

BBVA

Research

Spain Economic Outlook

March 2026

Situation and outlook for the Spanish economy

Summary

GDP growth would have stood at 2.8% in 2025 (0.1 pp less than expected three months ago), while in 2026 and 2027 the expansion is expected to continue, with increases of 2.4% and 2.4% (0.0 pp and 0.3 pp more than in December, respectively).¹ The current situation is one of continued strong growth, with data exceeding expectations. However, the recent rise in transportation and energy costs due to geopolitical tensions, alongside growing uncertainty regarding U.S. trade policy, prevents us from raising the growth forecast for 2026. Provided that this situation proves temporary and its impact remains limited, recovery could continue at a solid pace.

Activity and employment surprised to the upside in 4Q25: GDP grew by 0.8% q/q, bringing 2025 average growth to 2.8% y/y. The most recent data point to a slight moderation in job creation in 1Q26, but the real-time forecast for GDP growth (0.7% q/q) still exceeds the one published in the December outlook. The heavy rains and floods recorded in the first two months of the year have had a negative, but temporary, impact on spending.

Several factors could negatively affect growth in 2Q26 and increase inflation. The U.S. and Israeli attack on Iran is a geopolitical shock whose primary transmission channel will be oil and gas prices. In addition to this, there are the changes in tariffs imposed by the U.S. on its imports.

Going forward, to the extent that the conflict has limited and temporary effects, the economic recovery could regain momentum in the second half of the year. Non-resident consumption could benefit from geopolitical tensions. Sales of non-tourism services to other countries still have room to grow at a rate exceeding GDP growth. The labor force will continue to increase thanks to immigration and increased labor force participation. The special regularization program could affect 550,000 employed non-EU nationals and, although there is a high degree of uncertainty, it could have positive and moderate effects on hours worked, prices, and GDP. Domestic demand will continue to be supported by public policies: low interest rates will boost both consumption and investment. The inertia of spending and the lack of budgets suggest that fiscal policy will have a more expansive tone than expected in the face of the possibility of non-compliance with fiscal rules.

1: See Spain Economic Outlook. December 2025. BBVA Research.

In short, growth will remain elevated, although uncertainty has increased and significant challenges remain. Keeping pace will require measures that promote an environment conducive to investment, particularly in key sectors (housing, energy); that sustain job creation (by increasing the participation rate, reducing structural unemployment, promoting an appropriate immigration policy); and that promote improvements in productivity.

Activity data show continued significant growth that exceeds expectations

Statistical revisions account for a lower GDP growth estimate for 2025. Specifically, INE has revised down the real GDP growth rate in 1Q25 (-0.1 pp). This revision explains the discrepancy between the average annual increase in 2025 (2.8%) and BBVA Research's baseline forecast (2.9%) in the previous edition of this publication.

In contrast, growth in 4Q25 (0.8% q/q) was higher than expected (0.7%), with a strong contribution from investment. This figure represents an acceleration of 0.2 pp compared to the previous quarter (0.6%), which would skew the growth forecast for 2026 upward. The expected slowdown in the contribution of domestic demand has not been as pronounced, mainly due to the strong performance of private consumption (1.0%, BBVA Research: 0.8%) and gross fixed capital formation, which matched the high increase in the previous quarter (2.2%, BBVA Research: 0.8%). The improvement in the latter's performance was nearly uniform across all components. Meanwhile, external demand unexpectedly regained traction, with a quarter-on-quarter increase in total exports of 0.8%. This growth was mainly driven by services (2.3% q/q compared to the 0.4% expected by BBVA Research), including both tourism-related services and other services. All of this occurred despite weak public consumption and sluggish growth in goods exports.²

The most recent data points to GDP growth of 0.7% q/q in 1Q26, which is higher than the figure published in the December scenario (0.6%), although the bias on this estimate is to the downside. For one, there is a weakening in job creation. Social Security enrollment could increase by 0.5% q/q between January and March, its lowest increase since 2Q24. Unless there are changes in productivity trends, this could lead to a slowdown in 1Q26. Moreover, railway disruptions and, above all, rains and floods, particularly in Andalusia, are believed to have affected the spending decisions of households, companies and tourists, as well as trade flows. In any case, real-time data on card spending by BBVA customers and non-customers suggests that the impact was temporary and limited.³

