

The Banco de España Business Activity Survey: 2025 Q3

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Rationale

The Banco de España Business Activity Survey (EBAE) provides highly valuable, real-time information on a broad sample of Spanish firms' turnover, employment, costs and prices. This is particularly helpful for diagnosing current economic developments.

Takeaways

- Firms reported that turnover, in seasonally adjusted terms, has increased in 2025 Q3, following a weaker performance in Q2.
- Inflationary pressures have remained virtually unchanged in Q3, in terms of both the cost of inputs and selling prices. Those associated with labour costs eased slightly.
- Economic policy uncertainty adversely affects business activity. Such impact has decreased slightly in Q3, although it remains high. Labour shortages persist.

Keywords

Economic outlook, turnover, employment, prices.

JEL classification

E32, L25, E66.

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Introduction

This article presents the results of the latest edition of the Banco de España Business Activity Survey (EBAE, by its Spanish initials), corresponding to 2025 Q3. Drawing on a sample of Spanish non-financial corporations, the EBAE assesses every three months how business activity has fared in the current quarter and the outlook for the short term. In particular, the survey compiles qualitative information on respondent firms' turnover, employment, business investment and costs and prices. The fieldwork for Q3 was conducted between 25 August and 8 September. The online survey was sent to a sample of almost 15,000 firms, more than 30% of which typically respond to Central Balance Sheet Data Office surveys. As in previous quarters, participation in this edition was very satisfactory, with just over 6,600 valid surveys completed (a response rate of 44%). This article details the main results from the responses received.

Turnover, employment and investment

Chart 1.a summarises firms' perception of their turnover in the current quarter and their outlook for the next quarter based on the responses to the different editions of the EBAE.¹ Firms' responses are summarised in an index that weights their qualitative assessments on a five-point scale ranging from "significant decrease" to "significant increase". Thus, were all respondents to reply either "significant decrease" or "significant increase", the index would take the value of -2 or 2, respectively.² The survey results suggest that *turnover* has decreased in Q3 after it rose in Q2. However, this decline in turnover is smaller than the decreases reported in the third quarters of the previous three years. Indeed, in seasonally adjusted terms, a slight increase in turnover is estimated in Q3, following the weaker performance in 2025 H1; the recovery is similar to that observed in other confidence indicators, such as the Purchasing Managers' Index, in the summer months.³

