



Spain

Macroeconomic & Financial Outlook

CaixaBank Research

April 2026

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Activity

- ▶ **The Middle East war continues to weigh on the global economic outlook, although the recent fragile ceasefire between the US and Iran has reduced the likelihood of the most adverse scenarios.** Markets are pricing in a relatively swift resolution and a largely transitory shock. However, uncertainty remains high while energy prices are likely to stay above early-year expectations, reflecting instability in flows through the Strait of Hormuz and damage to energy infrastructure that will take time to fully recover. In the euro area, markets have shifted towards **pricing two rate hikes in 2026**, compared with a pre-conflict situation in which no hikes were contemplated.
- ▶ **Spain enters this period of heightened geopolitical uncertainty from a position of relative strength**, supported by resilient recent performance and structural factors underpinning domestic demand, including demographic growth, a strong financial position, diversified energy imports, and the continued deployment of NGEU funds.
- ▶ **We estimate that, if the increase in energy costs is temporary and moderate, in line with what oil and gas futures signaled throughout March, Spain's growth outlook would weaken only marginally, by a few tenths.** This would be partially offset by the €5bn package of economic measures approved. As a result, GDP growth would stand at around 2.0% in 2026 (current forecast prepared in February, prior to the conflict: 2.4%). That said, the impact would not be uniform across the economy: energy-intensive manufacturing, transport and the agri-food sector would be the most affected, while tourism could benefit. The situation remains highly fluid, and a rapid resolution of the conflict would further limit the impact.
- ▶ **Spain's direct trade exposure to the Middle East is limited**, with around 10% of oil imports and less than 2% of gas imports coming from the region, while goods exports account for only 0.5% of GDP.
- ▶ **Inflationary risks have increased.** Headline inflation rose to 3.3% in March (from 2.3% in February), driven by higher energy prices, while core inflation remained at 2.7%. As a result, a decline of general inflation this year now appears unlikely (current scenario expects a 2.4%); even accounting for government measures, inflation is more likely to remain close to 3%.
- ▶ **Activity indicators point to dynamic growth in Q1.** Employment growth gained traction in March, while services continued to lead activity, in contrast with an industrial sector affected by uncertainty. Domestic and foreign consumption improved in March. Based on available indicators, **our nowcasting model points to GDP growth of around 0.4–0.5% qoq in Q1**, solid and in line with our forecast (0.5%), though below the pace recorded in Q4 2025 (0.8%).
- ▶ **The Government has approved a €5bn response package combining energy-tax relief measures and sectoral support (0.3% of GDP).** While largely untargeted, the measures are fast-acting and should help cushion the energy shock, albeit at the cost of slightly upside risks to our 2026 deficit forecast (2.1% of GDP). The public deficit stood at 2.4% of GDP in 2025 (2.2% excluding extraordinary DANA-related spending), -0.8pp relative to 2024.

Banking Sector

- ▶ **New lending maintains positive momentum, supported by strong activity levels and, as a result, credit stock growth is accelerating in February.** The domestic NPL ratio remains contained (around 2.7% in January), and profitability stands at historically high levels (14.9% in 4Q25 vs. 10.4% in the euro area). While Spanish banks' exposure to the Middle East conflict is very limited, the war introduces downside risks to the outlook, potentially weighing on credit dynamics and non-investment products, with deposits partly supported by higher precautionary savings.

Main economic forecasts

Forecasts have not been updated after the Middle East war.

UNDER REVIEW

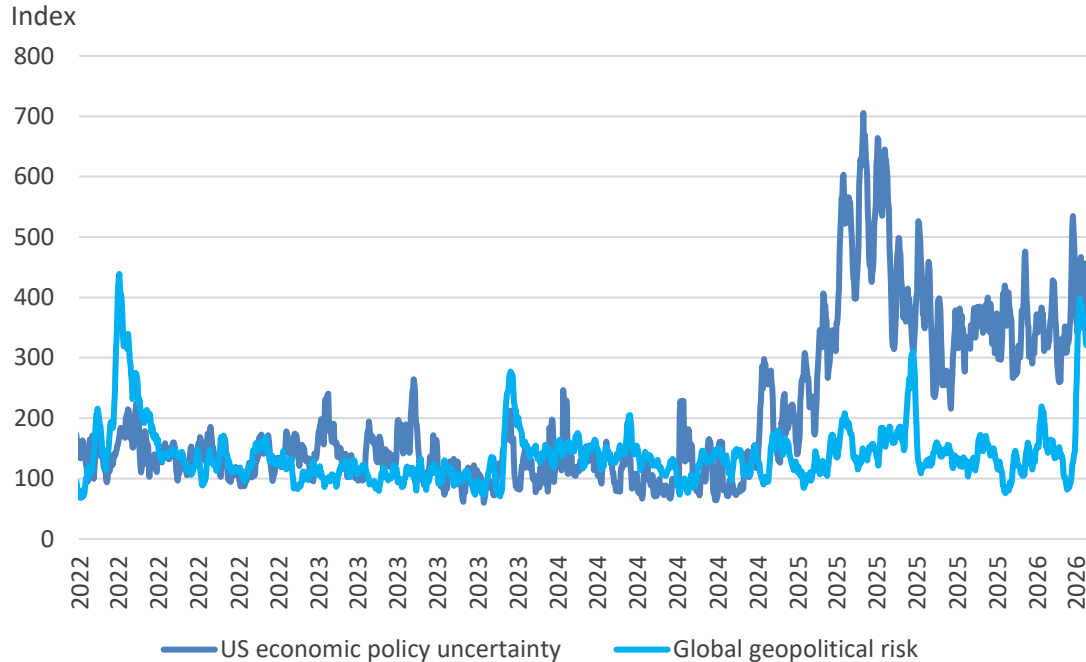
% YoY. unless otherwise specified	2016	2017	2018	2019	2020	2021	2022	2023	Forecast		
									2024	2025	2026
GDP	2,9	2,9	2,4	2,0	-10,9	6,7	6,4	2,5	3,5	2,8	2,4
Private Consumption	2,6	3,1	1,8	1,0	-12,2	7,2	4,9	1,7	3,0	3,3	3,0
Public Consumption	0,9	1,0	2,1	2,2	3,5	3,6	0,8	4,5	2,9	2,4	1,4
Gross Fixed Capital Formation (GFCF)	2,0	6,8	6,5	4,9	-8,9	2,6	4,2	5,9	3,6	5,8	5,2
GFCF - equipment	1,6	9,1	4,2	1,7	-13,5	3,3	2,1	2,6	1,9	7,4	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	3,6	2,1
Imports	2,6	6,7	3,9	1,3	-15,1	15,0	7,7	0,0	2,9	6,2	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	-2,4	-2,1
General government debt (% GDP)	101,9	101,2	99,8	97,7	119,3	115,7	109,3	105,2	101,7	100,7	99,0
Housing prices	1,9	2,4	3,4	3,2	-1,1	2,1	5,0	3,9	5,8	11,2	6,3
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.

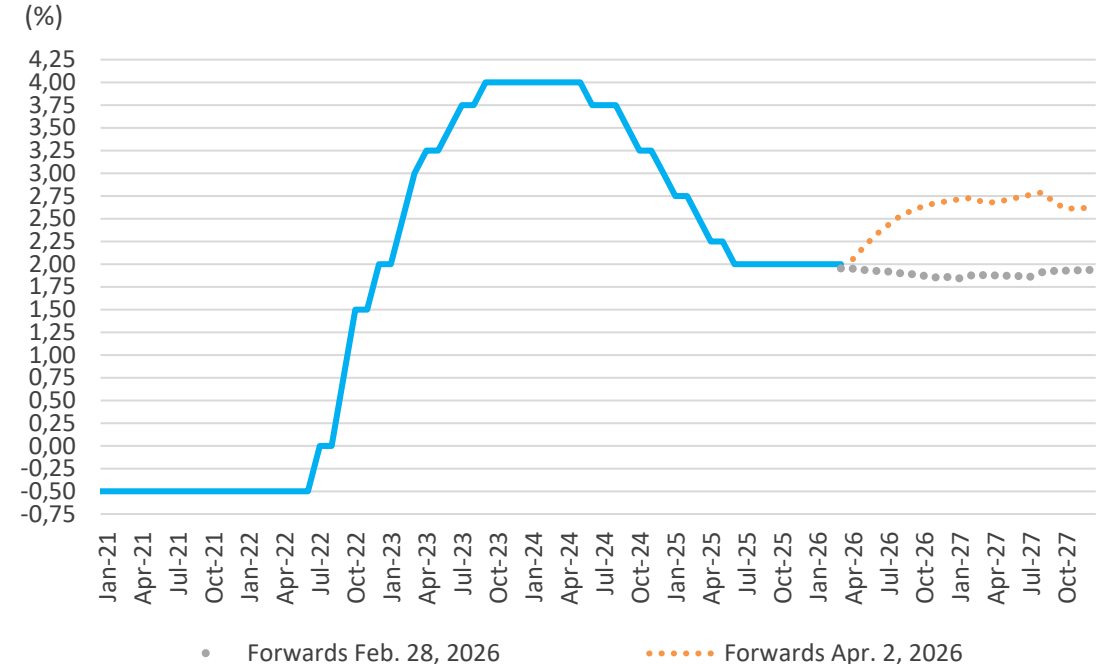
Source: CaixaBank Research.

Markets eye a measured ECB hiking cycle due to the Middle East conflict

Policy uncertainty and geopolitical risk



ECB deposit rate

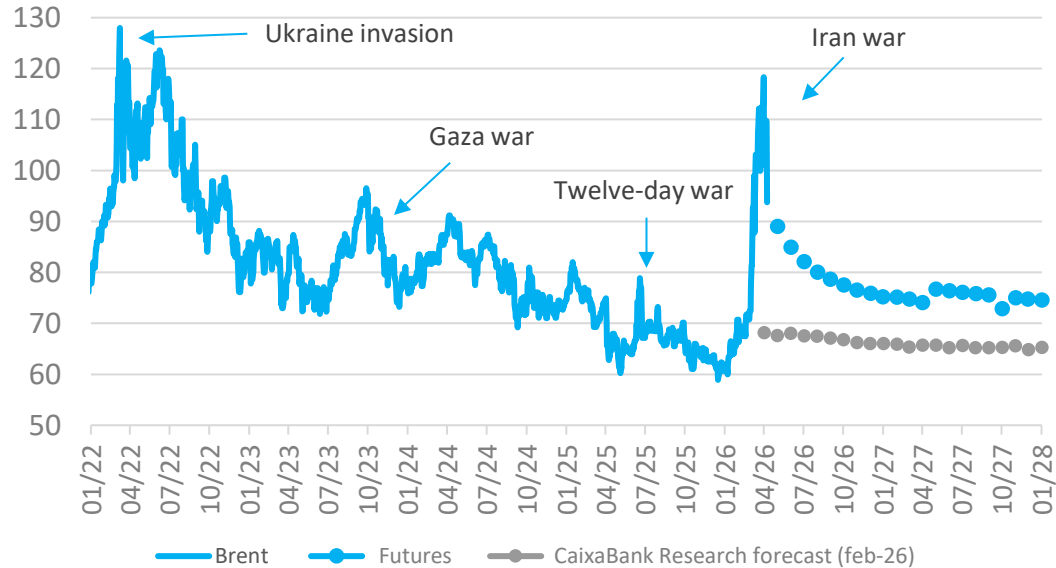


- ▶ **The Middle East conflict raises the odds of ECB rate hikes.** Markets have shifted towards pricing two ECB hikes in 2026 (3 before the truce) adjusting from a pre-conflict market-implied 30% probability of one cut. ECB officials emphasized the need to wait and see and not to overreact to extremely volatile energy-market futures (whose implied impact on inflation fluctuated between “small” and “meaningful”). Officials outlined a three-pronged strategy: i) if the energy shock is limited and short-lived, the classical prescription would be to “look through”; ii) if there is a meaningful but not-too-persistent impact on inflation, some measured adjustment of policy could be warranted; and iii) if inflation overshoots in a significant and persistent way, the response must be forceful.
- ▶ **The ECB sets off from a “good place”.** It can rely on anchored inflation expectations, a neutral monetary policy stance (vs. highly expansionary in the run-up to the Ukraine shock), moderate demand growth and decelerating wages. Yet, the ECB must be cautious about amplification risks from lingering price inertia, Ukraine-inflation memories and tariff-related risks of supply disruptions.
- ▶ **Markets switch to a “risk-off, inflation-on” mood.** The Middle East conflict led to a spike in uncertainty and risk aversion, and widespread losses across global stock markets. Consumer, materials and industrial sectors took a larger hit, as did Asian, European and emerging stocks, while US benchmarks and tech stocks were comparatively resilient. Markets see a meaningful impact on short-term inflation (while long-term expectations remain anchored) and have adopted a hawkish bias in their monetary policy expectations, triggering a jump in sovereign yields. Although euro area peripheral spreads tightened, they remain remarkably low (at the start of the year, they reached lows not seen since 2008 [except for France]).

