Spain:
Macroeconomic and financial outlook

CaixaBank Research

December 2021

Prepared with information available as of December 3rd, 2021

CaixaBank

Main messages

Activity

- **A new wave of contagions is hitting Europe, especially in northern and central EU.** In Spain, daily contagions are increasing as well, albeit at a slower pace. The high share of vaccinated population (79% of total population, 99% of those > 65) should limit the impact on the health system.
- **The impact of the new omicron variant, already detected in the EU, is still uncertain.** The big number of mutations presented by the omicron variant indicates that the vaccine could be less effective against it. Nonetheless, it is still unknown how much less effective are vaccines against the omicron variant, and if this variant is more/less contagious or more/less virulent than the delta variant.
- **GDP grew 2.0% qoq in Q3 2021 (2.7% yoy)**. This figure has surprised analysts on the downside given the favorable performance in employment (+3.4% qoq) and consumption indicators (such as debit/credit card payments). GDP remains 6.6% below the pre-crisis level of Q4 2019. In contrast, employment, net of furloughed workers has recovered pre-crisis levels.
- **Energy prices push up inflation forecasts**. Headline inflation reached 5.6% in November. We have increased inflation forecasts to 2.9% and 2.6% in 2021 and 2022, respectively, as energy prices are forecast to remain at current elevated levels until Q2 2022.
- **We revise our forecast for GDP growth in 2021 to 4.4% (prev. 5.0%) and 5.9% in 2022 (prev. 6.2%)** as a result of the Q3 GDP reading, high energy prices, bottlenecks in manufacturing and delays in the implementation of NGEU projects.

Banking sector

- **Credit risks in the banking system remain contained.** The NPL ratio stood at 4.35% in September, 47 bps below the pre-covid level of February 2020. The NPL ratio for loans under expired moratoria reached 6.4% in 2Q21, while the percentage in Stage 2 (22.7%) was similar to the December-20 levels. NPLs for guaranteed loans remained below 2% helped by grace periods for amortization that will not expire until 2022, when the economic recovery is expected to be well under way. In terms of new lending, there has been a strong rebound of activity in mortgages (exceeding pre-covid levels) while consumer loans are lagging due to the strong savings generated during the pandemic.

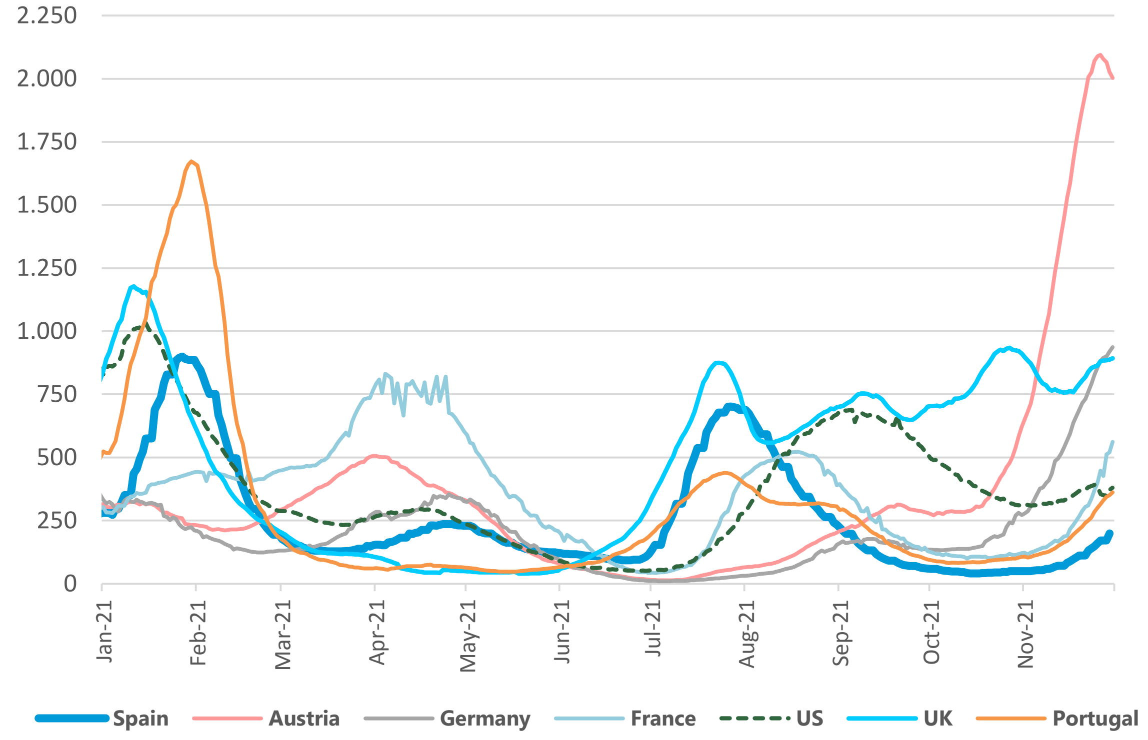
Policy

- **Domestic restrictions have mostly been removed.** Regional governments are responsible for tightening or easing restrictions. To answer the threat of rising infection numbers, some regions now request their population to produce proof-of-vaccination before gaining access to restaurants and other type of commercial and/or leisure type of establishments.
- **The policy response is offering significant support to the economy** with a portfolio of direct measures and public guarantees. Furlough schemes (which have been extended, under different conditions, until the 28th of February) have been very effective in cushioning the shock.
- **The government funding needs should be covered without difficulties**, helped by ECB purchases, plenty of liquidity available and low interest rates. Public debt stands at c.120% of GDP (30pp in the hands of the ECB).
- **The Government has started delivering on the Recovery and Resilience plan** albeit at a slower pace than expected. A new disbursement of funds (10bn) from the European Commission is expected later this year (based on milestones achieved by June-21) and bringing total disbursements this year to 19bn. The upcoming labor market and pension reforms are critical milestones ahead.