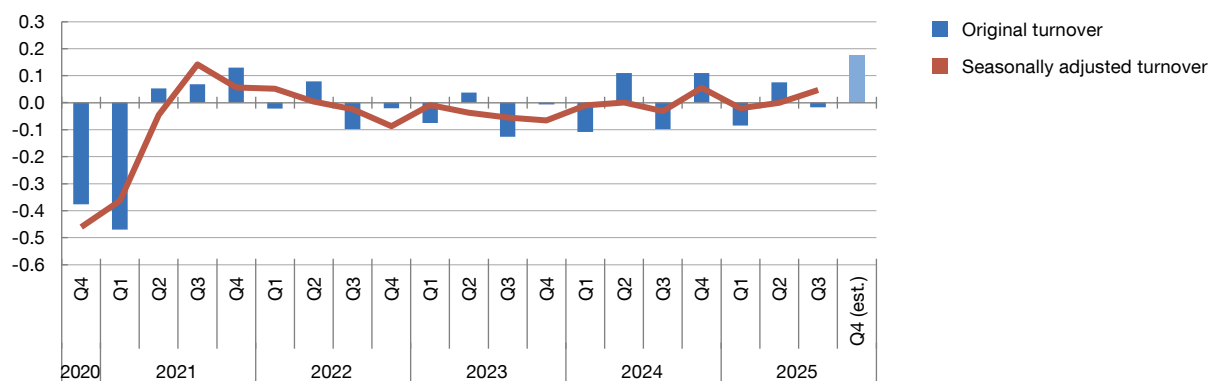
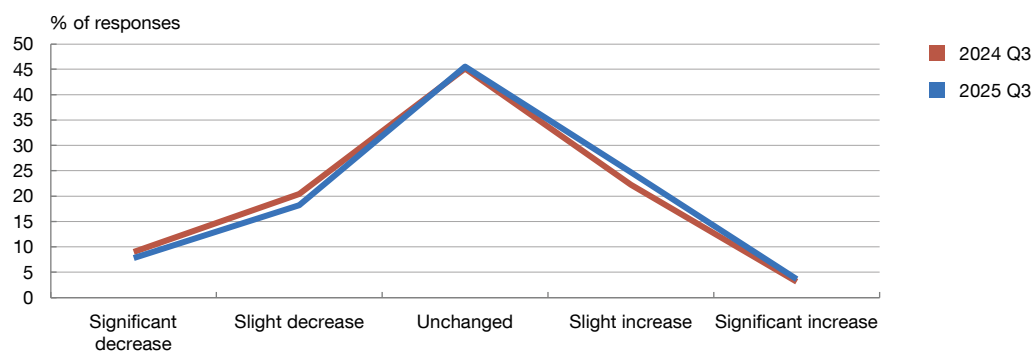
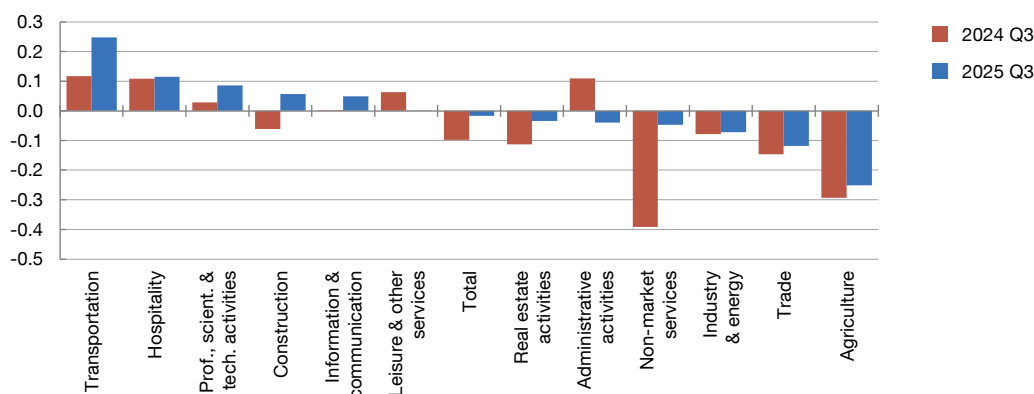
In keeping with this aggregate indicator, Chart 1.b shows how, compared with a year earlier, there has been a shift to the right in the distribution of firms' responses on turnover in 2025 Q3. This reflects a higher proportion of firms reporting having recorded a slight increase in their turnover this quarter. Specifically, 28.4% of the firms surveyed reported that their turnover has increased in Q3, 3 percentage points (pp) more than in 2024 Q3. In addition, the percentage of firms that perceived a

1 The results presented in this article were calculated using weights that allow us to replicate the distribution of employment by sector (15 sectors) and firm size bracket (four) in the Statistics for Social Security-registered Firms (*Estadística de Empresas Inscritas en la Seguridad Social*).

2 The qualitative responses are translated into a five-point numerical scale: significant decrease = -2, slight decrease = -1, unchanged = 0, slight increase = 1, significant increase = 2.

3 Given that the EBAE time series available are still too short to apply the standard seasonal adjustment techniques, to estimate the seasonal component we constructed a provisional seasonally adjusted time series based on an estimation of the historical relationship between the EBAE turnover indicator and the tax authorities' original quarterly series of turnover at large firms and small and medium-sized enterprises. This should be interpreted as an initial preliminary estimate that will be revised in the future.

Chart 1

Business turnover: change and outlook**1.a Quarterly change in turnover (a)****1.b Distribution of responses about quarterly change in turnover****1.c Quarterly change in turnover in 2025 Q3, by sector (a)**

SOURCE: 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.



decline in their turnover has fallen to 26%, 3.4 pp less than a year ago. Respondent firms' outlook for 2025 Q4 also remains positive and suggests a further recovery in business turnover.

By sector, changes in turnover remain markedly heterogeneous (see Chart 1.c). The sectors that have perceived larger increases in their turnover this quarter notably include transportation, hospitality and professional activities. By contrast, agriculture and trade have performed poorly and similarly to the same period of last year.

Turning to *employment*, the firms surveyed report growth in employment compared with the previous quarter (see Chart 2.a), in contrast to the slide observed in 2024 Q3. In seasonally adjusted terms, employment is also estimated to have grown this quarter.⁴ 20.6% of firms – 4.5 pp more than in 2024 Q3 – reported that their employment level has risen. The outlook for Q4 is for employment to stabilise. In line with the sectoral pattern for turnover, the continued improvement in employment in transportation, professional activities and leisure stands out, in contrast to the falls in agriculture and administrative activities (see Chart 2.b).

