MR09

MONTHLY REPORT • ECONOMIC AND FINANCIAL MARKET OUTLOOK
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ECONOMIC & FINANCIAL ENVIRONMENT

FINANCIAL MARKETS
The ECB's path to a new normal

INTERNATIONAL ECONOMY
The new US tariff landscape (2026 back-to-school edition)

Ireland, the country that skews Europe's statistics

SPANISH ECONOMY

Spain's external sector drives the post-pandemic expansion

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CaixaBank Research

MONTHLY REPORT - ECONOMIC AND FINANCIAL MARKET OUTLOOK
September 2026

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

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INDEX

The Spanish economy remains resilient, but it is ageing

The Spanish economy remains strong in the current expansion, despite the challenging international context and rising energy prices. This is reflected in the indicators published over the summer. In Q2 2026, GDP grew by 2.7% year-on-year, above the historical average of 1.8% recorded between 2000 and 2025. Growth would probably have been somewhat higher had it not been for the recent energy shock.

The composition of growth also invites optimism. Economic activity continues to be driven by private domestic demand and service exports, components that typically show strong inertia throughout the economic cycle and which still have room for further growth. Furthermore, all this continues to be accompanied by a broadly balanced macro-financial position that is showing no signs of deterioration, unlike in previous expansionary phases. Private debt remains relatively low, while public debt and the net external debtor position continue to improve. This helps to keep the risk premium at contained levels and well below those of economies such as France or Italy.

The available indicators for Q3 suggest that economic dynamism is holding up well. Business climate indices have improved, driven by the recovery of the services sector and tourism in particular, which is on track to close a record year. All the indicators suggest that 2026 will end with more than 100 million international tourist arrivals. Household consumption also continues to show considerable resilience. Despite the uptick in inflation, employment growth and the savings buffer accumulated in recent years continue to support household spending. The savings rate has decreased slightly but remains at relatively high levels.

The labour market continues to show positive figures. According to data from the Q2 LFS, employment continues to grow above 2%. However, behind this overall pattern, distinct dynamics can be observed. Employment growth remains strong among foreigners or those with dual nationality, whilst among Spaniards it has significantly slowed, dropping from 1.9% year-on-year in Q1 to 0.7% in Q2.

Taking a broad view, a structural dynamic becomes apparent. The capacity for employment growth among the Spanish population has been declining in recent years. The Spanish labour force, which consists of people who are either employed or seeking employment, has barely changed in size since 2019, but it has aged considerably. Specifically, the number of Spaniards in the labour force aged between 25 and 55 has fallen by more than 1.1 million people. This is also an age group with a very high labour participation rate. Currently, nearly 90% of Spaniards aged between 25 and 55 are part of the labour force, with an unemployment rate of 7.5%, close to the all-time low reached in 2007 when it fell to 6.2%.

Thus, most of the employment generated among the Spanish population during the current expansionary phase has been concentrated at the extremes of the age distribution. Since 2019, the number of employed individuals under the age of 25 has increased by around 300,000, while for those over 55, the rise exceeds one million. The other source of employment growth has been driven by foreign nationals or those with dual nationality, with an increase of over two million employed individuals during this period.

The strength of the Spanish economy allows for a degree of optimism in facing the coming quarters. Indeed, it is highly likely that the CaixaBank Research growth forecasts for 2026 will once again be revised upwards in the coming weeks. However, the data also reveal an underlying challenge. The economy remains resilient and continues to grow, but it is doing so in the context of an ageing Spanish workforce. In the medium term, preserving the economy's capacity for growth will require further progress to be made in productivity, as well as fully harnessing the potential of an increasingly diverse and ageing workforce.

Oriol Aspachs
September 2026

Chronology

AUGUST 2026

12 Europe experienced its hottest June-July period on record in 2026, according to analysis by the EU's Copernicus Programme.

JUNE 2026

11 The ECB raises interest rates by 25 basis points, increasing the depo rate from 2.00% to 2.25%.
18 The US and Iran sign a memorandum of understanding agreeing to a ceasefire and the opening of the Strait of Hormuz.

MAY 2026

22 Kevin Warsh is sworn in as Fed Chair and is elected Chairman of the FOMC.

APRIL 2026

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.

MARCH 2026

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.

FEBRUARY 2026

20 The US Supreme Court invalidates the tariffs announced under the IEEPA.
28 The US and Israel launch a coordinated attack against Iran in which Ali Khamenei is killed.

Agenda

SEPTEMBER 2026

1 Euro area: CPI flash estimate (August).
2 Spain: registration with Social Security and registered unemployment (August).
4 Portugal: Fitch rating.
9 Portugal: international trade (July).
10 Governing Council of the European Central Bank meeting.
11 Spain: S&P rating.
Spain: Fitch rating.
15-16 Federal Open Market Committee meeting.
17 Spain: quarterly labour cost survey (Q2).
22 Portugal: house prices (Q2).
23 Spain: balance of payments and NIIP (Q2).
Portugal: GDP breakdown by institutional sector (Q2).
24 Portugal: NPL ratio (Q2).
25 Spain: GDP breakdown (Q2).
Spain: loans, deposits and NPL ratio (Q2).
29 Spain: CPI flash estimate (September).
Euro area: Economic Sentiment Indicator (September).
30 Spain: household savings rate (Q2).
Portugal: CPI flash estimate (September).
Portugal: employment and unemployment (August).

OCTOBER 2026

1 Portugal: public debt (August).
2 Spain: registration with Social Security and registered unemployment (September).
Euro area: CPI flash estimate (September).
8 Spain: financial accounts (Q2).
9 Portugal: international trade (August).
15 European Council meeting.
19 China: GDP (Q3).
26 Spain: loans, deposits and NPL ratio (August).
27 Spain: labour force survey (Q3).
Portugal: loans and deposits (September).
27-28 Federal Open Market Committee meeting.
29 Portugal: employment and unemployment (September).
Euro area: Economic Sentiment Indicator (October).
Governing Council of the European Central Bank meeting.
US: GDP (Q3).
30 Spain: GDP flash estimate (Q3).
Spain: CPI flash estimate (October).
Spain: DBRS rating.
Portugal: GDP flash estimate (Q3).
Portugal: CPI flash estimate (October).
Euro area: GDP (Q3).

We need to talk about interest rates

In a summer focused on the effects of climate change – with events like El Niño, which could disrupt global activity in the autumn – and with political risk back where it stood before the signing of the US-Iran deal in June, an old acquaintance has once again come knocking on the door of economic and financial risks. The sharp rise in yields across all segments of the curve, of between 40 and 50 basis points since the end of June, marks a new phase in the shift in bond markets that began in 2022 and reflects the structural transformations that the global economy faces. This poses a new source of concern if this trend intensifies, given that global public debt is now approaching the psychological threshold of 100 trillion dollars, with that of countries such as the US exceeding 40 trillion dollars. This brings it close to the limits set by Ferguson's Law, which states that any great economic power risks ceasing to be one when the interest payments on its public debt exceed its defence spending. At that point, servicing past debts requires more resources than ensuring future security.

Considering that the natural rate of interest is the one that balances savings and investment and is compatible with price stability, the reality is that, after more than a lost decade for gross capital formation following the great financial crisis, since the pandemic there has been an increase in funding needs associated with defence, artificial intelligence (AI), population ageing and the energy transition. This trend has accelerated in recent quarters, driven by the race among major tech firms to lead the AI revolution and their increasing direct recourse to financial markets. From this perspective, we are witnessing a normalisation of interest rates following a prolonged period characterised by economic and financial anomalies, such as negative yields or the use of unconventional instruments by central banks to combat the risk of Western economies following in the footsteps of Japan. This normalisation has placed the average interest rate of the OECD's main long-term debt benchmarks at 2008 levels, around 3.7%. The normalisation is also evident in the upward revision of neutral rates by central banks such as that of the euro area, which has now placed them between 2% and 2.5%. At the same time, these institutions are reducing their footprint in the markets, with a balance sheet that has shrunk from 65% to 37% of the euro area's GDP, and are refocusing monetary policy on benchmark rates and weekly auctions.

If we break down the interest rate movements of recent months into the real component and inflation expectations, the real yield would account for most of the rise, both in the 10-year bond and for the 30-year benchmark. This phenomenon is particularly evident in the US, where real rates have settled between 2.5% and 3% at the long end of the curve, in contrast to the still negative levels of early 2022, while medium-term inflation expectations barely exceed 2%. This development reflects the degree of confidence in central banks' ability to bring inflation back down to target levels, as well as changes in the balance between savings and investment, and optimism about the impact of investment in AI on long-term growth. It also helps to explain the apparent contradiction between the increase in the risk-free asset's yield and the strong performance of stock markets over the summer.

If, alternatively, we break down long-term yields between expectations regarding future central bank movements and the term premium – that is, the cost of hedging against unforeseen fiscal or monetary risks – most of the increase so far this year appears to be explained by an upward recalibration of the level of rates required to achieve inflation targets. However, with the exception of the usual suspects of recent years, such as France and the United Kingdom, the term premium has not increased significantly. This overly tolerant attitude may be explained by the fact that the rise in the risk-free rate also reflects concerns about fiscal policy.

Ultimately, it seems that the recent rise in yields is not due to excessive investor concern over monetary or fiscal imbalances, but rather central banks' commitment to higher neutral rates in order to combat the effects of supply shocks, as well as higher equilibrium rates to accommodate the new funding demands of both the public and private sectors. Therefore, the expectation, albeit not without risk, is that investments in AI will quickly translate into productivity, potential growth, and corporate profits, enabling the stabilisation of public debt dynamics. Nevertheless, the degree of optimism and calm vary by region, as demonstrated by the surprising interventions of the US Treasury in the bond market, both directly through increased purchases of government debt and indirectly via its actions in the currency markets alongside the Japanese authorities.

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	2.25	2.00
ECB refi	3.05	0.75	1.11	3.24	2.15	2.40	2.15
€STR	–	–0.54	0.52	3.06	1.93	2.18	1.93
1-month Euribor	3.18	0.50	0.57	2.89	1.92	2.25	2.00
3-month Euribor	3.24	0.65	0.70	2.83	2.05	2.28	2.04
6-month Euribor	3.29	0.78	0.87	2.63	2.14	2.37	2.14
12-month Euribor	3.40	0.96	1.04	2.44	2.27	2.47	2.26
Germany							
2-year government bonds	3.41	0.35	0.56	2.02	2.13	2.25	2.07
10-year government bonds	4.30	1.54	0.72	2.22	2.84	2.95	2.90
Spain							
3-year government bonds	3.62	1.69	0.92	2.26	2.39	2.74	2.66
5-year government bonds	3.91	2.19	1.07	2.48	2.64	3.00	2.96
10-year government bonds	4.42	3.17	1.61	2.90	3.28	3.45	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	2.33	2.23
5-year government bonds	3.96	3.94	0.98	2.15	2.49	2.72	2.67
10-year government bonds	4.49	4.67	1.52	2.68	3.14	3.40	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	1.11	1.15
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	73.3	70.9
Brent (euros/barrel)	36.1	62.5	67.0	69.8	52.6	66.1	61.6

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 GROWTH[1]							
Global	**4.3**	**3.3**	**2.8**	**3.5**	**3.5**	**2.9**	**3.3**
Developed countries	***2.7***	***1.5***	***1.7***	***1.9***	***1.9***	***1.6***	***1.7***
United States	2.7	1.8	2.4	2.8	2.1	2.3	2.0
Euro area	2.3	0.8	1.1	1.0	1.3	0.5	1.3
Germany	1.6	1.3	0.2	–0.5	0.3	0.6	1.1
France	2.3	1.0	1.0	1.4	0.9	0.4	0.9
Italy	1.5	–0.3	1.5	0.6	0.7	0.5	0.8
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	2.4	2.0
Japan	1.4	0.4	0.1	–0.2	1.2	0.8	0.6
United Kingdom	2.8	1.3	1.0	1.0	1.3	1.0	0.9
Emerging and developing countries	***6.3***	***4.9***	***3.5***	***4.5***	***4.5***	***3.8***	***4.4***
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	3.8	3.1	3.9
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**	**4.3**	**3.7**
Developed countries	***2.1***	***1.6***	***3.9***	***2.6***	***2.5***	***3.1***	***2.5***
United States	2.7	1.8	4.5	3.0	2.6	3.5	2.4
Euro area	2.2	1.4	4.2	2.4	2.1	2.7	2.2
Germany	1.7	1.4	4.6	2.5	2.3	2.7	2.2
France	1.9	1.3	3.5	2.3	0.9	2.0	1.9
Italy	2.4	1.4	4.1	1.1	1.6	2.5	2.0
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	3.2	2.4
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	3.1	2.7
Emerging and developing countries	***6.9***	***5.6***	***7.3***	***8.0***	***5.2***	***5.6***	***4.8***
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	30.3	21.5
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	2.6	2.0
Government consumption	4.5	0.9	3.1	2.9	2.4	2.0	2.0
Gross fixed capital formation	5.7	–1.2	1.0	3.6	5.8	4.5	2.4
Capital goods	4.9	0.2	–1.4	1.9	7.4	3.5	2.6
Construction	5.7	–2.6	0.4	4.0	5.2	4.7	2.3
Domestic demand (vs. GDP Δ)	4.4	–0.2	0.9	3.2	3.5	2.7	2.0
Exports of goods and services	4.7	2.9	2.4	3.2	3.6	0.6	1.8
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**	**2.4**	**2.0**
Other variables							
Employment	3.2	–0.5	2.0	2.8	3.1	2.9	1.9
Unemployment rate (% of labour force)	10.5	19.5	13.9	11.3	10.5	9.8	9.4
Consumer price index	3.2	1.3	3.7	2.8	2.7	3.2	2.4
Unit labour costs	3.1	0.6	4.1	3.3	4.1	3.8	3.2
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	3.5	2.0	1.9
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	3.7	4.8	1.0
Capital goods	3.3	2.7	6.3	8.4	0.1	–	–
Construction	–1.4	–2.4	3.1	3.0	5.4	–	–
Domestic demand (vs. GDP Δ)	1.3	0.0	2.0	2.9	3.6	2.6	1.4
Exports of goods and services	5.3	4.0	3.8	3.1	0.4	2.5	2.0
Imports of goods and services	3.6	2.7	3.6	4.8	4.4	3.7	1.2
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	–2.8	–0.7	2.2	1.2	0.4	0.6
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	–1.9	0.6	0.7	–0.2	–0.4

Forecasts

No summer lull for the markets

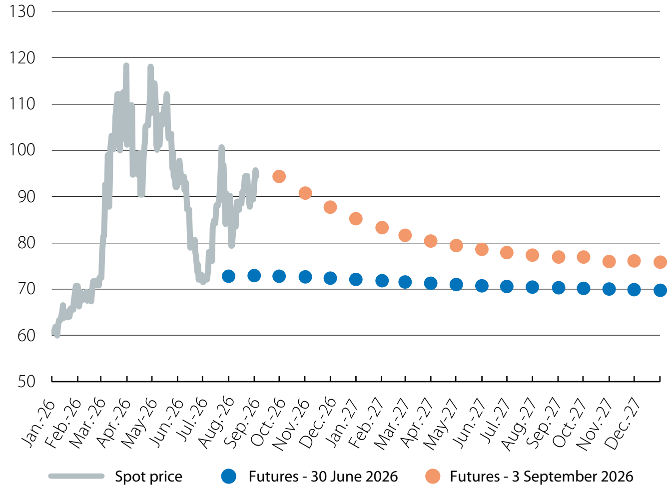
The Middle East, volatility and uncertainty shape markets in the summer. Financial markets experienced a rather intense and volatile summer, driven by the ongoing conflict in the Middle East and tensions in energy prices, which consequently put pressure on inflation and monetary policy expectations. July and August were marked by a renewed rise in oil and gas prices, a widespread increase in interest rates, and a certain weakness in the US dollar. This occurred amid investors' somewhat cold reaction to Fed Chair Kevin Warsh's lack of clear communication, and the currency and bond market interventions by Treasury Secretary Scott Bessent. Despite this context, the stock markets of the major advanced economies managed to end July and August with gains, thanks to a strong earnings season.

