

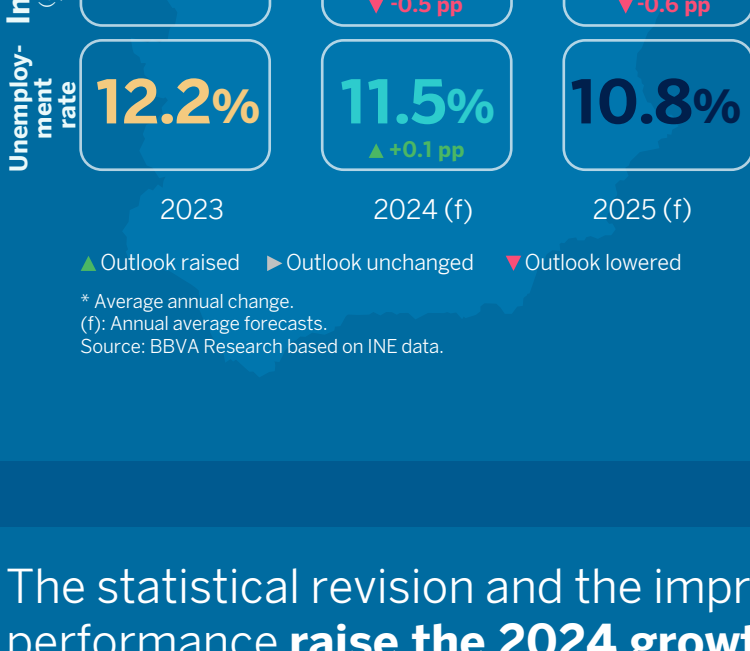
Spain Economic Outlook



OCTOBER
2024

GDP growth is revised upward by **four tenths in 2024**

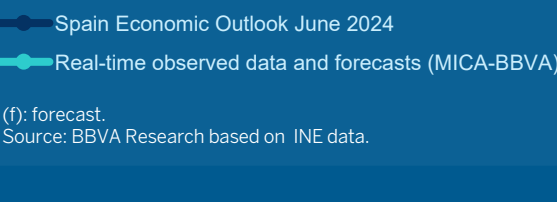
to **2.9 %** and by **three tenths in 2025** to **2.4 %**.



The statistical revision and the improved current performance **raise the 2024 growth forecast.**



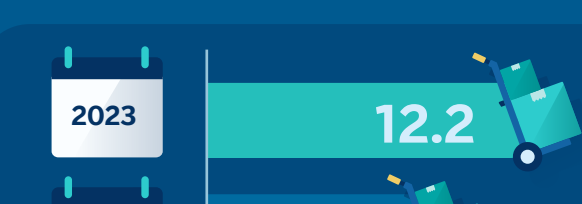
QUARTERLY GDP GROWTH (%)



CONTRIBUTION TO PROJECTED GDP GROWTH IN 2024 BY DATE OF PREPARATION (PP)



Both domestic and external demand are gaining momentum.



Exports of services continue to **perform well.**

SPAIN: CONTRIBUTIONS TO THE ANNUAL CHANGE IN EMPLOYMENT BY NATIONALITY (THOUSANDS OF PERSONS, ANNUAL AVERAGES)



Immigration supports **job creation.**

CONTRIBUTION OF CHANGES IN CONFIDENCE TO CONSUMPTION GROWTH (PP)



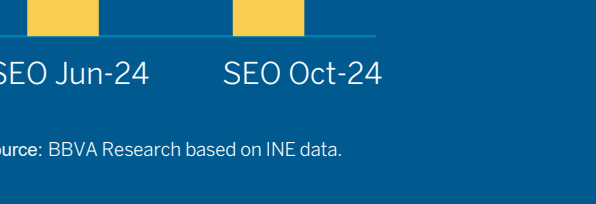
Consumption has grown **more than expected**, driven by the strong performance of employment and its impact on household propensity to spend.

Source: BBVA Research based on INE data.

A SCENARIO OF SUSTAINED recovery lies ahead...



GDP GROWTH IN THE EUROZONE (% YOY)



The recovery of the European economy will support exports growth.

(f): forecast.
Source: BBVA Research.

Inflation in Spain has already fallen and will remain at levels below wage growth.



EURIBOR 12 MONTHS (%)



Monetary policy will be **less restrictive** and **will lead to a reduction in the cost of financing.**

Source: Bloomberg and BBVA Research.

SHARE OF EMPLOYMENT IN KNOWLEDGE-INTENSIVE SERVICES TO TOTAL EMPLOYMENT IN THE SERVICES SECTOR (%)



The expansion of the services sector has been accompanied by a greater share of employment in human capital-intensive jobs.

GOVERNMENT DEFICIT (FOUR-QUARTER ROLLING SUM; % OF GDP)



The deficit reduction achieved in the first half of 2024, along with the upward GDP revision, **has reduced the need for additional adjustments in 2025.**

Source: BBVA Research based on Ministry of the Treasury data.

... but looking ahead the expectation of a **slowdown remains**



THE GROWTH OF TOURISM WILL BE CONSTRAINED, BY BOTH CYCLICAL AND STRUCTURAL FACTORS.



TOTAL OVERNIGHT STAYS IN HOTELS, BASED ON THREE SCENARIOS OF AVERAGE RISING TEMPERATURE BY 2100 (CHANGE BETWEEN THE AVERAGE FOR 2091-2100 AND 2024-2030, %)

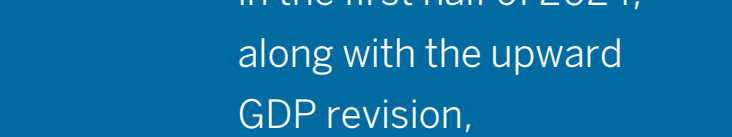


Some export sectors are undergoing **structural adjustments.**

EXPORTS IN REAL TERMS (2019=100)



EXPECTED HOUSEHOLD SAVING RATE IN 2024 BY DATE OF PREPARATION (% OF GDI)



Savings remain high and are concentrated in groups with a low propensity to consume.

8.7
AVERAGE
1999-2019

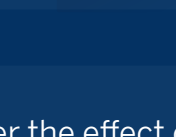
Source: BBVA Research based on INE data.

Constraints on future growth

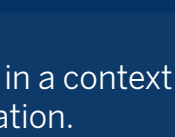
1 Worse prospects for investment linked to the Recovery Plan and the change in the production model.



2 Constraints on housing supply in Spain.



3 Doubts over the effect of immigration on productivity.



4 Fiscal policy uncertainty remains high in a context of significant parliamentary fragmentation.

