

Spain
Macroeconomic & Financial Outlook

CaixaBank Research

November 2026

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CaixaBank

Key messages

Activity	▸ **Energy prices remain elevated but declined following the US midterms** amid expectations of a possible de-escalation in the Middle East. ▸ **The ECB left the deposit rate unchanged at 2.50% in October but signalled a likely hike in December.** We expect rates to reach 3.00% in spring 2027, in line with market expectations. ▸ **Spanish GDP growth remains on track to reach 2.6% in 2026**. GDP expanded by 0.6% quarter-on-quarter in Q3, in line with our forecast, supported by private and public consumption, investment and services exports. ▸ **Spanish growth should remain dynamic and domestically driven in 2027**, at 2.0% according to our current forecast, supported by population growth linked to immigration, elevated household savings and the ongoing investment cycle. Services exports should also sustain activity, while weaker external demand and tighter financing conditions will weigh on growth. ▸ **Early activity indicators point to continued strength in Q4**. October employment data were affected by the extraordinary regularisation process but, after adjusting for seasonal and regularisation effects, affiliation growth was broadly in line with the average recorded in October over 2023-2025. Services and manufacturing PMIs remained in expansionary territory. ▸ **Headline inflation remained at 4.9% in October, an elevated level, while underlying inflation showed some persistence**. Core inflation rose to 3.5%, driven by both services and industrial goods. Recent inflation data point to upside risks to our 2026 forecast, while European gas prices pose upside risks for 2027. ▸ **Housing demand remains strong against a backdrop of limited supply.** Transactions have declined by 2.3% year-on-year in the first eight months of 2026 but remain historically high. With demand still outpacing the expansion of supply, house prices are expected to continue to rise strongly. ▸ **Spain's sovereign risk remains contained**, with a declining public debt-to-GDP ratio, limited spillovers from France, and moderate sensitivity of interest expenditure to higher rates thanks to the long average maturity of public debt.
Banking Sector	**New lending remains at elevated levels, while the credit portfolio continues to grow at a solid pace.** Asset quality remains strong, with the NPL ratio contained at around 2.5% in August. 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.

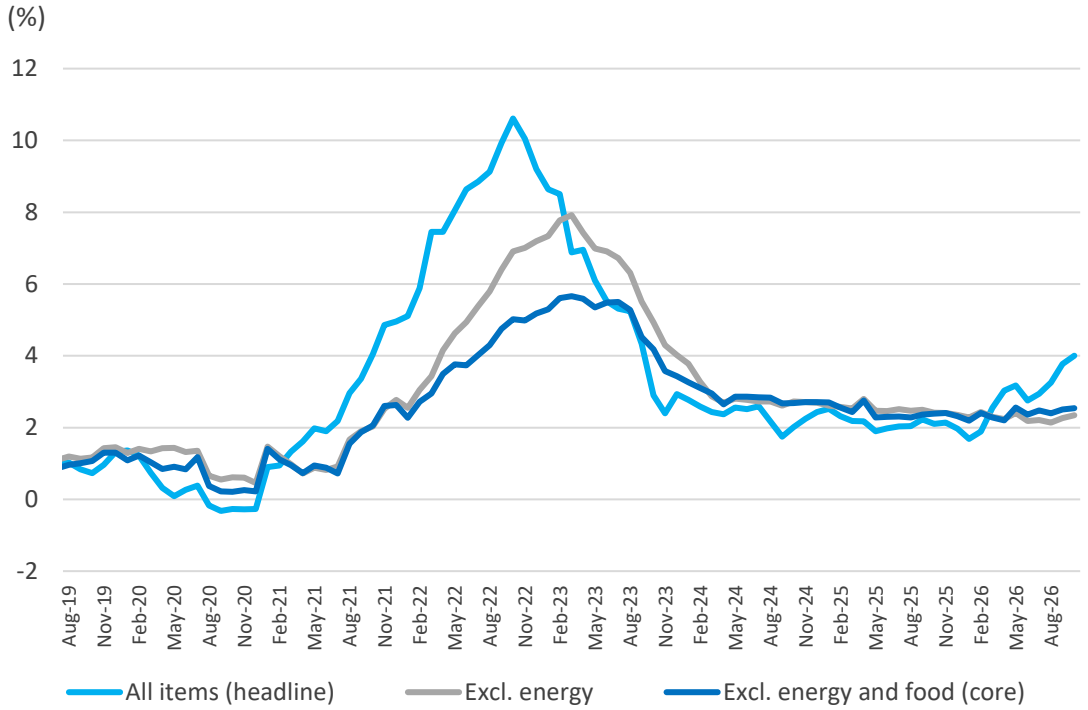
Main economic forecasts

											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	3,3	3,2	2,0	2,4
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	-0,8	3,5	4,5	4,0

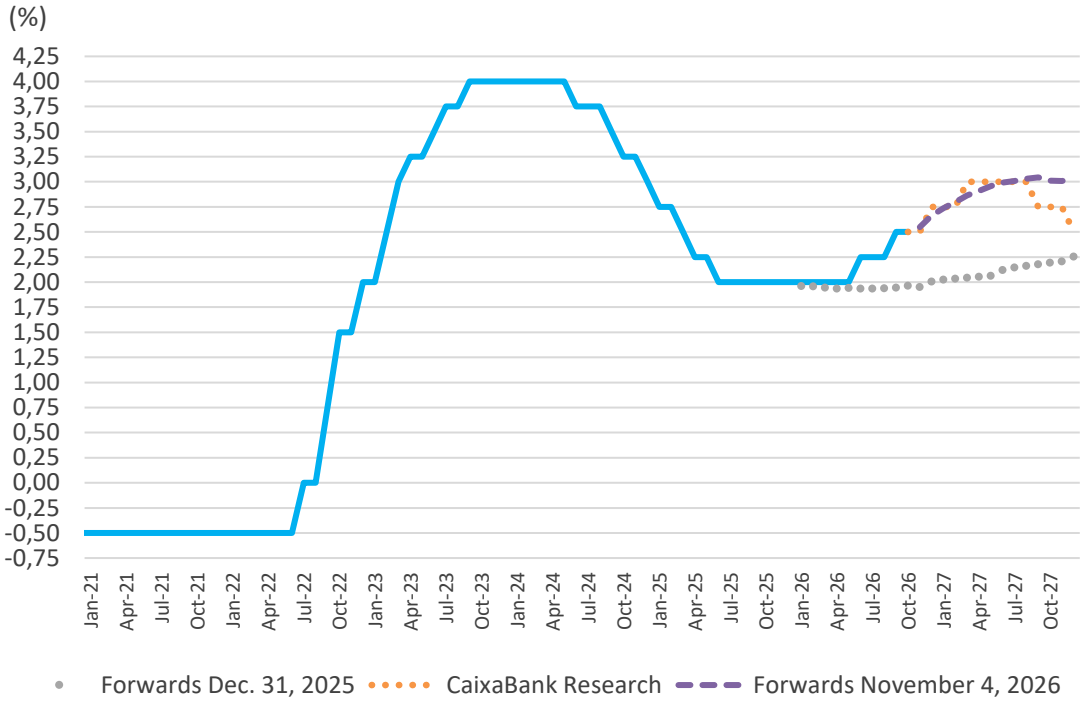
Note: All GDP figures are based on ESA-2010 methodology.
Source: CaixaBank Research.

The ECB is on a measured tightening path

Euro area: HICP inflation



ECB deposit rate

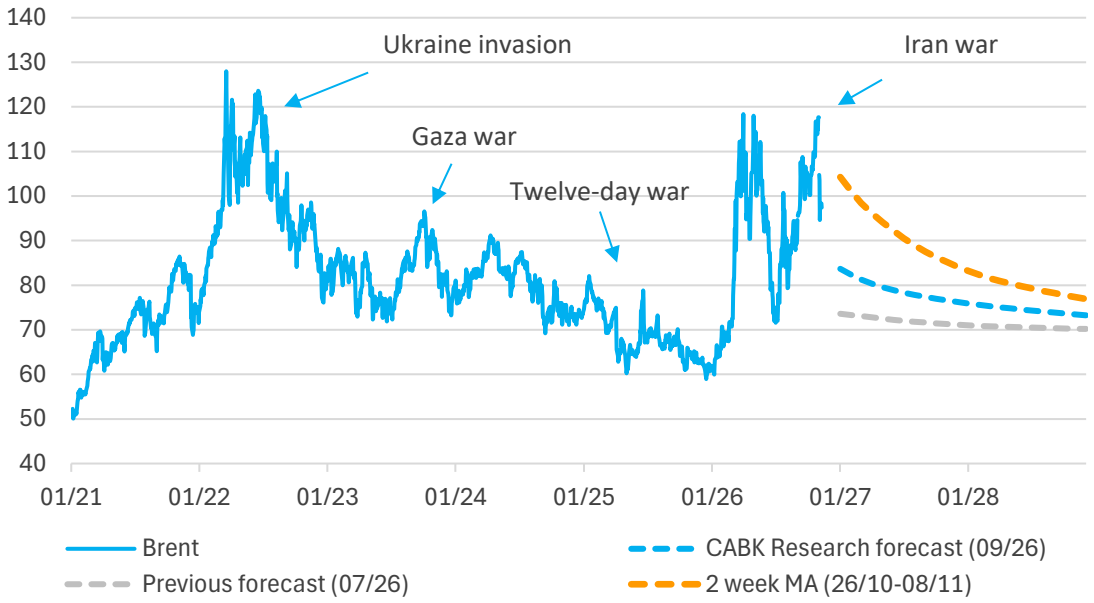


- **The ECB left rates unchanged in October** (depo at 2.50%) **but pointed to a rate hike in December**. Reflecting the outlook's dependency on geopolitical events that can change swiftly, the ECB chose to stay put in October, gather more information and wait until December for the next rate hike. At the same time, the ECB signaled that it remains comfortable with a measured tightening path, balancing the persistent disruption in energy flows (and its upward pressure on headline inflation) with the fact that underlying price pressures remain mostly stable (showing little evidence of the indirect effects that would call for a more sustained ECB monetary tightening).
- **Lagarde announced it is stepping down on February 7, 2027**. According to media reports, the frontrunners to replace her are former Eurosystem governors Klaus Knot (Netherlands) and Pablo Hernández de Cos (Spain). Knot used to be considered a hawk, but has recently presented himself as a pragmatist, while de Cos was seen as a moderate dove but has recently warned against excessive indebtedness. In a more "consensus-building ECB", the change of leadership is not seen as affecting the course of the ECB's monetary policy in the coming quarters.
- **We see the ECB hiking to 2.75% by end-2026 and to 3.00% in spring 2027** (as do markets). Under our baseline scenario of gradually easing energy prices and limited indirect effects on inflation, we expect the ECB to start normalizing rates by the end of 2027. However, a more prolonged energy disruption and stronger underlying inflationary pressures would favor a scenario of higher rates for longer, similar to what markets are pricing.

Energy prices remain elevated, but they have eased following the US midterms

Brent oil prices and futures

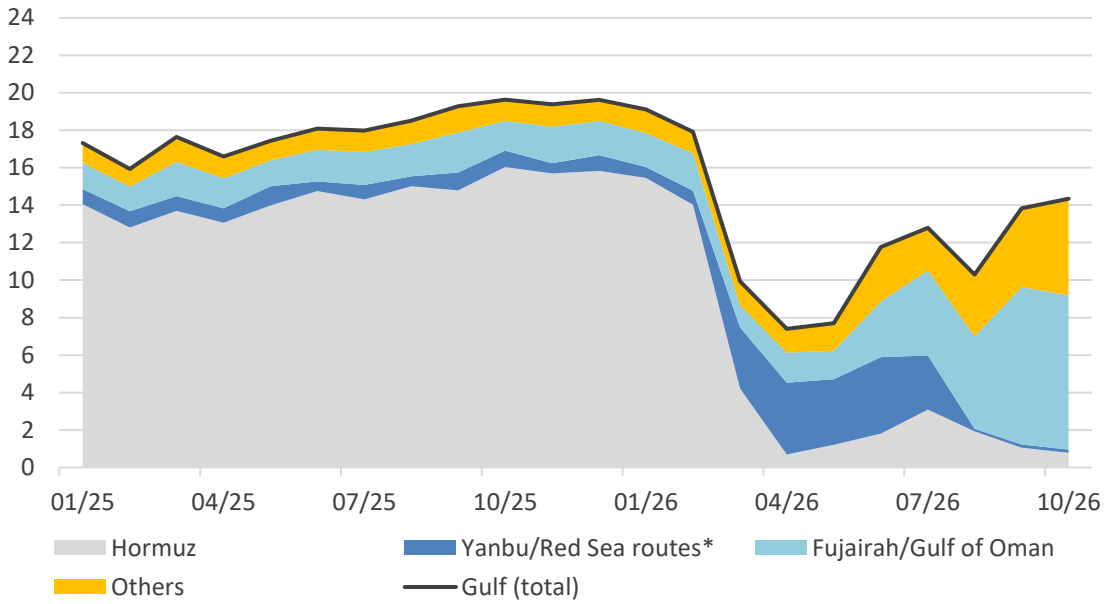
$ per barrel



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

Crude oil flows from Gulf countries

Mbpd



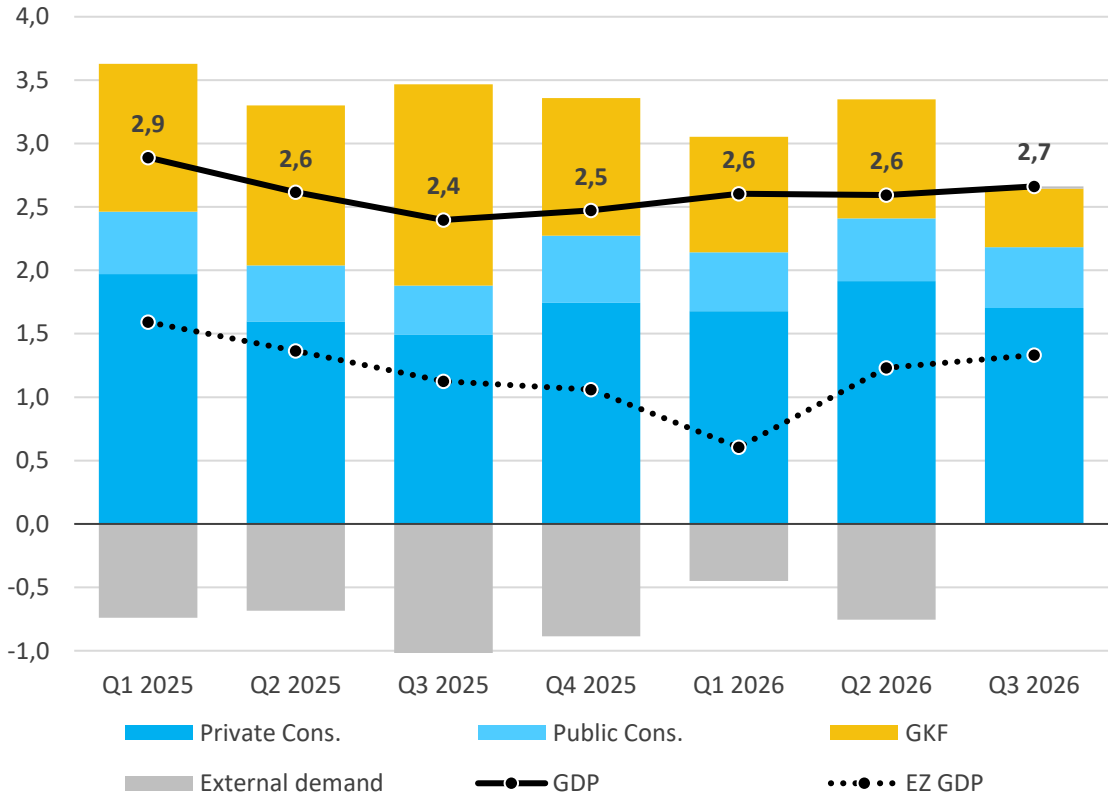
Note: Graph elaborated with data as of September 30th. (*) Preliminary data for September, subject to revision.
Source: CaixaBank Research, based on data from Vortexa (via Bloomberg).

