



Spain

Macroeconomic & Financial Outlook

CaixaBank Research

October 2026

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Activity

- ▶ **Geopolitical uncertainty, supply risks and low inventories continue to keep energy prices elevated.** Brent has traded at \$100–110/b since mid-September, while TTF averaged above €70/MWh in September. Futures point to Brent at \$91/b in 2026 and \$86/b in 2027, above our current forecasts of \$87/b and \$79/b. European gas futures stand at €56/MWh and €57/MWh, also above our forecasts of €53/MWh and €45/MWh.
- ▶ **The ECB raised the deposit rate by 25bp to 2.50% in September** and signalled that further tightening is likely, amid a worsening energy outlook and increased risks of a significant and prolonged deviation of inflation from target. We expect the deposit rate to reach 2.75% by end-2026 and 3.00% in spring 2027, while markets are pricing in a more aggressive path towards 3.25%.
- ▶ **Spanish GDP growth has been revised upwards in 2026 to 2.6% (+0.2pp) but projections left unchanged thereafter (2.0% in 2027). The revision is driven by the incorporation of the stronger-than-expected Q2 GDP data.** Looking ahead, the stronger underlying momentum of the economy is offset by rising energy prices and interest rates. We revise average inflation in 2026 and 2027 upwards by 0.2pp and 0.1pp, respectively, to 3.4% and 2.5% due to higher energy prices.
- ▶ **Spanish growth should remain dynamic and domestically driven in 2026 and 2027.** Population growth linked to immigration inflows, elevated household savings, ongoing investment spurred by NGEU and strong services exports should continue to support activity, partly offsetting weaker goods trade.
- ▶ **Available indicators suggest the economy maintains a good pace of growth** albeit one slightly lower than that of the previous quarter. Our nowcasting model forecasts GDP quarter-on-quarter growth of 0.6% in Q3. The Q3 GDP figure will be released on October 30.
- ▶ **Headline inflation rose by 0.6pp to 4.9% in September, mainly driven by higher energy prices,** with industrial goods also surprising to the upside. **Risks are tilted to the upside,** as persistently high energy prices could push average inflation in 2026 slightly above the 3.4% projected in our current forecast.
- ▶ **We have updated our house price growth forecasts to 12.2% and 7.2% for 2026 and 2027,** respectively (12.5% and 6.5% previously, based on the MIVAU appraisal value). Demand remains strong, although higher prices are gradually weighing on affordability, while limited supply continues to support house prices.
- ▶ **The fiscal deficit remains contained.** The deficit is expected to reach 2.3% of GDP in 2026, 0.1pp below the 2025 level. Although temporary measures related to the Middle East conflict and the February storms will cost around 0.7% of GDP, stronger fiscal revenue growth should offset the fiscal impact. Public debt will end 2026 below 99% of GDP according to our forecasts.

Banking Sector

New lending remains at elevated levels, while the credit portfolio continues to grow at a strong pace. Asset quality remains strong, with the NPL ratio contained at around 2.5% in July. Profitability continues to rank among the highest in Europe, with Spanish banks posting a 16.8% ROE in 2Q26, compared with 11.3% for the euro area. Geopolitical risks continue to weigh the outlook, although Spanish banks have limited direct exposure to the affected regions.

Main economic forecasts

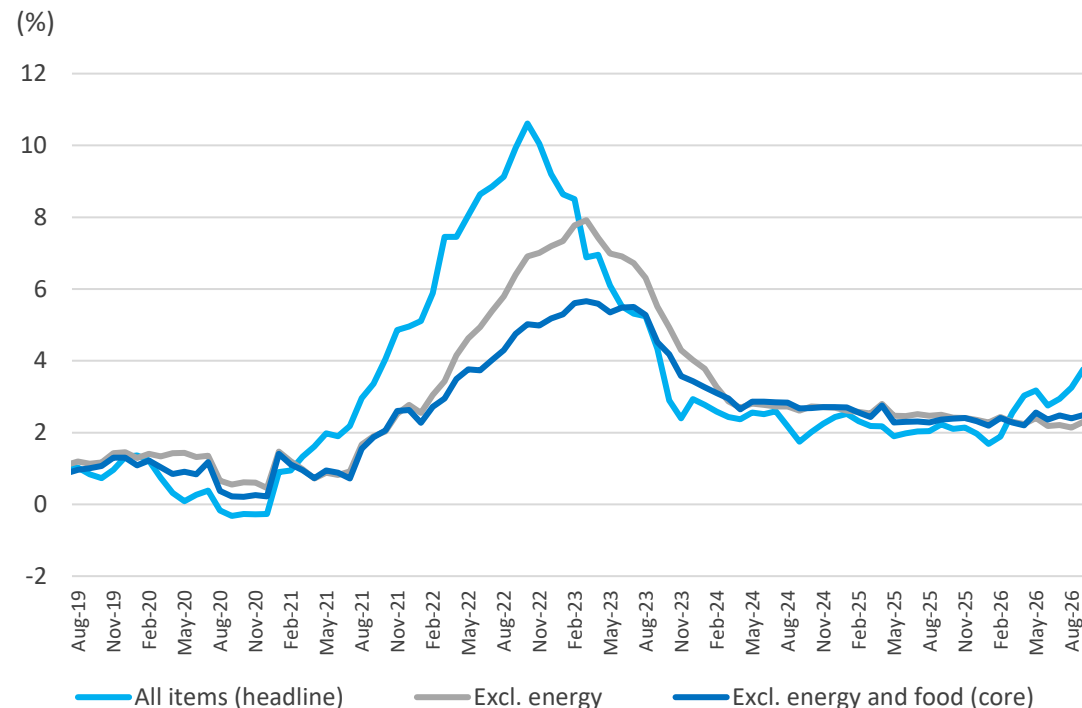
	Forecast											
% YoY. unless otherwise specified	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
GDP	2,9	2,9	2,4	2,0	-10,9	6,7	6,4	2,4	3,7	2,6	2,6	2,0
Private Consumption	2,6	3,1	1,8	1,0	-12,2	7,2	4,9	1,7	3,1	3,1	3,0	2,1
Public Consumption	0,9	1,0	2,1	2,2	3,5	3,6	0,8	4,3	3,3	2,4	2,1	2,2
Gross Fixed Capital Formation (GFCF)	2,0	6,8	6,5	4,9	-8,9	2,6	4,2	5,3	4,9	5,4	4,1	2,5
GFCF - equipment	1,6	9,1	4,2	1,7	-13,5	3,3	2,1	2,9	3,0	6,1	2,6	2,6
GFCF - construction	0,9	6,8	10,1	8,4	-8,4	0,5	4,0	4,1	5,3	5,0	4,0	2,3
Exports	5,4	5,6	1,7	2,3	-20,1	13,4	14,2	2,2	3,8	2,6	1,0	2,0
Imports	2,6	6,7	3,9	1,3	-15,1	15,0	7,7	-0,1	3,3	5,5	1,9	2,4
Unemployment rate	19,6	17,2	15,3	14,1	15,5	14,9	13,0	12,2	11,3	10,5	9,8	9,3
CPI (average)	-0,2	2,0	1,7	0,7	-0,3	3,1	8,4	3,5	2,8	2,7	3,4	2,5
External current account balance (% GDP)	3,1	2,8	1,9	2,1	0,8	0,8	0,4	2,7	3,2	2,9	2,3	2,5
General Government Balance (% GDP)	-5,3	-3,0	-2,6	-3,1	-9,9	-6,7	-4,6	-3,3	-3,2	-2,4	-2,3	-2,3
General government debt (% GDP)	101,9	101,2	99,8	97,7	119,3	115,7	109,3	105,3	101,4	100,5	98,8	97,3
Housing prices	1,9	2,4	3,4	3,2	-1,1	2,1	5,0	3,9	5,8	11,2	12,2	7,2
Risk premium (vs. 10Y Bund. bps. Dec.)	124	120	97	88	86	67	104	102	81	59	46	53
Bank credit (to the private domestic sector)	-2,9	-1,9	-2,6	-1,2	2,5	0,5	-0,4	-3,4	0,7	3,5	4,5	4,0

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

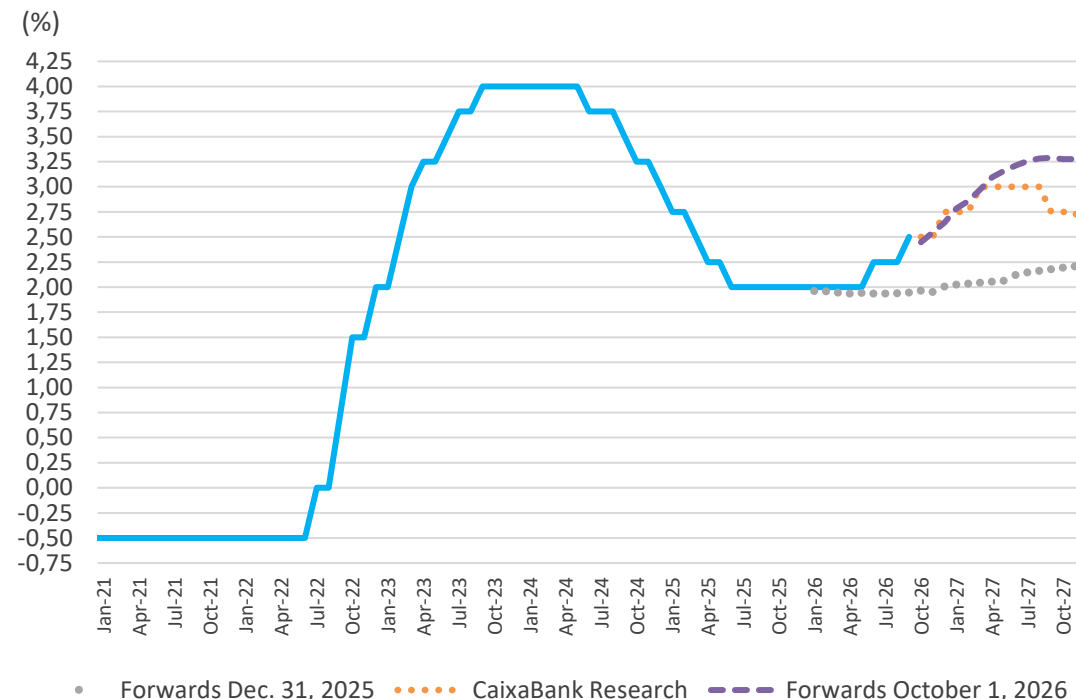
Source: CaixaBank Research.

The ECB takes another step into its “measured tightening”

Euro area: HICP inflation



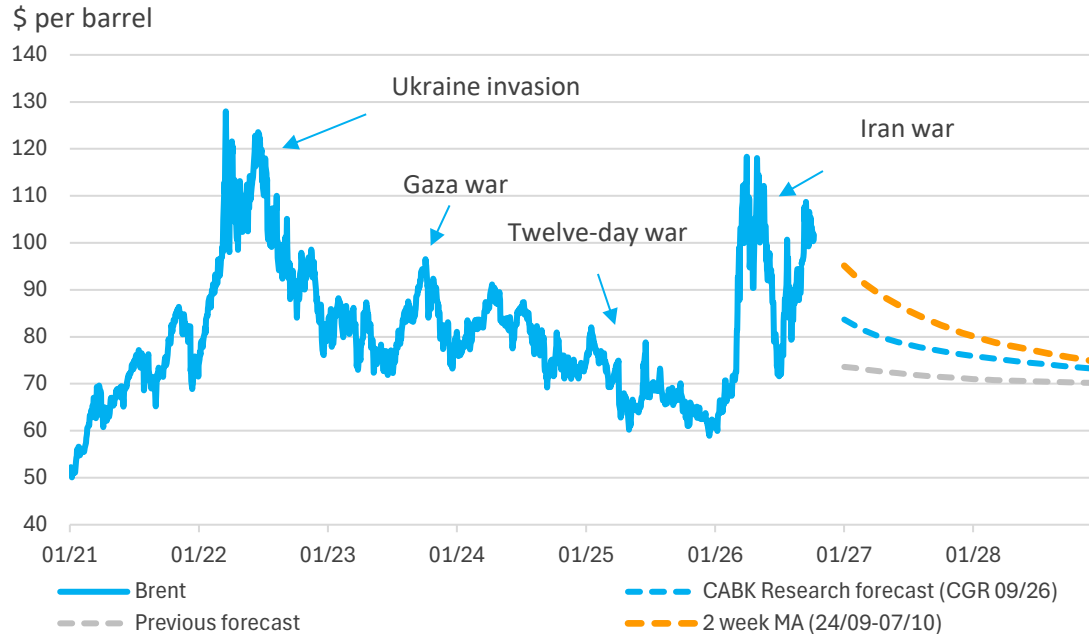
ECB deposit rate



- ▶ **The ECB hiked in September (depo at 2.50%) and sent hawkish signals.** Tighter policy is driven by the worsening outlook for energy prices and the higher risks of a significant and prolonged inflation deviation from target. Reflecting the outlook’s dependency on geopolitical events that can change swiftly, the ECB continued to stick to a “meeting-by-meeting, data dependent” approach. Yet, ECB communications suggest that there is a low bar for (at least) one more rate hike, including ECB estimates showing monetary policy becomes restrictive only when the depo reaches 2.75%, and a broad set of ECB scenarios suggesting a depo at 2.75% or even 3.00% would be a robust move given the euro area activity’s resilience.
- ▶ **We see the ECB hiking to 2.75% by end-2026 and to 3.00% in spring 2027.** We expect the ECB to start normalizing rates by the end of 2027, amid a strong drag from energy base effects on headline inflation and limited indirect and second round effects. Market expectations are more aggressive (depo at 3.25% for a prolonged time) and would be consistent with a scenario of stronger underlying inflationary pressures. So far, there is little evidence of such indirect inflation effects, but the Middle East conflict is key to the economic outlook, and it can change in fast and abrupt ways. The longer the stress on energy prices, the greater the chances of spillovers on the broad HICP basket. At the same time, markets have already shown that oil and gas prices can fall fast in response to (expectations of) improvements in energy flows (as they did last June with the U.S.-Iran memorandum of understanding).

