

NOMURA'S 41ST CENTRAL BANKERS SEMINAR

THE SPANISH ECONOMY: SUSTAINING STRONG GROWTH AMIDST GLOBAL CHALLENGES

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BANCO DE ESPAÑA DEPUTY GOVERNOR

26.03.2025



THE GLOBAL ECONOMY FACES A SCENARIO WITH ELEVATED RISKS...

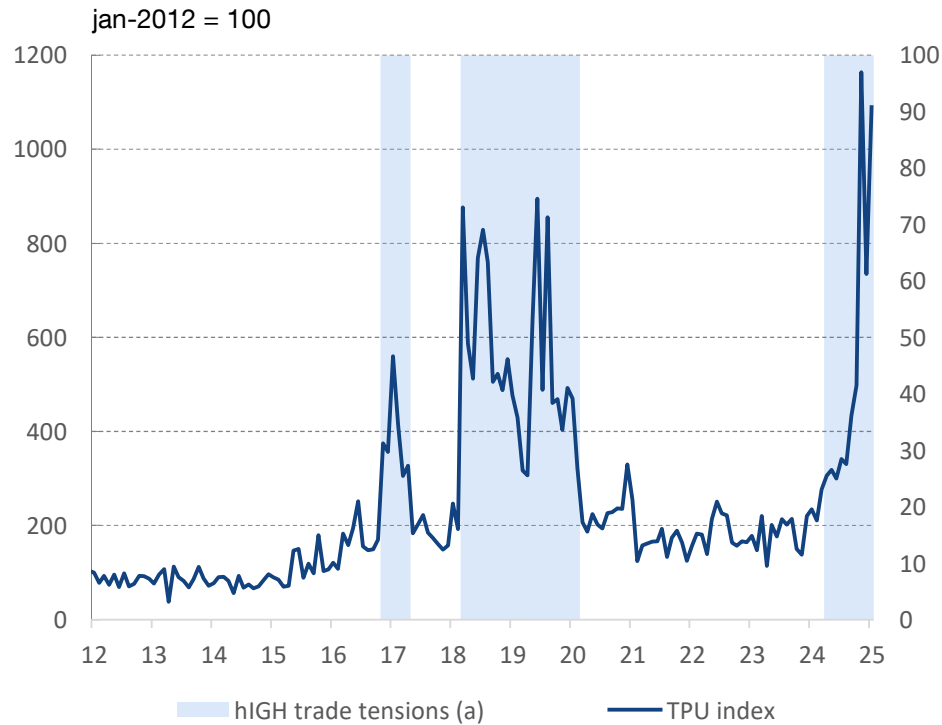


High uncertainty and geopolitical tensions

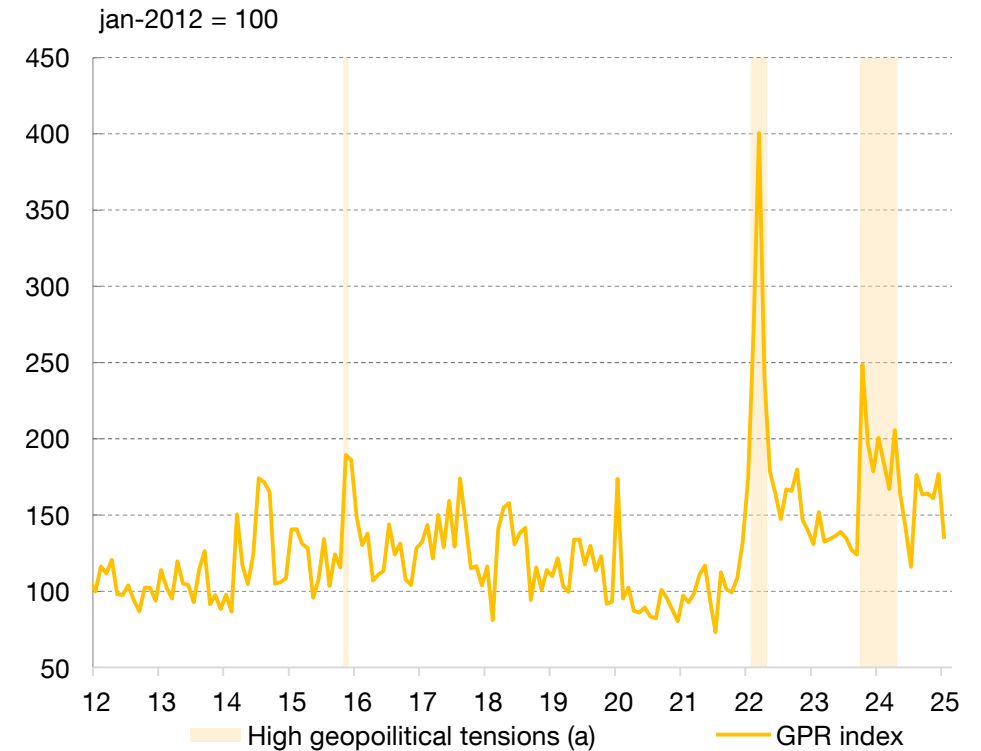


THE INCREASE IN TRADE AND GEOPOLITICAL TENSIONS IS UNPRECEDENTED IN RECENT DECADES

INDEX OF TRADE POLICY UNCERTAINTY (TPU)



GEOPOLITICAL RISK INDEX (GPR)



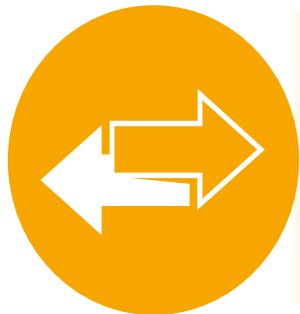
Source: GPR Index: Caldara & Iacoviello (2022) and TPU index: Baker, Bloom & Davis (2016)

(a) Normalized indices (Jan 1, 2012 = 100). Blue (TPU) or yellow (GPR) bands are marked on the dates when the index value exceeds its historical average by more than one standard deviation (Jan 1985 - Feb 2025). Latest data: February 2025.

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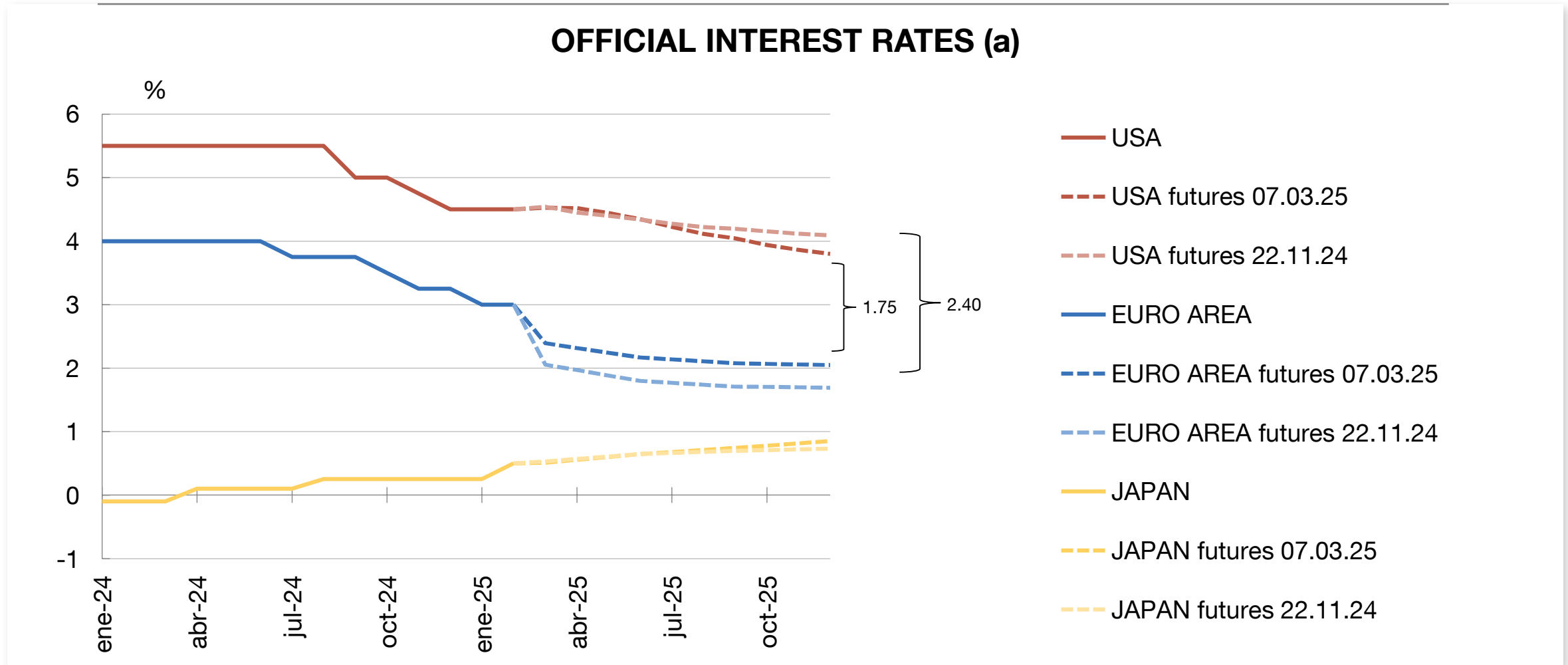


High uncertainty and geopolitical tensions



Divergence of monetary policies

MONETARY POLICIES HAVE TAKEN DIVERGENT PATHS IN LINE WITH HETEROGENEOUS INFLATION AND ACTIVITY OUTLOOKS



Source: Refinitiv Datastream, Banco de España and Federal Reserve

a. Interest rates implied by the respective futures markets (Federal Reserve interest rate futures for each month and Euro area overnight interest rate futures).

THE GLOBAL ECONOMY FACES A SCENARIO WITH ELEVATED RISKS...

