

Spain

Economic Outlook

2Q21

Key messages (Global)



The global economy will continue to recover despite the difficult epidemiological context. After a fall of around 3.3% in 2020, world GDP will grow by about 5.9% in 2021 and 4.8% in 2022 —more than previously forecast— in line with the expected acceleration of the coronavirus vaccination process, the gradual lifting of travel restrictions and stimulus measures.



Prospects for the recovery of the world economy have strengthened, with a high degree of diversity among countries. The fiscal packages recently announced in the US, the continued accommodative tone of monetary policy by the major central banks and varying progress in the rate of vaccination will mark the recovery.



In addition, various epidemiological, financial, economic and geopolitical factors keep uncertainty exceptionally high.

Key messages (Spain)



Spanish GDP contracted by 10.8% in 2020. The Spanish economy registered a significant slowdown leading to stagnation during 4Q20, in line with what BBVA Research had foreseen. The economy contracted again at the beginning of 2021 (-0.9% q/q) due to deteriorating health indicators in Spain and the Economic and Monetary Union (EMU), Brexit, the impact of weather events and the increased cost of energy.



Economic activity will speed up in the coming quarters and will grow by 5.5% in 2021 and 7% in 2022. Several factors explain the expected acceleration of growth: the change in US fiscal policy, improving health indicators, the high level of accumulated savings not explained by fundamentals, rules being relaxed in EMU, which will allow fiscal policy to remain expansionary; the progressive impact of the Next Generation EU (NGEU), the effect of European Central Bank (ECB) policies and the strong performance of exports.



The risks in this scenario continue to be determined by vaccination progress, the consequences of the crisis on employment and the production framework, the implementation of NGEU-related projects and the political consensus required to agree on the reforms needed in Spain.

01

Global Economic Outlook 2Q21

The global economy continues to recover despite the still complex epidemiological context

2020

Start of 2021



Beginning and expansion of the pandemic, lockdowns, and vaccines developments



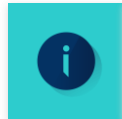
Start of vaccination, at different paces



Massive fiscal and monetary stimuli



Reinforced stimuli (fiscal packages in the US)



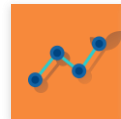
Sharp rise in financial volatility, followed by a gradual normalization



Increase of long term yields in the US and dollar appreciation



Incomplete and heterogeneous GDP rebound after the initial crash

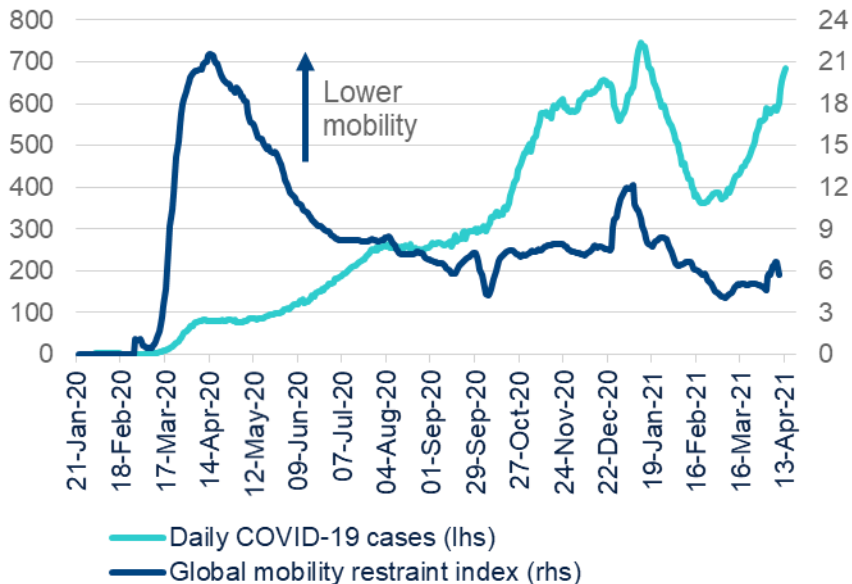


Recovery at different paces, depending on vaccination and stimuli

COVID-19 infections have increased again, following a sharp decrease at the start of the year, but mobility remains relatively high

WORLD DAILY COVID-19 CASES AND GLOBAL MOBILITY RESTRAINT INDEX (*)

(CASES: THOUSANDS OF PEOPLE , 7-DAY MOVING AVERAGE)



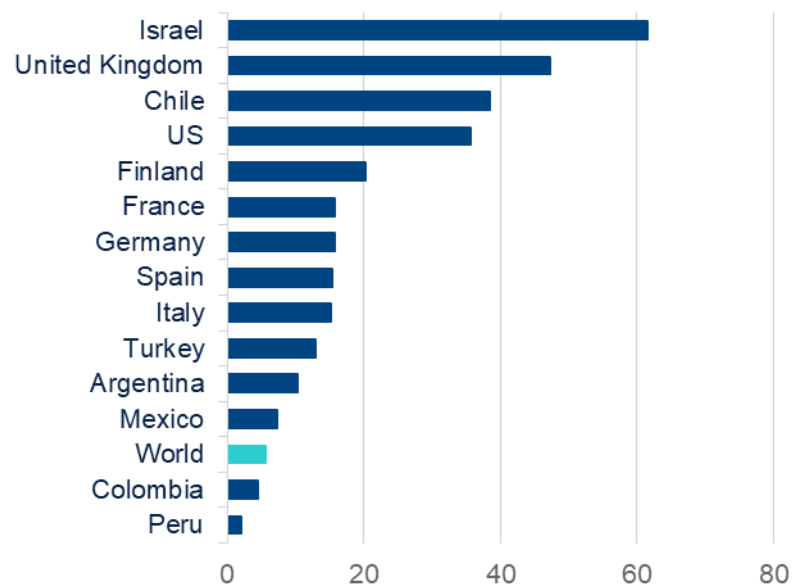
- Recent augment in infections in the US and, mainly, in Europe and Latin America, which have been forced to consider new restrictions.
- Virus mutations facilitate its spread.
- Less severe restrictions have limited the effect of contagions on mobility and on economic activity.

(*) The mobility restraint index reflects changes with respect to the period of reference (January 3 to February 6 2020). Higher values represent lower mobility. BBVA Research based on data from John Hopkins University and Google.

Vaccination has advanced quickly in some areas, but supply restrictions have limited the progress in most countries

POPULATION VACCINATED

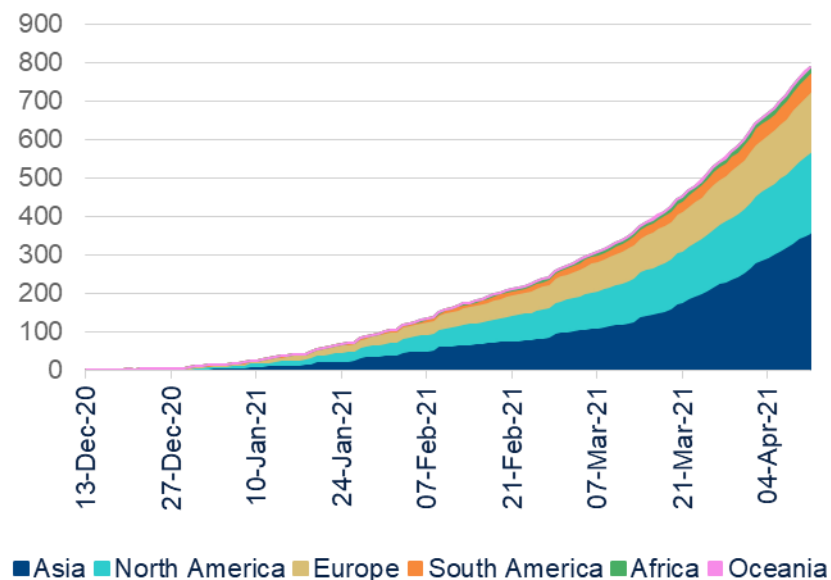
(% OF POPULATION THAT HAS RECEIVED AT LEAST ONE DOSE OF THE ANTI-COVID VACCINE AS OF APRIL 11 2021)



- The inoculation process advances with **heterogeneity** across countries.
- A **growing but still insufficient** supply has prevented a quicker rollout of vaccines.
- **Logistical and confidence problems** have also weighed negatively on the pace of vaccination.
- The available vaccines exhibit a **high rate of effectiveness**, according to growing evidence.

A growing supply will allow an acceleration of the vaccines rollout, but the risk of an early lift of restrictions has to be avoided

VACCINES SUPPLY (MILLIONS OF DOSES INOCULATED)

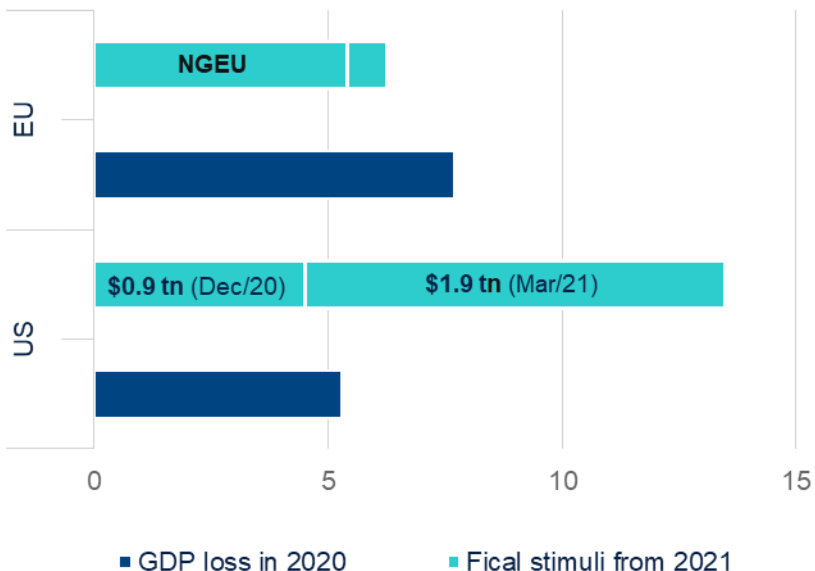


- A greater supply from a larger set of vaccines will make the control of the pandemic easier.
- The example posed by the leading countries in terms of vaccination suggests that **an early reopening entails risks**.
- The new strains will demand vaccines “adaptability”, something feasible in a reasonable period of time given the new technologies, but it could be a source of uncertainty going forward.