Energy price tensions. The price of Brent crude oil fluctuated within an exceptionally wide range, influenced by the diplomatic shifts in the Middle East conflict. Until early July, Brent crude was fluctuating around 70 dollars per barrel, reflecting hopes for a resolution to the war and a recovery in supply, which moderated its year-on-year decline to 6.3 mb/d. However, the resumption of hostilities, the renewed closure of the Strait of Hormuz, and Houthi threats in the Red Sea (an alternative route for Saudi Arabia's crude exports) pushed it above 100 dollars. At the beginning of September, the price fluctuated between 90 and 95 dollars per barrel, torn between the Iran-Oman negotiations to establish a shipping corridor in Hormuz and new military attacks. The pressure on gas prices was even more intense, with the European benchmark (TTF) surging from around €40/MWh in June to over €70/MWh. This was driven by the interplay between the Middle East conflict, higher electricity demand in Europe (linked to the heatwaves), and relatively low gas reserves (just over 60% of the EU's capacity in August vs. 80% on average in the same month in recent years). On the other hand, July and August also saw widespread price increases among agricultural products and metals, while the Bloomberg Commodity Index rose by around 15%.

Widespread increase in sovereign interest rates. The rising cost of commodities drove up inflation expectations, with 2-year swaps in the US and euro area climbing to 2.5%-2.8%. Together with the resilience of economic activity (see the International Economy - Economic Outlook section) and the hawkish signals from some central banks, along with the global context of high public debt, these factors led to a widespread increase in sovereign interest rates. For the euro area, the cumulative increase reached around 50 basis points in the 2 and 10-year benchmarks, although peripheral risk premiums remained relatively stable. The US also experienced a rise in rates, but with different nuances (10-year rates rose by around 30 basis points, while short-term rates experienced less movement), in markets influenced by the interventions of Scott Bessent (Treasury) and Kevin Warsh (Fed). Specifically, the US Treasury announced an increase in long-term bond buybacks from September to November, raising the amount from the current 2 billion dollars per operation to 4 billion.

Brent crude oil price

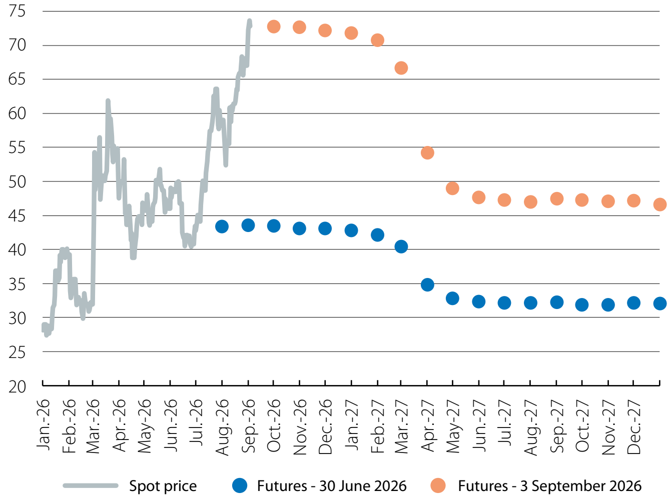
(Dollars per barrel)



Source: *CaixaBank Research, based on data from Bloomberg.*

TTF gas price

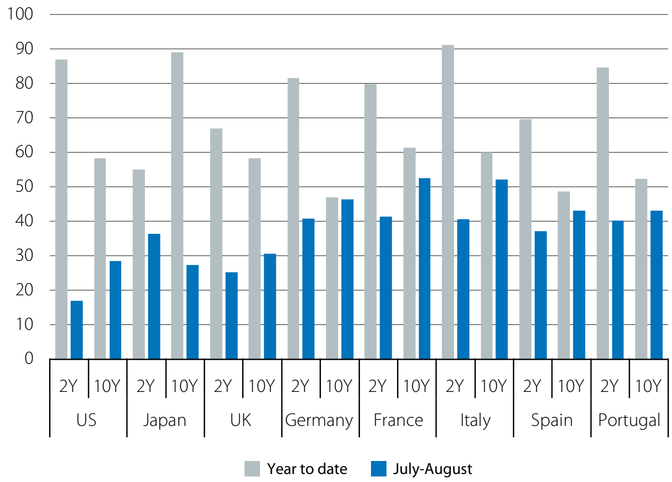
(Euros per MWh)



Source: *CaixaBank Research, based on data from Bloomberg.*

Sovereign interest rates

Change (bps)



Note: *2 and 10-year maturities (2Y and 10Y).*
Source: *CaixaBank Research, based on data from Bloomberg.*

Bessent presented the announcement in terms of market liquidity management, but among investors it was interpreted as a signal of the Trump administration's desire for low rates. Furthermore, this signal clashed with the philosophy of «less market intervention» advocated by Warsh since his arrival at the Fed.

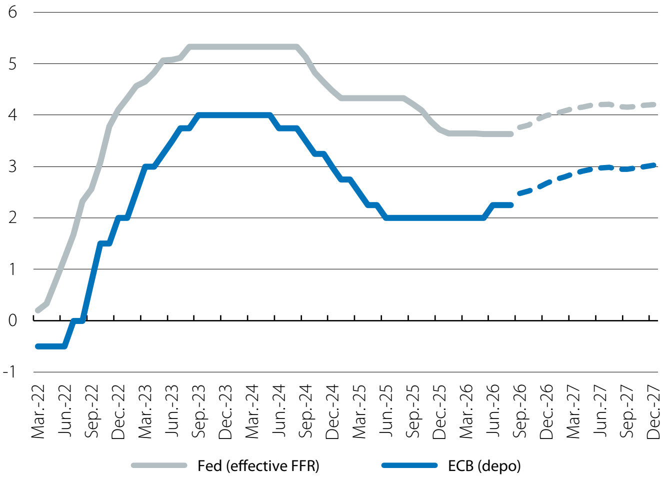
Markets eye Fed and ECB hikes. Despite keeping rates unchanged at their July meetings, the communications from the Fed and the ECB displayed a hawkish tone throughout the summer, highlighting the risks of excessively high inflation amid resilient economic activity. At the annual Jackson Hole symposium, Fed Chair Kevin Warsh talked of strong economic activity, while admitting his concern about some inflation figures and noting that financial conditions are not restrictive. This provided a more explicit assessment than usual and reversed the indecision perceived by investors in July. In response, markets closed August pricing in one Fed rate hike before the end of the year (placing the fed funds rate at 3.75%-4.00%) and another in 2027 (rates at 4.00%-4.25%). In Europe, most ECB members expressed a desire to raise interest rates again in order to prevent the rebound in energy inflation (stemming from the Middle East) from triggering indirect effects and causing headline inflation to exceed 2% for too long, in a context of resilient economic activity. Thus, markets were almost 100% certain that the ECB would raise the depo rate to 2.50% in September and were pricing in one or two more hikes in 2027.

Stocks end a volatile summer on a positive note. In July and August, the main European and US stock indices closed with gains, with the Stoxx EUR 600 and the S&P 500 climbing between 1% and 2%, respectively. This balance was supported by the resilience of economic activity and a strong earnings season on both sides of the Atlantic, with profit growth exceeding consensus forecasts and a technology sector that continued to surpass expectations. However, there were mixed dynamics, with a decline in July (more pronounced among tech firms) and a recovery in August. By sector, energy, the financial sector, and basic resources performed particularly well, while among European countries, the rise of the German stock market (over 3%) contrasted with the difficulties of the French CAC. The Japanese stock market also disappointed, with the Nikkei slipping more than 5% over July and August (further weighed down by the weakness of tech stocks in July and the resumption of hostilities in the Middle East). Among emerging economies, stock markets recorded gains in Latin America and losses in Asia.

The US dollar weakens. Currency markets saw a moderate but widespread depreciation of the US dollar against its major counterparts. This depreciation occurred in two stages, at the end of July and mid-August. On 30 July, the dollar depreciated by around 3% against the yen following a joint intervention by the US Treasury and Japanese authorities to strengthen the latter currency. On the other hand, the announcements of long-term bond buybacks by the US Treasury in mid-August triggered a new episode of depreciation. Thus, in July and August combined, the dollar lost nearly 2% (DXY index), while the euro recovered to around 1.16 dollars.

Central banks: policy rates

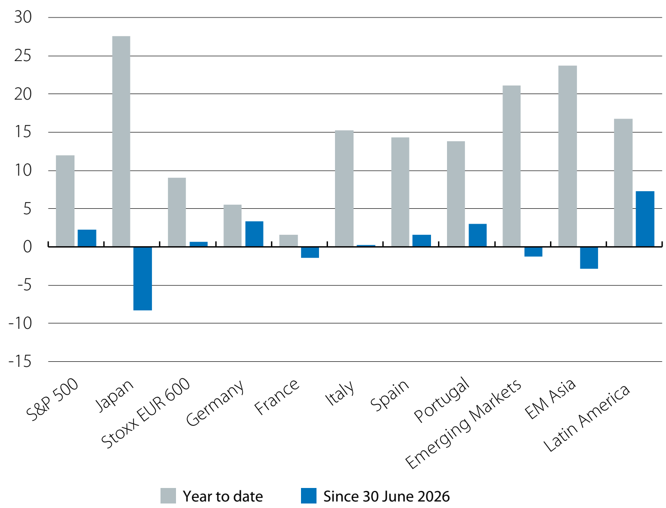
(%)



Note: *The dashed lines show the implied forward rates for the Fed and the ECB as of 3 September 2026.*
Source: *CaixaBank Research, based on data from Bloomberg.*

International stock markets: performance in 2026

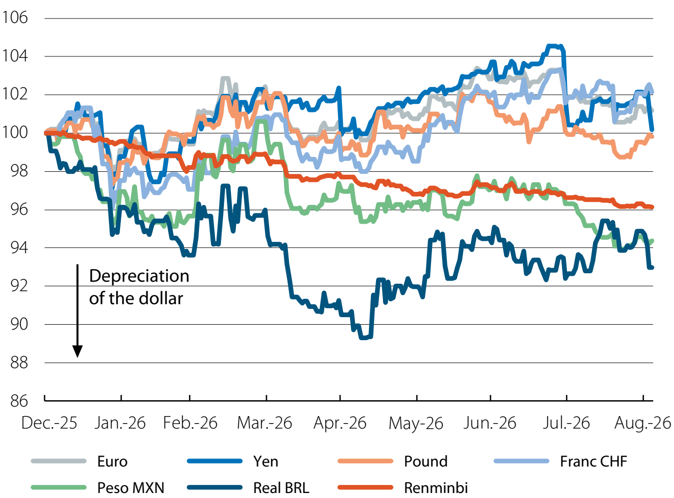
Change (%)



Source: *CaixaBank Research, based on data from Bloomberg.*

Currencies: exchange rate against the US dollar

Index (100 = 31 December 2025)



Source: *CaixaBank Research, based on data from Bloomberg.*

The ECB's path to a new normal

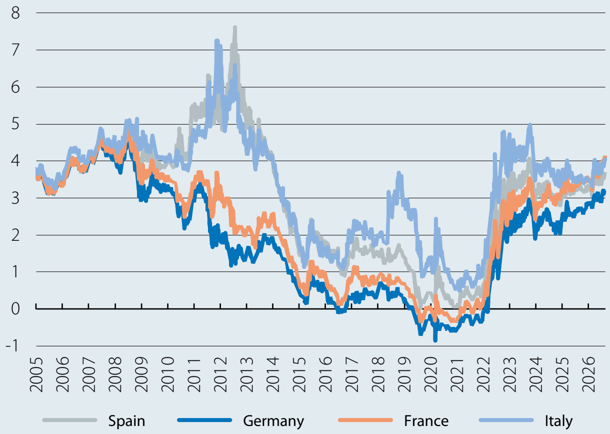
Behind the recent upheavals and volatility, the euro area and the ECB are making progress towards a new normal for the financial environment. In recent years, the ECB has reduced its footprint in the market by returning to conventional monetary policy and withdrawing forward guidance. Thus, today monetary policy is dictated by policy interest rates (essentially the deposit facility – or depo – rate)[1] and the ECB has not committed itself to any particular future path for interest rates; rather, it aims for agile decision-making, meeting by meeting, based on economic and geopolitical data and events.

This new normal is clearly visible in interest rates. As the first chart shows, sovereign yields in the major euro area economies are back at their pre- 2008 global financial crisis levels. At the same time, unlike during the pre-crisis period, investors are demonstrating a capacity for discrimination, as reflected in the dispersion of rates between different countries and, consequently, in the price of their respective public debts. In other words, we see positive risk premiums that are consistent with countries' macroeconomic fundamentals,[2] even after the Middle East energy shock.

