5	107.8	115.3	106.4	103.1	108.6	95.0	108.3	114.0	103.6
2022		110.7	116.0	95.4	110.9	116.3	103.1	107.7	111.5	96.6	110.2	114.2	97.5
2023		113.4	119.8	94.7	116.7	123.3	103.1	111.2	112.6	98.7	116.1	117.6	94.8
2024		116.2	122.4	94.9	120.7	127.1	102.9	--	--	--	--	--	--
2025		118.3	124.2	95.2	123.8	130.0	102.7	--	--	--	--	--	--
2022	II	110.9	114.8	96.6	109.5	113.3	101.6	107.8	112.5	95.9	107.4	112.0	97.4
	III	111.5	117.1	95.2	112.2	117.8	104.9	107.9	111.8	96.5	113.5	117.6	99.1
	IV	112.0	117.3	95.5	113.1	118.4	102.1	109.1	112.8	96.7	113.9	117.7	97.0
2023	I	112.5	117.8	95.5	115.6	121.0	102.0	111.2	113.1	98.3	111.7	113.7	91.2
	II	113.1	118.6	95.4	115.5	121.1	102.0	110.1	112.5	97.9	113.5	116.0	95.2
	III	113.7	121.0	94.0	117.6	125.2	105.0	111.1	112.1	99.1	118.5	119.6	96.0
	IV	114.4	121.9	93.9	118.2	125.8	103.4	112.4	112.7	99.8	120.8	121.1	96.9
2024	I	115.3	121.7	94.7	120.7	127.4	104.0	114.9	112.9	101.8	117.5	115.4	90.9
		Annual percentage changes											
2016		3.0	2.8	0.2	-0.6	-0.8	-1.2	2.3	3.5	-1.1	0.1	1.3	0.5
2017		3.0	2.9	0.1	0.7	0.6	-0.7	5.7	3.0	2.6	1.4	-1.1	-0.4
2018		2.3	2.2	0.1	1.9	1.8	0.6	-1.1	2.0	-3.1	1.1	4.3	2.3
2019		2.0	3.3	-1.3	2.5	3.8	2.4	0.5	1.7	-1.2	1.6	2.8	0.8
2020		-11.2	-6.5	-5.0	2.8	8.2	7.0	-15.1	-5.2	-10.4	3.1	15.2	8.1
2021		6.4	7.1	-0.6	0.4	1.1	-1.5	13.1	3.6	9.2	0.7	-7.8	-7.2
2022		5.8	3.7	2.0	2.9	0.9	-3.1	4.4	2.7	1.7	1.8	0.1	-5.9
2023		2.5	3.2	-0.7	5.2	6.0	0.1	3.3	1.0	2.3	5.4	3.0	-2.7
2024		2.5	2.2	0.3	3.4	3.1	-0.3	--	--	--	--	--	--
2025		1.8	1.5	0.3	2.6	2.3	-0.2	--	--	--	--	--	--
2022	II	7.2	5.0	2.1	2.5	0.3	-3.8	6.0	3.6	2.3	0.7	-1.5	-6.6
	III	5.4	2.8	2.5	3.5	1.0	-2.7	3.1	3.3	-0.2	2.0	2.2	-5.3
	IV	3.8	2.0	1.8	4.3	2.4	-2.0	2.4	1.9	0.5	3.5	3.0	-6.8
2023	I	4.0	2.5	1.4	6.1	4.6	-1.5	5.0	3.8	1.2	5.3	4.1	-5.4
	II	2.0	3.3	-1.3	5.5	6.8	0.4	2.1	0.0	2.1	5.7	3.5	-2.2
	III	1.9	3.3	-1.3	4.8	6.2	0.1	2.9	0.3	2.6	4.4	1.8	-3.2
	IV	2.1	3.9	-1.7	4.5	6.3	1.3	3.0	-0.1	3.1	6.1	2.8	-0.1
2024	I	2.5	3.4	-0.8	4.4	5.2	2.0	3.4	-0.2	3.6	5.1	1.5	-0.3

(a) Nominal ULC deflated by GDP/GVA deflator.

Source: INE and Funcas (Forecasts).

Chart 3.1 - Nominal ULC, total economy

Index, 2000=100

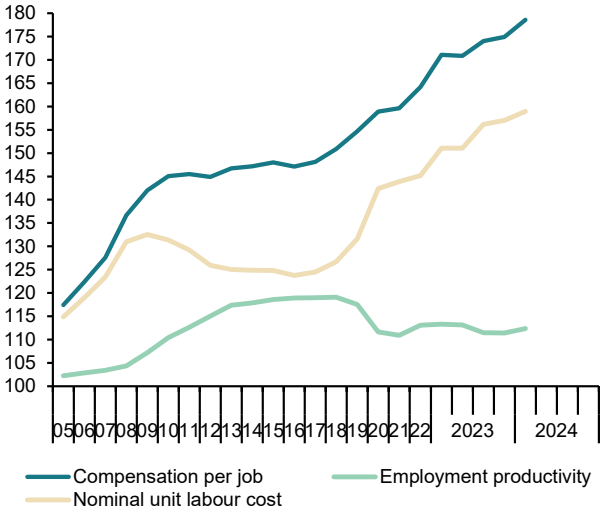
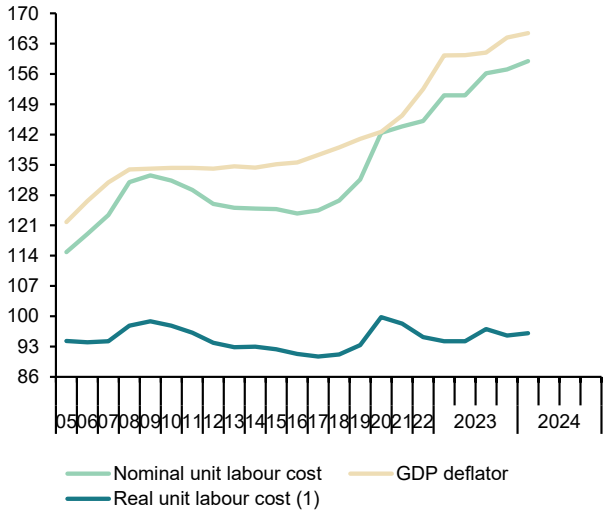


Chart 3.2 - Real ULC, total economy

Index, 2000=100



(1) Nominal ULC deflated by GDP deflator.

Chart 3.3 - Nominal ULC, manufacturing industry

Index, 2000=100

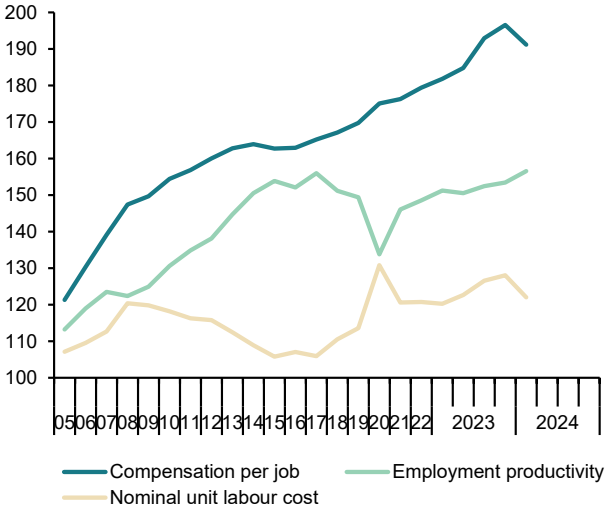
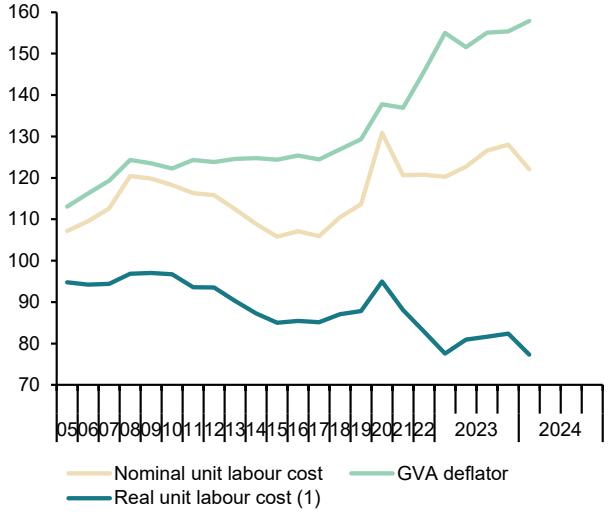


Chart 3.4 - Real ULC, manufacturing industry

Index. 2000=100



(1) Nominal ULC deflated by manufacturing GVA deflator.

Table 4

National accounts: National income, distribution and disposition

Forecasts in yellow

		Gross domestic product	Compen-sation of employees	Gross operating surplus	Gross national disposable income	Final national consum-ption	Gross national saving (a)	Gross capital formation	Compen-sation of employees	Gross operating surplus	Saving rate	Investment rate	Current account balance	Net lending or borrowing
		EUR Billions. 4-quarter cumulated transactions							Percentage of GDP					
2016		1,114.4	503.7	496.4	1,105.4	861.1	244.3	208.9	45.2	44.5	21.9	18.7	3.2	3.4
2017		1,162.5	523.7	519.0	1,152.8	895.1	257.7	225.5	45.0	44.6	22.2	19.4	2.8	3.0
2018		1,203.9	546.1	531.6	1,193.8	924.8	269.0	246.4	45.4	44.2	22.3	20.5	1.9	2.4
2019		1,245.5	580.2	537.7	1,235.1	949.5	285.7	259.4	46.6	43.2	22.9	20.8	2.1	2.4
2020		1,119.0	560.7	456.4	1,109.8	873.9	236.0	229.1	50.1	40.8	21.1	20.5	0.6	1.1
2021		1,222.3	599.4	496.5	1,219.8	946.6	273.2	263.9	49.0	40.6	22.4	21.6	0.8	1.6
2022		1,346.4	643.0	571.4	1,338.3	1,040.8	297.5	289.2	47.8	42.4	22.1	21.5	0.6	1.5
2023		1,461.9	699.7	619.3	1,439.6	1,104.7	334.9	296.9	47.9	42.4	22.9	20.3	2.6	3.7
2024		1,548.8	740.6	646.1	1,524.3	1,165.7	358.7	314.1	47.8	41.7	23.2	20.3	2.9	3.7
2025		1,615.3	772.3	671.3	1,589.3	1,213.2	376.2	330.9	47.8	41.6	23.3	20.5	2.8	3.5
2022	II	1,289.0	622.4	529.5	1,285.6	995.2	290.4	279.0	48.3	41.1	22.5	21.6	0.9	1.4
	III	1,319.6	632.3	547.4	1,314.6	1,022.3	292.3	285.0	47.9	41.5	22.2	21.6	0.6	1.3
	IV	1,346.4	643.0	571.4	1,338.3	1,040.8	297.5	289.2	47.8	42.4	22.1	21.5	0.6	1.5
2023	I	1,381.2	657.0	591.3	1,372.0	1,058.3	313.7	291.3	47.6	42.8	22.7	21.1	1.6	2.6
	II	1,410.8	670.7	605.9	1,396.8	1,074.2	322.6	293.9	47.5	43.0	22.9	20.8	2.0	3.0
	III	1,436.5	685.2	615.1	1,417.7	1,087.0	330.6	294.2	47.7	42.8	23.0	20.5	2.5	3.5
	IV	1,461.9	699.7	619.3	1,439.6	1,104.7	334.9	296.9	47.9	42.4	22.9	20.3	2.6	3.7
2024	I	1,480.6	713.9	624.8	1,458.0	1,121.7	336.2	299.7	48.2	42.2	22.7	20.2	2.5	3.6
		Annual percentage changes							Difference from one year ago					
2016		3.4	2.2	4.9	3.6	2.4	7.8	2.0	-0.5	0.7	0.9	-0.2	1.1	0.7
2017		4.3	4.0	4.6	4.3	3.9	5.5	8.0	-0.2	0.1	0.3	0.7	-0.4	-0.4
2018		3.6	4.3	2.4	3.6	3.3	4.4	9.3	0.3	-0.5	0.2	1.1	-0.9	-0.7
2019		3.5	6.2	1.2	3.5	2.7	6.2	5.3	1.2	-1.0	0.6	0.4	0.2	0.1
2020		-10.2	-3.4	-15.1	-10.1	-8.0	-17.4	-11.7	3.5	-2.4	-1.8	-0.4	-1.5	-1.4
2021		9.2	6.9	8.8	9.9	8.3	15.8	15.2	-1.1	-0.2	1.3	1.1	0.1	0.6
2022		10.2	7.3	15.1	9.7	10.0	8.9	9.6	-1.3	1.8	-0.3	-0.1	-0.1	-0.1
2023		8.6	8.8	8.4	7.6	6.1	12.6	2.7	0.1	-0.1	0.8	-1.2	2.0	2.2
2024		5.9	5.8	4.3	5.9	5.5	7.1	5.8	0.0	-0.6	0.2	0.0	0.3	0.0
2025		4.3	4.3	3.9	4.3	4.1	4.9	5.3	0.0	-0.2	0.1	0.2	-0.1	-0.1
2022	II	10.6	7.7	11.6	10.8	9.4	16.1	14.7	-1.3	0.4	1.1	0.8	0.3	0.1
	III	11.0	7.4	14.2	11.0	10.5	12.7	13.7	-1.6	1.1	0.3	0.5	-0.2	-0.5
	IV	10.2	7.3	15.1	9.7	10.0	8.9	9.6	-1.3	1.8	-0.3	-0.1	-0.1	-0.1
2023	I	10.0	7.7	15.7	9.5	9.0	11.0	7.4	-1.0	2.1	0.2	-0.5	0.7	1.3
	II	9.5	7.8	14.4	8.7	7.9	11.1	5.3	-0.7	1.9	0.3	-0.8	1.2	1.6
	III	8.9	8.4	12.4	7.8	6.3	13.1	3.2	-0.2	1.3	0.9	-1.1	2.0	2.2
	IV	8.6	8.8	8.4	7.6	6.1	12.6	2.7	0.1	-0.1	0.8	-1.2	2.0	2.2
2024	I	7.2	8.7	5.7	6.3	6.0	7.2	2.9	0.7	-0.6	0.0	-0.8	0.8	1.0

(a) Including change in net equity in pension funds reserves.

Source: INE and Funcas (Forecasts).

