# Europe between geopolitical shocks and economic weaknesses

**funcas**

# Letter from the Editors

The global economy enters the autumn of 2025 amid intensifying turbulence. Renewed tariff escalation in the United States, Russia's capacity to sustain its war effort, and China's continued technological ascent are reshaping trade, security, and financial flows. For Europe, these shocks coincide with persistent structural weaknesses, from low productivity and lagging innovation to limited fiscal coordination, while Spain faces the added challenge of adapting to a shifting geopolitical order and incomplete transformation under Next Generation EU. At the same time, pressures in the financial sector, divergent performance on corporate deleveraging, and strains in the long-term care system highlight the urgent need for both resilience in the short term and reform over the longer horizon.

We begin the September issue of *Spanish and International Economic & Financial Outlook (SEFO)* with an assessment of U.S. tariff policy and its uneven impact across global partners. Since 2025, U.S. tariff policy under President Trump has generated significant uncertainty, marked by frequent announcements of steep "reciprocal" tariffs followed by partial reversals or diluted deals. Nonetheless, customs revenue data reveal that the average effective tariff rate applied to most trading partners has remained moderate, far below the levels suggested by headline announcements. China stands out as the exception, facing average tariffs close to 40%, with more than four-fifths of its exports subject to duties, notably above the share affected under the Smoot-Hawley Act. By contrast, the EU continues to enjoy relatively favorable access to the U.S. market, with tariff rates substantially below those applied to major Asian competitors. While the aggregate impact on U.S. imports has so far been modest, sharp divergences across countries are reshaping market shares, with China losing ground and the EU maintaining stable exports.

The geopolitical risks extend well beyond trade. Russia's resilience and China's rise underscore the systemic challenge confronting Europe. Europe is facing the most profound systemic challenge since the end of the Cold War, as misconceptions about Russia's economic weakness and the resilience of autocracies have obscured the scale of the threat. Measured in purchasing power parity, Russia's economy is the largest in Europe, and its military spending—at nearly 7% of GDP and over a third of its federal budget—places it on par with Europe collectively. This concentration of resources, combined with hybrid warfare and sabotage operations, has enabled Russia to sustain its war in Ukraine despite sanctions. At the same time, China's state-led growth model and technological advances add to the challenge, highlighting the ability of autocracies to mobilize resources for strategic aims. For Europe, incremental responses will not suffice. A bold strategy is needed, encompassing increased defence spending, investment in modern military

technologies, and deeper cooperation through joint procurement and shared assets. The ultimate test for European democracies is to demonstrate their capacity to prioritize security and growth while maintaining cohesion in the face of an assertive axis of autocracies.

These threats expose Europe's structural weaknesses and underline the urgency of reform. Europe's economic malaise is driven by structural weaknesses rather than short-term shocks. Germany's reliance on traditional industries and Spain's reliance on immigration-fuelled growth, albeit providing temporary relief, both highlight the EU's failure to generate productivity. Overregulation, fragmented finance, and chronic underinvestment have left Europe lagging behind in high-tech sectors, while persistent trade surpluses have exposed the bloc to external shocks from Russia, China, and U.S. tariffs. Germany represents 24.5% of EU GDP, but its core industries are stagnating. Europe's tech deficit is stark: of the 50 largest global firms, only four are European. Trade dependency is 22.4% of EU GDP, nearly double the U.S. share of 12.7%, leaving the bloc highly vulnerable to Trump's tariffs—15% across EU exports, 50% on steel and aluminium—which triggered EU commitments of €600 bn in U.S. investment (2025–2028), $750 bn in energy imports, and $40 bn for AI chips. At the same time, Chinese exports to the EU rose 8.3% year-on-year in April 2025, while European firms struggle to sell to China. Without reform, fiscal and monetary tools alone cannot compensate. Only a fiscal and capital markets union can provide the scale of investment needed. Otherwise, Europe—including Spain—risks sliding into managed decline.

Spain is directly exposed to this shifting environment, as geopolitical realignments affect its external position and growth outlook. Globalization has undergone significant changes in recent years, particularly since the start of President Donald Trump's second term. World trade and international investment are increasingly following a bloc-based logic, underscoring the weakening of multilateralism. In this context, the Spanish economy has managed to maintain a significant external surplus, although this result masks two contrasting realities. On the one hand, the trade balance with the EU has improved, thanks to gains in competitiveness *vis-à-vis* EU partners, thereby offsetting the sluggishness of the single market. Between 2019 and the first quarter of 2025, Spanish exports of goods and services to the EU increased by 49%, a rate higher than that recorded by Germany, France, and Italy. On the other hand, the balance with the U.S. and China has deteriorated sharply, particularly since the start of the trade war, as a result of structural weaknesses of the Spanish export model. Spain imports around €45 billion from China, six times more than the €7.5 billion it exports, highlighting the scale of this imbalance. All of this requires revitalizing the single market, strengthening the EU's negotiating capacity, and creating favorable conditions for investment in Spain.

We then turn to Europe's fiscal architecture and the performance of Next Generation EU. Spain has received more than €55 billion in transfers from Next Generation EU, making it one of the EU countries most advanced in terms of formal disbursements approved by Brussels. Yet actual execution lags far behind: in 2024, only €7.5 billion of the €34.1 billion budgeted was disbursed, with less than a third of credits converted into effective payments. Around a quarter of resources have gone to current expenditure, diluting the program's long-term transformative impact. While Spain has complied with milestones to unlock European disbursements, the funds have too often failed to deliver meaningful structural change. With less than two years left before the 2026 deadline, the challenge is not only to accelerate absorption but also to ensure that investments and reforms deliver a lasting legacy.

