

# Spanish economic forecasts panel: March 2013

## Funcas Economic Trends and Statistics Department

### **The GDP forecast for 2013 remains unchanged at -1.5%**

There has been no change in the forecasts for 2013. The consensus average continues to predict a change in GDP of -1.5%, as a result of worse domestic demand than in 2012, while the contribution from the external sector remains similar. All the components of domestic demand are expected to fall sharply.

### **The forecast for 2014 stands at 0.7%**

In this Panel, forecasts for 2014 were requested for the first time, and the consensus forecast was growth of 0.7%. The fall in private consumption is expected to bottom out, and investments in capital goods should start to pick up. Nevertheless, domestic demand's contribution to growth will remain negative (-0.7 percentage points), although less so than in the preceding years. Moreover, it will be offset by the positive contribution from the external sector, although this contribution will be smaller than in recent years.

The quarterly profile emerging from the consensus figures (Table 2) is for GDP to contract over the first three quarters of 2013, level off in the fourth, and return to modest growth from the first quarter of 2014 onwards.

### **Industrial activity has resumed its downward trend**

Industrial activity fell sharply in the fourth quarter of 2012. The indicators available for the first

quarter of 2013 –the industrial production index for January, and the PMI for January and February– suggest that the negative rates will continue, although the pace of the decline will slacken.

The consensus forecast for the Spanish industrial production index is -3.6% in 2013 –no change on the previous panel– and growth of 0.2% is predicted for 2014.

### **Falling inflation**

The inflation rate remained unchanged in January and February 2013 at 2.7%, down from the peak of 3.5% in October 2012. The downward trend is expected to continue over the course of the year, unless there are any new legislative or tax changes affecting final consumption prices, as the staged effects on the general index caused by various measures introduced in 2012 cease to impact consumer prices.

The average rate expected for the year as a whole is 2%, dropping to 1.6% in 2014. The year-on-year rate in December is expected to be 1.7% this year and 1.6% the next (Table 3).

### **The outlook for employment is negative**

Employment contracted by 4.4% in 2012, measured in terms of full-time equivalent jobs, with the final quarter suffering the biggest drop. The number of social security affiliates in January and February indicate that jobs continued to be lost in the first quarter of 2013, but that the rate

had slowed somewhat from the preceding quarter. The forecast trend in employment has worsened by one tenth of a percentage point, to -3.2%, with a drop of 0.2% anticipated in 2014. The annual average unemployment rate is predicted to be 26.8% in 2013 and 26.5% in 2014.

Drawing on consensus estimates for GDP, employment and salary growth, it is possible to obtain implicit productivity and unit labour cost growth estimates. This yields expected productivity growth of 1.8% in 2013 and 0.8% in 2014, while ULCs, which fell by 3.4% last year, are predicted to drop by 1.7% and 0.3% this year and next, respectively.

### **The trade imbalance has been corrected**

In 2012, the current account balance was -0.8% of GDP. However, the deficit was concentrated in the first half of the year, with a change of sign in the second half, with the balance moving into surplus. The consensus forecast for 2013 and 2014 is for a balance of 0.3% and 1.2% of GDP, respectively.

### **The government deficit targets will be hard to meet**

Last year ended with an overall general government deficit of 6.7% of GDP, excluding aid to financial institutions. This was less than the consensus forecast of 7.3%, although much of the difference is the result of delaying tax refunds until 2013 and bringing forward collection of corporate tax to 2012, which means deferring a share of the deficit from 2012 to 2013<sup>1</sup>.

The consensus forecast for 2013 is -5.7% of GDP. One tenth of a point more than the previous Panel's deficit forecast. A balance of -4.4% is predicted for 2014.

### **The outlook for the global context is brighter**

The developed countries saw a general worsening in their economic performance in the last quarter of the year. The drop in euro area GDP worsened to -0.6%, with all the area's main economies contracting. Nevertheless, the emerging economies registered a significant upturn in GDP growth and foreign trade in the same period.

The opinion regarding the current situation in the EU remains largely negative, while the opinion on the situation outside the EU remains neutral. The majority expecting positive developments both in the EU and in the rest of the world in the next few months has grown.

### **Interest rates on government debt are not expected to rise further**

After the upward trend seen in January, short-term interest rates moved downwards again in February. After a short spike in late February caused by the results of Italy's elections, yields on ten-year government debt resumed the downward path they began in August, falling to below 5% in early March.

