

Macro Trends

Affecting Spanish and Swiss Securities Markets

Q4 2023

Inflation control reinforces a global "soft landing" scenario for 2024, supported by foreseeable cuts in reference interest rates.

However, risks persist: high governments' debt, sensitive elections, wars,...

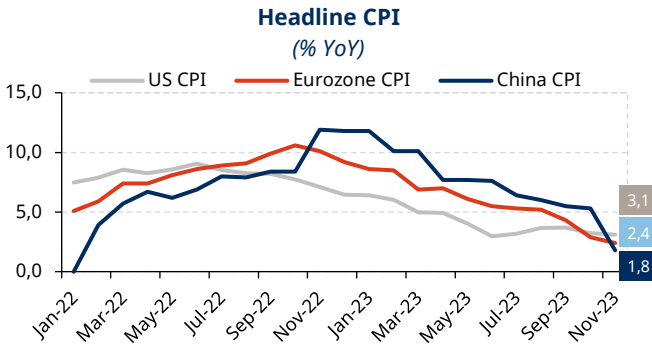
Highlights

- Global activity was stronger than expected in 2023 (growth around +3%), supported by consistent demand and solid labor markets. For 2024, global GDP growth is expected to remain moderate around +2.8%, on the back of slowing inflation and less tight financial conditions, but also weak trade growth, geopolitical tensions and high government debt.
- Global inflation has slowed significantly in 2023, amid lower energy and food prices, and also by the slowdown of China's economy. There seems to be room for more disinflation due to weaker consumer demand, normalization of supply chains and slower wage growth. But upside risks still persists.
- After 4 rate hikes in 1H2023 and pause in 2nd half of the year, Fed signaled on its meeting of Dec.13th that rate cuts are expected in 2024. Weak Eurozone economy would benefit in 2024 from pivot in monetary policy. Nevertheless, ECB still avoids signaling rate cuts to come.
- Eurozone GDP growth will rebound to +1.2% / +1.3% in 2024 according to IMF / European Commission. Spain' GDP growth is expected to slow down to between +1.5% and +1.6%, with domestic demand being the key driver of growth, upheld by further real income gains for households and the continued easing of price pressures.
- Swiss GDP growth estimates for 2024 point to a healthy +1.5 to +1.7%. Private consumer spending is expected to provide support in the upcoming months while declining capacity utilization and higher financing costs are expected to curb investment activity.
- Latin America & the Caribbean (LAC) economies growth projections were revised upwards for 2023 and 2024 to +2.3% in both years, reflecting stronger-than-expected growth in the region's two main economies.
- The IBEX 35 accumulates a return above +22% in 2023, among the best performing world stock markets indices. The Spanish index reached 5-year highs and the total return for investors (including dividends) showed an increase of almost +28%.
- SIX Swiss Exchange reached 2nd position in 2023 IPOs in the European area with 7 listings and 2.3 US\$ Billion in proceeds, according to EY Global IPO Trends. Swiss market was chosen to host the first large Chinese tech firm listing outside the mainland in Nov '23 (Will Semiconductor).

GLOBAL ECONOMY

GDP growth has been stronger than expected in 2023 (around +3%), supported by consistent demand and solid labor markets. For 2024, global growth is expected to remain moderate around 2.8% on the back of slowing inflation and less tight financial conditions, but weak trade growth, geopolitical tensions and high government debt.

El crecimiento del PIB ha sido más fuerte de lo esperado en 2023 (alrededor de +3%), respaldado por una demanda consistente y mercados laborales sólidos. Para 2024, se espera que el crecimiento mundial se mantenga moderado, en torno al 2,8%, con factores positivos como la desaceleración de la inflación o condiciones financieras menos estrictas, y otros negativos como el débil crecimiento del comercio, las permanentes tensiones geopolíticas y una elevada deuda pública.

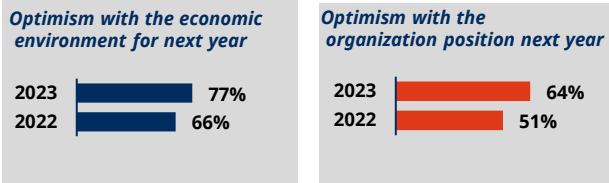


Sources: Reuters and SIX ID

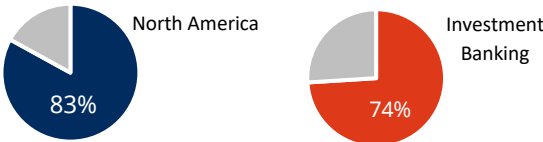
In the last months of 2023, the positive inflation data and the expected weakness in many large economies for 2024 have consolidated the expectation of the end of rate increases by central banks. Even future cuts are also confirmed in December by the US Fed. Long-term interest rates have plummeted in recent weeks.

En los últimos meses de 2023, los buenos datos de inflación y la debilidad esperada para 2024 en muchas grandes economías, han consolidado la expectativa del fin de las subidas de tipos por parte de los bancos centrales. Incluso futuros recortes han sido confirmados en diciembre por la Reserva Federal estadounidense. Las tasas de interés de los bonos a largo plazo se han desplomado en pocas semanas.

Optimism Builds across Financial Markets



With the largest degree of optimism by:



Source: SIX

GDP Projections for 2024 (% change YoY)

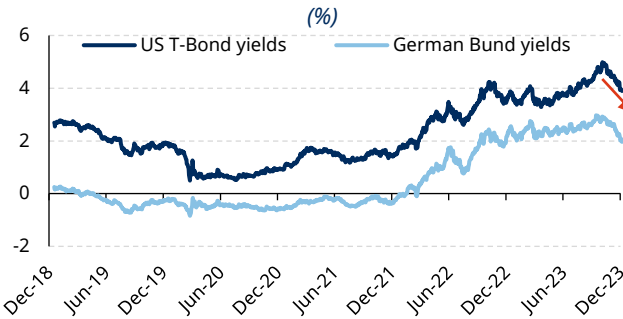
Institution	Global	U.S.	Eurozone	China
IMF (Oct.)	2,9	1,5	1,2	4,2
OECD (Nov.)	2,7	1,5	0,9	4,7
S&P ratings (Nov.)	2,8	1,5	0,8	4,6
EY Patheron (Nov.)	2,8	1,4	1,1	4,4

Source: IMF, OECD, S&P, EY Parthenon

Global inflation has slowed significantly in 2023, amid lower energy and food prices, but also by the slowdown of China's economy. There seems to be room for more disinflation due to weaker consumer demand, normalization of supply chains and slower wage growth. But upside risks persists.

La inflación mundial se ha desacelerado significativamente en 2023, en medio de menores precios de la energía y alimentos, pero también por la desaceleración de la economía de China. Parece haber margen para una mayor desinflación debido a una demanda de consumo débil, la normalización de las cadenas de suministro y un aumento salarial más lento. Pero los riesgos alcistas aún persisten.

U.S. and Germany 10yr benchmark bond yield



Source: Reuters, as of 15 December 2023

The annual Future of Finance survey published by SIX Group, which polls the opinions of executives from 343 financial institutions worldwide, shows that 77% of senior executives in the financial sector expect the economic environment to improve next year and 64% believe their firms are well positioned to growth in 2024.

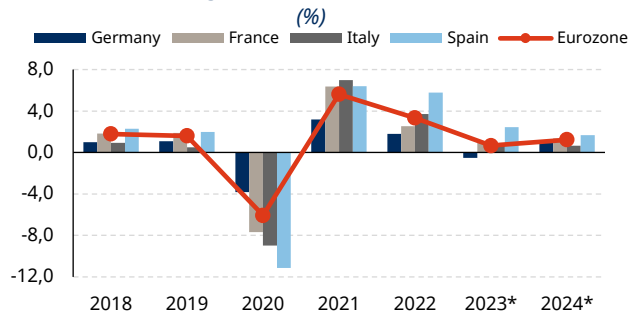
La encuesta anual Future of Finance del Grupo SIX, que sondea las opiniones de altos ejecutivos de 343 instituciones financieras de todo el mundo, muestra que el 77% espera que el entorno económico mejore el próximo año y el 64% cree que sus empresas están bien posicionadas para crecer en 2024.

EUROPEAN ECONOMY

Eurozone GDP growth will rebound to 1.2%-1.3% in 2024 according to IMF and European Commission, even though forecasts have been revised downwards. In 2023 it would have grown between 0.6% and 0.7% with countries like Germany at negative rates.

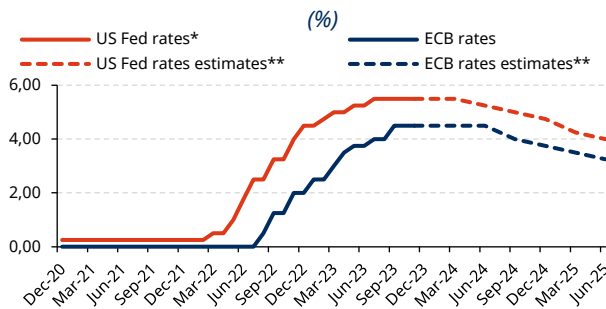
El crecimiento del PIB de la Eurozona repuntará en 2024 hasta el 1,2-1,3% de acuerdo con el FMI y la Comisión Europea, a pesar de que las previsiones han sido revisadas a la baja. En 2023 habría crecido entre el 0,6% y el 0,7% con países como Alemania en tasas negativas.

