Key messages

The global environment has been impacted by the development of the COVID-19 pandemic, which has resulted in a range of health policy strategies, with Asia and Europe seeing the most success at the moment. China's pattern of a rapid and effective lockdown to eradicate the virus has not been replicated in other regions, resulting in a slower-than-expected normalization of activity.

Advanced economic indicators reflect an incomplete V-shaped recovery, partly thanks to economic stimuli. Still, we revised global growth downward from -2.4% to -3.1%. Uncertainty remains very high, and is linked to epidemiological, financial, economic and geopolitical factors.
Key messages

Spain's GDP could fall by 11.5% in 2020 and grow by 7% in 2021. The downward revision in growth for 2020 is explained by the greater impact of restrictions on domestic demand, the extension of lockdown measures for a period longer than expected, an increased concentration of reduced expenditure on domestically produced goods and services, the collapse of the tourism sector, and Europe's downward revision.

The impact of the crisis has not only been significant but also heterogeneous and different from the impact in 2008. It has mostly affected "social consumption" sectors (construction is not the trigger), autonomous communities with greater exposure to these sectors, young people, and proportionally more women and foreigners.
Key messages

Recovery is underway as a result of the easing of restrictions and economic policy actions to support demand. In any case, convergence toward the levels of activity observed at the end of 2019 has been delayed.

Among the risks, biases have been kept down, but some factors have begun to emerge that, in the absence of major outbreaks, could accelerate recovery. Uncertainty related to both the containment of the pandemic and the labor market may continue to weigh on the growth of demand. Conversely, the European Recovery Plan and the reforms that may be adopted in relation to it could provide some forward momentum.
Global Economic Outlook
3Q20
The pandemic continues to spread, particularly in the Americas and South Asia, despite the fall in infections in Europe and East Asia.

China’s pattern (shock and short and immediate lockdown to eradicate the virus), which was thought to be the model for other regions, is not being repeated in other countries.

Europe has cut the number of cases considerably, in order to coexist with the virus at tolerable levels, but failure to eliminate the virus makes it more difficult to completely normalize the economy.

Other regions (the US, Latin America and India, among others) have further to go and are following different strategies.
Three policy approaches mark the development of the epidemic

Three policy approaches:

- **Virus eradication** – implemented in East Asian countries that acted early and decisively.

- **Coexistence with the virus** at tolerable levels for the health system – successfully implemented in Europe and less successfully so far in Latin America.

- **Relatively low intervention** by central governments resigned to the situation – position adopted by countries such as Brazil, Mexico, the US and Sweden.

Source: BBVA Research based on data from Johns Hopkins University
Despite facing different epidemiological phases and policies, national economies are already deploying their exit strategies

WORKPLACE MOBILITY INDICATOR (*)
(HIGHER VALUES INDICATE GREATER MOBILITY: 0 = PRE-COVID MOBILITY; -1 = TOTAL ABSENCE OF MOBILITY)

(*) The mobility indicator reflects a trend in mobility over the reference period (January 3 to February 6). Current situation: average of the last 7 days up to June 29. Minimum from February: lowest 7-day moving average since the beginning of February.
Source: BBVA Research based on Google Mobility Reports
The leading indicators suggest a rapid recovery of activity in developed economies

PMI INDICATORS (*)
(MORE THAN 50: EXPANSION; LESS THAN 50: CONTRACTION)

(*) For emerging economies, the data represents the average for Brazil, Russia, Singapore and India.
Source: BBVA Research based on Markit Economics.
Activity indicators paint a less positive picture and suggest that economic normalization will take time.

RETAIL SALES AND INDUSTRIAL OUTPUT(*)
(INDICES: DECEMBER/2019 = 100, SEASONALLY ADJUSTED DATA)

(*) For the eurozone, the industrial output data for May represents the average (weighted) monthly growth of Germany, Spain, France and Italy. For emerging economies, the data reflects the simple average of the data from Mexico, Brazil, Russia, Singapore and Turkey. In this case, the June data reflects the partial information available.

Source: BBVA Research based on national official institutions.
Despite the divergent evolution of the pandemic, financial markets remain stable thanks to stimuli and the partial recovery of activity.