Energy prices remain high, as the US-Iran conflict has no end in sight

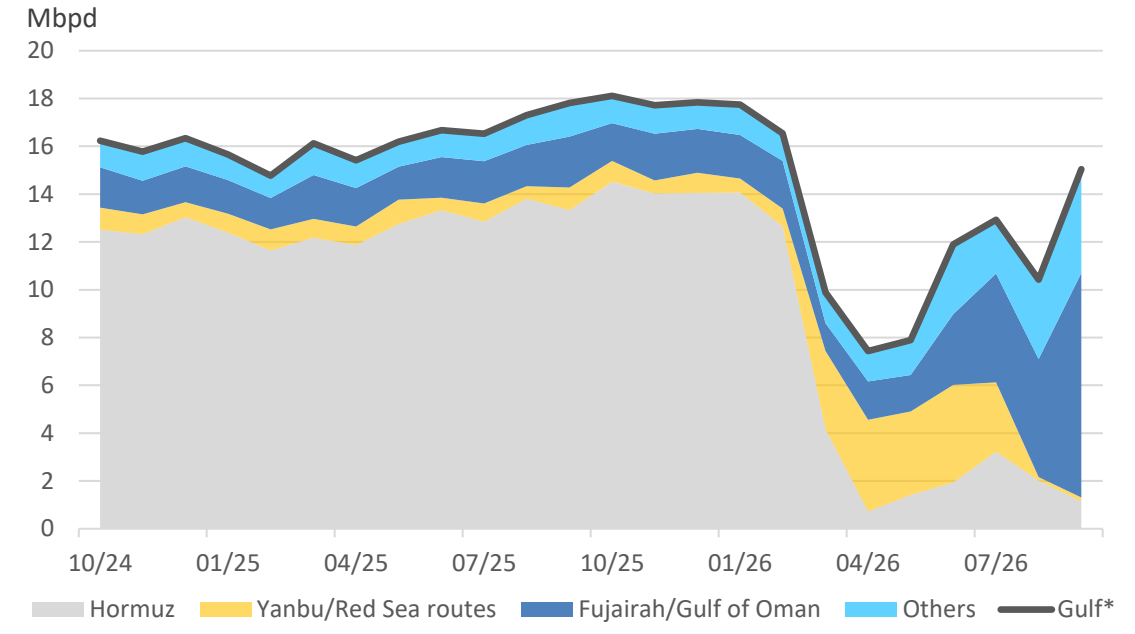
Brent oil prices and futures



Note: Graph elaborated with data as of October 7th.

Source: CaixaBank Research, based on data from Bloomberg.

Crude oil flows from Gulf countries



Note: Graph elaborated with data as of September 30th. (*) Preliminary data for September, subject to revision.

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

- ▶ **Geopolitical uncertainty, supply risks and global inventories near record lows continue to weigh on energy prices.** Brent prices have remained elevated over recent weeks, with front-end contracts trading within the 100-110\$ per barrel range since mid-September. Futures contracts point to an average of 91\$/b in 2026 and 86\$/b in 2027 (our forecast: 87\$/b and 79\$/b, respectively). Meanwhile, Houthi attacks in Saudi Arabia have practically halted oil flows in Red Sea routes, but shipments from Gulf countries have recovered to close to pre-war levels in September. While opacity in shipments' tracking data has increased, record-high departures from the port of Fujairah in September indicate that (shadow) traffic through SoH has indeed improved, as UAE's pipeline flows also remain high. Recent data for October also point to a modest recovery in flows from Saudi Arabia. While refined products' markets remain strained, the recent announcement of a 100-million-barrel release by G-7 countries and the apparent U-turn by the US administration to impose an export ban on diesel has minimized fears of a supply-crunch and moderated margins in these segments, still near record-highs.
- ▶ **Gas prices remain very high,** with the average TTF price in September exceeding 70€/MWh. Futures contracts currently point to an average of 56€/MWh in 2026 and 57€/MWh in 2027 (our forecast: 53€/MWh and 45€/MWh, respectively). This increase reflects the combination of lower-than-expected LNG supplies and stronger electricity demand. EU gas reserves now stand close to 70%, a seasonal low (average 2023-25 c. 90%), which will keep upward pressure on the European gas market into 2027.
- ▶ **While a reduction in geopolitical tensions could lead to some correction in oil and gas prices, risks remain tilted to the upside.** With US-Iran negotiations apparently at a standstill, further escalation could heighten uncertainty over supply security, while low global inventories and the vulnerability of key transport routes continue to pose significant upside risks to energy prices.

Spain: update of the macroeconomic scenario

Macroeconomic forecasts

Year-on-year (%), unless stated otherwise

	2025	2026 (f)	2027 (f)
GDP	2.6	2.6 2.4	2.0 2.0
Unemployment rate (% labor force)	10.5	9.8 9.8	9.3 9.4
Inflation	2.7	3.4 3.2	2.5 2.4
Core inflation	2.6	3.0 2.9	3.0 2.7
House prices	11.2	12.2 12.5	7.2 6.5
Budget balance (% of GDP)	-2.4	-2.3 -2.3	-2.3 -2.3
Public debt (% of GDP)	100.5	98.8 99.2	97.3 97.8

Note: In blue, previous forecasts.

Breakdown of GDP

Year-on-year (%)

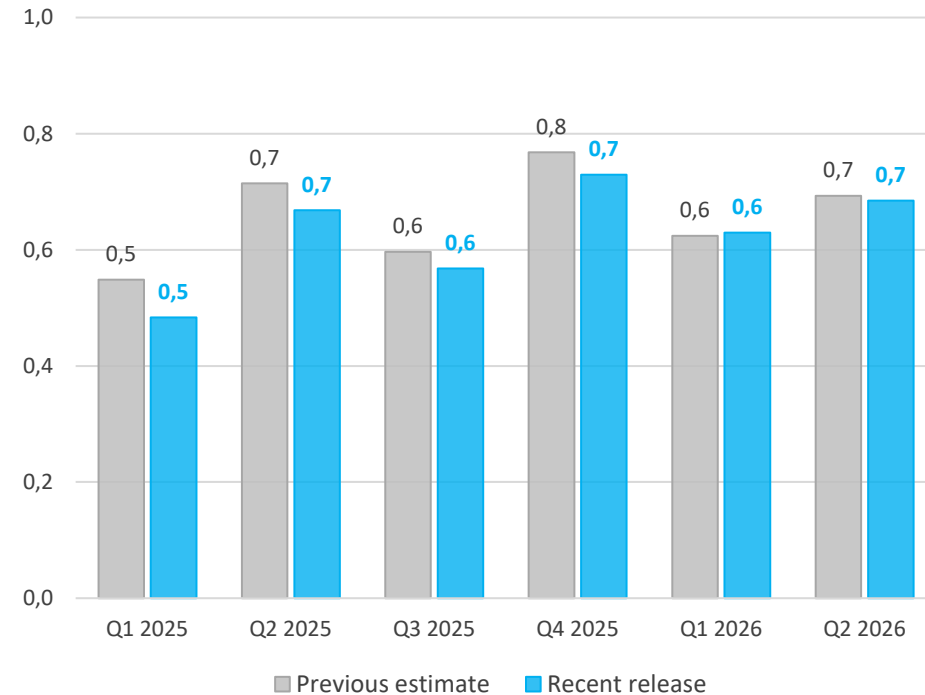
	2014-19	2025	2026 (f)	2027 (f)
GDP	2.6	2.6	2.6	2.0
Private consumption	2.2	3.1	3.0	2.1
Public consumption	1.3	2.4	2.1	2.2
Investment	5.0	5.4	4.1	2.5
Exports	4.0	2.6	1.0	2.0
Imports	4.4	5.5	1.9	2.4

- ▶ **We revise GDP growth in 2026 upwards by 0.2pp to 2.6%**, due to a better-than expected Q2 GDP growth figure (0.7% qoq vs 0.5% expected).
- ▶ **The economy is expected to continue growing at a robust pace in 2027** albeit somewhat more slowly than in previous years as some of its key growth drivers lose momentum and headwinds begin to emerge. Growth will continue to be supported by domestic demand underpinned by strong immigration inflows, the labour market's ability to absorb this demographic expansion, the sound financial position of households and firms, and the ongoing investment cycle. However, the fading boost from European funds together with higher interest rates will act as modest drags on activity. External demand, meanwhile, is expected to make a slightly negative or broadly neutral contribution as the strength of services exports is offset by rising imports, which support domestic demand, and by weak goods exports amid a challenging international environment.

Solid Spanish growth data in Q2

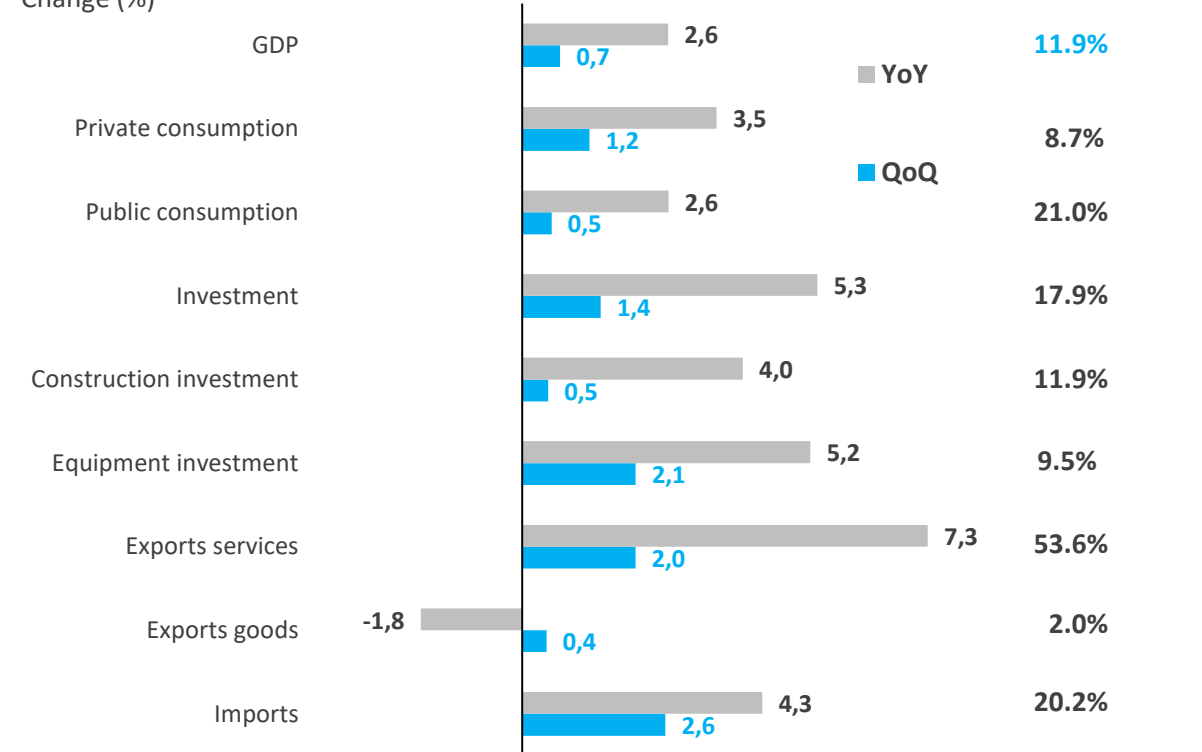
GDP growth: revisions

Quarter-on-quarter change (%)



Components of Q2 GDP

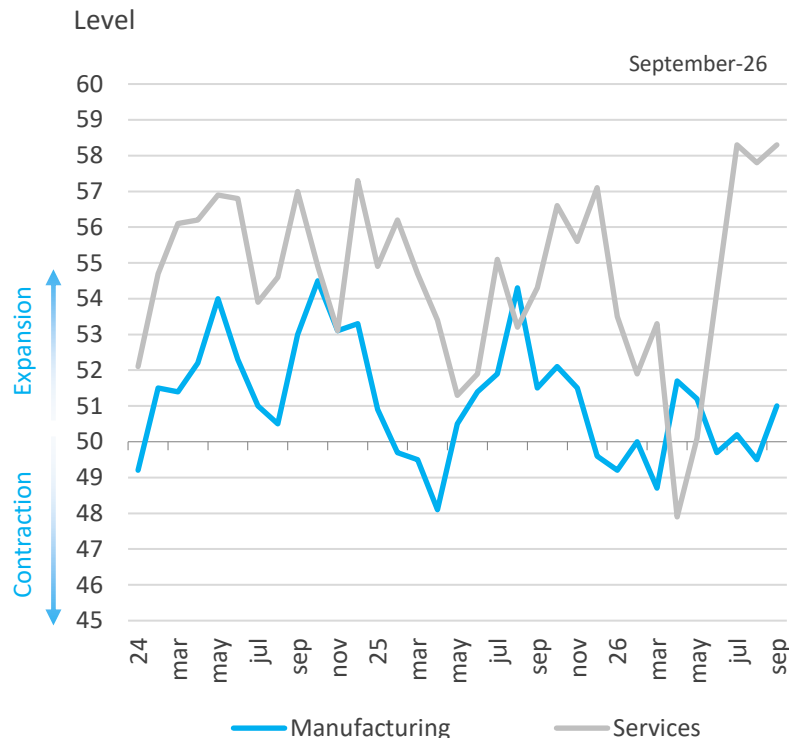
Change (%)



- ▶ **Spain's GDP exceeded expectations in Q2 2026**, growing by 0.7% qoq (2.6% yoy). This marks a 0.1pp increase from the previous quarter, outperforming our forecast of 0.5% and significantly outpacing the euro area's 0.3% growth (excluding Ireland). The strength of this figure is even more striking given the challenging international backdrop, characterized primarily—but not exclusively—by the conflict between the US and Iran.
- ▶ **Healthy growth breakdown, with substantial contributions from investment, private consumption and services exports.** Private consumption grew by a robust 1.2% qoq, despite the surge in energy prices. Investment grew 1.4% qoq, driven by non-transport equipment (2.7% qoq) and residential investment (0.9% qoq). On the external demand side, exports grew 1.0% qoq, driven mainly by the increase in services exports. Imports grew at a faster pace, by 2.6% qoq, supporting the strength of domestic demand.
- ▶ According to the latest data, average annual growth (cum. 4 quarters) in **productivity** per hour worked in the past two years was 0.6%, compared to the 0.5% annual average between 2015 and 2019.