2: See [Spain | GDP grew 0.8% q/q in Q4 and closed 2025 with an increase of 2.8%, BBVA Research.](#)

3: See [Spain | Spending in Andalusia continues to improve, BBVA Research.](#)

Geopolitical tensions and uncertainty over U.S. trade policy could reduce growth and increase inflation

The U.S. and Israeli attack on Iran is a geopolitical shock that will have significant economic repercussions in the region, but lesser effects on the global economy. The main transmission channel will be energy, via upward pressures on oil and gas prices. The effect will surely be more relevant in inflation than in growth. However, the global financial channel will have to be closely monitored. The economic hotspot is the Strait of Hormuz: maritime traffic has slowed down drastically due to cancellations and higher insurance costs, which raise transport costs and the risk premium. Approximately 30% of the crude oil transported by sea and 20% of the world's liquefied natural gas pass through this route. Its main destination is Asia, but also Europe.

The impact will be all the greater the longer the conflict extends over time and the more infrastructure it destroys. Not only because of the persistence of high oil and gas prices, but also because this can affect global production chains, increase volatility in financial markets and end up deteriorating the confidence of companies and households. For now, the market reaction does not show panic, but there is growing concern about the high uncertainty associated with the scenario that is now considered more likely: a relatively short-lived event. This publication assumes that the conflict will last only a few weeks, and that after the spike in the cost of fuel, prices will be progressively adjusted to converge to the levels that were expected three months ago. This implies an average oil price of \$74 per barrel during the second quarter, followed by a decline to an average of \$68.80 in 2026 and \$63.30 in 2027. Nevertheless, more negative scenarios, in which the war drags on and has a severe impact on fossil fuel prices, cannot be ruled out.

Uncertainty surrounding U.S. trade policy has heightened again, which will continue to affect the sectors, regions, and companies most exposed to U.S. demand. According to estimates by BBVA Research, following the Supreme Court's overturning of reciprocal tariffs and the immediate announcement of 15% import duties, the U.S. average statutory tariff rate is expected to decline by about 2.5 percentage points. This would occur in the event that the trade agreements announced in recent months were no longer valid, which would benefit countries such as Brazil, China, Indonesia and Vietnam, whereas the United Kingdom (6.0 pp), Japan (3.5 pp), Germany (2.9 pp), Italy (2.1 pp), the EU as a whole (1.7 pp) and Spain (1.2 pp) are expected to be negatively affected. In the case of Spain, the average tariff could be up to 12 pp higher than what was observed a year ago. For the time being, this volatility and the rise in export costs to the U.S. have led to an 11% drop in sales of goods to the U.S. between April and December 2025 when compared with the same period the previous year.

In this scenario, global growth would remain around 3%, and that of the Eurozone would stand at 1.1% in 2026 and 1.4% in 2027 (0.0 and 0.1 pp more than in the December forecast). Although Europe is one of the most vulnerable regions, given its dependence on oil and gas imports and the expected rise in trade costs with the U.S., there are factors that could offset these challenges and which, had these recent events not occurred, would have allowed for an upward revision to the outlook. The data released in recent months show a more positive performance of activity in Europe. Private consumption continues to be the main driver of growth, thanks to a resilient labor market and increases in real income. Added to this is the growing evidence that increased public expenditure, particularly in Germany and in the defense sector, is beginning to have an impact on the manufacturing sector. Furthermore, the lag in the response of monetary policy implies that, following the stabilization of interest rates at low levels during the second half of 2025, the associated stimulus may have begun to take effect and interact with the fiscal impulse. In addition to these factors, there is a more favorable outlook regarding the potential impact of increased investment in artificial intelligence (AI).

