BBVA Research

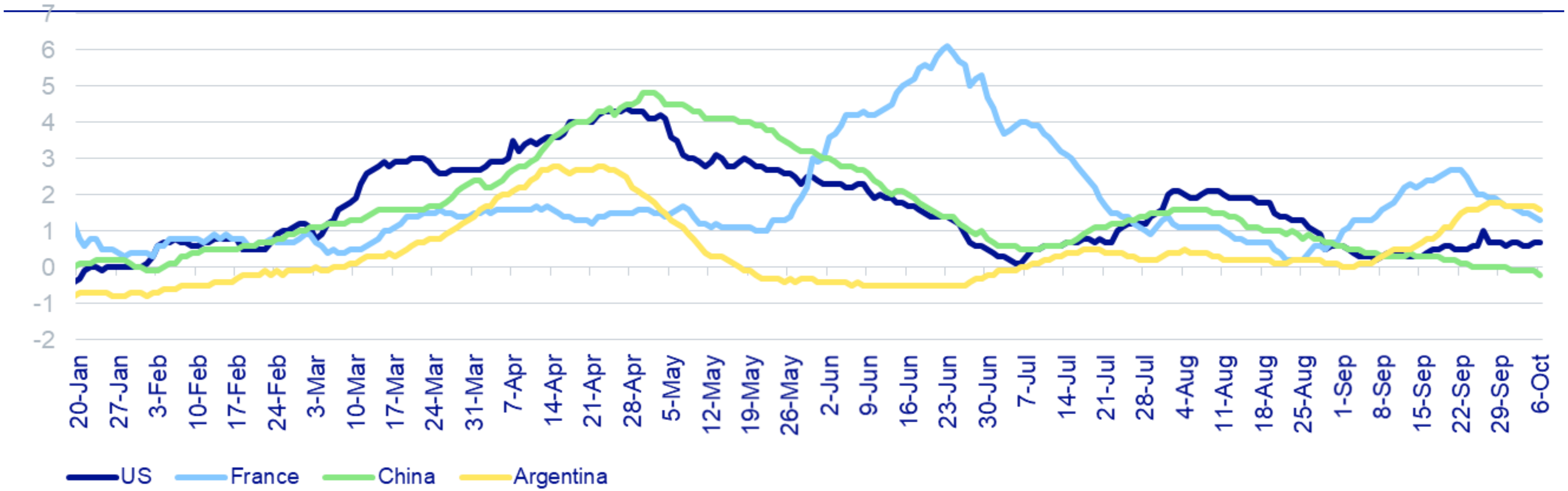
OCTOBER 30, 2025
BEIJING

Global Economic Outlook with a focus on Spain

Global economy: recent developments

Uncertainty remains key, but less than before due to tariffs

ECONOMIC POLICY UNCERTAINTY INDEX (2025): UNITED STATES, FRANCE, CHINA AND ARGENTINA (*)
(INDEX: HISTORICAL AVERAGE = 0; 28-DAY MOVING AVERAGE)

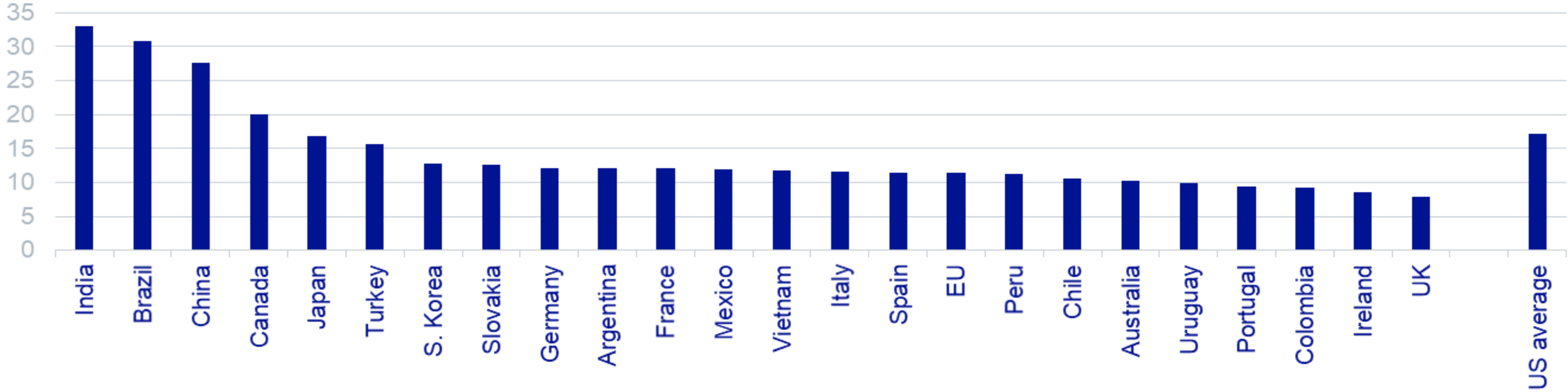


(*) Last available data: October 6, 2025
Source: BBVA Research

Many sources of uncertainty, including geopolitical and political tensions, both global and local play a role across countries

Protectionism: US tariffs have reached high levels, especially for some targeted countries

US TARIFFS: ESTIMATED INCREASE SINCE THE BEGINNING OF 2025 UNTIL OCTOBER 6 (*)
(PP)

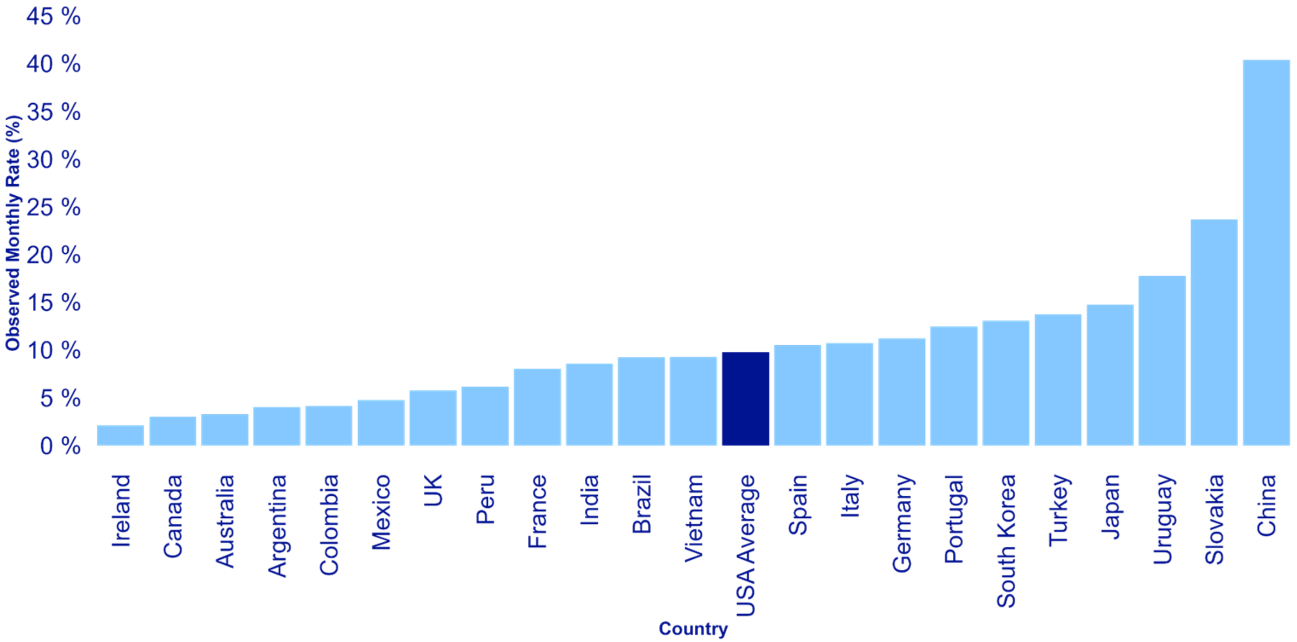


(*) BBVA Research calculation Following recent trade deals and unilateral US announcements. Based on general tariffs set for each country (reciprocal and/or fentanyl), specific tariffs on some sectors (steel, aluminum, automobiles, autoparts, pharma...) and exempted goods (selected electronics, oil...). Sectoral weights are calculated according to 2024 trade flows.

Despite several US trade deals, uncertainty on tariffs remain relevant for investment, as there is an increasing view that is the new toolkit in the US

Preliminary evidence suggests that effective tariffs are mostly below face-value tariffs

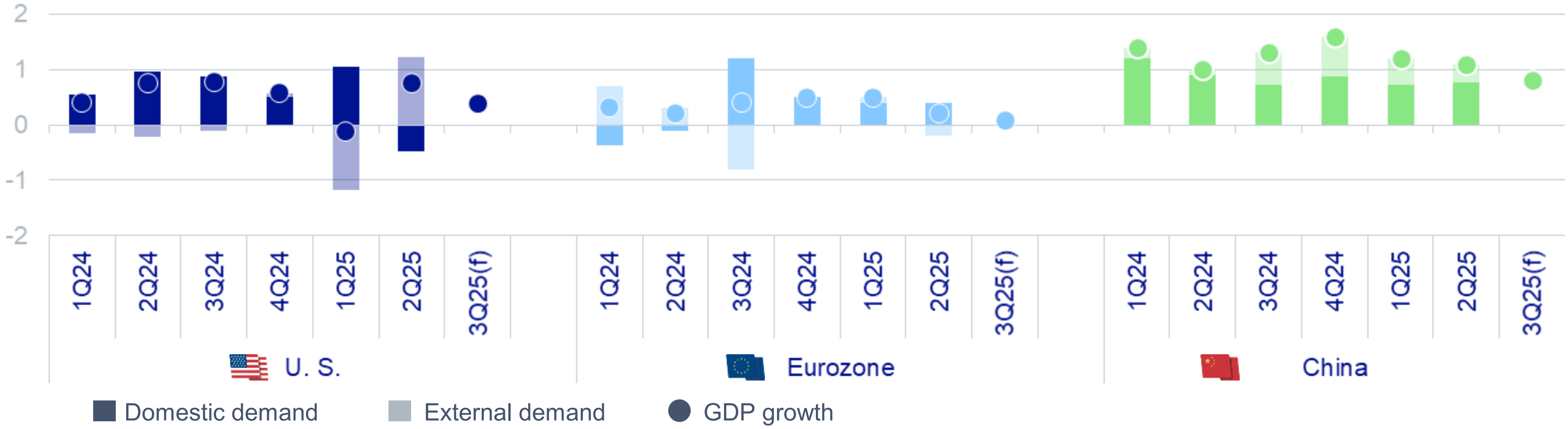
EFFECTIVE TARIFFS: CURRENT LEVEL (JULY 2025), ESTIMATIONS USING US DUTY INFORMATION (%)



Source: BBVA Research based on data from USITC

GDP growth has remained broadly resilient in the first half of the year, with mixed signals

GDP: CONTRIBUTION OF DOMESTIC AND EXTERNAL DEMANDS TO GDP GROWTH (*)
(GDP GROWTH: Q/Q%; CONTRIBUTIONS TO GDP GROWTH: PERCENTAGE POINTS)



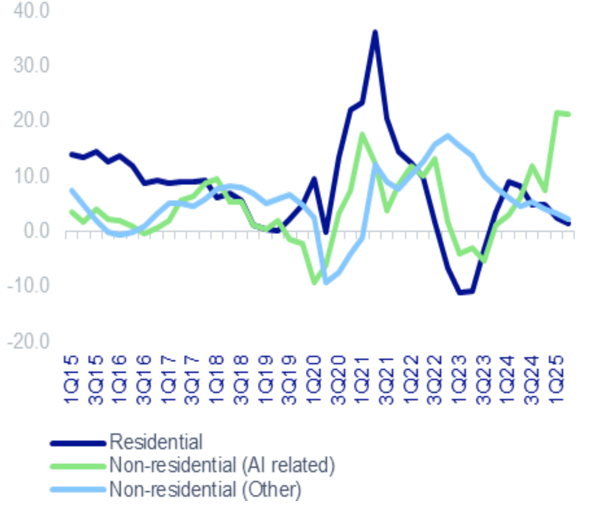
(*) 3Q25 figures: BBVA Research forecasts
Source: BBVA Research based on data from Haver and China's NBS

GDP data surprised upwards in 1H25; consumption has slowed, but remained resilient; investment only really supported by AI spending in the US

US: AI-driven investment is fuelling short-term US GDP growth. Is it sustainable? Will it increase productivity?