The new fiscal impulse in the US reinforces the view that economic policy is fully committed with the recovery, although it creates risks

GDP LOSS IN 2020 AND FISCAL STIMULUS(*)

(PP, % OF GDP)



- **Fiscal policy in the US:** approved measures supporting consumption (13% of GDP) and measures supporting investment currently being discussed (up to 15% of GDP over the next 10-15 years).
- **The Fed** is not worried about inflation and has suggested it will keep interest rates at zero level through at least 2023.
- In **Europe** the focus is on making **NGEU funds** available from mid year on.
- The **ECB** is intensifying asset purchases in this quarter with the aim of preserving the monetary policy accommodative stance.

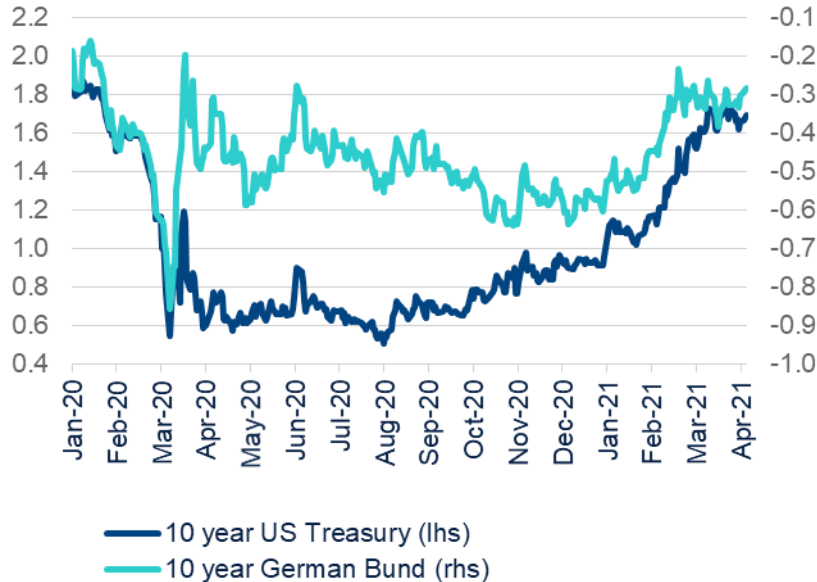
(*) GDP loss in 2020: difference between forecasted GDP before the crisis and the actual data. Fiscal stimuli to be implemented from 2021. US: USD 900 billions approved in Dec 2020 and USD 1.900 billion approved in Mar 2021. EU: NGEU and measures announced by the main countries in the region.

Source: BBVA Research.

Fast vaccination and the fiscal impulse in the US have triggered a rise in long term yields and a dollar appreciation

10-YEAR BOND YIELDS

(%)

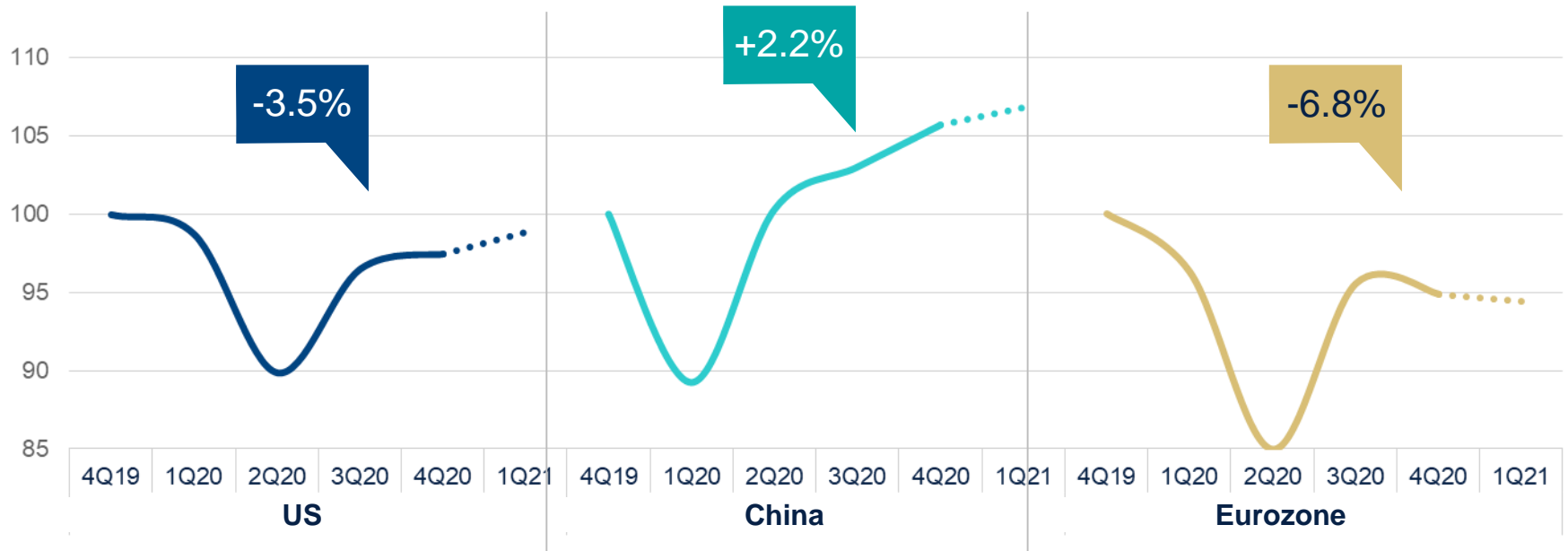


- Fiscal measures in the US have reinforced growth and inflation prospects.
- Markets have brought forward their forecasts for the withdrawal of monetary stimuli.
- Long term debt yields have significantly increased in the US, and at a lower degree in Europe.
- Equity markets have exhibited volatility episodes.
- The dollar has appreciated and emerging markets assets have suffered losses amid diminished capital inflows.

Growth is accelerating in the US, moderating in China and remains negative in Europe at the start of 2021, following a better-than-expected end of 2020

GDP LEVEL IN REAL TERMS(*)

(4Q19=100)



■ GDP growth in 2020

(*) Observed data up to 4Q20. BBVA Research forecasts for 1Q21

Source: BBVA Research based on local statistics.

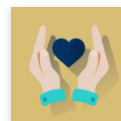
Reinforced recovery prospects on stimuli and vaccines rollout; inflation and financial stress to remain contained, despite risks

Rest of 2021

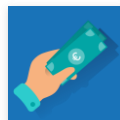
2022



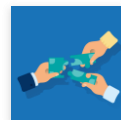
Mass vaccination
with high heterogeneity across countries



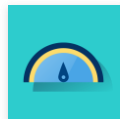
“New normal”



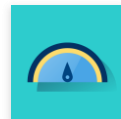
Reinforced fiscal stimulus
and unchanged rates in G3



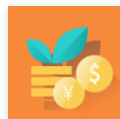
Reinforced fiscal stimulus, unchanged rates
in G3 and start of Fed tapering



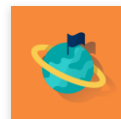
Limited risk aversion, only a gradual rise of long
term rates and a slightly dollar depreciation



Limited risk aversion, only a gradual rise of long
term rates and a slight dollar depreciation