- **Oil and gas prices have declined following the US midterms amid expectations of a possible de-escalation in the Middle East.**
- **The correction in oil prices brought 2027 futures closer to our forecast of 78.5$/barrel, although they remained somewhat above it**. Brent had risen sharply in late October as attacks on shipping through the Strait of Hormuz and strikes on Saudi infrastructure intensified concerns over Persian Gulf supply. However, prices subsequently reversed as the geopolitical risk premium eased, Gulf flows recovered and the US administration signalled a lower likelihood of further strikes on Iran. Measures to alleviate supply pressures also helped reduce immediate concerns over shortages. Following the midterms, Brent fell below $95/b, around 11% below its pre-election level.
- **European gas futures remained well above our forecast amid lower-than-usual storage levels**. TTF prices also declined following the midterms, falling to slightly above €80/MWh, around 20% below their pre-election level. However, the correction in gas futures for 2027 was more contained, as European storage levels stood at around 70%, compared with a seasonal average of close to 90%. While higher-than-usual temperatures could ease market tensions in the coming months, low reserves will likely keep upward pressure on European gas prices into 2027.

Solid Spanish growth data in Q3

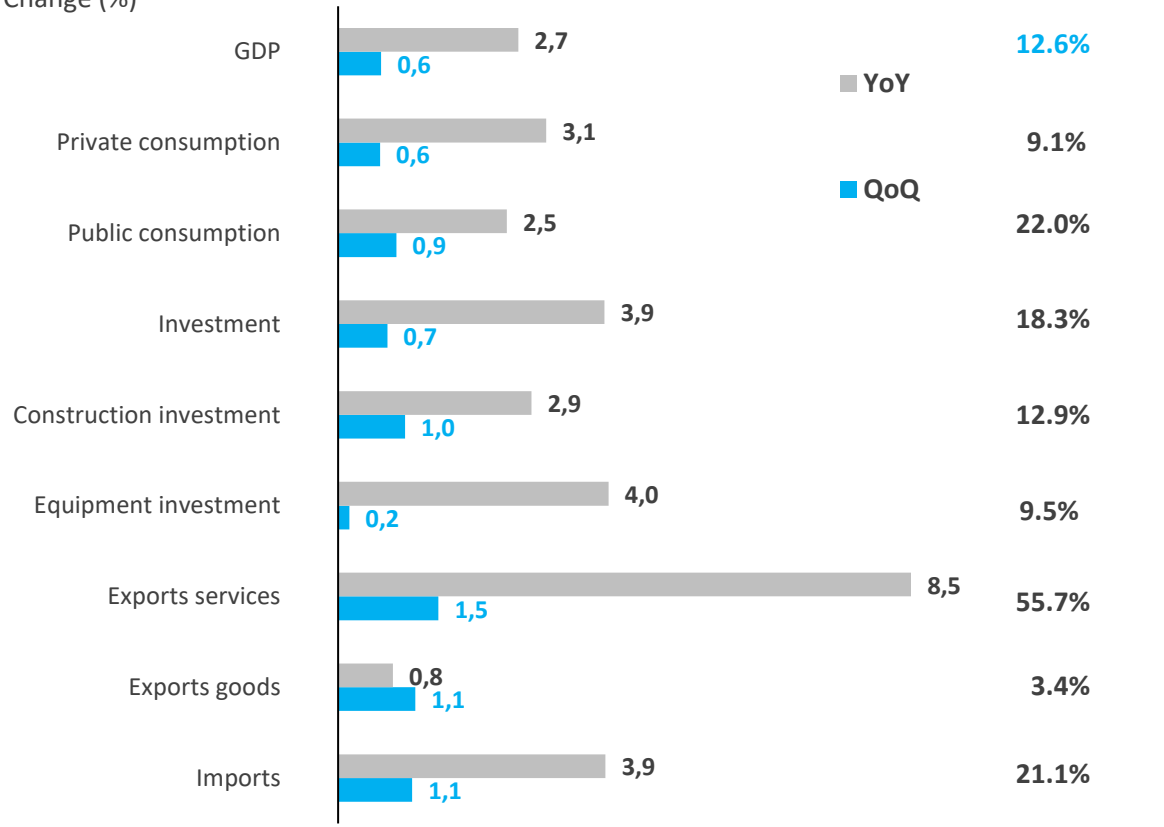
GDP growth

Year-on-year GDP growth (%), component contributions (pp)



Components of Q3 GDP

Change (%)



- **Spanish GDP maintained a robust pace of growth in Q3 despite a challenging external environment**, growing by 0.6% qoq (2.7% yoy), in line with our forecast and significantly outpacing the euro area's 0.2% qoq growth (excluding Ireland).
- **Favorable GDP growth breakdown, with both domestic as well as external demand contributing to quarterly GDP growth**. Private consumption remained the main driver, rising by 0.6% qoq despite renewed pressures on households' purchasing power, while public consumption accelerated to 0.9%. Investment increased by 0.7%, supported by construction and intangibles, although equipment investment was more subdued. Net external demand added a further 0.1pp, as exports grew slightly faster than imports, supported by both goods and services exports.

Spain: dynamic growth in 2027 fueled by internal demand

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

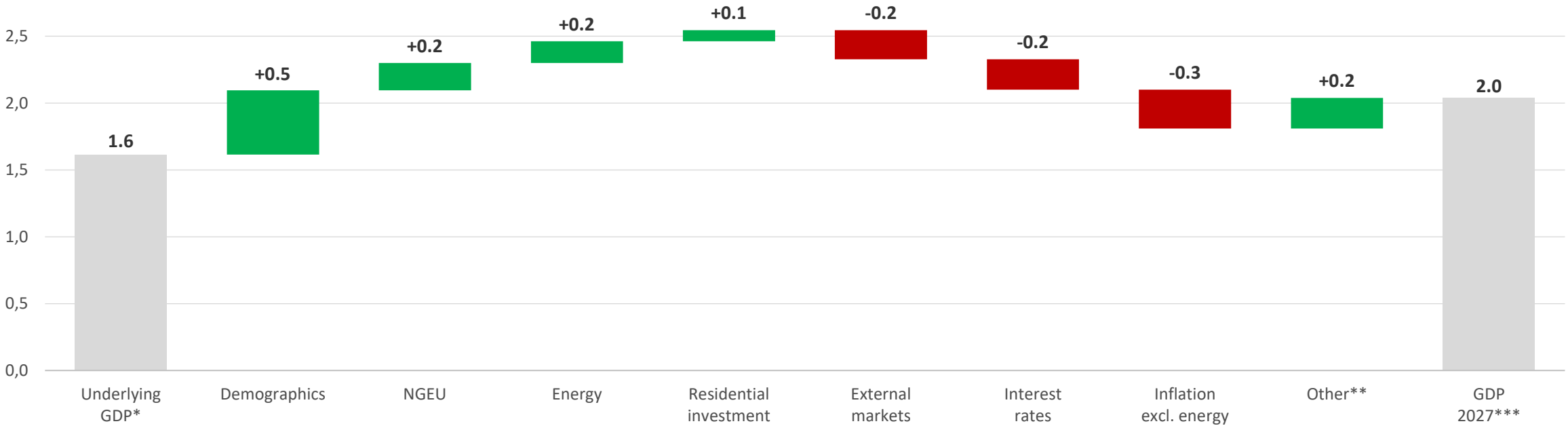
Ordered by forecast of 2026	2026	2027	Cum. 2 years
Airef (Nov. 4)	2.6	2.2	4.9
Bank of Spain (Oct. 9)	2.6	2.2	4.9
Government (Jun. 29)	2.6	2.2	4.9
BBVA Research (Oct. 14)	2.6	2.1	4.8
CaixaBank Research (Sep. 4)	**2.6**	**2.0**	**4.7**
Consensus Forecasts (Oct. 16)	2.6	2.0	4.7
OECD (Sep. 23)	2.6	1.8	4.4
Funcas panel (Sep. 16)	2.5	2.0	4.5
IMF (Oct. 13)	2.5	1.8	4.3
Funcas (Oct. 7)	2.5	1.8	4.3
European Commission (May. 21)	2.4	1.9	4.3

- **In September, we raised our 2026 GDP growth forecast by 0.2pp to 2.6%.** The Q3 GDP figures leave our risk assessment unchanged, with upside and downside risks broadly offsetting each other.
- **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 NGEU 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.

Spain: drivers of growth

GDP growth in 2027: contributions

Percentage points, except GDP growth (%)



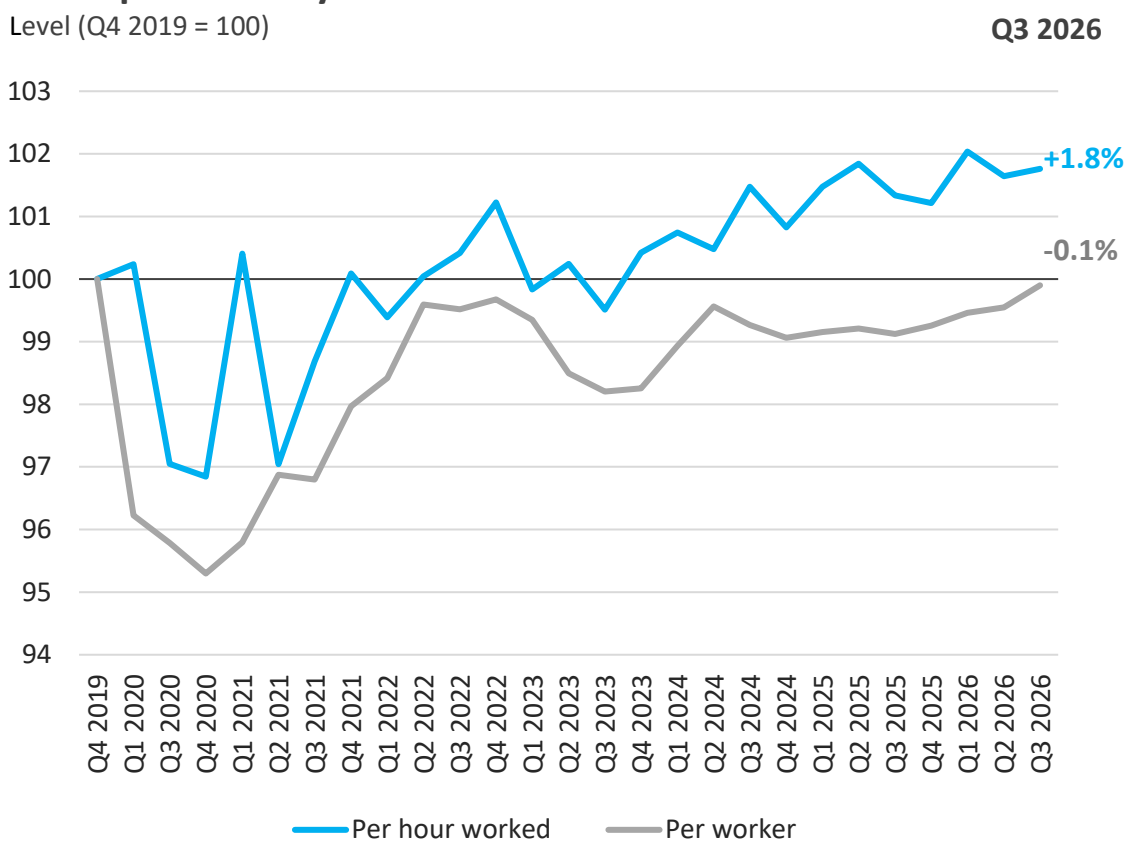
Note: This illustrative exercise shows deviations in growth from its underlying rate. Contributions represent each component's additional effect beyond the effect already included, explicitly or implicitly, in underlying growth, rather than its total effect. * Underlying GDP adjusted for the impact of strong population growth and NGEU funds. Other channels show their additional contribution beyond the effect already included in underlying growth. ** Other is the difference between estimated growth and the sum of the channels shown. It reflects channels omitted for readability because their contributions are close to, but not exactly, zero, as well as possible overlap between channels. *** Annual change (%).
Source: CaixaBank Research.

- **Spain's economy is set to remain resilient, although growth is expected to moderate from 2.6% in 2026 to 2.0% in 2027,** as the lagged effects of the 2026 energy shock weigh on activity.
- **Demographics, continued NGEU deployment, lower energy prices and residential investment will support growth**, partly offsetting weaker export markets, tighter financial conditions and the indirect inflationary effects of the energy shock.
- In an adverse scenario where oil and gas prices would average $105/bbl (c. +30% wrt baseline) and €80/MWh (c. +75%), respectively, the resulting energy shock would push inflation around 1.25pp above our forecast and prompt an additional 50bp of ECB tightening. If households absorb half of the real-income shock by lowering their savings rate, GDP growth would be around 0.3pp below the 2.0% baseline, a rate of growth still above that we currently project for the Eurozone (1.4%).

