Research

Spain Economic Outlook

October 2023

Creating Opportunities

Main messages

Recent developments

The global economy is easing at different paces across regions: incoming data are more favorable in the US, slightly worse than forecast in the EZ and negative in China. Still, even though rate tightening cycles seem to be over, persistent inflation amid tight labor markets paved the way for the Fed and the ECB to maintain a hawkish tone, while leaving doors open for further hikes, if inflation proves to be more persistent than expected.

Growth outlook

A soft-landing is expected, with global growth declining from 3.5% in 2021 to around 2.9% (+0.0pp) in 2023 and 3.0% (+0.1pp) in 2024. In the US, resilient domestic demand paves the way for higher growth forecasts and makes a recession unlikely. In China, growth prospects deteriorated significantly and risks augmented, but extra measures are expected to support confidence and prevent a hard-landing. In the Eurozone, a timid GDP expansion, slightly below previous forecasts, is now anticipated.

Inflation and rates outlook

Inflation is likely to continue slowing ahead, allowing the Fed and the ECB to skip further rate hikes over the next few months. Still, it will continue above targets, and upward risks will remain alive, making rate cuts unlikely in the short-run and favoring a reduction of central bank balances.

Risks

Recession and financial instability episodes driven by persistent inflation (on second-round effects, higher oil prices, etc.) and contractionary monetary policy are still possible. A sharper deceleration of China, geopolitical tensions and US presidential elections are also a source of risks.

Key points

Deterioration of the scenario going forward

The forecast for GDP growth in 2023 remains unchanged (2.4 %), but the forecast for 2024 is revised downward from 2.1 % to 1.8 %, given the moderate deterioration in the global outlook in an environment of high uncertainty. Data forecasting the performance of activity, particularly in Europe, show a generalized worsening by country and sector. This has been compounded by the recent increase in oil prices.

Supply restrictions and demand growth limitations

Growth could ease in the coming months and there is a downward bias on forecasts. Employment productivity would have shown an unexpected drop in the second quarter of 2023. Supply problems are perceived in certain sectors and domestic demand will be constrained by high interest rates and the necessary reduction of the public deficit in 2024. Economic policy uncertainty may increase.

Household consumption has room to recover

We believe that recovery can continue due to the strength of the balance sheet of households and families, the normalization that can be seen in industrial activity, the support that the acceleration of the implementation of European funds can provide, and the increase in the working age population.

BBVA Research

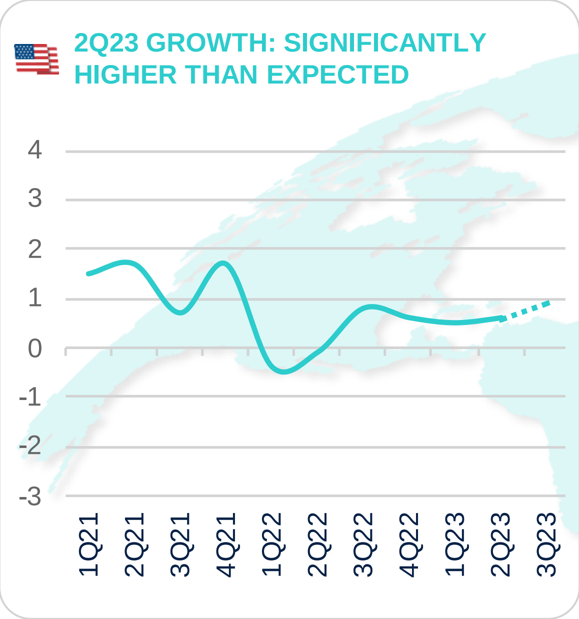
01

Global Economic Outlook
Octubre 2023

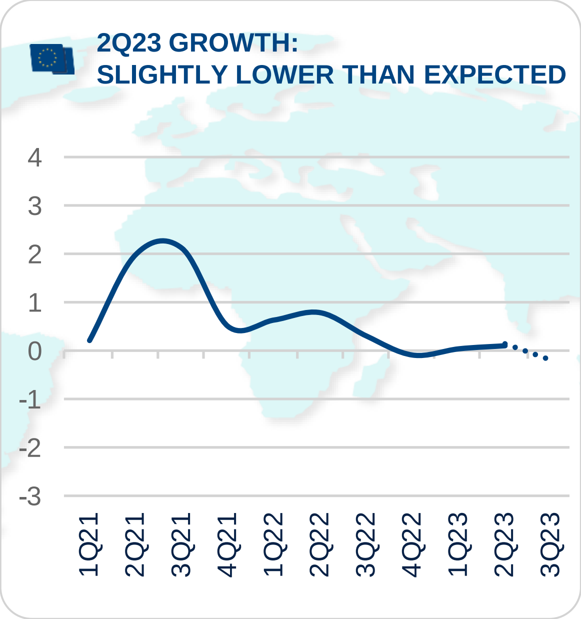
GDP growth is losing momentum, mainly in China, but also in the Eurozone; labor markets and excess savings are still supportive, especially in the US

GDP: REAL GROWTH (*)
(Q/Q %)

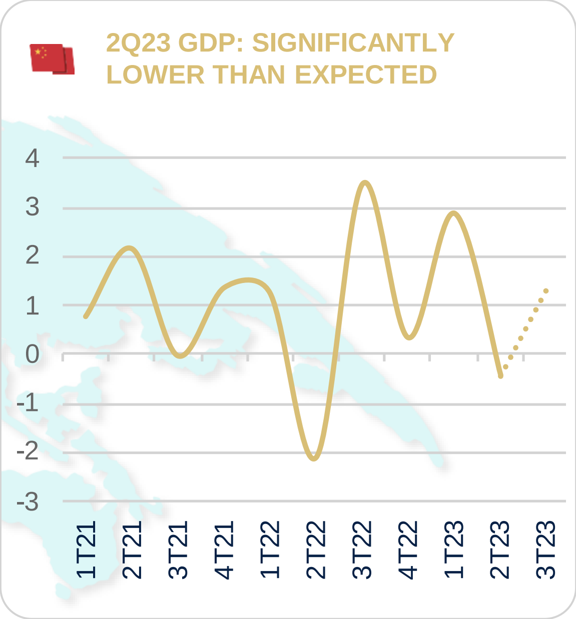
US



EUROZONE



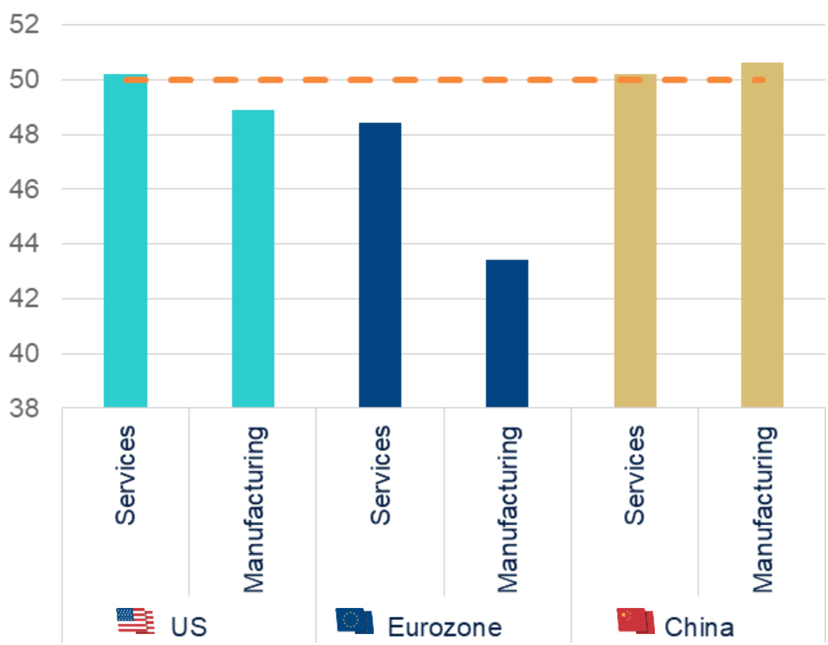
CHINA



(*) BBVA Research growth estimation for 3Q23.
Source: BBVA Research based on data from Haver.

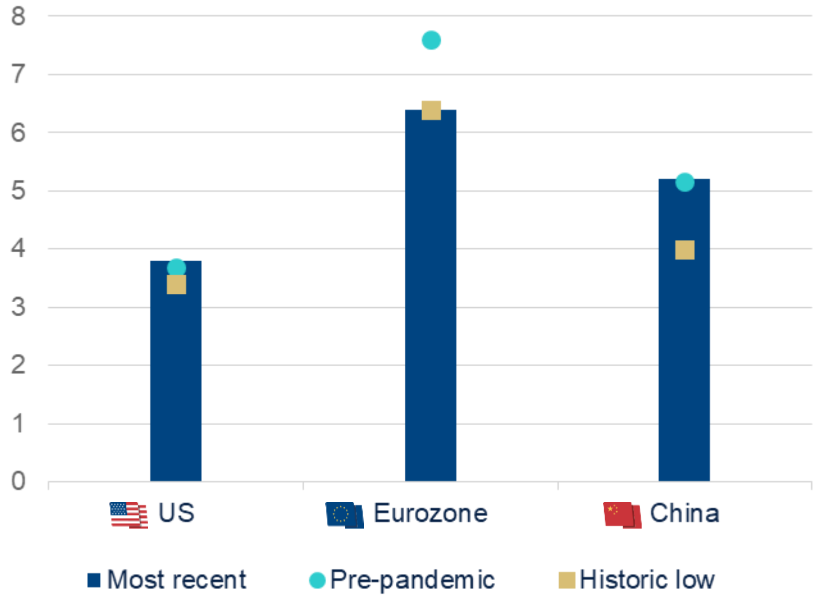
The service sector is losing some of its strength, adding to the weakness in manufacturing; labor markets remain robust despite the recent moderation

PMI INDICATORS: MOST RECENT FIGURES (*)
(MORE THAN 50: EXPANSION; LESS THAN 50: CONTRACTION)



(*) Most recent data: Aug/23 in China. Sep/23 in the US and in the EZ.
Source: BBVA Research based on data from Haver.

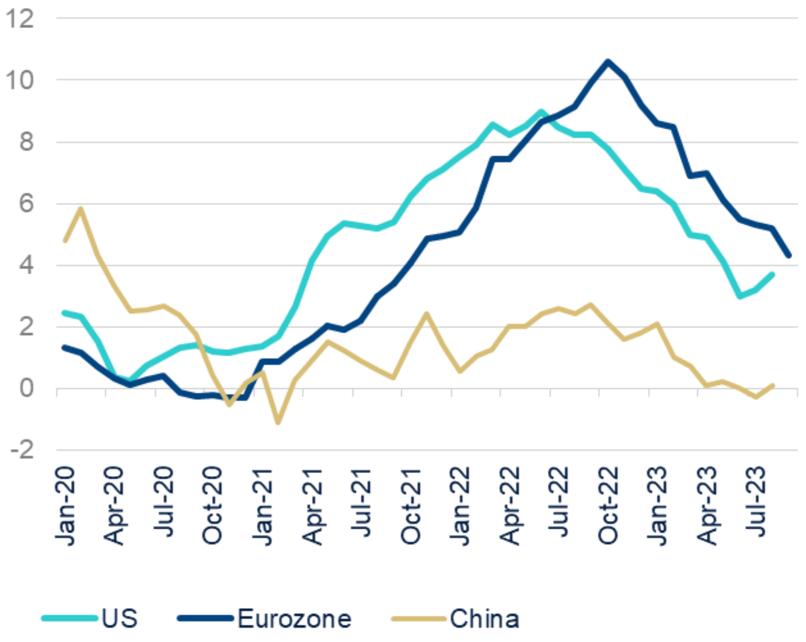
UNEMPLOYMENT RATE (*)
(% OF THE LABOR FORCE)



(*) Most recent data: Aug/23 in the US, Jul/23 in China and in the EZ. Pre-pandemic: 2019 average.
Historic low: lowest level since Jan/04
Source: BBVA Research based on data from Haver.

