



# Spain: Macroeconomic and financial outlook

CaixaBank Research  
September 2020

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8<sup>th</sup> September 2020

### The Spanish economy sinks into a severe recession due to COVID-19

- ▶ The **COVID-19 shock lead to a sharp reduction in activity in spring** due to major lockdown measures, but activity rebounded afterwards. **Uncertainty remains high as activity is heavily dependent on the COVID-19 virus**, whose behavior is far from being predictable and could be around until a vaccine or a medical treatment is found (exp. mid-2021).
- ▶ Our current **scenario** recognizes a higher impact on activity of confinement measures and persistent uncertainty, with **GDP falling between 13-15% in 2020**. On the other hand, the **recovery is already underway**, even faster than in the previous crisis, although GDP could still remain 3.5-6.5% below pre-crisis levels in 2021.
- ▶ On the upside, the real estate sector is experiencing a sharp contraction, but its solid fundamentals are a plus this time, whereas the **Spanish banking sector is in good shape to face the crisis** and can help reduce its impact on the economy by providing liquidity to companies and offering debt moratoriums to the most vulnerable households.

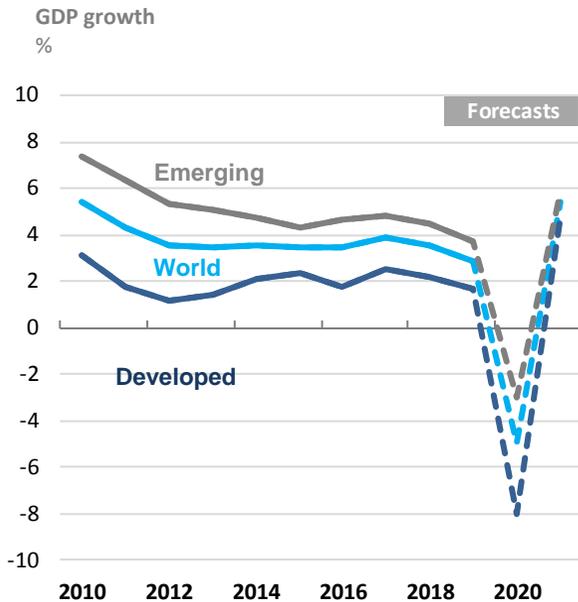
### Strong response to counteract the economic impact of COVID-19

- ▶ **On the political front**, the government adopted a **comprehensive policy response to ensure that confinement and activity restriction measures did not end up having persistent effects on employment and activity**. The measures go in the right direction, but further action is warranted.
- ▶ The measures taken seek to **provide liquidity and ensure the viability of all actors in the economy**, preventing their financial stress mounting (like public loan guarantee schemes of €140bn). **Furlough job schemes (ERTEs) reduced job destruction** and also helped companies viability.
- ▶ The **impact on public accounts will be sizeable this year** (public deficit of around 13-14% in 2020). Ambitious measures are necessary to cushion the economic impact and spur a rapid economic recovery.
- ▶ The banking sector will have to deal with a notable increase in NPLs (and provisions), and a decrease in net incomes due to the lower credit demand (except corporations) and the decline in interest rates.

### Solid economic fundamentals are key for a swift recovery

- ▶ **Spain grew continuously over 5 years without increasing economic imbalances**.
- ▶ **Structural reforms and substantial competitiveness gains** promoted a boost of the export sector.
- ▶ **Dynamic employment creation** (around 3 million jobs created btw 2013-2019) and **moderate wage increases** (+2.3% in 2019) prior to the COVID-19 health crisis.
- ▶ **Solid financial position on the private sector side** after a substantial reduction of indebtedness.
- ▶ **More sustainable growth of the real estate sector**, aligned with structural housing demand.
- ▶ **Spain exited the EU excessive deficit procedure**, and its public deficit remained below the 3% threshold in 2019.
- ▶ **The banking sector** remains a support factor to Spanish economic growth.

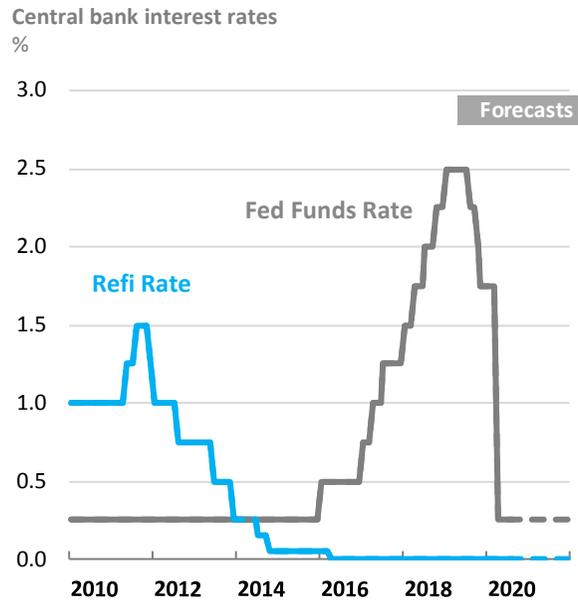
## Lockdowns trigger a global recession



Source: CaixaBank Research.

- ▶ **The COVID-19 has pushed the world into recession.** Activity is rebounding after the spring lockdowns, but the recovery will be gradual and remain incomplete until a vaccine or medical treatments are available.
- ▶ **The main international economies are taking bold policy steps** to prevent a lasting recession (support for displaced workers, production disruptions and liquidity needs). The EU fiscal package will be important in terms of sharing the burden of the crisis.
- ▶ **Positive medical developments** (broader testing, progress towards a vaccine) **coexist with downside risks** (renewed outbreaks, financial stress, policy effectiveness, second-round demand effects).

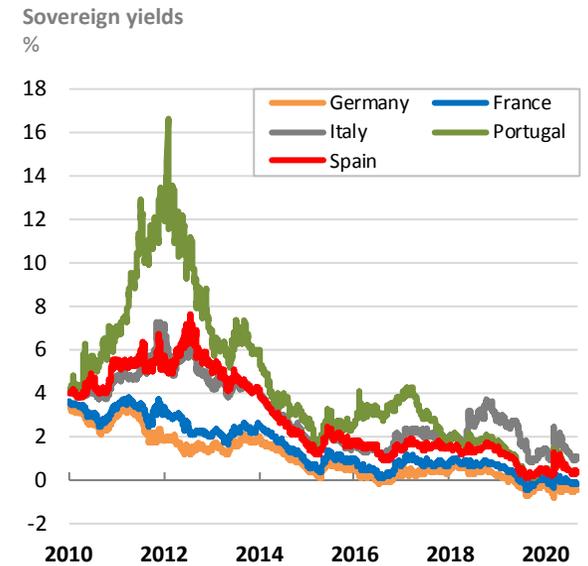
## Central banks have responded boldly to the COVID-19



Source: CaixaBank Research.

