Spain
Macroeconomic & Financial Outlook

CaixaBank Research

February 2026

Prepared with information available as of February 12, 2026

Key messages

CaixaBank

Activity	▸ **We expect the ECB to remain on hold over the coming quarters**, keeping the depo rate at 2.00%, in line with market expectations. ▸ **Geopolitical tensions** mounted in January but have since eased somewhat following the preliminary US–NATO understanding on Greenland, although pockets of tension persist—particularly around Iran—while the Trump administration continues to use tariffs as a broad geopolitical instrument. ▸ **Spain's GDP grew 0.8% quarter on quarter in 4Q 2025**, 0.2 pp above the previous quarter and well above the eurozone's 0.3%. GDP grew 2.8% in 2025, almost twice the eurozone's 1.5%. ▸ Growth in 4Q exceeded our forecast. **The figure generates a positive carry over into 2026, raising the starting point for the year and introducing upside risks to our current 2.1% GDP growth forecast for this year. We will revise the scenario this month.** ▸ **We expect GDP growth to remain dynamic in 2026**, supported by domestic private demand—boosted by lower interest rates and improving purchasing power—and by demographic growth and NGEU funding. ▸ **Early indicators point to a softer pace of expansion in Q126**, with employment and PMIs losing some momentum. Private consumption remains dynamic according to our real time Monitor. ▸ **Inflation declined in January**. Headline inflation fell by 0.5pp, reaching 2.4%, driven by easing energy prices. Underlying inflation remained at 2.6% for the third consecutive month. There are upward risks to our 2.0% inflation forecast for 2026 stemming from persistent services inflation and food price pressures. ▸ **Housing transactions remain strong**, with 710,285 sales in the 12 months to November (+13.3% YoY). Supply continues to expand (136,534 permits, +7.7% YoY) but still trails household formation. House price growth remains very dynamic despite a mild moderation, with the Repeat Sales Index easing from 16.1% YoY in Q3 2025 to 15.2% in Q4. ▸ **We expect the public deficit to decline from 2.5% of GDP in 2025** (3.2% in 2024) **to 2.1% in 2026**, supported by the unwinding of extraordinary expenditures—such as DANA-related aid and judicial payments—and solid economic momentum.
Banking Sector	▸ **New lending maintains strong momentum**. Higher activity levels in Dec-25 continue to drive new lending and, consequently, accelerate the growth of the stock of credit to its highest YoY increase since 2009. Domestic NPL ratio remains stable around 2.8% in November, below year-ago levels and in line with the historical average prior to the financial crisis. Although profitability declines slightly (ROE reaches 14.9% in 3Q25) in any case remains close to the maximum of the last ten years (vs. 10.7% in Euro Zone).

Main economic forecasts

CaixaBank

UNDER REVIEW

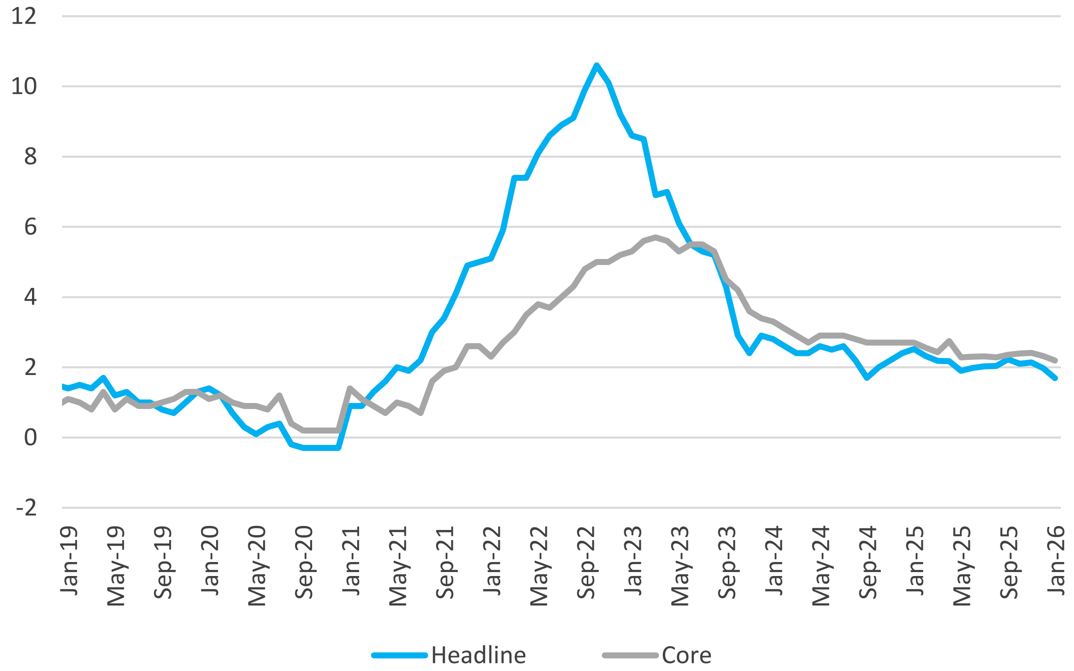
%. YoY. unless otherwise specified	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
										Forecast	
GDP	2,9	2,9	2,4	2,0	-10,9	6,7	6,4	2,5	3,5	2,8	2,1
Private Consumption	2,6	3,1	1,8	1,0	-12,2	7,2	4,9	1,7	3,0	3,4	2,4
Public Consumption	0,9	1,0	2,1	2,2	3,5	3,6	0,8	4,5	2,9	1,8	0,9
Gross Fixed Capital Formation (GFCF)	2,0	6,8	6,5	4,9	-8,9	2,6	4,2	5,9	3,6	6,3	3,3
GFCF - equipment	1,6	9,1	4,2	1,7	-13,5	3,3	2,1	2,6	1,9	9,0	3,3
GFCF - construction	0,9	6,8	10,1	8,4	-8,4	0,5	4,0	5,5	4,0	5,2	3,4
Exports	5,4	5,6	1,7	2,3	-20,1	13,4	14,2	2,2	3,2	3,4	2,2
Imports	2,6	6,7	3,9	1,3	-15,1	15,0	7,7	0,0	2,9	6,3	2,9
Unemployment rate	19,6	17,2	15,3	14,1	15,5	14,9	13,0	12,2	11,3	10,5	9,7
CPI (average)	-0,2	2,0	1,7	0,7	-0,3	3,1	8,4	3,5	2,8	2,7	2,0
External current account balance (% GDP)	3,1	2,8	1,9	2,1	0,8	0,8	0,4	2,7	3,1	2,3	2,5
General Government Balance (% GDP)	-5.3	-3,0	-2,6	-3,1	-9,9	-6,7	-4,6	-3,3	-3,2	-2,5	-2,1
General government debt (% GDP)	101,9	101,2	99,8	97,7	119,3	115,7	109,3	105,2	101,6	100,0	99,0
Housing prices	1,9	2,4	3,4	3,2	-1,1	2,1	5,0	3,9	5,8	9,6	6,3
Risk premium (vs. 10Y Bund. bps. Dec.)	124	120	97	88	86	67	104	102	81	59	73
Bank credit (to the private domestic sector)	-2,9	-1,9	-2,6	-1,2	2,5	0,5	-0,4	-3,4	0,7	3,4	4,5

Note: All GDP figures are based on ESA-2010 methodology.
Source: CaixaBank Research.

The ECB sees rates “in a good place”

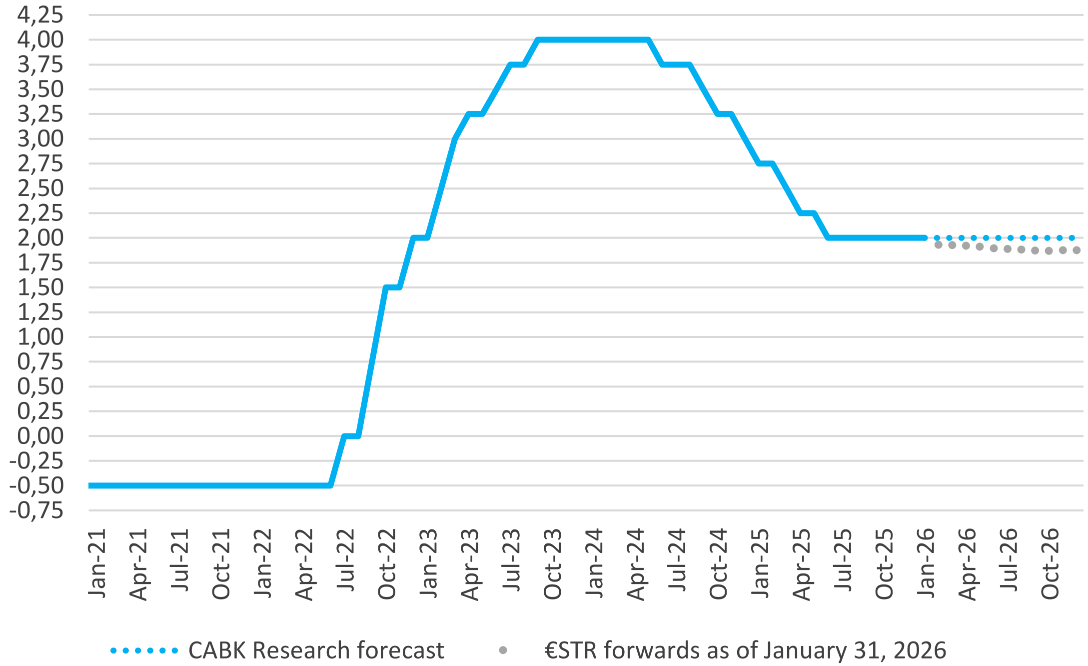
Euro area: HICP inflation

(%)



ECB deposit rate

(%)

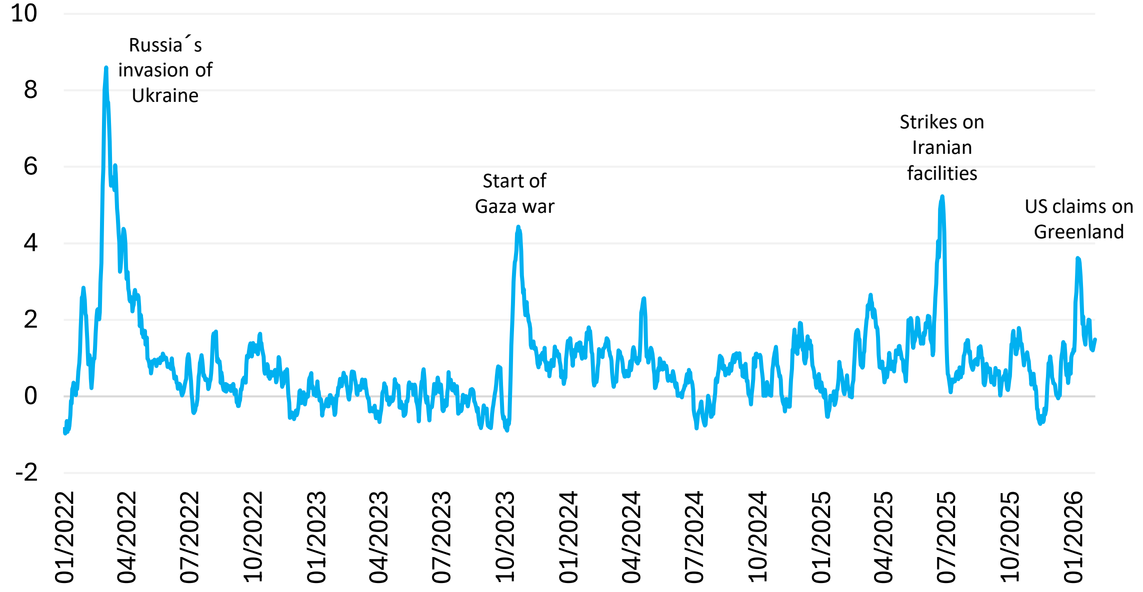


- **The ECB embraces the option-value of waiting**. The ECB left interest rates unaltered in February (depo at 2.00% since June 2025) as it strikes a balance between an uncertain global scenario, a cautiously positive assessment of activity (which it labels as “resilient”) and the inflation outlook (“on target”). It is also refraining from providing forward guidance: policy is assessed in a “meeting-by-meeting, data-dependent” way. Officials do not want to overengineer policy and ECB communications downplay small deviations in inflation.
- **We expect the ECB to stay put throughout the coming quarters**. Market expectations also point to stable ECB rates (but with a slight dovish bias, as markets price a small probability of a cut in 2026 that lowers the depo rate to 1.75%). However, the balance of risks remains challenging. Activity needs to adapt to a higher-tariff environment, but may find support from infrastructure and defense spending plans. The inflation outlook is subject to both downside risks (weaker global demand, China’s rerouting of US trade towards Europe) and upside risks (disruptions in global supply chains, extreme weather events, etc.). A stronger euro could also put downward pressure on inflation – although we see a limited impact as EUR strength seems to be driven not only by Fed cuts but also by positive investor sentiment towards Europe.
- **Bond markets’ uneasiness about debt is targeted to countries with deteriorating dynamics** (e.g., the US and France). The ECB has tools to counteract unwarranted tensions and contagion if the situation in France worsens (e.g., TPI so long as tensions compromise monetary policy transmission and are not justified by country-specific fundamentals).

