



# Spain Economic Outlook 1Q22

Growth will remain high throughout 2022 and 2023



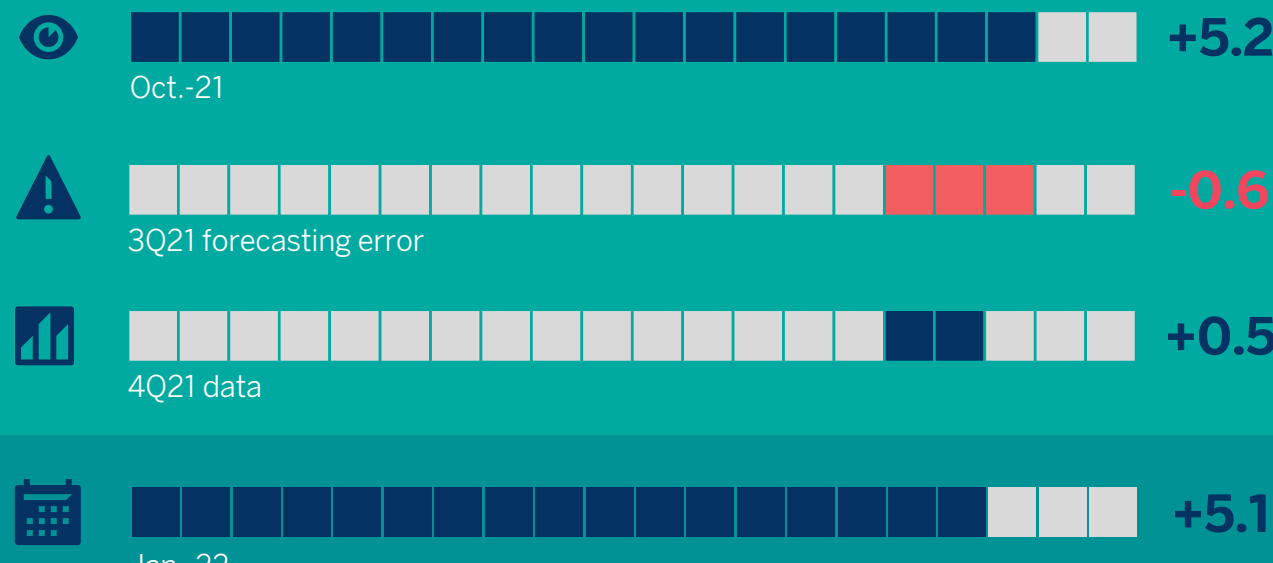
● Outlook revised downward ● Outlook unchanged

## 2021

In Q3 21, GDP grew below our estimate three months ago, but this is likely to be offset by higher growth in Q4 21

### BREAKDOWN OF 2021 GDP GROWTH REVISION (PERCENTAGE POINTS)

(PERCENTAGE POINTS)



Source: BBVA Research, based on INE data.

## 2022 - 2023

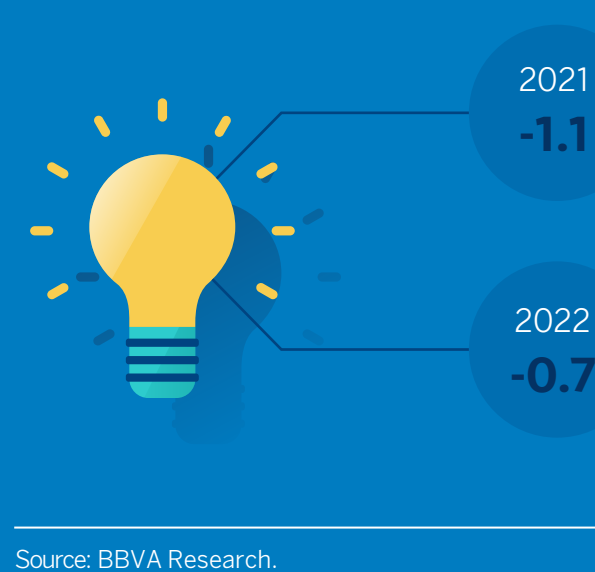
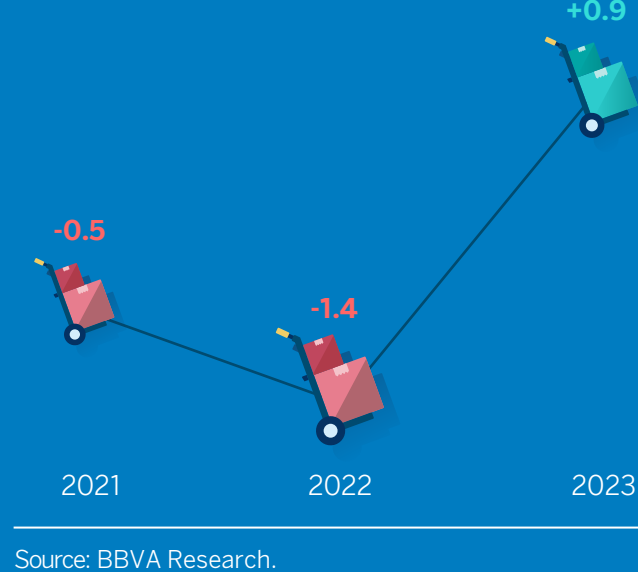
We expect a **slowdown at the beginning** of the two-year period ...

**EMU growth revised downward.**

**Increased energy costs.**

**IMPACT ON SPANISH EXPORTS OF THE DOWNWARD REVISION IN ACTIVITY ACROSS EUROPE** (DEVIATION FROM BASELINE SCENARIO IN PP)

**IMPACT OF HIGHER ELECTRICITY PRICES ON GDP GROWTH** (DEVIATION FROM BASELINE SCENARIO IN PP)



Source: BBVA Research.