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

Brent oil prices and futures

\$ per barrel

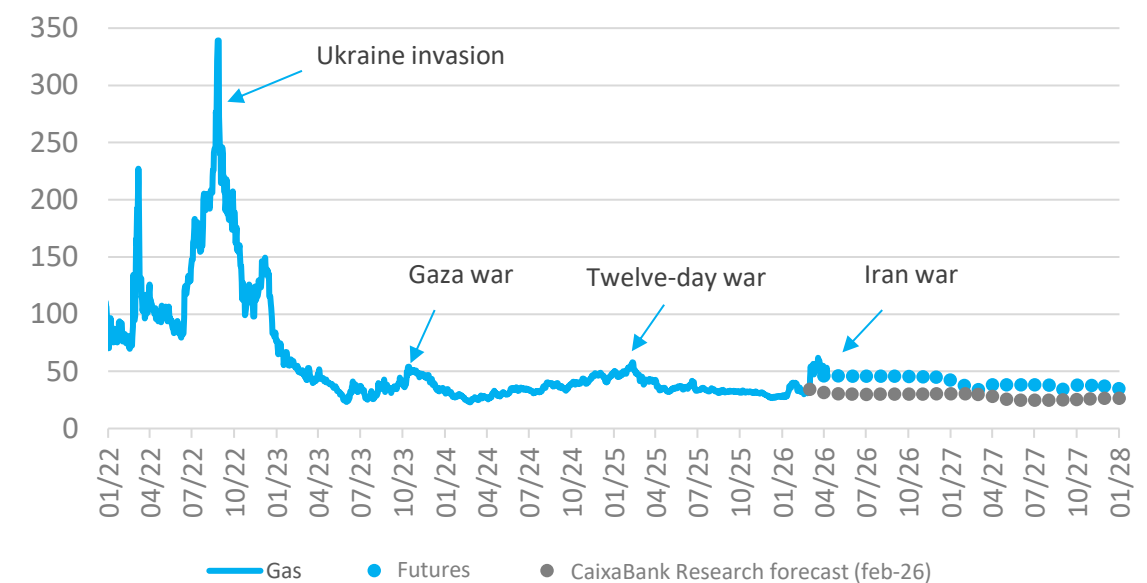


Note: Graph elaborated with data as of April 8.

Source: CaixaBank Research, based on data from Bloomberg.

TTF gas prices and futures

€ per MWh



Note: Graph elaborated with data as of April 8.

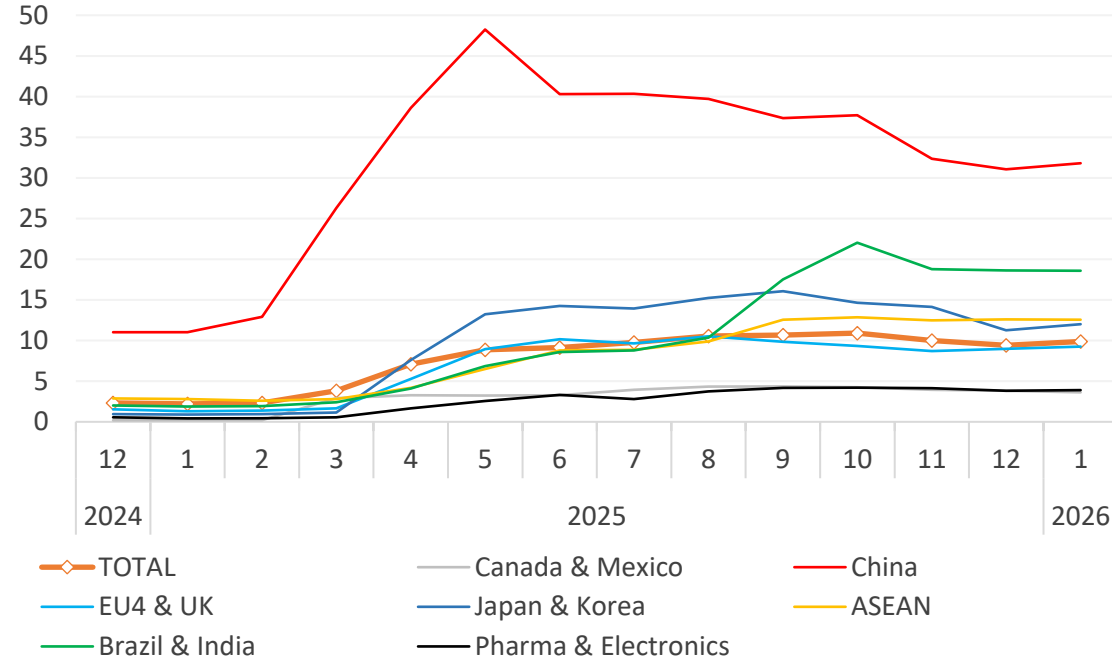
Source: CaixaBank Research, based on data from Bloomberg.

- ▶ **After nearly 6 weeks of war, a fragile truce holds in the Middle East.** Brent crude prices neared \$100/b in March (vs. \$69/b on average in February), with significant volatility. Specifically, Brent futures for late-2026 delivery hovered around \$80/b and held around these levels even after a ceasefire was announced on April 8th. Contracts for June delivery have adjusted more strongly upon the announcement, but then partially reversed course and stand close to \$100/b. While the oil market entered the conflict with a high level of inventories —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, unclear ceasefire conditions, protracted clashes in the region, instability in flows through the Strait of Hormuz (SoH), and damage to strategic infrastructure could keep prices in the \$80-100 range over the next few months, given that Middle Eastern producers account for roughly 30% of global crude supply (c. 20% via SoH).
- ▶ **The gas shock has also been significant but more contained from a historical perspective.** Gas prices neared €50/MWh in March (vs. €32/MWh on average in February) and have remained moderate compared with past spikes. Futures contracts for delivery until winter 26/27 stood in the 45-50€/MWh band upon the announcement of a ceasefire, on hopes of a resumption in LNG tanker flows through SoH. Yet, Qatar supplies 4% of global gas (20% of LNG), nearly all of it via Hormuz, and extensive damage to gas plants is likely to damage the near-term supply outlook. While EU gas flows remain diversified (only 3–4% sourced from the region), storage is at historically low levels and demand from Asian countries (particularly, those most dependent on SoH flows) is likely to keep prices high over the near-term.

US tariff strategy reshaped after Supreme Court ruling

Observed tariff rates

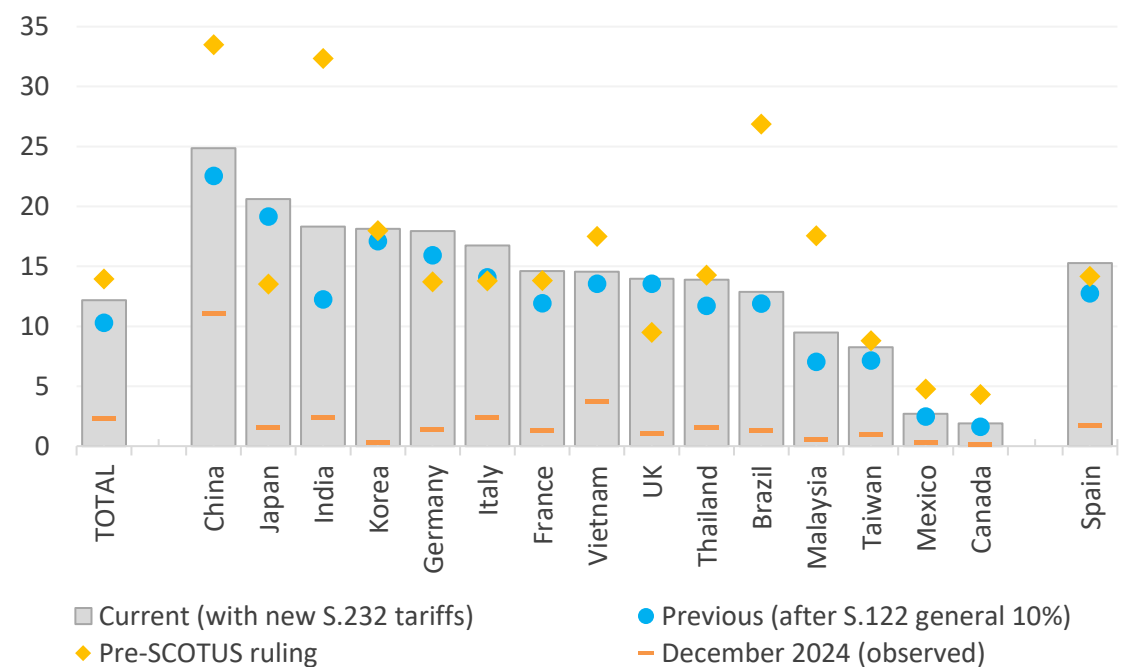
By group of trade partners (%)



Note: EU4 = Germany, France, Italy and Spain. ASEAN = Cambodia, the Philippines, Indonesia, Malaysia, Thailand and Vietnam. Pharma & Electronics (producers) = 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: SCOTUS = Supreme Court of the United States.
Source: CaixaBank Research, based on data from Bloomberg, UN COMTRADE and the White House.

- ▶ **The US Supreme Court (SCOTUS) ruling has extended the moderation of effective tariff rates in Q126.** Trade-flow normalization, together with a more settled policy outlook, helped drive an initial easing and subsequently keep rates broadly stable, below last summer’s peak levels. Since November 2025, the world average has remained within the 9–10% range, and the lower rate implied by the general 10% tariff under Section 122 of the Trade Law –that entered into force on February 24, includes extensive exemptions and is set to last for 150 days– would likely have pushed it further down in March.
- ▶ **The administration is pivoting from emergency tariffs toward legally-robust, targeted investigations.** Following the adverse SCOTUS ruling, the US Trade Representative has launched probes under Section 301 into 16 economies –including major trading partners– over structural excess capacity in manufacturing, alongside a broader investigation covering around 60 economies related to the failure to impose and effectively enforce bans on goods produced with forced labor. In parallel, sectoral investigations under Section 232 have already produced tangible outcomes, including reviews of the tariff regime on pharmaceutical products, and on steel, aluminum and copper products and their derivatives.
- ▶ **US-EU trade relations remain unresolved.** The SCOTUS ruling has blurred the July agreement, leaving lingering uncertainty over which tariffs will ultimately apply to European exports. The auto sector is the clearest illustration of this policy volatility: heavily taxed under the additional 25% sectoral tariff surcharge last year, subsequently relieved by a 15% cap (pending legal clarification), and now once again explicitly subject to a 25% rate under the new Section 232 measures on steel derivatives –outside the scope of the 2025 cap.

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

Main Spanish goods exports to the US in 2025

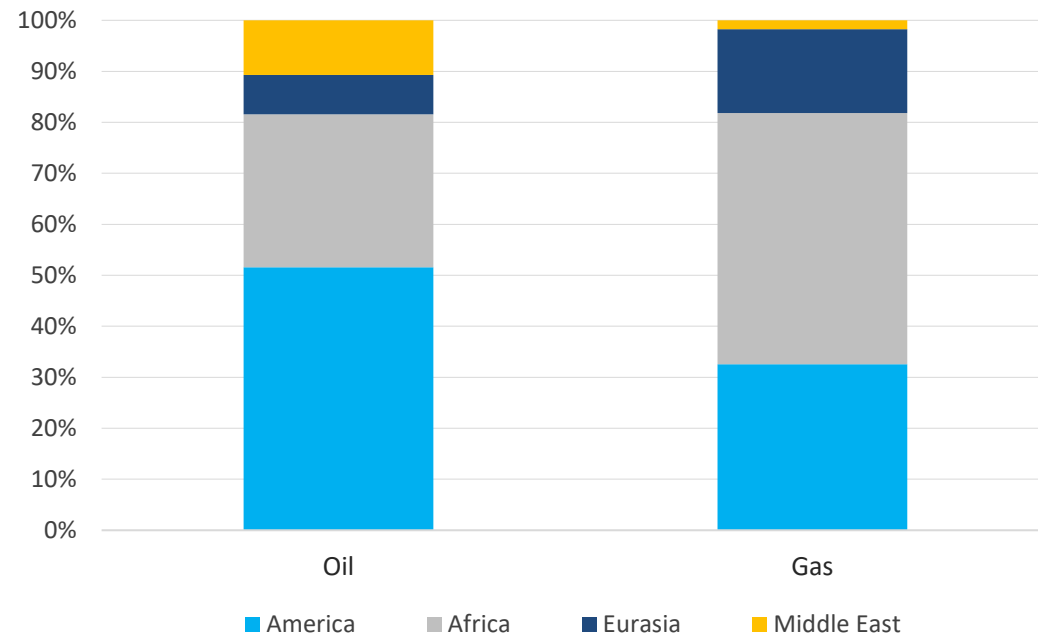
	Mill. €	% of total	% of sector
Chemical products (including pharma)	3,249	19.4	4.9
Industrial machinery	1,675	10.0	8.8
Electrical appliances	1,621	9.7	9.9
Construction materials	957	5.7	12.4
Engines	860	5.1	19.1
Fats and oils	843	5.0	11.5
Energy products	768	4.6	3.2
Fruits and vegetables	579	3.5	2.2
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

Source: CaixaBank Research, with data from Data Comex.

- ▶ 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.

