

## **MAPFRE Economic Research Forecasts up to 1.7% Deceleration of Spanish Economic Growth**

MAPFRE Economic Research forecasts the continued moderation of global growth at an average rate of 3.1% this year. However, thanks to proactive monetary and fiscal policies implemented for the most part across the board worldwide, the economy will resume growth, with potential global growth reaching 3.4% in 2021.

Emerging economies will continue to have more significant contributions to the global economy than developed economies. They will see stable growth at a rate close to 4.5% over the next several years thanks to more favorable financial conditions, improved terms of trade for countries producing raw agricultural materials, the recovery of some economies in recession (Turkey), and the end of slowdowns in large economies that occurred in 2019 (Brazil, Mexico, India, and Russia).

### **Economists Have Positive View of the Removal of Some Uncertainty Regarding Brexit in the United Kingdom.**

According to their “2020 Economic and Sectoral Outlook” report, economists have a positive view of the removal of some uncertainty regarding Brexit in the United Kingdom — which will be carried out as the conservative party sees fit — and of the trade agreements between the US and China, which have stopped the creation of further geopolitical tensions. Nevertheless, they noted that the growth of protectionist trends and increasing civil disorder — in addition to demonstrations in Hong Kong, there have been waves of protests in Iraq, Libya, Iran, and India, while social unrest continues to grow in Latin America — threaten to affect global growth. More recently, tensions between the US and Iran from the January 3 attack will have political and geostrategic effects that will be seen in global economic performance.

### **Impact on the insurance industry**

The dynamics of the global economy continue to affect the industry’s performance and the Non-Life and Life Risk segments in particular, which are experiencing a slowdown. Generalized application of flexible monetary policies is helping to stop this trend and could contribute to the situation’s reversal, but has left interest rates low. Combined with a slowdown of economic growth, this situation limits the development of the life-savings and traditional life annuity businesses. However, positive performance of securities markets is a stimulus for life insurance products where policyholders take on investment risk.

In Spain, economic growth continues above the other large Eurozone economies, but is decelerating, which is impacting the insurance market. The life-savings and traditional life annuity business also continues to be burdened by the low interest rate environment affecting the entire

Eurozone and is experiencing premium decreases with no improvement for this situation in sight. Emerging economies generally have more favorable outlooks. In Brazil and Mexico, the economic situation is improving and impacting their respective insurance markets.

[The full Outlook Report can be found here.](#)