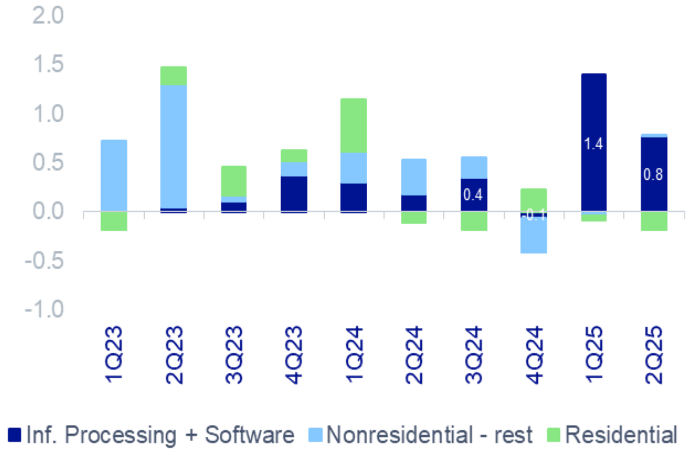
GROSS PRIVATE DOMESTIC INVESTMENT

(Y/Y%, REAL, SA, MOVING AVG. 6 MONTHS)



INVESTMENT EXCL. INVENTORIES

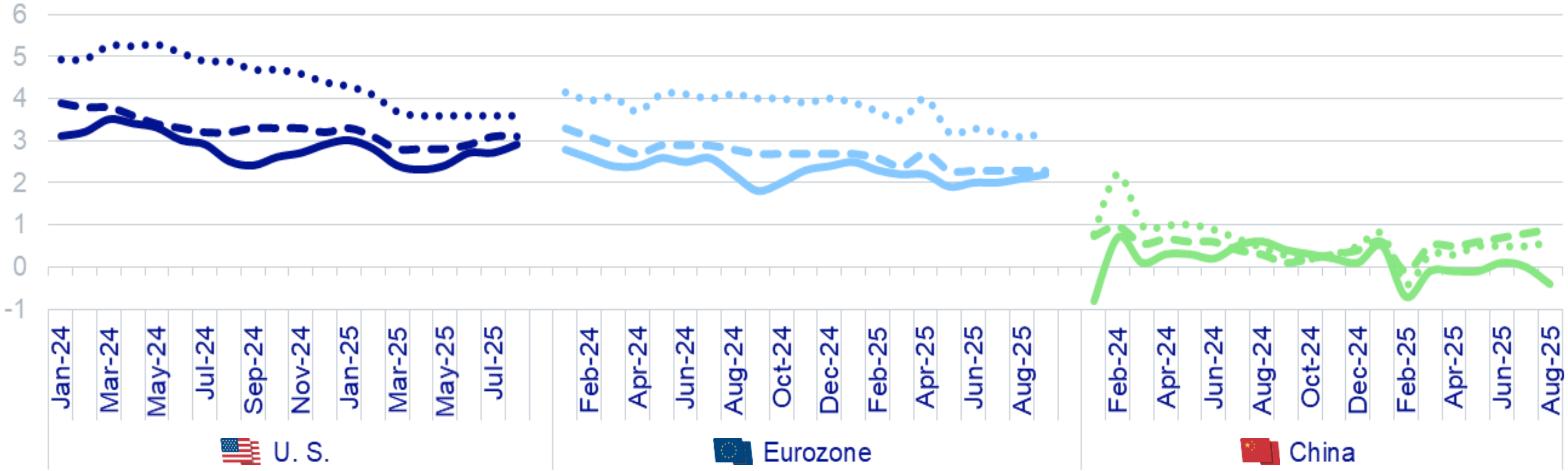
(CONTRIBUTION TO GDP GROWTH, PP)



Source: BBVA Research, based on US BEA

Inflation has risen (but less than expected) in the US; it remains close to 2% in the Eurozone and very low in China

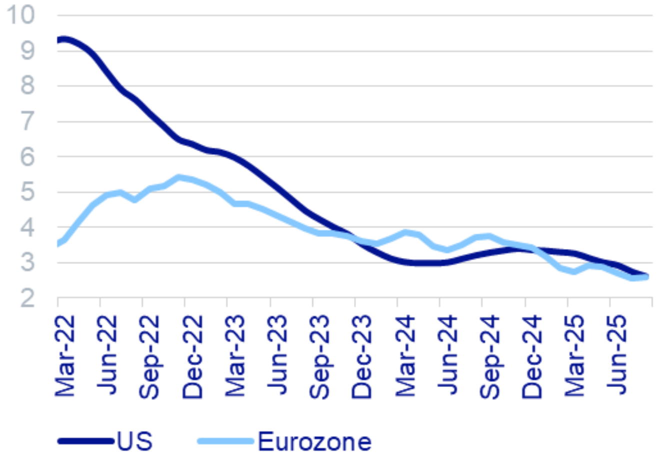
CPI INFLATION: HEADLINE, CORE AND SERVICE
(Y/Y %)



Source: BBVA Research based on data from Haver

Wage moderation and lower energy prices have taken some pressure off inflation

NOMINAL WAGES: INDEED WAGE TRACKER
(Y/Y %, 3-MONTH MOVING AVERAGE)



Source: BBVA Research based on data from Indeed

BRENT PRICES (*)
(USD PER BRENT BARREL)

(*) Last available data: October 6, 2025
Source: BBVA Research based on data from Haver

Wage growth has slowed while oil prices have remained low despite ongoing geopolitical tensions; their effects are helping to offset the initial impact of tariffs

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Global outlook

Unsettling US policies will eventually hit global growth, but impact could be less than expected in the short term

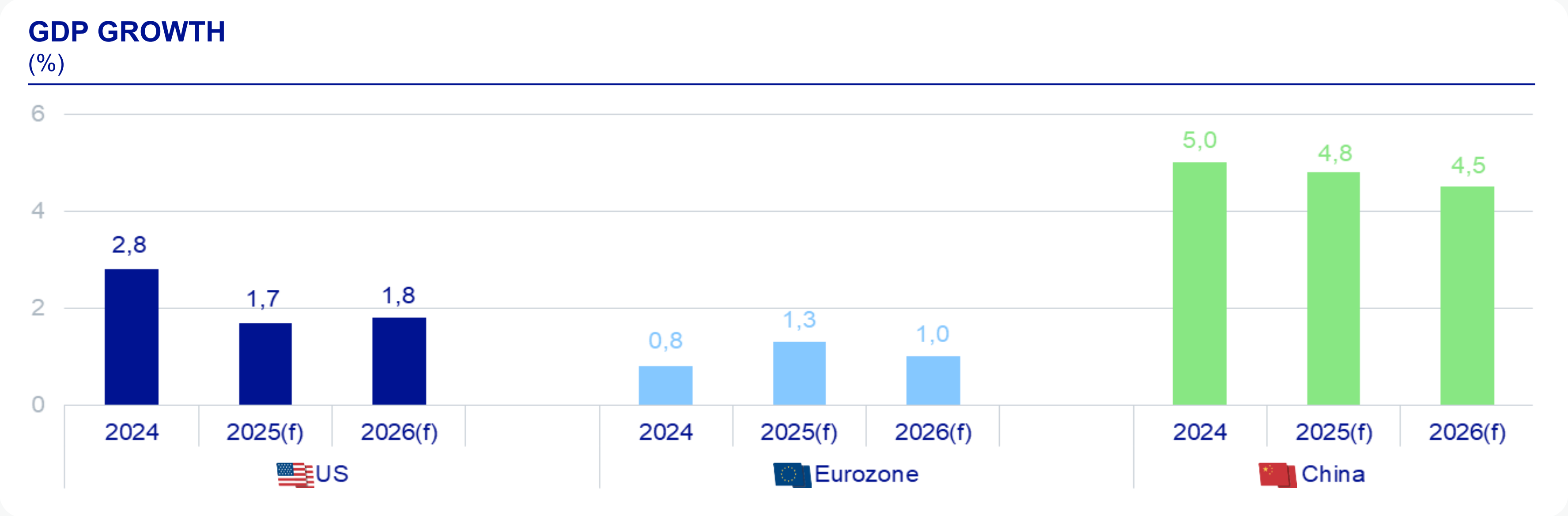
Global resilience, so far, on compensating factors (fiscal stimulus, AI, loose financial conditions), **preemptive exports**, but also **lower effective tariffs**

More disruptive policies: tariffs are the new policy of choice in the US, attacks on institutions and immigration curbs are hard, fiscal deficits will stay high, and geopolitical conflicts remain unresolved.

Global growth will likely slow; policy rates are expected to converge to 3% in the US and remain at 2% in Europe; inflation to remain around 3% in the US, close to 2% in Europe and low in China

Risks are rising; they include more negative supply shocks on tariff uncertainty and discretion, immigration policies,... and stress due to Fed intervention; but also positive risks associated to a strong boom in the AI wave

Global growth is forecast to moderate gradually moving forward, from 3.3% in 2024 to 3.0% in 2025 and 3.1% in 2026

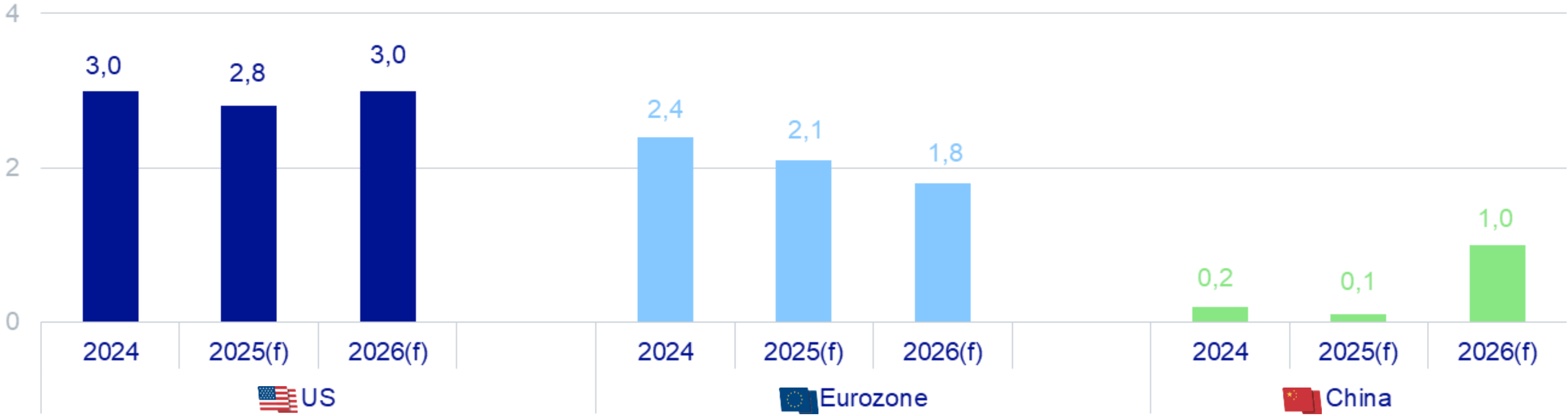


(*) Global GDP grew by 3.3% in 2024 and is forecast to expand by 3.0% in 2025 and 3.1% in 2026, unchanged in comparison to previous forecasts.
(f): forecast.
Source: BBVA Research

In the US, AI explains a lot of growth; in Europe, spending gaining momentum; in China, slowdown with high growth remains in place

Inflation: tariff effects are still expected; mostly unchanged prospects in Europe; lingering downwards risks in China

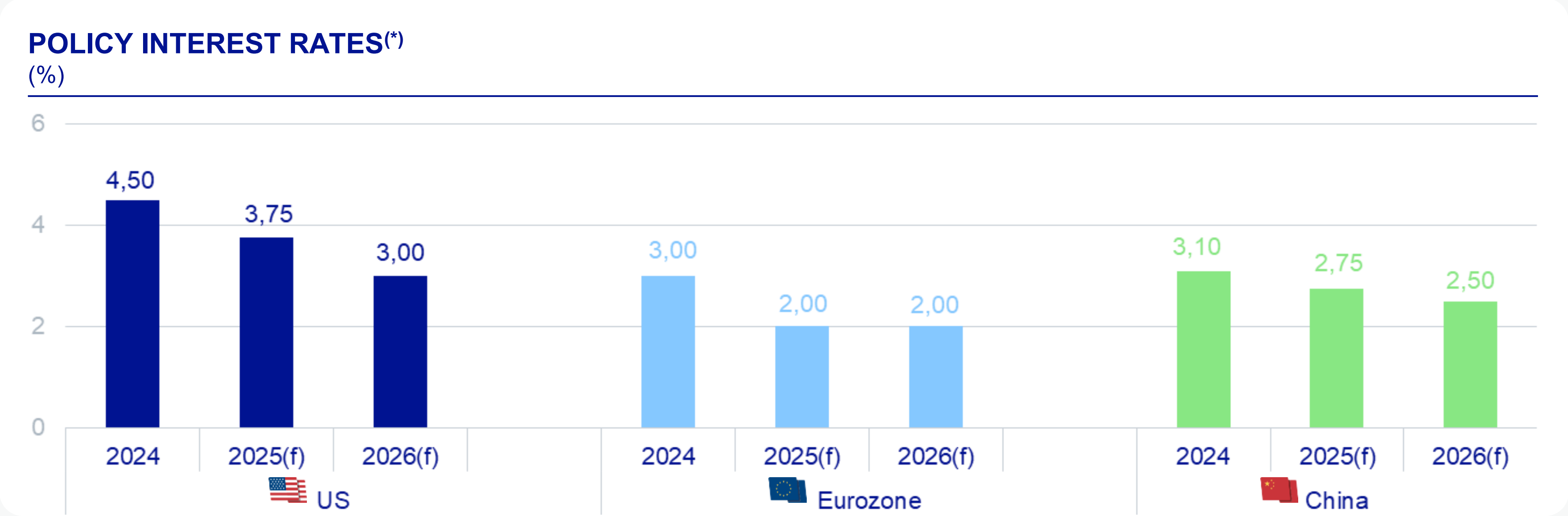
HEADLINE CPI INFLATION
(Y/Y %)



(f): forecast.
Source: BBVA Research

US inflation has remained contained, but tariffs and immigration curbs will keep it around 3%; all ok in the Eurozone and watch for deflation in China

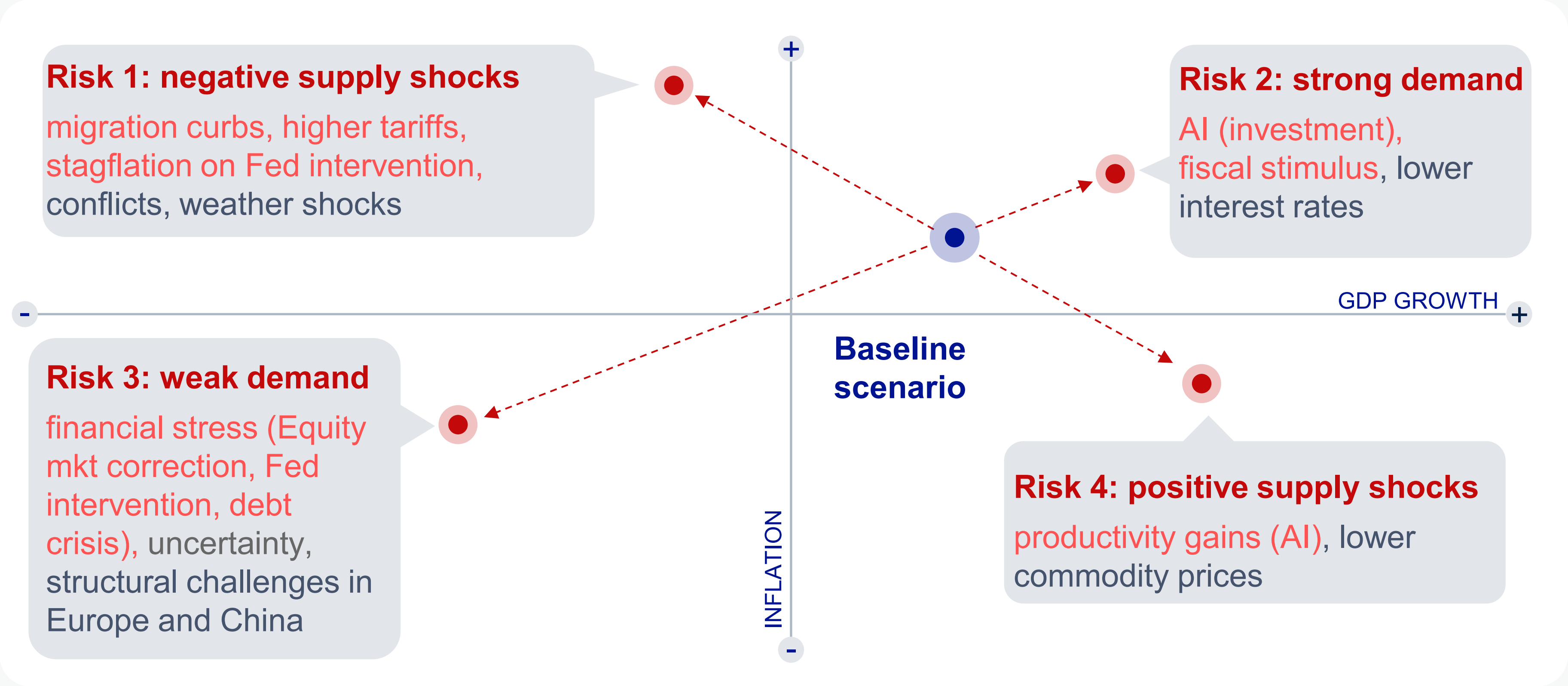
A more dovish Fed will keep easing monetary conditions, likely lowering rates to 3% in 2026; ECB to hold at 2%



(f): forecast.
(*) In the case of the Eurozone, interest rates of the deposit facility.
Source: BBVA Research.

