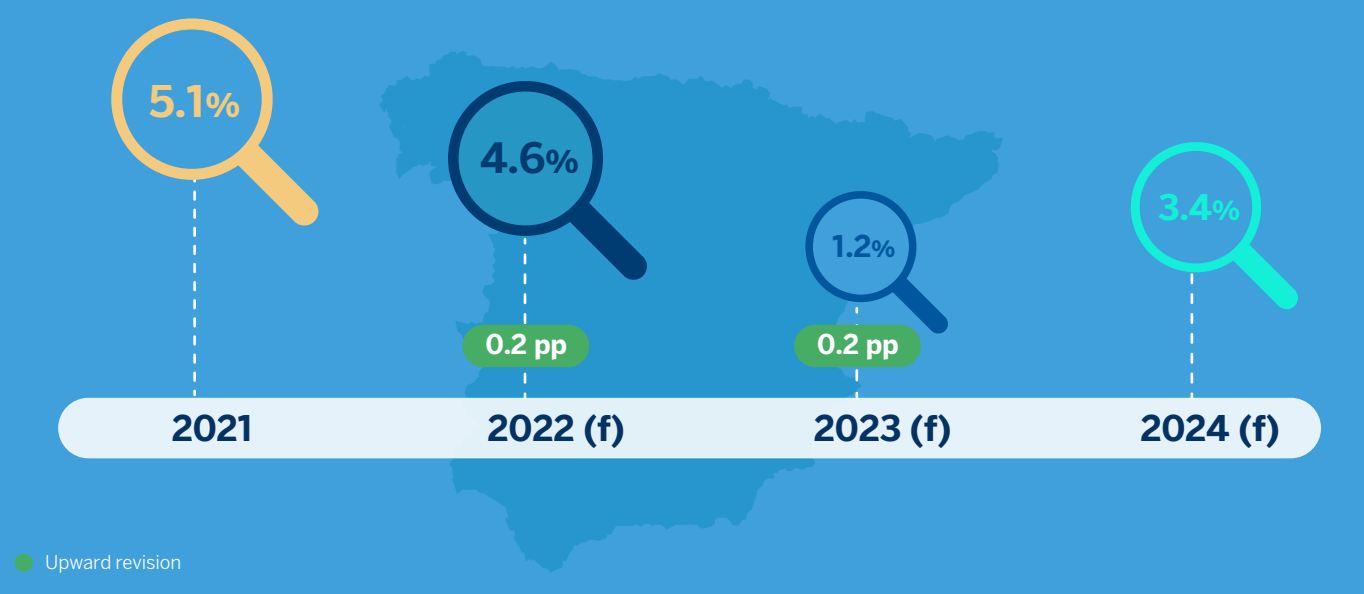


Spain Economic Outlook December 2022



MODERATE UPWARD REVISIONS IN 2022 AND 2023 AND HIGHER GROWTH IN 2024



(f): forecast.
Source: BBVA Research based on INE data.