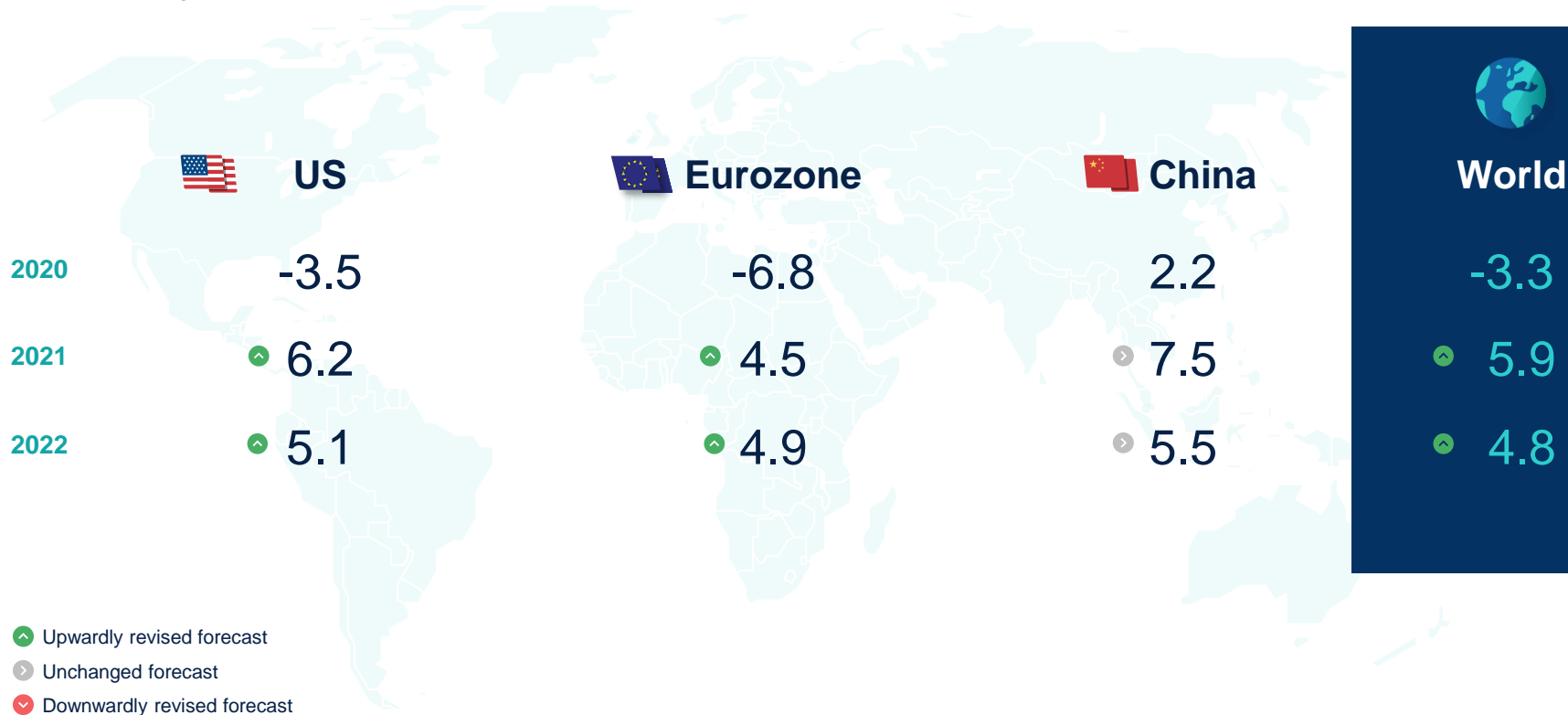


Global recovery,
led by the US and China



Global recovery,
including in Europe and emerging markets

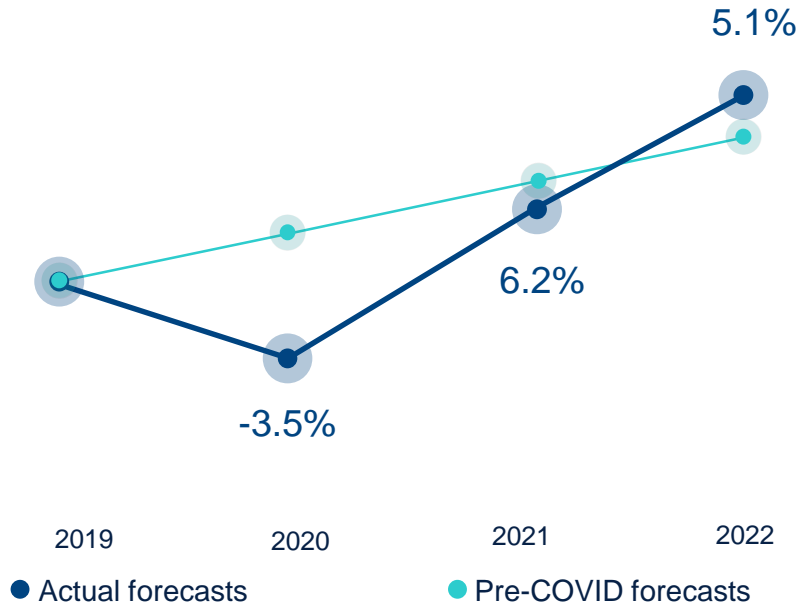
Global growth will be higher than previously forecast and it will be led by the US and China



US: growth will pick up sharply, but the Fed will take some time before starting to withdraw the monetary stimulus

US: REAL GDP

(LINES REPRESENT GDP LEVEL AND FIGURES REPRESENT ACTUAL GDP GROWTH FORECASTS)



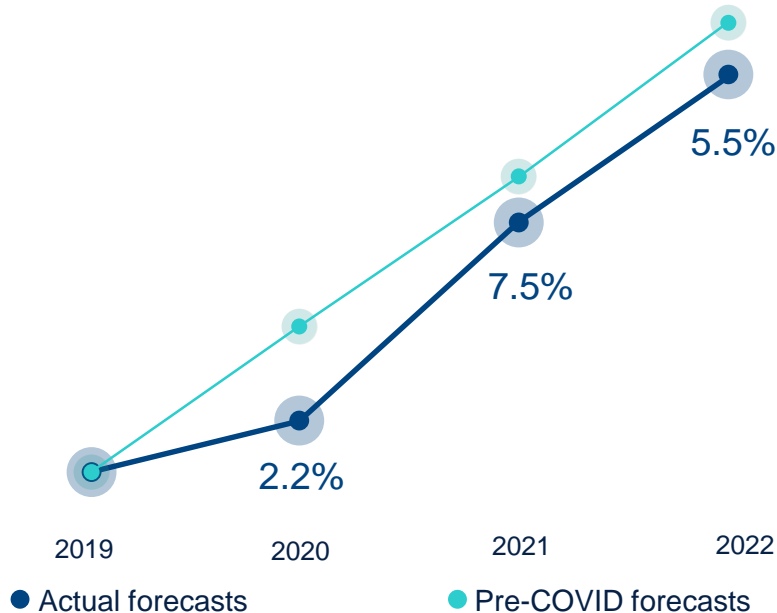
Source: BBVA Research.

- Revised growth (2021: +2.6 pp; 2022: + 2.7 pp) on stimulus, reopening and fast vaccination.
- Approved fiscal measures will have a particularly strong effect on consumption.
- A new, investment-focused fiscal package is likely to be approved in 2021.
- Inflation will rebound, but will remain under control, averaging 2.5% in 2021.
- The labor market recovery will be gradual and the Fed will only start hiking rates in 2023

China: having the pandemic under control will allow the economy to grow significantly, despite the gradual withdrawal of stimulus measures

CHINA: REAL GDP

(LINES REPRESENT GDP LEVEL AND FIGURES REPRESENT ACTUAL GDP GROWTH FORECASTS)



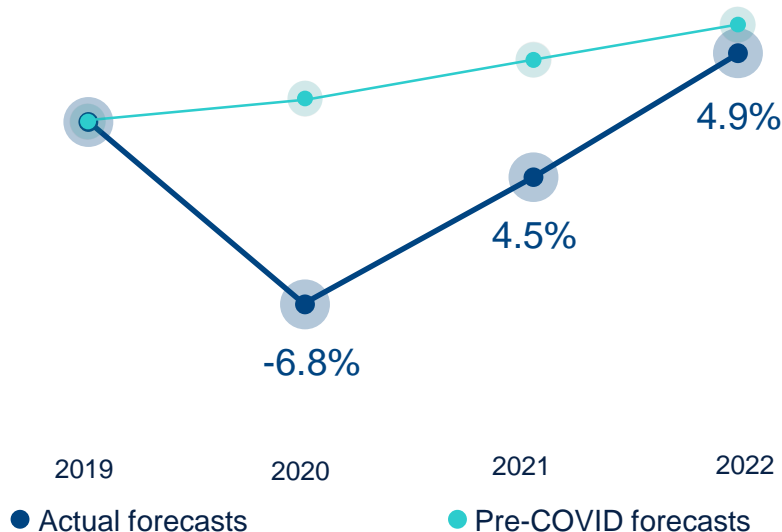
Source: BBVA Research.

- Unchanged GDP forecasts, but with an upward bias due to higher global growth
- Economic policy is increasingly focused on curbing financial risks
- Interest rates will remain unchanged, in a context of regulatory tightening
- Fiscal policy will be less expansionary going forward than in 2020
- Tensions with the US will remain on the radar during the J. Biden administration

Eurozone: growth will accelerate from the middle of the year onwards due to vaccination, the NGEU and the effects of higher growth in the US

EUROZONE: REAL GDP

(LINES REPRESENT GDP LEVEL AND FIGURES REPRESENT ACTUAL GDP GROWTH FORECASTS)



Source: BBVA Research.

- The pandemic continues to affect the economy: GDP has fallen moderately in 4Q20 and probably also in 1Q21
- Higher growth forecasts (2021: + 0.4pp; 2022: + 0.5pp) mostly due to greater US dynamism
- The ECB will focus on maintaining accommodative monetary conditions, while reviewing its strategy
- NGEU: small short-term impact, but long-term effect could be high
- In a context of higher oil prices, inflation will average 1.5% this year

Risks will remain significant, mostly on the downside, but a positive scenario with an even faster recovery cannot be dismissed



EPIDEMIOLOGICAL RISKS



Virus mutations



Slow vaccination



New waves of infections



ECONOMIC-FINANCIAL RISKS



Inflation



Savings
evolution



Financial
stress



Flows into
EMs



Corporate
bankruptcies

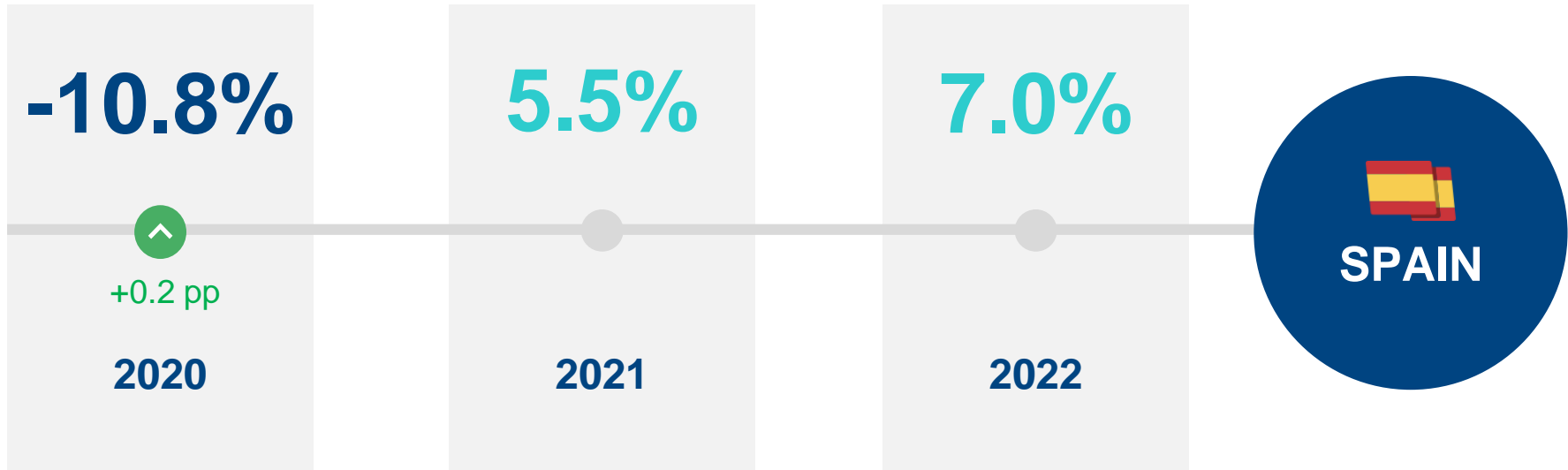


Public debt
sustainability

02

Spain Economic Outlook 2Q21

Although INE (*Instituto Nacional de Estadística* — National Institute of Statistics) has revised the 2020 fall for the better, and the EMU improves its outlook, the forecasts for 2021 and 2022 remain unchanged