Fed's easing towards 3% might not be possible due to inflation ECB expected to hold rates at 2%, with (diminishing) risk of one more cut; some room in China

Risks are mounting amid heightened uncertainty, recurring shocks, weaker global cooperation: potential non-linearities



Geopolitics matters: the world of power — what's at stake is how the new world order will be reshaped

IN THIS NEW WORLD	US	EUROPE	CHINA
Main leverage	**(i) Global liquidity, safe asset status and deep markets; (ii) consumer of last resort; (iii) military power**	**Strong institutions and rule of law**	**Global producer and focus on new technologies, rare earths**
Need to rebalance	High fiscal deficit/public debt and excessive CA deficit	Current account surplus (ongoing, following mostly GER fiscal expansion)	Current account surplus (far from adjusting due to weak demand)

Global imbalances and the new role of the IMF (External Sector Report)

The growing concerns about geopolitics…

Polarization, political fragmentation and populism	**Protectionism and deglobalization**	**Conflicts, wars and global rivalries**	**From a rules-based world to transactional politics**	**From a Western alliance to uncertain alliances**

… with consequences for many different issues beyond the economic outlook, including:

Regulation and “supervisory” risk scenarios	Financial markets: interest rates, risk premia, currencies	Banking sector	Policies: fiscal, monetary…	Global financial architecture

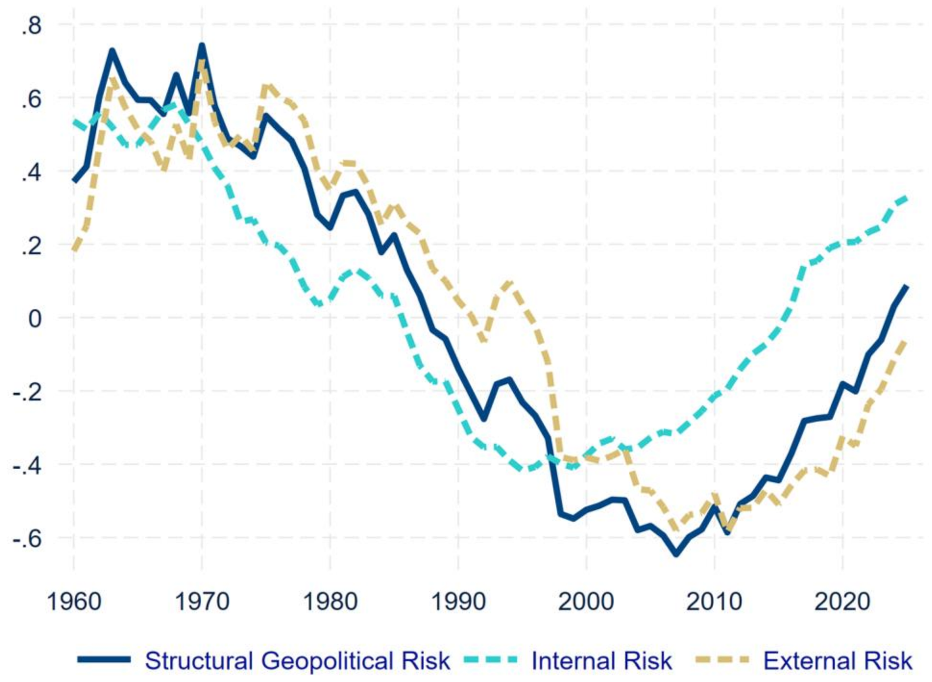
Global structural geopolitical shows that stress has risen since the GFC

Structural Geopolitical Risk (SGR)

Confirming prior beliefs, driven by institutional tensions and military buildups

- The global structural geopolitical stress isat **levels not seen since late 1980s**
- The escalation of **internal risks** seems to ultimately **translate into** an increase in overall **external risk**
- higher SGR levels have significant and persistent effects on **trade, FDI, portfolio flows, credit risk (CDS), sovereign ratings, and long-term rates.**
- **structural geopolitical risk amplifies** the impact short term geopolitical shocks

GLOBAL STRUCTURAL GEOPOLITICAL RISK (SGR) (1960-2024) (GDP WEIGHTED)



Note: total geopolitical risk is calculated by equally-weighting internal and external risk.
Source: BBVA Research.

Europe

The ECB's has reached its inflation target without recession

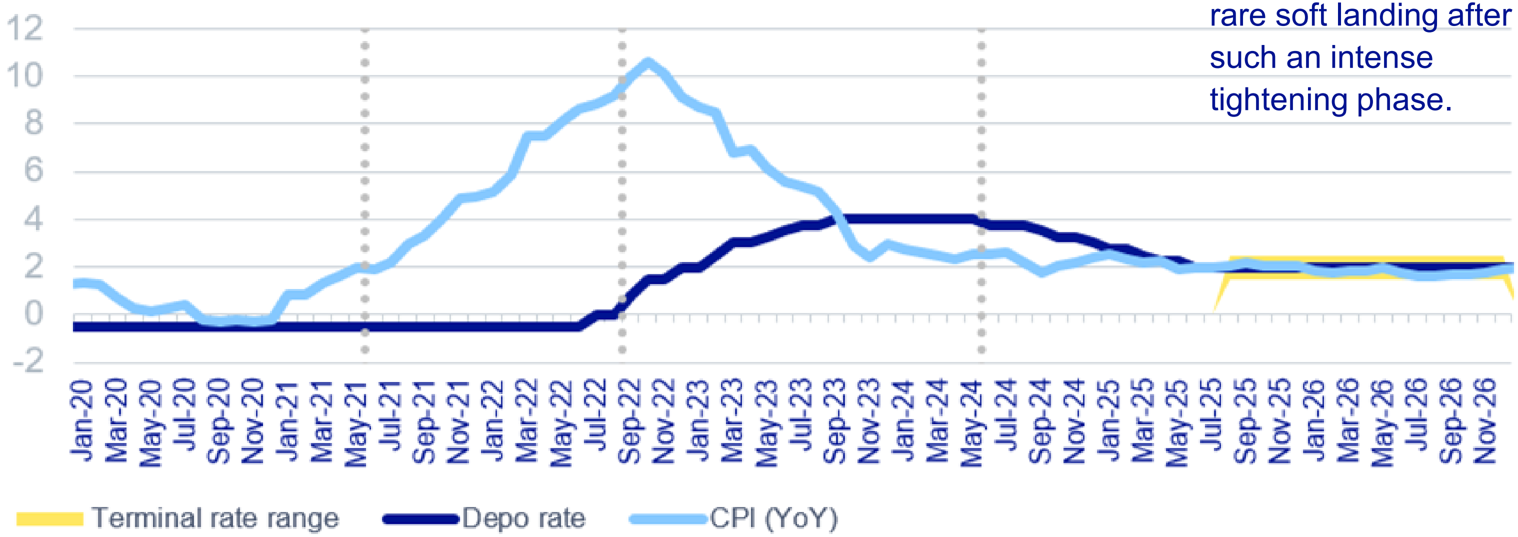
INFLATION AND ECB DEPO RATE WITH FORECASTS (%)

Inflation to record highs: energy, bottlenecks, and post-pandemic imbalances.

Tightening (2022–2023): to restore price stability and anchor expectations.

Easing cautiously ,with a view of real rates at +0.5%

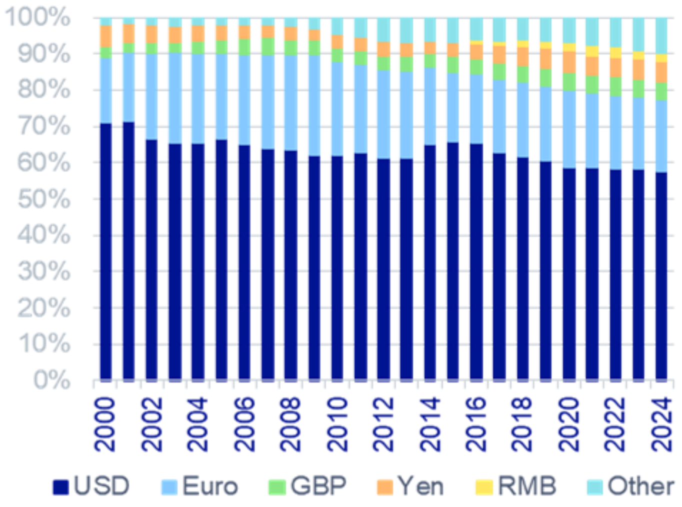
The outcome: Inflation near target, growth remains positive, and a rare soft landing after such an intense tightening phase.



Source: ECB.

Europe can strengthen the euro’s position as a reserve currency, but not to challenge the dollar

FOREIGN EXCHANGE RESERVES (%)



Source: IMF COFER.

A stronger euro enhances **global monetary stability, cuts reliance on foreign currencies**, and **shields** Europe **from FX shocks**

Key priorities to reinforce the euro’s global role

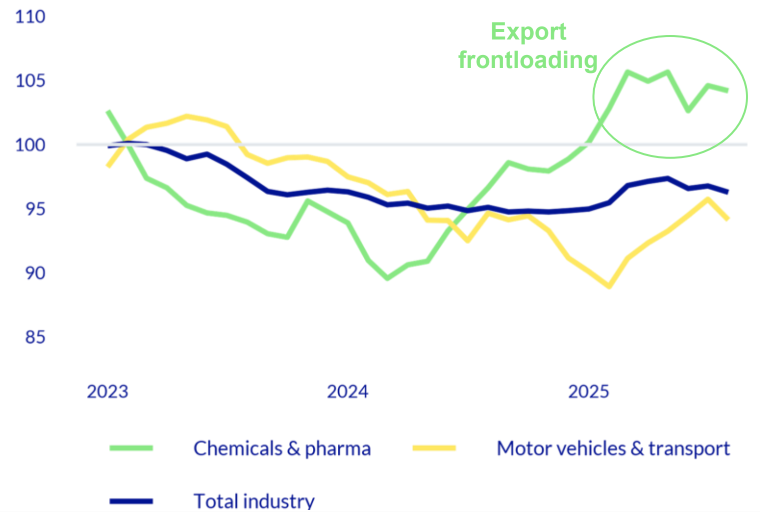
i. **Increase euro-denominated safe assets:** Expand the pool of reliable and liquid euro assets

ii. **Deepen capital markets:** Advance financial integration to make EU markets more attractive and efficient.

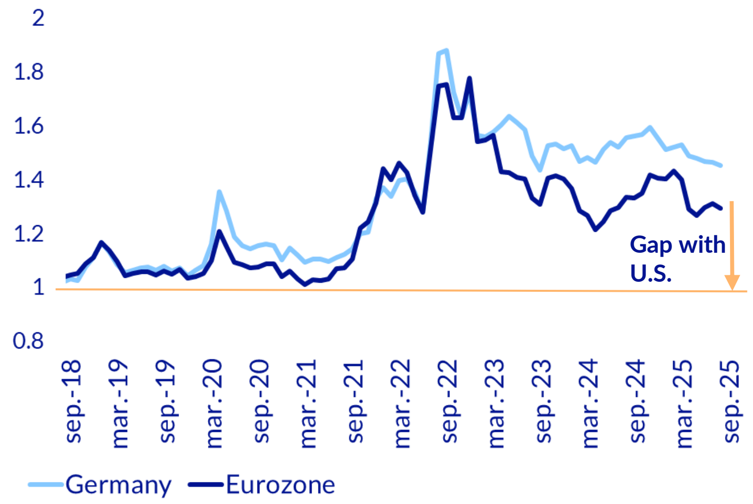
iii. **Boost global euro usage:** Encourage wider use of the euro in international trade and finance.

