

## NOVEMBER 2011 ECONOMIC OUTLOOK FOR SPAIN: ANSWERS FROM CEOE

### MAIN FORECAST

Annual % change	2011	2012
Real GDP growth	0,7	0,7
Consumer price inflation	3,1	1,5
Unemployment rate	21,1	21,4
Employment growth	-1,1	-0,4
government net lending (% of GDP)	-6,4	-5,0
gross public debt (% of GDP)	68,0	70,5
current account balance (% of GDP)	-4,2	-3,9

### Components of aggregate demand - in real terms

Annual % change		
Private consumption	0,5	0,8
Public consumption	-0,6	-2,0
Investment (Gross Fixed Capital Formation)	-5,6	-1,9
Private non-residential investment	-0,7	1,9
Exports	8,3	5,5
Imports	1,4	2,0

### ECONOMIC SENTIMENT

	Positive	Negative	Unchanged
Trend in business climate over the next 6 months		Industry	
		Services	

	Positive	Negative	Unchanged
Trend in profitability over the next 6 months		Industry	
		Services	

	Increase (faster pace)	Increase (slower pace)	Unchanged	Decrease (slower pace)	Decrease (faster pace)
Investment intentions over the next 6 months			Industry		
			Services		

	Global demand	Domestic demand	Cost of finance	Availability of finance	Company Profitability	Capacity Utilisation
Influence on companies' investment decisions	neutral	negative	negative	negative	negative	negative

	Replacement	Extension	Rationalisation	Innovation
Driving force behind investment decisions in the next 6 months	neutral	negative	positive	positive

	Industry: past 6 months	Industry: next 6 months	Services: past 6 months	Services: next 6 months
Overall trend in employment	Down	Down	Up	Same



**ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH**

<b>Compared to 6 months ago, cost/access to finance has been...</b>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
<i>for SMEs</i>	Cost Access			
<i>for larger companies (&gt;250 employees)</i>		Cost Access		

<b>Over the next 6 months, cost /access to finance will be...</b>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
<i>for SMEs</i>	Access	Cost		
<i>for larger companies (&gt;250 employees)</i>		Cost Access		

	<b>Consolidation of banking sector balance sheets</b>	<b>Access to capital markets</b>	<b>Encouraging equity financing through tax reforms</b>	<b>Better use of existing EU instruments (including EIB)</b>	<b>Greater potential for Public-Private-Partnerships</b>
<b>Measures to alleviate current financial difficulties for SMEs</b>	Moderate effect	Moderate effect	Moderate effect	Moderate effect	Moderate effect
	<b>Consolidation of banking sector balance sheets</b>	<b>Access to capital markets</b>	<b>Encouraging equity financing through tax reforms</b>	<b>Better use of existing EU instruments (including EIB)</b>	<b>Greater potential for Public-Private-Partnerships</b>
<b>Measures to alleviate current financial difficulties for midsize and large companies</b>	Important effect	Important effect	Important effect	Important effect	Important effect



**POLICY MIX**

	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i> yes	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>					
<i>Consistency between fiscal and monetary policies</i>	<i>adequate</i> yes	<i>inadequate</i>			
<i>Regarding the sustainability of public</i>	excellent committment	satisfactory committment	neither satisfactory nor unsatisfactory yes	unsatisfactory committment	no clear committment creating an extremely
<i>Exit Strategies</i>	excessive focus	sufficient focus	satisfactory nor unsufficier	unsufficient focus	so far ignored
<i>Tight fiscal rules and more effective institutions</i>				yes	
<i>Greater efficiency of public</i>					yes
<i>Credible cost-cutting measures</i>					yes
<i>Increased scope of public-private</i>				yes	
<i>Reform of pension systems</i>			yes		
<i>Improved efficiency of healthcare sector</i>				yes	
<i>Entry Strategies</i>	excessive focus	sufficient focus	satisfactory nor unsufficier	unsufficient focus	so far ignored
<i>More and better-targeted education and training</i>					yes
<i>More and better targeted R&amp;D and Prioritisation of infrastructure investments</i>		yes		yes	
<i>Growth enhancing tax reforms</i>				yes	
<i>In 2015, the government deficit will...</i>	respect the 3% limit yes	be in balance no			