Eurozone - selected countries annual GDP growth & forecasts



Source: IMF WEO October '23. *Projections

ECB and U.S. Fed refinancing rates and forecasts

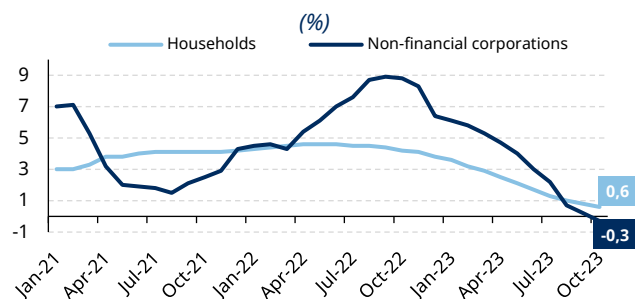


Source: Reuters. *Upper range value. **Reuters median forecast

Lending to non-financial companies and households in the Eurozone has been progressively slowing down throughout 2023 due to higher borrowing costs and subdued credit demand. The tight financial conditions are also reflecting in the industry. Between August 2022 and September 2023 Industrial Production index in the European Union fell by more than 5%.

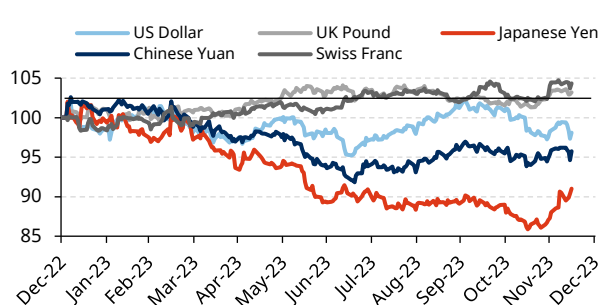
Los préstamos a empresas no financieras y hogares en la eurozona se han ido frenando progresivamente a lo largo del año 2023 por mayores tipos de interés y una demanda de crédito a la baja. Las condiciones financieras más estrictas también se reflejan en la industria. Entre agosto de 2022 y septiembre de 2023, el Índice de Producción Industrial en la Unión Europea cayó más del 5%.

Annual growth of adjusted loans to private sector



Source: ECB

Evolution of currencies against EUR
Base 100 = 31/12/2022



Source: Reuters, as of 15 December 2023

The euro has strengthened against US dollar since the end of September 2023 after a more dovish tone from the Fed reaffirmed in its December 2023 meeting, anticipating drop in its rate target for next year. The ECB kept a more restrictive message, contributing to the euro rally, and increasing the prospects of a stronger euro for the next months.

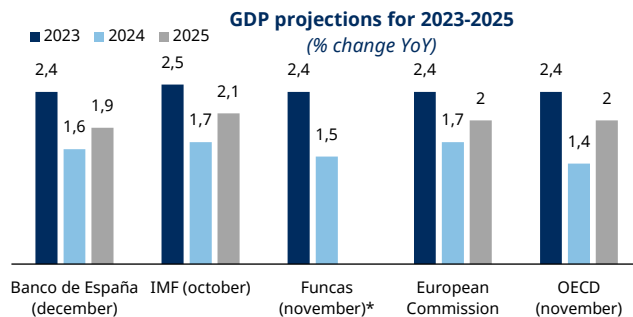
El euro se ha fortalecido frente al dólar desde finales de septiembre 2023 al calor del tono más moderado de la política monetaria de la Reserva Federal reafirmado en su reunión de diciembre, anticipando caídas en sus objetivos de tipos para el próximo año. El BCE ha mantenido un mensaje más restrictivo, contribuyendo al repunte del euro y reforzando las expectativas de fortaleza para los próximos meses.

Macro Trends Affecting Spanish and Swiss Securities Markets

SPANISH ECONOMY

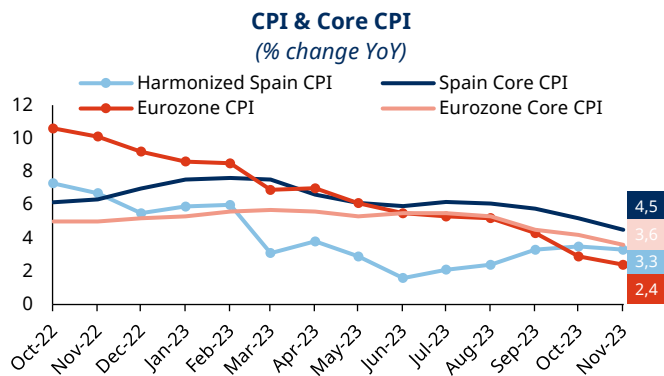
Spanish real GDP growth projections for 2024 points to a +1,5-1,6% for 2024, after an expected +2,4% in 2023. Key driver for growth will be domestic demand, upheld by further real income gains for households and the continued easing of price pressures. External demand will be less supportive of growth than in previous years.

Las proyecciones para 2024 del crecimiento real del PIB español apuntan a un crecimiento entre el 1,5% y 1,6%, tras el crecimiento del 2,4% en 2023. La demanda interna será el principal motor de crecimiento, impulsada por las ganancias de renta real de los hogares y la rebaja de la inflación. La demanda externa aportará menos al crecimiento que en años anteriores.



*Funcas does not provide projections for 2025

Source: Funcas



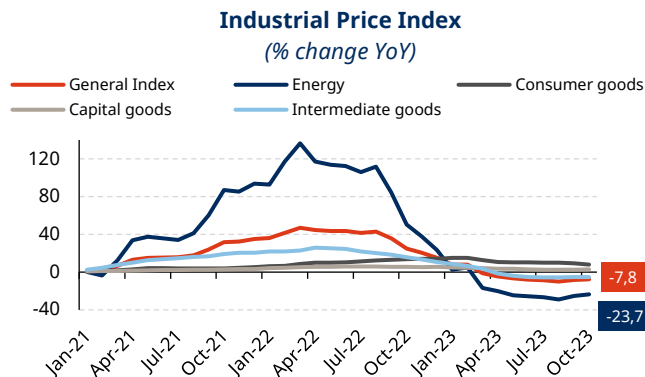
Source: Reuters

Industrial prices decreased by 7.8% YoY in Oct '23, led by a 23.7% reduction in energy prices. With the October figures, the industrial inflation has registered eight months of negative rates after ending a period of 26 consecutive months of increases.

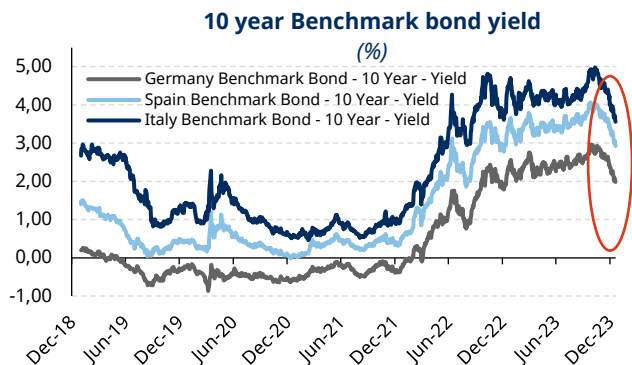
Los precios industriales disminuyeron un 7,8% interanual hasta octubre 2023, liderados por una reducción del 23,7% en los precios de la energía. Con las cifras de octubre, la inflación industrial registra ocho meses de tasas negativas tras un período previo de 26 meses consecutivos de aumentos.

Headline inflation in Spain has moderated significantly since 6,3% YoY in Nov '22 to 3,3% YoY in Nov '23. Also core CPI has gradually moderated to 4,5% YoY but is still high. For 2024, Bank of Spain expects inflation to continue to ease gradually with lower energy prices and extension of food and public transport subsidies.

La inflación general en España se ha moderado significativamente desde el 6,3% interanual en noviembre del 22 al 3,3% interanual en noviembre del 23. Además, el IPC subyacente se ha moderado gradualmente hasta el 4,5% interanual, pero sigue siendo elevado. Para 2024, el Banco de España espera que la inflación siga disminuyendo gradualmente con precios más bajos de la energía y la ampliación de las subvenciones a los alimentos y al transporte público.



Source: INE



Source: Reuters as of 15 December 2023

The risk premium of Spanish bonds over the reference set by the 10-year German Bund has remained stable in 2023, well below 1%. The sharp collapse in long-term interest rates in bond markets reflect growing confidence among investors that ECB has finished with reference interest rate hikes and will likely cut rates next year.

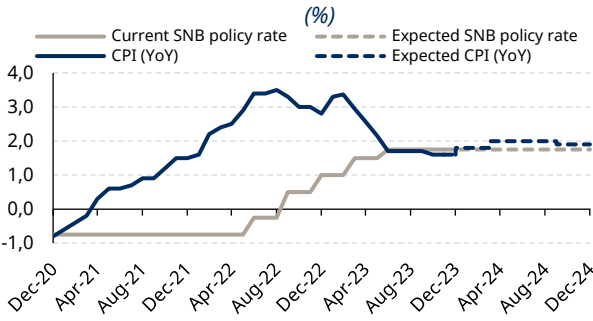
La prima de riesgo de los bonos españoles sobre la referencia que marca el Bund alemán a 10 años se ha mantenido estable en 2023 por debajo del 1%. El brusco colapso de las rentabilidades a largo plazo en los mercados de bonos reflejan la creciente confianza entre los inversores de que el BCE ha terminado con las alzas de los tipos de interés de referencia y que muy probablemente los recortará el próximo año.