Chart 4.1 - National income, consumption and saving

EUR Billions, 4-quarter cumulated

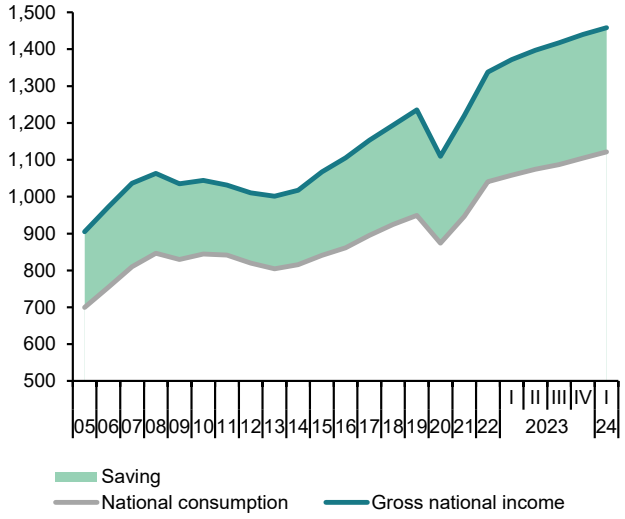


Chart 4.2 - National income, consumption and saving rate

Annual percentage change and percentage of GDP, 4-quarter moving averages

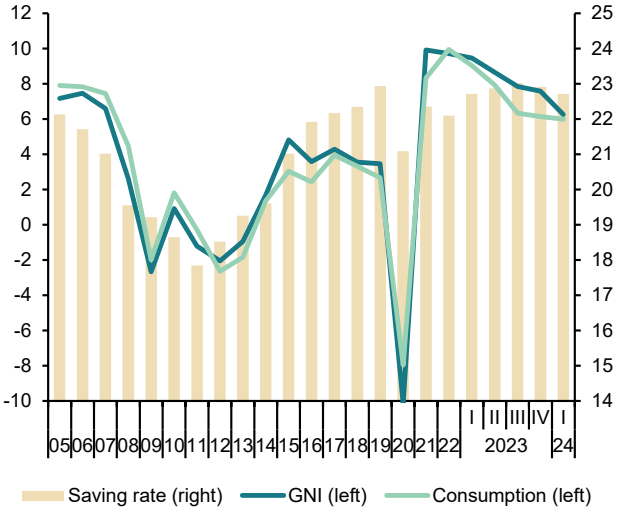


Chart 4.3 - Components of National Income

Percentage of GDP, 4-quarter moving averages

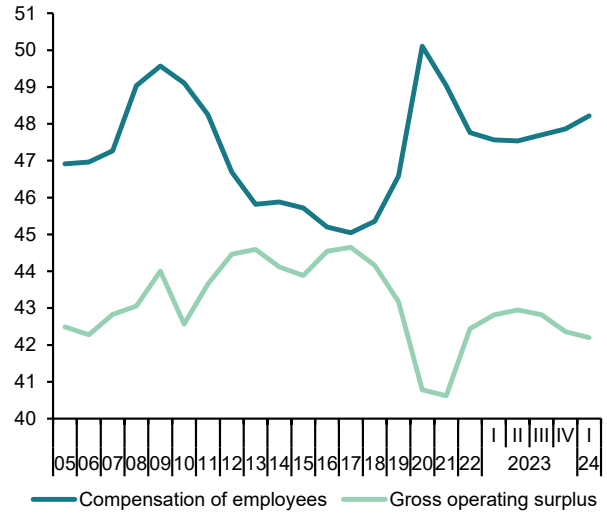


Chart 4.4 - Saving, Investment and Current Account Balance

Percentage of GDP, 4-quarter moving averages

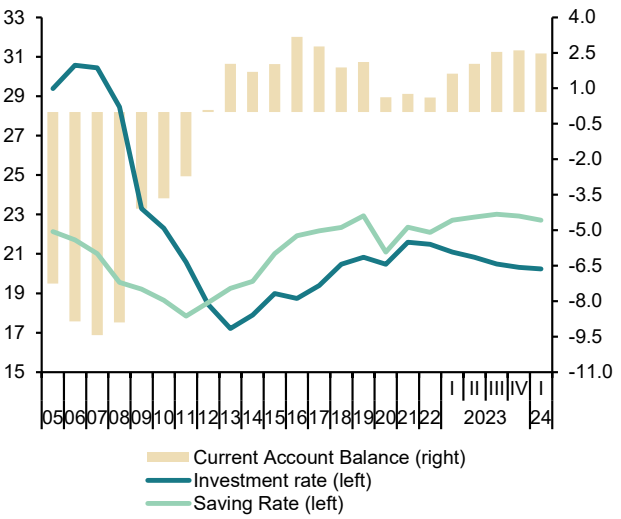


Table 5

National accounts: Household and non-financial corporations accounts

Forecasts in yellow

		Households							Non-financial corporations					
		Gross disposable income (GDI)	Final consumption expenditure	Gross saving	Gross capital formation	Saving rate	Gross capital formation	Net lending or borrowing	Gross operating surplus	Gross saving	Gross capital formation	Saving rate	Gross capital formation	Net lending or borrowing
		EUR Billions. 4-quarter cumulated operations				Percentage of GDI	Percentage of GDP		EUR Billions. 4-quarter cumulated operations			Percentage of GDP		
2016		700.6	648.3	49.2	31.8	7.0	2.9	1.4	255.0	195.8	149.0	17.6	13.4	4.4
2017		723.0	678.1	41.8	36.8	5.8	3.2	0.2	267.0	200.4	160.4	17.2	13.8	3.7
2018		743.8	699.5	41.5	40.7	5.6	3.4	-0.1	270.8	199.5	176.7	16.6	14.7	2.1
2019		781.4	714.5	64.1	43.4	8.2	3.5	1.6	275.2	202.4	186.2	16.2	15.0	1.5
2020		764.8	627.5	133.4	40.8	17.4	3.6	8.2	215.3	150.6	151.0	13.5	13.5	0.5
2021		799.3	687.1	110.0	52.5	13.8	4.3	4.8	236.7	171.4	173.1	14.0	14.2	0.5
2022		832.2	766.6	63.4	59.7	7.6	4.4	0.2	291.9	216.4	182.3	16.1	13.5	3.1
2023		923.6	813.1	108.1	64.5	11.7	4.4	2.9	302.4	207.0	181.1	14.2	12.4	2.2
2024		968.1	861.0	104.7	67.1	10.8	4.3	2.3	305.3	217.2	189.3	14.0	12.2	2.2
2025		1,001.3	898.9	100.1	69.8	10.0	4.3	1.8	313.3	228.7	200.7	14.2	12.4	2.1
2022	II	815.9	735.1	78.7	63.8	9.6	5.0	1.3	259.3	187.9	171.9	14.6	13.3	1.9
	III	820.7	755.7	62.7	63.8	7.6	4.8	-0.1	274.8	199.8	178.6	15.1	13.5	2.2
	IV	832.2	766.6	63.4	59.7	7.6	4.4	0.2	291.9	216.4	182.3	16.1	13.5	3.1
2023	I	853.0	780.4	70.3	58.0	8.2	4.2	0.8	303.0	224.5	184.9	16.3	13.4	3.5
	II	880.5	790.9	87.3	58.4	9.9	4.1	2.0	307.9	222.3	186.7	15.8	13.2	3.1
	III	901.3	799.8	99.0	59.2	11.0	4.1	2.7	306.4	217.7	183.6	15.2	12.8	3.0
	IV	923.6	813.1	108.1	64.5	11.7	4.4	2.9	302.4	207.0	181.1	14.2	12.4	2.2
2024	I	940.3	823.7	114.6	64.3	12.2	4.3	3.3	299.0	203.4	183.6	13.7	12.4	1.7
		Annual percentage changes				Difference from one year ago			Annual percentage changes			Difference from one year ago		
2016		700.6	648.3	49.2	31.8	7.0	2.9	1.4	255.0	195.8	149.0	17.6	13.4	4.4
2017		723.0	678.1	41.8	36.8	5.8	3.2	0.2	267.0	200.4	160.4	17.2	13.8	3.7
2018		743.8	699.5	41.5	40.7	5.6	3.4	-0.1	270.8	199.5	176.7	16.6	14.7	2.1
2019		781.4	714.5	64.1	43.4	8.2	3.5	1.6	275.2	202.4	186.2	16.2	15.0	1.5
2020		764.8	627.5	133.4	40.8	17.4	3.6	8.2	215.3	150.6	151.0	13.5	13.5	0.5
2021		799.3	687.1	110.0	52.5	13.8	4.3	4.8	236.7	171.4	173.1	14.0	14.2	0.5
2022		832.2	766.6	63.4	59.7	7.6	4.4	0.2	291.9	216.4	182.3	16.1	13.5	3.1
2023		923.6	813.1	108.1	64.5	11.7	4.4	2.9	302.4	207.0	181.1	14.2	12.4	2.2
2024		968.1	861.0	104.7	67.1	10.8	4.3	2.3	305.3	217.2	189.3	14.0	12.2	2.2
2025		1,001.3	898.9	100.1	69.8	10.0	4.3	1.8	313.3	228.7	200.7	14.2	12.4	2.1
2022	II	815.9	735.1	78.7	63.8	9.6	5.0	1.3	259.3	187.9	171.9	14.6	13.3	1.9
	III	820.7	755.7	62.7	63.8	7.6	4.8	-0.1	274.8	199.8	178.6	15.1	13.5	2.2
	IV	832.2	766.6	63.4	59.7	7.6	4.4	0.2	291.9	216.4	182.3	16.1	13.5	3.1
2023	I	853.0	780.4	70.3	58.0	8.2	4.2	0.8	303.0	224.5	184.9	16.3	13.4	3.5
	II	880.5	790.9	87.3	58.4	9.9	4.1	2.0	307.9	222.3	186.7	15.8	13.2	3.1
	III	901.3	799.8	99.0	59.2	11.0	4.1	2.7	306.4	217.7	183.6	15.2	12.8	3.0
	IV	923.6	813.1	108.1	64.5	11.7	4.4	2.9	302.4	207.0	181.1	14.2	12.4	2.2
2024	I	940.3	823.7	114.6	64.3	12.2	4.3	3.3	299.0	203.4	183.6	13.7	12.4	1.7

Source: INE and Funcas (Forecasts).

Chart 5.1 - Households: net lending or borrowing

Percentage of GDP, 4-quarter moving averages

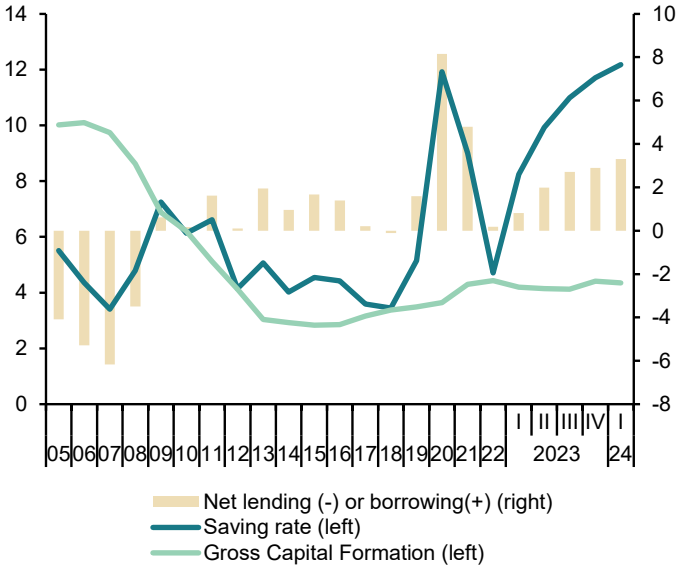


Chart 5.2 - Non-financial corporations: net lending or borrowing

Percentage of GDP, 4-quarter moving averages

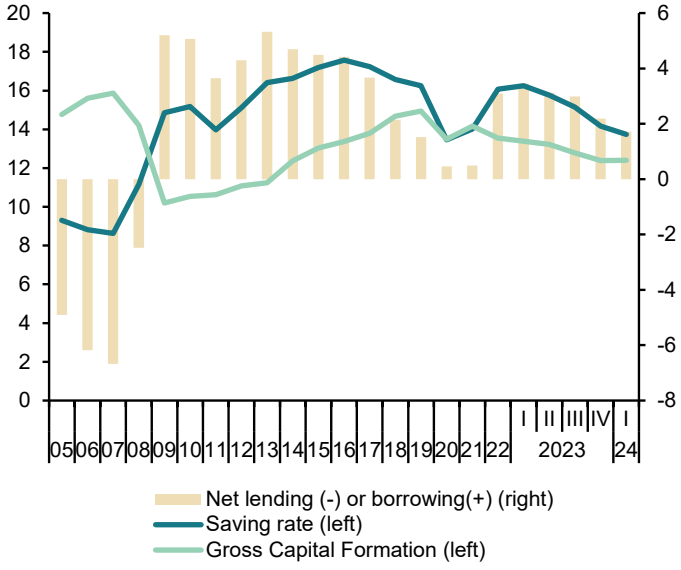


Table 6

National accounts: Public revenue, expenditure and deficit

Forecasts in yellow

		Non financial revenue					Non financial expenditures							Net lending(+)/ net borrowing(-)
		Taxes on production and imports	Taxes on income and wealth	Social contribu-tions	Capital and other revenue	Total	Compen-sation of employees	Interme-diate con-sumption	Interests	Social benefits and social transfers in kind	Gross capital formation and other capital expenditure	Other expendi-ture	Total	
		1	2	3	4	5=1+2+3+4	6	7	8	9	10	11	12=6+7+8 +9+10+11	13=5-12
		EUR Billions. 4-quarter cumulated operations												
2016		128.9	110.0	135.6	50.9	425.3	121.5	59.2	30.7	203.0	30.3	28.4	473.2	-47.9
2017		135.1	116.9	142.4	49.6	444.0	123.5	60.5	29.3	207.4	31.5	28.1	480.3	-36.2
2018		141.2	127.3	149.5	54.2	472.1	127.7	62.6	29.3	216.6	37.4	29.8	503.4	-31.2
2019		143.0	129.1	160.7	55.7	488.5	134.8	65.2	28.4	229.6	37.2	31.6	526.7	-38.1
2020		126.7	125.3	162.2	53.3	467.6	140.6	67.0	25.1	262.2	44.3	41.5	580.8	-113.2
2021		146.9	143.5	171.7	67.1	529.2	148.1	72.2	26.2	263.4	60.1	41.4	611.5	-82.3
2022		160.7	164.8	180.2	68.4	574.1	154.9	79.7	31.8	267.0	53.3	51.1	637.8	-63.7
2023		166.0	182.8	196.9	79.9	625.7	163.4	85.7	36.0	292.7	55.6	45.4	678.8	-53.2
2024		184.8	190.2	209.4	67.4	651.8	168.3	92.0	41.0	307.5	56.3	35.5	700.5	-48.8
2025		194.4	198.8	219.8	68.9	681.9	172.5	96.5	44.1	320.2	60.4	37.0	730.8	-48.8
2022	II	158.6	151.9	175.7	69.4	555.7	150.5	75.4	28.2	263.4	58.0	42.3	617.7	-62.0
	III	162.1	160.5	177.6	68.9	569.1	151.9	77.6	29.6	265.3	53.9	45.4	623.7	-54.7
	IV	160.7	164.8	180.2	68.4	574.1	154.9	79.7	31.8	267.0	53.3	51.1	637.8	-63.7
2023	I	162.6	168.1	184.1	72.3	587.1	156.8	81.4	32.3	271.6	55.1	51.1	648.3	-61.2
	II	162.3	172.5	188.4	74.9	598.1	159.6	83.3	33.8	279.4	56.3	50.3	662.7	-64.7
	III	162.9	177.3	192.4	75.7	608.3	161.9	84.5	35.3	285.0	58.3	47.8	672.8	-64.5
	IV	166.0	182.8	196.9	79.9	625.7	163.4	85.7	36.0	292.7	55.6	45.4	678.8	-53.2
2024	I	167.2	186.0	200.0	77.8	631.1	165.3	86.7	37.3	296.7	55.7	45.1	686.8	-55.7
		Percentage of GDP. 4-quarter cumulated operations												
2016		11.6	9.9	12.2	4.6	38.2	10.9	5.3	2.8	18.2	2.7	2.6	42.5	-4.3
2017		11.6	10.1	12.3	4.3	38.2	10.6	5.2	2.5	17.8	2.7	2.4	41.3	-3.1
2018		11.7	10.6	12.4	4.5	39.2	10.6	5.2	2.4	18.0	3.1	2.5	41.8	-2.6
2019		11.5	10.4	12.9	4.5	39.2	10.8	5.2	2.3	18.4	3.0	2.5	42.3	-3.1
2020		11.3	11.2	14.5	4.8	41.8	12.6	6.0	2.2	23.4	4.0	3.7	51.9	-10.1
2021		12.0	11.7	14.0	5.5	43.3	12.1	5.9	2.1	21.6	4.9	3.4	50.0	-6.7
2022		11.9	12.2	13.4	5.1	42.6	11.5	5.9	2.4	19.8	4.0	3.8	47.4	-4.7
2023		11.4	12.5	13.5	5.5	42.8	11.2	5.9	2.5	20.0	3.8	3.1	46.4	-3.6
2024		11.9	12.3	13.5	4.4	42.1	10.9	5.9	2.6	19.9	3.6	2.3	45.2	-3.1
2025		12.0	12.3	13.6	4.3	42.2	10.7	6.0	2.7	19.8	3.7	2.3	45.2	-3.0
2022	II	12.3	11.8	13.6	5.4	43.1	11.7	5.9	2.2	20.4	4.5	3.3	47.9	-4.8
	III	12.3	12.2	13.5	5.2	43.1	11.5	5.9	2.2	20.1	4.1	3.4	47.3	-4.1
	IV	11.9	12.2	13.4	5.1	42.6	11.5	5.9	2.4	19.8	4.0	3.8	47.4	-4.7
2023	I	11.8	12.2	13.3	5.2	42.5	11.4	5.9	2.3	19.7	4.0	3.7	46.9	-4.4
	II	11.5	12.2	13.4	5.3	42.4	11.3	5.9	2.4	19.8	4.0	3.6	47.0	-4.6
	III	11.3	12.3	13.4	5.3	42.3	11.3	5.9	2.5	19.8	4.1	3.3	46.8	-4.5
	IV	11.4	12.5	13.5	5.5	42.8	11.2	5.9	2.5	20.0	3.8	3.1	46.4	-3.6
2024	I	11.3	12.6	13.5	5.3	42.6	11.2	5.9	2.5	20.0	3.8	3.0	46.4	-3.8

Source: IGAE and Funcas (Forecasts).

Chart 6.1 - Public sector: Revenue, expenditure and deficit

Percentage of GDP, 4-quarter moving averages

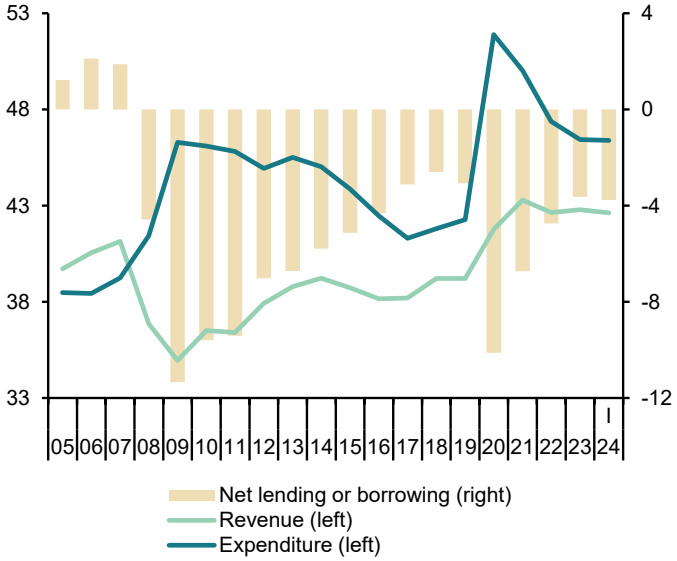


Chart 6.2 - Public sector: Main expenditures

Percentage of GDP

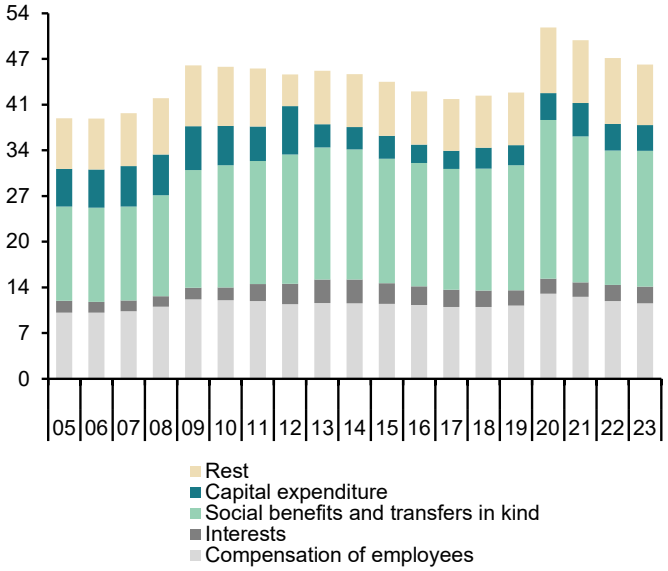


Table 7

Public sector balances by level of Government

Forecasts in yellow

		Net lending (+)/ net borrowing (-)					Debt				
		Central Government	Regional Governments	Local Governments	Social Security	TOTAL Government	Central Government	Regional Governments	Local Governments	Social Security	Total Government (consolidated)
		EUR Billions. 4-quarter cumulated operations					EUR Billions. end of period				
2016		-28.0	-9.5	7.0	-17.4	-47.9	1,008.9	277.0	32.2	17.2	1,145.1
2017		-22.0	-4.2	6.7	-16.8	-36.2	1,049.8	288.1	29.0	27.4	1,183.4
2018		-17.0	-3.3	6.3	-17.3	-31.2	1,082.8	293.4	25.8	41.2	1,208.9
2019		-18.8	-7.3	3.8	-15.9	-38.1	1,095.8	295.1	23.2	55.0	1,223.4
2020		-85.7	-2.0	2.8	-28.3	-113.2	1,206.6	304.0	22.0	85.4	1,345.8
2021		-73.7	-0.2	3.4	-11.7	-82.3	1,280.1	312.6	22.8	97.2	1,428.1
2022		-41.2	-15.1	-1.5	-5.9	-63.7	1,358.9	317.1	23.1	106.2	1,502.8
2023		-30.4	-13.3	-1.3	-8.2	-53.2	1,434.1	325.2	23.3	116.2	1,573.8
2024		--	--	--	--	-48.8	--	--	--	--	1,630.5
2025		--	--	--	--	-48.8	--	--	--	--	1,682.4
2022	II	-60.0	-0.5	2.5	-3.9	-62.0	1,326.1	316.7	23.6	99.2	1,476.2
	III	-32.7	-15.2	-1.6	-5.3	-54.7	1,359.4	314.9	22.8	99.2	1,504.7
	IV	-41.2	-15.1	-1.5	-5.9	-63.7	1,358.9	317.1	23.1	106.2	1,502.8
2023	I	-36.2	-18.3	-1.2	-5.5	-61.2	1,387.7	322.4	23.1	106.2	1,535.4
	II	-38.6	-19.6	-2.3	-4.2	-64.7	1,420.0	327.3	23.7	106.2	1,568.6
	III	-47.2	-11.7	-0.7	-4.9	-64.5	1,434.7	325.5	23.3	106.2	1,577.3
	IV	-30.4	-13.3	-1.3	-8.2	-53.2	1,434.1	325.2	23.3	116.2	1,573.8
2024	I	-31.2	-16.2	-2.4	-5.9	-55.7	1,474.5	328.9	23.1	116.2	1,613.0
		Percentage of GDP, 4-quarter cumulated operations					Percentage of GDP				
2016		-2.5	-0.9	0.6	-1.6	-4.3	90.5	24.9	2.9	1.5	102.7
2017		-1.9	-0.4	0.6	-1.4	-3.1	90.3	24.8	2.5	2.4	101.8
2018		-1.4	-0.3	0.5	-1.4	-2.6	89.9	24.4	2.1	3.4	100.4
2019		-1.5	-0.6	0.3	-1.3	-3.1	88.0	23.7	1.9	4.4	98.2
2020		-7.7	-0.2	0.2	-2.5	-10.1	107.8	27.2	2.0	7.6	120.3
2021		-6.0	0.0	0.3	-1.0	-6.7	104.7	25.6	1.9	8.0	116.8
2022		-3.1	-1.1	-0.1	-0.4	-4.7	100.9	23.6	1.7	7.9	111.6
2023		-2.1	-0.9	-0.1	-0.6	-3.6	98.1	22.2	1.6	7.9	107.7
2024		--	--	--	--	-3.1	--	--	--	--	105.3
2025		--	--	--	--	-3.0	--	--	--	--	104.2
2022	II	-4.7	0.0	0.2	-0.3	-4.8	102.8	24.6	1.8	7.7	114.4
	III	-2.5	-1.1	-0.1	-0.4	-4.1	103.1	23.9	1.7	7.5	114.1
	IV	-3.1	-1.1	-0.1	-0.4	-4.7	100.9	23.6	1.7	7.9	111.6
2023	I	-2.6	-1.3	-0.1	-0.4	-4.4	100.5	23.4	1.7	7.7	111.2
	II	-2.7	-1.4	-0.2	-0.3	-4.6	100.8	23.2	1.7	7.5	111.3
	III	-3.3	-0.8	0.0	-0.3	-4.5	99.9	22.7	1.6	7.4	109.8
	IV	-2.1	-0.9	-0.1	-0.6	-3.6	98.1	22.2	1.6	7.9	107.7
2024	I	-2.1	-1.1	-0.2	-0.4	-3.8	99.4	22.2	1.6	7.8	108.8

Sources: National Statistics Institute. Bank of Spain (Financial Accounts of the Spanish Economy) and Funcas (Forecasts).

