BBVA Research

Creating Opportunities

Spain Economic Outlook

March 2024

Situation and outlook for the Spanish economy

March 2024

GDP growth for 2024 is revised upward from 1.5% to 2.1%. The factors supporting the advance include the observed decline in oil, gas and electricity prices since September, their impact on inflation and the subsequent correction in interest rates. In addition, fiscal policy is being somewhat more expansionary than expected, while the execution of NGEU funds is reaching cruising speed. Of particular importance is the strength of services exports, particularly tourism and other services. Immigration is also making the labor market more flexible and accounts for a large part of the strength in job creation and private consumption.

In 2025, growth is expected to remain around 2.0%. In any case, the need to initiate the adjustment to the public accounts and the expected greater weakness of the eurozone economy explain the deterioration in the outlook (from 2.5% three months ago). Added to this is the poor performance of investment in Spain, especially in comparison with what is observed in the rest of the EMU. Productivity is stagnating while labor costs are rising, which may hinder employment growth. Supply constraints persist due to a lack of skilled labor[1] or regulations that impede the growth of housing supply, especially affordable housing. Ultimately, economic policy uncertainty remains high.

GDP would have accelerated its growth path in the latter part of 2023 and the beginning of 2024, registering increases of close to 0.5% quarterly.[2] The increase in Social Security affiliation shows a progressive improvement since October 2023, after the slowdown observed in the third quarter. Real-time information shows that consumption continues to grow, both private (0.5%, quarter-on-quarter in 1Q24) and general government (0.2%). Household spending is supported by the decline in the saving rate, job creation and the incipient improvement in workers' real wages. Moreover, this rebound is occurring despite the increase in interest rates. Exports of goods and services also performed better than expected, especially in a context of economic stagnation in some of our main trading partners. Industrial production seems to be recovering, driven by the disappearance of bottlenecks in the automotive sector, the reduction in the cost of energy and transportation, as well as the turning point in the supply of the agri-food sector. As a result, sales of goods abroad could increase for the second consecutive quarter (+1.6%), approaching the levels observed in the first quarter of the previous year.

Of particular note in the recovery since 2021 is the contribution of services exports to growth. This has been helped by the change in household consumption habits since the pandemic, which has increased the weight of services in their spending. This seems to be a shared trend in developed economies and explains, in part, that card spending by foreigners in Spain foresees non-resident consumption would continue to advance significantly at the beginning of the year (5.6% QoQ in 1Q24). Likewise, the rest of services exports seem to continue to advance (0.5% QoQ in 1Q24). In addition to changes in consumer habits, Spain has gained in price competitiveness: since the beginning of the pandemic, the GDP deflator has grown 1.6 pp less than that of the eurozone. This, in an environment where relatively more employment has been created, where productivity performance has been worse and where indirect taxes have put more pressure on prices. On the other hand, margins have been more contained than in the rest of the eurozone and, above all, wages have been more contained. The greatest gains in competitiveness seem to occur precisely in services, where the price of tourism services exports, relative to imports (of the same branch), has fallen by 5.2% in the last four years. In turn, the terms of trade in non-tourist services

1: See Arellano, A.; García, JR.; Lores, F., Pérez D.C. (2024): The labor market in the construction sector. Available at: https://bitly.ws/3eBxA
2: For an analysis on the 4Q23 INE Quarterly Accounting advance data, see Ulloa, C. (2024), GDP grew 0.6% QoQ in 4Q23 and closed 2023 up 2.5%. Available at: https://www.bbvaresearch.com/publicaciones/espana-el-pib-crecio-el-06-tt-en-el-4t23-y-cerro-el-2023-con-un-avance-del-25/.

trade fell even more sharply, by 12.4% in the same period. The greater relative attractiveness of the availability of skilled and affordable labor at a lower cost may be attracting investors in such important sectors as information and communication technologies or consulting, which are presumed to be high value-added.

The cost of energy is falling and, if consolidated, will improve competitiveness, especially in the electro-intensive industry and exporting companies. Despite geopolitical tensions, oil prices are down from the levels seen at the end of September. Looking ahead, the cost of a barrel of Brent is expected to remain around USD 86.5 in 2024, 2.7% lower than forecast three months ago, and to moderate to USD 80.0 in 2025. Meanwhile, gas inventories remain high, thanks to the lack of dynamism in the European economy, favorable weather and returns on investments made in previous years. This will lead to gas prices that could be 50% below what was forecast a few months ago. In total, it is estimated that these changes could add as much as 0.4 pp to GDP growth in 2024.