Energy dependency and a vulnerable industrial sector in the face of competition from Asia and higher tariffs

EZ INDUSTRIAL PRODUCTION, (3-MONTH MOV-AVG, LEVELS 2023 Q1=100)



ENERGY PRICE* IN EUROPE RELATIVE TO UNITED STATES (RATIO, INDEX JAN. 2018 = 1)

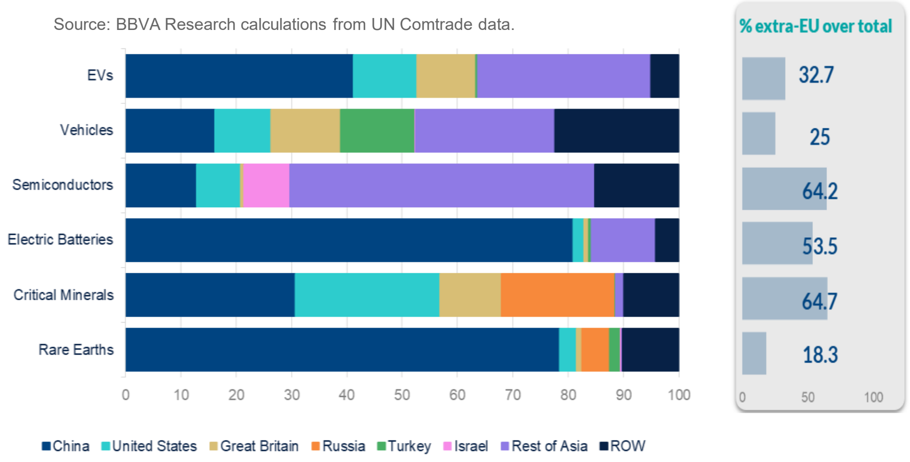


Source: Eurostat, FRED, Refinitiv; *Energy prices refer to energy production prices

The EU is heavily dependent on cleantech imports from China and on exports to the US

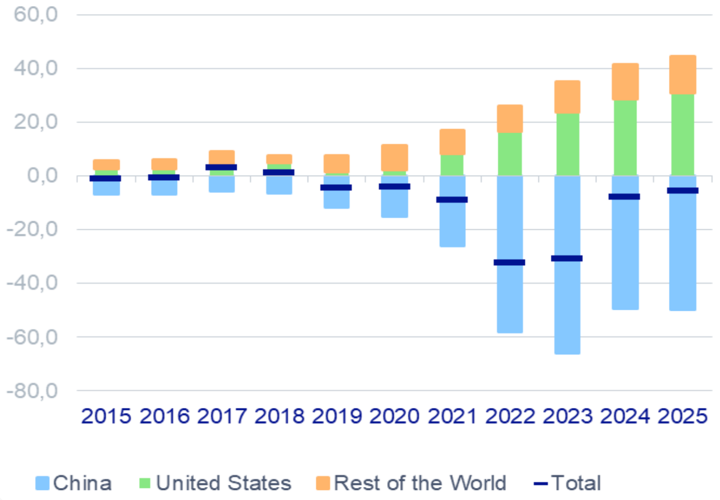
EXTRA-EU EU IMPORTS BY PARTNERS AND PRODUCT (2023)

(% OVER TOTAL EXTRA-UE PRODUCT IMPORTS OF EU)



EUROPEAN UNION CLEAN TECHNOLOGY(*) TRADE BALANCE

(€ BN, 12-MONTHS MOVING SUM, 2025: MAY)



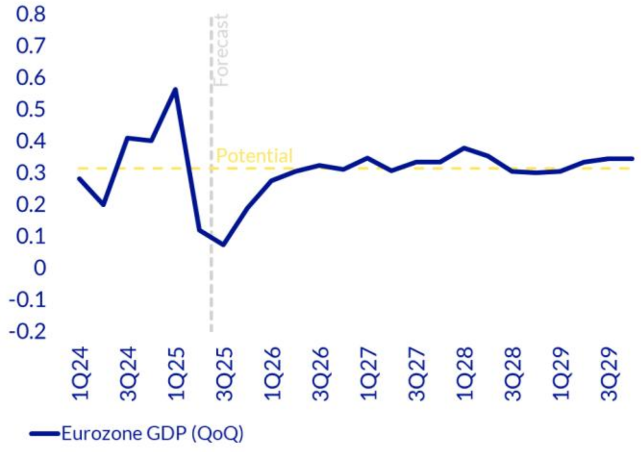
Source: BBVA Research calculations from UN Comtrade data.

(*) Batteries, EV and charging, Geothermal, Heat Pumps, Hydro, Hydrogen, Nuclear, Solar, and Wind

Source: BBVA Research from Bruegel Clean Tech Tracker

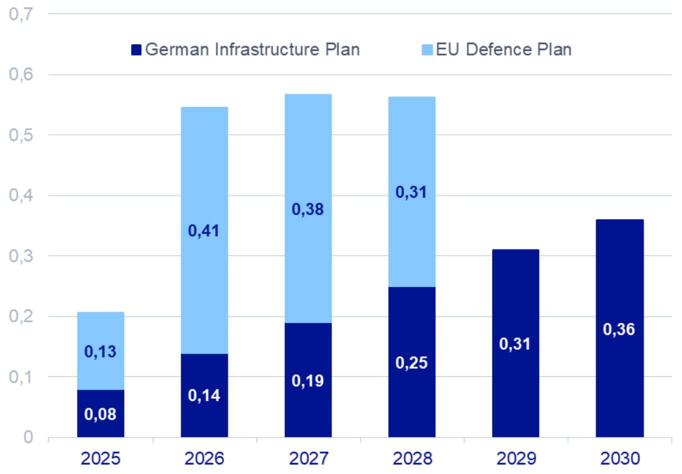
Resilient economy after all, but it will require fiscal support ahead to compensate for higher US tariffs

GDP GROWTH, BBVA FORECAST
(QoQ %)



Source: BBVA Research

EU DEFENCE AND GERMAN INFRASTRUCTURE PLANS (IMPACT ON EZ GDP)



Source: BBVA Research

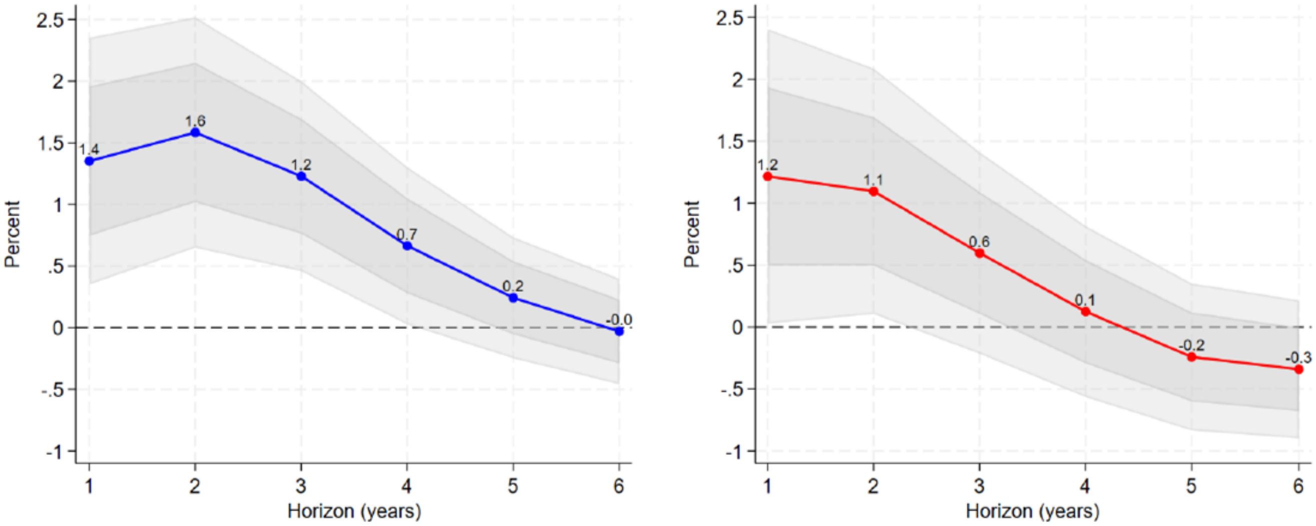
Defense in Europe: Cumulative Fiscal Multipliers

Elevated short-term defence spending multipliers (1.4-1.6), which fade in the medium-term (panel a), resulting in no lasting structural effects on output (panel b)

CUMULATIVE DEFENCE FISCAL MULTIPLIERS

(A) TREND-NORMALIZED OUTPUT

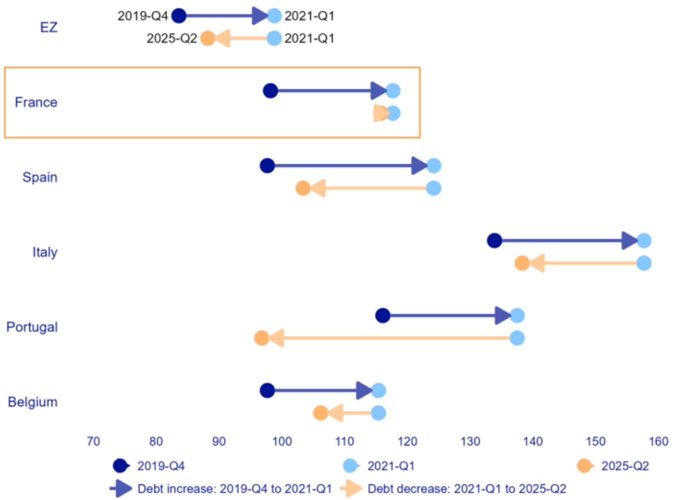
(B) REAL GDP



Note: the estimation sample cover all EU-27 countries from 1995 to 2023 in a annual basis.
Source: García-Serrador, Sarasa-Flores and Ulloa (2025).

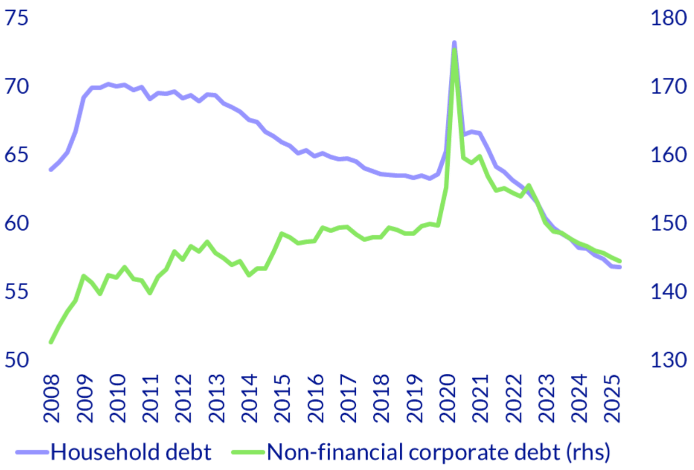
High public debt contrasts with low private leverage and a well-capitalised banking sector

DEBT CHANGES ACROSS EUROZONE (% GDP)



Source: BBVA Research

EUROZONE PRIVATE DEBT (% OF GDP)



Source: BBVA Research

France is now in the spotlight, given resistance to fiscal reforms. Spain and to some extent Italy have performed better than expected on the growth front

Together with the fiscal impulse, the success of structural reforms will be crucial to face major challenges

Productivity
Through digital technology

Financial systems
Capital markets and banking union

Letta report
Relaunch the single market and achieve Savings and Investment Union

Draghi report
Adapting the EU to new technological, energy and geopolitical realities

Investment
Capital markets integration and targeted public finance

Energy transition
Lower prices, lower dependency

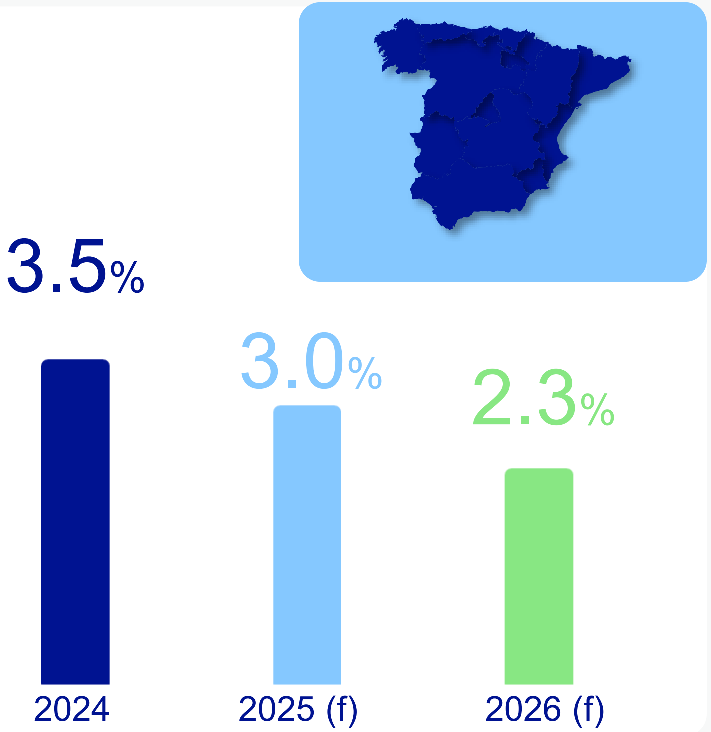
Innovation
From innovation to increase value

Human capital
Increase skills

Research

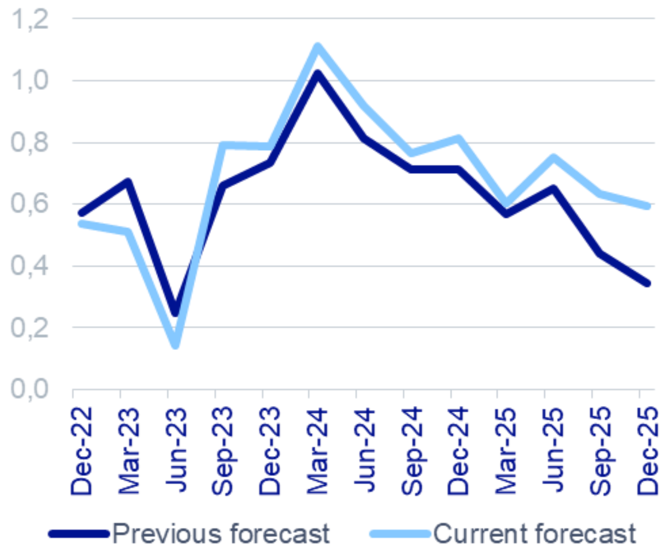
Spain

GDP will decelerate its rate of growth slowly



(f): forecast.
Source: BBVA Research, based on INE data.