The path to the new normal is also apparent in the ECB's balance sheet. In five years, it has shrunk from a peak equivalent to 65% of the euro area's GDP (2021) to fluctuate around 37% (a level comparable to that of 2017). This reduction has been facilitated by the withdrawal of liquidity previously injected by the Eurosystem during times of crisis (the global financial crisis of 2008, the European sovereign debt crisis, and the COVID-19 pandemic), following the end of exceptional loans to the financial sector (TLTROs) and the passive winding down of debt purchased under QE programmes.[3] These dynamics will continue in the coming years and, since they are passive and gradual, they will ensure that liquidity remains abundant in the short and medium term. As shown in the second chart, excess liquidity will not fall below 5% of GDP until mid to late 2029.[4]

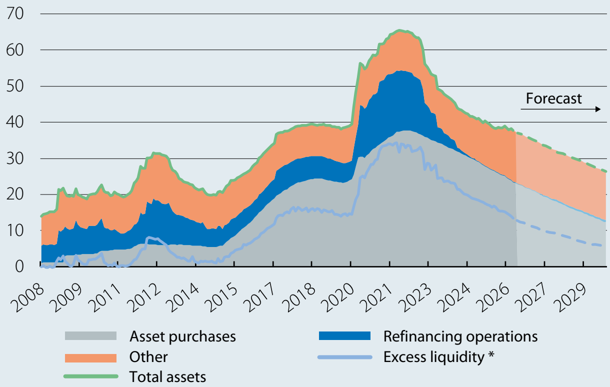
In fact, the historical comparison shown in the third chart suggests that there is still a considerable way to go before the liquidity withdrawal will begin to create a degree of scarcity and, for example, lead to a widening of money market spreads. However, it is difficult to estimate at what level liquidity will cease to be «excessive». Moreover, there have been changes in the environment suggesting that the point at which this impasse will lie may differ

Euro area: 10-year sovereign yields
(%)



Source: *CaixaBank Research, based on data from Bloomberg.*

ECB balance sheet: total assets
(% of GDP)



Note: ** Deposits in the deposit facility plus excess reserves minus use of the marginal lending facility.*
Source: *CaixaBank Research, based on ECB data and own projections.*

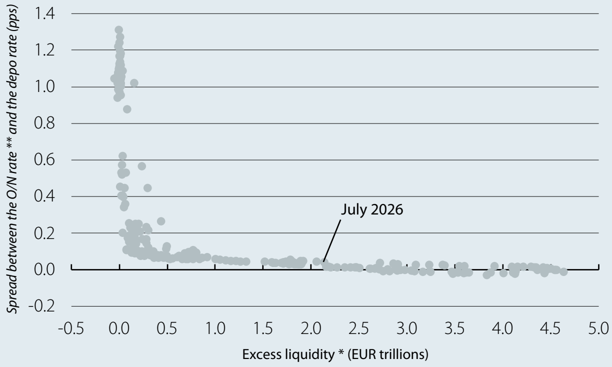
1. I.e. the interest rate at which overnight deposits held by banks in the Eurosystem are remunerated. These deposits should not be confused with minimum required reserves, which, with a current ratio of 1%, receive no remuneration.
2. See the Focus «Risk premiums and macroeconomics: a robust and cross-cutting relationship» in the MR02/2026.
3. The two major QE programmes were the APP (2014-2023) and the PEPP (2020-2024), through which the ECB purchased debt (both public and corporate; not directly, but in secondary markets) to address the risks of financial fragmentation and to stimulate the economy when policy rates (at 0% and even slightly negative) had no further room to manoeuvre. The ECB halted net purchases under both programmes in 2022, but continued to buy «on a gross basis» by reinvesting in new assets the principal from maturing assets previously acquired. Finally, the ECB began to passively offload this debt by ending reinvestments (completely in July 2023 for the APP and in January 2025 for the PEPP).
4. The balance sheet projection follows mechanical assumptions: APP and PEPP («asset purchases») passively decrease as assets mature, MROs and LTROs («financing operations») evolve according to the median projection of the ECB's Survey of Monetary Analysts from June 2026, and the rest of the balance sheet grows according to historical trends. Projected excess liquidity, meanwhile, evolves one-to-one with the sum of «asset purchases» and «financing operations».

from the past, and that liquidity shortages may occur at levels previously considered ample. These include reduced risk tolerance, which hinders the redistribution of liquidity within the banking system, tighter financial regulation, and a precautionary desire for larger liquidity buffers.[5]

For this reason, the ECB has paired the return to normality of its monetary tools (essentially the reduction of its balance sheet) with a reform of its operational framework in order to ensure that the liquidity drain does not compromise monetary policy implementation in the future. As we have already analysed,[6] the ECB wants to shift away from the current environment, marked by abundant liquidity originally injected by the central bank itself, towards a world in which the financial system itself determines how much liquidity it wishes to hold. To implement this, the ECB will make its regular refinancing operations (seven-day MROs and three-month LTROs) the main source of direct liquidity. Additionally, it will introduce two new instruments to supply reserves: long-term credit operations and a structural asset portfolio (these will not be «monetary policy» instruments but structural tools to stabilise the financial system's liquidity needs).

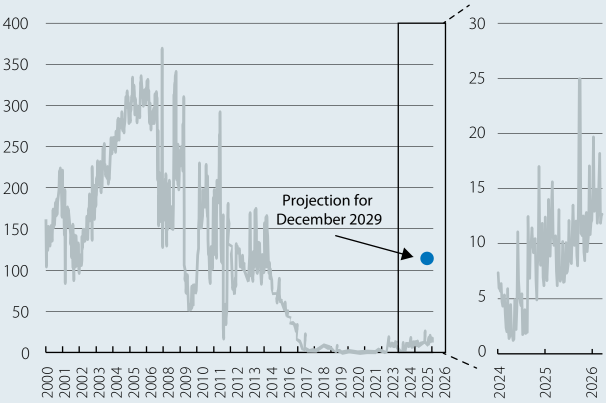
The reform of the operational framework was announced in 2024. In 2026, the ECB is expected to review its deployment and consider whether to recalibrate certain parameters. For now, liquidity remains abundant, so the transition over these past two years has been very gradual, as also illustrated by a very nascent revival in the demand for new liquidity (see last chart). We can expect this gradual approach to continue in the future.

Euro area: interest rate spreads and excess liquidity



Notes: * *Deposits in the deposit facility plus excess reserves minus use of the marginal lending facility.* ** *Corresponds to the Eonia between 2000 and 2019 and to the €STR plus 8.5 bps from 2020 onwards.*
Source: *CaixaBank Research, based on data from Bloomberg and the ECB.*

Use of ECB MRO operations by European banks
(EUR billions)



Note: *The projection for December 2029 corresponds to the median expectation of the Survey of Monetary Analysts (MROs + 3-month LTROs).*
Source: *CaixaBank Research, based on data from the ECB.*

5. Isabel Schnabel, *Towards a new Eurosystem balance sheet*, 6 November 2025.
6. See the Focus «What is behind the ECB's interest rates» in the MR09/2025.

Interest rates (%)

	31-August	31-July	Monthly change (bp)	Year-to-date (bp)	Year-on-year change (bp)
Euro area					
ECB Refi	2.40	2.40	0	25	25
3-month Euribor	2.59	2.48	11	57	53
1-year Euribor	3.00	2.96	4	76	88
1-year government bonds (Germany)	2.68	2.62	6	67	78
2-year government bonds (Germany)	2.94	2.82	12	82	100
10-year government bonds (Germany)	3.32	3.21	12	47	60
10-year government bonds (Spain)	3.78	3.65	12	49	45
10-year government bonds (Portugal)	3.67	3.55	13	52	49
US					
Fed funds (lower limit)	3.50	3.50	0	0	–75
3-month SOFR	3.76	3.75	1	11	–41
1-year government bonds	4.14	4.03	11	67	31
2-year government bonds	4.34	4.29	5	87	72
10-year government bonds	4.75	4.73	2	58	52

Spreads corporate bonds (bps)

	31-August	31-July	Monthly change (bp)	Year-to-date (bp)	Year-on-year change (bp)
Itraxx Corporate	51	54	–3	0.5	–4.2
Itraxx Financials Senior	54	56	–2	–0.5	–5.6
Itraxx Subordinated Financials	87	89	–2	–5.5	–13.4

Exchange rates

	31-August	31-July	Monthly change (%)	Year-to-date (%)	Year-on-year change (%)
EUR/USD (dollars per euro)	1.162	1.153	0.8	–1.1	–0.6
EUR/JPY (yen per euro)	185.590	181.430	2.3	0.9	8.0
EUR/GBP (pounds per euro)	0.857	0.855	0.3	–1.6	–0.9
USD/JPY (yen per dollar)	159.740	157.400	1.5	1.9	8.6

Commodities

	31-August	31-July	Monthly change (%)	Year-to-date (%)	Year-on-year change (%)
Bloomberg Commodity Index	141.4	132.1	7.1	28.9	37.5
Brent ($/barrel)	90.5	90.1	0.4	48.7	32.8
Gold ($/ounce)	4,437.4	4,046.2	9.7	2.7	28.7

Equity

	31-August	31-July	Monthly change (%)	Year-to-date (%)	Year-on-year change (%)
S&P 500 (USA)	7,686.1	7,489.7	2.6	12.3	19.0
Eurostoxx 50 (euro area)	6,420.2	6,358.0	1.0	10.9	20.0
Ibex 35 (Spain)	19,974.1	19,782.9	1.0	15.4	33.7
PSI 20 (Portugal)	9,437.2	9,116.0	3.5	14.2	21.6
Nikkei 225 (Japan)	66,311.9	64,362.0	3.0	31.7	55.2
MSCI Emerging	1,719.3	1,665.9	3.2	22.4	36.6

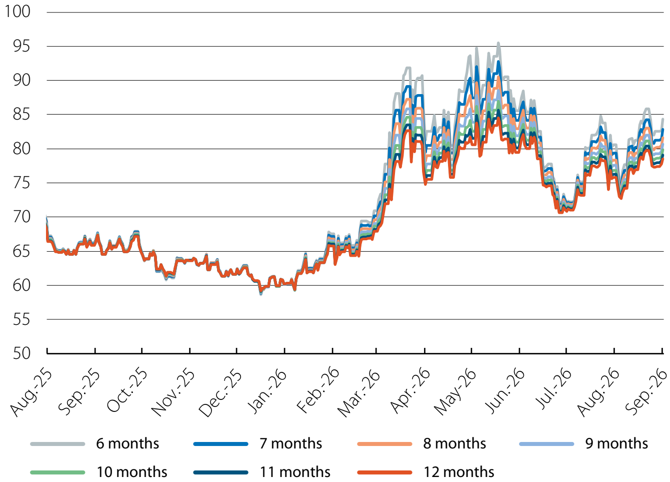
The global economy holds firm, but challenges persist

Geopolitical developments continue to loom over the global economy, with the focus remaining on the Middle East. The summer began with negotiations between Iran and the US and expectations of a gradual normalisation of transit through the Strait of Hormuz, which helped ease oil market tensions in June. However, the resumption of hostilities prompted a new price surge. Brent crude remained volatile during August, averaging around 90 dollars per barrel, while futures for 6-12 months fluctuated around 80 dollars per barrel. Underlying concerns about potential supply disruptions and historically low global inventories continue to weigh on the energy market. Furthermore, uncertainty persists regarding the actual volume of crude oil shipments due to the growing opacity of available information. Liquefied natural gas prices also surged in August, with supply being more limited than expected coupled with significant electricity consumption due to the high temperatures recorded in Europe during the summer. The TTF, Europe's main benchmark, exceeded €60/MWh for deliveries through the winter. Overall, the global economy remains at the mercy of geopolitical tensions. An easing of these tensions could alleviate pressure on energy prices and economic activity, but significant risks remain.

Global activity continued to hold up in Q2, despite a global energy shock. In the euro area, GDP grew by 0.6% quarter-on-quarter (0.3% excluding Ireland), exceeding expectations due to a better-than-expected performance from economies such as Germany (+0.3%), Italy (+0.2%), and Spain (+0.7%), while France stagnated (0.0%, following –0.2% in Q1). In the US, the economy maintained solid quarter-on-quarter growth of 0.4% in Q2, supported by strong domestic demand, particularly household spending and non-residential investment. The economies of the United Kingdom and Japan also performed well, with GDP growth of 0.4% and 0.3% quarter-on-quarter, respectively. In the case of the UK, this growth was driven by domestic demand, while in Japan the external sector and support from fiscal policy were the main contributors.

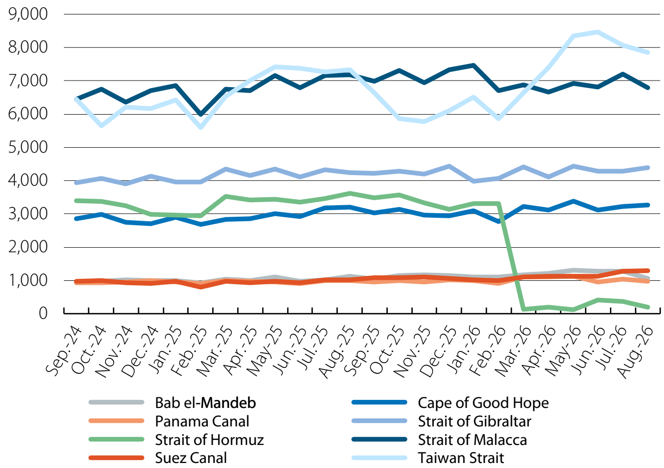
Activity remained robust in Q3, albeit with exceptions and the return of tariffs. In the euro area, the available indicators point to strong economic momentum in July and August, with the PMIs at expansionary levels. Manufacturing PMIs reached 52.7 points in August (vs. 51.9 in July), the highest in over two years, while the services PMIs stood at 51.6 points (vs. 51.7 previously). In the US, business indicators remain strong, although signs of moderation are beginning to emerge in private consumption and the labour market. On the other hand, following the breakdown of negotiations between the US and Canada, the US administration imposed an additional 50% tariff on Canadian imports worth 20 billion dollars at the end of August and plans to raise tariffs on Canada's automotive sector to 50% in 2027. Canada's government announced that

Brent: futures prices
(Dollars per barrel)



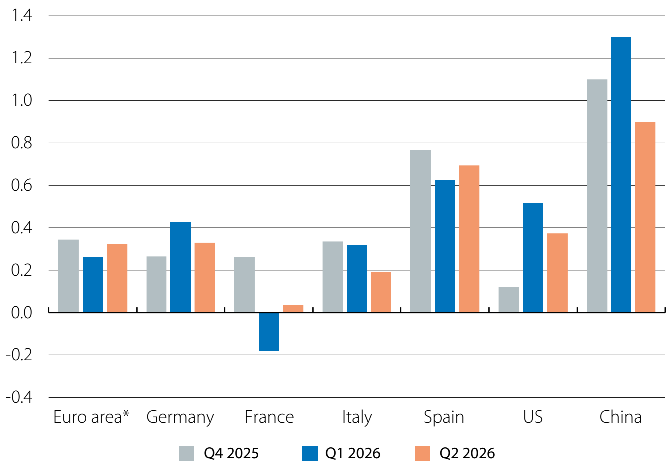
Source: *CaixaBank Research, based on data from Bloomberg.*

Global: maritime transit through major chokepoints
Total number of ships



Note: *Includes bulk carriers, chemical tankers, container ships, general cargo ships, oil tankers and gas carriers (LNG and LPG).*
Source: *CaixaBank Research, based on data from Bloomberg.*

Global: GDP
Quarter-on-quarter change (%)



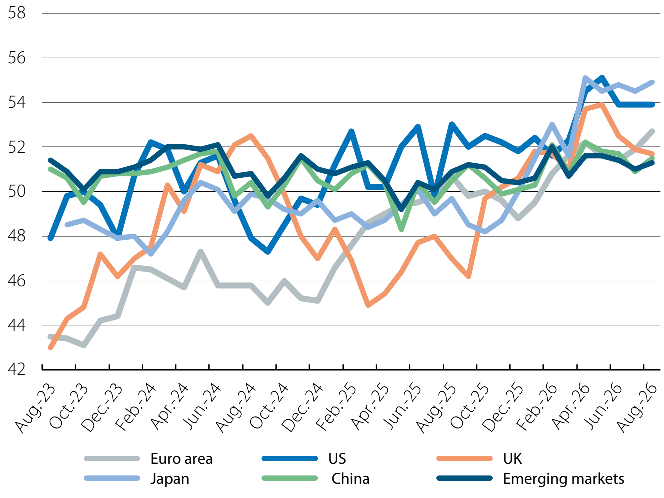
Note: ** Euro area excluding Ireland.*
Source: *CaixaBank Research, based on data from Eurostat, BEA and the National Bureau of Statistics of China.*

it will respond with equivalent measures, which are expected to impact North American activity over the coming months. In China, the economy showed a loss of momentum over the summer. Retail sales and industrial production slowed in July, reflecting weak domestic demand, further compounded by extreme weather events. Despite a slight recovery in August (the RatingDog Composite PMI stood at 52.1 points, compared to 50.8 in July), the industrial upturn is driven by external demand, while construction and services remain weak. In this context, the authorities have reiterated their intention to accelerate public spending in the second half of the year, although no new stimulus measures have been announced.