Inflation is easing and could reach 3.1% in 2024 (almost half a percentage point lower than forecast in November) and 2.3% in 2025. In addition to the direct impact of the decrease in the cost of energy, we are observing an indirect impact as the initial shock is passed on to the prices of industrial goods. Up to December, measures anticipating the future trend in inflation pointed to the 2 % target getting closer and closer. January saw a break in this pattern, as a result of the withdrawal of some of the stimulus measures adopted by the Government to support families in the face of the increase in the price of different goods and services. In addition, an abnormally atypical number of companies may have taken advantage of the beginning of the year to align their prices with recent performance in the cost of some inputs. Finally, the drought that affected a large part of the Spanish territory now seems to be restricted to the Mediterranean coastal communities. A relatively normal rainfall year in the rest of the country could lead to lower prices for some agricultural products over the next few months.

The European Central Bank (ECB) will begin cutting the monetary policy rate in June, six months earlier than planned back in November. In addition to the decline in inflation, also observed in the rest of the eurozone, there has been some concern about the performance of activity on the continent. The GDP in some of the Union's main countries has been relatively stagnant for the past two years. Anticipating these movements, the 12-month Euribor has stopped rising and, in fact, has fallen from the 4.2% observed in September 2023 to 3.6% in January this year. **The year-end forecast suggests that the ECB could begin the process of reducing the monetary policy rate in the second quarter of the year, and bring it to 3.75% by the end of 2024, completing a 75 bp decrease in total.** In turn, it is expected that this gradualness and the market's anticipation of these measures will cause the 12-month Euribor to end the year at 3.3%. To the extent that a scenario of inflation convergence to the 2 % target is consolidated and the **eurozone economy shows a progressive recovery (0.7 % GDP growth in 2024 and 1.4 % in 2025), the following year could see cuts of 100 bp more, which would bring the 12-month Euribor to levels of 2.4 % by the end of the following year.** Although companies and households have reduced their indebtedness and their exposure to increases in financing costs, the reduced pressure from the financial burden will mean greater resources to allocate to consumption and investment, as well as making the use of financing more attractive.

Fiscal policy is being more expansionary than anticipated. The formation of a new Government has not brought about an agreement for the National Budget since the beginning of the year. In addition, the partial extension of tax rebates on the purchase of gas and electricity, as well as on the production of the latter, has been announced. Likewise, subsidies for the use of public transportation have been maintained. At the earliest, these measures will only be fully reversed as of next June. Moreover, the Government announced a 3.8% increase in contributory pensions, as well as a 6.9% increase in minimum pensions and in the Minimum Wage. This, in an environment where the public deficit could have ended 2023 at around 4% of GDP, still above the 3% threshold. Finally, the agreement reached on the new tax rules in the EMU has prevented the Stability and Growth Pact rules from coming into force again in 2024, which would have led to an immediate and significant adjustment. While it is

true that the beginning of the year has also brought some measures with a potential negative impact on activity, these barely offset the expected stimulus. For example, in addition to the containment of spending that the extension of the National Budget may entail, and the progressive withdrawal of tax cuts and transport subsidies, the other measure that will help to reduce the expansionary tone of fiscal policy will be the increase in Social Security contributions by companies and workers as a result of the application of the Intergenerational Equity Mechanism.

Bids and grants under the Recovery Transformation and Resilience Plan (PRTR for its Spanish acronym) **have reached cruising speed, which could be sufficient to fully execute the funds by 2026.** According to BBVA Research, from the beginning of the Plan until the end of 2023, contracts would have been tendered and grants financed with the Recovery and Resilience Mechanism (RRM) for an amount of more than 70,000 million euros, which represents more than 88% of the total initially planned in the PRTR and in the transfers of the Addendum.[3] However, only 33.5 billion euros, equivalent to 42% of the Plan's total, would have been resolved, and therefore this money is already available to families and companies. These figures are in line with those published by the government. This performance compares negatively with initial estimates of distributing between EUR 20 billion and EUR 25 billion per year between 2021 and 2024. In any case, an allocation rate of around EUR 15.5 billion every twelve months has been achieved. If this were to continue, there would be no unused funds at the end of 2026. To this must be added the arrival of the loans from the Addendum to the Recovery Plan, which will support access to credit for investment in projects that favor the green and digital transition of companies.

