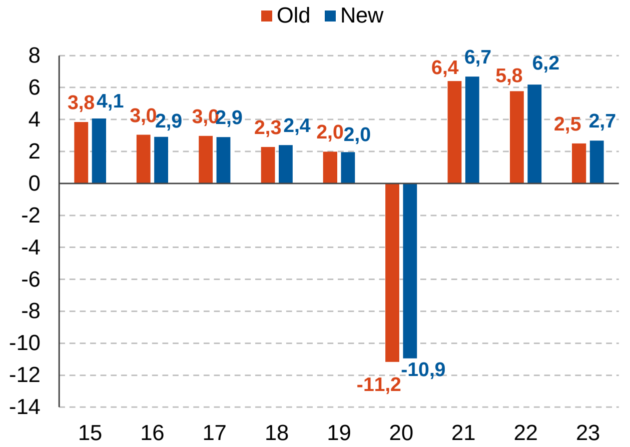
The revision of the INE's Annual National Accounts increases the growth of the Spanish economy between 2021 and 2023 and reduces the fall observed in 2020

The INE has today published the statistical review of the Annual National Accounts. The agency has revised the main annual aggregates for the period 1995-2023, resulting in notable changes in Spain's economic growth, especially in the 2020-2023 period.

After a somewhat less severe drop-in activity than initially estimated in 2020 (-10.9% vs -11.2%), the Spanish economy rebounded strongly over the following years. In 2021 and 2022, growth was above 6% per year during both years (6.7% and 6.2%), three and four tenths above the previous estimates, respectively. The moderation of activity in 2023 is still evident, but after the revision, economic growth stood at 2.7% annually (+0.2pp). In terms of level, this revision assumes that GDP would have recovered the pre-pandemic level one or two quarters earlier (at the beginning of 2022) and that in 2023 it would have been 3.6% above (vs the previous 2.5%). By components, the most notable revisions were:

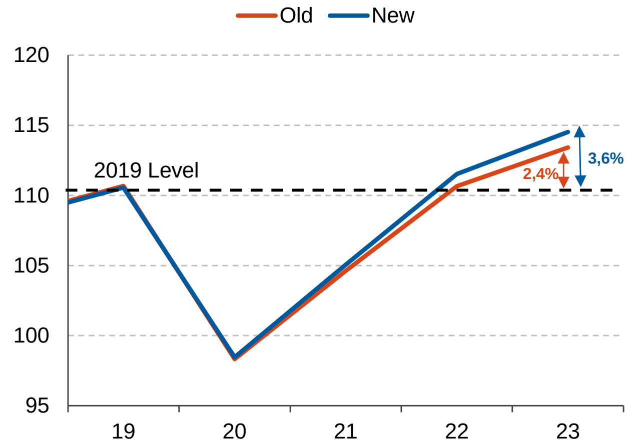
1. A private investment, revised downwards, which was more pronounced by the interest rate hikes of recent years. In 2022, the growth of this component was more robust, growing by 4.8% year-on-year (from 1.4% in the previous estimate), possibly as a result of a greater impact of the NGEU funds estimated earlier. However, the sharp tightening of financial conditions since the end of 2022 has become more noticeable in the evolution of investment, which fell by 1.6% in 2023 (a fall 1.2pp greater than previously estimated).
2. Foreign demand contributed more to growth in 2023, thanks to the better performance of exports of goods and services. These grew by 2.8% in the year (+0.5pp vs. the previous estimate), while the growth of imports of goods and services remained unchanged, thus offsetting the worse performance of private investment during that year.
3. Greater public sector support for growth, both in 2022 and 2023: the growth in public administration consumption for the two years has been revised upwards, to 0.6% per year and 5.2% per year (+0.8pp and +1.4pp), respectively.

Spain's annual GDP growth path before and after the INE's 2024 statistical review (% per year)



Source: Afi, INE

Path of the level of Spain's GDP before and after the statistical review of the INE of 2024 (Index)



Source: Afi, INE

Despite not yet having the quarterly evolution of the national accounts (the INE will provide it next Friday, September 27), the upward revision of recent years could raise our growth estimate for the whole of 2024 to around 3% (as a result of the greater carry-over effect at the end of 2023, without the need to modify our outlook for the second half of 2024), although possibly with changes in the composition of that growth. The fact that there have been no significant changes in private consumption, one of the pillars of growth going forward, will keep our view unchanged. But a greater dynamism in external demand, which has led to our recent upward revision of forecasts, could mean a few tenths more growth.

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