Revision of the growth forecast for 2020: from -4.4% to -5.1%.

By the end of 1Q20, the strong economic stimuli of the leading advanced economies reversed financial tensions.

In 2Q20, market stabilization has consolidated:
- First steps to lift lockdown
- Rebound in activity
- Strengthening of fiscal and monetary measures
Following massive stimuli in response to the pandemic, there is now additional support at the European level (recovery fund, PEPP and TTRO)

**ECONOMIC STIMULI IN THE US, CHINA AND THE EUROZONE (*)**

(*) Fiscal packages: increased expenditure, reduced revenue and resources contributed to loans and guarantee funds. For the eurozone, this represents supranational programs, including the proposed EU recovery fund and excluding the ESM, plus the average of the packages announced in Germany, France, Italy and Spain. Credit programs: For the US, this includes the total amount of the Fed's credit facilities. For the eurozone, this represents the average of the credit guarantee funds of Germany, France, Italy and Spain. Interest rates: One-year LPR rates are used as a reference for China. Central bank balance sheets: projected increase in total assets during 2020.

Source: BBVA Research based on data from local statistics
We are maintaining our outlook of an "incomplete and asymmetric V-shaped" recovery with a slow and uneven pace; uncertainty remains high.

ASSUMPTIONS BEHIND THE FORECASTS

COVID-19
We are assuming there will be a widely available treatment within a year, with new outbreaks but without strict lockdown.

Economic Policy
Additional stimuli are likely, at least in developed countries; little margin in emerging countries.

Financial Markets
No significant surge in stress, but volatility will remain high.

Economic Activity
Partial and uneven recovery until treatment is available. Greater delay for emerging economies.
Growth forecasts for 2020 have been revised downward while those for 2021 have been revised upward, with a greater cumulative output loss in the two-year period.
US: Data suggests that activity bottomed out in April, but the new coronavirus outbreak threatens consolidation of the recovery

- A delayed exit, weak employment and lower agent confidence have lead to a revision of the 2020 growth forecast from -4.4% to -5.1%.
- Interest rates will remain at zero until 2023. The Fed’s balance sheet will continue to grow.
- New fiscal and monetary stimuli are likely.
- The unemployment rate, which reached 14.7% in April and 11.1% in June, will fall to 8.6% in 2020 and 7.4% in 2021.
- Given the possibility of new lockdown measures and possible tensions with China, uncertainty remains and risks are on the downside.
China: Growth is recovering in line with expectations, led by supply and despite relatively weak demand

- The economy is recovering rapidly, but not evenly.
- Countercyclical stimuli will remain selective, led by fiscal policy.
- Monetary policy will be prudent but flexible.
- Geopolitical risks continue to rise, while uncertainty remains regarding relations with the US.
- The forecasts are biased downward due to the delay in the global cycle.

Source: BBVA Research

GDP: LEVEL
(LEVEL: SEASONALLY ADJUSTED QUARTERLY INDEX)
Eurozone: downward revision of forecasts, largely due to a stricter lockdown than expected in 2Q20

- GDP surprisingly fell in 1Q20. The GDP decline will be greater than expected in 2Q20, but the data shows improvement from May.
- GDP is revised downward in 2020 (from -5.2% to -8.5%) and upward in 2021 (from 4.1% to 5.8%), with the greatest output loss in the two-year period.
- The ECB has aggressively expanded its pandemic emergency purchase program (PEPP) and has supported liquidity.
- The recovery fund (5.4% of GDP, still under discussion) has been a positive surprise and will be key to recovery from 2021. Its approval would represent an upside risk to the 2021 growth forecast.