Chart 7.1 - Government deficit

Percent of GDP, 4-quarter cumulated operations

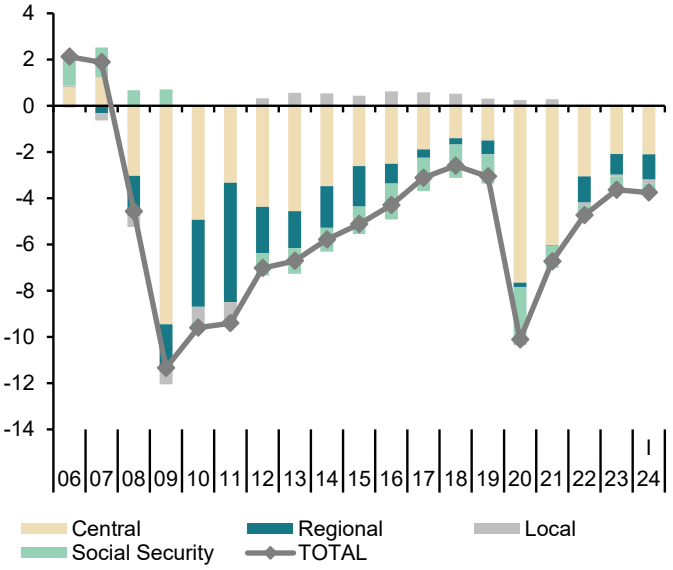


Chart 7.2 - Government debt

Percent of GDP

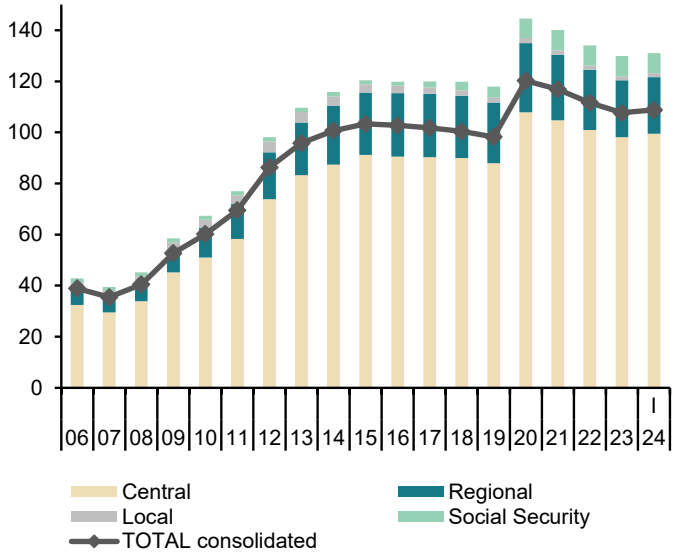


Table 8

General activity and industrial sector indicators (a)

	General activity indicators				Industrial sector indicators					
	Economic Sentiment Index	Composite PMI index	Social Security Affiliates (f)	Electricity consumption (temperature adjusted)	Industrial production index	Social Security Affiliates in industry	Manufacturing PMI index	Industrial confidence index	Manufacturing turnover index deflated (g)	Industrial orders
	Index	Index	Thousands	1,000 GWH, monthly average	2015=100	Thousands	Index	Balance of responses	2015=100 (smoothed)	Balance of responses
2016	106.1	54.9	17,157.5	21.0	98.8	2,124.7	53.1	-2.1	97.5	-5.4
2017	109.4	56.2	17,789.6	21.4	101.6	2,191.0	54.8	1.4	101.9	2.2
2018	108.2	54.6	18,364.5	21.5	102.2	2,250.9	53.3	-0.5	103.9	-0.2
2019	104.7	52.7	18,844.1	20.9	102.8	2,283.2	49.1	-3.6	103.9	-5.1
2020	89.6	41.5	18,440.5	19.9	93.2	2,239.3	47.5	-13.6	93.4	-30.0
2021	105.2	55.3	18,910.0	20.4	100.0	2,270.4	57.0	0.6	99.9	-1.8
2022	101.3	51.8	19,663.0	19.6	102.7	2,324.3	51.0	-0.8	103.1	1.6
2023	100.6	52.5	20,193.2	19.2	101.3	2,363.7	48.0	-6.5	101.5	-11.0
2024 (b)	102.5	54.8	20,553.7	19.7	103.9	2,388.7	51.8	-5.3	100.1	-9.3
2022 III	97.1	50.5	19,725.2	19.6	102.9	2,329.7	49.2	-5.0	104.2	-4.1
IV	98.0	49.1	19,828.6	18.9	101.8	2,337.6	45.6	-5.3	102.7	-8.1
2023 I	100.1	55.2	19,972.5	19.2	101.6	2,347.8	50.1	-4.6	102.1	-9.0
II	101.3	54.7	20,168.8	19.0	100.8	2,358.9	48.5	-5.2	101.6	-7.1
III	100.8	50.1	20,264.4	19.1	100.6	2,369.0	47.4	-8.2	101.1	-13.8
IV	100.3	50.1	20,363.9	19.4	100.9	2,378.8	45.8	-8.1	101.3	-14.0
2024 I	102.3	53.6	20,509.1	19.4	101.3	2,390.4	50.7	-5.2	100.8	-9.2
II (b)	102.7	56.0	20,665.9	19.2	101.1	2,398.4	52.9	-5.5	101.1	-9.4
2024 Apr	104.3	55.7	20,615.7	19.3	101.1	2,395.5	52.2	-4.3	101.1	-14.0
May	101.3	56.6	20,668.8	19.2	101.0	2,398.0	54.0	-6.3	--	-6.8
Jun	102.4	55.8	20,713.3	19.2	--	2,401.7	52.3	-5.8	--	-7.4
					Percentage changes (c)					
2016	--	--	3.1	0.3	1.8	2.8	--	--	2.6	--
2017	--	--	3.7	1.7	2.9	3.1	--	--	4.5	--
2018	--	--	3.2	0.6	0.6	2.7	--	--	2.0	--
2019	--	--	2.6	-2.6	0.6	1.4	--	--	0.0	--
2020	--	--	-2.1	-4.8	-9.3	-1.9	--	--	-10.1	--
2021	--	--	2.5	2.2	7.2	1.4	--	--	7.0	--
2022	--	--	4.0	-3.8	2.7	2.4	--	--	3.1	--
2023	--	--	2.7	-1.9	-1.4	1.7	--	--	-1.5	--
2024 (d)	--	--	2.6	1.4	0.8	1.8	--	--	0.0	--
2022 III	--	--	0.5	-2.1	-0.1	0.5	--	--	-0.5	--
IV	--	--	0.5	-3.3	-1.1	0.3	--	--	-1.5	--
2023 I	--	--	0.7	1.5	-0.2	0.4	--	--	-0.6	--
II	--	--	1.0	-1.3	-0.8	0.5	--	--	-0.4	--
III	--	--	0.5	1.0	-0.2	0.4	--	--	-0.5	--
IV	--	--	0.5	1.4	0.3	0.4	--	--	0.2	--
2024 I	--	--	0.7	0.1	0.4	0.5	--	--	-0.5	--
II (e)	--	--	0.8	-1.0	-0.2	0.3	--	--	0.2	--
2024 Apr	--	--	0.2	-1.0	0.2	0.1	--	--	-0.1	--
May	--	--	0.3	-0.6	-0.1	0.1	--	--	--	--
Jun	--	--	0.2	-0.2	--	0.2	--	--	--	--

(a) Seasonally adjusted, except for annual data. (b) Period with available data. (c) Percent change from the previous quarter for quarterly data, from the previous month for monthly data, unless otherwise indicated. (d) Growth of available period over the same period of the previous year. (e) Growth of the average of available months over the monthly average of the previous quarter. (f) Excluding domestic service workers and non-professional caregivers. (g) Deflated by Funcas.

Sources: European Commision, S&P Global, M. of Labour, M. of Industry, National Statistics Institute, REE and Funcas.

Chart 8.1 - General activity indicators (I)

Level, 2009=100

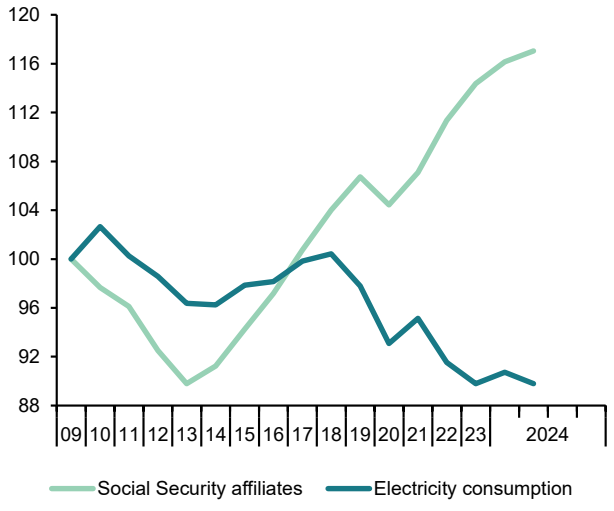


Chart 8.2 - General activity indicators (II)

Index

Chart 8.3 - Industrial sector indicators (I)

Level, 2009=100

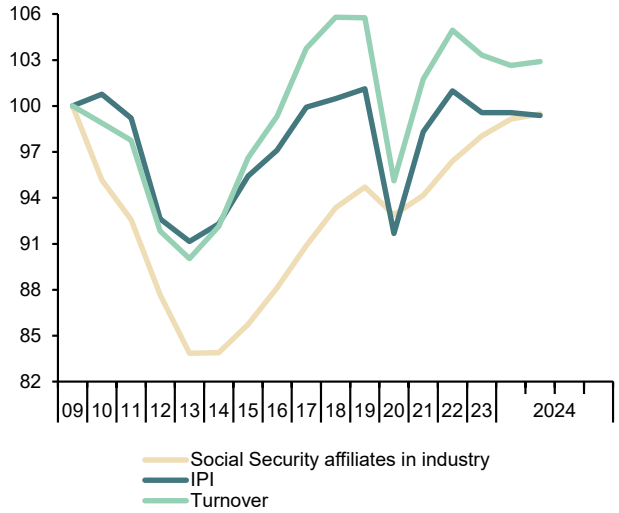


Chart 8.4 - Industrial sector indicators (II)

Index

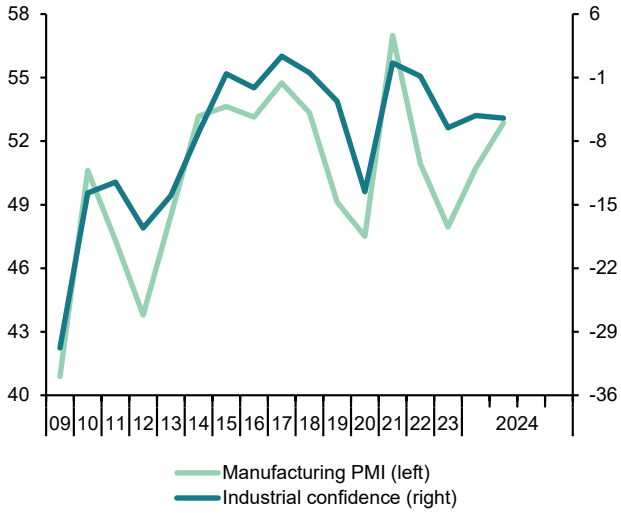


Table 9

Construction and services sector indicators (a)

	Construction indicators					Service sector indicators					
	Social Security Affiliates in construction	Industrial production index construction materials	Construction confidence index	Official tenders (f)	Housing permits (f)	Social Security Affiliates in services (g)	Turnover index deflated (h)	Services PMI index	Hotel overnight stays	Passenger air transport	Services confidence index
	Thousands	2015=100	Balance of responses	EUR Billions, monthly average	Million m^2, monthly average	Thousands	2015=100 (smoothed)	Index	Million, monthly average	Million, monthly average)	Balance of responses
2016	1,053.9	82.4	-39.1	0.8	1.1	12,851.6	93.2	55.0	27.6	19.1	18.3
2017	1,118.8	89.2	-25.1	1.1	1.3	13,338.2	97.8	56.4	28.4	20.7	22.9
2018	1,194.1	91.9	-6.0	1.4	1.6	13,781.3	101.7	54.8	28.3	21.9	21.2
2019	1,254.9	100.4	-7.7	1.4	1.7	14,169.1	104.7	53.9	28.6	23.1	13.9
2020	1,233.1	89.2	-17.4	1.1	1.3	13,849.2	87.5	40.3	7.7	6.3	-25.5
2021	1,288.6	100.0	-1.9	1.8	1.6	14,235.1	100.0	55.0	14.4	9.9	8.6
2022	1,333.8	103.4	8.9	2.3	1.7	14,926.3	107.1	52.5	26.7	20.2	12.1
2022	1,384.6	103.1	8.7	2.3	1.7	15,393.2	108.6	53.6	28.9	23.5	13.9
2024 (b)	1,405.2	110.6	7.6	2.3	1.8	15,707.0	105.7	55.5	24.5	22.9	16.3
2022 III	1,337.3	104.5	6.1	2.4	1.5	14,984.0	107.0	51.0	27.3	21.1	11.5
IV	1,356.2	105.0	14.7	3.0	1.8	15,070.9	109.1	50.8	27.8	22.1	5.9
2023 I	1,374.5	107.3	3.3	2.0	1.7	15,192.7	109.2	56.3	28.6	22.8	10.0
II	1,382.8	102.4	12.9	2.6	1.7	15,373.1	108.8	56.0	28.6	23.2	14.3
III	1,386.9	101.2	6.0	2.3	1.5	15,456.2	106.9	50.8	28.7	23.8	15.9
IV	1,395.1	101.2	12.8	2.2	1.7	15,547.7	111.0	51.2	29.6	24.4	15.4
2024 I	1,403.3	105.1	5.6	2.2	1.8	15,677.9	111.9	54.3	30.2	25.0	17.0
II (b)	1,403.3	106.5	9.6	2.3	2.0	15,826.2	112.2	56.6	31.1	25.7	15.5
2024 Apr	1,402.2	106.7	13.8	2.2	2.0	15,775.4	112.2	56.2	30.5	25.6	14.0
May	1,403.2	106.3	16.0	2.5	--	15,829.0	--	56.9	31.7	25.9	13.6
Jun	1,404.3	--	-1.1	--	--	15,874.3	--	56.8	--	--	19.0
					Percentage changes (c)						
2016	2.6	2.5	--	-1.7	29.0	3.4	5.6	--	7.4	11.0	--
2017	6.2	8.3	--	37.1	24.8	3.8	5.0	--	2.8	8.3	--
2018	6.7	3.0	--	30.8	24.5	3.3	4.0	--	-0.2	5.8	--
2019	5.1	9.3	--	1.6	1.3	2.8	3.0	--	0.9	5.3	--
2020	-1.7	-11.1	--	-23.3	-19.8	-2.3	-16.4	--	-73.1	-72.7	--
2021	4.5	12.0	--	68.5	22.7	2.8	14.3	--	87.4	57.8	--
2022	3.5	3.4	--	28.0	1.2	4.9	7.1	--	85.4	103.4	--
2023	3.8	-0.3	--	-2.8	-0.6	3.1	1.4	--	8.2	16.3	--
2024 (d)	1.8	1.4	--	5.7	10.4	3.1	2.5	--	8.2	11.5	--
2022 III	1.1	-0.2	--	18.9	-9.7	0.5	-0.2	--	2.9	6.2	--
IV	1.4	0.4	--	45.0	7.2	0.6	2.0	--	1.9	4.4	--
2023 I	1.3	2.2	--	19.3	-3.7	0.8	0.0	--	2.9	3.4	--
II	0.6	-4.5	--	15.4	12.2	1.2	-0.3	--	-0.1	1.6	--
III	0.3	-1.2	--	-3.7	0.8	0.5	-1.8	--	0.4	2.6	--
IV	0.6	0.0	--	-27.7	-9.1	0.6	3.8	--	2.9	2.5	--
2024 I	0.6	3.8	--	12.4	3.4	0.8	0.8	--	2.1	2.6	--
II (e)	0.0	1.3	--	0.1	35.3	0.9	0.3	--	2.8	2.7	--
2024 Apr	-0.1	0.8	--	14.2	35.3	0.3	1.4	--	-0.3	1.2	--
May	0.1	-0.4	--	-14.0	--	0.3	--	--	3.8	1.1	--
Jun	0.1	--	--	--	--	0.3	--	--	--	--	--

(a) Seasonally adjusted, except for annual data and (f). (b) Period with available data. (c) Percent change from the previous quarter for quarterly data, from the previous month for monthly data, unless otherwise indicated. (d) Growth of available period over the same period of the previous year. (e) Growth of the average of available months over the monthly average of the previous quarter. (f) Percent changes are over the same period of the previous year. (g) Excluding domestic service workers and non-professional caregivers. (h) Deflated by Funcas.

Sources: European Commision, S&P Global, M. of Labour, M. of Public Works, National Statistics Institute, AENA, OFICEMEN, SEOPAN and Funcas.

Chart 9.1 - Construction indicators (I)

Level, 2009=100 and index

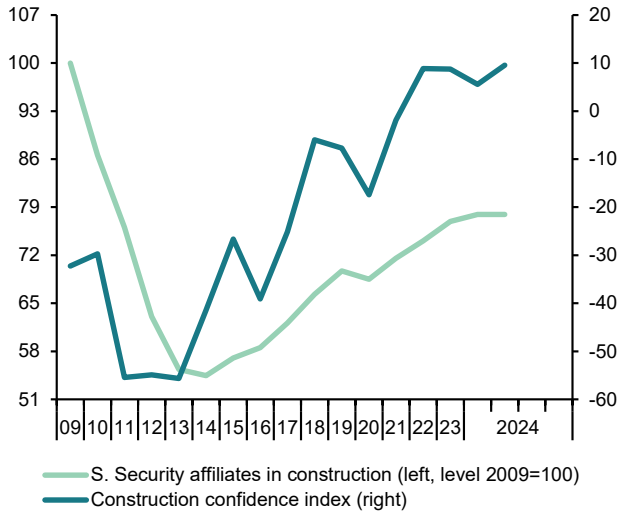


Chart 9.2 - Construction indicators (II)

Level, 2009=100

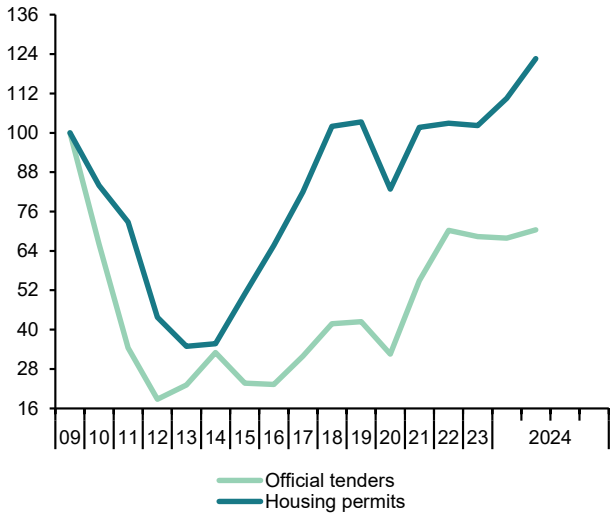


Chart 9.3 - Services indicators (I)

Level, 2009=100

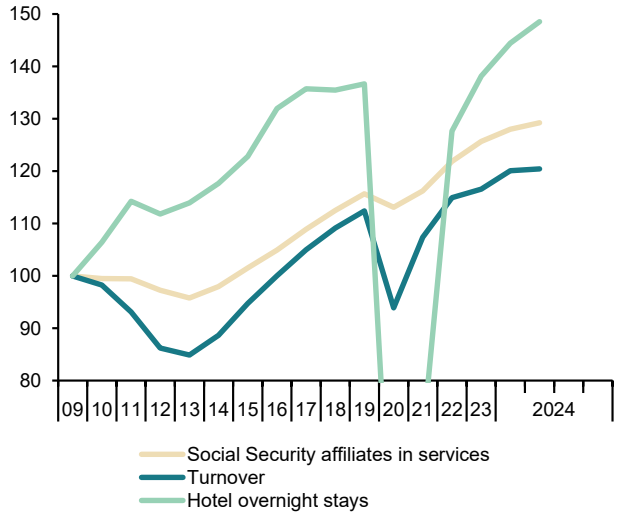


Chart 9.4 - Services indicators (II)

Index

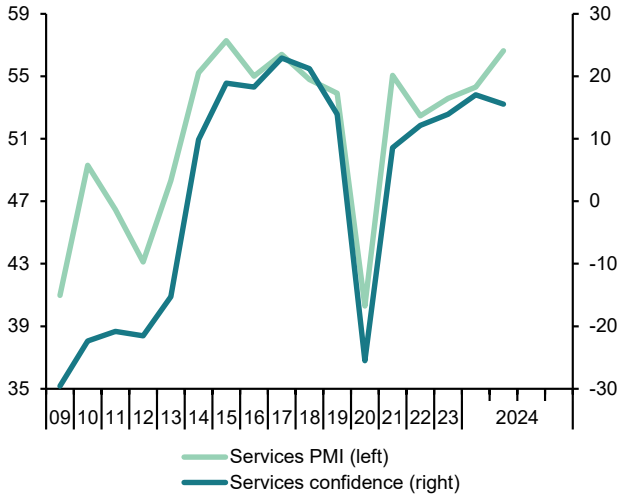


Table 10

Consumption and investment indicators (a)