- ▶ **Central banks launched liquidity and credit facilities, and anchored a low-rates environment for a long period of time.**
- ▶ The Fed slashed rates to 0.00%-0.25% (-150bp), boosted purchases of Treasuries and MBS, and launched several credit and liquidity facilities (incl. corporate debt purchases).
- ▶ The ECB kept rates at historical lows, increased the appeal and amount of liquidity injections (TLTRO-III, LTRO and PELTRO), and massively raised asset purchases (APP +120bn in 2020 and PEPP +1350bn in 2020-21).

## Financial markets operate in a volatile environment

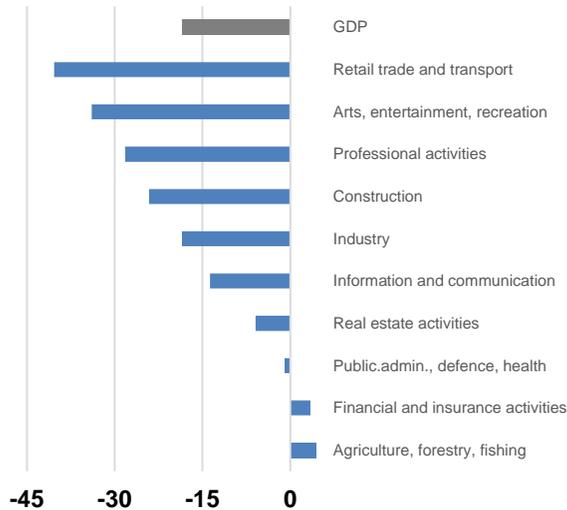


Source: Bloomberg and CaixaBank Research.

- ▶ Aggressive monetary policy and EU-wide fiscal support will keep **AEs sovereign yields and EA peripheral spreads contained** in spite of the global fiscal expansion. Risk aversion has put an upward pressure to the price of safe-haven assets and taken a toll on low-quality assets .
- ▶ **Financial markets** have significantly recovered from their year-lows as lockdowns ended and policy efforts stepped up. But they **are likely to exhibit renewed bouts of volatility** reflecting investors' sensitivity to the pandemic's dynamics.

## Different short-term impact depending on sector

Spain – Q2 GDP by industry  
% QoQ change

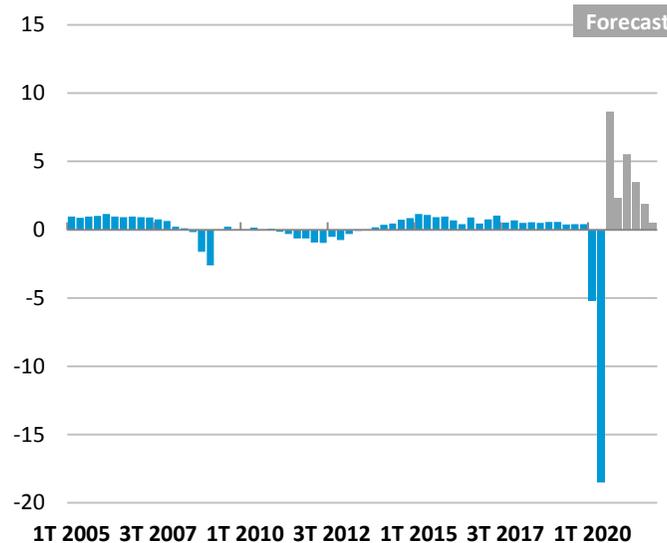


Source: CaixaBank Research, based on data from INE.

- ▶ Q2 GDP figures showed a massive drop in activity (-18.5% QoQ, -22.1% YoY).
- ▶ Industries have been hit very heterogeneously, with retail, transport and accommodation (24% of GDP in 2019) suffering severely under the strict confinement measures.
- ▶ Forecasts will be recalibrated in coming weeks to account for the Q2 GDP release, a mixed Q3 economic activity recovery and the evolution of COVID-19 outbreaks.

## Spain: sharp contraction in H1, strong rebound in H2

Spain - GDP Growth  
% QoQ change

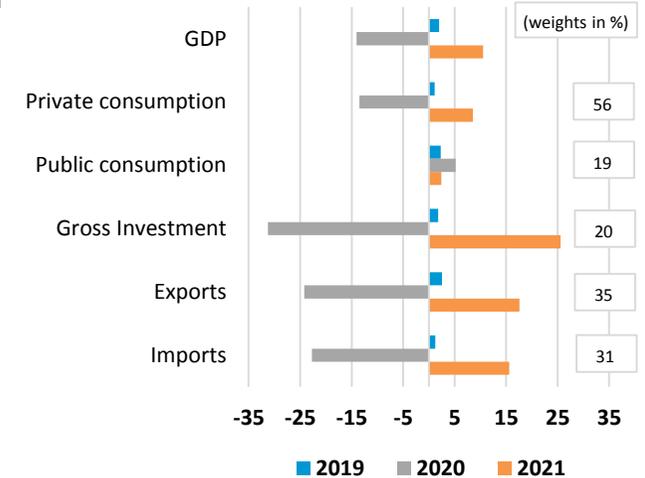


Source: CaixaBank Research, based on data from INE.

- ▶ Spain's economy will endure a deep recession, but the impact is expected to be contained in time. Spanish GDP is projected to decrease 13-15% in 2020, with a strong contraction in H1 and a gradual recovery starting in H2. In 2021, GDP would expand circa 10-11%, mostly due to base effects.
- ▶ The uncertainty surrounding this scenario is very high as it is highly dependent on the evolution of the virus outbreak.

## Spain: all GDP components affected by the shock

Spain - GDP components  
% YoY change

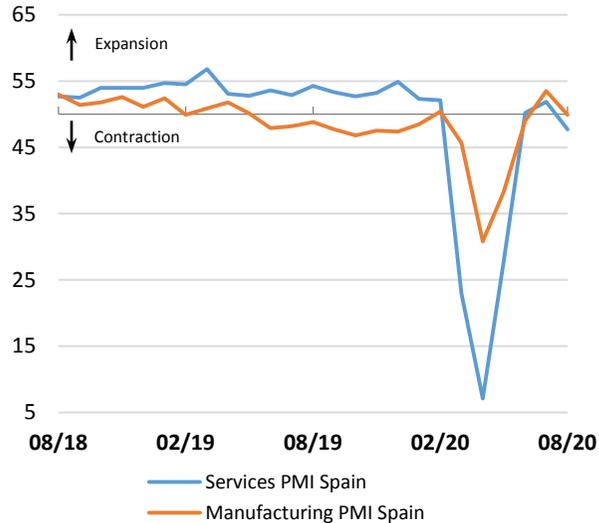


Source: INE and CaixaBank Research.

- ▶ Internal demand suffers during the shock. Public consumption will increase +5.2% in 2020 and only partially compensate the decrease in private consumption (-13.5%) and investment (-31.2%). All components should recover once the shock is over.
- ▶ The external sector will progressively gain traction once the temporary shock is over in most trade partners.

