

Spain Economic Outlook October 2022

Growth forecast **UPGRADED** for 2022
but **DOWNGRADED** for 2023



● Downward revision ● Upward revision

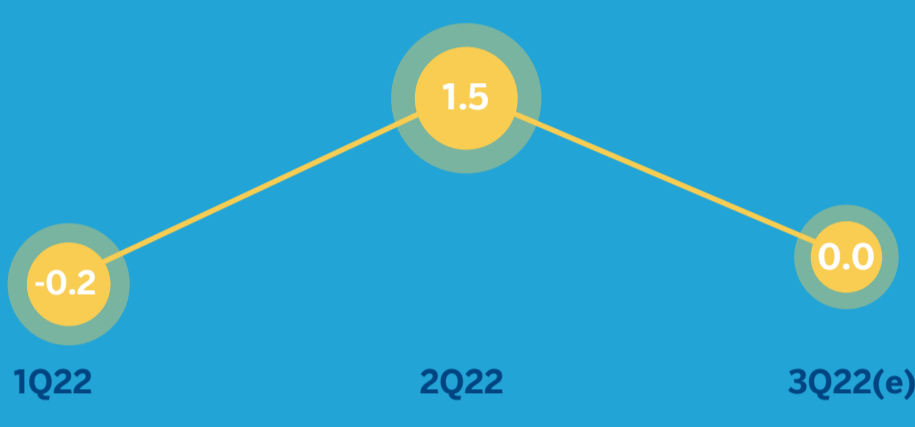
Source: BBVA Research based on INE data.

While **GDP GROWTH PICKED UP** in the second quarter of the year, the data now point to **STAGNATION** in the third quarter due to:



QUARTERLY CHANGE IN GDP (%)

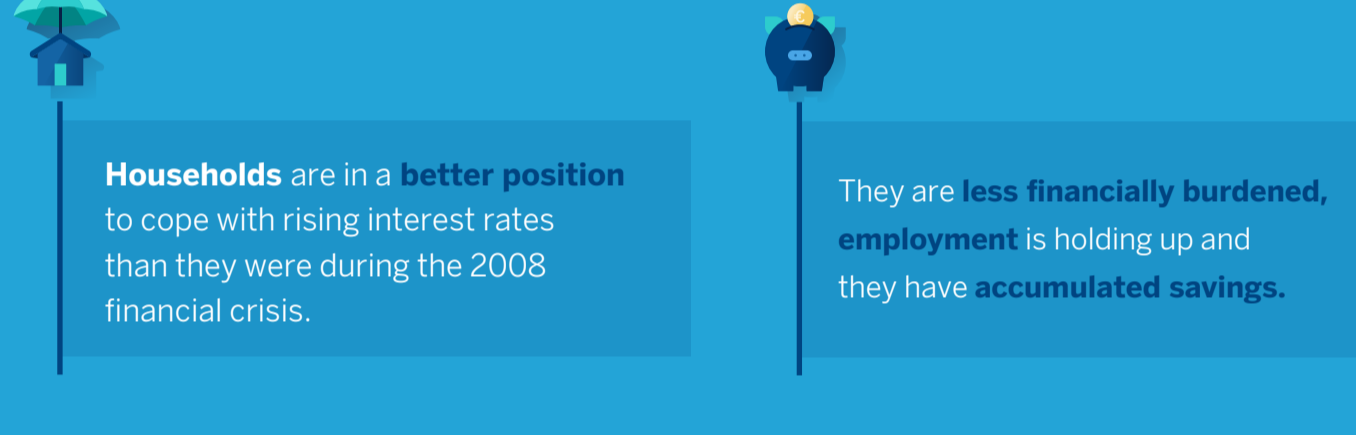
(%)



(e): estimate.

Source: BBVA Research based on INE data.

THE STAGNATION PERIOD WILL BE SHORT-LIVED
and the recovery will **RESUME** in early 2023



FINANCIAL BURDEN ON HOUSEHOLDS (% OF GROSS DISPOSABLE INCOME)



● Principal ● Interest

(p): projection.

Source: BBVA Research.

AVERAGE CPI CHANGE IN THE PERIOD (%)

(%)



Inflation is probably near to **turning the corner.**

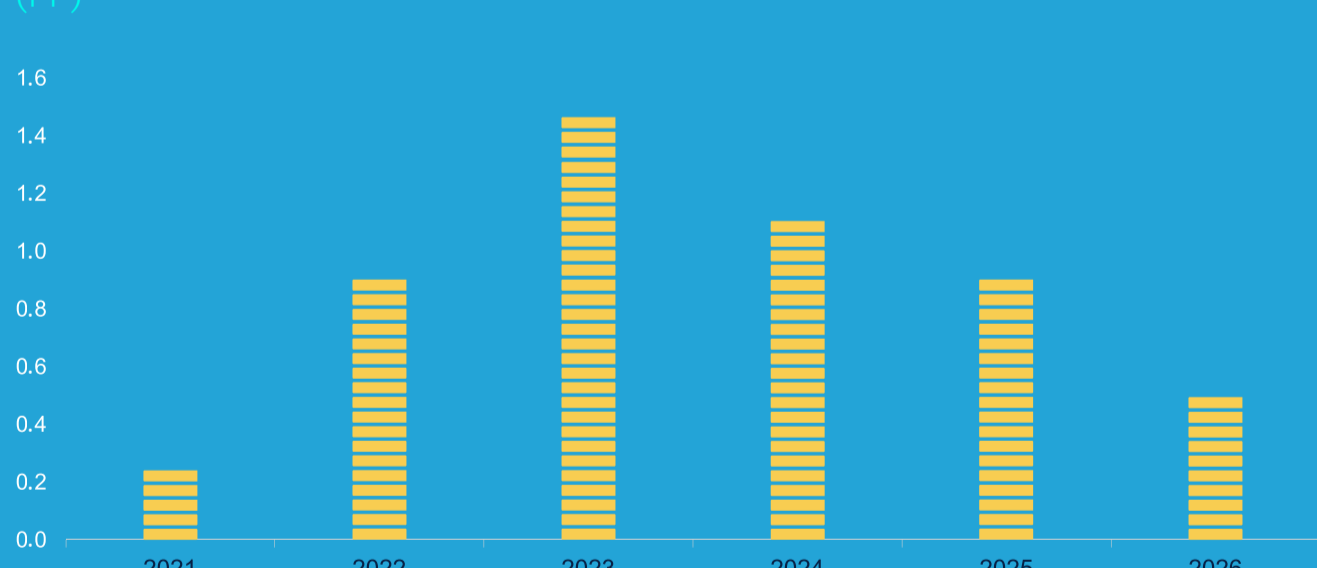
(p): projection.

Source: BBVA Research.



DEVIATION OF GDP GROWTH FROM THE SCENARIO IN THE ABSENCE OF NGEU (PP)

(PP)



Source: BBVA Research.

Export activity remains **strong.**

RISKS

INFLATION

If the **loss of purchasing power** and **cost increases** become **entrenched**, jobs could be **lost** and **businesses could fold.**

Unless an **income pact** is formalized, **labor unrest** is likely to **increase** over the coming months.

Significant structural imbalances in public finances.

Barriers to investment can **dampen competitiveness**, **reduce the availability of housing** or **slow** the impact of **NGEU funds.**

LABOR MARKET

Insufficient skilled labor to meet the **demands of companies.**

Reduction in temporary employment through **permanent intermittent work contracts** that entail a **reduction in the number of hours worked.**

For more information, see our **Economic Outlook Spain – October 2022**

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