The energy shock continues to drive prices upwards. Euro area inflation rose to 3.3% in August (vs. 2.9% in July), driven mainly by rising energy costs, while core inflation eased slightly to 2.4% (vs. 2.5% in July). The increase was widespread among the major economies, with Spain recording the largest uptick (see the Spanish Economy - Economic Outlook section). The data was in line with expectations and reinforces the likelihood of another ECB rate hike in September. In the medium term, the key question remains whether the energy price shock will spread to other prices. In the US, both headline and core inflation fell by 0.1 pp in July (to 3.4% and 2.5%, respectively), but inflationary pressures persist. In this context, and given the rise in US sovereign rates in recent months, the new Fed Chair Kevin Warsh conveyed an optimistic view of US economic activity in Jackson Hole while expressing greater concern about inflation. The latest data indicate that the disinflation process is progressing more slowly than desired, which has reinforced market expectations that the Fed will tighten its monetary policy before the end of the year (see the Financial Markets - Economic Outlook section).

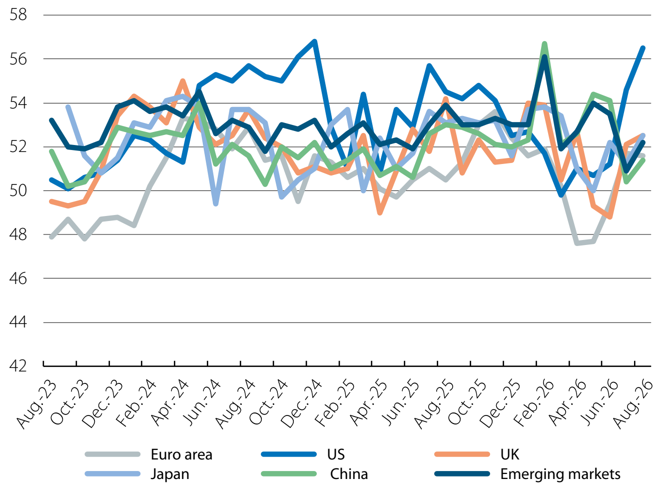
Emerging economies demonstrated remarkable resilience to the energy shock, but remain in a relatively more fragile position. Although rising energy costs impacted consumption in oil-importing countries, much of Asia maintained solid growth due to price regulation and energy subsidies, as well as strong domestic demand. Additionally, the AI investment boom boosted technological exports from economies such as Vietnam, Malaysia, Taiwan and Korea. India continues to exceed expectations, recording a year-on-year growth rate of 7.8% in Q2 (vs. 8.6% in Q1), supported by strong domestic demand and exports. Furthermore, the negative impact of the conflict has been contained and economic activity is expected to regain some momentum over the coming months. On the other hand, stronger inflationary pressures and the rise in global sovereign rates could bring new challenges, especially in countries with significant initial macroeconomic and fiscal imbalances.

Global: manufacturing PMI
Level



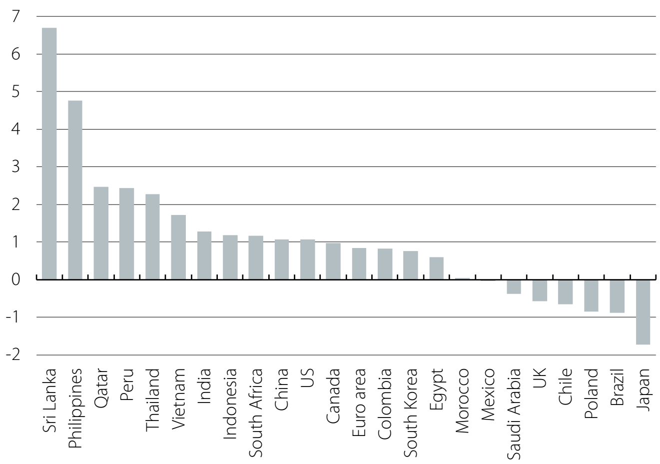
Source: *CaixaBank Research, based on data from S&P Global PMI.*

Global: services PMI
Level



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

Global: CPI
*Inflation differential (pps)**



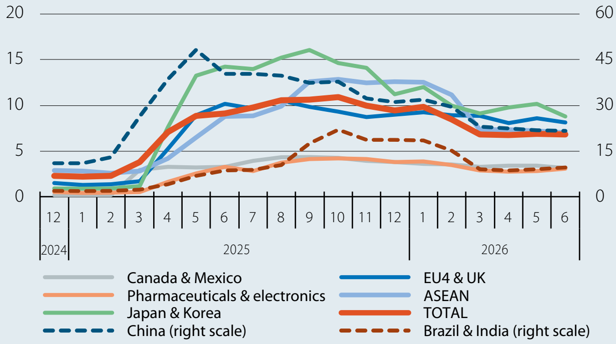
Note: ** Average for the period March-August 2026 vs. 2025.*
Source: *CaixaBank Research, based on data from Bloomberg.*

The new US tariff landscape (2026 back-to-school edition)

Few economic topics have experienced as many twists and turns in such a short time as the tariff saga of Trump 2.0. In just 18 months, analysts (not to mention firms involved in international trade) have experienced a true roller-coaster: the iconic Liberation Day; the unprecedented escalation with China, with tariffs exceeding 100%; and the Greenland episode, amidst the usual threats to the EU. In contrast to these maximalist positions, the agreements reached with key trading partners moderated the previously announced tariffs, while the reconfiguration of imports reduced their effective impact. In 2026, this de-escalation took a further step when the Supreme Court ruled against the general tariffs implemented through the use of emergency economic legislation. With the temporary tariff that replaced them now expired, the new measures outlined in section 301 of the Trade Act and the various sectoral tariffs create a scenario that alters the nature of the instruments more than it does the average duty.

Average effective tariff on US imports: main trading partner groups

(%)



Notes: *EU4 = Germany, France, Italy and Spain. ASEAN = Cambodia, Philippines, Indonesia, Malaysia, Thailand and Vietnam. Pharmaceuticals and electronics (producers) = Belgium, Ireland, Netherlands, Switzerland, Singapore and Taiwan. Weighted according to the composition of trade flows in 2025.*
Source: *CaixaBank Research, based on data from Bloomberg.*

Effective tariffs: stability after de-escalation

The executive orders adopted between February and April 2025 entailed a complete overhaul of the tariff regime that the US applies to its imports.[1] According to customs and import revenue data, the average effective tariff rose from just over 2% at the beginning of 2025 to around 7% in April, reaching a peak close to 11% in October. By then, the measures were already fully in place, the anticipation effect that had driven imports of products that were initially exempt, such as pharmaceuticals and electronics, had dissipated, and some of the tariffs announced on Liberation Day had been revised upwards, especially those imposed on Brazil and India (see first chart).

Since then, we have witnessed a gradual de-escalation, driven by three factors of a very different nature and scope: bilateral trade negotiations, the reconfiguration of US imports and the Supreme Court ruling. Firstly, the agreements reached last year resulted in significantly lower tariffs than those introduced on Liberation Day. This was particularly the case for Southeast Asian countries, but also for China following the truce in November 2025, as well as for the EU compared to previous protectionist threats.[2] Secondly, changes in the relative level of tariffs by product and trading partner have led to major changes in the composition of imports, with some purchases from China shifting to other Asian suppliers, such as Vietnam for certain labour-intensive manufactures, and Taiwan for technological products.[3] Mexico has also gained market share in the US, aided by the increase in the proportion of imports that comply with the rules of origin under the United States-Mexico-Canada Agreement (USMCA), which has also cushioned part of the tariff increase.[4] This has been compounded by the strong demand for electronic products in the US, linked to the AI investment cycle.

Thirdly, the Supreme Court ruling on 20 February 2026 determined that invoking the International Emergency Economic Powers Act (IEEPA) was not the appropriate legal avenue for establishing general tariffs and that, being a tax measure, it required Congressional authorisation.[5] Thus, tariffs that accounted for some two-thirds of the increase in the average levy since early 2025 were rendered invalid, paving the way for the amounts previously collected from importing companies to be refunded.[6] On the same day as the ruling, a presidential proclamation activated section 122 of the Trade Act – intended to address fundamental balance of payments issues – and established a temporary general tariff of 10% for 150 days.

This set of factors has decisively contributed to reducing the average effective tariff by 4 pps, and since March 2026 it has stood slightly below 7%, its lowest level since last spring.

Announced policies: everything changes so that tariffs can stay as they are

The expiration of the temporary tariff under section 122 on 24 July has not marked a return to the pre-Trump 2.0 scenario. On the same day, the new tariffs approved under section 301 came into effect, following investigations

1. See the Focus «US tariffs: where do we stand and what comes next?» in the MR06/2025.
2. See the Brief Note «Acuerdo comercial entre EE. UU. y la Unión Europea» of 29 July 2025.
3. See the Focus «The new map of US goods imports» in the MR01/2026.
4. E. Martínez-García and R. Mau (2026), «How USMCA compliance cushioned the 2025 tariff shock».
5. See the Focus «10 questions on the US Supreme Court's tariff ruling» in the MR03/2026.
6. According to information from US Customs and Border Protection cited by The Conference Board, as of 31 July, refunds had been completed amounting to approximately 100 billion dollars (including interest); the applications accepted for processing totalled 128.7 billion, compared to a total of around 166 billion collected under the IEEPA.

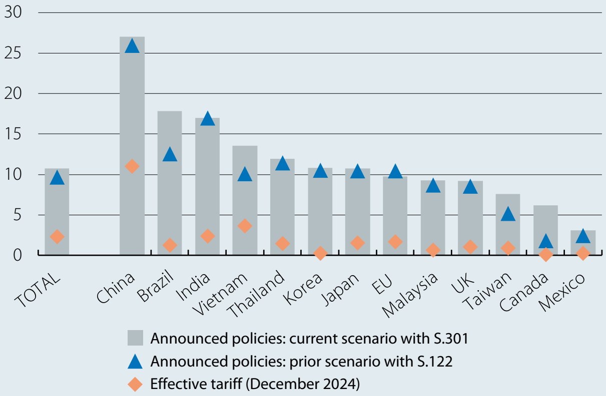
opened in March regarding the bans adopted by the US main trading partners on the import of goods produced wholly or partly using forced labour and their effective enforcement.

The measures affect 60 economies, which account for almost all US imports. Canada, Mexico, the United Kingdom and India are subject to a general additional surcharge of 10%, which rises to 12.5% in the case of China. For other trading partners, the new levy complements the most-favoured-nation (MFN) tariff applied to each product when it falls below a threshold: up to a total rate of 10% for the EU and Taiwan, and 12.5% for Japan, South Korea, and Switzerland. All of these rates lie below the 15% set in the trade agreements reached since the summer of 2025. Exemptions also remain in place for certain products, including goods from Canada and Mexico that comply with USMCA requirements and those already subject to sectoral measures under section 232 of the Trade Expansion Act. The new regime also exempts certain raw materials and critical inputs in cases where imposing tariffs on them could cause supply issues, such as critical minerals and fertilisers. Moreover, it gives preferential treatment to Central American and Dominican textiles that meet the conditions of the CAFTA-DR agreement, while also planning future quotas for imports of these products from certain Asian partners, linked to the purchase of US cotton and textile goods.

Sectoral measures make up the second major pillar of the new framework. Section 232 allows tariffs to be imposed for national security reasons and already covers steel, aluminium and motor vehicles, among others. In the pharmaceutical sector, the US administration implemented in April the measure announced in September 2025: a tariff of up to 100% on certain patented medicines and their ingredients. The scheme includes lower rates or exemptions depending on the country of origin, as well as corporate commitments to investment and production in the US, while generic medicines are exempt, for now. In commercial aviation, a negotiation period began in July, lasting until the end of the year, before a decision will be made on possible additional measures.

Considering this overlap of instruments and making reasonable assumptions about the scope of the current exemptions, we estimate that the average tariff implied by the policies announced would be around 11%, just 1 percentage point higher than the previous estimate under the temporary section 122 tariffs. The ranking of the US main trading partners does not change substantially either (see second chart). Mexico and Canada remain among the partners with the lowest tariff burden thanks to exemptions under the USMCA, while the EU remains slightly below average. In contrast, China, Brazil and India are at the upper end of the distribution, with a particularly significant leap in Brazil's case due to the imposition of an additional 25% levy resulting from another bilateral investigation under section 301, this time concerning a wide range of trade practices. For several Asian partners, the new scheme replaces the general rates agreed bilaterally in 2025 with surcharges

Average US tariff according to announced policies: main trading partners
(%)



Note: *The estimate is weighted according to the structure of US imports in 2025.*
Source: *CaixaBank Research, based on data from Bloomberg, COMTRADE and the White House.*

that are added on top of the MFN tariff, with differing outcomes depending on the composition of their exports.

The final chapter of the saga?

In the end, everything changes... so that (most) things can stay as they are: similar levels of protection, but supported by a more specific and procedural legal framework. This does not shield it from further legal claims, nor does it prevent tariffs from continuing to be used for a wide range of objectives. This includes their use as a tool for applying commercial pressure, as demonstrated by the additional 50% levies in force since August on a wide range of Canadian products and the threat of their extension to cars and components in 2027, to which Canada has already responded with equivalent measures. It also includes their use as a geopolitical and regulatory lever, with the recent initiation of an investigation against the EU following the multi-million dollar fine on Google. They also continue to serve national security and industrial policy purposes, as in the case of the new tariffs on drones and their components. For the coming months, the key uncertainties are concentrated along several fronts. The ongoing investigations under section 301 into structural manufacturing overcapacity in 16 economies could lead to new tariff measures, as could the growing crackdown on the illegal transshipment of goods through third countries.[7] Moreover, the US decision not to extend the USMCA under its current terms paves the way for a process of annual reviews and prolongs the uncertainty about its future configuration. There is also ongoing concern about the stability of the truce with China, which rests on a fragile balance of dependencies in semiconductors, advanced technology, and critical minerals, against the backdrop of the AI race.[8]

David Martínez Turégano

7. White House (2026), «The great transshipment scam».
8. See the Dossier «The present and futures of the new AIconomy» in the MR05/2026.

Ireland, the country that skews Europe's statistics

When Eurostat publishes GDP growth for the euro area, Germany, France, Italy and Spain are the main drivers of the final result. However, in recent years, Ireland has been responsible for the largest revisions and distortions of the euro area's figures, both upwards and downwards. How can a country with just 5 million inhabitants have the capacity to alter the statistics of a region with over 350 million people?

The answer does not lie in the size of the country, but rather in how a significant portion of global economic activity is recorded within its borders. Ireland has become a global operations hub for some of the world's largest multinationals, particularly in pharmaceuticals, technology, intellectual property and aircraft leasing. In other words, a small number of firms conducting high-volume operations cause the national accounting data to behave differently from those of a typical economy.

Ireland's fiscal and legal framework has been a magnet for multinationals

Ireland was already an attractive European platform for multinationals before 2015, thanks to a combination of a low corporate tax rate, a favourable legal environment, and a particularly appealing regime for the location of intangible assets (patents, software, trademarks or exploitation rights). However, 2015 marked a turning point.