Short-term interest rates are still viewed as being appropriate to the Spanish economy's situation, and the majority of panellists continue to expect them to remain stable over the coming months. In the case of long-term rates, there has been almost no change in the opinion that the current level is too high to enable the economy to recover, but most panellists expect them to remain stable over the next few months.

### **The euro is overvalued**

There have been no changes in the valuation of the euro, which remains strong. The large majority of panellists consider that the European currency is overvalued and expect it decline in value over the coming months.

<sup>1</sup> Subsequently, the public deficit figure has been corrected to 7% of GDP by the European Commission.

## Expansionary monetary policy is warranted

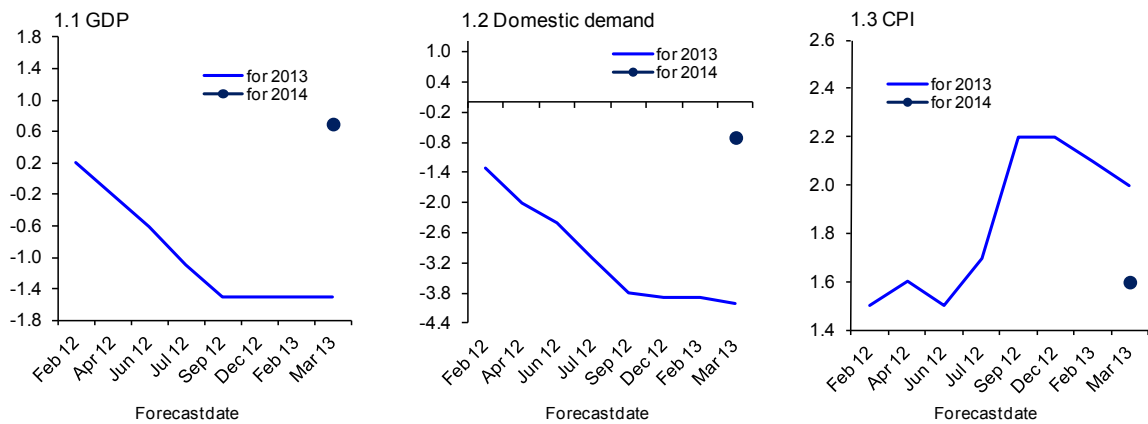
There has been no change in opinions on fiscal policy either, which continues to be unanimously

viewed as restrictive, an orientation the majority considers necessary. The overwhelming majority of panellists also consider current monetary policy to be expansionary, and still unanimously consider that this orientation should be maintained.

Exhibit 1

### Change in forecasts (Consensus values)

Percentage annual change



Source: FUNCAS Panel of forecasts.

