

A REVIEW OF THE MACROECONOMIC INDICATORS

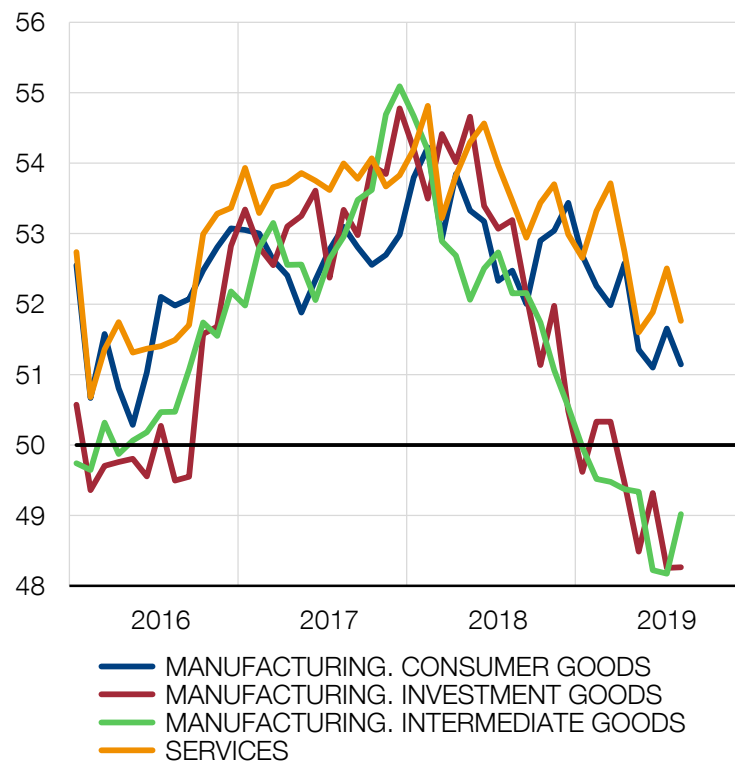
Pablo Hernández de Cos
Governor. Banco de España

LATIN AMERICA, THE UNITED STATES AND SPAIN IN THE GLOBAL ECONOMY FORUM

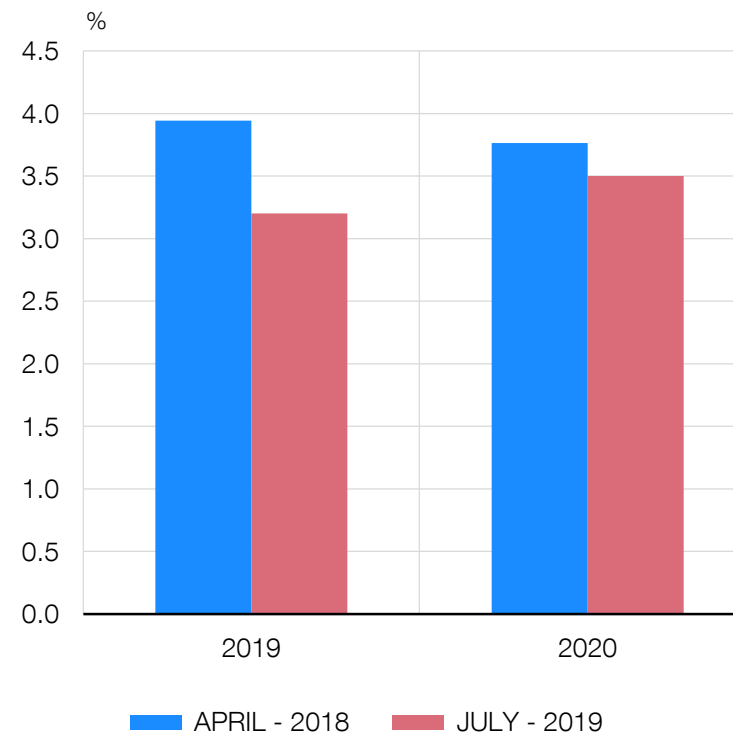
New York City
24 September 2019



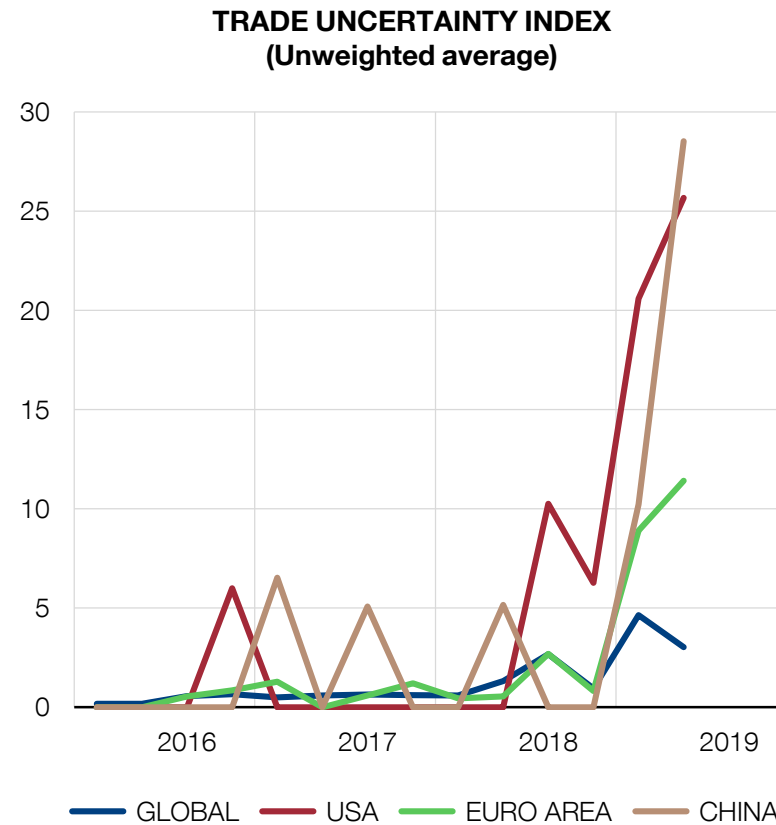
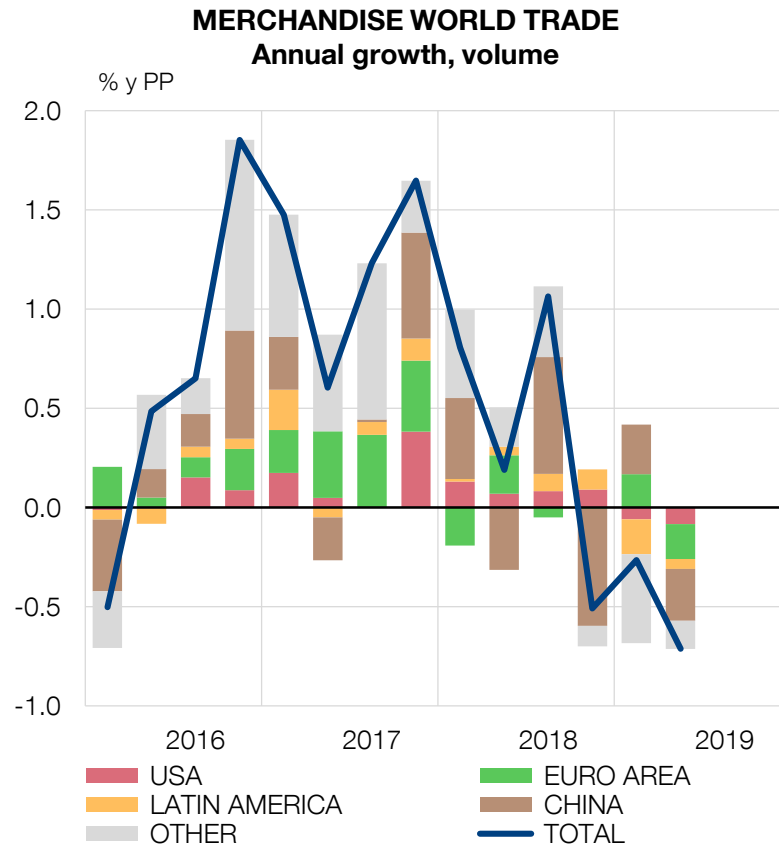
GLOBAL PMI



