

Spain Economic Outlook

4Q20



Forecast for fall in activity in 2020 remains and the expected recovery for 2021 is revised downward.



▲ Forecast revised upwards
 ▶ Forecast unchanged
 ▼ Forecast revised downwards

Source: BBVA Research.

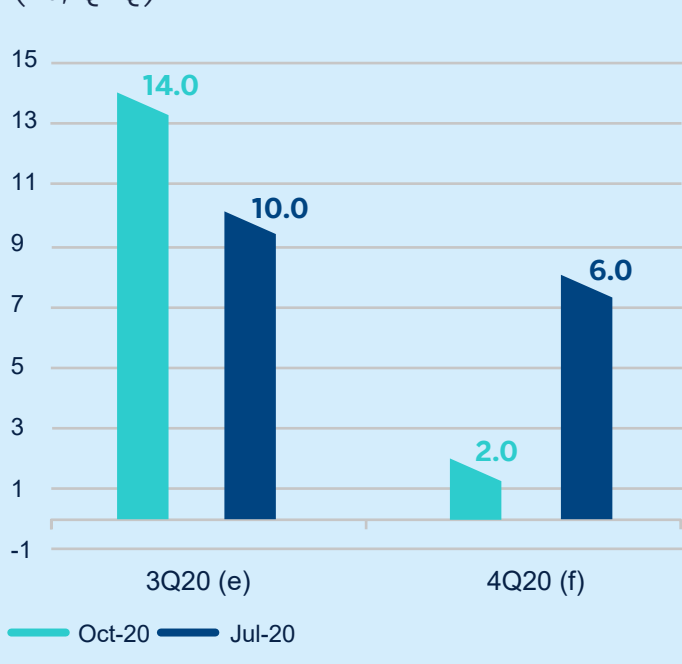


GDP growth in 3Q20 was somewhat **stronger than expected** due to the increased contribution of **external demand**.



While performance in **4Q20** is **expected to be worse** due to the deterioration of the **epidemiological situation**.

GDP
(%, Q/Q)



(e): Estimates (f): Forecast.
Source: BBVA Research based on INE data.

The downward revision of GDP growth in 2021 can be explained by:

A deterioration of growth prospects in the EMU due to the worsening health situation, particularly in Spain.

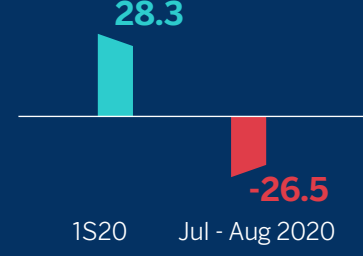


The recent performance of different indicators in Spain, which already indicates a **slowdown**.

The weak recovery of private investment.



New business credit operations
(%, A/A)

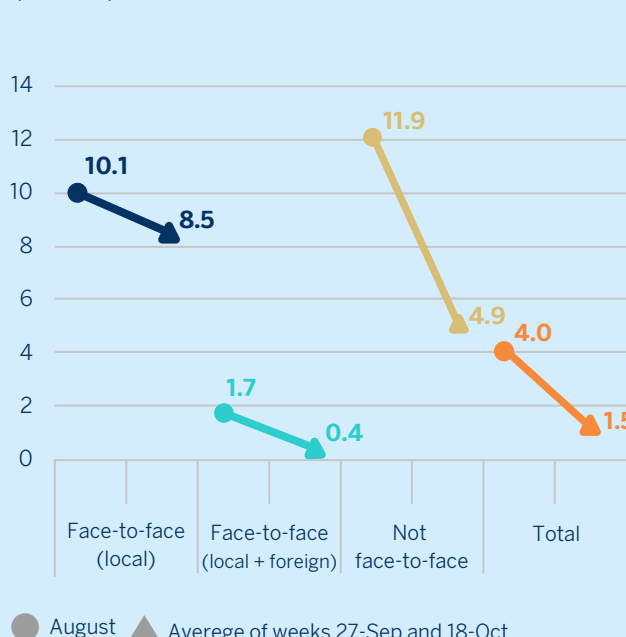


The diminishing impact of monetary policy.

A reduction in the impact of fiscal policy: **Temporary Redundancy Plans (ERTEs)** are having less effect, and money from the **NGEU** fund will **take time to arrive**.