The financial section of this issue examines the resilience of banks, corporate balance sheets, and digital finance. The 2025 stress tests conducted in the U.S. and Europe produced paradoxically positive results: banks proved more resilient

than in previous rounds despite tougher adverse scenarios. U.S. banks absorbed projected losses of $550 billion, but aggregate CET1 ratios only fell from 13.4% to 11.6%, a smaller drop than in recent years. Similarly, European banks faced €547 billion in hypothetical losses, yet capital depletion was just 3.7 percentage points, the smallest since 2014. The main factor behind this resilience is improved profitability, particularly higher net interest margins, which have strengthened banks' ability to generate capital organically. These results emphasize the sector's progress in building buffers since the financial crisis, but they also raise questions about whether the tests fully capture emerging risks. Supervisors are already preparing adjustments, including scenarios that integrate geopolitical shocks more explicitly. This paradox points to both the improved health of the banking sector and the continued need for vigilance in an era of heightened uncertainty.

Spanish corporations have reduced their leverage substantially over the past decade, leaving the aggregate debt-to-GDP and debt-to-profitability ratios below the EU and eurozone averages. Indeed, between 2015 and 2024, the ratio of Spanish corporations' debt to GDP decreased by 25.8pp to 63.6%, which is 9.5pp below the eurozone average. This adjustment is also reflected in the decline in the debt-to-net assets ratio, which fell to 34.9% in 2023, its lowest level in almost a decade. Yet, such progress masks significant variation across firms and regions. Larger enterprises remain far more indebted than smaller firms, and leverage is highest in capital-intensive sectors, such as utilities and communications, compared with lower levels in activities like mining or agriculture. Construction and real estate also stand out for the sharp deleveraging they have undergone since the financial crisis. By region, Asturias shows the highest leverage (42.5%), more than twice Galicia's low of 16.2%. These divergences reflect variations in economic structure, firm size distribution, and profitability. Overall, Spain's corporate sector is on firmer financial ground, but leverage remains concentrated in certain types of firms and regions.

Dominated essentially by two players which control approximately 90% of total market capitalization, dollar-backed stablecoins have grown into a US$219 billion market, increasing their share of crypto trading and cross-border flows while gaining new momentum from recent U.S. regulatory initiatives. In Europe, however, their potential to become a mainstream instrument is limited. Users face exchange rate exposure and issuer-specific risks that are absent from the existing euro-based systems, and the EU's Markets in Crypto-Assets Regulation (MiCA) has already discouraged major issuers from entering the market. At the same time, European efforts to upgrade payment services and advance a digital euro aim to strengthen autonomy and reduce reliance on non-EU providers. Although stablecoins could play a role in cross-border payments, and private and public sector actors should remain vigilant, their systemic relevance in the EU appears unlikely in the near future.

We close with a look at Spain's long-term social and demographic challenge. Spain's long-term care system, one of the cornerstones of its welfare state, is under mounting strain from demographic and institutional pressures. Official projections point to the population over 65 increasing by 1.4 million by 2030, raising demand for care benefits by 27%, with more than 2 million people officially recognised as dependent. Home-based care is projected to represent one-third of benefits by 2030, but this requires a doubling of the workforce to 572,200 full-time equivalents. Yet, the sector continues to struggle with low wages (about €10,000 below the national average), high turnover, and unstable temporary contracts which affect one in four workers. Women make up the vast majority of the workforce, and more than half of employees are over 45, compounding the difficulties of recruitment and retention. Without improvements in working conditions and greater investment, Spain risks a shortfall in the care-related workforce needed to ensure dignity and equity for its ageing population. Ultimately, transforming the system will demand stronger political commitment and significant new funding to keep pace with social needs.

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# What´s Ahead (Next Month)

| Month | Day | Indicator / Event |
|---|---|---|
| October | 2 | Social Security registrants and official unemployment (September) |
| | 2 | Tourists arrivals (August) |
| | 6 | Industrial production index (August) |
| | 8 | Financial Accounts Institutional Sectors (2nd. quarter) |
| | 9 | Eurogroup meeting |
| | 15 | CPI (September) |
| | 21 | Services Production Index (August) |
| | 23 | Foreign trade report (August) |
| | 23-24 | European Council meeting |
| | 24 | Labour Force Survey (3rd.quarter) |
| | 29 | Retail trade (September) |
| | 29 | GDP 3rd. quarter, advance estimate |
| | 29-30 | ECB monetary policy meeting |
| | 30 | Preliminary CPI (October) |
| | 31 | Non-financial accounts: Central Government, Regional Governments and Social Security (August) |
| | 31 | Non-financial accounts, State (September) |
| | 31 | Balance of payments monthly (August) |
| November | 4 | Social Security registrants and official unemployment (October) |
| | 6 | Industrial production index (September) |
| | 12 | Eurogroup meeting |
| | 14 | CPI (October) |
| | 20 | Foreign trade report (September) |
| | 25 | Services Production Index (September) |
| | 28 | Preliminary CPI (November) |
| | 28 | Retail trade (October) |
| | 28 | Non-financial accounts: Central Government, Regional Governments and Social Security (September) |
| | 28 | Non-financial accounts, State (October) |
| | 28 | Balance of payments monthly (September) |

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# What Matters



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Europe's assumptions about Russia's weakness and the limits of autocracies have been upended by Moscow's resilience in war and economic mobilization. Meeting this challenge requires a bolder strategy, with higher defence spending, modern technologies, and deeper European cooperation.