		Consumption indicators						Investment in equipment indicators			
		Retail sales deflated	Car registrations	Consumer confidence index	Hotel overnight stays by residents in Spain	Industrial orders for consumer goods	Large company sales (consumer goods and services)	Cargo vehicles registrations	Industrial orders for investment goods	Imports of capital goods (volume)	Large company sales (capital goods)
		2015=100	Thousands, monthly average	Balance of responses	Million, monthly average	Balance of responses	2015=100	Thousands, monthly average	Balance of responses	2015=100	2015=100
2015		95.1	91.2	-4.9	9.2	-3.1	100.0	15.0	0.2	100.0	100.0
2016		98.5	102.5	-6.1	9.5	-1.4	107.3	15.9	-0.2	104.1	104.0
2017		99.6	111.8	-2.9	9.7	2.2	110.3	17.3	4.9	110.7	107.7
2018		100.3	118.7	-4.4	9.7	-5.6	113.1	19.2	12.4	112.9	112.5
2019		102.6	114.6	-6.4	10.0	-2.9	116.0	18.4	8.8	113.1	117.7
2020		95.9	78.3	-22.5	4.3	-25.5	106.3	14.2	-22.7	107.1	110.0
2021		100.0	79.5	-12.9	7.6	-11.1	111.4	15.6	4.7	118.1	115.4
2022		102.1	76.2	-26.5	10.0	-2.8	118.7	13.9	28.2	133.5	124.6
2023		104.8	86.7	-19.2	10.1	-6.8	121.9	17.2	17.9	138.2	143.7
2024	(b)	100.5	95.5	-15.8	8.3	-9.1	117.8	18.8	8.1	134.2	136.9
2022	III	102.6	85.2	-33.4	10.3	-8.5	119.3	14.3	21.7	136.0	126.1
	IV	102.5	85.3	-27.8	10.2	-6.1	119.6	15.5	27.5	138.8	131.3
2023	I	103.9	85.4	-22.5	10.2	-5.7	120.2	16.8	25.8	140.7	146.0
	II	105.1	82.9	-19.1	10.1	-5.7	121.4	16.0	24.6	139.3	145.9
	III	104.7	85.9	-16.1	10.0	-8.3	122.8	17.1	11.8	137.1	139.3
	IV	105.4	96.3	-19.0	10.2	-7.4	123.0	19.0	9.4	136.1	143.4
2024	I	104.9	89.1	-17.2	10.2	-7.5	123.8	19.3	6.2	136.4	141.4
	II (b)	105.3	92.5	-14.4	10.3	-10.6	125.3	18.8	10.1	137.0	140.1
2024	Apr	105.6	94.3	-14.6	10.1	-12.4	125.3	19.2	8.9	137.0	140.1
	May	105.0	90.6	-14.4	10.5	-9.1	--	18.3	17.6	--	--
	Jun	--	--	-14.1	--	-10.3	--	--	3.7	--	--
		Percentage changes (c)									
2015		4.3	22.9	--	5.3	--	7.6	31.1	--	14.4	7.1
2016		3.6	12.4	--	3.6	--	7.3	6.1	--	4.1	4.0
2017		1.2	9.1	--	1.4	--	2.7	8.5	--	6.4	3.6
2018		0.6	6.1	--	0.6	--	2.6	10.8	--	2.0	4.4
2019		2.4	-3.4	--	2.7	--	2.6	-4.0	--	0.2	4.6
2020		-6.5	-31.7	--	-57.2	--	-8.4	-22.6	--	-5.3	-6.5
2021		4.2	1.6	--	77.3	--	4.9	9.4	--	10.3	4.9
2022		2.1	-4.1	--	32.3	--	6.5	-10.8	--	13.0	8.0
2023		2.6	13.7	--	1.3	--	2.7	24.1	--	3.5	15.3
2024	(d)	0.6	8.1	--	1.1	--	4.2	16.4	--	-2.5	-2.7
2022	III	0.0	11.2	--	1.5	--	2.6	7.5	--	9.2	15.6
	IV	-0.1	0.1	--	-0.2	--	0.9	8.0	--	8.7	17.5
2023	I	1.4	0.1	--	0.1	--	2.3	8.3	--	5.3	52.7
	II	1.2	-3.0	--	-1.2	--	3.8	-4.9	--	-3.7	-0.3
	III	-0.4	3.6	--	-1.1	--	5.0	7.3	--	-6.3	-16.7
	IV	0.7	12.1	--	1.8	--	0.7	11.1	--	-2.8	12.2
2024	I	-0.4	-7.4	--	0.1	--	2.5	1.5	--	0.9	-5.6
	II (e)	0.4	3.8	--	1.2	--	5.0	-2.8	--	1.7	-3.4
2024	Apr	0.8	14.9	--	-0.9	--	0.1	16.6	--	0.2	-2.9
	May	-0.6	-3.9	--	4.0	--	--	-4.4	--	--	--
	Jun	--	--	--	--	--	--	--	--	--	--

(a) Seasonally adjusted. except for annual data. (b) Period with available data. (c) Percent change from the previous quarter for quarterly data. from the previous month for monthly data. unless otherwise indicated. (d) Growth of available period over the same period of the previous year. (e) Growth of the average of available months over the monthly average of the previous quarter.

Sources: European Commision. M. of Economy. M. of Industry. National Statistics Institute. DGT. ANFAC and Funcas.

Chart 10.1 - Consumption indicators

Level, 2009=100 and balance of responses

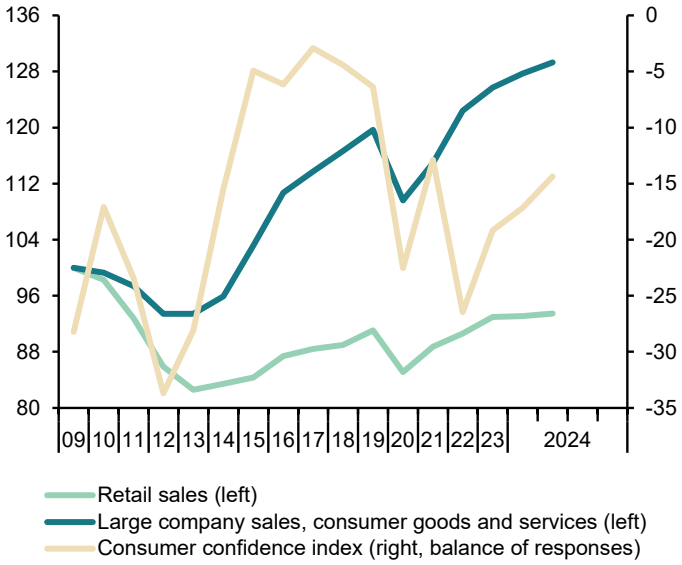


Chart 10.2 - Investment indicators

Level, 2009=100 and balance of responses

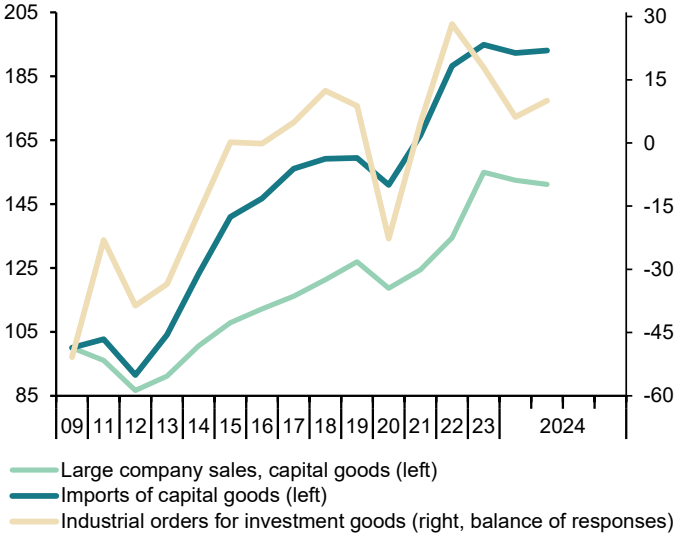


Table 11a

Labour market (I)

Forecasts in yellow

		Population aged 16 or more	Labour force		Employment		Unemployment		Participation rate aged 16 or more (a)	Employment rate aged 16 or more (b)	Unemployment rate (c)			
											Total	Aged 16-24	Spanish	Foreign
			Original	Seasonally adjusted	Original	Seasonally adjusted	Original	Seasonally adjusted	Seasonally adjusted				Original	
		I	2=4+6	3=5+7	4	5	6	7	8	9	10=7/3	11	12	13
		Million							Percentage					
2016		38.5	22.8	--	18.3	--	4.4	--	59.1	47.6	19.5	44.4	18.7	26.6
2017		38.7	22.7	--	18.8	--	3.9	--	58.7	48.7	17.1	38.6	16.3	23.8
2018		38.9	22.8	--	19.3	--	3.5	--	58.6	49.7	15.2	34.3	14.3	21.9
2019		39.3	23.0	--	19.8	--	3.2	--	58.6	50.4	14.1	32.5	13.2	20.1
2020		39.6	22.7	--	19.2	--	3.5	--	57.4	48.5	15.5	38.3	14.1	24.6
2021		39.9	23.3	--	19.8	--	3.5	--	58.4	49.7	14.9	35.0	13.6	23.1
2022		40.4	23.6	--	20.5	--	3.1	--	58.5	50.9	13.0	29.7	12.0	19.4
2023		41.0	24.1	--	21.2	--	2.9	--	58.9	51.7	12.2	28.7	11.2	17.7
2024		41.4	24.4	--	21.7	--	2.7	--	58.8	52.3	11.2	--	--	--
2025		41.7	24.5	--	22.0	--	2.5	--	58.8	52.8	10.3	--	--	--
2022	II	40.3	23.6	23.6	20.6	20.5	3.0	3.1	58.6	51.0	13.1	29.6	11.6	19.1
	III	40.5	23.8	23.7	20.7	20.6	3.0	3.1	58.5	50.9	12.9	30.6	11.8	18.6
	IV	40.6	23.7	23.7	20.6	20.6	3.1	3.1	58.3	50.8	12.9	29.0	12.0	18.9
2023	I	40.8	23.8	23.9	20.6	20.9	3.2	3.0	58.7	51.2	12.7	29.0	12.2	20.0
	II	40.9	24.1	24.1	21.3	21.2	2.8	2.9	59.0	51.7	12.2	28.9	10.7	17.1
	III	41.1	24.3	24.2	21.4	21.3	2.9	2.9	59.0	51.8	12.1	28.5	11.0	16.6
	IV	41.2	24.3	24.2	21.4	21.4	2.9	2.9	58.8	51.9	11.8	28.3	10.8	17.2
2024	I	41.3	24.2	24.3	21.3	21.5	3.0	2.8	58.8	52.1	11.5	26.7	11.1	18.6
		Percentage changes (d)							Difference from one year ago					
2016		0.1	-0.4	--	2.7	--	-11.4	--	-0.3	1.2	-2.4	-3.9	-2.2	-3.8
2017		0.3	-0.3	--	2.6	--	-12.6	--	-0.4	1.1	-2.4	-5.9	-2.4	-2.8
2018		0.6	0.4	--	2.7	--	-10.6	--	-0.1	1.0	-1.9	-4.2	-2.0	-2.0
2019		1.0	0.9	--	2.3	--	-6.8	--	0.0	0.7	-1.2	-1.8	-1.1	-1.8
2020		-1.9	-1.0	--	-7.3	--	37.2	--	0.5	-2.8	5.4	11.9	5.5	6.5
2021		3.6	2.3	--	8.1	--	-21.8	--	-0.8	2.1	-4.6	-9.4	-5.1	-3.6
2022		1.1	1.4	--	3.6	--	-11.3	--	0.2	1.2	-1.9	-8.9	-4.3	-4.4
2023		1.5	2.1	--	3.1	--	-4.7	--	0.3	0.8	-0.9	-5.7	-3.1	-4.2
2024		1.1	1.1	--	2.3	--	-7.3	--	0.0	0.6	-1.0	--	--	--
2025		0.6	0.6	--	1.6	--	-7.1	--	0.0	0.5	-0.9	--	--	--
2022	II	1.0	1.3	0.3	4.5	0.4	-16.5	-0.8	0.3	1.7	-2.4	-8.7	-2.5	-4.5
	III	1.3	0.9	0.2	3.2	0.3	-12.7	-0.9	-0.2	0.9	-2.0	-1.2	-1.9	-3.1
	IV	1.5	1.3	0.1	1.8	0.2	-2.1	-0.3	-0.1	0.2	-0.5	-2.1	-0.3	-2.0
2023	I	1.6	1.7	0.9	2.2	1.2	-0.9	-0.9	-0.1	0.3	-0.6	-0.6	-0.3	-1.2
	II	1.5	2.0	0.8	3.2	1.3	-6.2	-2.6	0.3	0.8	-0.9	-0.7	-0.9	-1.9
	III	1.5	2.4	0.4	3.4	0.6	-4.3	-0.9	0.5	0.9	-0.9	-2.2	-0.7	-2.0
	IV	1.5	2.2	0.2	3.6	0.5	-7.2	-2.4	0.5	1.1	-1.1	-0.6	-1.2	-1.7
2024	I	1.4	1.7	0.3	3.0	0.5	-6.5	-1.6	0.2	0.8	-1.1	-2.3	-1.1	-1.4

(a) Labour force aged 16 or more over population aged 16 or more. (b) Employed aged 16 or more over population aged 16 or more. (c) Unemployed in each group over labour force in that group. (d) Annual percentage changes for original data; quarterly percentage changes for S.A. data.

*Source: INE (*Labour Force Survey*) and Funcas.*

Chart 11a.1 - Labour force, employment and unemployment, SA

Thousands and percentage of active population

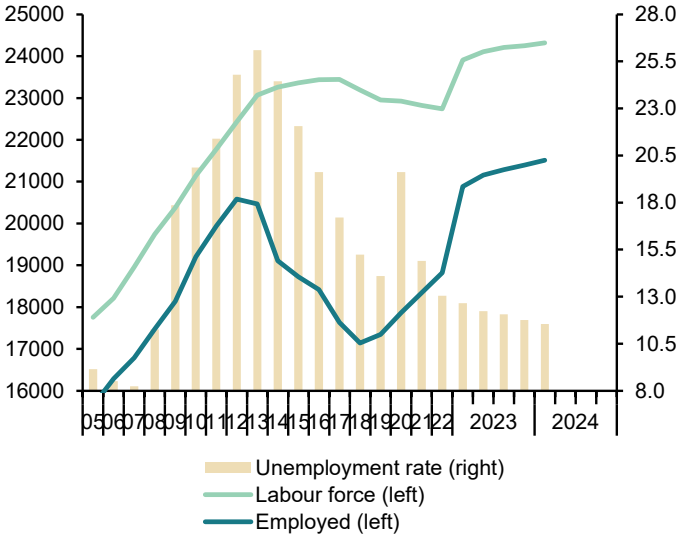


Chart 11a.2 - Unemployment rates

Percentage

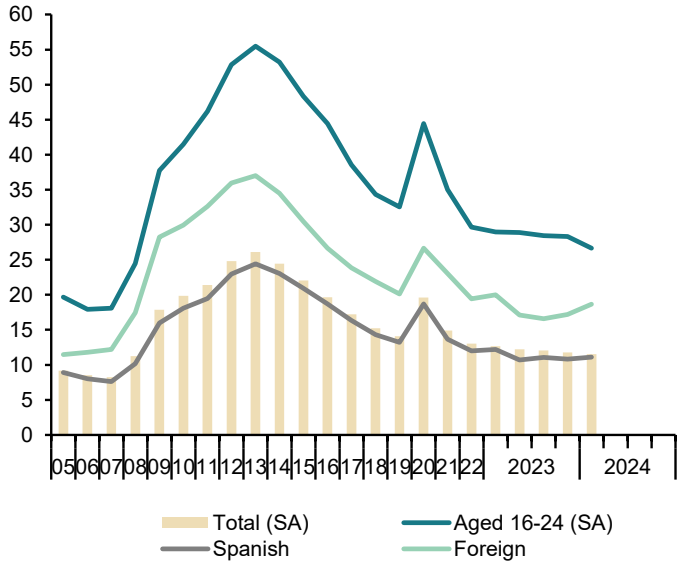


Table 11b

Labour market (II)

		Employed by sector				Employed by professional situation					Employed by duration of the working-day		
						Employees							
							By type of contract						
		Agriculture	Industry	Construction	Services	Total	Tempo-rary	Indefinite	Temporary employment rate (a)	Self employed	Full-time	Part-time	Part-time employment rate (b)
		1	2	3	4	5=6+7	6	7	8=6/5	9	10	11	12
		Million (original data)											
2016		0.77	2.52	1.07	13.97	15.23	3.97	11.26	26.1	3.11	15.55	2.79	15.21
2017		0.82	2.65	1.13	14.23	15.72	4.19	11.52	26.7	3.11	16.01	2.82	14.97
2018		0.81	2.71	1.22	14.59	16.23	4.35	11.88	26.8	3.09	16.50	2.83	14.65
2019		0.80	2.76	1.28	14.94	16.67	4.38	12.29	26.3	3.11	16.88	2.90	14.64
2020		0.77	2.70	1.24	14.49	16.11	3.88	12.23	24.1	3.09	16.51	2.70	14.05
2021		0.82	2.71	1.32	14.99	16.66	4.21	12.45	25.2	3.17	17.08	2.75	13.87
2022		0.80	2.78	1.35	15.61	17.37	3.70	13.66	21.3	3.18	17.76	2.78	13.55
2023		0.77	2.81	1.40	16.20	17.96	3.10	14.87	17.2	3.22	18.36	2.82	13.31
2024 (c)		0.77	2.83	1.42	16.24	18.06	2.84	15.23	15.7	3.19	18.31	2.94	13.84
2022	II	0.81	2.78	1.37	15.64	17.41	3.91	13.49	22.5	3.20	17.77	2.84	13.77
	III	0.75	2.82	1.37	15.81	17.56	3.59	13.97	20.4	3.19	18.08	2.66	12.84
	IV	0.78	2.81	1.34	15.72	17.49	3.18	14.31	18.2	3.15	17.84	2.80	13.59
2023	I	0.78	2.81	1.34	15.72	17.47	3.06	14.41	17.5	3.16	17.81	2.83	13.70
	II	0.78	2.74	1.40	16.34	18.00	3.15	14.85	17.5	3.26	18.38	2.88	13.53
	III	0.72	2.85	1.42	16.46	18.25	3.17	15.08	17.4	3.20	18.76	2.69	12.54
	IV	0.79	2.86	1.44	16.30	18.13	3.01	15.12	16.6	3.26	18.51	2.88	13.47
2024	I	0.77	2.83	1.42	16.24	18.06	2.84	15.23	15.7	3.19	18.31	2.94	13.84
		Annual percentage changes							Difference from one year ago	Annual percentage changes			Difference from one year ago
2016		5.1	1.6	0.0	2.9	3.1	6.8	1.8	0.9	0.7	3.3	-0.8	-0.5
2017		5.8	5.0	5.1	1.9	3.2	5.6	2.3	0.6	-0.1	2.9	1.0	-0.2
2018		-0.8	2.3	8.3	2.5	3.3	3.8	3.1	0.1	-0.5	3.1	0.4	-0.3
2019		-1.9	2.0	4.6	2.4	2.7	0.6	3.5	-0.6	0.5	2.3	2.3	0.0
2020		-4.0	-2.3	-2.6	-3.0	-3.4	-11.4	-0.5	-2.2	-0.5	-2.2	-6.9	-0.6
2021		6.9	0.5	5.7	3.4	3.4	8.5	1.8	1.2	2.6	3.5	2.0	-0.2
2022		-2.4	2.5	3.0	4.2	4.3	-11.9	9.7	-3.9	0.2	4.0	1.2	-0.3
2023		-3.9	1.3	3.2	3.8	3.4	-16.4	8.8	-4.1	1.3	3.4	1.2	-0.2
2024 (d)		-1.2	0.7	6.1	3.3	3.4	-7.2	5.7	-1.8	0.7	2.8	4.1	0.1
2022	II	-1.4	3.9	1.7	5.2	5.3	-6.2	9.2	-2.8	0.4	5.3	-0.2	-0.7
	III	-3.4	2.8	3.7	3.6	3.5	-19.2	11.6	-5.7	1.3	3.9	-1.5	-0.6
	IV	-8.7	1.1	2.2	2.5	2.7	-27.0	12.9	-7.4	-2.8	1.8	2.1	0.0
2023	I	-8.8	3.7	-0.7	2.8	2.7	-26.2	11.9	-6.8	-0.4	2.6	-0.2	-0.3
	II	-4.2	-1.6	2.4	4.4	3.4	-19.5	10.0	-5.0	1.8	3.5	1.3	-0.2
	III	-3.7	1.1	3.6	4.1	3.9	-11.5	7.9	-3.0	0.3	3.7	1.0	-0.3
	IV	1.6	2.0	7.5	3.7	3.7	-5.3	5.6	-1.6	3.5	3.8	2.7	-0.1
2024	I	-1.2	0.7	6.1	3.3	3.4	-7.2	5.7	-1.8	0.7	2.8	4.1	0.1

(a) Percentage of employees with temporary contract over total employees. (b) Percentage of part-time employed over total employed. (c) Average of available data. (d) Change of existing data over the same period last year.

