C.N.M.V
Dirección General de Mercados e Inversores
C/ Edison, 4
Madrid

COMUNICACIÓN DE HECHO RELEVANTE

FONDO DE TITULIZACIÓN DEL DÉFICIT DEL SISTEMA ELÉCTRICO, F.T.A. Actuaciones sobre las calificaciones de los Bonos de las Series 3, 6, 7, 9, 10, 11, 15, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34 y 35 por parte de Standard & Poors.

Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A., comunica el siguiente hecho relevante:

Respecto al fondo de referencia, adjuntamos nota de prensa publicada por Standard & Poors con fecha 20 de septiembre de 2019, donde se llevan a cabo las siguientes actuaciones:

- Serie 3, de A- a A.
- Serie 6, de A- a A.
- Serie 7, de A- a A.
- Serie 9, de A- a A.
- Serie 10, de A- a A.
- Serie 11, de A- a A.
- Serie 15, de A- a A.
- Serie 22, de A- a A.
- Serie 23, de A- a A.
- Serie 24, de A- a A.
- Serie 25, de A- a A.
- Serie 26, de A- a A.
- Serie 27, de A- a A.

- Serie 28, de A- a A.
- Serie 29, de A- a A.
- Serie 30, de A- a A.
- Serie 31, de A- a A.
- Serie 32, de A- a A.
- Serie 33, de A- a A.
- Serie 34, de A- a A.
- Serie 35, de A- a A.

En Madrid a 31 de Octubre de 2019.

Ramón Pérez Hernández
Consejero Delegado

Research Update:

Spain Ratings Raised To 'A/A-1' From 'A-/A-2' On Economic Resilience; Outlook Stable

September 20, 2019

Overview

- Despite the political impasse, Spain's GDP growth should continue to exceed the eurozone average over 2019-2022, while the country's external balance sheet and budgetary position continues to improve.
- We expect the budget deficit this year to decline further to about 2% of GDP.
- As a result, we are raising our unsolicited long- and short-term sovereign credit ratings on Spain to 'A/A-1' from 'A-/A-2'.
- The outlook is stable.

Rating Action

On Sept. 20, 2019, S&P Global Ratings raised its unsolicited foreign and local currency long- and short-term sovereign credit ratings on Spain to 'A/A-1' from 'A-/A-2'. The outlook is stable.

Outlook

The stable outlook reflects our view of balanced risks to Spain's creditworthiness and our expectation that, despite the ongoing political stalemate, the sovereign's key economic, fiscal, and external credit metrics will remain broadly in line with our forecast over the next two years.

We could raise our ratings on Spain if budgetary consolidation accelerates beyond expectations, resulting in a decline of the net general government debt to below 80% of GDP or general government interest spending falling below 5% of general government revenues; or if the country makes faster progress in paying down the nation's still-large stock of net external debt.

We could lower the ratings if the budget deficit widens significantly again or net general government debt increases above 100% of GDP.

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Rationale

The upgrade reflects that balanced economic growth and an improving budgetary position have put Spain's government debt-to-GDP ratio on a firmer downward trajectory. The country has also made progress in public and private sector deleveraging. The upgrade also reflects prospects for continued fiscal consolidation. For 2019, we forecast a general government deficit of about 2% of GDP, the lowest outcome since 2007. More generally, the upgrade reflects the country's resilient economic performance, despite the protracted political stalemate and a slowdown in the eurozone.

The restoration of the economy's competitiveness has led to a significant rebalancing toward external demand, as reflected in consistent current account surpluses since 2013. The Spanish economy is, in our view, better positioned to withstand external risks, such as a no-deal Brexit or a slowdown in eurozone growth. In this context, the continued accommodative monetary stance of the European Central Bank (ECB) helps absorb economic shocks by benefiting the public and private sectors' debt servicing capacity. As a result, the central government's cost at issuance so far this year stands at below 0.4%.