The survey also asked respondent firms about recent changes in their *investment decisions*. At aggregate level, the results show that developments in investment activity in Q3 were positive, albeit slightly less buoyant than in the previous quarter, marking the sixth successive quarter of growth. Most of the momentum in investment in Q3 was in industry. Looking ahead to Q4, firms also expect investment to increase, which would also be driven by the industrial sector, although it would remain positive in the other sectors (see Chart 2.c).

Costs and prices

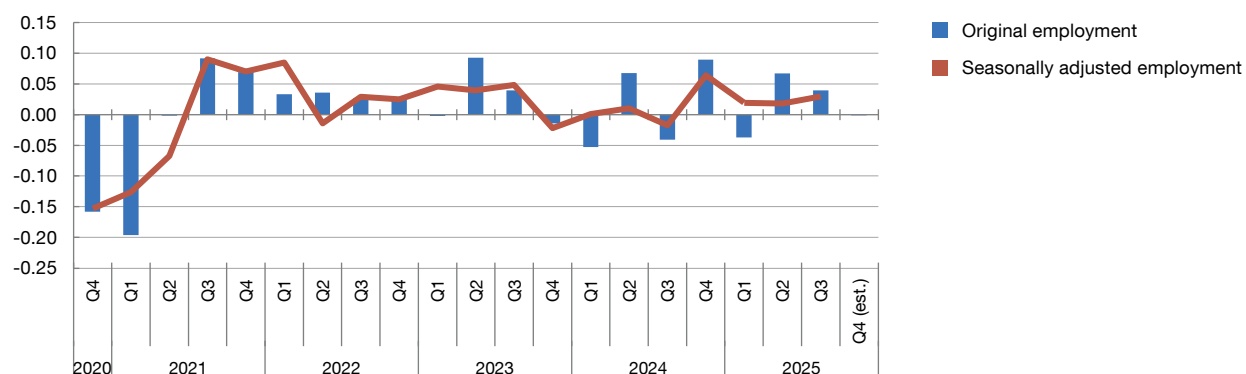
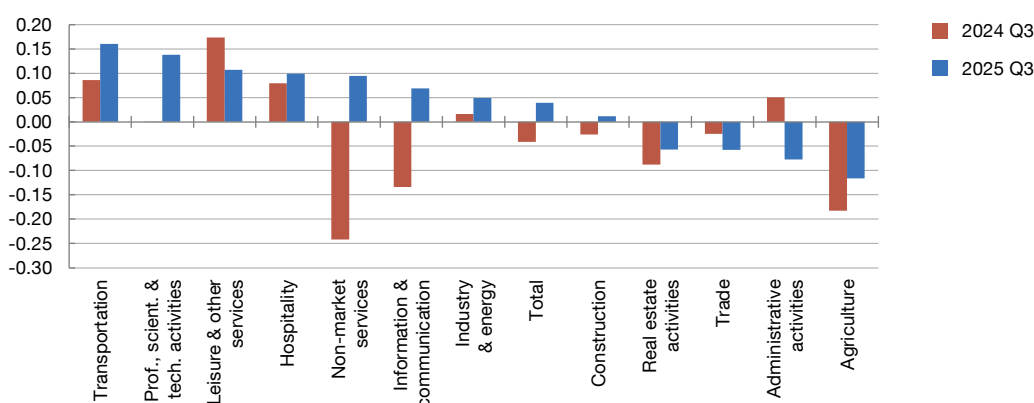
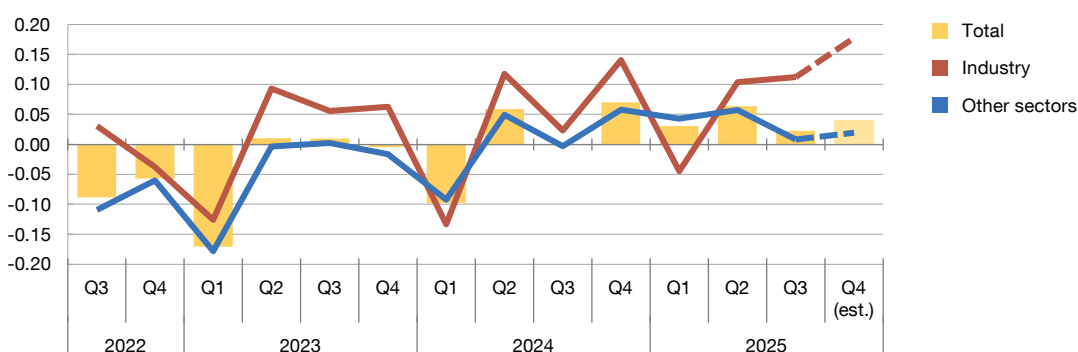
As regards the *cost of inputs*, the survey results point to a steadying in inflationary pressures relative to 2025 Q2 (see Chart 3.a). Thus, the proportion of firms reporting a further increase in their input costs in Q3 stood at 47.9%, unchanged from three months earlier. By sector, input costs have eased slightly in the industrial sector, contrasting with the services sector, where they have remained stable (see Chart 3.b). Looking ahead, the firms surveyed expect cost pressures to rise slightly in Q4.