...WHILE THE EUROPEAN ECONOMY SHOWS SOME SIGNS OF WEAKNESS



High uncertainty and geopolitical tensions



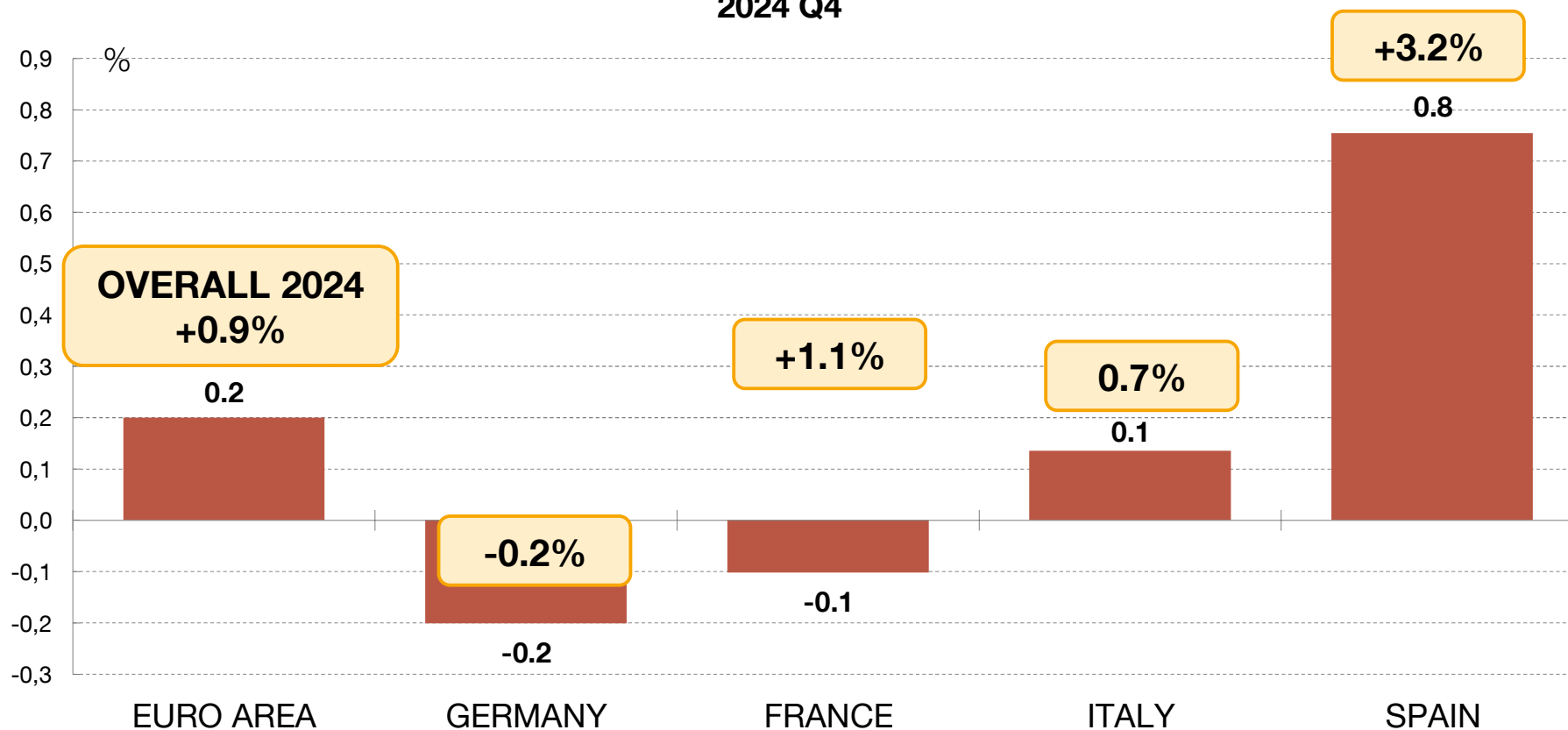
Sluggish growth



Divergence of monetary policies

RECENT ACTIVITY DATA IN EUROPE REMAINS WEAK, ALTHOUGH GDP GROWTH IS HIGHLY UNEVEN ACROSS COUNTRIES

QUARTERLY GDP GROWTH 2024 Q4



Source: Eurostat.

THE GLOBAL ECONOMY FACES A SCENARIO WITH ELEVATED RISKS...

...WHILE THE EUROPEAN ECONOMY SHOWS SOME SIGNS OF WEAKNESS



High uncertainty and geopolitical tensions



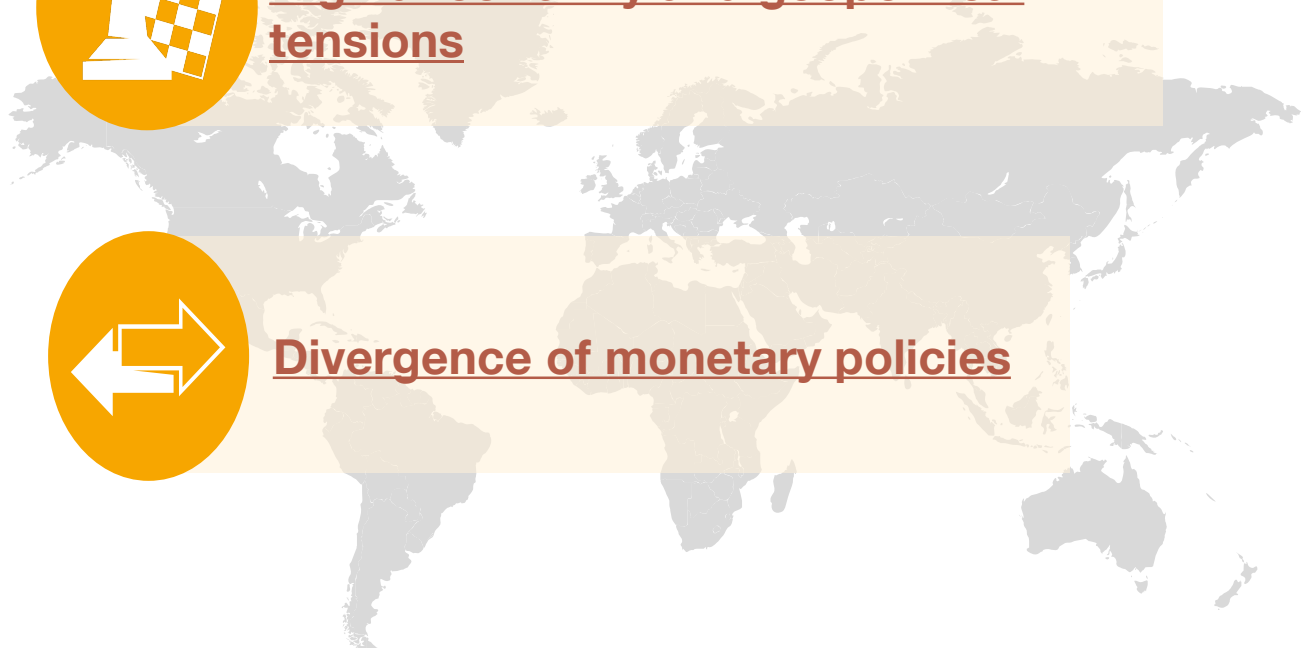
Sluggish growth



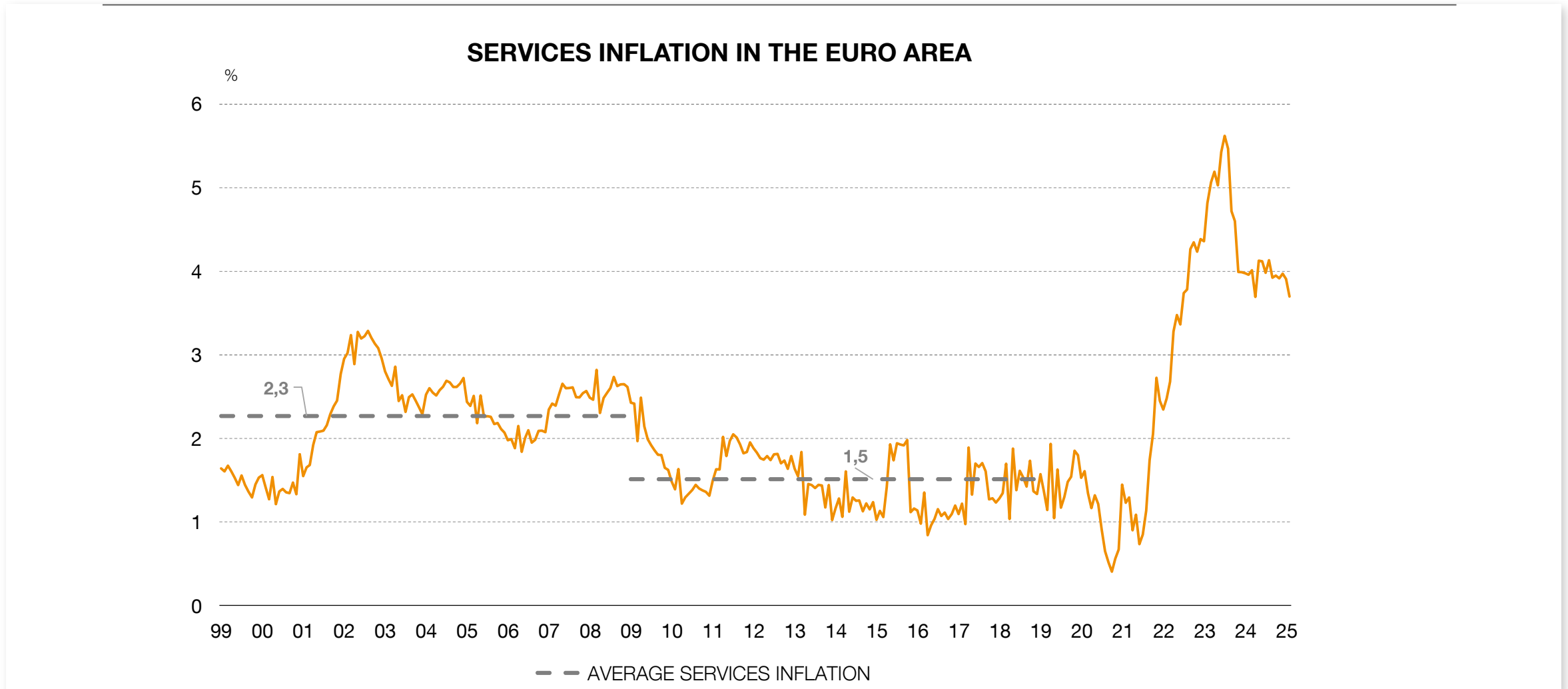
Divergence of monetary policies



Overall disinflation trend with some stickiness in services



STICKY HIGH INFLATION IN SERVICES, ESPECIALLY WHEN COMPARED TO ITS HISTORICAL AVERAGE



Source: Eurostat and ECB.