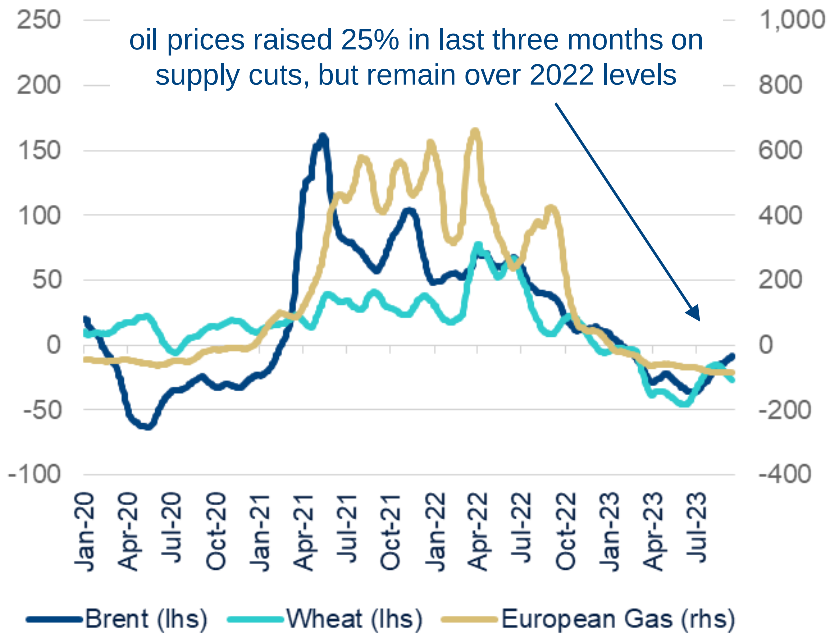
Inflation has been slowing thanks to base effects, easing of bottlenecks and declining commodity prices (despite the recent oil upward trend)

INFLATION: CPI
(Y/Y %)



Source: BBVA Research based on data from Haver.

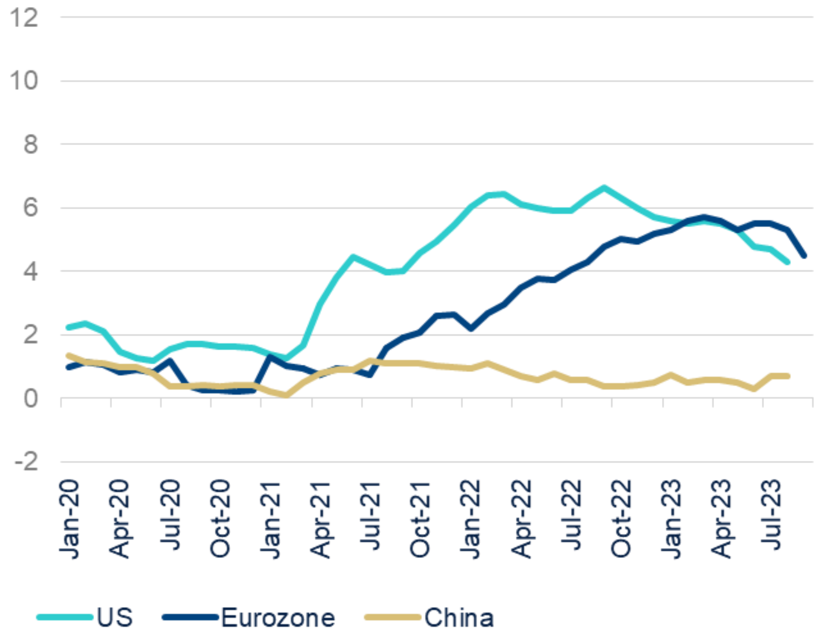
COMMODITY PRICES
(Y/Y %, 30-DAYS MOVING AVERAGE)



Source: BBVA Research based on data from Haver.

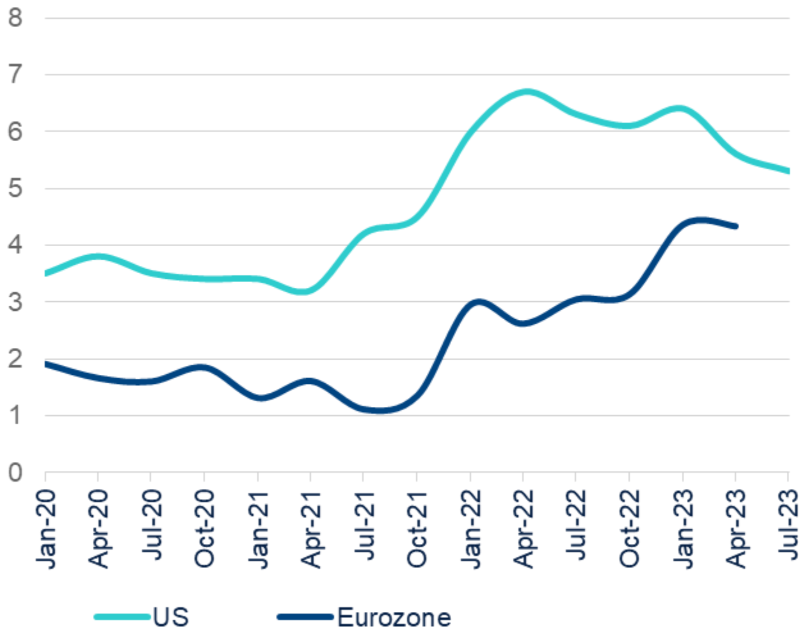
Core inflation remains sticky at high levels, also fueled by (limited) some second-round effects

CORE INFLATION: CPI
(Y/Y %)



Source: BBVA Research based on data from Haver.

WAGE GROWTH (*)
(Y/Y %, QUARTERLY DATA)

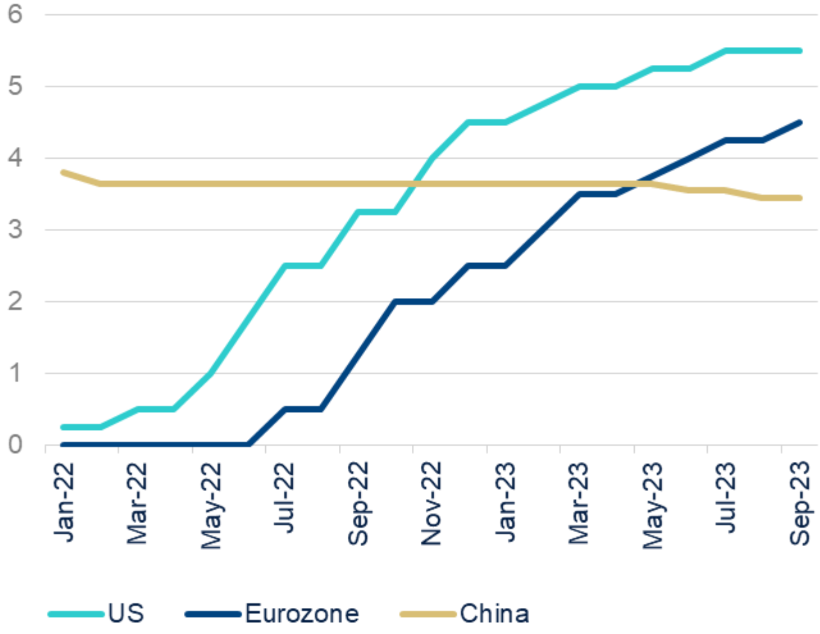


* US: Atlanta Wage Tracker; 3Q23 data represents data for Aug/23 only. EZ: negotiated wages.
Source: BBVA Research based on data from the Fed and Eurostat.

Fed and ECB rate hike cycles seem to be over, but doors are open for extra raises if inflation surprises upwards; PBoC: (small) rate cuts to back growth

POLICY INTEREST RATES (*)

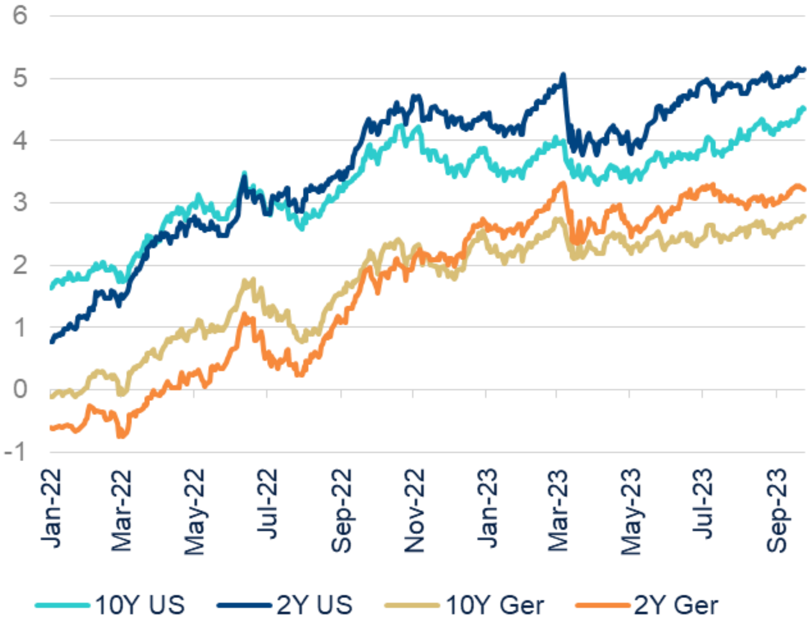
(%)



* US effective federal funds rate range ceiling, rates of interest of refinancing in the case of BCE, and preferential rate on one-year loans in China.
Source: BBVA Research based on data from Bloomberg.

US AND GERMAN SOVEREIGN YIELDS: 2Y AND 10Y

(%)

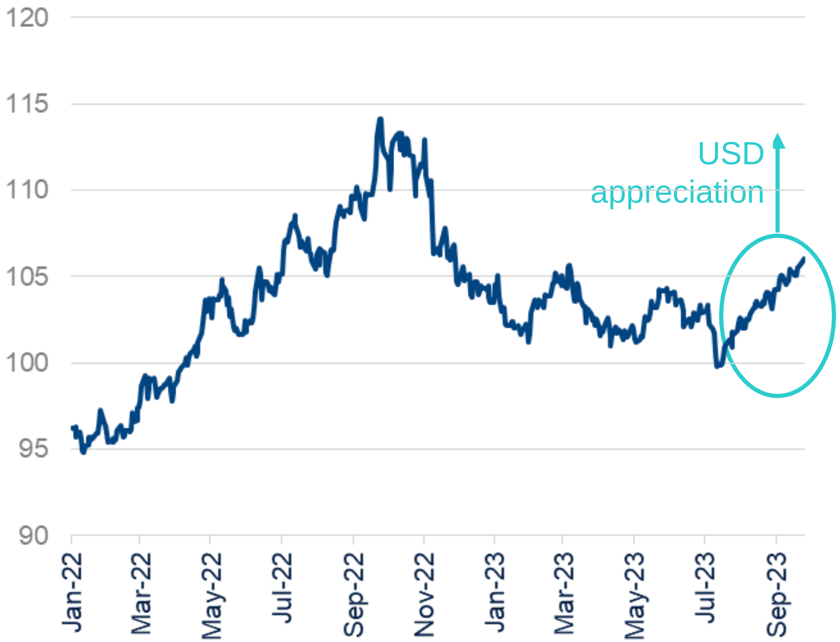


Source: BBVA Research based on Bloomberg.

Despite higher interest rates and a stronger US dollar, financial tensions remain relatively low; the US banking turmoil has eased

US DOLLAR INDEX: DXY*

(%)

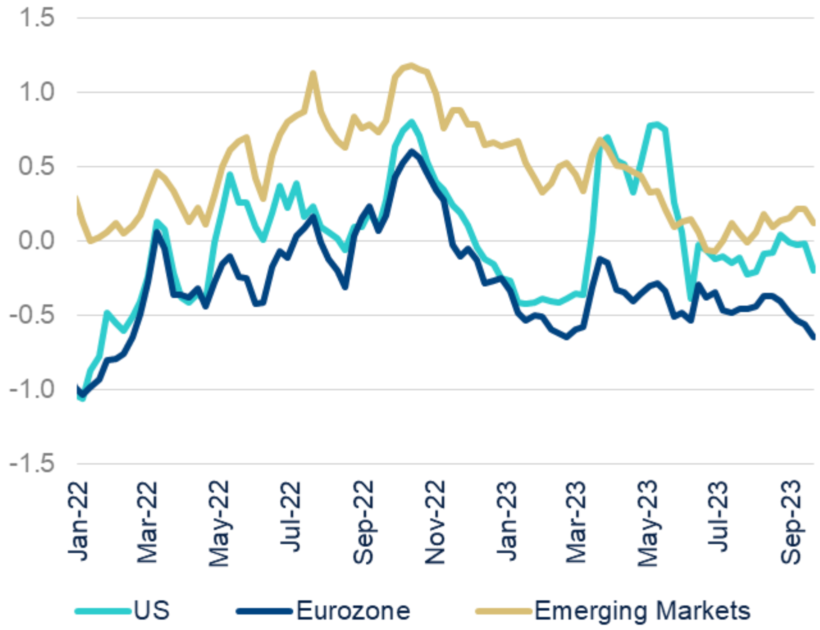


* US dollar index.

