BBVA Research

Creating Opportunities

Spain Economic Outlook

OCTOBER 2024

GDP growth is revised upward by **four tenths in 2024** to **2.9 %** and by **three tenths in 2025** to **2.4 %.**

	2023	2024 (f)	2025 (f)
GDP*	2.7% ▲+0.2 pp	2.9% ▲+0,4 pp	2.4% ▲+0.3 pp
Inflation (average for the period)	3.5%	2.8% ▼-0.5 pp	1.8% ▼-0.6 pp
Unemployment rate	12.2%	11.5% ▲+0.1 pp	10.8%

▲ Outlook raised ▶ Outlook unchanged ▼ Outlook lowered

* Average annual change.
(f): Annual average forecasts.
Source: BBVA Research based on INE data.

The statistical revision and the improved current performance **raise the 2024 growth forecast.**

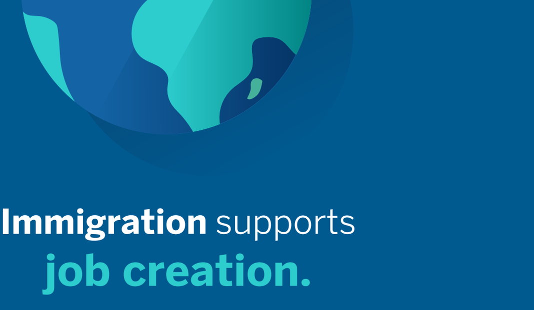
QUARTERLY GDP GROWTH (%)

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

Both domestic and external demand are gaining momentum.

CONTRIBUTION TO PROJECTED GDP GROWTH IN 2024 BY DATE OF PREPARATION (PP)

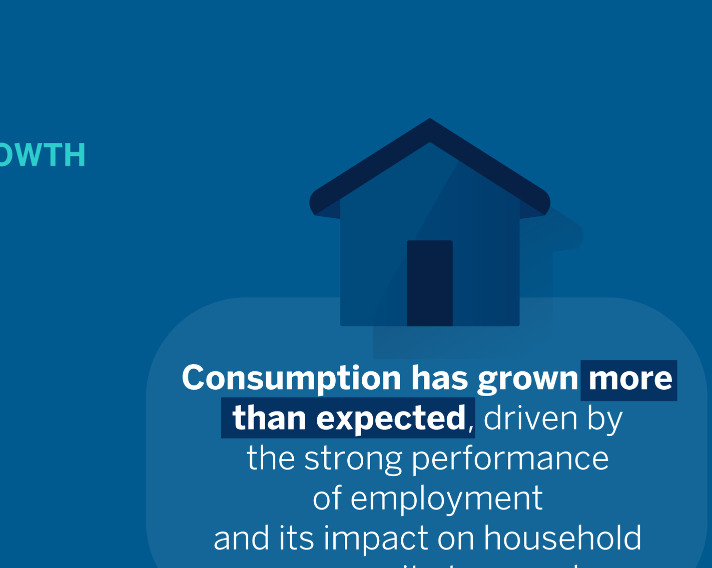
Source: BBVA Research based on INE data.



Exports of services continue to **perform well.**

Immigration supports **job creation.**

SPAIN: CONTRIBUTIONS TO THE ANNUAL CHANGE IN EMPLOYMENT BY NATIONALITY (THOUSANDS OF PERSONS, ANNUAL AVERAGES)



*1S21 - 1S24
Source: BBVA Research based on INE data.

CONTRIBUTION OF CHANGES IN CONFIDENCE TO CONSUMPTION GROWTH (PP)

Source: BBVA Research based on INE data.

Consumption has grown more than expected, driven by the strong performance of employment and its impact on household propensity to spend.

A SCENARIO OF SUSTAINED recovery lies ahead...

GDP GROWTH IN THE EUROZONE (% YOY)

(f): forecast.
Source: BBVA Research.

The recovery of the European economy will support exports growth.

Inflation in Spain **has already fallen** and will remain at levels **below wage growth.**

EURIBOR 12 MONTHS (%)

Source: Bloomberg and BBVA Research.

