

Spanish economic forecasts panel: November 2024*

Funcas Economic Trends and Statistics Department

GDP will grow by 3% in 2024, four tenths of a percentage point higher than in the previous Panel

The INE revised up first quarter GDP growth by one tenth of a percentage point to 0.9% and advanced that third quarter growth was 0.8%, which is four tenths of a percentage point higher than anticipated by the panelists. As a result, all the Panel participants have revised upwards their annual forecasts for 2024, although some have pointed out that they expect a negative impact on growth in the fourth quarter because of storms arising from DANA, (a Spanish acronym for high-altitude isolated depression), that has mainly affected the province of Valencia.

Economic indicators continue to show strength at the beginning of the fourth quarter, although the consensus forecast is for an increase of 0.4%, much lower than in the previous quarter (Table 2). The result is growth of 3% for the year, which is four tenths of a percentage point higher than the previous consensus forecast (Table 1).

This result would come from a contribution of the foreign sector of five tenths of a percentage point (one tenth of a percentage point less than in the previous Panel), and of 2.5 percentage points from domestic demand, increasing by five tenths of a percentage point compared to the September consensus. The forecast for private consumption, and especially for public consumption, has been revised upwards, while that for investment has been reduced. With respect to the external sector, there was a slight downward revision for both exports and imports (Table 1).

The projection for 2025 rises to 2.3%

Most of the panelists have increased their GDP growth forecast for 2025, which puts the average at 2.3% (two tenths of a percentage point higher than in the previous Panel). This forecast is slightly below that of the Government, in line with that of AIREF and above that of other organizations such as the Bank of Spain or the IMF (Table 1). Regarding the quarterly profile, growth of 0.6% is

expected in the first and second quarters, followed by growth of 0.5% and 0.4% in the third and fourth quarters, respectively (Table 2).

As for the composition of growth for next year, the contribution of the foreign sector will be nil, while domestic demand will add 2.3 percentage points, four tenths more than in the previous Panel. Consumption, both public and household, is expected to grow less than in 2024, while investment will register a larger increase, especially in machinery and capital goods (Table 1).

Inflation expectations continue to moderate

The headline inflation rate declined sharply in the summer months, due to the fall in energy product prices and the moderation of food inflation. Core inflation also declined during this period, although to a lesser extent.

For the remainder of the year, the headline rate is expected to rise to end December to 2.4% (Table 3). The forecast for the average annual rate in 2024 is 2.8% for headline inflation, two tenths of a point lower than in the previous Panel and 2.9% for core inflation, one tenth of a point lower. For 2025, the annual average forecast is forecast at 2.1% for headline and 2.2% for core inflation, with a year-on-year rate of 2.2% in December.

Employment will grow less in 2025, but the unemployment rate will fall

According to the EPA, employment, in seasonally adjusted terms, recorded growth in the third quarter of similar magnitude to that of the previous quarter. The unemployment rate fell by one tenth of a percentage point to seven tenths of a percentage point below the value of a year ago. In contrast to the EPA, Social Security enrollment showed a slowdown in the months of the third quarter. This slowdown was, however, interrupted by the October figure.

However, the employment growth forecast for this year has been revised upwards to 2.2%, and remains

at 1.7% for next year. As for the average annual unemployment rate, 11.5% is expected for this year and 11.1% for 2025, one tenth of a percentage point higher than in the previous Panel.

The implicit forecast for productivity and unit labor cost (ULC) growth is obtained from the forecasts for GDP, employment and wage growth. Productivity per full-time equivalent job is expected to increase by 0.8% this year and another 0.6% next year, two tenths of a percentage point more for both years compared to the previous forecast. As for ULCs, they will increase by 3.5% in 2024 and 2.5% in 2025, which is five tenths and one tenth more, respectively, compared to the previous Panel.

Historic external surplus

The current account balance of payments recorded a surplus up to August of 36.445 billion euros, the best figure for this period in the historical series. This figure is the result of the trade balance, mainly driven by services, and within this, especially by tourism services, which more than offset the deterioration recorded by the income balance. The forecast for the current account surplus rises to 2.8% and 2.6% of GDP for 2024 and 2025, respectively (Table 1).

Government deficit to reach 2.9% of GDP in 2025

The General Government excluding local corporations, recorded a deficit of 35.981 billion euros up to August of this year, compared to 32.523 billion euros in the same period of the previous year, due to an increase in expenditures greater than that of revenues, even though the latter maintain a strong growth rate. The deterioration comes from the Social Security Funds, as well as from the Central Government, which increased its deficit largely due to transfers to the regional governments derived from the definitive liquidation of 2022.

