Spain
Macroeconomic & Financial Outlook

CaixaBank Research

July 2026

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Key messages

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Activity	▶ Energy prices corrected rapidly after the mid-June agreement between Iran and the US was announced, returning close to pre-conflict levels. However, renewed tensions and incidents in the Strait of Hormuz in July underline that **uncertainty remains elevated and the situation remains fragile**. ▶ **ECB tightening is expected to be limited**. The ECB raised the depo rate to 2.25% in June. At the time of writing, markets expect the ECB to stay on hold in July and to deliver the next rate hike in September, taking the depo rate to 2.50% with a probability of over 80%. However, renewed bombings between the US and Iran in early July have revived some market pricing of the depo rate reaching 2.75% in 2027, after that probability had fallen to virtually zero following June's US–Iran agreement. ▶ **Spain: activity regained momentum towards the end of Q2 as energy prices eased**. The composite PMI returned in June to levels similar to those seen in January, again pointing to a dynamic pace of growth, while consumption strengthened in June and employment growth remained broadly as solid as in Q1. Q2 GDP growth, to be released on 30 July, now appears likely to come in above our 0.3% q-o-q forecast which assumed a more sizeable impact from the energy shock. ▶ **Spanish growth should remain dynamic and domestically driven in 2026**. Population growth linked to immigration inflows, elevated household savings, ongoing investment and strong services exports should continue to support activity, partly offsetting weaker goods trade. Our 2026 GDP growth forecast of 2.1% remains well above the 0.7% expected for the euro area. Risks to this forecast are tilted to the upside, supported by the recent improvement in activity indicators and the decline in energy prices from recent peaks. Even amid renewed tensions in the Middle East, Spain remains well placed to sustain robust growth, provided energy prices remain contained. Nevertheless, uncertainty remains high and risks of abrupt shifts in the geopolitical environment persist. ▶ **Tourism outperforms expectations**. Spain's relative safe-destination appeal during the Middle East conflict triggered a renewed acceleration in international tourism flows in Q2, reversing the gradual moderation seen earlier in the year. Recent data point to another record summer season, with international arrivals likely to exceed 100 million in 2026. ▶ **Headline inflation remained stable at 3.2**% in June, with lower fuel prices offsetting the withdrawal of tax relief on electricity and gas. The recent decline in energy prices, together with the extension of the Government's relief measures, has reduced inflationary pressures and improved the outlook for the second half of the year. The 2026 inflation forecast could be revised slightly downward if these trends persist. ▶ **Limited supply continues to underpin house prices**. Transactions remain at very high levels but are easing broadly in line with expectations. House price growth surprised on the upside in Q1 2026, which, coupled with chronically low supply growth, poses upside risks to the outlook for house prices. ▶ **Fiscal deficit remains contained**. The deficit is expected to reach 2.3% of GDP in 2026, 0.1pp below the 2025 level. Although temporary measures related to the Middle East conflict and the February storms will cost around 0.6–0.7% of GDP, stronger fiscal revenues should partly offset the fiscal impact.
Banking Sector	▶ **New lending maintains positive momentum, supported by strong activity levels and, as a result, credit stock growth remains at an elevated pace in May.** The domestic NPL ratio remains contained (around 2.6% in April), while profitability stands at historically high levels (18.5% in 1Q26 vs. 10.5% in the euro area), supported by strong recurring earnings and certain non-recurring extraordinary gains. Geopolitical risks remain a source of uncertainty for the outlook, despite Spanish banks' limited direct exposure to affected regions.

Main economic forecasts

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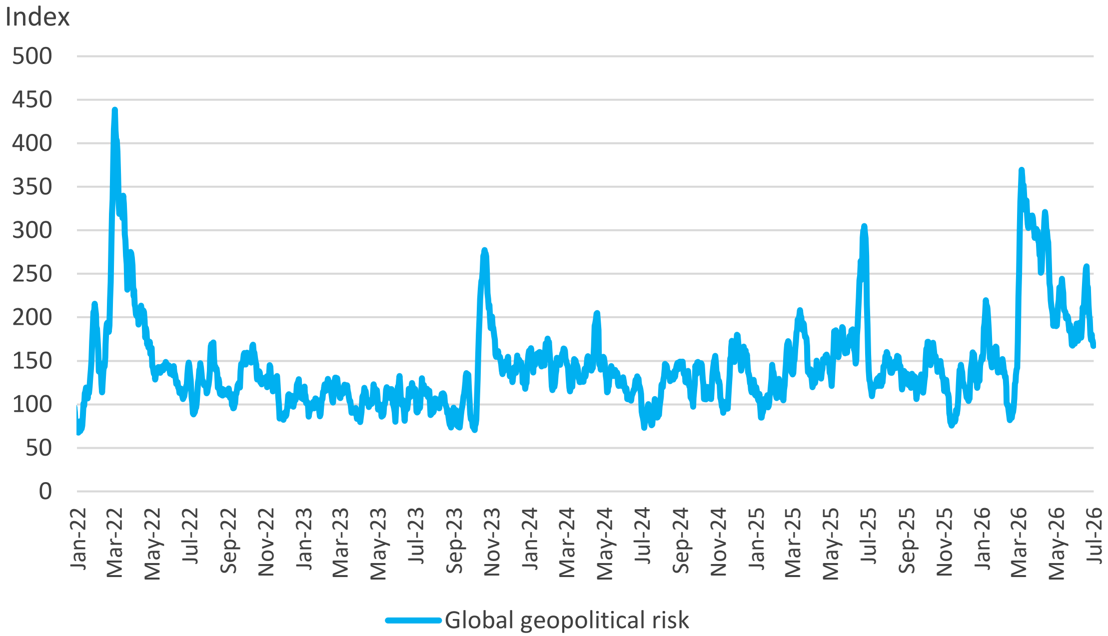
%. YoY. unless otherwise specified	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 (Forecast)	2027 (Forecast)
GDP	2,9	2,9	2,4	2,0	-10,9	6,7	6,4	2,5	3,5	2,8	2,1	1,8
Private Consumption	2,6	3,1	1,8	1,0	-12,2	7,2	4,9	1,7	3,0	3,3	2,4	1,8
Public Consumption	0,9	1,0	2,1	2,2	3,5	3,6	0,8	4,5	2,9	2,4	1,4	1,9
Gross Fixed Capital Formation (GFCF)	2,0	6,8	6,5	4,9	-8,9	2,6	4,2	5,9	3,6	5,8	3,9	2,1
GFCF - equipment	1,6	9,1	4,2	1,7	-13,5	3,3	2,1	2,6	1,9	7,4	2,8	2,2
GFCF - construction	0,9	6,8	10,1	8,4	-8,4	0,5	4,0	5,5	4,0	5,2	4,1	2,0
Exports	5,4	5,6	1,7	2,3	-20,1	13,4	14,2	2,2	3,2	3,6	0,6	1,9
Imports	2,6	6,7	3,9	1,3	-15,1	15,0	7,7	0,0	2,9	6,2	1,6	2,1
Unemployment rate	19,6	17,2	15,3	14,1	15,5	14,9	13,0	12,2	11,3	10,5	9,8	9,3
CPI (average)	-0,2	2,0	1,7	0,7	-0,3	3,1	8,4	3,5	2,8	2,7	3,5	2,7
External current account balance (% GDP)	3,1	2,8	1,9	2,1	0,8	0,8	0,4	2,7	3,2	2,9	2,3	2,5
General Government Balance (% GDP)	-5.3	-3,0	-2,6	-3,1	-9,9	-6,7	-4,6	-3,3	-3,2	-2,4	-2,3	-2,3
General government debt (% GDP)	101,9	101,2	99,8	97,7	119,3	115,7	109,3	105,2	101,7	100,7	99,3	97,7
Housing prices	1,9	2,4	3,4	3,2	-1,1	2,1	5,0	3,9	5,8	11,2	6,3	7,3
Risk premium (vs. 10Y Bund. bps. Dec.)	124	120	97	88	86	67	104	102	81	59	47	55
Bank credit (to the private domestic sector)	-2,9	-1,9	-2,6	-1,2	2,5	0,5	-0,4	-3,4	0,7	3,5	4,5	4,4

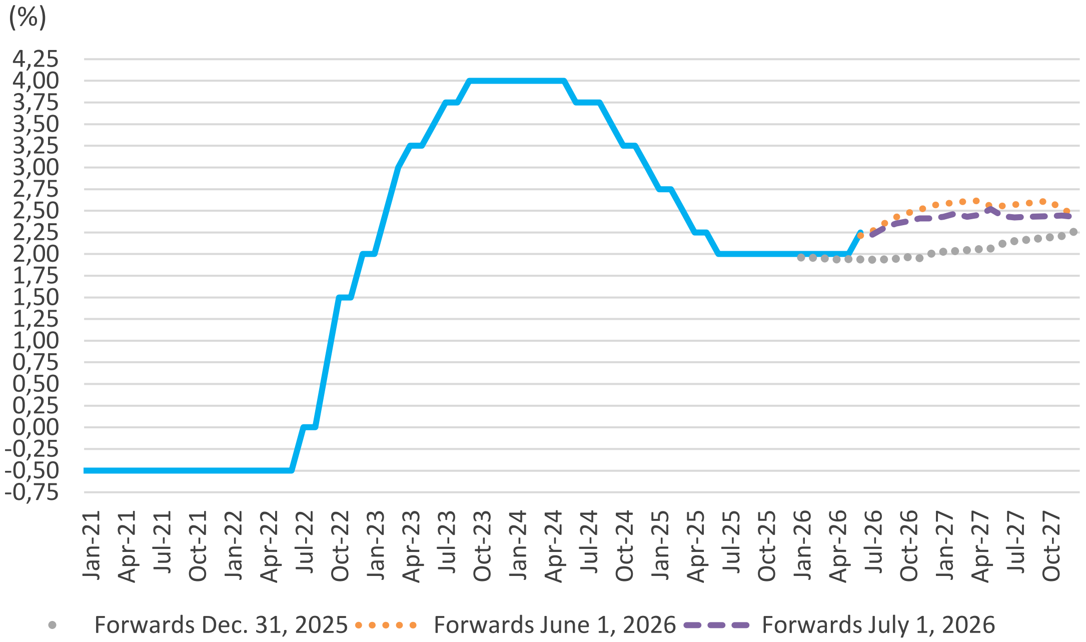
Note: All GDP figures are based on ESA-2010 methodology.
Source: CaixaBank Research.

The ECB focuses on a measured tightening

Geopolitical risk



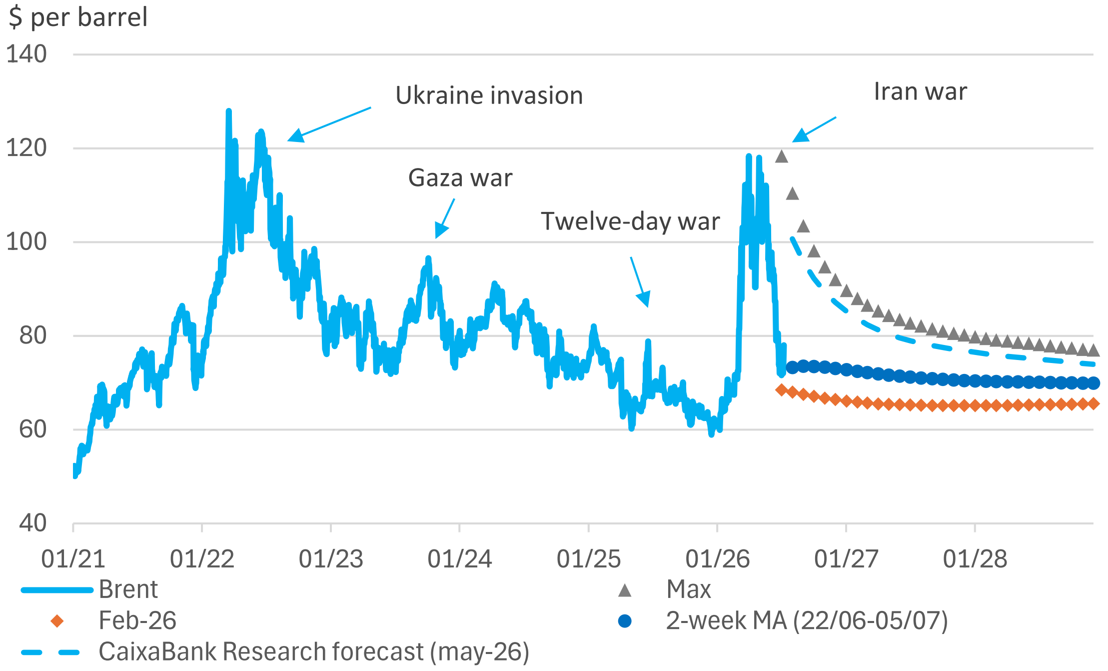
ECB deposit rate



- **The ECB hiked rates in June and pointed towards a measured policy tightening**. The ECB framed the increase in its depo rate to 2.25% (+25bp) within a scenario in which the Middle East conflict triggers a large, though not too persistent, overshoot in inflation while exerting a modest drag on economic activity. ECB communication exhibited a hawkish tilt: it emphasized early signals of inflation indirect effects and supply chain impairments, and it highlighted sources of resilience in economic activity (poor headline GDP figures attributed to Ireland's volatility, a forecast of positive real income growth for workers in the years ahead, investment related to technology, defense and infrastructure as a source of growth).
- **The ECB sees "a moderate tightening" as a robust strategy across scenarios**. June baseline forecasts (inflation at 3.0% in 2026 and 2.3% in 2027) were accompanied by a "milder scenario" (inflation at 2.9% and 1.8%, with energy commodity prices relatively close to market pricing as of early July) as well as "adverse" (3.3% and 3.0%) and "severe" scenarios (4.0% and 5.3%). All scenarios incorporated a depo rate between 2.50%-2.75%, showing that a moderate increase in rates would be warranted both under the "milder" and the "baseline", while the "adverse" and "severe" scenarios would trigger a more significant policy tightening.
- **The fragile US–Iran agreement would improve the balance of risks, provided it remains in place**. The agreement reins in the adverse and severe inflation scenarios, although geopolitical uncertainty remains high and the situation in the Middle East is still fragile. If the agreement endures, Hormuz flows recover sustainably and energy commodity prices remain close to the milder scenario, the ECB could see less need for further rate hikes. At the time of writing, investors expect the ECB to stay on hold in July and to deliver the next rate hike in September, taking the depo rate to 2.50% with a probability of over 80%. However, renewed bombings between the US and Iran in early July have revived some market pricing of the depo rate reaching 2.75% in 2027, after that probability had fallen to virtually zero following June's US–Iran agreement.