The stable outlook speaks to bidirectional risks to the ratings. Following the failure to form a government following the April 2019 elections, another election will take place in November this year. Regardless of that, the next government could lack a parliamentary majority. In our view, a minority administration would find it challenging to introduce further structural budgetary measures to strengthen the resilience of public finances against potential economic shocks; or implement additional labor market reform, to help bring down Spanish unemployment levels closer to OECD averages. Importantly, we note that the main political parties support adherence to the eurozone's economic and budgetary frameworks.

Institutional and Economic Profile: Despite the political stalemate and intensified external risks, Spain's economic performance has been resilient

- We project economic growth of about 2.2% in 2019, decelerating over 2020-2022 as private consumption eases, and demand from key trading partners softens.
- Absence of an effective mandate to the next government in the next election to deal with economic challenges could weigh on the economy in the medium-to-long term.
- We anticipate that political tensions in Catalonia will persist.

Five months after last April's general elections, coalition talks have failed to yield a new government and another round of general elections will take place on Nov. 10, 2019. A more fragmented political landscape diminishes the likelihood that the next government will benefit from a sufficiently strong mandate to deal with existing economic challenges, or cut further Spain's structural budgetary gap, in particular the social security deficit; or that, by improving labor outcomes, the next government will fix a jobs market that is still characterized by the third-highest unemployment in the OECD, after South Africa and Greece.

Despite the political stalemate, coupled with adverse external developments, such as weakening economic growth in the eurozone, a decline in international trade, and prospects of a no-deal Brexit, Spain's economic performance has been resilient. We expect economic growth rates to slow, but remain above the eurozone average over the next three years, including in real GDP per capita growth terms. This reflects a maturing economic cycle, including our expectation of a continuation of accommodative monetary policy by the ECB and the anticipated stabilization of household savings rates, which declined in 2018 to a low of about 5%. We expect the economy will expand by about 2.2% in 2019, before slowing down over 2020-2022, compared with real GDP growth of 2.4% in 2018. We also expect economic performance to remain relatively balanced, with domestic demand continuing to drive growth, while net exports will likely make a slightly negative contribution given the weaker economic growth in its key trading partners. In this context, we expect the key factor in growth performance to be private consumption with further, although slower, gains in employment and somewhat faster wage growth, in particular the 2019 minimum wage and public wage increases. At the same time, while trends in business investment will depend on external demand developments despite the very high level of capacity utilization rate and continued favourable financial conditions, we expect residential investment to continue increasing, based on ongoing recovery in the housing and construction sectors.

We forecast highly favorable financial conditions and the strength of the domestic recovery to support imports, reducing the contribution of net exports to economic growth. This, alongside decline in external demand, explain the recent narrowing of Spain's current account surplus. If persistent, the recent spike in oil prices could put further pressure on the current account surplus. From the perspective of the country's financial account, a fading current account surplus is also a function of a slower reduction of Spain's net external commercial debt burden versus the past three years.

Projected at 13.9% at the end of 2019, the country's unemployment will still be the second-highest in Europe after Greece, although it will have almost halved from its 2013 peak of 26.9%. However, we expect employment opportunities will rise, although a sizable portion of the new jobs being created are temporary, and the recent substantial hike in the minimum wage (by 22.3% to €900 per month) could reduce the pace of hiring. In our view, without further reforms in the business environment--including improved functioning of the regulated professions market, education, active labor market policies, and reform of social thresholds for companies--unemployment could remain at relatively high levels compared to other sovereigns despite the expected decline. A shift toward more permanent jobs would likely benefit private consumption and labor productivity, and strengthen the economy's external competitiveness.

While political divisions might not significantly affect economic prospects in the near term, a protracted delay in addressing existing economic challenges could weigh on economic performance in the medium-to-long term. The possibility of an unstable government mandate raises questions about the pace of policy reforms, including those aimed at improving the labor market or reducing the budget deficit. We expect efforts to narrow the budget deficit could falter over the coming years, especially in the absence of a more resolute policy approach to address the large and politically sensitive shortcomings of the social security system. Despite policy uncertainty, we note that the main political parties support adherence to the eurozone's economic and budgetary frameworks and do not expect a reversal of past reforms. If this were to occur, it would likely weigh on Spain's economic outlook and creditworthiness.