Factors that could lead to further growth over the coming months include, first, the additional decline in production costs as a result of investments that have been made to increase the supply of renewable energy and efficiency in the use of electricity. It is also possible that there will be an acceleration in investment if reforms are consolidated to reduce the cost of certain procedures, especially in the real estate sector. In addition, there remains a backlog of demand for transportation equipment, which could re-emerge as uncertainty about the acquisition of electric vehicles is reduced. Finally, immigration could continue and, to the extent that it is complementary to human capital residing in Spain, boost employment and productivity.

Looking ahead to 2025, there is concern that the slowdown in growth in certain sectors and countries of the eurozone will be more structural than initially thought. The German economy has shown virtually no signs of improvement for the past two years. France's improvement is scant considering the high imbalance of its public accounts. The industrial export growth model appears to be exhausted. In both Spain and Germany, the worst-performing companies are those that are energy-intensive or form part of the same value chain. Furthermore, given the backdrop of fiscal consolidation and still high interest rates, it will be difficult for domestic demand, in countries with deficits above 3% of GDP, to contribute to growth. With financial burdens still high in the private sector and adjustments in public sector imbalances, demand for Spanish goods and services may weaken. Lastly, European industry is years behind in the production of the machinery and equipment needed to drive a more environmentally sustainable model and lead innovation in key sectors. Proof of this is the dominance shown by foreign companies in the European market for electric cars, solar panels, batteries, etc. In the absence of greater investment at the European level, the continent risks being a mere buyer and follower in the development of clean and cutting-edge technologies.

The new tax rules in Europe will require significant and sustained adjustments over time in several economies, including Spain, starting in 2025. Countries such as France, Spain or Italy, with deficits above 3% of GDP and public debt levels above 90% will have to commit to implementing structural consolidation measures of between 0.4 and 0.6 pp of GDP per year. In fact, the gap between the current data and the objectives is so large that efforts will have to continue for at least five years, or even longer. In a best-case scenario, the combination of a

3: See García, F.J.; Pérez, D.C.; Pou, V.; Ruíz, P. (2024): Monitoring of the Recovery Plan. February 2024. Available at: https://bitly.ws/3eBzh

strong recovery, underpinned by PRTR-linked funds and an ambitious reform agenda, could limit the impact of such consolidation. The establishment of a larger European budget that would provide common goods and services, taking advantage of economies of scale, would also facilitate these processes. There is no doubt that the need to create future fiscal policy space by reducing public indebtedness is just as important as the fact that this may limit the growth of domestic demand over the next few years. **In the case of Spain, the forecasts published here include a structural adjustment of 0.5 pp of GDP in 2025, which, together with the expected economic recovery, would bring the public deficit to 2.9% of GDP by the end of the following year and the debt to 102% of GDP.**

Private investment suffers from stagnation in the eurozone, rising interest rates and, above all, uncertainty about economic and geopolitical policies. The impact of the increase in the cost of finance can be seen in the fall in credit to non-financial businesses (-4.8% year-on-year in December 2023), but particularly in the demand for financing by small and medium-sized enterprises (-9.1%) and with maturities of between one and five years (-8.3%). The fall in gross fixed capital formation (-2.0% quarter-on-quarter in 4Q23) and in credit at terms of more than one year, in an environment of accelerating activity and where interest rates have reached a ceiling, suggest that companies perceive that there are other factors limiting the profitability of their projects. One of them may be the drag from the slow recovery in major trading partners. Another, the high cost of energy that has been experienced over the last two years. In addition, the lack of infrastructure necessary to provide certainty to buyers of electric vehicles is delaying the renewal of the car population.[4]

Stagnant productivity in an environment of rising labor costs may jeopardize the progress of the service sector. Since the beginning of 2023, with the implementation of the Intergenerational Equity Mechanism (IEM), social security contributions have added pressure to companies' payrolls. Additionally, increases in the national minimum wage (SMI for its Spanish acronym) already imply that in some sectors, companies and autonomous communities, the proportion of workers whose income is linked to the SMI is beginning to be relatively high. Although remuneration is showing a slowdown consistent with job creation and falling inflation, it will probably continue to increase at an average annual rate of 3.6% during the current two-year period. Moving forward, the recovery of workers' purchasing power and the maintenance of employment will only be possible in an environment where productivity improves. In this regard, recent evidence is disheartening as different indicators point to stagnation, or even a drop, when compared to levels observed before the pandemic. In any case, the problem goes back further: since 2008, average annual labor productivity growth has been close to zero, and has even fallen in regions with low productivity levels, which has prevented the process of convergence between autonomous communities from continuing. The recent worsening observed in investment does not foresee a change in trend. As a result of the apparent divergence between wage and productivity growth, unit labor costs (ULC) are rising significantly, which, should it persist, could jeopardize the recovery, especially in labor-intensive sectors.