*Source: INE (*Labour Force Survey*).*

Chart 11b.1 - Employment by sector

Level, 2003=100

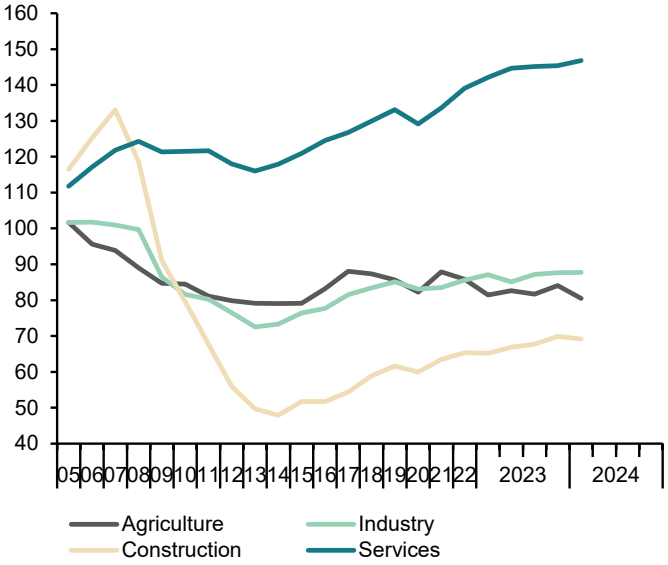


Chart 11b.2 - Temporary employment rate

Percentage over total employees

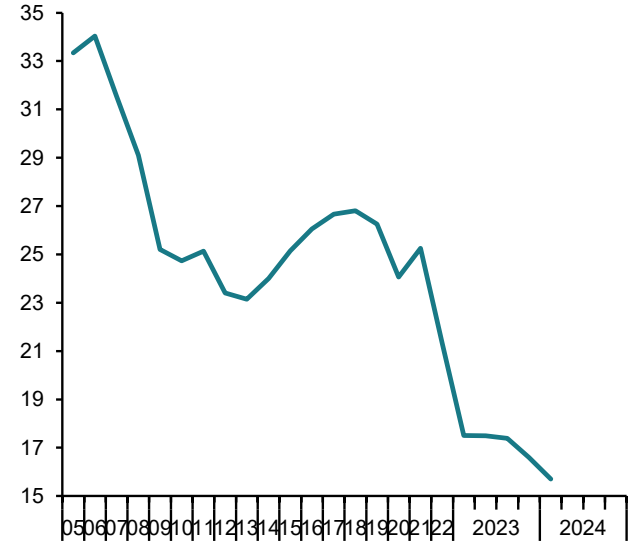


Table 12

Index of Consumer Prices

Forecasts in yellow

		Total	Total excluding food and energy	Excluding unprocessed food and energy				Unprocessed food	Energy	Food
				Total	Non-energy industrial goods	Services	Processed food			
% of total in 2023		100.00	67.63	84.29	20.77	46.86	16.67	6.34	9.36	23.01
Indexes. 2021 = 100										
2018		96.6	97.9	97.7	98.9	97.3	96.9	92.4	92.4	95.5
2019		97.3	98.9	98.5	99.2	98.7	97.5	94.2	91.3	96.3
2020		97.0	99.4	99.2	99.4	99.4	98.7	97.7	82.5	98.4
2021		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2022		108.4	103.7	105.2	104.2	103.3	110.6	110.9	127.9	110.7
2023		112.2	108.3	111.5	108.6	107.8	124.0	121.2	107.1	123.0
2024		115.9	111.3	115.0	109.3	111.8	129.8	126.9	110.3	128.8
2025		118.6	113.7	117.7	109.8	115.1	133.5	131.4	111.5	132.7
Annual percentage changes										
2018		1.7	0.9	0.9	0.0	1.5	1.0	3.1	6.1	1.8
2019		0.7	1.0	0.9	0.3	1.4	0.5	1.9	-1.2	0.9
2020		-0.3	0.6	0.7	0.2	0.8	1.3	3.7	-9.6	2.1
2021		3.1	0.6	0.8	0.6	0.6	1.3	2.4	21.2	1.7
2022		8.4	3.7	5.2	4.2	3.3	10.6	10.9	27.9	10.7
2023		3.5	4.4	6.0	4.2	4.3	12.1	9.3	-16.3	11.1
2024		3.3	2.8	3.2	0.7	3.7	4.7	4.7	3.0	4.7
2025		2.3	2.2	2.3	0.5	3.0	2.9	3.6	1.1	3.1
2024	Jan	3.4	3.0	3.6	1.6	3.6	6.2	8.8	-2.3	6.9
	Feb	2.8	3.0	3.5	1.2	3.9	5.3	5.0	-4.7	5.2
	Mar	3.2	3.0	3.3	0.9	3.9	4.7	3.1	1.6	4.3
	Apr	3.3	2.6	2.9	0.7	3.4	4.4	5.0	5.0	4.6
	May	3.6	2.7	3.0	0.7	3.7	4.2	4.6	8.0	4.3
	Jun	3.4	2.6	2.9	0.5	3.6	4.2	5.1	6.4	4.5
	Jul	3.4	2.6	3.1	0.5	3.5	4.8	4.4	5.3	4.7
	Aug	3.3	2.8	3.2	0.4	3.8	4.9	5.4	1.9	5.1
	Sep	2.9	2.8	3.1	0.4	3.8	4.6	4.4	-0.3	4.6
	Oct	3.0	2.7	3.0	0.4	3.7	4.3	3.8	2.0	4.2
	Nov	3.4	2.8	3.1	0.4	3.9	4.3	3.2	6.5	4.0
	Dec	3.6	2.8	3.1	0.4	3.9	4.3	3.8	8.3	4.1
2025	Jan	3.3	2.9	3.1	0.3	4.1	3.8	4.1	4.1	3.9
	Feb	3.1	2.7	2.8	0.4	3.8	3.2	5.4	4.2	3.8
	Mar	2.6	2.5	2.7	0.5	3.4	3.3	4.6	1.3	3.6
	Apr	2.5	2.6	2.7	0.5	3.5	3.1	3.2	0.0	3.1
	May	2.4	2.3	2.5	0.5	3.1	3.4	3.9	0.4	3.5
	Jun	2.3	2.2	2.4	0.5	2.9	3.2	4.1	0.4	3.5
	Jul	2.1	2.1	2.2	0.5	2.8	2.4	3.1	0.4	2.6
	Aug	1.9	2.0	2.0	0.5	2.7	2.2	2.9	0.4	2.4
	Sep	1.9	1.9	2.0	0.5	2.5	2.3	3.1	0.4	2.5
	Oct	1.9	1.8	1.9	0.5	2.5	2.4	2.8	0.5	2.5
	Nov	1.9	1.8	2.0	0.5	2.4	2.5	2.8	0.6	2.6
	Dec	1.9	1.8	2.0	0.5	2.4	2.6	2.8	0.6	2.7

Source: INE and Funcas (Forecasts).

Chart 12.1 - Inflation rate (I)

Annual percentage changes

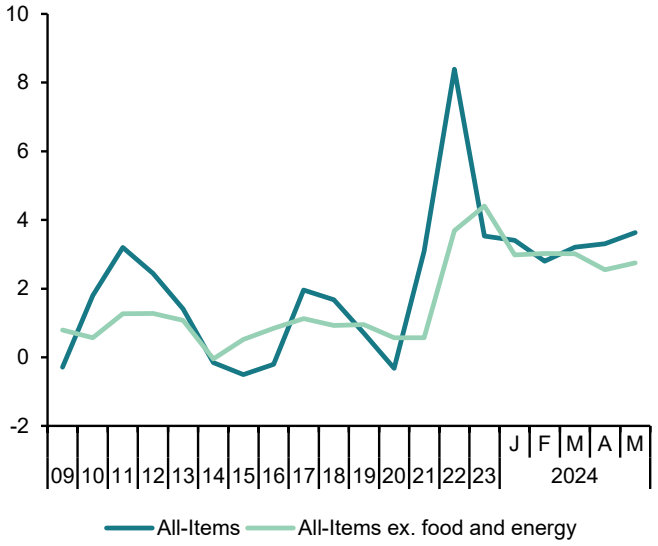


Chart 12.2 - Inflation rate (II)

Annual percentage changes

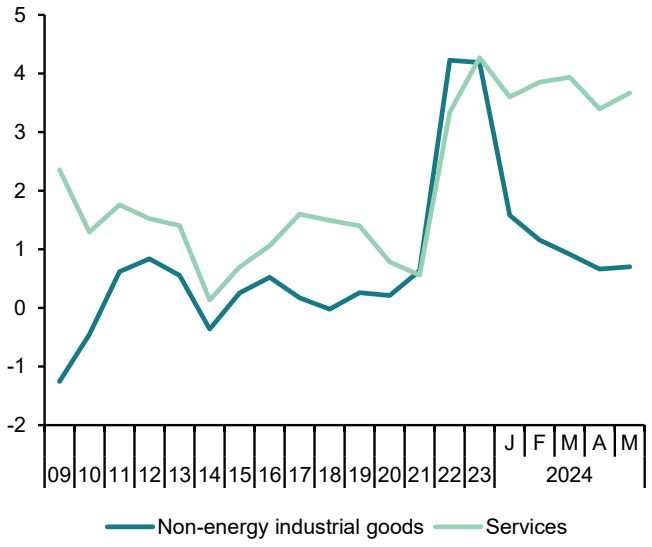


Table 13

Other prices and costs indicators

		GDP deflator (a)	Industrial producer prices		Housing prices		Urban land prices (M. Public Works)	Labour Costs Survey				Wage increase agreed in collective bargaining
			Total	Excluding energy	Housing Price Index (INE)	m² average price (M. Public Works)		Total labour costs per worker	Wage costs per worker	Other cost per worker	Total labour costs per hour worked	
		2015=100	2021=100		2007=100			2000=100				
2016		100.3	83.3	90.3	70.0	73.1	57.8	143.6	142.1	148.4	156.3	--
2017		101.6	86.9	92.3	74.3	74.8	58.2	144.0	142.3	149.1	156.3	--
2018		102.9	89.5	93.4	79.3	77.4	57.3	145.4	143.8	150.6	158.6	--
2019		104.4	89.1	93.5	83.3	79.8	57.7	148.7	146.4	155.7	162.7	--
2020		105.6	85.3	93.5	85.0	78.9	52.3	145.4	142.6	154.1	173.4	--
2021		108.4	100.0	100.0	88.2	80.6	54.3	153.9	151.5	161.5	172.3	--
2022		112.9	135.5	113.6	94.7	84.7	57.0	160.4	158.4	166.5	175.7	--
2023		119.6	129.2	117.8	98.5	88.0	55.4	169.2	166.0	179.0	185.0	--
2024 (b)		122.5	122.1	118.3	102.0	90.7	60.1	170.2	165.2	185.4	180.7	--
2022	III	112.3	142.2	115.4	96.2	84.6	53.9	155.7	152.2	166.5	178.3	--
	IV	115.9	137.1	116.2	95.4	85.1	57.4	169.4	169.9	167.9	186.2	--
2023	I	118.6	132.3	118.2	96.0	87.0	53.2	163.7	159.3	177.4	172.8	--
	II	118.7	127.7	118.0	98.0	87.2	55.5	171.7	169.5	178.6	182.6	--
	III	119.1	129.3	117.4	100.5	88.1	57.6	163.5	158.6	178.6	188.2	--
	IV	121.7	127.3	117.5	99.4	89.6	55.5	177.9	176.7	181.4	196.2	--
2024	I	122.5	123.2	118.3	102.0	90.7	60.1	170.2	165.2	185.4	180.7	--
	II (b)	--	120.4	118.5	--	--	--	--	--	--	--	
2024	Mar	--	120.3	118.5	--	--	--	--	--	--	--	--
	Apr	--	119.9	118.4	--	--	--	--	--	--	--	--
	May	--	120.9	118.6	--	--	--	--	--	--	--	--
		Annual percent changes (c)										
2016		0.3	-3.1	-0.4	4.7	1.9	5.3	-0.4	-0.3	-0.8	-0.2	1.0
2017		1.3	4.4	2.3	6.2	2.4	0.8	0.2	0.1	0.5	0.0	1.4
2018		1.2	3.0	1.1	6.7	3.4	-1.6	1.0	1.0	1.0	1.5	1.8
2019		1.4	-0.4	0.1	5.1	3.2	0.7	2.2	1.9	3.4	2.6	2.3
2020		1.1	-4.3	0.0	2.1	-1.1	-9.4	-2.2	-2.6	-1.0	6.6	1.9
2021		2.7	17.3	7.0	3.7	2.1	3.7	5.9	6.3	4.8	-0.6	1.5
2022		4.1	35.5	13.6	7.4	5.0	5.0	4.2	4.6	3.1	2.0	2.8
2023		5.9	-4.7	3.6	4.0	3.9	-2.8	5.5	4.8	7.5	5.3	3.5
2024 (d)		3.2	-6.4	0.1	6.3	4.3	13.0	3.9	3.8	4.5	4.5	3.0
2022	III	3.9	40.0	14.3	7.6	4.7	2.9	4.0	4.1	3.9	1.8	2.6
	IV	4.5	20.0	12.2	5.5	3.3	-0.1	4.2	4.7	2.8	3.6	2.8
2023	I	6.3	4.7	9.0	3.5	3.1	-8.8	6.2	6.0	6.7	4.5	3.1
	II	6.4	-6.4	3.0	3.6	3.0	-5.1	5.8	5.1	8.0	5.7	3.3
	III	6.1	-9.0	1.8	4.5	4.2	6.8	5.0	4.2	7.2	5.5	3.4
	IV	5.0	-7.2	1.1	4.2	5.3	-3.3	5.0	4.0	8.0	5.4	3.5
2024	I	3.2	-6.9	0.1	6.3	4.3	13.0	3.9	3.8	4.5	4.5	2.9
	II (e)	--	-5.7	0.4	--	--	--	--	--	--	--	3.0
2024	Mar	--	-8.2	-0.1	--	--	--	--	--	--	--	2.9
	Apr	--	-6.7	0.0	--	--	--	--	--	--	--	2.9
	May	--	-4.6	0.4	--	--	--	--	--	--	--	3.0

(a) Seasonally adjusted. (b) Period with available data. (c) Percent change from the previous quarter for quarterly data. from the previous month for monthly data. unless otherwise indicated. (d) Growth of available period over the same period of the previous year. (e) Growth of the average of available months over the monthly average of the previous quarter.

Sources: M. of Public Works. M. of Labour and INE (National Statistics Institute).

Chart 13.1 - Housing and urban land prices

Level, 2007=100

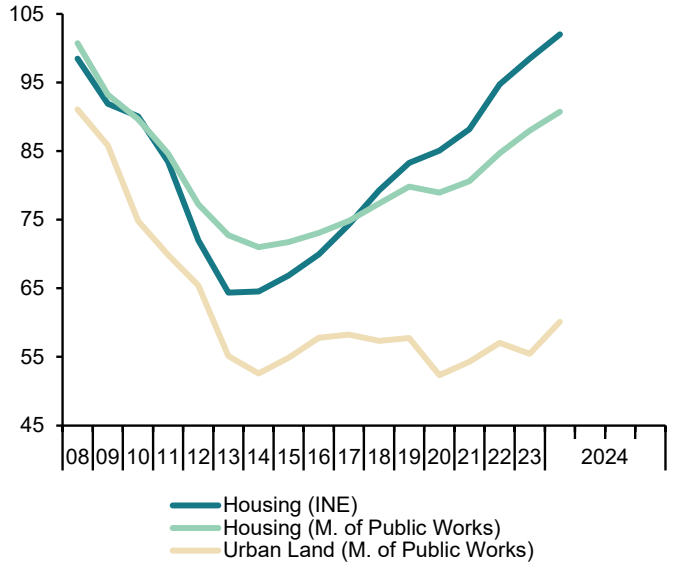


Chart 13.2 - Wage costs

Annual percent change

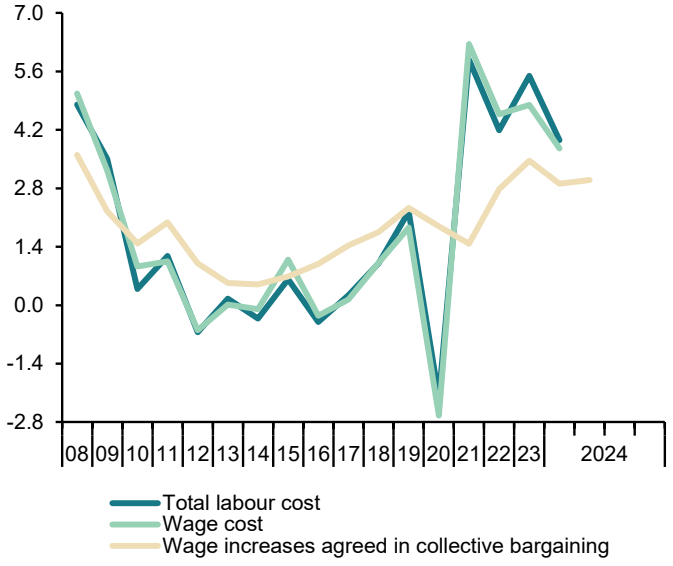


Table 14

External trade (a)

		Exports of goods			Imports of goods			Exports to EU countries (monthly average)	Exports to non-EU countries (monthly average)	Total Balance of goods (monthly average)	Balance of goods excluding energy (monthly average)	Balance of goods with EU countries (monthly average)
		Nominal	Prices	Real	Nominal	Prices	Real					
		2005=100			2005=100			EUR Billions				
2016		165.4	75.2	153.0	117.5	67.8	116.1	12.5	8.8	-1.4	0.3	0.4
2017		178.2	75.7	163.7	129.8	71.0	122.4	13.6	9.5	-2.2	0.0	0.6
2018		184.0	77.9	164.2	137.2	74.2	123.8	14.1	9.7	-2.9	-0.3	0.7
2019		187.7	78.5	166.3	138.4	74.2	125.0	14.3	9.9	-2.6	-0.3	0.8
2020		170.1	77.9	151.8	118.9	71.9	110.8	13.3	8.6	-1.1	0.3	1.3
2021		203.1	84.6	166.9	148.6	80.5	123.7	16.1	10.1	-2.6	-0.2	1.7
2022		250.1	100.1	173.7	197.1	99.9	132.1	20.3	12.0	-6.0	-1.2	3.1
2023		247.5	104.0	165.5	182.1	98.0	124.5	20.0	11.9	-3.4	-0.3	2.6
2024(b)		799.1	485.3	164.7	586.2	476.3	123.1	20.1	11.7	-8.7	0.0	2.6
2022	II	256.6	144.0	178.2	201.4	147.9	136.2	20.1	12.6	-5.9	-0.8	3.2
	III	262.3	146.3	179.3	206.5	154.6	133.6	21.2	12.2	-6.2	-1.0	3.7
	IV	262.1	148.5	176.5	200.2	154.5	129.5	21.6	12.1	-4.9	-0.4	3.9
2023	I	264.9	151.4	175.0	191.0	150.8	126.6	21.4	12.0	-2.8	0.1	3.7
	II	246.4	149.5	164.9	181.4	143.8	126.1	19.7	11.8	-3.3	-0.7	2.3
	III	242.9	148.4	163.7	178.7	143.3	124.7	19.5	12.0	-3.3	-0.2	2.0
	IV	246.3	149.3	164.9	183.4	147.8	124.1	19.8	12.1	-3.7	-0.6	2.4
2024	I	246.3	150.0	164.2	180.5	147.9	122.0	19.0	12.2	-3.2	-0.1	1.6
2024	Feb	249.3	148.6	167.8	181.1	150.7	120.2	18.9	12.2	-2.9	-0.1	1.6
	Mar	241.6	150.7	160.3	180.0	146.4	123.0	18.9	12.2	-3.7	-1.0	1.6
	Apr	254.9	153.6	166.0	186.1	147.5	126.2	18.9	12.2	-3.2	-1.0	1.6
		Percentage changes (c)								Percentage of GDP		
2016		2.6	-1.7	4.4	-0.4	-3.1	2.8	4.7	-0.1	-1.6	0.3	0.4
2017		7.7	0.7	7.0	10.5	4.7	5.5	8.3	6.9	-2.3	0.0	0.7
2018		3.3	3.0	0.3	5.7	4.5	1.2	3.9	2.5	-2.9	-0.3	0.7
2019		2.0	0.7	1.3	0.9	-0.1	0.9	1.8	2.2	-2.5	-0.3	0.8
2020		-9.4	-0.7	-8.8	-14.1	-3.1	-11.4	-7.0	-12.9	-1.2	0.3	1.4
2021		19.4	8.6	10.0	25.0	12.0	11.7	20.9	17.2	-2.6	-0.2	1.7
2022		23.1	18.3	4.1	32.6	24.2	6.8	25.7	19.0	-5.3	-1.1	2.7
2023		-1.0	3.9	-4.7	-7.6	-1.9	-5.8	-1.1	-0.8	-2.8	-0.2	2.1
2024(d)		162.8	172.5	-3.6	189.7	193.5	-1.3	0.5	-1.8	--	--	--
2022	II	9.5	5.6	3.6	9.3	4.8	4.2	7.4	13.1	-5.3	-0.7	2.9
	III	2.2	1.6	0.6	2.6	4.6	-1.9	5.5	-2.8	-5.5	-0.9	3.3
	IV	-0.1	1.6	-1.6	-3.1	-0.1	-3.0	1.9	-0.9	-4.2	-0.4	3.3
2023	I	1.1	1.9	-0.8	-4.6	-2.4	-2.2	-1.2	-1.0	-2.4	0.1	3.1
	II	-7.0	-1.3	-5.8	-5.0	-4.7	-0.4	-7.6	-1.5	-2.8	-0.6	1.9
	III	-1.4	-0.8	-0.7	-1.5	-0.4	-1.1	-1.2	1.0	-2.7	-0.2	1.7
	IV	1.4	0.7	0.7	2.6	3.1	-0.5	1.5	1.6	-3.0	-0.4	1.9
2024	I	0.0	0.4	-0.4	-1.6	0.1	-1.7	-4.1	0.3	-2.5	0.0	1.3
2024	Feb	0.5	-1.4	1.9	0.5	2.7	-2.2	-0.8	0.2	--	--	--
	Mar	-3.1	1.4	-4.4	-0.6	-2.9	2.3	0.0	0.0	--	--	--
	Apr	5.5	1.9	3.5	3.4	0.7	2.6	0.0	0.0	--	--	--

(a) Seasonally adjusted. except for annual data. (b) Period with available data. (c) Percent change from the previous quarter for quarterly data. from the previous month for monthly data. (d) Growth of available period over the same period of the previous year.