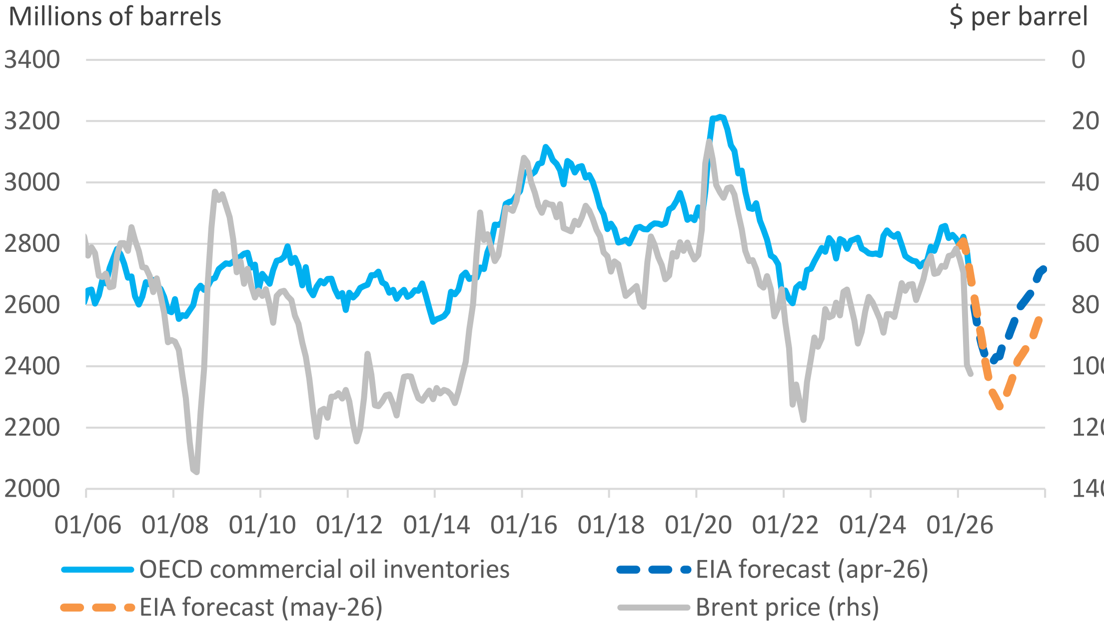
Energy prices have corrected from recent peaks, but geopolitical risks remain material

Brent oil prices and futures



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

OECD comercial inventories and Brent prices



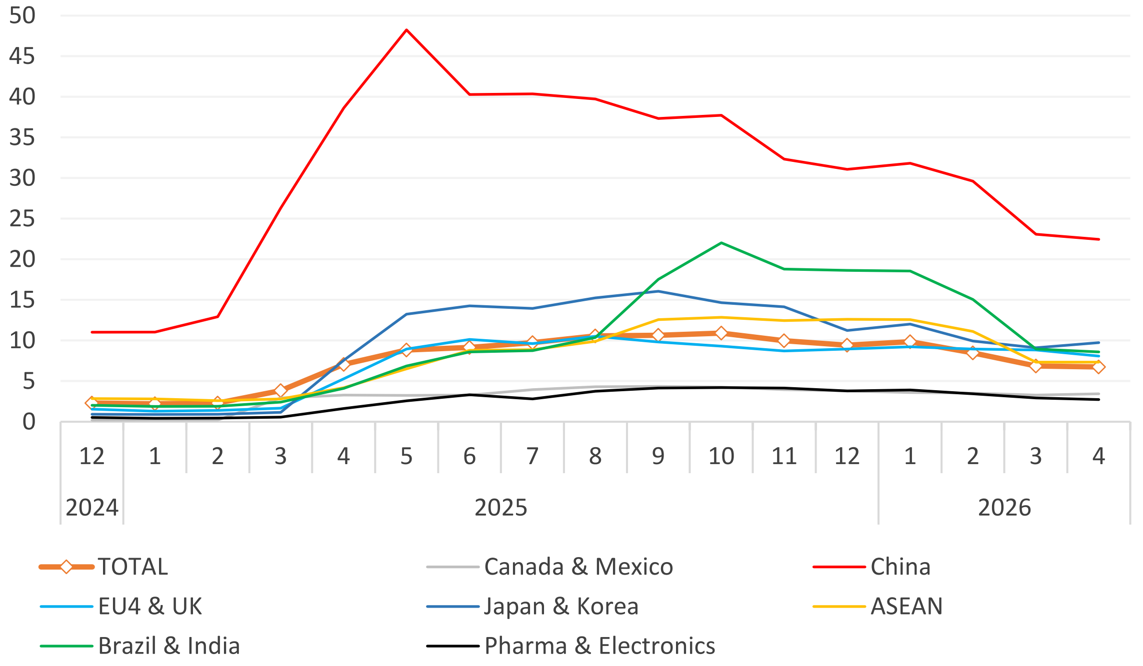
Note: We present monthly averages of Brent oil prices. Data for commercial inventories are available until May and we use EIA forecasts from June 2026 onwards, which assume a gradual resumption of SoH flows from Q3.
Source: CaixaBank Research, based on data from the US Energy Information Administration (EIA).

- **Oil prices** fell sharply after the US and Iran reached a preliminary agreement in mid-June that eased concerns over energy flows through Hormuz and opened a two-month negotiation window. Spot Brent declined towards 72$/b before Trump's July 8 remarks cast doubt on the agreement, but renewed US–Iran tensions have since pushed spot prices back towards levels close to 80$/b, highlighting that upside risks to energy prices remain significant. By contrast, the futures curve has reacted moderately: as of July 10, average Brent prices implied by current futures stand close to 81$/b in 2026 and 73$/b in 2027, below our May-26 forecast of around 90$/b and 79$/b, respectively.
- **Gas prices** have been less volatile than oil prices and have remained broadly within the 40–50€/MWh range over recent weeks, both before and after Trump's July 8 remarks cast doubt on the US–Iran preliminary agreement. Futures are nearly flat through the end of the 2026–27 winter season, suggesting that markets are not pricing a persistent gas shock at this stage. Using current futures, average TTF prices stand close to 45€/MWh in 2026 and 36€/MWh in 2027, broadly in line with our May-26 forecast of 43€/MWh and 36€/MWh, respectively.
- The disruption to flows through the Strait of Hormuz turned an oil market surplus of c.2 mb/d into a deficit of c.6 mb/d. Alternative routes, weaker demand and a 400mb strategic reserve release helped cushion the shock, but the adjustment has come at the cost of lower inventories, which will take time to rebuild. The pace at which Gulf energy exports normalise will be critical, while gas markets remain more exposed due to infrastructure damage, logistical constraints and regional tensions.

US tariff de-escalation accelerates in 2026

Effective US tariffs

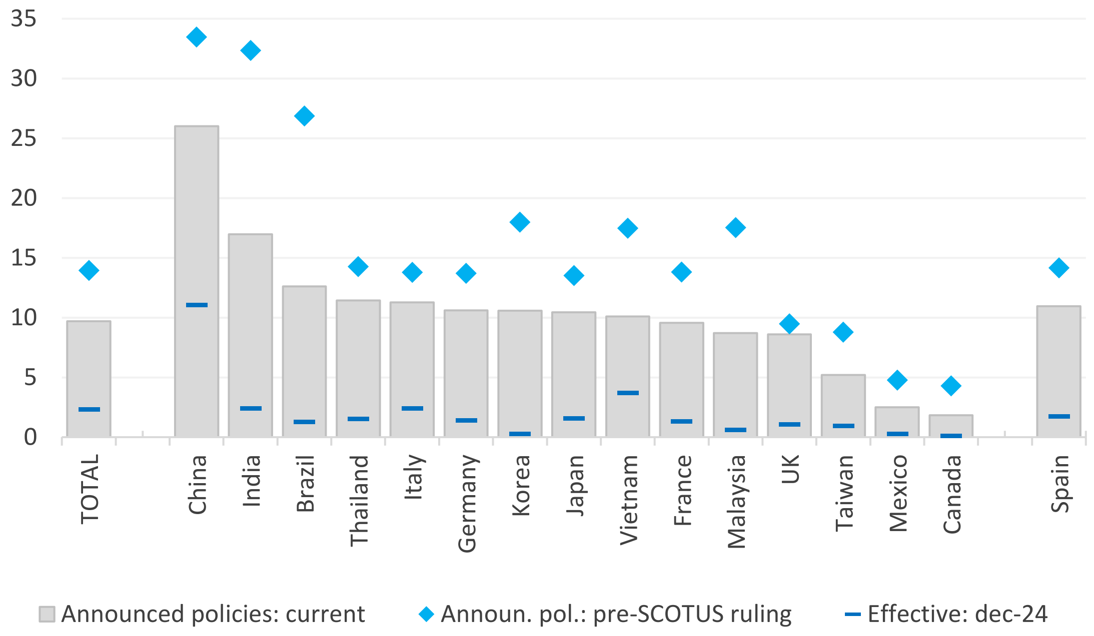
By trading partner group (%)



Note: EU4 = Germany, France, Italy and Spain. ASEAN = Cambodia, Philippines, Indonesia, Malaysia, Thailand and Vietnam. Pharmaceuticals and electronics (producers): Belgium, Ireland, the Netherlands, Switzerland, Singapore and Taiwan. Trade flows weighted using 2025 data.
Source: CaixaBank Research, based on Bloomberg data.

US tariffs based on announced policies

By main trading partner (%)



Note: The current estimate is based on 2025 trade flows. SCOTUS = Supreme Court Of The United States.
Source: CaixaBank Research, based on Bloomberg, UN COMTRADE and White House data.

- **Average effective U.S. tariffs have retraced to pre–Liberation Day levels**. Following the Supreme Court ruling in February, the average tariff rate applied to U.S. imports fell below 7% in March–April, from a peak of 11% in September–October. The adjustment has been especially pronounced for imports from Brazil and Asia, with China's effective tariff rate declining by 15 p.p. to 22%, while European goods now face tariffs that remain relatively above the average at around 8%.
- **The future tariff framework remains subject to legal clarification**. The current 10% universal tariff is due to expire on 24 July (barring an unlikely congressional extension), and the Trump administration continues to pursue a transition towards tariff measures resting on a firmer legal footing. Pending ratification, the ongoing Section 301 investigations into unfair trade practices suggest little change in current tariff levels, with a 10% rate proposed for 16 countries, including the EU, and 12.5% for a further 44 countries.

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

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Main Spanish goods exports to the US in 2025	Mill. €	% of total	% of sector
Chemical products (including pharma)	3,249	19.4	4.9
Industrial machinery	1,675	10.0	8.8
Electrical appliances	1,621	9.7	9.9
Construction materials	957	5.7	12.4
Engines	860	5.1	19.1
Fats and oils	843	5.0	11.5
Energy products	768	4.6	3.2
Fruits and vegetables	579	3.5	2.2
Processed food products	385	2.3	5.5
Automotive sector	380	2.3	0.8
Iron and Steel	378	2.3	4.3
Beverages	358	2.1	6.7
Transport equipment	302	1.8	2.0
Fishing products	283	1.7	4.9
Textiles	264	1.6	1.4
Sugar, coffee and cocoa	246	1.5	5.8
Meat	244	1.5	1.9
Precision equipment	235	1.4	7.0
Paper	200	1.2	4.0
Furniture	186	1.1	5.7
TOTAL	**16,716**	**100.0**	**4.3**

Source: CaixaBank Research, with data from Data Comex.

- **We estimate that, following Trump's announcements after the Supreme Court ruling, the average tariff on Spanish exports to the United States will remain below 15%.** This is consistent with the Spanish Minister of Economy's statement that the Court's decision reduced the average tariff to 12.6%, from 14.4%. Overall, the impact of the tariff increase—relative to the pre-Trump period—amounts to slightly below 0.2% of GDP, including both direct exposure through exports to the U.S. and indirect exposure via Spanish value added embedded in third-country exports. Sectors with the highest exposure to tariff increases include chemicals, capital goods (machinery, engines, electrical equipment), oils, and construction materials.