In Spain, the increase in oil and gas prices associated with the most recent geopolitical conflict is estimated to subtract around 0.2 pp from GDP growth in 2026 and increase average inflation by 0.3 pp. As already mentioned, this scenario of contained impact is consistent with a short-lived military conflict and, therefore, a limited disruption in fuel supply. The market is currently experiencing oversupply, and inventories have built up in anticipation of a blockade of the Strait of Hormuz. In addition, the significant appreciation of the euro against the dollar observed over the last year serves to contain the deterioration in the purchasing power of households and companies. Firms could absorb cost increases through profit margins as long as the shock is perceived to be temporary. Finally, low interest rates and the availability of credit may allow financing to bridge the gap between the current situation and a more favorable one.

Inflation could reach 2.9% in 2026 (0.4 pp more than in December) and fall to 2.0% (-0.2 pp) in 2027. In the short term, the trend in CPI prices has been somewhat stronger than anticipated, compounded by the effects of rising fuel costs as discussed above. Although the net impact on production and consumption will be negative, as households become more confident about the possibility of the shock reversing, the impact on spending may be temporary. In any case, higher inflation will delay the recovery of the purchasing power of wages and, therefore, of income.

In 2026 and 2027 the expansion will continue, with GDP growth of 2.4% in both years

Non-resident consumption is proving resilient and could be positively affected by geopolitical tensions (4.5% in 2026 and 2.5% in 2027). Recent trends in spending by foreign visitors in Spain have been better than expected, despite adverse weather conditions and transportation problems. The tourism sector continues to show capacity to accommodate travelers, partly as a result of increased investment in the sector, improved productivity (driven by deseasonalization) and immigration. Added to this is the current military conflict in the Middle East, which may discourage travel to the affected countries, but also to nearby tourist areas, such as those located in the eastern Mediterranean. In the past, episodes such as the Arab Spring or terrorist attacks have led to a shift in travel patterns that has benefited Spain.⁴

Non-tourism services exports have the potential to continue growing at a faster rate than GDP (4.9% and 4.4% in 2026 and 2027, respectively). Their recent performance cements their position as the most dynamic component of Spain's foreign trade sector. After recovering to the pre-pandemic level at the end of 2021, they have recorded an average annual growth of 12.8% between 2022 and 2025. In addition, the composition reflects a shift towards knowledge-intensive activities. Progress is led by business services, information and communication technologies and engineering. Geographically, demand shows a strategic concentration. The European Union remains the main market, accounting for more than 60% of the recent growth. Simultaneously, the U.S. is emerging as the main non-EU destination, driven in part by the activity of U.S.-owned subsidiaries in Spain. Finally, several competitive advantages such as digital infrastructure and differential factors such as immigration suggest that this dynamic will continue.⁵

The special regularization program could affect 550,000 employed non-EU nationals.

The number of undocumented non-EU workers, estimated as the difference between the number of employed non-EU nationals in the Labor Force Survey and the number of employed individuals not enrolled in Spain's social security system, has doubled since 2021, now surpassing 500,000 people. This irregular employment is concentrated among the working population from Central and South America, and it is higher among women and in sectors that rely heavily on non-EU labor, such as domestic work, hospitality, manufacturing and construction. Catalonia and the Community of Madrid have seen an increase in their share of the total population of undocumented workers, accounting for half of the total by 2024.⁶

4: See [Do geopolitical tensions in competing markets affect Spanish tourism?. BBVA Research \(2016\).](#)

5: See [Recent trends in Spanish exports of non-tourism services. BBVA Research \(2026\).](#)

6: See [Spain | Quarterly Labor Market Observatory 4Q2025. BBVA Research \(2026\).](#)

Regularization will have a positive impact on Social Security affiliates and contributions, and it could boost job creation, prices and GDP. This is what the available research on the impact of similar episodes, such as that of 2005, shows.⁷ Certain conditions that existed then but do not exist now could limit the short-term impact on employment, such as the requirement to have a contract or the increase in inspections to reduce informal employment in the months following regularization. The impact on GDP will be conditioned by the fact that many of these workers were already counted as part of the labor force. BBVA Research estimates suggest that the impact on activity will be moderate (around 0.5 pp on GDP and inflation, distributed over the next few quarters), although it cannot be ruled out that there may be no impact at all.⁸ Certainly, however, the transition to jobs in the formal sector will mean an improvement in tax revenue. The consequences for wages are somewhat more uncertain and will depend on both the productivity of new jobs and the degree of compatibility between the new workforce entering the market and those already in regular employment. While some of the benefits will be evident in the short term, it would be advisable to support the process with policies to alleviate some of the costs, both in the labor market and in the use of public services.