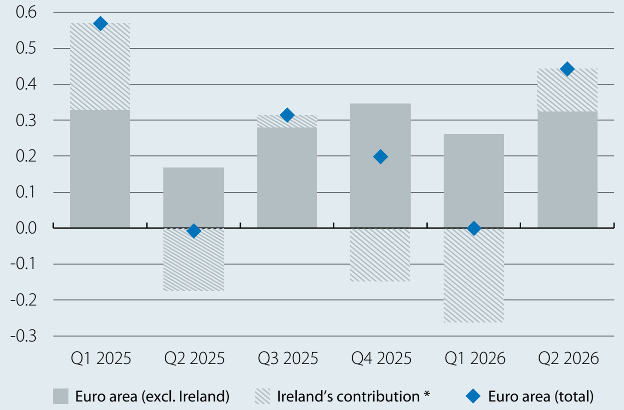
On one hand, the tightening of the international framework against certain «tax engineering» strategies led many multinationals to reorganise the location of their intangible assets and some of their corporate operations. On the other hand, the Irish tax regime allowed for the fiscal amortisation of intangible assets under particularly favourable conditions. The result was that Ireland emerged bolstered as a destination for intangible assets and certain functions of many companies, particularly in the technology and pharmaceutical sectors, as it offered a stable institutional environment, legal certainty and full access to Europe's single market. And therein lies the key to Ireland's uniqueness: in a small economy, the relocation of high-value assets can significantly alter its investment, export, value-added and GDP statistics.

Ireland's GDP may present a distorted picture of its economic development

The initial effect of this transfer of intangible assets may come as a surprise. When a multinational decides to transfer the ownership of a patent, software, or a trademark to Ireland, it is treated as being equivalent to the country acquiring an asset, which is recorded

Euro area: GDP

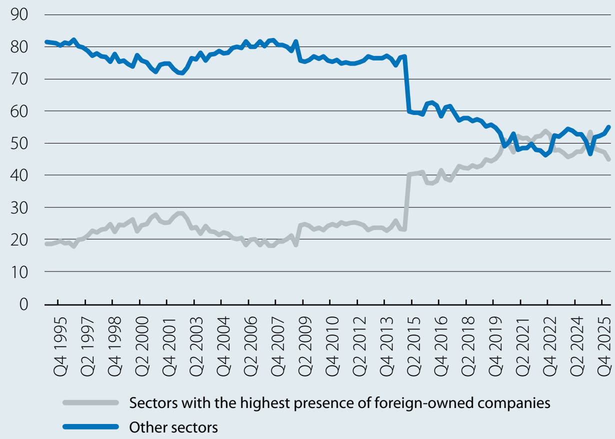
Quarter-on-quarter change (%)



Note: ** Ireland's contribution to the euro area's quarter-on-quarter growth in percentage points.*
Source: *CaixaBank Research, based on Eurostat data as of 14 August 2026.*

GVA: foreign companies vs. others

Total GVA (%)



Source: *CaixaBank Research, based on data from the Central Statistics Office.*

as an investment. However, as this asset (a patent, for example) is located abroad, it must simultaneously be accounted for as an import of services (R&D or intellectual property).[1] Therefore, in the quarter in which the transaction is carried out, the impact on GDP is practically neutral. However, once these intangibles are integrated into the economy's capital stock, they begin to generate service export flows, for instance in the form of licences, thus persistently contributing to GDP growth in subsequent years.[2]

These practices explain the significant fluctuations in Ireland's gross fixed capital formation (GFCF), exports and value added. They also explain the significant role

1. Demand-side GDP = private consumption + public spending + investment + exports – imports.
2. See ECB. «Intangible Assets of Multinational Enterprises in Ireland and their Impact on Euro Area Activity», Occasional Paper Series, nº 350.

of intangible assets within Irish investment: in recent years, it accounts for over 50% of all GFCF in Ireland, more than double the level in the main euro area economies. Ireland's overexposure to these assets is confirmed by the fact that, since 2015, Ireland's share of euro area GDP has been less than 4.0% on average, yet it accounts for more than 10% of the region's investment in intangible assets. The contribution of other major economies to the euro area's investment in intangible assets is much more consistent with the size of their economies.

As a result, it is possible for Ireland's GDP to grow significantly based on decisions made by a handful of multinationals whose actual business is conducted outside its borders, even in a context of weak household consumption, public spending, or investment related to the domestic economy. Conversely, Ireland's GDP can fall sharply even if its domestic growth remains strong.

For this reason, the Central Statistics Office of Ireland is developing indicators that aim to separate domestic activity from the more volatile items associated with multinationals. These include modified final domestic demand (MFDD), which provides a better approximation of the country's domestic economic activity by including household and general government consumption and investment in activities linked to the national economy. This measure excludes purchases of intellectual property, aircraft intended for leasing, and other components more closely linked to decisions of multinationals, which are counted within GDP.[3] The data confirm this stability of MFDD compared to GDP. For example, in Q3 2024, GDP grew by 7.6% quarter-on-quarter, but MFDD recorded an increase of 1.1%. In contrast, in Q1 2026, GDP fell by 7.6% quarter-on-quarter, but MFDD recorded a modest increase of 0.3%. Furthermore, MFDD has grown by more than 25% since Q4 2019, compared to an increase of just over 6.0% recorded by the euro area excluding Ireland.

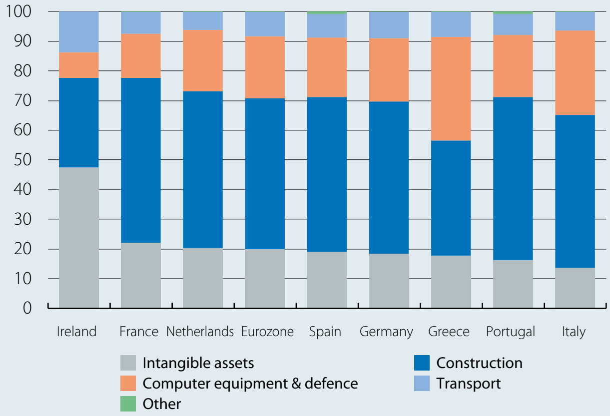
Ireland is proof that size isn't always what matters

The influence of multinationals and intangible assets has made Ireland a significant player in the euro area's aggregate statistics. So much so that, in some quarters, we must ask ourselves which part of the euro area's economic performance is due to the cyclical behaviour of the major economies and which part reflects the impact of operations concentrated in Ireland. This distinction is significant enough for the ECB itself to include in its forecast table a calculation of euro area GDP based on Ireland's GDP and another based on MFDD.

3. See: https://www.cso.ie/en/interactivezone/statisticsexplained/nationalaccountsexplained/modifiedgni/.

GFCF by asset class

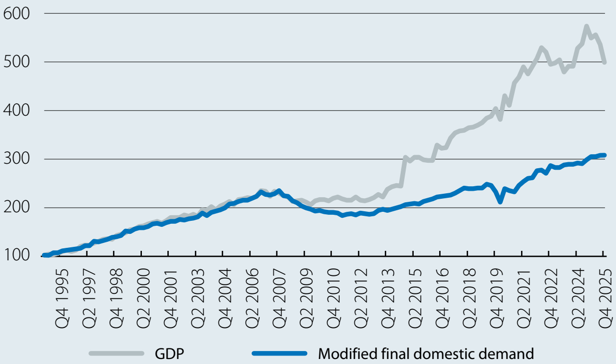
*(% of the total in each country) **



Note: ** Average for the period 2021-2025.*
Source: *CaixaBank Research, based on data from Eurostat.*

GDP vs. modified final domestic demand *

Index (100 = Q1 1995)



Note: ** Modified final domestic demand provides a better gauge of Ireland's domestic economic activity by focusing on consumption and investment linked to domestic activity and excluding operations of multinationals – such as intellectual property or aircraft leasing – which can distort GDP.*
Source: *CaixaBank Research, based on data from the Central Statistical Office*

Ireland does not distort the statistics because it has a major share of the euro area economy; it distorts them because it is the country in which a significant portion of the global intangible economy is recorded. GDP remains an essential variable for analysing an economy, but the case of Ireland reminds us that sometimes we need to look beyond the headline in order to understand this economy's progress, as well as to gauge that of the euro area more reliably.

Rita Sánchez Soliva

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

UNITED STATES

	2024	2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	06/26	07/26	08/26
Activity									
Real GDP	2.8	2.1	2.3	2.0	2.7	2.1	–	–	–
Retail sales (excluding cars and petrol)	3.4	4.5	4.6	3.9	4.6	5.6	5.7	4.8	...
Consumer confidence *(value)*	104.5	96.1	97.4	94.2	90.7	92.2	92.2	90.2	89.4
Industrial production	–0.7	1.1	1.7	1.6	0.8	1.4	1.3	1.1	...
Manufacturing activity index (ISM) *(value)*	48.2	48.9	48.7	48.2	52.6	53.3	53.3	55.6	54.6
Housing starts *(thousands, monthly average)*	1,370	1,356	1,347	1,323	1,418	1,337	1,415	1,239	...
Case-Shiller home price index *(index)*	330	339	338	341	343	343	344	...	...
Unemployment rate *(% lab. force)*	4.0	4.3	4.3	4.5	4.3	4.3	4.2	4.1	...
Employment-population ratio *(% pop. > 16 years)*	60.1	59.8	59.6	59.7	59.3	59.1	59.0	58.9	...
Trade balance [1] *(% GDP)*	–2.8	–3.3	–3.4	–3.1	–2.5	–2.3	–2.3	–2.3	...
Prices									
Headline inflation	3.0	2.7	2.9	2.7	2.7	3.9	3.5	3.4	...
Core inflation	3.4	2.9	3.1	2.6	2.5	2.7	2.6	2.5	...

JAPAN

	2024	2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	06/26	07/26	08/26
Activity									
Real GDP	0.1	1.2	0.6	0.4	0.5	0.7	–	–	–
Consumer confidence *(value)*	37.2	34.7	34.8	36.7	36.9	33.2	33.8	34.9	35.5
Industrial production	–3.0	0.1	–1.1	–1.3	1.2	1.9	3.1	4.2	...
Business activity index (Tankan) *(value)*	12.8	13.5	14.0	15.0	17.0	22.0	–	–	–
Unemployment rate *(% lab. force)*	2.5	2.5	2.5	2.6	2.7	2.5	2.5	2.4	...
Trade balance [1] *(% GDP)*	–1.0	–0.6	–0.5	–0.4	–0.3	–0.2	–0.2	–0.3	...
Prices									
Headline inflation	2.7	3.2	3.0	2.5	1.4	1.5	1.7	1.9	...
Core inflation	2.5	3.0	3.2	3.0	2.5	1.8	1.7	1.9	...

CHINA

	2024	2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	06/26	07/26	08/26
Activity									
Real GDP	5.0	5.0	4.8	4.5	5.0	4.3	–	–	–
Retail sales	3.3	3.8	2.4	0.7	2.4	0.2	1.0	0.6	...
Industrial production	5.6	5.9	5.8	5.0	6.0	4.6	5.3	4.5	...
PMI manufacturing *(value)*	49.8	49.6	49.5	49.4	49.6	50.2	50.3	49.2	49.8
Foreign sector									
Trade balance [1,2]	997	1,186	1,174	1,186	1,174	1,176	1,176	1,190	...
Exports	4.6	5.5	6.5	3.8	14.5	20.0	26.8	23.6	...
Imports	1.0	0.3	4.7	3.7	23.5	29.4	35.8	27.6	...
Prices									
Headline inflation	0.2	0.1	–0.2	0.6	0.8	1.1	1.0	0.5	...
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	7.1	6.9	6.8	6.8	6.8	6.7

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	Q3 2025	Q4 2025	Q1 2026	Q2 2026	06/26	07/26	08/26
Retail sales *(year-on-year change)*	1.3	2.4	1.9	2.3	2.0	1.2	0.7	...	...
Industrial production *(year-on-year change)*	–2.9	1.6	1.5	1.9	–1.6	0.1	0.1	...	...
Consumer confidence	–12.6	–13.4	–13.7	–13.0	–13.7	–19.0	–17.6	–15.9	–15.5
Economic sentiment	95.9	95.9	95.8	97.0	98.1	94.5	95.6	97.1	98.4
Manufacturing PMI	45.9	49.1	50.1	49.5	50.6	51.7	51.4	51.9	52.7
Services PMI	51.5	51.3	50.9	53.0	51.2	48.2	49.4	51.7	51.6
Labour market									
Employment (people) *(year-on-year change)*	1.0	0.7	0.7	0.7	0.5	...	–	–	–
Unemployment rate *(% labour force)*	6.4	6.3	6.3	6.3	6.4	6.4	6.4	6.4	...
Germany *(% labour force)*	3.4	3.7	3.8	3.9	3.9	3.9	4.0	4.0	...
France *(% labour force)*	7.4	7.7	7.8	8.0	8.2	8.3	8.3	8.3	...
Italy *(% labour force)*	6.6	6.0	5.9	5.7	5.5	5.6	5.8	5.8	...
Real GDP *(year-on-year change)*	1.0	1.3	1.2	1.1	0.5	1.0	–	–	–
Germany *(year-on-year change)*	0.0	0.3	0.3	0.3	0.7	1.0	–	–	–
France *(year-on-year change)*	1.4	0.9	0.8	1.1	0.7	0.5	–	–	–
Italy *(year-on-year change)*	0.6	0.7	0.7	0.9	0.8	1.0	–	–	–

Prices

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

	2024	2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	06/26	07/26	08/26
General	2.4	2.1	2.1	2.1	2.0	3.0	2.8	2.9	3.3
Core	2.8	2.4	2.3	2.4	2.3	2.4	2.4	2.5	2.4

Foreign sector

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

	2024	2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	06/26	07/26	08/26
Current balance	3.0	2.0	2.2	2.0	2.1	2.1	2.1	...	...
Germany	5.8	4.5	4.6	4.5	4.3	4.4	4.4	...	...
France	–0.3	–0.4	–0.5	–0.4	–0.3	–0.5	–0.5	...	...
Italy	1.1	1.1	1.1	1.1	1.4	1.3	1.3	...	...
Nominal effective exchange rate [1] *(value)*	**94.2**	**96.1**	**97.8**	**97.5**	**97.2**	**96.7**	**96.1**	**96.1**	**96.9**

Credit and deposits of non-financial sectors

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

	2024	2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	06/26	07/26	08/26
Private sector financing									
Credit to non-financial firms [2]	0.8	2.7	2.9	3.0	3.0	3.8	4.0	4.4	...
Credit to households [2,3]	0.5	2.2	2.5	2.9	3.0	3.0	3.0	3.1	...
Interest rate on loans to non-financial firms [4] *(%)*	4.9	3.4	3.2	3.3	3.3	3.4	3.6	3.6	...
Interest rate on loans to households for house purchases [5] *(%)*	4.6	3.7	3.6	3.5	3.5	3.6	3.7	3.7	...
Deposits									
On demand deposits	–3.9	5.0	5.6	5.4	5.2	3.9	3.6	3.3	...
Other short-term deposits	12.4	–0.1	–1.5	–1.0	–0.2	1.7	2.8	3.8	...
Marketable instruments	20.0	7.7	4.4	0.9	0.8	2.8	4.4	4.2	...
Interest rate on deposits up to 1 year from households *(%)*	3.0	1.9	1.7	1.8	1.8	1.9	2.0	2.1	...

