



Spain

Macroeconomic & Financial Outlook

CaixaBank Research

June 2026

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Activity

- ▶ **We revise energy price forecasts upward.** Our 2026 forecast for Brent now stands at 90\$/b (vs. 67\$/b previously) and 2027 is revised to nearly 79\$/b (vs. 65\$/b prev.). For TTF gas, we have revised our 2026 forecast to 43€/MWh (vs. 31€/MWh prev.) and 2027 to 36€/MWh (vs. 26€/MWh prev.), reflecting recent futures' pricing. After last month's spike, markets have eased modestly, with Brent now below \$100/b, although tensions in the Middle East remain unresolved.
- ▶ **Market expectations fluctuate between two and three ECB rate hikes this year, with a first hike now seen in June with very high probability,** a clear shift from pre-conflict expectations of stable rates.
- ▶ **We revise Spanish GDP growth down to 2.1% in 2026 and 1.8% in 2027 (–0.3pp and –0.2pp, respectively),** reflecting the impact of the Iran conflict. Higher energy prices are the main force behind the revision in 2026. The drag on activity stemming from higher inflation, lower external demand and higher interest rates will be partially offset by fiscal support, household savings and an improved tourism outlook.
- ▶ **Growth in Spain will remain dynamic and domestically driven in 2026,** supported by population growth linked to sustained immigration inflows, elevated household savings, the continuation of the investment cycle, a diversified energy mix and solid services exports, partly offsetting weaker goods trade. **Our 2026 Spain growth forecast is well above the 0.7% expected for the euro area.**
- ▶ **Inflation is expected to rebound to around 3.5% in 2026 (+1.1pp vs. pre-conflict),** driven mainly by higher fuel prices. In May, inflation was stable at 3.2%, as energy prices remained broadly unchanged relative to April. We expect inflation to fall below 3% in 2027 and gradually converge to 2% over the medium term.
- ▶ **High-frequency indicators remain consistent with solid growth, though the picture is becoming more mixed.** Employment figures in May have been positive, while consumption data and services PMI in Q2 point to some moderation.
- ▶ **House prices remain very dynamic at the start of 2026,** underpinned by a persistent imbalance between strong demand—supported by population growth, a solid labour market and favourable financial conditions—and still insufficient supply. The Q1 print surprised to the upside, with YoY growth of 13.9% in the MIVAU price index (appraisals) pointing to upward risks to our 2026 forecast, currently at 10.0%.
- ▶ **Fiscal deficit remains at low levels:** it is expected to reach 2.3% of GDP in 2026. This represents an increase of 0.2pp relative to our previous forecast, reflecting temporary spending measures to cushion the impact of the Middle East conflict and February storms, partly offset by stronger revenues and a better-than-expected starting point.

Banking Sector

- ▶ **New lending maintains positive momentum, supported by strong activity levels and, as a result, credit stock growth remains at an elevated pace in April.** The domestic NPL ratio remains contained (around 2.6% in March), 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 assets under management, with deposits partly supported by higher precautionary savings.

Main economic forecasts

Forecast

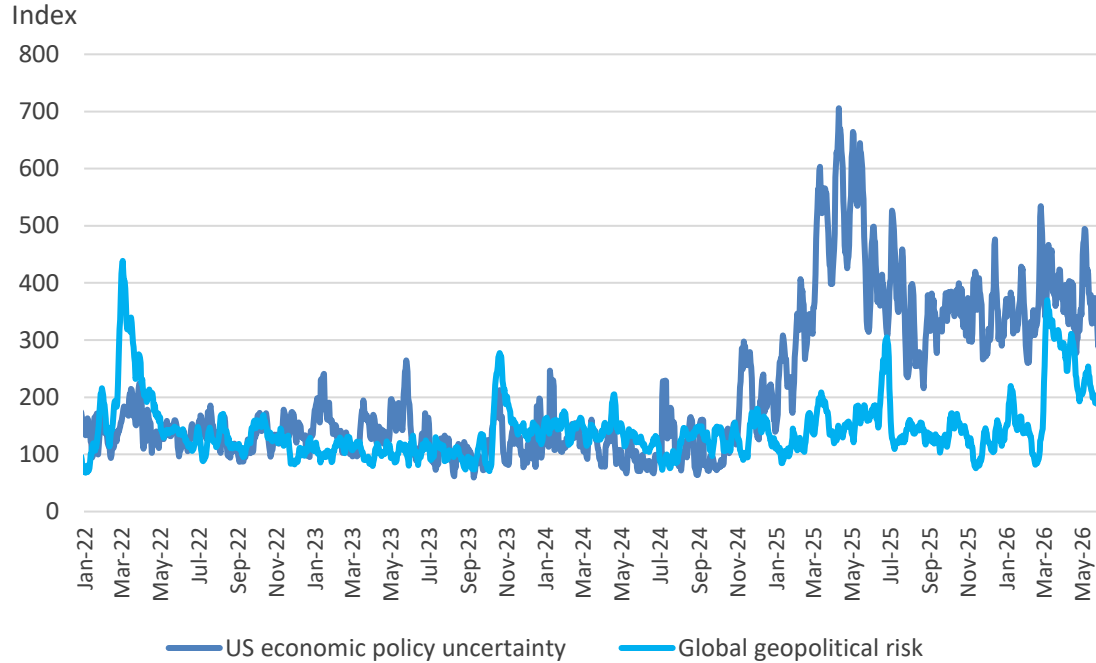
| % YoY. unless otherwise specified | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|-------|-------|------|------|-------|-------|-------|-------|-------|-------|------|------|
| GDP | 2,9 | 2,9 | 2,4 | 2,0 | -10,9 | 6,7 | 6,4 | 2,5 | 3,5 | 2,8 | 2,1 | 1,8 |
| Private Consumption | 2,6 | 3,1 | 1,8 | 1,0 | -12,2 | 7,2 | 4,9 | 1,7 | 3,0 | 3,3 | 2,4 | 1,8 |
| Public Consumption | 0,9 | 1,0 | 2,1 | 2,2 | 3,5 | 3,6 | 0,8 | 4,5 | 2,9 | 2,4 | 1,4 | 1,9 |
| 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 | 3,9 | 2,1 |
| GFCF - equipment | 1,6 | 9,1 | 4,2 | 1,7 | -13,5 | 3,3 | 2,1 | 2,6 | 1,9 | 7,4 | 2,8 | 2,2 |
| GFCF - construction | 0,9 | 6,8 | 10,1 | 8,4 | -8,4 | 0,5 | 4,0 | 5,5 | 4,0 | 5,2 | 4,1 | 2,0 |
| Exports | 5,4 | 5,6 | 1,7 | 2,3 | -20,1 | 13,4 | 14,2 | 2,2 | 3,2 | 3,6 | 0,6 | 1,9 |
| Imports | 2,6 | 6,7 | 3,9 | 1,3 | -15,1 | 15,0 | 7,7 | 0,0 | 2,9 | 6,2 | 1,6 | 2,1 |
| Unemployment rate | 19,6 | 17,2 | 15,3 | 14,1 | 15,5 | 14,9 | 13,0 | 12,2 | 11,3 | 10,5 | 9,8 | 9,3 |
| CPI (average) | -0,2 | 2,0 | 1,7 | 0,7 | -0,3 | 3,1 | 8,4 | 3,5 | 2,8 | 2,7 | 3,5 | 2,7 |
| 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 | 2,3 | 2,5 |
| General Government Balance (% GDP) | -5,3 | -3,0 | -2,6 | -3,1 | -9,9 | -6,7 | -4,6 | -3,3 | -3,2 | -2,4 | -2,3 | -2,3 |
| General government debt (% GDP) | 101,9 | 101,2 | 99,8 | 97,7 | 119,3 | 115,7 | 109,3 | 105,2 | 101,7 | 100,7 | 99,3 | 97,7 |
| Housing prices | 1,9 | 2,4 | 3,4 | 3,2 | -1,1 | 2,1 | 5,0 | 3,9 | 5,8 | 11,2 | 6,3 | 7,3 |
| Risk premium (vs. 10Y Bund. bps. Dec.) | 124 | 120 | 97 | 88 | 86 | 67 | 104 | 102 | 81 | 59 | 47 | 55 |
| 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 | 4,4 |

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

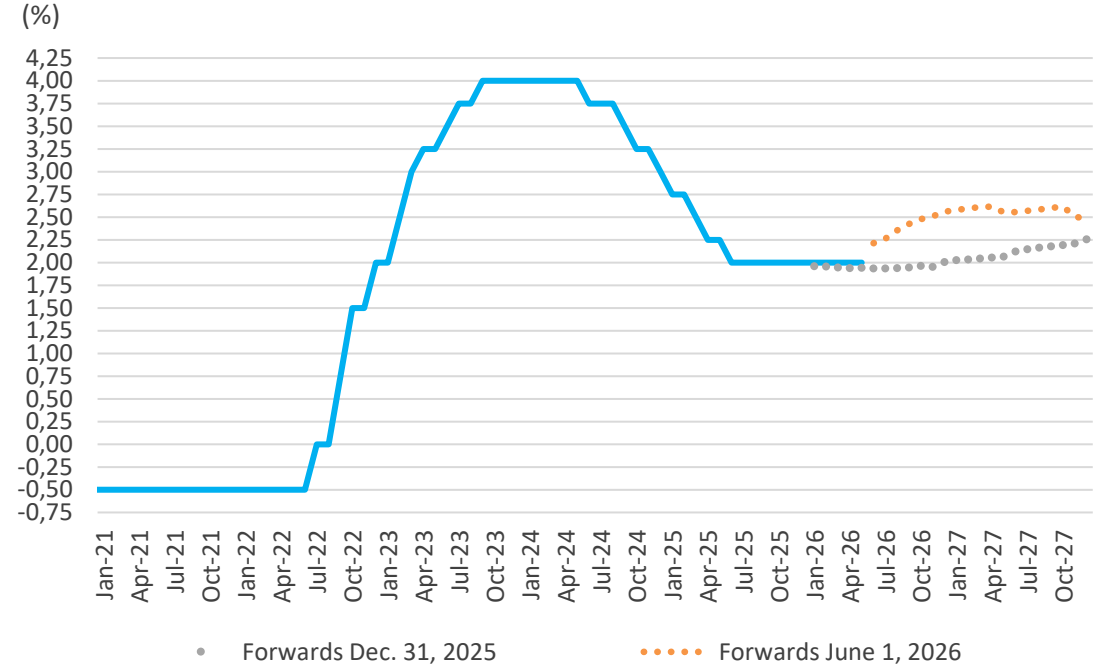
Source: CaixaBank Research.

The Middle East conflict will trigger a moderate ECB tightening

Policy uncertainty and geopolitical risk



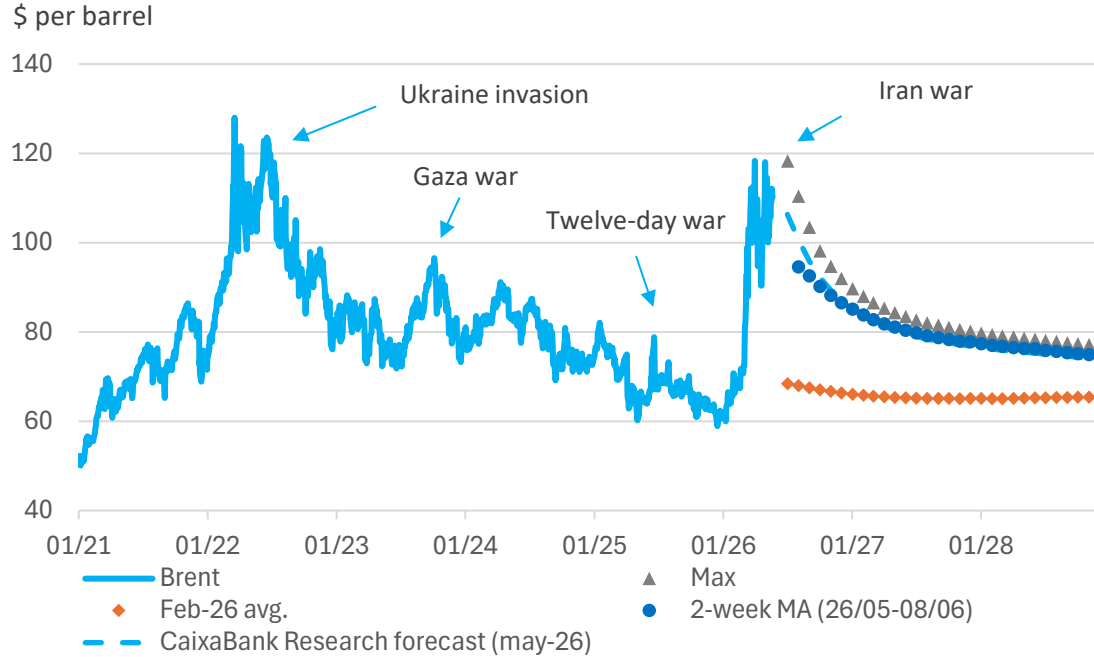
ECB deposit rate



- ▶ **The ECB sets off for a measured tightening.** The ECB is set to raise rates in June (depo from 2.00% to 2.25% with >90% prob., according to markets) as the Middle East conflict moves the euro area towards a scenario of “a meaningful but not-too-persistent rebound in inflation”. We see euro area headline inflation in the low 3% in 2026, mostly due to the direct effect of higher energy prices, followed by moderate indirect effects and a gradual easing of underlying inflation towards 2% in 2027-28 (the projection is based on May’s market pricing of oil & gas futures). We pencil a total of two ECB rate hikes, with the depo rate reaching 2.50% by Autumn 2026 and staying there until the ECB normalizes policy by end-2027. Markets have consistently priced between two and three hikes since the conflict started.
- ▶ **The ECB sets off from a “good place”, mitigating the need of a forceful adjustment.** 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.
- ▶ **Financial conditions have not tightened significantly.** After an initial risk-off reaction to the Middle East conflict, stock markets have rebounded – supported by a strong earnings season and renewed investor risk appetite, with the tech sector leading gains among U.S. and European stocks. 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]).

