SEFO

SPANISH AND INTERNATIONAL
ECONOMIC & FINANCIAL OUTLOOK

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From fiscal strength to long-term sustainability: Spain's next policy challenge

funcas

WHAT MATTERS

The **Spanish economy's growth cycle:** Constraints and outlook through 2027

Policy interest rates: The ECB's strategic pause and medium-term outlook

The **macroeconomic drivers** of fiscal sustainability

Fiscal progress despite budget stalemate: Spain's deficit contracts amid political gridlock

Public revenue in Spain: Strong momentum meets demographic headwinds

Spanish banks: Renewed strength and credibility in wholesale markets

Spain's insurance sector: Underpinning market confidence in the broader financial system

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Letter from the Editors

As 2025 draws to a close, Europe finds itself navigating a complex economic landscape marked by slowing growth, a cautious central bank, and intensifying fiscal pressures. The European Central Bank's pause after a series of rate cuts reflects the tension between fading inflationary pressures and the need to preserve policy flexibility in an uncertain global environment. Spain, by contrast, continues to outperform its peers, combining solid growth while avoiding macroeconomic imbalances—but faces growing constraints, which could undermine the long-term sustainability of its recovery. In this issue of *Spanish and International Economic & Financial Outlook (SEFO)*, we explore these dynamics through the lens of Spain's macroeconomic performance, evolving fiscal strategy, and financial sector resilience.

We begin with an analysis of Spain's growth dynamics, which are among the most robust in Europe. Spain remains Europe's leading growth engine, with GDP now 10% above its pre-pandemic level and expanding at nearly twice the eurozone average; all without generating macroeconomic imbalances. However, the current cycle, resilient through successive global shocks, is now driven almost entirely by domestic demand, supported by household consumption and a buoyant labour market. Foreign-born workers have accounted for 65% of new net jobs over the past three years, yet their integration is increasingly constrained by acute housing shortages. Private investment also remains subdued, still 5% below pre-pandemic levels in real terms, weighing on productivity. Meanwhile, European funds, which have fuelled public investment, are expected to taper off as the Next Generation programme approaches its end. Under this scenario, Funcas projects GDP growth of 2.9% in 2025, moderating to 1.9% in 2026 and 1.7% in 2027, underscoring the need to boost residential construction and corporate investment to sustain long-term growth momentum.

Next, we turn to the monetary policy outlook, as the ECB recalibrates its stance following a period of rapid normalization. After the most intense tightening in its recent history, the European Central Bank (ECB) reduced its deposit rate eight times between 2024 and 2025, from 3.75% to 2.00%, and has since entered a cautious pause. Inflation has converged toward 2%, while core inflation remains at 2.4% and GDP growth hovers around 1%. Bank lending, which had contracted for five consecutive quarters, has stabilized, and excess liquidity has been reduced from €4.7 trillion to €2.6 trillion. However, the resilience of service inflation and wage growth above 3% suggest that the scope for further rate cuts is exhausted. Instead, monetary policy has shifted its focus toward balance sheet normalization, with the ECB reducing its Asset Purchase Program (APP) by roughly €30 billion per month. In the medium term maintaining rates around

2% would be reasonable, supporting activity while remaining consistent with the ECB's price-stability mandate. Should core inflation remain sticky, a modest rate hike could reassert control and anchor expectations without disrupting recovery dynamics.

The focus of this issue then shifts to fiscal sustainability and consolidation, where several contributions examine the evolving trade-offs between discipline, growth, and structural reform.

Public debt ratios across advanced economies remain well above pre-pandemic levels, but Spain stands out as an exception within the euro area. After peaking at 120% of GDP in 2020, Spain's debt ratio declined to 107.5% in 2024—almost five percentage points below the EU average and nearly ten points lower than in France or Italy. This improvement reflects a favorable interest rate-growth differential, strong labor market performance, and robust immigration inflows that expanded the tax base. Interest payments have fallen to just 2% of GDP, half their 1990s level, allowing debt reduction without major fiscal consolidation. Yet this benign dynamic is unlikely to persist. Demographic projections indicate that age-related spending will rise by over five percentage points of GDP by 2070, while potential growth remains constrained by low productivity and a maturing labor force. Ensuring fiscal sustainability will therefore require structural reforms to boost growth and preserve the credibility of Spain's public finances in a less forgiving macroeconomic environment.

Spain's central government remains mired in budgetary paralysis, with the 2023 General State Budget still in force and no new draft budget likely to pass given the current political fragmentation. Nevertheless, fiscal performance in 2025 has been encouraging: as of August, the deficit fell by half a percentage point of GDP, driven by a 10% increase in tax revenue, outpacing nominal GDP growth. The improvement stems largely from favourable cyclical conditions, including strong job creation and the expiration of temporary tax relief. Looking ahead, AIReF and the Bank of Spain expect further fiscal consolidation in 2026, projecting deficits of 2.0%–2.3% and a debt ratio near 100% of GDP. However, underlying structural imbalances remain, and most of the deficit reduction has been cyclical rather than permanent. From 2027 onwards, Spain will likely face pressure to curb expenditure growth and introduce structural reforms to comply with new EU fiscal rules. Sustaining fiscal discipline amid political uncertainty will require difficult choices, particularly in defence, housing, and public investment.

Spain's public revenue continues to post robust gains, with 2024 marking another year of exceptional tax and social security receipts. Growth in 2025 remains dynamic, driven by employment, wages, and corporate profitability, although underpinned by the fiscal drag effect rather than structural reform. Despite these tailwinds, the persistence of a "stopgap" fiscal strategy has delayed the long-recommended shift toward higher indirect and environmental taxation. Looking ahead, demographic forces are becoming an increasingly important constraint: population ageing is changing the composition of taxable income and eroding personal income tax buoyancy. Immigration has cushioned the decline but cannot fully offset it. Indeed, Spain would need at least one immigrant worker for every new pensioner in order to prop up tax revenue. Moreover, most immigrant workers earn below-average wages and will eventually become pensioners themselves. Without a sustained increase in higher-wage employment or structural tax reform, ageing could weigh heavily on revenue growth and threaten fiscal sustainability in the coming decades.

The final section of this issue turns to Spain's financial sector, where both banks and insurers continue to act as anchors of stability in a volatile environment.

Spanish banks have become increasingly active and reliable players in fixed-income markets, consolidating the progress achieved

since the financial crisis. Recent issuance patterns show that refinancing operations and regulatory adaptation, particularly to meet MREL requirements, have replaced the liquidity-driven issuance of previous years. The funding mix has shifted decisively toward unsecured instruments, signaling both restored market trust and improved capitalization. Smaller and medium-sized institutions have also expanded their footprint, achieving a level of market access that was previously reserved for the largest entities. The decline in spreads across senior and subordinated debt confirms the sector's regained credibility, though continued reliance on wholesale funding underscores the importance of maintaining high profitability and resilient balance sheets in an environment of still-elevated rates and evolving regulation.

Spain's insurance sector remains one of the most robust segments of the financial system, combining sustained profitability with exceptionally strong solvency positions. Capital ratios comfortably exceed European averages, supported by prudent asset allocation and limited exposure to market risk. Premium growth continues across both life and non-life segments, with the latter showing particular dynamism driven by auto and health lines. While the low-interest rate legacy still constrains returns on older portfolios, higher yields are gradually improving investment income and supporting new product growth. The sector's cautious risk management and focus on long-term stability have made it a key stabilizing force within Spain's financial landscape, underpinning confidence among policyholders, regulators, and investors alike.

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What´s Ahead (Next Month)

Month	Day	Indicator / Event
December	2	Social Security registrants and official unemployment (November)
	3	Tourists arrivals (October)
	5	Industrial production index (October)
	11	Eurogroup meeting
	12	CPI (November)
	17-18	ECB monetary policy meeting
	18-19	European Council meeting
	19	Services Production Index
	22	Foreign trade report (October)
	22	Non-financial accounts: Central Government, Regional Governments and Social Security (October)
	22	Non-financial accounts, State (November)
	23	Balance of payments quarterly (3rd. quarter)
	23	GDP (3rd. quarter, 2nd. estimate)
	30	Retail trade (November)
	30	Balance of payments monthly (October)
	30	Preliminary CPI (December)
	30	Quarterly sector accounts (3rd. quarter)
January	5	Social Security registrants and official unemployment (December)
	9	Financial Accounts Institutional Sectors (3rd. quarter)
	30	Balance of payments monthly (November)

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What Matters



5 **The Spanish economy's growth cycle: Constraints and outlook through 2027**

Spain's economy continues to outperform the eurozone average, driven by robust domestic demand and immigration-fueled job creation. Yet, structural weaknesses in housing, fiscal policy, and private investment pose growing constraints as external demand fades.

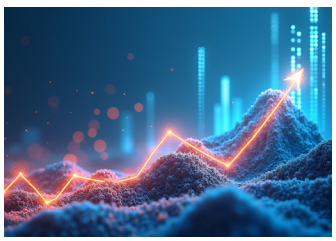
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15 **Policy interest rates: The ECB's strategic pause and medium-term outlook**

With inflation near target and growth subdued, the ECB has paused after eight rate cuts. The balance between disinflation, wage pressure, and fiscal risk will determine whether stability or tightening comes next.

Funcas Finance and Digitalization Department



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Spain's debt ratio has fallen more than four percentage points since 2019, outperforming most euro area economies thanks to strong growth and favorable financing conditions. Yet demographic headwinds and persistent productivity gaps are emerging as key risks to maintaining long-term fiscal sustainability.

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Despite operating without a new budget for two consecutive years, Spain has made notable progress in fiscal consolidation. Strong tax revenue growth and a buoyant labour market have offset the political impasse, allowing the deficit and debt ratios to continue falling.

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47 **Spanish banks: Renewed strength and credibility in wholesale markets**

Spanish banks have cemented their status as consistent and credible issuers in wholesale markets, reflecting stronger fundamentals and investor confidence, with lower spreads and broader participation marking a new phase of stability for the sector. However, continued reliance on wholesale funding underscores the importance of maintaining high profitability and resilient balance sheets in an environment of still-elevated rates and evolving regulation.

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55 **Spain's insurance sector: Underpinning market confidence in the broader financial system**

The Spanish insurance industry continues to demonstrate financial strength, solvency, and stable profitability, acting as a buffer for the broader financial system. A conservative investment profile and steady income growth highlight the sector's resilience even amid market volatility.

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The Spanish economy's growth cycle: Constraints and outlook through 2027

Spain's economy continues to outperform the eurozone average, driven by robust domestic demand and immigration-fueled job creation. Yet, structural weaknesses in housing, fiscal policy, and private investment pose growing constraints as external demand fades.

Raymond Torres, María Jesús Fernández and Fernando Gómez Díaz

Abstract: Spain remains Europe's leading growth engine, with GDP now 10% above its pre-pandemic level and expanding at nearly twice the eurozone average; all without generating macroeconomic imbalances. However, the current cycle, resilient through successive global shocks, is now driven almost entirely by domestic demand, supported by household consumption and a buoyant labour market. Foreign-born workers have accounted for 65% of net new jobs over the past three years, yet their integration is increasingly constrained by acute housing shortages. Private investment also remains subdued, still 5% below pre-pandemic levels in real terms, weighing on productivity. Meanwhile, European funds, which have fuelled public investment, are expected to taper off as the Next Generation programme approaches its end. Under this scenario, Funcas projects GDP growth of 2.9% in 2025, moderating to 1.9% in 2026 and 1.7% in 2027, underscoring the need to boost residential construction and corporate investment to sustain long-term growth momentum.

> “Spanish GDP is now 10% above its pre-pandemic level, compared to an average of 6.4% for the eurozone as a whole.”

Introduction

The Spanish economy continues to defy expectations and spearhead growth in Europe. So far this year, GDP has been expanding at an annual rate of 3%, which is more than twice the eurozone average and better than anticipated by Funcas as recently as the July round of forecasting.

The purpose of this paper is to examine under what conditions the current growth cycle could continue in the near future. To that end, it starts from an analysis of the factors that have driven the economy in recent years despite the deterioration in the international environment on account of escalating trade tensions, among other factors (Torres *et al.,* 2025). Based on that analysis, we share Funcas' projections for 2025-2027, before highlighting the key medium-term challenges and looking at the risks, both upside and downside, implicit in these projections.

Key drivers behind the strong economic performance

The Spanish economy remains on a clear-cut growth trajectory. Following the INE's most recent statistical revisions (which yielded an upward adjustment to the growth accumulated in the post-pandemic era), Spanish GDP is now 10% above its pre-pandemic level, compared to an average of 6.4% for the eurozone as a whole (Exhibit 1).

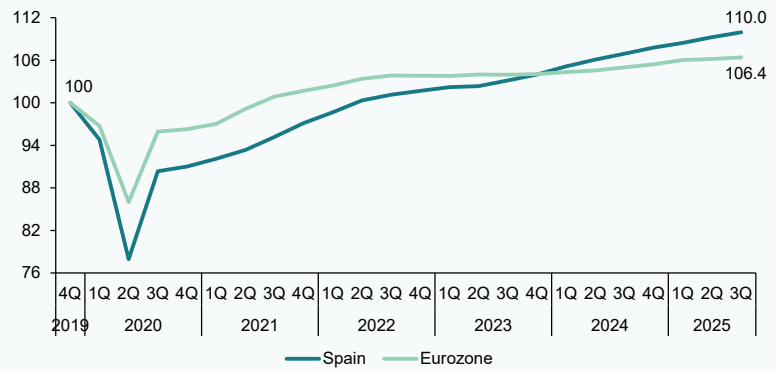
However, despite the continued momentum, the more recent indicators point to a less balanced growth pattern, due to the loss of steam in foreign demand. Indeed, the external sector, whose contribution accounts for more than a quarter of GDP growth in 2023-2024, is now detracting from growth (Exhibit 2). The inflection is due to a drop in goods exports and a slowdown in tourist arrivals, on the one hand, and faster growth in imports, particularly in products from outside the EU, notably from China, on the other. [1]

Unlike the external sector, the domestic growth engine remains robust. Household consumption is particularly strong, explaining no less than 64% of the growth in GDP recorded so far this year, which is 20 points more than in the previous two years. Investment

Exhibit 1

GDP

Rebased: 100 = 4Q19

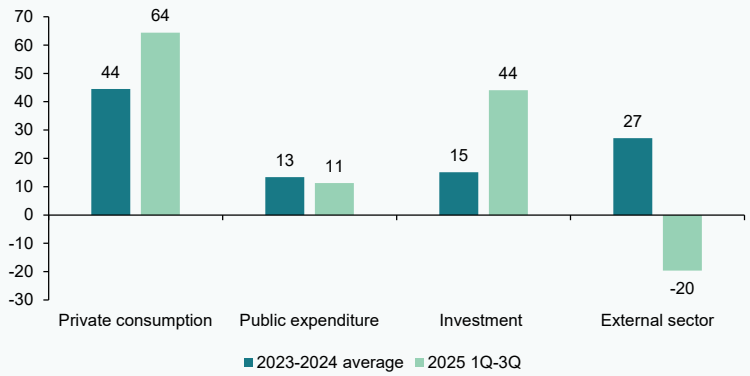


Sources: INE and Eurostat.

Exhibit 2

Contributions to GDP

Percentage of year-on-year GDP growth explained by each component



Source: Authors' own elaboration based on INE data.

has also stepped up its contribution, to 44%, an almost threefold improvement, whereas the contribution by public expenditure has remained stable.

Three key factors underpin the prevailing domestic demand dynamic. First, immigration is enlivening activity in labour-intensive sectors such as construction and hospitality, while contributing to growth in private consumption. By 1 July 2025, the number of immigrants had increased by 602,000 from a year earlier, marking sharp growth, in line with that of the previous three years. According to the *Labour Force Survey*, 65% of all the net new jobs created between 2022 and 2025 have been taken up by foreign-born or dual-nationality workers (Exhibit 3). In certain sectors, where it is proving harder to find labour, the participation of foreign workers has been even higher. For example, in the restaurant sector, personal, protective and sales services, and in construction, the percentage of newly created jobs held by foreign-born or dual-nationality workers exceeds 80%.

Secondly, investment in housing is reacting to prevailing strong demand and the widespread shortages afflicting the real estate market. Recent indicators point to a sustained recovery in construction, as is also borne out by the national accounts, judging by the 4.8% growth in investment in home-building (with data for the first three quarters).

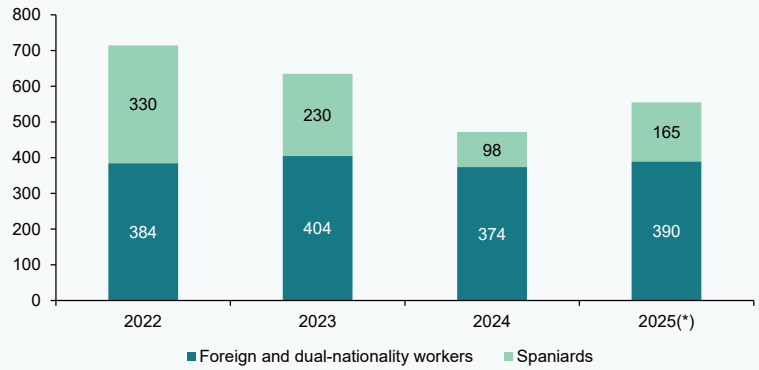
Thirdly, the need to execute the European funds before the end of the Next Generation (NGEU) programme is fuelling growth in investment (GFCF). In fact, one of the biggest differences in the national accounting statistics for 2022 to 2024 derived from the recent statistical revisions has been a significant increase in GFCF compared to the previously published figures. The adjustment was concentrated in the two components most likely to have benefitted from the European funds: non-residential construction (including civil infrastructure, among other things) and intellectual property products, an area that very probably includes the European funds being channelled into digital transformation. [2] By contrast, investment

> "65% of all the net new jobs created between 2022 and 2025 have been taken up by foreign-born or dual-nationality workers."

Exhibit 3

Increase in the number of job holders by nationality

In thousands



Note: (*) 9M25 vs. *9M24.*

Source: Authors' own elaboration based on the Labour Force Survey *(INE).*

in housing and capital goods was revised slightly downwards.

In any case, investment in the bulk of the business sector remains worryingly weak, with only certain (transitory) public assistance targeted at digitalisation providing partial relief. This is evident in the breakdown between investment in the public and private sectors: whereas real GFCF in the public sector was 43% above 2019 levels by June 2025, investment by non-financial corporations (NFCs) continued to lag that same benchmark by 5% (also in inflation-adjusted terms), according to Funcas estimates.

In other words, despite the recent pick up, private investment performance in the wake of the pandemic has been disappointing, especially considering the volume of aid coming in via the NGEU funds and the Spanish economy's overall buoyancy. Spain is one of the laggards in the EU in this respect (among the countries for which these figures are available), although there is huge cross-country disparity. For example, real corporate investment is down 11% from 2019 levels in Germany, whereas it is up 41% in Greece.

Although we do not have data concerning the composition by asset type for each institutional sector, the figures suggest that the reduction in corporate investment relative to pre-pandemic levels is the result of a contraction in investment in capital goods, in parallel to significant growth in investment in intellectual property products. This disparity could be interpreted as a move among corporations towards more digitalised productive processes or the start of a shift in the economy's sector mix towards higher-tech activities. However, as already noted, the sharp growth in investment in intellectual property products is closely related with

"Despite the recent pick up, private investment performance in the wake of the pandemic has been disappointing, especially considering the volume of aid coming in via the NGEU funds and the Spanish economy's overall buoyancy."

certain specific programmes funded by the European funds (*e.g.,* the so-called Digital Kit) and may, therefore, prove temporary.

On the other hand, it is also true that certain cutting-edge sectors, where investment materialises primarily in technology, may be experiencing strong momentum, which would also be consistent with the extraordinary growth observed in non-tourist service exports in recent years.

The short-term outlook is positive overall...

We have revised our forecast for Spanish growth upwards as a result of the recent statistical fine-tuning by the INE and the strength of domestic demand, which is proving more robust than anticipated in July. We are now predicting GDP growth of 2.9% this year (Table 1), up 0.6 points from our last set of forecasts, an adjustment that primarily mirrors the strong momentum being displayed by the Spanish economy and, to a lesser degree, the trade agreement between the EU and U.S., which features lower tariffs than originally feared. As a result, the Spanish economy will continue to be one of the fastest growing in the EU.

That growth will come exclusively from domestic demand, which is expected to contribute 3.1 points to GDP growth. Within domestic demand, investment is now expected to be stronger. The contribution by private consumption is unchanged with respect to our last forecasts, while public consumption is now predicted to contribute a little less. The growth in investment in construction should continue to gather pace, in both the residential segment and in "other construction", a segment which includes infrastructure and other projects driven by government. Accelerated execution of the European funds should also manifest in investment in capital goods.

The external sector, meanwhile, is forecast to detract from GDP growth by 0.2 points in 2025, which is less adverse than originally anticipated: the tariffs levied on European products by the U.S. are lower than contemplated in the last set of projections.

The economy is expected to slow in 2026 and 2027, as a result primarily of a slowdown in tourism, in public investment (as the European funds gradually wind down) and in private consumption, as the lift from immigration potentially loses steam. In this respect, we are forecasting a slowdown in immigration in the next few years on account of the difficulty of finding housing. Specifically, the economically active foreign population is expected to increase by 875,000 people between 2025 and 2027, compared to 1,080,000 in the previous three-year period. Nevertheless, GDP is still expected to grow by 1.9% in 2026, up 0.3 points from our previous estimate, thanks to the momentum carried over from this year. Domestic demand will remain the main engine, contributing 2.1 points, with the external sector detracting 0.2 points. Private consumption is forecast to slow, in line with slower growth in the labour force and persistent difficulties in finding somewhere to live in the more dynamic markets. Investment is likely to suffer from the looming end of the European funds, partially offset by ongoing momentum in the construction sector.

In 2027, we are predicting GDP growth of 1.7%, which would still be above the European average but closer to the Spanish economy's potential. The slowdown is attributable to weakness in some of the factors that have been propping up the economy, including tourism, fiscal expansion and population growth. The private sector should, however, remain in good health in terms of both competitiveness and leverage and Spain is expected to continue to present a significant current account surplus.

> "The Spanish economy will continue to be one of the fastest growing in the EU."

Table 1 **Economic forecasts for Spain, 2025-2027**

Annual change in % unless otherwise indicated

	Actual data				Funcas forecasts			Change in forecasts (a)	
	2008-2013 Average	2014-2019 Average	2020-2023 Average	2024	2025	2026	2027	2025	2026
GDP and aggregates, constant prices									
GDP	-1.3	2.6	0.9	3.5	2.9	1.9	1.7	0.6	0.3
Final consumption, households and NPISHs	-2.1	2.2	0.1	3.1	3.1	2.0	1.8	0.0	0.0
Final consumption, government	0.6	1.2	3.1	2.9	1.4	1.2	1.2	-0.8	-0.3
Gross fixed capital formation	-7.5	5.0	0.8	3.6	5.2	3.4	2.6	2.7	1.2
Construction	-10.5	5.2	0.2	4.0	4.1	4.4	3.0	1.2	1.7
Capital goods and other products	-2.9	4.7	1.4	3.1	6.3	2.2	2.2	4.2	0.6
Exports of goods and services	1.6	4.0	1.4	3.2	4.0	1.6	1.8	2.3	0.5
Imports of goods and services	-4.4	4.4	1.2	2.9	5.2	2.4	2.2	2.3	0.3
Domestic demand (contribution in pp)	-3.1	2.6	1.0	3.3	3.1	2.1	1.8	0.5	0.2
External demand (contribution in pp)	1.8	0.0	0.0	0.2	-0.2	-0.2	-0.1	0.1	0.1
GDP, current prices: - billions of euros	--	--	--	1,594.3	1,678.7	1,743.2	1,808.3	--	--
- % change	-0.8	3.4	4.5	6.4	5.3	3.8	3.7	0.6	0.5
Inflation, employment and unemployment									
GDP deflator	0.5	0.8	3.6	2.9	2.3	1.9	2.0	0.0	0.2
Household consumption deflator	1.7	0.7	3.5	3.2	2.5	2.0	2.0	0.2	0.2
Compensation per employee (per FTE)	1.8	1.2	4.0	4.6	3.2	3.0	2.6	0.3	0.9
Employment (LFS)	-3.0	2.4	1.8	2.2	2.6	1.5	1.1	0.5	0.3
Unemployment rate (Spanish LFS, % of active pop.)	20.2	18.8	13.9	11.3	10.3	9.6	9.2	-0.2	-0.4
Financial eqilibrium (% of GDP)									
National savings rate	19.0	21.9	22.8	24.4	24.5	24.7	24.9	1.1	1.6
National investment rate	21.8	19.6	21.6	21.2	21.6	21.9	22.1	1.0	1.1
Current account surplus/(deficit)	-2.8	2.3	1.2	3.2	2.9	2.8	2.7	0.1	0.5
Spain's net lending (+) or borrowing (-) position	-2.4	2.7	2.0	4.3	4.0	3.8	3.0	0.1	0.5
Public surplus (+) or deficit (-)	-9.0	-4.0	-6.1	-3.2	-2.8	-2.7	-2.6	0.1	0.1
Government debt, EDP criteria	68.7	101.3	112.4	101.6	99.0	98.2	97.5	-1.0	-1.6
Other variables									
Real GDP per capita	-1.8	2.4	0.2	2.4	1.8	1.1	1.2	0.2	0.0
Eurozone GDP	-0.3	1.9	1.1	0.8	1.0	1.1	2.1	0.3	0.1
Household savings rate (% of GDI)	9.3	7.2	13.1	12.7	12.1	11.7	11.2	0.1	0.2
Gross borrowings, households (% of GDI)	127.7	100.5	83.5	68.9	68.7	69.0	69.5	2.6	4.3
Consolidated gross debt of NFCs (% of GDP)	112.4	84.7	78.3	63.4	61.4	61.2	61.4	-0.5	0.7
12-month Euribor (annual average, %)	1.90	0.01	1.04	3.27	2.07	1.90	2.00	0.04	0.10
Yield on 10Y Spanish bonds (annual average, %)	4.74	1.58	1.60	3.15	3.20	3.40	3.40	-0.01	0.30

(a) Change in percentage points between current and last set of forecasts.
Sources: 2008-2024: INE and Bank of Spain; Forecasts 2025-2027: Funcas.

> "The recovery predicted in construction will barely make a dent in the ongoing housing crisis."

Inflation is forecast at around 2.5% this year, due to price pressure from food products and services. Euro appreciation, coupled with the assumption that energy prices will remain at relatively reasonable levels, should ease imported inflation in the coming quarters, so that CPI should converge towards the ECB's target of 2% in 2026, where it should remain also in 2027.

The Spanish economy is expected to create close to 550,000 net new jobs until the end of 2027, which would imply an unemployment rate of 9.2%, the lowest level since 2007. To bring unemployment further down, Spain needs to tackle outstanding challenges in the labour market, particularly the transition by young adults into employment, getting the unemployed back to work and the housing crisis.

... but Spain faces three main challenges in the medium term

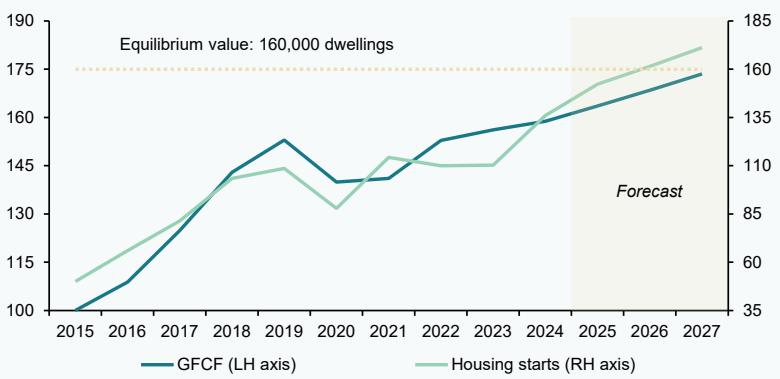
Despite the prospect of relatively strong growth in the short term, economic policy space in the event of possible shocks will remain tight as a result of still-high public debt. Correcting the country's fiscal imbalances, therefore, remains a major challenge. Although the deficit is expected to come down to 2.8% of GDP this year, the improvement is largely cyclical, as it derives from the uptick in tax revenue induced by the prevailing growth momentum. In a context of economic slowdown and in the absence of adjustments, correction of the current fiscal imbalances will be limited in the next few years. [3] Even if the budget continues to be rolled over, which in theory should contain spending, past experience suggests that momentum in the key fiscal metrics continues. As a result, we are forecasting only a slight reduction in the public debt ratio to 97.5% of GDP at the end of the projection period.

Another of the key challenges emerging from these forecasts relates to the housing market. The recovery predicted in construction will barely make a dent in the ongoing housing crisis (Exhibit 4). As a result, if housing supply does not start to rise faster than we

Exhibit 4

Investment in housing and housing construction

In thousands

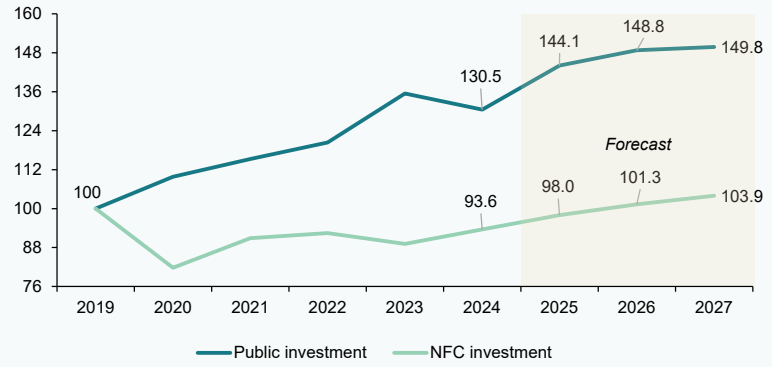


Sources: MITMA, INE and Funcas forecasts.

Exhibit 5

Public and corporate investment

Rebased (2019 = 100)



Source: Authors' own elaboration based on INE.

are forecasting, the scarcity will constrain labour mobility and growth in the medium term, in addition to having major negative consequences on social wellbeing. [4]

Lastly, the weakness in corporate investment is another outstanding issue, one that could curb productivity and, by extension, the scope for lifting the country's living standards. The current projections are consistent with a recovery in investment by non-financial corporations, though barely enough to revisit pre-pandemic levels as from next year (Exhibit 5).

Upside and downside

There is room for stronger than expected growth, given ongoing trends in the labour force and in household consumption. Foreign worker arrivals could be stronger than anticipated in these forecasts, which would stimulate consumption and activity in the sectors where labour is in higher demand. In addition, there is some uncertainty around the sustainability of the current savings rate, which at 11.5% remains well above the levels considered normal a few years ago. This shift may be partly structural, shaped by factors such as immigration or the need to save more to purchase a home. We are forecasting a slight reduction in the savings rate in the coming years, in line with this assumption. However, if surplus savings were depleted faster than forecast, consumer spending would receive a boost.

There are also downside risks, the main one lying with the impact of U.S. economic policy. On the one hand, the trade "agreement" sealed with the EU contains many shades of grey and its application is subject to geopolitical ups and downs. On the other hand, tariffs will continue to permeate the U.S. economy as they are passed through to prices, with negative consequences for household consumption, inflation and the

> "In general, economic, financial and trade-related risks with global reverberations persist, with the potential of further eroding the external sector's contribution to the Spanish economy."

prospect of a sharp correction in interest rates. The prospect of deteriorating public finances will also shape the Federal Reserve's thinking and actions.

Lastly, high debt burdens, in the U.S. as well as on this side of the Atlantic, coupled with higher spending on defence and political resistance to tackling deficit adjustments, could generate tensions that end up translating into financial market turbulence. In general, economic, financial and trade-related risks with global reverberations persist, with the potential of further eroding the external sector's contribution to the Spanish economy.

Notes

[1] The exchanges between the Spanish economy and its main trading partners are addressed in Torres (2025).

[2] The former increased by 16.4% over the three-year period, rather than the initially estimated 4.6%, while the latter, which encompasses investment in software, databases and R&D, increased by 28.6% instead of 10.5%.

[3] The persistence of the public deficit is analysed in detail in Torres *et al.* (2024).

[4] Policies for tackling the housing crisis were addressed by Carbó (2024).

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Policy interest rates: The ECB's strategic pause and medium-term outlook

With inflation near target and growth subdued, the ECB has paused after eight rate cuts. The balance between disinflation, wage pressure, and fiscal risk will determine whether stability or tightening comes next.

Funcas Finance and Digitalization Department

Abstract: After the most intense tightening in its recent history, the European Central Bank (ECB) reduced its deposit rate eight times between 2024 and 2025, from 3.75% to 2.00%, and has since entered a cautious pause. Inflation has converged toward 2%, while core inflation remains at 2.4% and GDP growth hovers around 1%. Bank lending, which contracted for five consecutive quarters, has stabilized, and excess liquidity has been reduced from €4.7 trillion to €2.6 trillion. However, the resilience of service inflation and wage growth above 3% suggest that the scope for further rate cuts is exhausted. Instead, monetary policy has shifted its focus toward balance sheet normalization, with the ECB reducing its Asset Purchase Program (APP) by roughly €30 billion per month. In the medium term maintaining rates around 2% would be reasonable, supporting activity while remaining consistent with the ECB's price-stability mandate. Should core inflation remain sticky, a modest rate hike could reassert control and anchor expectations without disrupting recovery dynamics.

> In just over three years, the European Central Bank's monetary policy has gone from the most intense tightening in its recent history to a prolonged and calculated sequence of cuts.

From restriction to pause: Eight cuts and a waiting period

In just over three years, the European Central Bank's monetary policy has gone from the most intense tightening in its recent history to a prolonged and calculated sequence of cuts. After raising the deposit rate to 3.75% in 2023 to contain an inflationary outbreak that threatened to unanchor expectations, the Governing Council embarked on a normalization process in 2024 that reduced rates eight consecutive times by 25 basis points, bringing them to 2.00% in June 2025. With this, the ECB brought an end to a period of extraordinarily restrictive policy and entered a phase of fine-tuning, aware that the transmission of its decisions had become more complex and non-linear.

The shift was motivated by sustained disinflation, which brought the overall rate back to around 2%, but also by the realization that the cumulative restrictive momentum was beginning to visibly weigh on activity. Bank lending to the private sector had contracted for five consecutive quarters, and loan surveys pointed to a significant tightening of lending standards. At the same time, business investment was slowing, and private consumption was showing a weak recovery, sustained more by improved purchasing power than by cheaper credit.

Table 1 **Evolution of ECB interest rates (2023-2025)**

Date of decision	Deposit rate (%)	MRO (%)	Marginal rate (%)	Change	Macroeconomic context and message
Sep 2023	3.75	4.00	4.25	Last increase	Inflation 5.4%; end of the restrictive cycle.
Jun 2024	3.50	3.75	4.0	1st cut	Steady disinflation; credit slowing down.
Jul 2024	3.25	3.50	3.75	2nd cut	ECB begins normalization cycle.
Sep 2024	3.00	3.25	3.5	3rd cut	Reduction in inflation expectations.
Oct 2024	2.75	3.00	3.25	4th cut	Weak growth; consensus in favor of relief.
Dec 2024	2.50	2.75	3.0	5th cut	Inflation 2.6%; cautious tone.
Mar 2025	2.25	2.50	2.75	6th cut	Inflation 2.3%; credit stagnant.
Apr 2025	2.25	2.50	2.75	7th cut (technical)	Confirmation of expansionary bias.
Jun 2025	2.00	2.15	2.40	8th cut	Inflation 2.1%; ECB announces pause.
Sep 2025	2.00	2.15	2.40	No change	Pause 1 – "in a good place."
Oct 2025	2.00	2.15	2.40	No change	Pause 2 – assessment of lags.

Source: ECB, monetary policy decisions (2023–2025).

As the delayed effects of the 2022–2023 rate hikes materialized, the ECB adjusted its diagnosis from excess demand to a risk of stagnation. The elasticity of inflation to interest rates declined, and internal models began to reflect greater sensitivity in activity than in prices. This asymmetry justified the cuts in 2024 and 2025. But the latest data suggest that the room for maneuvering has narrowed. Bank lending has stopped falling, consumption is slowly rebounding, and nominal wages continue to grow above productivity. Services inflation —which is more dependent on labor income— remains above target and shows a rigidity that limits the scope for further stimulus.

In this context, further rate cuts would be of little economic use. The cost of money is no longer the main brake on activity, and additional monetary policy easing would tend to concentrate its effects in the financial sphere. Further easing could weaken incentives for fiscal consolidation by artificially alleviating public debt servicing just as European fiscal rules come back into force. At the same time, prolonging an environment of low-cost financing could reactivate the search for returns with excessive risk and reproduce the valuation distortions observed during the quantitative easing phase.

The ECB is aware of this dilemma. Therefore, the current pause is not a response to indecision, but rather a prudent assessment of the symmetrical risks: that of doing too little in the face of a possible inflationary upturn, and that of doing too much in the face of an economy that is barely sustained by domestic demand. In terms of macro-financial balance, the 2% deposit rate seems a reasonable starting point today: low enough to avoid further cooling of the economy, but not so low as to undo the credibility gained over the last two years.

The new center of gravity: Balance sheet policy

Stable rates do not equate to inaction. Since 2023, the European Central Bank has shifted the focus of its strategy from the price of money to balance sheet management, making the reduction of extraordinary liquidity its main instrument of normalization. The approach has been deliberately gradual: allowing bonds purchased under the *Asset Purchase Program* (APP) and the *Pandemic Emergency Purchase Program* (PEPP) to mature without reinvesting the principal, thereby absorbing liquidity without abruptly altering financing conditions.

The process has involved a change in the operating regime. For almost a decade, European monetary policy was based on balance sheet expansion and abundant reserves. Now, the ECB is seeking to reintroduce relative scarcity into the system to restore the role of the deposit rate as an effective market benchmark. From its peak in 2022, the total volume of assets purchased

Table 2 **Composition of the APP (September 2025)**

Subprogram	Type of assets	Stock (Bn €)	Share (%)
PSPP (public and supranational debt)	Sovereign bonds and EU agencies	2,205	81.9
CSPP (corporate)	Investment grade bonds	274	10.2
CBPP3 (covered bonds)	Guaranteed bank issues	191	7.1
ABSPP (securitized)	Loan-backed assets	22	0.8
Total		2,692	100

Source: ECB (09/30/2025).

> “In the medium term, the dismantling of the APP will be the centerpiece of the return to a regime of scarcer liquidity and market rates with greater informational content.”

has fallen from just over €3.2 trillion to €2.69 trillion in September 2025, with a reduction rate of around €30 billion per month.

This quantitative adjustment has both financial and fiscal implications. On the financial side, the ECB's gradual withdrawal as a net buyer returns the spotlight to private investors and revalues sovereign risk premiums, favoring a more efficient allocation of capital. Fiscally, it means that governments will have to return to full market financing, without the implicit cushion provided by central bank reinvestments. At the same time, lower liquidity in the system is forcing banks to manage their reserve and collateral positions more actively, revitalizing the interbank market after years of lethargy.

The ECB is applying a passive reduction: it is not reinvesting maturity but is avoiding active sales that could put pressure on the markets. This strategy minimizes dislocations, although it prolongs the central bank's presence in sovereign debt. In the medium term, the dismantling of the APP will be the centerpiece of the return to a regime of scarcer liquidity and market rates with greater informational content.

Why lowering rates would be ineffective... and potentially harmful

The current level of 2% on the deposit facility cannot be considered strictly neutral, but it does represent a transitional balance between price control, financial stability, and sovereign debt sustainability. It is a point of support that allows inflation expectations to remain anchored without stifling growth or creating unnecessary tensions in debt markets. After a cycle of eight consecutive cuts, the ECB has reached a level of rates at which the marginal effects of further reductions would be increasingly weak and potentially counterproductive.

There are two reasons for this. On the one hand, the transmission to private credit has lost sensitivity: demand for corporate financing now depends less on marginal financing costs and more on profitability prospects and the degree of confidence in the recovery. Households, for their part, have already adjusted their spending and mortgage decisions to current interest rate levels. Therefore, a further cut would be unlikely to translate into more investment or consumption, but rather into a reallocation of risks within the financial system.

On the other hand, the public sector would become the main beneficiary of any new stimulus. With sovereign yields at historically low levels, a further decrease in the cost of financing would ease the debt burden just when fiscal policy should be geared towards consolidation. Lowering rates in this environment would be tantamount to subsidizing public debt, delaying budgetary adjustments and eroding the separation between monetary and fiscal policy. This externality is particularly sensitive in a monetary union with 20 national treasuries and a single monetary authority.

Furthermore, a lower interest rate environment would reopen the financial distortions that the ECB has been trying to correct over the last two years. The search for returns on higher-risk assets, the overvaluation of certain segments of corporate debt, and the artificial compression of bank margins would reappear. The experience of the 2016–2019 period shows that prolonging ultra-expansionary policy

“ Monetary normalization, rather than a linear trajectory, thus becomes a process of continuous calibration, where prudence is the most sophisticated form of action. ”

ultimately reduces the efficiency of the banking channel and creates structural dependencies that are difficult to reverse.

The ECB is aware of this delicate balance. The current pause reflects a cautious assessment of the risks of moving in either direction. On the one hand, further easing could generate broader stability risks than marginal macroeconomic benefits. On the other hand, keeping rates stable while wages and services remain somewhat rigid could be insufficient to ensure definitive convergence towards the 2% target.

In this context, a moderate upward adjustment —if core inflation persists or labor costs continue to accelerate— should not be ruled out. A symbolic increase would reinforce the ECB's anti-inflationary credibility without significantly deteriorating financing conditions or threatening the recovery. Ultimately, the pause does not imply a downward bias, but rather the opening of a waiting period to decide in which direction the true medium-term equilibrium lies. Monetary normalization, rather than a linear trajectory, thus becomes a process of continuous calibration, where prudence is the most sophisticated form of action.

2% as an operational range and anchor of credibility

2% has established itself as the operational benchmark for the new phase of European monetary policy. At this level, bank margins have stabilized, and monetary policy transmission is once again relying on conventional channels, without the need for extraordinary measures. Credit to the private sector has stopped falling, but has not rebounded significantly, suggesting that monetary policy still has a slight but effective restrictive bias.

From a fiscal and financial perspective, 2% represents a fragile equilibrium point. Lower rates would once again encourage public borrowing and weaken budgetary discipline just when fiscal policy needs to take on a more restrictive role. Higher rates, on the other hand, would put pressure on national finances —especially in the periphery— and could fragment monetary transmission.

Overall, the current level allows for consistency between price stability, fiscal sustainability, and financial stability. This is not a neutral rate, but rather a compromise range, in which the ECB can maintain inflation convergence toward the target without reopening financial or fiscal imbalances. The challenge will be to determine how long this balance can be sustained without wage inertia or public spending rigidity forcing a further upward adjustment.