ECONOMY HOLDING UP BETTER THAN EXPECTED

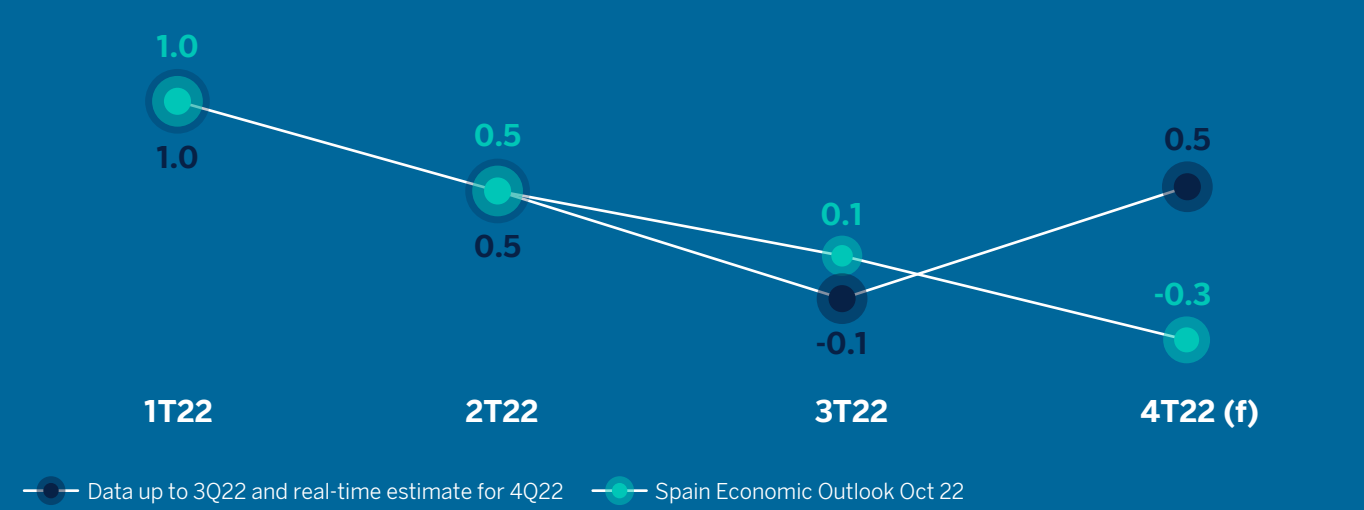


Employment rebound in 4Q22

Industrial output holds up despite worse expectations



CHANGE IN EMPLOYMENT (SWDA DATA, QUARTERLY GROWTH IN %)



(f): forecast.
Source: BBVA Research based on INE data.

GROWTH TO SLOW DOWN IN 2023

Lower contribution from external demand and private consumption



Slower export growth due to slower growth in the eurozone



Slower consumption growth due to higher prices and interest rate hikes



Lower household expenditure due to increased uncertainty

CONTRIBUTIONS TO GDP GROWTH (ANNUAL AVERAGE, PP)

| | 2021-2022 (f) | 2023 (f)-2024 (f) |
|----------------------|---------------|-------------------|
| EXTERNAL DEMAND | 1.7 | -0.8 |
| DOMESTIC CONSUMPTION | 2.4 | 1.4 |

(f) forecast.
Source: BBVA Research based on INE data.

ECONOMY TO IMPROVE AS UNCERTAINTIES MELT AWAY

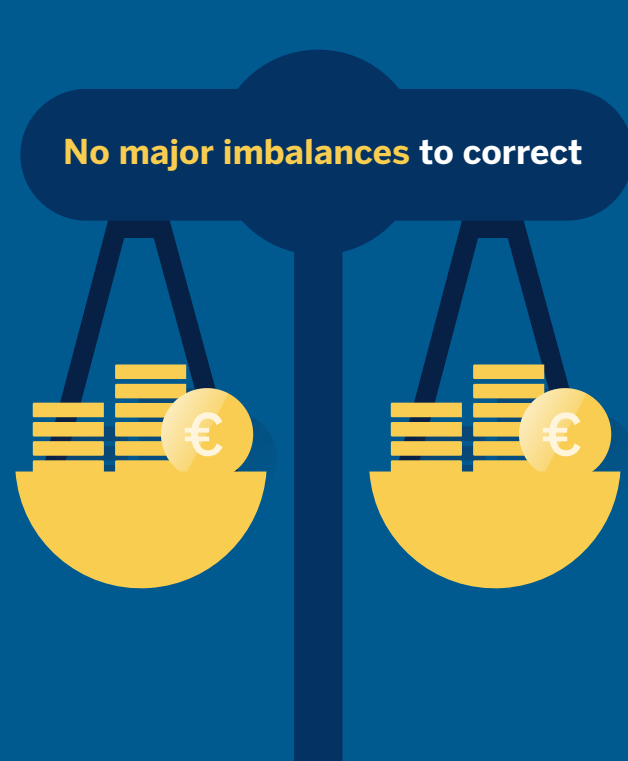
- LOWER** energy prices
- REDUCTION** in inflation
- REDUCTION** of bottlenecks

MOTOR VEHICLE PRODUCTION AND AUTOMOBILE REGISTRATIONS (SWDA DATA, 2019 = 100, MONTHLY AVERAGE)

| | JANUARY-JULY | AUGUST-SEPTEMBER |
|-----------------------------|--------------|------------------|
| MOTOR VEHICLE MANUFACTURING | 75.3 | 100.5 |
| PASSENGER CAR REGISTRATIONS | 58.8 | 75.6 |

Source: BBVA Research, based on INE and Ideauto.

SPANISH ECONOMY IS BETTER PREPARED



No major imbalances to correct

Fiscal policy will help sustain investment

CONTRIBUTION TO YEAR-ON-YEAR GDP GROWTH (ANNUAL AVERAGE, PP)

| | 2021-2022 (f) | 2023 (p)-2024 (f) |
|---|---------------|-------------------|
| INVESTMENT | 0.6 | 1.7 |
| REST OF INTERNAL DEMAND + EXTERNAL DEMAND | 4.4 | 0.6 |

(f) forecast.
Source: BBVA Research based on INE data.

RISKS

- LOSS** of competitiveness in the tourism industry
- DELAYED** implementation of NGEU funds
- SUSTAINABILITY** of public finances
- RISE** in policies that create uncertainty