Source: BBVA Research
Weak global demand will keep a cap on the price of oil, helping to offset potential supply pressures

OIL (BRENT) AND INFLATION
(OIL: DOLLARS PER BARREL, ANNUAL AVERAGE; INFLATION: YOY %, EOP)

_source: BBVA Research_
Uncertainty will remain high. Many factors, particularly the availability of a vaccine, may generate alternative scenarios

<table>
<thead>
<tr>
<th>Epidemiological uncertainty</th>
<th>Financial uncertainty</th>
<th>Economic uncertainty</th>
<th>Geopolitical uncertainty</th>
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<tbody>
<tr>
<td>Control of the pandemic</td>
<td>Financial stress</td>
<td>Effectiveness of stimuli</td>
<td></td>
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<tr>
<td>Reopening process</td>
<td>Flows to emerging economies</td>
<td>Significant disruptions in sectors and value chains</td>
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<tr>
<td>New waves of infection</td>
<td>Deterioration of corporate, public sector and bank balance sheets</td>
<td>Potential GDP</td>
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<td>Vaccine or treatment</td>
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<td>Inflationary changes</td>
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<td>Protectionism</td>
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<td>Multiple pockets of regional tension</td>
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<td>Social protests</td>
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<td>Brexit</td>
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</table>
The pandemic has reinforced some pre-crisis structural trends and poses new long-term challenges

<table>
<thead>
<tr>
<th>PAST TRENDS AND CHALLENGES</th>
<th>NEW TRENDS AND CHALLENGES</th>
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<tbody>
<tr>
<td>Climate change</td>
<td>Public and private debt sustainability</td>
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<td>Digitalization and teleworking</td>
<td>Global disaster management</td>
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<td>Productivity and investment</td>
<td>Social preferences and norms</td>
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<td>Populism and institutions</td>
<td>Role of the public sector in the economy</td>
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<tr>
<td>De-globalization and global governance</td>
<td>Competition and industrial policy</td>
</tr>
<tr>
<td>Inflation and monetary policy</td>
<td>Privacy and business models</td>
</tr>
</tbody>
</table>
New economic growth scenario

2020

-15% 11.5% -10%

2021

3.0% 7.0% 9.0%

SPAIN

Revised upward forecast  Outlook unchanged  Outlook downgraded

Source: BBVA Research
Lockdown measures have been effective at controlling the epidemic, but have slowed economic activity

- The lockdown and social distancing measures implemented have managed to control the spread of COVID-19. However, the impact on economic activity has been significant.

- Output plummeted more than 30% during the last two weeks of March and about 50% in the first two weeks of April.

- The fall in GDP may exceed 20% in the year-to-date for the first half of the year.

Source: BBVA Research based on BBVA data
The fall in activity during the first half of 2020 has been greater than expected

Health and work status concerns, together with the longer duration of lockdown and social distancing measures, would have led to a 25% adjustment in household consumption in 1H20.

The decline would have been focused on domestically produced goods and services (food services, leisure, tourism) and less on imports (food, home, health), resulting in a larger drop in the GDP.

### CUMULATIVE CHANGE BETWEEN 4Q19 AND 2Q20 (%)

<table>
<thead>
<tr>
<th></th>
<th>Current forecast</th>
<th>Previous forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private consumption of Spanish households</td>
<td>-25.5</td>
<td>-17.0</td>
</tr>
<tr>
<td>Non-resident consumption in Spain</td>
<td>-92.5</td>
<td>-79.5</td>
</tr>
<tr>
<td>Imports of goods</td>
<td>-29.9</td>
<td>-55.7</td>
</tr>
</tbody>
</table>

Source: BBVA Research based on INE data.
The impact of the crisis has not only been significant but also uneven and different from the impact in 2008

Construction has not been one of the triggers of the crisis.

Hospitality – traditionally a refuge sector in times of uncertainty – has suffered considerably from the repercussions of the epidemic.

A good relative role of employment in companies where employees can work from home.

CHANGE IN SOCIAL SECURITY AFFILIATION BETWEEN FEB-MAY20 AND BETWEEN AUG08-MAR09* BY SECTOR**
(% SWDA, DATA AS OF LAST DAY OF THE MONTH)

* The periods mar09-aug08 and may20-feb20 have been taken as representative of the respective crises, in order to present a comparable variation in social security registration (-5.1% SWDA)
** Industry includes sectors B, C, D and E of the 2009 CNAE classification. High-telework services include sectors J, K, L, M; Low-telework services include sectors N, R, S, T and U. The services are classified according to the percentage of tasks that can be performed remotely, as specified in Diego Rodríguez Rodríguez's analysis (2020) in "Teletrabajo, acceso a internet y apoyo a la digitalización en el contexto del Covid-19" (Telework, Internet access and support for digitalization in the context of COVID-19). Hospitality, trade and transport are still broken down, as they are the sectors most affected by the COVID-19 crisis. However, they have a percentage of tasks that can be carried out from home similar to the rest of the low-telework services.

