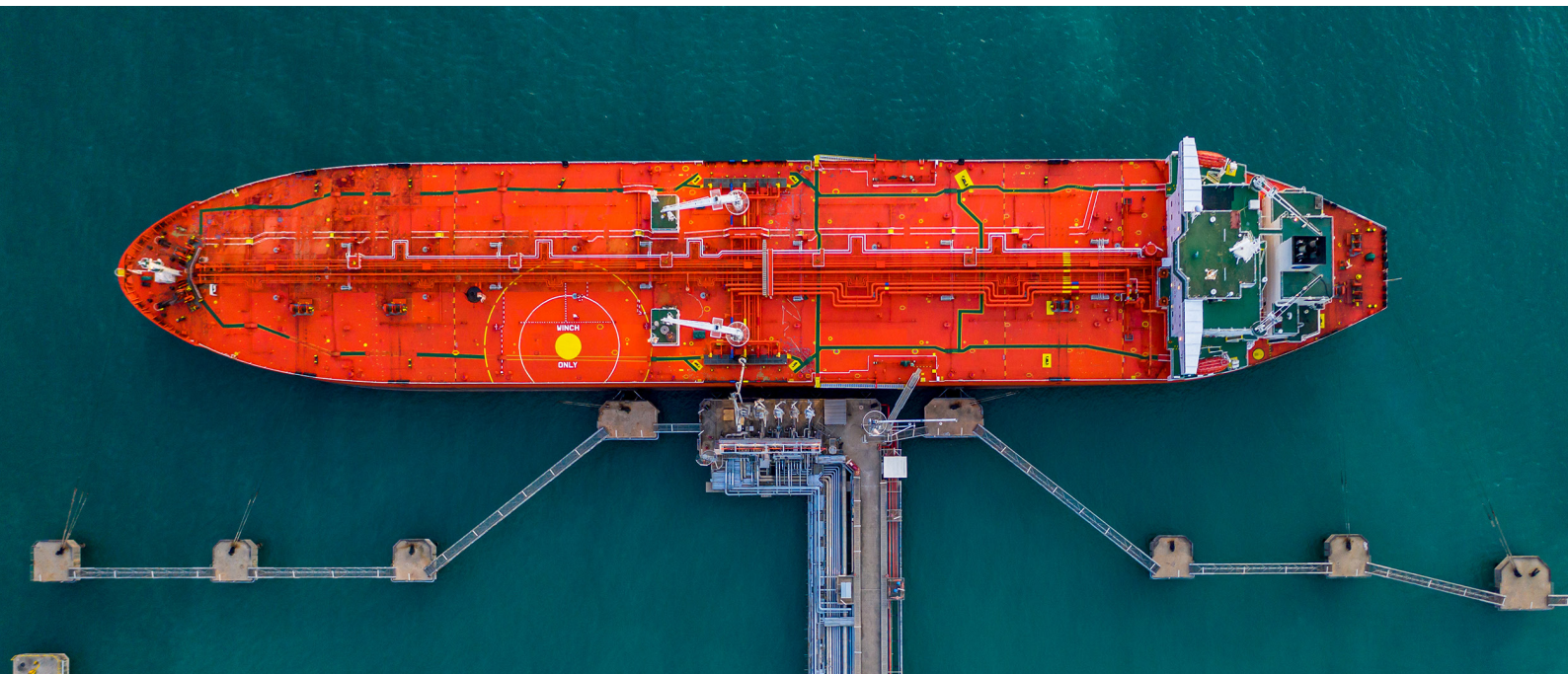


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MONTHLY REPORT • ECONOMIC AND FINANCIAL MARKET OUTLOOK

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ECONOMIC & FINANCIAL ENVIRONMENT

FINANCIAL MARKETS

The financial conditions behind the economic scenario in 2026

The new (im)balances in the oil market

INTERNATIONAL ECONOMY

International economic outlook

European households' well-being: greater reliance on public support amid higher inflation

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Survey of Household Finances: is Spain not a country for the young? (part 2, two years later)

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Spain: key drivers of regional growth in 2026

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June 2026

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

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Slowdown

Since 2022, when the war in Ukraine broke out, most of our forecast revisions have been upwards. Back then, amid concerns over soaring energy prices, particularly gas prices, we revised that year's growth forecast downwards by more than 1 percentage point.

Now, with a new conflict in the Middle East pushing up energy prices and fuelling uncertainty, we are once again compelled to adopt a cautious stance and revise our growth forecasts downwards. This time, the adjustment is more moderate (0.3 pps). Nonetheless, we still consider that the most likely scenario is that the Spanish economy will maintain a dynamic growth rate for the year as a whole, above 2%.

The start of the year was, in fact, better than expected. Growth accelerated to 2.7% year-on-year, despite the conflict pushing up energy prices as early as March. However, the closure of the Strait of Hormuz has kept these prices high and the effects are beginning to become visible. Inflation, despite the mitigating measures adopted by the government, has remained above 3% since March and is expected to approach 4% in the coming months. This surge in inflation represents a headwind for household consumption, as evidenced by our [Real-Time Consumption Monitor](#), which is already showing a slowdown so far this quarter.

From a business perspective, the PMI also points to a moderation in growth as it is below the figures for Q1, albeit still in expansionary territory. In other words, it suggests a slowdown, not a contraction in activity. Similarly, the [CaixaBank Research sectoral indicator](#), recently updated in the *Sectoral Observatory*, shows a loss of dynamism in most branches of activity, particularly in energy-intensive sectors. Conversely, the tourism sector is benefiting from the current geopolitical situation in the Middle East. Many people, especially Europeans, who had planned to spend their holidays in that region are coming to Spain.

For now, the labour market continues to show strong figures. However, it typically has greater inertia than other areas of the economy, so shifts in trends tend to be reflected with a certain delay.

The slowdown that is beginning to appear in the indicators is incorporated into the new CaixaBank Research forecasts, detailed in the following pages of this *Monthly Report*. Broadly speaking, the scenario anticipates positive activity growth, albeit more restrained between the second and third quarters of the year. Energy prices are expected to moderate by the end of 2026, according to oil and gas futures markets, which should lead to a slight re-acceleration of growth. The strong financial position of households and businesses will partially cushion the shock, allowing consumption and investment to continue leading the growth of the Spanish economy. In the external sector, the weakness in goods exports will be offset by the resilience of service exports, including both tourism and non-tourism services.

Assuming that the conflict does not become entrenched and the rise in energy prices is contained and temporary, the Spanish economy has enough supports to absorb the shock and keep growing, albeit at a slower pace.

Incidentally, growth in 2022 ended up being higher than we had anticipated before the outbreak of the war in Ukraine. The resilience of the labour market and the export sector, along with the support measures implemented, contributed to sustaining highly dynamic growth. Let's hope we are wrong again this time.

Oriol Aspachs
June 2026

Chronology

<p>MAY 2026</p> <p>22 Kevin Warsh is sworn in as Fed Chair and is elected Chairman of the FOMC.</p>	<p>APRIL 2026</p> <p>1-10 The Artemis II mission travels to the Moon and reaches 406,771 km, the greatest distance from Earth ever achieved by a manned mission.</p>
<p>MARCH 2026</p> <p>11 The International Energy Agency agrees to release 400 million barrels of strategic reserves to mitigate the impact of the war in the Middle East.</p>	<p>FEBRUARY 2026</p> <p>20 The US Supreme Court invalidates the tariffs announced under the IEEPA.</p> <p>28 The US and Israel launch a coordinated attack against Iran in which Ali Khamenei is killed.</p>
<p>JANUARY 2026</p> <p>14 2025 was the third warmest year on record (1940-2025) and 1.5 °C above the pre-industrial average (1850-1900) according to the EU's Copernicus programme.</p> <p>27 The EU and India conclude negotiations for a Free Trade Agreement.</p>	<p>DECEMBER 2025</p> <p>10 The Fed cuts rates by 25 bps, placing them in the 3.50%-3.75% range.</p> <p>18 The Bank of England cuts rates by 25 bps, to 3.75%.</p> <p>19 The Bank of Japan raises rates by 25 bps, to 0.75%.</p>

Agenda

<p>JUNE 2026</p> <p>2 Spain: registration with Social Security and registered unemployment (May). Euro area: CPI flash estimate (May).</p> <p>9 Portugal: international trade (April).</p> <p>11 Governing Council of the European Central Bank meeting.</p> <p>16 Spain: quarterly labour cost survey (Q1).</p> <p>16-17 Federal Open Market Committee meeting.</p> <p>18-19 European Council meeting.</p> <p>22 Portugal: resident population (2025).</p> <p>23 Spain: balance of payments and NIIP (Q1). Portugal: house prices (Q1).</p> <p>24 Portugal: GDP breakdown (Q1).</p> <p>25 Spain: GDP breakdown (Q1). Portugal: NPL ratio (Q1).</p> <p>26 Spain: loans, deposits and NPL ratio (Q1 and April).</p> <p>29 Spain: CPI flash estimate (June). Euro area: economic sentiment indicator (June).</p> <p>30 Spain: household savings rate (Q1). Portugal: CPI flash estimate (June).</p>	<p>JULY 2026</p> <p>1 Portugal: employment and unemployment (May). Portugal: public debt (May). Euro area: CPI flash estimate (June).</p> <p>2 Spain: registration with Social Security and registered unemployment (June).</p> <p>9 Spain: financial accounts (Q1).</p> <p>15 China: GDP (Q2).</p> <p>17 Spain: Moody's rating. Portugal: balance of payments (May).</p> <p>23 Portugal: non-financial sector debt (May). Governing Council of the European Central Bank meeting.</p> <p>24 Spain: loans, deposits and NPL ratio (May).</p> <p>28 Spain: labour force survey (Q2).</p> <p>28-29 Federal Open Market Committee meeting.</p> <p>30 Spain: GDP flash estimate (Q2). Spain: CPI flash estimate (July). Portugal: GDP growth (Q2). Euro area: GDP (Q2). Euro area: economic sentiment indicator (July). US: GDP (Q2).</p> <p>31 Portugal: CPI flash estimate (July). Euro area: CPI flash estimate (July).</p>
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Uncertainty and resilience on the eve of summer

More than three months into the conflict in the Middle East, the effects of the supply shock triggered by the surge in energy prices will now become increasingly evident in the inflation and growth data. The combination of uncertainty and resilience that has characterised the recent behaviour of the global economy makes for a fragile balance, especially with geopolitical risk remaining so high. Such an environment demands the utmost flexibility, both in investment strategies and in economic policy responses. It requires economic forecasts to be recalibrated to reflect to a new reality, with much greater volatility in economic and financial variables. All this reflects the ongoing structural reorganisation of the global economy, amid the pursuit of broader economic efficiency encompassing security and resilience.

Currently, of the supply shock's three transmission channels, the energy channel has been activated with the greatest intensity, as evidenced by the widespread rise in inflation, which is already reducing households' purchasing power. This, combined with the moderate tightening of financial conditions (far less severe than that which followed the outbreak of the war in Ukraine), will cool private consumption in the middle months of the year and will reduce any potential macroeconomic imbalances that may arise from the gap that has opened up between supply and demand.

In the absence of further negative surprises in energy prices, the net effect on growth ought to be moderate and concentrated in the middle two quarters of the year. This assessment is based on the presence of various support factors for economic activity, such as healthy labour markets, high household savings rates, low levels of private sector debt, and the ability of fiscal policy to offset part of the negative effects of the supply shock. Nevertheless, all this will depend on the swift reopening of the Strait of Hormuz, as the imbalance between supply and demand in energy markets is currently being covered by a daily reduction in stocks. If the crisis were to drag on, it could lead to issues with physical deliveries in some market segments during the summer months.

Putting numbers to the scenario, we have revised the global economic growth forecast downwards from 3.3% to

3.0% in 2026, with reductions in growth for the euro area from 1.3% to 0.7% (from 2.4% to 2.1% in the case of Spain) and for the US from 2.6% to 2.1%. To update the forecasts, we have used average oil prices for 2026 (90 dollars per barrel) and 2027 (80 dollars per barrel), in line with what futures markets are pricing in. This would mean a gradual return to normality for energy markets in the coming quarters, albeit with equilibrium crude prices almost 20 dollars higher than those prior to the conflict and a smaller buffer of stocks. If these assumptions hold true, growth could return to its potential levels by the end of 2026, and inflation could resume its path towards central banks' targets in 2027 following this year's spike (3.1% in the euro area and 3.5% in the US).

Right now, while we await growth data for the second quarter, some signs of a slowdown are beginning to emerge. However, these are also partially offset by purchases being brought forward amid the risk of potential disruptions and future price increases. The most valuable information is found in the inflation data, where in Europe the year-on-year rate has risen to 3.2%, accompanied by an increase in the core rate to 2.5%. This is largely explained by the acceleration of inflation in services (+0.5 pps, to 3.5%), the highest in over a year in Europe. It is now the turn of central banks and, following the old adage that prevention is better than cure, we will see moderate interest rate hikes in the coming months in a bid to evade the risks of second-round effects and their potential impact on inflation expectations. In Europe, in a scenario with significant (but not severe) direct inflationary effects and limited contagion to the rest of the consumer basket, a total increase of 50 bps might suffice, starting with 25 points in June. So by the time you read this, official rates in Europe will probably already have reached 2.25%. The situation is more challenging for the Fed, not only because of the complications introduced by a dual mandate (focused on both inflation and employment) during a supply shock, but also due to the lack of clarity regarding the strategic shift planned by the new chair (Kevin Warsh), when it is well known that it is not advisable to make changes during times of trouble. Moreover, monetary and exchange rate credibility often takes a long time to establish, but it can be lost very quickly.

José Ramón Díez

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

Financial markets

	Average 2000-2007	Average 2008-2019	Average 2020-2023	2024	2025	2026	2027
INTEREST RATES							
Dollar							
Fed funds (lower limit)	3.18	0.54	1.75	4.25	3.50	3.50	3.00
3-month SOFR	3.62	1.01	2.09	4.37	3.71	3.72	3.21
12-month SOFR	3.86	1.48	2.39	4.19	3.48	3.57	2.95
2-year government bonds	3.70	1.04	2.06	4.24	3.51	3.90	3.85
10-year government bonds	4.69	2.57	2.31	4.40	4.14	4.60	4.65
Euro							
ECB depo	2.05	0.20	0.61	3.09	2.00	2.50	2.00
ECB refi	3.05	0.75	1.11	3.24	2.15	2.65	2.15
€STR	–	–0.54	0.52	3.06	1.93	2.43	1.93
1-month Euribor	3.18	0.50	0.57	2.89	1.92	2.52	2.00
3-month Euribor	3.24	0.65	0.70	2.83	2.05	2.58	2.04
6-month Euribor	3.29	0.78	0.87	2.63	2.14	2.72	2.14
12-month Euribor	3.40	0.96	1.04	2.44	2.27	2.89	2.26
Germany							
2-year government bonds	3.41	0.35	0.56	2.02	2.13	2.61	2.07
10-year government bonds	4.30	1.54	0.72	2.22	2.84	3.00	2.90
Spain							
3-year government bonds	3.62	1.69	0.92	2.26	2.39	3.03	2.66
5-year government bonds	3.91	2.19	1.07	2.48	2.64	3.21	2.96
10-year government bonds	4.42	3.17	1.61	2.90	3.28	3.50	3.50
Risk premium	11	164	90	68	45	50	60
Portugal							
3-year government bonds	3.68	3.33	0.76	2.03	2.16	2.62	2.23
5-year government bonds	3.96	3.94	0.98	2.15	2.49	2.91	2.67
10-year government bonds	4.49	4.67	1.52	2.68	3.14	3.45	3.45
Risk premium	19	314	81	46	31	45	55
EXCHANGE RATES							
EUR/USD (dollars per euro)	1.13	1.26	1.12	1.05	1.17	1.20	1.21
EUR/GBP (pounds per euro)	0.66	0.84	0.87	0.83	0.88	0.90	0.90
EUR/JPY (yen per euro)	129.56	126.41	135.43	161.18	182.71	180.00	175.00
OIL PRICE							
Brent (\$/barrel)	42.3	80.1	73.8	73.1	61.6	83.7	76.2
Brent (euros/barrel)	36.1	62.5	67.0	69.8	52.6	69.7	62.9

Forecasts

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

International economy

	Average 2000-2007	Average 2008-2019	Average 2020-2023	2024	2025	2026	2027
GDP GROWTH¹							
Global	4.3	3.3	2.8	3.4	3.4	3.0	3.2
Developed countries	2.7	1.5	1.7	1.8	1.9	1.6	1.6
United States	2.7	1.8	2.4	2.8	2.1	2.1	2.1
Euro area	2.3	0.8	1.1	0.9	1.5	0.7	1.2
Germany	1.6	1.3	0.2	-0.5	0.3	0.6	1.1
France	2.3	1.0	0.9	1.1	0.9	0.6	0.9
Italy	1.5	-0.3	1.5	0.6	0.7	0.5	0.7
Portugal	1.5	0.4	1.9	2.1	1.9	1.8	1.8
Spain	3.6	0.7	1.1	3.5	2.8	2.1	1.8
Japan	1.4	0.4	0.1	-0.2	1.1	0.8	0.6
United Kingdom	2.8	1.3	1.0	1.0	1.4	1.0	0.9
Emerging and developing countries	6.3	4.9	3.5	4.5	4.4	3.9	4.2
China	10.6	8.0	4.9	5.0	5.0	4.5	4.0
India	7.2	6.7	4.6	7.3	7.5	6.6	6.4
Brazil	3.6	1.6	1.9	3.4	2.3	1.8	1.9
Mexico	2.3	1.5	1.1	1.4	0.6	1.1	1.8
Russia	-	1.4	1.5	4.9	1.0	0.8	1.5
Türkiye	5.5	4.5	6.4	3.3	3.6	3.4	3.4
Poland	4.1	3.7	2.6	3.1	3.6	3.1	2.8
INFLATION							
Global	4.1	3.7	5.9	5.8	4.1	4.4	3.7
Developed countries	2.1	1.6	3.9	2.6	2.5	3.0	2.3
United States	2.7	1.8	4.5	2.9	2.6	3.5	2.4
Euro area	2.2	1.4	4.2	2.4	2.1	3.1	2.3
Germany	1.7	1.4	4.6	2.5	2.3	3.2	2.4
France	1.9	1.3	3.5	2.3	0.9	2.4	2.0
Italy	2.4	1.4	4.1	1.1	1.6	2.6	2.1
Portugal	3.1	1.1	3.4	2.4	2.3	2.9	2.3
Spain	3.2	1.3	3.7	2.8	2.7	3.5	2.7
Japan	-0.3	0.4	1.4	2.7	3.2	2.1	2.0
United Kingdom	1.6	2.3	5.0	2.5	3.4	3.2	2.7
Emerging and developing countries	6.9	5.6	7.3	8.0	5.2	5.3	4.6
China	1.7	2.6	1.4	0.2	0.1	1.0	1.5
India	4.6	7.3	6.0	5.0	2.2	4.1	4.0
Brazil	7.3	5.7	6.4	4.4	5.0	4.5	4.0
Mexico	5.2	4.2	5.6	4.7	3.8	4.2	3.9
Russia	14.2	7.9	7.4	8.5	8.7	5.7	4.6
Türkiye	22.6	9.6	39.5	58.5	34.9	26.1	19.9
Poland	3.5	1.9	8.2	3.7	3.4	3.3	2.7

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

Forecasts

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

Spanish economy

	Average 2000-2007	Average 2008-2019	Average 2020-2023	2024	2025	2026	2027
Macroeconomic aggregates							
Household consumption	3.7	0.0	0.4	3.0	3.3	2.4	1.8
Government consumption	4.5	0.9	3.1	2.9	2.4	1.4	1.9
Gross fixed capital formation	5.7	-1.2	1.0	3.6	5.8	3.9	2.1
Capital goods	4.9	0.2	-1.4	1.9	7.4	2.8	2.2
Construction	5.7	-2.6	0.4	4.0	5.2	4.1	2.0
Domestic demand (vs. GDP Δ)	4.4	-0.2	0.9	3.2	3.5	2.4	1.8
Exports of goods and services	4.7	2.9	2.4	3.2	3.6	0.6	1.9
Imports of goods and services	7.0	0.2	1.9	2.9	6.2	1.6	2.1
Gross domestic product	3.6	0.7	1.1	3.5	2.8	2.1	1.8
Other variables							
Employment	3.2	-0.5	2.0	2.8	3.1	2.5	1.6
Unemployment rate (% of labour force)	10.5	19.5	13.9	11.3	10.5	9.8	9.3
Consumer price index	3.2	1.3	3.7	2.8	2.7	3.5	2.7
Unit labour costs	3.1	0.6	4.1	3.3	4.1	3.7	3.1
Current account balance (% GDP)	-5.8	-0.2	1.2	3.2	2.9	2.3	2.5
External funding capacity/needs (% GDP)	-5.2	0.2	2.0	4.2	3.4	3.6	3.9
Fiscal balance (% GDP) ¹	0.3	-6.5	-6.1	-3.2	-2.4	-2.3	-2.3

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

■ Forecasts

Portuguese economy

	Average 2000-2007	Average 2008-2019	Average 2020-2023	2024	2025	2026	2027
Macroeconomic aggregates							
Household consumption	1.8	0.5	1.5	3.0	3.6	2.0	1.8
Government consumption	2.2	-0.3	1.9	1.5	1.6	1.4	1.0
Gross fixed capital formation	-0.4	-0.7	3.7	3.8	3.6	4.0	1.5
Capital goods	3.4	2.7	6.3	8.4	-0.9	-	-
Construction	-1.4	-2.4	3.1	3.0	5.5	-	-
Domestic demand (vs. GDP Δ)	1.3	0.0	2.0	2.9	3.6	2.2	1.6
Exports of goods and services	5.3	4.0	3.8	3.1	0.4	1.4	3.3
Imports of goods and services	3.6	2.7	3.6	4.8	4.3	2.0	2.8
Gross domestic product	1.5	0.4	1.9	2.1	1.9	1.8	1.8
Other variables							
Employment	0.4	-0.4	1.4	1.2	3.2	1.2	1.4
Unemployment rate (% of labour force)	6.1	11.4	6.6	6.4	6.0	5.9	5.9
Consumer price index	3.1	1.1	3.4	2.4	2.3	2.9	2.3
Current account balance (% GDP)	-9.2	-2.9	-0.4	2.1	1.2	1.2	1.3
External funding capacity/needs (% GDP)	-7.7	-1.5	0.6	3.3	2.7	2.8	2.2
Fiscal balance (% GDP)	-4.5	-5.1	-2.0	0.6	0.7	-0.2	-0.4

■ Forecasts

Some market relief despite the uncertainty

Markets remained highly influenced by the supply shock in May, particularly in the euro area. In an uncertain geopolitical environment with mixed signals, markets welcomed the favourable signs of rapprochement between the US and Iran. As a result, May saw a decrease in oil prices and consequently a slight moderation in short-term inflation expectations. European sovereign interest rates fell and this reduced risk premiums, particularly the Italian one, which was also the most stressed during the initial weeks of the conflict. In the US, however, sovereign rates rose in a month marked by the release of macroeconomic data that have shifted investors' expectations toward a more hawkish Fed. Stock indices rose globally, with a few exceptions, supported by the tech sector. Nevertheless, the volatility priced in by the markets remained high, despite showing some relief compared to March and April.