Oil and gas imports by region

Percentage over total (%)

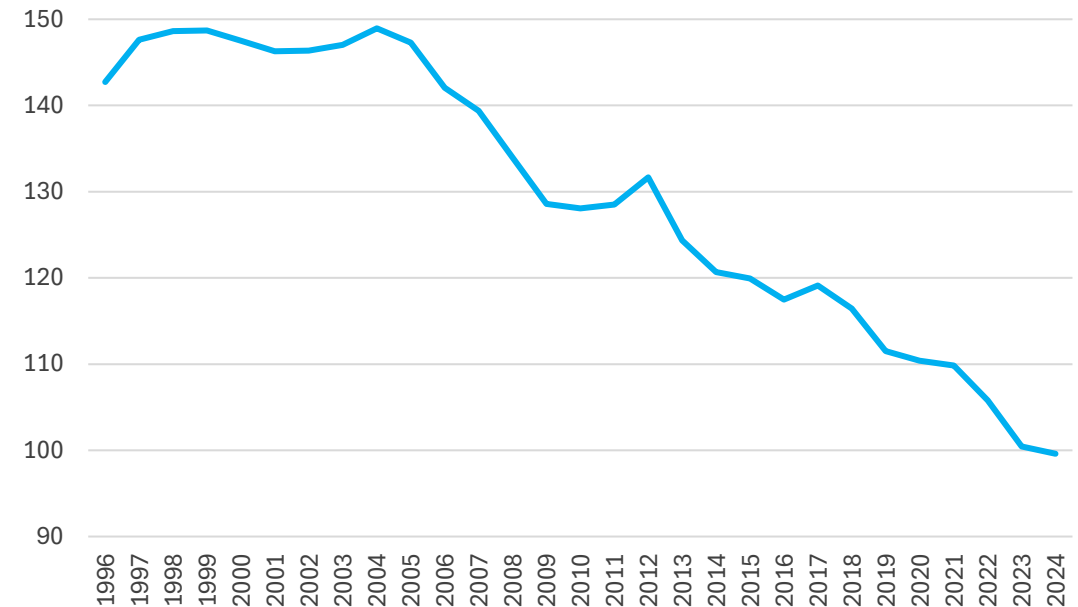


Note: Data from 2025.

Source: CaixaBank Research, based on data from CORES.

Energy intensity

Units of energy per thousands of GDP (kg of CO₂ eq.)

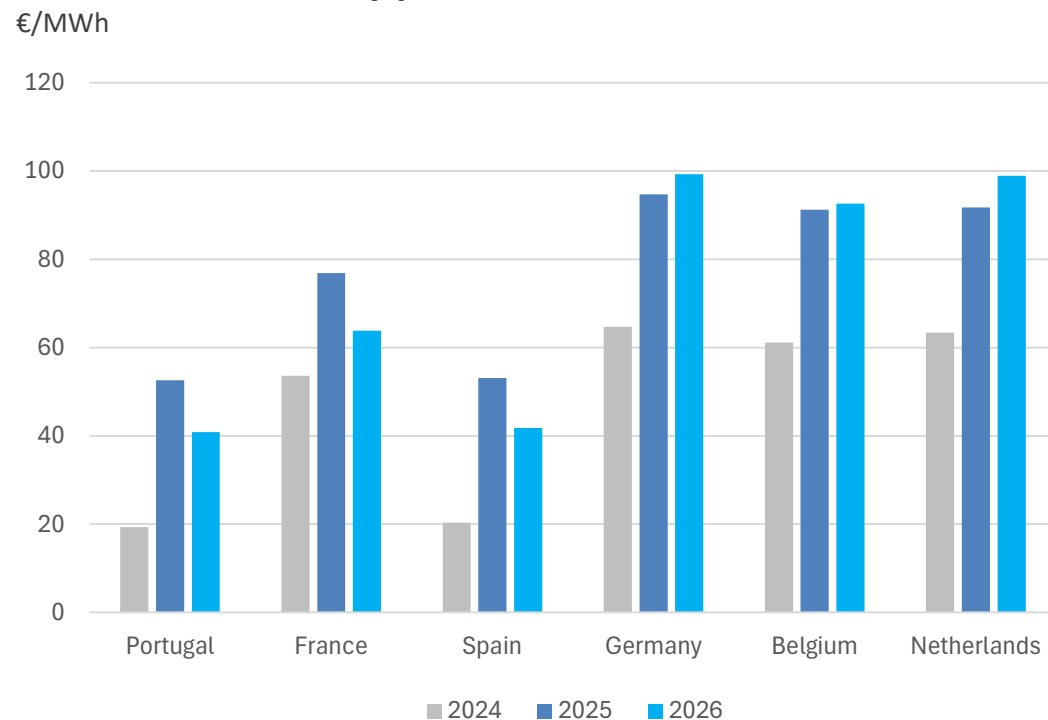


Note: Real GDP. Units of energy correspond to gross available energy, which includes primary production, recovered & recycled products, net exports and stock changes.

Source: CaixaBank Research, based on data from Eurostat.

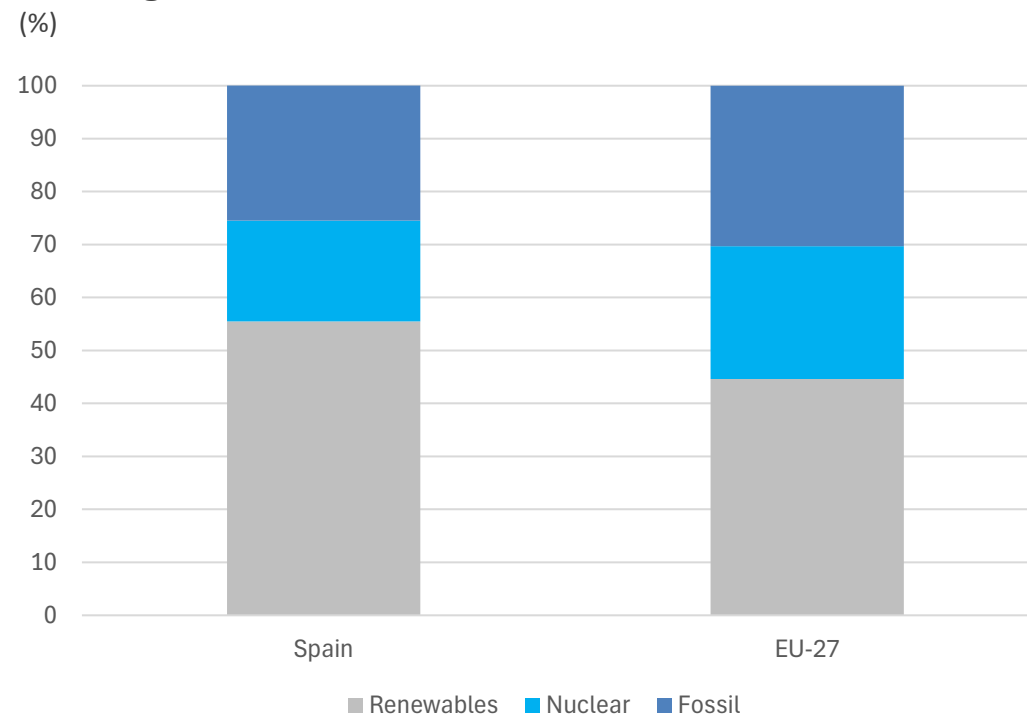
- ▶ **Spain's direct exposure to Middle East energy exports is relatively limited.** Around 10% of Spain's imported oil comes from the Middle East, while less than 2% of imported gas originates from the region. In both cases, close to 80% of imports come from the Americas and Africa.
- ▶ **Lower energy intensity, while energy dependence remains high.** Spain's energy intensity—measured as the amount of energy required to produce €1,000 of real GDP—has fallen by one third since the early 2000s, placing the country slightly below the euro area average. However, Spain continues to show a high reliance on external energy sources.
- ▶ **Limited trade exposure.** The Gulf accounts for 2.3% of Spain's goods exports and a further 2.3% of non-tourism services exports, all of which is equivalent to roughly 0.7% of GDP. On the goods side, exports are concentrated in machinery, perfumery products, electrical equipment and vehicles. Imports from the region are even smaller—just 1.8% of Spain's total—two-thirds of which is energy. The remainder is largely plastics and aluminium, while fertilizer purchases from the Gulf are negligible.

Wholesale electricity prices in March



Source: CaixaBank Research, based on data from ESIOS-REE.

Power generation structure



Note: Data from 2025.

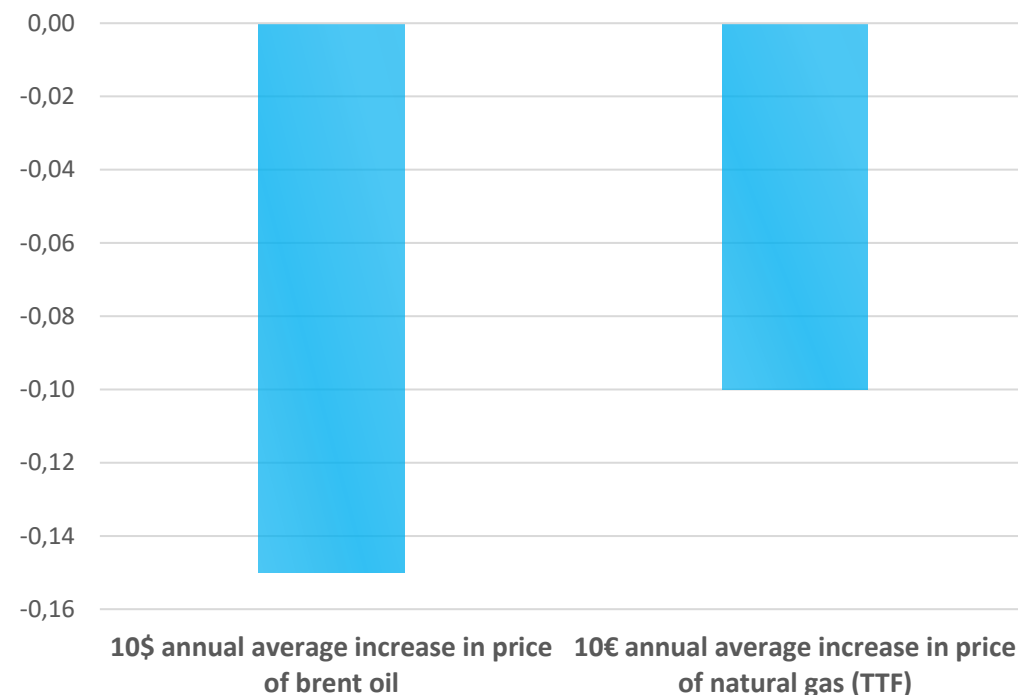
Source: CaixaBank Research, based on data from Eurostat.

- ▶ **The electricity market has once again stood out relative to the rest of Europe**, with wholesale prices proving more resilient amid the recent energy tensions and remaining at lower levels than in other major European economies.
- ▶ **The higher share of renewables in power generation** means that low marginal-cost technologies more frequently set market prices, helping to contain average electricity prices even in an adverse international environment..

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

GDP growth: elasticity to energy prices

Percentage points



GDP: analysts' forecast

Year-on-year change (%)

Ordered by forecast of 2026	2026	2027
BBVA Research (Mar. 16)	2.4	2.4
Consensus Forecasts (Mar. 9)	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
Bank of Spain (Mar. 27)	2.3	1.7
Government (Nov. 18)	2.2	2.1
Funcas panel (Jan. 21)	2.2	-
IMF (Mar. 20)	2.1	1.8
OECD (Mar. 26)	2.1	1.7
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.
- ▶ 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 recent market-implied energy prices, the impact on GDP growth for 2026 could lie in the 0.4-0.9pp range.** If we bring in the recent fiscal package announced by the government, which adds 0.3pp to growth an impact around 0.4pp seems the most likely outcome, which would drive our GDP forecast for 2026 to ~2.0%. That said, the situation remains highly fluid. If the recent truce triggers a rapid resolution of the conflict, the impact could be even smaller.
- ▶ **Bank of Spain, the IMF and the OECD have revised their macroeconomic forecasts to incorporate the Iran crisis.** In all cases, the effects are assessed as moderate, with 2026 GDP growth projections ranging between 2.1% and 2.3%.

