Spain:
Macroeconomic and financial outlook

CaixaBank Research

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www.caixabankresearch.com

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The Spanish economy has been pushed into a severe recession due to COVID-19

- The COVID-19 shock led to a sharp reduction in activity in spring, but **the easing of lockdown measures allowed a notable rebound in Q3.** Recently, this pick up has lost some steam.
- **GDP is expected to fall by around 12.5% in 2020**, one of the deepest contractions among the developed economies**.** In 2021 we expect GDP to expand around 8.5%, still remaining 5% below 2019 levels. Pre-covid activity levels are not likely to be reached before 2023.
- **Uncertainty remains high**. We assume that targeted measures will suffice to control the new bouts of contagion, slowing down but not impeding the gradual rebound in activity. A broad-based and faster recovery will have to wait until a vaccine is widely available (we expect it by Q2-21).
- **Over the short term, downside risks dominate** as partial lockdowns may have a larger than expected impact. However, once a vaccine is available, the recovery could be faster than projected, specially if fiscal support is substantial.

Strong response to counteract the economic impact of COVID-19

- The government has adopted a **comprehensive policy response to soften the impact of the crisis on households and firms.** The impact on the public accounts will be sizeable: we forecast the public deficit at around 13% of GDP in 2020.
- Key measures taken include liquidity facilities to reduce financial stress of businesses and families and furlough schemes (ERTEs) to reduce job destruction.
- **The Government is committed to design an ambitious recovery plan** to get the most out of the European funds and spur a rapid economic recovery.
- The details of the plan will be released in the coming months (final deadline April 2021), but the Government has already made clear his willingness to front load a significant part of the projects in 2021.
- Although NPLs have remained quite stable so far, credit quality will constitute a major challenge for banks going forward as debt moratoria expire and guaranteed loans start falling due.

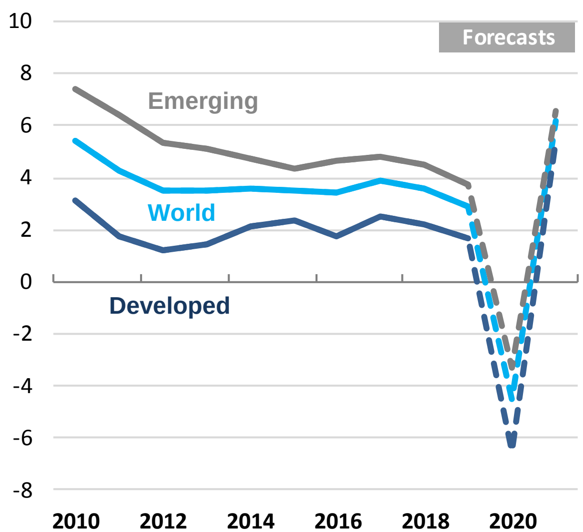
Relatively solid economic fundamentals are key for the recovery

- **Spain grew** continuously over 5 years **without increasing its economic imbalances.** The fiscal deficit remained high after a lack of adjustment in recent years but public debt service is at historically low levels thanks to low interest rates.
- **Following the 2009 and 2012 crises, structural reforms** and **substantial competitiveness gains** promoted a boost of the export sector, becoming an engine of growth. Tourism, in particular, did very well, strengthening its financial position going into a crisis that has hit it very strongly.
- **Years of deleveraging in the household and business sector** helped reduce private sector indebtedness below euro area average levels.
- The **solid fundamentals of the real estate sector** (low debt and no excess supply) are a plus this time. The **Spanish banking sector is also well capitalized** to face the crisis.

The global economy sinks into a recession due to the COVID-19

Lockdowns trigger a global recession

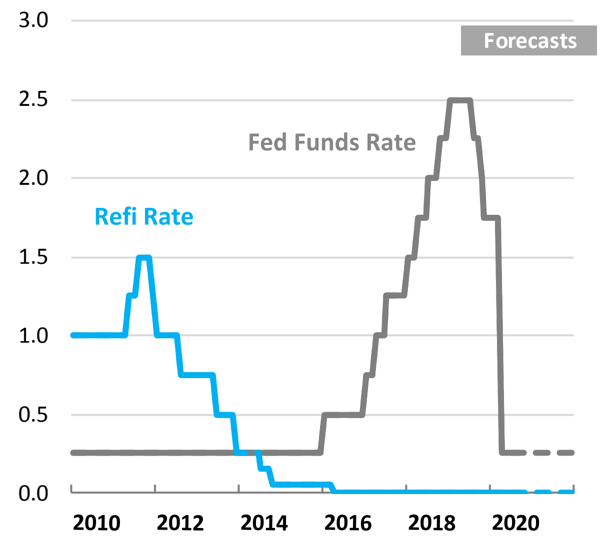
GDP growth
%



Source: CaixaBank Research.

Central banks have responded boldly to the COVID-19

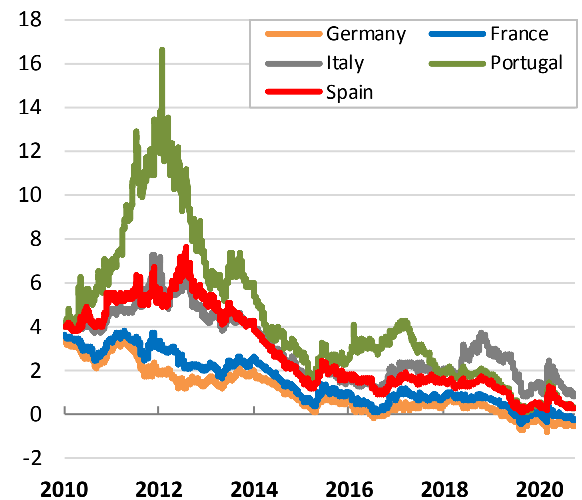
Central bank interest rates
%



Source: CaixaBank Research.

Financial markets operate in a volatile environment

Sovereign yields
%



Source: Bloomberg and CaixaBank Research.

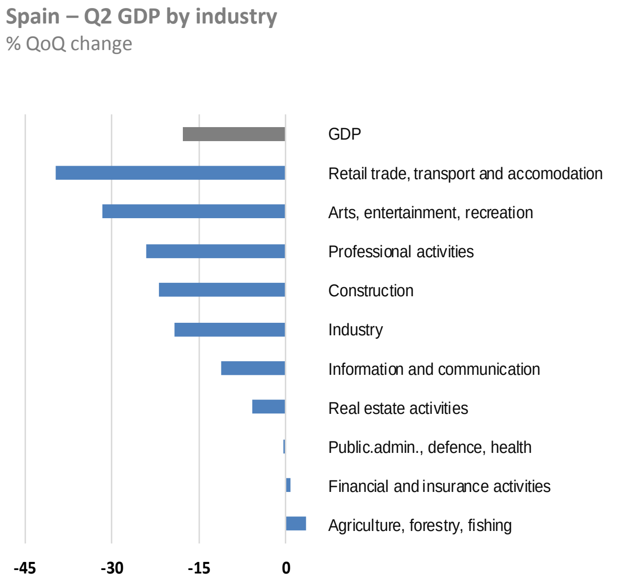
- **The COVID-19 has pushed the world into recession**. Activity is rebounding after the spring lockdowns, but the recovery will be gradual and fragile until a vaccine or medical treatments are available.
- **The main international economies are taking bold policy steps** to prevent a lasting recession (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 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).

