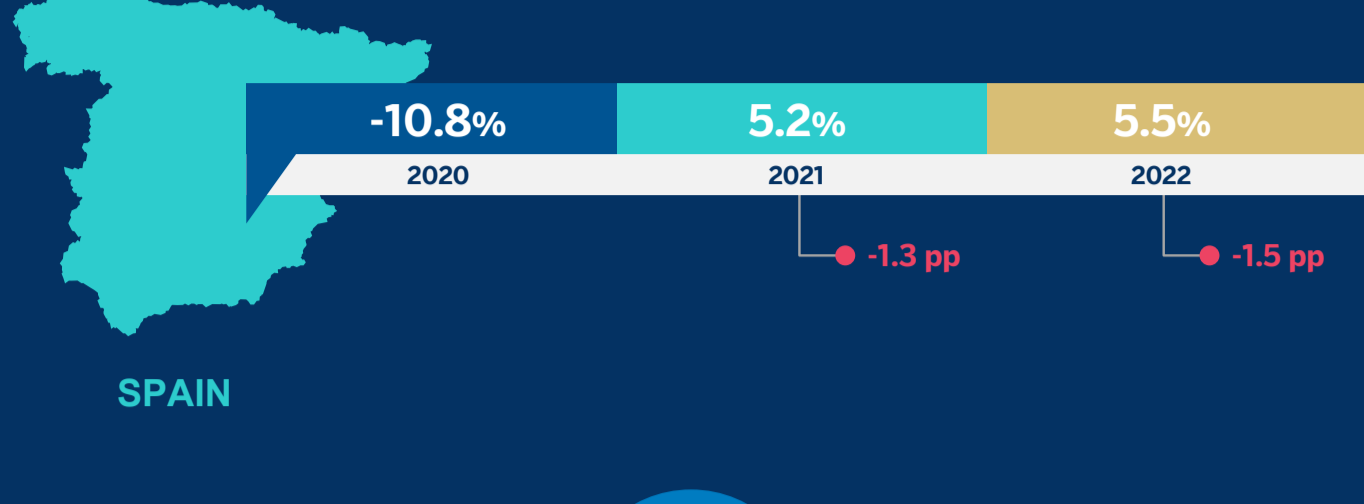


Spain Economic Outlook 4Q21



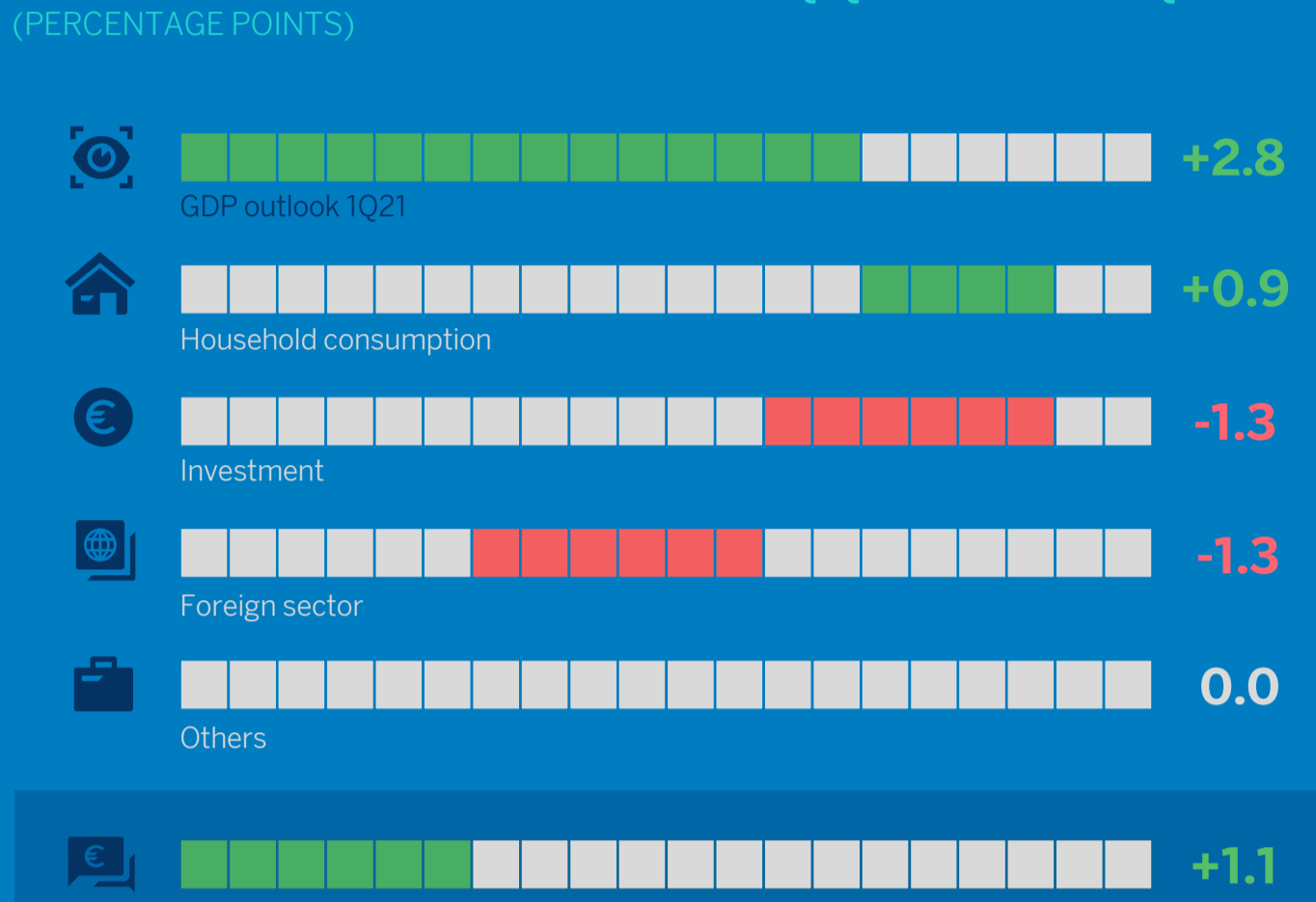
2021 and 2022 growth revised downward



2021

Lower-than-expected growth in 2Q21

CONTRIBUTION TO THE FORECAST ERROR OF THE Q/Q GDP GROWTH IN 2Q21 (PERCENTAGE POINTS)



Source: BBVA Research based on INE data.

Investment fell

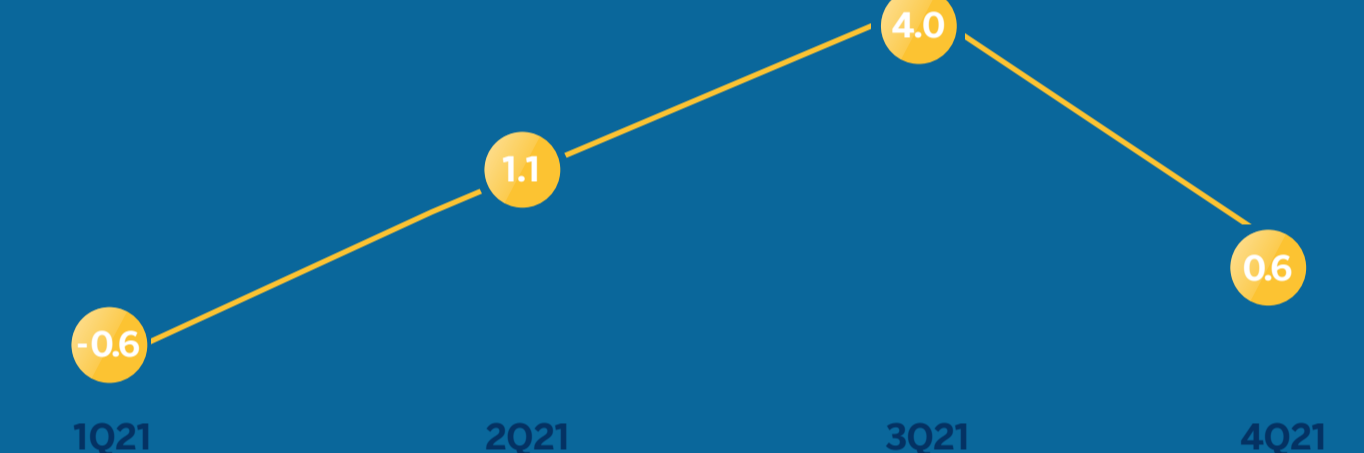
due to a less favorable **international environment** and **bottlenecks**.

Imports increased

despite weak **export growth**.

Recovery in 2H21 will not be enough

GDP GROWTH (% Q/Q)



Source: BBVA Research based on INE data.

In 3Q21

The decline in **productivity** is expected to see a **reversal**, and **consumption** and **exports** are expected to remain strong.

COMPOSITION OF EXPENDITURE WITH SPANISH CARDS* (SAME WEEK OF 2019 = 100)



*Expenditure with BBVA-issued cards plus expenditure by non-customers at BBVA POS terminals. A purchase is classified as goods or services based on the business activity, not the product purchased. It is therefore only an estimation of the expenditure structure. For more information, see The COVID-19 impact on consumption in Spain in real time and high definition. Source: BBVA Research based on BBVA data.

