

MACROECONOMIC PROJECTIONS FOR THE SPANISH ECONOMY 2025-2027*

*Traducción al inglés del original en español

23 DECEMBER 2025

BANCO DE ESPAÑA
Eurosistema





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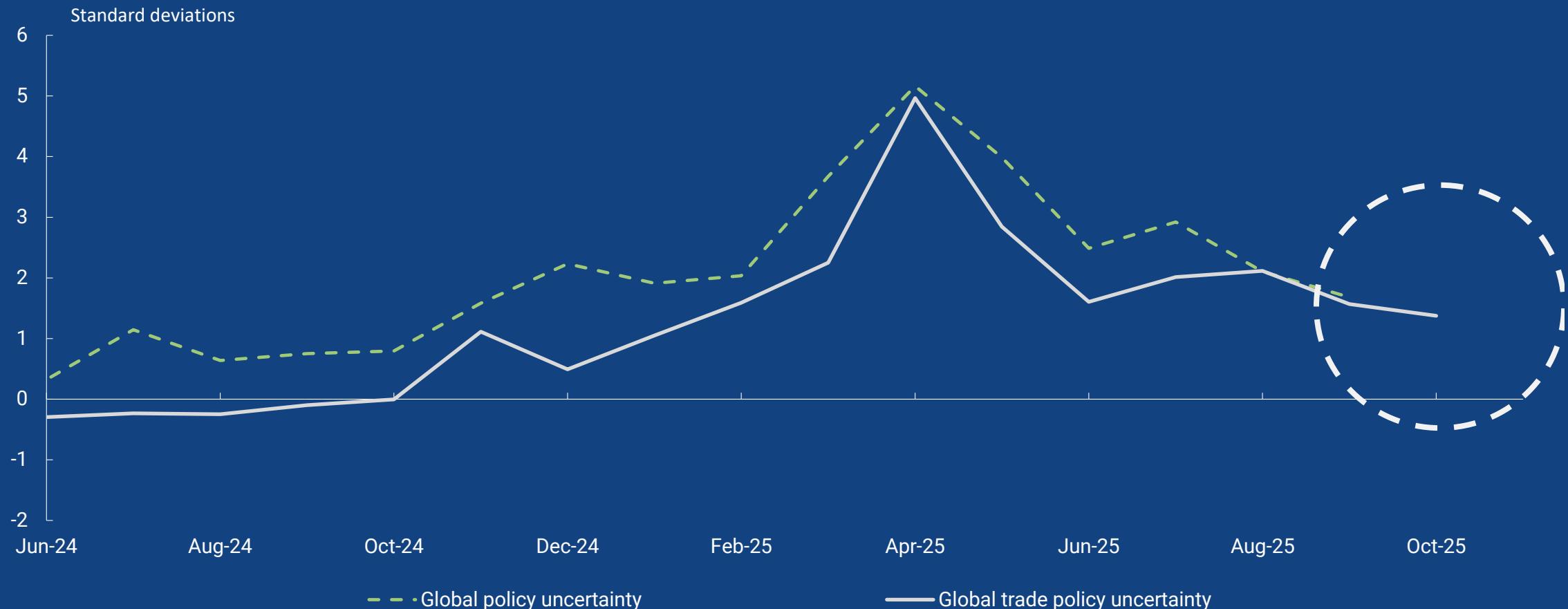


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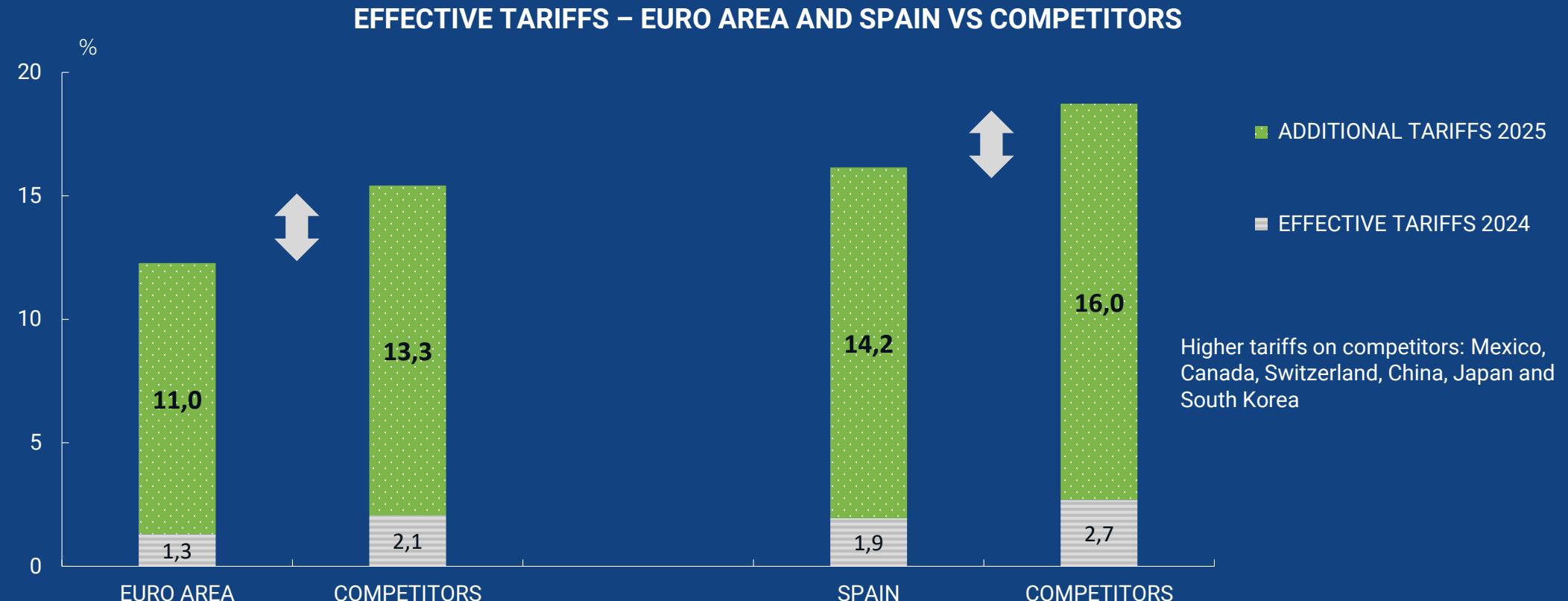
ECONOMIC POLICY UNCERTAINTY INDICATORS CONTINUE TO EASE

GLOBAL UNCERTAINTY (STANDARDISED SERIES)



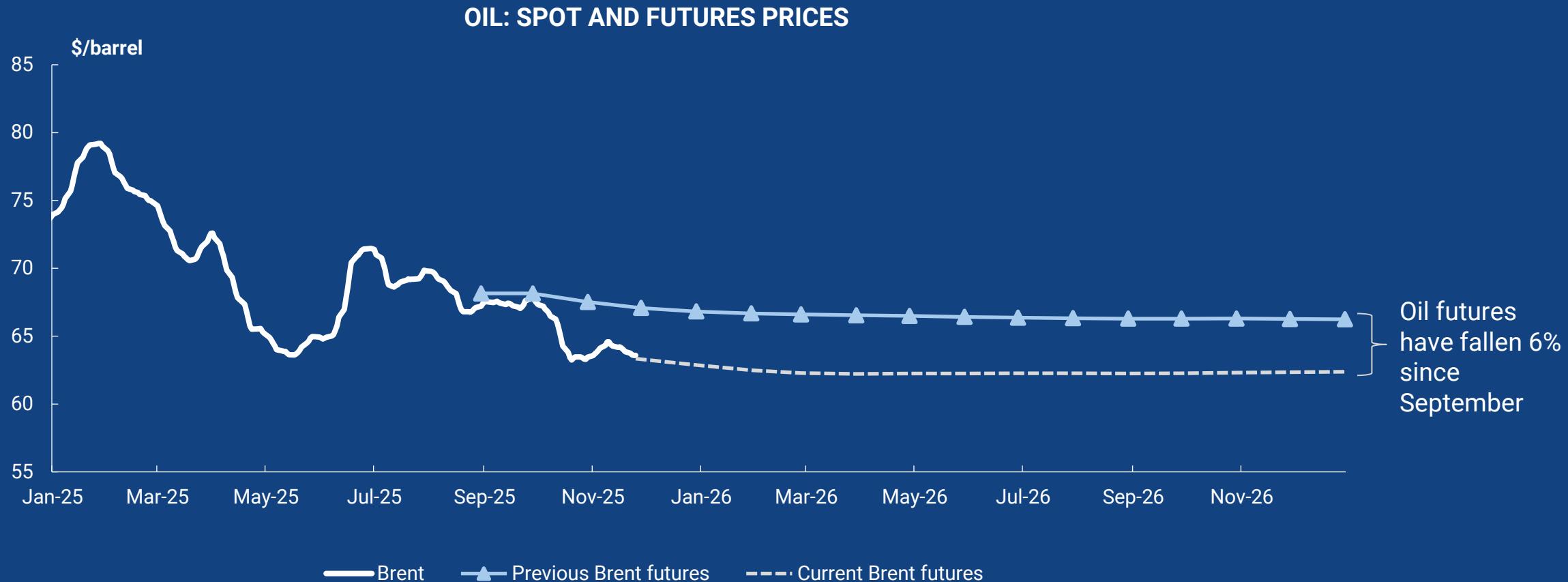
Source: www.policyuncertainty.com, drawing on data from Scott R. Baker, Nicholas Bloom and Steven J. Davis. (2016). "Measuring Economic Policy Uncertainty". *The Quarterly Journal of Economics*, 131(4), pp. 1593-1636. <https://academic.oup.com/qje/article/131/4/1593/2468873>

TARIFFS HAVE INCREASED, ALTHOUGH EUROPE FACES LOWER US TARIFFS THAN ITS COMPETITORS



Sources: US Trade Census, IMF-WTO Tariff Tracker and Banco de España. Each date reflects all measures announced, including those not yet in force or confirmed by both parties.

OIL PRICES HAVE DECLINED AND FUTURES STAND SOMEWHAT LOWER THAN THREE MONTHS AGO



Source: LSEG. Latest observation: 27 November. Observed prices are 15-day averages.

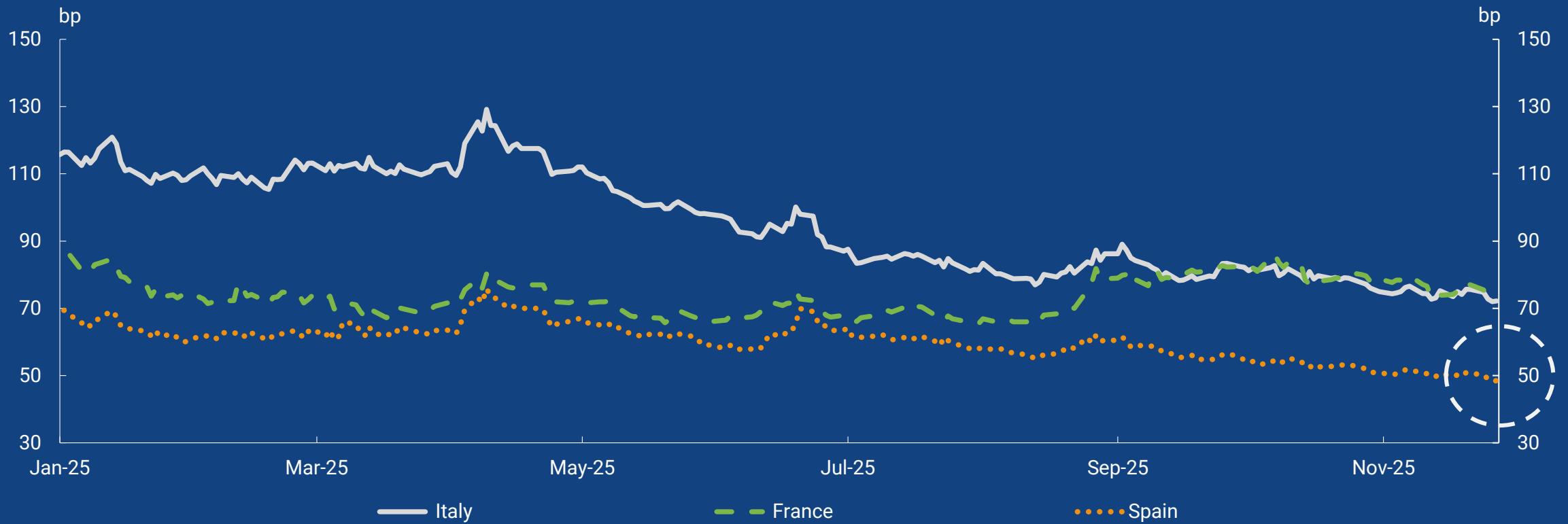
IN 2025 THE SPANISH STOCK MARKET OUTPERFORMED BENCHMARK INDICES, DRIVEN BY THE BANKING SECTOR



Source: Bloomberg Data License. Latest observation: 27 November.

SPAIN'S SOVEREIGN SPREAD IS BELOW 50 BASIS POINTS, LOWER THAN THOSE OF FRANCE AND ITALY

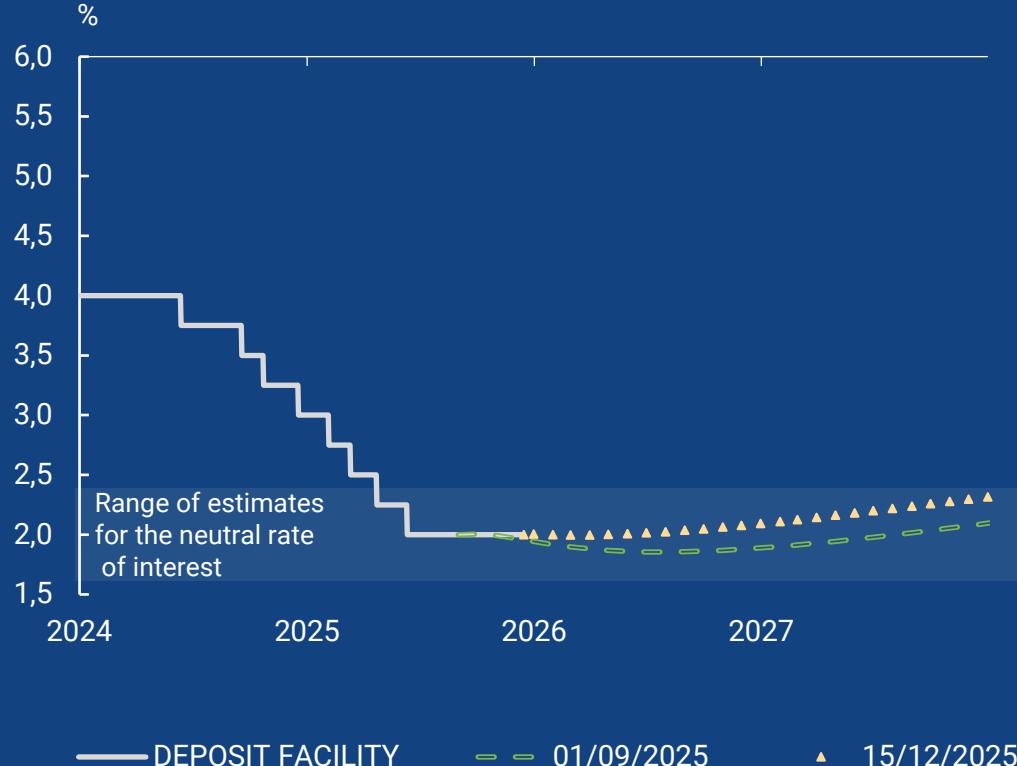
10-YEAR SOVEREIGN DEBT SPREAD VS GERMANY



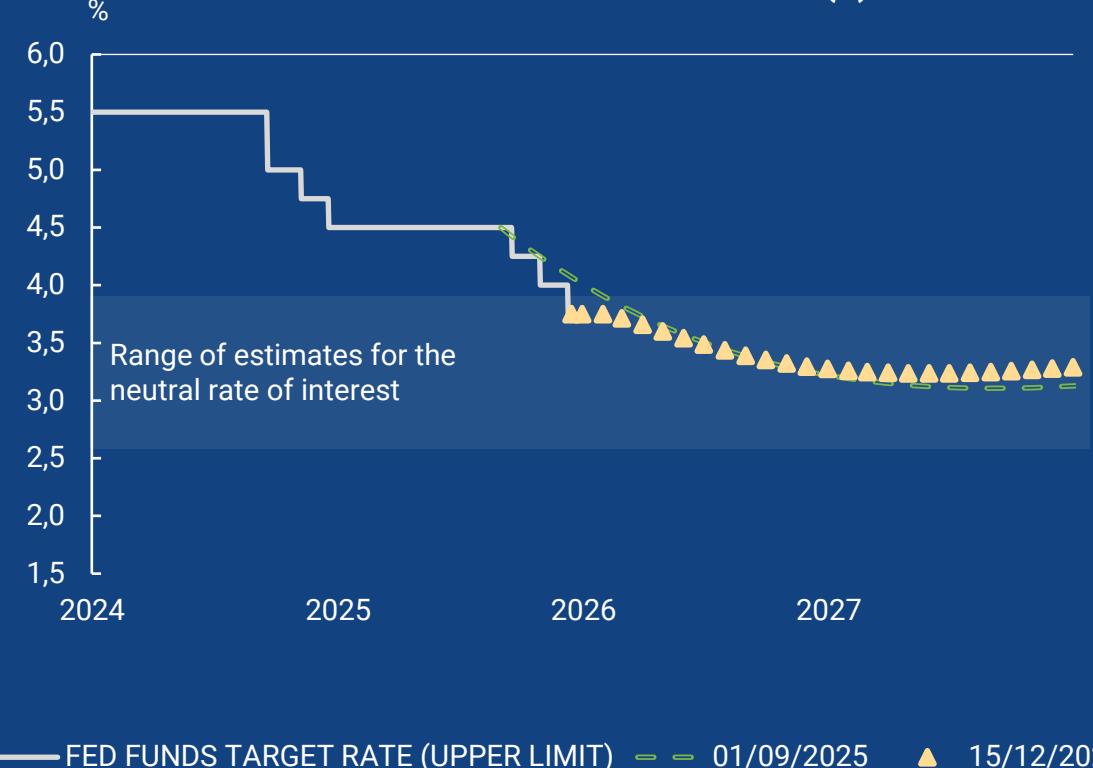
Source: Bloomberg Data License. Latest observation: 27 November.

MONETARY POLICY: THE ECB HOLDS RATES AT 2%. STABILITY EXPECTED IN THE EURO AREA AND CUTS IN THE UNITED STATES

DEPOSIT FACILITY RATE AND ESTIMATED INSTANTANEOUS FORWARD €STR OIS. EURO AREA (a)

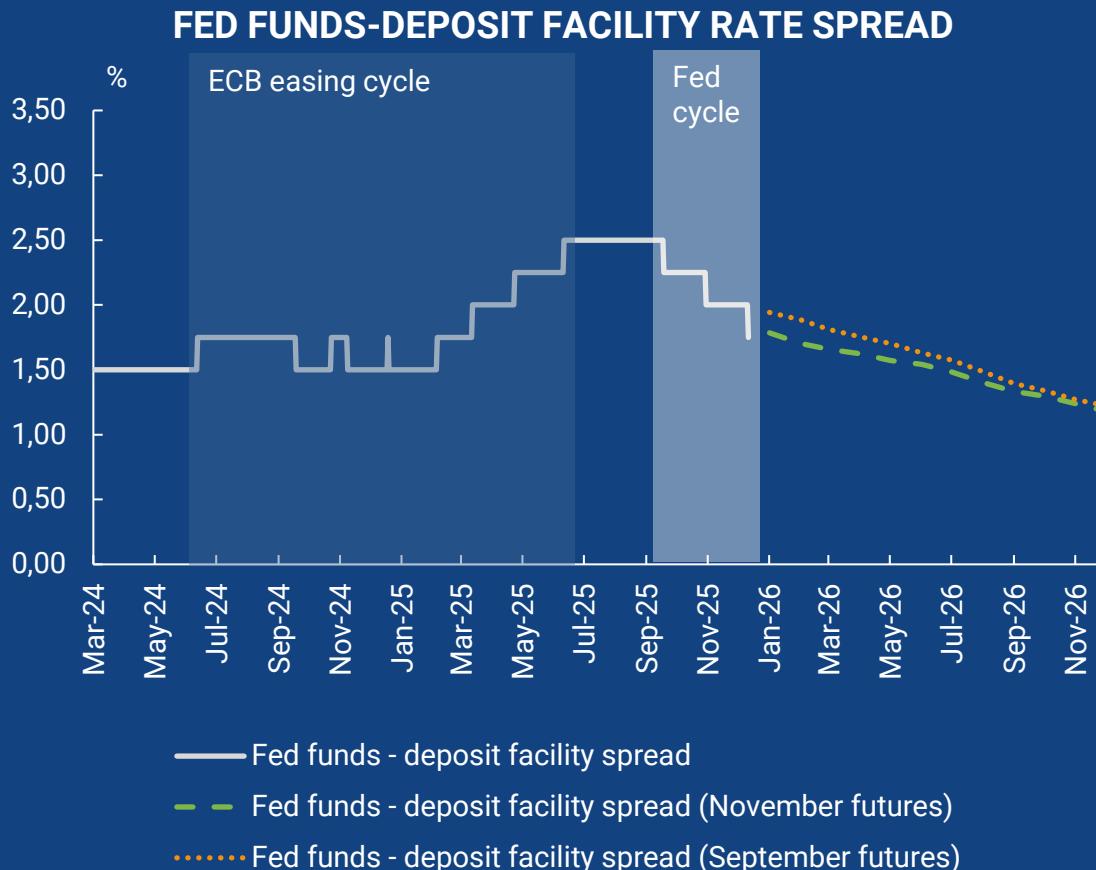


FED FUNDS RATE AND ESTIMATED INSTANTANEOUS FORWARD OIS. UNITED STATES (b)

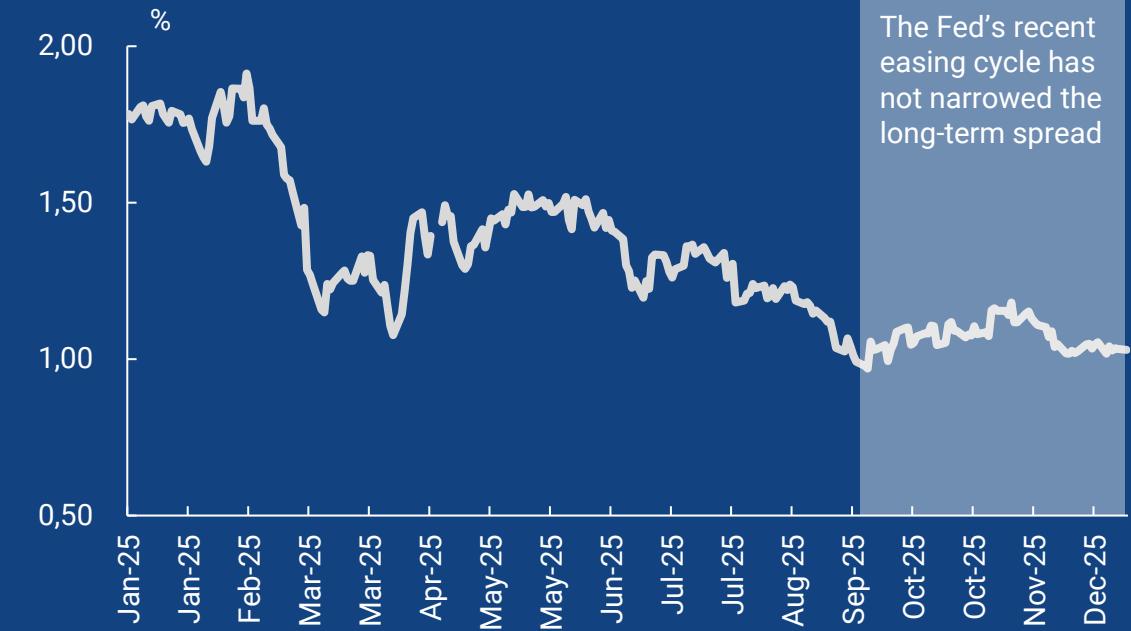


Sources: Bloomberg Data License, LSEG Datastream and Banco de España. (a) Curves adjusted for the DF-€STR spread. (b) Curves adjusted for the spread between the upper limit of the Fed funds target range and the effective rate. The ranges for the natural rate of interest reflect the latest estimates from the Eurosystem and the US Federal Reserve's Summary of Economic Projections.

