



Spain

Macroeconomic & Financial Outlook

CaixaBank Research

March 2026

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Activity

- ▶ **Global economic uncertainty has risen after the joint U.S.–Israeli intervention in Iran.** Oil and gas prices reacted sharply to the de facto closure of the Strait of Hormuz (through which 20% of global crude and gas flows). Markets initially did not expect a prolonged or highly disruptive conflict, but uncertainty about its duration remains high, triggering volatility. **In the euro area, market expectations have started pricing the possibility of ECB hikes by the end of 2026.**
- ▶ **The Spanish economy faces the current context of geopolitical uncertainty from a position of relative strength.** This reflects its resilient recent performance and several factors that should continue to provide support to internal demand—such as demographic growth, a strong financial position, diversified energy imports, and the ongoing deployment of NGEU funds. The share of Spain’s energy imports that pass through the Strait of Hormuz is relatively small: around 5% in the case of oil and slightly less than 2% for natural gas.
- ▶ **Our forecast scenario—prepared before the start of the Middle East war—points to GDP growth of 2.4% this year, but the conflict has significantly increased downside risks.** With moderate and sustained increases in energy prices, as priced in by futures in early March, the outlook for Spain would soften slightly: GDP growth would be reduced by a few tenths of a percentage point, while inflation would temporarily edge up. A scenario of persistently high energy prices in the event of a protracted conflict would have a larger impact.
- ▶ **The Supreme Court struck down the US general tariffs,** prompting the US government to activate a temporary 10% tariff for 150 days. Under the current scenario, the average tariff on Spanish exports to the US will remain below 15%. Spain is less exposed to the US market than other European economies such as Italy or Germany.
- ▶ **Activity indicators for Q1 show a gradual improvement through the quarter.** Job creation improved in February after a weak January, and private consumption is also starting to gain traction after several weeks affected by bad weather, according to our Monitor. Altogether, this points to GDP growth in Q1 slightly below our 0.5% QoQ forecast.
- ▶ **Upward risks around our 2.4% inflation forecast for 2026 due to Middle East war.** Depending on the extent of the rebound in energy prices, the expected moderation to 2.4% for the year may not materialize, and inflation could remain close to 2025 levels, at around 3%.
- ▶ **Housing prices will maintain dynamic growth rates in 2026.** After growing 11.2% in 2025, we forecast MIVAU price indicator (appraisal value) to grow by 10.0% in 2026, as H2 2025 data surprised on the upside and there are no signs of the housing deficit to abate. We now expect a 2.7% decline in sales in 2026 compared with 2025, following the stabilization observed since August.
- ▶ **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 positive momentum.** Higher activity levels in Jan-26 continue to drive new lending and, consequently, accelerate the credit stock growth. Domestic NPL ratio remains stable around 2.7% in December, 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

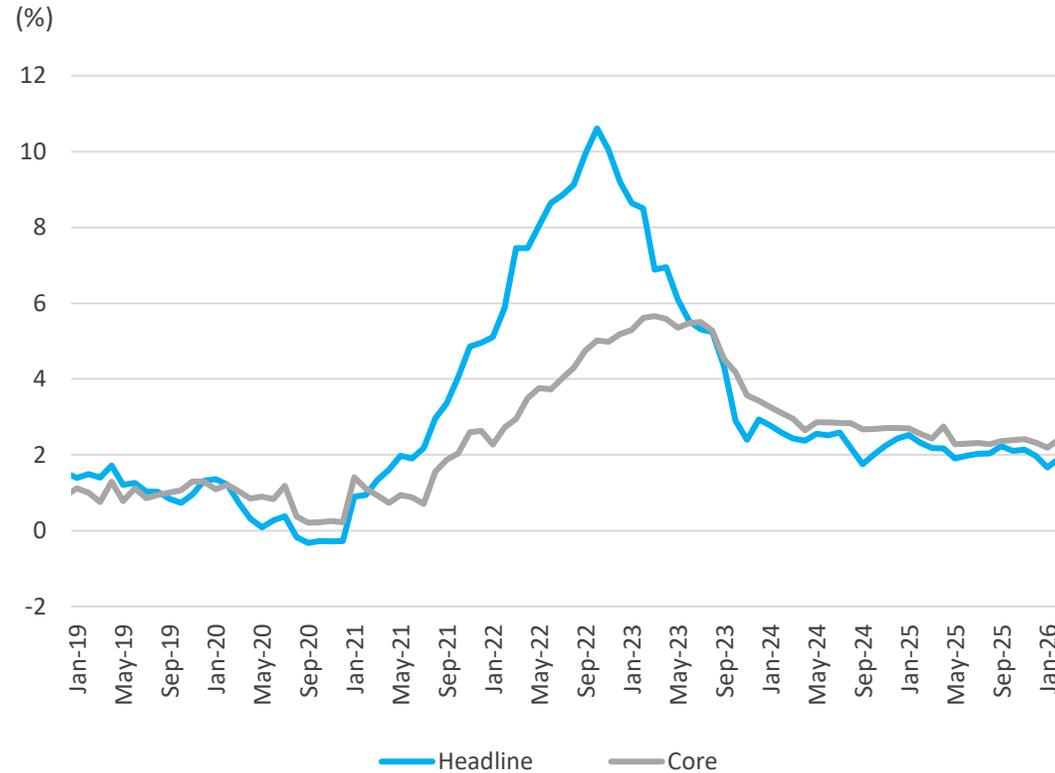
% YoY. unless otherwise specified	2016	2017	2018	2019	2020	2021	2022	2023	Forecast		
									2024	2025	2026
GDP	2,9	2,9	2,4	2,0	-10,9	6,7	6,4	2,5	3,5	2,8	2,4
Private Consumption	2,6	3,1	1,8	1,0	-12,2	7,2	4,9	1,7	3,0	3,4	3,0
Public Consumption	0,9	1,0	2,1	2,2	3,5	3,6	0,8	4,5	2,9	1,8	1,4
Gross Fixed Capital Formation (GFCF)	2,0	6,8	6,5	4,9	-8,9	2,6	4,2	5,9	3,6	6,3	5,2
GFCF - equipment	1,6	9,1	4,2	1,7	-13,5	3,3	2,1	2,6	1,9	9,0	4,4
GFCF - construction	0,9	6,8	10,1	8,4	-8,4	0,5	4,0	5,5	4,0	5,2	5,6
Exports	5,4	5,6	1,7	2,3	-20,1	13,4	14,2	2,2	3,2	3,4	2,1
Imports	2,6	6,7	3,9	1,3	-15,1	15,0	7,7	0,0	2,9	6,3	4,1
Unemployment rate	19,6	17,2	15,3	14,1	15,5	14,9	13,0	12,2	11,3	10,5	9,8
CPI (average)	-0,2	2,0	1,7	0,7	-0,3	3,1	8,4	3,5	2,8	2,7	2,4
External current account balance (% GDP)	3,1	2,8	1,9	2,1	0,8	0,8	0,4	2,7	3,2	2,9	2,7
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	101,7	100,8	99,0
Housing prices	1,9	2,4	3,4	3,2	-1,1	2,1	5,0	3,9	5,8	11,2	10,0
Risk premium (vs. 10Y Bund. bps. Dec.)	124	120	97	88	86	67	104	102	81	58,9	44,7
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	3,5	4,5

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

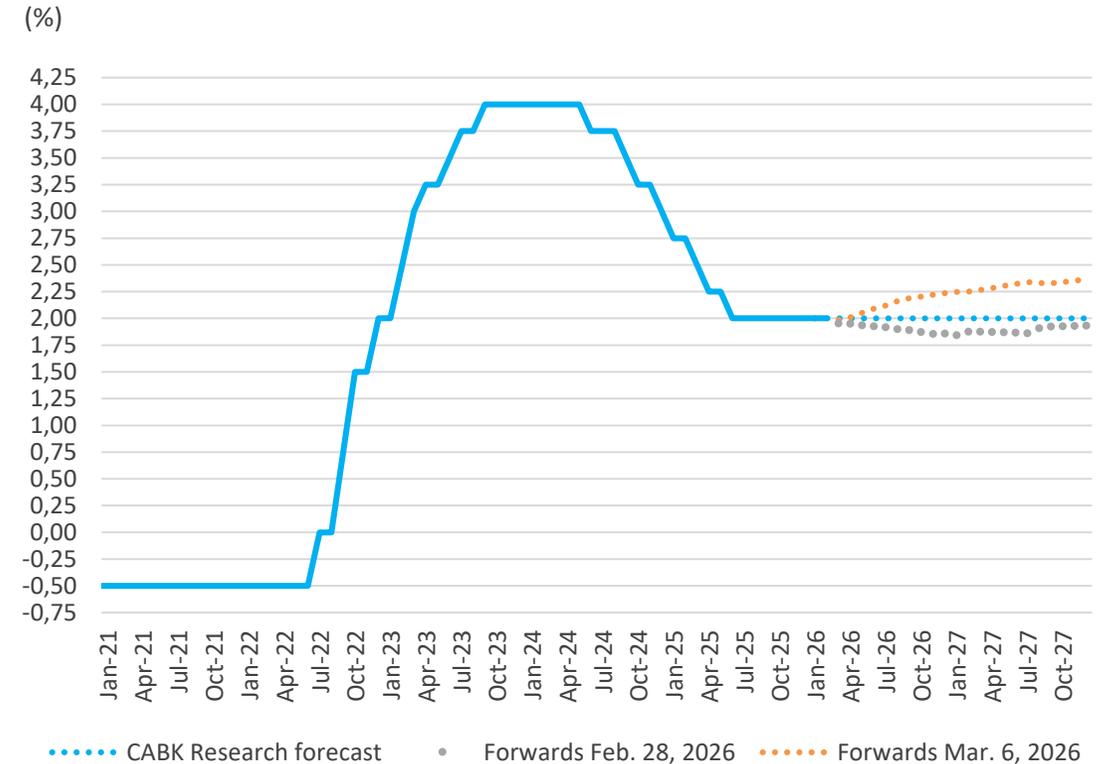
Source: CaixaBank Research.

The ECB: rates at 2.00% while monitoring the Middle East conflict

Euro area: HICP inflation



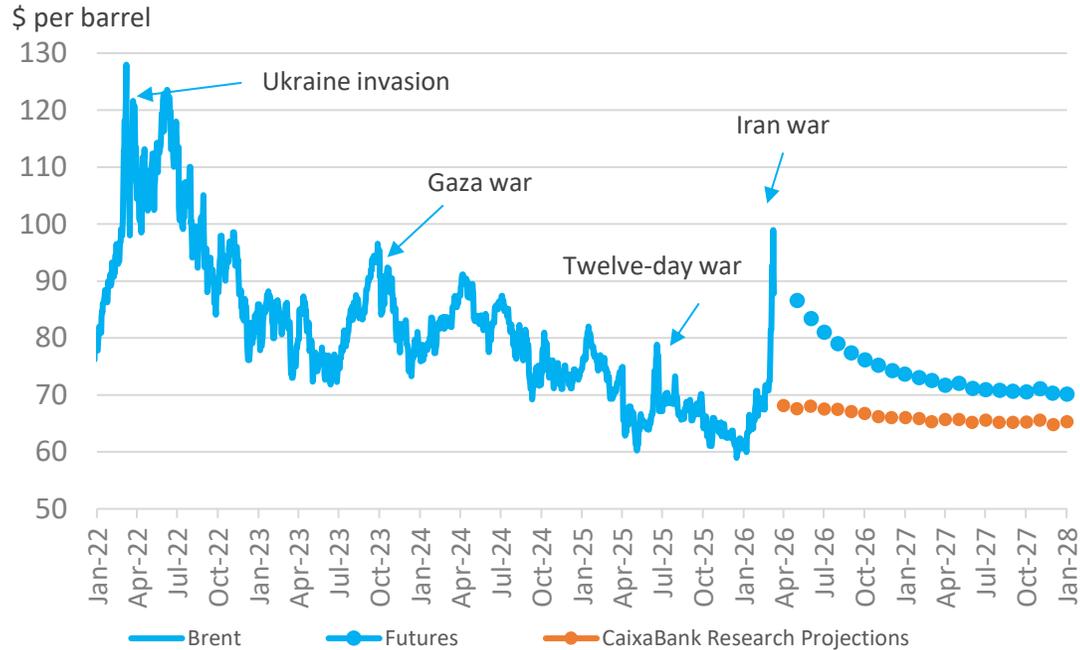
ECB deposit rate



- ▶ **Market expectations tilt hawkish after the intensification of the Middle East conflict.** Forward rates have shifted from pricing a dovish ECB bias (in February markets were eyeing one cut [depo at 1.75% by the end of 2026] with 30% probability) to a hawkish bias, capturing the inflationary risks arising from a persistent conflict and higher energy prices. Projections based on early-March energy futures showed a moderate inflationary impact. **Market expectations started pricing the possibility of ECB hikes by the end of 2026.**
- ▶ **The ECB outlook: neutral policy, no hypercalibration, and a “data-dependent, meeting-by-meeting” approach.** The ECB has left rates unchanged at neutral levels since June 2025 (depo at 2.00%) and it does not want to overengineer policy to small deviations in the data. This strikes a balance between an uncertain global scenario, a cautiously positive assessment of activity and the inflation outlook (“on target”).