SWISS ECONOMY

Swiss GDP growth estimates for 2024 point to a healthy +1,5-1,7%, although have been slightly revised downwards (-0,2 p.p.). Private consumer spending is expected to provide support in the upcoming months while declining capacity utilization and higher financing costs are expected to curb investment activity. Switzerland's GDP grew at around 0.8% in 2023.

Las últimas estimaciones de crecimiento del PIB de Suiza para 2024 apuntan a un saludable 1,5% al 1,7%, aunque se han revisado levemente a la baja en dos décimas. Se espera que el gasto de los consumidores sea el que brinde apoyo en los próximos meses y compense una mejor utilización de la capacidad industrial y crecientes costes financieros que limiten la inversión productiva. El PIB de Suiza habría crecido alrededor del 0,8% en 2023.

SNB policy rate vs. CPI



Sources: Reuters & SNB

The Swiss franc appreciated 6.2% towards US dollar in 2023 until 15 December, supported by the weakness in US dollar on the back of increased expectations of rate cuts from the Fed next year and the repeated support from SNB by selling foreign currency reserves. For 2024, the currency is expected to lose some of its strength, due to a less aggressive central bank currency policy.

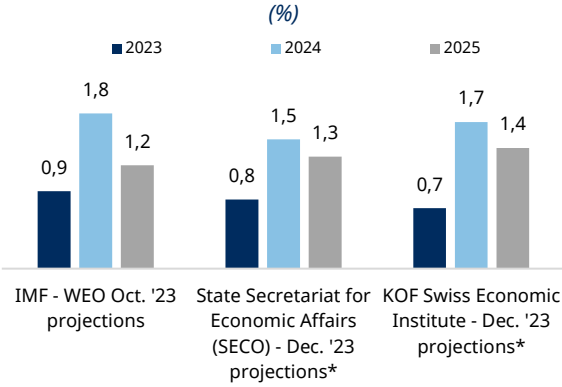
El franco suizo se apreció un 6,2% frente al dólar estadounidense en 2023 hasta el 15 de diciembre, respaldado por la debilidad del dólar estadounidense debido a las mayores expectativas de recortes de tipos por parte de la Reserva Federal el próximo año y el sostenido apoyo del Banco Central de Suiza (SNB) mediante la venta de reservas de divisas. Para 2024, se espera que la moneda suiza modere su fortaleza con políticas menos agresivas del banco central.

Swiss Economy remains highly competitive

Global Innovation Index (WIPO)			IMD World Digital Competitive Ranking by knowledge*		
	Switzerland	67,6		Switzerland	92,9
	Sweeden	64,2		USA	92,5
	USA	63,5		Singapore	92,1
	UK	62,4		Canada	91,9
	Singapore	61,5		Sweeden	90,6

*Knowledge as a competitive factor - know-how to discover, understand and build new technologies. Sub-factors are talent, training & education and scientific concentration.

GDP growth forecasts for 2023-2025



Source: IMF, SECO, KOF

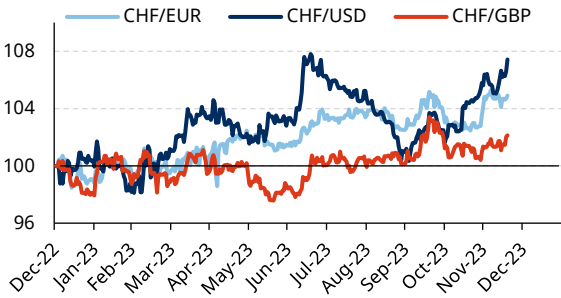
* Not adjusted for sport events

After an expected annual inflation rate of 2.1% in 2023, SECO expects inflation for 2024 in Switzerland moderates to 1.9%, amid normalization of construction prices and full inventories. As core inflation is forecast to move only slowly towards central bank's target ranges, market analysts expect SNB to keep interest rates unchanged at 1.75% during the year 2024.

Después de una tasa anual de inflación del 2,1% en 2023, SECO prevé que la inflación para 2024 se modere hasta el 1,9%, gracias a la normalización de precios en el sector de construcción y los elevados inventarios. Se prevé que la inflación subyacente avance lentamente hacia los rangos objetivo del Banco Central de Suiza, se prevé que el tipo de interés de referencia se mantenga sin cambios en el 1,75% a lo largo de 2024.

Evolution of currencies against CHF

Base 100 = (30/12/2022)



Source: SIX iD, as of 15 December 2023

Switzerland achieved the top spot in the Global Innovation Index from the UN Intellectual Property Organization (WIPO) for the 13th time in a row. The country also achieved the first position in the IMD World Digital Competitive Ranking by knowledge as a competitive factor.

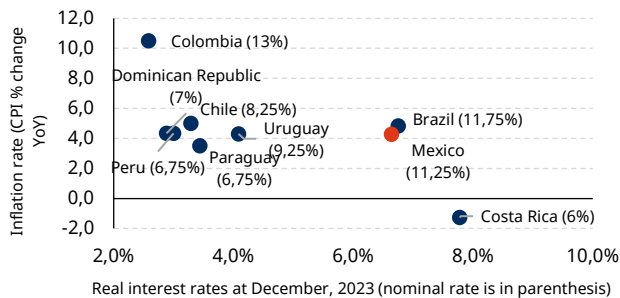
Suiza revalidó el primer puesto en el Índice Mundial de Innovación elaborado por la Organización para la Propiedad Intelectual de la ONU y lo hizo por decimotercera vez consecutiva. El país también logró la primera posición en el Ranking Competitivo Digital Mundial IMD por el conocimiento como factor competitivo.

LATIN AMERICA ECONOMY

For a second time during 2023, the IMF revised upwards the GDP growth projections for Latin America & the Caribbean (LAC) for 2023 and 2024 to 2.3% in both years, reflecting stronger-than-expected growth in the region's two main economies. Lower growth in main trading partners and national and international geopolitical tensions could limit additional improvement in 2024.

Por segunda vez en 2023, el FMI revisó al alza las proyecciones de crecimiento para América Latina y el Caribe (ALC) para 2023 y 2024 al 2,3% en ambos años, reflejando un crecimiento mayor del esperado en las dos principales economías de la región. El menor crecimiento de los principales socios comerciales y las tensiones geopolíticas nacionales e internacionales podrían limitar mejoras adicionales del crecimiento en 2024.

Inflation Vs Policy Rates in force in LAC selected countries

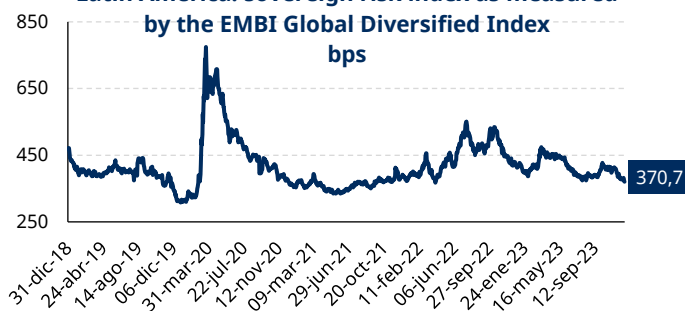


Source: Countries Central Banks. Inflation data from November, 2023

In 2023, with exception of energy goods, commodity prices have maintained the downward trend. According to CEPAL, for 2024, variations are expected to occur on a smaller scale, with prices projected to decrease by an average 1% YoY. Still, commodity prices should be 30% above average levels dated 2019, prior to the pandemic. Additionally, LAC commodity exports can benefit from green transition, which has a potential to increase demand for the region's key metals and minerals.

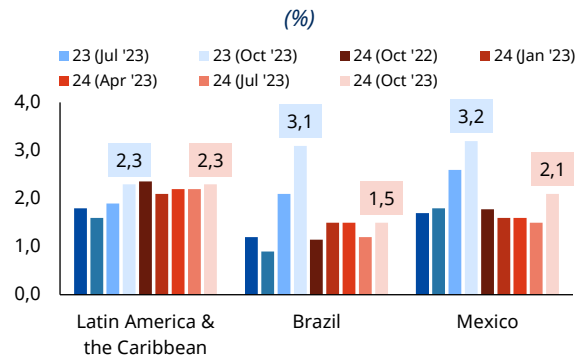
En 2023, con excepción de los bienes energéticos, los precios de las materias primas han mantenido la tendencia a la baja. Según la CEPAL, para 2024 se espera que las variaciones se produzcan en menor escala, en promedio un -1% interanual. Los precios de las materias primas todavía estaría un 30% por encima de los niveles promedio de 2019 antes de la pandemia. Además, las exportaciones de materias primas de ALC pueden beneficiarse de la transición verde, que tiene el potencial de aumentar la demanda de los principales metales y minerales de la región.