We believe the pro-independence platform of the Catalonian regional government will continue to drag on the strained national politics. So far, however, despite the heightened political risk, macroeconomic developments do not appear to have been significantly affected by this.

Flexibility and Performance Profile: Unclear prospects for further structural budgetary consolidation

- We expect the current account surplus will weaken in 2019 as a result of lower external demand and solid domestic demand, with the recent spike in oil prices adding to the pressure.

- After posting a budget deficit of 2.5% of GDP in 2018, we project Spain will post one of about 2% in 2019, mainly because of cyclical factors.
- We anticipate that net general government debt will inch down toward below 83% of GDP by 2022 from 89% in 2016.

We expect Spain to retain a current account surplus in 2019, although at gradually declining levels over our forecast horizon. This will likely stem from moderating export performance due to weakening external demand and persistent import growth that reflects still-solid domestic demand. Other risks to Spain's current account performance include persistent increase in oil prices, potential external economic shocks (for example, stemming from a no-deal Brexit) or a further rise in global protectionism, including the imposition of U.S. trade tariffs on EU car imports, while a weaker euro following the monetary policy measures of the ECB could provide some support to exports.

While Spain has posted a turnaround in external flows, its external debt position (our preferred measure is narrow net external debt to current account receipts) remains very high (see our "Sovereign Risk Indicators" at https://www.spratings.com/sri for a comparison with other sovereigns). We estimate this ratio at about 233% of current account receipts in 2019. While Spain's negative net international investment position remains sizable, estimated at 77.7% of GDP, it has declined markedly from its peak of 99.7% of GDP in 2014. In this context, almost a third of this represents net financing from the country's central bank, Banco de España; in our view, this is not vulnerable to roll-over risk. For the economy's external balance accounting purposes, we do not consider Banco de España to be a resident.

Spain's external debt is still large, including compared with that of eurozone peers. However, we believe that, on top of the significant deleveraging in private sector (in nonconsolidated terms to 152.4% of GDP currently--below the current Eurozone average of 162.1% of GDP--from about 218% of GDP in 2011), the easing of interest expenses, given a substantial and continuous reduced borrowing costs for the private sector due to the ECB's monetary policies, has substantially reduced the vulnerability to a sudden and adverse change in external borrowing conditions.

Following the 2018 budget deficit of 2.5% of GDP, we expect the 2019 deficit to fall to about 2% of GDP. Because the 2019 budget was rejected, this year's budgetary execution defaults to the 2018 budget, albeit with some modifications, including hikes to pensions and public wages, and without the previously planned revenue-increasing measures. In 2019, we expect that the cyclically sensitive budgetary items, namely lower unemployment benefits on the spending side, and higher corporate and personal income tax receipts, as well as indirect tax receipts on the revenue side are the key factors in the budget deficit reduction. We expect interest payments will fall further, given the additional improvement in financing conditions so far this year and the recent relaunch of the ECB's quantitative easing measures. We note, however, an absence of structural measures to reduce the budget deficit and persistent budgetary pressures--emanating, for example, from an aging population, the economic slowdown and external economic risks--could result in a wider deficit, especially from 2020 onward. Also, despite continued strong employment growth, the social security deficit remains high, and could hinder broader deficit reduction efforts if unchecked due to intensifying pressure on the long-term sustainability of public finances. Of importance, we expect Spain's primary balance to be in a small surplus position this year for the first time since 2008, provided that the above risks don't materialize.

Therefore, we expect general government debt will decline slowly over 2019-2022. We forecast net general government debt at 82.8% of GDP in 2022 compared with the peak of 89.2% in 2016, excluding state guarantees related to the European Financial Stability Facility (EFSF; for more information, see "S&P Clarifies Its Approach To Accounting For EFSF Liabilities When Rating The Sovereign Guarantors," published Nov. 2, 2011, on RatingsDirect). Faster budgetary consolidation or higher nominal economic growth would support a more discernible decline in the general government debt-to-GDP ratio. We forecast the ratio of general government interest expenditure to general government revenue will average about 5.5% in 2019-2022, down from its peak of 9.00% in 2013, thanks also to the ECB's accommodative monetary policies.