- 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.

The Spanish economy suffers an unprecedented economic shock

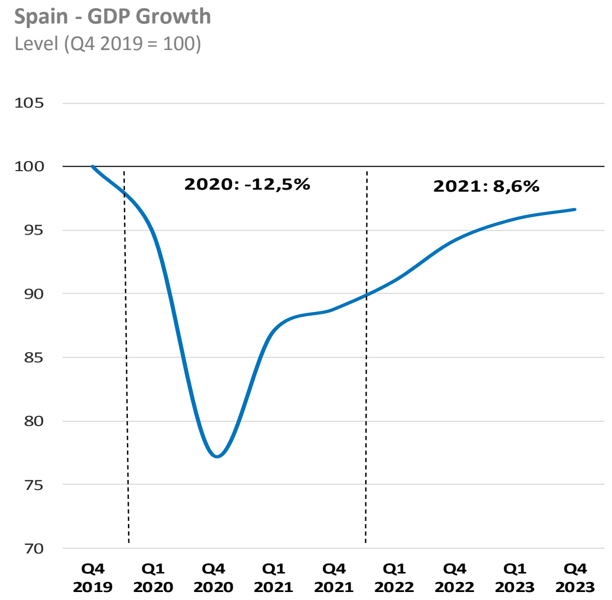
Different short-term impact depending on sector



Source: CaixaBank Research, based on data from INE.

- **Q2 GDP figures show a huge drop in activity (-17.8% QoQ, -21.5% YoY).**
- **Industries** were **hit very heterogeneously**, with **retail, transport and accommodation and leisure related activities** (26% of GDP in 2019) **suffering severely under the strict confinement** measures. **Construction and industrial sectors** suffered substantial production declines while sectors related with provision of essential goods and services have been largely unaffected.

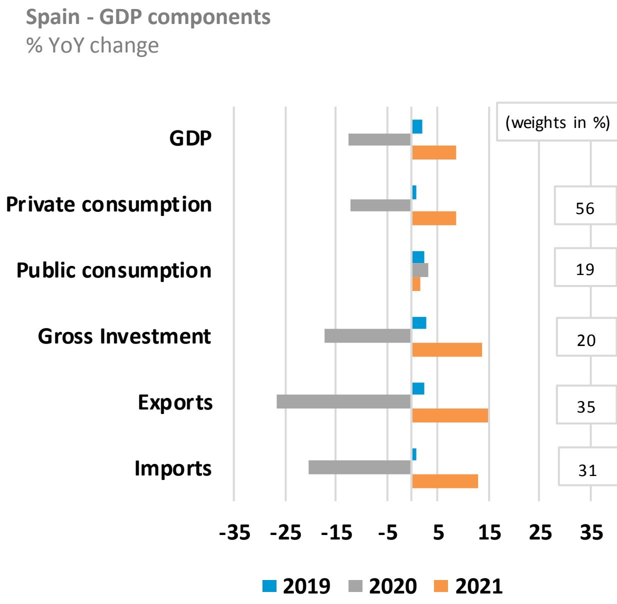
Spain: sharp contraction in H1, strong rebound in H2



Source: CaixaBank Research, based on data from INE.

- **The easing of lockdown measures allowed a notable rebound in Q3** (we expect GDP to pencil in a +12% qoq growth rate).
- In the coming quarters, the **new bouts of contagion the high level of uncertainty will weigh on the recovery**, which should proceed at a more gradual pace until a vaccine is found.
- In 2021, we forecast GDP to expand around 8.5% (it will remain 5% below pre-crisis levels).

Spain: all GDP components affected by the shock



Source: INE and CaixaBank Research.

- **The uncertainty surrounding the scenario is very high** as it is highly dependent on the evolution of the virus. We are confident that targeted and temporary measures will suffice to keep the pandemic under control, but downside risks are sizeable.
- **Internal demand is being hard hit.** The positive growth rate posted by public consumption will barely compensate the large decrease in private consumption and investment.

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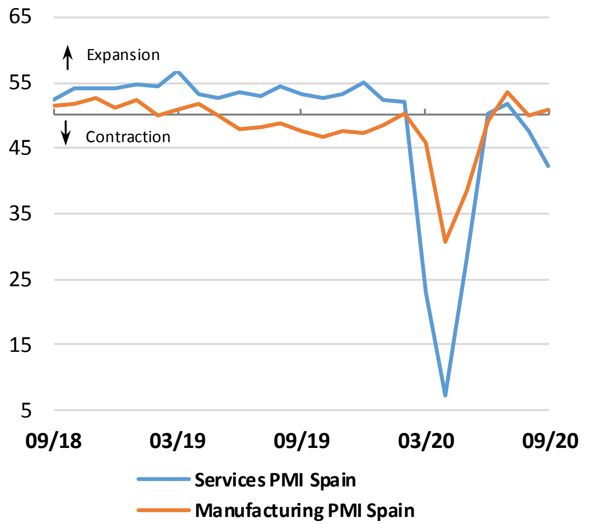
Activity indicators show a gradual recovery underway but affected by the collapse in international tourism

Activity picks up from depressed levels

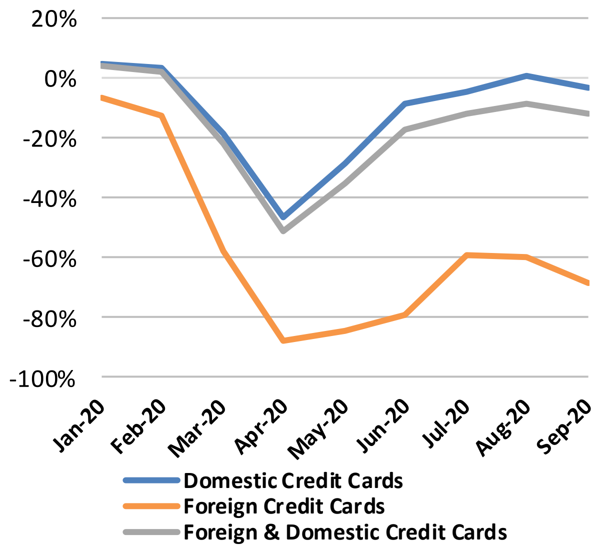
Manufacturing PMI
Level



Source: CaixaBank Research, based on data from Markit.

Domestic and foreign expenditure recover at different speeds

CaixaBank card reader expenditure
% YoY growth

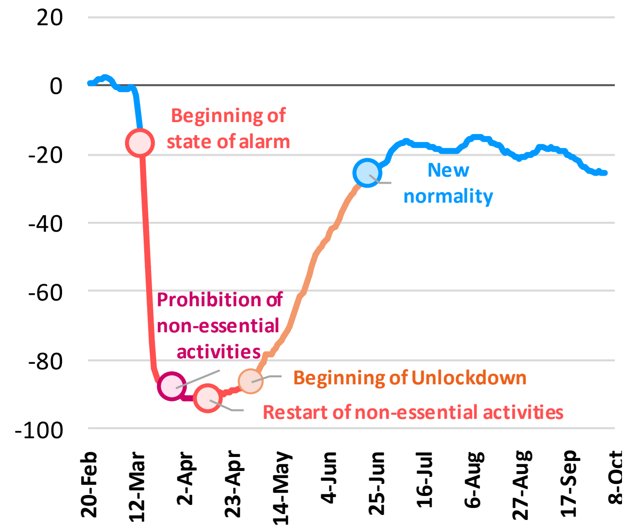


Note: It includes credit card payments at POS and cash withdrawals.