Spain: Good indicators in Q3

PMI indices



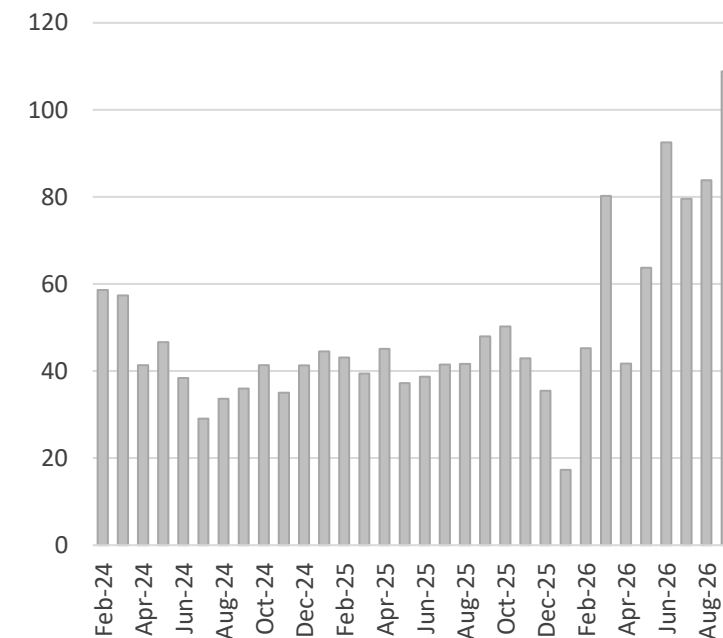
Indicators of economic activity

	Q3 2026	Q2 2026	Data up to
Workers registered to the Social Security system (qoq growth in % SA)	1.2	0.8	Sep.
Retail sales (qoq growth in %, SA)	-0.4	-0.4	Aug.
Industrial Production (qoq growth in %, SA)	0.5	1.8	Jul.
Foreign tourist expenditure (yoy growth in %)	10.0	7.4	Aug.
Manufacturing PMI level, >50 expansion	50.2	50.9	Sep.
Services PMI level, >50 expansion	58.1	50.7	Sep.

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

Social Security registered members*

Month-on-month change (thousand)



Note: (*) Seasonally adjusted.

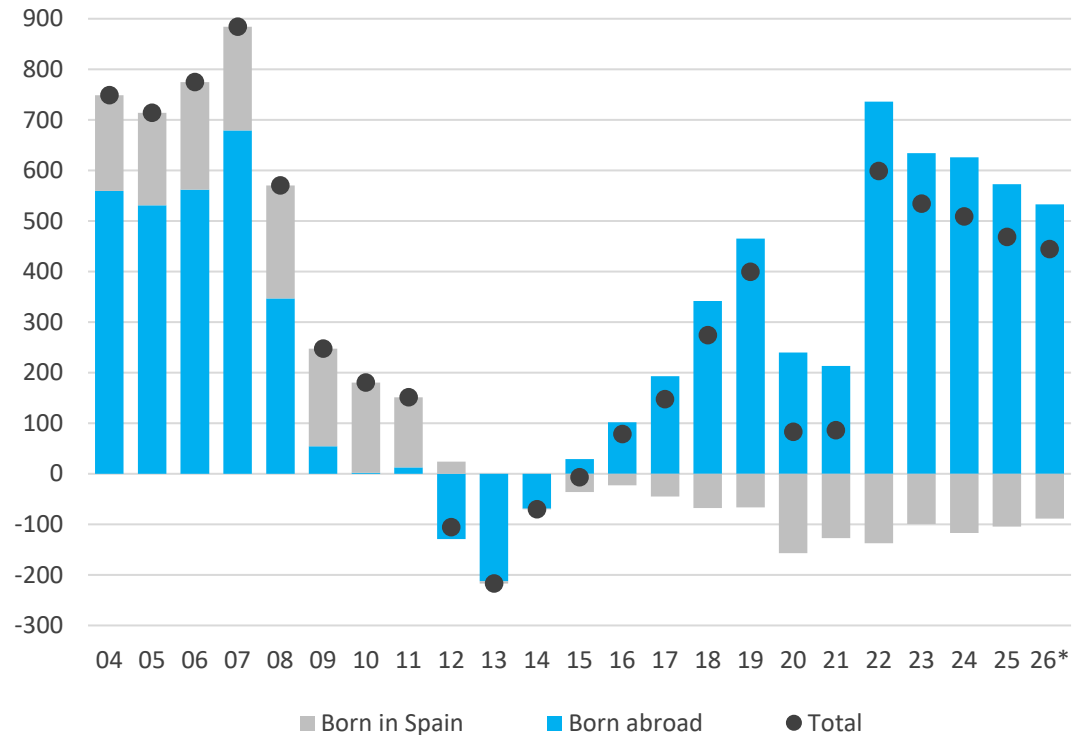
Source: CaixaBank Research, with data from the MISSM.

- ▶ **The available indicators for Q3 point to continued strength.** The services PMI rebounded sharply to 58.1 points in Q3, its highest reading since Q3 2021, signaling a strong pace of expansion in the sector; in manufacturing, the PMI stood at 50.2 points, slightly above 50-point threshold that separates expansion from contraction.
- ▶ **Labour market dynamics remain resilient in Q3.** Social Security affiliation rose by 1.2% q/q, up from 0.8% in Q2. However, the figure is boosted by the extraordinary regularization process introduced in April 2026, which allows certain undocumented migrants already residing in Spain, many of whom were working informally, to obtain residence and work permits. According to the Government, the regularization has led to an increase of 420,000 new affiliates since the start of the process.
- ▶ **Our nowcasting model points to GDP growth of 0.6% qoq.** Airef's nowcasting model forecasts quarterly growth of 0.4%. However, caution is in order as uncertainty around the forecast is larger than usual as the regularization process introduces noise in the employment indicator.

Demographics and the labour market continue to drive growth

Total population

Annual variation in thousands

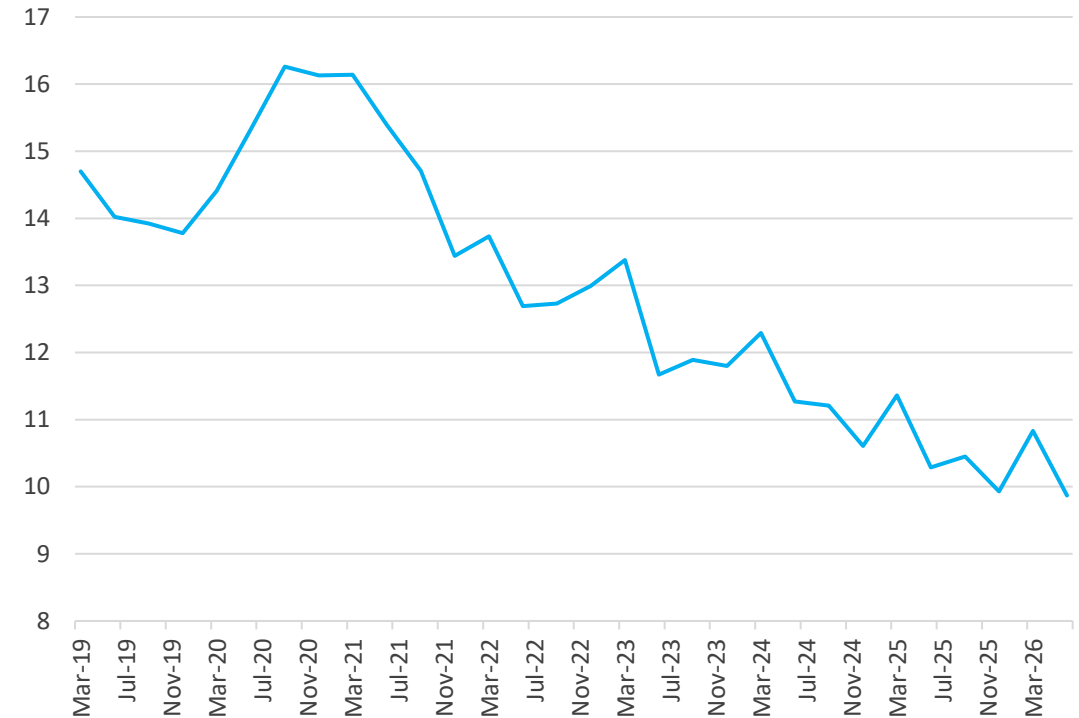


Note (*) Q2 2026 vs. Q2 2025.

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

Unemployment rate

% of active population



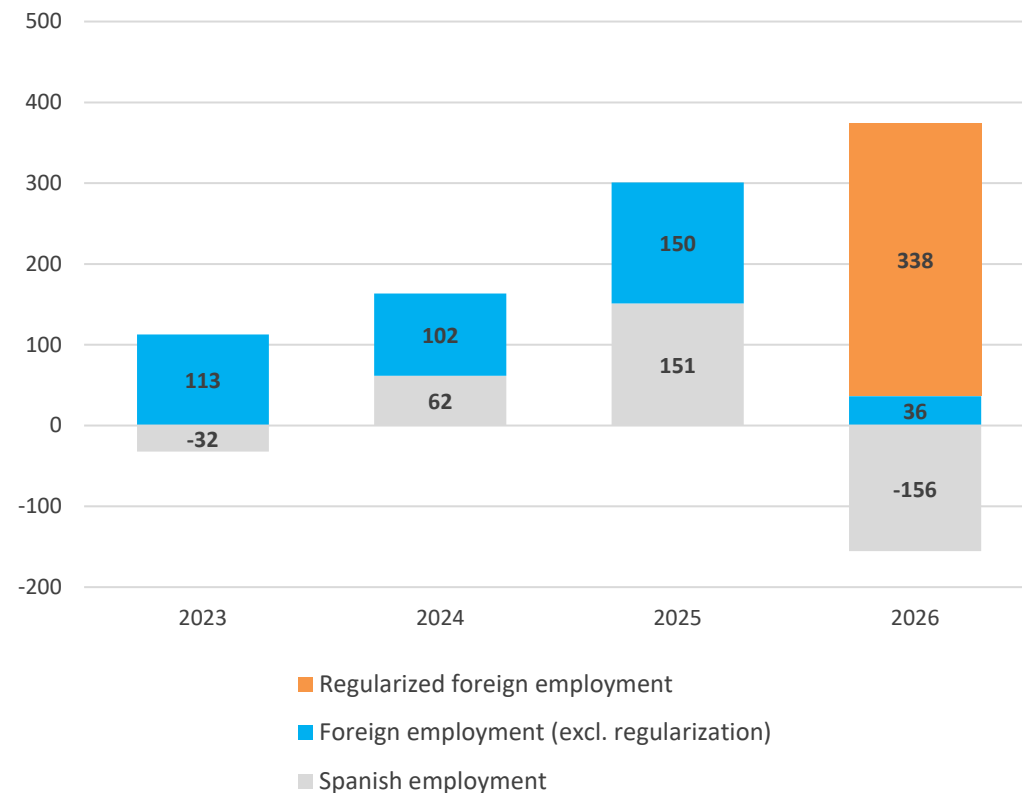
Source: CaixaBank Research, with data from EPA.

- ▶ **Employment in Spain grew by 2.3% yoy in Q2 2026**, a 0.1pp deceleration from the previous quarter. Active population grew by 1.8% yoy, remaining above the 1.7% average recorded in 2023–2025, while population grew by 1.0% year on year.
- ▶ **The unemployment rate declined to 9.9%, 0.4pp lower than a year earlier.** Adjusted for seasonality, the unemployment rate stood at 10.1%, down 0.2pp from the previous quarter.

Foreign employment gains momentum while national employment moderates

Increase in employment by nationality

Change between March 30th and August 31st, thousands

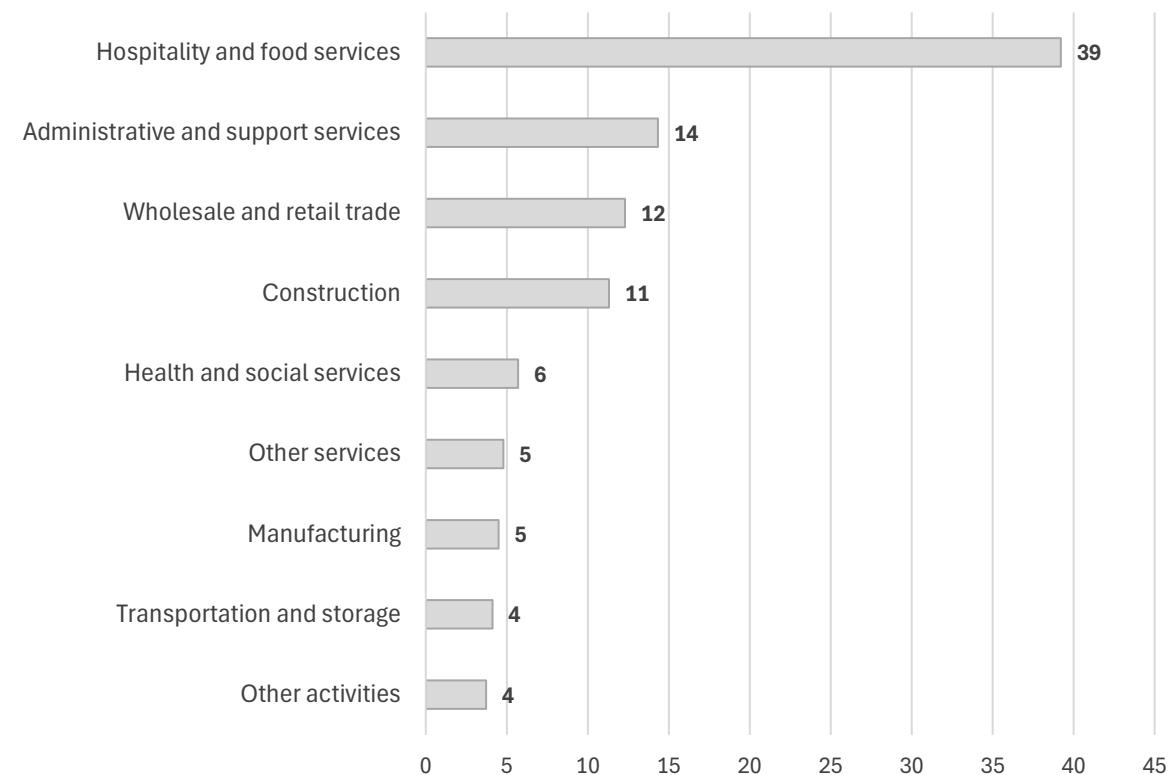


Note: End-of-month data.

Source: CaixaBank Research, based on Ministry of Inclusion, Social Security and Migration (MISSM) data.

