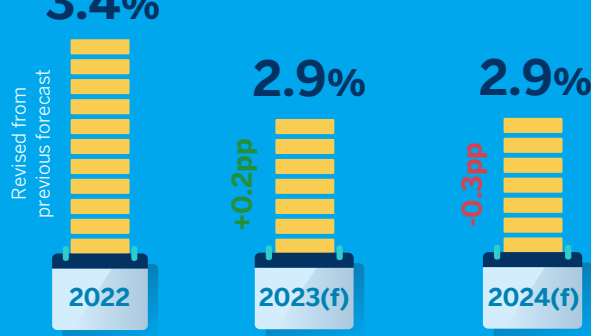


Spain Economic Outlook June 2023



GLOBAL GDP
to grow more in 2023 than forecast three months ago, but...

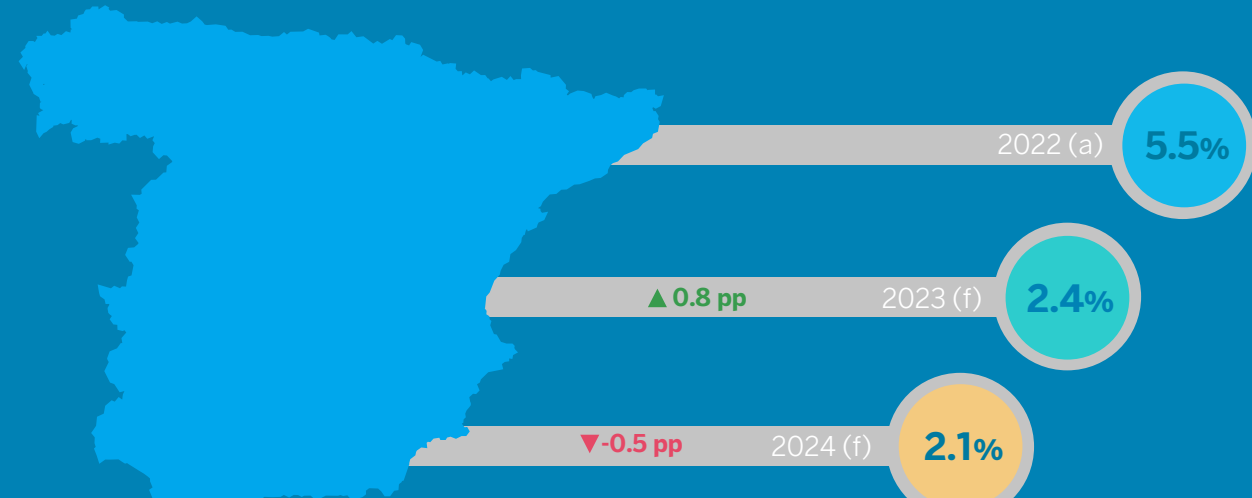
2024 GROWTH IS REVISED DOWNWARD



Source: BBVA Research.



IN SPAIN,
the GDP growth forecast is **revised upward in 2023** and **downward in 2024**



▼ Forecast revised downward ▲ Forecast revised upward

(a): advance.
(f): forecast.
Source: BBVA Research from INE.