New wave of contagions in Europe

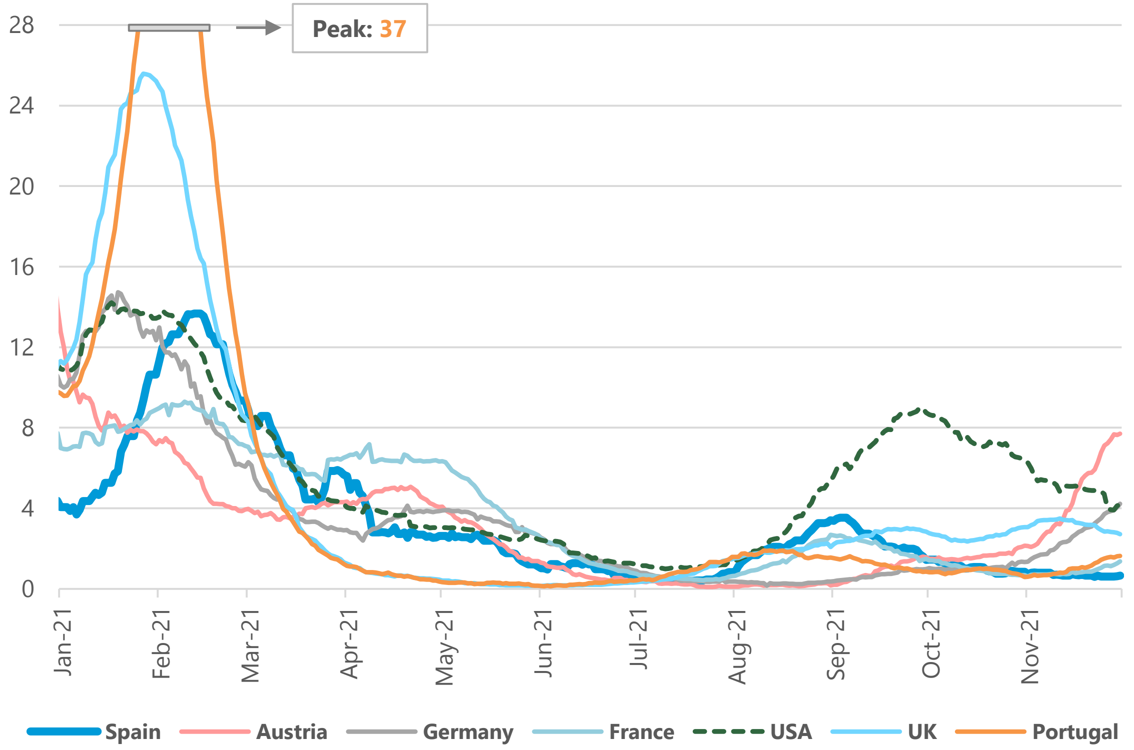
COVID-19 cumulative incidence

Infections per 100k inhabitants accumulated in 14-day



Deaths caused by COVID-19

Deaths per 100k inhabitants accumulated in 14-day

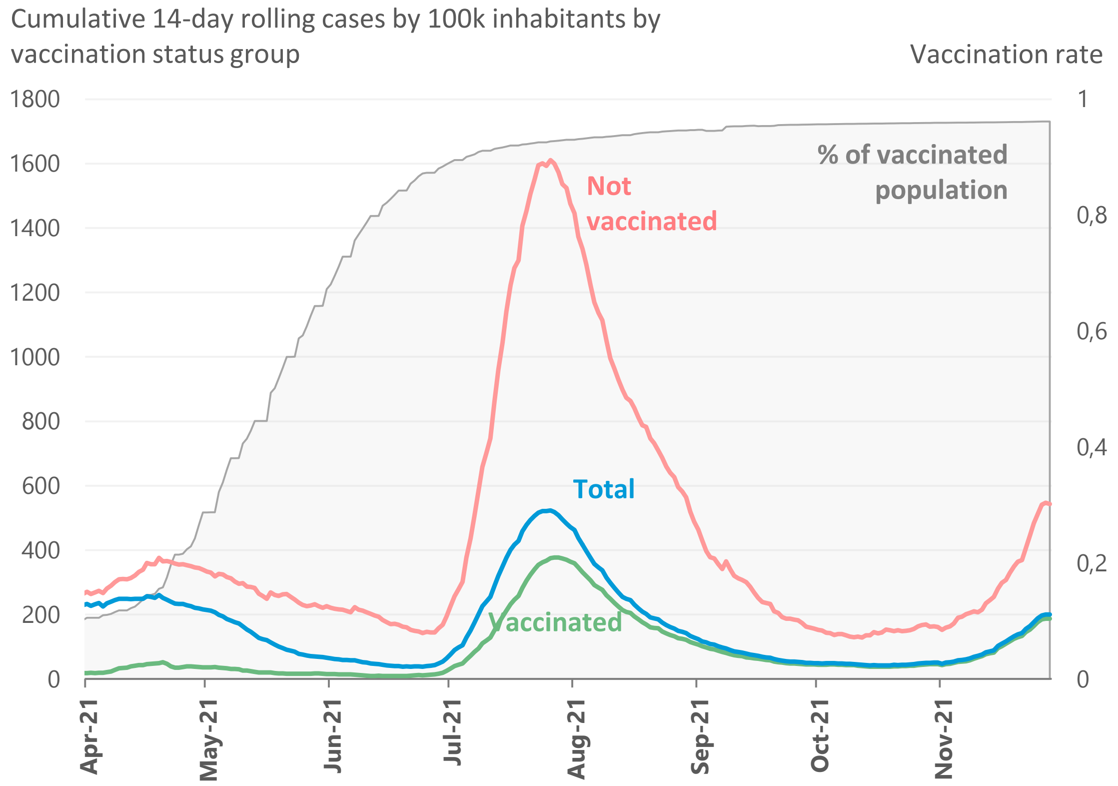


- **A new wave of contagions is hitting Europe, especially in northern and central EU**. Daily contagions are increasing significantly around Europe in the last weeks, especially in countries like Austria, Belgium, The Netherlands and Germany. key factors behind the increase include: the lifting of most social distancing measures (including use of mask), the drop in temperatures (more interior social gatherings), and low rates of vaccination in some EU countries (ie. 65% in Austria and 67% in Germany). The number of severe cases show a worrisome trend in Austria and Germany. It remains moderate in other countries with higher vaccination rates, such as Spain or Portugal.
- **The impact of the new omicron variant, already detected in the EU, is still uncertain**. The big number of mutations presented by the omicron variant indicates that the vaccine could be less effective against it. Nonetheless, it is still unknown how much less effective are vaccines against the omicron variant, and if this variant is more/less contagious or more/less virulent than the delta variant.

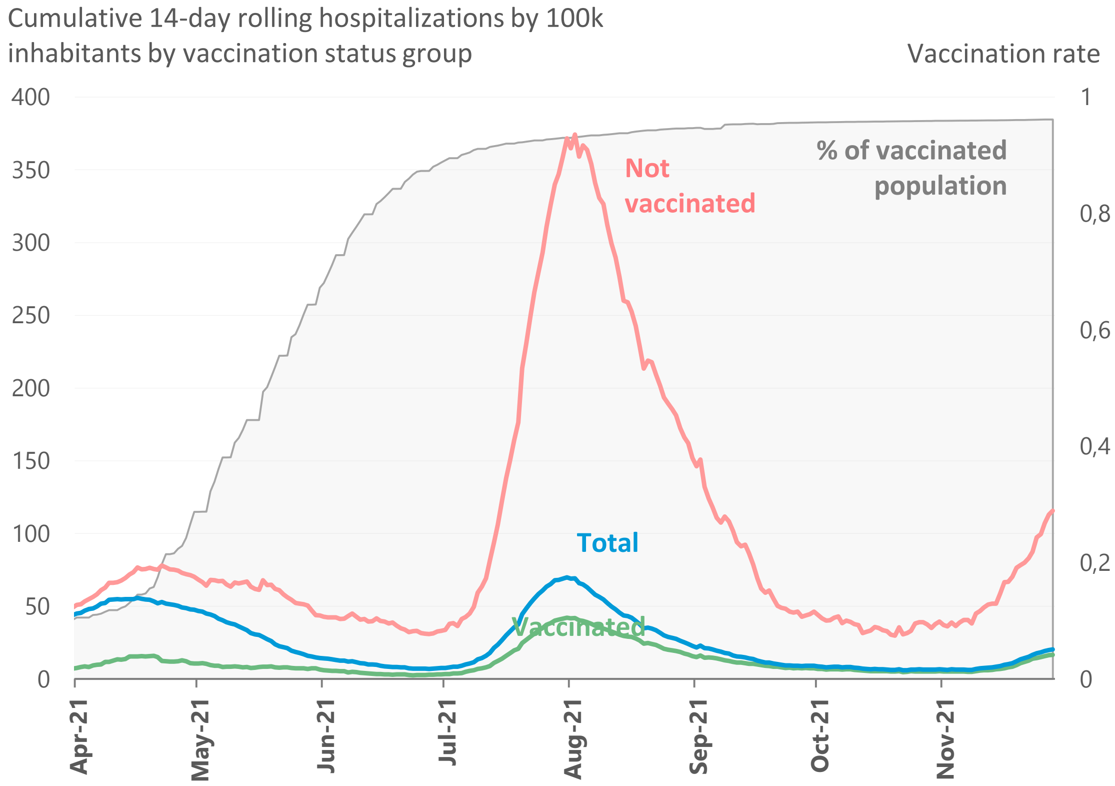
The vaccine is still key to avoid a severe new wave