Spanish growth in 2026: dynamic thanks to internal demand

Breakdown of GDP

Year-on-year (%)

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

GDP: analysts' forecast

Year-on-year change (%)

Ordered by forecast of 2026	2026	2027
Government (Jun. 29)	2.6	2.2
BBVA Research (Jun. 12)	2.4	2.1
European Commission (May. 21)	2.4	1.9
Bank of Spain (Jun. 18)	2.3	1.7
Airef (May. 15)	2.2	2.0
Funcas panel (May. 19)	2.2	2.0
Consensus Forecasts (Jun. 12)	2.2	1.9
Funcas (May. 6)	2.2	1.8
OECD (Jun. 3)	2.2	1.7
IMF (Mar. 20)	2.1	1.8
CaixaBank Research (May. 26)	**2.1**	**1.8**

- **We forecast GDP growth at 2.1% in 2026 and 1.8% in 2027**. In 2026, the negative impact of the Middle East conflict should be partially offset by fiscal support, a decline in the household savings rate from 12.0% of GDI to 10.9%, and the redirection of some international tourist flows towards Spain amid turmoil in the Middle East. The initial de-escalation of tensions in the Strait of Hormuz following the preliminary US–Iran agreement reduced the likelihood of the most adverse scenarios. While renewed tensions have increased uncertainty, lower energy prices and the positive evolution of Q2 activity indicators still point to **some upside risks to our GDP growth projections for 2026**. The situation remains highly fluid, and we will closely monitor developments in energy prices, Gulf shipping flows and geopolitical tensions.
- **Domestic demand will remain the main engine of growth**, led by robust private consumption, supported by strong population gains driven by immigration and continued employment growth. Investment should also remain resilient, underpinned by ongoing NGEU-funded projects and a favourable low-interest-rate environment. On the external side, services exports—including both tourism and non-tourism activities—are expected to continue performing strongly. By contrast, goods exports are likely to make a more limited contribution, reflecting weak global trade dynamics and persistent geopolitical tensions in the Middle East. Overall, Spain GDP growth is projected to significantly outperform the euro area average of 0.7%.
- **Bank of Spain (BoS) has left its GDP growth forecasts unchanged at 2.3% for 2026 and 1.7% for 2027**. For 2026, stronger-than-expected momentum in Q2 is expected to offset the negative impact stemming from the conflict in Iran. BoS projects consumer prices to rise by 3.6% in 2026 but these forecasts do not account for the recent decline in energy prices from May peak levels.

Strong start of the year for the Spanish economy

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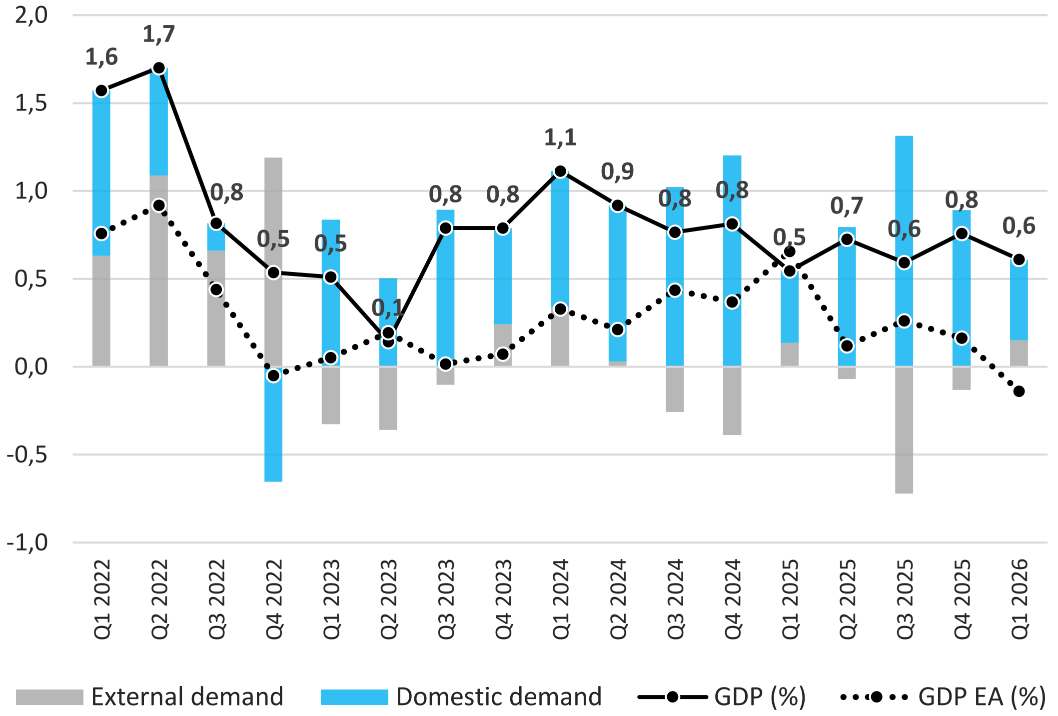
Contribution to quarterly GDP growth

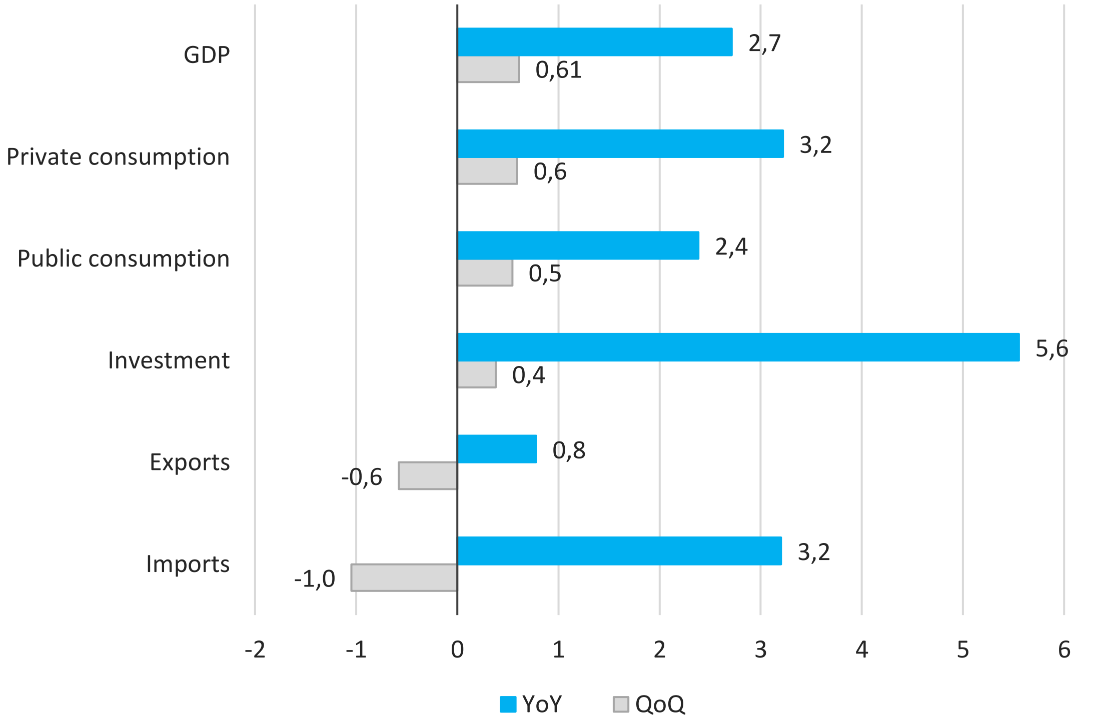
Percentage points and percentage change (%)



Note: GDP is quarter-on-quarter variation.

Q1 2026 GDP and its components

Quarter-on-quarter variation (%)

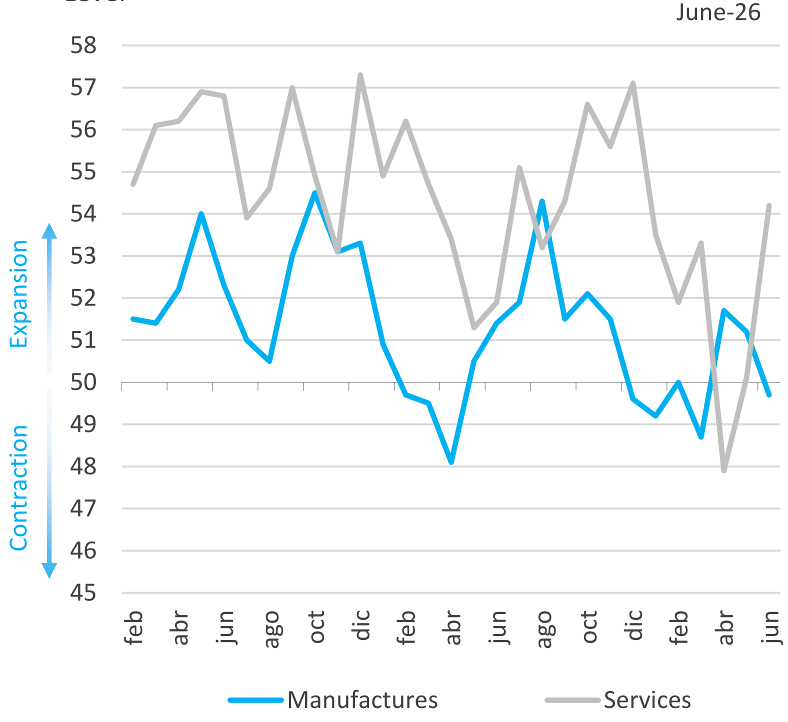


- **GDP growth remained strong in Q1 2026**, expanding by 0.6% qoq and 2.7% yoy. While quarterly growth eased by 0.2 p.p. compared to Q4, it came in slightly above our expectations (0.5%). In annual terms, growth picked up slightly (+0.1 p.p.) relative to the previous quarter.
- **The composition of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

Spain: The economy ended Q2 on a firmer footing

PMI indices

Level



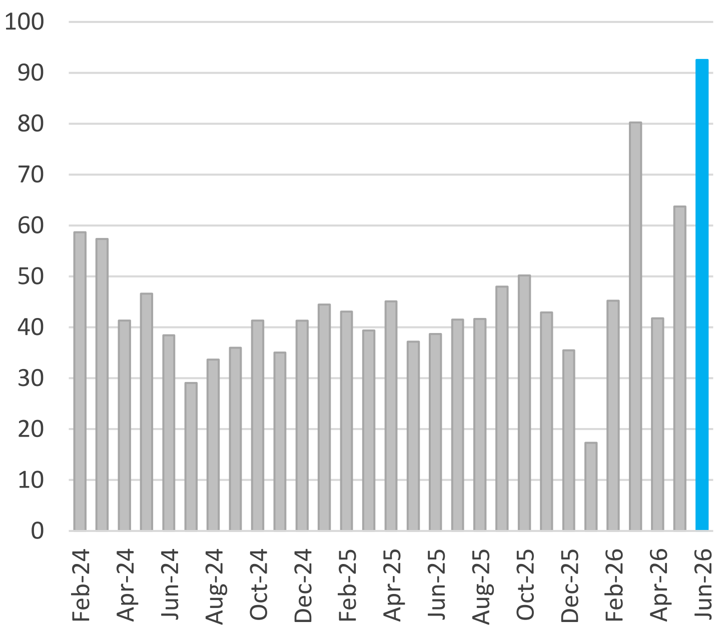
Indicators of economic activity

	Q2 2026	Q1 2026	Data up to
Workers registered to the Social Security system (qoq growth in % SA)	0,9	0,5	Jun.
CaixaBank Consumption Monitor (yoy growth in %)	1,5	3,5	Jun.
Retail sales (qoq growth in %, SA)	-0,5	0,0	May.
Industrial Production (qoq growth in %, SA)	2,0	-0,8	May.
Manufacture PMI level, >50 expansion	50,9	49,3	Jun.
Services PMI level, >50 expansion	50,7	52,9	Jun.

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

Social Security registered members*

Month-on-month change (thousand)



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

- **Activity indicators turned more positive towards the end of Q2**. Business confidence and household spending weakened during the spring as higher energy prices weighed on demand, but both recovered in June following the correction in energy prices. Our CaixaBank Consumption Monitor grew by 2.4% yoy in June, gaining momentum after a weaker May partly affected by temporary factors, including calendar effects and an increase of cash withdrawals in May 2025 following the blackout. The services PMI rose to its highest level since December, although the manufacturing PMI remained slightly below the 50-point threshold. Retail sales, industrial production and international tourism also strengthened in May.
- **Labour market dynamics remained resilient in Q2**. Social Security affiliation, excluding workers on furlough schemes or ERTEs, rose by 0.9% q/q, up from 0.5% in Q1. However, the figure was boosted by the extraordinary regularisation process introduced in April 2026, which allows certain undocumented migrants already residing in Spain, many of whom were working informally, to obtain residence and work permits. According to the Government, the process added around 160,000 affiliates in Q2. Excluding this effect, we estimate underlying employment growth at around 0.5% q/q, broadly in line with Q1.
- **Taken together, incoming data suggest that Q2 GDP growth is likely to come in somewhat below expectations at the start of the year, but above our current 0.3% q/q forecast**, which assumed a more prolonged period of elevated energy prices. The INE will publish the Q2 GDP flash estimate on 30 July.