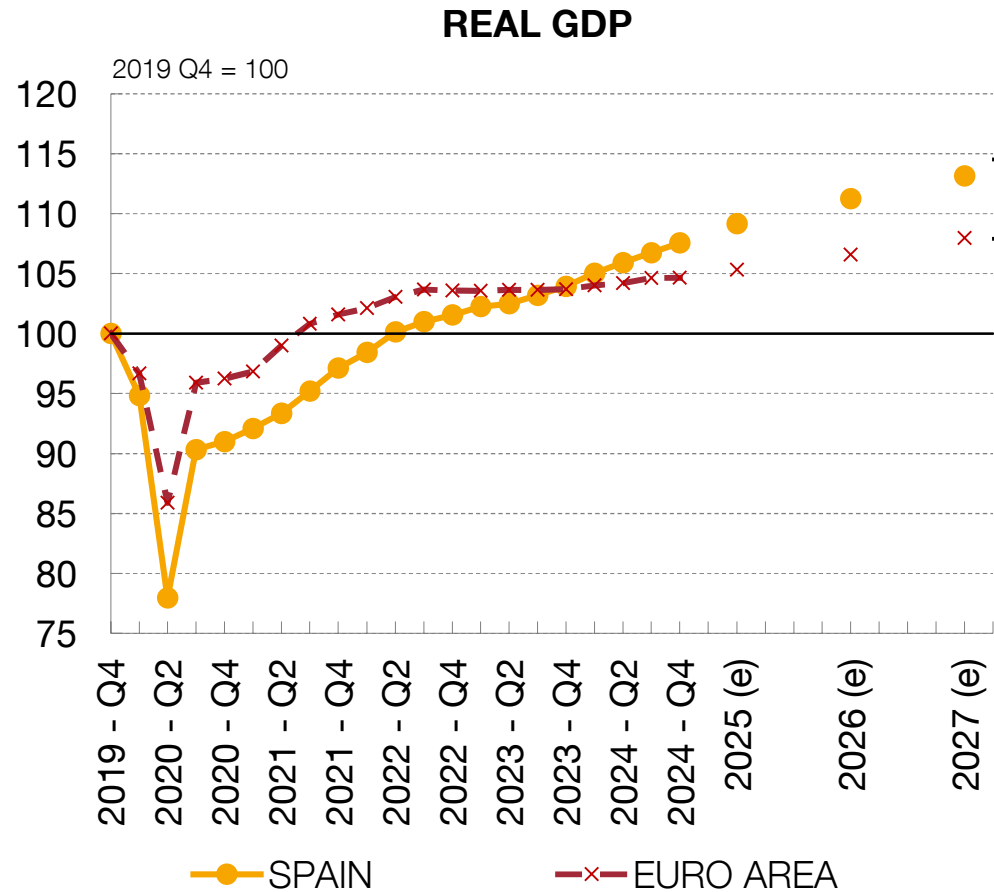
THE SPANISH ECONOMY CONTINUES TO SHOW A STRONG MOMENTUM, BUT IT STILL FACES SIGNIFICANT STRUCTURAL CHALLENGES

Recent economic
developments

Strong growth
momentum

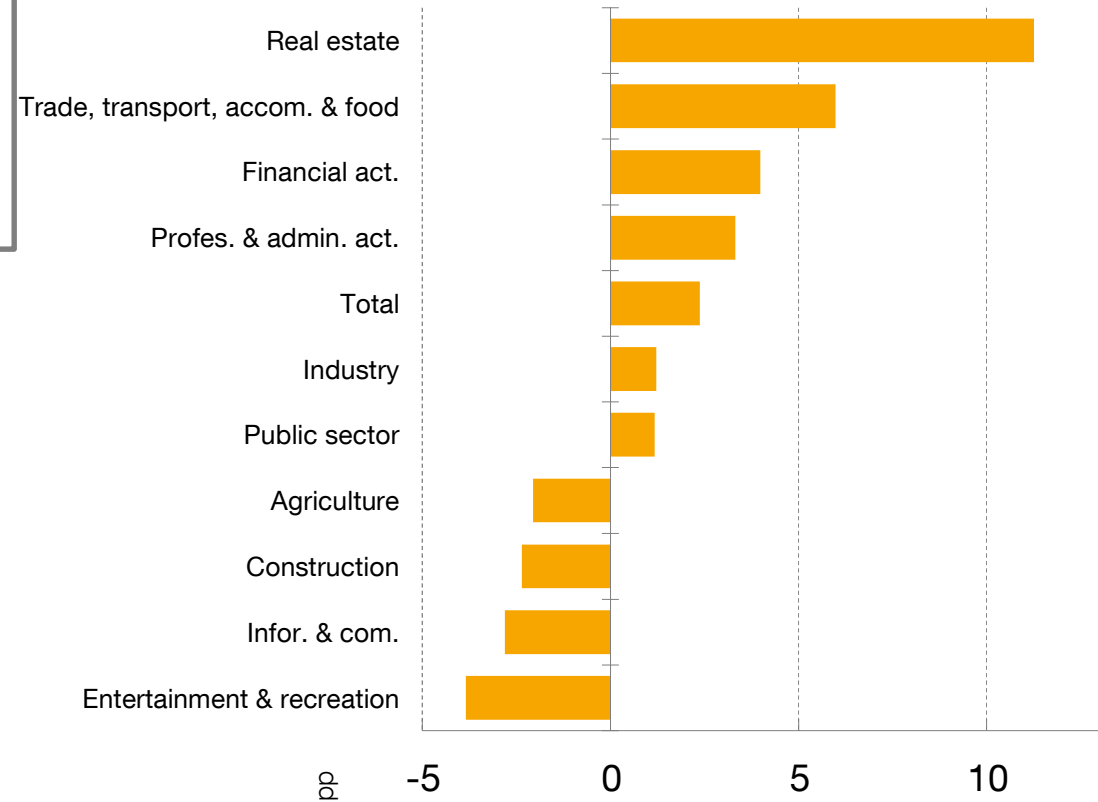


GDP GROWTH IN SPAIN HAS OUTPACED THAT OF THE EURO AREA IN MOST SECTORS



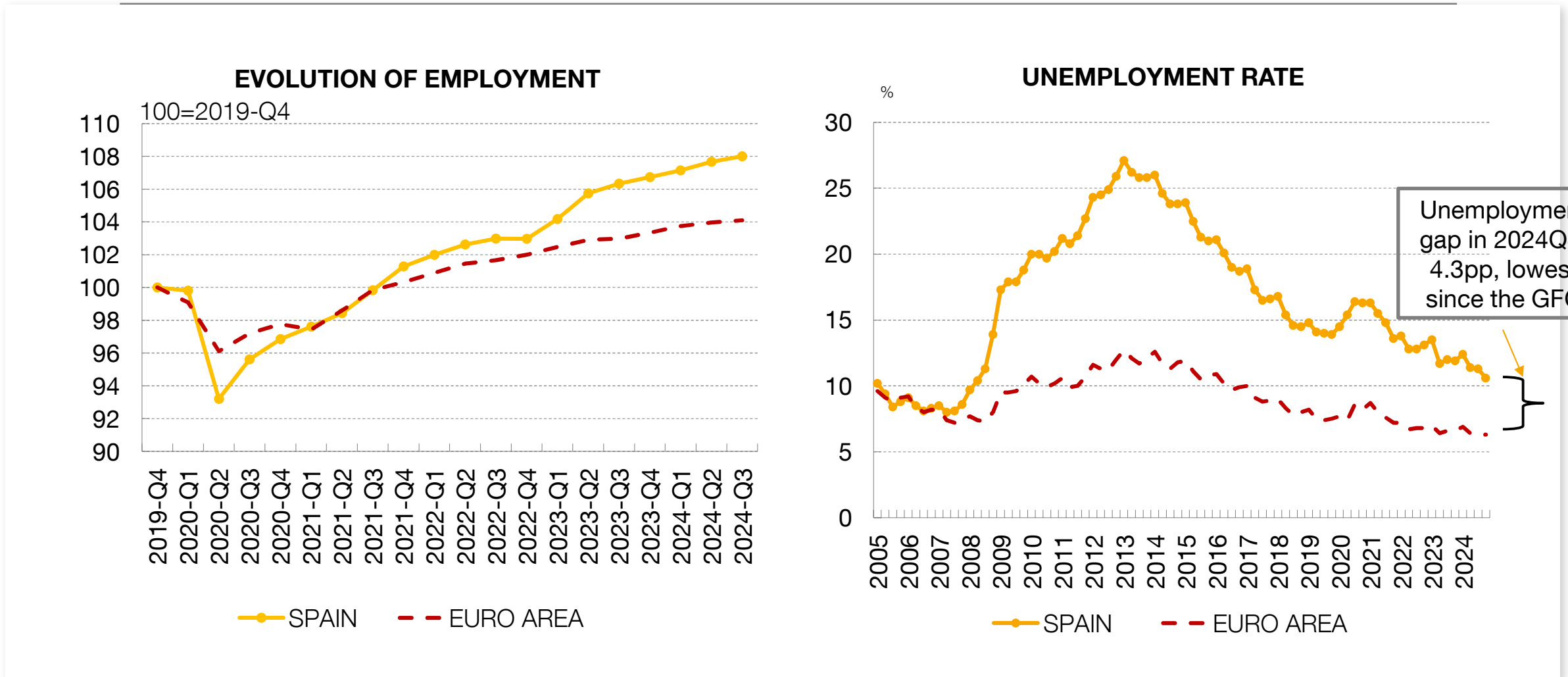
GDP gap Spain-EA in 2027 vs 2019: **≈ 5 pp**

VALUE ADDED GROWTH IN 2024 VS 2019 DIFFERENCE BETWEEN SPAIN AND EURO AREA



Sources: INE and Eurostat. March 2025 Banco de España and ECB macroeconomic projections for Spain and the Euro Area, respectively.