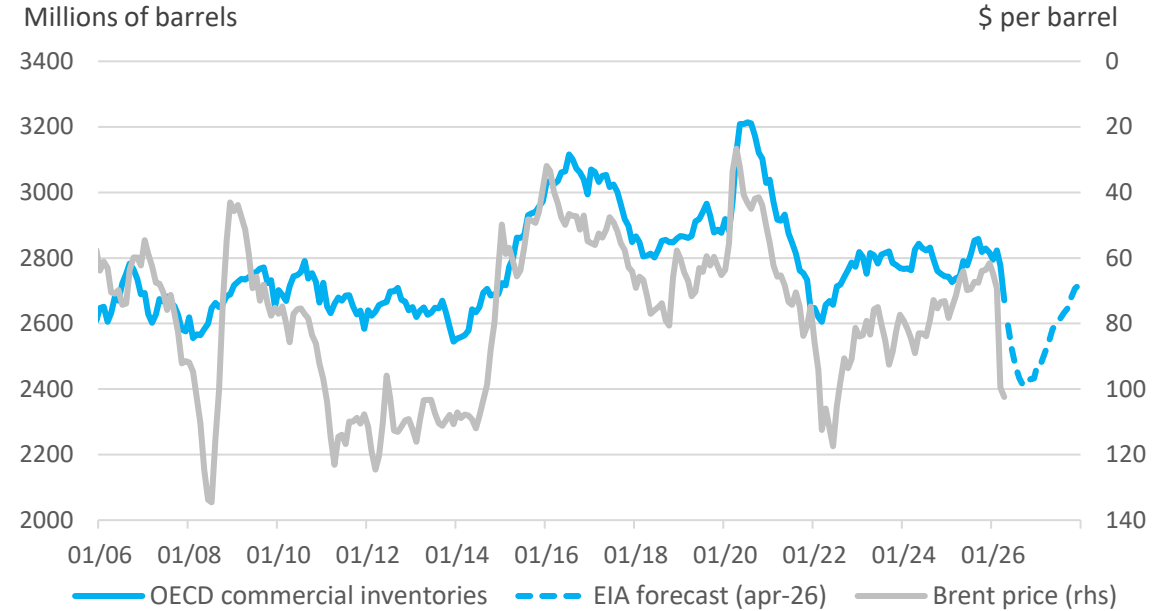
Longer-than-expected disruption to SoH flows could mean higher-for-longer commodity prices

Brent oil prices and futures



Note: Graph elaborated with data as of June 8th.
Source: CaixaBank Research, based on data from Bloomberg.

OECD commercial inventories and Brent prices



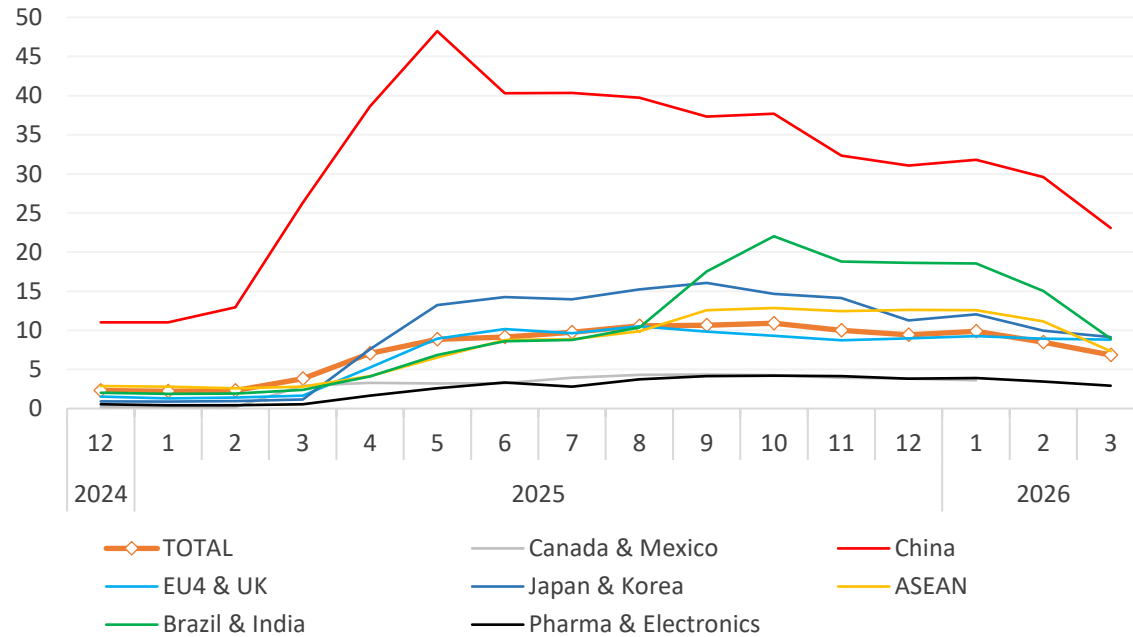
Note: We present monthly averages of Brent oil prices. Data for commercial inventories are available until April and we use EIA forecasts from May 2026 onwards, which assume a gradual resumption of SoH flows from June.
Source: CaixaBank Research, based on data from the US Energy Information Administration (EIA).

- ▶ **Oil prices.** Front-end oil prices (delivery in 2 months) have remained highly volatile over the past weeks, as a 2-month ceasefire endures, floating around 100\$/b. Futures' prices for delivery in December 2026 have remained above the 85\$/barrel floor, as the duration of the disruption in the Strait of Hormuz (SoH) widens and negotiation talks show limited progress. Using current futures, average Brent price for 2026 remains close to 90\$/b (vs. c. 67\$/b in Feb-26), while the average for 2027 nears 80\$/b (vs. c. 65\$/b in Feb-26), in line with our current scenario (89.7\$/b avg. for 2026, 78.6\$/b avg. for 2027).
- ▶ **Gas prices.** Front-end prices (delivery in 1 month) have stood in the 45-50€/MWh range over the past weeks, with futures nearly flat into the end of the 2026-27 winter season. Using current futures, the average TTF price for 2026 stands slightly below 45€/MWh (vs. 31€/MWh CABK Research Feb-26 forecast), while the average price for 2027 would be close to 35€/MWh (vs. 26 €/MWh CABK Research Feb-26 forecast), in line with our current scenario (43.4€/MWh for 2026, 36.4€/MWh for 2027).
- ▶ **Asymmetric upside risks.** The oil market has shifted into a supply-demand deficit of c. 8 mb/d (vs. c. 2 mb/d surplus pre-conflict) following the collapse of flows through SoH, largely offset by a rapid drawdown of inventories. OECD commercial stocks, though still within their historical range, are declining quickly and could approach critically low levels in Q3, even under the benign assumption of a resumption of SoH flows from June onwards. Even with a historical 400mn barrel release of strategic reserves, which has helped to absorb part of the shortfall, the erosion of inventories reduces available market buffers and increases the risk of non-linear price spikes.

US tariff de-escalation accelerates in 2026

Effective US tariffs

By trading partner group (%)

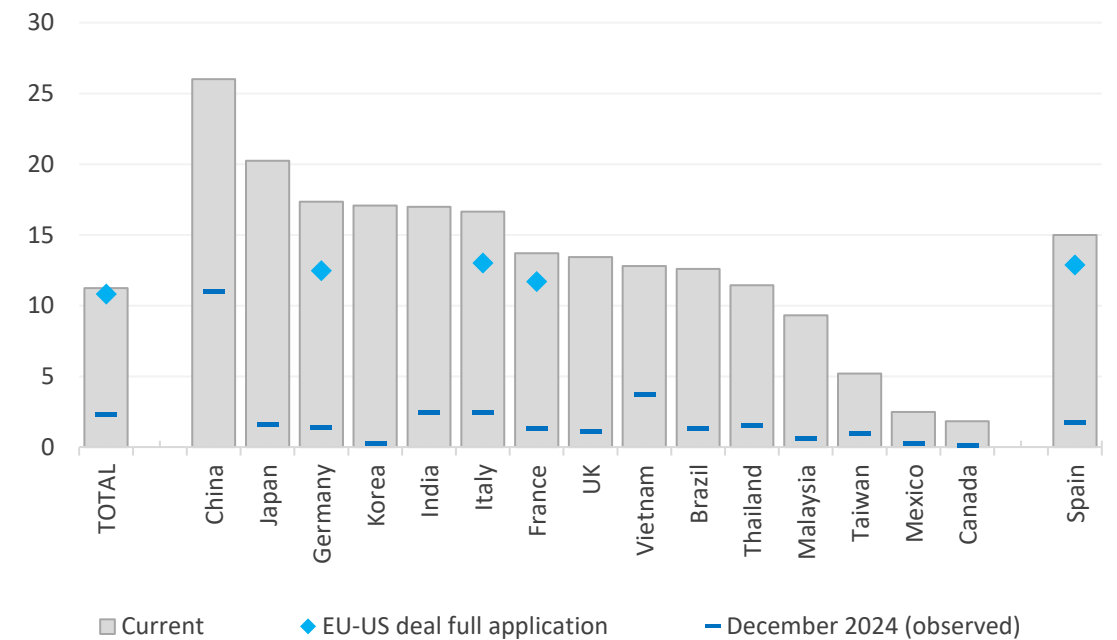


Note: EU4 = Germany, France, Italy and Spain. ASEAN = Cambodia, Philippines, Indonesia, Malaysia, Thailand and Vietnam. Pharmaceuticals and electronics (producers) = Belgium, Ireland, Netherlands, Switzerland, Singapore and Taiwan. Trade flow weights as of 2025.

Source: CaixaBank Research, based on Bloomberg data.

US tariffs based on announced policies

By main trading partner (%)



Note: The current estimate is based on 2025 trade flows and considers that legal clarifications are still pending on caps applied to S.232 tariffs.

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

- ▶ **The average effective tariff has fallen to its lowest level in a year.** Since November 2025, the agreement with China, the shift in trade towards lower-tariff products and suppliers, and the Supreme Court ruling have pushed the overall tariff on imports below 7%—the lowest since March and 4 p.p. below October. The decline is most pronounced in imports from Asia and Brazil, while European goods now face above-average tariffs (around 9%).
- ▶ **The EU is moving to implement last summer’s trade agreement.** Following Trump’s threats of higher tariffs on EU products, a deal between the European Parliament and the Council includes eliminating tariffs on US industrial goods and granting preferential access for selected agri-food products, alongside safeguard clauses and enforcement provisions. In return, the US committed to a 15% tariff cap on EU exports, including key sectors such as autos, aerospace and generic pharmaceuticals.
- ▶ **The composition of U.S. imports shifted towards lower-tariff goods in 2025.** Updating with last year’s trade data reduces the estimated average tariff under announced policies by 1 p.p. Taiwan drives the largest adjustment, with exports increasingly concentrated in electronics, largely exempt from tariffs. Taking this into account and assuming full implementation of the US-EU agreement, the average policy tariff would fall below 11% (from 14% before the Supreme Court ruling and 2% observed in December 2024).

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.

Update of macroeconomic scenario following the Middle East conflict

New macroeconomic scenario

Annual variation (%), unless otherwise stated

| Projections closed on: 26/05/2026 | 2025 | 2026 | 2027 |
|---|-------|--------------|--------------|
| GDP | 2.8 | 2.1 2.4 | 1.8 2.0 |
| Unemployment rate (% labor force) | 10.5 | 9.8 9.8 | 9.3 9.2 |
| Inflation | 2.7 | 3.5 2.4 | 2.7 2.2 |
| House prices | 11.2 | 10.0 10.0 | 5.0 5.0 |
| Savings rate (% of GDI) | 12.0 | 10.9 11.4 | 10.5 10.9 |
| Public balance (% of GDP) | -2.4 | -2.3 -2.1 | -2.3 -2.1 |
| Public debt (% of GDP) | 100.7 | 99.3 99.0 | 97.7 97.6 |

Forecasts from February 2026 in blue.

