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MONTHLY REPORT • ECONOMIC AND FINANCIAL MARKET OUTLOOK

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## INTERNATIONAL ECONOMIES AND MARKET

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### FINANCIAL MARKETS

*Innovation, expectations and vertigo: is AI-driven concentration reshaping Wall Street?*

*Risk premiums and macroeconomics: a robust and cross-cutting relationship*

### INTERNATIONAL ECONOMY

*Hours worked and productivity: is Spain an outlier in the EU?*

*There are reasons why housing has become the top concern among European citizens*

*The differing speeds of inflation: a differential calculation for the ECB*

## SPANISH ECONOMY

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*Treasury funding needs in 2026: high but manageable thanks to strong demand*

*Business turnover, a structural challenge for Spain's catering sector*

*CaixaBank Research wage indicator: new perspectives by company size and job tenure*

## MONTHLY REPORT - ECONOMIC AND FINANCIAL MARKET OUTLOOK

February 2026

The *Monthly Report* is a publication developed jointly by CaixaBank Research and BPI Research (UEEF)

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## Dynamic, balanced and sustainable growth

The Spanish economy continues to advance at a dynamic pace. For several years now, it has maintained relatively high growth, both from a historical perspective and in comparison with most developed economies. And once again, growth has exceeded the forecasts of most analysts, including those at CaixaBank Research. In particular, 2025 ended with a notable acceleration, with quarter-on-quarter growth of 0.8% in Q4. For the year as a whole, GDP grew by 2.8%: double the rate of the euro area, 1 pp above the average since the year 2000 and 0.5 pps higher than forecast a year ago. The overall assessment of 2025 is, therefore, positive.

The latest data also confirm the shift in growth drivers. Economic activity is no longer primarily driven by net external demand and public consumption, but rather by household consumption and investment. In this sphere, of particular note is the strong momentum in investment in intangibles, while investment in capital goods has gained traction in recent quarters. With strong domestic demand and trading partners that continue to show weakness, it is no surprise that imports are growing more than exports. In other words, net external demand is subtracting from growth. Nevertheless, exports continue to increase – especially those of tourism and non-tourism services – and the current account balance remains clearly positive, above 2% of GDP.

The dynamism of recent indicators and the composition of growth will compel us to revise the macroeconomic forecast scenario upwards. The current GDP growth forecast for 2026 is 2.1%, but the latest data suggest it could approach 2.5%.

The Spanish economy could grow even more and extend the expansionary cycle if it could manage to improve productivity. In 2025, GDP per hour worked increased by 0.7%, just 0.2 percentage points above the 2014-2019 average, mainly supported by the reduction in hours worked per employed person. In fact, GDP per employed person did not increase last year, nor has it increased in the cumulative total since 2019. The challenge of productivity is compounded by the growing housing shortage and rising house prices, which, in addition to their social implications – particularly for the most vulnerable groups – can act as a brake on growth by limiting geographical mobility and households' consumption and investment capacity.

On a positive note, the current expansionary cycle is not being accompanied by the increase in macroeconomic imbalances that was characteristic of previous phases; rather the opposite. Private debt, which grew steadily and sharply between 2000 and 2007, has been continuously falling in recent years and is at historically low levels, well below the euro area average. The same applies to the net debtor position with the rest of the world: after approaching 100% of GDP in 2007, it has been steadily declining and is now close to 40%. In the current context, this reduction is particularly relevant, as it reduces the vulnerability to changes in international investors' sentiment.

An imbalance that continues to pose challenges is that of the public finances, a challenge shared with several advanced economies. In France, the United Kingdom and the US, public debt remains at high levels and is rising. In Spain, public debt has been decreasing for years, albeit slowly. According to estimates by CaixaBank Research, in 2025 it fell by around 0.5 pps, but it still remains above 100% of GDP.

Achieving dynamic, balanced, and sustainable growth requires constant attention on multiple fronts, especially as the cycle progresses. The international context does not invite optimism. However, the starting point of the Spanish economy is better than expected, growth is not based on the accumulation of imbalances, and artificial intelligence – and technological advances in general – opens up a wide range of opportunities if properly harnessed. With these foundations, 2026 could be another good year.

**Oriol Aspachs**  
February 2026

## Chronology

### JANUARY 2026

- 14** 2025 was the third warmest year on record (1940-2025) and 1.5 °C above the pre-industrial average (1850-1900) according to the EU's Copernicus programme.
- 27** The EU and India conclude negotiations for a Free Trade Agreement.

### NOVEMBER 2025

- 12** End to the longest government shutdown in US history.

### SEPTEMBER 2025

- 9** The US Supreme Court agrees to fast-track the review of the legality of Trump's tariffs.
- 12** S&P upgrades its credit rating for Spanish debt to A+ and Fitch raises Portugal's to A.
- 17** The Fed cuts interest rates by 25 bps to the 4.00%-4.25% range, after a nine-month pause.
- 26** Moody's and Fitch upgrade their credit ratings for Spanish debt to A3 and A, respectively.

### DECEMBER 2025

- 10** The Fed cuts rates by 25 bps, placing them in the 3.50%-3.75% range.
- 18** The Bank of England cuts rates by 25 bps, to 3.75%.
- 19** The Bank of Japan raises rates by 25 bps, to 0.75%.

### OCTOBER 2025

- 29** The Fed lowers the fed funds rate by 25 bps to the 3.75%-4.00% range, its second cut of the year, and announces an end to the balance sheet reduction process.

### AUGUST 2025

- 5** The majority of the reciprocal tariffs imposed by the US on other countries come into force.
- 29** S&P upgrades its credit rating for Portuguese debt to A+.

## Agenda

### FEBRUARY 2026

- 2** Portugal: industrial production (December).
- 4** Spain: registration with Social Security and registered unemployment (January).  
Portugal: employment and unemployment (Q4).  
Euro area: CPI flash estimate (January).
- 5** Governing Council of the European Central Bank meeting.
- 6** Spain: industrial production (December).
- 9** Portugal: international trade (December).
- 13** Portugal: average gross monthly salary per worker (Q4).
- 16** Japan: GDP (Q4).
- 19** Spain: foreign trade (December).
- 20** US: GDP (Q4).
- 25** Spain: loans, deposits and NPL ratio (December).
- 26** Euro area: economic sentiment indicator (February).
- 27** Spain: CPI flash estimate (February).  
Spain: balance of payments (December).  
Portugal: GDP breakdown (Q4).  
Portugal: CPI flash estimate (February).

### MARCH 2026

- 3** Euro area: CPI flash estimate (February).
- 4** Spain: registration with Social Security and registered unemployment (February).
- 6** Portugal: Fitch rating.
- 9** Portugal: turnover in industry (January).
- 12** Portugal: international trade (January).
- 13** Spain: Fitch and S&P ratings.
- 17** Spain: quarterly labour cost survey (Q4)
- 17-18** Federal Open Market Committee meeting.
- 19** Governing Council of the European Central Bank meeting.
- 19-20** European Council meeting.
- 23** Portugal: house prices (Q4).
- 26** Spain: GDP flash estimate (Q4).  
Spain: loans, deposits and NPL ratio (Q4).  
Portugal: GDP breakdown (Q4).
- 27** Spain: CPI flash estimate (March).  
Spain: Moody's rating.
- 30** Euro area: economic sentiment indicator (March).
- 31** Portugal: CPI flash estimate (March).  
Portugal: employment and unemployment (February).  
Euro area: CPI flash estimate (March).

## Reality or fiction? The answer lies in the data

It is becoming increasingly difficult to ignore the noise caused by the geopolitical context and focus on the signal coming from macroeconomic data. The sense of vulnerability is heightened by the unpredictability surrounding the pace of change in the old international order. This reading is confirmed by a brief review of the first month of the year, which has seen the beginning of a transition process in Venezuela, the signing of a deal between the EU and Mercosur and a Free Trade Agreement with India, tensions on both sides of the Atlantic over the sovereignty of Greenland and a new episode of tension between the US and Iran. As Mark Carney reminded us in Davos, the world is experiencing a disruptive process that bears all the hallmarks of a rupture, rather than an orderly transition, and where the choice is between being either «at the table» or «on the menu» and nostalgia for past times is not a strategy. Thus, in this turbulent environment in which we find ourselves, it is increasingly difficult to separate reality from fiction, and it seems that published economic data lose value as they are a snapshot of an economic context that may have changed within a matter of weeks.

However, in recent years, the data have consistently indicated the resilience of the global economy to various kinds of shocks. Indeed, this is the trend that emerges from the information published to date for the 2025 year-end, which shows a global economy growing at rates close to potential, inflation nearing central banks' targets after the post-pandemic tensions and, notably, a rise in productivity in the US that is offsetting the atypical balance of the labour market (few hirings or redundancies). Therefore, whilst the effects of the two opposing forces that will shape the new future economic reality – fragmentation/geopolitics versus artificial intelligence – continue to manifest themselves, the positive momentum of the landing process continues apace.

Meanwhile, just as sinologists attempt to decipher what lies behind any minor change in China's political-military hierarchy («reading tea leaves», as it is known), macroeconomic analysts seek to select indicators that might predict changes in the tense calm that characterises

the economic and financial landscape. And, while some of them, such as inflation expectations, do not reflect any future tensions in the balance of global supply and demand, geopolitical uncertainty is beginning to generate risk aversion, which is particularly affecting the commodity and currency markets. In this context, the possibility of a recurrence of «Truss moments» – where a sudden loss of fiscal credibility triggers a disorderly market reaction with significant effects on the currency and the long end of the sovereign debt curve – cannot be ruled out. The latest example of such an episode occurred in Japan, where the prime minister's decision to call a snap election and announce a fiscal expansion plan rekindled investors' concerns over budgetary balance, pushing long-term sovereign interest rates to all-time highs (the interest rate on 40-year debt exceeded 4% for the first time). This movement was accompanied by a sharp depreciation of the yen, fuelling rumours of a possible joint intervention by the Japanese Ministry of Finance and the US Treasury in the currency market.

All this is happening precisely at a time when the relationship between commodity markets, currencies, and geopolitical tensions has become a fundamental component of the new global economic order's central architecture, with the dollar as the protagonist and central barometer of all these new dynamics. Questions surrounding the new US administration's intentions for the greenback have led to structural changes in global investment portfolios over the past year, with precious metals acquiring a more prominent role as safe-haven assets. In this context, the sensitivity of gold and silver prices to changes in the dollar's exchange rate has been steadily increasing, as demonstrated by the sharp correction on 30 January (–10% for gold and –30% for silver), when the announcement of the official candidate for the Fed presidency (Kevin Warsh, the most orthodox of the nominees) led to a strong appreciation of the US currency. When looking for signals, it is on the dollar – as the link between commodities, geopolitical risk and uncertainty levels – that we will need to focus our attention in the coming months.

**José Ramón Díez**

Average for the last month in the period, unless otherwise specified

### Financial markets

	Average 2000-2007	Average 2008-2019	Average 2020-2022	2023	2024	2025	2026
<b>INTEREST RATES</b>							
<b>Dollar</b>							
Fed funds (lower limit)	3.18	0.54	0.67	5.25	4.25	3.50	3.00
3-month SOFR	3.62	1.01	1.07	5.37	4.37	3.71	3.10
12-month SOFR	3.86	1.48	1.48	4.95	4.19	3.48	3.10
2-year government bonds	3.70	1.04	1.21	4.46	4.24	3.51	3.50
10-year government bonds	4.69	2.57	1.76	4.01	4.40	4.14	4.50
<b>Euro</b>							
ECB depo	2.05	0.20	-0.30	4.00	3.09	2.00	2.00
ECB refi	3.05	0.75	0.20	4.50	3.24	2.15	2.15
€STR	-	-0.54	-0.38	3.90	3.06	1.93	1.97
1-month Euribor	3.18	0.50	-0.32	3.86	2.89	1.92	2.03
3-month Euribor	3.24	0.65	-0.21	3.94	2.83	2.05	2.06
6-month Euribor	3.29	0.78	-0.07	3.93	2.63	2.14	2.11
12-month Euribor	3.40	0.96	0.10	3.68	2.44	2.27	2.18
<b>Germany</b>							
2-year government bonds	3.41	0.35	-0.21	2.55	2.02	2.13	1.99
10-year government bonds	4.30	1.54	0.14	2.11	2.22	2.84	2.80
<b>Spain</b>							
3-year government bonds	3.62	1.69	0.18	2.77	2.26	2.39	2.73
5-year government bonds	3.91	2.19	0.38	2.75	2.48	2.64	3.04
10-year government bonds	4.42	3.17	0.99	3.09	2.90	3.28	3.60
Risk premium	11	164	85	98	68	45	80
<b>Portugal</b>							
3-year government bonds	3.68	3.33	0.07	2.33	2.03	2.16	2.21
5-year government bonds	3.96	3.94	0.35	2.42	2.15	2.49	2.68
10-year government bonds	4.49	4.67	0.96	2.74	2.68	3.14	3.50
Risk premium	19	314	82	63	46	31	70
<b>EXCHANGE RATES</b>							
EUR/USD (dollars per euro)	1.13	1.26	1.13	1.09	1.05	1.17	1.20
EUR/GBP (pounds per euro)	0.66	0.84	0.87	0.86	0.83	0.86	0.90
EUR/JPY (yen per euro)	129.56	126.41	129.91	156.99	161.18	169.10	168.00
<b>OIL PRICE</b>							
Brent (\$/barrel)	42.3	80.1	71.0	77.3	73.1	61.6	65.3
Brent (euros/barrel)	36.1	62.5	63.9	70.9	69.8	52.6	54.4

Forecasts

Change in the average for the year versus the prior year average (%), unless otherwise indicated

### International economy

	Average 2000-2007	Average 2008-2019	Average 2020-2022	2023	2024	2025	2026
<b>GDP GROWTH<sup>1</sup></b>							
<b>Global</b>	4.3	3.3	2.5	3.5	3.3	3.1	3.1
<b>Developed countries</b>	2.7	1.5	1.7	1.8	1.8	1.6	1.6
United States	2.7	1.8	2.1	2.9	2.8	1.8	1.9
Euro area	2.6	1.0	1.3	1.1	0.9	1.5	1.2
Germany	1.6	1.3	0.4	-0.7	-0.5	0.3	1.1
France	2.3	1.0	0.7	1.6	1.1	0.9	0.7
Italy	1.5	-0.3	1.6	1.1	0.5	0.7	0.7
Portugal	1.5	0.4	1.5	3.1	2.1	1.9	2.0
Spain	3.6	0.7	0.7	2.5	3.5	2.8	2.1
Japan	1.4	0.4	-0.2	1.5	0.1	1.0	1.0
United Kingdom	2.8	1.2	1.0	0.4	1.1	1.3	1.2
<b>Emerging and developing countries</b>	6.3	4.9	3.1	4.7	4.3	4.2	4.0
China	10.6	8.0	4.7	5.4	5.0	5.0	4.0
India	7.2	6.7	3.8	8.9	6.7	6.8	6.6
Brazil	3.6	1.6	1.5	3.2	3.4	2.0	1.8
Mexico	2.3	1.5	0.5	3.1	1.4	0.8	1.4
Russia	-	1.4	0.6	4.1	4.3	1.7	1.3
Türkiye	5.5	4.5	6.3	6.6	3.3	3.2	2.9
Poland	4.1	3.7	3.5	0.2	3.0	3.5	3.3
<b>INFLATION</b>							
<b>Global</b>	4.1	3.7	5.5	6.6	5.7	4.2	3.9
<b>Developed countries</b>	2.1	1.6	3.7	4.6	2.6	2.5	2.2
United States	2.8	1.8	4.6	4.1	3.0	2.6	2.8
Euro area	2.2	1.4	3.7	5.4	2.4	2.1	2.0
Germany	1.7	1.4	4.1	6.0	2.5	2.3	2.1
France	1.9	1.3	2.8	5.7	2.3	0.9	1.7
Italy	2.4	1.4	3.5	5.9	1.1	1.7	1.7
Portugal	3.1	1.1	3.0	4.3	2.4	2.3	2.1
Spain	3.2	1.3	3.7	3.5	2.8	2.7	2.0
Japan	-0.3	0.4	0.7	3.3	2.7	3.2	1.5
United Kingdom	1.6	2.3	4.2	7.3	2.5	3.4	2.5
<b>Emerging and developing countries</b>	6.9	5.5	6.8	8.0	7.7	5.1	4.9
China	1.7	2.6	1.8	0.2	0.2	0.1	1.0
India	4.6	7.3	6.1	5.7	5.0	2.2	4.4
Brazil	7.3	5.7	6.9	4.6	4.4	5.0	4.2
Mexico	5.2	4.2	5.7	5.5	4.7	3.8	3.7
Russia	14.2	7.9	8.0	5.9	8.5	8.7	6.0
Türkiye	22.6	9.6	34.7	53.9	58.5	34.9	26.1
Poland	3.5	1.9	7.4	10.8	3.7	3.3	3.2

Note: 1. Figures adjusted for seasonality and calendar effects for the euro area, Germany, France, Italy, Portugal, Spain and Poland. Figures adjusted for seasonality for the United States and the United Kingdom.

Forecasts

Change in the average for the year versus the prior year average (%), unless otherwise indicated

### Spanish economy

	Average 2000-2007	Average 2008-2019	Average 2020-2022	2023	2024	2025	2026
<b>Macroeconomic aggregates</b>							
Household consumption	3.7	0.0	0.0	1.7	3.0	3.4	2.4
Government consumption	4.5	0.9	2.6	4.5	2.9	1.8	0.9
Gross fixed capital formation	5.7	-1.2	-0.7	5.9	3.6	6.3	3.3
Capital goods	4.9	0.2	-2.7	2.6	1.9	9.0	3.3
Construction	5.7	-2.6	-1.3	5.5	4.0	5.2	3.4
Domestic demand (vs. GDP Δ)	4.4	-0.2	0.8	1.5	3.2	3.5	2.3
Exports of goods and services	4.7	2.9	2.5	2.2	3.2	3.4	2.2
Imports of goods and services	7.0	0.2	2.5	0.0	2.9	6.3	2.9
<b>Gross domestic product</b>	<b>3.6</b>	<b>0.7</b>	<b>0.7</b>	<b>2.5</b>	<b>3.5</b>	<b>2.8</b>	<b>2.1</b>
<b>Other variables</b>							
Employment	3.2	-0.5	1.7	3.6	2.8	3.1	1.8
Unemployment rate (% of labour force)	10.5	19.5	14.5	12.2	11.3	10.5	9.7
Consumer price index	3.2	1.3	3.7	3.5	2.8	2.7	2.0
Unit labour costs	3.1	0.6	3.5	5.8	3.3	4.2	3.0
Current account balance (% GDP)	-5.8	-0.2	0.6	2.7	3.1	2.3	2.5
External funding capacity/needs (% GDP)	-5.2	0.2	1.4	3.7	4.2	3.4	3.6
Fiscal balance (% GDP) <sup>1</sup>	0.3	-6.5	-7.1	-3.3	-3.2	-2.7	-2.5

Note: 1. Excludes losses for assistance provided to financial institutions.

■ Forecasts

### Portuguese economy

	Average 2000-2007	Average 2008-2019	Average 2020-2022	2023	2024	2025	2026
<b>Macroeconomic aggregates</b>							
Household consumption	1.8	0.5	1.2	2.3	3.0	3.2	2.3
Government consumption	2.2	-0.3	2.0	1.8	1.5	1.5	1.5
Gross fixed capital formation	-0.4	-0.7	2.9	6.0	3.8	2.7	5.5
Capital goods	3.3	2.7	5.5	8.6	8.0	-	-
Construction	-1.4	-2.4	2.6	4.5	3.0	-	-
Domestic demand (vs. GDP Δ)	1.3	0.0	1.9	2.2	2.9	3.4	2.9
Exports of goods and services	5.3	4.0	3.6	4.2	3.1	1.0	2.7
Imports of goods and services	3.6	2.7	4.0	2.3	4.8	4.6	4.3
<b>Gross domestic product</b>	<b>1.5</b>	<b>0.4</b>	<b>1.5</b>	<b>3.1</b>	<b>2.1</b>	<b>1.9</b>	<b>2.0</b>
<b>Other variables</b>							
Employment	0.4	-0.4	1.1	2.3	1.2	2.3	0.9
Unemployment rate (% of labour force)	6.1	11.4	6.6	6.5	6.4	6.3	6.4
Consumer price index	3.1	1.1	3.0	4.3	2.4	2.3	2.1
Current account balance (% GDP)	-9.2	-2.9	-1.0	1.4	2.1	0.6	0.9
External funding capacity/needs (% GDP)	-7.7	-1.5	0.1	2.0	3.3	2.5	2.5
Fiscal balance (% GDP)	-4.5	-5.1	-3.0	1.3	0.5	0.4	-0.6

■ Forecasts

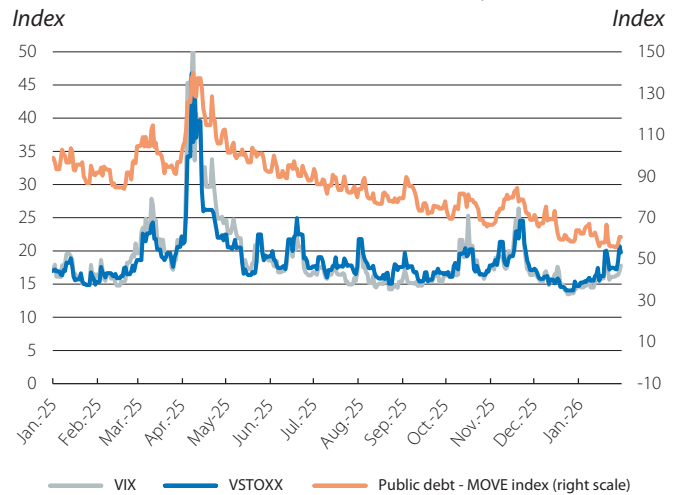
## A start to the year with cross-currents in the financial markets

**January inherits currents from 2025 and opens up new fronts.** Geopolitics marked the beginning of the year in the financial markets. The resurgence of tensions, from Venezuela to Iran, and the diplomatic clash between the US and Europe over Greenland generated risk aversion and triggered a temporary spike in market volatility. In Asia, a renewed focus on Japan's fiscal outlook led to exceptional movements in interest rates and the Japanese currency. At the same time, sources of uncertainty from last year remain, such as tariff tensions between major blocs, expectations surrounding AI, and the focus on the ability of the big tech firms to monetise their investments. All this occurred against a backdrop of the central banks continuing with their data-dependent strategies.