Geopolitical tensions ease, but tariff leverage becomes structural

Global geopolitical risk

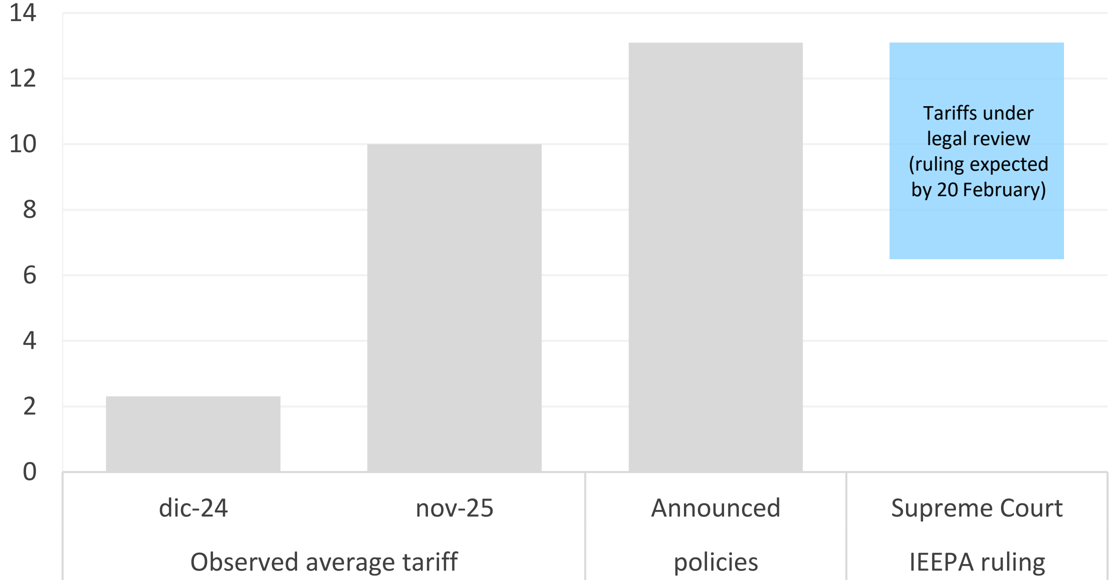
Normalized index



Note: Weekly moving average of standard deviations relative to average since 2012.
Source: CaixaBank Research, based on data from Bloomberg and Macrobond.

US average tariff

Percentage



Note: Announced policies: tariff we calculate based on the policies that have been announced and the 2024 sector–country weights, whereas the observed tariff is the one obtained by dividing tariff revenue by the value of imports.
Source: CaixaBank Research, based on data from Bloomberg, UN Comtrade and the White House.

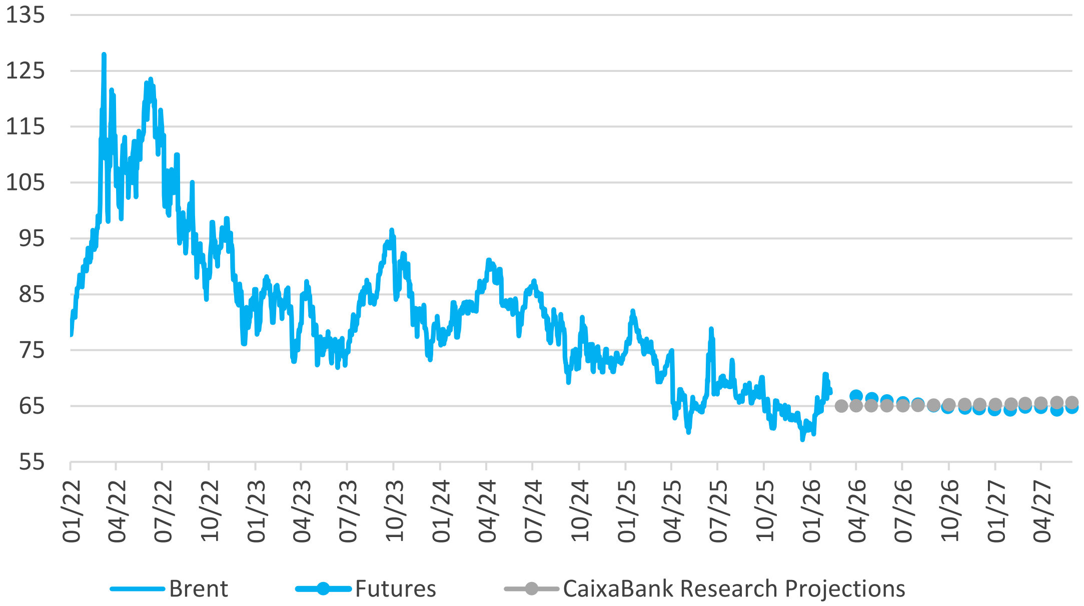
- **Geopolitical tensions intensified in January but have since eased**, following a preliminary agreement between the US and NATO on Greenland that would more broadly address security in the Arctic region. Nonetheless, pockets of tension persist —most notably Iran, a key player in the global crude market— alongside growing frictions in an international order shaped by the Trump administration’s transactional approach and strategic shift away from the traditional Atlantic axis.

- **Tariffs have consolidated as a core policy lever of the Trump administration**, extending well beyond trade policy. In January, tariff threats were directed at countries maintaining economic ties with Iran (25%) and European states involved in military operations around Greenland (10-25%, later revoked following the US-NATO agreement). These threats added further uncertainty to the bilateral trade agreements signed in 2025, ahead of the pending Supreme Court ruling. The announced US–India deal reinforces tariffs as a geopolitical tool, with relief explicitly tied to zero imports of Russian crude.

Risks spillovers to oil prices amid strong supply conditions

Brent oil prices and futures

$ per barrel



Source: CaixaBank Research, based on data from Bloomberg.

Commodity prices

	Metric	Price	Change (%) Last Month	Change (%) Year to Date	Change (%) 2024	Change (%) 2025
Commodities	**index**	**117,1**	**2,9**	**6,8**	**0,1**	**11,1**
Energy	**index**	**27,4**	**8,2**	**8,0**	**-3,9**	**-14,1**
Brent	$/barrel	67,9	6,4	11,6	-3,1	-18,5
Natural Gas (Europe)	€/MWh	32,7	8,1	16,1	51,1	-42,4
Precious Metals	**index**	**526,4**	**3,6**	**14,4**	**19,0**	**72,8**
Gold	$/ounce	4959,3	7,9	14,8	27,2	64,6
Industrial Metals	**index**	**168,8**	**-2,2**	**3,3**	**-1,6**	**16,4**
Aluminum	$/Tm	3103,0	-1,1	3,6	7,0	17,4
Copper	$/Tm	13166,5	1,3	6,0	2,4	41,7
Agricultural	**index**	**53,5**	**0,2**	**0,2**	**-8,7**	**-6,3**
Wheat	$/bushel	547,5	7,1	8,0	-12,2	-8,1

Source: CaixaBank Research, based on data from Bloomberg.

- **Ample supply outweighs geopolitical uncertainty in crude oil prices**. We expect the imbalance between global crude supply and demand to persist into 2026, largely driven by continued oversupply from both OPEC+ and non-OPEC producers, while demand growth remains subdued. The surplus is estimated at around 4 million barrels per day (Mbpd). Against this backdrop, geopolitical risks will continue to add volatility to the risk premium embedded in crude prices. However, we believe that market fundamentals will prevail, and oil prices are likely to moderate over the year.
- **Iran remains the key geopolitical risk and** could trigger price moves in either direction. Its sizeable production capacity (c. 3.3 mbpd) and its strategic control over the Strait of Hormuz pose low-probability but high-impact upside tail risks that could, in extreme scenarios, disrupt underlying fundamentals. That said, shifting policy signals and a more constructive relationship with the US could help ease upward pressure on prices. As for Venezuela, we do not view it as a meaningful market disruptor in the near term, given the substantial investment required and current regulatory constraints.
- **Gold continues to trade higher despite bouts of volatility**. Gold prices remain close to historical highs. Meanwhile, demand for non-ferrous industrial metals continues to trend higher, supported by green transition policies and the accelerating momentum of artificial intelligence-related investment.

Trump 2.0: Spain's exposure to the US is relatively low

Main Spanish goods exports to the US in 2024

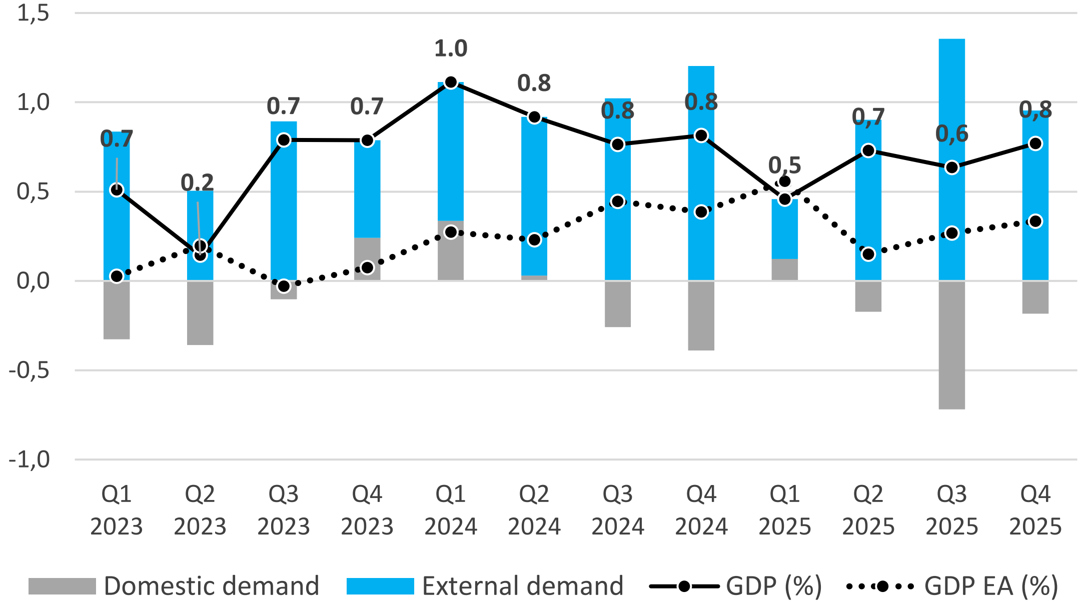
	Mill. €	% of total	% of sector
Chemical products (including pharma)	**3,545**	19.5	5.6
Industrial machinery	**1,735**	9.5	9.1
Electrical appliances	**1,338**	7.4	8.7
Energy products	**1,219**	6.7	3.9
Fats and oils	**1,149**	6.3	**16.8**
Construction materials	**1,062**	5.8	**13.1**
Fruits and vegetables	610	3.4	2.6
Engines	586	3.2	**17.1**
Automotive sector	535	2.9	1.0
Transport equipment	498	2.7	2.8
Iron and steel	413	2.3	4.0
Beverages	399	2.2	7.8
Processed food products	380	2.1	5.9
Textiles	297	1.6	1.6
Fishing products	290	1.6	5.4
Precision equipment	258	1.4	9.0
Tires and tubes	244	1.3	7.0
Sugar. coffee and cocoa	214	1.2	7.8
Footwear	213	1.2	6.1
Meat	208	1.1	1.7
TOTAL	**18,179**	**100.0**	**4.7**

- **In Spain, exports of goods and non-tourism services to the US represent 1.14% and 0.8% of GDP, respectively**. Sectors with higher exposure to tariff's increase (higher exports to US) are: chemical products, capital goods (machinery, engines, electrical equipment), oils, and construction materials.
- **Total value added in Spain embodied in direct merchandise exports or other countries' exports to the US amounts to c.1.3% of total value added in the economy** — 0.8% through direct exports and the remaining 0.5% via exports from other countries to the U.S — compared to 2.3% for the EU (estimated for 2023)**.**
- **A 15-point increase in tariffs, as agreed between the US and the EU, has a 0.2% negative impact on Spanish GDP** through the trade channel, including both direct exposure from what we export to the US and indirect exposure through the content of our products in third-party exports.