EURO AREA-US INTEREST RATE SPREADS NARROW IN THE SHORT TERM, BUT NOT IN THE LONG TERM

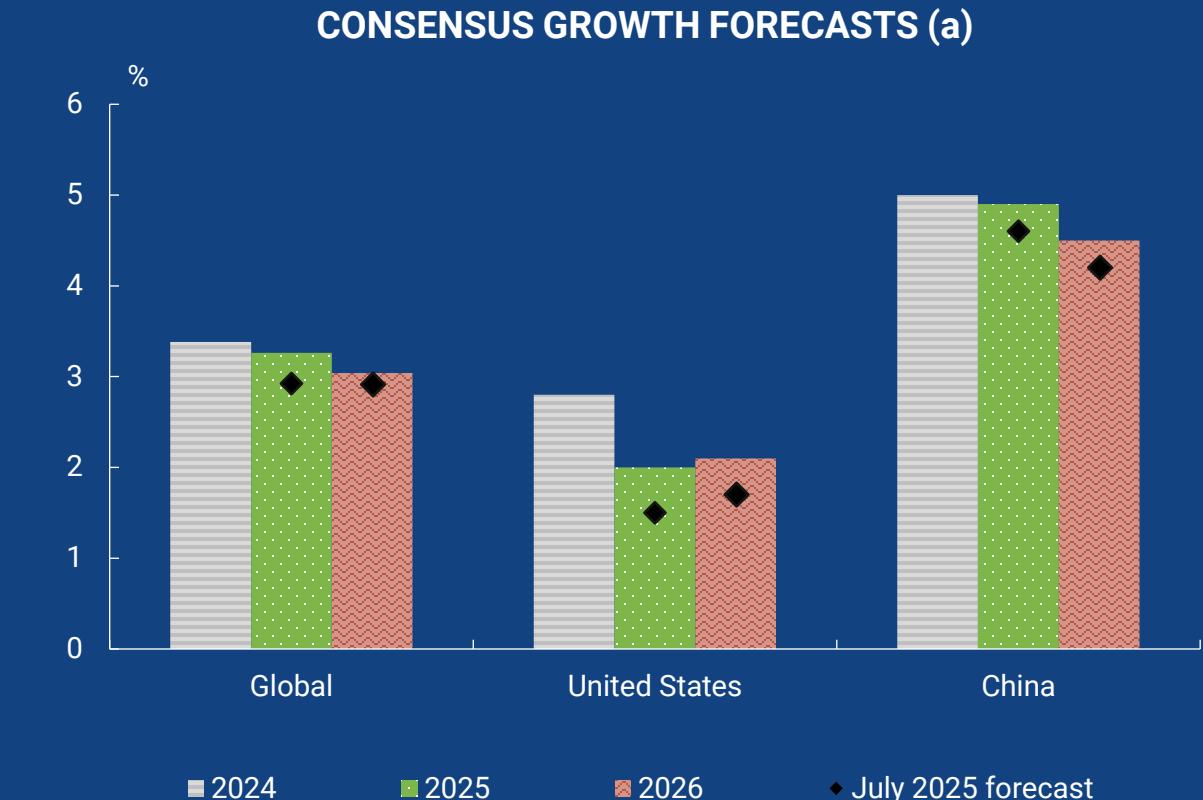
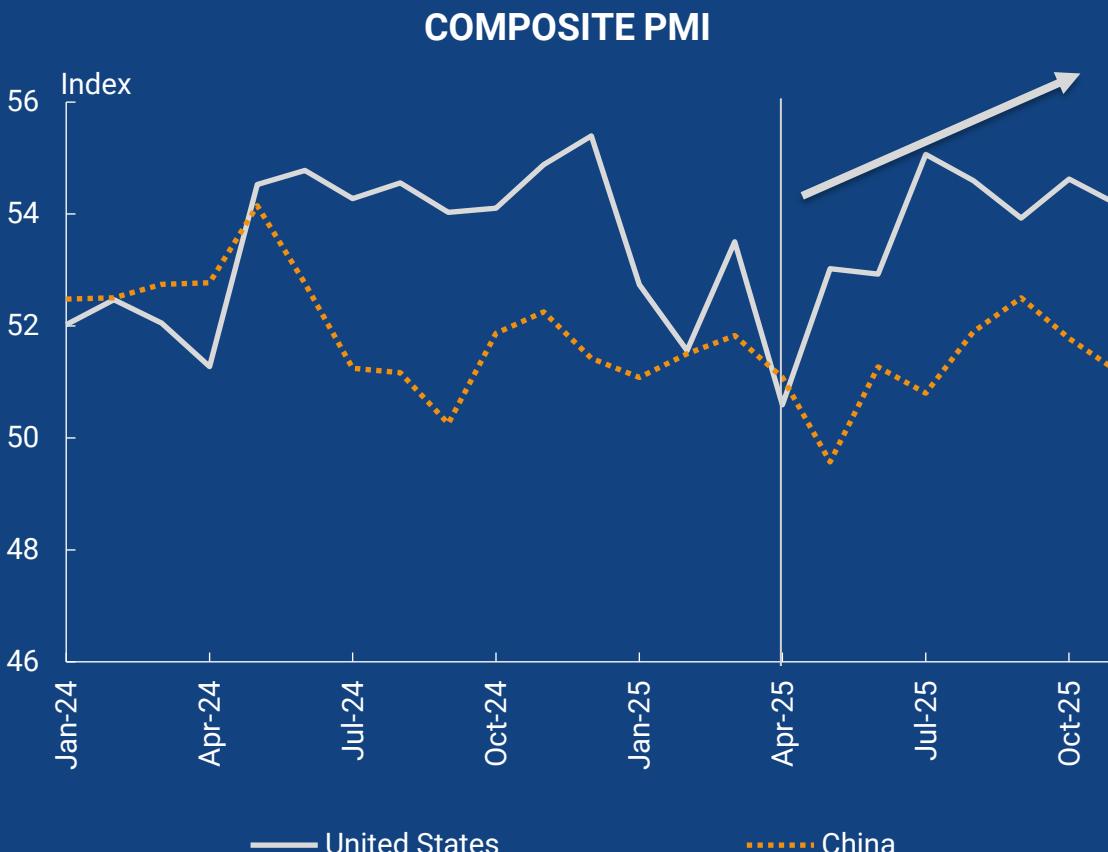


US-EURO AREA 10-YEAR OIS SPREAD



Sources: Bloomberg Data License, LSEG Datastream and Banco de España. Curves adjusted for the DF-€STR spread and the spread between the upper limit of the Fed funds target range and the effective rate.

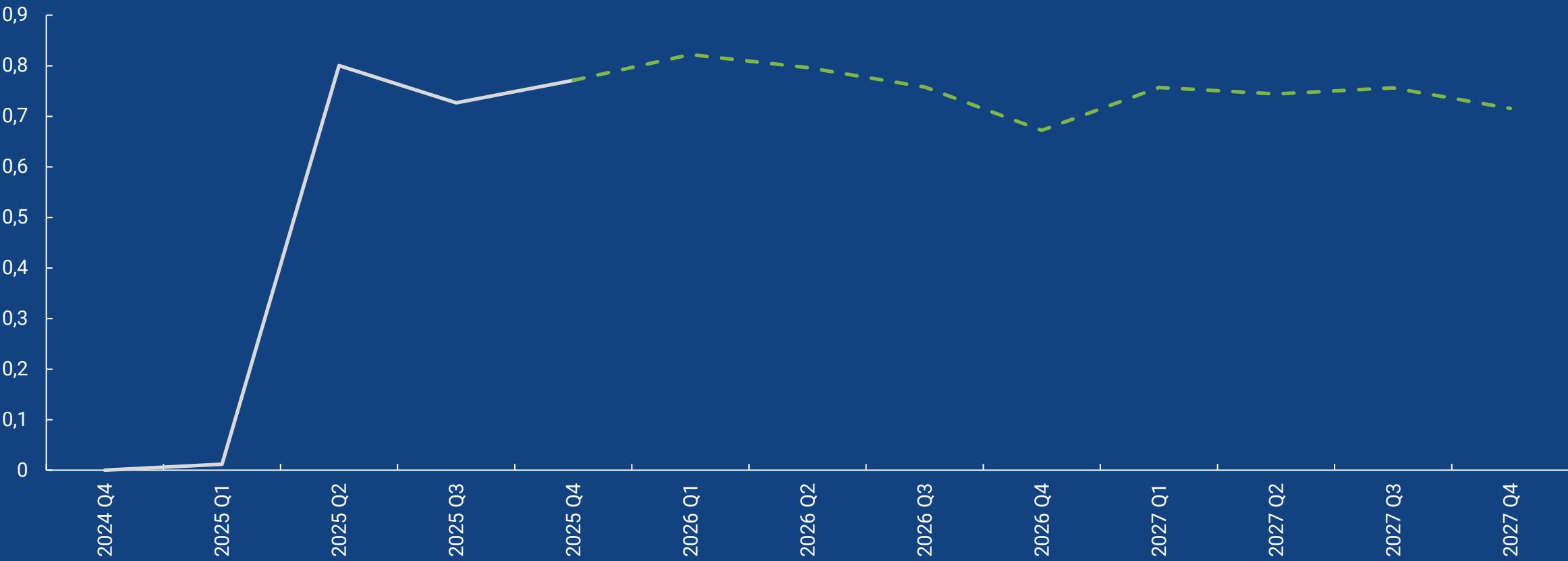
GLOBAL ECONOMIC ACTIVITY HAS PROVEN RESILIENT ...



Sources: S&P Global (latest data: November 2025 flash estimate) and Consensus Economics.
a. The December 2025 forecasts (bars) are compared with the July 2025 forecasts (diamonds).

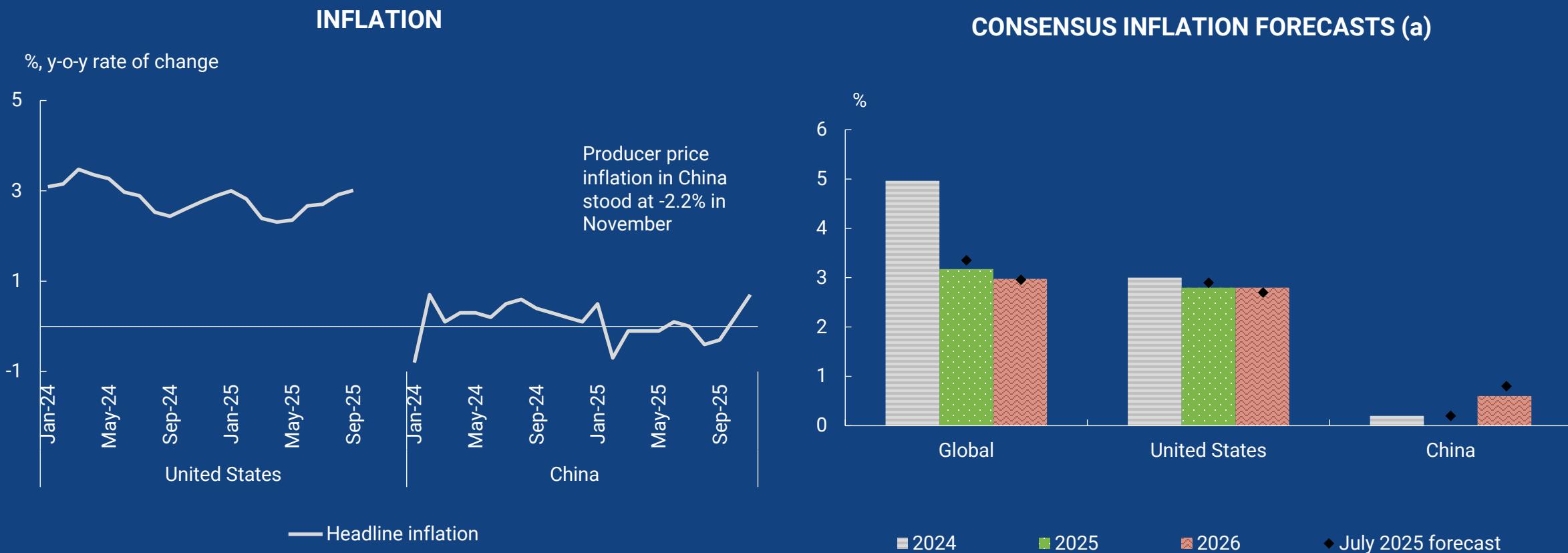
THE IMPROVEMENT IN EXPORT MARKETS LARGELY TOOK PLACE IN 2025

CHANGE IN SPAIN'S EXPORT MARKETS BETWEEN THE SEPTEMBER AND
DECEMBER PROJECTIONS (2024 Q4 = 100; pp)



Sources: Banco de España and Eurosystem.

... WHILE GLOBAL INFLATION CONTINUES TO EASE, WITH SHARP DIVERGENCE ACROSS REGIONS



Sources: LSEG and Consensus Economics.

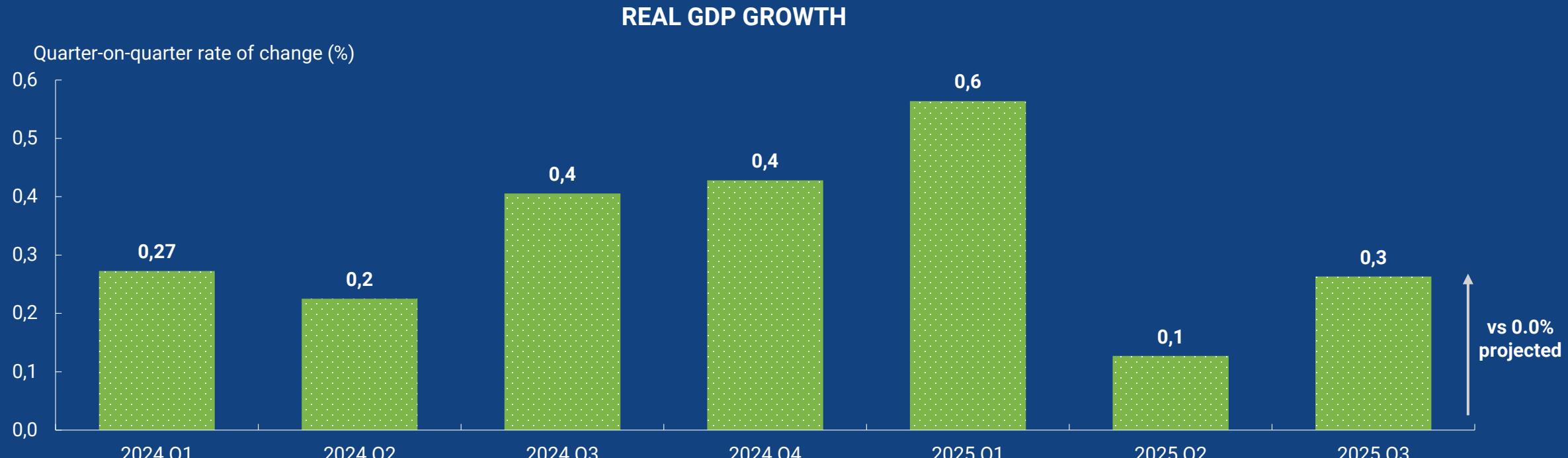
a. The December 2025 forecasts (bars) are compared with the July 2025 forecasts (diamonds).



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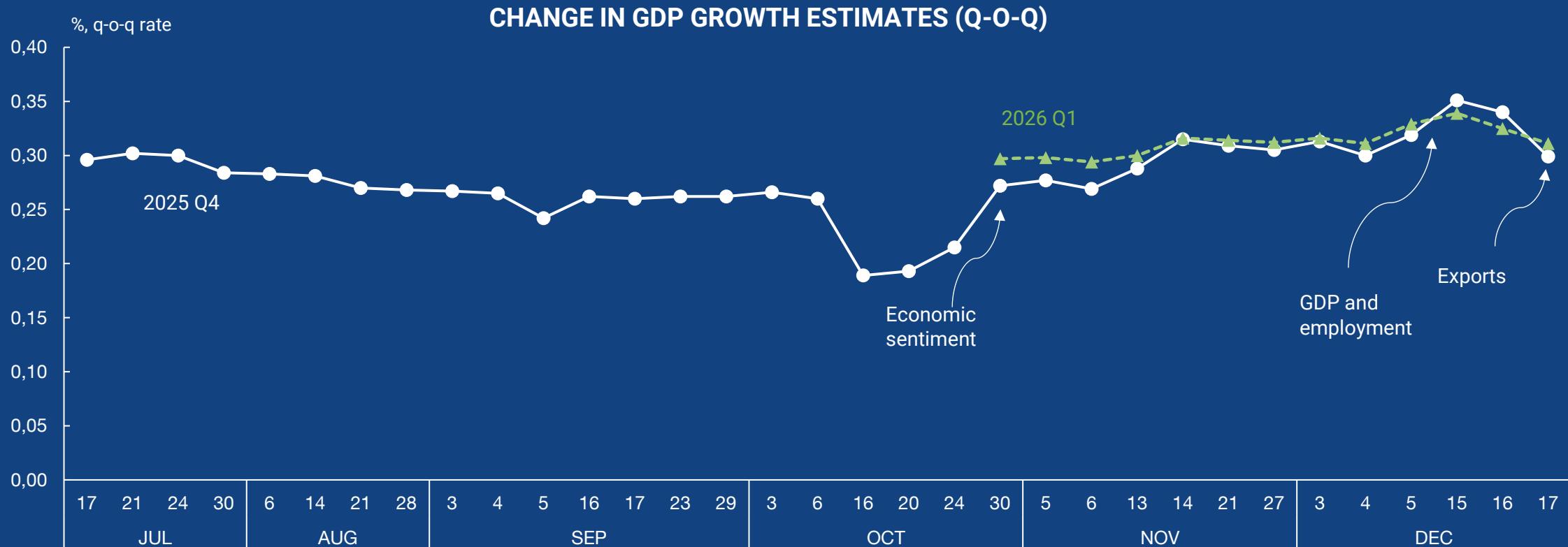
EURO AREA GDP SURPRISED ON THE UPSIDE IN Q3, WITH MARKED CROSS-COUNTRY HETEROGENEITY



Sources: Eurostat and ECB.

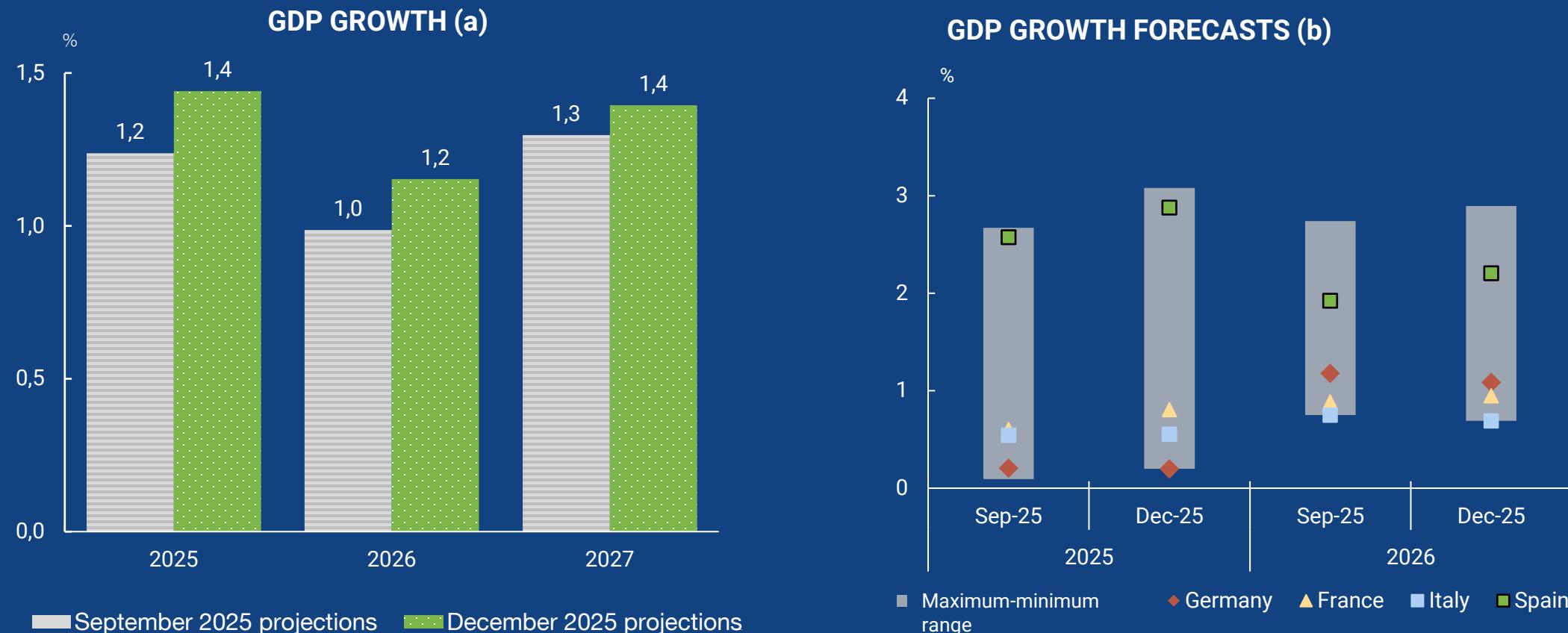
Growth surprised on the upside in France (+0.5%) and Germany (0%) and was in line with projections in Spain (+0.6%) and Italy (+0.1%).

EURO AREA: PROJECTIONS FOR Q4 HAVE HELD STABLE IN RECENT WEEKS



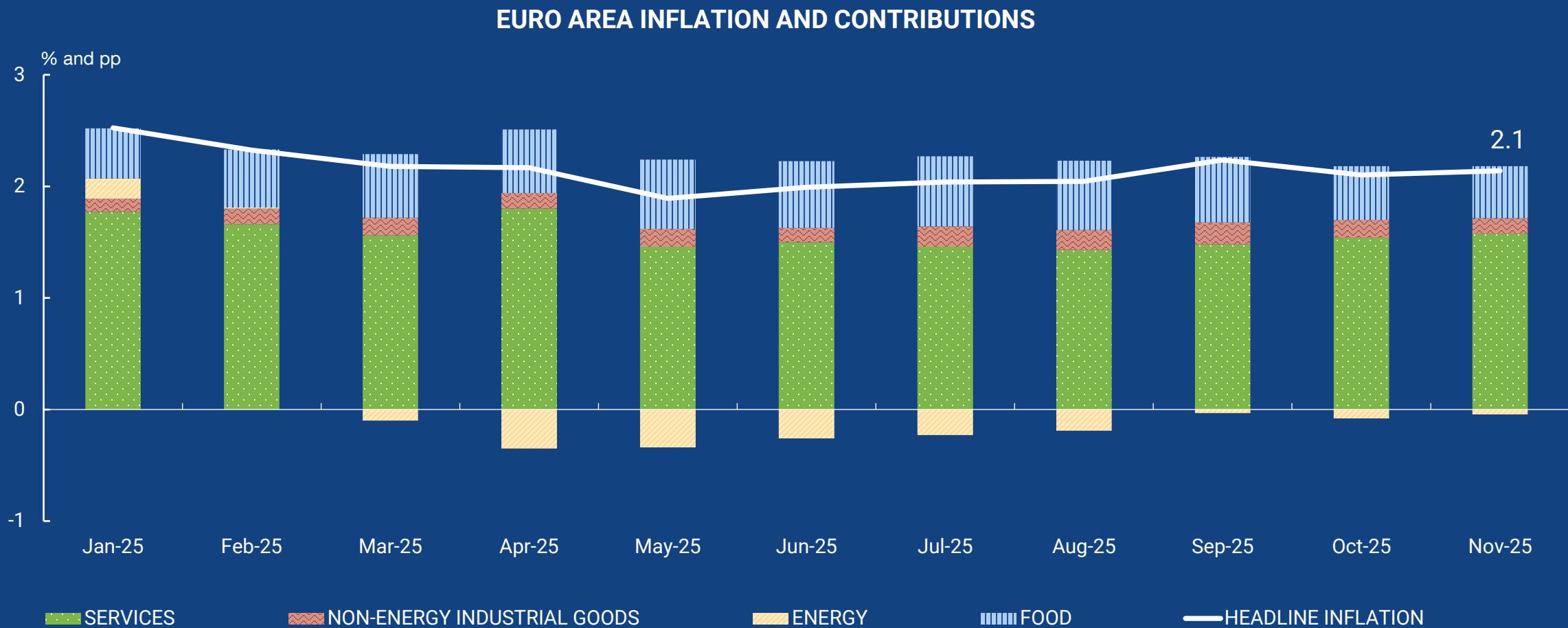
Sources: Eurostat, Banco de España and Eurosystem.

EURO AREA GDP REVISED UP. SPAIN TO REMAIN AMONG THE HIGHEST-GROWTH COUNTRIES



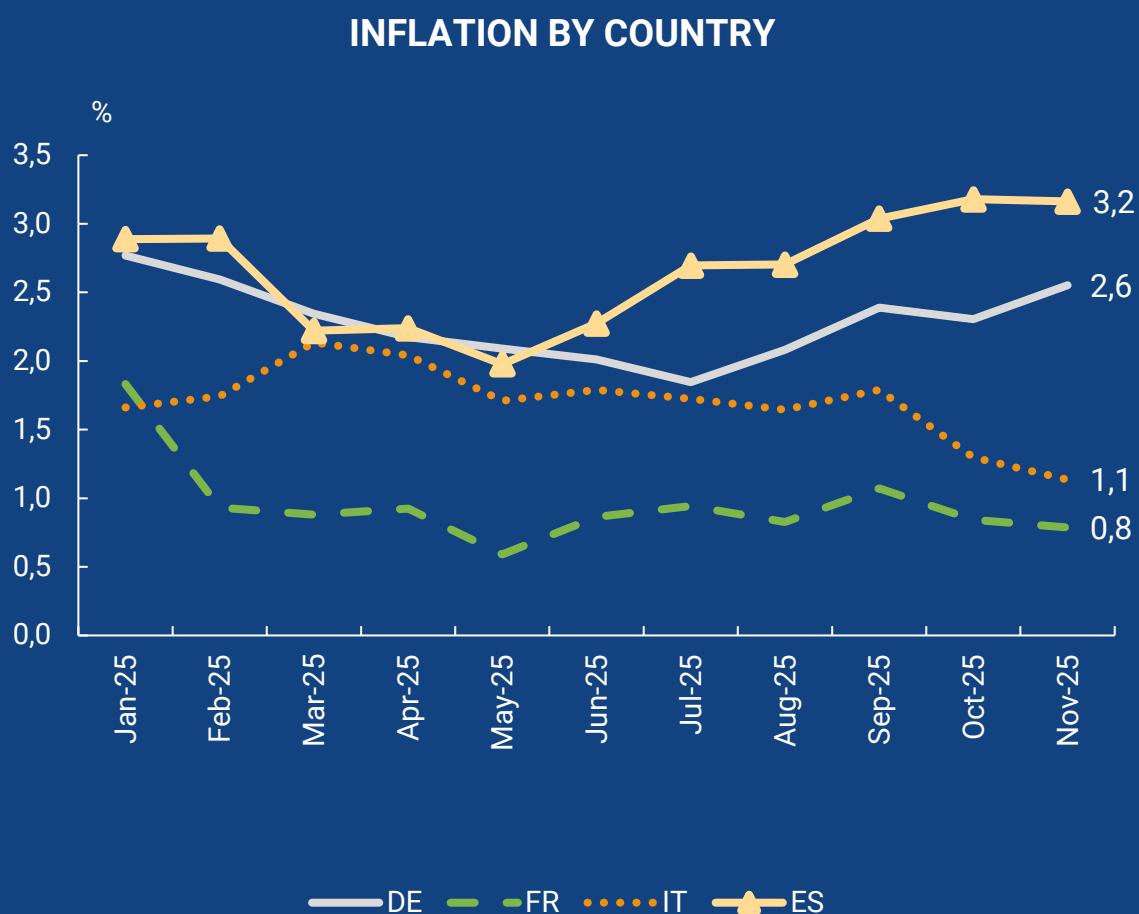
Sources: (a) Eurosystem, (b) Consensus Economics forecasts in September 2025 and December 2025. The ranges include all euro area countries except for Ireland.