Latin America: sovereign risk index as measured by the EMBI Global Diversified Index bps



Source: JP Morgan, as of 15 December 2023

Evolution of GDP annual growth estimates for '23 and '24



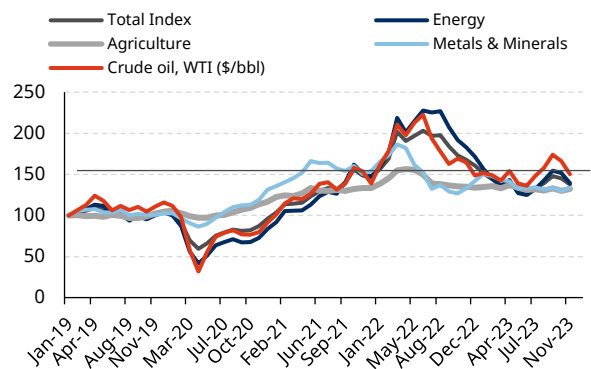
Source: IMF WEO October 2023

After making a good progress on disinflation, most of the Latin America central banks started in 2023 to ease monetary policy. Mexico is the only country with the main LAC economies who still have not lower rates, but left room for adjustments in rates in the beginning of 2024 if inflation continues to drop.

Después de los avances logrados en materia de desinflación, la mayoría de los bancos centrales comenzaron en 2023 a flexibilizar la política monetaria. El Banco Central de México es el único dentro de las principales economías de Latinoamérica que aún no ha rebajado los tipos de interés, pero ha declarado que hay margen para ajustes en las tasas a principios de 2024 si la inflación continúa cayendo.

Commodity indices evolution

(monthly prices in nominal US dollars. Base 100 = Jan. 2019)



Source: World Bank

Latin America countries have shown resilience against global macroeconomic shocks which has reflected in the sovereign risk measured by EMBI Index. The indicator has remained stable during 2023 amid less financial volatility worldwide, getting close to pre-pandemic levels. EMBI measures the spread between interest rates on a country's debt obligations and those of the United States.

Los países de América Latina han demostrado resiliencia frente a los shocks macroeconómicos globales, lo que se ha reflejado en el riesgo soberano medido por el índice EMBI. El indicador se ha mantenido estable durante 2023 en un contexto mundial de menor volatilidad financiera, cerca de niveles previos a la pandemia. El EMBI mide el diferencial entre las tasas de interés de las obligaciones de deuda de un país y las de Estados Unidos.

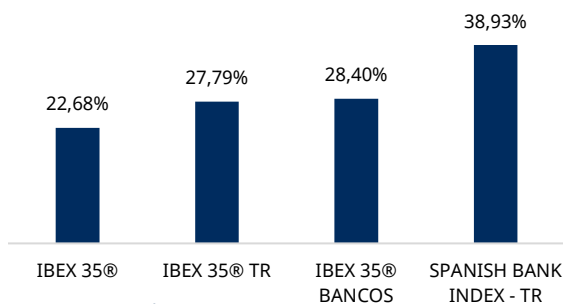
Macro Trends Affecting Spanish and Swiss Securities Markets

SPANISH SECURITIES MARKET

The IBEX 35 accumulates a return of 22.7% in 2023 until 15th Dec., among the best performing world stock markets indices. The Spanish index reached 5-year highs and the total return for investors (including dividends) measured by the IBEX TR Index, shows an increase of 27.8%.

El IBEX 35 acumula una rentabilidad del 22,7% en 2023 hasta el 15 de diciembre, situándose entre los índices mundiales más rentables en el año junto con Italia, Japón o Estados Unidos. Se han superado máximos de 5 años y la rentabilidad total para los inversores (incluyendo dividendos) es del 27,8%.

Banks have led the rally of the Spanish stock market in 2023



Source: SIX iD and BME

MARF Fixed Income Market celebrated 10 years in Oct '23. A total of 147 companies (and hundreds more through securitization issues) have obtained 70.000 million euros of financing through the period. Between January and November 2023, the volume of issues incorporated into the MARF reached €13,741 million, an increase of almost 10% YoY.

El MARF (Mercado Alternativo de Renta Fija) celebró 10 años en octubre del 23. Un total de 147 empresas (y varios centenares más a través de emisiones de titulización) han obtenido financiación por un importe total de 70.000 millones de euros en el periodo. Entre enero y noviembre de 2023, el volumen de emisiones y admisiones incorporadas al MARF alcanzó los 13.741 millones de euros, un incremento de casi el 10% respecto al mismo periodo del año anterior.

New functionalities in BME



At the close (AtC) orders

Market members can enter orders at any time during the session that will be activated at the start of the closing auction of the security,



Trading At Last (TAL)

New trading phase that begins immediately after the closing auction and once the closing price has been set.



Flag Retail functionality

Allows an order to be flagged as belonging to a retail client.

Source: SIX iD and BME

Stock market indices performance

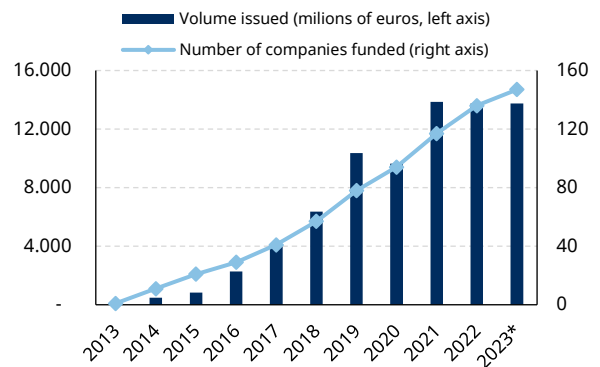
		Closing - 15/12	Var %YTD
	FTSE Milan	30.373,89	28,12%
	Nikkei 225	32.970,55	26,35%
	S&P 500	4.719,19	22,91%
	Ibex 35	10.095,60	22,68%
	Euro Stoxx 50	4.549,44	19,92%

Source: SIX iD

Spanish listed banks have accelerated their recovery in 2023 after severe adjustments completed during last decade due to the consequences of the financial and European sovereign debt crisis. "IBEX 35 Bancos", outperformed its European and global peers this year until 15 December 2023, by growing 28.4% and the Spanish Bank Index considering dividends has increased 38.9% in the same period.

Los bancos cotizados españoles han acelerado su recuperación en 2023 tras los severos ajustes completados durante la última década por las consecuencias de la crisis financiera y de deuda soberana europea. El IBEX 35 Bancos, superó este año a sus pares europeos y globales han crecido un 28,4% en 2023 hasta el 15 de diciembre y el Índice de Bancos Españoles considerando dividendos ha aumentado un 38,9% en el mismo periodo.

MARF evolution



Source: BME

BME launched in December new services for its clients and investors on the equity market and on the derivatives market aiming to improve order execution mainly for retail investors. Regarding the equity market, the two new functionalities are the At the close (AtC) orders and the Trade At Last (TAL) phase. Through the Derivatives Flag Retail functionality market members can identify orders from retail clients and improve prices for them.

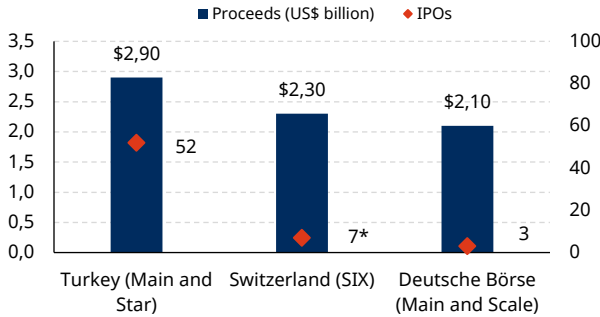
BME lanzó en diciembre nuevos servicios para sus clientes e inversores en Bolsa y el mercado de Derivados con el objetivo de mejorar la ejecución de órdenes para los inversores minoristas. En cuanto a la Bolsa, las dos nuevas funcionalidades son las órdenes At the close (AtC) y la fase Trade At Last (TAL). La funcionalidad Flag Retail es importante porque el mercado puede ver las órdenes de los minoristas y mejorar los precios de los derivados.

SWISS SECURITIES MARKETS

The bond market on the Swiss Stock Exchange has over 2,300 listed bonds and more than 600 admitted-to-trading bonds. New debt issues reached new highs in 2023: CHF110bn in Jan-Nov 2023 compared to the CHF 107bn of the same period of previous year. The aggregated nominal value of SIX listed bond instruments exceeds CHF 760 billion.

El mercado de bonos de la Bolsa suiza cuenta con más de 2.300 bonos listados y más de 600 bonos admitidos solo a negociación. Los volúmenes emitidos en el mercado alcanzaron nuevos máximos en 2023: 110 mil millones de francos suizos entre enero y noviembre de 2023 en comparación con los 107 mil millones del año anterior. El valor nominal total de los bonos cotizados supera los 760 mil millones CHF a finales de noviembre.

European IPO Stock Exchange Ranking

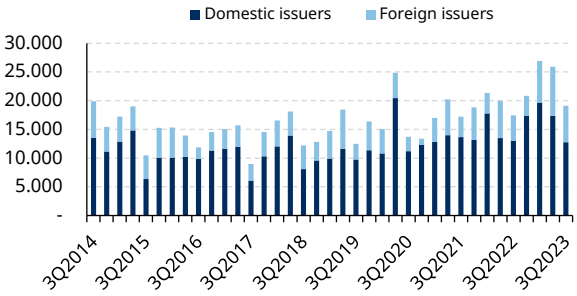


Source: EY, as of 15 December 2023. *Secondary listings

SIX Swiss Exchange has become the first exchange operator to launch request for quote (RFQ) trading for exchange traded funds (ETF). Named Quote-on-Demand Europe (QOD Europe), SIX's new function allows clients to trade ETFs listed not only on its exchange but also in other main European stock exchanges.

