



## BOX 1

Spanish GDP growth in 2022 has been revised downwards, as economic activity slowed more sharply than expected in Q1. That said, activity seems to have become more buoyant in recent months. The intensity and persistence of the rise in inflation continues to surprise on the upside. Apart from the headline inflation rate in 2022, which has been revised down slightly owing to the entry into force of the Iberian mechanism to lower electricity bills, the other headline and underlying inflation rates have been revised significantly upwards in the period 2022-2024



## BOX 2

Consumer inflation expectations have increased in recent quarters, in particular among those households most exposed to the increase in energy prices and those that are most pessimistic about future economic developments



## BOX 3

At the end of 2021, mark-ups in Spain stood below their pre-pandemic levels and were less buoyant than in the euro area as a whole. Also, there have been signs of some decline in profit margins in recent quarters, although this aggregate behaviour is compatible with significant sectoral variation



## BOX 4

The Iberian mechanism to cap the price of gas used in electricity generation would reduce the inflation rate projected for 2022 by 0.5 pp and that projected for 2023 by 0.1 pp, although the uncertainty surrounding these estimates is very high