EURO AREA INFLATION HAS HELD STEADY AT CLOSE TO 2%

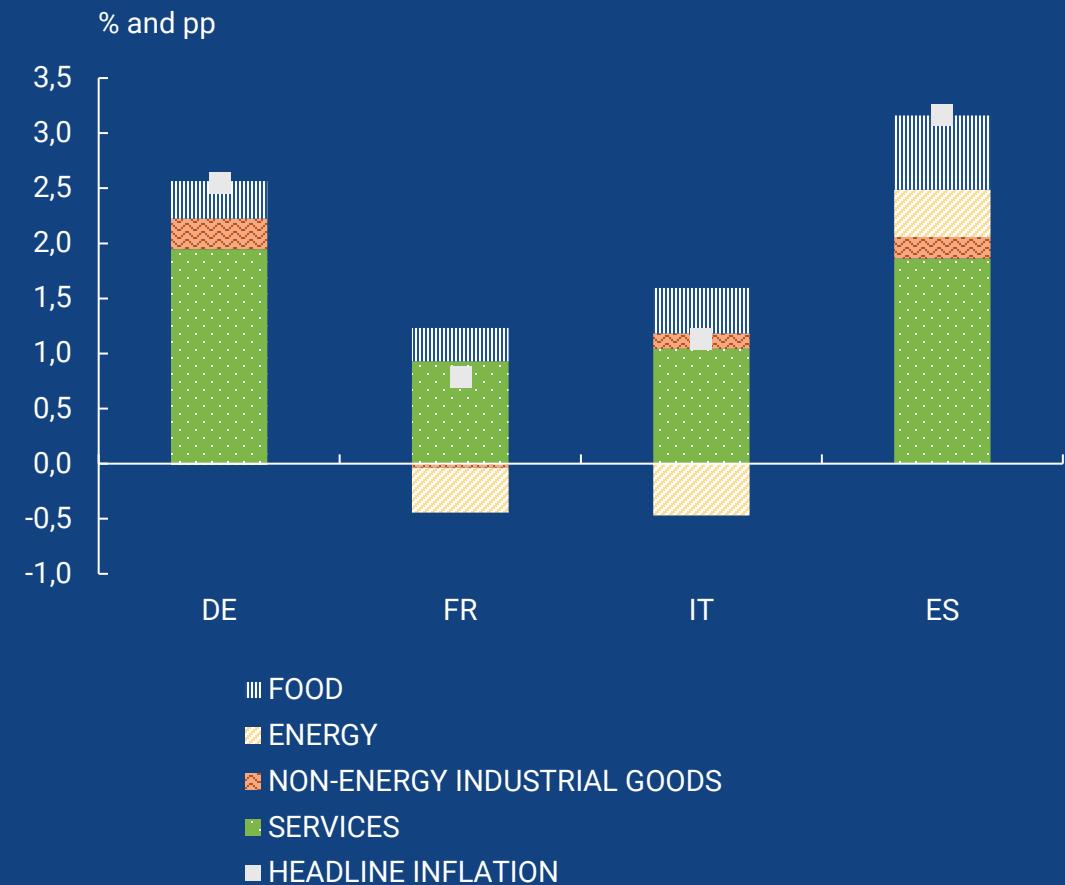


Source: Eurostat.

UNEVEN INFLATION IN THE EURO AREA



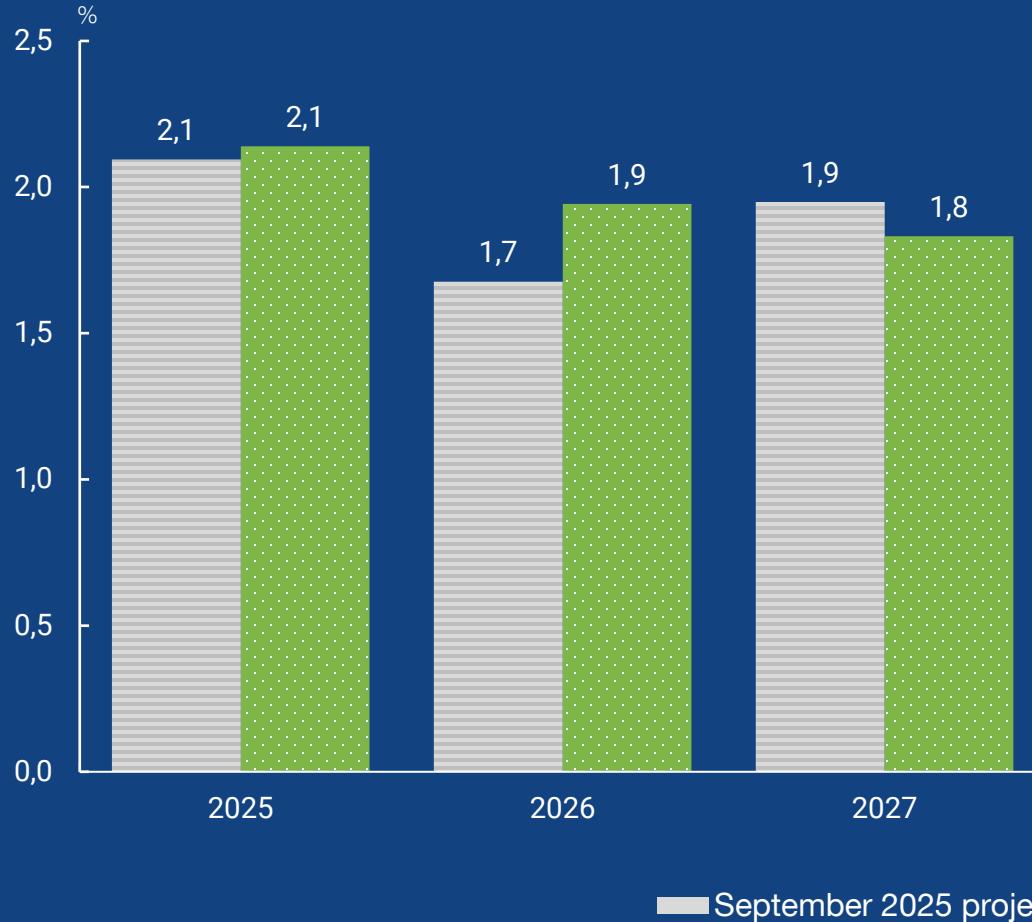
**INFLATION BY COUNTRY AND CONTRIBUTIONS
(NOVEMBER 2025)**



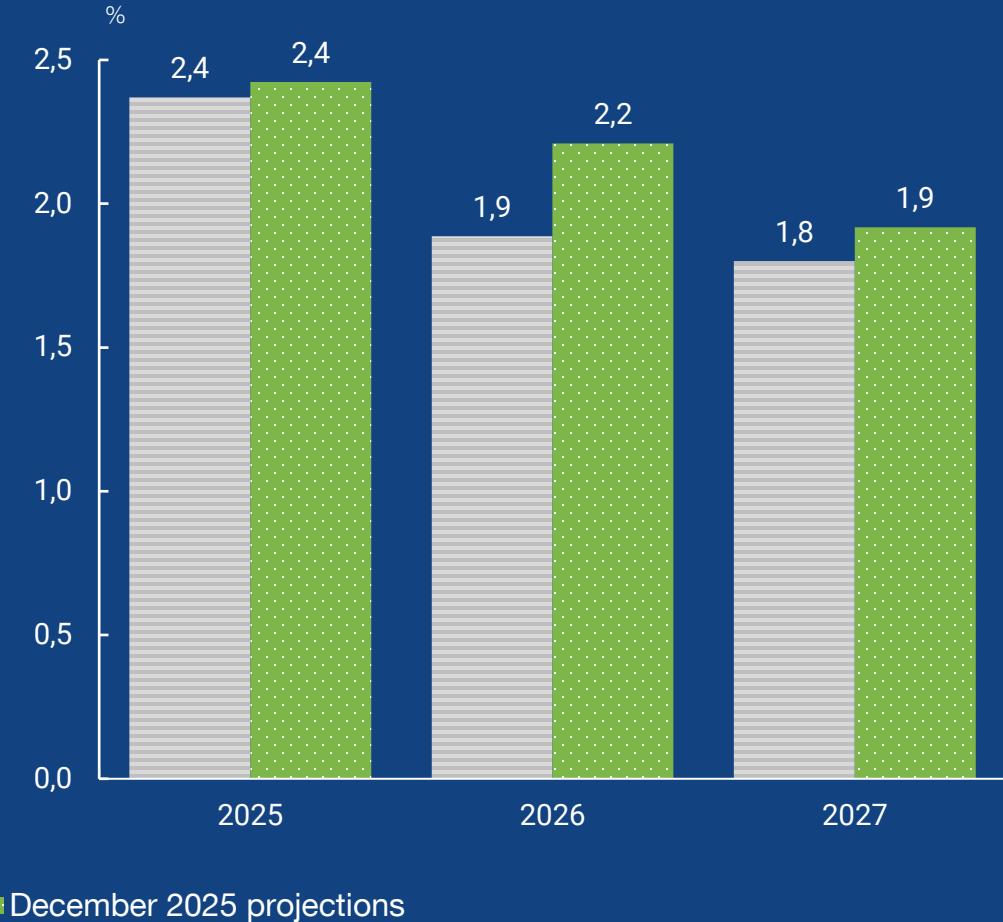
Source: Eurostat.

EURO AREA INFLATION FOR 2026 REVISED UP, WITH FIGURES OF AROUND 2%

HEADLINE INFLATION



CORE INFLATION



■ September 2025 projections

■ December 2025 projections

Source: Eurosystem.

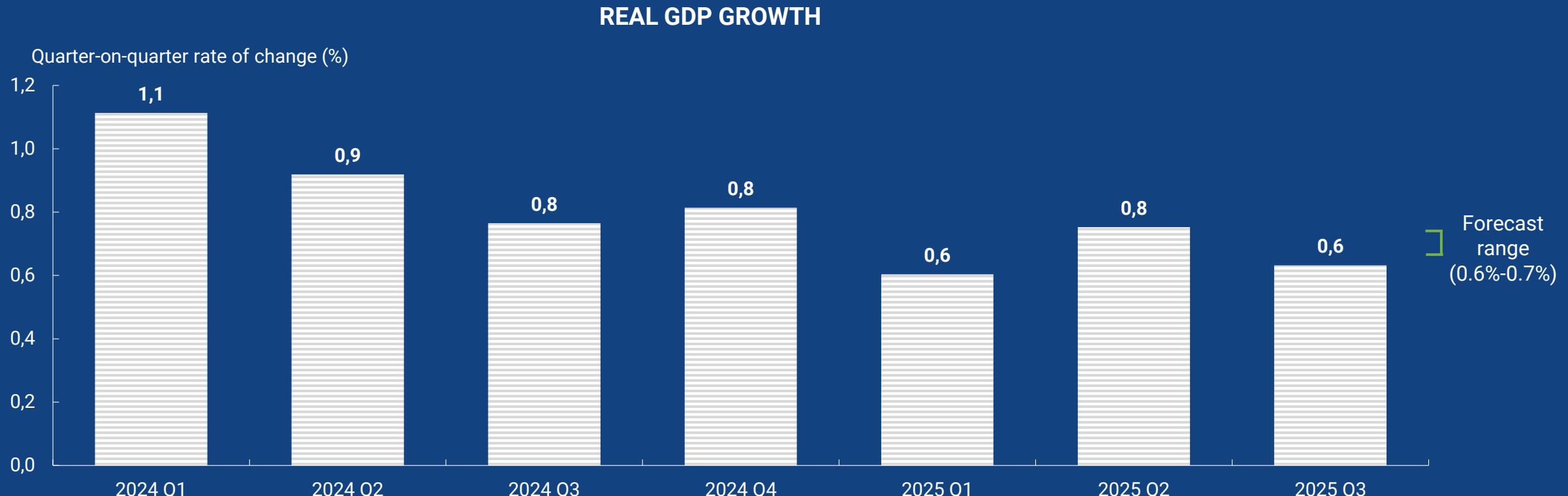


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THIRD QUARTER DATA

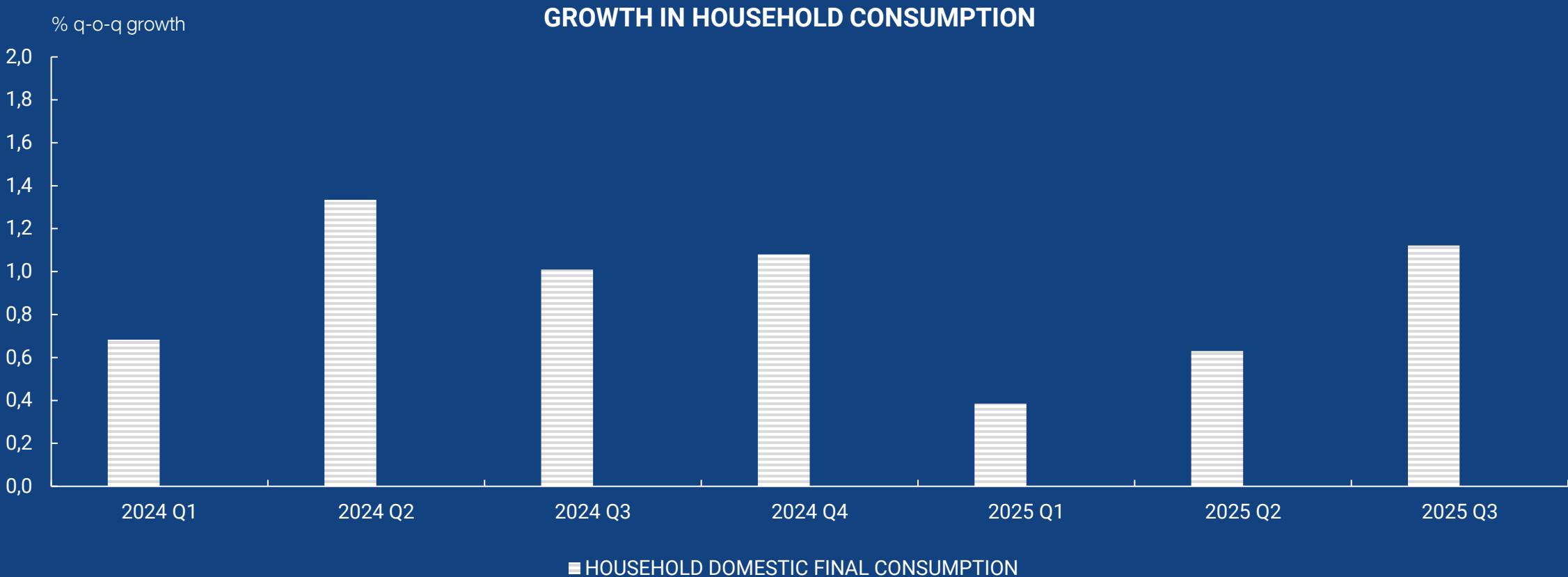
GDP GROWTH REMAINED ROBUST IN Q3 (0.6% Q-O-Q), WITHIN THE FORECAST RANGE



Sources: INE (2025 Q3 QNA flash estimate published on 29 October).

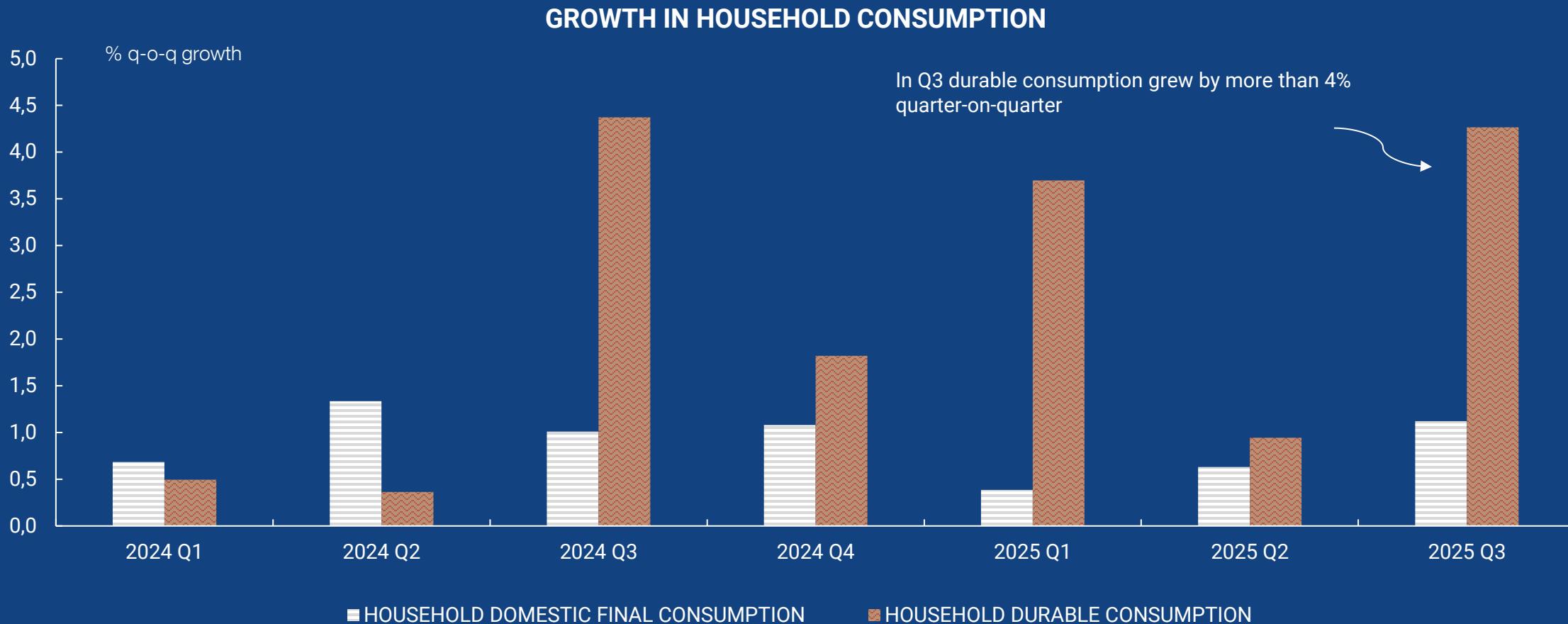
CONSUMPTION

STRONG GROWTH IN HOUSEHOLD CONSUMPTION ...



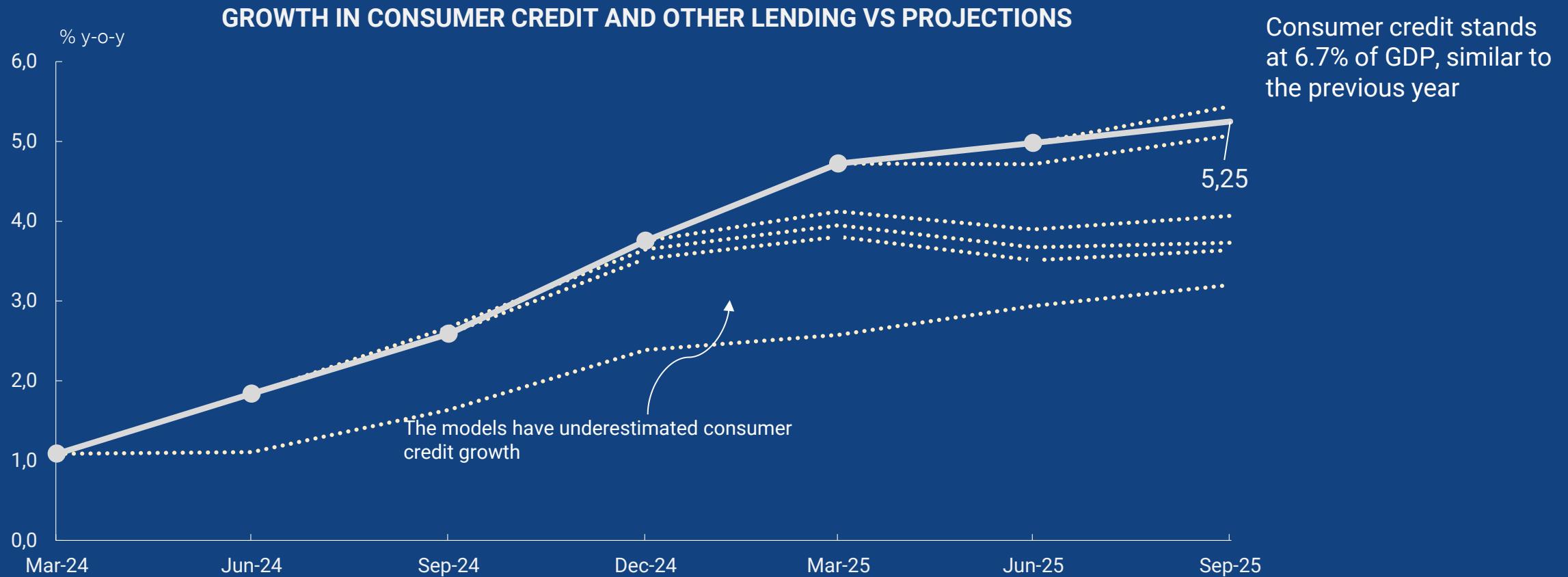
Source: INE (QNA).

... PARTICULARLY IN DURABLE CONSUMPTION



Source: INE (QNA).

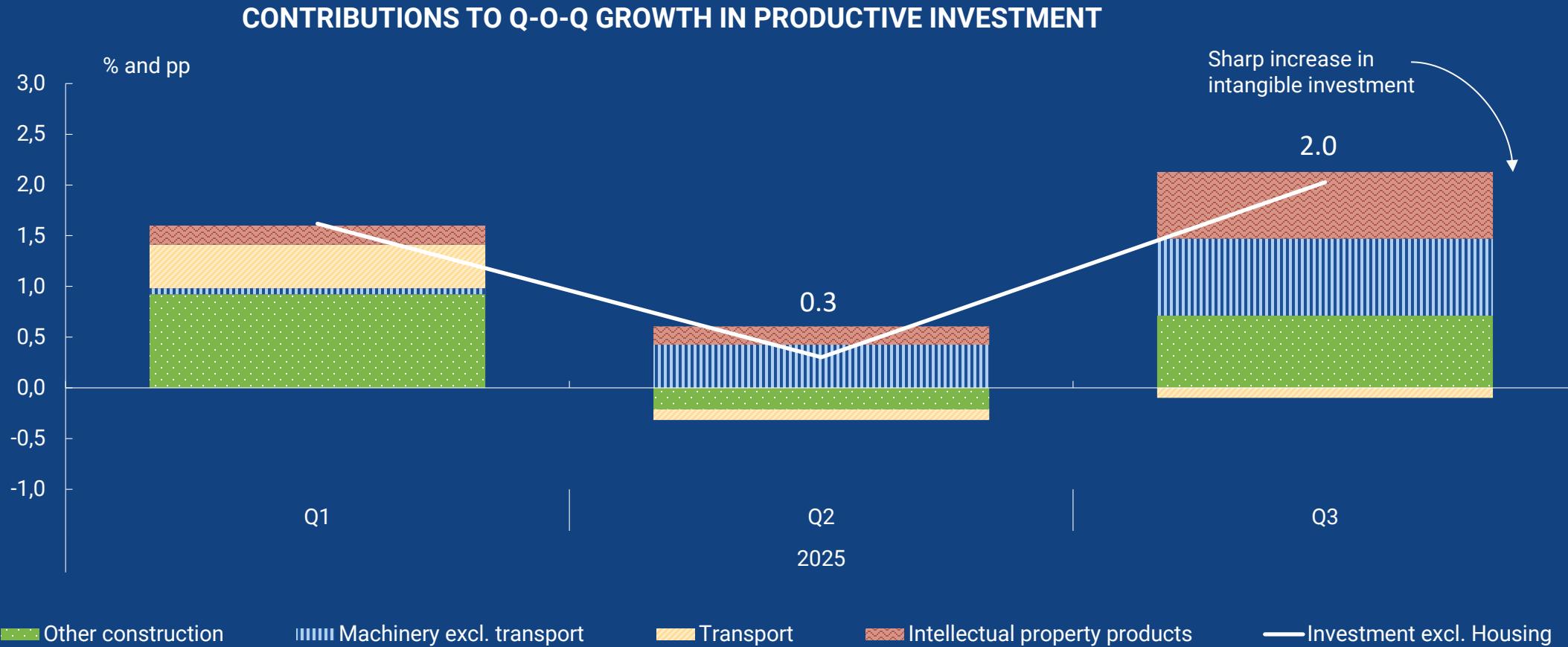
UPSIDE SURPRISE IN CONSUMER CREDIT



Source: Banco de España.

