



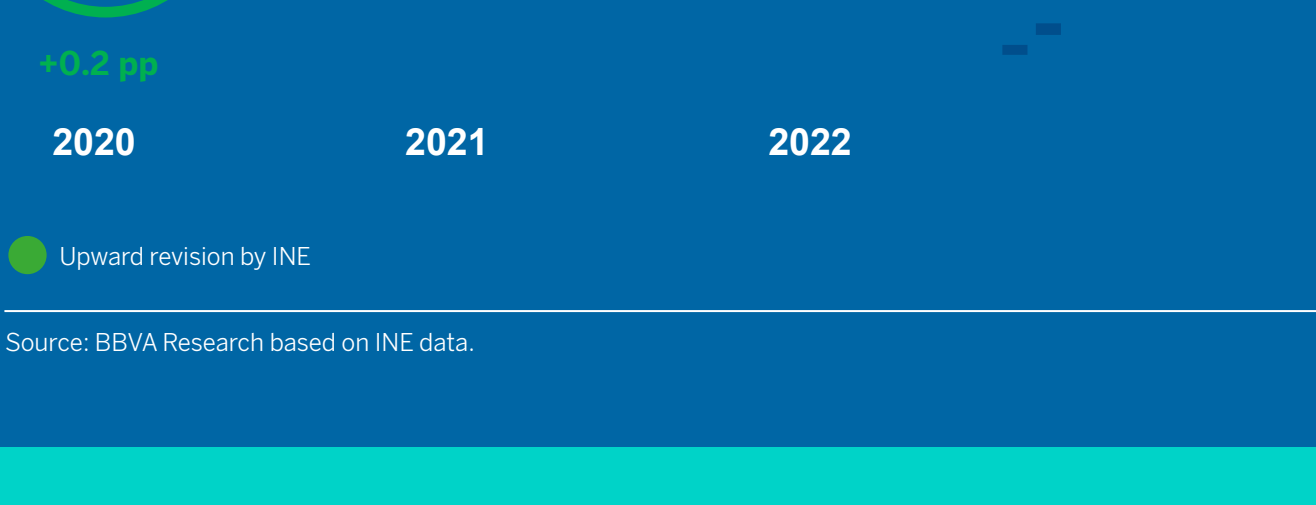
Spain Economic Outlook 2021



Despite the INE's upward revision in 2020 and the expected increase in growth in the Economic and Monetary Union (EMU), **the country's growth forecasts remain the same over the present two-year period.**

SPAIN: GDP GROWTH FORECASTS (%)

(%)



Source: BBVA Research based on INE data.

An uncertain start to 2021

Activity is **expected to contract** in 1Q21.

GDP

(% Q/Q)



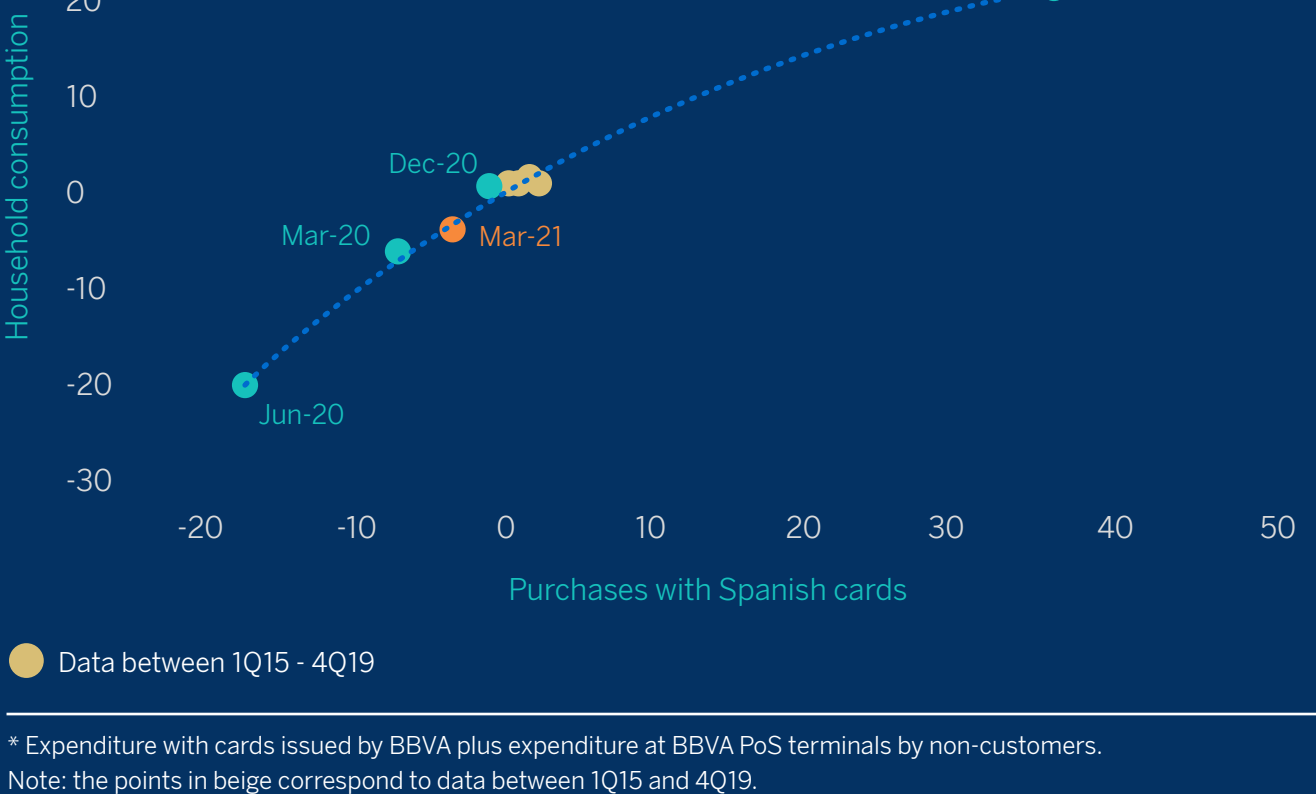
Source: BBVA Research based on INE data.