CaixaBank

COVID-19 infections of people >50 years: the case of Catalonia



Hospitalizations of people >50 years: the case of Catalonia

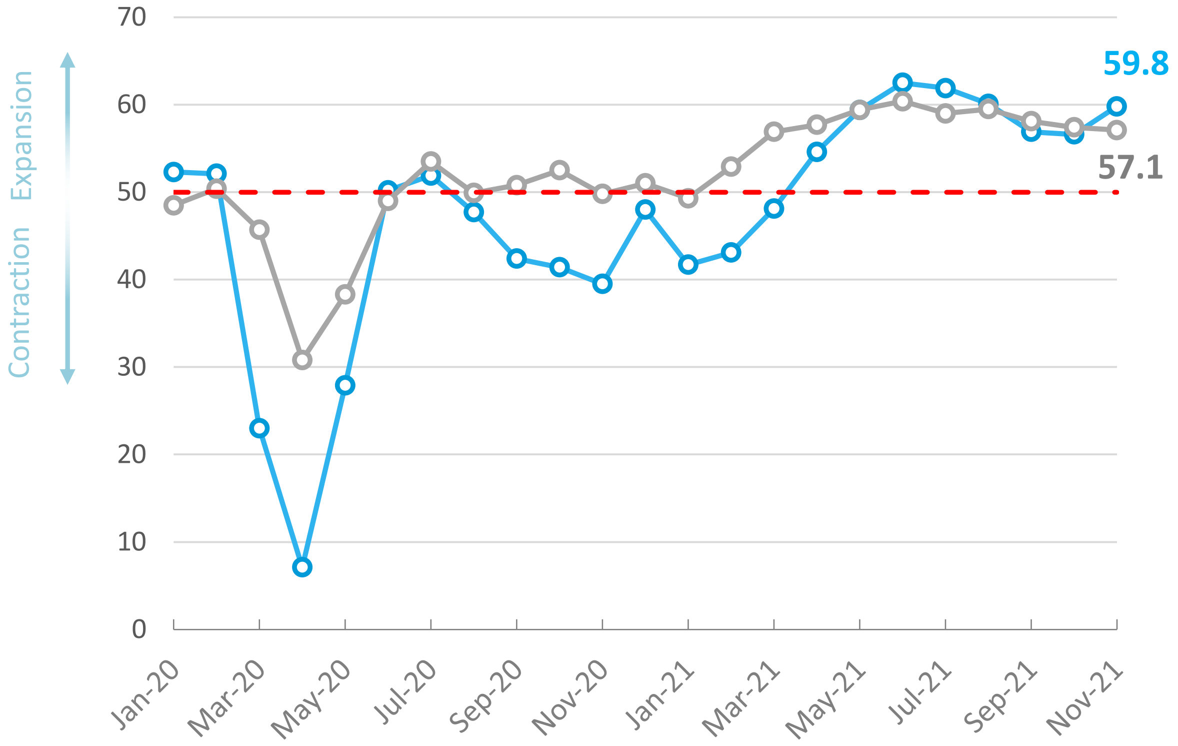


- **In Spain, daily contagions are increasing, however the high share of vaccinated population (79% of total population, 99% of population over 65) should help avoid a severe new wave**. Incidence on a 14-day cumulative rolling window in Spain reached 199 cases per 100k inhabitants, still below the 250 extreme risk threshold. Pressure on the health system remains low, albeit trending up in the last weeks (8% of ICU beds are occupied by COVID-19 patients in Spain).
- **Based on public data from Catalonia by vaccination status, we estimate that the vaccine deters 64% of contagions, 86% of hospitalizations, and 84% of deaths caused by COVID-19 for people over 50 years**. Population over 50 have accumulated 75% of hospitalizations, 98% of deaths, and only 31% of contagions during the pandemic. While COVID-19 infections are likely to increase further in the coming weeks, we do not expect the upcoming wave to put severe stress on the health system as vaccine coverage is high: in Spain, 97% of population aged 50 or above have been fully vaccinated.

Peak growth is behind us, but the pace of recovery remains elevated

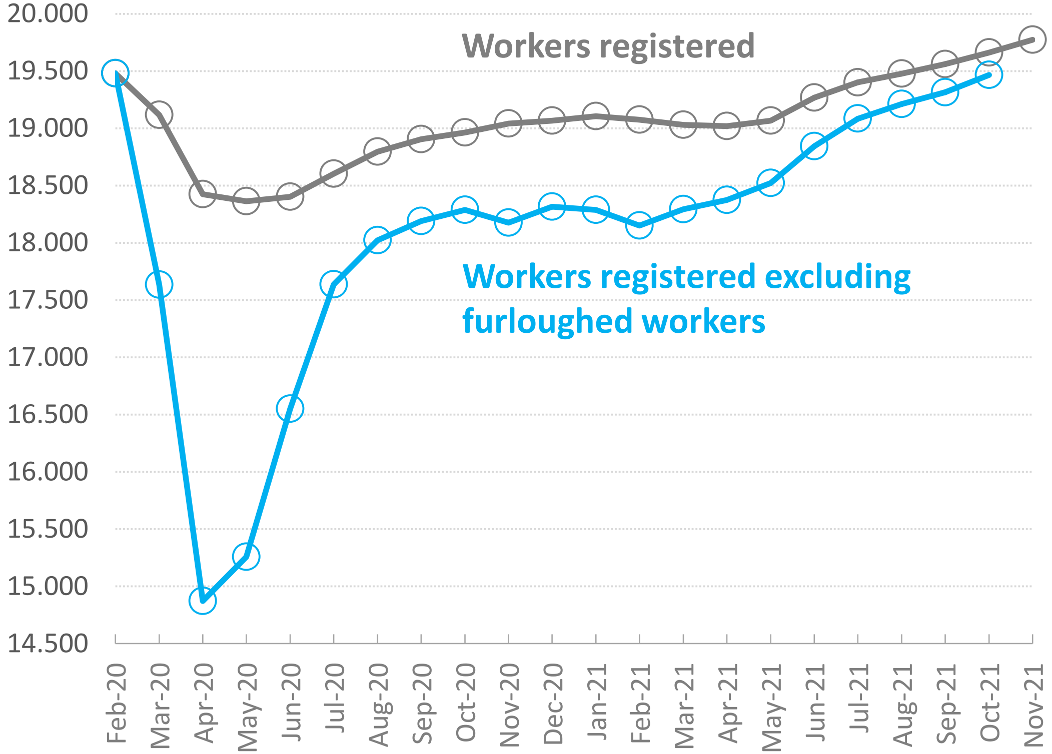
PMI indices

Level



Workers registered to Social Security System*

Thousands



Note: (*) Monthly average figure of workers in a temporary layoff scheme in November still unavailable at the time of publishing.

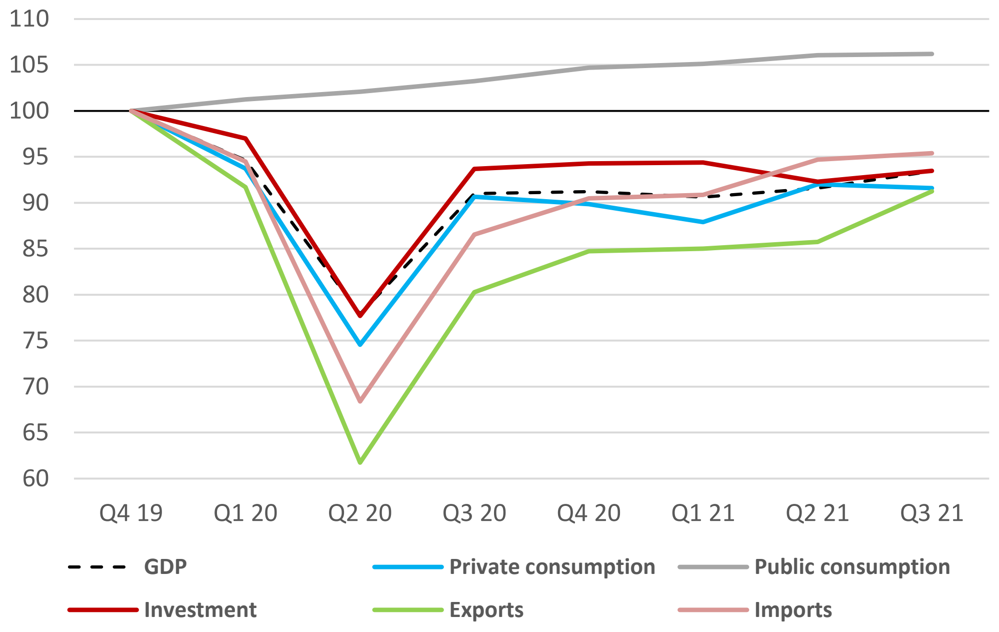
- **Employment recovers pre-pandemic levels.** In November, employment added 109k workers in seasonally adjusted terms and is now 1.5% above the level in February 2020. In addition, workers in a furlough scheme (as of last day of the month) declined by 40k (126k left).
- **Confidence indicators remain elevated.** Both the manufacturing and services PMI remained well above the no-change threshold (50 points), at 57.1 and 59.8 points, respectively. Both readings are high from a historical perspective and suggest the pace of recovery going into Q4 2021 remains elevated. Nevertheless, and particularly within the manufacturing sector, the PMI data unveils heightened concerns regarding mounting input price pressures as a result of disruptions in global supply chains.