INVESTMENT

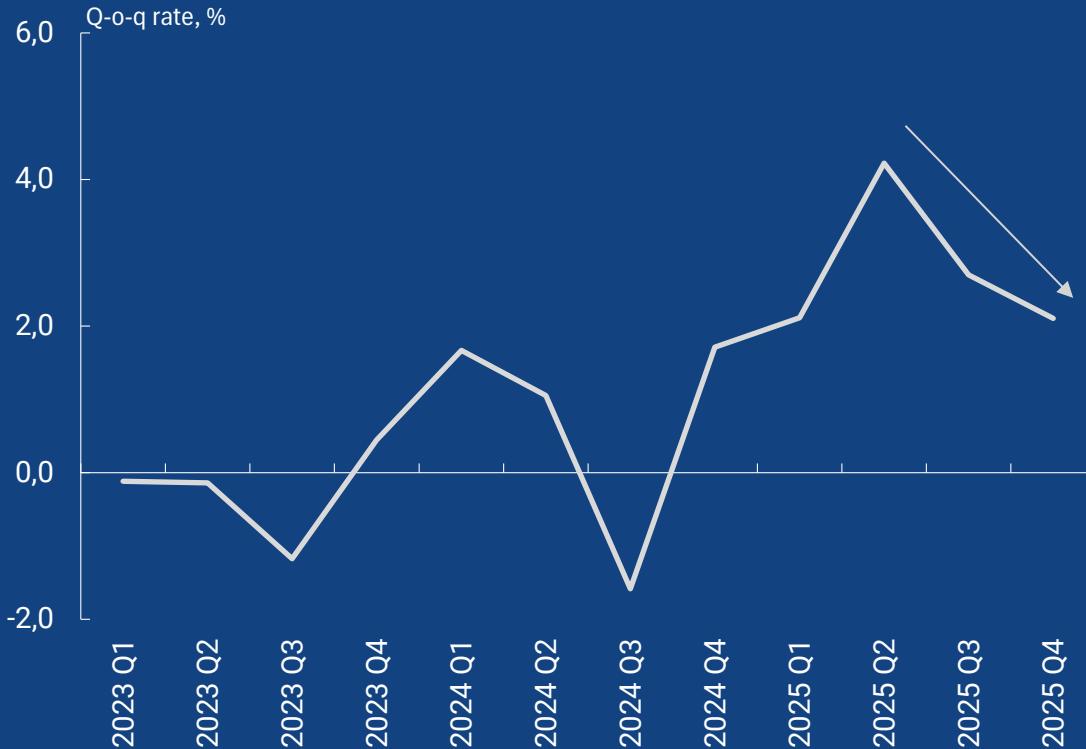
PRODUCTIVE INVESTMENT ACCELERATED IN Q3, DRIVEN BY MACHINERY AND INTANGIBLES



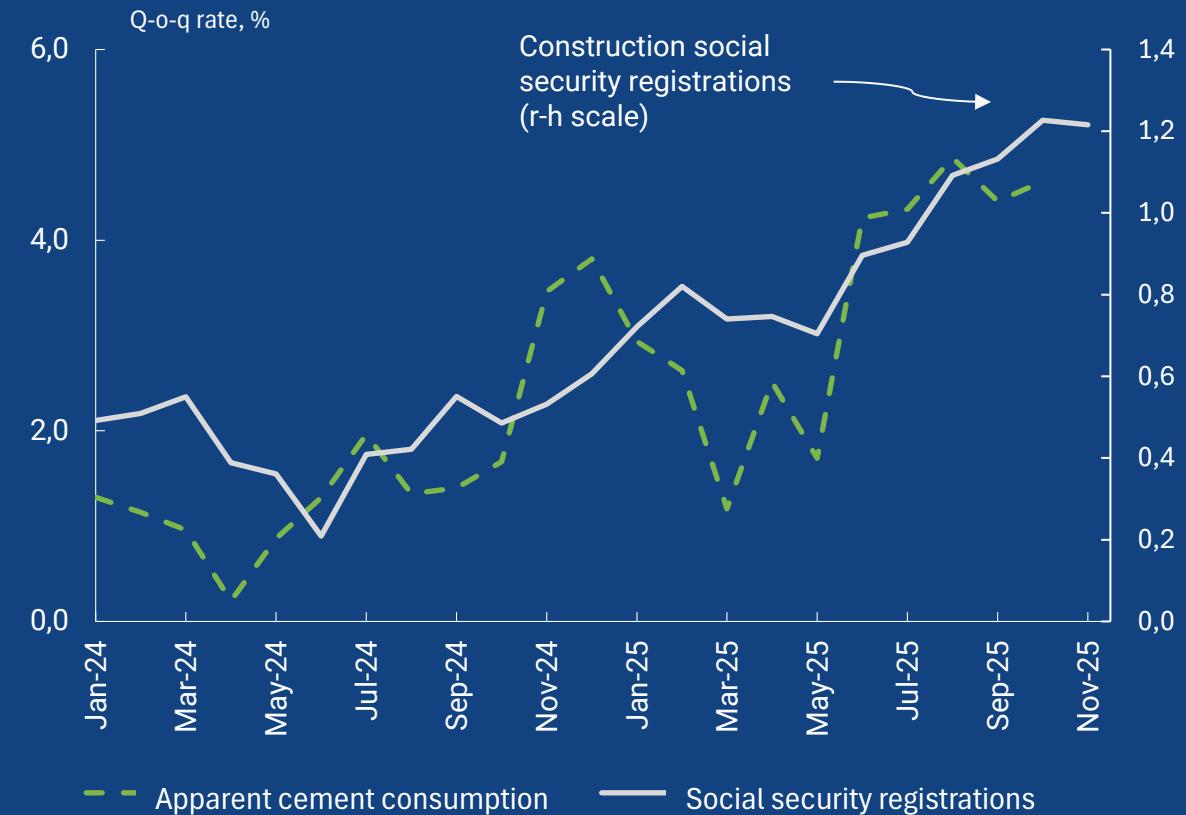
Source: INE (QNA).

HOUSING: BUILDING PERMITS HAVE SLOWED, BUT OTHER INDICATORS POINT TO CONSTRUCTION GAINING MOMENTUM

BUILDING PERMITS BY RESIDENTIAL FLOOR AREA



CONSTRUCTION SECTOR ACTIVITY INDICATORS

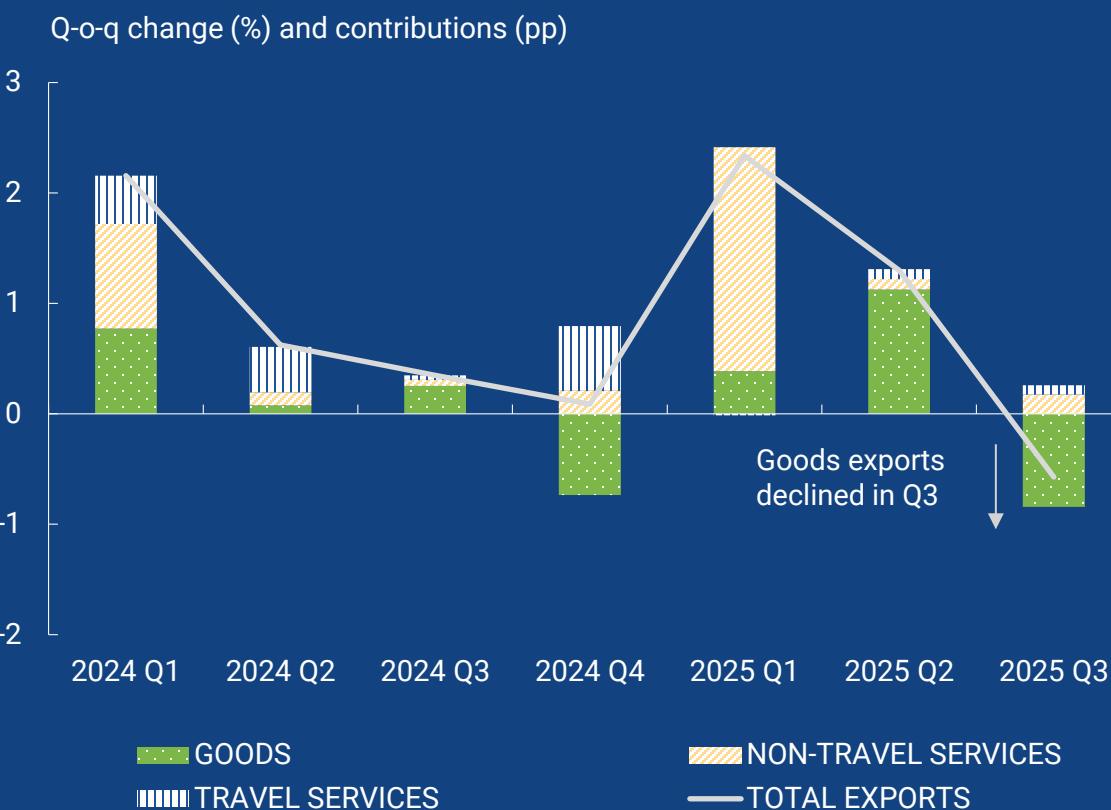


Sources: Ministerio de Transportes y Movilidad Sostenible, Ministerio de Industria y Comercio and Ministerio de Inclusión, Seguridad Social y Migraciones. Seasonally adjusted series.

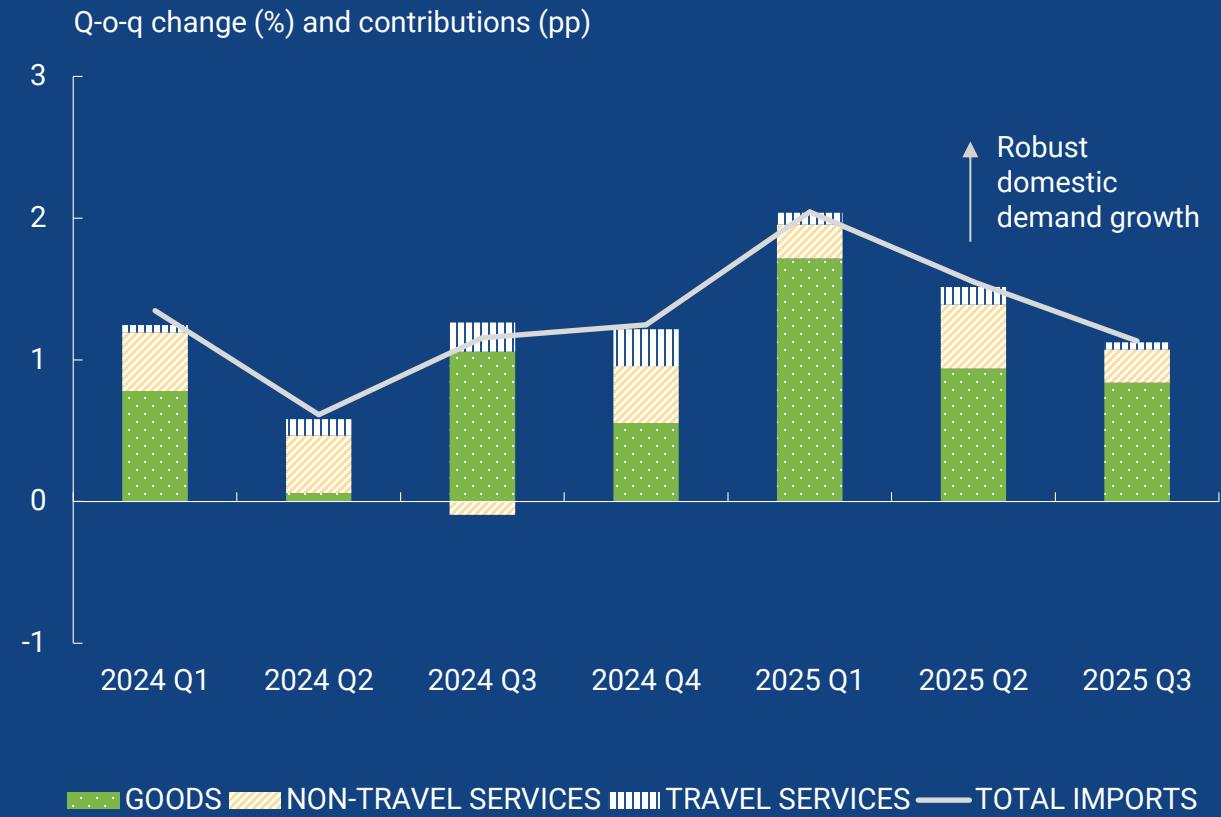
EXTERNAL SECTOR

WEAKNESS IN GOODS EXPORTS CONTRASTS WITH STRONG IMPORTS

CONTRIBUTIONS TO THE QUARTERLY CHANGE IN REAL EXPORTS OF GOODS AND SERVICES



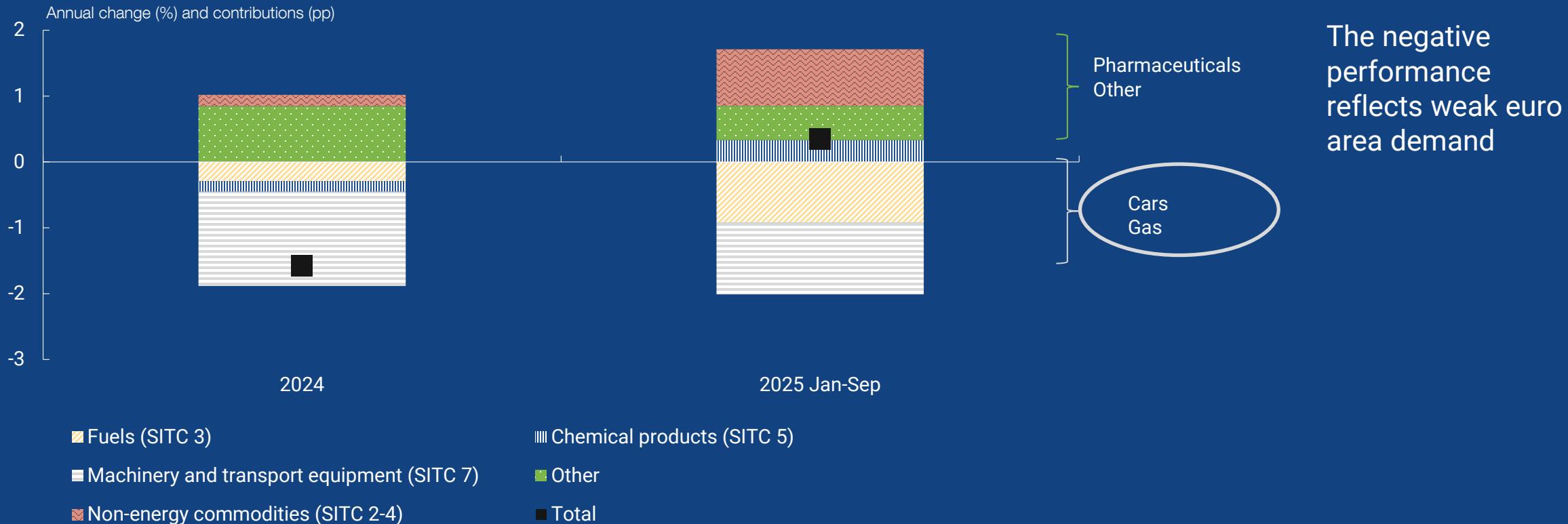
CONTRIBUTIONS TO THE QUARTERLY CHANGE IN REAL IMPORTS OF GOODS AND SERVICES



Source: INE (QNA).

GOODS EXPORTS: WEAKNESS IN ENERGY AND CARS, PARTICULARLY TO THE UNITED STATES AND MAJOR EURO AREA COUNTRIES

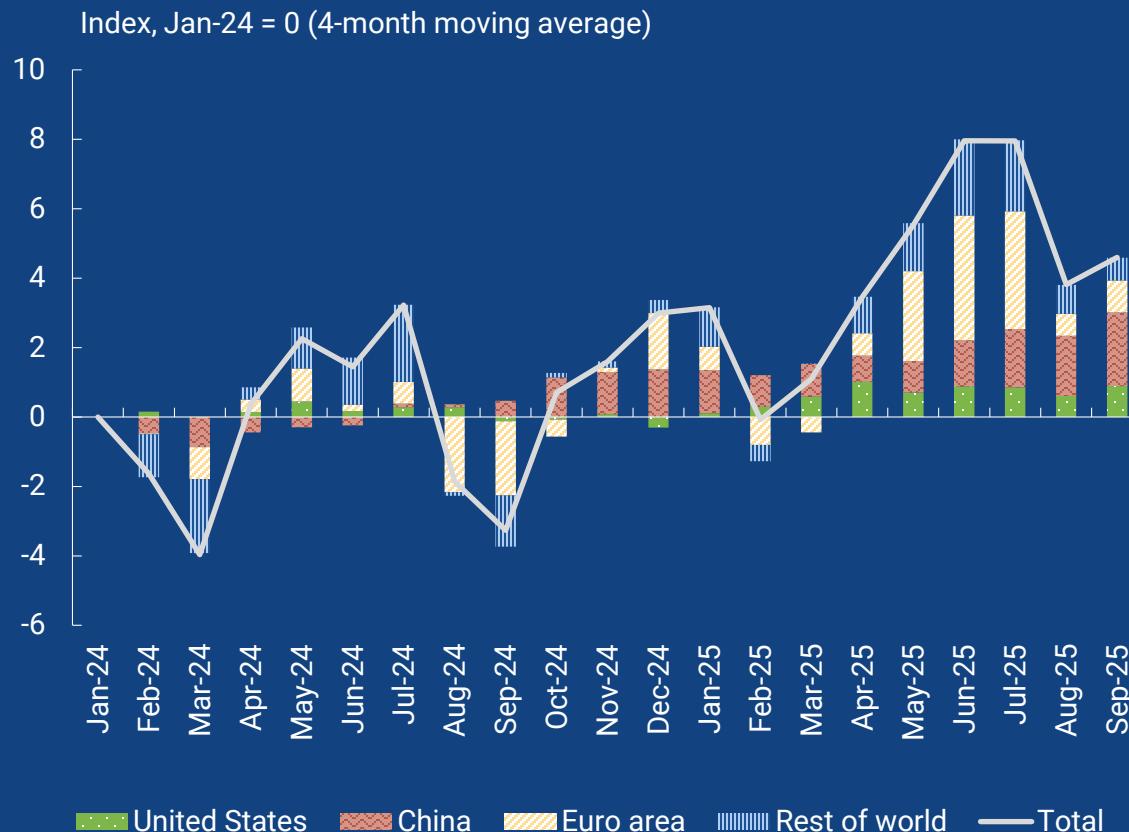
CONTRIBUTIONS TO THE ANNUAL RATE OF CHANGE IN REAL GOODS EXPORTS



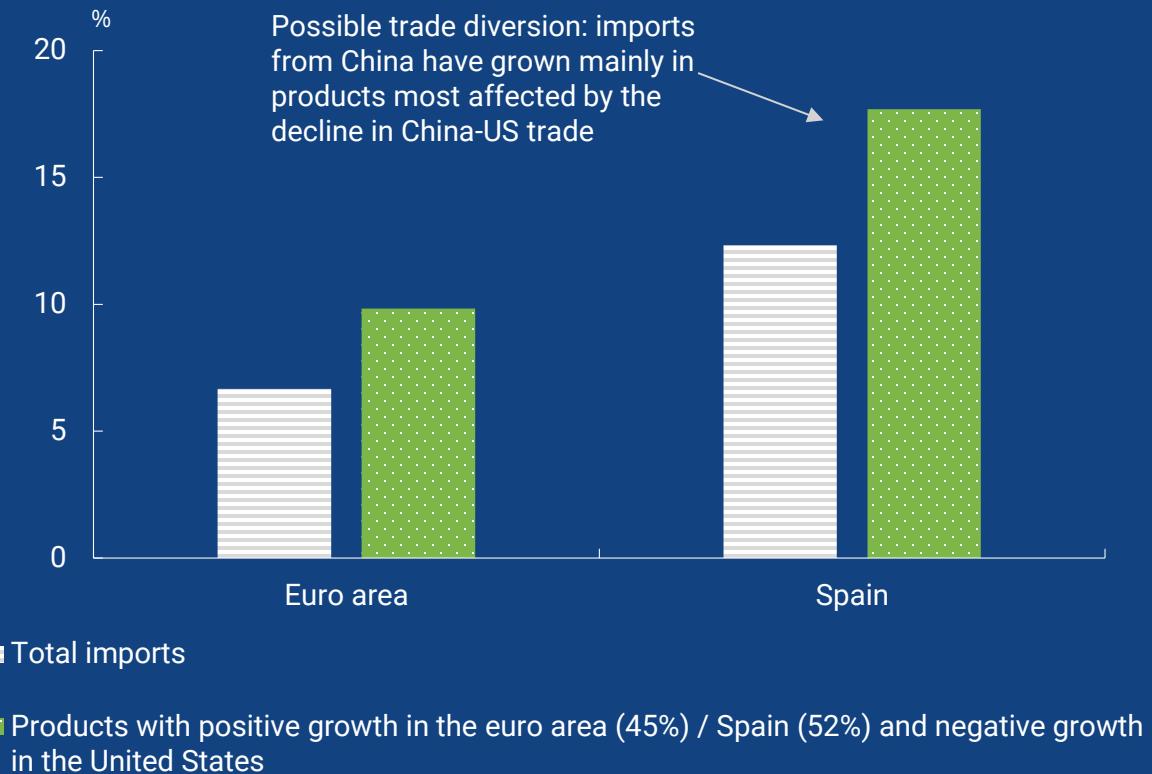
Sources: Customs authorities and Ministerio de Economía, Comercio y Empresa.

GOODS IMPORTS: INCREASE IN IMPORTS FROM CHINA, WITH SOME SIGNS OF TRADE DIVERSION

REAL GOODS IMPORTS. BREAKDOWN BY ORIGIN



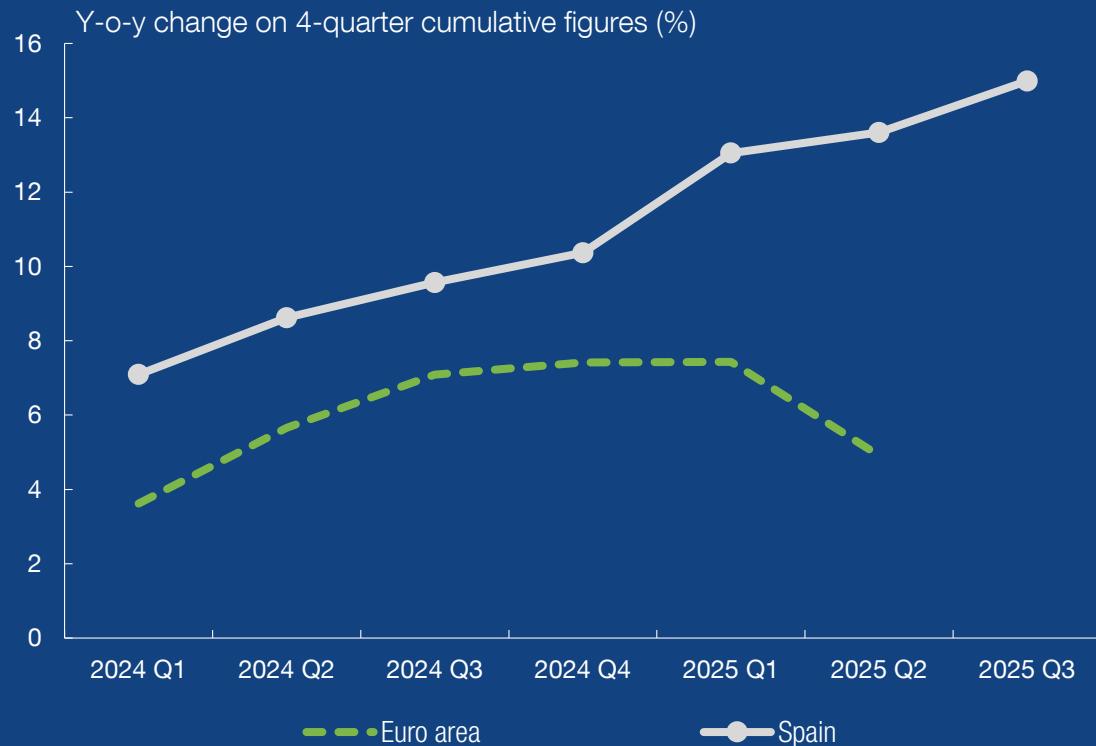
GROWTH IN IMPORTS FROM CHINA (volume, 2025 Q3 vs 2024 Q3)



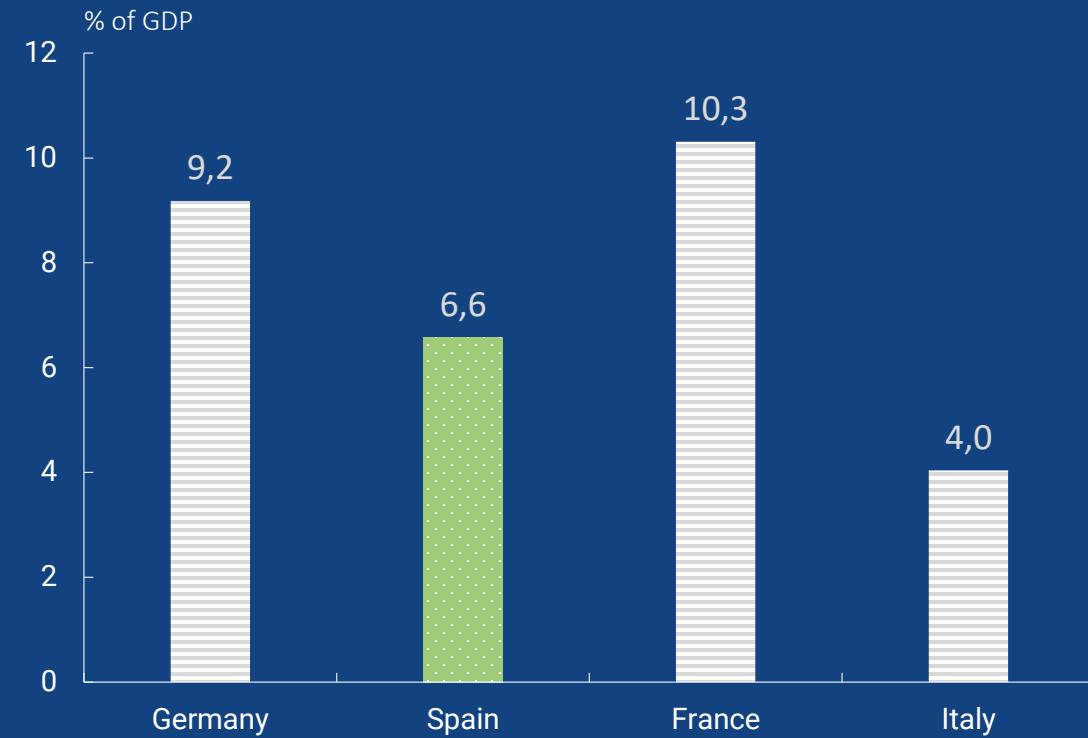
Sources: Ministerio de Economía, Comercio y Empresa, Eurostat and INE.