The consensus forecast expects a reduction in the deficit for the General Government of a greater magnitude than forecast in the September Panel, to 3.1% and 2.9%, for this year and next year, respectively. These figures are higher than expected by the Government, the European Commission and the IMF (Table 1).

Deterioration of the international context

These projections have been made before the outcome of the U.S. elections and therefore do

not yet incorporate the consequences of Donald Trump's victory. In any case, the external environment remains unfavorable, particularly in Europe, according to the IMF's autumn projections. The Washington-based experts are forecasting GDP growth in the eurozone of 0.8% this year and 1.2% in 2025, one tenth less and three tenths less, respectively, than in the previous forecast. The forecast for China has also been cut, so that, among the major powers, growth has been revised upwards only in the U.S.

The IMF sees an increased risk of fragmentation of world trade, with this trend being particularly detrimental to the most export-dependent economies such as those in Europe. In an uncertain environment, commodity prices, including oil, have tended to decline since the previous Panel, with forecasts also pointing to a slight fall for the next two years.

The Panel reflects these uncertainties: 16 panelists consider that the context is unfavorable in the EU, and 13 are of the same opinion about the context outside the EU. The assessments about the coming months remain mostly pessimistic: only 7 analysts expect an improvement in the EU (one less than in the previous Panel), and 3 have the same opinion about the global outlook beyond the EU (Table 4).

Short-term interest rates are expected to fall, driven by disinflation

Since the last Panel, the main central banks have proceeded to a further cut in interest rates. The easing is supported by the moderation of inflation, as well as, in the case of the eurozone, the weak performance of the economy. In the last two months, total CPI in the eurozone was close to or below the 2% target. However, this performance was mainly due to the moderation in energy and food prices. Core inflation, meanwhile, is more persistent, particularly in the services sectors. The Federal Reserve may proceed more cautiously, given the strength of demand and the risks inherent in an expansionary fiscal policy and the accumulation of public deficits, so that the interest rate path with long-term maturities is more uncertain.

The central banks' monetary tightening has been passed on to market rates with short-term maturities. The one-year Euribor is trading slightly above 2.5%, four tenths of a point lower than in the previous Panel. However, market rates with long-term maturities have rebounded

slightly on expectations of growth in the volume of government bonds globally. The Spanish 10-year bond is trading at around 3.1%, two tenths of a point higher than a month ago, in line with the upward trend observed in international debt markets. There is no pressure on the Spanish risk premium.

The panelists anticipate a further decrease in the ECB rates, a movement that would be reflected in the markets, so that Euribor would close next year at around 2.35%. The yield on the 10-year Spanish government bond would remain close to 3% (Table 2).

The euro depreciates against the dollar

In light of the different cyclical position between the U.S. and the EU, the euro has tended to depreciate against the dollar in recent weeks,

particularly since the election of Donald Trump. Nevertheless, analysts expect the exchange rate to remain relatively stable over the forecast period (Table 2).

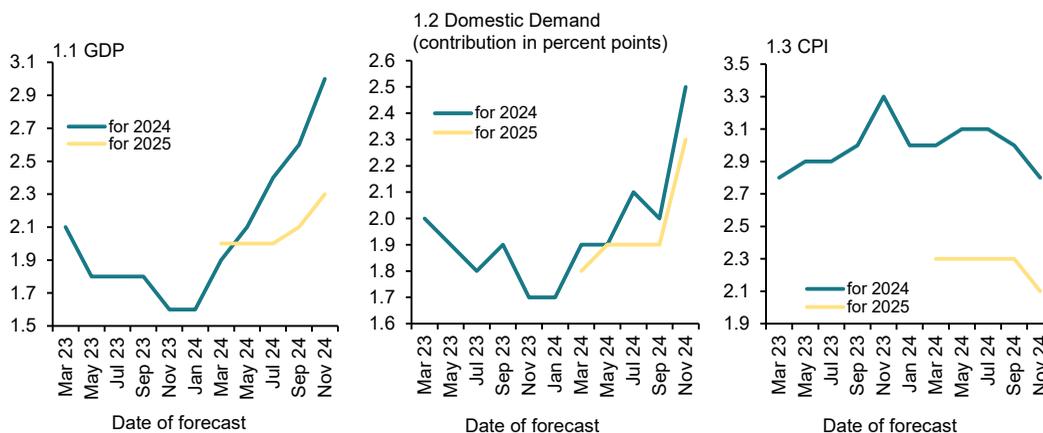
Monetary policy should be less restrictive

Monetary policy assessments reflect the moderation of inflation and the weakness of the European economy. For the most part, panelists believe that monetary policy is too tight, whereas a more neutral stance would be desirable (no significant change compared to the previous Panel). As for fiscal policy, assessments continue to point out that this policy should be neutral, or even restrictive, when it is being expansionary (Table 4).