**Japan returns to the spotlight due to its fiscal outlook.** Prime Minister Sanae Takaichi's decision to call a snap election and plans for fiscal expansion reignited investors' concerns surrounding fiscal sustainability in Japan. Long-term sovereign interest rates soared to all-time highs, with the 40-year benchmark exceeding 4% for the first time. At the same time, at its January meeting, the Bank of Japan kept the official rate at 0.75% (following the 25-basis-point hike in December) and indicated that it will continue to raise rates if its growth and inflation forecasts materialise (markets are pricing in two 25-bp hikes in 2026). Nevertheless, the yen weakened sharply, falling to an eighteen-month low against the dollar (nearing 159 yen per dollar) and reaching levels not seen since the 1990s against the euro (183 yen per euro), penalised by investors amid perceptions of fiscal deterioration. Only rumours of a joint intervention by the Japanese Ministry of Finance and the US Treasury at the end of the month halted the yen's decline.

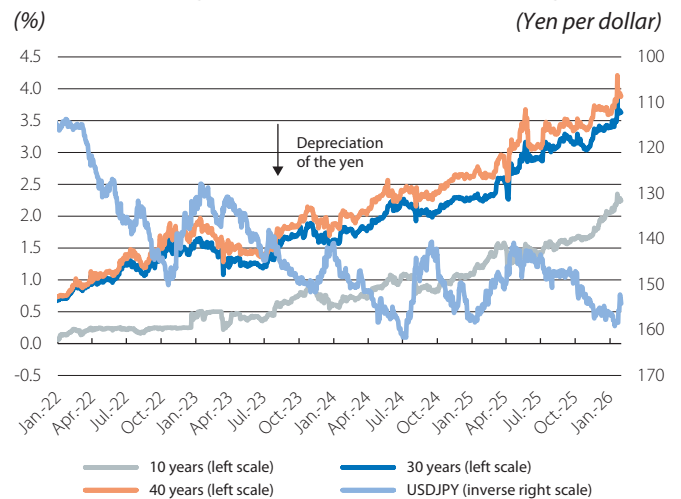
**The dollar in the spotlight amid the resurgence of geopolitical noise.** Weighed down by geopolitical uncertainty and tensions in US foreign and trade policy, the US dollar suffered widespread depreciation in January. The DXY dollar index closed the month with a decline of nearly 1% and the euro traded above 1.20 dollars for the first time in four years. Other safe-haven currencies capitalised the situation and the Swiss franc reached historic highs against the dollar (exceeding 1.30 dollars per franc). The US currency was also pressured by concerns over the Fed's independence. On the one hand, Department of Justice is conducting an investigation into President Jerome Powell and his testimony to the Senate regarding the refurbishment costs of two Fed buildings. In response, Powell stated that the real motivation behind the investigation was not linked to his testimony, but to the fact that the Fed sets interest rates based on economic conditions and not President Trump's preferences. However, the dollar regained some ground in early February after Trump announced the nomination of Kevin Warsh as the candidate for Fed Chair once Powell's term expires next May. Warsh was a governor of the Fed between 2006 and 2011 and maintained a critical stance on its balance sheet expansion and a restrictive bias on interest rates, although in the last year his statements have been aligned with Trump's thesis in favour of lowering interest rates. The markets received this announcement

### Measures of financial market volatility



Source: CaixaBank Research, based on data from Bloomberg.

### Japan: sovereign interest rates and exchange rate



Source: CaixaBank Research, based on data from Bloomberg.

### Nominal effective exchange rate



Source: CaixaBank Research, based on data from the European Central Bank and the Fed.

favourably, with a strengthening of the dollar, and stability in interest rate expectations for 2026 (two cuts of 25 bps).

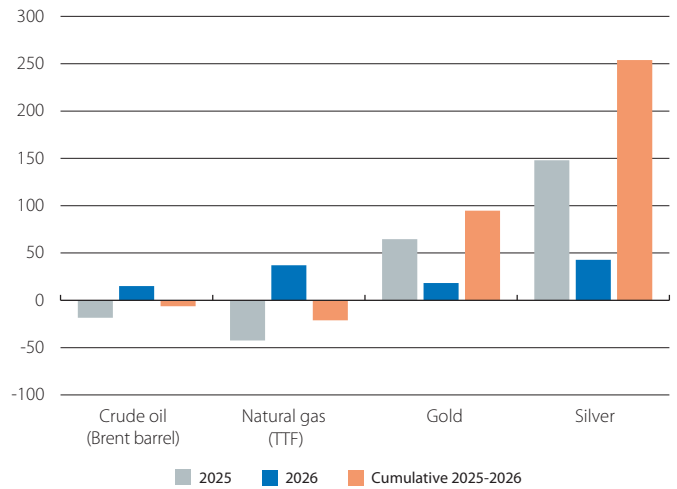
**Commodities capitalise on global uncertainty.** As is usual, spikes in geopolitical tensions lead to episodes of volatility in energy markets. In this case, the price of a barrel of Brent, which had begun the year at around 60 dollars in an environment of oversupply, rose to 70 dollars amid tensions in Iran and fears of possible supply disruptions. Similarly, the European gas benchmark reached €42/MWh, with an additional boost triggered by fears over supply linked to a winter storm in the US. In early February, both oil and gas prices moderated following news of a de-escalation in the US' conflict with Iran. On the other hand, amid rising global uncertainty and a weak dollar, precious metals capitalised on the flight to safe-haven assets. In particular, gold surpassed the \$5,000/ounce barrier, even reaching close to \$5,600/ounce, and silver appreciated by as much as 42%. In cumulative terms, between the beginning of 2025 and the peak in late January they amassed gains of almost 100% and 300%, respectively, although in early February both metals suffered a sudden and sharp correction.

**The markets keep the central banks in view.** The other major development in monetary policy was the change in tone from the Fed, with a more positive assessment of the macroeconomic environment following its January meeting (at which, unsurprisingly, the Fed kept the fed funds rate at 3.50%-3.75%). This change left the impression that the Fed is in no hurry to lower rates in the short term, and pushed back the expected timing of the first cut, as priced in by the futures markets, from March to June 2026. The ECB, for its part, acted as expected and kept the depo rate at 2%, emphasising the need not to overreact to small variations in the data, and presenting a more balanced map of inflationary and deflationary risks. The financial markets' expectation regarding the ECB remains one of stable monetary policy throughout 2026. In this context, euro area sovereign yields remained relatively flat, with stable peripheral risk premiums except in France, where the premium fell some 15 bps, placing it around 58 bps, its lowest level in 18 months. This reflects a positive market reception to the approval of the 2026 budget, (this budget would allow the deficit to be reduced in 2026 to 5.0% of GDP, from the 5.4% estimated in 2025).

**Mixed behaviour in global stock markets.** Stock markets ended January with generally positive results, albeit with episodes of volatility linked to geopolitical events. The S&P 500 ended January with small gains, although it began February with corrections, weighed down by the technology sector, the adjustments in commodities and the strengthening of the dollar. At the sector level, a clear dispersion was observed over the month of January: cyclical sectors such as energy, materials, and industrials benefited from the dynamics in commodities markets, while the financial, technology and healthcare sectors performed less favourably. Within the technology segment, the heterogeneity was even more pronounced: firms that did not meet growth expectations suffered significant setbacks, while others linked to high-demand AI segments recorded notable gains. In Europe, the advances were led by the peripheral markets, with the PSI-20 and the IBEX 35 driven by the financial sector.

**Commodities**

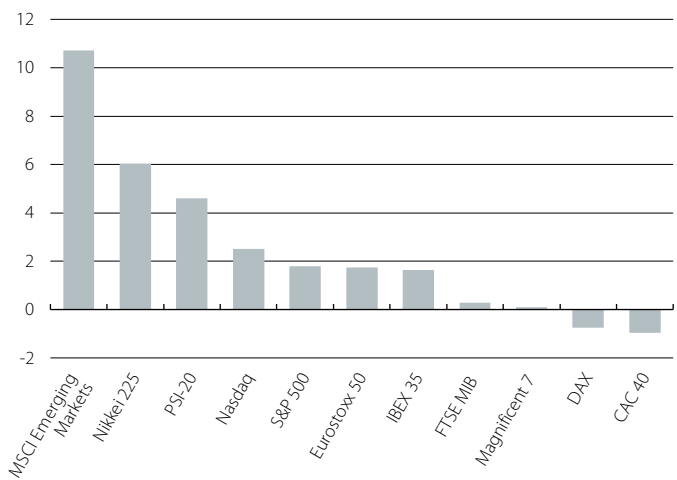
Change in price (%)



Source: CaixaBank Research, based on data from Bloomberg.

**Global stock indices**

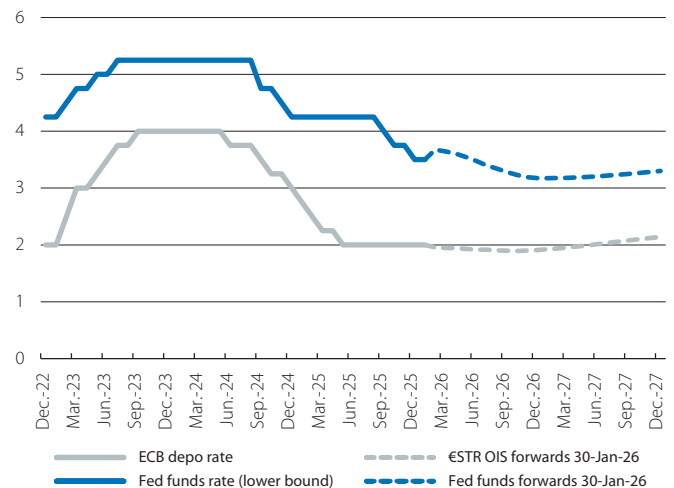
Change in January 2026 (%)



Source: CaixaBank Research, based on data from Bloomberg.

**Market expectations for interest rates**

(%)



Source: CaixaBank Research, based on data from the ECB, the Fed and Bloomberg.

# Innovation, expectations and vertigo: is AI-driven concentration reshaping Wall Street?

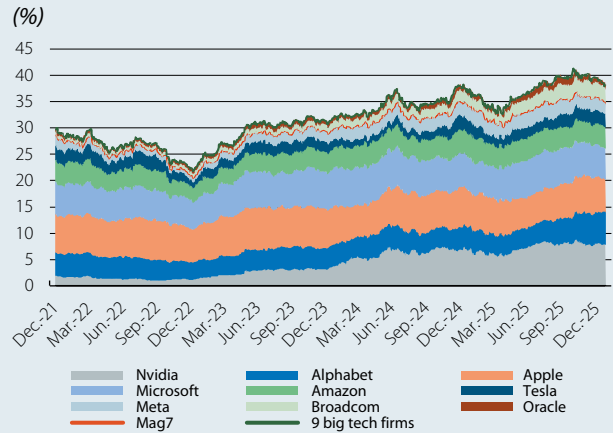
Optimism surrounding artificial intelligence (AI) has been a key driver in the US stock market rally of recent months, helping the S&P 500 and the Nasdaq to record gains for the third consecutive year in 2025. Part of this expansion was explained by increased earnings, although the S&P 500 has recorded greater growth relative to these profits. In this rally, various analysts and investors have seen reminiscences of events from the year 2000 during the dot-com boom, sparking a debate about whether or not we are in a bubble. Although answering this question in real time is like trying to untie a Gordian knot by hand, in this article we analyse how the S&P 500 today compares with that of the dot-com bubble, and how feasible the expectations underpinning current stock market valuations are.

The first clear effect of AI on the US stock market has been an increase in concentration in various areas: returns, company size and earnings, as well as in investment. Thus, the so-called Magnificent 7 (or Mag7: tech firms that are leaders in innovation, with large market capitalisation and diversified business models well protected from potential competitors)<sup>1</sup> once again outperformed the remaining 493 companies in the index in 2025, for the third consecutive year (+25% compared to 14% in 2025; and +245% compared to +30% since the end of 2022, respectively).<sup>2</sup> This increased their relative capitalisation in the S&P 500 from 20% at the end of 2022 to over 35% by the end of 2025 (and if we consider the next two largest tech companies, the percentage rose to over 40%). This concentration contrasts sharply with the 17.5% accounted for by the seven largest companies at the height of the dot-com bubble.<sup>3</sup> On the other hand, in terms of profits, the earnings per share among the Mag7 grew by 30% in the first three quarters of 2025, compared to 6% for the S&P 493.

The growth of tech firms has had another indirect effect: it has contributed to the increase in the relative price of the index. Let us consider a common measure of affordability, the P/E (Price-to-Earnings) ratio, which compares a company's market capitalisation to its ability to generate profits. The P/E ratio of the S&P 500, measured against the earnings recorded over the last 12 months, fluctuated between 27 and 28 points in recent weeks; this is above its historical average (20.2 since 1990) and in the high range of its historical distribution (in 90% of sessions since 1990 this ratio has been below 27.3).

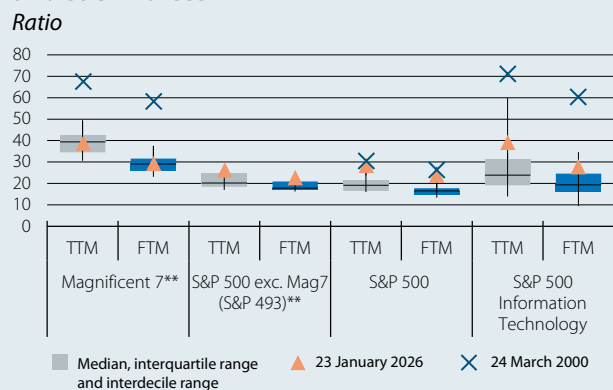
1. NVIDIA, Alphabet, Microsoft, Apple, Amazon, Meta and Tesla.  
 2. Bloomberg Magnificent 7 Price Return Index and Bloomberg 500 excluding Magnificent 7 Price Return Index.  
 3. Microsoft, Cisco Systems, Intel, IBM, Oracle, HP and Texas Instruments.

## Capitalisation of the S&P500 represented by each company



Source: CaixaBank Research, based on data from Bloomberg.

## Historical distribution of the trailing (TTM) and forward (FTM)\* P/E ratio of the S&P500 and sub-indices



Notes: \* The trailing P/E ratio uses earnings from the past 12 months, while the forward ratio takes earnings expectations for the next 12 months. \*\* The P/E ratio of the Magnificent 7 and the S&P493 are calculated according to the Bloomberg Magnificent 7 PR and Bloomberg 500 exc. Magnificent 7 PR indices. For the year 2000 reference, we take the 7 largest tech firms of that time. The FTM P/E ratio of the Magnificent 7 in the year 2000 is calculated based on their actual earnings obtained one year later, not on expectations. For the S&P 500 and its tech firm sub-index, the box and whisker chart shows the available historical range (from 1990 to the present). For the Bloomberg Magnificent 7 and Bloomberg 500 exc. Magnificent 7 indices, data is shown from 2015 to the present.

Source: CaixaBank Research, based on data from Bloomberg.

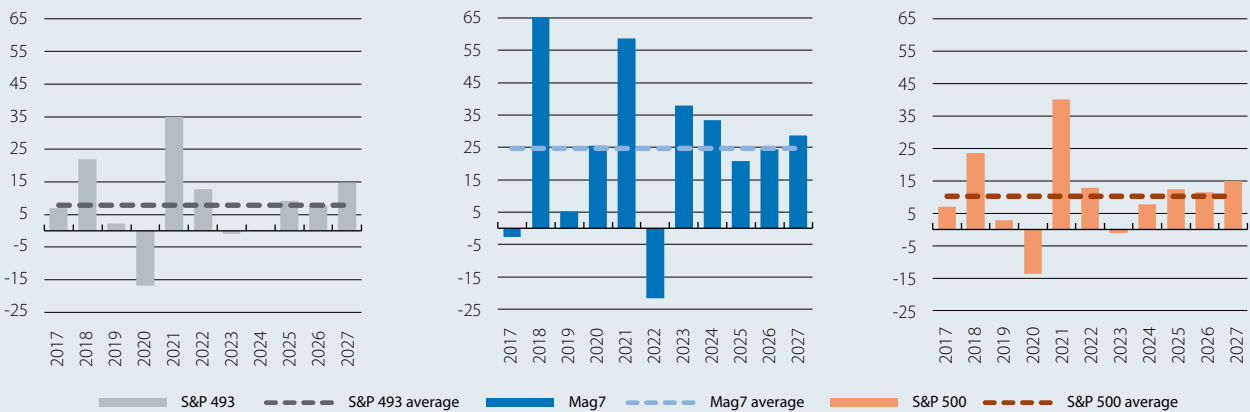
Part of this situation is explained by the aforementioned concentration, as the Mag7 and tech firms in general<sup>4</sup> currently have the highest P/E ratio in the index. This is also historically common,<sup>5</sup> due to investors' typically ambitious long-term earnings expectations for these companies.

In fact, in historical terms, the P/E ratio of tech firms is not so high relative to their recent earnings, nor compared to their future expected earnings. Thus, if we compare

4. Taking here the sub-index of the information technology sector of the S&P 500.  
 5. Excluding the real estate sector, which, nevertheless, has a much lower relative weight (around 16 times less) than the technology sector.

**Year-on-year recorded and expected earnings growth in each index**

(%)



**Note:** Mag7 index: Bloomberg Magnificent 7 PR; S&P493 index: Bloomberg 500 exc. Magnificent 7 PR.  
**Source:** CaixaBank Research, based on data from Bloomberg.

the current P/E ratio levels with those at the peak of the dot-com bubble, the P/E ratio of the Mag7 currently lies at around 40 points, based on earnings from the last 12 months, and at around 30 if measured against expected earnings over the next 12 months; these are considerably lower levels than those of the seven biggest tech firms by capitalisation at that time, which were 69 and 59, respectively.<sup>6</sup>

The rise in the relative price of the S&P 500, however, is not solely explained by the concentration in the Mag7 and other tech firms. The optimism surrounding AI has also contributed to gains among industrial companies (particularly those involved in the construction of data centres, as well as those more closely linked to defence and the aerospace sector). Financial firms – the second most significant sector in the index, with a historically low P/E ratio – are also in the high range of their historical distribution (with the trailing-12-month P/E ratio lying above 18, close to the 90th percentile of the historical distribution).

Finally, it is noteworthy that the P/E ratio of the S&P 500 is also high if adjusted for the cycle (taking its price in relation to real earnings, adjusted for inflation, over the last 10 years). According to this long-term P/E ratio, also known as the CAPE (Cyclically Adjusted Price-to-Earnings) ratio, the index is not yet as strained as it was during the dot-com bubble (estimated at 39.9 points in December 2025, compared to the peak of 44.2 reached in December 1999), although it is already at historically high levels.

Traditionally, a high CAPE ratio suggests that prices will revert to the average, although it does not tell us when this might happen. However, the two most critical factors for the sustainability of the scenario are expectations

regarding earnings growth and interest rates, which affect the net present value (i.e. discounted to today) of expected future earnings.

Analysts’ earnings growth expectations are ambitious, but at least in the short term they are not misaligned with the historical average, both for the Mag7 and for other companies. For the Mag7, earnings per share (EPS) growth of 24.4% is expected over the next 12 months, compared to an average aggregate net earnings growth among these seven companies of 24.7% since 2017.<sup>7</sup> For the rest of the index, an 8% growth rate in EPS is expected, compared to the 7.8% average recorded since 2017. For the S&P 500 as a whole, expectations are for EPS to grow by 11.7%, compared to the 10.2% average recorded since 2017.