Source: CaixaBank Research, based on internal data

Mobility recovers despite new bouts of contagion

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 partially recovered from their previous extraordinarily low levels.** Spain's Manufacturing PMI reached 50.8 points in September and has been on average above the 50 point threshold in Q3. However, Services PMI, after a swift recovery, slipped back down to 42.4 points in September. Industrial production decreased -5,7% yoy in August (-6,2% in July) and retail sales in August posted a yearly rate of -2.4%, a figure 1.5 p. p. above that of the previous month.

- **Domestic credit card purchases point to a substantial recovery of consumption.** After a strong rebound in August, partially driven by higher domestic tourist expenditure, credit card expenditure has moderated somewhat, although it remains close to pre-crises levels (-3% YoY in September).

- **Foreign credit card purchases remain depressed,** as the new bouts of contagion cooled down the recovery of international mobility.

- **Mobility indicators illustrate the impact of the lockdown measures.**

- Recent bouts of contagion, and the new measures taken to keep them under control, have had a relatively minor impact on mobility so far. Partial mobility restrictions have only been introduced in Madrid, while in the rest of Spain soft restrictions (limits on the number of people that can meet, on the capacity of restaurants and shops,…) have only been implemented in certain areas (i.e. Barcelona).

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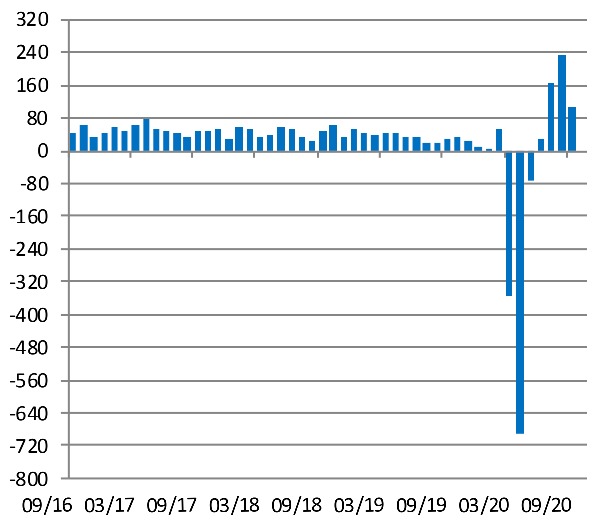
Labour market partially recovers but COVID-19 scars will linger much longer

Gradual but uncomplete recovery in affiliation

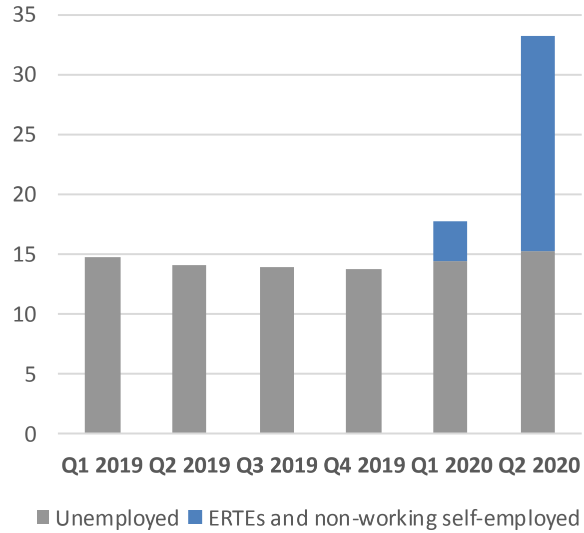
Social Security affiliation*
MoM growth (thousands)



Note: (*) seasonally adjusted.
Source: CaixaBank Research, based on data from MITRAMISS.

Increase in unemployment reflects only part of the idleness

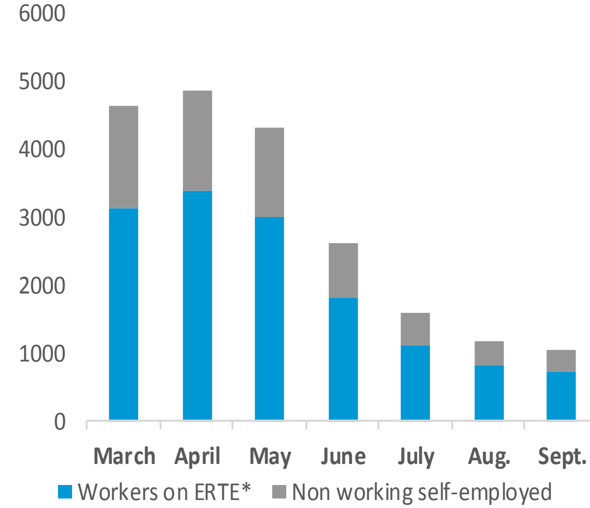
Unemployment rate and temporary lay-off schemes
% of active population



Source: INE (EPA) and CaixaBank Research.

Most workers in furlough schemes (ERTE) are back to work

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.

- **Employment has been severely hit by the COVID-19 crisis.** Total affiliation in Sept-20 was 2,3% below the Sept-19 level. Nonetheless, these figure does not show the full impact of the crisis on the labor market as affiliates under furlough schemes (~3,6 Million in April, ~0,7 Million in September) are counted as being employed.
- **Affiliation has been recovering since June,** right after the lockdown measures were relaxed (+110K in September).

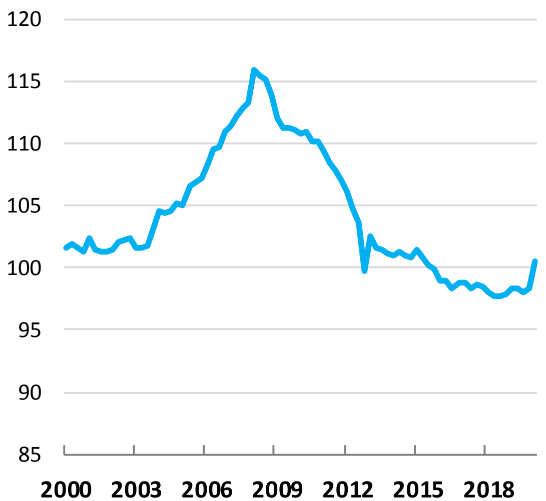
- **The unemployment rate increased moderately in Q2 (15,3%)** but it does not reflect the full impact of the crisis as the persons under temporary lay-off schemes are counted as being employed.
- We expect the unemployment rate to raise further (18,9% in 2021) as economic crisis usually impact the labor market with some delay and because a sizeable share of the people that still is under a furlough scheme will likely loose the job.

- Businesses made **ample use of temporary lay-off schemes (ERTEs)**. Almost 80% had already returned to work full-time by end-September.
- **Several risks loom over the labour market:** insufficient temporary lay-off schemes, increase in lay-offs, ineffective active labor market polices, etc.

