



Spain

Economic Outlook



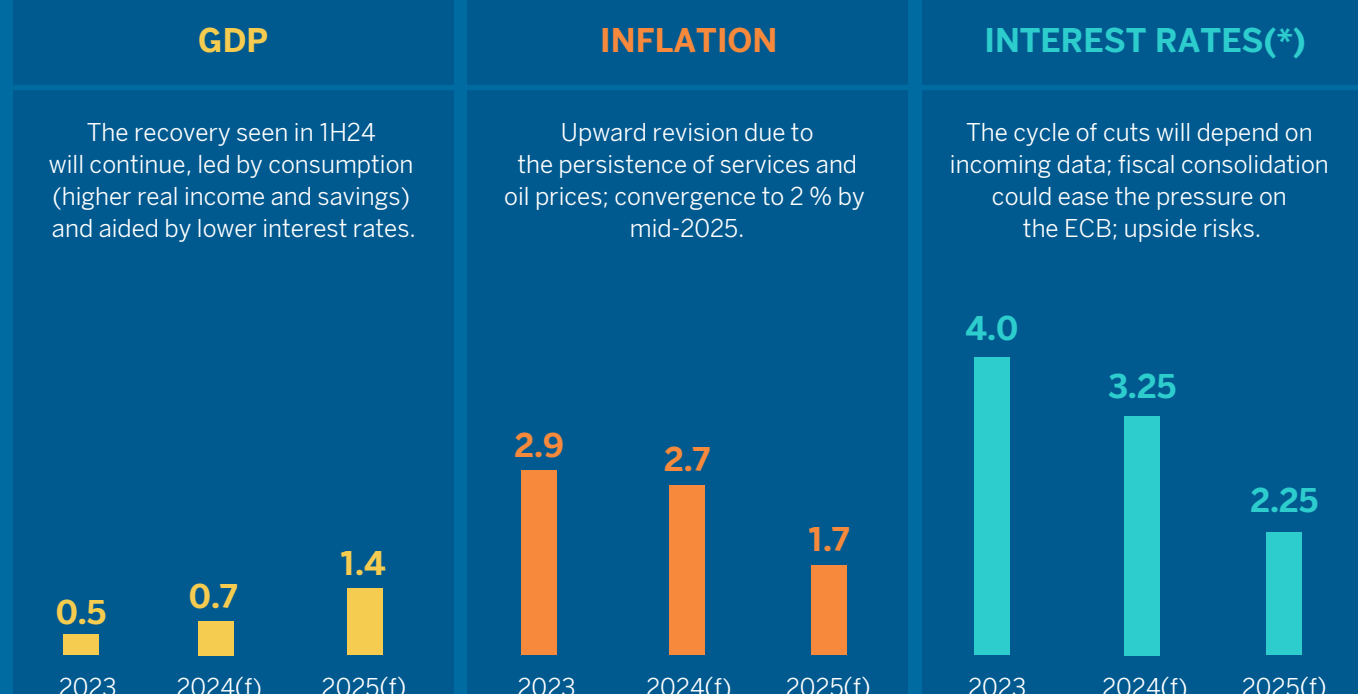
GLOBAL ENVIRONMENT

Growth in the eurozone is expected to **accelerate** over the coming months.



Eurozone: GDP, INFLATION AND INTEREST RATES

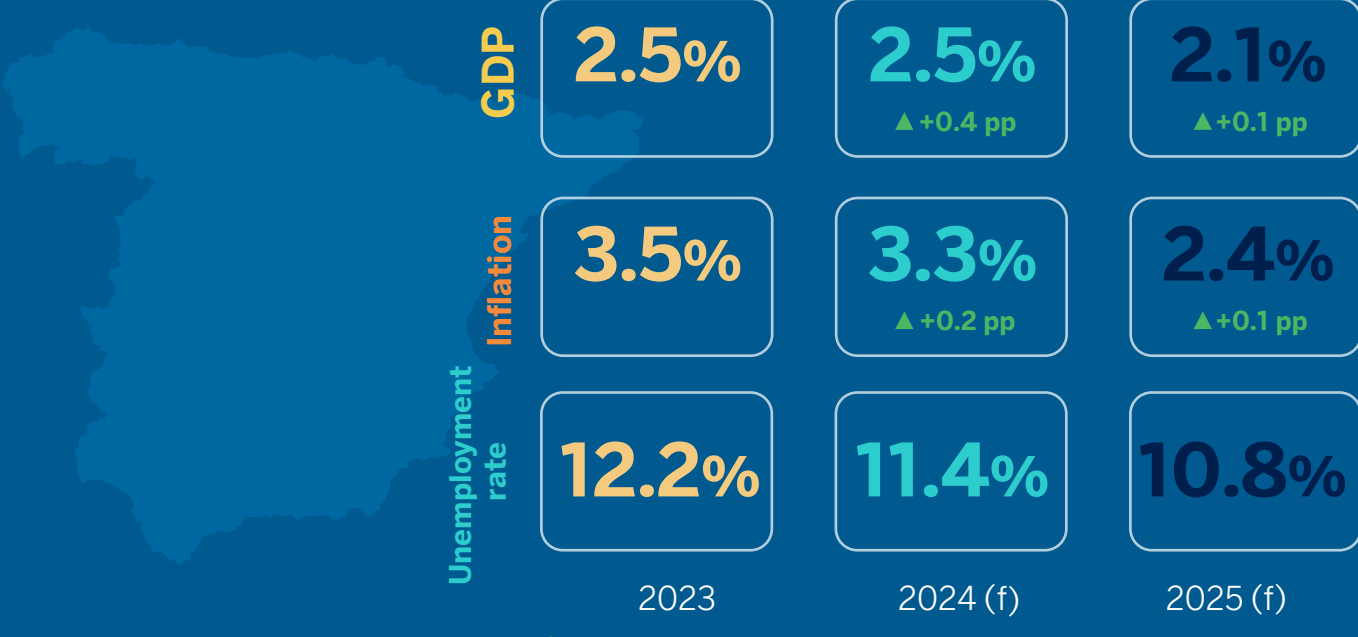
(GDP: y/y %; INFLATION: y/y %, END OF PERIOD; INTEREST RATES: %, END OF PERIOD)