On the other hand, any potential tightening of interest rates in the US would reduce the present value of these expected earnings, not only due to a discount factor but also because of higher financing costs. In this regard, there is a systematically negative relationship between interest rates and valuation ratios.<sup>8</sup> Although interest rates are historically high, the presence of various risks (geopolitical, trade and fiscal tensions) do not allow us to rule out further hikes.

Ultimately, AI has catalysed concentration in the S&P 500 and, as a result, strained the index relative to the earnings of the companies that comprise it. Although the affordability indicators are not yet as strained for tech firms as they were during the dot-com bubble, they rest on demanding growth expectations, as well as on macroeconomic assumptions that are highly delicate in the current context, such as that interest rates will not become more strained again.

*David del Val Gómez*

6. In the case of the forward P/E ratio for the Magnificent 7 of the year 2000, rather than basing the calculation on market expectations, we take the actual profits they recorded in the following 12 months. The fall in these companies’ aggregate earnings led to a P/E ratio of 76 being recorded in Q3 of the year 2000.

7. Net earnings are used in order to avoid the effects of share buybacks.

8. Since 2019, a year-on-year increase of 25 bps in the 10-year real interest rate (US inflation-indexed bond) is associated with a contraction of around 3% in the forward P/E ratio of the S&P 500.

## Risk premiums and macroeconomics: a robust and cross-cutting relationship

Risk premiums defined an economic and political era of the euro area.<sup>1</sup> Stressed to extreme levels between 2011 and 2013, they became an indicator of the risk of a break-up of the monetary union and gave rise to pivotal events such as Mario Draghi’s *Whatever it takes* speech.<sup>2</sup> In recent years, the economic and political landscape has not been easy for the euro area either, yet risk premiums managed to close 2025 at their lowest levels in over 15 years: Portugal, Spain and Italy, which in 2012 – when the German rate was around 1.5% – saw their spreads exceed 1,500 bps, 600 bps and 500 bps, respectively, ended 2025 at 30 bps, 43 bps and 70 bps.

In the last decade, risk premiums have stabilized at an intermediate level between the calm of the 2000s (when sovereign bonds traded in the market with virtually no distinction between countries) and the stress of the sovereign debt crisis of 2010-2012. At this midpoint, investors differentiate based on the macroeconomic and financial health of each country without questioning the survival of the euro. Thus, the easing of Portuguese and Spanish risk premiums has been accompanied by a clear improvement in their macroeconomic performance compared to Germany, a clear commitment to fiscal sustainability, and the recovery of their credit ratings according to the rating agencies (see table). By contrast, France’s sluggish economic performance, deteriorating public accounts and lower credit rating have contributed to an increase in its risk premium (rising from around 30 bps pre-pandemic to nearly 70 bps by the end of 2025).

The relationship between macroeconomic fundamentals and risk premiums can be formally established. Interest rates on sovereign bonds depend on fundamentals such as indebtedness and economic growth (which determine a state’s ability to pay), the ECB’s monetary policy, and global factors such as the interest rates of other economies (which offer an alternative investment opportunity) and investors’ risk appetite. Taking advantage of the historical relationship between all these ingredients and interest rates, we can quantify a sovereign risk

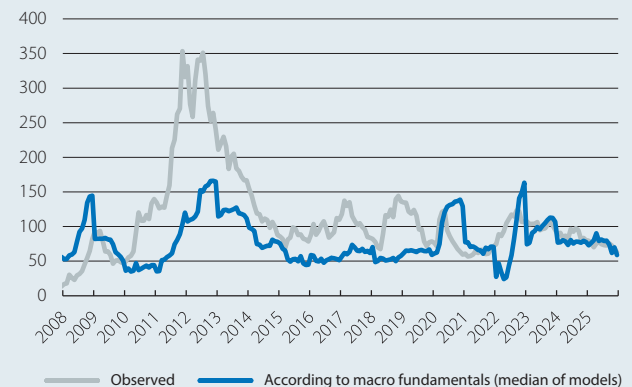
1. In this article, risk premium refers to the spread between a euro area country’s 10-year sovereign interest rate and its German counterpart.  
 2. On 26 July 2012, ECB President Mario Draghi declared that he would do «whatever it takes» to preserve the euro. His words became a symbol of the euro area’s survival. See «Mario Draghi and his “parole, parole”» in the MR01/2018.

### Macroeconomic fundamentals for risk premiums and sovereign rates

	GDP forecast		Inflation forecast		Public debt		Rating	
	2014	Dec. 2025	2014	Dec. 2025	2014	Dec. 2025	2014	Dec. 2025
France	1.1	1.0	1.1	1.3	96	116	AA	A+
Italy	0.9	0.7	0.9	1.4	135	136	BBB	BBB
Spain	1.6	2.2	0.9	2.1	104	100	BBB	A
Portugal	1.3	2.1	0.7	2.0	133	91	BB	A
Germany	1.8	1.0	1.7	2.0	74.5	63	AAA	AAA

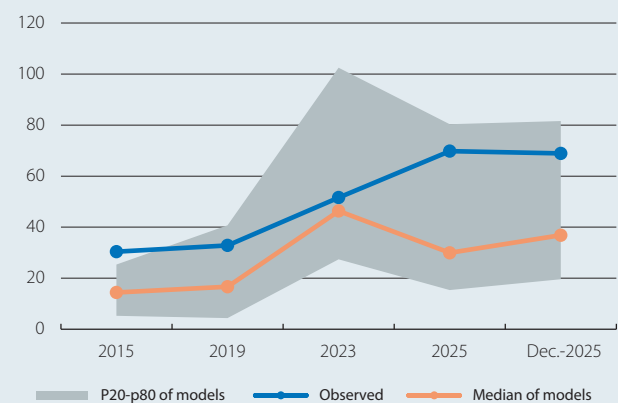
Note: GDP and inflation forecasts one year ahead according to Consensus Forecasts or Bloomberg consensus; public debt as a % of GDP (European Commission forecast for Dec. 2025); Bloomberg composite rating (average credit rating of Fitch, Moody’s and S&P).  
 Source: CaixaBank Research, based on data from Consensus Forecasts, Eurostat and Bloomberg.

### Sovereign risk premium: average of France, Italy, Spain and Portugal (bps)



Source: CaixaBank Research, based on data from Bloomberg and own estimates.

### France: risk premium (bps)



Note: P20-p80 indicates the range between the 20th and 80th percentiles.  
 Source: CaixaBank Research, based on data from Bloomberg and own estimates.

premium that is consistent with the macroeconomic fundamentals.<sup>3,4</sup>

As the first chart shows, macro fundamentals have closely aligned with observed sovereign risk premiums in recent years. In fact, the sustained moderation of the main euro area risk premiums clearly aligns with what is predicted by the fundamentals. However, a country-by-country analysis reveals a more nuanced picture.

Unlike the traditional peripheral economies, in recent years France has suffered from a persistently higher risk premium. This market adjustment is not only due to a certain shift in investors' outlook,<sup>5</sup> but also reflects a change in macroeconomic fundamentals: in recent years, France has experienced a clear deterioration in its public finances (its debt is estimated to be almost 120% in 2025, with a projected public deficit of 5.4% that is also likely to remain high) while losing economic dynamism and seeing its credit rating downgraded by the three major rating agencies.

Italy, with a worse starting position in terms of its public debt and credit rating, managed to steer the situation in 2025 and achieve its lowest risk premium since 2008. Of particular note is the significant correction in its public deficit (going from 7.2% in 2023 to a projected 3.0% in 2025) and the resilience that allowed its credit rating to be raised by a notch in 2025 by the three major agencies.

At the other end of the spectrum, Spain and Portugal have shown a much more sustained improvement in their risk premiums. This improvement is very visible in the premiums quoted in the financial markets (lows in line with 2008 in both cases) and is clearly reflected in the evolution predicted by the fundamentals: both economies have led economic growth in the euro area in 2025, have been continuously reducing their public debt and, in the last year, have seen widespread improvements in their sovereign credit rating.

Overall, this exercise suggests that the evolution of macroeconomic fundamentals can explain the behaviour of sovereign risk premiums in recent years, from the improvement of the traditional periphery to the deterioration of France. However, the analysis also indicates that there is a range of risk premiums consistent

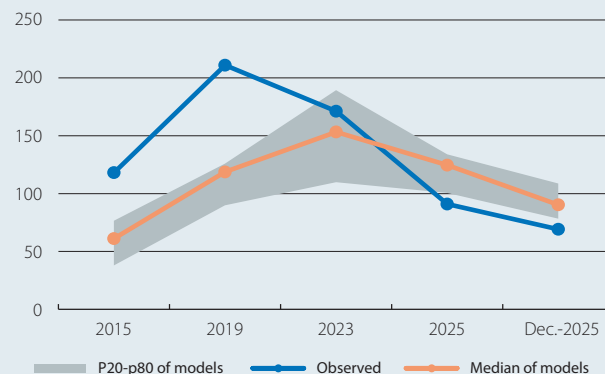
3. We presented a macro interest rate model in «[The macroeconomic fragility of interest rates](#)» (MR10/2020). Taking that exercise as a starting point, we now estimate a panel regression for the risk premiums of Austria, Belgium, France, Italy, Ireland, Spain, the Netherlands and Portugal using data for the period spanning January 2000 to December 2025 and the following explanatory variables: expectations of the 3-month Euribor, real growth of GDP and inflation, the public debt-to-GDP ratio, a stock market volatility indicator, public debt assets acquired by the Eurosystem, sovereign rating and an indicator of stress in the euro area (a binary variable equal to 1 if a sovereign risk premium is markedly strained).

4. In addition to the baseline estimate, we reflect the uncertainty surrounding these exercises by conducting 20 alternative estimates, in which we individually exclude GDP, inflation, the 3-month Euribor, public debt, ECB assets and rating and, in each case, with three time samples (up to the year 2019, up to 2022 and up to 2025).

5. Between 2023 and 2025, the premium has shifted from being at the centre of the range predicted by the fundamentals to being in the upper band.

**Italy: risk premium**

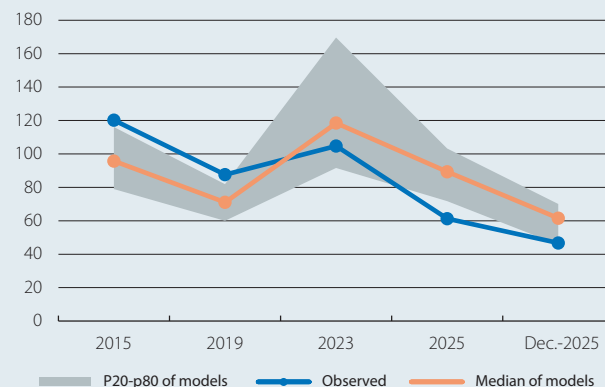
(bps)



Note: P20-p80 indicates the range between the 20th and 80th percentiles. Source: CaixaBank Research, based on data from Bloomberg and own estimates.

**Spain: risk premium**

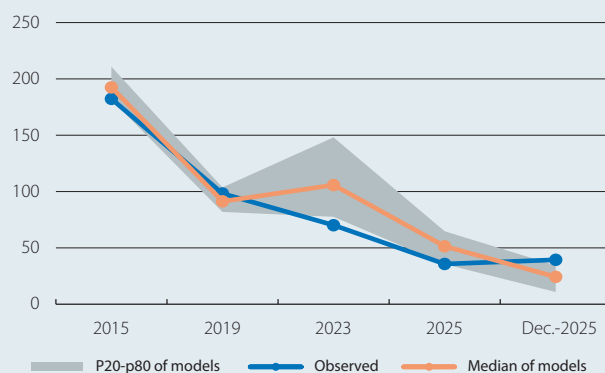
(bps)



Note: P20-p80 indicates the range between the 20th and 80th percentiles. Source: CaixaBank Research, based on data from Bloomberg and own estimates.

**Portugal: risk premium**

(bps)



Note: P20-p80 indicates the range between the 20th and 80th percentiles. Source: CaixaBank Research, based on data from Bloomberg and own estimates.

with a given set of macroeconomic fundamentals.<sup>6</sup> Maintaining markets within the most favourable part of this range will require strengthening underlying fundamentals, especially given the demands of the global environment.

6. See footnote 4.

**Interest rates (%)**

	31-January	31-December	Monthly change (bp)	Year-to-date (bp)	Year-on-year change (bp)
<b>Euro area</b>					
ECB Refi	2.15	2.15	0	0.0	-75.0
3-month Euribor	2.03	2.03	1	0.5	-57.5
1-year Euribor	2.23	2.24	-2	-1.7	-30.5
1-year government bonds (Germany)	1.97	2.01	-4	-4.2	-23.7
2-year government bonds (Germany)	2.09	2.12	-3	-3.3	-11.9
10-year government bonds (Germany)	2.84	2.86	-1	-1.2	32.4
10-year government bonds (Spain)	3.21	3.29	-8	-7.6	9.2
10-year government bonds (Portugal)	3.20	3.15	5	5.1	28.2
<b>US</b>					
Fed funds (lower limit)	3.50	3.50	0	0.0	-75.0
3-month SOFR	3.66	3.65	1	0.9	-63.1
1-year government bonds	3.46	3.47	-1	-0.9	-69.5
2-year government bonds	3.52	3.47	5	4.9	-68.5
10-year government bonds	4.24	4.17	7	6.9	-28.1

**Spreads corporate bonds (bps)**

	31-January	31-December	Monthly change (bp)	Year-to-date (bp)	Year-on-year change (bp)
Itraxx Corporate	51	51	1	0.8	-1.8
Itraxx Financials Senior	54	54	-1	-0.6	-5.8
Itraxx Subordinated Financials	91	93	-2	-1.7	-13.8

**Exchange rates**

	31-January	31-December	Monthly change (%)	Year-to-date (%)	Year-on-year change (%)
EUR/USD (dollars per euro)	1.185	1.175	0.9	0.9	14.1
EUR/JPY (yen per euro)	183.430	184.010	-0.3	-0.3	14.4
EUR/GBP (pounds per euro)	0.866	0.872	-0.6	-0.6	3.5
USD/JPY (yen per dollar)	154.780	156.710	-1.2	-1.2	0.3

**Commodities**

	31-January	31-December	Monthly change (%)	Year-to-date (%)	Year-on-year change (%)
Bloomberg Commodity Index	120.7	109.7	10.0	10.0	17.5
Brent (\$/barrel)	70.7	60.9	16.2	16.2	-8.0
Gold (\$/ounce)	4,894.2	4,319.4	13.3	13.3	75.1

**Equity**

	31-January	31-December	Monthly change (%)	Year-to-date (%)	Year-on-year change (%)
S&P 500 (USA)	6,939.0	6,845.5	1.4	1.4	14.3
Eurostoxx 50 (euro area)	5,947.8	5,791.4	2.7	2.7	12.6
Ibex 35 (Spain)	17,880.9	17,307.8	3.3	3.3	44.0
PSI 20 (Portugal)	8,662.2	8,263.7	4.8	4.8	32.6
Nikkei 225 (Japan)	53,322.9	50,339.5	5.9	5.9	34.9
MSCI Emerging	1,528.1	1,404.4	8.8	8.8	39.5

## Global stability: superficial mirage or structural strength?

**Stability of the global economy amid a mosaic of risks.** The latest update of the IMF's World Economic Outlook highlights stable growth expectations for the global economy (GDP +3.3% in 2026 and 3.2% in 2027). Technological dynamism, particularly investment related to AI, continues to sustain economic activity, especially in the US, offsetting the adverse effects of persistent trade tensions and high geopolitical uncertainty. In this environment, the IMF anticipates a gradual slowdown in international trade (+2.6% in 2026 vs. 4.1% in 2025), and economic activity is showing uneven dynamics. While the US is expected to continue to grow above 2.0% thanks to investment in technology and fiscal stimuli, Europe's forecasts are constrained by structural obstacles and a certain fiscal consolidation (with the notable exception of the deployment of the German fiscal plan). Among emerging economies, India is showing particularly dynamic and balanced growth, while growth in China has managed to withstand a difficult year but faces significant structural challenges. Inflation, meanwhile, is expected to continue its downward trajectory in both advanced and emerging economies. The Fund also warns of downside risks to its forecasts, such as a possible adjustment in the valuations of AI stocks, further escalations of geopolitical tensions or trade disputes affecting global supply chains. Upside risks include a faster-than-expected boost to productivity from AI and the consolidation of trade agreements and structural reforms that reduce barriers and increase investment.

**A better than expected end to 2025.** In Q4 2025, euro area GDP recorded quarter-on-quarter growth of 0.3%, placing the annual increase at 1.5% (vs. 0.9% in 2024). The dynamism of economic activity is particularly noteworthy in a year marked by high uncertainty and the outbreak of trade tensions with the US, and a widespread acceleration was even recorded at the end of the year. Germany accelerated to 0.3% in Q4, after stagnating in the previous quarter, bringing its average growth for 2025 to 0.3%, following two years of setbacks. Italy also advanced by 0.3% in Q4 (vs. 0.1% in the previous quarter), placing the average growth for 2025 at 0.7%. Conversely, France registered a slowdown to 0.2% in Q4 (vs. 0.5% in Q3) and brought the growth for 2025 to 0.9%. The outlook for 2026 suggests that the euro area will continue to grow at rates similar to the current ones, in a context where the positive impact of Germany's planned expansive fiscal policy will be offset by progress in the fiscal consolidation process in France and Italy. On the other hand, in the US, the publication of Q4 data has been delayed (until 20 February) due to difficulties in data collection following the federal government shutdown in October, but the main nowcasts point to a dynamic quarter, and the US economy could even exceed growth of 2.0% in 2025.

**Global activity kicks off 2026 on a good footing.** In the euro area, the consumer confidence indicator rose to -12.4 points in January, the best figure in 11 months, while the composite PMI decreased slightly to 51.3 points, with an improvement in manufacturing (to 49.5 points vs. 48.8 previously) and a loss of momentum in services (51.6 points vs. 52.4 previously).

### Global: GDP growth forecasts Annual change (%)

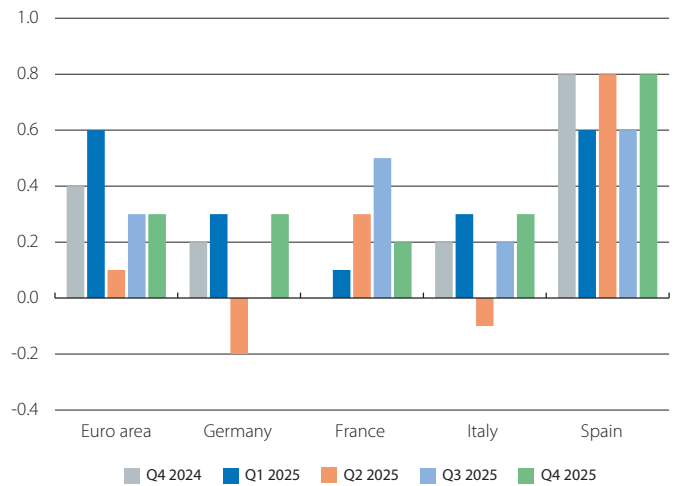
	Projections per January WEO				Difference vs. October 2025 WEO (pps)	
	2024	2025	2026	2027	2026	2027
<b>World economy</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.2</b>	<b>0.2</b>	<b>0.0</b>
<b>Advanced economies</b>	<b>1.8</b>	<b>1.7</b>	<b>1.8</b>	<b>1.7</b>	<b>0.2</b>	<b>0.0</b>
US	2.8	2.1	2.4	2.0	0.3	-0.1
Euro area	0.9	1.5	1.3	1.4	0.1	0.0
Germany	-0.5	0.3	1.1	1.5	0.2	0.0
France	1.1	0.9	1.0	1.2	0.1	0.0
Italy	0.7	0.7	0.7	0.7	-0.1	0.1
Spain	3.5	2.8	2.3	1.9	0.3	0.2
<b>Emerging and developing economies</b>	<b>4.3</b>	<b>4.4</b>	<b>4.2</b>	<b>4.1</b>	<b>0.2</b>	<b>-0.1</b>
China	5.0	5.0	4.5	4.0	0.3	-0.2
India	6.5	7.3	6.4	6.4	0.2	0.0

**Notes:** For the euro area countries and China, the official GDP estimates for 2025 are reported. For India, data and projections in fiscal year terms.

**Source:** CaixaBank Research, based on data from the IMF (World Economic Outlook, January 2026), Eurostat and the National Bureau of Statistics of China.