GDP: analysts' forecast

Year-on-year change (%)

| Ordered by forecast of 2026 | 2026 | 2027 |
|-------------------------------------|------------|------------|
| BBVA Research (Mar. 16) | 2.4 | 2.4 |
| European Commission (May. 21) | 2.4 | 1.9 |
| Consensus Forecasts (May. 15) | 2.3 | 1.9 |
| Bank of Spain (Mar. 27) | 2.3 | 1.7 |
| Airef (May. 15) | 2.2 | 2.0 |
| Funcas panel (May. 19) | 2.2 | 2.0 |
| Funcas (May. 6) | 2.2 | 1.8 |
| OECD (Jun. 3) | 2.2 | 1.7 |
| Government (Apr. 28) | 2.2 | |
| IMF (Mar. 20) | 2.1 | 1.8 |
| CaixaBank Research (May. 26) | 2.1 | 1.8 |

- ▶ **We revise GDP growth downwards: –0.3 pp in 2026 and –0.2 pp in 2027, bringing forecasts to 2.1% and 1.8%, respectively, due to the conflict in Iran.** In 2026, the negative impact stems from higher energy prices (–0.5 pp) and the combined effect of weaker external demand, heightened uncertainty, and higher interest rates (–0.3 pp). These factors are partly offset (+0.5 pp): by fiscal support, a reduction of the savings rate (from 12.0% of GDI to 10.9%) and a redirection of tourism flows toward Spain, leaving a net revision of –0.3 pp. In 2027, the downward revision is explained almost entirely by the impact of higher interest rates.
- ▶ In 2026, the Spanish economy will retain many of the features that characterised 2025. **Domestic demand will remain the main growth driver**, supported by private consumption and investment, while services exports—both tourism and non-tourism—will continue to perform well. By contrast, goods exports are expected to play a more subdued role, amid weak global trade and ongoing tensions in the Middle East.
- ▶ Compared to other analysts that have updated their projections recently, **our forecast is slightly on the conservative end, on both 2026 as well as 2027.**

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

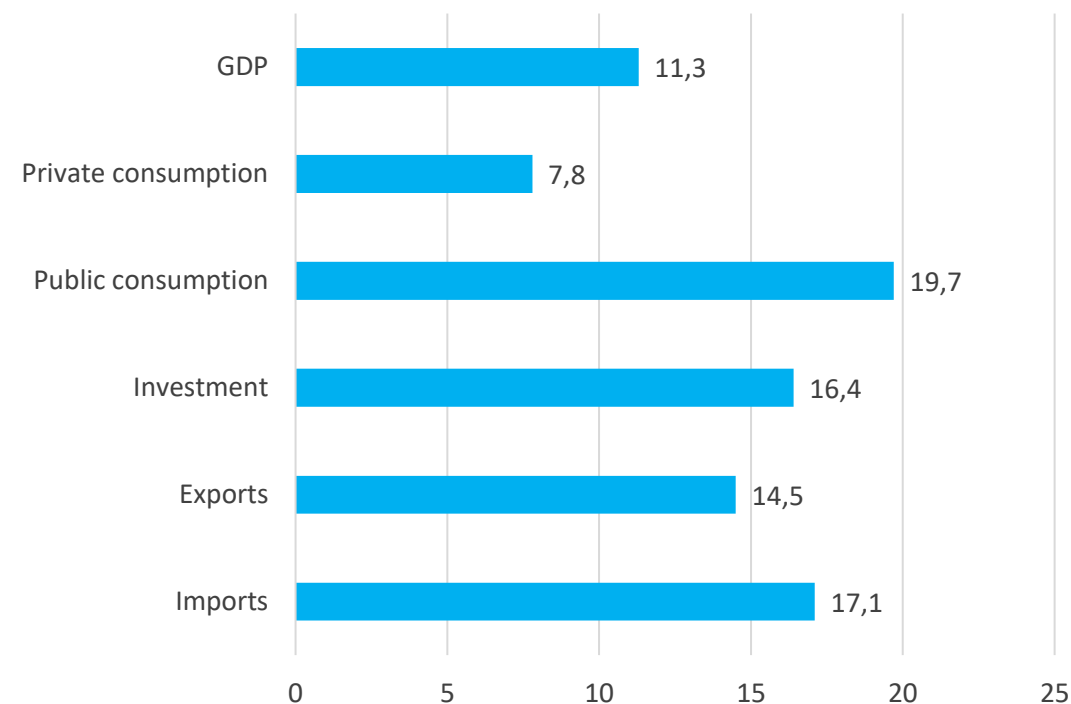
Breakdown of GDP

Year-on-year (%)

| | 2014-19 | 2024 | 2025 | 2026 (f) |
|----------------------------|---------|------|------|----------|
| GDP | 2.6 | 3.5 | 2.8 | 2.1 |
| Private consumption | 2.2 | 3.0 | 3.3 | 2.4 |
| Public consumption | 1.3 | 2.9 | 2.4 | 1.4 |
| Investment | 5.0 | 3.6 | 5.8 | 3.9 |
| Exports | 4.0 | 3.2 | 3.6 | 0.6 |
| Imports | 4.4 | 2.9 | 6.2 | 1.6 |

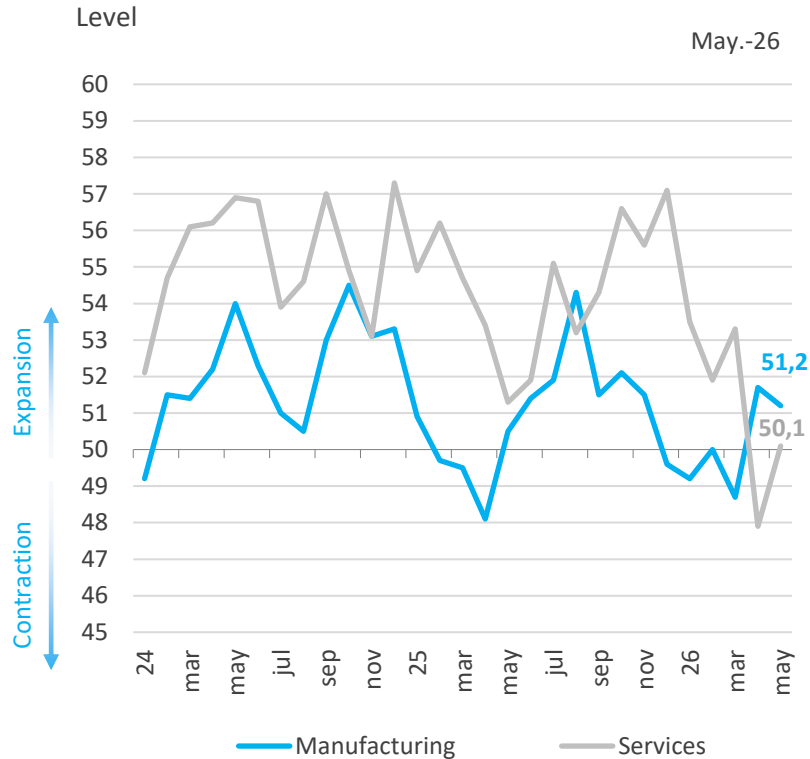
GDP Q1 2026

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.

PMI indices



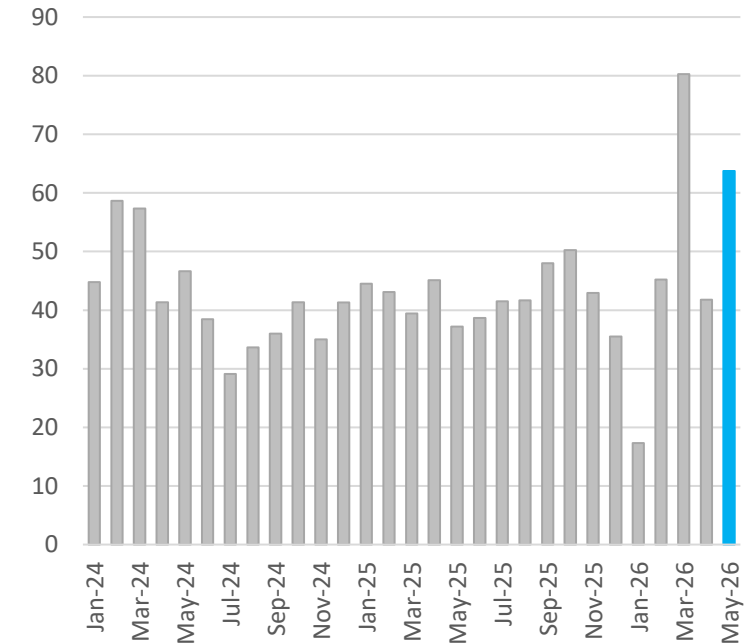
Indicators of economic activity

| | Q2 2026 | Q1 2026 | Data up to |
|--|---------|---------|------------|
| Workers registered to the Social Security system (qoq growth in % SA) | 0.6 | 0.5 | May |
| Retail sales (qoq growth in %, SA) | -0.7 | 0.0 | Apr. |
| CaixaBank Consumption Monitor (yoy growth in %) | 1.0 | 3.5 | May |
| Industrial Production (qoq growth in %, SA) | 1.2 | -1.0 | Apr |
| Manufacture PMI level, >50 expansion | 51.5 | 49.3 | May |
| Services PMI level, >50 expansion | 49.0 | 52.9 | May |

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)



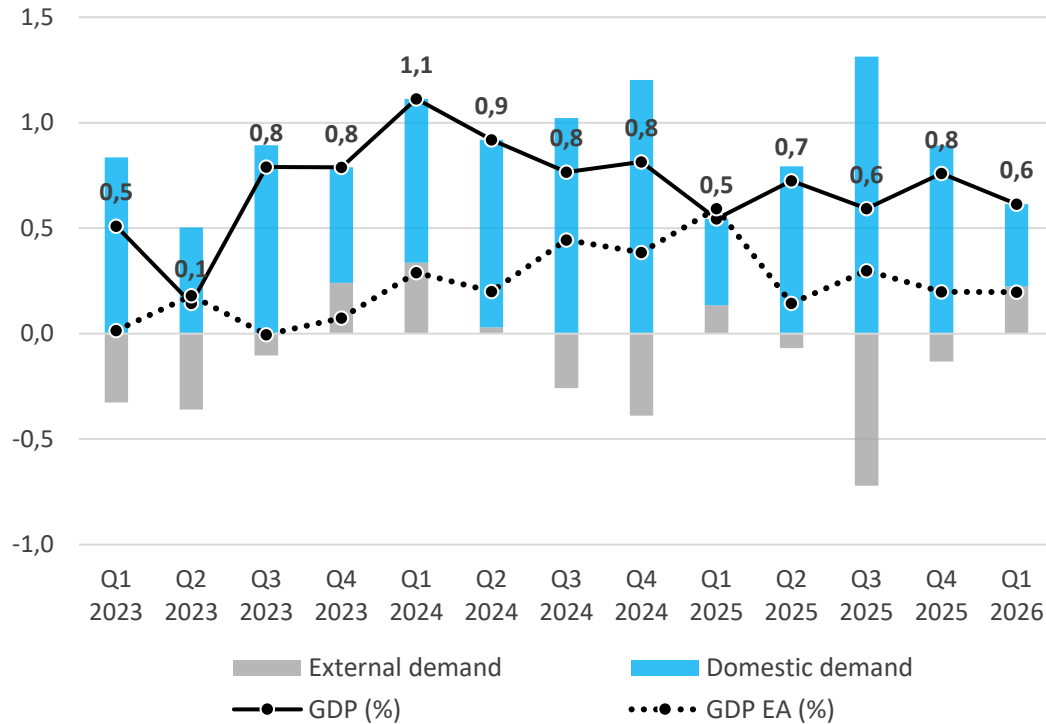
Note: (*) Seasonally adjusted.

Source: CaixaBank Research, with data from the MISSM.

- ▶ **Growth in employment proceeds at a robust pace while the services PMI improves in May.** Job creation remains solid, with seasonally adjusted Social Security registrations posting 63k new additions in May. Excluding the extraordinary regularisation of migrants already residing in Spain (launched April 2026, applications through June), registrations would have increased by around 41k, a rate very similar to the 47k monthly average from the first quarter of 2026. As for firms' economic sentiment, the manufacturing PMI stood at 51.2 in May, 0.5 points less than in the previous month and well into the expansionary region of the indicator (>50). Meanwhile, the services PMI rebounded from 47.9 to 50.1 although the April–May average remains below the Q1 average.
- ▶ **CaixaBank's Consumption Monitor rose by 0.1% yoy in May**—pointing to a loss of momentum in household spending. However, the slowdown was partly driven by temporary factors, including adverse calendar effects. Adjusting for these effects, we estimate consumption growth would have been close to 2% yoy in May, suggesting a more moderate deceleration broadly in line with the gradual cooling in private consumption embedded in our baseline scenario.
- ▶ Information available so far for Q2 remains limited. With due caution, current readings suggest that growth remains dynamic, albeit at a slower pace than in the previous quarter.

Contribution to quarterly GDP growth

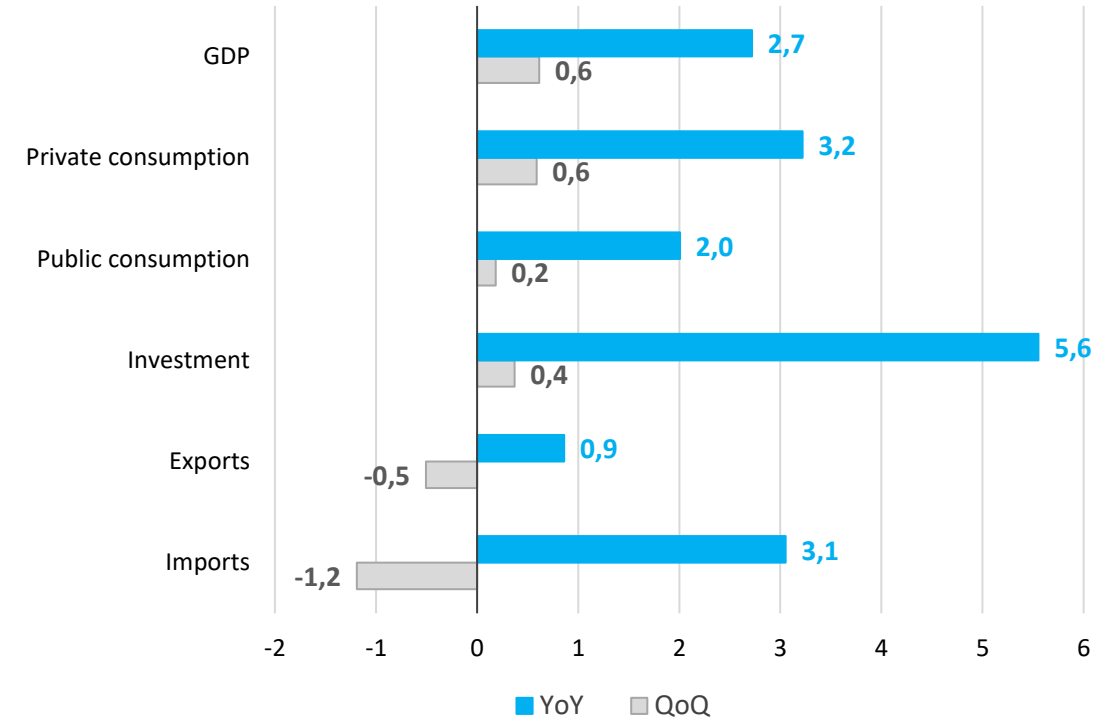
Percentage points and percentage change (%)



Note: GDP is quarter-on-quarter variation.

