



Growth unchanged in 2026 and moderates in 2027



	2024	2025	2026 (f)	2027 (f)
GDP (average annual variation)	3.5%	2.8%	2.4% ► 0.0 pp	2.1% ▼ -0.3 pp
Inflation (annual variation)	2.8%	2.7%	3.8% ▲ +0.9 pp	2.8% ▲ +0.8 pp
Unemployment rate (annual average)	11.3%	10.5%	9.9% ▲ +0.1 pp	9.6% ▲ +0.4 pp

▲ Forecast revised upwards ► Forecast unchanged ▼ Forecast revised downwards

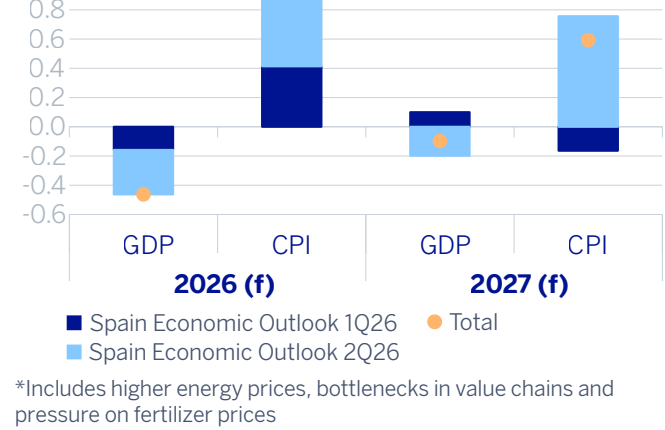
(f): Forecasts.
Source: BBVA Research based on INE data.

The deterioration in the external environment worsens the outlook

Energy prices higher than expected. Higher inflation and slower growth. Disruption of supply chains.



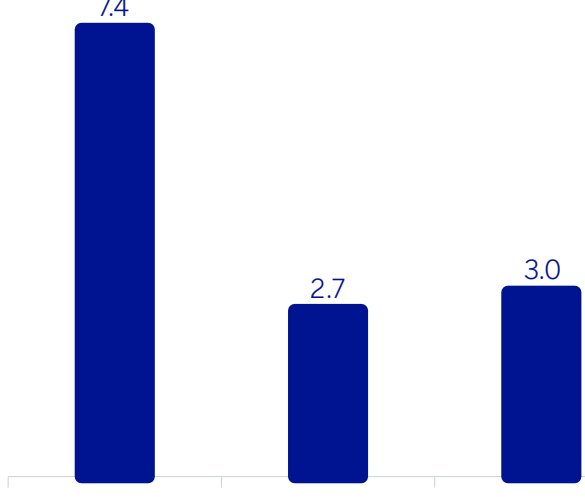
IMPACT OF THE SUPPLY SHOCK* FOLLOWING THE CONFLICT IN THE MIDDLE EAST (ANNUAL GROWTH RATE, PP)



*Includes higher energy prices, bottlenecks in value chains and pressure on fertilizer prices
(f): Forecast.
Source: BBVA Research based on INE data.

Rise in interest rates. Investment slowdown. Deterioration in confidence.

INVESTMENT IN MACHINERY AND EQUIPMENT (ANNUAL AVERAGE, % CHANGE)



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



Growth will remain above 2% throughout the two-year period



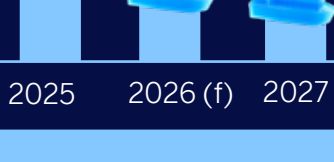
Spending by foreigners is accelerating again, supported by greater geopolitical uncertainty.

NON-RESIDENT CONSUMPTION (ANNUAL AVERAGE, % CHANGE)



Exports of non-tourism services will continue to be one of the drivers of growth.

EXPORTS OF NON-TOURISM SERVICES (ANNUAL AVERAGE, % CHANGE)



Immigration and higher labor force participation among the native-born population will continue to drive employment.

EMPLOYMENT, LFS (ANNUAL AVERAGE, THOUSANDS OF PEOPLE)



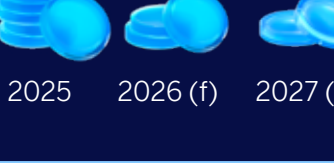
The improvement in household income and wealth will support private consumption.