Source: BBVA Research based on data from Bloomberg.

BBVA RESEARCH FINANCIAL TENSIONS INDEX

(INDEX: HISTORIC AVERAGE = 0)



* Historical average from 01/01/2004 to 27/09/2023 (last updated week).

Source: BBVA Research based on Bloomberg.

Global growth is likely to soft land while monetary policy will remain restrictive for a longer than usual period to help inflation ease towards targets

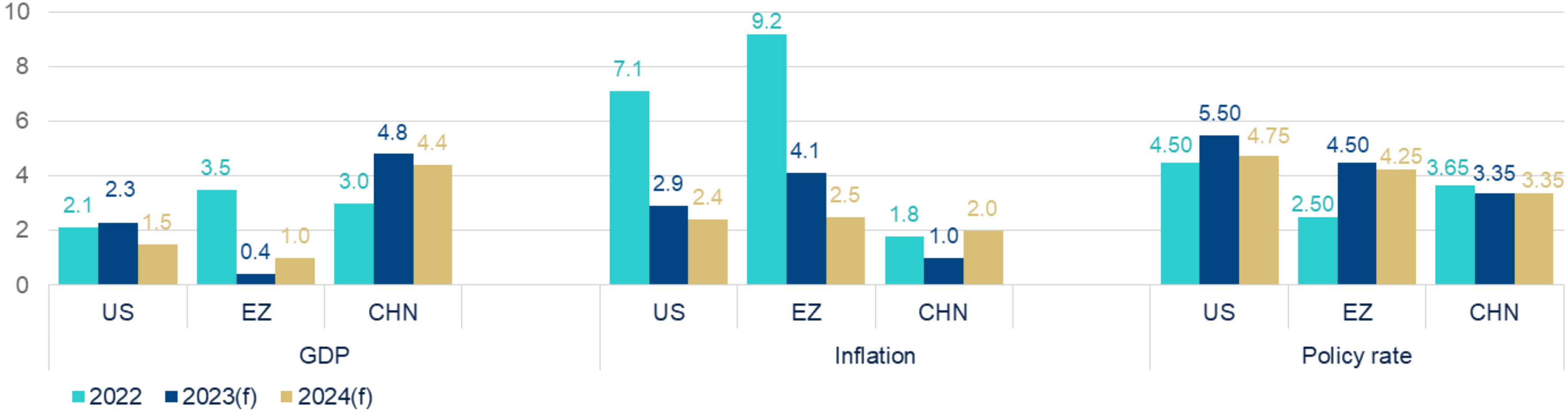
BBVA RESEARCH BASELINE SCENARIO: GDP GROWTH, INFLATION AND POLICY INTEREST RATES (*)

(GDP GROWTH: %, INFLATION: YOY %, EOP, POLICY INTEREST RATES: %, EOP)

Global growth: from 3.5% in 2022 to 2.9% (+0.0pp) in 2023 and 3.0% (+0.1pp) in 2024

Inflation will remain high, but will trend down as demand weakens and given no extra supply shocks

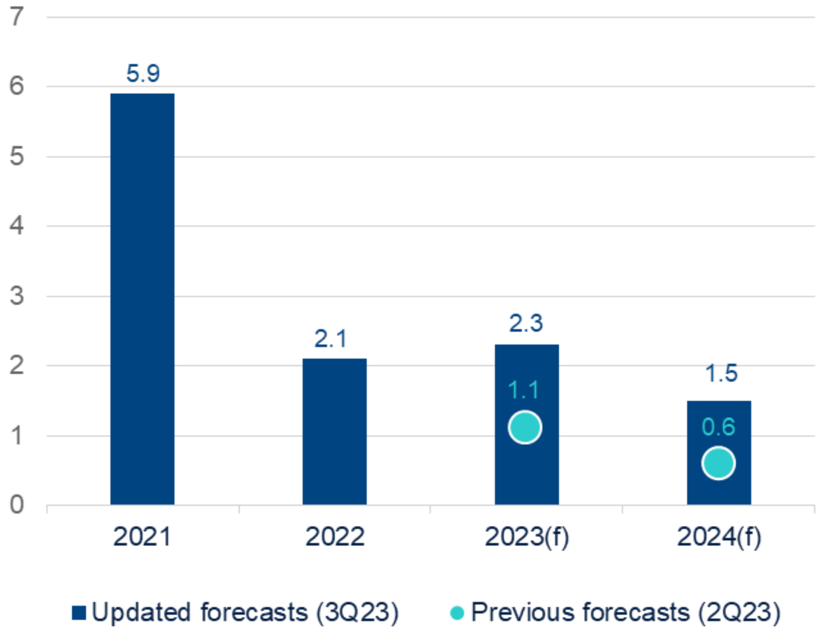
Monetary tightening cycle is likely over in the US and the EZ, but rate cuts are not around the corner



* US effective federal funds rate range ceiling, rates of interest of refinancing in the case of BCE, and preferential rate on one-year loans in China.
Source: BBVA Research based on Bloomberg data.

US: growth resilience signs make a recession unlikely ahead, postponing the prospects for the beginning of the easing cycle to mid-2024

US: GDP GROWTH
(%)

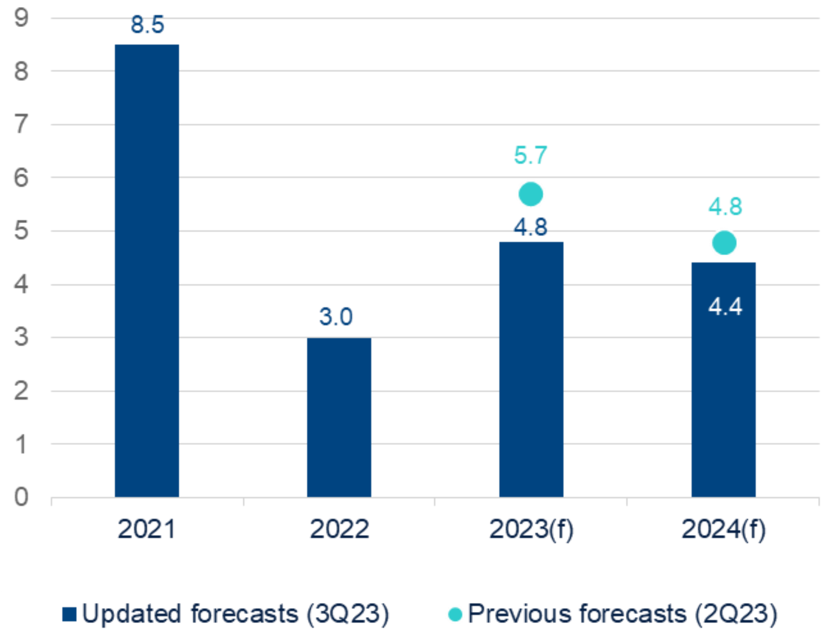


(f): forecast.
Source: BBVA Research

- GDP forecasts revised up on robust domestic demand: solid consumption and resilient investment (boosted by housing market recovery as well as IRA and CHIPS acts).
- Inflation expected to reach 2.9% in Dec/23 and 2.4% in Dec/24; upside risks are still relevant.
- Fed: inflation improvement will prevent extra rate rises (but a hike is still possible in 4Q23); an easing cycle from Jun/24 is likely to take rates to 4.75% in Dec/24.
- Risks: a recession or financial stress on tight monetary conditions and persistent inflation, presidential elections.

China: prospects have deteriorated significantly and risks have increased due to structural challenges, but a gradual growth slowdown is still likely

CHINA: GDP GROWTH
(%)

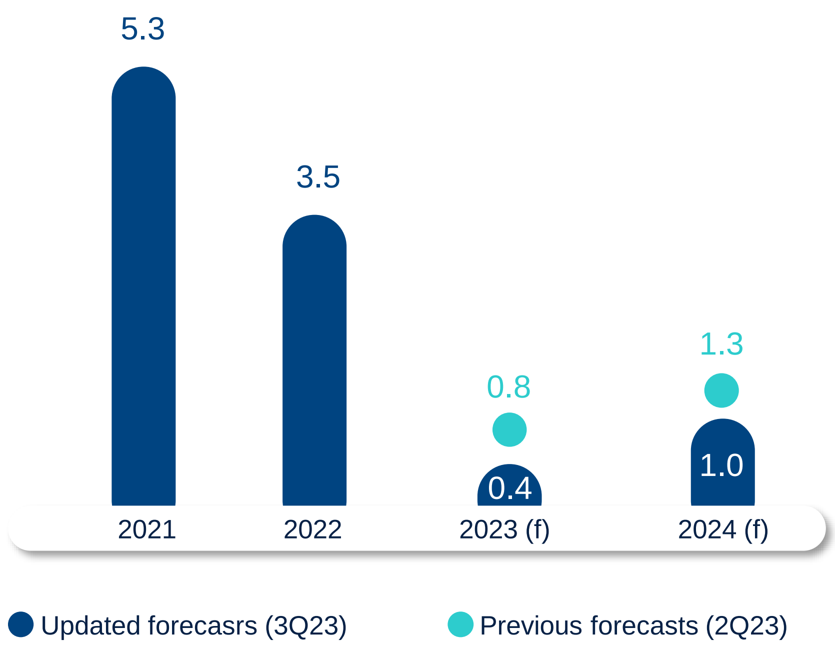


(f): forecast.
Source: BBVA Research

- Generalized deceleration on weak confidence, real estate crunch, 2021 “regulatory storms” and global slowdown.
- Still, the most likely scenario is that further targeted monetary, fiscal and regulatory measures sustain growth and drive inflation up.
- Although a soft-landing is still expected, GDP forecasts have been revised down on incoming data and a costly (but controlled) addressing of real estate imbalances.
- Structural challenges: balance-sheet recession and Japanese style deflation, US-China confrontation, unfavorable demographics, etc.

Eurozone: persistent inflation, despite weaker GDP growth, is likely to force the ECB to maintain policy rates at restrictive levels for long

EUROZONE: GDP GROWTH
(%)



(f): forecast.
Source: BBVA Research

- Growth revised down on incoming data amid a deceleration of China, whose effects will be mostly offset by higher US growth.
- Fiscal policy is still supportive, but will likely become more targeted and less expansionary onwards.
- Average inflation forecasts revised up: 5.7% in 2023, 3.0% in 2024 on service stickiness, rebound in oil prices.
- ECB: rates are likely to remain at current levels until Dec/24; increasing focus on liquidity reduction measures.
- Risks: higher energy prices, more persistent inflation, stagflation, China's deceleration.

Risks: the soft-landing scenario could be potentially derailed by problems in China and the effects of the still high inflation and interest rates

MAIN RISKS

Recession and financial stress on tight monetary conditions

- mainly under more persistent inflation (on labor tightness, second-round effects, higher energy prices, etc.)