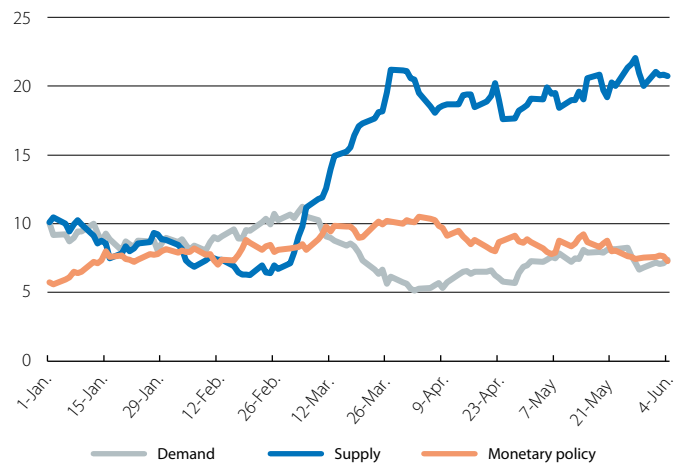
Energy prices remain in the focus. May was marked by the continuation of a fragile ceasefire in the Middle East and the ongoing closure of the Strait of Hormuz, despite the occasional traffic of a few oil tankers. Despite the uncertainty, markets were encouraged by favourable signs of a peace agreement, resulting in Brent crude opening May at around 110 dollars per barrel and closing below 100 dollars, albeit with significant volatility and a slight uptick in the final sessions of the month. However, market prices also reflected the view that restoring energy flows will be a difficult process, with futures pricing in a structurally higher 2026 year end than prior to the conflict, indicating with relative consistency a range of 80 to 85 dollars per barrel. The pattern was similar for gas prices: whereas they had been declining since the end of March, in May they were volatile within the range of 45-50 euros per MWh, and futures for the 2026 year end indicated a price of 45-47 euros per MWh (15 euros higher than before the conflict).

Stock markets continue to register gains, as seen in April. Driven by the rise of AI, the indices that benefited the most were those of Taiwan, South Korea, and Japan, due to their key role in chip supply chains. In the US, the S&P 500 recorded eight consecutive weeks of gains, coinciding with first quarter earnings season. However, this overall growth was mainly supported by gains among tech firms, which more than offset losses recorded in many other sectors. NVIDIA, the biggest constituent of the S&P 500, reported an 85% year-on-year increase in its Q1 profits, driven by gains from its data centres, which grew by 95% year-on-year. Thus, in the last month, the strong performance of AI firms intensified the market concentration seen in recent quarters, with the weight of tech firms in the S&P 500 rising from 42% to over 48% in just two months.

The Fed gives more hawkish signals... Up until early May, markets were pricing in a stable fed funds rate through to the

European financial markets drivers

Importance of each driver (%)



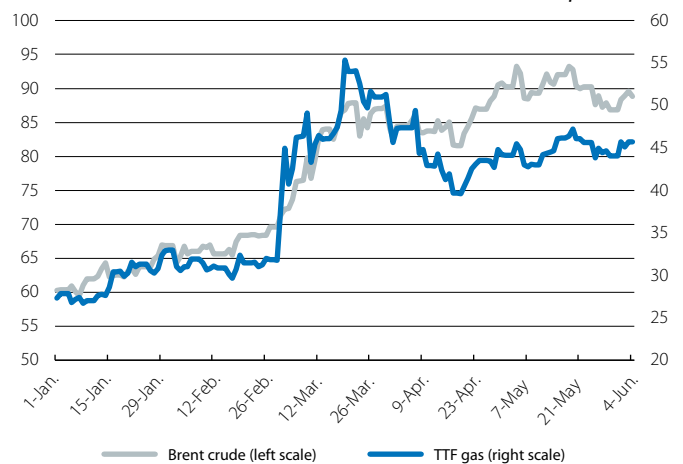
Note: The lines represent the moving averages of the importance of each driver over the last 20 sessions.

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

Energy: average prices for 2026

(Dollars per barrel)

(Euros per MWh)

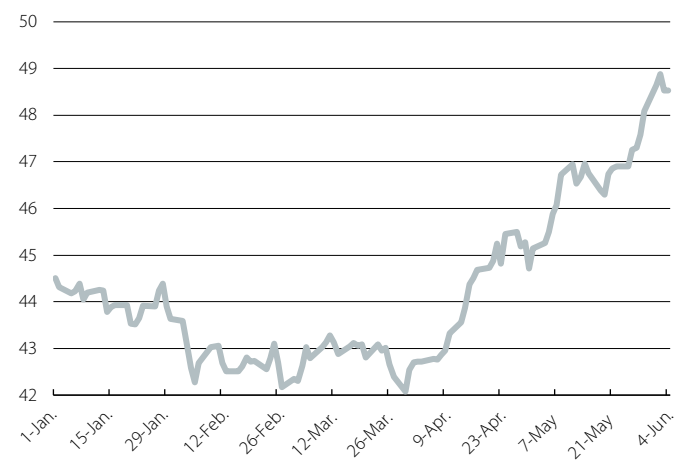


Note: Annual average is calculated based on the observed average price in the preceding months of the year to date and futures prices for the current and following months.

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

US: ICT sector share of the S&P 500 stock index

(% of the total market capitalisation of the index)



Note: Evolution throughout 2026. ICT includes the information technology and communication services sectors.

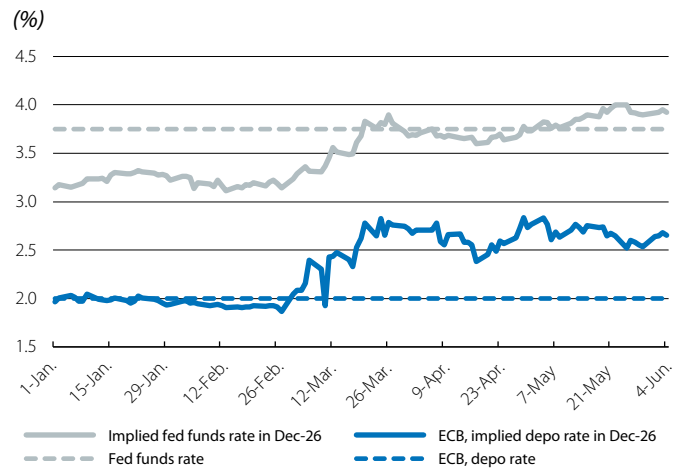
Source: CaixaBank Research, based on data from Bloomberg.

end of the year. This was based on the energy price shock having a limited impact on US economic activity, given its position as a producer and net exporter. However, the latest macroeconomic data releases have revealed a resilient labour market and substantially higher production and import prices than analysts had anticipated. This has led investors to believe that the Fed could raise interest rates – a possibility to which financial markets were assigning a 75% probability at the close of this report. This shift in expectations led to the dollar appreciating against most major currencies. On the other hand, these adjustments are occurring amid a changing context for the bank: Kevin Warsh was officially sworn in as Fed chair. Warsh has mentioned his intention to reduce the size of the Fed’s balance sheet and to reform the bank’s communication policy (measures like eliminating the publication of the dot-plot, among others) as well as reducing the frequency of FOMC meetings. In any case, these communications have not been interpreted by the market as any short-term shift in the Fed’s direction.

... while expectations for the ECB consolidate. Dominated by the supply shock triggered by the conflict in the Middle East and its inflationary impact on the euro area, financial markets in May consolidated expectations that the ECB will implement between two and three rate hikes in 2026. This included assigning a probability of over 90% to the first 25 bp increase being announced at the meeting on June 11. Despite this, euro area sovereign interest rates fell from the levels reached at the end of April, and risk premiums narrowed, particularly that of Italy, which has shown the most sensitivity to news regarding the conflict.

Japan is once again under the spotlight, after the Japanese Ministry of Finance intervened in the yen when the USD/JPY exchange rate hit the 160 mark at the end of last month. Since then, the currency has shown the same pattern as in previous episodes: a gradual depreciation indicating a structural weakness. Markets are factoring in a couple of interest rate hikes by the Bank of Japan, something they had already priced in prior to the start of the conflict in the Middle East. The first hike is expected to occur at the next meeting, also scheduled for June. In the United Kingdom, investors were torn between the possibility of a tightening of monetary policy due to rising inflation and the deteriorating economic outlook, with the labour market experiencing unemployment rates of around 5%, levels not seen since the COVID crisis. In May, financial markets were anticipating two interest rate hikes by the Bank of England (BoE), compared to the three expected a month ago, while the consensus among analysts was that the BoE would keep rates stable for the remainder of the year. Norges Bank in Norway was ahead of other banks and raised the interest rate by 25 bps to 4.25%.

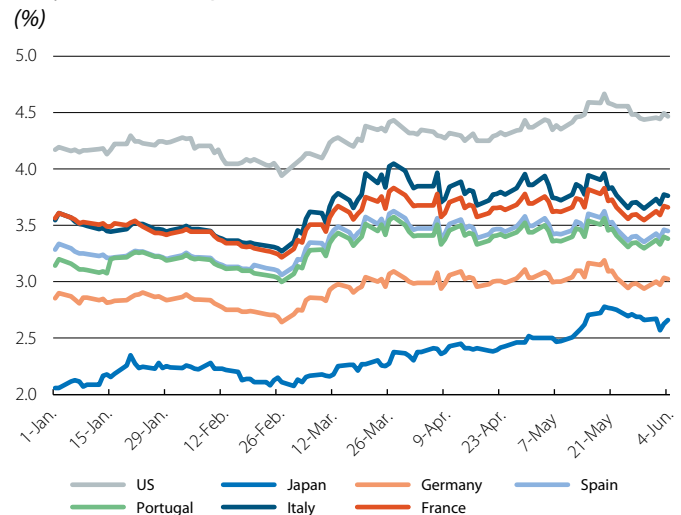
Market-implied policy rates for the Fed and the ECB in December 2026



Note: The grey lines refer to the upper bound of the fed funds rate. The dashed lines correspond to the current respective rate.

Source: CaixaBank Research, based on data from Bloomberg.

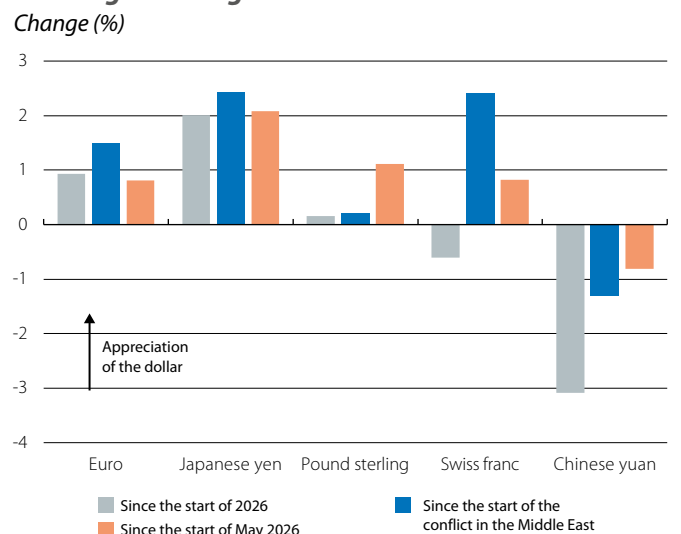
10-year sovereign interest rates



Note: Evolution throughout 2026.

Source: CaixaBank Research, based on data from Bloomberg.

Exchange rates against the US dollar



Source: CaixaBank Research, based on data from Bloomberg.

The financial conditions behind the economic scenario in 2026

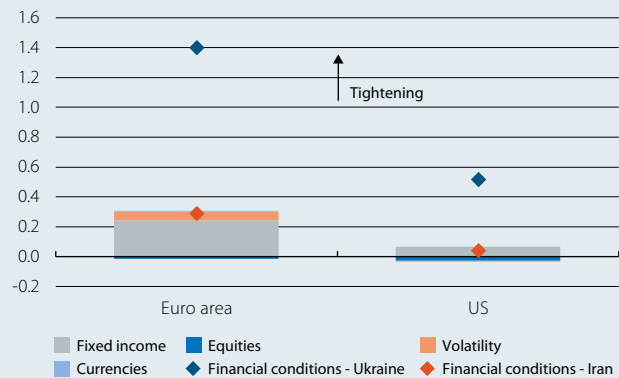
The war in the Middle East has altered the economic outlook for the coming quarters and the financial conditions that underpin it.¹ The blockade of the Strait of Hormuz and the damage to the region’s infrastructure have led to a surge in the cost of energy commodities, various derivative products (such as fuels and fertilisers), and other products where the Middle East plays an important role as a producer or transit region (e.g. aluminium). All this has led to a global rise in inflation and, combined with the significant uncertainty regarding how long the conflict will last, an increase in volatility.

This context has led to financial conditions that are less favourable for economic activity in the coming quarters, characterised by increased volatility, higher interest rates, and a narrower path for corporate profits and stock market performance. However, the tightening of financial conditions has so far been moderate, as shown in the first chart, and has been mainly due to the rise in interest rates and increased volatility. In contrast, equities have helped to ease tensions, supported by a strong corporate earnings season so far this year (due to both reported profits and future expectations), optimism around AI, and the view that the energy shock will impact inflation more than economic activity. Among advanced economies, the euro area has experienced greater tightening than the US, reflecting its relative vulnerability to the new shock (in fact, in the US, financial conditions indices show a very modest net tightening).²

Setting energy aside,³ the main change in the financial environment is the direction of monetary policy. In a scenario in which the energy shock is significant enough to directly push inflation above 3% for 2026 as a whole, the main central banks have signalled their intention to adopt a moderately restrictive monetary policy. Our new economic forecasts are thus based on the view that the ECB will raise its official rate to 2.50% in 2026 and maintain it at this boundary between neutrality and restriction for much of 2027 (vs. a pre-conflict expectation of stable rates at 2.00%). The Fed will put

Financial conditions

Change and contributions (points)



Note: The change in financial conditions due to the war in Ukraine compares the average from May 2022 with that of January 2022; for Iran, it compares the average from February 2026 with that of May 2026.

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

its planned rate cuts on hold, and keep the fed funds rate stable in the 3.50%-3.75% range (the 2025 year-end level). With this measured hawkish shift, both central banks will help mitigate the risk that rising energy costs could lead to indirect and second-round effects.⁴ On this basis, our scenario anticipates that both the ECB and the Fed could resume their pre-conflict interest rate paths by the end of 2027.⁵

The differing reactions of the ECB and the Fed not only reflect their different starting points (inflation at the 2% target in the euro area and neutral monetary policy vs. greater inflationary inertia in the US and moderately restrictive rates), but also the fact that the shock derived from the Middle East is of a different nature in each region. Europe’s reliance on energy imports significantly exposes the euro area to rising energy commodity prices, even though the Middle East is not a major supplier to Europe. In contrast, the US’ energy autonomy gives North American economic activity better protection from the direct shock. This has been reflected in a differential

1. See the Focus articles «[International economic outlook](#)» and «[Macroeconomic outlook for Spain: resilience in uncertain times](#)» in this same report.

2. The analysis is based on the financial conditions indices developed by CaixaBank Research (see, for example, the article «[The ECB’s holistic approach](#)» in the MR06/2021). Other indices, such as those by Bloomberg and Goldman Sachs, convey a similar message, with moderate tension in euro area financial conditions due to the conflict in the Middle East and little impact on those in the US.

3. See the Focus «[The new \(im\)balances in the oil market](#)» in this same report for an overview of the impact and state of the oil market three months after the outbreak of the conflict.

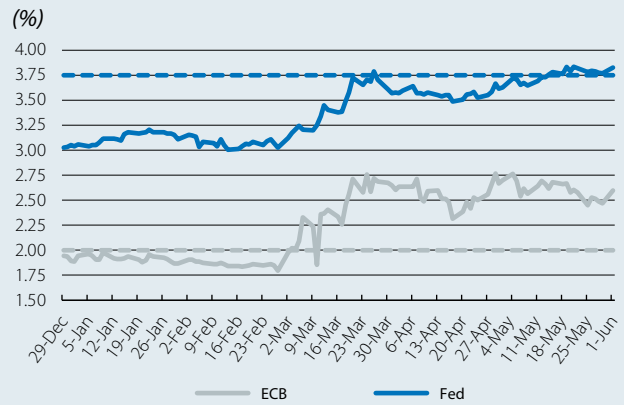
4. Indirect and second-round effects should also be mitigated by the absence of significant imbalances between aggregate supply and demand (as indicated by the modest GDP figures for the euro area in recent quarters or the cooling of the US labour market), as well as by the deterioration in business and consumer confidence reflected in the latest indicators, stemming from the conflict in the Middle East. On the other hand, a prolonged conflict, increased energy tensions, and/or the influence on inflation expectations of the recent memory of the inflationary crisis triggered by the war in Ukraine could lead to higher inflation and encourage a more aggressive monetary tightening.

5. In other words, the ECB will return the depo rate to 2.00% and the Fed will resume a path of moderate cuts (fed funds rate at 3.00%-3.25% by the end of 2027).

performance between the European and US financial markets: the third chart shows how, since the bombings between Iran and the US and Israel, European markets have been dominated by a narrative of a «negative supply shock», while trading sessions in US markets have been characterised by a «monetary policy tightening shock».⁶ Despite this, the euro exchange rate has remained relatively stable against the dollar, which has gained little (in terms of appreciation) from its role as a safe-haven asset despite the renewed spike in uncertainty. Thus, we maintain our forecast of relative strength for the euro, and see the exchange rate edging towards 1.20 dollars in 2027.

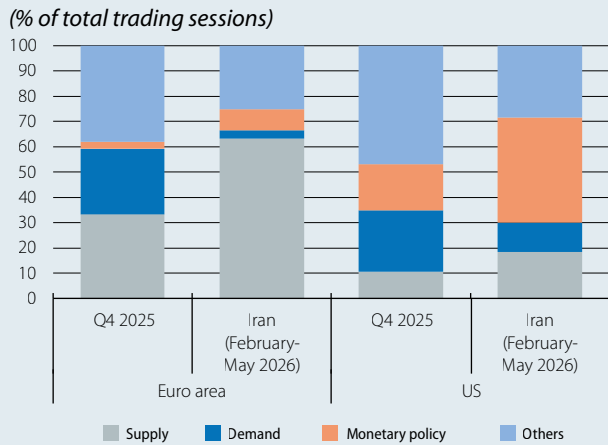
Overall, the conflict in the Middle East has caused the financial environment to take a step backwards. Although it has not experienced significant tightening overall, it is less favorable to the performance of economic activity in the coming quarters. The risks are high, and while a swift resolution of the conflict could ease financial conditions, the prolonged blockade of the Strait of Hormuz threatens to exponentially increase economic and financial costs if oil and derivative product stocks fall too low and can no longer cushion the contraction in energy supply. It is also important not to overlook market monitoring of public debt dynamics in several advanced economies, nor the financial risks associated with AI, both in terms of its ability to live up to expectations and its potential to disrupt established economic structures.