SIX Swiss Exchange es la primera Bolsa que lanza la operativa denominada Request for Quote (RFQ o solicitud de cotización) para los ETFs (fondos cotizados en bolsa). La nueva modalidad aplicada por SIX, denominada Quote-on-Demand Europe (QOD Europe), permite a los clientes solicitar cotización y negociar sobre ETFs admitidos tanto en Suiza como en otras Bolsas europeas.

Capital market borrowing of CHF bond issues
(in CHF millions)



Source: SNB

Number of IPOs on the European continent decreased by 20% and proceeds by 32% in 2023 according to EY Global IPO Trends. The Swiss Exchange reached 2nd position in the area with 7 secondary listing and was chosen to host the first large Chinese tech firm listing (through GDRs) outside the mainland in Nov '23 (Will Semiconductor).

El número de OPVs en el continente europeo se redujo un 20% y los fondos un 32% de acuerdo con el informe EY Global IPO Trends. La bolsa suiza alcanzó la segunda posición en el área con 7 operaciones y 2.300 millones de dólares captados. El mercado suizo fue elegido para albergar la primera cotización de una empresa tecnológica china en Europa en el mes de noviembre (Will Semiconductor).

Request for quote (RFQ) for ETFs at SIX

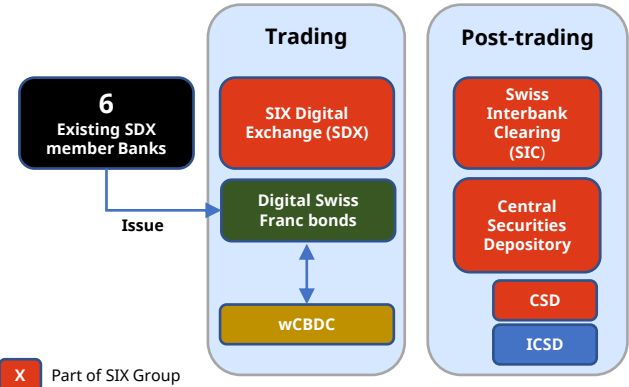
Trading in its own venue or in other primary exchanges (c. 6,000 ETFs and ETPs are tradable):

DEUTSCHE BÖRSE GROUP

Achieves execution at the European Best Bid Offer (EBBO) for around 95% of trades:

The service leverages an open access model for post-trade, allowing clients to use straight-through processing, including central counterparty (CCP)

Source: SIX



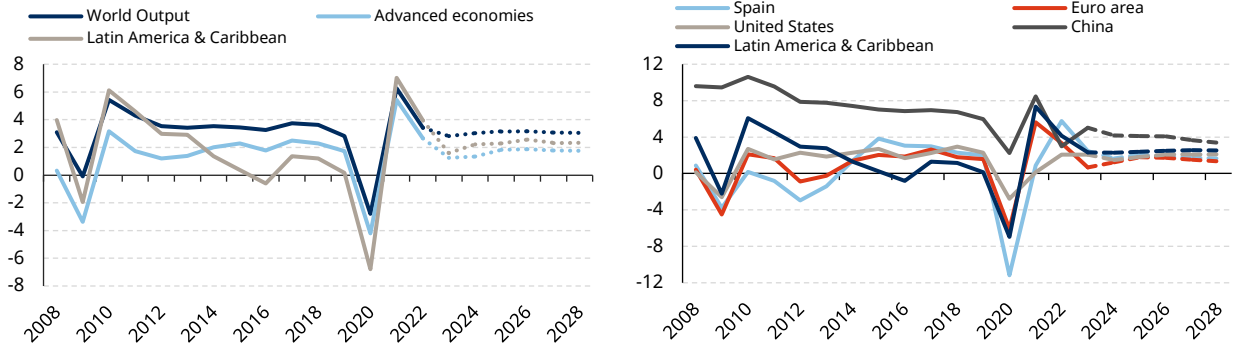
Source: SIX, Swiss National Bank

SIX collaborates with the Swiss National Bank to pilot wholesale Central Bank Digital Currency (CBDC) issuance in Switzerland. These pilot test focuses on tokenized central bank money for financial institutions, using a real Swiss franc wholesale CBDC and involves 6 commercial Swiss banks.

SIX colabora con el Banco Nacional Suizo para hacer una prueba piloto de emisión mayorista de moneda digital emitida por el banco central (CBDC) en Suiza. La prueba se centra en dinero tokenizado del banco central solo para instituciones financieras, se utilizará dinero real en francos suizos y participarán 6 bancos comerciales suizos.

In its October Report, the IMF kept world GDP growth projections for 2023 at 3.0%, and slightly reduced growth forecasts for 2024 to 2.9% (-0.1 p.p). Global recovery should be moderated and desynchronized, supported mainly to emerging economies.

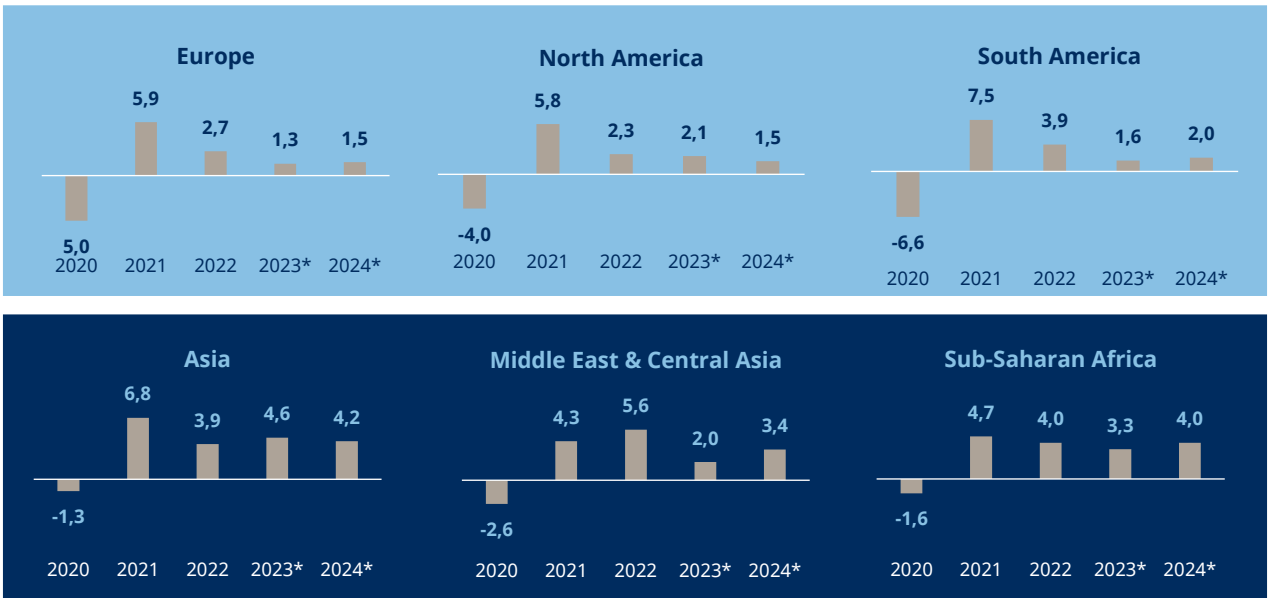
Real Gross Domestic Product (GDP) growth, annual rates (%)



Main indicators - Real GDP growth YoY%

*Estimates from IMF WEO October 2023

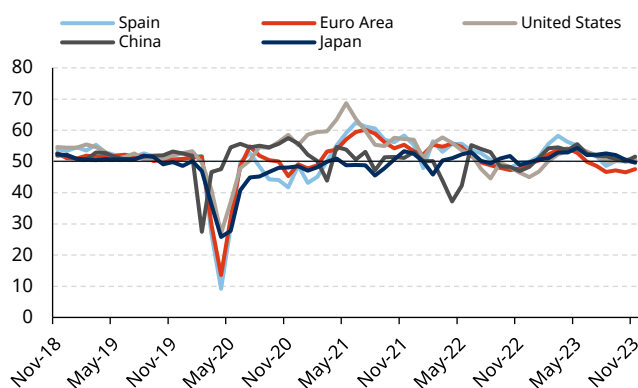
	2020	2021	2022	2023*	2024*	2025*	2026*	2027*	2028*
World Output	-2,8	6,3	3,5	3,0	2,9	3,2	3,2	3,1	3,1
Advanced economies	-4,2	5,6	2,6	1,5	1,4	1,8	1,9	1,8	1,7
United States	-2,8	5,9	2,1	2,1	1,5	1,8	2,1	2,1	2,1
Euro Area	-6,1	5,6	3,3	0,7	1,2	1,8	1,7	1,5	1,3
Germany	-3,8	3,2	1,8	-0,5	0,9	2,0	1,9	1,3	0,9
France	-7,7	6,4	2,5	1,0	1,3	1,8	1,7	1,5	1,4
Italy	-9,0	7,0	3,7	0,7	0,7	1,0	1,1	1,0	0,9
Spain	-11,2	6,4	5,8	2,5	1,7	2,1	1,8	1,7	1,6
Japan	-4,2	2,2	1,0	2,0	1,0	0,7	0,5	0,4	0,4
United Kingdom	-11,0	7,6	4,1	0,5	0,6	2,0	2,1	1,8	1,5
Switzerland	-2,3	5,4	2,7	0,9	1,8	1,2	1,8	1,2	1,8
Canada	-5,1	5,0	3,4	1,3	1,6	2,4	1,8	1,7	1,7
Emerging Economies	-1,8	6,9	4,1	4,0	4,0	4,1	4,1	4,0	3,9
China	2,2	8,5	3,0	5,0	4,2	4,1	4,1	3,7	3,4
India	-5,8	9,1	7,2	6,3	6,3	6,3	6,3	6,3	6,3
Russia	-2,7	5,6	-2,1	2,2	1,1	1,0	1,0	1,0	1,0
Latin America & Caribbean	-7,0	7,4	4,1	2,3	2,3	2,4	2,5	2,6	2,5
Brazil	-3,3	5,0	2,9	3,1	1,5	1,9	1,9	2,0	2,0
Mexico	-8,7	5,8	3,9	3,2	2,1	1,5	1,8	2,0	2,1