A hard-landing in China

- due to real estate problems, low confidence, US-China confrontation, deflation, etc.
- potential financial spillovers

MAIN UNCERTAINTIES

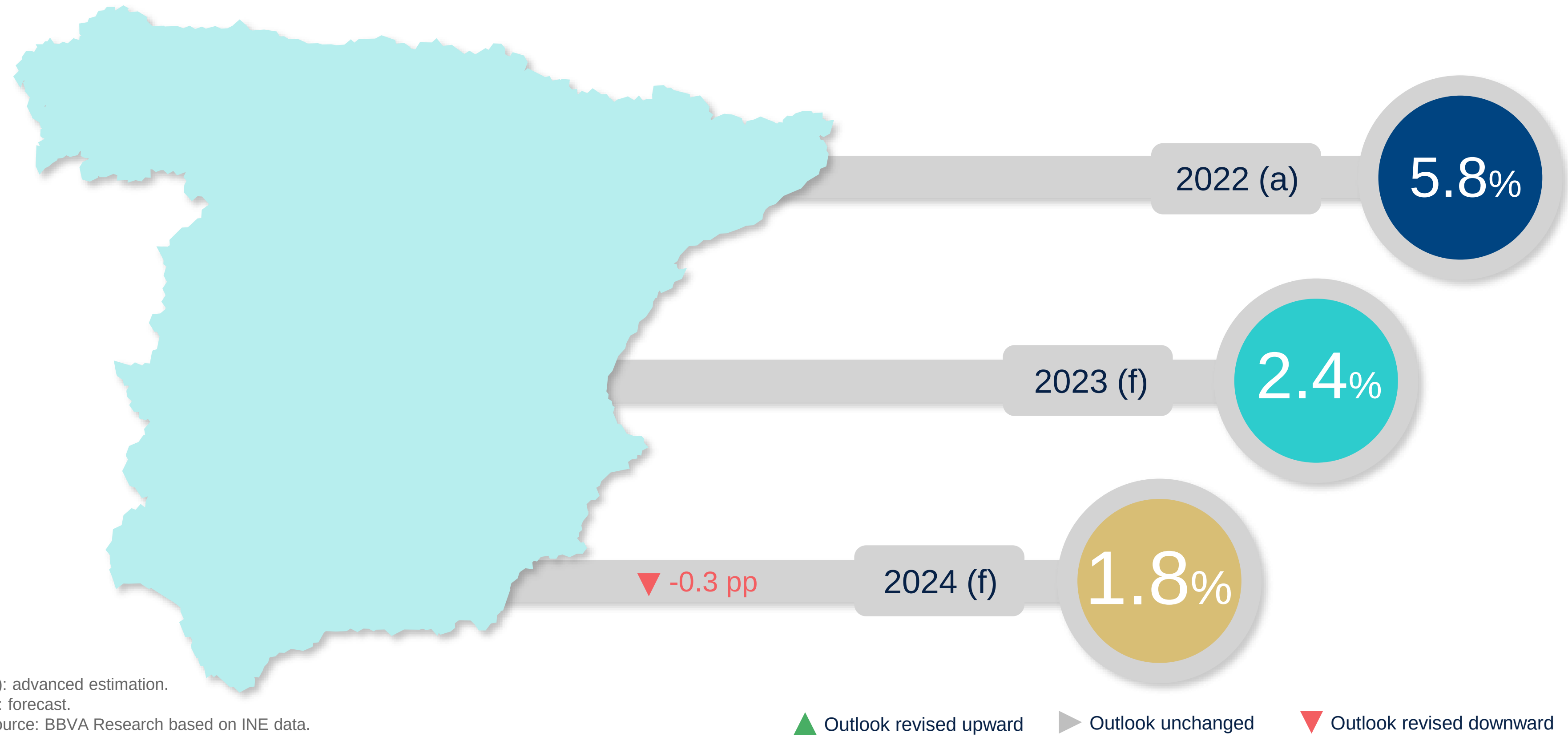
- **Geopolitical and political tensions**
- **US-China rivalry and deglobalization**
- **Climate change and energy transition**
- **Social tensions and populism**

02

Economic Outlook Spain
October 2023

Creating Opportunities

Downward revisions, especially in 2024



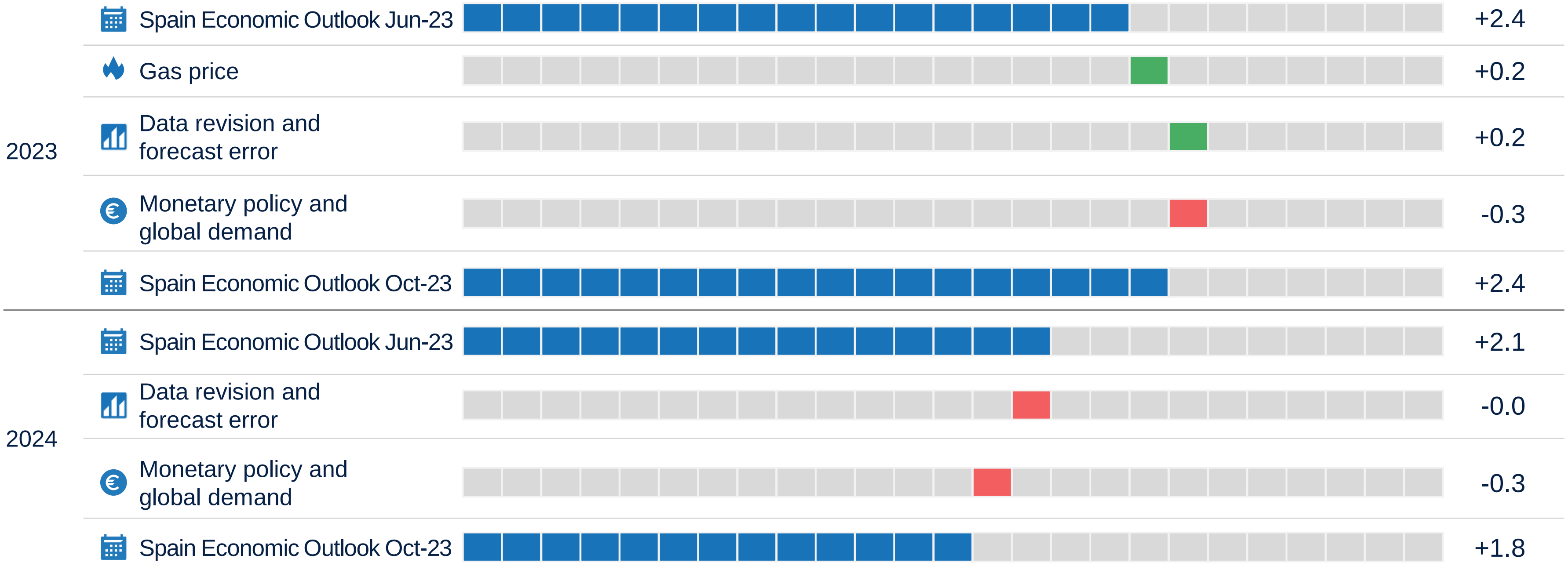
(a): advanced estimation.
(f): forecast.
Source: BBVA Research based on INE data.

Worsening in the growth outlook

Decreasing global demand is the main driver of the change in scenario

CHANGE IN GDP FORECASTS ACCORDING TO CONTRIBUTIONS BY FACTORS

(%)

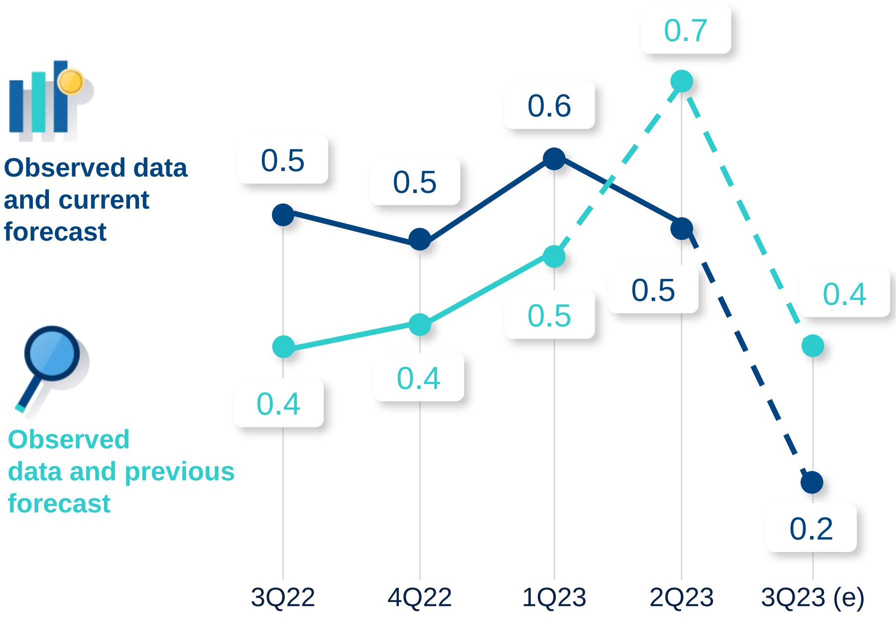


Source: BBVA Research based on INE data.

Worsening in the growth outlook

Upward revisions to historical GDP series offset negative surprise in 2Q23

QUARTERLY CHANGE IN GDP
(%)



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

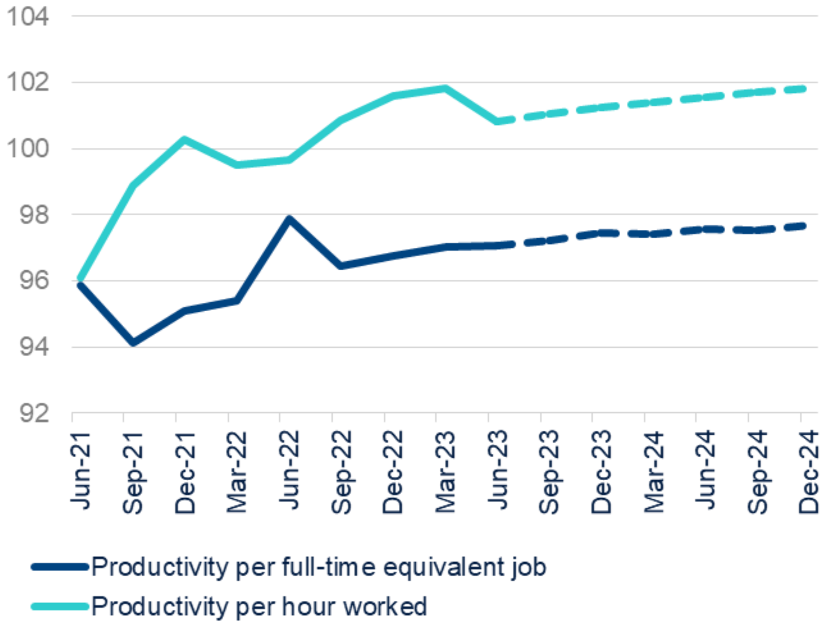
- The annual revision of the National Accounts series and the recent performance of activity indicators point to GDP growth in 2023 in line with what was forecast last June.
- In 2Q23, there was a drop in productivity per hour worked, in addition to the beginning of a slowdown in job creation, generalized by sector of activity, which coincides with the deterioration of confidence indicators.

Deteriorating growth outlook

The increase in hours worked in 2Q23 did not match GDP growth

APPARENT LABOR PRODUCTIVITY

(4Q19 = 100)



Source: BBVA Research based on INE data.

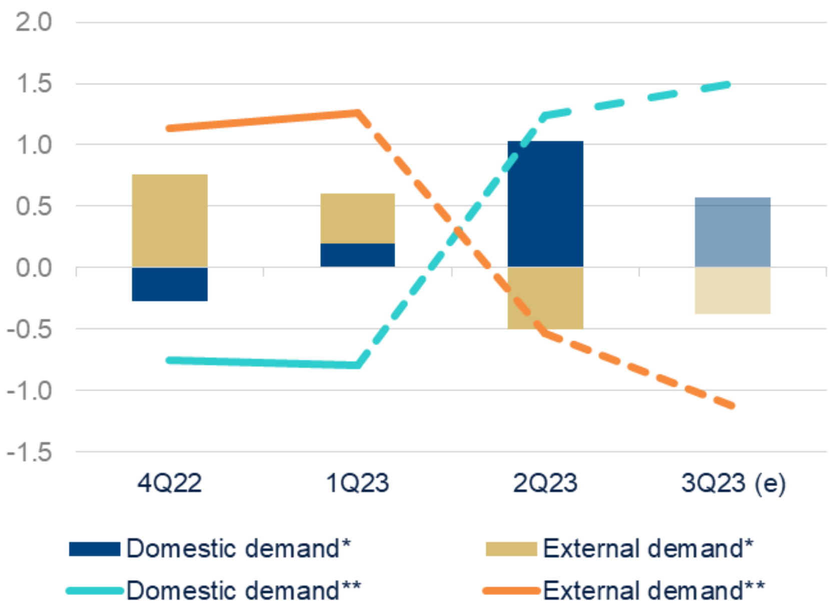
- Productivity per hour worked declined in 2Q23, which also saw early signs of a widespread slowdown in job creation across all sectors of the economy and the deterioration of some confidence indicators.
- This may indicate diminishing returns in the recovery process.