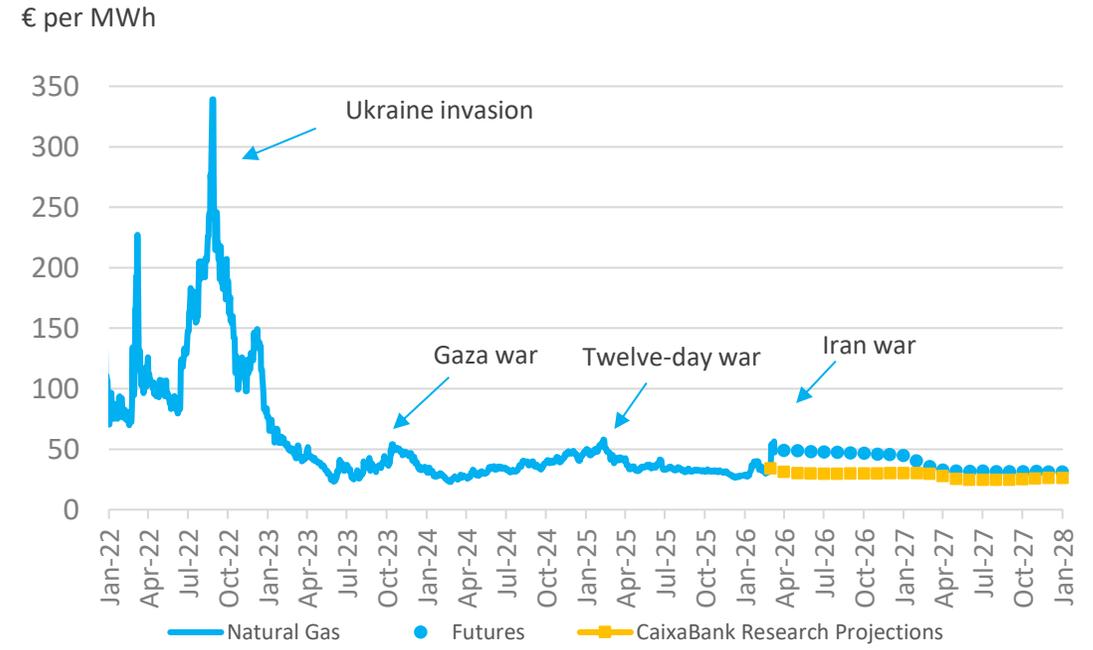
The Middle East war is having a significant impact on energy prices

Brent oil prices and futures



Note: Graph elaborated with data as of March 10.
Source: CaixaBank Research, based on data from Bloomberg.

TTF gas prices and futures



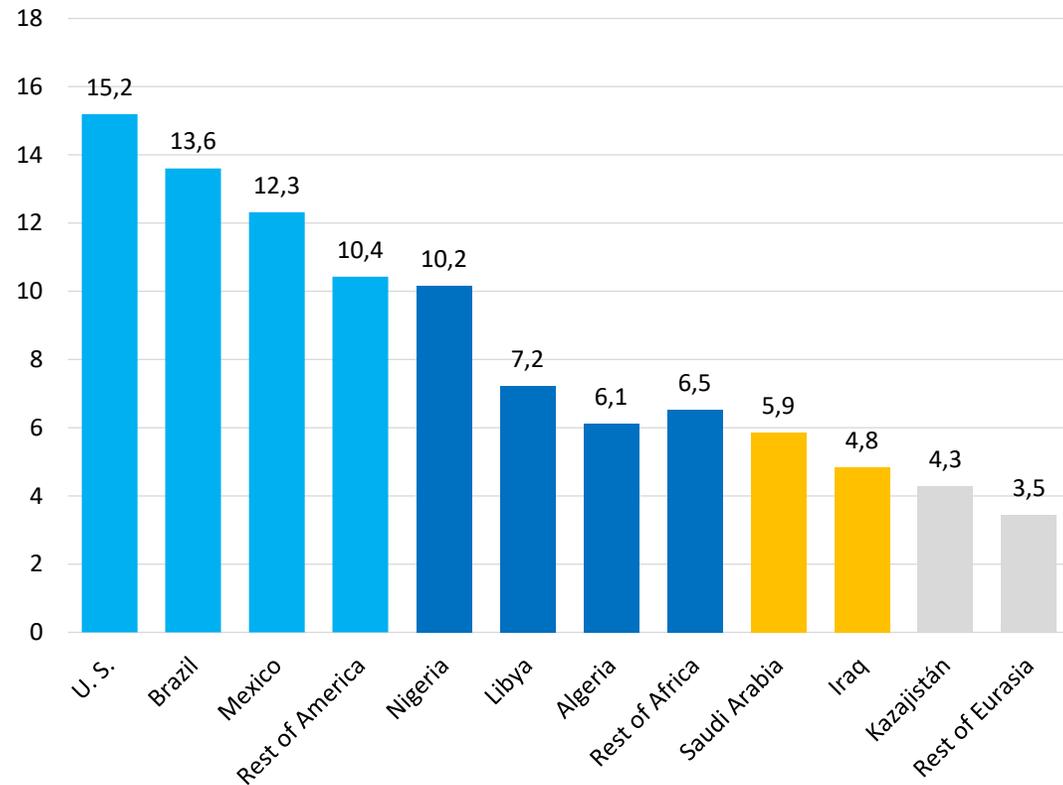
Note: Graph elaborated with data as of March 10.
Source: CaixaBank Research, based on data from Bloomberg.

- ▶ **Energy prices have reacted sharply to the Middle East conflict.** In the early days of the conflict in Iran, markets did not appear to expect a very prolonged shock, but expectations gradually deteriorated as the war spread across the wider Middle East. As a result, Brent crude briefly climbed above \$100/b (vs. \$69/b on average in February) as the conflict entered its second week. Prices have since fallen back below \$100/b, however, after President Trump suggested that the war could be nearing an end. The magnitude of the oil shock remains smaller than in 2022, following Russia's invasion of Ukraine. Inventories are high—7.9 billion barrels, the highest in four years—after a period of market surplus driven by moderate demand and the reversal of OPEC cuts. Before the conflict, we forecast an average oil price of \$67/b for 2026; using the futures curve as of March 10, the implied average rose to \$75/b. A prolonged conflict or damage to strategic infrastructure could keep prices above \$100, given that Middle Eastern producers account for roughly 30% of global crude supply.
- ▶ **The gas shock has been also significant but more contained from a historical perspective.** Gas prices doubled from €30/MWh to €60/MWh before retracing back to c. €50/MWh and remain moderate compared with past spikes. Futures as of March 10 pointed to €42/MWh on average in 2026 vs. €31/MWh in our forecast pre-war. Qatar supplies 4% of global gas (20% of Liquefied Natural Gas), almost all via the now-blocked Strait of Hormuz. Other Middle East countries provide 13% of global supply. The EU remains diversified (only 3–4% sourced from the region), but storage is low at 30%, compared with a 45% five-year average, after a colder-than-normal winter.

Spain: Low volume exposure to the Middle East

Oil imports by country

% of the total

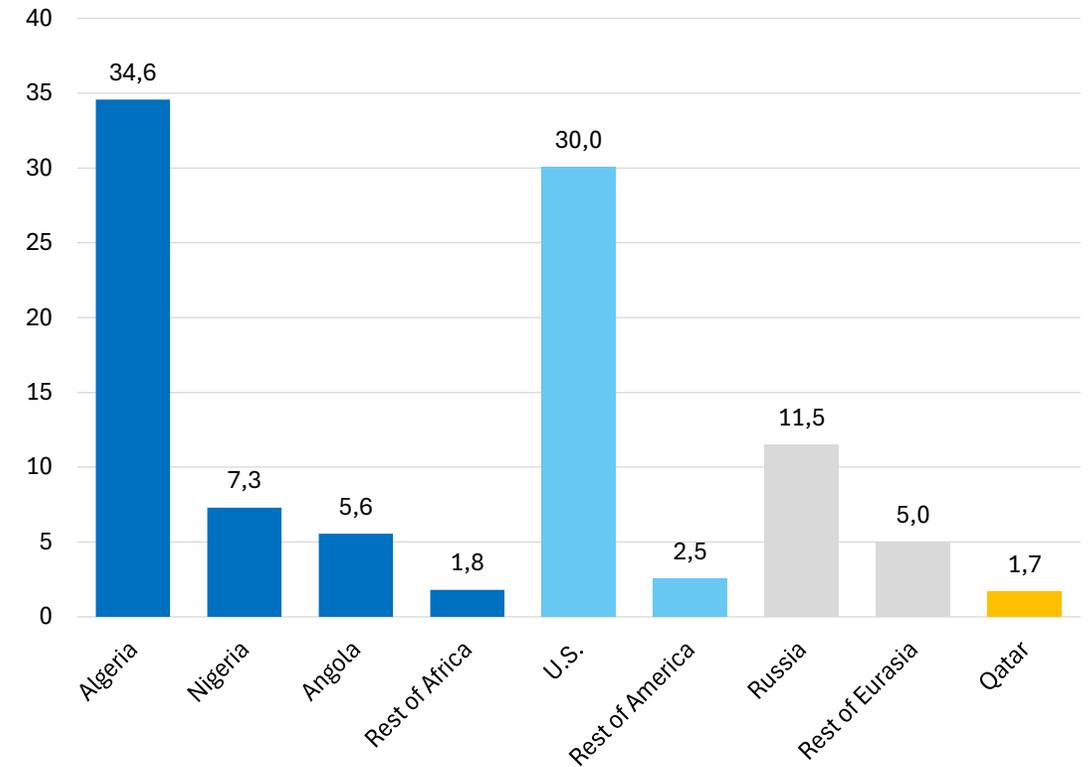


Note: 2025 data.

Source: CaixaBank Research with CORES data.

Natural gas imports by country

% of the total

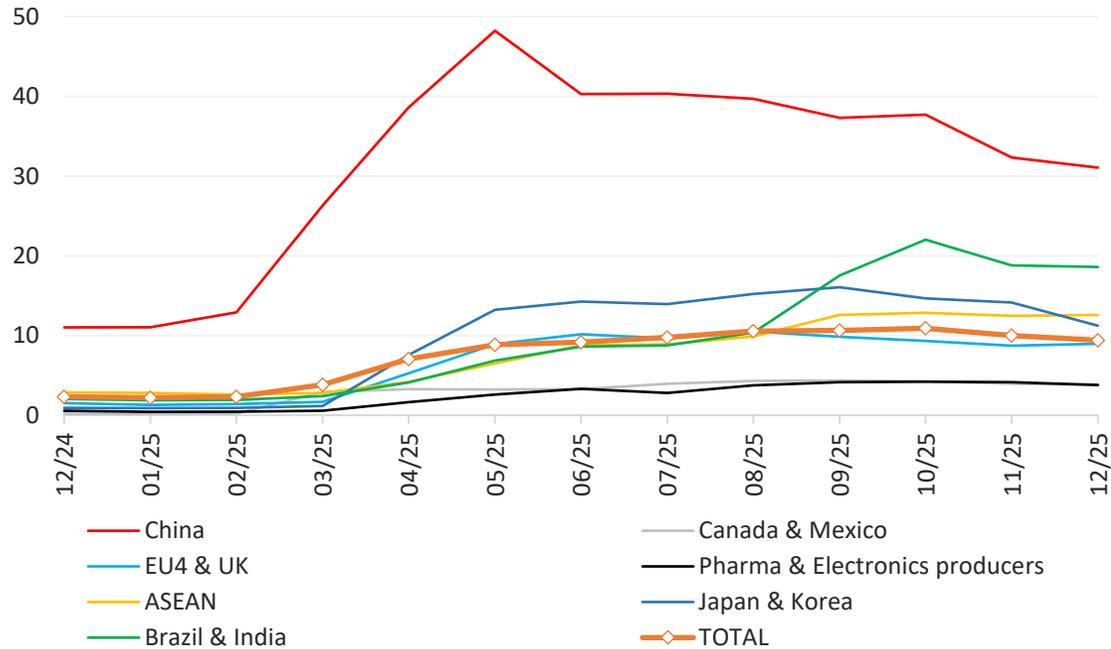


- ▶ **Spain's dependence on energy supplies that transit through the Strait of Hormuz is relatively low** (around 5% of crude oil and slightly below 2% of liquefied natural gas (LNG)). In recent years, Spain has reduced imports from Russia and significantly increased its dependence on the United States, especially for gas.