Spain: Inflation remains at 3.2% in June despite the partial withdrawal of tax relief measures

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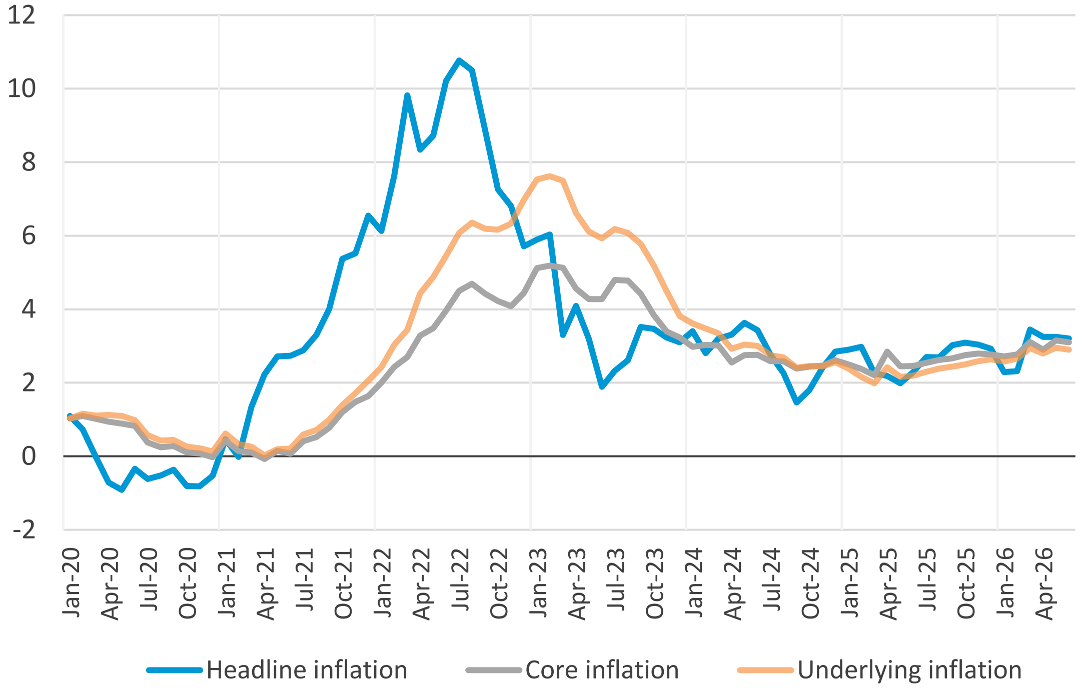
Spain: Inflation components

(%)

	Avg. 2025	Mar.-26	Apr.-26	May.-26	Jun.-26
Headline inflation	2.7	3.4	3.2	3.2	3.2
Underlying inflation (excl. energy and non processed food)	2.3	2.9	2.8	3.0	2.9
Core inflation (excluding energy and food)	2.6	3.1	2.9	3.2	3.1
- Industrial goods	0.6	1.6	1.6	0.9	0.9
- Services	3.4	3.7	3.4	4.1	3,9
Food, beverages & tobacco	2.7	3.0	3.0	2.4	2.1
Energy	3.4	7.3	6.6	5.9	6.7
- Electricity	15.0	4.3	-4.3	-5.5	NA
- Fuel	-3.2	8.6	12.3	12.3	NA

Spain: Headline, underlying and core inflation

(%)

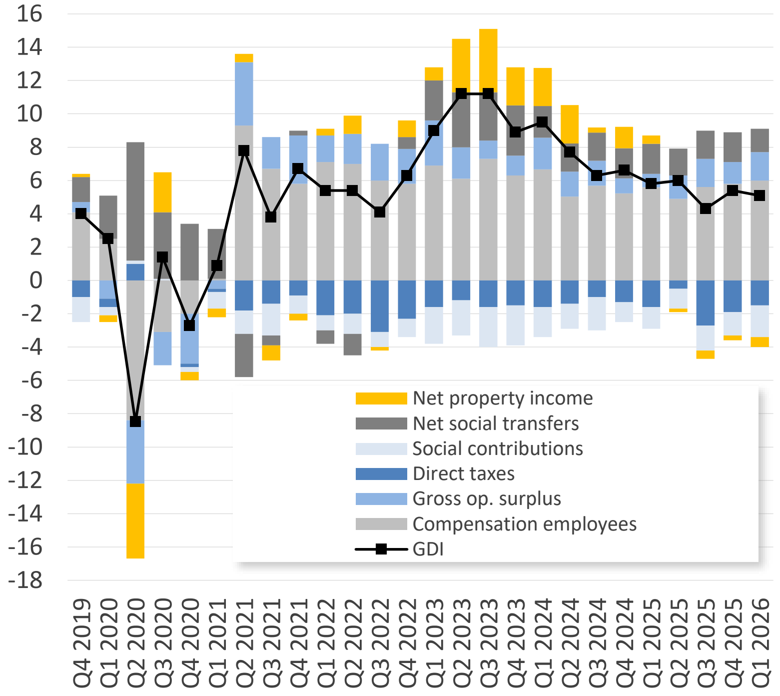


- **Headline inflation remained unchanged at 3.2% in June for the third consecutive month**. Higher energy inflation following the withdrawal of tax cuts on electricity and gas was partly offset by lower fuel prices after the Iran–US agreement. Beyond energy, services inflation remained elevated, close to 4%. From July, fuel support is limited to the excise-duty cut, set at 15 cents/litre in July, 10 cents/litre in August and 5 cents/litre in September, before being fully withdrawn in October. This should help smooth the near-term inflation profile.
- **Lower oil prices have improved the near-term inflation outlook**. Following the mid-June peace agreement between the US and Iran and the normalization of shipping through the Strait of Hormuz, oil and gas prices fell sharply, returning broadly to pre-conflict levels. However, recent tensions and incidents in the Strait highlight that geopolitical risks to energy markets have not disappeared. As of publication, futures markets point to an average oil price of around USD 81.5/bbl in 2026, below the USD 90/bbl assumed in our current forecast. If sustained, this could bring inflation in 2026 a few tenths below our current 3.5% projection.

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

Gross disposable income (GDI)

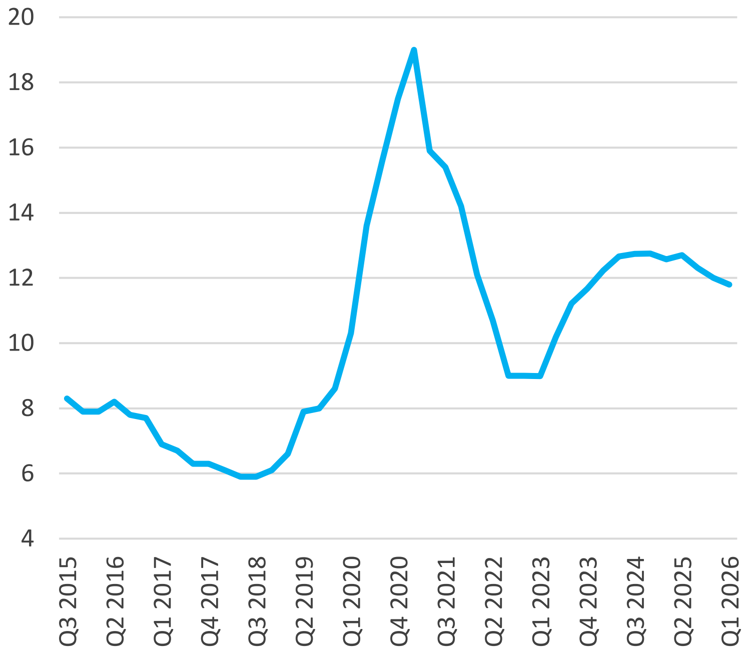
Year-on-year variation (%) and contributions



Source: CaixaBank Research, based on data from INE.

Savings rate

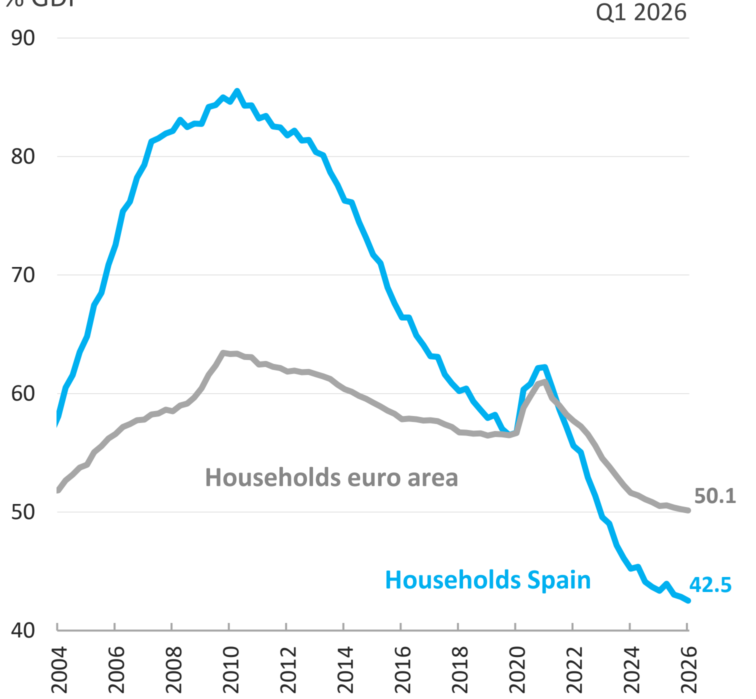
% Gross Disposable Income



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

Households' debt

% GDP



Source: CaixaBank Research, based on data from Bank of Spain and Eurostat.

- **The household savings rate remains high, although it continues to moderate gradually**. In Q1 2026, it stood at 11.8% of gross household disposable income on a 4-quarter cumulative basis, down from 12.0% in Q4 2025, but still well above the 2015-2019 average of 7.3%.
- **Gross household disposable income continued to grow at a solid pace** in Q1 2026, increasing by 5.1% YoY supported by the strength of the labour market. However, household consumption remained dynamic and grew above disposable income, explaining the slight decline in the savings rate.
- **In our scenario, we expect the savings rate to moderate gradually in 2026, but to remain at historically high levels, at 10.9% of gross household disposable income**. In the context of the Middle East conflict, households should have more room for adjustment than during the Ukraine shock, as the impact on energy prices is expected to be more contained and less persistent.
- If the recent easing in energy prices proves durable despite renewed tensions in the Middle East, it should support households' purchasing power and help limit the decline in the savings rate. Together with the resilience shown by the savings rate in Q1 2026, this points to slight upside risks to our 2026 savings rate forecast.

Demographics and the labor market continue to drive growth

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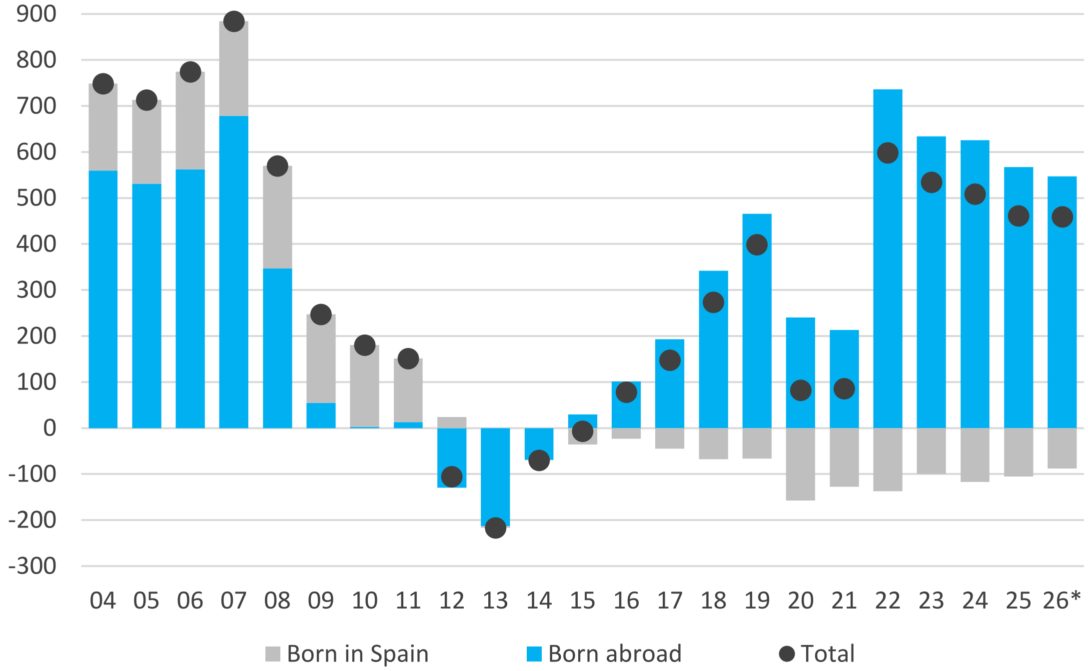
Total population

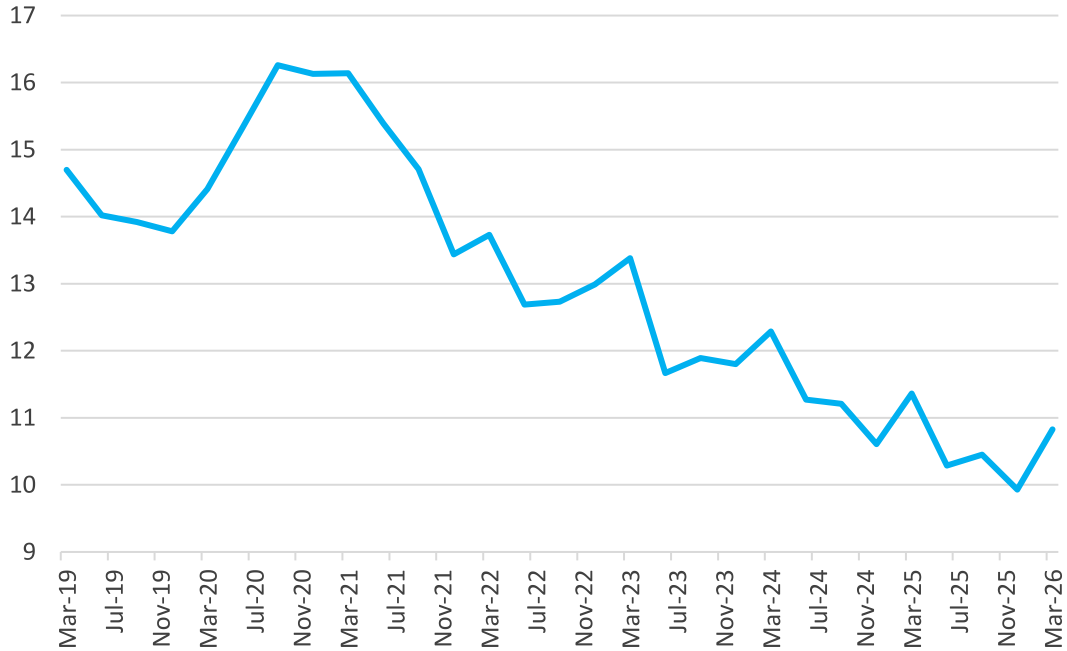
Annual variation in thousands



Note (*) Q126 vs. Q125.
Source: CaixaBank Research, with data from INE (ECP).