GDP growth surprised to the upside in Q425, posing upward risks in 2026

Contribution to quarterly GDP growth

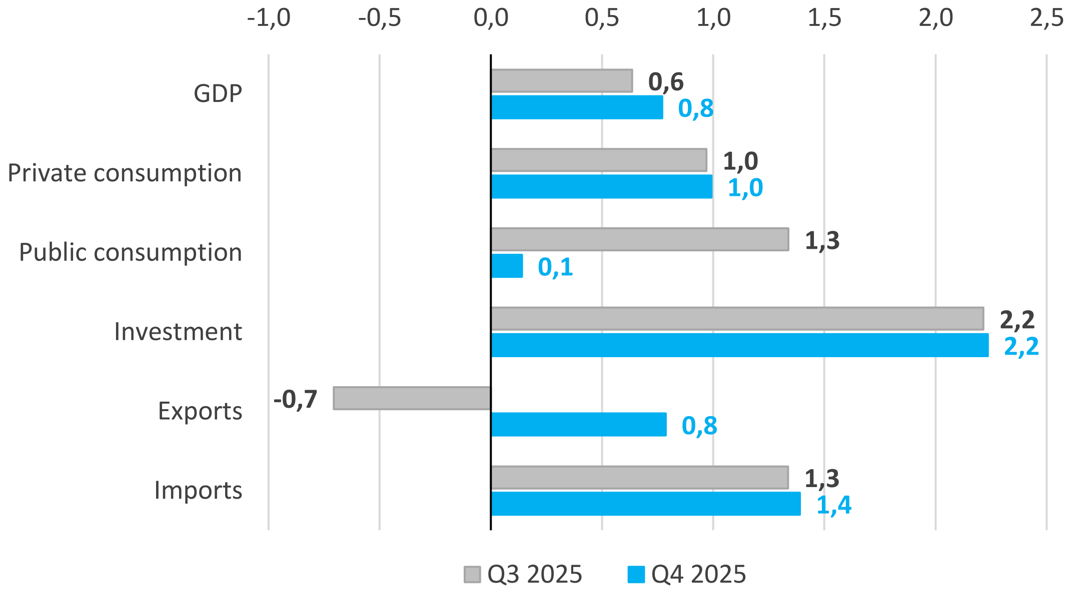
Percentage points and percentage change (%)



Note: GDP is quarter-on-quarter variation.

GDP and its components

Quarter-on-quarter variation (%)



- **GDP grew 0.8% qoq in Q4 2025 (2.6% yoy),** in line with our nowcasting model based on the latest indicators available, though above the 0.5% qoq projected in our scenario. GDP grew by 2.8% over the whole of 2025, almost twice as much as the eurozone (1.5%). Growth was supported mainly by private consumption—which rose 1.0% qoq, consistent with CaixaBank's Consumption Monitor data—and by robust private investment, which increased by a notable 2.2% qoq. Investment growth was driven by transport equipment, as well as by both residential and non-residential construction. Exports also contributed, rebounding from the previous quarter's decline to grow 0.8% qoq. This rebound masked divergent dynamics: goods exports were flat (0.0% qoq), while services exports expanded by 2.3% qoq, supported by both tourist and non-tourist services. However, despite the rise in exports, net trade subtracted from overall growth, as imports expanded at a faster pace on the back of strong domestic demand.
- **Q4 GDP growth was more dynamic in Spain than in the Euro Area** (0.8% qoq vs 0.3%). Spanish GDP stands now 10.6% above the pre-pandemic levels of Q4-19 while in the Euro Area sits 6.8% above.
- Better than expected GDP in the last quarter of 2025 introduces **upside risks to our 2.1% forecast for 2026. We will revise the scenario this month.**

Spain: dynamic growth in 2026 fueled by internal demand

Breakdown of GDP

Year-on-year (%)

	2014-19	2024	2025
GDP	2.6	3.5	2.8
Private consumption	2.2	3.0	3.4
Public consumption	1.3	2.9	1.8
Investment	5.0	3.6	6.3
Exports	4.0	3.2	3.4
Imports	4.4	2.9	6.3

GDP: forecasts by other analysts

Year-on-year (%)

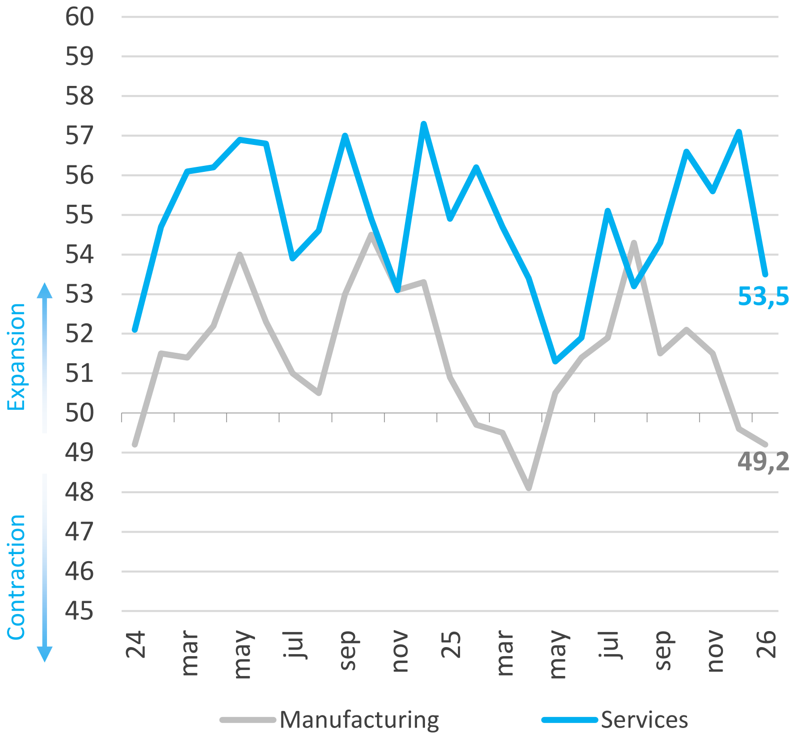
Ordered by forecast of 2026	2026	2027
BBVA Research (Dec. 3)	**2.4**	**2.0**
Airef (Jan. 19)	**2.4**	**-**
European Commission (Nov. 17)	**2.3**	**2.0**
IMF (Jan. 19)	**2.3**	**1.9**
Government (Nov. 18)	**2.2**	**2.1**
Bank of Spain (Dec. 23)	**2.2**	**1.9**
Consensus Forecasts (Jan 12)	**2.2**	**1.9**
OECD (Nov. 26)	**2.2**	**1.8**
Funcas panel (Jan. 21)	**2.2**	**-**
CaixaBank Research (Sep. 29)	**2.1**	**1.9**
Funcas (Oct. 22)	**1.9**	**1.7**

- **Domestic private demand is expected to be the main driver of growth in 2026**. Household consumption is set to remain the main pillar of growth, supported by lower interest rates, a recovery in purchasing power, demographic growth and high accumulated savings. Investment strengthened in 2025 and is expected to remain robust, benefiting from lower interest rates and ongoing NGEU execution. In real terms, investment by non-financial corporations is just 2.1% above pre-pandemic levels, indicating significant room for recovery.
- **GDP growth in 2026 is expected to remain robust, though slightly slower than in 2025.** The economy will continue to benefit from lower interest rates, the gradual reduction in the savings rate, strong job creation, and NGEU funds. However, weaker global trade—affected by U.S. protectionist measures—along with strong import growth driven by domestic demand, and ongoing fiscal consolidation will moderate the pace of expansion.

Spain: Activity indicators off to a weak start in 2026

PMI indices

Level



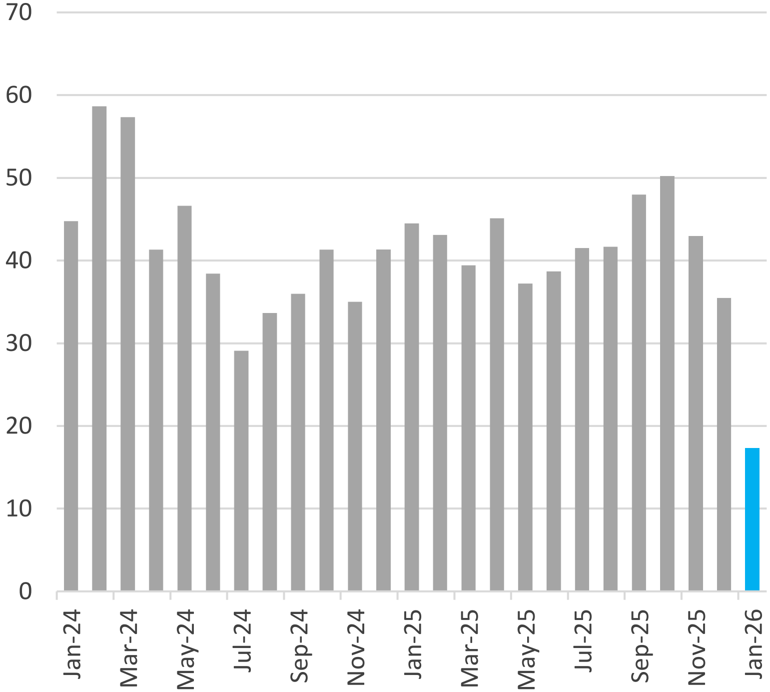
Indicators of economic activity

	Q1 2026	Q4 2025	Data up to
Workers registered to the Social Security system (qoq growth in % SA)	0.3	0.6	Jan.
CaixaBank Consumption Monitor (yoy growth in %)	4.0	4.6	Jan.
Manufacture PMI level, >50 expansion	49.2	51.1	Jan.
Services PMI level, >50 expansion	53.5	56.4	Jan.

Note: (1) PMIs are in green if > 50.The remaining indicators, are in green if > 0.

Social Security registered members*

Month-on-month change (thousand)



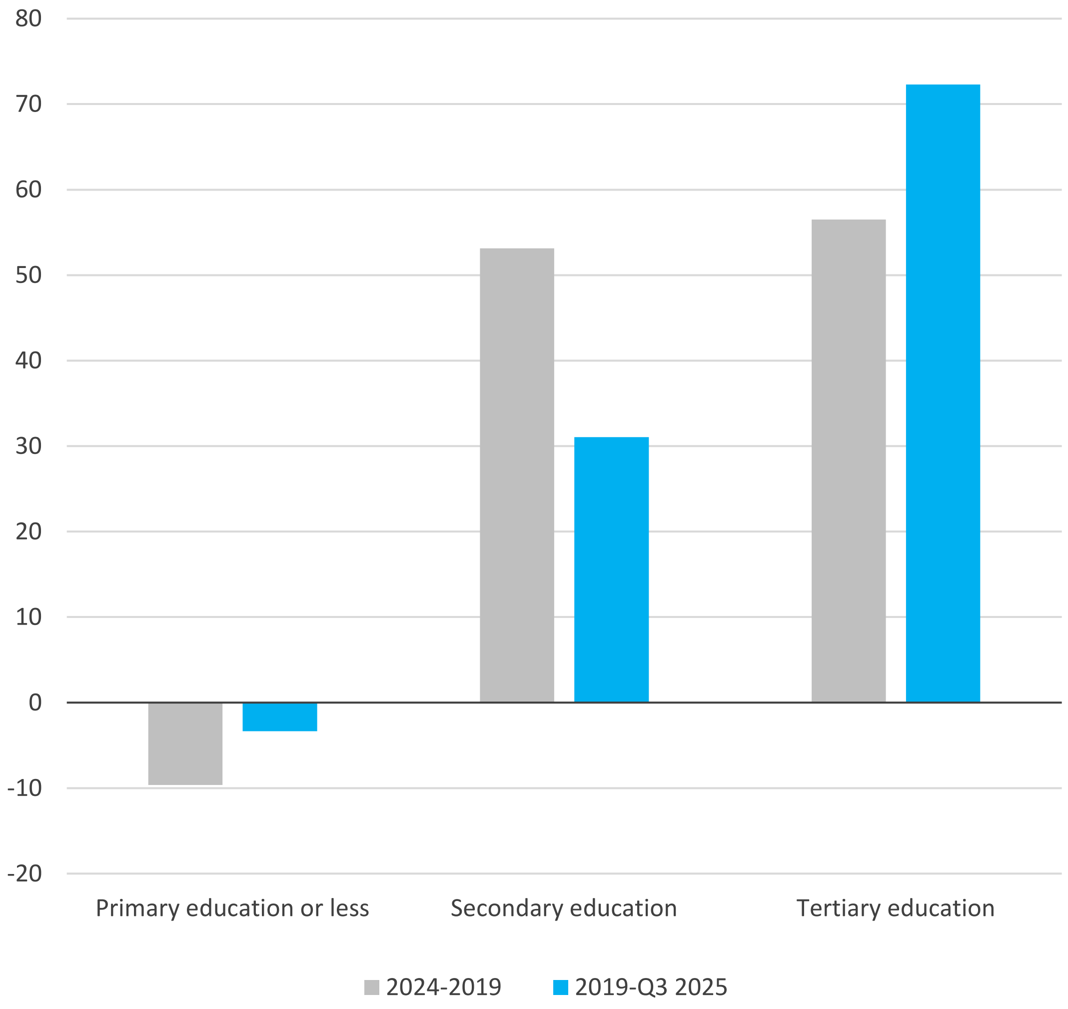
Note: (*) Seasonally adjusted.
Source: CaixaBank Research, with data from the MISSM.

- **Early indicators of economic activity point to a more moderate pace of expansion.** Employment (according to Social Security registries) lost some momentum, with affiliates growing by c.17k workers, in seasonally adjusted terms, compared to c.43k per month in the Q4 2025 average. The Services PMI scored 53.5 points, the lowest reading since August last year, and the manufacturing PMI remained for the second consecutive month slightly below the 50-point no-growth threshold.
- Consumption related indicators have fared well. **The CaixaBank Research Consumption Monitor** shows domestic spending up 4.0% yoy in January, a more moderate record compared to Q4 but well above the average of the last two years.