PRIVATE CONSUMPTION SPENDING (ANNUAL AVERAGE, % CHANGE)



Household formation, labour market strength and financial conditions will support residential investment.

HOUSING INVESTMENT (ANNUAL AVERAGE, % CHANGE)



Fiscal policy is proving more expansionary than expected.

PUBLIC DEFICIT (END OF PERIOD, % OF GDP)



(f): Forecast.
Source: BBVA Research based on INE and the Ministry of Finance.

Opportunities and challenges ahead

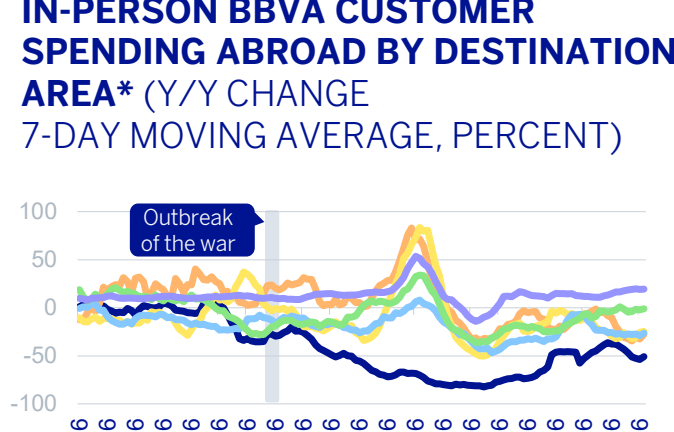


The agreement with Mercosur opens the door to **greater diversification** of export markets.

The **deterioration of security in certain competing destinations** could help sustain tourism growth.



IN-PERSON BBVA CUSTOMER SPENDING ABROAD BY DESTINATION AREA* (Y/Y CHANGE 7-DAY MOVING AVERAGE, PERCENT)



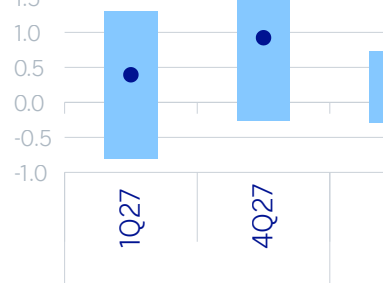
Middle East: United Arab Emirates, Bahrain, Israel, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia. Southeast Asia: Brunei, Indonesia, Cambodia, Myanmar, Maldives, Malaysia, Philippines, Singapore, Thailand, Timor-Leste and Vietnam
* In-person card spending by BBVA customers abroad. Includes cash withdrawals.
Source: BBVA Research.

The **regularization of foreign workers could boost economic activity**, although a neutral effect cannot be ruled out.

IMPACT ON GDP OF THE EXTRAORDINARY REGULARIZATION SHOCK* (DEVIATION IN PP FROM THE SCENARIO IN THE ABSENCE OF THE SHOCK)

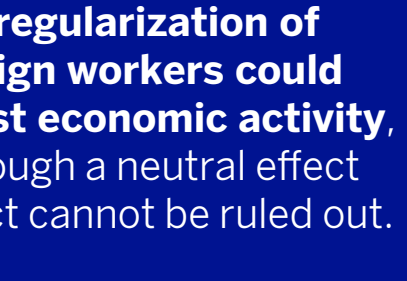


*Estimates obtained by BBVA Research based on an SVAR identified with narrative, sign and elasticity restrictions and structural scenarios. Source: BBVA Research based on INE, the Ministry of Economy and the Ministry of Labor and Social Economy.



The **increased spending on defense** represents an opportunity for Spanish companies that manage to adapt.

The **Housing Plan marks progress**, although it requires reforms in land, labor and legal certainty.



The expiration of NGEU funds and a less expansionary fiscal policy over the coming years **could weaken investment performance**.



REAL INVESTMENT IN OTHER BUILDINGS AND STRUCTURES PER CAPITA (2019 = 100)



Source: BBVA Research based on INE and the Ministry of Transport and Sustainable Mobility.