Worsening in the growth outlook

Domestic demand has returned to a positive contribution and external demand to negative

GDP: DEMAND

(CONTRIBUTIONS TO QUARTERLY GDP GROWTH. PP)



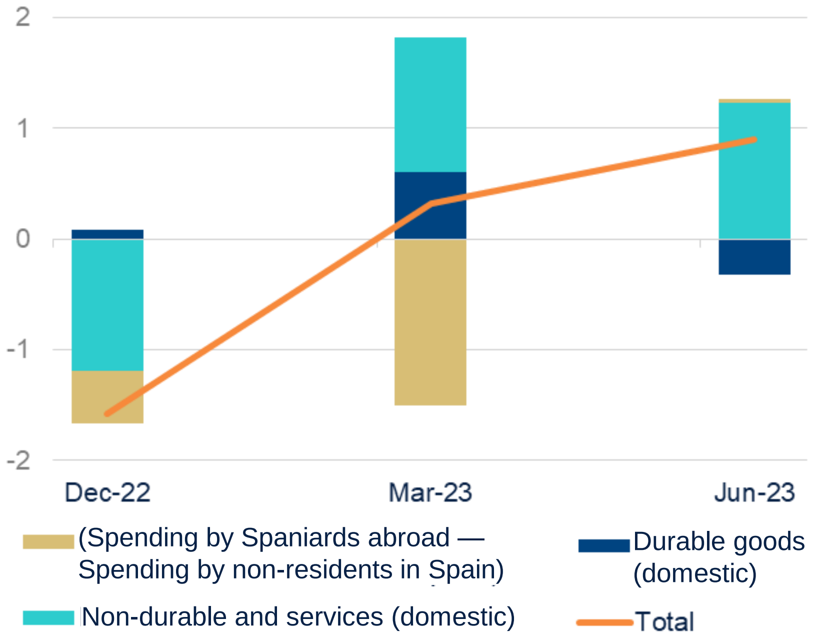
* Observed data and current forecast. **Observed data and previous forecast.
(e): estimate.
Source: BBVA Research based on INE data.

- The recovery of consumption, both private (1.6% q/q) and public (1.5% q/q), slightly improved expectations (BBVA Research: 0.8% q/q and 1.1% q/q, respectively).
- As expected, investment rebounded strongly (4.6% q/q; BBVA Research: 2.0% q/q). The most pronounced improvement was concentrated in non-residential construction investment (12.9% q/q; BBVA Research: 3.6% q/q).
- The fall in exports (-4.1% t/mt) was higher than expected (BBVA Research: 2.7% t/mt), mainly in goods exports, as non-resident consumption continues to grow.

Worsening in the growth outlook

The difference in consumption has been the contribution of spending abroad

CONTRIBUTIONS TO QUARTERLY HOUSEHOLD CONSUMPTION GROWTH
(PP AND % QUARTERLY CHANGE)



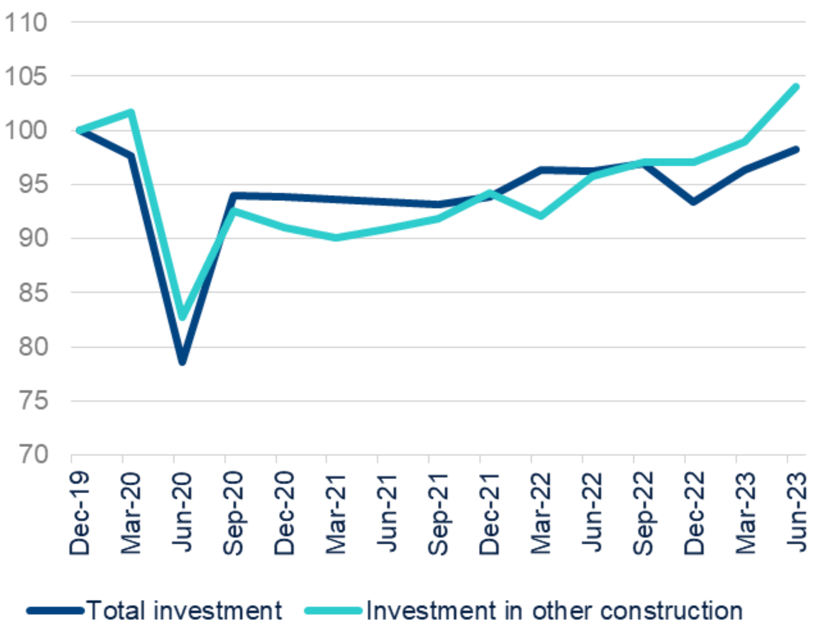
Source: BBVA Research based on INE data.

- Household consumption has registered two consecutive quarters of growth, weighed down only by spending outside of Spain.
- This recovery corresponds to the decrease in uncertainty related to the cost of energy and to the good performance of the labor market—supported by foreign tourism—and the growth of salaries.

Worsening in the growth outlook

NGEU funds may be starting to have a stronger impact on spending

INVESTMENT
(4Q2019 = 100)



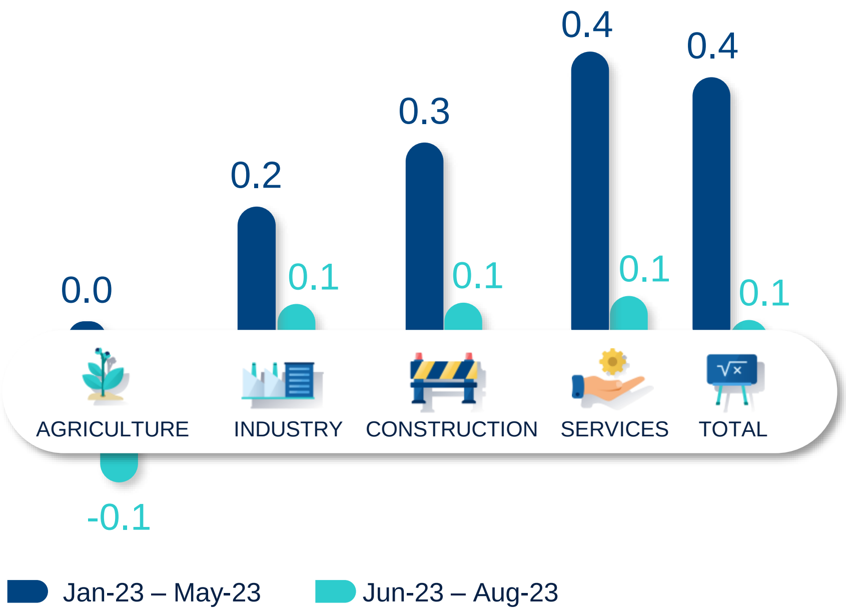
Source: BBVA Research based on INE data.

- Construction investment has picked up, which may be a reflection of the rollout of Next Generation EU funds, as the strongest progress is in non-residential fixed assets.
- The tension observed between residential supply and demand in part of the national territory, together with high rental prices, will probably continue to support investment in the sector, although regulation will prevent the contribution from being significant.

Deteriorating growth prospects

There has been a slowdown in activity since June, although recovery continues

AVERAGE SOCIAL SECURITY AFFILIATION BY SECTOR
(AVERAGE MONTHLY GROWTH IN %, SWDA DATA)



Source: BBVA Research based on Ministry of Inclusion, Social Security and Migration data.

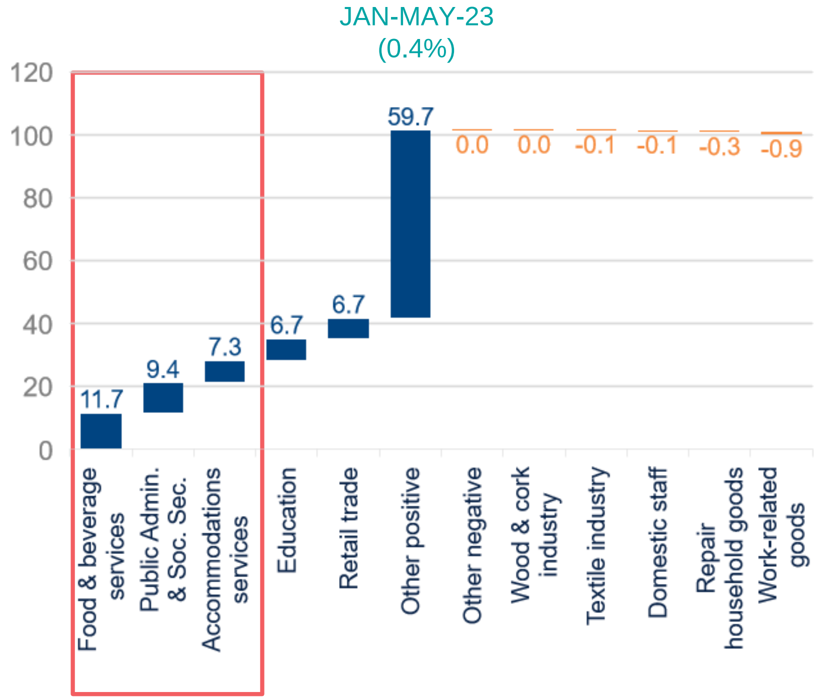
- Growth in social security affiliation has moderated, from increases of 76,000 contributors on average per month between January and May to 15,000 between June and August, discounting the seasonal component.
- The weakening in job creation is generalized. Moderation in the services sector stands out.
- The slowdown has been particularly significant in sectors related to tourism (restaurant and accommodations services) and public spending (Public Administration and Social Security).

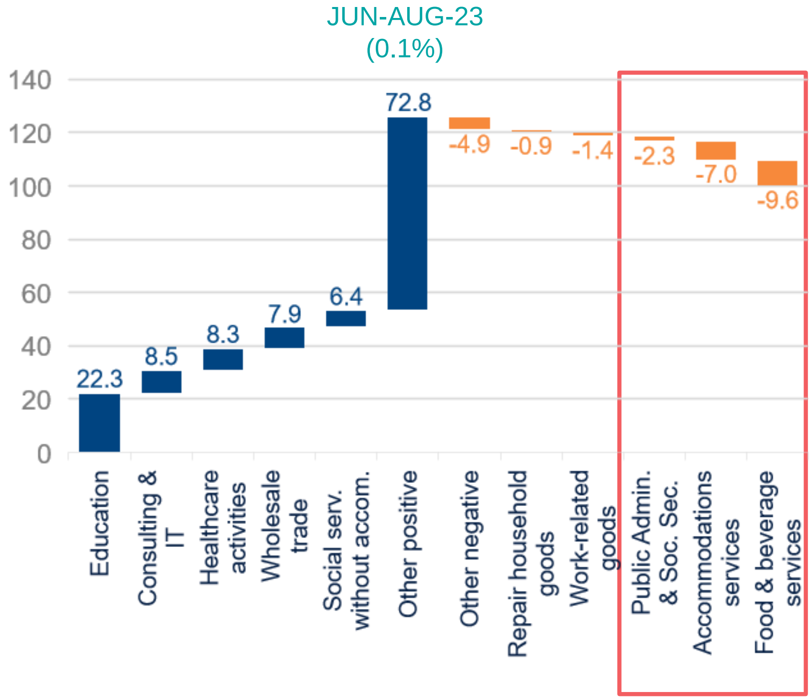
Deterioration of growth prospects

Employment growth in tourism and the public sector moderates

CONTRIBUTIONS TO THE AVERAGE MONTHLY CHANGE IN SOCIAL SECURITY AFFILIATION

(SWDA DATA, %)



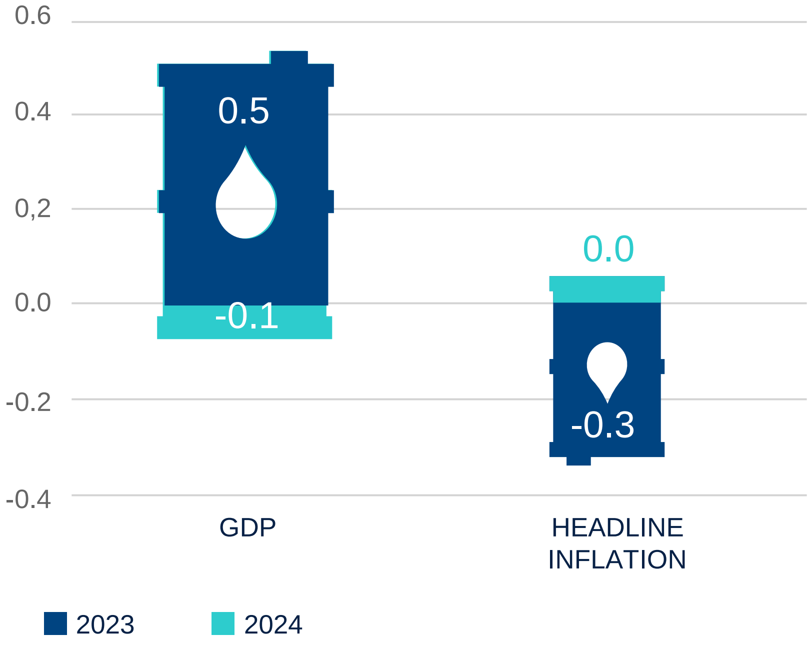


Source: BBVA Research based on Ministry of Inclusion, Social Security and Migration data.