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	0.6	0.3	0.8	0.0	0.3	0.1
Per hour worked	0.7	0.1	0.4	0.3	0.5	0.4

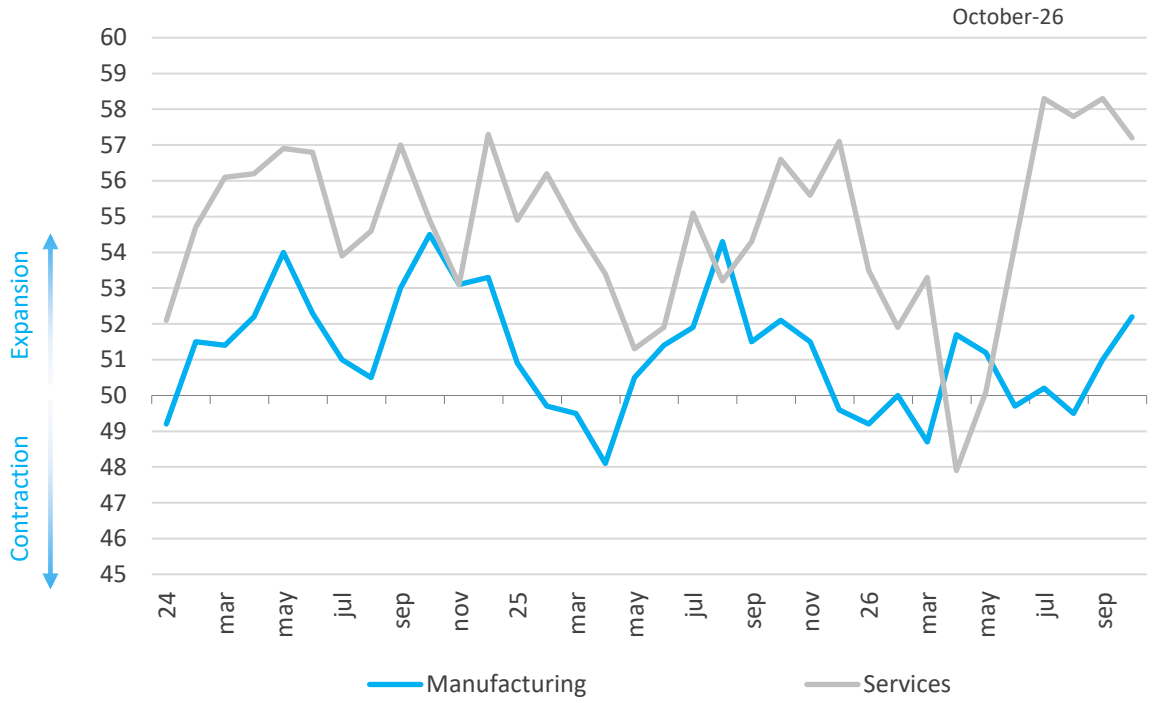
Note: End to end. Ex: Last three years means Q3 2026 vs Q3 2023.

- **Productivity per worker strengthened in Q3, rising by 0.8% yoy compared with 0.4% per hour worked.** However, quarterly figures are volatile, and growth based on four-quarter averages remains modest at 0.4% per worker and 0.3% per hour worked.
- **The gap between the two measures persists: productivity per hour worked stands 1.8% above its end-2019 level, while productivity per worker remains 0.1% below.** This divergence mainly reflects fewer hours worked per employee, driven by an increase in work permits and in temporary sick leaves.

Spain: early Q4 indicators point to continued strength

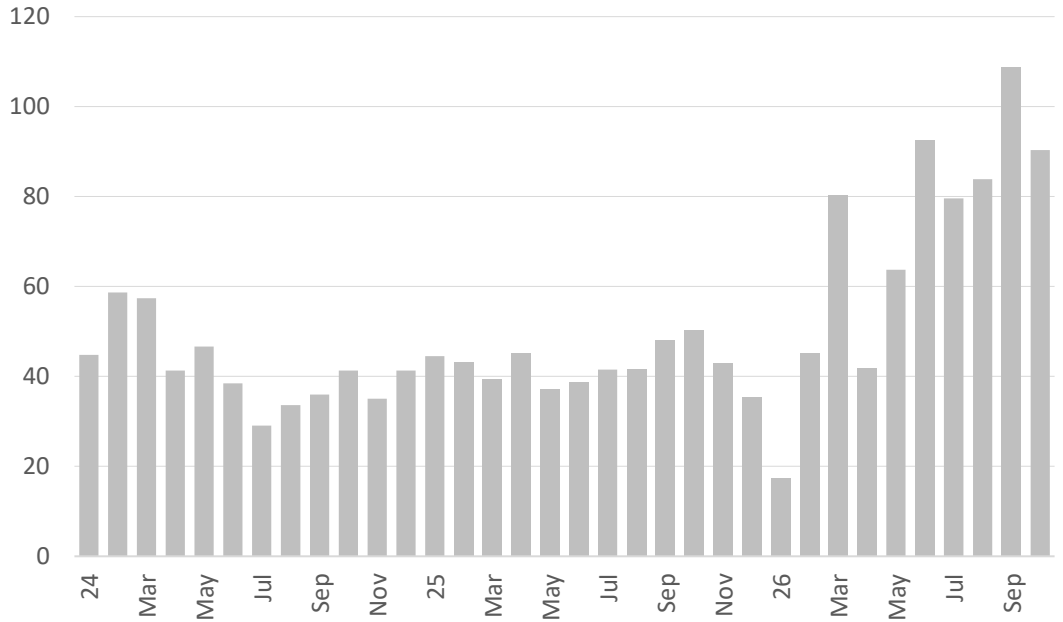
PMI indices

Level



Social Security registered members*

Month-on-month change (thousand)

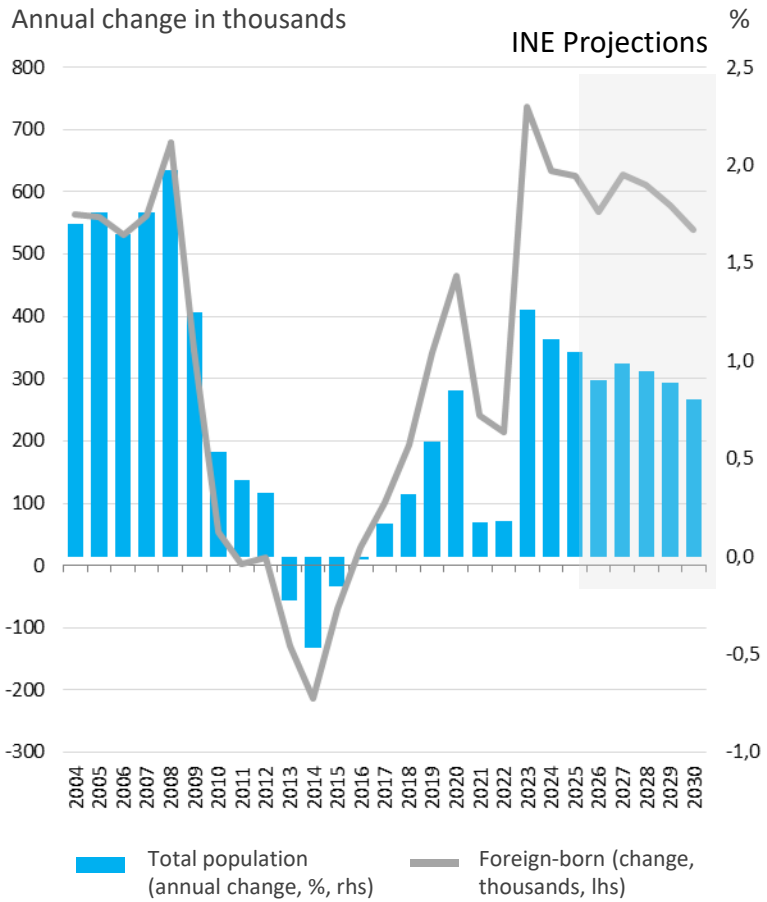


Note: (*) Seasonally adjusted.
Source: CaixaBank Research, with data from the MISSM.

- **Available indicators for Q4 point to continued strength**. The services PMI remained comfortably above the critical 50-point threshold that separates expansion from contraction in October, posting 57.2 (vs. 58.3 in September), signaling a strong pace of expansion in the sector; in manufacturing, the PMI stood at 52.2 (vs. 51.0), the best performance since August 2025.
- **Labour market strength holds in the beginning of Q4**. Social Security affiliation rose by +90k new affiliates in October, compared with an average pace in Q3 of +91k. Both figures are 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 491,000 new affiliates since the start of the process.

Demographic dynamism will continue to be a driver of growth

Spain: demographic dynamics



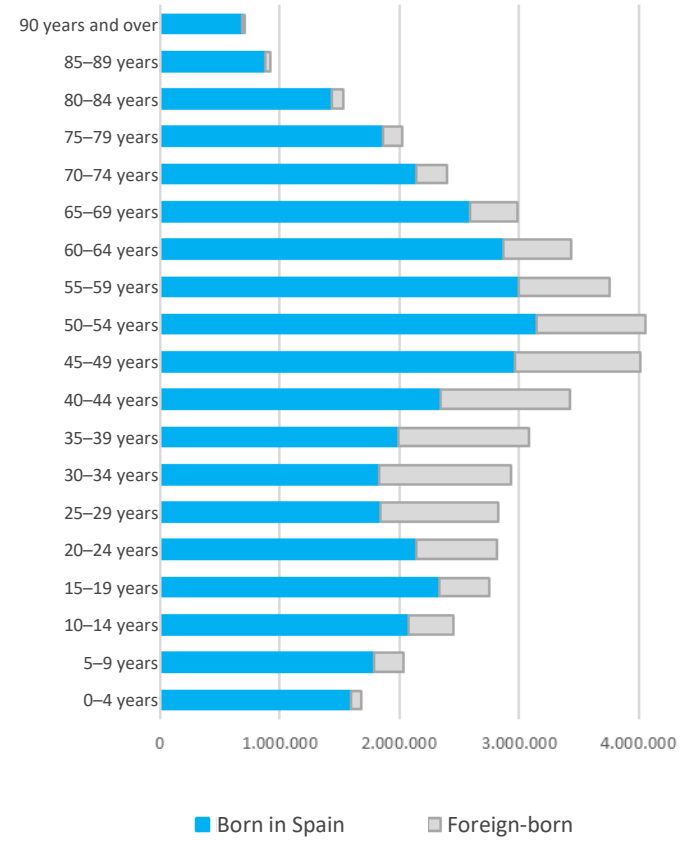
Source: CaixaBank Research, based on Demographic Projections by the INE.
Foreigners refers to those born abroad

Foreign population by origin

	As of January 1 2025		Change from 1 January 2022		
	Number	% of total	In number	In %	% of the increase in foreigners
South America	3,739,859	39.5	1,135,139	43.6	56.9
Africa	1,647,610	17.4	305,707	22.8	15.3
EU-27 without Spain	1,601,863	16.9	45,099	2.9	2.3
Central America and the Caribbean	858,231	9.1	213,862	33.2	10.7
Rest of Europe	815,570	8.6	141,988	21.1	7.1
Asia	616,222	6.5	109,469	21.6	5.5
North America	174,180	1.8	43,044	32.8	2.2
Oceania	10,675	0.1	1,786	20.1	0.1
TOTAL FOREIGNERS	**9,464,210**	**100.0**	**1,996,094**	**26.7**	**100.0**

Notes: By country of birth. The ECP has been used instead of the LFS, as the latter does not provide disaggregation by country of origin.
Source: CaixaBank Research, based on data from the Continuous Population Statistics (ECP), INE. (1-Jan-25: most recent data available)

Population by age and origin

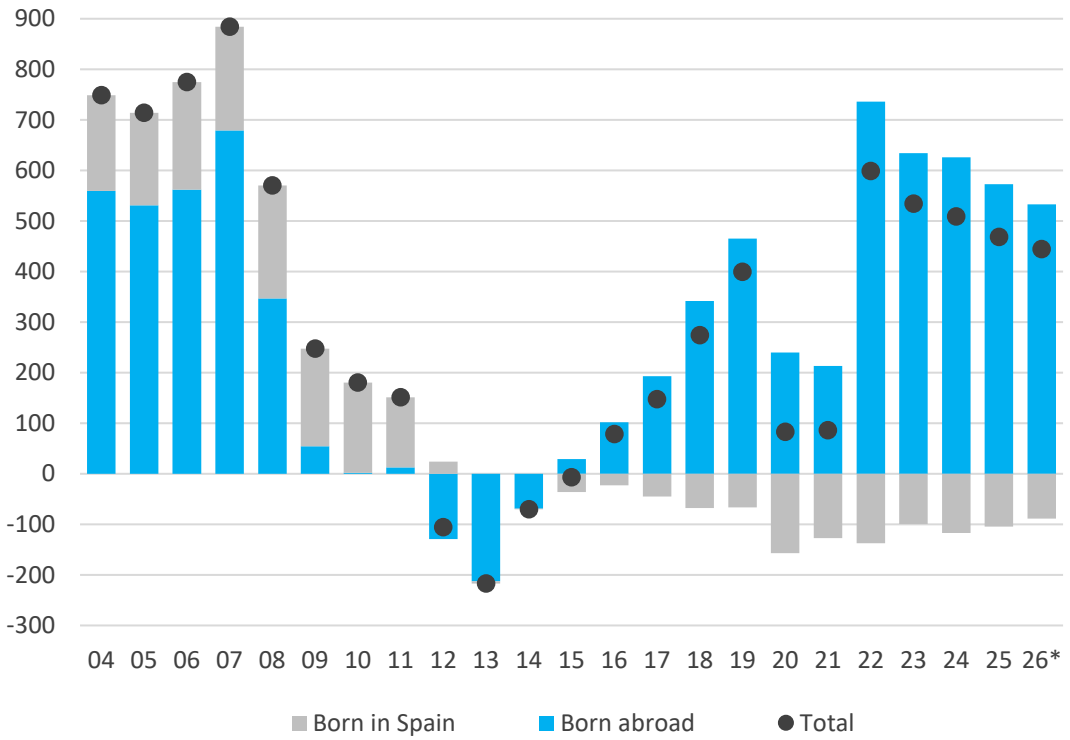


- **South and Central America** (about 450,000 immigrants per year on average) account for 68% of the increase in the foreign population since 2022, compared to 15% from Africa.
- **Population growth will coexist with a progressive ageing of the population**: 3.4 million people will turn 65 in 2026-2030.