## Activity picks up from depressed levels

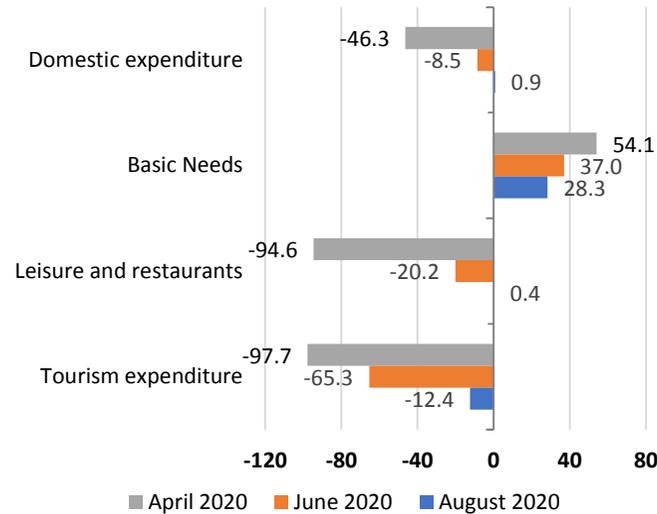
Manufacturing PMI  
In levels



Source: CaixaBank Research, based on data from Markit.

## Different short-term impact depending on sector

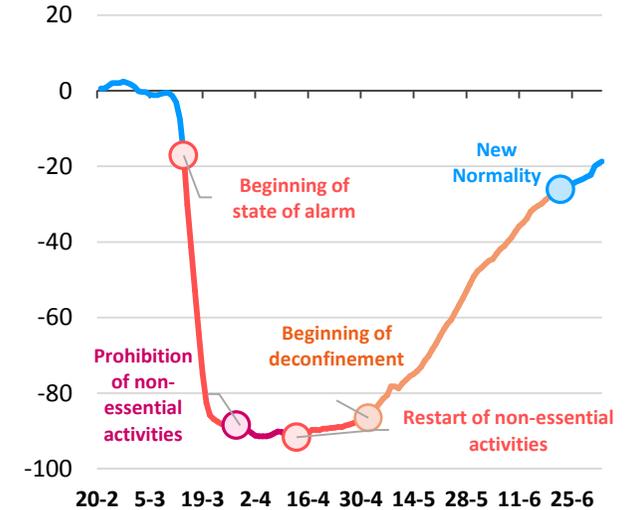
CaixaBank card reader expenditure  
% YoY change



Source: CaixaBank Research, based on internal data

## Mobility recovers as confinement measures phase out

Mobility of population in stores  
Variation with respect to base level\* (%)



Note: 7-day rolling average. (\*) Base level refers to mobility registered on the same day of the week between January 3rd and February 6th.  
Source: CaixaBank Research, based on data from Google Mobility Report.

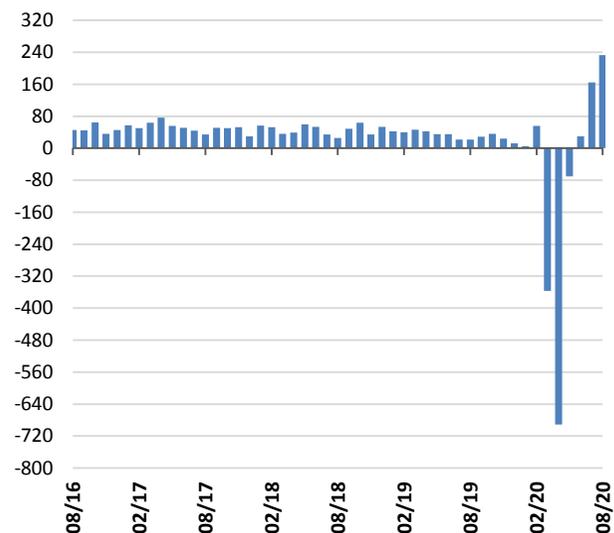
- ▶ **Activity indicators have partially recovered from their previous extraordinarily low levels.** Spain's Manufacturing PMI posted 49.9 points in August and Services PMI reached 47.7 points, a quick recovery from the low levels recorded during the lockdown that shows the remarkable impact that phasing out strict confinement measures had. However, activity lost some steam in August (compared to July).

- ▶ **Overall credit card purchases are progressively improving** after the end of confinement measures across all regions of Spain, and are slightly above the levels of a year ago (+0.9% YoY in August).
- ▶ **Sectors most affected by lockdowns and social distancing measures have been heavily affected** (hotels, restaurants, retail and transport, representing about 25% of the economy) **but recover at different speeds.**

- ▶ **Mobility indicators show the unparalleled impact on the economy of lockdown measures**, enforced to contain the advance of the pandemic.
- ▶ **A remarkable recovery has taken place since the containment measures began to be lifted.** Half of the drop in consumption spending has been recovered in two months (in previous crisis it took ~ 2-8 quarters)

## Affiliation starts to increase in June

Social Security affiliation\*  
MoM growth (thousands)



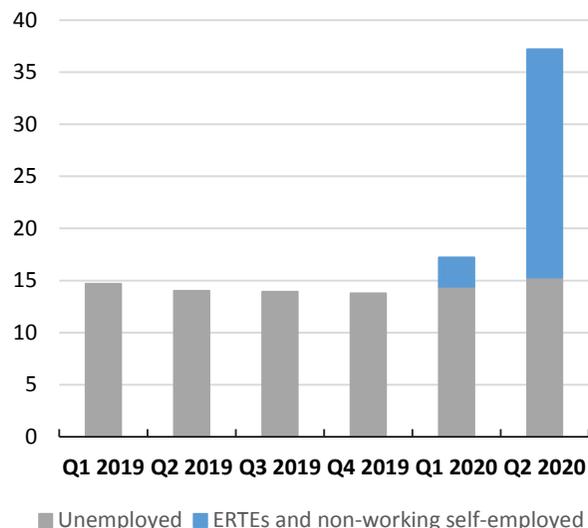
Note: (\*) seasonally adjusted.

Source: CaixaBank Research, based on data from MITRAMISS.

- ▶ **Affiliation started to increase since June after lockdown measures were relaxed** (+233K in August up to 18,800K affiliates).
- ▶ **Employment has been severely hit by the COVID-19 crisis.** Total affiliation in Aug-20 is still 2.7% lower than in Aug-19.
- ▶ High LM duality causes **young workers and those on temporary contracts to be the most affected groups.**

## Unemployment reflects only part of the idleness

Unemployment rate and temporary lay-off schemes  
% of active population



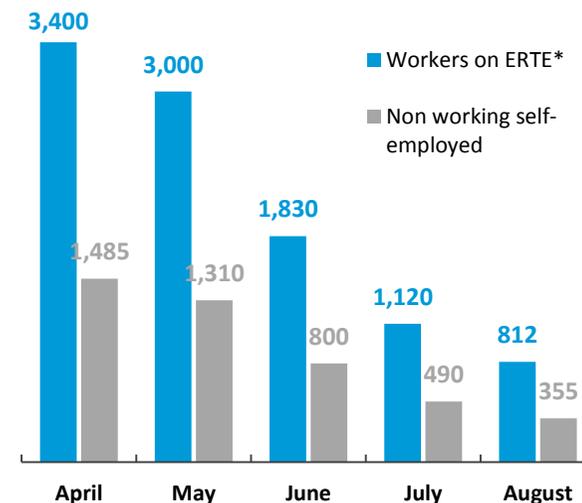
■ Unemployed ■ ERTEs and non-working self-employed

Source: INE (EPA) and CaixaBank Research.