JOB CREATION HAS MAINTAINED A VIGOROUS PACE IN RECENT YEARS, PUSHING THE UNEMPLOYMENT RATE DOWN



Sources: INE and Eurostat.

THE SPANISH ECONOMY MANAGED TO MAINTAIN A ROBUST GROWTH RATE, BUT IT IS STILL FACING RELEVANT STRUCTURAL CHALLENGES

Recent economic
developments

Strong growth
momentum

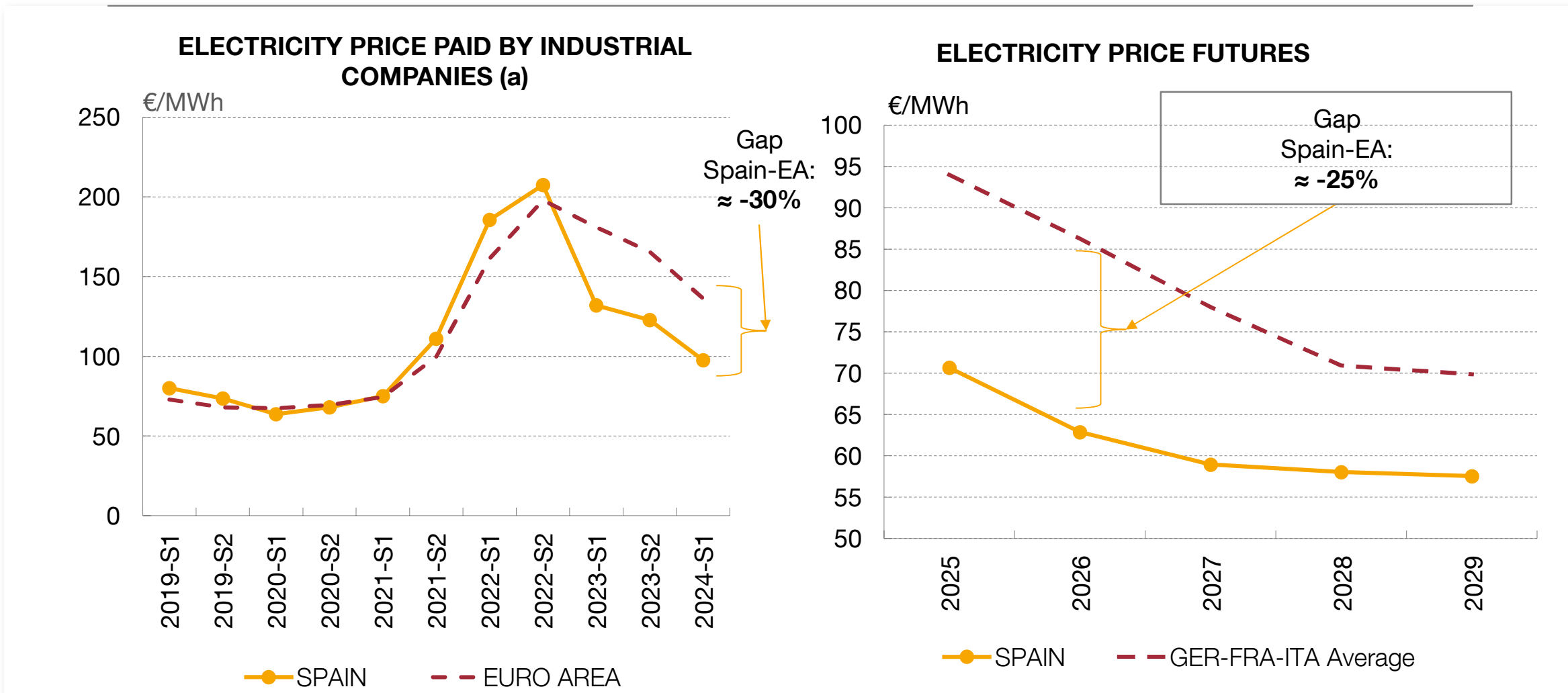
Broad-based supply-
side growth



Lower energy price



LOWER ENERGY PRICES IN SPAIN – BOTH OBSERVED AND EXPECTED – HELP EXPLAIN THE BETTER PERFORMANCE OF THE INDUSTRIAL SECTOR

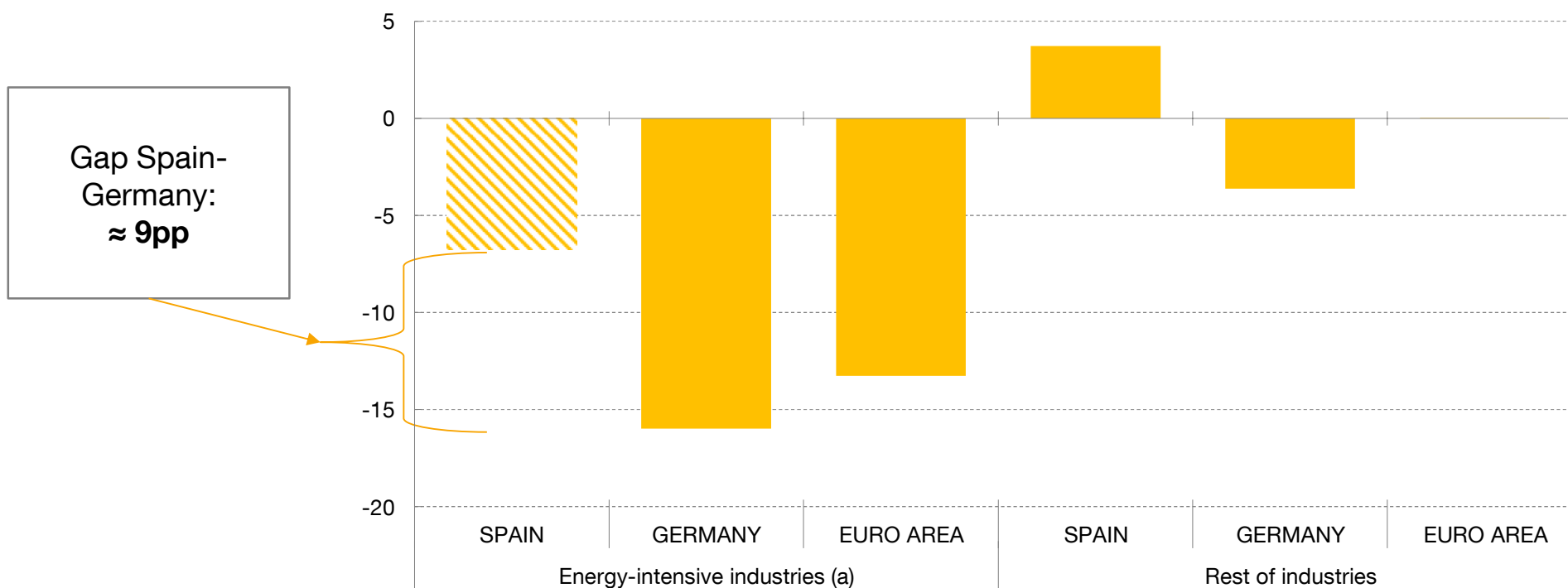


Sources: Eurostat and EEX.

a: Average price before taxes in consumption bands ID, IE, and IF, which generally reflects the industrial sector for which consistent data from Eurostat is available.

INDUSTRIAL PRODUCTION HAS PERFORMED BETTER IN SPAIN THAN IN NEIGHBORING COUNTRIES, ESPECIALLY IN THE MORE ENERGY-INTENSIVE SECTORS

CHANGE IN INDUSTRIAL PRODUCTION INDEX BETWEEN 2021 AND 2024



Source: Eurostat.

a: Electro-intensive industries, as defined by Destatis: 17 Paper industry, 19 Coke and refined petroleum products, 20 Chemicals, 23 Other non-metallic mineral products, and 24 Metallurgy.

