

Spain

Economic Outlook

June 2025



GDP will grow as the economy slows
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	2024	2025 (f)	2026 (f)
GDP*	3.2%	2.5% ▼ -0.3 pp	1.7% ▼ -0.1 pp
CPI*	2.8%	2.1% ▼ -0.3 pp	2.0% ▼ -0.1 pp
Unemployment rate**	11.3%	10.6% ▲ +0.2 pp	10.2% ▲ +0.3 pp

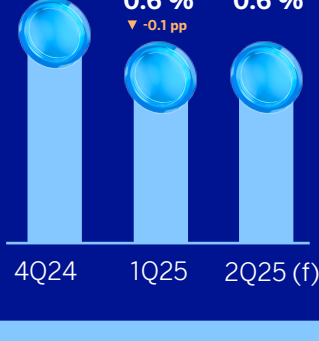
▲ Forecast revised upwards ► Forecast unchanged ▼ Forecast revised downwards
* Average annual variation.
** Mid-term
(f): Forecasts.
Source: BBVA Research based on data from INE.

Growth slows, but remains strong



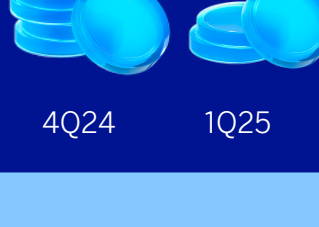
Lower growth in activity than expected in **1Q25** and similar growth in **2Q25**.

QUARTERLY GDP GROWTH



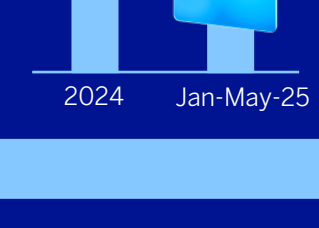
Less contribution of government expenditure

GOVERNMENT EXPENDITURE YEAR-ON-YEAR GROWTH



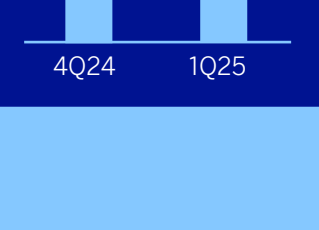
Moderation in services exports

EXPENDITURE ON NON-RESIDENT CARDS YEAR-ON-YEAR GROWTH



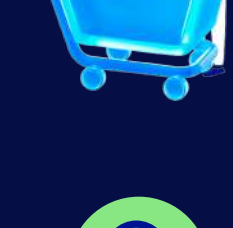
Investment accelerates

INVESTMENT IN MACHINERY AND EQUIPMENT YEAR-ON-YEAR GROWTH



(f) Forecast
Source: BBVA Research from INE and BBVA

Factors that will support economic activity



1

Falling energy prices **will support GDP growth**: 0.4pp in 2025 and 0.1pp in 2026



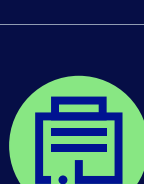
2

The reduction in inflation will allow the improvement of the purchasing power of wages and the reduction of interest rates



3

Credit-intensive sectors (such as construction) **will increase their contribution to growth**



4

Aid to those affected by the flash floods and the increase in defense spending **will boost domestic demand**

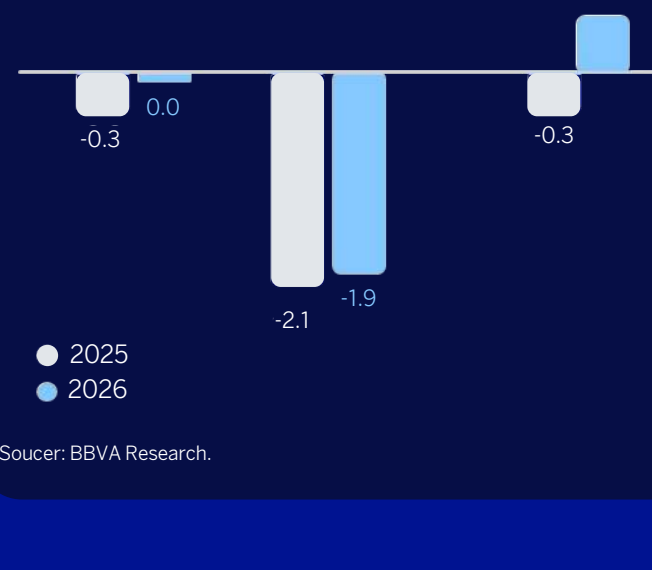


Growth is expected to lose steam



Due to erratic U.S. trade policy, the depreciation of the dollar against the euro will lead to a deterioration in competitiveness

IMPACT OF 10% APPRECIATION OF THE EURO AGAINST THE DOLLAR (PP)



Source: BBVA Research.