Q3 GDP reading prompts a downward revision of GDP forecast

CaixaBank

GDP Q3 2021: Components of demand

Index (Q4 2019 = 100)



Macroeconomic projections

Annual percentage change, unless otherwise stated

	2020	2021	2022	2023	2024	Cum. 19-22	Cum. 21-24
GDP	-10.8	4.4	5.9	3.5	1.6	**-1.4**	**11.3**
Unemployment rate[1]	15.5	15.1	14.0	13.1	12.3	**-0.1**	**-2.8**
Inflation	-0.3	2.9	2.6	1.3	1.5	**5.2**	**5.4**
House prices	-1.1	1.8	3.2	2.7	2.8	**3.9**	**8.9**

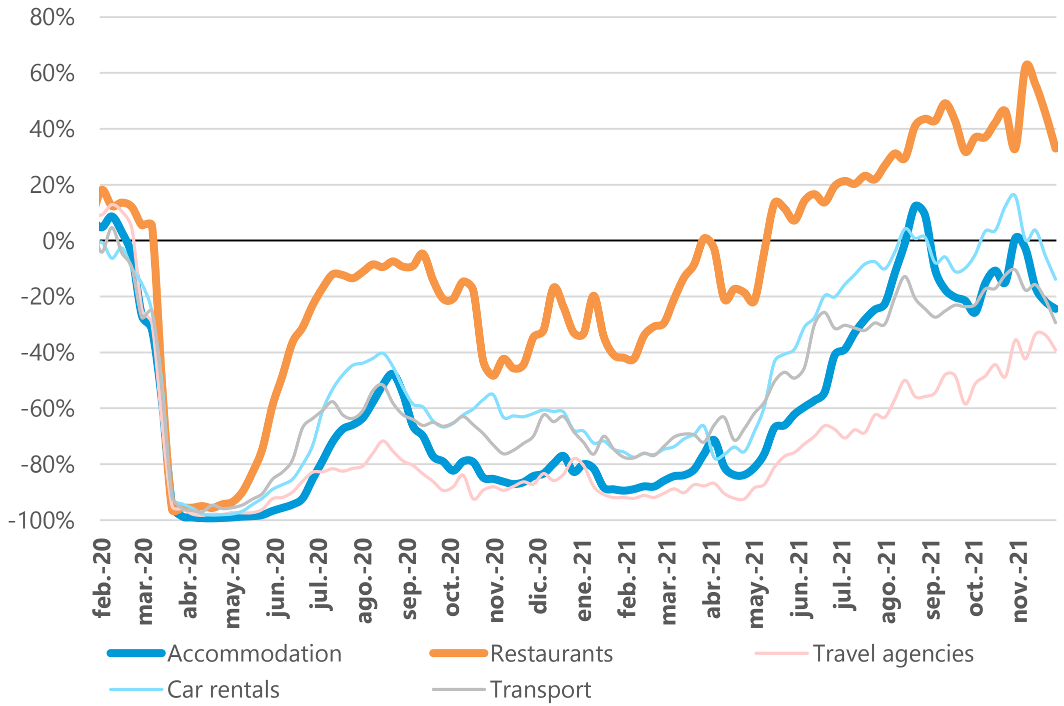
Note: (1) annual average.

- **GDP grew 2.0% qoq in Q3 2021 (2.7% yoy),** a rate above that of the previous quarter (1.1%) but below expectations. Considering the favorable performance of employment during Q3 (+3.4% qoq growth of employment, net of furloughed workers), consumption growth disappointed, with a 0.5% qoq decline. Exports, instead, posted a whopping 6.4% qoq growth rate. This latter figure reflects in part the recovery of the tourist sector during the summer season.
- **We lower GDP growth forecasts as a result of the Q3 GDP reading, high electricity and oil prices, bottlenecks in manufacturing and delays in the implementation of NGEU projects.** We have lowered GDP growth for 2021 to 4.4% (prev. 5.0%), as a result of the new Q3 GDP data and NGEU delays. New COVID-19 waves may trigger spikes in uncertainty, but we expect vaccines will remain effective to limit the impact on the health system and that there will be no need to re-enact severe activity/mobility restriction measures. In 2022, we have lowered growth to 5.9% (prev. 6.2%), as a result of heightened inflation and supply bottlenecks, which are forecast to subtract more than 0.5 p. p. to growth in 2022, an otherwise large figure dwarfed by the strong recovery momentum. The brunt of the impact of both factors is expected to take place during the first half of 2022. Energy prices should moderate as temperatures rise and supply bottlenecks should gradually fade away as supply recovers.
- **GDP and labour market data decouple**. While GDP remains 6.6% below Q4 2019 levels, employment, net of furloughed workers, has already recovered pre-crisis levels. This points to a decline in productivity that we expect will revert, at least partially, during 2022.

The recovery takes a pause amid rising COVID-19 concerns

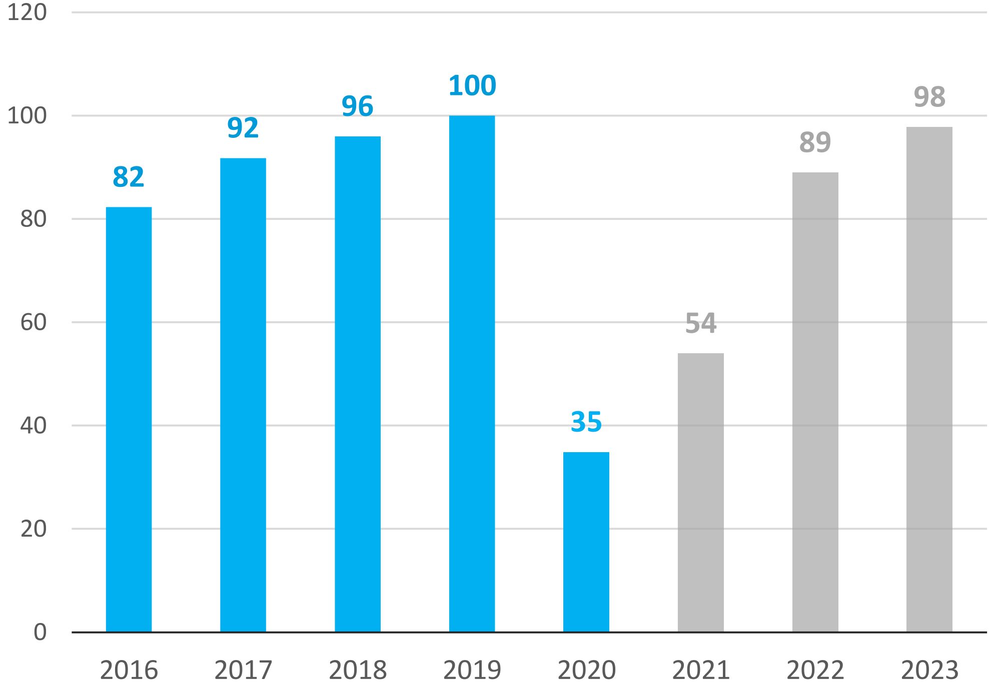
Card activity (point of sale) in tourism related businesses

Change with respect to the same week of 2019 (%)



Tourism GDP forecasts

Index (2019 = 100)