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

UNDER REVIEW

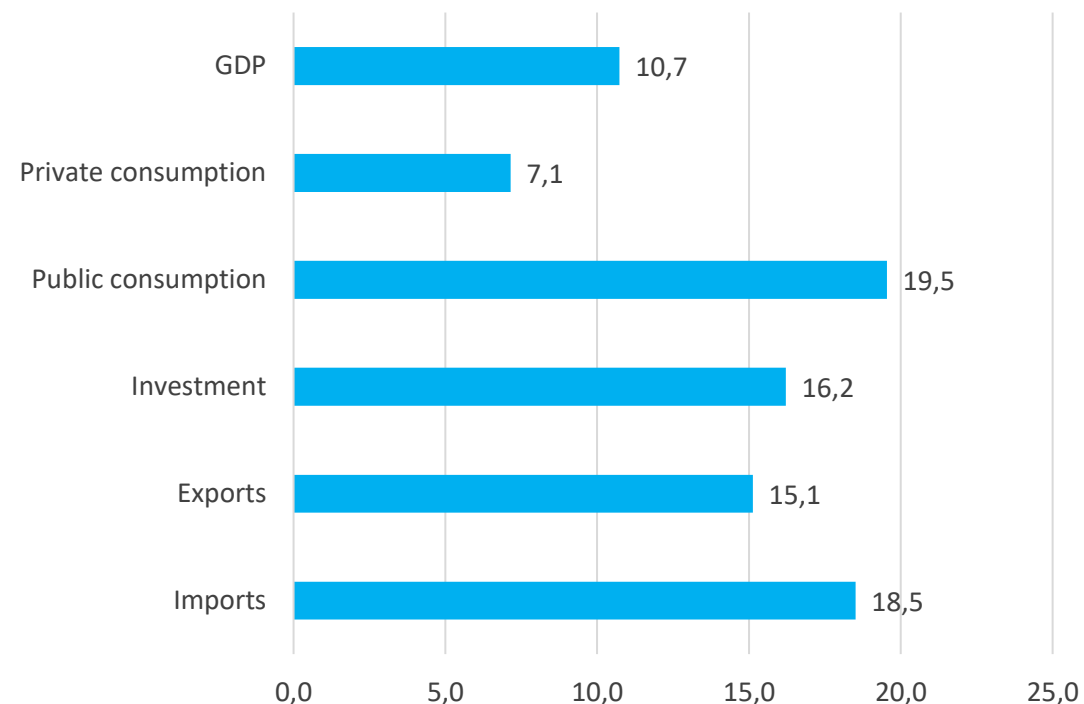
Breakdown of GDP

Year-on-year (%)

	2014-19	2024	2025	2026 (f)
GDP	2.6	3.5	2.8	2.4
Private consumption	2.2	3.0	3.3	3.0
Public consumption	1.3	2.9	2,4	1.4
Investment	5.0	3.6	5.8	5.2
Exports	4.0	3.2	3.6	2.1
Imports	4.4	2.9	6.2	4.1

GDP Q4 2025

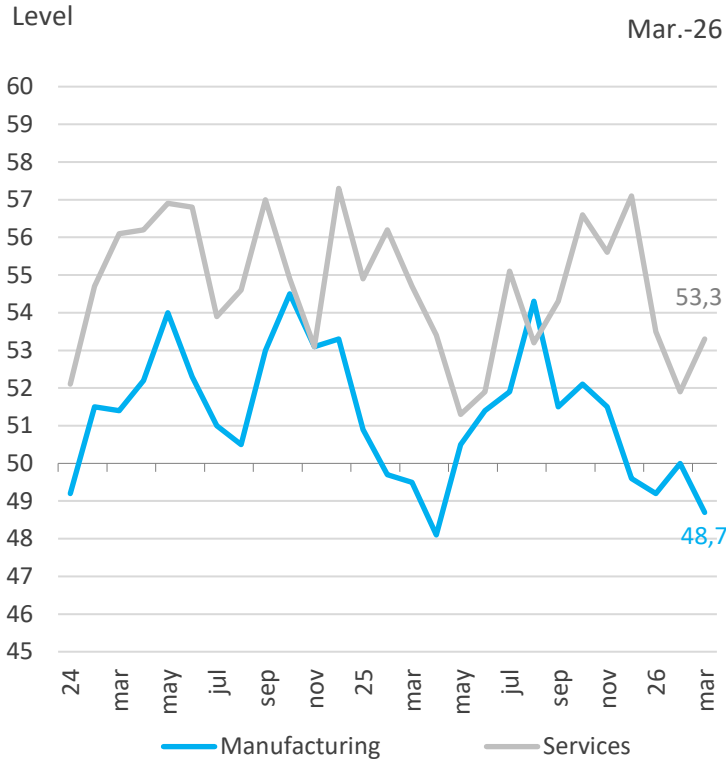
Cumulative variation since Q4 2019



- ▶ **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: Activity indicators point to dynamic growth in Q1.

PMI indices



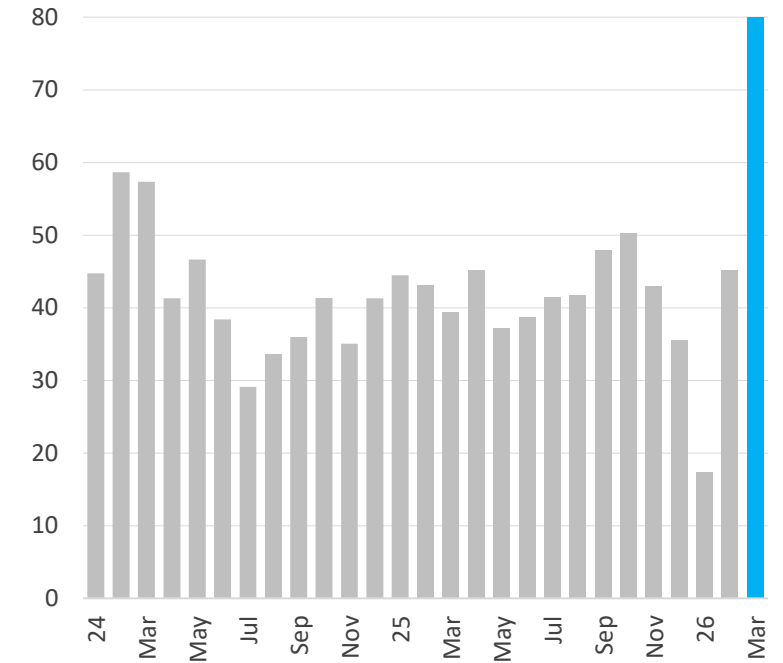
Indicators of economic activity

	Q1 2026	Q4 2025	Data up to
Workers registered to the Social Security system (qoq growth in % SA)	0.5	0.6	Mar.
Retail Sales (excl. service stations) (qoq growth in % SA)	-0.3	0.7	Feb.
CaixaBank Consumption Monitor (yoy growth in %)	3.5	4.6	Mar.
Manufacture PMI level, >50 expansion	49.3	51.1	Mar.
Services PMI level, >50 expansion	52.9	56.4	Mar.

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.

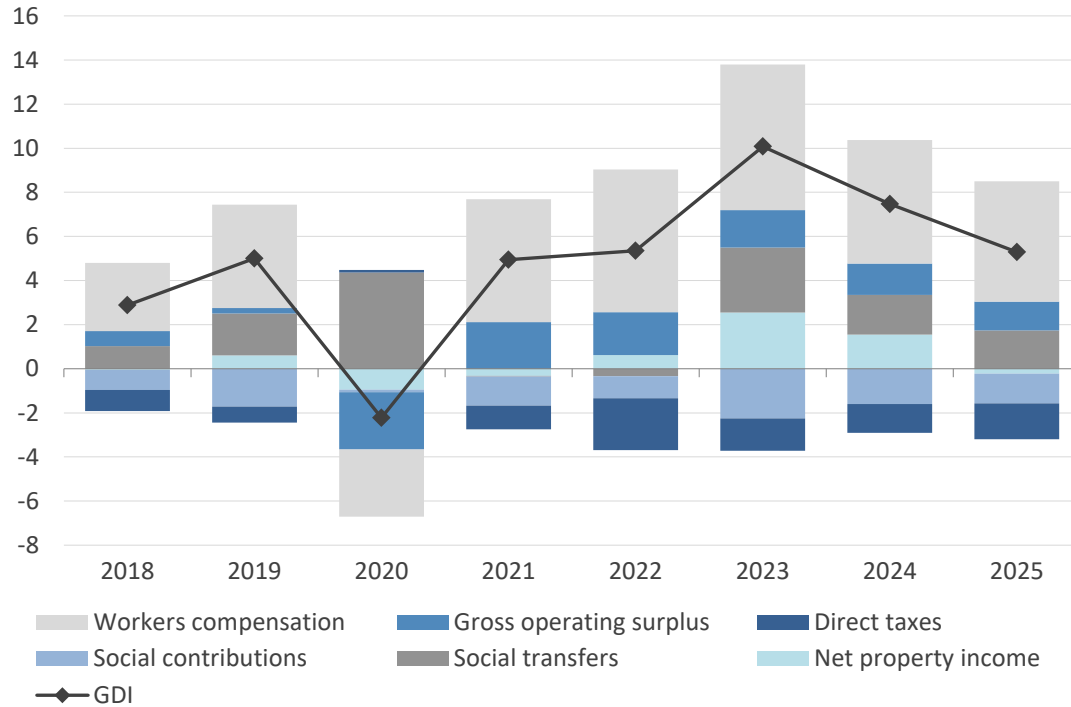
Source: CaixaBank Research, with data from the MISSM.

- ▶ **The latest indicators show that activity strengthened over the quarter.** S. S. registrations started the year on a weak note, but momentum picked up again in February and March. Job creation, in seasonally adjusted terms, averaged about 48k new workers per month in Q1—above the 43k recorded in the fourth quarter of 2025. The PMIs, instead, suggest activity cooled slightly down. In Q1, the manufacturing PMI averaged 49.3, below the level that marks expansion (50.0) and below the previous quarter reading of 51.1. The services PMI also moderated, from 56.4 to 52.9 in the Q1 average, although it still points to a notable pace of growth and rebounded significantly in March (+1.4 points relative to February).
- ▶ **Consumption appears to have moderated in Q1 but has rebounded in March.** CaixaBank’s Consumption Monitor (full-quarter data) shows domestic spending up 3.5% y/y, down from 4.6% in the previous quarter. The monthly profile is revealing: growth came in at a solid 4.0% in January, fell to 1.8% in February (largely reflecting weak readings in the first half of the month due to bad weather), and then rebounded to 4.7% in March.
- ▶ Taking into account available indicators, **our nowcasting model forecasts GDP growth of 0.4-0.5% qoq in Q1 (0.8% qoq in Q4 2025).** GDP Q1 figure will be released on April 30.

The savings rate remains high but decreased in 2025

Gross disposable income (GDI)

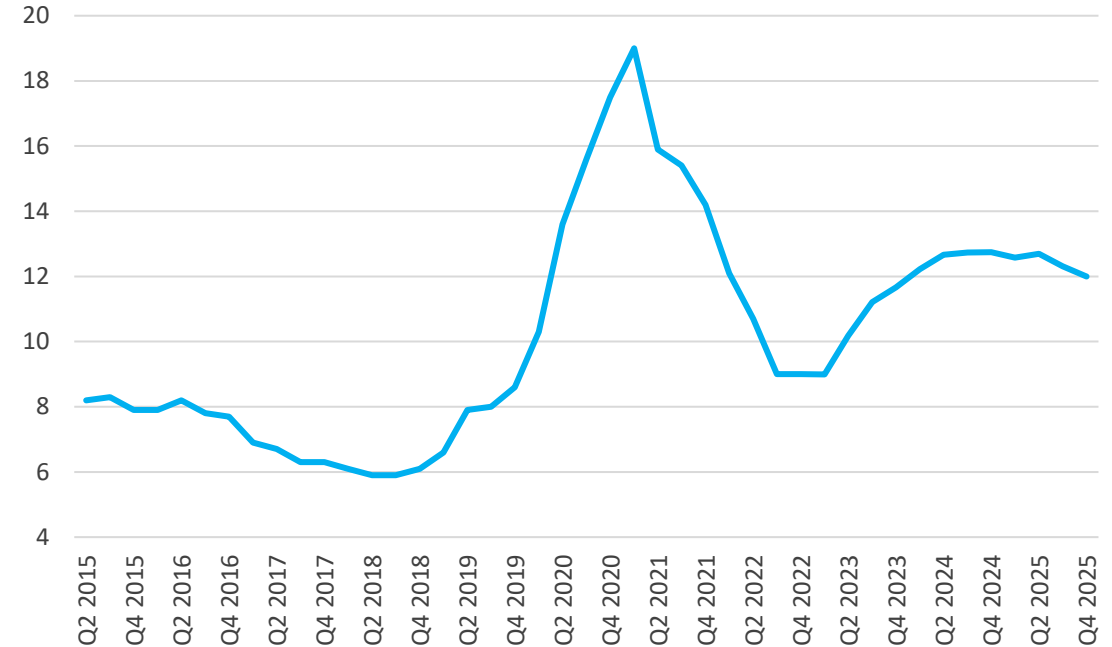
Year-on-year variation (%) and contributions



Source: CaixaBank Research, based on data from INE.

Savings rate

% Gross Disposable Income



Note: Accumulated data four quarters.