Demographics and the labour market continue to drive growth

Total population

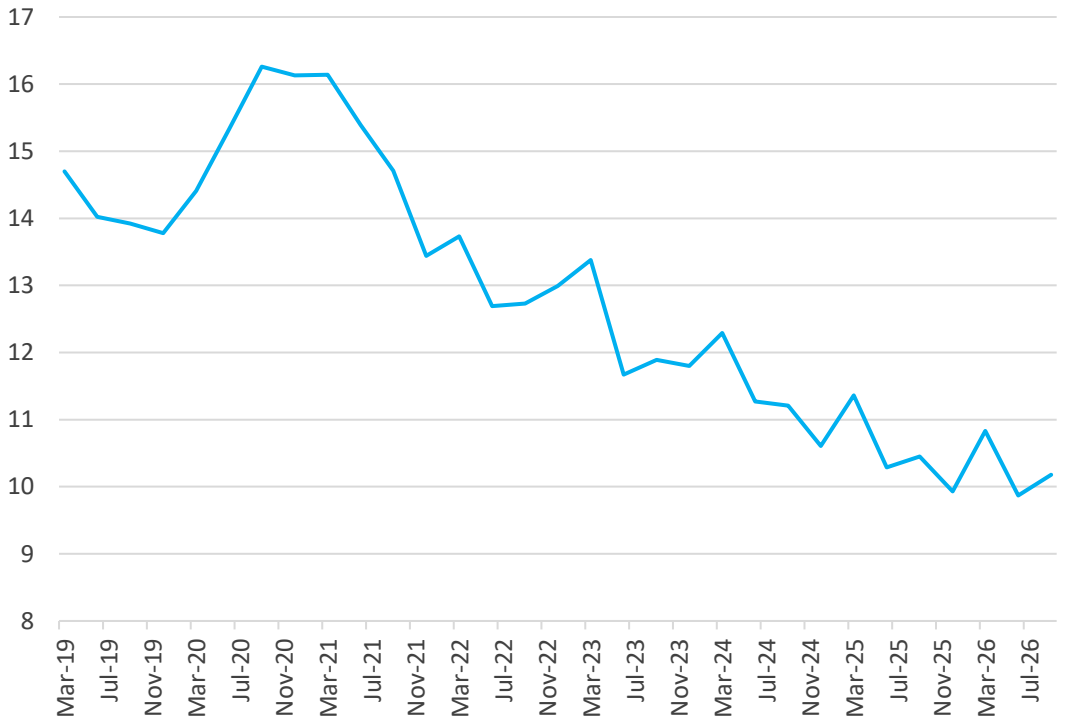
Annual variation in thousands



Note (*) Q2 2026 vs. Q2 2025.
Source: CaixaBank Research, with data from INE (ECP).

Unemployment rate

% of active population



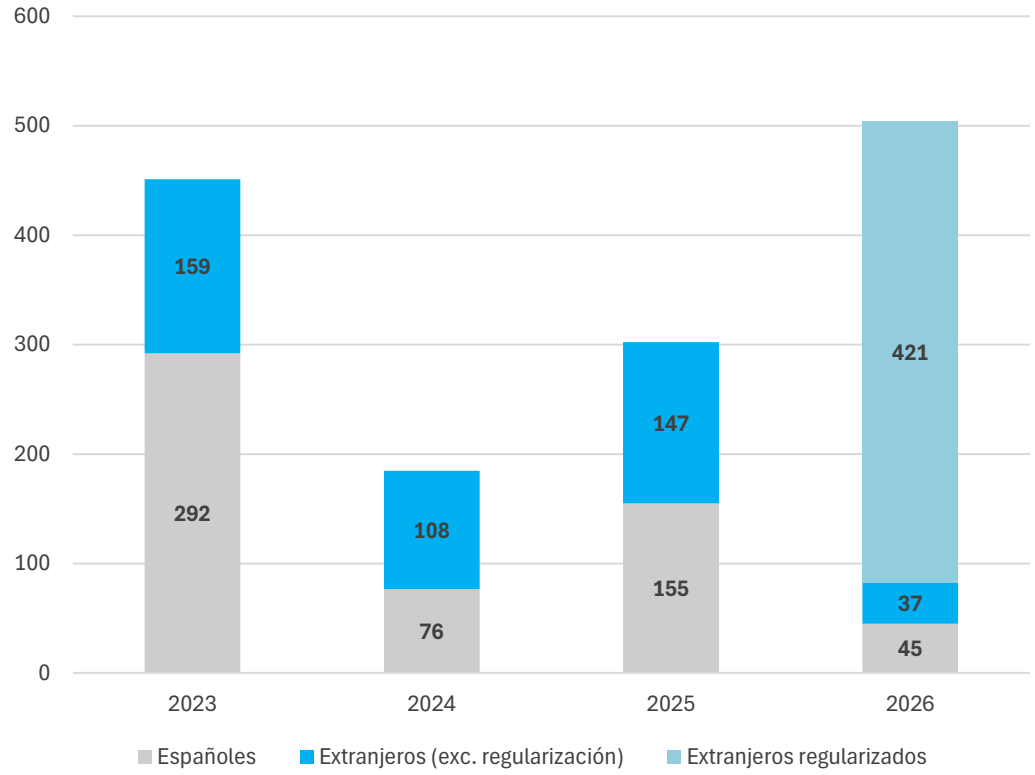
Source: CaixaBank Research, with data from EPA.

- **Employment in Spain grew by 2.1% yoy in Q3 2026**, a 0.2pp 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 10.2%, 0.2pp lower than a year earlier** (10.1% and -0.3pp, respectively, in seasonally adjusted terms).

Foreign employment gains momentum while national employment moderates

Increase in employment by nationality

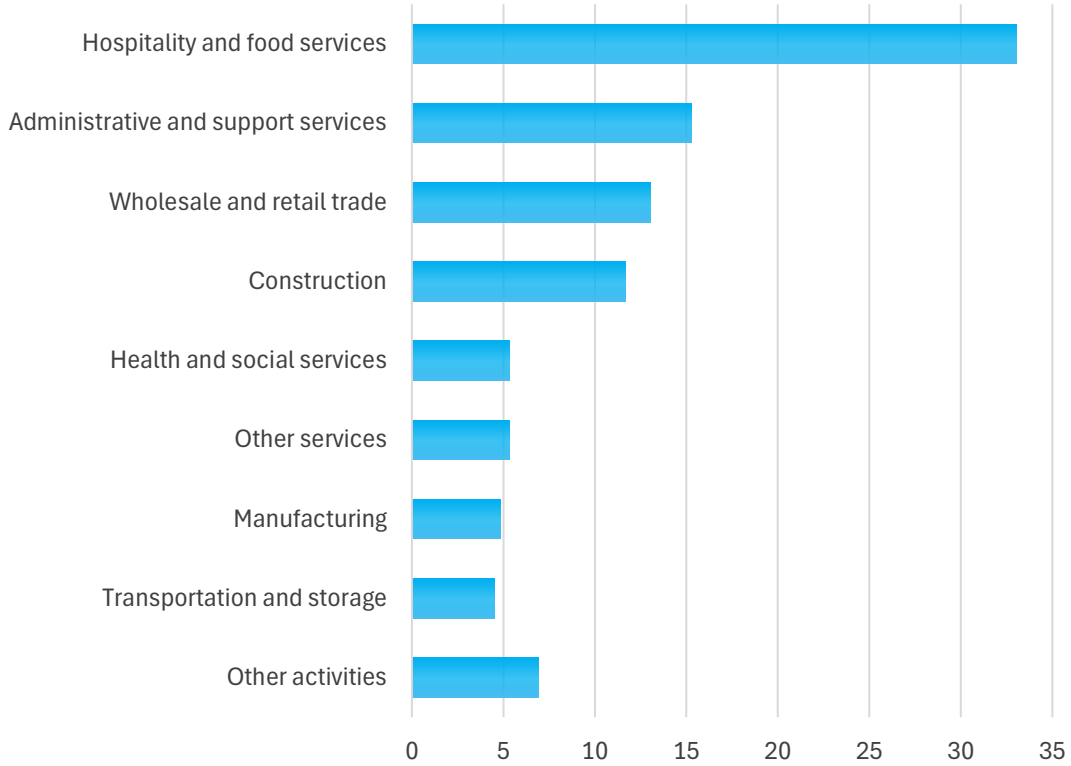
Change between March 31st and September 30th, thousands



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 September, % of total increase



Note: 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.

Energy keeps inflation elevated

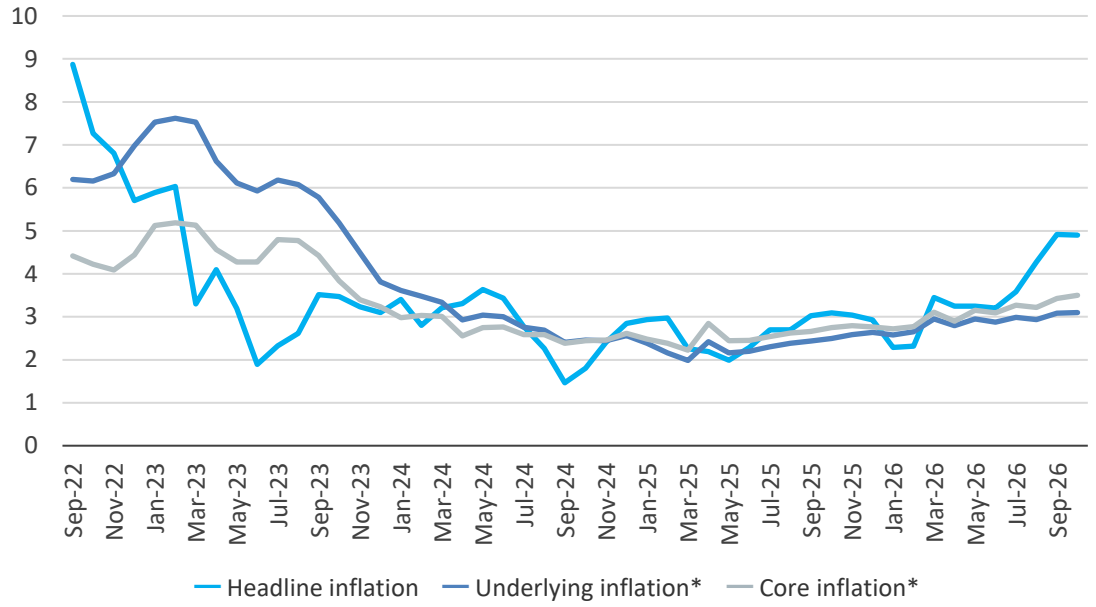
Spain: components of inflation

(%)

	Average 2025	Jul.-26	Aug.-26	Sep.-26	Oct.-26
Headline inflation	2.7	3.6	4.3	4.9	4.9
Underlying inflation (excludes unprocessed food and energy)	2.3	3.0	2.9	3.1	3.1
Core inflation (excludes all food and energy)	2.6	3.3	3.2	3.4	3.5
• Industrial goods	0.6	1.1	1.4	2.0	2.1
• Services	3.4	4.0	3.9	3.9	4.1
Food, beverages & tobacco	2.7	1.8	2.4	2.7	2.5
Energy	3.4	10.1	16.9	21.7	20.9
• Electricity	15.0	8.4	9.2	11.4	..
• Fuel	-3.2	11.0	21.3	27.7	..

Headline, underlying and core inflation

(%)



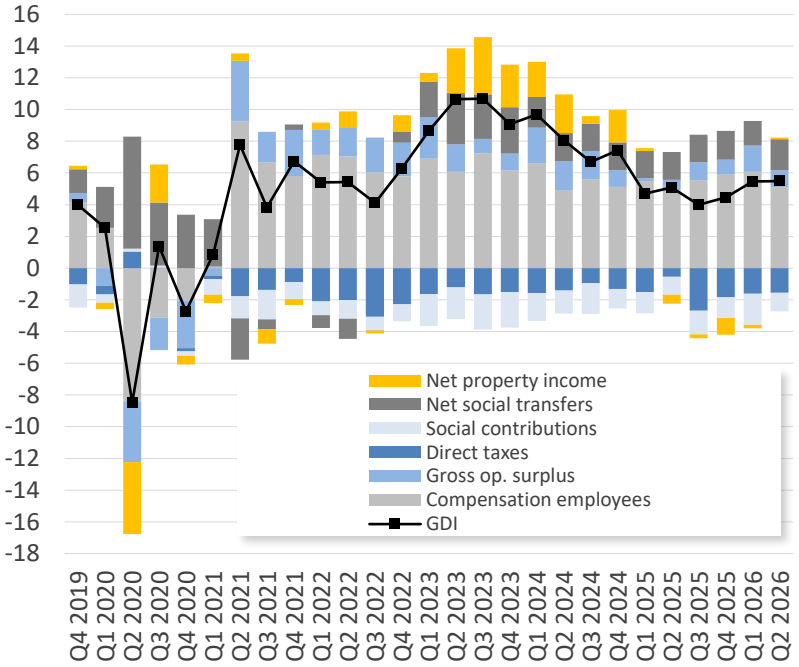
Note: Underlying inflation excludes energy and unprocessed food. Core inflation excludes energy and all food.

- **Headline inflation remained at 4.9% in October.** The moderation in gasoline prices following the introduction of the fiscal measures (petrol and diesel tax relief of €0.20/l) was offset by higher gas and holiday packages prices. Fuel tax relief will remain at €0.20 per litre for petrol and diesel in November, as their September inflation rates exceeded the 15% safeguard threshold.
- **Underlying price pressures showed renewed persistence**. Core inflation rose to 3.5%, driven by an increase in services inflation to 4.1%, while industrial goods inflation remained elevated at 2.1%..
- **September and October inflation data point to upside risks to our 2026 forecast, while European gas prices continue to pose upside risks for 2027**. Headline inflation is likely to remain above 4% in November and December, which would bring the 2026 average slightly above 3.5%, compared with 3.4% in our current scenario. For 2027, there are upside risks to our 2.5% annual forecast, although the outlook remains highly uncertain and will depend on the evolution of energy prices and their potential pass-through to other components of the basket.
- **The Government has proposed raising the minimum wage by 5.3% in 2027, to €1,286 per month in 14 payments**. The measure would preserve the purchasing power of affected workers, while its broader effects on firms' costs, prices and the wage structure will warrant monitoring. Since 2019, the minimum wage has increased by 66%, compared with cumulative increases of around 29% in compensation per employee and 26% in consumer prices.

Strong income and savings help sustain consumption

Gross disposable income (GDI)

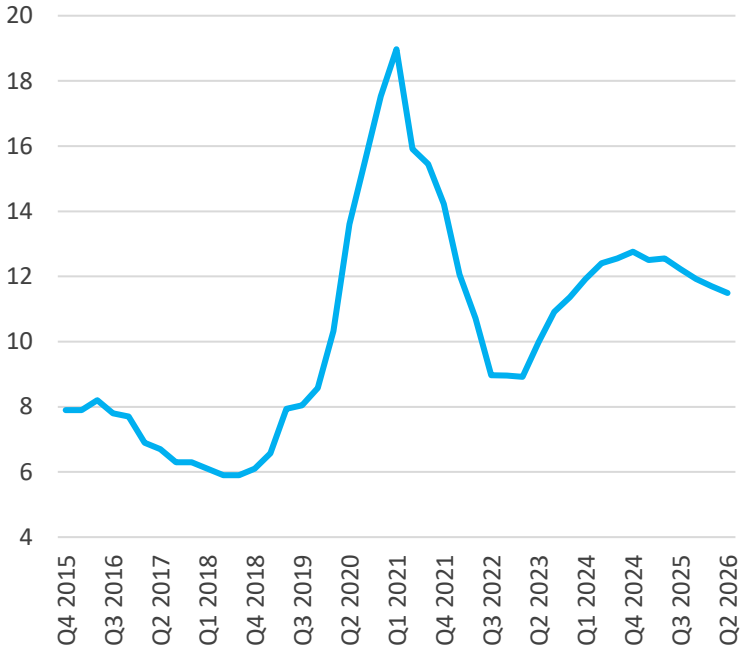
Year-on-year variation (%) and contributions



Source: CaixaBank Research, based on data from INE.

