SPANISH MACROECONOMIC PROJECTIONS*

*ENGLISH TRANSLATION FROM THE ORIGINAL IN SPANISH

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BANCO DE ESPAÑA
Eurosistema

TAKEAWAYS

- **Heightened uncertainty**: the war has prompted a shift in the starting assumptions, mainly owing to higher energy prices, calling for the use of scenarios
- **Resilient** global activity, with an uptick in inflation
- **Factors specific to the Spanish economy**: growth and inflation differentials vis-à-vis the euro area
- **The extension of the package of energy measures** reduces inflation for 2026 and raises the budget deficit

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International environment

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Activity: data and projections

3

Inflation: data, projections and differential vis-à-vis the euro area

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Alternative scenarios

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International environment

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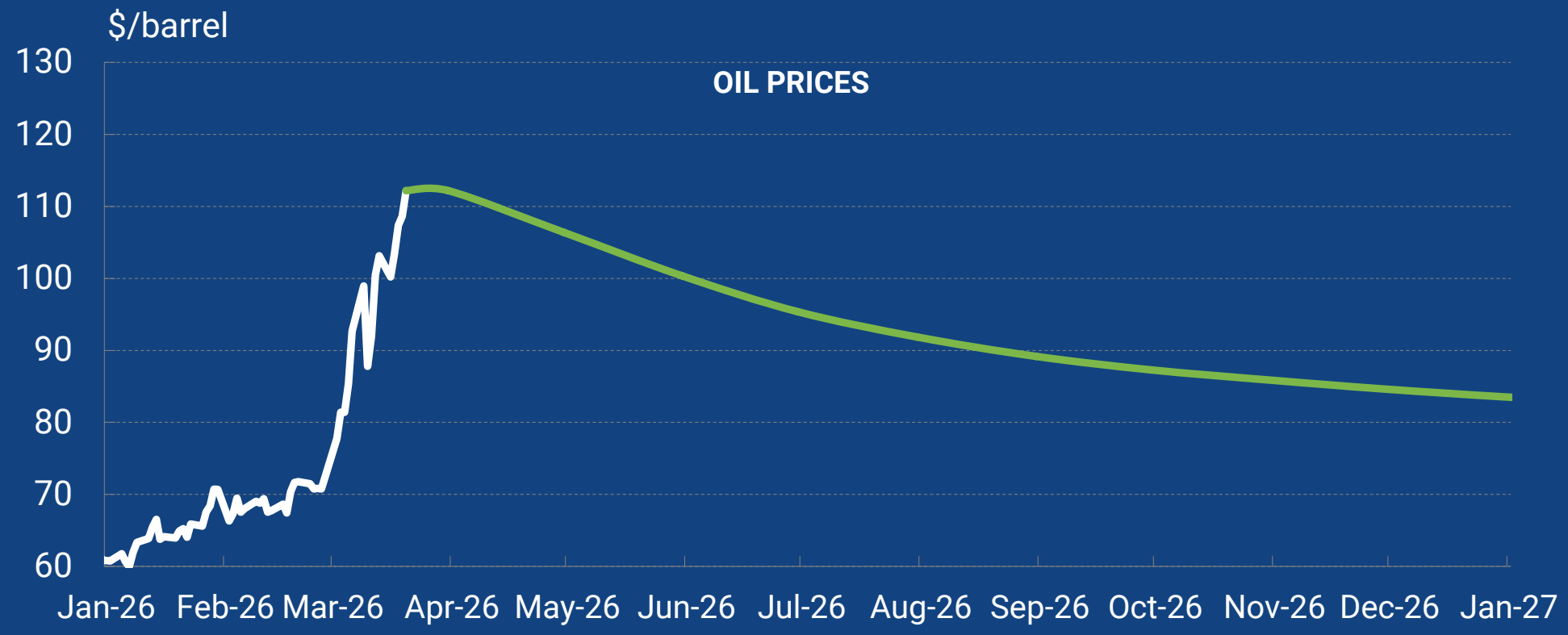
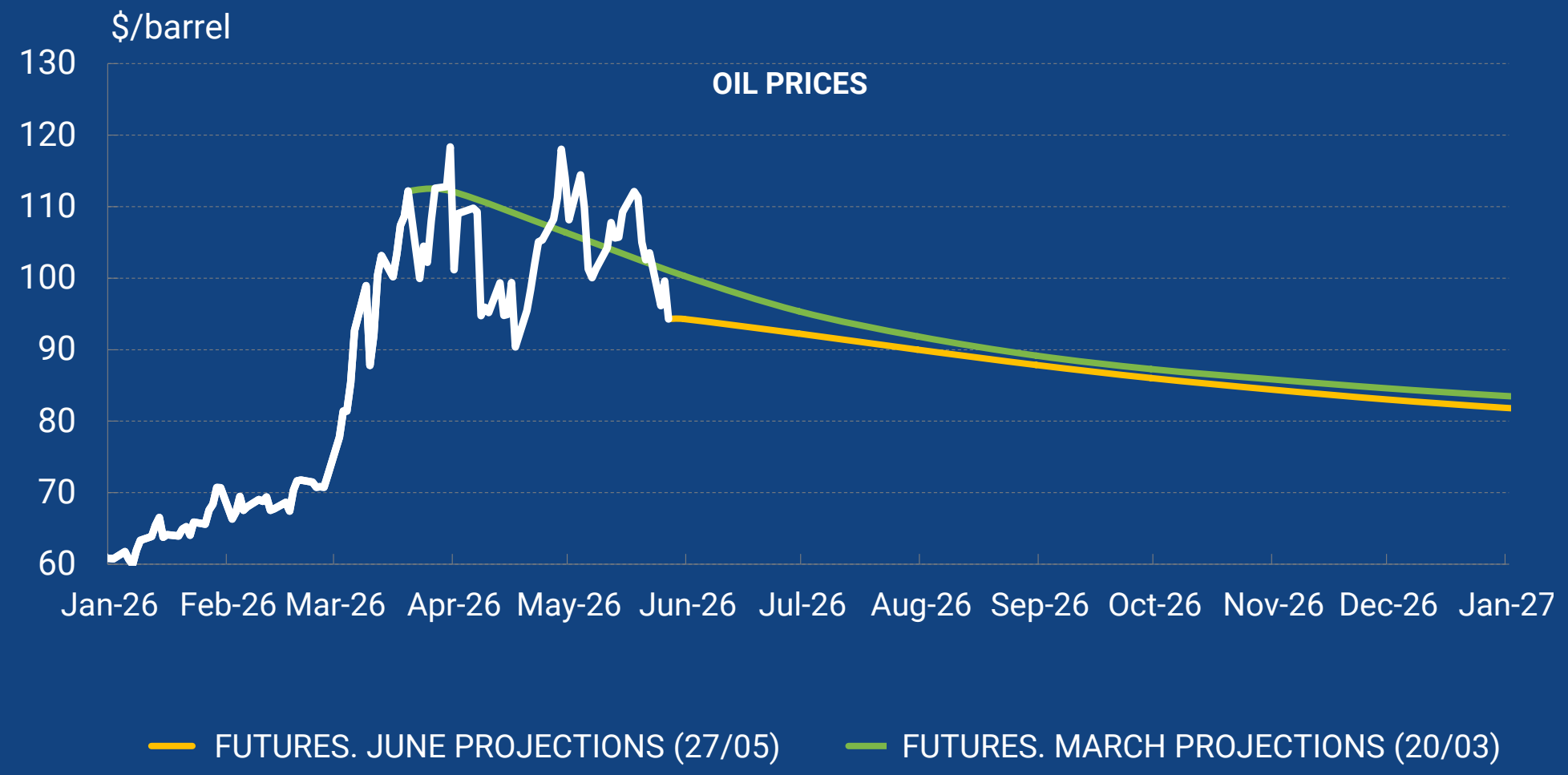
Alternative scenarios

OIL PRICES: A VOLATILE AND UNCERTAIN ENVIRONMENT



Source: LSEG. Latest observation: 5 October 2026.

A PATH OF NORMALISATION WAS PROJECTED IN JUNE ...

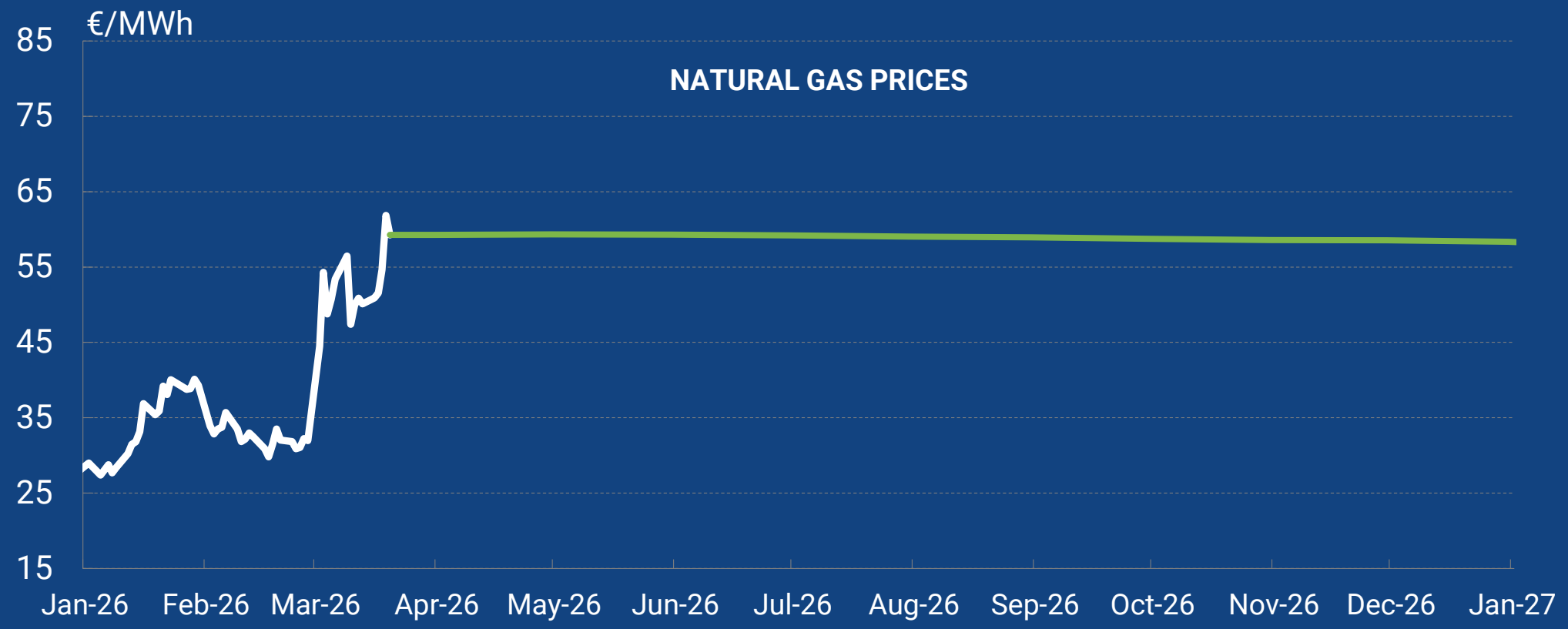


Source: LSEG. Latest observation: 5 October 2026.

BUT SPOT PRICES ARE RISING AGAIN AND WITH MORE PERSISTENCE

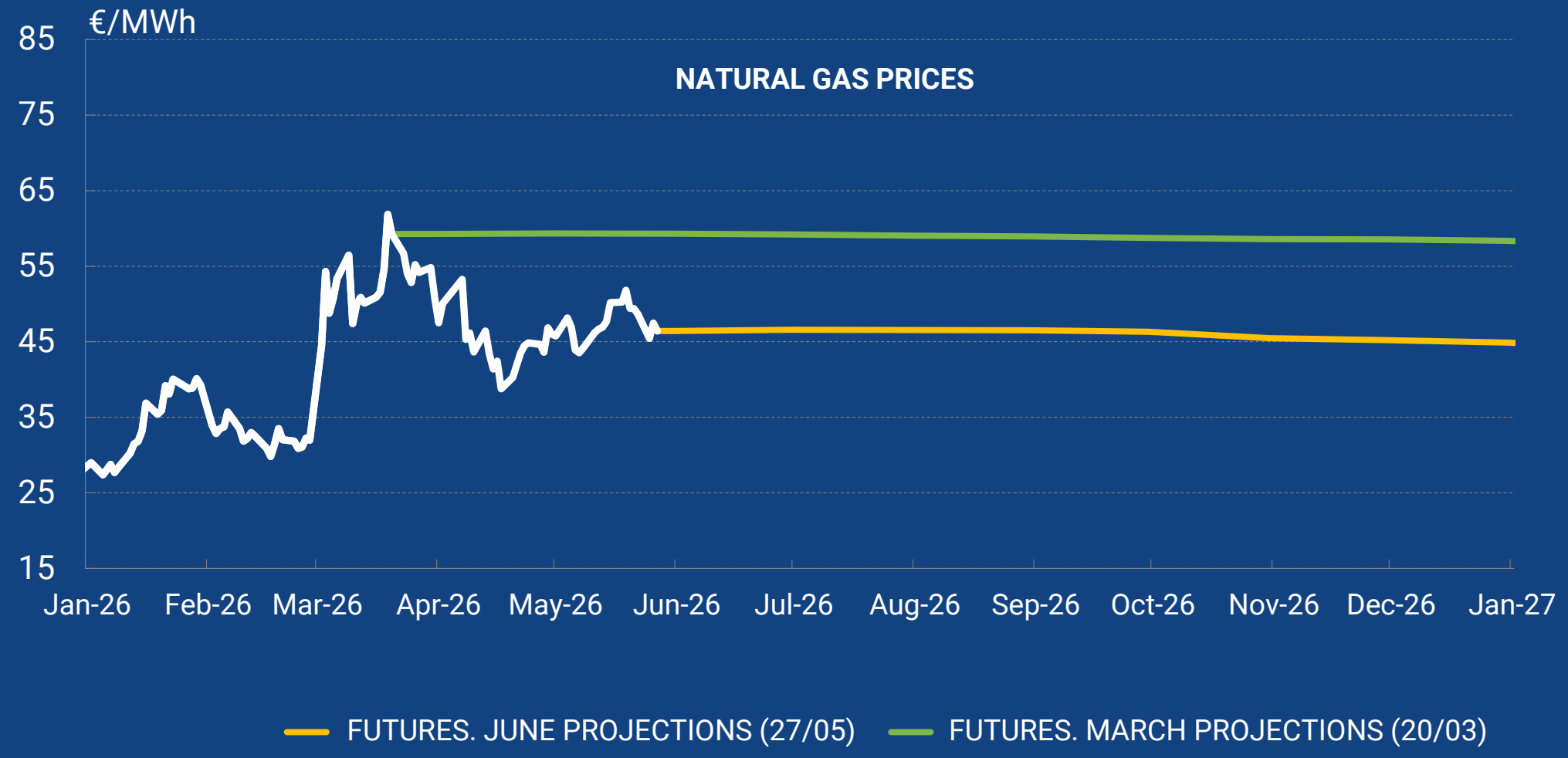
Source: LSEG. Latest observation: 5 October 2026.

GAS PRICES: GRADUAL CONTAGION …



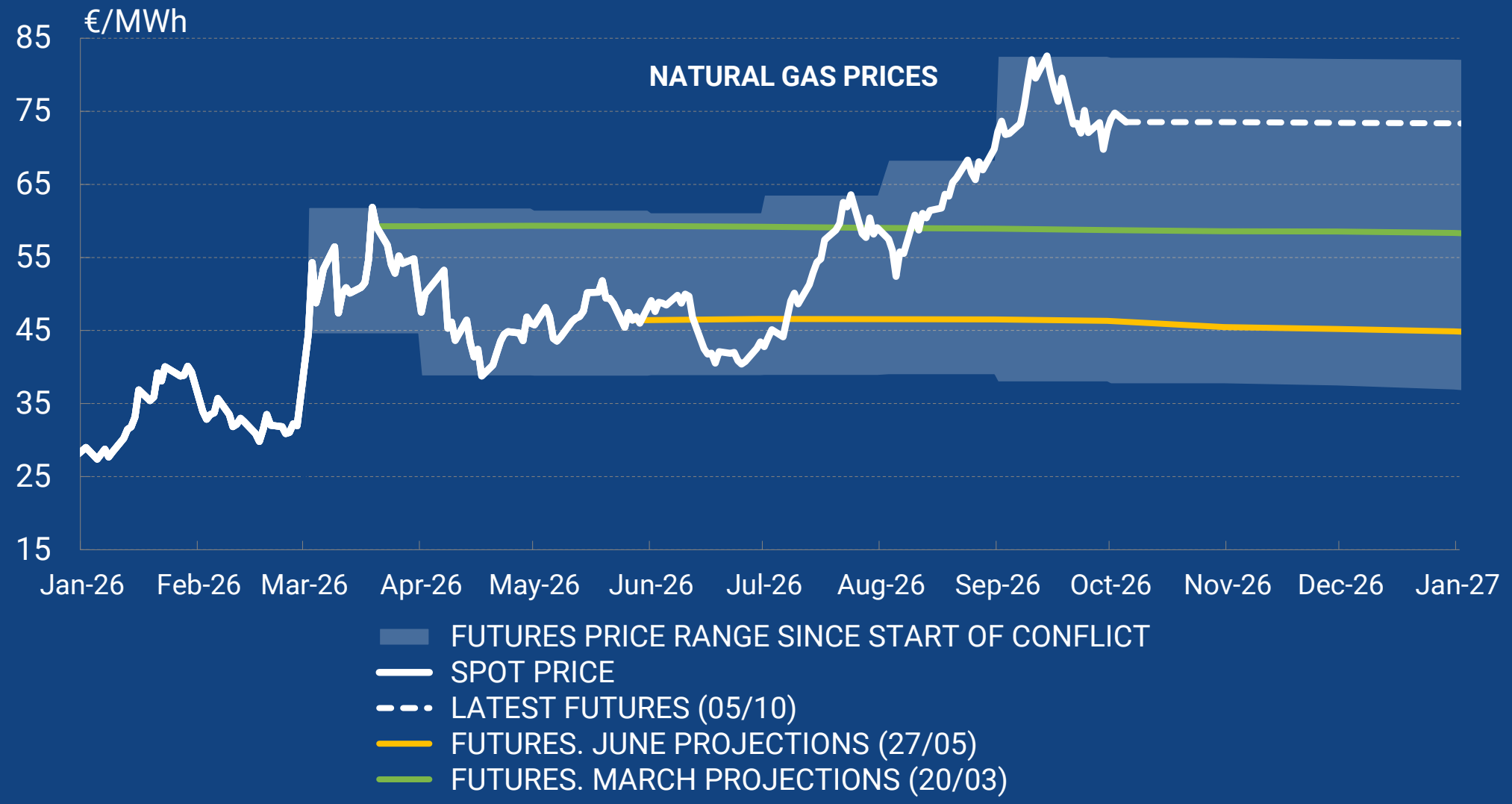
Source: LSEG. Latest observation: 5 October 2026.