IMF GLOBAL GROWTH PROJECTIONS

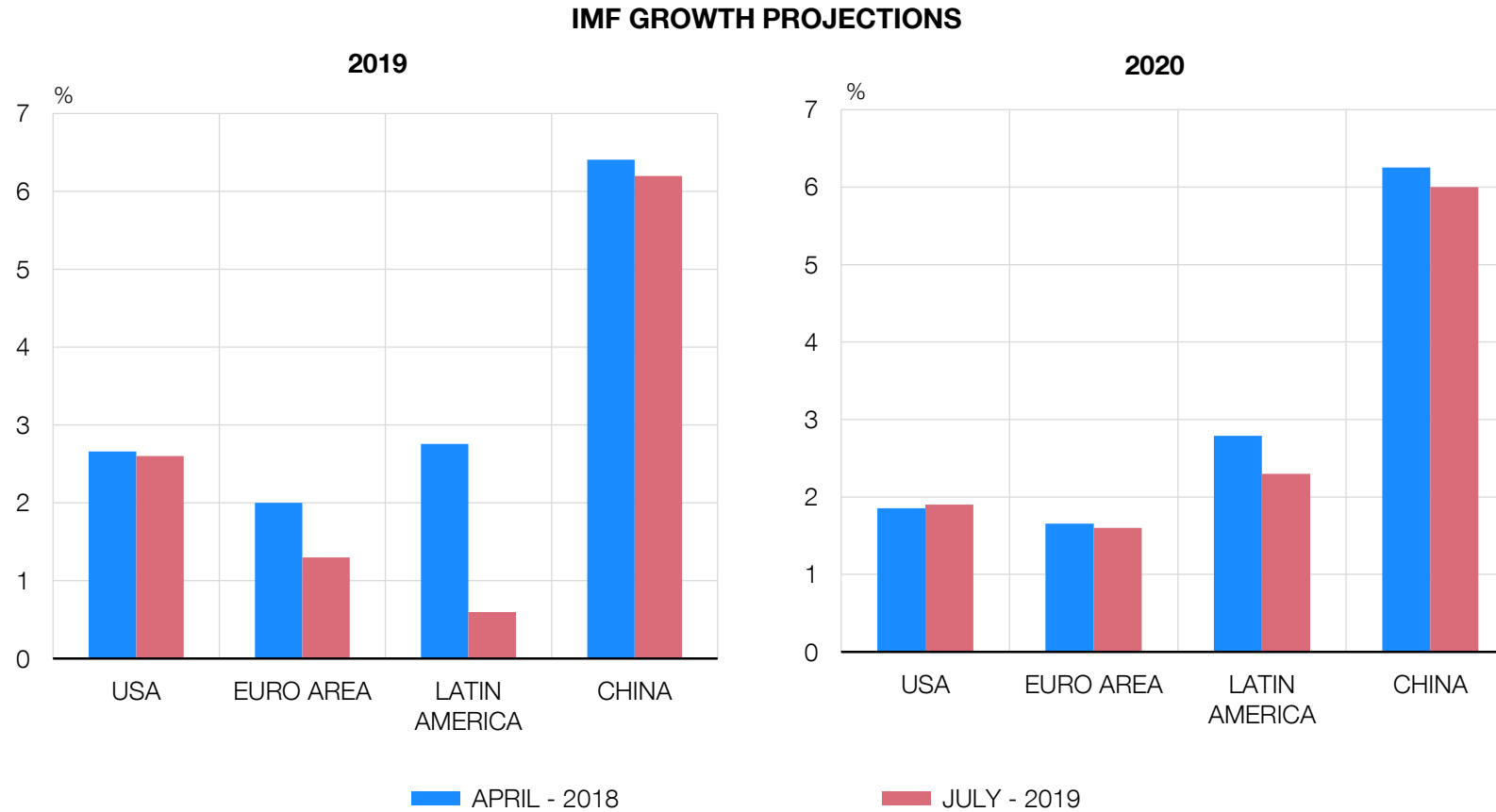


Sources: JP Morgan and IMF



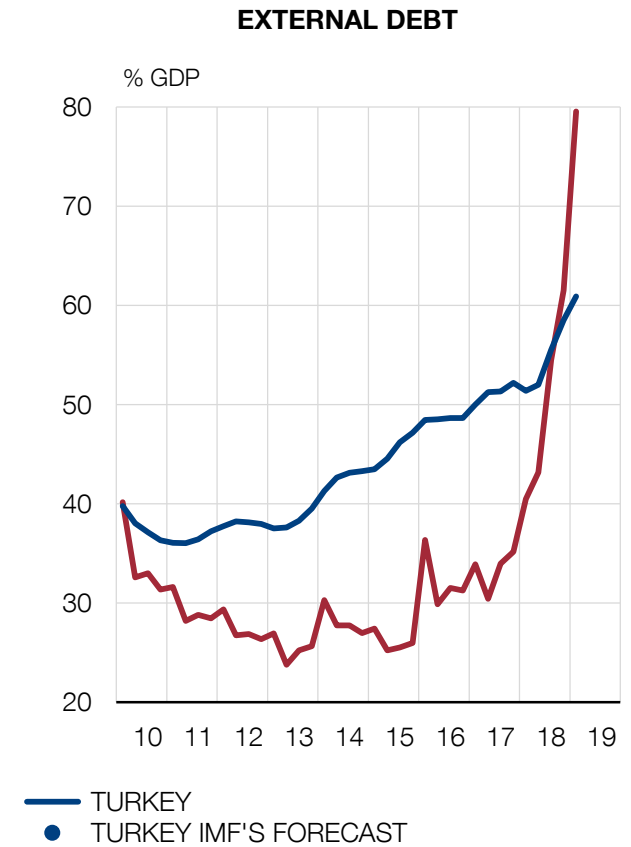
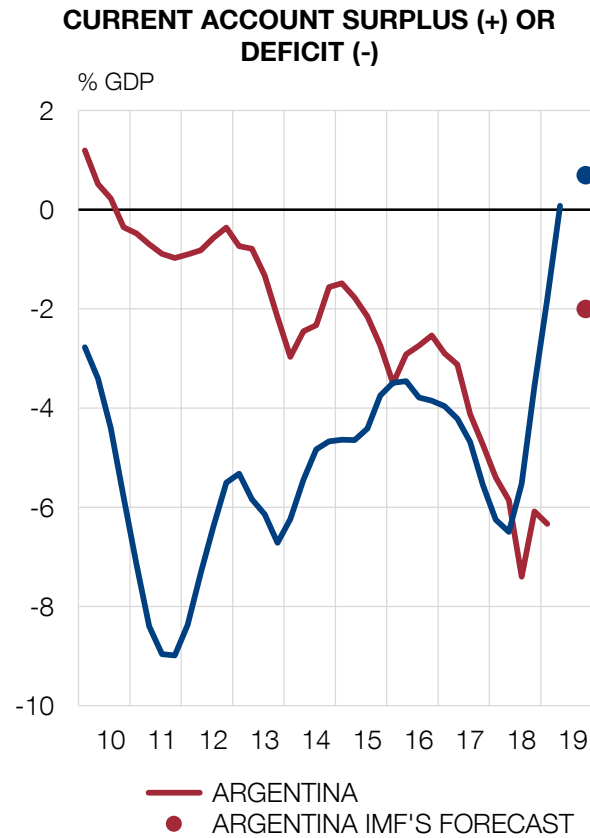
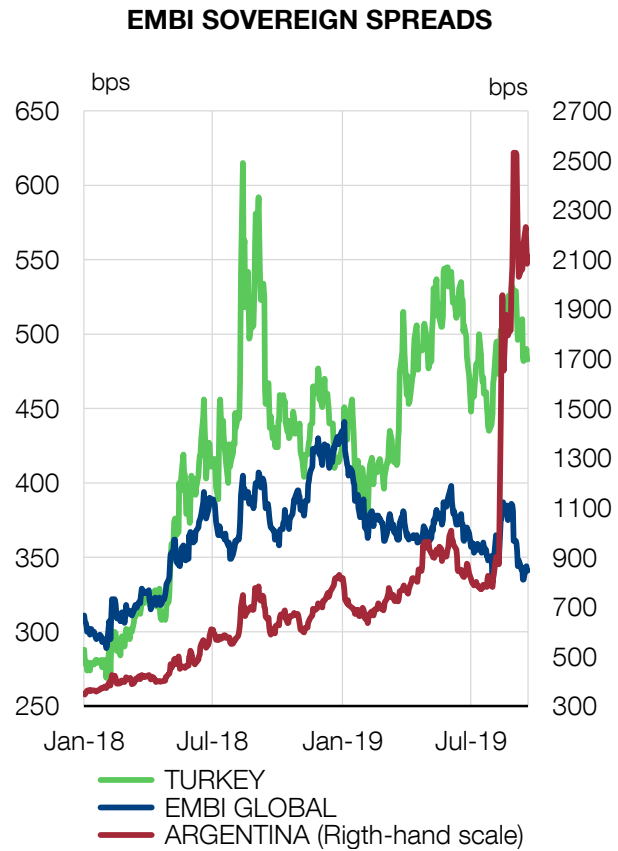
Sources: CPB and Hites Ahir, Nicholas Bloom and Davide Furceri (2018)