Various supply-side constraints remain, which will limit employment growth. Immigration and the increase in the employment-to-population ratio have allowed job creation to continue. However, they do not seem to have helped improve productivity. This may be indicative of the continuing difficulty in finding certain profiles in high value-added industries and services. In addition, the aging population is reducing the availability of working-age workers. This is combined with the startling decline that has been occurring in the participation rate of Spaniards between 35 and 54 years of age. Although it is true that this trend was at its highest at the beginning of the pandemic, it cannot be ruled out that this trend may reflect a lack of enthusiasm caused by a mismatch between the training of people leaving the labor market and what the market demands. Lacking policies to improve the

4: For a more structural analysis of investment trends in Spain see Doménech, R.; Sicilia, J. (2024): Investment in Spain and the EU. Available at: https://www.bbvaresearch.com/publicaciones/la-inversion-en-espana-y-en-la-ue/.

employability of these workers or an immigration policy that attracts human capital complementary to that of Spanish residents, these factors can be a bottleneck for growth.

The agri-food sector is currently undergoing structural changes driven by labor shortages, rising labor costs and drought. Social Security affiliation in this part of the economy has fallen by 7% since the beginning of the pandemic, while in the rest of the sectors it has increased by 10%. It is highly likely that the pandemic has hastened the automation of labor-intensive processes, as well as the consolidation of companies in the sector. This was further aggravated by higher fertilizer and transportation costs due to the Russian invasion of Ukraine. Finally, the drought has dealt a major blow to production capacity and competitiveness. While it is true that the rain cycle has been more favorable since last October than in previous years, especially in the center, west and north of the country, the drought continues on the Mediterranean coast. This threatens to have more substantial and lasting effects on the sector. What is more, the risk is that it will begin to affect the competitiveness of other sectors, especially the tourism services sector.

Policies to boost housing demand or price fixing could have harmful long-term effects on the sector. The Government has announced guarantees for young people, through the Official Credit Institute (ICO), with the aim of making it easier for them to access housing. This public support could represent between 20 and 25% of the asset value. The measure suffers from several drawbacks. First, it is designed with the same defects that afflict others and that can generate inequality. By placing rigid limits on age (35 years), income (EUR 37,800 per year) or to apply for the loan (December 31, 2024), it discriminates against those who barely surpass those barriers (or who want to buy from 2025 onwards). It is also quite possible that the measure will end up benefiting young people who currently earn less than the specified income, but who will have an above-average income in the future. While limits are required on the wealth accumulated by the buyers, the same is not required for that of the parents, which, again, could end up benefiting high-income households. Another problem to take into account is that it is not advisable to encourage loans that finance 100% of the value of the house, as this may lead to an increase in risk-taking by financial institutions. Finally, and most importantly, without policies to increase the supply of housing, purchase subsidies will lead to price increases, with no improvement in accessibility for young people. The same will happen with rent fixing policies, which may even incentivize the exit of housing from the market, in an environment where the costs of keeping a house in habitable conditions are increasing considerably (not to mention those of improving its energy efficiency).[5]

The PRTR Addendum loans will have a more immediate effect on economic activity than the transfers, but the magnitude of their impact will depend on how favorable financing conditions are relative to market conditions. Around EUR 40 billion will be channeled with the support of the ICO and through financial institutions, so that the money will arrive more quickly. However, it will do so in an environment of high liquidity, with interest rates and business loans falling. This lack of demand for solvent financing increases the likelihood that few new projects will be initiated as a result of the measure. It will most likely end up financing those that were going to go forward anyway. Therefore, the additional effect on business demand will depend on the difference in credit terms with respect to current market conditions. Significantly lower interest rates for a longer period of time will mean lower financial costs as well as certainty.