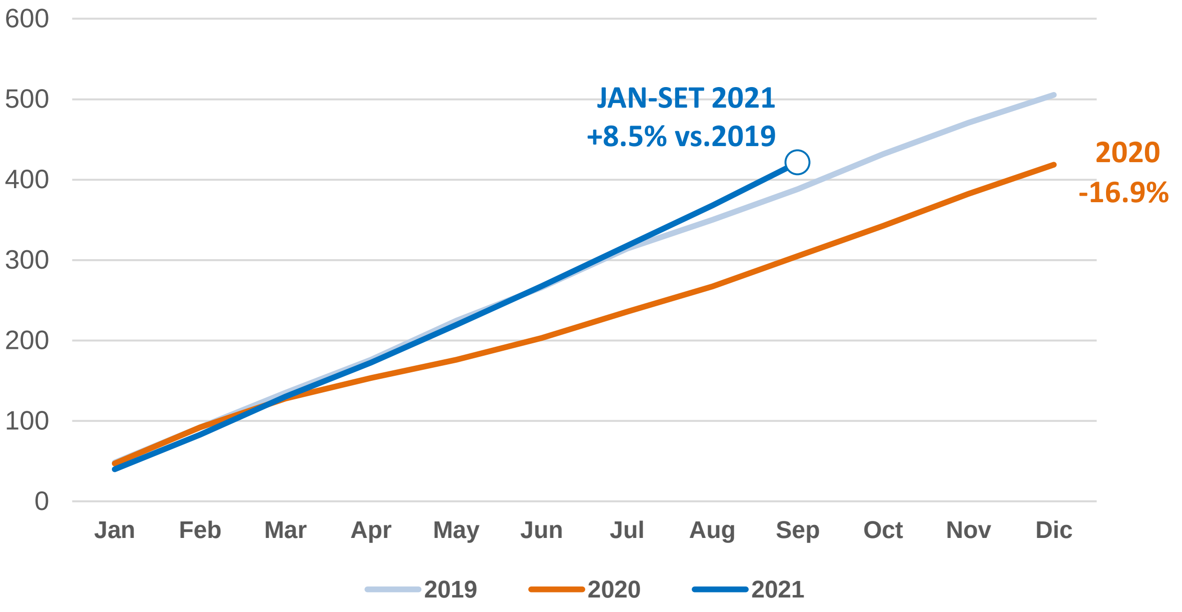
- **Tourism activity slightly moderated in November:** CaixaBank internal data shows that expenditure on tourism related activities deteriorated with respect to October due to a moderation in domestic tourism. Monthly credit card expenditure in accommodation (hotels and similar) was 16% below November 2019. Spanish credit card payments in accommodation were 4% above the same period of 2019 (-22% in September), while Foreign card expenditure in accommodation improved significantly and reached a level 26% below the 2019 reference. For the coming months, risks are tilted to the downside, following new travel restriction measures triggered by the spread of the new ómicron variant.
- **Tourism GDP is expected to increase by around 55% in 2021 (54% of 2019 level)** as a result of a significant improvement in tourism activity in the second half of the year. For 2022, we expect a further recovery of international mobility and a consolidation of domestic tourism. Thus, we forecast tourism GDP to reach 89% of 2019 level.
- **Fundamentals remain strong in spite of the current shock.** The Spanish tourism industry is one of the most competitive worldwide and its recovery will continue as vaccines become more widespread and international mobility flows normalize. We expect tourism activity to recover pre-pandemic levels at de end of 2023.

The real estate sector: recovery underway

CaixaBank

Housing sales

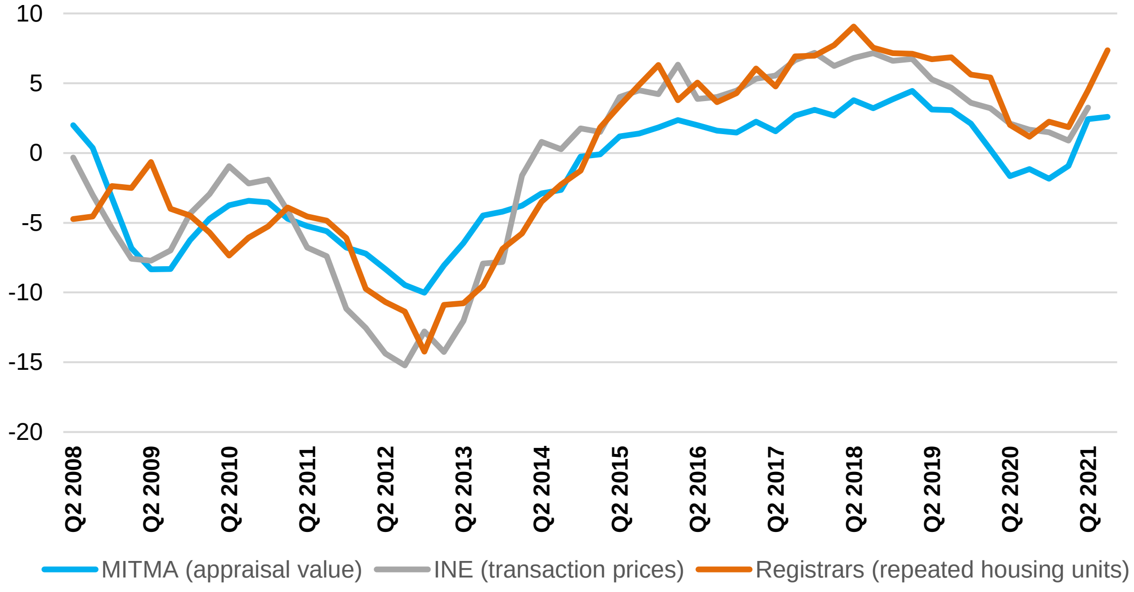
(Thousand, cumulative over the year)



Source: Eurostat.

Housing prices

Year on year (%)

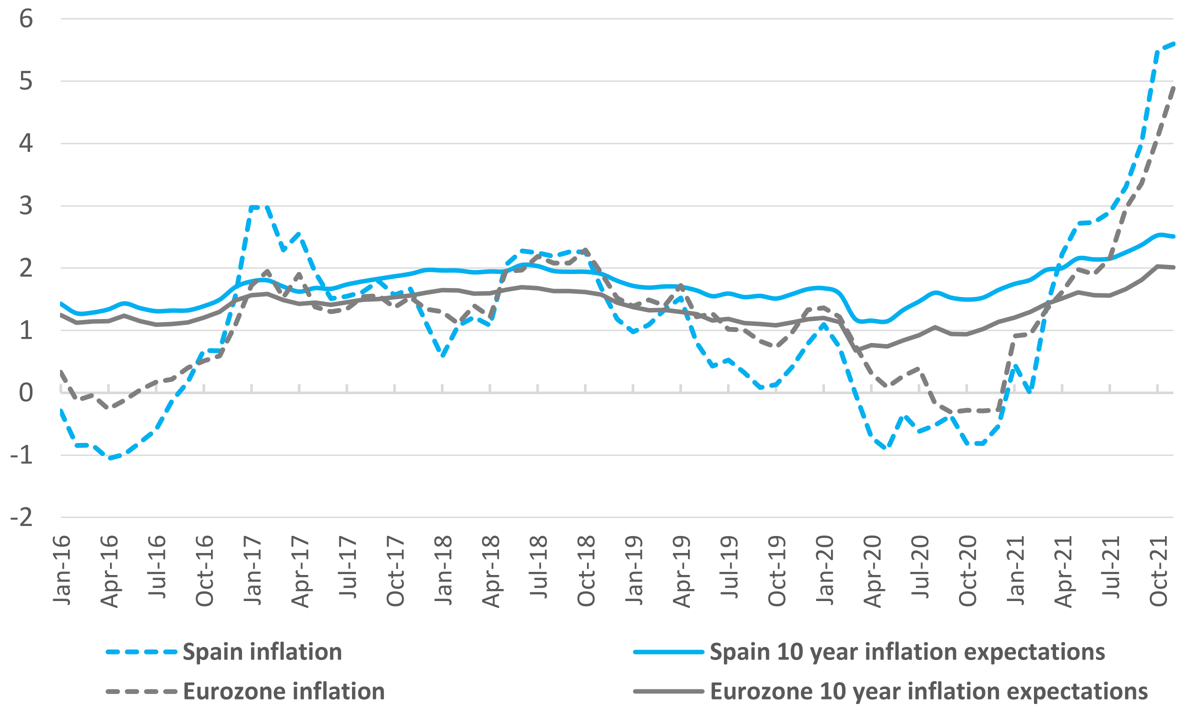


Source: INE, Ministry of Public Works, Association of Registrars.

- **The steady performance of the real estate market has been a surprise during the COVID-19 crisis.**
- Real estate prices experienced a mild downward adjustment in 2020 but are currently exhibiting an upward trend (Q3 2021: +2.6% yoy appraisal value, +4.5% yoy registrars' index based on transactions on the same housing units; Q2 2021: +3.3% yoy transaction prices). We project an **uptick on real estate prices in the next few quarters** because of a temporary decoupling of demand (fast recovery) and supply (slowly catching-up). In addition, increased construction costs may add some price pressure in the next few quarters, although in the medium term, prices should grow more in line with households' gross disposable income.
  - **On the one hand, housing sales have recovered quite swiftly**, after experiencing a sharp decline in 2020 (-16.9%). In Jan.-Set. 2021, housing sales increased by 8.5% compared to Jan.-Set. 2019. New housing sales are increasing at a faster pace (+21.6% in Jan- Set. 2021 vs. Jan.- Set. 2019) than sales of existing housing (5.6%). We expect housing demand to remain strong in the coming months, although it may decelerate slightly because of the vanishing effect of pent-up demand.
  - **On the other hand, building permits are recovering at a slow pace** due to the presence of bottlenecks (labor shortage in several specialized jobs, price increase of raw materials) and uncertainty (evolution of the pandemic, speed of economic recovery, regulatory changes). We project building permits to reach ~100k and ~105k in 2021 and 2022, respectively, compared with 86k in 2020 and 106k in 2019.
- **The fundamentals of the Spanish real estate market are solid** (no excess supply or indebtedness from households or real estate developers) and residential investment as a percentage of GDP is well below the previous cycle (5.6% of GDP in Q3 2021 compared to 11.8% of GDP in 2006).