The fundamentals of private consumption are improving broadly (2.8% in 2026 and 2.2% in 2027), largely driven by a strong labor market. Gross household income is expected to increase by around 2 pp above inflation, on average, over the next two years. This is 0.5 pp higher than the average growth recorded over the last 25 years and would bring this indicator to a level nearly 15% above 2019 levels. This would be possible thanks to the increase in employment: throughout the whole of 2026 and 2027, more than one million jobs could be created (546,000 and 507,000, respectively). Less significant is the improvement in wages, which, however, have been growing consistently above inflation. The increase in housing prices is, at the moment, more of a driver of spending than a drag. Most of the wealth of Spaniards is in real estate assets, which means that the rise in prices observed in this market improves the confidence of homeownership households and leads to greater demand. Meanwhile, the value of equity financial assets is higher today than it was a year ago, despite the volatility in the stock market. Finally, the savings rate remains high, and it is still premature to attribute the fall observed in 3Q25 to a structural trend. However, there is room for it to decline to levels closer to the historical average, which would allow for further growth in private consumption.

With no change in the interest rate outlook, monetary policy should increasingly support the growth in demand. Since June 2025, the European Central Bank (ECB) has not moved interest rates. Going forward, this situation is expected to continue until the middle of next year. This stability, combined with the rise in inflation expected over the coming months, should rule out the possibility of additional rate cuts by the ECB. Moreover, it could accelerate the financing decisions of firms and households, once there is now more certainty in this regard. In fact, the next change in interest rates could be upwards, although not until around June 2027. This, provided that the rise in oil prices is confirmed as transitory and the recovery

7: See, for example, Elias, F., Monras, J. and Vázquez-Grenno, J. (2025): "Understanding the Effects of Granting Work Permits to Undocumented Immigrants", *Journal of Labor Economic*, 43 (3).

8: Estimates obtained by BBVA Research from an SBVAR identified using narrative, sign and elasticity restrictions, estimated over the 2000-2019 period.

of the Eurozone economy is established.

Some sectoral policies such as the Auto 2030 Plan can help to consolidate a favorable environment both for consumption, especially of durable goods, and for the shift in the production model. At the end of 2025, the Spanish government presented this package of measures aimed to boost the added value of the automotive sector and accelerate the electrification of the vehicle fleet. Unlike previous programs, it takes a comprehensive approach (covering supply, demand, charging infrastructure and innovation), has a medium-term outlook and includes ambitious public-private investment targets (7 billion euros per year through 2030). The subsidy program for the purchase of electric vehicles (Auto+) is based on centralized management, which will reduce regional inequalities and delays in the disbursement of aid. However, dependence on imports, the risk of the subsidy being captured by the manufacturer or distributor, deadweight loss, and inequalities in access, among other factors, could limit the plan's impact.

The "España Crece" fund can have a positive impact, as long as it is limited to complementing private sector activity and alleviating market failures that reduce the profitability of projects. The fund has an initial allocation of €13.3 billion, implemented through a capital injection into the ICO,⁹ with the aim of mobilizing up to €120 billion. A positive aspect is the willingness to take advantage of part of the loans linked to the Recovery and Resilience Facility, which would otherwise have been lost. Its objective is to promote investments in key sectors, such as housing, where the plan seeks to increase the supply of affordable housing by 15,000 units per year. Its success will depend on how significant the lack of financing and capital is for residential construction, the design of the instrument and its ability to attract private capital. According to BBVA Research¹⁰, the lack of return on equity in the sector is the main factor limiting the expansion of supply, so the plan could help resolve this problem. Therefore, its impact can be positive to the extent that it is limited to alleviating possible market failures that exist in access to capital and in the provision of financing. In any case, the slow pace at which funds have been disbursed in the past suggests that the problems faced by construction companies may be more closely linked to non-financial issues (administrative procedures, regulations, labor shortages, etc.). Limiting potential inefficient uses or risks of adverse selection will require the establishment of independent and ongoing evaluations, as is already done in other countries with similar mechanisms.