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.*

The Spanish economy holds firm amid the energy onslaught

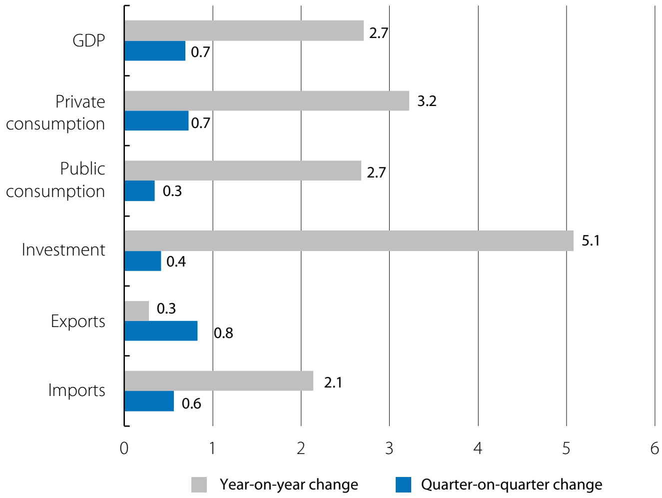
Spain's economy continues to grow at a considerable rate, although the escalating conflict between the US and Iran is once again generating tensions. Despite the challenges in the international environment, the Spanish economy once again demonstrated its resilience by recording GDP growth of 0.7% quarter-on-quarter in Q2 2026: 0.1 pp more than in the previous quarter and 0.2 pps above our forecast. The composition was also favourable, with strong growth in both private consumption and investment. Service exports also performed well. The data, which reaffirmed the economy's resilience, introduces an upward bias to our growth forecast of 2.4% for 2026. However, the resumption of hostilities between the US and Iran since July and the difficulties in normalising transit through the Strait of Hormuz have once again driven up oil and gas prices. This rise in energy costs is already affecting inflation and necessitates caution. Nevertheless, the economy is facing this new challenge from a position of strength.

The initial indicators available for Q3 suggest that economic activity remains robust, albeit it with mixed signals. In July and August, the services PMI surged, reaching an average of 58.1 points compared to the previous quarter's average of 50.7 points. This is a considerable level, indicating substantial growth in the sector. The manufacturing PMI has moderated slightly, averaging 49.9 points in July and August, compared to 50.9 points in Q2, suggesting that growth in the sector so far this quarter may have stalled. The signals from consumption were less favourable: retail sales, in real and seasonally adjusted terms, fell by 0.3% year-on-year in July, compared to growth of 0.8% recorded in Q2. Overall, the strength of the services sector and the buoyancy of tourism, which we will discuss later, suggest that the economy continues to grow dynamically at the start of the third quarter. Nevertheless, the rebound in inflation could gradually moderate household spending.

The labour market remains strong, but the regularisation of migrant workers makes understanding the underlying dynamics more challenging. The number of registered workers fell by 162,840 people in August, a smaller decline than usual for this month (around 193,000 people on average in the months of August from 2023 to 2025). In seasonally adjusted terms, the figure increased by some 84,000 registered workers – a substantial advance which exceeds, for example, the average increase in the first quarter of 2026 (of around 50,000 members). However, this pattern is largely explained by the inclusion of workers from the exceptional regularisation process. In August, the number of foreign registered workers rose by around 40,000 people, far surpassing the usual decline experienced in this month of the year. In contrast, the trend in national registered workers

Spain: GDP growth and its components in Q2 2026

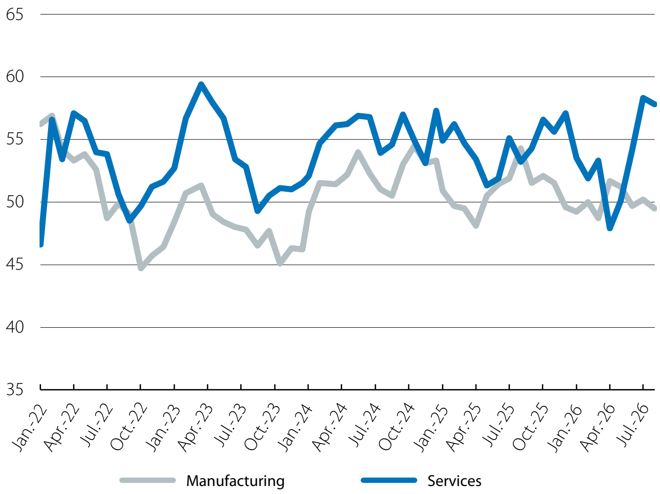
Change (%)



Source: *CaixaBank Research, based on data from the National Statistics Institute.*

Spain: PMI

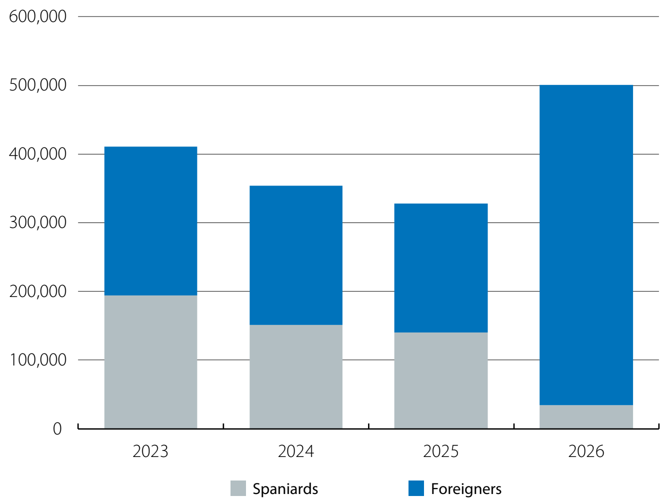
Level



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

Spain: Social Security affiliation in August

Year-to-date change (thousands)



Source: *CaixaBank Research, based on Social Security data.*

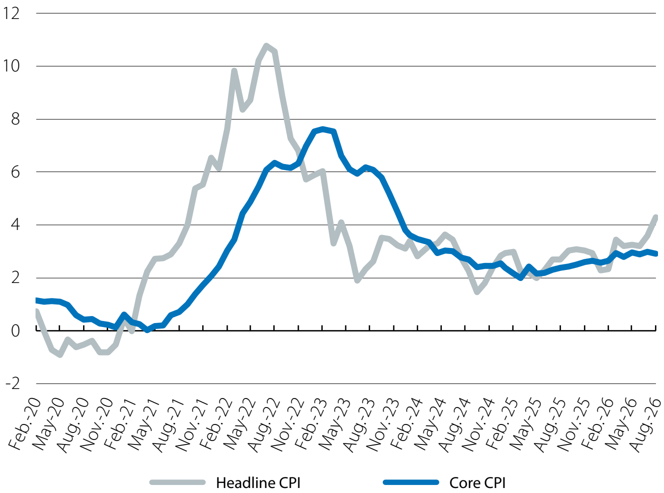
sends a different message, as it fell by some 200,000 people, compared to an average decline of 172,000 recorded between 2023 and 2025.

The rise in fuel prices pushes inflation above 4% and skews forecasts upwards. Headline inflation rose by 0.7 pps in August to 4.3%, while core inflation fell by 0.1 pp to 2.9%. The increase was mainly concentrated in energy, with prices rising by 17% year-on-year, driven by higher oil prices and the partial reduction of fuel subsidies. Between 1 and 27 August, the price of petrol climbed 7.6% month-on-month and that of diesel by 12.4%. The moderation of core inflation, in contrast, suggests that the shock remains confined to the energy sector for now. The exception is the services component, where inflation remains relatively high at 3.8%, influenced by the price trends of tourism-related services. The entrenchment of the conflict in the Persian Gulf has kept market expectations for energy prices above those used in our scenario, introducing upward risks to our forecast of an average inflation rate of 3.2% for 2026.

Tourism confirms a solid high season and continues to act as a buffer against the shock. In July, nearly 11.5 million international tourists arrived in Spain, spending just over 18.2 billion euros. That is 4.6% and 10.9% more than the previous year, respectively. These figures are significantly higher than those experienced by the sector in July 2025, when arrivals and spending increased by 1.6% and 5.9%, respectively. These results are consistent with the redirection of some international tourist flows towards Spain due to the conflict in the Middle East and confirm the sector's strong traction. However, rising transport costs and the loss of purchasing power in source markets could gradually limit this momentum if energy tensions persist.

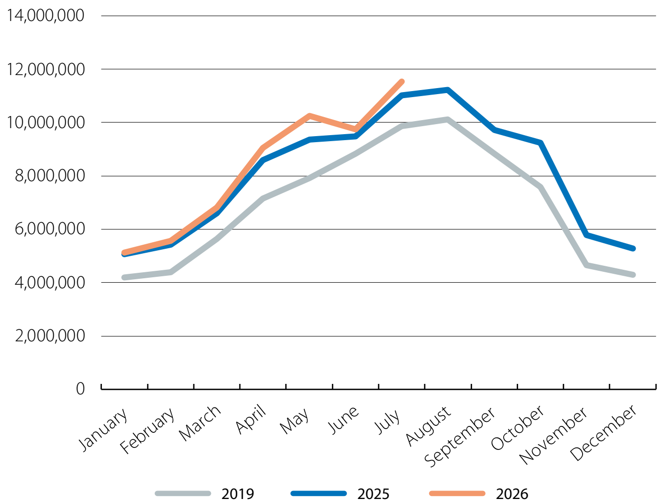
Residential activity picks up slightly in June, but the underlying trend remains one of moderation. Property sales increased by 1.6% year-on-year in June, following several months of declines, with the accumulated volume over the past 12 months reaching 704,000 transactions. This is a historically high level, suggesting that the moderation should be interpreted as a normalisation rather than a change of cycle. However, the sharp rise in prices is gradually eroding households' purchasing power. Financial conditions have also tightened: in January 2026, the 12-month Euribor stood at around 2.2%, whereas by August it had reached close to 3%. Residential activity is thus expected to continue losing some momentum in the coming months.

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



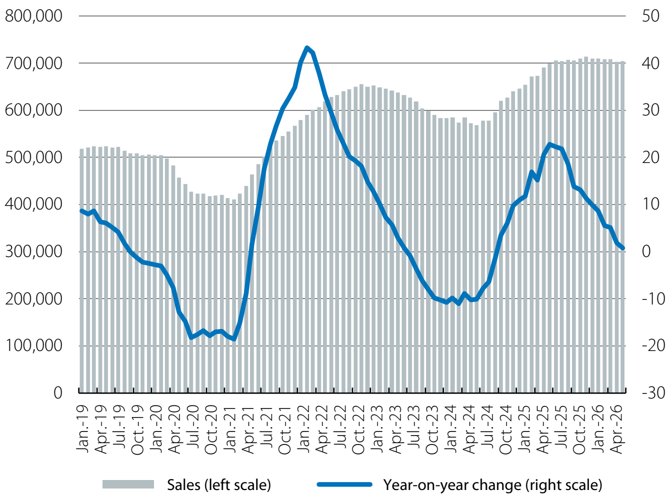
Source: *CaixaBank Research, based on data from the National Statistics Institute.*

Spain: foreign tourists
Number



Source: *CaixaBank Research, based on data from the National Statistics Institute.*

Spain: residential property sales
12-month cumulative data



Source: *CaixaBank Research, based on data from the National Statistics Institute.*

Spain's external sector drives the post-pandemic expansion

Spanish exports have emerged as one of the drivers of economic growth in the current expansion phase following the pandemic in 2020. Exports now account for 36.0% of GDP, exceeding pre-pandemic levels (34.7% in 2019) and, even more so, those of 2007 (25.9%) prior to the financial crisis. In this article, we analyse their evolution during this expansionary cycle and delve into the details by type of goods and services, comparing it with the previous expansionary cycle (2014-2019) in order to understand the source of the improvement in the external sector's performance.

Exports of goods lose momentum

In the realm of goods, exports have shown a loss of momentum in recent years. On one hand, the contribution from goods exports to real GDP growth has fallen sharply, from an annual average of 0.75 pps in 2014-2019 to 0.0 pps in 2020-2026 (see second chart). As can be seen in the third chart, this loss of dynamism is widespread, except for in exports of other products.[1] The slowdown is particularly pronounced in machinery and transport equipment (possibly reflecting the difficulties faced by the automotive sector), in manufacturing and in food, the latter being significantly affected by the sector's poor performance in 2022 and 2023 due to the drought that ravaged the country.

Regarding export destinations, no substantial changes are observed compared to the pre-pandemic period. The euro area countries remain our main clients and have even increased their share of the total, rising from 51.8% in 2014-2019 to 54.0% in 2020-2026. France and Germany top the list, although they have lost some prominence (0.1 and 0.6 points, respectively). Their decline has been largely offset by Portugal and Belgium, which have gained 1.1 and 1.0 points (see fourth chart). Within the top 10 destinations, the most notable change is the decline in the United Kingdom's share (almost 1 point), linked to Brexit.

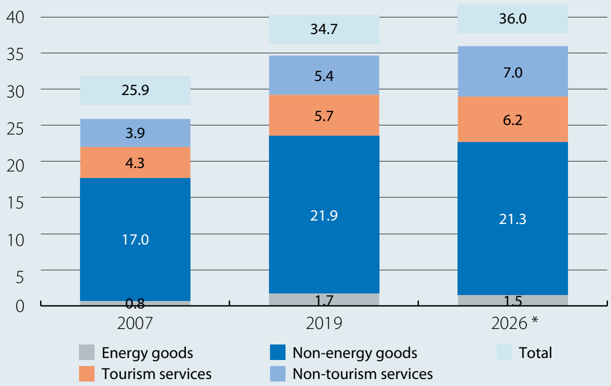
Service exports, the pillar of growth

Regarding service exports, a distinction must be made between tourism and non-tourism services. Tourism continues to be a key pillar of Spain's external sector and its contribution to average real GDP growth remains similar to during the pre-pandemic period (0.24 pps in 2014-2019 and 0.23 pps in 2020-2026). However, in this article, we want to focus on non-tourism service exports, where we see an improvement. In particular, they are making a significant contribution to real GDP growth,

1. Mainly includes unclassified goods and postal packages, non-legal tender coins, and non-monetary gold.

Spain: exports of goods and services

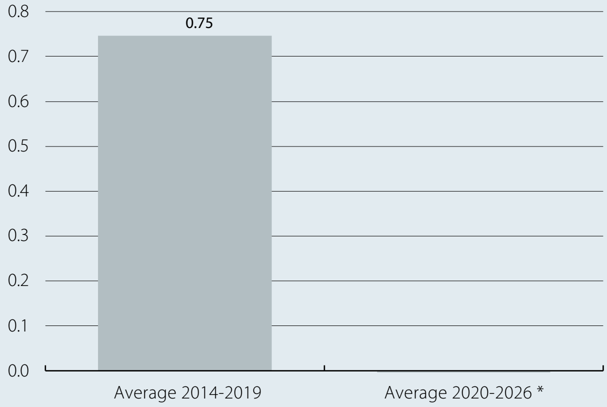
(% of GDP)



Notes: *Trade data for goods according to the SITC classification. * Cumulative data for the 12 months to May.*
Source: *CaixaBank Research, based on data from the National Statistics Institute and the Bank of Spain.*

Spain: goods exports

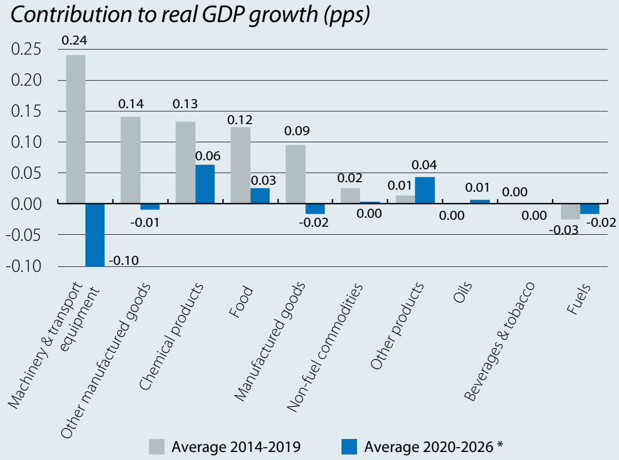
Contribution to real GDP growth (pps)



Note: ** Cumulative data up to Q2.*
Source: *CaixaBank Research, based on data from DataComex and the National Statistics Institute.*

Spain: goods exports

Contribution to real GDP growth (pps)



Note: ** Cumulative data to June.*
Source: *CaixaBank Research, based on data from DataComex and the National Statistics Institute.*

contributing an average of 0.55 points annually from 2020 to 2026, compared to 0.33 points during the period 2014-2019.