Unemployment rate

% of active population



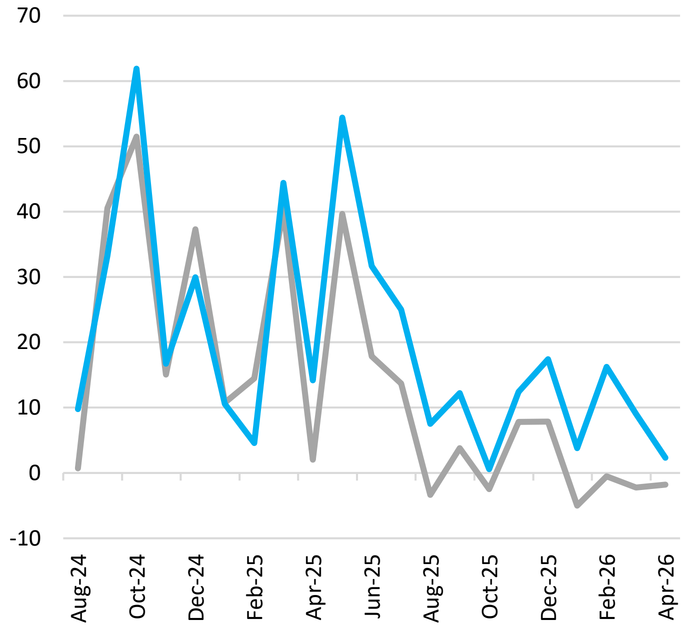
Source: CaixaBank Research, with data from EPA.

- **Employment in Spain grew by 2.4% yoy in Q1 2026**, a 0.4pp deceleration from the previous quarter, reflecting the usual post-Christmas adjustment and weaker-than-expected activity due to weather conditions. The active population grew by 1.8% yoy, slightly moderating from Q4 but remaining close to the 1.7% average recorded in 2023–2025.
- **The unemployment rate rose to 10.8% due to seasonal effects** but remained 0.6pp lower than a year earlier. Adjusted for seasonality, the unemployment rate stood at 10.3%, down 0.1pp from the previous quarter.
- In Q1 2026, the population grew by 0.9% year on year.
- **By end-June, when the application window closed, Spain's extraordinary regularisation programme had received 1.17 million applications**. The process grants residence and work permits to undocumented migrants already living in Spain and has already translated into around 160,000 additional Social Security affiliates. This is only a partial impact, as many applications are still being processed and the final employment effect will depend on the approval rate and the speed at which successful applicants enter formal employment.

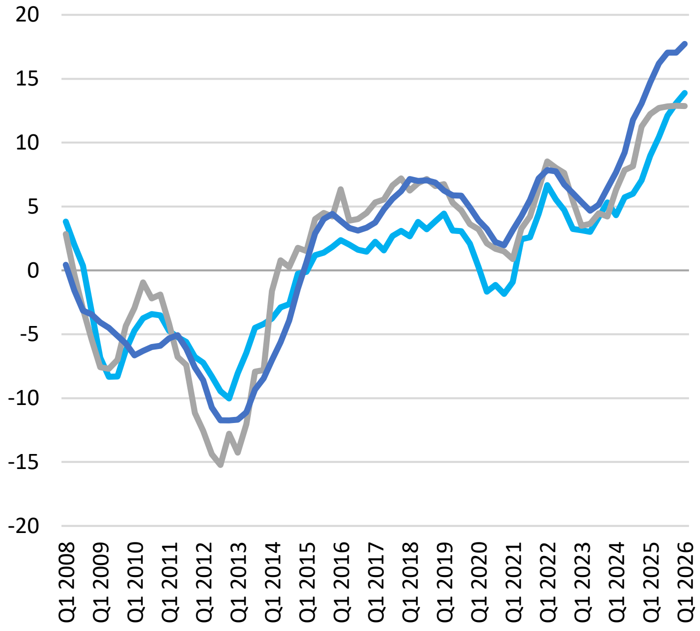
Housing demand remains strong, while price pressures persist

CaixaBank

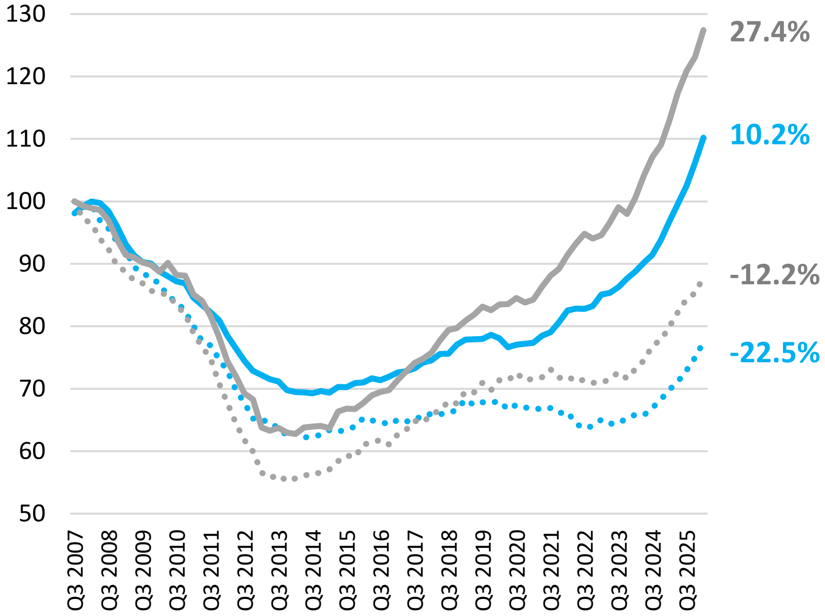
Spain: Housing sales and mortgages
(year-on-year change, %)



Spain: Housing Prices
(year-on-year change, %)(%)



Spain: Housing Prices
Index Previous peak = 100



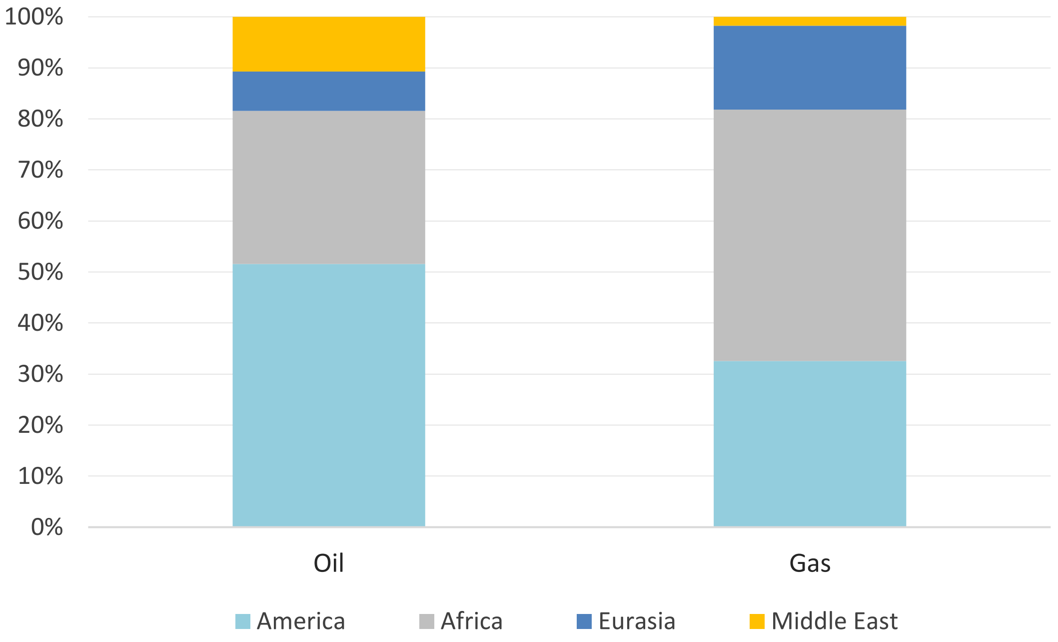
Source: CaixaBank, based on data from MIVAU, Registers and INE.

- **Residential activity remains strong by historical standards**. Around 232,000 transactions were recorded between January and April (-2.4% yoy), the second-best start to a year since 2007, surpassed only by 2025. That said, activity has moderated somewhat in recent months, with April marking the fourth consecutive decline in year-on-year growth, largely due to base effects. On a rolling 12-month basis, transactions still stood at around 708,000.
- **House price growth remains stronger than expected despite softer transaction volumes.** Limited supply continues to support price increases, with appraisal-based MIVAU prices rising by 13.9% yoy in Q1 2026 (up from 13.1% in Q4 2025). Quarterly growth also exceeded expectations (3.8% q/q vs. 2.4% forecast in MIVAU; 3.5% q/q vs. 2.8% forecast in INE), posing upside risks to our full-year forecast (+10% in MIVAU prices).
- **There is still no clear evidence of a turning point in house price dynamics.** Although transaction-based indicators (INE) suggest some stabilization in recent quarters (+12.9% yoy), prices continue to rise at a robust pace. In real terms, however, house prices remain around 22.5% below their previous peak, with substantial regional variation.

Spain: limited direct exposure to the Gulf region

Oil and gas imports by region

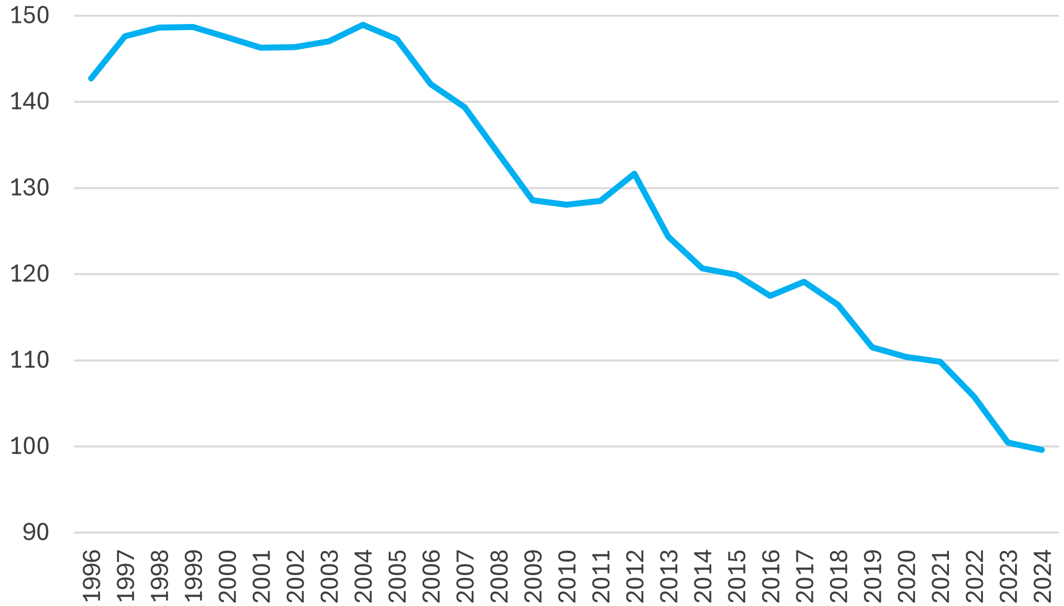
Percentage over total (%)



Note: Data from 2025.
Source: CaixaBank Research, based on data from CORES.

Energy intensity

Units of energy per thousands of GDP (kg of CO_2 eq.)



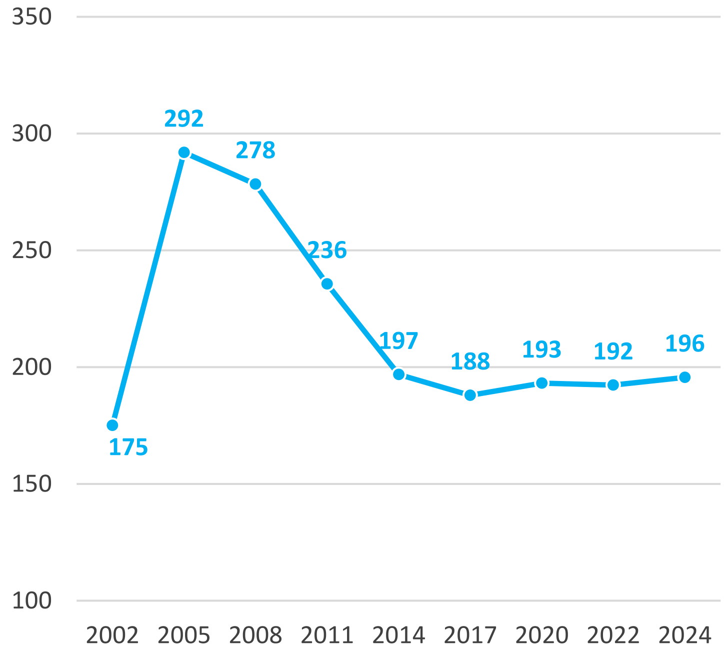
Note: Real GDP. Units of energy correspond to gross available energy, which includes primary production, recovered & recycled products, net exports and stock changes.
Source: CaixaBank Research, based on data from Eurostat.