Savings rate

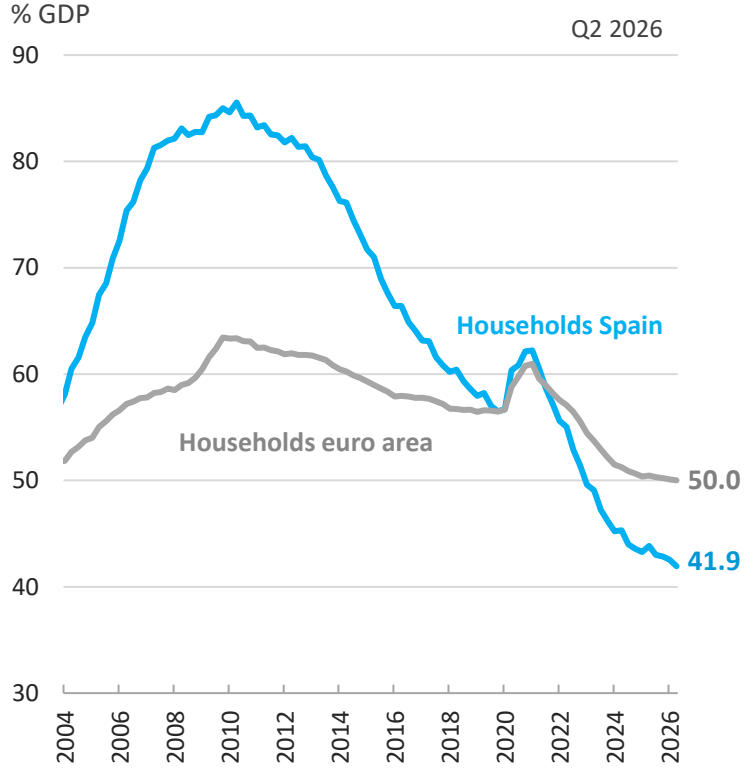
% Gross Disposable Income



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

Households' debt

% GDP



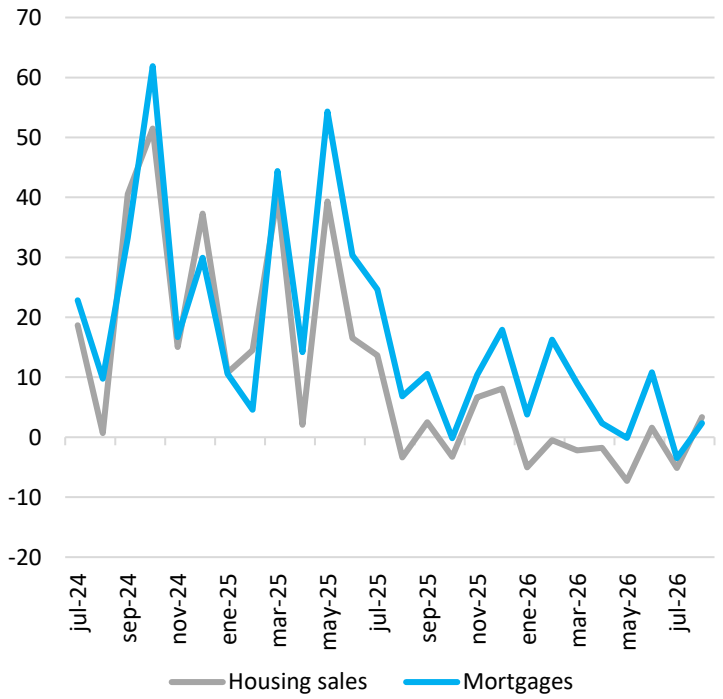
Source: CaixaBank Research, based on data from Bank of Spain and Eurostat.

- **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

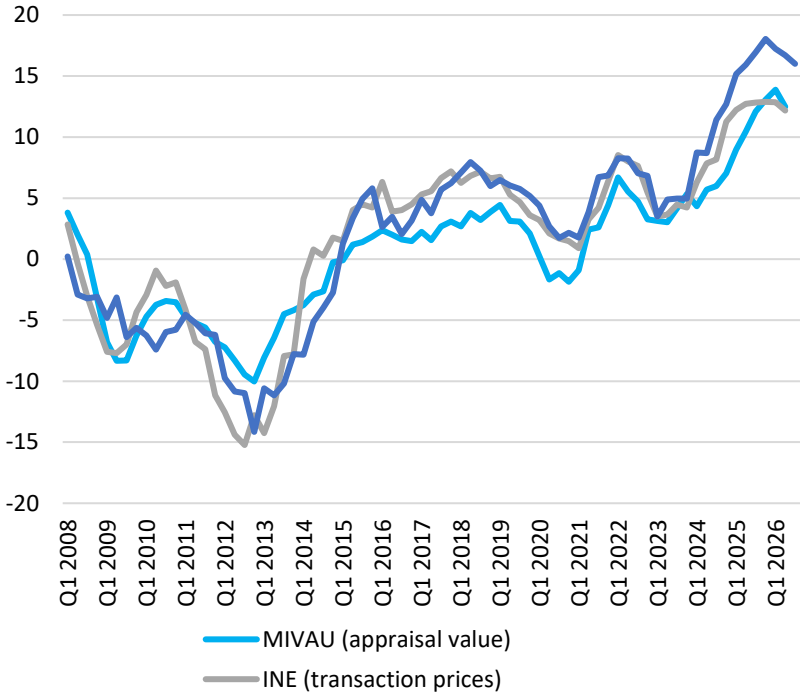
Spain: Housing sales and mortgages

(Year-on-year change, %)



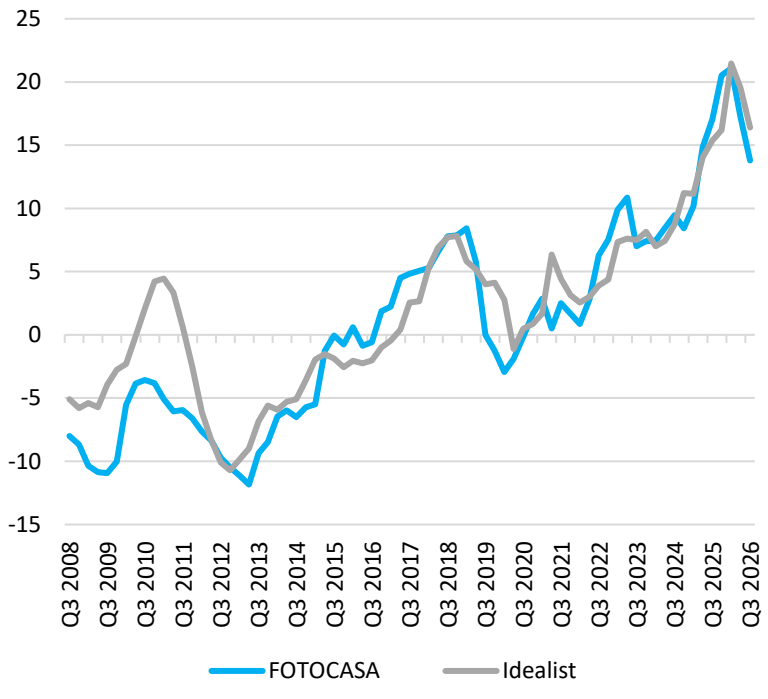
Spain: Housing Prices

(Year-on-year change, %)



Spain: House Prices Based on Property Portals

(Year-on-year change, %)



- **Housing transactions declined by 2.3% year-on-year in the 8 months up to August but remain at elevated levels** (around 700,000 units recorded on a rolling 12-month basis up to August). 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 softly dampen housing demand. 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**. The Registrars' repeat-sales index still showed strong price growth in Q3, at 15.8% year-on-year, although this was down from 17.5% in Q1. 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 keep unchanged our house price growth forecasts to 12.2% and 7.2% for 2026 and 2027, respectively, based on the MIVAU appraisal value.

Real estate: RDL 29/2026. Main measures

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 Mobilidad 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.

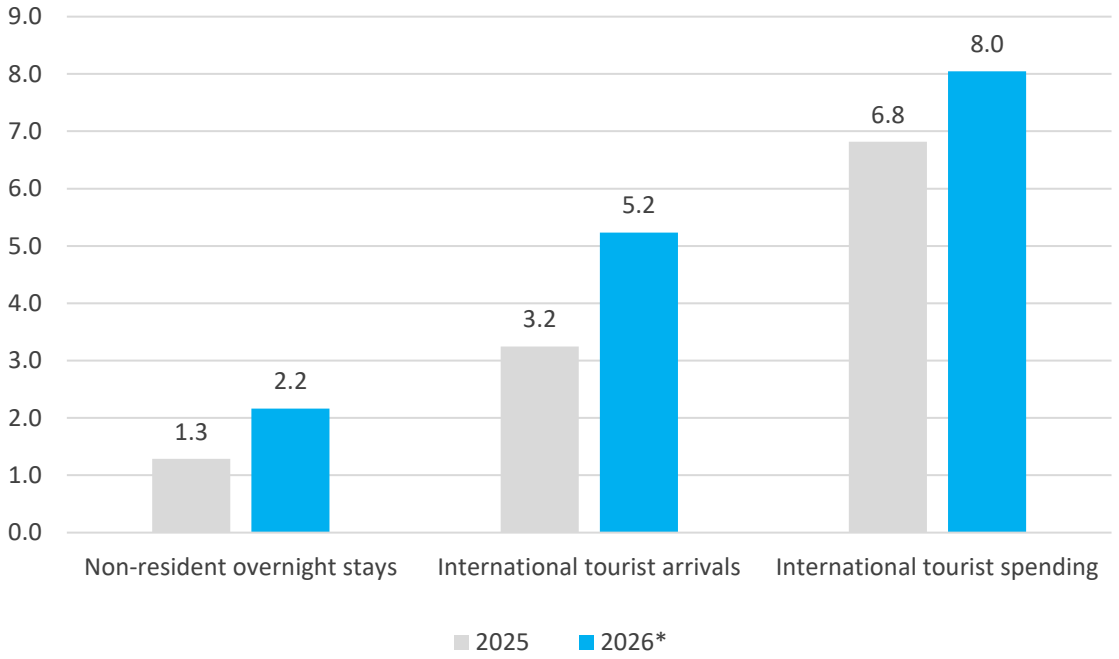
Measures aimed at increasing housing supply are needed to alleviate pressure on the housing market. At the same time, while measures are also needed to protect the most vulnerable groups, some demand-side protection policies could hinder the expansion of housing supply.

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

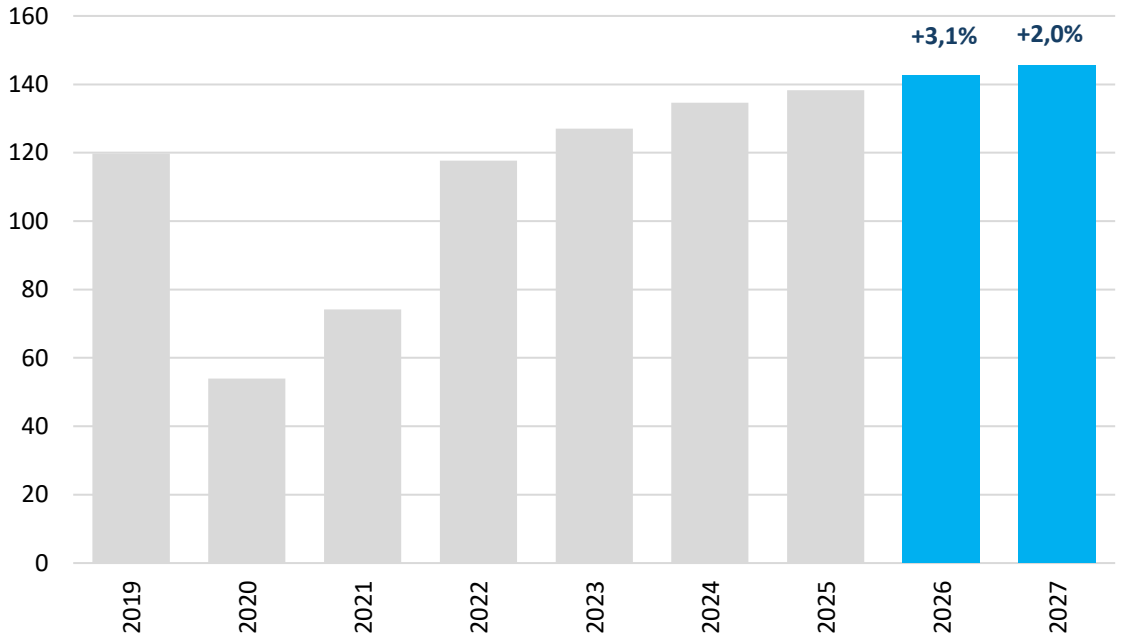
Spain: International tourism indicators

(Year-on-year change, %)



Spain: Touristic GDP

(Year-on-year change, %)



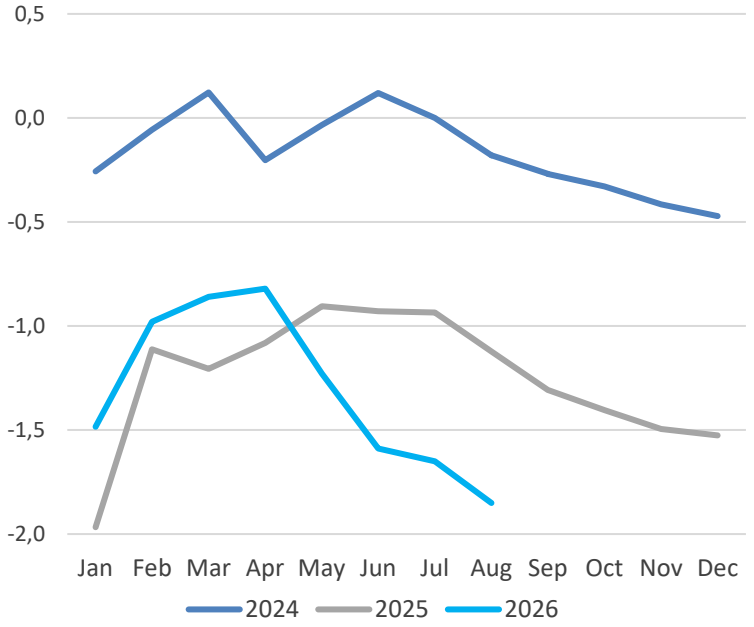
Note: (*) Accumulated change from January to September.
Source: CaixaBank Research, with data from INE.