THE SPANISH ECONOMY MANAGED TO MAINTAIN A ROBUST GROWTH RATE, BUT IT IS STILL FACING RELEVANT STRUCTURAL CHALLENGES

Recent economic developments

Strong growth momentum

Broad-based supply-side growth

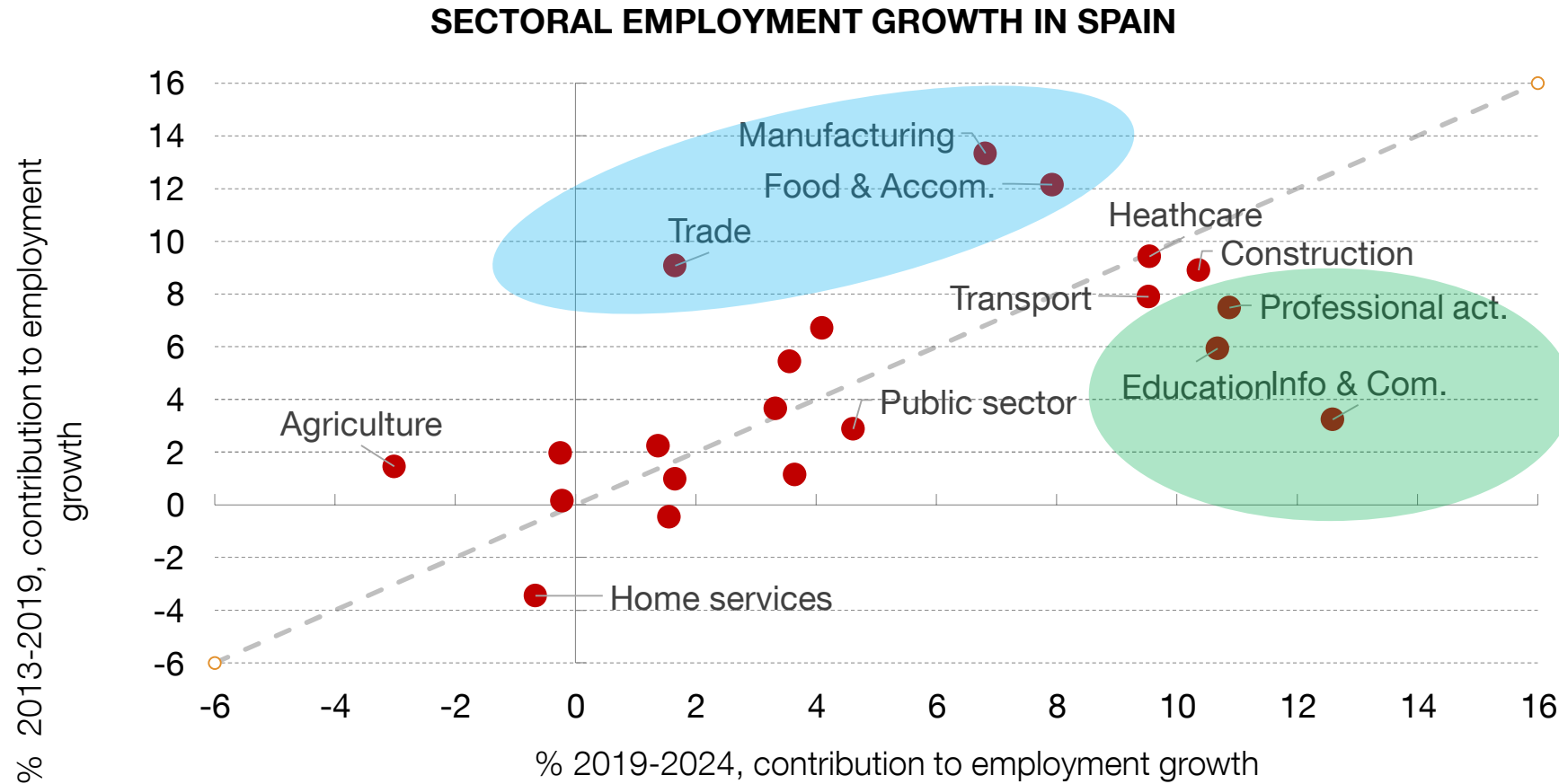


Lower energy price



Non-touristic services

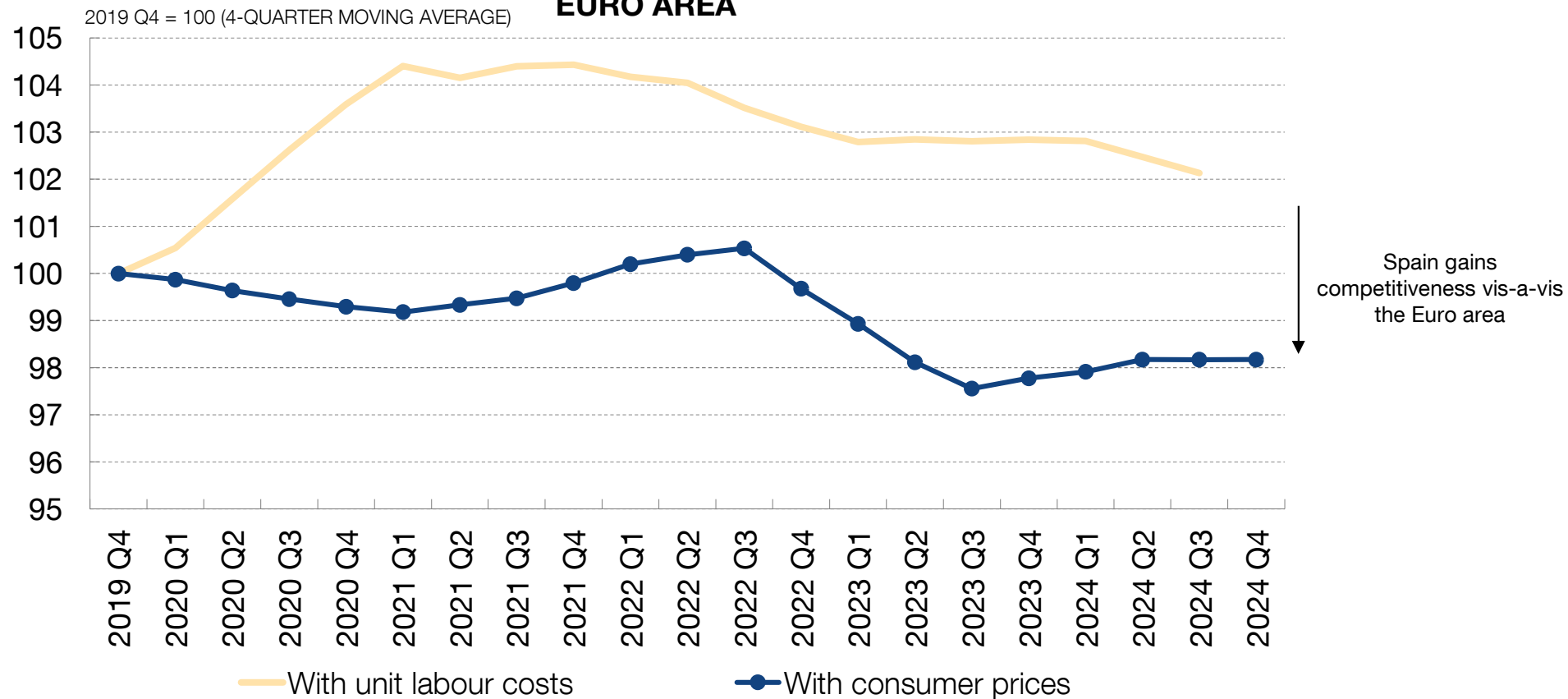
SINCE THE PANDEMIC, JOB GROWTH HAS BEEN DRIVEN PRIMARILY BY THE INFORMATION AND COMMUNICATIONS, PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES, AND EDUCATION SECTORS



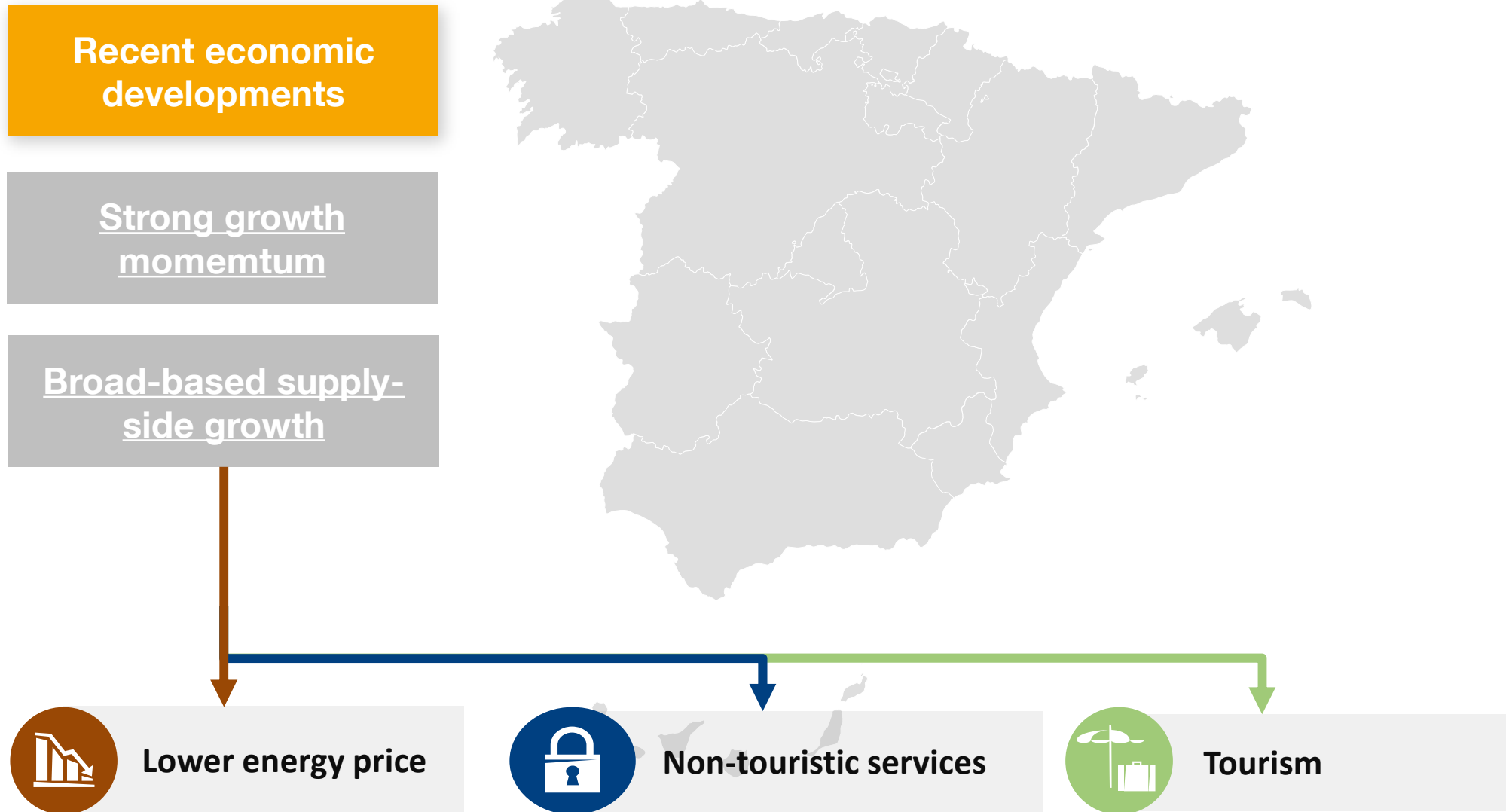
Sources: Ministerio de Inclusión, Seguridad Social y Migraciones.