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

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

Total gross wealth

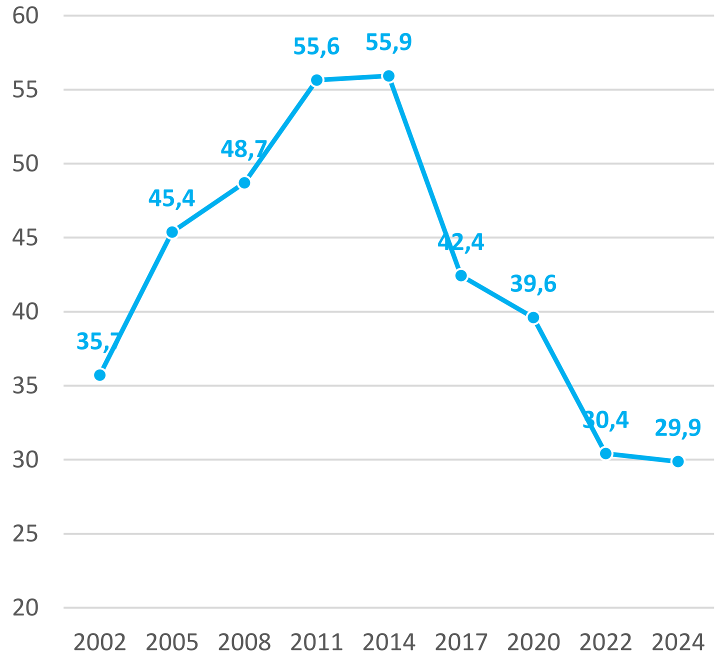
Median (thousand of 2024 euros)



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

Debt Median value for indebted households

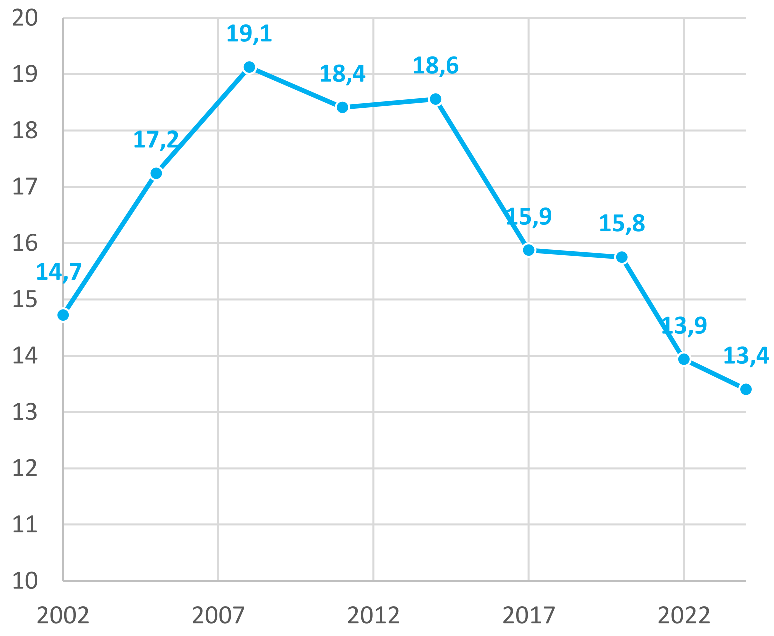
(Thousand of 2024 euros)



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

Debt service-to-income ratio

Median (%) for indebted households



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

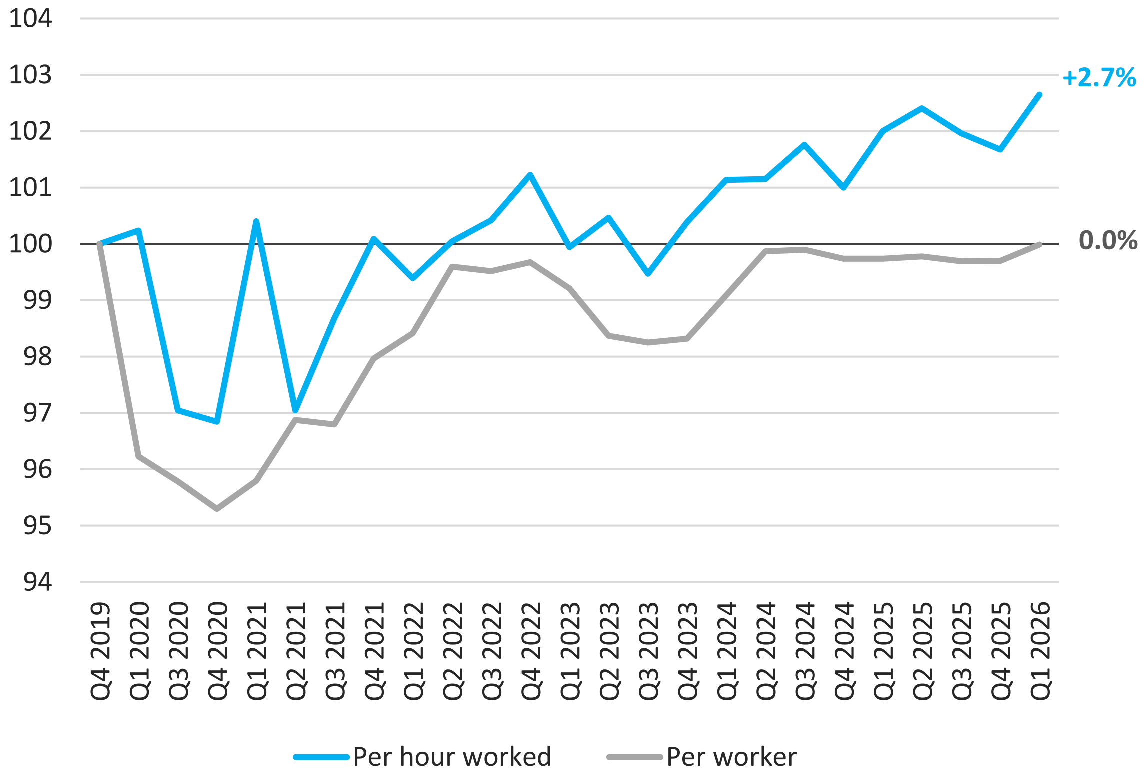
- **Median gross household income** (2023 data, referring to income earned in the previous year) has surpassed its 2001 peak in real terms, reaching €36,100 before tax, after growing by an average of 3.9% per year over 2021–23. By age group, only households aged 65 and over have exceeded their previous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

Decoupling between productivity per hour worked and productivity per employee

CaixaBank

Labor productivity

Level (Q4 2019 = 100)



Average annual productivity growth

(%)

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

- **Productivity per hour worked in Q1 26 is 2.7% above the level at the end of 2019, while per worker is just at the same level**. The difference between productivity per hour worked and per worker reflects the fall in hours worked per employee. Main factors behind: increase in work permits and in temporary sick leaves.

Positive outlook for the tourist and external sector

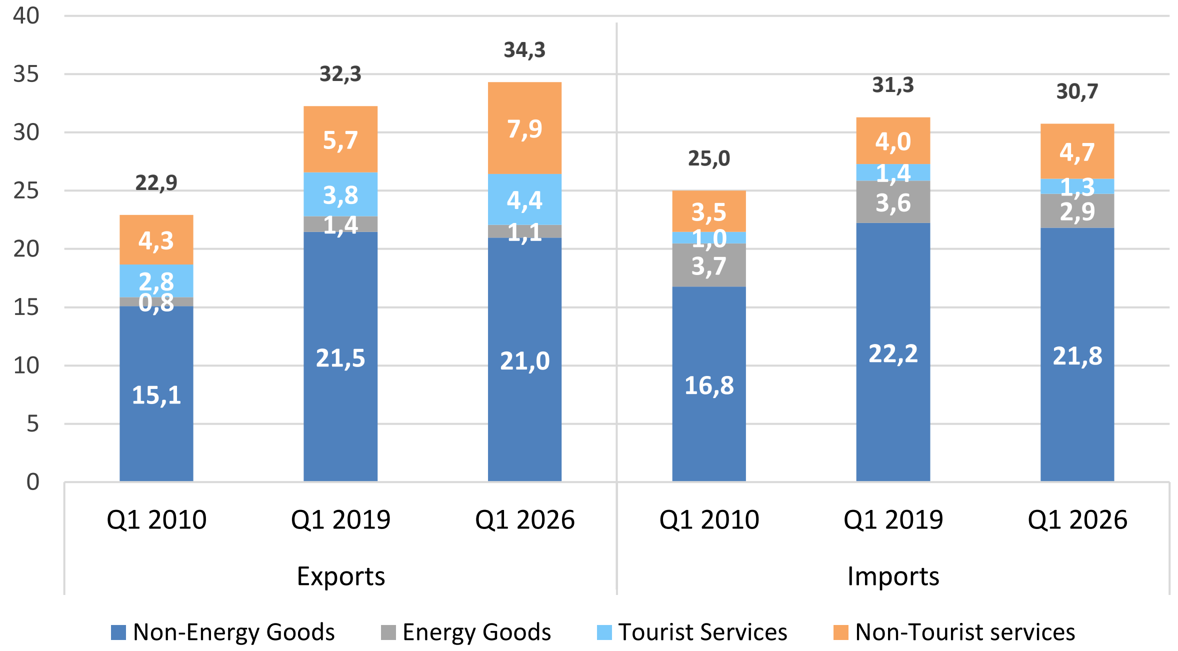
International tourist expenditure by origin

	Jan-Feb 2026	March-June 2026	Difference
Spain*	**4,1**	**8,2**	**4,0**
Total international	**9,8**	**10,0**	**1,1**
United Kingdom	8,1	12,9	4,8
France	7,8	11,1	3,3
Germany	6,2	7,6	1,4
Italy	10,4	8,3	-2,1
Other Western Europe	5,8	8,0	2,3
United States	6,7	13,4	6,7
Latin America	24,5	22,6	-1,9
China	11,6	6,8	-4,8
South Korea	11,1	5,1	-6,0
Japan	17,0	8,5	-8,6
Other in Asia and Oceania	21,2	9,6	-11,7
Middle East	14,0	8,0	-6,0

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

Exports and Imports of Goods and Services

Year-to-date (% of GDP)



- **The tourism sector continues to grow dynamically**. In May 2026, international arrivals rose by 9.5% yoy and tourist expenditure by 10.9% yoy. Cumulatively, January–May 2026 is running ahead of full-year 2025 growth, both for arrivals (+5.1% vs. +3.2%) and expenditure (+7.8% vs. +6.8%). Domestic overnight stays also started the year strongly, rising by 2.5% yoy in the first five months, compared with +0.4% in 2025 as a whole.
- Before the outbreak of the Iran conflict, tourism GDP was expected to grow by 2.1% in 2026, with international arrivals projected at 99 million (up from 96.8 million in 2025). **The rise in geopolitical risk is redirecting global tourism flows towards Spain**. This effect is partially offset by weaker disposable income growth in source countries and higher air transport costs. Overall, international arrivals are now projected to exceed 100 million in 2026, with tourism GDP growth accelerating to around +3.1%. Internal high-frequency trackers of international card spending at CaixaBank POS terminals point to an acceleration in tourism spending in March–June by European and American tourists, as well as by domestic tourists.
- **April trade data remained resilient despite higher energy prices.** The energy goods balance deteriorated slightly, from -1.7% in March to -1.8% of GDP in April on a 12-month cumulative basis, reflecting higher energy prices amid tensions related to the conflict in Iran, though it remains below April last year's deficit (-2.1%). The non-energy goods balance and tourism services held steady at 1.4% and 4.1% of GDP, respectively, while non-tourism services improved from 2.9% to 3.0%, offsetting the weaker energy balance. As a result, the overall goods and services balance remained unchanged at 3.9% of GDP, equivalent to a €67.7bn surplus.

Middle East Crisis Response Plan: Q3 extension

The Council of Ministers has approved a new Royal Decree-Law extending most March response measures to 30 September. Its fiscal cost will be €1.825bn (0.1% of GDP) including €1.254bn in tax relief focused on fuel prices. The previous package in Q2 had a fiscal impact of c.0.25% of GDP.

Fuel tax relief

- The April–June scheme provided an estimated total effective discount of around 24 c€/l for gasoline 95 and 19 c€/l for diesel on a pre-VAT-equivalent basis, reflecting the combined effect of lower excise duties and reduced VAT at 10%. From July, support is limited to the excise-duty cut and is phased down to 15/10/5 c€/l in July/August/September.
- Full phase-out in October. Estimated fiscal cost July-September (net of revenues): ~€940M.
- Safeguard clause: discount can be increased up to €0.20/liter if fuel CPI exceeds 15% YoY (vs. same month in 2025).

Electricity and gas taxes

- Tax on electricity production (IVPEE): the statutory rate remains at 7% throughout 2026, but the effective burden is being adjusted through temporary taxable-base reductions: the effective rate was 6.3% in Q1, fell to 0% in April–June, and now rises to 4.9% in Q3 and 4.2% in Q4. From 2027, the statutory rate itself is cut to 3.5%, and to 0% from 2028.
- VAT and excise taxes discounts on electricity and gas were discontinued at the beginning of June and will no longer apply.
- A contingency clause remains in place: the reduced 10% VAT and 0.5% electricity excise duty can be reinstated in August–September if the CPI for electricity or gas rises by more than 15% YoY versus the same month in 2025.