9: €10.5 billion in loans and €2.8 billion in undisbursed grants from the Recovery Plan.

10: See [Spain | Real estate watch. November 2025](#). BBVA Research.

Given the urgency of tackling the accumulated deficit, the weight of housing investment in GDP will continue to rise. As a percentage of GDP, investment in residential construction could go from 5.5% in 2025 to 6.0% in 2027, with average annual variations of 6.2% and 6.9%, respectively. This increase would address the need to narrow the growing gap between the demand for and supply of new housing. The gap between the number of new households and housing construction since 2021 could exceed 700,000 units next year. As a result, prices are expected to increase by an average of 10.2% and 6.8% in 2026 and 2027, respectively. This should encourage an increase in production, even if the problems that afflict the return of the sector are not resolved, such as the excessive time to develop land, labor shortages, the rising cost of materials and slow productivity growth.

Changes in the assumptions regarding compliance with fiscal rules imply a more expansionary fiscal policy than expected. In light of the new European governance framework, BBVA Research's scenarios have factored in the introduction of fiscal consolidation measures to meet the agreed-upon targets, even if they have not yet been formally announced. In 2024 and 2025, these goals would have been achieved thanks to the withdrawal of some exceptional measures introduced in previous years. However, **the lack of budgets for 2026, both at the national level and for most of the autonomous communities, increases the likelihood of non-compliance this year. Therefore, the forecasts included in this publication no longer rely on that assumption** and are based on net primary expenditure growth that exceeds the levels projected in the adjustment plan presented by the government. In particular, increases in net primary expenditure of 4.6% on average are expected over the next few years, compared to the 3.0% included in the plan, with no improvements in the primary structural balance. In this scenario, the deficit would stand at 2.3% of GDP in 2026 and 2.4% in 2027 (0.2 pp and 0.6 pp more than three months ago, respectively). Strict compliance with fiscal rules would require a further expenditure adjustment (around €8.8 billion per year), which would lead to an annual average correction of the cyclically adjusted primary balance of 0.6 pp of GDP.

The faster execution of the funds linked to the Recovery and Resilience Facility and the increase in defense spending will support the expansion of domestic demand. As the summer of 2026 approaches, the sense of urgency to spend the NGEU funds will increase. Efforts by public administrations are expected to fully utilize available resources, either by redirecting unused funds to other projects or purposes, or by accelerating pending tenders and grants. Reaching the target of spending all available money within the established deadline (before August 2026) would imply almost doubling the execution observed in 2025, which could lead to investment in non-residential construction increasing by 7.4% in 2026, just over 2 pp above 2025 growth rates. Meanwhile, commitments made to improve European security have brought an avalanche of agreements in the Council of Ministers: since April 2025, nearly 45 billion euros in defense spending has been approved (of which at least 25% had already been put out to tender by December 2025). According to BBVA Research, the multiplier effects of this type of stimulus depend on the stage of the economic cycle and on the reliance on imports to meet the growing demand for goods and services for these reasons.¹¹ In addition to all of the above, there are the potential benefits for Spanish companies that may result from

11: See [Buy Guns or Buy Roses?: EU Defense Spending Fiscal Multipliers](#). BBVA Research (2025).

increased defense spending across Europe, particularly in Germany, where there will also be a surge in infrastructure spending.

Growth will remain elevated, although uncertainty has increased and significant challenges remain

GDP and employment continue to grow, but productivity and real wages are stagnating.