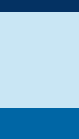
The **increase in COVID-19 infections, Storm Filomena and Brexit** have led to **reduced consumption** at the **start of 2021.**

NOMINAL CONSUMPTION AND EXPENDITURE WITH SPANISH CARDS (*)

(SWDA DATA. QUARTERLY GROWTH IN %)



* Expenditure with cards issued by BBVA plus expenditure at BBVA PoS terminals by non-customers. Note: the points in beige correspond to data between 1Q15 and 4Q19. Source: BBVA Research based on BBVA data.



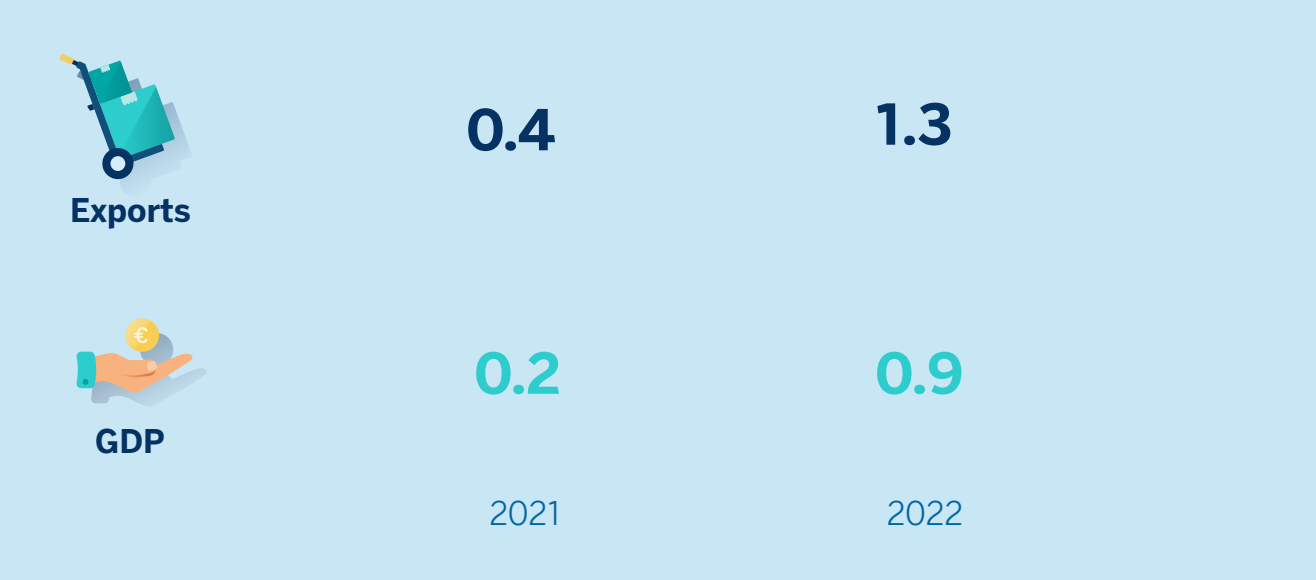
The recent **increase in oil prices** could end up **reducing this year's growth by up to 1pp.**

Recovery is set to step up over the next few months

The **fiscal stimulus in the US** will have a **positive but limited impact.**

SPAIN: IMPACT OF FISCAL STIMULUS IN THE US

(% DEVIATION COMPARED TO BASELINE SCENARIO)



Source: BBVA Research.