… PRICES STABILISED IN THE FOLLOWING MONTHS …



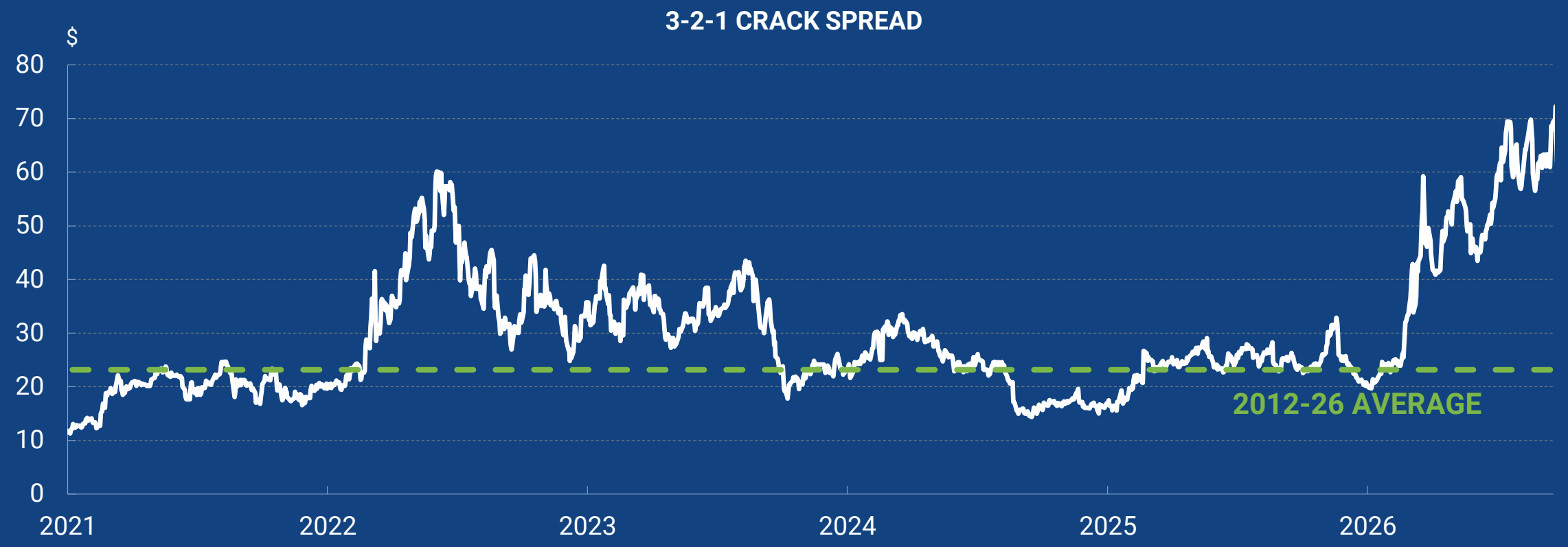
Source: LSEG. Latest observation: 5 October 2026.

... AND ROSE IN THE SUMMER, WITH GREATER PERSISTENCE



Source: LSEG. Latest observation: 5 October 2026.

PRESSURE ON ENERGY PRICES IS PASSING THROUGH TO OIL REFINING MARGINS

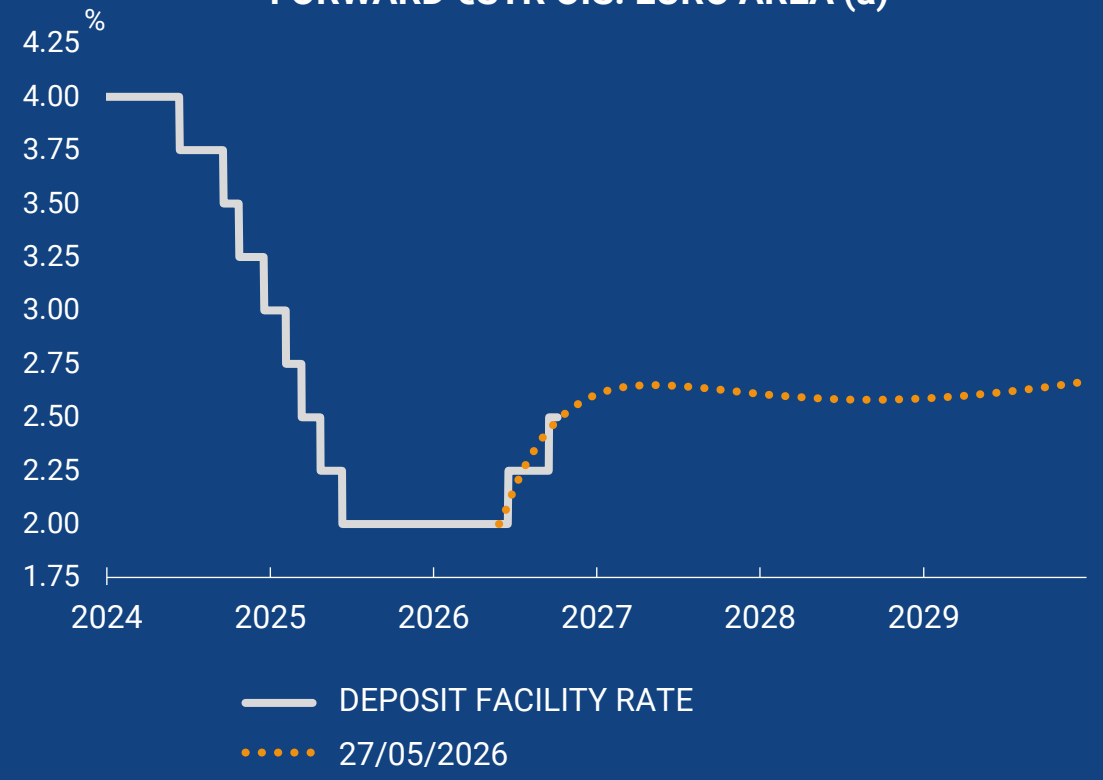


Source: LSEG. Latest observation: 5 October 2026.
The 3-2-1 crack spread approximates the gross margin of oil refining, based on the assumption that three barrels of crude are converted into two of gasoline and one of distillate, such as diesel. It is calculated as the value of those fuels less the cost of three barrels of crude oil, divided by three to express the result per barrel of crude oil.

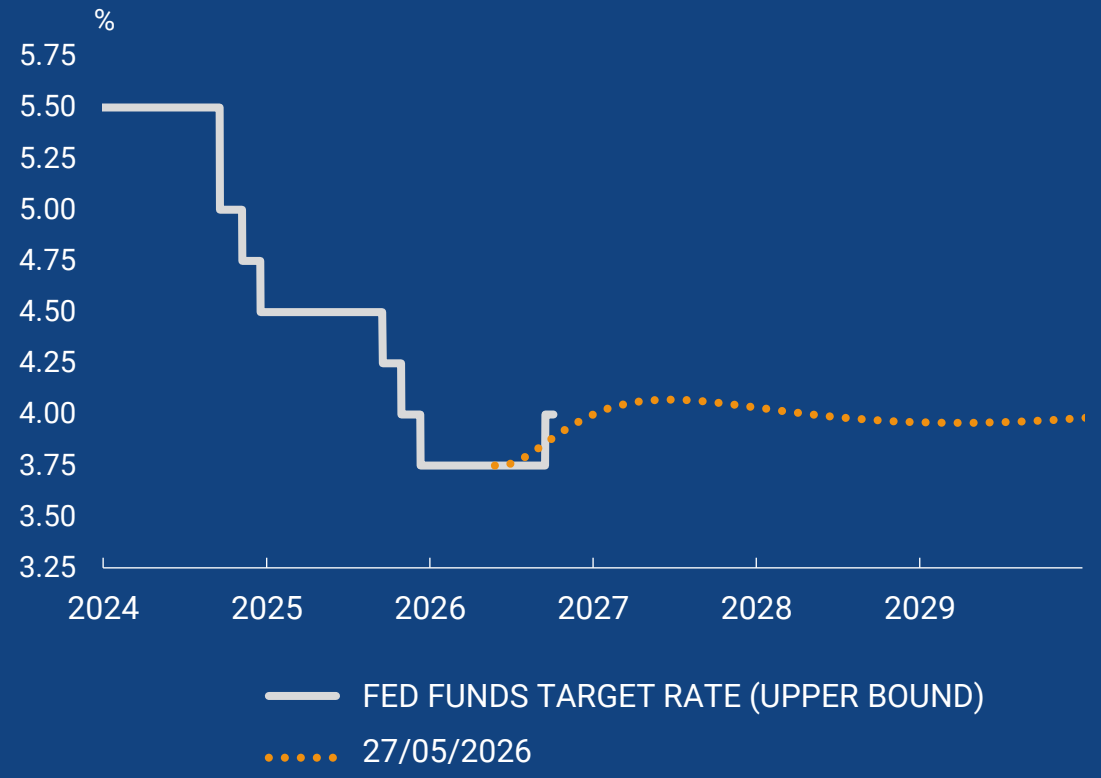
INTEREST AND EXCHANGE RATES

FURTHER POLICY RATE RISES ARE EXPECTED

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



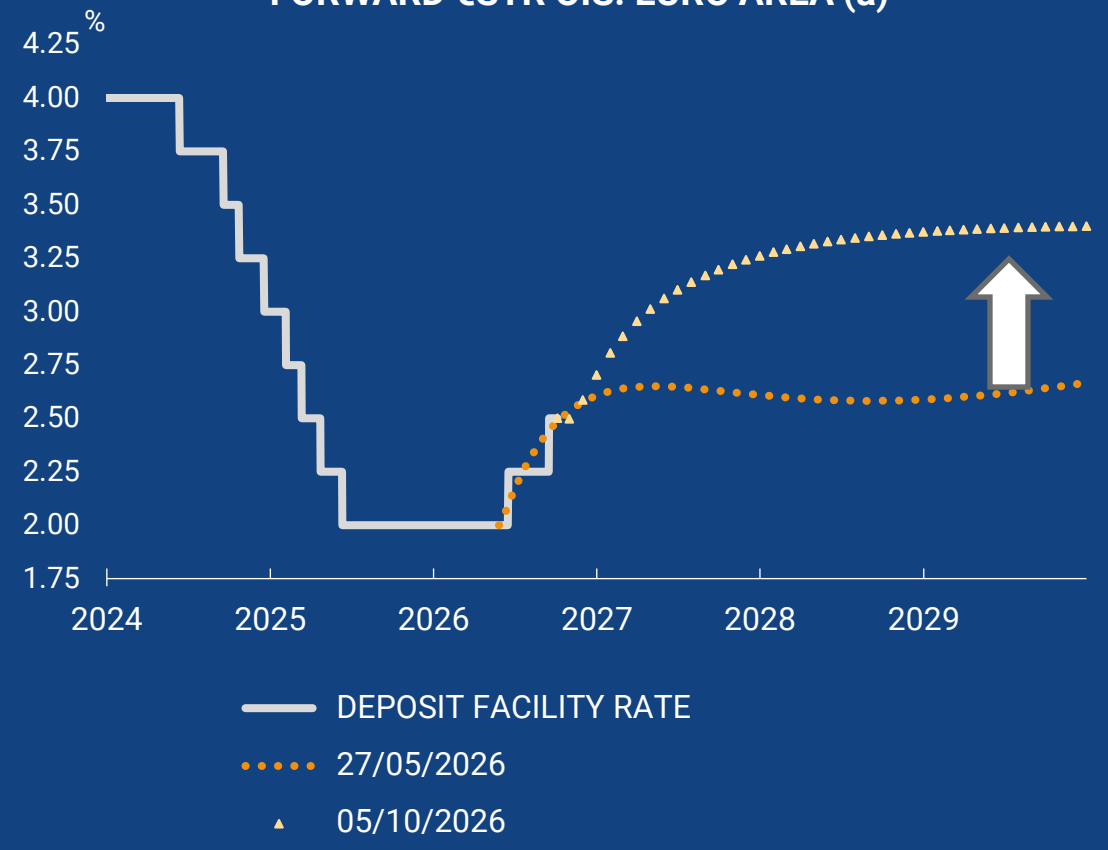
FED FUNDS RATE AND ESTIMATED INSTANTANEOUS FORWARD OIS. UNITED STATES (b)



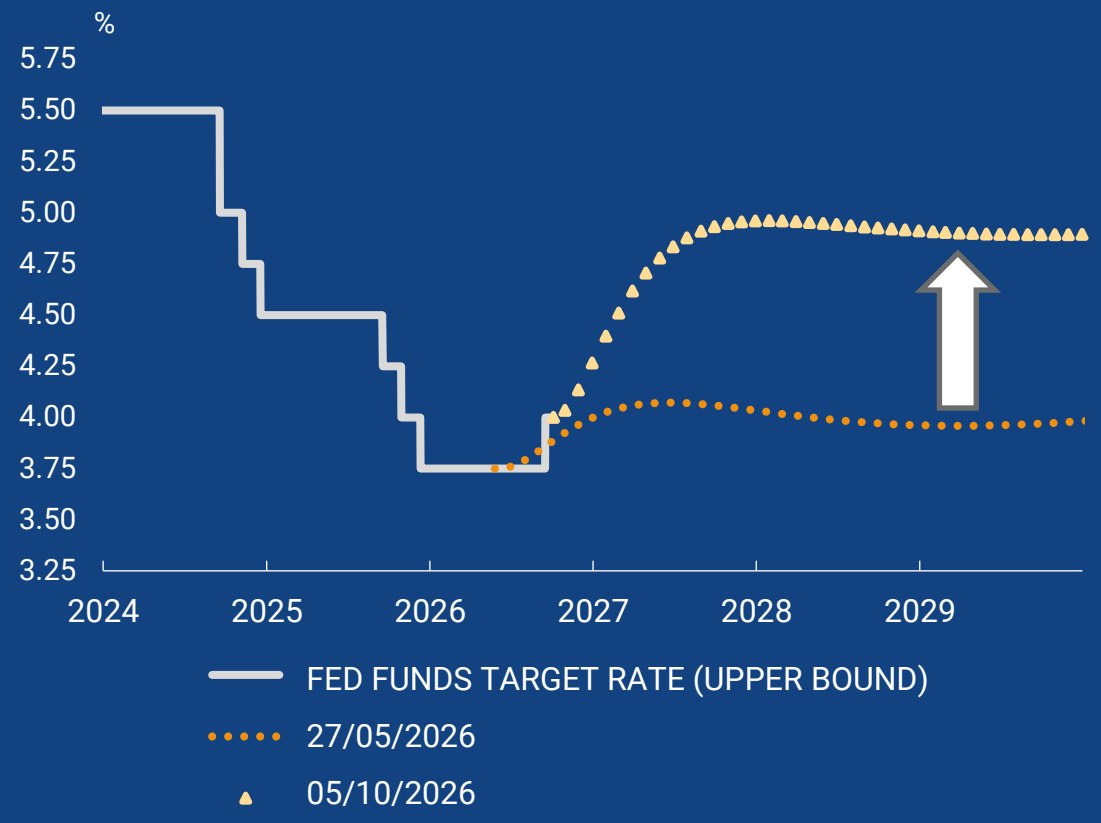
Sources: Bloomberg Data License, LSEG Datastream and Banco de España.
(a) Curves adjusted for the DFR-€STR spread. (b) Curves adjusted for the spread between the upper bound of the Fed funds target range and the effective rate.

FURTHER POLICY RATE HIKES ARE EXPECTED

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

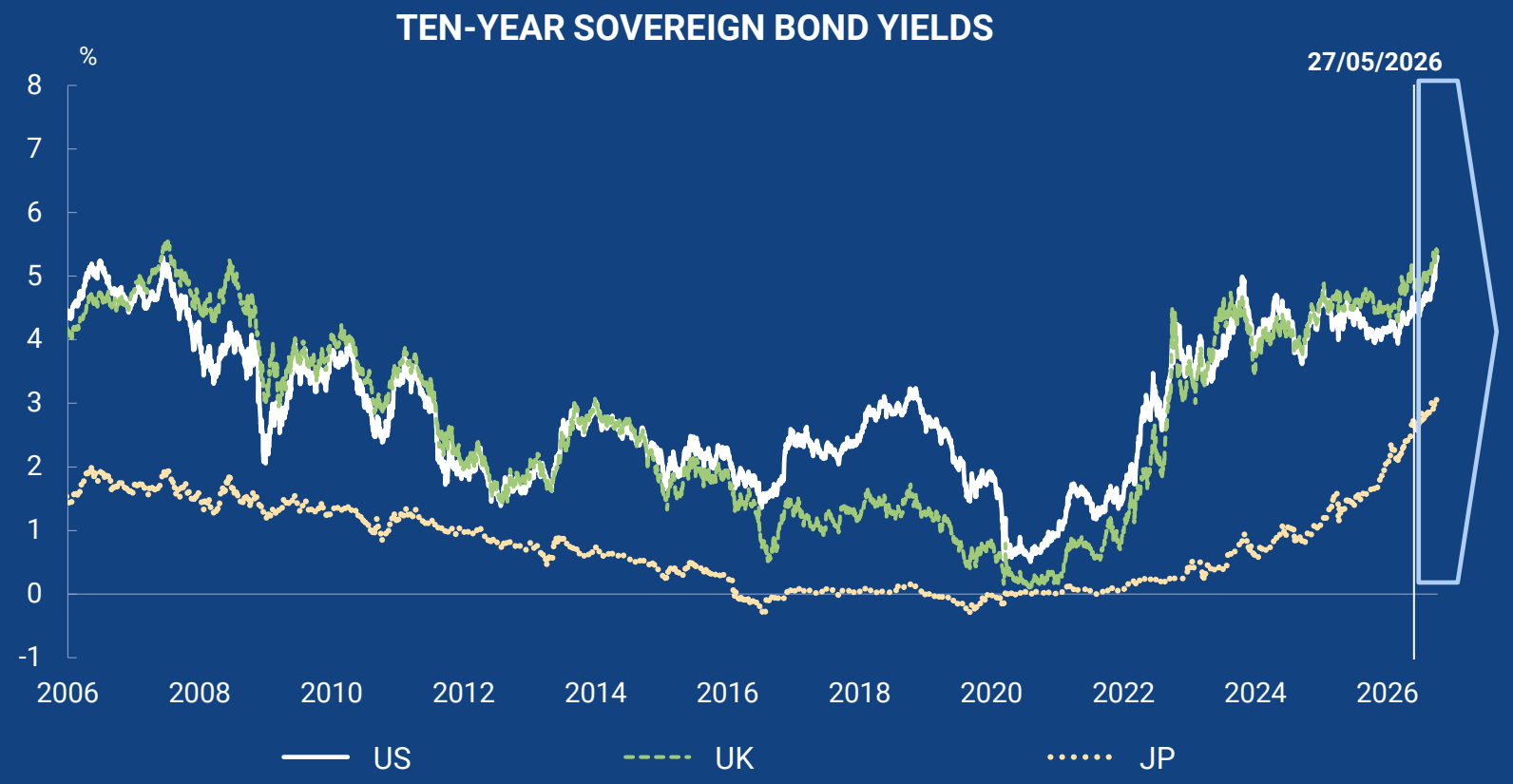


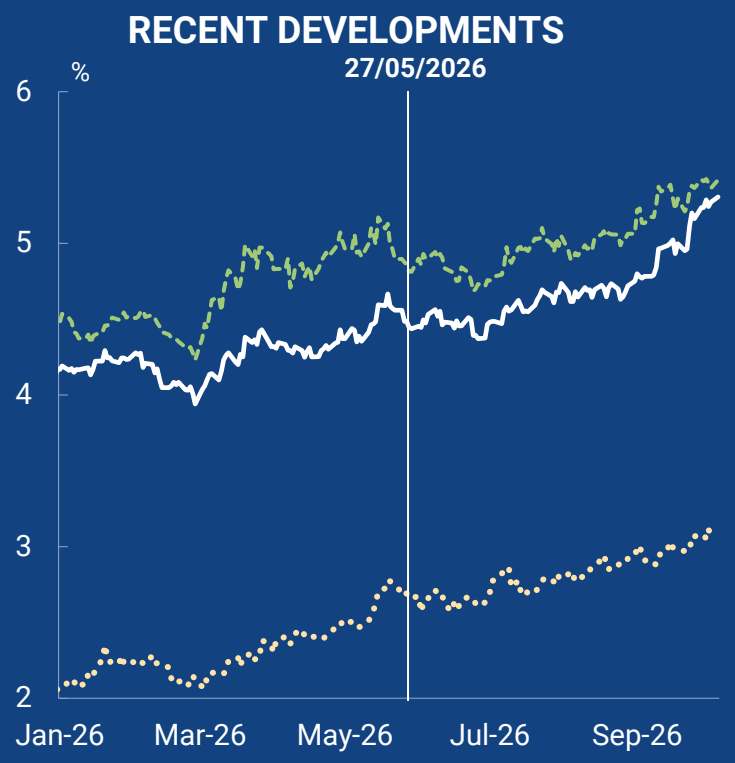
FED FUNDS RATE AND ESTIMATED INSTANTANEOUS FORWARD OIS. UNITED STATES (b)



Sources: Bloomberg Data License, LSEG Datastream and Banco de España.
(a) Curves adjusted for the DFR-€STR spread. (b) Curves adjusted for the spread between the upper bound of the Fed funds target range and the effective rate.