Monetary policy will be **less restrictive** and **will lead to a reduction in the cost of financing.**

The expansion of the services sector has been accompanied by a greater share of employment in human capital-intensive jobs.

SHARE OF EMPLOYMENT IN KNOWLEDGE-INTENSIVE SERVICES TO TOTAL EMPLOYMENT IN THE SERVICES SECTOR (%)

Source: Fedea and BBVA Research based on Eurostat data.

GOVERNMENT DEFICIT (FOUR-QUARTER ROLLING SUM; % OF GDP)

Source: BBVA Research based on Ministry of the Treasury data.

The deficit reduction achieved in the first half of 2024, along with the upward GDP revision, **has reduced the need for additional adjustments in 2025.**

... but looking ahead the expectation of a slowdown remains

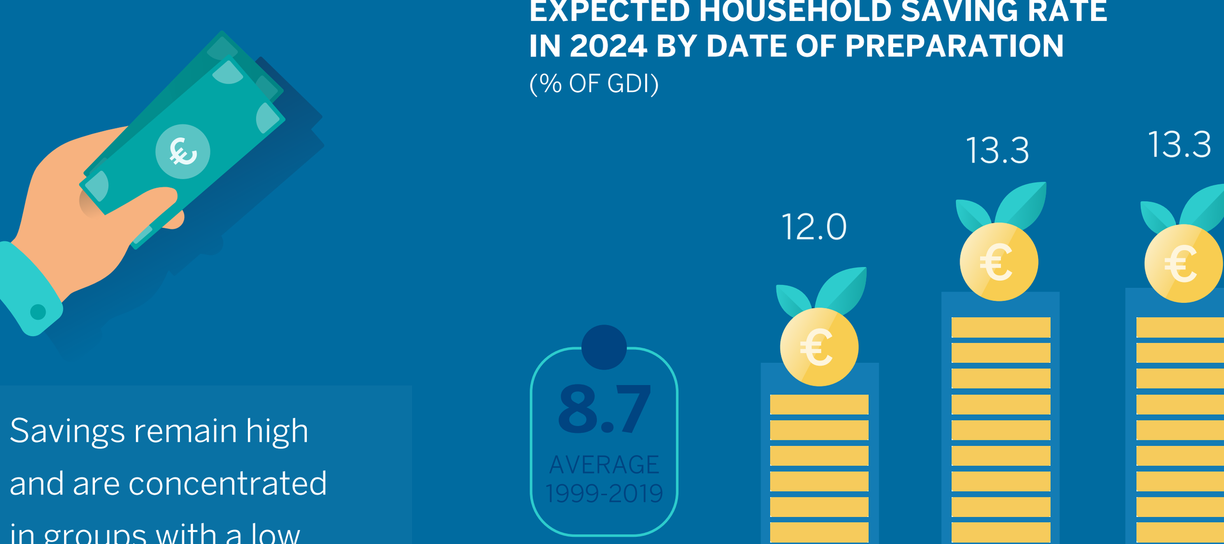
The **growth of turism** will be **constrained**, by both cyclical and structural factors.

TOTAL OVERNIGHT STAYS IN HOTELS, BASED ON THREE SCENARIOS OF AVERAGE RISING TEMPERATURE BY 2100 (CHANGE BETWEEN THE AVERAGE FOR 2091-2100 AND 2024-2030, %)

Source: BBVA Research.

Some export sectors are undergoing **structural adjustments.**

EXPORTS IN REAL TERMS (2019=100)



Source: BBVA Research based on Datacomex data.

Savings remain high and are concentrated in groups with a low propensity to consume.

EXPECTED HOUSEHOLD SAVING RATE IN 2024 BY DATE OF PREPARATION (% OF GDI)

Source: BBVA Research based on INE data.

Constraints on future growth

1 Worse prospects for investment linked to the Recovery Plan and the change in the production model.

2 Constraints on housing supply in Spain.

3 Doubts over the effect of immigration on productivity.

4 Fiscal policy uncertainty remains high in a context of significant parliamentary fragmentation.

For more information see our **Spain Economic Outlook October 2024**

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