SERVICES EXPORTS: NON-TRAVEL SERVICES MAKE FURTHER RELATIVE GAINS

NON-TRAVEL SERVICES EXPORTS



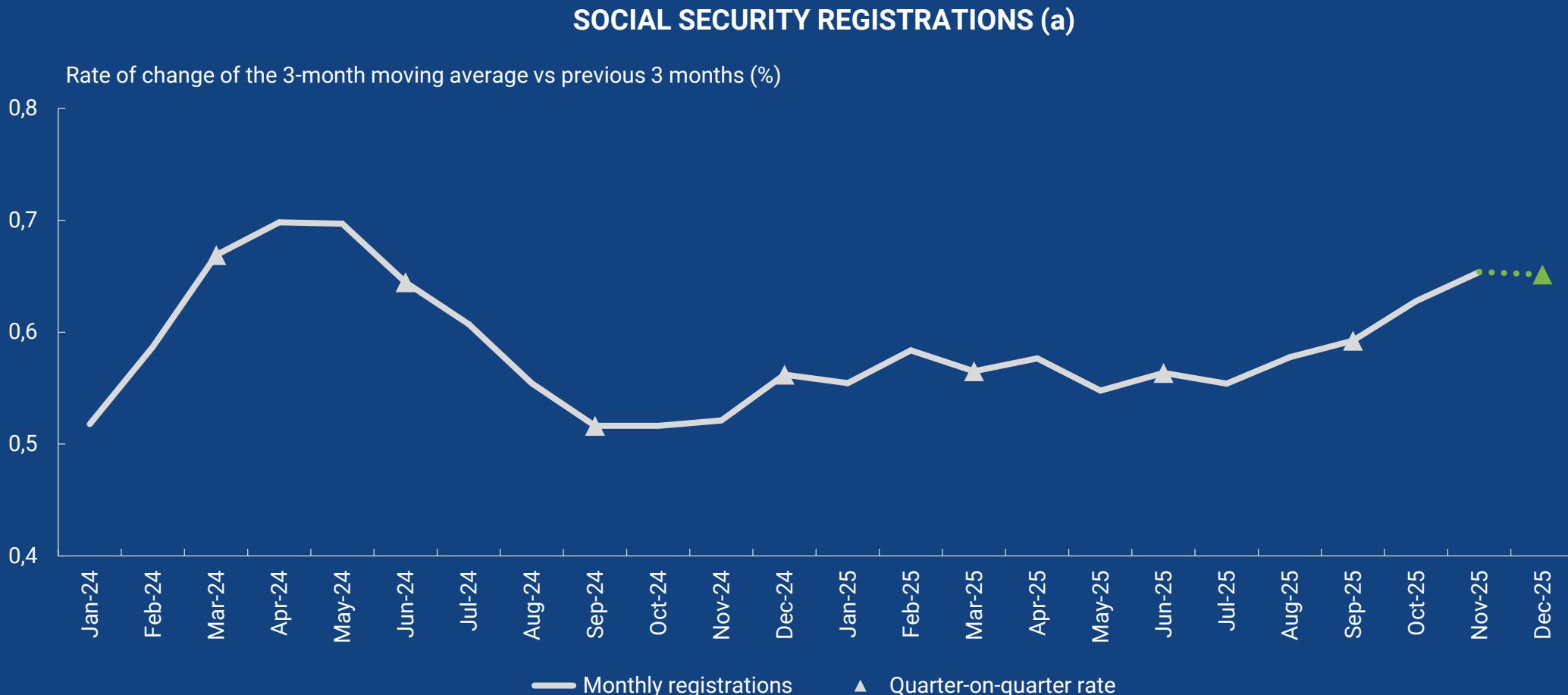
SHARE IN GDP OF NON-TRAVEL SERVICES EXPORTS (2024)



Sources: Eurostat and Banco de España.

FOURTH QUARTER DATA

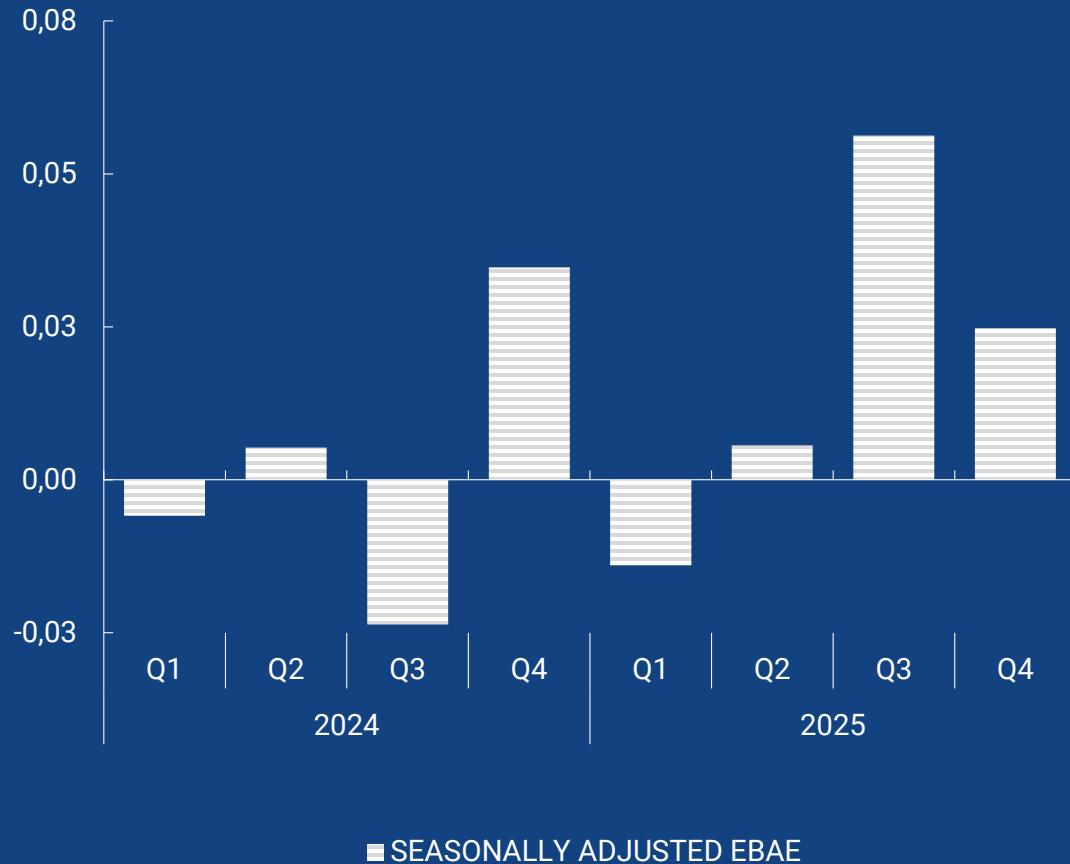
EMPLOYMENT GROWTH REMAINS STRONG AND LOOKS SET TO ACCELERATE IN Q4



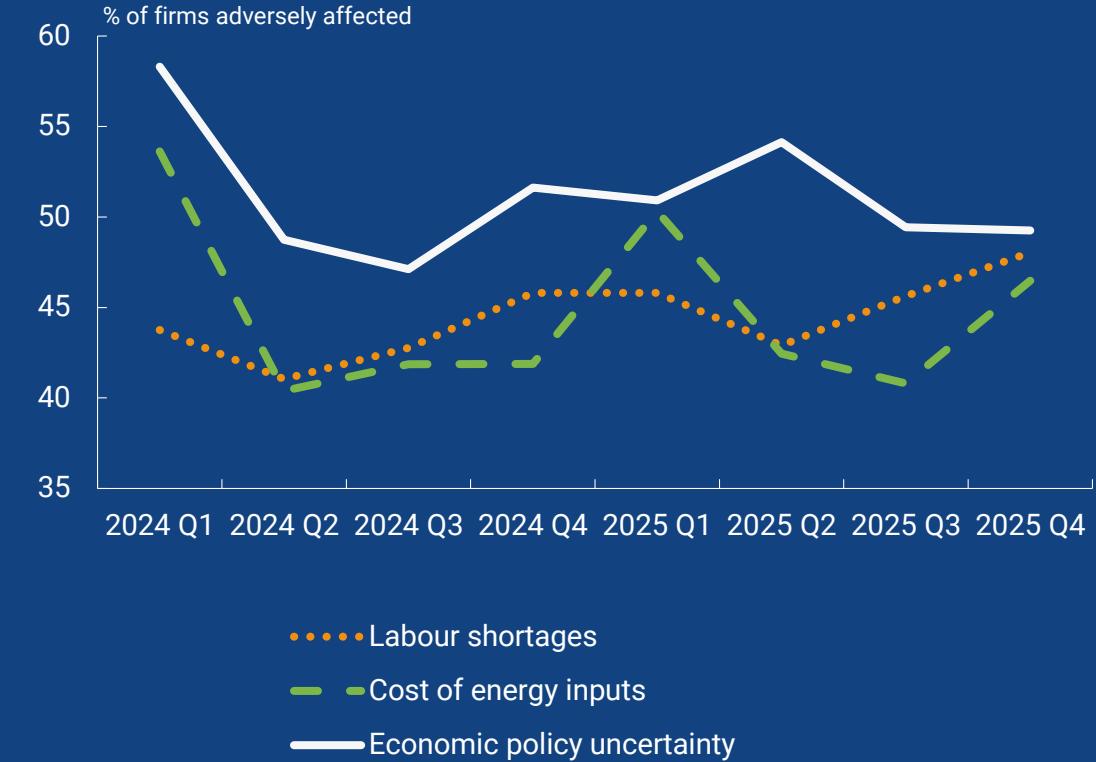
Sources: Ministerio de Inclusión, Seguridad Social y Migraciones and Banco de España. (a) Seasonally adjusted series. Rate of change between the current 3-month average and the average of the previous 3 months. The triangles denote the quarter-on-quarter rate of each calendar quarter. The 2025 Q4 figure is a projection based on data published for October, November and the first half of December.

ACCORDING TO THE EBAE, SEASONALLY ADJUSTED TURNOVER WILL SUSTAIN ROBUST GROWTH IN Q4

SEASONALLY ADJUSTED TURNOVER (EBAE) (a)



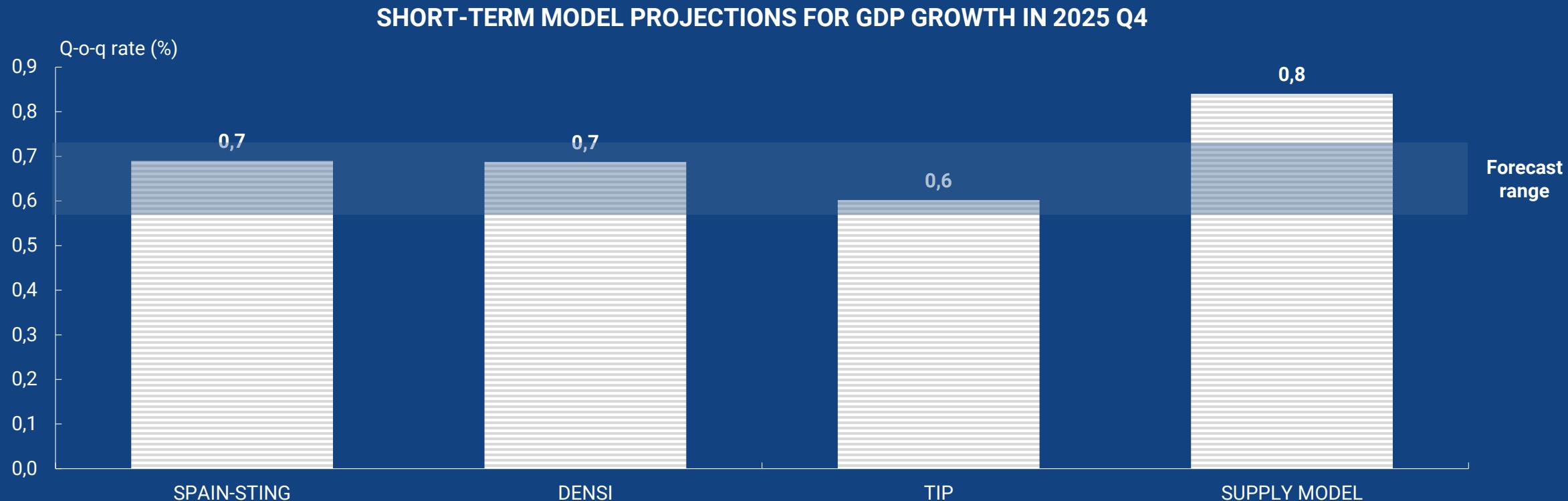
CONSTRAINTS ON ACTIVITY



Source: Banco de España (EBAE). (a) Index constructed by assigning the following values to firms' qualitative responses: significant increase = 2, slight increase = 1, unchanged = 0, slight decrease = -1, significant decrease = -2.

Labour shortages have affected the construction and hospitality sectors in particular

SHORT-TERM MODELS POINT TO QUARTER-ON-QUARTER GDP GROWTH OF 0.6%-0.7% IN 2025 Q4



Source: Banco de España.



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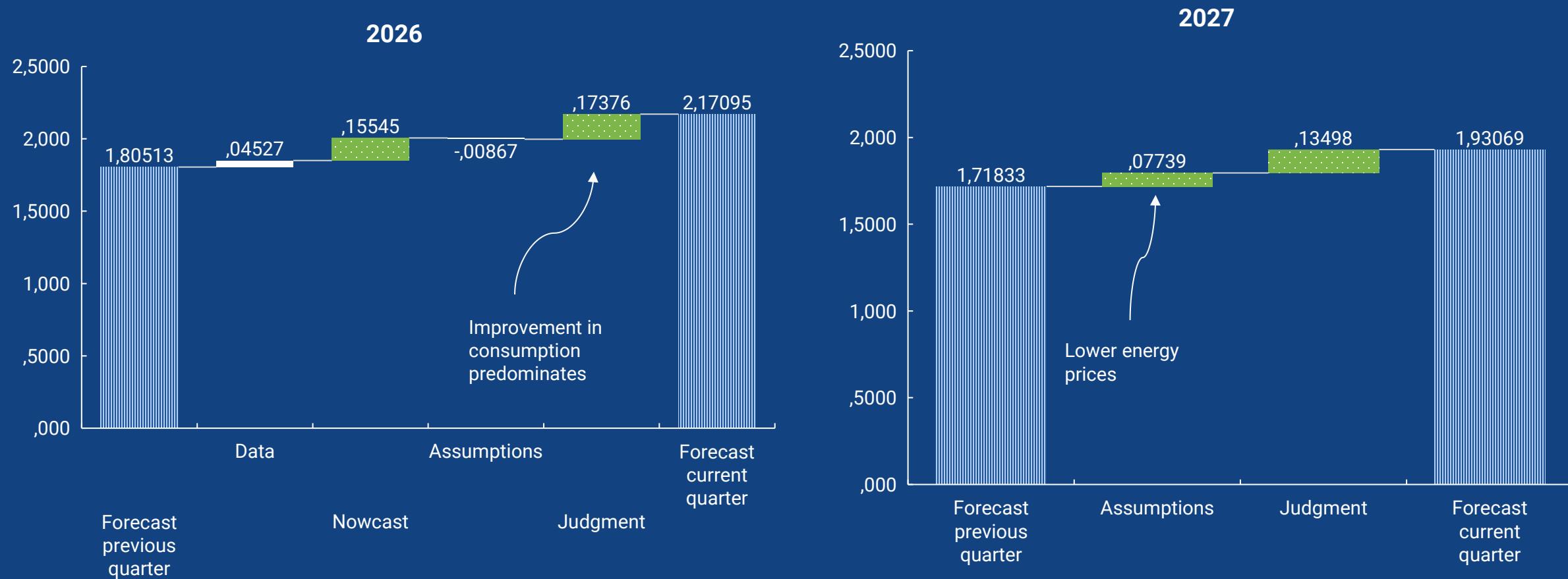
DECEMBER 2025 PROJECTIONS (AND CHANGES VERSUS SEPTEMBER)

	2025	Change	2026	Change	2027	Change	
GDP	2.9	0.3	2.2	0.4	1.9	0.2	Higher GDP growth, underpinned by domestic demand
Private consumption	3.4	0.3	2.8	0.8	1.8	0.2	
Government consumption	1.8	-0.1	1.8	0.1	1.9	0.3	
Gross capital formation	6.0	1.0	3.6	1.1	2.2	0.2	Investment growth outpaces GDP growth over the projection horizon
Exports of goods and services	3.5	0.4	2.0	-0.3	2.8	0.0	
Imports of goods and services	5.8	0.8	3.6	0.5	2.8	-0.1	
Net exports (contribution to growth)	-0.6	-0.1	-0.5	-0.3	0.1	0.0	
Inflation	2.7	0.2	2.1	0.4	1.9	-0.5	
Core inflation	2.6	0.2	2.5	0.4	2.1	0.2	
Employment (persons)	2.7	0.1	2.0	0.7	1.4	0.4	
Unemployment rate	10.6	0.1	10.0	-0.2	9.6	-0.1	But lower in 2027 on account of the delayed implementation of ETS2 (now set for 2028)
Budget balance	-2.5	0.0	-2.1	0.2	-2.5	-0.2	
General government debt (% of GDP)	100.6	-0.1	99.1	-1.3	98.3	-1.7	Budget balance improvement thanks to economic momentum in 2026
							Deterioration in 2027 due to increase in public sector wages



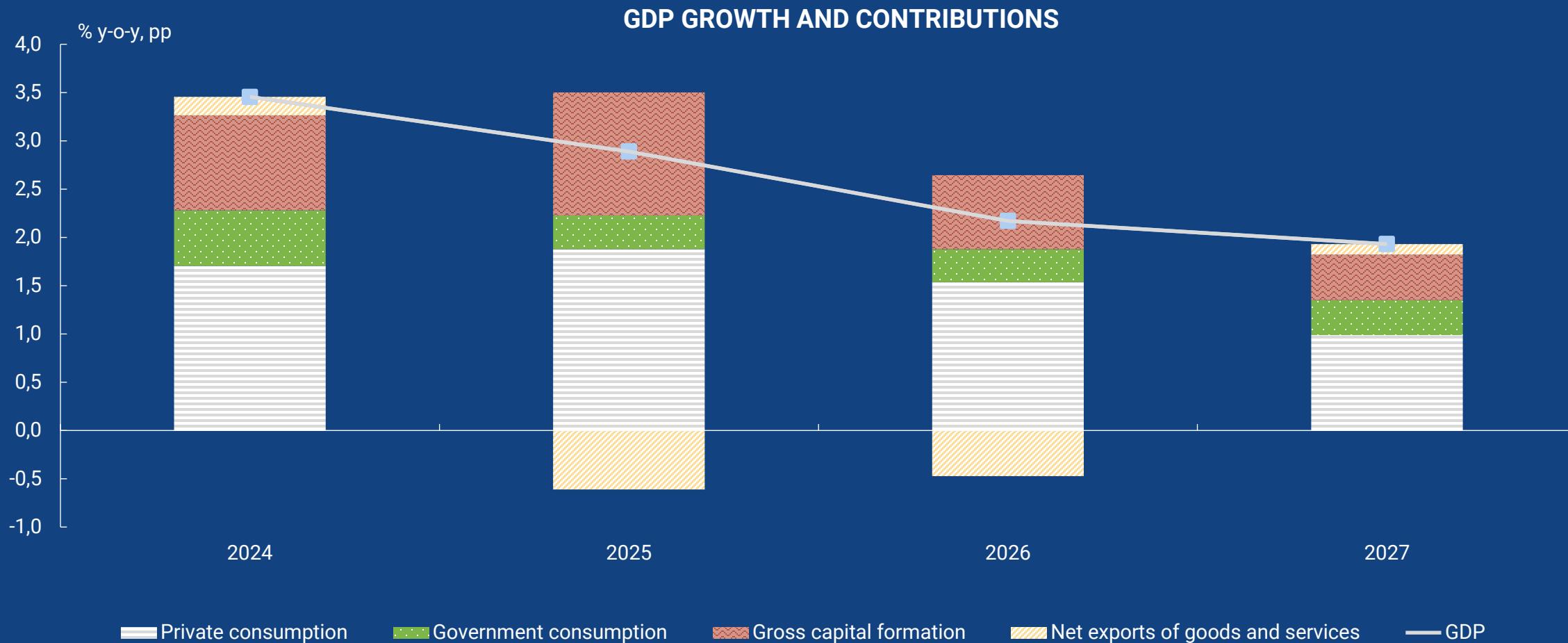
PROJECTIONS BREAKDOWN

DATA AND ASSUMPTIONS, PLUS FAVOURABLE JUDGEMENT, SIGNAL HIGHER GDP GROWTH THAN EXPECTED BACK IN SEPTEMBER



Source: Banco de España.

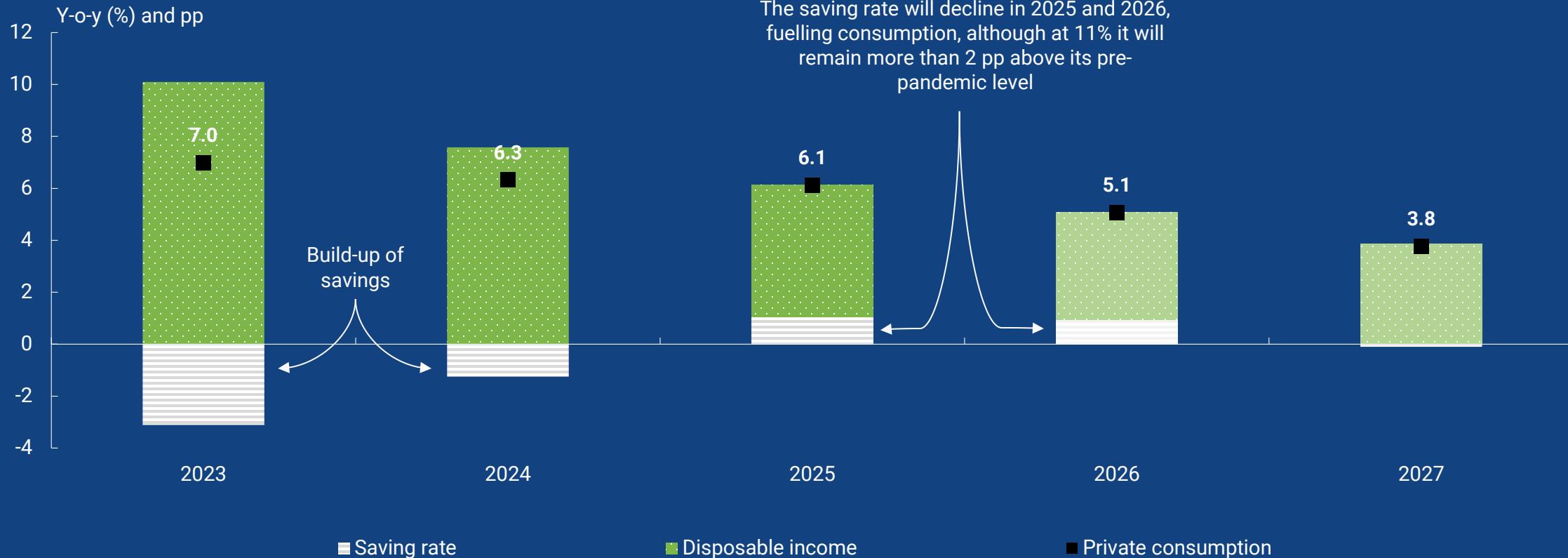
DOMESTIC DEMAND WILL CONTINUE TO BE THE MAINSTAY OF GROWTH



Source: Banco de España

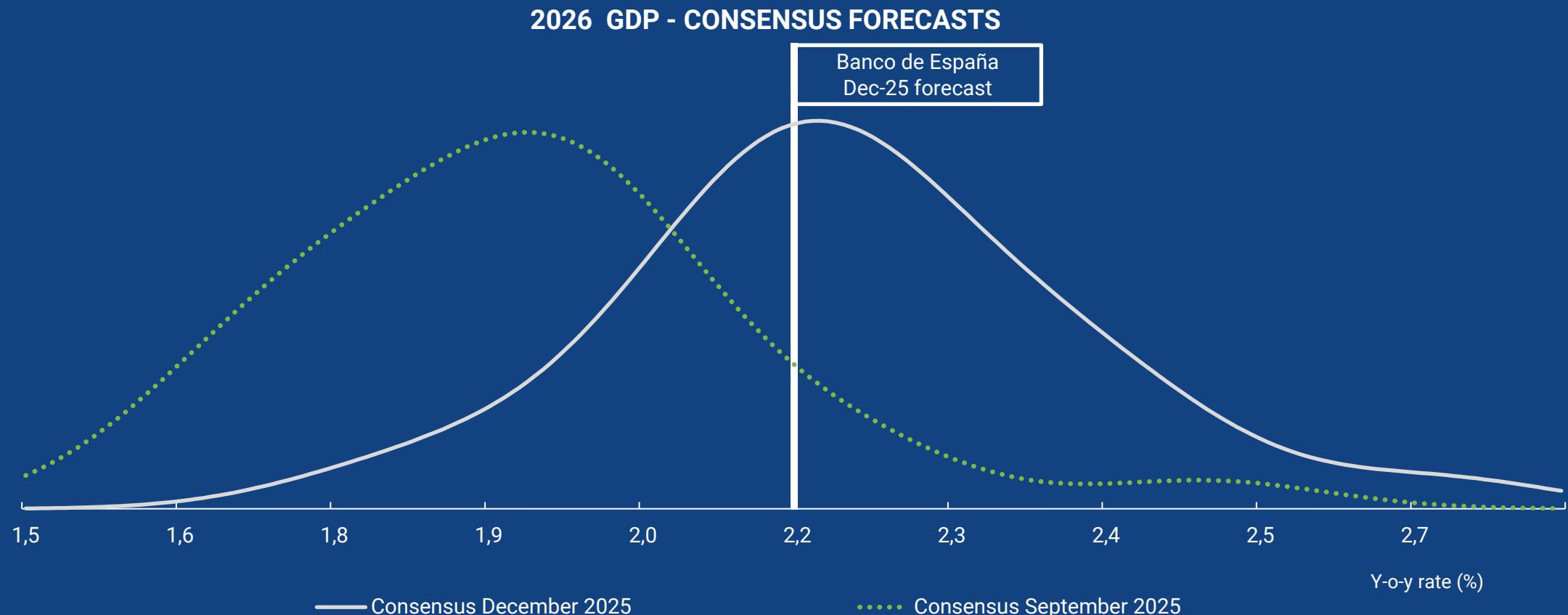
INCOME MOMENTUM WILL CONTINUE TO FUEL PRIVATE CONSUMPTION GROWTH

CONTRIBUTIONS TO THE RATE OF GROWTH OF NOMINAL PRIVATE CONSUMPTION



Sources: INE and Banco de España.