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.

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Table 1

Economic Forecasts for Spain – November 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)	3.1	2.6	2.7	2.4	4.6	2.7	1.7	3.5	1.1	3.5	2.5	3.2	2.8	2.7
BBVA Research	2.9	2.4	2.5	2.1	3.9	2.7	2.7	5.0	1.1	5.5	3.6	4.5	2.4	2.7
CaixaBank Research	2.8	2.3	2.5	2.5	3.6	1.6	2.7	3.4	1.8	4.3	3.5	3.0	2.5	2.5
Cámara de Comercio de España	3.1	2.1	2.6	2.2	4.6	2.6	1.7	3.3	1.2	3.4	2.8	3.0	2.5	2.0
Centro de Estudios Economía de Madrid (CEEM-URJC)	3.2	3.1	2.5	2.5	4.9	5.0	1.4	1.8	0.5	0.7	2.0	2.5	2.4	2.3
Centro de Predicción Económica (CEPREDE-UAM)	3.0	2.3	2.7	2.3	4.7	3.3	2.0	4.3	1.3	5.3	2.6	4.1	2.5	2.8
CEOE	3.1	2.3	2.5	2.1	4.2	1.5	2.2	2.0	1.7	1.8	2.7	2.3	2.6	2.0
Equipo Económico (Ee)	3.1	2.2	2.7	2.0	4.5	2.0	1.8	2.4	1.0	2.7	2.4	1.9	2.5	2.0
EthiFinance Ratings	3.0	2.3	2.4	2.0	4.4	2.4	2.6	5.3	2.0	4.5	4.0	5.0	2.5	2.7
Funcas	3.0	2.1	2.7	2.3	3.8	1.5	2.2	2.5	1.0	1.3	3.3	3.5	2.4	2.0
Instituto Complutense de Análisis Económico (ICAE-UCM)	3.0	2.4	2.8	3.3	3.8	2.2	1.9	2.2	1.4	2.8	2.4	1.9	2.4	2.5
Instituto de Estudios Económicos (IEE)	3.0	2.1	2.4	1.8	3.7	2.0	2.0	2.1	1.4	1.8	2.4	2.5	2.3	2.0
Intermoney	2.9	2.1	2.4	1.9	2.8	1.6	2.0	2.9	1.3	2.4	2.6	3.4	1.8	1.9
Mapfre Economics	2.9	2.1	2.5	2.0	3.6	1.3	2.9	4.6	--	--	--	--	2.5	1.9
Metysis	3.1	2.4	2.5	2.3	2.2	1.4	2.5	2.5	2.3	2.2	2.8	3.0	2.3	2.0
Oxford Economics	3.1	2.4	2.7	2.4	4.5	2.1	2.1	3.9	1.5	2.9	2.7	3.5	2.7	2.5
Repsol	3.0	2.3	2.7	2.6	4.7	3.6	1.8	1.5	1.3	2.9	2.4	0.8	2.5	2.5
Santander	2.9	2.4	2.7	2.0	4.5	2.1	1.4	4.7	1.4	4.0	2.0	5.0	2.5	2.5
Universidad Loyola Andalucía	2.9	2.5	2.6	2.7	3.9	3.3	2.4	1.6	1.2	2.9	2.6	1.1	2.5	2.6
CONSENSUS (AVERAGE)	3.0	2.3	2.6	2.3	4.0	2.4	2.1	3.1	1.4	3.0	2.7	3.0	2.5	2.3
Maximum	3.2	3.1	2.8	3.3	4.9	5.0	2.9	5.3	2.3	5.5	4.0	5.0	2.8	2.8
Minimum	2.8	2.1	2.4	1.8	2.2	1.3	1.4	1.5	0.5	0.7	2.0	0.8	1.8	1.9
Change on 2 months earlier ¹	0.4	0.2	0.5	0.4	2.1	1.0	-0.5	-0.2	-0.4	-0.4	-0.4	0.0	0.5	0.4
- Rise ²	19	17	18	14	19	19	3	6	4	3	5	9	17	18
- Drop ²	0	1	0	2	0	0	16	11	11	11	12	8	1	0
Change on 6 months earlier ¹	0.9	0.3	0.6	0.5	1.9	1.1	-0.4	0.0	-0.8	-0.4	0.0	0.0	0.6	0.4
Memorandum items:														
Government (September 2024)	2.7	2.4	2.2	2.1	1.8	1.6	3.3	5.8	--	--	--	--	2.2	2.7
Bank of Spain (September 2024)	2.8	2.2	2.2	2.1	1.8	2.0	1.8 (4)	2.1 (4)	--	--	--	--	2.0	2.0
AIReF (November 2024)	2.9	2.3	2.4	2.3	3.1	2.1	2.2	2.4	1.6	1.8	--	--	2.4	2.2
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 (October 2024)	2.9	2.1	2.2	2.0	3.8	2.2	2.1	3.1	--	--	--	--	2.0	1.9
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.