US Supreme Court strikes down Trump's general tariffs

Observed tariff rates over 2025

By groups of trade partners (%)

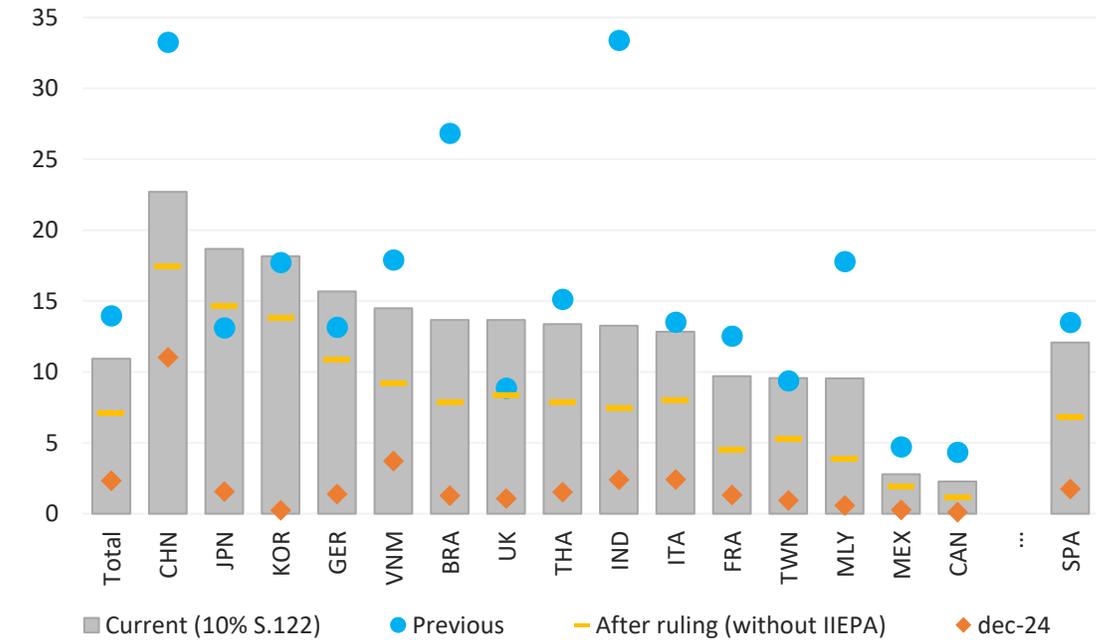


Note: EU4 = Germany, France, Italy and Spain. ASEAN = Cambodia, the Philippines, Indonesia, Malaysia, Thailand and Vietnam. Pharma & Electronics producer = Belgium, Ireland, the Netherlands, Switzerland, Singapore and Taiwan.

Source: CaixaBank Research, based on data from Bloomberg.

Effective tariffs based on announced policies,

By main trade partner (%)



Note: Current tariffs include the general 10% rate under Section 122 in force since 24/2. We assume that with the application of S122, the bilateral reductions on sectoral tariffs under S.232 no longer apply.

Source: CaixaBank Research, based on data from Bloomberg, UN COMTRADE and the White House.

- ▶ **The Supreme Court strikes down general tariffs and triggers an immediate policy response.** By a 6–3 majority, it ruled that the use of the IEEPA is not an appropriate legal basis for imposing general tariffs, as this constitutes a form of taxation that falls under Congress's authority. The decision invalidates the tariffs imposed on Canada, Mexico and China linked to drug trafficking, as well as those announced on Liberation Day and their subsequent modifications, while leaving sectoral tariffs on autos, aluminum and steel unaffected. Despite the judicial setback, the government retains alternative legal avenues, as illustrated by the rapid activation of a 10% general tariff for 150 days that entered into force on 24/2 and could be raised to 15% as announced by Trump. The main uncertainties relate to the legal battle over the \$100–150bn already collected under the IEEPA and potential claims linked to the new general tariff, as well as the implications for the stability of the trade-technology truce with China.
- ▶ **Heightened legal and trade uncertainty.** Overall, the ruling would have initially reduced the average tariff by around 7 points, before rebounding to close to 11% following the immediate response (from 14% previously). By country, the main beneficiaries would be China, India and Brazil, while the EU and UK could be among the most adversely affected, having secured more favorable bilateral agreements last summer; for example, a European automobile could now face a tariff of 27.5% versus the 15% agreed last summer (2.5% in December 2024). The European Commission continues to maintain that the 15% minimum rate should be applied, with its primary concern being to avoid exposure to sector-specific levies. The United States, for its part, has reiterated that its intention is to honour the agreement in this area.

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

Main Spanish goods exports to the US in 2025

	Mill. €	% of total	% of sector
Chemical products (including pharma)	3,249	19.4	4.9
Industrial machinery	1,675	10.0	8.8
Electrical appliances	1,621	9.7	9.9
Construction materials	957	5.7	12.4
Engines	860	5.1	19.1
Fats and oils	843	5.0	11.5
Energy products	768	4.6	3.2
Fruits and vegetables	579	3.5	2.2
Processed food products	385	2.3	5.5
Automotive sector	380	2.3	0.8
Iron and Steel	378	2.3	4.3
Beverages	358	2.1	6.7
Transport equipment	302	1.8	2.0
Fishing products	283	1.7	4.9
Textiles	264	1.6	1.4
Sugar, coffee and cocoa	246	1.5	5.8
Meat	244	1.5	1.9
Precision equipment	235	1.4	7.0
Paper	200	1.2	4.0
Furniture	186	1.1	5.7
TOTAL	16,716	100.0	4.3

- ▶ **We estimate that, following Trump's announcements after the Supreme Court ruling, the average tariff on Spanish exports to the United States will remain below 15%.** This is consistent with the Spanish Minister of Economy's statement that the Court's decision reduced the average tariff to 12.6%, from 14.4%. Overall, the impact of the tariff increase—relative to the pre-Trump period—amounts to slightly below 0.2% of GDP, including both direct exposure through exports to the U.S. and indirect exposure via Spanish value added embedded in third-country exports. Sectors with the highest exposure to tariff increases include chemicals, capital goods (machinery, engines, electrical equipment), oils, and construction materials.
- ▶ **A suspension of U.S.–Spain trade relations is highly unlikely.** Spanish exports to the United States amount to €16.7 billion (4.3% of total exports and 1.0% of GDP), while imports reach €30.2 billion. Such a suspension would be difficult to implement and costly for the United States, which runs a goods trade surplus with Spain, as the EU does not allow differentiated treatment among member states and a unilateral measure of this kind would be legally hard to justify within the U.S. system.

Spain: Good starting point but downward risks due to Middle East war

New macroeconomic scenario

Annual variation (%), unless otherwise stated

Projections closed on: 23/02/2026	2025	2026	2027
GDP	2.8	2.4 2.1	2.0 1.9
Unemployment rate (% labor force)	10.5	9.8 9.7	9.2 9.2
Inflation	2.7	2.4 2.0	2.2 2.2
House prices	11.2	10.0 6.3	5.0 4.6
Savings rate (% of GDI)	12.1	11.4 12.7	10.9 12.2
Budget balance (% of GDP)	-2.5	-2.1 -2.5	-2.1 -2.3
Public debt (% of GDP)	100.8	99.0 100.8	97.6 99.1

Note: Old scenario in blue numbers.

GDP: analysts' forecast

Year-on-year change (%)

Ordered by forecast of 2026	2026	2027
BBVA Research (Dec. 3)	2.4	2.0
CaixaBank Research (Feb. 23)	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	
Funcas (Oct. 22)	1.9	1.7

- ▶ **GDP grew by 2.8% in 2025, nearly twice the euro-area average of 1.5%.** Growth in Q4 surprised to the upside, posting a 0.8% quarter-on-quarter increase. Q4 growth was driven by domestic demand, which contributed 1 percentage point, while external demand subtracted 0.2 points.
- ▶ **CaixaBank Research's outlook—prepared before the outbreak of the Middle East war—projects GDP growth of 2.4% this year. However, the conflict has significantly increased downside risks.** The extent of any deviation from the forecast will depend on the duration and intensity of the war, its geographical scope, and any structural damage to energy infrastructure in the Gulf countries. These factors will shape how strong and persistent the rebound in energy prices is, and the degree to which trade flows, financial conditions, and confidence are affected.
- ▶ As a rule of thumb, a €10 increase in the price of oil typically subtracts around 0.15 pp from GDP growth; in the case of natural gas, the sensitivity is somewhat smaller, at around 0.10 pp. **Based on market signals and prevailing expectations as of early March, the overall impact should remain moderate**—shaving a few tenths of a percentage point off for GDP, and adding a few for inflation—and largely confined to the direct effects of higher energy prices. That said, the situation remains highly fluid, and we will need to reassess the implications continuously as events unfold.

The starting position of the Spanish economy in 2026 is relatively favorable

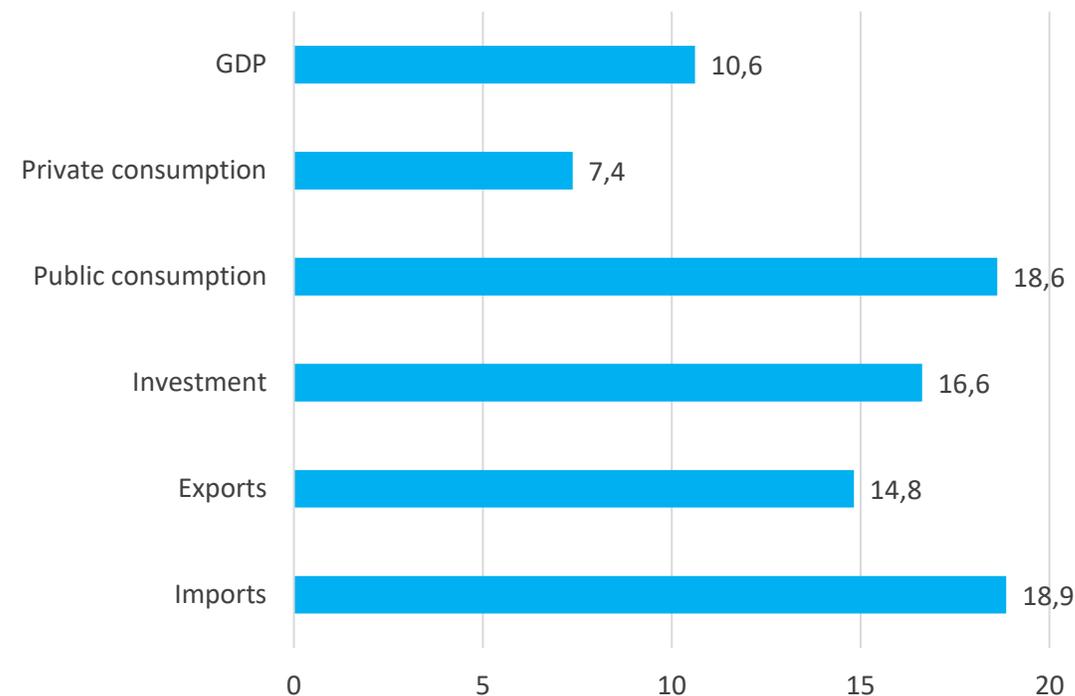
Breakdown of GDP

Year-on-year (%)

	2014-19	2024	2025	2026 (f)
GDP	2.6	3.5	2.8	2.4
Private consumption	2.2	3.0	3.4	3.0
Public consumption	1.3	2.9	1.8	1.4
Investment	5.0	3.6	6.3	5.2
Exports	4.0	3.2	3.4	2.1
Imports	4.4	2.9	6.3	4.1

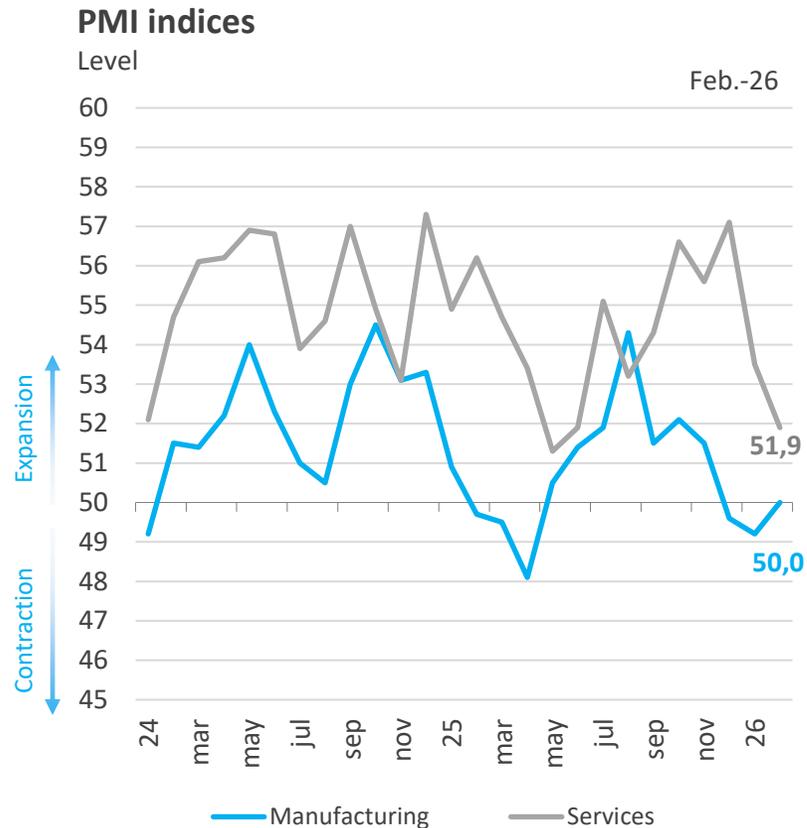
GDP Q4 2025

Cumulative variation since Q4 2019



- ▶ **The Spanish economy faces the current context of geopolitical uncertainty from a position of relative strength.** This reflects its resilient recent performance and several domestic-demand factors that should continue to provide support. Private consumption will be supported by demographic growth and a good financial position—private-sector debt, both among households and firms, has been declining for years and now stands clearly below the euro area average—. Investment should benefit from a faster deployment of NGEU funds as they enter their final year.
- ▶ **The expansion of renewable energy production and the diversification of import sources have become valuable assets in periods of tension such as the current one.** Although Spain should not face supply disruptions, the economy will be affected by higher energy prices related to the Middle East war.