The **European Central Bank (ECB)** will maintain an **expansionary approach to monetary policy** and tax rules are expected to be **relaxed until at least 2022.**

The improvement in **health indicators** is reflected in the **increased consumption rate in March.**



Developments in the tourism sector will depend on the progress made in **administering vaccines** and the **easing of mobility restrictions.**

A **pool of "forced" savings** has been accumulated in **anticipation of herd immunity.**



ADDITIONAL SAVINGS ACCUMULATED IN 2020 COMPARED TO PRE-CRISIS LEVEL (4Q19) (MILLION OF EUROS)



The forced savings pool is calculated as the difference between forced savings and the dissavings produced by the deterioration of the fundamentals.

Source: BBVA Research based on INE data.



The **real estate market** has performed **better than expected.**

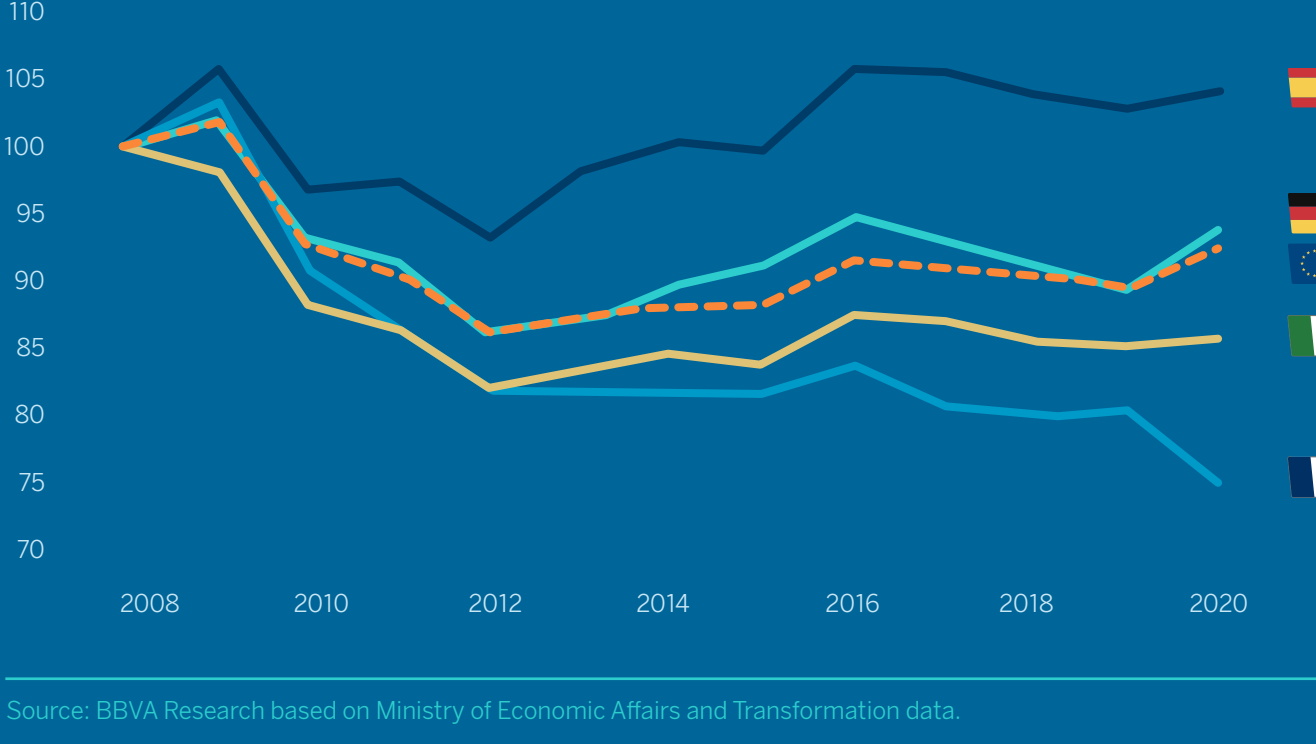
The **Next Generation EU (NGEU)** will have an **increasing effect over time.**



Spain **increases its international market share** in the **trade of goods in 2020.**

GOODS EXPORTS BY COUNTRY

(2008 INDEX=100)



Source: BBVA Research based on Ministry of Economic Affairs and Transformation data.

Risks

Delays in achieving herd immunity.

Permanent damage to production capacity.

Increased uncertainty regarding economic policy.

Deficiencies in digital skills.



More information in our **Spain Economic Outlook 2021**

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