Thanks to improved market conditions since 2012, the average interest rate on central government debt declined to a record low of 2.35% in early September 2019, after peaking at 4.07% in 2011 during the economic and financial crisis. The central government's cost at issuance so far this year currently stands at below 0.4% with the average remaining term of debt at about 7.55 years.

We expect CPI to be about 1.1% this year before gradually rising thereafter. Rising inflation would likely benefit Spain's fiscal and debt position, while providing momentum to nominal GDP and government revenue. By contrast, rising CPI could eventually reduce consumption to such an extent that wage inflation remains weak.

We do not expect the Spanish government will incur additional significant fiscal costs linked to its banking system beyond those in the recent financial crisis (at below 0.1% of GDP in 2018). Over the past several years, banks have gradually strengthened their balance sheets. They have reduced the stock of legacy problematic assets, raised their capital and provisioning levels, and rebalanced their funding profiles. Restoring profitability to more adequate levels still remains an issue, however, particularly given the extremely low interest rates and intense competition in the system. We do not consider the Spanish government's stakes in financial institutions liquid assets, and do not subtract them from gross general government debt when calculating the country's net general government debt ratio. We rank Spain's banking sector in group '4' under our Banking Industry Country Risk Assessment (on a scale of '1' to '10', '1' denoting the lowest-risk banking industry).

From a monetary perspective, we see Spain's membership in the eurozone as a credit strength. Although the ECB has yet to meet its inflation target of just below 2%, it maintains a credible monetary policy, in our view. This is thanks to the ECB's overall longer track record on inflation than other monetary authorities, the depth of the eurozone's capital markets, and its response to date in addressing risks from financial flows across the eurozone.

Key Statistics

Table 1

Spain -- Selected Indicators

	2013	2014	2015	2016	2017	2018	2019e	2020f	2021f	2022f
Economic indicators (%)										
Nominal GDP (bil. €)	1,020	1,032	1,078	1,114	1,162	1,202	1,248	1,292	1,337	1,381
Nominal GDP (bil. $)	1,355	1,371	1,196	1,233	1,313	1,420	1,399	1,444	1,531	1,637
GDP per capita (000s $)	29.0	29.5	25.7	26.5	28.2	30.4	29.9	30.8	32.6	34.8
Real GDP growth	(1.4)	1.4	3.8	3.0	2.9	2.4	2.2	1.8	1.7	1.5
Real GDP per capita growth	(1.2)	1.9	3.9	3.0	2.7	2.1	2.0	1.6	1.5	1.3
Real investment growth	(4.0)	5.8	10.1	1.4	5.6	6.1	4.0	2.8	2.3	2.0

Table 1

Spain -- Selected Indicators (cont.)