QUARTERLY GDP GROWTH
(%)

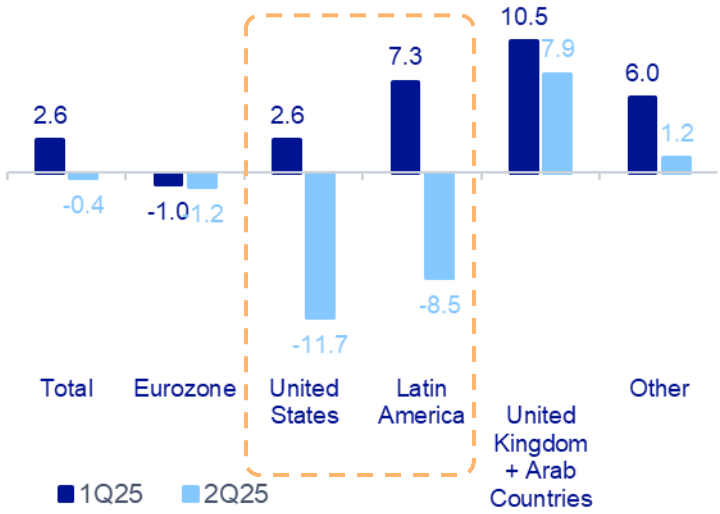


Source: BBVA Research.

Factors that will support economic activity

Increased trade with other areas offsets the impact of higher tariffs

SPANISH EXPORTS OF GOODS
(TOTAL CHANGE % Y/Y)



SPANISH IMPORTS OF GOODS
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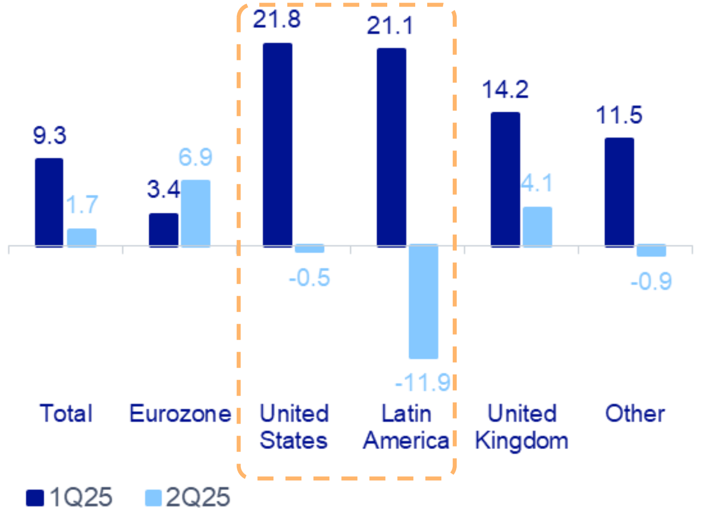


Note: Arab countries include: Morocco, Algeria, Tunisia, Libya, Egypt, Sudan, Mauritania, Djibouti, Somalia, Comoros, Lebanon, Syria, Iraq, Jordan, Saudi Arabia, Kuwait, Bahrain, Qatar, United Arab Emirates, Oman, Yemen.
Source: BBVA Research, based on Haver.

Factors that will support economic activity

Services exports slow, but growth will be similar to GDP

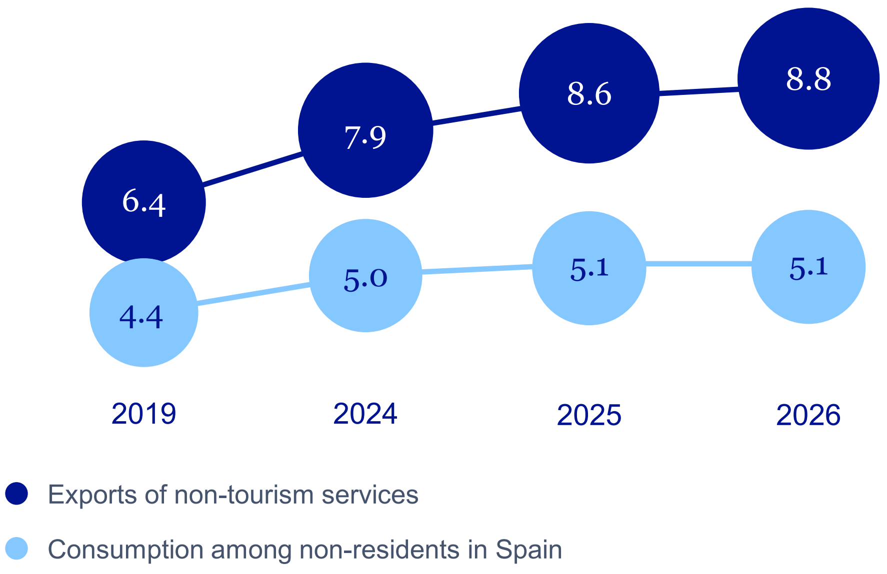
Change in European Household Preferences

Deseasonalization of tourism

Increased investment in the sector

Increase in labor force (immigration)

SERVICES EXPORTS AS A PERCENTAGE OF GDP

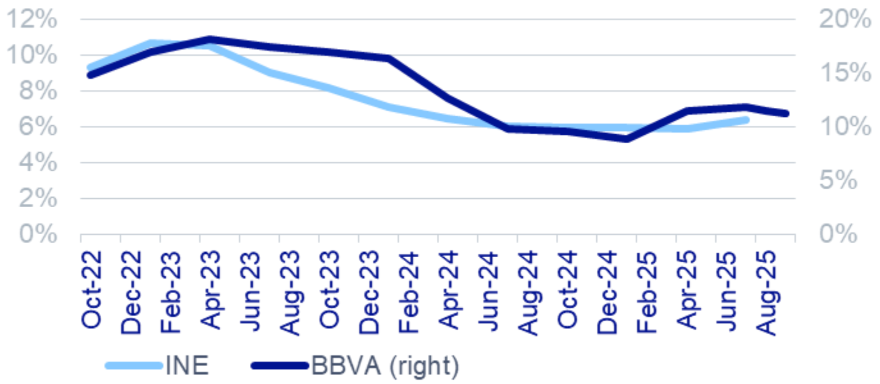


Source: BBVA Research, based on INE data.

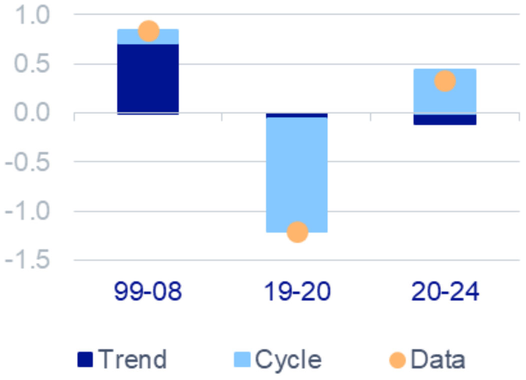
Factors that will support economic activity

Ongoing immigration and rising labor force participation

FOREIGN POPULATION AGED 20 YEARS OR OLDER
(YEAR-ON-YEAR CHANGE IN PERCENTAGE)



CONTRIBUTIONS TO THE YOY CHANGE IN THE EMPLOYMENT RATIO
(PERCENTAGE AND PERCENTAGE POINTS)



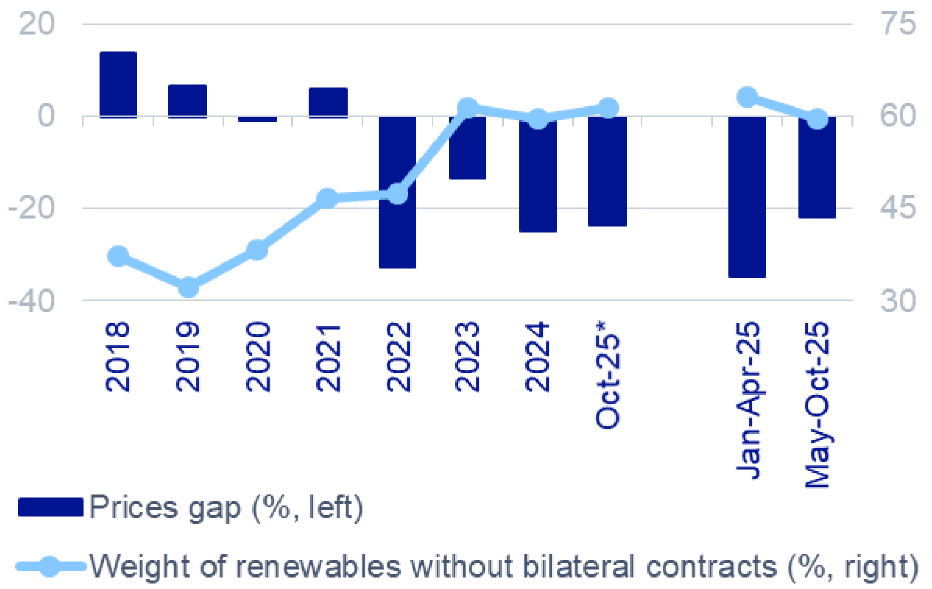
BBVA's indicator is constructed from the number of customers with foreign nationality or dual nationality. Nationality is determined by the country of origin and the type of document (DNI or NIE).
Source: BBVA Research, with data from INE and BBVA.

The increase in the employment ratio after the pandemic is being driven by a rise in labor market participation, especially among the Spanish population but also foreign residents aged 25 to 54

Factors that will support economic activity

There has been an improvement in the terms of trade due to falling energy prices

WHOLESALE ELECTRICITY PRICE GAP AND WIND AND SOLAR ENERGY SHARE IN THE ELECTRICITY MIX
(% OF EUROPEAN MEDIAN, LEFT; %, RIGHT)

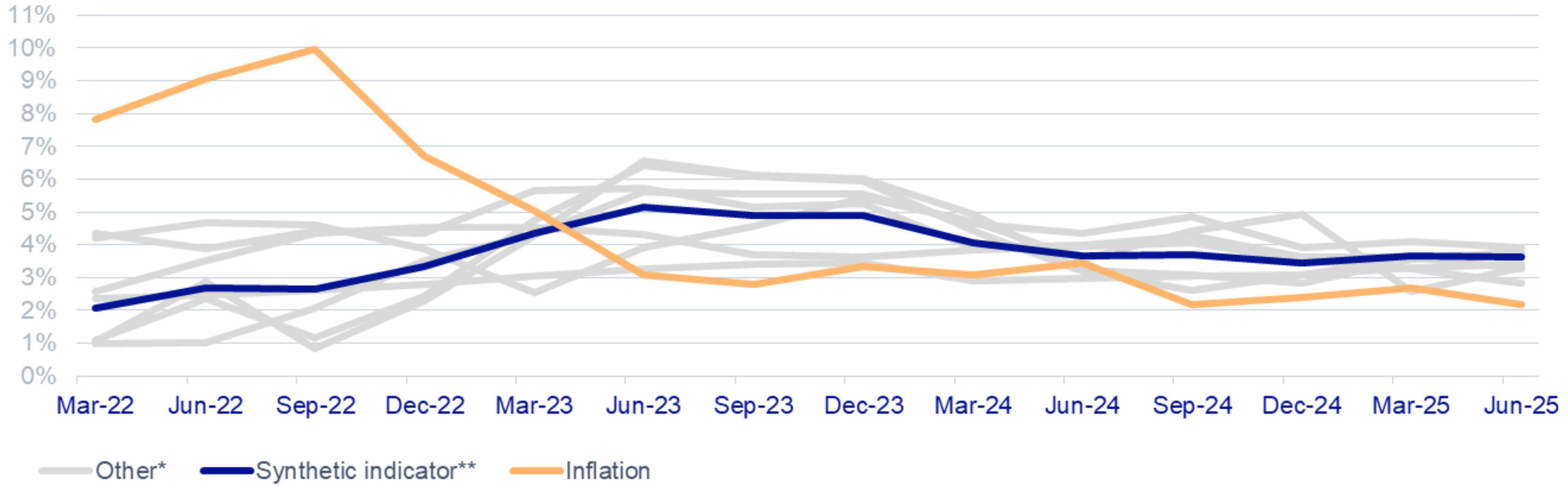


*Accumulated twelve months until Aug-25.
Source: BBVA Research from Ember.

Factors that will support economic activity

Domestic consumption will continue to be supported by the improvement in real wage income

LABOR COST AND INFLATION INDICATORS
(YEAR-ON-YEAR CHANGE IN PERCENTAGE. (CVEC DATA)

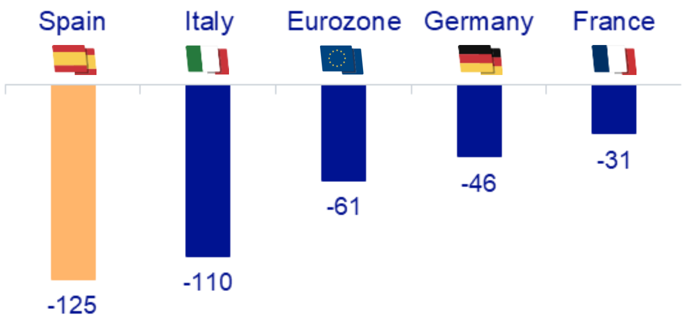


* Unit labor cost (ULC) per employee, ULC per hour worked, total cost per worker, total cost per hour worked, salary agreed in collective bargaining agreement, gross remuneration per worker in large companies and Indeed Wage Tracker.
** First main component of the series of unit labor costs, total costs, salary agreed in collective agreement and gross remuneration per worker.
Source: BBVA Research based on AEAT, INE, Ministry of Labour and Social Economy and Indeed Hiring Lab.

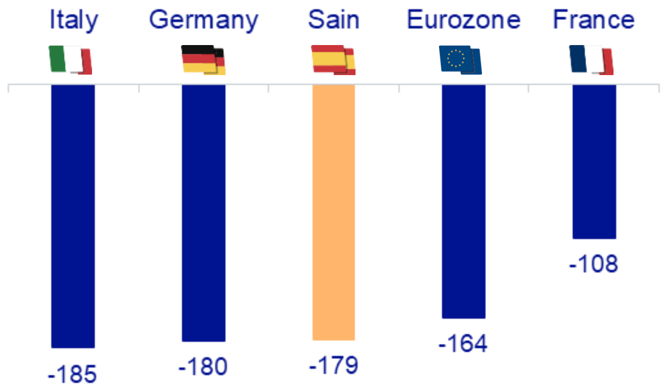
Factors that will support economic activity

Monetary policy will be moderately expansionary

INTEREST RATE: NEW MORTGAGE LENDING TO HOUSEHOLDS
(CHANGE FROM SEP-23 TO SEP-25. BASIS POINTS



INTEREST RATE: NEW LENDING TO COMPANIES
(CHANGE FROM SEP-23 TO SEP-25. BASIS POINTS



Source: BBVA Research, based on BCE data.