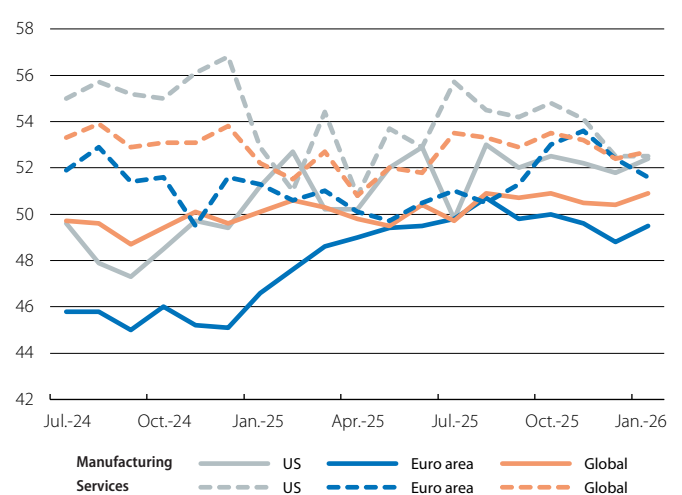
### Euro area: GDP

Year-on-year change (%)



**Source:** CaixaBank Research, based on data from Eurostat.

### Global: PMI Index



**Source:** CaixaBank Research, based on data from JP Morgan and S&P Global PMI.

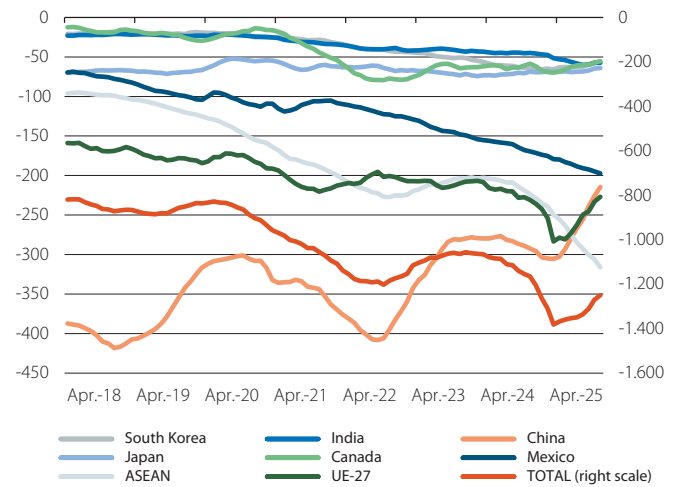
By country, Germany's rebound stood out, with its PMI rising to 52.1 points and recording improvements in both services and manufacturing. In the US, the PMIs also reflect an economy in expansion, with the services indicator steady at 52.5 points and that of manufacturing at 52.4 (vs. 51.8 previously). On the other hand, the Conference Board's consumer confidence index fell sharply to 84.5 points, its lowest level since 2014, affected by a perception of weakness in the US labour market and an increased focus on trade, geopolitical and domestic political risks, reinforcing the disconnect observed in recent months between business confidence and consumer confidence.

**The EU continues to walk on thin ice.** Following the escalation of geopolitical tensions with the US during the Greenland crisis at the beginning of the year, in which the EU even considered activating its anti-coercion instrument for the first time, the confrontation eased after a meeting between Trump and the NATO Secretary General on security in the Arctic region during the World Economic Forum. Despite the apparent easing of tensions in transatlantic relations, this episode highlights the fact that the European bloc is still navigating in a particularly challenging geo-economic environment. In this context, the EU and India have reached a free trade agreement to significantly reduce tariff barriers on 90% of EU exports. According to the European Commission, this could lead to a doubling of European exports of goods to India, albeit starting from a low level (less than 2% of the total). On the other hand, the European Parliament's decision to refer the Mercosur deal to the Court of Justice illustrates the difficulties in making progress in the EU's trade diversification strategy. Furthermore, following the recent critical minerals summit convened by US Secretary of State Marco Rubio, involving over 30 countries (including the G7, the EU, India, South Korea, Mexico and Australia, among others) that are seeking to form an alliance to strengthen global value chains, new initiatives in the sector were discussed and the US unveiled the creation of a public-private fund to manage strategic reserves (known as Project Vault).

**China Meets Its 2025 Targets, but a Challenging Year of the Horse Lies Ahead.** China's GDP grew by 1.2% quarter-on-quarter in Q4 2025 (1.1% in Q3), bringing the full year's growth to 5.0%, in line with the authorities' target. However, the monthly activity indicators showed a slowdown in consumption and investment throughout Q4. Specifically, investment in urban areas contracted by 3.8% over the year as a whole, the lowest level in the historical series. In this context, the January PMIs indicate a new slowdown at the start of 2026. The official composite PMI fell to 49.8 points (50.7 in December), with declines in all three sub-indices: manufacturing, services and construction. Meanwhile, the RatingDog manufacturing PMI rose slightly (from 50.1 to 50.3 points) and the services PMI climbed from 52.0 to 52.3. These figures underscore the current weakness of domestic demand and reinforce the likelihood that new economic stimuli will be announced during the quarter. The Chinese authorities also announced the end of the Three Red Lines, a policy that in 2020 imposed strict limits on borrowing and triggered a prolonged adjustment in the real estate sector. Despite the regulatory relief, solvency and overcapacity issues in the sector persist, making it difficult to achieve a sustained recovery in activity.

**US: balance of trade in goods**

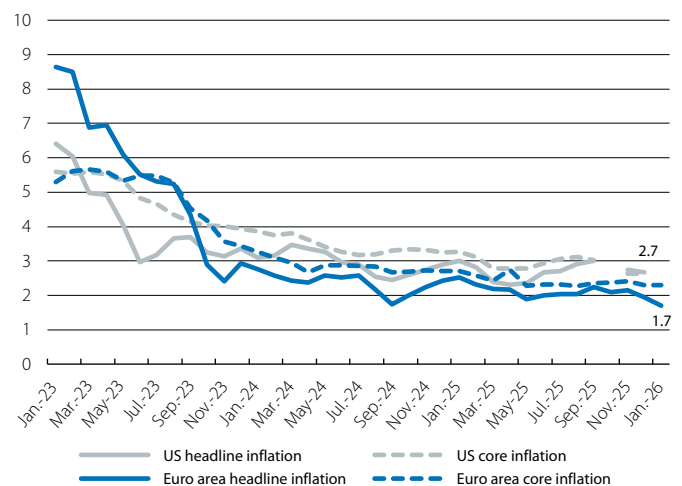
USD billions (12-month cumulative total)



Source: CaixaBank Research, based on data from BEA.

**Headline and core inflation**

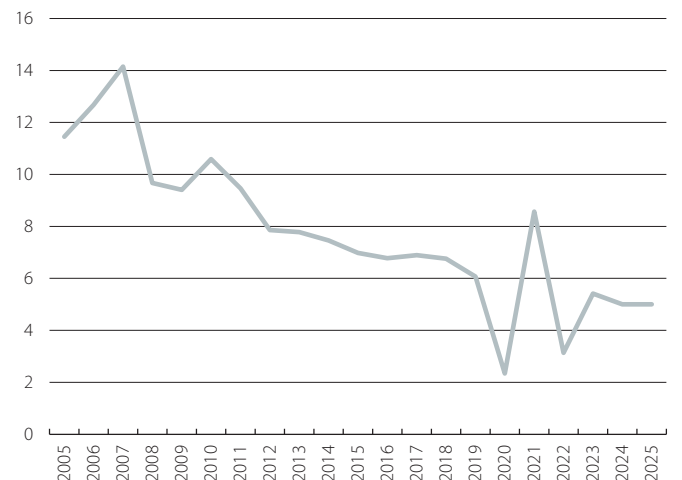
Year-on-year change (%)



Source: CaixaBank Research, based on data from the Bureau of Labor Statistics and Eurostat.

**China: GDP**

Annual change (%)



Source: CaixaBank Research, based on data from the National Bureau of Statistics of China.

## Hours worked and productivity: is Spain an outlier in the EU?

The debate over working hours has intensified significantly in Spain, on the one hand, due to proposals for its reduction, and on the other, due to the rise in hours lost due to temporary sick leave. Beyond the impact on business costs and the labour market, the implications for labour productivity are of particular interest, with widely divergent readings since the pandemic in the case of Spain depending on whether we measure it per hour worked or per employee. This article places these debates within the broader European context, drawing similarities and differences with other countries in our vicinity.

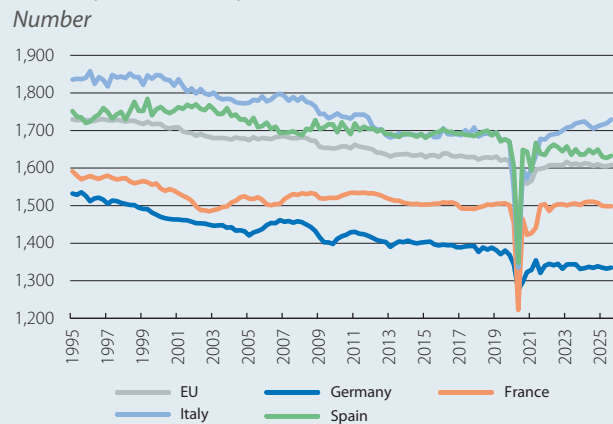
### A secular downward trend, but with nuances

The number of hours worked per employee in the EU has decreased by 7% over the last three decades, from around 1,730 hours per year in 1995 to just over 1,600 hours today (see first chart). Behind this common trend (also noted in other developed economies), there are some notable differences.

Firstly, while the change in France, Italy and Spain is very similar to that observed in aggregate, the decline has been far greater in Germany (almost 200 hours less, 13% versus the initial level), deepening its position among the bloc's four major economies as the one with the fewest hours worked. Secondly, most of the decline in the number of hours worked occurred between 1995 and 2005, particularly in France following the reform at the beginning of the century, which reduced the working week from 40 to 35 hours. Spain and Italy, meanwhile, exhibit exceptional and contrasting pattern, with a steady acceleration in the decline of hours worked in the former and a reversal of the previous trend in recent years in the latter.<sup>1</sup>

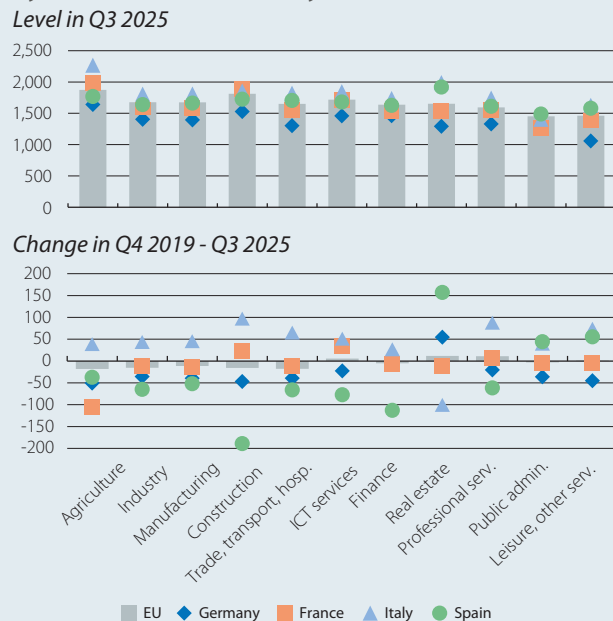
Thirdly, we can identify some common factors behind the secular reduction in working hours, such as the increase in part-time employment (whether voluntary or involuntary), a greater proportion of employment among the female population, in the service sector and among older workers – groups that on average have shorter working hours – and a greater preference for leisure time (reflected, for example, in a continuous decline in overtime hours).<sup>2</sup> There are, however, other elements that have emerged in the post-pandemic period,<sup>3</sup> such as the greater (lesser) dynamism of certain economic activities with a number of hours worked below (above) the average, such as public administration (industry),<sup>4</sup> the labour shortage in some

### Annual hours worked per employee: total by EU country (1995-2025)



Note: Quarterly data annualised and adjusted for seasonal and calendar effects.  
Source: CaixaBank Research, based on data from Bloomberg.

### Annual hours worked per employee: by sector and EU country



Notes: Quarterly data annualised and adjusted for seasonal and calendar effects. Individual or grouped sections of the National Classification of Economic Activities (NACE). «Industry» includes mining, manufacturing and utilities.  
Source: CaixaBank Research, based on data from Eurostat.

sectors – which, following the shock of the war in Ukraine, may have favoured the retention of workers with less intensive use – and the increase in temporary sick leave.<sup>5</sup>

Fourthly, in the post-pandemic period, we note that the changes in the number of hours worked across different sectors are generally similar and moderate throughout the EU (see second chart). France shares the same diagnosis, while the reductions in Germany and the increases in Italy

5. For this last factor in the case of Spain, see the Focus «The disparity between employment and hours worked in Spain» in the MR07/2024.

1. For the widespread increase in the intensive use of labour in Italy, refer to chapter 4 on the labour market in Ufficio Parlamentare di Bilancio (2025), «Rapporto sulla politica di bilancio 2025».  
2. Bank of Spain (2023), «An analysis of hours worked per worker in Spain: trends and recent developments» and ECB (2025), «Who wants to work more? Revisiting the decline in average hours worked».  
3. ECB (2023). «More jobs but fewer working hours».  
4. See the second chart for sectoral differences in the number of hours worked. For an analysis of recent sectoral dynamics, see the Focus «Characterisation of the business cycle in the EU: neither widespread, nor robust» in the MR01/2026.

are equally widespread, albeit somewhat more intense. In Spain, however, the dispersion is quite pronounced, as we see a significant decline in construction (11% fewer hours worked in Q3 2025 compared to Q4 2019) and finance (a 7% decrease), in contrast to increases in real estate activities, public administration, and leisure and entertainment services.<sup>6</sup>

**The complex relationship between hours worked and productivity**

The academic literature documents a bidirectional but inconclusive relationship between productivity and working hours.<sup>7</sup> On the one hand, efficiency gains can generate a positive income effect if they are associated with higher wages, which ultimately reduces the number of hours offered by a worker, but they can also lead to a greater substitution of leisure in favour of work if the former becomes relatively more expensive. On the other hand, conversely, a fatigue effect on productivity may occur due to a greater number of hours worked (diminishing returns), and this can coexist with the effect of a fixed cost of entry or of cumulative learning that boosts productivity in parallel with working hours. The prevalence of certain channels over others will be decisive in assessing the impact of specific events or economic policies.

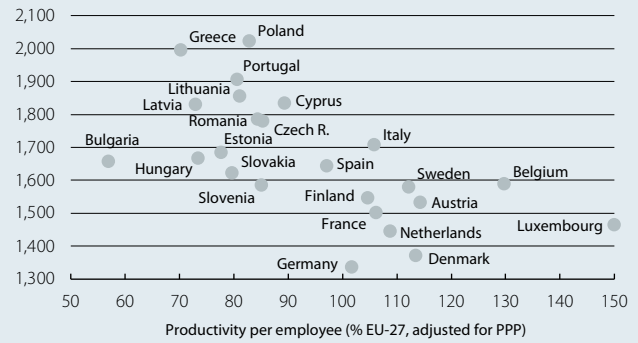
In the case of the EU, a long-term view reveals a negative relationship between economic development and the number of hours worked per employee (predominance of the positive income effect). Thus, in Eastern Europe, where working hours have significantly decreased in recent decades in parallel with the process of economic convergence with the founding members, the persistence of a high productivity gap<sup>8</sup> coexists with figures still notably higher than the average (see third chart). More recently, for the EU as a whole, further reductions in the number of hours worked per employee in the post-pandemic period have been compatible with increases in productivity per hour and per employee, aided by a positive compositional effect towards more productive activities. However, this has not been the case for the four major European economies (see fourth chart). In particular, in the cases of Germany and Spain, there is a stark contrast between the reduction in working hours and the increase in productivity per hour worked, which has resulted in GDP per employee being practically stagnant over the last five years.

In summary, the reduction in hours worked in the EU is a secular trend that is likely to continue in the coming decades, supported by the ageing of the population.<sup>9</sup>

6. The strong negative correlation between hours worked in construction and real estate activities is striking, and this extends to the EU as a whole and to the four major economies analysed here.  
 7. A good summary can be found in G. Cette, S. Drapala and J. Lopez (2023). «The circular relationship between productivity and hours worked: A long-term analysis».  
 8. See the Dossier «An analysis of European productivity» in the MR01/2026.  
 9. See the Dossier «Challenges and policies in the age of longevity» in the MR09/2025.

**Productivity per employee and hours worked per year (2023)**

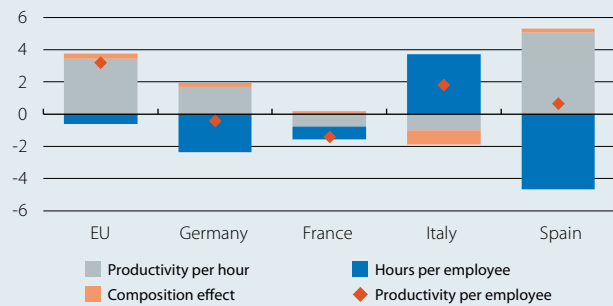
Number of hours worked per employee and year



Notes: Nominal productivity adjusted for purchasing power parity (PPP). Data not available for Croatia, France or Malta. Ireland is excluded from the chart with values of 200% productivity per employee and 1,654 hours worked per year.  
 Source: CaixaBank Research, based on data from Eurostat.

**Productivity per employee in EU countries: change in Q4 2019-Q3 2025/3T 2025**

(% and contributions in pps)



Notes: Includes sections B to N of the National Classification of Economic Activities (NACE), except real estate activities (section L). Data adjusted for seasonality and calendar effects. The composition effect includes the change in the relative weight of the hours worked in sectors with higher or lower productivity per hour and the change in the weight of employment in sectors with a higher or lower number of hours per employee.  
 Source: CaixaBank Research, based on data from Eurostat.

However, its intensity is not set in stone and will depend on a number of factors, including trends in productivity, regulatory changes in statutory working hours, the general health conditions of older workers, as well as incentives and policies aimed at increasing labour participation and part-time work.<sup>10</sup> As for the role of productivity, a scenario in which the efficiency gains linked to artificial intelligence are limited or unevenly distributed will likely hinder further reductions in working hours if the current level of well-being is to be maintained.<sup>11</sup>

David Martínez Turégano

## There are reasons why housing has become the top concern among European citizens

On 16 December, the Commission sent the so-called European Affordable Housing Plan to the European Council and Parliament, which aims to facilitate Europeans’ access to housing with adequate living conditions.<sup>1</sup> The plan sets out a series of measures aimed at boosting the housing supply (particularly in areas with the greatest deficit), attracting investment and mobilising funding, supporting the most vulnerable segments – such as young people and low-income workers – and reviewing regulations in order to avoid bottlenecks in the provision of housing and improve affordability in the medium term. This analysis examines the recent evolution of the European residential market and explores differences between countries in a context where housing has become the top concern among Europeans.<sup>2</sup>

### Supply shortages take over from recent shocks in the current European housing market phase

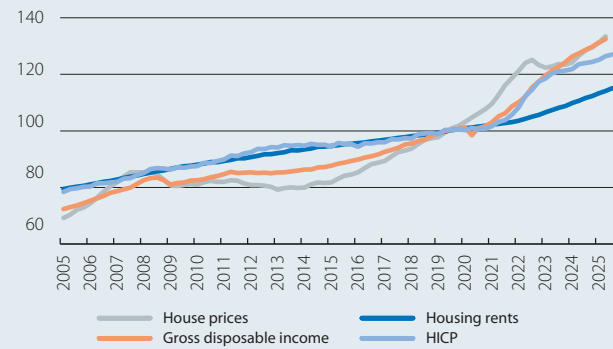
The residential real estate cycle in the EU over the last 10 years has been characterised by four distinct phases. An initial phase is framed by the emergence from the financial-sovereign crises, extending from 2014 to 2019, just before COVID-19. During this phase, average house prices in the EU grew at an annual rate of around 5%, far outpacing consumer inflation and rental costs (just over 1% in both cases), as well as gross disposable income per capita (3%) (see first chart).<sup>3</sup> This rapid price growth reflects both an adjustment in real terms, following the sharp corrections that occurred between 2007 and 2013, and a slow initial response from supply to the increase in the number of households (see second chart).

A second phase occurs in the context of the pandemic, where there was an unusual accumulation of savings, resulting from the job retention schemes that contained the fall in labour income, combined with lower spending due to the mobility restrictions and interruptions in the supply of certain products.<sup>4</sup> As the situation began to normalise, investment in housing – and not only in the primary residence segment – increased significantly.

1. See European Commission (2025). «European Affordable Housing Plan».  
 2. See European Commission (2025). «Public opinion on urban challenges and investment in cities».  
 3. House prices are based on sale transactions. Rental costs are approximated by taking sub-group 041 of the harmonised index of consumer prices (HICP), which reflects both updated existing contracts and new rental agreements.  
 4. See «Savings and consumption in times of pandemic: a historical and international review» in the MR11/2021.

### EU: house prices, housing rents, disposable income and HICP

(Index 100 = 2019)

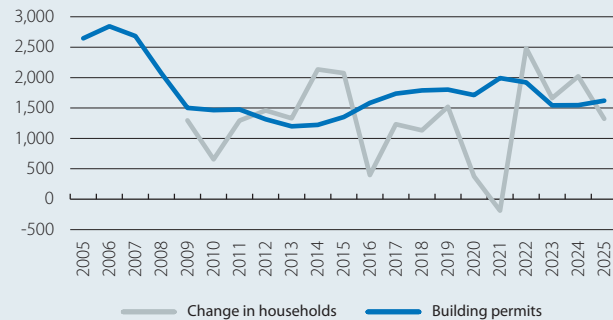


Notes: Gross disposable income of households per capita (including non-profit institutions serving households). Quarterly average of monthly data for the harmonised index of consumer prices (HICP). Housing rents corresponds to sub-group 041 of the HICP.