Source: Ministry of Economy.

Chart 14.1 - External trade (real)

Level, 2005=100

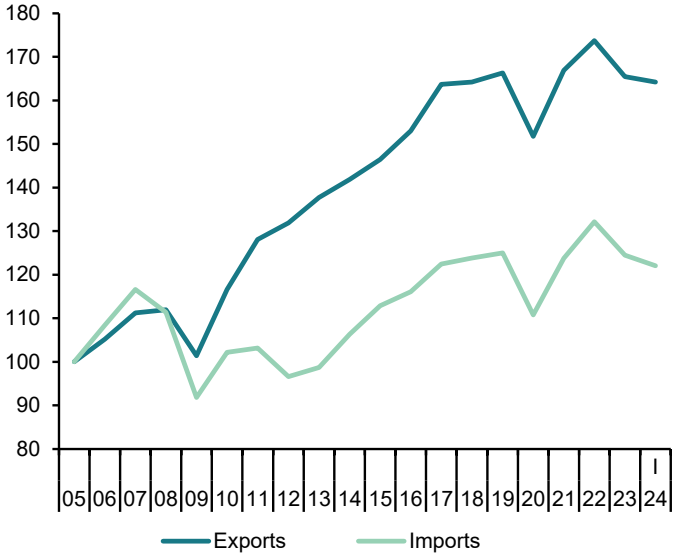


Chart 14.2 - Trade balance

EUR Billions, moving sum of 12 months

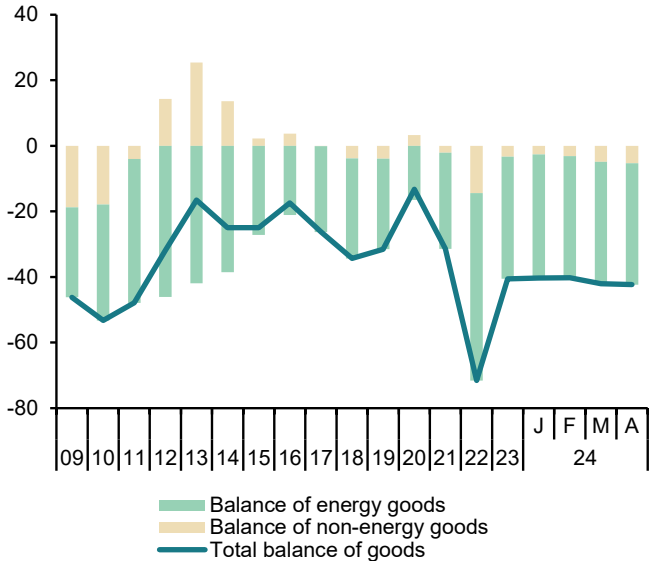


Table 15

Balance of Payments (according to IMF manual)
(Net transactions)

		Current account					Capital account	Current and capital accounts	Financial account						Errors and omissions
									Financial account. excluding Bank of Spain					Bank of Spain	
		Total	Goods	Services	Primary Income	Secondary Income			Total	Direct investment	Porfolio investment	Other investment	Financial derivatives		
		1=2+3+4+5	2	3	4	5	6	7=1+6	8=9+10+11+12	9	10	11	12	13	14
		EUR billions													
2016		35.37	-14.28	58.70	2.75	-11.80	2.43	37.80	89.49	11.19	46.65	29.09	2.57	-54.02	-2.34
2017		32.21	-22.04	63.93	0.44	-10.13	2.84	35.05	68.01	12.46	25.08	22.74	7.72	-32.63	0.33
2018		22.61	-29.31	62.00	1.73	-11.81	5.81	28.42	46.64	-16.87	15.13	49.43	-1.05	-14.25	3.98
2019		26.24	-26.63	63.24	2.20	-12.58	4.22	30.45	10.07	7.95	-49.96	59.17	-7.09	15.76	-4.63
2020		6.92	-8.67	24.77	2.87	-12.05	5.15	12.06	89.47	15.88	51.16	29.00	-6.58	-81.83	-4.42
2021		9.30	-23.80	35.56	9.50	-11.95	10.83	20.13	7.43	-17.02	2.53	20.06	1.85	16.12	3.42
2022		8.24	-59.19	75.50	6.40	-14.47	12.51	20.75	-4.15	-0.70	33.78	-39.47	2.24	30.27	5.38
2023		37.69	-32.78	92.90	-9.47	-12.97	16.01	53.70	-55.40	-4.17	-14.76	-32.33	-4.15	115.36	6.26
2024 (a)		11.97	-5.96	20.40	-1.92	-0.54	1.11	13.09	36.36	-3.52	-9.42	51.81	-2.51	-28.86	-5.58
2022	II	2.26	-14.74	20.49	0.73	-4.22	2.47	4.73	-13.12	1.29	19.12	-32.09	-1.43	24.03	6.17
	III	3.33	-18.90	25.13	1.24	-4.14	3.05	6.38	-26.99	-5.30	-11.68	-12.89	2.89	29.12	-4.26
	IV	6.28	-11.19	18.18	2.20	-2.91	5.83	12.12	20.11	2.86	8.36	9.50	-0.61	-11.77	-3.78
2023	I	10.47	-4.36	16.90	-0.44	-1.64	2.85	13.32	-47.39	2.68	22.39	-69.95	-2.51	56.17	-4.54
	II	8.58	-7.93	24.81	-4.65	-3.65	2.25	10.83	-19.76	-15.86	-11.41	8.75	-1.24	33.66	3.07
	III	10.48	-11.78	30.01	-3.17	-4.59	3.28	13.75	-7.55	5.34	-11.58	0.39	-1.71	23.63	2.33
	IV	8.16	-8.71	21.17	-1.22	-3.08	7.63	15.79	19.29	3.67	-14.16	28.48	1.31	1.90	5.40
2024	I	11.97	-5.96	20.40	-1.92	-0.54	1.11	13.09	36.36	-3.52	-9.42	51.81	-2.51	-28.86	-5.58
			Goods and Services		Primary and Secondary Income										
2024	Feb	2.65	5.38		-2.73		0.32	2.97	33.01	-3.68	8.64	29.32	-1.26	-32.98	-2.94
	Mar	3.97	5.65		-1.68		0.74	4.71	37.71	0.01	4.02	33.95	-0.28	-33.03	-0.04
	Apr	2.83	5.30		-2.47		0.74	3.57	16.25	2.79	8.99	5.01	-0.54	-8.35	4.33
		Percentage of GDP													
2016		3.2	-1.3	5.3	0.2	-1.1	0.2	3.4	8.0	1.0	4.2	2.6	0.2	-4.8	-0.2
2017		2.8	-1.9	5.5	0.0	-0.9	0.2	3.0	5.9	1.1	2.2	2.0	0.7	-2.8	0.0
2018		1.9	-2.4	5.2	0.1	-1.0	0.5	2.4	3.9	-1.4	1.3	4.1	-0.1	-1.2	0.3
2019		2.1	-2.1	5.1	0.2	-1.0	0.3	2.4	0.8	0.6	-4.0	4.8	-0.6	1.3	-0.4
2020		0.6	-0.8	2.2	0.3	-1.1	0.5	1.1	8.0	1.4	4.6	2.6	-0.6	-7.3	-0.4
2021		0.8	-1.9	2.9	0.8	-1.0	0.9	1.6	0.6	-1.4	0.2	1.6	0.2	1.3	0.3
2022		0.6	-4.4	5.6	0.5	-1.1	0.9	1.5	-0.3	-0.1	2.5	-2.9	0.2	2.2	0.4
2023		2.6	-2.2	6.4	-0.6	-0.9	1.1	3.7	-3.8	-0.3	-1.0	-2.2	-0.3	7.9	0.4
2024 (a)		3.3	-1.6	5.5	-0.5	-0.1	0.3	3.6	9.9	-1.0	-2.6	14.1	-0.7	-7.8	-1.5
2022	II	0.7	-4.4	6.1	0.2	-1.3	0.7	1.4	-3.9	0.4	5.7	-9.5	-0.4	7.1	1.8
	III	1.0	-5.7	7.5	0.4	-1.2	0.9	1.9	-8.1	-1.6	-3.5	-3.9	0.9	8.7	-1.3
	IV	1.7	-3.1	5.1	0.6	-0.8	1.6	3.4	5.6	0.8	2.3	2.6	-0.2	-3.3	-1.0
2023	I	3.0	-1.2	4.8	-0.1	-0.5	0.8	3.8	-13.6	0.8	6.4	-20.0	-0.7	16.1	-1.3
	II	2.3	-2.2	6.8	-1.3	-1.0	0.6	3.0	-5.4	-4.3	-3.1	2.4	-0.3	9.2	0.8
	III	2.9	-3.3	8.3	-0.9	-1.3	0.9	3.8	-2.1	1.5	-3.2	0.1	-0.5	6.6	0.6
	IV	2.1	-2.3	5.5	-0.3	-0.8	2.0	4.1	5.0	1.0	-3.7	7.4	0.3	0.5	1.4
2024	I	3.3	-1.6	5.5	-0.5	-0.1	0.3	3.6	9.9	-1.0	-2.6	14.1	-0.7	-7.8	-1.5

Source: Bank of Spain.

Chart 15.1 - Balance of payments: Current and capital accounts

EUR Billions, 12-month cumulated

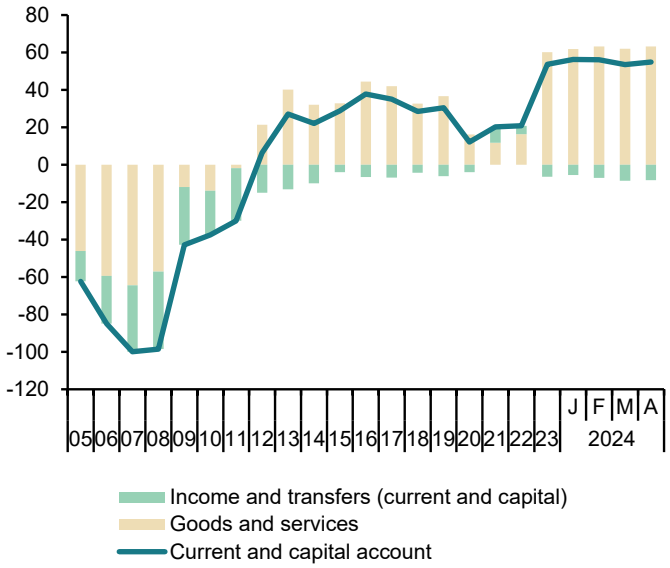


Chart 15.2 - Balance of payments: Financial account

EUR Billions, 12-month cumulated

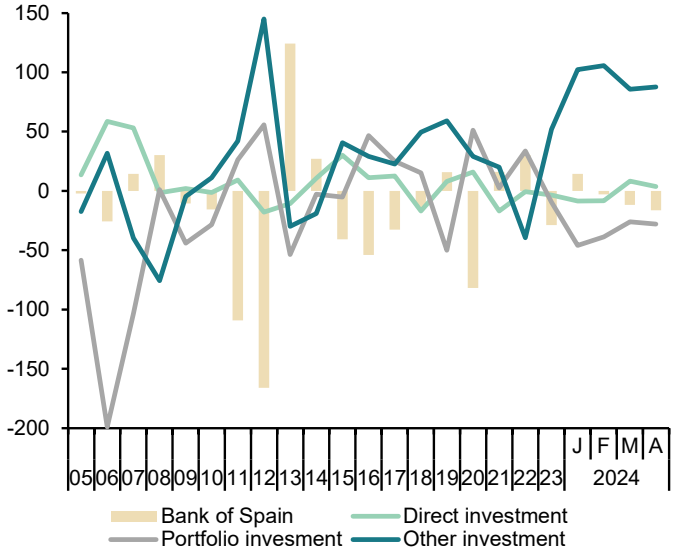


Table 16

Competitiveness indicators in relation to EMU

		Relative Unit Labour Costs in manufacturing (Spain/Rest of EMU) (a)			Harmonized Consumer Prices			Producer prices			Real Effective Exchange Rate in relation to developed countries
		Relative hourly wages	Relative hourly productivity	Relative ULC	Spain	EMU	Spain/EMU	Spain	EMU	Spain/EMU	
		1998=100			2015=100			2021=100			1999 I =100
2016		98.0	96.8	101.2	99.7	100.3	99.4	84.9	88.7	95.8	108.0
2017		97.6	96.5	101.2	101.7	101.8	99.9	88.5	91.1	97.1	109.7
2018		97.2	93.5	103.9	103.5	103.6	99.9	90.6	93.4	97.0	110.5
2019		95.7	91.9	104.1	104.3	104.8	99.5	90.3	93.8	96.3	109.0
2020		99.6	85.4	116.7	103.9	105.1	98.9	87.1	91.4	95.3	108.4
2021		101.3	89.7	113.0	107.0	107.8	99.3	100.0	100.0	100.0	108.9
2022		100.1	91.4	109.5	115.9	116.8	99.3	129.7	126.0	102.9	108.0
2023		99.9	94.0	106.2	119.9	123.2	97.3	125.6	124.6	100.8	107.0
2024 (b)		--	--	--	122.8	125.1	98.2	120.5	121.1	99.5	107.5
2022	II	--	--	--	116.5	116.1	100.4	130.7	124.0	105.3	109.2
	III	--	--	--	117.6	118.1	99.6	134.8	131.5	102.5	107.8
	IV	--	--	--	117.4	120.8	97.1	131.0	131.1	99.9	105.9
2023	I	--	--	--	117.9	121.3	97.2	127.8	128.5	99.5	106.7
	II	--	--	--	119.7	123.3	97.1	124.6	123.6	100.8	106.8
	III	--	--	--	120.7	124.0	97.4	125.6	123.0	102.1	107.0
	IV	--	--	--	121.3	124.2	97.7	124.3	123.1	101.0	107.3
2024	I	--	--	--	121.7	124.4	97.8	121.3	121.3	100.0	107.3
2024	Apr	--	--	--	123.7	126.1	98.1	119.0	120.4	98.8	107.9
	May	--	--	--	124.0	126.3	98.1	119.8	--	--	108.0
	Jun	--	--	--	124.4	--	--	--	--	--	--
		Annual percentage changes					Differential	Annual percentage changes		Differential	Annual percentage changes
2016		-1.3	-3.2	2.0	-0.3	0.3	-0.6	-3.1	-2.1	-1.0	0.2
2017		-0.4	-0.3	0.0	2.0	1.5	0.5	4.2	2.7	1.4	1.5
2018		-0.5	-3.1	2.8	1.7	1.7	0.0	2.4	2.6	-0.2	0.8
2019		-1.5	-1.6	0.2	0.8	1.2	-0.4	-0.3	0.4	-0.7	-1.3
2020		4.0	-7.1	12.0	-0.3	0.3	-0.6	-3.6	-2.6	-1.0	-0.6
2021		1.7	5.0	-3.2	3.0	2.6	0.4	14.9	9.4	4.9	0.4
2022		-1.2	1.9	-3.0	8.3	8.4	-0.1	29.7	26.0	2.9	-0.8
2023		-0.2	2.9	-3.0	3.4	5.4	-2.0	-3.1	-1.1	-2.0	-0.9
2024 (c)		--	--	--	3.4	2.5	0.9	-4.7	-5.1	0.4	0.7
2022	II	--	--	--	8.9	8.0	0.9	36.7	28.9	7.8	-0.3
	III	--	--	--	10.0	9.3	0.7	32.9	31.6	1.3	-0.5
	IV	--	--	--	6.5	10.0	-3.5	17.0	21.6	-4.6	-3.2
2023	I	--	--	--	5.0	8.0	-3.0	4.7	9.5	-4.8	-2.1
	II	--	--	--	2.8	6.2	-3.4	-4.6	-0.3	-4.3	-2.2
	III	--	--	--	2.6	5.0	-2.4	-6.9	-6.5	-0.4	-0.7
	IV	--	--	--	3.3	2.7	0.6	-5.1	-6.1	1.0	1.4
2024	I	--	--	--	3.2	2.6	0.6	-5.1	-5.6	0.5	0.5
2024	Apr	--	--	--	3.4	2.4	1.0	-5.0	-3.5	-1.5	0.8
	May	--	--	--	3.8	2.6	1.2	-3.3	--	--	1.3
	Jun	--	--	--	3.5	--	--	--	--	--	--

(a) EMU excluding Ireland and Spain. (b) Period with available data. (c) Growth of available period over the same period of the previous year.
Sources: Eurostat. Bank of Spain and Funcas.

Chart 16.1 - Relative Unit Labour Costs in manufacturing (Spain/Rest of EMU)

1998=100

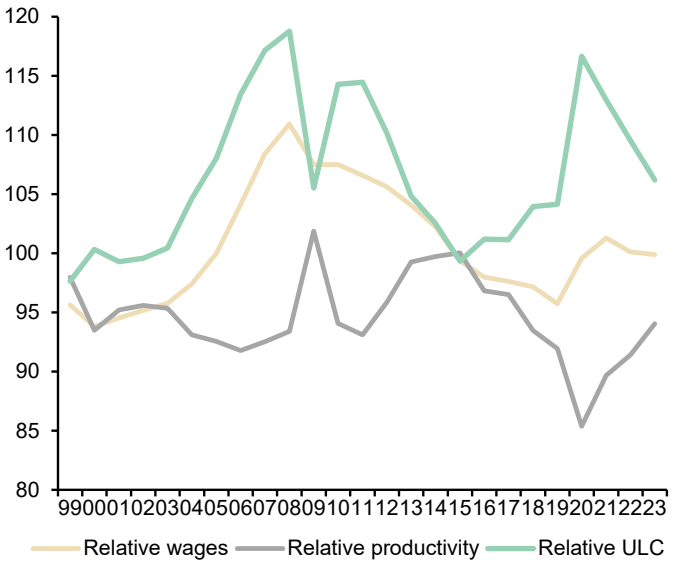


Chart 16.2 - Harmonized Consumer Prices

Annual growth in % and percentage points

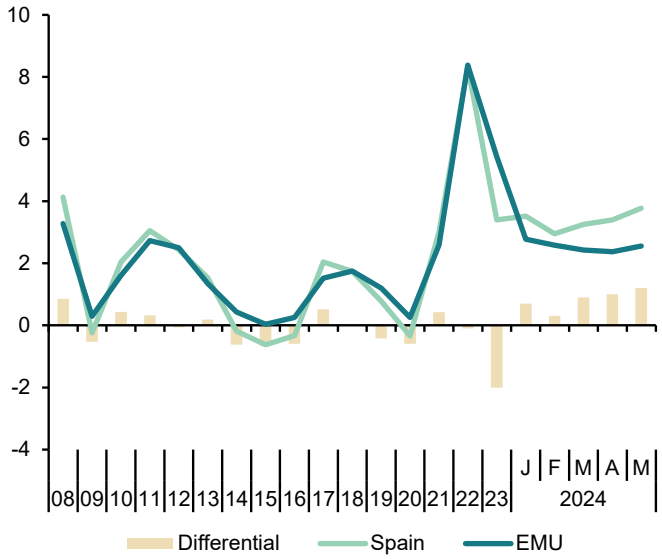


Table 17a

Imbalances: International comparison (I)

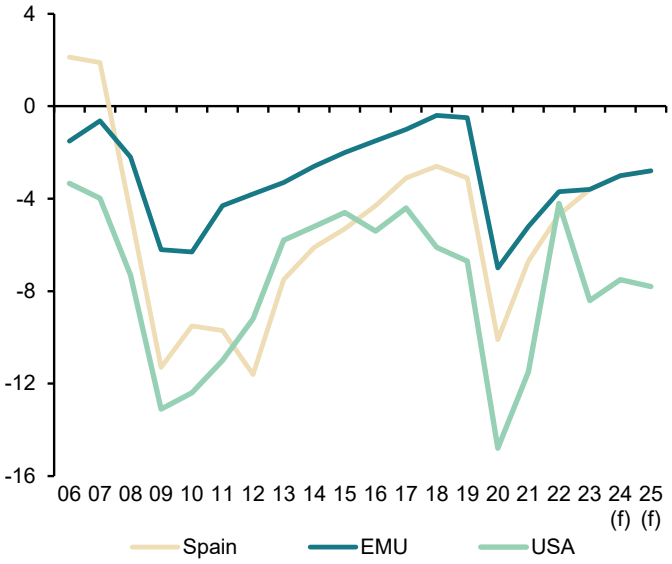
(In yellow: European Commission Forecasts)