GDP FORECASTS FOR 2026 ARE IN LINE WITH THOSE OF OTHER INSTITUTIONS



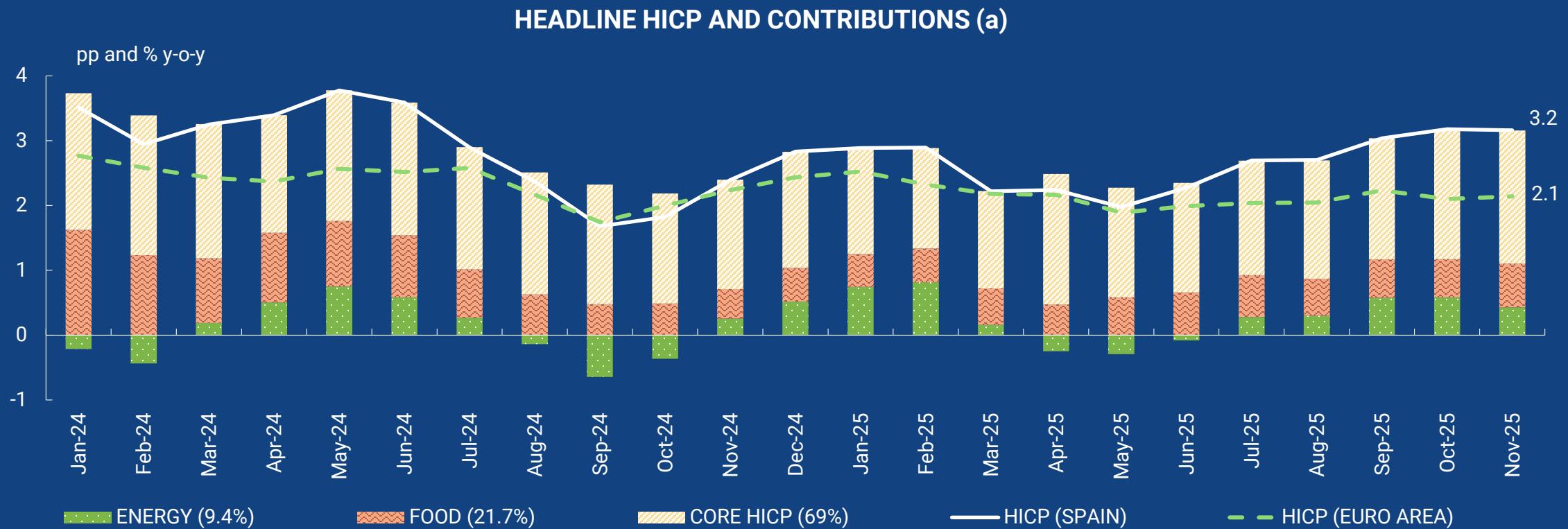
Sources: Consensus Economics and Banco de España. Note: The distributions include forecasts from 30 national and international institutions.



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HEADLINE INFLATION STANDS AT OVER 3%, 1.1 PERCENTAGE POINTS MORE THAN IN THE EURO AREA



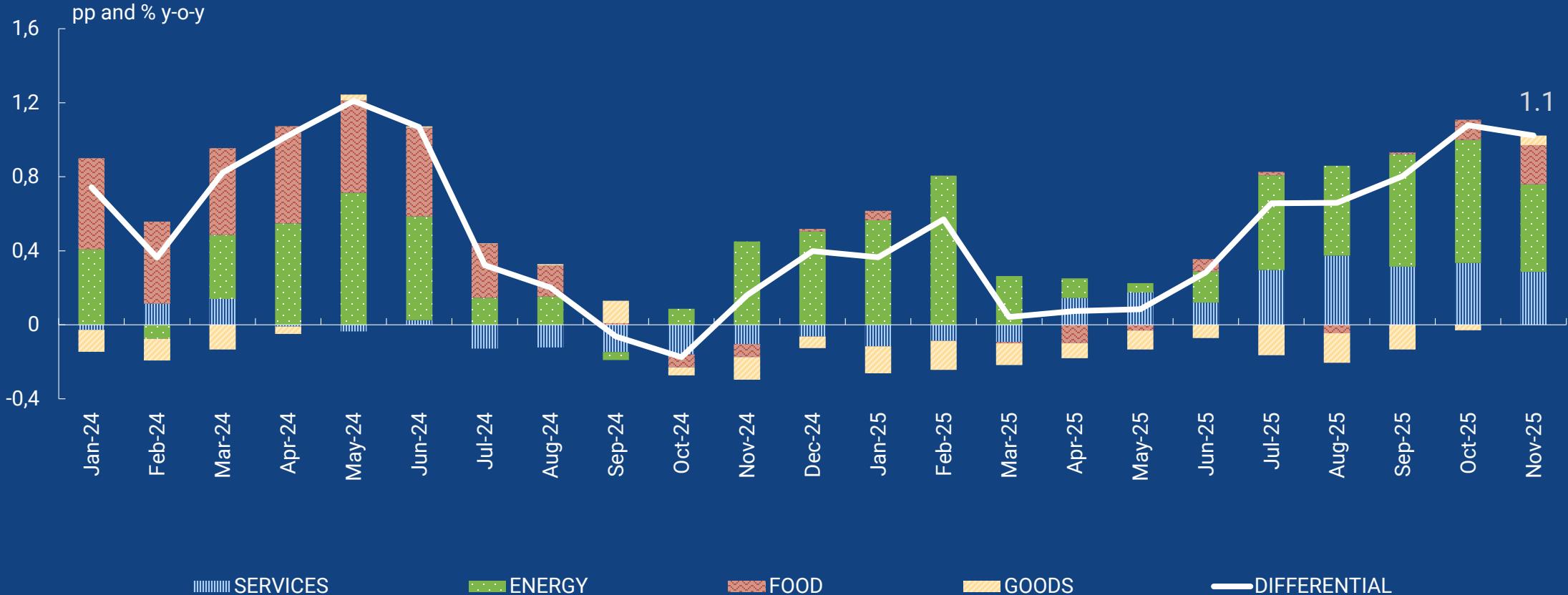
Sources: Eurostat and Banco de España.

(a) In brackets, the weight of each group in headline HICP in 2025.

Core inflation rose to 3% in November. Food prices rose by 3.1%, while energy prices slowed to 4.6%.

INFLATION DIFFERENTIAL TO THE EURO AREA HAS WIDENED, MAINLY OWING TO ENERGY AND SERVICES

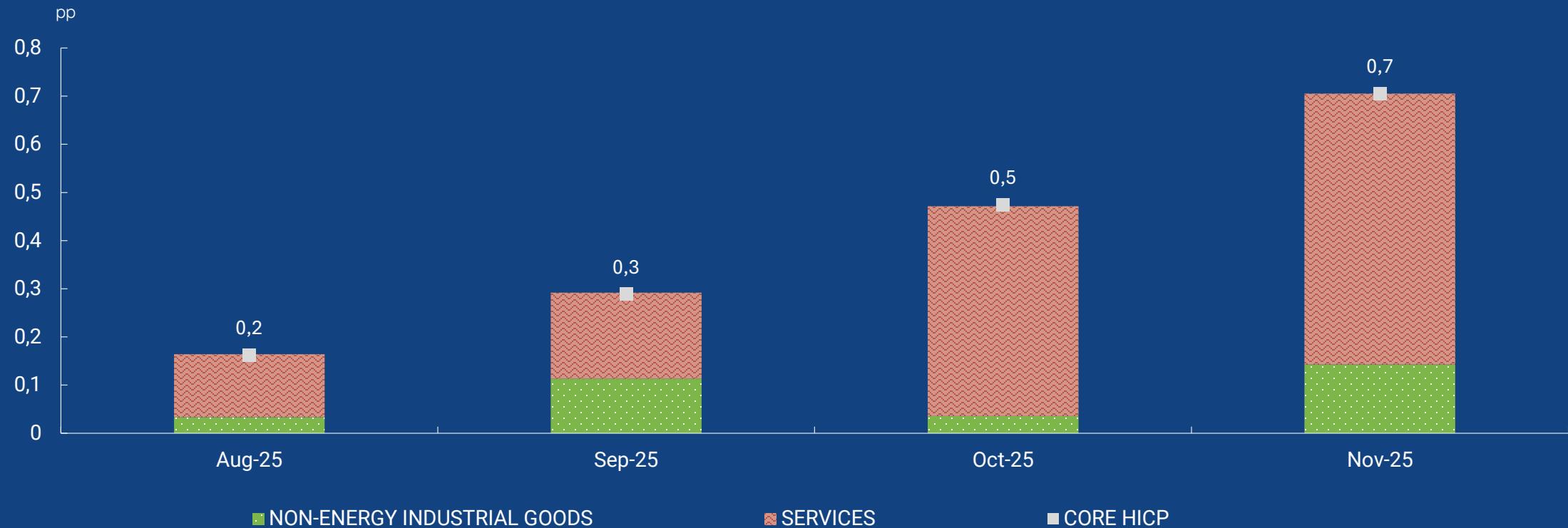
CONTRIBUTIONS TO THE SPAIN-EURO AREA INFLATION DIFFERENTIAL



Sources: Eurostat and Banco de España.

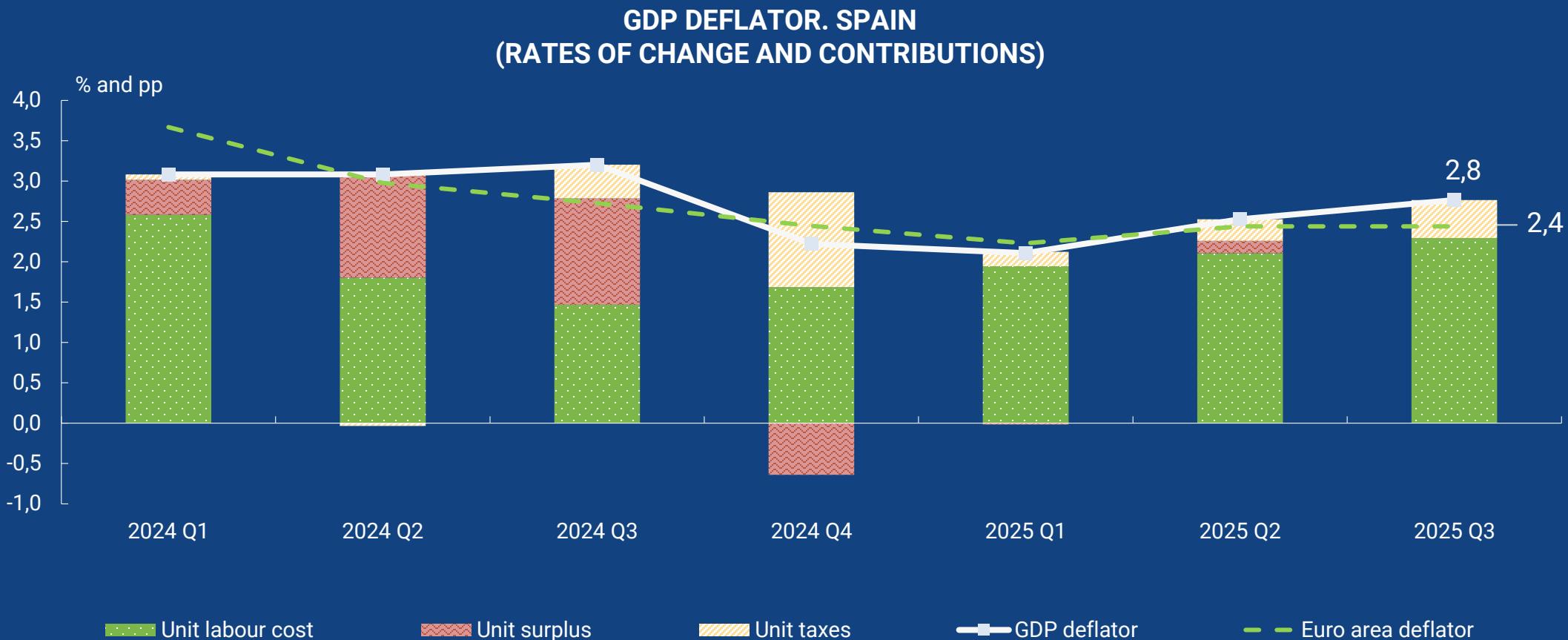
CORE INFLATION HAS SURPRISED ON THE UPSIDE, DRIVEN MAINLY BY SERVICES INFLATION

CORE HICP (EXCLUDING ENERGY AND FOOD): CHANGE FROM THE SEPTEMBER REPORT



Sources: INE and Banco de España.

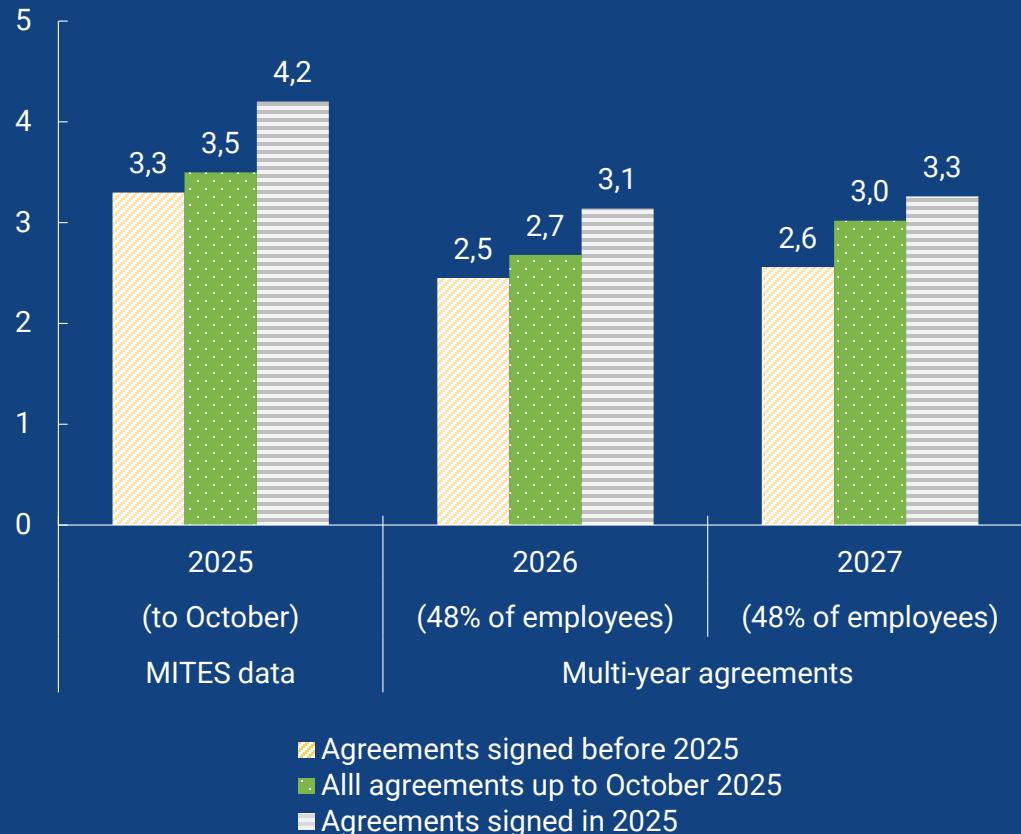
GDP DEFLATOR HAS RECENTLY GAINED PACE



Sources: INE and Eurostat.

COMPENSATION PER EMPLOYEE HAS BEEN REVISED UP

WAGE GROWTH IN
COLLECTIVE BARGAINING AGREEMENTS



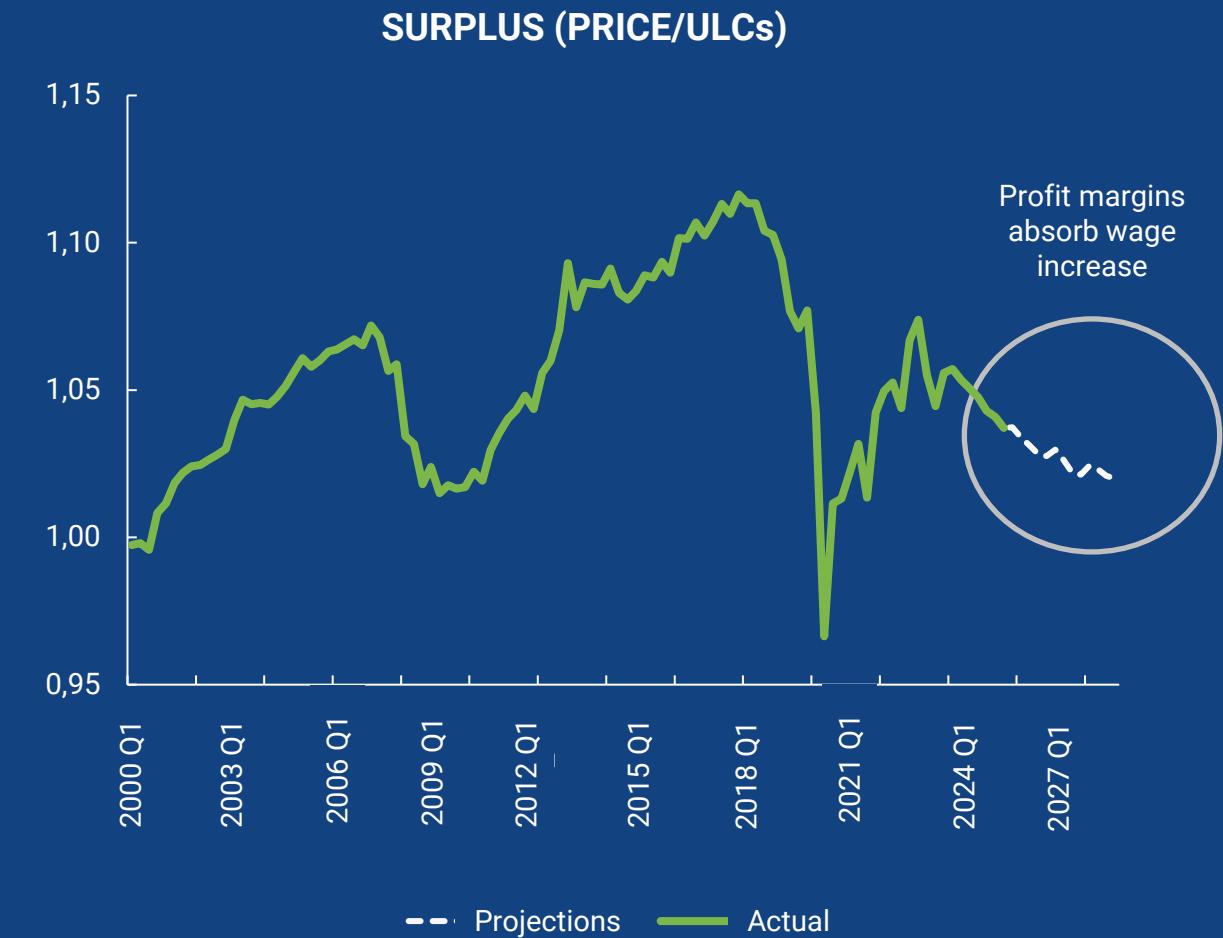
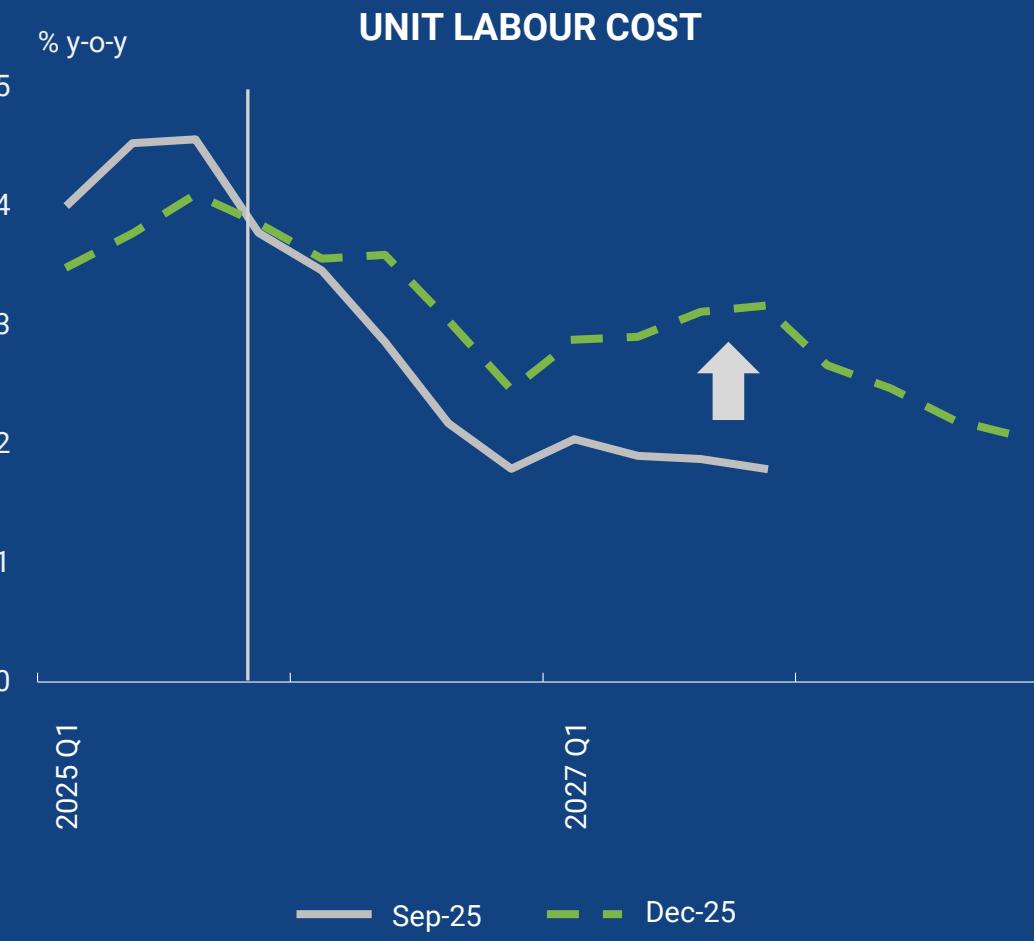
FORECAST WAGE GROWTH IN COLLECTIVE
BARGAINING AGREEMENTS



Sources: Ministerio de Trabajo y Economía Social, REGCON and Banco de España.

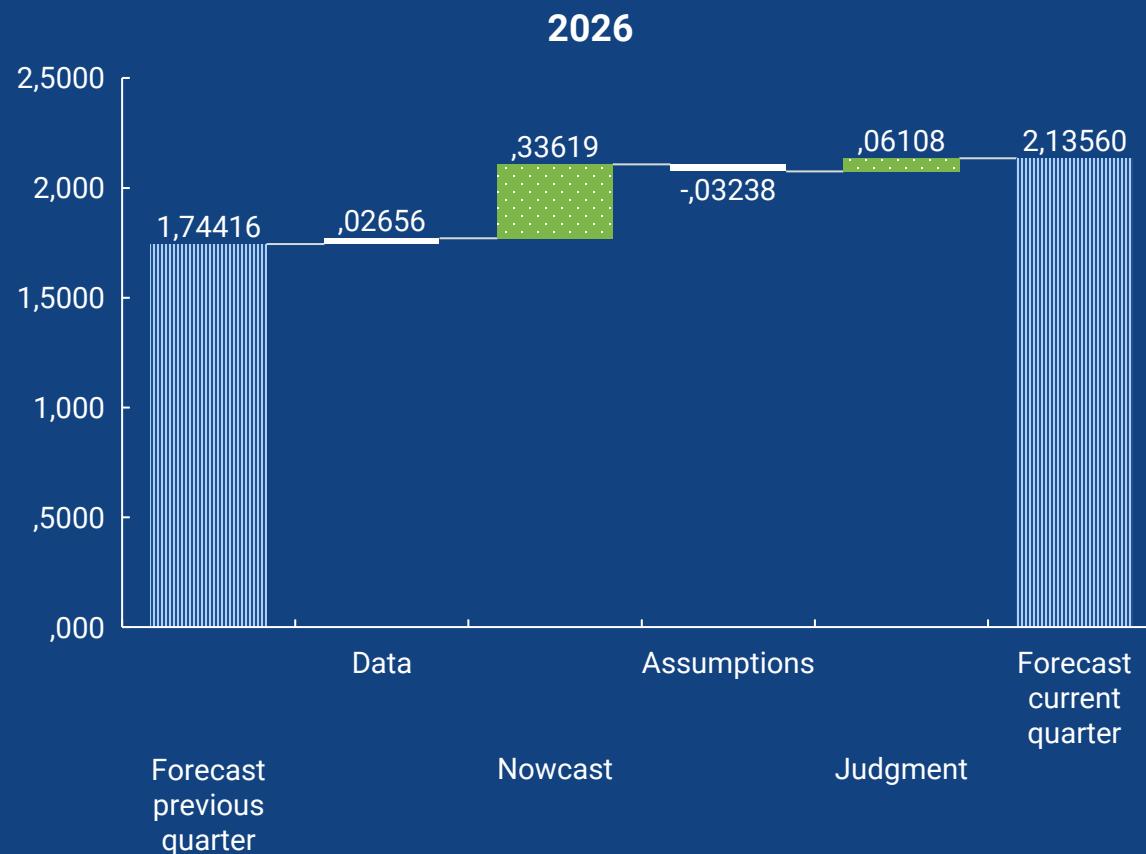
The multi-year agreements signed for 2026 and 2027 point to an upward revision of wage increases.