The economy is growing thanks to the capacity for job creation, driven by immigration. If the scenario described in this publication occurs, both GDP and the number of employed individuals could be around 15% higher than 2019 figures. However, this parallel advance implies that the output per worker has not increased in the last 7 years, which is reflected in a remuneration per employee that has barely risen. This growth pattern replicates dynamics observed in previous recoveries, both in the years leading up to the 2008 global financial crisis and in the aftermath of the sovereign debt crisis of 2012 and 2013.

To maintain growth going forward, it is necessary to foster a favorable environment for investment in key sectors.

Of particular importance will be the steps taken to reduce the imbalance between supply and demand in the housing market, in addition to eliminating the bottlenecks that prevent the full usage of energy produced from renewable sources. For example, in Spain, there are provinces where the available electricity capacity is insufficient to build the number of homes needed to reduce the existing housing shortage. Due to technical system limitations, Spain wasted approximately 1.4% of its renewable energy in 2024, while 88% of the nodes in the electricity distribution network are operating at capacity.¹² These results are consistent with a pattern of underinvestment, linked to historically reactive planning approaches and a regulatory framework originally designed to contain costs rather than facilitate rapid expansion. This is yet another of the problems that delay land development and the arrival of residential units on the market at a time when they are urgently needed.

Demographic aging and the possibility of slowing down immigration pose challenges to maintaining current levels of job creation and growth in GDP per capita.

In this regard, the contribution of the foreign population to annual GDP per capita growth since 2023 is estimated at between 12% (0.2 pp) and 38% (0.7 pp), depending on the definition used (nationality versus country of birth) and on whether a per-hour productivity differential between the two groups is incorporated or equal output per hour worked is assumed.

Recent trends in the labor force participation rate illustrate the relevance of both factors.

While it is true that, since 2020, there has been an increase in the willingness of the working-age population to participate in the labor market, this is due to improved working conditions resulting from a more favorable economic cycle. The medium- and long-term trend is downward, given the decline in the Spanish population between 25 and 54 years of age, which typically has the highest labor force participation rates. This structural decline in labor force participation is occurring despite a sharp increase in immigration, which is concentrated

12: See [Grid, baby, Grid](#). BBVA Research (2026).

among these age groups; the fact that foreign workers have a higher labor force participation rate; and improvements in the education levels of the Spanish population, which have had a positive impact due to a composition effect. Maintaining a high contribution of employment to growth will require ambitious reforms that encourage people to delay retirement, reduce involuntary part-time work, lower the structural unemployment rate, and promote orderly immigration that complements the resident workforce.

In the coming months, the fiscal policy stance is expected to become more moderate and gradually lose its expansionary character. Firstly, because the momentum linked to the funds allocated to support households and firms affected by the DANA flooding disaster will gradually disappear as these funds are used up. Reconstruction work will continue to support activity, but in recent months the amount of compensation and aid appears to be growing only modestly, so its contribution to demand will gradually diminish. In fact, it is estimated that nearly 8.8 billion euros (about 0.5% of GDP) were allocated for this purpose, with the majority of that amount concentrated in the first quarter of last year. Secondly, a "cliff effect" derived from the depletion of the funds linked to the Recovery and Resilience Facility cannot be ruled out. Although many projects will continue to be implemented in the coming years, the requirement to bring forward certain disbursements in the first half of 2026 to meet agreed-upon milestones could introduce volatility into investment and give way to a sharp setback in the second half of the following year. Finally, the need to adjust to fiscal rules is expected to reinforce these dynamics.

The proposal to reform the regional financing system presented by the Ministry of Finance represents an improvement over the current model in terms of simplicity, transparency and equity. It explicitly moves away from a single funding scheme and opts for a general model applicable to all autonomous communities under the standard regime, although it limits the redistributive capacity. Its design reflects a balance between correcting imbalances and preserving inherited situations (status quo or political dependencies), which limits the reform's transformative potential. The new definition of the variables improves the adjustment of the population estimate, which is the main factor in estimating the spending needs of local communities; however, it remains an estimate of potential needs, not of the actual cost of services. The rise in autonomous communities' tax capacity improves sufficiency and reduces reliance on equalization, yet results in a structural transfer of resources from the central government without a matching increase in effective fiscal co-responsibility.