Q1 2026 GDP and its components

Quarter-on-quarter variation (%)

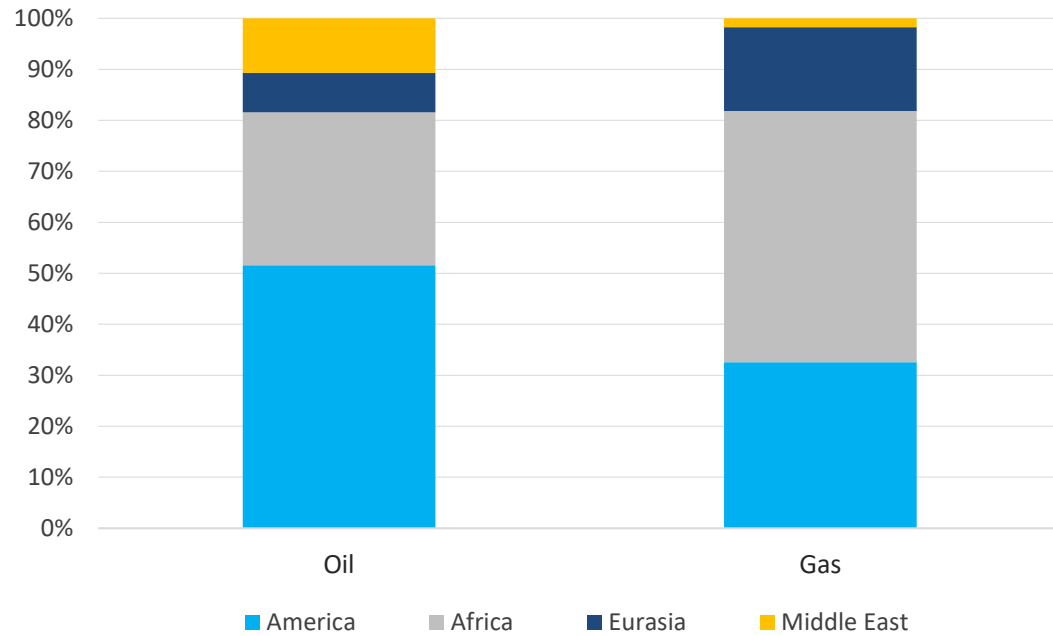


- ▶ **GDP growth remained strong in Q1 2026**, expanding by 0.6% qoq and 2.7% yoy. While quarterly growth eased by 0.2 p.p. compared to Q4, it came in above our expectations (0.5%). In annual terms, growth picked up slightly (+0.1 p.p.) relative to the previous quarter.
- ▶ **The composition of growth was broadly supportive.** On a quarterly basis, activity was driven by private consumption and net exports. Investment grew at a more moderate pace, consolidating on two consecutive quarters of strong gains. External demand made a positive contribution, with robust services exports offsetting weaker goods exports—an outcome that is not surprising given rising US protectionism and the conflict in Iran—while imports declined. On an annual basis, private consumption and investment continue to be the main engines of growth.

Spain: limited direct exposure to the Gulf region

Oil and gas imports by region

Percentage over total (%)

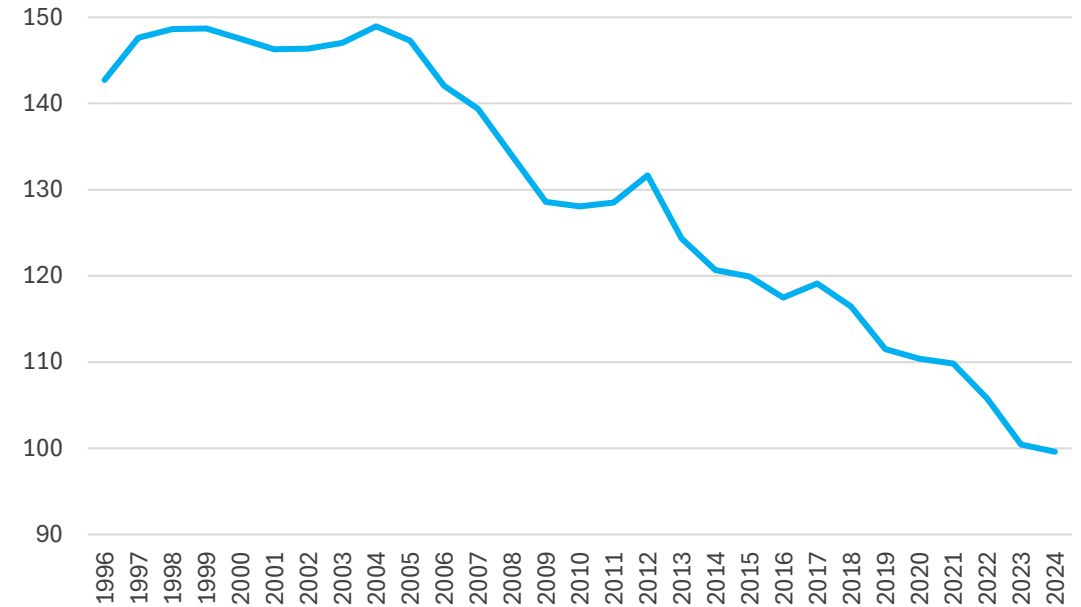


Note: Data from 2025.

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.

Spain: Energy shock lifts inflation outlook for 2026 to 3.5%

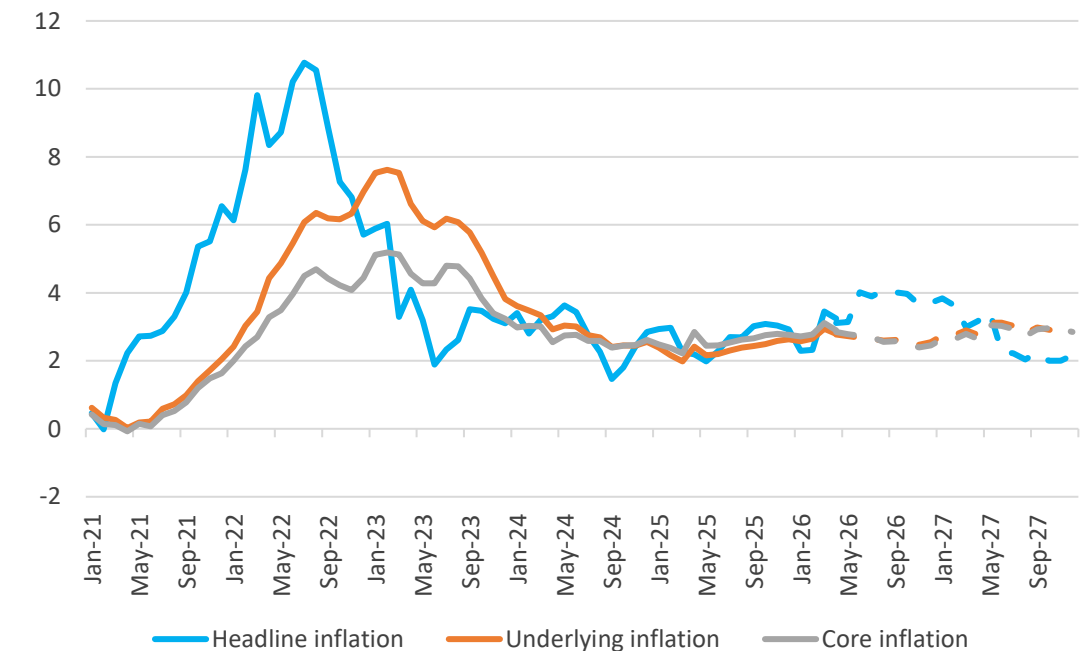
Spain: Inflation forecasts

(%)

| | 2025 | 2026 (f) | 2027 (f) |
|--|------|----------|----------|
| Headline inflation | 2,7 | 3,5 | 2,7 |
| Underlying inflation (excl. energy and non processed food) | 2,3 | 2,7 | 2,9 |
| Core inflation (excluding energy and food) | 2,6 | 2,7 | 2,8 |
| - Industrial goods | 0,6 | 1,0 | 1,5 |
| - Services | 3,4 | 3,3 | 3,4 |
| Food, beverages & tobacco | 2,7 | 3,9 | 4,2 |
| Energy | 3,4 | 8,4 | -2,7 |
| - Electricity | 15,0 | 2,6 | 0,9 |
| - Fuel | -3,2 | 12,1 | -4,4 |

Spain: Inflation components

(%)



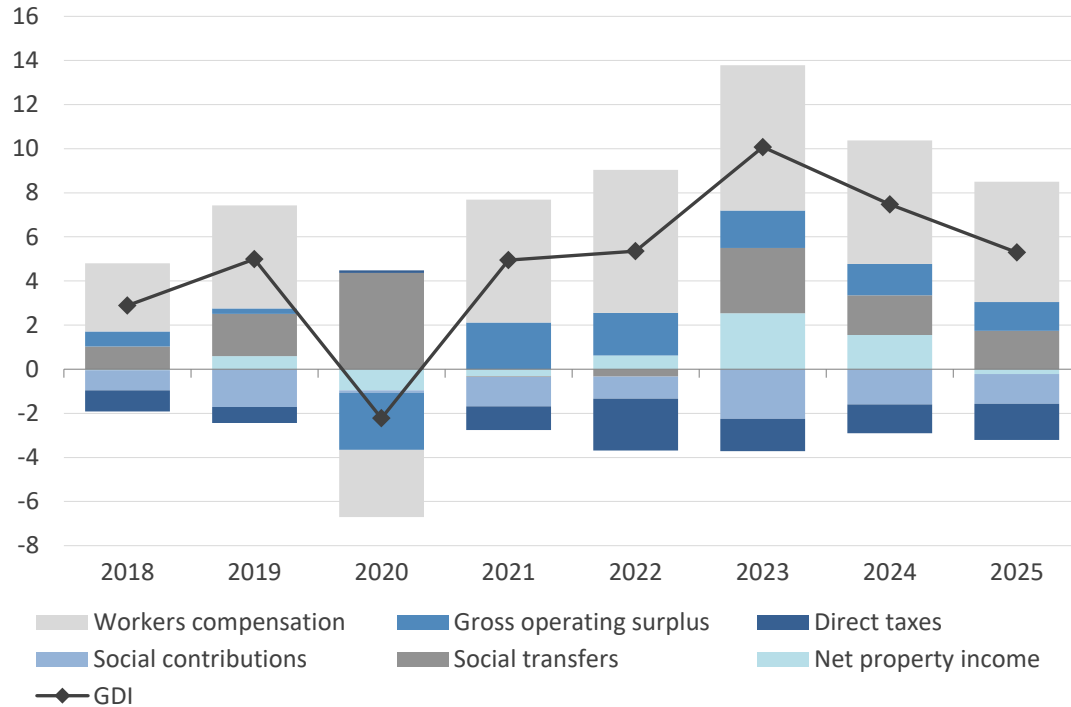
Note: Underlying inflation excludes energy and non-processed food. Core inflation excludes energy and food.
Source: CaixaBank Research, based on data from INE.

- ▶ **We expect inflation to rebound to around 3.5% in 2026**, 1.1pp above pre-conflict expectations, mainly driven by higher fuel prices, which in April stood 12% above February levels.
- ▶ **This rebound should be temporary, with inflation falling below 3% in 2027 and gradually converging toward 2% over the medium term.** At the same time, limited indirect effects are likely to emerge in 2027, particularly via energy-intensive components such as non-energy industrial goods and food, which reacted early during the last inflationary episode. **Given the moderate and contained rebound in energy prices, we do not expect these effects to be significant, nor to trigger second-round effects.**

The elevated savings rate will help cushion the impact of inflation on consumption

Gross disposable income (GDI)

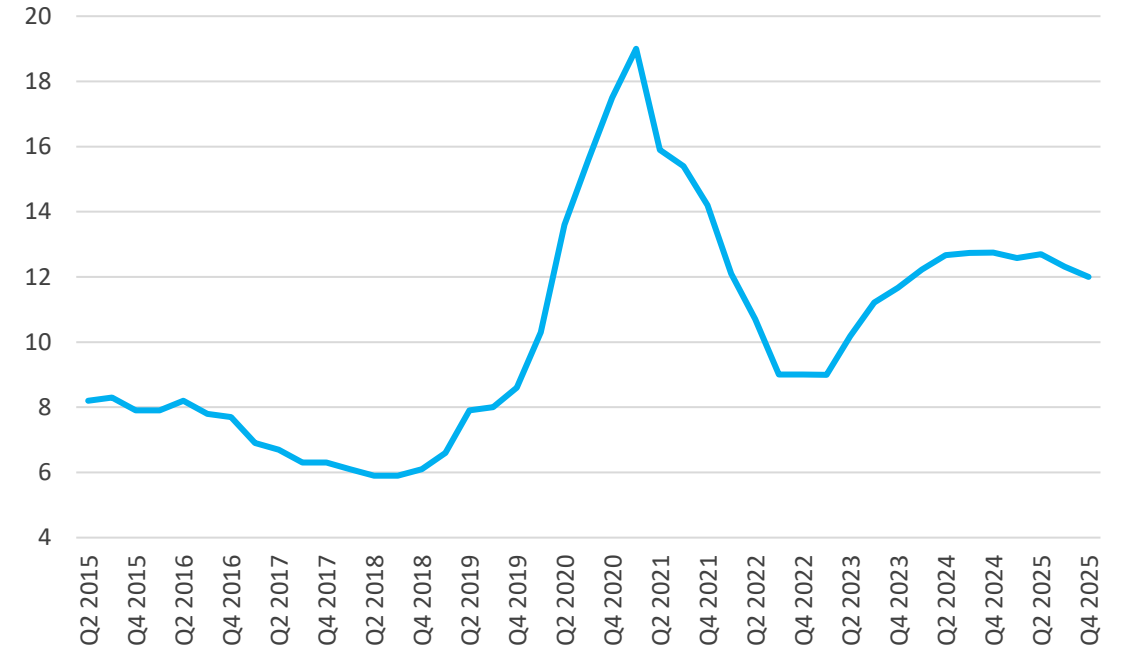
Year-on-year variation (%) and contributions



Source: CaixaBank Research, based on data from INE.