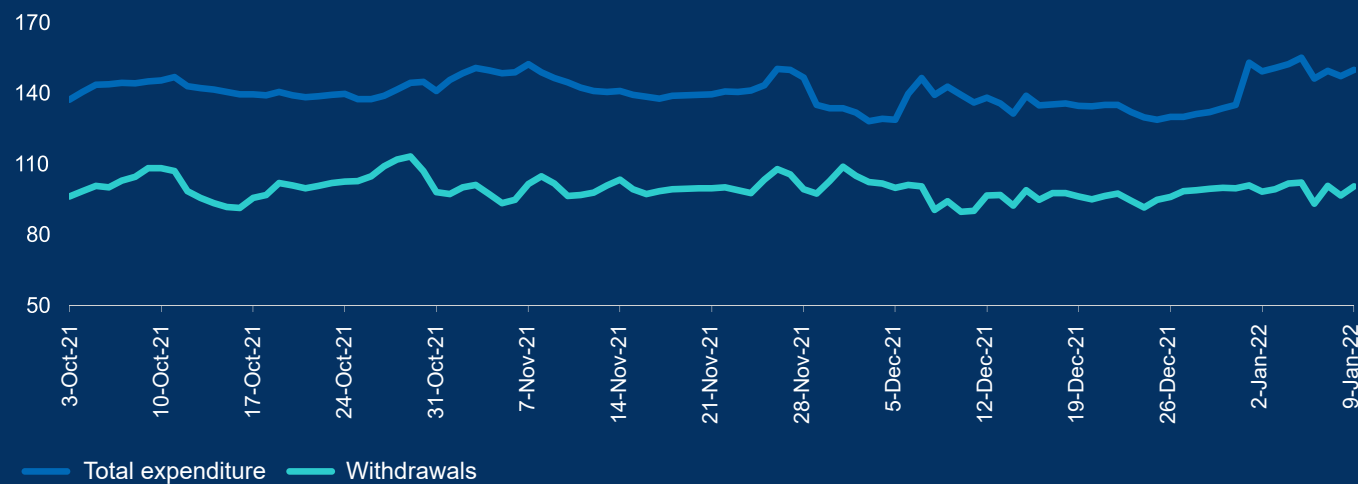
Source: BBVA Research.

**Unprecedented disruption of production** supply chains.

... even so, **growth will remain strong** in 2022 and 2023

**The rising contagion rate** will have an **increasingly limited impact on activity.**

### WEEKLY CARD SPENDING AND CASH WITHDRAWALS (SAME WEEK 2019 = 100)



\* Spending with BBVA-issued cards plus non-bank customer spending at BBVA-managed PoS. Card cash withdrawals by BBVA customers.

Source: BBVA Research.

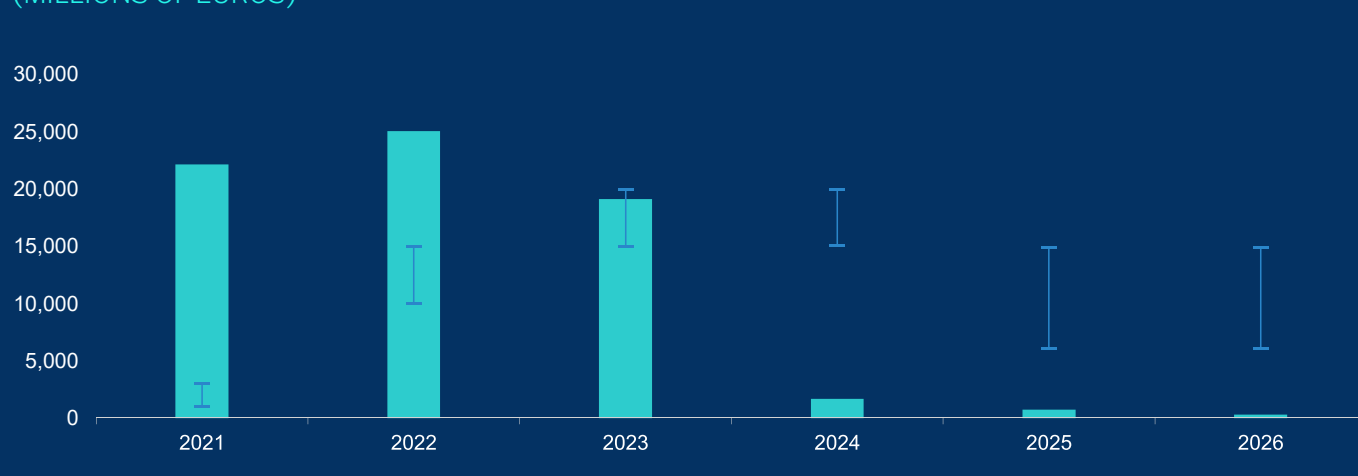
**Exports of goods are performing very strongly.**

**Containment of the pandemic** will consolidate the recovery of tourism.

**Pent-up savings** will boost household spending.

**The transfer of NGEU funds** is moving forward, and budget implementation will accelerate in the coming years.

### RECOVERY PLAN: PLANNED AND ACTUAL EXPENDITURE (MILLIONS OF EUROS)



Source: BBVA Research, based on the Spanish Ministry of Finance.

**Labor reform provides certainty**, although it could have been more ambitious.

## Risks

**Inflation** continues to surprise **on the upside.**

Pension reform **worsens the deficit** and **reduces intergenerational equality.**

**Suitable allocation of NGEU funds** could drive **digital skills enhancement and investment in intangibles**, which are key to **productivity gains.**

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

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