In line with the scenario presented by BBVA Research three months ago, the ECB cut the deposit interest rate to 2 % and could start a prolonged pause, conditioned by tariff and fiscal measures. Although the cycle of cuts is expected to have come to an end, rates will remain at relatively low levels, which could continue to boost new credit growth

Factors that will support economic activity

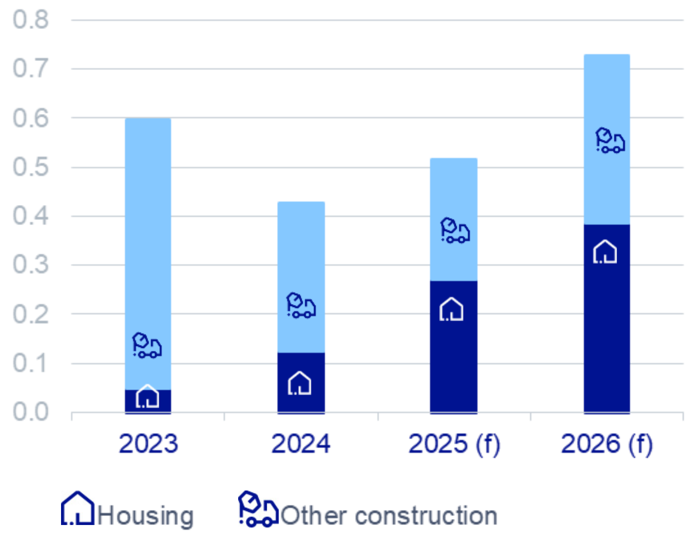
The construction sector will make an increasing contribution to growth

- The growth in demand and some of the measures announced to accelerate the increase in supply will allow **residential investment to increase its contribution to the growth in activity.**

- **The expansion of this component of domestic demand could reach 4.1 % in 2025 and 6.8 % in 2026.** The increase in prices is acting as a catalyst for investment in the sector and there has been a pick-up in new building permits.

- The government has announced the **PERTE housing program, whose target of 15,000 industrialized housing units** per year is ambitious (4,000 are currently produced).

CONTRIBUTION OF INVESTMENT IN CONSTRUCTION TO GDP GROWTH (PERCENTAGE POINTS)

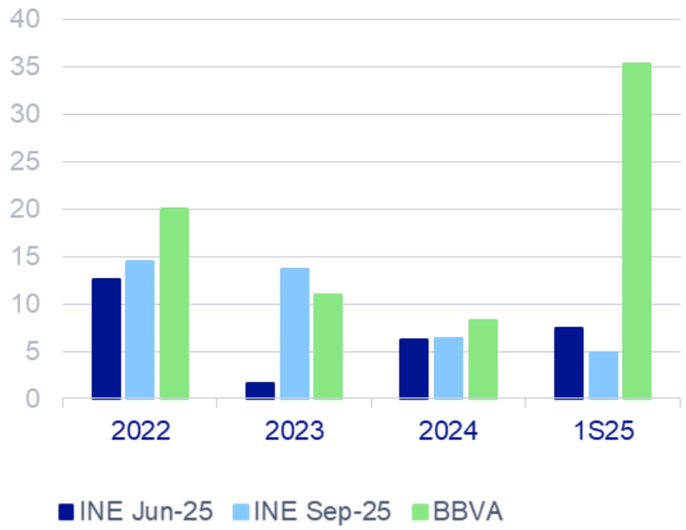


(f): forecast.
Source: BBVA Research, based on INE data.

Factors that will support economic activity

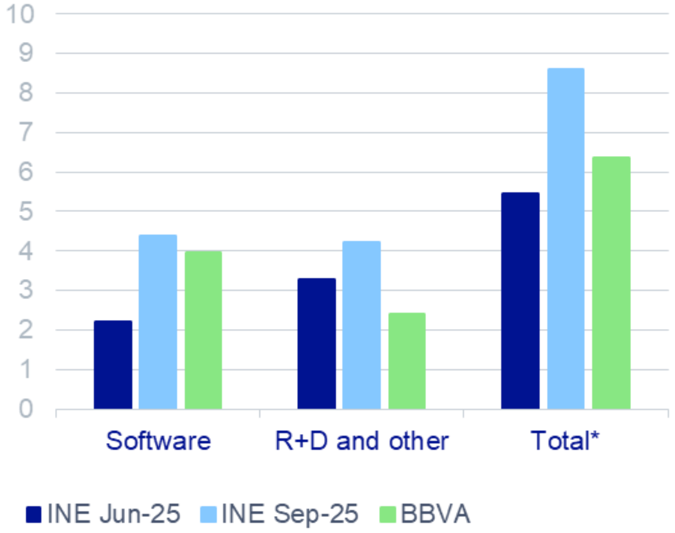
Investment in intangible assets is revised upward

INVESTMENT IN INTANGIBLES BBVA VS. INE
(NOMINAL ANNUAL GROWTH, NOT CVEC, PERCENTAGE)



Source: BBVA Research, based on INE data.

INVESTMENT IN INTANGIBLES BBVA VS. INE
(NOMINAL ANNUAL GROWTH AND CONTRIBUTION BY TYPE OF ASSET, NOT CVEC, PERCENTAGE, 2020-2024)

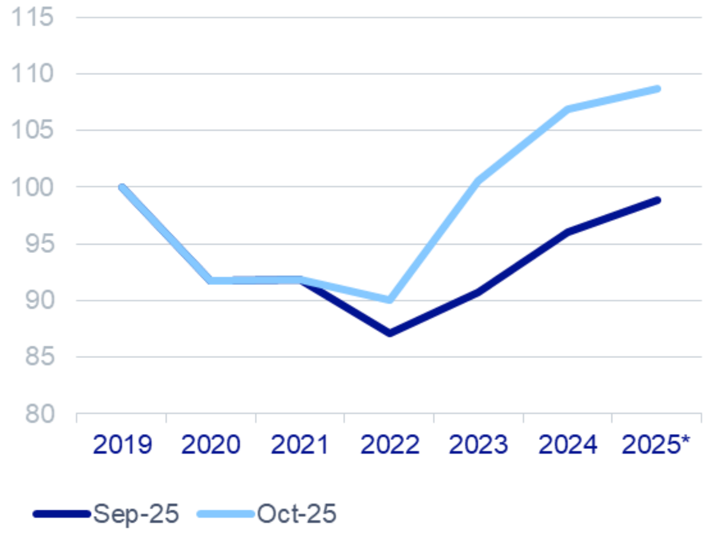


Source: BBVA Research, based on INE data.

Factors that will support economic activity

The execution of the NGEU funds could accelerate over the coming months as the deadline approaches

INVESTMENT IN OTHER CONSTRUCTION
(2019=100)



* Data at the end of 1H25.
Source: BBVA Research, based on INE data.

IMPACT OF NGEU ON ANNUAL GDP GROWTH
(PERCENTAGE POINTS)

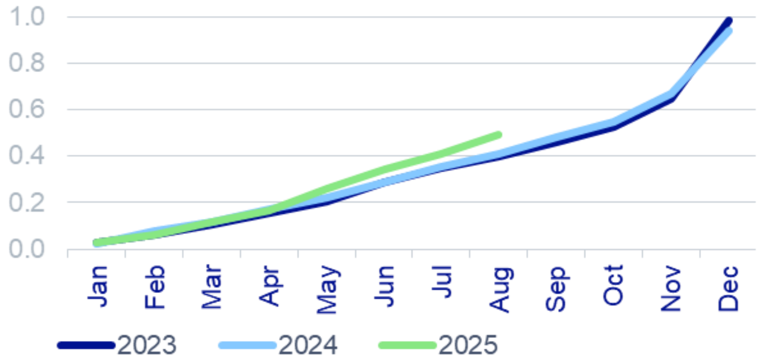
Source: BBVA Research.

Factors that will support economic activity

Defense spending could contribute to growth, especially if it ends up having a low import content

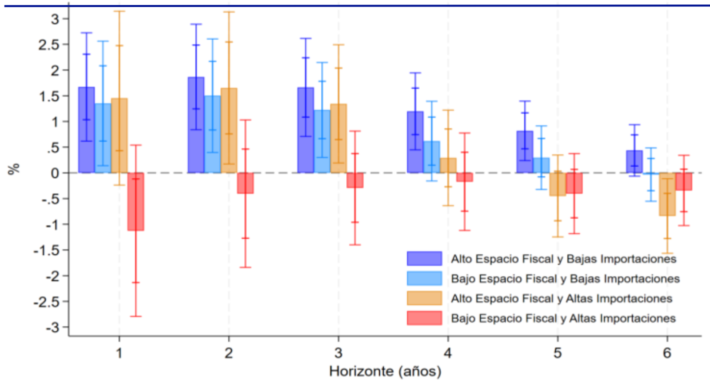
PGE: DEFENSE SPENDING

(RECOGNIZED OBLIGATIONS. % OF GDP)



Source: BBVA Research from the Ministry of Finance.

DEFENSE SPENDING MULTIPLIERS IN EUROPE ACCORDING TO THE DEGREE OF FISCAL SPACE AND IMPORT CONTENT



Source: BBVA Research.

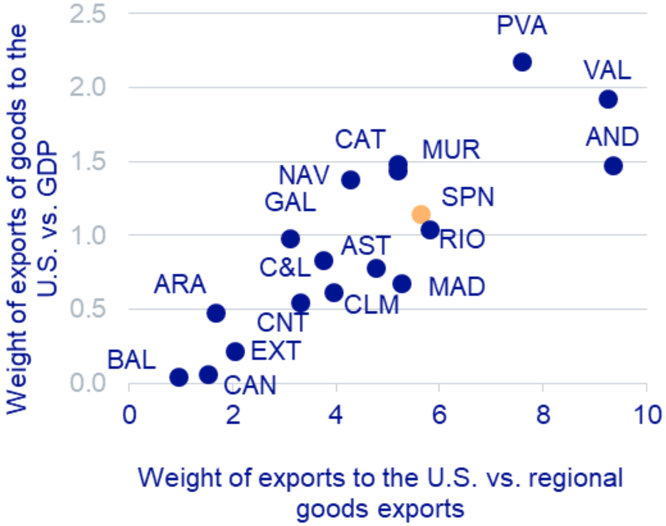
The available data on the execution of the General State Budget points to a certain acceleration in defense spending, particularly since May 2025. The increase in the remuneration of military personnel and, above all, capital transfers to other bodies (and in particular to the CNI or the Spanish Space Agency, to strengthen cybersecurity and international cooperation) are behind this boost in defense spending

Bottlenecks to growth persist

Tariff hikes and the appreciation of the euro will continue to weigh on progress

EXPORTS OF GOODS TO THE UNITED STATES BY AUTONOMOUS COMMUNITY

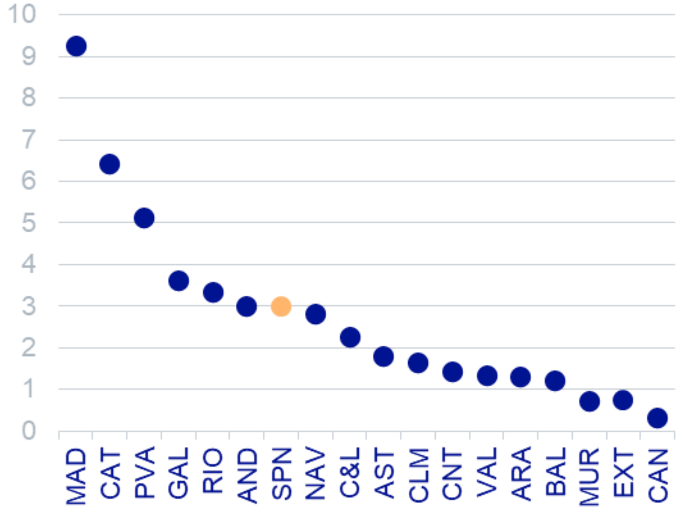
(%, 2024)



Source: BBVA Research based on DataComex.

HOTEL OVERNIGHT STAYS OF U.S. RESIDENTS BY AUTONOMOUS COMMUNITY

(% OF TOTAL HOTEL OVERNIGHT STAYS, 2024)



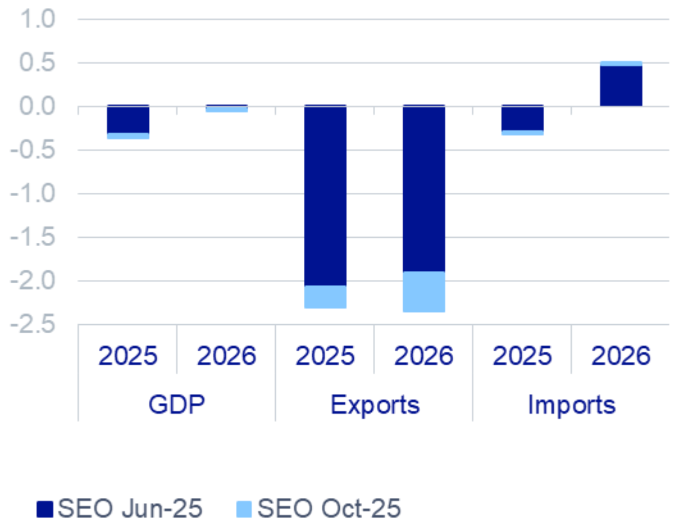
Source: BBVA Research based on DataComex.

Bottlenecks to growth persist

The euro has appreciated more than expected, which may affect competitiveness

- **The significant appreciation of the euro** against the dollar could knock more than 2.0 pp off the growth of Spanish exports in 2025 and 2026, respectively.
- It also adds credence to the idea that **the cost of exporting to the United States will be much more expensive** from now on, which would lead to reduced trade with this country.
- The **measures announced by the Government of Spain** to alleviate the effects of the tariff hikes replicate a roadmap that proved successful during the pandemic.

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

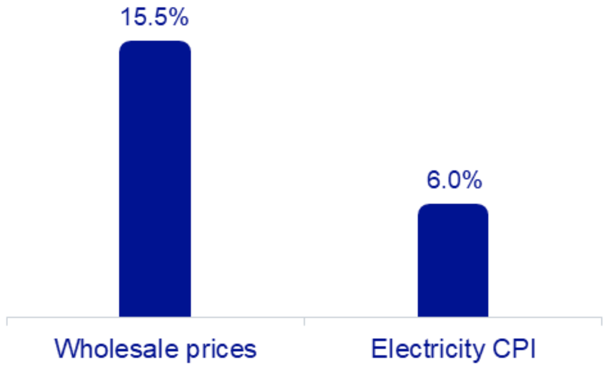


Source: BBVA Research.