Uncertainty about future economic policy remains. The lack of a consensus on the measures to be implemented in the future is reflected in the failure of Congress to validate the Royal Decree Law modifying unemployment benefits. This is in addition to the lack of a National Budget for 2024. The Government must continue to meet the milestones established in the PRTR in order to continue accessing the corresponding funds. The political landscape presents an intense electoral calendar over the next few months that will influence the

5: For more details on the recent developments in the real estate market, see BBVA Research (2024): Real Estate Observatory, January 2024. Available at: https://www.bbvaresearch.com/publicaciones/espana-observatorio-inmobiliario-enero-2024/.

economic agenda. This will be important in the coming year, when, in addition to the promised reforms, decisions will also have to be made about which taxes to increase or which expenditures to eliminate in order to comply with the new tax rules. Meanwhile, the risk premium remains at levels below 100 basis points. In addition to the obligations to Europe and the possible consequences of not meeting them, the government will continue to face pressures to increase spending, either through higher transfers or because of the need to provide more and better public goods and services (defense, electricity grid, etc.). To prevent this from leading to a higher tax load on the labor factor or to a growth in the operating costs of companies, leading to the further deterioration of relative investment performance, a plan is needed that minimizes the economic impact of the measures and reduces uncertainty. This would require an ambitious reform agenda that reduces bureaucracy, identifies and eliminates inefficient spending, reduces unemployment and increases productivity. Changes in working hours that do not arise from the negotiation of the social stakeholders and that entail major adjustments in a short period of time go against this goal.[6]

6: For a discussion on the impact of reduced working hours see, Arellano, A.; García, Juan R., Ulloa, C. (2023), Proposed reduction of working hours: incidence and potential impact. Available at: https://www.bbvaresearch.com/publicaciones/espana-propuesta-de-reduccion-de-la-jornada-laboral-incidencia-e-impacto-potencial/.

Tables

Table 1.1. **GROSS DOMESTIC PRODUCT** (ANNUAL AVERAGE, %)

	2020	2021	2022	2023	2024	2025
United States	-2.2	3.7	1.9	2.5	1.9	2.3
Eurozone	-6.2	5.9	3.4	0.5	0.7	1.4
China	2.2	8.5	3.0	5.2	4.6	4.2
World	-2.7	6.5	3.4	3.1	3.1	3.3

* Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay.
Forecast closing date: March 1, 2024.
Source: BBVA Research & IMF.

Table 1.2. **INFLATION** (ANNUAL AVERAGE, %)

	2020	2021	2022	2023	2024	2025
United States	1.2	4.7	8.0	4.1	2.7	2.4
Eurozone	0.3	2.6	8.4	5.4	2.3	2.0
China	2.5	0.9	2.0	0.2	1.3	1.8
World	3.6	5.1	9.3	7.4	7.0	4.4

* Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay.
Forecast closing date: March 1, 2024.
Source: BBVA Research & IMF.

Table 1.3. **INTEREST RATE ON TEN-YEAR PUBLIC DEBT** (ANNUAL AVERAGE, %)

	2020	2021	2022	2023	2024	2025
United States	0.90	1.44	2.95	3.96	4.04	3.77
Germany	-0.48	-0.31	1.18	2.45	2.35	2.25

Forecast closing date: March 1, 2024.
Source: BBVA Research & IMF.

Table 1.4. **EXCHANGE RATES** (ANNUAL AVERAGE)

	2020	2021	2022	2023	2024	2025
EUR-USD	0.88	0.84	0.95	0.92	0.91	0.88
USD-EUR	1.14	1.18	1.05	1.08	1.09	1.14
CNY-USD	6.91	6.45	6.73	7.08	7.00	6.80

Forecast closing date: March 1, 2024.
Source: BBVA Research & IMF.

Table 1.5. **OFFICIAL INTEREST RATES** (END OF PERIOD, %)

	2020	2021	2022	2023	2024	2025
United States	0.25	0.25	4.50	5.50	4.50	3.00
Eurozone	0.00	0.00	2.50	4.50	3.75	2.75
China	3.85	3.80	3.65	3.45	3.25	3.25

Forecast closing date: March 1, 2024.
Source: BBVA Research & IMF.