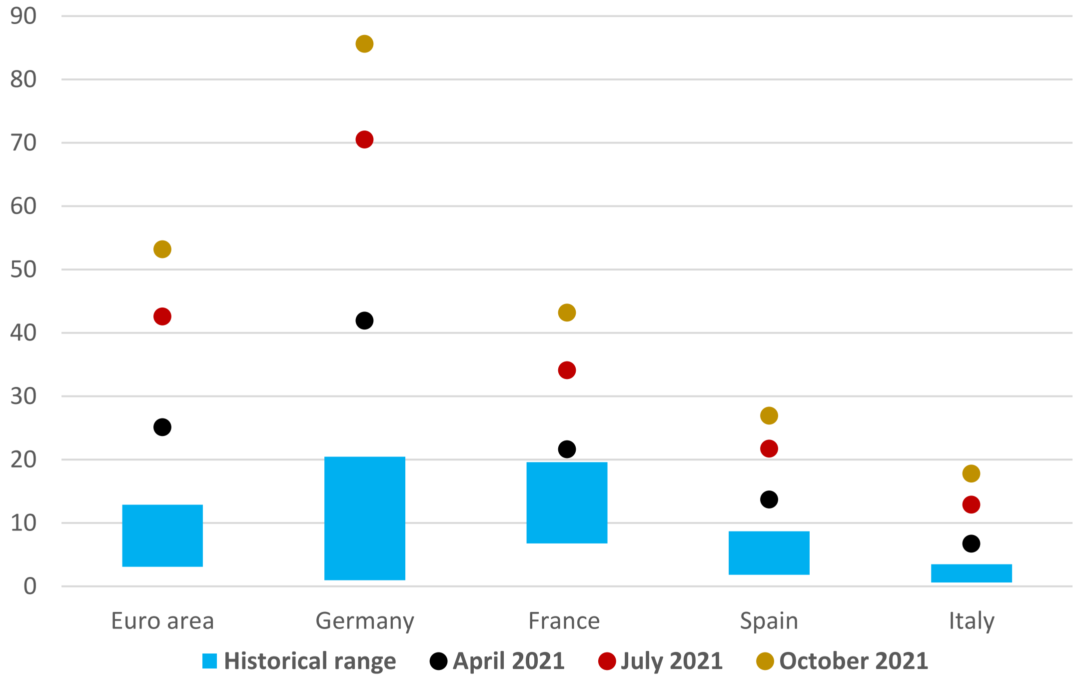
Inflation at historical levels, although recent upswing slows down

Headline inflation and long-term inflation expectations



Factors limiting production: shortage of materials and/or equipment

% of firms



- **Inflation dynamics in Spain have been mainly driven by energy prices over 2021**, an effect likely to be sustained into Q1 2022. This particularly reflects the strong pressure exerted by electricity prices since March (wholesale prices remain above 200€/MWh in November, vs. a pre-pandemic level of 50€/MWh) despite governments measures. This month's headline inflation reached historical levels (5.6%) although core inflation remains well below the headline rate (1.7%).
- **Supply bottlenecks are likely to put further pressure on prices.** Firms are likely to pass on to the consumers increased production costs triggered by disruptions in global supply chains. A range of factors are at the root of such disruptions, including, among others, a faster recovery of global demand than supply and pandemic related disruptions in South-East Asia.
- **The spike in inflation is likely to prove temporary**: i) energy prices should fall substantially in 2022 (as winter demand pressures vanish and natural gas reserves in Europe are replenished), although are not likely to revert to pre-pandemic levels (given the increased demand from Asian countries and cost of CO2 emissions); ii) production disruptions and supply bottlenecks are expected to subside next year (**the risk** is that these persist and cause substantial second-round effects on core inflation).
- **Inflation expectations remain anchored around target.** Despite the strong upswing in inflation in 2021, ten-year ahead inflation expectations remain close to their long-term 2% target both in Europe and Spain.

The 2022 Government budget Plan: strong increase in revenues and spending from pre-pandemic levels

CaixaBank

Government's draft budgetary plan 2022 (excluding NGEU)

Key elements	% GDP 2019	% GDP 2022	2021-2022 change (EUR billions)	2019-2022 change (EUR billions)	2019-2022 growth rate (%)
Total revenue	**39.2**	**39.8**	**23.1**	**34.5**	**7.1**
Indirect taxes (VAT,...)	11.5	11.3	10.0	5.2	3.7
Taxes on income and wealth	10.4	11.1	4.7	16.3	12.6
Social contributions	12.9	13.2	7.6	12.6	7.9
Total spending	**42.1**	**44.7**	**-13.0**	**63.0**	**12.0**
Worker salaries	10.8	11.4	3.3	15.1	11.3
Social transfers (excl. unemployment)	16.9	18.1	7.8	27.1	12.9
Unemployment schemes	1.5	1.8	-6.6	4.9	26.5
Interest payments	2.3	2.0	0.9	-2.4	-8.3
Balance	**-2.9**	**-5.0**	**+36.1**	**-28.6**	**…**

Note: Projections incorporating the macroeconomic impact of the NGEU plan.

Revenue

- The Government expects revenues will reach 39.8% of GDP in 2022 (39.2% in 2019). In nominal terms, it entails an increase of €34.5bn with respect to 2019. By categories, we highlight the increase, relative to 2019, of taxes on income and wealth (+€16.3bn) and social contributions (+€12.6bn).
- Revenues will increase by 7.1% vs 2019 and 4.6% vs 2021. Growth in revenues come from GDP economic growth (Government GDP forecasts are optimistic: 6.5% in 2021 and 7.0% in 2022).

Spending (excl. NGEU)

- Expenditure is forecast to reach 44.7% of GDP in 2022 (42.1% in 2019). Increase of €63bn with respect to 2019.
- Strong increase in structural spending w.r.t. 2019: salaries (+€15.1bn), pensions, minimum vital income and other social transfers excl. unemployment (+€27.1bn). The two items combined are equivalent to 3.4% of 2019 GDP.
- Reduction of total expenditure of €13bn w.r.t. 2021 (ERTE phase-out, lower transfers to CC.AA, one-off 2021 AP-7…).
- Decline in interests' payments (thanks to the reduction of interest rates).

Assessment

- The Government public deficit target of 5.0% in 2022 seems reasonable but the lack of measures to tackle structural spending is a cause of concern.