Worsening in the growth outlook

The increase in the price of oil may impact other prices faster

IMPACT OF LOWER OIL PRICES IN 2023 AND THE HIGHER OIL PRICES IN 2024 (PP)



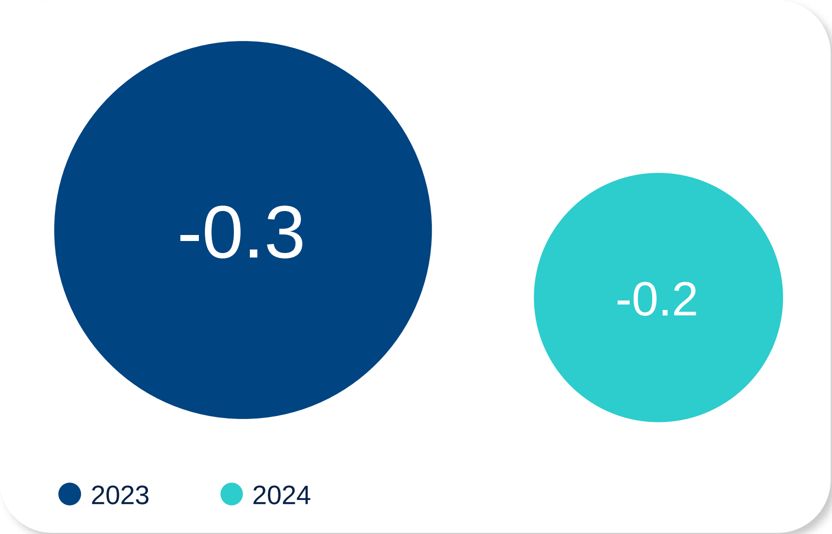
Source: BBVA Research.

- Given that the origin of the higher cost has to do with supply restrictions and not with higher demand, the impact on the Spanish economy could be significant.
- BBVA Research estimates that for every 10% increase in oil prices, whose origin has to do with supply, GDP growth could be affected by around 0.3 pp.
- The slower growth of Spain's main trade partners, together with the loss of competitiveness due to the increase in fuel prices, suggests that the contribution of external demand during the coming quarters could continue to be negative.

Forward growth revised downward

Europe shows signs of stagnation and even recession in some countries

IMPACT OF THE 2023 EMU CUMULATIVE REVISION OF DEMAND AND MONETARY POLICY ON GDP IN SPAIN
(PP)



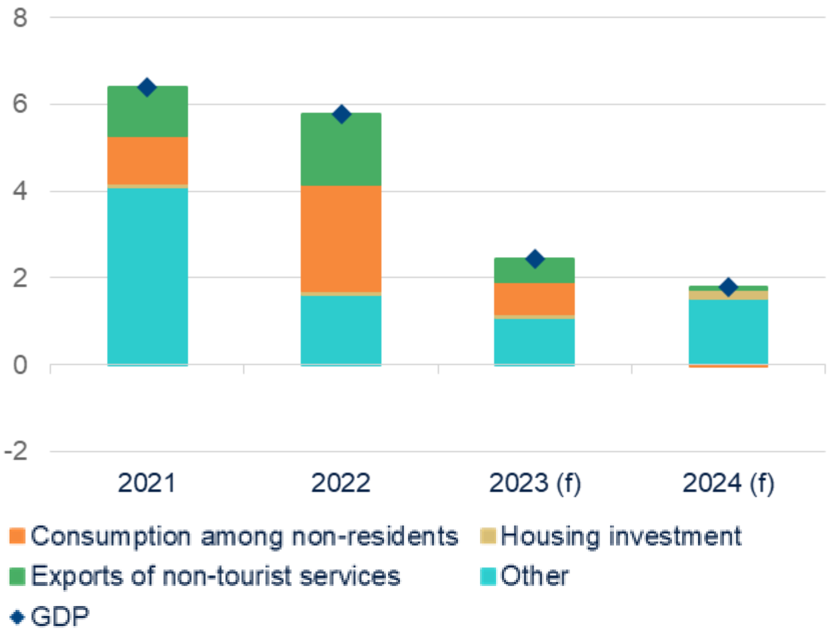
Source: BBVA Research.

- There is a recent deterioration in the growth outlook for the eurozone, where GDP is expected to increase by 0.5% in 2023 and 1.1% in 2024 (down from 0.8% and 1.3%, respectively, last June).
- Activity could be contracting in the third quarter of the year. The decline appears to be widespread in the eurozone and is now also affecting the services sector.
- The contribution of external demand during the coming quarters could continue to be negative.

Forward growth revised downward

By 2024, some sectors may be exhausted in their capacity for growth

CONTRIBUTION TO REAL GDP GROWTH
(% AND PP)



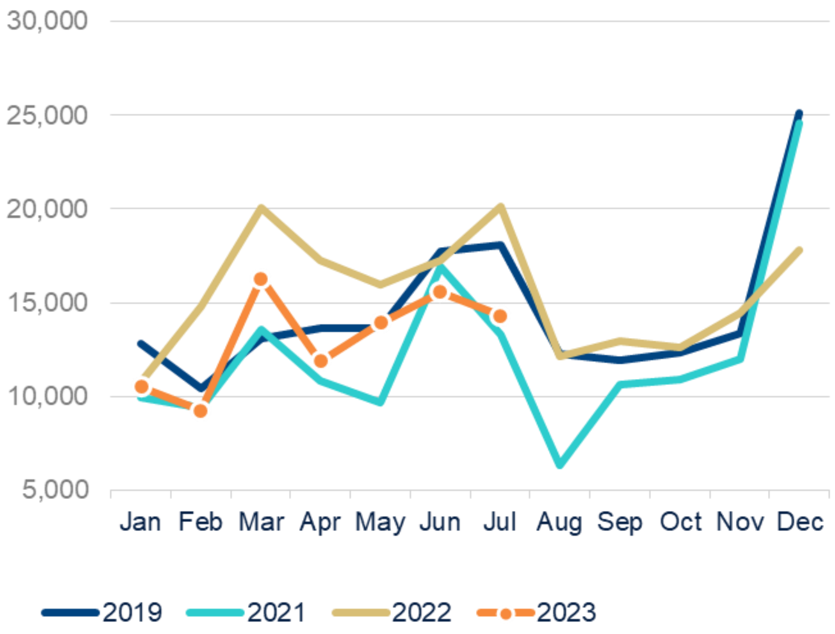
Source: BBVA Research based on INE data.

- Services may begin to show signs of depletion as spare capacity runs out and the outlook for external demand moderates.
- Foreign spending and non-tourism services exports in 2Q23 were 21% and 24% higher than in 4Q19, respectively.
- In an environment where European household spending slows down, or supply-side problems lead to competitiveness losses, the contribution to growth of both sectors may be zero in 2024.

Forward growth revised downward

Business loans are affected by higher rates, especially for large projects

NEW BUSINESS LOANS. MORE THAN 1 MILLION €
(MILLIONS OF €)



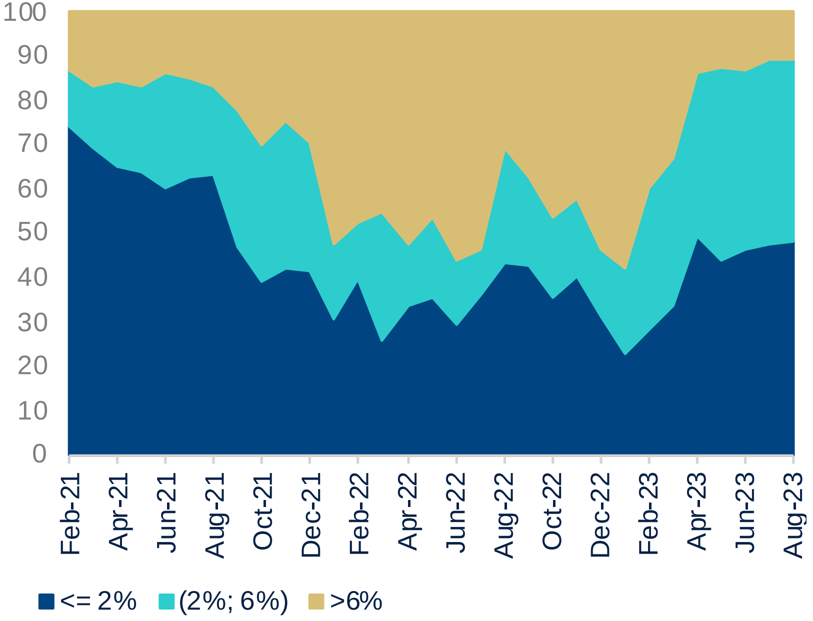
Source: BBVA Research, based on data from the Bank of Spain.

- Tighter monetary policy continues to feed through to the economy. The cost of financing continues to increase for families and companies.
- In addition to the advance payment of liabilities, a fall in demand has been observed as a result of the increase in the cost of credit.
- High interest rates, for a long period of time, with anchored inflation expectations, put a brake on the speed of domestic demand in the following year.

Forward growth revised downward

Inflation stops improving

DISTRIBUTION OF THE CONSUMPTION BASKET ACCORDING TO INFLATIONARY PRESSURES
(SWDA DATA, %)



Note: The graph represents the percentage of goods and services with inflation within each interval.
Source: BBVA Research based on INE data.

- Inflation surprised on the upside again, due to higher fuel costs, although the slow decline in core inflation is in line with expectations.
- It is estimated that a barrel of oil that is 10% more expensive can increase inflation by two to three tenths over the next twelve months.
- Core inflation has stopped falling over the past few months as services begin to pass on the increase in labor costs.