STEMMING FROM THE GREATER LABOUR COST AND PRICE MODERATION IN SPAIN RECENTLY

SPANISH COMPETITIVENESS INDICATORS COMPARED WITH THE EURO AREA

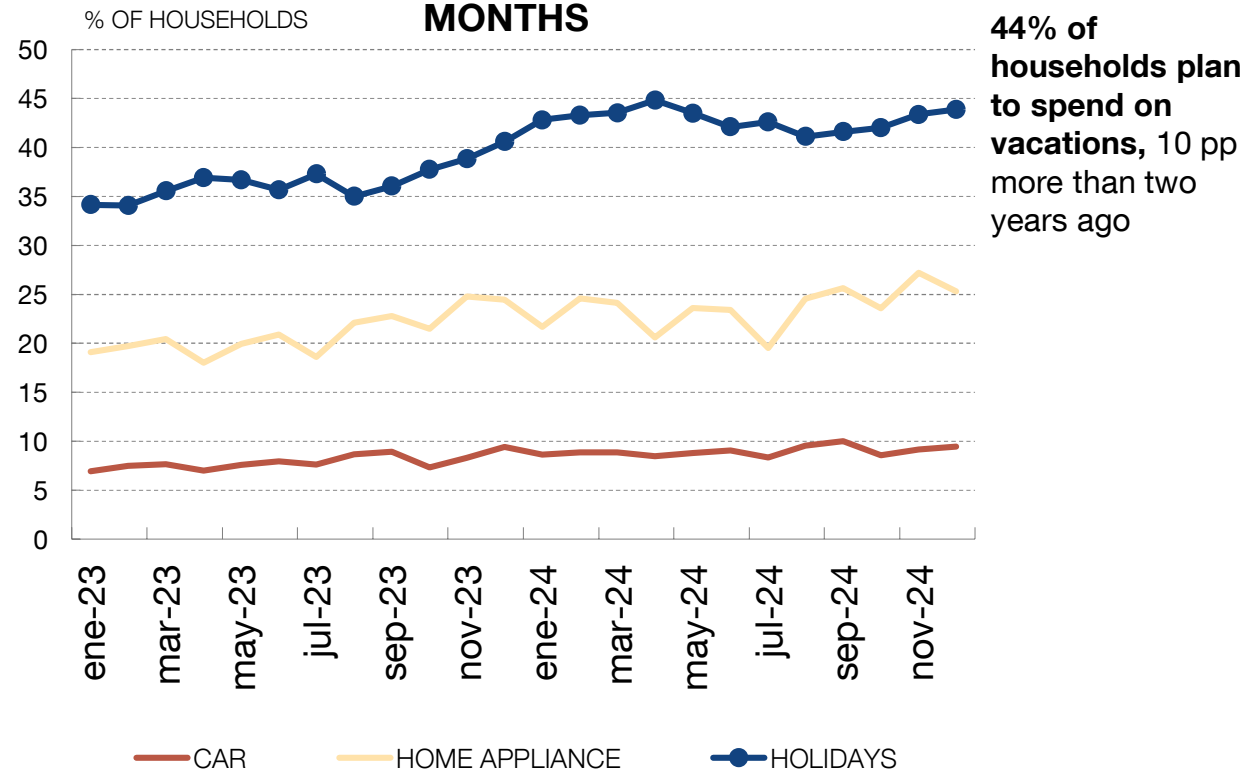


THE SPANISH ECONOMY MANAGED TO MAINTAIN A ROBUST GROWTH RATE, BUT IT IS STILL FACING RELEVANT STRUCTURAL CHALLENGES

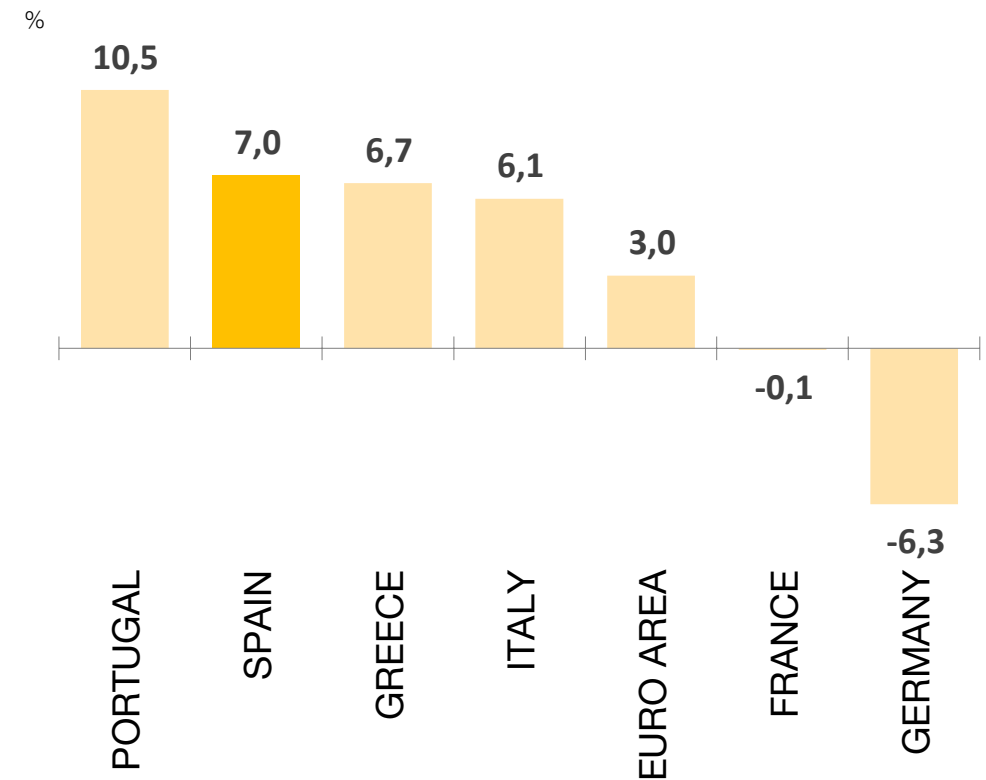


CONSUMER PREFERENCES SEEM TO HAVE SHIFTED TOWARDS SERVICES, PARTICULARLY LEISURE, RATHER THAN GOODS, RESULTING IN AN INCREASE IN TOURISM IN MEDITERRANEAN COUNTRIES.

SHARE OF HOUSEHOLDS INTENDING TO SPEND ON MAJOR ITEMS IN THE NEXT 12 MONTHS



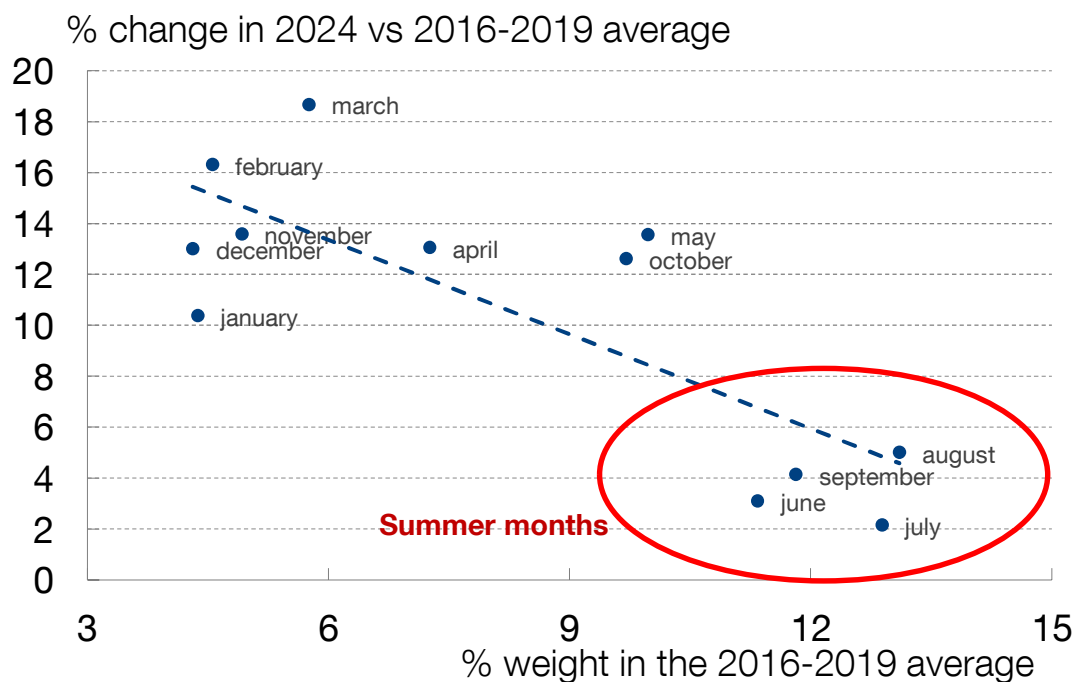
VARIATION IN HOTEL OVERNIGHT STAYS BY FOREIGN TRAVELERS IN 2024 VS 2019



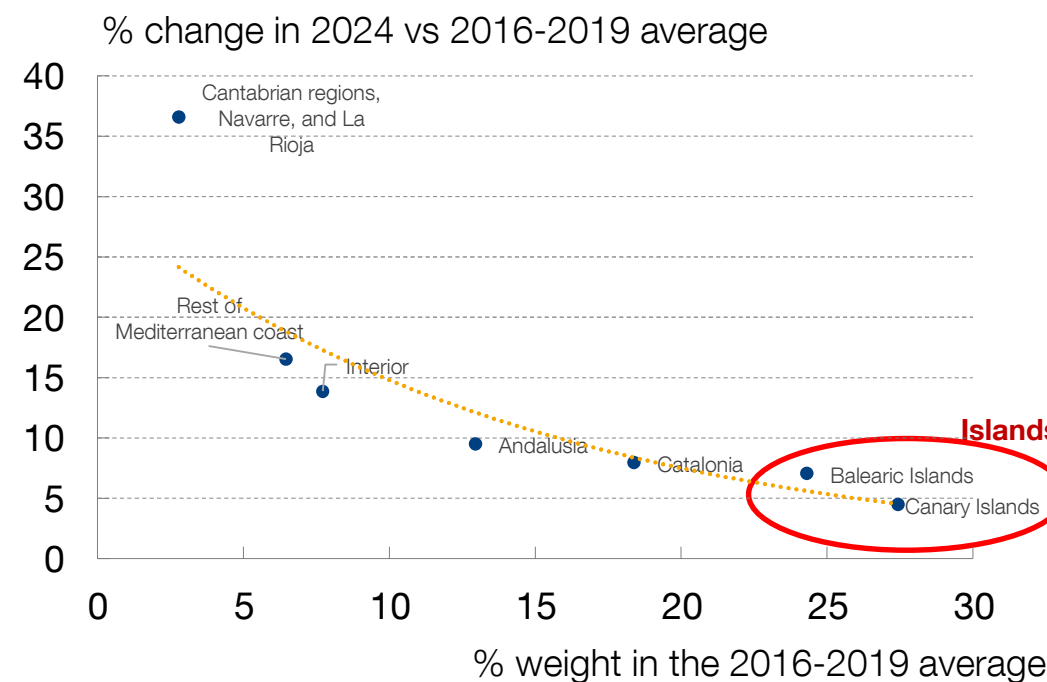
THE GEOGRAPHICAL AND SEASONAL DIVERSIFICATION OF TOURIST ARRIVALS AFTER THE PANDEMIC BOOSTS THE CONTRIBUTION OF TOURISM TO THE SPANISH GDP