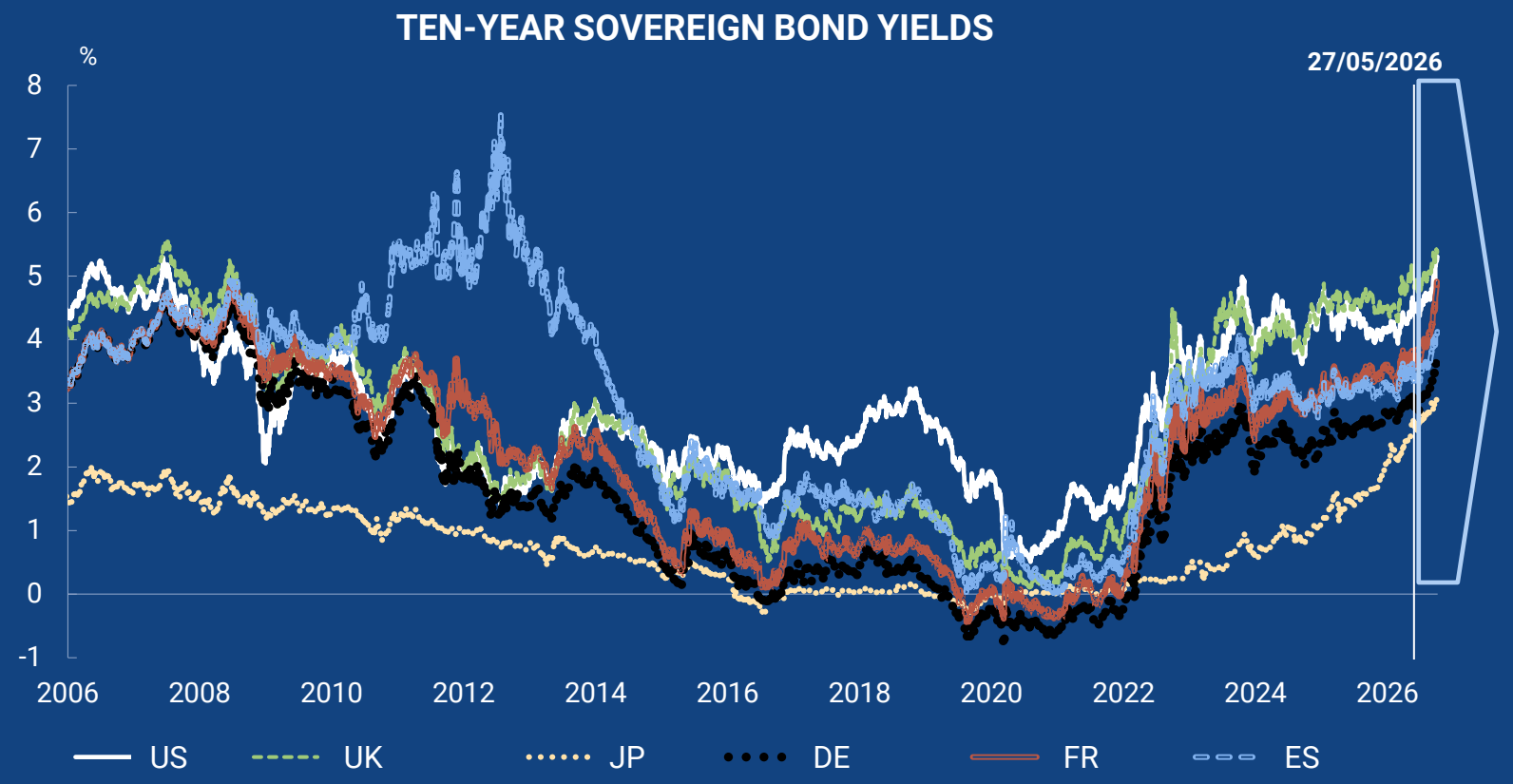
LONG-TERM INTEREST RATES RISING TO HIGH LEVELS

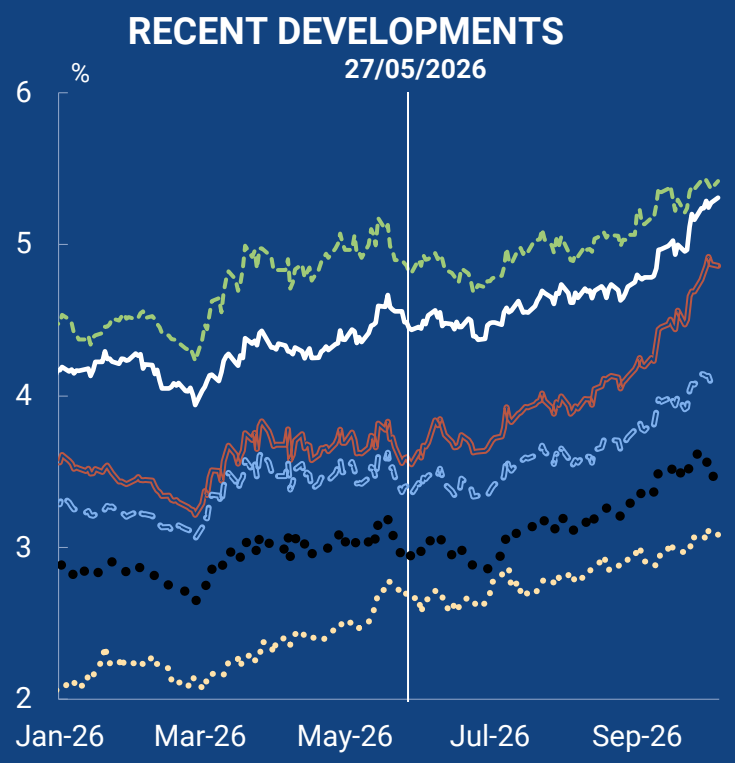




Source: Bloomberg Data License. Latest observation: 5 October 2026.

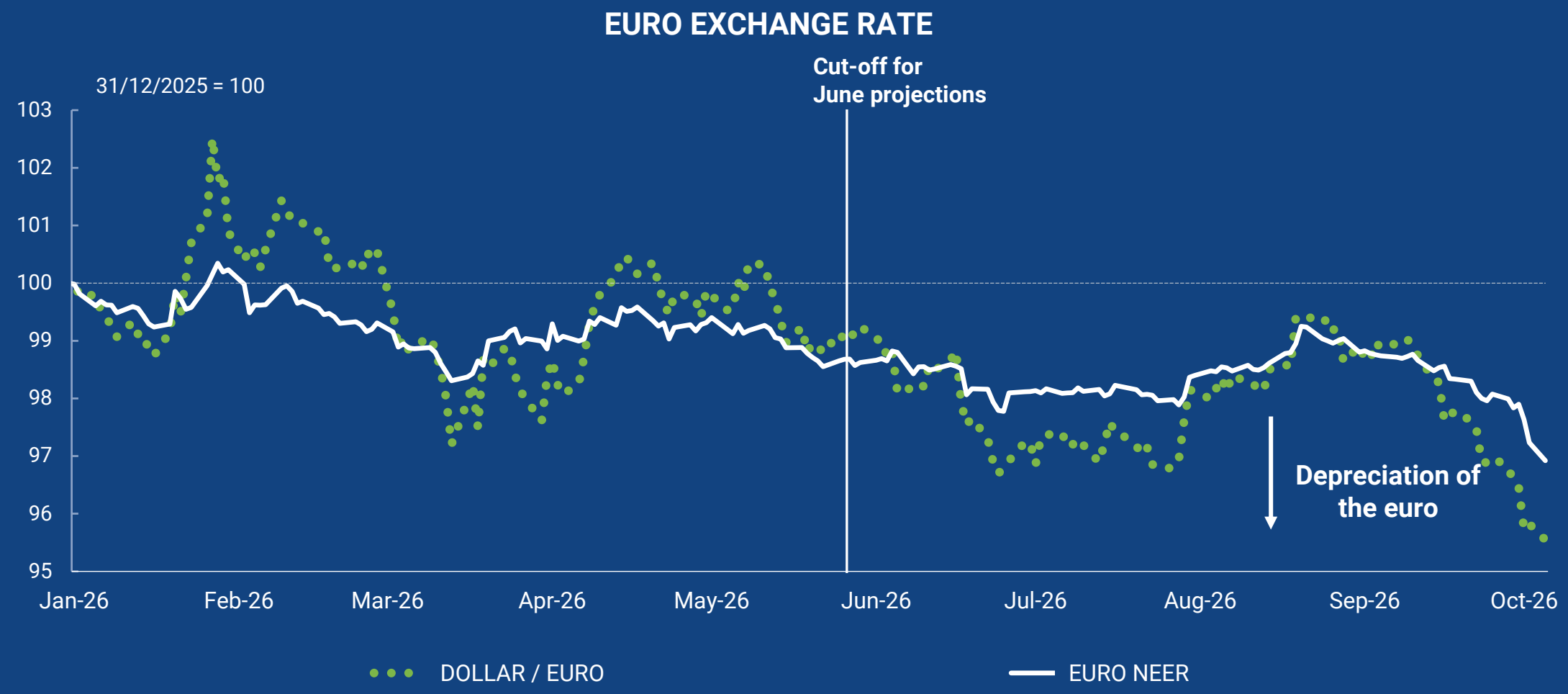
LONG-TERM INTEREST RATES RISING TO HIGH LEVELS





Source: Bloomberg Data License. Latest observation: 5 October 2026.

… WITH THE EURO SHOWING A SLIGHT DEPRECIATION RECENTLY

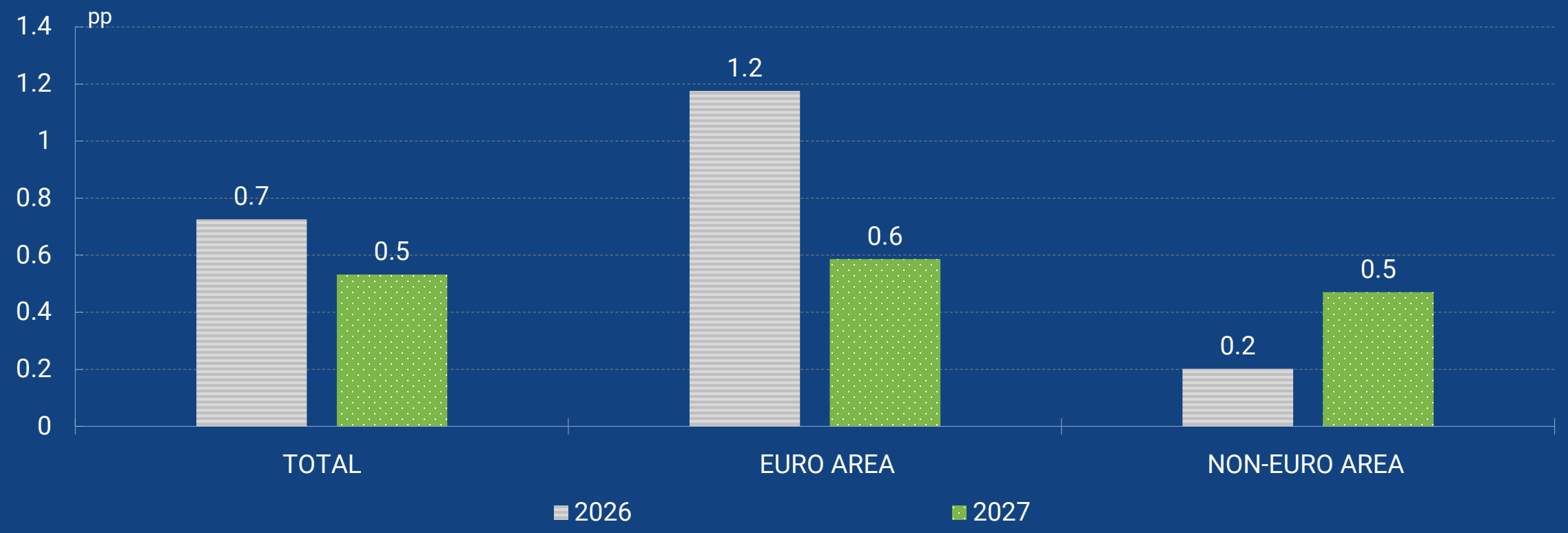


Source: Bloomberg Data License. Latest observation: 5 October 2026.
Note: Nominal effective exchange rate (NEER).

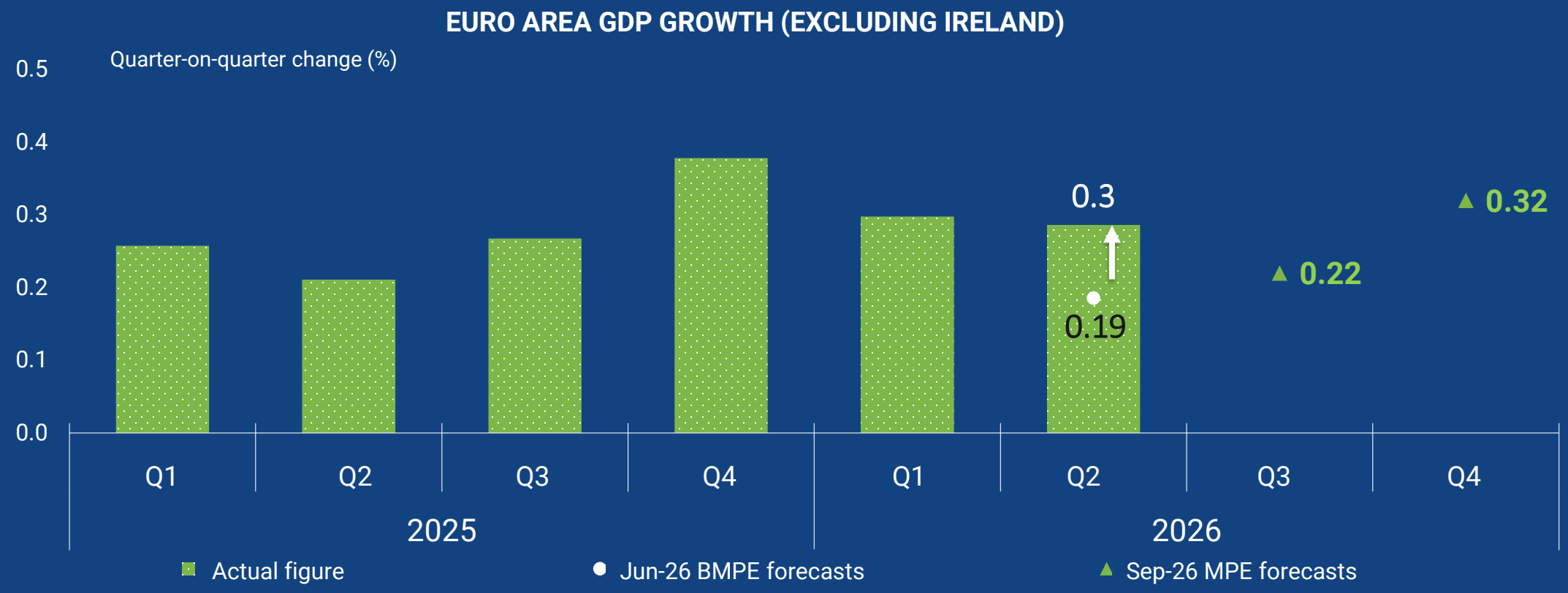
GLOBAL AND EURO AREA ACTIVITY

IMPROVEMENT IN GLOBAL ACTIVITY WITH MORE RESILIENCE

REVISION OF GROWTH IN SPAIN'S EXPORT MARKETS BETWEEN JUNE AND SEPTEMBER



STRONGER BUT UNEVEN GROWTH IN THE EURO AREA …

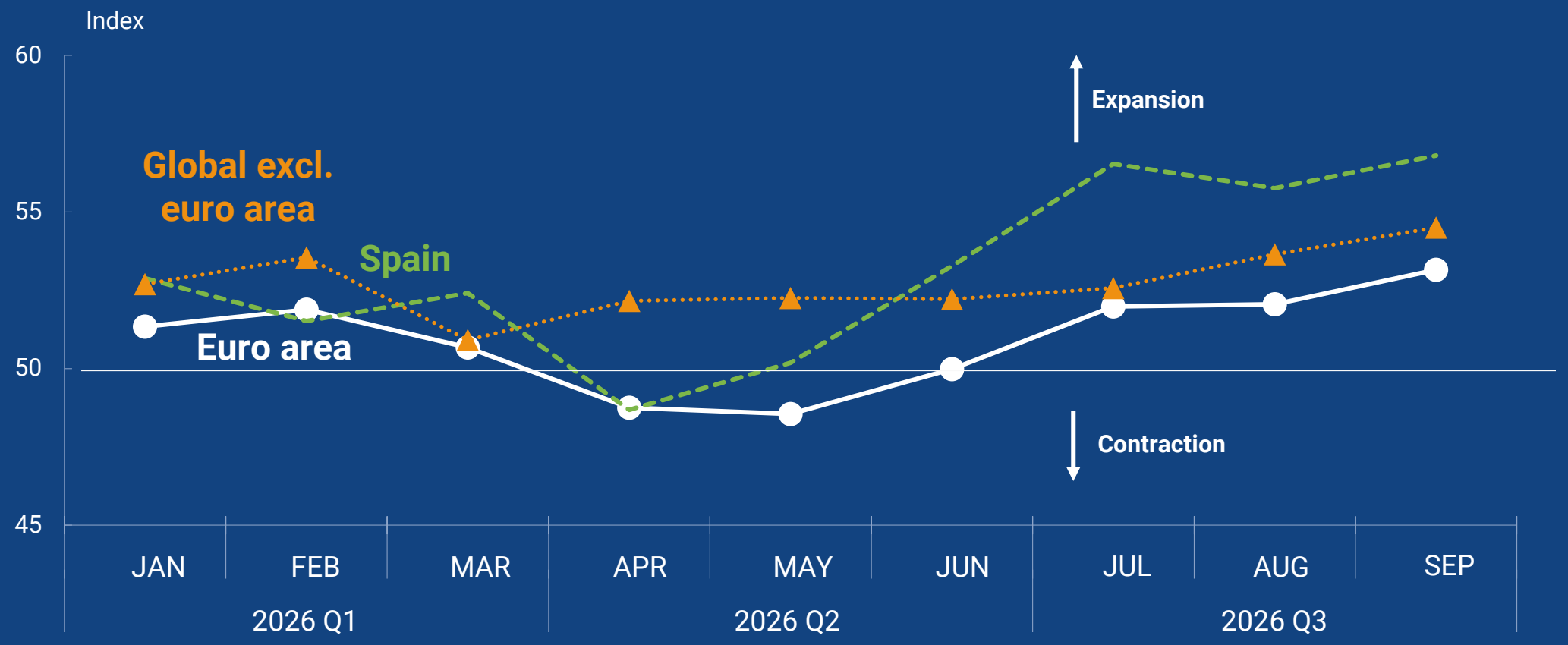


Quarter-on-quarter change (%)	Germany	France	Italy	Spain	Portugal
2026 Q1	0.4	-0.2	0.3	0.6	0.1
2026 Q2	0.3	0.0	0.2	0.7	0.8

Sources: Eurostat and Eurosystem. Latest observation: 2026 Q2.