	2013	2014	2015	2016	2017	2018	2019e	2020f	2021f	2022f
Investment/GDP	17.2	17.9	19.0	18.8	19.4	20.4	21.7	23.2	24.1	26.2
Savings/GDP	18.7	19.0	20.2	21.0	21.3	21.3	22.4	23.8	24.8	26.9
Exports/GDP	33.0	33.5	33.6	33.9	35.2	35.1	34.9	35.1	35.2	35.3
Real exports growth	4.4	4.5	4.3	5.4	5.6	2.2	2.0	2.9	2.4	2.3
Unemployment rate	26.1	24.5	22.1	19.6	17.2	15.3	13.9	13.3	12.7	12.2
External indicators (%)										
Current account balance/GDP	1.5	1.1	1.2	2.3	1.9	0.9	0.6	0.6	0.7	0.7
Current account balance/CARs	4.0	2.8	3.0	5.7	4.6	2.3	1.6	1.6	1.7	1.8
CARs/GDP	38.7	39.4	39.4	39.7	40.5	40.5	40.3	40.5	40.8	40.9
Trade balance/GDP	(1.4)	(2.2)	(2.0)	(1.4)	(1.9)	(2.6)	(2.8)	(3.0)	(3.1)	(3.2)
Net FDI/GDP	1.8	(0.6)	(2.4)	(1.3)	(1.5)	0.8	0.5	(0.5)	(0.8)	(1.0)
Net portfolio equity inflow/GDP	6.2	0.9	(1.0)	(4.6)	(2.2)	(0.7)	(1.0)	(1.0)	(1.0)	(1.0)
Gross external financing needs/CARs plus usable reserves	256.0	244.0	253.7	228.7	213.6	224.1	221.0	217.2	209.7	203.6
Narrow net external debt/CARs	273.3	247.2	259.5	243.5	265.0	234.0	232.8	223.3	211.7	199.4
Narrow net external debt/CAPs	284.5	254.2	267.4	258.3	277.7	239.5	236.5	226.9	215.4	203.0
Net external liabilities/CARs	257.0	228.7	223.6	205.4	219.6	185.4	180.4	166.9	153.1	138.5
Net external liabilities/CAPs	267.6	235.2	230.4	217.9	230.1	189.7	183.3	169.6	155.8	141.0
Short-term external debt by remaining maturity/CARs	184.6	167.7	183.8	159.6	143.5	153.5	150.2	144.7	135.6	128.4
Usable reserves/CAPs (months)	1.2	1.1	1.3	1.4	1.5	1.5	1.5	1.5	1.4	1.4
Usable reserves (mil. $)	46,308	50,351	53,984	63,054	69,457	70,641	69,942	71,815	75,403	79,817
Fiscal indicators (general government; %)										
Balance/GDP	(7.0)	(6.0)	(5.3)	(4.5)	(3.1)	(2.5)	(2.0)	(1.7)	(1.5)	(1.5)
Change in net debt/GDP	9.2	4.7	3.2	3.8	1.9	1.6	2.3	2.0	1.8	1.8
Primary balance/GDP	(3.5)	(2.5)	(2.2)	(1.7)	(0.5)	(0.0)	0.2	0.4	0.6	0.6
Revenue/GDP	38.8	39.1	38.6	37.9	38.1	39.1	39.0	39.0	38.8	38.6
Expenditures/GDP	45.8	45.1	43.9	42.4	41.2	41.6	41.0	40.7	40.3	40.1
Interest/revenues	9.0	8.9	8.0	7.4	6.7	6.3	5.7	5.5	5.4	5.4
Debt/GDP	93.7	98.5	97.5	97.3	96.3	95.4	93.9	92.7	91.4	90.3

Table 1

Spain -- Selected Indicators (cont.)

	2013	2014	2015	2016	2017	2018	2019e	2020f	2021f	2022f
Debt/revenues	241.5	252.0	252.7	256.7	253.0	244.4	240.8	237.7	235.7	233.9
Net debt/GDP	85.5	89.3	88.7	89.6	87.9	86.5	85.6	84.7	83.7	82.8
Liquid assets/GDP	8.2	9.3	8.8	7.7	8.4	8.9	8.3	8.0	7.8	7.5
Monetary indicators (%)										
CPI growth	1.5	(0.2)	(0.6)	(0.3)	2.0	1.7	1.1	1.4	1.5	1.6
GDP deflator growth	0.4	(0.2)	0.6	0.4	1.4	1.0	1.6	1.7	1.7	1.8
Exchange rate, year-end (LC/$)	0.73	0.82	0.92	0.95	0.83	0.87	0.90	0.89	0.86	0.83
Banks' claims on resident non-gov't sector growth	(10.2)	(6.5)	(4.2)	(4.1)	(2.0)	(3.9)	1.0	1.5	2.0	2.0
Banks' claims on resident non-gov't sector/GDP	142.4	131.6	120.8	112.1	105.3	97.8	95.1	93.2	91.9	90.8
Foreign currency share of claims by banks on residents	1.0	1.2	1.4	1.6	1.3	1.3	N/A	N/A	N/A	N/A
Foreign currency share of residents' bank deposits	2.1	2.0	2.1	2.0	1.3	1.2	1.2	1.2	1.2	1.2
Real effective exchange rate growth	0.6	(2.1)	(4.1)	(0.1)	0.7	(0.3)	N/A	N/A	N/A	N/A