Cheap oil and weak domestic demand keep the current account afloat

Competitiveness recovery

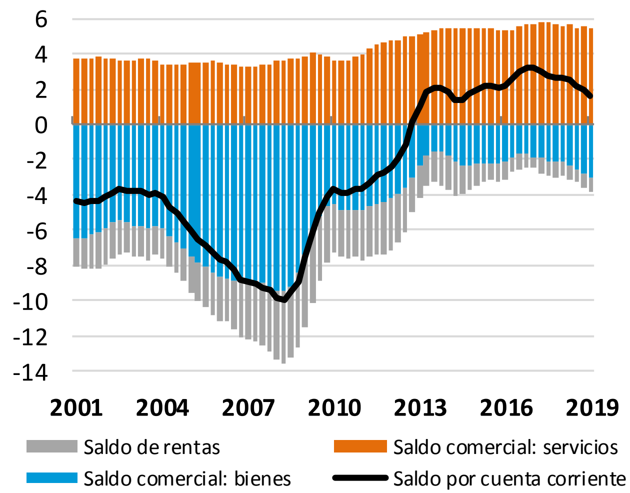
Unit labor cost relative to euro average
Index (1999Q1 = 100)



Source: Bank of Spain and Refinitiv.

Current account in surplus

Current account balance
% of GDP

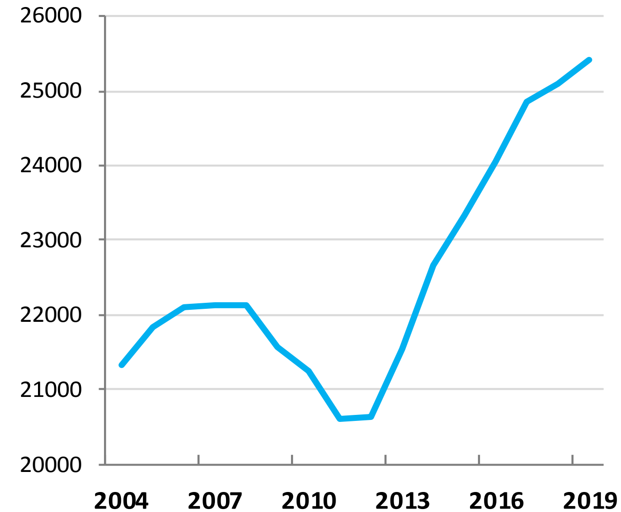


Note: Four-quarters accumulated.

Source: Bank of Spain and Refinitiv.

Big regular exporters

Firms that have exported for 4 consecutive years
(>50000 euros)



Source: CaixaBank Research, based on data from ICEX.

- **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.

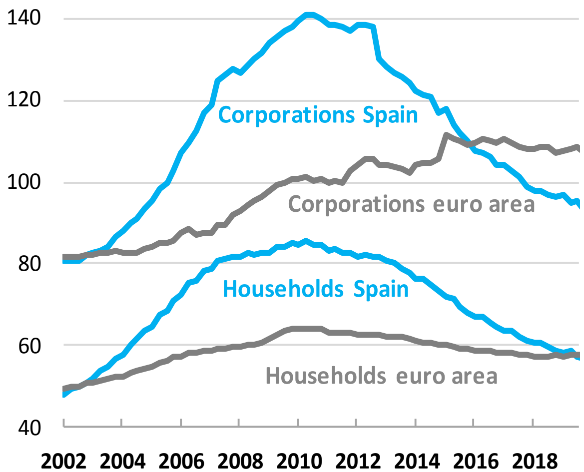
- The **current account will remain around 1-1.5% of GDP in 2020-21**. The global recession and the sharp fall in international tourism will be offset by less imports, due to weak domestic demand and cheaper oil (which moderates the energy goods deficit, -1.9% of GDP in June).
- **Export performance is set to recover once the COVID-19 crisis is over**, underpinned by increased openness, sustained competitive gains and greater diversification of trade partners.

- **In 2019, the number of regular exporting companies has reached a new maximum**, with a total of 52949 companies exporting regularly during the last four years.
- **This represents an accumulated 42% increase since 2011**, and a 2% rise year-on-year.
- **The total number of regular large exporters has also risen to 25414 in 2019** (a 23% increase since 2011). A total of 6793 companies have resumed their regular exporting activity, while 5584 have interrupted it, compared to 2018.

Notable improvement in the deleveraging process will help to weather the COVID-19 storm

Private indebtedness has fallen significantly

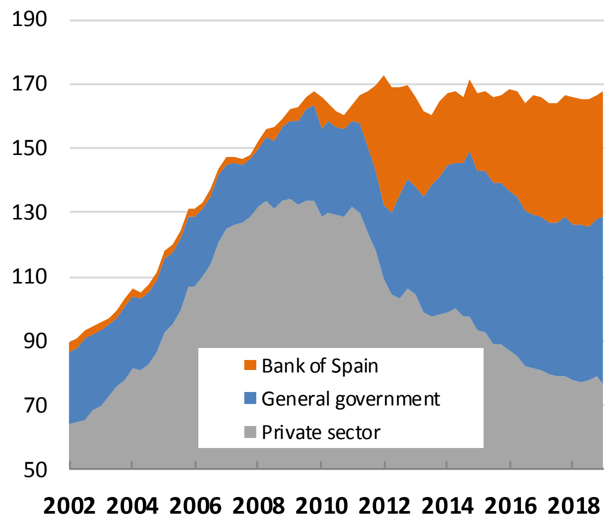
Gross private debt
% of GDP



Source: ECB, Eurostat.

Gross external debt remains a challenge

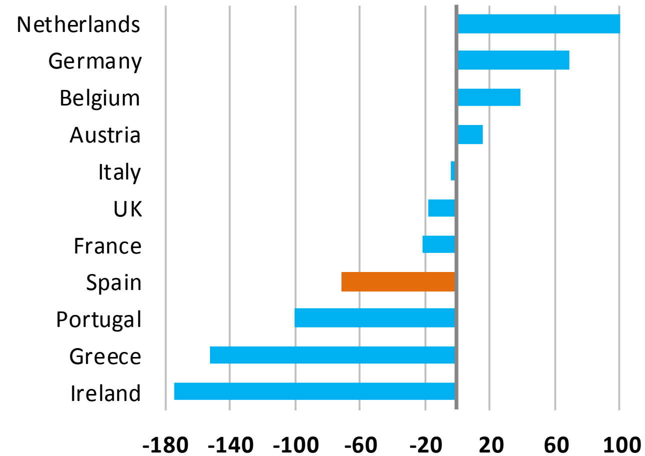
Gross external debt
Quarterly data, in % of GDP



Source: Bank of Spain and Refinitiv.

Net international investment position improves

Net international investment positions
% of GDP, Q1 2020



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

- **Solid financial situation of the private sector**. Corporate deleveraging has come a long way as debt levels are well below the euro area average. These comfortable levels and the support provided by state credit guarantees offer scope to temporally 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.