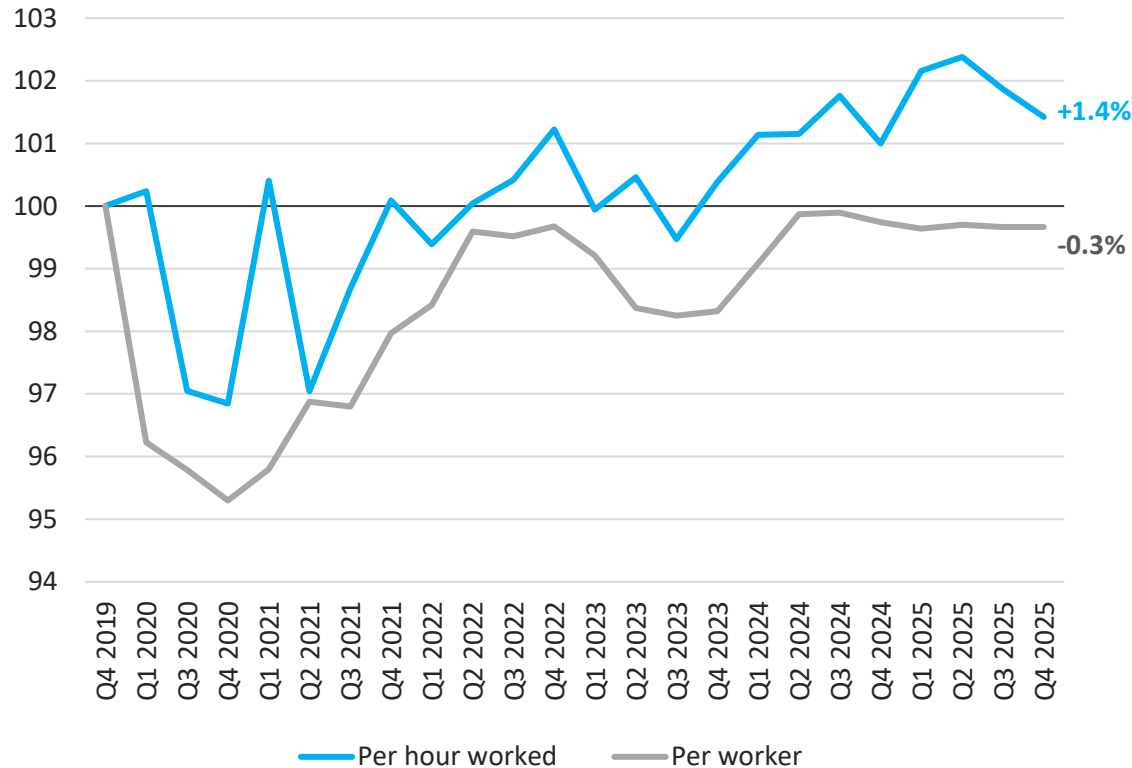
Source: CaixaBank Research, based on data from INE.

- ▶ **The savings rate in 2025** (cum. 4 quarters) **sits at 12.0%**, 0.7 pp lower than in 2024, but significantly above the long-term average of 8.6% (2000-2019).
- ▶ **GDI** grew 5.3% YoY in 2025, driven by a dynamic labor market (employees' total compensation rose 7.2% YoY), partially offset by a negative public sector contribution, as increases in direct taxes and social contributions outweighed social transfers. Given that consumption grew at a solid pace (6.2% year-on-year) and above disposable income, the savings rate showed a slight moderation.
- ▶ **The financial position of households remains strong**: in Q4 2025 households debt stood at 42.8% of GDP (vs. 50.4% in the euro area), the lowest level since 1999.
- ▶ Before the escalation in the Middle East, our baseline expected the household saving rate to fall by around 0.5pp in 2026; The impact of the Middle East conflict on savings rate is uncertain. The inflationary shock of 2022 was so intense that households reduced their saving rate to keep real consumption levels stable. As the current shock is proving more contained, we could see households increase their saving rate for precautionary reasons.

Decoupling between productivity per hour worked and productivity per employee

Labor productivity

Level (Q4 2019 = 100)



Average annual productivity growth (%)

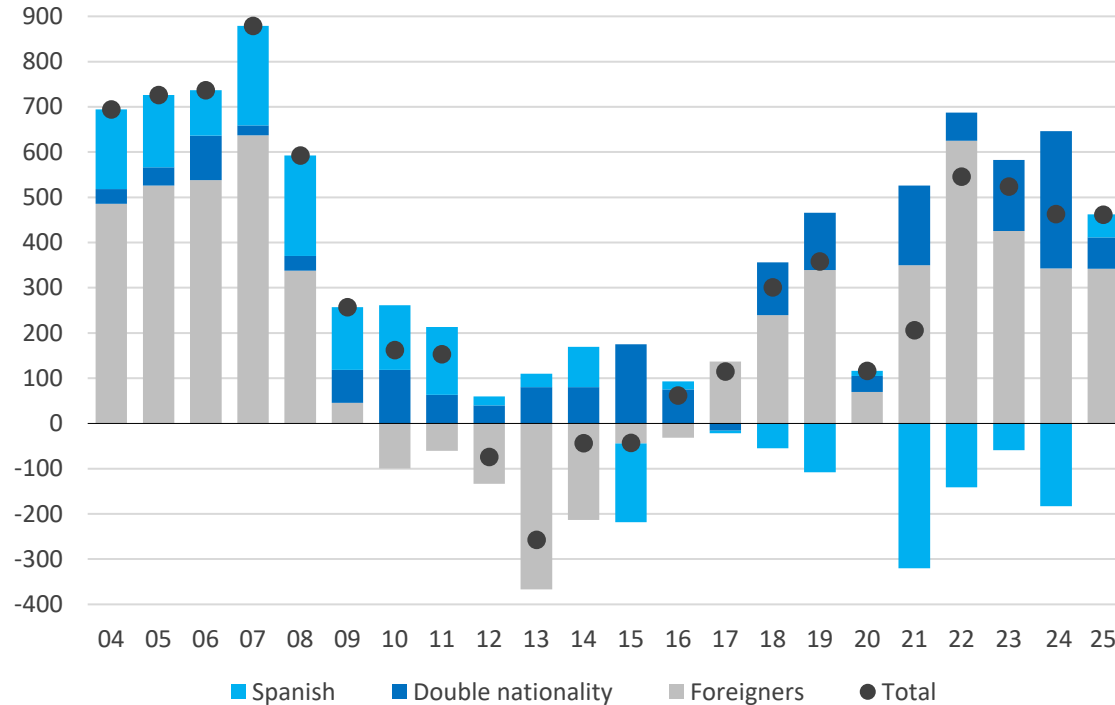
	Last 3 years	Last 2 years	Last year	Since Q4-19	Q4.14-Q4.19	Since Q4-14
Per worker	0.1	0.6	0.0	-0.1	0.3	0.1
Per hour worked	0.6	0.9	0.7	0.4	0.5	0.4

▶ **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

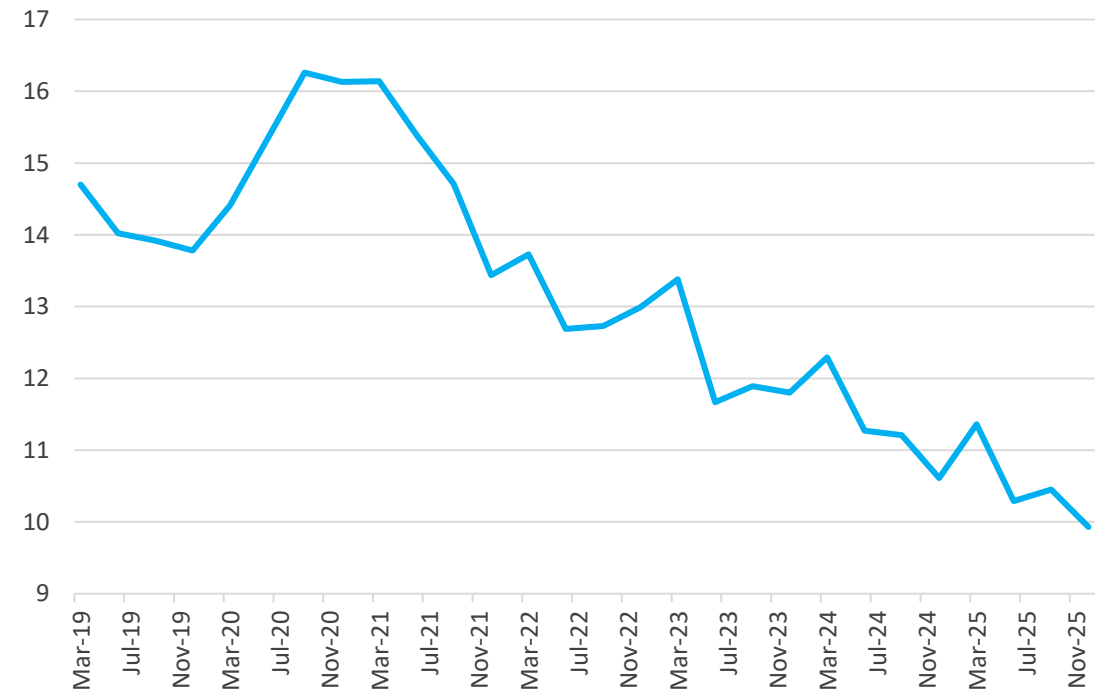
Annual variation in thousands



Source: CaixaBank Research, with data from EPA.

Unemployment rate

% of active population



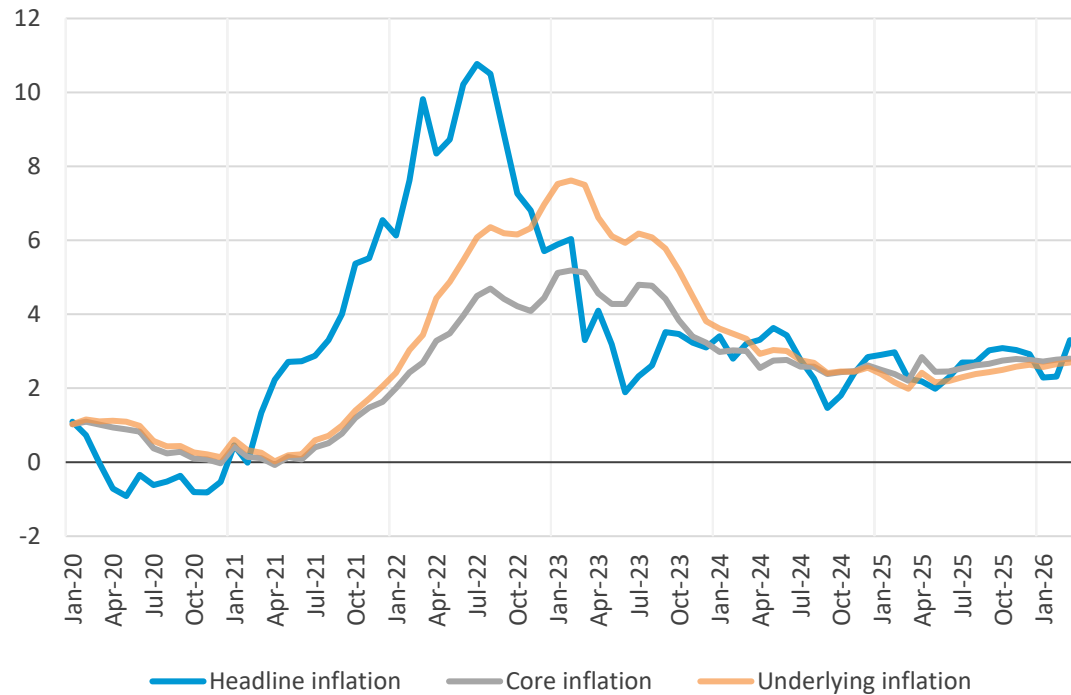
Source: CaixaBank Research, with data from EPA.

- ▶ **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.

Rising energy prices are pushing inflation higher

Inflation

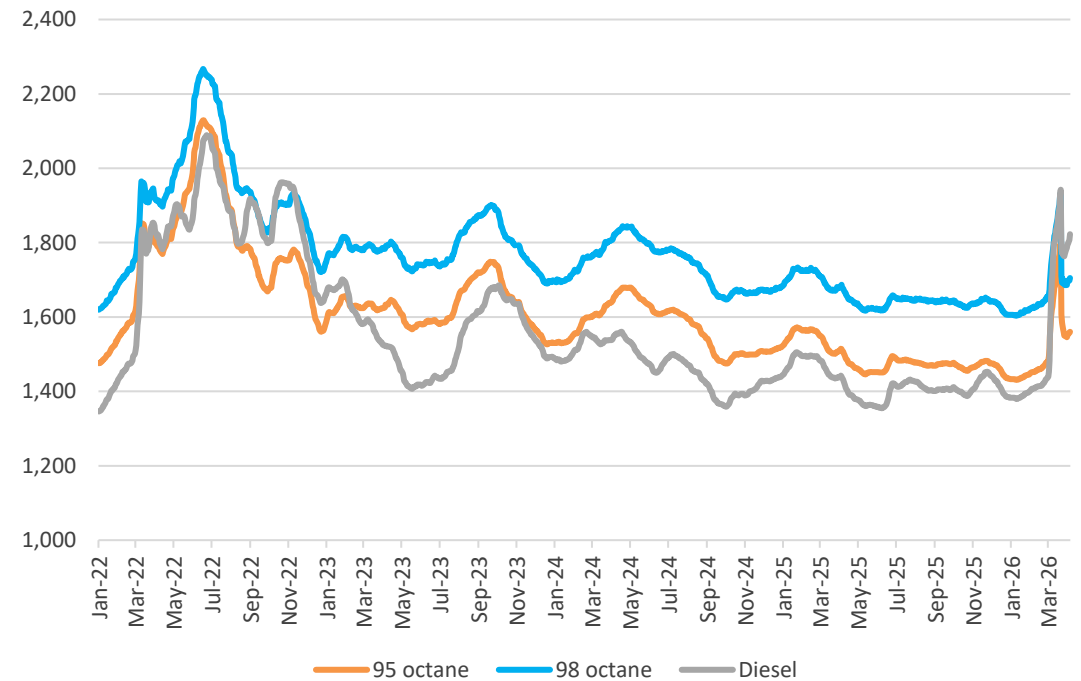
Year-on-year change (%)