HOTEL STAYS OF FOREIGN TOURISTS IN SPAIN

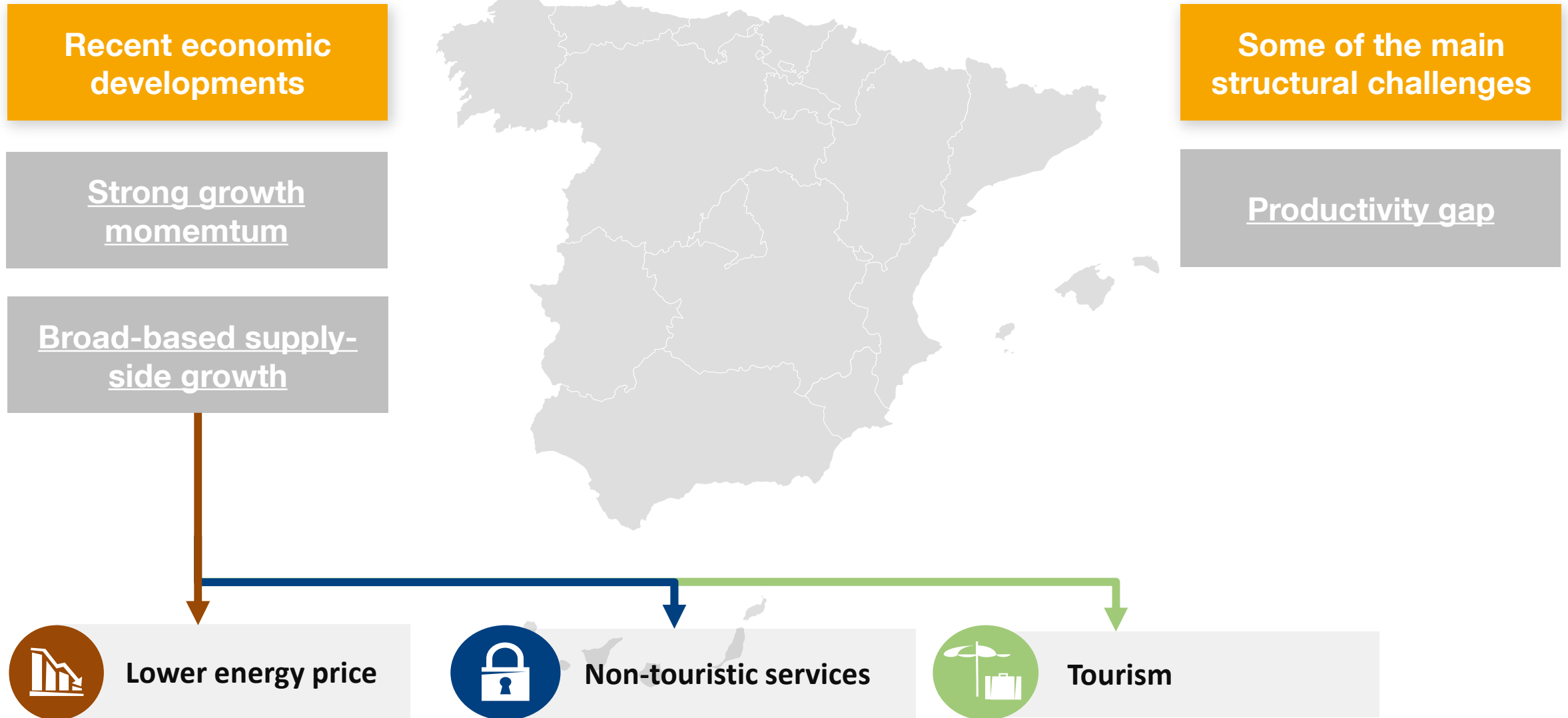
MONTHLY



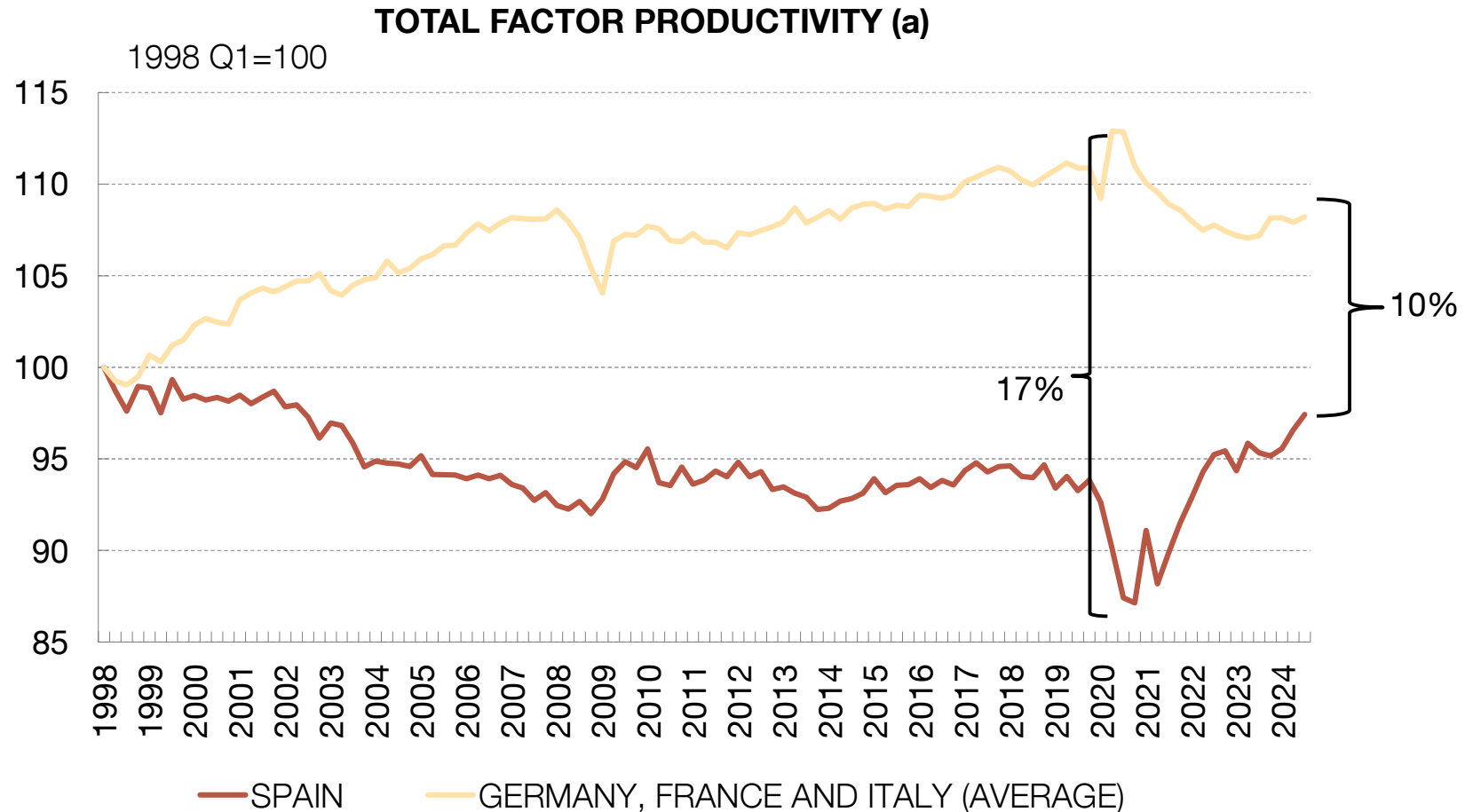
BY REGIONS



THE SPANISH ECONOMY MANAGED TO MAINTAIN A ROBUST GROWTH RATE, BUT IT IS STILL FACING RELEVANT STRUCTURAL CHALLENGES



SPAIN ACCUMULATED A SIGNIFICANT RELATIVE PRODUCTIVITY LOSS OVER THE LAST 20 YEARS. A SITUATION THAT HAS REVERSED PARTIALLY IN RECENT YEARS