- **Tourism activity remained strong in September.** International tourist arrivals and foreign tourist spending were dynamic in September, growing by 4.3% and 8.1% year-on-year, respectively, after both increased by 9.2% in August.
- **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. Overall, the peak season (June-September) outperformed last year. Growth in international arrivals in June-September accelerated to 5.4%, from 1.9% a year earlier, while tourist spending also gained momentum, rising by 8.3% compared with 6.1% last year.

Strong service exports continue to offset weakness in the goods balance

Non-energy goods balance

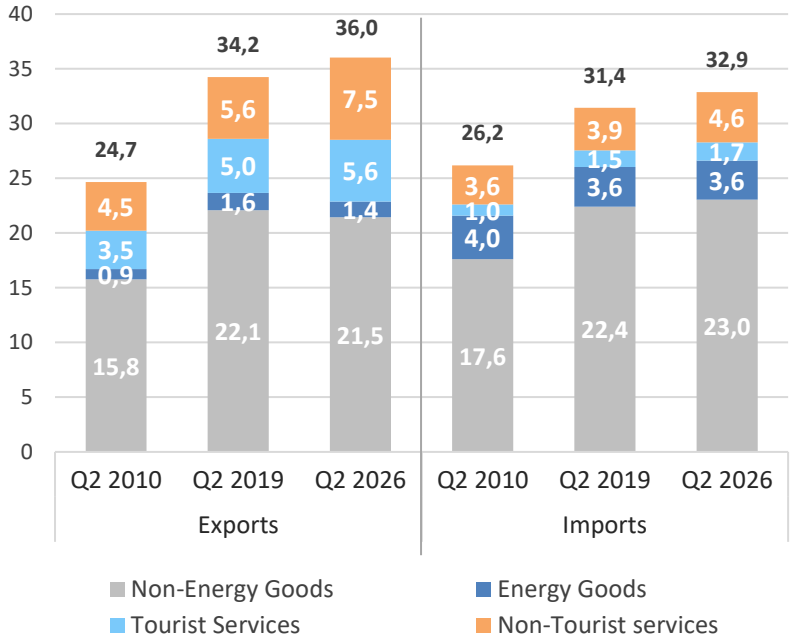
Year-to-date (% of GDP)



Source: CaixaBank Research, based on data from BdE and INE

Exports and Imports of Goods and Services

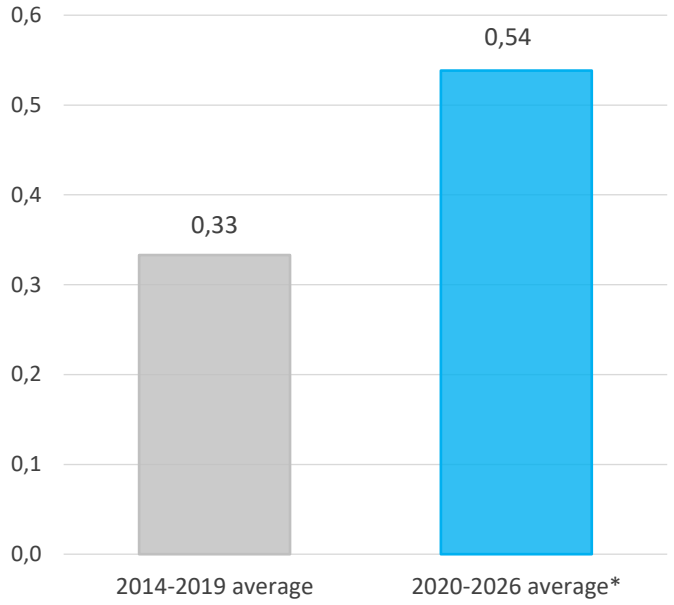
Year-to-date (% of GDP)



Source: CaixaBank Research on data from BdE and INE

Non-tourism exports

Contribution to real yoy GDP growth (pp)



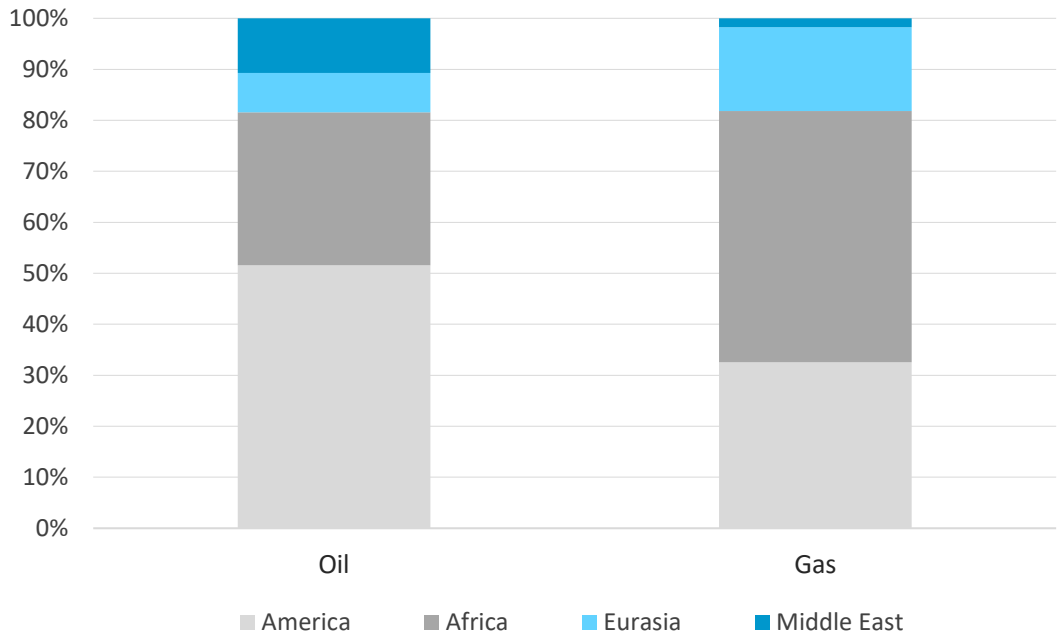
Note: *Accumulated data four quarters until Q2.
Source: CaixaBank Research on data from BdE and INE

- **Spain's export sector remains a key growth driver**, with nominal exports of goods and services reaching 37.0% of quarterly GDP in Q3 2026, compared with 34.3% in Q3 2019. Real export growth also strengthened to 1.3% quarter-on-quarter and 3.6% year-on-year. Service exports reached 14.0% of GDP, 3.2 pp above Q3 2019, with non-tourism services accounting for the larger part of the increase.
- **However, the goods balance remained a significant drag throughout 2026.** The monthly goods deficit widened from €5.2bn in July to €7.8bn in August, bringing the cumulative shortfall to €45.8bn in the first eight months of the year. On a 12-month basis, the non-energy goods deficit increased from 1.9% of GDP in July to 2.0% of GDP in August, while the energy deficit remained broadly stable at 1.9%. The strength of tourism and non-tourism services continued to provide a substantial offset.
- **The current account surplus is forecast to narrow from 3.2% of GDP in 2025 to 2.0% in 2026**, as weaker energy and non-energy goods balances and a more negative primary income balance outweigh the continued strength of services.

Spain: limited direct exposure to the Gulf region

Oil and gas imports by region

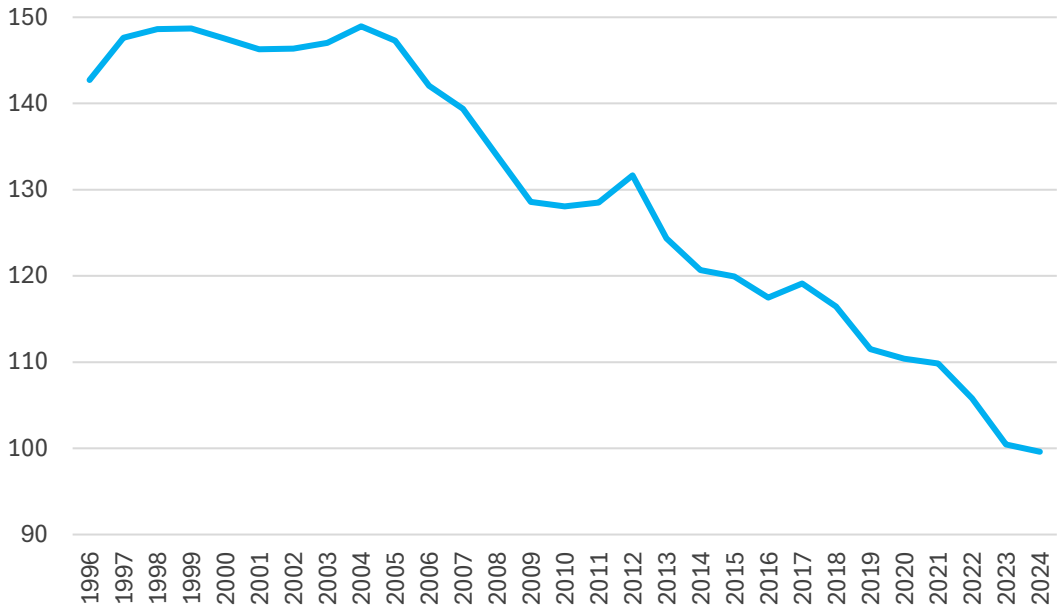
% over total



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

Energy intensity

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



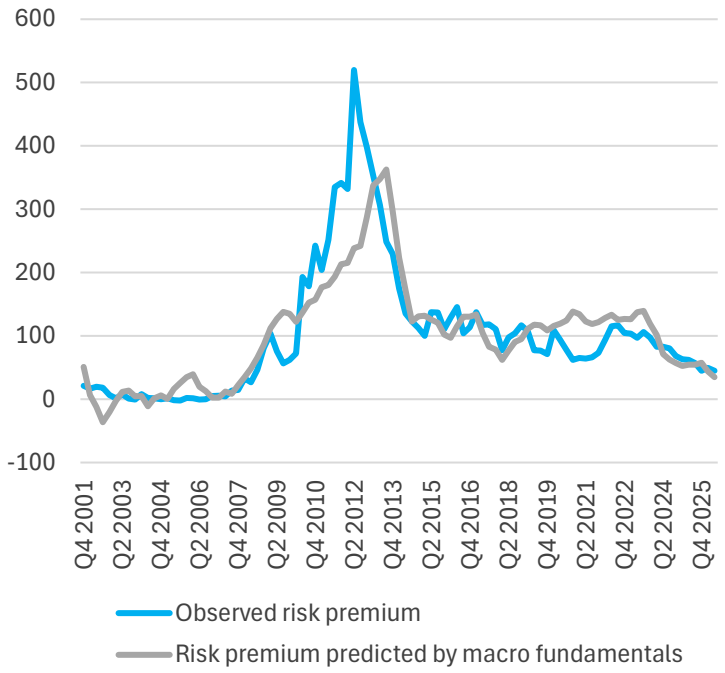
Note: Real GDP. Units of energy correspond to gross available energy, which includes primary production, recovered & recycled products, net exports and stock changes.
Source: CaixaBank Research, based on data from Eurostat.

- **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’s sovereign risk remains contained, with limited spillovers from France and a gradual rise in interest costs

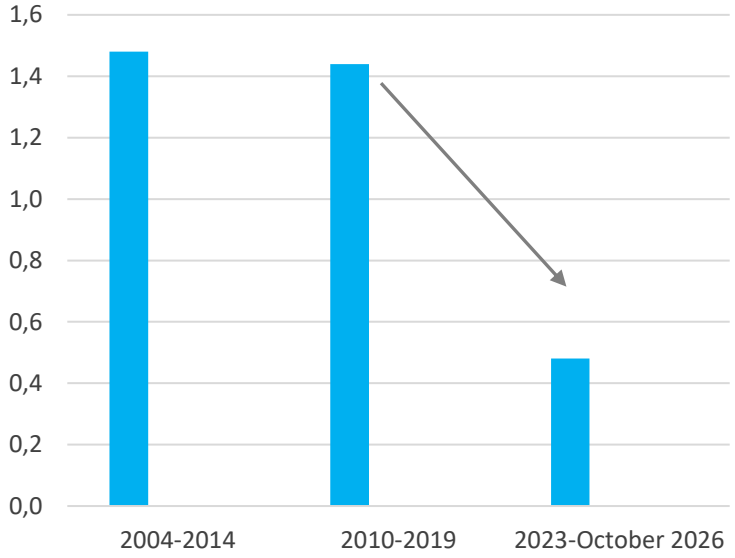
Spanish 10yr sovereign risk premium

Basis points



Sensitivity of Spain’s sovereign spread to changes in France’s spread

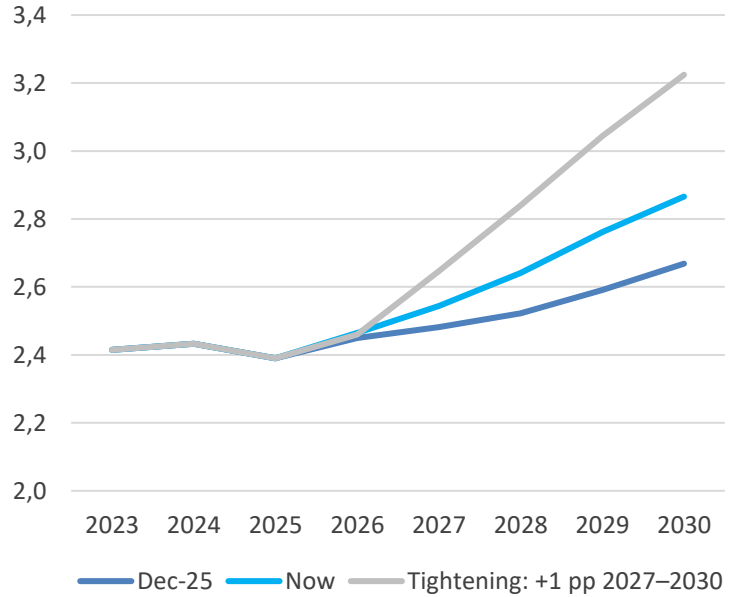
Beta coefficients based on monthly changes



Notes: Beta coefficients from OLS regressions of monthly changes in Spain’s sovereign spread on monthly changes in France’s sovereign spread.