Savings rate

% Gross Disposable Income



Note: Accumulated data four quarters.

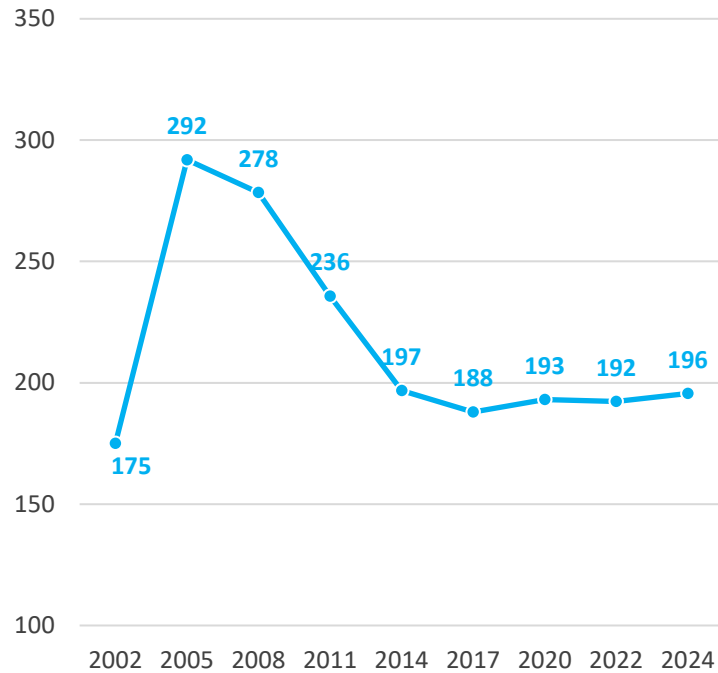
Source: CaixaBank Research, based on data from INE.

- ▶ **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 Q425 households debt stood at 42.8% of GDP (vs. 50.4% in the euro area), the lowest level since 1999.
- ▶ In the context of the Middle East conflict, we assume that households will have more room for adjustment than during the Ukraine shock and will be able to partly adapt their spending decisions, so that savings absorb half of the increase in consumption costs. As a result, **we forecast the savings rate in 2026 to stand at around 11% of gross household disposable income, half a percentage point below our pre-conflict forecast.**

Spain: Households were in 2024 in a good financial position, according to the *Encuesta Financiera de las Familias*

Total gross wealth

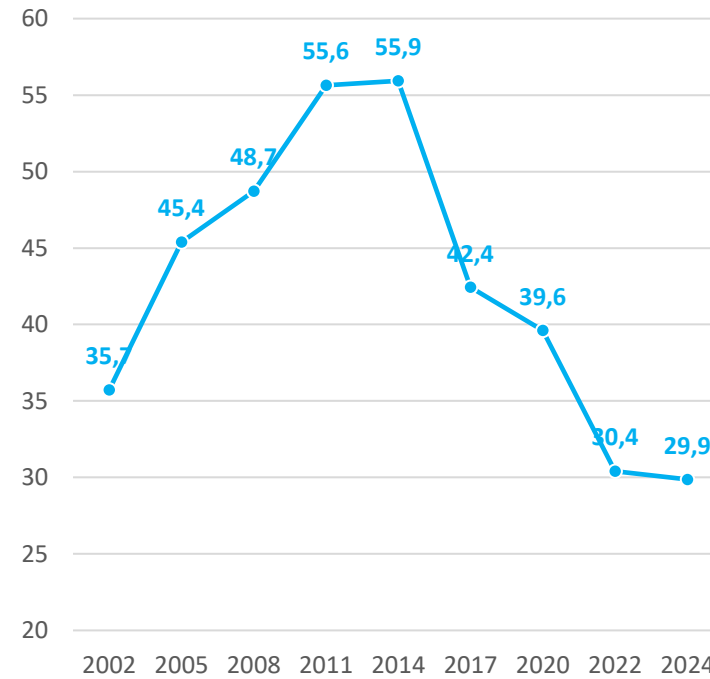
Median (thousand of 2024 euros)



Note: Gross wealth is defined as the sum of all financial assets and real assets and the median value is expressed in real terms (base year 2024).

Debt

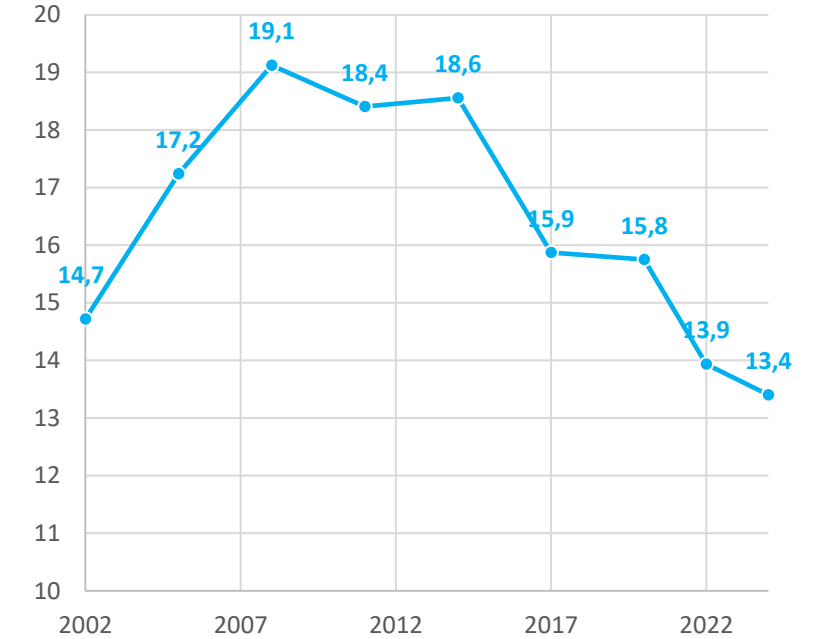
Median value for indebted households (Thousand of 2024 euros)



Note: It includes all types of debt, not only mortgages.

Debt service-to-income ratio

Median (%) for indebted households



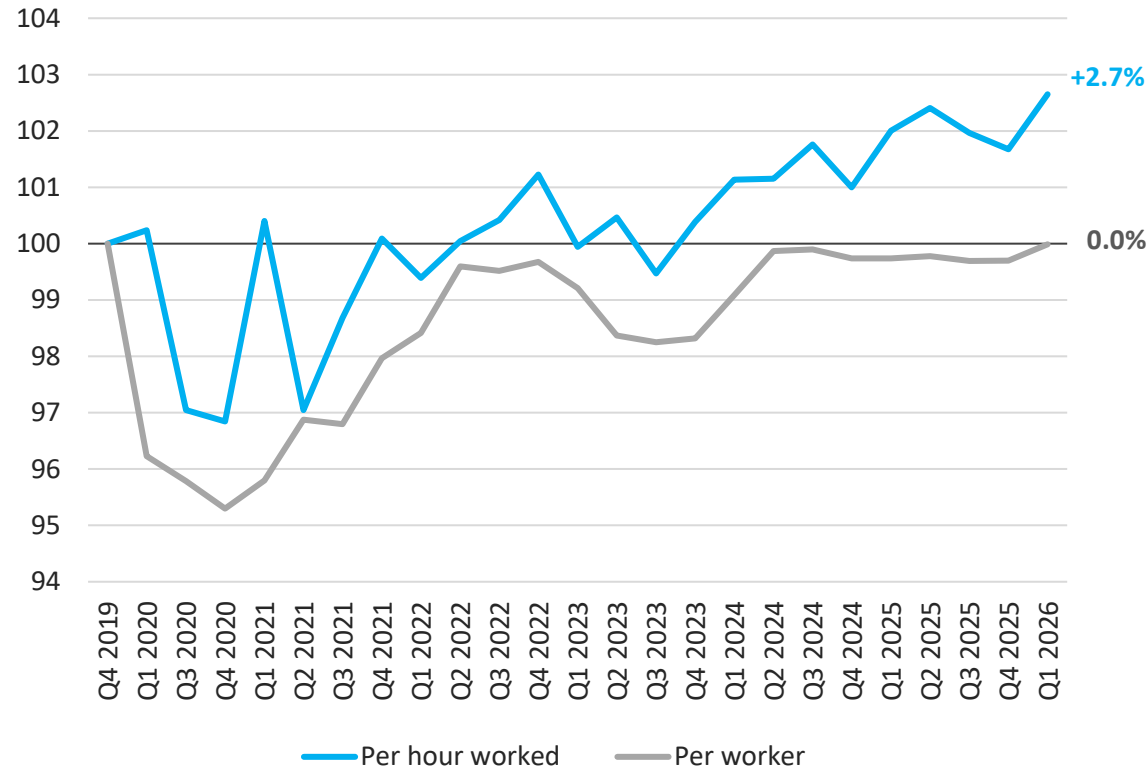
Note: The debt service-to-income ratio is the ratio of total payments households make to service its debts (including principal repayments and interest) divided by total household income. Total debts are considered (including consumption loans).

- ▶ **Median gross household income** (2023 data, referring to income earned in the previous year) has surpassed its 2001 peak in real terms, reaching €36,100 before tax, after growing by an average of 3.9% per year over 2021–23. By age group, only households aged 65 and over have exceeded their previous income peak.
- ▶ **Median gross household wealth reached €195,650 in 2024**, after growing by 0.9% per year in real terms since 2022. It remains 0.6% below its 2014 level. **Median net household wealth rose to €160,800** (+3.0% per year since 2022). Thanks to household deleveraging, net wealth has performed better than gross wealth and is already 8.0% above its 2014 level. Younger households show a much weaker performance: among those under 35, median wealth stands 50% below its 2014 level, and 29% below for the 35–44 age group. The decline is more limited for 45–54-year-olds (–10%) and 55–64-year-olds (–3%).
- ▶ Median household debt stood at €29,870 in 2024, remaining broadly stable compared with 2022.
- ▶ **The financial burden (debt service over income among indebted households) declined to 13.4%, the lowest level since 2002.** The share of households with a financial burden above 40% fell by 0.6 pp to 7.9%, the lowest since 2005. This reflects the decline in outstanding mortgage debt and rising household income, despite higher interest rates.

Decoupling between productivity per hour worked and productivity per employee

Labor productivity

Level (Q4 2019 = 100)



Average annual productivity growth (%)

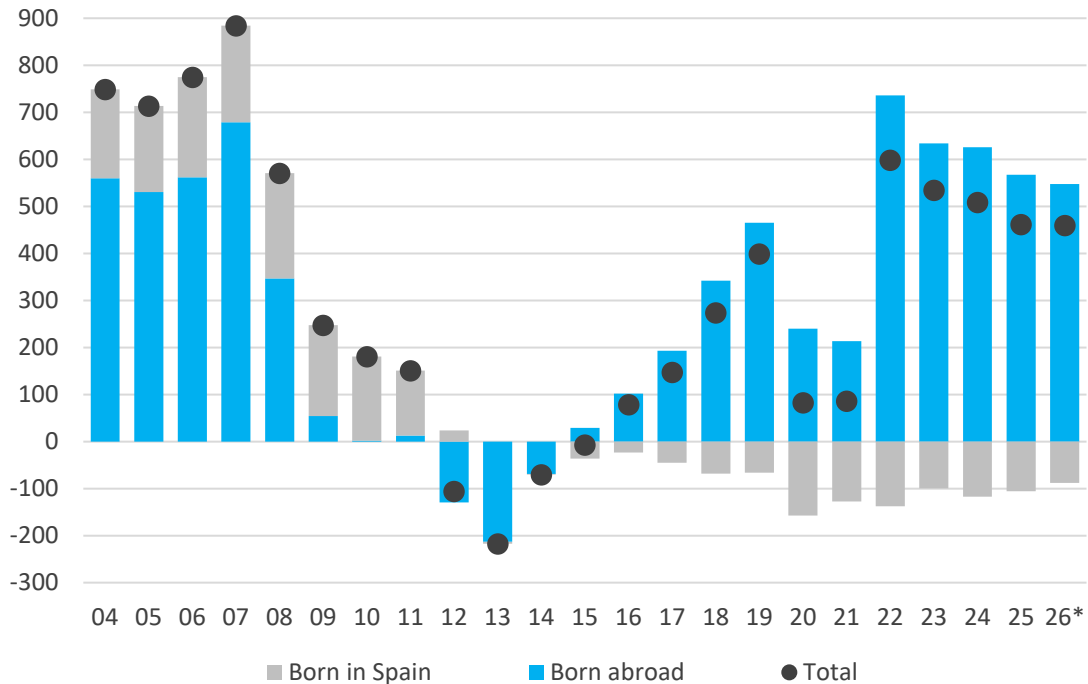
| | Last 3 years | Last 2 years | Last year | Since Q4-19 | Q4.14- Q4.19 | Since Q4-14 |
|-----------------|--------------|--------------|-----------|-------------|--------------|-------------|
| Per worker | 0.3 | 0.5 | 0.3 | 0.0 | 0.3 | 0.1 |
| Per hour worked | 0.9 | 0.7 | 0.6 | 0.4 | 0.5 | 0.5 |