Going forward

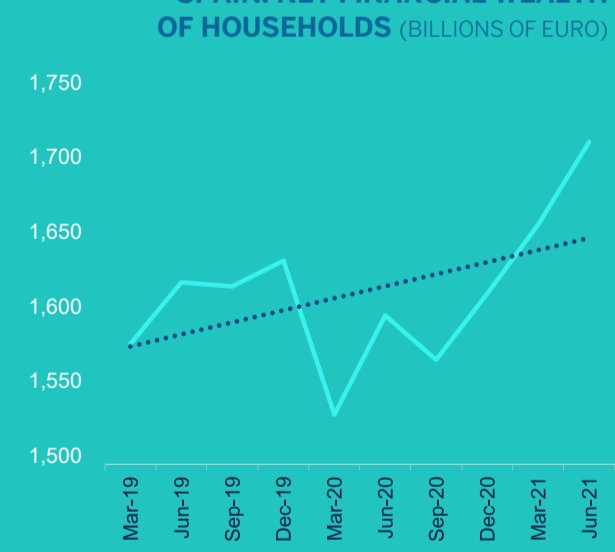
Bottlenecks, rising input prices, deteriorating international growth and **delayed implementation of NGEU funds** will **affect the economy's progress**.

2022

GDP growth will be healthy...

Accumulated savings are significant and will continue to **drive consumption and investment in housing**.

SPAIN: NET FINANCIAL WEALTH OF HOUSEHOLDS (BILLIONS OF EURO)



Source: BBVA Research based on Bank of Spain data.

...but limited

A less favorable international environment.

The impact of bottlenecks on investment.

IMPACT OF BOTTLENECKS ON GDP GROWTH IN 2022 (PP OF GDP)



Source: BBVA Research based on INE data.

Risks

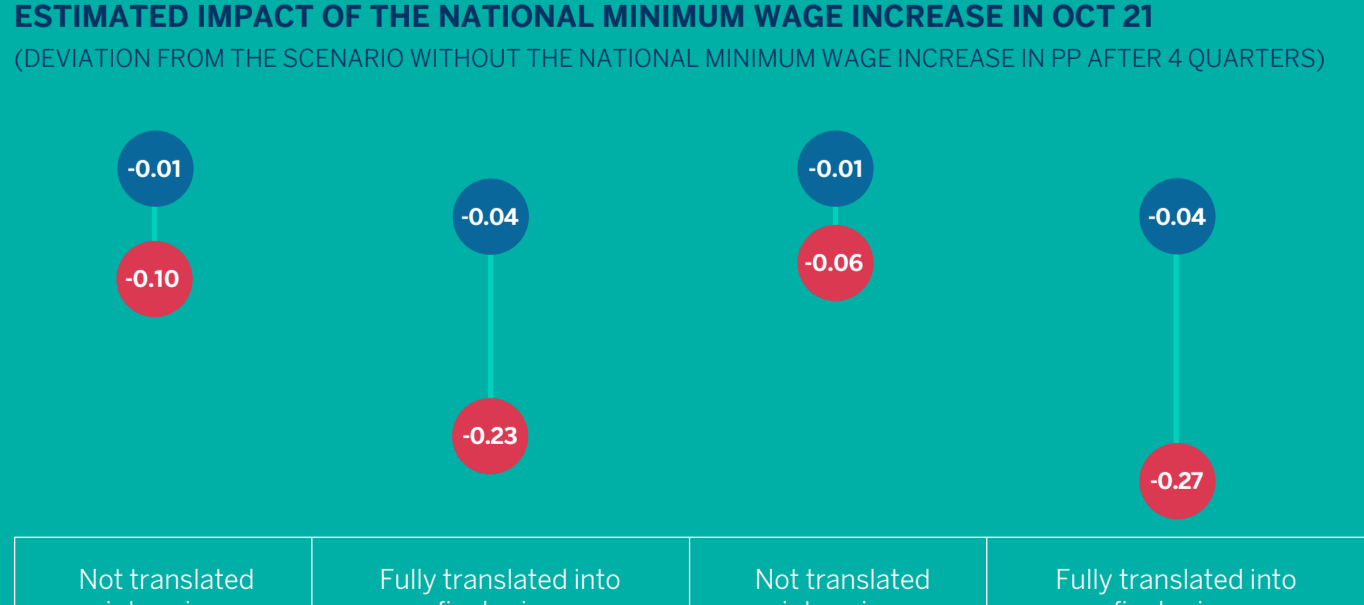
Decreased productivity.

Persistent price pressures.

Delayed vaccination in emerging countries.

The public deficit remains high.

ESTIMATED IMPACT OF THE NATIONAL MINIMUM WAGE INCREASE IN OCT 21 (DEVIATION FROM THE SCENARIO WITHOUT THE NATIONAL MINIMUM WAGE INCREASE IN PP AFTER 4 QUARTERS)



● Baseline ● Risk

Source: BBVA Research based on INE data.

The implementation

Of NGEU funds and productivity-enhancing reforms needs to be accelerated.

For more information see our **Spain Economic Outlook 4Q21**

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