Source: CaixaBank Research, based on data from Eurostat

### EU: household formation and residential construction

(Thousands of units)



Notes: Building permits for residential construction excluding cooperatives (number of dwellings). 2025 data for building permits estimated using the year-on-year change in the first three quarters. 2025 data for household creation estimated using the year-on-year change in the population in the first three quarters and applying the average change in household size of the last 10 years.

Source: CaixaBank Research, based on data from Eurostat.

This pushed up purchase prices, which doubled their year-on-year growth rate to 10% by the end of 2021 and the beginning of 2022, far exceeding the growth of incomes, prices and rents.

A third phase is triggered by Russia’s invasion of Ukraine, which gave rise to an energy and price shock that initiated a more restrictive monetary policy cycle. The ECB’s rate hikes and the consequent rise in bank financing costs cooled the European housing market, resulting in the relative stagnation of residential property prices from mid-2022 up until the start of 2024, once monetary policy had fully passed through to the real economy. This situation contrasts with the sharp

growth in consumer prices during this period (in excess of 10% year-on-year in some months) and the acceleration in the increase of rents, which doubled their growth rate to 3%.

Finally, in the last two years, we find ourselves in a different phase in which the supply of new housing has barely recovered from the lows of 2023-2024, hampered by bottlenecks, labour shortages and rising construction material costs. In contrast, demand has accelerated in a context of monetary policy easing<sup>5</sup> and increased demographic growth driven by immigration – partly due to the arrival of Ukrainian refugees, partly due to the attraction of workers in response to labour shortages in some sectors. Thus, purchase prices are once again on the rise, at a rate around 5% year-on-year, in line with the average growth of disposable income across the EU, while rental costs are also now outpacing consumer prices (slightly above 3% vs. 2.5%, respectively).

**Marked geographical heterogeneity among Europe’s residential markets**

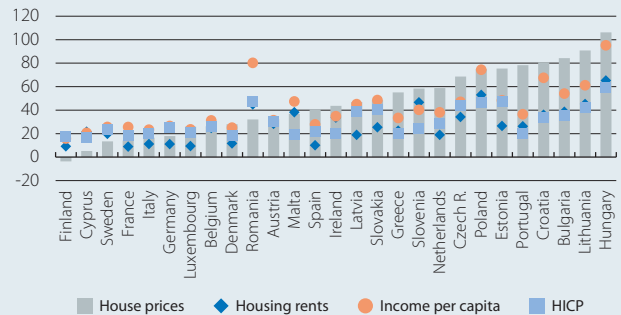
In recent years, house prices in the EU have shown differential behaviour from country to country, although a certain geographical pattern emerges, with the sharpest increases recorded throughout Eastern Europe and the Mediterranean region (with Greece and Portugal leading), while the central-northern region has shown more contained growth, with the exceptions of Ireland and the Netherlands (see third chart).<sup>6</sup>

Even within these groups, it is possible to distinguish Member States based on how aligned the evolution of house prices has been with the headline price index (change in real prices), disposable income (as a measure of affordability), or rental costs (a proxy for yield or opportunity cost). Thus, for example, purchase prices in Poland, Croatia, Portugal and Bulgaria have increased by around 80% between 2019 and 2025, but whereas in the first two cases the growth in per capita income has been similar, in the latter two the accumulated gap is 30-40 pps, resulting in a significant deterioration in the affordability of home ownership for their populations. Similarly, Spain and Ireland have recorded price increases of around 40%, some 10 pps above the increase in household incomes, although the difference between them is marked by the behaviour of rental costs, which have been much more contained in the former case (10% vs. 30%) as a result of the measures

5. See «House prices in Europe reactivate with the shift in monetary policy» in the Real Estate Sector Report for S1 2025.  
 6. ECB (2025). «Developments in the recent euro area house price cycle».

**EU: house prices, housing rents, income and HICP by country**

Change in 2019-2025 (%)



Notes: Change in the average of monthly/quarterly data for 2025 compared to those of 2019. Gross disposable income of households per capita (including non-profit institutions serving households). Housing rents corresponds to sub-group 041 of the HICP. House price data for Greece based on the observed trend of the housing affordability ratio between 2019 and 2024 and with a rate of change equal to income per capita in 2025. The income data for 2025 for Lithuania, Croatia, Estonia, Slovenia, Slovakia, Latvia, Malta, Luxembourg and Cyprus correspond to the update with the HICP on the 2024 data (for Bulgaria, on the 2022 data). Source: CaixaBank Research, based on data from Eurostat.

applied during COVID-19 and the subsequent controls in stressed areas.<sup>7</sup>

Some of the possible explanatory factors for the geographical dispersion include differences in the alignment between supply and demand, a different evolution of financial conditions and changes in the role of the second home segment.<sup>8</sup> Here we focus on the first element, the one most linked to the medium-term fundamentals for the residential market. To this end, we compare the change in the number of households that has occurred in recent years (since 2022, to abstract from the demographic effect of COVID-19) with the provision of new homes based on construction permits (see fourth chart). In general, we observe a reasonable alignment between demand for primary housing and the supply of new homes, with the vast majority of countries having a supply surplus/deficit of less than 2% of the total number of households. However, it is worth highlighting some countries where the discrepancies are significant: Lithuania, Portugal, Ireland and Estonia show a recent imbalance exceeding 5% (double digits in the first two countries), while Italy, Finland, the Netherlands and Spain also stand out, with demand representing two or more years of new construction (up to seven years in the first case).<sup>9</sup>

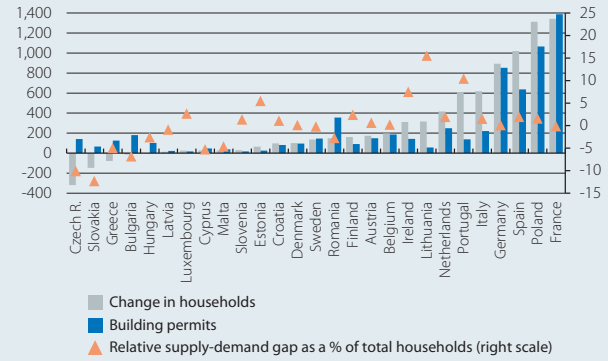
7. However, the contained rise in rental costs for the stock of contracts contrasts with the strong increases observed in new contracts in recent years, of just over 30% per m<sup>2</sup> between 2021 and 2025 according to data from Idealista.  
 8. See European Commission (2025). «Housing in the European Union: market developments, underlying drivers and policies».  
 9. For a more detailed calculation using alternative metrics for Spain, see «The price of not building: how the housing deficit explains much of the price pressures» in the Real Estate Sector Report for S2 2025.

The recent evolution of the European residential market reflects a cycle marked by successive shocks and an insufficient supply that is now emerging as the main source of tension. Although the price rally is widespread, the disparity between countries is clear, with differences in affordability and mismatches between supply and demand that limit the policy response. In this context, the Commission’s European Affordable Housing Plan is a step in the right direction, but only a coordinated strategy between different levels of government will allow housing to stop being Europeans’ top concern and become instead a pillar of social cohesion and economic stability.

David Martínez Turégano

**EU: household formation and housing construction by country**

(Thousands of units, cumulative 2022-2025)



**Notes:** Building permits for residential construction except cooperatives (number of dwellings). 2025 data for building permits estimated using the year-on-year change in the first three quarters. 2025 data for household creation estimated using the year-on-year change in the population in the first three quarters and applying the average change in household size of the last 10 years.

**Source:** CaixaBank Research, based on data from Eurostat.

# The differing speeds of inflation: a differential calculation for the ECB

The euro area reached the ECB’s inflation target in 2025. Headline inflation fell to 2.1% for the year as a whole and closed at 1.9% in December, while most agents’ expectations also place it at 2% in the medium term. How has this final disinflation towards the 2% target played out? Which products and countries have contributed the most? What inertia remains?

For the first time in three years, in 2025 disinflation was supported more by the core components (industrial goods and services) than by the more volatile ones. This reflects disinflation that is occurring at different speeds, mirroring the previous inflationary crisis itself: energy and food prices, which were the most strained in 2022, also led the first stage of the disinflation in 2023. In contrast, non-energy industrial goods and especially services lagged behind, leading the disinflationary process in 2024 and 2025 after having accelerated in 2023.

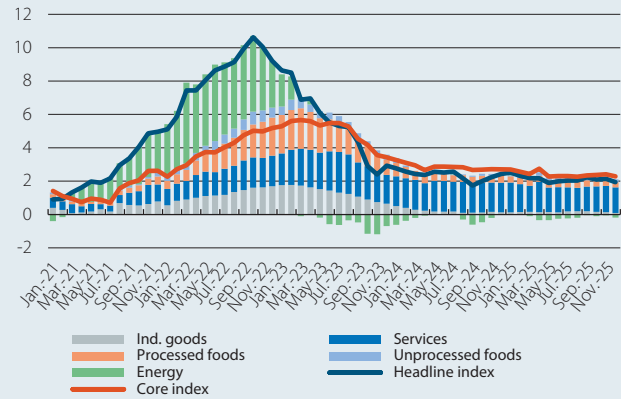
These differing speeds still persist in the latest inflation data. The main discrepancy is the inertia still present in services, with an inflation rate of 3.4% both for 2025 as a whole and in the last quarter and month of the year, which has been offset by the low inflation of non-energy industrial goods (0.6% in 2025, its lowest figure since the pandemic). The inertia of services is largely explained by the final ripple effects from the transmission of the inflationary crisis, and the latest data show that it is mainly due to the lagging behaviour of labour-intensive services (which also, consequently, are more sensitive to wage growth), energy-intensive services, and services that update their prices infrequently.<sup>1</sup> With headline inflation normalised, energy prices contained and wages decelerating, over the coming quarters we can expect service inflation to make definitive progress in its normalisation.

On the other hand, the return of headline inflation to 2% has also corrected the dispersion between countries that had been generated during the 2022 crisis. Small economies that were heavily impacted by the energy shock, such as the Baltic states (Estonia, Latvia and Lithuania saw inflation rates in excess of 20% in 2022), have recorded sharp disinflation (although their inflation rates still remain high within the euro area, at between

1. For example, in December 2025, prices related to transport, public services (post, waste collection, hospitals) and insurance accounted for nine of the top 10 items with the highest inflation in the core basket and contributed 0.5 pps to a core inflation rate of 2.3%. Inflation in insurance-related services also has inertia because it is affected by past inflation in the products being insured.

## Euro area: HICP

Year-on-year change (%) and contributions (pps)

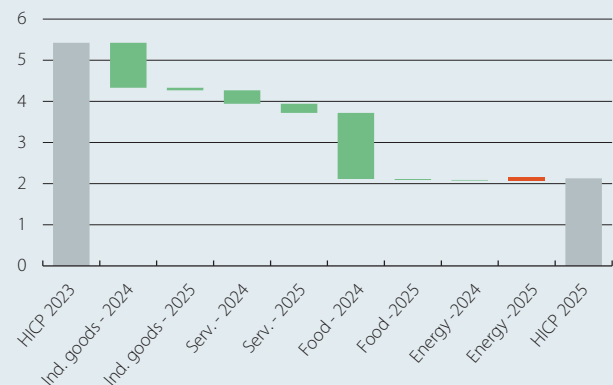


Note: Year-on-year change for headline and core inflation; contributions for the components.

Source: CaixaBank Research, based on data from Eurostat.

## Euro area: headline HICP

Year-on-year change (%) and contributions (pps)

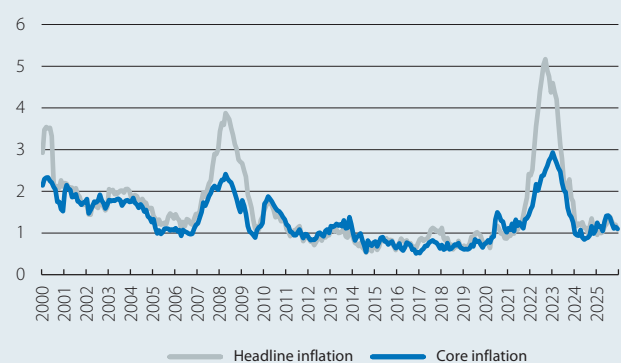


Note: For the components, their contribution to the change in headline inflation between 2023 and 2024 and between 2024 and 2025 is shown.

Source: CaixaBank Research, based on data from Eurostat.

## Euro area: dispersion of inflation between countries

(pps)



Note: Dispersion measured according to the standard deviation of the year-on-year change in the harmonised CPI among the 20 countries that made up the euro area as of December 2025.

Source: CaixaBank Research, based on data from Eurostat.

3% and 4%). Among the four major European economies, the country that provided the greatest boost to the disinflation of the euro area as a whole in 2025 was France, while Germany and Spain also helped to reduce it (albeit more moderately). Italy, on the other hand, actually pushed it up slightly due to base effects related to energy prices.

In terms of levels, France stands out for having the lowest inflation, largely driven by a negative contribution from energy due to the more gradual manner in which the rise in energy costs filtered through to French prices during the crisis.<sup>2</sup> The negative contribution from energy also persisted in Germany and Italy, whose energy dependence on Russia initially led to a relatively higher increase in energy costs (the energy CPI rose by 35% in Germany and by 51% in Italy in 2022 as a whole), although by 2025 it had become more residual in quantitative terms. Spain, for its part, has recorded inflation somewhat higher than the euro area average, largely explained by higher inflation in energy and food compared to the euro area.<sup>3</sup>

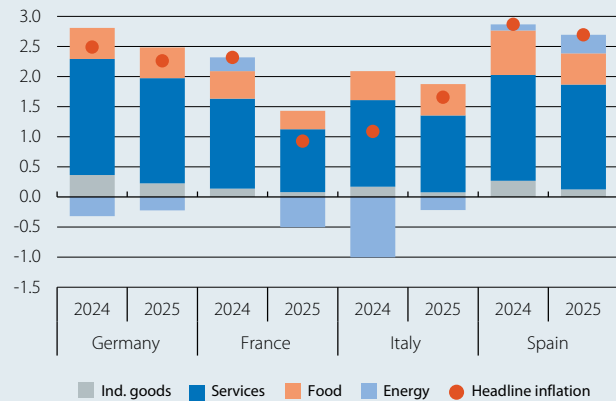
Taken together, the 2025 figures depict inflation at the ECB's 2% target. However, behind this normalisation there is a dispersion among components that reflects the wide variety of risks surrounding the scenario: from the inertia of services (which ought to moderate with wages) to the low inflation of goods (subject to risks of tariff disruptions and the redirection of trade), to food and its sensitivity to extreme weather events.

2. In 2022, France opted for direct interventions on gas prices. Thus, the tightening of its energy prices was less pronounced in the short term, but so was their subsequent easing.

3. In terms of the harmonised CPI, Spanish inflation was similar to that of the euro area in non-energy industrial goods and services (0.3 pps lower in the former, 0.2 pps higher in the latter), lower in processed foods (1.0 pp) and significantly higher in unprocessed foods (2.4 pps) and energy (4.6 pps).

**Euro area: HICP**

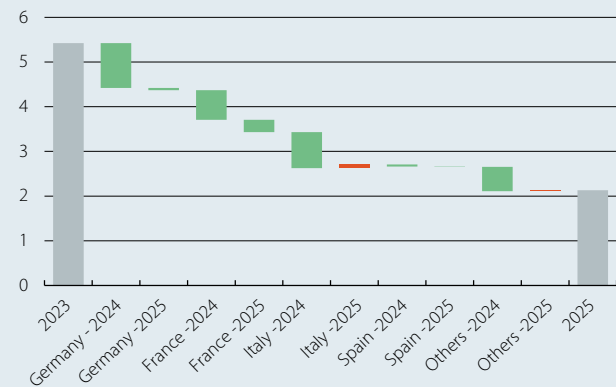
Annual change (%) and contributions (pps)



Note: Annual change for headline inflation; contributions for the components. Source: CaixaBank Research, based on data from Eurostat.

**Euro area: headline HICP**

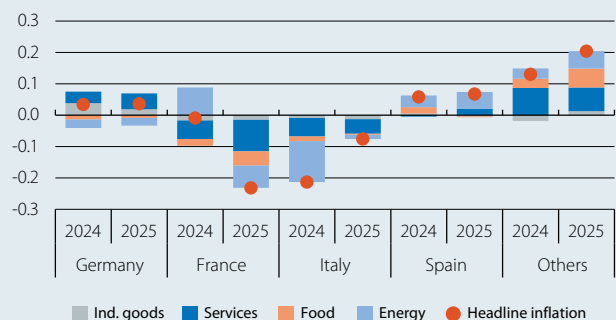
Year-on-year change (%) and contributions (pps)



Note: For the countries, their contribution to the change in the headline inflation of the euro area between 2023 and 2024 and between 2024 and 2025 is shown. Source: CaixaBank Research, based on data from Eurostat.

**HICP: differential contribution by country to the euro area as a whole\***

(pps)



Note: \* The differential contribution refers to the contribution of each country's headline inflation to the inflation of the euro area as a whole, expressed as an excess (+) or deficit (-) compared to the contribution predicted by the country's weight in the index (assuming the same inflation in all countries).

Source: CaixaBank Research, based on data from Eurostat.

Year-on-year (%) change, unless otherwise specified

## UNITED STATES

	2024	2025	Q1 2025	Q2 2025	Q3 2025	Q4 2025	11/25	12/25	01/26
<b>Activity</b>									
Real GDP	2.8	...	2.0	2.1	2.3	...	–	–	–
Retail sales (excluding cars and petrol)	3.4	...	4.8	4.9	4.6	...	4.4	...	...
Consumer confidence (value)	104.5	96.1	99.8	93.1	97.4	94.2	92.9	94.2	84.5
Industrial production	–0.7	1.3	0.7	0.5	1.7	2.2	2.7	2.0	...
Manufacturing activity index (ISM) (value)	48.2	48.9	49.9	48.8	48.7	48.2	48.0	47.9	52.6
Housing starts (thousands)	1,371	...	1,401	1,354	1,339	...	...	...	...
Case-Shiller home price index (value)	330	...	340	338	337	...	341	...	...
Unemployment rate (% lab. force)	4.0	4.3	4.1	4.2	4.3	4.5	4.5	4.4	...
Employment-population ratio (% pop. > 16 years)	60.1	59.8	60.0	59.8	59.6	59.7	59.6	59.7	...
Trade balance <sup>1</sup> (% GDP)	–2.8	...	–3.5	–3.6	–3.4	...	–3.1	...	...
<b>Prices</b>									
Headline inflation	3.0	2.7	2.7	2.4	2.9	2.7	2.7	2.7	...
Core inflation	3.4	2.9	3.1	2.8	3.1	2.6	2.6	2.6	...

## JAPAN

	2024	2025	Q1 2025	Q2 2025	Q3 2025	Q4 2025	11/25	12/25	01/26
<b>Activity</b>									
Real GDP	–0.2	...	1.6	2.0	0.6	...	–	–	–
Consumer confidence (value)	37.2	34.7	34.7	32.8	34.6	36.8	37.5	37.2	37.9
Industrial production	–3.0	1.2	2.5	0.8	0.6	1.0	0.6	0.8	...
Business activity index (Tankan) (value)	12.8	13.5	12.0	13.0	14.0	15.0	–	–	–
Unemployment rate (% lab. force)	2.5	2.5	2.5	2.5	2.5	2.6	2.6	2.6	...
Trade balance <sup>1</sup> (% GDP)	–1.0	...	–0.9	–0.7	–0.5	...	–0.4	...	...
<b>Prices</b>									
Headline inflation	2.7	3.2	3.8	3.4	2.9	2.7	2.9	2.1	...
Core inflation	2.4	3.0	2.7	3.2	3.2	3.0	3.0	2.9	...

## CHINA

	2024	2025	Q1 2025	Q2 2025	Q3 2025	Q4 2025	11/25	12/25	01/26
<b>Activity</b>									
Real GDP	5.0	5.0	5.4	5.2	4.8	4.5	–	–	–
Retail sales	3.3	3.8	3.6	4.4	2.4	0.7	1.3	0.9	...
Industrial production	5.6	5.9	6.8	6.2	5.8	5.0	4.8	5.2	...
PMI manufacturing (value)	49.8	49.6	49.9	49.4	49.5	49.4	49.2	50.1	49.3
<b>Foreign sector</b>									
Trade balance <sup>1,2</sup>	997	1,194	1,086	1,146	1,176	1,194	1,185	1,194	...
Exports	4.6	5.5	5.7	6.0	6.5	3.8	5.8	6.6	...
Imports	1.0	0.0	–6.9	–0.8	4.4	2.9	1.9	5.7	...
<b>Prices</b>									
Headline inflation	0.2	0.1	–0.1	0.0	–0.2	0.6	0.7	0.8	...
Official interest rate <sup>3</sup>	3.1	3.0	3.1	3.0	3.0	3.0	3.0	3.0	3.0
Renminbi per dollar	7.2	7.2	7.3	7.2	7.2	7.1	7.1	7.0	7.0

Notes: 1. Cumulative figure over last 12 months. 2. Billion dollars. 3. End of period.