▶ **Productivity per hour worked in Q1 26 is 2.7% above the level at the end of 2019, while per worker is just at the same level.** 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

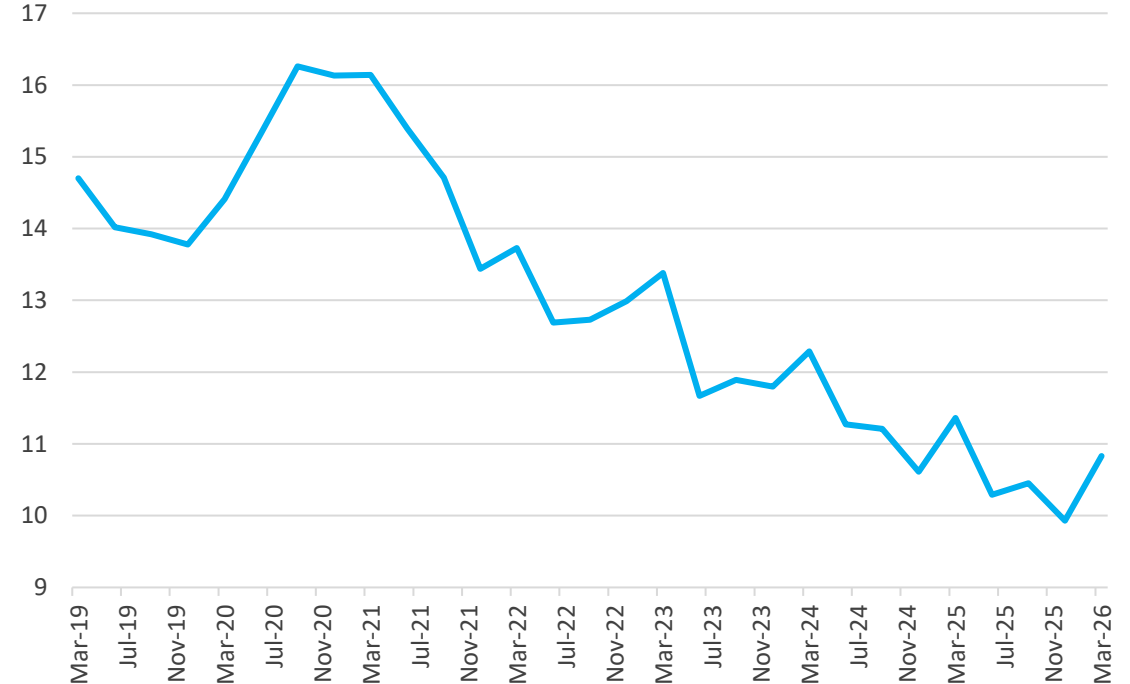


Note (*) Q126 vs. Q125.

Source: CaixaBank Research, with data from INE (ECP)

Unemployment rate

% of active population



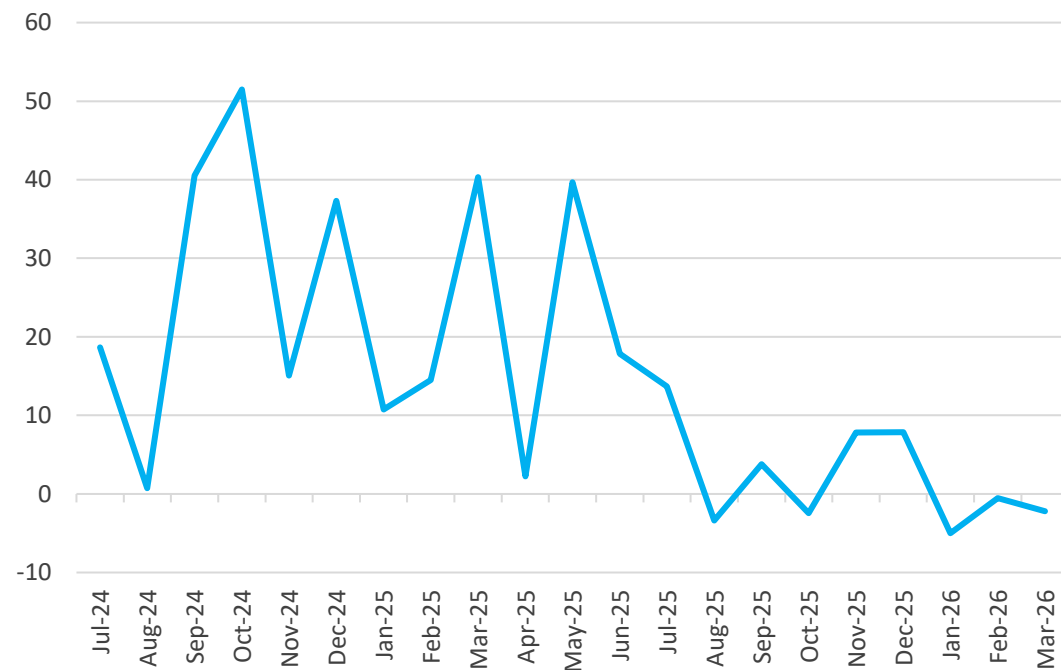
Source: CaixaBank Research, with data from EPA.

- ▶ **Employment in Spain grew by 2.4% yoy in Q1 2026**, a 0.4pp deceleration from the previous quarter, reflecting the usual post-Christmas adjustment and weaker-than-expected activity due to weather conditions. The active population grew by 1.8% yoy, slightly moderating from Q4 but remaining close to the 1.7% average recorded in 2023–2025.
- ▶ **The unemployment rate rose to 10.8% due to seasonal effects** but remained 0.6pp lower than a year earlier. Adjusted for seasonality, the unemployment rate stood at 10.3%, down 0.1pp from the previous quarter.
- ▶ In Q1 2026, the population grew by 0.9% year on year.
- ▶ **The ongoing immigration regularisation process** —granting temporary residence and work authorisation to undocumented migrants already in Spain, 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.

Home sales remain at elevated levels and limited supply continues to put upward pressure on prices

Spain: House transactions

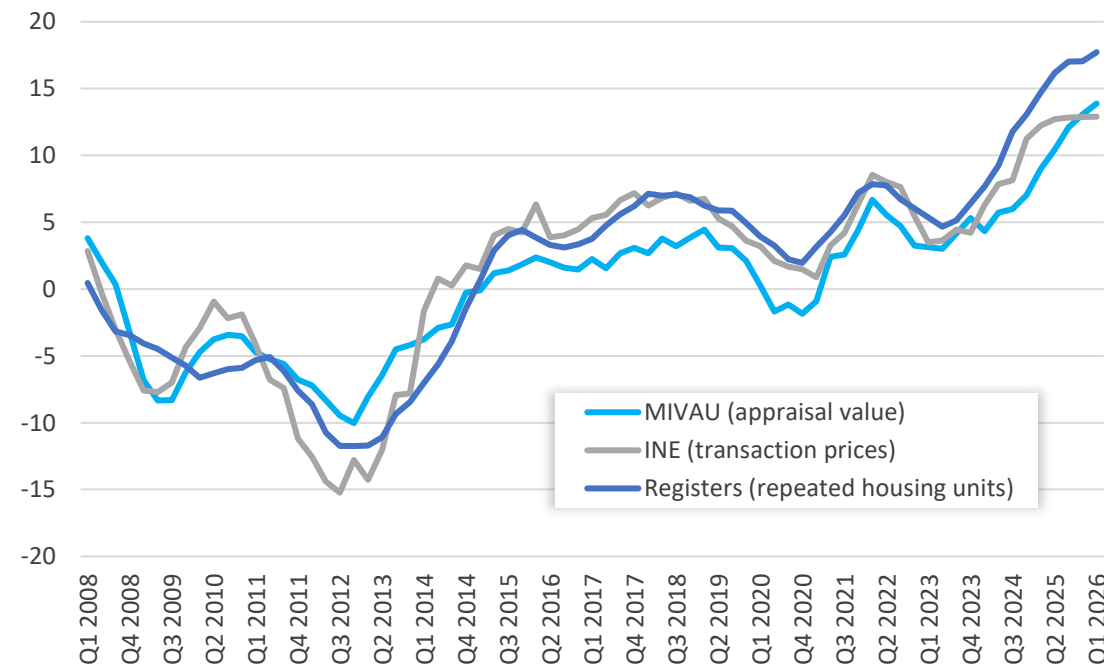
Year-on-year change (%)



Source: CaixaBank Research, based on data from INE.

Spain: House Price

Year-on-year change (%)



Source: CaixaBank Research, based on data from MIVAU, INE and Registers.

- ▶ **Home sales remain at elevated levels, albeit slightly below the 2025 peak.** Transaction volumes in Q1 were the second highest since 2007, surpassed only by the same period in 2025. In the short term, some moderation is visible, with sales falling for the third consecutive month in March (-2.2% year-on-year), pushing Q1 growth into slightly negative territory (-2.6%). This moderation has been more pronounced in the new housing segment (-5.3% year-on-year cumulative change, compared with -1.8% for existing homes), consistent with the currently limited level of new supply. Looking ahead, transactions are expected to remain high in 2026–2027, albeit easing moderately from the peak reached in 2025 (from 714,000 in 2025 to around 690,000 in 2026).
- ▶ **New building permits continue to rise,** showing an increase of 9,0% over the 12 months to February, reaching 141,100 units. However, this figure remains well below the 242,200 net households created annually.
- ▶ The imbalance between very strong demand and limited supply continues to put pressure on the prices. As a result, **house prices are still rising at a robust pace.** In Q1 2026, appraisal values (MIVAU) increased by 3.8% quarter-on-quarter (up from 3.6% previously), pushing the year-on-year growth rate to 13.9%, from 13.1% in Q4 2025 and pointing to upward risks to our 2026 forecast, currently at 10.0%. INE house price index (transaction-based) rose by 3.5% q-o-q, up from 1.8%, while the y-o-y rate remained stable at 12.9%.

Positive outlook for the tourist and external sector

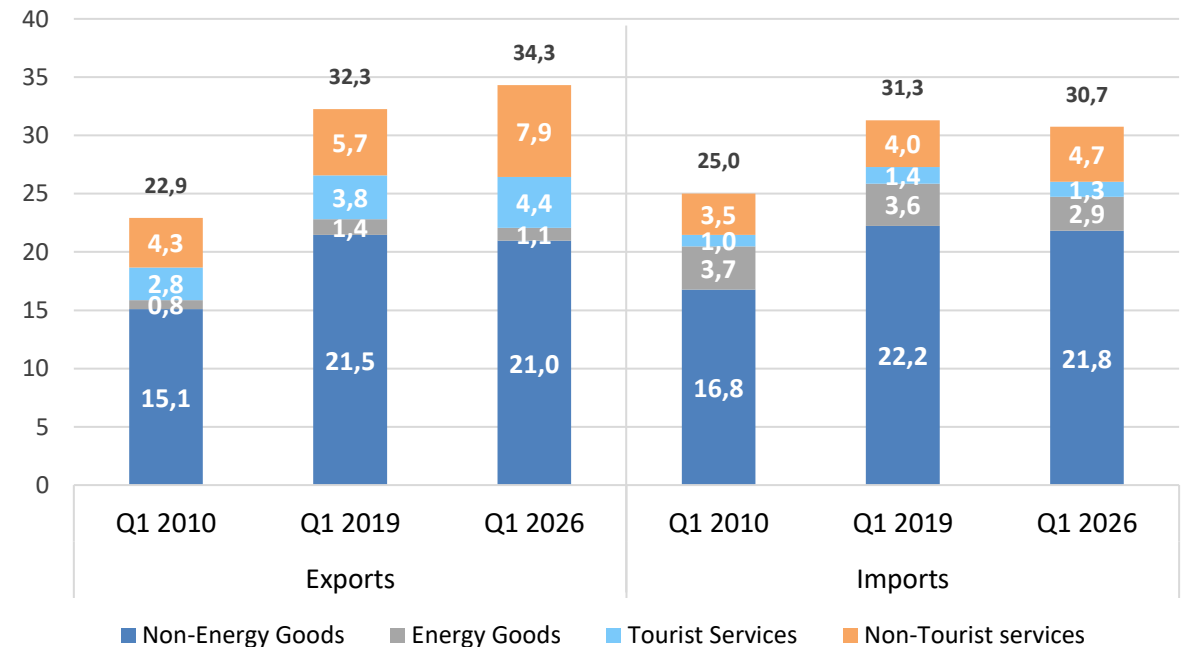
International tourist expenditure by origin

| | Jan-Feb 2026 | March-May 2026 | Difference |
|----------------------------|-----------------|-------------------|------------|
| Spain* | 4,1 | 9,0 | 4,9 |
| Total international | 9,8 | 11,8 | 2,0 |
| United Kingdom | 8,1 | 13,2 | 5,1 |
| France | 7,8 | 12,9 | 5,2 |
| Germany | 6,2 | 10,7 | 4,5 |
| Italy | 10,4 | 6,2 | -4,3 |
| Other Western Europe | 5,8 | 8,9 | 3,1 |
| United States | 6,7 | 14,0 | 7,3 |
| Latin America | 24,5 | 23,8 | -0,6 |
| China | 12,3 | 5,1 | -7,2 |
| South Korea | 10,6 | 6,1 | -4,5 |
| Japan | 19,0 | 12,0 | -6,9 |
| Other in Asia and Oceania | 20,7 | 8,5 | -12,2 |
| Middle East | 14,2 | 12,3 | -1,9 |

Source: CaixaBank Research, with data from CaixaBank Points of Sales.

