



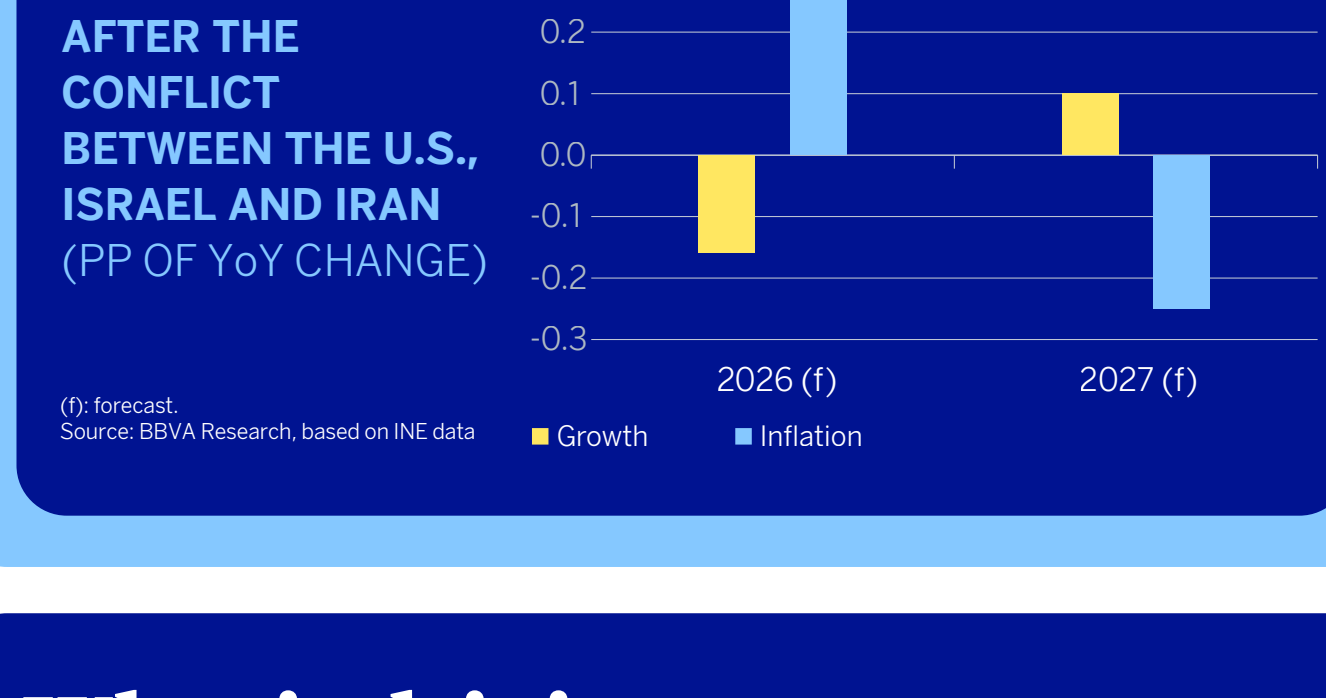
Positive outlook, although structural challenges remain amid a highly uncertain global environment



Middle East conflict could reduce growth



- ⚡** The main transmission channel is expected to be **higher energy costs**.
- €** **Negative impact on activity** and upward pressure on prices. Both trends could reverse by 2027.
- 📅** Dependent on the **duration of the war**.



What is driving growth?

Growth will remain relatively high, with **greater dependence on domestic demand**.

CONSUMPTION BY NON-RESIDENTS (% Y/Y):

It could benefit from geopolitical tensions.

4.6 4.5 2.5

2025 2026(f) 2027(f)

EXPORTS OF NON-TOURISM SERVICES (% Y/Y):

Room for stronger growth supported by digital and knowledge-based services.

10.9 4.9 4.4

2025 2026(f) 2027(f)

PRIVATE CONSUMPTION (% Y/Y):

Strength above all in durable goods due to the improvement in income and an accommodative monetary policy.

3.4 2.8 2.2

2025 2026(f) 2027(f)

INVESTMENT IN HOUSING (% Y/Y):

Driven by the need to reduce the large housing shortage that has accumulated.

5.1 6.2 6.9

2025 2026(f) 2027(f)

PUBLIC DEFICIT (% GDP):

Given deviations from fiscal rules, the acceleration of the RRF and increased defense spending, fiscal policy is expected to remain expansionary.

2.4 2.3 2.4

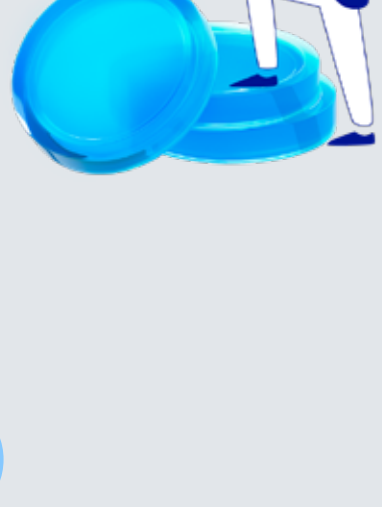
2025(e) 2026 (f) 2027 (f)

DYNAMIC LABOR MARKET (EMPLOYMENT LFS, % Y/Y):

Strong job creation supported by immigration and higher labour force participation.