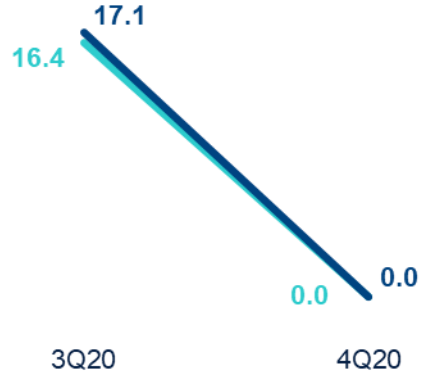


⬆ Upward revisión by INE

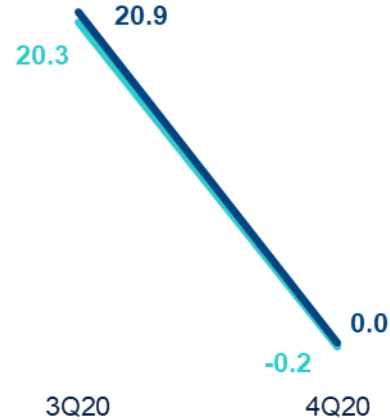
Correction of 2020 in line with expectations

Slowdown in 4Q20 as forecast by BBVA Research

€ GDP
(%, Q/Q)



PRIVATE CONSUMPTION
(%, Q/Q)



€ PUBLIC CONSUMPTION
(%, Q/Q)



— Jan-21 (e) — Apr-21

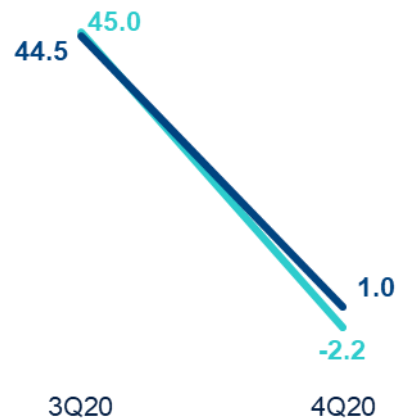
Source: BBVA Research based on INE data.

INE's final growth estimates for domestic demand components have been fairly well aligned with BBVA Research's 4Q20 forecasts. In any case, INE revised previous quarters upward.

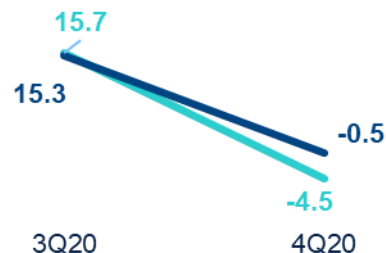
Correction of 2020 in line with expectations

Slowdown in 4Q20 as forecast by BBVA Research

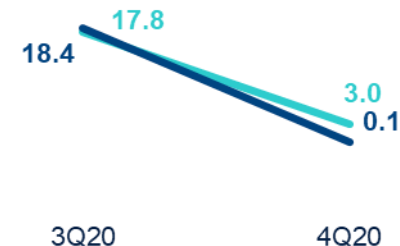
INVESTMENT IN M&E (%, Q/Q)



INVESTMENT IN HOUSING (%, Q/Q)



INVESTMENT IN OTHER CONSTRUCTION PROJECTS (%, Q/Q)



— Jan-21 (e) — Apr-21

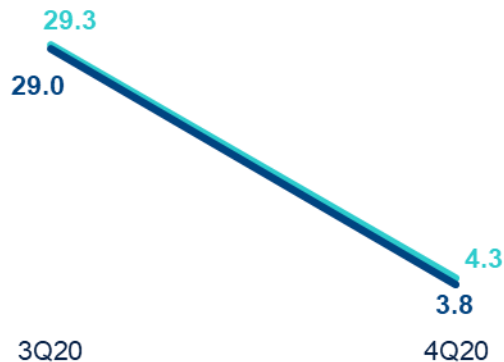
Source: BBVA Research based on INE data.

Investment, both in machinery and equipment and in housing, has performed relatively positively throughout the crisis, which has continued in recent quarters.

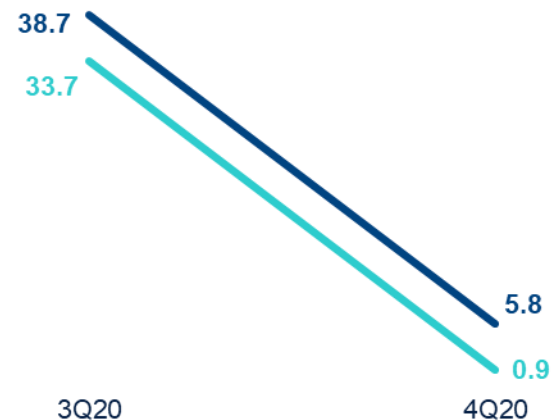
Correction of 2020 in line with expectations

Slowdown in 4Q20 as forecast by BBVA Research

EXPORTS OF GOODS (%, Q/Q)



EXPORTS OF SERVICES (%, Q/Q)



— Jan-21 (e) — Apr-21

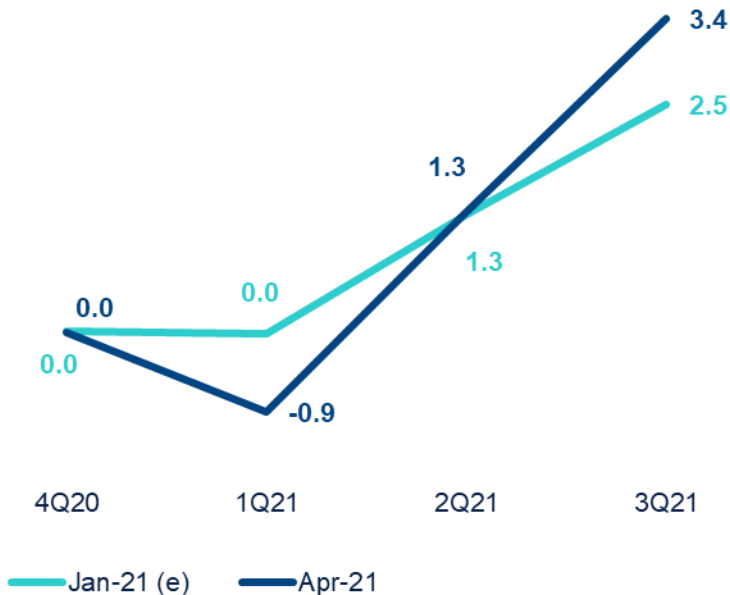
Source: BBVA Research based on INE data.

The increase in infections in the EMU led to forecasts of a sharp slowdown in exports. In any event, Brexit would have boosted the sale of goods in 4Q20. At the same time, the decline in foreign tourism was very significant.

An uncertain start to 2021

A contraction in activity is expected in the first quarter of the year

GDP
(% Q/Q)



Source: BBVA Research based on INE data.

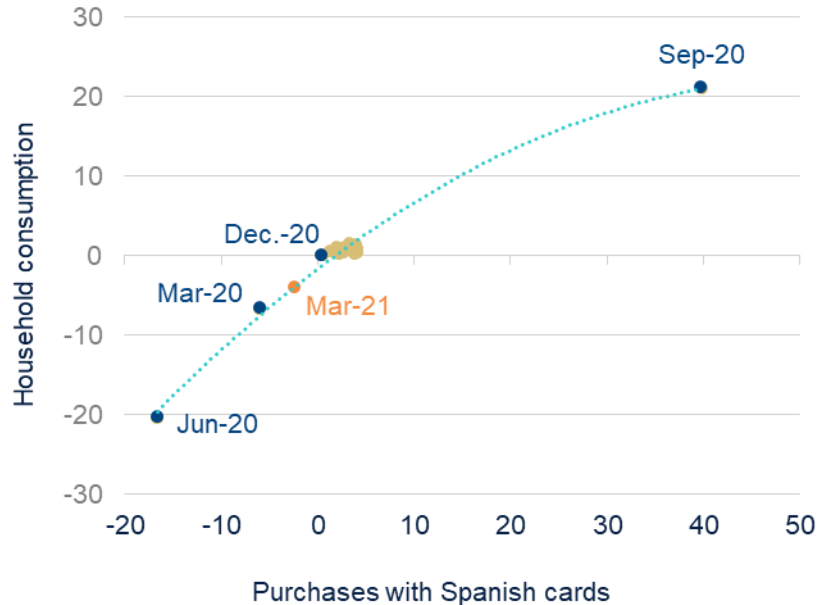
- Despite the increase in public demand, the Spanish economy contracted again at the beginning of 2021 (-0.9% q/q), as a result of:
 - worsening health indicators, both in Spain and the rest of the EMU
 - the UK's departure from the EU;
 - the impact of weather events (Storm Filomena)
 - and increasing energy costs.
- In any case, activity is expected to accelerate over the year.

An uncertain start to 2021

The increase in infections has led to a decline in private consumption in 1Q21

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.

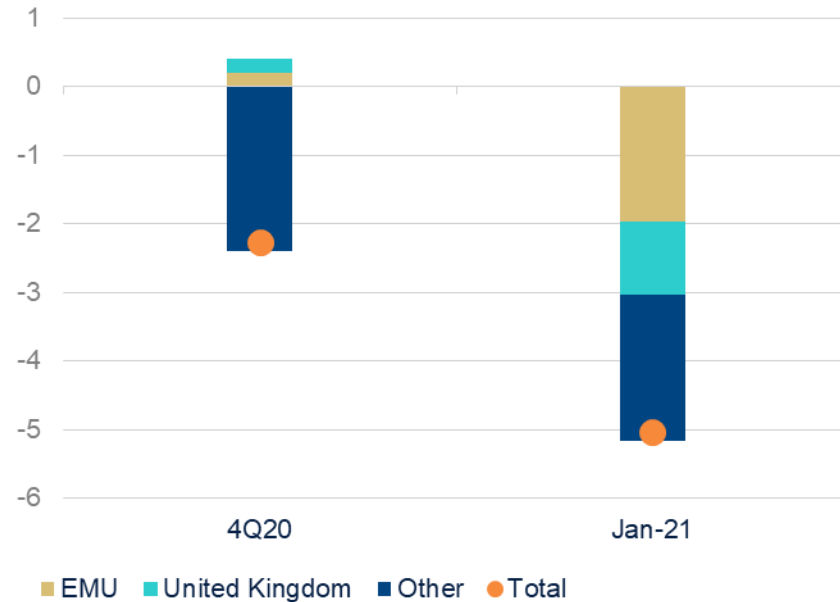
Source: BBVA Research based on BBVA data.