Table 1.6. **EMU: MACROECONOMIC FORECASTS** (YoY) (ANNUAL AVERAGE. %)

	2020	2021	2022	2023	2024	2025
GDP at constant prices	**-6.2**	**5.9**	**3.5**	**0.5**	**0.7**	**1.4**
Private consumption	-7.8	4.4	4.2	0.5	0.8	1.5
Public consumption	1.0	4.2	1.6	0.2	0.5	0.4
Gross fixed capital formation	-6.2	3.7	2.8	0.7	0.8	2.3
Inventories (*)	-0.3	0.4	0.3	-0.2	0.0	0.0
Domestic demand (*)	**-5.6**	**4.5**	**3.4**	**0.3**	**0.7**	**1.4**
Exports (goods and services)	-9.4	11.4	7.4	-0.9	0.9	2.7
Imports (goods and services)	-8.8	9.1	8.0	-1.5	1.0	2.7
External demand (*)	**-0.6**	**1.4**	**0.0**	**0.2**	**0.0**	**0.1**
Prices and Costs						
CPI	0.3	2.6	8.4	5.4	2.3	2.0
CPI Core	0.7	1.5	3.9	4.9	2.7	2.2
Labour Market						
Employment	-1.4	1.4	2.3	1.4	0.5	0.3
Unemployment rate (% of labour force)	8.0	7.7	6.7	6.5	6.7	6.7
Public sector						
Surplus (+) / Deficit (-) (% GDP)*	-7.1	-5.2	-3.6	-3.2	-2.9	-2.3
Public debt (% GDP)*	97.2	94.8	91.0	89.0	88.9	88.7
External Sector						
Current Account Balance (% GDP)	1.7	2.8	-0.6	1.9	2.3	2.2

Annual rate change in %, unless expressly indicated.
Forecast closing date: March 1, 2024.
(*) Excluding financial aid for Spanish banks.
Source: BBVA Research.

Table 1.7. **SPAIN: MACROECONOMIC FORECASTS**
(ANNUAL RATES OF CHANGE IN %, UNLESS OTHERWISE INDICATED)

(Annual average, %)	**2021**	**2022**	**2023**	**2024**	**2025**
Activity					
Real GDP	**6.4**	**5.8**	**2.5**	**2.1**	**2.0**
Private Consumption	7.1	4.7	1.8	2.0	1.7
Public Consumption	3.4	-0.2	3.8	2.6	1.0
Gross Fixed Capital Formation	2.8	2.4	0.6	3.1	7.3
Equipment and machinery	4.4	1.9	-1.8	2.5	8.9
Construction	0.4	2.6	2.2	3.5	7.2
Housing	0.9	1.4	0.3	2.5	7.5
Domestic Demand (contribution to growth)	**6.6**	**2.9**	**1.7**	**2.5**	**2.5**
Exports	13.5	15.2	2.4	3.4	2.7
Imports	14.9	7.0	0.3	5.0	4.4
External Demand (contribution to growth)	**-0.2**	**2.9**	**0.8**	**-0.4**	**-0.5**
GDP at current prices	9.2	10.2	8.6	6.5	5.0
(Billions of Euros)	1222.3	1346.4	1462.1	1556.7	1634.4
Labour market					
Employment, Labour Force Survey	3.0	3.1	3.0	2.6	2.0
Unemployment rate (% Labour force)	14.8	12.9	12.1	11.4	10.9
Employment, full time equivalent	7.1	3.7	3.2	2.6	1.8
Productivity	-0.7	2.0	-0.7	-0.6	0.2
Prices and Costs					
CPI (average)	3.1	8.4	3.5	3.1	2.3
CPI (end of period)	5.8	5.7	3.1	3.2	2.1
GDP deflator	2.8	4.4	6.1	4.4	2.9
Compensation per employee	0.3	2.9	5.2	3.6	3.6
Unit Labour Cost (ULC)	1.0	0.8	5.9	4.2	3.3
External sector (*)					
Current Account Balance (% GDP)	0.7	0.7	2.8	3.2	2.8
Public sector					
Debt (% GDP)	116.8	111.6	106.8	103.9	101.9
Deficit (% GDP) (*)	-6.6	-4.7	-4.0	-3.6	-2.9
Households					
Nominal disposable income	4.5	4.1	10.5	6.7	5.2
Savings rate (% nominal disposable income)	13.8	7.6	11.3	12.0	12.6

Annual rate change in %, unless expressly indicated.
Forecast closing date: March 1, 2024.
(*) Excluding financial aid for Spanish banks.
Source: BBVA Research.

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