Central banks: market rate expectations for December 2026



Note: The dashed lines indicate the interest rate levels from which the Fed and the ECB started at the end of 2025.
Source: CaixaBank Research, based on data from Bloomberg.

Macroeconomic drivers of financial markets



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

6. The characterisation of market sessions between demand, supply or monetary policy drivers is based on the co-movements of the various classes of financial assets. For example, we associate a negative supply shock (which depresses activity and raises prices) with stock market declines and higher interest rates (with expectations of monetary tightening to combat inflation); a positive demand shock is linked to stock market gains (higher corporate profits), higher inflation expectations, and higher interest rates; and a restrictive monetary policy shock is associated with rises in sovereign rates, an appreciation of the domestic currency, and a decline in stock markets and inflation expectations. For more details on this extraction of economic narratives from financial markets, see the Focus «[What markets tell us about macroeconomics](#)» in the MR05/2026.

The new (im)balances in the oil market

As a result of the conflict in the Middle East and the near-total closure of the Strait of Hormuz over the past three months, the price of oil averaged around 103 dollars per barrel in May. Meanwhile, futures contracts maturing in 6-12 months have fluctuated between 80 and 95 dollars per barrel, maintaining a steeply negative price curve.¹

The black gold market: from solid fundamentals to a fluid world

In recent months, crude oil flows from the Gulf have dropped from 20 million barrels per day (mb/d) to 8 mb/d, due to the collapse of flows through the Strait of Hormuz (from 16 mb/d to less than 2 mb/d). This has been only partially offset by redirecting flows to alternative routes, notably the port of Yanbu in the Red Sea (see second chart). In this context, global oil production has fallen from around 106-108 mb/d to approximately 95 mb/d in April, indicating that the drop in production in Gulf countries has only been modestly offset by higher production in other regions. At the same time, global consumption has remained relatively stable, at around 103 mb/d in March and April (compared to approximately 104 mb/d in 2025). This indicates that the decline in demand remains limited and is mainly concentrated in a few Asian countries and in certain refined products.² Thus, the global oil market has shifted from an oil supply surplus (crude and refined products) of nearly 2.0 mb/d³ to a deficit exceeding 8 mb/d. The key to mitigating this deficit has been the use of inventories.

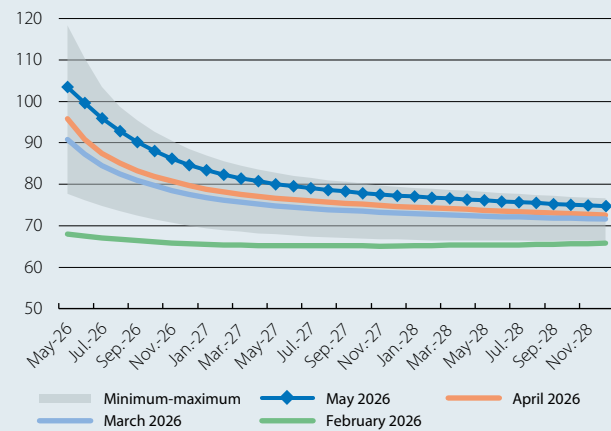
Global oil inventories: the secret of the unicorn

Oil inventories can be divided into four layers. The first is oil that is stored on ships, either stationary or in transit, known as «oil on water». Due to its rapid availability, it is considered the first layer that typically provides flexibility to the market. Secondly, there are

1. The negative slope indicates that contracts for shorter-term deliveries are priced significantly higher than those for long-term delivery. This pattern, known as «backwardation», indicates that buyers are willing to pay a premium to secure short-term oil deliveries and is a sign of supply shortages (or exceptionally high oil demand). It also indicates that the market expects the imbalance between supply and demand to be temporary, discouraging the storage of oil since it will be worth less in the future than it is now.
 2. For further details, see the May 2026 «Oil Market Report» by the International Energy Agency (IEA).
 3. See the Focus «[The oil market enters unknown territory](#)», in the MR04/2026.

Oil: futures prices

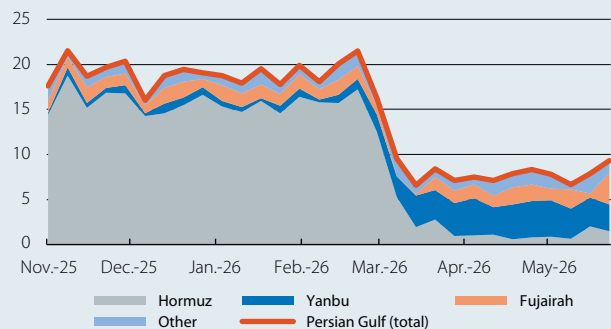
(Dollars per barrel)



Source: CaixaBank Research, based on data from Bloomberg.

Crude oil flows from the Persian Gulf

Millions of barrels per day (weekly average)



Notes: The chart shows maritime crude oil flows originating from ports in Persian Gulf countries. All ship departures from ports in Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates and Yemen are included, and they are categorised according to whether they pass through the Strait of Hormuz, or they do not (as is the case for the ports of Yanbu in the Red Sea and Fujairah in the UAE). Integrated data from satellites, broker reports, customs, and port agents, enabling real-time monitoring of maritime oil flows.

Source: CaixaBank Research, based on data from Vortexa (via Bloomberg).

commercial inventories. These refer to the stocks of crude oil and derivatives held by the private sector – such as oil companies, refineries, and logistics operators – which are used for the ordinary functioning of the market. The level of these inventories is a key indicator of balance in the market, as it responds to the economic incentives generated by the conditions of supply and demand. Therefore, monitoring them is essential for assessing tensions in the sector and anticipating movements in oil prices. Thirdly, there are the strategic petroleum reserves (SPRs), primarily of crude oil, managed by governments with the aim of enhancing energy security and responding to

exceptional situations, such as severe supply disruptions, geopolitical conflicts or natural disasters. Unlike commercial inventories, these reserves are not used for regular operational purposes; rather, they are released deliberately to stabilise the market and mitigate the impact of supply shocks.⁴ Therefore, they are a key tool in energy policy, capable of temporarily influencing global oil supply and prices. Finally, there are «operational minimums», which are necessary to keep the market physically functioning. As the final «cushion» in the oil market, between the three previous layers and the bottom levels defined by operating constraints, there are demand destruction scenarios. Here, the pricing system becomes the main balancing mechanism, cooling consumption to prevent stocks from falling to critical levels.⁵

OECD countries' commercial oil inventories remain within their historical range. At the end of April, they stood just below 2.7 billion barrels, compared to an average of around 2.9 billion over the past decade. However, their rapid reduction (–150 million barrels between March and April) suggests that, at the current rate, commercial stocks could approach critically low levels by Q3. Even under the (benign) assumption of a swift resumption of global oil production beginning in June, returning to pre-conflict levels by the end of Q4 2026, OECD commercial stocks could hit historic lows in June and reach 2.4 billion barrels in Q3, slowly normalising thereafter. This reduction in commercial inventory levels implies a higher likelihood of non-linear price spikes in the coming months. Furthermore, those countries (and products) that are more dependent on energy supplies from Gulf countries, and whose reserves are more limited, will remain more vulnerable.⁶

4. On 11 March, the IEA announced the release of 400 million barrels from its strategic reserves, estimated at around 1.2 billion barrels (with more than 600 million barrels held under government obligation). This was only the sixth joint release of reserves (following the crises of 1991, 2005, 2011, and 2022, the last with two announcements of reserve releases).

5. These minimum operating thresholds are related to the volumes that must be maintained in oil infrastructures – such as tanks, pipelines, or underground cavities – for technical reasons. These levels serve as a non-usable layer necessary to ensure the proper functioning of the system (pressure levels, flows, operational safety). It is estimated that minimum operating oil levels are equivalent to around 30 days of demand (i.e. with consumption like that of the OECD, at 45-47 mb/d, this would equate to approximately 1.4 billion barrels).

6. Although the oil market still seems far from critical operational thresholds at a macro level, inventory levels vary widely by region and product. Inventories of refined products (such as aviation fuel and naphtha) have deteriorated more rapidly than those of crude oil, while several emerging Asian countries are experiencing supply difficulties.

Global production and consumption of oil (crude and refined)

(Millions of barrels per day)



Note: Actual data are reported up to April 2026. From May 2026, the latest EIA forecasts are shown.

Source: CaixaBank Research, based on data from the EIA (Energy Information Administration).

For illustrative purposes, other scenarios could lead to greater market imbalances. On one hand, the short-term disruption could be greater than expected if talks between Iran and the US do not allow for a recovery of flows from June, leading to inventories reaching even lower levels in the coming months. On the other hand, the recovery of global oil production could be more gradual than expected, for instance, due to greater than anticipated damage to oil infrastructure in the Persian Gulf or difficulties in restoring shipping flows through the Strait of Hormuz to pre-conflict levels, which would lead to lower inventory levels for a longer period. Given the close correlation between Brent prices and commercial inventories, these scenarios would entail even greater price pressures in the coming years.⁷

Brent: what will be the (new) equilibrium price?

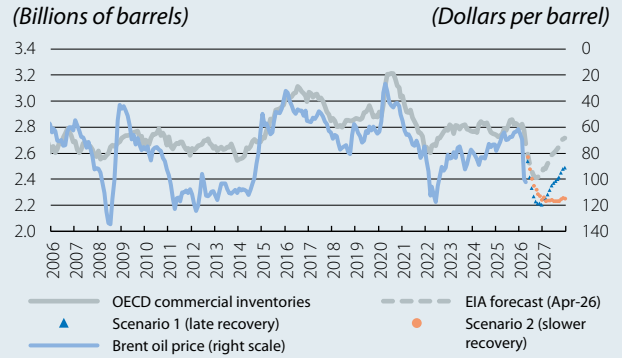
Despite futures contracts indicating structurally higher oil prices in the coming years as a result of the biggest oil shock in history, markets also seem to be assuming a rapid normalisation of supply and demand conditions in the coming months. In this scenario, global inventories would remain the main mechanism for absorbing the current supply shock, and the Brent oil price is currently converging towards an equilibrium of around 80 dollars per barrel. Even so, it is important

7. In its latest «Oil Market Report» from May 2026, the IEA estimates a cumulative loss of 900 million barrels (including the release of 400 million barrels from strategic reserves), assuming the conflict ends in June and production recovers from Q3. The IEA estimates that this figure could double in the event of a prolonged conflict.

to recall that futures contract prices do not provide a crystal ball. Rather than reflecting predictive power, they offer the possibility of securing deliveries of a specific quantity of a scarce good in the future at a set price, based on currently available information. Similarly, just as the negative slope of the curve indicates high market tension in the short term, in the long term the market will likely continue to be characterised by a long tail of upside risks.

Luís Pinheiro de Matos

Commercial oil inventories (OECD) and Brent oil price



Notes: Actual data are reported up to April 2026. From May 2026, the latest EIA forecasts and two alternative scenarios are presented. In scenario 1, we assume that the disruption to oil flows will persist until mid-Q3, with a slightly slower recovery rate (-0.5mb/d) in Q4. In scenario 2, we assume a recovery in global production starting in June, but at a slower pace, with net inventory withdrawals (the estimated difference between global consumption and production) lower (-1mb/d) than in the baseline scenario (EIA forecast) until the end of 2027. The average monthly Brent oil price is shown.

Source: CaixaBank Research, based on data from the EIA (Energy Information Administration).

Interest rates (%)

	31-May	30-April	Monthly change (bp)	Year-to-date (bp)	Year-on-year change (bp)
Euro area					
ECB Refi	2.15	2.15	0	0	-25
3-month Euribor	2.27	2.20	7	24	27
1-year Euribor	2.80	2.85	-4	56	71
1-year government bonds (Germany)	2.41	2.50	-9	40	64
2-year government bonds (Germany)	2.53	2.64	-11	41	75
10-year government bonds (Germany)	2.94	3.04	-10	8	44
10-year government bonds (Spain)	3.35	3.50	-15	7	26
10-year government bonds (Portugal)	3.30	3.44	-14	15	32
US					
Fed funds (lower limit)	3.50	3.50	0	0	-75
3-month SOFR	3.66	3.66	-1	1	-67
1-year government bonds	3.77	3.71	6	30	-33
2-year government bonds	4.00	3.87	14	53	11
10-year government bonds	4.44	4.37	6	27	4

Spreads corporate bonds (bps)

	31-May	30-April	Monthly change (bp)	Year-to-date (bp)	Year-on-year change (bp)
Itraxx Corporate	53	60	-7	2.2	-5.0
Itraxx Financials Senior	55	63	-7	1.0	-6.5
Itraxx Subordinated Financials	91	103	-12	-2.4	-16.6

Exchange rates

	31-May	30-April	Monthly change (%)	Year-to-date (%)	Year-on-year change (%)
EUR/USD (dollars per euro)	1.166	1.173	-0.6	-0.7	2.7
EUR/JPY (yen per euro)	185.670	183.700	1.1	0.9	13.6
EUR/GBP (pounds per euro)	0.867	0.862	0.5	-0.6	2.8
USD/JPY (yen per dollar)	159.270	156.590	1.7	1.6	10.6

Commodities

	31-May	30-April	Monthly change (%)	Year-to-date (%)	Year-on-year change (%)
Bloomberg Commodity Index	135.1	140.5	-3.8	23.2	35.1
Brent (\$/barrel)	92.1	114.0	-19.3	51.3	43.5
Gold (\$/ounce)	4,540.3	4,617.9	-1.7	5.1	38.0

Equity

	31-May	30-April	Monthly change (%)	Year-to-date (%)	Year-on-year change (%)
S&P 500 (USA)	7,580.1	7,209.0	5.1	10.7	28.2
Eurostoxx 50 (euro area)	6,050.5	5,881.5	2.9	4.5	12.7
Ibex 35 (Spain)	18,362.9	17,781.0	3.3	6.1	29.8
PSI 20 (Portugal)	9,076.5	9,345.0	-2.9	9.8	22.8
Nikkei 225 (Japan)	66,329.5	59,284.9	11.9	31.8	74.7
MSCI Emerging	1,752.2	1,600.2	9.5	24.8	51.4

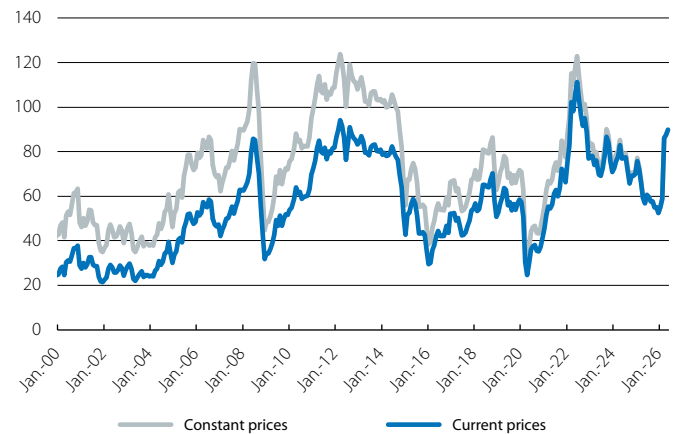
The global economy in search of a new balance

The reopening of Hormuz, a necessary but insufficient condition. The closure of the Strait of Hormuz since the start of the conflict has driven up the oil price to around 100 dollars per barrel in recent months, while the reduction in inventories has helped absorb part of the energy shock. In recent weeks, news of an extension to the ceasefire and negotiations between the US and Iran have led to a perception that the strait could soon reopen, allowing energy flows from the region to resume. However, restoring the balance between supply and demand would require a sustained increase in flows through the Strait of Hormuz, and returning inventories to their pre-conflict levels will not be quick. Overall, the indicators suggest that the energy market will remain strained and that geopolitical risk will continue to apply upward pressure on prices.

Economic activity cools in the face of a new shock. The available indicators for advanced economies point to a slowdown in activity in Q2. In the EU, the economic sentiment indicator showed a slight recovery in May (93.7 points vs. 93.4 previously), but it remains close to the lows observed in recent years and below its historical average of 100 points. Business sentiment indicators point to further deterioration. The euro area PMI fell to its lowest level in nearly three years, reaching 47.5 points (vs. 48.8 previously), weighed down primarily by weakness in the services sector (at its lowest since late 2020), amid uncertainty and rising inflation. On the manufacturing side, activity continues to hold steady, while the price subcomponents indicate an increase in production costs. In its spring report, the European Commission highlights the deteriorating macroeconomic scenario due to the conflict in the Middle East and an environment still characterised by high uncertainty, which reinforces the downside risks to growth. At CaixaBank Research, we forecast euro area growth at 0.7% for 2026 (-0.5 pps vs. our previous forecast, due to a combination of slightly lower-than-expected GDP data and the impact in the Middle East) and at 1.2% for 2027 (-0.3 pps). See the Focus «[International economic outlook](#)» in this same report.

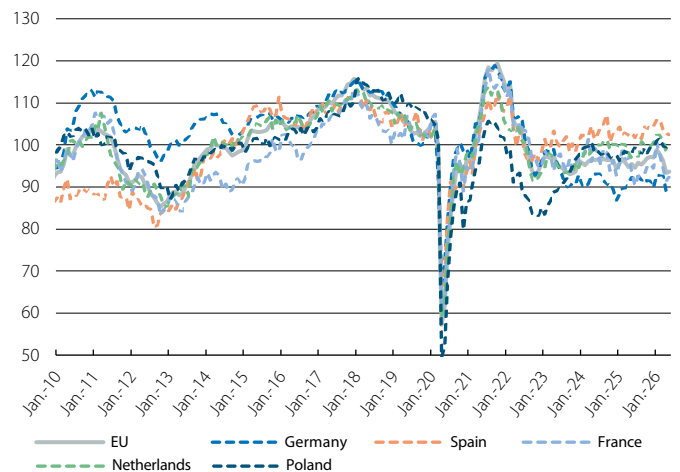
US: focus on private consumption and the labour market. The US economy continues to withstand the impact of the energy shock, despite the deterioration in consumer confidence. Individual consumption was up 0.1% month-on-month in April (vs. 0.3% in March), constrained by weakening household purchasing power, while the labour market remained strong. The unemployment rate remained at 4.3%, while job creation stood at 115,000 people (vs. 63,000 people on average for Q1). The second GDP estimate for Q1 2026 placed growth at 0.4% quarter-on-quarter (-0.1 pps vs. the initial estimate) and indicated a more moderate increase in private consumption (+0.3% quarter-on-quarter, vs. 0.5% in Q4 2025). Fixed investment has been confirmed as the main driver of growth in the quarter. Business sentiment data have indicated levels consistent with a slight cooling of economic activity in Q2, but with positive growth rates. The composite PMI remained

Brent: price
(Euros per barrel)



Notes: The chart shows monthly averages. For the calculation of Brent at constant prices, the prices from December 2025 are used as the base. The deflator used is based on IPCA inflation for the euro area.
Source: CaixaBank Research, based on data from Bloomberg and Eurostat.

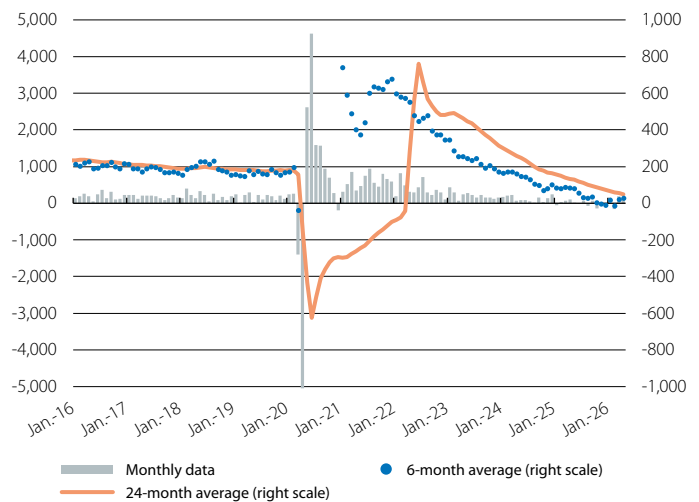
EU: Economic Sentiment Indicator (ESI) Index



Note: The historical average of the index is 100 points (since the year 2000).
Source: CaixaBank Research, based on data from the European Commission.

US: employment

Monthly change (thousands of jobs)



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

unchanged in May (at 51.7 points), although the price subcomponents indicate widespread inflationary pressures, reaching their highest levels since 2022.