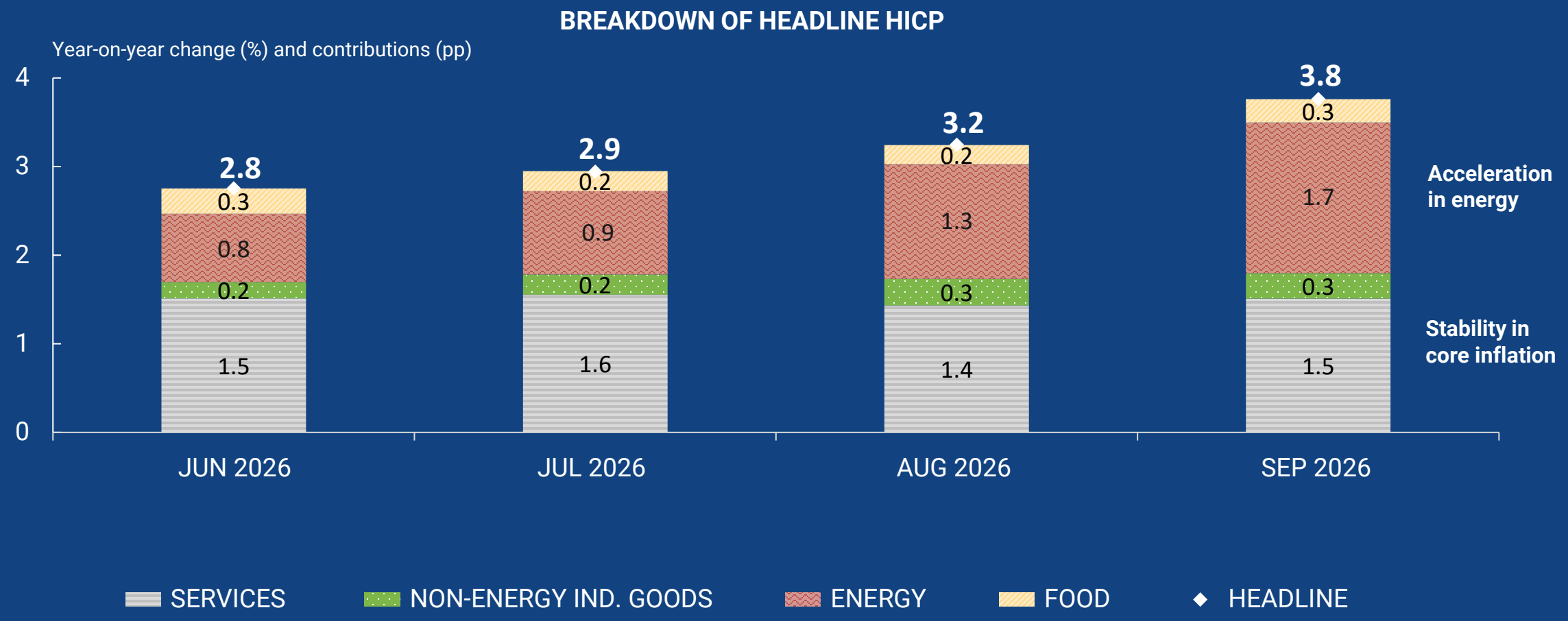
... WITH A RECENT UPTICK IN ACTIVITY INDICATORS ...

COMPOSITE PMI



Source: S&P Global. Latest observation: September 2026.

… AND A SHARP INCREASE IN ENERGY INFLATION



Sources: Eurostat and ECB. Latest observation: September 2026.

EURO AREA: HEADLINE INFLATION IS SET TO RISE ...

		2026			2027		
Annual change (%)		**Dec 2025**	**Jun 2026**	**Sep 2026**	**Dec 2025**	**Jun 2026**	**Sep 2026**
Headline inflation	**Consensus**	1.8	2.9	**2.9**	1.9	2.3	**2.5**
	OECD	1.9	2.8	**3.0**	2.0	2.4	**2.9**
	ECB	1.9	3.0	**3.0**	1.8	2.3	**2.5**

Sources: Consensus Economics, OECD and ECB.

… AS IS CORE INFLATION

		2026			2027		
Annual change (%)		Dec 2025	Jun 2026	Sep 2026	Dec 2025	Jun 2026	Sep 2026
Headline inflation	**Consensus**	1.8	2.9	**2.9**	1.9	2.3	**2.5**
	OECD	1.9	2.8	**3.0**	2.0	2.4	**2.9**
	ECB	1.9	3.0	**3.0**	1.8	2.3	**2.5**
Core inflation	**Consensus**	2.0	2.4	**2.4**	2.0	2.3	**2.5**
	OECD	2.1	2.4	**2.4**	2.0	2.4	**2.6**
	ECB	2.2	2.5	**2.5**	1.9	2.5	**2.6**

Sources: Consensus Economics, OECD and ECB.

GDP GROWTH IN THE EURO AREA IS REVISED UPWARDS TO LEVELS SIMILAR TO THOSE PRIOR TO THE ENERGY SHOCK

		2026			2027		
Annual change (%)		Dec 2025	Jun 2026	Sep 2026	Dec 2025	Jun 2026	Sep 2026
Headline inflation	**Consensus**	1.8	2.9	**2.9**	1.9	2.3	**2.5**
	OECD	1.9	2.8	**3.0**	2.0	2.4	**2.9**
	ECB	1.9	3.0	**3.0**	1.8	2.3	**2.5**
Core inflation	**Consensus**	2.0	2.4	**2.4**	2.0	2.3	**2.5**
	OECD	2.1	2.4	**2.4**	2.0	2.4	**2.6**
	ECB	2.2	2.5	**2.5**	1.9	2.5	**2.6**
GDP	**Consensus**	1.1	0.6	**1.0**	1.4	1.2	**1.3**
	OECD	1.2	0.8	**1.0**	1.4	1.2	**1.0**
	ECB	1.2	0.8	**0.9**	1.4	1.2	**1.4**

Sources: Consensus Economics, OECD and ECB.
The December 2025 projections refer to January 2026 in the case of Consensus.

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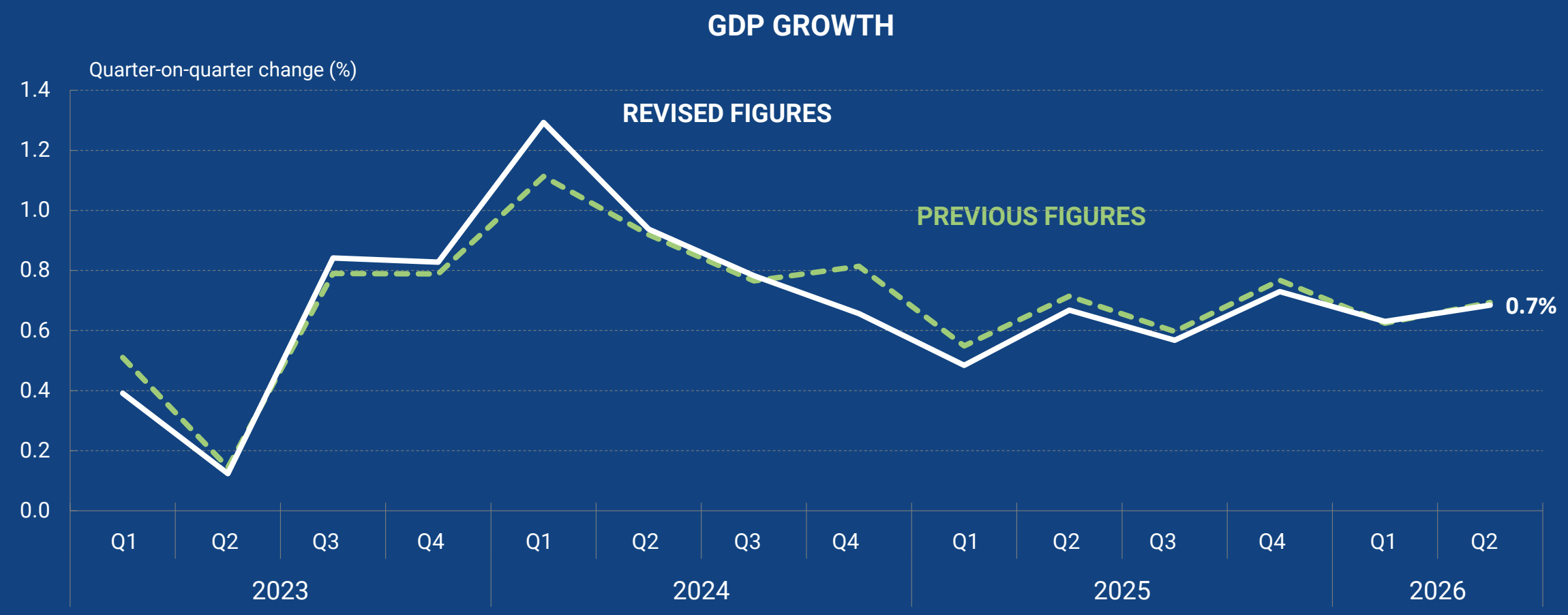
REVISION OF THE QUARTERLY NATIONAL ACCOUNTS ...



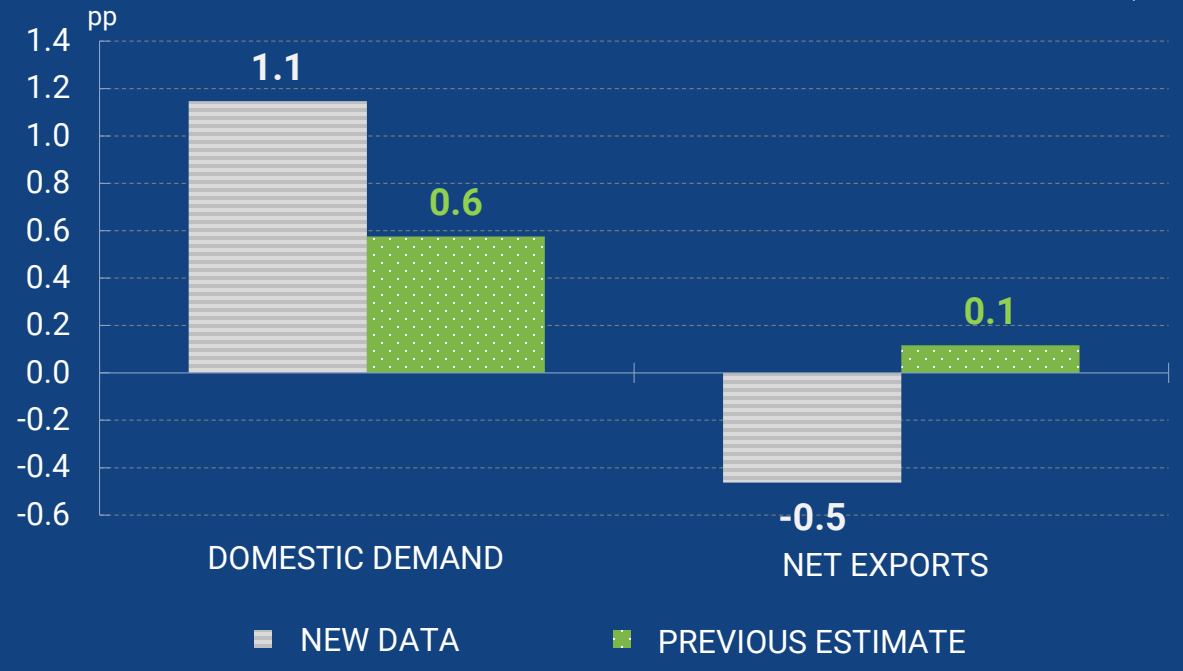
Source: INE.

… WITH SIGNIFICANT CHANGES IN 2026 Q2: HIGHER DOMESTIC DEMAND, OFFSET BY IMPORTS

REVISION OF GDP COMPONENTS IN 2026 Q2

Quarter-on-quarter change (%)	New data	Revision (pp)
GDP	0.7	0.0
Private consumption	1.2	0.5 ↑
Government consumption	0.5	0.2
Investment	1.7	1.2 ↑
Exports	1.0	0.2
Imports	2.6	2.0 ↑

REVISION OF THE CONTRIBUTIONS TO GDP GROWTH IN 2026 Q2

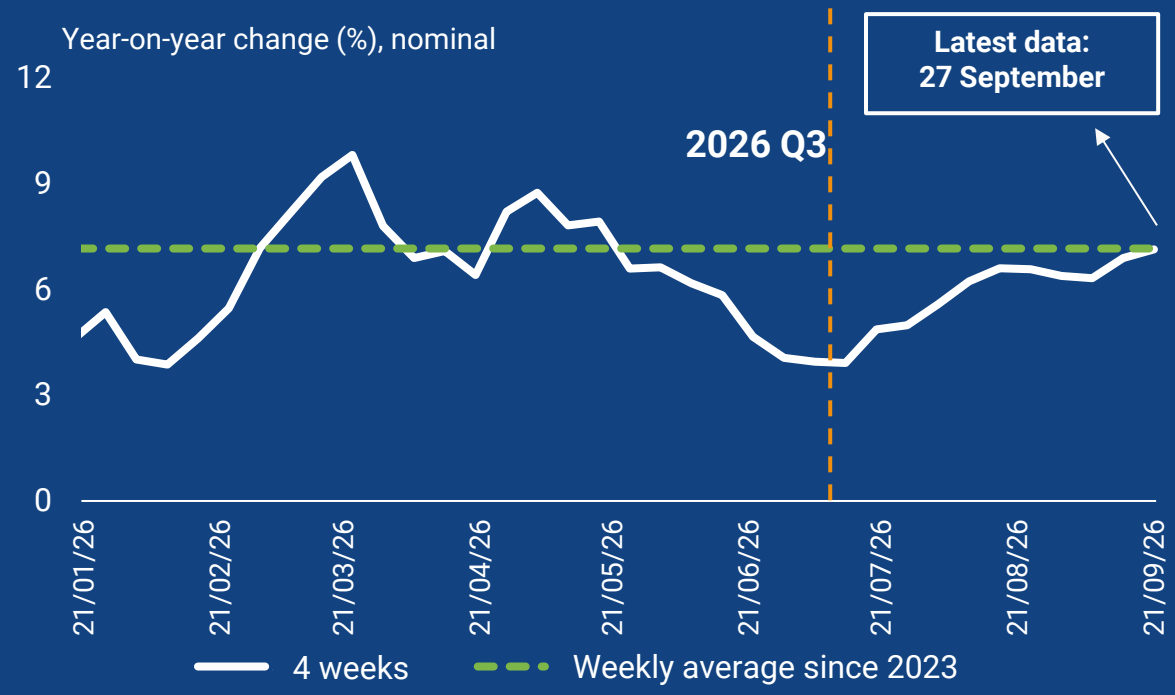


Source: INE.