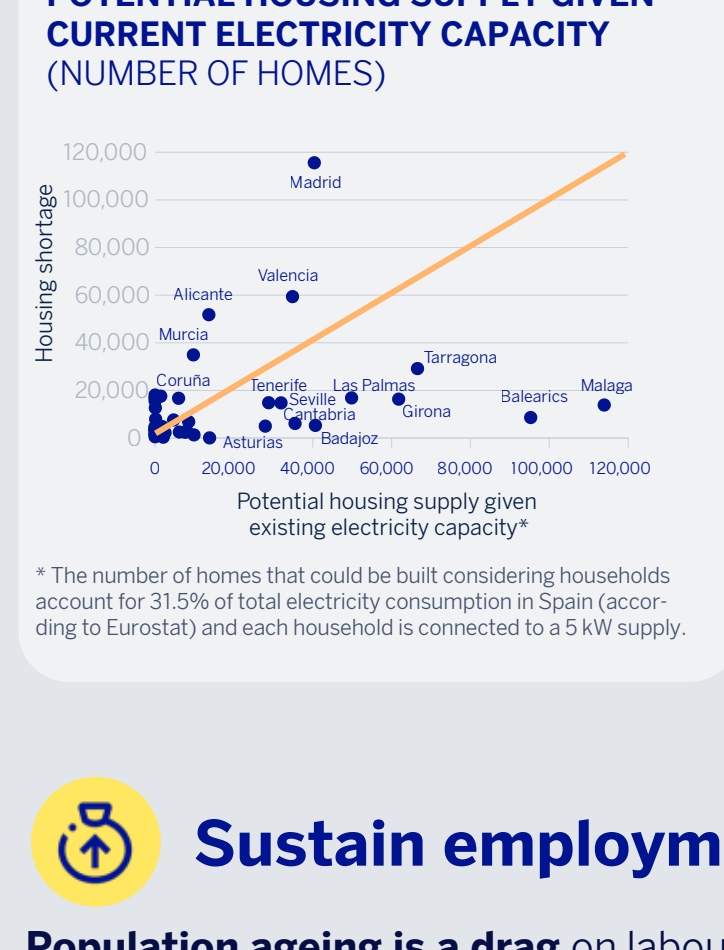
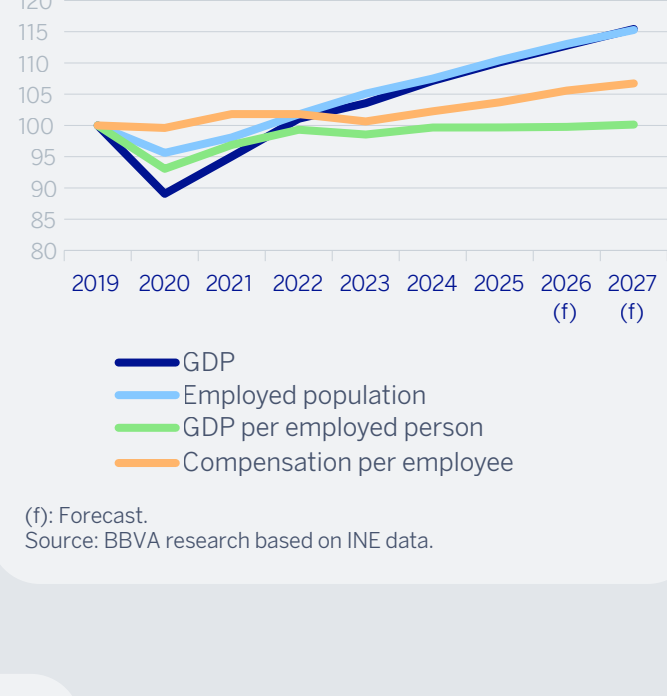
2.6 2.3 2.2

2025 2026 (f) 2027 (f)



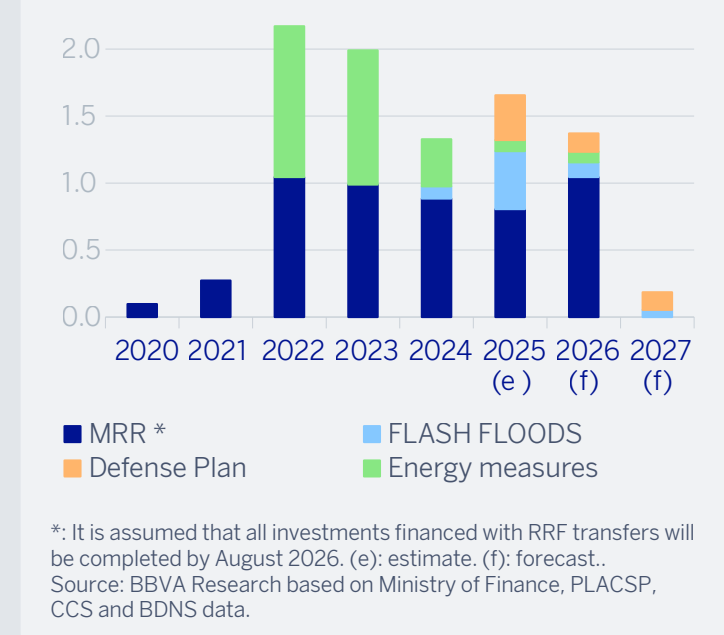
Structural challenges

Productivity and employment
GDP and employment continue to expand, but productivity growth remains stagnant.



Increase investment
In key sectors, such as **housing or energy production and distribution**.

Sustain employment levels
Population ageing is a drag on labour force participation that immigration and improvements in education do not fully offset.



Fiscal policy
The fiscal policy **stance is expected to tighten in the coming months** as aid from the DANA and funds from the Recovery Plan, among other resources, are depleted.