Risks and asymmetries

Core inflation is proving more resilient than expected, especially in the services

“ The current level allows for consistency between price stability, fiscal sustainability, and financial stability. ”

component. While industrial goods and energy have moderated their advance thanks to the normalization of supply chains and the adjustment of wholesale prices, nominal wage growth —above 3% year-on-year in the euro area— is keeping domestic price pressures alive. This gap between wages and productivity suggests that the disinflation process may have reached its final stage: inflation is no longer falling due to supply shocks but depends on the moderation of demand and the ability of companies to absorb costs without passing them on to prices.

At the same time, long-term debt yields have rebounded slightly since the summer. The German 10-year bond remains at around 2.6%, compared to 2.3% at the beginning of the year, while the Italian bond is around 4%, widening the north-south spread once again. This movement reflects less a loss of confidence in the ECB than a normalization of the debt market following the reduction of the APP and the gradual disappearance of its anchoring effect. The yield curve has steepened moderately, a sign that investors are discounting a prolonged equilibrium in rates in the current environment, but with a latent risk of an inflationary rebound if wages or energy prices become entrenched.

The global context adds complexity. Persistent geopolitical tensions are putting upward pressure on industrial prices and international logistics. Although headline inflation has moderated to 2%, the structural factors that fueled its rebound in 2022 have not entirely disappeared. In this regard, the ECB faces an unstable balance: too loose a policy could reignite pockets of imported inflation, while an overly restrictive one could exacerbate the deterioration in credit and investment.

On the other hand, the process of draining liquidity is changing the operating conditions of the money market. After more than a decade of abundant reserves, the Eurosystem is approaching a regime of scarce reserves, where competition for collateral and remunerated reserves may cause occasional episodes of volatility in interbank rates. The ECB is already working on a technical redesign of the operational framework, adjusting the interest rate corridor and recalibrating term operations to avoid dislocations. In practice, liquidity management has become the new fine-tuning instrument of the ECB: a structural change from the previous paradigm based on interest rates and asset purchases.

Finally, national divergences continue to condition the transmission of monetary policy. The northern economies —Germany, the Netherlands, Austria— with a greater weight of fixed-rate loans and lower public debt, absorb changes in official rates better. In contrast, the southern economies —Spain, Italy, Portugal, Greece— where variable-rate loans predominate and public debt is high, are much more sensitive to each adjustment. This heterogeneity limits the ECB's room for maneuver and requires extremely cautious calibration. The central bank must act with almost surgical precision: firm enough to preserve credibility, but flexible enough not to fracture the financial cohesion of the Eurozone.

Medium-term outlook (2026–2028)

The baseline scenario envisages that the ECB's official rates will remain stable for much of 2026, at around the current deposit rate of 2%, accompanied by a gradual reduction in the volume of the asset purchase program (APP). This projection reflects the convergence of headline inflation towards 2%, moderate growth in the euro area, and the fact that monetary policy has already undergone a significant cycle of cuts. In this context, the ECB appears to have reached an operational

> “The ECB appears to have reached an operational 'pivot point' where a further rate cut would offer limited marginal improvement and would therefore prioritize consolidating balance sheet normalization.”

"pivot point" where a further rate cut would offer limited marginal improvement and would therefore prioritize consolidating balance sheet normalization.

However, risk analysis suggests that the next move in the medium term may not be downward. If inflation —and especially its underlying component— stabilizes somewhat above 2% during 2026, and if wages and service prices maintain an accelerated dynamic, the ECB could consider a moderate rate hike. This action would be aimed not so much at punishing growth as at reinforcing anti-inflationary credibility: demonstrating that the pause does not imply complacency, but vigilance. In addition, as it rises, the financial cost of public debt would once again reflect a more realistic risk premium, which would adjust the fiscal incentive towards consolidation and reduce dependence on monetary policy to sustain government financing.

At the other extreme, if the external environment deteriorates —for example, a global slowdown, a sharper fall in oil prices, or a sharp slowdown in international trade— inflation could fall below the ECB's target. In that case, the door would be open to a technical downward adjustment of rates, although the central bank currently seems more inclined to modulate the pace of balance sheet reduction than to resort to further rate cuts. This preference reflects the recognition that monetary transmission is less effective than in the past and that quantitative policy (balance sheet) could offer greater flexibility to ease conditions without sending signals of a change in cycle as visible as a fall in rates.

The main challenge for the ECB will then be to maintain a balance between three simultaneous objectives: the orderly withdrawal of quantitative support (liquidity and asset portfolio), the preservation of homogeneous financing conditions throughout the euro area, and the safeguarding of monetary policy credibility. In this regard, the institution seeks to rebuild a policy framework in which the deposit rate once again becomes the main transmission instrument, and the balance sheet —which has been large over the last decade— regains its role as a secondary buffer. This shift in emphasis implies that the ECB is less willing to move rates as a first response and more prepared to use liquidity mechanisms and asset maturities as leverage for adjustment.

Conclusion

The cycle of eight cuts has served its essential purpose: to contain inflation without undermining confidence in the currency or in the ECB's ability to manage it. But the scope for further rate cuts has been exhausted. From now on, stability —or even a slight tightening— appears to be the most effective way to consolidate the central bank's credibility and allow debt markets to regain their disciplinary function, lost during years of monetary interventionism.

The next chapter in ECB policy will not be written in interest rates, but in balance sheet management. Its success will depend on the ability to reduce the central bank's footprint in the markets without eroding control over inflation or jeopardizing the financial cohesion of the eurozone. If it succeeds, the euro will have left behind the era of monetary exceptionalism and will return to a framework of normality in which price stability, fiscal prudence, and market autonomy once again sustain each other.

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The macroeconomic drivers of fiscal sustainability

Spain's debt ratio has fallen more than four percentage points since 2019, outperforming most euro area economies thanks to strong growth and favorable financing conditions. Yet demographic headwinds and persistent productivity gaps are emerging as key risks to maintaining long-term fiscal sustainability.

Antonio Fatas

Abstract: Public debt ratios across advanced economies remain well above pre-pandemic levels, but Spain stands out as an exception within the euro area. After peaking at 120% of GDP in 2020, Spain's debt ratio declined to 107.5% in 2024—almost five percentage points below the EU average and nearly ten points lower than in France or Italy. This improvement reflects a favorable interest rate-growth differential, strong labor market performance, and robust immigration inflows that expanded the tax base. Interest payments have fallen to just 2% of GDP, half their 1990s level, allowing debt reduction without major fiscal consolidation. Yet this benign dynamic is unlikely to persist. Demographic projections indicate that age-related spending will rise by over five percentage points of GDP by 2070, while potential growth remains constrained by low productivity and a maturing labor force. Ensuring fiscal sustainability will therefore require structural reforms to boost growth and preserve the credibility of Spain's public finances in a less forgiving macroeconomic environment.

Introduction

In its latest *World Economic Outlook*, the International Monetary Fund (IMF) cautions about escalating fiscal pressures for advanced

> “Among the largest four EU countries, Spain is the only one where the government debt-to-GDP ratio in 2030 will be below that of 2019 by approximately 4.6 percentage points of GDP.”

economies. Many of these governments find themselves with constrained fiscal space in an environment characterized by sluggish economic growth and elevated interest rates. Given substantial future spending requirements on age-related issues, defense, or climate change, ensuring the sustainability of debt is likely to necessitate modifications to current fiscal plans. This challenge is pertinent to most European economies, some of which are encountering difficulties in their budgetary processes and are increasingly experiencing market pressure on their government debt, as exemplified by France in 2025.

In this article, we examine the recent evolution of government debt among major European countries, with a particular emphasis on the Spanish economy. We analyze how macroeconomic developments influence the trajectory of public finances and consider potential scenarios for the years and decades ahead.

A long-term drift towards higher debt

Over the past several decades, many advanced economies, including European economies, have witnessed an increase in their government debt-to-GDP ratios. This phenomenon is prevalent, and while there are variations among countries, a combination of slower economic growth, escalating pressure from aging-related expenditures, and two significant crises are responsible for the apparent common trend observed across high-income nations.

Spain experienced a similar trajectory, although in recent years the evolution of debt has been more favorable compared to some of the other major EU countries. If we consider 2019 as the starting point for comparison and utilize the current projections by the IMF for the next five years, among the largest four EU countries, Spain is the only one where the government debt-to-GDP ratio in 2030 will be below that of 2019 by approximately 4.6 percentage points of GDP. Italy’s debt is projected to increase by 3.6%, while Germany and France’s debt is expected to rise by 15 and 30 percentage points relative to 2019. If we consider the end of 2020 as our starting point, the decline in debt in Spain would be even more substantial, approximately 26% of GDP. [1]

What explains the difference in behavior across these economies? Can we learn something about future years or about best practices?

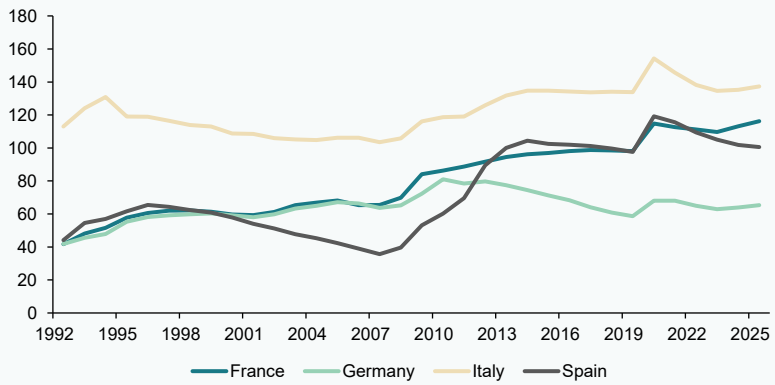
A comprehensive examination of the extended historical context reveals a more nuanced narrative. Exhibit 1 illustrates the trajectory of government debt for the four largest European Union nations from 1992 to 2025. In all instances, debt has experienced an upward trend, albeit with distinct narratives for each country. Germany’s debt increased marginally from 40% to 60% over the 33-year period, with a substantial portion of this rise occurring during the global financial crisis or the preceding years of reunification. Italy, similarly, affected by the 2008 crisis, exhibits a comparable pattern, albeit with a consistently higher debt level throughout the observed period.

In contrast, France and Spain present a divergent story characterized by significantly larger increases, reaching approximately 60% and approaching 100%, respectively. However, these two nations exhibit notable disparities, particularly in relation to the global financial crisis. While France’s debt trajectory remains relatively stable over the period, Spanish debt experienced a substantial decline prior to 2007, followed by a sharp and

Exhibit 1

Government debt

Percentage of GDP



Source: World Economic Outlook *(IMF).*

rapid increase in the subsequent years. Since 2012, the evolution of these two countries has become more aligned, with the exception of the post-pandemic period.

The macroeconomic drivers of debt and its sustainability

The drivers of the evolution of the debt to GDP ratio (d_t) can be expressed by the standard debt dynamics equation that includes as relevant factors the interest rate (i_t), GDP growth rate (g_t) and the primary balance expressed as percentage of GDP (pb_t)

$$d_t = \frac{1+i_t}{1+g_t} d_{t-1} - pb_t \qquad [1]$$

Under the assumption of small interest rates and GDP growth rates, we can rewrite the increase in the debt to GDP ratio between any two years as

$$d_t - d_{t-1} = (i_t - g_t) d_{t-1} - pb_t \qquad [2]$$

This expression has a straightforward interpretation: the first term represents the automatic change in debt linked to the relative difference of the two macroeconomic factors (interest rates and growth rates). The second term represents the accumulation of debt associated to current spending and taxes. From this expression we can easily calculate the primary balance that ensures that debt stays stable as the product of difference between interest rates and GDP growth rates and the ratio of debt to GDP.

The pattern of Exhibit 1 of increasing debt means that fiscal discipline was not enough to stabilize government debt as a percentage of GDP. For some countries primary balances were most times below the level required to stabilize debt, and they display a continuous drift towards higher debt. For others, it was during periods of economic crisis that large deficits pushed towards increases in debt.

> “Periods where interest rates are low or GDP growth rates are high will create dynamics of decreasing debt even in the absence of fiscal discipline.”

> “In the case of Spain, interest payments decreased from approximately 4% to levels around or below 2% for a significant portion of these years.”

In this article we want to focus on the role that the macroeconomic factors (i_t and g_t) played in explaining the debt dynamics, with a focus on Spanish economy. Periods where interest rates are low or GDP growth rates are high will create dynamics of decreasing debt even in the absence of fiscal discipline. These two variables play a large role explaining the dynamics of Exhibit 1. And, more importantly, they are crucial in understanding the potential scenarios in the years ahead.

In the realm of interest rates, the narrative remains consistent across all four countries, albeit the global financial crisis exerted some temporary additional pressure on Italy and Spain. These are decades characterized by a global decline in real interest rates. This phenomenon was compounded by decreases in inflation during the preceding years, particularly for Spain and Italy, resulting in a substantial reduction in nominal interest rates. A straightforward illustration of the significance of this decline is the reduction in the burden of debt (measured as interest payments as a percentage of GDP, Exhibit 2). This figure demonstrates a downward trend even in the presence of increasing debt levels. For instance, in the case of Spain, interest payments as a percentage of GDP decreased from approximately 4% to levels around or below 2% for a significant portion of these years. France has also witnessed a decrease in interest payments, despite an increase in debt. Italy, however, stands out as an exception. as debt remained relatively stable and benefitted from a very large decrease in interest rates.

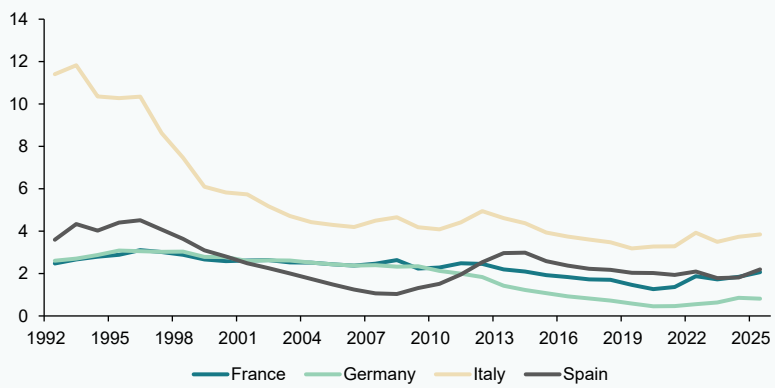
This trend has stopped or has been reversed in recent years as interest rates have increased, and debt levels remain elevated. Of course, interest rates are still far from the levels of previous decades, and interest payments remain low by historical standards.

But what really matters for debt dynamics is the difference between nominal interest rates

Exhibit 2

Interest payments

Percentage of GDP

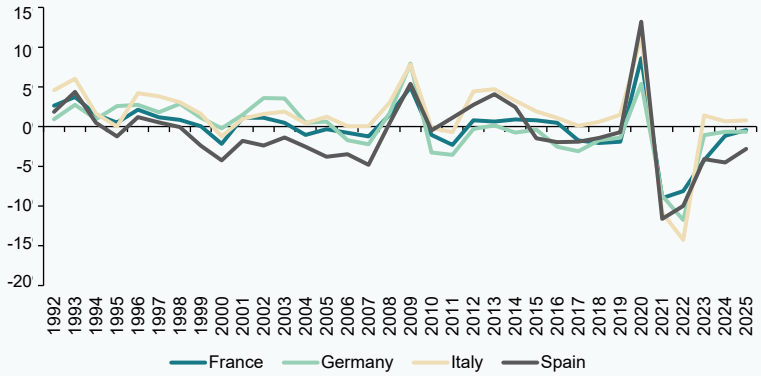


Source: World Economic Outlook *(IMF).*

Exhibit 3

Difference between interest rates and GDP growth rates

Percentage



Source: World Economic Outlook *(IMF).*

and GDP growth rates. For example, during the early years in this sample, decreases in inflation helped reduce nominal interest rates but this also reduced nominal GDP growth rates, having a minimal effect on debt sustainability calculations. To see the interaction of these two factors, we calculate their difference in Exhibit 3. [2]

This exhibit presents a compelling narrative illustrating the profound impact of macroeconomic conditions on the evolution of debt. The 2000s witnessed a decade characterized by a relatively low or negative difference between these two variables, primarily due to rapid growth rates and a declining interest rate environment. This phenomenon holds particular relevance for Spain. While other nations also experienced declines in this difference, the magnitude of these declines was significantly smaller. For approximately a decade, Spain maintained a substantial negative differential between the two variables.

The global financial crisis marked a significant departure from this trend. The initial deceleration in growth rates, coupled with the subsequent surge in interest rates stemming from the sovereign debt crisis, resulted in an episode of a notably high disparity between interest rates and growth rates. In Spain's case, this substantial swing from negative to positive aligns with the corresponding fluctuations in debt-to-GDP ratios, which had been declining until 2007 before experiencing a more rapid increase post-2008 compared to any other nation. [3]

The COVID-19 cycle presents a strikingly similar narrative. The initial surge in the numbers attributable to the GDP collapse in 2020 is followed by an episode of a highly negative disparity between interest rates and growth rates, primarily driven by elevated inflation that was not offset by corresponding increases in nominal interest rates. This situation facilitated debt reduction efforts among European countries during those two years. The subsequent period from 2023-2025 witnessed a return of this difference towards zero or positive territory for Italy, France, and Germany. In Spain's case, the difference remains negative, bolstered by substantially higher real growth rates compared to the other three economies. [4]

From population to employment to GDP

Based on our previous analysis, the positive evolution of GDP during certain years was instrumental in the reduction of the debt-to-GDP ratio of the Spanish economy,

> “The two periods where Spanish GDP growth overperformed and, as a result, the debt-to-GDP ratio behaved better, coincided with periods of rapid population growth.”

distinguishing it as an outlier compared to the other three EU countries. Given that interest rates are likely to remain similar across all euro economies in the future, going forward GDP growth rates will be the primary determinant of the pressure on debt and primary balances. Consequently, estimating potential output growth is crucial in the analysis of debt sustainability.

Potential output growth is influenced by a combination of extensive growth (employment and capital) and productivity increases. In the case of Spain, real GDP growth changes over the previous decades were highly correlated with employment growth. The years when Spanish GDP outperformed that of the other EU countries coincided with years of rapid employment growth, while productivity remained closer to that of the other countries or below.

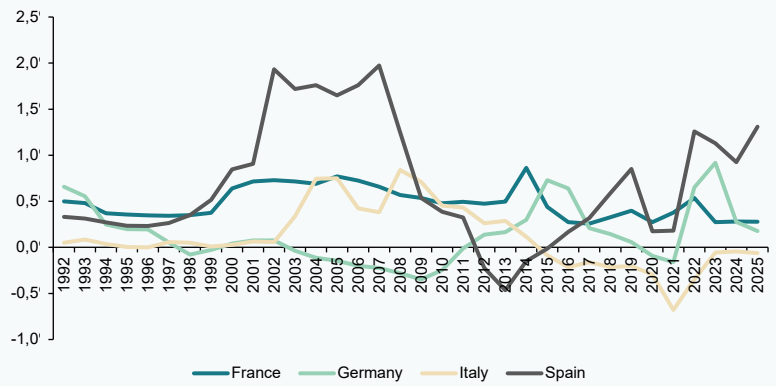
Increases in employment were largely driven by increases in population, which were fostered by significant fluctuations in migration flows. The two periods where Spanish GDP growth overperformed and, as a result, the debt-to-GDP ratio behaved better, coincided with periods of rapid population growth. The pre-2007 period and the most recent years are periods where population growth in Spain outpaced that of the other countries (Exhibit 4). Conversely, the period during which debt exploded coincided with the years with the weakest population growth.

To be clear, causality runs in both directions, with migration shaping economic conditions and migration also responding to economic conditions. But the point is that it is crucial to recognize the influence of population growth on GDP growth rates and, consequently, on the dynamics of the debt-to-GDP ratio in Spain over the past decades.

Exhibit 4

Population growth

Annual percentage



Source: World Economic Outlook *(IMF).*

Looking ahead

We start with a quick debt sustainability exercise for Spain for the coming five years. The IMF projects an average interest rate on Spanish debt of approximately 2.5% over that period (IMF, 2025). Currently, Spain's primary balance stands at approximately -0.5% of GDP, which aligns with the estimated structural primary balance by the European Commission (European Commission, 2025). To sustain the debt-to-GDP ratio, and assuming a 2% inflation rate, real growth would necessitate a 1% increase. This figure is significantly lower than what was observed in recent years. Consequently, forecasts indicate a further decline in the debt-to-GDP ratio over the next five years. This positions Spain in a more favorable position compared to other countries, particularly France, which exhibits a substantially larger deficit and a slower growth rate.

Nevertheless, as acknowledged by the debt sustainability analysis conducted by the European Commission, the years following 2030 may present more formidable challenges. Two key factors will exert pressure on government finances. Firstly, potential GDP is anticipated to decelerate. This is attributed to two phenomena. First, the aging population, which is likely to result in a decline in the working-age population as a percentage of the total population. In addition, migration is expected to stabilize at levels significantly lower than those observed in recent years.

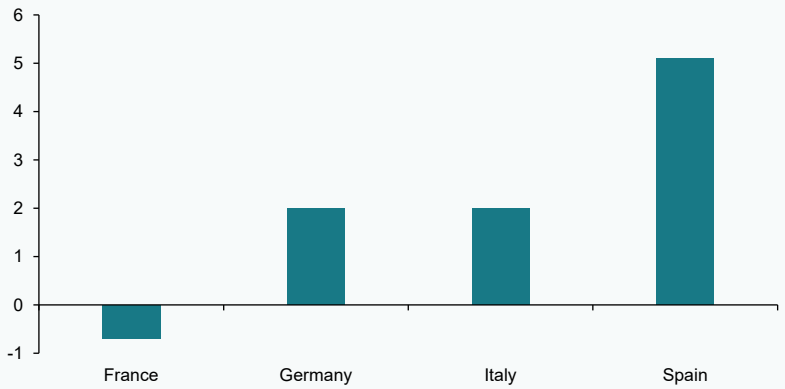
To gain insight into how migration has surpassed previous forecasts, we examine data from five years ago. In 2020, projections by the National Statistics Institute and the Independent Authority for Fiscal Responsibility (AIReF) for the five years ahead, until 2025, indicated an annual migration flow of approximately 200,000. However, the actual flow exceeded expectations by a factor of up to three, resulting in a significant boost to employment and GDP.

Currently, projections by the same Spanish authorities and the European Commission

Exhibit 5

Cost of aging 2070 relative to 2022

Percentage of GDP



Source: European Commission (2024).

> "The European Commission estimates the cost of aging to be approximately 5 percentage points by 2070."

suggest a return of migration flows to 200,000 per year. These projections, combined with the low productivity performance in Europe (including Spain), lead to estimates of potential output approaching 1% by the 2030s.

The second challenge arises from the costs associated with aging. This issue affects all EU countries, but the magnitude varies across them. In Spain, the European Commission estimates the cost of aging to be approximately 5 percentage points by 2070, relative to a baseline year of 2022 (European Commission, 2024). This figure is substantial, and significantly higher than in the other three countries, which poses a challenge to the sustainability of current budgetary plans. Relative to the other three European countries, Spain appears to be the country with the most pressing need for adjustments.

Conclusion

Over the past several decades, governments in most advanced economies have experienced significant increases in their debt levels. These increases underscore the challenges faced by governments in maintaining primary balances that align with a stable debt-to-GDP ratio. While in certain countries, such as France, the debt trajectory remains relatively consistent over time, in Spain, the evolution of the debt-to-GDP ratio is significantly influenced by macroeconomic factors. Fluctuations in interest rates and GDP growth rates are closely correlated with variations in the value of this ratio. Notably, Spanish government debt has decreased as a percentage of GDP during periods of robust GDP growth and relatively low interest rates.

Although the projection for the next five years indicates further declines in the debt to GDP ratio under the assumption of sustained growth, the situation is likely to become significantly more challenging after 2030. Potential growth rates are anticipated to decline due to a combination of limited productivity growth, reduced migration flows, and an aging labor force. This, coupled with a substantial burden on the government budget stemming from an aging population, places the trajectory of Spanish government debt in an unsustainable position, necessitating a substantial adjustment (European Commission, 2025).

Notes

[1] Germany and France will still see increases of 7% and 13% while Italy will see a decrease of 16%.

[2] Nominal interest rates calculated as the ratio of interest payments to debt to GDP using data from the *World Economic Outlook* (IMF). Nominal GDP growth rates calculated as the sum of real GDP growth and CPI inflation (also from IMF *World Economic Outlook*).

[3] The effects of a large positive difference between interest rates and growth rates extend beyond the direct and mechanical effects. When growth is weak, governments run primary deficits that put even more pressure on sustainability.

[4] Once again, it is crucial to comprehend that these elevated growth rates not only contribute to sustainability mechanically through the debt sustainability equation but also by fostering discipline in primary balances.

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Fiscal progress despite budget stalemate: Spain's deficit contracts amid political gridlock

Despite operating without a new budget for two consecutive years, Spain has made notable progress in fiscal consolidation. Strong tax revenue growth and a buoyant labour market have offset the political impasse, allowing the deficit and debt ratios to continue falling.

Santiago Lago Peñas

Abstract: Spain's central government remains mired in budgetary paralysis, with the 2023 General State Budget still in force and no new draft budget likely to pass given the current political fragmentation. Nevertheless, fiscal performance in 2025 has been encouraging: as of August, the deficit fell by half a percentage point of GDP, driven by a 10% increase in tax revenue, outpacing nominal GDP growth. The improvement stems largely from favourable cyclical conditions, including strong job creation and the expiration of temporary tax relief. Looking ahead, AIReF and the Bank of Spain expect further fiscal consolidation in 2026, projecting deficits of 2.0%–2.3% and a debt ratio near 100% of GDP. However, underlying structural imbalances remain, and most of the deficit reduction has been cyclical rather than permanent. From 2027 onwards, Spain will likely face pressure to curb expenditure growth and introduce structural reforms to comply with new EU fiscal rules. Sustaining fiscal discipline amid political uncertainty will require difficult choices, particularly in defence, housing, and public investment.

> Extreme fragmentation in the Congress of Deputies is the main reason for the current stalemate, which is without precedent in the last 50 years.

Budgetary paralysis and economic dynamism

For the second year in a row, the central government is operating outside of the ordinary budget cycle. The public accounts continue to be guided, in essence, by the General State Budget (GSB) for 2023, which was approved by the Congress of Deputies on 24 November 2022. After two years of carryover and with no new draft on the table, the outlook for the 2026-GSB is not looking good. Although the ministerial order for kick-starting its preparation was published in September, [1] the process is very behind schedule. There are still no budget or debt stability targets or any reference rate for the spending rule for 2026-2028. And for the second year running, the required budgetary plan has yet to be presented.

It looks increasingly inevitable that 2026 will once again start with a new extension of the 2023-GSB. Moreover, the announcement by *Junts per Catalunya* at the end of October that it was withdrawing its support in Congress for the central government has made it even less likely that any draft budget for 2026 would ever get passed.

Extreme fragmentation in the Congress of Deputies is the main reason for the current stalemate, which is without precedent in the last 50 years. However, indeed, Spain is not the United States, and the absence of a budget does not bring the government to a standstill or impede all growth in spending, thanks to automatic updates and executive orders, among other mechanisms (Lago-Peñas, 2025). In the midst of all of this, thanks to a very favourable economic backdrop, the extraordinary growth in tax revenue has helped to bring about a significant reduction in the public deficit.

The rest of this paper is structured into three sections. The first examines the budget outturn so far in 2025 and the outlook for the rest of the year. It goes on to analyse the projections for 2026, with the final section taking a look at the medium-term budget framework.

Budget outturn in 2025

As of 31 August, the public deficit, at all levels of Spanish government except for the local governments, had decreased considerably year-on-year. In terms of gross domestic product (GDP), it had improved by half a percentage point. The advancement has been concentrated at the central government level, with the subcentral governments' accounts deteriorating slightly: the surplus posted by the regional governments in the same period of last year has diminished by 0.04 points. The local governments, meanwhile, are expected (AIReF, 2025) to report a 0.1 point reduction in their surplus, from 0.4 to 0.3 points of GDP.

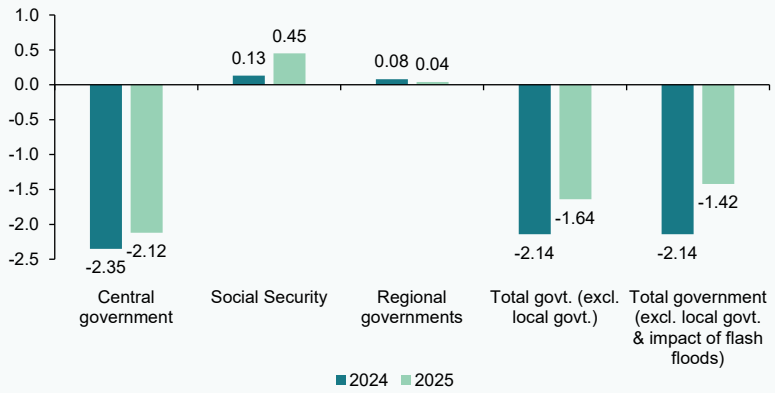
Tax revenue is the main factor driving this improvement, thanks to the strength of the labour market and economic momentum in general, as well as the full withdrawal of the energy and food tax relief introduced in 2021

> In the first nine months of the year, tax revenue in Spain increased by 10% year-on-year, which is significantly above the growth in the consumer price index (3%) and nominal GDP (5.7%).

Exhibit 1

Budget outturn between January and August in 2024 and 2025

Percentage of GDP



Source: Author's own elaboration based on Ministry of Finance (2025).

and 2022 in response to the inflation shock (García Arenas, 2025). In the first nine months of the year, tax revenue in Spain increased by 10% year-on-year, which is significantly above the growth in the consumer price index (3%) and nominal GDP (5.7%). The growth has been particularly strong in personal income tax receipts, at 17.6%, and in tax on non-resident income, at 31.4%. VAT receipts are tracking 9.1% higher year-on-year, while revenue from corporate income tax is up 6.3%. Lastly, Social Security contributions are growing by 6.4% year-to-date.

In parallel, non-financial jobs increased by a substantial 5.3% year-on-year to August. In 2025, Spain will increase spending by more than the reference rate (+3.7%) for the trajectory in growth in net primary expenditure set down in its Medium-Term Fiscal-Structural Plan (MTFSP) for 2025-2028. However, that growth should be less than the increase in total non-financial revenue (+7.4%). In other words, although the budget carryover has not done much to slow growth in expenditure, tax revenue dynamics are unlocking fiscal consolidation anyway.

The outlook for the whole year is summarised in Exhibit 2. The Funcas consensus forecast of 2.7% and Funcas' own estimates of 2.8% suggest the government will come in slightly below or at its target: 2.8%, or 2.5% excluding the impact on spending of the October 2024 flash flooding in Spain. AIReF and the Bank of Spain are expecting an even stronger performance: they are forecasting an overall deficit of 2.5%. Recall that in 2024, the deficit came in at 3.15%, or 2.8% adjusting for the impact of the floods. Lastly, the public debt ratio is expected to decrease by more than one percentage point according to the Bank of Spain and AIReF, to 100.7% according to the former and 100.3% according to the latter.

The snapshot is less encouraging if we focus on the structural component of Spain's public deficit. According to the government calculations included in the 2025 Progress

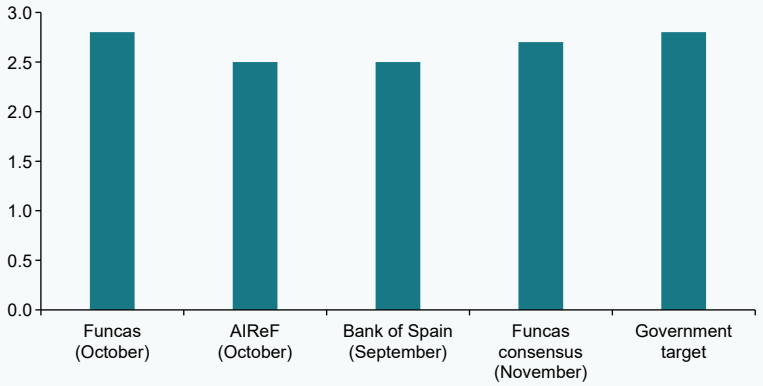
“ Although the budget carryover has not done much to slow growth in expenditure, tax revenue dynamics are unlocking fiscal consolidation. ”

> The structural deficit estimated for 2025 is the same as the forecast observed deficit (2.8%), which would mark a year-on-year drop of just 0.1 point.

Exhibit 2

Public deficit forecasts for 2025

Percentage of GDP



Sources: Author's own elaboration based on Government of Spain (2024), Bank of Spain (2025), AIReF (2025), and Funcas (2025a and 2025b).

Report on the MTFSP 2025-2028, published in April (Government of Spain, 2025), the structural deficit estimated for 2025 is the same as the forecast observed deficit (2.8%), which would mark a year-on-year drop of just 0.1 point. In other words, while the total observed deficit is expected to decrease by between 0.4 and 0.7 percentage points year-on-year in 2025, at least three quarters of the improvement will be attributable to a very favourable economic backdrop, which is very unlikely to continue to help in this manner out to 2029.

Budget outlook for 2026

Despite the uncertainty around the fate of the 2026-GSB and the scarcity of official budget strategy documents in 2025, both AIReF (2025) and the Bank of Spain (2025) agree that the public deficit will come down further as a percentage of GDP in 2026 (Exhibit 3). The former is forecasting a reduction in the total deficit to 2% of GDP, while the central bank is estimating a deficit of 2.3%. The government's target as per the MTFSP 2025-2028 falls in the middle (2.1%). [2]

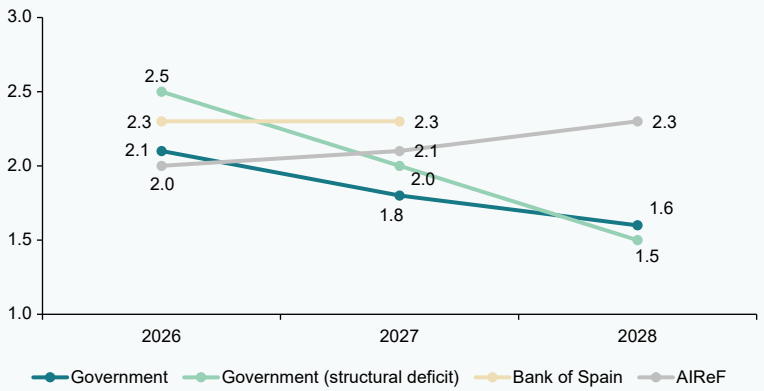
Once again, public revenue dynamics will be the main factor behind the fresh improvement in the deficit, underpinned by a healthy job market and growth in household and corporate income, albeit slowing from 2025: the Bank of Spain is forecasting real GDP growth of 1.8%, AIReF is estimating 2.1%, the same figure as the latest Funcas consensus.

Public expenditure will come under pressure from the need to honour national defence commitments, a higher average cost of debt and population ageing. Assuming no policy changes and no official budget in 2026, the Bank of Spain estimates that net expenditure, calculated in accordance with the new fiscal rules, will increase by around 4% in 2026, while AIReF puts that figure at 4.6%. Both forecasts exceed the 3.5% benchmark included

Exhibit 3

Public deficit forecasts, 2026-2028

Percentage points of GDP



Sources: Author's own elaboration based on Government of Spain (2024), Bank of Spain (2025) and AIReF (2025).

in the MTFSP 2025-2028 for 2026. However, the surplus that materialised in 2024 will allow Spain to continue to remain within the space provided by the cumulative control account introduced in conjunction with the European fiscal rule reforms. [3]

Lastly, AIReF is estimating a ratio of public debt to GDP of 99.1% in 2026, down from 100.3% in 2025, thanks to the growth in nominal GDP and forecast for a small primary surplus. In contrast, the Bank of Spain does not expect this ratio to drop below the 100% mark in 2026 (it is forecasting 100.4%).

Looking further ahead: Outlook for 2027 and 2028

Looking to 2027 and beyond, AIReF believes that Spain will continue to breach the annual and cumulative spending growth limits, forcing it to make additional cuts in order to stay on the trajectory agreed with the European Union (Table 1). Specifically, it would have to make additional adjustments equivalent to at least 0.4 points of GDP between 2026 and 2028. Moreover, it is essential that national regulations be adapted for the new European rules in order to avoid inconsistencies. [4]

Without additional cuts, government debt will continue to come down in 2027 and 2028 but at a very slow pace. AIReF is forecasting a debt ratio of 97.8% in 2027 and 96.8% in 2028, while the Bank of Spain's most recent projections put the ratio at 100% in 2027.

Beyond strict compliance with the fiscal rules, it is important to underline the additional benefits of keeping balanced and solid public accounts, which on their own warrant greater ambition when it comes to setting the national

> "If the goal is to bring the structural and observed deficits below 1.5% of GDP within three years, Spain would require annual adjustments of close to 0.5 points between 2026 and 2028, which is equivalent to around 8 billion euros."

Table 1 **Annual and cumulative control account for 2024-2028**

Percentage points of GDP

Control account	2024	2025	2026	2027	2028
Annual	0.4	-0.3	-0.4	-0.4	-0.4
Cumulative	0.4	0	-0.4	-0.8	-1.2

Notes: Blue denotes compliance and grey, non-compliance.
Source: AIReF (2025).

targets. For example, if the goal is to bring the structural and observed deficits below 1.5% of GDP within three years, Spain would require annual adjustments of close to 0.5 points between 2026 and 2028, which is equivalent to around 8 billion euros.

Proactive management of the fiscal consolidation process presents considerable economic policy challenges, exacerbated by the requirement to keep up a sustained effort over time and the emergence of new demands in the areas of national defence and housing, the need to finance investments in the energy transition and digitalisation, which from 2027 can no longer be funded via the Next Generation EU funds, and the growing burden of preparing for and responding to extreme events.

The selection of specific measures for adjusting and fine-tuning spending and revenue needs to be articulated around three essential pillars. Firstly, a full embrace of a culture of rigorous assessment of public expenditure so as to focus decision-making on the areas where savings are easier to achieve and less costly in social terms. The second pillar consists of tackling far-reaching reform of the Spanish tax system so as to bring about more efficient and equitable tax collection irrespective of the level of fiscal burden chosen by the government in power. The third is an educational mission: fostering an understanding of why healthy and balanced public finances are essential to preserve fiscal space in times of need, reduce the debt burden, and strengthen the country's resilience in the face of any future sovereign debt crisis.

Notes

[1] Ministerial Order HAC/974/2025, of 1 September 2025, issuing the rules for formulating the General State Budget for 2026.

[2] Although the government's projections were drawn up before the flash flooding of October 2024, the impact on spending will be marginal by 2026. Overall, the impact between 2024 and 2026 is estimated at 0.6 points of GDP, a little over 0.3 points in 2024, 0.2 points in 2025 and nearly 0.1 point next year.

[3] The new expenditure rule requires that the growth in primary expenditure, net of discretionary revenue measures, must be aligned with the commitments assumed in the MTFSP, excluding certain expenditures such as interest payments and cyclical unemployment benefits. The growth is subject to specific limits: namely, the annual control account, which establishes a maximum permitted deviation with respect to the target agreed for each year of 0.3% of GDP; and the cumulative control account, which increases that room for manoeuvre to 0.6% of GDP over the overall adjustment timeframe. In practice, annual eligible expenditure is compared against the target, allowing for some flexibility in the event of unexpected shocks, while the cumulative control prevents countries from running up persistent deviations over several years. If, in a given year, a country exceeds

the annual limit, the cumulative balance can be used to offset the annual deviation to the extent that limit is not exceeded as a result.

[4] For example, the national rule is applied individually at each level of government (except for the Social Security), using difference reference rates and methodologies than the European equivalents, which sum up to the commitment assumed by the various levels of government as a whole and factor in non-recurring items and temporary revenue measures. This mismatch means that even if in some years, like 2025, compliance with the national rule guarantees compliance at the European level, from 2026 and particularly in 2027, the adjustment needed to comply with Spain's European commitments would be higher than that required under national legislation.

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Public revenue in Spain: Strong momentum meets demographic headwinds

Tax receipts continue to surge on the back of job creation, corporate profits, and fiscal drag. Yet, the ageing population is quietly reshaping personal income tax dynamics, posing long-term sustainability risks.

Desiderio Romero-Jordán

Abstract: Spain's public revenue continues to post robust gains, with 2024 marking another year of exceptional tax and social security receipts. Growth in 2025 remains dynamic, driven by employment, wages, and corporate profitability, although underpinned by the fiscal drag effect rather than structural reform. Despite these tailwinds, the persistence of a "stopgap" fiscal strategy has delayed the long-recommended shift toward higher indirect and environmental taxation. Looking ahead, demographic forces are becoming an increasingly important constraint: population ageing is changing the composition of taxable income and eroding personal income tax buoyancy. Immigration has cushioned the decline but cannot fully offset it. Indeed, Spain would need at least one immigrant worker for every new pensioner in order to prop up tax revenue. Moreover, most immigrant workers earn below-average wages and will eventually become pensioners themselves. Without a sustained increase in higher-wage employment or structural tax reform, ageing could weigh heavily on revenue growth and threaten fiscal sustainability in the coming decades.

> “Overall tax and social security receipts grew by 7.3% in 2024 to 591.7 billion euros.”

A glance back at 2024

Growth in public revenue remained strong in 2024 and remains dynamic in 2025. The government has not introduced measures for correcting the *snowball* effect of fiscal drag on personal income tax (Romero-Jordán, 2025). Tax modifications are helping shore up receipts, framed by the long-standing approach of introducing stopgap solutions. Those measures are, however, nowhere near the persistent recommendations of the OECD or European Commission for easing the burden on the labour factor while increasing indirect taxes, particularly environmental taxes. Against this backdrop, overall tax and social security receipts grew by 7.3% in 2024 to 591.7 billion euros (IGAE, 2025a). Clearly very robust growth, albeit marked by a —naturally unfolding— loss of momentum (11.8% in 2021; 9.1% in 2022; and 8.0% in 2023). In year-on-year terms, the main contributors to the 2024 increase were social security contributions (+€13.3 billion) and personal income tax (+€11.5 billion). VAT and excise duties also performed strongly, together adding almost €12.6 billion in 2024.

Looking back a little further, non-financial revenue as a whole has been growing very intensely since 2019, increasing a cumulative 153.3 billion euros, which is equivalent to 9.6 points of 2024 GDP. Tax revenue in particular increased by 103.6 billion euros between 2019 and 2024. Personal income tax has been the main engine of this growth, accounting for 46.8 billion euros of the increase, equivalent to 2.9 points of 2024 GDP. This sharp growth is attributable to a combination of more people in work, growth in nominal wages and the significant effect of fiscal drag.

During this period, VAT revenue reached a major milestone when it topped 100 billion euros, registering cumulative growth in the last five years to 20.8 billion euros. However, the sharp impact of inflation on revenue has been offset by the cost of social protection measures. Revenue from excise duties increased by 6.5 billion euros during the period, reflecting more stable tax bases and less dynamic consumption patterns than the overall expenditure on which VAT is levied. Lastly, corporate income tax receipts hit a record 45.6 billion euros in 2024, growth of 20.0 billion euros since 2019, in line with higher corporate profits and higher pass-through of taxable profits to effective tax payments in a context of economic growth. Social security contributions reached 210.3 billion euros in 2024. Those borne by employers (158.6 billion euros) accounted for the bulk of the increase in payments with both the stock of pre-tax wages and contribution bases widening significantly on the back of combined growth in employment and pay.