- The increase in infections in the second half of December and throughout January will have increased uncertainty considerably for families.
- Once again measures were needed to restrict personal mobility or directly prohibited the opening of establishments in various autonomous regions.
- According to card expenditure data and other partial indicators, household consumption fell by between -1.5% and -0.8% in 1Q21.

An uncertain start to 2021

Brexit and rising infections in the EMU affected external demand

CONTRIBUTIONS TO CURRENT YEAR-ON-YEAR EXPORT GROWTH (SWDA, %)



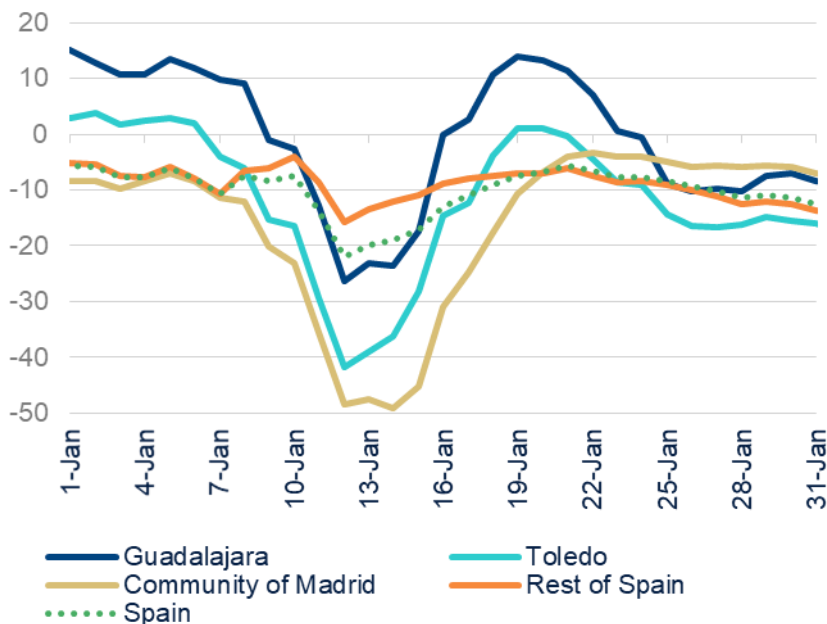
- COVID-19 outbreaks have not only been limited to Spain but have spread throughout most of the Eurozone countries.
- This, together with *Brexit*, points to a substantial fall in exports of goods and services during the first quarter of the year.

An uncertain start to 2021

Impact of the adverse weather conditions caused by Storm Filomena

WEEKLY CREDIT CARD EXPENDITURE*

(Y/Y, %)



- Beyond the economic problems brought about by COVID-19, Storm Filomena caused significant damage, especially in the center of the peninsula (in the provinces of Guadalajara, Toledo and Madrid), also restricting household expenditure, at least temporarily.

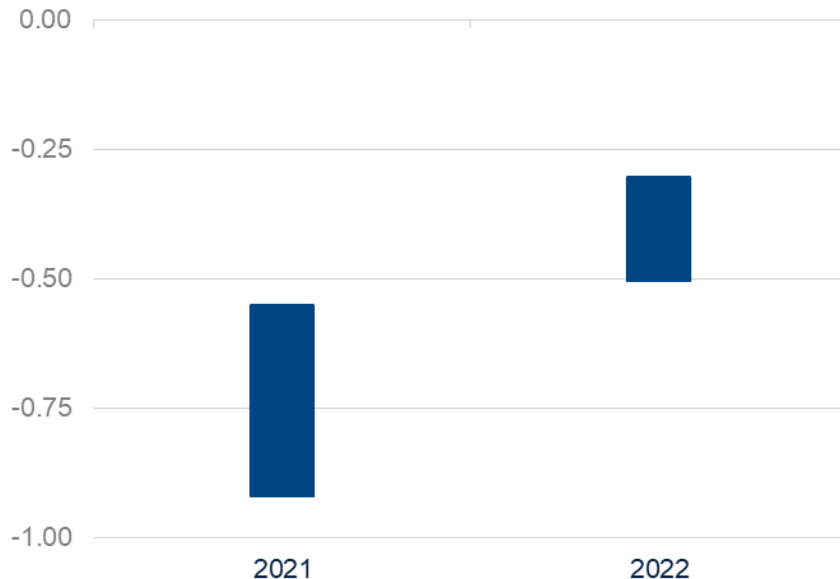
* Expenditure with cards issued by BBVA plus expenditure at BBVA PoS terminals by non-customers.
Source: BBVA Research based on BBVA data.

An uncertain start to 2021

Impact of the rise in oil prices

IMPACT OF OIL PRICE INCREASES ON GDP GROWTH

(DEVIATION COMPARED TO BASELINE SCENARIO, PP)



Source: BBVA Research.

- Finally, in addition to the temporary effect of the climate on the cost of energy, the price of oil increased, which could restrict growth in 2021 to one percentage point.
- There is uncertainty about the final impact on GDP given the source of the shock (supply vs. demand) and how intensively the Spanish economy uses energy (due to changes in transport use, for example).

The recovery will speed up in the coming months

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)

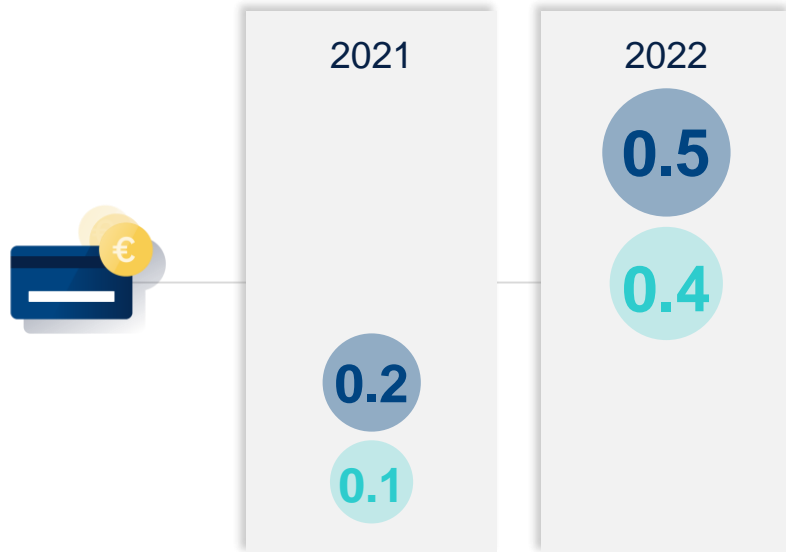


- The "direct" impact on the Spanish economy is expected to be limited (imports and exports to the US account for 3.5% of GDP vs. 7.5% in the EMU).
- In terms of trade, the semi-manufacturing and capital goods sectors are the most exposed and could be the most positively impacted.
- By region, Madrid, Valencia, the Basque Country and Navarra export the majority of other capital goods and Catalonia is the largest exporter of chemical products.
- It is likely that the "indirect" effects will be more significant: a boost to global demand, as well as the consolidation of a more confident environment and reduced uncertainty in the capital markets.

The recovery will speed up in the coming months

ECB will maintain the expansionary tone of monetary policy

IMPACT OF NEW TLTRO III CONDITIONS ON ANNUAL GDP GROWTH (PP)



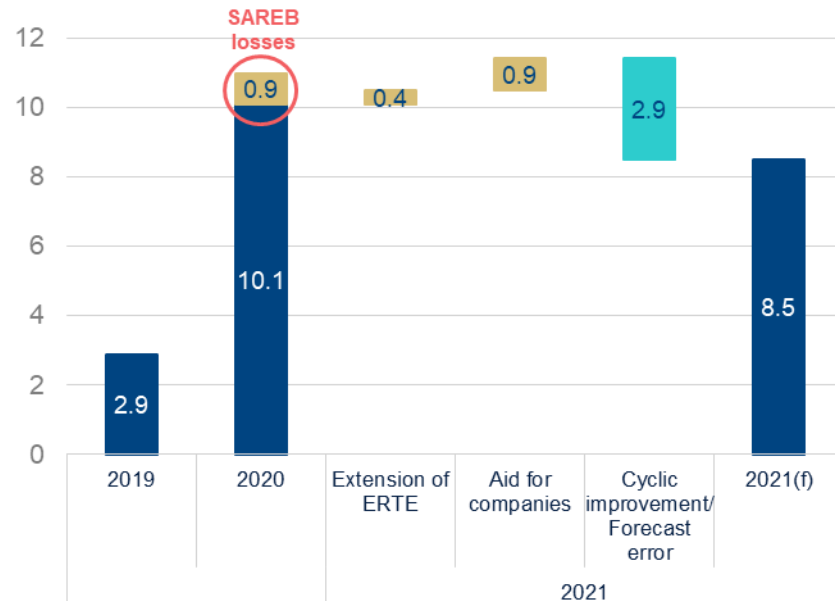
- High credit demand scenario
- Low credit demand scenario

- The European Central Bank has announced an acceleration of debt purchases under its Pandemic Emergency Purchase Program (PEPP): it maintains its commitment to low interest rates and once again avoids fragmenting the sovereign debt market.
- In March, European banks again auctioned the targeted longer-term refinancing operations (TLTRO III) on a massive scale, asking for EUR 330 billion and leaving ECB's total liquidity supply at around EUR 2 trillion.