Going forward, the natural path for reforming the regional financing system involves reducing the proportion of resources routed through ad hoc mechanisms, which distribute or reallocate funds outside the equalization logic at the system's core, and enhancing the official figures on fiscal capacity. In fact, the margin is large enough to allow for a substantial reduction in per capita funding inequalities while foregoing full equalization in favor of a partial—but still high—level of equalization that respects ordinal ranking, which could be the key to building broad support for a new system. The reform proposed by the government should be viewed positively as a first step in this direction, especially if it serves as a basis for negotiation that allows further progress toward improving the system.

Finally, for a complete evaluation of the reform, it would be necessary to clarify how the Spanish government would compensate for this loss of resources. It would also be desirable for other key measures and reforms to be included in the same negotiations, such as the central government taking on part of regional debt; improving the institutional framework of the system to prevent undesirable behavior; how and when funding will be reviewed and modified in the future; fiscal co-responsibility; and the transformation of the Autonomous Community Liquidity Fund.

Tables

TABLE 1.1 GROSS DOMESTIC PRODUCT (ANNUAL AVERAGE, %)

	2021	2022	2023	2024	2025	2026	2027
United States	3.7	2.5	2.9	2.8	2.2	2.5	2.2
Eurozone	6.4	3.7	0.5	0.8	1.5	1.1	1.4
China	8.6	3.1	5.4	5.0	5.0	4.5	4.0
World	6.4	3.7	3.5	3.3	3.2	3.2	3.3

Forecast closing date: March 6, 2026.

Source: BBVA Research & IMF.I.

TABLE 1.2 INFLATION (ANNUAL AVERAGE, %)

	2021	2022	2023	2024	2025	2026	2027
United States	4.7	8.0	4.1	3.0	2.7	2.9	2.6
Eurozone	2.6	8.4	5.4	2.4	2.1	2.2	1.8
China	0.9	2.0	0.2	0.2	0.1	1.1	1.4
World	5.0	9.1	7.7	7.2	4.5	4.2	3.8

Forecast closing date: March 6, 2026.

Source: BBVA Research & IMF.

TABLE 1.3 INTEREST RATE ON TEN-YEAR PUBLIC DEBT (ANNUAL AVERAGE, %)

	2021	2022	2023	2024	2025	2026	2027
United States	1.44	2.95	3.96	4.21	4.29	4.11	4.01
Germany	-0.31	1.18	2.45	2.34	2.63	2.89	3.00

Forecast closing date: March 6, 2026.

Source: BBVA Research & IMF

TABLE 1.4 EXCHANGE RATES (ANNUAL AVERAGE)

	2021	2022	2023	2024	2025	2026	2027
USD-EUR	0.84	0.95	0.92	0.92	0.89	0.85	0.83
EUR-USD	1.18	1.05	1.08	1.08	1.13	1.18	1.21

Forecast closing date: March 6, 2026.

Source: BBVA Research & IMF.

TABLE 1.5 OFFICIAL INTEREST RATES (END OF PERIOD, %)

	2021	2022	2023	2024	2025	2026	2027
United States	0.25	4.50	5.50	4.50	3.75	3.25	3.25
Eurozone (*)	-0.50	2.00	4.00	3.00	2.00	2.00	2.50
China	3.80	3.65	3.45	3.10	3.00	2.75	2.75

(*) Deposit facility rate.

Forecast closing date: March 6, 2026.

Source: BBVA Research & IMF.