Table 1

**Economic Forecasts for Spain – March 2013**

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

|   | GDP         |            | Household consumption |            | Public consumption |             | Gross formation fixed capital |             | GFCF machinery capital goods |            | GFCF Construction |             | National demand |             |
|---|-------------|------------|-----------------------|------------|--------------------|-------------|-------------------------------|-------------|------------------------------|------------|-------------------|-------------|-----------------|-------------|
|   | 2013        | 2014       | 2013                  | 2014       | 2013               | 2014        | 2013                          | 2014        | 2013                         | 2014       | 2013              | 2014        | 2013            | 2014        |
| Analistas Financieros Internacionales (AFI)             | -1.8        | 0.5        | -3.0                  | -0.1       | -6.3               | -4.0        | -6.4                          | 0.9         | -4.4                         | 3.3        | -7.7              | -0.4        | -4.3            | -0.7        |
| Banco Bilbao Vizcaya Argentaria (BBVA)                  | -1.1        | 1.1        | -2.8                  | -0.3       | -7.2               | -1.8        | -6.8                          | 2.6         | -1.7                         | 6.4        | -10.2             | 0.3         | -4.6            | 0.0         |
| Bankia  | -1.5        | 0.7        | -3.1                  | -0.1       | -5.0               | -3.1        | -7.5                          | -0.8        | -7.4                         | 0.5        | -8.4              | -1.8        | -4.4            | -0.9        |
| CatalunyaCaixa  | -1.5        | 0.8        | -3.3                  | -0.1       | -6.3               | -2.0        | -8.3                          | -3.8        | -7.8                         | -3.4       | -8.7              | -4.1        | -4.9            | -1.2        |
| Cemex   | -1.6        | 0.4        | -3.1                  | 0.1        | -3.6               | -1.7        | -7.9                          | -0.3        | -6.0                         | 1.7        | -10.0             | -2.6        | -4.1            | -0.3        |
| Centro de Estudios Economía de Madrid (CEEM-URJC)       | -1.4        | 1.1        | -2.4                  | 0.1        | -7.0               | -1.4        | -5.5                          | -0.8        | -3.6                         | 0.8        | -7.2              | -1.9        | -3.9            | -0.4        |
| Centro de Predicción Económica (CEPREDE-UAM)            | -1.5        | 0.9        | -2.5                  | 0.1        | -3.8               | -0.6        | -7.9                          | -1.3        | -6.7                         | -1.0       | -9.5              | -2.0        | -4.3            | -0.6        |
| CEOE  | -1.5        | 0.8        | -3.1                  | -0.2       | -4.0               | -2.4        | -7.3                          | -2.2        | -2.8                         | 3.3        | -10.5             | -5.5        | -4.2            | -0.9        |
| ESADE   | -1.0        | --         | -1.0                  | --         | -4.5               | --          | -0.9                          | --          | --                           | --         | --                | --          | -1.7            | --          |
| Fundación Cajas de Ahorros (FUNCAS)                     | -1.6        | 0.5        | -3.2                  | -0.3       | -3.1               | -2.4        | -7.7                          | -2.7        | -6.5                         | 0.3        | -9.1              | -5.1        | -4.0            | -1.2        |
| Instituto Complutense de Análisis Económico (ICAE-UCM)  | -1.3        | --         | -2.2                  | --         | -7.8               | --          | -11.9                         | --          | -6.7                         | --         | -15.3             | --          | -3.5            | --          |
| Instituto de Estudios Económicos (IEE)                  | -1.5        | --         | -2.5                  | --         | -6.5               | --          | -6.5                          | --          | -3.0                         | --         | -8.5              | --          | -3.9            | --          |
| Instituto de Macroeconomía y Finanzas (Universidad CJC) | -1.4        | 0.9        | -2.1                  | 0.6        | -3.6               | -2.5        | -5.4                          | 1.6         | -1.8                         | 6.8        | -7.7              | -0.5        | -3.1            | 0.2         |
| Instituto Flores de Lemus (IFL-UC3M)                    | -1.6        | 0.0        | -2.6                  | 0.2        | -6.3               | -3.7        | -7.5                          | -3.4        | -6.9                         | -2.5       | -9.4              | -5.0        | --              | --          |
| Intermoney  | -2.0        | --         | -3.8                  | --         | -5.2               | --          | -11.4                         | --          | -13.5                        | --         | -11.1             | --          | -5.4            | --          |