THE HIGH FREQUENCY INDICATORS SUGGEST RESILIENT GROWTH FOR 2026 Q3

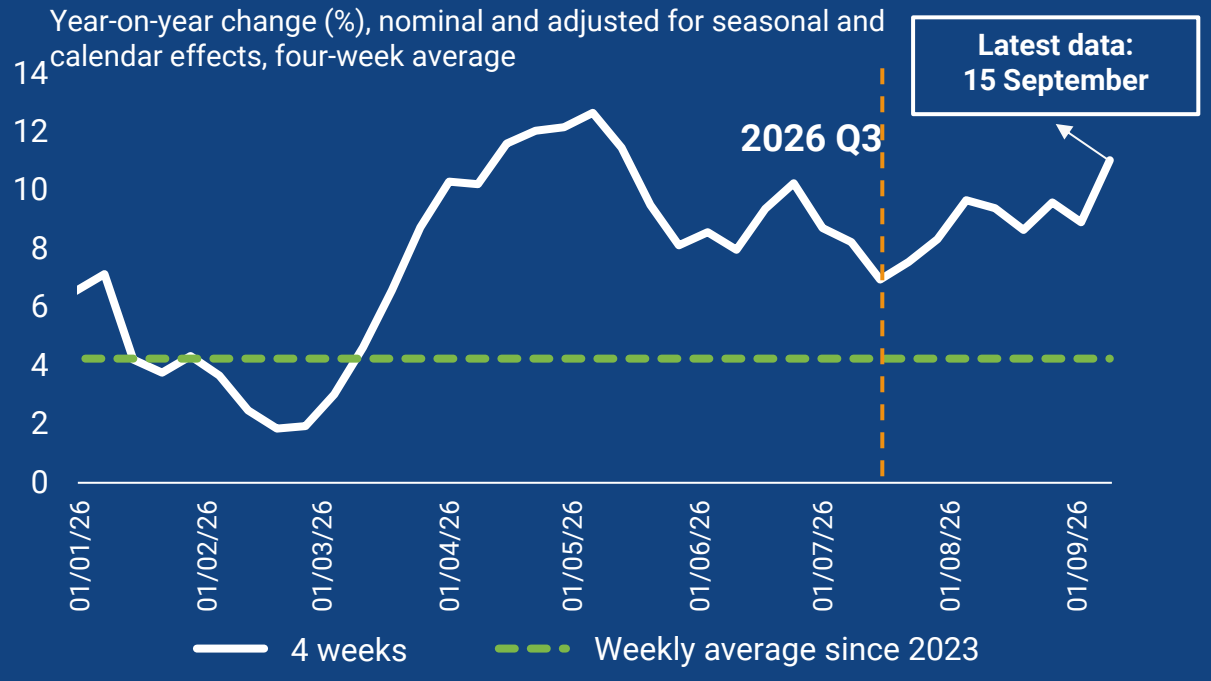
CARD SPENDING

Year-on-year change (%), nominal



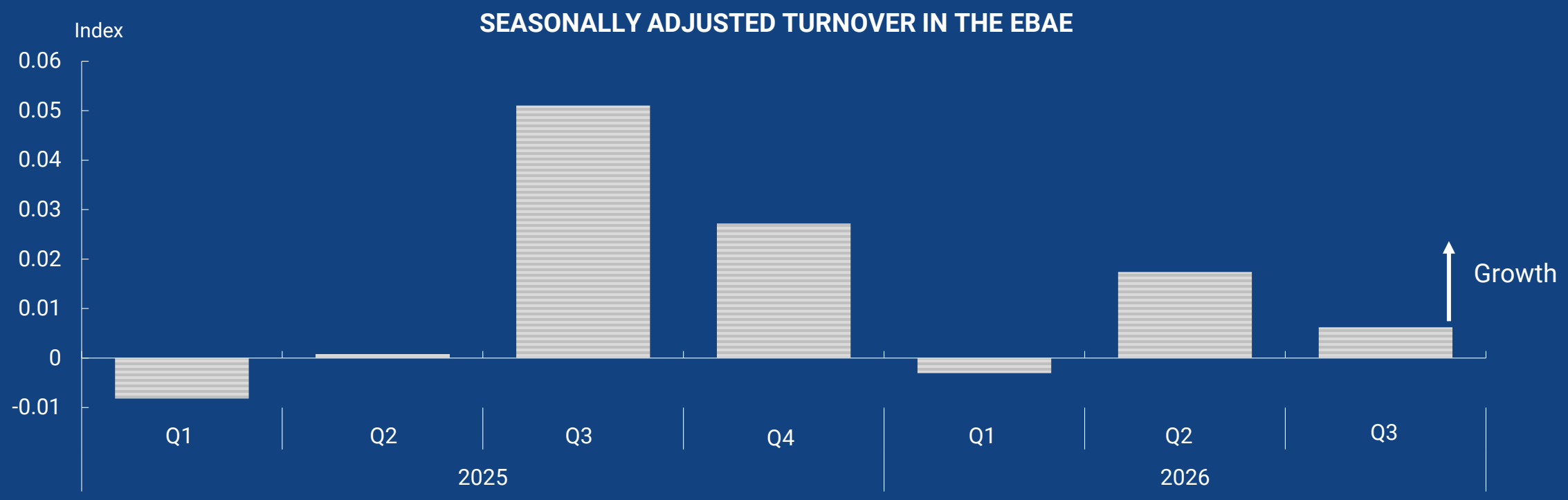
FIRMS' DOMESTIC SALES

Year-on-year change (%), nominal and adjusted for seasonal and calendar effects, four-week average



Sources: Sistema de Tarjetas y Medios de Pago drawing on data from Redsys, and Ministerio de Hacienda (Agencia Tributaria).

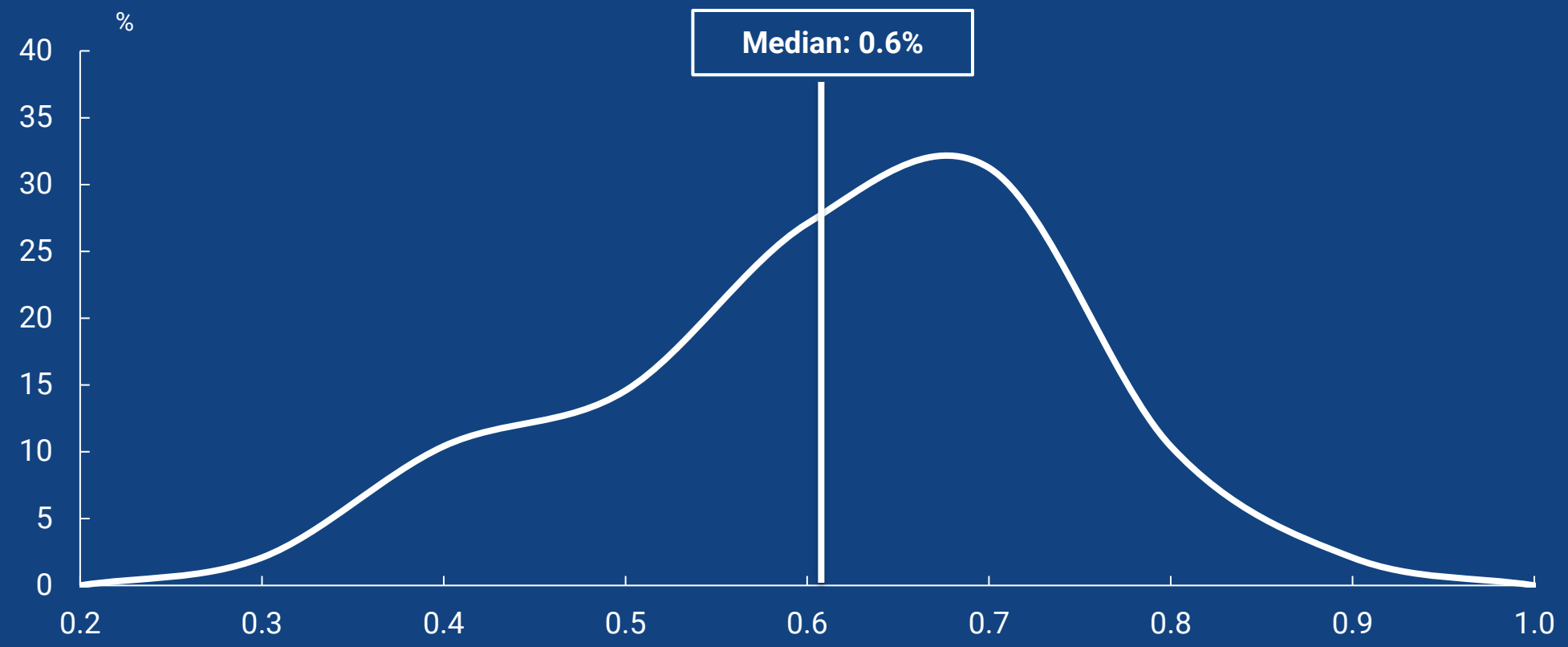
BUSINESS SURVEYS POINT TO SUSTAINED ECONOMIC ACTIVITY



Source: EBAE (Banco de España).
Note: 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.

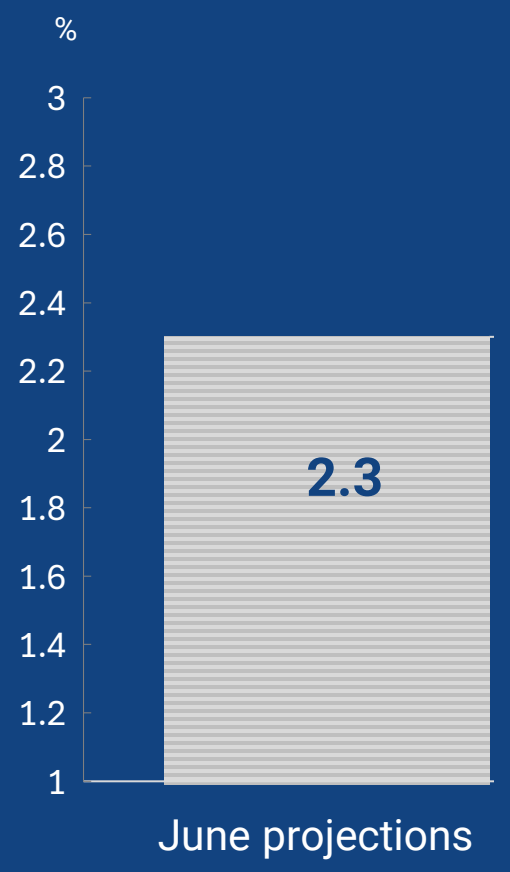
A BATTERY OF INDICATORS POINT TO GDP GROWTH OF AROUND 0.6% IN 2026 Q3 ...

DISTRIBUTION OF INDICATORS OF QUARTER-ON-QUARTER GDP GROWTH IN 2026 Q3



Source: Banco de España.

… SIGNIFYING AN UPWARD REVISION TO GDP GROWTH FOR 2026 …



Source: Banco de España.

… UNDERPINNED BY CONSUMPTION AND EXPORTS

Annual change (%)	2025	2026	Revision vis-à-vis June projections (pp)
GDP	2.6	**2.6**	**0.3**
Private consumption	3.1	**3.0**	**0.4**
Government consumption	2.4	**2.1**	**0.6**
Gross capital formation	6.0	**4.1**	**0.0**
Exports of goods and services	2.6	**2.4**	**1.5**
Imports of goods and services	5.5	**3.9**	**1.7**
Employment (persons)	2.6	**2.0**	**-0.2**
Unemployment rate	10.5	**10.0**	**0.0**

Consumption will remain buoyant to late 2026

The resilience of worldwide activity and the momentum of services drive the upwards revision to the external sector

Source: Banco de España.

PUBLIC FINANCES

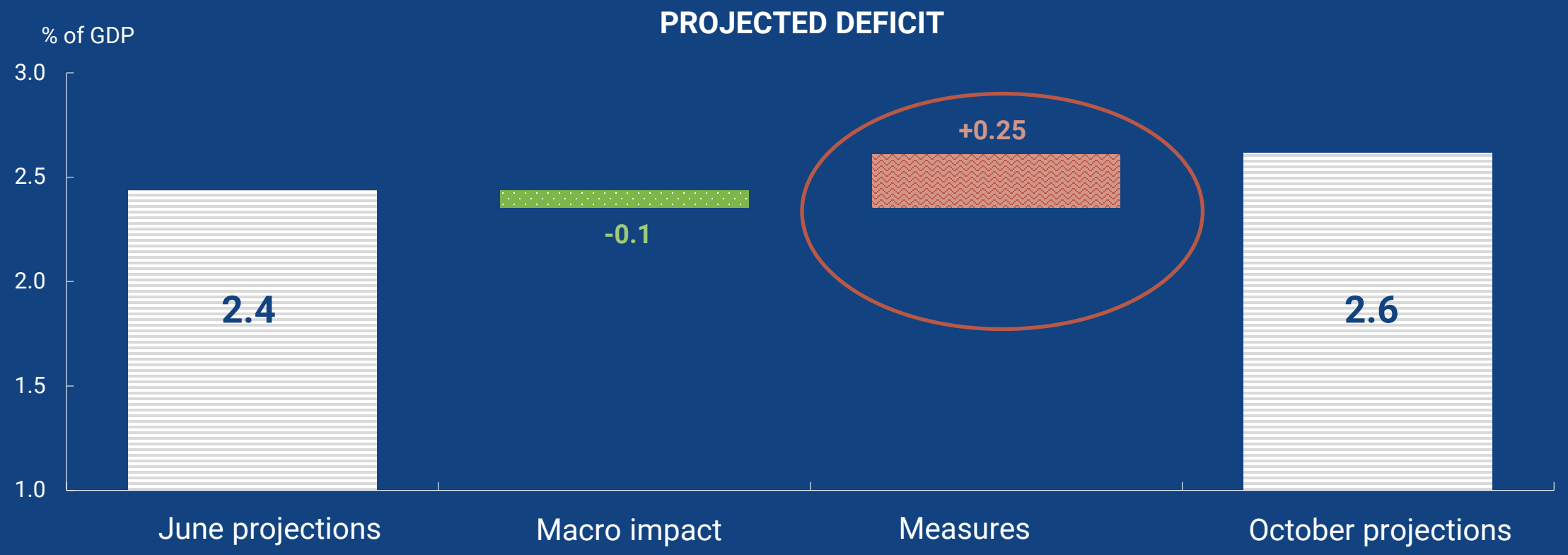
A NEW PACKAGE OF MEASURES IS APPROVED IN RESPONSE TO THE CRISIS IN THE MIDDLE EAST

Measures	Cost (% of GDP)
PACKAGE 1 · ROYAL DECREE-LAW 7/2026	**0.28**
Energy tax reductions	0.14
Subsidies and other measures	0.14
PACKAGE 2 · ROYAL DECREE-LAW 18/2026	**0.13**
Energy tax reduction	0.09
Subsidies and other measures	0.03
PACKAGE 3 · ROYAL DECREE-LAW 25/2026	**0.12**
Energy tax reductions	0.11
Subsidies and other measures	0.01
TOTAL	**0.52**

Sources: Ministerio de Economía, Comercio y Empresa and Banco de España.

- Design
  - **Broad energy tax reductions**
  - **Subsidies for affected sectors**
- Size of the package of measures
  - Currently more limited than in 2022-23
  - But **relatively high by international standards (0.1% of GDP on average to date)**

THE NEW MEASURES RAISE THE PROJECTED GENERAL GOVERNMENT DEFICIT FOR 2026



Source: Banco de España.

UPWARD REVISION TO GDP GROWTH FOR 2027

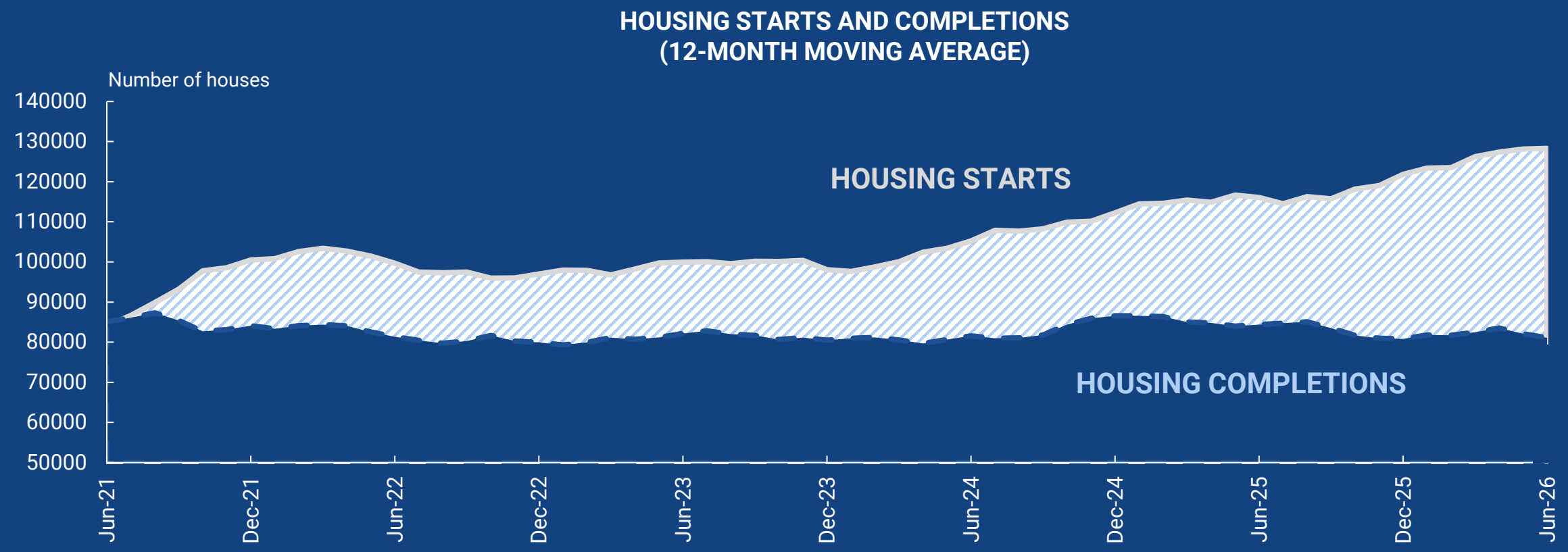
Annual change (%)	2025	2026	2027	Revision vis-à-vis June projections (pp)
GDP	2.6	2.6	**2.2**	0.5
Private consumption	3.1	3.0	**1.9**	0.2
Government consumption	2.4	2.1	**2.0**	0.3
Gross capital formation	6.0	4.1	**2.8**	0.7
Exports of goods and services	2.6	2.4	**3.4**	0.8
Imports of goods and services	5.5	3.9	**3.2**	0.4
Employment (persons)	2.6	2.0	**1.8**	0.3
Unemployment rate	10.5	10.0	**9.7**	-0.1
General government deficit (% of GDP)	2.4	2.6	**2.2**	-0.1

Higher investment, particularly in housing

Bouyant revenues and the gradual withdrawal of measures reduce the 2027 deficit to 2.2%

Source: Banco de España.

RESIDENTIAL INVESTMENT LIKELY TO GROW IF HOUSING COMPLETIONS PICK UP



Source: Ministerio de Vivienda y Agenda Urbana.

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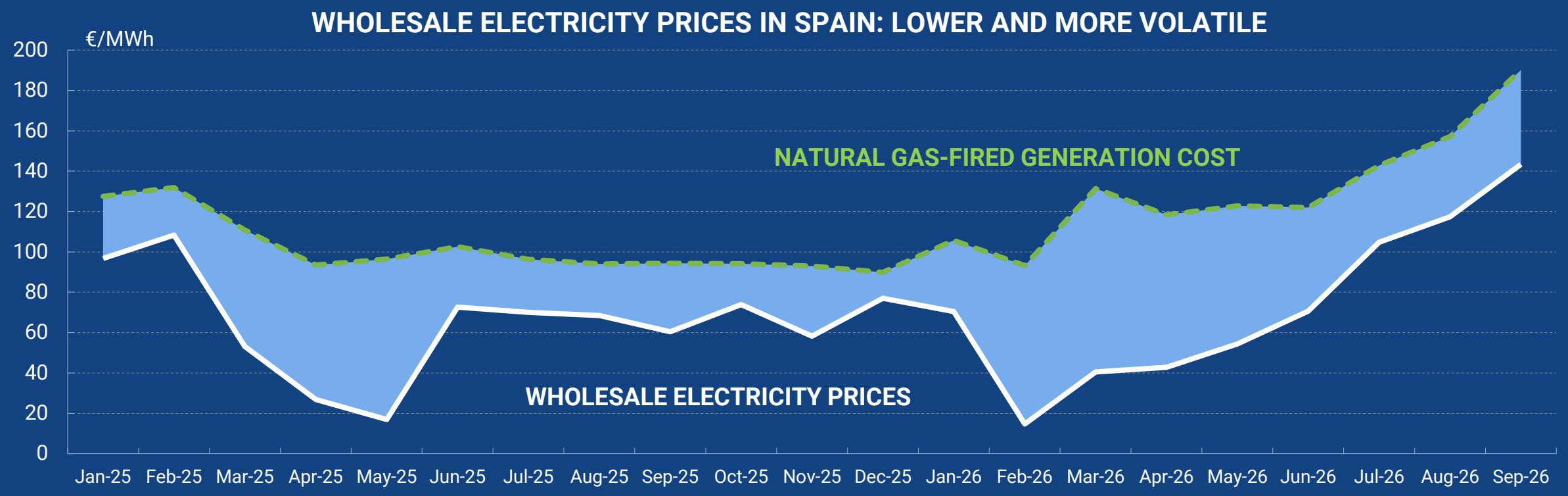
INFLATION IN SPAIN PICKED UP TO 5% IN SEPTEMBER

Year-on-year change (%)	Headline HICP	HICP-food	HICP-energy	Core HICP (a)
May 2026	3.6	2.4	6.3	3.7
June 2026	3.6	2.1	6.8	3.6
July 2026	3.9	1.8	10.2	3.7
August 2026	4.6	2.4	17.1	3.6
September 2026	**5.0**	**2.7**	**22.0**	**3.5**

Source: INE.
(a) Headline HICP excluding energy and food.