Increase in foreign employment by sector

Change between March and August, % of total increase



Note: Difference between August and April, average data.

Source: CaixaBank Research, based on Ministry of Inclusion, Social Security and Migration (MISSM) data.

- ▶ **The extraordinary regularization process is boosting foreign employment growth**, while employment growth among nationals has slowed.
- ▶ **Foreign employment growth is highly concentrated in a handful of sectors.** Hospitality, administrative services, wholesale and retail trade, and construction account for nearly 80% of new foreign Social Security registrations between March and August.

Inflation rises to 4.9% in September due to tension in the Persian Gulf

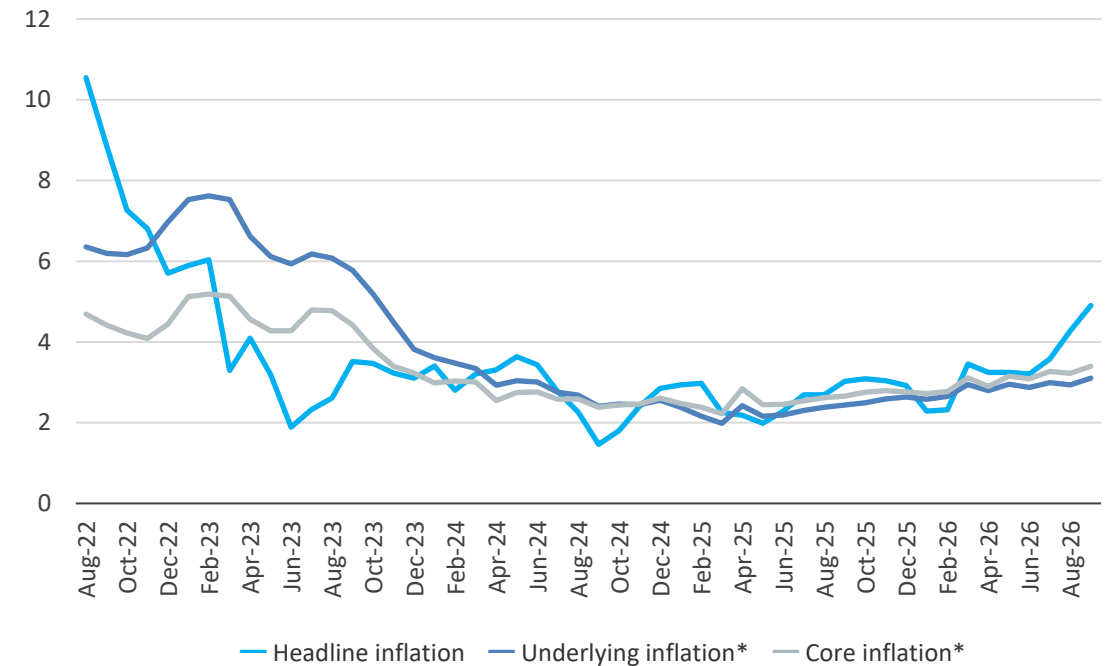
Spain: components of inflation

(%)

	Average 2025	Jun.-26	Jul.-26	Aug.-26	Sep.-26
Headline inflation	2.7	3.2	3.6	4.3	4.9
Underlying inflation (excludes unprocessed food and energy)	2.3	2.9	3.0	2.9	3.1
Core inflation (excludes all food and energy)	2.6	3.1	3.3	3.2	3.4
• Industrial goods	0.6	1.0	1.1	1.4	2.0
• Services	3.4	3.9	4.0	3.9	3.9
Food, beverages & tobacco	2.7	2.1	1.8	2.4	2.7
Energy	3.4	6.7	10.1	16.9	21.6
• Electricity	15.0	6.0	8.4	9.2	..
• Fuel	-3.2	7.0	11.0	21.3	..

Headline, underlying and core inflation

(%)



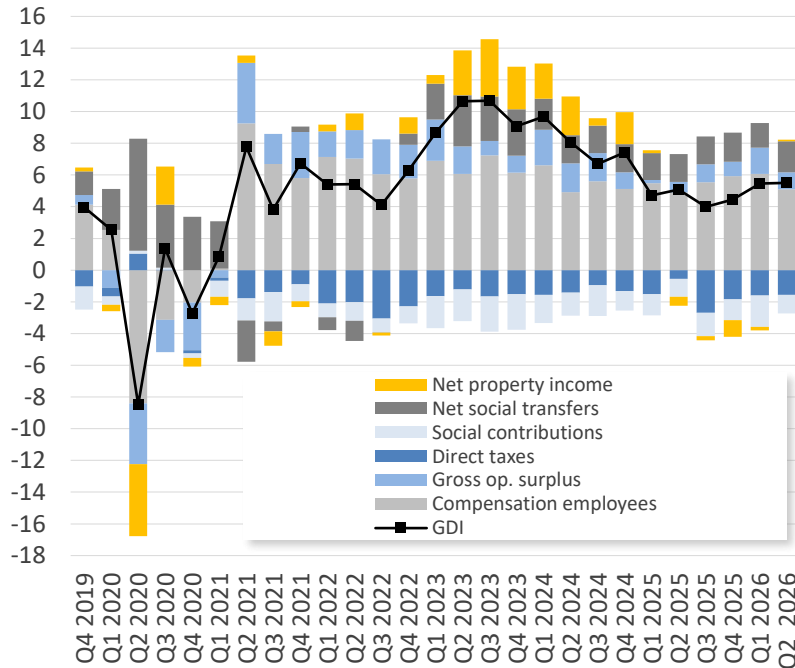
Note: Underlying inflation excludes energy and unprocessed food. Core inflation excludes energy and all food.

- ▶ **Headline inflation rebounded by 0.6 percentage points in September to 4.9%.** The increase is mainly due to higher fuel prices. The figure has surprised to the upside due to a higher-than-expected increase in energy inflation, as well as the rebound in industrial goods.
- ▶ **The new package of measures should partly ease inflationary pressures in the coming months.** Petrol and diesel tax relief is €0.20/l in October, with a scheduled phase-down to €0.13/l in November and €0.06/l in December. Relief stays at €0.20/l if inflation for the respective fuel exceeds 15% YoY. Electricity VAT cuts from 21% to 10% and electricity excise cuts from 5.1% to 0.5% would reactivate in November and December if electricity inflation exceeds the 15% YoY safeguard threshold.
- ▶ **Upside risks to our forecasts persist due to high energy prices,** despite the new package of measures.

Strong income and savings help sustain consumption

Gross disposable income (GDI)

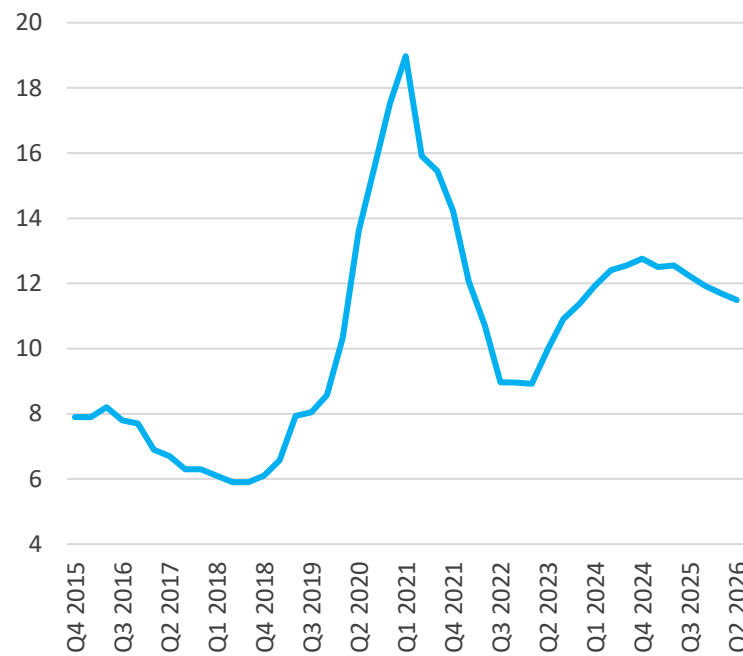
Year-on-year variation (%) and contributions



Source: CaixaBank Research, based on data from INE.

Savings rate

% Gross Disposable Income



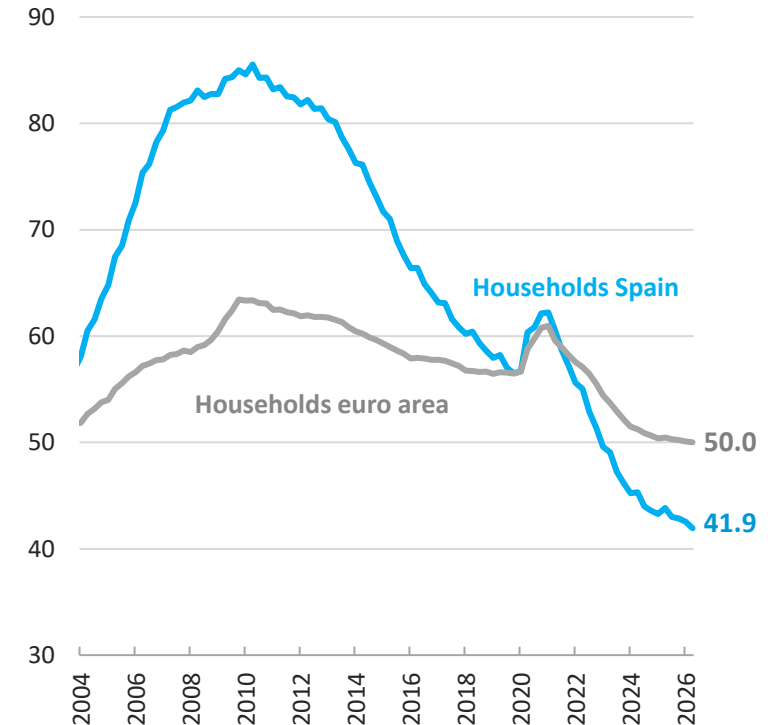
Note: Accumulated data four quarters.

Source: CaixaBank Research, based on data from INE.

Households' debt

% GDP

Q2 2026



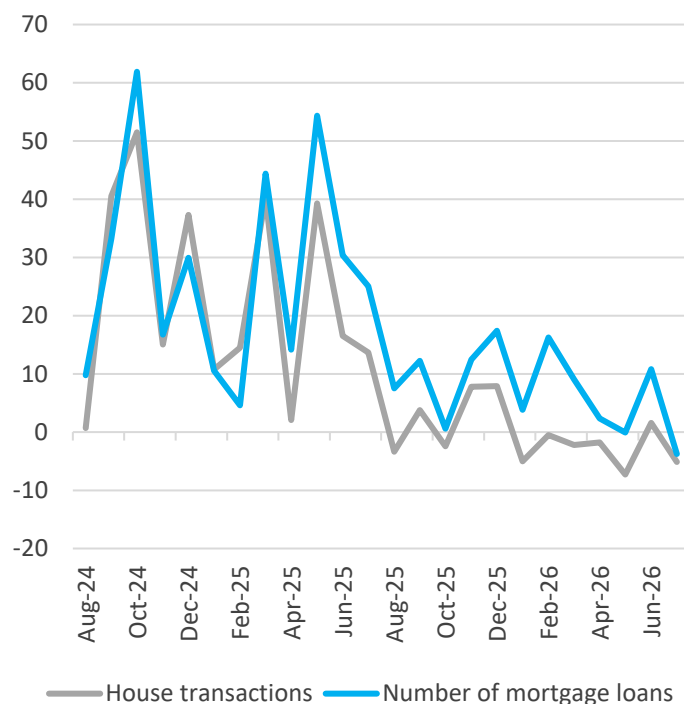
Source: CaixaBank Research, based on data from Bank of Spain and Eurostat.

- ▶ **Gross disposable income (GDI) grew by a solid 5.5% year-on-year in Q2 2026, driven mainly by the 7.2% increase in compensation of employees.**
- ▶ As nominal consumption continued to grow at a robust pace and faster than GDI, at 7.1% year-on-year, **the household saving rate moderated slightly**, from 11.7% in Q1 to 11.5% on a four-quarter cumulative basis. It nevertheless remained well above the 2000-2019 average of 8.6%.
- ▶ **In our scenario, we expect the savings rate to moderate gradually in 2026 and 2027, but to remain at historically high levels, slightly below 11.0% of gross household disposable income in 2026 and slightly above 10.5% in 2027.** In the context of the Middle East conflict, households should have more room for adjustment than during the Ukraine shock, as the impact on energy prices is expected to be more contained.