This upward trajectory, with tax revenue consistently outperforming year after year, is expected to yield an improvement in the deficit to 2.5% of GDP in 2025 and 2.0% in 2026 (AIReF, 2025), far below the levels burdening the Spanish economy ever since the financial crisis. Recall, however, that much of the growth in revenue is explained by the elasticity of personal and corporate income tax revenue to the cycle (elasticities of well over 1) (AIReF, 2024).

> “Much of the growth in revenue is explained by the elasticity of personal and corporate income tax revenue to the cycle.”

Table 1 **Non-financial revenue in 2024: Key figures**

	Tax revenue in 2024 Billions of euros	Δ in revenue 2019-2024	
		Billions of euros	As a % of 2024 GDP
Personal income tax	145.87	46.84	2.9
Corporate income tax	45.67	19.95	1.3
VAT	100.17	20.87	1.3
Excise duty	46.95	6.55	0.4
Total tax	381.34	103.66	6.5
Employer social security	158.59	39.17	2.5
Employee social security	51.75	10.51	0.7
Total social security contributions	210.34	49.68	3.1
Total tax + social security	591.68	153.34	9.6

Source: IGAE (2025).

Performance in 2025

Non-financial revenue increased by 7.3% year-on-year in the first seven months of 2025 (to 331.5 billion euros) (IGAE, 2025a). [1] In absolute terms, the growth is close to 25 billion euros. The strongest growth came in the income taxes, which increased by 10.7% (9.9 billion euros), followed by the taxes levied on consumption (7.0 billion euros) and social security contributions (6.8 billion euros). The increase in receipts in the first seven months of 2025 is equivalent to 59.5% of the increase in all of 2024, which was roughly 40 billion euros.

Another record is looking likely in 2025. However, the Spanish tax authority (AEAT, 2025) [2] estimates that close to 5.7 billion euros of the increase is attributable to regulatory changes, including the reinstatement of the original VAT and excise duty rates on energy products. The so-called tax reforms of 2024 have contributed around 4.3 billion euros to date, particularly via the tax levied on the banks (1.3 billion euros) and the reinstated limits on the offset of tax losses (1.0 billion euros). Given where we are in the year and the current political context, we are looking at another carryover of the 2023 budget. This situation will make it even harder to pass any new tax measures in 2026, as we saw with the tax package approved at the end of 2024. Assuming this scenario, AIReF (2025) is forecasting growth in tax revenue of 0.3 points of GDP and growth in social security contributions of 0.1 points.

Population ageing and personal income tax receipts: Grey zones

Tax revenue dynamics in the wake of the pandemic have been underpinned by strong momentum in job creation, wages and corporate profits, which have fattened up the various tax bases (AIReF, 2024). Between 2021 and 2024, household gross disposable income increased at an annual average of 7.7%, consolidated corporate taxable income jumped 21.0% and final expenditure subject to VAT rose by 11.9% (AEAT, 2025). A substantial part of the momentum is cyclical, as it stems from the Spanish economy's healthy growth. However, growth is expected to slow due to domestic matters (end of the NGEU funds) and international developments (trade protectionism and heightened geopolitical tensions), affecting the cyclical momentum in

> “Between 2021 and 2024, household gross disposable income increased at an annual average of 7.7%, consolidated corporate taxable income jumped 21.0% and final expenditure subject to VAT rose by 11.9%”

public revenue. The Bank of Spain, BBVA and Funcas are expecting growth to taper from close to 3% in 2025 to below 2.0% in 2027. This slowdown, shaped in part by population ageing, is set to continue over the coming decade, with GDP growth expected to settle at close to 1.5% (AIReF, 2025).

This demographic phenomenon is already affecting personal income tax receipts although the net effect is not directly observable. What we can say is that it is altering the composition of the income mix comprising the personal income tax base. In 2000, aggregate earned income subject to taxation was 3.7 times higher than total pension income. This ratio has been falling to 2.7 times by 2024 (AEAT, 2025). To analyse the impact of retirement on personal income tax, we related earned income from work (EIW) to income from retirement pensions (IRP). [3]

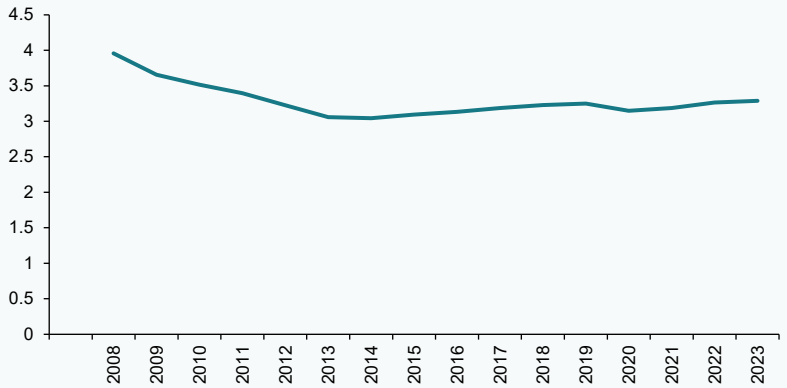
$$\delta = \frac{EIW_t}{IRP_t} = \frac{W_t \cdot \overline{w}_t \cdot ts_t}{P_t \cdot \overline{p}_t \cdot tp_t}. \qquad [1]$$

where W and P are the number of people in work and the number of pensioners receiving a contributory retirement pension. [4] Whereas, $\overline{w}$ and $\overline{p}$ represent average earnings and the average pension. Therefore, the product $W_t \cdot \overline{w}_t$ is a proxy for taxable wage income, while $P_t \cdot \overline{p}_t$ is a proxy for the base of retirement pensions. Lastly, ts and tp are the effective rates of tax borne by both sources of income. We establish those variables using the closest information available from the statistics office (INE), Social Security and tax authority (AEAT). *Ceteris paribus*, the conclusions obtained from [1] are the following:

Firstly, the ratio of job holders to pensioners has been falling since 2008 when there were four job holders per pensioner (Exhibit 1) [5] (INE, 2025; Ministry of Inclusion, Social Security and Migration (MISSM), 2025a). In 2014, after the financial crisis, the ratio hit a low of 3.2. Since then, immigration has slowed the downtrend, nudging the ratio back up to 3.3 in 2023. The total number of job holders

Exhibit 1

Ratio of job holders to pensioners



Sources: INE (2025) and MISSM (2025a).

> “ Spain would need approx. one immigrant worker for every new pensioner in order to keep personal income tax receipts intact. ”

increased by 4.3 million between 2014 and 2024, of which 2.1 million are immigrants (INE, 2025a).

Secondly, on average, wages are higher than retirement pensions. In 2008, the $\overline{w}/\overline{p}$ ratio was 1.9 (INE, 2025b; MISSM, 2025a, 2025b). As shown in Exhibit 2, this ratio has gradually declined since 2000 to 1.4. The baby boomer generation is a key factor in this downtrend as their starting pensions are higher than the average existing pension. By way of illustration, the average pension of new pensioners was over 1,600 euros in 2025, whereas the average overall retirement pension in 2024 was 1,450 euros (INSS, 2025; MISSM, 2025b).

Thirdly, as shown in Exhibit 3, the personal income tax withholding rate on wages is higher than the rate withheld on pensions (AEAT, 2025). These withholding rates can be used as proxies for the differences in taxation levels. [6] However, these differences have been narrowing with the gradual retirement of the baby boomers.

In sum, revenue from personal income tax faces potential structural risks derived from population ageing. Immigration has its limits in terms of helping to prop up tax revenue and sustain the welfare state: [7]

- The immigrant population is employed proportionately more in sectors with lower wages, such as services and agriculture [8] (INE, 2025c). Less than 11% of foreign workers work in manufacturing, where average earnings are higher.

- Average annual earnings per worker of Spanish nationality were 28,662 euros in 2023. In the case of immigrants originating from Africa and the Americas, the annual average was 18,838 euros (INE, 2025b). According to AIReF (2024), the gross replacement rate (the ratio of average pension to pre-retirement earnings) in Spain is 66%. Therefore, the average pension of new pensioners (18,916 euros, before tax) is very close to the average annual earnings of an immigrant. By these calculations, Spain would need approx. one immigrant

Exhibit 2

Gross average earnings *vs.* average pension

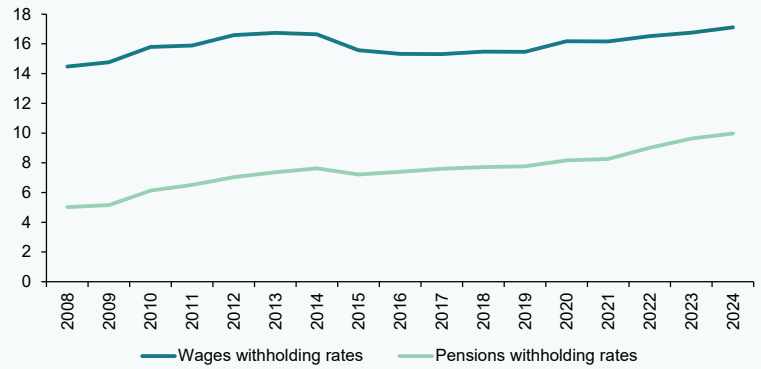


Sources: INE (2025b) and MISSM (2025a).

Exhibit 3

Average personal income tax withholding rate

Percentage



Source: AEAT (2025).

worker for every new pensioner in order to keep personal income tax receipts intact (assuming all other sources of income remain constant). That looks doable if we look at the net immigrant flows projected by AIReF (2025): around 300,000 people out to 2050.

- In the next two decades, a significant share of the working immigrant population will join the ranks of pensioners. Some 8.83 million of the people currently living in Spain were born abroad (INE, 2025d). [9] Of the total, 1.03 million came to Spain before 2001 and 2.64 million came between 2001 and 2010. The average age of the immigrants arriving in Spain is close to 32 (INE, 2025e). Therefore, it is foreseeable that a significant share of the 3.54 million immigrants who arrived prior to 2010 will have generated entitlement to a contributory retirement pension over the next two decades. The uncertainty and extreme importance of these factors for the sustainability of Spain's welfare state requires a more analytical micro assessment.

Notes

[1] Using the accrual basis of accounting.

[2] Using the cash basis of accounting.

[3] We leave other variables like productivity constant.

[4] In 2024, contributory pensions accounted for 74.6% of total pension expenditure (MISSM, 2025b).

[5] The trend is similar if Social Security contributors are used instead.

[6] The pension withholding rate shown in the exhibit includes all pensions. However, the total average pension is lower than the average retirement pension: 1,282 euros *versus* 1,450 euros in 2024.

[7] The difference between the average number of children is very small: 1.09 for Spanish mothers and 1.25 for foreign mothers (INE, 2025d).

[8] In 2024, the average annual salary in manufacturing was 31,708 euros, followed by services (27,010 euros) and construction (25,561 euros) (INE, 2025b).

[9] Irrespective of the fact that a considerable percentage will have already obtained Spanish nationality.

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Desiderio Romero-Jordán. Rey Juan Carlos University and Funcas

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Spanish banks: Renewed strength and credibility in wholesale markets

Spanish banks have cemented their status as consistent and credible issuers in wholesale markets, reflecting stronger fundamentals and investor confidence, with lower spreads and broader participation marking a new phase of stability for the sector. However, continued reliance on wholesale funding underscores the importance of maintaining high profitability and resilient balance sheets in an environment of still-elevated rates and evolving regulation.

Ángel Berges, Lucía Ibáñez and María Rodríguez

Abstract: Spanish banks have become increasingly active and reliable players in fixed-income markets, consolidating the progress achieved since the financial crisis. Recent issuance patterns show that refinancing operations and regulatory adaptation, particularly to meet MREL requirements, have replaced the liquidity-driven issuance of previous years. The funding mix has shifted decisively toward unsecured instruments, signaling both restored market trust and improved capitalization. Smaller and medium-sized institutions have also expanded their footprint, achieving a level of market access that was previously reserved for the largest entities. The decline in spreads across senior and subordinated debt confirms the sector's regained credibility, though continued reliance on wholesale funding underscores the importance of maintaining high profitability and resilient balance sheets in an environment of still-elevated rates and evolving regulation.

> “Spanish banks have issued fixed-income instruments very intensely during the period analysed, within a range of between 64 and 82 billion euros.”

Spanish banks’ recurring presence as fixed-income issuers

The issuance of fixed-income securities in the wholesale markets has become a common and recurring practice in the Spanish banking sector over the past 10-plus years. This process coincided with the rollout of the Single Supervisory Mechanism, injecting renewed credibility into the wholesale markets, which had been shut down by the severe financial crisis.

The banks’ systematic presence as debt market issuers has been conducive to the development of a highly agile and proactive management approach aligned with both the entities’ needs under their regulatory compliance schedules (particularly the gradual implementation of the Minimum Requirement for Own Funds and Eligible Liabilities, or MREL) and unfolding market conditions. This has translated into constant fine-tuning of the most suitable combination of instruments and maturities, as well as the participation of a growing number of issuers, particularly smaller-sized issuers, marking a departure from the predominance of the larger entities in the initial years of the banking union.

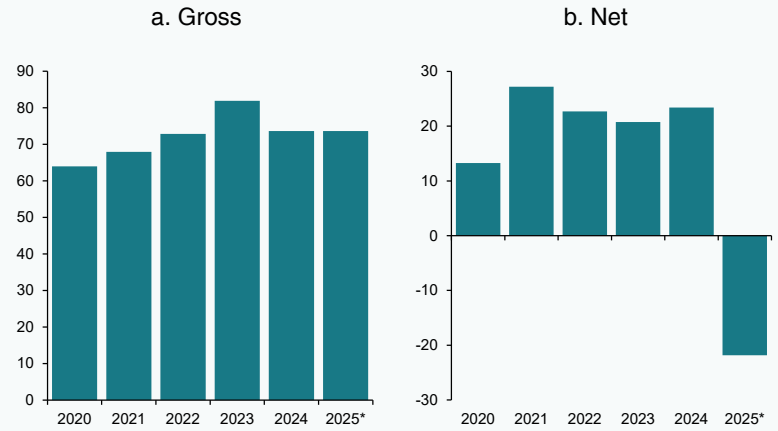
To illustrate that proactive management and market adaptiveness, we take the period from 2020 to 2025, which is marked by three distinct phrases comprising a full cycle in terms of both benchmark rates and the specific terms and conditions applied to the banks by the markets.

Exhibit 1a shows how the Spanish banks have issued fixed-income instruments very intensely during the period analysed, within a range of between 64 and 82 billion euros, with

Exhibit 1

Annual issuance volumes by the Spanish banks

Billions of euros



Notes: The sample excludes commercial paper, certificates of deposit, indexed certificates and any instruments that could not be classified based on the information available.

**Gross and net issuance volumes for 2025 refer to the 12-month period elapsing between June 2024 and June 2025.*

Source: Authors’ own elaboration based on S&P Capital IQ data.

“ The significant volume of gross issuance relative to net issuance (a ratio of roughly three to one) evidences the markedly proactive approach taken by the banks. ”

peak issuance taking place in 2023. [1] This gross issuance volume contrasts with the net volume, which is far smaller, at around 13 to 27 billion euros per year, with the net balance even turning negative in the last 12 months (Exhibit 1b). The marked difference between the two metrics reflects the significant volume of debt falling due and the banks' active refinancing policies.

This refinancing effort is particularly pronounced in the case of the so-called CoCos, or additional Tier 1 instruments (AT1). CoCos do not have explicit maturity dates; rather, the issuer has a series of call windows. The market considers it a very good sign when an issuer exercises those call options insofar as it denotes good issuer health.

Regardless, whether exercising CoCo call options or refinancing other debt instruments as they fall due or in the form of prepayments, the significant volume of gross issuance relative to net issuance (a ratio of roughly three to one) evidences the markedly proactive approach taken by the banks. The issuers have therefore been tapping the markets on a recurring basis, helping to keep a permanent line of supply and liquidity open and, more importantly, staying constantly exposed to market scrutiny.

Issuer dynamics: Breakdown by instruments, issuers and maturities

Within the Spanish banks' recurring presence in the primary markets, there is considerable variety in terms of the types of instruments issued, maturities and the profiles of the issuers coming to market.

In terms of instrument type, we have seen a shift from clearcut predominance of secured paper, which accounted for around 75% of issuance volumes during the first few years of the banking union and 50% in 2020-2022, to a more prominent share of unsecured paper. In 2024, secured issues accounted for a mere 25% of the total (Exhibit 2a). This transition has been shaped by the entities' need to issue instruments eligible for MREL calculation purposes, a mandatory requirement [2] for the European credit institutions since 1 January 2024.

Elsewhere, there was a considerable drop in the share of hybrid or more subordinated instruments (AT1 and Tier 2) in 2022, which is when rate tightening began. That new rate paradigm pushed up the cost of issuing these instruments, with investors demanding higher coupons in exchange for the risk assumed on account of their reduced protection and loss-absorption function. The markets for these subordinated instruments (AT1 and Tier 2) were initially hit following the crisis associated with Credit Suisse and other regional bank failures in the US in March 2023; however, they went on to gradually reopen that year and throughout 2024, when the volume of AT1 instruments issued accounted for 3% of the total, with Tier 2 instruments representing 15%. The first half of 2025 was characterised by an increase in the volume of AT1 instruments issued, of 16% year-on-year, implying growth in their share of the total issuance mix to 6% (Exhibit 2a).

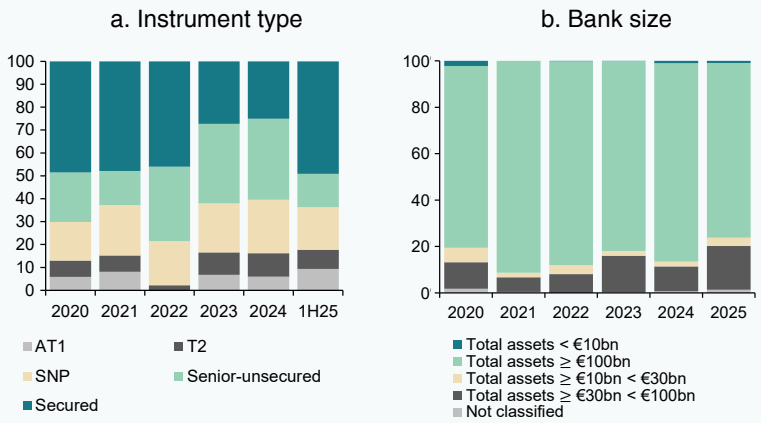
As for issuers, in recent years the market has been characterised by the gradual

“ In 2024, secured issues accounted for a mere 25% of the total. ”

Exhibit 2

Issuance volumes

Percentage of total issuance volume



Notes: The sample excludes commercial paper, certificates of deposit, indexed certificates and any instruments that could not be classified based on the information available.

The bank classification by total asset volumes was based on the average figures for 2016-2024. "Not classified" refers to issues by banks whose asset volumes for the period analysed were not available.

Source: Authors' own elaboration based on S&P Capital IQ data.

incorporation of smaller-sized banks, particularly mid-sized banks (between 30 and 100 billion euros of assets). This trend consolidated during the first half of 2025, when mid-size banks accounted for 19% of total issuance volumes, with the cohort of banks with under 100 billion euros of assets representing 25% of the total (Exhibit 2b).

Analysing the issues by their original maturities, we see that in 2022 and 2023, the weight of longer-dated paper (≥ 5 years) decreased by comparison with 2020, in parallel with an increase in the share of shorter-dated paper (between 2 and 5 years), as rising rates prompted the banks to try and minimise their borrowing costs (Exhibit 3). With the reduction in borrowing costs in 2024, this trend reversed, with the share of longer-date issues increasing once again.

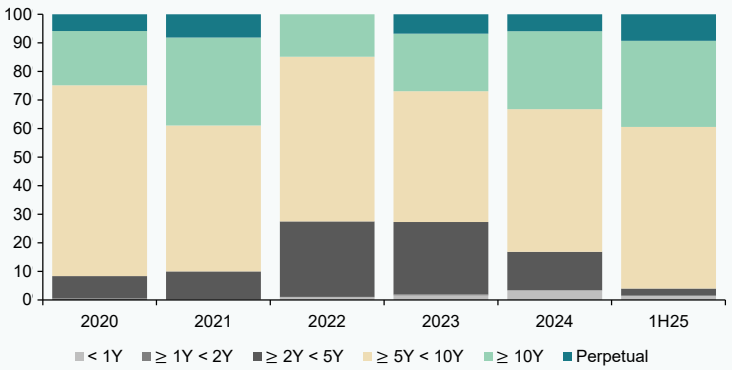
In the first half of 2025, this preference for longer-dated paper intensified, in keeping with the environment of lower coupons and an absence of any particular pressure at the long end of the curve. More specifically, the weights of instruments maturing between 5 and 10 years and those falling due in more than 10 years both increased and there was an uptick in perpetual bonds. In tandem, the issuance of paper due within 2 to 5 years decreased, as did that dated less than one year, albeit by proportionately less. This trend

> "The trend of gradual incorporation of smaller-sized banks observed over recent years consolidated during the first half of 2025, when mid-size banks accounted for 19% of total issuance volumes, with the cohort of banks with under 100 billion euros of assets representing 25% of the total."

Exhibit 3

Breakdown of issues by original maturity term

Percentage total



Note: The sample excludes commercial paper, certificates of deposit, indexed certificates and any instruments that could not be classified on the basis of the information available.

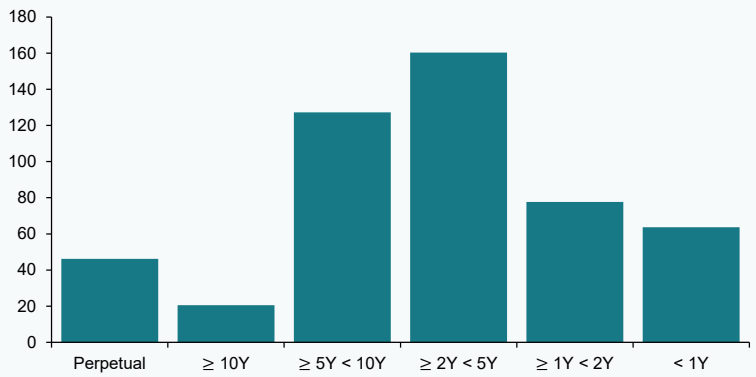
Source: Authors' own elaboration based on S&P Capital IQ data.

suggests that the banks are taking advantage of the current favourable borrowing terms and conditions to lock in costs for the long term out of concern that geopolitical and trade-related uncertainty could potentially push rates higher. This pattern may also be related with a financial structure management strategy, particularly considering that 61% of the outstanding balance falls due within the next five years, with 87% doing so before 2035, increasing the medium-term refinancing requirement (Exhibit 4).

Exhibit 4

Outstanding instruments as of 30 June 2025 by years of residual maturity

Billions of euros



Note: The sample excludes commercial paper, certificates of deposit, indexed certificates and any instruments that could not be classified on the basis of the information available.

Source: Authors' own elaboration based on S&P Capital IQ data.

“ The spread between bank bonds (specifically unsecured paper) and Spanish sovereign bonds has decreased considerably since 2024 to around 30 basis points in the first half of 2025, which is down 84 basis points from 2023. ”

Issuance costs: Falling spreads

The cost of these issues is closely correlated to the trend in benchmark rates (interbank rates for short-term paper and the public debt markets in the case of long-dated paper), so that financing costs have been cyclical: very low in 2020-2021, considerably higher in 2022-2023 and lower once again in 2024-2025.

Aside from the trend associated with the movements in benchmark rates, it is worth highlighting a reduction in spreads along three dimensions: (i) relative to sovereign bonds; (ii) relative to secured issues; and (iii) between larger- and smaller-sized issuers.

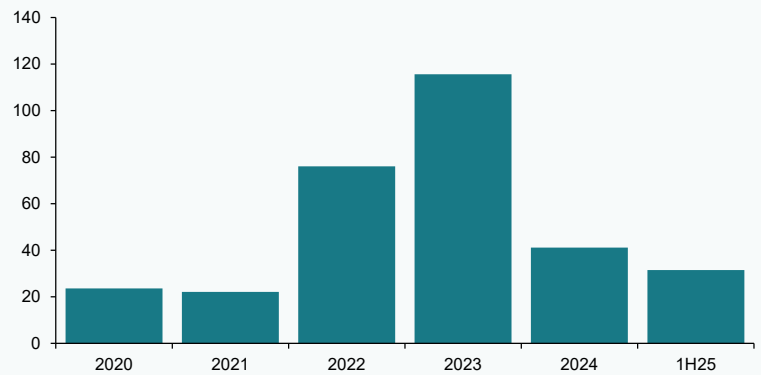
Firstly, the spread between bank bonds (specifically unsecured paper) and Spanish sovereign bonds has decreased considerably since 2024 to around 30 basis points in the first half of 2025, which is down 84 basis points from 2023 (Exhibit 5).

Secondly, within the debt issued by the banks, there has been a noteworthy reduction in the spread between secured and unsecured paper (Exhibit 6), reflecting a clear recovery in confidence in the solvency and creditworthiness of the Spanish banks.

Exhibit 5

Spread between coupons on senior debt (unsecured) and sovereign bond yields

Basis points



Notes: Exhibit 5 illustrates the difference between the cost of issuing senior (unsecured) debt at fixed rates in euros relative to the yield on Spanish sovereign bonds with equivalent maturities, weighted by the volume issued. The exhibit provides the average price weighted by the volume issued for each category of subordination.

We use a representative sample of issues for which information about their placement price is available; 74.9% of those instruments were issued in EUR, 21.7% in USD and 3.32% in GBP.

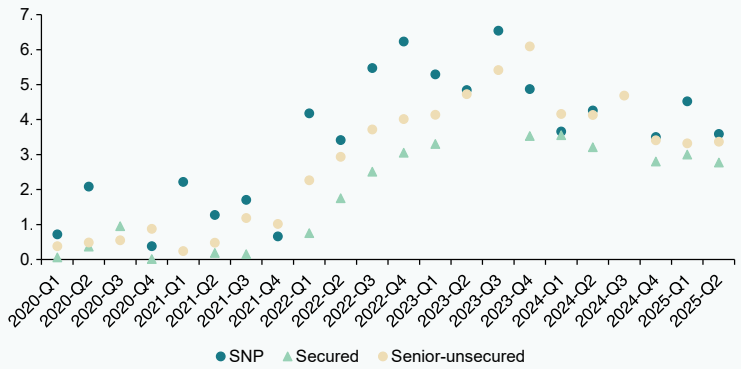
By coupon type, 76.6% were issued at fixed rates and 23.4% at floating rates. AT1 and Tier 2 instruments were excluded on account of the limited number and volume of these issues.

Sources: Authors' own elaboration based on S&P Capital IQ and LSEG-Eikon data.

Exhibit 6

Issue price

Percentage



We use a representative sample of issues for which information about their placement price is available; 74.9% of those instruments were issued in EUR, 21.7% in USD and 3.32% in GBP.

By coupon type, 76.6% were issued at fixed rates and 23.4% at floating rates. AT1 and Tier 2 instruments were excluded on account of the limited number and volume of these issues.

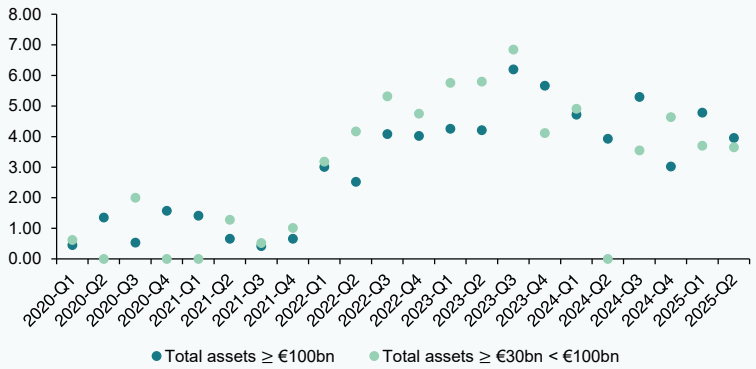
Sources: Authors' own elaboration based on S&P Capital IQ and LSEG-Eikon data.

This improvement in how the debt markets perceive bank risk has also extended to a growing number of entities, notably including smaller-sized banks. As seen in Exhibit 7, the spread between the coupons obtained by larger-sized entities (assets of > 100 billion euros) relative to those of medium-sized issuers (30 to 100 billion euros), which peaked when interest rates were at their highest, has corrected substantially, illustrating how the

Exhibit 7

Issue price by issuer size

Percentage



Notes: The exhibit provides the average price weighted by the volume issued for the cohort of issues in each group of entities for which this information is available, starting from the sample used for Exhibit 6.

The bank classification by total asset volumes was based on the average figures for 2016-2024.

Sources: Authors' own elaboration based on S&P Capital IQ and LSEG-Eikon data.

improvement in perceived bank risk has been widespread across all bank sizes.

Conclusions

Albeit with variations around the types of instruments issued, the maturities of the paper issued and issuer size, over the last five years, the Spanish banks have had a significant and recurring presence in the wholesale debt markets, with gross issuance volumes tripling net volumes. This recurrence, coupled with constant exposure to market scrutiny (as well as the robust improvement in the Spanish banks' fundamentals), has undoubtedly helped boost market appetite for these issues.

The upshot has been a reduction in spreads along three dimensions: (i) between bank and sovereign bonds; (ii) between secured and unsecured paper; and (iii) between the spreads paid by medium-sized issuers relative to their larger counterparts.

Notes

[1] Note that the 2025 figures correspond to the 12-month period elapsing between June 2024 and June 2025 in order to maintain like time intervals.

[2] Except for limited instances under the scope of article 12, paragraphs 1 and 7 of Regulation (EU) No. 806/2014.

Ángel Berges, Lucía Ibáñez and María Rodríguez. Afi



Spain's insurance sector: Underpinning market confidence in the broader financial system

The Spanish insurance industry continues to demonstrate financial strength, solvency, and stable profitability, acting as a buffer for the broader financial system. A conservative investment profile and steady income growth highlight the sector's resilience even amid market volatility.

Daniel Manzano

Abstract: Spain's insurance sector remains one of the most robust segments of the financial system, combining sustained profitability with exceptionally strong solvency positions. Capital ratios comfortably exceed European averages, supported by prudent asset allocation and limited exposure to market risk. Premium growth continues across both life and non-life segments, with the latter showing particular dynamism driven by auto and health lines. While the low-interest rate legacy still constrains returns on older portfolios, higher yields are gradually improving investment income and supporting new product growth. The sector's cautious risk management and focus on long-term stability have made it a key stabilizing force within Spain's financial

> “Total revenue from premiums amounted to 45.73 billion euros in the first half of 2025, marking double-digit year-on-year growth (+12.2%).”

landscape, underpinning confidence among policyholders, regulators, and investors alike.

Introduction

The Spanish economy continued to perform well throughout the first half of 2025. Inflation has eased significantly, and interest rates have continued to decline, favouring consumption and investment and making the Spanish economy one of the most dynamic of the developed world. GDP growth remains at close to 3.0% with employment and domestic demand performing well in the context of a solid external surplus, shrinking public deficit and ongoing private sector deleveraging.

This environment has helped shore up household and business confidence, which has translated into stronger flows into insurance products, with growth still robust in the non-life business, particularly health and motor insurance. In parallel, the life insurance business has rebounded after premium revenues stabilised in 2024 in the wake of explosive growth in 2023 on the back of interest rates, which reached their highest levels in a long time that year. Although interest rates have stabilised at significantly lower levels so far in 2025, the success in curbing inflation and “normalising” the rate curve has been good for the long-term savings in which the insurance business specialises. In addition, despite geopolitical uncertainty, the debt and equity markets have also helped consolidate and expand the savings-life insurance business, as well as making a positive contribution to the insurance companies’ finance income. As a result, within Europe, Spain is currently one of the most dynamic insurance markets.

Total revenue from premiums amounted to 45.73 billion euros in the first half of 2025, marking double-digit year-on-year growth (+12.2%), which, if sustained, as is fairly likely, would put full-year premiums in Spain well above the 80-billion-euro-mark for the first time.

Rebound and transformation in the life insurance business

As was the case two years ago, when high interest rates fuelled the life business, this segment is again spearheading the growth in sector revenue (premiums), although in a different context, as already noted. Lower interest rates (albeit reasonable given the current context of low and controlled inflation) and a positive slope conducive for medium- and long-term savings, coupled with debt and equity markets, which, volatility notwithstanding, have trended higher and proven resilient, have made it easier for the insurance companies to once again attract household savings flows. That is certainly the case in savings-life insurance products, where the growth of 20.9% derives from a favourable environment for medium- and long-term investing given the current rate curve and reduced competition via bank deposits considering surplus bank liquidity. Moreover, unit-linked savings products, for

> “The life insurance business as a whole registered year-on-year growth in premiums of a remarkable 18.2% in the first six months of this year.”

"Health insurance, meanwhile, is growing even faster than vehicle insurance, at 11.6%, proving that the extraordinary demand for this form of insurance remains intact."

which penetration is much lower in Spain than other parts of Europe, have extended the momentum of recent years so far in 2025. Life-risk insurance, meanwhile, also recorded growth of 6.4% in the first half. As a result, the life insurance business as a whole registered year-on-year growth in premiums of a remarkable 18.2% in the first six months of this year. That growth is materialising naturally in the technical provisions in the life segment, which are already above 215 billion euros, implying year-on-year growth of 3.4% and evidencing the stability and solidity of the business.

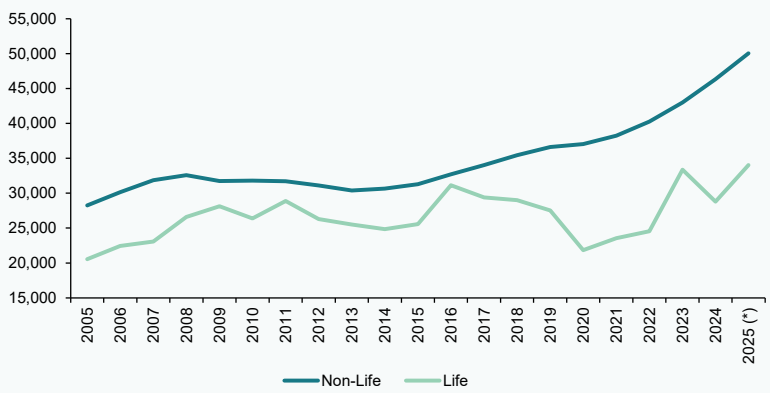
Continued strength in the non-life segment

As already noted, the life insurance revival is currently being accompanied by considerable growth in the non-life business. Its growth of 8%, which is even better than that recorded in 2024 despite the slowdown in inflation, is being underpinned by two factors. Firstly, economic momentum in Spain, as already referred to. Secondly, the repricing of premiums: in the current environment, the insurance companies have been able to pass price increases through to policyholders, particularly in the areas in which claims levels had eroded margins of late, specifically motor insurance. Higher premiums and growth in vehicle sales drove growth in revenue in that line of nearly 9% year-on-year in the first six months of 2025 (same rate as in 2024). Health insurance, meanwhile, is growing even faster, at 11.6%, proving that the extraordinary demand for this form of insurance remains intact. Its buoyancy, independent of the economic cycle, means that sooner or later this will become the most important area of the non-life insurance business, displacing motor insurance. The other two segments, multi-risk and other non-life, are growing at lower rates but are nevertheless outpacing nominal GDP growth.

Exhibit 1

Trend in life and non-life premiums

Millions of euros



(*) Estimate assuming continuation of the rates of growth observed in the first half.
Source: Afi based on ICEA data.

Table 1 **Estimated sector premiums**

Estimated total volume of premiums written in the sector (Millions of euros)						Change (%)			
Line	2021	2022	2023	2024	1H25	2022-21	2023-22	2024-23	1H25 / 1H24
Total direct insurance	61,798	64,805	76,364	75,161	45,728	4.9	17.8	-1.6	12.2
Non-life	38,247	40,270	43,004	46,333	25,981	5.3	6.8	7.7	8.0
Motor	10,990	11,354	12,107	13,180	7,277	3.3	6.6	8.9	8.9
Health	9,854	10,543	11,235	12,059	6,766	7.0	6.6	7.3	11.6
Multi-risk	8,116	8,578	9,158	9,968	5,518	5.7	6.8	8.8	6.8
Other non-life	9,287	9,794	10,504	11,127	6,420	5.5	7.2	5.9	4.6
Life	23,552	24,535	33,360	28,827	19,448	4.2	36.0	-13.6	18.2
Risk protection	5,020	5,185	5,047	5,358	3,188	3.3	-2.7	6.2	6.4
Savings	18,532	19,350	28,313	23,470	16,260	4.4%	46.3	-17.1	20.9
Technical provisions - Life	195,721	193,683	203,808	210,577	215,006	-1.0%	5.2	3.3	3.4

Source: Afi based on ICEA data.

Strong profitability supported by improved claims ratios

Thanks to the improvement in claims rates, which had eroded margins in some non-life segments, the widespread healthy performance in revenue from premiums in all lines in the first half translated into substantial earnings growth. Specifically, the insurance sector's technical account amounted to 4.05 billion euros, growth of 18.6% from the first half of 2024. This performance was driven primarily by the improvement in profits in the non-life business (+29.1%) as a result, mainly, of earnings spillover from the motor insurance business. In the first half of 2025, profits in this line were already ahead of the figure for all of 2024 and double that of 2023. In the life insurance business, meanwhile, the technical account improved by 7%.

The combined performance of the life and non-life businesses translated into extraordinary profit levels in the first half of the year, with the technical account topping 4 billion euros and the non-technical account reaching 3.6 billion euros, foreshadowing a year of record earnings and higher profitability than in previous years, combined with solid and stable solvency across the sector as a whole.

Bancassurance as a cornerstone of the Spanish market

Another derivative of the insurance sector's healthy performance is its positive impact on

> "The combined performance of the life and non-life businesses translated into extraordinary profit levels in the first half of the year."

Table 2

Trend in technical provisions in the life business

Millions of euros

Segment	Technical provisions / Net assets					Change (%)			
	2021	2022	2023	2024	1H25	2022-21	2023-22	2024-23	1H25 / 1H24
Risk protection	6,914	7,074	7,186	7,209	7,484	5.2	2.3	1.9	2.1
Dependency	38	42	45	50	52	4.9	10.0	18.7	9.5
Savings/ Retirement	188,770	186,498	196,484	203,140	207,483	0.7	-1.2	8.9	3.5
Pension insurance	11,400	11,034	10,852	10,468	10,144	-5.8	-3.2	-5.1	-4.9
Deferred capital	47,775	47,215	47,758	50,138	51,947	-2.5	-1.2	6.2	6.6
Annuities and temporary income	88,449	87,635	92,181	94,823	96,375	-0.8	-0.9	8.2	2.5
Transformation of net worth into annuity	2,433	2,258	2,290	2,440	2,481	0.6	-7.2	8.1	3.8
Systematic individual savings plans	14,629	13,645	15,033	15,382	15,450	1.3	-6.7	12.7	1.5
Long-term individual savings plans	4,321	4,022	3,754	3,649	3,543	-1.7	-6.9	-9.3	-2.1
Asset-related (risk taker)	19,764	20,689	24,615	26,241	27,544	23.4	4.7	26.8	6.7
Total life insurance	195,707	193,683	203,808	210,400	215,019	0.8	-1.1	3.2	3.4
Pension plans managed by insurance entities	61,846	55,922	59,884	65,200	64,950	28.1	-9.6	8.9	3.4
Total insurance entities	257,568	249,535	263,692	275,600	279,969	6.3	-3.1	4.5	3.4

Source: Afi based on ICEA data.

the banks' financial statements. Recall that of the 172 insurance and reinsurance companies operating in Spain at the end of 2024, 29 of them (unchanged from the year before) were related to bank groups or entities. Of the 29, 15 operate in the life insurance business, making the banks the main channel for the distribution of life insurance in Spain (both savings and risk-life insurance). The remaining 14 operate in the non-life segment,

> "29 insurers with bank ties continue to account for around 50% of that business measured in terms of assets, technical provisions managed or earnings."

Table 3 **Insurance sector results, 2022-1H25**

(Data restated for 100%)	Result from retained insurance (Millions of euros)				Change (%)		
	FY 2022	FY 2023	FY 2024	1H 2025	2023 /22	2024 /23	1H 25
Technical account							
Life	3,147	3,253	3,779	2,302	3.4	16.2	29.1
Motor	510	170	274	350	-66.7	61.2	144.7
Multi-risk	397	349	846	491	-12.1	142.4	2.0
Health	613	934	774	385	52.4	-17.1	160.8
Other non-life	1,626	1,800	1,886	1,076	10.7	4.8	6.5
Non-life	3,169	3,245	3,431	1,747	2.4	5.7	7.0
Total life and non-life	6,315	6,498	7,210	4,049	2.9	11.0	18.6
Non-technical account	5,526	5,456	6,356	3,599	-1.3	16.5	17.6

Source: Afi based on ICEA data.

in which, despite a minority presence, the banks have been showing growing interest in recent years. More significant than the number of banks comprising this bancassurance universe, however, is their share of the overall insurance business. Indeed, these 29 insurers with bank ties continue to account for around 50% of that business measured in terms of assets, technical provisions managed or earnings. The banks' substantial role in the "control of the insurance business" in Spain is clearly concentrated in the life business, which is logical considering its significant financial component. In the life insurance segment, the banks' insurance providers account for a little over 70% of total earnings. In the non-life segment, the insurers related to banking groups garner just over 25%.

Given the relevance of bancassurance, the healthy momentum in the broader insurance business will obviously translate into a bigger contribution to bank profitability this year. Definitely in absolute terms, but also maybe in relative terms this year. This would contrast with the last few years when the insurance business's recurring contribution had been somewhat watered down by the extraordinary growth in banking business margins. Relative stabilisation in net interest margins this year, coupled with a fresh leap in earnings in the insurance business, will once again highlight the importance of the contribution by the latter.

Daniel Manzano. Partner at Afi

Recent key developments in the area of Spanish financial regulation

Prepared by the Regulation and Research Department of the Spanish Confederation of Savings Banks (CECA)

Ministerial Order VAU/1022/2025 of 12 September 2025 creating the Housing Advisory Board and regulating its composition, powers and *modus operandi* (*Official State Gazette*: 19 September 2025)

This Ministerial Order derives from article 26 of Law 12/2023 (of 24 May 2023) on the right to housing, which stipulated the creation of this Board to ensure due participation by stake-holding social agents in the formulation and implementation of housing policy.

In brief, this Order implements the following features of the Board:

- Duties: (i) expert thinking and dialogue about the housing-related challenges facing society; (ii) provision of advice on state plans and programmes; (iii) simplification of housing regulations; (iv) generation of proposals for ensuring an adequate stock of housing (rental, ownership, other tenancy); (v) fostering of public-private partnership; (vi) generation of measures for tackling social, economic and environmental challenges; and (vii) provision of technical, legal and economic advice to ensure protection of the constitutional right to decent housing.