DETERIORATION IN THE SHORT-TERM ECONOMIC OUTLOOK IS GREATER IN THE EURO AREA AND LATIN AMERICA



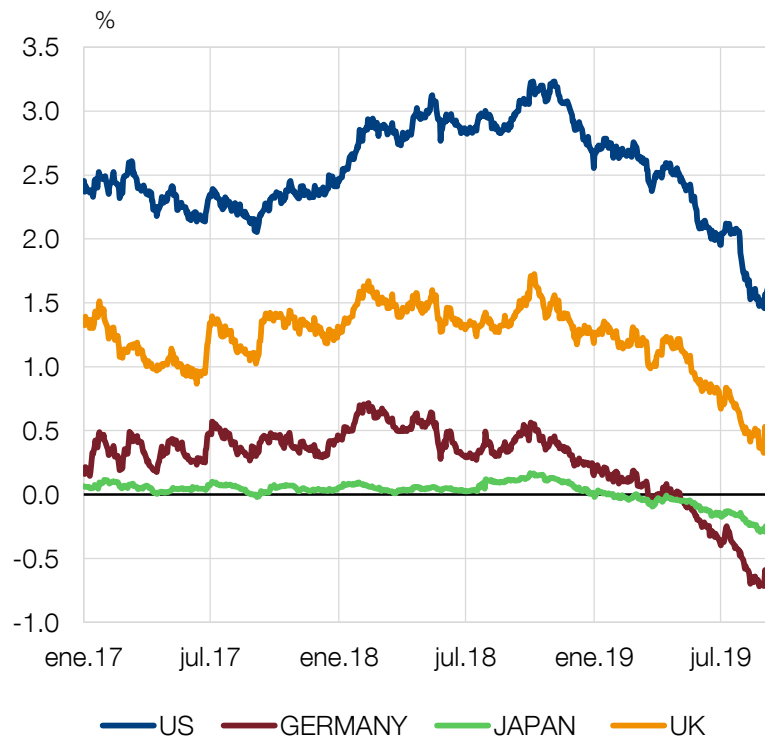
Sources: IMF

STRESS IN TURKEY AND ARGENTINA DID NOT SPREAD TO OTHER EMERGING MARKETS

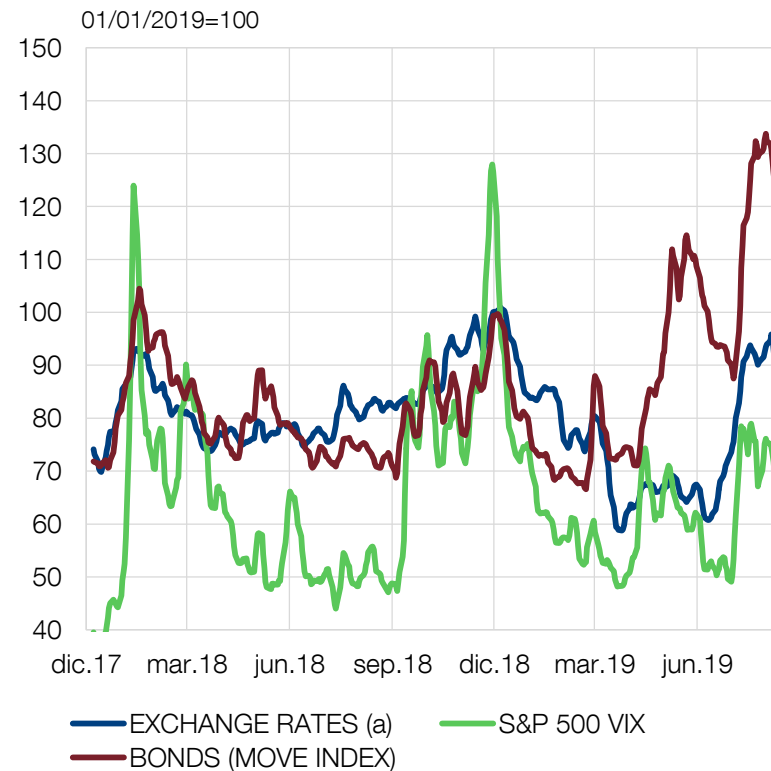


Sources: Thomson Reuters and IMF

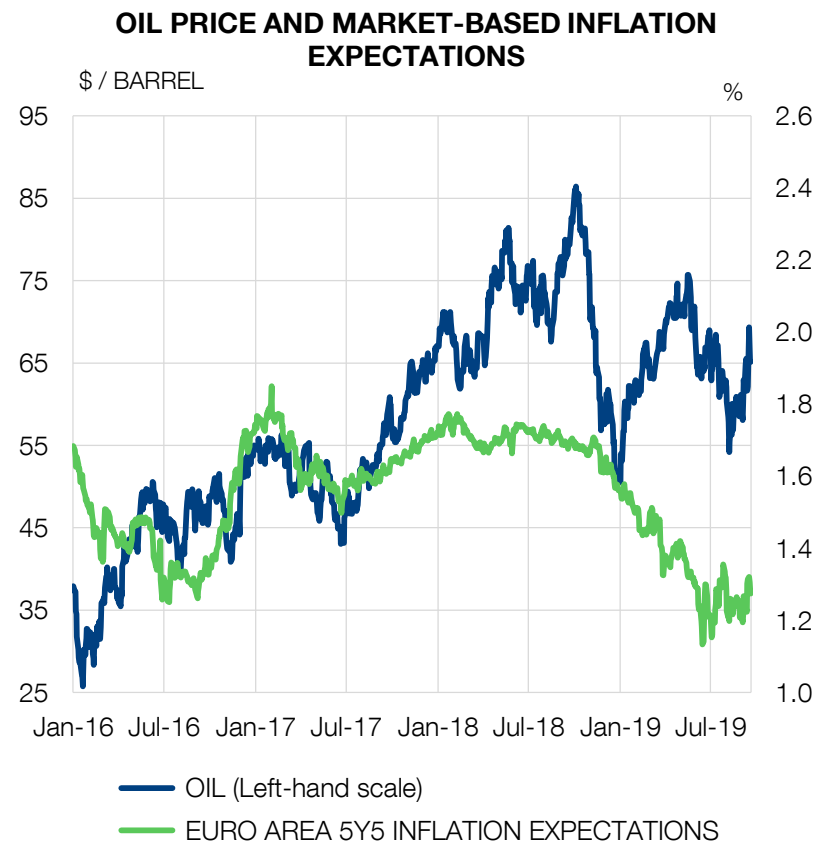
10-YEAR INTEREST RATES Sovereign bonds