Quality of employment growth has improved

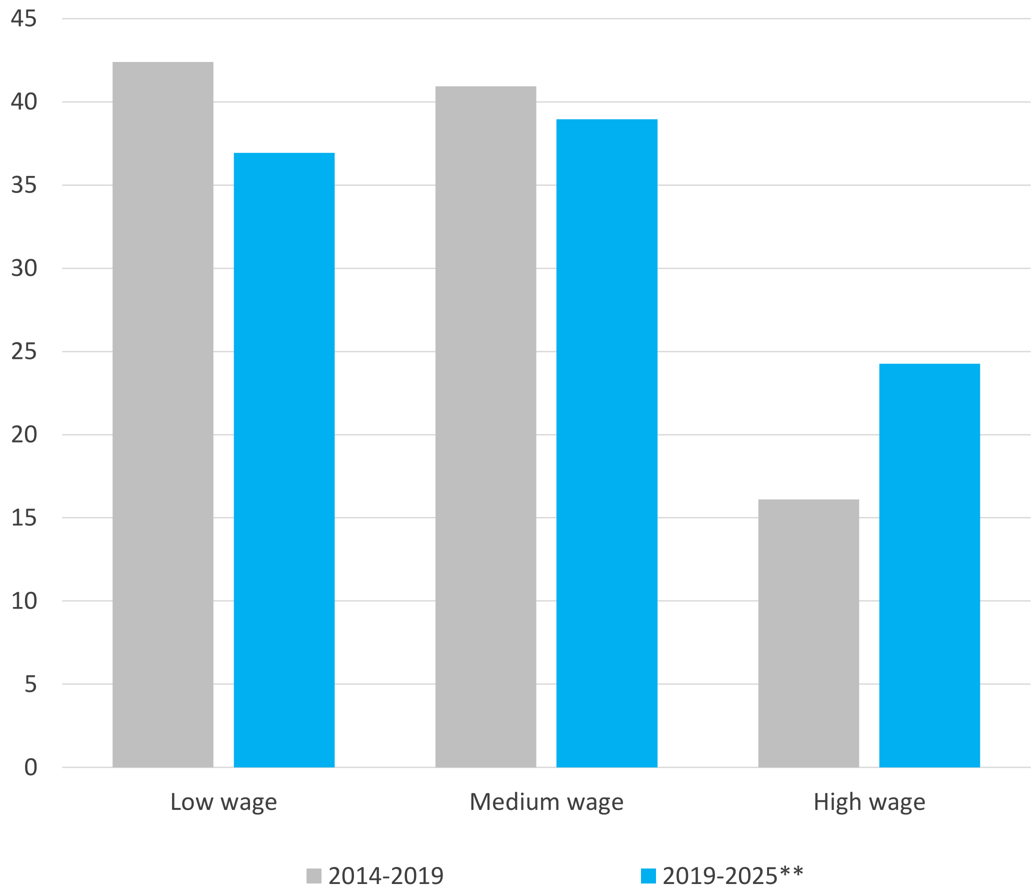
Employment growth by educational attainment

(%)



Employment growth*

% over total employment growth

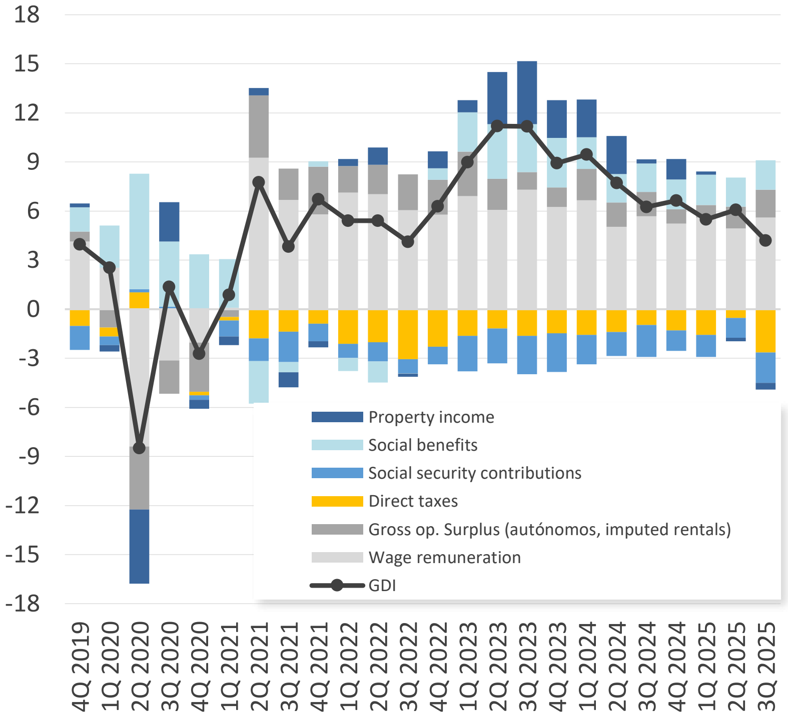


Notes: (*) By sectors classified according to wage range. Workers registered to S. S.
(**) 12 month average up to September.

The savings rate remains high but starts decreasing

Gross disposable income (GDI)

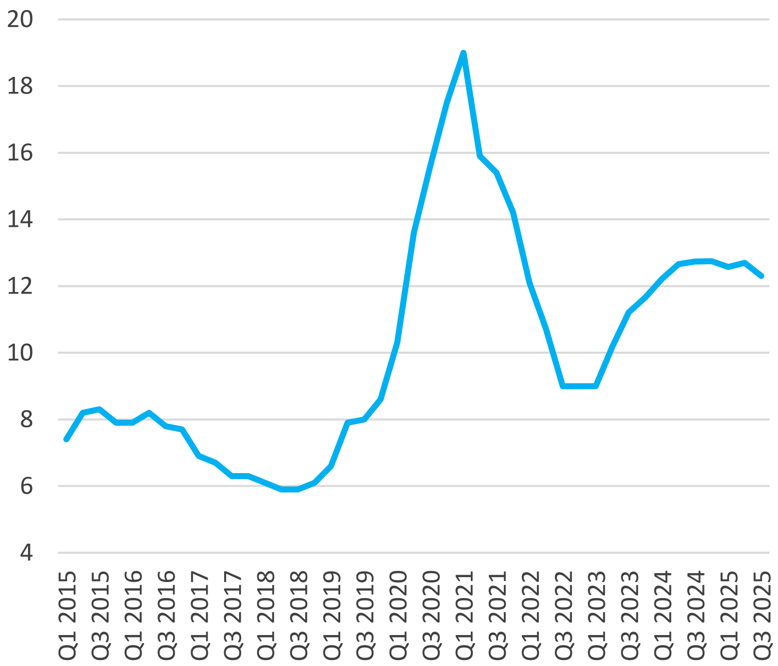
Year-on-year variation (%) and contributions



Source: CaixaBank Research, based on data from INE.

Savings rate

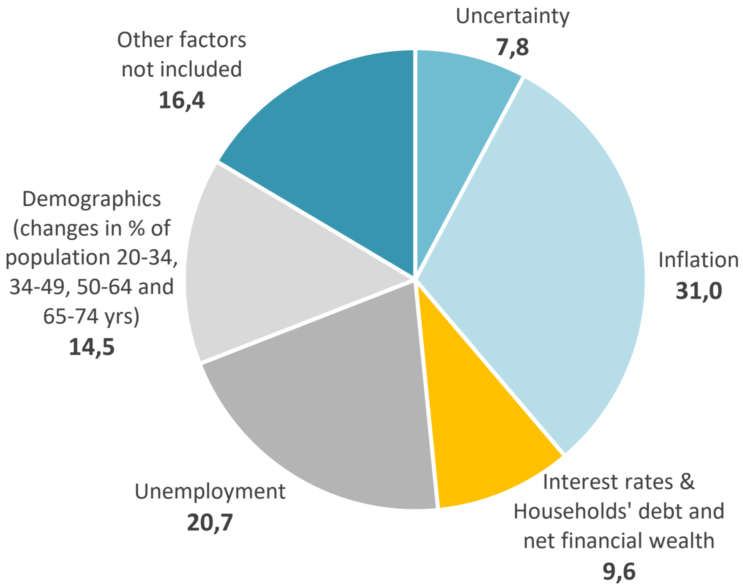
% Gross Disposable Income



Note: Accumulated data four quarters.
Source: CaixaBank Research, based on data from INE.

Factors Explaining the Variation in the Savings Rate

(% of the total variance)



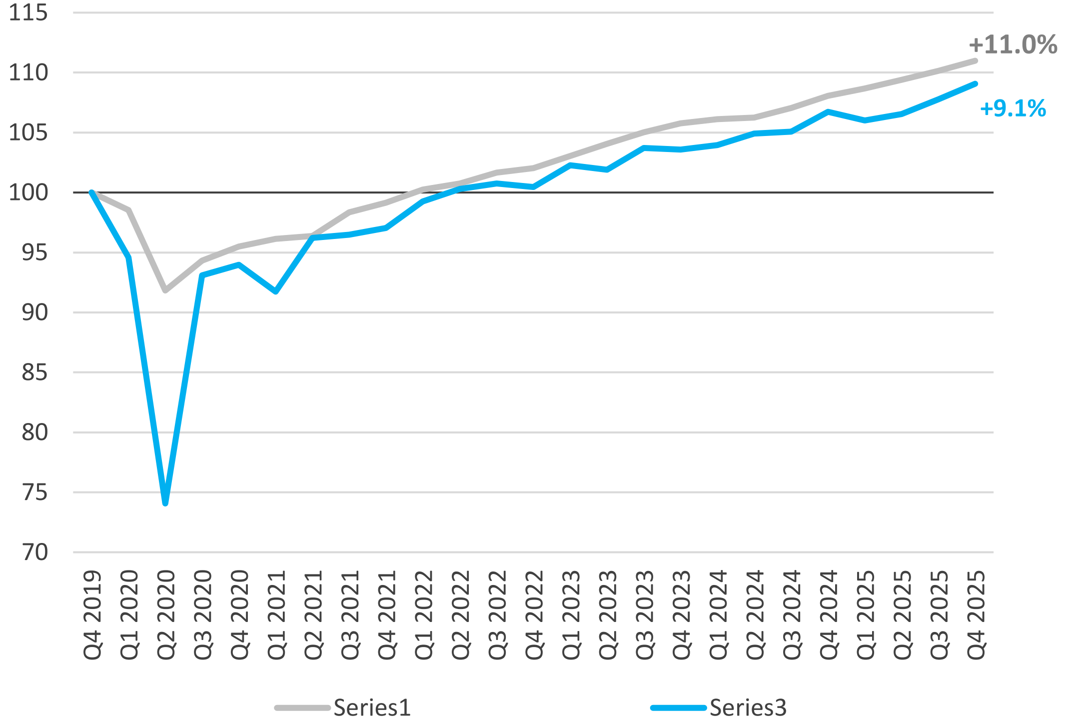
Note: The explanatory variables are also expressed as the difference from their value one year ago (in the case of inflation, this is by definition the year-on-year change). The variation in uncertainty is taken with a lag, as its impact is greater than with the contemporaneous value.
Source: CaixaBank Research.

- **The savings rate in Q3 25** (cum. 4 quarters) **sits at 12.3%**, 0.4 pp lower than in Q2 2025, but significantly above the long-term average of 8.6% (2000-2019).
- **GDI** grew 4.2% YoY in Q3, driven by a dynamic labor market (employees' total compensation rose 6.9% YoY), partially offset by a negative public sector contribution, as increases in direct taxes and social contributions outweighed social transfers. Given that consumption continues to grow at a solid pace (6.0% year-on-year) and above disposable income, the savings rate shows a slight moderation.
- **The financial position of households remains strong**: in Q3 households debt stood at 43.1% of GDP (vs. 50.6% in the euro area), the lowest level since the first quarter of 2000.
- **Inflation and unemployment have been the key drivers of household savings rate variation in Spain** over the past 25 years, explaining more than half of its total variance. This supports our view that the savings rate will decline in the coming quarters as the unemployment rate continues to decrease.