	Government net lending (+) or borrowing (-)			Government consolidated gross debt			Current Account Balance of Payments (National Accounts)		
	Spain	EMU	USA	Spain	EMU	USA	Spain	EMU	USA
				Billions of national currency					
2010	-102.2	-604.0	-1,866.1	649.2	8,216.5	14,025.2	-39.2	-	-432.0
2011	-103.6	-419.3	-1,712.6	743.0	8,678.3	15,222.9	-29.0	-	-455.3
2012	-119.1	-378.1	-1,497.0	927.8	9,173.9	16,432.7	0.9	-	-418.2
2013	-76.8	-323.5	-983.5	1,025.7	9,503.0	17,352.0	20.8	206.8	-339.5
2014	-63.1	-267.7	-911.1	1,084.8	9,749.7	18,141.4	17.5	236.6	-370.1
2015	-57.2	-215.1	-842.3	1,113.7	9,872.1	18,922.2	21.8	285.7	-408.5
2016	-47.9	-161.7	-1,013.9	1,145.1	10,016.4	19,976.8	35.4	325.4	-396.2
2017	-36.2	-113.7	-868.7	1,183.4	10,128.2	20,492.7	32.2	349.7	-367.6
2018	-31.2	-50.4	-1,263.4	1,208.9	10,230.7	21,974.1	22.6	323.4	-439.8
2019	-38.1	-60.7	-1,443.5	1,223.4	10,322.5	23,201.4	26.2	287.2	-441.8
2020	-113.2	-804.3	-3,152.6	1,345.8	11,379.1	27,747.8	6.9	192.3	-597.1
2021	-82.3	-651.7	-2,717.7	1,428.1	12,000.1	29,617.2	9.3	338.2	-831.4
2022	-63.7	-494.5	-1,087.7	1,502.8	12,441.3	31,419.7	8.2	-79.0	-971.6
2023	-53.2	-515.7	-2,306.6	1,573.8	12,897.2	34,001.5	38.0	239.8	-818.8
2024	-46.0	-445.1	-2,162.9	1,626.7	13,400.5	35,923.6	43.7	-	-891.8
2025	-44.5	-435.7	-2,342.7	1,686.3	13,942.1	38,019.9	46.4	-	-944.8
				Percentage of GDP					
2010	-9.5	-6.3	-12.4	60.5	86.2	93.2	-3.7	-	-2.9
2011	-9.7	-4.3	-11.0	69.9	88.6	97.6	-2.7	-	-2.9
2012	-11.6	-3.8	-9.2	90.0	93.3	101.1	0.1	-	-2.6
2013	-7.5	-3.3	-5.8	100.5	95.6	102.8	2.0	2.1	-2.0
2014	-6.1	-2.6	-5.2	105.1	95.9	103.0	1.7	2.3	-2.1
2015	-5.3	-2.0	-4.6	103.3	93.8	103.4	2.0	2.7	-2.2
2016	-4.3	-1.5	-5.4	102.7	92.6	106.2	3.2	3.0	-2.1
2017	-3.1	-1.0	-4.4	101.8	90.2	104.5	2.8	3.1	-1.9
2018	-2.6	-0.4	-6.1	100.4	88.2	106.4	1.9	2.8	-2.1
2019	-3.1	-0.5	-6.7	98.2	86.1	107.8	2.1	2.4	-2.1
2020	-10.1	-7.0	-14.8	120.3	99.2	130.1	0.6	1.7	-2.8
2021	-6.7	-5.2	-11.5	116.8	96.6	125.5	0.8	2.7	-3.5
2022	-4.7	-3.7	-4.2	111.6	92.6	122.0	0.6	-0.6	-3.8
2023	-3.6	-3.6	-8.4	107.7	90.2	124.3	2.6	1.7	-3.0
2024	-3.0	-3.0	-7.5	105.5	90.2	125.1	2.8	-	-3.1
2025	-2.8	-2.8	-7.8	104.8	90.6	127.3	2.9	-	-3.2

Source: European Commission Forecasts, Spring 2024.

Chart 17a.1 - Government deficit

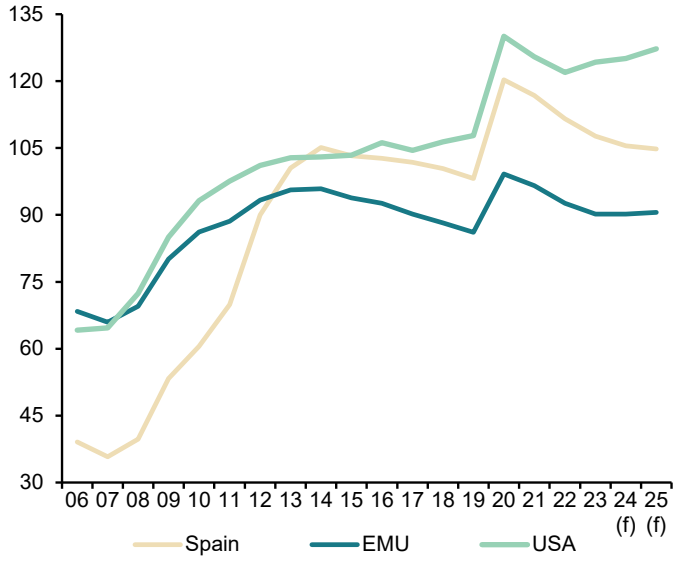
Percentage of GDP



(f) European Commission forecast.

Chart 17a.2 - Government gross debt

Percentage of GDP



(f) European Commission forecast.

Table 17b

Imbalances: International comparison (II)

	Household debt (a)			Non-financial corporations debt (a)		
	Spain	EMU	USA	Spain	EMU	USA
			Billions of national currency			
2008	916.7	5,784.4	14,200.6	1,273.7	7,961.4	11,020.0
2009	908.9	5,890.7	14,037.3	1,274.7	8,034.2	10,509.2
2010	905.2	6,031.9	13,804.9	1,274.3	8,134.3	10,377.9
2011	877.9	6,112.3	13,692.8	1,230.1	8,360.6	10,648.1
2012	840.7	6,104.1	13,582.7	1,104.3	8,488.1	11,229.4
2013	793.4	6,064.0	13,807.9	1,024.9	8,395.2	11,800.9
2014	757.5	6,071.1	13,911.7	971.3	8,490.6	12,623.2
2015	733.1	6,134.7	14,134.9	945.6	8,907.3	13,479.4
2016	718.3	6,238.6	14,554.1	927.4	9,059.8	14,151.7
2017	710.8	6,401.0	15,109.5	907.0	9,115.8	15,162.6
2018	709.4	6,589.5	15,582.0	893.2	9,379.4	16,151.0
2019	707.6	6,822.3	16,165.1	898.5	9,654.9	16,846.8
2020	700.4	7,008.0	16,730.5	954.3	10,104.0	18,408.8
2021	704.2	7,306.8	18,343.2	978.9	10,559.7	19,525.6
2022	703.6	7,563.8	19,429.5	958.4	10,815.0	20,761.5
2023	685.4	--	19,955.2	946.5	--	21,126.0
			Percentage of GDP			
2008	82.6	59.8	96.1	114.8	82.3	74.6
2009	85.0	63.2	97.0	119.2	86.2	72.6
2010	84.4	63.0	91.7	118.8	84.9	69.0
2011	82.5	62.1	87.8	115.6	84.9	68.3
2012	81.5	61.8	83.6	107.1	85.9	69.1
2013	77.7	60.8	81.8	100.5	84.1	69.9
2014	73.4	59.4	79.0	94.1	83.2	71.7
2015	68.0	58.0	77.3	87.7	84.3	73.7
2016	64.5	57.4	77.4	83.2	83.4	75.3
2017	61.1	56.8	77.0	78.0	80.9	77.3
2018	58.9	56.5	75.4	74.2	80.5	78.2
2019	56.8	56.7	75.1	72.1	80.2	78.3
2020	62.6	60.8	78.5	85.2	87.8	86.3
2021	57.6	58.6	77.7	80.0	84.6	82.8
2022	52.3	56.0	75.5	71.2	80.1	80.6
2023	46.9	--	72.9	64.8	--	77.2

(a) Loans and debt securities, consolidated.

Sources: Eurostat and Federal Reserve.

Chart 17b.1 - Household debt

Percentage of GDP

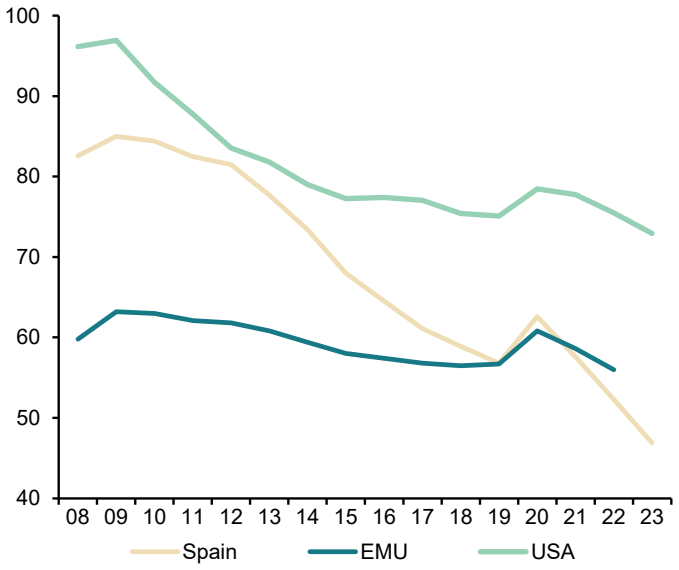
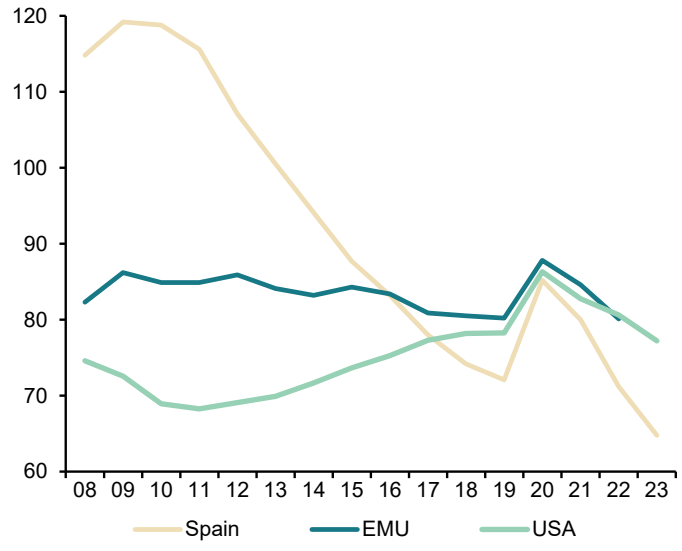


Chart 17b.2 - Non-financial corporations consolidated debt

Percentage of GDP



50 Financial System Indicators

Updated: June 30th, 2024

Highlights

Indicator	Last value available	Corresponding to:
Bank lending to other resident sectors (monthly average % var.)	-0.05	April 2024
Other resident sectors' deposits in credit institutions (monthly average % var.)	-0.9	April 2024
Doubtful loans (monthly % var.)	-0.4	April 2024
Recourse to the Eurosystem L/T (Eurozone financial institutions, million euros)	149,165	May 2024
Recourse to the Eurosystem L/T (Spanish financial institutions, million euros)	2,089	May 2024
Recourse to the Eurosystem (Spanish financial institutions million euros) - Main refinancing operations	50	May 2024
"Operating expenses/gross operating income" ratio (%)	36,52	March 2024
"Customer deposits/employees" ratio (thousand euros)	12,810.31	March 2024
"Customer deposits/branches" ratio (thousand euros)	117,919.07	March 2024
"Branches/institutions" ratio	94.91	March 2024

A. Money and Interest Rates

Indicator	Source	Average 2001-2021	2022	2023	2024 May	2024 June	Definition and calculation
1. Monetary Supply (% chg.)	ECB	5.6	4.1	0.1	-	-	M3 aggregate change (non-stationary)
2. Three-month interbank interest rate	Bank of Spain	1.2	2.162	3.433	3.814	3.725	Daily data average
3. One-year Euribor interest rate (from 1994)	Bank of Spain	1.5	0.992	3.868	3.681	3.653	End-of-month data
4. Ten-year Treasury bonds interest rate (from 1998)	Bank of Spain	3.0	3.2	3.4	3.4	3.3	Market interest rate (not exclusively between account holders)
5. Corporate bonds average interest rate	Bank of Spain	3.6	-	-	-	-	End-of-month straight bonds average interest rate (> 2 years) in the AIAF market

Comment on "Money and Interest Rates": In its last meeting, the European Central Bank decided to lower Eurozone interest rates by 25 basis points. This first cut, after ten consecutive increases, is starting to impact interbank rates, although it had largely been anticipated. Thus, in June, the 12-month Euribor (the main reference for mortgages) dropped to 3.653% from May's average of 3.681%, while the 3-month reference fell from 3.814% in May to 3.725% in June. The yield on the 10-year government bond decreased from 3.4% to 3.3% between May and June.

B. Financial Markets

Indicator	Source	Average 2001-2021	2022	2023	2024 February	2024 March	Definition and calculation
6. Outright spot treasury bills transactions trade ratio	Bank of Spain	35.3	27.8	26.91	18.34	20.10	(Traded amount/outstanding balance) x100 in the market (not exclusively between account holders)
7. Outright spot government bonds transactions trade ratio	Bank of Spain	22.6	12.4	12.01	11.81	11.72	(Traded amount/outstanding balance) x100 in the market (not exclusively between account holders)
8. Outright forward treasury bills transactions trade ratio	Bank of Spain	0.37	0.26	0.48	0.59	0.01	(Traded amount/outstanding balance) x100 in the market (not exclusively between account holders)
9. Outright forward government bonds transactions trade ratio	Bank of Spain	0.59	0.44	0.25	0.16	0.28	(Traded amount/outstanding balance) in the market (not exclusively between account holders)
10. Three-month maturity treasury bills interest rate	Bank of Spain	0.31	0.02	3.15	3.63	3.4	Outright transactions in the market (not exclusively between account holders)
11. Ten-year maturity treasury bonds interest rate	BE	3.14	2.17	3.55	3.2	-	Average rate in 10-year bond auctions
12. Madrid Stock Exchange Capitalization (monthly average % chg.)	Bank of Spain and Madrid Stock Exchange	0.11	-1.3	1.1	-1.39	4.8	Change in the total number of resident companies
13. Stock market trading volume. Stock trading volume (monthly average % var.)	Bank of Spain and Madrid Stock Exchange	2.4	1.8	0.2	12.3	-5.6	Stock market trading volume. Stock trading volume: change in total trading volume
14. Madrid Stock Exchange general index (Dec 1985=100)	Bank of Spain and Madrid Stock Exchange	980.4	824.2	927.57	1,084.49 (b)	1,079.83 (a)	Base 1985=100
15. IBEX-35 (Dec 1989=3000)	Bank of Spain and Madrid Stock Exchange	9,504.5	8,851.0	9,347.05	10,992.3 (b)	10,943.7 (a)	Base dec1989=3000
16. Nasdaq Index	Nasdaq	4,482.6	10,466.4	12,970.61	17,688.88 (b)	17,732.60 (a)	Nadaq composite index
17. Madrid Stock Exchange PER ratio (share value/profitability)	Bank of Spain and Madrid Stock Exchange	15.6	16.1	27.5	29.8 (b)	32.5 (a)	Madrid Stock Exchange Ratio "share value/ capital profitability"

B. Financial Markets (continued)

Indicator	Source	Average 2001-2021	2022	2023	2024 February	2024 March	Definition and calculation
18. Short-term private debt. Outstanding amounts (% chg.)	BE	0.86	8.01	8.0	2.7	-	Change in the outstanding short-term debt of non-financial firms
19. Short-term private debt. Outstanding amounts	BE	0.99	-5.72	-5.7	-0.5	-	Change in the outstanding long-term debt of non-financial firms
20. IBEX-35 financial futures concluded transactions (% chg.)	Bank of Spain	0.4	-1.21	34.5	7.5	-16.3	IBEX-35 shares concluded transactions
21. IBEX-35 financial options concluded transactions (% chg.)	Bank of Spain	15.1	35.8	41.8	-42.8	50	IBEX-35 shares concluded transactions

(a) Last data published: June 30th. 2024; (b) Last data published: June 15th. 2024.

Comment on "Financial Markets": In June, Spanish stock indices fell slightly compared to their closing values in May, with the IBEX-35 falling below the 11,000-point mark. The IBEX-35 stood at 10,943.7 points, while the General Index of the Madrid Stock Exchange was at 1,079.83 points. In May (the latest available data), there was an increase in the trading ratio of simple cash operations with Treasury bills (up to 20.10%). Meanwhile, the trading ratio of simple operations with government bonds slightly decreased compared to the previous month (down to 11.72%). Transactions with IBEX-35 stock futures decreased by 16.3%, while financial options on the same index increased by 50% compared to the previous month.

C. Financial Saving and Debt

Indicator	Source	Average 2008-2020	2021	2022	2023 Q3	2023 Q4	Definition and calculation
22. Net Financial Savings/GDP (National Economy)	Bank of Spain	-0.9	1.9	1.5	3.5	3.7	Difference between financial assets and financial liabilities flows over GDP
23. Net Financial Savings/GDP (Households and non-profit institutions)	Bank of Spain	2.1	4.4	0.9	2.6	3.3	Difference between financial assets and financial liabilities flows over GDP
24. Debt in securities (other than shares) and loans/GDP (National Economy)	Bank of Spain	275.7	319.9	278.1	256.7	256.8	Public debt. non-financial companies debt and households and non-profit institutions debt over GDP
25. Debt in securities (other than shares) and loans/GDP (Households and non-profit institutions)	Bank of Spain	63.1	58.4	53.0	48.0	46.9	Households and non-profit institutions debt over GDP
26. Households and non-profit institutions balance: financial assets (quarterly average % chg.)	Bank of Spain	0.9	2.7	2.8	-0.6	2.9	Total assets percentage change (financial balance)
27. Households and non-profit institutions balance: financial liabilities (quarterly average % chg.)	Bank of Spain	-1.0	0.8	0.4	-2.2	0.1	Total liabilities percentage change (financial balance)

Comment on "Financial Savings and Debt": In the fourth quarter of 2023, financial savings in the overall economy increased to 3.7% of GDP. In the household sector, the financial savings rate was 3.3% of GDP. It is also observed that household financial debt has decreased to 46.9% of GDP.

D. Credit institutions. Business Development

Indicator	Source	Average 2001-2021	2022	2023	2024 March	2024 April	Definition and calculation
28. Bank lending to other resident sectors (monthly average % var.)	Bank of Spain	4.9	0.2	-0.04	0.5	-0.05	Lending to the private sector percentage change for the sum of banks, savings banks and credit unions.
29. Other resident sectors' deposits in credit institutions (monthly average % var.)	Bank of Spain	6.0	0.3	0.01	1.1	-0.9	Deposits percentage change for the sum of banks, savings banks and credit unions.
30. Debt securities (monthly average % var.)	Bank of Spain	8.4	-0.7	1.2	1.0	1.7	Asset-side debt securities percentage change for the sum of banks, savings banks and credit unions.
31. Shares and equity (monthly average % var.)	Bank of Spain	7.5	0.1	-0.1	0.7	-0.4	Asset-side equity and shares percentage change for the sum of banks, savings banks and credit unions.
32. Credit institutions. Net position (difference between assets from credit institutions and liabilities with credit institutions) (% of total assets)	Bank of Spain	-2.0	0.5	2.5	6.9	6.9	Difference between the asset-side and liability-side "Credit System" item as a proxy of the net position in the interbank market (month-end).
33. Doubtful loans (monthly average % var.)	Bank of Spain	-0.4	-0.4	-1.5	-0.6	-0.4	Doubtful loans. Percentage change for the sum of banks, savings banks and credit unions.
34. Assets sold under repurchase (monthly average % var.)	Bank of Spain	2.1	0.6	-2.4	-11.8	18.9	Liability-side assets sold under repurchase. Percentage change for the sum of banks, savings banks and credit unions.
35. Equity capital (monthly average % var.)	Bank of Spain	6.4	-0.1	0.1	-1.4	0.9	Equity percentage change for the sum of banks, savings banks and credit unions.

Comment on "Credit institutions. Business Development": In April, the latest available data, a slight decrease of 0.05% in credit to the private sector was observed. Deposits decreased by 0.9%. Fixed-income securities increased their balance sheet weight by 1.7%, while stocks and shares decreased by 0.4%. Additionally, there was a 0.4% decrease in the volume of non-performing loans compared to the previous month.