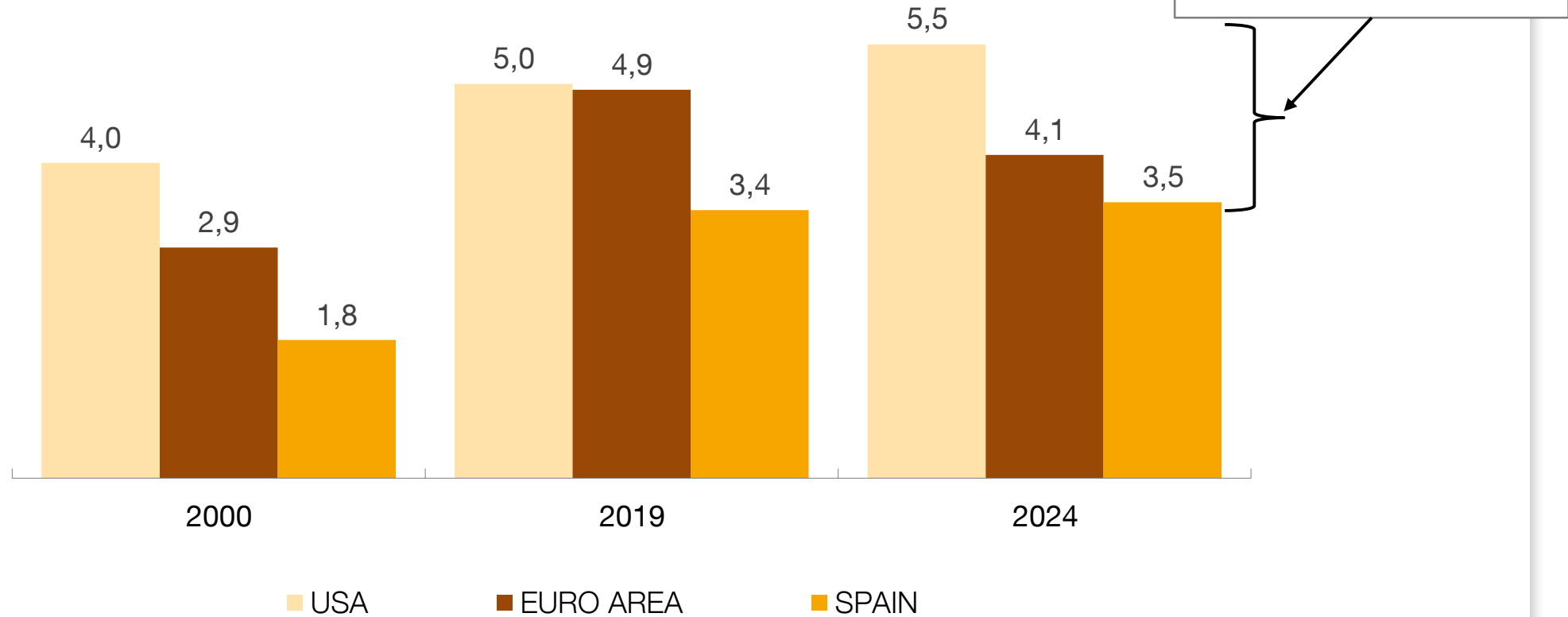


a: Cumulative growth of total factor productivity. Estimates based on Comin, Quintana, Schmitz and Trigari (2025).

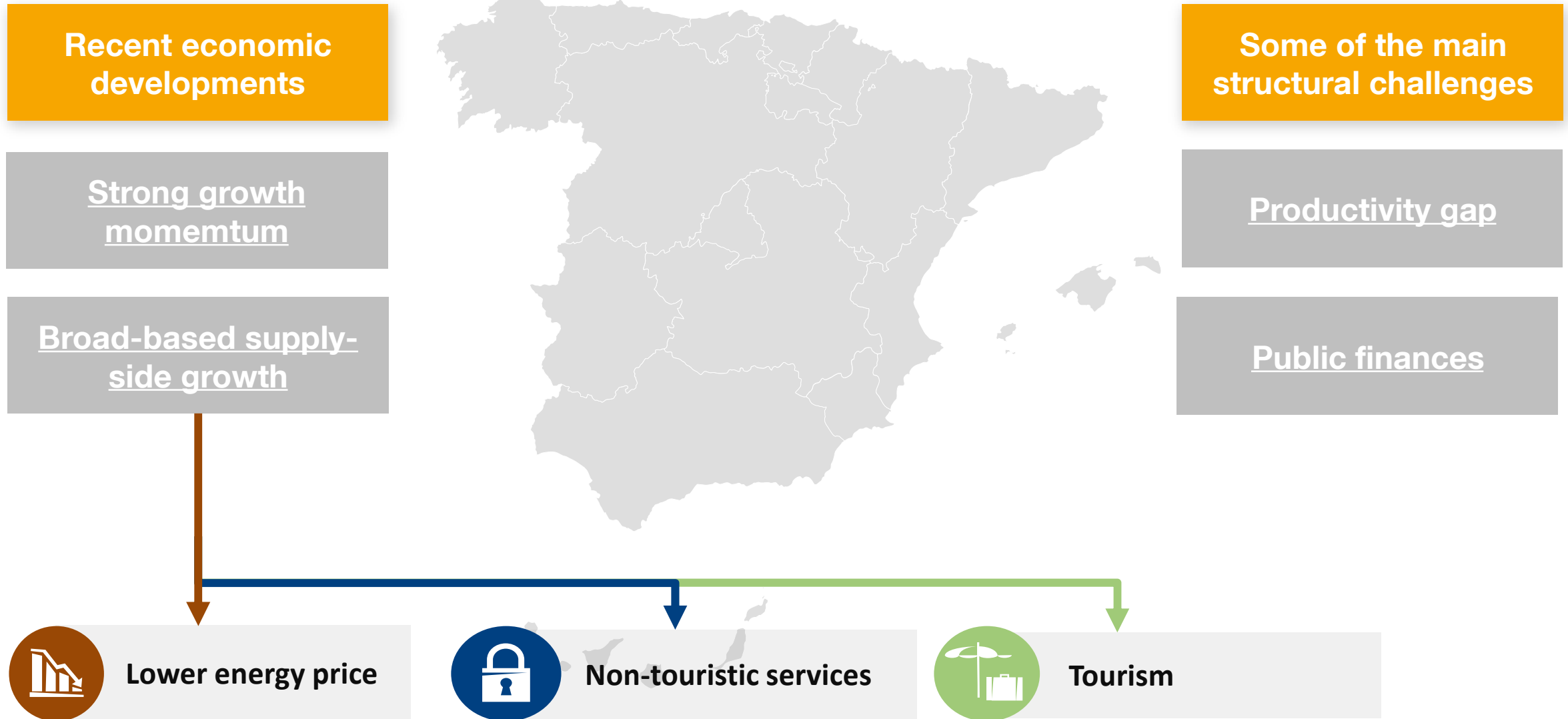
THE CHALLENGE OF REDUCING THE PRODUCTIVITY GAP REQUIRES SIGNIFICANT INVESTMENT IN INTANGIBLE ASSETS

INVESTMENT IN INTANGIBLES

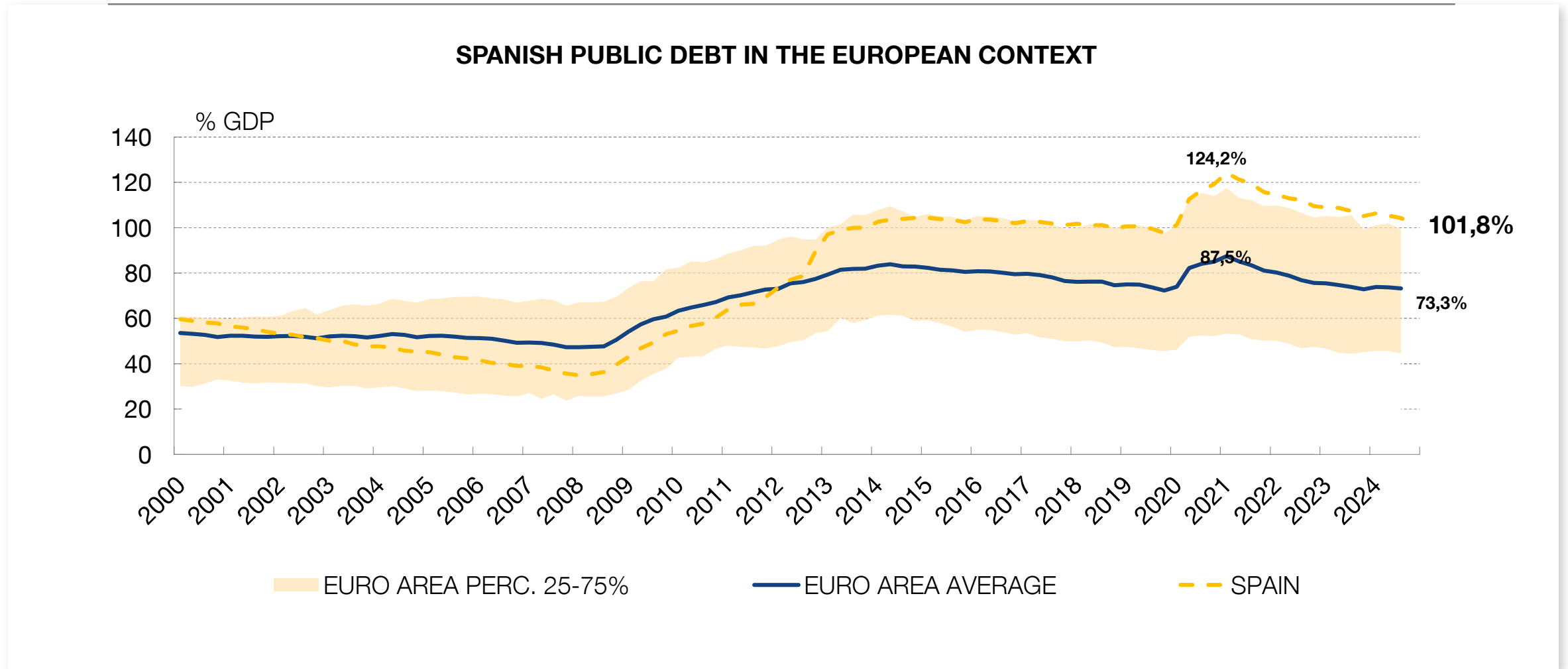
% GDP



THE SPANISH ECONOMY MANAGED TO MAINTAIN A ROBUST GROWTH RATE, BUT IT IS STILL FACING RELEVANT STRUCTURAL CHALLENGES



PUBLIC DEBT REMAINS AT HIGH LEVELS DESPITE ITS RECENT REDUCTION AND EXCEEDS THAT OF MOST EUROPEAN COUNTRIES



Thank you