Bottlenecks to growth persist

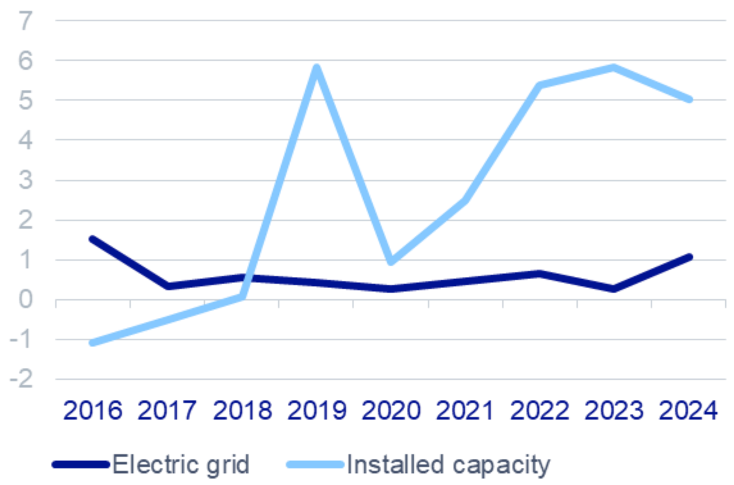
Sustaining competitiveness improvements related to the cost of electricity requires additional investments

INCREASE IN THE PRICE OF ELECTRICITY SINCE APRIL
DATA FROM CVEC, %)



Source: BBVA Research based on Red Eléctrica and INE.

EVOLUTION OF INSTALLED CAPACITY AND EXTENSION OF THE POWER GRID
(NETWORK KM AND MW/H OF CAPACITY, YEAR-OVER-YEAR GROWTH IN %)



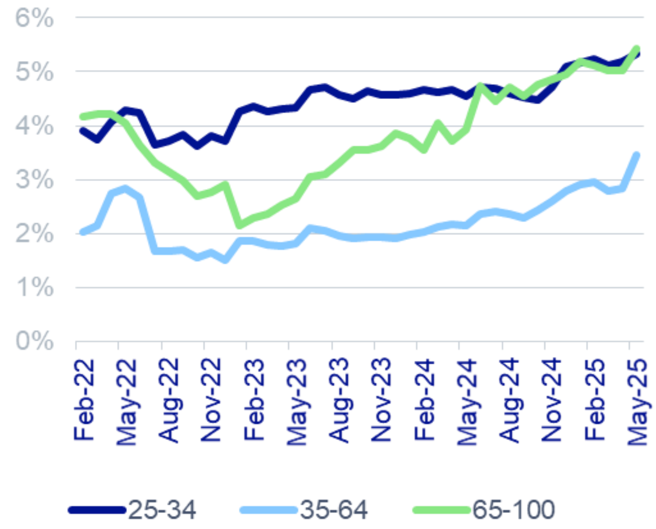
Source: BBVA Research based on data from RE.

Bottlenecks to growth persist

Household savings remain relatively high, and investment relatively low

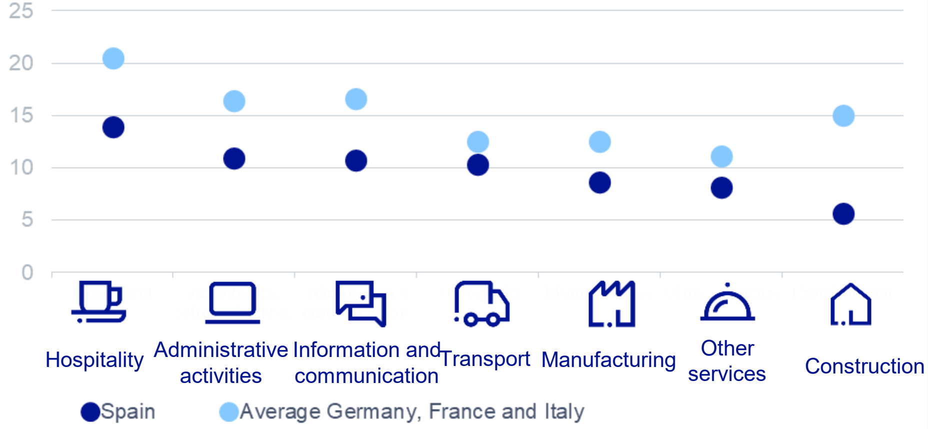
SAVINGS CAPACITY BY AGE

(MEDIAN, BBVA CUSTOMER DATA)



PROFITABILITY BY PRODUCTIVE SECTORS IN THE EU IN 2023

(ROE IN PERCENTAGE)



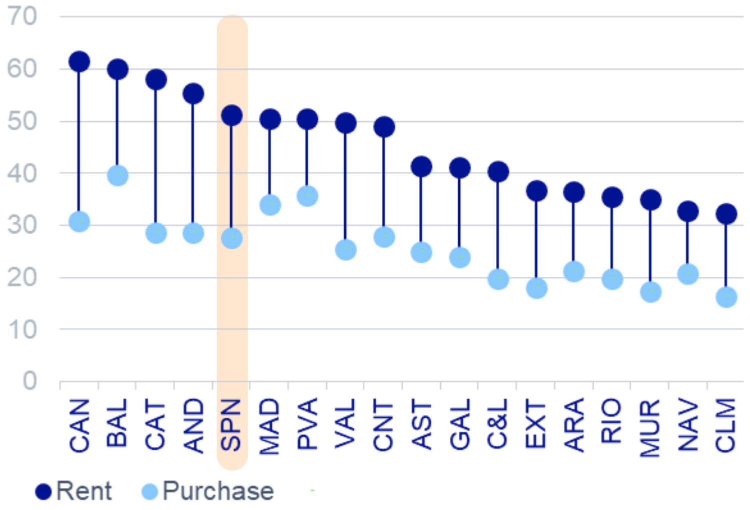
Real savings capacity: ratio of the difference between positive movements (income) and negative movements (expenses) in the account (including financial items), divided by total positive movements (income).
Source: BBVA Research.

Note: the median RoE (return on equity) of each sector in each of the countries in the sample is analyzed.
Source: BBVA Research, based on BACH data.

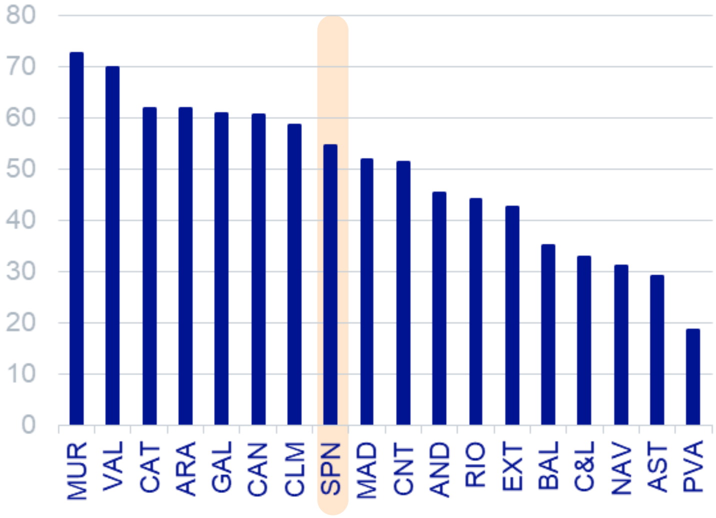
Bottlenecks to growth persist

The housing market will continue to limit the growth in domestic demand

HOUSING ACCESS EFFORT IN 2024
(% HOUSEHOLD WAGE INCOME)



HOUSING DEFICIT BY AUTONOMOUS COMMUNITY BETWEEN 2021 AND 2025* (% OF HOMES CREATED)



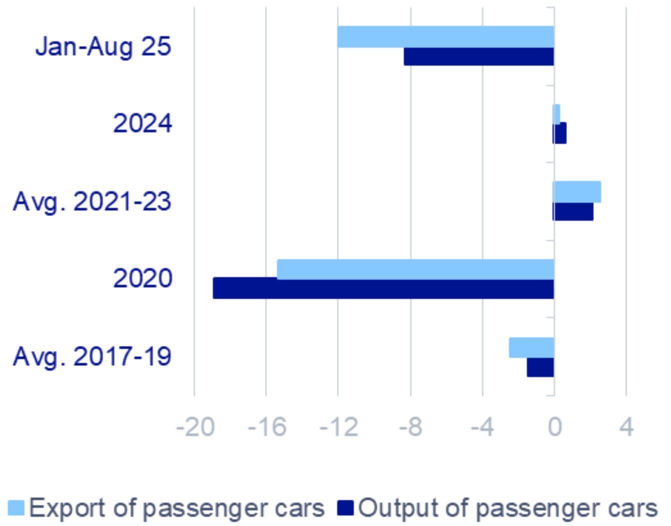
Source: BBVA Research, based on MIVAU, INE, Idealista and BdE.

*Forecast of completed homes and housing units created in 2025.
Source: BBVA Research based on MITMA and INE.

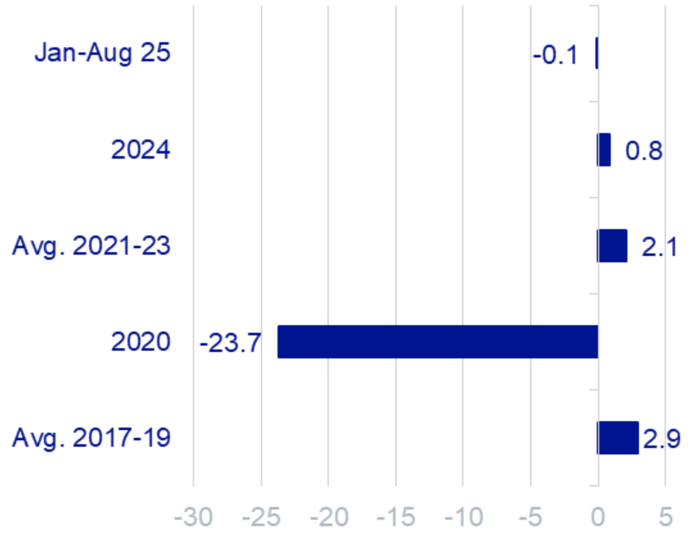
Bottlenecks to growth persist

Different factors restrict the growth of activity in the automotive sector

SPAIN: CAR PRODUCTION AND EXPORTS
(YOY CHANGE IN %)



PASSENGER CAR REGISTRATIONS IN THE EU27 (ANNUAL CHANGE IN %)



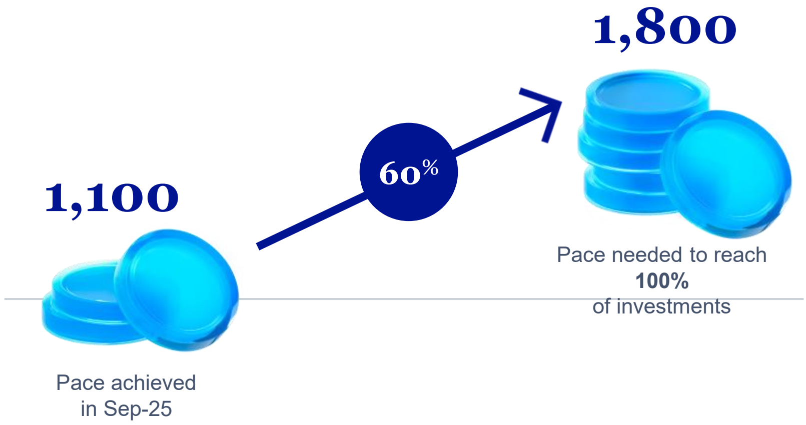
Source: BBVA Research based on ANFAC and ACEA.

Bottlenecks to growth persist

Implementation of the Recovery Plan is moving forward, but it is not enough

- **The average monthly rate** of grants and tenders carried out under the Recovery Plan stood at **€1.1 billion in September 2025.**
- If this pace is maintained, by the end of the Plan, August 2026, around **87 % of the planned transfers (roughly €69.5 billion) will have been completed.**
- To reach 100% of the investment committed, **it would be necessary to speed up the pace by 60 %,** to €1.8 billion per month, which would imply exceeding the monthly maximum recorded by mid-2023 by 30 %.

AVERAGE MONTHLY PACE OF IMPLEMENTATION OF THE RECOVERY PLAN (MILLIONS OF EUROS)

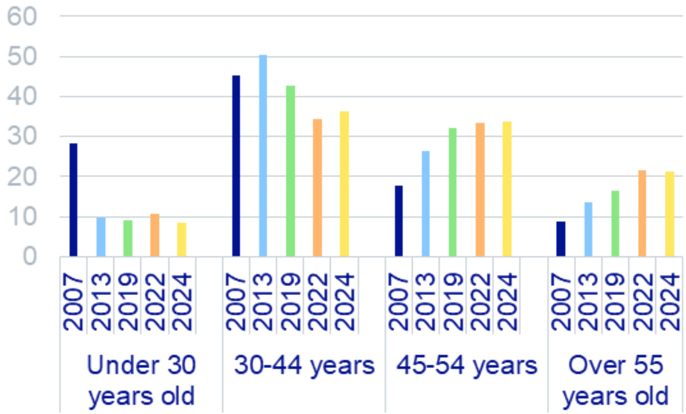


Source: BBVA Research, based on PLACS and BDNS data.

Bottlenecks to growth persist

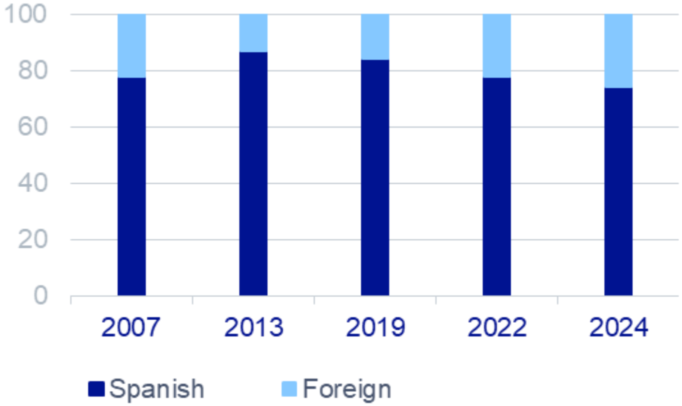
There is a lack of labor despite immigration

WORKERS IN THE CONSTRUCTION TRADE BY AGE GROUP (PERCENTAGE OF TOTAL)



Source: BBVA Research based on INE data (Labor Force Survey).