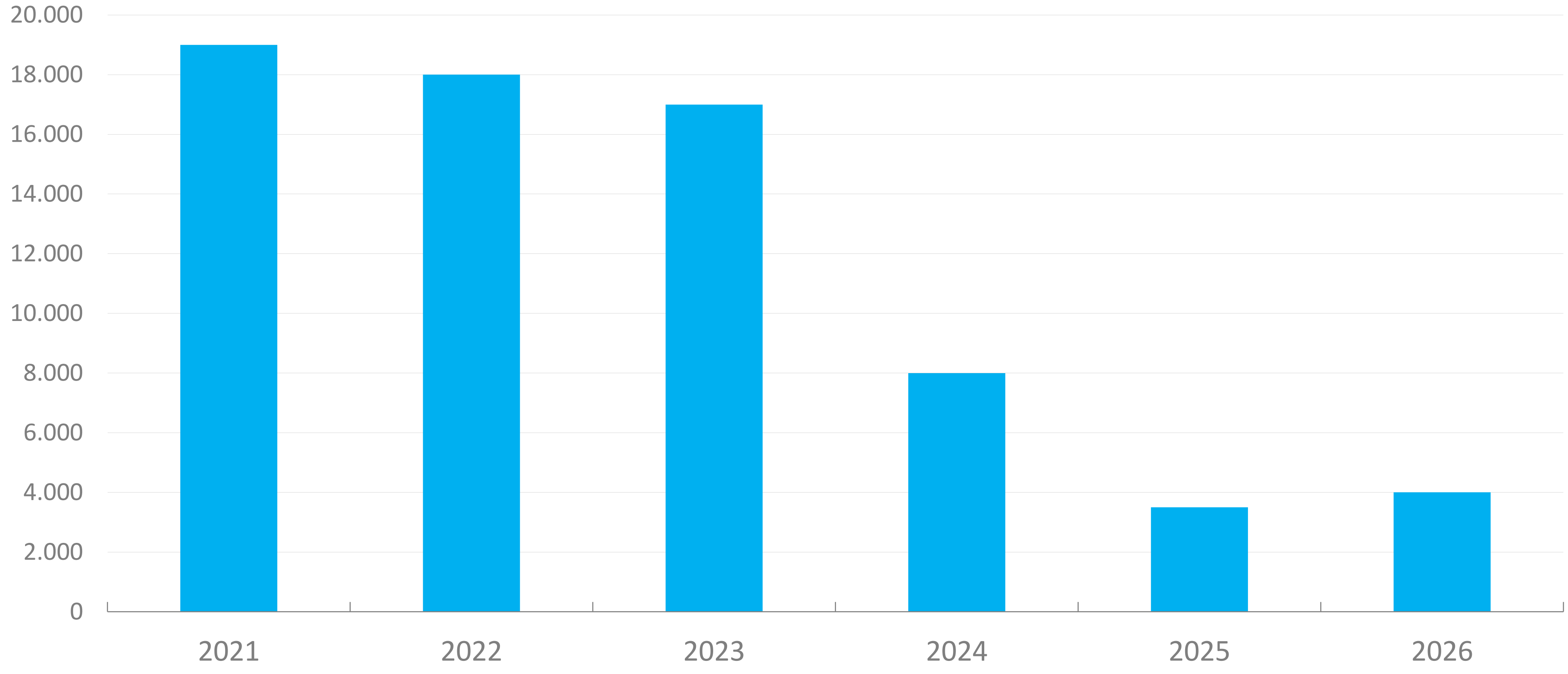
NGEU funds: updates and what is in the pipeline for Spain

CaixaBank

Running projects	▶ **Mobility**: Low emissions zones and renovation urban transport (€1bn allocated to autonomous regions), specially in cities of more than 50,000 inhabitants. PERTE to produce a 100% Spanish connected electric vehicle (€4.3bn public spending, €24bn in total). ▶ **Real estate:** Housing renovations 510,000 homes (2021-23 €3.4bn) with subsidies between 40% and 80% of total renovation costs conditional on the energy savings of the renovation. Transfer of €1.15bn to autonomous regions already activated ▶ **Education:** Digitalisation of education and universities (€1bn) and Strategic Plan to foster vocational training (€0.3bn).
Investments at initial stages	▶ **New PERTE:** Health at the frontier (€1.5bn in total; €1bn provided by the public sector) to modernise the sector→innovation and therapies, personalised medicine with big data and a digital National Health Service. ▶ **Tourism:** Announcement of 0.6bn investments to promote tourism sustainability. Moreover, €0.1bn for investment in the Spanish tourist offer (diversification, attract tourism in rural or inland areas, sustainability and digitalization..). ▶ **Digitalisation:** Digital Kit (€3bn) to give digital bonds to SMEs and self-employed (website pages, Internet, E-commerce, cybersecurity...). First open call imminent (€0.5bn for companies between 10 and 49 employees).
Recent reforms (anteproyectos de ley)	▶ **Pensions:** agreement between the government and trade unions regarding the new Intergenerational Equity Mechanism (MEI) that replaces the Sustainability Factor. The MEI includes a 0.6% increase in social security contributions during 2023-2033, to feed the new Social Security Reserve Fund. ▶ **Insolvency law:** debt relief is facilitated and transposition of the European normative. ▶ **Housing law:** fiscal incentives for small property owners if they reduce rental prices and possibility of capping rental prices in tightened areas for *grandes tenedores*.
Key reforms on the horizon	▶ **Labour market:** Simplification of labour contracts and how to finance a new permanent mechanism of labor adjustment (structural ERTE) to reduce duality (both in **Q4 2021**). Key reform which should reduce seasonality without eroding competitiveness of Spanish firms. ▶ **Pensions:** Promotion of workplace pension schemes through the creation by the Administration of pension funds open to all companies and workers **(Q2 2022)**. The proposal contemplates a commission cap of 0.4% (0.3% for the management company and 0.1% for the depositing entity).

Expected calendar of European NGEU disbursements

European NGEU disbursements
(millions of euros)



Total: €69.5bn (≈5.6 of 2019 GDP) of non-refundable transfers.

Already received **€9.0bn.**

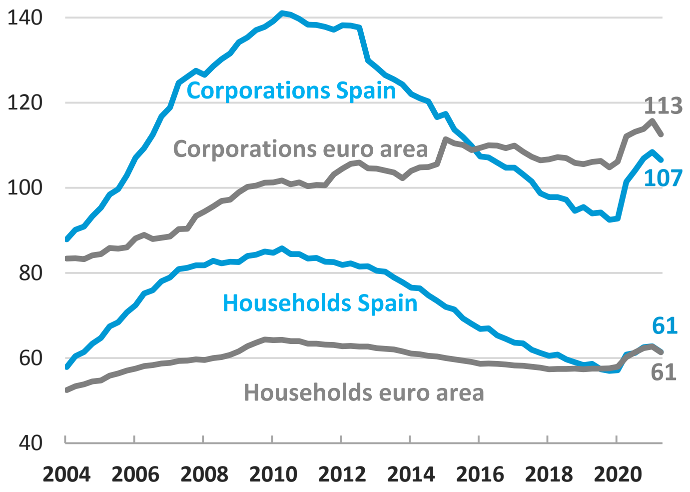
Next disbursement: **€10bn. expected dec-21**

The Spanish banking system: Economic recovery softens Covid-related concerns (1)

CaixaBank

Gross private debt

% of GDP, non consolidated debt.



Note: latest available data Jun-21
Source: ECB, Eurostat

Private domestic credit

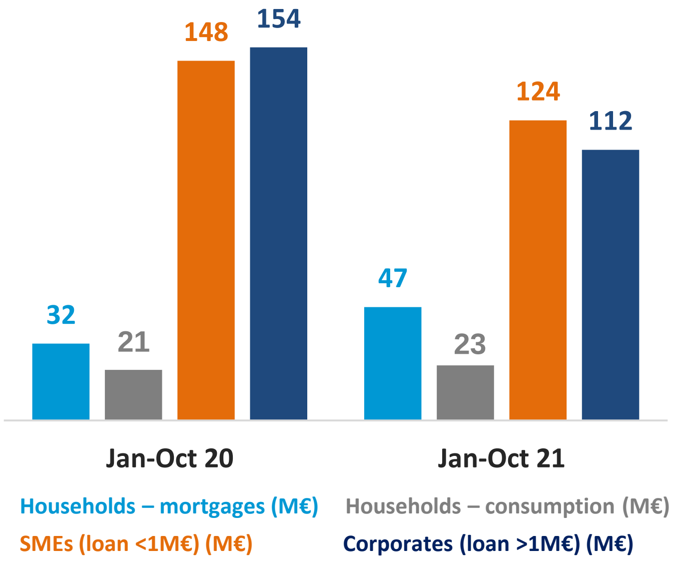
Year on year (%)

	Dec-20	Oct-21 (latest)	2021 (forecast)
	% yoy	% yoy	% yoy
Total credit	2,5%	-0,6%	-0,2%
Households	-1,2%	0,3%	0,5%
Housing mortgages	-1,3%	0,7%	0,8%
Other purposes	-0,8%	-0,9%	-0,4%
Of which consumption	-2,6%	1,2%	0,5%
Businesses	8,2%	-1,9%	-1,2%
Non-real estate developers[1]	12,2%	-0,8%	-
Real estate developers[1]	-5,3%	-4,3%	-

