

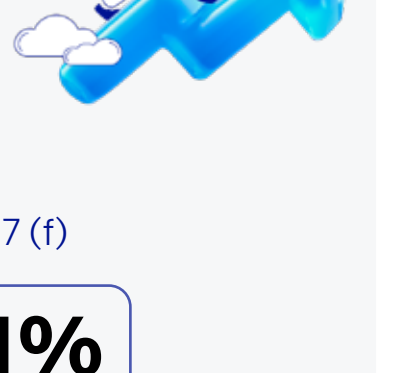
Spain

Economic Outlook

October 2026



Spain maintains solid growth in a more adverse external environment

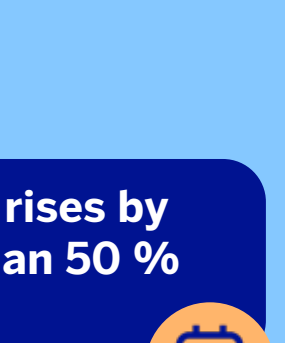


	2025	2026 (f)	2027 (f)
GDP (annual average growth)	2.6%	2.6% ▲ +0.2 pp	2.1%
Inflation (annual change in the CPI)	2.7%	3.7% ▼ -0.1 pp	3.2% ▲ +0.4 pp
Unemployment rate (% of the labour force)	10.5%	9.9%	9.5%

▲ Forecast revised upwards ▼ Forecast revised downwards

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

Energy, inflation and interest rates are the main drag in the short term



Tensions in the Middle East are keeping energy prices high and disrupting global supply chains, weighing on growth and pushing up inflation.

Oil

Around **\$90/barrel** at end-2026.



Gas

Its price **rises by more than 50 %** in 2026.



It also affects **materials, petrochemicals, fertilizers and transport.**

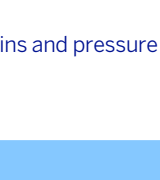


ESTIMATED IMPACT OF THE SUPPLY SHOCK* OVER THE TWO-YEAR PERIOD 2026-2027 (PERCENTAGE POINTS OF THE ANNUAL RATE OF CHANGE)



+0.8 pp / +0.9 pp

Inflation



-0.4 pp / -0.5 pp

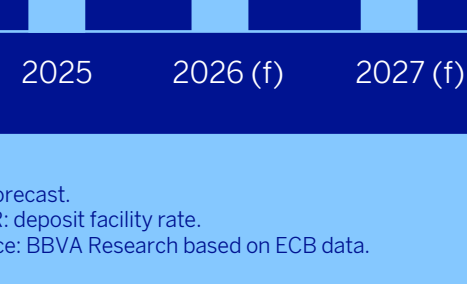
GDP growth

* Includes higher energy costs, bottlenecks in value chains and pressure on fertilizer prices.
Source: BBVA Research.



Tightening of monetary policy in the short term

INTEREST RATE (DFR* AT END-PERIOD)

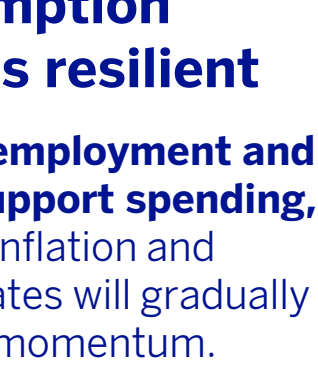


12-MONTH EURIBOR (AT END-PERIOD)



(f): Forecast.
* DFR: deposit facility rate.
Source: BBVA Research based on ECB data.

Consumption, employment and services continue to support demand



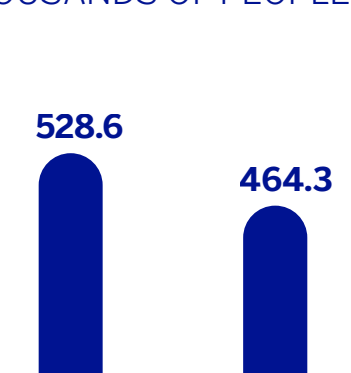
PRIVATE CONSUMPTION GROWTH (% ANNUAL AVERAGE)



Average 2000-2025

Consumption remains resilient

Income, employment and wealth support spending, although inflation and interest rates will gradually weigh on momentum.

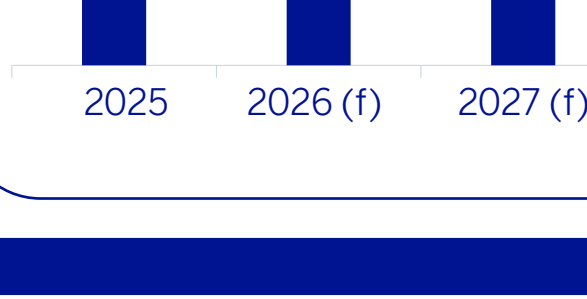


Employment

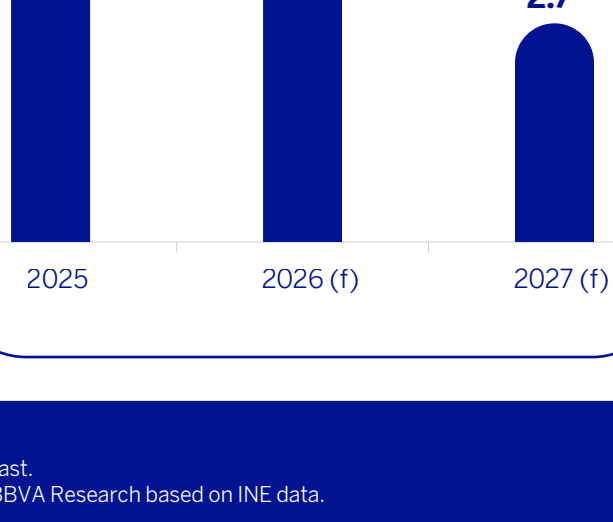
Immigration and higher participation continue to expand labour supply.