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Europe's lacklustre economic growth reflects deep-seated structural weaknesses, from fragmented financial markets to chronic underinvestment and low productivity. Without further fiscal and capital markets integration, the bloc remains exposed to external shocks and the risk of a managed decline.

Wolfgang Münchau

## Regulation and Economic Outlook

## Key Facts

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# Trump's tariff war: Limited impact, diverging effects across partners

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Daniel Gros

**Abstract:** Since 2025, U.S. tariff policy under President Trump has generated significant uncertainty, marked by frequent announcements of steep "reciprocal" tariffs followed by partial reversals or diluted deals. Nonetheless, customs revenue data reveal that the average effective tariff rate applied to most trading partners has remained moderate, far below the levels suggested by headline announcements. China stands out as the exception, facing average tariffs close to 40%, with more than four-fifths of its exports subject to duties, notably above the share affected under the Smoot-Hawley Act. By contrast, the EU continues to enjoy relatively favorable access to the U.S. market, with tariff rates substantially below those applied to major Asian competitors. While the aggregate impact on U.S. imports has so far been modest, sharp divergences across countries are reshaping market shares, with China losing ground and the EU maintaining stable exports.

## Introduction

So far, so good. The seemingly earth-shattering 'reciprocal' tariffs, announced by U.S. President Trump and then partially implemented since April have had little impact on trade flows so far. U.S. imports have stabilized after the rush in March to beat the tariffs, and the market share of the EU has remained constant, with EU exports to the U.S. up about 40 billion euros during the first semester of this year.

The recent EU-U.S. "framework agreement" has been widely criticized as a capitulation. But its implementation would only confirm the relatively advantageous position of the EU in terms of access to the U.S. market, as the tariff rates facing EU exporters remain far below those of China and also slightly below those facing other Asian competitors, such as Korea or Japan. Only Canada and Mexico are in a significantly better position than the EU because most of their exports to the U.S. remain still duty free. But these two economies are too small to constitute significant competitors.

Some reports have suggested that Trump has "gone soft" on China and treats U.S. allies worse. The data suggests otherwise. Average tariffs on China are around 40%, against less than 10% for the rest of the world.

## How to measure tariffs in (almost) real time

Trump's tariff policy consists of a bewildering succession of announcements of high tariffs, often followed by vague 'deals' with headlines rates much lower than the "reciprocal" tariffs announced on April 2nd. At the same time, it is often not clear whether announced rates are actually applied.

Given the rapid changes in rates, announced and implemented, it is difficult to obtain an overall picture of where U.S. trade policy stands. The U.S. uses the globally Harmonized System of the WTO which, at the most detailed (10 digit) level, has about 20 thousand tariff lines. Moreover, as each of the over 150 U.S. trading partners can now face different tariff levels, there might be up to 3 million different tariff rates to consider. To put together an overview of U.S. tariff policy in the form of an average tariff one would have to combine the tariff lines with the data on bilateral imports, requiring potentially another 3 million pieces of information. Even calculating a simple average tariff rate for the U.S. is thus no simple task.

Fortunately, there exists a much simpler approach to gauge the restrictiveness of U.S. tariff policies. One can simply divide tariff revenues by imports. This simple ratio of two numbers represents the average effective tariff actually applied – as opposed to announced tariff schedules. The U.S. Treasury publishes data on customs revenues and imports with a delay of about 6 weeks. This source can thus yield close to real time data.

The ratio of customs revenues to imports is sometimes called the effective tariff rate or the average collected rate. This measure yields often very different results than the average

tariff rates estimated based on Trump's policy announcements. [1] For example, when announcing the 3 months pause in reciprocal tariffs on April 9th, the President announced that during this period all countries would face a baseline tariff of 10%, with much higher rates applying to China. This should have meant that the average tariff rate should be above 10%. However, the average rate collected in May/June remained (across all countries) at around 9%.

## Average rates *versus* dutiable rates

Most countries exempt a sizeable share of imports from paying duties. This is the case typically for raw material imports for which there are no domestic producers to protect. Even Trump follows this pattern. These so-called non-dutiable imports should be taken into account when one wants to measure the distortions caused by tariffs.

A useful variant of the effective rate is the average dutiable rate defined as customs revenues divided by *dutiable* imports. This rate is higher than the average tariff rate, with the difference between the two a function of the share of dutiable imports in overall imports. For Canada and Mexico this difference is essential to go beyond headlines.

A widely accepted general principle in economics implies that it is better to apply a moderate tax on the entire economy than to tax some sectors very heavily and exempt others. In trade policy this means that any unequal tariff structure that combines zero rates on some imports with very high rates on the remaining portion of imports will incur greater total efficiency costs than a uniform tariff that spreads the tax burden evenly across all imports (Gros, 2025a). This is one of the reasons why the Smooth Hawley Act of 1930 was so destructive. It imposed tariffs of around 60% on a variety of goods worth

about one third of U.S. imports at the time. The average tariff rate of Smoot Hawley is thus often reported as around 20%. However, the distortionary effect was much larger than a uniform tariff rate of 20%. Gros, 2025 shows that one can approximate the distortionary effect of levying a high tariff on a fraction $1/n$ of all imports by multiplying the average tariff rate by the square root of n. In the case of Smoot Hawley, this means that its distortionary effects were equivalent to a uniform tariff rate of 20%*SQRT(3) or about 34%. Trump's tariffs remain so far much below this benchmark (except for China).