Source: Source: BBVA Research, based on Social Security data
The impact of the crisis has not only been significant but also uneven and different from the impact in 2008

**VARIATION IN SOCIAL SECURITY AFFILIATION: CONTRIBUTIONS BY GENDER**
(AUG-08 VS MAR-09 AND FEB-20 VS MAY-20*, P.P., DATA AS OF THE LAST DAY OF THE MONTH)

- Aug-08 Vs Mar-09
  - Men: -3.6%
  - Women: -1.4%

- Feb-20 Vs May-20
  - Men: -2.7%
  - Women: -2.3%

**VARIATION IN SOCIAL SECURITY AFFILIATION: CONTRIBUTION BY AGE**
(AUG-08 VS MAR-09 AND FEB-20 VS MAY-20*, P.P., DATA AS OF THE LAST DAY OF THE MONTH)

- Aug-08 Vs Mar-09
  - 34-40: -4.1%
  - 40-50: -1.1%
  - 50-60: -1.1%

- Feb-20 Vs May-20
  - 34-40: -2.4%
  - 40-50: -2.1%
  - 50-60: -0.9%

**VARIATION IN SOCIAL SECURITY AFFILIATION: CONTRIBUTION BY NATIONALITY**
(AUG-08 VS MAR-09 AND FEB-20 VS MAY-20*, P.P., DATA AS OF THE LAST DAY OF THE MONTH)

- Aug-08 Vs Mar-09
  - Spanish: -0.7%
  - Foreign: -3.6%

- Feb-20 Vs May-20
  - Spanish: -0.9%
  - Foreign: -4.1%

* The periods mar09-aug08 and may20-feb20 have been taken as representative of the respective crises, in order to present a comparable variation in social security registration (-5.1% SWDA)

Source: BBVA Research based on data from the Spanish Ministry of Inclusion, Social Security and Migration

During this crisis, the most affected occupations are performed mostly by women and foreigners. The decline in employment remains higher among young people, although those over 35 now account for a higher percentage of those who have lost their jobs (due to aging).
Control of the epidemic and the easing of restrictions have allowed recovery to begin

Business opening in Spain by province (year-on-year growth in the number of BBVA POS operating between March and June 2020, %)

GDP growth in Spain and the EMU (% QoQ)

The containment of the epidemic has allowed for policy easing and economic recovery since the middle of the second quarter of the year. This could lead to a 10% QoQ GDP increase in the third quarter.
Control of the epidemic and the easing of restrictions have allowed recovery to begin

Spanish bank card expenditure has grown since mid-June compared to the same period of the previous year.

The provinces pioneering the lifting of measures have performed more favorably since the beginning of the recovery.

All provinces have recovered the level of weekly expenditure with Spanish bank cards from prior to the health crisis.

AVERAGE WEEKLY IN-PERSON EXPENDITURE WITH SPANISH BANK CARDS*
(2020 VS 2019, YEAR-ON-YEAR GROWTH IN %)

*In-person spending with debit and credit cards at BBVA point of sale (POS) terminals, or with credit and debit cards of BBVA clients at the POS of any company in Spain. Source: BBVA Research based on BBVA data
Control of the epidemic and the easing of restrictions have allowed recovery to begin

The recovery is noticeable in virtually all sectors of individual consumption, or in those where the easing of restrictions was done first and consumption was encouraged (hairdressers, sports).

Improvement has been gradually reaching social consumption sectors, such as food and leisure services, although the declines continue to be significant compared to the same period of the previous year.

Tourism is also beginning to see signs of recovery.