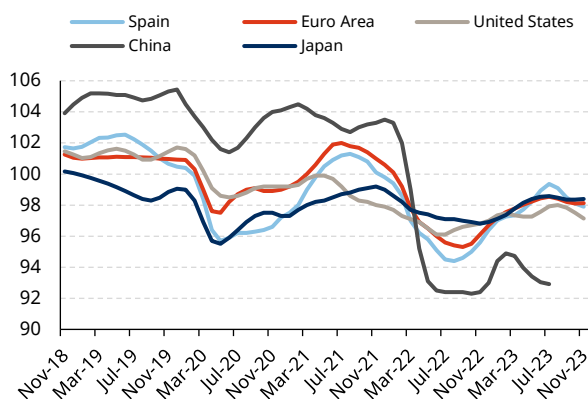
Source: IMF – WEO October 2023

Recent developments suggest that growth has begun to lose momentum in many economies. Persistently low levels of consumer confidence and PMI recent readings suggest that the manufacturing, construction and services sectors are contracting, specially in the euro area.

Purchasing Managers' Index (PMI) Composite



Consumer Confidence Index - OECD



Main indicators – Data for the year and quarter is the average of monthly figures

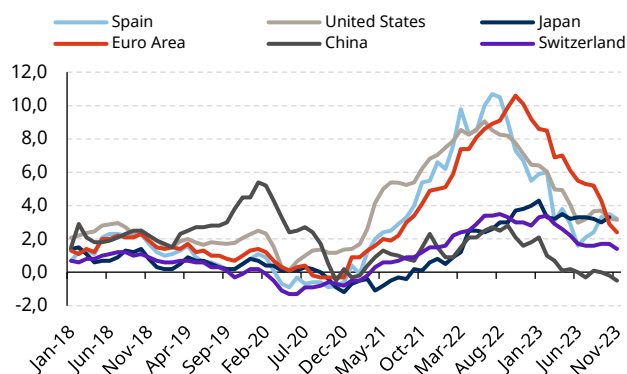
	2020	2021	2022	1Q '23	2Q '23	3Q '23	Oct. '23	Nov. '23
Purchase Manager Index Composite (PMI) - Levels above 50 show expansion and below 50, contraction								
Advanced economies								
United States	48,76	59,66	50,67	49,73	53,63	50,80	50,70	50,70
Euro Area	44,02	54,88	51,31	52,10	52,27	47,50	46,50	47,60
Germany	46,39	55,28	50,41	51,07	52,90	46,50	45,90	47,80
France	43,49	53,76	52,74	51,17	50,27	45,57	44,60	44,60
Italy	41,75	54,71	50,27	52,87	52,33	48,77	47,00	48,10
Spain	41,51	55,33	51,80	55,17	54,70	50,13	50,00	49,80
Japan	42,42	49,38	50,28	51,57	53,10	52,30	50,50	49,60
United Kingdom	46,43	55,83	53,02	51,27	53,90	49,30	48,70	50,70
Switzerland (manuf.)	48,78	65,88	58,87	48,40	44,47	41,10	40,60	42,10
Canada	50,17	61,40	57,84	56,63	53,50	51,73	53,40	54,70
Emerging Economies								
China	51,42	51,06	48,16	53,30	53,90	51,50	50,00	51,60
India	44,28	54,16	56,37	58,30	60,87	61,27	58,40	57,40
Russia	45,98	51,93	48,31	53,20	55,10	54,63	53,60	52,40
Brazil	46,15	51,15	54,13	50,10	51,87	49,73	50,30	50,70
Mexico (manuf.)	42,69	47,62	49,58	50,30	50,83	51,40	52,10	52,50
Consumer Confidence Index								
Advanced economies								
United States	99,44	98,99	96,77	97,39	97,36	97,92	97,50	97,13
Euro Area	98,93	100,92	96,76	97,50	98,23	98,38	98,11	98,12
Germany	99,74	100,59	97,75	98,24	98,96	98,74	98,51	98,41
France	98,73	100,43	97,32	96,87	97,79	98,34	98,26	98,51
Italy	99,57	102,11	98,28	99,65	99,78	99,47	99,03	98,93
Spain	97,13	100,00	96,05	97,20	98,29	98,99	98,11	97,89
Japan	97,02	98,48	97,37	97,41	98,36	98,47	98,35	98,39
United Kingdom	98,23	101,08	94,08	94,42	97,07	97,82	97,69	97,80
Switzerland	98,23	100,49	96,78	96,36	96,92	96,84	96,02	95,43
Canada (Reuters)	51,88	49,99	48,28	47,86	50,07	48,04	45,56	47,26
Emerging Economies								
China	102,93	103,53	95,00	94,68	93,46	93,00	-	-
India (Reuters)	55,30	75,57	87,35	85,53	88,00	89,47	92,20	92,20
Russia	97,53	98,07	96,93	98,62	99,47	-	-	-
Brazil	98,52	98,32	99,08	99,84	100,43	101,43	101,26	101,02
Mexico	97,99	102,14	102,09	103,46	103,95	101,43	104,99	-

Sources: IHS Markit, OECD, IVEY, Reuters, as of November 2023

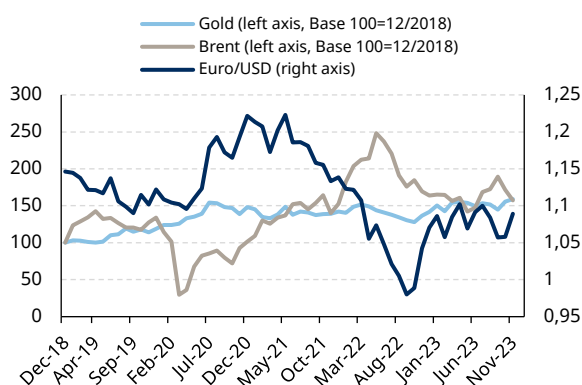
The annual pace of global inflation has slowed significantly, supported by lower energy and food prices. Commodity prices are expected to ease but remained on average above pre-pandemic levels.

Consumer Price Index (CPI)

(YoY %)



Commodities & Currencies



Main indicators

2020 2021 2022 1Q '23 2Q '23 Jul. '23 Aug. '23 Sep. '23

Inflation (CPI) (IMF, YoY at end of period) and Reuters (2023). Harmonized CPI for Euro Area countries

Advanced economies

United States	1,57	7,40	6,63	4,98	2,97	3,70	3,24	3,14
Euro Area	-0,27	4,96	9,20	6,90	5,50	4,30	2,90	2,40
Germany	-0,56	5,85	9,80	7,80	6,80	4,30	3,00	2,30
France	-0,26	3,33	6,96	6,70	5,30	5,70	4,50	3,80
Italy	-0,29	4,16	12,34	8,10	6,70	5,60	1,80	0,70
Spain	-0,57	6,57	5,48	3,10	1,60	3,30	3,50	3,20
Japan	-0,90	0,52	3,88	3,20	3,30	3,00	3,30	-
United Kingdom	0,59	5,39	10,53	10,10	7,90	6,70	4,60	-
Switzerland	-0,79	1,56	2,87	2,90	1,70	1,70	1,70	1,40
Canada	0,78	4,73	6,64	4,50	2,90	3,70	3,10	-

Emerging Economies

China	0,16	1,39	1,81	0,70	0,00	0,00	-0,20	-0,50
India	4,87	6,34	6,25	5,60	4,86	5,02	4,86	5,56
Russia	4,91	8,39	12,36	3,22	3,33	6,11	6,75	7,59
Brazil	4,52	10,06	5,79	4,36	3,00	4,51	4,14	3,85
Mexico	3,15	7,36	7,82	6,87	5,07	4,47	4,27	4,34

Commodities – year, quarter or month-end data (Reuters)

CRB Index	178,29	247,02	301,33	293,90	291,36	320,71	318,42	311,29
Bloomberg Commodity Index	166,63	211,80	245,89	232,71	226,74	237,42	238,05	232,69

Energy & Transportation

Brent Oil	51,22	77,24	82,82	79,19	74,51	95,86	86,82	79,49
West Texas Oil	48,28	75,21	80,23	75,67	70,64	90,79	81,62	75,61
Natural Gas	2,54	3,73	4,48	2,22	2,80	2,93	3,58	2,80
Baltic Dry Index (Transp.)	1366	2217	1515	1389	1091	1701	1459	2937

Metals

Gold	1897,77	1822,39	1815,64	1976,50	1916,00	1856,75	1995,90	2037,80
Silver	26,38	23,27	23,75	24,16	22,76	22,35	23,13	25,26
Cooper	3,52	4,46	3,81	4,10	3,76	3,74	3,66	3,84

Currencies (units per EUR) – year, quarter or month-end data (Reuters)

USD (United States)	1,222	1,138	1,070	1,085	1,091	1,057	1,058	1,089
GBP (United Kingdom)	0,895	0,840	0,887	0,879	0,858	0,867	0,871	0,862
CHF (Switzerland)	1,082	1,036	0,987	0,993	0,976	0,969	0,962	0,949
JPY (Japan)	126,326	130,954	140,818	144,596	157,688	157,992	160,077	161,303
CNY (China)	8,002	7,248	7,419	7,466	7,925	7,733	7,735	7,781
BRL (Brazil)	6,355	6,334	5,635	5,509	5,263	5,299	5,330	5,382
MXN (Mexico)	24,380	23,273	20,798	19,617	18,711	18,400	19,082	18,954

Sources: IMF, Reuters and OECD, as of November 2023

The rates for new issues reached 3.4% in 2023, but the Spanish Treasury has managed to keep the average cost of outstanding debt around 2%. Most energy-related support measures are expected to expire by the year end and the Spanish Government projects a deficit of 3.9% of GDP in 2023 and 3.0% in 2024.