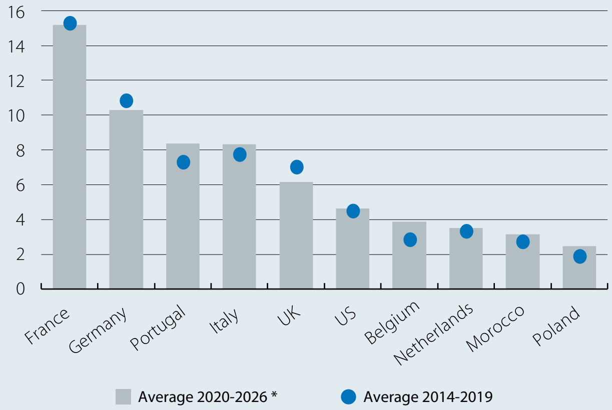
Unfortunately, we do not have price indices for the components of non-tourism services, so the analysis of each type of service's contribution to growth must be based on nominal data.[2] As can be seen in the last chart, there have been notable contributions to nominal GDP growth from business services (0.3 points), and from transport and technology services (0.1 points each). Business services in particular have increased their contribution the most (by 0.2 points) relative to the previous period.

As a result, we are witnessing a structural transformation of Spain's external sector, as growth is increasingly being driven by high value-added exports, particularly in business and technology services. These are knowledge-intensive activities that create skilled and better-paid jobs and typically have relatively high productivity and margins. Ultimately, in addition to exporting goods and attracting tourists, Spain is increasingly exporting knowledge, technology, and professional services.

Catalina Becu and Sergio Díaz

Spain: goods exports by destination

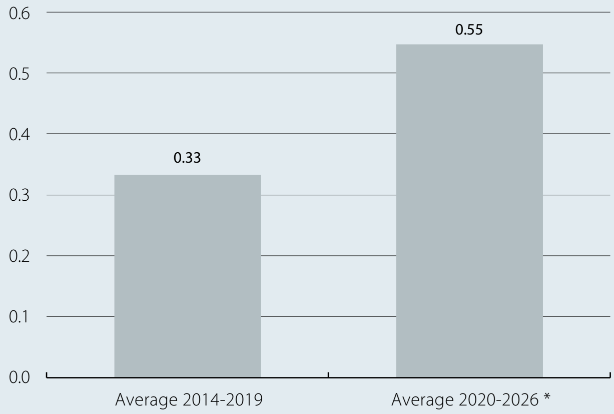
(% of the total)



Note: ** Cumulative data for the 12 months to May. The chart shows the main destinations.*
Source: *CaixaBank Research, based on data from DataComex.*

Spain: non-tourism service exports

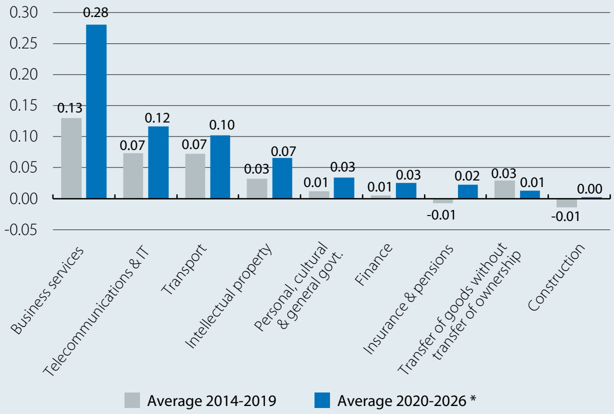
Contribution to real GDP growth (pps)



Note: ** Cumulative data for four quarters up to Q1.*
Source: *CaixaBank Research, based on data from the National Statistics Institute (CNTR).*

Spain: non-tourism service exports

Contribution to nominal GDP growth (pps)



Note: ** Cumulative data for four quarters up to Q1.*
Source: *CaixaBank Research, based on data from the Bank of Spain and the National Statistics Institute.*

2. In any case, the average annual contribution from non-tourism service exports to nominal GDP growth is very similar to that of real GDP: it has increased from 0.33 to 0.66 points, so the analysis of contributions to nominal GDP remains informative.

How do we shop? Scroll down & click!

Consumption is one of the main drivers of the Spanish economy. In recent years, it has grown at a rate of around 3% in real terms. So far, few surprises. Where profound changes have occurred, however, is the way in which this consumption takes place, particularly for certain population groups and in specific sectors. Many people still visit physical shops to see, touch and try the product before purchasing it. However, people are increasingly making their purchases through digital channels. Some, in fact, already carry out most of their spending online. Who are these digital consumers? In which sectors are they most present?

E-commerce took a leap forward during the pandemic.[1] Although online shopping had already been gaining ground prior to 2020, the mobility restrictions led many people to discover the benefits of shopping from home. Since then, spending through digital channels as a share of total card spending and cash withdrawals has continued to rise, now reflecting an increase of nearly 10 pps compared to 2019 (see first chart).

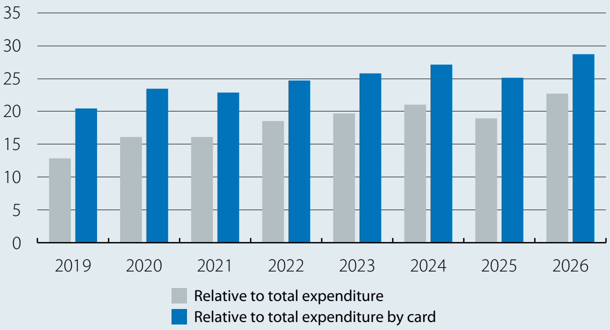
This progress has been widespread. The growth of online shopping has occurred in both urban and rural areas and across all income levels. Before the pandemic, the share of e-commerce was very similar across different income groups, and it remains so today, albeit at significantly higher levels.

What differentiates consumption patterns are age and sector (see second chart). Young people are, by far, the group that allocates the largest proportion of their spending to the digital channel. They were already the most digitalised before the pandemic, and they have also led the biggest shift in behaviour. At the other end of the spectrum, older people have barely changed their shopping habits, and their online spending still accounts for less than 10% of their total spending.

It does not seem like we will be abandoning e-commerce any time soon. Indeed, the more time passes, the harder it becomes to change established consumption habits. Thus, the older generations, who throughout their lives have shopped in physical shops, remain loyal to this channel. Middle-aged people have significantly increased

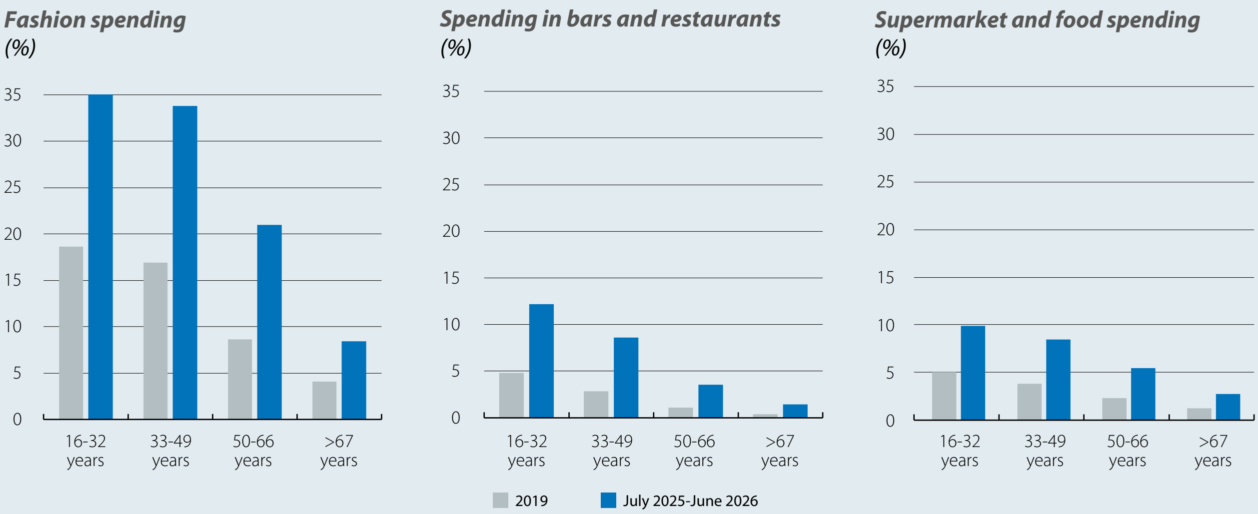
Spain: e-commerce as a share of total consumption

(%)



Notes: *Online spending includes purchases made through digital channels using cards issued by CaixaBank. Total expenditure by card includes all purchases made by card (both in-person and online). Total expenditure also includes cash withdrawals at ATMs. Data for 2026 is up until June.*
Source: *CaixaBank Research, based on internal data.*

Spain: share of e-commerce consumption, by age and period



Note: *Spending carried out with cards issued by CaixaBank.*
Source: *CaixaBank Research, based on internal data.*

1. Study conducted using anonymised data on spending with cards issued by CaixaBank.

their digital spending and continue this pattern as they age. Moreover, all the indicators suggest that today's young people will not reverse this trend over time either. In fact, the new generations purchase more online than young people did before the pandemic. Those young people from back then, meanwhile, are now slightly older and continue to buy more online than previous generations did at their age (see third chart).

The sector where e-commerce has achieved the greatest penetration is fashion. Both young people and adults now carry out around a third of their spending in this sphere through digital channels. It is also in the fashion sector where a higher proportion of consumers are predominantly digital: around 20% of young people and adults make more than half of their purchases online (see fourth chart). Even among older people, significant changes are observed, with nearly 8% of their fashion purchases being made online.[2]

In supermarkets and food, the share of digital purchases has also increased in recent years, especially among young people, although it remains lower than that observed in fashion. This does not prevent sharp upturns from occurring at certain times and breaking with usual patterns. During the World Cup, for example, on the days when the Spanish team played, in-person spending in bars increased by 36.3% compared to a normal day. At the same time, online spending on bars and restaurants increased by 43.3%.

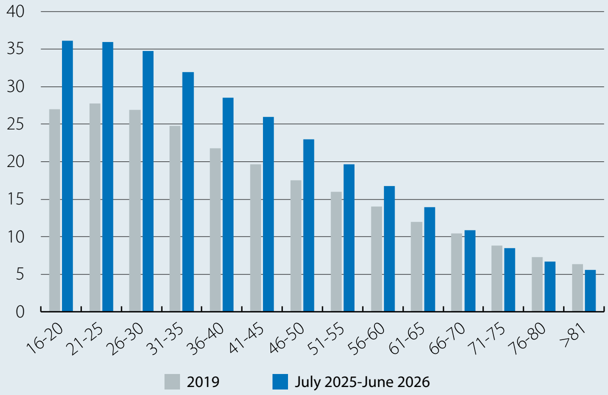
This time, the increase in in-person spending was mainly driven by younger people: their spending in bars soared by 70.6% while the national team was playing (see fifth chart). The increase in spending on bars and restaurants through digital channels was more widespread, although it was also young people who increased their orders for home deliveries while watching the match. Consumption patterns are different. The desire to celebrate, not so much.

Oriol Aspachs and Eduard Alcobé

2. Spending on major platforms cannot be categorised and accounts for approximately 20% of total online expenditure.

Spain: share of e-commerce expenditure by age cohort in 2019

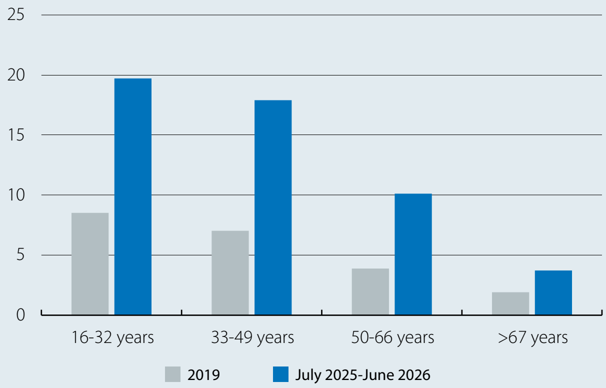
(%)



Note: *Spending carried out with cards issued by CaixaBank.*
Source: *CaixaBank Research, based on internal data.*

Spain: digital consumers in fashion by age and period

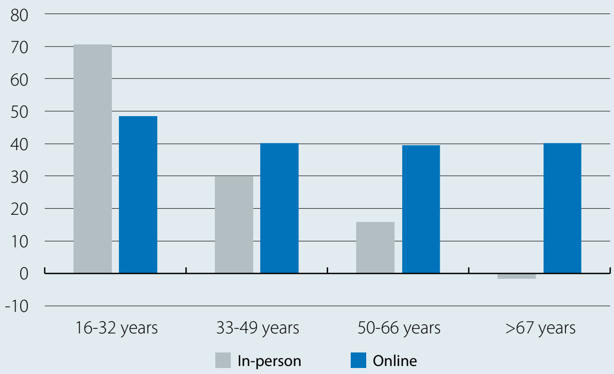
People who spend more online than in person (%)



Note: *Spending carried out with cards issued by CaixaBank.*
Source: *CaixaBank Research, based on internal data.*

Spain: impact of the World Cup by age group

Year-on-year change (%)



Note: *Expenditure carried out with cards issued by CaixaBank during the hours around the Spanish national team's matches in the 2026 World Cup compared to an equivalent day the previous year.*
Source: *CaixaBank Research, based on internal data.*

Activity and employment indicators

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

	2024	2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	06/26	07/26	08/26
Industry									
Industrial production index	0.4	1.3	2.4	1.8	0.5	2.1	1.1	...	...
Indicator of confidence in industry *(value)*	–4.9	–4.8	–5.0	–3.9	–3.1	–4.0	–3.1	–2.5	–3.7
Manufacturing PMI *(value)*	52.2	50.9	52.6	51.1	49.3	50.9	49.7	50.2	49.5
Construction									
Building permits *(cumulative over 12 months)*	16.7	8.8	7.9	8.8	...	...	...	...	...
House sales *(cumulative over 12 months)*	9.7	11.4	18.6	11.4	5.5	0.8	0.8	...	...
House prices	8.4	12.7	12.8	12.9	12.9	...	...	...	...
Services									
Foreign tourists *(cumulative over 12 months)*	10.1	3.2	4.3	3.2	2.7	3.2	3.2	3.5	...
Services PMI *(value)*	55.3	54.5	54.2	56.4	52.9	50.7	54.2	58.3	57.8
Consumption									
Retail sales[1]	1.7	4.3	4.5	4.1	3.3	0.8	0.6	–0.3	...
Car registrations	7.2	12.9	16.9	8.0	7.6	5.0	7.8	3.7	11.8
Economic sentiment indicator *(value)*	103.1	103.1	102.7	104.3	105.2	102.9	103.4	104.3	102.1
Labour market									
Employment[2]	2.2	2.6	2.6	2.8	2.4	2.3	...	...	...
Unemployment rate (% labour force)	11.3	10.5	10.5	9.9	10.8	9.9	...	...	...
Registered as employed with Social Security[3]	2.4	2.3	2.3	2.4	2.3	2.6	2.8	2.9	3.1
GDP	**3.5**	**2.8**	**2.7**	**2.7**	**2.7**	**2.7**	...	...	...