- ▶ **The unemployment rate could increase above 20% in Q4 2020.** If we take into account furloughed workers, the extended unemployment rate could attain 23%. The impact is more severe in particular sectors like tourism, construction and retail.
- ▶ As the economy gradually gets back on track, we expect the unemployment rate to gradually decline and reach 15% by 2023.

## Workers gradually exit furlough schemes (ERTE)

Workers on ERTE scheme and non-working self-employed  
End of month (in thousands)



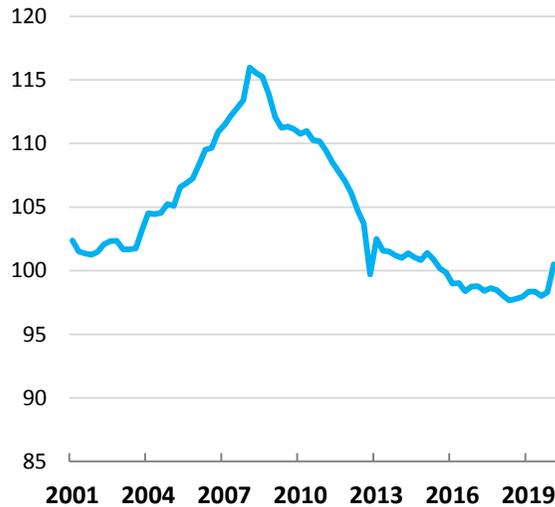
Note: (\*) ERTEs includes full or partial force majeure and objective reasons. Number of non-working self-employed estimated.

Source: CaixaBank Research, based on data from MITRAMISS.

- ▶ Businesses made **ample use of temporary lay-off schemes (ERTEs)**, affecting 3.4M affiliates in April. Around 2.6M had already returned to work full-time by end-August.
- ▶ **Several risks loom the labour market in the coming quarters:** temporary jobs not created, insufficient temporary lay-off schemes, increase in lay-offs, longer unemployment for those seeking work, etc.

## Competitiveness recovery

Unit labor cost relative to euro average  
Index (1999Q1 = 100)

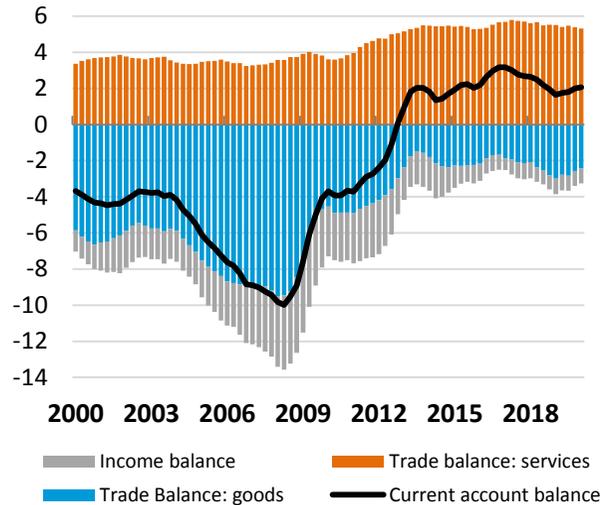


Source: Bank of Spain and Refinitiv.

- ▶ **Competitiveness lost in 1999-2008 has been recovered** through productivity gains (1.6% per year since 2006) and wage moderation.
- ▶ **Enhanced competitiveness** has fuelled exports, which stand above 34% of GDP in 2019 compared to 26% in 2008, and **will facilitate the recovery of the external sector**.
- ▶ **Openness** increased from 57% of GDP in 2007 to 67% in 2019, mostly through goods exports.

## Current account in surplus

Current account balance  
% of GDP



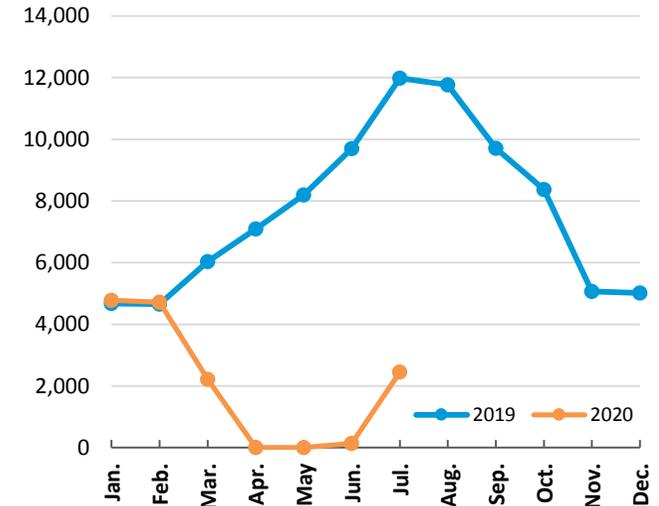
Note: Four-quarters accumulated.

Source: Bank of Spain and Refinitiv.

- ▶ In **constant surplus since 2013**, the **current account will remain around 1.5-2.0% of GDP in 2020-21**. A global recession and a sharp fall in tourism will be offset by less imports (weak domestic demand) and cheap oil (that moderates energy goods deficit, March: -2.2% of GDP).
- ▶ **Export performance will recover once the COVID-19 crisis is over**, underpinned by increased openness, competitive gains and a diversification of partners.

## International tourism in standstill

Expenditure of foreign tourists  
In thousands of Euros

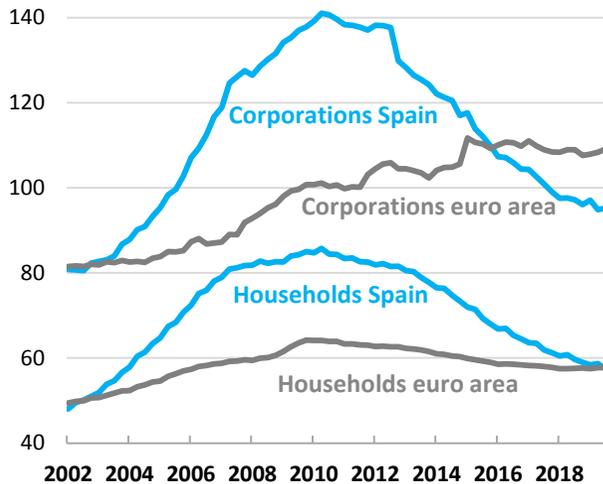


Source: CaixaBank Research, based on data from INE.

- ▶ **Tourism collapsed due to mobility restrictions and the global epidemiological situation**.
- ▶ **In July, 2.5M international tourists came to Spain**, a 75% drop compared to one year ago.
- ▶ **National tourism boosted demand but not enough** to offset lost international tourism in 2020 (70% of total demand), while social distancing may in addition prove a critical spending ceiling.

## Private indebtedness has fallen significantly

Gross private debt  
% of GDP



Source: ECB, Eurostat.