- Composition: the Board will be presided by the sitting Minister of Housing and Urban Agenda. Its membership will comprise: eight representatives from the third sector; one representative per union represented; two representatives from business organisations; two representatives from urban property own associations; one representative from the financial institutions' most representative associations; five representatives from housing sector professional organisations; and six professional experts in the fields of housing, third-level education and research.

- *Modus operandi*: the Board must meet at least once every six months. It may set up committees or taskforces. It must draw up an annual activities report.

Bank of Spain Resolution of 29 September 2025 on publication of the resolution setting the countercyclical capital buffer percentage applicable to exposures located in Spain, which takes effect from the fourth quarter of 2025, applicable from 1 October 2026 (*Official State Gazette*: 1 October 2025)

The Resolution sets the countercyclical capital buffer (CCyB) taking effect from the fourth quarter of 2025 for exposures located in Spain at 1.0%, applicable from 1 October 2026.

Ministerial Order ECM/1155/2025 of 14 October 2025 regulating the loan of certain securities and financial instruments by collective investment undertakings (*Official State Gazette*: 17 October 2025)

This Order applies to collective investment undertakings (CIUs) of a financial nature, which may engage in the lending of securities so long as the purpose is to increase portfolio management efficiency without deviating from the investment objectives set down in their rules, deeds of incorporation or prospectuses and the risks implied by this activity are adequately addressed.

The following aspects stand out:

- The securities may be loaned to the following entities, so long as they are

domiciled in an OECD or EU Member State and are sufficiently solvent to honour their obligations: (i) financial institutions subject to supervision; (ii) central securities depositories; and (iii) central counterparties.

- The securities that may be loaned include shares, bonds, notes, other marketable securities and money market instruments. The lender must have full control over and unrestricted access to the securities loaned, which must be free of any lien or other encumbrance or any restriction on transfer. Securities returned to the CIUs at maturity must be likewise clear of any liens or encumbrances and must not be subject to any transfer obligations or other restrictions.

- The securities lending transactions may be legally structured in the manner deemed most advisable, including permission to avail of the standardised framework agreements widely used in national or international practice.

- The Order contemplates the possibility that the management company or the investment firm, as the case may be, hire specialist agents to carry out the activities related with securities lending.

- The transactions must be initially covered by a guarantee whose market value is higher than the market value of the security loaned, updated daily in line with market practices. The assets that may be put up as collateral may include cash, bank deposits that are immediately drawable or that mature within no more than 12 months, shares and units in CIUs which invest in money markets, etc. Any securities pledged as collateral must be clear of any lien or encumbrance.

- The Order introduces obligations for the management companies/investment firms. Those obligations include: (i) informing their investors clearly in the prospectus about their plans to engage in transactions of this nature; (ii) disclosing in their prospectuses the policy around the direct and indirect operating costs and fees that may be deducted from the income obtained by the CIUs; (iii) providing additional information in their annual reports on the CIU; (iv) ensuring that the related risks are adequately covered by the risk management procedures; and (v) in relation to the guarantees, establishing rules to control their sufficiency, due diversification, measurement, reinvestment and liquidity.

- As for the depositaries' obligations, the following stand out: (i) settling all delivery and receipt transactions associated with the securities loan during its term of effectiveness; (ii) holding the assets provided as collateral in custody; (iii) monitoring compliance with the requirements set down in the Order and overseeing the controls performed by the management company or investment firm with respect to the guarantees provided and return of the securities loaned; and (iv) having specific in-house rules related with the lending activities of CIUs, specifically referencing what constitutes a related party transaction.

Lastly, the new Order repeals a Ministry of Finance Order dated 31 July 1991 on the loan of securities by collective investment undertakings and the own funds, reporting and accounting regime of CIU management companies.

Spanish economic forecasts panel: November 2025*

Funcas Economic Trends and Statistics Department

Growth in 2025

2025 GDP growth is now forecast at 2.9%, up 0.3pp from the previous consensus

The preliminary third-quarter growth figure published by the INE, quarterly growth of 0.6%, was 0.1pp above the most recent Panel consensus forecast. That, coupled with the upward revision of the national accounts in the INE's September statistical review, has prompted nearly all of the analysts to raise their projections for the year as a whole (with none lowering them).

The economic indicators to date point to ongoing strong momentum at the start of the fourth quarter, although the consensus forecast is for a slight slowdown, to 0.5%, unchanged from the last Panel (Table 2). This quarterly pattern leads to a forecast for growth of 2.9% for the year as a whole, which is 0.3pp above the previous consensus (Table 1).

Domestic demand is expected to contribute 3.3pp (up 0.4pp from the last Panel), while the external sector would detract 0.4pp (*versus* -0.3pp in September). The analysts have also raised their forecasts for investment (especially investment in machinery and equipment) and, to a lesser degree, household consumption. The forecasts for both exports and imports have been revised upwards, the latter by proportionately more (Table 1).

The analysts' risk perception has shifted slightly since the last set of forecasts: whereas in the September survey, nine analysts believed the risks to the forecasts were balanced, with seven seeing more upside than downside and three perceiving more downside, this time around, 13 see the risks as balanced, with four perceiving more upside and just two thinking the downside risks outweigh the upside.

Growth in 2026

The projection for 2026 has been raised by 0.1pp to 2.1%

The majority of analysts have increased their forecasts for GDP growth in 2026, yielding a consensus forecast of 2.1% (+0.1pp from the last Panel). This figure remains slightly below the government's forecast, is in line with AIReF's estimate and is more optimistic than other organisations, including the Bank of Spain and the IMF (Table 1). Growth is forecast at around 0.5% each quarter in 2026, which is unchanged from the September survey (Table 2). Therefore, the upward revision for 2026 stems from a stronger carryover effect derived from the highest forecast for 2025.

Domestic demand is expected to contribute 2.3pp to next year's growth (+0.2pp from the last Panel), with the external sector eroding that growth by 0.2pp (*vs.* -0.1pp in September). Investment and household consumption are expected to grow by less than in 2025, with public expenditure making a similar contribution. Imports are expected to grow by more than exports, as in 2025 (Table 1).

Inflation

Higher inflation expectations

The headline rate of inflation has ticked higher in recent months, reaching 3.1% year-on-year in October, reflecting the trend in energy prices and, to a lesser extent, food prices. Core inflation has also edged higher. In general, food products and services continue to register stubbornly high rates of inflation.

Headline inflation is expected to ease over the remainder of the year, to end in December at 2.6%. The consensus forecast for the annual average rates in 2025 are 2.6% for headline inflation (+0.1pp from the last Panel) and 2.3% for core inflation. For 2026, the average annual forecast is 2.1% for headline inflation and 2.2% for core inflation (both up 0.1pp from the September survey), with a year-on-year of 2% in December (Tables 1 and 3).

Labor market

Unemployment would dip to 10% in 2026

According to the *Labour Force Survey* (LFS), employment, adjusting for seasonality, grew by less in the third quarter than in the four preceding quarters. The unemployment rate increased by 0.2pp by comparison with the second quarter, which is nevertheless 0.7pp below the year-earlier figure. Elsewhere, Social Security contributors

were more dynamic than gleaned from the LFS, depicting growth in line with previous quarters. Since then, the October figure was similarly healthy.

As a result, employment is currently forecast to increase by 2.4% this year and by a further 1.7% in 2026, with both forecasts marking an improvement of 0.1pp from September. The unemployment rate is expected to come down to 10.5% this year and to 10% in 2026, 0.1pp and 0.2pp better than forecast in the last Panel, respectively (Table 1).

Productivity and unit labour costs (ULCs) are calculated from the GDP forecasts, employee compensation and employment in LFS terms. The former is forecast to grow by 0.5% in 2025 and 0.4% in 2026, while ULCs are expected to increase by 2.9% this year and by 2.6% next year.

Balance of payments

Momentum in the balance of trade in services is largely offsetting the deterioration in the goods deficit

The current account surplus to August stood at 35.98 billion euros, which is the second best performance on record at this juncture of the year. That figure is just 5.4% below the surplus observed by August of last year, thanks to the fact that the increase in the goods deficit was almost entirely offset by the growth in the services trade surplus and, to a lesser extent, the reduction in the deficit in the primary and secondary income accounts.

Spain's current account surplus is currently forecast at 2.6% this year and 2.4% in 2026, up 0.1pp from the consensus September figures in both instances (Table 1).

Public deficit

More favourable prospects for the public deficit in 2025 and 2026

The fiscal deficit, excluding local authorities, amounted to 27.48 billion euros in the first eight months of 2025, compared to 34.13 billion euros in the same period of 2024. Discounting the expenditure associated with last autumn's flash flooding, the deficit would have decreased by 30% year-on-year. Growth in tax revenue has accelerated year-on-year, in part due to the elimination of certain tax relief introduced in prior years to tackle the fallout from the surge in inflation.

The current consensus forecast is that Spain's public deficit, at all levels of government, will come down by more than was expected in September, to 2.7% and 2.6% of GDP in 2025 and 2026, respectively. Note that these figures point to a higher deficit than is currently being forecast by the Bank of Spain or AIReF (Table 1).

International context

Despite a better than expected first half, the outlook for the global economy remains uncertain

So far this year, the global economy has performed better than expected in light of the tariff onslaught set in motion by the U.S. In its autumn round, the WTO revised its global trade outlook for this year significantly higher, to 2.4%, compared to 0.9% back in the spring. The change is attributable partly to the front-loading of trade during the first half of the year, fuelled by the prospect of sharply higher tariffs and more stringent customs barriers. Another mitigating factor has been the conclusion of trade agreements with less punitive tariffs than contemplated in the most alarmist scenarios.

Similarly, the IMF has increased its forecast for global GDP growth this year slightly higher, to 3.2%, up 0.2pp from its previous projections. However, the uncertainties have not dissipated, as the trade restrictions have not yet had time to fully trickle through to the economy. Meanwhile, volatility is increasing once again in the financial markets due to the fear of a bubble in the tech sector, on the one hand, and public debt sustainability doubts, on the other.

Against this backdrop, the eurozone economy remains sluggish, with third-quarter GDP growth coming in at a meagre 0.2%. For 2026, the IMF is expecting the bloc's economy to remain weak, growing by 1.1% (down 0.1pp from this year), which is half of the growth forecast for the U.S.

All of this explains the pessimism expressed by the analysts when asked to appraise the international context (Table 4). Thirteen of them currently believe that the international environment is unfavourable for the EU, with that figure rising to 16 when asked about the situation outside the EU (both assessments largely unchanged from the September Panel). Moreover, the majority believes that the international context, both within the EU and beyond, will continue to be marked by uncertainty in the coming months.

Interest rates

Higher forecast for Euribor

Although growth in Europe remains scant, inflation is proving sticky at around 2%, with core inflation actually above that benchmark. The persistence of low unemployment rates could be contributing to anchor inflation expectations, keeping the ECB cautious and pushing out the prospect of new rate cuts. The Federal Reserve's cautiousness, meanwhile, appears even more justified considering the time lag between the imposition of tariffs on imported products and their pass-through to the end prices paid by consumers, a development that could curb the extent of the easing expected by markets.

As a result, the ECB is expected to keep its main rates at current levels for the time being. The consensus forecast is that the deposit facility rate will stay at 2% until the end of the forecast horizon, which is a quarter point higher than in the previous consensus (Table 2). In line with these forecasts, Euribor is expected to come down only very slightly from current levels, and is projected at 2.05% by the end of 2026, which is 15 basis points above the last Panel.

The long-term sovereign debt markets continue to trade significantly above the interest rate levels observed at the shorter maturities, reflecting in part the prospect of massive public debt issuance volumes worldwide in the coming years. The consensus forecast is that the yield on the 10-year Spanish bond will range between 3.2% and 3.3% until the end of next year, which is similar to the levels forecast in September (Table 2).

Currency market

Slight appreciation of the dollar against the euro

The dollar has won back a small part of the ground lost since the start of the year, in line with the perception prevailing in markets that growth in the U.S. is relatively robust, in contrast to European economic weakness. Nevertheless, the analysts believe that portfolio adjustments could exert slight upward pressure on the single currency, especially if the Federal Reserve cuts its rates by more than the ECB. The analysts are projecting an exchange rate of $1.18 against the euro for year-end 2026, unchanged from the September Panel (Table 2).

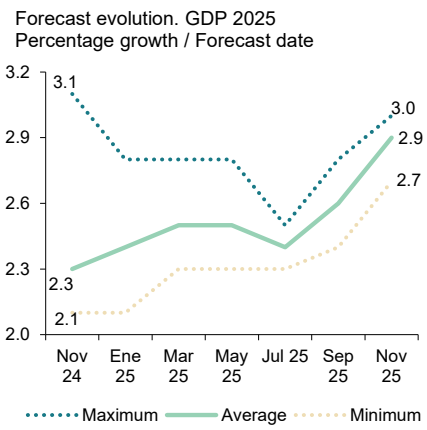
Fiscal and monetary policy considerations

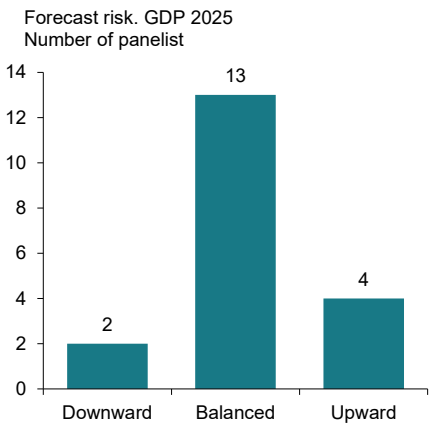
Fiscal policy should be neutral rather than expansionary

When asked about the fiscal policy stance, the analysts continue to believe that cyclical support should be rolled back in light of the strength of the economy. Thus, according to a majority of analysts, the budget is expansionary when it should be neutral, meaning it should not provide impetus additional to that already being generated by the economy. As for monetary policy, the majority opinion is that it is neutral, which is what the Spanish economy currently needs (Table 4).

Exhibit 1

Evolution and risk of forecasts





Source: Funcas Panel of Forecasts.

Spanish economic forecasts panel: November 2025*

Funcas Economic Trends and Statistics Department

Table 1

Economic Forecasts for Spain – November 2025

Average year-on-year change, as a percentage, unless otherwise stated

	GDP		Household consumption		Public consumption		Gross Fixed Capital Formation						Domestic demand[3]		Exports of goods & serv.		Imports of goods & serv.	
							Total		Machinery and capital goods		Construction							
	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
Analistas Financieros Internacionales (AFI)	2.9	2.2	3.4	2.9	1.8	2.5	5.7	2.9	8.4	2.6	4.4	2.9	3.4	2.7	3.4	1.2	5.6	2.8
BBVA Research	3.0	2.3	3.3	2.5	1.4	1.6	5.7	6.1	7.9	3.7	4.9	6.8	3.3	3.0	4.7	3.3	6.3	5.8
CaixaBank Research	2.9	2.1	3.1	2.4	1.3	0.9	5.3	3.3	8.6	3.3	4.0	3.4	3.3	2.4	4.2	2.2	5.4	2.9
Cámara de Comercio de España	2.9	1.9	3.3	2.0	1.8	2.4	5.3	3.9	7.9	2.4	4.1	4.6	3.3	2.1	3.6	1.9	5.5	2.2
Centro de Estudios Economía de Madrid (CEEM-URJC)	2.9	2.1	3.2	2.0	1.6	1.8	6.0	2.4	9.9	2.4	4.2	3.0	3.4	1.9	3.2	3.5	5.7	3.8
Centro de Predicción Económica (CEPREDE-UAM)	2.8	2.2	3.3	2.5	1.8	2.1	5.8	4.5	8.6	4.2	4.5	4.1	3.5	2.8	3.3	2.3	5.7	4.2
CEOE	2.9	2.3	3.2	2.4	1.8	1.4	5.0	2.2	8.3	1.8	3.4	1.3	3.4	2.2	4.2	4.0	5.6	4.1
Equipo Económico (Ee)	2.9	2.3	3.1	2.2	2.7	2.6	4.7	2.7	5.3	3.0	4.2	2.4	3.0	2.3	3.6	2.7	4.3	3.0
EthiFinance Ratings	3.0	2.3	3.2	2.0	0.7	2.0	8.7	3.3	5.9	3.3	7.2	3.2	3.2	2.3	2.8	1.7	4.8	1.6
Funcas	2.9	1.9	3.1	2.0	1.4	1.2	5.2	3.4	6.3	2.2	4.1	4.4	3.1	2.1	4.0	1.6	5.2	2.4
Instituto Complutense de Análisis Económico (ICAE-UCM)	2.9	2.3	3.1	2.2	1.6	1.8	4.6	3.1	6.8	1.9	3.6	3.6	3.1	2.1	4.5	4.0	5.2	3.7
Instituto de Estudios Económicos (IEE)	2.8	2.2	3.3	2.5	2.0	1.6	5.4	3.7	9.5	2.5	3.5	4.0	3.6	2.7	3.6	3.1	6.1	4.6
Intermoney	2.7	2.0	3.2	2.0	2.1	1.4	4.7	2.9	5.8	2.8	3.6	3.0	3.0	1.9	3.1	2.6	4.7	2.8
Mapfre Economics	2.9	1.9	3.2	2.4	1.4	1.6	4.7	1.7	--	--	--	--	2.8	1.8	4.0	1.2	4.8	0.6
Metyis	2.9	1.9	3.3	2.0	2.0	1.8	5.3	2.7	7.8	2.5	4.0	2.7	3.4	2.1	3.2	2.2	4.5	2.8
Oxford Economics	2.9	2.3	3.4	2.6	1.7	1.6	5.6	2.4	8.5	0.5	5.2	4.0	3.5	2.4	3.6	1.3	5.6	1.5
Repsol	2.9	2.0	3.4	2.3	1.8	2.4	5.7	4.4	8.9	6.4	4.3	1.8	3.5	2.7	3.5	2.3	5.7	4.6
Santander	2.8	2.0	3.4	2.7	1.7	1.7	5.7	3.4	9.5	3.5	4.5	3.4	3.6	2.7	3.4	1.2	5.9	3.9
Universidad Loyola Andalucía	2.8	2.4	3.6	2.6	1.5	1.4	6.1	3.3	11.6	4.1	3.4	2.6	3.6	2.1	3.3	2.2	4.5	2.6
CONSENSUS (AVERAGE)	2.9	2.1	3.3	2.3	1.7	1.8	5.5	3.3	8.1	3.0	4.3	3.4	3.3	2.3	3.6	2.3	5.3	3.2
Maximum	3.0	2.4	3.6	2.9	2.7	2.6	8.7	6.1	11.6	6.4	7.2	6.8	3.6	3.0	4.7	4.0	6.3	5.8
Minimum	2.7	1.9	3.1	2.0	0.7	0.9	4.6	1.7	5.3	0.5	3.4	1.3	2.8	1.8	2.8	1.2	4.3	0.6
Change on 2 months earlier[1]	0.3	0.1	0.3	0.2	-0.1	0.0	0.8	0.4	1.7	0.2	0.4	0.2	0.4	0.2	0.9	0.2	1.4	0.4
- Rise[2]	18	14	16	13	6	6	13	12	12	10	9	9	18	13	16	10	18	11
- Drop[2]	0	0	0	2	11	7	5	3	5	4	8	4	0	1	1	6	0	5
Change on 6 months earlier[1]	0.4	0.2	0.5	0.3	-0.7	0.1	2.0	0.6	3.8	0.4	1.0	0.7	0.7	0.4	1.3	-0.1	2.1	0.3
Memorandum items:																		
Government (September 2025)	2.7	2.2	3.1	2.4	1.2	1.8	5.7	5.1	--	--	--	--	3.0	2.7	3.0	1.9	4.5	3.6
Bank of Spain (September 2025)	2.6	1.8	3.1	2.0	1.9	1.7	5.0 [4]	2.5 [4]	--	--	--	--	3.1	2.0	3.1	2.3	5.0	3.1
AIReF (October 2025)	3.0	2.1	3.1	2.2	2.3	2.0	4.5	2.7	--	--	--	--	3.1	2.2	3.8	2.3	4.5	2.8
EC (May 2025)	2.6	2.0	2.9	2.1	2.3	1.6	3.4	3.1	--	--	--	--	2.8	2.1	2.4	2.3	3.2	2.8
IMF (October 2025)	2.9	2.0	3.1	2.2	1.6	1.7	5.0	2.1	--	--	--	--	3.1	2.1	--	--	--	--
OECD (June 2025)	2.4	1.9	2.7	1.9	2.2	1.7	4.4	2.7	--	--	-	--	2.7	1.9	2.2	2.2	3.3	2.3

[1] Difference in percentage points between the current month's average and that of two months earlier [or six months earlier].

[2] Number of panellists revising their forecast upwards [or downwards] since two months earlier.

[3] Contribution to GDP growth in percentage points.

[4] Gross capital formation.

Table 1 (Continued)

Economic Forecasts for Spain – November 2025

Average year-on-year change, as a percentage, unless otherwise stated

	CPI (annual av.)		Core CPI (annual av.)		Wage earnings		Employment (LFS)		Unemployment rate		Current Account (% of GDP)		Gen. goverment balance (% of GDP)	
	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
Analistas Financieros Internacionales (AFI)	2.6	1.6	2.3	1.9	3.5	3.2	2.5	1.5	10.3	10.1	3.0	3.1	-2.8	-2.6
BBVA Research	2.5	2.3	2.3	2.3	3.2	2.9	2.6	2.2	10.5	9.9	2.8	1.6	-2.6	-2.2
CaixaBank Research	2.5	2.0	2.2	2.2	3.8	3.4	2.5	2.0	10.4	9.7	2.3	2.5	-2.7	-2.5
Cámara de Comercio de España	2.6	2.3	2.4	2.3	--	--	2.6	1.6	10.5	10.2	2.1	2.3	-3.0	-2.8
Centro de Estudios Economía de Madrid (CEEM-URJC)	2.6	2.0	2.3	2.4	2.9	3.1	2.0	1.2	10.8	10.2	2.6	2.3	-2.5	-2.2
Centro de Predicción Económica (CEPREDE-UAM)	2.6	2.0	--	--	3.5	3.1	2.3	1.7	10.6	10.2	2.9	2.7	-1.9	-2.1
CEOE	2.5	2.0	2.3	2.3	3.5	2.9	2.6	2.1	10.4	9.7	2.5	2.2	-2.6	-2.3
Equipo Económico (Ee)	2.6	2.1	2.3	2.1	3.3	3.0	2.1	2.0	10.9	10.8	2.9	2.2	-2.8	-3.0
EthiFinance Ratings	2.5	2.1	2.1	2.0	3.1	3.0	1.8	1.5	10.4	10.0	2.5	2.2	-2.9	-2.7
Funcas	2.7	2.1	2.3	2.2	3.2	3.0	2.6	1.5	10.3	9.6	2.9	2.8	-2.8	-2.7
Instituto Complutense de Análisis Económico (ICAE-UCM)	2.5	2.0	2.2	2.0	--	--	2.6	1.3	10.6	10.2	2.5	2.3	-2.8	-2.6
Instituto de Estudios Económicos (IEE)	2.6	2.2	2.4	2.5	3.5	2.9	2.5	1.8	10.4	10.0	2.5	2.2	-2.7	-2.5
Intermoney	2.5	2.0	2.5	2.2	--	--	2.2	1.5	10.6	10.3	--	--	-2.8	-2.6
Mapfre Economics	2.7	1.8	2.5	2.1	3.8	2.9	--	--	10.1	9.9	2.9	2.8	-2.9	-2.9
Metyis	2.6	2.4	2.4	2.1	3.4	2.6	2.5	1.6	10.3	9.9	2.6	2.4	-2.7	-2.5
Oxford Economics	2.6	2.1	2.6	2.4	--	--	2.5	1.6	10.6	10.1	2.8	2.5	-2.6	-2.6
Repsol	2.7	2.2	2.4	2.4	3.3	2.8	2.5	1.8	10.5	10.0	2.6	2.2	-2.5	-2.3
Santander	2.6	2.2	2.2	2.1	--	--	--	--	10.3	9.8	--	--	--	--
Universidad Loyola Andalucía	2.8	2.1	2.3	2.2	--	--	2.9	2.2	10.1	9.3	1.9	1.9	-3.4	-3.5
CONSENSUS (AVERAGE)	2.6	2.1	2.3	2.2	3.4	3.0	2.4	1.7	10.5	10.0	2.6	2.4	-2.7	-2.6
Maximum	2.8	2.4	2.6	2.5	3.8	3.4	2.9	2.2	10.9	10.8	3.0	3.1	-1.9	-2.1
Minimum	2.5	1.6	2.1	1.9	2.9	2.6	1.8	1.2	10.1	9.3	1.9	1.6	-3.4	-3.5
Change on 2 months earlier[1]	0.1	0.1	0.0	0.1	-0.3	-0.1	0.1	0.1	-0.1	-0.2	0.1	0.1	0.1	0.1
- Rise[2]	12	9	8	5	3	3	6	6	3	2	7	5	12	10
- Drop[2]	1	2	1	0	6	1	2	2	12	12	4	5	0	1
Change on 6 months earlier[1]	0.1	0.1	0.0	0.1	0.3	0.4	0.5	0.3	-0.2	-0.4	0.2	0.1	0.2	0.1
Memorandum items:														
Government (September 2025)	--	--	--	--	3.9	2.9	2.6 [5]	2.1 [5]	10.3	9.6	--	--	-2.8	--
Bank of Spain (September 2025)	2.5 [3]	1.7 [3]	2.4 [4]	2.1 [4]	--	--	2.6 [5]	1.3 [5]	10.5	10.2	--	--	-2.5	-2.3
AIReF (October 2025)	2.6	1.9	--	--	3.6	2.7	3.1 [6]	2.2 [6]	10.5	10.2	--	--	-2.5	-2.0
EC (May 2025)	2.3 [3]	1.9 [3]	--	--	3.4	2.6	2.1 [5]	1.6 [5]	10.4	9.9	2.7	2.8	-2.8	-2.5
IMF (October 2025)	2.4	2.0	--	--	--	--	--	--	10.8	--	2.7	2.6	-2.7	--
OECD (June 2025)	2.4 [3]	1.9 [3]	2.3 [3]	2.0 [3]	--	--	--	--	10.7	10.1	2.8	2.8	-2.8	-2.3

[1] *Difference in percentage points between the current month's average and that of two months earlier (or six months earlier).*

[2] *Number of panellists revising their forecast upwards (or downwards) since two months earlier.*

[3] *Harmonized index.*

[4] *Harmonized index excluding food and energy.*

[5] *Persons, according to National Accounts.*

[6] *Full time equivalent jobs.*

Table 2

Quarterly Forecasts – November 2025

	25-I Q	25-II Q	25-III Q	25-IV Q	26-I Q	26-II Q	26-III Q	26-IV Q
GDP [1]	0.6	0.8	0.6	0.5	0.5	0.5	0.5	0.5
Euribor 1 yr [2]	2.15	2.08	2.17	2.17	2.13	2.09	2.07	2.05
Government Bond yield 10 yr[2]	3.39	3.16	3.26	3.19	3.24	3.25	3.27	3.28
ECB deposit rates[3]	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Dollar / Euro exchange rate[2]	1.081	1.152	1.173	1.166	1.172	1.177	1.178	1.180

Forecasts in yellow.
[1] Qr-on-qr growth rates.
[2] End of period.
[3] Last day of the quarter. Average of responses rounded to the nearest multiple of 0.25.

Table 3

CPI Forecasts – November 2025

Year-on-year change (%)				
Oct-25	Nov-25	Dec-25	Jan-26	Dec-26
3.1	2.8	2.6	2.2	2.0

Forecasts in yellow.

Table 4

Opinions – November 2025

Number of responses

	Currently			Trend for next six months		
	Favourable	Neutral	Unfavourable	Improving	Unchanged	Worsening
International context: EU	0	6	13	4	13	2
International context: Non-EU	1	2	16	1	16	2
	Is being			**Should be**		
	Restrictive	Neutral	Expansionary	Restrictive	Neutral	Expansionary
Fiscal policy assessment[1]	0	4	15	3	16	0
Monetary policy assessment[1]	1	15	3	2	16	1

[1] In relation to the current state of the Spanish economy.

** The Spanish Economic Forecast Panel is a survey conducted by Funcas among the 19 analysis services listed in Table 1. The survey, which has been conducted since 1999, is published every two months in January, March, May, July, September, and November. Based on the responses to this survey, "consensus" forecasts are provided, which are calculated as the arithmetic mean of the 19 individual forecasts. For comparison purposes, although not part of the consensus, the forecasts of the Government, AIReF, the Bank of Spain, and the main international organizations are also presented.*

Key Facts

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Economic Indicators

Table 1

National accounts: GDP and main expenditure components SWDA*

Forecasts in yellow

		GDP	Private consumption	Public consumption	Gross fixed capital formation			Exports	Imports	Domestic demand (a)	Net exports (a)
					Total	Construction	Equipment & others products				
		Chain-linked volumes, annual percentage changes									
2017		2.9	3.1	1.0	6.8	6.8	6.7	5.6	6.7	3.0	-0.1
2018		2.4	1.7	2.1	6.5	10.1	3.2	1.7	3.9	3.0	-0.6
2019		2.0	1.1	2.2	4.9	8.4	1.4	2.3	1.3	1.6	0.4
2020		-10.9	-12.1	3.5	-8.9	-8.4	-9.4	-20.1	-15.1	-8.8	-2.2
2021		6.7	7.1	3.6	2.6	0.5	4.9	13.4	15.0	6.9	-0.3
2022		6.4	4.9	0.8	4.2	4.0	4.6	14.2	7.7	4.1	2.3
2023		2.5	1.8	4.5	5.9	5.5	6.3	2.2	0.0	1.6	0.9
2024		3.5	3.1	2.9	3.6	4.0	3.1	3.2	2.9	3.3	0.2
2025		2.9	3.1	1.4	5.2	4.1	6.3	4.0	5.2	3.1	-0.2
2026		1.9	2.0	1.2	3.4	4.4	2.2	1.6	2.4	2.1	-0.2
2023	IV	2.2	2.9	4.2	7.5	4.7	10.6	0.2	2.2	2.8	-0.6
2024	I	2.9	2.3	3.8	3.8	3.2	4.4	1.6	1.4	2.7	0.2
	II	3.7	2.9	2.3	3.5	3.4	3.6	2.9	1.7	3.1	0.5
	III	3.6	3.2	3.2	1.9	3.7	0.1	4.9	4.3	3.3	0.3
	IV	3.7	3.8	2.4	5.1	5.7	4.4	3.2	4.4	3.9	-0.3
2025	I	3.1	3.8	2.0	5.0	2.9	7.3	3.4	5.1	3.6	-0.4
	II	3.0	3.3	1.9	5.2	3.4	7.2	4.1	6.1	3.5	-0.5
	III	2.8	3.3	1.3	7.6	6.4	9.0	3.2	6.1	3.7	-0.8
		Chain-linked volumes, quarter-on-quarter percentage changes									
2023	IV	0.8	0.3	0.8	0.5	0.4	0.6	1.7	1.2	0.5	0.2
2024	I	1.1	0.5	0.6	1.5	4.6	-1.7	2.2	1.3	0.8	0.3
	II	0.9	1.2	0.0	0.5	0.1	0.9	0.6	0.6	0.9	0.0
	III	0.8	1.2	1.6	-0.6	-1.4	0.3	0.3	1.2	1.0	-0.3
	IV	0.8	0.9	0.1	3.6	2.4	4.9	0.1	1.2	1.2	-0.4
2025	I	0.6	0.5	0.2	1.4	1.8	1.1	2.3	2.0	0.4	0.2
	II	0.8	0.7	0.0	0.7	0.6	0.8	1.3	1.6	0.8	0.0
	III	0.6	1.2	1.1	1.7	1.4	2.0	-0.6	1.1	1.2	-0.6
		Current prices (EUR billions)	Percentage of GDP at current prices								
2017		1,170	58.4	18.4	18.9	9.1	9.8	34.9	31.3	96.4	3.6
2018		1,212	58.1	18.5	19.7	9.8	9.9	34.9	32.1	97.3	2.7
2019		1,254	57.4	18.7	20.3	10.5	9.8	34.7	31.7	97.0	3.0
2020		1,129	56.1	21.7	20.6	10.7	9.9	30.5	29.0	98.5	1.5
2021		1,235	56.1	21.0	20.2	10.4	9.8	33.8	32.8	99.0	1.0
2022		1,376	56.4	20.0	20.5	10.7	9.8	39.7	38.8	99.1	0.9
2023		1,498	55.4	19.6	20.5	10.7	9.8	37.8	34.0	96.2	3.8
2024		1,594	55.4	19.3	20.3	10.6	9.7	37.1	32.9	95.8	4.2
2025		1,679	55.6	18.9	20.7	10.7	9.9	37.1	33.1	96.0	4.0
2026		1,743	55.7	18.7	20.9	11.0	9.9	37.0	33.2	96.3	3.7

**Seasonally and Working Day Adjusted.*

(a) Contribution to GDP growth.

Source: INE and Funcas (Forecasts).

Chart 1.1 - GDP

Level, 2019=100

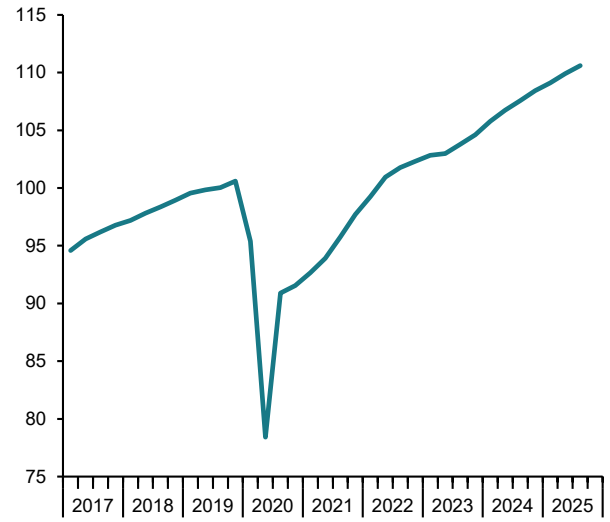


Chart 1.2 - Contribution to GDP annual growth

Percentage points

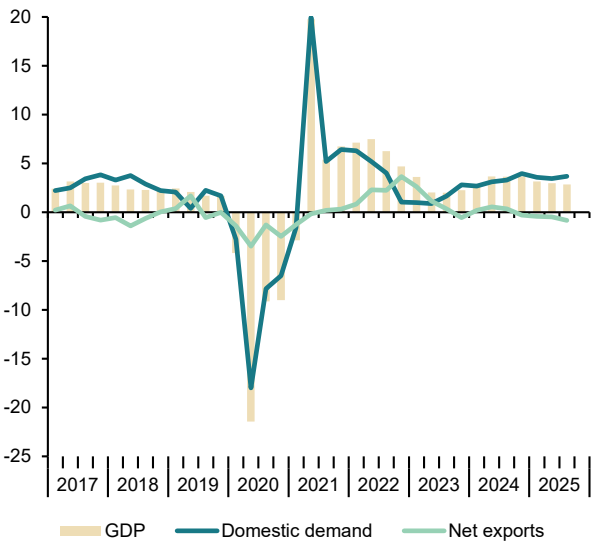


Chart 1.3 - Consumption

Level, 2019=100

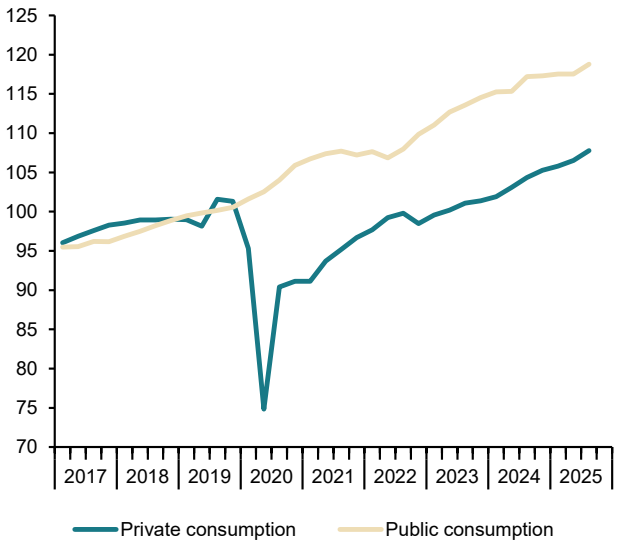


Chart 1.4 - Gross fixed capital formation

Level, 2019=100

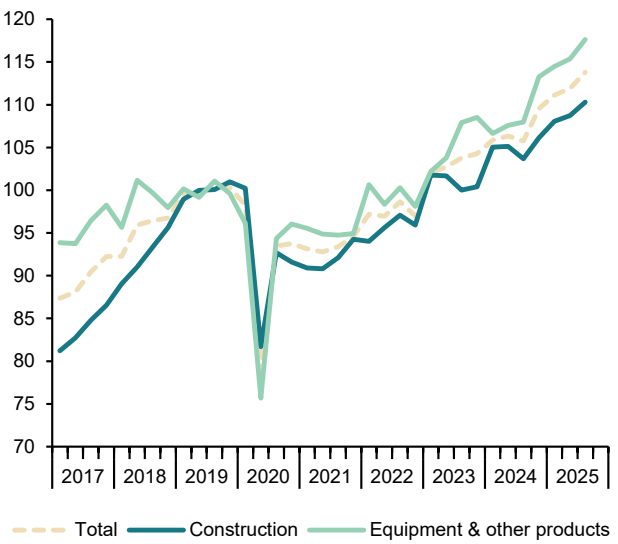


Table 2

National accounts: Gross value added by economic activity SWDA*

		Gross value added at basic prices								
				Industry			Services			
		Total	Agriculture. forestry and fishing	Total	Manufacturing	Construction	Total	Public administration. health. education	Other services	Taxes less subsidies on products
		Chain-linked volumes, annual percentage changes								
2017		3.0	-3.5	4.6	6.8	1.7	3.1	2.2	3.3	1.6
2018		2.5	4.2	0.1	-1.1	3.0	2.8	1.4	3.3	1.8
2019		2.1	-2.8	1.9	0.6	4.7	2.1	1.4	2.3	0.9
2020		-10.9	-2.0	-10.4	-14.1	-14.7	-10.9	-1.5	-13.9	-11.7
2021		6.3	7.0	5.8	13.9	-1.0	7.0	1.9	8.8	10.9
2022		6.9	-16.9	3.5	6.5	8.9	8.5	1.5	10.8	1.2
2023		2.6	3.4	-1.8	0.6	1.1	3.8	3.3	3.9	0.7
2024		3.9	10.8	1.9	2.6	4.8	4.0	3.7	4.1	-1.3
2023	IV	2.5	10.3	-1.4	1.2	1.3	3.3	3.4	3.3	-0.8
2024	I	3.4	10.3	0.9	1.9	4.7	3.6	4.0	3.5	-2.8
	II	4.3	10.4	2.3	3.7	4.6	4.4	3.8	4.6	-2.6
	III	4.0	15.9	2.5	2.5	4.5	3.9	4.2	3.8	-0.5
	IV	3.9	7.0	1.9	2.4	5.3	4.1	2.9	4.5	1.0
2025	I	3.5	7.2	1.8	1.9	2.4	3.8	2.8	4.1	-0.4
	II	3.1	0.0	2.3	2.0	3.9	3.4	2.3	3.7	1.3
	III	3.2	-2.2	3.0	2.9	6.1	3.2	1.5	3.7	-0.6
		Chain-linked volumes, quarter-on-quarter percentage changes								
2023	IV	1.1	6.9	0.9	0.9	1.9	0.8	2.8	0.2	-2.0
2024	I	1.1	6.4	1.5	1.1	3.0	0.6	0.0	0.8	1.4
	II	1.1	0.1	0.3	0.7	1.0	1.3	0.1	1.7	-1.1
	III	0.7	1.7	-0.2	-0.3	-1.4	1.0	1.2	1.0	1.4
	IV	0.9	-1.2	0.4	0.8	2.8	1.0	1.5	0.9	-0.6
2025	I	0.7	6.5	1.3	0.7	0.1	0.3	0.0	0.4	0.0
	II	0.8	-6.6	0.7	0.8	2.4	1.0	-0.4	1.4	0.5
	III	0.7	-0.4	0.5	0.6	0.8	0.8	0.5	0.9	-0.5
		Current prices EUR billions)	Percentage of value added at basic prices							
2017		1,061.1	3.1	15.9	12.3	6.1	75.0	17.8	57.2	10.3
2018		1,097.8	3.0	15.7	11.9	6.1	75.2	17.7	57.5	10.4
2019		1,138.0	2.8	15.5	11.8	6.5	75.2	17.8	57.4	10.2
2020		1,031.0	3.1	15.9	11.9	6.2	74.9	19.8	55.1	9.5
2021		1,118.6	3.1	16.6	12.4	5.9	74.5	18.8	55.7	10.4
2022		1,254.7	2.6	17.4	12.1	5.8	74.1	17.6	56.6	9.7
2023		1,366.8	2.9	16.1	12.0	5.8	75.3	17.2	58.1	9.6
2024		1,452.6	3.0	15.6	11.9	5.7	75.6	17.3	58.3	9.8

** Seasonally and Working Day Adjusted.*

Source: INE.