Decoupling between productivity per hour worked and productivity per employee

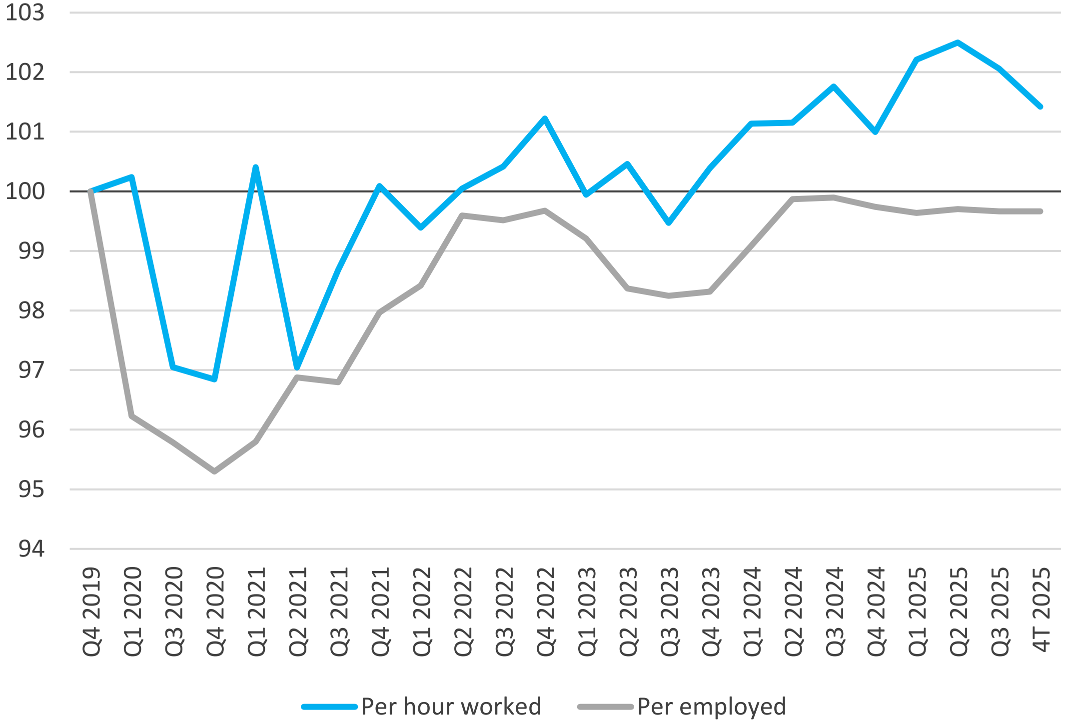
Employment and hours worked

Level (Q4 2019 = 100)



Productivity

Level (Q4 2019 = 100)



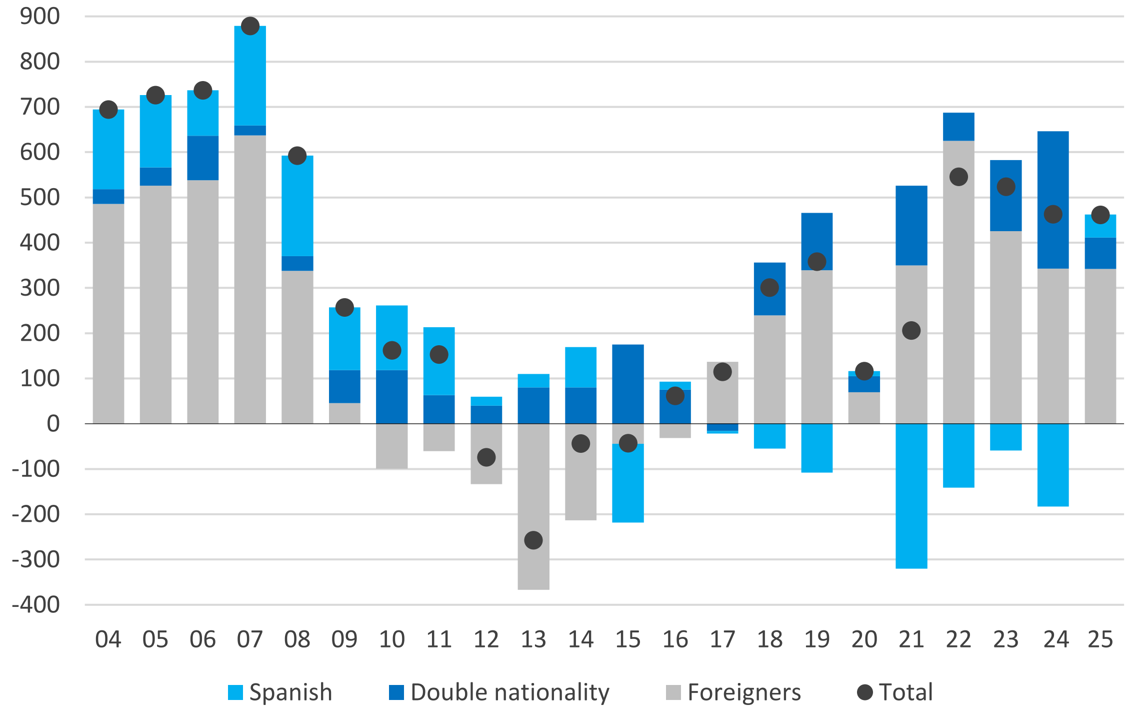
Note: The Q2 2020 datapoint has been skipped to ease the readability of the chart.

- **GDP per hour worked has grown by 0.7% annually since 2022**, above the rate of the 2015–2019 period (0.5%), and is now 1.4% above the pre-pandemic level. **GDP per worker has also grown by 0.7% since 2022** (0.3% in 2015–2019) but remains 0.3% below the pre-pandemic level.
- The reason of the decoupling is a reduction of the average hours worked per worker. Main factors behind: Increase in work permits and in temporary disability leaves.
- The decoupling between the evolution of employment and hours worked is unlikely to persist much longer. Hence, growth of both variables should gradually converge in the medium run.

Demographics and the labor market continue to drive growth

Total population

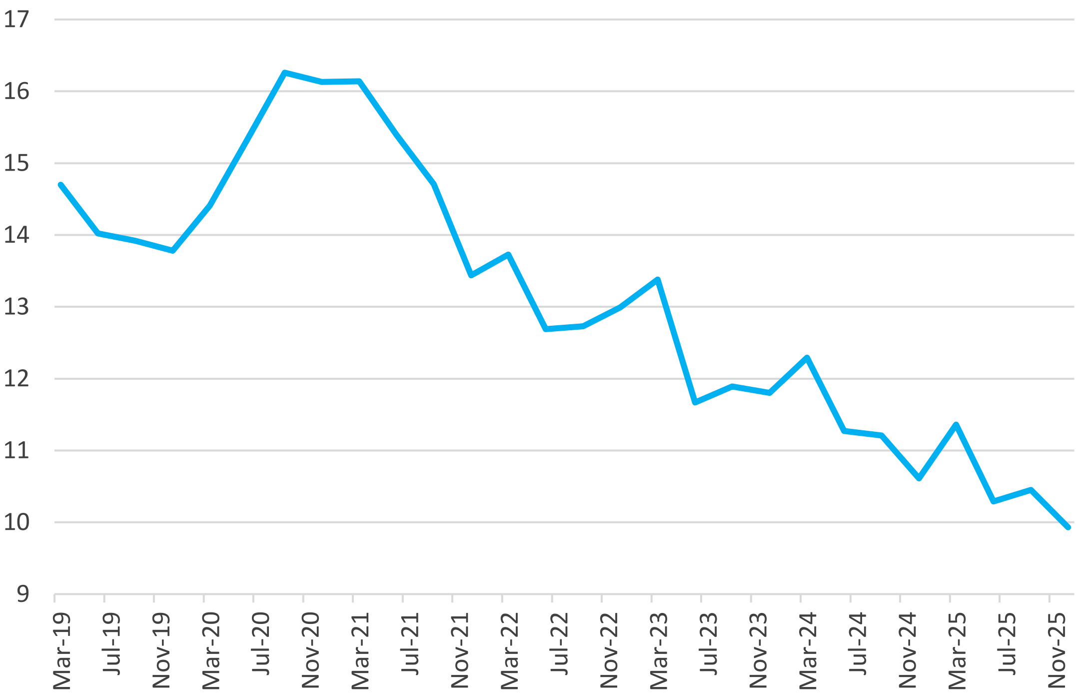
Annual variation in thousands



Source: CaixaBank Research, with data from EPA.

Unemployment rate

% of active population



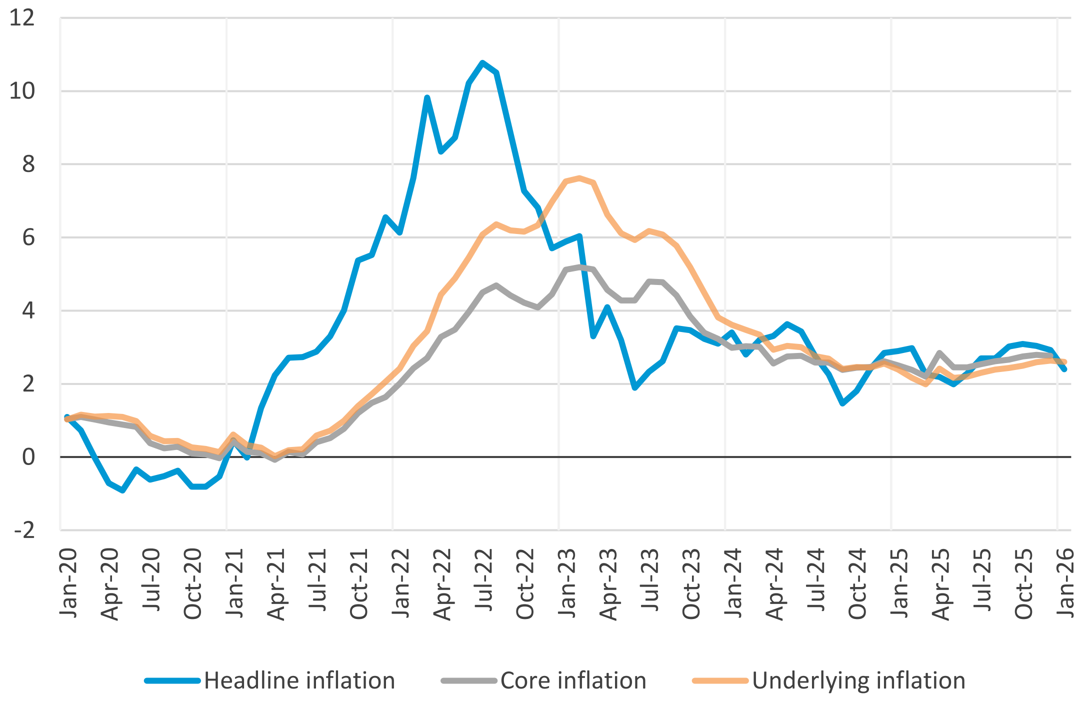
Source: CaixaBank Research, with data from EPA.

- **Employment in Spain** grew 2.8% yoy in Q4 2025, a 0.2pp acceleration compared to the previous quarter.
- **Active population** increased 2.0% yoy in Q4 2025, up 0.3pp from Q3. In annual terms, active population continue to grow significantly (+487,100, of which 251,600 are domestic and 243,000 foreign). Population growth rate fell by 0.1 pp in Q4 to 0.9% year-on-year (+462,000 people over the past year).
- Despite the rise in active population, strong job creation brought the **unemployment rate** down to 9.9% in Q4, 0.7 pp below Q4 2024.
- The **ongoing immigration regularisation process** —with 500,000 to 800,000 potential beneficiaries— may facilitate the shift from informal to formal work, improving labour-market outcomes and broadening the fiscal base through higher social contributions and tax revenues.

Inflation returns to a path of moderation in January

Inflation

Year-on-year change (%)



Note: Underlying inflation excludes energy and non-processed food. Core inflation excludes energy and food.
Source: CaixaBank Research, based on data from INE.

Inflation

Year-on-year change (%)

	2024	2025
Headline inflation	2.8	2.7
Underlying inflation (excl. energy and non processed food)	2.9	2.6
Core inflation (excluding energy and food)	2.7	2.6
- Industrial goods	0.7	0.6
- Services	3.5	3.4
Food. beverages & tobacco	3.6	2.7
Energy	1.0	3.4

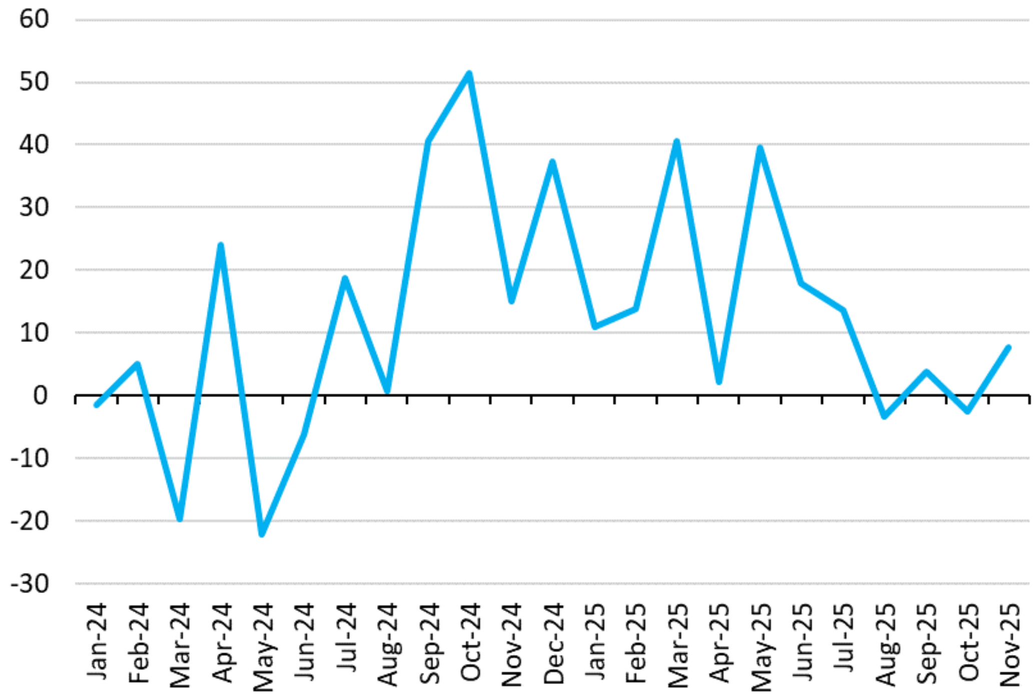
Source: CaixaBank Research, based on data from INE.