TABLE 1.6. EMU: MACROECONOMIC FORECASTS (y/y)

	2021	2022	2023	2024	2025	2026	2027
GDP at constant prices	6.4	3.7	0.5	0.8	1.5	1.1	1.4
Private consumption	4.6	5.3	0.6	1.2	1.3	1.2	1.3
Public consumption	4.3	1.3	1.5	2.2	1.7	1.3	1.2
Gross fixed capital formation	3.7	2.2	2.7	-2.1	2.6	1.6	2.8
Inventories (*)	0.8	0.3	-0.9	-0.2	0.4	0.1	0.0
Domestic demand (*)	4.9	3.8	0.3	0.5	2.0	1.4	1.6
Exports (goods and services)	11.4	7.5	-1.0	0.5	2.1	0.5	1.3
Imports (goods and services)	8.9	8.5	-1.8	-0.1	3.5	1.2	1.9
External demand (*)	1.4	-0.1	0.3	0.3	-0.5	-0.3	-0.2
Prices and Costs							
CPI	2.6	8.4	5.4	2.4	2.1	2.2	1.8
Core CPI	1.5	3.9	4.9	2.8	2.4	2.2	2.0
Labor Market							
Employment	1.6	2.4	1.5	0.9	0.7	0.5	0.4
Unemployment rate (% of labor force)	7.8	6.8	6.6	6.4	6.3	6.2	6.1
Public sector							
Surplus (+) / Deficit (-) (% GDP)*	-5.1	-3.4	-3.5	-3.1	-3.0	-3.2	-3.3
Public debt (% GDP)*	93.8	89.3	87.0	87.1	88.2	88.7	88.6
External Sector							
Current Account Balance (% GDP)	2.7	-0.3	1.6	2.7	1.6	1.6	1.6

Annual rate change in %, unless expressly indicated.

Forecast closing date: March 6, 2026.

(*) Excluding financial aid for Spanish banks.

Source: BBVA Research.

TABLE 1.7. SPAIN: MACROECONOMIC FORECASTS
 (ANNUAL RATES OF CHANGE IN %. UNLESS OTHERWISE INDICATED)

(Annual average. %)	2023	2024	2025	2026	2027
Activity					
Real GDP	2.5	3.5	2.8	2.4	2.4
Private Consumption	1.8	3.1	3.4	2.8	2.2
Public Consumption	4.5	2.9	1.8	2.4	2.7
Gross Fixed Capital Formation	5.9	3.6	6.3	6.1	5.8
Equipment and machinery	2.6	1.9	9.0	4.0	3.7
Construction	5.5	4.0	5.2	6.8	5.0
Housing	0.8	2.1	5.1	6.2	6.9
Domestic Demand (contribution to growth)	1.6	3.3	3.6	3.3	2.9
Exports	2.2	3.2	3.4	2.0	3.6
Imports	0.0	2.9	6.3	4.8	5.7
External Demand (contribution to growth)	0.9	0.2	-0.8	-0.8	-0.6
GDP at current prices	8.9	6.4	5.7	5.5	4.3
(Billions of Euros)	1497.8	1594.3	1685.8	1779.2	1856.1
Labor market					
Employment. Labor Force Survey	3.1	2.2	2.6	2.3	2.2
Unemployment rate (% labor force)	12.2	11.3	10.5	9.8	9.3
QNA Employment (full time equivalent)	3.6	2.8	3.1	2.0	1.8
Productivity	-1.2	0.6	-0.3	0.4	0.5
Prices and Costs					
CPI (average)	3.5	2.8	2.7	2.9	2.0
CPI (end of period)	3.1	2.8	2.9	2.7	2.0
GDP deflator	6.4	3.0	3.0	3.1	2.0
Compensation per employee	4.6	4.0	3.9	4.8	2.8
Unit Labor Cost (ULC)	5.8	3,3	4,2	4,4	2,3
External sector					
Current Account Balance (% GDP)	2.9	3.4	2.9	2.1	1.0
Public sector (*)					
Debt (% GDP)	105.2	101.6	100.8	97.6	96.0
Deficit (% GDP) (*)	-3.4	-3.2	-2.4	-2.3	-2.4
Households					
Gross disposable income	10.1	7.5	4.8	5.0	4.7
Savings rate (% nominal disposable income)	11.7	12.7	11.7	10.9	11.1

Annual rate change in %, unless expressly indicated.

Forecast closing date: March 6, 2026.

(*) Excluding financial aid for Spanish banks.

Source: BBVA Research.

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