Chart 2.1 - GVA by sectors

Level, 2019=100

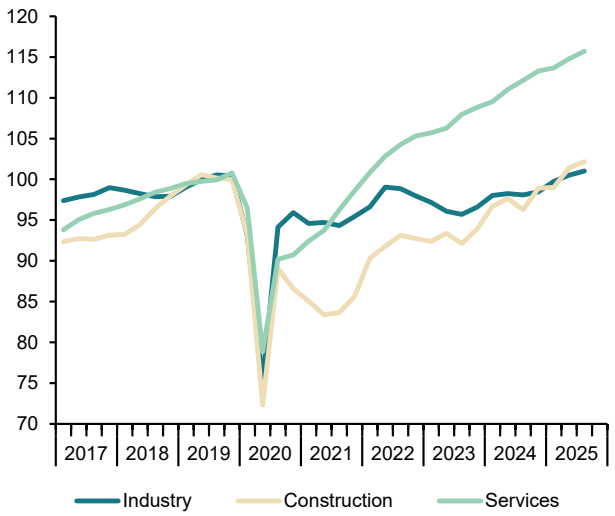


Chart 2.2 - GVA. Industry

Level, 2019=100

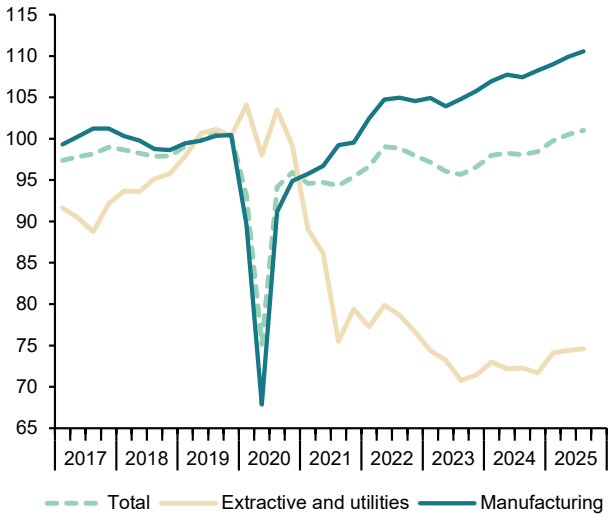


Chart 2.3 - GVA, services

Level, 2019=100

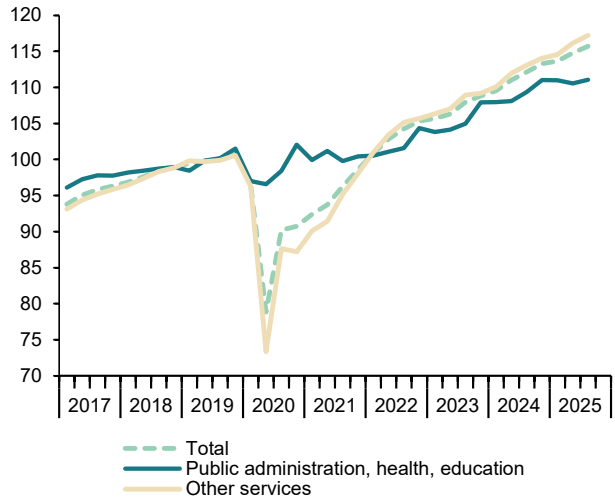


Chart 2.4 - GVA. structure by sectors

Percentage of value added at basic prices

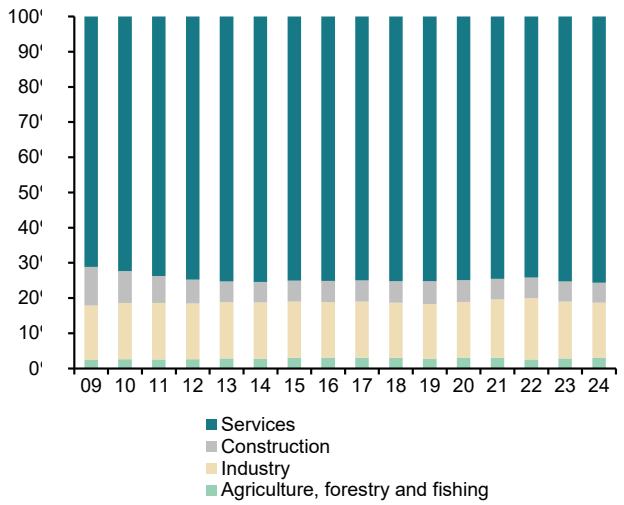


Table 3

National accounts: Productivity and labour costs

Forecasts in yellow

		Total economy						Manufacturing Industry					
		GDP, constant prices	Employment (working hours)	Productivity per hour	Compensation per hour worked	Nominal unit labour cost	Real unit labour cost (a)	Gross value added, constant prices	Employment (working hours)	Productivity per hour	Compensation per hour worked	Nominal unit labour cost	Real unit labour cost (a)
		1	2	3=1/2	4	5=4/3	6	7	8	9=7/8	10	11=10/9	12
		Index, 2019 = 100, SWDA											
2017		95.8	95.9	99.8	94.2	94.4	96.8	100.5	96.4	104.3	98.1	94.0	97.5
2018		98.1	98.3	99.8	95.6	95.8	97.2	99.4	97.9	101.5	99.5	98.0	99.9
2019		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2020		89.1	89.0	100.0	106.5	106.4	105.2	85.9	91.2	94.2	106.8	113.4	106.6
2021		95.0	95.5	99.5	107.7	108.2	104.4	97.8	94.1	104.0	109.2	105.0	99.0
2022		101.1	100.3	100.8	111.0	110.1	101.4	104.2	97.4	106.9	112.1	104.9	96.6
2023		103.6	103.0	100.6	117.1	116.5	100.9	104.8	99.4	105.5	117.0	110.8	95.0
2024		107.1	105.3	101.8	122.7	120.5	101.5	107.6	100.7	106.9	122.5	114.6	95.6
2025		110.2	107.7	102.4	127.1	124.2	102.2	--	--	--	--	--	--
2026		112.3	109.1	103.0	131.0	127.2	102.8	--	--	--	--	--	--
2023	IV	104.6	103.7	100.9	120.1	119.0	100.7	105.8	99.1	106.7	119.9	112.3	96.9
2024	I	105.8	104.1	101.6	121.0	119.1	100.3	107.0	99.9	107.0	120.0	112.1	92.5
	II	106.7	105.0	101.7	121.7	119.7	101.0	107.7	100.6	107.1	121.9	113.8	94.3
	III	107.6	105.2	102.3	123.6	120.9	101.2	107.4	99.9	107.6	124.4	115.7	96.3
	IV	108.4	106.8	101.5	124.2	122.4	101.5	108.3	102.3	105.8	123.5	116.7	97.2
2025	I	109.1	106.2	102.7	126.7	123.3	101.7	109.0	101.0	107.9	128.0	118.6	96.9
	II	109.9	106.7	103.0	127.8	124.0	102.1	109.9	102.1	107.6	128.8	119.7	98.4
	III	110.6	107.8	102.6	128.6	125.3	102.4	110.6	104.2	106.1	128.9	121.4	99.3
		Annual percentage changes											
2017		2.9	2.1	0.7	1.0	0.3	-1.0	6.8	5.2	1.6	-0.6	-2.1	-1.1
2018		2.4	2.5	-0.1	1.5	1.6	0.4	-1.1	1.6	-2.7	1.4	4.2	2.5
2019		2.0	1.7	0.2	4.6	4.4	2.9	0.6	2.1	-1.5	0.6	2.1	0.1
2020		-10.9	-11.0	0.0	6.5	6.4	5.2	-14.1	-8.8	-5.8	6.8	13.4	6.6
2021		6.7	7.2	-0.5	1.2	1.7	-0.8	13.9	3.1	10.4	2.2	-7.4	-7.1
2022		6.4	5.1	1.2	3.0	1.7	-2.8	6.5	3.6	2.8	2.7	-0.1	-2.5
2023		2.5	2.7	-0.2	5.5	5.7	-0.5	0.6	2.0	-1.3	4.3	5.7	-1.6
2024		3.5	2.2	1.2	4.7	3.5	0.6	2.6	1.3	1.3	4.7	3.4	0.6
2025		2.9	2.3	0.6	3.6	3.0	0.6	--	--	--	--	--	--
2026		1.9	1.3	0.6	3.1	2.5	0.6	--	--	--	--	--	--
2023	IV	2.2	3.1	-0.8	5.1	6.0	1.0	1.2	0.3	0.9	5.8	4.8	2.5
2024	I	2.9	1.6	1.2	6.2	4.9	1.3	1.9	-0.8	2.8	5.4	2.5	0.6
	II	3.7	3.0	0.7	3.9	3.2	0.1	3.7	4.3	-0.6	2.8	3.4	0.5
	III	3.6	1.3	2.3	5.5	3.1	-0.6	2.5	-1.2	3.8	7.6	3.7	1.8
	IV	3.7	3.0	0.6	3.5	2.8	0.8	2.4	3.3	-0.9	3.0	3.9	0.3
2025	I	3.1	2.0	1.1	4.7	3.5	1.4	1.9	1.0	0.8	6.7	5.8	4.8
	II	3.0	1.6	1.4	5.0	3.6	1.1	2.0	1.5	0.5	5.7	5.2	4.4
	III	2.8	2.5	0.3	4.0	3.7	1.2	2.9	4.3	-1.3	3.6	5.0	3.2

(a) Nominal ULC deflated by GDP/GVA deflator.

Source: INE and Funcas (Forecasts).

Chart 3.1 - Nominal ULC, total economy

Index, 2019=100

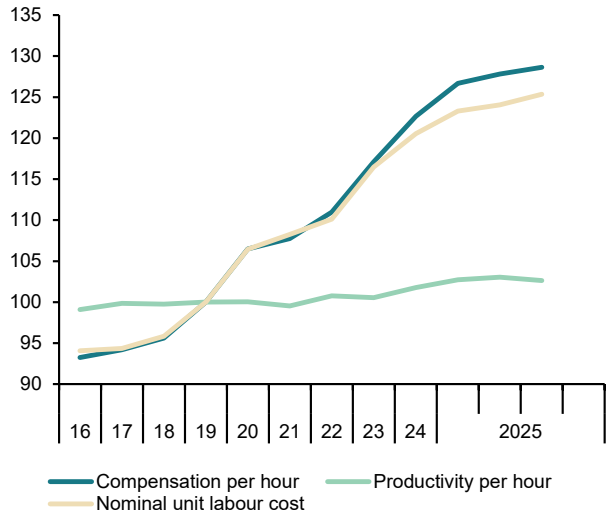
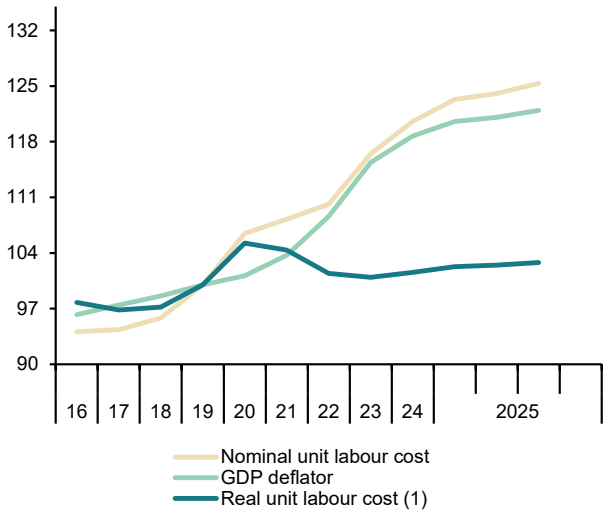


Chart 3.2 - Real ULC, total economy

Index, 2019=100



(1) Nominal ULC deflated by GDP deflator.

Chart 3.3 - Nominal ULC, manufacturing industry

Index, 2019=100

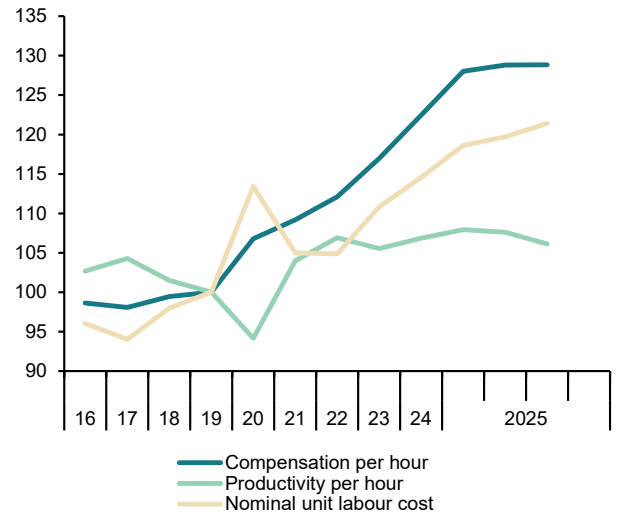
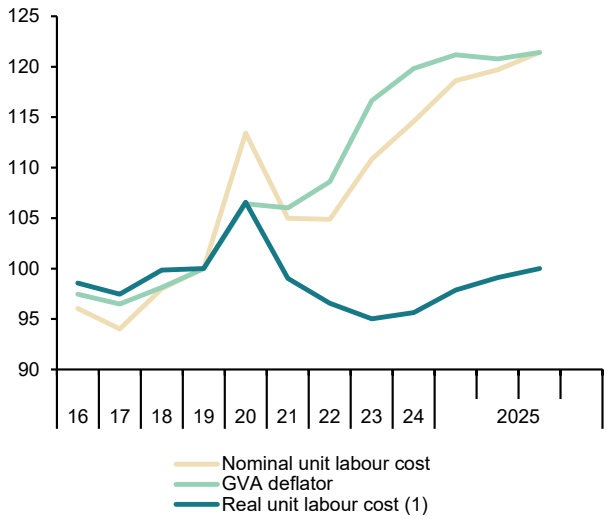


Chart 3.4 - Real ULC, manufacturing industry

Index, 2019=100



(1) Nominal ULC deflated by manufacturing GVA deflator.

Table 4

National accounts: National income, distribution and disposition

Forecasts in yellow

		Gross domestic product	Compen-sation of employees	Gross operating surplus	Gross national disposable income	Final national consum-ption	Gross national saving (a)	Gross capital formation	Compen-sation of employees	Gross operating surplus	Saving rate	Investment rate	Current account balance	Net lending or borrowing
		EUR Billions. 4-quarter cumulated transactions							Percentage of GDP					
2017		1,170.0	528.1	521.9	1,160.2	898.6	261.6	228.9	45.1	44.6	22.4	19.6	2.8	3.0
2018		1,212.3	550.6	535.3	1,201.8	928.0	273.8	251.0	45.4	44.2	22.6	20.7	1.9	2.4
2019		1,253.7	585.8	540.4	1,243.0	954.2	288.8	262.1	46.7	43.1	23.0	20.9	2.1	2.5
2020		1,129.2	561.9	465.1	1,121.0	879.2	241.8	232.9	49.8	41.2	21.4	20.6	0.8	1.2
2021		1,235.5	604.2	504.3	1,232.8	953.0	279.8	270.2	48.9	40.8	22.6	21.9	0.8	1.6
2022		1,375.9	656.3	587.2	1,369.6	1,051.6	317.9	312.2	47.7	42.7	23.1	22.7	0.4	1.3
2023		1,497.8	711.8	641.9	1,481.2	1,124.0	357.3	316.3	47.5	42.9	23.9	21.1	2.7	3.9
2024		1,594.3	763.7	675.1	1,578.6	1,190.4	388.2	337.6	47.9	42.3	24.4	21.2	3.2	4.3
2025		1,678.7	810.6	704.1	1,660.8	1,250.0	410.8	362.3	48.3	41.9	24.5	21.6	2.9	4.0
2026		1,743.2	848.0	722.9	1,727.4	1,297.2	430.1	381.2	48.6	41.5	24.7	21.9	2.8	3.8
2023	IV	1,497.8	711.8	641.9	1,481.2	1,124.0	357.3	316.3	47.5	42.9	23.9	21.1	2.7	3.9
2024	I	1,519.3	725.4	649.2	1,503.6	1,141.9	361.6	320.6	47.7	42.7	23.8	21.1	2.7	3.9
	II	1,544.7	738.3	660.4	1,528.5	1,159.0	369.5	325.8	47.8	42.8	23.9	21.1	2.8	4.1
	III	1,569.2	750.6	671.2	1,553.8	1,174.6	379.2	331.4	47.8	42.8	24.2	21.1	3.0	4.4
	IV	1,594.3	763.7	675.1	1,578.6	1,190.4	388.2	337.6	47.9	42.3	24.4	21.2	3.2	4.3
2025	I	1,613.1	776.6	681.1	1,597.4	1,206.5	390.9	343.8	48.1	42.2	24.2	21.3	2.9	4.1
	II	1,634.7	789.8	687.7	1,619.5	1,222.5	397.0	349.4	48.3	42.1	24.3	21.4	2.9	4.2
	III	1,657.0	803.0	694.1	--	1,239.4	--	356.6	48.5	41.9	--	21.5	--	--
		Annual percentage changes							Difference from one year ago					
2017		4.2	4.0	4.3	4.2	4.0	4.9	6.9	-0.1	0.1	0.2	0.5	-0.4	-0.3
2018		3.6	4.3	2.6	3.6	3.3	4.6	9.7	0.3	-0.4	0.2	1.1	-0.9	-0.7
2019		3.4	6.4	0.9	3.4	2.8	5.5	4.4	1.3	-1.1	0.5	0.2	0.3	0.1
2020		-9.9	-4.1	-13.9	-9.8	-7.9	-16.3	-11.1	3.0	-1.9	-1.6	-0.3	-1.3	-1.2
2021		9.4	7.5	8.4	10.0	8.4	15.7	16.0	-0.9	-0.4	1.2	1.2	0.0	0.4
2022		11.4	8.6	16.4	11.1	10.3	13.6	15.5	-1.2	1.9	0.5	0.8	-0.4	-0.3
2023		8.9	8.5	9.3	8.2	6.9	12.4	1.3	-0.2	0.2	0.7	-1.6	2.3	2.5
2024		6.4	7.3	5.2	6.6	5.9	8.7	6.7	0.4	-0.5	0.5	0.1	0.4	0.4
2025		5.3	6.1	4.3	5.2	5.0	5.8	7.3	0.4	-0.4	0.1	0.4	-0.3	-0.3
2026		3.8	4.6	2.7	4.0	3.8	4.7	5.2	0.4	-0.5	0.2	0.3	-0.1	-0.2
2023	IV	8.9	8.5	9.3	8.2	6.9	12.4	1.3	-0.2	0.2	0.7	-1.6	2.3	2.5
2024	I	7.6	8.3	6.5	7.0	6.5	8.6	2.4	0.3	-0.4	0.2	-1.1	1.3	1.4
	II	7.0	8.0	5.8	6.7	6.3	7.8	3.7	0.4	-0.5	0.2	-0.7	0.9	1.2
	III	6.7	7.6	5.4	6.7	6.2	8.1	5.6	0.4	-0.5	0.3	-0.2	0.5	0.9
	IV	6.4	7.3	5.2	6.6	5.9	8.7	6.7	0.4	-0.5	0.5	0.1	0.4	0.4
2025	I	6.2	7.1	4.9	6.2	5.7	8.1	7.2	0.4	-0.5	0.4	0.2	0.2	0.2
	II	5.8	7.0	4.1	6.0	5.5	7.5	7.3	0.5	-0.7	0.4	0.3	0.1	0.0
	III	5.6	7.0	3.4	--	5.5	--	7.6	0.6	-0.9	--	0.4	--	--

(a) Including change in net equity in pension funds reserves.

Source: INE and Funcas (Forecasts).

Chart 4.1 - National income, consumption and saving

EUR Billions, 4-quarter cumulated

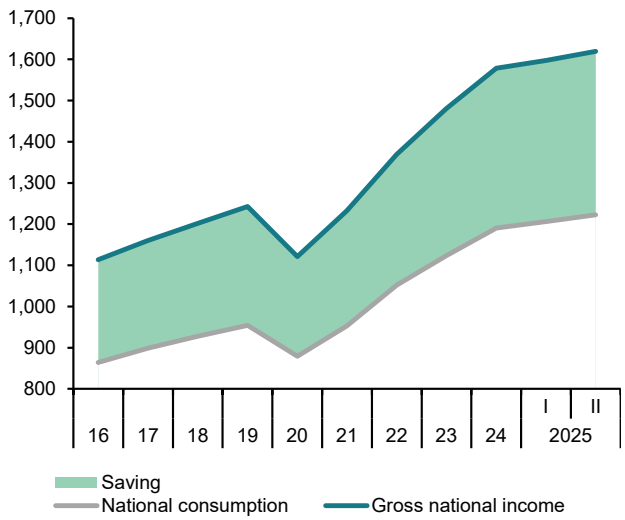


Chart 4.2 - National income, consumption and saving rate

Annual percentage change and percentage of GDP, 4-quarter moving averages

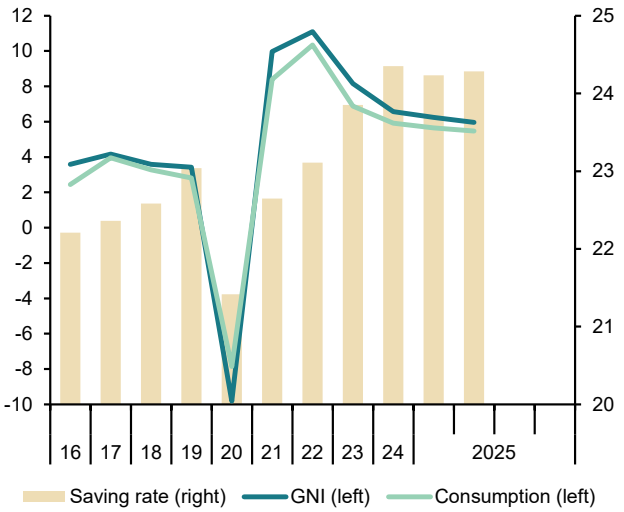


Chart 4.3 - Components of National Income

Percentage of GDP, 4-quarter moving averages

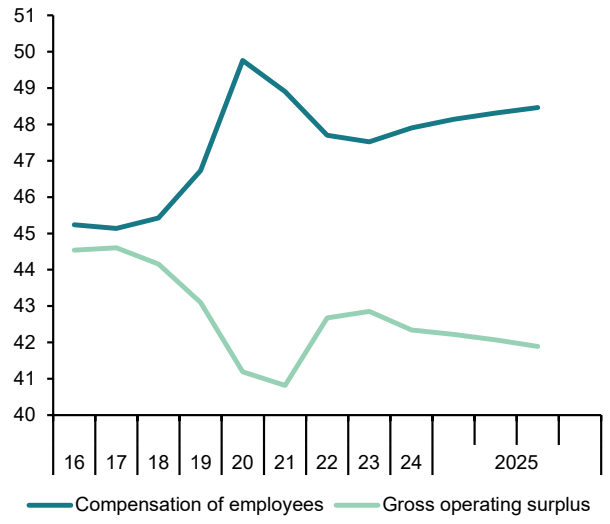


Chart 4.4 - Saving, Investment and Current Account Balance

Percentage of GDP, 4-quarter moving averages

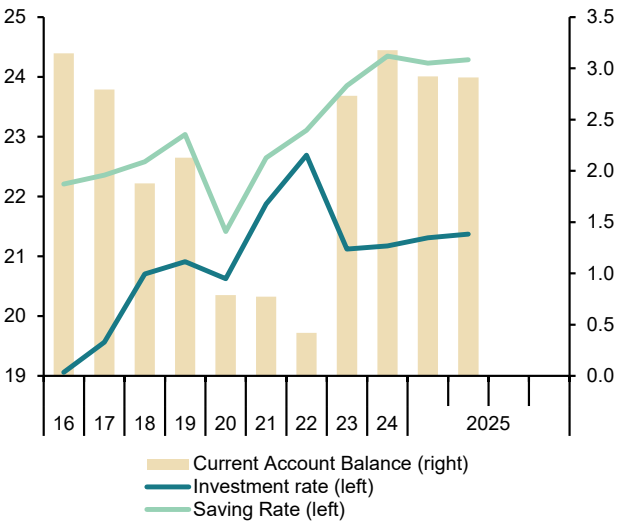


Table 5

National accounts: Household and non-financial corporations accounts

Forecasts in yellow

		Households							Non-financial corporations					
		Gross disposable income (GDI)	Final consumption expenditure	Gross saving	Gross capital formation	Saving rate	Gross capital formation	Net lending or borrowing	Gross operating surplus	Gross saving	Gross capital formation	Saving rate	Gross capital formation	Net lending or borrowing
		EUR Billions. 4-quarter cumulated operations				Percentage of GDI	Percentage of GDP		EUR Billions. 4-quarter cumulated operations			Percentage of GDP		
2017		731.8	682.8	45.9	37.7	6.3	3.2	0.5	266.1	200.0	162.2	17.1	13.3	3.5
2018		752.9	704.4	45.7	41.4	6.1	3.4	0.2	270.3	199.3	180.5	16.4	14.0	1.8
2019		790.6	720.0	67.8	44.2	8.6	3.5	1.8	274.1	201.5	188.1	16.1	14.6	1.3
2020		773.0	633.6	135.5	40.8	17.5	3.6	8.3	216.5	153.3	154.7	13.6	13.9	0.4
2021		811.2	693.6	115.4	51.7	14.2	4.2	5.1	237.4	172.8	180.2	14.0	13.1	0.5
2022		854.6	775.8	76.6	64.8	9.0	4.7	0.7	295.0	221.7	200.2	16.1	12.7	2.3
2023		940.7	830.1	109.7	66.0	11.7	4.4	2.8	314.7	220.9	198.3	14.7	12.8	1.9
2024		1,010.9	882.6	128.8	72.4	12.7	4.5	3.9	326.2	227.0	213.2	14.2	12.7	1.6
2025		1,063.9	933.0	128.7	77.3	12.1	4.6	3.0	337.5	233.9	227.4	13.9	13.5	1.1
2026		1,102.2	970.9	129.3	81.8	11.7	4.7	2.6	343.4	238.2	239.1	13.7	13.7	0.6
2023	III	919.6	815.0	103.1	64.5	11.2	4.4	2.5	317.0	229.4	200.0	15.6	13.6	2.7
	IV	940.7	830.1	109.7	66.0	11.7	4.4	2.8	314.7	220.9	198.3	14.7	13.2	1.9
2024	I	960.5	842.5	117.4	67.7	12.2	4.5	3.1	312.0	218.7	200.3	14.4	13.2	1.6
	II	980.2	855.7	124.1	69.7	12.7	4.5	3.4	315.2	215.7	203.5	14.0	13.2	1.3
	III	993.9	867.5	126.6	71.5	12.7	4.6	3.4	320.8	223.1	207.0	14.2	13.2	1.6
	IV	1,010.9	882.6	128.8	72.4	12.7	4.5	3.9	326.2	227.0	213.2	14.2	13.4	1.6
2025	I	1,024.2	895.9	129.2	74.2	12.6	4.6	3.8	327.4	227.9	217.3	14.1	13.5	1.4
	II	1,040.7	908.8	132.8	76.4	12.8	4.7	3.8	329.7	228.5	219.0	14.0	13.4	1.3
		Annual percentage changes				Difference from one year ago			Annual percentage changes			Difference from one year ago		
2017		3.0	4.6	-15.7	14.7	-1.4	0.3	-1.2	4.6	2.7	5.9	-0.2	0.2	-0.5
2018		2.9	3.2	-0.4	9.7	-0.2	0.2	-0.3	1.6	-0.4	11.3	-0.7	0.7	-1.6
2019		5.0	2.2	48.2	6.8	2.5	0.1	1.6	1.4	1.1	4.2	-0.4	0.5	-0.5
2020		-2.2	-12.0	99.9	-7.7	9.0	0.1	6.5	-21.0	-23.9	-17.7	-2.5	-0.6	-0.9
2021		4.9	9.5	-14.9	26.7	-3.3	0.6	-3.2	9.7	12.7	16.4	0.4	-0.8	0.1
2022		5.3	11.9	-33.6	25.3	-5.3	0.5	-4.4	24.3	28.3	11.1	2.1	-0.4	1.8
2023		10.1	7.0	43.3	1.8	2.7	-0.3	2.1	6.7	-0.4	-0.9	-1.4	0.1	-0.4
2024		7.5	6.3	17.4	9.7	1.1	0.1	1.1	3.7	2.8	7.5	-0.5	-0.1	-0.3
2025		5.2	5.7	-0.1	6.8	-0.6	0.1	-1.0	3.5	3.0	6.7	-0.3	0.9	-0.5
2026		3.6	4.1	0.4	5.9	-0.4	0.1	-0.3	1.7	1.8	5.2	-0.3	0.2	-0.5
2023	III	9.4	6.8	36.8	-1.6	2.2	-0.5	1.8	14.7	13.3	2.8	0.5	-0.9	1.3
	IV	10.1	7.0	43.3	1.8	2.7	-0.3	2.1	6.7	-0.4	-0.9	-1.4	-1.3	-0.4
2024	I	10.2	6.4	49.8	7.4	3.2	0.0	2.2	1.3	-5.6	-0.8	-2.0	-1.1	-1.2
	II	9.2	6.4	35.8	9.7	2.5	0.1	1.6	-0.4	-7.6	0.3	-2.2	-0.9	-1.5
	III	8.1	6.4	22.8	10.9	1.5	0.2	0.9	1.2	-2.8	3.5	-1.4	-0.4	-1.1
	IV	7.5	6.3	17.4	9.7	1.1	0.1	1.1	3.7	2.8	7.5	-0.5	0.1	-0.3
2025	I	6.6	6.3	10.1	9.5	0.4	0.1	0.7	4.9	4.2	8.5	-0.3	0.3	-0.2
	II	6.2	6.2	7.0	9.7	0.1	0.2	0.4	4.6	5.9	7.7	0.0	0.2	0.0

Source: INE and Funcas (Forecasts).

Chart 5.1 - Households: net lending or borrowing

Percentage of GDI/GDP, 4-quarter moving averages

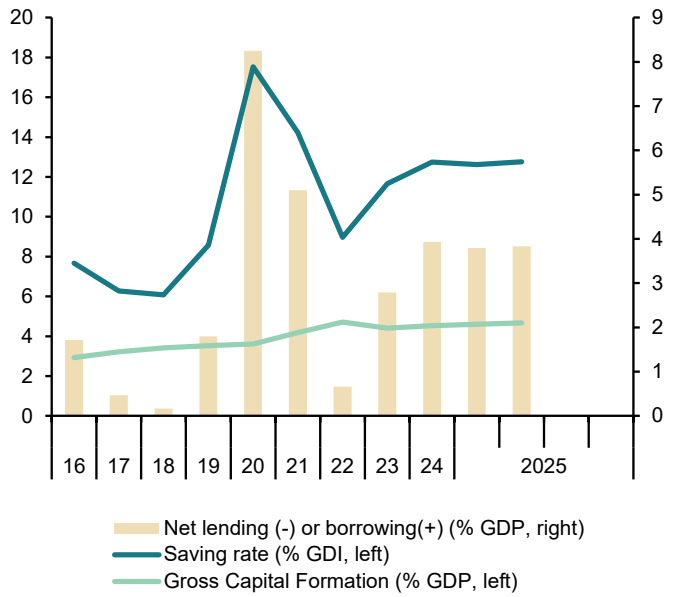


Chart 5.2 - Non-financial corporations: net lending or borrowing

Percentage of GDP, 4-quarter moving averages

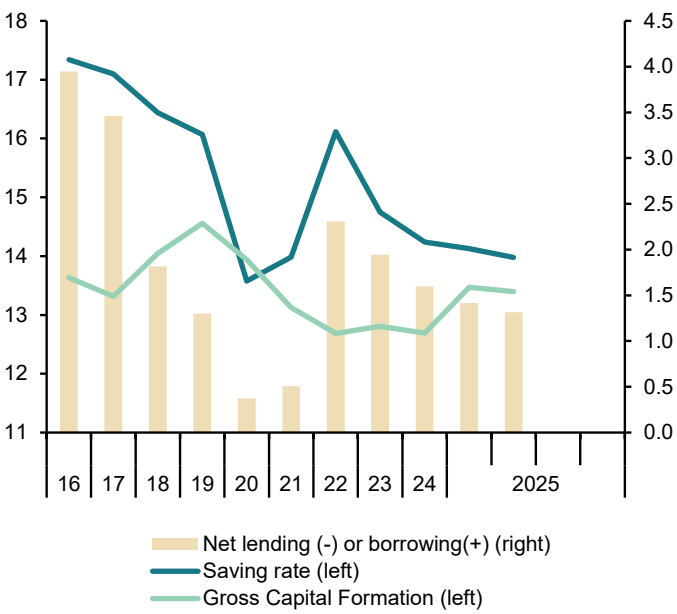


Table 6

National accounts: Public revenue, expenditure and deficit

Forecasts in yellow

		Non financial revenue					Non financial expenditures							Net lending(+)/ net borrowing(-)
		Taxes on production and imports	Taxes on income and wealth	Social contribu-tions	Capital and other revenue	Total	Compen-sation of employees	Interme-diate con-sumption	Interests	Social benefits and social transfers in kind	Gross capital formation and other capital expenditure	Other expendi-ture	Total	
		1	2	3	4	5=1+2+3+4	6	7	8	9	10	11	12=6+7+8 +9+10+11	13=5-12
		EUR Billions. 4-quarter cumulated operations												
2017		135.1	116.9	142.4	49.6	444.0	123.5	59.8	29.6	207.6	31.5	27.9	479.9	-35.9
2018		141.2	127.3	149.5	54.3	472.3	127.7	62.3	29.6	216.7	37.4	29.6	503.2	-30.9
2019		143.1	129.1	160.7	55.5	488.3	134.8	65.0	28.2	229.7	37.2	31.7	526.8	-38.4
2020		126.8	125.3	162.2	54.0	468.3	140.7	66.9	25.1	261.6	44.4	41.5	580.2	-111.9
2021		147.0	143.5	171.7	66.8	529.0	148.1	71.9	26.2	263.6	60.1	41.2	611.1	-82.2
2022		160.4	164.8	180.1	68.7	574.0	154.5	79.6	31.8	266.8	53.4	51.0	637.1	-63.1
2023		165.9	183.1	197.0	84.2	630.2	163.9	86.3	35.6	292.5	57.3	44.8	680.2	-50.0
2024		176.9	198.7	210.3	87.7	673.7	172.7	90.1	38.8	311.3	69.2	42.8	725.0	-51.3
2025		190.9	213.2	221.3	90.9	716.3	178.1	92.5	42.0	328.8	67.2	54.5	763.0	-46.6
2026		200.3	220.3	231.6	93.6	745.7	183.8	95.4	43.4	344.0	70.5	55.5	792.7	-47.0
2023	III	162.7	177.3	192.4	77.1	609.5	162.2	84.9	34.9	284.8	58.3	47.1	672.3	-62.8
	IV	165.9	183.1	197.0	84.2	630.2	163.9	86.3	35.6	292.5	57.3	44.8	680.2	-50.0
2024	I	167.2	186.8	200.2	83.0	637.2	165.8	87.5	37.0	296.6	57.8	44.1	688.9	-51.8
	II	170.9	191.1	203.5	84.3	649.8	167.4	88.3	37.8	301.8	57.4	43.5	696.3	-46.5
	III	173.1	194.1	207.4	87.2	661.8	170.4	89.5	39.2	306.3	58.2	42.6	706.3	-44.4
	IV	176.9	198.7	210.3	87.7	673.7	172.7	90.1	38.8	311.3	69.2	42.8	725.0	-51.3
2025	I	179.5	201.5	213.1	88.6	682.8	173.8	90.7	39.8	315.9	69.5	44.5	734.2	-51.4
	II	183.0	205.2	216.6	89.1	693.9	175.2	91.6	40.4	320.3	72.4	46.2	746.0	-52.1
		Percentage of GDP. 4-quarter cumulated operations												
2017		11.5	10.0	12.2	4.2	37.9	10.6	5.1	2.5	17.7	2.7	2.4	41.0	-3.1
2018		11.6	10.5	12.3	4.5	39.0	10.5	5.1	2.4	17.9	3.1	2.4	41.5	-2.6
2019		11.4	10.3	12.8	4.4	39.0	10.7	5.2	2.3	18.3	3.0	2.5	42.0	-3.1
2020		11.2	11.1	14.4	4.8	41.5	12.5	5.9	2.2	23.2	3.9	3.7	51.4	-9.9
2021		11.9	11.6	13.9	5.4	42.8	12.0	5.8	2.1	21.3	4.9	3.3	49.5	-6.7
2022		11.7	12.0	13.1	5.0	41.7	11.2	5.8	2.3	19.4	3.9	3.7	46.3	-4.6
2023		11.1	12.2	13.2	5.6	42.1	10.9	5.8	2.4	19.5	3.8	3.0	45.4	-3.3
2024		11.1	12.5	13.2	5.5	42.3	10.8	5.7	2.4	19.5	4.3	2.7	45.5	-3.2
2025		11.4	12.7	13.2	5.4	42.7	10.6	5.5	2.5	19.6	4.0	3.2	45.5	-2.8
2026		11.5	12.6	13.3	5.4	42.8	10.5	5.5	2.5	19.7	4.0	3.2	45.5	-2.7
2023	III	11.1	12.1	13.1	5.2	41.4	11.0	5.8	2.4	19.4	4.0	3.2	45.7	-4.3
	IV	11.1	12.2	13.2	5.6	42.1	10.9	5.8	2.4	19.5	3.8	3.0	45.4	-3.3
2024	I	11.0	12.3	13.2	5.5	41.9	10.9	5.8	2.4	19.5	3.8	2.9	45.3	-3.4
	II	11.1	12.4	13.2	5.5	42.1	10.8	5.7	2.4	19.5	3.7	2.8	45.1	-3.0
	III	11.0	12.4	13.2	5.6	42.2	10.9	5.7	2.5	19.5	3.7	2.7	45.0	-2.8
	IV	11.1	12.5	13.2	5.5	42.3	10.8	5.7	2.4	19.5	4.3	2.7	45.5	-3.2
2025	I	11.1	12.5	13.2	5.5	42.3	10.8	5.6	2.5	19.6	4.3	2.8	45.5	-3.2
	II	11.2	12.6	13.2	5.5	42.4	10.7	5.6	2.5	19.6	4.4	2.8	45.6	-3.2

Source: IGAE and Funcas (Forecasts).

Chart 6.1 - Public sector: Revenue, expenditure and deficit

Percentage of GDP, 4-quarter moving averages

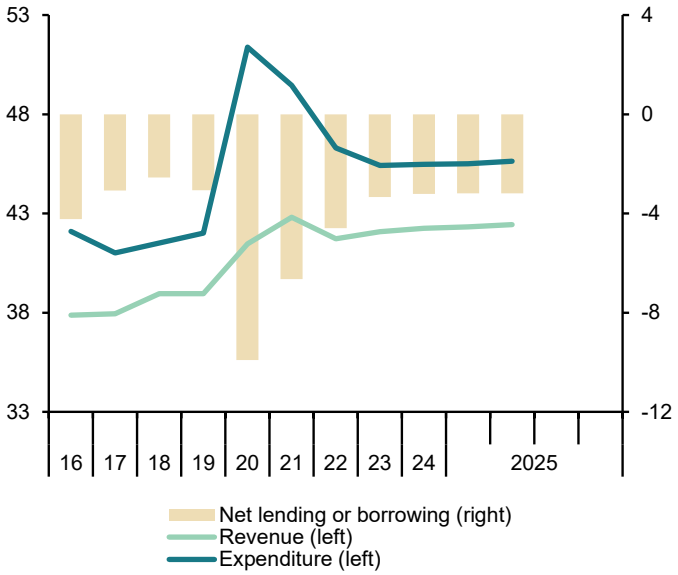


Chart 6.2 - Public sector: Main expenditures

Percentage of GDP

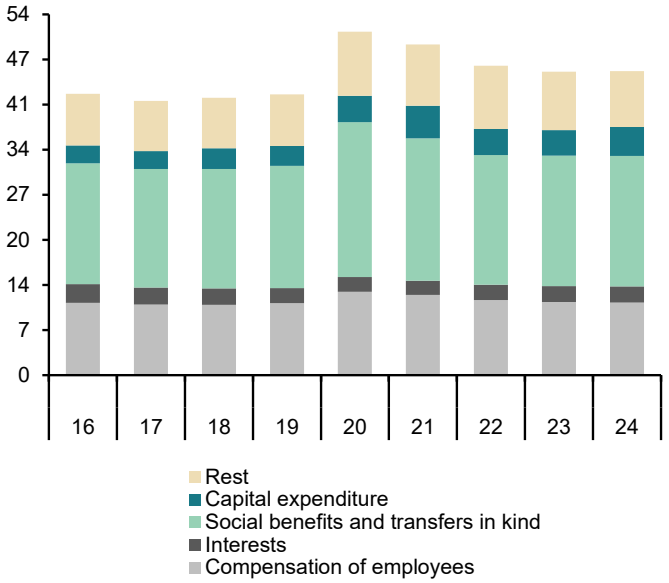


Table 7

Public sector balances by level of Government

Forecasts in yellow

		Net lending (+)/ net borrowing (-)					Debt				
		Central Government	Regional Governments	Local Governments	Social Security	TOTAL Government	Central Government	Regional Governments	Local Governments	Social Security	Total Government (consolidated)
		EUR Billions. 4-quarter cumulated operations					EUR Billions. end of period				
2017		-21.7	-4.0	6.6	-16.8	-35.9	1,050.5	288.1	29.0	27.4	1,184.1
2018		-16.8	-3.2	6.4	-17.3	-30.9	1,083.6	293.4	25.8	41.2	1,209.7
2019		-19.0	-7.4	3.8	-15.9	-38.4	1,096.8	295.1	23.2	55.0	1,224.4
2020		-85.8	-2.2	2.8	-26.7	-111.9	1,207.7	304.0	22.0	85.4	1,346.9
2021		-73.5	-0.3	3.4	-11.7	-82.2	1,281.4	312.6	22.8	97.2	1,429.4
2022		-41.0	-15.2	-1.0	-5.9	-63.1	1,360.2	317.1	23.1	106.2	1,504.1
2023		-29.8	-12.2	0.3	-8.3	-50.0	1,435.7	325.2	23.3	116.2	1,575.4
2024		-46.9	-3.2	7.1	-8.2	-51.3	1,489.3	335.9	22.9	126.2	1,620.6
2025		--	--	--	--	-46.6	--	--	--	--	1,662.2
2026		--	--	--	--	-47.0	--	--	--	--	1,712.2
2023	III	-45.9	-12.3	0.3	-4.9	-62.8	1,436.2	325.5	23.3	106.2	1,578.8
	IV	-29.8	-12.2	0.3	-8.3	-50.0	1,435.7	325.2	23.3	116.2	1,575.4
2024	I	-29.9	-15.0	-0.9	-6.0	-51.8	1,476.2	328.9	23.1	116.2	1,614.7
	II	-24.7	-14.7	0.6	-7.7	-46.5	1,484.7	337.5	23.5	116.2	1,625.7
	III	-39.4	-1.8	4.8	-8.0	-44.4	1,504.0	333.2	23.1	116.2	1,635.7
	IV	-46.9	-3.2	7.1	-8.2	-51.3	1,489.3	335.9	22.9	126.2	1,620.6
2025	I	-51.0	-2.2	8.6	-6.8	-51.4	1,533.2	338.1	22.9	126.2	1,667.4
	II	-49.8	-1.5	6.8	-7.6	-52.1	1,548.6	342.8	23.3	126.2	1,690.9
		Percentage of GDP, 4-quarter cumulated operations					Percentage of GDP				
2017		-1.9	-0.3	0.6	-1.4	-3.1	89.8	24.6	2.5	2.3	101.2
2018		-1.4	-0.3	0.5	-1.4	-2.6	89.4	24.2	2.1	3.4	99.8
2019		-1.5	-0.6	0.3	-1.3	-3.1	87.5	23.5	1.9	4.4	97.7
2020		-7.6	-0.2	0.2	-2.4	-9.9	107.0	26.9	1.9	7.6	119.3
2021		-6.0	0.0	0.3	-0.9	-6.7	103.7	25.3	1.8	7.9	115.7
2022		-3.0	-1.1	-0.1	-0.4	-4.6	98.9	23.0	1.7	7.7	109.3
2023		-2.0	-0.8	0.0	-0.6	-3.3	95.9	21.7	1.6	7.8	105.2
2024		-2.9	-0.2	0.4	-0.5	-3.2	93.4	21.1	1.4	7.9	101.6
2025		--	--	--	--	-2.8	--	--	--	--	99.0
2026		--	--	--	--	-2.7	--	--	--	--	98.2
2023	III	-3.1	-0.8	0.0	-0.3	-4.3	97.6	22.1	1.6	7.2	107.3
	IV	-2.0	-0.8	0.0	-0.6	-3.3	95.9	21.7	1.6	7.8	105.2
2024	I	-2.0	-1.0	-0.1	-0.4	-3.4	97.1	21.6	1.5	7.6	106.2
	II	-1.6	-1.0	0.0	-0.5	-3.0	96.1	21.8	1.5	7.5	105.2
	III	-2.5	-0.1	0.3	-0.5	-2.8	95.7	21.2	1.5	7.4	104.1
	IV	-2.9	-0.2	0.4	-0.5	-3.2	93.4	21.1	1.4	7.9	101.6
2025	I	-3.2	-0.1	0.5	-0.4	-3.2	94.9	20.9	1.4	7.8	103.2
	II	-3.0	-0.1	0.4	-0.5	-3.2	94.6	20.9	1.4	7.7	103.3

Sources: National Statistics Institute. Bank of Spain (Financial Accounts of the Spanish Economy) and Funcas (Forecasts).