- **Inflation declined sharply in January, reinforcing the moderation observed during the previous two months.** Headline inflation fell by 0.5pp, reaching 2.4%, driven by easing energy prices. Underlying inflation remained at 2.6% for the third consecutive month. Based on recent developments, both headline and core inflation were within the range expected by CaixaBank Research.
- **The January figure represents a solid start to the year, although the correction of inflation toward levels around 2.0% is likely to be more gradual than expected**. Greater persistence in core components — especially services — together with the potential pass-through from higher unprocessed food prices, affected by epidemics and poor harvests, to processed food, poses upward risks to our current 2026 inflation forecast of 2.0%.
- According to our internal monitor, **private sector wages increased by 2.7% year-on-year in Q4**, similar to the 2.6% growth recorded in Q3.

Housing transactions are moderating

Spain: House transactions

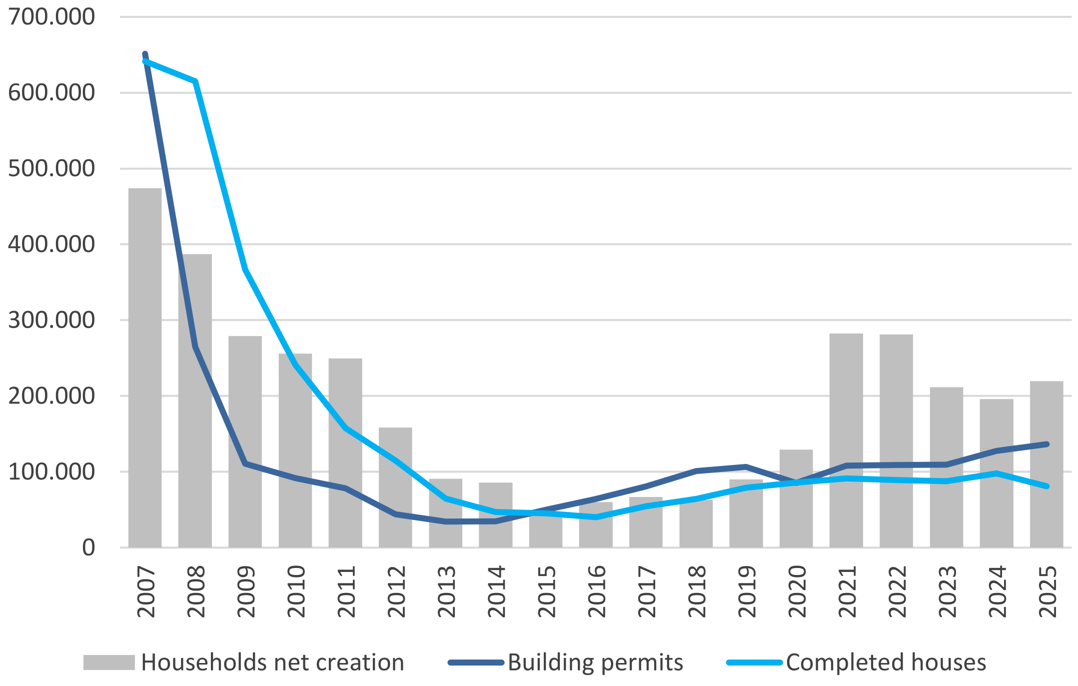
Year-on-year change (%)



Source: CaixaBank Research, based on data from INE.

Spain: Housing Supply Deficit

Level



Source: CaixaBank Research, based on data from MITMA, INE. 2025 refers to 12m accumulated to Sep 2025 for completed houses; to Nov 2025 for building permits; and 3T 2025 for household creation.

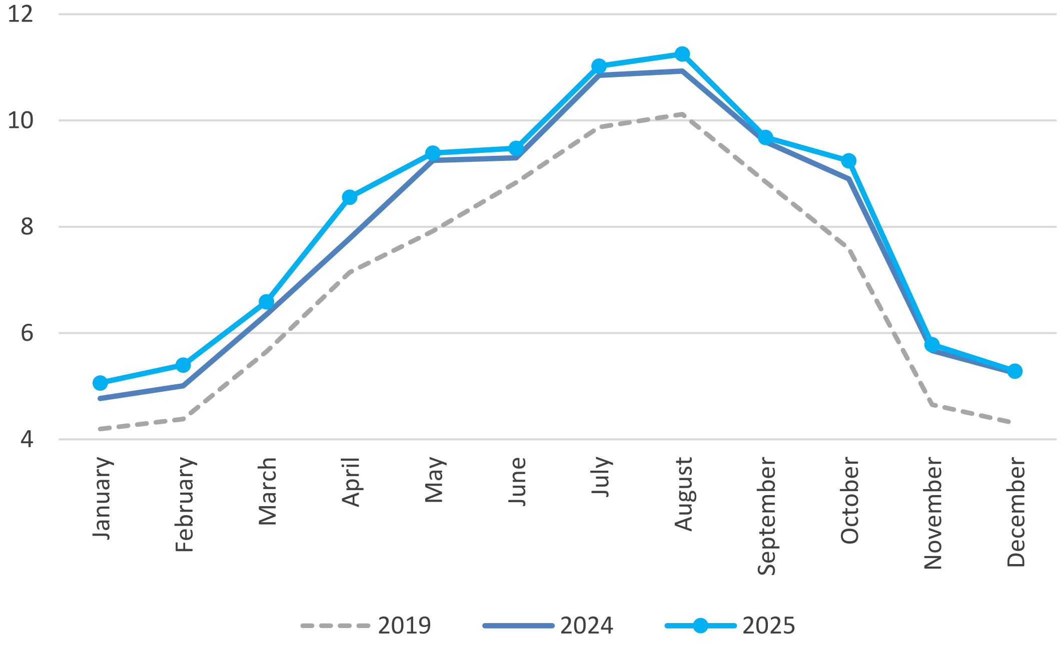
- **Housing transactions have been volatile since August but remain at historically elevated levels in 2025**. A total of 710,285 home sales were recorded in the twelve months to November, according to INE data, representing a 13.3% year-on-year increase.
- **Housing supply continues to grow steadily**, but at a slower pace than net household formation. Over the 12 months to November, 136,534 new housing permits were issued, representing a 7.7% increase compared to the same period last year. This is much lower than the 219,666 households created over the 12 months to September.
- **The first 4Q 2025 house price indicator (Repeat Sales House Price Index from the Registrars data) shows year-on-year growth easing from 16.1% to 15.2%** — the first sign of deceleration since 2022 —, largely due to base effects arising from the exceptionally strong second half of 2024.

Positive outlook for the tourist and external sector

CaixaBank

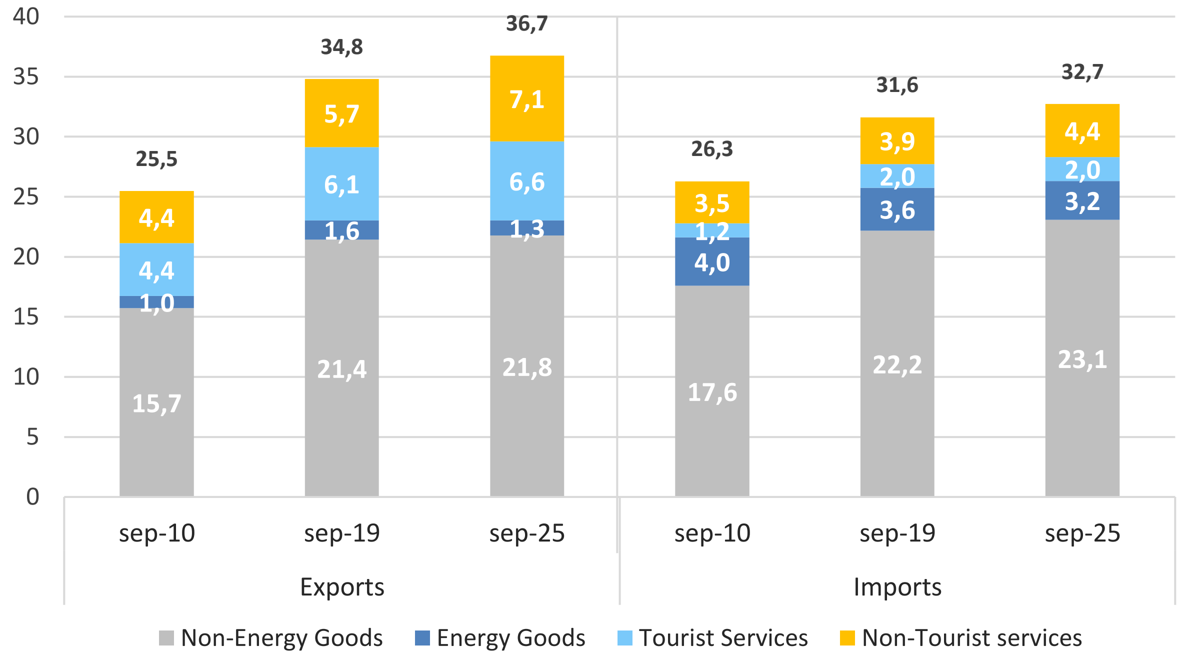
International tourists that visit Spain

Millions of people



Exports and Imports of Goods and Services

Year-to-date (% of GDP)

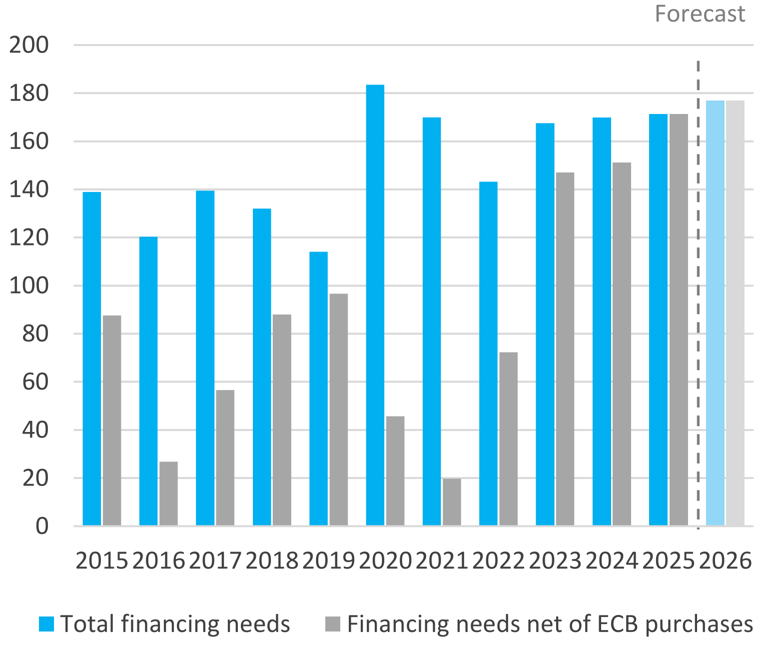


- **The tourism sector continues to grow, albeit at a more modest pace**. In the whole of 2025, international arrivals rose 3.2% year-on-year, while international tourist expenditure increased by 6.8% yoy. These figures represent a marked slowdown compared to the respective 10.1% and 16.0% increases recorded in 2024. This moderation supports our forecast for tourism GDP growth of +2.7% in 2025 and +2.5% in 2026 (vs. +6.0% in 2024). In 2025, Spain welcomed 96.8 million international tourists, 3.0 million more than in 2024. Overnight stays by residents in tourist accommodations were nearly flat in 2025(+0.4% yoy). Looking ahead, we expect robust growth during the low season and more moderate growth in the high season.
- **Trade surplus as a percentage of GDP is clearly higher in 2025 than in the pre-COVID period**. From January to September 2025 (accumulated), the trade surplus reached 4.0% of GDP, 0.8 pp above the level in the same period of 2019. This improvement is mainly driven by the strong performance of services exports, which rose by 2.0 pp of GDP compared to pre-pandemic levels.
- **The services sector continues to expand.** Between January and November 2025, services recorded year-on-year growth of 11%, driven mainly by a strong increase in non-tourism service exports (+14.9% YoY). Overall, the sector remains the primary contributor to the current account surplus, which reached €46.9 billion over the same period (-3.9% YoY). On the other hand, the goods balance is still recording a deficit, following a 1.5% YoY decline in exports in November and a 0.2% increase in imports. Taken together, the latest figures point to persistent upside risks to our current account outlook (2.3% of GDP in 2025 and 2,5% in 2026).