Interest payments on public debt

% of GDP



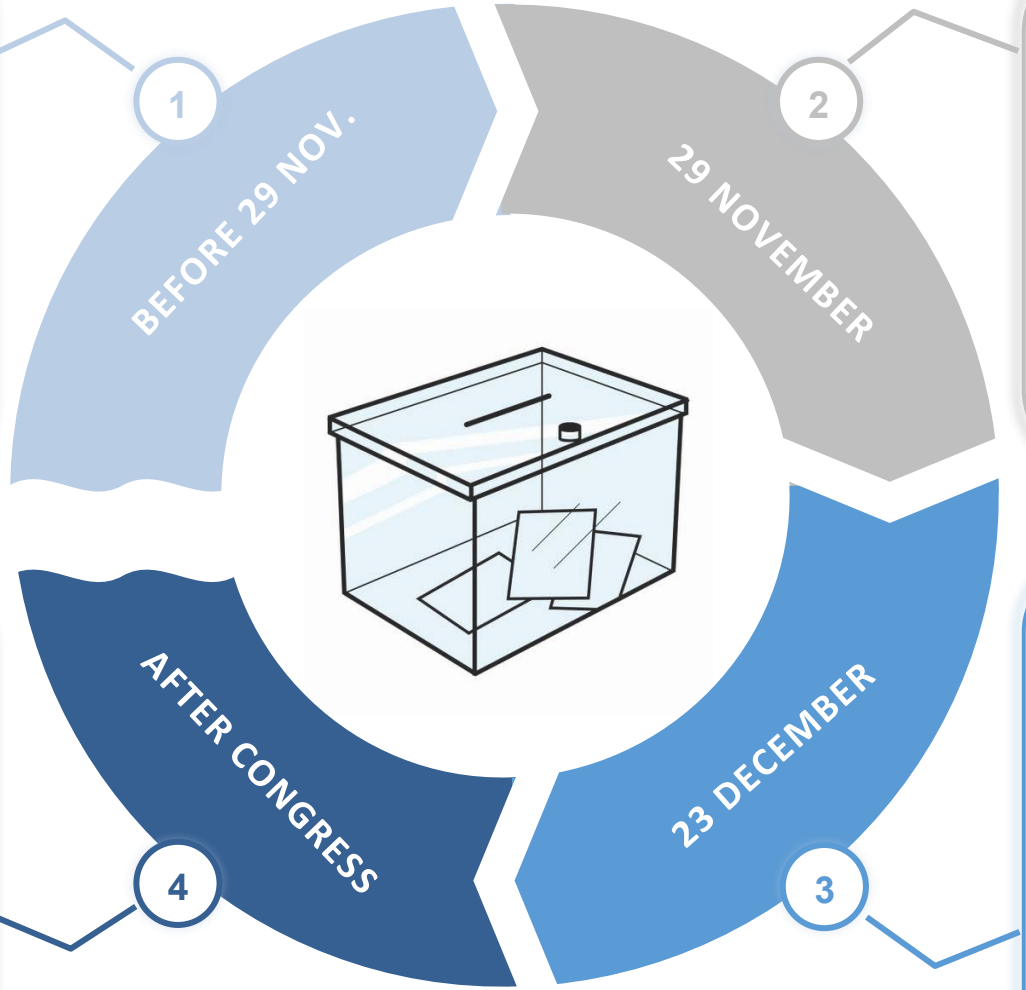
Note: Interest-payment projections incorporate the path implied by Spanish 8-year sovereign yield futures. The shock scenario assumes a sustained 100 bp increase in issuance yields from 2027 onwards.

- French debt is projected to rise to around 119% of GDP in 2026, from 109.5% in 2023, while Spain’s is declining from 115.7% in 2021 to slightly below 99% in 2026, though remaining high by international standards. Spain’s deficit is projected at 2.3% of GDP in 2026, compared with above 5% in France.
- **Spain maintains a long and stable average debt maturity of around eight years.**
- Risk Premium Alignment: **Spain’s market risk premium is now broadly aligned with macro fundamentals** (growth, inflation, debt, ECB rates).
- Decoupling from France: **Spain’s risk premium has become significantly less sensitive to the French spread**, especially in 2023–2026.
- **Limited sensitivity of interest payments to sovereign yields.** Our estimates suggest that a sustained 100 bp increase in issuance yields from 2027 would raise interest expenditure by 0.4pp of GDP by 2030. This is broadly consistent with AIReF’s estimate of +0.6pp of GDP under a somewhat larger 120 bp shock.

Spain: Snap elections on 29 November

Until the elections on 29 November

Until the elections, the Government continues to exercise its executive powers and is not yet in a caretaker capacity. With Parliament dissolved, the ordinary legislative process is suspended. Royal decree-laws require extraordinary and urgent need. Congress's Diputación Permanente must vote on their validation or repeal within 30 days of promulgation.



From the elections until the formation of a new Government

Once the elections have been held, the Government formally leaves office and remains in a caretaker capacity until its successor takes office. It may continue to approve urgent royal decree-laws, but it can no longer govern as normal. Its actions must be limited to the ordinary conduct of public affairs, except in cases of urgency or for duly justified reasons of general interest.

Election of the President of the Government

Once the new Congress has been constituted, the King holds consultations with the political parties and nominates a candidate for President of the Government. However, there is no deadline for holding the first parliamentary vote. A two-month deadline for electing a President begins only after that first vote. If no candidate secures the required support within this period, Parliament is dissolved and fresh elections are called.

Constitution of the new Congress and Senate

The outgoing Diputación Permanente mandate ends when the new Congress is constituted. The new Congress resumes parliamentary business. The Government remains in a caretaker capacity until its successor takes office and cannot introduce government bills or approve the draft State Budget.

Middle East Crisis Response Plan: second extension

The second extension covers Q4 2026 amid renewed energy price pressures and has a fiscal of of c. €2bn (0.1% of GDP). 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

- The fuel excise relief remains at 20 c€/l for both petrol and diesel in November, as their September CPI rates exceeded the 15% YoY safeguard threshold. In December, the relief will be at least 13 c€/l and could remain at 20 c€/l for each fuel if its October CPI rate exceeds 15% YoY.
- Winter LNG storage requirements rise. The CNMC will study energy pricing and competition along the food value chain.

Electricity, gas taxes and TUR

- The reduced 10% VAT rate on eligible electricity and gas supplies and the 0.5% electricity excise do not apply in November, as their September CPI rates remained below the 15% YoY threshold. They could still be activated in December if the corresponding October CPI rate exceeds 15% YoY.
- 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.

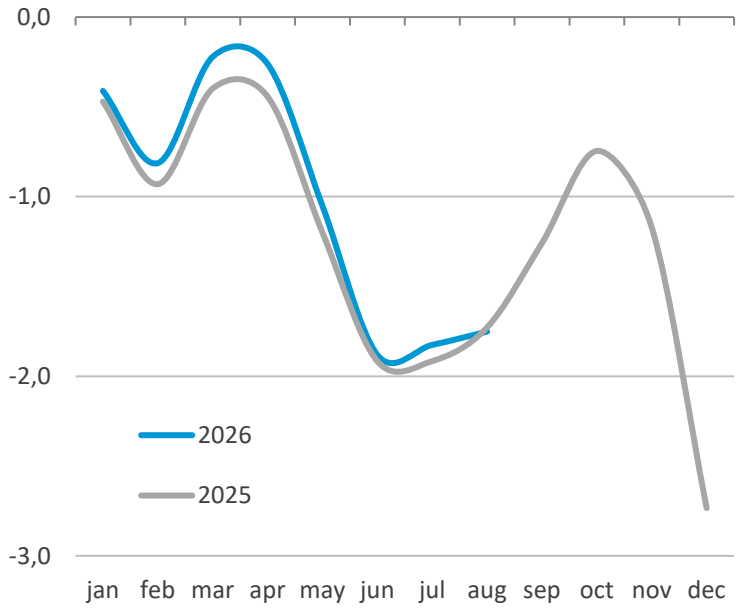
Fiscal cost and assessment

- Including the Q4 extension, we estimate the total fiscal cost in 2026 at around €9bn (0.5% of GDP).
- The main risk is policy persistence: repeated extensions could raise the fiscal cost and slow the adjustment away from fossil-fuel consumption.
- 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

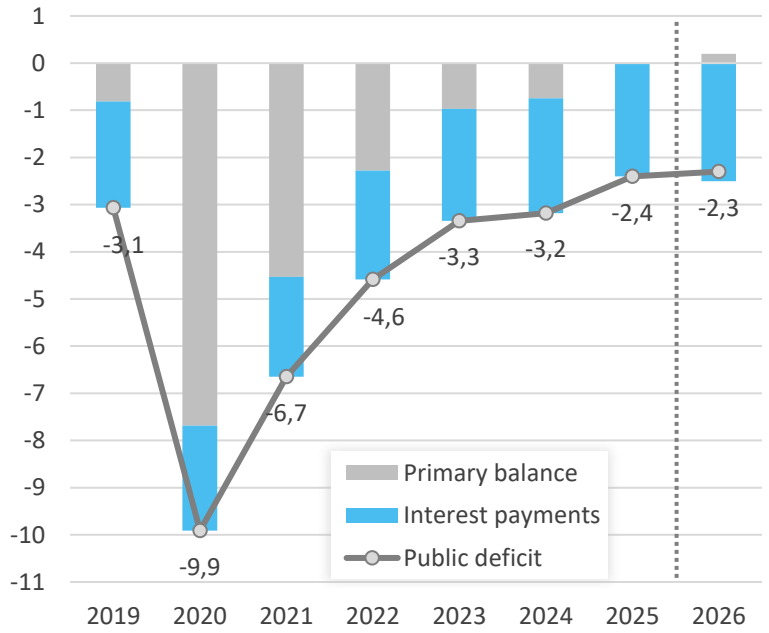
Budgetary execution: Financing needs Public Administrations*

% GDP



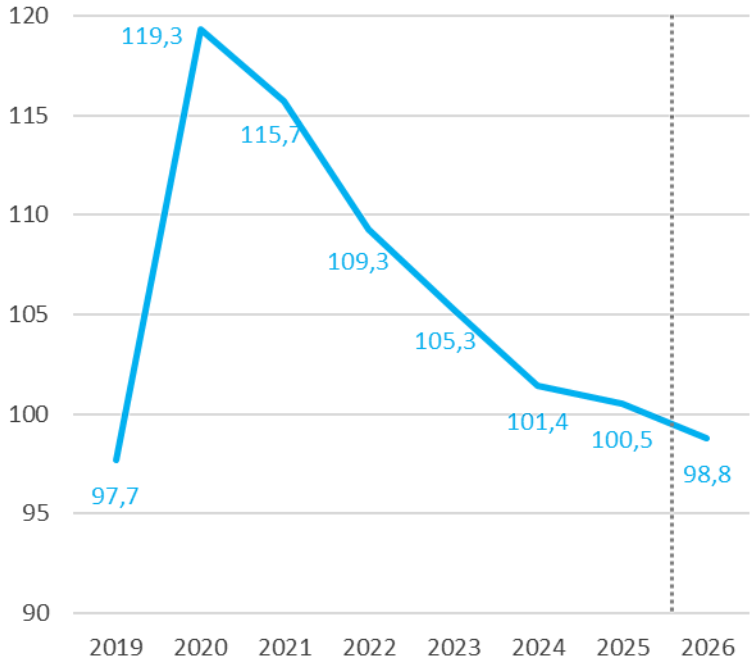
General government balance

% GDP



Public debt

% GDP

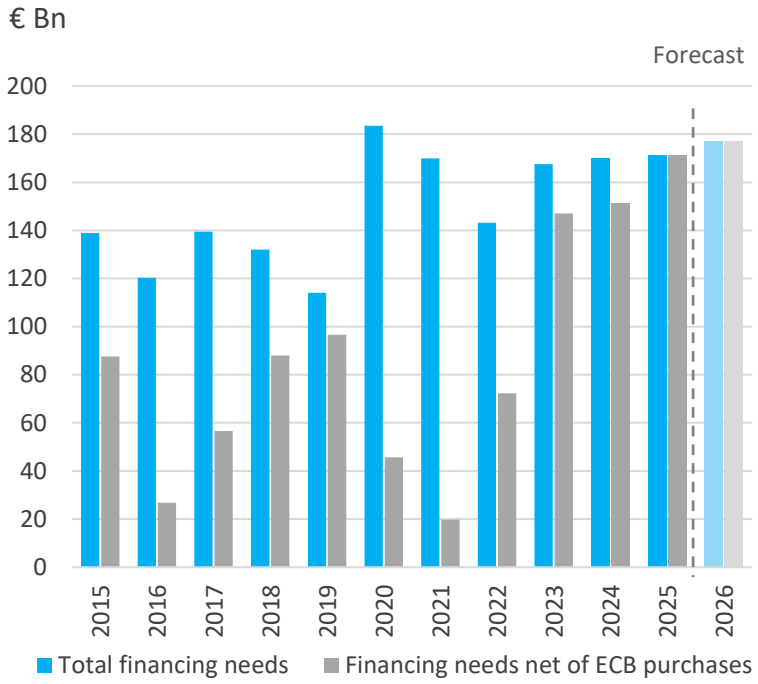


Note*: Consolidated data excluding Local Corporations.
Source: CaixaBank Research, with data from IGAE.

- **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 on budgetary execution through August: revenues +8.7% and expenditure +8.6%.** 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).
- **2027 fiscal outlook**: the deficit is expected to remain close to 2% of GDP, although its final level will depend on the fiscal measures adopted by the new government.
- **Public debt remains elevated**: it is expected to fall below 99% of GDP in 2026, but would remain above its pre-pandemic level. The reduction in recent years has been driven primarily by nominal GDP growth.

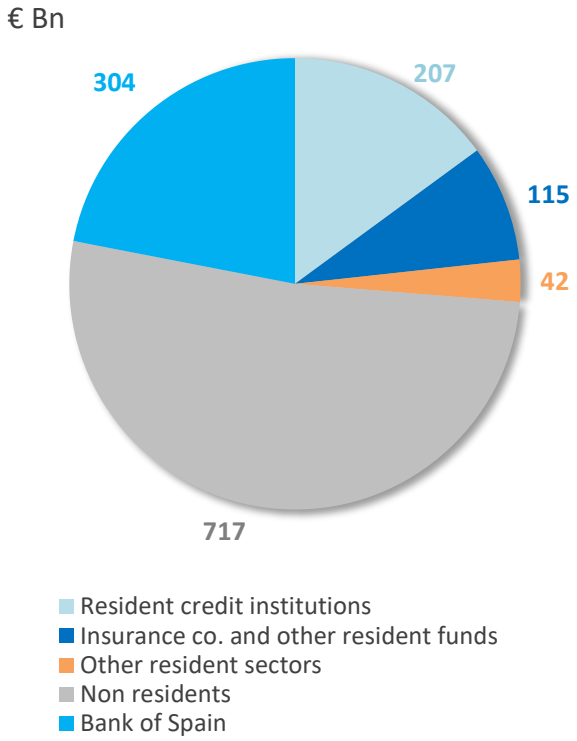
Moderate increase in financing needs for 2026, comfortably absorbed thanks to robust demand

Spain: Gross financing needs



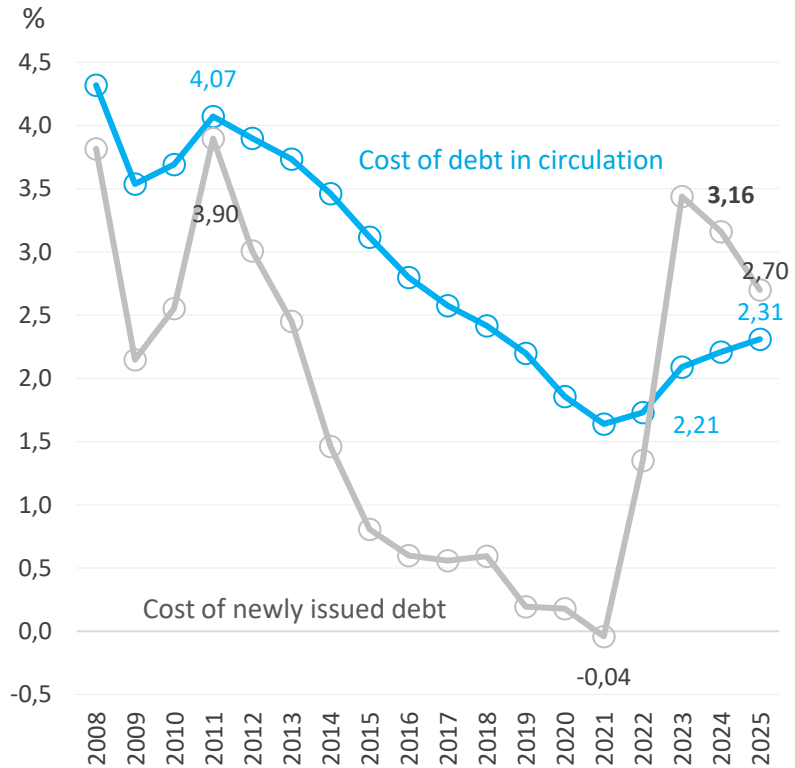
Note: *Amortisation funds do not include short-term bills.
Source: CaixaBank Research, with data from the Directorate-General for the Treasury.