⁴ Gross capital formation.

Table 1 (Continued)

Economic Forecasts for Spain – November 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)	3.4	3.8	2.8	4.2	2.8	2.0	2.9	2.1	4.5	3.3	2.0	1.6	11.6	11.1	3.3	2.3	-2.9	-2.5
BBVA Research	3.5	4.7	2.3	6.1	2.8	1.8	2.9	2.0	4.7	3.1	1.9	1.8	11.5	10.8	3.4	3.2	-2.9	-2.5
CaixaBank Research	3.0	2.3	1.9	2.8	3.0	2.5	3.0	2.5	5.0	3.5	2.3	2.1	11.6	11.2	3.1	3.1	-3.0	-2.6
Cámara de Comercio de España	3.2	2.0	2.0	2.3	2.9	1.8	3.1	2.3	--	--	2.2	1.5	11.6	10.9	2.6	2.5	-3.2	-3.0
Centro de Estudios Económica de Madrid (CEEM-URJC)	3.8	4.6	2.2	2.9	2.8	2.6	3.0	2.9	4.8	4.5	2.3	2.1	11.4	11.0	2.0	1.9	-3.4	-3.0
Centro de Predicción Económica (CEPREDE-UAM)	3.4	2.9	2.3	4.8	3.0	2.2	--	--	4.7	3.3	2.2	1.5	11.5	11.2	3.3	3.0	-3.6	-4.1
CEOE	3.4	3.6	2.0	2.9	2.7	1.7	2.9	2.1	4.7	2.9	2.3	2.0	11.5	10.7	3.0	2.6	-3.1	-2.8
Equipo Económico (Ee)	3.3	2.7	2.0	2.4	2.7	2.2	2.9	2.3	4.6	3.6	2.3	1.5	11.5	11.2	2.7	2.5	-3.2	-3.1
EthiFinance Ratings	3.0	1.7	1.9	3.6	2.9	2.0	2.9	2.1	--	--	--	--	11.4	10.9	2.9	2.8	-3.1	-2.9
Funcas	3.3	2.7	1.9	2.9	2.7	1.8	2.9	2.1	5.0	2.9	2.0	1.6	11.6	10.8	3.0	2.9	-3.1	-3.0
Instituto Complutense de Análisis Económico (ICAE-UCM)	3.3	2.6	2.2	2.5	2.6	2.5	2.9	2.3	--	--	2.3	1.5	11.2	10.5	2.5	2.5	-3.4	-3.0
Instituto de Estudios Económicos (IEE)	3.5	3.4	1.9	3.2	2.8	2.1	2.9	2.2	4.7	2.9	2.2	1.7	11.6	10.9	2.9	2.3	-3.3	-3.0
Intermoney	3.5	3.1	1.9	3.4	2.7	2.4	3.1	2.2	--	--	2.3	1.7	11.6	11.2	2.0	--	-3.3	-2.9
Mapfre Economics	2.9	2.2	1.8	2.7	2.6	2.0	--	--	3.1	2.3	--	--	11.6	11.5	3.4	3.6	-3.1	-2.9
Metysis	3.6	3.2	2.3	2.7	2.7	2.3	2.8	2.1	3.2	2.6	2.3	1.7	11.0	10.6	2.9	2.6	-3.1	-2.9
Oxford Economics	3.3	2.5	2.0	2.8	2.7	1.9	2.9	2.2	--	--	--	--	11.5	11.5	3.4	3.7	-3.3	-3.2
Repsol	3.1	3.4	2.1	4.4	2.7	1.8	2.9	2.2	3.0	2.2	1.9	1.4	11.8	12.2	2.0	1.0	-3.1	-2.7
Santander	3.2	2.1	2.2	3.0	2.7	2.1	2.8	2.3	--	--	2.3	1.7	11.4	10.7	--	--	--	--
Universidad Loyola Andalucía	2.4	2.3	1.5	2.2	2.9	2.0	3.2	2.0	--	--	2.0	1.4	11.6	11.3	1.5	1.7	-2.2	-2.5
CONSENSUS (AVERAGE)	3.3	2.9	2.1	3.2	2.8	2.1	2.9	2.2	4.3	3.1	2.2	1.7	11.5	11.1	2.8	2.6	-3.1	-2.9
