

SPRING 2008 ECONOMIC OUTLOOK FOR SPAIN: ANSWERS FROM CEOE

MAIN FORECAST						
	2007	2008	2009			
Real GDP growth	3.8	2.4	1.9			
Consumer price inflation	2.8	3.6	2.4			
Unemployment rate	8.3	9.0	9.5			
Employment growth	3.0	1.5	1.2			
Components of aggregate demand						
Annual % change	2007	2008	2009			
Private consumption	3.1	2.2	2.0			
Public consumption	5.2	4.3	2.8			
Investment (Gross fixed capital formation)	5.9	2.9	1.2			
Exports	5.3	4.1	3.8			
Imports	6.6	5.1	4.4			
ECONOMIC SENTIMENT						
Trend in business climate over the next 6 months	Positive	Negative Industry Services	Unchanged			
Trend in profitability over the next 6 months	Positive	Negative Industry Services	Unchanged			
Investment intentions over the next 6 months	Increase (faster pace)	Increase (slower pace)	Unchanged	Decrease (slower pace)	Decrease (faster pace) Industry	
Driving force behind investment decisions in the next 6 months	Replacement	Extension	Rationalisation	Innovation		
Trend in consumer confidence over the next 6 months	Positive	Negative yes	Unchanged			
Overall trend in employment	Industry: past 6 months Down	Industry: next 6 months Down	Services: past 6 months Same	Services: next 6 months Down		
Over the next 6 months, cost/access to finance will be...	Higher / more difficult Access	Same Cost	Lower / less difficult			
Financial market turmoil has affected companies' investment decisions negatively ...	to a large extent	to some extent yes	to a limited extent	not at all		
EXCHANGE RATE DEVELOPMENTS						
Where will the EUR/USD stand in October 2008 ?	Dollar per euro 1.50					
POLICY MIX						
Progress towards medium-term budgetary objective is...	Not necessary, situation is satisfactory	Excellent	Satisfactory	Neither satisfactory nor unsatisfactory yes	Unsatisfactory	Deteriorating
Monetary policy is...	Tight, appropriate for the euro area	Tight	Appropriate	Loose	Loose, appropriate for the euro area yes	
Focus on elements of the ECB analysis underlying its current policy stance is...	Above-target inflation	Downside risks to growth over medium term	Inflation pressures from high oil and commodity prices	Upside risks to wage inflation	Risks related to credit market turbulences	Risks of further euro appreciation
Consistency between fiscal and monetary policies	Adequate	Inadequate yes				insufficient