FINANCIAL MARKET VOLATILITY 5-day moving average

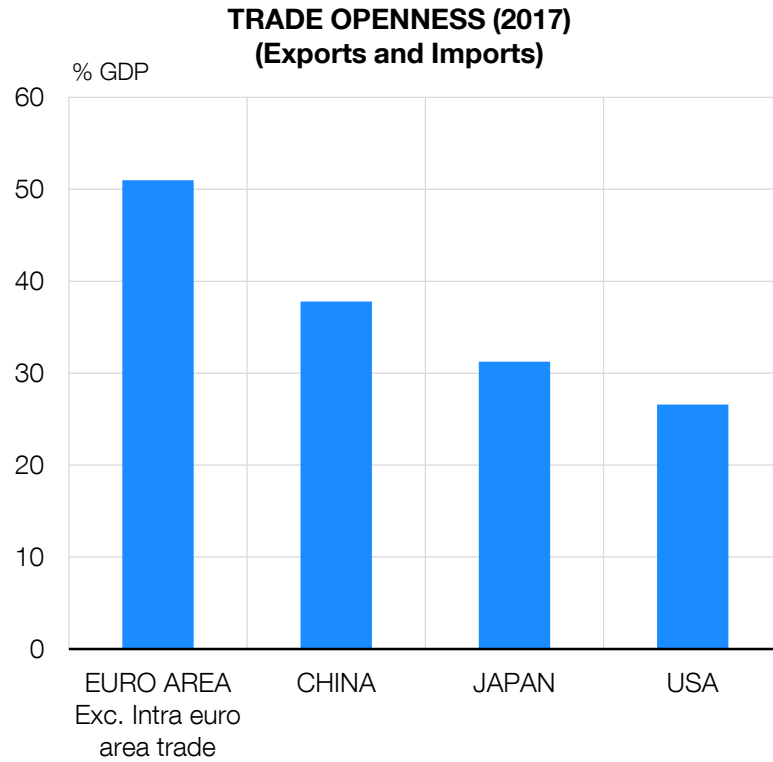


Source: Thomson Reuters
(a) Average 3-month volatility \$/€, \$/£ and ¥/\$

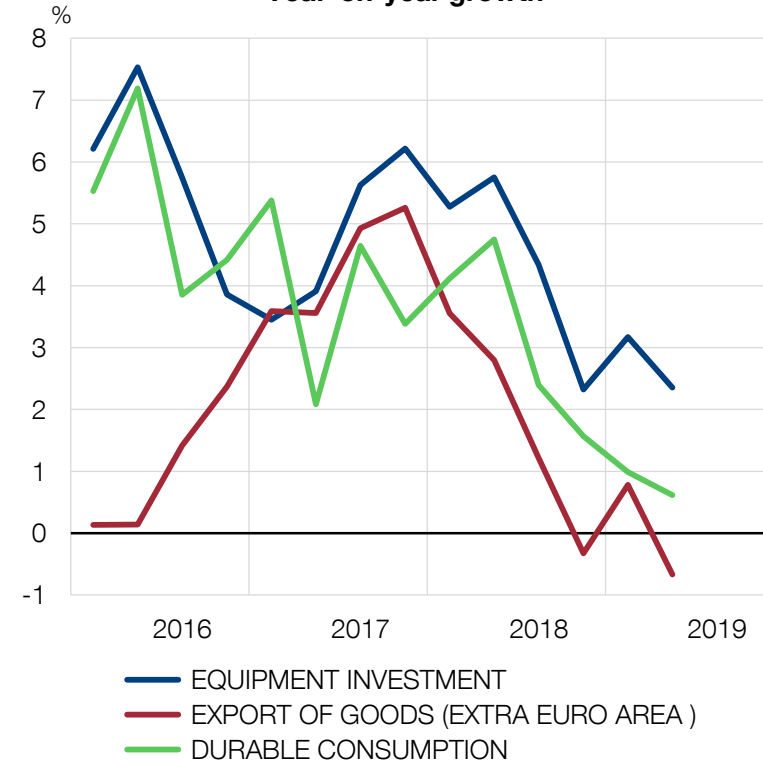


Source: Thomson Reuters

THE EURO AREA EXPOSURE TO INTERNATIONAL TRADE MODERATION IS LARGE BECAUSE OF ITS OPENNESS

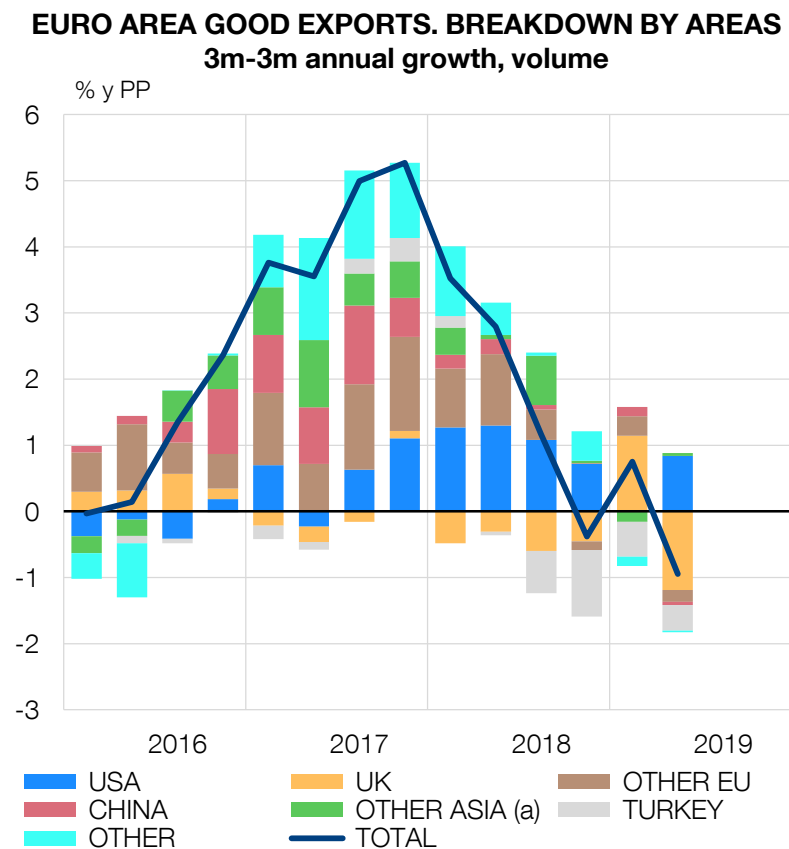
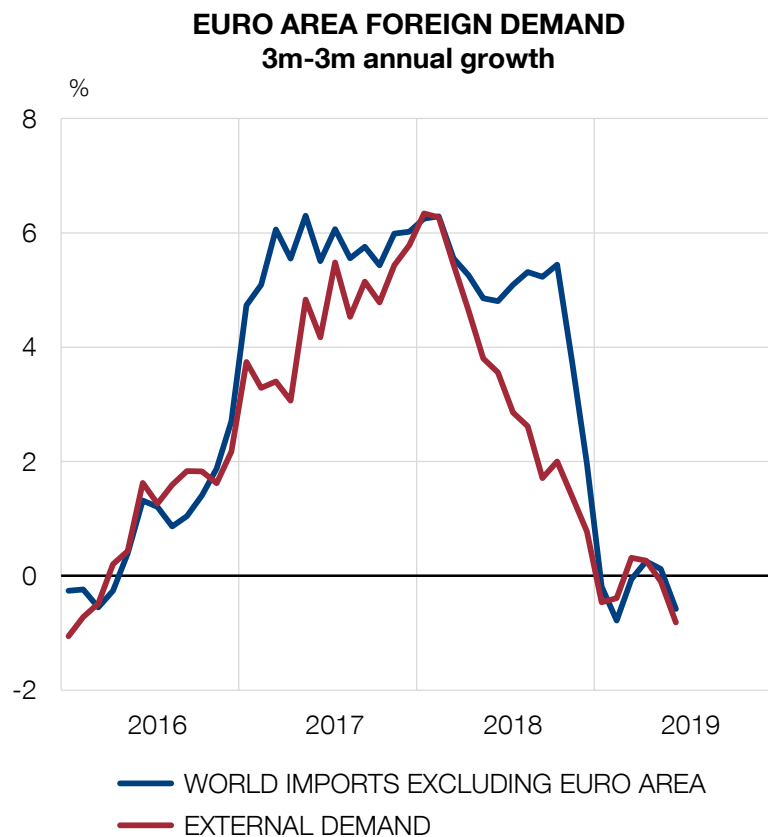