| La Caixa  | -1.3        | 0.8        | -3.0                  | 0.1        | -4.0               | -2.2        | -7.6                          | -1.1        | -4.6                         | 1.8        | -9.1              | -2.6        | -4.0            | -0.6        |
| Repsol  | -1.4        | 0.8        | -2.7                  | -0.4       | -4.0               | -1.6        | -5.7                          | 0.8         | -3.1                         | 6.3        | -6.5              | -1.6        | -3.5            | -1.5        |
| Santander   | -1.4        | 0.9        | -2.9                  | 0.5        | -5.0               | -3.0        | -6.8                          | -0.9        | -4.2                         | 2.5        | -7.9              | -2.9        | -4.0            | -0.5        |
| Solchaga Recio & asociados                              | -1.8        | 0.2        | -3.1                  | -0.5       | -4.5               | -3.5        | -8.1                          | -3.6        | -5.1                         | -0.5       | -10.6             | -5.5        | -4.4            | -1.7        |
| <b>CONSENSUS (AVERAGE)</b>                              | <b>-1.5</b> | <b>0.7</b> | <b>-2.8</b>           | <b>0.0</b> | <b>-5.1</b>        | <b>-2.4</b> | <b>-7.2</b>                   | <b>-1.0</b> | <b>-5.3</b>                  | <b>1.8</b> | <b>-9.3</b>       | <b>-2.7</b> | <b>-4.0</b>     | <b>-0.7</b> |
| Maximum   | -1.0        | 1.1        | -1.0                  | 0.6        | -3.1               | -0.6        | -0.9                          | 2.6         | -1.7                         | 6.8        | -6.5              | 0.3         | -1.7            | 0.2         |
| Minimum   | -2.0        | 0.0        | -3.8                  | -0.5       | -7.8               | -4.0        | -11.9                         | -3.8        | -13.5                        | -3.4       | -15.3             | -5.5        | -5.4            | -1.7        |
| Change on 2 months earlier <sup>1</sup>                 | 0.0         | --         | -0.5                  | --         | 1.4                | --          | -0.6                          | --          | -1.6                         | --         | -0.4              | --          | -0.1            | --          |
| - Rise <sup>2</sup>                                     | 2           | --         | 1                     | --         | 13                 | --          | 2                             | --          | 1                            | --         | 5                 | --          | 4               | --          |
| - Drop <sup>2</sup>                                     | 3           | --         | 10                    | --         | 0                  | --          | 11                            | --          | 12                           | --         | 9                 | --          | 7               | --          |
| Change on 6 months earlier <sup>1</sup>                 | 0.0         | --         | -0.6                  | --         | 1.8                | --          | -1.3                          | --          | -1.4                         | --         | -1.9              | --          | -0.2            | --          |
| <u>Memorandum entry:</u>                                |             |            |                       |            |                    |             |                               |             |                              |            |                   |             |                 |             |
| Government (Sep. 2012)                                  | -0.5        | 1.2        | -1.4                  | 1.0        | -8.2               | -6.4        | -2.0                          | 1.4         | --                           | --         | --                | --          | -2.8            | -0.3        |
| Bank of Spain (January 2012)                            | 0.2         | --         | -0.5                  | --         | -3.3               | --          | -2.2                          | --          | -0.9 <sup>3</sup>            | --         | -3.1              | --          | --              | --          |
| EC (February 2013)                                      | -1.4        | 0.8        | -2.7                  | -0.2       | -5.4               | -1.1        | -6.6                          | -1.0        | --                           | --         | --                | --          | -4.0            | -0.5        |
| IMF (January 2013)                                      | -1.5        | 0.8        | --                    | --         | --                 | --          | --                            | --          | --                           | --         | --                | --          | --              | --          |
| OECD (November 2012)                                    | -1.4        | 0.5        | -2.3                  | -0.5       | -4.0               | -0.8        | -9.0                          | -2.7        | --                           | --         | --                | --          | -4.0            | -0.9        |