In the case of changes in *selling prices*, the corresponding indicator has also stabilised. In the industrial sector, as with costs, final price increases slowed in 2025 Q3, with the outlook for Q4 pointing to a slight easing in prices.

Turning to the *outlook one year ahead*, firms surveyed expect a rise in input costs slightly below what had been expected in Q2. By sector, this moderation in cost rise expectations is slightly more marked in the industrial sector than in the services sector (see Chart 3.c). By contrast, for selling prices one year ahead, the moderation in inflationary expectations is greater in the services sector than the industrial sector.

⁴ As with turnover, to estimate the seasonal component we constructed a provisional seasonally adjusted time series based on an estimation of the historical relationship between the EBAE employment indicator and the Spanish Labour Force Survey's quarterly employment series. This should be interpreted as an initial preliminary estimate that will be revised in the future.

Chart 2

Employment and business investment: change and outlook**2.a Quarterly change in employment (a)****2.b Quarterly change in employment, by sector (a)****2.c Change in business investment (a)**

SOURCE: EBAE.

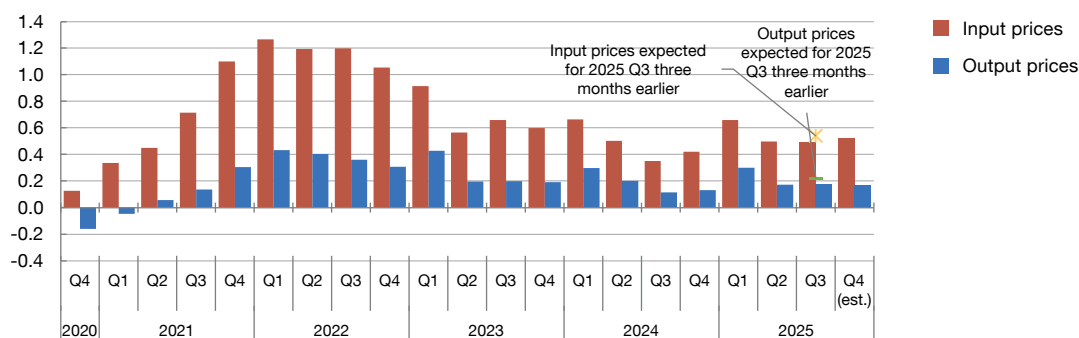
a Index constructed by assigning the following values to firms' qualitative responses: significant increase = 2, slight increase = 1, unchanged = 0, slight decrease = -1, significant decrease = -2.