NATIONALITY OF CONSTRUCTION WORKERS (PERCENTAGE OF TOTAL)



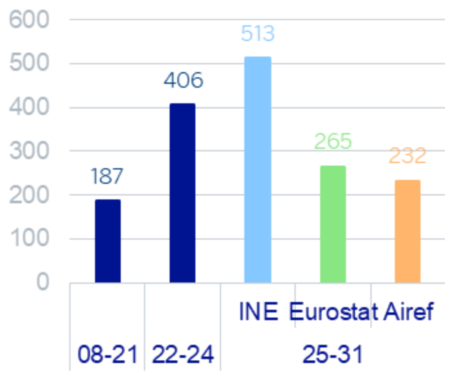
Source: BBVA Research, based on INE data (EPA).

The labor shortages that have held the sector back in recent years have stopped worsening and, thanks to immigration, there seems to have been a turning point in the aging observed across different trades

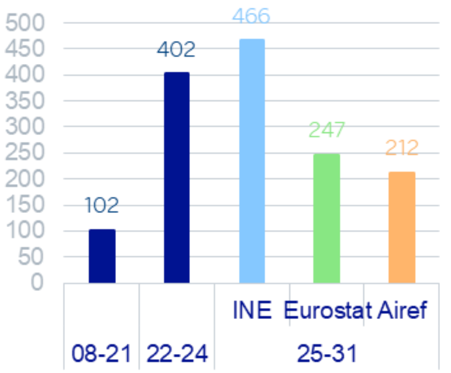
Bottlenecks to growth persist

Immigration could slow down

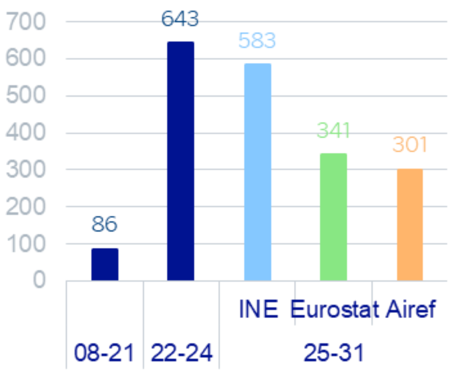
POPULATION
(YOY CHANGE IN THOUSANDS OF PEOPLE)



WORKING-AGE POPULATION
(15-74 YEARS. YOY CHANGE IN THOUSANDS OF PEOPLE)



MIGRATORY BALANCE (I-E)
(THOUSANDS OF PEOPLE)



Source: BBVA Research, based on Eurostat and INE.

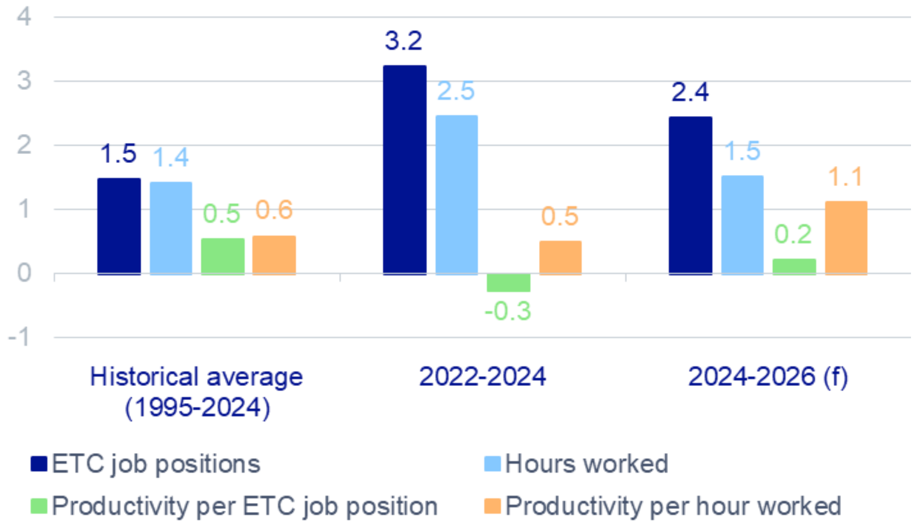
The most recent demographic projections suggest that moderation in migration flows will slow population growth, especially among the working-age population

Bottlenecks to growth persist

Productivity is expected to converge to its historical values

- **Moving forward, growth may be constrained by the trend shown in productivity per worker** and the labor force participation rate.
- Although hourly productivity has been positive**, it is expected to grow below the average of the last thirty years. It is necessary to delve into the causes of this divergence** and reach a diagnosis as to whether it will persist over time.
- It is essential to analyze the **decline in the number of hours per worker and the contribution of sectoral composition, immigration, aging** (and its effect on work leave), the increase in the minimum wage, and the change in other public policies.

APPARENT LABOR PRODUCTIVITY
(CHANGE IN ANNUAL AVERAGE AS A PERCENTAGE)



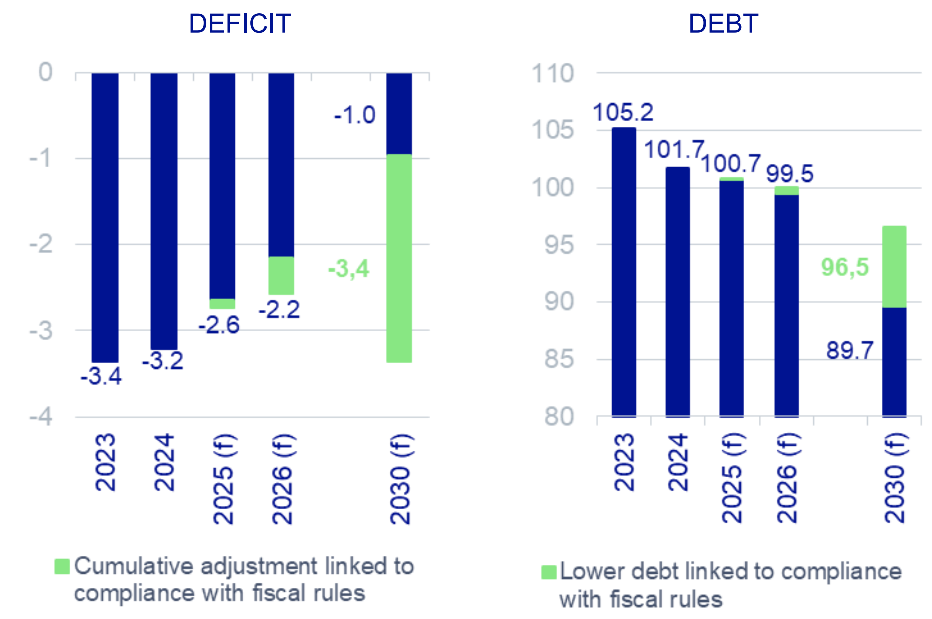
Source: BBVA Research, based on INE data.

Bottlenecks to growth persist

Spain faces a daunting reduction in the public deficit, with growing expenditure needs

- **Compliance with the fiscal rules will require a significant effort to control** the growth of public spending and an average annual structural adjustment of 0.4 pp of GDP over the next five years.
- **All of this is taking place in a context of growing spending needs**, linked, among other things, to population aging (with such spending expected to rise by more than 5 percentage points of GDP by 2070), defense and investment, which is currently at historic lows.
- In addition, **the reform of the regional financing system and the commitment to cancel part of the debt pose a challenge** for public finances.

DEFICIT AND PUBLIC DEBT (% OF GDP)



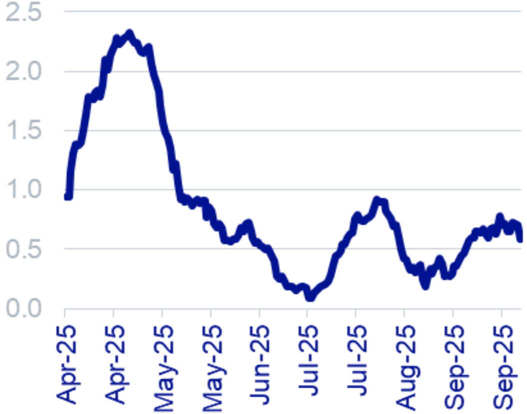
Source: BBVA Research, based on INE data.

Bottlenecks to growth persist

While trade uncertainty is reducing, domestic uncertainty is increasing

BBVA RESEARCH ECONOMIC POLICY UNCERTAINTY INDEX IN 2025 *
(NATIONAL MEDIA AVERAGE SINCE 2017 SET TO 0; 28-DAY MOVING AVERAGE)

MAIN ISSUES ASSOCIATED WITH THE EPU
(APR 1-MAY 1, 2025)



MAIN ISSUES ASSOCIATED WITH THE UPR
(MAY 1-SEP 30, 2025)

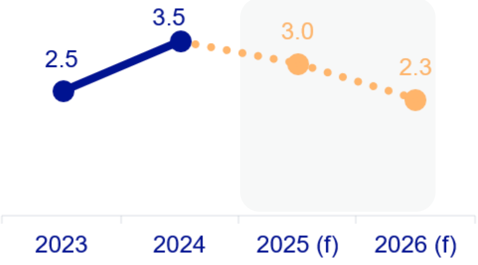
Source: BBVA Research.

The lack of agreements and consensus is a drag on growth

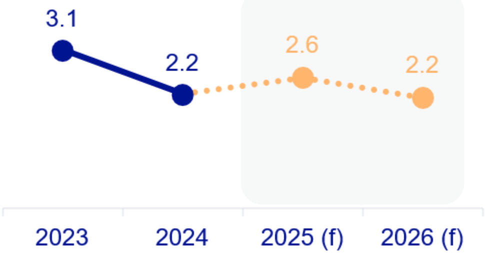
Forecasts

Forecasts

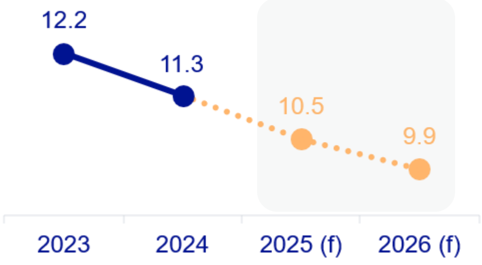
GDP GROWTH
(%)



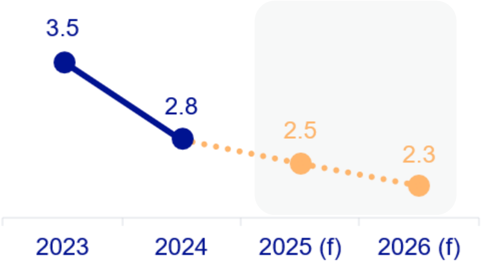
EMPLOYMENT GROWTH — EPA (LABOR FORCE SURVEY) (%)



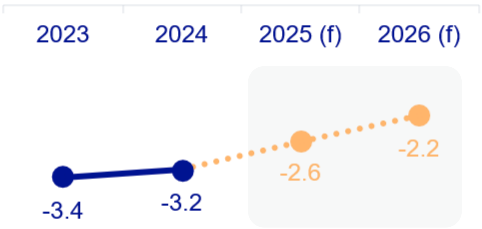
UNEMPLOYMENT RATE
(%)



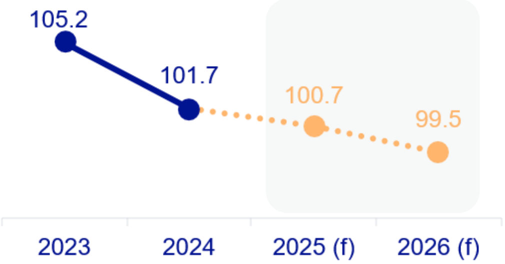
AVERAGE ANNUAL INFLATION
(ANNUAL AVERAGE, %)



PUBLIC DEFICIT
(% OF GDP)



PUBLIC DEBT
(% OF GDP)



(f): Forecast.
Source: BBVA Research based on INE and Bank of Spain data.

Forecasts

% YoY	2022	2023	2024	2025 (f)	2026 (f)
National final consumption expenditure	**3.8**	**2.5**	**3**	**2.8**	**2.2**
Private consumption	4.9	1.8	3.1	3.3	2.5
Government expenditure	0.8	4,5	2.9	1.4	1.6
Gross fixed capital formation	**4.2**	**5.9**	**3.6**	**5.7**	**6.1**
Equipment and machinery	2.1	2.6	1.9	7.9	3.7
Construction	4	5.5	4	4.9	6.8
Housing	9	0.8	2.1	4.7	6.8
Domestic demand*	**4.1**	**1.6**	**3.3**	**3.3**	**3**
Exports	14.2	2.2	3.2	4.7	3.3
Exports of goods	3.5	-1.5	0.1	2.2	3.1
Exports of services	48.5	11.3	9.8	9.4	3.8
Non-tourist services	25.7	6.6	8.1	12.2	4.4
Final consumption among non-residents in Spain	115.6	19.1	12.4	5.4	2.8
Imports	**7.7**	**0**	**2.9**	**6.3**	**5.8**
External demand*	**2.3**	**0.9**	**0.2**	**-0.3**	**-0.7**
Real GDP at market prices (mp)	**6.4**	**2.5**	**3.5**	**3**	**2.3**

*: Contribution to GDP growth

.

Forecasts

% YoY	2022	2023	2024	2025 (f)	2026 (f)
Employment (full-time equivalent)	4.4	3.6	2.8	2.9	1.9
Employment, Labor Force Survey (EPA)	3.6	3.1	2.2	2.6	2.2
Unemployment rate (% of the labor force)	13	12.2	11.3	10.5	9.9
CPI (annual average)	8.4	3.5	2.8	2.5	2.3
GDP deflator	5	6.4	3	2.2	1.9
Public deficit (% of GDP)	-4.5	-3.4	-3.2	-2.6	-2.2
Public debt (% of GDP)	109.3	105.2	101.7	100.7	99.5

(f): Forecast.
Forecast closing date: October 14th, 2025.
Source: BBVA Research, based on INE and Bank of Spain data.

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