Maximum	3.8	4.7	2.8	6.1	3.0	2.6	3.2	2.9	5.0	4.5	2.3	2.1	11.8	12.2	3.4	3.7	-2.2	-2.5
Minimum	2.4	1.7	1.5	2.2	2.6	1.7	2.8	2.0	3.0	2.2	1.9	1.4	11.0	10.5	1.5	1.0	-3.6	-4.1
Change on 2 months earlier ¹	-0.1	-0.1	-0.1	0.2	-0.2	-0.2	-0.1	-0.1	0.7	0.3	0.2	0.0	0.0	0.1	0.5	0.4	0.2	0.1
- Rise ²	9	8	6	14	0	1	2	3	8	6	7	5	4	5	13	12	7	8
- Drop ²	10	7	11	3	18	14	8	5	1	0	4	3	5	6	0	0	2	3
Change on 6 months earlier ¹	1.0	-0.2	0.2	0.0	-0.3	-0.2	-0.2	-0.2	0.5	0.1	0.0	0.1	0.0	-0.1	0.7	0.6	0.3	0.2
Memorandum items:																		
Government (September 2024)	4.2	2.4	2.6	3.6	--	--	--	--	4.0	3.1	2.6	2.5	11.2	10.3	--	--	-3.0	-2.5
Bank of Spain (September 2024)	3.5	2.7	1.4	2.5	2.9 ⁽⁶⁾	2.1 ⁽⁶⁾	2.8 ⁽⁷⁾	2.2 ⁽⁷⁾	--	--	1.8 ⁽⁸⁾	1.7 ⁽⁸⁾	11.5	11.0	--	--	-3.3	-3.1
AIReF (November 2024)	3.4	3.4	2.2	3.5	2.9	2.1	--	--	4.9	2.6	2.1	2.2	11.5	10.9	--	--	--	--
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 (October 2024)	3.7	2.8	1.4	2.6	2.8	1.9	--	--	--	--	2.1	1.4	11.6	11.2	3.4	3.2	-3.0	-2.8
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 – November 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	0.9	0.8	0.8	0.4	0.6	0.6	0.5	0.4
Euribor 1 yr ²	3.72	3.65	2.94	2.69	2.53	2.46	2.40	2.35
Government bond yield 10 yr ²	3.19	3.36	3.00	3.01	2.98	2.98	2.97	2.97
ECB main refinancing operations interest rate ³	4.50	4.25	3.65	3.32	3.05	2.77	2.58	2.50
ECB deposit rates ³	4.00	3.75	3.50	3.10	2.86	2.59	2.40	2.30
Dollar / Euro exchange rate ²	1.09	1.08	1.11	1.09	1.09	1.09	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 – November 2024

Year-on-year change (%)					
Sep-24	Oct-24	Nov-24	Dec-24		Dec-25
1.7	1.9	2.3	2.4		2.2

Table 4

Opinions – November 2024

Number of responses

	Currently			Trend for next six months		
	Favourable	Neutral	Unfavourable	Improving	Unchanged	Worsening
International context: EU	1	2	16	7	11	1
International context: Non-EU	1	5	13	3	12	4
	Is being			Should be		
	Restrictive	Neutral	Expansionary	Restrictive	Neutral	Expansionary
Fiscal policy assessment ¹	0	2	17	3	16	0
Monetary policy assessment ¹	16	3	0	3	16	0

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