Note: (1) latest available data Jun-21
Source: Bank of Spain

New lending activity by sector

Bn euros



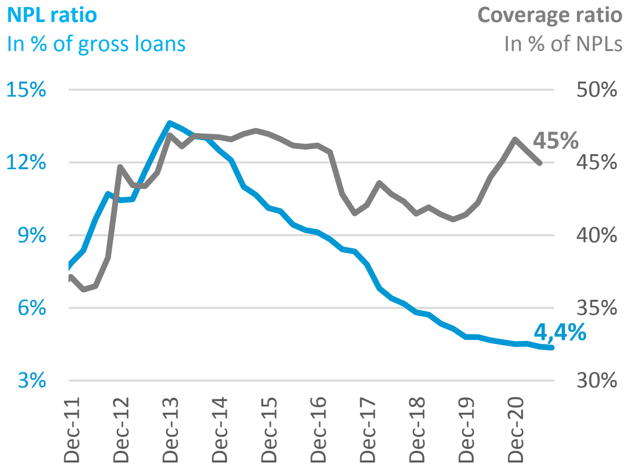
Source: Bank of Spain

- **Corporate debt levels** remain below euro area averages despite the strong pick-up in credit in 2020. Both **household and corporate debt** ratios have fallen from 1Q21 levels due to the GDP rebound, although they remain above pre-pandemic level. We expect a process of gradual deleveraging after the covid crisis.
- **New mortgage production** suffered a sharp contraction during the lockdowns of March-May 2020 but has rebounded strongly since and surpassed pre-covid levels, helped by pent-up demand.
- **New lending for consumption** remains below pre-covid levels due to the high savings generated during the pandemic and the postponement of some consumption decisions until the availability of NGEU funds
- **New lending to corporates spiked in March-June 2020** but demand has now declined. We expect it to recover with the impact of NGEU funds although its take-off is being delayed

The Spanish banking system: Economic recovery softens Covid-related concerns (2)

NPLs and coverage ratios[1]

%



Non expired moratoria[2]
1.1% of loans to households
1.3% of loans to NFC

Cost of risk[3]
0.9% in 2020
0.7% in 3Q21

Note: (1) latest available data Sep-21 and Jun-21, respectively. (2) Based on EBA data as of Jun-21. (3) Spanish business. Accumulated 12 months based on the average of the 6 largest institutions.
Source: Bank of Spain and Bank's financial statements.

Banks' profitability

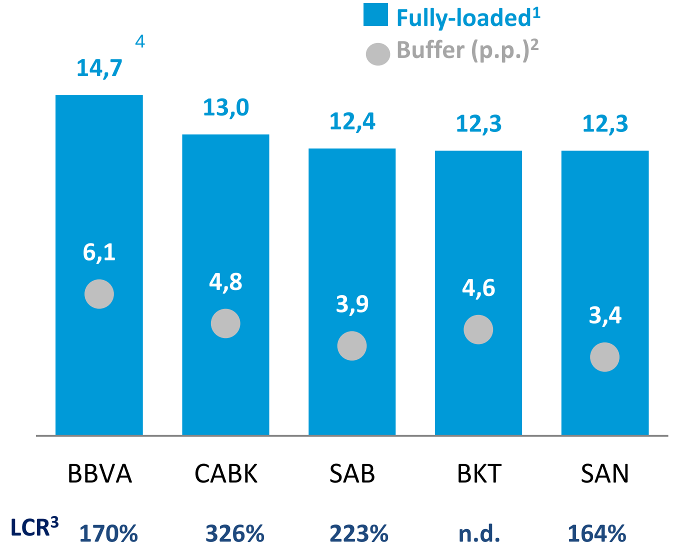
In % of average total assets (Q3 21; trailing 12M)

	CABK	BBVA	SAN	SAB	BKT
Net interest income	**1,0%**	**0,9%**	**1,1%**	**1,2%**	**1,3%**
Net fees	0,6%	0,5%	0,7%	0,7%	0,6%
Gains on financial assets/liab. and others	0,0%	0,1%	0,1%	0,5%	0,1%
Other operating income	0,1%	0,0%	0,0%	-0,1%	-0,1%
Gross income	**1,7%**	**1,4%**	**2,0%**	**2,3%**	**1,8%**
Operating expenses	-1,3%	-0,9%	-1,0%	-1,2%	-0,8%
Impairment losses, tax and others	0,5%	-0,2%	-1,0%	-0,8%	0,7%
Profit	**1,1%**	**0,2%**	**0,0%**	**0,1%**	**1,3%**
Ex M&A impacts	**0,4%**				
ROTE (%)[1]	9,6	5,3	4,6	0,3	9,3

Note: Domestic businesses. ROTE based on internal calculations. (1) Group ROTEs for CABK ex M&A impacts. BBVA include Corporate Centre (only proportion applicable to business in Spain). The same happens in SAN.
Source: Bank's financial statements.

Banks' solvency and liquidity position

In % (Q3 21)



Note: (1) CET1 FL transitional IFRS9. (2) Difference between CET1 ratio fully-loaded and SREP requirement. (3) LCR = liquidity coverage ratio. (4) 13.2% after targeted 10% share buyback.
Source: Bank's financial statements.

- **NPLs remain below 5%,** despite the fact that most debt moratoria have expired in the 2Q (non-expired moratoria decreased to 1.2% of household and NFC loans in 2Q21 vs a peak of 7.8% in 2Q20). As of 2Q21, the degree of credit quality impairment of loans linked to expired moratoria remained unchanged. With respect of that of loans with ICO guarantees, while increasing it is line with the EU average.
- **Nevertheless, banking profitability remains under pressure and the need for further consolidation still exists despite the two recent mergers:**
  - Interest rates are expected to remain low.
  - After a temporary pick-up in loan demand, businesses and households are expected to deleverage so business volumes will not grow as fast as GDP.
  - Banks booked a significant amount of provisions in 2020. Although the cost of risk already improved in 3Q21, it may take some time to reach pre-covid levels.
- **The capital position of Spanish banks provides buffers to adverse economic developments.** Under the adverse scenario, the 2021 stress test of Bank of Spain show that CET1 ratios in aggregate would remain above the regulatory minimum despite falling 2.3 percentage points.

Main economic forecasts

%, YoY, unless otherwise specified	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GDP	-3,0	-1,4	1,4	3,8	3,0	3,0	2,3	2,1	-10,8	4,4	5,9
Private Consumption	-3,4	-3,0	1,7	2,9	2,6	3,0	1,8	0,9	-12,2	4,6	5,7
Public Consumption	-4,2	-2,1	-0,7	2,0	1,0	1,0	2,3	2,0	3,3	3,1	0,8
Gross Fixed Capital Formation (GFCF)	-7,4	-3,8	4,1	4,9	2,4	6,8	6,3	4,5	-9,5	3,6	7,1
GFCF - equipment	-7,1	2,4	5,6	9,1	1,8	9,2	4,7	3,2	-12,9	14,4	6,5
GFCF - construction	-10,4	-8,2	3,0	1,5	1,6	6,7	9,5	7,1	-9,6	-2,7	7,5
Exports	0,9	4,4	4,5	4,3	5,4	5,5	1,7	2,5	-20,1	11,4	9,2
Imports	-5,8	-0,2	6,8	5,1	2,6	6,8	3,9	1,2	-15,2	11,1	6,3
Unemployment rate	24,8	26,1	24,4	22,1	19,6	17,2	15,3	14,1	15,5	15,1	14,0
CPI (average)	2,4	1,4	-0,2	-0,5	-0,2	2,0	1,7	0,7	-0,3	2,9	2,6
External current account balance (% GDP)	0,1	2,0	1,7	2,0	3,2	2,8	1,9	2,1	0,7	1,5	1,6
General Government Balance (% GDP) [1]	-7,0	-6,7	-5,8	-5,1	-4,3	-3,0	-2,5	-2,9	-11,0	-7,7	-5,3
General government debt (% GDP) [2]	85,7	95,5	100,4	99,3	99,0	98,1	97,6	95,5	120,0	119,9	116,4
Housing prices	-8,7	-5,8	-2,4	1,1	1,9	2,4	3,4	3,2	-1,1	1,8	3,2
Risk premium (vs. 10Y Bund, bps, Dec.)	429	295	149	120	124	120	97	88	86,3	64,6	60,0
Bank credit (to the private domestic sector)	-9,9	-9,4	-7,1	-4,3	-2,9	-1,9	-2,6	-1,2	2,5	-0,2	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.