Housing demand remains strong and price pressures persist

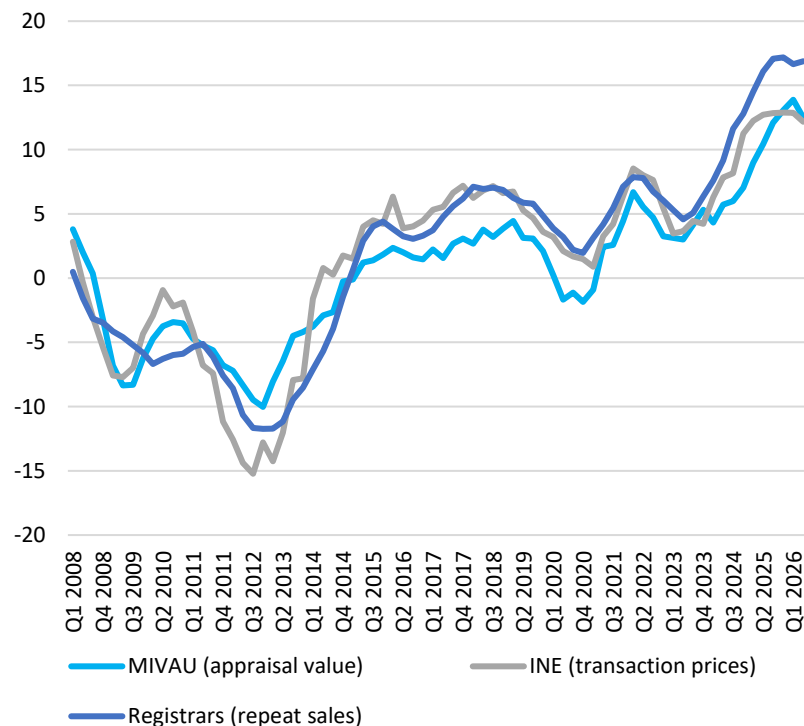
Spain: Housing sales and mortgages

(Year-on-year change, %)



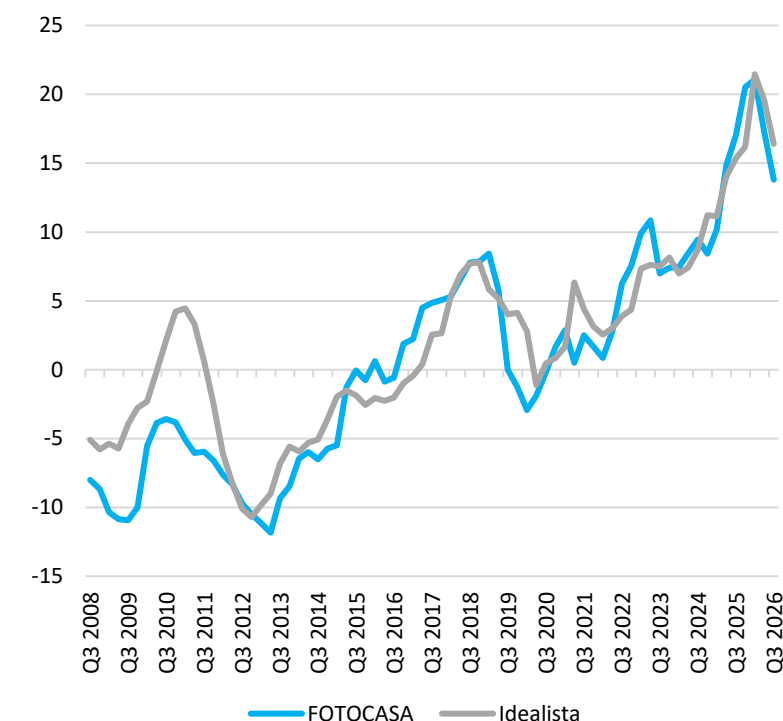
Spain: Housing Prices

(Year-on-year change, %)



Spain: House Prices Based on Property Portals

(Year-on-year change, %)



- ▶ **Housing transactions declined by 3.0% year-on-year in the 7 months up to July but remain at elevated levels** (around 700,000 units recorded on a rolling 12-month basis up to July). While demand continues to be supported by solid fundamentals, worsening affordability and a shortage of available housing, particularly new and affordable homes, are translating into lower transaction volumes. Going forward, home sales are expected to continue to gradually decline as higher interest rates further erode affordability and dampen housing demand at the margin. Even so, transaction volumes are likely to remain historically elevated.
- ▶ **Slight moderation in house price growth, although they continue to rise sharply amid persistent supply constraints.** In Q2, the INE House Price Index decelerated to 12.2% year-on-year, from around 13% over the previous year, while the MIVAU appraisal value slowed to 12.5% from 13.9% in Q1. However, persistent supply shortages should limit the extent of the moderation in house-price growth. We have updated our house price growth forecasts to 12.2% and 7.2% for 2026 and 2027, respectively (12.5% and 6.5% previously, based on the MIVAU appraisal value).

Measures taken to **ease tensions** in the rental market:

- ▶ **Extension of up to two years for rental contracts** expiring before the end of 2028 and limits to rent increases to 2% (0% if the rent exceeds the reference price) until 2027.
- ▶ **Extension of the suspension of evictions of vulnerable households until 2030.**
- ▶ **Public guarantee against non-payment for contracts with young or vulnerable people.** The state system of non-payment coverage is maintained and compensation mechanisms are articulated in certain cases of suspension of evictions.
- ▶ **10% deduction for renting a primary residence for taxpayers with a taxable base of less than c33k euros.**
- ▶ **Tax incentives for property owners** who make their homes available for residential rental. Greater bonus if the rent is reduced by 5%.
- ▶ **ICO loans at 0% rate for the purchase of a primary residence** up to €50,000 or 20% of the price. The dwelling acquires permanent public housing status.
- ▶ **Stricter regulation of temporary and room rentals.**

Other Measures

- ▶ **Restrictions on the acquisition of homes by entities that purchase properties or portfolios of non-performing mortgage loans at prices significantly below their appraised market value** (less than 70% of market value) until 2030.

Measures to promote the **supply** of housing:

- ▶ **Favourable taxation for subsidised housing:** application of the super-reduced rate of VAT (4%) to subsidised housing with permanent or indefinite qualification.
- ▶ **Empty housing:** surcharges in the IBI tax on permanently unoccupied properties.
- ▶ **Tourist housing:** application of a 10% VAT rate.
- ▶ **ICO guarantee for industrialised construction.** A new guarantee scheme of up to €280 million will be established through 2040 to support SME manufacturers and developers that use industrialized construction systems. Modification of the Ley sobre Movilidad Hipotecaria to allow the financing of industrialised components before they are installed on site.
- ▶ **ICO guarantee for construction of social and affordable housing.** The scope of the existing line is expanded.

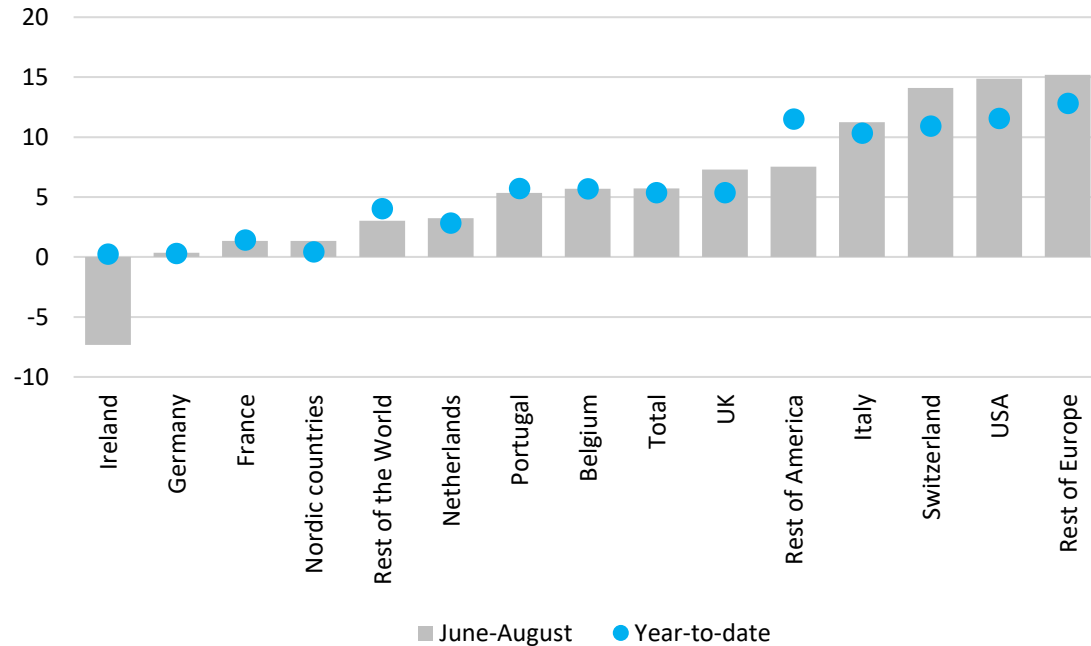
Measures aimed at increasing housing supply are needed to alleviate pressure on the housing market. At the same time, while measures are also needed to protect the most vulnerable groups, some demand-side protection policies could hinder the expansion of housing supply.

The Diputación Permanente del Congreso is likely to ratify the decree, in force since October 8th. Some measures could change with a new government after the 29 November elections.

International tourism regained momentum during the 2026 peak season

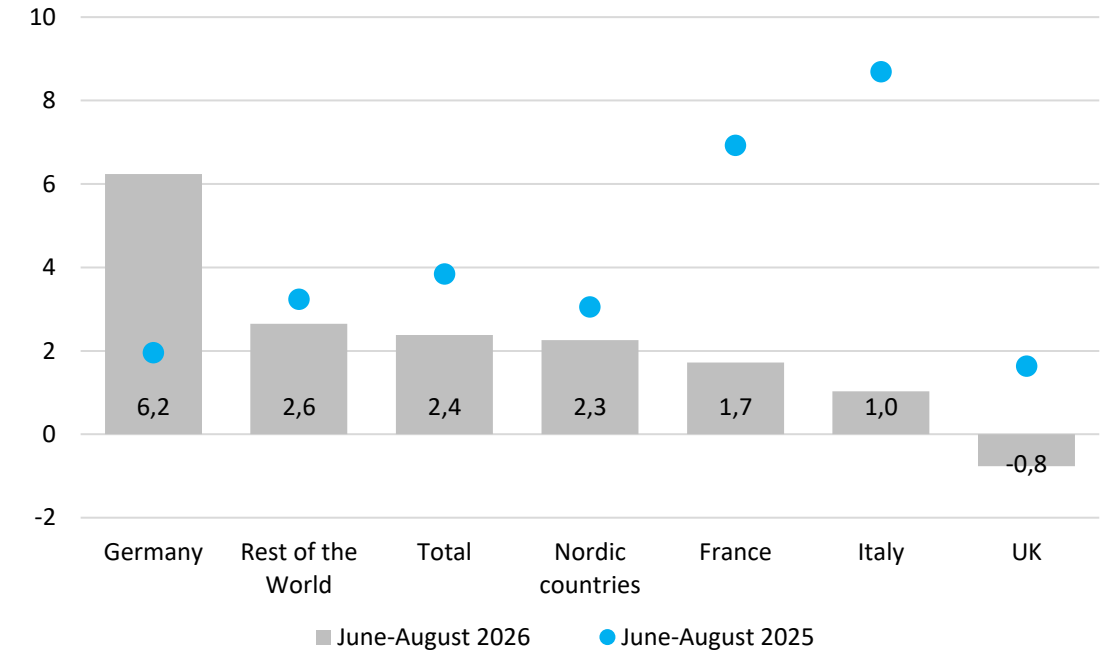
Spain: International tourist arrivals by origin

(Year-on-year change, %)



Spain: Expenditure per tourist by origin

(Year-on-year change, %)



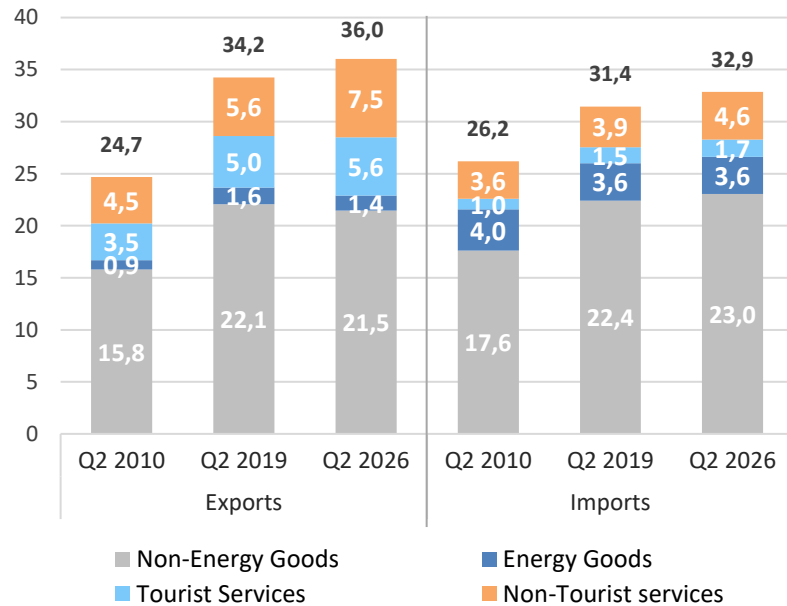
Source: CaixaBank Research, with data from INE.

- ▶ **Spain's tourism sector enjoyed another strong peak season in 2026**, with international demand accelerating, spending remaining buoyant and hotel performance reaching record occupancy levels.
- ▶ **International arrivals rose by 5.7% YoY during the peak season** (data available from June to August), supported by strong growth from the UK, the US, Switzerland, Italy and Eastern Europe, while Germany and France showed weaker momentum. American visitors continued to gain weight within international demand, with Latin America remaining the fastest-growing source region in 2026 despite some moderation during the summer months.
- ▶ **Average spending per tourist increased by 2.4% YoY in June-August**, a pace below both tourism inflation and the rate recorded a year earlier (+3.8%), driven by German travellers and despite softer spending growth among UK visitors.

Spain's external sector is driving the post-pandemic expansion

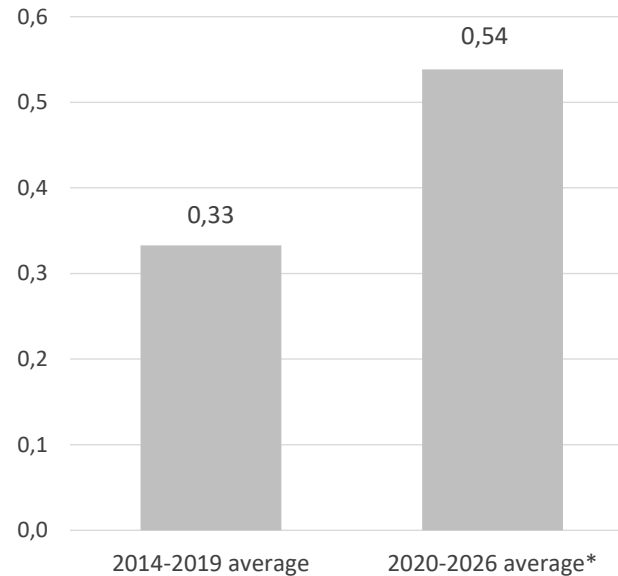
Exports and Imports of Goods and Services

Year-to-date (% of GDP)



Non-tourism exports

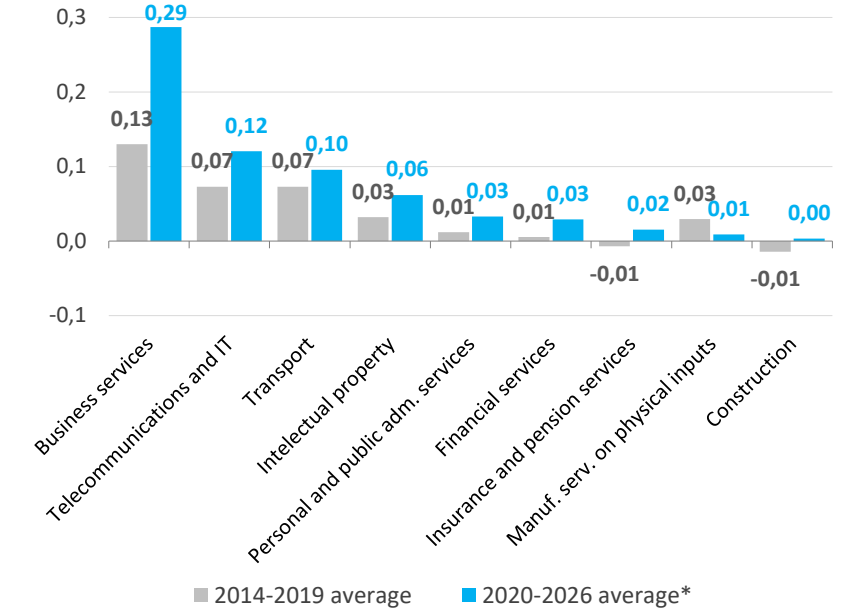
Contribution to real GDP growth (pp)



Note: *Accumulated data four quarters until Q2.