The Treasury projects a moderate increase in financing needs for 2026, expected to be comfortably absorbed thanks to robust demand

Spain: Gross financing needs

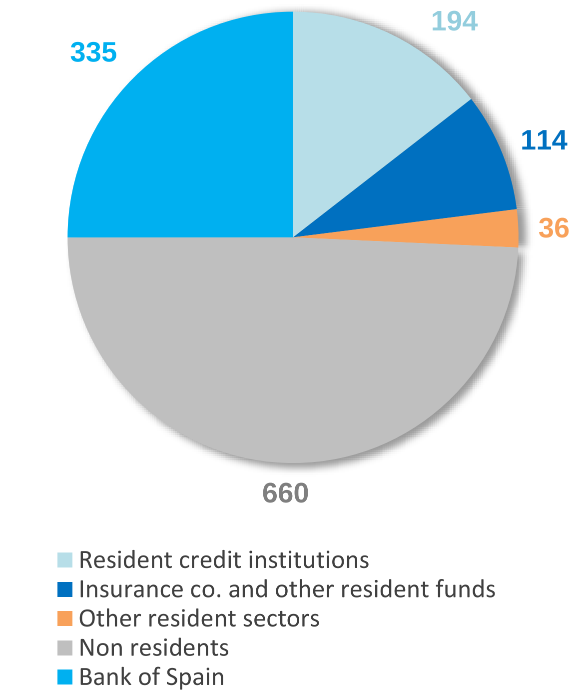
€ Bn



Note: *Amortisation funds do not include short-term bills.
Source: CaixaBank Research, with data from the Directorate-General for the Treasury.

Public debt holdings (excl. bills)

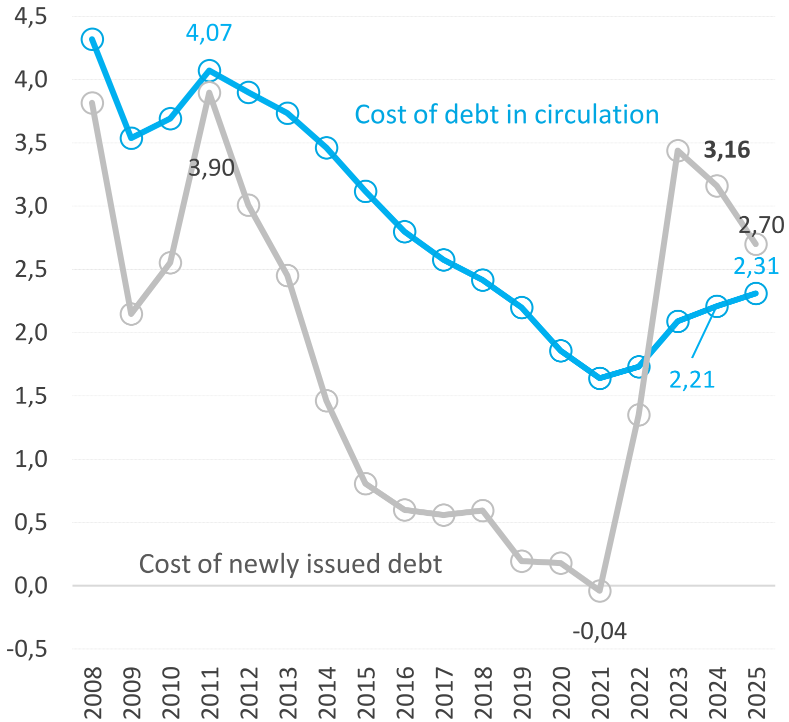
€ Bn



Note: November data.

Cost of debt: State

%

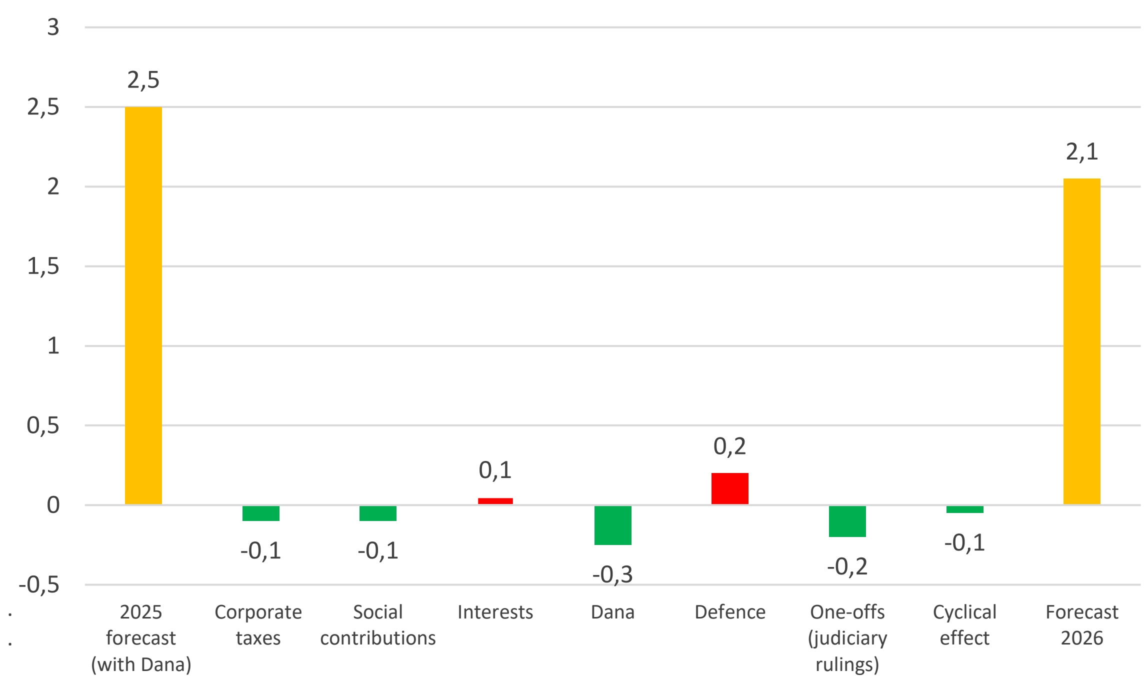


- **Gross funding needs in 2026** will be slightly above those of 2021-2025 net of ECB purchases. However, higher interest rates with respect to pre-pandemic levels should maintain the appeal of public debt holdings for investors and facilitate the absorption of Spain's financing needs.
- **Government debt is diversified**. In 2025 (data up to November), foreign investors increased their holdings of Spanish debt (excluding T-bills) by €84.2bn, reflecting strong appetite for Spanish debt. Domestic retail investors reduced their positions in T-bills by €6bn since the end of 2024 —in line with the ECB's rate cuts—, but this decrease was more than offset by non-resident purchases of €10.85bn.
- **In 2026, the average cost of debt is expected to keep at contained levels**. The average lifespan of the stock of debt is elevated (c. 8 years), so the share of debt that needs to be re-financed every year is small. Interest payments on debt of the public administrations could stand at 2.5% of GDP in 2026, a similar level to that of 2025, but much lower than a decade ago (in 2014, it was 3.5%).

Public deficit expected to fall in 2025

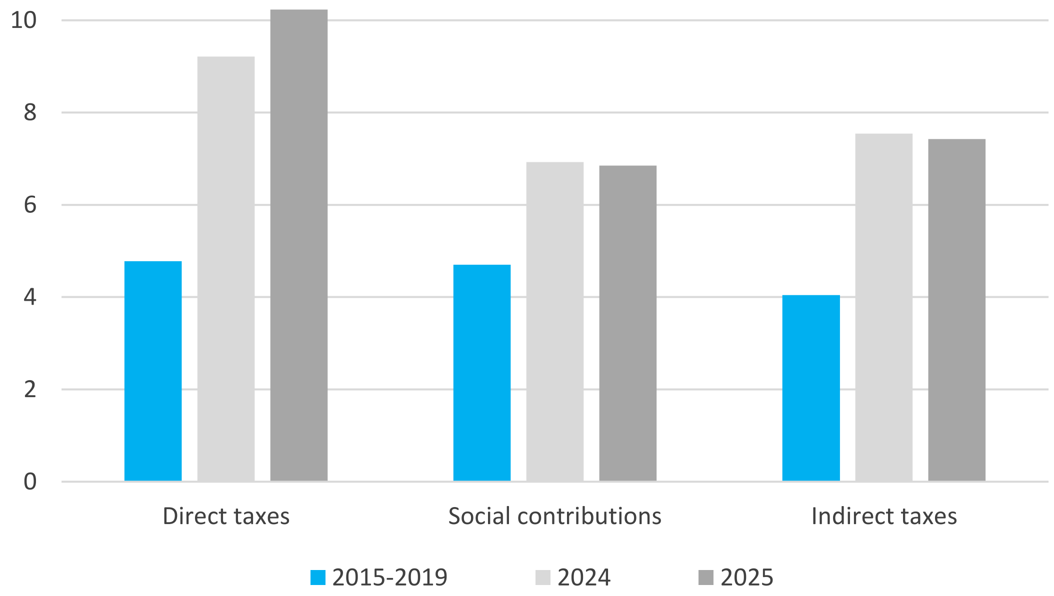
Public Deficit General Government

% GDP



Tax revenues: consolidated general government taxes*

Year-on-year change in the cumulative figure for the year to November in all years (%)



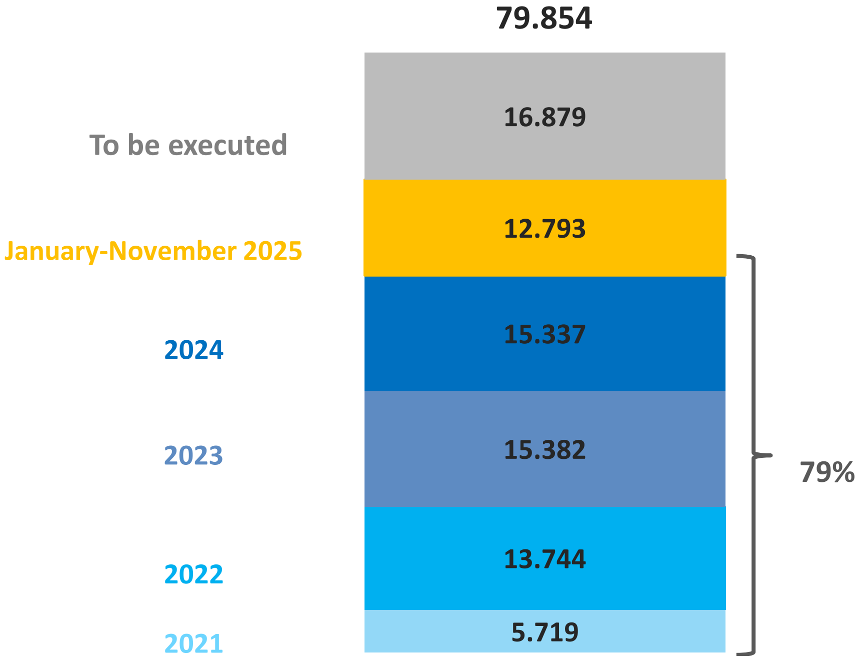
Note: *Excluded Local Corporations.
Source: CaixaBank Research, with data from IGAE.

- In the first 11 months of the year, **fiscal revenues** (taxes plus social contributions) grew at a strong yoy rate of 8.2%, while expenditures rose by 5.6%, contributing to the reduction in the deficit. Direct taxes are growing at a very dynamic pace due to strong employment and the positive performance of capital withholdings and corporate profits. Indirect taxes are being boosted by the consumption dynamism and the end of tax discounts on VAT for electricity and food.
- **We expect the public deficit to decline from 2.5% in 2025 to 2.1% of GDP in 2026**, thanks, among other factors, to the reduction of extraordinary expenditures —such as aid related to the DANA and judicial payments (both items will amount to around 0.5% of GDP in 2025)— and to economic dynamism, although the increase in defense spending will partially offset these factors.
- We expect public debt to stand at around 99% of GDP at the end of 2026. Net of central bank holdings, public debt will be around 76.7% of GDP, well below past peaks such as 101.6% in 2014.

NGEU: The Recovery Plan keeps being deployed

Execution of PRTR

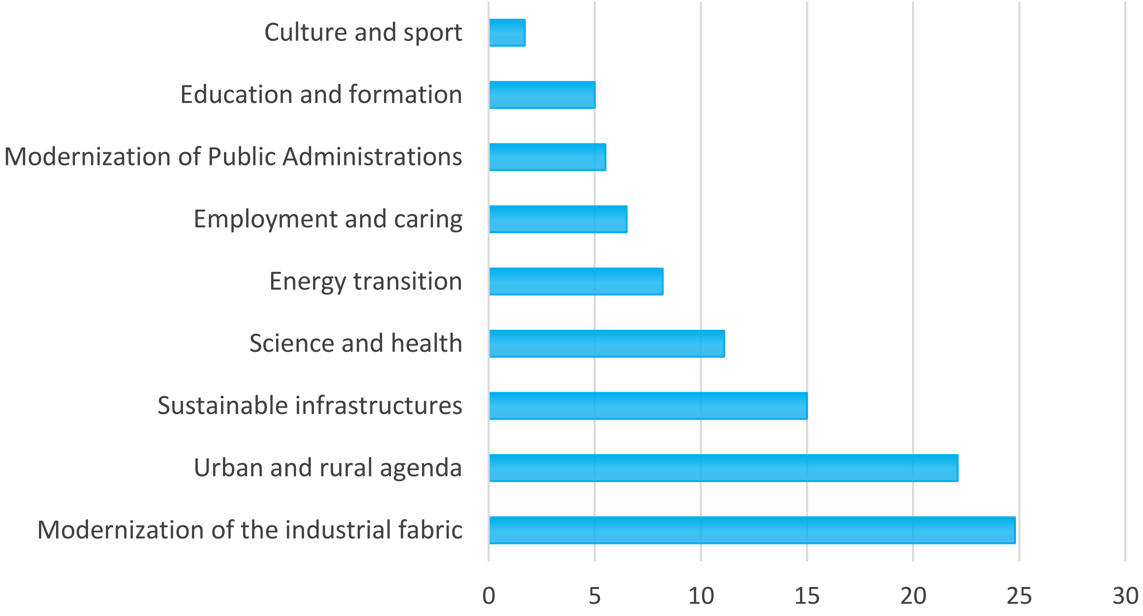
Total grants (Million euros)



Note: Execution is defined as the awarding of tenders and grants.
Source: CaixaBank Research, based on data from the ELISA portal, Government of Spain.