EURO AREA EXPORT AND LONG-TERM SPENDING
Year-on-year growth



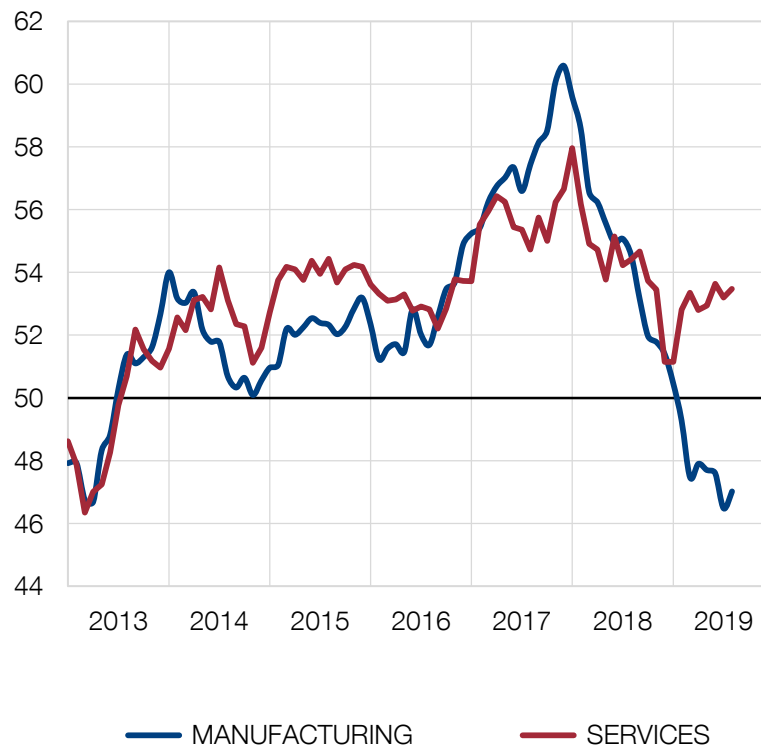
Sources: WTO and Eurostat.

EURO AREA EXPORTS PERFORMED WORSE THAN WORLD TRADE BECAUSE OF ITS GEOGRAPHICAL SPECIALIZATION

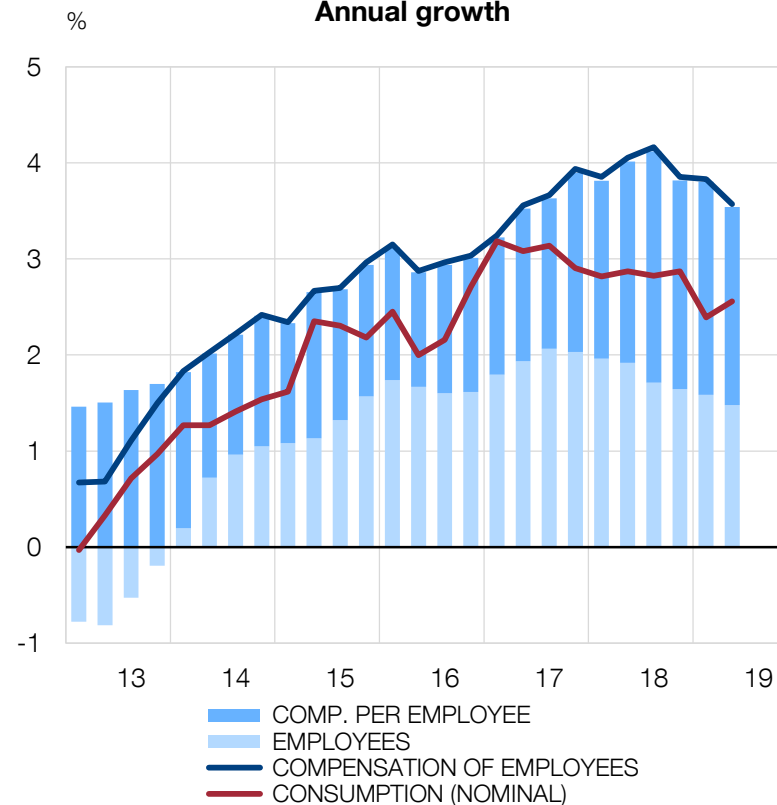


Sources: CPB and Eurostat
(a) Excluding Middle East

OUTPUT PMIs BY SECTOR



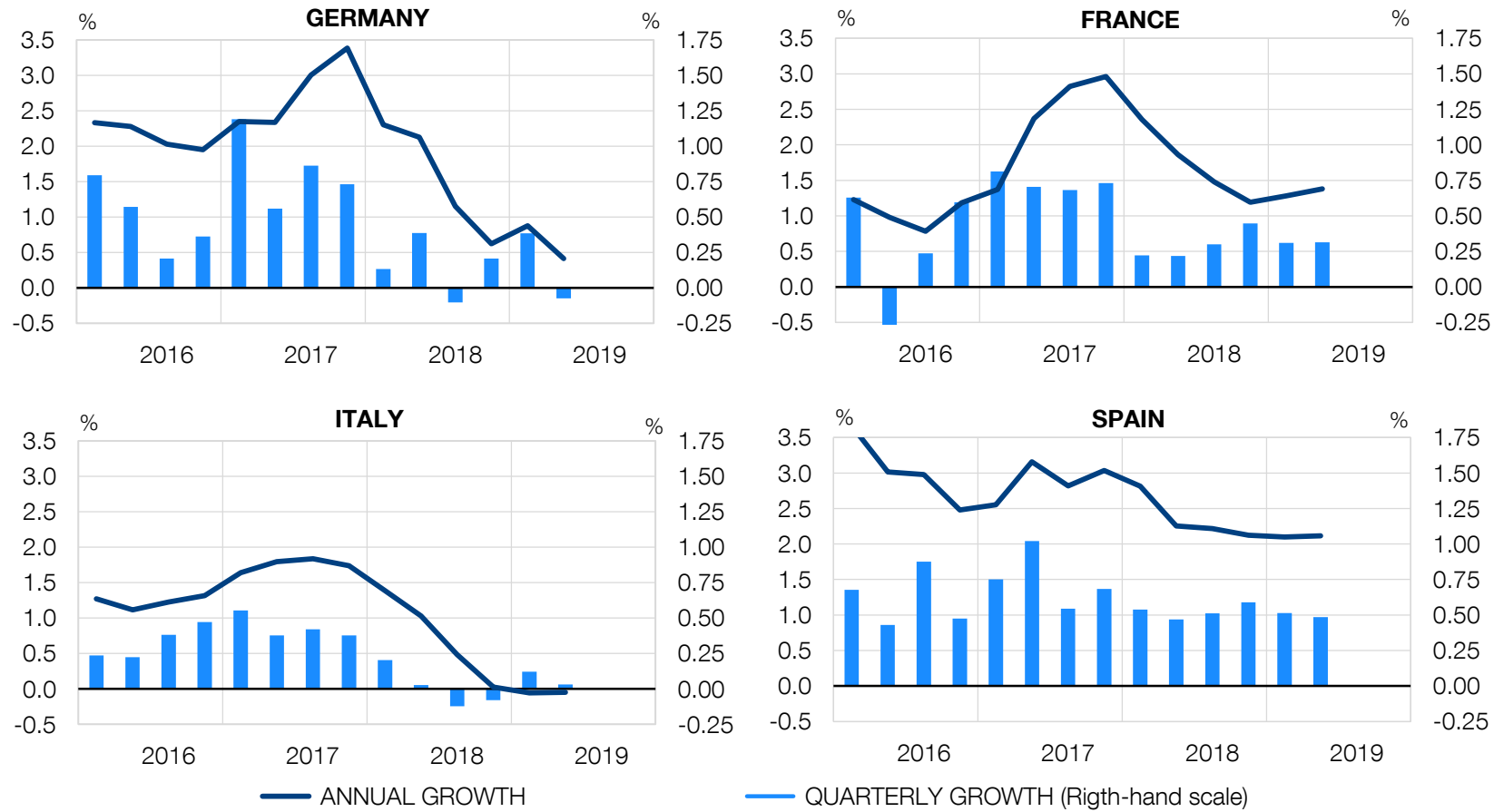
LABOUR MARKET AND CONSUMPTION Annual growth