The sharp increase in customs revenues collected over the last month has attracted much attention. However, revenues collected in both May and June have remained below 10% of imports and, as of June 2025, slightly less than one half (46%) of U.S. imports were subject to duties. The average dutiable rate was thus, at close to 20%, more than twice as high as the average effective rate. In July monthly tariff revenues increased to about 26 billion USD, still only about 10-11% of imports (of goods). If one applies the above formula to calculate the distortionary effect of the present (20% rate on roughly one half of imports) on the U.S. one arrives at the equivalent of a tariff rate of about 14% on all imports (10%*SQRT(2)).

## Different trading partners get different treatment

Both the average effective rate and average collected rate on dutiable imports can also be calculated on a bilateral basis. For a country that follows the Most Favored Nation principle of the WTO, there should be little difference in rates across trading partners. However, Trump is blatantly disregarding MFN principles. There are thus large cross-country differences in the bilateral average tariff rate. The first difference is between China and the rest of the world. Over 80% of

> " About 60% of EU exports to the U.S. are dutiable, but for Canada and Mexico this share is below 20%. "

U.S. imports from China are now subject to duties, with rates mostly around 40%.

Among the other trading partners, the dutiable rates are much lower, usually around 20%. But there are large differences in the share of their exports to the U.S. subject to duties. About 60% of EU exports to the U.S. are dutiable, but for Canada and Mexico this share is below 20%.

Further differences in effective rates can arise from differences in the composition of trade. For example, imports from Gulf states consist mainly of petroleum products that are duty free, while imports from Bangladesh consist mainly of textile products that had already been subject to substantial tariffs in the past. With Trump these differences across countries have escalated by an order of magnitude.

Table 1 provides an overview of the two concepts of average tariff rates for the U.S., and, as a memorandum item the share of imports covered by duties at three points in time: 1933 (after the Smooth Hawley Act),

2015 (pre-Trump) and the latest available data. Ten years ago, the difference between the rates faced by China and the rest of the world was about 2 percentage points, now it is close to 30 percentage points on both measures.

The figures in Table 1 suggest that China is already now facing tariff rates of the same order of magnitude as those of the Smooth Hawley tariffs. [2] The main difference being that by now over 4/5 of all Chinese exports to the U.S. are dutiable (Smooth Hawley had exempted 60% of imports from all tariffs). The average for the rest of the world remains much lower. But even here there are large differences across different countries.

In general, the cross-country differences are much higher for average rates than for dutiable rates. For example, Canada and Mexico still face very low average effective rates (2–4%, respectively) because most of their exports to the U.S. are exempted from duties. The high headline figures on some specific products like steel do not change this average that much because the share

**Table 1**  **Average effective and average collected rates, U.S.**

Percentage

| | 1933 Smooth Hawley | 2015 | | 2025 (latest available data) | |
|---|---|---|---|---|---|
| | World | R of W | China | R o W | China |
| Average effective rate | 19.6 | 1.1 | 3.0 | 6 | 37 |
| Average collected rate | 59.1 | 4.0 | 6.8 | 14 | 44 |
| Share of dutiable imports | 33.2 | 27.5 | 44.0 | 44 | 86 |

*Source: Own calculations based on U.S. Treasury data.*

| Table 2 | **Average effective and collected tariffs: EU *versus* competitors** | | |
|---|---|---|---|
| | Implicit average tariff: Duties | Implicit collected average tariff: Duties | Share of dutiable: Dutiable imports |
| | (as % of imports) | (% dutiable imports) | (% of all imports) |
| China | 37 | 44 | 86 |
| Canada | 2 | 21 | 8 |
| Mexico | 4 | 25 | 16 |
| Japan | 14 | 18 | 84 |
| EU | 6 | 13 | 61 |
| UK | 7 | 11 | 62 |
| India | 6 | 12 | 55 |
| South Korea | 12 | 17 | 67 |
| Vietnam | 7 | 15 | 54 |
| Others | 5 | 12 | 51 |
| World total | 9 | 20 | 47 |
| RoW - China | 6 | 14 | 44 |

*Source: U.S. Treasury.*

of these sectors in the trade with the U.S. is limited. The rates on those products that are dutiable are relatively elevated (over 20% in both cases). Public attention focuses naturally on these high rates, but their overall impact should be limited.

Somewhat surprisingly, the share of Japan's export to the U.S. that is dutiable is at 80% similar to that of China, but the rates are much lower (on average about 15%).

For the EU, one can observe a similar, but much more attenuated phenomenon. The average rate on dutiable products is 13%, but the overall effective rate is only 6% because of the still relatively large proportion of exports to the U.S. that are not dutiable (*e.g.* pharmaceuticals). The difference between the EU and the UK is minor, but the data might not yet reflect the impact of the UK-U.S. agreement. More in general, the EU seems to

face easier market access in the U.S. compared to its major developed Asian rivals, Japan and South Korea. Moreover, EU producers have a very large advantage relative to their most important rival, namely China, that faces an average effective rate about 30 percentage points higher.

These relative tariff rates suggest that Mexico and Canada will be the main beneficiaries of Trump's trade policy as exporters from these two countries should be able to capture additional market shares in the (shrinking) U.S. import market. EU exporters should be able to hold their market shares in the U.S. as they gain relative to China, moreover, increased Canadian and Mexican exports to the U.S. might well require more machinery and other inputs from Europe.