Chart 7.1 - Government deficit

Percent of GDP, 4-quarter cumulated operations

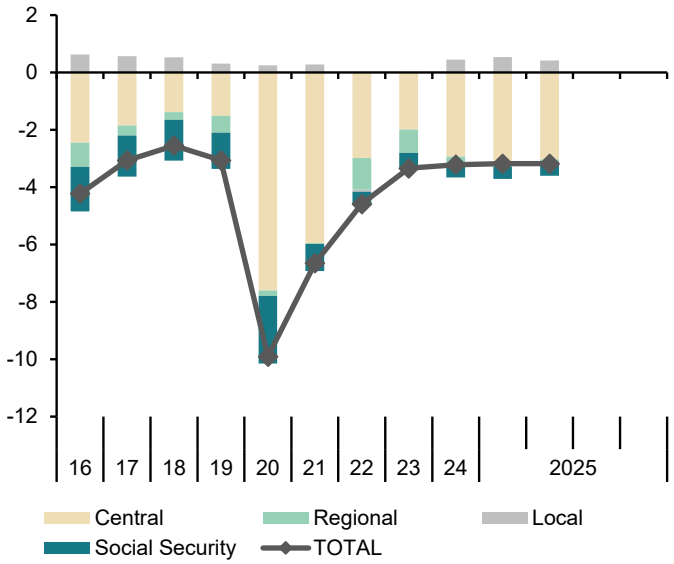


Chart 7.2 - Government debt

Percent of GDP

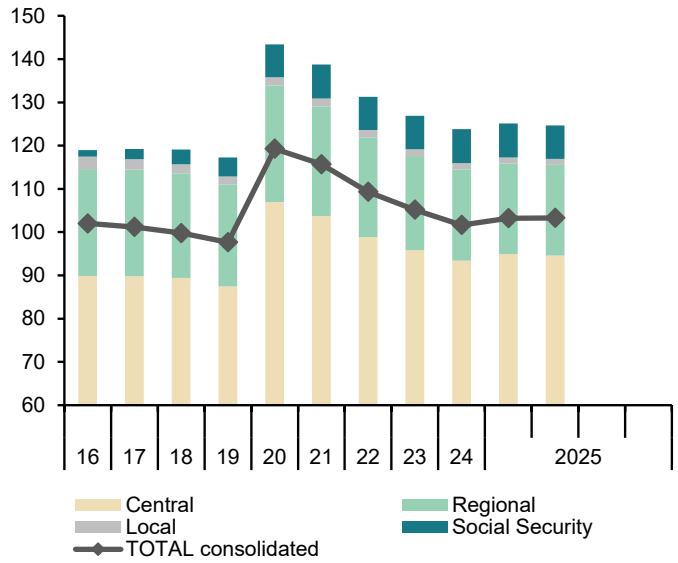


Table 8

General activity and industrial sector indicators (a)

	General activity indicators				Industrial sector indicators					
	Economic Sentiment Index	Composite PMI index	Social Security Affiliates (f)	Electricity consumption (temperature adjusted)	Industrial production index	Social Security Affiliates in industry	Manufacturing PMI index	Industrial confidence index	Manufacturing turnover index deflated (g)	Industrial orders
	Index	Index	Thousands	1000 GWH, monthly average	2019=100	Thousands	Index	Balance of responses	2019=100	Balance of responses
2017	109.4	56.2	17,789.6	21.4	98.8	2,191.0	54.8	1.4	98.1	2.2
2018	108.2	54.6	18,364.5	21.5	99.4	2,250.9	53.3	-0.5	100.0	-0.2
2019	104.7	52.7	18,844.1	20.9	100.0	2,283.2	49.1	-3.6	100.0	-5.1
2020	89.3	41.5	18,440.5	19.9	90.7	2,239.3	47.5	-13.6	89.9	-30.0
2021	105.2	55.3	18,910.0	20.4	97.2	2,270.4	57.0	0.6	95.0	-1.8
2022	101.2	51.8	19,663.0	19.6	99.7	2,324.3	51.0	-0.8	97.7	1.6
2023	100.5	52.5	20,193.2	19.3	98.1	2,363.7	48.0	-6.5	95.7	-10.9
2024	103.0	54.8	20,700.7	19.6	98.5	2,402.6	52.2	-4.9	95.5	-9.6
2025 (b)	103.4	53.7	21,157.6	19.5	99.3	2,439.3	51.0	-5.1	95.6	-10.2
2024 I	102.3	53.6	20,514.2	19.5	99.4	2,388.6	50.7	-5.1	94.7	-8.2
II	102.7	56.0	20,639.7	19.4	97.9	2,398.8	52.9	-5.5	95.1	-8.1
III	105.5	54.4	20,761.4	19.6	97.3	2,406.4	51.5	-2.9	95.3	-11.3
IV	101.4	55.0	20,885.8	19.8	98.9	2,416.4	53.6	-6.0	96.3	-10.7
2025 I	103.3	54.4	21,007.4	19.8	98.6	2,427.4	50.0	-5.4	97.0	-10.5
II	103.2	52.0	21,129.7	19.7	99.4	2,436.4	50.0	-5.2	96.9	-7.3
III	103.6	54.1	21,259.0	19.7	99.8	2,448.1	52.6	-4.9	97.0	-12.0
IV (b)	103.9	56.0	21,354.2	19.6	--	2,456.1	52.1	-4.6	--	-12.9
2025 Aug	101.8	53.7	21,256.4	19.6	99.6	2,448.0	54.3	-5.7	96.7	-13.0
Sep	104.8	53.8	21,308.0	19.8	100.0	2,452.3	51.5	-4.6	--	-13.3
Oct	103.9	56.0	21,354.2	19.6	--	2,456.1	52.1	-4.6	--	-12.9
					Percentage changes (c)					
2017	--	--	3.7	1.7	2.9	3.1	--	--	3.9	--
2018	--	--	3.2	0.6	0.6	2.7	--	--	1.9	--
2019	--	--	2.6	-2.6	0.6	1.4	--	--	0.0	--
2020	--	--	-2.1	-4.8	-9.3	-1.9	--	--	-10.1	--
2021	--	--	2.5	2.2	7.3	1.4	--	--	5.7	--
2022	--	--	4.0	-3.8	2.5	2.4	--	--	2.8	--
2023	--	--	2.7	-1.2	-1.6	1.7	--	--	-2.0	--
2024	--	--	2.5	1.5	0.5	1.6	--	--	-0.2	--
2025 (d)	--	--	2.4	0.9	1.1	1.6	--	--	1.8	--
2024 I	--	--	0.6	-0.3	1.8	0.4	--	--	-0.7	--
II	--	--	0.6	-0.1	-1.4	0.4	--	--	0.4	--
III	--	--	0.6	0.9	-0.7	0.3	--	--	0.2	--
IV	--	--	0.6	0.8	1.6	0.4	--	--	1.0	--
2025 I	--	--	0.6	0.3	-0.2	0.5	--	--	0.7	--
II	--	--	0.6	-0.5	0.7	0.4	--	--	0.0	--
III	--	--	0.6	0.1	0.4	0.5	--	--	0.1	--
IV (e)	--	--	0.4	-0.9	--	0.3	--	--	--	--
2025 Aug	--	--	0.2	-0.8	-0.1	0.2	--	--	-0.8	--
Sep	--	--	0.2	1.2	0.4	0.2	--	--	--	--
Oct	--	--	0.2	-1.4	--	0.2	--	--	--	--

(a) Seasonally adjusted, except for annual data. (b) Period with available data. (c) Percent change from the previous quarter for quarterly data, from the previous month for monthly data, unless otherwise indicated. (d) Growth of available period over the same period of the previous year. (e) Growth of the average of available months over the monthly average of the previous quarter. (f) Excluding domestic service workers and non-professional caregivers. (g) Deflated by Funcas.

Sources: European Commision, S&P Global, M. of Labour, M. of Industry, National Statistics Institute, REE and Funcas.

Chart 8.1 - General activity indicators (I)

Level, 2019=100

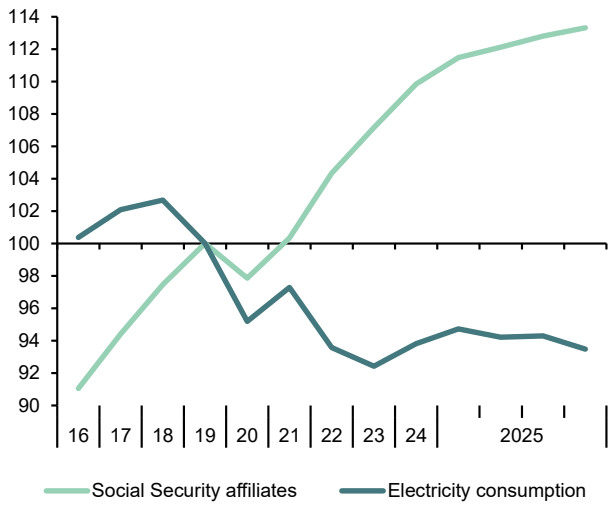


Chart 8.2 - General activity indicators (II)

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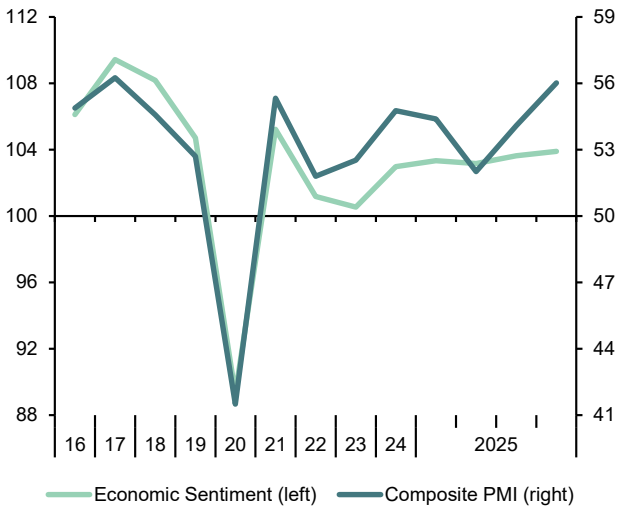


Chart 8.3 - Industrial sector indicators (I)

Level, 2019=100

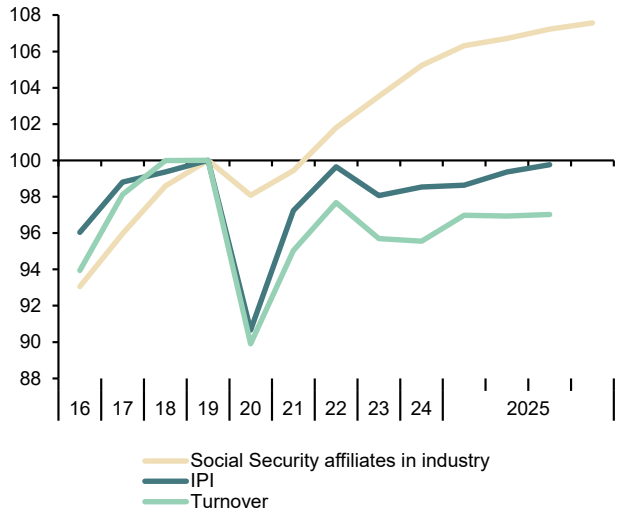


Chart 8.4 - Industrial sector indicators (II)

Index

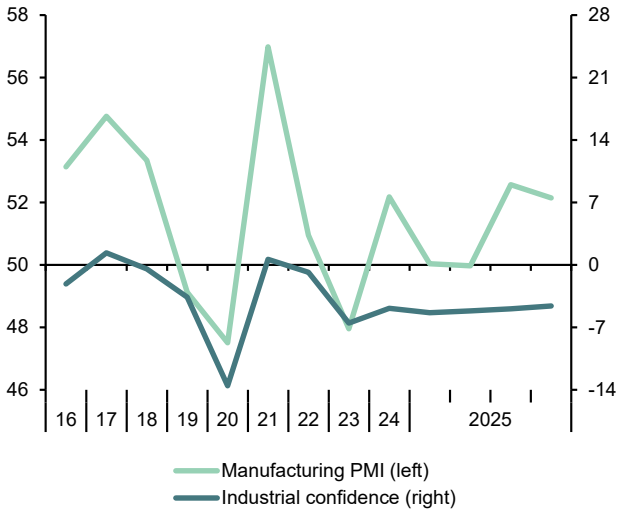


Table 9

Construction and services sector indicators (a)

		Construction indicators					Service sector indicators				
		Social Security Affiliates in construction	Industrial production index construction materials	Construction confidence index	Official tenders (f) (h)	Housing permits (f)	Social Security Affiliates in services (g)	Turnover index deflated (h)	Services PMI index	Hotel overnight stays	Passenger air transport
		Thousands	2019=100	Balance of responses	2019=100	Dwellings, monthly average	Thousands	2019=100	Index	Million, monthly average	Million, monthly average
2017		1,118.8	88.7	-25.1	76.9	6,732.2	13,338.2	93.5	56.4	28.4	20.7
2018		1,194.1	91.5	-6.0	98.5	8,394.4	13,781.3	97.3	54.8	28.3	21.9
2019		1,254.9	100.0	-7.7	100.0	8,855.5	14,169.1	100.0	53.9	28.6	23.1
2020		1,233.1	88.9	-17.4	77.1	7,127.9	13,849.2	83.4	40.3	7.7	6.3
2021		1,288.6	99.5	-1.9	119.8	9,026.5	14,235.1	95.4	55.0	14.4	9.9
2022		1,333.8	99.2	8.9	131.7	9,076.9	14,926.3	102.3	52.5	26.7	20.2
2023		1,384.6	95.5	8.7	126.9	9,123.6	15,393.2	103.7	53.6	28.9	23.5
2024		1,410.4	95.1	7.8	139.5	10,643.4	15,852.0	106.3	55.3	30.3	25.7
2025 (b)		1,449.1	97.4	15.1	151.0	11,281.3	16,243.2	107.7	54.2	32.6	27.4
2024	I	1,400.4	94.8	5.9	125.3	10,082.7	15,685.7	105.5	54.3	29.9	25.1
	II	1,406.5	92.9	8.8	128.5	10,999.0	15,797.1	106.4	56.6	30.3	25.5
	III	1,413.3	93.8	7.1	150.9	10,587.7	15,908.9	107.3	55.2	30.2	26.0
	IV	1,421.5	96.7	9.4	153.4	10,904.3	16,013.4	108.0	55.1	30.4	26.1
2025	I	1,433.0	96.5	13.5	151.7	12,034.0	16,116.0	109.5	55.3	30.4	26.3
	II	1,445.4	97.7	15.7	156.5	11,323.3	16,219.7	109.9	52.2	30.5	26.7
	III	1,460.9	96.9	14.4	144.6	10,089.0	16,324.5	110.4	54.2	30.7	26.9
	IV (b)	1,471.6	--	19.9	--	--	16,402.6	--	56.6	--	--
2025	Aug	1,461.0	98.3	8.8	131.0	6,189.0	16,321.8	110.3	53.2	30.6	26.9
	Sep	1,466.2	97.1	16.1	109.9	--	16,364.9	--	54.3	30.8	26.9
	Oct	1,471.6	--	19.9	--	--	16,402.6	--	56.6	--	--
		Percentage changes (c)									
2017		6.2	8.2	--	32.8	26.2	3.8	5.3	--	2.8	8.3
2018		6.7	3.1	--	28.0	24.7	3.3	4.0	--	-0.2	5.8
2019		5.1	9.3	--	1.6	5.5	2.8	2.8	--	0.9	5.3
2020		-1.7	-11.1	--	-22.9	-19.5	-2.3	-16.6	--	-73.1	-72.7
2021		4.5	12.0	--	55.3	26.6	2.8	14.5	--	87.4	57.8
2022		3.5	-0.3	--	9.9	0.6	4.9	7.2	--	85.4	103.4
2023		3.8	-3.7	--	-3.6	0.5	3.1	1.3	--	8.2	16.3
2024		1.9	-0.4	--	10.0	16.7	3.0	2.5	--	4.8	9.3
2025 (d)		2.9	3.1	--	11.9	7.6	2.7	3.5	--	0.8	3.9
2024	I	0.4	1.5	--	9.7	6.2	0.8	0.4	--	1.4	2.8
	II	0.4	-2.0	--	-9.7	22.2	0.7	0.8	--	1.3	1.7
	III	0.5	0.9	--	14.5	23.5	0.7	0.9	--	-0.2	1.6
	IV	0.6	3.2	--	28.6	15.8	0.7	0.7	--	0.5	0.7
2025	I	0.8	-0.2	--	21.1	19.4	0.6	1.3	--	0.1	0.4
	II	0.9	1.2	--	21.8	2.9	0.6	0.4	--	0.5	1.7
	III	1.1	-0.7	--	-4.2	-6.1	0.6	0.4	--	0.6	0.7
	IV (e)	0.7	--	--	--	--	0.5	--	--	--	--
2025	Aug	0.4	2.9	--	16.9	-23.5	0.2	-0.1	--	-0.2	0.4
	Sep	0.4	-1.2	--	-12.9	--	0.3	--	--	0.6	0.1
	Oct	0.4	--	--	--	--	0.2	--	--	--	--

(a) Seasonally adjusted, except for annual data and (f). (b) Period with available data. (c) Percent change from the previous quarter for quarterly data, from the previous month for monthly data, unless otherwise indicated. (d) Growth of available period over the same period of the previous year. (e) Growth of the average of available months over the monthly average of the previous quarter. (f) Percent changes are over the same period of the previous year. (g) Excluding domestic service workers and non-professional caregivers.

Sources: European Commision, S&P Global, M. of Labour, M. of Public Works, National Statistics Institute, AENA, OFICEMEN, SEOPAN and Funcas.

Chart 9.1 - Construction indicators (I)

Level, 2019=100 and index

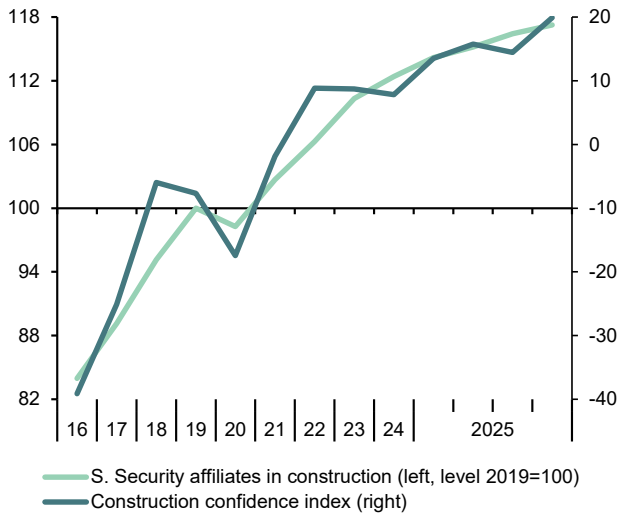


Chart 9.2 - Construction indicators (II)

Level, 2019=100

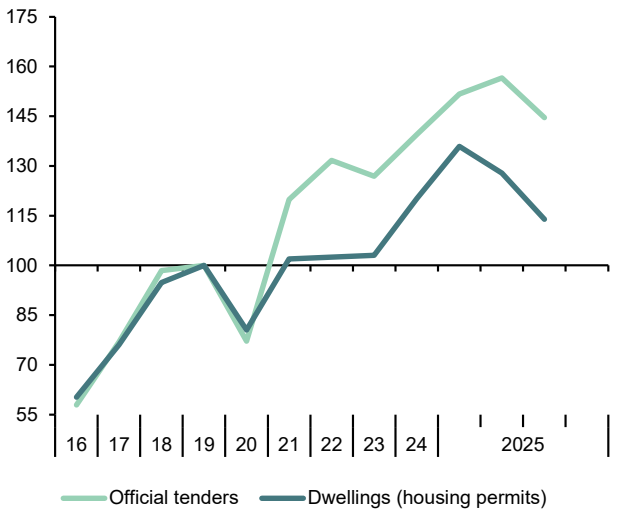


Chart 9.3 - Services indicators (I)

Level, 2019=100

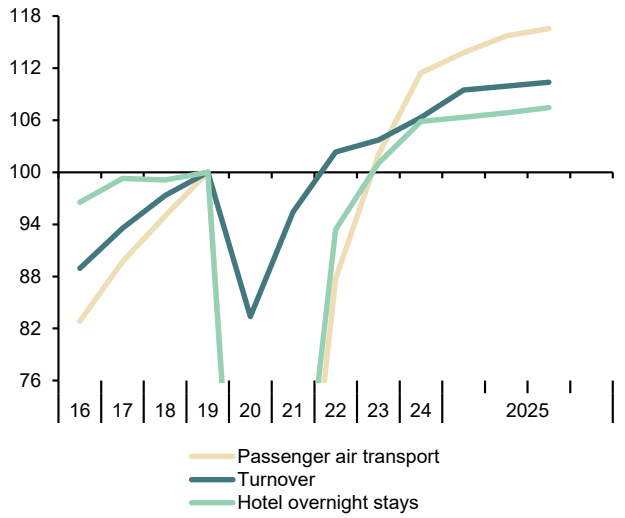


Chart 9.4 - Services indicators (II)

Index

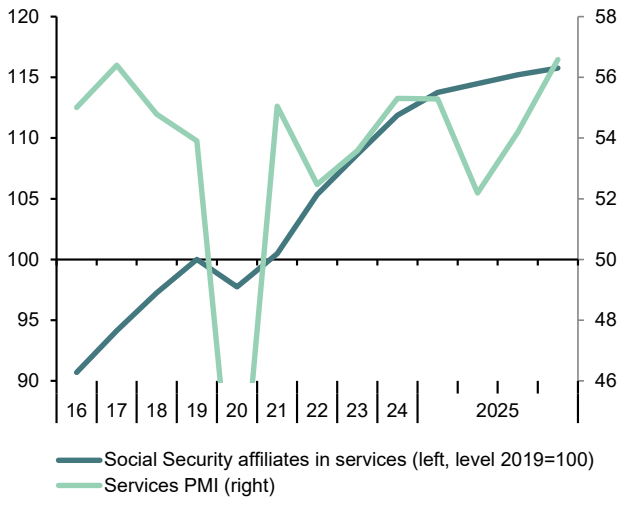


Table 10

Consumption and investment indicators (a)

	Consumption indicators						Investment in equipment indicators		
	Retail sales deflated	Car registrations	Hotel overnight stays by residents in Spain	Industrial orders for consumer goods	Large company sales (consumer goods and services)	Cargo vehicles registrations	Industrial orders for investment goods	Imports of capital goods (volume)	Large company sales (capital goods)
	2019=100	Thousands, monthly average	Million, monthly average	Balance of responses	2019=100	Thousands, monthly average	Balance of responses	2019=100	2019=100
2017	97.1	111.8	9.7	2.2	95.0	17.8	4.9	97.9	91.5
2018	97.7	118.7	9.7	-5.6	97.5	19.9	12.4	99.8	95.6
2019	100.0	114.6	10.0	-2.9	100.0	19.2	8.8	100.0	100.0
2020	93.5	78.3	4.3	-25.5	91.6	15.0	-22.7	94.7	93.5
2021	97.4	79.5	7.6	-11.1	96.0	16.4	4.7	104.4	98.0
2022	99.5	76.2	10.0	-2.8	102.3	14.6	28.2	118.1	105.8
2023	102.1	86.7	10.1	-6.7	104.1	18.0	17.9	122.2	121.9
2024	103.9	94.3	10.2	-10.1	107.8	19.6	4.3	127.1	123.3
2025 (b)	105.9	107.6	10.8	-9.3	--	20.8	-9.5	131.1	130.6
2024 I	102.6	89.1	10.2	-7.8	105.7	19.4	6.8	119.7	119.9
II	102.8	92.0	10.2	-10.8	106.5	18.2	10.1	122.4	122.8
III	104.4	91.8	10.1	-8.0	108.6	17.4	-0.7	128.0	119.9
IV	105.5	108.2	10.2	-13.9	109.3	19.8	1.1	133.9	127.3
2025 I	106.1	103.1	10.2	-10.2	112.6	19.6	-10.7	137.4	132.9
II	108.1	105.9	10.2	-8.9	114.3	20.0	-1.4	137.4	137.2
III	109.1	108.8	10.2	-8.7	115.0	20.7	-12.2	134.6	132.5
IV (b)	--	--	--	-10.0	--	--	-21.7	--	--
2025 Aug	109.1	104.6	10.1	-12.3	116.5	18.5	-18.0	133.9	119.7
Sep	109.6	124.0	10.3	-6.8	114.4	24.3	-14.1	--	141.0
Oct	--	--	--	-10.0	--	--	-21.7	--	--
Percentage changes (c)									
2017	1.2	9.1	1.4	--	2.7	9.6	--	6.4	3.6
2018	0.6	6.1	0.6	--	2.6	11.4	--	2.0	4.4
2019	2.4	-3.4	2.7	--	2.6	-3.2	--	0.2	4.6
2020	-6.5	-31.7	-57.2	--	-8.4	-21.9	--	-5.3	-6.5
2021	4.2	1.5	77.3	--	4.9	9.3	--	10.3	4.9
2022	2.1	-4.1	32.3	--	6.5	-10.9	--	13.0	8.0
2023	2.6	13.7	1.4	--	1.8	22.9	--	3.5	15.1
2024	1.8	8.8	0.2	--	3.5	9.2	--	4.0	1.1
2025 (d)	4.3	16.8	-0.2	--	6.0	9.0	--	11.3	11.1
2023 IV	0.7	12.1	-0.4	--	1.1	12.3	--	-4.8	12.2
2024 I	0.1	-7.4	0.5	--	1.5	2.6	--	0.8	-5.7
II	0.2	3.2	0.1	--	3.0	-5.9	--	9.3	10.0
III	1.5	-0.2	-0.8	--	8.3	-4.5	--	19.7	-9.2
IV	1.1	17.9	0.7	--	2.8	14.0	--	19.9	27.2
2025 I	0.6	-4.7	-0.2	--	12.5	-1.1	--	10.7	18.8
II	1.9	2.7	0.4	--	6.1	2.1	--	0.1	13.4
III (e)	0.9	2.7	0.4	--	2.7	3.5	--	-7.9	-13.0
2025 Jul	-0.4	-8.0	0.5	--	-1.1	-10.6	--	-0.9	3.0
Aug	0.5	7.0	-0.8	--	2.0	-4.1	--	-1.1	-12.5
Sep	0.5	18.6	1.5	--	-1.9	31.0	--	--	17.8

(a) Seasonally adjusted. except for annual data. (b) Period with available data. (c) Percent change from the previous quarter for quarterly data. from the previous month for monthly data. unless otherwise indicated. (d) Growth of available period over the same period of the previous year. (e) Growth of the average of available months over the monthly average of the previous quarter.

Sources: European Commision. M. of Economy. M. of Industry. National Statistics Institute. DGT. ANFAC and Funcas.

Chart 10.1 - Consumption indicators

Level, 2019=100 and balance of responses

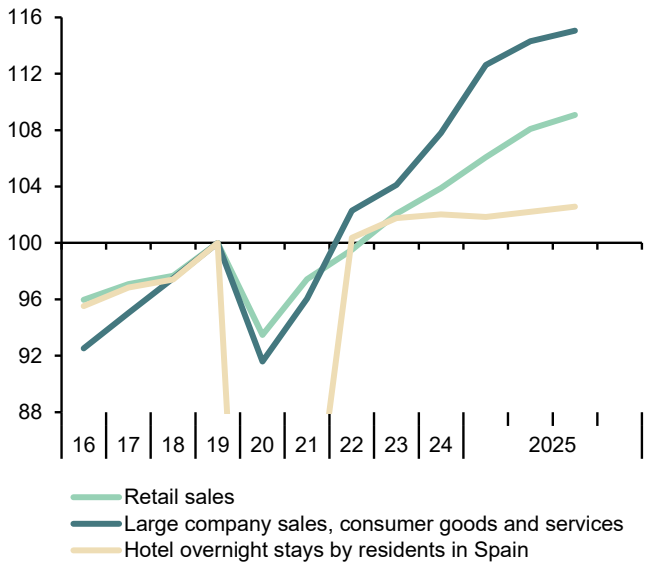


Chart 10.2 - Investment indicators

Level, 2019=100 and balance of responses

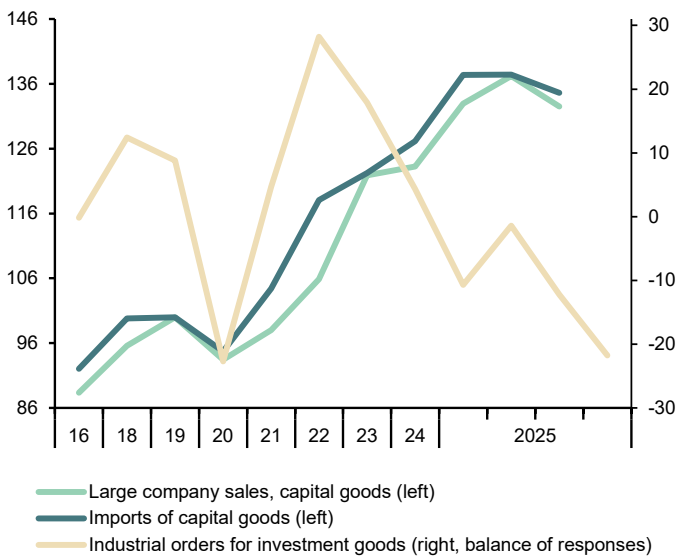


Table 11a

Labour market (I)

Forecasts in yellow

		Population aged 16 or more	Labour force		Employment		Unemployment		Participation rate (a)	Employment rate (b)	Unemployment rate (c)			
											Total	Aged 16-24	Spanish	Foreign
			Original	Seasonally adjusted	Original	Seasonally adjusted	Original	Seasonally adjusted	Seasonally adjusted				Original	
		1	2=4+6	3=5+7	4	5	6	7	8	9	10=7/3	11	12	13
		Million							Percentage					
2017		38.7	22.7	--	18.8	--	3.9	--	75.1	62.1	17.2	38.6	16.1	29.4
2018		38.9	22.8	--	19.3	--	3.5	--	74.9	63.4	15.3	34.3	14.1	26.9
2019		39.3	23.0	--	19.8	--	3.2	--	75.0	64.3	14.1	32.5	13.1	24.3
2020		39.6	22.7	--	19.2	--	3.5	--	73.4	62.0	15.5	38.3	13.8	23.7
2021		39.9	23.3	--	19.8	--	3.5	--	74.9	63.7	14.9	35.1	13.4	22.0
2022		40.4	23.6	--	20.5	--	3.1	--	75.3	65.4	13.0	29.7	11.8	18.4
2023		41.0	24.1	--	21.2	--	2.9	--	75.8	66.5	12.2	28.7	11.0	16.8
2024		41.6	24.4	--	21.7	--	2.8	--	75.9	67.2	11.3	26.5	10.1	15.9
2025		42.1	24.8	--	22.2	--	2.6	--	--	--	10.3	--	--	--
2026		42.4	24.9	--	22.5	--	2.4	--	--	--	9.6	--	--	--
2024	IV	41.2	24.3	24.3	21.4	21.4	2.9	2.9	76.0	66.8	11.9	28.4	10.6	16.4
2024	I	41.3	24.2	24.3	21.3	21.5	3.0	2.8	76.0	67.1	11.6	27.2	10.8	17.9
	II	41.5	24.4	24.4	21.7	21.6	2.8	2.8	75.9	67.0	11.6	27.0	10.1	15.8
	III	41.6	24.6	24.4	21.8	21.7	2.8	2.8	75.8	67.2	11.3	26.8	10.1	15.1
	IV	41.8	24.5	24.5	21.9	21.9	2.6	2.7	75.8	67.5	10.9	25.6	9.5	14.7
2025	I	41.9	24.6	24.7	21.8	22.0	2.8	2.7	76.0	67.8	10.8	25.8	10.2	15.5
	II	42.0	24.8	24.8	22.3	22.2	2.6	2.6	76.1	68.0	10.6	25.0	9.1	14.3
	III	42.2	25.0	24.8	22.4	22.2	2.6	2.6	76.2	68.2	10.5	25.0	9.5	13.8
		Percentage changes (d)							Difference from one year ago					
2017		0.3	-0.4	--	2.6	--	-12.6	--	-0.3	1.6	-2.4	-5.9	-2.4	-2.8
2018		0.6	0.3	--	2.7	--	-11.2	--	-0.2	1.3	-2.0	-4.2	-2.0	-2.4
2019		1.0	1.0	--	2.3	--	-6.6	--	0.1	0.9	-1.2	-1.8	-1.0	-2.7
2020		0.8	-1.3	--	-2.9	--	8.7	--	-1.5	-2.4	1.4	5.8	0.7	-0.5
2021		0.9	2.5	--	3.3	--	-1.5	--	1.5	1.7	-0.6	-3.2	-0.4	-1.7
2022		1.1	1.4	--	3.6	--	-11.4	--	0.3	1.7	-1.9	-5.5	-1.6	-3.6
2023		1.5	2.1	--	3.1	--	-4.6	--	0.5	1.1	-0.9	-1.0	-0.8	-1.7
2024		1.4	1.3	--	2.2	--	-5.7	--	0.1	0.7	-0.8	-2.2	-0.9	-0.9
2025		1.2	1.4	--	2.6	--	-7.5	--	--	--	-1.0	--	--	--
2026		0.7	0.7	--	1.5	--	-6.6	--	--	--	-0.7	--	--	--
2024	IV	1.5	2.2	0.2	3.6	0.4	-7.2	-1.2	0.7	1.6	-1.2	-0.4	-1.1	-1.8
2024	I	1.4	1.7	0.2	3.0	0.5	-6.5	-2.1	0.4	1.2	-1.1	-2.2	-1.2	-1.0
	II	1.5	1.6	0.3	2.0	0.4	-1.9	-0.1	0.2	0.5	-0.4	-1.5	-0.5	-0.5
	III	1.4	1.0	0.1	1.8	0.5	-4.9	-2.7	-0.1	0.4	-0.7	-1.4	-0.8	-0.5
	IV	1.4	0.8	0.4	2.2	0.8	-9.3	-2.6	-0.3	0.7	-1.2	-3.6	-1.1	-1.7
2025	I	1.4	1.3	0.5	2.4	0.7	-6.3	-0.8	0.0	0.7	-0.9	-1.2	-0.6	-2.4
	II	1.3	1.6	0.4	2.7	0.6	-7.3	-1.6	0.2	1.0	-1.0	-2.0	-0.9	-1.5
	III	1.3	1.7	0.3	2.6	0.4	-5.1	-0.7	0.4	1.0	-0.8	-1.5	-0.7	-1.2

(a) Labour force aged from 16 to 64 years over population aged from 16 to 64 years. (b) Employed aged from 16 to 64 years over population aged from 16 to 64 years. (c) Unemployed in each group over labour force in that group. (d) Annual percentage changes for original data; quarterly percentage changes for S.A. data.

*Source: INE (*Labour Force Survey*) and Funcas.*

Chart 11a.1 - Labour force, employment and unemployment, SA

Thousands and percentage of active population

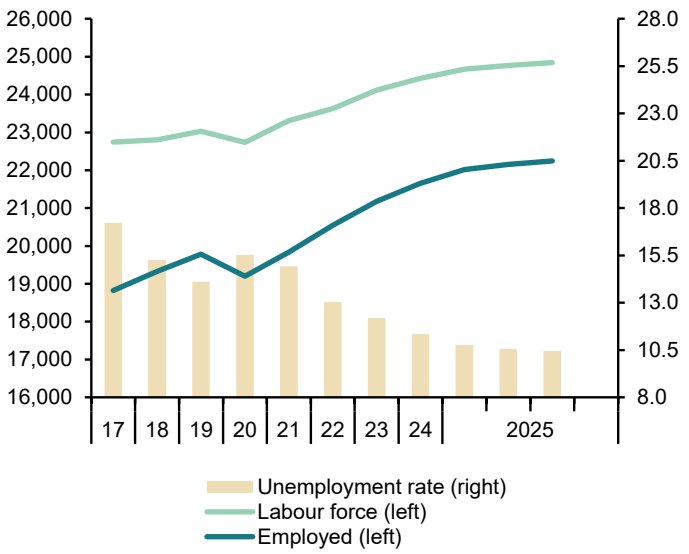


Chart 11a.2 - Unemployment rates

Percentage

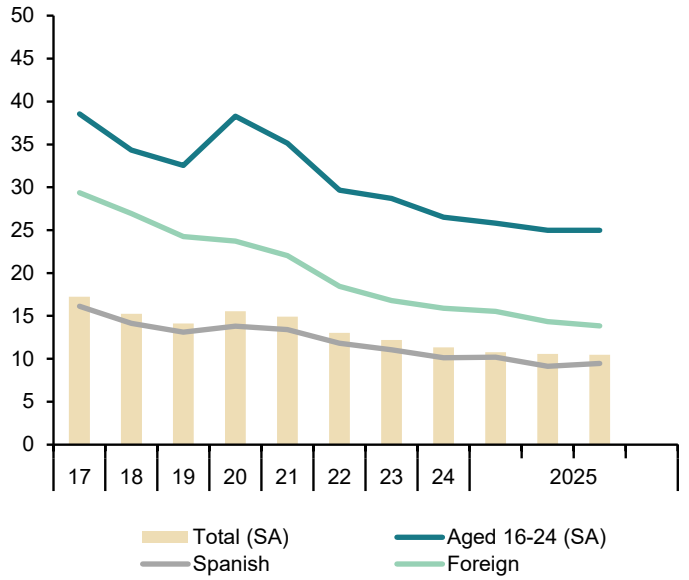


Table 11b

Labour market (II)

	Employed by sector				Employed by professional situation					Employed by duration of the working-day		
					Employees							
						By type of contract						
	Agriculture	Industry	Construction	Services	Total	Tempo-rary	Indefinite	Temporary employment rate (a)	Self employed	Full-time	Part-time	Part-time employment rate (b)
	1	2	3	4	5=6+7	6	7	8=6/5	9	10	11	12
	Million (original data)											(b)
2017	0.82	2.65	1.13	14.23	15.72	4.19	11.52	26.7	3.11	16.01	2.82	14.97
2018	0.81	2.71	1.22	14.59	16.23	4.35	11.88	26.8	3.09	16.50	2.83	14.65
2019	0.80	2.76	1.28	14.94	16.67	4.38	12.29	26.3	3.11	16.88	2.90	14.64
2020	0.77	2.70	1.24	14.49	16.11	3.88	12.23	24.1	3.09	16.51	2.70	14.05
2021	0.82	2.71	1.32	14.99	16.66	4.21	12.45	25.2	3.17	17.08	2.75	13.87
2022	0.80	2.78	1.35	15.61	17.37	3.70	13.66	21.3	3.18	17.76	2.78	13.55
2023	0.77	2.81	1.40	16.20	17.96	3.10	14.87	17.2	3.22	18.36	2.82	13.31
2024	0.75	2.89	1.46	16.55	18.44	2.93	15.51	15.9	3.21	18.72	2.93	13.55
2025 (c)	0.76	3.00	1.52	16.87	18.86	2.90	15.96	15.4	3.28	19.12	3.02	13.66
2023 IV	0.79	2.86	1.44	16.30	18.13	3.01	14.85	16.6	3.26	18.51	2.88	13.47
2024 I	0.77	2.83	1.42	16.24	18.06	2.84	15.08	15.7	3.19	18.31	2.94	13.84
II	0.77	2.89	1.48	16.54	18.44	2.94	15.12	16.0	3.24	18.74	2.94	13.57
III	0.73	2.91	1.48	16.70	18.67	3.06	15.23	16.4	3.16	19.03	2.79	12.80
IV	0.74	2.92	1.48	16.72	18.59	2.88	15.50	15.5	3.27	18.80	3.06	14.00
2025 I	0.76	2.92	1.48	16.61	18.50	2.80	15.60	15.1	3.27	18.69	3.08	14.13
II	0.76	3.01	1.52	16.97	18.98	2.92	15.71	15.4	3.29	19.17	3.09	13.89
III	0.75	3.07	1.56	17.01	19.11	2.98	15.70	15.6	3.28	19.49	2.90	12.94
	Annual percentage changes							Difference from one year ago	Annual percentage changes			Difference from one year ago
2017	5.8	5.0	5.1	1.9	3.2	5.6	2.3	0.6	-0.1	2.9	1.0	-0.2
2018	-0.8	2.3	8.3	2.5	3.3	3.8	3.1	0.1	-0.5	3.1	0.4	-0.3
2019	-1.9	2.0	4.6	2.4	2.7	0.6	3.5	-0.6	0.5	2.3	2.3	0.0
2020	-4.0	-2.3	-2.6	-3.0	-3.4	-11.4	-0.5	-2.2	-0.5	-2.2	-6.9	-0.6
2021	6.9	0.5	5.7	3.4	3.4	8.5	1.8	1.2	2.6	3.5	2.0	-0.2
2022	-2.4	2.5	3.0	4.2	4.3	-11.9	9.7	-3.9	0.2	4.0	1.2	-0.3
2023	-3.9	1.3	3.2	3.8	3.4	-16.4	8.8	-4.1	1.3	3.4	1.2	-0.2
2024	-2.0	2.6	4.7	2.2	2.7	-5.4	4.3	-1.4	-0.2	1.9	4.1	0.2
2025 (d)	0.1	4.2	4.2	2.2	2.6	-1.7	3.5	-0.7	2.6	2.3	4.5	0.3
2023 IV	1.6	2.0	7.5	3.7	3.7	-5.3	5.6	-1.6	3.5	3.8	2.7	-0.1
2024 I	-1.2	0.7	6.1	3.3	3.4	-7.2	5.7	-1.8	0.7	2.8	4.1	0.1
II	-0.6	5.4	5.3	1.3	2.5	-6.6	4.4	-1.5	-0.5	2.0	2.3	0.0
III	1.3	2.3	4.4	1.5	2.3	-3.4	3.5	-1.0	-1.2	1.5	3.9	0.3
IV	-7.1	1.9	3.1	2.6	2.5	-4.4	3.9	-1.1	0.4	1.6	6.2	0.5
2025 I	-0.5	3.2	4.3	2.3	2.4	-1.4	3.1	-0.6	2.5	2.1	4.6	0.3
II	-0.9	4.0	3.1	2.6	2.9	-0.7	3.6	-0.6	1.4	2.3	5.1	0.3
III	1.9	5.4	5.3	1.9	2.4	-2.9	3.4	-0.8	3.8	2.4	3.7	0.1

(a) Percentage of employees with temporary contract over total employees. (b) Percentage of part-time employed over total employed. (c) Average of available data. (d) Change of existing data over the same period last year.

