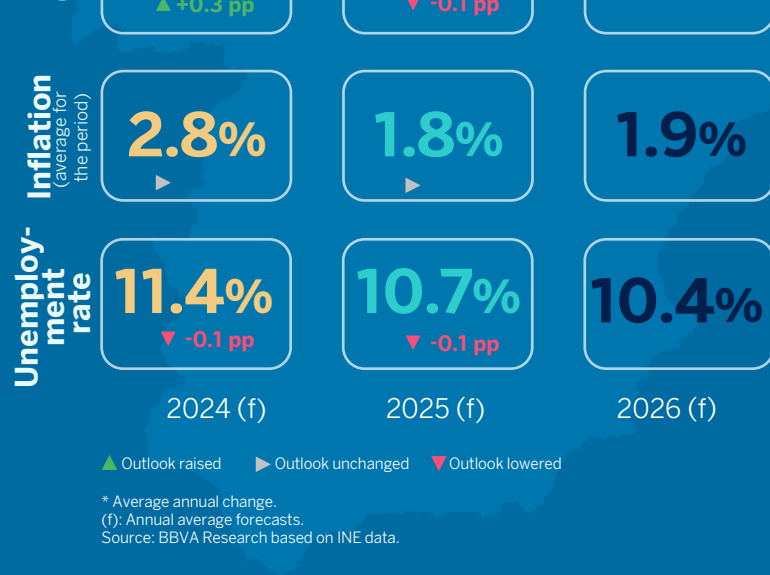


Spain Economic Outlook



Forecast GDP **growth for 2024 revised up.**
The outlook is for a **slowdown in 2025 and 2026**

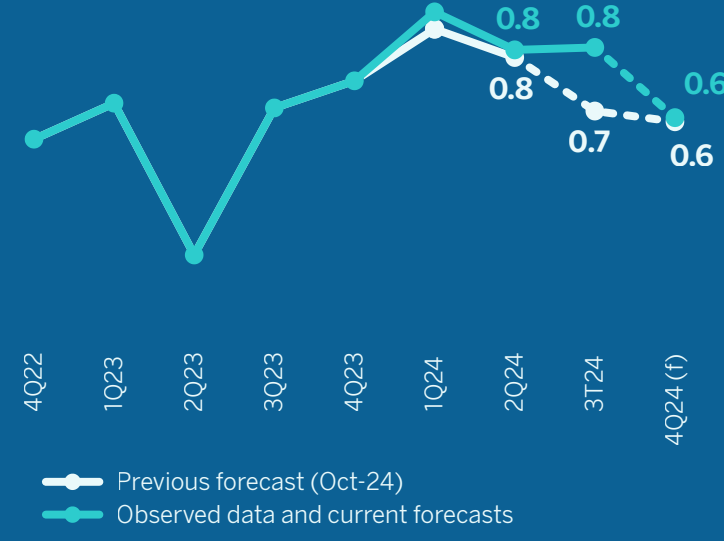


* Average annual change.
(f) Annual averages forecasts.
Source: BBVA Research based on INE data.



GDP has **OUTPERFORMED** recently

QUARTERLY GDP GROWTH (%)

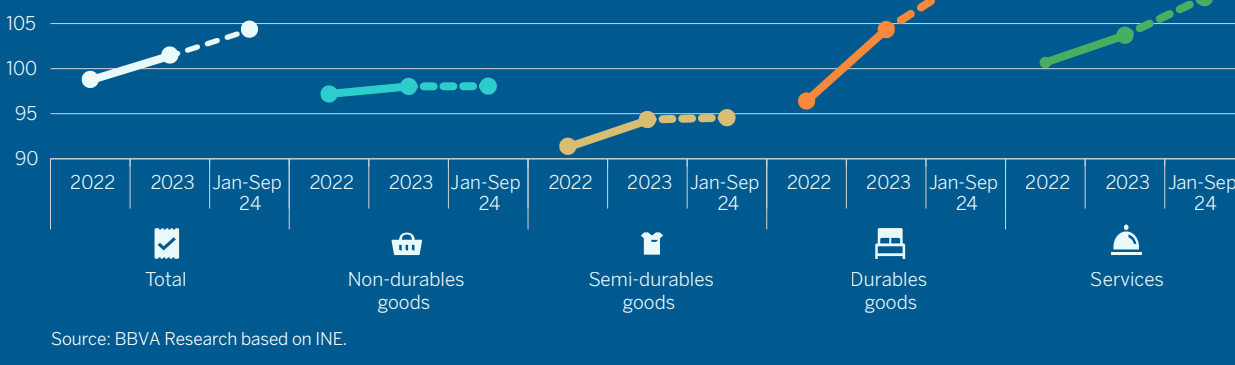


(f): forecast.
Source: BBVA Research based on INE.