► **Solid financial situation of the private sector.**

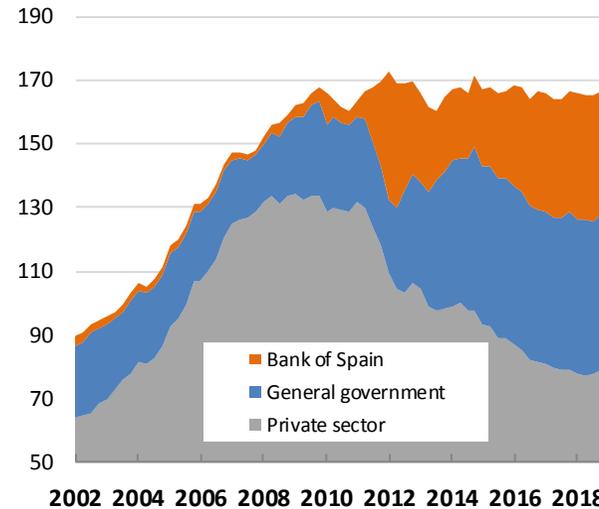
Corporate deleveraging has come a long way as debt levels are well below euro area average. The comfortable levels offer scope to temporarily increase indebtedness to face COVID-19 shock.

► **Household deleveraging will continue over the medium term,**

albeit at a more gradual pace because the most vulnerable households may obtain debt moratoriums, delaying further reductions in their leverage position.

## Gross external debt remains a challenge

Gross external debt  
Quarterly data, in % of GDP



Source: Bank of Spain and Refinitiv.

► **Gross external debt stands at 179.8% of GDP in 2020Q1,**

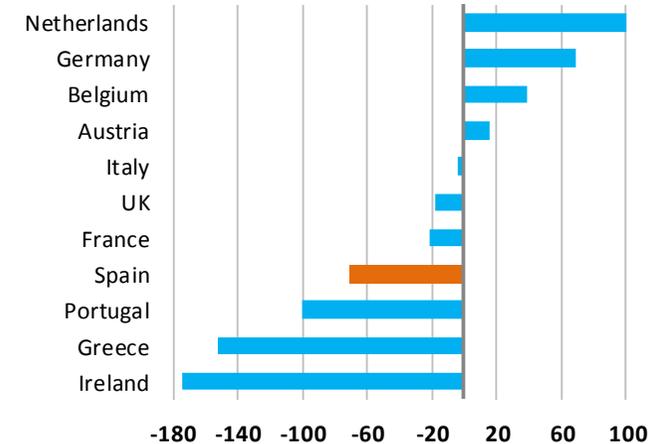
and is expected to decline thanks to the current account remaining in surplus.

► **Private sector external debt has fallen considerably from peak levels**

(131% of GDP in 2010 to 82.8% of GDP in 2020 Q2).

## Net international investment position improves

Net international investment positions  
% of GDP, Q1 2020



Source: Bank of Spain, IMF, Eurostat and CaixaBank Research.

► **The negative net international investment position (NIIP) has improved by 26.2 pp since 2014Q2, but remains high at 71.6% of GDP in 2020Q1.**

► A current surplus of 1.3% of GDP and nominal growth of 3% (1.8% and 3.5% in 2019, respectively) would bring the NIIP below the indicative threshold given by the EC (-35%) by 2040.

## Contraction territory in 2020, stabilization in 2021



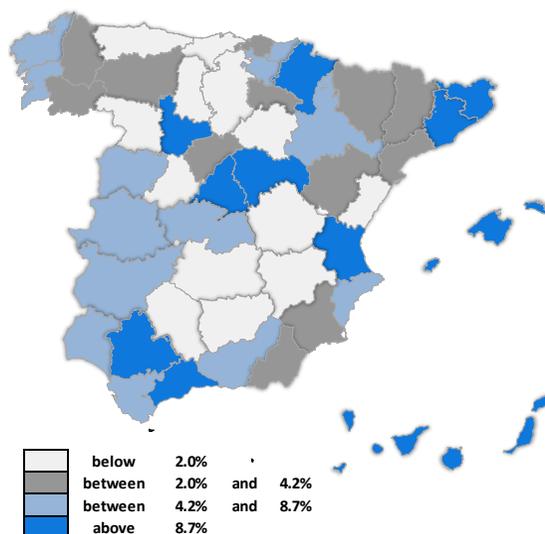
Source: Fomento, INE and CaixaBank Research forecasts.

- ▶ **The housing sector will experience a significant downturn in 2020 and only manage to recover partially in 2021 due to the sector's high inertia. Its fundamentals remain solid, however** (no excess indebtedness of families or of real estate companies and no excess capacity on the supply side).
- ▶ **Housing sales** might only reach 325K in 2020, a fall of more than 30% compared to 2019, largely due to the decrease in foreign transactions.

## An uneven housing market

### Housing prices (appraisal value)

Cumulative increase since minimum up to 2020Q1



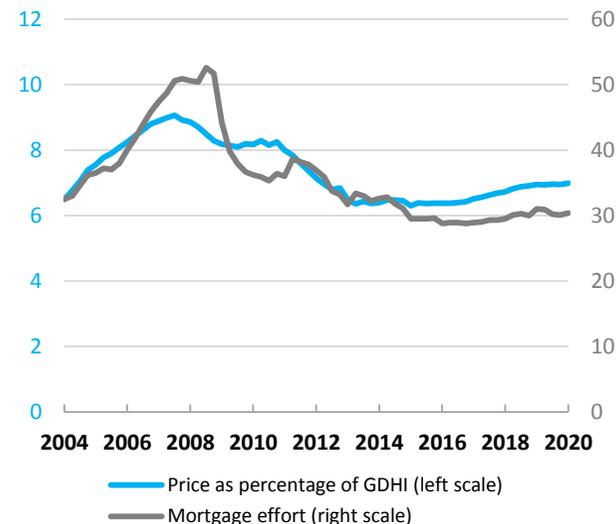
Source: Ministry of Public Works.

- ▶ Weak demand and high uncertainty will put **downward pressure on housing prices in 2020**. Appraisal house prices could decrease more than 5% this year and will likely continue to fall in the first half of 2021.
- ▶ **Housing prices were on the rise prior to the COVID crisis**, increasing by 2.1% (appraisal value) and 3.6% (transaction prices) in 2019Q4.

## Housing affordability

House price as % of GDHI, ratio

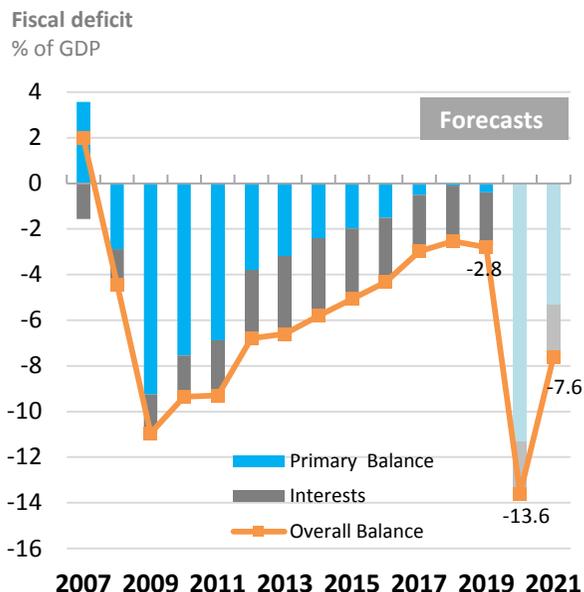
GDHI allocated to mortgage payments in the first year, %



Note: GDHI is the Gross Disposable Household Income (median).  
Source: Bank of Spain.