The recovery will speed up in the coming months

Tax rules are relaxed until at least 2022

SPAIN: PUBLIC DEFICIT BREAKDOWN (% OF GDP)



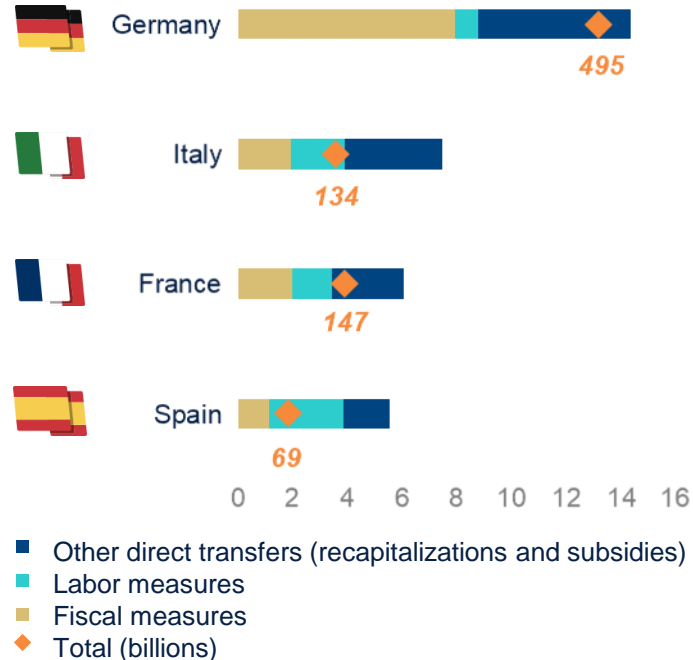
- The deficit in 2021 (without SAREB [*Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria* — management company for assets from bank restructuring]) was better than forecast (by more than 1pp of GDP).
- By 2021, there are discretionary policies that will increase the deficit: the extension of the Temporary Redundancy Plan (ERTE) until May and the program of direct aid to companies.
- The economic recovery and the reversal of some temporary measures could reduce the deficit to 8.5% of GDP in 2021.
- In 2022, NGEU funds and the relaxation of tax rules will help maintain the momentum of public spending and make the return to a fiscal adjustment policy easier.

The recovery will speed up in the coming months

Direct aid for businesses

DIRECT HELP FOR BUSINESSES

(% GDP; BILLIONS OF €)



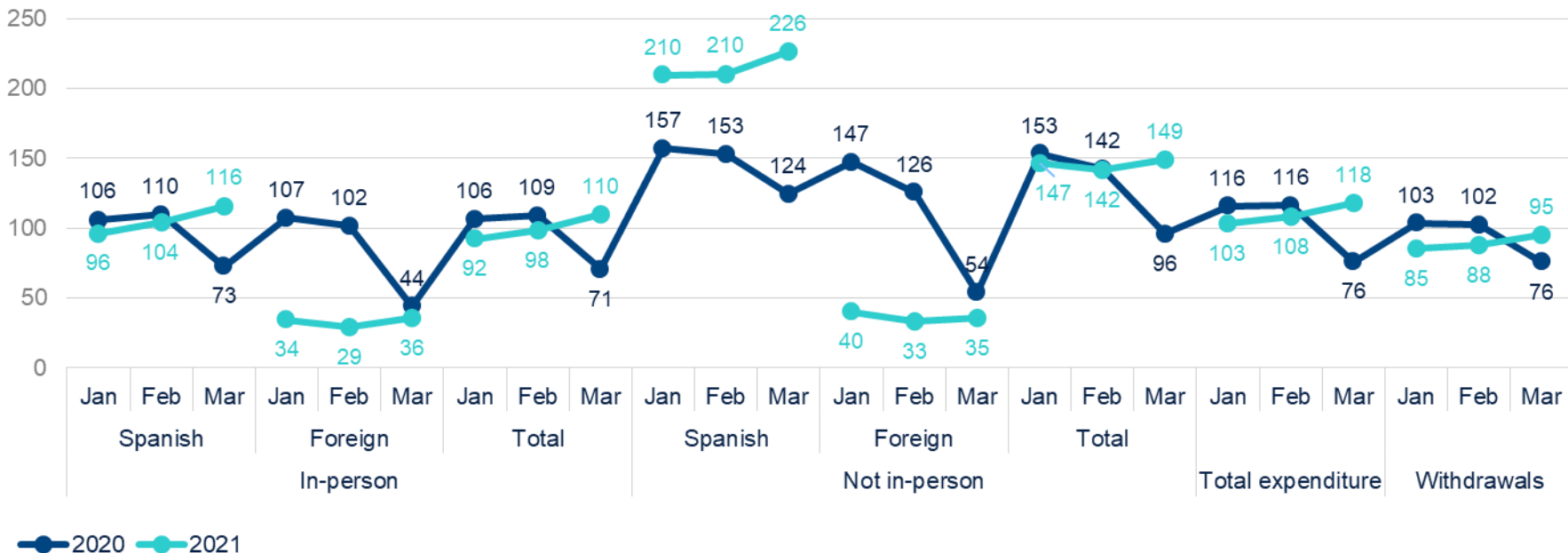
- It is positive that the measures focus on direct aid (7 of the EUR 11 billion) and that they are targeted and sectoral.
- The Debt Restructuring Fund linked to ICO (*Instituto de Crédito Oficial* — Spanish official credit institution)-backed debt (EUR 3 billion) must not include any kind of "automatic mechanism" to grant assistance to companies and the reduction of the principal must be an "exceptional and last resort" measure decided by the financial creditors.
- The associated funds may be insufficient, while delegating direct aid to the Autonomous Regions, may have downsides.

The recovery will speed up over the coming months

The improvement in health indicators is reflected in an acceleration of consumption in March

AVERAGE CARD EXPENDITURE*

(SAME MONTH 2019 = 100)



* Expenditure with cards issued by BBVA plus expenditure at BBVA PoS terminals by non-customers. Cash withdrawals by BBVA customers.

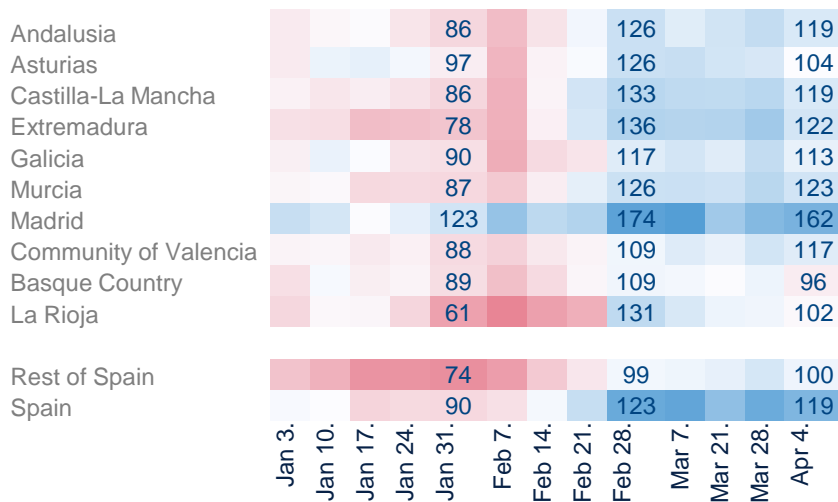
Source: BBVA Research based on BBVA data.

The recovery will speed up in the coming months

The improvement of health indicators and the relaxation of restrictions in February boosted consumption

CARD EXPENDITURE BY REGION*

(SAME PERIOD IN 2019 = 100)

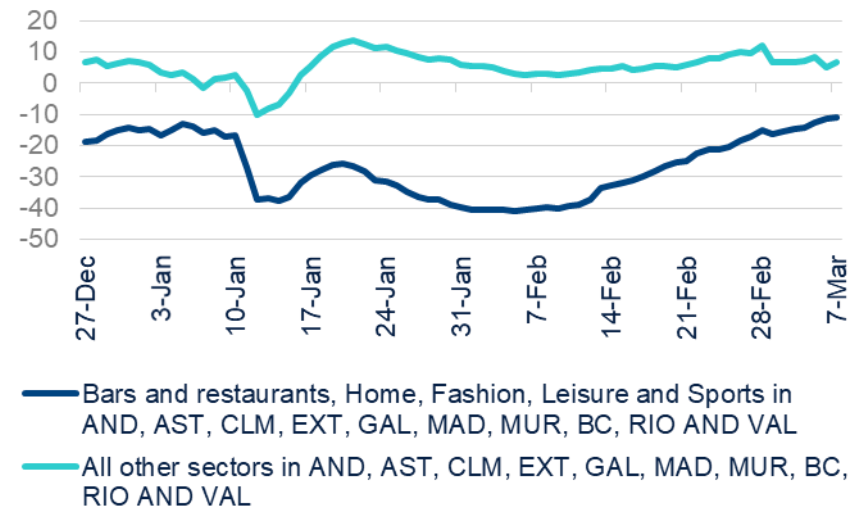


(*) Purchases with cards issued by BBVA or at BBVA POS.

Source: BBVA Research.

CARD EXPENDITURE BY SECTOR*

(SAME PERIOD IN 2019 = 100)

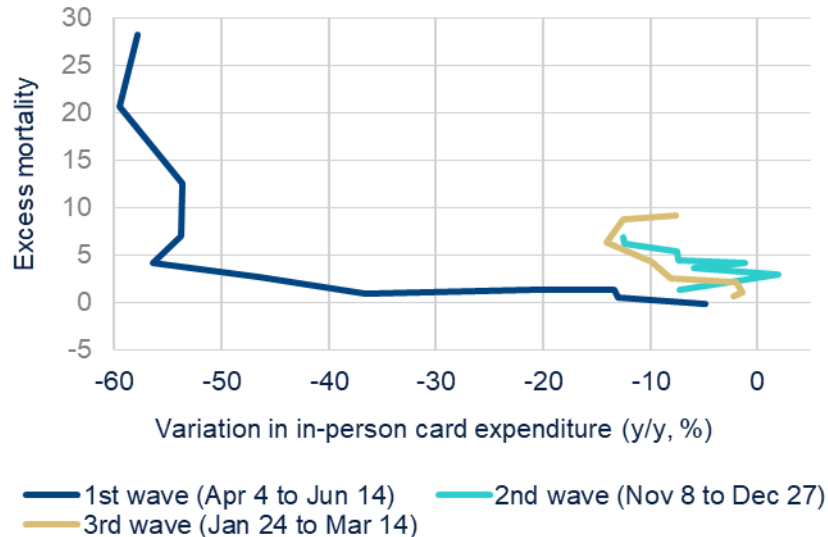


Improving health indicators could help the recovery. In-person purchases were favored by the lifting of some regional restrictions from mid-February, which affected the closure of the municipal perimeter, the opening of bars and restaurants and/or trading hours.