Source: CaixaBank Research, based on data from the Department of Economic Analysis, Bureau of Labor Statistics, Federal Reserve, Standard &amp; Poor's, ISM, National Bureau of Statistics of Japan, Bank of Japan, National Bureau of Statistics of China and Refinitiv.

## EURO AREA

## Activity and employment indicators

Values, unless otherwise specified

	2024	2025	Q1 2025	Q2 2025	Q3 2025	Q4 2025	11/25	12/25	01/26
Retail sales (year-on-year change)	1.2	...	2.4	3.0	1.9	...	2.3	...	...
Industrial production (year-on-year change)	-3.0	...	1.4	1.3	1.4	...	2.5	...	...
Consumer confidence	-12.6	-13.4	-12.7	-14.3	-13.6	-12.9	-12.8	-13.2	-12.4
Economic sentiment	95.9	96.0	95.9	94.7	95.9	97.3	97.5	97.2	99.4
Manufacturing PMI	45.9	49.1	47.6	49.3	50.1	49.5	49.6	48.8	49.5
Services PMI	51.5	51.3	51.0	50.1	50.9	53.0	53.6	52.4	51.6
<b>Labour market</b>									
Employment (people) (year-on-year change)	0.9	...	0.8	0.7	0.6	...	-	-	-
<b>Unemployment rate (% labour force)</b>	6.4	6.3	6.3	6.4	6.4	6.3	6.3	6.2	...
Germany (% labour force)	3.4	3.7	3.6	3.7	3.8	3.8	3.8	3.8	...
France (% labour force)	7.4	7.6	7.5	7.6	7.7	7.7	7.7	7.7	...
Italy (% labour force)	6.6	6.0	6.3	6.3	6.0	5.7	5.6	5.6	...
<b>Real GDP (year-on-year change)</b>	0.8	1.5	1.6	1.5	1.4	1.3	-	-	-
Germany (year-on-year change)	-0.5	0.3	0.3	0.4	0.3	0.4	-	-	-
France (year-on-year change)	1.1	0.9	0.7	0.8	0.9	1.1	-	-	-
Italy (year-on-year change)	0.5	0.7	0.7	0.5	0.6	0.8	-	-	-

## Prices

Year-on-year change (%), unless otherwise specified

	2024	2025	Q1 2025	Q2 2025	Q3 2025	Q4 2025	11/25	12/25	01/26
General	2.4	2.1	2.3	2.0	2.1	2.1	2.1	2.0	1.7
Core	2.8	2.4	2.6	2.4	2.3	2.4	2.4	2.3	2.2

## Foreign sector

Cumulative balance over the last 12 months as % of GDP of the last 4 quarters, unless otherwise specified

	2024	2025	Q1 2025	Q2 2025	Q3 2025	Q4 2025	11/25	12/25	01/26
<b>Current balance</b>	3.4	...	3.0	3.6	4.7	...	8.9	...	...
Germany	5.8	...	5.4	6.7	9.3	...	18.1	...	...
France	0.1	...	0.0	-0.3	-0.9	...	-1.8	...	...
Italy	1.1	...	0.9	1.3	2.4	...	4.9	...	...
<b>Nominal effective exchange rate<sup>1</sup> (value)</b>	94.6	96.5	93.2	96.7	98.3	98.0	97.8	98.2	97.8

## Credit and deposits of non-financial sectors

Year-on-year change (%), unless otherwise specified

	2024	2025	Q1 2025	Q2 2025	Q3 2025	Q4 2025	11/25	12/25	01/26
<b>Private sector financing</b>									
Credit to non-financial firms <sup>2</sup>	0.8	2.7	2.2	2.6	2.9	3.0	3.1	3.0	...
Credit to households <sup>2,3</sup>	0.5	2.2	1.5	2.1	2.5	2.9	2.9	3.0	...
Interest rate on loans to non-financial firms <sup>4</sup> (%)	4.9	3.4	3.9	3.4	3.2	3.3	3.2	3.4	...
Interest rate on loans to households for house purchases <sup>5</sup> (%)	4.6	3.7	4.0	3.7	3.6	3.5	3.5	3.6	...
<b>Deposits</b>									
On demand deposits	-3.9	5.0	3.7	5.3	5.6	5.5	5.5	5.1	...
Other short-term deposits	12.4	-0.1	2.3	-0.1	-1.5	-1.0	-0.8	-0.4	...
Marketable instruments	20.0	7.7	14.7	11.1	4.4	0.6	1.5	-1.0	...
Interest rate on deposits up to 1 year from households (%)	3.0	1.9	2.2	1.9	1.7	1.8	1.8	1.8	...

**Notes:** 1. Weighted by flow of foreign trade. Higher figures indicate the currency has appreciated. 2. Data adjusted for sales and securitization. 3. Including NPISH. 4. Loans of more than one million euros with a floating rate and an initial rate fixation period of up to one year. 5. Loans with a floating rate and an initial rate fixation period of up to one year.

**Source:** CaixaBank Research, based on data from the Eurostat, European Central Bank, European Commission, national statistics institutes and Markit.

## The Spanish economy faces 2026 with optimism

**Despite the difficulties, activity and employment remain highly buoyant.** The Spanish economy successfully navigated the trade and geopolitical tensions affecting the global environment in 2025, achieving growth of 2.8%. This figure clearly surpasses both our forecast at the start of year, which was 2.3%, and the euro area's growth, which stood at 1.5%. This GDP growth was driven by the momentum of domestic demand, which offset the deterioration of external demand resulting from the surge in imports.

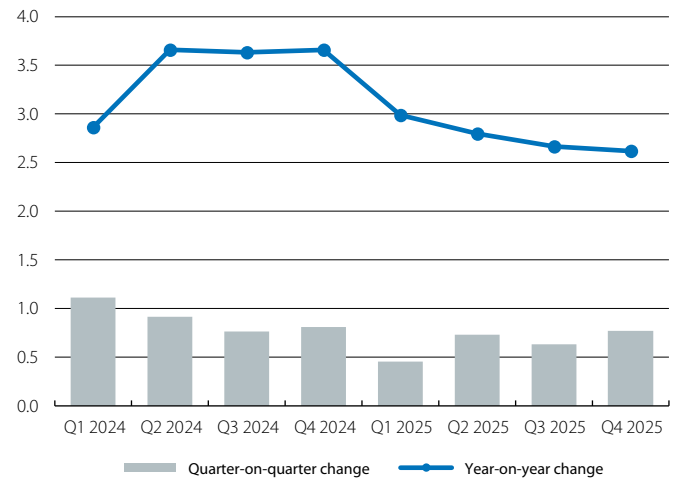
For this year, we expect the economy to maintain its dynamism, with growth exceeding the euro area average, despite the ongoing geopolitical uncertainty. Domestic demand will remain the main driver of growth, supported by an increase in private consumption and investment, which will benefit from still favourable financial conditions. Consumption will also be supported by the improvement in disposable income – in a context of significant job creation, wage growth and high migratory flows – and the solid financial position of households, with a savings rate that will continue to normalise from the current high levels. In the case of investment, the support factors will include the implementation of NGEU funds, along with the strength of construction and the boom in investment in new technologies and intangible assets.

**Spain's GDP beats expectations in the final stretch of 2025.** GDP grew by 0.8% quarter-on-quarter in Q4 2025, above the 0.6% recorded in Q3, while the year-on-year rate stood at 2.6%, just 0.1 pp less than in the previous quarter. The latest GDP data, which are better than initially expected, mean a higher starting point for 2026 and create a carry-over effect that will lead us to revise upwards our growth forecast for this year, currently at 2.1%.

Domestic demand was the main driver of the economy in Q4 2025, contributing 1.0 pp to quarter-on-quarter GDP growth: private consumption grew by 1.0% and investment by 2.2%, particularly in construction (both residential and non-residential) and, above all, in transport equipment. In contrast, foreign demand subtracted 0.2 pps from quarter-on-quarter growth due to the greater dynamism of imports, which, driven by the momentum of domestic demand, grew by 1.4%, compared to the 0.8% recorded by exports. In the case of the latter, the strength of services exports contrasts with the stagnation of goods exports, affected by tariffs and the weakness of our euro area partners.

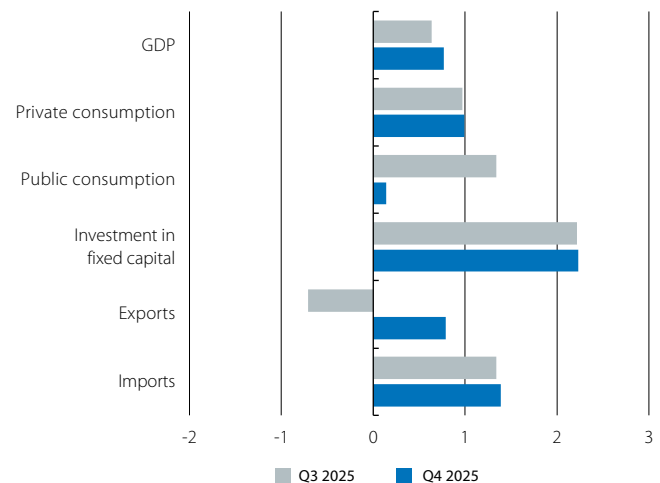
**The labour market ended 2025 in a position of strength.** According to the Q4 2025 LFS, the number of people in employment increased by 76,200, marking the best Q4 figure in four years and significantly surpassing the 2024 levels (34,900) as well as the 2014-2019 average (28,300). Moreover, in seasonally adjusted terms, growth stood at 0.9% quarter-on-quarter (0.5% in the prior quarter), the strongest since Q2 2023. The unemployment rate, meanwhile, fell by 0.6 percentage points to 9.9%, marking the first time since 2008 that it has dropped below 10%. In this way, 2025 ended with 605,400 more people in employment (+2.8% year-on-year), reaching

### Spain: GDP Change (%)



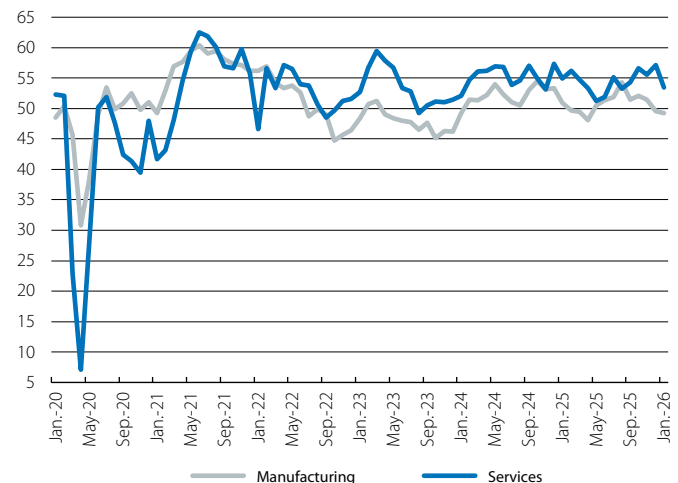
Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE).

### Spain: components of GDP Quarter-on-quarter change (%)



Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE).

### Spain: PMI Level



Source: CaixaBank Research, based on data from S&P Global PMI.

a new record of 22.46 million, and 118,400 fewer unemployed (-4.6%).

**The first available activity indicators for 2026 point to a containment in growth.** Firstly, as is commonplace in January, Social Security affiliation fell by 270,782 workers (-1.2%), a slightly sharper decline than in the same month of previous years (-1.1% on average in 2023-2025), while in seasonally adjusted terms it recorded an increase of 17,311 people, compared to a monthly average of 42,875 in Q4 2025. On the supply side, the January PMIs suggest a moderation in growth: in the case of the services sector, it remains in expansionary territory, above 50 points, but slipped to 53.5 points from 57.1 points in December. As for the manufacturing index, it stands at 49.2 points, slightly below the previous figure (49.6). On the consumption side, the [CaixaBank Research Consumption Tracker](#) shows a slowdown in Spanish card activity in January, with a year-on-year growth rate (up to the 21st) of 3.4%, compared to 5.5% in December.

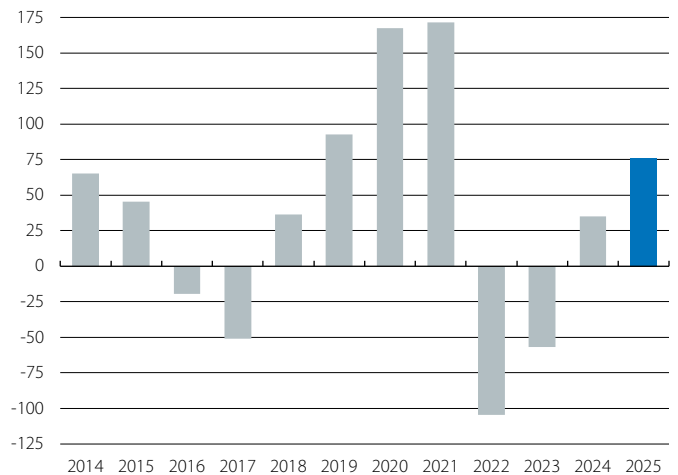
**Inflation starts the year with a sharp slowdown, thanks to energy.** According to the flash estimate published by the National Statistics Institute (INE), in January headline inflation continued its moderation of previous months and decreased by 0.5 percentage points to 2.4%, the lowest rate since June 2025. Meanwhile, core inflation (which excludes energy and unprocessed food) remained at 2.6%. The decline in headline inflation is mainly explained by electricity prices. This January, the VAT base effect disappeared: in 2025, electricity was subject to 21% VAT, compared to 10% in 2024. Now, when we compare two months with the same VAT rate of 21%, this effect fades, pushing inflation down. Despite this path of moderation, the persistence shown by the services component leads us to anticipate that inflation in 2026 will still remain slightly above the 2% target.

**Initial signs of stabilisation in housing demand.** Sales transactions grew again in November (7.8% year-on-year), although they have maintained a modest tone since August, far from the double-digit rates recorded in the first half of the year. In any case, the level of activity in 2025 remains very high, with 660,000 sales transactions completed between January and November, representing a 12% year-on-year increase. However, the supply of new housing remains far from meeting this strong demand: in the same period, 127,400 new builds were approved, 7.4% more than in the same period of the previous year but insufficient to absorb the creation of new households (220,000 in the trailing four quarters to Q3 2025). This mismatch between supply and demand will continue to exert upward pressure on house prices in the short and medium term.

**The current account surplus remains at high levels thanks to services.** The current account balance in 2025, with 12-month cumulative data up to November, showed a surplus of 2.9% of GDP, slightly below the record high of 2024 (3.2%). On one hand, the trade deficit increased to 2.8% of GDP (2.1% in 2024), due to the deterioration of the balance of non-energy goods in a context of strong import growth to satisfy the burgeoning domestic demand. Conversely, the services balance continues to record high surpluses, both for non-tourism services (2.3% of GDP vs. 2.0% in 2024) and for tourism (4.2% of GDP vs. 4.3%).

**Spain: people in employment**

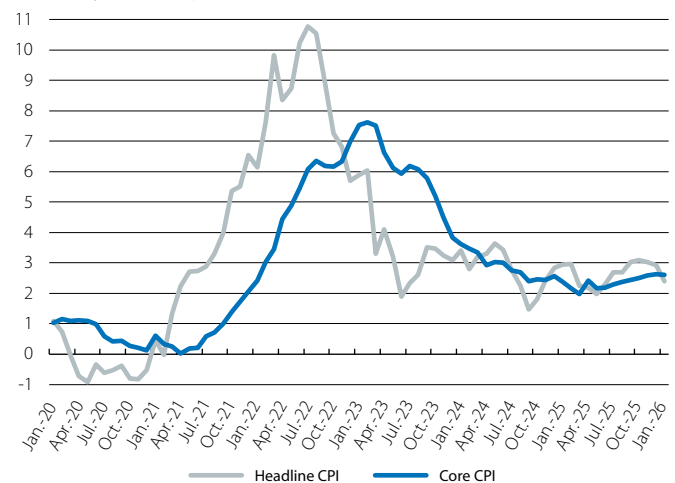
Quarterly change in Q4 (thousands)



Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE, Labour Force Survey).

**Spain: CPI**

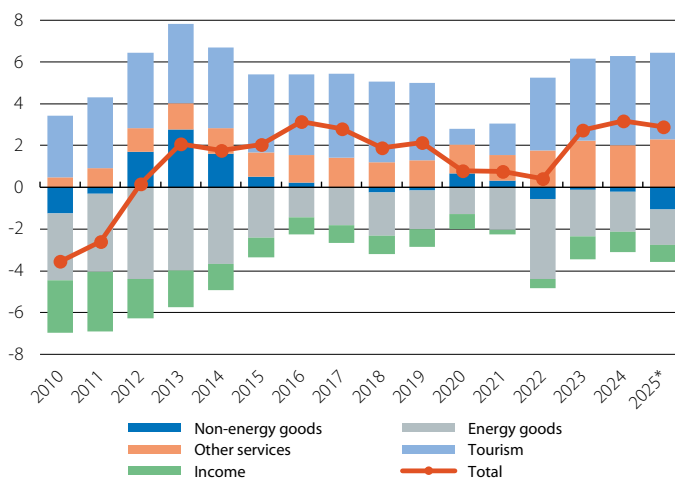
Year-on-year change (%)



Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE).

**Spain: current account balance**

(% of GDP)



Note: \* Cumulative data for the trailing 12 months to November. Goods data according to the SITC (Standard International Trade Classification).

Source: CaixaBank Research, based on data from the Bank of Spain.

## Treasury funding needs in 2026: high but manageable thanks to strong demand

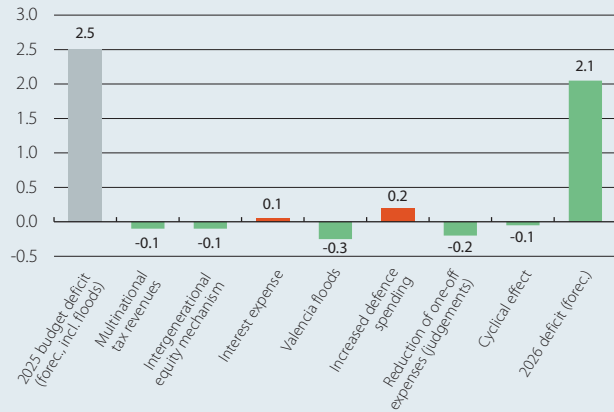
Spain is facing 2026 with funding needs that remain high, albeit in a relatively more favourable fiscal context than its main European peers. Despite the reduction of the deficit and public debt as a percentage of GDP, the high nominal levels and a volume of maturities similar to that of 2025 mean that funding needs remain at levels comparable to those of recent years. In this context, the strength of demand for public debt – especially among non-resident investors – allows us to anticipate an orderly absorption of the issuance volume.

We anticipate that the public deficit will fall from 2.5% of GDP in 2025 to 2.1% in 2026,<sup>1</sup> thanks, among other factors, to the reduction of exceptional expenses – such as aid for the Valencia floods and judicial payments (both concepts will represent around 0.5% of GDP in 2025)<sup>2</sup> – and economic dynamism, although the increase in defence spending will partially offset these factors. In this way, Spain will be in a better fiscal position than France (fiscal deficit of 4.9% of GDP in 2026 according to the European Commission) or Italy (2.8%).

Public revenues are expected to grow by more than 5% year-on-year,<sup>3</sup> slightly above nominal GDP, while the growth of net computable expenditure<sup>4</sup> is anticipated to be slightly above 4.0%, exceeding the 3.7% target agreed with the European Commission. According to the Commission’s own estimates, this would entail a deviation amounting to 0.3% of GDP, placing it at the limit of what is tolerated, so it would not constitute a formal breach of the agreed fiscal path nor would it trigger the activation of any formal early warning.<sup>5</sup>

1. AIReF is even more optimistic and places it at 2.0%.
2. Estimates from the «Annual Progress Report 2025», Ministry of Economy.
3. See the «Report on the drafts budgets and main budgetary lines of the General Government for 2026», published in November by AIReF.
4. Net computable expenditure, which is relevant for the European fiscal rules, includes public expenditure net of interest expenses, discretionary measures related to income, expenditure on EU programmes fully offset by income from EU funds, national expenditure on the co-financing of EU-funded programmes, cyclical elements of expenditure on unemployment benefits, and one-off and other temporary measures. Moreover, it does not include the expenses associated with the floods in the Valencia province.
5. Under the new European fiscal framework, the activation of more stringent corrective mechanisms does not depend on temporary or one-off deviations, but rather on their persistence and accumulation over time. In particular, the rules focus on identifying sustained breaches of the agreed spending path, assessed through the use of a cumulative control account, as well as the absence of credible corrective measures. In this way, a one-off deviation can lead to an early warning, but what is relevant for escalating the procedure is its persistence and lack of correction. In cumulative terms, the control account – considering deviations for the period 2024-2026 – would show a deviation of 0.2% of GDP in 2026, well below the maximum threshold of 0.6%. This result is favoured by the fact that in 2024 the growth of net primary expenditure was well below the target, with a margin of around 0.4% of GDP.

