

Summary of the macroeconomic projections for the Spanish economy (2023-2025)

	2023	2024	2025	MAIN REASONS FOR THE REVISION (with respect to the March projections)
GDP	<p>2.3%</p> <p>↑ 0.7 pp</p>	<p>2.2%</p> <p>↓ 0.1 pp</p>	<p>2.1%</p> <p>0.0 pp</p>	<ul style="list-style-type: none"> • GDP growth for 2023 is revised upwards by 0.7 pp, owing above all to the carry-over effect arising from the revision to the data for 2022 and stronger-than-expected growth in 2023 Q1 according to the flash QNA data published by the INE. • In addition, the latest short-term economic indicators suggest that growth may have accelerated slightly in Q2. • As regards the rest of the projection horizon, the growth projected for 2024 is revised downwards slightly (by 0.1 pp), while for 2025 it remains unchanged. • Inflation is revised downwards in 2023, largely as a result of a sharper-than-expected slowdown in energy prices, while the inflation projections for 2024 and 2025 remain unchanged from the March exercise.
Inflation	<p>3.2%</p> <p>↓ 0.5 pp</p>	<p>3.6%</p> <p>0.0 pp</p>	<p>1.8%</p> <p>0.0 pp</p>	<p>MAIN SOURCES OF UNCERTAINTY</p> <ul style="list-style-type: none"> • Against a backdrop in which uncertainty is still very high, the risks to the growth projections are mainly tilted to the downside, while for the inflation projections, they are considered to be balanced. • The main sources of uncertainty are: <ul style="list-style-type: none"> – The strength of the impact of tighter financing conditions on economic activity and inflation. – The pass-through of the price reductions of certain commodities to consumer prices. – Future developments in current geopolitical tensions. – The pace at which the NGEU projects will be rolled out.

SOURCE: Banco de España.