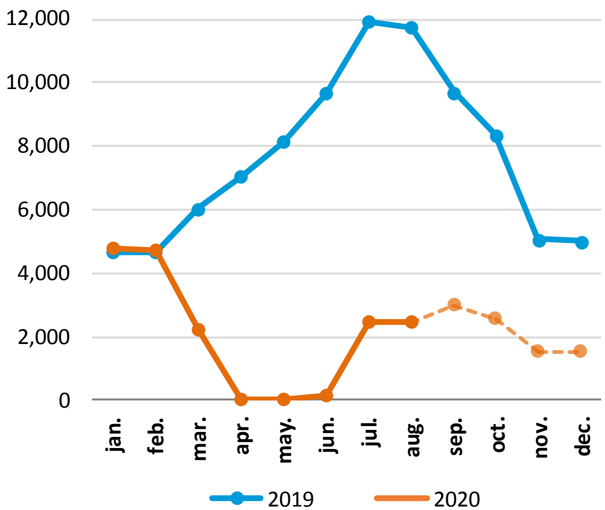
- **Gross external debt stands at 179.8% of GDP in 2020Q1**, and is expected to decline thanks to the current account remaining in surplus.
- **Private sector external debt has fallen considerably from peak levels** (131% of GDP in 2010 **to 82.8% of GDP in 2020 Q2**).

- **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 account surplus of 1.3% of GDP and nominal GDP 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.

Tourism collapses due to COVID-19 but should recover swiftly once the crisis is over

Tourist demand has fallen sharply

Expenditure of international tourists
€ million

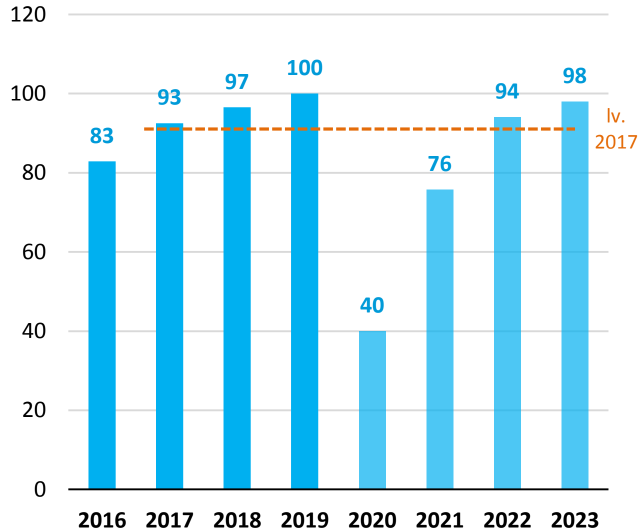


Source: CaixaBank Research, based on data from INE.

- **Tourism accounts for 12% of Spanish GDP and it has been the hardest hit sector by the pandemic.**
- In August, only 2.5M international tourists came to Spain (-75% with respect to Aug-19).
- Domestic tourism (30% of total tourism demand) was more resilient over the summer. In the coming months it will also remain subdued as a result of the uncertainty generated by the new bouts of contagion and the measures taken to fight the second wave.

Strong pace of recovery

Touristic GDP
Index (2019 = 100)

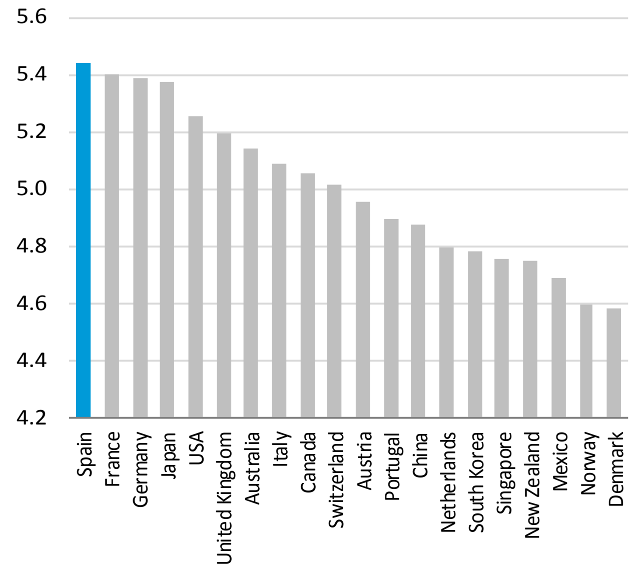


Source: CaixaBank Research, based on data from INE and Bank of Spain.

- **We expect tourism GDP to decline by around 60% in 2020.** Around 55% of the decline in total GDP will be explained by the collapse of tourism.
- Nonetheless, once the vaccine is available, and international mobility restrictions are eased, the sector should experience a notable rebound. In any case, we do not expect a return to pre-covid activity levels before 2024. In 2022, activity is expected to be at around 2017 levels.

High competitiveness of the tourist sector

Travel & Tourism Competitiveness Index (Top 20)
Index (min.=0, max.=7)

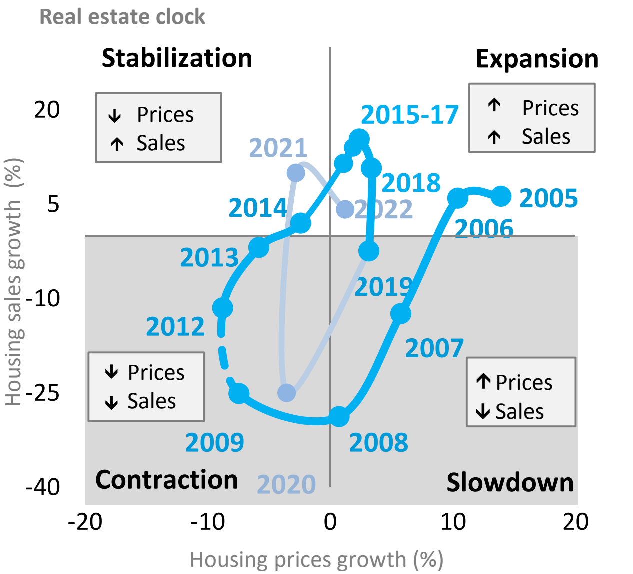


Source: CaixaBank Research, based on data from WEF.

- **The Spanish tourism sector is well positioned to achieve a solid recovery.**
- Tourism industry has been attaining record results since 2015 and it has performed a strong investment effort to improve its competitiveness.
- The **World Economic Forum qualifies the Spanish tourism industry as the most competitive worldwide**.