Forward growth revised downward

In an environment where economic policy uncertainty could increase

SPAIN: ECONOMIC POLICY UNCERTAINTY INDEX (EPU) (NORMALIZED DATA)

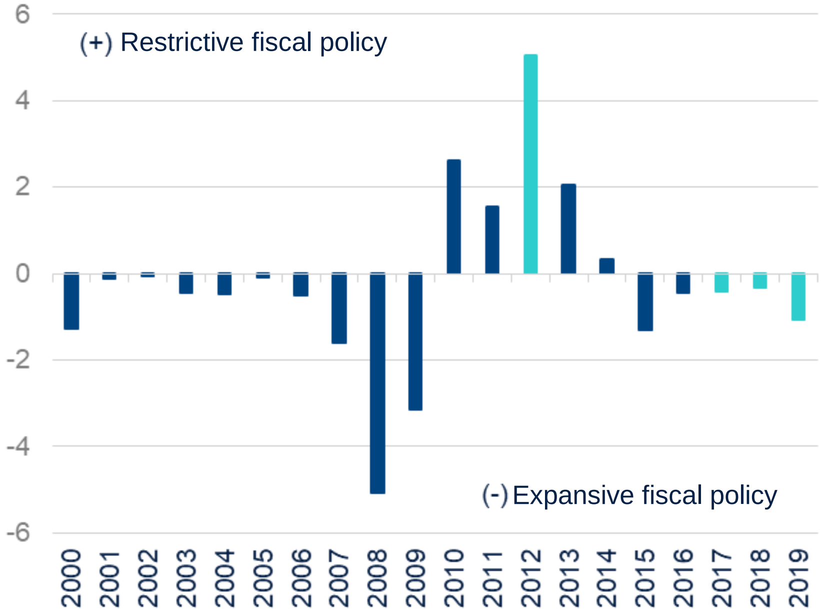
Source: BBVA Research.

- The risk premium remains relatively constant at around 100 basis points. Indicators of economic policy uncertainty remain at low levels, without repeating the increases observed in previous electoral cycles.
- The early elections have delayed the processes for having a State budget for the following year. This may mean that measures will have to be taken at the beginning of the year, and that they will have a more concentrated effect in time than would have been necessary if they had been implemented in January.

Can this growth be sustained at this level going forward?

What will fiscal policy look like over the next few months?

CHANGE IN CYCLICALLY ADJUSTED PRIMARY BALANCE (PP OF GDP)



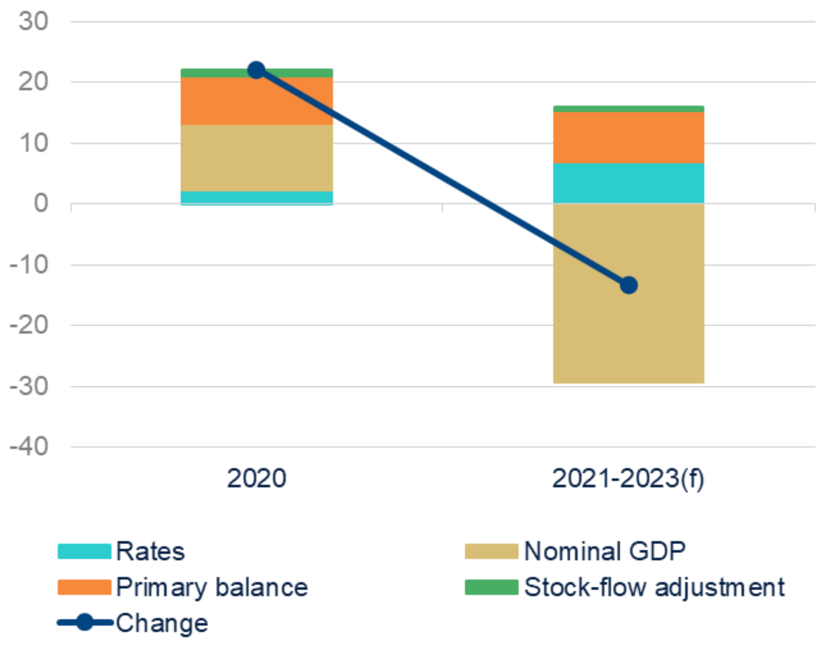
Note: the bars in light blue correspond to the years that started the year with budget rollover. The 2018 budget was carried over for the full year of 2019 and 2020.
Source: BBVA Research based on data from the Ministry of Finance and INE.

- It is assumed that State budgets will be carried over to the following year. Although at first glance, this could help contain expenditure, experience shows that the structural improvement observed has been marginal during previous years when the same circumstances were experienced.
- This becomes important as during the latter part of the year it will be agreed how the tax rules will be re-implemented in Europe.

Can this growth be sustained at this level going forward?

What will fiscal policy look like over the next few months?

CONTRIBUTION TO THE CHANGE IN PUBLIC DEBT (PP OF GDP)



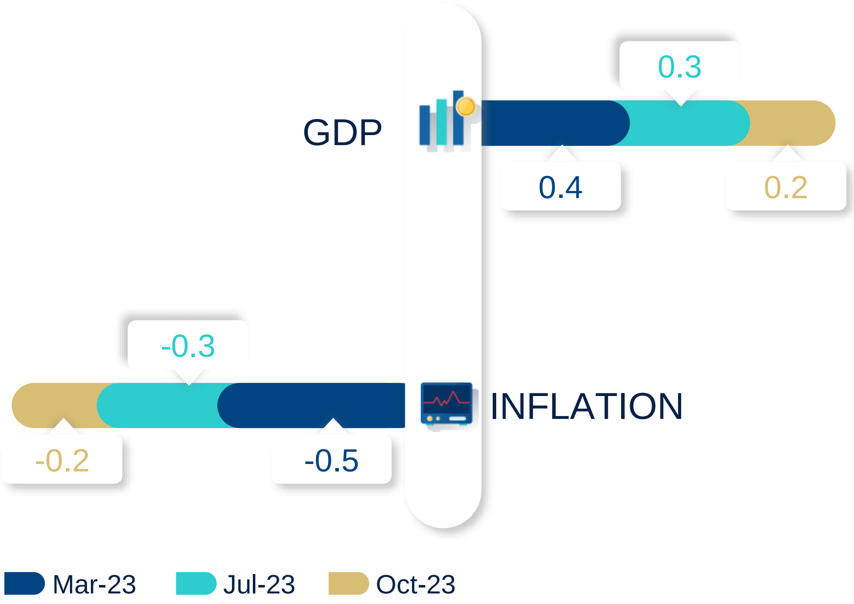
(f): Forecast.
Source: BBVA Research based on Bank of Spain, Ministry of the Treasury and INE data.

- The imbalance in the accounts will remain constant in 2023 at around 4% of GDP. Taking into account the slowdown in economic activity expected in 2024, it is possible that the cycle will not be able to contribute much to the deficit reduction.
- The next government will have to announce measures equivalent to around 1 pp of GDP if it wishes to comply with bringing the imbalance below 3% of GDP in 2024.
- The increase in nominal GDP is the only factor contributing to the reduction of debt in the last two years. Rising interest rates and the primary deficit are slowing this reduction.

Recovery may continue, albeit at a slower pace

1. Improvement in gas price forecasts

IMPACT OF CUMULATIVE 2023 REVISION IN OIL AND GAS PRICES
(PP OF 2023 ANNUAL GROWTH RATE)



Source: BBVA Research.

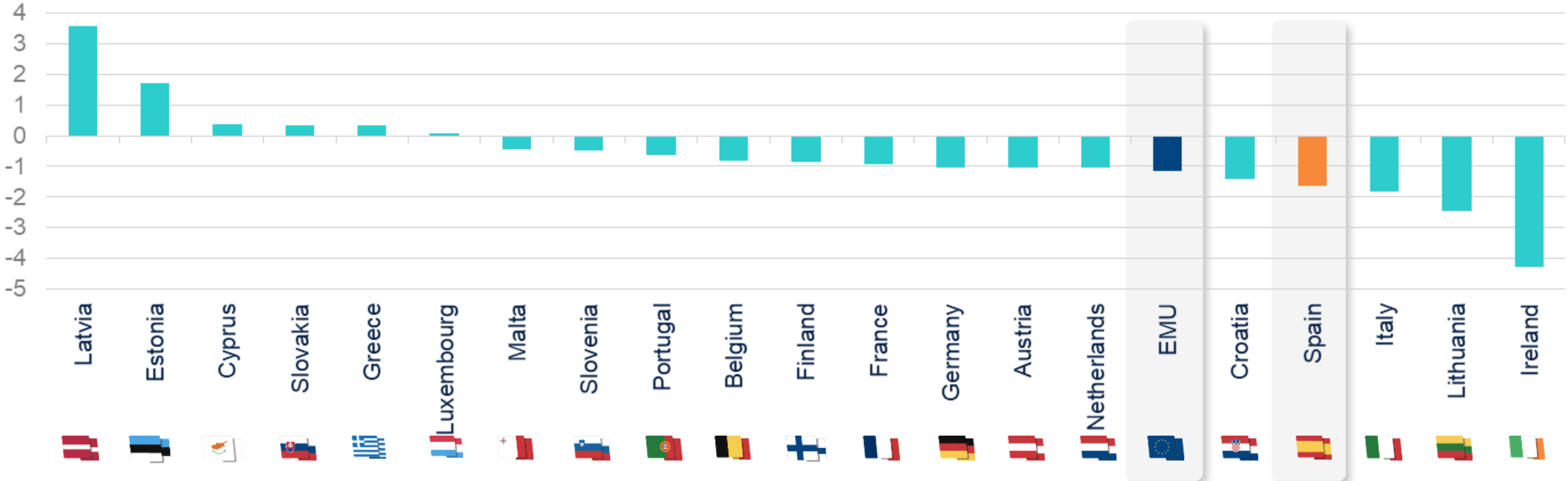
- There is an improvement in the terms of trade led by the decline in gas prices. This could add up to just under one percentage point to GDP and reduce inflation by 1 pp.
- Efficiency in energy use has improved, and the supply of renewable energy will increase. In the medium term, these trends will enable households to recover the purchasing power lost over the last year and a half, while companies will be able to reduce costs and reverse the loss of competitiveness.

Recovery may continue, albeit at a slower pace

2. Private consumption can sustain growth in coming quarters

WEIGHT OF PRIVATE CONSUMPTION IN GDP IN EMU: DIFFERENCE BETWEEN 4Q19 AND 2Q23

(PP)



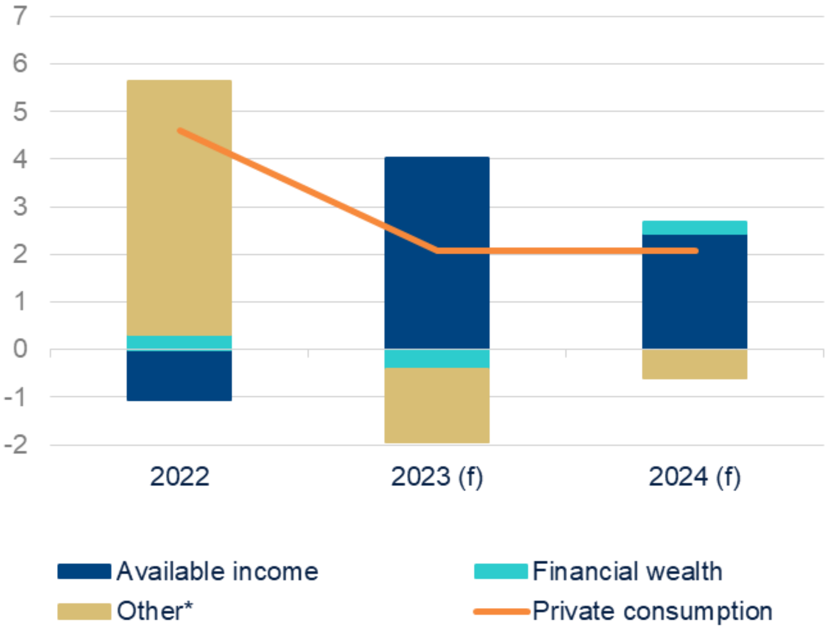
Source: BBVA Research based on Eurostat data.

Real consumption of Spanish households is the third farthest from the pre-pandemic level in the EU (-1.1 %) after Germany and the Czech Republic. As in the EU as a whole, the share of consumption in GDP has not recovered either (56.1% in 2Q23 vs. 57.8% in 4Q19).