*Source: INE (*Labour Force Survey*).*

Chart 11b.1 - Employment by sector (LFS)

Level, 2019=100

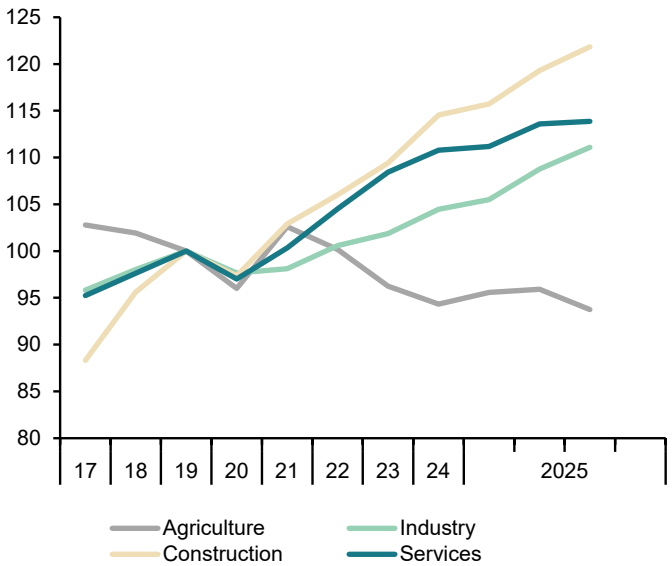


Chart 11b.2 - Temporary employment rate

Percentage over total employees

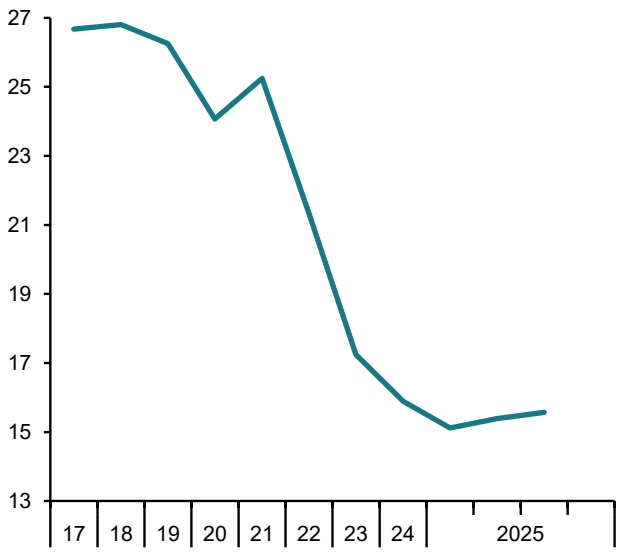


Table 12

Index of Consumer Prices

Forecasts in yellow

		Total	Total excluding food and energy	Excluding unprocessed food and energy				Unprocessed food	Energy	Food
				Total	Non-energy industrial goods	Services	Processed food			
% of total in 2024		100.00	68.37	84.45	20.80	47.57	16.09	6.22	9.32	22.31
Indexes. 2021 = 100										
2019		97.3	98.9	98.5	99.2	98.7	97.5	94.2	91.3	96.3
2020		97.0	99.4	99.2	99.4	99.4	98.7	97.7	82.5	98.4
2021		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2022		108.4	103.7	105.2	104.2	103.3	110.6	110.9	127.9	110.7
2023		112.2	108.3	111.5	108.6	107.8	124.0	121.2	107.1	123.0
2024		115.3	111.2	114.7	109.4	111.6	128.6	125.2	108.1	127.5
2025		118.4	114.0	117.4	110.1	115.4	130.4	132.8	111.7	130.9
2026		121.2	116.7	120.1	110.8	118.9	133.1	138.3	113.7	134.4
Annual percentage changes										
2019		0.7	1.0	0.9	0.3	1.4	0.5	1.9	-1.2	0.9
2020		-0.3	0.6	0.7	0.2	0.8	1.3	3.7	-9.6	2.1
2021		3.1	0.6	0.8	0.6	0.6	1.3	2.4	21.2	1.7
2022		8.4	3.7	5.2	4.2	3.3	10.6	10.9	27.9	10.7
2023		3.5	4.4	6.0	4.2	4.3	12.1	9.3	-16.3	11.1
2024		2.8	2.7	2.9	0.7	3.5	3.7	3.3	1.0	3.6
2025		2.7	2.6	2.3	0.6	3.4	1.4	6.0	3.3	2.7
2026		2.4	2.4	2.3	0.7	3.1	2.1	4.1	1.8	2.7
2025	Jan	2.9	2.5	2.4	0.5	3.4	2.1	2.7	8.1	2.2
	Feb	3.0	2.4	2.2	0.5	3.2	1.3	5.0	9.0	2.3
	Mar	2.3	2.2	2.0	0.5	3.0	1.0	6.5	2.0	2.5
	Apr	2.2	2.8	2.4	0.5	3.9	0.7	6.0	-2.2	2.2
	May	2.0	2.4	2.2	0.6	3.3	1.0	7.1	-2.7	2.7
	Jun	2.3	2.5	2.2	0.6	3.2	1.1	8.0	-0.5	3.0
	Jul	2.7	2.5	2.3	0.6	3.4	1.3	7.2	3.3	2.9
	Aug	2.7	2.6	2.4	0.7	3.5	1.4	5.8	3.4	2.6
	Sep	3.0	2.7	2.4	0.7	3.5	1.5	5.9	6.4	2.7
	Oct	3.1	2.8	2.5	0.8	3.6	1.4	6.0	6.5	2.7
	Nov	3.0	2.9	2.6	0.8	3.8	1.7	6.3	3.9	2.9
	Dec	2.8	2.7	2.6	0.8	3.6	1.9	6.0	3.0	3.0
2026	Jan	2.3	2.9	2.6	0.9	3.7	1.5	5.9	-2.8	2.7
	Feb	2.1	2.8	2.5	0.9	3.6	1.6	4.6	-3.0	2.4
	Mar	2.5	2.7	2.5	0.8	3.5	1.9	3.5	1.2	2.4
	Apr	2.5	2.3	2.2	0.8	2.9	2.1	3.6	4.5	2.5
	May	2.8	2.6	2.5	0.8	3.3	2.1	2.8	5.6	2.3
	Jun	2.4	2.3	2.3	0.7	3.0	2.1	2.3	3.5	2.2
	Jul	2.3	2.3	2.3	0.7	3.0	2.3	2.8	1.9	2.4
	Aug	2.4	2.2	2.2	0.6	2.9	2.4	5.0	2.5	3.1
	Sep	2.5	2.2	2.2	0.5	2.9	2.6	5.3	2.6	3.3
	Oct	2.2	2.0	2.1	0.5	2.7	2.3	4.9	1.9	3.0
	Nov	2.2	1.9	2.0	0.5	2.6	2.2	4.6	2.1	2.9
	Dec	2.1	1.9	2.0	0.5	2.6	2.1	4.6	1.9	2.8

Source: INE and Funcas (Forecasts).

Chart 12.1 - Inflation rate (I)

Annual percentage changes

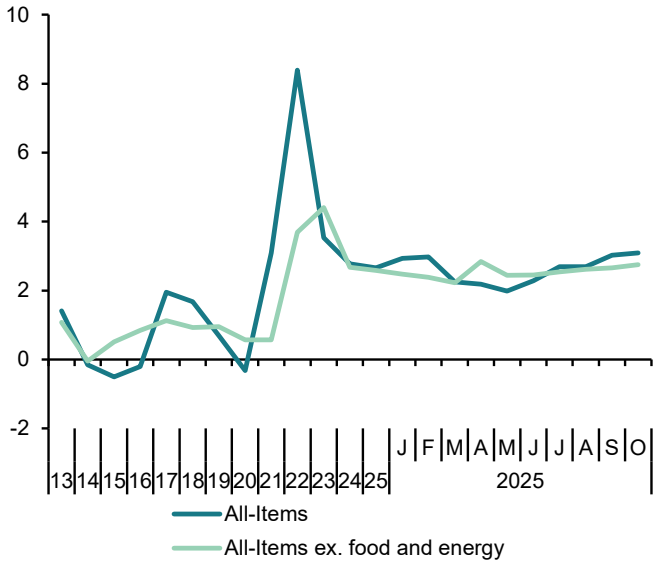


Chart 12.2 - Inflation rate (II)

Annual percentage changes

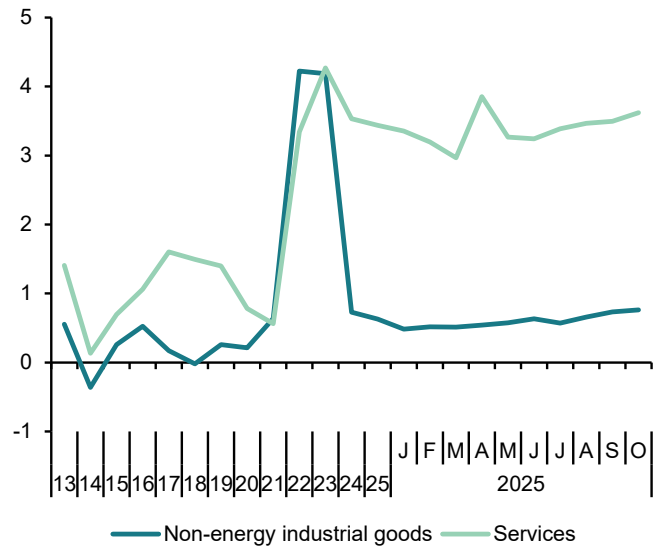


Table 13

Other prices and costs indicators

		GDP deflator (a)	Industrial producer prices		Housing prices		Urban land prices (M. Public Works)	Labour Costs Survey				Wage increase agreed in collective bargaining
			Total	Excluding energy	Housing Price Index (INE)	m² average price (M. Public Works)		Total labour costs per worker	Wage costs per worker	Other cost per worker	Total labour costs per hour worked	
		2019=100	2019=100		2019=100			2019=100				
2017		96.3	97.5	98.8	89.2	93.8	100.8	96.8	97.2	95.8	96.0	--
2018		97.5	100.4	99.9	95.2	96.9	99.3	97.8	98.2	96.7	97.4	--
2019		98.9	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	--
2020		100.0	95.7	100.0	102.1	98.9	90.6	97.8	97.4	99.0	106.6	--
2021		102.6	112.3	107.0	105.9	101.0	94.0	103.5	103.4	103.8	105.9	--
2022		107.4	152.2	121.5	113.7	106.1	98.7	107.9	108.2	107.0	107.9	--
2023		114.1	145.0	126.0	118.2	110.2	96.0	113.8	113.4	115.0	113.7	--
2024		117.4	139.7	126.4	128.1	116.6	105.3	118.3	117.7	120.0	118.7	--
2025 (b)		119.8	141.0	126.2	140.2	125.7	109.7	121.3	120.4	123.9	118.5	
2023	IV	116.1	142.9	125.7	119.3	112.3	96.1	119.6	120.7	116.5	120.6	--
2024	I	116.7	138.3	126.5	122.5	113.7	104.1	114.5	112.9	119.1	111.0	--
	II	116.8	136.5	126.8	126.9	115.5	103.6	120.1	120.4	119.4	117.1	--
	III	117.3	141.2	126.4	130.4	117.0	104.6	114.8	112.8	120.7	121.6	--
	IV	118.7	142.7	125.8	132.8	120.2	109.1	123.8	124.9	120.7	125.1	--
2025	I	119.2	144.7	126.3	137.5	123.9	107.4	118.7	117.1	123.4	115.5	--
	II	119.7	137.6	126.3	143.0	127.6	112.0	123.8	123.6	124.3	121.5	--
	III (b)	120.6	140.8	126.1	--	--	--	--	--	--	--	--
2025	Jul	--	141.5	126.0	--	--	--	--	--	--	--	--
	Aug	--	140.7	126.0	--	--	--	--	--	--	--	--
	Sep	--	140.1	126.2	--	--	--	--	--	--	--	--
						Annual percent changes (c)						
2017		1.3	4.4	2.3	6.2	2.4	0.8	0.2	0.1	0.5	0.0	1.4
2018		1.2	3.0	1.1	6.7	3.4	-1.6	1.0	1.0	1.0	1.4	1.8
2019		1.4	-0.4	0.1	5.1	3.2	0.7	2.2	1.9	3.4	2.6	2.3
2020		1.1	-4.3	0.0	2.1	-1.1	-9.4	-2.2	-2.6	-1.0	6.6	1.9
2021		2.6	17.3	7.0	3.7	2.1	3.7	5.9	6.3	4.8	-0.6	1.5
2022		4.7	35.5	13.6	7.4	5.0	5.0	4.2	4.6	3.1	1.9	2.8
2023		6.2	-4.7	3.6	4.0	3.9	-2.8	5.5	4.8	7.5	5.3	3.5
2024		2.9	-3.7	0.3	8.4	5.8	9.7	4.0	3.8	4.3	4.4	3.1
2025 (d)		2.5	1.7	-0.3	12.5	9.7	5.6	3.4	3.2	3.9	3.9	3.5
2024	I	3.1	-6.9	0.1	6.3	4.3	13.0	4.0	3.8	4.5	4.5	2.9
	II	3.1	-4.8	0.4	7.8	5.7	7.9	4.0	4.0	4.1	4.3	3.0
	III	3.2	-2.7	0.7	8.2	6.0	4.9	4.4	4.1	5.2	5.2	3.0
	IV	2.2	-0.2	0.1	11.3	7.0	13.5	3.5	3.5	3.6	3.8	3.1
2025	I	2.1	4.6	-0.1	12.2	9.0	3.2	3.7	3.8	3.6	4.1	3.3
	II	2.5	0.8	-0.4	12.7	10.4	8.1	3.1	2.7	4.1	3.8	3.4
	III	2.8	-0.3	-0.3	--	--	--	--	--	--	--	3.5
	IV (e)	--	--	--	--	--	--	--	--	--	--	3.5
2025	Aug	--	-1.6	-0.3	--	--	--	--	--	--	--	3.5
	Sep	--	0.3	-0.1	--	--	--	--	--	--	--	3.5
	Oct	--	--	--	--	--	--	--	--	--	--	3.5

(a) Seasonally adjusted. (b) Period with available data. (c) Percent change from the previous quarter for quarterly data. from the previous month for monthly data. unless otherwise indicated. (d) Growth of available period over the same period of the previous year. (e) Growth of the average of available months over the monthly average of the previous quarter.

Sources: M. of Public Works. M. of Labour and INE (National Statistics Institute).

Chart 13.1 - Housing and urban land prices

Level, 2019=100

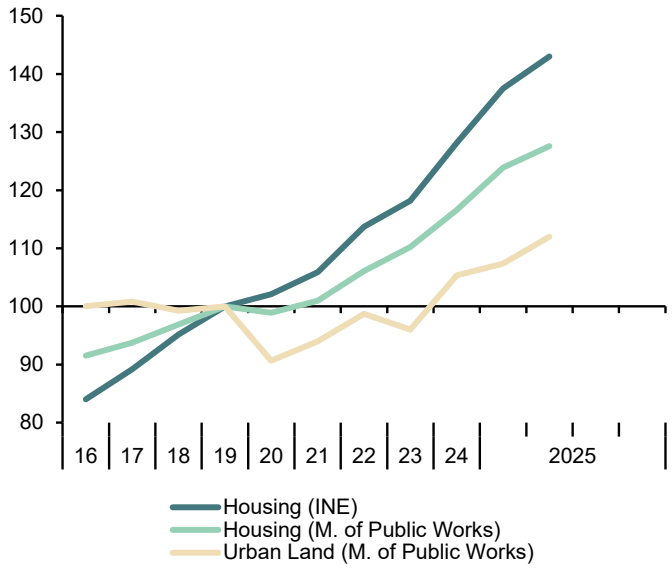


Chart 13.2 - Wage costs

Annual percent change

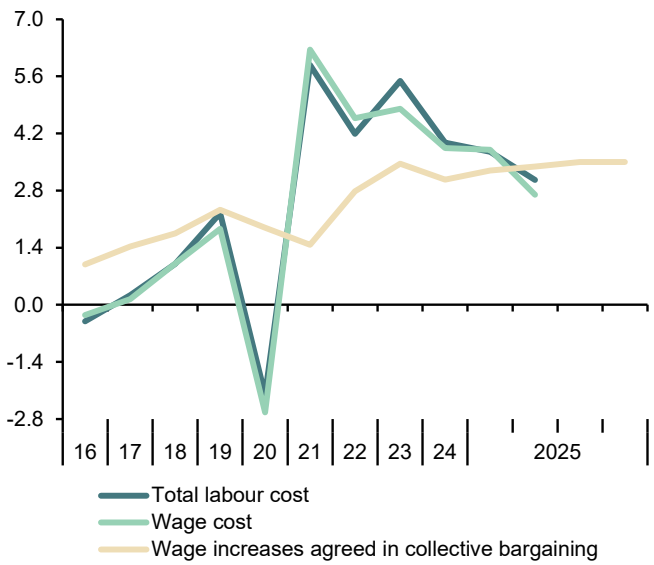


Table 14

External trade (a)

		Exports of goods			Imports of goods			Exports to EU countries (monthly average)	Exports to non-EU countries (monthly average)	Total Balance of goods (monthly average)	Balance of goods excluding energy (monthly average)	Balance of goods with EU countries (monthly average)
		Nominal	Prices	Real	Nominal	Prices	Real					
		2019=100			2019=100			EUR Billions				
2017		94.9	96.5	98.4	93.8	95.8	97.9	13.6	9.5	-2.2	0.0	0.6
2018		98.1	99.3	98.7	99.1	100.1	99.1	14.1	9.7	-2.9	-0.3	0.7
2019		100.0	100.0	100.0	100.0	100.0	100.0	14.3	9.9	-2.6	-0.3	0.8
2020		90.6	99.3	91.2	85.9	96.9	88.6	13.3	8.6	-1.1	0.3	1.3
2021		108.2	107.9	100.3	107.4	108.5	99.0	16.1	10.1	-2.6	-0.2	1.7
2022		133.2	127.6	104.4	142.4	134.8	105.7	20.3	12.0	-6.0	-1.2	3.1
2023		131.9	132.6	99.5	131.6	132.1	99.6	20.0	11.9	-3.4	-0.3	2.6
2024		132.5	134.9	98.2	131.4	131.4	100.0	19.8	12.2	-3.4	-0.6	2.5
2025(b)		133.0	135.1	98.5	136.3	125.1	109.0	19.7	12.3	-4.4	-1.6	2.0
2023	III	128.5	131.5	97.7	129.0	129.4	99.8	19.3	11.7	-3.7	-0.4	1.9
	IV	131.2	132.3	99.1	132.0	133.4	98.9	19.9	11.8	-3.9	-0.5	2.6
2024	I	130.9	133.0	98.5	129.2	133.0	97.1	19.8	11.8	-3.2	0.0	2.5
	II	134.1	135.7	98.8	130.8	132.0	99.1	19.9	12.4	-2.9	0.0	2.9
	III	133.2	135.2	98.6	130.6	130.5	100.0	20.1	12.1	-3.0	-0.1	2.9
	IV	131.7	136.0	96.9	135.2	130.2	103.8	19.4	12.4	-4.6	-1.2	1.9
2025	I	133.0	135.3	98.3	139.9	129.2	108.3	19.8	12.3	-5.6	-1.9	-2.1
	II	135.6	135.3	100.3	135.2	121.7	111.0	19.8	13.0	-3.7	-1.2	-1.7
2025	Jun	134.8	134.5	100.3	136.4	119.7	114.0	20.3	12.3	-4.2	-1.9	1.5
	Jul	136.6	134.9	101.3	137.3	124.8	110.0	20.7	12.3	-4.0	-0.7	2.3
	Aug	121.8	134.1	90.8	127.5	123.0	103.7	18.4	11.0	-4.9	-1.6	1.4
		Percentage changes (c)								Percentage of GDP		
2017		7.7	0.7	7.0	10.5	4.7	5.5	8.3	6.9	-2.2	0.0	0.7
2018		3.3	3.0	0.3	5.7	4.5	1.2	3.9	2.5	-2.8	-0.3	0.7
2019		2.0	0.7	1.3	0.9	-0.1	0.9	1.8	2.2	-2.5	-0.3	0.8
2020		-9.4	-0.7	-8.8	-14.1	-3.1	-11.4	-7.0	-12.9	-1.2	0.3	1.4
2021		19.4	8.6	10.0	25.0	12.0	11.7	20.9	17.2	-2.5	-0.2	1.6
2022		23.1	18.3	4.1	32.6	24.2	6.8	25.7	19.0	-5.2	-1.1	2.7
2023		-1.0	3.9	-4.7	-7.6	-1.9	-5.8	-1.1	-0.8	-2.7	-0.2	2.1
2024		0.2	1.8	-1.6	0.1	-0.5	0.6	-1.1	2.4	-2.5	-0.5	1.9
2025(d)		0.3	0.5	-0.2	4.3	-5.3	10.1	-0.6	1.7	--	--	--
2023	III	-1.4	-0.7	-0.7	-1.1	-0.4	-0.8	-1.9	-0.6	-3.0	-0.3	1.5
	IV	2.1	0.6	1.5	2.3	3.1	-0.8	2.9	0.8	-3.0	-0.4	2.0
2024	I	-0.2	0.5	-0.7	-2.1	-0.3	-1.8	-0.4	0.1	-2.4	0.0	1.9
	II	2.4	2.1	0.3	1.2	-0.7	2.0	0.7	5.2	-2.2	0.0	2.2
	III	-0.6	-0.4	-0.2	-0.1	-1.1	1.0	0.8	-2.9	-2.3	-0.1	2.2
	IV	-1.1	0.6	-1.7	3.6	-0.2	3.8	-3.4	2.8	-3.4	-0.9	1.4
2025	I	0.9	-0.5	1.4	3.5	-0.8	4.3	2.2	-1.0	-4.1	-1.4	-1.5
	II	2.0	0.0	2.0	-3.4	-5.8	2.5	-0.1	5.5	-2.6	-0.8	-1.2
2025	May	1.8	1.2	0.6	1.8	-0.6	2.4	10.7	-10.0	--	--	--
	Jun	-1.7	-1.5	-0.3	0.5	-2.3	2.9	-1.1	-2.7	--	--	--
	Jul	1.3	0.3	1.0	0.6	4.3	-3.6	1.9	0.2	--	--	--

(a) Seasonally adjusted. except for annual data. (b) Period with available data. (c) Percent change from the previous quarter for quarterly data. from the previous month for monthly data. (d) Growth of available period over the same period of the previous year.

Source: Ministry of Economy and Funcas.

Chart 14.1 - External trade (real)

Level, 2019=100

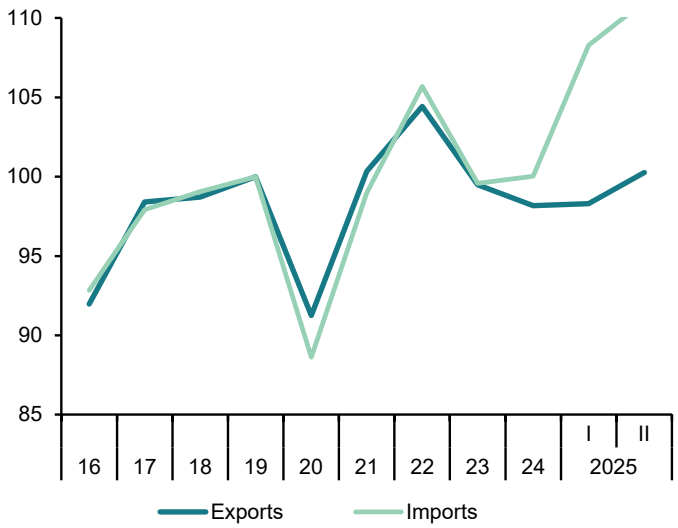
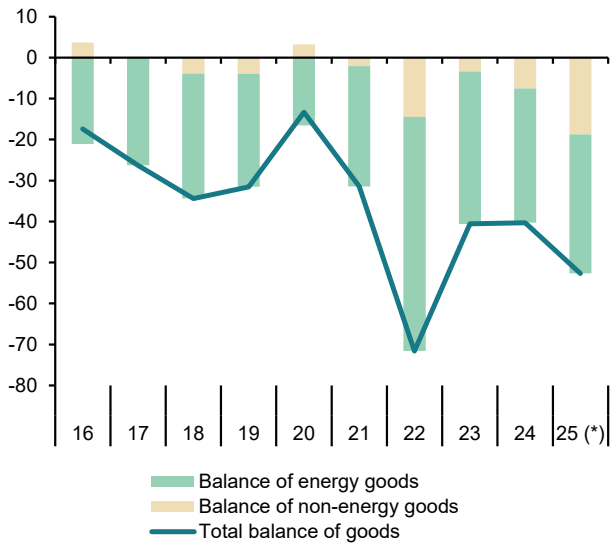


Chart 14.2 - Trade balance

EUR Billions, moving sum of 12 months



(*) Period with available data.

Table 15

Balance of Payments (according to IMF manual)

(Net transactions)

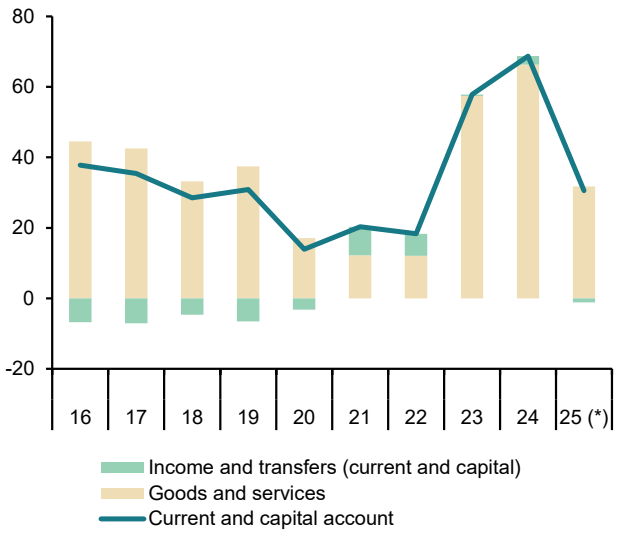
		Current account					Capital account	Current and capital accounts	Financial account						Errors and omissions
									Financial account. excluding Bank of Spain					Bank of Spain	
		Total	Goods	Services	Primary Income	Secondary Income			Total	Direct investment	Porfolio investment	Other investment	Financial derivatives		
		1=2+3+4+5	2	3	4	5	6	7=1+6	8=9+10+11+12	9	10	11	12	13	14
								EUR billions							
2017		32.69	-21.19	63.70	-0.49	-9.33	2.79	35.48	68.25	13.23	24.91	22.38	7.72	-32.63	0.14
2018		22.76	-28.25	61.47	0.44	-10.90	5.79	28.55	45.32	-17.91	15.26	48.87	-0.90	-14.25	2.53
2019		26.69	-25.19	62.62	1.21	-11.94	4.20	30.89	11.02	9.30	-50.83	58.08	-5.53	15.76	-4.11
2020		8.91	-7.03	24.15	2.06	-10.27	5.04	13.95	92.45	16.47	50.87	31.79	-6.67	-81.84	-3.34
2021		9.55	-21.30	33.53	8.25	-10.93	10.73	20.29	9.71	-11.60	3.76	16.72	0.84	16.12	5.57
2022		5.76	-60.22	72.29	6.86	-13.17	12.56	18.32	-11.77	0.86	20.18	-34.95	2.13	30.27	0.18
2023		40.92	-35.05	92.50	-4.90	-11.64	16.90	57.82	-60.09	3.51	-23.83	-33.19	-6.58	114.37	-3.54
2024		50.68	-33.86	100.21	-4.02	-11.65	18.06	68.74	132.12	26.69	-2.32	106.46	1.28	-48.21	15.18
2025 (a)		24.62	-21.64	53.39	-2.04	-5.09	5.98	30.60	11.20	6.60	-9.78	13.89	0.49	23.63	4.22
2023	III	11.55	-12.04	30.27	-2.16	-4.53	3.20	14.75	-10.19	5.49	-13.83	0.61	-2.46	23.77	-1.17
	IV	8.95	-9.31	20.21	-0.18	-1.77	8.82	17.78	19.33	5.84	-18.16	31.09	0.56	2.00	3.55
2024	I	12.84	-6.36	19.59	-0.03	-0.36	1.83	14.68	46.13	1.43	-14.85	57.89	1.66	-29.04	2.42
	II	13.38	-6.42	27.01	-3.14	-4.07	3.22	16.60	63.12	8.29	17.17	37.92	-0.26	-36.51	10.01
	III	15.27	-10.36	31.57	-1.76	-4.17	4.56	19.84	-4.66	3.36	-23.87	16.68	-0.83	18.21	-6.29
	IV	9.18	-10.71	22.04	0.90	-3.05	8.45	17.63	27.52	13.61	19.23	-6.03	0.71	-0.86	9.03
2025	I	9.97	-12.63	23.04	0.56	-1.01	2.52	12.49	6.99	3.71	-4.55	7.12	0.71	2.76	-2.75
	II	14.65	-9.01	30.35	-2.60	-4.08	3.46	18.11	4.21	2.90	-5.23	6.77	-0.22	20.87	6.97
			Goods and Services		Primary and Secondary Income										
2025	Jun	5.36	6.12		-0.76		1.61	6.97	2.36	2.29	-19.76	21.99	-2.16	7.19	2.58
	Jul	6.27	8.79		-2.52		1.87	8.14	-22.92	5.02	-1.35	-26.89	0.30	30.73	-0.33
	Aug	5.08	6.71		-1.62		1.27	6.36	-0.14	3.30	10.93	-14.85	0.48	2.47	-4.03
								Percentage of GDP							
2017		2.8	-1.8	5.4	0.0	-0.8	0.2	3.0	5.8	1.1	2.1	1.9	0.7	-2.8	0.0
2018		1.9	-2.3	5.1	0.0	-0.9	0.5	2.4	3.7	-1.5	1.3	4.0	-0.1	-1.2	0.2
2019		2.1	-2.0	5.0	0.1	-1.0	0.3	2.5	0.9	0.7	-4.1	4.6	-0.4	1.3	-0.3
2020		0.8	-0.6	2.1	0.2	-0.9	0.4	1.2	8.2	1.5	4.5	2.8	-0.6	-7.2	-0.3
2021		0.8	-1.7	2.7	0.7	-0.9	0.9	1.6	0.8	-0.9	0.3	1.4	0.1	1.3	0.5
2022		0.4	-4.4	5.3	0.5	-1.0	0.9	1.3	-0.9	0.1	1.5	-2.5	0.2	2.2	0.0
2023		2.7	-2.3	6.2	-0.3	-0.8	1.1	3.9	-4.0	0.2	-1.6	-2.2	-0.4	7.6	-0.2
2024		3.2	-2.1	6.3	-0.3	-0.7	1.1	4.3	8.3	1.7	-0.1	6.7	0.1	-3.0	1.0
2025 (a)		3.0	-2.6	6.5	-0.2	-0.6	0.7	3.7	1.4	0.8	-1.2	1.7	0.1	2.9	0.5
2023	III	3.1	-3.3	8.2	-0.6	-1.2	0.9	4.0	-2.8	1.5	-3.7	0.2	-0.7	6.4	-0.3
	IV	2.3	-2.4	5.1	0.0	-0.4	2.2	4.5	4.9	1.5	-4.6	7.9	0.1	0.5	0.9
2024	I	3.4	-1.7	5.2	0.0	-0.1	0.5	3.9	12.2	0.4	-3.9	15.3	0.4	-7.7	0.6
	II	3.3	-1.6	6.7	-0.8	-1.0	0.8	4.1	15.7	2.1	4.3	9.4	-0.1	-9.1	2.5
	III	3.9	-2.6	8.0	-0.4	-1.1	1.2	5.0	-1.2	0.9	-6.1	4.2	-0.2	4.6	-1.6
	IV	2.2	-2.5	5.2	0.2	-0.7	2.0	4.2	6.5	3.2	4.6	-1.4	0.2	-0.2	2.1
2025	I	2.5	-3.2	5.8	0.1	-0.3	0.6	3.2	1.8	0.9	-1.1	1.8	0.2	0.7	-0.7
	II	3.5	-2.1	7.2	-0.6	-1.0	0.8	4.3	1.0	0.7	-1.2	1.6	-0.1	4.9	1.6

(a) Period with available quarterly data

Source: Bank of Spain.

Chart 15.1 - Balance of payments: Current and capital accounts

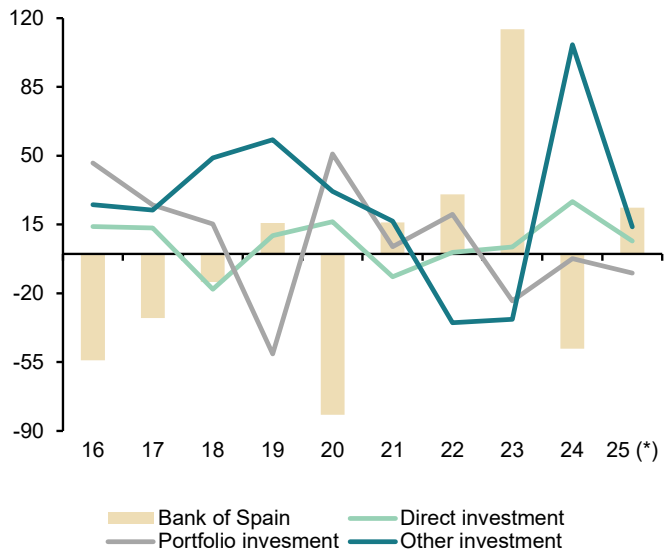
EUR Billions, 12-month cumulated



(*) Period with available data.

Chart 15.2 - Balance of payments: Financial account

EUR Billions, 12-month cumulated



(*) Period with available data.

Table 16

Competitiveness indicators in relation to EMU

		Relative Unit Labour Costs in manufacturing (Spain/Rest of EMU) (a)			Harmonized Consumer Prices			Producer prices			Real Effective Exchange Rate in relation to developed countries
		Relative hourly wages	Relative hourly productivity	Relative ULC	Spain	EMU	Spain/EMU	Spain	EMU	Spain/EMU	
		2000=100			2015=100			2021=100			1999 I =100
2017		101.7	97.3	104.5	101.7	101.8	99.9	88.5	91.1	97.1	109.7
2018		100.8	94.4	106.8	103.5	103.6	99.9	90.6	93.4	97.0	110.5
2019		99.4	93.3	106.5	104.3	104.8	99.5	90.3	93.8	96.3	109.0
2020		102.8	87.5	117.6	103.9	105.1	98.9	87.1	91.4	95.3	108.4
2021		105.3	92.9	113.3	107.0	107.8	99.3	100.0	100.0	100.0	108.9
2022		104.2	95.1	109.6	115.9	116.8	99.3	129.7	126.0	102.9	108.0
2023		103.9	96.3	107.8	119.9	123.2	97.3	125.6	124.6	100.8	107.0
2024		105.0	100.0	105.1	123.3	126.1	97.8	122.5	121.1	101.2	105.9
2025 (b)		--	--	--	126.4	128.6	98.2	123.6	121.3	101.9	106.5
2023	IV	--	--	--	121.3	124.2	97.7	124.3	123.1	101.0	106.0
2024	I	--	--	--	121.7	124.4	97.8	121.3	121.1	100.2	105.9
	II	--	--	--	124.0	126.3	98.2	120.3	120.1	100.1	106.5
	III	--	--	--	123.5	126.6	97.5	123.5	120.9	102.2	105.6
	IV	--	--	--	124.1	126.9	97.8	124.7	122.1	102.1	105.4
2025	I	--	--	--	124.9	127.4	98.1	126.3	123.4	102.3	105.6
	II	--	--	--	126.7	128.9	98.3	121.3	120.1	101.0	106.7
	III	--	--	--	127.0	129.3	98.2	123.2	120.3	102.4	107.1
2025	Aug	--	--	--	126.9	129.3	98.1	123.2	120.2	102.5	107.0
	Sep	--	--	--	127.2	129.4	98.2	122.7	120.1	102.2	107.3
	Oct	--	--	--	127.9	129.7	98.6	--	--	--	--
		Annual percentage changes					Differential	Annual percentage changes		Differential	Annual percentage changes
2017		-0.4	-0.3	0.0	2.0	1.5	0.5	4.2	2.7	1.4	1.5
2018		-0.9	-3.0	2.2	1.7	1.7	0.0	2.4	2.6	-0.2	0.8
2019		-1.4	-1.2	-0.2	0.8	1.2	-0.4	-0.3	0.4	-0.7	-1.3
2020		3.4	-6.2	10.3	-0.3	0.3	-0.6	-3.6	-2.6	-1.0	-0.6
2021		2.4	6.3	-3.6	3.0	2.6	0.4	14.9	9.4	4.9	0.4
2022		-1.1	2.3	-3.3	8.3	8.4	-0.1	29.7	26.0	2.9	-0.8
2023		-0.3	1.3	-1.6	3.4	5.4	-2.0	-3.1	-1.1	-2.0	-0.9
2024		1.1	3.8	-2.6	2.9	2.4	0.5	-2.5	-2.8	0.3	-1.0
2025 (c)		--	--	--	2.6	2.1	0.5	1.6	0.6	1.0	0.4
2023	IV	--	--	--	3.3	2.7	0.6	-5.1	-6.1	1.0	1.3
2024	I	--	--	--	3.2	2.6	0.6	-5.1	-5.8	0.7	0.4
	II	--	--	--	3.6	2.5	1.1	-3.5	-2.8	-0.7	0.9
	III	--	--	--	2.3	2.2	0.1	-1.6	-1.7	0.1	-0.1
	IV	--	--	--	2.4	2.2	0.2	0.3	-0.8	1.1	-0.6
2025	I	--	--	--	2.7	2.3	0.4	4.1	2.0	2.1	-0.3
	II	--	--	--	2.2	2.0	0.2	0.8	0.1	0.7	0.2
	III	--	--	--	2.8	2.1	0.7	-0.2	-0.4	0.2	1.4
2025	Aug	--	--	--	2.7	2.0	0.7	-1.2	-0.7	-0.5	1.3
	Sep	--	--	--	3.0	2.2	0.8	0.2	-0.3	0.5	1.6
	Oct	--	--	--	3.2	2.1	1.1	--	--	--	--

(a) EMU excluding Ireland and Spain. (b) Period with available data. (c) Growth of available period over the same period of the previous year.
Sources: Eurostat. Bank of Spain and Funcas.