*BANK CARD EXPENDITURE BY SECTOR*  
(IN PERSON + ONLINE)  
(ANNUAL GROWTH OF WEEKLY MOVING AVERAGE 2020 VS. 2019, %)

*Spending with debit and credit cards at BBVA point of sale (POS) terminals, or with credit and debit cards of BBVA clients at the POS of any company in Spain. For more information, see the BBVA Research publication "Effects of COVID-19 crisis on consumption through bank card operations": https://www.bbvaresearch.com/en/publicaciones/spain-effects-of-covid-19-crisis-on-consumption-through-bank-card-operations/?cid=eml:oem:oth:----45538--:::lnkpubl:::20200415::oth:instant.

Source: BBVA Research based on BBVA data
Control of the epidemic and the easing of restrictions have allowed recovery to begin

BANK CARD EXPENDITURE BY SECTOR* (IN PERSON + ONLINE)  
(ANNUAL GROWTH OF WEEKLY MOVING AVERAGE, 2020 VS. 2019, %)

- Uncertainty and changes in consumption habits have boosted expenditure on health services and in some sectors that market goods.
- Food maintains relatively high growth rates, even as the lifting of restrictions has allowed for a return to eating out.
- Expenditure on household goods and technology has recovered considerably, in line with the greater amount of time families spend at home and the need to consume or produce goods and services from there.

*Spending with debit and credit cards at BBVA point of sale (POS) terminals, or with credit and debit cards of BBVA clients at the POS of any company in Spain.
Source: BBVA Research based on BBVA data
Could we see a more intense recovery?
Exports will increase in line with the return of growth in the EMU

- Exports of goods may benefit from the restoration of global value chains and from the increased demand expected in the coming months in the EMU as a result of fiscal stimuli.
- Sectors such as agri-food and pharmaceuticals may see their demand increase significantly.
- The revival of consumption may be particularly important for the automobile sector, although there is significant uncertainty about the medium-term effects of the crisis.

Source: BBVA Research based on INE and Eurostat data
**MEASURES WITH BUDGETARY IMPACT APPROVED BY THE GOVERNMENT UP TO JULY 10 (PP OF GDP)**

- 3.5 pp: Automotive and tourism sector stimulus plans
- 0.5 pp: COVID-19 Fund
- 1.0 pp: Extension of ERTE and allowance for cessation of work
- 0.2 pp: Minimum wage
- 1.8 pp: March and April measures

### Could we see a more intense recovery?
Public policies would have prevented a further decline in activity

- The central government has mobilized resources equivalent to 15% of GDP, of which 3.5 pp involve transfers to economic sectors with an impact on the public deficit.

- The new measures approved during 3Q20 amount to 1.7 pp of GDP.
  - Extension until September 30 of the Temporary Employment Regulation Schemes (ERTE by its acronym in Spanish) and the benefits for self-employed workers that have ceased to operate.
  - COVID-19 fund for autonomous communities
  - Minimum wage.
  - Stimulus plans for the automotive and tourism sectors.

Source: BBVA Research based on Spanish Government data
Could we see a more intense recovery?
Public policies would have prevented a further decline in activity

- The extension until September 30 of the Temporary Employment Regulation Schemes is a measure necessary to protect jobs.
- The gradual introduction of income protection measures for employees and the self-employed will encourage workers to return to work and will help to lessen the impact of the crisis on employment, at least during 3Q20.
- The unemployment rate is expected to increase relatively little compared to the fall in GDP in 2020 and to remain relatively constant in 2021.

Source: BBVA Research based on data from the INE and the Spanish Ministry of Inclusion, Social Security and Migration
Could we see a more intense recovery?
Public policies have prevented a further decline in activity

**SPAIN: IMPACT OF ECONOMIC POLICY MEASURES (CREDIT, PP)**

- Providing guarantees, together with the action of the ECB and the banking sector, managed to prevent a further fall in GDP in 2Q20 (4.5 pp).

- The balance of credit to non-financial companies has increased at the highest year-on-year rate since 2008, thanks to the coordination between the monetary authority, public administrations, the banking sector and companies.