Public debt holdings (excl. bills)



Note: August data.

Cost of debt: State

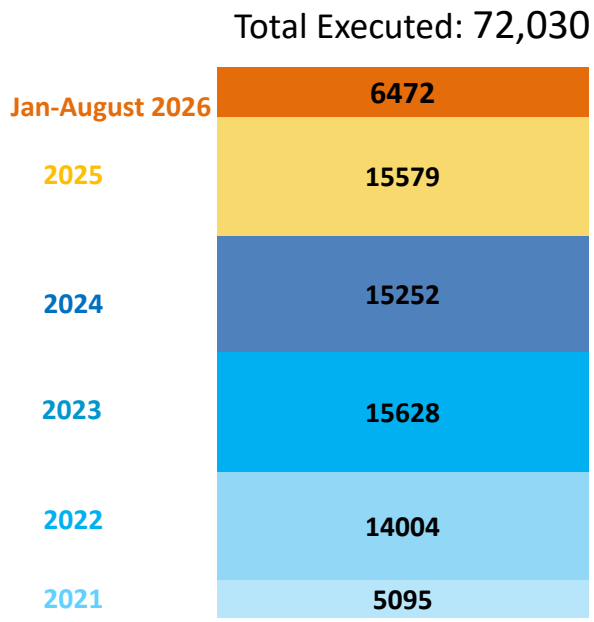


- **Gross funding needs in 2026** will be slightly above those of 2021-2025 net of ECB purchases. However, higher interest rates with respect to pre-pandemic levels should maintain the appeal of public debt holdings for investors and facilitate the absorption of Spain's financing needs.
- **Government debt is diversified**. In August 2026, foreign investors had increased their holdings of Spanish debt compared with August 2025 (excluding T-bills) by €74bn, 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%).

NGEU: final stretch

Execution of NGEU

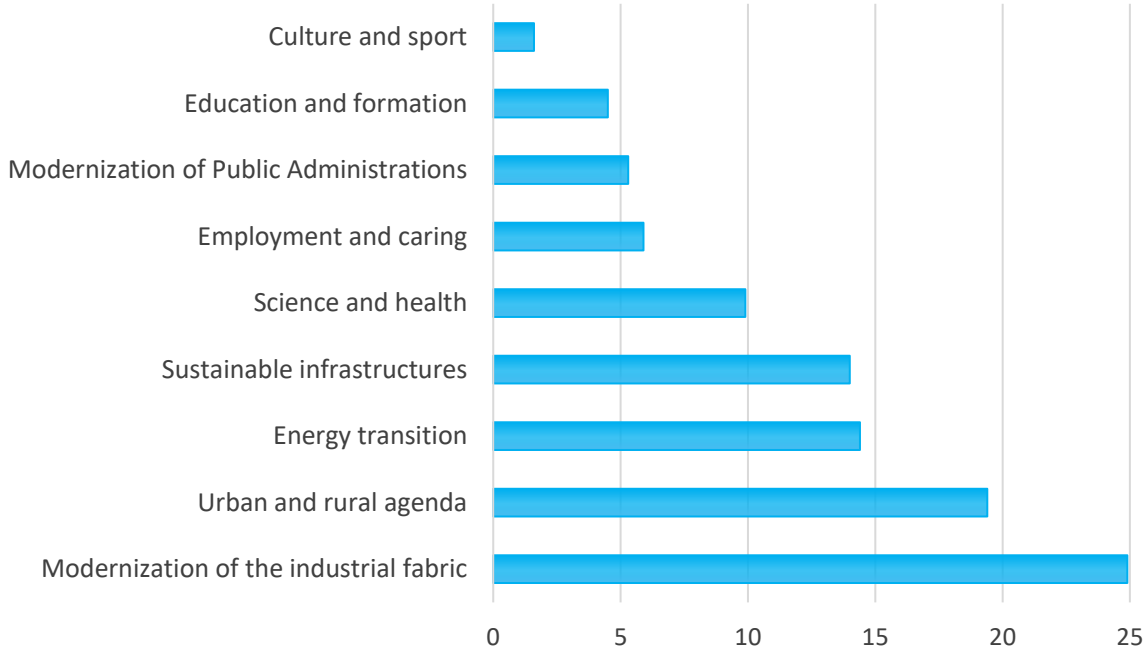
Total grants (Million euros)



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

Resolved calls by area

% over the total resolved



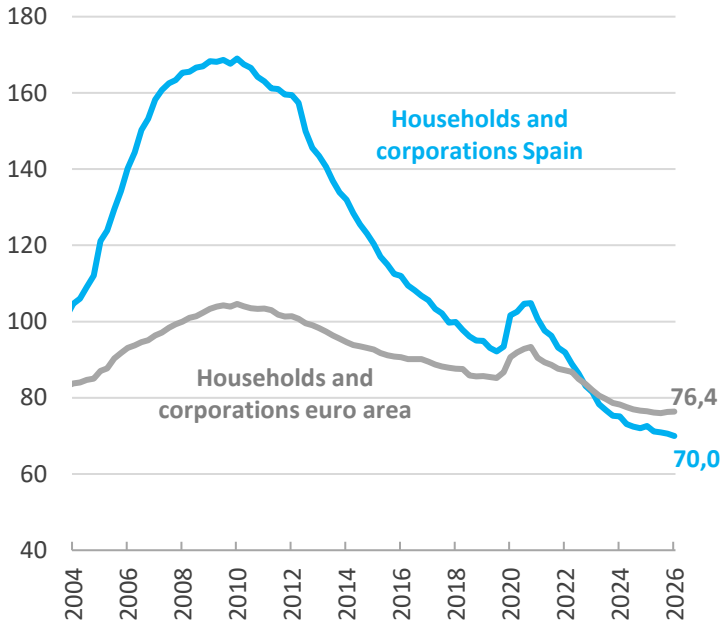
Source: CaixaBank Research, based on data from the ELISA portal, Government of Spain.

- Execution through August: €72.030 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

% GDP



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

Private domestic credit

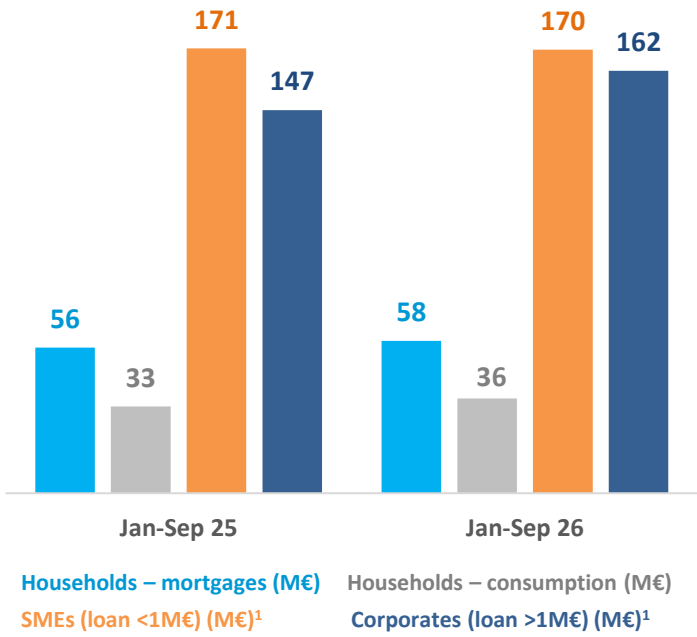
Year-on-year (%)

	Dec-25	Sep-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%	3,8%	3,9%
Other purposes	4,6%	6,3%	5,5%
Of which consumption	10,5%	10,0%	9,1%
Businesses	2,9%	5,0%	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



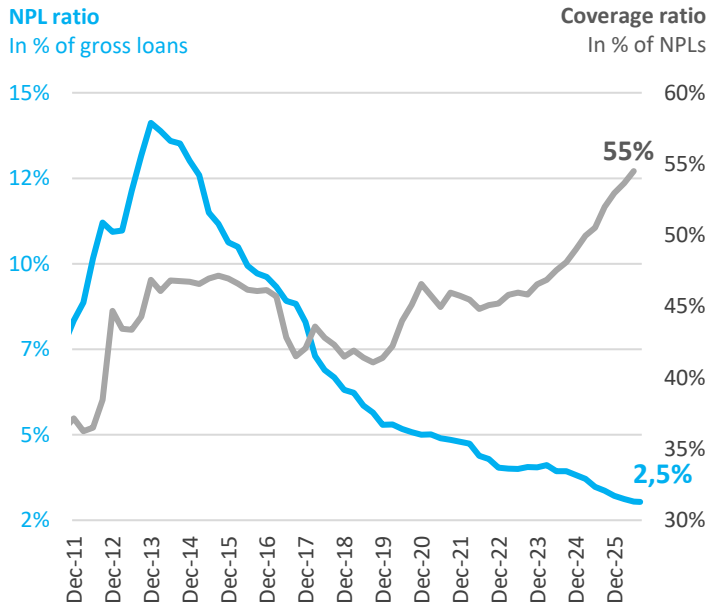
Source: CaixaBank Research with data from Bank of Spain.

- **Household and corporate debt levels** (including debt securities) remain below euro area averages in Q2 26. Both sectors have deleveraged relative to GDP and remain below their pre-pandemic debt ratios.
- **New mortgage production** growth slows after a period of strong expansion , partly sustained by rising house prices. (accumulated new lending from January to September grows +4.8% yoy).
- **New lending for consumption** remains buoyant, although growth is moderating (accumulated new lending from January to September grows +9.2% yoy).
- **New lending to corporates** is driven by growth in loans above 1M€ (accumulated new lending from January to September grows, excluding renegotiations, +5.6% yoy).
- **Consequently, growth in the adjusted stock[1] of credit to the Spanish resident private sector continued to expand at a solid pace through September**. We expect this trend to continue through year-end and gradually converge to a growth rate below nominal GDP growth.

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

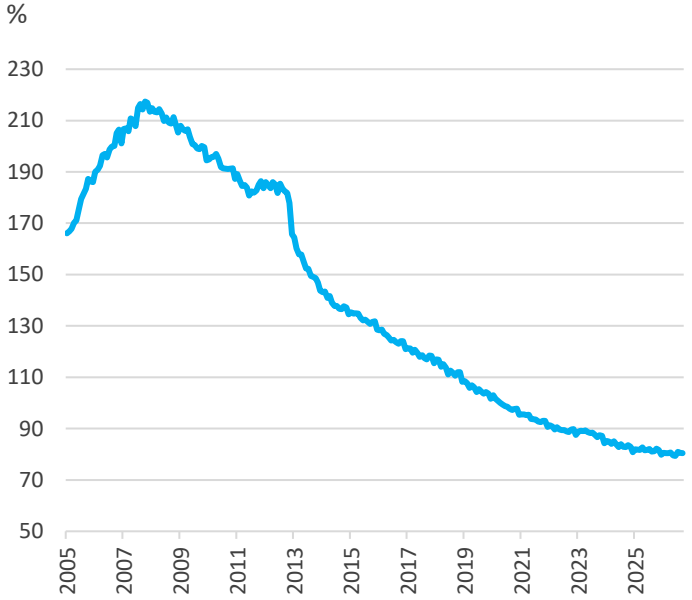
Banking system: solid financials

NPLs and coverage ratios[1]



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

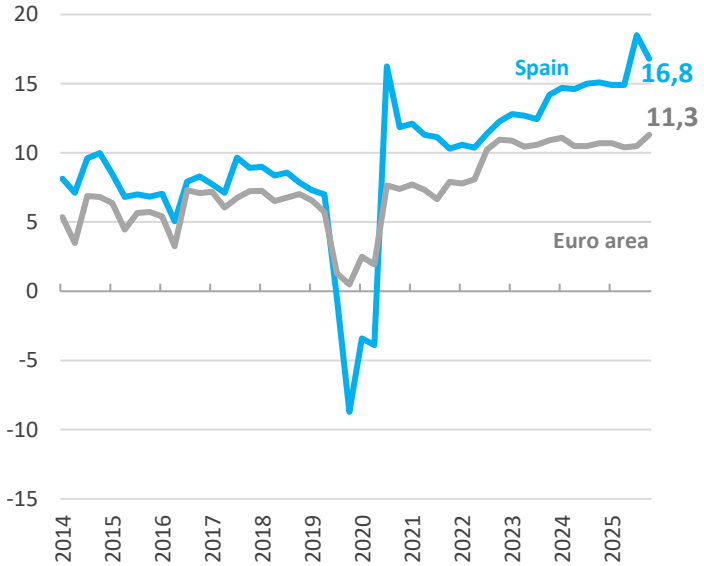
HHs & NFCs loan to deposit ratio



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

ROE % (Q2 26; annualized)



Note: The Q1 26 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 Q2 26, remaining below the EU average
- **Household and non-financial corporation (NFC) deposits in September 2026 remained close to the all-time high reached one month earlier, with a 4.4% yoy increase on a seasonally adjusted basis, supported by stronger growth in corporate deposits**. Loan to deposit ratio remained stable at very comfortable levels (c. 80%) in August.
- **Profitability remained strong in Q2 26, 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 Q1 26, 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 tests[1] confirm the banking sector's resilience under extreme oil price scenarios, with a limited impact on capital.

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