

# Spain Economic Outlook October 2023

## GLOBAL ENVIRONMENT

The global economy is slowing, particularly in the eurozone.

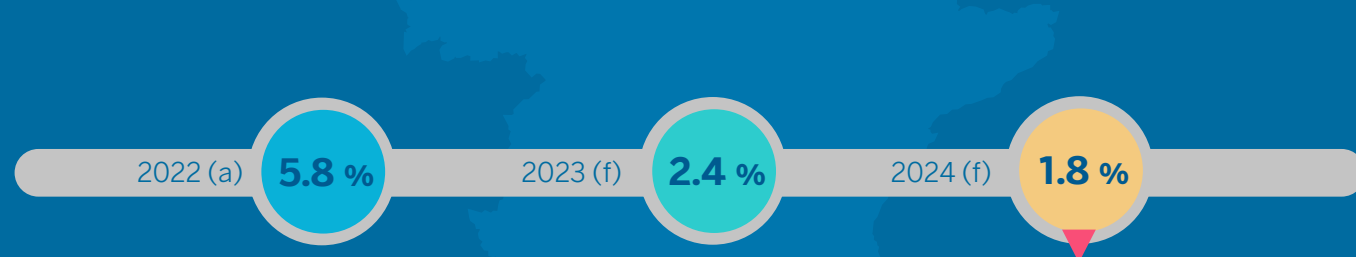
### GDP GROWTH (%)

Region	2022	2023 (f)	2024 (f)
United States	2.1	2.3	1.5
Eurozone	3.5	0.4	1.0
China	3.0	4.8	4.4

(f): Forecast. Source: BBVA Research based on Bloomberg data.

## IN SPAIN,

the GDP growth forecast for 2023 remains unchanged, but has been downgraded for 2024.



▼ Forecast revised downward

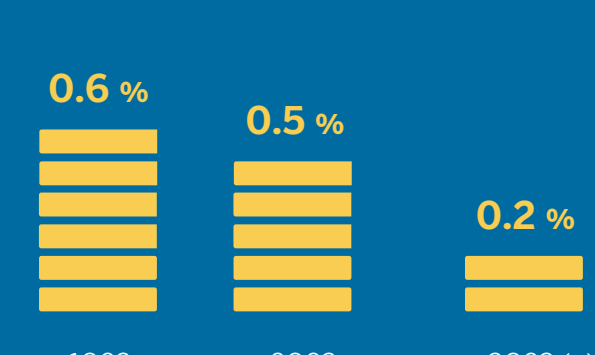
(a): Advance. (f): Forecast. Source: BBVA Research from INE.

## Second half of 2023: slowdown in economic growth



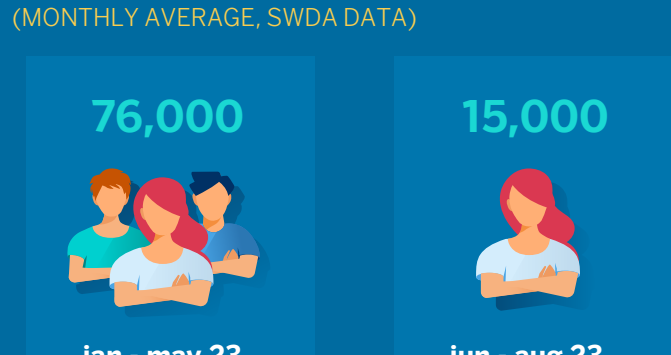
Productivity per hour worked declined in 2Q23, which also saw early signs of a widespread slowdown in job creation across all sectors of the economy.

### QUARTER-ON-QUARTER CHANGE IN GDP



(e): Estimate. Source: BBVA Research based on INE data.

### SOCIAL SECURITY AFFILIATES (MONTHLY AVERAGE, SWDA DATA)



Source: BBVA Research based on MISSM data.

Domestic demand is once again making a positive contribution to growth, although the contribution from external demand has turned negative.



### GROWING UNCERTAINTY

over electricity costs, but a strong labor market, further supported by increased investment in other construction.

### RECENT WORSENING

in the growth outlook for the eurozone.

### GDP: DEMAND (CONTRIBUTIONS TO QUARTERLY GDP GROWTH)



(e): Estimate. Source: BBVA Research based on INE data.

## Growth in 2024 downgraded



**SERVICES** may start to show signs of exhaustion.



**INFLATION SLOWLY RETREATING**, in line with expectations.



**TIGHTER MONETARY POLICY** continues to feed through to the economy.



**THE FISCAL POLICY STANCE** will be somewhat less expansionary next year.



**UNCERTAINTY** over economic policy could increase.

### CONTRIBUTION TO REAL GDP GROWTH (% AND PP)

Category	2022	2023 (f)	2024 (f)
GDP	5.8	2.4	1.8
Exports of non-tourist services	1.6	0.5	0.0
Consumption among non-residents	2.5	0.7	0.0
Investment in housing	0.1	0.1	0.2
Other	1.6	1.1	1.6

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

## CAN THE GROWTH BE SUSTAINED GOING FORWARD?



**IMPROVEMENT** in gas price forecasts.

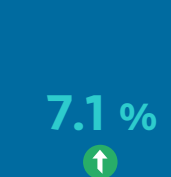


2.0% Private consumption growth 2024 (f)

**HIGHER DISPOSABLE** income and financial wealth may support private consumption.



**THE TRANSMISSION** of monetary policy may be drawing to a close.



7.1% Investment growth in 2024 (f)

**INDUSTRIAL PRODUCTION** may normalize, which together with the NGEU funds would likely boost investment.



1.8% Employment growth according to LFS in 2024 (f)

**JOB CREATION** will pick up thanks to immigration.

Employment, LFS (% YoY)	3.1	2.5	1.8
Unemployment rate (% of labor force)	12.9	12.2	11.9
CPI (annual average)	8.4	3.8	3.7
Public deficit (% of GDP)	-4.7	-4.1	-3.4

2022 2023 (f) 2024 (f)

For more information see our **Spain Economic Outlook June 2023**

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