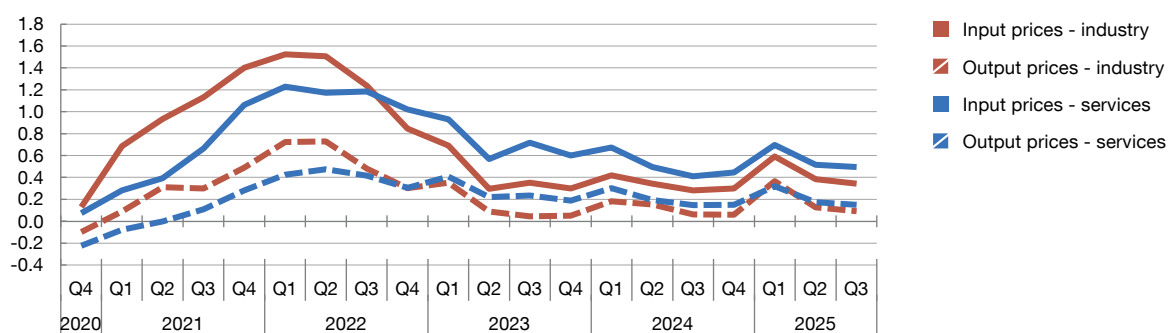
Chart 3

Prices and costs

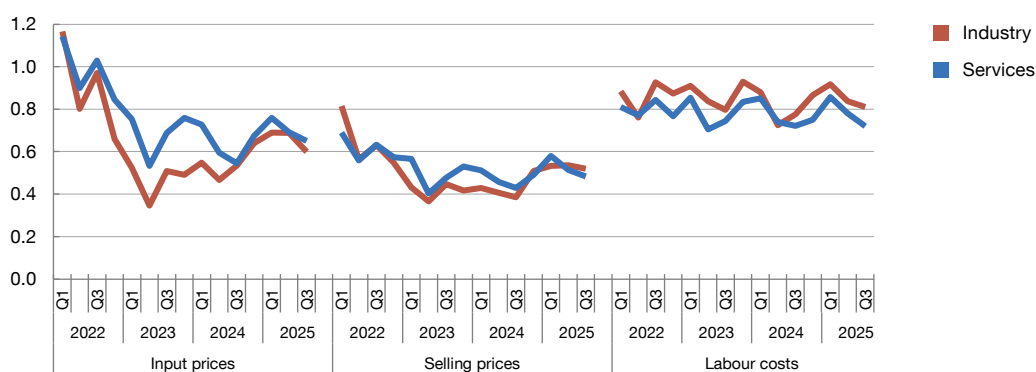
3.a Quarterly change in input and output prices (a)



3.b Quarterly change in prices in industry and services (a) (b)



3.c Prices and costs: outlook one year ahead (a)



SOURCE: EBAE.

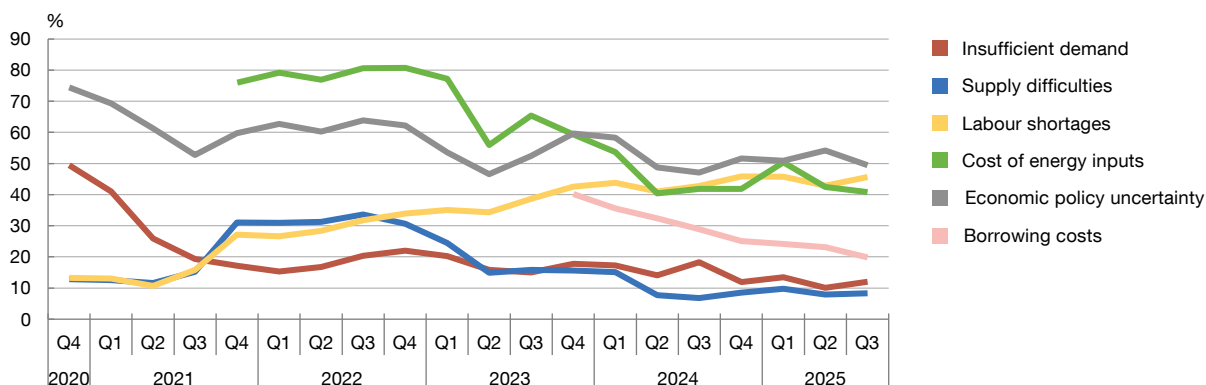
- a Index constructed by assigning the following values to firms' qualitative responses: significant increase = 2, slight increase = 1, unchanged = 0, slight decrease = -1, significant decrease = -2.
 b "Services" denotes market services sector firms.