WAGE COSTS REVISED UP, WITH NO PASS-THROUGH TO PRICES



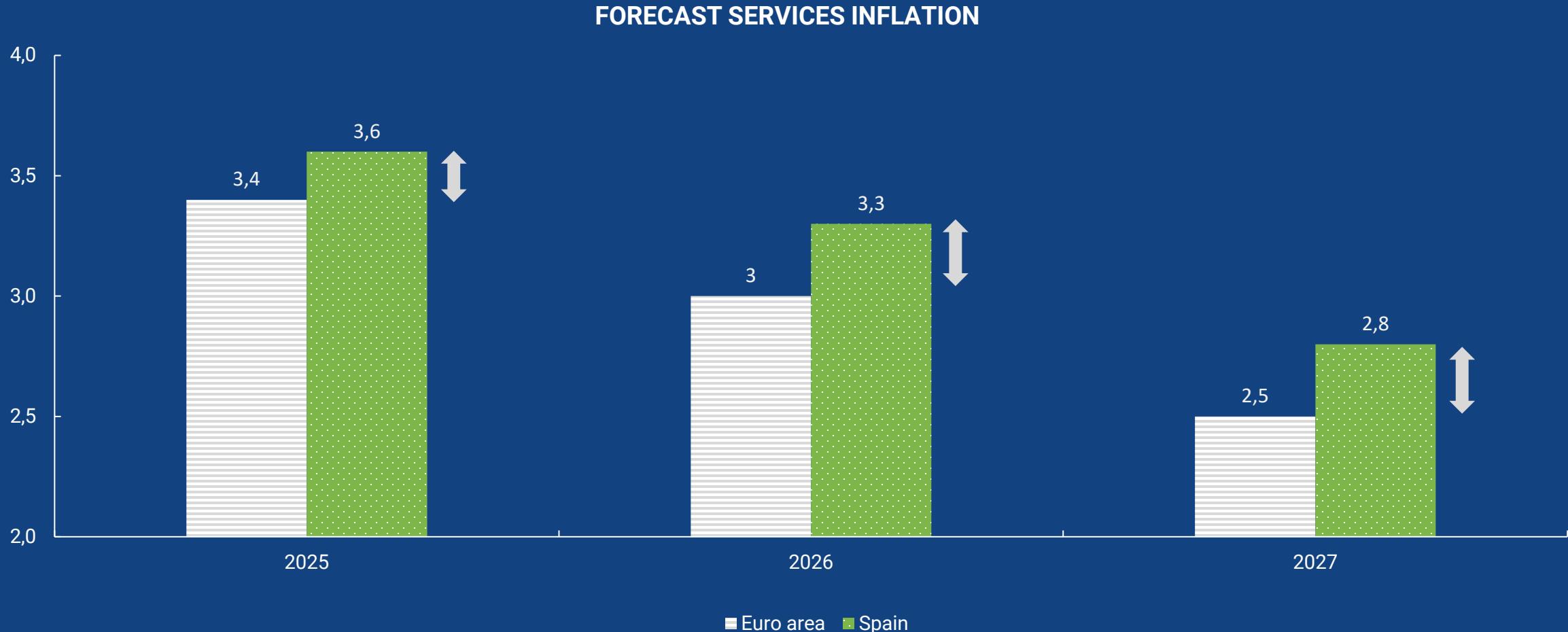
Sources: INE and Banco de España.

CURRENT QUARTER DRIVES UP INFLATION IN 2026

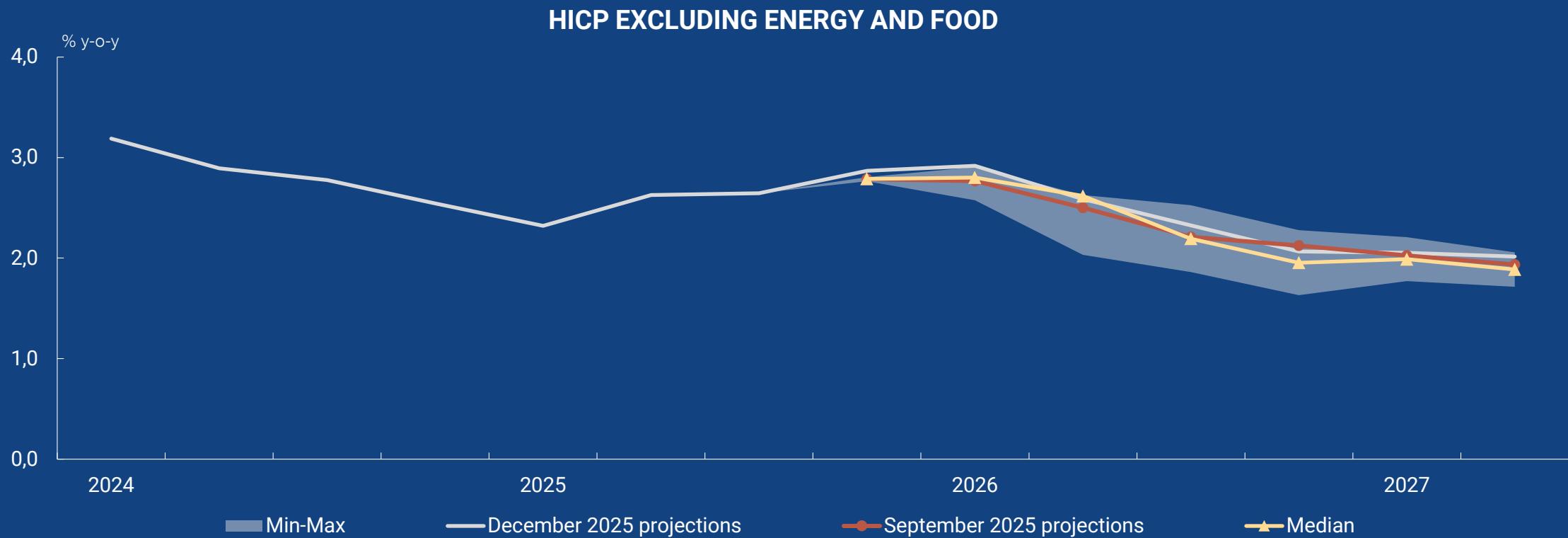


Source: Banco de España.

SERVICES INFLATION DIFFERENTIAL TO THE EURO AREA REMAINS POSITIVE



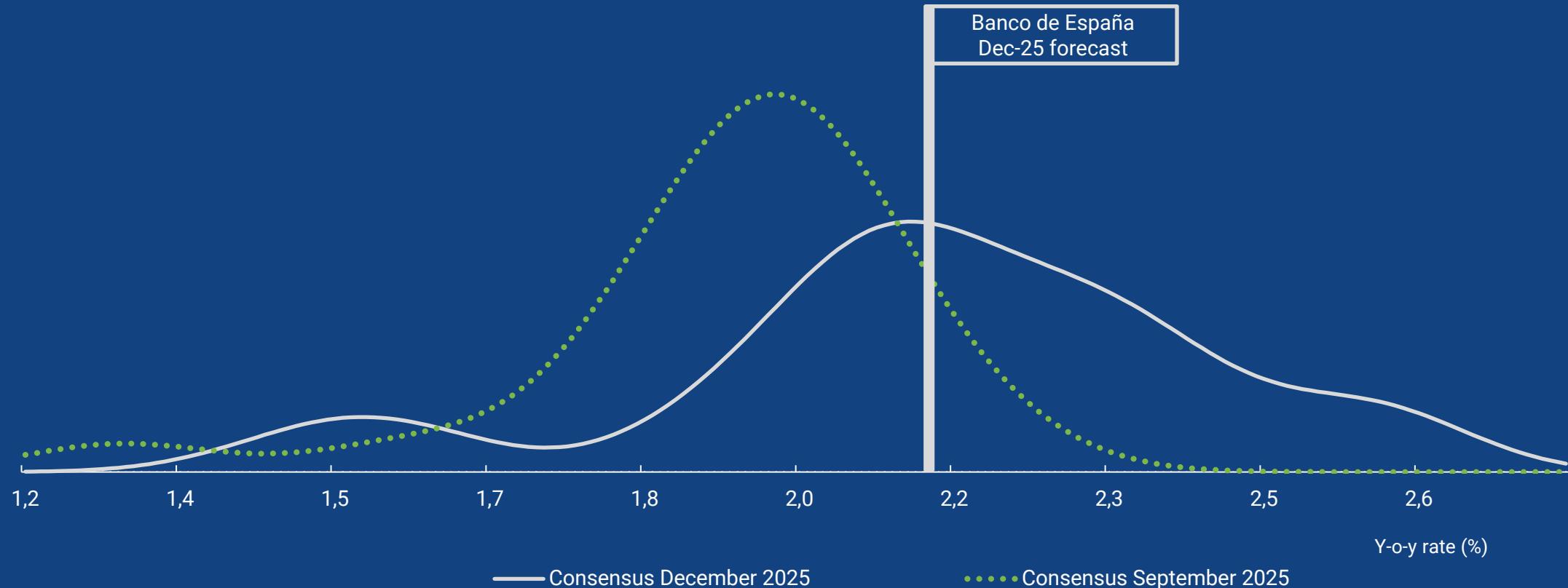
CORE INFLATION FORECASTS IN LINE WITH MODELS



Sources: INE and Banco de España.

INFLATION FORECASTS FOR 2026 IN LINE WITH THOSE OF OTHER INSTITUTIONS, BUT UNCERTAINTY ON THE RISE

2026 INFLATION - CONSENSUS FORECASTS



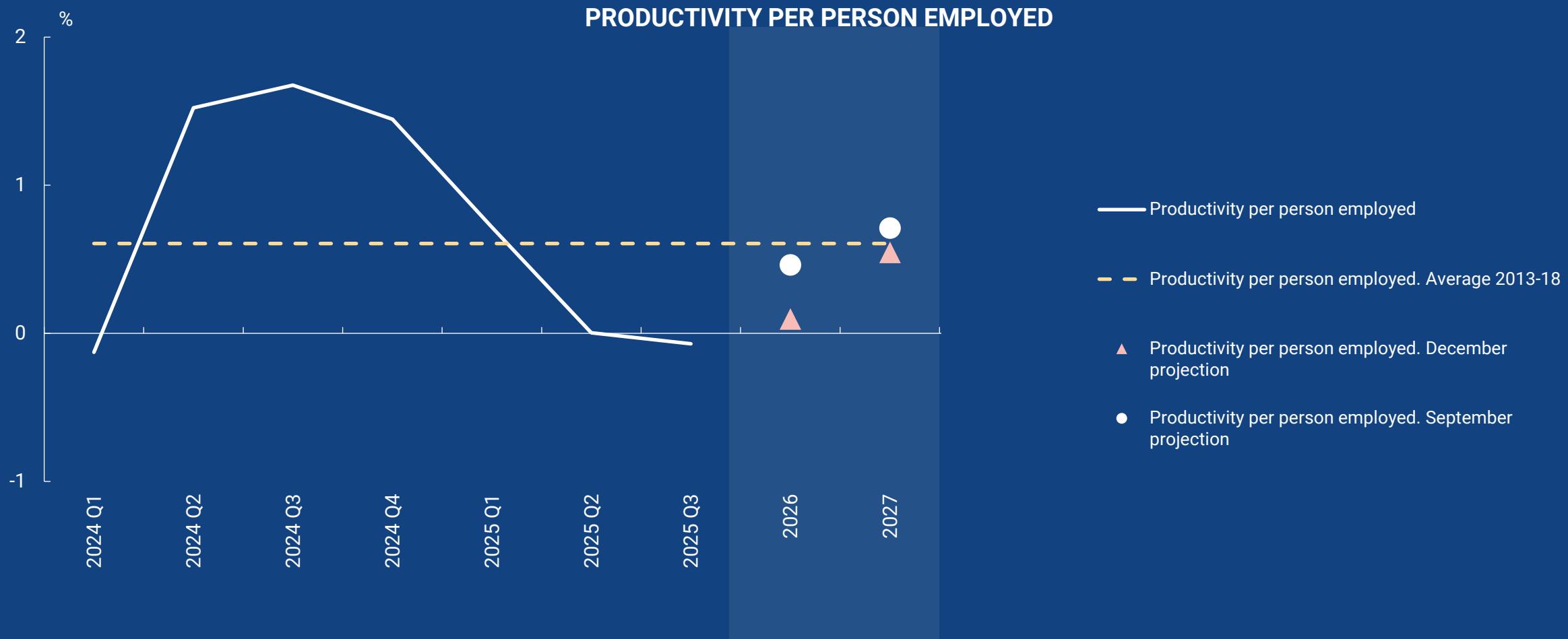
Sources: Consensus Economics and Banco de España. Note: The distributions include forecasts from 30 national and international institutions.



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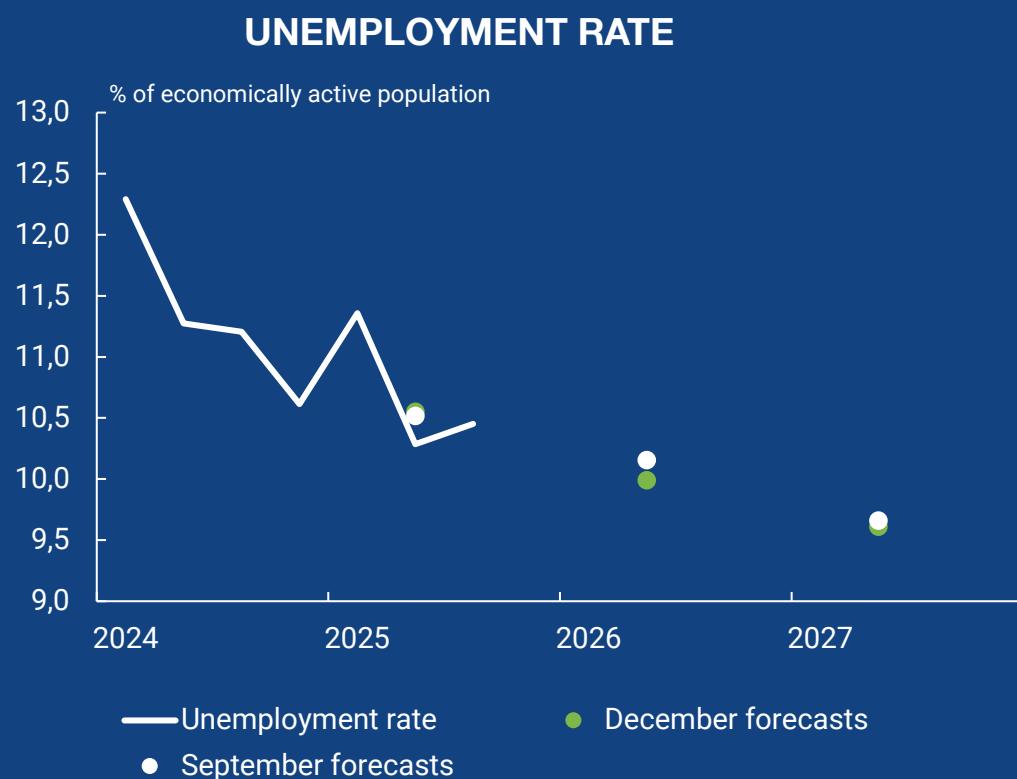
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 - PUBLIC SECTOR
4. SCENARIOS, UNCERTAINTY AND RISKS

PRODUCTIVITY GAINS EXPECTED TO CONVERGE WITH AVERAGE GROWTH IN LAST EXPANSIONARY CYCLE

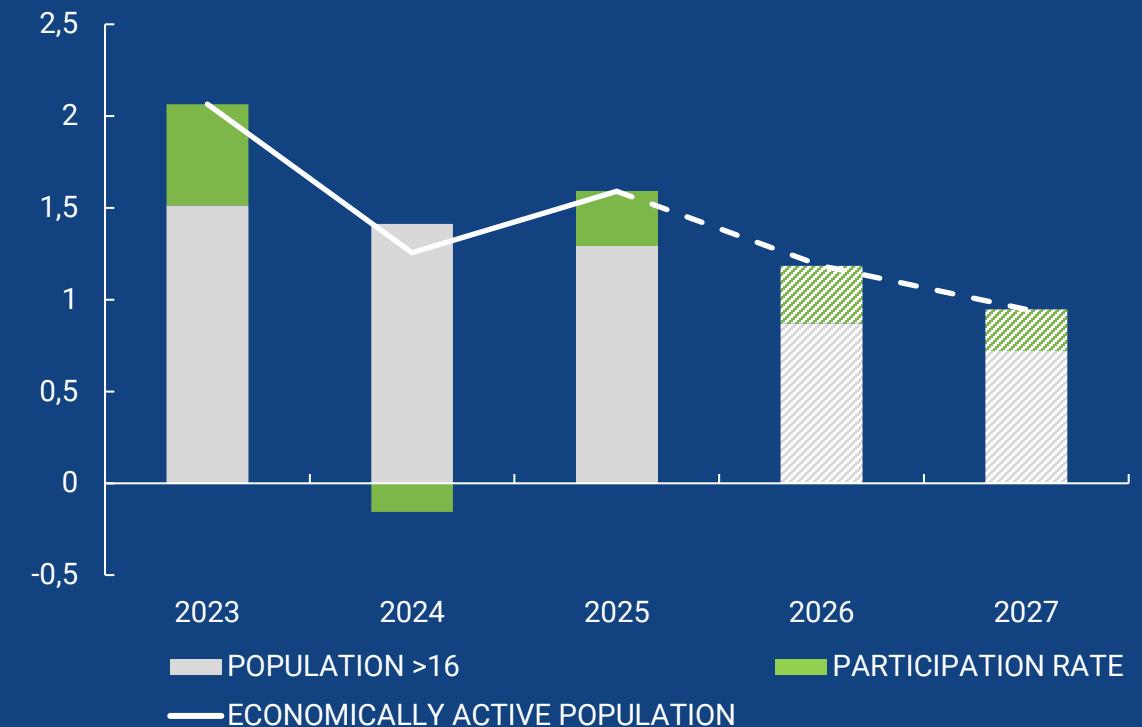


Sources: INE and Banco de España.

UNEMPLOYMENT RATE CONTINUES TO FALL THANKS TO GROWING EMPLOYMENT, BACKED BY POPULATION AND ACTIVITY DYNAMICS



CONTRIBUTIONS TO Y-O-Y RATE OF GROWTH OF ECONOMICALLY ACTIVE POPULATION



Sources: Encuesta de Población Activa (INE) and Banco de España.

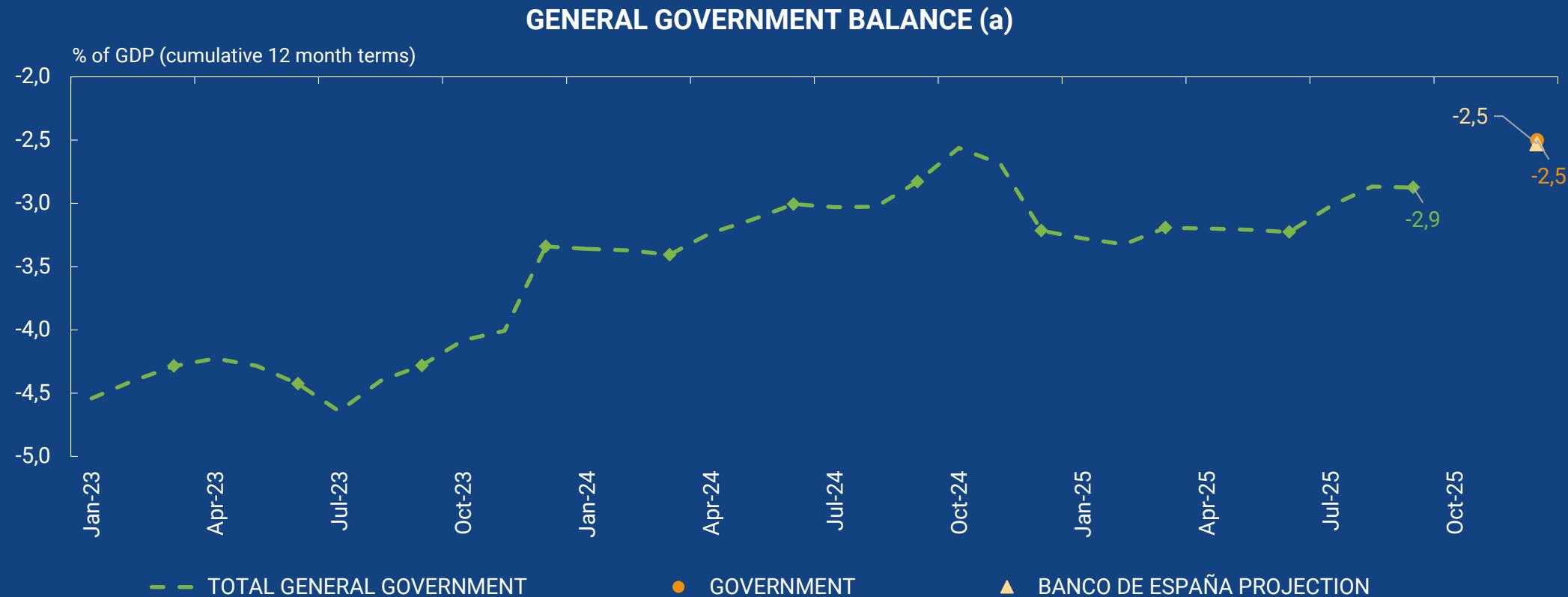
The labour force participation rate is revised up, owing to higher contributions from both the older and the immigrant population



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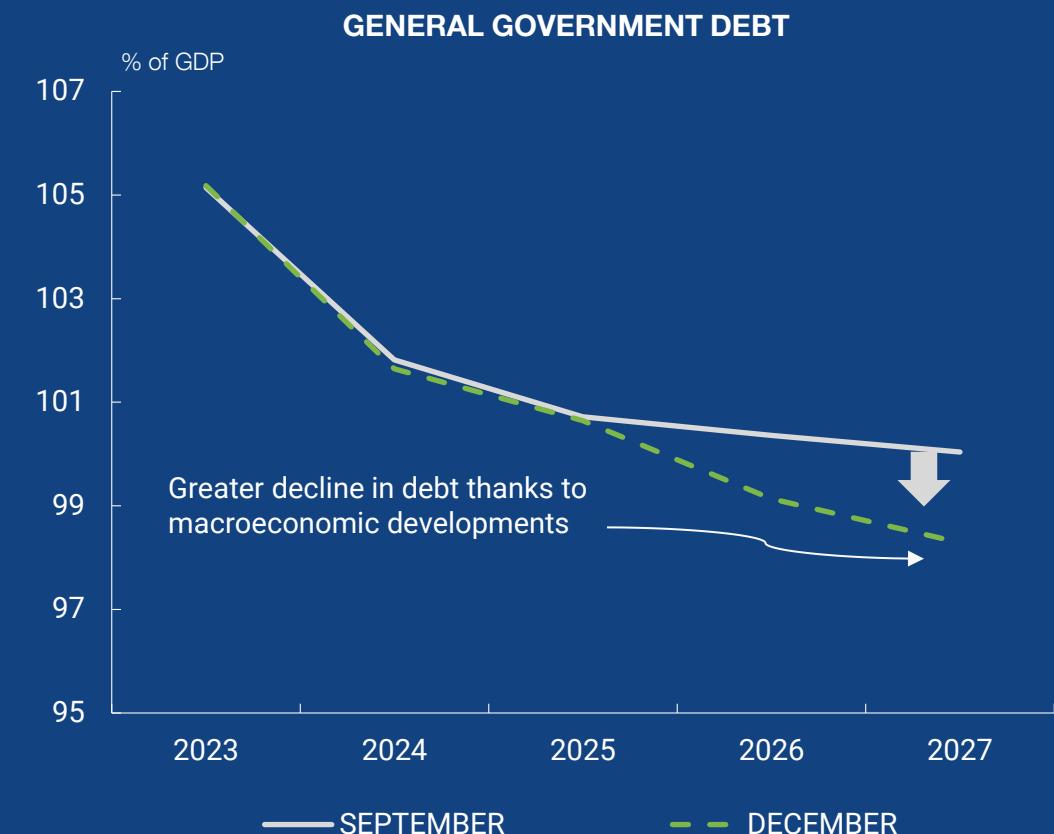
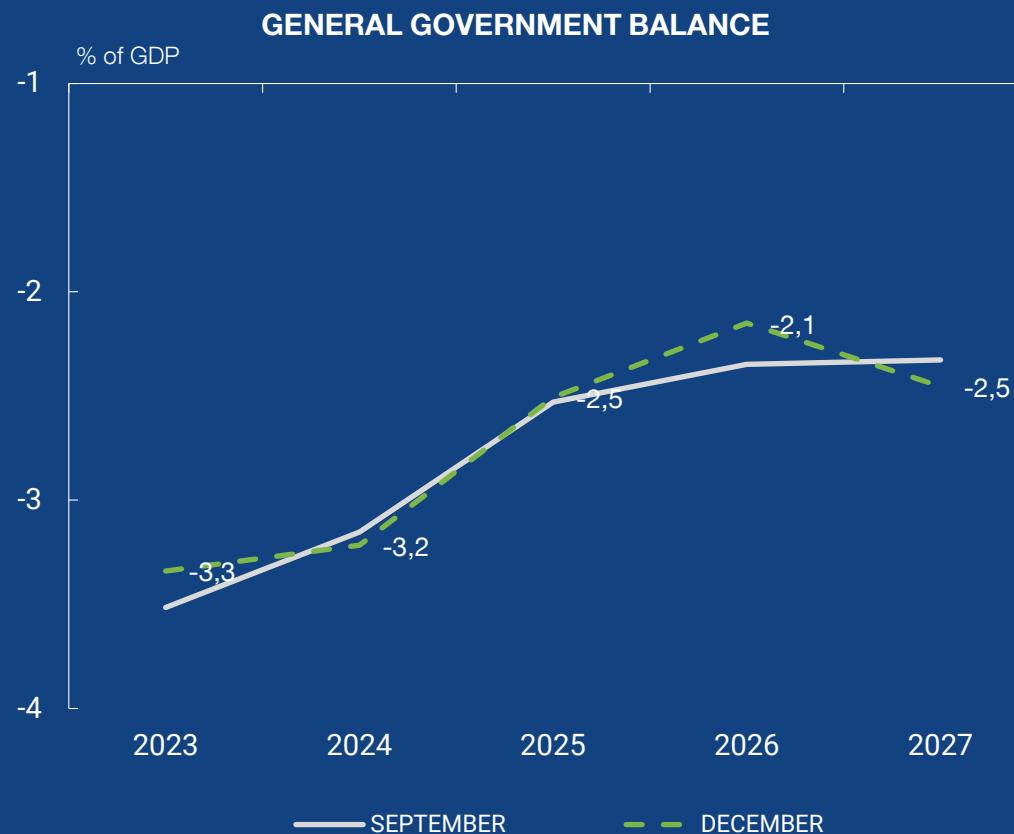
SUSTAINED IMPROVEMENT IN GENERAL GOVERNMENT BALANCE, AS PUBLIC REVENUE GROWTH CONTINUES TO OUTPACE EXPENDITURE



Sources: IGAE and Banco de España. Latest observation: September 2025.