Prices

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

	2024	2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	06/26	07/26	08/26
General	2.8	2.7	2.8	3.0	2.7	3.2	3.2	3.6	4.3
Core	2.9	2.3	2.4	2.6	2.7	2.9	2.9	3.0	2.9

Foreign sector

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

	2024	2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	06/26	07/26	08/26
Trade of goods									
Exports *(year-on-year change, cumulative over 12 months)*	0.2	0.7	0.8	0.7	0.2	1.2	1.2	...	...
Imports *(year-on-year change, cumulative over 12 months)*	0.1	4.6	4.6	4.6	1.7	4.5	4.5	...	...
Current balance	**50.7**	**49.5**	**48.2**	**49.5**	**48.6**	**40.5**	**40.5**	**...**	**...**
Goods and services	66.3	64.7	62.5	64.7	67.1	62.2	62.2	...	...
Primary and secondary income	–15.7	–15.1	–14.3	–15.1	–18.6	–21.6	–21.6	...	...
Net lending (+) / borrowing (–) capacity	**68.7**	**66.9**	**66.6**	**66.9**	**65.8**	**57.6**	**57.6**	**...**	**...**

Credit and deposits in non-financial sectors[4]

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

	2024	2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	06/26	07/26	08/26
Deposits									
Household and company deposits	5.1	4.8	4.9	4.8	5.5	5.0	5.0	4.8	...
Demand and notice deposits	2.0	6.7	7.2	6.7	7.1	5.0	5.0	4.2	...
Time and repo deposits	23.5	–4.7	–6.6	–4.7	–2.2	5.4	5.4	8.0	...
General government deposits[5]	23.1	4.9	7.2	4.9	5.0	8.5	8.5	4.6	...
TOTAL	**6.3**	**4.8**	**5.1**	**4.8**	**5.5**	**5.3**	**5.3**	**4.8**	**...**
Outstanding balance of credit									
Private sector	0.7	3.5	2.8	3.5	3.8	2.0	2.0	3.3	...
Non-financial firms	0.4	2.9	2.3	2.9	3.7	3.8	3.8	4.5	...
Households - housing	0.3	3.5	2.9	3.5	3.7	3.7	3.7	3.8	...
Households - other purposes	2.3	4.6	3.7	4.6	4.3	–6.8	–6.8	–0.9	...
General government	–2.6	10.7	12.9	10.7	8.1	8.3	8.3	2.5	...
TOTAL	**0.5**	**3.9**	**3.4**	**3.9**	**4.1**	**2.4**	**2.4**	**3.3**	**...**
NPL ratio (%)[6]	**3.3**	**2.7**	**2.9**	**2.7**	**2.6**	**2.5**	**2.5**	**...**	**...**

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.*

The Portuguese economy outperforms expectations in Q2

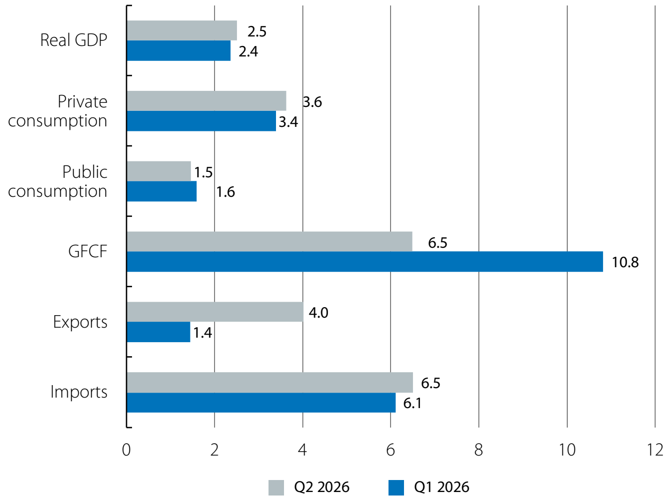
GDP exceeded expectations in Q2, growing by 0.8% quarter-on-quarter and 2.5% year-on-year. Domestic demand contributed 3.8 pps to year-on-year growth, 0.8 points less than in Q1 2026. This was due to a slowdown in the contribution from investment, which had recorded exceptionally high growth in the previous quarter. Consumption, meanwhile, remained strong. The contribution from external demand became less negative, standing at –1.3 pps. This was driven by more dynamic exports, which grew by 4.0%. Imports continued to record strong growth, especially services (+16.0%, 8.8 pps higher than in Q1 2026), while goods imports slowed. The Portuguese economy's strong performance this quarter introduces upside risks to our GDP growth forecast for 2026 (1.8%), as several supporting factors remain in place, including the strong labour market and the execution of NGEU funds, now in their final phase.

Inflation accelerated in August, while the labour market remained stable. Headline inflation reached 3.3% (vs. 3.0% in July). According to the National Statistics Institute's flash estimate, this increase was almost entirely due to rising fuel prices, which resulted in a further increase in energy inflation (+12.2% year-on-year, compared to 8.7% in July). Unprocessed food inflation slowed to 3.4% (vs. 3.7% in July). Core inflation continues to follow a more contained pattern (2.7%, 0.1 pps higher than in July) and so far there are no signs of energy goods affecting other components of the basket. The unemployment rate remained at 5.7% in July, while the employed population stood at 5.347 million people. This figure is 0.1% lower than in June, but the trend remains positive (+1.5% compared to July 2025), suggesting that the labour market will continue to show strength in the coming months, albeit with signs of stabilisation.

Tourism records moderate growth and the external accounts register their worst result since 2022. Tourist accommodation establishments received 3.4 million guests (+1.0% year-on-year) and recorded 9.6 million overnight stays (+2.1% year-on-year). This places the cumulative growth in the number of tourists and overnight stays at 1.8% and 1.5%, respectively, driven mainly by the strength of resident tourism. The combined balance of the current and capital accounts stood at 1.2 billion euros (cumulative balance to June), representing a reduction of 1.0 billion euros compared to the same period the previous year. This pattern reflects a 2.3-billion-euro deterioration in the current account balance, specifically in the balance of trade in goods (–2.5 billion euros), mainly due to the non-energy component. The services balance remained virtually unchanged (+34 million euros) as the increase in the tourism sector surplus was offset by a decline in non-tourism services.

Portugal: real GDP growth

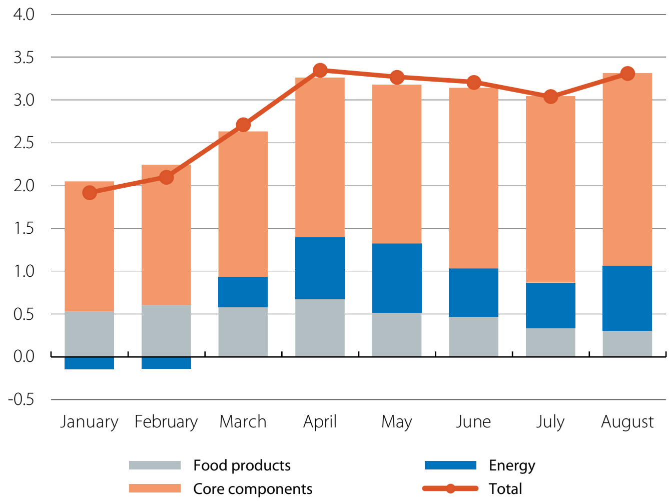
Year-on-year change (%)



Source: *CaixaBank Research, based on data from the National Statistics Institute of Portugal*

Portugal: CPI

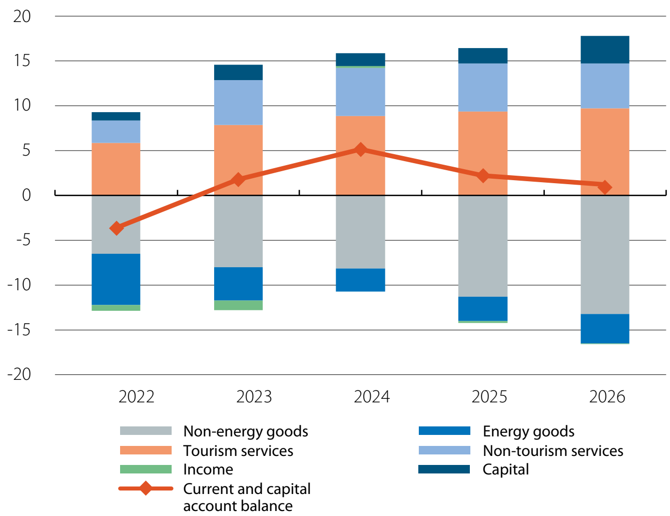
Year-on-year change (%) and contributions (pps)



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

Portugal: current and capital balances

Cumulative balance to June (EUR billions)



Source: *CaixaBank Research, based on data from Bank of Portugal.*

Activity and employment indicators

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

	2024	2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	06/26	07/26	08/26
Coincident economic activity index	2.0	2.0	2.0	2.3	2.2	2.1	2.2	2.4	...
Industry									
Industrial production index	0.8	0.7	3.3	0.6	0.4	–0.7	–1.1	–1.4	...
Confidence indicator in industry *(value)*	–6.2	–4.0	–3.2	–2.9	–2.1	–3.6	–4.4	–4.3	–4.4
Construction									
Building permits - new housing (number of homes)	6.5	21.4	9.1	16.9	–3.1	5.6	6.3	...	...
House sales	14.5	15.5	3.8	–4.7	–8.7	...	–	–	–
House prices *(euro / m² - valuation)*	8.5	17.4	18.2	18.4	17.5	16.7	16.6	15.2	...
Services									
Foreign tourists *(cumulative over 12 months)*	6.3	1.9	2.5	1.7	2.1	...	1.5	1.0	...
Confidence indicator in services *(value)*	5.5	10.1	11.6	7.7	6.0	8.2	8.5	8.4	8.4
Consumption									
Retail sales	3.3	5.3	5.8	5.3	4.4	3.6	2.7	3.0	...
Coincident indicator for private consumption	2.8	3.4	3.2	3.4	3.3	2.9	2.8	2.8	...
Consumer confidence index *(value)*	–18.0	–16.2	–16.2	–15.2	–16.2	–25.6	–25.9	–22.6	–20.5
Labour market									
Employment	1.2	3.2	3.7	3.7	2.3	2.9	2.2	1.6	...
Unemployment rate (*% labour force*)	6.4	6.0	5.8	5.8	6.1	5.3	5.7	5.7	...
GDP	**2.2**	**1.9**	**2.2**	**1.9**	**2.4**	**2.5**	–	–	–

Prices

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

	2024	2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	06/26	07/26	08/26
General	2.4	2.3	2.6	2.2	2.2	3.3	3.2	3.0	3.3
Core	2.5	2.2	2.3	2.1	1.9	2.3	2.5	2.6	2.7

Foreign sector

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

	2024	2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	06/26	07/26	08/26
Trade of goods									
Exports *(year-on-year change, cumulative over 12 months)*	2.0	0.6	1.6	0.1	–3.2	0.0	0.0	...	...
Imports *(year-on-year change, cumulative over 12 months)*	2.0	4.1	6.9	4.5	3.7	4.2	4.2	...	...
Current balance	**6.5**	**3.8**	**3.4**	**3.6**	**2.3**	**1.2**	**1.2**	**...**	**...**
Goods and services	6.4	3.7	3.2	3.0	1.7	0.5	0.5	...	...
Primary and secondary income	0.1	0.1	0.2	0.6	0.6	0.7	0.7	...	...
Net lending (+) / borrowing (–) capacity	**9.6**	**8.3**	**7.6**	**8.3**	**7.7**	**7.3**	**7.3**	**...**	**...**

Credit and deposits in non-financial sectors

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

	2024	2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	06/26	07/26	08/26
Deposits [1]									
Household and company deposits	7.5	5.4	6.3	5.4	6.4	6.9	6.9	6.3	...
Sight and savings	–0.3	8.1	8.6	8.1	7.9	7.3	7.3	7.1	...
Term and notice	15.3	3.1	4.3	3.1	5.1	6.5	6.5	5.6	...
General government deposits	26.7	28.7	–0.5	28.7	20.4	9.2	9.2	19.9	...
TOTAL	**7.9**	**6.0**	**6.1**	**6.0**	**6.9**	**7.0**	**7.0**	**6.8**	**...**
Outstanding balance of credit [1]									
Private sector	1.9	6.6	5.8	6.6	7.7	8.2	8.2	8.4	...
Non-financial firms	–1.0	2.6	2.2	2.6	4.3	4.8	4.8	5.2	...
Households - housing	3.0	9.3	8.0	9.3	9.8	10.6	10.6	10.8	...
Households - other purposes	5.4	7.0	6.9	7.0	8.4	8.2	8.2	8.2	...
General government	0.6	6.4	4.8	6.4	3.2	3.2	3.2	5.8	...
TOTAL	**1.9**	**6.6**	**5.7**	**6.6**	**7.5**	**8.0**	**8.0**	**8.4**	**...**
NPL ratio *(%)* [2]	**2.4**	**2.1**	**2.3**	**2.1**	**2.1**	**2.1**	–	–	–

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.*

Through our studies, we help to stimulate debate and the exchange of views among all sectors of society, as well as to promote the dissemination of the major themes of the socio-economic environment of our time. Both the *Monthly Report* and the rest of CaixaBank Research's publications are available at: www.caixabankresearch.com

We recommend:

Brief Notes on Economic and Financial Developments

Assessment of the main macroeconomic indicators for Spain, Portugal, the euro area, the US and China, as well as of the meetings of the European Central Bank and the Federal Reserve.

Consumption tracker

Monthly analysis of the evolution of consumption in Spain using big data techniques, based on expenditure with cards issued by CaixaBank, non-customer expenditure registered on CaixaBank POS terminals and cash withdrawals from CaixaBank ATMs.

Currency flash report

Flash report on developments in the euro's exchange rate with the major currencies: the US dollar, pound sterling, Japanese yen and Chinese yuan. It offers technical, structural and predictive analysis.

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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