- ▶ Despite price increases from 2014 to 2019, **housing affordability ratios remain well below previous maximums**, thanks to improvements in household income during that period and low interest rates.
- ▶ Going forward, **housing affordability will remain at similar levels** because falling household income may be offset by the decline in housing prices.

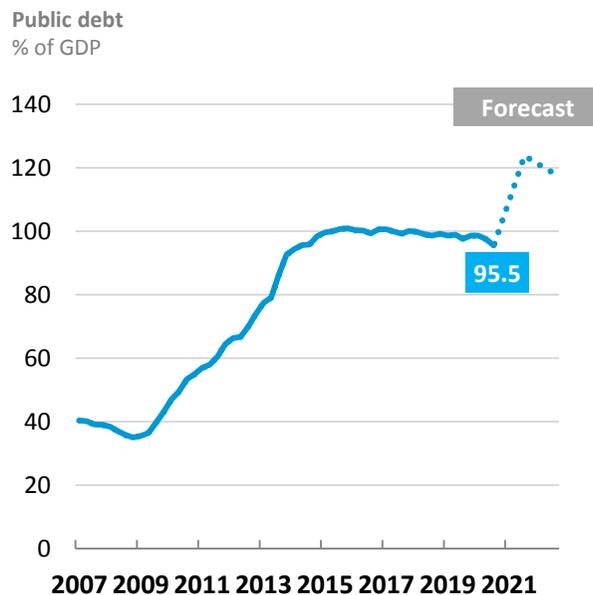
## Fiscal deficit temporarily increases in 2020



Source: Ministry of Finance and Civil Service and CaixaBank Research forecasts.

- ▶ **The large fiscal package to cushion the shock will push public deficit to around 14% in 2020.** The package includes €49bn in direct expenditure boosts, state guarantees for business loans of up to €140bn and mortgage as well as consumer credit deferrals for those households experiencing large drops in income.
- ▶ **In 2021, the deficit is expected to fall somewhat below 8%,** thanks to the recovery in economic activity and the EU's fiscal stimulus.

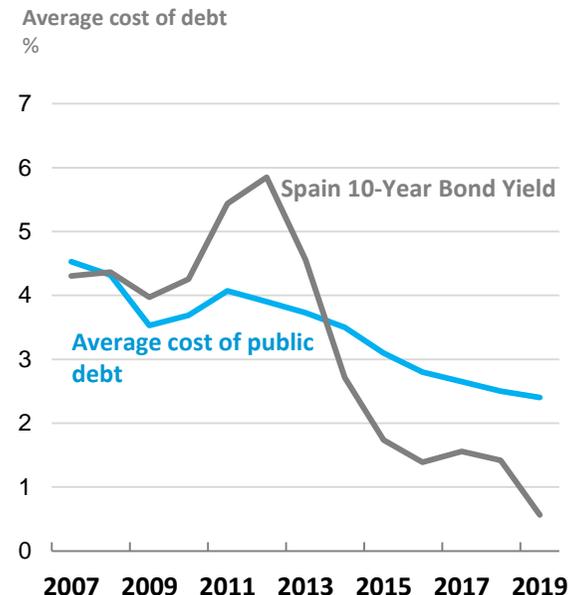
## Public debt jumps to over 120% of GDP



Source: Ministry of Finance and Civil Service and CaixaBank Research forecasts.

- ▶ **Public debt**, at 95.5% of GDP in 2019, is **estimated to increase to above 120% of GDP in 2020.**
- ▶ **Effective and ambitious public action is desirable in this context** in order to minimize the impact of the pandemic on families and businesses and reduce the bill for the public sector in the future.

## Cost of debt is at its minimum



Source: Ministry of Economy, Industry and Competitiveness, Industry and Competitiveness and Refinitiv.

- ▶ **The average cost of debt has fallen to 2.4% in 2019**, significantly lower than the 4.1% recorded in 2011.
- ▶ **The cost of debt is expected to remain contained** despite the large increase in debt, as the measures already being carried out by the ECB cover the sharp increase in financing needs that the public sector will experience.

	Amount (% GDP)	Main measures
<b>Direct fiscal measures</b>	3.8%	<ul style="list-style-type: none"> <li>• Benefits for workers affected by temporary lay-offs (ERTEs) and for the self-employed affected by the hiatus in activity</li> <li>• Bonuses for firms’ Social Security contributions for those workers being affected by ERTEs</li> <li>• Specific subsidies for temporary workers without the right to unemployment benefits and for domestic workers.</li> <li>• Basic supplies guaranteed for all residents: electricity, water, gas, telecommunication.</li> <li>• Minimum income subsidy for households at risk of extreme poverty: new subsidy that complements household income up to a minimum level and includes incentives to labor market participation.</li> <li>• COVID-19 Fund for regional government (will help finance mostly health and education).</li> </ul>
<b>Deferrals</b>	4.3%	<ul style="list-style-type: none"> <li>• Deferral of Social Security contributions for three months for all companies as well as self-employed, and a moratorium for those most affected by the crisis.</li> <li>• Deferral of tax payments for companies with a turnover of up to 6M€ (for 6 months, 3 without interest).</li> <li>• Mortgage and consumer credit moratoria for vulnerable families.</li> </ul>
<b>Credit guarantees and capital injections</b>	13.3%	<ul style="list-style-type: none"> <li>• Credit guarantees for companies and self-employed worth up to €100bn to guarantee liquidity.               <ul style="list-style-type: none"> <li>○ For SMEs and the self-employed: 80% State guarantee on the loans.</li> <li>○ For remaining companies: 70% State guarantee on the new loans and 60% on loan refinancing.</li> </ul> </li> <li>• Credit guarantees for companies and self-employed worth up to €40bn to boost investment activity, mostly in environmental sustainability and digitalization.</li> <li>• Other small credit guarantees programs for specific type of firms or sectors (export sector, auto, tourism, etc.): up to €15 bn</li> <li>• Fund to Support Solvency of Strategic Companies (up to €10 bn): provides temporary public support to enhance the solvency of non-financial companies affected by the COVID-19 pandemic.</li> </ul>

## Stock of bank credit still falls, except for consumption

Private domestic credit  
(gross exposures)

	Dec-19	Jul-20 (latest)	
	% yoy	€ Billion	% yoy
<b>Total credit</b>	<b>-1.2%</b>	<b>1,163</b>	<b>1.8%</b>
<b>Households</b>	-0.5%	688	-1.3%
Housing mortgages	-1.5%	505	-1.9%
Other purposes	2.6%	183	0.5%
Of which consumption	8.8%	90	-1.2%
<b>Businesses</b>	-2.3%	474	6.7%
Non-real estate developers <sup>1</sup>	-1.4%	345	1.6%
Real estate developers <sup>1</sup>	-5.4%	99	-5.7%