WHOLESALE ELECTRICITY PRICES RISE SEASONALLY, LINKED TO GAS PRICES



Sources: ENTSO-E (daily market prices), MIBGAS (gas in Spain) and EEX (EU Emissions Trading System emission allowances auctions).

THE ENERGY SHOCK PASSES THROUGH TO INFLATION EARLIER IN SPAIN ...

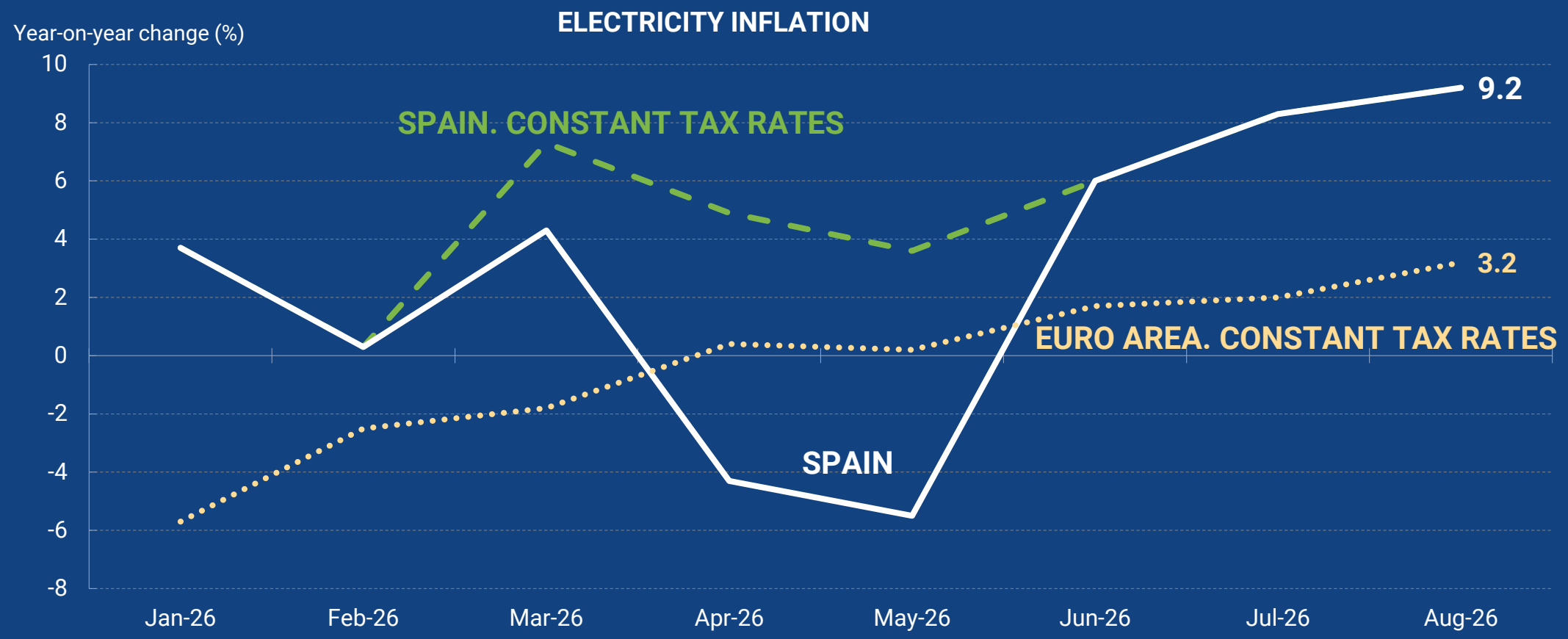
SEASONAL VOLATILITY IN WHOLESALE PRICES

- The share of renewables in Spain **insulates wholesale electricity prices from gas price movements in spring**, but not in the rest of the year
- In summer a €10/MWh increase in gas prices raises wholesale electricity prices by some €15/MWh – twice the impact it has in spring

IMPACT OF WHOLESALE MARKET MOVEMENTS ON THE RETAIL MARKET

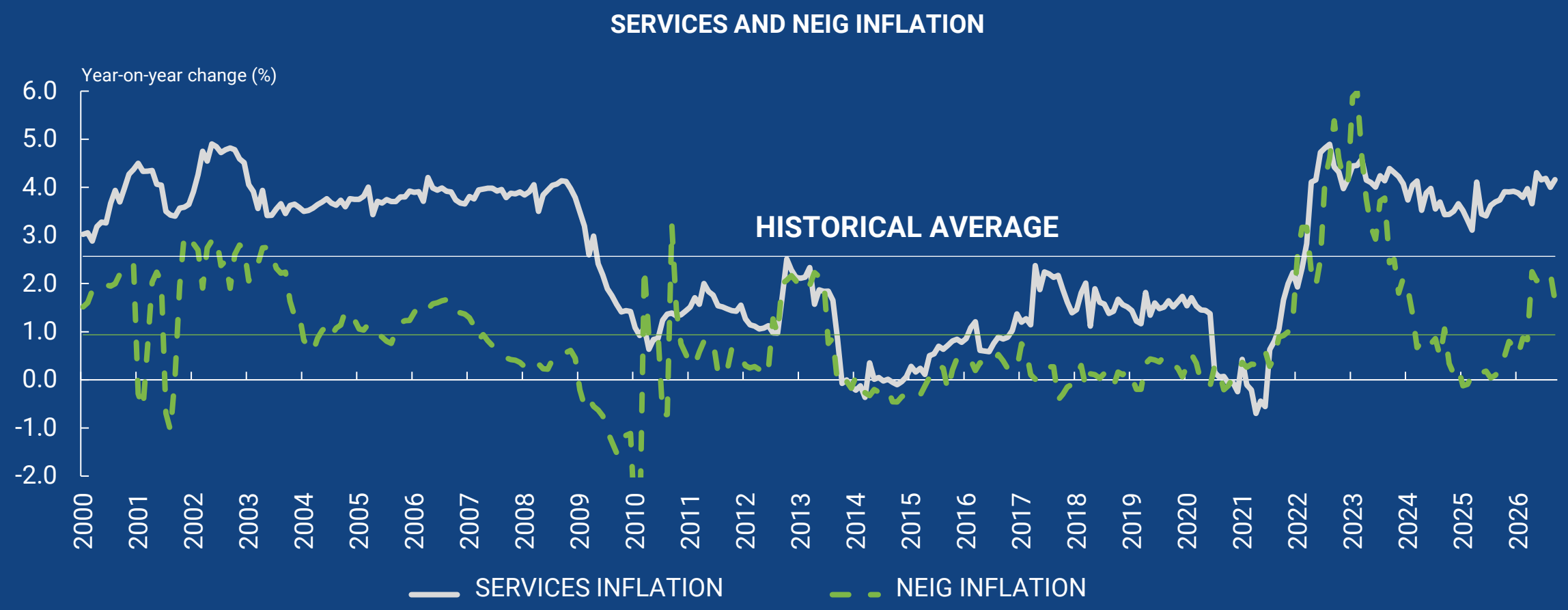
- **27.5%** of consumers are on a variable tariff, the regulated rate for small consumers
- Despite this rate's reform in 2024, which tied 55% of the rate to futures prices, it continues to be more volatile

… LEADING TO GREATER VOLATILITY IN RETAIL PRICES



Sources: INE and Eurostat.

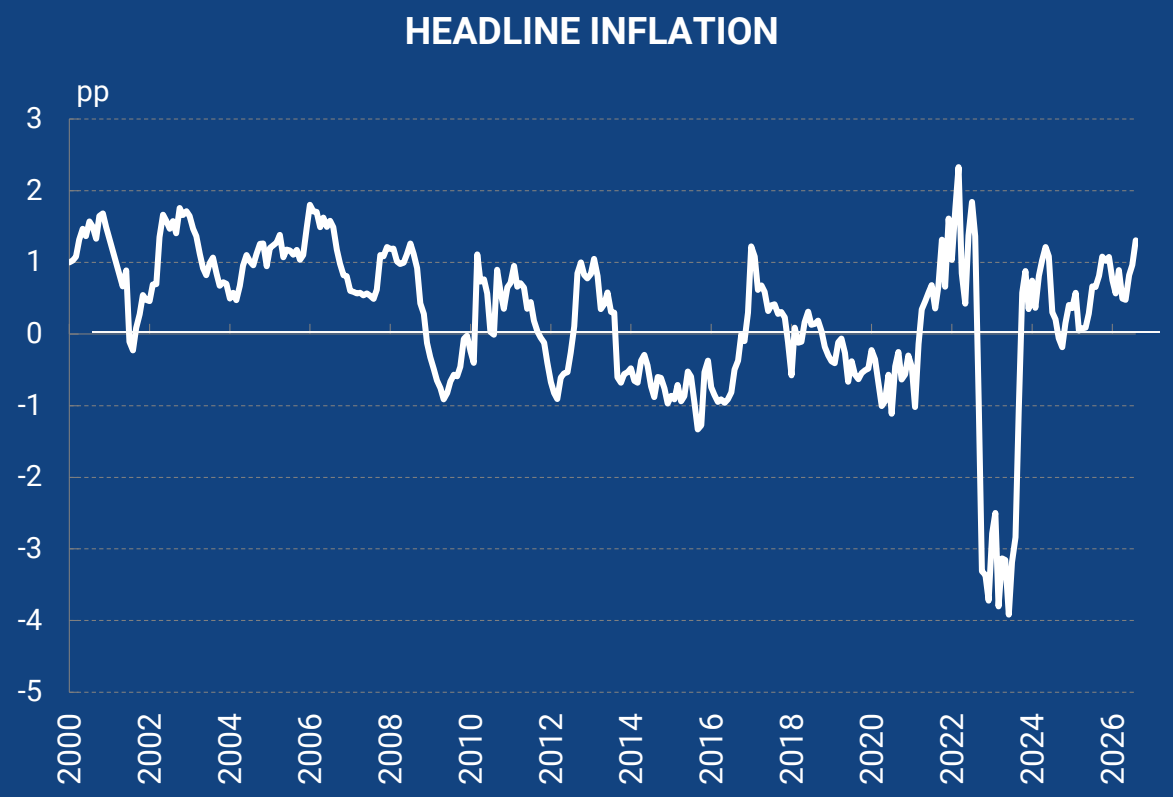
SERVICES INFLATION REMAINS PERSISTENT

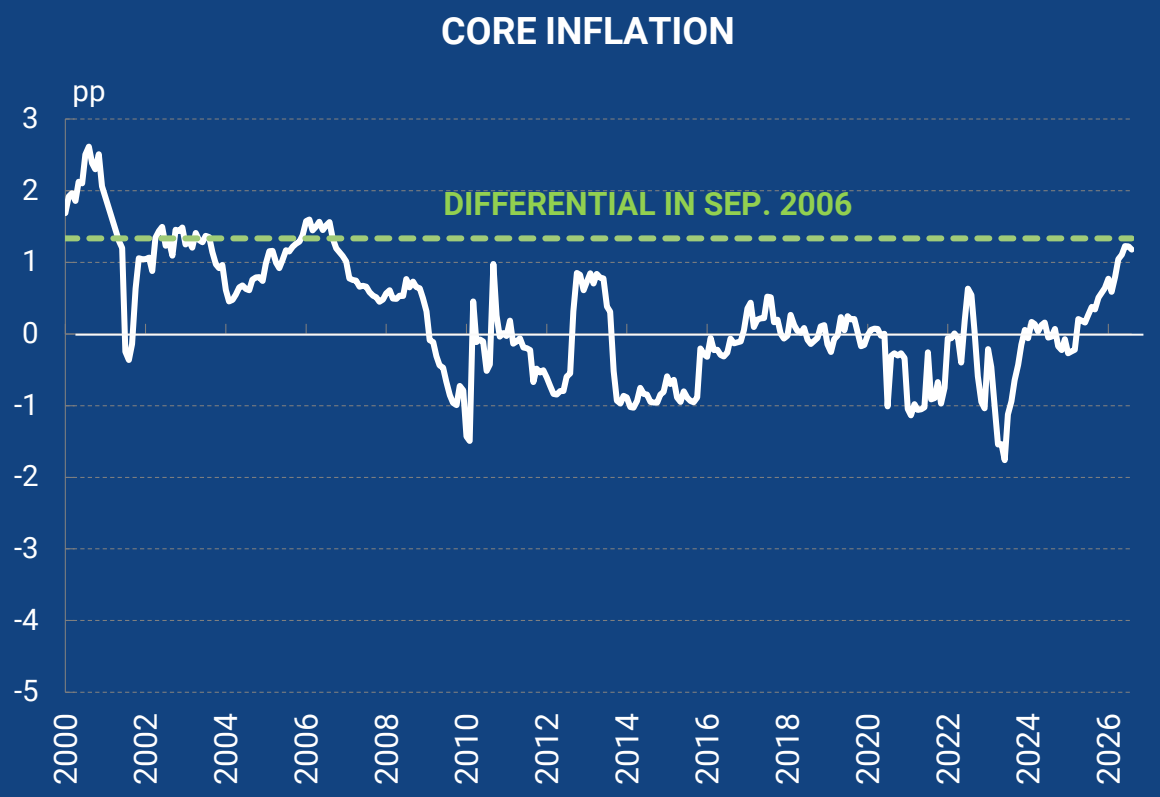


Source: INE.

INFLATION DIFFERENTIAL VIS-À-VIS THE EURO AREA

A SUSTAINED INFLATION DIFFERENTIAL VIS-À-VIS THE EURO AREA, WHICH HAS WIDENED SINCE 2025





Sources: INE and Eurostat.

BEFORE THE SHOCK: DIFFERENTIAL VIS-À-VIS THE EURO AREA DRIVEN BY FOOD AND TOURISM-RELATED SERVICES

SPAIN-EURO AREA INFLATION DIFFERENTIAL AND CONTRIBUTIONS (pp)

	Apr-25	Feb-26
Headline rate	**0.08**	**0.56**
Contributions:		
Food	**-0.10**	**0.26**
Energy	**0.11**	**-0.02**
NEIG	**-0.10**	**0.01**
Services	**0.16**	**0.31**
Core rate	**0.21**	**0.59**
Contributions:		
NEIG	**-0.14**	**0.05**
Services	**0.34**	**0.54**

Sources: ECB and Banco de España.

FOLLOWING THE SHOCK, CORE INFLATION DROVE A WIDENING OF THE DIFFERENTIAL, TEMPERED BY ENERGY MEASURES

	SPAIN-EURO AREA INFLATION DIFFERENTIAL AND CONTRIBUTIONS (pp)			Share (%)	
	Apr-25	Feb-26	Jun-26	ES	Euro area
Headline rate	0.08	0.56	0.82		
Contributions:					
Food	-0.10	0.26	0.15	20.2	19.0
Energy	0.11	-0.02	-0.17	8.8	9.0
NEIG	-0.10	0.01	0.23	19.6	25.3
Services	0.16	0.31	0.61	51.4	46.7
Core rate	0.21	0.59	1.23		
Contributions:					
NEIG	-0.14	0.05	0.33		
Services	0.34	0.54	0.90		

Sources: ECB and Banco de España.

THE DIFFERENTIAL WIDENED IN SEPTEMBER DUE TO ELECTRICITY PRICES AND THE WITHDRAWAL OF TEMPORARY MEASURES

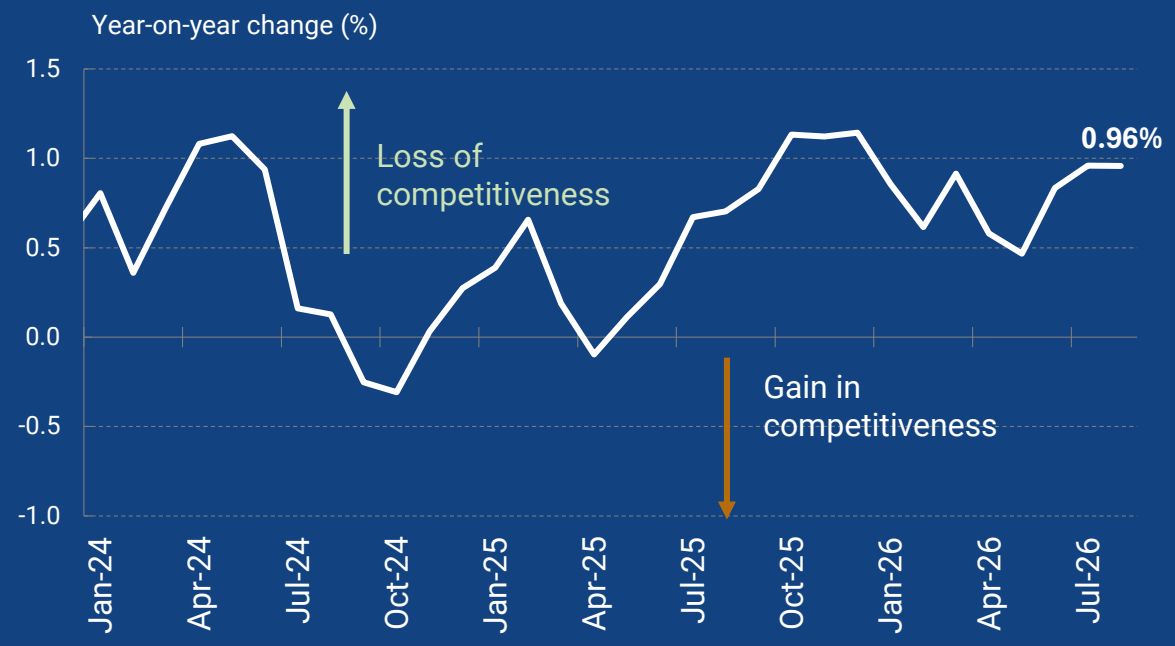
	SPAIN-EURO AREA INFLATION DIFFERENTIAL AND CONTRIBUTIONS (pp)				Share (%)	
	Apr-25	Feb-26	Jun-26	Sep-26	ES	Euro area
Headline rate	0.08	0.56	0.82	1.22		
Contributions:						
Food	-0.10	0.26	0.15	0.31	20.2	19.0
Energy	0.11	-0.02	-0.17	0.24	8.8	9.0
NEIG	-0.10	0.01	0.23	0.04	19.6	25.3
Services	0.16	0.31	0.61	0.63	51.4	46.7
Core rate	0.21	0.59	1.23	0.99		
Contributions:						
NEIG	-0.14	0.05	0.33	0.07		
Services	0.34	0.54	0.90	0.92		

Sources: ECB and Banco de España.