<sup>1</sup> Difference in percentage points between the current month's average and that of two (or six) months earlier.

<sup>2</sup> Number of panelists revising their forecast upwards (or downwards) since two months earlier.

<sup>3</sup> Investment in capital goods.

Table 1 (Continued)

**Economic Forecasts for Spain – March 2013**

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

|  | Exports goods & services |            | Imports goods & services |            | Industrial output (IPI) |            | CPI (annual average) |            | Labour costs <sup>3</sup> |            | Jobs <sup>4</sup> |             | Unemp. (LFS) (% labour force) |             | C/A bal. payments (% of GDP) <sup>5</sup> |            | Gen. gov. bal. (% of GDP) |             |
|--|--------------------------|------------|--------------------------|------------|-------------------------|------------|----------------------|------------|---------------------------|------------|-------------------|-------------|-------------------------------|-------------|---|------------|---------------------------|-------------|
|  | 2013                     | 2014       | 2013                     | 2014       | 2013                    | 2014       | 2013                 | 2014       | 2013                      | 2014       | 2013              | 2014        | 2013                          | 2014        | 2013                                      | 2014       | 2013                      | 2014        |
| Analistas Financieros Internacionales (AFI)            | 3.2                      | 6.2        | -4.8                     | 3.0        | --                      | --         | 2.2                  | 1.7        | --                        | --         | -3.9              | 0.4         | 27.3                          | 26.6        | 0.8                                       | 1.4        | -5.8                      | -4.5        |
| Banco Bilbao Vizcaya Argentaria (BBVA)                 | 6.3                      | 8.2        | -4.4                     | 5.8        | --                      | --         | 2.0                  | 1.1        | --                        | --         | -3.4              | -0.4        | 26.8                          | 26.1        | 0.3                                       | 0.9        | -5.9                      | -4.6        |
| Bankia   | 3.6                      | 4.2        | -5.7                     | -0.8       | -2.8                    | --         | 1.9                  | 1.9        | -0.3                      | 0.3        | -3.4              | -0.4        | 26.7                          | 26.6        | 0.6                                       | 2.2        | --                        | --          |
| CatalunyaCaixa   | 5.0                      | 5.4        | -4.6                     | 2.0        | --                      | --         | 2.1                  | 2.0        | --                        | --         | -3.5              | 1.1         | 26.8                          | 26.3        | --  | --         | --                        | --          |
| Cemex  | 4.1                      | 5.0        | -3.1                     | 3.2        | --                      | --         | 1.8                  | 1.2        | --                        | --         | -3.0              | 0.1         | 26.5                          | 26.5        | 0.6                                       | 1.0        | -5.3                      | -4.0        |
| Centro de Estudios Economía de Madrid (CEEM-URJC)      | 5.5                      | 5.8        | -2.3                     | 1.8        | --                      | --         | 1.8                  | 1.2        | --                        | --         | -2.2              | 0.2         | 26.0                          | 25.5        | -0.1                                      | 1.5        | -5.7                      | -4.1        |
| Centro de Predicción Económica (CEPREDE-UAM)           | 3.2                      | 4.9        | -4.2                     | 1.7        | -3.7                    | -1.6       | 2.1                  | 1.7        | -0.7                      | 0.8        | -3.0              | -0.4        | 26.6                          | 26.9        | 1.3                                       | 2.5        | -5.1                      | -4.7        |
| CEOE   | 5.1                      | 5.7        | -3.1                     | 0.8        | -3.6                    | 2.0        | 2.0                  | 1.2        | 0.9                       | 0.1        | -3.2              | -0.5        | 27.0                          | 26.9        | -0.1                                      | -0.4       | -5.5                      | -4.8        |
| Esade  | 3.0                      | --         | -1.0                     | --         | --                      | --         | 2.5                  | --         | --                        | --         | -2.5              | --          | 24.5                          | --          | -2.5                                      | --         | --                        | --          |
| Fundación Cajas de Ahorros (FUNCAS)                    | 3.0                      | 6.1        | -4.4                     | 1.5        | -4.5                    | 0.9        | 2.0                  | 1.4        | 0.7                       | 0.5        | -3.5              | -0.9        | 26.6                          | 26.0        | 1.3                                       | 2.2        | -5.8                      | -4.6        |
| Instituto Complutense de Análisis Económico (ICAE-UCM) | 4.8                      | --         | -2.6                     | --         | -4.0                    | --         | 2.8                  | --         | 0.7                       | --         | -3.4              | --          | 27.5                          | --          | -0.2                                      | --         | -6.0                      | --          |
| Instituto de Estudios Económicos (IEE)                 | 4.6                      | --         | -3.0                     | --         | --                      | --         | 2.2                  | --         | 1.0                       | --         | -3.0              | --          | 26.5                          | --          | 0.1                                       | --         | -5.5                      | --          |
| Instit. Macroec. y Finanzas (Univ. CJC)                | 3.2                      | 4.1        | -3.1                     | 1.3        | -4.0                    | -1.0       | 2.3                  | 1.5        | --                        | --         | -3.6              | -0.9        | 27.1                          | 27.4        | 0.5                                       | -0.5       | -6.0                      | -4.5        |
| Instituto Flores de Lemus (IFL-UC3M)                   | 3.2                      | 4.3        | -4.8                     | 0.3        | -5.1                    | -3.5       | 2.1                  | 1.7        | --                        | --         | --                | --          | 27.2                          | 27.3        | --  | --         | --                        | --          |