Non-tourism exports

Contribution to nominal GDP growth (pp)



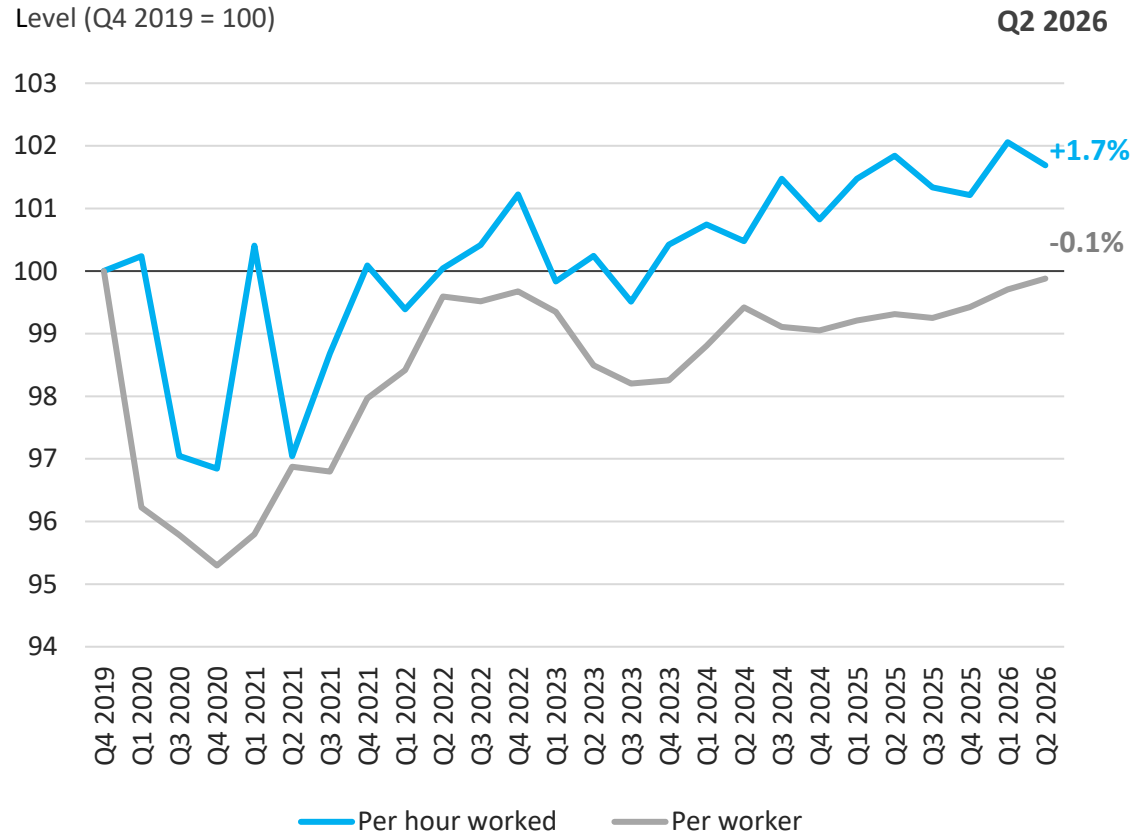
Note: *Accumulated data four quarters until Q2.

- ▶ **Spain's export sector remains a key growth driver**, with exports reaching 36% of GDP in 2026 (vs. 34.2% in 2019), supported by a strong expansion in service exports despite weaker goods export performance.
- ▶ **The goods and services trade surplus remained above its pre-pandemic level**. In Q2 2026, the goods and services trade surplus reached 3.1% of GDP, 0.3 pp above the level of Q2 2019. This improvement is mainly driven by the strong performance of services exports, which rose by 2.5 pp of GDP compared to pre-pandemic levels, especially non-tourist services exports.
- ▶ **Growth is increasingly driven by high value-added non-tourism services**, particularly business, technology and transport services, pointing to a structural shift towards a more knowledge-intensive export model.
- ▶ **July trade data improved at the margin, as the monthly goods deficit narrowed from €7.7bn in June to €5.2bn**. However, the cumulative shortfall increased to €38.0bn in the first seven months of the year. On a 12-month cumulative basis, the non-energy goods deficit widened from 1.8% of GDP in June to 1.9% in July. By contrast, the tourism services surplus remained broadly stable at 4.2% of GDP, while the non-tourism services surplus increased from 3.0% to 3.1%. As a result, the overall goods and services surplus improved slightly from 3.55% of GDP in June to 3.59% in July. **Despite the slight improvement in the overall balance, downside risks to our current account forecast of 2.3% of GDP in 2026 remain.**

Decoupling between productivity per hour worked and productivity per employee

Labor productivity

Level (Q4 2019 = 100)



Average annual productivity growth (%)

(%)

	Last 3 years	Last 2 years	Last year	Since Q4-19	Q4.14-Q4.19	Since Q4-14
Per worker	0.4	0.1	0.5	0.0	0.3	0.1
Per hour worked	0.5	0.6	-0.2	0.3	0.5	0.4

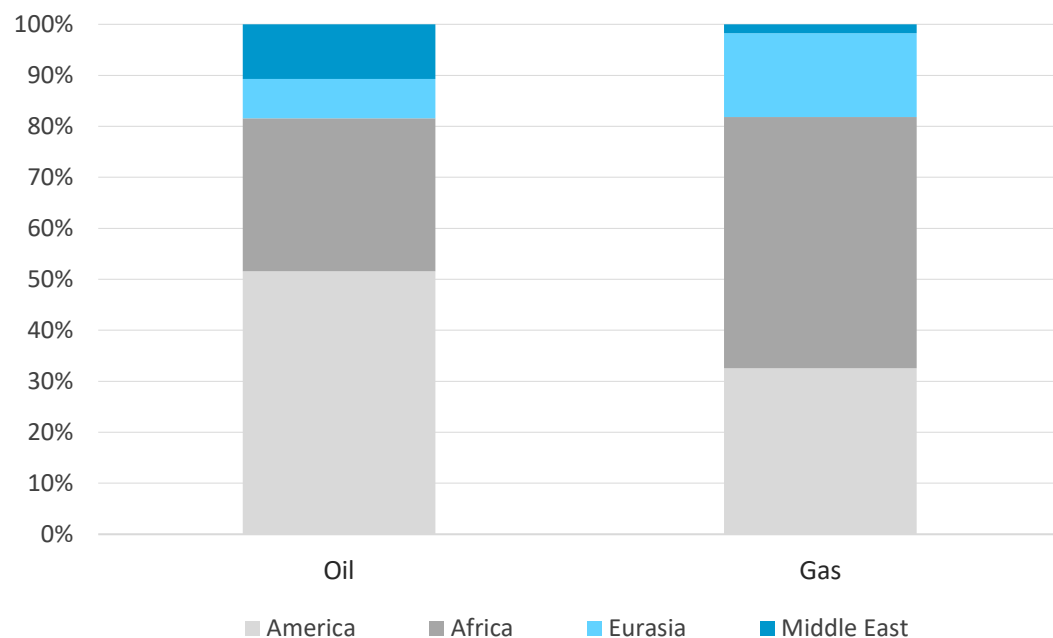
Note: End to end. Ex: Last three years means Q2 2026 vs Q2 2023.

- **Productivity per hour worked in Q2 26 is 1.7% above the level at the end of 2019, while per worker is still 0.1% below.** The difference between productivity per hour worked and per worker reflects the fall in hours worked per employee. Main factors behind: increase in work permits and in temporary sick leaves.

Spain: limited direct exposure to the Gulf region

Oil and gas imports by region

Percentage over total (%)

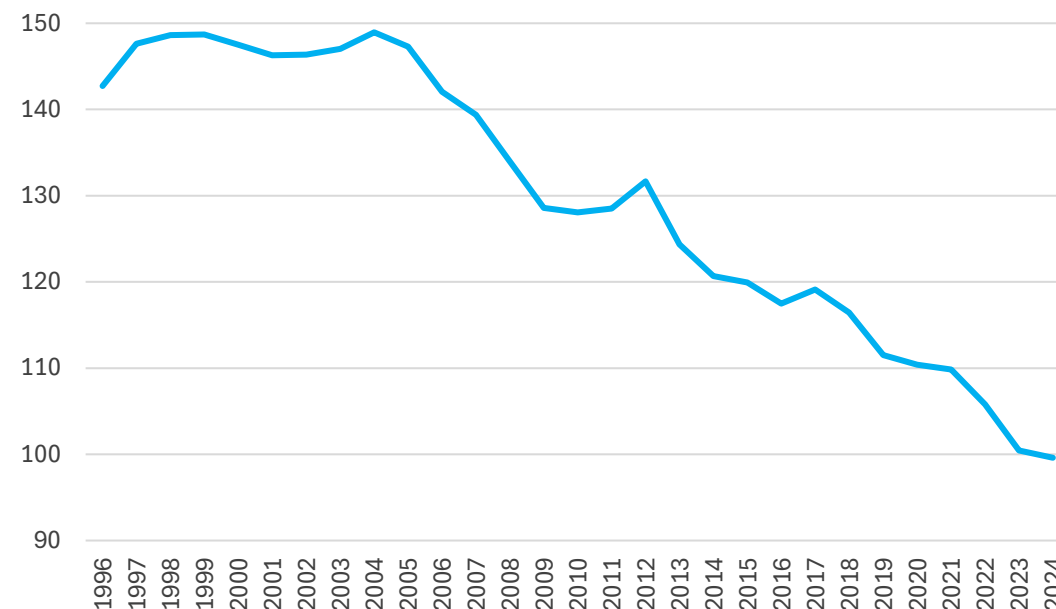


Note: Data from 2025.

Source: CaixaBank Research, based on data from CORES.

Energy intensity

Kilograms of oil equivalent per €1,000 of real GDP

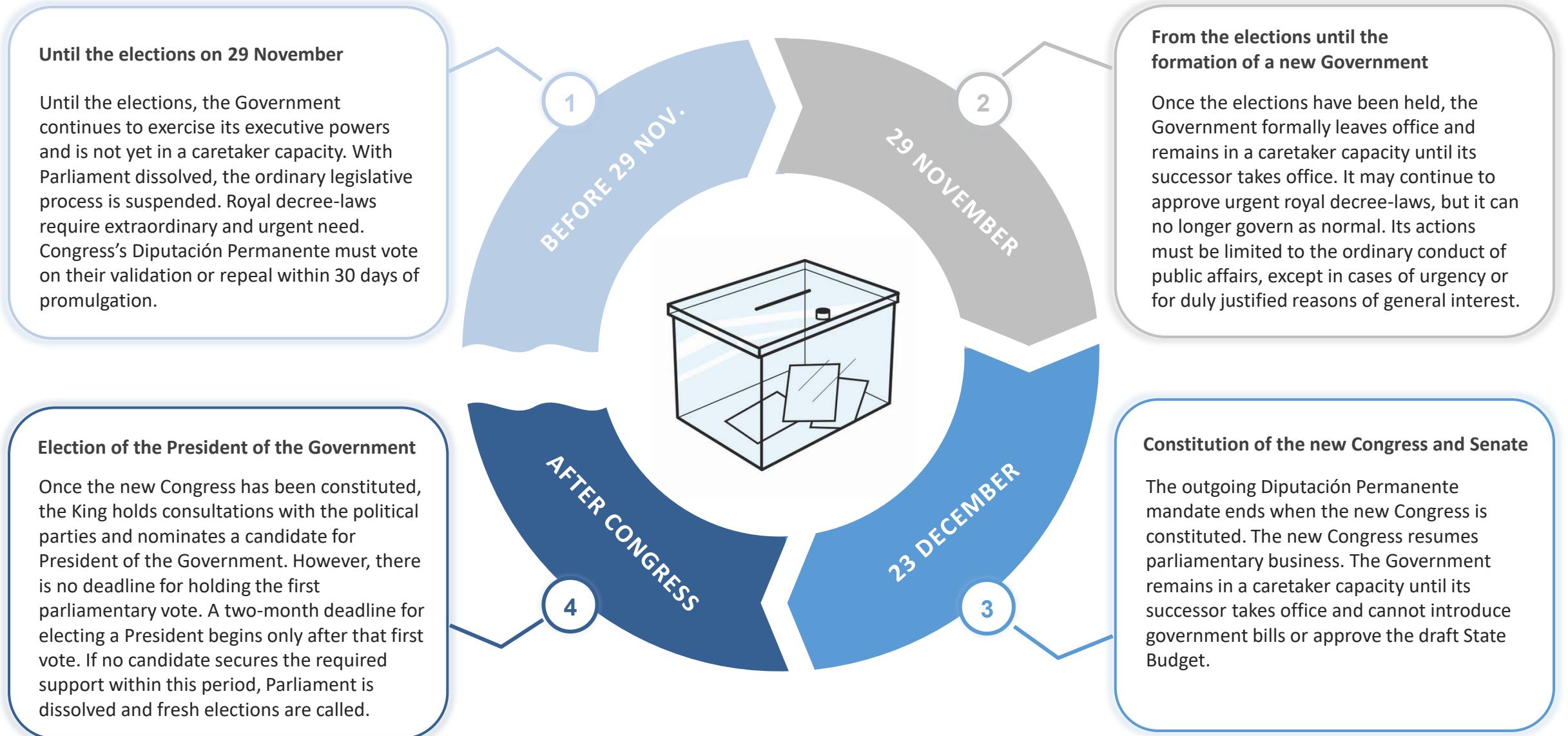


Note: Real GDP. Units of energy correspond to gross available energy, which includes primary production, recovered & recycled products, net exports and stock changes.

