

AIReF ENDORSES MADRID'S MACROECONOMIC FORECASTS FOR 2023

The Independent Authority for Fiscal Responsibility (AIReF) endorses and considers the forecasts for 2023 presented by Madrid feasible. These forecasts are prepared in a context of uncertainty that complicates their assessment at a national level, but heightens them at a territorial level. Although the GDP rate of change forecast by Madrid for 2023 is higher than AIReF's estimate, it falls within the range of estimates of the consensus of analysts and is similar to the forecast made in the macroeconomic outlook that accompanies the General State Budget (GSB).

According to the Law on the Establishment of AIReF, the macroeconomic forecasts incorporated in the draft budgets of all General Government sub-sectors must include a report from the institution indicating whether they have been endorsed.

However, Royal Decree 215/2014, of March 28th, approving the Organic Statute of AIReF, states that in the event that any General Government body incorporates or applies in the corresponding budget a set of forecasts that exactly corresponds to those incorporated by another General Government body integrated in its territorial scope and which has been endorsed by AIReF, it will not be necessary to issue a specific report. This circumstance shall be expressly stated in the draft Budget.

The macroeconomic scenario of Madrid is framed in a context in which the materialisation of a number of risks identified by AIReF since the end of 2021, and particularly over the course of 2022, will impact the economic outlook of the European Union and Spain in the coming years. Specifically, AIReF indicates the risks surrounding the energy crisis, the persistence of inflation and the tightening of financing conditions.

Madrid's estimates point to GDP growth of 4.6% in 2022. Although this falls within the range of forecasts available by other private bodies and institutions, AIReF considers that, given the worsening economic growth perspectives, the scenario is optimistic compared with its forecast.

For 2023, Madrid estimates GDP growth in volume terms of 1.8%. These forecasts are made in a context of uncertainty that complicates their assessment at a national level, but heightens them at a territorial level, since the latest information available on Spanish Regional Accounts is the benchmark for the year 2020, published in December 2021. Furthermore, it is not consistent with the most recent information available for the country as a whole as a result of the latest statistical revisions made by the National Statistics Institute for the years 2019 to 2021, published on September 15th, 2022. In this regard, although the GDP rate of change forecast by AIReF of 1% is lower than the Region's own forecast, it should be stressed that the Region's forecast falls within the range of estimates of the consensus of analysts of the Autonomous Regions and is lower than the forecast in the macroeconomic outlook that accompanies the General State Budget. Taking these constraints into account, AIReF considers that the forecasts for 2023 presented by this Region are feasible and, as such, endorses them.

NOTA DE PRENSA
26/10/2022

AIReF stresses that, given the importance of medium-term planning, it would be desirable to include a macroeconomic scenario that covers a period greater than that of the general annual budget.

It also stresses that Madrid complies with the recommendation to submit to AIReF, prior to the publication of the draft budget, information on the macroeconomic forecasts that underpin it and the corresponding request for endorsement. It also complies with the advice on good practices to include a comparison with other independent forecasts. However, this Region bases its forecasts on the estimates of other institutions and thus does not employ or include details of the econometric techniques, models and parameters or the assumptions used in its macroeconomic forecasts.