Private consumption was the largest growth driver.



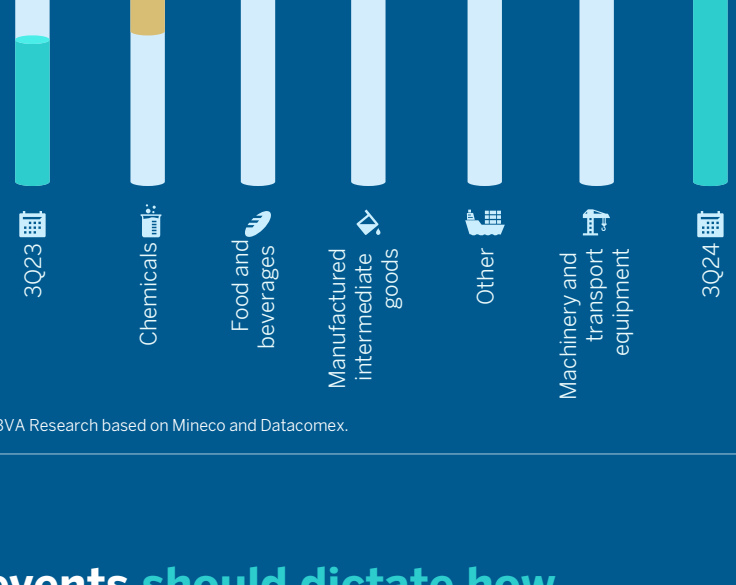
SPAIN: HOUSEHOLD DOMESTIC CONSUMPTION (2019 = 100)



Source: BBVA Research based on INE.

Exports showed solid growth, despite stagnating investment, a slowdown in the eurozone and challenges in the automotive sector.

REAL GOODS EXPORTS: CONTRIBUTION TO THE ANNUAL CHANGE ACCORDING TO THE CUCI DATABASE CLASSIFICATION (3Q23 = 100 AND PP)



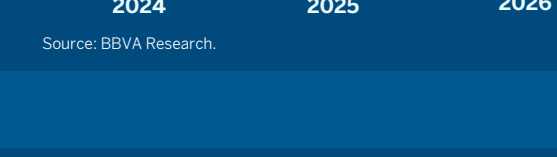
Source: BBVA Research based on Mineco and Datacomex.

Two **recent events** should dictate how the economy performs over the coming months



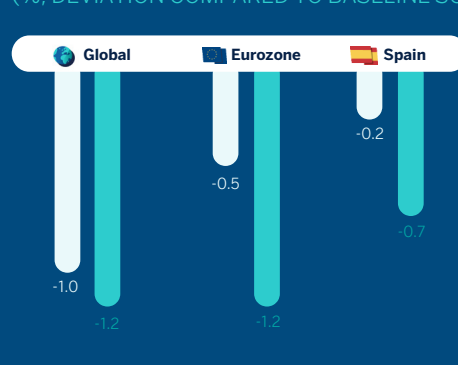
The DANA will have a **negative, but limited, impact** on GDP

SPAIN: IMPACT OF THE DANA ON AVERAGE ANNUAL GDP GROWTH (DEVIATION IN PP)



Source: BBVA Research.

POTENTIAL IMPACT OF TARIFF HIKES ON GDP (% DEVIAION COMPARED TO BASELINE SCENARIO IN PP)



Note: Estimated impact of an additional 10% tariff on EU and 60% tariff on Chinese goods coming into the U.S.
Source: BBVA Research.

Potential changes in U.S. trade policy could affect exports

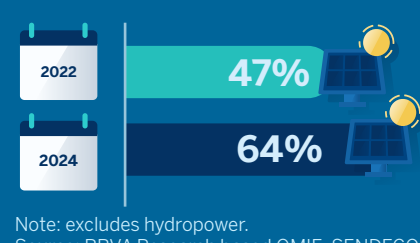


The recovery looks set to **CONTINUE IN 2025 AND 2026**

HIGHER HOUSEHOLD SPENDING

Stabilization of inflation at levels around 2%, driven by moderating energy prices and reduced pressure on food prices following the end of the drought.

SHARE OF RENEWABLE ENERGIES IN THE DAILY WHOLESALE MARKET



Note: excludes hydropower.
Source: BBVA Research based on OMI, SENDECO and MIBGAS data.