Source: CaixaBank Research, based on data from Eurostat.

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

Spain: Snap elections on 29 November



The second extension covers Q4 2026 amid renewed energy price pressures. We estimate a total fiscal cost of measures to cushion the energy shock in 2026 of c.€9bn (0.5% of GDP).

Fuel tax relief

- > Fuel excise relief is 20 c€/l in October, 13 c€/l in November and 6 c€/l in December for petrol and diesel. Relief can be maintained at 20 c€/l beyond October if the relevant fuel CPI rises by more than 15% YoY.
- > This replaces the Q3 schedule of 15/10/5 c€/l. In September, the safeguard lifted diesel relief to 20 c€/l, while petrol remained at 5 c€/l.
- > Winter LNG storage requirements rise. The CNMC will study energy pricing and competition along the food value chain.

Electricity, gas taxes and TUR

- > VAT and electricity excise cuts did not apply in September, but the >15% YoY price safeguard remains. It can reactivate 10% VAT on eligible electricity and gas supplies and 0.5% electricity excise in November–December.
- > The gas TUR cap covers its raw-material cost component: +35% in October and +15% in January 2027. Around 3 million consumers benefit. Suppliers finance the tariff shortfall. TUR customers repay it with interest through future bills, with no direct State subsidy envisaged.
- > IVPEE: the existing path remains, with an effective 4.2% burden in Q4, a 3.5% statutory rate in 2027 and 0% from 2028.

Sector and professional support

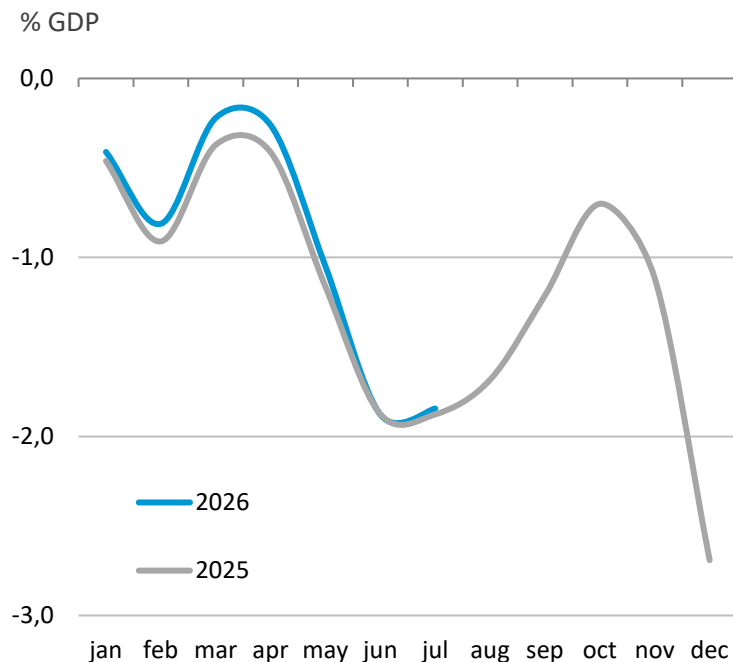
- > Targeted aid continues for farmers, livestock producers and professional transport operators.
- > New support includes €15,000 per diesel freight locomotive.

Fiscal cost and assessment

- > Including the Q4 extension, we estimate the total fiscal cost in 2026 at around €9bn (0.5% of GDP).
- > Cuerpo estimates that the measures have cushioned 50% of the energy price increase.
- > Given strong budget execution, we see only limited upside risks from the extension to our deficit forecast of 2.3% of GDP.

Strong revenue growth, but minimal fiscal adjustment in 2026

Budgetary execution: Financing needs Public Administrations*

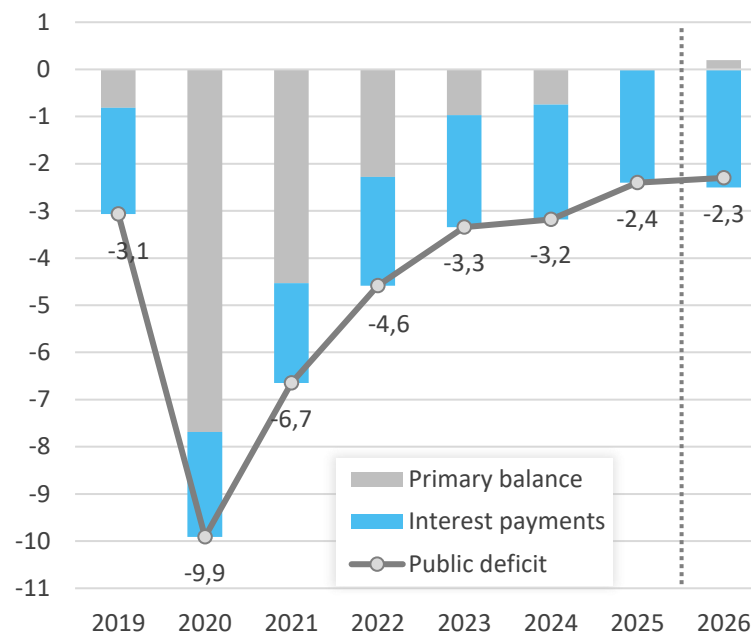


Note*: Consolidated data excluding Local Corporations.

Source: CaixaBank Research, with data from IGAE.

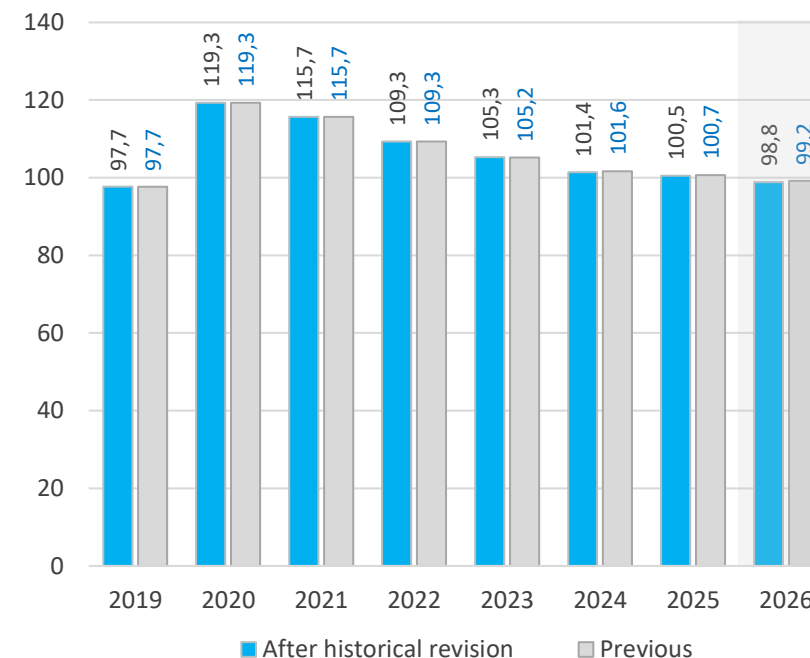
General government balance

% GDP



Public debt

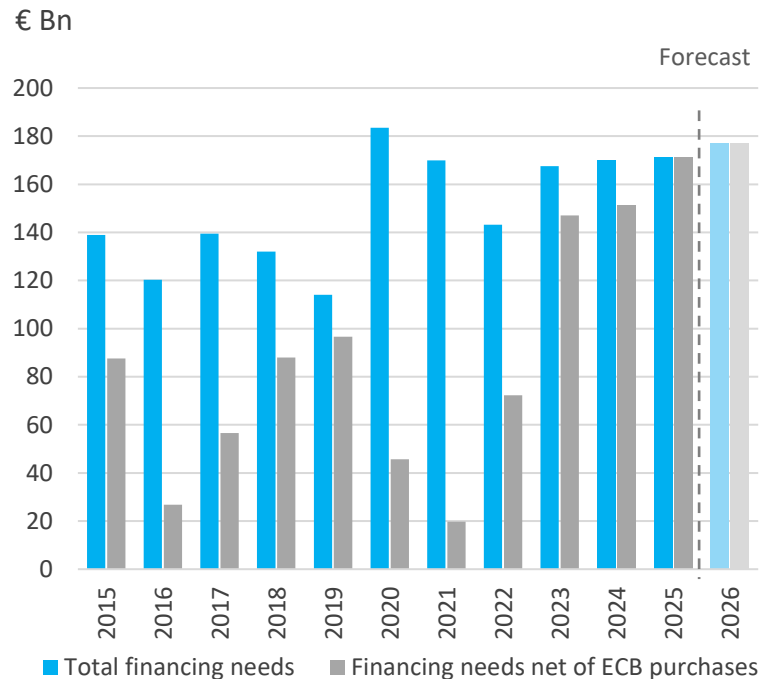
% GDP



- **Forecast of a slight reduction in the deficit from 2.4% in 2025 to 2.3% in 2026.** Higher spending related to storms and energy is offset by the withdrawal of DANA-related expenditure, higher tax revenues due to the strong economic environment and higher inflation, along with increased social security contributions resulting from the pension reform and the regularisation of immigrants.
- **Data through July: revenues +9.7% and expenditure +9.2%.** Part of the growth in expenditure reflects base effects in public sector employee compensation that should moderate towards the end of the year. Strong growth in direct tax revenues, driven by increases in employment, wages and corporate profits, as well as by the lack of inflation indexation of personal income tax (PIT).
- **The upward historical revision of nominal GDP has reduced the 2025 debt ratio by 0.2 percentage points, to 100.5% of GDP.** In 2026, debt would decline by almost 2 percentage points, to slightly below 99% of GDP, nearly half a percentage point lower than in the previous scenario thanks to the improvement in nominal GDP.

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

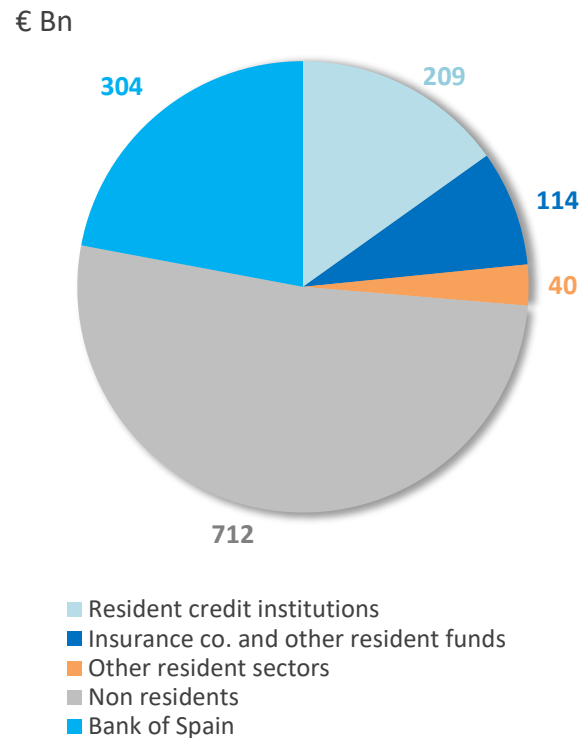
Spain: Gross financing needs



Note: *Amortisation funds do not include short-term bills.

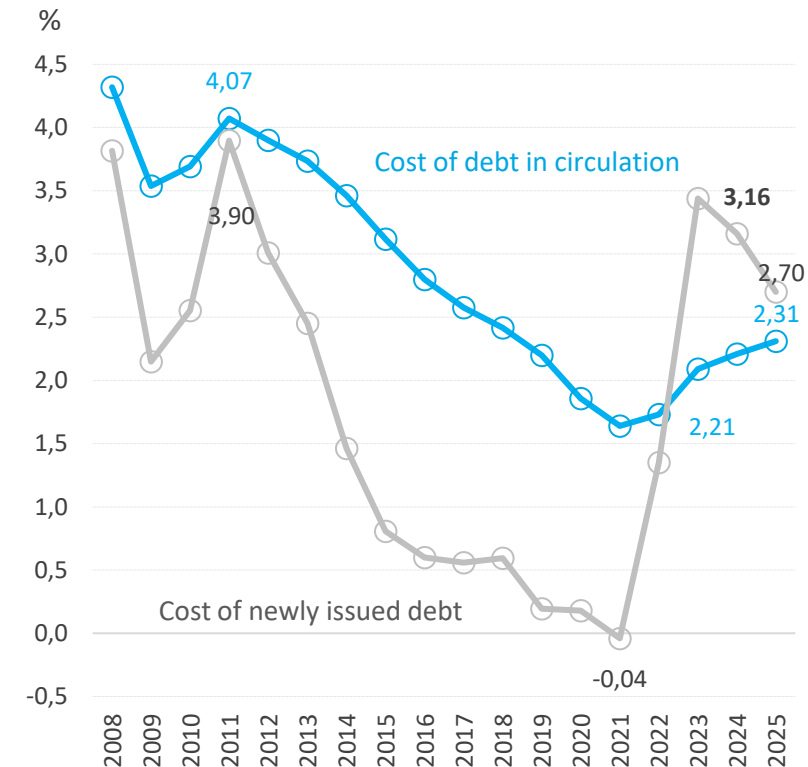
Source: CaixaBank Research, with data from the Directorate-General for the Treasury.

Public debt holdings (excl. bills)



Note: July data.

Cost of debt: State

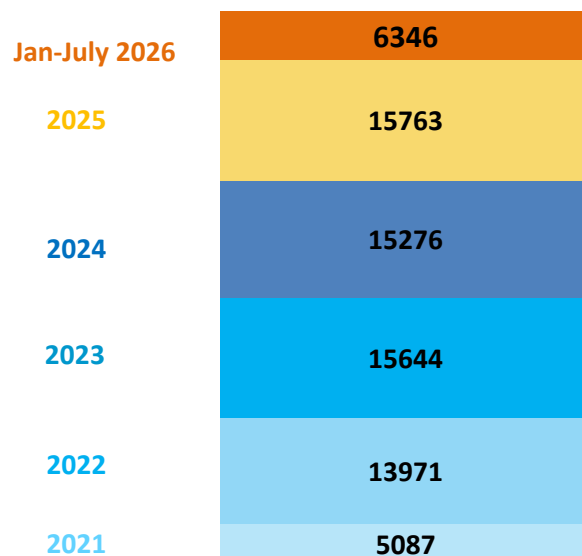


- ▶ **Gross funding needs in 2026** will be slightly above those of 2021-2025 net of ECB purchases. However, higher interest rates with respect to pre-pandemic levels should maintain the appeal of public debt holdings for investors and facilitate the absorption of Spain's financing needs.
- ▶ **Government debt is diversified.** In July 2026, foreign investors had increased their holdings of Spanish debt compared with July 2025 (excluding T-bills) by €70bn, reflecting strong appetite for Spanish debt.
- ▶ **The average cost of debt is expected to remain contained.** The average lifespan of the stock of debt is elevated (c. 8 years), so the share of debt that needs to be re-financed every year is small. Interest payments on debt of the public administrations could stand at 2.5% of GDP in 2026, a similar level to that of 2025, but much lower than a decade ago (in 2014, it was 3.5%).