Since the U.S. is the EU's largest export market one could have expected a significant

negative impact from the tariffs. But this has not materialized so far.

Different Member States have different exposures to the U.S. Germany has the biggest exposure, with exports to the U.S. accounting for almost 3.5% of GDP, for France it is only 1.8% of GDP and for Spain the U.S. market is even less important accounting for about 1% of GDP. One can observe a tight correlation between the importance of exports to the U.S. and the reaction of national policy makers to the EU-U.S. trade deal. In countries with little exposure to the U.S., like France and Spain, the reaction has been much less negative than in Germany which has the highest exposure.

### Impact on trade flows

Some of Trump's tariffs have been in force for a number of months. One should thus be able to see a first impact. The very short run data is difficult to interpret because during the month of March imports increased considerably in an attempt to beat the looming tariffs. However, this 'hump' should now have been offset by lower imports as traders draw down their inventory. However, somewhat surprisingly, this has not happened yet. The total imports for the first half of 2025 are still somewhat above the value of last year. The main reason for this low impact of the tariffs on imports might be the fact that, as documented here, average tariffs have so far remained much below the very high values announced in early April.

However, the differences across countries are much larger than the average (average around 10%, but China close to 40% against EU below 10%). One would thus expect that there should be substantial shifts in market shares, even given mostly unchanged imports. This is indeed what one observes for China, whose share in U.S. imports has dropped considerably, (from around 14% to 7%), whereas that of the EU has remained roughly constant at 14%. Exhibit 1 below shows the evolution of the divergence in cumulative exports to the U.S. by the EU and China.

Exhibit 1 **Cumulative exports to the U.S. 2025 *vs.* 2024**
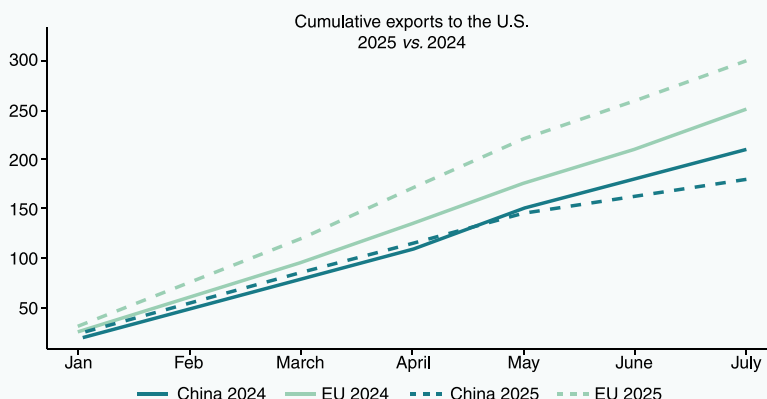


Source: U.S. Treasury.

## Conclusions

The impact of Trump's tariff war has so far been rather limited. U.S. imports seem rather stable, except for those from China. The main reason for this limited impact is that average tariff rates have remained below 10% for most countries (but close to 40% for China). Policymakers and media have focused attention on the products with high tariffs. But they are of limited overall importance if one uses the data on tariff revenue collected as proposed here.

Exports to the U.S. amount to about 2.8% of EU GDP. A sharp drop in these exports could thus have had a significant impact on the European economy. However, this has not happened. Exports to the U.S. have been higher by about 40 billion euro during the first half of this year relative to the same period of 2024, imparting a small positive boost to the otherwise sluggish EU economy. However, Chinese exports to the U.S. have fallen by about 20 billion USD. The wide-spread notion that the U.S. has gone soft on China and has hit its allies particularly hard is thus not borne out by the data. All in all, it seems that apart from distribution of market shares, Trump's tariffs have been remarkably ineffective.

## Notes

[1] Many estimates combine past import data with announced rates to calculate the average tariff rate. But both elements lead to overestimates. The July estimate of the Yale budget lab arrives at an estimate of an average tariff of around 17% although it also contains a chart with customs revenues as a percentage of imports that would have suggested a much lower value. https://budgetlab.yale.edu/research/state-us-tariffs-july-23-2025

[2] On the economic consequences of Smoot Hawley see Gros (2025b).

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# Europe's systemic challenge or why underestimating Russia and the axis of autocracies is a mistake

Europe's assumptions about Russia's weakness and the limits of autocracies have been upended by Moscow's resilience in war and economic mobilization. Meeting this challenge requires a bolder strategy, with higher defence spending, modern technologies, and deeper European cooperation.

Guntram Wolff

**Abstract:** Europe is facing the most profound systemic challenge since the end of the Cold War, as misconceptions about Russia's economic weakness and the resilience of autocracies have obscured the scale of the threat. Measured in purchasing power parity, Russia's economy is the largest in Europe, and its military spending—at nearly 7% of GDP and over a third of its federal budget—places it on par with Europe collectively. This concentration of resources, combined with hybrid warfare and sabotage operations, has enabled Russia to sustain its war in Ukraine despite sanctions. At the same time, China's state-led growth model and technological advances add to the challenge, highlighting the ability of autocracies to mobilize resources for strategic aims. For Europe, incremental responses will not suffice. A bold strategy is needed, encompassing increased defence spending, investment in modern military technologies, and deeper cooperation through joint procurement and shared assets. The ultimate test for European democracies is to

demonstrate their capacity to prioritize security and growth while maintaining cohesion in the face of an assertive axis of autocracies.