Sector and professional support

- 20 c€/l rebate on professional diesel for hauliers, farmers, livestock farmers and fishermen
- Additional €165 million in aid for fertilisers, on top of the €500 million already approved for April–June.

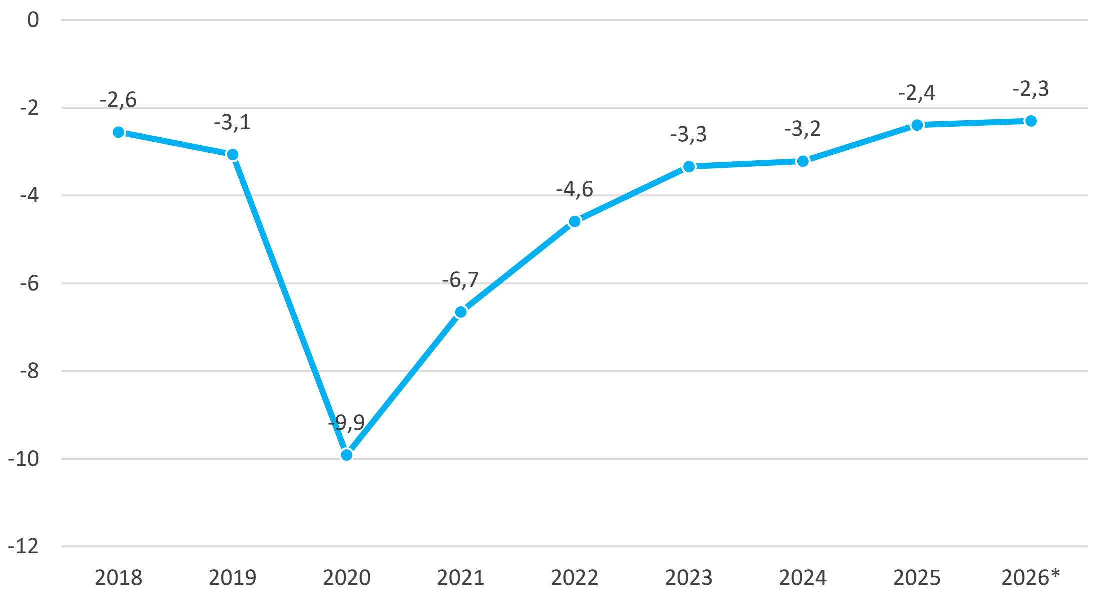
Assessment

- The extension smooths the withdrawal of the fuel shield and avoids an abrupt jump at the pump in July.
- The package performs relatively well in terms of timeliness and temporariness, but less so in terms of targeting.
- The main risk is policy persistence: repeated extensions could raise the fiscal cost and slow the adjustment away from fossil-fuel consumption.

Public deficit reduction in 2026 will be much smaller than in 2025 affected by the spending related to floods and the energy package

Public deficit

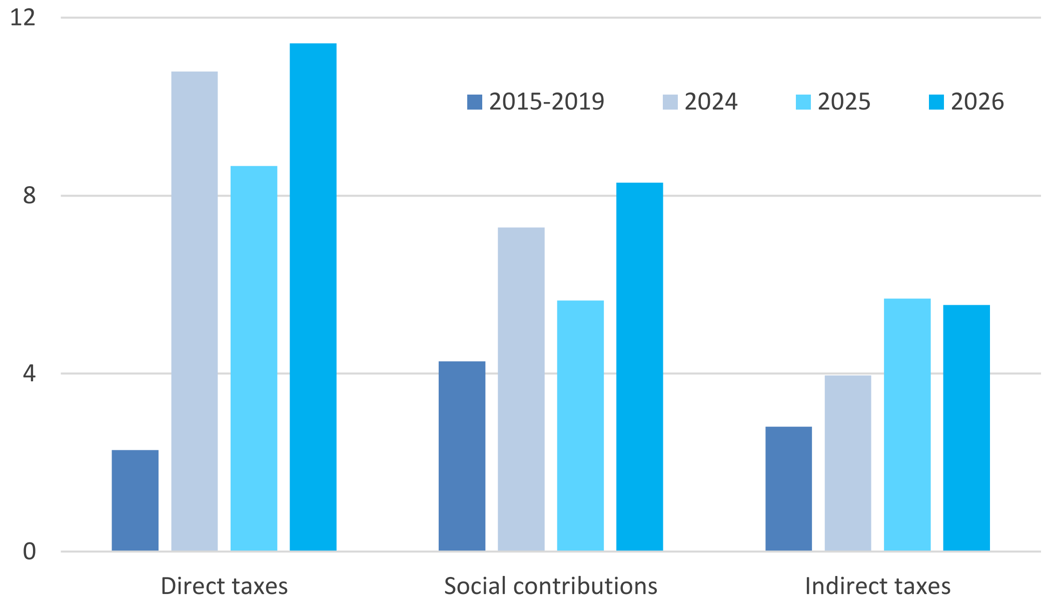
% GDP



Note: *CaixaBank Research forecast.

Fiscal revenues Public Administrations*

YoY growth accumulated until April (%)



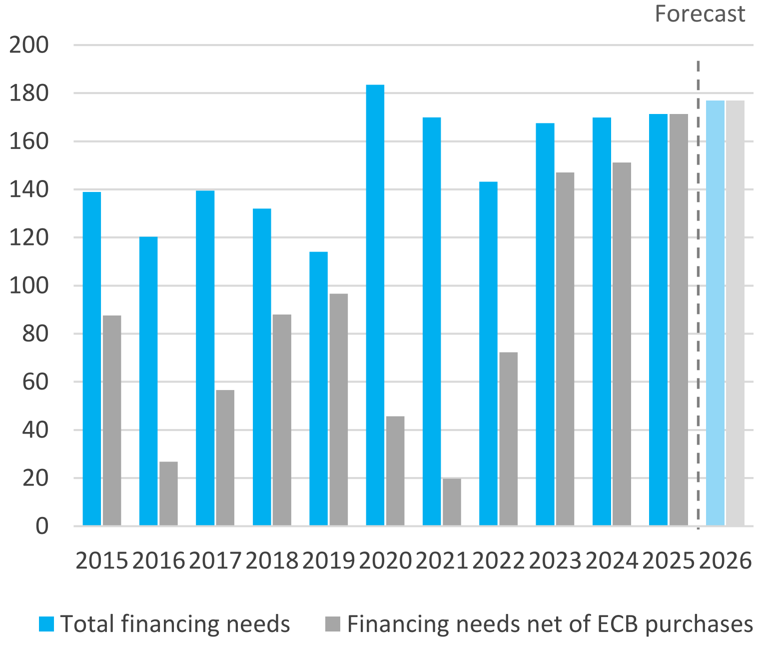
Note: *Excluding Local Corporations.

- **Revenue is growing by 8.2% year-on-year**, while expenditure is increasing by 6.9%.
- The **acceleration in direct tax revenues and social security contributions** is being driven by the strength of the labour market and, to some extent, by the absence of PIT bracket indexation and higher social security contribution rates.
- **2026 outlook**: Prior to the Iran conflict, our scenario envisaged a deficit of 2.1% of GDP in 2026. The approved energy measures, with an estimated cost of c. 0.35% of GDP after their partial extension, and extraordinary spending related to the February storms, estimated at c. 0.3% of GDP, should be partly offset by stronger inflation-driven fiscal revenues and a somewhat better-than-expected starting point. Factoring this in, we now forecast a deficit of 2.3% of GDP in 2026.
- **The spending ceiling for the 2027 State Budget sets a State non-financial expenditure limit of €226.0bn** (+6.6% compared with 2026; +4.6% including European funds). However, the figure should be interpreted with caution, as its scope is largely confined to the Central Government, includes sizeable transfers to the Social Security system, and does not capture total public expenditure. Moreover, the effective fiscal room for manoeuvre will ultimately be constrained by the 2027 deficit target of 1.8% of GDP and by tighter national and European expenditure rules.

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

Spain: Gross financing needs

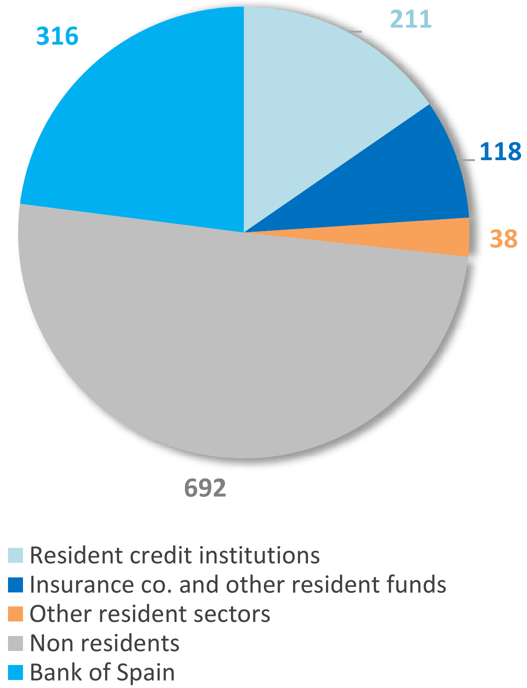
€ Bn



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

Public debt holdings (excl. bills)

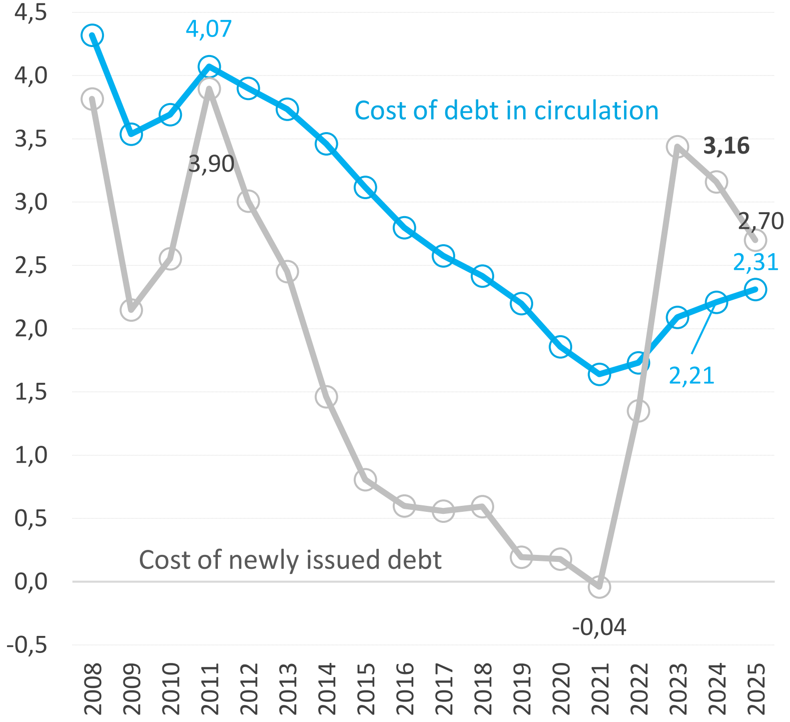
€ Bn



Note: April data.

Cost of debt: State

%

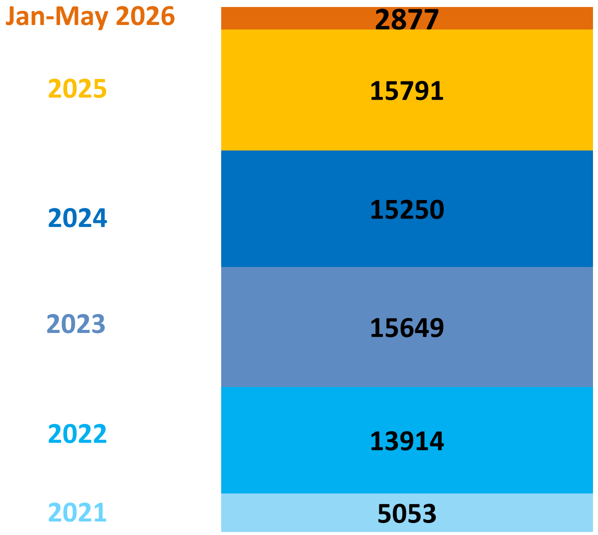


- **Gross funding needs in 2026** will be slightly above those of 2021-2025 net of ECB purchases. However, higher interest rates with respect to pre-pandemic levels should maintain the appeal of public debt holdings for investors and facilitate the absorption of Spain's financing needs.
- **Government debt is diversified**. In April 2026, foreign investors had increased their holdings of Spanish debt with respect to April of 2025 (excluding T-bills) by €75bn, reflecting strong appetite for Spanish debt.
- **In 2026, the average cost of debt is expected to keep at contained levels**. The average lifespan of the stock of debt is elevated (c. 8 years), so the share of debt that needs to be re-financed every year is small. Interest payments on debt of the public administrations could stand at 2.5% of GDP in 2026, a similar level to that of 2025, but much lower than a decade ago (in 2014, it was 3.5%).