(f): forecast.
(*) Interest rate on the ECB's deposit facility.
Source: BBVA Research.

GDP growth is revised upwards by four tenths in **2024 to 2.5%** and by one tenth in **2025 to 2.1%**.

SPAIN



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

THE ENGINES that drive growth in 2024 remain

More dynamic service exports

SERVICES EXPORTS IN 2024
(ANNUAL CHANGE, %)

Forecast for Mar-24: 8.0%
Current forecast: 14.1%

Source: BBVA Research based on data from INE.

Competitiveness improvements

LABOR PRODUCTIVITY*
(CUMULATIVE GROWTH 1Q20 - 1Q24, %)

Spain: 3.2%
Eurozone: 1.1%

(*) GVA per hour worked in constant 2015 euros.
Source: BBVA Research based on data from INE.

Increase in the workforce

EMPLOYMENT-TO-POPULATION RATIO*
(AVERAGE ANNUAL CHANGE %)

2017-2020: -0.5%
2020-2023: 0.9%

Source: BBVA Research based on data from INE.

Execution of the funds associated with the Recovery Plan

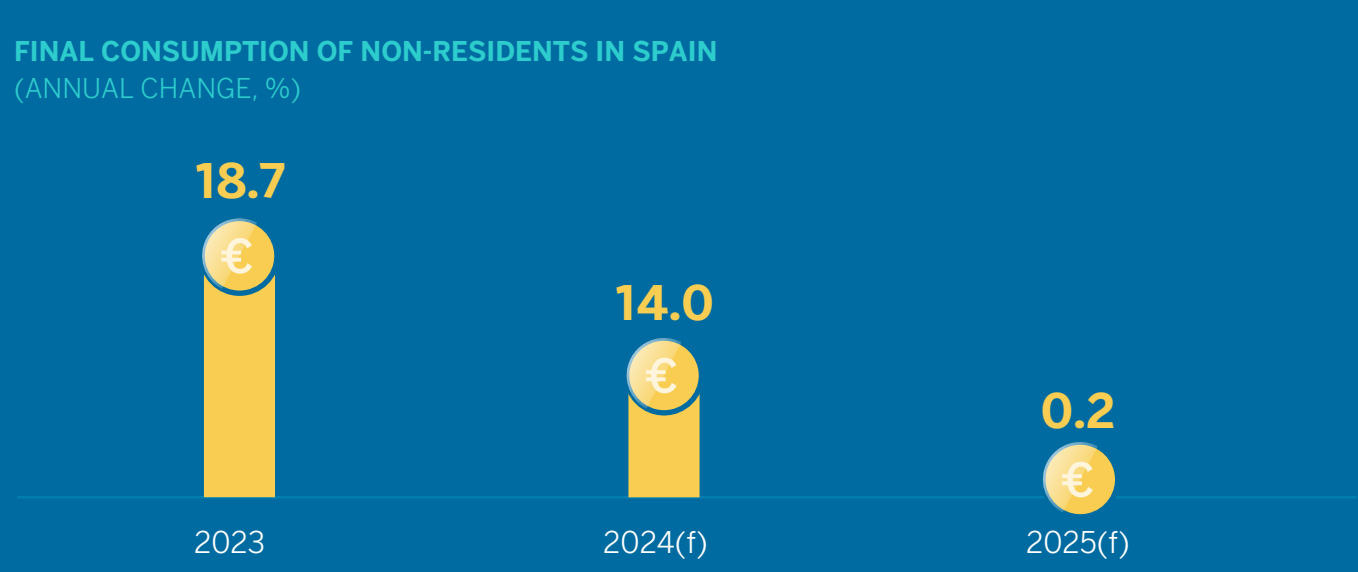
INVESTMENT IN OTHER CONSTRUCTIONS IN 2024 (ANNUAL CHANGE, %)

Forecast for Mar-24: 2.3%
Current forecast: 6.9%

Source: BBVA Research based on data from INE.

GROWTH EXPECTED to moderate in 2025

The contribution of external demand would be **negative** again, given the **restrictions on growth** in the **tourism sector**.



The stagnation of investment is a **bottleneck** for improving competitiveness.



The **fiscal adjustment is ambitious**. Per every percentage point of reduction in the public deficit, GDP could go down between **0.6 and 1 pp**.



The **lack of consensus on economic policy** is a source of **uncertainty for the future**.