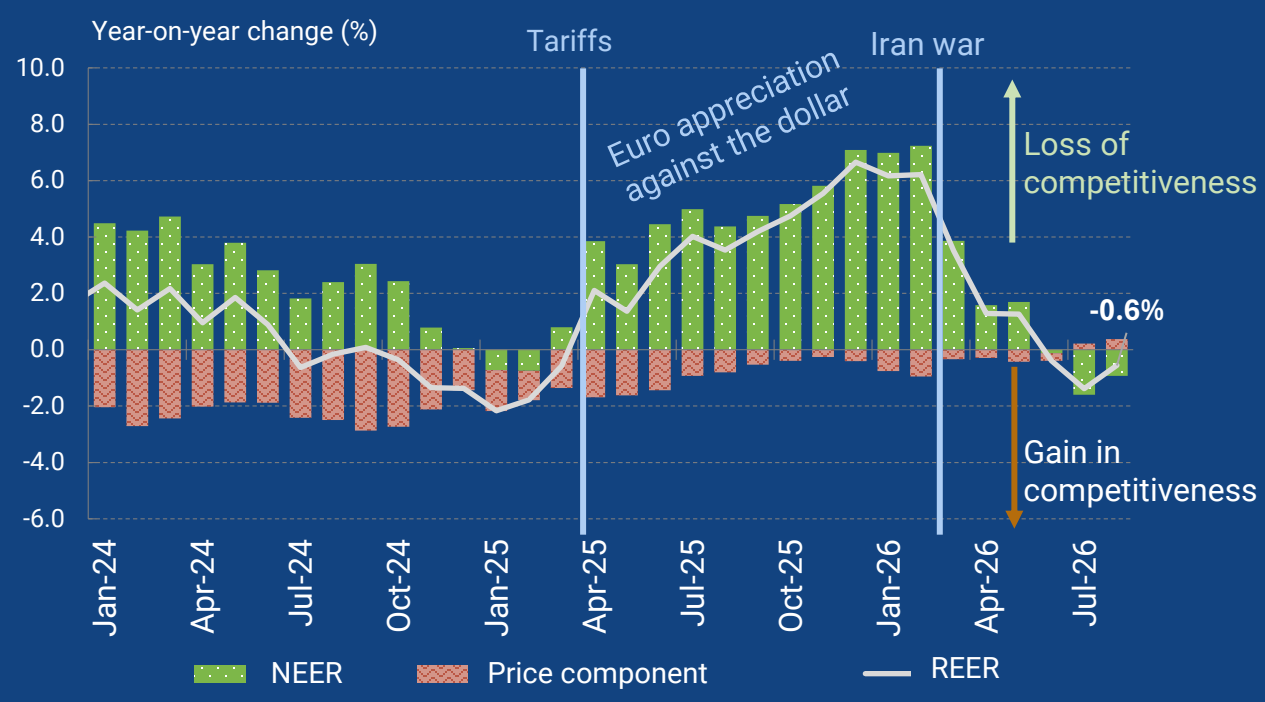
INFLATION DIFFERENTIAL AND COMPETITIVENESS

REAL EFFECTIVE EXCHANGE RATES BASED ON CONSUMER PRICES

VIS-À-VIS THE REST OF THE EURO AREA

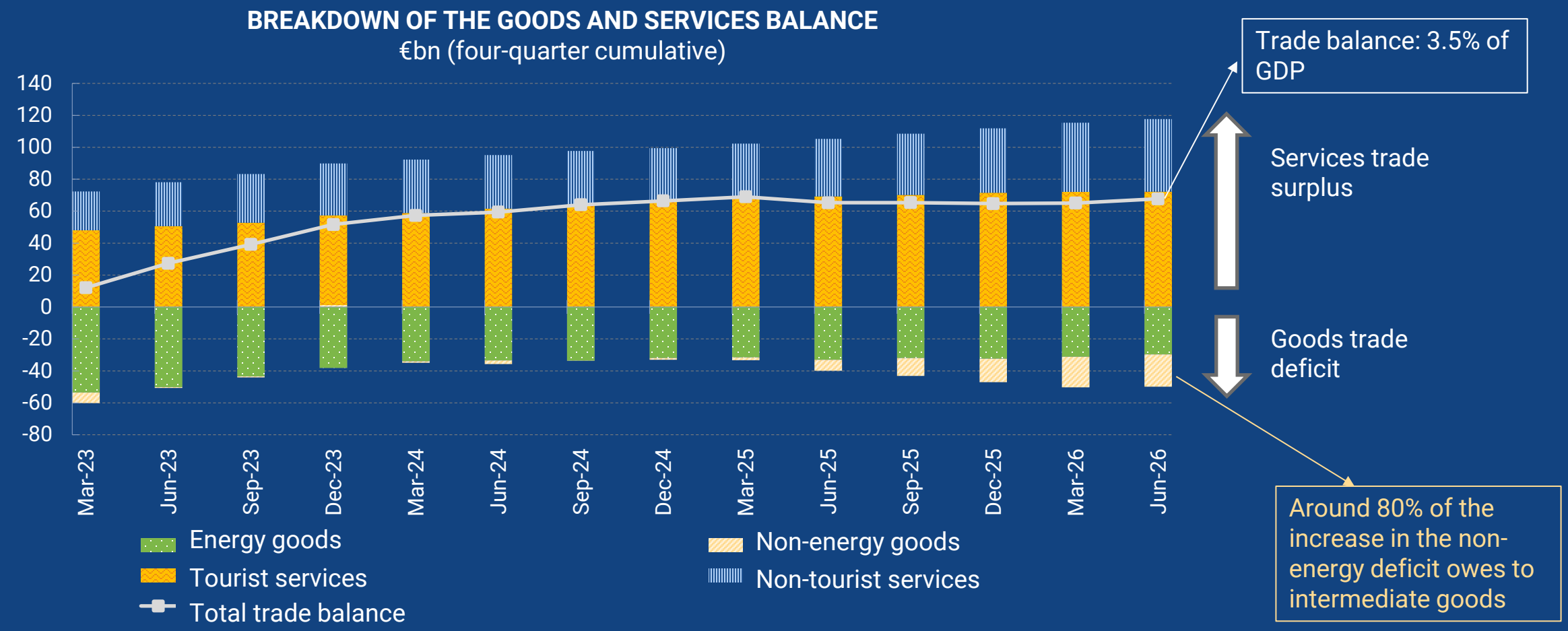


VIS-À-VIS 40 NON-EURO COUNTRIES



Source: ECB. Latest observation: August 2026.
Note: NEER stands for nominal effective exchange rate and REER stands for real effective exchange rate.

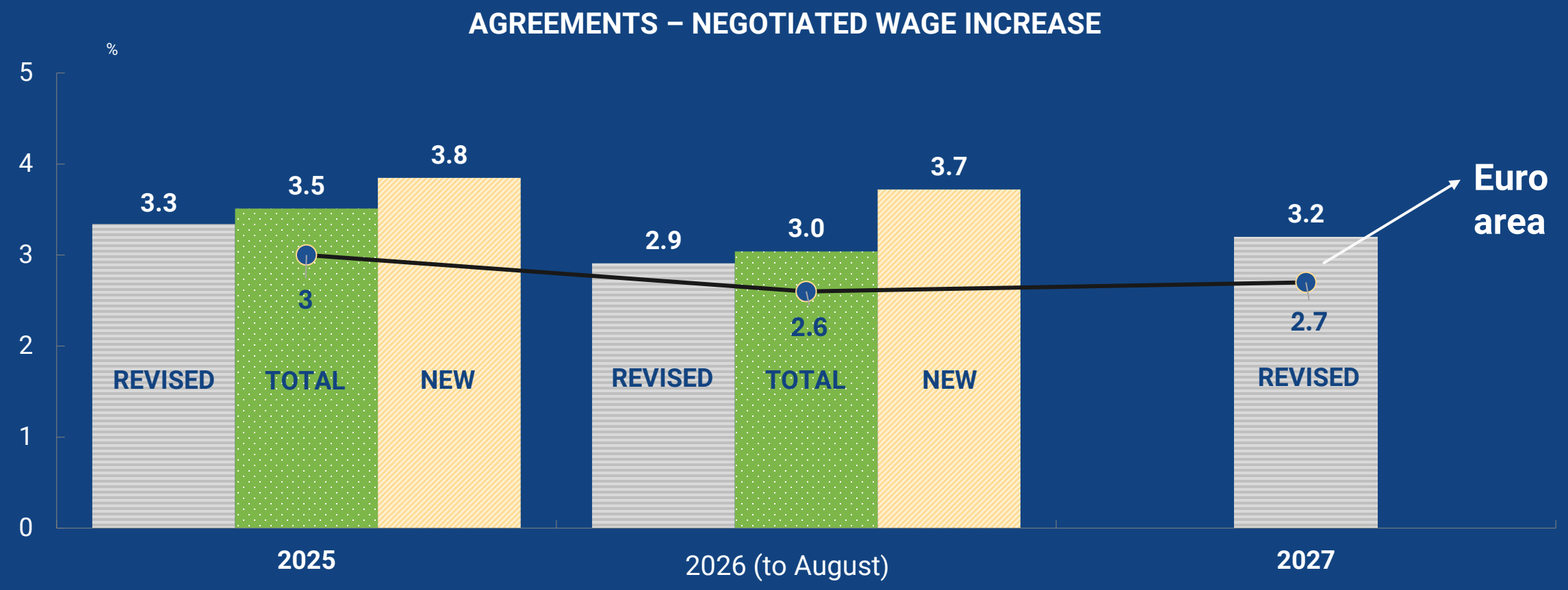
THE GOODS TRADE DEFICIT WIDENS, WHILE SERVICES SHOW A SURPLUS



Source: Banco de España.

WAGES

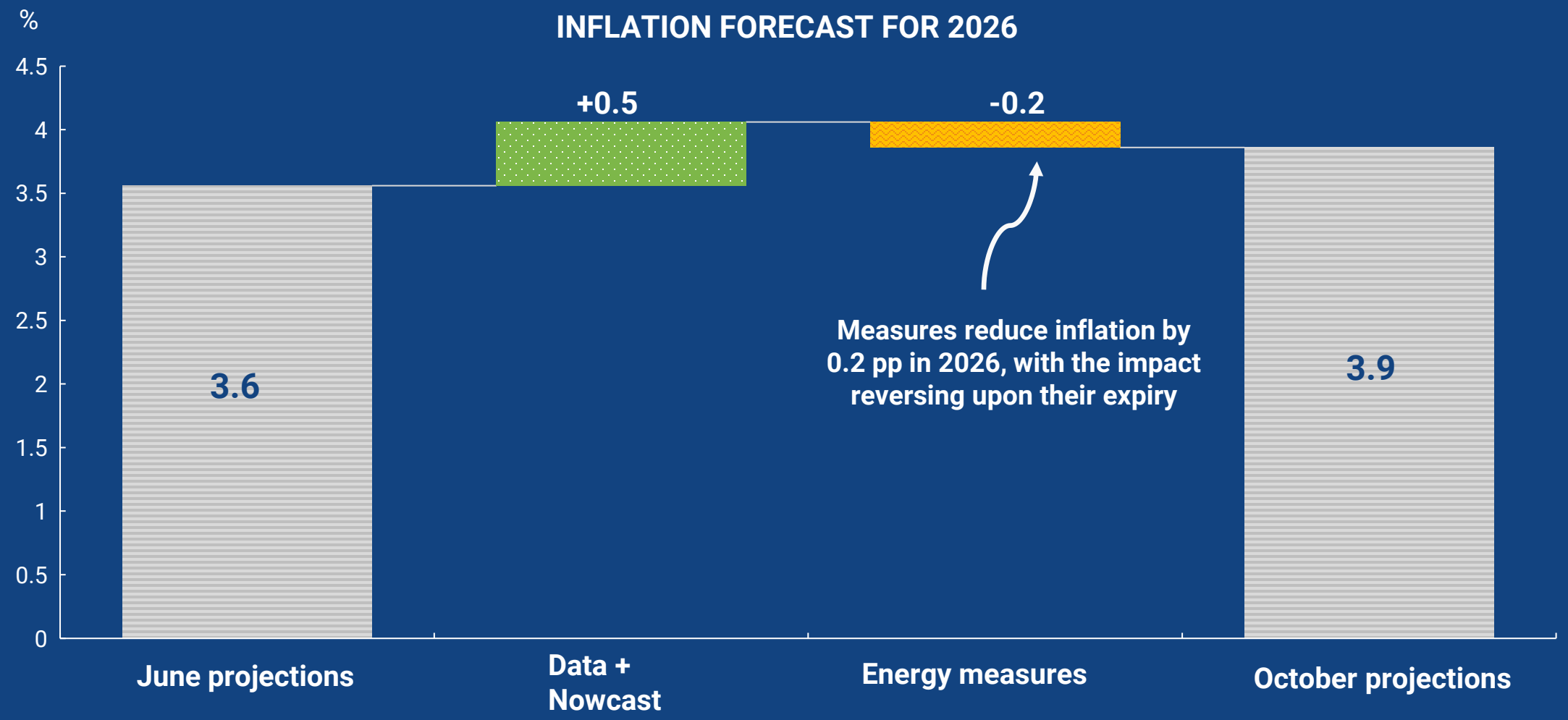
WAGE INCREASES IN NEWLY SIGNED COLLECTIVE AGREEMENTS ARE BELOW 4%



Sources: Ministerio de Trabajo y Economía Social and ECB Wage Tracker.
Note: The wage increase for 2027 is obtained using information automatically compiled from web sources, with data available for 206 agreements covering approximately 3.1 million workers.

INFLATION PROJECTIONS

2026: INFLATION REVISED UP BY 0.3 PP



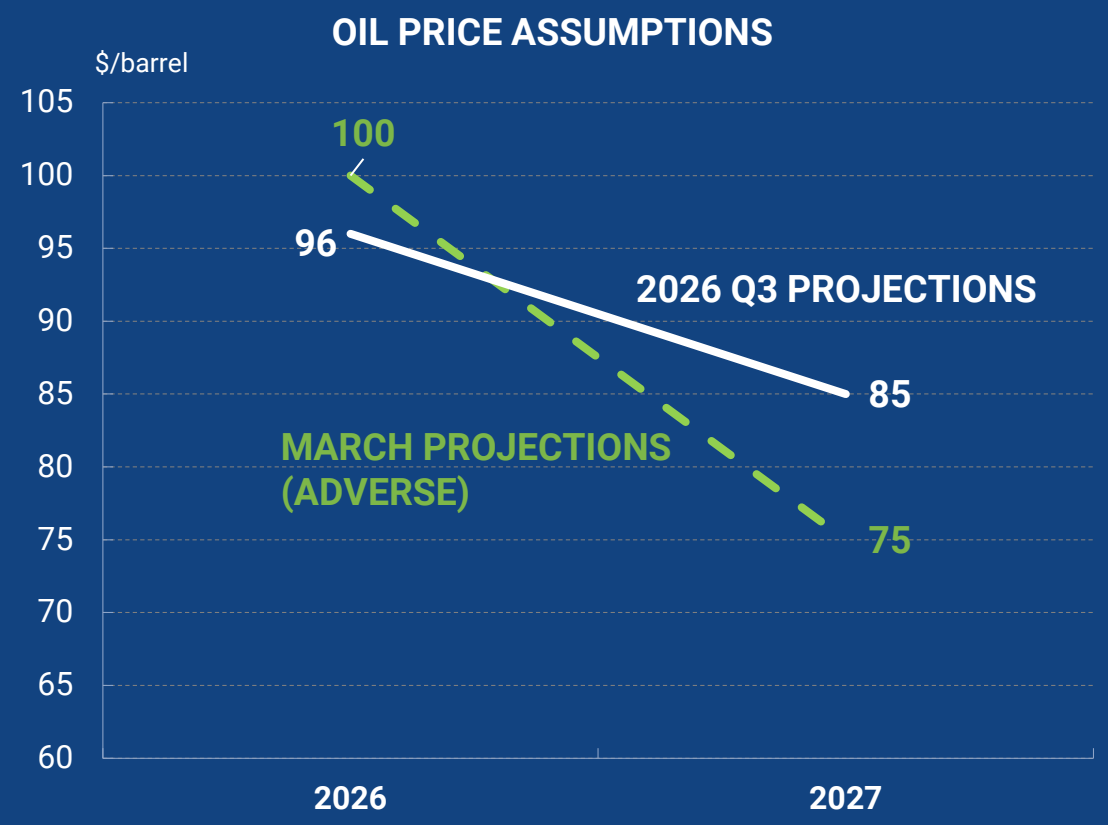
Source: Banco de España.