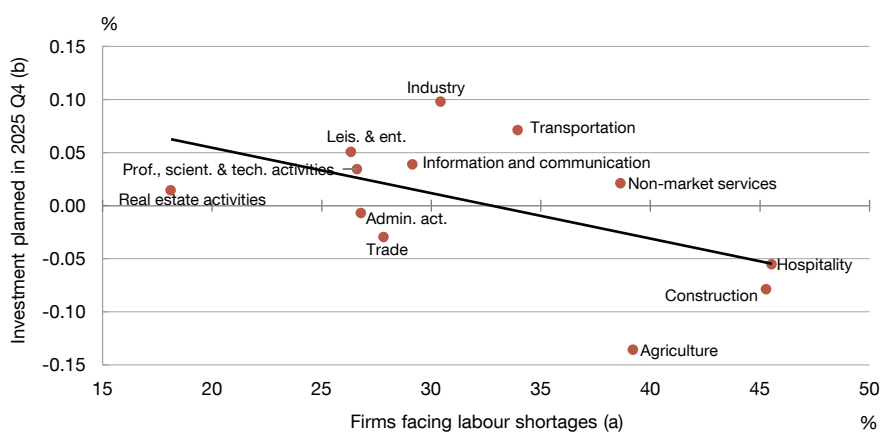
Chart 4

Factors limiting business activity

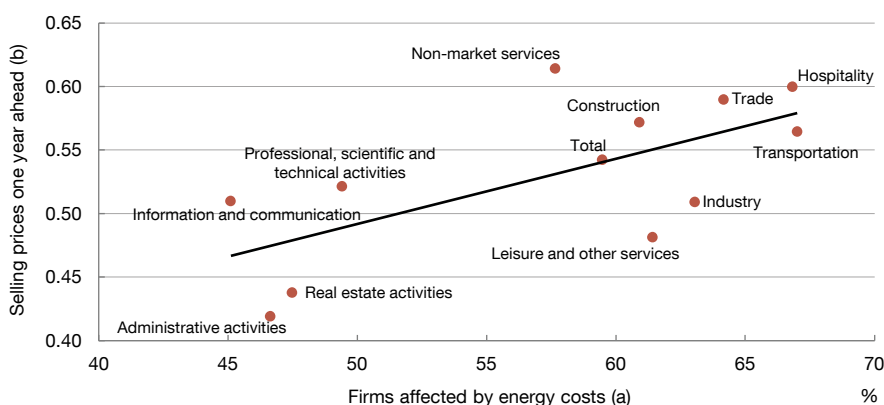
4.a Constraints on business activity (a)



4.b Labour shortages and short-term investment outlook



4.c Selling price outlook one year ahead and energy costs



SOURCE: EBAE.

a Firms reporting an adverse or very adverse impact of each of the factors on their activity.

b 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.



Lastly, the outlook for *labour costs* remains consistent with the gently easing path they have been on since early 2025. 71% of respondent firms – 2 pp less than in Q2 – expect labour costs to rise over the coming year, with this figure standing at 75.5% for industrial firms.

Factors limiting business activity

The factors shaping economic activity in 2025 Q3 remain broadly unchanged from previous quarters in terms of the proportion of firms affected. Nevertheless, there was a slight pick-up in the percentage of firms experiencing *labour shortages* (see Chart 4.a). Specifically, 45.6% of firms perceive labour shortages, up almost 3 pp from three months ago. By economic sector, the problems continue to be particularly pronounced in hospitality, agriculture and construction, where 60%, 57% and 56%, respectively, report difficulties. These differences may help explain the expected course of investment for the upcoming quarter from the sectoral standpoint, as the sectors reporting a greater impact of labour shortages tend to be those with a dimmer outlook for investment (see Chart 4.b).⁵

In terms of other supply-side factors, the proportion of firms reporting adverse effects from energy prices fell for the second consecutive quarter (to 40.8%, nearly 2 pp less than in Q2). Nevertheless, this share exceeded 65% among transportation and hospitality firms. This unevenness across sectors is key to understanding the differences in price expectations, as the sectors hardest hit by high energy costs tend to be those with higher selling price expectations one year ahead (see Chart 4.c).

In addition, the impact of *economic policy uncertainty* has fallen. Nevertheless, with 49.4% of firms reporting a negative impact, it remains the main constraint on economic activity. It had a more pronounced influence on transportation and industry (64% and 60%, respectively), in contrast to the lower percentages seen in other services.

Lastly, the impact of financial constraints continues to ease. 20% of firms surveyed have seen their *borrowing costs* rise, 3.1 pp less than last quarter, although small cross-sector differences persist. These tight financing conditions are affecting a higher proportion of construction (24%) and transportation firms (25%).

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⁵ Conversely, the impact of the difficulties in receiving supplies from the usual suppliers remains low in Q3. Specifically, this factor is reported as a constraint by just 8.4% of respondent firms, near its lowest value (reported in 2025 Q2) since the survey's launch.