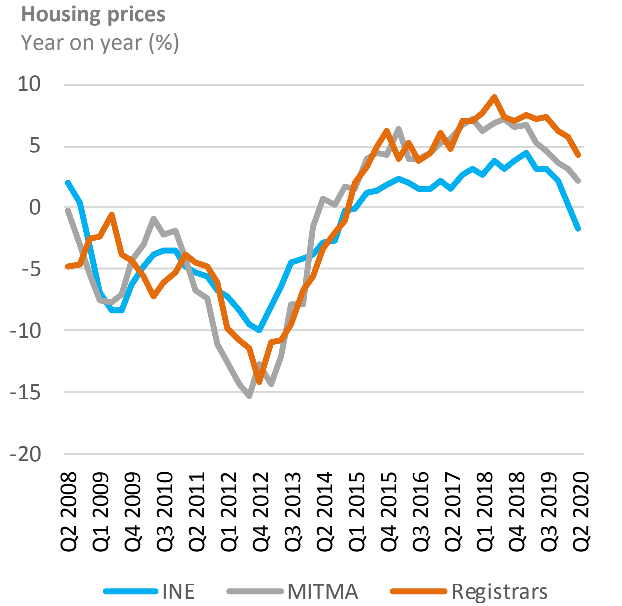
The real estate sector: temporary contraction but solid fundamentals

Contraction territory in 2020, stabilization in 2021



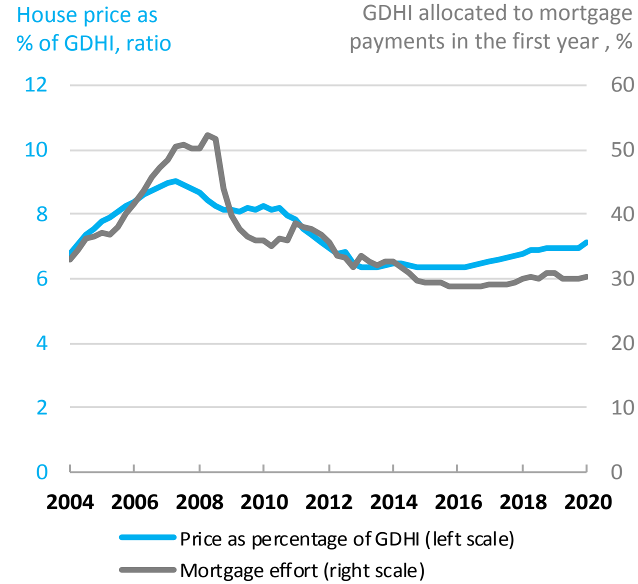
Source: Fomento, INE and CaixaBank Research forecasts.

Housing prices are decelerating



Source: INE, Ministry of Public Works, Association of Registrars.

Housing affordability



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

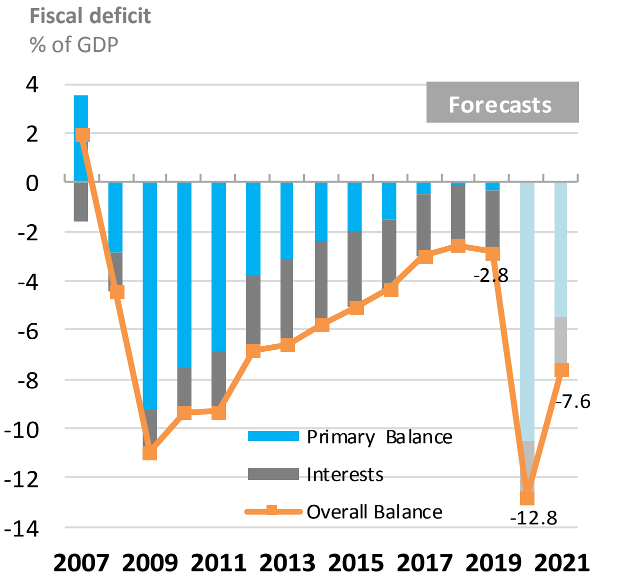
- **The housing sector will experience a significant downturn in 2020/21, but the fundamentals remain solid:** no excess indebtedness of families and real estate companies, and no excess capacity on the supply side.
- **Housing sales** might only reach 380K in 2020, a fall of more than 25% compared to 2019, largely due to the decrease of external demand.

- **Up to Q2, housing prices have significantly decelerated but their decline is limited so far.**
- Weak demand and high uncertainty will continue to put **downward pressure on housing prices in Q3 and Q4 2020 and the recovery will be very gradual**. House prices could decrease by about 6% in 2020-2021 (cumulative).

- Despite price increases from 2014 to 2019, **housing affordability ratios remain well below the levels reached in 2006/09** thanks to the improvement in household income and low interest rates.
- Going forward, **housing affordability will remain at similar levels** (lower household income will be offset by the decline in housing prices).

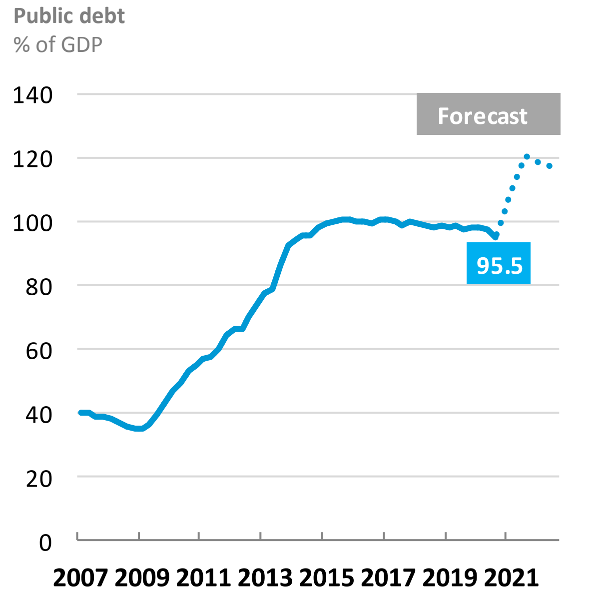
Fiscal stimulus measures have a substantial impact on public finances

Fiscal deficit temporarily increases in 2020



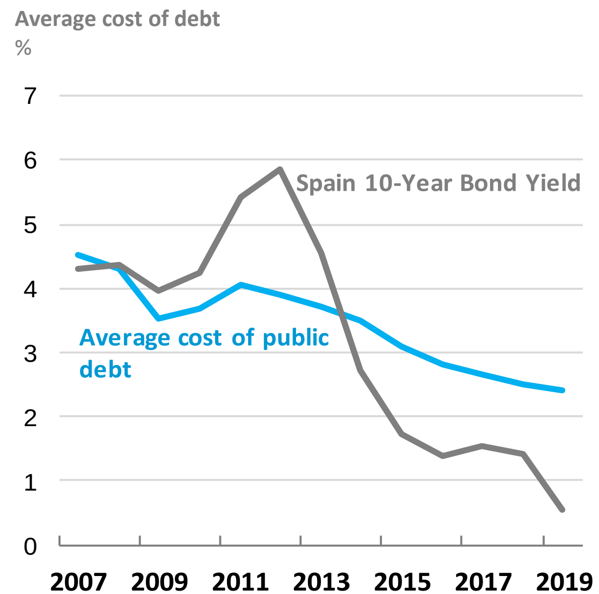
Source: Ministry of Finance and Civil Service and CaixaBank Research forecasts.

Public debt jumps to over 120% of GDP



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

Cost of debt is at its minimum



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

- **The large fiscal package implemented in 2020 to cushion the shock will push public deficit around 13% of GDP.** The package includes €51.5bn in direct expenditures, state guarantees for business loans of up to €140bn and mortgage and consumer credit deferrals for households.
- **In 2021, the deficit is expected to fall somewhat below 8%,** thanks to the economic recovery and, to a lesser extent, the support from the European Recovery Plan. Spain is expected to receive ≈€70bn in grants between 2021 and 2023.

- **The Government is committed to design an ambitious recovery plan.** It is planning to front load part of the fiscal push in 2021 (spending €27bn next year in projects related to the NGEU plan even if it may only receive €7bn from the EU). More details will be known in the coming months (final deadline April 21).
- The Government seems also committed to reactivate the reform agenda (pensions system, active labor market policies, reform of the public administration).