Spain: Mixed activity indicators point to growth moderation in Q1



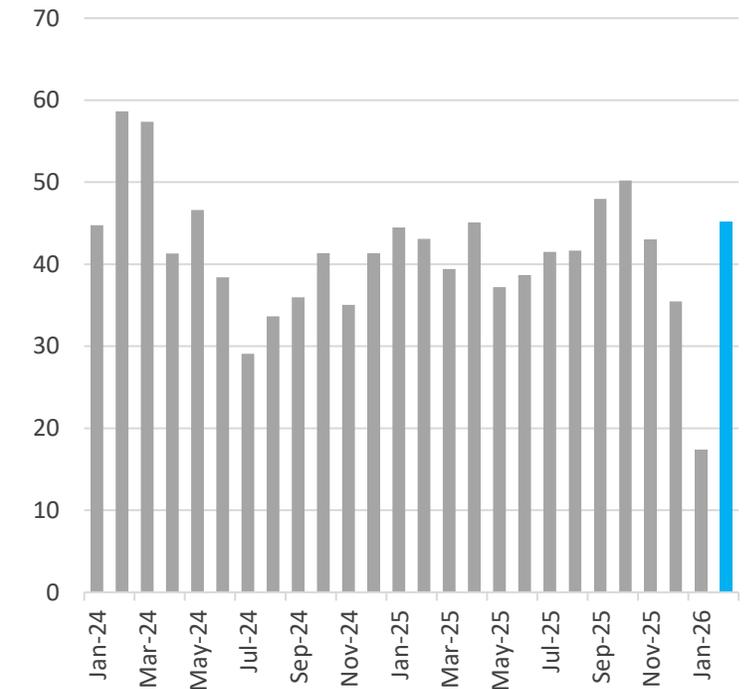
Indicators of economic activity

	Q1 2026	Q4 2025	Data up to
Workers registered to the Social Security system (qoq growth in % SA)	0.4	0.6	Feb.
CaixaBank Consumption Monitor (yoy growth in %)	3.0	4.6	Feb.
Manufacture PMI level, >50 expansion	49.6	51.1	Feb.
Services PMI level, >50 expansion	52.7	56.4	Feb.

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.

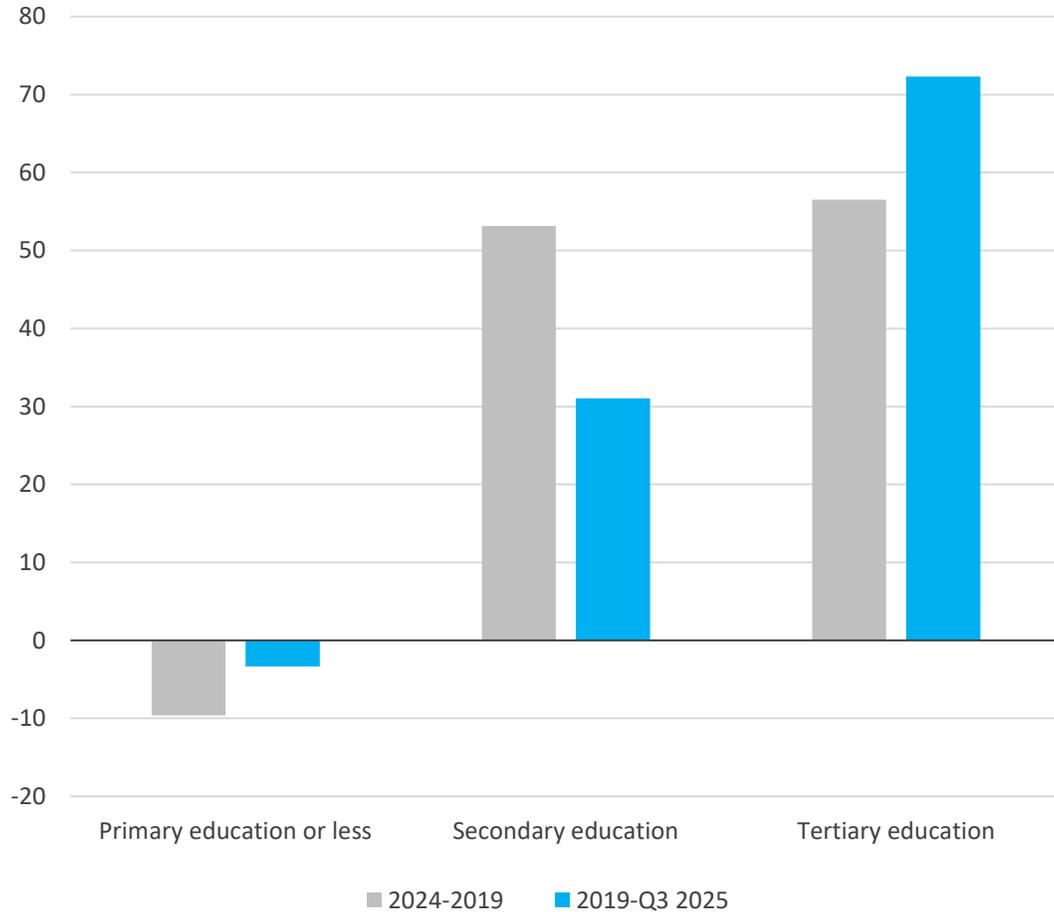
Source: CaixaBank Research, with data from the MISSM.

- ▶ **The latest activity indicators point to a more moderate pace of growth.** S. S. registrations started the year on a weak note, but momentum picked up again in February. Even so, job creation, in seasonally adjusted terms, averaged about 32k new workers per month in January and February—below the 43k recorded in the fourth quarter of 2025. Meanwhile, the PMIs also suggest a cooling in activity. In February, the manufacturing PMI came in at 50, right on the threshold between expansion and contraction, while the services PMI eased, slipping to 51.9.
- ▶ **CaixaBank's consumption monitor shows a moderation in consumption.** During February, domestic spending grew by 1.8% year-on-year—well below the 3.7% average of the past two years—strongly affected by adverse weather conditions. Even so, the indicator has shown a gradual improvement throughout the month, and by the third week it was again signaling a return to normal patterns.
- ▶ Taking into account available indicators, **our nowcasting model forecasts GDP growth of 0.4% qoq in Q1.**

Quality of employment growth has improved

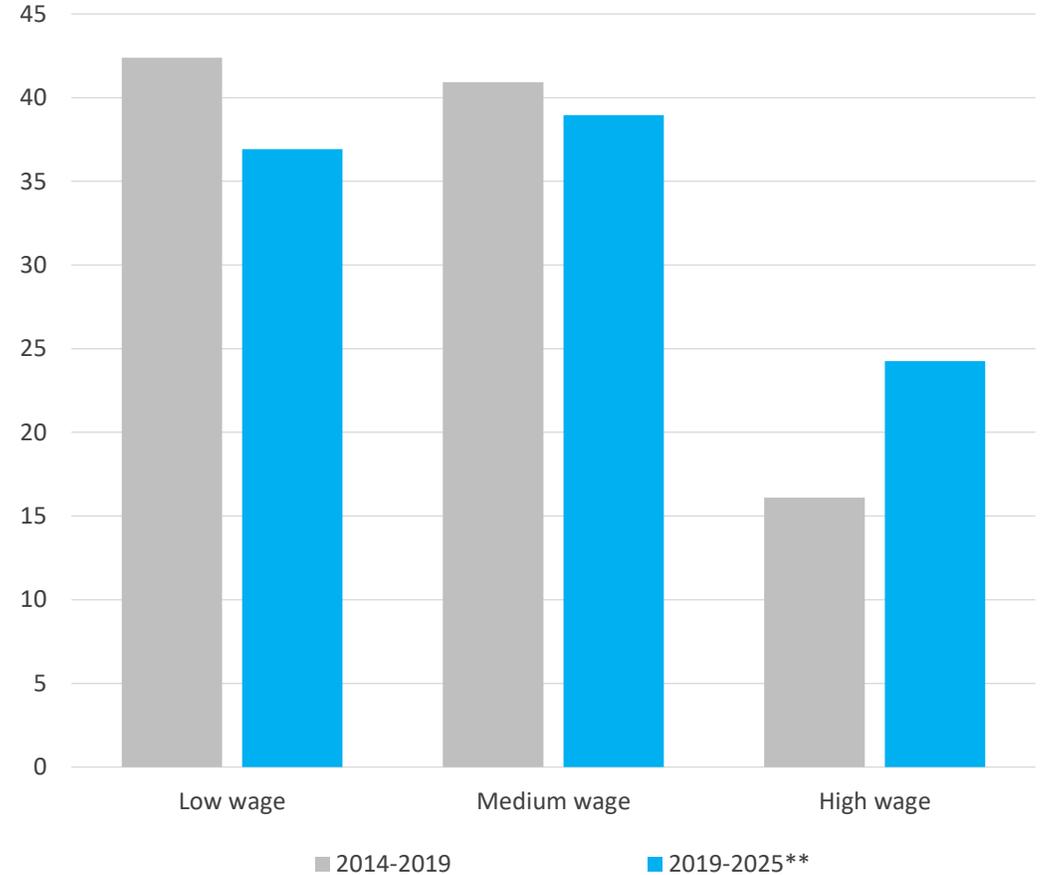
Employment growth by educational attainment

(%)



Employment growth*

% over total employment growth

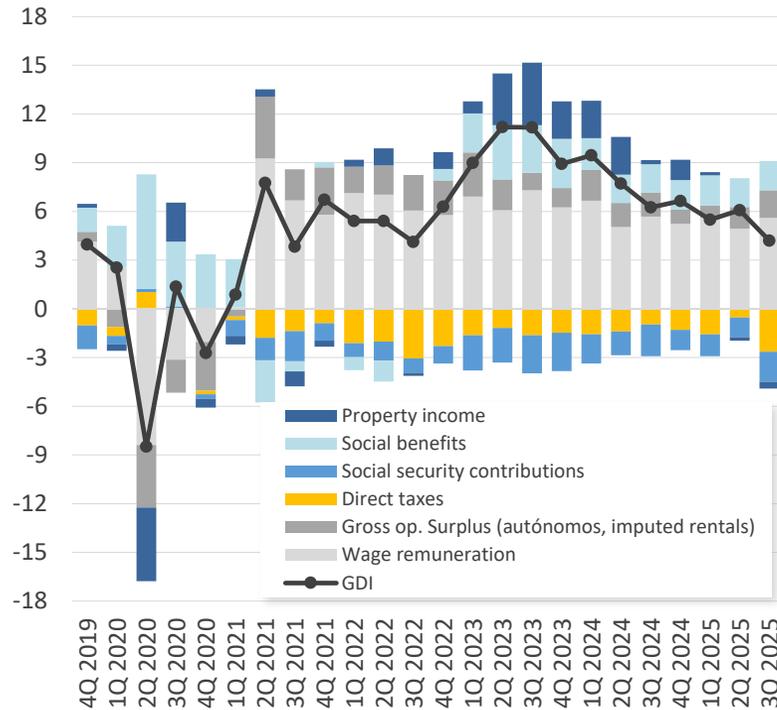


Notes: (*) By sectors classified according to wage range. Workers registered to S. S.
 (**) 12 month average up to September.