## Introduction: Illusions on democracies and autocracies

Public debates about the contest between democracies and autocracies are often clouded by illusions and misconceptions. On one side, there is the comforting notion that liberal democracies, by virtue of their economic weight and moral appeal, are destined to prevail. On the other, there is a growing chorus claiming that autocracies are more effective, more resilient, and better suited for the geopolitical rivalries of the 21st century. Both views are misleading, and both can prevent Europe from facing its systemic challenge with clarity.

How can a country with an economy smaller than Italy's destabilize an entire continent? Indeed, by conventional measures, Russia's GDP is smaller than that of Italy. This fuels the widespread misconception –famously echoed by Barack Obama, who called Russia a "regional power" [1] – that Europe can easily prevail over Moscow. Yet this view conceals more than it reveals. At least since 2005, [2] Vladimir Putin has consistently framed the collapse of the Soviet Union as a "geopolitical tragedy", and his policies show a persistent determination to restore Russian power that belies the country's apparent economic size. Putin's geopolitical ambition is encapsulated in his so-called *five seas strategy*—a vision of asserting Russian influence across the Black, Caspian, Azov, Baltic, and White seas as interconnected theatres of power. [3] The puzzle is clear: how can a state that looks minor on paper sustain such a major geopolitical challenge?

A second misconception further adds to confusion: the belief that autocracies enjoy systemic advantages over democracies. Commentators frequently point to China's rise as evidence. And while China's rise is truly impressive, this should not be understood as a general pattern for autocracies. Empirical research by Funke *et al.* (2023) documents how countries with populist leaders fare worse. China's GDP per capita still remains below that of advanced western countries and consumption levels are even lower. Few citizens would willingly accept giving up their freedom for autocratic rule. And yet, the fact that living in a democracy is more comfortable, both in terms of personal liberties as well as economic performance of the country does not automatically mean that democracies prevail in a systemic challenge. Both within Western countries as well as from outside, the democratic model is contested, even if autocracies face numerous disadvantages.

When misconceptions lead us to underestimate adversaries like Russia, the strategic consequences for Europe can be severe. In the next section, we therefore aim to understand the sources of misconception and clarify the data. We then develop a policy agenda for Europe focusing on security and re-armament.

## Sources of geopolitical misconceptions

There are four major sources of misconception leading to underestimating the systemic challenge Europe faces. First, Russia remains the largest economy of Europe in purchasing power parity (see Exhibit 1) despite its relatively small size in conventional GDP measures. Typically, the size of economies is compared in terms of GDP measured in U.S. dollars. Yet, that comparison is only useful if one wants to compare the capacity to buy internationally traded goods. In terms of the capacity to produce goods and hire soldiers, what matters is purchasing power parity (PPP) – *i.e.* a GDP measure adjusted for the major differences in price levels. By that measure, Russia has a larger economy than even Germany.

Obviously, Russia is a smaller economy than that of the EU or Western Europe combined. We therefore will come back to the importance of effectively pooling European countries' resources to prevail in this systemic conflict.

Second, it is useful to compare defence spending across major powers and document the importance of price differences for both military equipment as well as for soldiers. The so-called military PPP developed by Robertson (2022) is applied to defence spending and shown in Exhibit 2. As the exhibit reveals, Russia's war economy is large compared to Europe and growing. Russia's war economy has further increased the production of military goods and has been able to access Western advanced technology despite sanctions (Hilgenstock *et al.,* 2025, Bilousova *et al.,* 2024). The comparison of military spending in PPP shows that Russia is on par with European countries collectively. According to IISS, Europe spent even less than Russia measured in PPP in 2024. [4]

Third, the war in Ukraine consumes large amounts of military equipment on both sides

Exhibit 1 **Gross domestic product in purchasing power parity**

USD trillion
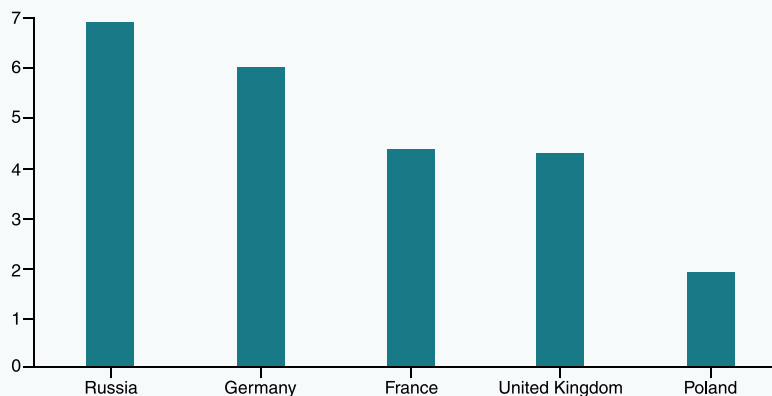


*Source: Authors based on (IMF).* World Economic Outlook.