### Budget deficit (% of GDP)



Source: CaixaBank Research.

### Spain: Treasury funding needs (EUR billions)



Note: \* Amortisation figures do not include bills.

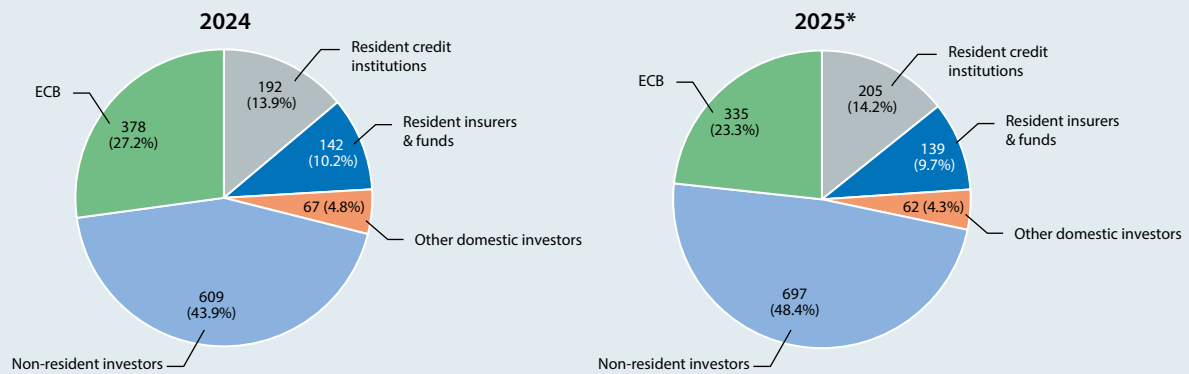
Source: CaixaBank Research, based on data from the General Secretariat of the Treasury.

Although the public deficit will continue to decrease, the Treasury’s funding needs will remain relatively high and in line with those of 2025. In particular, in 2026, the Treasury forecasts a net issuance of 55 billion euros, to be funded mainly through medium- and long-term instruments, accounting for 50 billion, with Treasury Bills making up the remaining 5 billion. This figure is very similar to the almost 54.8 billion of 2025 and the slightly more than 55.0 billion of 2024, although it is 10 billion lower than that of 2023. The gross issuance of medium and long-term debt, which is the sum of redemptions and the net issuance, will be just over 176.5 billion euros, 5.6 billion more than in 2025, and will include a planned ESM redemption of just over 3.6 billion euros.

International support and the strength of demand will be decisive. The ECB will continue not reinvesting maturities,

**Spain: holdings of government debt (bills, notes and bonds)**

(EUR billions and structure in % terms)



Note: \* Data from October 2025.

Source: CaixaBank Research, based on data from the General Secretariat of the Treasury.

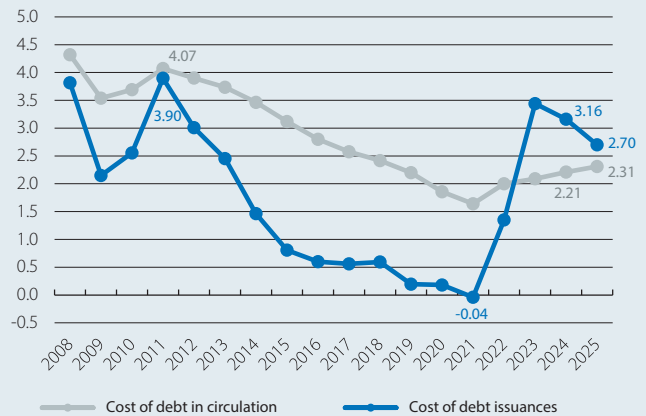
which underscores the importance of the attractiveness of Spanish debt in a context of higher rates than in 2016-2022. The reduced role of the ECB is being more than offset by non-residents; in the first 10 months of 2025, non-resident investors increased their holdings of notes and bonds (excluding bills) by 74.3 billion euros, well above the historical average (average annual increase in their holdings of +19.2 billion euros during the period 2003-2023), raising their share of medium/long-term public debt holdings to 48.9%, compared to 44.9% at the end of 2024. Meanwhile, domestic retail investors reduced their positions in Treasury Bills by 5.8 billion relative to the end of 2024. This trend is consistent with the rate cuts implemented by the ECB (although their holdings are 18 billion higher than they were at the end of 2022, in the lead-up to the rate hikes implemented following the energy shock), although it is more than offset by an 11-billion increase in purchases of bills by non-residents. Overall, domestic investors hold 28.3% of the public debt in circulation, a figure slightly below the 28.9% at the end of 2024, but higher than the 26.3% of 2022.

The average cost of new debt issued by the state in 2025 stood at 2.70%, a reduction of 46 bps compared to 2024, consistent with the decline in interest rates. The average cost of the debt in circulation, meanwhile, remained contained and ended 2025 at 2.31%, just 10 bps above the 2024 level. This level, however, remains above the all-time low reached in 2021 (1.64%) and reflects a key phenomenon: although issuance rates have fallen compared to 2024, they remain above the average cumulative cost, leading to a gradual increase in that average cost. The average life remains stable at around eight years, with maturities well distributed and low refinancing risk (13% within one year).<sup>6</sup> Finally, we

6. See AIReF's December 2025 «Public Debt Monitor».

**Spain: cost of government debt**

(%)



Source: CaixaBank Research, based on data from the General Secretariat of the Treasury.

estimate that the total interest payments of the general government as a whole, considering market expectations, could reach 2.5% of GDP in 2026, 0.1 percentage point more than in 2025, although well below the 2014 level (3.5% of GDP). This slight increase is explained by the renewal of the stock of debt: older issuances with lower rates than the current ones are being amortised.

Regarding the stock of public debt, we anticipate that public debt will stand at around 99% of GDP by the end of this year, still more than 1 point above the 2019 level. We estimate that 22.5% of the total will be held by the ECB, leaving 77.5% of the total in the hands of other investors. Thus, the net debt of central bank holdings will be around 76.7% of GDP, compared to much higher levels in the past, such as 101.6% in 2014.

In conclusion, Spain is facing 2026 with high funding needs, but these are fully manageable in the current market environment, supported by a solid investor base.

However, beyond the short term, the main challenge lies in the credibility of the medium-term fiscal path. The structural increase in public spending – especially on defence and that associated with ageing – and the full implementation of the new European fiscal rules require a credible, gradual and sustained fiscal consolidation strategy in order to ensure the stability of the public finances beyond 2026.<sup>7</sup>

**Spain: public debt**

(% of GDP)



Source: CaixaBank Research, based on data from the Bank of Spain, the ECB and own forecasts.

7. See footnote 3.

## Business turnover, a structural challenge for Spain’s catering sector

Since the end of the pandemic, the catering industry in Spain has enjoyed a rapid recovery, supported by the dynamism of tourism and the normalisation of consumption. Revenues have grown and employment has reached historic highs, consolidating its role as one of the pillars of the services sector. Yes despite this strong performance, the sector still faces a challenge: its high business turnover, which limits the stability and maturity of the productive fabric.

Business turnover in the sector systematically exceeds the average of the economy and surpasses 20% of all active companies.<sup>1</sup> The sector is also particularly young: one in every four active companies is one year old or less, while the proportion of those that have existed for 20 years or more is well below average. On balance, although a certain degree of turnover is inherent in the activity of a sector like catering, its intensity calls into question the ability of businesses to consolidate their position, grow and improve their productivity.

### Why is business turnover so high?

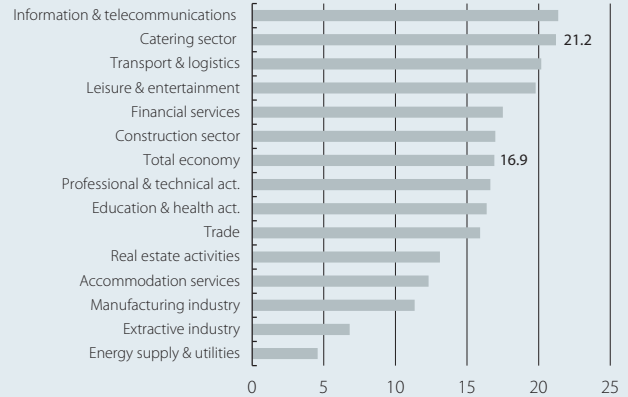
The characteristics of the sector help to explain it. Firstly, it has low barriers to entry. The initial investment is relatively limited compared to other sectors, which facilitates the creation of new businesses but also increases the likelihood that many of them will not manage to become established.

Secondly, Spain has a high density of catering establishments per inhabitant (5.4 per 1,000 inhabitants), especially in tourist regions. This high concentration intensifies competition, puts pressure on margins and makes it difficult for less efficient establishments to survive. Moreover, tourist regions are often more exposed to volatile and seasonal demand, which contributes to higher turnover rates.

Business size is another key factor. The sector is dominated by small enterprises, which experience turnover rates of close to 30%, well above the sector average. As the number of workers increases, the turnover rate decreases sharply, even falling below the average of the economy as a whole in the case of larger firms. All this suggests that size provides stability, as it gives companies greater financial capacity, a more solid

1. The business turnover rate is defined as the percentage of companies that have registered or de-registered in a given period relative to the total number of active companies. It is an indicator of the degree of renewal or churn in the business fabric.

**Spain: business turnover rate by sector**  
(% of all active companies)



Note: Data from 2023.

Source: CaixaBank Research, based on data from the National Statistics Institute (INE, harmonised demographics).

organisational structure and greater resilience to adverse disturbances.

The legal form is also relevant. Businesses in the sector are typically managed by individuals, but these types of businesses exhibit a higher turnover rate than those operated by legal entities (23% versus 17%, respectively), indicating that the latter have a greater degree of professionalism and a more structured management approach.

In addition to the aforementioned factors, there are others that affect the entire sector, such as high staff turnover, the difficulty in attracting and retaining qualified staff, and the rise in operating costs, which cannot always be passed on to sale prices without losing customers.

### A comparison with Europe

Spain’s catering industry plays a significantly larger role in the economy compared to the EU average, both in terms of the number of businesses and in revenues. Also, the sector’s productivity, measured by value added per worker, compares favourably with the euro area average relative to other sectors of our economy: while the productivity of Spain’s economy as a whole is 15% lower than the euro area average, the catering sector is only 8.5% below. Nevertheless, the sector still has room for improvement.

Compared to France, Germany or Italy, the Spanish sector is more fragmented: micro-enterprises predominate and there is a smaller proportion of larger companies, many of which are owned by individuals.

This structure is associated with higher turnover rates and lower productivity. In many European economies, the sector consists of fewer but larger firms, with lower turnover and a greater capacity to generate revenues.

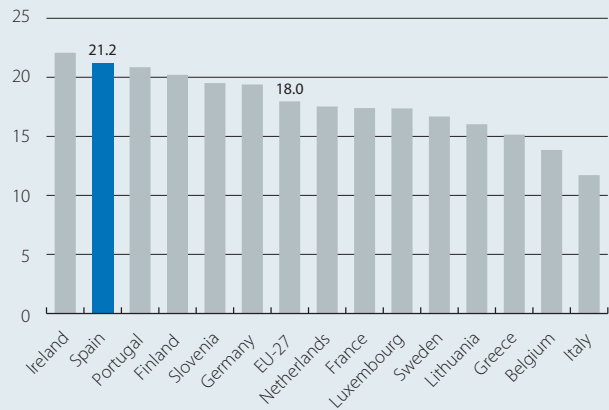
**Growth, professionalism and efficiency gains**

Ultimately, high business turnover is one of the main structural challenges of the Spanish catering industry. Although the sector’s buoyancy is a strength, excessive business turnover limits business’ ability to consolidate their position, hinders productivity gains and increases vulnerability to changes in the economic environment.

To reduce turnover, new business ventures must be undertaken with a more logical business approach, developing business plans to ensure greater success. It is also necessary to foster an environment in which viable businesses can grow and achieve efficiency gains. Progressing towards a business fabric that is composed of larger, better-managed and more adaptable firms is key to ensuring more sustainable growth. Furthermore, improving training and talent retention and adapting business models to seasonality will help strengthen the sector’s resilience. In this way, Spain’s catering sector will be able to ensure a more solid development path in the medium and long term.

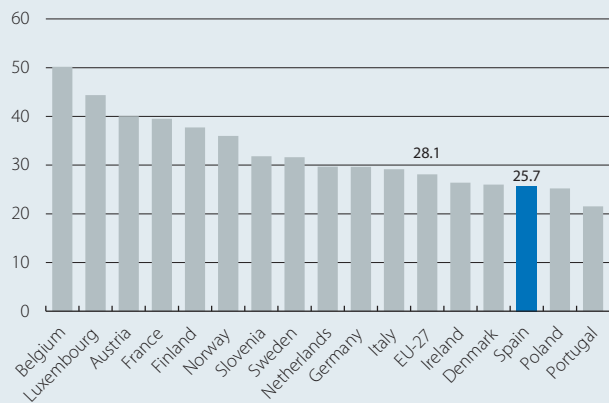
*Pedro Álvarez Ondina*

**EU: business turnover rate in catering**  
(% of all active companies)



Note: Data from 2023.  
Source: CaixaBank Research, based on data from Eurostat.

**EU: value added per employee in catering**  
(EUR thousands per employee)



Notes: Data from 2023. Eurostat only provides value added data at factor cost.  
Source: CaixaBank Research, based on data from Eurostat.

# CaixaBank Research wage indicator: new perspectives by company size and job tenure

The evolution of wages is key for analysing workers' purchasing power and macroeconomic dynamics. In contexts of high inflation, such as that recorded in 2022, monitoring wage remuneration with precise and high-frequency indicators made it possible to detect the absence of a price-wage spiral. In this context, CaixaBank Research developed a wage indicator from anonymised internal data, integrated into the [Real-Time Economics portal](#), which now includes two important new features: disaggregation by company size and distinction between workers who stay in their company of employment and those who switch employers. These improvements allow wage dynamics in Spain to be monitored at a more granular level and complement the information provided by traditional statistics.

## A solid and increasingly comprehensive indicator

The CaixaBank wage indicator is constructed from duly anonymised account transactions that are identified as payroll.<sup>1</sup> Comparing it with other reference indicators (wage rises agreed under collective bargaining agreements, indicators of large firms or offers on job portals, among others) shows that it reflects a similar aggregate pattern in the evolution of wages, while also providing greater granularity and a latency of just a few days. The first chart of this article illustrates these common dynamics, despite the differences between them, such as the wage rebound experienced in 2022 and 2023 and the subsequent moderation in 2024 and 2025. In 2025, wages grew by an average of 2.7% according to the indicator, 0.6 percentage points less than in 2024 and at the same rate as the CPI.

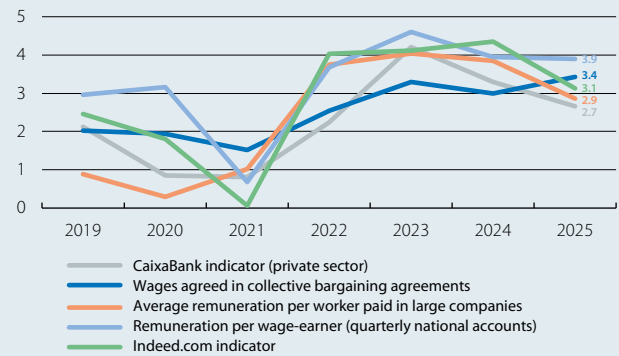
## Wage differences by company size

One of the new features added to the portal is the segmentation of wage growth in the private sector according to the size of the payroll-issuing company: micro-enterprises (5-9 employees), small (10-49), medium (50-249) and large (250 or more).<sup>2</sup> The data reveal that, on average, large companies record

1. The indicator corresponds to the median of the year-on-year change in monthly payrolls, calculated customer by customer, in nominal terms (not deflated). The indicator considers payroll transfers received by customers as well as transfers issued by CaixaBank's corporate clients, avoiding duplications when both the sender and the recipient are clients. For further details, see the methodological document available at <https://realtimeeconomics.caixabankresearch.com/#/monitor>.  
 2. The size is calculated for CaixaBank corporate clients that issue payrolls; therefore, the size indicator only uses transfers issued as payroll.

### Spain: wage indicators

Year-on-year change (%)

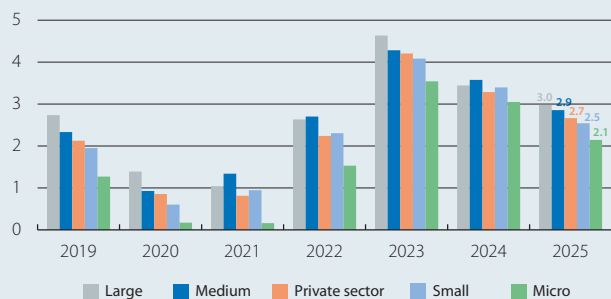


**Notes:** The CaixaBank wage indicator corresponds to the median year-on-year variation of the monthly payroll, calculated client by client, in net and nominal terms (not deflated). The wages agreed under collective bargaining agreements reflect the average annual wage increase agreed upon, with economic effects in the corresponding year. The average remuneration per worker in large companies measures the increase in wage costs per employee in large corporations, based on information from the Spanish Tax Agency. The remuneration per wage-earner comes from the quarterly national accounts and includes all payments made to workers (gross wages, social security contributions and other labour-related costs). The Indeed Wage Tracker corresponds to the median of year-on-year wage increases observed in new job offers on Indeed.com.

**Source:** CaixaBank Research, based on internal data and data from the National Statistics Institute (INE), the Ministry of Economy, Trade and Business (MINECO), and Indeed.com.

### Spain: CaixaBank Research private sector wage indicator

Year-on-year change (%)



**Notes:** The CaixaBank wage indicator corresponds to the median year-on-year variation of the monthly payroll, calculated client by client, in net and nominal terms (not deflated). The size is calculated for CaixaBank corporate clients that issue payrolls; therefore, the size indicator only uses transfers issued as payroll.

**Source:** CaixaBank Research, based on internal data.

higher wage increases: in 2025, 3.0% compared to 2.9% in medium-sized companies, 2.5% in small companies and 2.1% in micro-enterprises. This spread according to company size is observed recurrently throughout the period analysed, although it is now narrower. Economic literature extensively documents this pattern and attributes it to the higher productivity and income distribution capacity that exists in large companies, as well as their ability to attract and retain higher-skilled profiles (Brown and Medoff, 1989; Bloom *et al.*, 2018).

**To stay or to switch: the impact of labour mobility on wages**

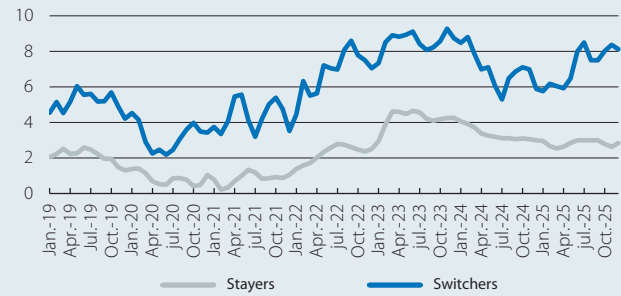
The second axis distinguishes between those who remain in the same company and those who change employers within a 12-month period.<sup>3</sup> The results show that workers who switch companies experience significantly higher wage increases than those who stay at the same company. Mobility is a common channel for achieving improvements in remuneration, especially where there is a shortage of certain profiles or intense competition for skilled labour.

The wage gap between those who stay and those who switch companies can help to shed light on the degree of tension in the labour market, among other things: it was low in 2020-2021 during the pandemic and higher from 2022 onwards amid the economic recovery and inflationary pressures. In 2025, wage growth among stayers moderated (+2.8%, compared to 3.3% in 2024), while for switchers it remained high (7.2%). This pattern suggests localised tensions in certain occupations, leading companies to offer higher wage increases in order to attract certain talent profiles.

*Josep Mestres Domènech*

**Spain: CaixaBank Research wage indicator by tenure in the company**

Year-on-year change (%)



**Notes:** The CaixaBank wage indicator corresponds to the median year-on-year variation of the monthly payroll, calculated client by client, in net and nominal terms (not deflated). An employee «stays» if they work in the same private sector company as in the previous year or within the same group. They «switch» if they work in a different company or group in months t and t-12. The sample corresponds to CaixaBank corporate clients issuing payrolls.

**Source:** CaixaBank Research, based on internal data.

3. An employee «stays» if they work in the same private sector company as in the previous year or within the same group. They «switch» if they work in a different company or group in months t and t-12. The sample corresponds to CaixaBank corporate clients that issue payrolls. The definition is similar to that used to distinguish switchers and stayers in the wage tracker produced by the Federal Reserve Bank of Atlanta (<https://www.atlantafed.org/chcs/wage-growth-tracker>).