The savings rate remains high but starts decreasing

Gross disposable income (GDI)

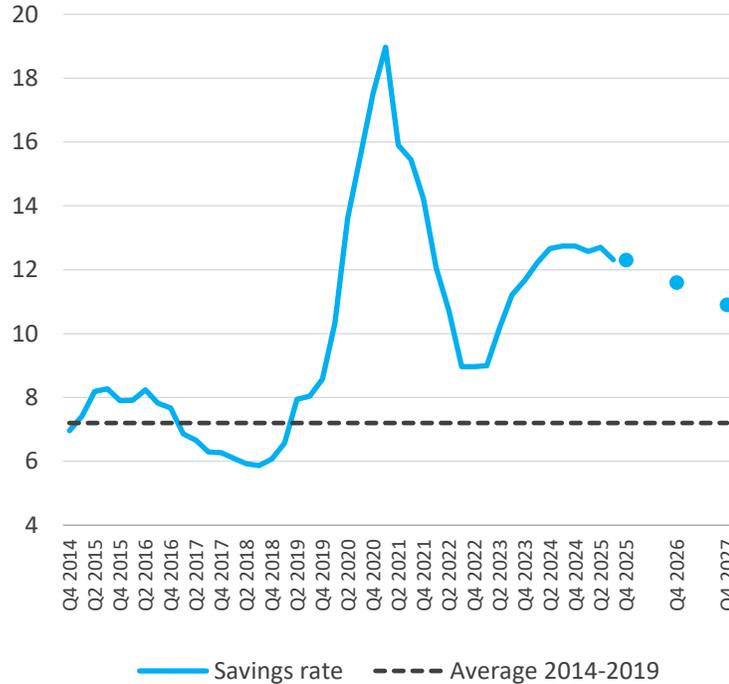
Year-on-year variation (%) and contributions



Source: CaixaBank Research, based on data from INE.

Savings rate

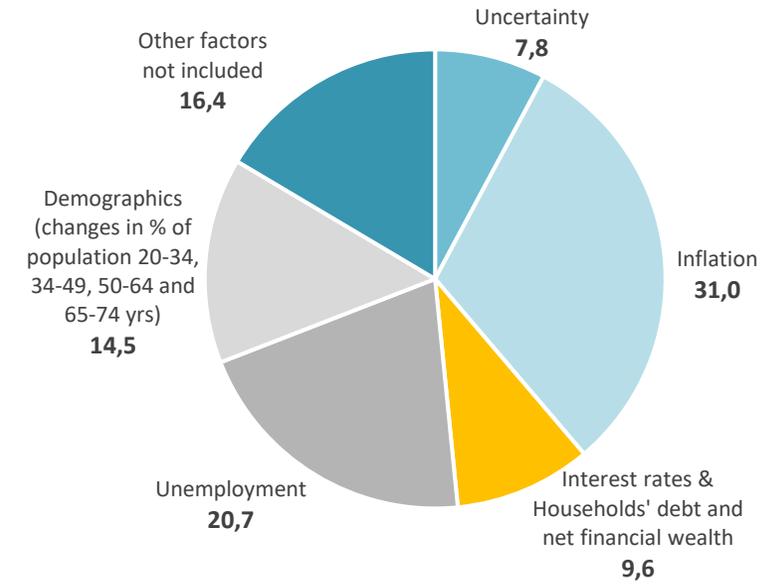
% Gross Disposable Income



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.

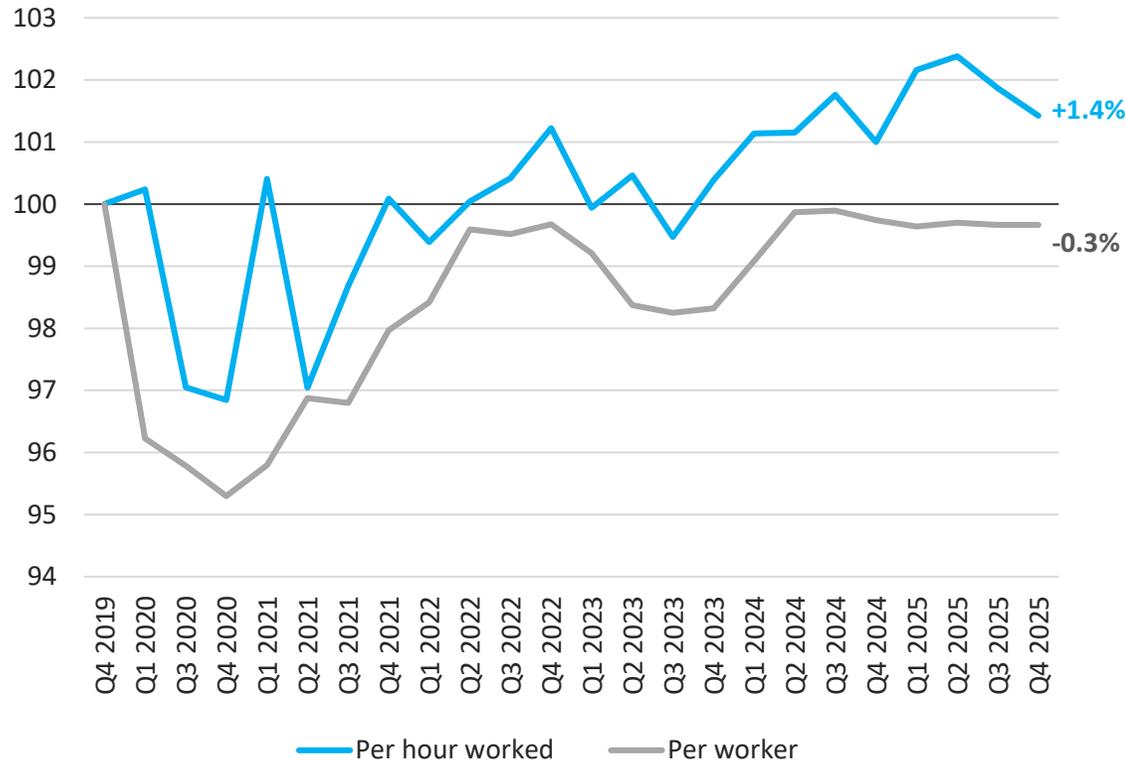
Source: CaixaBank Research.

- ▶ **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.
- ▶ **The savings rate to fall in 2026-27**. Household gross disposable income should grow by about 4% annually in both years, supported by strong employment but partly offset by solid growth in tax payments. Private consumption is projected to grow faster than income, pushing the savings rate down from 12.1% in 2025 to just below 11% in 2027.

Decoupling between productivity per hour worked and productivity per employee

Labor productivity

Level (Q4 2019 = 100)



Average annual productivity growth (%)

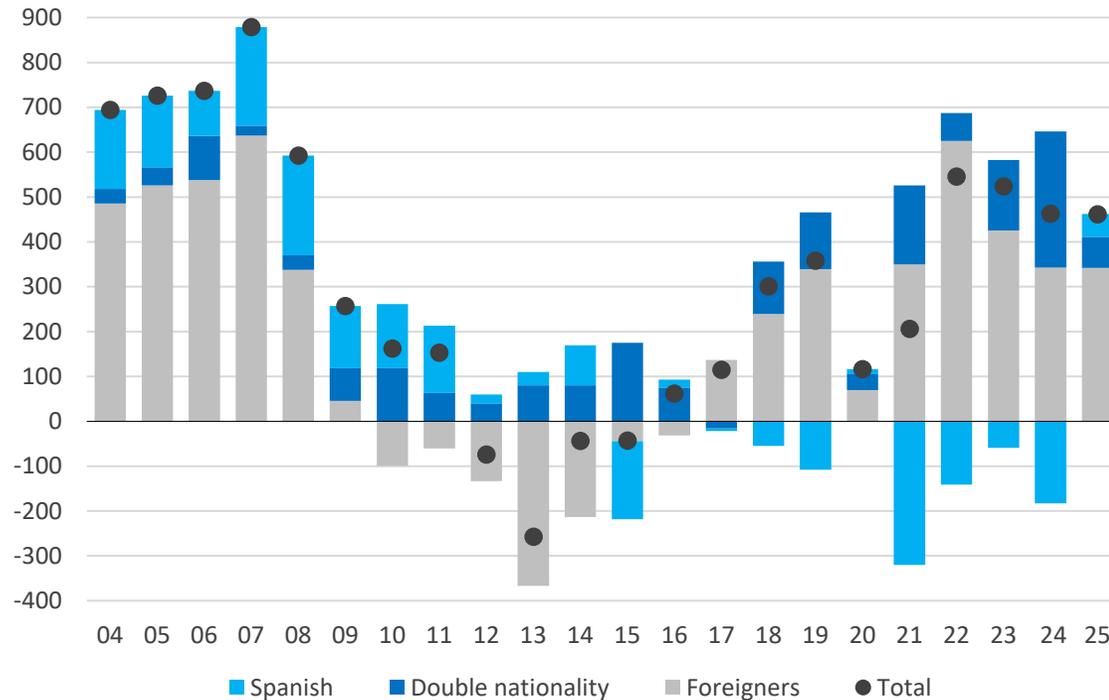
	Last 3 years	Last 2 years	Last year	Since Q4-19	Q4.14-Q4.19	Since Q4-14
Per worker	0.1	0.6	0.0	-0.1	0.3	0.1
Per hour worked	0.6	0.9	0.7	0.4	0.5	0.4

▶ **Productivity per hour worked in Q4 25 is only 1.4% above the level at the end of 2019, and per worker is 0.3% below.** The difference between productivity per hour worked and per worker reflects the fall in hours worked per employee. Main factors behind: increase in work permits and in temporary sick leaves.

Demographics and the labor market continue to drive growth

Total population

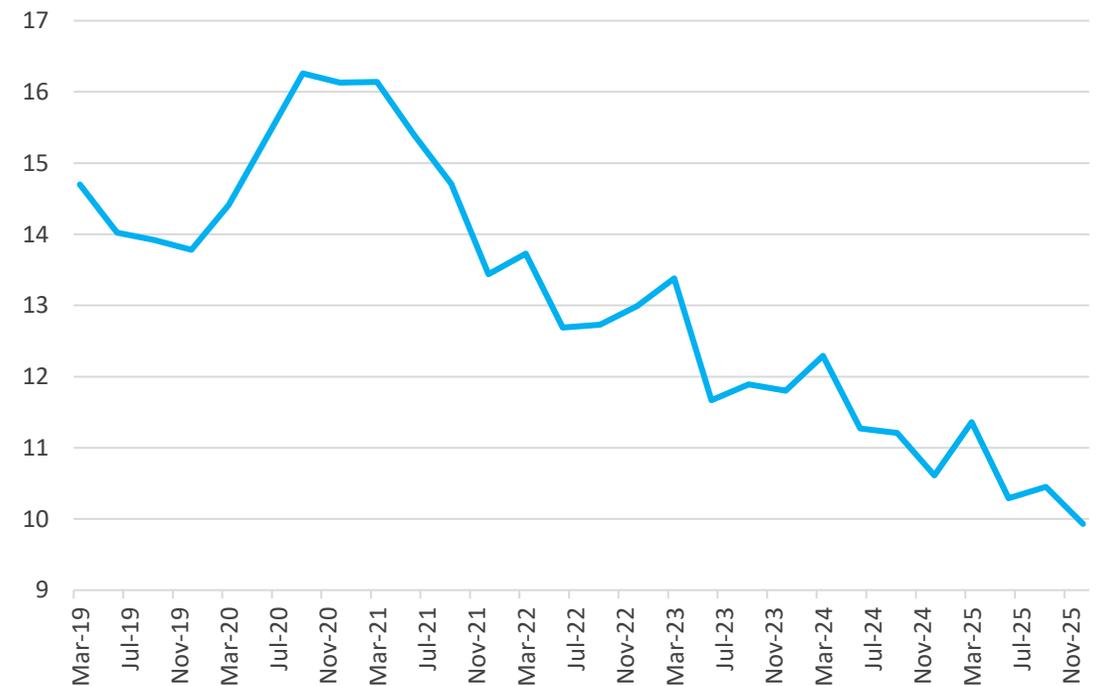
Annual variation in thousands



Source: CaixaBank Research, with data from EPA.