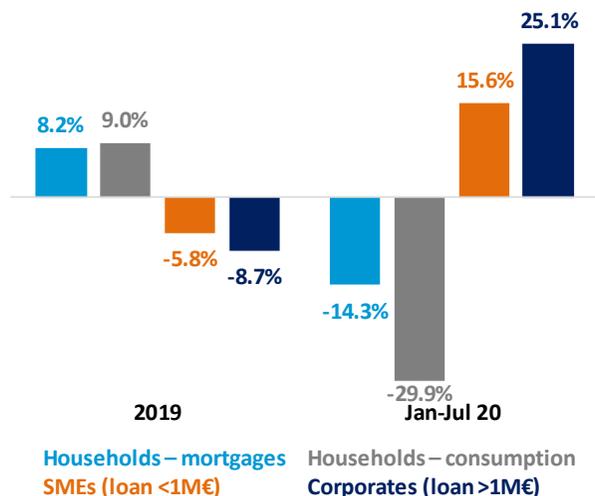
Note: (1) latest available data Mar-20

Source: Bank of Spain.

- ▶ **Loans to households stabilized in 2019** thanks to the strong growth of consumer credit and the gradual recovery of mortgages. Despite that, we expect a decrease during 2020 explained by GDP contraction.
- ▶ **The stock of loans to corporates** increased temporarily because of corporations' financial needs (supported by government guarantees).

## New lending activity has been growing

New lending activity by sector  
% yoy



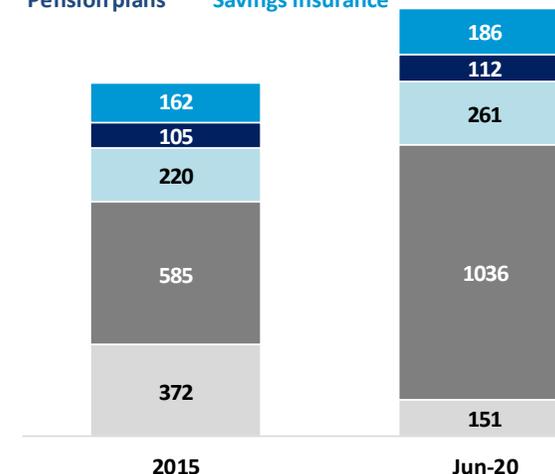
Source: Bank of Spain

- ▶ **New mortgages** had suffer a sharp contraction due to the sudden stop of housing transactions.
- ▶ **New lending for consumption** decreased due to lower consumption of durable goods and lower household net incomes.
- ▶ **New lending activity to corporates and SMEs** increased due to financial needs of corporations.

## Increase in customers funds

Bank resources  
€ Billions

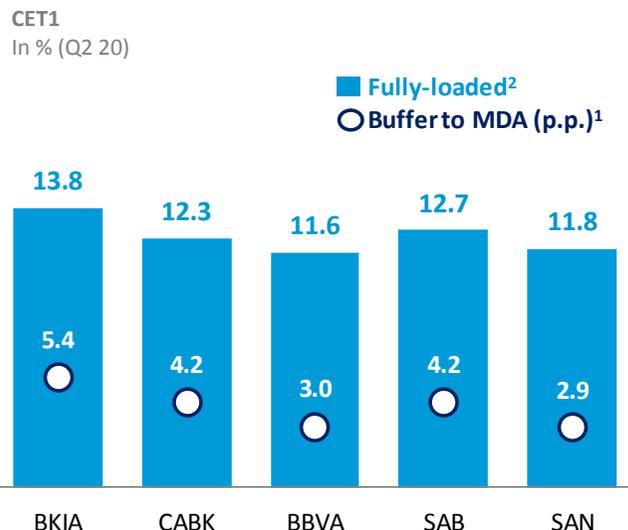
Mutual funds Pension plans  
Time deposits Savings insurance  
Demand deposits



Source: INVERCO, Bank of Spain and ICEA.

- ▶ **Migration from time deposits** to demand deposits intensified due to low yields and uncertainty.
- ▶ **Temporary increase on corporate deposits** due to access to ICO credits as a precaution against future liquidity needs.
- ▶ **Assets under Management** suffered an intense fall due to valuation effects and an increase in outflows.

## Banks' solvency position is robust



Note: (1) Difference between CET1 ratio fully-loaded and SREP requirement 2020. (2) CET1 FL transitional IFRS9.  
Source: bank's financial statements, Bank of Spain.

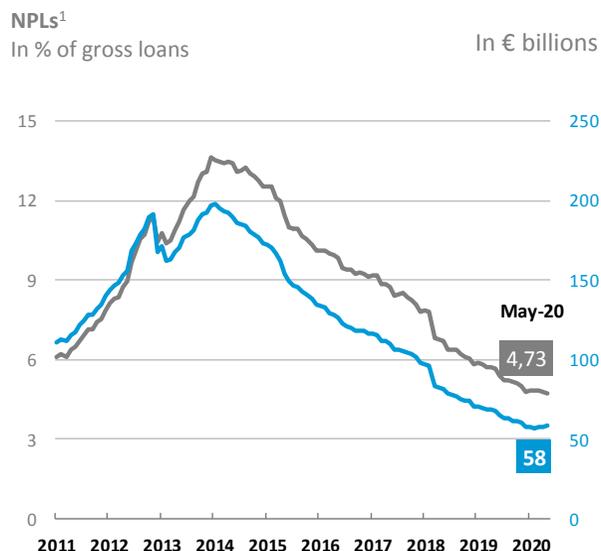
► **The solid solvency position** of the Spanish banks in 2019 will help to mitigate COVID19 shock.

► **Supervisor has announced temporary relief measures:**

1. Use of capital buffers Operate below liquidity requirements (LCR>100%)
2. Use of AT1 and T2 to partially meet P2R
3. Recommendation to limit the distribution of dividends

Note: (1) Latest available data published by EBA Risk Dashboard.

## Non-performing loans continue to fall



Note: (1) Under new definition of credit, which includes credit received by Credit Financial Intermediaries. Source: Bank of Spain.

► **The disposal of non-performing assets is well advanced.** NPLs ratio is already at 2010 levels.

► We expect a **credit quality deterioration** due to the COVID19 shock during 2021.