NGEU: The Recovery Plan enters its final phase

Execution of NGEU

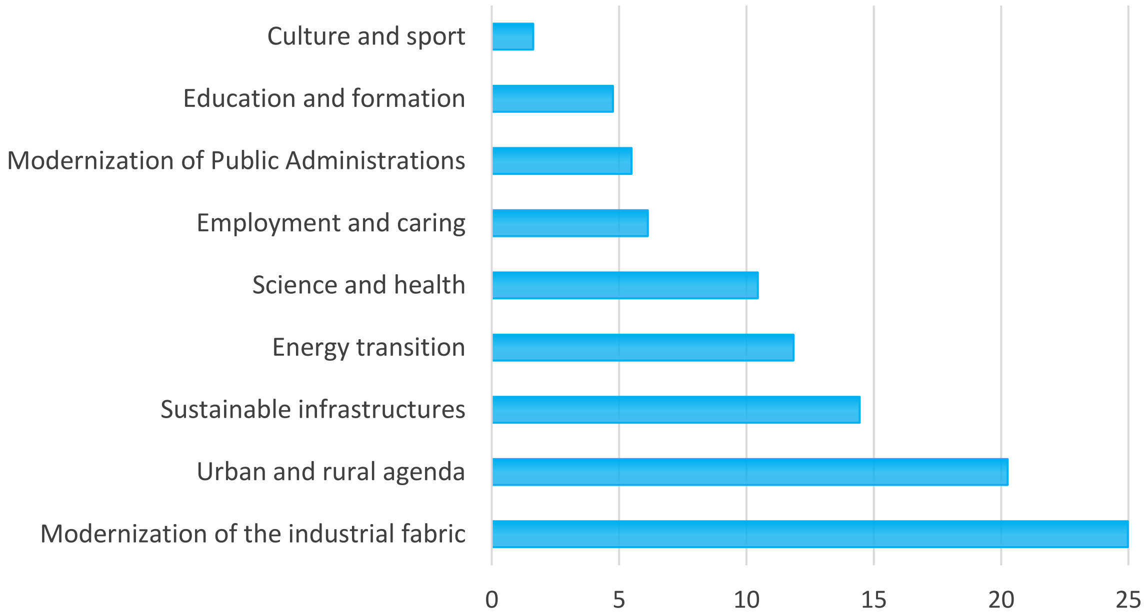
Total grants (Million euros)



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

Resolved calls by area

% over the total resolved



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

- **As of end-May, €68.5 billion of NGEU grants had been executed through resolved calls and tenders** within a total grant allocation of almost €80 billion.
- **The European Commission has approved Spain's sixth payment request after confirming the fulfilment of 73 milestones and targets, paving the way for a €7.0 billion gross disbursement — €6.0 billion in grants and €1.1 billion in loans.** Once disbursed, Spain will have received over €77 billion, equivalent to 76% of its total allocation (grants+loans), after fulfilling 338 milestones and targets — around 70% of the Plan. Key achievements include the Sustainable Mobility Law, the creation of the new Public Policy Evaluation Agency, and investments in industrial transformation, digitalisation and cybersecurity. The next steps are the seventh and final payment request, expected to cover 146 milestones and targets, **with all commitments to be fulfilled by 31 August 2026.**
- After August 2026, investment projects linked to the Recovery and Resilience Facility will continue to be rolled out thanks to the creation of a €13.3 billion **Sovereign Fund** (**España Crece**), financed with €10.5 billion in NGEU loans and €2.8 billion in NGEU grants. The fund will be managed by ICO and will always co-invest alongside the private sector through loans, guarantees, or equity instruments. Its objective is to prioritise strategic sectors that can strengthen the productivity and long-term growth potential of the Spanish economy.

Banking system: robust credit growth

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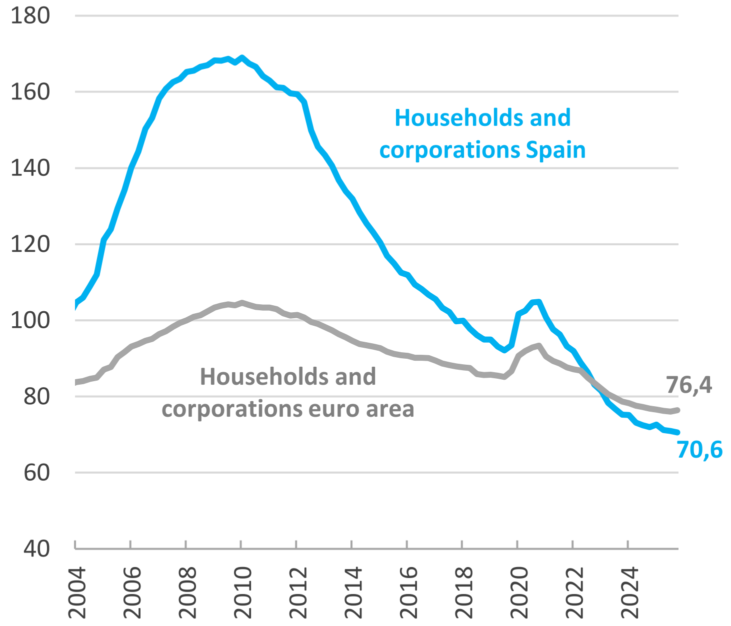
Bank credit to the private sector

% GDP



Note: latest data available as of Mar-26.
Source: Caixabank Research with data from ECB, Eurostat.

Private domestic credit

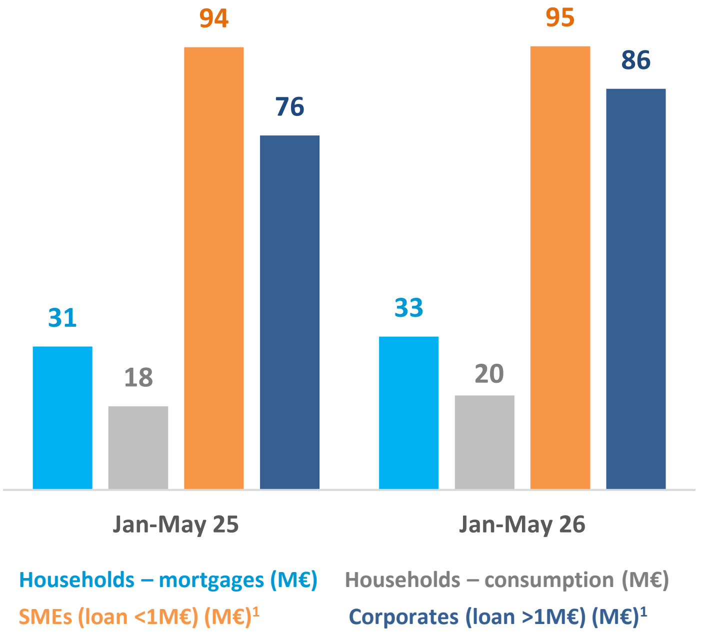
Year-on-year (%)

	Dec-25	May-26 (latest)	2026 (forecast)
	% yoy	% yoy	% yoy
Total credit	**3.5%**	**3.0%**	**4.5%**
Households	3.8%	2.4%	4.5%
Housing mortgages	3.5%	3.8%	4.2%
Other purposes	4.6%	-1.5%	5.2%
Of which consumption	10.5%	10.8%	9.0%
Businesses	2.9%	3.8%	4.5%
Non-real estate developers[1]	3.2%	3.9%	-
Real estate developers[1]	1.9%	2.7%	-

Note: (1) latest data available Mar-26.
Source: Caixabank Research with data from Bank of Spain.

New lending activity by sector

YTD, €Bn



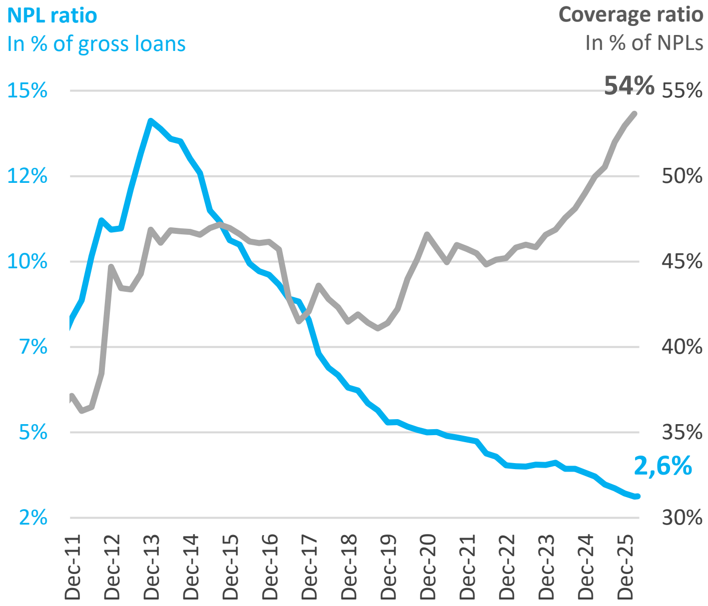
Source: Caixabank Research with data from Bank of Spain.

- **Households and corporate debt levels** (including debt securities) remain below euro area averages in 1Q26. Both sectors have deleveraged in terms of GDP, siting below pre-pandemic levels.
- **New mortgage production** continues to grow, but at a more moderate pace after a period of strong expansion (accumulated new lending from January to May grows +7.0% yoy).
- **New lending for consumption** remains buoyant (accumulated new lending from January to May grows +12.9% yoy).
- **New lending to corporates** is driven by growth in loans above 1M€ (accumulated new lending from January to May grows +6.8% yoy).
- **Consequently, growth in the adjusted stock[1] of credit to the Spanish resident private sector continues to accelerate through May**. We expect this trend to continue in the year and gradually converge to a growth rate below nominal GDP growth.

Note: (1) adjusted for an accounting reclassification in April 2026 by the BoS of advances to pensioners, reclassified from "lending for other purposes" to "advances and receivables other than loans" (Bank of Spain Circular 1/2025).

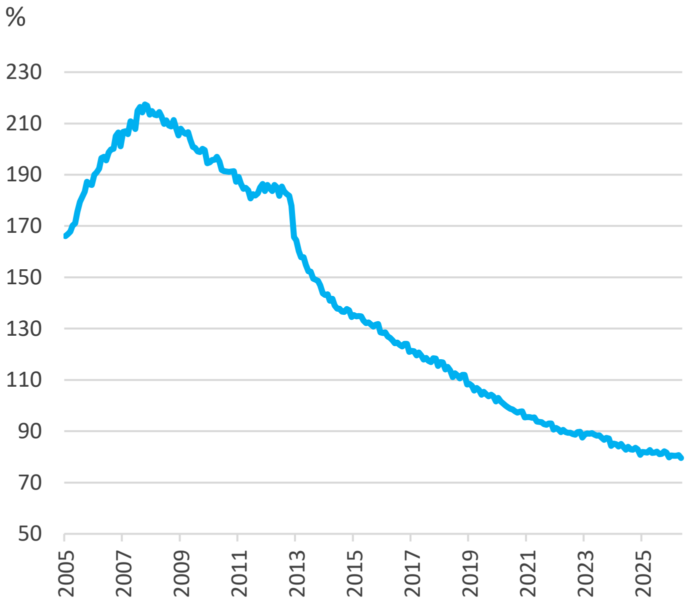
Banking system: solid financials

NPLs and coverage ratios[1]



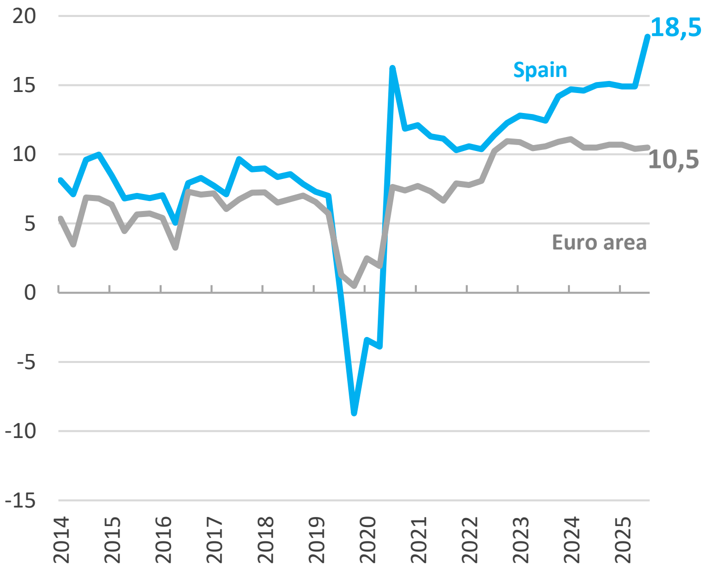
Note: (1) latest available data Apr-26 and Mar-26, respectively
Source: CaixaBank Research with data from Bank of Spain.

HHs & NFCs loan to deposit ratio



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

Banks' profitability



Note: The 1Q26 figure was partly boosted by non-recurring gains related to the sale of a 49% stake in Santander Bank Polska. Excluding this effect, Spanish banks' ROE would have stood at around 15.2%.
Source: CaixaBank Research with data from EBA (Dashboard Q1 26).

- **NPLs remain stable below 3.0%.** The share of stage 2 loans on a group level stood at 6.5% in 1Q26 (slightly up from 4Q25), remaining below the EU average.
- **Household and non-financial corporation (NFC) deposits in April 2026 remained close to the all-time high reached one month earlier, with a 5.5% yoy increase on a seasonally adjusted basis.** Loan to deposit ratio remains stable at very comfortable levels (c. 80%)
- **Profitability increased markedly in 1Q26, with ROE rising to 18.5% from 14.9% in 4Q25.** The strong performance reflects resilient recurring earnings, supported by positive loan growth, higher fee income and contained credit losses, while also benefiting from non-recurring gains related to the sale of a foreign subsidiary by one of the major Spanish banking groups. Excluding this extraordinary effect, the Spanish banking sector's ROE would have stood at around 15.2%.
- **The capital position of Spanish banks remains comfortable with a 13,7% CET1 ratio in 1Q26.** The latest Bank of Spain 2025–2027 stress tests[1] confirm the banking sector's resilience under extreme oil price scenarios, with a limited impact on capital.

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