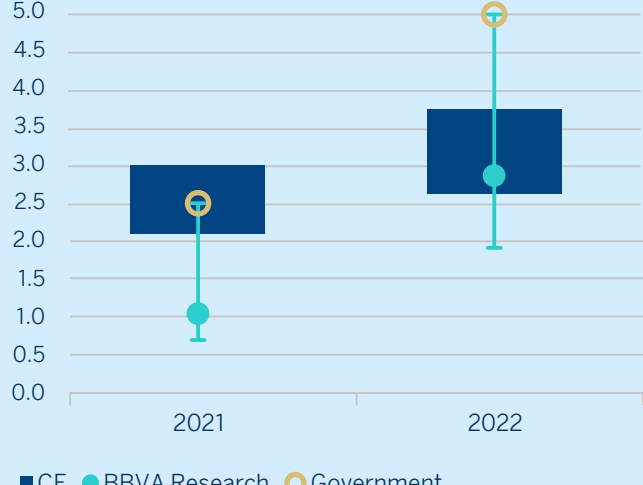


CREDIT CARD EXPENDITURE*
(% Y/Y)



* Expenditure with cards issued by BBVA plus expenditure at BBVA POS by non-customers.
Source: BBVA Research based on BBVA data.

DEVIATION OF THE GDP LEVEL FROM THE SCENARIO WITHOUT THE NGEU (PP)



* Simulation of the European Commission's (EC) QUEST model.
Source: BBVA Research based on data from the EC* and the Spanish Government.

Risks

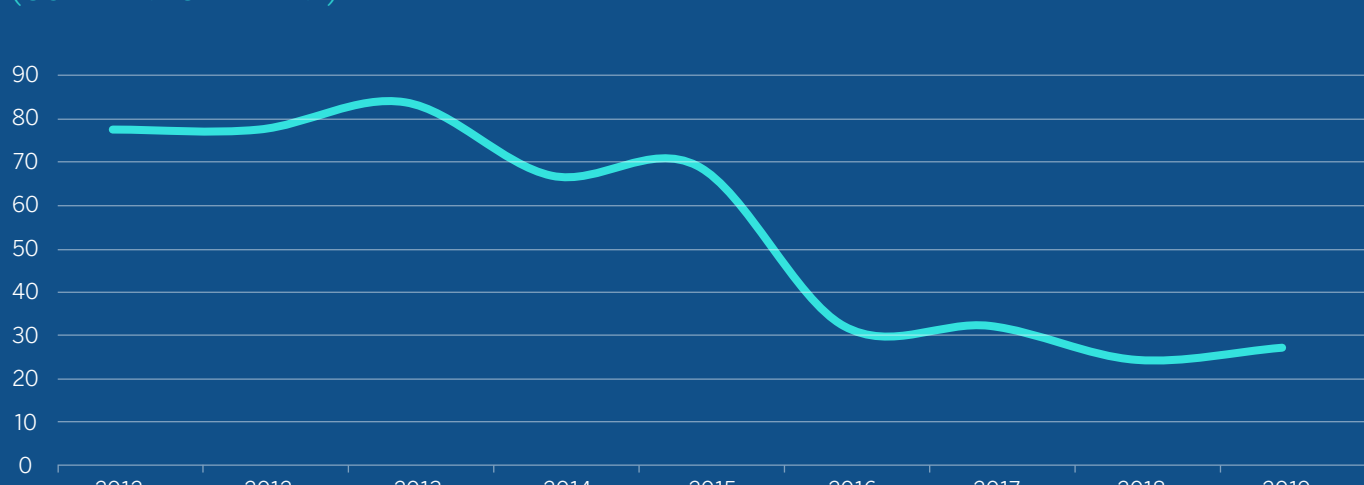


That **health indicators** continue to **deteriorate**.



Not tackling the necessary **reforms**. Adopting said reforms would **help maximize the impact of the NGEU fund**.

SPAIN: ECONOMIC POLICY RECOMMENDATIONS OF THE EUROPEAN COMMISSION (COMPLIANCE INDEX*)



* A higher index means that there has been a higher degree of compliance with the recommendations (100 means that all recommendations have been implemented). High degree of compliance means that all, many or some measures necessary to comply with the recommendations have been implemented.
Source: Source: BBVA Research based on data from the European Parliament and Commission.



More information in our **Spain Economic Outlook 4Q20**

www.bbva.com/research