Resolved calls by area

% over the total resolved



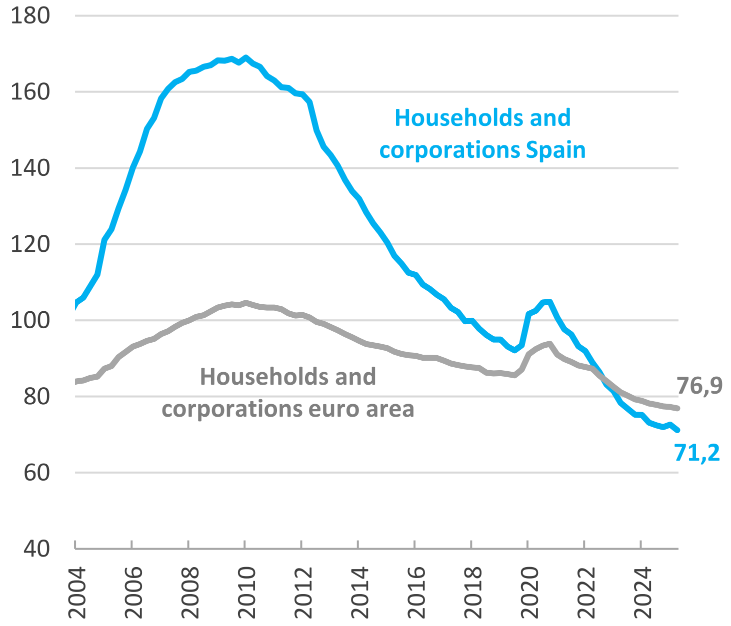
Source: CaixaBank Research, based on data from the ELISA portal, Government of Spain.

- By the end of November, **€63.0 billion had been executed**—79% of the total grant allocation (almost €80 billion).Grant execution from January to November 2025 amounted to €12.8 billion (slightly below the €13.1 billion recorded in January–November 2024). This year also marks the start of loan execution, with approved operations totaling €7 billion.
- With the **new Addendum** already approved by the European Commission, Spain will request only €22.8 billion in NGEU loans (including the €16.27 billion already received) out of a total of €83.2 billion. The Government argues that NGEU loan costs are currently very similar to market financing. Spain will request 100% of the grants and expects to execute all pending amounts by 2026.
- Following the milestone simplification under the new Addendum, Spain has met 53% of the milestones and objectives of the Recovery Plan. The deadline to meet the remaining ones is August 2026. There are 230 milestones left, linked to €24.8 billion in grants (Spain has already received €55 billion) and €6.5 billion in loans (Spain has already received €16.27 billion).
- After August 2026, investment projects linked to the funds will continue to unfold. Moreover, a €10.5 billion Sovereign Fund **(España Crece)** will be created, managed by ICO, which will always co-invest with the private sector through loans, guarantees or equity instruments, prioritising key sectors for improving the productivity of the Spanish economy.

Banking system: robust credit growth

Bank credit to the private sector

% GDP



Note: latest data available as of Sep-25.
Source: Caixabank Research with data from ECB, Eurostat.

Private domestic credit

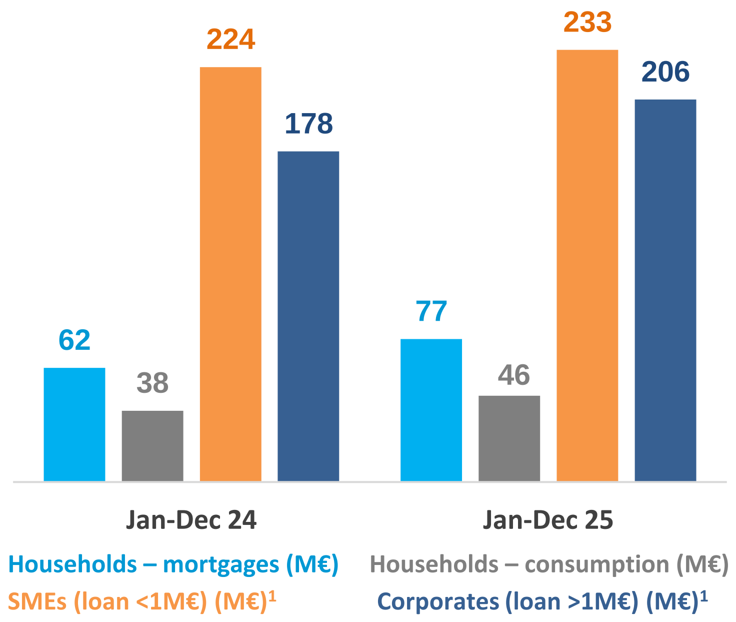
Year-on-year (%)

	Dec-24	Dec-25 (latest)	2026 (forecast)
	% yoy	% yoy	% yoy
Total credit	**0.7%**	**3.4%**	4.5%
Households	0.9%	3.8%	4.5%
Housing mortgages	0.3%	3.5%	4.5%
Other purposes	2.3%	4.5%	4.7%
Of which consumption	5.8%	10.4%	6.5%
Businesses	0.4%	2.9%	4.6%
Non-real estate developers[1]	0.0%	2.2%	-
Real estate developers[1]	1.9%	3.1%	-

Note: (1) latest data available Sep-25.
Source: Caixabank Research with data from Bank of Spain.

New lending activity by sector

YTD, €Bn

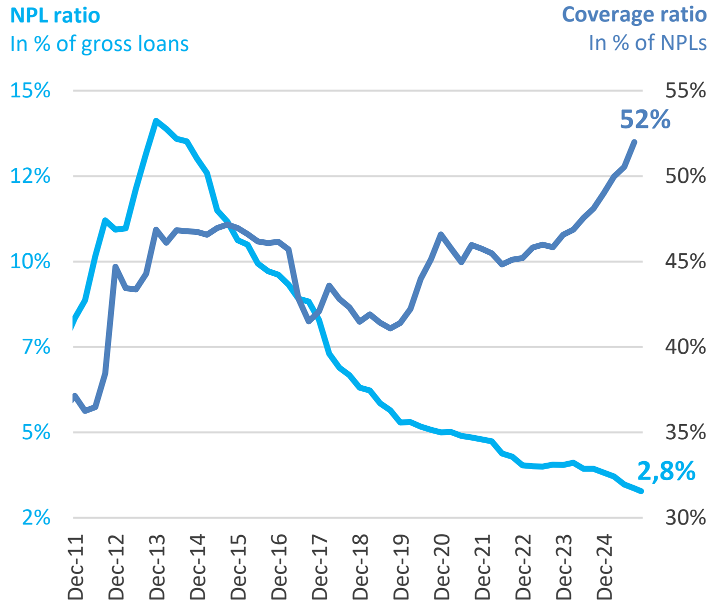


Source: Caixabank Research with data from Bank of Spain.

- **Households and corporate debt levels** (including debt securities) remain below euro area averages in 3Q25. Both sectors have deleveraged in terms of GDP, siting below pre-pandemic levels.
- **New mortgage production** maintains strong momentum in Dec-25, supported by improved housing market prospects and lower lending rates (new lending in 2025 grows +25.3% yoy).
- **New lending for consumption** increases driven by higher spending on durable goods (new lending in 2025 grows +20.8% yoy).
- **New lending to corporates** grows especially in loans above 1M€, but also in smaller ones (new lending grows +11.0% yoy).
- **Consequently, growth in the stock of credit to the Spanish resident private sector continues to accelerates through December.** We expect this trend to persist over the year, gradually converging to a growth rate broadly in line with nominal GDP growth.

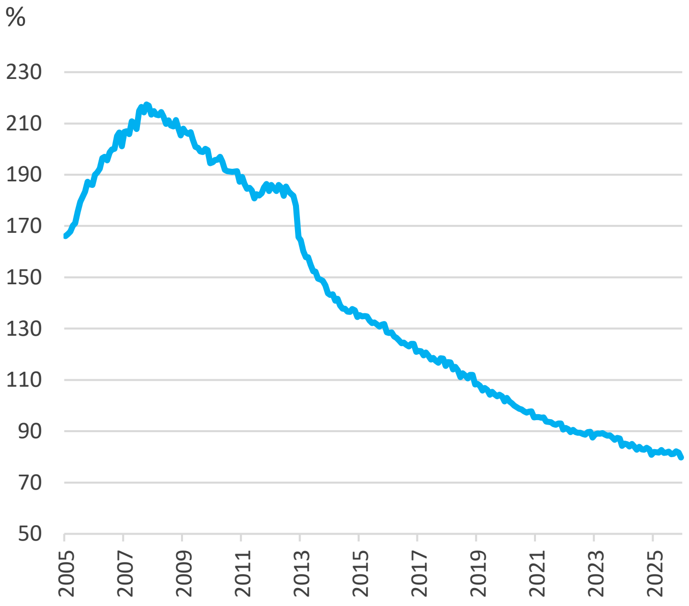
Banking system: solid financials

NPLs and coverage ratios[1]



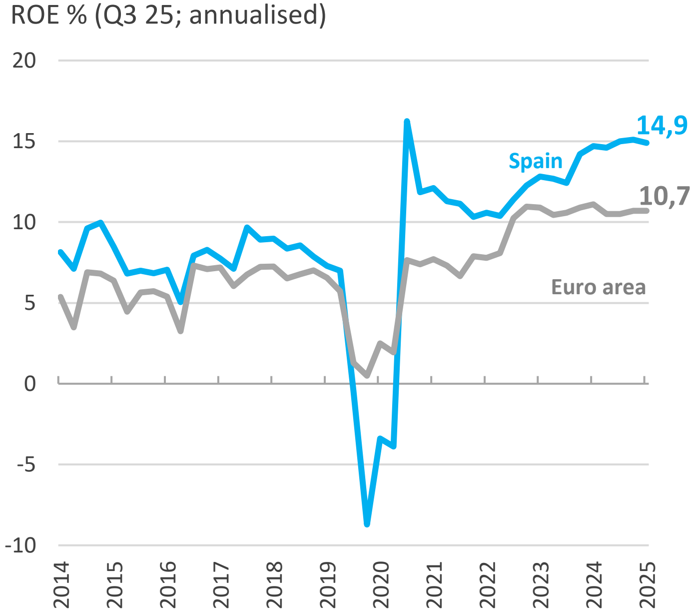
Note: (1) latest available data Nov-25 and Sep-25, respectively
Source: CaixaBank Research with data from Bank of Spain.

HHs & NFCs loan to deposit ratio



Note: loans and deposits to residents in Spain, on a non-consolidated basis. Latest data available Dec-25.
Source: CaixaBank Research with data from Bank of Spain.

Banks' profitability



Source: CaixaBank Research with data from EBA (Dashboard-Q3 25).

- **NPLs remain stable below 3.0%**. The share of stage 2 loans on a group level stood at 6.2% in 3Q25 (unchanged from 2Q), remaining below the EU average.
- **Household and non-financial corporation (NFC) deposits reached an all-time high in December 2025, growing by 4.7% yoy, reflecting high savings rate.** Loan to deposit ratio remains stable at very comfortable levels (c. 80%)
- **Profitability declined slightly with ROE at 14.9% in 3Q25 vs 15.1% in 2Q25.** The decrease, driven by lower net interest income as rates adjusted downward, was partially offset by higher loan volumes, increased fees, and reduced loan loss provisions. The extraordinary bank tax (with rates ranging from 1% to 7%) is accrued quarterly in 2025, compared to full accrual in the 1Q24.
- **The capital position of Spanish banks remains comfortable with a 13,3% CET1 ratio in 3Q25.** The latest stress tests, both EU-wide tests coordinated by the EBA for 2025-2027 and the Bank of Spain's own stress testing for 2025-2029[1], show that the Spanish banking sector's capital position provides a considerable level of aggregate resilience in the face of various adverse scenarios.

Note: (1) Forward-Looking Exercise on Spanish Banks (FLESB). Additional adverse shocks are applied to credit risk under the FLESB framework compared with the EBA exercise. Financial Stability Report Autumn, 2025. Bank of Spain.