The higher share of renewables is estimated to have reduced wholesale prices by approximately 10%.

JOB CREATION FORECASTS



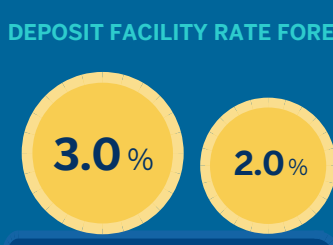
Source: BBVA Research based on INE data (Labor Force Survey).

Higher household disposable income driven by a robust labor market and wage growth.

INVESTMENT COULD REBOUND

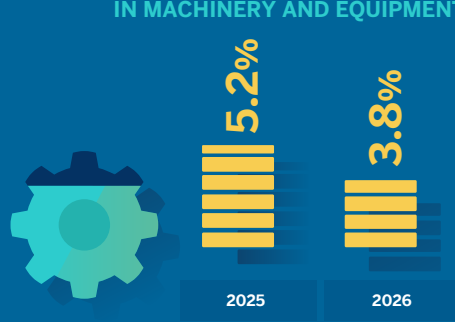
Lower interest rates

DEPOSIT FACILITY RATE FORECASTS



Source: BBVA Research based on ECB.

GROWTH FORECAST FOR INVESTMENT IN MACHINERY AND EQUIPMENT



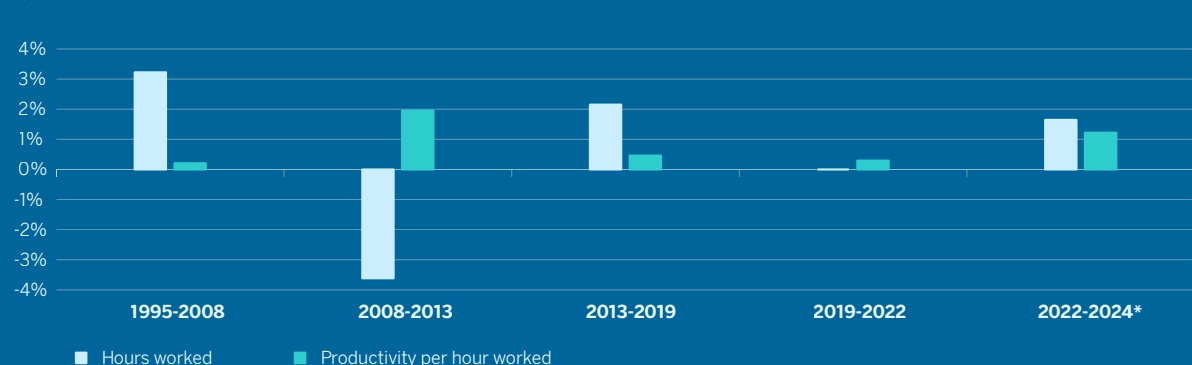
Source: BBVA Research based on INE.

Need to expand productive capacity in certain sectors

HIGHER POTENTIAL GROWTH

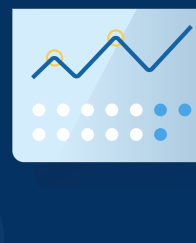
Thanks to immigration and increases in hourly productivity

SPAIN: HOURS WORKED AND PRODUCTIVITY PER HOUR WORKED (% AVERAGE ANNUAL GROWTH RATES FOR THE REFERENCE PERIOD)



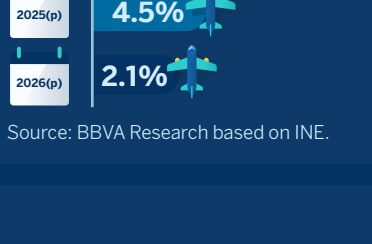
(*) Includes BBVA Research forecasts for 4Q24.
Source: BBVA Research based on INE.

The challenges to maintaining high growth will intensify



1 Exports of services could moderate as tourism reaches its growth limit

TRENDS IN FINAL CONSUMPTION OF NON-RESIDENTS



Source: BBVA Research based on INE.

NEW AND FINISHED HOMES (ACUMULADO 2021-2026)



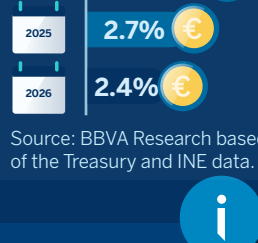
Source: BBVA Research based on MIVAU and INE.

Housing construction looks set to remain insufficient to address the ongoing imbalance between demand and supply

2

3 Doubts regarding fiscal adjustment

PUBLIC DEFICIT FORECAST (% OF GDP)



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