Chart 16.1 - Relative Unit Labour Costs in manufacturing (Spain/Rest of EMU)

2000=100

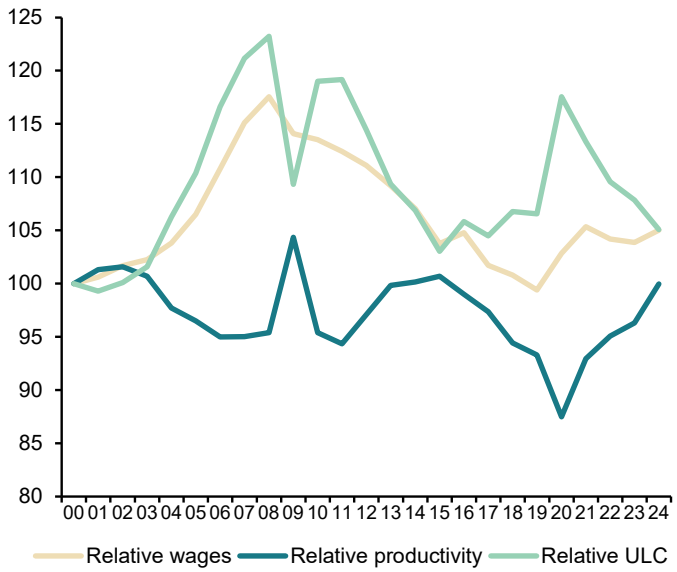


Chart 16.2 - Harmonized Consumer Prices

Annual growth in % and percentage points

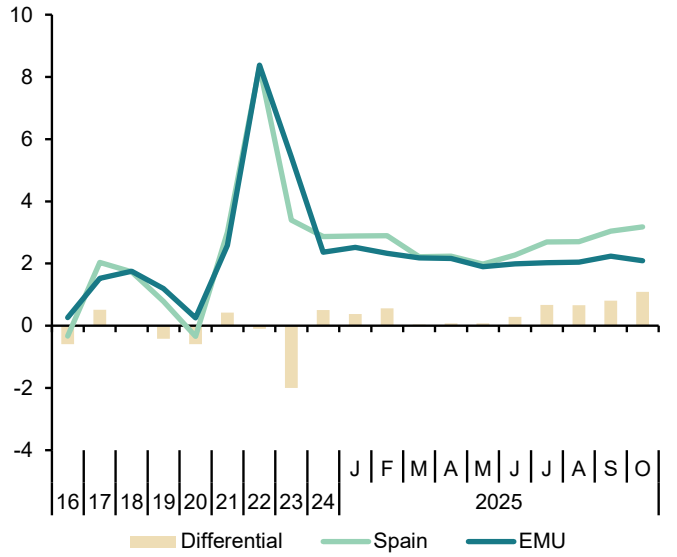


Table 17a

Imbalances: International comparison (I)

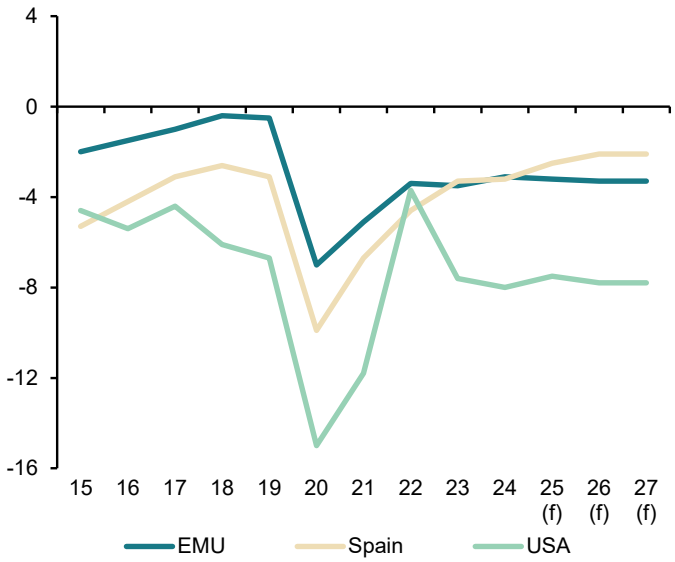
(In yellow: European Commission Forecasts)

	Government net lending (+) or borrowing (-)			Government consolidated gross debt			Current Account Balance of Payments (National Accounts)		
	EMU	Spain	USA	EMU	Spain	USA	EMU	Spain	USA
	Billions of national currency								
2012	-384.9	-119.1	-1,497.0	9,226.3	927.8	16,432.7	223.2	1.6	-424.0
2013	-323.0	-76.8	-983.5	9,561.8	1,025.8	17,352.0	282.5	21.3	-351.2
2014	-260.4	-62.7	-911.1	9,815.0	1,085.2	18,141.4	327.1	18.5	-375.1
2015	-214.2	-57.2	-842.3	9,938.8	1,114.1	18,922.2	345.0	22.2	-423.1
2016	-161.3	-47.4	-1,013.9	10,085.1	1,145.7	19,976.8	403.6	35.3	-401.4
2017	-114.1	-35.9	-868.7	10,180.0	1,184.1	20,492.7	398.8	32.7	-378.0
2018	-52.5	-30.9	-1,263.4	10,284.7	1,209.7	21,974.1	415.0	22.8	-441.2
2019	-65.2	-38.4	-1,441.7	10,383.7	1,224.4	23,201.4	365.8	26.7	-447.3
2020	-812.2	-111.9	-3,198.3	11,447.3	1,346.9	27,747.8	275.2	8.9	-564.6
2021	-643.7	-82.2	-2,803.8	12,073.1	1,429.4	29,617.2	447.9	9.6	-869.2
2022	-466.8	-63.1	-954.1	12,517.6	1,504.1	31,419.7	126.3	5.8	-1,001.2
2023	-513.5	-50.0	-2,100.3	12,975.9	1,575.4	34,001.5	379.8	40.9	-937.8
2024	-466.6	-51.3	-2,332.4	13,480.7	1,620.6	36,218.6	511.0	50.6	-1,179.9
2025	-505.1	-42.4	-2,301.2	14,105.9	1,681.4	38,468.7	425.1	45.5	-1,262.5
2026	-548.2	-36.5	-2,493.7	14,765.8	1,723.2	40,913.6	422.0	46.8	-1,196.7
2027	-566.5	-37.5	-2,610.6	15,383.5	1,774.2	43,477.6	411.6	50.2	-1,235.0
	Percentage of GDP								
2012	-3.9	-11.5	-9.2	92.7	89.6	101.1	2.2	0.2	-2.6
2013	-3.2	-7.5	-5.8	95.1	100.0	102.8	2.8	2.1	-2.1
2014	-2.5	-6.0	-5.2	95.3	104.4	103.0	3.2	1.8	-2.1
2015	-2.0	-5.3	-4.6	93.2	102.5	103.4	3.2	2.0	-2.3
2016	-1.5	-4.2	-5.4	92.1	102.0	106.2	3.7	3.1	-2.1
2017	-1.0	-3.1	-4.4	89.6	101.2	104.5	3.5	2.8	-1.9
2018	-0.4	-2.6	-6.1	87.6	99.8	106.4	3.5	1.9	-2.1
2019	-0.5	-3.1	-6.7	85.5	97.7	107.7	3.0	2.1	-2.1
2020	-7.0	-9.9	-15.0	98.5	119.3	129.8	2.4	0.8	-2.6
2021	-5.1	-6.7	-11.8	95.7	115.7	124.8	3.5	0.8	-3.7
2022	-3.4	-4.6	-3.7	91.0	109.3	120.6	0.9	0.4	-3.8
2023	-3.5	-3.3	-7.6	88.5	105.2	122.3	2.6	2.7	-3.4
2024	-3.1	-3.2	-8.0	88.5	101.6	123.6	3.4	3.2	-4.0
2025	-3.2	-2.5	-7.5	89.2	100.0	125.5	2.7	2.7	-4.1
2026	-3.3	-2.1	-7.8	90.2	98.2	127.5	2.6	2.7	-3.7
2027	-3.3	-2.1	-7.8	90.8	97.1	129.9	2.4	2.7	-3.7

Source: European Commission Forecasts, Outumn 2025.

Chart 17a.1 - Government deficit

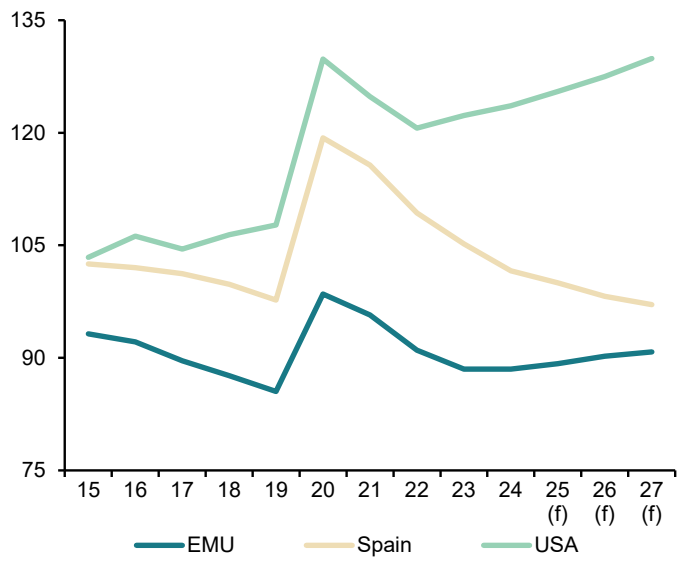
Percentage of GDP



(f) European Commission forecast.

Chart 17a.2 - Government gross debt

Percentage of GDP



(f) European Commission forecast.

Table 17b

Imbalances: International comparison (II)

	Household debt (a)			Non-financial corporations debt (a)		
	Spain	EMU	USA	Spain	EMU	USA
			Billions of national currency			
2009	911.9	5,946.8	14,002.9	1,277.3	7,987.5	10,536.8
2010	908.2	6,089.7	13,770.5	1,276.7	8,078.2	10,405.9
2011	881.1	6,176.0	13,662.1	1,232.7	8,315.3	10,681.5
2012	843.4	6,168.1	13,553.4	1,106.2	8,444.6	11,264.4
2013	796.0	6,139.3	13,766.0	1,025.4	8,406.9	11,827.4
2014	759.9	6,152.0	13,866.2	1,009.1	8,531.4	12,654.7
2015	735.0	6,219.2	14,077.4	971.3	8,954.3	13,508.2
2016	719.8	6,330.9	14,486.8	968.1	9,162.4	14,184.9
2017	712.0	6,518.5	15,032.5	966.6	9,275.0	15,198.3
2018	710.5	6,693.9	15,499.0	935.3	9,486.5	16,195.6
2019	708.6	6,902.8	16,080.0	948.1	9,781.0	16,906.0
2020	701.7	7,095.1	16,615.7	1,014.7	10,268.8	18,500.7
2021	706.4	7,400.7	18,200.1	1,042.0	10,761.9	19,613.0
2022	706.8	7,681.7	19,362.5	1,003.3	11,028.4	20,635.1
2023	690.6	7,707.1	19,876.5	989.0	11,034.5	21,038.3
2024	696.3	7,789.7	20,200.7	1,010.7	11,098.3	21,556.7
			Percentage of GDP			
2009	85.0	63.4	96.7	119.0	85.2	72.8
2010	84.3	63.1	91.5	118.5	83.8	69.1
2011	82.4	62.3	87.6	115.3	83.8	68.5
2012	81.4	62.0	83.4	106.7	84.8	69.3
2013	77.6	61.0	81.5	100.0	83.6	70.1
2014	73.1	59.7	78.7	97.1	82.8	71.9
2015	67.6	58.3	76.9	89.4	84.0	73.8
2016	64.1	57.8	77.0	86.2	83.6	75.4
2017	60.9	57.3	76.6	82.7	81.6	77.5
2018	58.6	57.0	75.0	77.1	80.8	78.4
2019	56.5	56.9	74.7	75.6	80.5	78.5
2020	62.1	61.1	77.7	89.8	88.4	86.6
2021	57.2	58.6	76.7	84.4	85.3	82.7
2022	51.4	55.8	74.3	73.0	80.2	79.2
2023	46.1	52.6	71.5	66.0	75.2	75.6
2024	43.7	51.1	68.9	63.4	72.8	73.6

(a) Loans and debt securities, consolidated.

Sources: Eurostat and Federal Reserve.

Chart 17b.1 - Household debt

Percentage of GDP

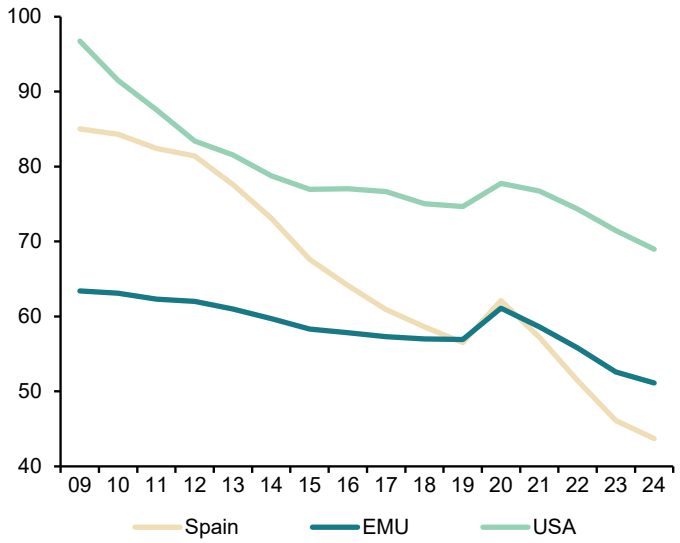
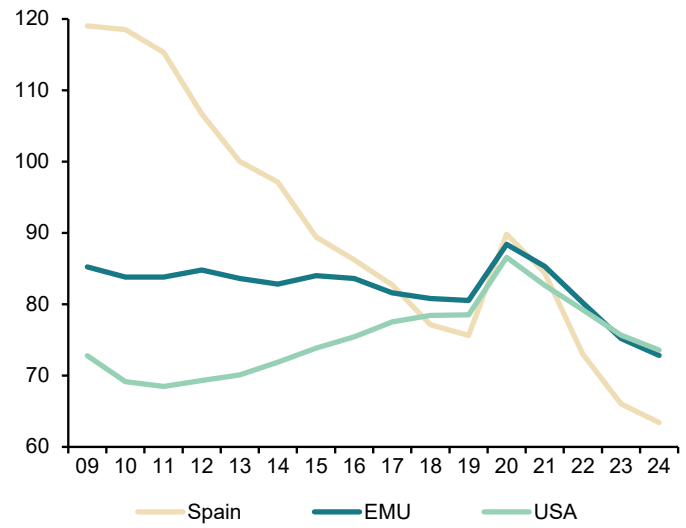


Chart 17b.2 - Non-financial corporations consolidated debt

Percentage of GDP



50 Financial System Indicators

Updated: November 15th, 2025

Highlights

Indicator	Last value available	Corresponding to:
Bank lending to other resident sectors (monthly average % var.)	-0.2	August 2025
Other resident sectors' deposits in credit institutions (monthly average % var.)	0.4	August 2025
Doubtful loans (monthly % var.)	-0.01	August 2025
Recourse to the Eurosystem L/T (Eurozone financial institutions. million euros)	10,880	October 2025
Recourse to the Eurosystem L/T (Spanish financial institutions. million euros)	9,707	October 2025
Recourse to the Eurosystem (Spanish financial institutions million euros) - Main refinancing operations	29	October 2025
"Operating expenses/gross operating income" ratio (%)	39.85	June 2025
"Customer deposits/employees" ratio (thousand euros)	13,713.59	June 2025
"Customer deposits/branches" ratio (thousand euros)	130,257.35	June 2025
"Branches/institutions" ratio	93.07	June 2025

A. Money and Interest Rates

Indicator	Source	Average 2001-2022	2023	2024	2025 October	2025 15 November	Definition and calculation
1. Monetary Supply (% chg.)	ECB	5.5	0.1	3.4	-	-	M3 aggregate change (non-stationary)
2. Three-month interbank interest rate	Bank of Spain	1.2	3.433	3.572	2.034	2.020	Daily data average
3. One-year Euribor interest rate (from 1994)	Bank of Spain	1.4	3.868	3.274	2.186	2.214	End-of-month data
4. Ten-year Treasury bonds interest rate (from 1998)	Bank of Spain	3.0	3.4	3.0	3.1	3.1	Market interest rate (not exclusively between account holders)
5. Corporate bonds average interest rate	Bank of Spain	3.6	–	–	–	–	End-of-month straight bonds average interest rate (> 2 years) in the AIAF market

Comment on "Money and Interest Rates": At its most recent meeting on 31 October, the European Central Bank decided to keep its three key interest rates unchanged. This is the third pause after several consecutive cuts (as many as eight). This decision, and the expectations surrounding it, had already been largely priced into the interbank market. In the first half of November, the monthly average of the 12-month Euribor (the main benchmark for mortgages) rose slightly to 2.214%, up from October's average of 2.186%. The 3-month benchmark fell slightly from 2.034% in October to 2.020% in mid-November. The yield on the 10-year government bond remained at 3.1% from October through the first half of November (provisional data as of 15 November).

B. Financial Markets

Indicator	Source	Average 2001-2022	2023	2024	2025 August	2025 September	Definition and calculation
6. Outright spot treasury bills transactions trade ratio	Bank of Spain	34.9	26.91	18.1	5.96	–	(Traded amount/outstanding balance) x100 in the market (not exclusively between account holders)
7. Outright spot government bonds transactions trade ratio	Bank of Spain	22.1	12.01	11.9	1.19	–	(Traded amount/outstanding balance) x100 in the market (not exclusively between account holders)
8. Outright forward treasury bills transactions trade ratio	Bank of Spain	0.36	0.48	0.24	0.06	–	(Traded amount/outstanding balance) x100 in the market (not exclusively between account holders)
9. Outright forward government bonds transactions trade ratio	Bank of Spain	0.58	0.25	0.27	0.19	–	(Traded amount/outstanding balance) in the market (not exclusively between account holders)
10. Three-month maturity treasury bills interest rate	Bank of Spain	0.29	3.15	3.16	1.94	1.92	Outright transactions in the market (not exclusively between account holders)
11. Ten-year maturity treasury bonds interest rate	BE	3.09	3.55	3.1	–	–	Average rate in 10-year bond auctions
12. Madrid Stock Exchange Capitalization (monthly average % chg.)	Bank of Spain and Madrid Stock Exchange	0.04	1.1	1.1	2.98	3.00	Change in the total number of resident companies
13. Stock market trading volume. Stock trading volume (monthly average % var.)	Bank of Spain and Madrid Stock Exchange	2.3	0.2	-0.2	-38.26	24.55	Stock market trading volume. Stock trading volume: change in total trading volume
14. Madrid Stock Exchange general index (Dec1985=100)	Bank of Spain and Madrid Stock Exchange	973.3	927.57	1,137.34	1,587.75 (b)	1,621.31 (a)	Base 1985=100
15. Ibex-35 (Dec1989=3000)	Bank of Spain and Madrid Stock Exchange	9,474.8	9,347.05	11,595.0	16,032.60 (b)	16,345.90 (a)	Base dec1989=3000
16. Nasdaq Index	NASDAQ	4,754.6	12,970.61	19,310.79	23,724.96 (b)	22,900.59 (a)	Nasdaq composite index
17. Madrid Stock Exchange PER ratio (share value/profitability)	Bank of Spain and Madrid Stock Exchange	15.6	27.5	14.4	17.9 (b)	19.5 (a)	Madrid Stock Exchange Ratio "share value/ capital profitability"

B. Financial Markets (continued)

Indicator	Source	Average 2001-2022	2023	2024	2025 August	2025 September	Definition and calculation
18. Short-term private debt. Outstanding amounts (%chg.)	BE	1.1	8.0	2.8	25.8	-6.8	Change in the outstanding short-term debt of non-financial firms
19. Short-term private debt. Outstanding amounts	BE	0.7	-5.7	-0.1	0.13	0.01	Change in the outstanding long-term debt of non-financial firms
20. IBEX-35 financial futures concluded transactions (% chg.)	Bank of Spain	0.3	34.5	-3.5	-15.47	47,838.67	IBEX-35 shares concluded transactions
21. IBEX-35 financial options concluded transactions (% chg.)	Bank of Spain	16.0	41.8	4.2	37.80	55.15	IBEX-35 shares concluded transactions

(a) Last data published: November 15th 2025; (b) Last data published: October 31st 2025.

Comment on "Financial Markets": In the first half of November, Spanish stock market indices increased compared with the levels at which they closed in October. The IBEX-35 remained above the 16,000-point threshold, ending at 16,345.90 points. The Madrid Stock Exchange General Index stood at 1,621.31 points. Meanwhile, in August (the latest available data), there was a decline in the trading ratio of simple spot transactions in Treasury bills (down to 5.96%). The trading ratio of simple transactions in government bonds also fell compared with the previous month (to 1.19%). Transactions in IBEX-35 stock futures rose by 47,838.67%, while financial options on the same index increased by 55.15% compared with the previous month.

C. Financial Saving and Debt

Indicator	Source	Average 2008-2022	2023	2024	2025 Q1	2025 Q2	Definition and calculation
22. Net Financial Savings/GDP (National Economy)	Bank of Spain	-0.5	4.1	4.9	4.9	4.6	Difference between financial assets and financial liabilities flows over GDP
23. Net Financial Savings/GDP (Households and non-profit institutions)	Bank of Spain	2.1	2.7	4.5	3.7	3.3	Difference between financial assets and financial liabilities flows over GDP
24. Debt in securities (other than shares) and loans/GDP (National Economy)	Bank of Spain	278.7	253.6	249.7	249.0	249.8	Public debt. Non-financial company. household and non-profit institutions debt over GDP
25. Debt in securities (other than shares) and loans/GDP (Households and non-profit institutions)	Bank of Spain	62.0	46.1	43.7	43.4	44.0	Household and non-profit institutions debt over GDP
26. Households and non-profit institutions balance: financial assets (quarterly average % chg.)	Bank of Spain	1.1	2.9	2.1	1.9	2.7	Total assets percentage change (financial balance)
27. Households and non-profit institutions balance: financial liabilities (quarterly average % chg.)	Bank of Spain	-0.7	0.1	1.2	0.4	3.0	Total liabilities percentage change (financial balance)

Comment on "Financial Savings and Debt": In the second quarter of 2025, financial saving in the economy as a whole stood at 4.6% of GDP. In the household sector, the financial saving rate amounted to 3.3% of GDP. It can also be observed that households' financial debt stands at 44% of GDP.

D. Credit institutions. Business Development

Indicator	Source	Average 2001-2022	2023	2024	2025 July	2025 August	Definition and calculation
28. Bank lending to other resident sectors (monthly average % var.)	Bank of Spain	4.9	-0.2	0.09	-0.6	-0.2	Lending to the private sector percentage change for the sum of banks. savings banks and credit unions.
29. Other resident sectors' deposits in credit institutions (monthly average % var.)	Bank of Spain	6.0	-0.5	0.39	-0.9	0.4	Deposits percentage change for the sum of banks. savings banks and credit unions.
30. Debt securities (monthly average % var.)	Bank of Spain	8.3	0.1	0.72	-0.01	0.4	Asset-side debt securities percentage change for the sum of banks. savings banks and credit unions.
31. Shares and equity (monthly average % var.)	Bank of Spain	7.5	0.4	0.25	1.6	0.5	Asset-side equity and shares percentage change for the sum of banks. savings banks and credit unions.
32. Credit institutions. Net position (difference between assets from credit institutions and liabilities with credit institutions) (% of total assets)	Bank of Spain	-1.9	5.9	7.24	6.5	6.7	Difference between the asset-side and liability-side "Credit System" item as a proxy of the net position in the interbank market (month-end).
33. Doubtful loans (monthly average % var.)	Bank of Spain	-0.4	-0.2	-0.65	-2.2	-0.01	Doubtful loans. Percentage change for the sum of banks. savings banks and credit unions.
34. Assets sold under repurchase (monthly average % var.)	Bank of Spain	2.1	1.9	3.65	-5.8	-8.8	Liability-side assets sold under repurchase. Percentage change for the sum of banks. savings banks and credit unions.
35. Equity capital (monthly average % var.)	Bank of Spain	6.3	0.5	0.36	0.07	-0.2	Equity percentage change for the sum of banks. savings banks and credit unions.

Comment on "Credit institutions. Business Development": In August, the latest available data, a 0.2% decline in credit to the private sector was observed. Deposits increased by 0.4%. Fixed-income securities increased their balance-sheet weight by 0.4%, and shares and equity holdings rose by 0.5%. Likewise, in August (the latest available data), the volume of non-performing loans fell by 0.01% compared with the previous month.

E. Credit institutions. Market Structure and Eurosystem Refinancing

Indicator	Source	Average 2000-2022	2023	2024	2025 March	2025 June	Definition and calculation
36. Number of Spanish credit institutions	Bank of Spain	166	109	108	108	106	Total number of banks. savings banks and credit unions operating in Spanish territory
37. Number of foreign credit institutions operating in Spain	Bank of Spain	76	76	76	77	79	Total number of foreign credit institutions operating in Spanish territory
38. Number of employees	Bank of Spain	221,207	161,640	163,496	163,496 (a)	163,496 (a)	Total number of employees in the banking sector
39. Number of branches	Bank of Spain	34,678	17,603	17,379	17,314	17,218	Total number of branches in the banking sector
40. Recourse to the Eurosystem: long term (total Eurozone financial institutions) (Euro millions)	Bank of Spain	579,197	457,994	30,806	16,319	10,880 (b)	Open market operations and ECB standing facilities. Eurozone total
41. Recourse to the Eurosystem: long term (total Spanish financial institutions) (Euro millions)	Bank of Spain	103,699	27,860	8,217	9,329	9,707 (b)	Open market operations and ECB standing facilities. Spain total
42. Recourse to the Eurosystem (total Spanish financial institutions): main refinancing operations (Euro millions)	Bank of Spain	21,522	297	6	–	29 (b)	Open market operations: main long term refinancing operations. Spain total

(a) Last data published: December 2024.

(b) Last data published: October 31st 2025.

Comment on "Credit institutions. Market Structure and Eurosystem Refinancing": In October 2025, the net recourse of Spanish financial institutions to the Eurosystem's long-term refinancing programmes stood at €10.88 billion.

MEMO ITEM: Since January 2015, the European Central Bank has also been reporting the amounts corresponding to the various asset purchase programmes. In October 2025, their value in Spain stood at €510.456 billion, and at €3.8 trillion for the euro area as a whole.

F. Credit institutions. Efficiency and Productivity, Risk and Profitability

Indicator	Source	Average 2000-2022	2023	2024	2025 Q1	2025 Q2	Definition and calculation
43. "Operating expenses/gross operating income" ratio	Bank of Spain	47.53	39.33	41.16	34.51	39.85	Operational efficiency indicator. Numerator and denominator are obtained directly from credit institutions´ P&L accounts
44. "Customer deposits/ employees" ratio (euro thousands)	Bank of Spain	5,082.03	12,992.81	13,282.69	13,391.37	13,713.59	Productivity indicator (business by employee)
45. "Customer deposits/ branches" ratio (euro thousands)	Bank of Spain	34,004.92	116,854.11	123,540.71	126,454.66	130,257.35	Productivity indicator (business by branch)

F. Credit institutions. Efficiency and Productivity, Risk and Profitability (continued)

Indicator	Source	Average 2000-2022	2023	2024	2025 Q1	2025 Q2	Definition and calculation
46. "Branches/institutions" ratio	Bank of Spain	171.29	95.15	94.4	93.5	93.07	Network expansion indicator
47. "Employees/branches" ratio	Bank of Spain	6.38	8.9	9.3	9.4	9.5	Branch size indicator
48. "Equity capital" (monthly average % var.)	Bank of Spain	0.64	1.6	1.8	2.7	-0.07	Credit institutions equity capital variation indicator
49. ROA	Bank of Spain	0.42	1.0	1.3	1.4	1.3	Profitability indicator. Defined as the "pre-tax profit/average total assets"
50. ROE	Bank of Spain	5.51	12.3	15.7	16.5	15.5	Profitability indicator. Defined as the "pre-tax profit/equity capital"

Comment on "Credit institutions. Efficiency and Productivity. Risk and Profitability": In the second quarter of 2025, the profitability of the Spanish banking sector declined slightly compared with the previous quarter. ROE stood at 15.5%.

Social Indicators

Table 1

Population

Population														
	Total population	Average age	67 and older (%)	Life expectancy at birth (men)	Life expectancy at birth (men)	Life expectancy at 65 (men)	Life expectancy at 65 (women)	Dependency rate (67 or older)	Dependency rate	Foreign population (%)	Foreign-born population (%)	Foreign-born with Spanish nationality (% over total foreign born)	Immigration	Emigration
2013	46,712,650	41.8	15.7	79.9	85.5	18.9	22.8	23.0	46.6	10.8	13.2	24.7	280,772	532,303
2014	46,495,744	42.2	16.0	80.1	85.6	19.0	22.9	23.6	47.3	10.1	12.8	28.7	305,454	400,430
2015	46,425,722	42.5	16.3	79.9	85.4	18.8	22.6	24.1	47.9	9.6	12.7	31.8	342,114	343,875
2016	46,418,884	42.7	16.6	80.3	85.8	19.1	23.0	24.7	48.5	9.5	12.7	33.0	414,746	327,325
2017	46,497,393	43.0	16.9	80.3	85.7	19.1	23.0	25.1	48.9	9.5	12.9	34.4	532,132	368,860
2018	46,645,070	43.2	17.0	80.4	85.8	19.2	23.0	25.4	49.0	9.8	13.3	34.2	643,684	309,526
2019	46,918,951	43.4	17.2	80.8	86.2	19.4	23.4	25.5	48.9	10.3	14.0	33.8	750,480	296,248
2020	47,318,050	43.6	17.3	79.5	85.0	18.3	22.3	25.8	48.8	11.1	14.8	32.9	467,918	248,561
2021	47,400,798	43.8	17.5	80.2	85.8	18.9	23.1	26.0	48.5	11.4	15.3	33.1	887,960[b]	696,866[b]
2022	47,486,727	44.1	17.7	80.4	85.7	19.1	23.0	26.3	48.5	11.6	15.7	33.6	1,258,894	531,889
2023	48,085,361	44.2	17.8	81.1	86.3	19.7	23.5	26.4	48.1	12.7	17.1	32.2	1,250,991	608,695
2024	48,619,695		18.0					26.6	47.8	13.4	18.2	32.1		
2025**	49,093,546		18.3					27.0	47.6	14.0	19.1			
Sources	ECP	IDB	ECP	IDB	IDB	IDB	IDB	ECP	ECP	ECP	ECP	ECP	EMCR and EM*	EMCR and EM*

Dependency rate (67 or older): (population aged 67 or older / population aged 16 to 66) x 100.

Dependency rate: ((population from 0 to 15 years + population from 67 years or older) / population from 16 to 66) x 100.

ECP: Estadística continua de población.

IDB: Indicadores demográficos básicos.

EM: Estadística de migraciones.

EMCR: Estadística de migraciones y cambios de residencia.

** Estadística de migraciones y cambios de residencia (2021 onwards), Estadística de migraciones (up to 2020). Series not comparable.*

b: Break in the series.

*** Provisional.*

Table 2

Households and families

	Households					
	Households (thousands)	Average household size	Households with one person younger than 65 (%)	Households with one person older than 65 (%)	Single-parent households (%)	Emancipation rate 25-29 yeard old (%)
2013	18,212	2.54	13.9	10.3	8.1	50.8
2014	18,329	2.52	14.2	10.6	8.2	50.4
2015	18,376	2.51	14.6	10.7	8.2	48.2
2016	18,444	2.50	14.6	10.9	8.3	47.2
2017	18,513	2.49	14.2	11.4	8.6	46.1
2018	18,581	2.49	14.3	11.5	8.3	46.1
2019	18,697	2.49	14.9	11.2	9.0	45.9
2020	18,794	2.49	15.0	11.4	9.1	43.2
2021	18,746	2.51	15.6	11.0	9.0	37.9
2022	19,078	2.49	15.4	11.7	8.8	40.4
2023	19,369	2.48	16.4	12.0	8.4	42.5
2024	19,537	2.48	16.3	11.9	9.5	42.3
2025*	19,728	2.48				43.7
Sources	EPA	EPA	EPF	EPF	EPF	EPA

** First, second and third quarter data*

EPA: Encuesta de Población Activa.

EPF: Encuesta de Presupuestos Familiares.

Note: The EPA data from 2021 onwards are calculated using a new population base. The EPF data in 2023 are not strictly comparable with previous ones, as they are based on new population estimates.

Single-parent households (%): One adult with a child /children.

Emancipation rate 25-29 yeard old (%): Percentage of persons (25-29 years old) living in households in which they are not children of the reference person.

Table 2 (Continued)

Households and families

	Nuptiality and divorces									
	Marriages per inhabitant	Marriages per inhabitant (Spanish)	Marriages per inhabitant (foreigners)	First marriages over total marriages (%)	Mean age at first marriage, men	Mean age at first marriage, women	Same sex marriages, men (%)	Same sex marriages, women (%)	Mixed marriages (%)	Divorces per inhabitant
2013	0.46	0.49	0.34	84.3	34.3	32.2	1.05	0.91	15.0	0.28
2014	0.49	0.52	0.34	84.3	34.4	32.3	1.03	0.98	13.7	0.29
2015	0.52	0.55	0.34	83.7	34.8	32.7	1.14	1.07	13.1	0.28
2016	0.54	0.58	0.37	83.1	35.1	32.9	1.25	1.22	13.2	0.28
2017	0.55	0.58	0.38	82.4	35.3	33.2	1.34	1.33	14.0	0.29
2018	0.53	0.57	0.36	81.5	35.6	33.4	1.41	1.50	14.2	0.28
2019	0.53	0.57	0.37	80.5	36.0	33.9	1.50	1.59	15.1	0.27
2020	0.28	0.30	0.22	76.6	37.1	34.9	1.66	1.86	17.3	0.23
2021	0.47	0.52	0.30	80.4	36.8	34.6	1.48	1.93	14.8	0.25
2022	0.58	0.63	0.37	81.4	36.7	34.6	1.59	1.89	15.3	0.24
2023	0.55	0.60	0.35	81.5	36.9	35.7	1.84	2.09	16.7	0.22
Sources	IDB	IDB	IDB	IDB	IDB	IDB	MNP	MNP	MNP	IDB

IDB: Indicadores demográficos básicos.

MNP: INE, Movimiento natural de la población.

Marriages per inhabitant: Average number of times an individual would marry in his or her lifetime, if the same age-specific nuptiality intensity were to be maintained as observed in the current year.

Mixed marriage: Marriage of a Spaniard to a foreigner.

Divorces per inhabitant: Average number of times an individual would divorce in his or her lifetime, if the same intensity of divorce by age as observed in the current year were to be maintained.

		Fertility									
	Median age at first child, women	Median age at first child, Spanish women	Median age at first child, foreign women	Total fertility rate	Total fertility rate, Spanish	Total fertility rate, foreigners	Births to single mothers (%)	Births to single mothers, Spanish (%)	Births to single mothers, foreigners (%)	Abortion rate	Abortion by Spanish-born women (%)
2013	30.4	31.0	27.3	1.27	1.23	1.52	40.9	41.0	40.2	11.7	62.2
2014	30.6	31.1	27.5	1.32	1.27	1.61	42.5	43.1	39.7	10.5	63.3
2015	30.7	31.2	27.6	1.33	1.28	1.65	44.5	45.5	39.6	10.4	63.9
2016	30.8	31.3	27.6	1.33	1.28	1.71	45.9	47.0	40.7	10.4	64.5
2017	30.9	31.5	27.6	1.31	1.25	1.70	46.8	48.1	41.1	10.5	64.6
2018	31.0	31.6	27.8	1.26	1.20	1.64	47.3	48.9	41.2	11.1	63.7
2019	31.1	31.7	28.1	1.23	1.17	1.58	48.4	50.1	42.4	11.5	62.6
2020	31.2	31.8	28.3	1.18	1.13	1.45	47.6	50.0	39.3	10.3	64.1
2021	31.5	32.1	28.8	1.18	1.15	1.35	49.3	52.0	39.2	10.7	65.1
2022	31.6	32.2	28.5	1.16	1.12	1.35	50.1	53.1	40.3	11.7	66.7
2023	31.5	32.2	28.5	1.12	1.09	1.28	50.0	52.7	41.5	12.2	63.1
Sources	IDB	IDB	IDB	IDB	IDB	IDB	IDB	IDB	IDB	MS	MS

IDB: Indicadores demográficos básicos.

MS: Ministerio de Sanidad.

Total fertility rate: Average number of children a woman would have during her childbearing life if she were to maintain the same age-specific fertility intensity as observed in the current year.

Table 3

Education

	Population 25 years and older with primary education (%)	Population 16 years and older with with tertiary education (%)	Population 25-34 with primary education (%)	Population 25-34 with tertiary education (%)	Gross enrolment ratio in pre-primary education, first cycle	Gross enrolment rate in Upper Secondary	Gross enrolment rate in lower vocational training	Gross enrolment rate in upper vocational training	Gross enrolment rate in undergraduate or posgraduate studies	Graduation rate in 4-year university degrees (%)
2013	28.6	28.2	7.6	41.1	33.0	81.5	41.0	40.6	47.6	48.6
2014	26.3	29.0	6.8	41.5	34.2	80.7	41.5	41.7	47.4	50.2
2015	25.2	29.3	7.3	41.0	35.1	80.2	40.3	41.0	47.4	51.8
2016	24.2	29.8	7.2	41.0	36.7	76.9	38.5	43.6	47.7	52.8
2017	23.2	30.4	6.7	42.6	38.5	74.3	37.8	45.1	47.6	53.4
2018	22.3	31.1	6.3	44.3	39.9	72.5	38.1	44.9	47.1	54.8
2019	20.9	32.3	5.8	46.5	41.3	71.0	38.8	47.3	46.7	55.5
2020	19.2	33.4	5.5	47.4	36.0	70.4	41.1	53.6	47.6	
2021	18.4	34.1	5.6	48.5	42.0	69.5	42.3	54.6	47.3	
2022	18.0	34.4	5.6	50.2	46.0	67.1	42.6	55.4	46.1	
2023	17.8	34.9	5.3	52.0	47.9	65.8	43.4	57.3	45.7	
2024	17.0	35.4	5.0	52.6	49.3	62.6	43.3	58.0	45.9	
2025*	16.8	35.8	4.7	52.4						
Sources	EPA	EPA	EPA	EPA	MEFPD and ECP	MEFPD and ECP	MEFPD and ECP	MEFPD and ECP	MU	MU

	Drop-out rate in undergraduate studies (percentage)	Early school leavers from education and training (%)	Public expenditure (%GDP)	Private expenditure (%GDP)	Private expenditure (% total expenditure in education)
2013	33.9	23.6	4.38	1.42	25.1
2014	33.2	21.9	4.31	1.41	25.5
2015	33.2	20.0	4.29	1.37	24.5
2016	33.2	19.0	4.24	1.35	24.7
2017	31.7	18.3	4.22	1.31	24.1
2018	31.4	17.9	4.18	1.34	24.1
2019	30.6	17.3	4.24	1.32	23.7
2020		16.0	4.89	1.45	24.2
2021		13.3	4.84	1.29	23.7
2022		13.9	4.61		22.7
2023		13.7	4.54		20.4
2024		13.0			
Sources					

** First, second and third quarter data*

Note: The EPA data from 2021 onwards are calculated using a new population base.

EPA: Encuesta de Población Activa

MEFPD: Ministerio de Sanidad.

ECP: Estadística continua de población.

MU: Ministerio de Universidades.

OECD: Organisation for Economic Co-operation and Development.

Gross enrolment ratio in pre-primary education, first cycle: Enrolled in early childhood education as a percentage of the population aged 0 to 2 years.

Gross enrolment rate in Upper Secondary: Upper secondary enrolment as a percentage of the population aged 16 to 17.

Gross enrolment rate in lower vocational training: On-site and distance learning enrolment. Enrolled in Intermediate Level Training Cycles as a percentage of the population aged 16 to 17.

Gross enrolment rate in upper vocational training: On-site and distance learning enrolment. Enrolled in Higher Level Training Cycles as a percentage of the population aged 18 to 19.

Gross enrolment rate in undergraduate or posgraduate studies: Enrolled in official Bachelor's or Master's degrees as a percentage of the population aged 18 to 24.

Graduation rate in 4-year university degrees (%): Percentage of students who complete the degree in the theoretical time foreseen or in one additional academic year.

Drop-out rate in undergraduate studies (percentage): New entrants in an academic year who stop studying in one of the following 3 years.

Early school leavers from education and training (%): Percentage of the population aged 18-24 who have not completed upper secondary education and are not in any form of education and training.

Table 4

Inequality and poverty

	Gini index of equivalised disposable income	At-risk-of-poverty rate (%)	At-risk-of-poverty rate, 2008 fixed threshold (%)	Severe material deprivation (%)
2013	34.7	22.2	30.9	6.2
2014	34.6	22.1	29.9	7.1
2015	34.5	22.3	29.2	6.4
2016	34.1	21.6	26.5	5.8
2017	33.2	21.5	25.5	5.1
2018	33.0	20.7	24.9	5.4
2019	32.1	21.0	21.8	4.7
2020	33.0	21.7	22.8	7.0
2021	32.0	20.4	20.5	7.3
2022	31.5	20.2	20.1	8.1
2023	31.2	19.7	18.7	8.9
2024				8.4
Sources	ECV	ECV	ECV	ECV

ECV: Encuesta de Condiciones de Vida.

Gini index of equivalised disposable income: The extent to which the distribution of equivalised disposable income (net income divided by unit of consumption; modified OECD scale) deviates from a distribution of perfect equity (all individuals obtain the same income).

At-risk-of-poverty rate: Population below the poverty line. Poverty threshold: 60% of median equivalised disposable income (annual net income per unit of consumption; modified OECD scale) in each year.

At-risk-of-poverty rate, 2008 fixed threshold: Population below the poverty line. Poverty threshold: 60% of median equivalised disposable income (annual net income per unit of consumption; modified OECD scale). In this case, the threshold used is always that of 2008.

Severe material deprivation: People with material deprivation in at least 4 items (Europe 2020 strategy).

Table 5

Social protection: Benefits

	Contributory benefits									Non-contributory benefits		
	Public expenditure on minimum income benefits (% GDP)	Expenditure on social protection, cash benefits (% GDP)	Permanent disability, pensions	Permanent disability, average amount (€)	Retirement, pensions	Retirement, average amount (€)	Widowhood, pensions	Widowhood, average amount (€)	Unemployment	Unemployment	Disability	Retirement
2013	0.15	18.2	935,220	908	5,451,465	979	2,336,240	618			195,478	250,815
2014	0.15	17.8	929,484	916	5,558,964	1,000	2,348,388	624			197,303	252,328
2015	0.16	17.0	931,668	923	5,641,908	1,021	2,353,257	631	838,392	1,102,529	198,891	253,838
2016	0.14	16.9	938,344	930	5,731,952	1,043	2,358,666	638	763,697	997,192	199,762	254,741
2017	0.14	16.6	947,130	936	5,826,123	1,063	2,360,395	646	726,575	902,193	199,120	256,187
2018	0.14	16.8	951,838	946	5,929,471	1,091	2,359,931	664	751,172	853,437	196,375	256,842
2019	0.14	17.3	957,500	975	6,038,326	1,138	2,361,620	712	807,614	912,384	193,122	259,570
2020	0.21	21.9	952,704	985	6,094,447	1,162	2,352,680	725	1,828,489	1,017,429	188,670	261,325
2021	0.33	20.1	949,765	994	6,165,349	1,190	2,353,987	740	922,856	969,412	184,378	262,177
2022	0.35	18.4	951,067	1,035	6,253,797	1,254	2,351,703	778	773,227	882,585	179,967	265,831
2023	0.42	18.5	945,963	1,119	6,367,671	1,375	2,351,851	852	801,091	875,969	175,792	272,188
2024			965,412	1,163	6,484,984	1,443	2,351,531	896	840,127	869,316	171,353	282,403
2025*			1,021,925	1,208	6,584,578	1,505	2,347,961	934	863,325	912,238	168,474	292,014
Source	MTES	Eurostat	MTES	MTES	MTES	MTES	MTES	MTES	MTES	MTES	MTES	MTES

MTES: Ministerio de Trabajo y Economía Social.

** January-October data, but for unemployment benefits (January-September)*

Expenditure on social protection, cash benefits (% GDP): Includes benefits for: sickness or disability, old age, survivors, family and children, unemployment, housing, social exclusion and other expenses.

Public expenditure on minimum income benefits (% GDP): Minimum insertion wage and migrants' allowances and other benefits. Since 2020 it includes "IMV" minimum income benefits.

Table 6

Health

	Public expenditure (% GDP)	Private expenditure (% GDP)	Private expenditure (% total expenditure)	Primary care doctors per 1,000 people asigned	Primary care nurses per 1,000 people asigned	Medical specialists per 1,000 inhabitants	Specialist nurses per 1,000 inhabitants	Patients waiting for a first consultation in specialised care per 1,000 inhabitants*	Average waiting time for a first consultation specialised care (days)*	Patients waiting for a non-urgent surgical intervention per 1,000 inhabitants*	Average waiting time for non-urgent surgery (days)*
2013	6.2	2.7	29.9	0.76	0.65	1.78	3.04	39.0	67	12.3	98.0
2014	6.1	2.8	30.7	0.76	0.65	1.81	3.14	39.4	65	11.4	87.0
2015	6.1	2.7	29.7	0.76	0.64	1.85	3.19	43.4	58	12.2	89.0
2016	6.0	2.7	29.5	0.76	0.65	1.90	3.27	45.7	72	13.7	115.0
2017	5.9	2.8	30.5	0.77	0.65	1.93	3.38	45.9	66	13.1	106.1
2018	6.0	2.8	30.8	0.77	0.66	1.98	3.45	62.5	96	14.8	129.0
2019	6.1	2.8	30.6	0.78	0.67	1.97	3.50	63.7	88	15.5	121.5
2020	7.6	3.0	27.9	0.78	0.66	2.02	3.74	53.6	99	15.1	147.8
2021	7.2	2.8	27.4	0.77	0.66	2.11	3.90	77.2	89	15.4	122.9
2022	6.8	2.6	27.1	0.78	0.70	2.14	3.87	85.4	95	17.1	120.1
2023	6.6	2.5	26.8	0.79	0.74	2.15	3.87	81.5	101	18.1	128
2024		2.5	27.2	0.79	0.76			83.2	105	17.8	126
Sources	Eurostat	OECD	OECD	*INCLASNS*	*INCLASNS*	*INCLASNS*	*INCLASNS*	*INCLASNS*	*INCLASNS*	*INCLASNS*	*INCLASNS*

INCLASNS: Indicadores clave del Sistema Nacional del Salud.

** Only in the public health system.*

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Notes

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