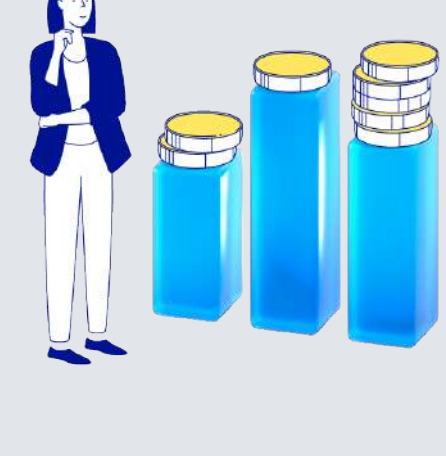
GDP IMPACT OF THE INCREASE OF UNCERTAINTY SINCE MARCH (PERCENTAGE POINTS)



Source: BBVA Research.



Uncertainty about economic policy persists

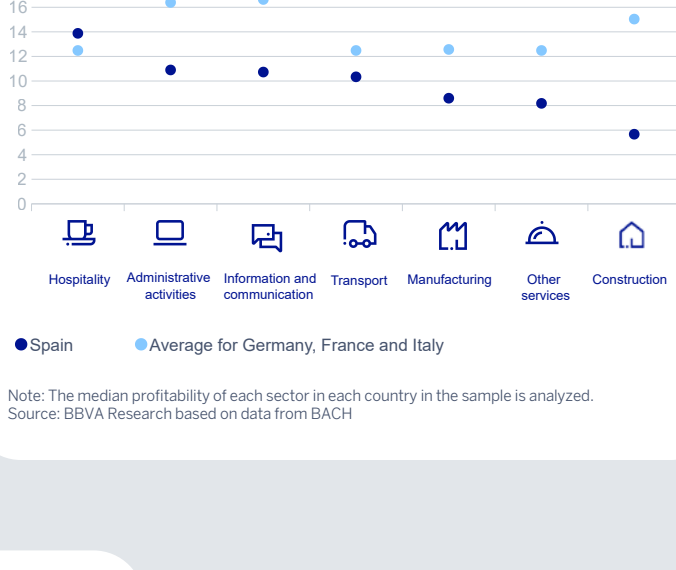


Bottlenecks to growth persist



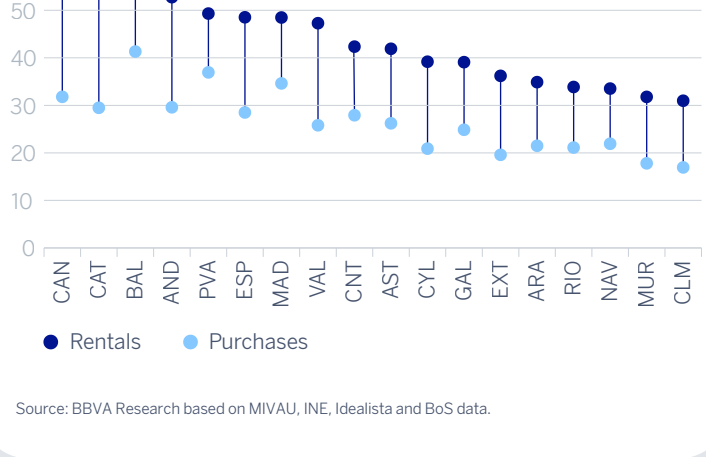
The **low profitability of Spanish companies** may affect investments

PROFITABILITY BY PRODUCTIVE SECTOR IN THE EU IN 2023 (ROE IN PERCENTAGE)



Note: The median profitability of each sector in each country in the sample is analyzed.
Source: BBVA Research based on data from BACH

EXPENDITURE ON RENT AND PURCHASE OF A HOME IN 2024 (% OF HOUSEHOLD SALARY)



Source: BBVA Research based on MIVAU, INE, Idealista and BoS data.



The **difficulty of access to housing** could limit the advance of domestic demand



The **transition rate employment to unemployment remains high** and productivity gains are very low.

QUARTERLY TRANSITIONS TO UNEMPLOYMENT (% OF EMPLOYED PEOPLE, AVERAGE 1Q24 - 4Q24)



APPARENT PRODUCTIVITY OF WORK, BY ETC JOB POSITION (ANNUAL AVERAGE CHANGE IN %)



(f) Forecast
Source: BBVA Research based on data from INE



There is an **increase in uncertainty** of economic policy in recent months