The recovery will speed up in the coming months

There is evidence that the increase in infections is being handled better

CHANGE IN CARD EXPENDITURE AND EXCESS MORTALITY* (% Y/Y AND NO. OF DEATHS /100,000 INHABITANTS)



(* In-person expenditure with BBVA credit and debit cards or at BBVA PoS terminals. Excess mortality is the difference between deaths in the reference week (published by INE) and median deaths in the same week over the previous 18 years. Source: BBVA Research based on INE and BBVA data

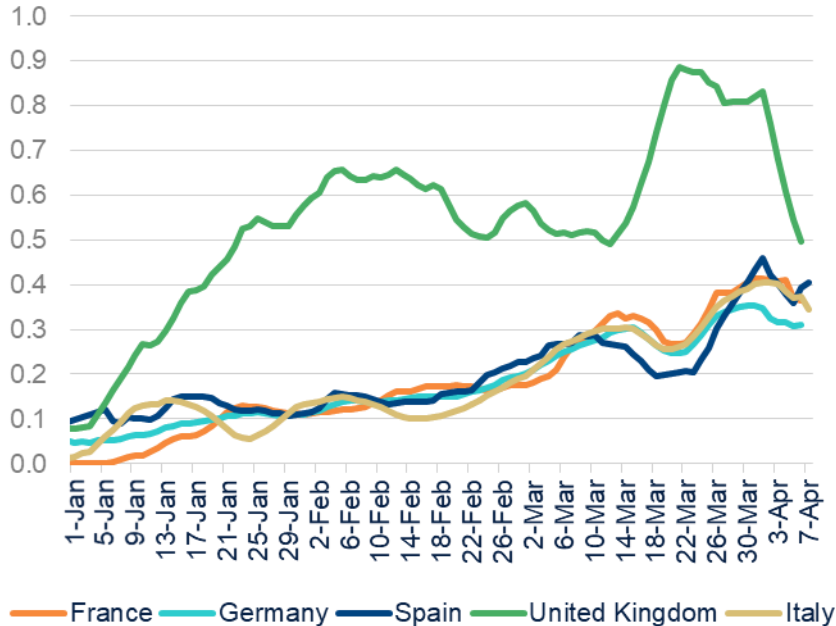
- During the first wave of infections, expenditure sat at between 50 and 60% y/y. However, during the second and third, reductions "barely" reached 10 to 15% y/y, with excess mortality similar to the start of the first wave.
- This has been helped by what the health authorities and services have learned about the most appropriate measures to contain and treat the disease without causing unnecessary economic damage.
- In addition, households and companies have invested in readjusting, promoting remote working and digital communication and intensifying the expansion of the logistics sector.

The recovery will speed up in the coming months

How tourism evolves will depend on progress with vaccinations and the relaxation of travel restrictions

DAILY DOSES GIVEN PER 100 PEOPLE

(7-DAY MOVING AVERAGE)

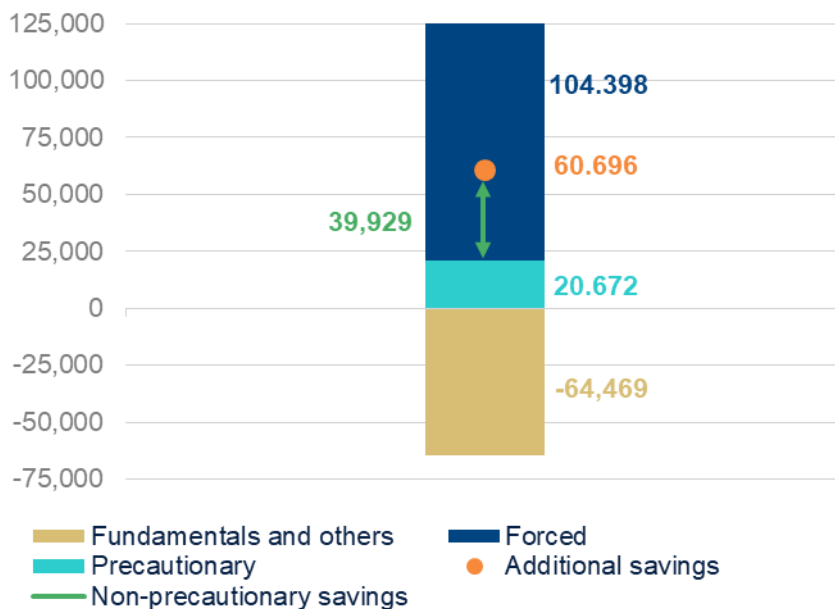


- If the incipient recovery continues, **growth estimates may improve.**
- **Everything is subject to controlling the disease,** and therefore to rapid, effective and widespread vaccination.
- **Less uncertainty around health,** along with the gradual removal of barriers to gatherings and the opening up of businesses, mean that a significant **part of the so-called "forced" savings can be translated** into more expenditure over the coming months.

The recovery will speed up in the coming months

There are "forced" savings awaiting herd immunity

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



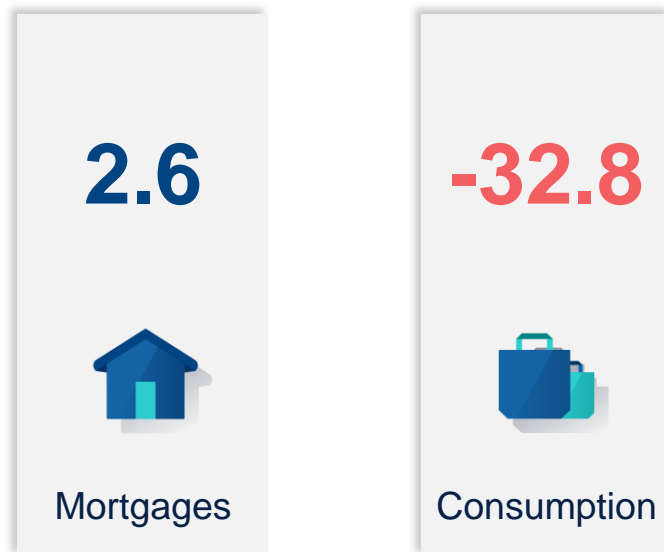
- Health restrictions and uncertainty associated with the coronavirus crisis have pushed the savings rate to record highs.
- Excess savings of EUR 60 billion were accumulated in 2020.
- According to estimates obtained from the saving rate in Spain, EUR 20 billion of these savings are the result of worsening labor expectations.
- Despite the negative impact of the fall in income on savings, consumption restrictions inflate the non-precautionary savings total to EUR 40 billion.

The recovery will speed up in the coming months

The real estate market has performed better than expected

SPAIN: NEW LENDING

(% Y/Y [CUMULATIVE MAR-20 - FEB-21 VS MAR-19 - FEB-20])



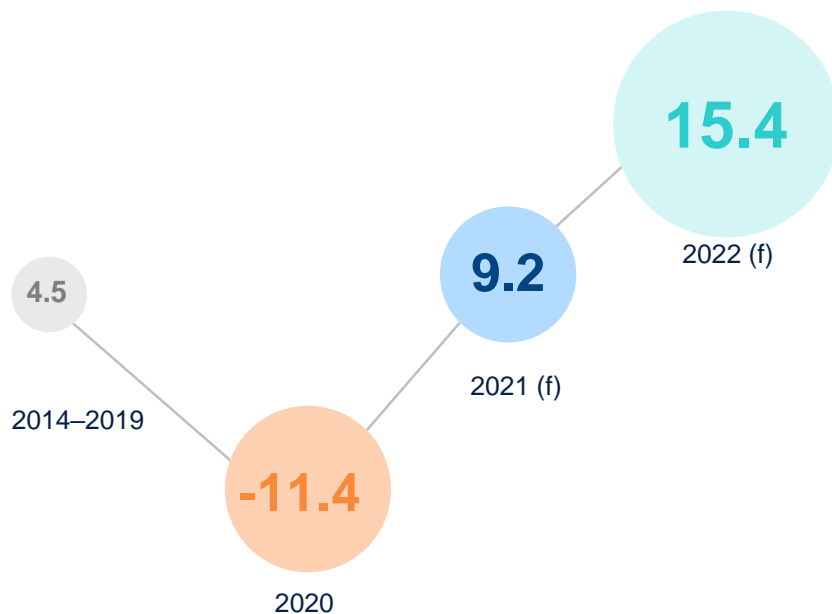
- In the eleven months since the start of the pandemic, new credit transactions for the purchase of housing increased by 3% compared to the period between March 2019 and February 2020.
- Other household lending fell heavily.
- Among the factors that could explain this are the shift toward housing with more space, the high savings rate and low levels of profitability, as well as high rental prices in some urban areas and favorable credit conditions.

The recovery will speed up in the coming months

The NGEU effect will increase over time

SPAIN: GROSS FIXED CAPITAL FORMATION

(Y/Y GROWTH, %)



- Some projects may not start in the first half of the year due to **planning and implementation delays**.
- Estimates as to **the impact of these funds on the economy** continue to point to a significant effect over the next three years: **1.5 pp of GDP per year on average**.
- **In general**, it is expected that both **private and public investment will benefit from the virtuous circle** that expansionary fiscal policy can produce, improved confidence related to the mass vaccination campaign and favorable financing conditions.

(f): Forecast.