► **Measures to slowdown NPL formation have been announced:**

1. Credit guarantees (large amount, high loss absorption)
2. Payment holidays
3. Altered recognition of NPL formation

## Main challenge: achieving sustainable profitability

P&L  
In % of average total assets (Q2 20; trailing 12M)

	CABK	BBVA	SAN	BKIA	SAB
<b>Net interest income</b>	1.2	0.9	1.1	0.9	1.4
Net fees	0.6	0.5	0.7	0.5	0.7
Gains on financial assets/liab. and others	0.1	0.1	0.3	0.1	0.1
Other operating income	0.1	0.0	0.0	-0.1	-0.1
<b>Gross income</b>	<b>2.0</b>	<b>1.5</b>	<b>2.1</b>	<b>1.5</b>	<b>2.1</b>
Operating expenses	-1.1	-0.8	-1.2	-0.9	-1.2
Impairment losses, tax and others	-0.6	-0.5	-1.4	-0.5	-0.6
<b>Profit</b>	<b>0.2</b>	<b>0.2</b>	<b>-0.4</b>	<b>0.1</b>	<b>0.3</b>
<b>ROTE (%)<sup>1</sup></b>	5.6	1.5	n.d.	1.8	3.2

Note: Domestic businesses. ROTE based on internal calculations. (1) Group ROTEs for CABK and SAB. BBVA and SAN include Corporate Centre (only proportion applicable to business in Spain). SAN also includes Portugal and SGP. Source: Bank's financial statements.

► **Profitability of the banking industry will be pressured downward:**

- An increase in provisions (higher cost of risk).
- A decrease in net incomes due to a decrease in loans in most segments (except corporation) and a decrease in interest rates due to the ECB's new monetary measures.

% , YoY, unless otherwise specified										Forecast		
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
<b>GDP</b>	-3.0	-1.4	1.4	3.8	3.0	2.9	2.4	2.0	-14.0	10.5	3.3	
<b>Private Consumption</b>	-3.4	-3.0	1.7	2.9	2.6	3.0	1.8	1.1	-12.7	8.5	3.2	
<b>Public Consumption</b>	-4.2	-2.1	-0.7	2.0	1.0	1.0	1.9	2.3	5.2	2.4	1.1	
<b>Gross Fixed Capital Formation (GFCF)</b>	-7.4	-3.8	4.1	4.9	2.4	5.9	5.3	1.8	-31.1	25.5	5.9	
<b>GFCF - equipment</b>	-7.1	2.4	5.6	9.1	1.8	8.5	5.7	2.6	-32.2	25.5	5.9	
<b>GFCF - construction</b>	-10.4	-8.2	3.0	1.5	1.6	5.9	6.6	0.8	-32.5	25.6	5.9	
<b>Exports</b>	0.9	4.4	4.5	4.3	5.4	5.6	2.2	2.6	-24.0	17.6	5.3	
<b>Imports</b>	-5.8	-0.2	6.8	5.1	2.6	6.6	3.3	1.2	-21.2	15.6	5.0	
<b>Unemployment rate</b>	24.8	26.1	24.4	22.1	19.6	17.2	15.3	14.1	19.3	19.5	17.7	
<b>CPI (average)</b>	2.4	1.4	-0.2	-0.5	-0.2	2.0	1.7	0.7	-0.5	1.5	1.6	
<b>External current account balance (% GDP)</b>	0.1	2.0	1.7	2.0	3.2	2.7	1.9	2.0	1.6	2.1	2.1	
<b>General Government Balance (% GDP) <sup>1</sup></b>	-7.0	-6.7	-5.8	-5.1	-4.1	-3.0	-2.5	-2.8	-13.6	-7.6	-4.8	
<b>General government debt (% GDP) <sup>2</sup></b>	85.7	95.5	100.4	99.3	99.0	98.1	97.6	95.5	123.8	118.1	116.6	
<b>Housing prices</b>	-8.7	-5.8	-2.4	1.1	1.9	2.4	3.4	3.2	-5.6	-2.3	2.3	
<b>Risk premium (vs. 10Y Bund, bps, Dec.)</b>	429	295	149	120	124	120	97	88	101.1	89.2	74.6	
<b>Bank credit (to the private domestic sector)</b>	-9.9	-9.4	-7.1	-4.3	-2.9	-1.9	-2.6	-0.2	0.5	-3.2	-0.4	

Notes: All GDP figures are based on ESA-2010 methodology.

1/ The general government deficit excludes one-off bank restructuring costs of 3.7% of GDP in 2012, 0.3% of GDP in 2013, 0.1% in 2014, 0.05% in 2015, 0.2% in 2016, 0.04% in 2017 and 0.01% in 2018.

2/ General government debt includes ESM/FROB related borrowings equivalent to 3.9% of GDP in 2012.

Source: CaixaBank Research.

% , YoY, unless otherwise specified	Average 2000-2007	Average 2008-2017	2018	2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Jun.20	Jul.20	Aug.20
<b>Activity indicators</b>											
Industrial production index	1.6	-2.2	0.2	0.8	1.1	0.4	-6.3	-24.3	-14.0	...	...
Manufacturing PMI ( <i>value</i> )	51.9	46.8	53.3	49.1	48.2	47.2	48.2	39.4	49.0	53.5	49.9
Services PMI ( <i>value</i> )	54.5	46.4	54.8	53.9	53.5	53.6	42.5	28.4	50.2	51.9	47.7
Retail sales	2.6	-2.0	0.7	2.3	3.3	2.3	-3.7	-18.4	-4.7	-3.9	...
Consumer confidence index ( <i>value</i> )	-8.3	-19.5	-4.2	-6.3	-5.8	-10.5	-10.3	-27.9	-25.6	-25.6	-28.7
Foreign Tourists ( <i>% yoy, cumulative over 12 months</i> )	3.3	3.2	4.0	1.5	2.1	1.4	-0.9	-22.6	-32.7	...	...
<b>Labour market</b>											
Employment <sup>(1)</sup>	4.3	-0.8	2.7	2.3	1.8	2.1	1.1	-6.0	-	...	...
Unemployment rate ( <i>% labour force</i> )	10.5	20.5	15.3	14.1	13.9	13.8	14.4	15.3	-	-	...
Registered as employed with Social Security <sup>(2)</sup>	3.5	-0.5	3.1	2.6	2.5	2.2	1.2	-4.4	-4.6	-3.8	-2.7
Wages (collective agreement)	3.1	1.6	1.6	2.2	2.3	2.3	2.0	2.0	2.0	...	...
<b>Prices</b>											
General	3.2	1.4	1.7	0.7	0.3	0.4	0.6	-0.7	-0.3	-0.6	-0.5
Core	2.8	1.2	0.9	0.9	0.9	1.0	1.1	1.1	1.0	0.6	...
<b>Real estate</b>											
Building permits ( <i>% yoy, cumulative over 12 months</i> )	6.9	-14.7	25.7	17.2	13.0	8.0	0.0	...	...	...	...
Housing sales ( <i>% yoy, cumulative over 12 months</i> )	-	-3.2	14.2	3.4	1.7	-2.4	-4.2	-12.7	-15.8	...	...
Housing prices	12.4	-2.8	3.4	3.2	3.1	2.1	0.3	...	-	-	...

Notes: (1) Estimation EPA; (2) Monthly averages.

Sources: CaixaBank Research, Ministerio de Economía, Ministerio de Fomento, Ministerio de Trabajo, Migraciones y Seguridad Social, Instituto Nacional de Estadística, Servicio Público de Empleo Estatal, Markit, Comisión Europea, Departamento de Aduanas e Impuestos Especiales and Banco de España.