| Intermoney   | 0.8                      | --         | -10.4                    | --         | --                      | --         | 1.1                  | --         | -1.0                      | --         | -4.2              | --          | 27.9                          | --          | 1.0                                       | --         | -6.1                      | --          |
| La Caixa   | 4.4                      | 4.2        | -4.2                     | 0.4        | -1.1                    | 4.0        | 2.1                  | 1.6        | -0.7                      | 1.0        | -3.2              | 0.3         | 26.4                          | 25.7        | 1.0                                       | 2.0        | -6.2                      | -4.4        |
| Repsol   | 5.3                      | 6.0        | -3.3                     | 2.1        | -3.4                    | 0.5        | 2.1                  | 1.7        | 0.3                       | 0.1        | -3.1              | -1.0        | 26.9                          | 26.0        | 0.5                                       | 0.8        | -5.2                      | -4.0        |
| Santander  | 5.0                      | 5.7        | -4.6                     | 1.7        | --                      | --         | 1.9                  | 2.0        | 0.2                       | 0.4        | -2.7              | 0.4         | 26.7                          | 26.0        | 0.2                                       | 0.5        | --                        | --          |
| Solchaga Recio & asociados                             | 3.5                      | 5.7        | -4.9                     | 0.5        | --                      | --         | 1.8                  | 1.6        | --                        | --         | -3.5              | -0.8        | 27.5                          | 27.3        | 0.3                                       | 2.0        | -5.5                      | -4.2        |
| <b>CONSENSUS (AVERAGE)</b>                             | <b>4.0</b>               | <b>5.4</b> | <b>-4.1</b>              | <b>1.7</b> | <b>-3.6</b>             | <b>0.2</b> | <b>2.0</b>           | <b>1.6</b> | <b>0.1</b>                | <b>0.5</b> | <b>-3.2</b>       | <b>-0.2</b> | <b>26.8</b>                   | <b>26.5</b> | <b>0.3</b>                                | <b>1.2</b> | <b>-5.7</b>               | <b>-4.4</b> |
| Maximum  | 6.3                      | 8.2        | -1.0                     | 5.8        | -1.1                    | 4.0        | 2.8                  | 2.0        | 1.0                       | 1.0        | -2.2              | 1.1         | 27.9                          | 27.4        | 1.3                                       | 2.5        | -5.1                      | -4.0        |
| Minimum  | 0.8                      | 4.1        | -10.4                    | -0.8       | -5.1                    | -3.5       | 1.1                  | 1.1        | -1.0                      | 0.1        | -4.2              | -1.0        | 24.5                          | 25.5        | -2.5                                      | -0.5       | -6.2                      | -4.8        |
| Change on 2 months earlier <sup>1</sup>                | -0.4                     | --         | -0.7                     | --         | 0.0                     | --         | -0.1                 | --         | -0.5                      | --         | -0.1              | --          | 0.1                           | --          | 0.3                                       | --         | -0.1                      | --          |
| - Rise <sup>2</sup>                                    | 4                        | --         | 3                        | --         | 2                       | --         | 3                    | --         | 1                         | --         | 0                 | --          | 4                             | --          | 8   | --         | 1                         | --          |
| - Drop <sup>2</sup>                                    | 8                        | --         | 10                       | --         | 2                       | --         | 5                    | --         | 6                         | --         | 5                 | --          | 2                             | --          | 1   | --         | 5                         | --          |
| Change on 6 months earlier <sup>1</sup>                | -0.1                     | --         | -0.8                     | --         | -1.0                    | --         | -0.2                 | --         | -0.4                      | --         | -0.6              | --          | 0.7                           | --          | 0.4                                       | --         | -0.6                      | --          |
| <u>Memorandum entry:</u>                               |                          |            |                          |            |                         |            |                      |            |                           |            |                   |             |                               |             |   |            |                           |             |
| Government (Sep 2012)                                  | 6.0                      | 7.1        | -1.5                     | 3.3        | --                      | --         | --                   | --         | 1.5                       | 0.5        | -0.2 <sup>7</sup> | 1.1         | 24.3                          | 23.3        | 0.0                                       | 1.0        | -4.5                      | -2.8        |
| Bank of Spain (January 2012)                           | 5.9                      | --         | 1.2                      | --         | --                      | --         | 1.2 <sup>6</sup>     | --         | 0.1                       | --         | -0.7              | --          | 23.3                          | --          | 0.0 <sup>6</sup>                          | --         | -3.0                      | --          |
| EC (February 2013)                                     | 4.2                      | 5.7        | -3.8                     | 2.0        | --                      | --         | 1.7                  | 1.0        | --                        | --         | -3.1              | 0.0         | 26.9                          | 26.6        | 1.0                                       | 2.5        | -6.7                      | -7.2        |
| IMF (January 2013)                                     | --                       | --         | --                       | --         | --                      | --         | --                   | --         | --                        | --         | --                | --          | --                            | --          | --  | --         | --                        | --          |
| OECD (Novemb. 2012)                                    | 6.4                      | 6.2        | -1.3                     | 2.4        | --                      | --         | 1.2                  | 0.4        | --                        | --         | --                | --          | 26.9                          | 26.8        | 0.5                                       | 1.8        | -6.3                      | -5.9        |