> " Russian military spending is also higher than often acknowledged: close to 7% of GDP and representing more than one-third of the federal budget. "

> " China found a special model of combining heavy handed state intervention based on control of massive resources with fierce private sector competition, which has driven rapid innovation and growth, with China now at the technological frontier in several products. "

Exhibit 2 **Defence spending in military PPP for main NATO countries, Ukraine and Russia in 2024**

USD billion



Legend: ■ At military PPP  ■ Nominal
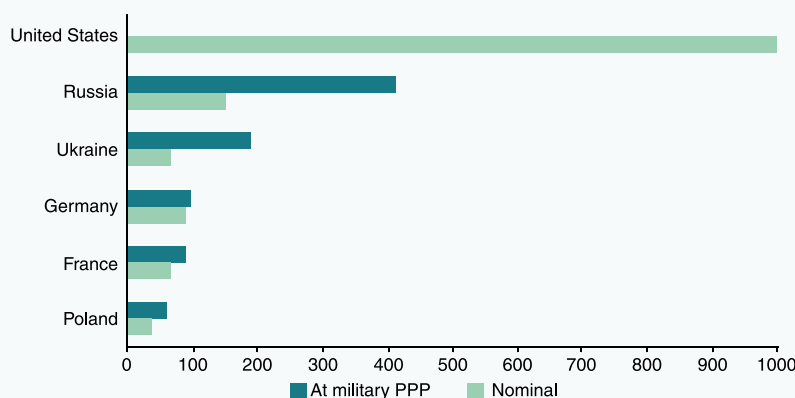
*Source: Authors based on Robertson (2022).*

and both sides suffer heavy casualties. In a systemic challenge, the political capacity to concentrate resources on specific purposes will thus be decisive. Russia has devoted substantial resources to its military production. It spends almost 7% of its GDP on its military and more than 35% of its federal budget – numbers far larger than those of Western Europe. It also forces large numbers of its citizens to fight in Ukraine, with many casualties.

The importance of resource concentration for systemic rivalry goes beyond military spending. Belton (2022)'s book "Putin's people" documents how the KGB took back Russia and then took on the West. It is a masterpiece showing how Putin acquired financial and political control of a vast and resource-rich economy. The capacity to use these resources is a highly valuable strategic asset, for example when it comes to influence operations and acts of hybrid war. Edwards and Seidenstein (2025) document the huge scale of Russia's sabotage operations against Europe's critical infrastructure, affecting now countries in all of Europe. Also influence

> " The combination of a geopolitically determined Russia with large military capabilities and the economic rise of China represent a fundamental challenge to Europe, even more so at a moment when the U.S. cannot be trusted as a reliable partner. "

> " Gradual and incremental change will likely be insufficient; instead, a bold strategy is needed for both the capability to defend and the ability to grow. "

operations and cyber attacks are on the rise (Demertzis and Wolff, 2020).

Finally, while populist leaders may not have well performing economies, China's autocracy is focused and determined to achieve high growth and challenge Europe. In fact, China found a special model of combining heavy handed state intervention based on control of massive resources with fierce private sector competition. This state-led growth model has driven rapid innovation and growth, with China now at the technological frontier in several products, including for example electric cars. This is a direct challenge to the European economic model– even if suppression of consumption and high levels of inequality mean that many in China do not even benefit much from the economic miracle.

In sum, autocracies are not doing better and certainly conditions for citizens can be quite harsh, be that economically or in terms of personal liberties. But autocracies have the capacity to concentrate resources to pursue strategic aims. The combination of a geopolitically determined Russia with large military capabilities and the economic rise of China represent a fundamental challenge to Europe, even more so at a moment when the U.S. cannot be trusted as a reliable partner.

### What needs to be done

In short, the shaping of a new world order is ongoing. China and Russia are leading the changes, and their new confidence was perhaps best expressed in the recent military parade in Beijing that also involved the North Korean dictator Kim Jong-un. Meanwhile, the U.S. is withdrawing from the world. These are fundamental challenges to the European Union and all the countries of Western Europe. Gradual and incremental change will likely be insufficient. Instead, a bold strategy is needed for both the capability to defend and the ability to grow. The ultimate political challenge is to ensure that our democracies prioritize security and growth, thereby accepting and navigating unavoidable trade-offs. The challenge is thus not only one of means, but also a direct challenge to the system. Ultimately, democracies need to show they can manage to prioritise what is needed for self-preservation.

### Boosting European military capacities

Europe needs to step up to face its systemic challenge. This is even more important as it is fair to expect that some of the roughly 80,000 U.S. troops in Europe will leave the continent over the next several years.

Of course, European democracies have not been sitting idle in the last few years. Since Russia's invasion of the Crimea Peninsula in 2014 and since the full-scale invasion and the war ongoing in Ukraine since 2022, defence spending has gone up (Exhibit 3). As an important part of the rise in defence spending, spending for military equipment has more than doubled.

> " Defence spending is set to increase further with the new NATO commitments to reach 3.5% of GDP, representing a substantial fiscal burden to European societies. "

**Defence spending in NATO Europe (left scale) and spending on military equipment (right scale)**

In percent of GDP
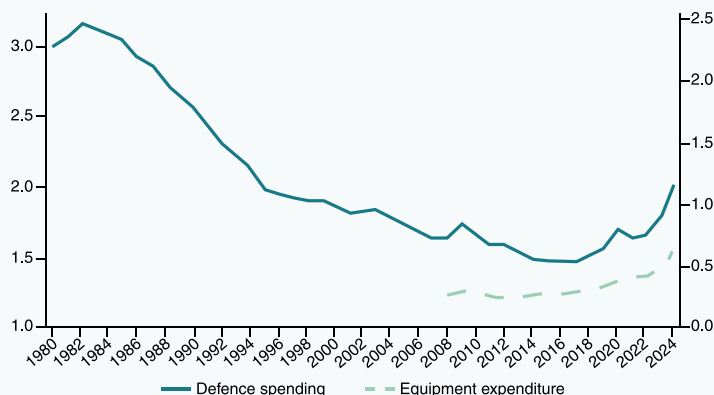


Note: NATO Europe refers to all NATO Members except the US and Canada. Data between 1980 and 1989 does not include the Western Balkans, Bulgaria, Czech Republic, Slovakia and the Baltic countries, and some observations are estimates. Before 1989 the observation for Germany refers to the Federal Republic of Germany only.
Sources: Burilkov et al. (2025) based on NATO, SIPRI and IMF.