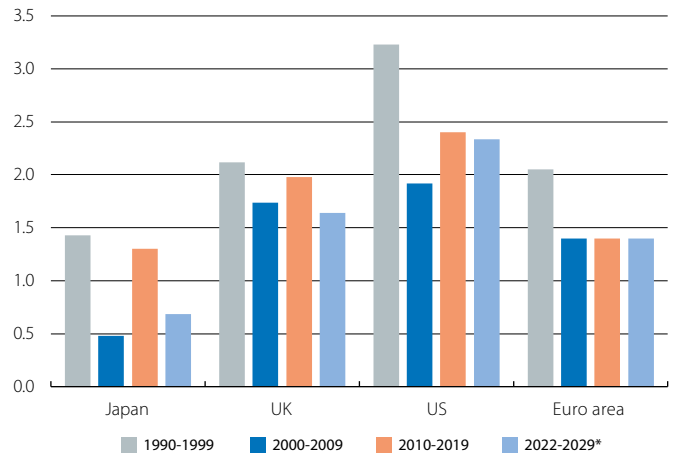
Inflationary pressures are accelerating due to rising energy costs. Euro area headline inflation rose to 3.2% year-on-year in May (vs. 3.0% in April), while core inflation stood at 2.5% (+ 0.3 pps). The impact of rising energy prices remains visible (energy once again contributed 1 pp to headline inflation), and notable dynamics were observed in core inflation, where the upward trend in industrial goods was joined by a sharp rise in services inflation. In the absence of a detailed breakdown by component, the rebound in services could be explained by calendar effects and the indirect impact of the conflict in the Middle East on more energy-sensitive services, such as transport. In the US, the PCE, a benchmark used by the Fed, recorded an annual increase of 3.8% in April (+0.3 pps) in its headline index, while the core component was up 3.3% (+0.1 pp). This reinforces the view that the Fed will keep rate changes «on hold» until the end of the year and that the ECB could move towards a first «precautionary» rate hike as early as June (for more details, see the Focus [«The financial conditions behind the economic scenario in 2026»](#) in this report).

The United Kingdom and Japan kick off the year on a good footing, but challenges lie ahead. The UK’s GDP grew by 0.6% quarter-on-quarter in Q1 (vs. 0.2% previously), driven by the services sector and dynamic private consumption. However, the political instability following the local elections, combined with the rise in sovereign bonds and greater uncertainty about the direction of economic policy, could pose new challenges for the British economy this year. Japan’s GDP, meanwhile, grew by 0.5% quarter-on-quarter in Q1 (vs. 0.2% previously), supported by strong domestic demand and a rebound in exports. The fuel cap introduced by the Japanese government is helping to keep inflation relatively contained for now. However, the risks are clearly skewed to the upside, as indicated by the PMI price components, which are close to the levels recorded in 2022, and a strained labour market. With global inflation expectations on the rise, factors such as economic uncertainty and a potential deterioration in fiscal outlooks could increase pressure on both countries.

The outlook for emerging economies deteriorates, albeit with exceptions. In China, following a strong first quarter, activity data reveal a slowdown in April. Industrial production slowed, although it still grew at a steady pace (+4.1% year-on-year vs. 6.1% in Q1), while retail sales remained virtually stagnant. On a positive note, the strong performance of services and improved consumer confidence, in an environment in which inflation remains contained, could help sustain activity. On the other hand, Brazil’s GDP grew by 1.8% year-on-year in Q1, driven mainly by private consumption and investment. In the context of a global energy shock, these data reiterate that energy-importing economies, particularly those with greater initial vulnerabilities, could face increased risks to their growth prospects.

Global: GDP growth

Annual change (%)

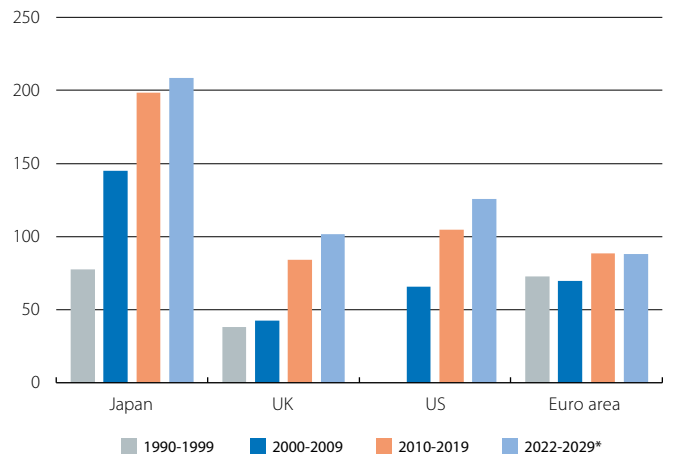


Notes: The average annual growth rates are calculated for each period. For the period 2022-2029, the IMF forecasts from 2026 are considered (WEO, April 2026).

Source: CaixaBank Research, based on data from the International Monetary Fund.

Global: public debt

(% of GDP)

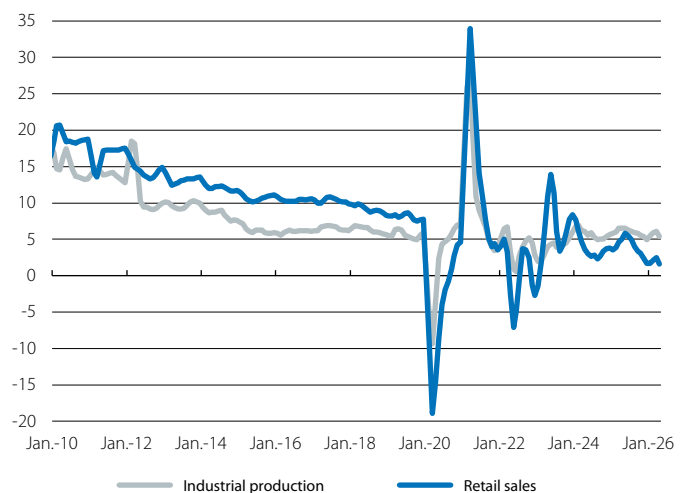


Notes: The average public debt ratios are calculated for each period. For the period 2022-2029, the IMF forecasts from 2026 are considered (WEO, April 2026).

Source: CaixaBank Research, based on data from the International Monetary Fund.

China: economic activity indicators

Year-on-year change (% , 3-month average)



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

International economic outlook

At the close of this report, the conflict in the Middle East remains unresolved and continues to exert pressure on the price of energy and its derivatives. The duration of the conflict will be crucial in assessing its economic impact. The region produces nearly 30% of the world's crude oil and 20% of its gas, the latter being a key input in the production of fertilisers and helium, which are essential for semiconductor manufacturing. Additionally, it contains two of the world's major maritime routes: the straits of Hormuz and Bab-el-Mandeb (in the Red Sea). Moreover, there are factors that could hasten a resolution to the conflict, such as Trump's declining popularity (which could affect him in the mid-term elections) and the high economic cost of the war. Given the uncertainty of the environment, our economic forecasts are anchored in quoted market energy prices.

Specifically, our forecast scenario is based on futures traded by financial markets over an average of 14 trading days (to reduce their volatility). Based on this data, the Brent barrel will remain above 100 dollars up until July, before gradually easing to around 85 dollars by the end of the year. This will place the average Brent price at approximately 90 dollars in 2026 and almost 80 dollars in 2027, well above the levels anticipated prior to the conflict (some 25 and 15 dollars higher, respectively). Furthermore, prices are not expected to return to pre-war levels until at least 2030. In the case of gas prices, the impact has been much less severe than that triggered by the outbreak of the war in Ukraine. Overall, the futures underpinning our forecasts anticipate an average gas price of just under 45 euros per MWh in 2026 and just over 35 euros per MWh in 2027, which is 10-15 euros more expensive each year than expected before the conflict.

In other words, energy futures seem to be factoring in a gradual resolution of the military conflict that would lead to the reopening of the Strait of Hormuz, while acknowledging that this does not mean economic activity will immediately recover to pre-conflict levels.¹

In this context of higher energy prices, economic growth will be lower than expected before the conflict, especially in countries more dependent on energy imports (Europe and Asia, particularly India, which is especially affected). Inflation will rise across the board, causing the main central banks to adopt a more hawkish stance.²

1. See the Focus [«The new \(im\)balances in the oil market»](#) in this same *Monthly Report*.

2. See the Focus [«The financial conditions behind the economic scenario in 2026»](#) in this same *Monthly Report*.

Main forecasts

Year-on-year change (%)

	GDP			Inflation		
	2025	2026	2027	2025	2026	2027
World	3.4	3.0	3.2	4.1	4.4	3.7
	–	<i>3.3</i>	<i>3.2</i>	–	<i>3.9</i>	<i>3.5</i>
US	2.1	2.1	2.1	2.6	3.5	2.4
	–	<i>2.6</i>	<i>2.0</i>	–	<i>2.6</i>	<i>2.2</i>
Euro area	1.5	0.7	1.2	2.1	3.1	2.3
	–	<i>1.3</i>	<i>1.5</i>	–	<i>1.9</i>	<i>2.0</i>
Germany	0.3	0.6	1.1	2.3	3.2	2.4
	–	<i>1.0</i>	<i>1.4</i>	–	<i>2.0</i>	<i>2.1</i>
France	0.9	0.6	0.9	0.9	2.4	2.0
	–	<i>1.0</i>	<i>1.2</i>	–	<i>1.3</i>	<i>1.7</i>
Italy	0.7	0.5	0.7	1.6	2.6	2.1
	–	<i>0.8</i>	<i>1.1</i>	–	<i>1.5</i>	<i>1.8</i>
China	5.0	4.5	4.0	0.1	1.0	1.5
	–	<i>4.5</i>	<i>4.0</i>	–	<i>1.0</i>	<i>1.5</i>

Notes: Average for the period. In blue and italics, previous forecasts (February 2026).

Source: CaixaBank Research.

The euro area faces another energy shock

The region's direct exposure to the Middle East is limited. However, despite efforts in recent decades to improve energy efficiency and promote the use of renewable energies, there remains a high dependency on fossil fuels: they account for nearly 70% of all the energy consumed by the entire economy, and they are practically the only type of energy used in the transport sector.³ The impact of higher energy prices will result in increased inflation over the coming months, averaging above 3.0% in 2026, approximately 1.0 pp higher than expected before the war. Therefore, household purchasing power will be squeezed and private consumption will slow in the coming quarters, but it will not contract, thanks to the substantial savings buffer (more than 14% of gross disposable income) and a still resilient labour market (the unemployment rate has been around a historic low of 6.2% for over a year). It is also important to note that the end of 2025 and the beginning of 2026 in the euro area were weaker than expected, which explains the substantial downward revision we have made: –0.5 pps in 2026, to 0.7%, and –0.3 pps in 2027, to 1.2%. On the other hand, this slowdown in activity will mitigate indirect and second-round effects and, together with various fiscal measures already approved, it will help contain the inflationary impact of the war. For now, the euro area will avoid

3. See the Focus [«Europe faces another energy crisis»](#) in the MR04/2026.

entering recession, but such an outcome cannot be ruled out if the conflict drags on and more adverse scenarios materialise.

US, the impact of higher inflation on a growth model heavily reliant on technology investment

The US is the world's largest producer of crude oil and gas and a net exporter, but this does not mean that its consumers are unaffected by rising energy prices. In fact, inflation is already reflecting this impact (petrol is above 4 dollars per gallon), in a context in which service prices were already showing significant resistance to moderation. As a result, the direct impact of rising energy costs will cause headline inflation in 2026 to be almost 1.0 pp higher on average than it would have been without the conflict, reaching 3.5%. This inflation pattern will dent household consumption, as indicated by the significant deterioration in the main household confidence indicators, although they will still maintain dynamic growth rates. Furthermore, we remain confident that investment in technology will remain strong due to the boost from the deployment of AI, so the US economy should continue to advance at a steady pace. However, since Q4 2025 and Q1 2026 were weaker than expected, we have reduced our growth forecast for 2026 by 0.5 pps to 2.1%, a rate which will be maintained in 2027.

China will benefit from the boost provided by its high value-added exports

The Chinese economy faces the impact of the war in the Middle East with some ambiguity. As a net energy importer, it is adversely affected by the sharp rise in energy costs, while its exports to Europe (accounting for around 16% of its total) are hindered by trade disruptions in the region. However, the rise of AI and the development of green energies in much of the world are boosting its high-value exports, sectors in which China has already become a global leader. In the short term, this greater diversification of Chinese exports will help sustain the growth of its economy. This, combined with the tariff cuts prompted by the US Supreme Court and a slightly better than expected start to the year, reinforces our growth forecast of 4.5% for 2026 and 4.0% for 2027. The measures implemented by the government to contain the impact of the energy shock will keep inflation under control, which was very low before the conflict. We thus expect it to be in the 1.0%-1.5% range in 2026 and 2027.

In short, it seems we are heading towards a world with lower growth and higher inflation. Uncertainty remains high and the most adverse scenarios cannot yet be ruled out, with highly uneven regional impacts and inflation reaching higher for longer, as the IMF already warned in its April report. Nevertheless, it is important to emphasise that the situation differs from 2022, when significant disruptions still affecting global supply chains after the pandemic drove global inflation to nearly 9.0%.

Rita Sánchez Soliva

European households' well-being: greater reliance on public support amid higher inflation

Between 2013 and 2019, the recovery that followed the financial and sovereign debt crises enabled gradual but sustained improvements in household purchasing power, supported by an improvement in employment and a contained inflation environment. The pandemic disrupted this dynamic, and while nominal income and the labour market showed resilience, the inflation shock exacerbated by the invasion of Ukraine eroded purchasing power and strained households' well-being, hitting low-income households particularly hard. In this context, real actual individual consumption per capita – a broad indicator of material well-being that includes both private expenditure and individual goods and services provided by the public sector – allows us to analyse how the living conditions of European households have evolved before and after the pandemic, as well as the role of public redistribution.

From post-crisis recovery to inflation shock

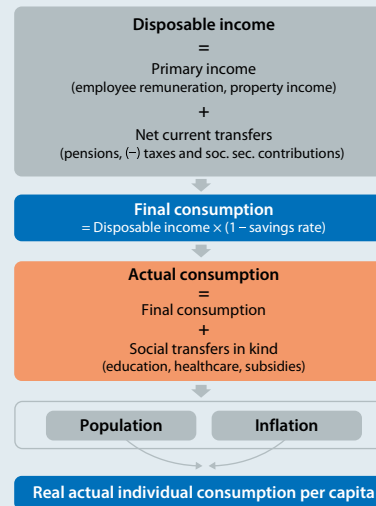
Real actual individual consumption per capita is an indicator that reflects the material well-being of households more accurately than GDP, disposable income, or final consumption (see the first chart for definitions). It is a measure that is less sensitive to temporary deviations between production, household income and savings, which are particularly relevant after the pandemic and during the recent inflation shocks.¹ Unlike other metrics, it includes public sector transfers in kind – such as education and healthcare, as well as subsidised housing or transport – so it better reflects households' access to goods and services.

Between 2013 and 2019, actual individual consumption per capita in the EU grew steadily at around 1.5% annually. This was in line with a phase marked by rising incomes and a gradual normalisation of the economy following the financial and sovereign debt crises (see second chart). The progress of this measure of well-being was somewhat less pronounced than that of GDP, but it was nonetheless steady, supported by an improvement in employment and a moderate inflation environment (less than 1% annually on average). This dynamic changed abruptly with the pandemic. The initial collapse in private consumption in 2020 was followed by a relatively swift recovery, driven by expansive fiscal policy, although heightened uncertainty may have led to a structurally higher savings rate.

However, the real turning point was not the pandemic itself, but the subsequent inflationary episode. Between 2021 and 2023, the sharp rise in energy and food prices eroded household purchasing power. The EU's average

1. IMF (2020). «Measuring Economic Welfare: What and How?».

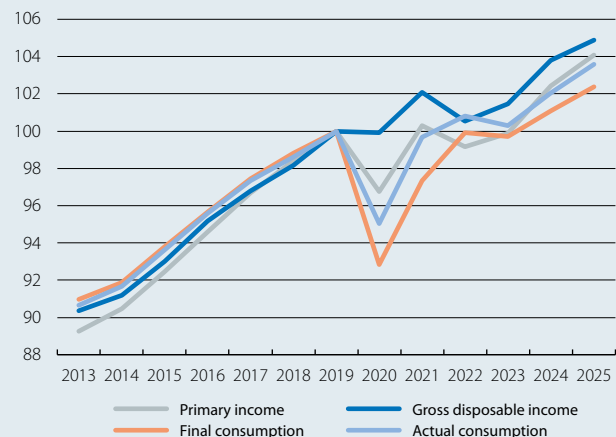
Actual individual consumption



Source: CaixaBank Research.

EU: per capita income and consumption

In real terms (index 100 = 2019)



Source: CaixaBank Research, based on data from Eurostat.

annual inflation reached a historic high of 9.2% in 2022, creating a persistent gap between the trends of variables in nominal and real terms. In turn, this inflation shock had a distinctly regressive nature. Households with lower incomes faced significantly higher inflation rates as they devoted a larger share of their spending to basic goods, which were precisely the category that registered the biggest price increases during this period.² Furthermore, in some countries there was a deterioration in housing affordability.³

2. ECB (2024). «The unequal impact of the 2021-22 inflation surge on euro area households».

3. See the Focus «There are reasons why housing has become the top concern among European citizens» in the MR02/2026.

Less convergence and more dispersion between countries after the pandemic

Beyond the European aggregate, the comparison between countries reveals significant changes in growth and convergence dynamics. This is largely explained by the uneven impact of inflation and the varying fiscal space that was available to countries to respond. Generally speaking, the average growth of real actual individual consumption per capita during the period 2019-2025 was significantly lower than that recorded in the years prior to the pandemic for most of Member States (see third chart). Only a few countries have managed to sustain growth in actual individual consumption, while others have experienced a more pronounced slowdown, mainly in Eastern Europe. The four major EU economies (Germany, France, Italy and Spain) have shown stagnation in recent years.

In the years leading up to the pandemic, countries with lower initial levels of actual individual consumption per capita tended to record significantly higher growth rates, indicating a gradual convergence in well-being (see fourth chart). This trend weakens after 2019. The asymmetric impact of the inflation shocks, combined with differences in fiscal space, has led to less uniformity in outcomes among Member States. The pandemic and the subsequent shocks have not reversed previous progress, but the result has been slower convergence (see in the chart how the blue dotted line lies below the grey one and the how the slope is steeper for lower levels of well-being) and less uniformity (greater dispersion of the blue scatter plot), with significant structural differences persisting within the EU.

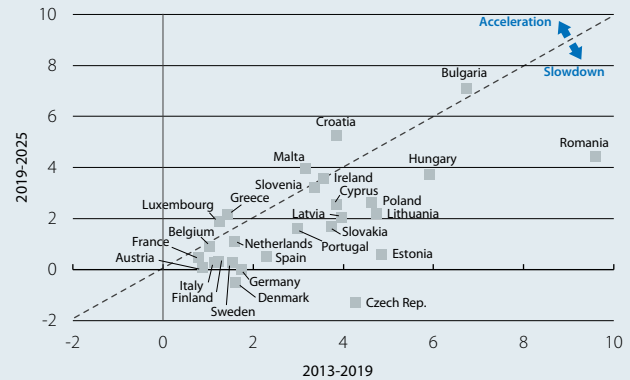
Sustaining well-being in an inflationary environment: limits of redistribution

The analysis of the main EU economies clearly shows the shift in pattern between the two periods. Between 2013 and 2019, the growth in real actual individual consumption per capita was mainly supported by the increase in real incomes and contained inflation. However, following the pandemic, the key differentiating factor is the sharp rise in inflation, which has significantly eroded purchasing power despite the strength of the labour market (see fifth chart). In response, public transfers have played a greater cushioning role – particularly in the Netherlands, Poland, and Germany – alongside a gradual decline in the savings rate following the sharp rise in 2020-2021, which is more pronounced in France, Spain, and Italy. In the case of Spain, the per capita results are also influenced by the rapid population increase due to higher migration flows in the recent period.

Across Member States, the more active role of redistribution following the pandemic has been a widespread but uneven phenomenon (see sixth chart). In most countries, the increase in transfers – whether monetary or in kind –

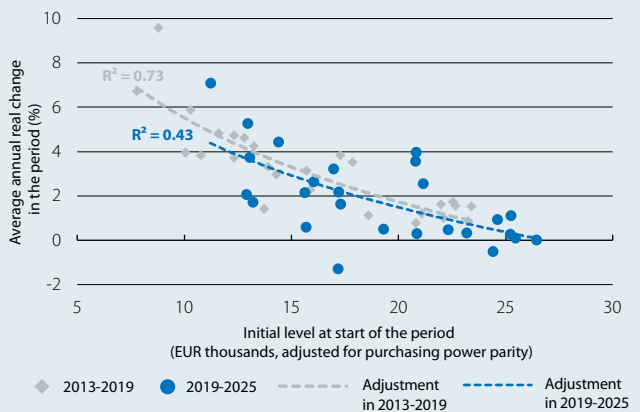
EU: actual individual consumption per capita (countries)

Average annual real change in the period (%)



Note: Data up to 2022 for Bulgaria, up to 2024 for Estonia, and up to Q3 2025 for Ireland.
Source: CaixaBank Research, based on data from Eurostat.

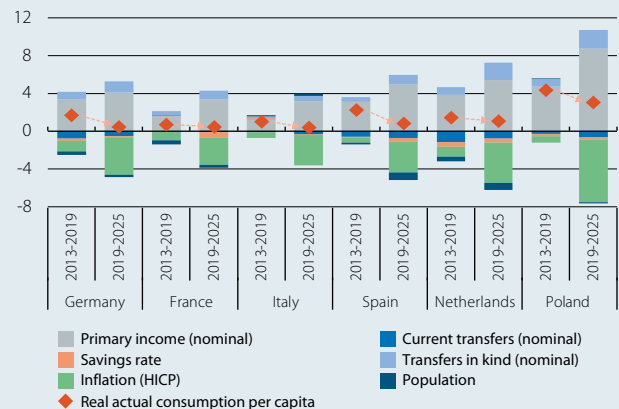
EU: actual individual consumption per capita (countries)



Notes: Data up to 2022 for Bulgaria, up to 2024 for Estonia, and up to Q3 2025 for Ireland. Luxembourg is excluded due to recording atypical values (around 35,000 euros). Logarithmic adjustment.
Source: CaixaBank Research, based on data from Eurostat.