Exports and Imports of Goods and Services

Year-to-date (% of GDP)



- ▶ **The tourism sector continues to grow.** In April 2026, international arrivals rose by 5.2% year-on-year, while international tourist expenditure increased by 7.5% yoy. Overnight stays by residents in tourist accommodations had a solid start to 2026 (+2.7% yoy in the first four months vs. +0.4% in 2025).
- ▶ Before the outbreak of the Iran conflict, tourism GDP was expected to grow by 2.1% in 2026, with international arrivals projected at 99 million (up from 96.8 million in 2025). **The rise in geopolitical risk could redirect part of global tourism flows towards Spain.** This effect would be partially offset by weaker disposable income growth in source countries and higher air transport costs. Overall, international arrivals could exceed 100 million in 2026, with tourism GDP growth accelerating to around 3.1%. Internal high-frequency trackers of international card spending at CaixaBank POS terminals point to an acceleration in tourism spending in March–May by European and American tourists, as well as domestic tourists.
- ▶ **Trade surplus as a percentage of GDP is clearly higher in Q1 2026 than in the pre-COVID period.** In Q1 2026, the good and services trade surplus reaches 3.6% of GDP, 2.6 pp above the level of Q1 2019. This improvement is mainly driven by the strong performance of services exports, which rose by almost 3 pp of GDP compared to pre-pandemic levels, especially non-tourist services exports.
- ▶ **Account balance projections revised down amid Iran conflict and rising energy prices.** Higher energy costs linked to the Iran conflict are expected to reduce the 2026 energy goods balance by 0.5 pp. An offsetting boost of 0.1 pp in the tourism balance is anticipated due to redirected tourist flows to Spain. Overall, the goods and services surplus forecast for 2026 is lowered by 0.4 pp, from 3.5% to 3.1% of GDP. For 2027, with lower expected energy prices, a smaller impact of 0.3 pp brings the projection down from 3.6% to 3.3% of GDP in the goods and services trade balance.

The Council of Ministers, at its meeting on 20 March 2026, approved a package to mitigate the economic impact of the war in the Middle East, mainly through energy tax reductions and targeted sectoral support. The package is expected to mobilise around €4 billion ($\approx 0.25\%$ of GDP). Most measures, including fuel discounts, will remain in place until 30 June, while the reductions in electricity and gas taxes have expired on 1 June after inflation for these components fell below 15% in April.

Tax Reductions

- ▶ Reduction of VAT on electricity from 21% to 10%, with estimated savings of –€539M in 3 months 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 in 3 months.
- ▶ 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

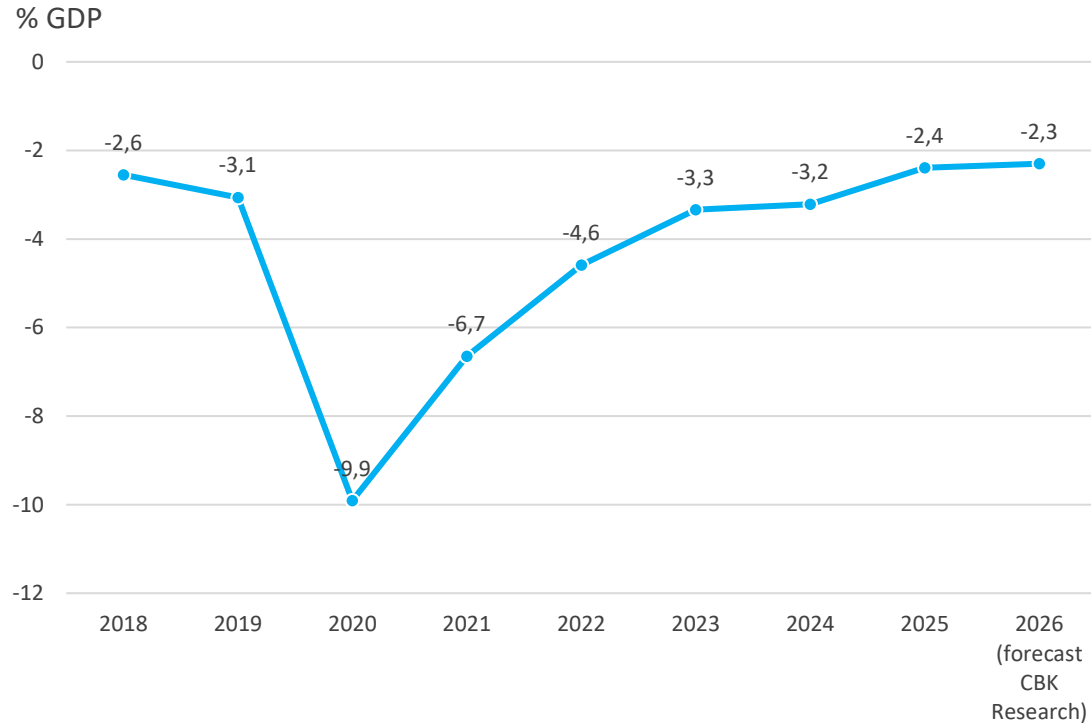
- ▶ Auto+ Program for the purchase of efficient vehicles (400 M€).
- ▶ Measures related to underground gas storage (45 M€)..
- ▶ Tax incentives for the energy transition: deductions in personal income tax (IRPF), accelerated depreciation in corporate tax (IS), and rebates on local taxes (property tax 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 reduction in 2026 will be smaller than in 2025 affected by the spending related to floods and the energy package

Public deficit



Government Fiscal Projections 2026

| Key elements | % GDP 2024 | % GDP 2025 | % GDP 2026 (f) |
|---|--------------|--------------|----------------|
| Public revenues* | 40.9 | 41.7 | 42.2 |
| Indirect taxes (VAT...) | 11.1 | 11.3 | 11.3 |
| Direct taxes | 12.5 | 13.1 | 13.7 |
| Capital taxes | 0.4 | 0.4 | 0.3 |
| Social contributions | 13.2 | 13.3 | 13.4 |
| Other revenues** | 3.7 | 3.6 | 3.5 |
| Public spending* | 44.2 | 44.1 | 44.2 |
| Worker salaries | 10.8 | 10.8 | 10.5 |
| Social transfers (excl. in-kind) | 16.9 | 17.0 | 17.1 |
| Gross Capital Formation (Nat.) | 2.4 | 2.5 | 2.7 |
| Interest payments | 2.4 | 2.4 | 2.5 |
| Subsidies | 1.2 | 1.2 | 1.3 |
| Other expenditures*** | 10.5 | 10.2 | 10.1 |
| Public balance | -3.2 | -2.4 | -2.1 |
| Public balance excl. Dana and floods | -2.9 | -2.2 | -1.6 |
| Structural balance | -3.0 | -2.7 | -1.9 |
| Public debt | 101.6 | 100.7 | 99.3 |

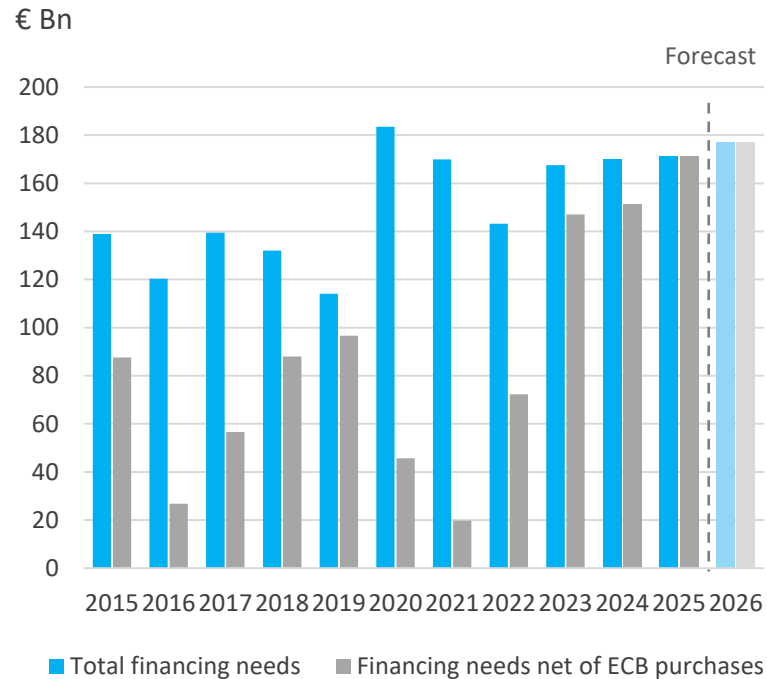
Notes: *Public revenues and spending excluding EU transfers. **It includes revenues linked to property income
***Intermediate consumption, in-kind transfers, capital transfers...

Source: Informe de Progreso Annual.

- ▶ **2025 deficit:** The public deficit fell to 2.4% of GDP (2.2% excluding the extraordinary expenditures of the DANA), below the target (2.5% excl. DANA). 2024 deficit: 3.2% of GDP (2.9% excluding DANA).
- ▶ **2026 outlook:** Before the conflict in Iran, the scenario contemplated a deficit of 2.1% of GDP in 2026. The approved energy measures (cost of c. 0.25% of GDP) and the extraordinary expenditures due to the February storms (cost of c. 0.3% of GDP) will be partially offset by higher revenues from inflation and a somewhat better starting point than expected. Factoring in all this, our new forecast is a deficit of 2.3% of GDP in 2026.
- ▶ **Fiscal rules:** They have been complied with up to 2025. The Government thinks they will also be complied with in 2026, but AIREF sees risks of non-compliance and the need for adjustments looking ahead to 2027–28.
- ▶ **AiREF 2026 exceptional update confirms the pension spending rule remains met** (average net spending in 2022–2050 below the 13.3% of GDP threshold), while noting this is only a partial metric: projected spending increases over 2022–2050 exceed the rise in contributions, so resources will have to be found elsewhere to absorb this pressure on spending; the regular triennial review cycle remains unchanged, with next assessment in 2028.

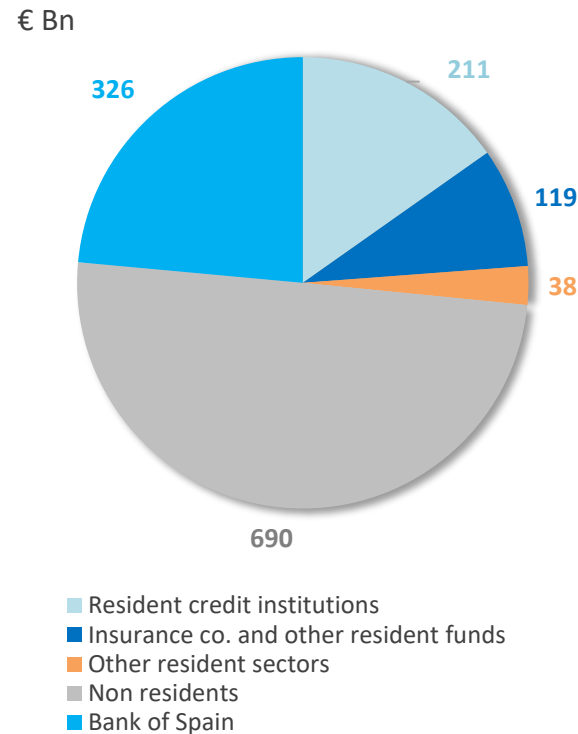
Moderate increase in financing needs for 2026, comfortably absorbed thanks to robust demand

Spain: Gross financing needs



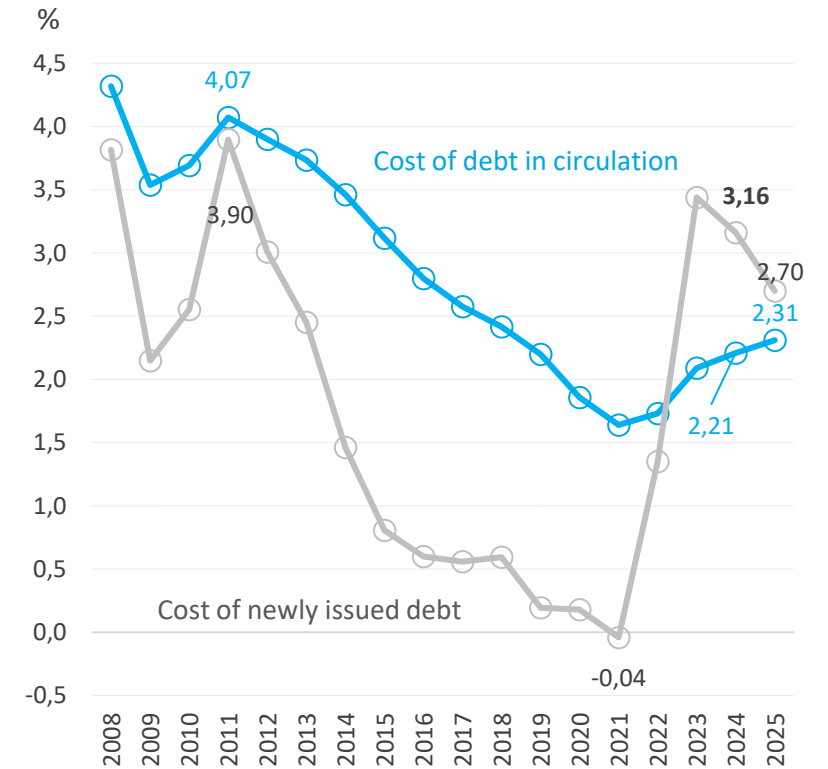
Note: *Amortisation funds do not include short-term bills.
Source: CaixaBank Research, with data from the Directorate-General for the Treasury.