Sources: The National Statistics Institute, Eurostat (economic indicators); Banco de España, International Financial Statistics (monetary indicators); Eurostat (fiscal indicators); Eurostat, International Financial Statistics (debt Indicators); Banco de España (external indicators). Adjustments: Government debt adjusted by excluding guarantees on debt issued by EFSF. Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid assets held by nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A--Not applicable. LC--Local currency. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. e--Estimate. f--Forecast. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. e--Estimate. f--Forecast.

Ratings Score Snapshot

Table 2

Spain -- Ratings Score Snapshot

Key rating factors	Score	Explanation
Institutional assessment	3	Generally effective policymaking in recent years, promoting sustainable economic growth. Policy shifts are possible because of changes in administration, given the current political landscape or the potential destabilising influences of underlying socioeconomic or significant long-term challenges. There are checks and balances between various institutions; unbiased enforcement of contracts and respect for the rule of law.

Table 2

Spain -- Ratings Score Snapshot (cont.)

Key rating factors	Score	Explanation
Economic assessment	2	Based on GDP per capita ($) as per the Selected Indicators in table 1.
External assessment	4	Based on narrow net external debt (% of CAR) as per Selected Indicators in table 1, considering we treat euro as an actively traded currency, in the context of our external assessment.
		In the context of our external assessment, we consider Spain, a member of the Economic and Monetary Union, as if the currency was actively traded. Spain has been running current account surpluses since 2013 and we exptect the trend to stabilise slightly below the current level over 2019-2022.
		Spain's external short term debt by remaining maturity represents more than 100% of CAR as per the Selected indicatots in Table 1.
Fiscal assessment: flexibility and performance	2	Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1.
Fiscal assessment: debt burden	5	Based on net general government debt (% of GDP) and general government interest expenditure (% of general government revenue) as per Selected Indicators in Table 1.
Monetary assessment	2	In the context of our monetary assessment, we consider the euro to be a reserve currency.
		The European Central Bank has an established track record in monetary authority independence with clear objectives and a wide array of policy instruments, including non-conventional tools. The CPI is low and in line with that of its trading partners.
		Spain is a member of Economic and Monetary Union, resulting in less individual monetary flexibility.
Indicative rating	a+	As per Table 1 of "Sovereign Rating Methodology."
Notches of supplemental adjustments and flexibility	-1	Based on high gross external financing needs, over 150% of CAR and usable reserves over 2019-2022 as per the Selected Indicators in Table 1.
Final rating		
Foreign currency	A	
Notches of uplift	0	We do not believe that default risks apply differently to foreign- and local-currency debt.
Local currency	A	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016

- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Sovereign Ratings List, Sept. 4, 2019
- Sovereign Ratings History, Sept. 4, 2019
- Sovereign Ratings Score Snapshot, Sept. 2, 2019
- Banking Industry Country Risk Assessment Update: August 2019, Aug. 27, 2019
- Global Sovereign Rating Trends: Midyear 2019, July 25, 2019
- European Developed Sovereign Rating Trends Midyear 2019, July 25, 2019
- Sovereign Risk Indicators, July 11, 2019. Interactive version available at http://www.spratings.com/sri
- The Eurozone's Open Economy Makes It More Vulnerable To Escalating Trade Conflicts, June 26, 2019
- Spain 'A-/A-2' Ratings Affirmed; Outlook Positive, March 22, 2019
- Default, Transition, and Recovery: 2018 Annual Sovereign Default And Rating Transition Study, March 15, 2019

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

Ratings List

Upgraded; Outlook Action

	To	From
Spain		
Sovereign Credit Rating	A/Stable/A-1	A-/Positive/A-2

Upgraded

	To	From
Fondo de Amortizacion del Deficit Electrico		
Senior Unsecured	A	A-

Ratings Affirmed

Spain		
Transfer & Convertibility Assessment		
Local Currency	AAA	

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