Execution of NGEU

Total grants (Million euros)

Total Executed: 72088

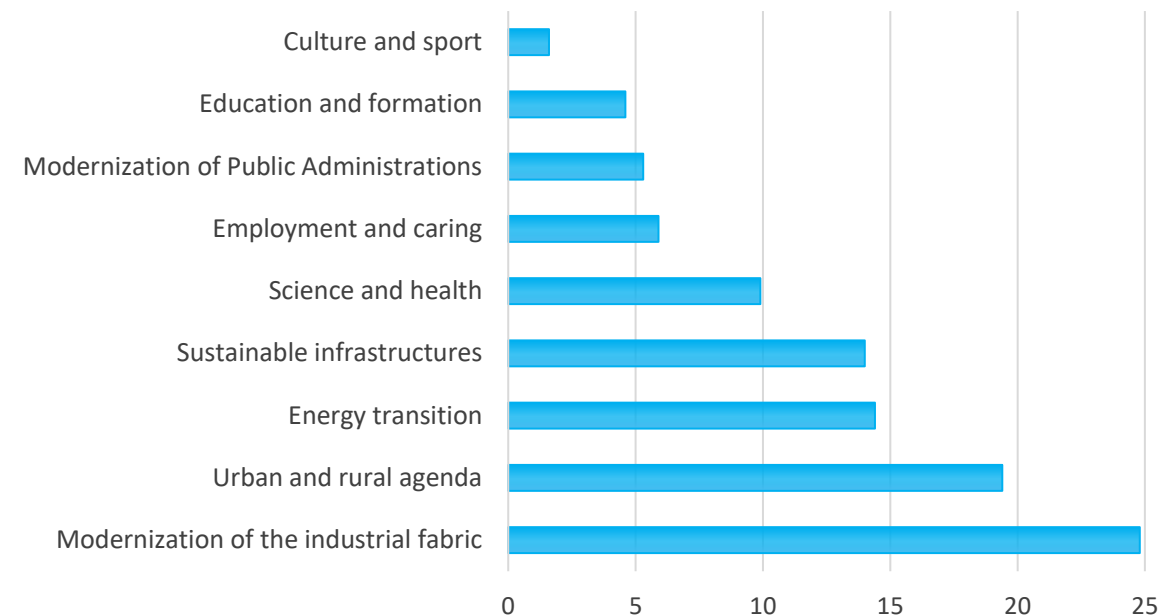


Note: Execution is defined as the awarding of tenders and grants.

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

Resolved calls by area

% over the total resolved

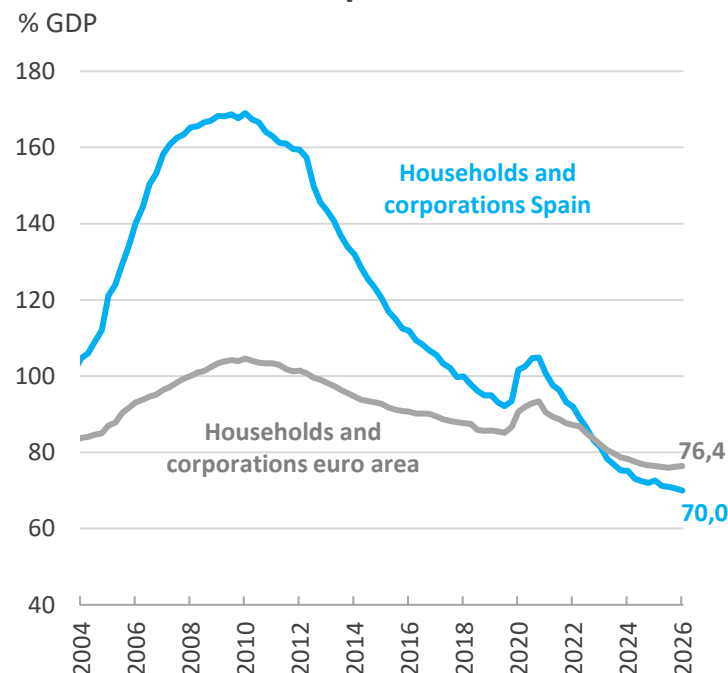


Source: CaixaBank Research, based on data from the ELISA portal, Government of Spain.

- ▶ Execution through July: €72.088 billion out of a total of close to €80 billion in grants.
- ▶ With the sixth payment disbursed in August, **Spain has received €78 billion in grants and loans**, equivalent to 76.5% of its total allocation. A final disbursement request for the remaining €25 billion was submitted on 30 September.
- ▶ **We do not expect a “cliff effect” after August 2026**, but rather a gradual withdrawal of the stimulus from EU funds. “Execution” may initially involve merely selecting beneficiaries or setting up financial instruments, while many projects, the España Crece facility and ICO credit lines will be rolled out over several years.
- ▶ We estimate that the funds will contribute 0.4 pp to GDP growth in 2026 and 0.2 pp in 2027.

Banking system: robust credit growth

Bank credit to the private sector



Note: latest data available as of Jun-26.

Source: Caixabank Research with data from ECB, Eurostat.

Private domestic credit

Year-on-year (%)

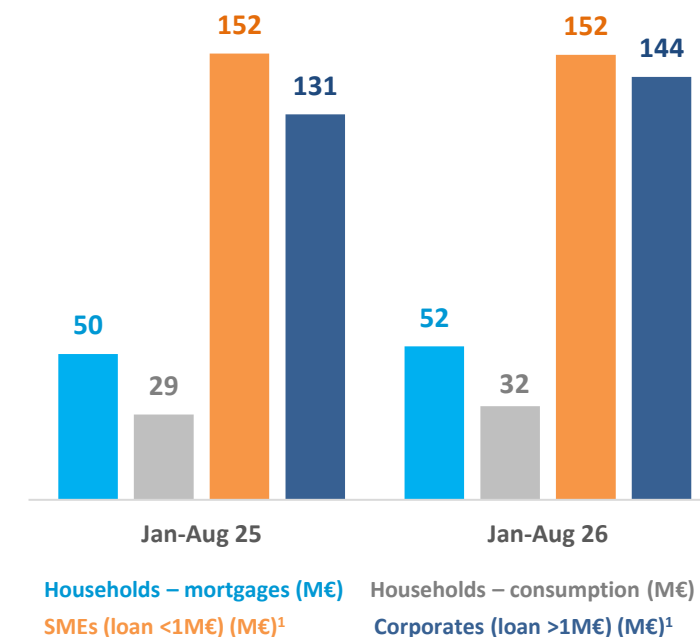
	Dec-25	Aug-26 (latest)	2026 (forecast)
	% yoy	% yoy	% yoy
Total credit	3.5%	4.3%	4.5%
Households	3.8%	4.3%	4.3%
Housing mortgages	3.5%	3.7%	3.9%
Other purposes	4.6%	6.3%	5.5%
Of which consumption	10.5%	11.0%	9.1%
Businesses	2.9%	4.4%	4.8%
Non-real estate developers ¹	3.2%	4.3%	-
Real estate developers ¹	1.9%	1.6%	-

Note: (1) latest data available Jun-26.

Source: Caixabank Research with data from Bank of Spain.

New lending activity by sector

YTD, €Bn



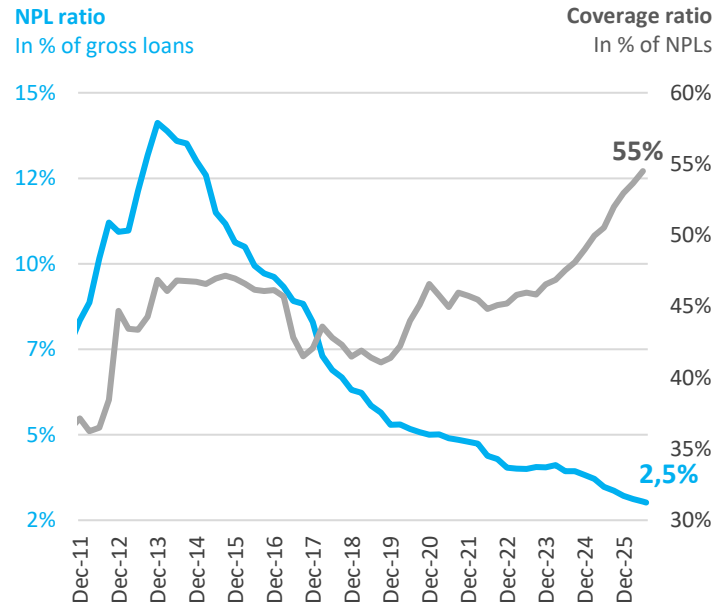
Source: Caixabank Research with data from Bank of Spain.

- ▶ **Household and corporate debt levels** (including debt securities) remain below euro area averages in 2Q26. Both sectors have deleveraged relative to GDP and remain below their pre-pandemic debt ratios.
- ▶ **New mortgage production** continues to grow, but at a more moderate pace after a period of strong expansion (accumulated new lending from January to August grows +5.3% yoy).
- ▶ **New lending for consumption** remains buoyant (accumulated new lending from January to August grows +9.9% yoy).
- ▶ **New lending to corporates** is driven by growth in loans above 1M€ (accumulated new lending from January to August grows, excluding renegotiations, +5.3% yoy).
- ▶ **Consequently, growth in the adjusted stock¹ of credit to the Spanish resident private sector continued to grow at a solid pace through August.** We expect this trend to continue in the year and gradually converge to a growth rate below nominal GDP growth.

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

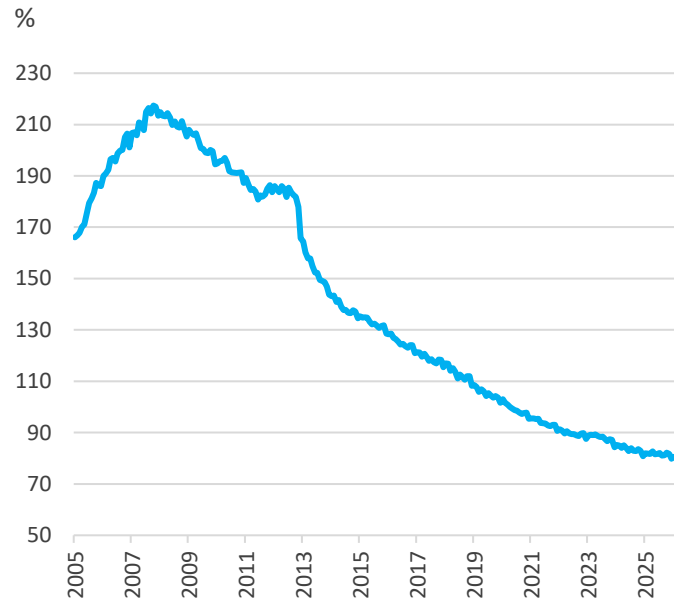
Banking system: solid financials

NPLs and coverage ratios¹



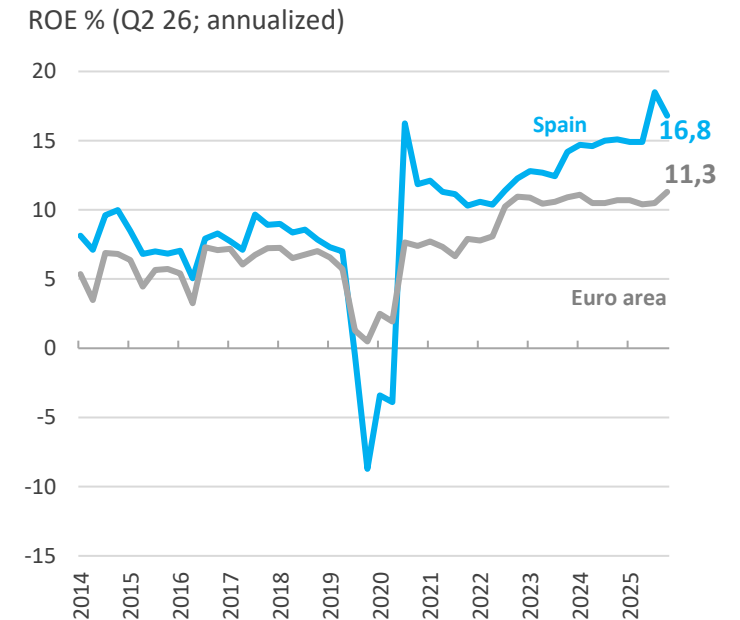
Note: (1) latest available data Jul-26 and Jun-26, respectively
Source: CaixaBank Research with data from Bank of Spain.

HHs & NFCs loan to deposit ratio



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

Banks' profitability



Note: The 1Q26 figure was partly boosted by non-recurring gains.
Source: CaixaBank Research with data from EBA (Dashboard Q2 26).

- ▶ **NPLs remain stable below 3.0%.** The share of stage 2 loans on a group level decreased slightly to 6.1% in 2Q26, remaining below the EU average
- ▶ **Household and non-financial corporation (NFC) deposits in August 2026 remained close to the all-time high reached one month earlier, with a 4.2% yoy increase on a seasonally adjusted basis.** Loan to deposit ratio remains stable at very comfortable levels (c. 80%).
- ▶ **Profitability remained strong in 2Q26, with ROE standing at 16.8%, compared with 18.5% in 1Q26 and 14.5% a year earlier.** The moderation from the previous quarter mainly reflects the absence of the non-recurring gains recorded in 1Q26, while underlying profitability remained resilient, supported by loan growth, solid fee income and contained credit losses.
- ▶ **The capital position of Spanish banks remains comfortable with a 13.5% CET1 ratio in 2Q26.** The latest Bank of Spain 2025–2027 stress tests¹ confirm the banking sector's resilience under extreme oil price scenarios, with a limited impact on capital.