Sources: Markit and Eurostat

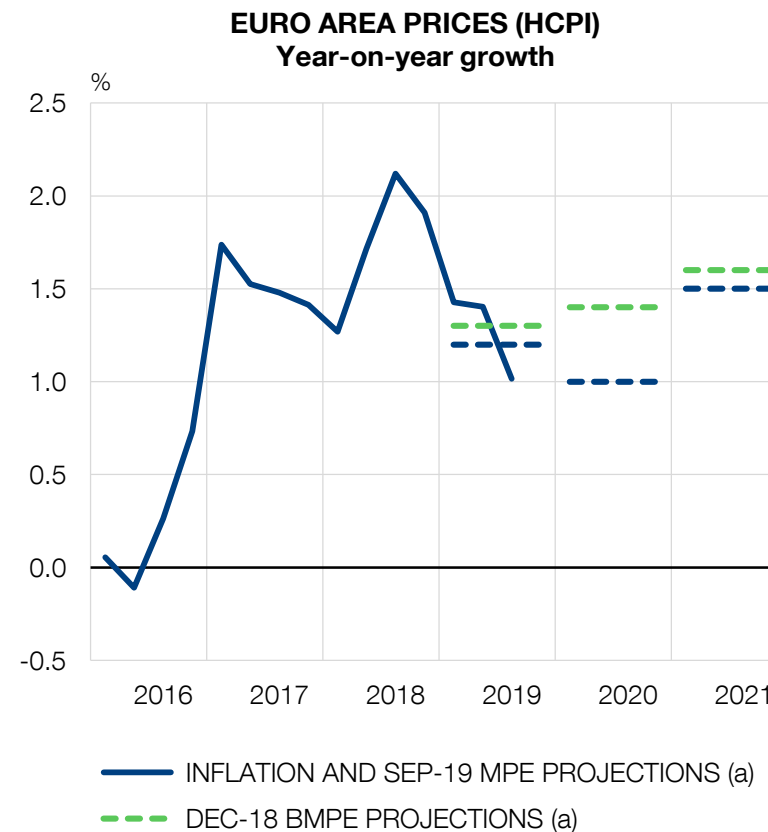
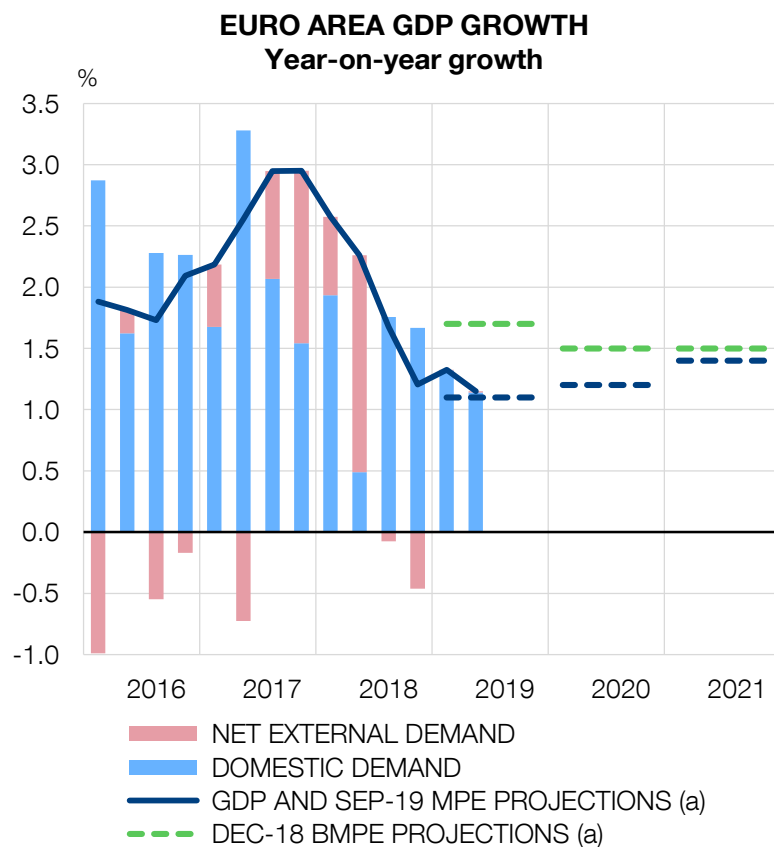
ECONOMIC SLOWDOWN IS WIDESPREAD ACROSS COUNTRIES, BUT STRONGER IN GERMANY AND ITALY

GDP GROWTH



Sources: Eurostat and INE

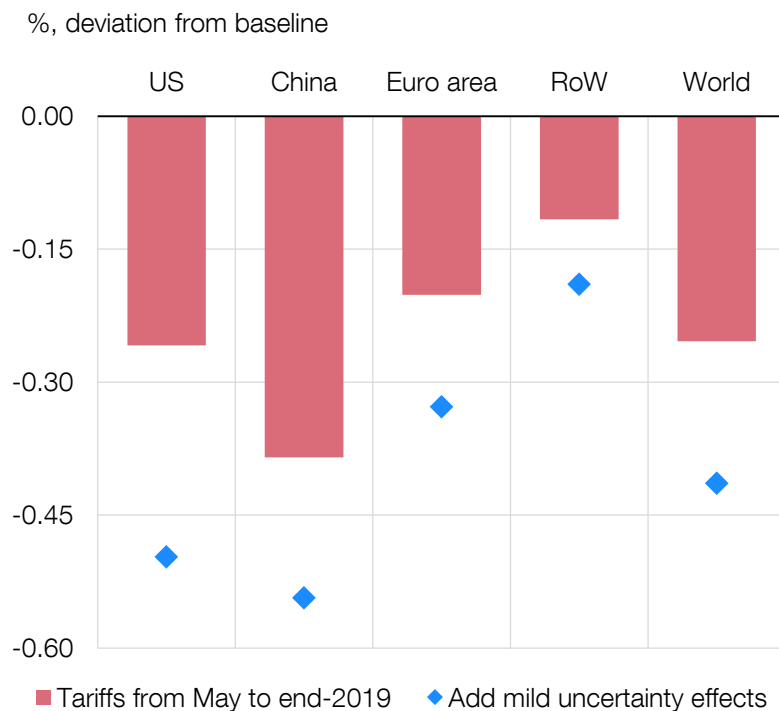
RECENT FORECAST ENVISAGES A MORE MODERATE OUTLOOK FOR GDP AND INFLATION IN THE EURO AREA



(a) MPE refers to Macroeconomic Projection Exercise conducted by the ECB staff. BMPE refers Eurosystem Broad Macroeconomic Projection Exercise conducted by the Eurosistema.