Recovery may continue, albeit at a slower pace

3. Higher income and financial wealth could support consumption

CONTRIBUTIONS TO PRIVATE CONSUMPTION GROWTH
(PP AND %)



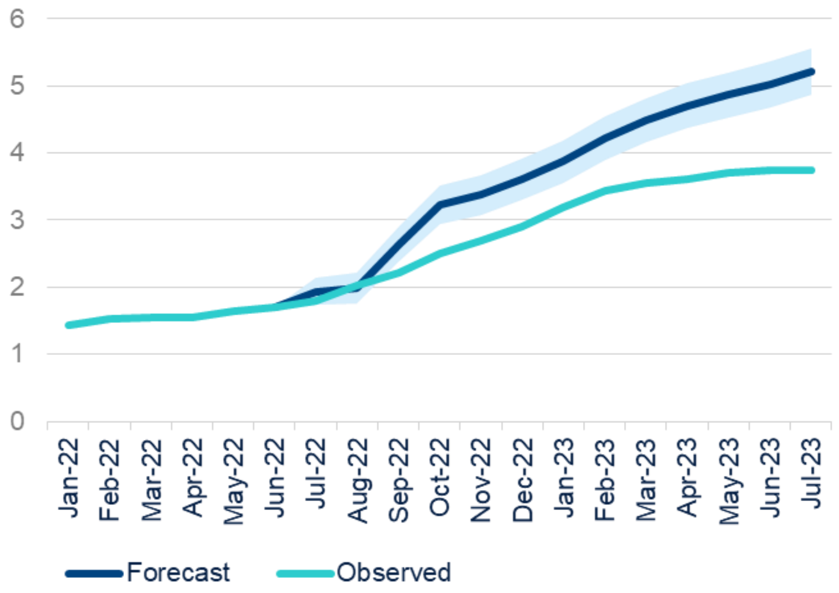
*Interest rates, consumption dynamics, real estate wealth, consumer confidence, residuals, etc.
Source: BBVA Research.

- Wages will begin to grow above inflation. The turning point in the purchasing power of wages should allow households to continue to reduce their accumulated "excess" wealth and support consumption at somewhat stronger rates over the coming quarters.
- It is estimated that household disposable income could increase by just over 2% in real terms in 2024 and that this could explain almost all of the expected growth in private consumption (2.0%).

Recovery may continue, albeit at a slower pace

4. The transmission of monetary policy may be drawing to a close

HOME PURCHASE INTEREST RATE
(TDER*, %)



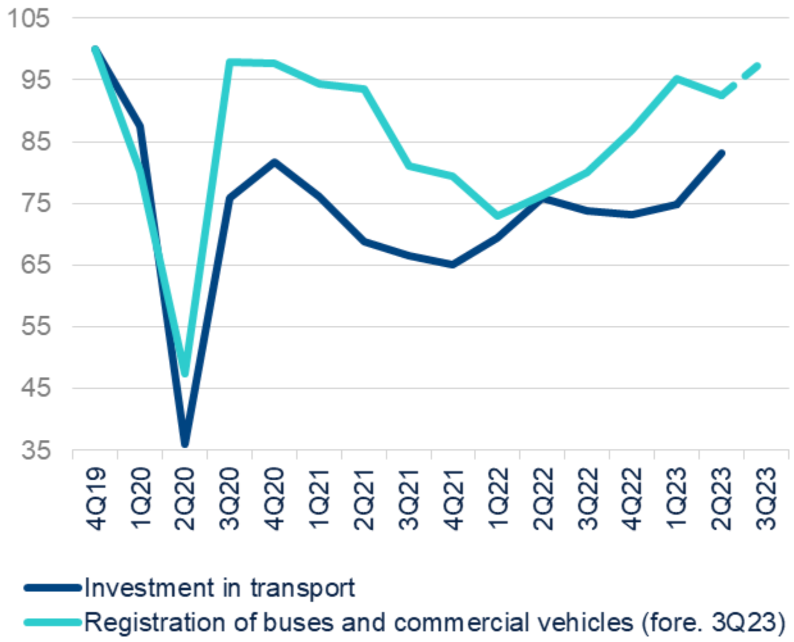
(*): TDER, narrowly defined effective rate, is equal to the APR (current equivalent rate) without commissions.
Note: Historical relationship model between mortgage rates and official and market rates, estimated up to Jun-22, The projection is made with the data of the exogenous variables known for the period Jul-22 to Jul-23.
Source: BBVA Research, based on data from the Bank of Spain.

- Several factors will curb the impact of rising interest rates on consumption and investment.
- Households are in a better position to cope with rising interest rates than they were during the 2008 financial crisis.
- It starts from historically low rates, with a significant percentage of loans negotiated with fixed rates and a portion of balances with high maturity. With employment holding up and wages rising, nominal disposable income will grow. Savings accumulated during lockdown remain high.

Recovery may continue, albeit at a slower pace

5. The disappearance of bottlenecks may boost investment

INVESTMENT AND COMMERCIAL VEHICLE REGISTRATIONS (4Q2019 = 100)



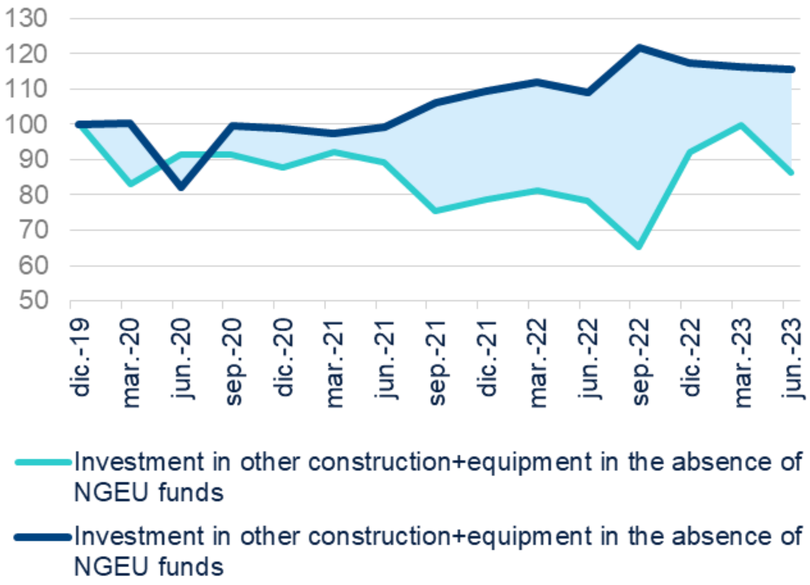
Source: BBVA Research, based on INE and Datastream.

- The factors hindering recovery in some parts of the industry (beyond energy costs) could gradually disappear.
- From the onset of the pandemic through July 2022, automotive sector production, on a monthly average, remained 22.5% below what was observed during 2019. Since then, supply has increased and was just 6.8% lower through July.
- The contribution of transportation investment to domestic demand growth will be positive.

The recovery may continue, albeit at a slower pace

6. The investment will be supported by Next Generation EU funds

INVESTMENT IN OTHER CONSTRUCTION AND MACHINERY AND EQUIPMENT* (SWDA. 4Q19 = 100)



Note: Difference between the expected investment by a model that includes the NGEU funds in the tendering and award series and the model that excludes these funds.

(*): Excluding transport equipment.

Source: BBVA Research based on INE data.

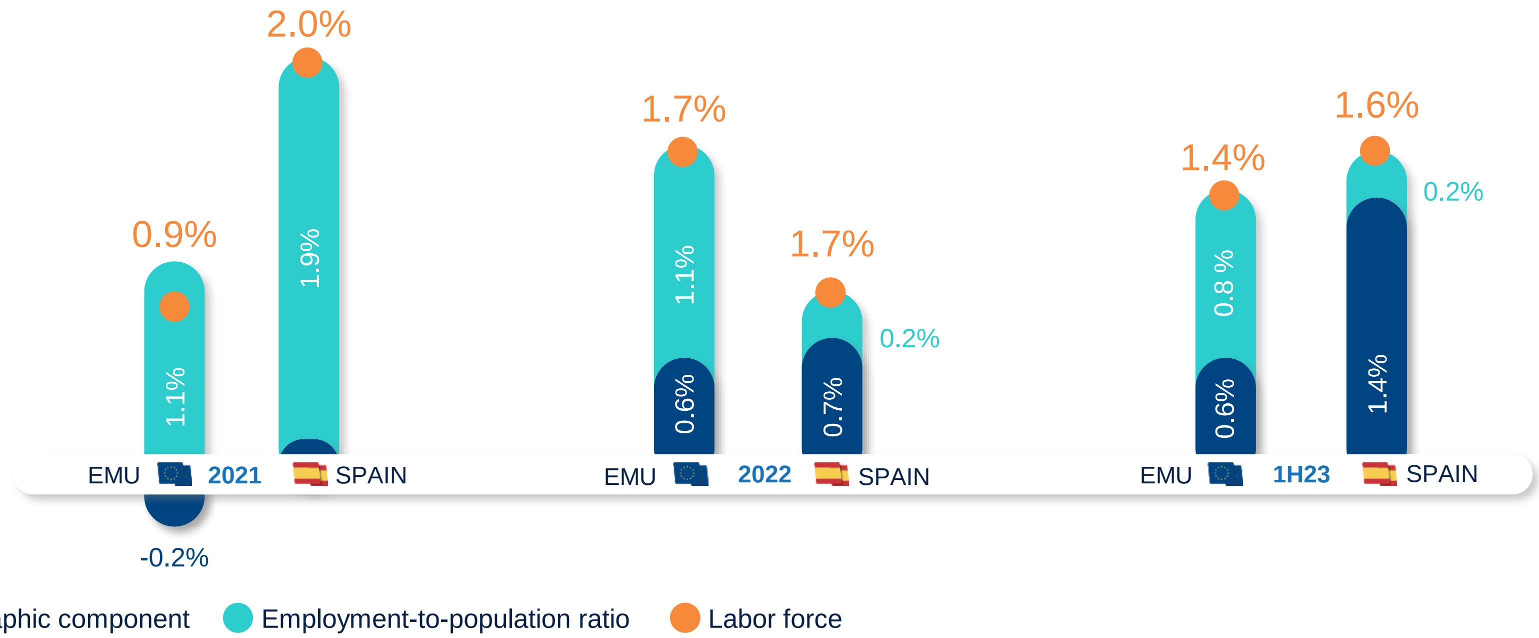
- Fixed capital accumulation in non-residential construction continues to show levels below what would be expected given the strong growth in public works tenders.
- However, the speeding up in spending authorization has been remarkable during the first seven months of 2023, reaching around €17 billion, almost double what was observed during the same period of 2022.
- It is estimated that in 2Q23 investment in other construction and machinery and equipment would have been 15 pp above 2019 levels. Without NGEU funds, such investment would have been 14 pp below.

The recovery may continue, albeit at a slower pace

7. Employment picked up in 1H23 thanks to immigration, compensating for the aging of the labor force.

BREAKDOWN OF THE YEAR-ON-YEAR GROWTH OF THE LABOR FORCE*

(% and PP)



(*): Population age 15 and over.
Source: BBVA Research based on Eurostat data.

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03

Forecasts

Forecast

% y/y	2021	2022	2023 (f)	2024 (f)
National final consumption expenditure	6.0	3.4	2.2	1.8
Private consumption	7.1	4.7	2.0	2.0
Public consumption	3.4	-0.2	2,7	1,1
Gross fixed capital formation	2.8	2.4	2.5	7.1
Equipment and machinery	4.4	1.9	-1.0	8.1
Construction	0.4	2.6	4.1	4.9
Housing	0.9	1.4	1.5	3.5
Domestic demand*	**6.6**	**2.9**	**1.9**	**2.7**
Exports	13.5	15.2	2.7	2.2
Exports of goods	9.3	4.5	-0.5	3.0
Exports of services	27.5	48.6	10.7	0.4
Final consumption by non-residents in Spain	75.3	117.8	17.0	0.2
Imports	14.9	7.0	1.5	4.7
External demand*	**-0.2**	**2.9**	**0.5**	**-1.0**
Real GDP at market prices (mp)	**6.4**	**5.8**	**2.4**	**1.8**

* Contribution to GDP growth.
(f): forecast.
Source: BBVA Research based on INE and BdE.

Forecast

% y/y	2021	2022	2023 (f)	2024 (f)
Employment (full-time equivalent)	7.1	3.7	1.9	1.4
Employment, based on Labor Force Survey	3.0	3.1	2.5	1.8
Unemployment rate (% of labor force)	14.8	12.9	12.2	11.9
CPI (annual average)	3.1	8.4	3.8	3.7
GDP deflator	2.8	4.4	6.2	3.8
Public deficit (% GDP)	-6.7	-4.7	-4.1	-3.4

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

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Spain Economic Outlook

October 2023

Creating Opportunities