Unemployment rate

% of active population



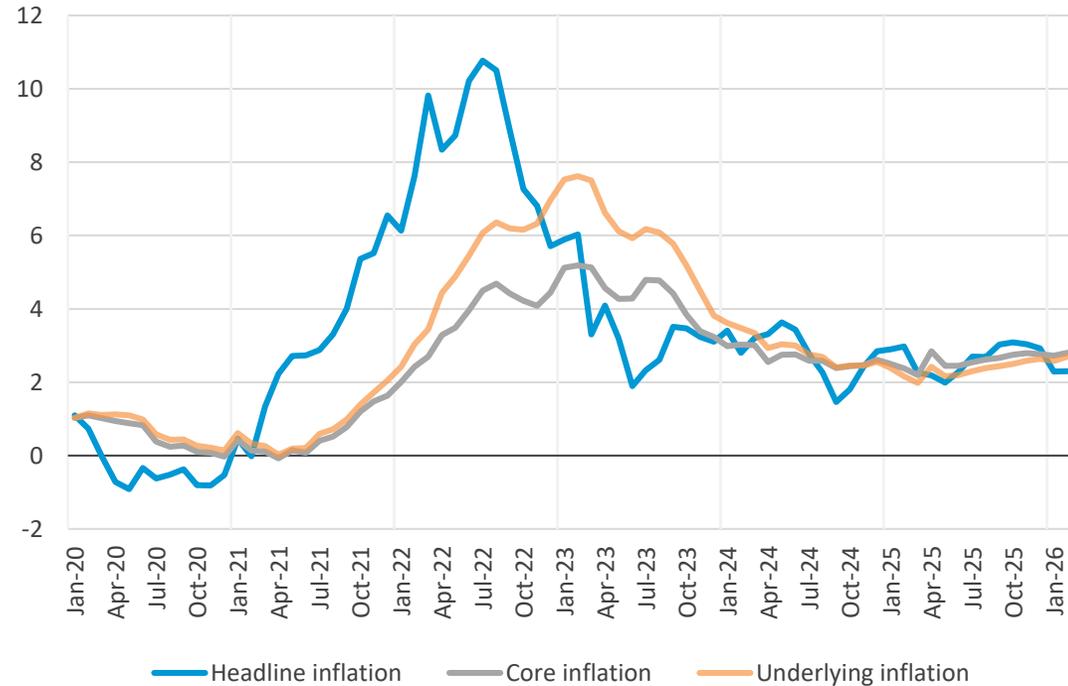
Source: CaixaBank Research, with data from EPA.

- ▶ **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 stabilizes in February, but upside risks have emerged

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 forecasts

Year-on-year change (%)

	2025	2026 (f)
Headline inflation	2.7	2.4
Underlying inflation (excl. energy and non processed food)	2.3	2.6
Core inflation (excluding energy and food)	2.6	2.5
- Industrial goods	0.6	0.6
- Services	3.4	3.3
Food, beverages & tobacco	2.7	3.5
Energy	3.4	-1.6

Source: CaixaBank Research, based on data from INE.

- ▶ **Inflation’s expected moderation could stall after the Middle East conflict.** Upside risks to our inflation forecasts have emerged since the beginning of the armed conflict in the Middle East. The current 2.4% forecast does not yet incorporate the impact of the war. Higher oil and gas prices could push our 2026 inflation projection above the current scenario, with the magnitude depending on the duration and intensity of the conflict. As a result, the expected decline to 2.4% may fail to materialize, and inflation could remain close to 2025 levels, at around 3%.
- ▶ **Headline inflation in January fell from 2.9% to 2.3%, while core inflation edged down only 0.1 pp to 2.7%.** This marks the third consecutive monthly decline in headline inflation, which now stands at its lowest level since the rebound began in June. The drop was mainly explained by the sharp moderation in the energy component driven by the vanishing of the VAT-related base effect.

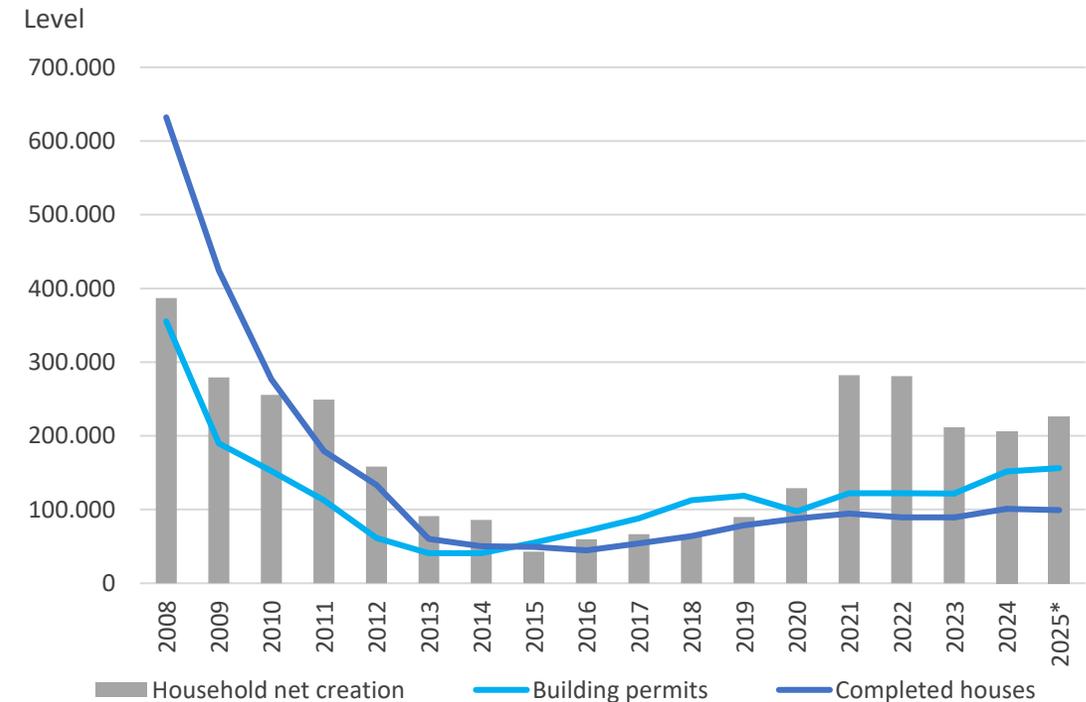
A widening housing deficit keeps propping up house prices

Forecasts for the real estate market

	2014-19	2023	2024	2025	2026 (f)
Housing sales (Thousand)	428	584	640	714	695 720
New building permits (Thousand)	73	109	128	139	150 150
House price (appraisal, MIVAU) Year-on-year (%)	1.6	3.9	5.8	11.2	10.0 6.3
House price (transaction, INE) Year-on-year (%)	4.4	4.0	8.4	12.7	10.1 6.3

Note: Previous forecast in parenthesis (September 2025).

Spain: Housing Supply Deficit



Notes:). Permits and completed houses include affordable houses. (*) 2025 refers to 12m accumulated to Sep 2025 for completed houses.

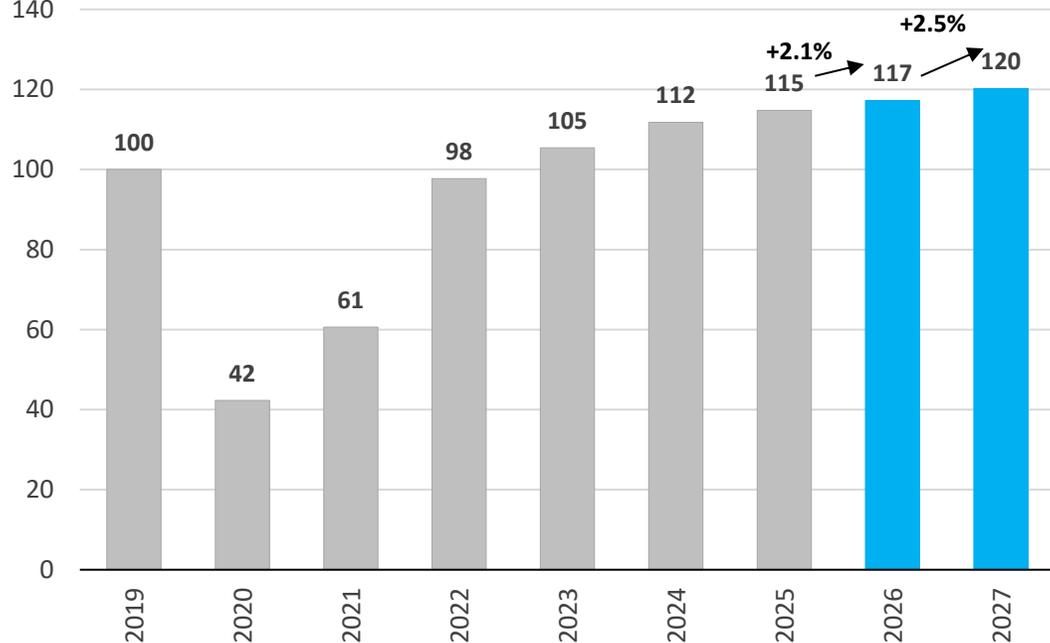
Source: CaixaBank Research, based on data from MITMA, INE (ECP).

- ▶ **Sales will be very dynamic in 2026, close to 700.000, but will moderate with respect to 2025 (-2.7%).** Demand fundamentals remain solid, but worsening affordability and limited supply restrain effective demand.
- ▶ **Housing supply continues to grow steadily,** but at a slower pace than net household formation. In 2025, 139,016 new housing permits were issued, representing a 8.8% increase compared to the same period last year. This is much lower than the 226,279 households created over the year.
- ▶ **In Q4 2025, the appraisal-based house price index (MIVAU) accelerated to 13.1% year on year** (up from 12.1%) **and transaction price index (INE) increased slightly to 12.9% year on year** (up from 12.8%). Housing prices growth in 2026 will soften a bit but will remain very dynamic. We have revised upwards our price forecasts for 2026 as H2 2025 data surprised us on the upside and there are no signs of the housing deficit to abate.

Positive outlook for the tourist and external sector

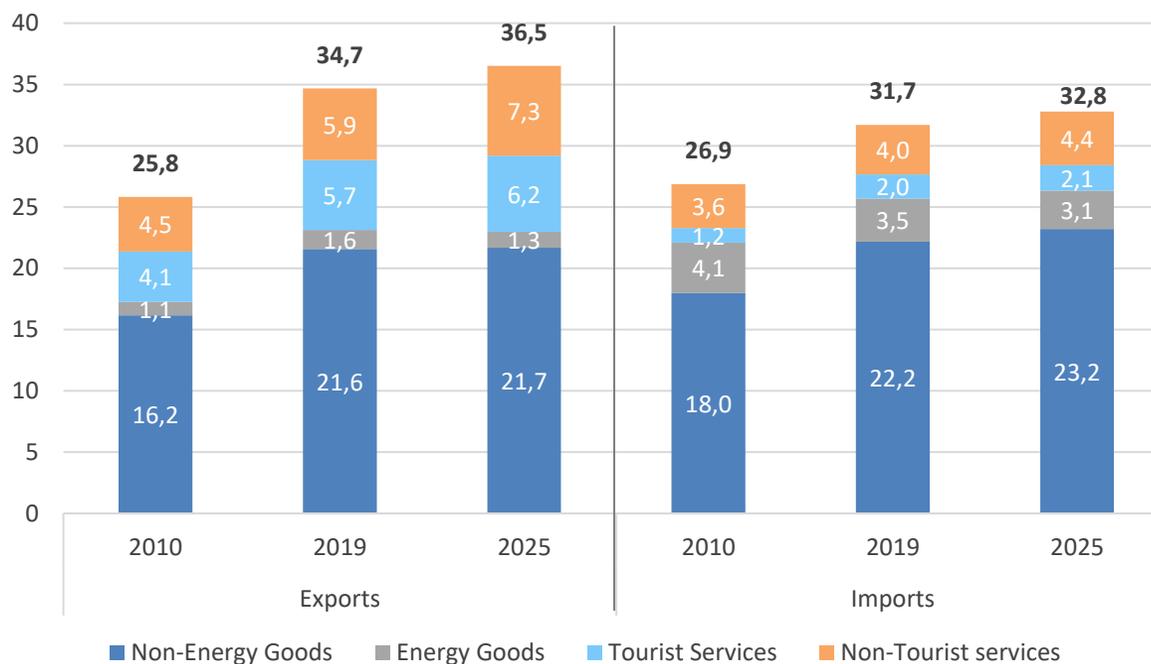
Tourism GDP

Index (2019=100)



Exports and Imports of Goods and Services

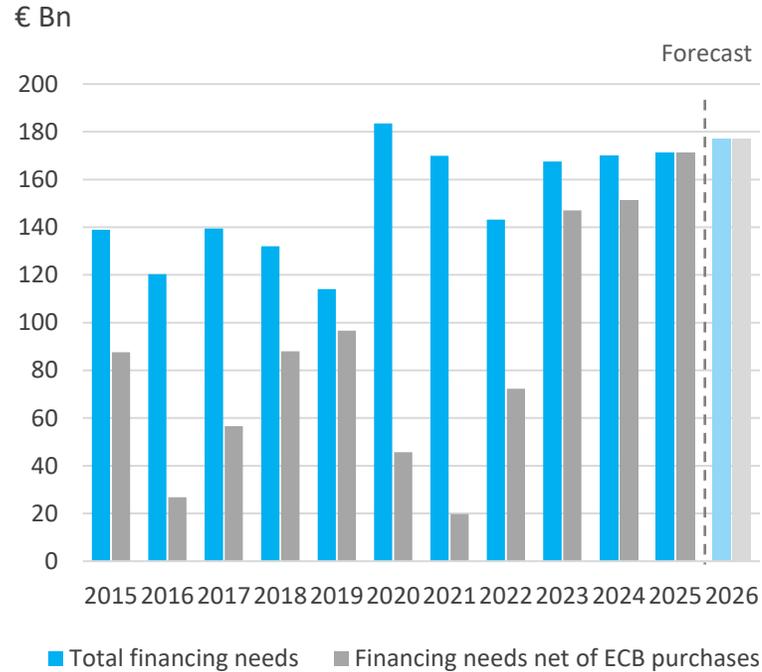
Year-to-date (% of GDP)