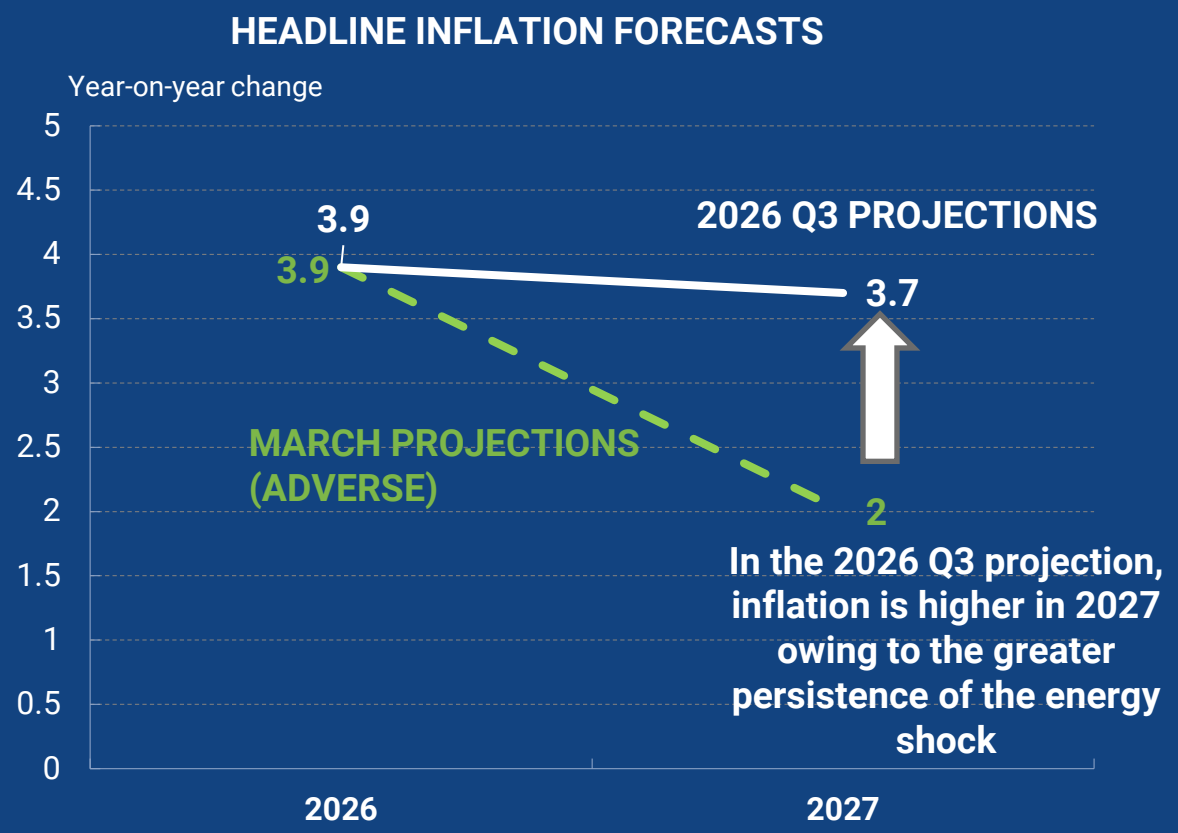
2027 HEADLINE INFLATION REVISED UP TO 3.7% AND CORE INFLATION TO 3.5%

Year-on-year rate (%)	HEADLINE INFLATION (%)		CORE INFLATION (%)	
	2026	2027	2026	2027
MARCH PROJECTIONS (BASELINE)	3.0	2.5	2.7	2.7
JUNE PROJECTIONS	3.6	2.6	3.2	3.2
2026 Q3	3.9	3.7	3.4	3.5

Source: Banco de España.

THE 2026 INFLATION PROJECTION IS IN LINE WITH THE ADVERSE SCENARIO PRESENTED IN MARCH





Source: Banco de España.

CONTENTS

1 International environment

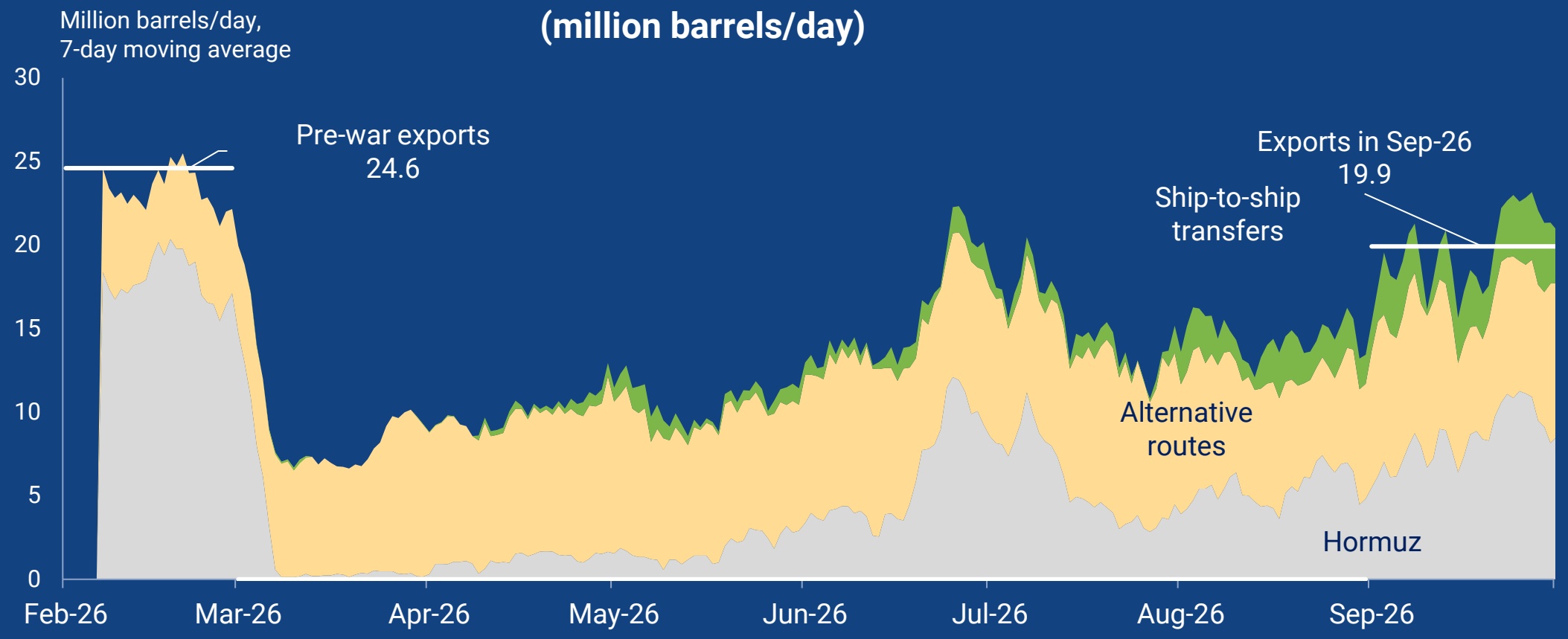
2 Activity: data and projections

3 Inflation: data, projections and differential vis-à-vis the euro area

4 Alternative scenarios

OIL SUPPLY IS GRADUALLY NORMALISING, BUT REMAINS BELOW PRE-CONFLICT LEVELS …

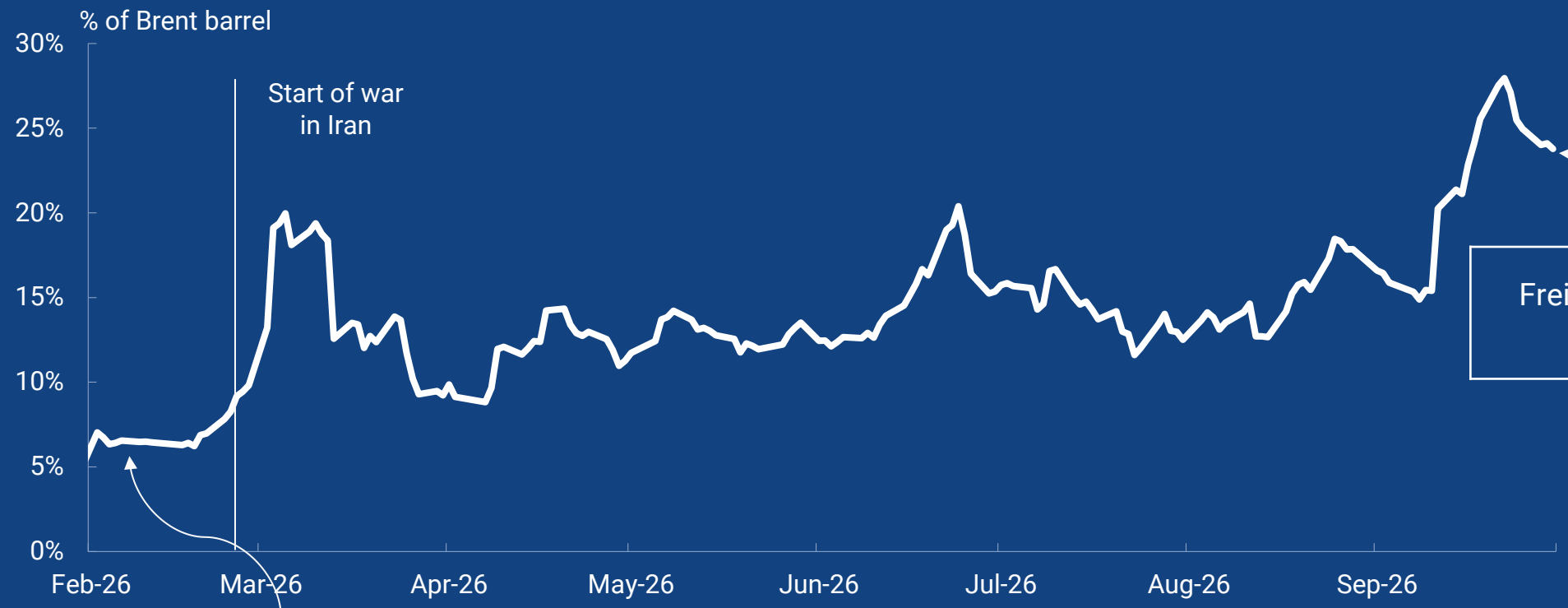
OIL EXPORTS FROM THE MIDDLE EAST (million barrels/day)



Sources: Bloomberg and Keplr. Latest observation: 30 September.

… BUT COSTS ARE HIGHER

OIL TRANSPORT COSTS BETWEEN THE PERSIAN GULF AND THE MEDITERRANEAN

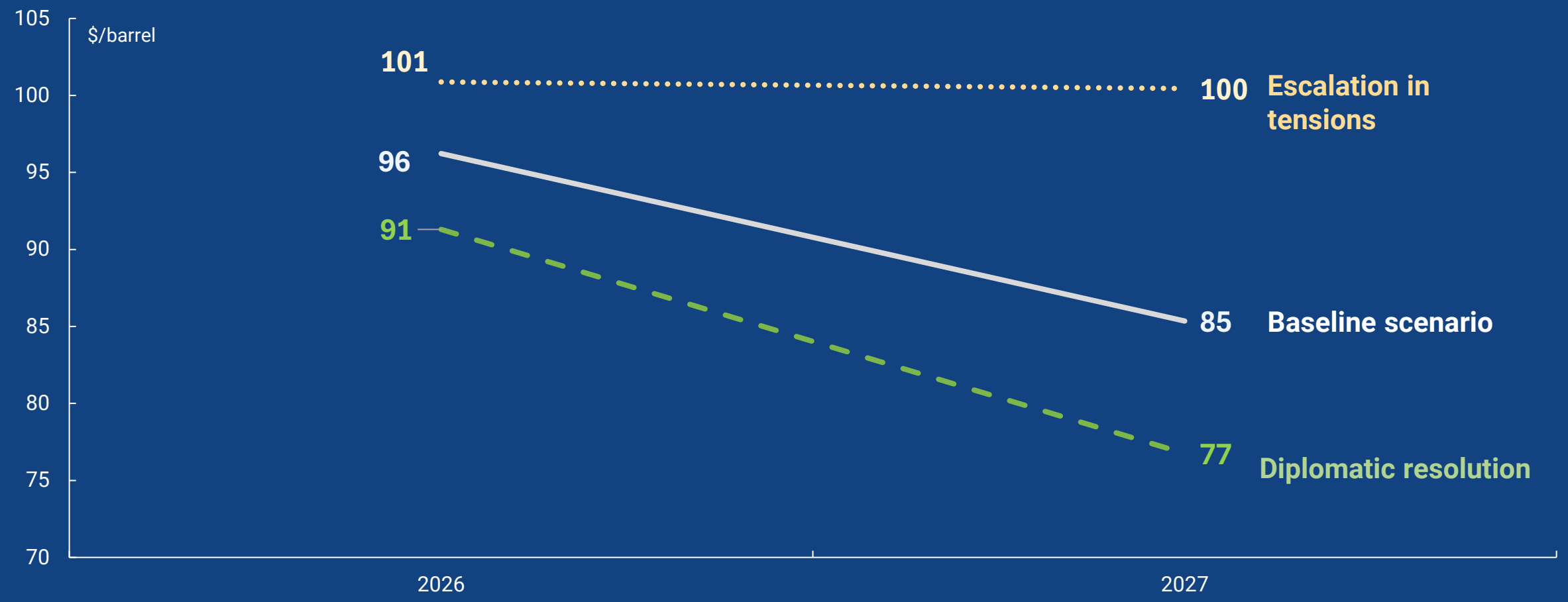


Freight costs account for around 25%

Before the war, tanker freight costs added around 6% to the cost of a barrel of Brent oil

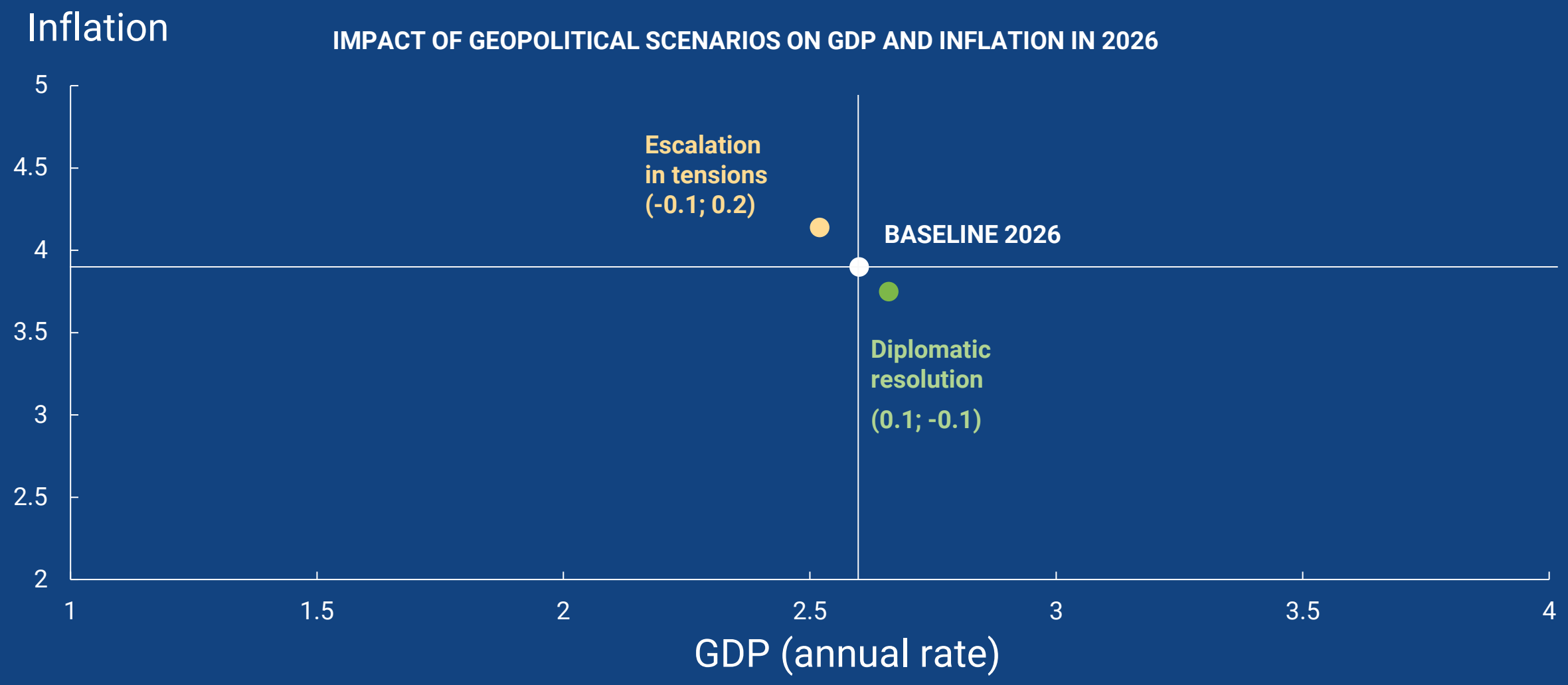
Sources: Bloomberg and Keplr. Latest observation: 30 September.

OIL PRICES UNDER DIFFERENT SCENARIOS



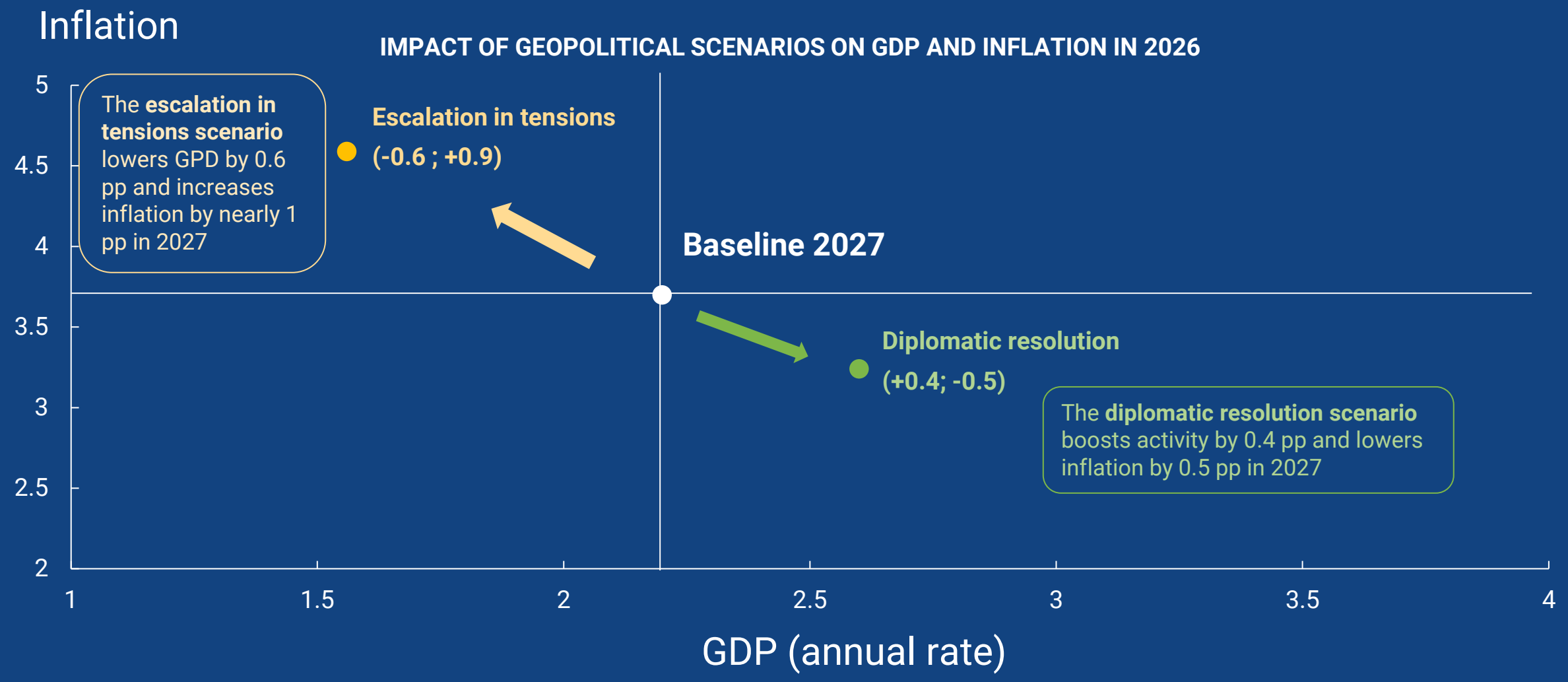
Source: Banco de España.

THE SCENARIOS WOULD ENTAIL SLIGHT REVISIONS IN 2026



Source: Banco de España.

BUT WOULD SIGNIFICANTLY AFFECT THE 2027 FORECAST



Source: Banco de España.

Thank you