EU: actual final individual consumption per capita (major economies)

Average annual real change in the period (pps)



Notes: Current transfers net of taxes and social security contributions. The savings rate is calculated as the inverse of individuals' final consumption over their gross disposable income in nominal terms.
Source: CaixaBank Research, based on data from Eurostat.

has been accompanied by higher contributions through taxes and social security. However, in many cases, this increase has not been fully offset on the fiscal revenue side. In contrast, only a minority of countries have shown a negative net contribution from transfers to the growth of actual individual consumption in recent years.

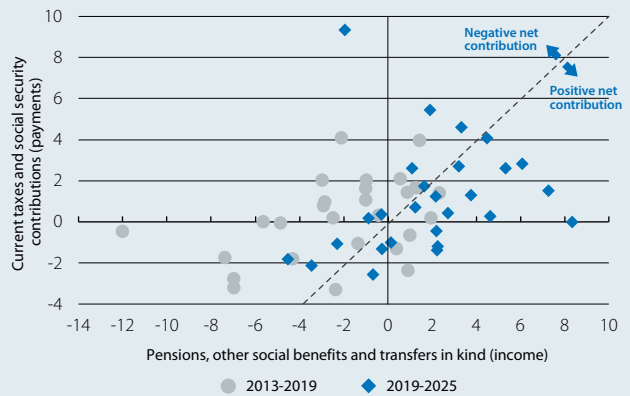
Implications for cohesion and pursuit of the competitive agenda

Since the pandemic, EU government action has helped cushion the impact of a series of unprecedented shocks on households’ material well-being, preventing an abrupt fall in actual individual consumption per capita. However, this result has increasingly relied on public redistribution mechanisms and has occurred in a context of reduced convergence between countries. The erosion of purchasing power caused by inflation has highlighted the limits of a model based on ex post cushioning of well-being. Looking ahead, preserving economic cohesion will require stronger EU competitiveness fundamentals: boosting productivity and deepening the single market.⁴ Without progress in boosting potential growth and job creation, maintaining well-being will become increasingly costly and more difficult to align with European convergence in an environment of high public debt.⁵

David Martínez Turégano

Current and in-kind transfers

Change as a percentage of primary income (pps)



Note: Data up to 2022 for Bulgaria, up to 2024 for Croatia, Cyprus, Slovakia, Slovenia, Estonia, Latvia, Lithuania and Malta, and up to Q3 2025 for Ireland.
Source: CaixaBank Research, based on data from Eurostat.

4. See the Focus [«How far has the EU progressed on the Competitiveness Compass?»](#) in the MR04/2026.
 5. See the article [«Europe’s medium-term fiscal dilemma»](#) in the Dossier of the MR11/2025.

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

UNITED STATES

	2024	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	03/26	04/26	05/26
Activity									
Real GDP	2.8	2.1	2.1	2.3	2.0	2.6	–	–	–
Retail sales (excluding cars and petrol)	3.4	4.5	4.9	4.6	3.9	4.6	4.5	4.9	...
Consumer confidence (value)	104.5	96.1	93.1	97.4	94.2	90.7	92.2	93.8	93.1
Industrial production	–0.7	1.1	0.5	1.7	1.6	1.1	0.8	1.4	...
Manufacturing activity index (ISM) (value)	48.2	48.9	48.8	48.7	48.2	52.6	52.7	52.7	54.0
Housing starts (thousands, monthly average)	1,371	1,357	1,356	1,347	1,323	1,413	1,507	1,465	...
Case-Shiller home price index (index)	330	339	338	338	341	343	342	...	...
Unemployment rate (% lab. force)	4.0	4.3	4.2	4.3	4.5	4.3	4.3	4.3	...
Employment-population ratio (% pop. > 16 years)	60.1	59.8	59.8	59.6	59.7	59.3	59.2	59.1	...
Trade balance ¹ (% GDP)	–2.8	–3.4	–3.6	–3.4	–3.0	–2.5	–2.2	...	...
Prices									
Headline inflation	2.9	2.6	2.4	2.9	2.7	2.7	3.3	3.8	...
Core inflation	3.4	2.8	2.8	3.1	2.6	2.5	2.6	2.8	...

JAPAN

	2024	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	03/26	04/26	05/26
Activity									
Real GDP	–0.2	1.1	2.0	0.5	0.2	0.6	–	–	–
Consumer confidence (value)	37.2	34.7	33.2	34.8	36.7	36.9	33.3	32.2	33.6
Industrial production	–3.0	0.1	0.1	–1.1	–1.3	1.2	0.6	2.3	...
Business activity index (Tankan) (value)	12.8	13.5	13.0	14.0	15.0	17.0	–	–	–
Unemployment rate (% lab. force)	2.5	2.5	2.5	2.5	2.6	2.7	2.7	2.5	...
Trade balance ¹ (% GDP)	–1.0	–0.6	–0.7	–0.5	–0.4	...	...	...	...
Prices									
Headline inflation	2.7	3.2	3.4	2.9	2.7	1.4	1.4	1.3	...
Core inflation	2.4	3.0	3.2	3.2	3.0	2.6	2.5	1.9	...

CHINA

	2024	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	03/26	04/26	05/26
Activity									
Real GDP	5.0	5.0	5.2	4.8	4.5	5.0	–	–	–
Retail sales	3.3	3.8	4.4	2.4	0.7	2.4	1.7	0.2	...
Industrial production	5.6	5.9	6.2	5.8	5.0	6.0	5.7	4.1	...
PMI manufacturing (value)	49.8	49.6	49.4	49.5	49.4	49.6	50.4	50.3	50.0
Foreign sector									
Trade balance ^{1,2}	997	1,189	1,145	1,174	1,189	1,179	1,179	1,167	...
Exports	4.6	5.5	6.0	6.5	3.8	14.5	2.3	13.9	...
Imports	1.0	0.2	–0.8	4.6	3.4	23.0	28.1	25.3	...
Prices									
Headline inflation	0.2	0.1	0.0	–0.2	0.6	0.8	1.0	1.2	...
Official interest rate ³	3.1	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Renminbi per dollar	7.2	7.2	7.2	7.2	7.1	6.9	6.9	6.8	6.8

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

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

EURO AREA

Activity and employment indicators

Values, unless otherwise specified

	2024	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	03/26	04/26	05/26
Retail sales (year-on-year change)	1.2	2.4	3.1	2.0	2.3	1.9	2.1	1.0	...
Industrial production (year-on-year change)	-2.9	1.5	1.2	1.5	2.0	-1.2	-2.1	...	...
Consumer confidence	-12.6	-13.4	-14.2	-13.6	-12.9	-13.8	-16.4	-20.6	-19.0
Economic sentiment	95.9	95.9	95.0	96.0	97.1	97.7	96.3	93.2	93.5
Manufacturing PMI	45.9	49.1	49.3	50.1	49.5	50.8	51.8	52.8	53.8
Services PMI	51.5	51.3	50.1	50.9	53.0	51.2	50.2	47.6	47.7
Labour market									
Employment (people) (year-on-year change)	1.0	0.7	0.8	0.7	0.7	0.6	-	-	-
Unemployment rate (% labour force)	6.4	6.3	6.3	6.3	6.3	6.3	6.3	6.3	...
Germany (% labour force)	3.4	3.7	3.7	3.8	3.9	3.9	3.8	3.8	...
France (% labour force)	7.5	7.7	7.6	7.8	8.0	8.2	8.2	8.2	...
Italy (% labour force)	6.6	6.1	6.3	6.0	5.7	5.3	5.2	5.1	...
Real GDP (year-on-year change)	0.9	1.5	1.6	1.4	1.2	0.8	-	-	-
Germany (year-on-year change)	-0.5	0.3	0.4	0.3	0.4	0.3	-	-	-
France (year-on-year change)	1.4	0.9	0.8	0.8	1.1	0.9	-	-	-
Italy (year-on-year change)	0.6	0.7	0.5	0.7	0.9	0.8	-	-	-

Prices

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

	2024	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	03/26	04/26	05/26
General	2.4	2.1	2.0	2.1	2.1	2.0	2.6	3.0	3.2
Core	2.8	2.4	2.4	2.3	2.4	2.3	2.3	2.2	2.6

Foreign sector

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

	2024	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	03/26	04/26	05/26
Current balance	3.4	2.2	2.7	2.4	2.2	2.2	2.2	...	...
Germany	5.9	4.5	5.0	4.7	4.5	4.4	4.4	...	...
France	0.1	-0.3	-0.2	-0.5	-0.3	-0.3	-0.3	...	...
Italy	1.1	1.1	0.9	1.1	1.1	1.4	1.4	...	...
Nominal effective exchange rate¹ (value)	94.2	96.1	96.2	97.9	97.5	97.2	96.8	97.3	97.0

Credit and deposits of non-financial sectors

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

	2024	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	03/26	04/26	05/26
Private sector financing									
Credit to non-financial firms ²	0.8	2.7	2.6	2.9	3.0	3.0	3.2	3.4	...
Credit to households ^{2,3}	0.5	2.2	2.1	2.5	2.9	3.0	3.0	3.0	...
Interest rate on loans to non-financial firms ⁴ (%)	4.9	3.4	3.4	3.2	3.3	3.3	3.4	...	...
Interest rate on loans to households for house purchases ⁵ (%)	4.6	3.7	3.7	3.6	3.5	3.5	3.5	...	...
Deposits									
On demand deposits	-3.9	5.0	5.3	5.5	5.4	5.4	5.1	4.1	...
Other short-term deposits	12.4	-0.1	-0.1	-1.5	-1.0	-0.2	-0.1	0.8	...
Marketable instruments	20.0	7.7	11.0	4.4	0.9	0.8	4.2	1.1	...
Interest rate on deposits up to 1 year from households (%)	3.0	1.9	1.9	1.7	1.8	1.8	1.8	...	...

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

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

Spain maintains solid growth despite heightened uncertainty

Growth: slightly less, yet dynamic. The macroeconomic outlook is once again influenced by increased geopolitical uncertainty due to the conflict in Iran, which is primarily affecting energy prices. Spain is facing this scenario from a solid starting position, following a dynamic 2025 and a better-than-expected Q1 2026. Growth is supported by strong private consumption and employment, the good performance of service exports, and investment that continues to benefit from European funds. These factors, along with significant accumulated household savings and support from fiscal policy, act as buffers amid a deteriorating international environment. Nevertheless, the surge in energy prices and weaker foreign demand will dampen economic activity and push inflation upwards. Consequently, we have moderately revised down our GDP growth forecasts to 2.1% in 2026 and to 1.8% in 2027, versus 2.4% and 2.0% previously. Despite this, the underlying assessment remains unchanged: the Spanish economy is expected to continue growing at a relatively strong pace, supported by multiple factors and clearly outperforming the European average, which is projected to remain below 1%.

The economic activity data for Q2 are relatively positive, revealing a strong labour market, but also emerging signs of weakness in private consumption. So far in the Q2, seasonally adjusted Social Security affiliation has increased by 0.6% quarter-on-quarter, 0.1 pp more than in Q1. In May, the integration of immigrants following the exceptional regularisation of undocumented workers has begun to be reflected, but even excluding these new entries, the figures remain dynamic. We estimate that, of the more than 63,000 new registrations, approximately one-third (in seasonally adjusted terms) are due to the regularisation process. Excluding this group, the increase in registered workers would be 0.2% month-on-month, a rate comparable to that of Q1. The PMIs suggest positive momentum in Q2: the manufacturing PMI stood at 51.2 points in May, meaning the sector remains in expansion, as it is above 50 points. Production continues to increase slightly, offsetting weak demand, declining orders, and rising costs in the wake of the Middle East conflict. The services PMI rebounded in May, returning to expansionary territory at 50.1 points, after April's 47.9, ahead of a summer tourism season that is expected to be very good if the conflict in the Gulf is resolved in a timely manner. However, the impact of the shock is beginning to be seen in consumption indicators. In April, retail sales fell by 1.5% month-on-month, and year-on-year growth slowed significantly, from 4.1% to 0.8%. Our internal indicator for domestic consumption also aligns with this loss of momentum: in April and May, consumption growth was 1.6% year-on-year, far short of the 3.5% recorded in Q1, although part of the

Spain: new macroeconomic scenario

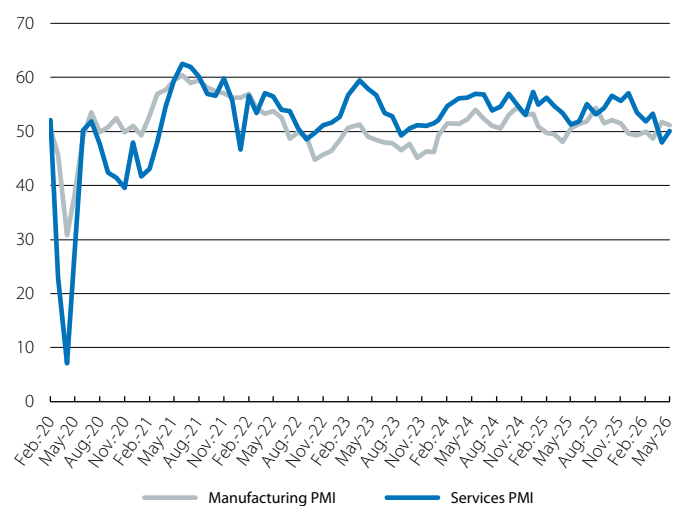
Annual change (%), unless otherwise stated

	New macroeconomic scenario			Previous scenario		
	2025	2026 (f)	2027 (f)	2025	2026 (f)	2027 (f)
GDP	2.8	2.1	1.8	2.8	2.4	2.0
Unemployment rate (% of the labour force)	10.5	9.8	9.3	10.5	9.8	9.2
Inflation	3.7	3.5	2.7	2.7	2.4	2.2

Source: CaixaBank Research.

Spain: PMI

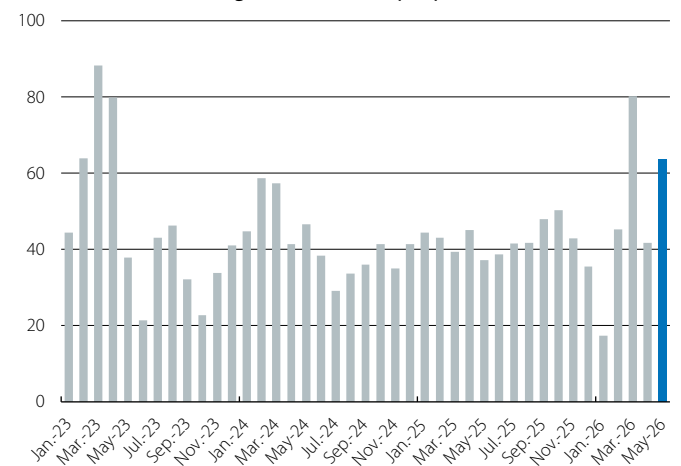
Level



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

Spain: Social Security affiliates*

Month-on-month change (thousands of people)



Note: * Seasonally adjusted series.

Source: CaixaBank Research, based on data from the Ministry of Inclusion, Social Security and Migration.

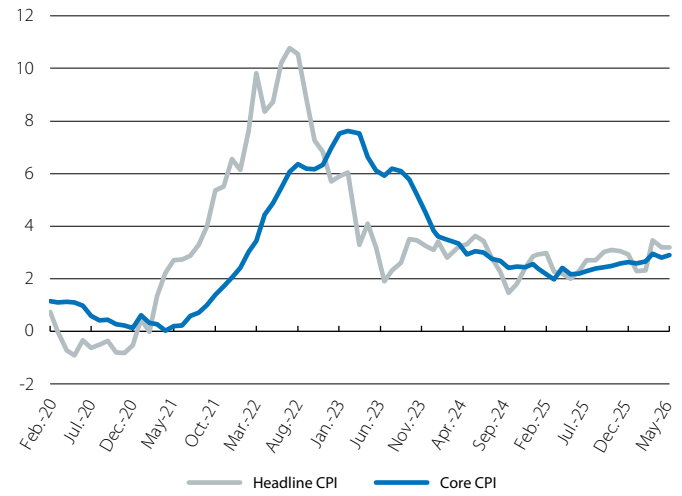
observed trend is due to temporary factors (base effects and the Easter calendar).

Inflation remains above 3% due to energy. The new CaixaBank Research forecasts raise inflation to 3.5% in 2026 and to 2.7% in 2027, versus the previous 2.4% and 2.2%. This new scenario reflects a direct impact from the Iran war in 2026 through energy prices and, in 2027, through indirect effects (a gradual and moderate spill-over to industrial goods and food). The preliminary data for May were consistent with this scenario: headline inflation at 3.2% (as in April) and core inflation at 2.9% (0.1 pp higher). Of particular note was the increase in services (0.6 pps, to 4.0%) driven by transport and recreational activities. This was partly due to a rebound following an unusually low April caused by calendar effects. In June, we expect to see a temporary rebound focused in energy following the removal of tax discounts on electricity and gas. With prices consistent with current futures, inflation could be around 4% in June, before steadily easing thereafter.

The current account balance performs well, hardly affected by the Iran war with data to March. The current account surplus stood at 3.0% of GDP (annualised), consistent with the figure recorded a year earlier and in line with the fundamentals of our narrative: a resilient economy despite the high uncertainty. Moreover, the economy is still supported by the strong dynamism of services (both tourism and non-tourism), which more than offsets the deterioration in the balance of trade in goods, in a context of stronger domestic demand and geopolitical disruptions. The tourism surplus stood at 4.1% of GDP and remains strong despite a slight moderation due to the increased growth of tourism imports – a trend that could be reinforced by the potential redirection of tourist flows due to the Gulf war. Non-tourism services significantly increased their contribution to 3.1% of GDP, compared to 2.6% a year earlier, thanks to the strong growth in exports. In the trade of goods, the pattern was more mixed: the non-energy goods deficit widened to -1.4% of GDP, in a context of stronger imports driven by rising domestic demand, while the energy deficit moderated to -1.7% of GDP. Thus, despite recent tensions in energy prices, the energy balance (12-month cumulative basis) has not yet deteriorated.

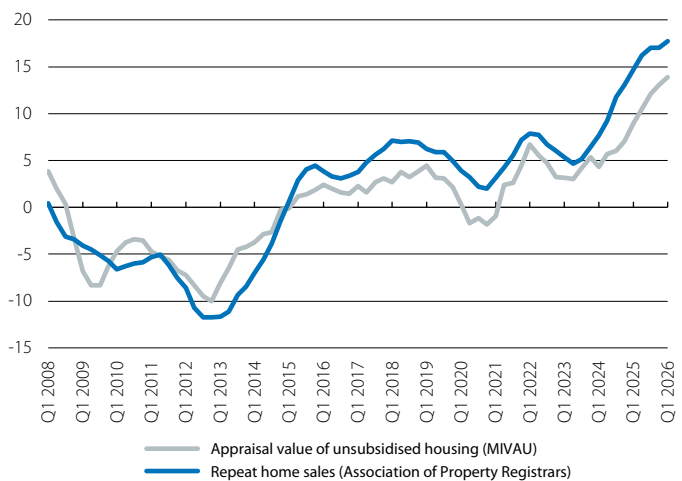
In the housing market, the gap between supply and demand continues to be reflected in price behaviour. Price growth remained high in Q1, with a quarter-on-quarter increase of 3.8% and a year-on-year rise of 13.9%, amid a persistent imbalance between insufficient supply and highly dynamic demand. Several factors already analysed have driven demand: rising incomes, demographic growth and a strong labour market. Although new construction permits have increased, actual production is still failing to fully meet demand, underscoring the need to accelerate the increase in supply in order to prevent further price pressures. This imbalance leads us to anticipate that house prices will continue to rise significantly in the coming quarters, even with the prospect of the ECB raising rates.

Spain: CPI
Year-on-year change (%)



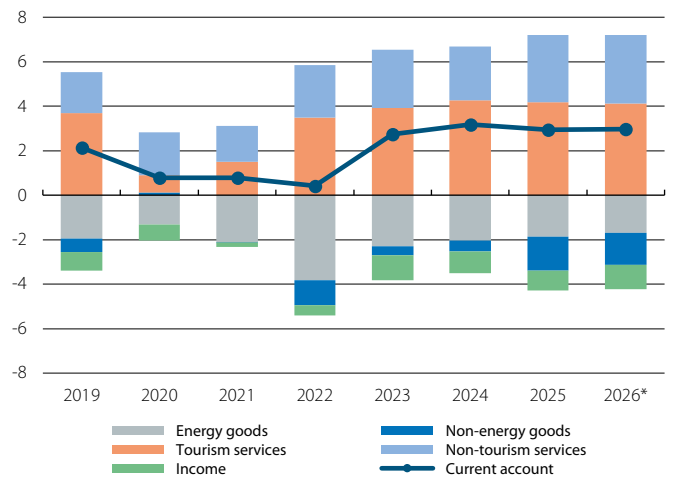
Source: CaixaBank Research, based on data from the National Statistics Institute (INE).