- ▶ **The tourism sector continues to grow, albeit at a modest pace.** In January 2026, international arrivals rose by 1.2% year-on-year, while international tourist expenditure increased by 9.3% yoy. These figures represent a slowdown in arrivals, but not in expenditure compared to the January 2025 (6.1% and 9.1% respectively). We estimate that tourism GDP grew by +2.7% in 2025 and we forecast it to expand by +2.1% in 2026. Prolonged instability in the Middle East could create upside risk to this forecasts as arrivals are redirected to destinations with solid perceptions of safety. Overnight stays by residents in tourist accommodations had a strong start to 2026 (+3.5% yoy). In the context of strong private consumption growth, we expect domestic tourism to have a larger contribution to tourism GDP growth in 2026 than in the previous two years.
- ▶ **Trade surplus as a percentage of GDP is clearly higher in 2025 than in the pre-COVID period.** For the whole of 2025, the trade surplus reached 3.7% of GDP, 0.7 pp above the level of 2019. This improvement is mainly driven by the strong performance of services exports, which rose by 2 pp of GDP compared to pre-pandemic levels.
- ▶ **The current account surplus stood at 2.9% of GDP in 2025 and is expected to remain broadly stable, edging down to 2.7% in 2026.** Downward risks stem from an increase in energy prices due to the Middle East war, which would raise the cost of energy imports. Services, exceptionally strong in 2025 (7.0% of GDP), are set to moderate gradually (6.7% in 2026) as non-tourism services soften, while tourism remains resilient. The goods balance, at -3.3% of GDP in 2025 and forecast at -3.1% in 2026, will continue to reflect firm domestic demand, with imports growing somewhat faster than exports.

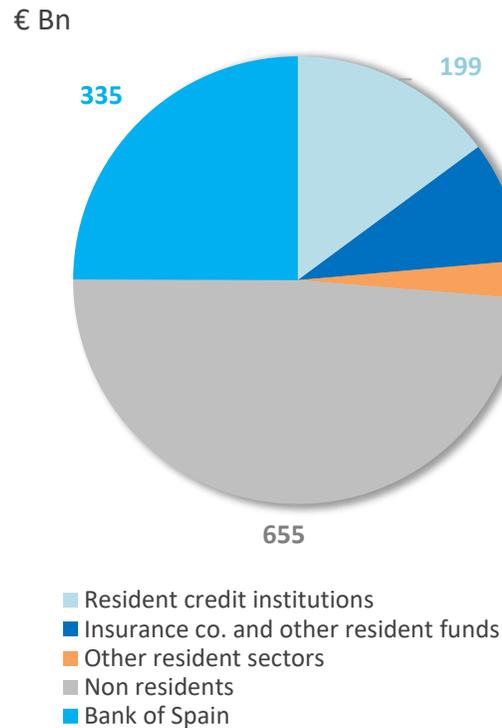
The Treasury projects a moderate increase in financing needs for 2026, expected to be comfortably absorbed thanks to robust demand

Spain: Gross financing needs



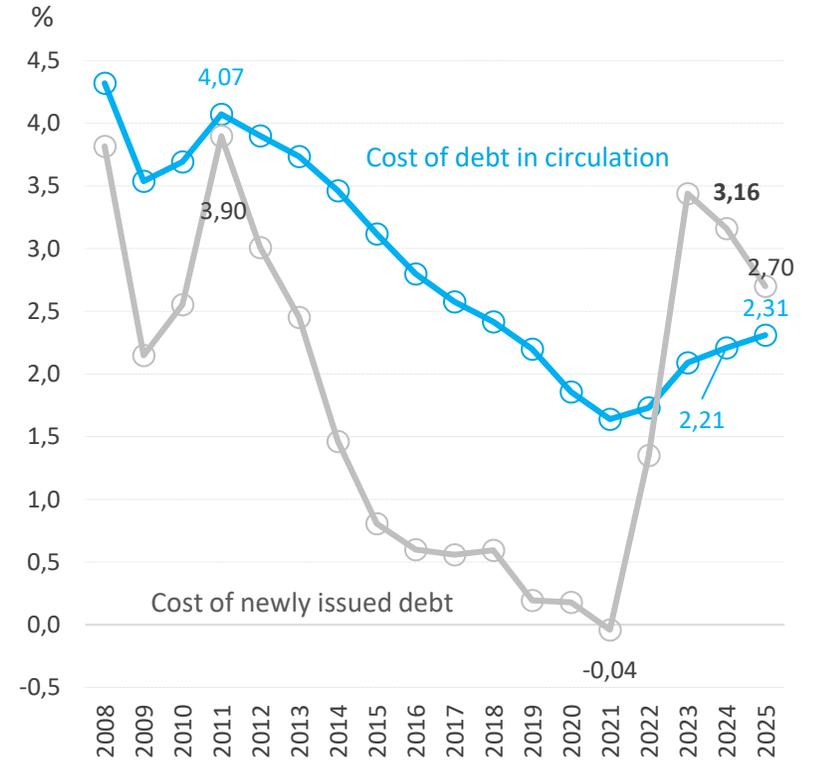
Note: *Amortisation funds do not include short-term bills.
Source: CaixaBank Research, with data from the Directorate-General for the Treasury.

Public debt holdings (excl. bills)



Note: December data.

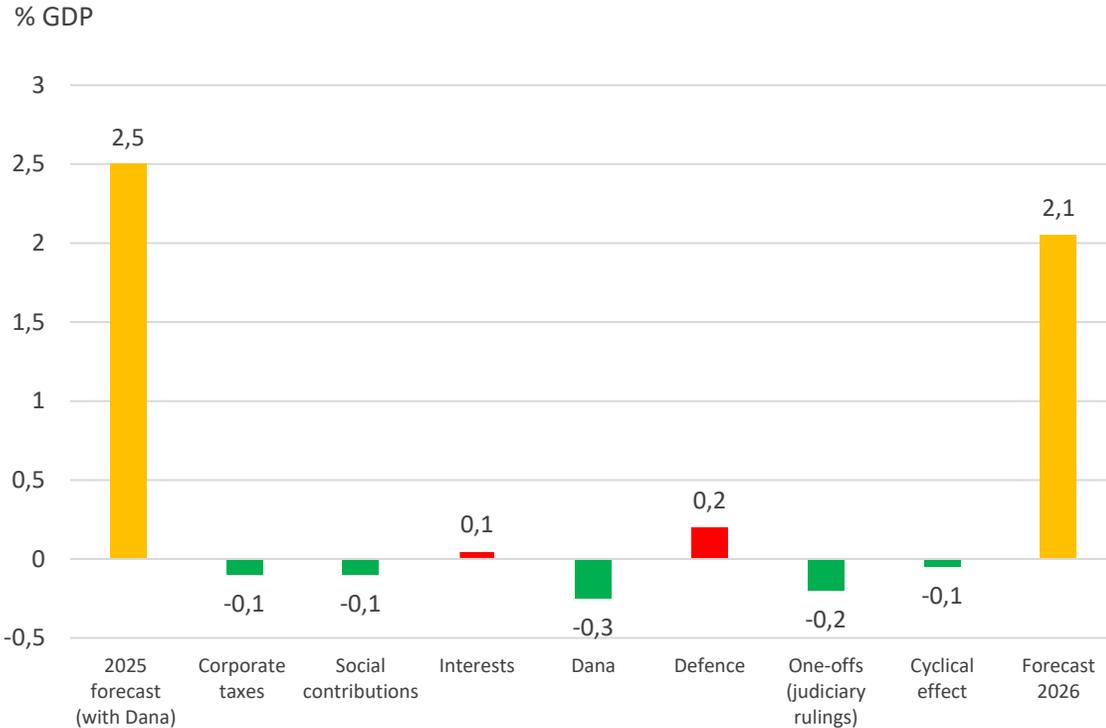
Cost of debt: State



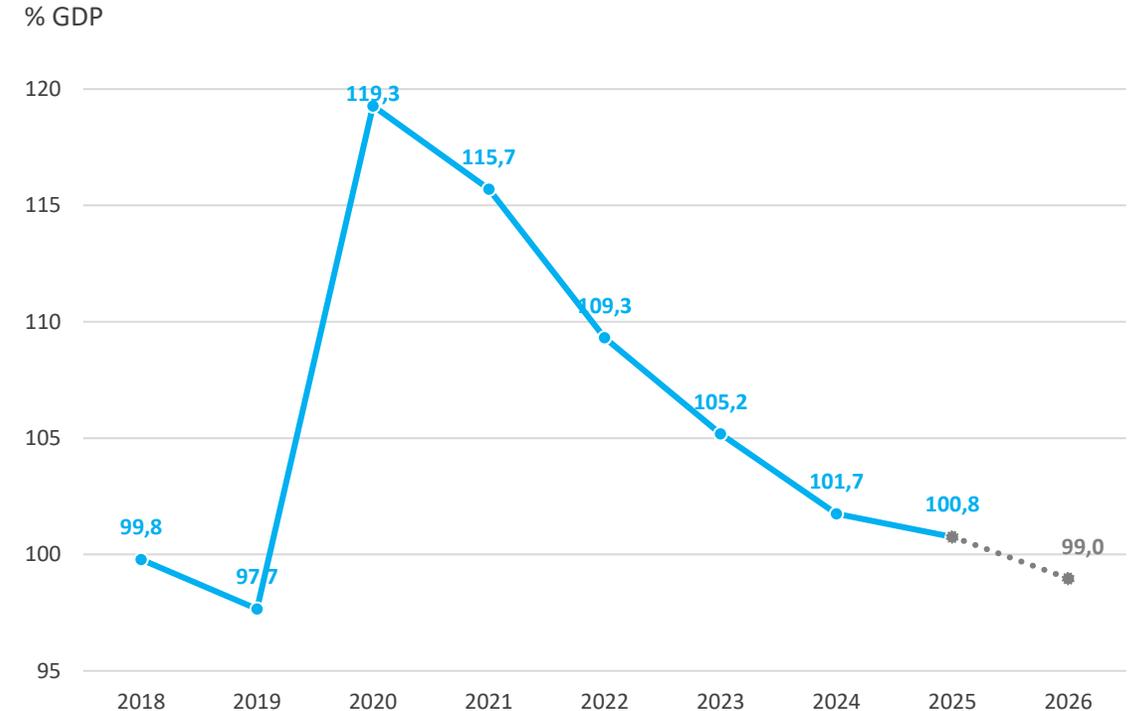
- ▶ **Gross funding needs in 2026** will be slightly above those of 2021-2025 net of ECB purchases. However, higher interest rates with respect to pre-pandemic levels should maintain the appeal of public debt holdings for investors and facilitate the absorption of Spain's financing needs.
- ▶ **Government debt is diversified.** In 2025, foreign investors increased their holdings of Spanish debt (excluding T-bills) by €78.9bn, reflecting strong appetite for Spanish debt. Domestic retail investors reduced their positions in T-bills by €6.2bn 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 €13.0bn.
- ▶ **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 2026

Public Deficit General Government



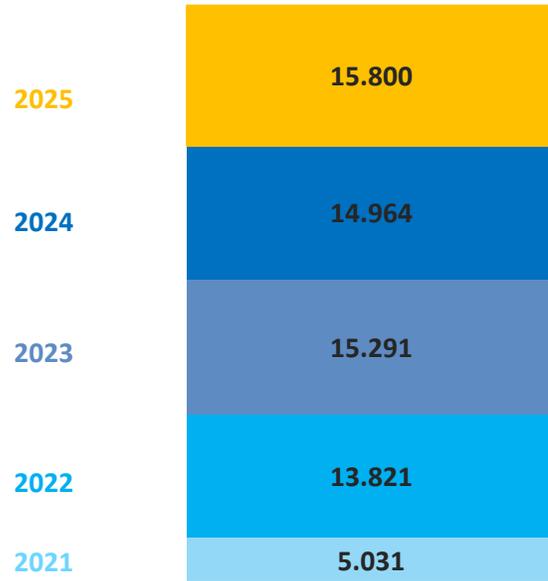
Public debt



- ▶ 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. The 2025 deficit figure will be released at the end of March.
- ▶ We expect **public debt to stand at around 99% of GDP** at the end of 2026 after closing 2025 at 100.8%. Net of central bank holdings, public debt will be around 76.7% of GDP, well below past peaks such as 101.6% in 2014.