Source: BBVA Research based on EREMS data.
Spain: growth forecasts

GDP: LEVEL AND GROWTH
(LEVEL: SEASONALLY ADJUSTED INDEX (1Q19 = 100); GROWTH: QoQ, %)

The fall in activity during the second quarter will be significant, but we also expect the recovery to be strong from the third quarter. In any case, it will not be enough to immediately return to pre-crisis levels of activity.

The exit speed will be restricted by adjustments in sectors that will not have a V-shaped recovery and by greater relative job destruction in Spain.

There is a risk that some of the short-term effects will become permanent.

Source: BBVA Research based on INE data.
Risk: designing an exit strategy that ensures the safety of the population and reduces the impact on the economy is a priority

- Increasing the healthcare system's ability to handle potential outbreaks and developing effective treatment drugs and a vaccine that definitively eliminates the risk of infection are a priority.

- It is also crucial to work on containment strategies that draw from both our own experience and that of the rest of the world, using the most advanced technologies and the advantages provided by real-time information.

**SPAIN: NUMBER OF DAILY CORONAVIRUS CASES (3-DAY MOVING AVERAGE)**

Source: BBVA Research based on data from Johns Hopkins University (data updated at 00:00 GMT)
Decreasing effect of the lifting of restrictions

There is evidence that uncertainty is limiting household expenditure: although consumption has resumed, it has experienced a slowdown with each phase of easing restrictions.

Although consumption has returned in social settings, expenditure in restaurants, on leisure and on accommodation still remains far below the levels observed this time last year.

* Spending with debit and credit cards at BBVA point of sale (POS) terminals, or with credit and debit cards of BBVA clients at the POS of any company in Spain. Business opening is measured as the number of operational POS. Source: BBVA Research based on BBVA data.
Heterogeneous risk: temporary employment and job destruction

The high rate of temporary employment in the labor market has skewed job destruction toward southern and island communities.

It is necessary to move forward with mechanisms that protect the groups most exposed to temporary employment, and to encourage more efficient adjustments, ensuring the survival of businesses and jobs.

Source: BBVA Research based on data from the INE and the Spanish Ministry of Labor, Migration and Social Security
Risk: a V-shaped recovery will be more difficult in certain sectors

Tourism contributes 12% of the GVA and 13% of the employment in Spain.

A slower recovery is expected:

- Limits on movement and gatherings of people.
- The need to ensure that there is no infection between the origin and destination markets.

IN-PERSON BANK CARD EXPENDITURE: AVERAGE WEEKLY EXPENDITURE BY BANK CARD NATIONALITY*
(2020 VS. 2019, %)

*Spending with debit and credit cards at BBVA point of sale (POS) terminals, or with credit and debit cards of BBVA clients at the POS of any company in Spain.
Source: BBVA Research based on BBVA data
Risk: fiscal space is limited and could lead to uneven recoveries

- **Deficit forecasts:**
  - The new measures adopted add 1.7 pp to the deficit.
  - The further deterioration of activity would entail about 2.6 pp more.

- **As a result, the 2020 deficit could be around 14.4% of GDP and 8.4% in 2021 (primary balance at 12.0% and 6.2%, respectively).**

- **In this scenario, debt would be above 122% by the end of 2021, following a slightly explosive path, which poses an additional risk for the sustainability of public accounts.**

---

**COMBINATIONS OF IMPLICIT INTEREST RATE AND NOMINAL GDP GROWTH THAT WOULD STABILIZE DEBT AT 2021 LEVELS IN DIFFERENT SCENARIOS**

- **Expansive path of debt**
  - Primary balance: 6.2%
  - Debt: 122.4%

- **Declining path of debt**

Source: BBVA Research based on Spanish Government data
Taking advantage of opportunities will enable more positive scenarios

The main uncertainty continues to be the control of the epidemic.

Unlike other crises, demand policies will remain expansionary for a long time.

The European recovery fund presents an unprecedented opportunity:

- To move forward with European integration.
- To ensure a fiscal boost, which may even improve the public deficit at the same time.
- To implement an ambitious reform agenda for the labor, goods and services market, increasing productivity, ensuring the sustainability of public finances in the medium term, and promoting more inclusive growth.