LFS EMPLOYMENT (ANNUAL AVERAGE. CHANGE IN THOUSANDS OF PEOPLE)



CONSUMPTION BY NON-RESIDENTS IN THE DOMESTIC TERRITORY (ANNUAL AVERAGE. PERCENTAGE CHANGE)

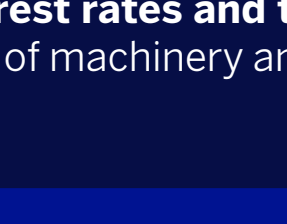


Services

Tourism and exports of non-tourism services **will remain growth drivers.**



Uncertainty surrounding investment



Residential investment may improve, but **higher interest rates and the wind-down of NGEU funds will weigh** on purchases of machinery and equipment and on non-residential construction.

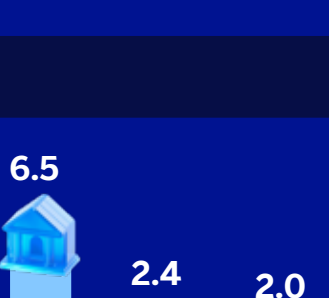
Machinery and equipment

Relatively solid performance, remaining above 2019 levels.



Housing

Maintains its growth potential, supported by household formation and rising house prices.



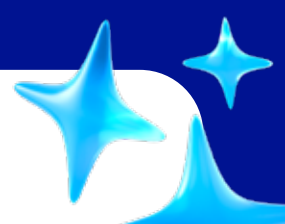
Other construction

With weaker recent growth, influenced by the end of the NGEU boost.



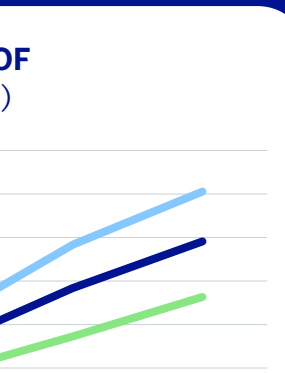
Annual average rates of change, %.
(f): Forecast.
Source: BBVA Research based on INE data.

Medium-term growth opportunities

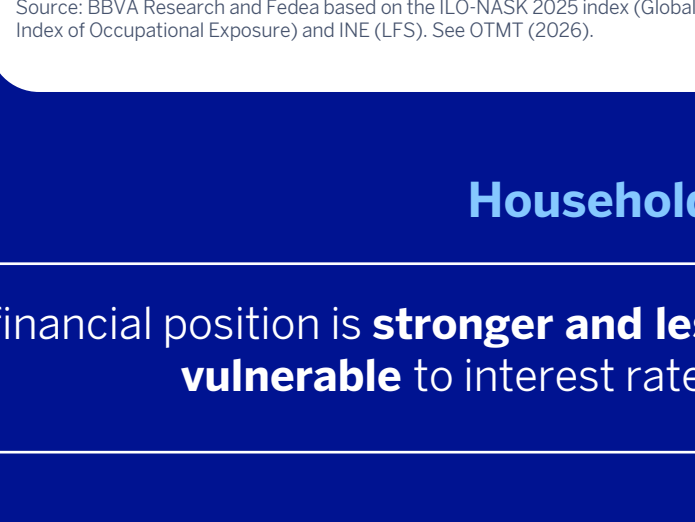


Artificial intelligence

AI represents a **significant opportunity to raise productivity**. The most exposed occupations show no deterioration in employment.



JOB CREATION BY DEGREE OF EXPOSURE TO AI (2022= 100)



* Data through Q2 2026.
Source: BBVA Research and Fedea based on the ILO-NASK 2025 index (Global Index of Occupational Exposure) and INE (LFS). See OTMT (2026).

Households



Households' financial position is **stronger and less vulnerable** to interest rates.

Diversified and resilient tourism

Geopolitical uncertainty supports tourism and encourages greater diversification.



Bottlenecks that may constrain growth capacity



Lack of investment in electricity distribution

Electricity demand could grow by 45 % in four years, but 88 % of distribution nodes have less than 1 MW available.



Generational turnover

The retirement of 4.7 million employed people over the next 15 years requires a strategy to attract people from abroad, retain senior talent and close the gender gap.



Productivity

The recovery in labour productivity remains fragile and volatile, with isolated gains insufficient to close the productivity gap with the EU.



Economic policy uncertainty

Uncertainty persists over how the fiscal consolidation process will be addressed.