Main public debt figures

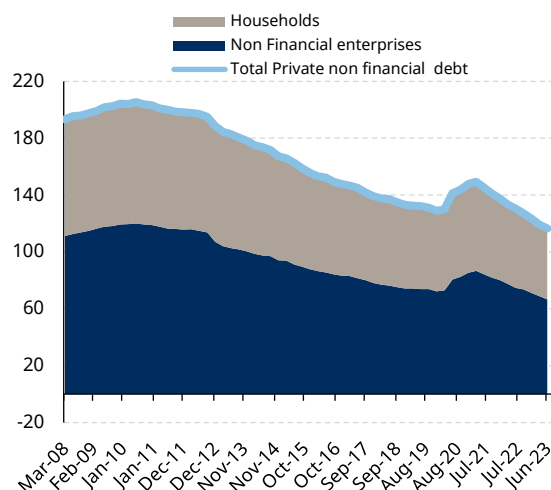
(Bank of Spain & Treasury)

Debt to GDP 2022	Debt to GDP 3Q23
113.0%	109.9%
Surplus/Deficit 2022 (% of GDP)	Surplus/Deficit 2023 (% of GDP)
-4.8%	-3.9%*
Avg. Cost of Debt 2022	Avg. Cost of Debt Nov. '23
1.73%	2.08%
Cost of debt issued 2022	Cost of debt issued 2023
1.345%**	3.4%**
Avg. Maturity Debt 2022	Avg. Maturity Debt Nov. '23
7.86 years	7.88 years
Ratings Public Debt (long term)	Net financing treasury (2023 until Nov.)
Fitch: A- / estable	Short Term - €4.50bn
Moody's: Baa1 / estable	Med.&Long T. €60.82bn
S&P: A / estable	Total €73.24bn

*End of year estimates. ** New issues

Deleverage process of private sectors (2008-2023)

Debt in % of GDP



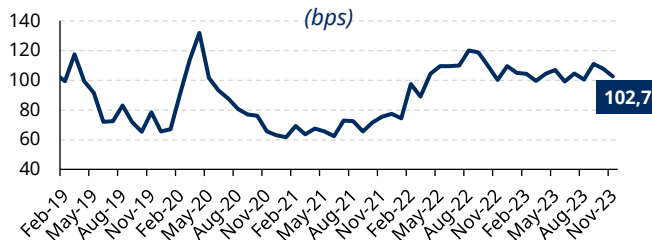
Public Debt Issuances

Cumulated Volumes (M€)	Amortizations	Auctions	Net financing
2022	162,507	232,570	70,063
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Total 2023 estimates*	191,930	256,930	65,000

*End of year estimates

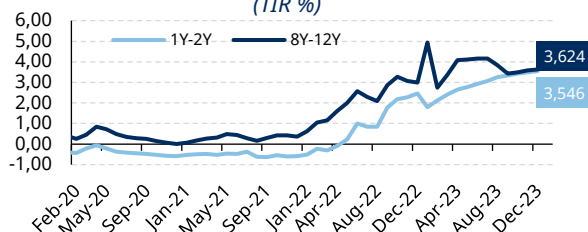
Spanish risk premium to German Bunds (10yr)

(bps)



BME public debt market indices

(TIR %)



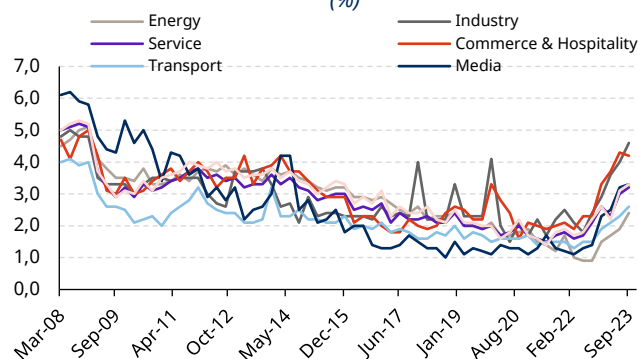
Auctions returns - *November and **December/2023

	3M	6M	9M	12M
Treasury bills. IRR (%)**	3.580	3.617	3.485	3.305
	3Y*	5Y**	10Y*	30Y*
Bonds & Obligations. IRR (%)	3.245	3.334	3.610	4.465

Cost of debt evolution

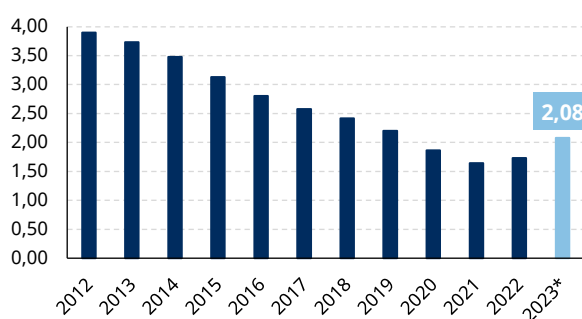
Cost of outstanding debt by private sector

(%)



Average cost of outstanding public debt

(%)



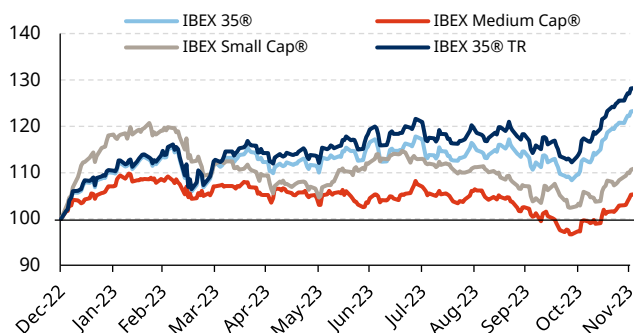
*As of November, 2023

Sources: BME, Bank of Spain, Public Treasury and Reuters

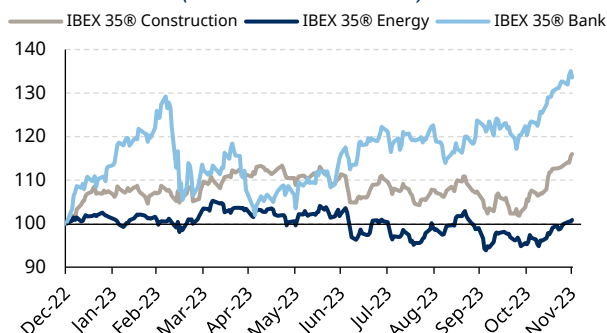
In 2023 until mid-December, IBEX 35 index rises 22.7% and IBEX Total Return a 27.8%, outperforming main European indexes. At end of October, Ibex-35 valuation ratios kept the attractiveness observed since the beginning of the year, with PER at 8.9x and Dividend Yield at 4.6%.