Spain: house prices
Year-on-year rate of change (%)



Source: CaixaBank Research, based on data from the National Statistics Institute (INE), the Ministry of Housing and Urban Agenda (MIVAU), and the Association of Property Registrars.

Spain: current account balance
(% of GDP)



Note: * Data for Q1 2026, on a four-quarter cumulative basis.
Source: CaixaBank Research, based on data from the Bank of Spain.

Survey of Household Finances: is Spain not a country for the young? (part 2, two years later)

Generation gap: a persistent phenomenon in income and wealth

Two years ago, we published in our *Monthly Report* the Focus «[Survey of Household Finances: Spain is not a country for the young](#)», in which we analysed the evolution of differences between young Spanish households and those of other generations – the so-called generation gap – in terms of income and wealth, as well as divergences in home ownership rates and levels of indebtedness. The analysis was based on data from the 2022 Survey of Household Finances (EFF, in Spanish), conducted by the Bank of Spain.

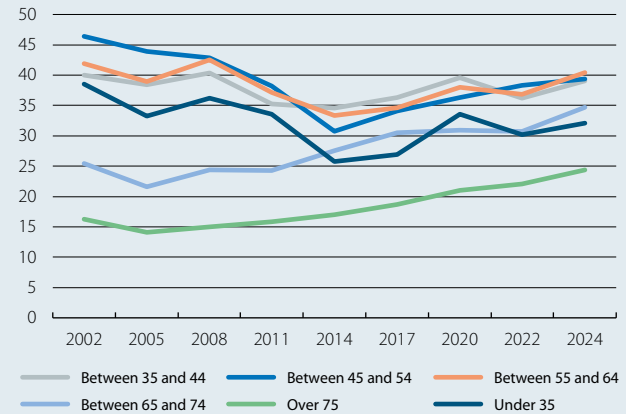
The article documented a deterioration of the relative position of young households compared to other generations, particularly with regard to wealth. Two years on, with the ninth edition of the EFF conducted in 2024 now available, based on 6,250 household surveys that enable a characterisation of the distribution of the main income and wealth variables among Spain’s 19.5 million households, it is time to revisit those results and analyse whether our conclusions remain valid.

At an aggregate level, the EFF reports that the median income¹ of Spanish households reached a historic high in real terms in 2023^{2,3} (36,100 euros, at 2024 prices) and surpassed its 2001 level after growing by a notable 3.8% annually between 2021 and 2023. The median gross wealth of households has also increased, reaching 195,650 euros in 2024, after growing by 0.9% per year in real terms since 2022. It is practically at 2014 levels, albeit still far from the peak of the bubble.

This overall trend in both income and wealth masks significant generational differences. In the more recent period, between 2021 and 2023, the gross income of young households⁴ (with a head of household under 35 years old) has grown at an annual rate of 3.1%, slightly below the aggregate; that of households aged 35-44 years, by 3.9%, in line with the aggregate; and that of households aged 45-54 years, by just 1.4%. In contrast, the income of households aged 65-74 has increased by a notable 6.3% annually, driven largely by the indexation of pensions to inflation.

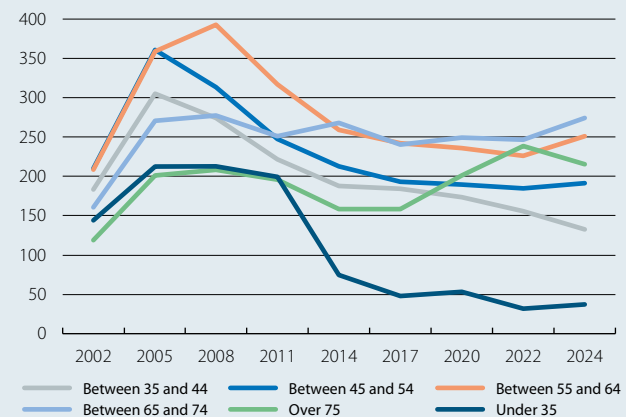
1. Gross income, before taxes and social security contributions.
2. All amounts in this article are at constant 2024 prices, i.e. adjusted for inflation.
3. The income data from the 2024 EFF correspond to 2023, and for previous editions they always correspond to the prior year. For financial variables, the data correspond to the year of the survey.
4. The household-level perspective does not include the situation of young people under 35 who have not yet formed a household (i.e. who continue to live with their parents).

Spain: median income by age group (EUR thousands)



Source: CaixaBank Research, based on data from the Survey of Household Finances (Bank of Spain).

Spain: median gross wealth by age group (EUR thousands)



Source: CaixaBank Research, based on data from the Survey of Household Finances (Bank of Spain).

The comparison with the previous historical income peaks – reached in 2001 – continues to reveal a marked generation gap. Only households with a head aged over 65 have managed to exceed this maximum, while those aged 35-44 have almost matched it (a decline of 2.1%). In contrast, young households and those aged 45-54 continue to have a gross income well below the 2001 level, with declines of 16.8% and 15.0%, respectively.

In the more recent period, from 2022 to 2024, the gross wealth of those under 35 has grown at a remarkable annual rate of 8.3%, far outpacing the aggregate rate of 0.9%. This increase has been driven by some of this group entering the housing market during a boom in the property cycle. Meanwhile, it has decreased at an annual rate of 7.9% among households aged 35-44,

while it has increased by 5.4% annually among those aged 55-74.

This recent growth has partially moderated the accumulated deterioration since 2014, although it remains very significant: whereas in 2022 the gross wealth of young people was 57% below the 2014 level,⁵ by 2024 this gap had reduced to 50%. In comparison, in 2024, gross wealth was 29% lower than in 2014 for households aged 35-44, 10% lower for those aged 45-54, and just 3% lower for those aged 55-64. Finally – and this is where the generation gap is most evident – over the past decade, gross wealth has increased by 2.1% among households aged 65 to 74 and by a remarkable 35.9% among those over 75. Consequently, the generation gap remains significant, both in income and in wealth.

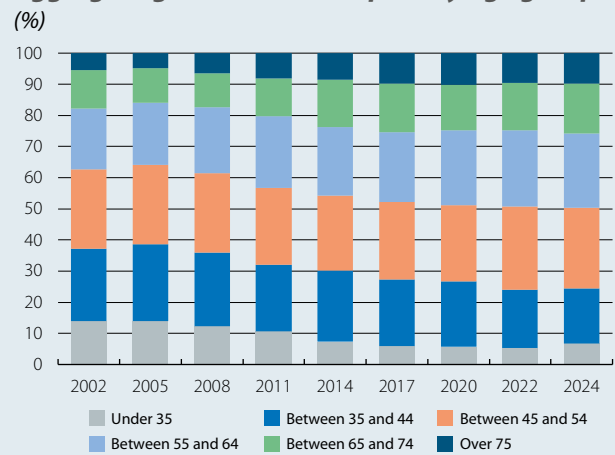
Housing, the key factor in the gap

The main reason for this wealth disparity is the difficulty young people face in acquiring a home, given the importance of real estate property in household wealth in Spain. This importance is reflected in the fact that, in 2024, real estate assets accounted for 77% of the total asset value of Spanish households, compared to 23% for financial assets (80 vs. 20 in the case of young households). The proportion of households under 35 years old who own their primary residence fell from 66% in 2002 to 32% in 2022. The 2024 EFF reveals that, for the first time since 2011, this rate increased slightly, reaching around 36% in 2024 for this age group.⁶ Nevertheless, the level remains very low and a far cry from the 85% for those aged over 64. Interestingly, households aged between 35 and 44, belonging to the millennial generation, saw their ownership rate decrease from 62% to 56% between 2022 and 2024, far below the 78% recorded in 2002. Not owning a home – the main asset of household wealth – means that young people accumulate much less wealth. On the other hand, since financial assets only represent a small fraction of young people’s total wealth (the median value of financial assets among those under 35 is 6,000 euros, and 10,600 euros for those aged between 35 and 44), home ownership remains the determining factor in the generational wealth gap. The percentage of young households who own products such as investment funds or shares is slightly higher than 20

5. If we take the years prior to the Great Recession as a benchmark, the data are distorted by the housing bubble. Therefore, the comparison is made with a benchmark from 10 years ago.

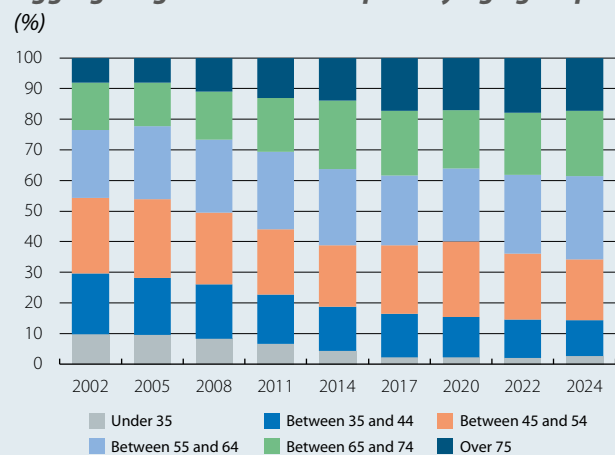
6. An interesting factor worthy of further study is the percentage of cases with family assistance. According to the National Notary Council, in 2025 there were 225,000 donations from parents to children, representing a 13% increase over the previous year.

Aggregate gross income in Spain by age group (%)



Source: CaixaBank Research, based on data from the Survey of Household Finances (Bank of Spain).

Aggregate gross wealth in Spain by age group (%)



Source: CaixaBank Research, based on data from the Survey of Household Finances (Bank of Spain).

years ago,⁷ but the amount allocated remains relatively small.

Young households: the percentage of young mortgage holders is increasing and the financial burden is decreasing

The EFF reveals that household deleveraging continued in 2024. The percentage of indebted households fell to 54% in 2024 (from 57% in 2022). The median balance of mortgage debt for primary residences in Spain decreased from 69,000 euros in 2022 to 64,000 euros in 2024 (51,500 euros in 2002). Conversely, there is an opposite trend among young people, as mortgage debt increased from 75,000 euros in 2022 to 85,000 euros in 2024 (64,000 euros in 2022) alongside the rise in house prices.

7. Furthermore, this is the age category with the highest percentage of ownership of other classes of financial assets, including crypto. 28% of young households own some kind of other financial assets, compared to 4% in 2022.

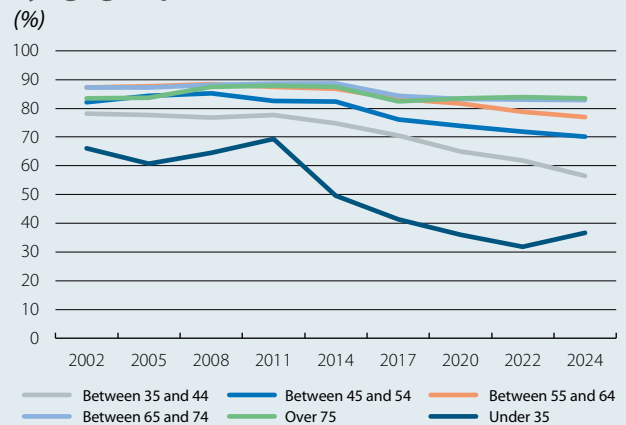
The percentage of young households with a mortgage leads us to draw similar conclusions to those we obtained when looking at the proportion of homeowners. In 2024, 25% of households under 35 had a mortgage (20.6% in 2022), whereas in 2002 the figure was nearly half of young people. In contrast, 28% of young households had consumer loans, very similar to the 2022 figure, and a slight increase compared to 2002 (23%).

Thanks to the reduction in debt and the increase in disposable income, the financial burden on indebted households (debt payments as a proportion of gross income) has fallen to minimal levels, despite the interest rate hikes implemented by the ECB between 2022 and 2024 in response to the rise in energy costs resulting from the war in Ukraine. The median financial burden was 13.4% of income for those in debt, and the proportion of households with high financial burdens (over 40% of their income) fell to 7.9% in 2024: both are the lowest levels in recent decades. This encouraging picture is also evident when we focus on young households with some form of debt: the financial burden for households under 35 was 12.2% in 2024 (16.7% in 2002 and 13.2% in 2022) and only around 4% of indebted young households allocate more than 40% of their income to debt repayments.

In conclusion, the 2024 EFF confirms that the financial position of Spanish households has improved in aggregate terms: incomes have grown significantly, wealth continues to recover, indebtedness has decreased, and the financial burden is at a minimum. However, generational inequalities persist. The wealth gap between young and older households – largely shaped over the past two decades by differing access to housing – remains virtually unchanged in 2024. Until an environment offering more opportunities for young people and more affordable housing is established, new generations will remain far from matching the wealth of previous ones, and Spain will continue to exhibit significant intergenerational financial gaps.

*Javier Garcia-Arenas,
Javier Ibáñez de Aldecoa Fuster
and Léopold Jouvent*

Spain: households who own their primary home, by age group



Source: CaixaBank Research, based on data from the Survey of Household Finances (Bank of Spain).

The public accounts under scrutiny: the deficit reduction this year will be limited and significant medium-term challenges emerge

At the end of April, the government submitted to the European Commission the 2026 *Annual Progress Report* (APR), the document which tracks progress against the 2025-2028 fiscal and structural plan to which it committed with Brussels. In this article, we analyse the state of the public finances based on the report.

The APR forecasts higher nominal GDP growth in 2026 than estimated six months ago; it has increased from the 4.3% predicted in November to the current 5.3%. This forecast works in favour of fiscal adjustment, as public revenues growing more intensely in nominal terms facilitate deficit reduction, especially if the impact of inflation is reflected quickly in revenues but with a delay in expenses (as occurred after the outbreak of the war in Ukraine). The AIReF, ¹ in contrast, forecasts that nominal GDP growth will be somewhat more moderate, at 4.8%.

The government still aims to reduce the deficit to 2.1% of GDP this year

According to the APR, the public deficit is expected to decrease from 2.4% of GDP in 2025 to 2.1% in 2026. This figure includes a significant volume of exceptional expenditure: the government estimates that aid for the February storms will have a fiscal cost of 0.4% of GDP, although there is considerable uncertainty about its execution and timing. Excluding this non-recurring item, the 2026 deficit would be around 1.7% of GDP – a notable improvement compared to the 2.1% forecast in autumn. The current fiscal forecast scenario also includes energy measures intended to mitigate the economic impact of the war in the Middle East, costing around 0.25% of GDP.

The fact that the forecast for the deficit has not been revised upwards despite these unforeseen expenses is largely due to the strong results for 2025: the deficit, excluding the impact of the floods in the Valencia region, was 2.2% of GDP, compared to the initially projected 2.5%. Additionally, the 2025 deficit included 0.2% of one-off expenses related to adverse court rulings, including the income tax refunds to former members of occupational mutual insurance schemes. Another factor preventing an upward revision is the higher growth in tax revenues, especially from VAT, resulting from inflation being higher than anticipated before the war.

Overall, the APR's scenario is more optimistic than that of the AIReF, which estimates a deficit of 2.6% of GDP in

1. See the *Report on 2026 Monitoring of 2025-2028 Medium-Term Structural Fiscal Plan* from May 2026.

Budget table from the Annual Progress Report

Key elements	% of GDP 2024	% of GDP 2025	% of GDP 2026 (f)
Public revenues*	40.9	41.7	42.2
Indirect taxes (VAT, etc.)	11.1	11.3	11.3
Direct taxes	12.5	13.1	13.7
Capital taxes	0.4	0.4	0.3
Soc. sec. contributions	13.2	13.3	13.4
Other income**	3.7	3.6	3.5
Public expenditure*	44.2	44.1	44.2
Wage-earner remuneration	10.8	10.8	10.5
Social benefits (not in kind)	16.9	17.0	17.1
Gross capital formation (national)	2.4	2.5	2.7
Interest expenditure	2.4	2.4	2.5
Subsidies	1.2	1.2	1.3
Government balance	-3.2	-2.4	-2.1
Government balance excl. floods	-2.9	-2.2	-1.6
Structural balance	-3.0	-2.7	-1.9
Public debt	101.6	100.7	99.3

Notes: * Excluding EU transfers. ** Net property income.

Source: CaixaBank Research, based on data from the Spanish government's Annual Progress Report.

2026 (or 2.2% excluding storm-related expenses). This difference is mainly explained by expenditure: AIReF projects an increase of 0.35% of GDP (0.1% due to higher public sector wages and the rest due to other unspecified expenses), as well as a decrease of 0.15% in tax revenues. At CaixaBank Research, we forecast a deficit of 2.3% of GDP, in between the APR and AIReF forecasts and very close to the European Commission's estimate of 2.4%. This is consistent with nominal GDP growth of 5.1%, also midway between the forecasts of these institutions.

The APR predicts that public spending² will remain practically flat, going from 44.1% of GDP in 2025 to 44.2% in 2026. There will, however, be changes in its composition: defence spending is expected to increase by 0.2 pps to 1.2% of GDP;³ social transfers will grow slightly above nominal GDP, and wage-earner remuneration will grow well below that level. Interest expenditure is forecast to rise from 2.4% to 2.5% of GDP, reflecting a slightly higher interest rate environment.

2. Both expenditure and revenue exclude EU transfers.

3. The use of the NATO methodology is different and places it at 2.0% of GDP in 2025, but with a broader scope which includes, for example, pensions for retired military personnel.

As for public revenues, the APR projects an increase in their share of GDP by 0.5 percentage points this year, reaching 42.2% of GDP. This increase will be smaller than that of 2025, partly due to the tax cuts implemented in response to the energy shock. Even so, revenues will remain dynamic, especially in terms of direct taxation, which is expected to increase by around 0.6% of GDP (+22 billion euros). This growth will be driven by the strength of the labour market, higher capital gains, and various tax measures, such as the non-deflation of personal income tax and the introduction of a minimum 15% corporate tax rate for multinationals. Revenue from indirect taxes is expected to grow more moderately than that of direct taxes, so its share of GDP would remain the same as in 2025.

European fiscal rules: compliance to date, but medium-term challenges

European fiscal rules focus on a spending rule. The spending rule set two years ago established a path for the maximum growth of computable primary expenditure (excluding one-offs, such as expenses associated with the floods in Valencia or other storms),⁴ net of revenue measures, consistent with a downward trajectory of public debt. In Spain's case, it was agreed that an annual adjustment of at least 0.42 pps in the primary structural balance was necessary. The maximum expenditure growth path was based on the potential growth forecasts and the deflator developed in 2024, as well as the fiscal adjustment agreed to reduce the deficit and debt. It is also consistent with a sustained reduction in public debt, averaging around 1 pp of GDP per year from 2025 to 2031. The rule allows computable expenditure growth to exceed the agreed path, but only up to a limit: up to 0.3% of GDP each year and up to 0.6% of GDP cumulatively since 2024. It is important to note that the cumulative balance effectively becomes the one subject to analysis for assessing compliance with the fiscal rules. The European Commission has clarified that for countries activating the escape clause for defence spending, as Spain has just done, the focus shifts to monitoring cumulative deviations not covered by the clause itself.

Net computable expenditure grew by 4.8% year-on-year in 2025, exceeding the 3.7% limit agreed with the Commission. However, as the growth in computable expenditure in 2024 was lower than expected, the cumulative growth for 2024-2025 stood at 9.2%, exactly

4. Computable expenditure includes public expenditure net of interest expenses, discretionary revenue measures, expenditure on EU programmes fully offset by income from EU funds, national expenditure on co-financing of EU-funded programmes, cyclical elements of unemployment benefit expenditure, and one-off and other temporary measures.

European fiscal rules: AIReF forecast scenario

	2024	2025	2026	2027	2028
Maximum agreed cumulative growth rate of computable expenditure (%)	5.3	9.2	13.0	16.6	20.1
Cumulative growth rate: 2024-2025 actuals & AIReF 2026-2028 forecasts	4.1	9.2	15.7	21.9	27.1
Deviation of the cumulative balance since 2024 (€ billions)	-7.5	0.0	16.8	33.0	43.6
Defence spending (€ billions)	14	19	21	26	29
Cumulative deviation excl. the increase in defence relative to 2024 (€ billions)	-7.5	-4.2	9.9	21.4	28.7
Cumulative deviation (% of GDP) excl. the increase in defence	-0.5	-0.2	0.6	1.2	1.5

Source: CaixaBank Research, based on the Annual Progress Report and data from AIReF.

the percentage agreed. Thus, Spain complied with the fiscal rules in 2025.

For 2026, the APR forecasts growth in computable expenditure of 4.7% (including defence spending and subtracting tax cuts due to the conflict in Iran through new revenue measures), above the agreed 3.5%. However, AIReF has identified risks that it could reach more than 1 point higher. In cumulative terms for 2024-2026, excluding the increase in defence spending from 2024 onwards following the activation of the escape clause, expenditure growth would be 13.3%. This is slightly above the agreed level of 13.0%, but within the tolerated deviation limit of 0.6% of GDP. AIReF agrees that the limits will be respected this year. However, it warns that, in the absence of policy changes, the threshold will be exceeded by 0.6% of GDP in 2027 and by 0.9% in 2028. This would necessitate additional measures, either to boost revenues or to reduce expenditure.