**Activity and employment indicators**

Year-on-year change (%), unless otherwise specified

	2024	2025	Q1 2025	Q2 2025	Q3 2025	Q4 2025	11/25	12/25	01/26
<b>Industry</b>									
Industrial production index	0.4	...	-0.8	1.5	2.6	...	4.5	...	...
Indicator of confidence in industry (value)	-4.9	-4.8	-5.0	-5.4	-5.0	-3.8	-3.5	-3.5	-2.4
Manufacturing PMI (value)	52.2	50.9	50.0	50.0	52.6	51.1	51.5	49.6	49.2
<b>Construction</b>									
Building permits (cumulative over 12 months)	16.7	...	20.1	14.8	7.9	...	7.7	...	...
House sales (cumulative over 12 months)	9.7	...	17.0	22.9	18.7	...	13.3	...	...
House prices	8.4	...	12.2	12.7	12.8	...	...	...	...
<b>Services</b>									
Foreign tourists (cumulative over 12 months)	10.1	3.2	8.1	6.3	4.3	3.2	3.2	3.2	...
Services PMI (value)	55.3	54.5	55.3	52.2	54.2	56.4	55.6	57.1	53.5
<b>Consumption</b>									
Retail sales <sup>1</sup>	1.8	4.3	3.4	5.1	4.5	4.3	6.0	2.9	...
Car registrations	7.2	12.9	14.0	13.7	16.9	8.0	12.9	-2.2	1.1
Economic sentiment indicator (value)	103.1	103.1	103.3	102.1	102.7	104.4	104.9	104.5	106.2
<b>Labour market</b>									
Employment <sup>2</sup>	2.2	2.6	2.4	2.7	2.6	2.8	...	...	...
Unemployment rate (% labour force)	11.3	10.5	11.4	10.3	10.5	9.9	...	...	...
Registered as employed with Social Security <sup>3</sup>	2.4	2.3	2.3	2.2	2.3	2.4	2.5	2.4	2.3
<b>GDP</b>	<b>3.5</b>	<b>2.8</b>	<b>3.0</b>	<b>2.8</b>	<b>2.7</b>	<b>2.6</b>	...	...	...

**Prices**

Year-on-year change (%), unless otherwise specified

	2024	2025	Q1 2025	Q2 2025	Q3 2025	Q4 2025	11/25	12/25	01/26
General	2.8	2.7	2.7	2.2	2.8	3.0	3.0	2.9	2.4
Core	2.9	2.3	2.2	2.3	2.4	2.6	2.6	2.6	2.6

**Foreign sector**

Cumulative balance over the last 12 months in billions of euros, unless otherwise specified

	2024	2025	Q1 2025	Q2 2025	Q3 2025	Q4 2025	11/25	12/25	01/26
<b>Trade of goods</b>									
Exports (year-on-year change, cumulative over 12 months)	0.2	...	3.3	2.0	0.8	...	0.8	...	...
Imports (year-on-year change, cumulative over 12 months)	0.1	...	4.2	4.1	4.6	...	4.5	...	...
<b>Current balance</b>	<b>50.7</b>	<b>...</b>	<b>47.8</b>	<b>48.6</b>	<b>48.7</b>	<b>...</b>	<b>48.7</b>	<b>...</b>	<b>...</b>
Goods and services	66.3	...	63.5	63.7	62.1	...	62.1	...	...
Primary and secondary income	-15.7	...	-15.7	-15.1	-13.4	...	-13.4	...	...
<b>Net lending (+) / borrowing (-) capacity</b>	<b>68.7</b>	<b>...</b>	<b>66.6</b>	<b>67.6</b>	<b>67.1</b>	<b>...</b>	<b>67.4</b>	<b>...</b>	<b>...</b>

**Credit and deposits in non-financial sectors<sup>4</sup>**

Year-on-year change (%), unless otherwise specified

	2024	2025	Q1 2025	Q2 2025	Q3 2025	Q4 2025	11/25	12/25	01/26
<b>Deposits</b>									
Household and company deposits	5.1	4.7	4.6	3.9	4.9	4.7	4.7	4.7	...
Demand and notice deposits	2.0	6.6	3.1	5.0	7.2	6.6	7.0	6.6	...
Time and repo deposits	23.5	-4.5	12.6	-1.5	-6.6	-4.5	-6.6	-4.5	...
General government deposits <sup>5</sup>	23.1	4.9	24.4	25.5	7.2	4.9	1.4	4.9	...
<b>TOTAL</b>	<b>6.3</b>	<b>4.8</b>	<b>5.9</b>	<b>5.4</b>	<b>5.1</b>	<b>4.8</b>	<b>4.4</b>	<b>4.8</b>	<b>...</b>
<b>Outstanding balance of credit</b>									
Private sector	0.7	3.4	1.7	2.6	2.8	3.4	3.1	3.4	...
Non-financial firms	0.4	2.9	1.6	2.5	2.3	2.9	2.5	2.9	...
Households - housing	0.3	3.5	1.4	2.3	2.9	3.5	3.1	3.5	...
Households - other purposes	2.3	4.5	3.1	-261.4	-278.2	4.5	4.5	4.5	...
General government	-2.6	10.7	-0.3	5.3	12.9	10.7	12.3	10.7	...
<b>TOTAL</b>	<b>0.5</b>	<b>3.9</b>	<b>1.6</b>	<b>2.7</b>	<b>3.4</b>	<b>3.9</b>	<b>3.7</b>	<b>3.9</b>	<b>...</b>
<b>NPL ratio (%)<sup>6</sup></b>	<b>3.3</b>	<b>...</b>	<b>3.2</b>	<b>3.0</b>	<b>2.9</b>	<b>...</b>	<b>2.8</b>	<b>...</b>	<b>...</b>

Notes: 1. Deflated, excluding service stations. 2. LFS. 3. Average monthly figures. 4. Aggregate figures for the Spanish banking sector and residents in Spain. 5. Public-sector deposits, excluding repos. 6. Data at the period end.

Sources: CaixaBank Research, based on data from the Ministry of Economy, the Ministry of Transport, Mobility and Urban Agenda (MITMA), the Ministry of Inclusion, Social Security and Migration (MISSM), the National Statistics Institute (INE), S&P Global PMI, the European Commission, the Department of Customs and Excise Duties and the Bank of Spain.

## Portugal: 2025 with more employment and robust growth

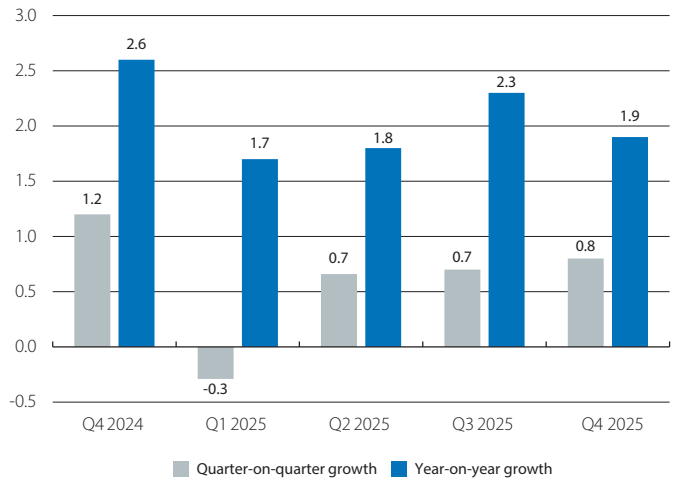
**GDP grew by 0.8% quarter-on-quarter in Q4 2025, bringing annual growth for the year to 1.9%.** Quarterly performance was weighed down by a negative contribution from domestic demand, driven by a steep drop in investment. The tax reforms announced for 2026 may have led to the postponement of investment decisions, especially in the construction sector. The contribution from foreign demand, meanwhile, was positive due to the reduction of imports. The better-than-expected performance of economic activity and the acceleration observed in the final part of the year suggest that the risks to our GDP growth forecast for 2026 (2.0%) are skewed to the upside. The carry-over effect has been reinforced in a context dominated by a number of factors that should stimulate the economy over the course of the year, such as an acceleration of investment, favoured by the execution of NGEU funds and favourable financing conditions, and the strength of the labour market. Foreign demand will continue to weigh on growth, given the high import intensity of domestic demand and the prevailing global uncertainty. Also, the available data for January point to an economy in expansion. The European Commission’s economic sentiment indicator remains above 100 points, despite the drop to 104.2 points in January (vs. 107.2 in December).

**As the year draws to a close, the labour market stands out as a bright spot.** Employment grew by 3.7% year-on-year in Q4, placing the annual growth rate at 3.2%, similar to that recorded in 2022. The tertiary sector was the main driver of this growth, with notable contributions from human healthcare and social support activities, as well as accommodation and food services. Also of note was the creation of more stable employment, with the increase in permanent contracts exceeding that of other types of contracts. The unemployment rate remained unchanged in Q4 (at 5.8%) and placed the annual average for 2025 at 6.0%.

**Inflation enters 2026 below 2%.** The year-on-year rate of change in the CPI stood at 1.9% in January (vs. 2.2% in December) while core inflation fell to 1.8% (vs. 2.1% in December). A stronger euro and stable energy prices are expected to aid the ongoing gradual disinflation, even as escalating trade tensions and geopolitical risks could still generate upward pressure.

**Public finances and the tourism sector close the year on a notably strong footing.** The budget execution up to December revealed a surplus of 0.4% of GDP in the public-sector accounts (compared to 0.1% in 2024), surpassing the government’s estimate of -0.3%. The increase in revenues (+7.6%) exceeded the growth in expenditure (+6.9%). In particular, expenditure was almost 2.3 billion euros below expectations, with public investment being notably lower (-1.75 billion euros). In the tourism sector, 2025 saw new record figures for guests, overnight stays and turnover. The growth in guests and overnight stay metrics was mainly supported by resident tourism (4.7% and 5.4%, respectively), while it was more moderate among non-residents.

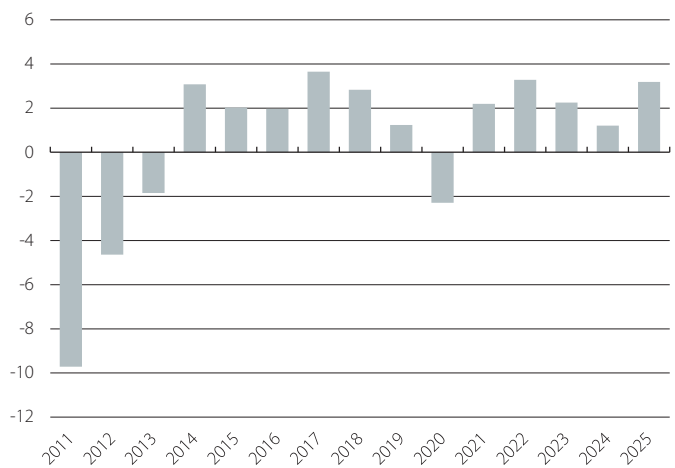
### Portugal: GDP (%)



Source: CaixaBank Research, based on data from the National Statistics Institute of Portugal.

### Portugal: employed population

Annual change (%)

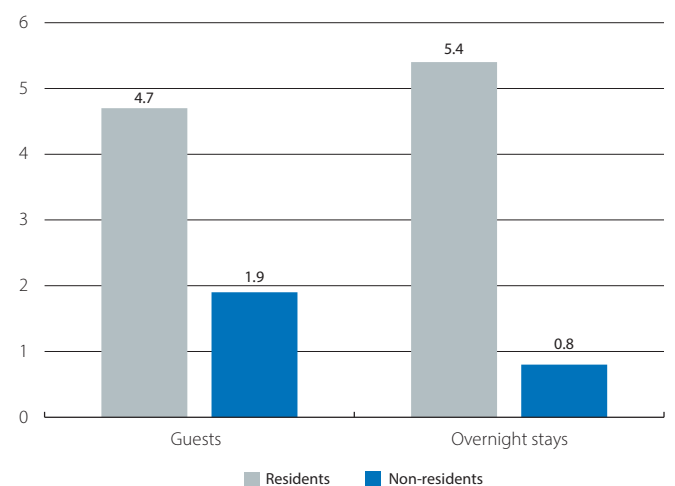


Note: Data not adjusted for seasonality.

Source: CaixaBank Research, based on data from the National Statistics Institute of Portugal.

### Portugal: tourism indicators in 2025

Annual change (%)



Source: CaixaBank Research, based on data from the National Statistics Institute of Portugal.

## Activity and employment indicators

Year-on-year change (%), unless otherwise specified

	2024	2025	Q1 2025	Q2 2025	Q3 2025	Q4 2025	11/25	12/25	01/26
Coincident economic activity index	2.0	1.9	1.8	1.8	2.0	2.1	2.1	2.2	...
<b>Industry</b>									
Industrial production index	0.8	0.6	-2.3	1.2	2.8	0.8	0.3	2.3	...
Confidence indicator in industry ( <i>value</i> )	-6.2	-4.0	-5.1	-4.8	-3.4	-2.8	-2.6	-2.0	-1.4
<b>Construction</b>									
Building permits - new housing (number of homes)	6.5	...	39.8	19.4	55.0	...	...	...	...
House sales	14.5	...	25.0	15.5	3.8	...	-	-	-
House prices ( <i>euro/m<sup>2</sup> - valuation</i> )	8.5	17.4	15.8	17.4	18.2	18.4	18.4	19.1	...
<b>Services</b>									
Foreign tourists ( <i>cumulative over 12 months</i> )	6.3	1.9	4.6	4.0	2.6	1.9	2.1	1.9	...
Confidence indicator in services ( <i>value</i> )	5.6	10.1	12.5	6.6	12.9	8.4	7.8	6.6	4.7
<b>Consumption</b>									
Retail sales	3.3	4.8	4.5	4.8	5.4	4.6	6.5	3.1	...
Coincident indicator for private consumption	2.8	3.4	3.7	3.4	3.1	3.1	3.1	3.2	...
Consumer confidence index ( <i>value</i> )	-18.0	-16.2	-15.5	-17.9	-16.2	-15.2	-15.2	-14.5	-14.7
<b>Labour market</b>									
Employment	1.2	3.2	2.4	2.9	3.7	3.7	3.7	3.6	...
Unemployment rate ( <i>% labour force</i> )	6.4	6.0	6.6	5.9	5.8	5.8	5.7	5.6	...
<b>GDP</b>	2.1	1.9	1.7	1.8	2.4	1.9	-	-	-

## Prices

Year-on-year change (%), unless otherwise specified

	2024	2025	Q1 2025	Q2 2025	Q3 2025	Q4 2025	11/25	12/25	01/26
General	2.4	2.3	2.3	2.2	2.6	2.2	2.2	2.2	1.9
Core	2.5	2.2	2.3	2.3	2.3	2.1	2.0	2.1	1.8

## Foreign sector

Cumulative balance over the last 12 months in billions of euros, unless otherwise specified

	2024	2025	Q1 2025	Q2 2025	Q3 2025	Q4 2025	11/25	12/25	01/26
<b>Trade of goods</b>									
Exports ( <i>year-on-year change, cumulative over 12 months</i> )	2.0	...	5.3	4.2	2.1	...	0.4	...	...
Imports ( <i>year-on-year change, cumulative over 12 months</i> )	2.0	...	5.4	7.0	6.6	...	4.4	...	...
<b>Current balance</b>	6.0	...	4.2	3.7	3.8	...	4.1	...	...
Goods and services	6.5	...	5.2	4.5	4.4	...	4.7	...	...
Primary and secondary income	-0.6	...	-0.9	-0.9	-0.6	...	-0.6	...	...
<b>Net lending (+) / borrowing (-) capacity</b>	9.1	...	7.5	7.1	7.6	...	7.9	...	...

## Credit and deposits in non-financial sectors

Year-on-year change (%), unless otherwise specified

	2024	2025	Q1 2025	Q2 2025	Q3 2025	Q4 2025	11/25	12/25	01/26
<b>Deposits<sup>1</sup></b>									
Household and company deposits	7.5	5.6	6.5	5.4	6.3	5.6	5.9	5.6	...
Sight and savings	-0.3	8.2	5.0	5.1	8.6	8.2	7.9	8.2	...
Term and notice	15.3	3.2	7.8	5.8	4.3	3.2	4.1	3.2	...
General government deposits	26.7	28.7	29.3	39.6	-0.5	28.7	16.9	28.7	...
<b>TOTAL</b>	7.9	6.1	7.1	6.4	6.1	6.1	6.2	6.1	...
<b>Outstanding balance of credit<sup>1</sup></b>									
Private sector	1.9	6.7	3.3	4.9	5.8	6.7	6.5	6.7	...
Non-financial firms	-1.0	2.9	0.1	2.2	2.4	2.9	2.8	2.9	...
Households - housing	3.0	9.4	4.9	6.4	8.0	9.4	8.9	9.4	...
Households - other purposes	5.4	7.1	5.7	6.6	6.9	7.1	7.1	7.1	...
General government	0.6	6.4	-8.0	3.8	4.8	6.4	5.3	6.4	...
<b>TOTAL</b>	1.9	6.7	2.9	4.9	5.8	6.7	6.4	6.7	...
<b>NPL ratio (%)<sup>2</sup></b>	2.4	...	2.3	2.3	2.3	...	-	-	-

Notes: 1. Residents in Portugal. The credit variables exclude securitisations. 2. Period-end figure.

Source: CaixaBank Research, based on data from the National Statistics Institute of Portugal, Bank of Portugal and Refinitiv.

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## We recommend:

### Brief Notes on Economic and Financial Developments



Assessment of the main macroeconomic indicators for Spain, Portugal, the euro area, the US and China, as well as of the meetings of the European Central Bank and the Federal Reserve.

### Consumption tracker



Monthly analysis of the evolution of consumption in Spain using big data techniques, based on expenditure with cards issued by CaixaBank, non-customer expenditure registered on CaixaBank POS terminals and cash withdrawals from CaixaBank ATMs.

### Currency flash report



Flash report on developments in the euro's exchange rate with the major currencies: the US dollar, pound sterling, Japanese yen and Chinese yuan. It offers technical, structural and predictive analysis.

### Tourism Sector Report S1 2026



The Spanish tourism sector enters 2026 from a position of strength, with a positive outlook after the stabilisation of post-pandemic growth. In 2025, Spain consolidated its global leadership with 97 million international arrivals and record spending of €135 billion, ranking second worldwide. Tourism GDP grew by 2.7% and is expected to maintain a growth rate of around 2.5%-2.7% in the coming years.

### Sectoral Observatory S2 2025

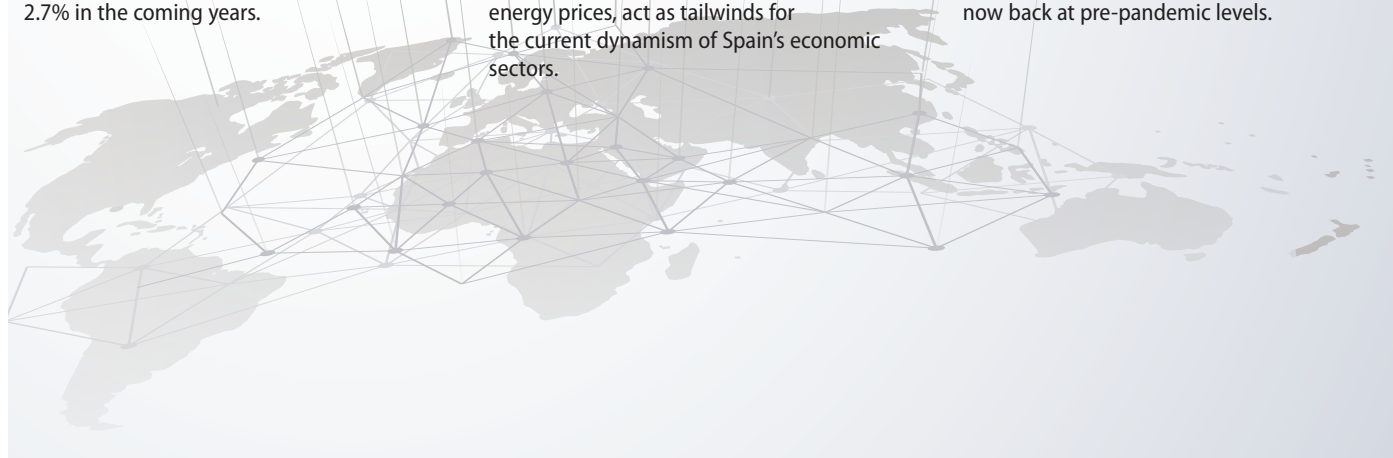


The Spanish economy is going through a phase of strong and widespread expansion, with balanced growth between sectors and significant resilience in a challenging international context. Moreover, the reduction in temporary employment and the current strength of the manufacturing industry, partly thanks to the competitive advantage it enjoys over Europe in terms of energy prices, act as tailwinds for the current dynamism of Spain's economic sectors.

### Agrifood Sector Report 2025



Spain's agrifood sector is enjoying a rapid expansion in 2025 and is consolidating the growth initiated in mid-2023, after overcoming the challenges stemming from the war in Ukraine and a prolonged drought. The containment of production costs, improved weather conditions and a rebound in demand are favouring a sustained increase in both production and exports, which are now back at pre-pandemic levels.



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