

Economic forecasts Spain

In data

BANK OF SPAIN FORECASTS

GDP GROWTH 2024*

2.3%

y-o-y, +4 tenths compared to Mar.24 forecast
2025*: 1.9%

HICP 2024*

3.0%

y-o-y, vs. 2.7 in Mar.24 forecast
2025*: 2.0%

UNEMPLOYMENT RATE 2024*

11.6%

labour force, -6 tenths compared to 2023
2025*: 11.3%

PUBLIC DEBT 2024*

105.8%

GDP, 107.7% in 2023
2025*: 106.2%

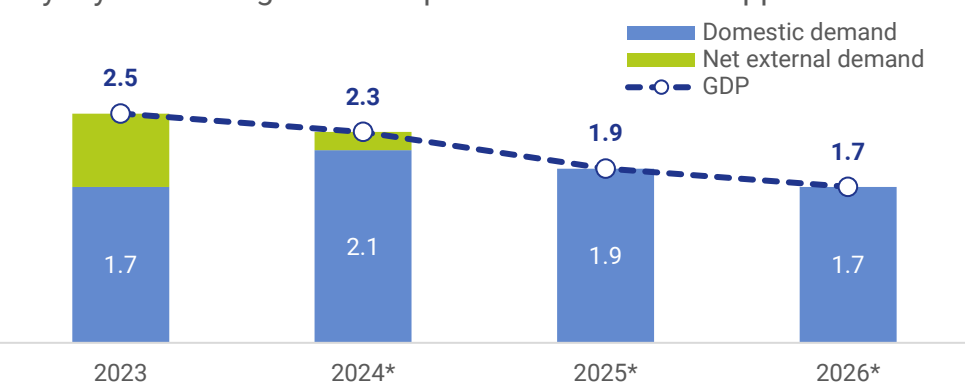
*Forecasts

Growth will slow in the coming years

THE BANK OF SPAIN EXPECTS GDP GROWTH TO CONVERGE TO THE ESTIMATED POTENTIAL GROWTH CAPACITY OF 1.6% IN 2026*

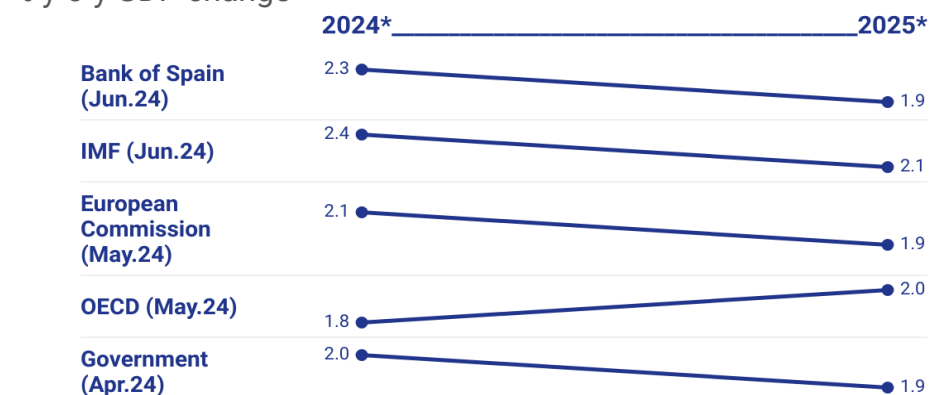
Domestic demand will be the main driver of activity

% y-o-y GDP change and component contribution in pp



GDP forecasts – comparative other institutions

% y-o-y GDP change



Private consumption and investment will drive GDP growth in 2024 *

% y-o-y change

In context of normalization of household savings, ▲ real wages, ▲ confidence, improved credit conditions and disbursement of NGEU funds



Activity resilience drivers in 2023 (2.5%):

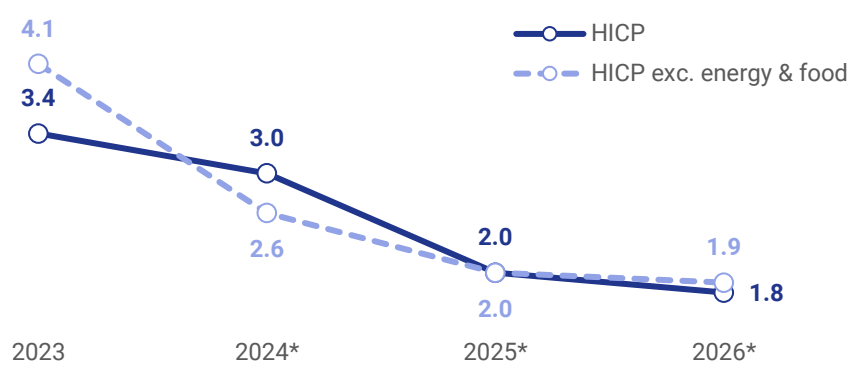
- Exports of services, mainly tourism
- Public consumption

But, weak investment (below 2019 levels)

The gradual reduction in inflation continues, which will be 3% in 2024* and 2% in 2025

% y-o-y change

Slowdown less intense than expected, mainly due to higher persistence of services inflation