E. Credit institutions. Market Structure and Eurosystem Refinancing

Indicator	Source	Average 2000-2020	2021	2022	2023 December	2024 March	Definition and calculation
36. Number of Spanish credit institutions	Bank of Spain	172	110	110	109	109	Total number of banks, savings banks and credit unions operating in Spanish territory
37. Number of foreign credit institutions operating in Spain	Bank of Spain	76	84	80	76	76	Total number of foreign credit institutions operating in Spanish territory
38. Number of employees	Bank of Spain	226,645	164,101	164,101	161,640 (a)	161,640 (a)	Total number of employees in the banking sector
39. Number of branches	Bank of Spain	36,236	19,015	17,648	17,603	17,560	Total number of branches in the banking sector
40. Recourse to the Eurosystem: long term (total Eurozone financial institutions) (Euro millions)	Bank of Spain	451,256	2,206,332	1,638,831	457,994	149,165 (b)	Open market operations and ECB standing facilities. Eurozone total
41. Recourse to the Eurosystem: long term (total Spanish financial institutions) (Euro millions)	Bank of Spain	90,599	289,545	192,970	27,860	2,089 (b)	Open market operations and ECB standing facilities. Spain total
42. Recourse to the Eurosystem (total Spanish financial institutions): main refinancing operations (Euro millions)	Bank of Spain	23,572	16	5	297	50 (b)	Open market operations: main long term refinancing operations. Spain total

(a) Last data published: December 2023.

(b) Last data published: May 31th, 2024.

Comment on "Credit institutions. Market Structure and Eurosystem Refinancing": In May 2024, the net recourse to long-term programs at the Eurosystem by Spanish financial institutions stood at 2,089 million euros.

MEMO ITEM: Since January 2015, the European Central Bank has also been reporting the amount of various asset purchase programs. In May 2024, their value in Spain was 591.866 billion euros and 4.5 trillion euros in the entire Eurozone.

F. Credit institutions. Efficiency and Productivity, Risk and Profitability

Indicator	Source	Average 2000-2020	2021	2022	2023 Q3	2023 Q4	Definition and calculation
43. "Operating expenses/gross operating income" ratio	Bank of Spain	47.24	54.18	46.99	39,33	36,52	Operational efficiency indicator. Numerator and denominator are obtained directly from credit institutions´ P&L accounts
44. "Customer deposits/ employees" ratio (Euro thousands)	Bank of Spain	4,604.61	12,137.18	12,610.21	12,992.81	12,810.31	Productivity indicator (business by employee)
45. "Customer deposits/ branches" ratio (Euro thousands)	Bank of Spain	31,099.47	111,819.77	117,256.85	116,854.11	117,919.07	Productivity indicator (business by branch)

F. Credit institutions. Efficiency and Productivity, Risk and Profitability (continued)

Indicator	Source	Average 2000-2020	2021	2022	2023 Q4	2024 Q1	Definition and calculation
46. "Branches/institutions" ratio	Bank of Spain	178.52	98.01	92.88	95.15	94.91	Network expansion indicator
47. "Employees/branches" ratio	Bank of Spain	6.11	9.2	9.3	8.9	9.2	Branch size indicator
48. "Equity capital" (monthly average % var.)	Bank of Spain	-0.07	0.6	1.3	1.6	0.01	Credit institutions equity capital variation indicator
49. ROA	Bank of Spain	0.41	0.5	0.7	1.0	1.1	Profitability indicator, defined as the "pre-tax profit/average total assets"
50. ROE	Bank of Spain	5.25	6.9	9.8	12.3	13.4	Profitability indicator, defined as the "pre-tax profit/equity capital"

Comment on "Credit institutions. Efficiency and Productivity, Risk and Profitability": During 2024Q1. there was a relative increase in the profitability of Spanish banks. The RoE reached 13.4%.

Social Indicators

Table 1

Population

	Population													
	Total population	Average age	67 and older (%)	Life expectancy at birth (men)	Life expectancy at birth (women)	Life expectancy at 65 (men)	Life expectancy at 65 (women)	Dependency rate (older than 66)	Dependency rate	Foreign population (%)	Foreign-born population (%)	Foreign-born with Spanish nationality (% over total foreign born)	Immigration	Emigration
2013	46,712,650	41.8	15.7	79.9	85.5	18.9	22.8	23.0	46.6	10.8	13.2	24.7	280,772	532,303
2014	46,495,744	42.2	16.0	80.1	85.6	19.0	22.9	23.6	47.3	10.1	12.8	28.7	305,454	400,430
2015	46,425,722	42.5	16.3	79.9	85.4	18.8	22.6	24.1	47.9	9.6	12.7	31.8	342,114	343,875
2016	46,418,884	42.7	16.6	80.3	85.8	19.1	23.0	24.7	48.5	9.5	12.7	33.0	414,746	327,325
2017	46,497,393	43.0	16.9	80.3	85.7	19.1	23.0	25.1	48.9	9.5	12.9	34.4	532,132	368,860
2018	46,645,070	43.2	17.0	80.4	85.8	19.2	23.0	25.4	49.0	9.8	13.3	34.2	643,684	309,526
2019	46,918,951	43.4	17.2	80.8	86.2	19.4	23.4	25.5	48.9	10.3	14.0	33.8	750,480	296,248
2020	47,318,050	43.6	17.3	79.5	85.0	18.3	22.3	25.8	48.8	11.1	14.8	32.9	467,918	248,561
2021	47,400,798	43.8	17.5	80.2	85.8	18.9	23.1	26.0	48.5	11.4	15.3	33.1	887,960[b]	696,866[b]
2022	47,486,727	44.1	17.7	80.4	85.7	19.1	23.0	26.3	48.5	11.6	15.7	33.6	1,258,894	531,889
2023	48,085,361	44.2	17.8					26.4	48.1	12.7	17.1	32.2		
2024	48,610,458		18.0					26.6	47.8	13.4	18.1			
Sources	ECP	IDB	ECP	IDB	IDB	IDB	IDB	ECP	ECP	ECP	ECP	ECP	EMCR and EM*	EMCR and EM*

ECP: Estadística Continua de Población.

IDB: Indicadores demográficos básicos.

EM: Estadística de migraciones.

EMCR: Estadística de migraciones y cambios de residencia.

** Estadística de migraciones y cambios de residencia (2021 onwards), Estadística de migraciones (up to 2020). Series not comparable.*
b: Break in the series.

Table 2

Households and families

	Households					
	Households (thousands)	Average household size	Households with one person younger than 65 (%)	Households with one person older than 65 (%)	Single-parent households (%)	Emancipation rate 25-29 yeard old (%)
2013	18,212	2.54	13.9	10.3	8.1	50.8
2014	18,329	2.52	14.2	10.6	8.2	50.4
2015	18,376	2.51	14.6	10.7	8.2	48.2
2016	18,444	2.50	14.6	10.9	8.3	47.2
2017	18,513	2.49	14.2	11.4	8.6	46.1
2018	18,581	2.49	14.3	11.5	8.3	46.1
2019	18,697	2.49	14.9	11.2	9.0	45.9
2020	18,794	2.49	15.0	11.4	9.1	43.2
2021	18,919	2.47	15.6	11.0	9.0	40.3
2022	19,113	2.46	15.4	11.7	8.8	42.0
2023	19,385	2.45				44.2
2024	19,511●	2.47●				
Sources	LFS	LFS	EPF	EPF	EPF	LFS

EPF: Encuesta de Presupuestos Familiares.

● Data refer to January-March

Single-parent households (%): One adult with a child /children.

Emancipation rate 25-29 yeard old (%): Percentage of persons (25-29 years old) living in households in which they are not children of the reference person.

Table 2 (Continued)

Households and families

	Nuptiality and divorces									
	Marriages per inhabitant	Marriages per inhabitant (Spanish)	Marriages per inhabitant (foreigners)	First marriages over total marriages (%)	Mean age at first marriage, men	Mean age at first marriage, women	Same sex marriages, men (%)	Same sex marriages, women (%)	Mixed marriages (%)	Divorces per inhabitant
2013	0.46	0.49	0.34	84.3	34.3	32.2	1.07	0.93	15.0	0.28
2014	0.49	0.52	0.34	84.3	34.4	32.3	1.05	1.00	13.7	0.29
2015	0.52	0.55	0.34	83.7	34.8	32.7	1.17	1.10	13.1	0.28
2016	0.54	0.58	0.37	83.1	35.1	32.9	1.28	1.25	13.2	0.28
2017	0.55	0.58	0.38	82.4	35.3	33.2	1.37	1.37	14.0	0.29
2018	0.53	0.57	0.36	81.5	35.6	33.4	1.45	1.54	14.2	0.28
2019	0.53	0.57	0.37	80.5	36.0	33.9	1.54	1.64	15.1	0.27
2020	0.28	0.30	0.22	76.6	37.1	34.9	1.72	1.93	17.3	0.23
2021	0.47	0.52	0.30	80.4	36.8	34.6	1.54	2.00	14.8	0.25
2022	0.58	0.63	0.37	81.4	36.7	34.6	1.65	1.96	15.3	0.24
Sources	IDB	IDB	IDB	IDB	MNP	MNP	MNP	MNP	MNP	IDB

IDB: Indicadores demográficos básicos.

MNP: INE, Movimiento Natural de la Población.

Marriages per inhabitant: Average number of times an individual would marry in his or her lifetime, if the same age-specific nuptiality intensity were to be maintained as observed in the current year.

Mixed marriage: Marriage of a Spaniard to a foreigner.

Divorces per inhabitant: Average number of times an individual would divorce in his or her lifetime, if the same intensity of divorce by age as observed in the current year were to be maintained.

	Fertility										
	Median age at first child (women)	Median age at first child (Spanish women)	Median age at first child (foreign women)	Total fertility rate	Total fertility rate (Spanish)	Total fertility rate (foreigners)	Births to single mothers (%)	Births to single mothers (Spanish) (%)	Births to single mothers (foreigners) (%)	Abortion rate	Abortion by Spanish-born women (%)
2013	30.4	31.0	27.3	1.27	1.23	1.52	40.9	41.0	40.2	11.7	62.2
2014	30.6	31.1	27.5	1.32	1.27	1.61	42.5	43.1	39.7	10.5	63.3
2015	30.7	31.2	27.6	1.33	1.28	1.65	44.5	45.5	39.6	10.4	63.9
2016	30.8	31.3	27.6	1.33	1.28	1.71	45.9	47.0	40.7	10.4	64.5
2017	30.9	31.5	27.6	1.31	1.25	1.70	46.8	48.1	41.1	10.5	64.6
2018	31.0	31.6	27.8	1.26	1.20	1.64	47.3	48.9	41.2	11.1	63.7
2019	31.1	31.7	28.1	1.23	1.17	1.58	48.4	50.1	42.4	11.5	62.6
2020	31.2	31.8	28.3	1.18	1.13	1.45	47.6	50.0	39.3	10.3	64.1
2021	31.5	32.1	28.8	1.18	1.15	1.35	49.3	52.0	39.2	10.7	65.1
2022	31.6	32.2	28.5	1.16	1.12	1.35	50.1	53.1	40.3	11.7	66.7
Sources	IDB	IDB	IDB	IDB	IDB	IDB	IDB	IDB	IDB	MS	MS

IDB: Indicadores demográficos básicos.

MS: Ministerio Sanidad.

Total fertility rate: Average number of children a woman would have during her childbearing life if she were to maintain the same age-specific fertility intensity as observed in the current year.

Table 3

Education

	Population 25 years and older with primary education (%)	Population 16 years and older with tertiary education (%)	Population 25-34 with primary education (%)	Population 25-34 with tertiary education (%)	Gross enrolment ratio in pre-primary education, first cycle	Gross enrolment rate in Upper Secondary	Gross enrolment rate in lower vocational training	Gross enrolment rate in upper vocational training	Gross enrolment rate in undergraduate or postgraduate studies	Graduation rate in 4-year university degrees (%)
2013	28.6	28.2	7.6	41.1	31.9	81.3	39.1	37.1	46.5	48.6
2014	26.3	29.0	6.8	41.5	33.0	81.5	41.0	40.6	47.6	50.2
2015	25.2	29.3	7.3	41.0	34.2	80.7	41.5	41.7	47.4	51.8
2016	24.2	29.8	7.2	41.0	35.1	80.2	40.3	41.0	47.4	52.8
2017	23.2	30.4	6.7	42.6	36.7	76.9	38.5	43.6	47.7	53.4
2018	22.3	31.1	6.3	44.3	38.5	74.3	37.8	45.1	47.6	
2019	20.9	32.3	5.8	46.5	39.9	72.5	38.1	44.9	47.1	
2020	19.2	33.4	5.5	47.4	41.3	71.0	38.8	47.3	46.7	
2021	18.4	34.1	5.6	48.5	36.0	70.4	41.1	53.6	47.6	
2022	18.0	34.4	5.6	50.2	42.0	69.5	42.3	54.6	47.3	
2023	17.8	34.9	5.3	52.0	45.7	67.2	42.7	54.8	46.2	
2024●	17.3	35.3	5.3	51.9						
Sources	LFS	LFS	LFS	LFS	MEFPD and ECP	MEFPD and ECP	MEFPD and ECP	MEFPD and ECP	MU	MU

	Drop-out rate in undergraduate studies (percentage)	Early school leavers from education and training (%)	Public expenditure (% GDP)	Private expenditure (% GDP)	Private expenditure (% total expenditure in education)
2013	33.9	23.6	4.40	1.42	25.1
2014	33.2	21.9	4.34	1.41	25.5
2015	33.2	20.0	4.32	1.37	24.9
2016	33.2	19.0	4.27	1.35	24.9
2017	31.7	18.3	4.25	1.31	24.5
2018		17.9	4.21	1.34	25.0
2019		17.3	4.26	1.32	24.4
2020		16.0	4.93	1.45	23.4
2021		13.3	4.89		
2022		13.9	4.71		
2023		13.7			
Sources	MU	MEFPD	MEFPD	OECD	OECD

● *Data refer to January-March*

LFS: Labor Force Survey.

MEFPD: Ministerio de Sanidad.

ECP: Encuesta Continua de Población.

MU: Ministerio de Universidades.

OECD: Organisation for Economic Co-operation and Development.

Gross enrolment ratio in pre-primary education, first cycle: Enrolled in early childhood education as a percentage of the population aged 0 to 2 years.

Gross enrolment rate in Upper Secondary: Upper secondary enrolment as a percentage of the population aged 16 to 17.

Gross enrolment rate in lower vocational training: On-site and distance learning enrolment. Enrolled in Intermediate Level Training Cycles as a percentage of the population aged 16 to 17.

Gross enrolment rate in upper vocational training: On-site and distance learning enrolment. Enrolled in Higher Level Training Cycles as a percentage of the population aged 18 to 19.

Gross enrolment rate in undergraduate or postgraduate studies: Enrolled in official Bachelor's or Master's degrees as a percentage of the population aged 18 to 24.

Graduation rate in 4-year university degrees (%): Percentage of students who complete the degree in the theoretical time foreseen or in one additional academic year.

Drop-out rate in undergraduate studies (percentage): New entrants in an academic year who stop studying in one of the following 3 years.

Early school leavers from education and training (%): Percentage of the population aged 18-24 who have not completed upper secondary education and are not in any form of education and training.

Table 4

Inequality and poverty

	Gini index of equivalised disposable income	At-risk-of-poverty rate (%)	At-risk-of-poverty rate, 2008 fixed threshold (%)	Severe material deprivation (%)
2013	34.7	22.2	30.9	6.2
2014	34.6	22.1	29.9	7.1
2015	34.5	22.3	29.2	6.4
2016	34.1	21.6	26.5	5.8
2017	33.2	21.5	25.5	5.1
2018	33.0	20.7	24.9	5.4
2019	32.1	21.0	21.8	4.7
2020	33.0	21.7	22.8	7.0
2021	32.0	20.4	20.5	7.3
2022	31.5	20.2	20.1	8.1
2023				8.9
Sources	ECV	ECV	ECV	ECV

ECV: Encuesta de Condiciones de Vida.

Gini index of equivalised disposable income: The extent to which the distribution of equivalised disposable income (net income divided by unit of consumption; modified OECD scale) deviates from a distribution of perfect equity (all individuals obtain the same income).

At-risk-of-poverty rate (%): Population below the poverty line. Poverty threshold: 60% of median equivalised disposable income (annual net income per unit of consumption; modified OECD scale) in each year.

At-risk-of-poverty rate, 2008 fixed threshold (%):Population below the poverty line. Poverty threshold: 60% of median equivalised disposable income (annual net income per unit of consumption; modified OECD scale). In this case, the threshold used is always that of 2008.

Severe material deprivation (%):People with material deprivation in at least 4 items (Europe 2020 strategy).

Table 5

Social protection: Benefits

	Contributory benefits *									Non-contributory benefits		
	Public expenditure on minimum income benefits (% GDP)	Expenditure on social protection, cash benefits (% GDP)	Permanent disability, pensions	Permanent disability, average amount (€)	Retirement, pensions	Retirement, average amount (€)	Widowhood, pensions	Widowhood, average amount (€)	Unemployment	Unemployment	Disability	Retirement
2013	0.15	18.2	935,220	908	5,451,465	979	2,336,240	618			195,478	250,815
2014	0.15	17.9	929,484	916	5,558,964	1,000	2,348,388	624			197,303	252,328
2015	0.16	17.2	931,668	923	5,641,908	1,021	2,353,257	631	838,392	1,102,529	198,891	253,838
2016	0.14	17.0	938,344	930	5,731,952	1,043	2,358,666	638	763,697	997,192	199,762	254,741
2017	0.14	16.7	947,130	936	5,826,123	1,063	2,360,395	646	726,575	902,193	199,120	256,187
2018	0.14	16.9	951,838	946	5,929,471	1,091	2,359,931	664	751,172	853,437	196,375	256,842
2019	0.14	17.4	957,500	975	6,038,326	1,138	2,361,620	712	807,614	912,384	193,122	259,570
2020	0.21	22.2	952,704	985	6,094,447	1,162	2,352,680	725	1,828,489	1,017,429	188,670	261,325
2021	0.33	20.3	949,765	994	6,165,349	1,190	2,353,987	740	922,856	969,412	184,378	262,177
2022		18.8	951,067	1,035	6,253,797	1,254	2,351,703	778	773,227	882,585	179,967	265,831
2023			945,963	1,119	6,367,671	1,375	2,351,851	852	801,091	875,969	175,792	272,188
2024*			946,932	1,161	6,455,881	1,438	2,351,273	894	865,983	910,864●	172,707■	278,218■
Sources	MTES	Eurostat	MTES	MTES	MTES	MTES	MTES	MTES	MTES	MTES	MTES	MTES

MTES: Ministerio de Trabajo y Economía Social.

** Data refer to January-May.*
● Data refer to January-April
■ Data refer to January-March.

Expenditure on social protection, cash benefits (% GDP): Includes benefits for: sickness or disability, old age, survivors, family and children, unemployment, housing, social exclusion and other expenses.

Public expenditure on minimum income benefits (% GDP): Minimum insertion wage and migrants' allowances and other benefits. Since 2020 it includes "IMV" minimum income benefits.

Table 6

Health

	Public expenditure (% GDP)	Private expenditure (% GDP)	Private expenditure (% total expenditure)	Primary care doctors per 1,000 people asigned	Primary care nurses per 1,000 people asigned	Medical specialists per 1,000 inhabitants	Specialist nurses per 1,000 inhabitants	Patients waiting for a first consultation in specialised care per 1,000 inhabitants*	Average waiting time for a first consultation specialised care (days)*	Patients waiting for a non-urgent surgical intervention per 1,000 inhabitants*	Average waiting time for non-urgent surgery (days)*
2013	6.2	2.6	29.0	0.76	0.65	1.78	3.04	39.0	67	12.3	98.0
2014	6.2	2.7	29.7	0.76	0.65	1.81	3.14	39.4	65	11.4	87.0
2015	6.2	2.6	28.7	0.76	0.64	1.85	3.19	43.4	58	12.2	89.0
2016	6.1	2.5	28.4	0.76	0.65	1.90	3.27	45.7	72	13.7	115.0
2017	6.0	2.6	29.5	0.77	0.65	1.93	3.38	45.9	66	13.1	106.1
2018	6.0	2.7	29.8	0.77	0.66	1.98	3.45	62.5	96	14.8	129.0
2019	6.1	2.7	29.5	0.78	0.67	1.97	3.50	63.7	88	15.5	121.5
2020	7.6	2.9	26.9	0.78	0.66	2.02	3.74	53.6	99	15.1	147.8
2021	7.2	3.1	28.4	0.77	0.66	2.11	3.90	77.2	89	15.4	122.9
2022	6.9	3.1	29.8	0.78	0.70	2.14	3.87	85.4	95	17.1	120.1
2023								81.5	101	18.1	128
Sources	Eurostat	OECD	OECD	INCLASNS	INCLASNS	INCLASNS	INCLASNS	INCLASNS	INCLASNS	INCLASNS	INCLASNS

INCLASNS: Indicadores clave del Sistema Nacional del Salud.

** Only in the public health system.*

This page was left blank intentionally.

Notes

Orders or claims:

Funcas
Caballero de Gracia, 28
28013 Madrid (España)
Teléfono: 91 596 54 81
publica@funcas.es
www.funcas.es

ISSN: 2254 - 3880
9772254388005

funcas