<sup>1</sup> Difference in percentage points between the current month's average and that of two months earlier (or six months earlier).<sup>2</sup> Number of panelists revising their forecast upwards (or downwards) since two months earlier.<sup>3</sup> Average earnings per full-time equivalent job.<sup>4</sup> In National Accounts terms: full time equivalent jobs.<sup>5</sup> Current account balance, according to Bank of Spain estimates.<sup>6</sup> Private consumption deflator.<sup>7</sup> Employment (LFS).<sup>8</sup> Net borrowing vis-à-vis rest of world.

Table 2

**Quarterly Forecasts - March 2013<sup>1</sup>**

|                                    | Quarter-on-quarter change (percentage) |       |       |       |       |       |       |       |
|------------------------------------|--|-------|-------|-------|-------|-------|-------|-------|
|                                    | 13-Q1                                  | 13-Q2 | 13-Q3 | 13-Q4 | 14-Q1 | 14-Q2 | 14-Q3 | 14-Q4 |
| GDP <sup>2</sup>                   | -0.5                                   | -0.3  | -0.1  | 0.0   | 0.1   | 0.2   | 0.3   | 0.3   |
| Household consumption <sup>2</sup> | -0.4                                   | -0.5  | -0.3  | -0.3  | 0.2   | 0.0   | 0.2   | 0.1   |

<sup>1</sup> Average forecasts of private institutions listed in Table 1.<sup>2</sup> According to series corrected for seasonality and labour calendar.

Table 3

**CPI Forecasts – March 2013<sup>1</sup>**

|  | Monthly change (%) |        |        |        | Year-on-year change (%) |        |
|--|--------------------|--------|--------|--------|-------------------------|--------|
|  | March-13           | Apr-13 | May-13 | Jun-13 | Dec-13                  | Dec-14 |
|  | 0.5                | 1.1    | 0.1    | 0.0    | 1.7                     | 1.6    |

<sup>1</sup> Average forecasts by private institutions listed in Table 1.

Table 4

**Opinions – March 2013**

Number of responses

|   | Currently               |                     |                          | Trend for next 6 months |           |              |
|---|-------------------------|---------------------|--------------------------|-------------------------|-----------|--------------|
|   | Favourable              | Neutral             | Unfavourable             | Improving               | Unchanged | Worsening    |
| International context: EU               | 0                       | 2                   | 17                       | 13                      | 5         | 1            |
| International context: Non-EU           | 7                       | 12                  | 0                        | 13                      | 6         | 0            |
|   | Low <sup>1</sup>        | Normal <sup>1</sup> | High <sup>1</sup>        | Increasing              | Stable    | Decreasing   |
| Short-term interest rate <sup>2</sup>   | 5                       | 11                  | 3                        | 3                       | 13        | 3            |
| Long-term interest rate <sup>3</sup>    | 1                       | 3                   | 15                       | 1                       | 10        | 8            |
|   | Overvalued <sup>4</sup> | Normal <sup>4</sup> | Undervalued <sup>4</sup> | Appreciation            | Stable    | Depreciation |
| Euro/dollar exchange rate               | 16                      | 3                   | 0                        | 0                       | 10        | 9            |
|   | Is being                |                     |                          | Should be               |           |              |
|   | Restrictive             | Neutral             | Expansionary             | Restrictive             | Neutral   | Expansionary |
| Fiscal policy assessment <sup>1</sup>   | 19                      | 0                   | 0                        | 11                      | 5         | 3            |
| Monetary policy assessment <sup>1</sup> | 2                       | 3                   | 14                       | 0                       | 1         | 18           |

<sup>1</sup> In relation to the current state of the Spanish economy.<sup>3</sup> Yield on Spanish 10-year public debt.<sup>2</sup> Three-month Euribor.<sup>4</sup> Relative to theoretical equilibrium rate.