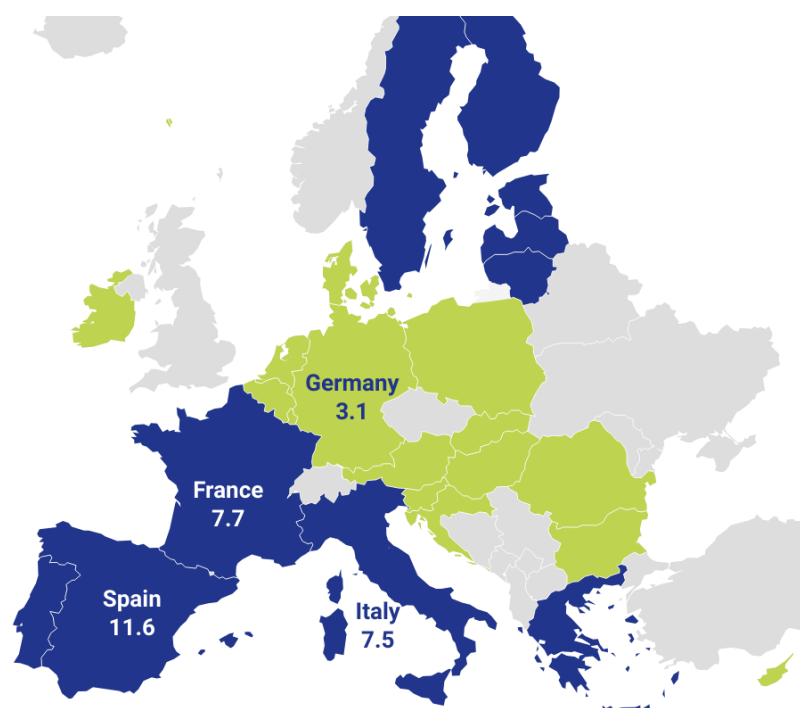


Food inflation also declined: from an annual average of 11.1% in 2023 to 4.5% in 2024*, and to around 2.5% in 2025* and 2026*

Despite the resilience of the labour market and a fall in the unemployment rate, the latter will remain the highest in the EU

% labour force

■ Unemployment rate > EU average (6.1%) ■ Unemployment rate < EU average (6.1%)



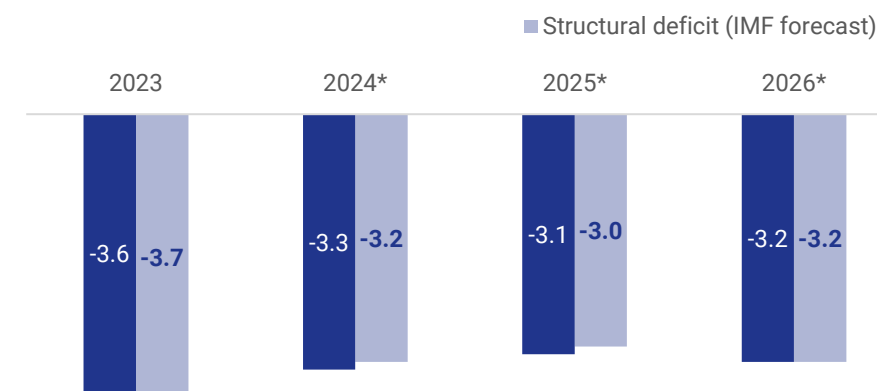
Employment resilience mainly explained by higher immigration and ▲ labour market participation rate

Sustainability of public accounts

THE NEED FOR A CREDIBLE AND PRO-GROWTH MEDIUM-TERM FISCAL CONSOLIDATION PLAN FOCUSED ON REDUCING TAX INEFFICIENCIES AND BROADENING THE TAX BASE

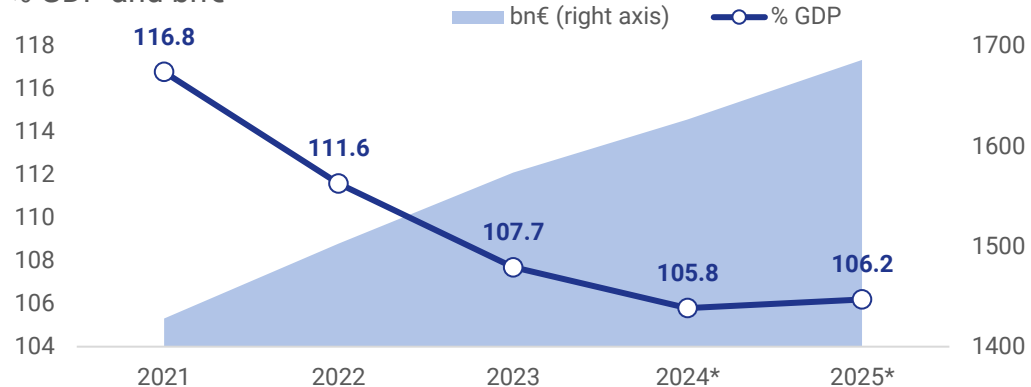
Falling deficit but high structural component

% GDP



The Bank of Spain forecasts a reduction in the debt-to-GDP ratio, although in volume terms the balance continues to increase

% GDP and bn€



Risks highlighted by the Bank of Spain and also pointed out by the IMF ...

External

Geopolitical tensions: war conflicts Ukraine, Gaza... and US-China trade tensions

Possible turbulences in the international financial markets ~ evolution of the Chinese real estate market, change in monetary policy expectations on a global scale...

Global slowdown

Geoeconomic fragmentation

▲ world energy prices

Domestic

Uncertainty about the pace of implementation and impact of NGEU funds

Doubts about the capacity of household savings to boost private consumption

Effect of the reactivation of fiscal rules in Europe

▲ unit labour costs faster than expected

Evolution of services, especially tourism services