Execution of PRTR

Total grants (Million euros)

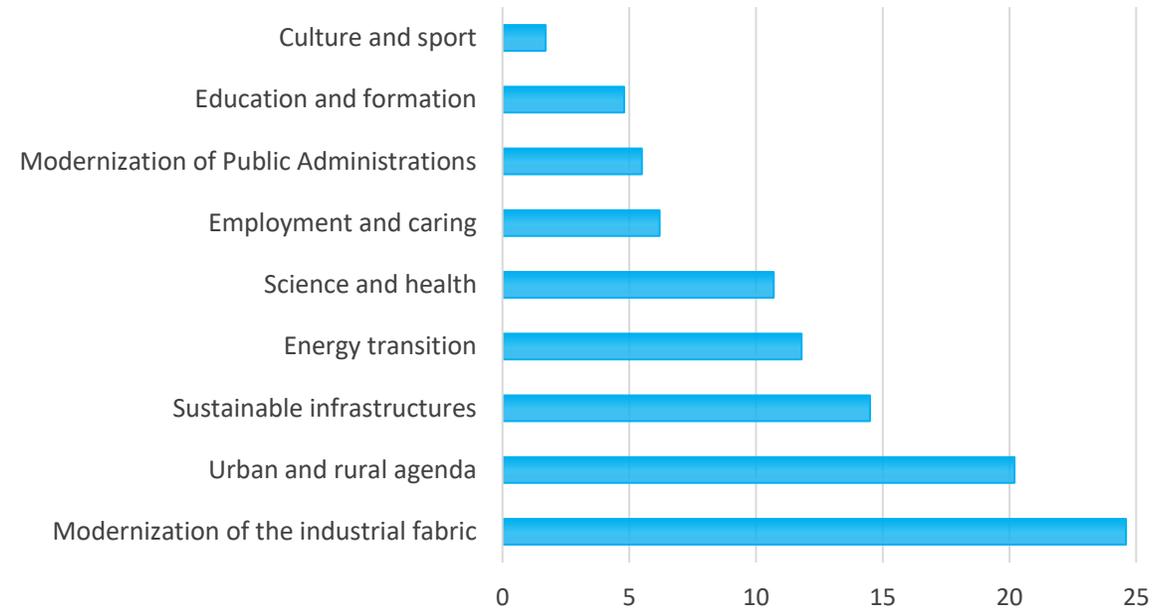


Note: Execution is defined as the awarding of tenders and grants.

Source: CaixaBank Research, based on data from ELISA, Ministry of Economy

Resolved calls by area

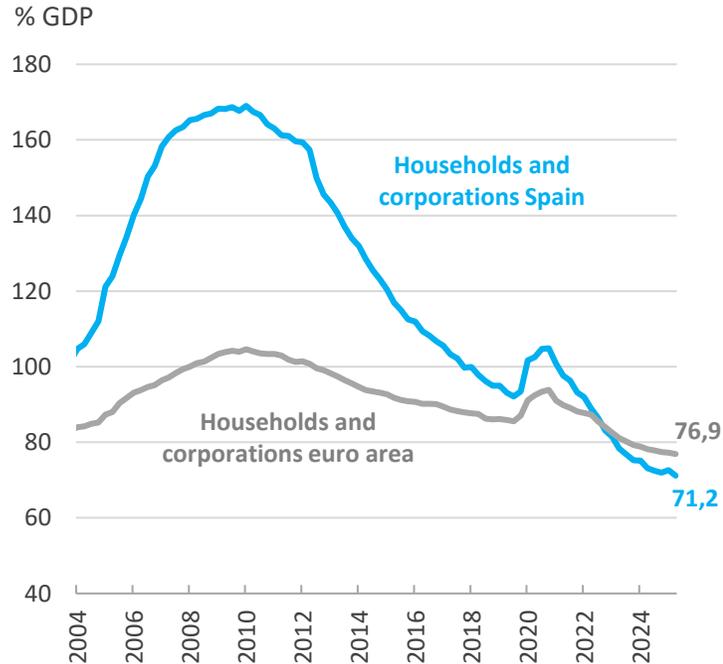
% over the total resolved



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

- ▶ By the end of 2025, **€64.9 billion had been executed according to the Minister of Economy and 59.0bn according to AIREF**—total grant allocation: almost €80 billion—. Grant execution in 2025 accelerated by c.1bn with respect to 2024 according to both sources. 2025 also marked the start of loan execution, with approved operations totaling €7 billion.
- ▶ Following the milestone simplification under the **new Addendum, Spain has met 54% of the milestones** and objectives of the Recovery Plan. The deadline to meet the remaining ones is August 2026. There are 224 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). In early March, Spain submitted the sixth payment request under the Recovery Plan. The total amount requested is €7.256 billion —€6.205 billion in grants and €1.051 billion in loans. Once the Commission validates this request, the share of milestones fulfilled by Spain will increase from 54% to 70%.
- ▶ After August 2026, investment projects linked to the Recovery and Resilience Facility will continue to be rolled out thanks to the creation of a €13.3 billion Sovereign Fund (**España Crece**), financed with €10.5 billion in NGEU loans and €2.8 billion in NGEU grants. The fund will be managed by ICO and will always co-invest alongside the private sector through loans, guarantees, or equity instruments. Its objective is to prioritise strategic sectors that can strengthen the productivity and long-term growth potential of the Spanish economy.

Bank credit to the private sector



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

Private domestic credit

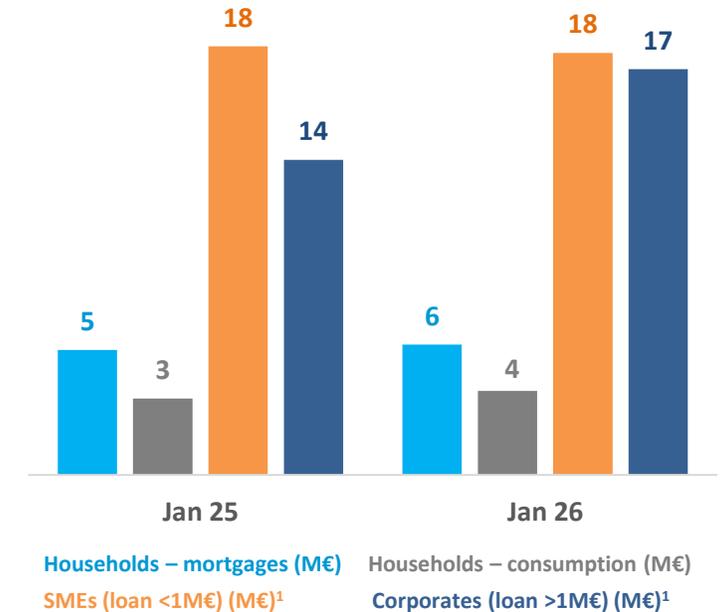
Year-on-year (%)

	Dec-25	Jan-26 (latest)	2026 (forecast)
	% yoy	% yoy	% yoy
Total credit	3.5%	3.4%	4.5%
Households	3.8%	4.0%	4.6%
Housing mortgages	3.5%	3.7%	4.5%
Other purposes	4.5%	4.7%	4.8%
Of which consumption	10.4%	10.5%	8.6%
Businesses	2.9%	2.6%	4.5%
Non-real estate developers ¹	0.0%	2.2%	-
Real estate developers ¹	1.9%	3.1%	-

Note: (1) Variables without 2025 closure; latest available data as of December 2024. Latest data available Sep-25.
Source: CaixaBank Research with data from Bank of Spain.

New lending activity by sector

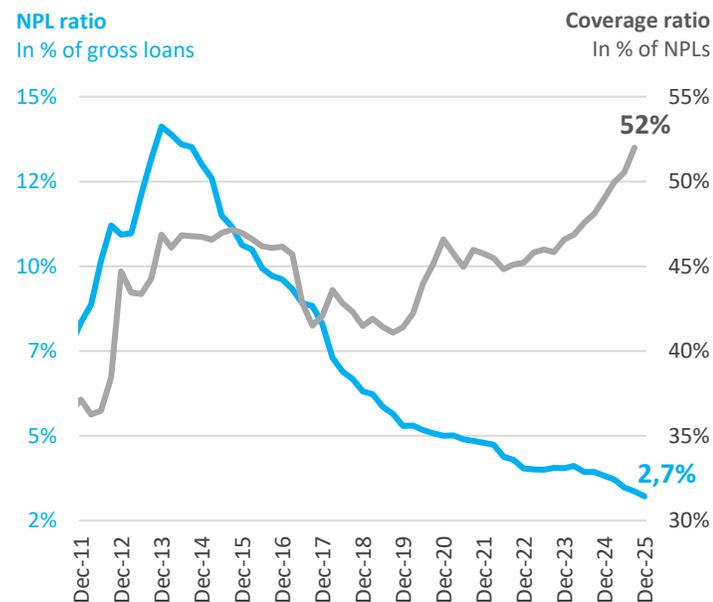
YTD, €Bn



Source: CaixaBank Research with data from Bank of Spain.

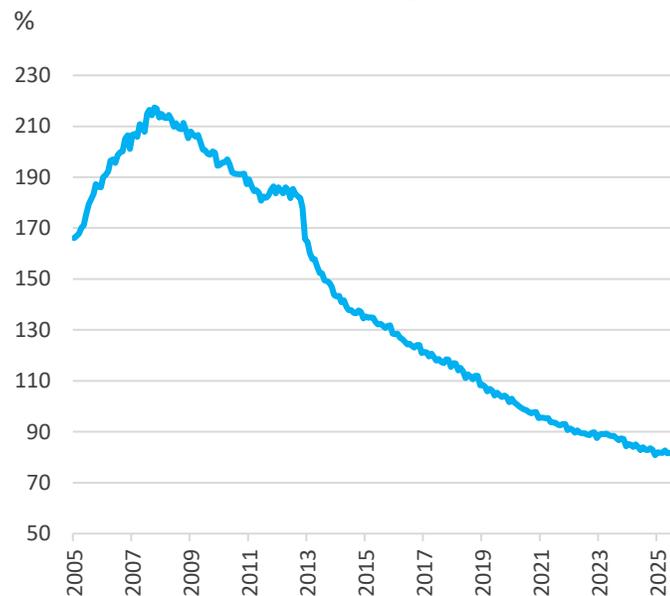
- ▶ **Households and corporate debt levels** (including debt securities) remain below euro area averages in 3Q25. Both sectors have deleveraged in terms of GDP, sitting below pre-pandemic levels.
- ▶ **New mortgage production** continues to grow, albeit at a more moderate pace, reflecting a normalization after a period of strong expansion (new lending in Jan-26 grows +4.3% yoy).
- ▶ **New lending for consumption** increases driven by higher spending on durable goods (new lending in Jan-26 grows +10.0% yoy).
- ▶ **New lending to corporates** grows especially in loans above 1M€ (new lending Jan-26 grows +12.6% yoy).
- ▶ **Consequently, growth in the stock of credit to the Spanish resident private sector continues to accelerate through January.** We expect this trend to continue in the year and gradually converge to a growth rate below nominal GDP growth.

NPLs and coverage ratios¹



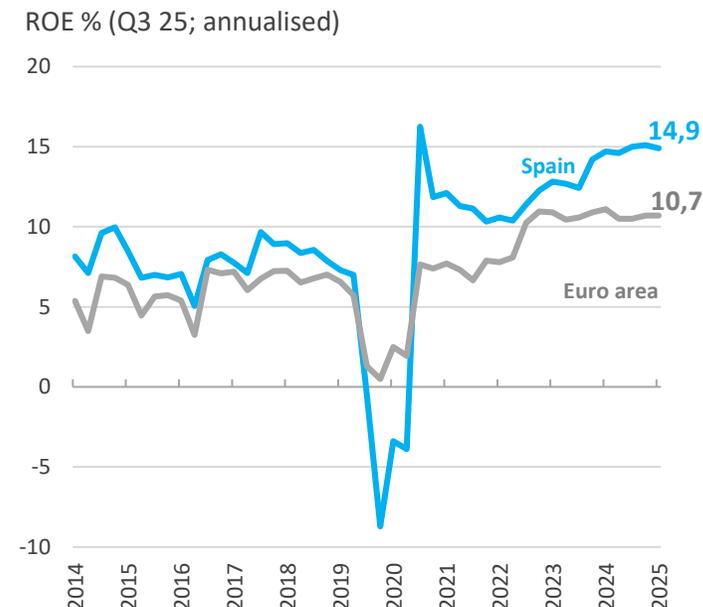
Note: (1) latest available data Dec-25 and Sep-25, respectively
Source: CaixaBank Research with data from Bank of Spain.

HHs & NFCs loan to deposit ratio



Note: loans and deposits to residents in Spain, on a non-consolidated basis.
Latest data available Jan-26.
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 in January 2026 remain close to the all-time high reached at the end of 2025.** Seasonally adjusted data show strong growth (+4.8% yoy in Jan'26). 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 2025-2029¹, show that the Spanish banking sector's capital position provides a considerable level of aggregate resilience in the face of various adverse scenarios.