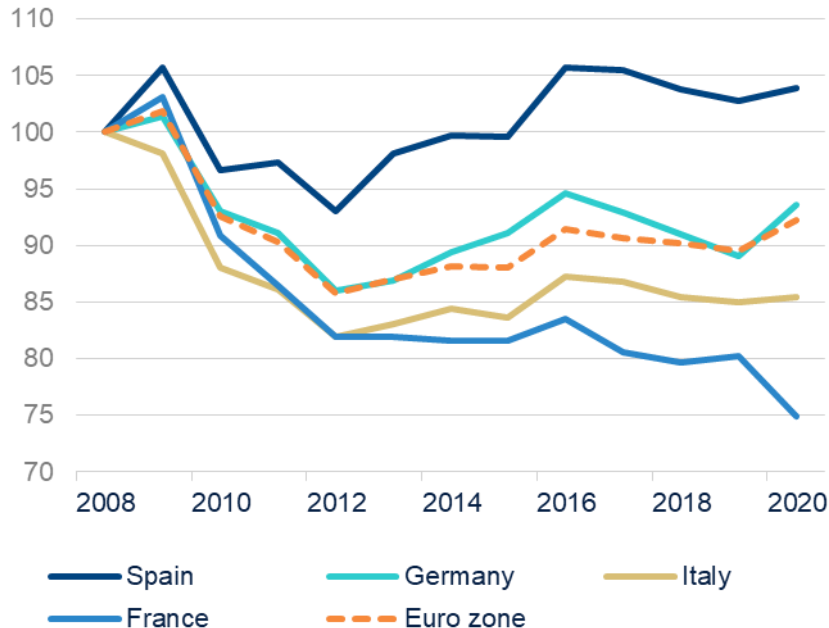
Source: BBVA Research based on INE data.

The recovery will speed up in the coming months

Spain increased its international market share in goods trade in 2020

GLOBAL EXPORT SHARES FOR GOODS

(2008 INDEX=100)

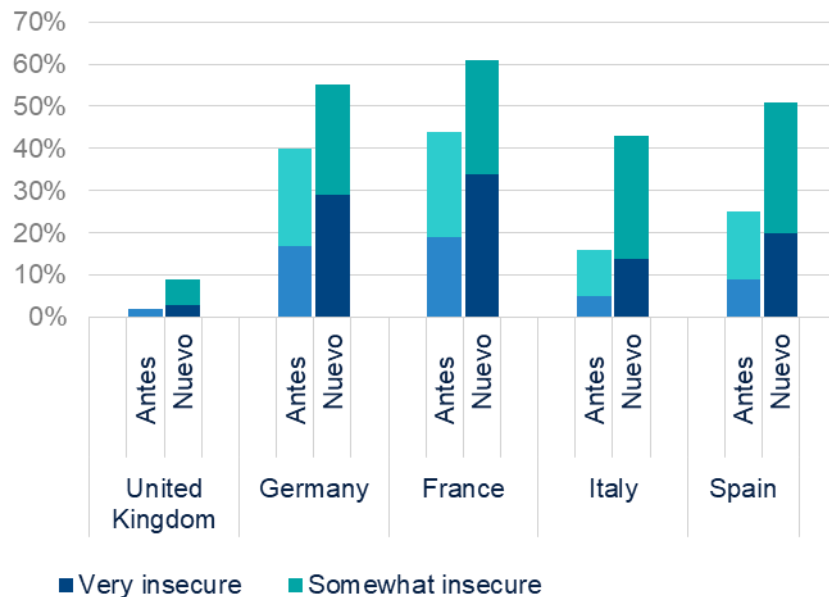


- Despite the difficult situation, Spanish exports of goods saw gains in **market share** and **competitiveness**.
- The fall in sales was concentrated among **regular exporters**, reducing average exports to the rest of the world by almost 15%. However, **the number of regular exporters increased**.
- By sector, **agriculture produced more exports** to the detriment of industry. In **industry**, the food and pharmaceutical **industries** have strengthened.
- By **destination**, exports **have fallen across the board**, except to **China**, which have surged.

Risks that could affect the recovery

Delay in reaching herd immunity

PERCEPTIONS REGARDING THE SAFETY OF ASTRAZENECA VACCINES (%) (NEW SURVEY: ENDS 03/18/PREVIOUS: ENDS 03/02)



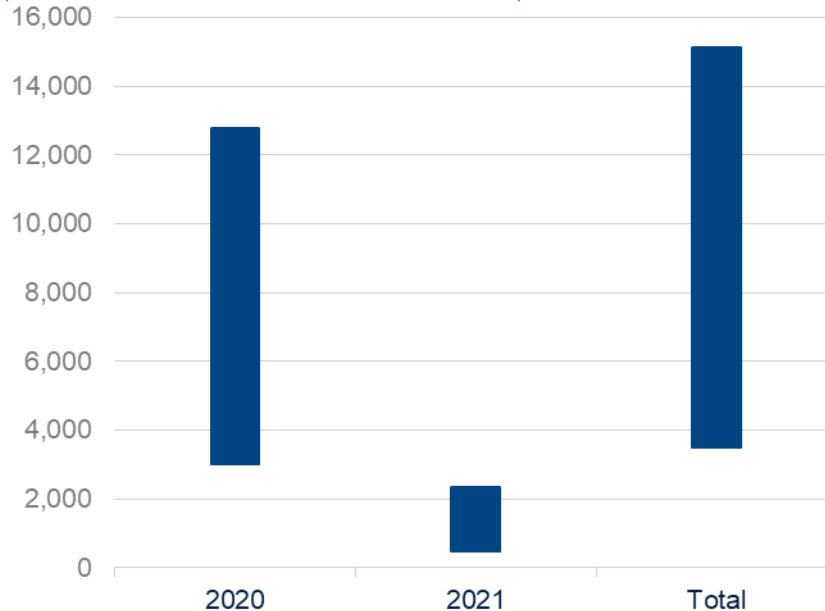
- Vaccination must be accelerated wherever possible. If restrictions on access to vaccines are maintained, mechanisms must be put in place to allow efficient use of the available doses.
- Added to vaccine availability problems are confidence problems, especially related to potential vaccine-related risks of some vaccines.

Risks that could affect the recovery

Permanent damage to production capacity.

FORECASTS FOR COMPANIES DECLARED BANKRUPT

(EXCESS VERSUS BASELINE SCENARIO)



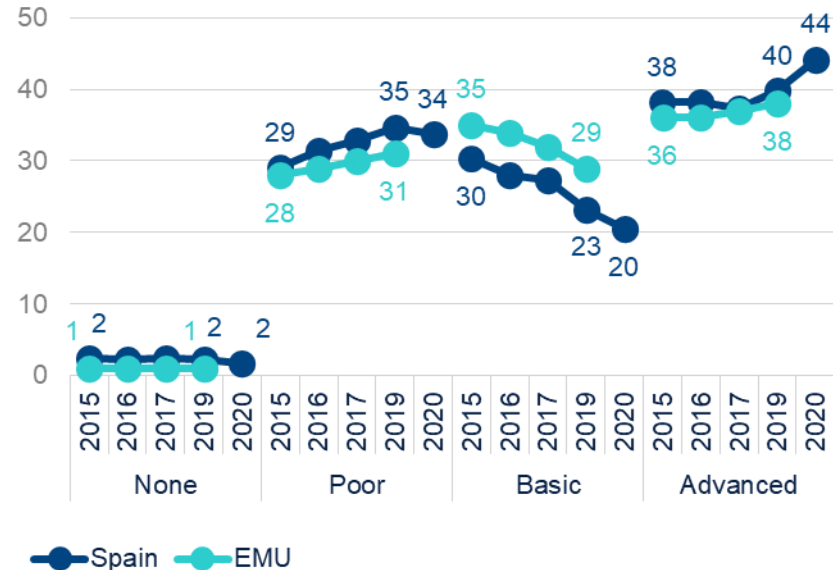
- The longer companies in the hospitality and retail sectors remain idle, the more likely it is that liquidity problems will give way to solvency problems.
- Had the measures implemented in the last year not been taken, company bankruptcies would have increased by between 3,000 and 15,000 more than in a non-pandemic environment between 2020 and 2021.
- There is a real need to make progress on the announced bankruptcy reform when adapting the European directive on this matter, and to ensure the swift and efficient use of the funds intended to recapitalize companies.

Risks that could affect the recovery

Digital skills deficit

SPAIN VS EMU: DIGITAL LITERACY

(% OF POPULATION AGED BETWEEN 16 AND 64 WHO CONNECTED TO THE INTERNET IN THE THREE MONTHS PRIOR TO THE SURVEY)



- The digital literacy of the Spanish population improved in 2020, driven by progress with communication skills and searching for and analyzing information.
- Who improved their digital skills the most? Men under 44 years of age, foreigners, with primary education, employed and inactive, with a family income of between EUR 900 and EUR 1600 and minors in the household.
- It would be advisable to direct some of the NGEU funds toward reducing the 34% of the adult population with low skills and strengthening software and problem-solving skills in digital environments.

03

Forecasts

Forecasts

% y/y	2019	2020	2021 (f)	2022 (f)
National final consumption expenditure	1.3	-8.2	5.6	5.6
Private consumption	0.9	-12.1	6.1	6.8
Public consumption	2.3	3.8	4.6	2.5
Gross fixed capital formation	2.7	-11.4	9.2	15.4
Equipment and machinery	4.4	-13.0	13.7	13.2
Construction	1.6	-14.0	6.2	16.0
Housing	4.1	-16.6	3.0	10.5
Domestic demand*	1.4	-8.8	5.9	7.3
Exports	2.3	-20.2	11.8	15.0
Exports of goods	0.8	-8.9	10.0	11.5
Exports of services	5.5	-43.7	17.7	25.9
Final consumption by non-residents in Spain	2.7	-75.9	44.4	90.9
Imports	0.7	-15.8	14.2	17.2
External demand*	0.6	-2.0	-0.4	-0.4
Real GDP at market prices (mp)	2.0	-10.8	5.5	7.0

* Contribution to GDP growth.

(f): Forecast.

Source: BBVA Research, based on INE and BoS data.

Forecasts

% y/y	2019	2020	2021 (f)	2022 (f)
Employment (full-time equivalent)	2.3	-7.5	4.4	3.4
Employment, based on Labor Force Survey	2.3	-2.9	1.5	3.6
Unemployment rate (% of labor force)	14.1	15.5	16.6	14.6
CPI (annual average)	0.7	-0.3	1.5	1.0
GDP deflator	1.4	1.0	2.0	1.5
Public deficit (% GDP)	-2.9	-10.1	-8.5	-5.0

(f): Forecast.

Source: BBVA Research, based on INE and BoS data.

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Spain

Economic Outlook

2Q21