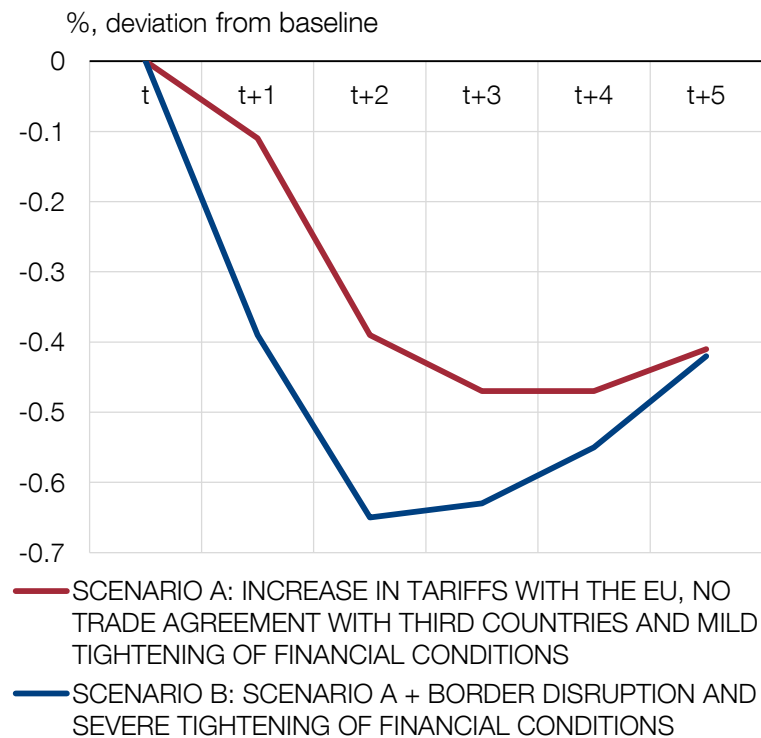
Source: ECB and Eurostat.