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

Fuel prices at gas stations in Spain

€/litre



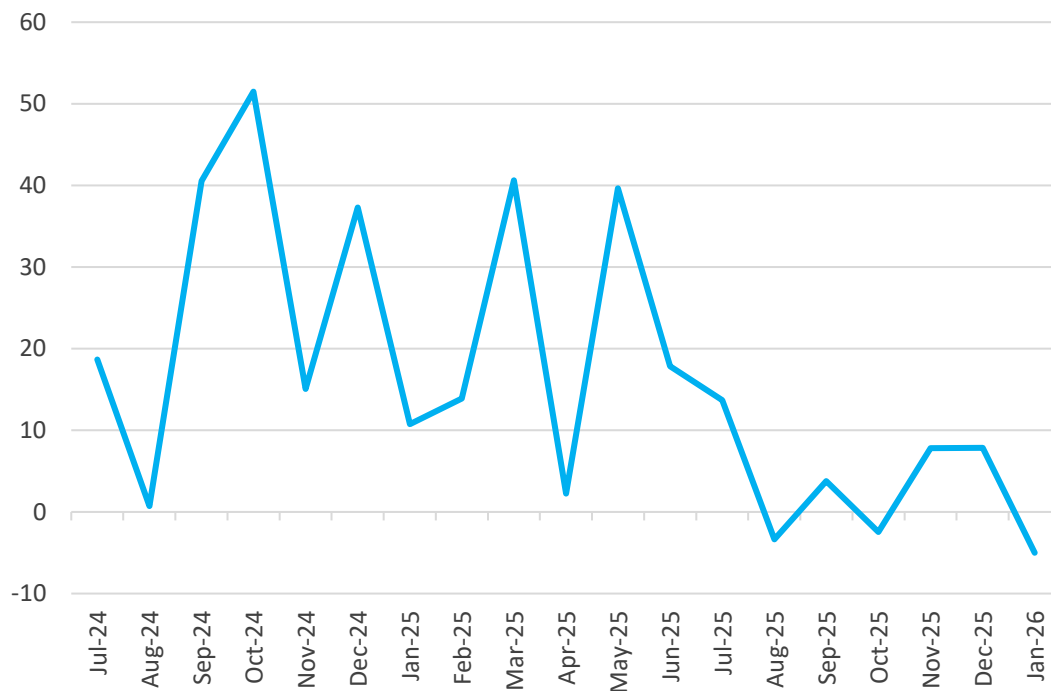
Source: CaixaBank Research, based on data from MITECO.

- ▶ **Headline inflation rose by 1pp in March to 3.3%, driven by higher fuel prices following the outbreak of the conflict in the Middle East.** However, the increase would have been even larger in the absence of the government's measures, approaching 4.0%
- ▶ **Average inflation in 2026 could stand at around 3.0%.** This estimate assumes are based on market-implied energy prices from end March – beginning of April, and considers the measures approved by the government, including VAT cuts on fuels, gas and electricity, as well as reductions in excise duties on hydrocarbons and electricity. However, the recently announced truce between the US and Iran could ease energy price pressures and lead to a slightly lower inflation outcome.
- ▶ **We do not expect indirect effects to have a material impact in 2026.** Experience from the post-pandemic inflation episode suggests that the pass-through of an energy shock to other components does not begin to materialize until 9 to 12 months later.

A widening housing deficit keeps propping up house prices

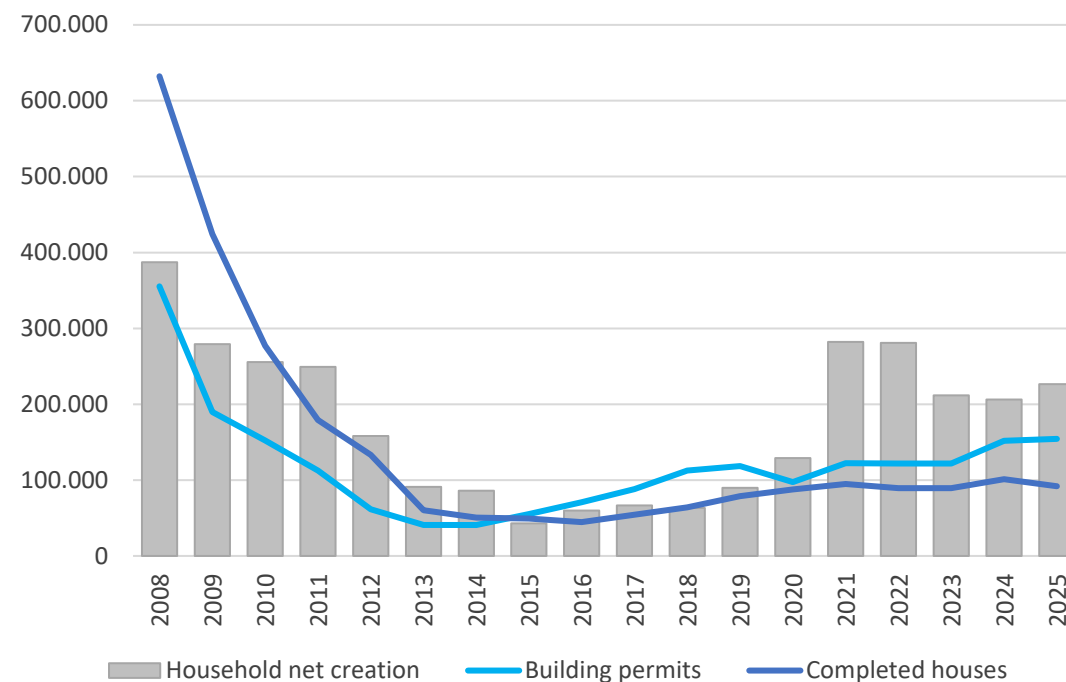
Spain: House transactions

Year-on-year change (%)



Spain: Housing Supply Deficit

Level



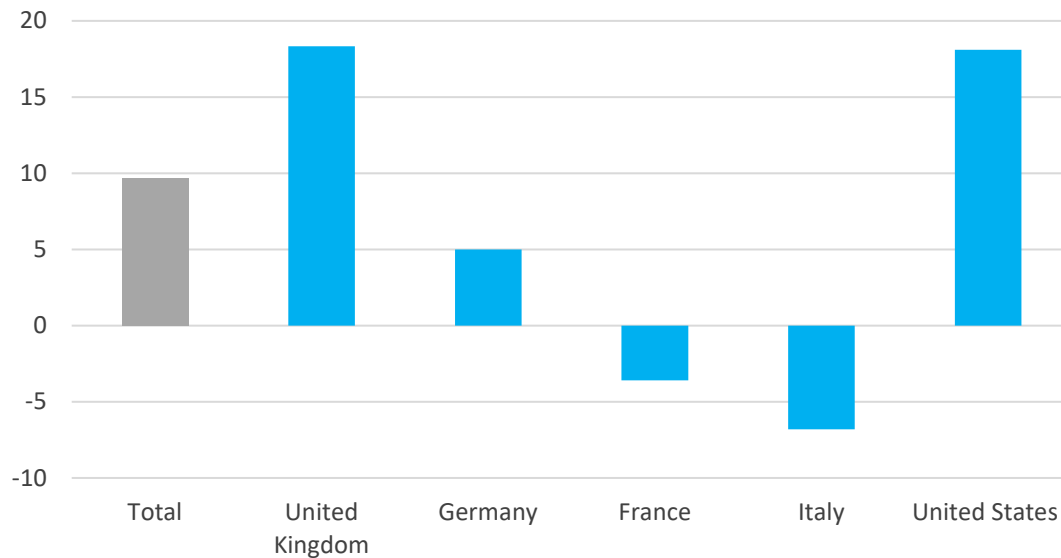
Notes: Permits and completed houses include affordable houses. 2025 refers to 12m accumulated to Sep 2025 for completed houses.

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

- ▶ **Home sales fell at the start of the year in year-on-year terms, but remain at very high levels**, confirming signs of stabilisation (711,000 transactions over the past 12 months to January). Demand fundamentals remain solid. We expect sales to be very dynamic in 2026, close to 700.000.
- ▶ **New housing supply has strengthened markedly over recent months**, with building permits showing sustained double-digit growth (27% y/y in December and 19.6% y/y in January 2026). However, over the past 12 months to January, permits have reached 141,239 units (+10.6% y/y), still well below new household formation (around 220,000), implying a widening housing deficit despite the recent momentum.
- ▶ **Overall, house prices continue to rise at record nominal rates.** In Q4 2025, the appraisal-based house price index (MIVAU) accelerated to 13.1% year-on-year (from 12.1%), while the transaction price index (INE) increased to 12.9% (from 12.8%). By contrast, the repeat-sales house price index (Registrars) moderated from 16.1% to 15.2%.

Sensitivity of international arrivals to security conditions

% response to a 1 point increase of the GPR index*

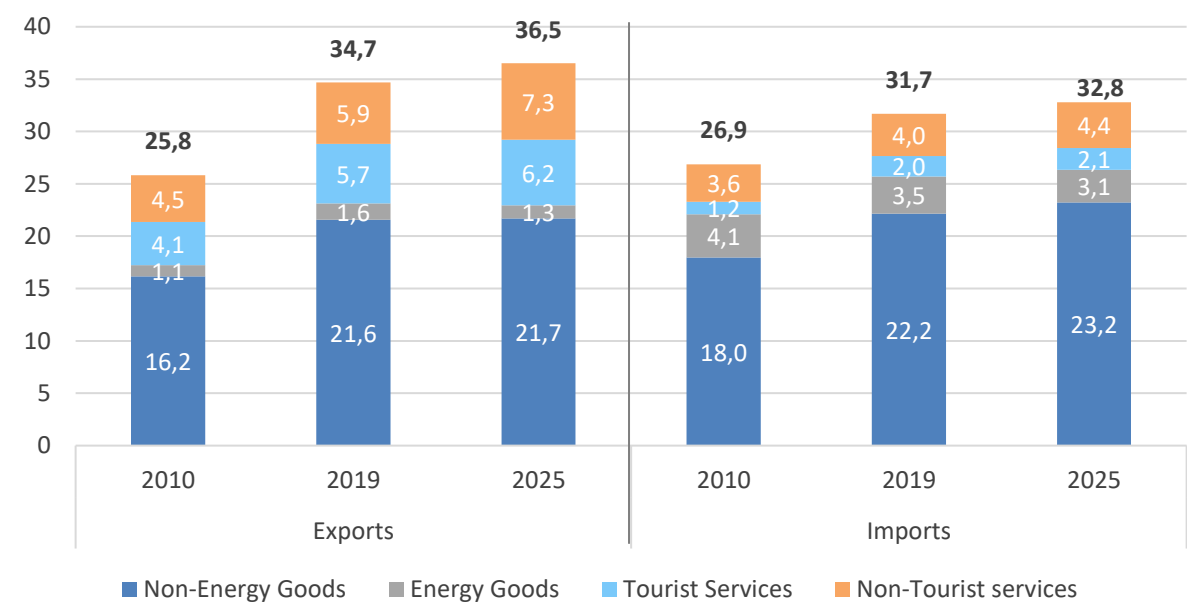


Note: (*) Geopolitical Risk Index, by Iacovello & Caldara (2022). International arrivals were c. 97 million in 2025.

Source: CaixaBank Research, based on data from INE and Thomson Reuters data.

Exports and Imports of Goods and Services

(% of GDP)



- ▶ **The tourism sector continues to grow, albeit at a modest pace.** In February 2026, international arrivals rose by 2.8% year-on-year, while international tourist expenditure increased by 4.6% yoy. We estimate that tourism GDP grew by +2.7% in 2025 and we forecast it to expand by +2.1% in 2026. Overnight stays by residents in tourist accommodations had a solid start to 2026 (+0.8% yoy in the first two months). 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.
- ▶ **Prolonged instability in the Middle East poses upside risks of between 1.0 and 1.5 p.p. to tourism GDP forecasts,** as tourist arrivals are redirected towards destinations perceived as safer. Internal high frequency trackers of international card spending in CaixaBank POS terminals show a marked acceleration in tourism spending in March from European and Americas' tourists.
- ▶ **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.
- ▶ **Downward risks to the current account forecast for 2026 arise from higher energy import prices linked to the Middle East war.** Under the baseline, the current account surplus is expected to edge down from 2.9% of GDP in 2025 to 2.7% in 2026, supported by a still-large services surplus (around 6.7% of GDP), while the non-energy goods balance is projected at around -1.5% of GDP, reflecting firm domestic demand. However, based on the average level of 2026 futures prices as of 7 April, higher oil prices would worsen the energy goods balance by around 0.4 pp of GDP, while higher gas prices would add a further 0.2 pp. Taken together, this implies a potential deterioration of about 0.6 pp of GDP in the current account, through the energy goods balance alone, lowering the surplus to around 2.1% of GDP if fully materialized.

The Council of Ministers held on March 20, 2026, approved a plan to mitigate the economic impact of the war in the Middle East, mainly based on energy tax cuts and sectoral aid. The package mobilizes around €5,000 million ($\approx 0.3\%$ of GDP), assuming a duration until June 30, 2026. If in April the year-on-year variation of the electricity and/or fuel CPI does not exceed 15%, the tax reductions on electricity and/or fuel will cease to apply in June.