Finally, public debt is expected to continue to decrease, going from 100.7% of GDP in 2025 to 99.3% in 2026, according to the APR. This improvement includes the pending disbursements of NGEU loans from the Recovery and Resilience Facility, which are equivalent to 0.4% of GDP in 2026 and will limit the pace of debt reduction.

In summary, Spain is making progress in reducing the deficit and is complying with the European rules, but with narrow margins and thanks to macroeconomic dynamism. However, the AIReF warns of risks of non-compliance from 2027 onwards.⁵ Therefore, in the medium term, the credibility of the fiscal strategy will depend on the ability to implement a structural adjustment in an environment with growing pressures on public spending, stemming from demographics and defence spending.

Javier Garcia-Arenas

5. The government does not provide fiscal forecasts beyond 2026.

How are Spain's economic sectors exposed to the Iran war shock?

After a 2025 marked by uncertainty around trade policy, in 2026, the conflict in Iran has emerged as the main source of risk for the global economy. We analyse the exposure channels of Spain's various economic sectors to this shock. We focus on four transmission channels: the rising cost of fossil fuels, global trade tensions, direct supply risks stemming from the blockade of the Strait of Hormuz, and the potential tightening of financial conditions.

Fossil fuel prices

The most significant factor is the rising cost of fossil fuel inputs, particularly oil and gas.

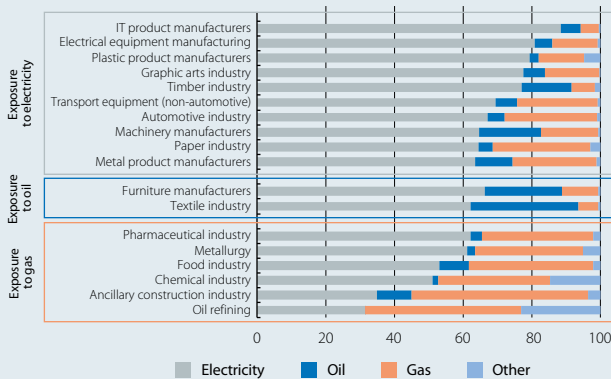
The exposure varies widely by sector. Manufacturing is the most vulnerable sector: it combines high energy intensity with extensive use of petroleum derivatives as intermediate inputs. This is particularly relevant in sectors such as refining, plastics, and parts of the ancillary construction industry, where energy is not only an operational cost but also a raw material.

Although in recent years the industry has electrified and has reduced its reliance on fossil fuels, there are activities, such as the chemical industry, that directly depend on oil or gas as raw materials, or which require high-temperature industrial heat, and therefore continue to face significant cost increases. Other industries, such as the paper industry, have a high energy consumption relative to their value added.

Although construction and the primary sector have less direct exposure to fossil fuel inputs, they remain sensitive to a price shock through indirect channels. In both cases, a significant portion of their costs come from intermediate goods that are highly energy-intensive.

Energy consumption in the manufacturing industry by product

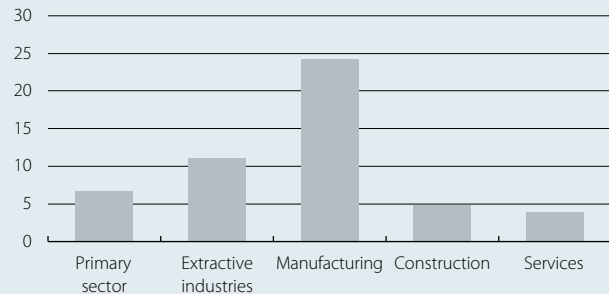
(% of total energy consumption of each industry)



Notes: The data come from the National Statistics Institute's energy products survey and measures the relative weight of energy inputs, not inputs used as raw materials. The GVA data come from the annual accounts.
Source: CaixaBank Research, based on data from the National Statistics Institute (INE).

Relative weight of energy inputs or petroleum derivatives

(% of gross value added)



Notes: The data come from the 2023 origin-destination tables. Energy inputs or petroleum derivatives are considered to include coke, petroleum refining products, and electricity, as well as gas, steam, and air conditioning. These inputs are not exclusively energy-related, as there are industries (such as plastics manufacturing) which use petroleum derivatives as raw materials.

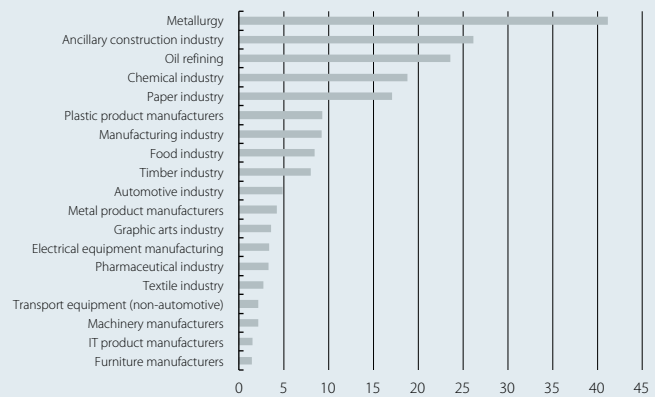
Source: CaixaBank Research, based on data from the National Statistics Institute (INE).

In construction, the ancillary industry is particularly intensive, and its inputs accounted for 18.8% of the sector's value added in 2023. In the agricultural sector, indirect exposure is concentrated in fertilisers and other chemical products whose production largely depends on gas and other energy inputs; these accounted for 10.0% of the sector's value added in 2023. Consequently, both sectors are vulnerable to the pass-through of higher energy costs along their supply chains.

Services, on the other hand, have a more limited aggregate exposure due to their lower energy intensity. The main exception is transport, where the cost structure still heavily relies on fuels. Some services related to tourism, distribution and logistics could also be affected, as they absorb higher mobility and supply costs.

Relative weight of energy consumption

(% of gross value added)



Global trade

The complexity of the geopolitical environment introduces risks to global trade on both the demand and supply sides. On the demand side, weaker global growth and its uneven impact across markets increase the vulnerability of more export-oriented sectors. On the supply side, while we do not anticipate a widespread disruption of global value chains comparable to that seen after the pandemic, certain value chains could come under strain.

Exposure to international markets is particularly high in manufacturing. The sector imports the equivalent of 36.2% of the value of its supply, while exports account for 27.7% of its final demand. Within the manufacturing industry, sectors such as pharmaceuticals, machinery, and motor vehicles stand out due to their greater exposure to global trade, given their integration into complex, international supply chains.

Services, in aggregate, are less exposed to international trade, in terms of both supply and demand. However, the degree of exposure varies widely, particularly in terms of demand. Sectors linked to tourism, such as transport, remain heavily dependent on foreign demand. Similarly, some high-productivity services have a clear international focus: programming and consultancy, for example, show an export dependency of 28.9%, while professional, scientific and technical services have an exposure of 16.4%.

This pattern is relevant because the most productive sectors also tend to be the most internationally-oriented. Therefore, a slowdown in global trade or a more intense fragmentation of value chains would not only impact growth through reduced exports but could also have implications for productivity.

Imports affected by the closure of the Strait of Hormuz

In aggregate terms, the Spanish economy’s direct exposure to the region is limited: only 1.6% of all Spanish imports come from countries affected by the closure of the Strait of Hormuz. However, this exposure is concentrated in a narrow set of sectors such as in energy products and certain chemical inputs, which could lead to disruptions at the sector level.

The degree of energy dependence is moderate. In 2025, 10.1% of the crude oil and 18.9% of the refined products imported by Spain came from Gulf countries. In the case of liquefied natural gas, the exposure was much lower, at around 2%. Together, these three products accounted for 67.8% of Spain’s total imports from the region.

Beyond energy, there are intermediate materials with a much higher relative dependency. This is the case for ethanediol, p-xylene, and certain rare gases, whose

Sectoral exposure to global trade

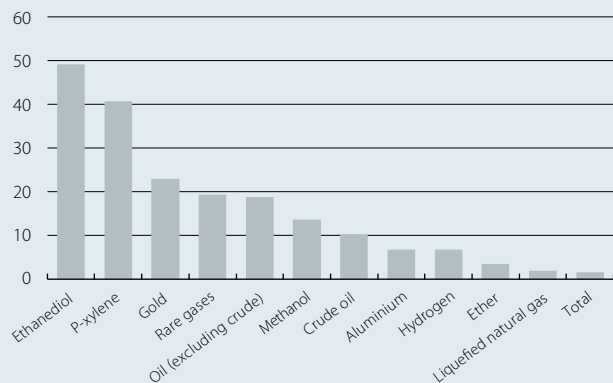
(%)

	Imports/supply	Exports/demand
Primary sector	21.9	20.2
Construction	0.1	0.5
Services	3.3	10.7
Manufacturing	36.2	27.7
Food industry	18.3	20.0
Textile industry	61.7	37.2
Timber industry	19.5	15.1
Paper industry	23.6	19.8
Chemicals industry	44.0	32.6
Pharmaceutical industry	55.2	42.9
Rubber & plastics	30.7	22.3
Metallurgy & metal products	34.2	25.5
Metal products, except machinery & equipment	21.4	20.4
Computer, electronic & optical products	82.1	16.6
Electrical equipment	51.4	27.6
Machinery & equipment n.e.c.	51.9	34.4
Motor vehicles, trailers & semi-trailers	40.2	40.8
Other transport equipment	45.2	42.7
Furniture, others	47.4	17.9

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

Key imports from the Middle East

Import dependency (%)



Note: Imports from the Middle East include Iran, Iraq, Saudi Arabia, Qatar, Bahrain, Kuwait and Oman.

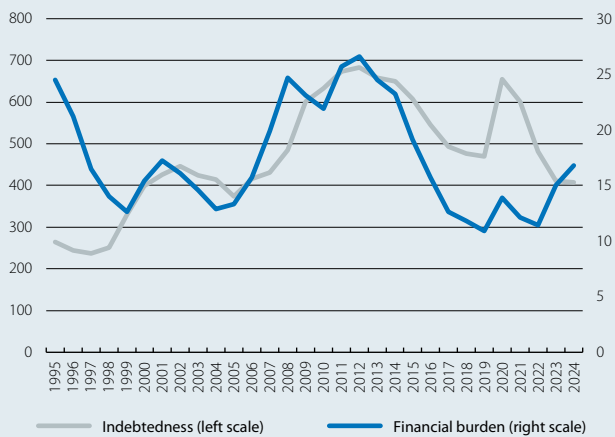
Source: CaixaBank Research, based on data from Eurostat.

import shares from the Middle East exceed 40% in some instances. These are essential inputs for the chemicals and plastics industry. Although dependence on these materials is high, the absolute value of their imports is very low. Therefore, the key to determining the level of disruption in certain industrial value chains is substitutability, particularly in the short term.

The sectors most exposed to this risk, therefore, are oil refining, the chemicals industry and, indirectly, manufacturing activities that are intensive in petrochemical derivatives. For 2026, this risk highlights the strategic importance of geographically diversifying suppliers, strengthening critical inventories, and accelerating the development of technological alternatives in order to reduce reliance on imports from geopolitically vulnerable regions.

Financial position ratios

(% of gross operating profit + financial income)



Source: CaixaBank Research, based on data from the Bank of Spain's Central Balance Sheet Data Office.

Increase in financing costs

The energy shock has led to increased expectations of interest rate hikes by central banks and has caused a rise in market interest rates (e. g., the 12-month Euribor has increased from 2.2% at the end of February to 2.8% in recent weeks). This increase in financing costs will impact sectors heterogeneously.

Construction, real estate activities, and transport and logistics are capital-intensive sectors and have traditionally shown higher leverage ratios than the economy as a whole. Consequently, they have historically shown greater sensitivity to interest rates. However, the deleveraging accumulated in recent years ought to cushion the impact of a new cycle of rate hikes.

The manufacturing industry, despite its capital intensity, shows more moderate levels of leverage, which would limit the direct impact of rising financing costs. Most service sectors, on the other hand, have low debt ratios.

Financial position ratios

In 2024	Historical indebtedness (1995-2004)	Historical financial burden (1995-2024)	Indebtedness	Financial burden
Professional act.	1,069.6	40.7	817.2	31.7
Real estate activities	917.6	28.3	591.6	20.0
Construction	1,070.8	35.4	516.8	22.3
Transport & logistics	528.0	18.3	413.2	13.2
Total economy	472.7	17.4	407.1	16.8
Water supply & waste	395.2	15.1	401.9	15.4
Administrative act.	383.6	14.2	394.8	14.9
Energy supply	427.6	15.1	274.3	9.3
Hospitality	289.3	16.1	272.7	11.7
Extractive industry	619.1	23.6	264.1	10.4
Primary sector	521.2	20.0	262.8	9.3
Manufacturing industry	287.5	11.9	225.2	11.6
Leisure & entertainment	414.5	18.8	218.6	8.7
Information	204.6	8.8	205.5	11.1
Healthcare	275.1	12.8	176.1	9.6
Education	273.1	12.8	172.3	6.7
Trade	277.1	12.3	171.2	8.5
Financial sector	-	-	-	-
Public sector	-	-	-	-

Source: CaixaBank Research, based on data from the Bank of Spain's Central Balance Sheet Data Office.

The hospitality sector stands out, having managed to reduce its leverage below its historical average after the surge in debt levels during the pandemic.

Ultimately, the Spanish economy is facing the shock of the war in Iran from a position of widespread strength. Nevertheless, sectors' exposure to these transmission channels varies widely. Manufacturing combines greater energy dependence and exposure to global trade, while construction is sensitive not only to energy prices but also to financing costs. We anticipate that services will show greater resilience, although there will be significant exceptions in transport and logistics, which are more exposed to rising fuel costs and a potential slowdown in foreign demand. Overall, the aggregate impact should be contained, but there are significant sectoral risks where energy intensity, low substitutability of inputs, international exposure, and higher leverage converge.

David Cesar Heymann

Macroeconomic outlook for Spain: resilience in uncertain times

The macroeconomic landscape is once again constrained by a geopolitical conflict. The crisis between the US and Iran, which began over three months ago, remains under a fragile truce. However, the Strait of Hormuz remains closed, which is currently the most damaging factor for the global economy. Spain is facing this episode from a position of strength, but rising energy costs and the deteriorating international environment will reduce economic dynamism and increase inflation. Therefore, we have revised our GDP growth forecast to 2.1% for 2026 and to 1.8% for 2027, compared to 2.4% and 2.0% previously. This is a moderate revision and it does not change the diagnosis of a dynamically growing economy.

A solid starting point

At the outbreak of the conflict, the Spanish economy was enjoying positive momentum. In Q1 2026, GDP grew by 0.6% quarter-on-quarter, 0.1 pp more than expected. Its composition was favourable too: private consumption remained the main growth driver, service exports remained strong, and investment consolidated the gains of previous quarters.

The less positive note once again came from goods exports. Their weakness aligns with a context marked by the US' protectionist shift and the disruptions associated with the conflict in the Middle East. Even so, the balance of the quarter was positive: the economy continued to grow at a rapid rate and with a range of supports.

The initial indicators for Q2 point to a moderation, not a change of trend. Employment continues to grow rapidly, and consumption is maintaining a positive – albeit more restrained – trend. In contrast, some qualitative indicators, such as the services PMI, show signs of a deterioration in activity and confidence. Overall, we expect the economy to continue growing, albeit at a slower pace than at the start of the year.

The assumptions underpinning the new outlook

The new scenario assumes that the conflict will gradually be brought under control in the coming months. This hypothesis aligns with what energy futures markets are anticipating: high prices in the short term, but with a gradual moderation. This does not rule out occasional episodes of tension, but it does assume that such episodes will be short-lived.

The conflict is affecting the Spanish economy through three main channels.¹ The first is inflation, mainly due to rising oil and gas prices. The second factor is external demand, due to slower growth among our trading partners and disruptions to some trade flows. The third

1. For a more detailed discussion, see the article [«The crisis in Iran: how much could it affect the Spanish economy?»](#) in the MR04/2026.

avenue involves macro-financial conditions, through increased uncertainty and the expected tightening of monetary policy. In addition to these channels, there are buffers such as fiscal support measures, household savings, and tourism.

The energy channel is the most significant. The scenario encompasses an average oil price of 90 dollars per barrel in 2026, easing to around 79 dollars in 2027, which is still some 20% above what was forecast prior to the conflict. In the case of natural gas, the assumptions have also been revised upwards: approximately 43 euros/MWh in 2026 and 37 euros/MWh in 2027, around 40% above the previous forecasts.²

The impact through the external channel ought to be more contained. The growth forecast for the euro area has been lowered from 1.3% to 0.7%, although 0.2 pps are due to a weaker starting point following the publication of the GDP figure for Q1. Furthermore, Spain's direct trade exposure through goods exports to the Persian Gulf region is limited, accounting for just 0.5% of GDP. The scenario assumes a 10% loss of these flows, which, together with the revision of the international environment, would reduce growth by around 0.1 pp.³

Regarding macro-financial conditions, uncertainty rose in March according to the Bank of Spain's index, but the increase was moderate and was corrected in April. As for interest rates, in recent weeks markets have been anticipating that the ECB may raise benchmark rates two to three times this year, bringing the depo rate to 2.5%-2.75% by the end of 2026; indeed, at times a fourth rate hike has even been anticipated. In any case, the impact of higher interest rates will be more noticeable in 2027 than in 2026.

Buffers mitigating the shock

The forecasts incorporate several support factors. The first is fiscal policy. The measures announced in March were estimated to have an impact of 0.3 pps on growth, although the early expiration of some of them reduces the anticipated effect to around 0.2 pps.⁴ However, if pressure on fuel prices persists, some measures could be extended.

The second buffer is household savings. The savings rate stands at 12.0% of gross disposable income, well above its historical average of around 8.5%. This financial cushion could mitigate the impact of inflation on consumption. The experience of 2022 is illustrative: the price increases triggered by the war between Russia and Ukraine were

2. See the article [«The new \(im\)balances in the oil market»](#) in this same report for further details on the oil forecast.

3. See the article mentioned in footnote 1 for further details about the plausibility of the 10% assumption.

4. The reductions in VAT and certain excise duties on electricity and gas is expected to expire at the end of March.

entirely absorbed by a reduction in savings, which allowed real consumption to continue to grow. In this instance, we assume that consumers will have greater flexibility and will be able to adjust their spending decisions to some extent, such that savings will absorb half of the increase in consumption costs.

The third factor is tourism. The situation in the Middle East could redirect some international tourist flows towards alternative destinations, including Spain – a trend already observed in March.⁵ This momentum could be constrained by disruptions to international flights or by the loss of purchasing power in source markets. However, based on the available information, we anticipate that the first effect will prevail.

Growth: slower, but still dynamic

In 2026, the Spanish economy will retain many of the characteristics that defined 2025. Domestic demand will remain the main support, driven by consumption and investment, while service exports – both tourism and non-tourism – will continue to perform well. In contrast, goods exports will play a more modest role amid global trade weakness and tensions in the Middle East. Furthermore, the increase in imports required to meet domestic demand will reduce external demand's contribution to growth.

Private consumption will continue to be supported by demographic growth, driven by immigration, and by the strength of employment. Investment will continue to benefit from the deployment of NGEU European funds. Since 2026 is the final year of the programme, the forecast anticipates that these funds will be executed in full before the deadline.

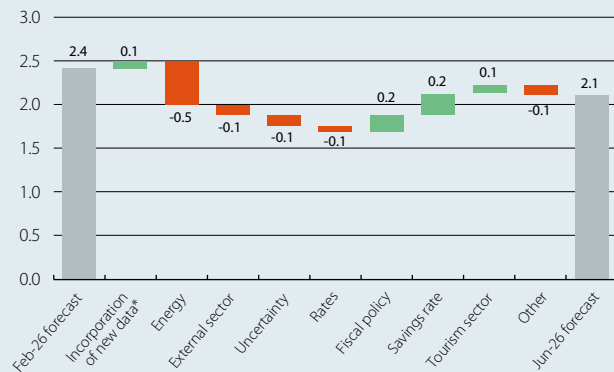
The revision of GDP for 2026 reflects the balance between the negative channels of the conflict and the supporting factors (see chart). The rising cost of energy is by far the biggest burden. Added to this are the deterioration of the external sector, increased uncertainty, and the impact of higher interest rates. Conversely, fiscal policy, the partial use of savings, and the improved tourism outlook limit the adjustment.

Overall, we have revised the GDP growth forecast downwards by 0.3 pps in 2026 to 2.1%, and by 0.2 pps in 2027 to 1.8%. The revision for 2027 is almost entirely explained by the impact of higher interest rates. Nevertheless, we expect the economy to continue to grow at an average annual rate of around 2%.

The most visible impact of the conflict will be on prices. The inflation forecast for 2026 has been revised from 2.4% to 3.5%, mainly due to the rise in oil and gas prices. This estimate also incorporates the effect of the temporary

Spain: revision of the GDP growth forecast for 2026

Change (% and pps)



Note: * Includes the mechanical impact resulting from the incorporation of the revised GDP figure for Q4 2025 and the figure for Q1 2026.

Source: CaixaBank Research.

reductions in VAT and excise duties on fuels, gas and electricity, which partially moderate the impact on the CPI.