SPANISH EQUITY MARKET

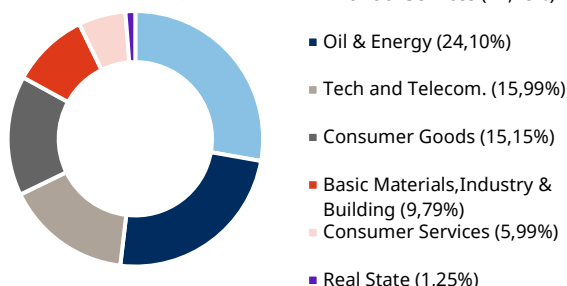
Ibex Family Indices
(Base 100 = 30/12/2022)



IBEX 35 Sector Indices
(Base 100 = 30/12/2022)

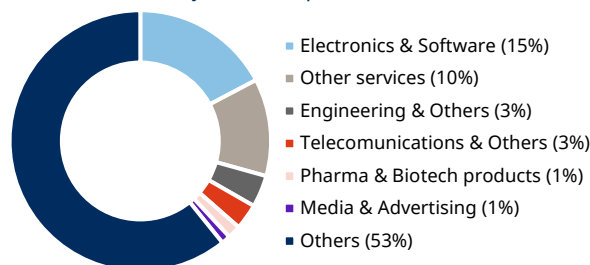


IBEX 35® Sector Breakdown
(% of market cap)*



*September '23 figures

BME Growth Sector Composition (ex-REITs)
(% of market cap)*



*November '23 figures

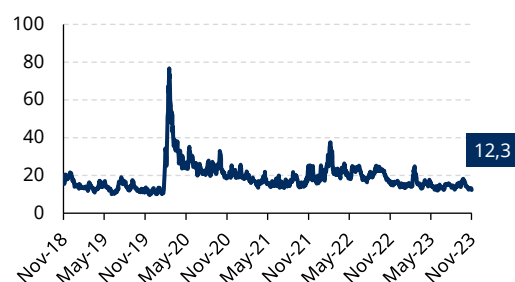
Spanish equity market	2021	2022	1Q '23	2Q '23	3Q. '23	Oct & Nov '23
Turnover (M€)	378.144	362.122	89.626	75.923	62.035	50.444
Nº Trades (M)	45,07	38,90	8,79	6,07	6,15	5,17
Capital increases (M€)	21.003	6.315	1149	864	1.973	669
Dividends distributed (M€)	19.069	25.276	2.652	11.792	7.887	5.209
IBEX 35® Dividend Yield (%)¹	2,80	4,00	3,70	3,80	4,10	4,60*
VIBEX Volatility Index (%)²	17,45	21,68	15,86	14,66	14,19	13,45*
BME Growth, Nº companies	127	135	132	136	139	138*

¹Morgan Stanley Capital International. End date of the period

²Average of the period (year or quarter)

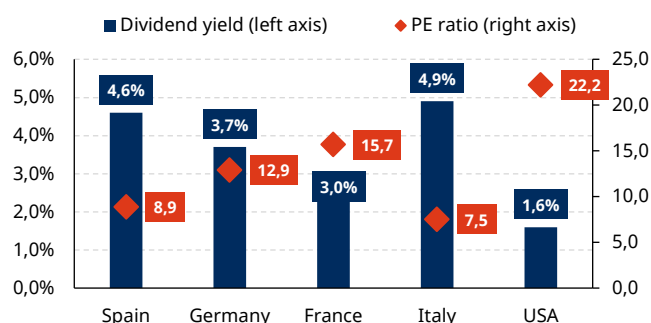
*November figures

VIBEX (BME Volatility Index)



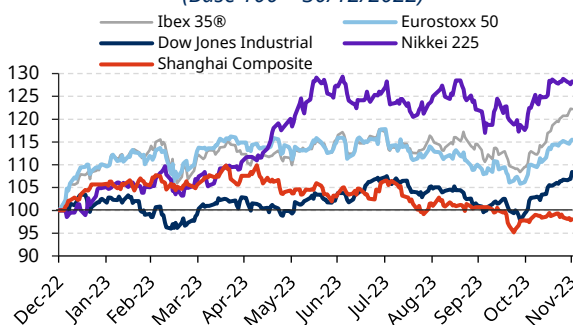
Dividend Yield & PE ratio, end October 2023

Source: Morgan Stanley Capital International



International Stock indices

(Base 100 = 30/12/2022)

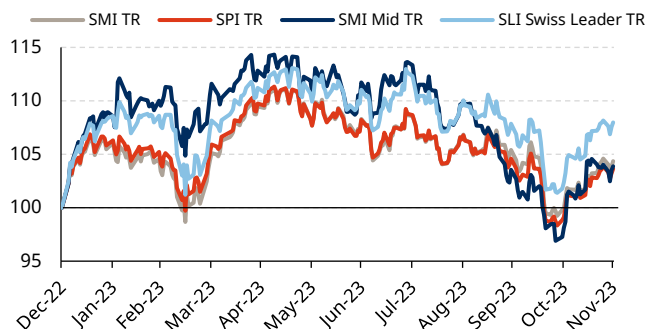


Sources: BME, FESE, Morgan Stanley Capital International, Reuters and SIX iD

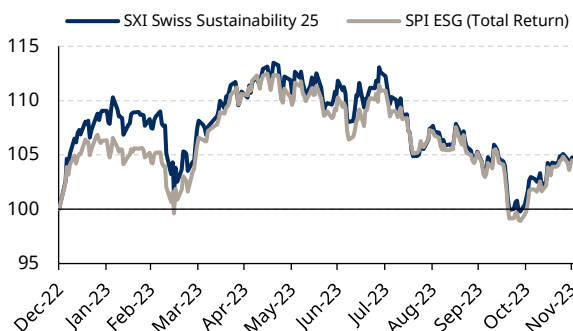
Turnover increased by 17.9% and surpassed the 100 billion threshold. The number of transactions rose by 1.1% to 4,052,513. A recovery was also noted for blue-chip index of the Swiss stock exchange. The SMI rose to 10,854 points, an increase of 1.2% since the beginning of the year.

SWISS EQUITY MARKET

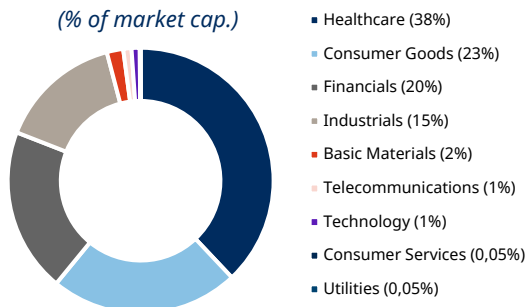
Main Swiss Indices
Base 100 = 30/12/2022



SIX ESG Indices
Base 100 = 30/12/2022

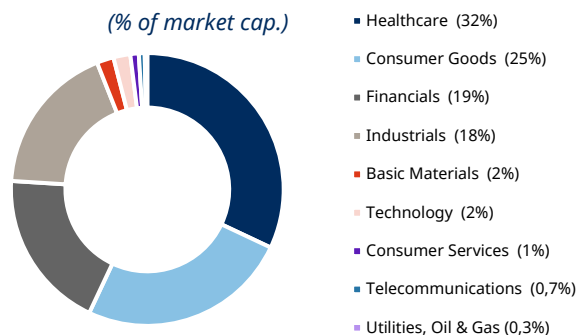


SMI Sector Breakdown
(% of market cap.)



November '23 figures

SPI Sector Breakdown
(% of market cap.)



November '23 figures

Swiss equity market	2021	2022	1Q '23	2Q '23	3Q '23	Oct & Nov '23
Turnover (MCHF) ¹	1.049.820	946.681	240.627	198.296	172.697	133.035
N° Trades (M) ¹	59,90	58,26	13,23	10,03	9,26	7,63
IPOs (n°)	5,00	14,00	2,00	3,00	1,00	2,00*
SMI Dividend Yield (%) ²	2,50	3,00	3,00	3,00	3,00	3,30**
VSMI Volatility Index (%) ³	15,50	19,74	15,40	13,35	12,70	13,73
ETF Turnover (BnCHF)	79.554	94.300	15.432	13.292	14.212	14.905
Struct. Prod. & Warrants (BnCHF)	20.144	12.132	2.572	1.873	1.704	575**

¹Equities include Funds + ETPs

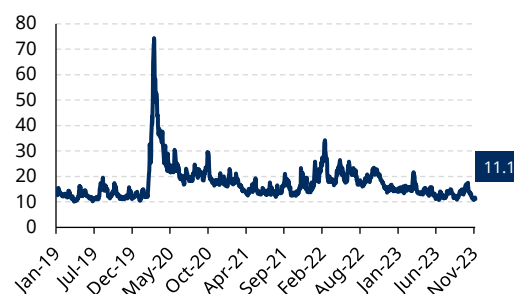
²Source: Morgan Stanley Capital International. End date of the period.

³Average of the period (year, quarter or month)

* 2 more upcoming in December

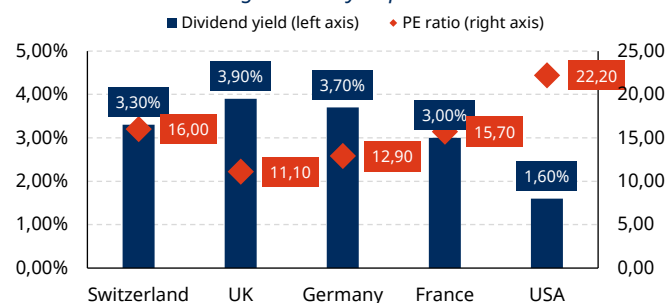
** October figures

VSMI (Volatility Index on the SMI)

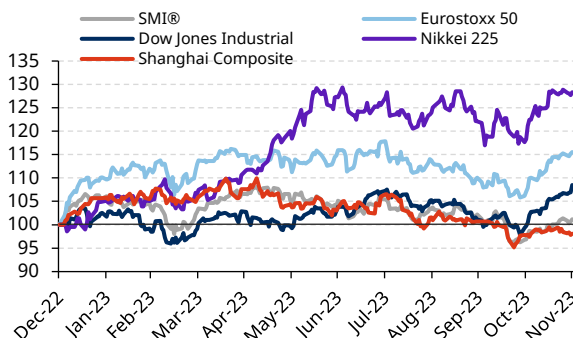


Dividend Yield & PE ratio, end of October 2023

Source: Morgan Stanley Capital International



International Stock indices
(Base 100 = 30/12/2022)



Sources: Morgan Stanley Capital International, Reuters, SIX and SIX iD