Tax Reductions

- ▶ Reduction of VAT on electricity from 21% to 10%, with estimated savings of –€539M according to the Ministry of Hacienda.
- ▶ Reduction of the Special Electricity Tax from 5.11% to 0.5%.
- ▶ Suspension of the Tax on the Value of Electricity Production (IVPEE), with an estimated fiscal impact of €450M.
- ▶ Reduction of VAT on fuels from 21% to 10%, with estimated savings for individuals & companies of –€507M. It is estimated to reduce the cost of gasoline by €0.15/liter.
- ▶ Reduction of the Hydrocarbon Tax to the minimum allowed by the EU, with a revenue loss of –€657M.
- ▶ Reduction of VAT on gas from 21% to 10%.

Sectoral Measures

- ▶ Aid of €0.20/litre of professional diesel for farmers and transport (€367M).
- ▶ Extraordinary aid for the increase in farmers' costs due to the use of fertilizers (€500M).
- ▶ 80% discount on electricity tolls, with a compensation to the system estimated at €220M.
- ▶ Compensation for indirect CO₂ costs to industry: Direct aid amounting to €300M.

Social Measures

- ▶ Reinforcement of the Thermal Social Bonus (+€90M) and maintenance of the electricity social bonus.
- ▶ Ban on the cutting off of essential supplies (electricity, gas, water)
- ▶ Ban on layoffs in companies receiving public aid.

ICO Loans

- ▶ Guarantee line managed by ICO of up to €2,000M to facilitate financing for fuel purchases by transport operators (no direct impact on the deficit).
- ▶ Increase of €300M in the ICO-MAPA-SAECA credit line for the agri-food and fisheries sector.

Structural Measures

- ▶ Auto+ Program for the purchase of efficient vehicles (400 M€).
- ▶ Measures related to underground gas storage (45 M€)..
- ▶ Tax incentives for the energy transition: deductions in personal income tax (IRPF), accelerated depreciation in corporate tax (IS), and rebates on local taxes (property tax and taxes on constructions, installations, and works).

Assessment

- ▶ Easing households' energy bills is positive. With an approximate duration of three months, we estimate that these measures could reduce the impact of the shock on inflation by c.0.4 pp.
- ▶ They will cushion a significant share of the shock to GDP.
- ▶ Measures that are easy to implement but not very targeted.

Public deficit in 2025 has decreased sizably till 2.4% of GDP (2.2 w/o Dana exceptional spending)

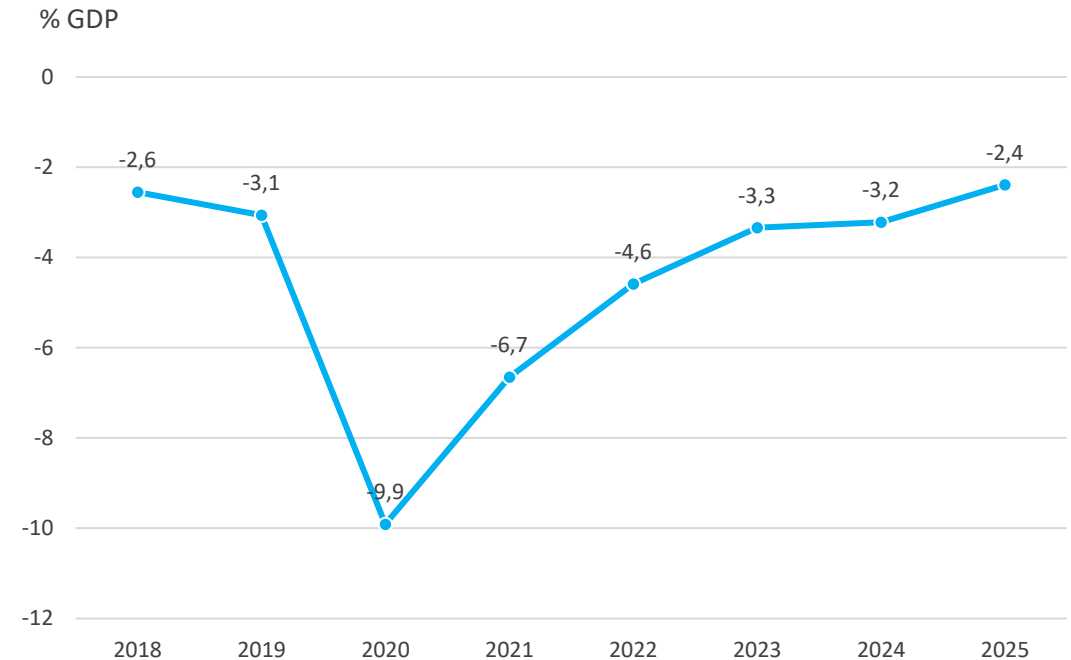
Public accounts

	2024 M€	2025 M€	2024 % GDP	2025 % GDP	2024-2025 %
Revenues	673.734	724.554	42,3	42,9	7,5
Tax revenues	381.342	418.057	23,9	24,8	9,6
Social contributions	210.337	223.612	13,2	13,3	6,3
Other revenues*	82.055	82.885	5,1	4,9	1,0
Expenditures	725.001	764.884	45,5	45,3	5,5
Public employee compensation	172.749	181.494	10,8	10,8	5,1
Social monetary transfers	268.813	286.551	16,9	17,0	6,6
Gross capital formation	43.485	49.632	2,7	2,9	14,1
Intermediate consumption	89.450	96.005	5,6	5,7	7,3
Interest	38.793	40.314	2,4	2,4	3,9
Other expenditures**	111.711	110.888	7,0	6,6	-0,7
Public balance	-51.267	-40.330	-3,2	-2,4	-21,3
Dana impact	-5.676	-3.550	-0,4	-0,2	-37,5
Public balance excl. Dana	-45.591	-36.780	-2,9	-2,2	-19,3

Notes: * Net property income, EU funds... ** Subsidies, capital transfers, social transfers in kind...

Source: CaixaBank Research, based on data from the Ministry of Finance.

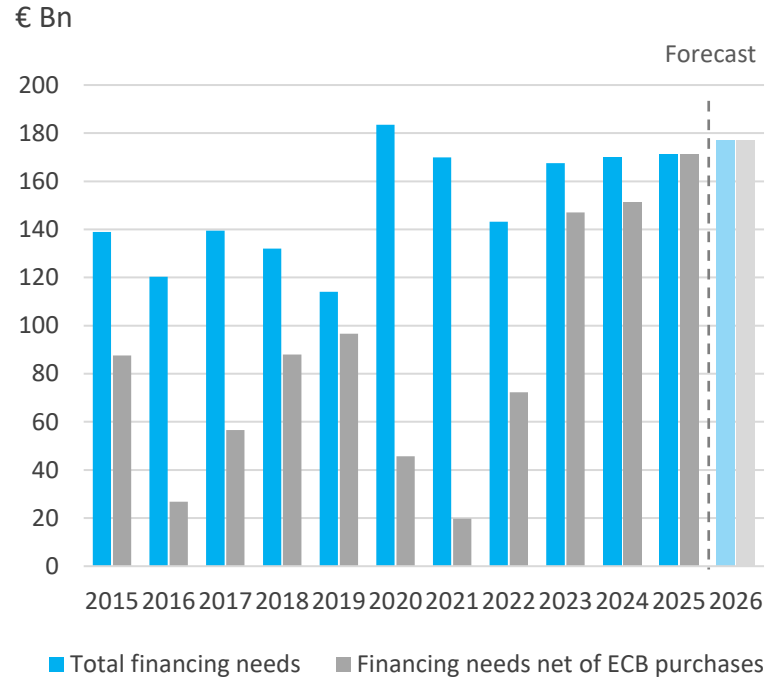
Public deficit



- ▶ **Deficit 2025:** The public deficit for 2025 was 40,330 million euros (2.4% of GDP), in line with the forecast by CaixaBank Research. The extraordinary expenditure due to the Dana amounted to 3,550 million euros (0.2 percentage points of GDP). Excluding these exceptional expenses, the public deficit was 2.2% of GDP, 0.3 pp below the target set by the Government and the European Commission and 0,7 pp below 2024. The deficit was reduced thanks to a vigorous growth in public revenues of 7.5% while public spending grew by 5.5%.
- ▶ **2026 Fiscal Outlook:** Before the outbreak of the Iran conflict, our baseline envisaged a fiscal adjustment of just under half a percentage point in 2026 and a headline deficit of 2.1% of GDP, supported by the unwinding of temporary spending —including DANA-related measures— and solid economic momentum, partly offset by higher defense expenditure. **Mild upside risks to the 2026 deficit** stem from the deployment of energy relief measures to cushion the impact of the Middle East conflict. A first package was approved in March and is in force until end-June, with a budgetary cost of around €5bn (c.0.3% of GDP). The cost would rise if the measures were extended beyond June, largely depending on the duration of the conflict.
- ▶ We expect **public debt to stand at around 99% of GDP** at the end of 2026 after closing 2025 at 100.7%. Net of central bank holdings, public debt will be around 76.7% of GDP, well below past peaks such as 101.6% in 2014.

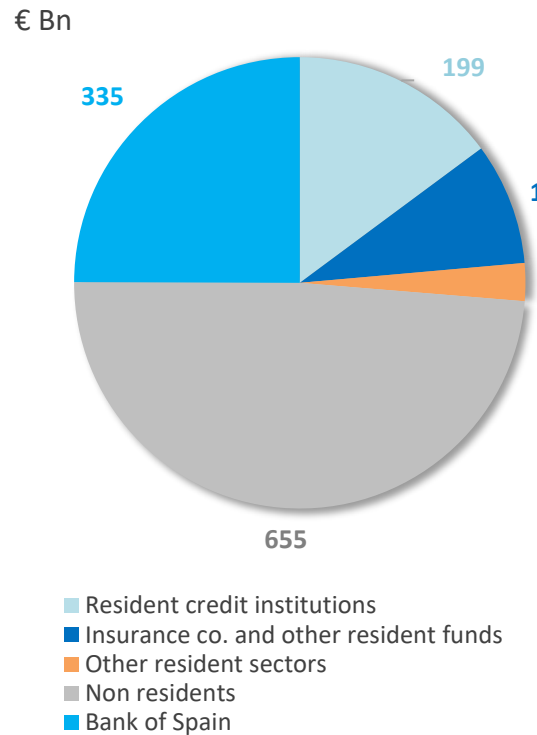
The Treasury projects a moderate increase in financing needs for 2026, expected to be comfortably absorbed thanks to robust demand

Spain: Gross financing needs



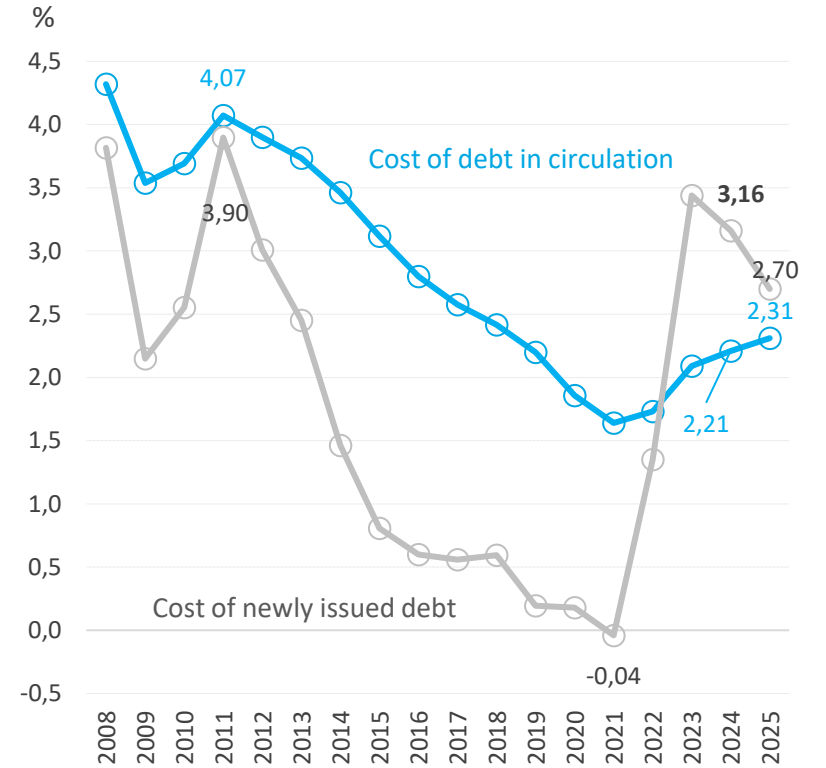
Note: *Amortisation funds do not include short-term bills.
Source: CaixaBank Research, with data from the Directorate-General for the Treasury.

Public debt holdings (excl. bills)



Note: December data.

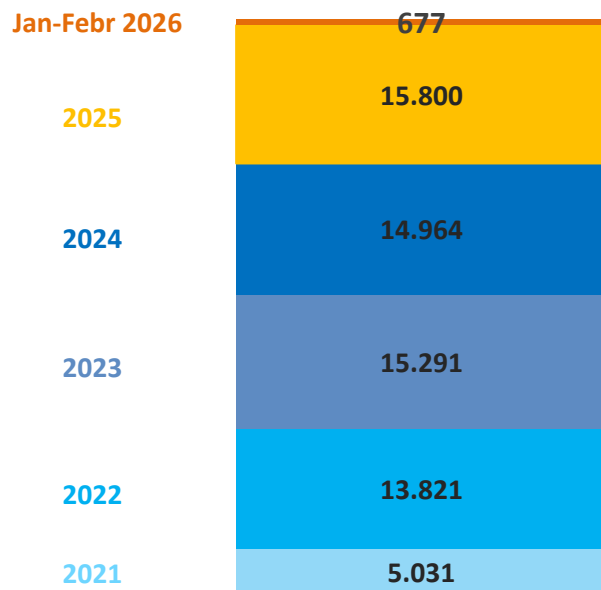
Cost of debt: State



- ▶ **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%).