Public debt holdings (excl. bills)



Note: March data.

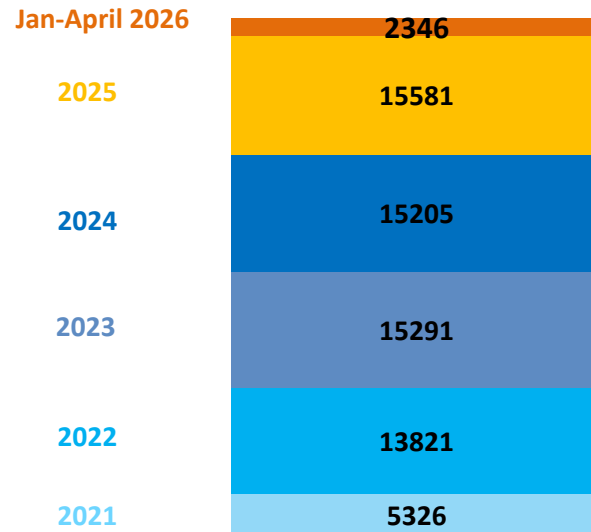
Cost of debt: State



- ▶ **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 March 2026, foreign investors had increased their holdings of Spanish debt with respect to March of 2025 (excluding T-bills) by €82.0bn, reflecting strong appetite for Spanish debt.
- ▶ **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%).

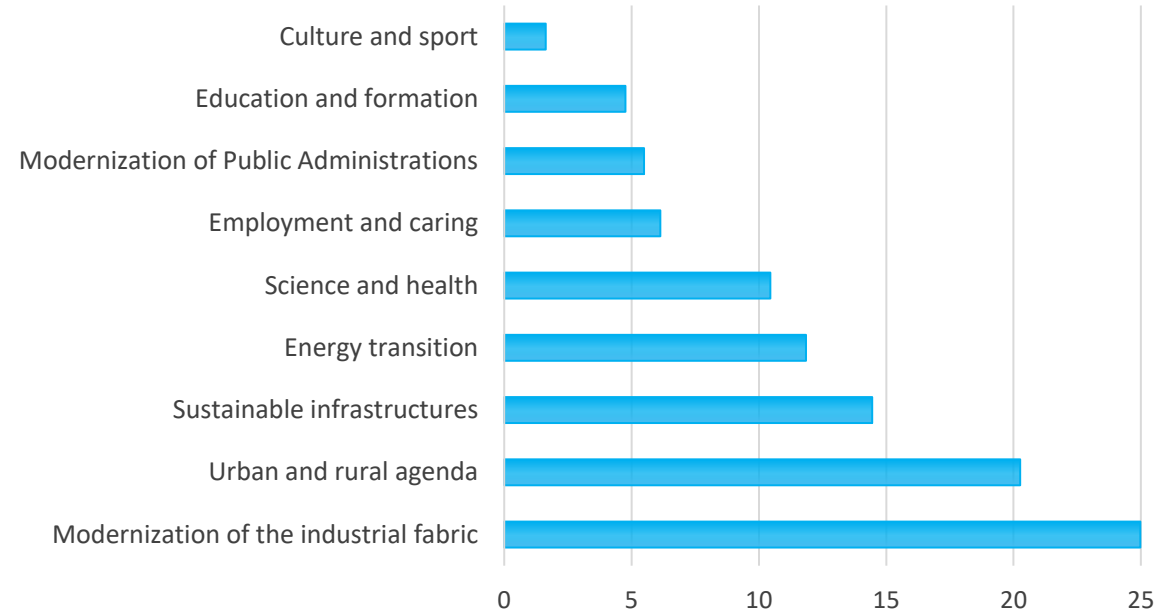
Execution of NGEU

Total grants (Million euros)



Resolved calls by area

% over the total resolved



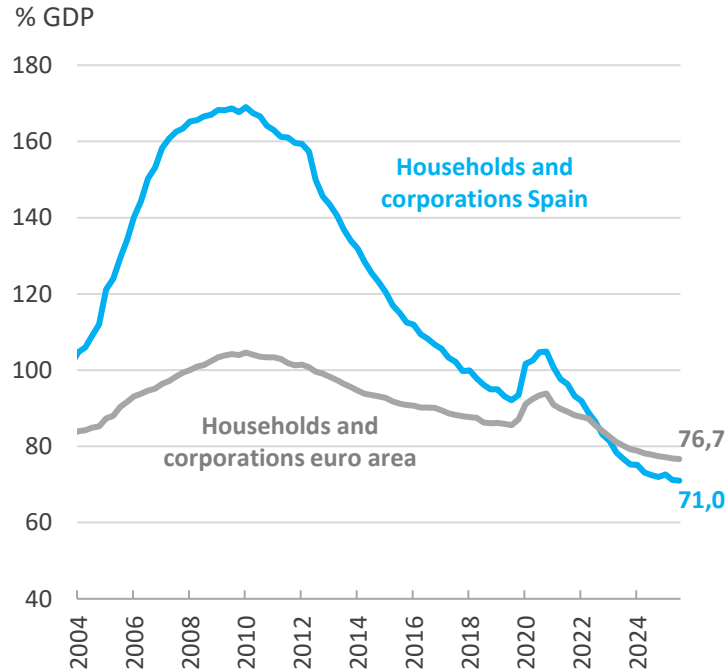
Note: Execution is defined as the awarding of tenders and grants.

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

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

- ▶ **As of end-April, €67.6 billion of NGEU grants had been executed**, not including the €2.8 billion assigned to the Sovereign Fund España Crece, within a total grant allocation of almost €80 billion. The deadline for grant execution is 31 August.
- ▶ 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. 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

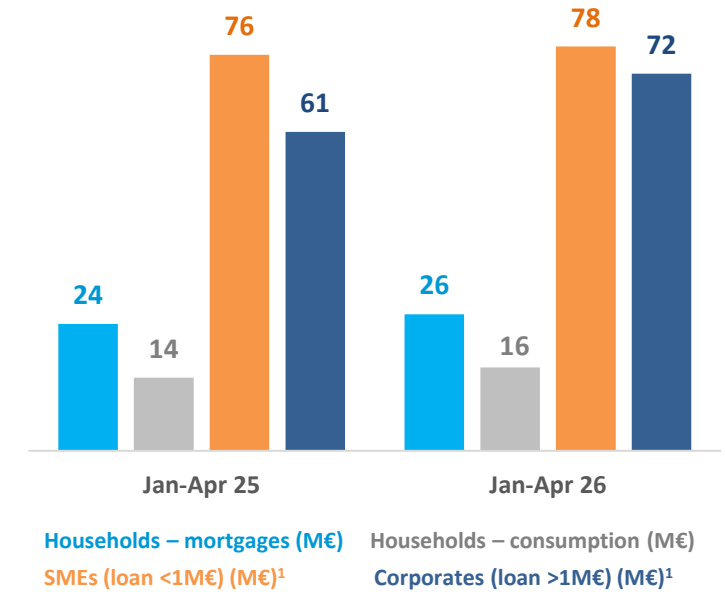
Year-on-year (%)

| | Dec-25 | Apr-26 (latest) | 2026 (forecast) |
|---|--------|-----------------|-----------------|
| | % yoy | % yoy | % yoy |
| Total credit | 3.5% | 2.9% | 4.5% |
| Households | 3.8% | 2.4% | 4.5% |
| Housing mortgages | 3.5% | 3.7% | 4.2% |
| Other purposes | 4.6% | -1.3% | 5.2% |
| Of which consumption | 10.5% | 11.4% | 9.0% |
| Businesses | 2.9% | 3.7% | 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

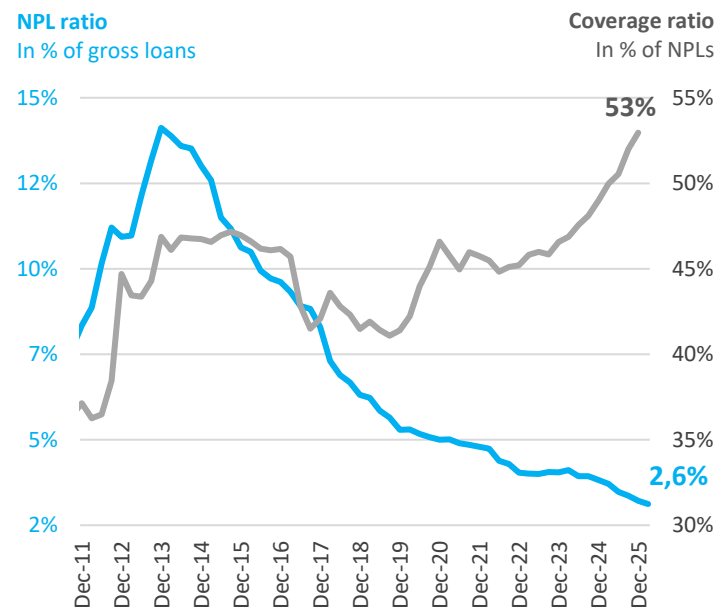
YTD, €Bn



Source: Caixabank Research with data from Bank of Spain.

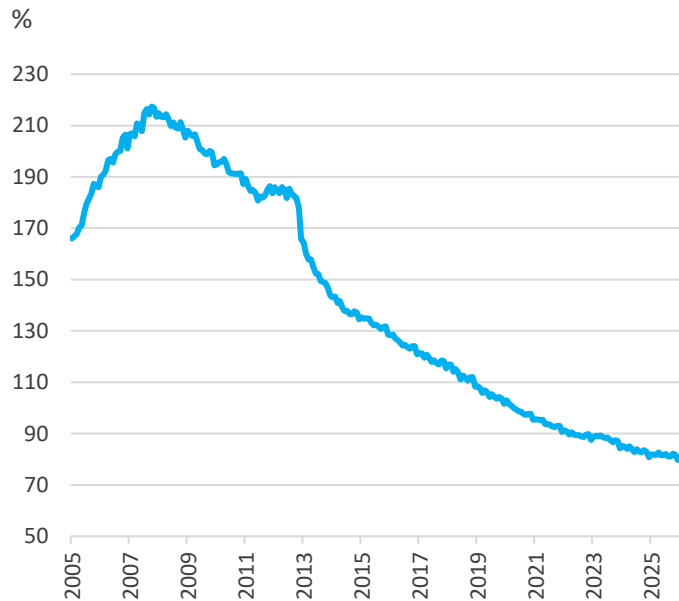
- ▶ **Households and corporate debt levels** (including debt securities) remain below euro area averages in 4Q25. Both sectors have deleveraged in terms of GDP, sitting below pre-pandemic levels.
- ▶ **New mortgage production** continues to grow, but at a more moderate pace after a period of strong expansion (accumulated new lending from January to April grows +7.8% yoy).
- ▶ **New lending for consumption** remains buoyant (accumulated new lending from January to April grows +14.3% yoy).
- ▶ **New lending to corporates** grows in loans below 1M€ but falls m/m in larger ones (accumulated new lending from January to April grows +8.5 yoy).
- ▶ **Consequently, growth in the adjusted stock¹ of credit to the Spanish resident private sector continues to accelerate through April.** We expect this trend to continue in the year and gradually converge to a growth rate below nominal GDP growth.

NPLs and coverage ratios¹



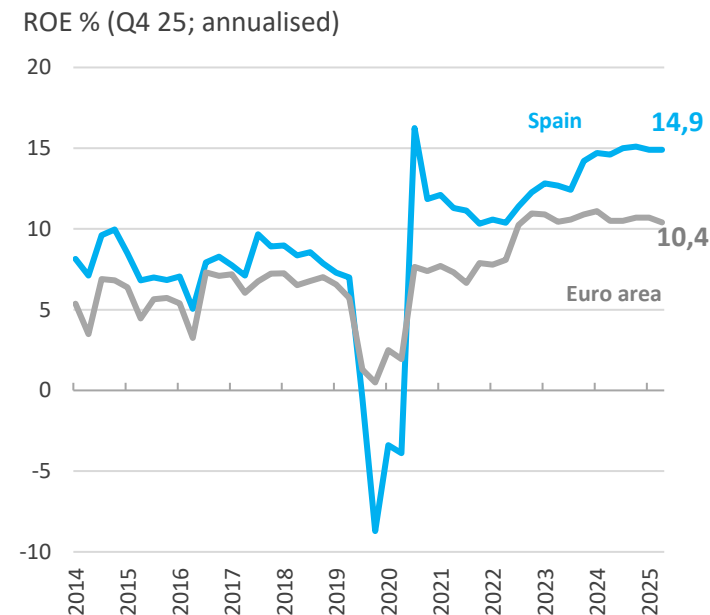
Note: (1) latest available data Mar-26 and Dec-25, respectively
Source: CaixaBank Research with data from Bank of Spain.

HHs & NFCs loan to deposit ratio



Note: loans and deposits to residents in Spain, on a non-consolidated basis.
 Latest data available Apr'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 April 2026 remained close to the all-time high reached one month earlier, with a 5.7% yoy increase on a seasonally adjusted basis.** 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 Bank of Spain 2025–2027 stress tests¹ confirm the banking sector's resilience under extreme oil price scenarios, with a limited impact on capital.

Note: (1) Forward-Looking Exercise on Spanish Banks (FLESB).