(a) The IGAE only publishes general government data quarterly. The monthly data are estimated drawing on the aggregate data excluding local government.

GOVERNMENT DEFICIT FORECAST REVISED DOWN TO 2.1% FOR 2026 AND REVISED UP FOR 2027 Owing to wage increases



Source: Banco de España.

The cumulative impact in 2027 of the public sector pay increase pushes up the government deficit by 0.4 pp of GDP.

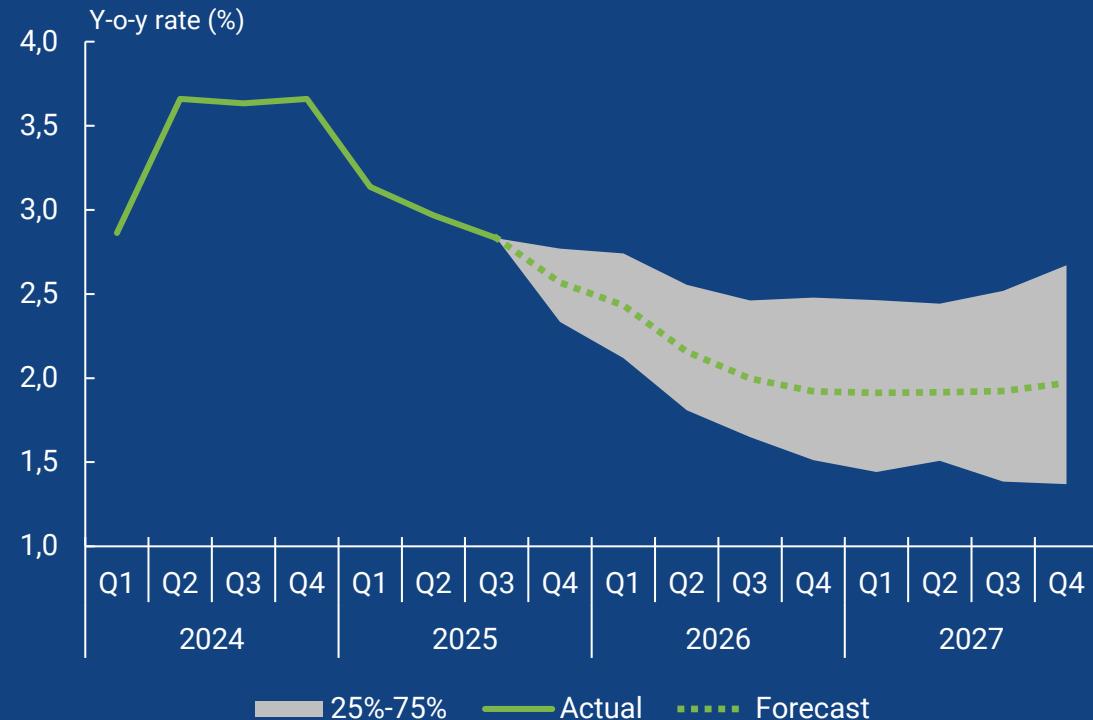


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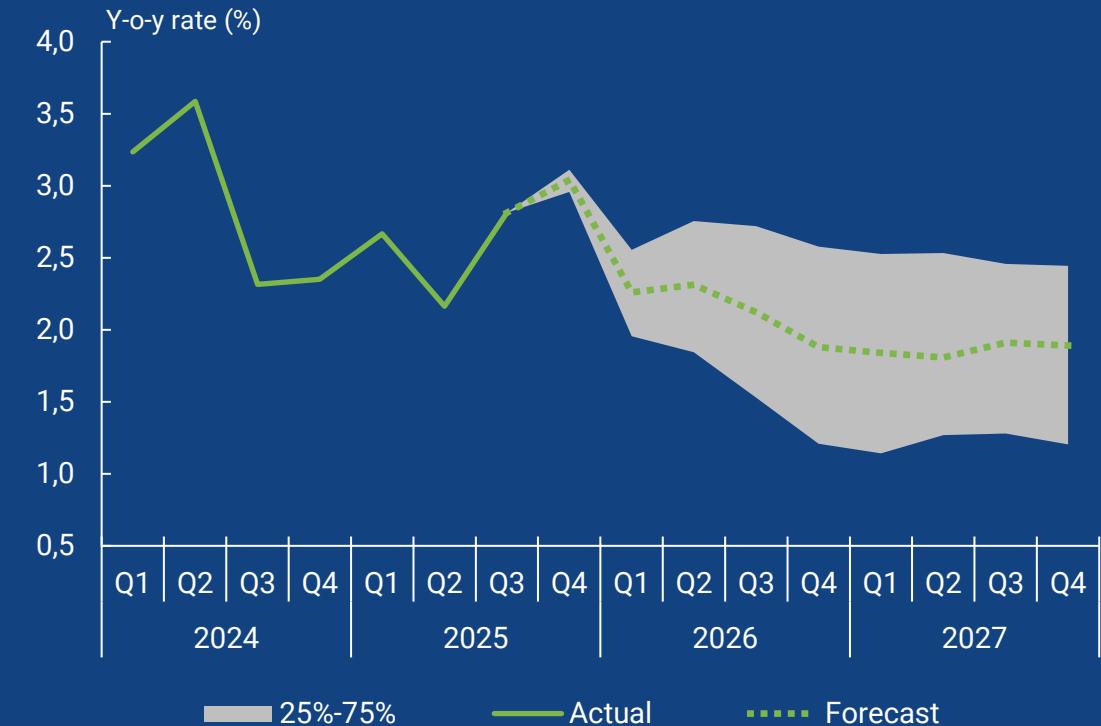
- 1. GLOBAL ENVIRONMENT**
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UNCERTAINTY MEASURED ACCORDING TO ECONOMIC FORECASTING ERRORS SHOWS ASYMMETRIC RISKS IN GDP AND INFLATION

UNCERTAINTY AROUND GDP FORECAST



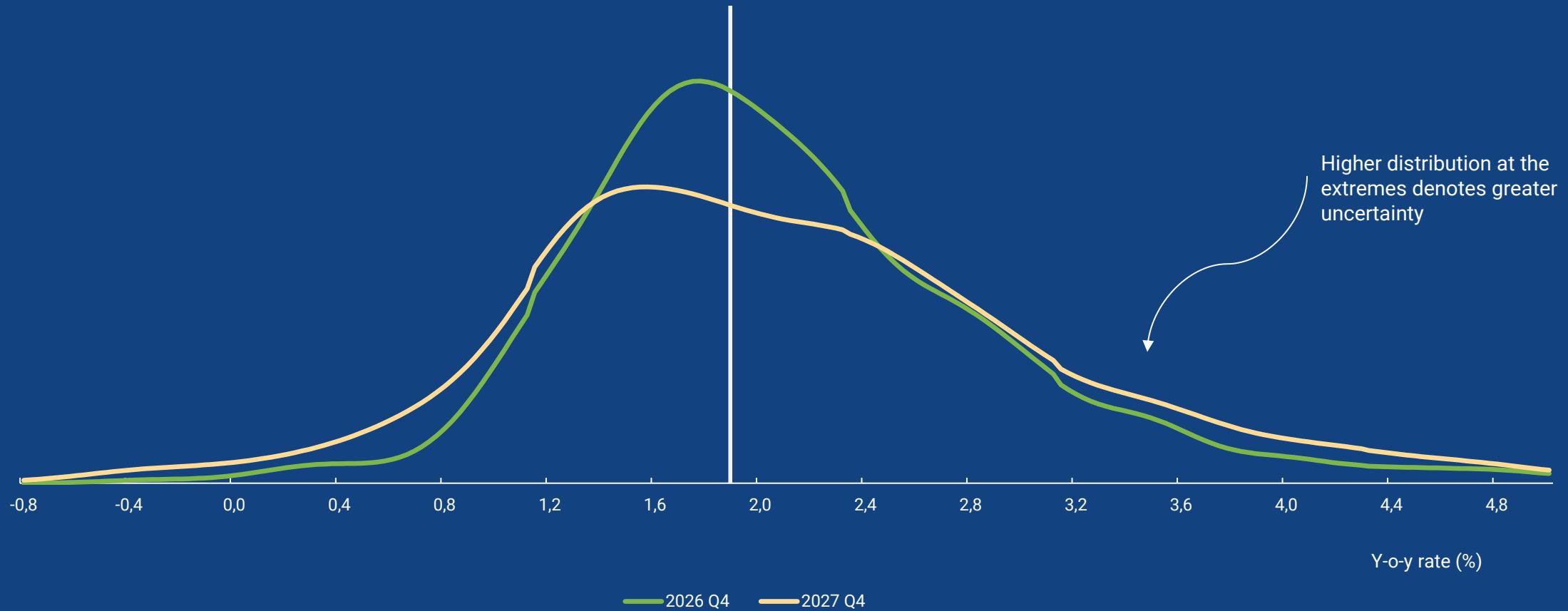
UNCERTAINTY AROUND INFLATION FORECAST



The bands show a standard deviation and the interquartile range of prediction errors, using the Delle Monache, De Polis and Petrella (2024) methodology.

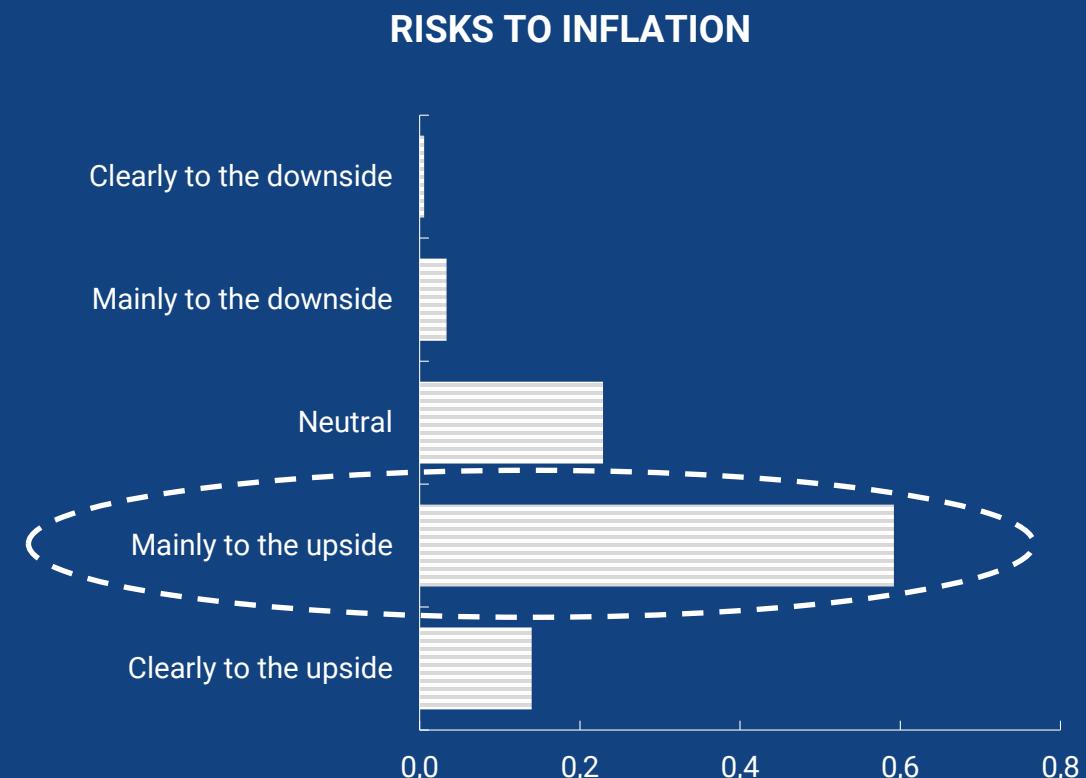
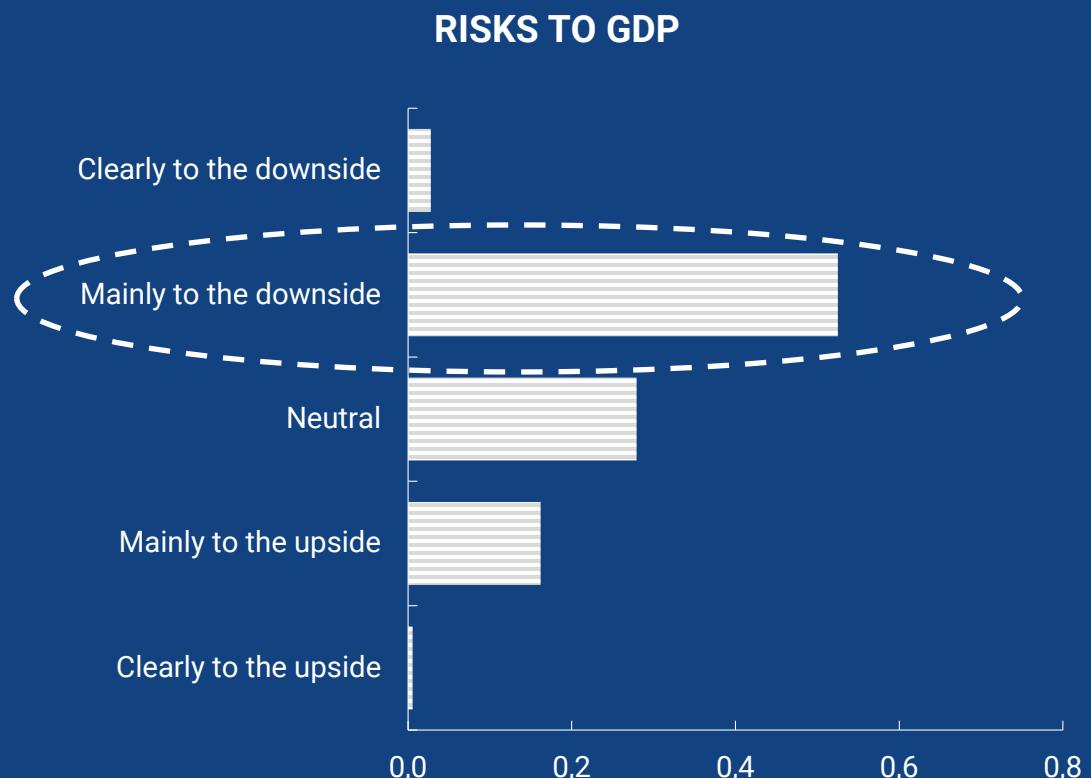
THIS UNCERTAINTY INCREASES OVER THE PROJECTION HORIZON

DISTRIBUTION OF UNCERTAINTY AROUND GDP



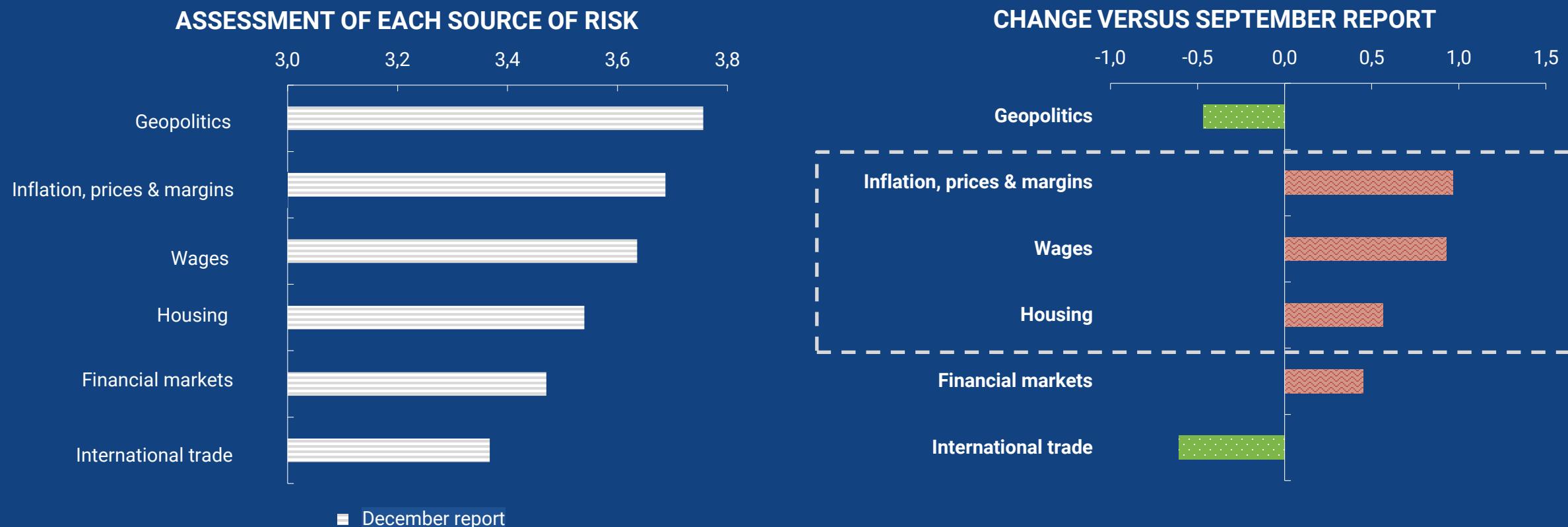
Delle Monache, De Polis and Petrella (2024) methodology.

UNCERTAINTY CAN ALSO BE MEASURED BY RISK IDENTIFICATION IN SURVEYS



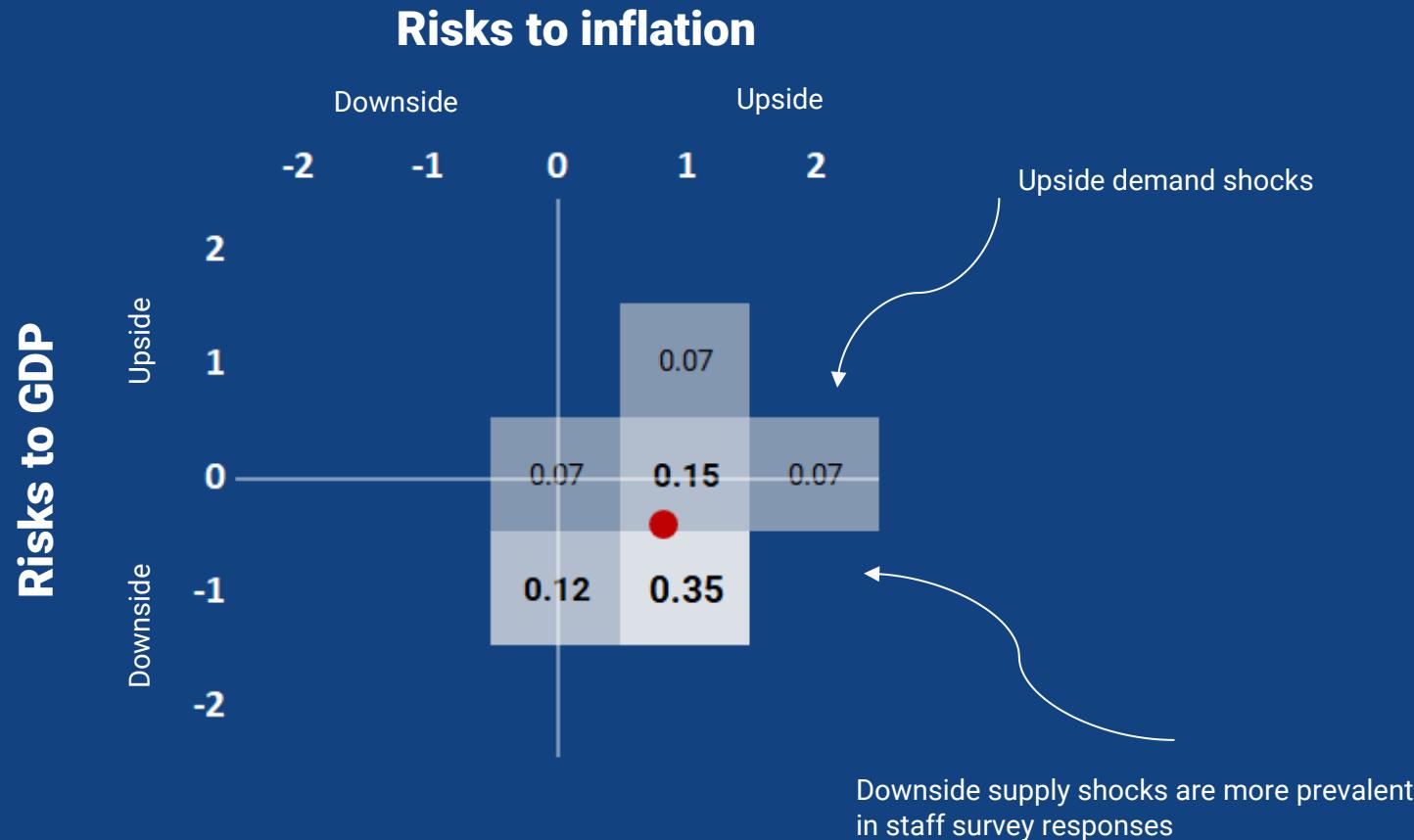
Source: Banco de España. Survey of staff involved in preparing projections (53 responses).

GEOPOLITICAL AND INTERNATIONAL TRADE RISKS DECLINE, WHILE DOMESTIC AND FINANCIAL RISKS INCREASE



Source: Banco de España. Survey of staff involved in preparing projections (53 responses). Each risk is assigned a value between 1 and 5 according to its current relevance for the Spanish economy.

THESE RISKS ALSO PROVIDE A NARRATIVE, WHICH POINTS TO DOWNSIDE SUPPLY AND UPSIDE DEMAND RISKS



Source: Banco de España. The numbers denote the proportion of respondents in each quadrant (only those with values > 0.05)

THIS INFORMATION ENABLES A SCENARIO ANALYSIS, WHICH SUGGESTS OTHER PLAUSIBLE PATHS FOR GDP AND INFLATION

INCREASED HOUSING INVESTMENT

- Gradual increase in building permits
- Gradual increase in GDP, in line with the investment execution schedule

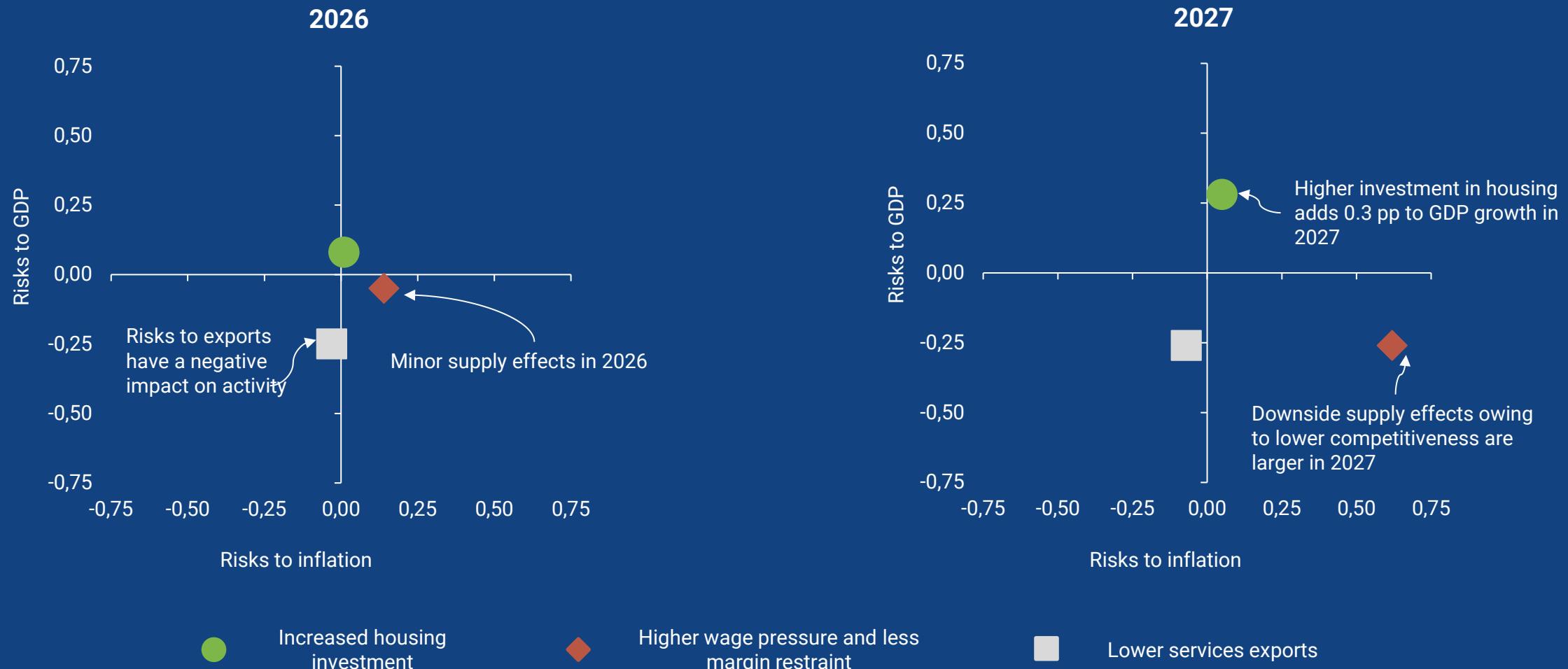
HIGHER WAGE PRESSURE AND LESS MARGIN RESTRAINT

- Assuming a higher increase in private sector wages in the wake of the public sector wage agreements
- Margins will not fully absorb this greater increase
- Lower competitiveness, with adverse effects on employment and activity

LOWER SERVICES EXPORTS

- Sharper slowdown in non-travel services exports, steadyng their share as a proportion of GDP
- Lower net exports momentum, pushing down activity and inflation

IMPACT OF SCENARIOS ON GDP GROWTH AND INFLATION



Source: Banco de España.

Thank you