- **Public debt will experience a remarkable rebound in 2020, but in the coming years it should be able to draw again a downward trajectory path** (a public deficit below 3.6% of GDP should be enough under reasonable assumptions).
- **The cost of debt is expected to remain contained** as the measures carried out by the ECB ensure a low interest rate environment for a long period of time.

Key economic measures approved by the Spanish government to 'keep the lights on'

	Amount (% GDP)	Main measures
Direct fiscal measures	4.1%	• Benefits for workers affected by temporary lay-offs (ERTEs) and for the self-employed affected by the hiatus in activity • Bonuses for firms' Social Security contributions for those workers being affected by ERTEs • Specific subsidies for temporary workers without the right to unemployment benefits and for domestic workers. • Basic supplies guaranteed for all residents: electricity, water, gas, telecommunication. • 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. • COVID-19 Fund for regional government (will help finance mostly health and education).
Deferrals	4.3%	• 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. • Deferral of tax payments for companies with a turnover of up to 6M€ (for 6 months, 3 without interest. • Mortgage and consumer credit moratoria for vulnerable families.

Credit guarantees and capital injections	13.3%	• Credit guarantees for companies and self-employed worth up to €100bn to guarantee liquidity.
		    ○ For SMEs and the self-employed: 80% State guarantee on the loans.
		    ○ For remaining companies: 70% State guarantee on the new loans and 60% on loan refinancing.
		• Credit guarantees for companies and self-employed worth up to €40bn to boost investment activity, mostly in environmental sustainability and digitalization.
		• Other small credit guarantees programs for specific type of firms or sectors (export sector, auto, tourism, etc.): up to €15 bn
		• 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.

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The Spanish banking system: supporting an economy hit by covid-19 (1)

The stock of credit to businesses has jumped while the stock of lending to households has softened

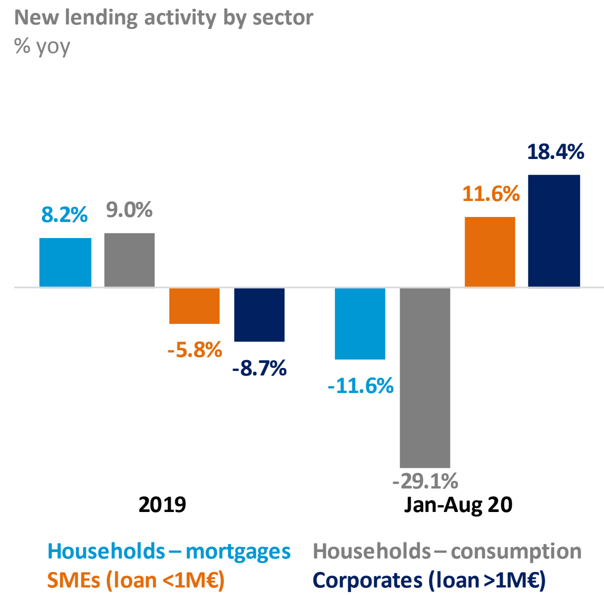
Private domestic credit (gross exposures)

	Dec-19	Aug-20 (latest)	
	% yoy	€ Billion	% yoy
Total credit	-1,2%	1.158	1,9%
Households	-0,5%	687	-1,3%
Housing mortgages	-1,5%	505	-1,9%
Other purposes	2,6%	182	0,2%
Of which consumption	8,8%	91	-0,5%
Businesses	-2,3%	471	7,0%
Non-real estate developers[1]	-1,4%	345	1,6%
Real estate developers[1]	-5,4%	99	-5,7%

Note: (1) latest available data Mar-20

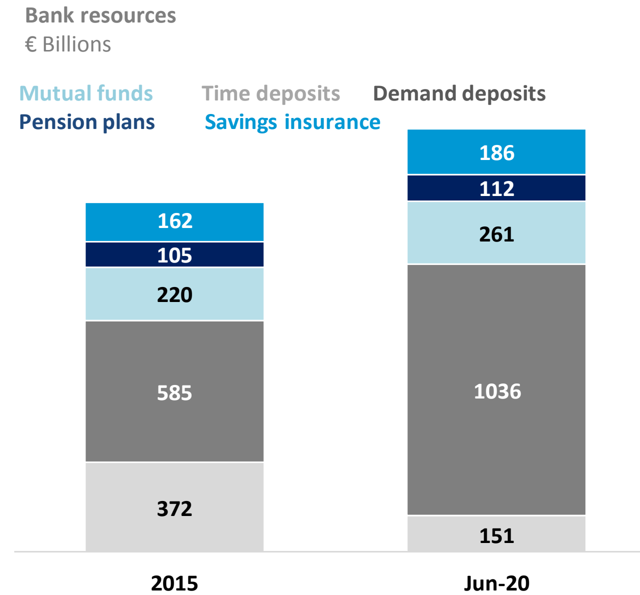
Source: Bank of Spain.

New lending activity has been growing



Source: Bank of Spain

Increase in customers funds



Source: INVERCO, Bank of Spain and ICEA.

- **Loans to households,** which had tended to stabilize in 2019, are now softening again due to reduced demand for consumption loans and despite lower repayments resulting from debt moratoria granted during covid.
- **The stock of loans to corporates has ballooned** after years of continued deleveraging because of covid related financial needs (supported by government guarantees). Deleveraging, however, will re-start as the economic recovery takes hold.

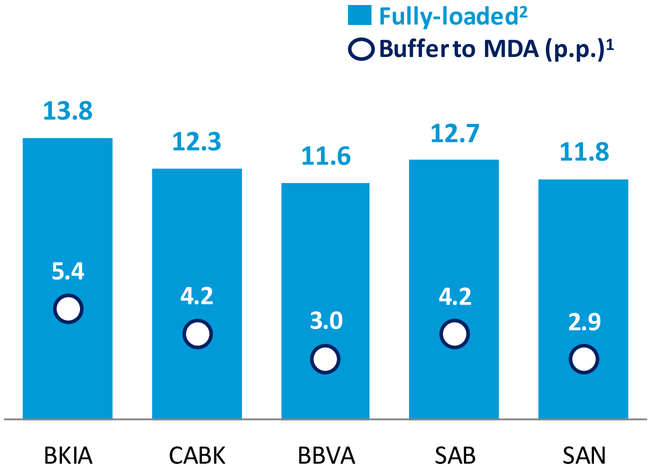
- **New mortgage production** suffered a sharp contraction in March-May due to the sudden stop of housing transactions but has rebounded helped by pent-up demand.
- **New lending for consumption** remains well below pre-covid levels and is expected to show a very gradual recovery.
- **New lending activity to corporates and SMEs** spiked in March-June due to covid liquidity needs and support from public guarantees but demand has now declined substantially.

- **Household deposits** are increasing at substantial yoy rates (around 7%) mostly as a result of precautionary savings.
- **Corporate deposits** show even more significant rates of growth (around 15%) as credits have been used in part to create liquidity buffers.
- **Assets under Management** have declined as a result of valuation effects despite some recent recovery (they are now declining at low single digits yoy).