A consensus around this strategy could result in much more positive scenarios.
Forecasts
## Forecasts

<table>
<thead>
<tr>
<th>% YoY</th>
<th>2019</th>
<th>2020 (f)</th>
<th>2021 (f)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National final consumption expenditure</td>
<td>1.4</td>
<td>-8.0</td>
<td>5.6</td>
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<tr>
<td>Private consumption</td>
<td>1.1</td>
<td>-12.6</td>
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<tr>
<td>Public consumption</td>
<td>2.3</td>
<td>6.0</td>
<td>0.0</td>
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<tr>
<td><strong>Gross fixed capital formation</strong></td>
<td></td>
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</tr>
<tr>
<td>Equipment and machinery</td>
<td>2.6</td>
<td>-18.4</td>
<td>9.2</td>
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<tr>
<td>Construction</td>
<td>0.8</td>
<td>-19.5</td>
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<tr>
<td>Housing</td>
<td>2.9</td>
<td>-23.1</td>
<td>1.3</td>
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<tr>
<td><strong>Domestic demand</strong></td>
<td>1.5</td>
<td>-9.9</td>
<td>6.1</td>
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<tr>
<td><strong>Exports</strong></td>
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<tr>
<td>Exports of goods</td>
<td>2.6</td>
<td>-18.1</td>
<td>12.2</td>
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<tr>
<td>Exports of services</td>
<td>1.0</td>
<td>-12.0</td>
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<tr>
<td>Final consumption of non-residents in Spain</td>
<td>6.0</td>
<td>-30.9</td>
<td>17.3</td>
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<tr>
<td><strong>Imports</strong></td>
<td>1.2</td>
<td>-14.6</td>
<td>8.6</td>
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<tr>
<td><strong>External demand</strong></td>
<td>0.5</td>
<td>-1.6</td>
<td>0.9</td>
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<tr>
<td><strong>Real GDP at market prices</strong></td>
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<tr>
<td></td>
<td>2.0</td>
<td>-11.5</td>
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</table>

* Contribution to GDP growth (f) Forecast.  
Source: BBVA Research based on INE and BdE data
# Forecasts

<table>
<thead>
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<th>2019</th>
<th>2020 (f)</th>
<th>2021 (f)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment (full-time equivalent) based on Spanish Quarterly National Accounts</td>
<td>2.3</td>
<td>-5.1</td>
<td>0.6</td>
</tr>
<tr>
<td>Employment, based on Labor Force Survey</td>
<td>2.3</td>
<td>-3.5</td>
<td>0.6</td>
</tr>
<tr>
<td>Unemployment rate (% of labor force)</td>
<td>14.1</td>
<td>17.4</td>
<td>17.1</td>
</tr>
<tr>
<td>CPI (annual average)</td>
<td>0.7</td>
<td>-0.1</td>
<td>0.7</td>
</tr>
<tr>
<td>GDP deflator</td>
<td>1.6</td>
<td>-0.6</td>
<td>0.9</td>
</tr>
<tr>
<td>Public deficit (% GDP)</td>
<td>-2.8</td>
<td>-14.4</td>
<td>-8.4</td>
</tr>
<tr>
<td>Current account (% GDP)</td>
<td>1.9</td>
<td>-0.4</td>
<td>-1.5</td>
</tr>
</tbody>
</table>

* Contribution to GDP growth (f) Forecast.
Source: BBVA Research based on INE and BdE data
Appendix
Could we see a more intense recovery?  
Spanish companies are now better prepared to deal with the crisis.

The size of the bubble represents the number of employees per company.
Source: Central Balance Sheet Data Office, Banco de España.
Risk: fiscal space is limited and could lead to uneven recoveries

The economic measures taken by the autonomous communities to date in light of COVID-19 are around 0.9% of GDP: Galicia and the Basque Country exceed 2% of GDP…

…although the increase in health expenditure will affect regional public accounts…

…by reducing the margin of the most indebted for future recovery support policies.

The non-reimbursable regional fund (1.4% of the national GDP) could provide a more balanced boost in territorial terms.

Source: BBVA Research based on data from the Ministry of Finance and other national sources
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