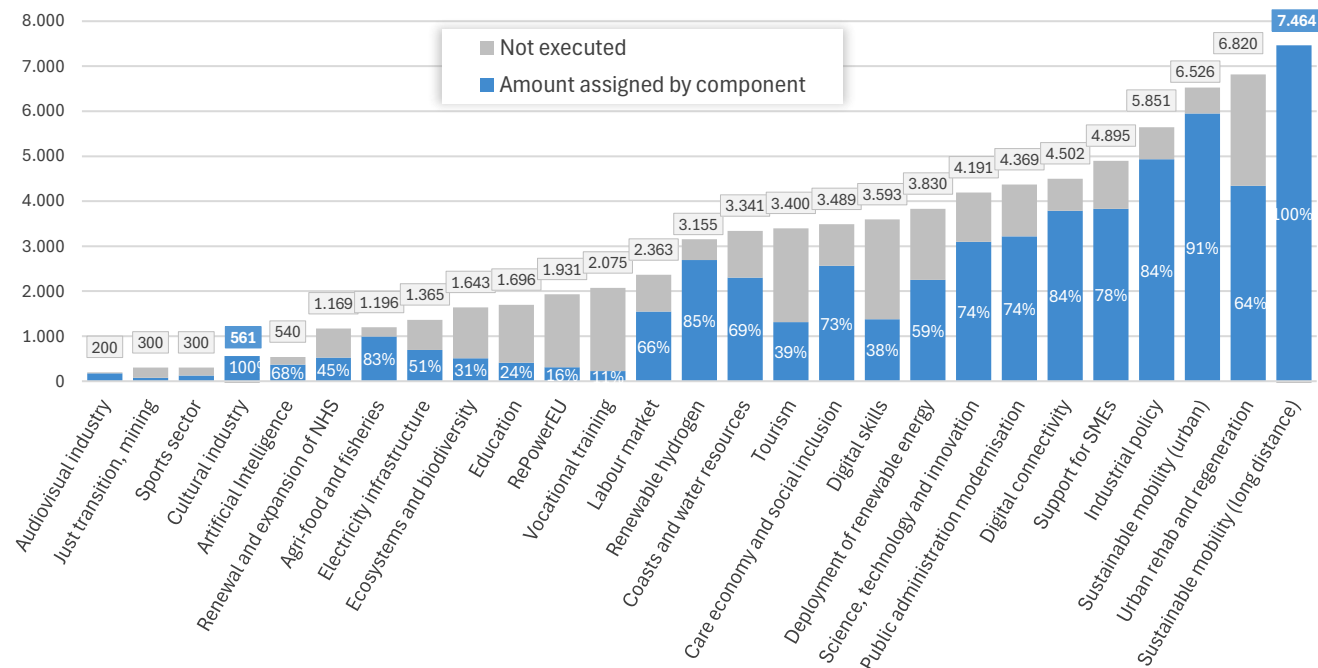
Execution of PRTR

Total grants (Million euros)



Allocation and percentage executed by components

M€ (only grants) and %



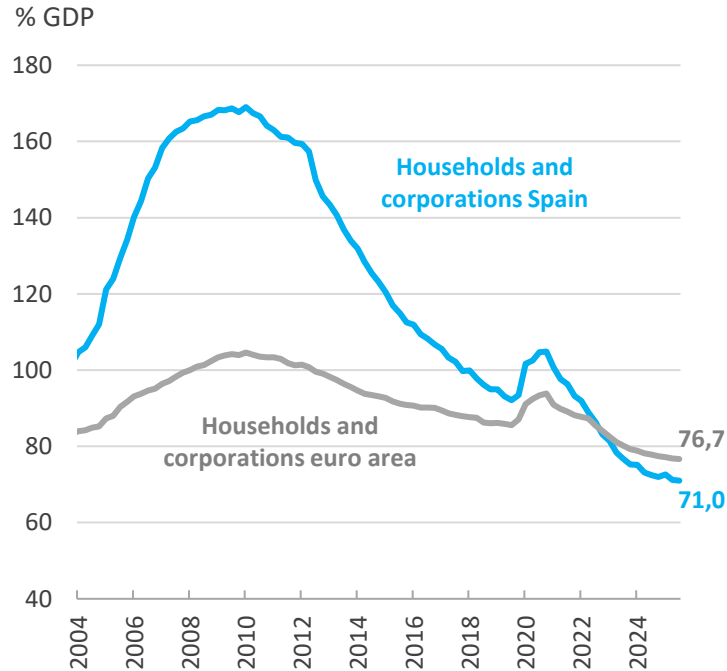
Source: AiREF Monitor.

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

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

- ▶ 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 Dec-25.
Source: Caixabank Research with data from ECB, Eurostat.

Private domestic credit

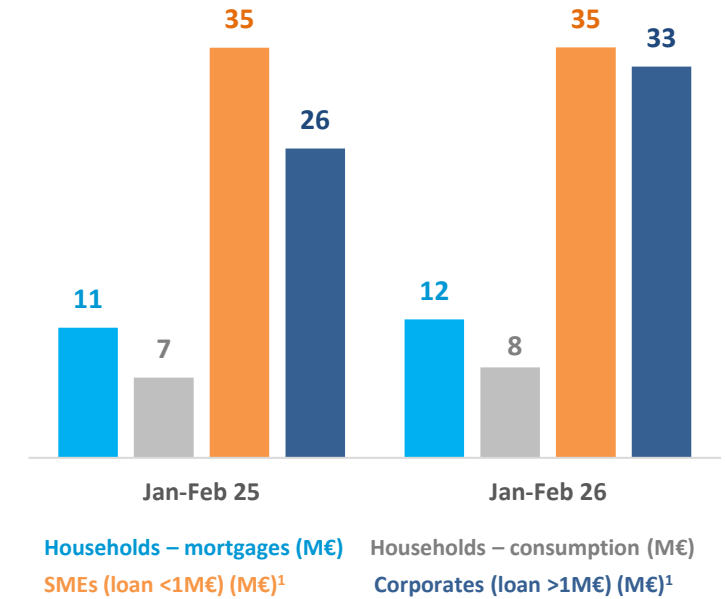
Year-on-year (%)

	Dec-25	Feb-26 (latest)	2026 (forecast)
	% yoy	% yoy	% yoy
Total credit	3,5%	3,7%	4,5%
Households	3,8%	4,1%	4,6%
Housing mortgages	3,5%	3,8%	4,5%
Other purposes	4,5%	5,1%	4,8%
Of which consumption	10,4%	11,1%	8,6%
Businesses	2,9%	2,9%	4,5%
Non-real estate developers ¹	3,2%	3,2%	-
Real estate developers ¹	1,9%	1,9%	-

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

New lending activity by sector

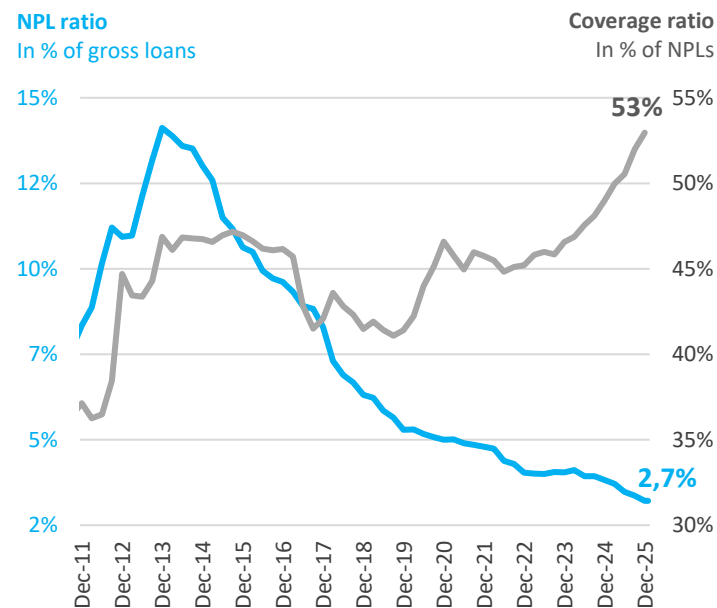
YTD, €Bn



Source: Caixabank Research with data from Bank of Spain.

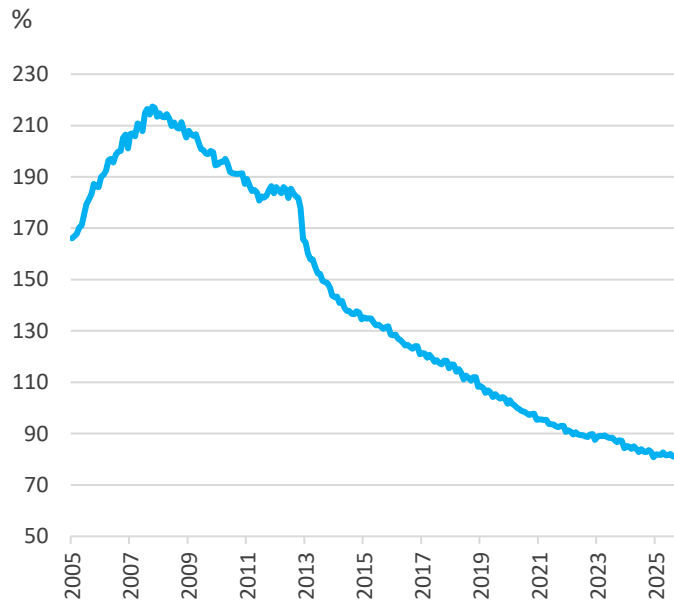
- ▶ **Households and corporate debt levels** (including debt securities) remain below euro area averages in 4Q25. Both sectors have deleveraged in terms of GDP, sitting below pre-pandemic levels.
- ▶ **New mortgage production** continues to grow, but at a more moderate pace after a period of strong expansion (accumulated new lending from January to February grows +6.4% yoy).
- ▶ **New lending for consumption** remains buoyant (accumulated new lending from January to February grows +12.4% yoy).
- ▶ **New lending to corporates** grows especially in loans above 1M€ (accumulated new lending from January to February grows +11.5% yoy).
- ▶ **Consequently, growth in the stock of credit to the Spanish resident private sector continues to accelerate through February.** We expect this trend to continue in the year and gradually converge to a growth rate below nominal GDP growth.

NPLs and coverage ratios¹



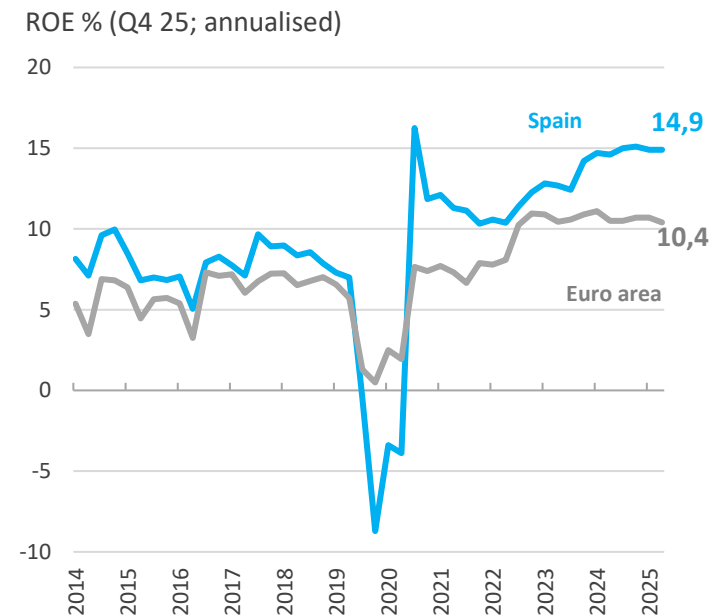
Note: (1) latest available data Jan-26 and Dec-25, respectively
Source: CaixaBank Research with data from Bank of Spain.

HHs & NFCs loan to deposit ratio



Note: loans and deposits to residents in Spain, on a non-consolidated basis.
 Latest data available Feb-26.
Source: CaixaBank Research with data from Bank of Spain.

Banks' profitability



Source: CaixaBank Research with data from EBA (Dashboard-Q4 25).

- ▶ **NPLs remain stable below 3.0%.** The share of stage 2 loans on a group level stood at 6.3% in 4Q25 (slightly up from 3Q25), remaining below the EU average.
- ▶ **Household and non-financial corporation (NFC) deposits in February 2026 remain close to the all-time high reached at the end of 2025.** Seasonally adjusted data show strong growth (+5.5% yoy in Feb'26). Loan to deposit ratio remains stable at very comfortable levels (c. 80%)
- ▶ **Profitability remained stable in 4Q25, with ROE at 14.9%, unchanged from 3Q25.** This performance reflects the strong resilience of net interest income amid declining interest rates, supported by positive loan volume growth, higher fee income, and lower 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 4Q25.** 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.

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.