The Spanish banking system: supporting an economy hit by covid-19 (2)

Banks' solvency position remains strong

CET1
In % (Q2 20)

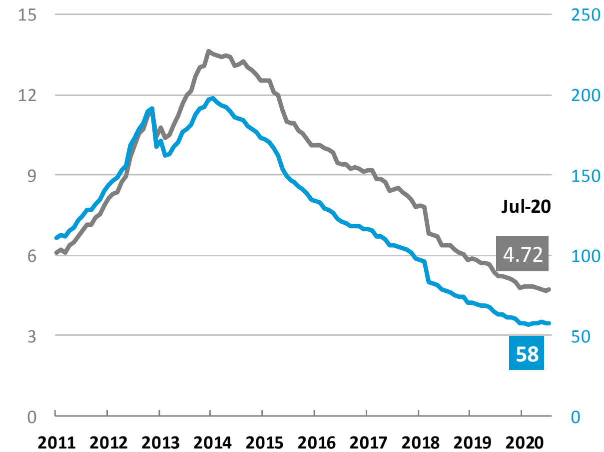


Note: (1) Difference between CET1 ratio fully-loaded and SREP requirement 2020. (2) CET1 FL transitional IFRS9. Source: bank's financial statements, Bank of Spain.

NPLs have remained quite stable so far

NPLs[1]
In % of gross loans

In € billions



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

After covid, achieving sustainable profitability levels will be even more challenging

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

	CABK	BBVA	SAN	BKIA	SAB
Net interest income	**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
Gross income	**2.0**	**1.5**	**2.1**	**1.5**	**2.1**
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
Profit	**0.2**	**0.2**	**-0.4**	**0.1**	**0.3**
ROTE (%)[1]	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.

- **The capital position** of Spanish banks provides buffers to weather the COVID19 shock.
- **Moreover, the ECB commitment** to allow banks to operate below the P2G and the combined buffer requirement until at least end-2022 provides additional cushions.
- **Limits to dividend distributions have also contributed** to strengthen capital positions.

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

- **After declining below 5%,** NPL ratios have roughly stabilized. The stock of NPLs has only increased marginally thus far helped by debt moratoria and loan guarantees.
- **However, NPLs will inevitably increase** as debt moratoria expire and companies start facing repayments of guaranteed loans.
- **Looking forward, credit quality will constitute a major challenge for banks**.

- **Covid adds even more pressure to banking profitability and the need to further consolidation:**
  - Interest rates are now expected to remain lower for longer.
  - After a temporary pick-up in loan demand, businesses and households are expected to focus on balance sheet repair.
  - The cost of risk has risen. Banks have already booked a significant amount of provisions in the first half of 2020.

%, YoY, unless otherwise specified	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Forecast)	2021 (Forecast)	2022 (Forecast)
GDP	-3.0	-1.4	1.4	3.8	3.0	3.0	2.4	2.0	-12.5	8.6	3.7
Private Consumption	-3.4	-3.0	1.7	2.9	2.6	3.0	1.8	0.9	-12.1	8.6	2.9
Public Consumption	-4.2	-2.1	-0.7	2.0	1.0	1.0	2.6	2.3	3.1	1.6	1.3
Gross Fixed Capital Formation (GFCF)	-7.4	-3.8	4.1	4.9	2.4	6.8	6.1	2.7	-17.3	13.7	4.0
GFCF - equipment	-7.1	2.4	5.6	9.1	1.8	9.2	5.4	4.4	-25.9	9.1	4.0
GFCF - construction	-10.4	-8.2	3.0	1.5	1.6	6.7	9.3	1.6	-18.1	14.1	4.0
Exports	0.9	4.4	4.5	4.3	5.4	5.5	2.3	2.3	-26.6	15.1	9.1
Imports	-5.8	-0.2	6.8	5.1	2.6	6.8	4.2	0.7	-20.2	13.0	6.2
Unemployment rate	24.8	26.1	24.4	22.1	19.6	17.2	15.3	14.1	17.5	18.9	16.3
CPI (average)	2.4	1.4	-0.2	-0.5	-0.2	2.0	1.7	0.7	-0.2	1.7	1.6
External current account balance (% GDP)	0.1	2.0	1.7	2.0	3.2	2.7	1.9	2.0	1.1	1.5	1.9
General Government Balance (% GDP) [1]	-7.0	-6.7	-5.8	-5.1	-4.1	-3.0	-2.5	-2.8	-12.8	-7.6	-5.4
General government debt (% GDP) [2]	85.7	95.5	100.4	99.3	99.0	98.1	97.6	95.5	120.8	116.4	115.6
Housing prices	-8.7	-5.8	-2.4	1.1	1.9	2.4	3.4	3.2	-3.6	-1.9	0.6
Risk premium (vs. 10Y Bund, bps, Dec.)	429	295	149	120	124	120	97	88	90.9	84.6	74.6
Bank credit (to the private domestic sector)	-9.9	-9.4	-7.1	-4.3	-2.9	-1.9	-2.6	-1.2	1.7	-3.0	-1.3

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	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Jul.20	Aug.20	Sep.20
Activity indicators											
Industrial production index	1.6	-2.2	0.2	0.8	0.4	-6.3	-24.4	...	-6.8	...	...
Manufacturing PMI (*value*)	51.9	46.7	53.3	49.1	47.2	48.2	39.4	51.4	53.5	49.9	50.8
Services PMI (*value*)	54.5	46.2	54.8	53.9	53.6	42.5	28.4	47.3	51.9	47.7	42.4
Retail sales	2.6	-2.0	0.7	2.3	2.3	-3.8	-18.4	...	-3.9	-2.4	...
Consumer confidence index *(value)*	-8.3	-19.5	-4.2	-6.3	-10.5	-10.3	-27.9	-26.9	-25.6	-28.7	-26.3
Foreign Tourists *(% yoy, cumulative over 12 months)*	3.3	3.2	4.0	1.5	1.4	-0.9	-22.6	...	-41.5	...	...
Labour market											
Employment [(1)]	4.3	-0.8	2.7	2.3	2.1	1.1	-6.0	...	-	...	...
Unemployment rate (*% labour force*)	10.5	20.5	15.3	14.1	13.8	14.4	15.3	...	-	...	-
Registered as employed with Social Security [(2)]	3.5	-0.5	3.1	2.6	2.2	1.2	-4.4	-3.0	-3.8	-2.7	-2.3
Wages (collective agreement)	3.1	1.6	1.6	2.2	2.3	2.0	2.0	...	2.0	...	...
Prices											
General	3.2	1.4	1.7	0.7	0.4	0.6	-0.7	-0.5	-0.6	-0.5	-0.4
Core	2.8	1.2	0.9	0.9	1.0	1.1	1.1	...	0.6	0.4	...
Real estate											
Building permits *(% yoy, cumulative over 12 months)*	6.9	-14.7	25.7	17.2	8.0	0.0	-13.4	...	-21.4	...	...
Housing sales *(% yoy, cumulative over 12 months)*	-	-3.2	14.2	3.6	-2.0	-3.7	-12.3	...	-18.8	...	...
Housing prices	12.4	-2.8	3.4	3.2	2.1	0.3	-1.7	...	-	...	...

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, European Commission, Departamento de Aduanas e Impuestos Especiales and Banco de España.