In 2027, inflation is expected to be 2.7%, compared to the previously forecast 2.2%. That year, the indirect effects of rising energy costs are expected to become more evident, as producers pass on part of the increase in energy costs to other goods and services. Industrial goods and food will be the components most affected. In addition, the reduced global supply of fertilisers, particularly urea from the Persian Gulf, could also have an impact.

The scenario does not encompass any significant second-round effects. The temporary nature of the shock, the absence of intense underlying inflationary pressures, and the anticipated actions of the ECB should prevent a substantial acceleration in wages.

Risks: greater than usual uncertainty

Uncertainty is high and the risks are skewed to the downside. The main factor will be the duration of the blockade of the Strait of Hormuz. If it were to last several months, the implications would be substantial: higher inflation, further deterioration of external demand and a possible blow to tourism. Furthermore, in that context, the ECB might be forced to raise rates further, and household and business confidence would suffer more.

There are also upside risks. If the blockade were to be lifted in the coming weeks, energy prices could moderate more quickly and confidence could recover sooner than expected, leading to a better performance in economic activity. Similarly, fiscal support could exceed what is considered in the scenario, and the household savings rate could absorb a larger portion of the consumption shock.

Oriol Carreras Baquer

5. See the article [«What do high-frequency data tell us about international tourism in Spain after the outbreak of the war in Iran?»](#) in the MR05/2026.

Spain: key drivers of regional growth in 2026

The new GDP growth forecast by autonomous community for 2026 presents a mixed picture: the regions of the Mediterranean arc and the archipelagos will experience stronger growth, while the Cantabrian coast and much of the interior will record more modest rates.

This disparity is explained by a combination of structural and demographic differences, as well as unequal exposure to external shocks. In regions where domestic demand plays a more important role, the boost from consumption and services – further bolstered by strong demographic expansion – allows growth rates to remain above average. In contrast, regions with a greater focus on energy-intensive industries and higher exposure to external markets will experience slower growth, hindered by rising production costs and weak external demand.

Population growth, primarily driven by immigration, has become a key pillar of the business cycle. On one hand, it boosts domestic demand by increasing consumption and accelerating household formation; on the other, it expands the labour supply, increasing the workforce and allowing employment to remain dynamic. This dual lever helps explain why regions with more intense population growth show stronger economic activity, and together it acts as a buffer amid a more adverse international environment.

On the other hand, geopolitical uncertainty enhances Spain’s appeal as a safe tourist destination, redirecting a portion of the flows of international travellers to the

country. This context raises the tourism sector’s prominence as a driver of regional growth, providing a particularly strong boost to the islands and Mediterranean regions, which already have very dynamic tourism sectors, as well as the regions of so-called «Green Spain», which are attracting more domestic visitors as an alternative holiday destination.

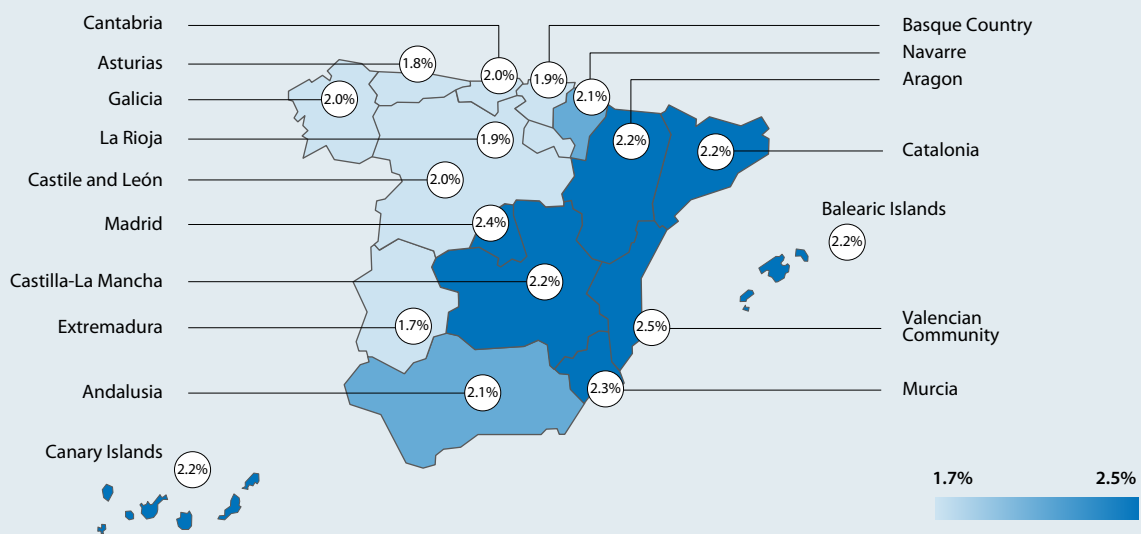
In contrast, the energy shock triggered by the conflict in the Middle East is having a bigger impact on manufacturing regions. The industrial regions of the north, which are highly specialised in semi-manufactured and capital goods, are facing rising costs in sectors such as steel and chemicals. In turn, the weakness of the European economy and trade tensions are particularly affecting regions that are more exposed to markets and products subject to tariff hikes.

Nevertheless, the Spanish economy has significant buffers. The final execution of the Next Generation EU funds in 2026 will continue to serve as a key driver of investment in several regions. New growth drivers are also emerging: for instance, increased defence spending could provide a boost in regions with a military and technological industrial base.

Ultimately, each region faces the shock with its own strengths and vulnerabilities, but overall, the resilience of Spain’s domestic market remains a key source of support for regional growth in 2026.

Nuria Bustamante

Spain: GDP growth forecast for 2026



Source: CaixaBank Research.

Activity and employment indicators

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

	2024	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	03/26	04/26	05/26
Industry									
Industrial production index	0.4	1.3	1.4	2.4	1.8	0.4	1.9	2.0	...
Indicator of confidence in industry (value)	-4.9	-4.8	-5.3	-5.0	-3.9	-3.2	-4.4	-5.0	-4.2
Manufacturing PMI (value)	52.2	50.9	50.0	52.6	51.1	49.3	48.7	51.7	51.2
Construction									
Building permits (cumulative over 12 months)	16.7	8.8	14.8	7.9	8.8	...	...	...	...
House sales (cumulative over 12 months)	9.7	11.5	22.9	18.8	11.5	5.6	5.6	...	...
House prices	8.4	12.7	12.7	12.8	12.9	...	...	...	...
Services									
Foreign tourists (cumulative over 12 months)	10.1	3.2	6.3	4.3	3.2	2.7	2.7	2.3	...
Services PMI (value)	55.3	54.5	52.2	54.2	56.4	52.9	53.3	47.9	50.1
Consumption									
Retail sales ¹	1.7	4.3	5.2	4.4	4.1	3.4	4.1	0.8	...
Car registrations	7.2	12.9	13.7	16.9	8.0	7.6	11.7	8.4	-0.8
Economic sentiment indicator (value)	103.1	103.1	102.3	102.8	104.3	105.1	103.5	102.6	102.5
Labour market									
Employment ²	2.2	2.6	2.7	2.6	2.8	2.4	...	...	...
Unemployment rate (% labour force)	11.3	10.5	10.3	10.5	9.9	10.8	...	...	...
Registered as employed with Social Security ³	2.4	2.3	2.2	2.3	2.4	2.3	2.5	2.4	2.5
GDP	3.5	2.8	2.9	2.7	2.6	2.7	...	...	...

Prices

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

	2024	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	03/26	04/26	05/26
General	2.8	2.7	2.2	2.8	3.0	2.7	3.5	3.2	3.2
Core	2.9	2.3	2.3	2.4	2.6	2.7	2.9	2.8	2.9

Foreign sector

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

	2024	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	03/26	04/26	05/26
Trade of goods									
Exports (year-on-year change, cumulative over 12 months)	0.2	0.7	2.0	0.8	0.7	0.2	0.2	...	...
Imports (year-on-year change, cumulative over 12 months)	0.1	4.6	4.1	4.6	4.6	1.7	1.7	...	...
Current balance	50.7	49.4	48.5	48.2	49.4	50.9	50.9	...	...
Goods and services	66.3	64.5	64.0	62.5	64.5	69.5	69.5	...	...
Primary and secondary income	-15.7	-15.1	-15.5	-14.3	-15.1	-18.7	-18.7	...	...
Net lending (+) / borrowing (-) capacity	68.7	66.6	67.5	66.6	66.6	67.8	67.8	...	...

Credit and deposits in non-financial sectors⁴

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

	2024	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	03/26	04/26	05/26
Deposits									
Household and company deposits	5.1	4.8	3.9	4.9	4.8	5.5	5.5	5.5	...
Demand and notice deposits	2.0	6.7	5.0	7.2	6.7	7.1	7.1	6.2	...
Time and repo deposits	23.5	-4.7	-1.5	-6.6	-4.7	-2.2	-2.2	2.1	...
General government deposits ⁵	23.1	4.9	25.5	7.2	4.9	5.0	5.0	8.7	...
TOTAL	6.3	4.8	5.4	5.1	4.8	5.5	5.5	5.8	...
Outstanding balance of credit									
Private sector	0.7	3.5	2.6	2.8	3.5	3.8	3.8	2.9	...
Non-financial firms	0.4	2.9	2.5	2.3	2.9	3.7	3.7	3.7	...
Households - housing	0.3	3.5	2.3	2.9	3.5	3.7	3.7	3.7	...
Households - other purposes	2.3	4.5	3.5	3.7	4.6	4.3	4.3	-1.3	...
General government	-2.6	10.7	5.3	12.9	10.7	8.1	8.1	9.9	...
TOTAL	0.5	3.9	2.7	3.4	3.9	4.1	4.1	3.4	...
NPL ratio (%)⁶	3.3	2.7	3.0	2.9	2.7	2.6	2.6	...	...

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

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

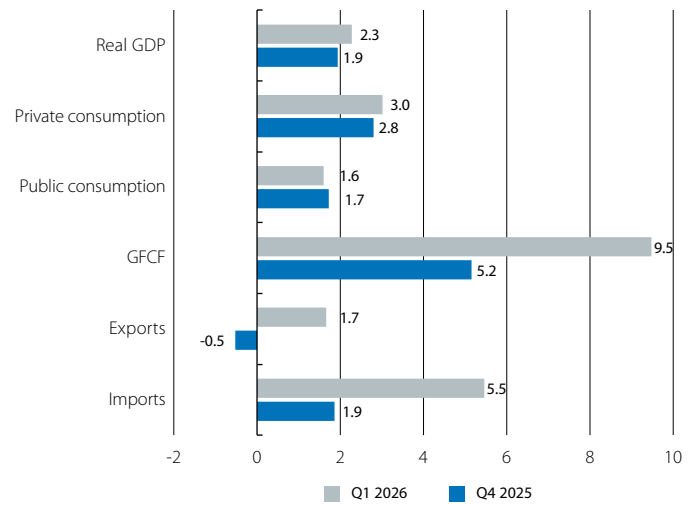
Investment and private consumption continue to support Portuguese activity

Stagnation of GDP in Q1. GDP stagnated in Q1 2026 in quarter-on-quarter terms, while it recorded a 2.3% growth rate year-on-year. This performance is due to the improvement in the contribution from domestic demand and a more negative contribution from external demand. Specifically, domestic demand contributed +4.1 pps to year-on-year growth (vs. +3.1 pps in Q4), supported by the acceleration in gross fixed capital formation (+9.5% year-on-year in Q1). On the external demand side (+5.5% year-on-year vs. 1.9% in the previous quarter), linked to the high import content of investment. Available indicators suggest that economic activity in Q2 will remain moderate but in expansion. The European Commission’s economic confidence indicator stood at 101 points in April and May (vs. 103.7 points in Q1), above its historical average of 100 points. In this context, we have revised our growth forecast for 2026 downwards, from 2.1% to 1.8%. Despite the adverse international environment, domestic factors will limit the negative impact of the conflict in the Middle East. Although external demand will remain weak due to the weak growth performance of the country’s major trading partners, domestic demand will support growth through both investment and consumption. These are backed by public investment, which should remain strong in this final year of the Recovery and Resilience Plan, and by a dynamic labour market.

Inflation remains entrenched above 3% in May. The National Statistics Institute’s flash estimate indicates that inflation remained unchanged in May relative to April (headline rate: 3.3% and core rate: 2.2%), driven by rising energy costs (+13.2% year-on-year) and unprocessed food prices (+5.7%). Given the persistence of the conflict in the Middle East, high uncertainty, and the sustained high levels of oil and natural gas prices, we have revised our inflation forecast for 2026 upwards to 2.9%, 0.8 pps higher than the previous forecast.

Employment and tourism continue to grow at notable rates. Employment in April remained strong, with a year-on-year growth rate of 2.3% and reaching a new all-time high of 5,344,700 people in employment. At the same time, the unemployment rate fell to 5.7% (-0.5 pps compared to the same month the previous year). The current account balance recorded a deficit of 616 million euros up to March, 809 million less than the same period the previous year. This is explained by the deterioration in the balance of trade in goods by 779 million euros, linked to the growth in imports of non-energy goods. The services balance also decreased (-202 million euros, -3.0% year-on-year) due to the reduction in the surplus of the non-tourism services balance. The tourism balance saw its surplus increase by 140 million euros (+3.5% year-on-year), and this growth is expected to continue in the coming months, given the steady increase in total overnight stays and tourism revenues.

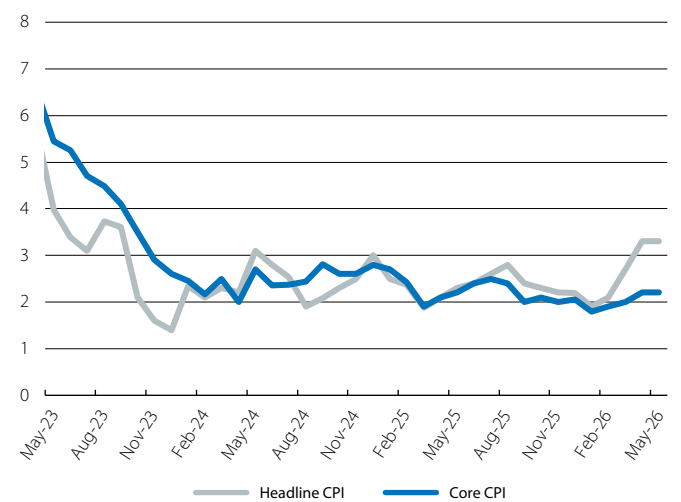
Portugal: GDP (%)



Source: CaixaBank Research, based on data from Portugal’s National Statistics Institute.

Portugal: CPI

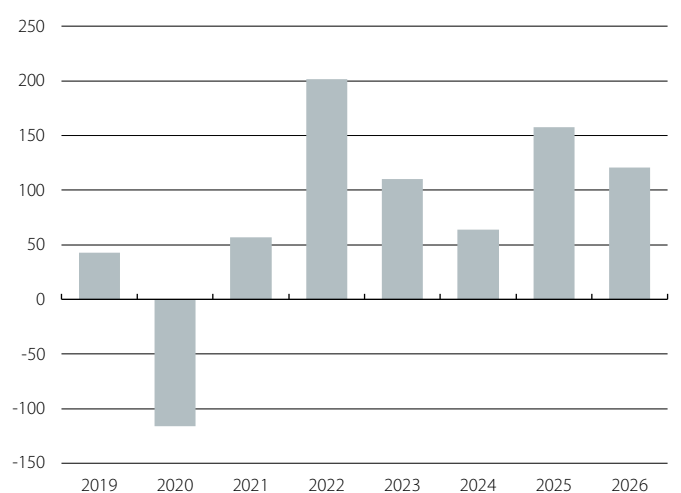
Year-on-year change (%)



Source: CaixaBank Research, based on data from Portugal’s National Statistics Institute.

Portugal: employment

Year-on-year change in April (thousands of people)



Source: CaixaBank Research, based on data from Portugal’s National Statistics Institute.

Activity and employment indicators

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

	2024	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	03/26	04/26	05/26
Coincident economic activity index	2.0	2.0	1.8	2.0	2.3	2.2	2.0	1.8	...
Industry									
Industrial production index	0.8	0.7	1.4	3.3	0.6	0.3	4.1	0.0	...
Confidence indicator in industry (<i>value</i>)	-6.2	-4.0	-4.7	-3.2	-2.9	-2.1	-2.5	-2.8	-3.5
Construction									
Building permits - new housing (number of homes)	6.5	20.9	20.4	9.0	16.2	-4.7	12.4	...	...
House sales	14.5	15.5	15.5	3.8	-4.7	...	...	...	...
House prices (<i>euro / m² - valuation</i>)	8.5	17.4	17.4	18.2	18.4	17.5	16.5	...	...
Services									
Foreign tourists (<i>cumulative over 12 months</i>)	6.3	1.9	4.1	2.6	1.9	2.2	2.2	1.8	...
Confidence indicator in services (<i>value</i>)	5.5	10.1	7.2	11.6	7.7	6.0	6.7	7.9	8.3
Consumption									
Retail sales	3.3	5.3	4.8	5.8	5.3	4.3	6.0	4.9	...
Coincident indicator for private consumption	2.8	3.4	3.5	3.1	3.2	3.0	2.7	2.2	...
Consumer confidence index (<i>value</i>)	-18.0	-16.2	-17.9	-16.2	-15.2	-16.2	-18.7	-23.9	-27.1
Labour market									
Employment	1.2	3.2	2.9	3.7	3.7	2.3	2.6	2.3	...
Unemployment rate (<i>% labour force</i>)	6.4	6.0	5.9	5.8	5.8	6.1	5.8	5.7	...
GDP	2.2	1.9	1.7	2.2	1.9	2.3	...	...	...

Prices

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

	2024	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	03/26	04/26	05/26
General	2.4	2.3	2.2	2.6	2.2	2.2	2.7	3.3	3.3
Core	2.5	2.2	2.3	2.3	2.1	1.9	2.0	2.2	2.2

Foreign sector

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

	2024	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	03/26	04/26	05/26
Trade of goods									
Exports (<i>year-on-year change, cumulative over 12 months</i>)	2.0	0.6	4.2	2.0	0.6	-3.0	-3.0	...	...
Imports (<i>year-on-year change, cumulative over 12 months</i>)	2.0	4.1	7.0	6.7	4.1	3.0	3.0	...	...
Current balance	6.5	3.8	3.5	3.0	3.8	3.0	3.0	...	...
Goods and services	6.4	3.7	4.0	3.5	3.7	2.8	2.8	...	...
Primary and secondary income	0.1	0.1	-0.5	-0.5	0.1	0.2	0.2	...	...
Net lending (+) / borrowing (-) capacity	9.6	8.3	6.9	7.0	8.3	7.3	7.3	...	...

Credit and deposits in non-financial sectors

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

	2024	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	03/26	04/26	05/26
Deposits¹									
Household and company deposits	7.5	5.4	5.4	6.3	5.4	6.4	6.4	6.9	...
Sight and savings	-0.3	8.1	5.1	8.6	8.1	7.9	7.9	7.4	...
Term and notice	15.3	3.1	5.8	4.3	3.1	5.1	5.1	6.5	...
General government deposits	26.7	28.7	39.6	-0.5	28.7	20.4	20.4	15.2	...
TOTAL	7.9	6.0	6.4	6.1	6.0	6.9	6.9	7.2	...
Outstanding balance of credit¹									
Private sector	1.9	6.6	4.9	5.8	6.6	7.7	7.7	8.0	...
Non-financial firms	-1.0	2.6	2.0	2.2	2.6	4.3	4.3	4.9	...
Households - housing	3.0	9.3	6.4	8.0	9.3	9.9	9.9	10.1	...
Households - other purposes	5.4	7.0	6.6	6.9	7.0	8.4	8.4	8.3	...
General government	0.6	6.4	3.8	4.8	6.4	3.2	3.2	2.7	...
TOTAL	1.9	6.6	4.8	5.7	6.6	7.5	7.5	7.8	...
NPL ratio (%)²	2.4	2.1	2.3	2.3	2.1	0.0	...	...	...

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

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

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Sectoral Observatory S1 2026

The Spanish economy is facing the first half of 2026 from a position of strength, albeit with a clear moderation in growth following the strong dynamism of 2025 and amid a more adverse international context. The outbreak of the war in Iran has introduced a new supply shock that is affecting sectors unevenly, with a bigger impact on industry while domestically-oriented services are showing greater resilience. Despite this, the strength of domestic demand and progress made in modernising the productive base are allowing the impact to be absorbed without any significant deterioration of the cycle.



Real Estate Sector Report S1 2026

This new edition of the Real Estate Sector Report (S1 2026) analyses recent dynamics and the outlook for the sector in Spain, highlighting the main challenges that will shape market trends and price pressures in the coming years: the deterioration of affordability, the shortage of available housing and territorial imbalances. The rental cost burden among Spaniards is also examined in depth through the analysis of high-frequency internal data.



Tourism Sector Report S1 2026

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

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A banner with a dark blue background featuring abstract white and yellow geometric patterns and bokeh light effects. The text is centered and reads: "Real-Time Economics" in large yellow and white font, followed by "Follow the evolution of the Spanish economy with our real-time indicators." in white. At the bottom, a yellow rounded rectangle contains the URL "https://realtimeeconomics.caixabankresearch.com" in black text.

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