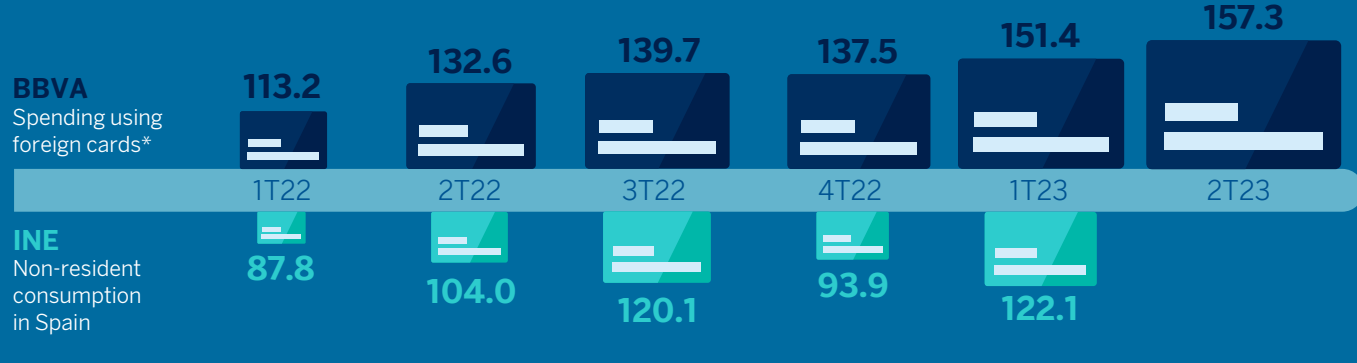
2023

THE ECONOMY
IS HOLDING UP BETTER THAN EXPECTED



1. STRONG exports, especially in tourism

NON-RESIDENT CONSUMPTION IN SPAIN
(NOMINAL AMOUNTS. SAME QUARTER 2019 =100)

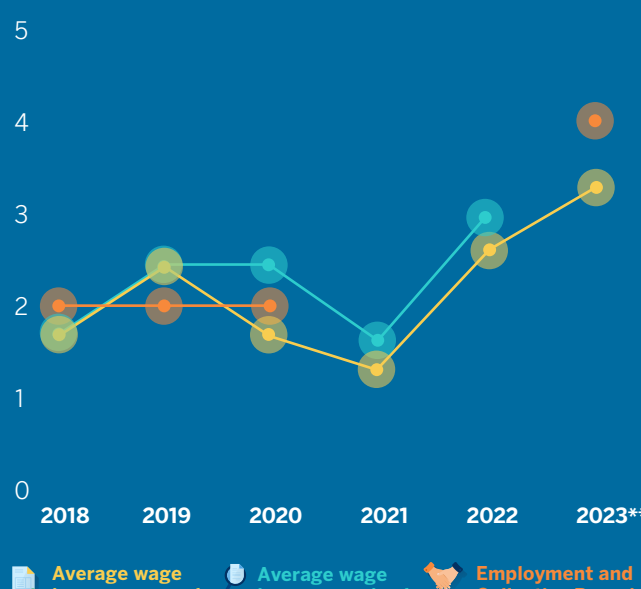


(*): Spending using cards issued by foreign banks at BBVA POS terminals (data from April and May 2023).
Source: BBVA Research from BBVA and INE.

2. PRIVATE CONSUMPTION may recover:

- Fall in energy prices**
- Employment performs well**
- Income security** as a result of the wage agreement reached
- Most of the **impact of interest rate hikes** has **already been felt**

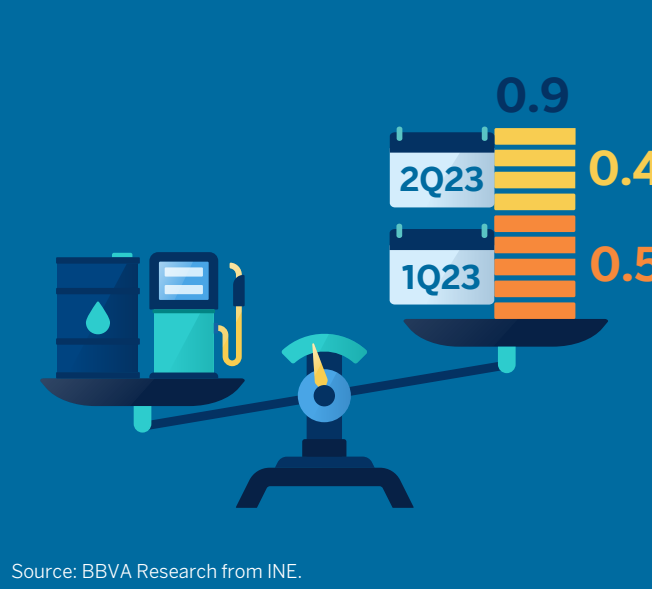
WAGE INCREASE AGREED AND REVISED THROUGH COLLECTIVE BARGAINING (%)



■ Average wage increase agreed ■ Average wage increase revised ■ Employment and Collective Bargaining Agreement (AENC)*

*IV AENC (2018-2020), V AENC (2023-25).
**Agreements with economic effects up to Mar-23.
Source: BBVA Research based on data from INE and the Spanish Ministry of Labor and Social Economy.