TRADE CONFLICT ESCALATION: GDP IMPACT IN Q4 2021



Source: Banco de España

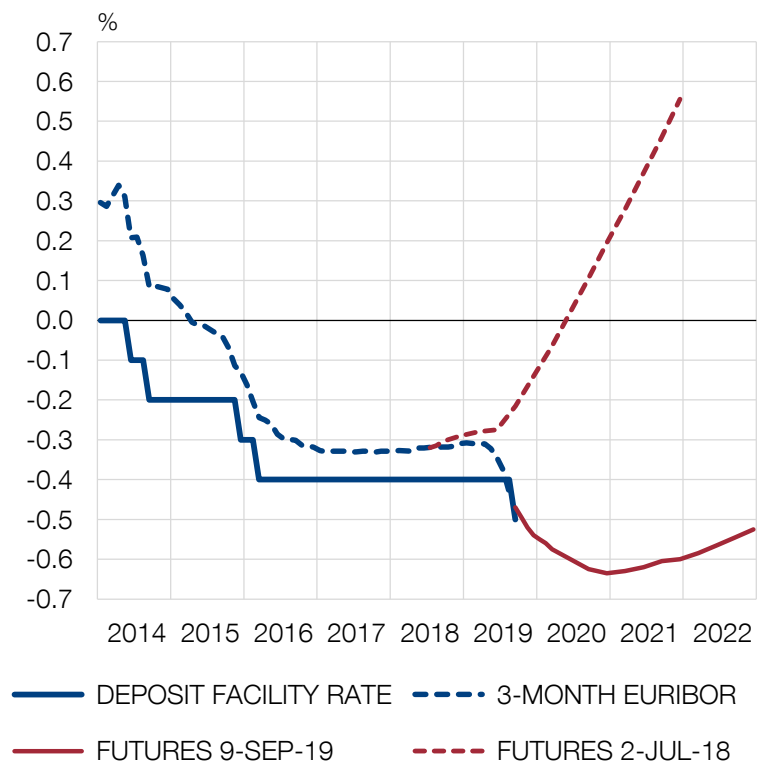
EU: GDP IMPACT OF NO-DEAL BREXIT



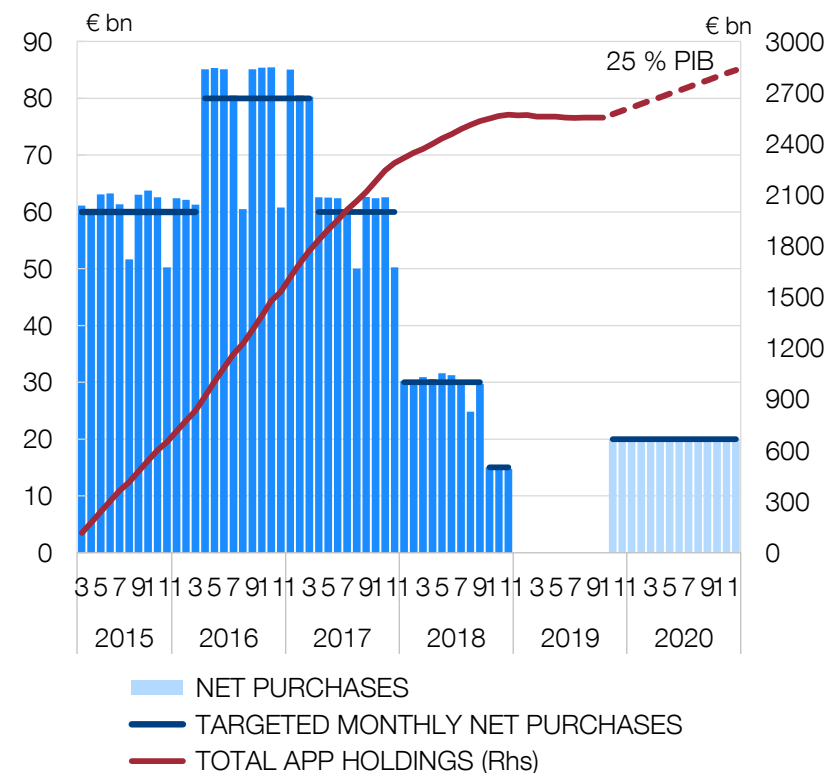
Source: IMF WEO, April 2019

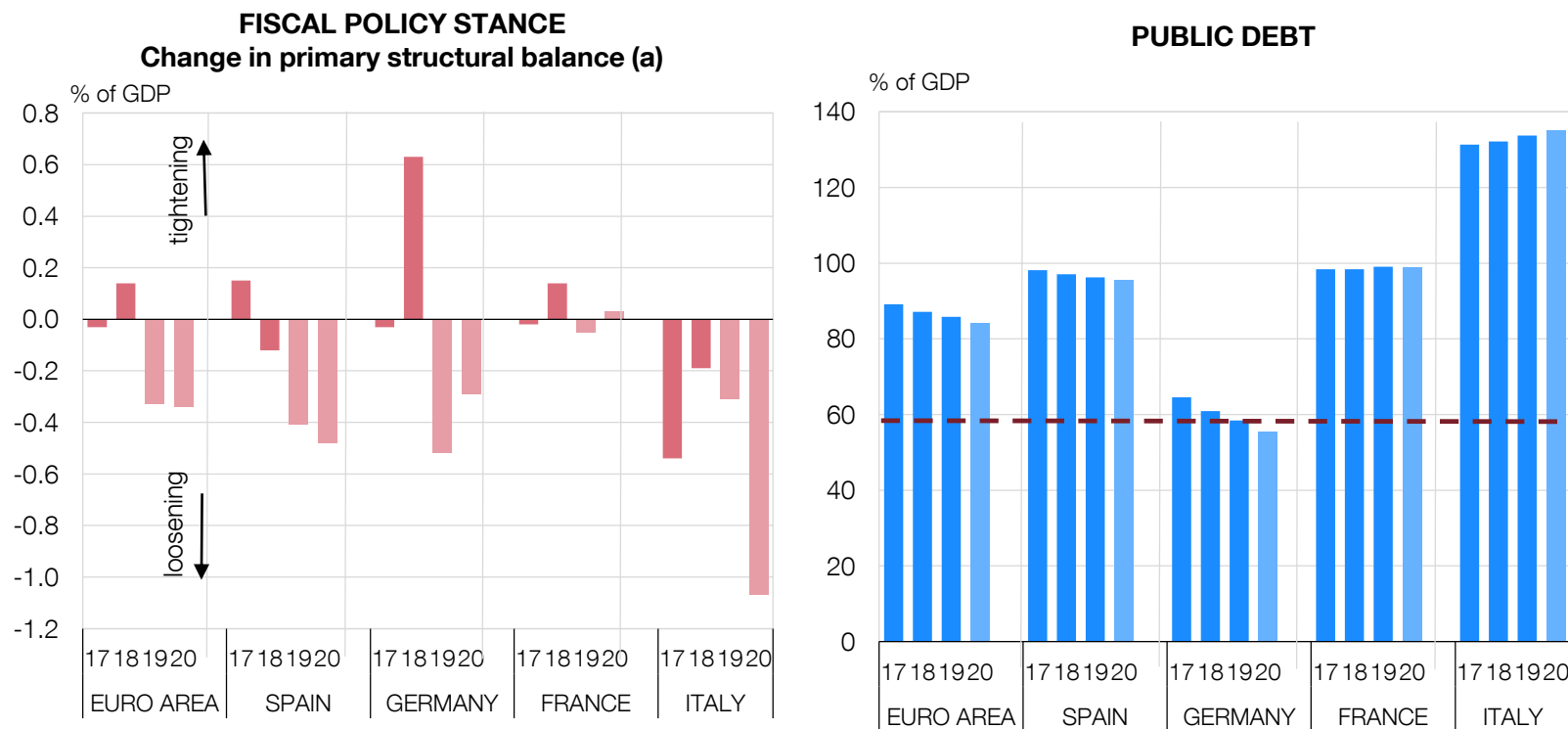
The ECB Governing Council introduced new measures including (1) reinforcing forward guidance on policy rates, (2) further cuts in interest rates into negative territory (with mitigating measures for banks) and (3) better conditions for TLTRO-III and new asset purchases under APP

ECB OFFICIAL INTEREST RATES AND 3-MONTH EURIBOR FUTURES



**ASSET PURCHASE PROGRAMME (APP)
Net monthly purchases and holdings**



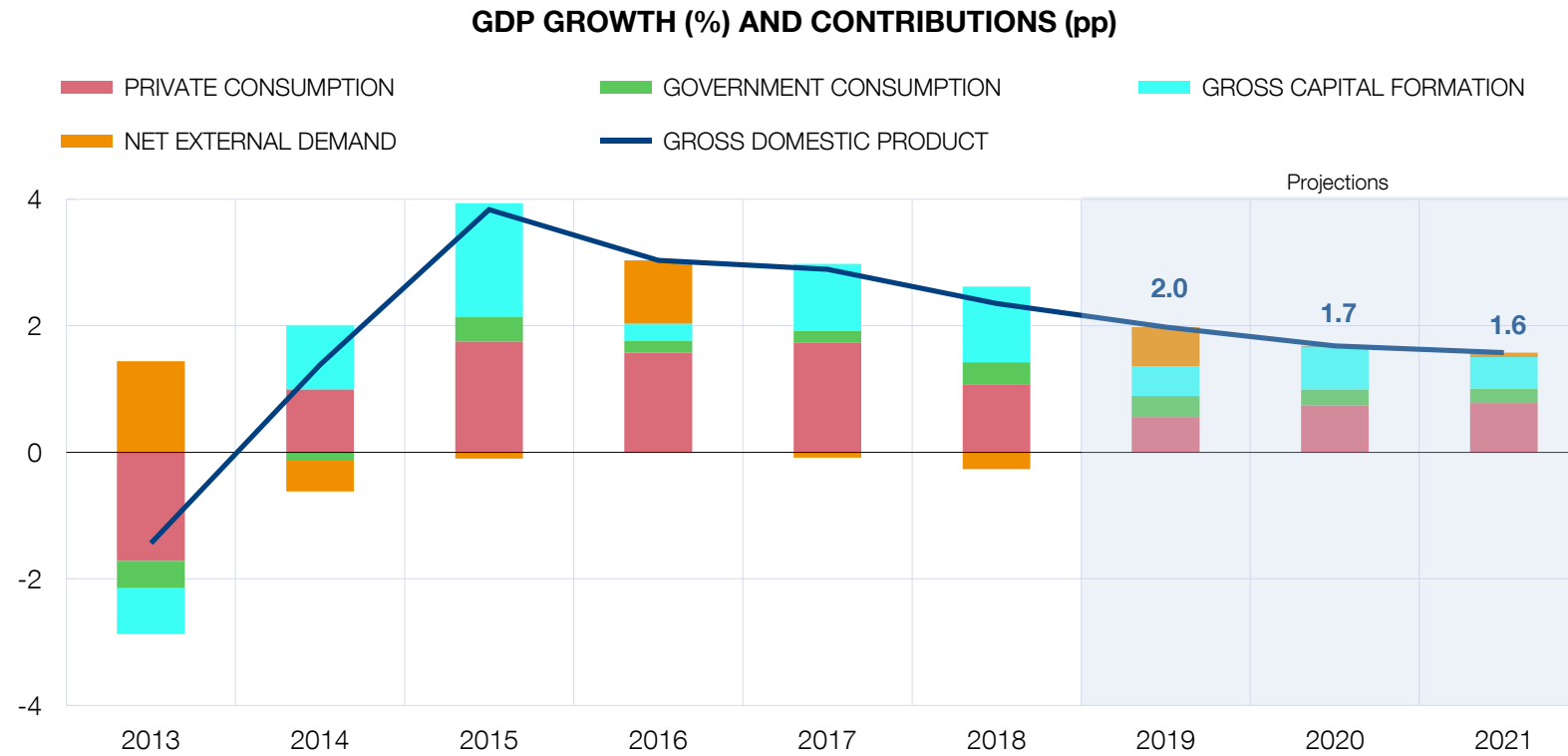


Source: European Commission.
Percentages of potential GDP

THE EXPANSIONARY PHASE OF THE SPANISH ECONOMY IS EXPECTED TO CONTINUE, ALBEIT AT A LOWER RATE THAN IN PREVIOUS YEARS

Annual growth rate (%)	2018	September 2019 projections			Changes from June 2019 projections (pp)		
		2019	2020	2021	2019	2020	2021
Real GDP	2.4	2.0	1.7	1.6	-0.4	-0.2	-0.1
Employment (<i>f.t.e.</i>)	2.5	1.8	1.3	1.5	-0.2	-0.2	-0.1
Headline inflation	1.7	0.8	1.1	1.5	-0.3	-0.2	0.0
Core inflation	1.0	1.1	1.4	1.6	-0.1	-0.1	-0.1

Projections cut-off date: 17 September 2019



Activity:

- *External:*
 - *an intensification of trade tensions and other geopolitical risks, with implications for global trade and activity,*
 - *the possibility of a no-deal Brexit,*
 - *a weaker recovery than projected in external markets, in particular the euro area.*
- *Domestic:*
 - *the persistence of uncertainty regarding the future course of economic policies.*

THANKS FOR YOUR ATTENTION

