Box 1
MACROECONOMIC PROJECTIONS FOR THE SPANISH ECONOMY (2022-2024) (cont'd)

Figure 1
SUMMARY OF THE MACROECONOMIC PROJECTIONS FOR THE SPANISH ECONOMY (2022-2024)

	2022	2023	2024
GDP	4.1% ⬇ 0.4 pp	2.8% ⬇ 0.1 pp	2.6% = 0.0 pp
Inflation	7.2% ⬇ 0.2 pp	2.6% ⬆ 0.6 pp	1.8% ⬆ 0.3 pp

MAIN REASONS FOR THE REVISION
(with respect to the April projections)

- The downside surprise in the economic growth data for Q1 automatically lowers GDP growth in 2022
- However, this revision is partially offset by the buoyancy of services in April and May, signalling higher-than-projected growth in 2022 Q2
- The growth outlook for the rest of the projection horizon is not significantly different from that published in April
- Inflation in 2023 and 2024 is revised upwards due to the stronger and more persistent increase in underlying inflation
- Despite the rise in underlying inflation, headline inflation in 2022 is revised downwards due to the impact of the Iberian mechanism to cap the gas price

MAIN SOURCES OF UNCERTAINTY

- New information that becomes available after the cut-off date which might significantly alter the projections (e.g. data on inflation in May and extension of measures in Spain to mitigate surging energy prices)
- Intensity of the indirect and second-round effects on inflation
- Duration and severity of the war in Ukraine and developments in energy prices and global value chain bottlenecks
- Developments in financial conditions in a context of monetary policy normalisation globally
- Use and macroeconomic impact of European funds

SOURCE: Banco de España.