IMPACT OF DOWNWARD REVISION IN OIL AND GAS PRICES, CUMULATIVE LAST SIX MONTHS (PP OF ANNUAL GROWTH RATE IN 2023)



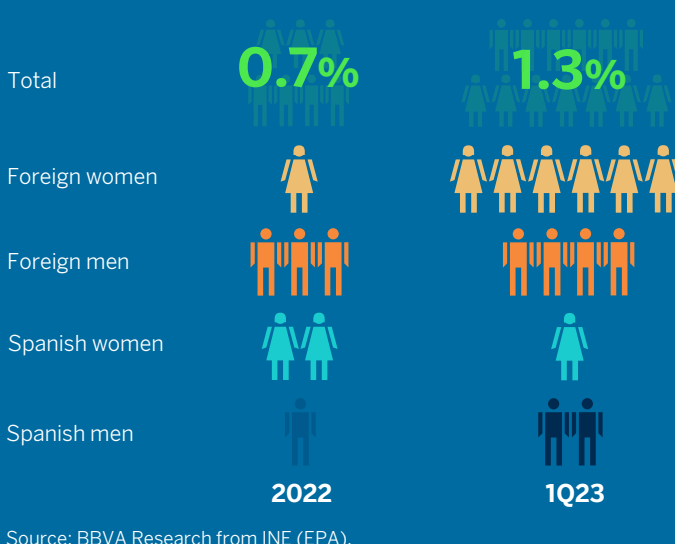
Source: BBVA Research from INE.

3. GOOD PACE IN IMPLEMENTATION of NGEU funds

4. INCREASE in working-age population

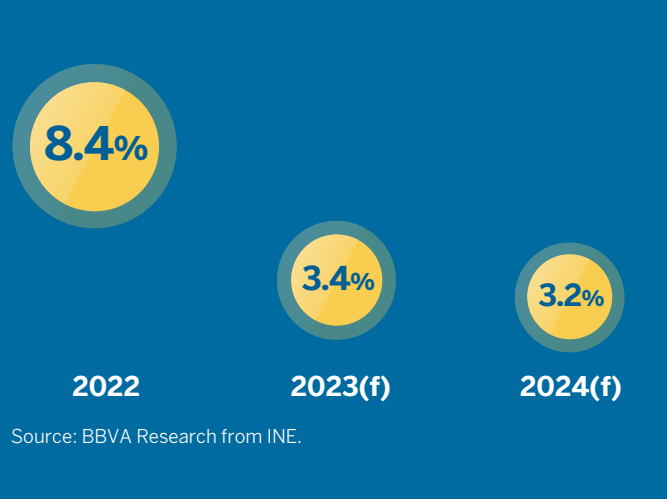


CONTRIBUTIONS TO YEAR-ON-YEAR GROWTH OF WORKING-AGE POPULATION (% AND PP)



Source: BBVA Research from INE (EPA).

5. INFLATION will continue to decline

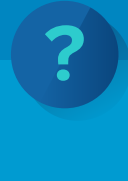


Source: BBVA Research from INE.

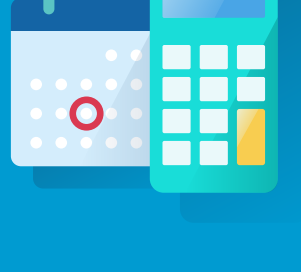
2024

DOUBTS EXIST

AS TO WHETHER THE EXPANSION WILL BE SUSTAINABLE



1. INTEREST RATES will continue to rise



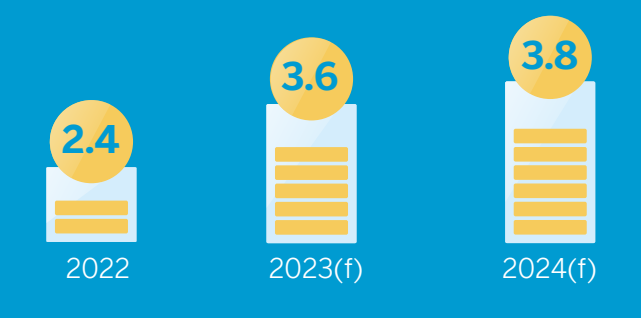
2. MULTIPLIER EFFECT of NGEU funds is lower than in previous periods

3. PUBLIC FINANCES will start a process of consolidation



4. INCREASED uncertainty over economic policy

HOUSEHOLD INTEREST EXPENDITURE (% OF NOMINAL GROSS DISPOSABLE INCOME)



Source: BBVA Research from INE an BdE.

RESIDENTIAL CONSTRUCTION (2019=100)



Source: BBVA Research from INE.