Defence spending is set to increase further with the new NATO commitments to reach 3.5% of GDP. This represents a substantial fiscal burden to European societies. As defence spending is increasing, however, it will be important to ensure an effective European rearmament strategy. In original new research, we studied in detail the military procurement in Germany, the UK and Poland as well as with more limited granularity in France (Burilkov *et al.,* 2025). Exhibit 4 provides a summary of the rising procurement amounts – and documents that within Europe Germany has become a leading country in procuring military equipment. Our detailed study shows significant gaps in a modernisation agenda of Europe's armed forces, despite these rising procurement numbers.

More military spending does not automatically and immediately translate into military capabilities, especially if the defence industrial base is strained. Price increases for military equipment might absorb large parts of budget increases, which will be particularly the case if supply is constrained, *i.e.,* the supply elasticity of equipment is low, an issue also highlighted by the former top U.S. commander in Europe (Cavoli,

2025). Burilkov *et al.* (2024) document that the U.S. military defence industrial base is currently facing substantial strains as visible in delayed deliveries. Spending and delivery do not automatically correspond as many complex products are delivered only years after payments start. More importantly, the equipment spending might be focused on the wrong type of equipment. Modernisation needs challenge traditional procurement processes – certainly a significant problem in Europe. For example, purchasing 3D printers for mass drone production might be more effective than developing advanced new weapon systems but will require breaking with traditions. Finally, equipment spending might only just compensate for the depreciation of existing equipment stocks and fill gaps in Europe's depleted stocks after decades of peace dividend.

On the upside, however, it is worthwhile to highlight that Ukraine is increasingly producing with its own defence industrial base. Mass production of drones – including very long-range models – cruise missiles, tanks, and artillery has compensated for fluctuations in Western arms deliveries. This "porcupine strategy" has done much to enable

> " More military spending does not automatically and immediately translate into military capabilities, especially if the defence industrial base is strained. "

Exhibit 4 **Country summary procurement value from January 2020 to April 2025**

Billion EUR
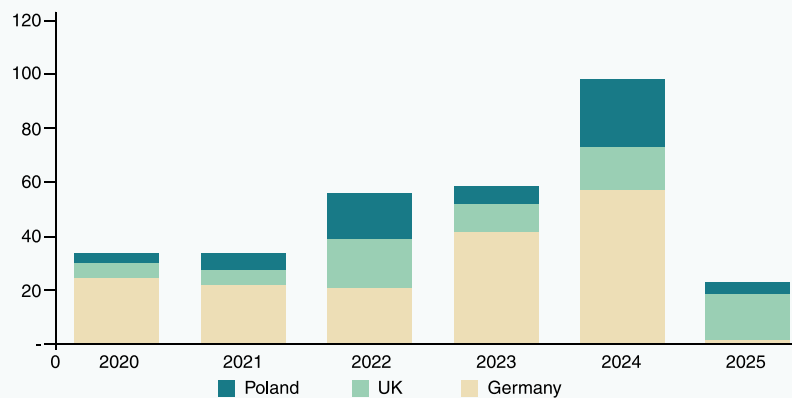


*Note: This exhibit shows the summary of the Kiel military procurement tracker for Germany, UK, and Poland for the years 2020-2025 in € billion. We exclude France because there is not enough monetary data available to make a comparable analysis with the other countries. For all countries, there is no way to verify how much military procurement spending we are missing, and we are not aware of a viable method of benchmarking the data. Hence, our results should be interpreted cautiously and as a lower bound.*
*Source: Kiel military procurement tracker – second release, Wolff et al. (2025a).*

continued organised Ukrainian resistance. It also bodes well for post-war Ukraine's capability to resist any potential further Russian aggression, as well as the potential of Ukraine to become a major contributor to the broader European defence ecosystem (Kirkegaard, 2025).

Meanwhile, the dependency on foreign production and technology is a growing concern in Europe. It is a formidable technological challenge as domestic procurement and production remain dominated by established technology – despite increasing evidence that in peer warfare established technology plays a smaller role than drones and missiles. Europe needs to urgently focus on a modernisation strategy with greater emphasis on missiles, drones and automatic systems. It also needs to reduce its geopolitical dependency on the U.S. that is perhaps most visible in the import of high-tech military equipment.

> " Joint purchases are central to ensure scale while competition is needed to ensure technological leadership – both are critical for bringing down prices at a moment of rising demand. "

> " Ultimately, European countries need to consider deeper European military cooperation to pool their resources more effectively. "

Finally, as European nations rearm, they cannot ignore the European dimension of rearmament. One dimension concerns the market structures for defence products: Europe's governance for arming needs to change to ensure costs are brought down and funding made available (*e.g.* Wolff *et al.,* 2025). Joint purchases are central to ensure scale while competition is needed to ensure technological leadership – both are critical for bringing down prices at a moment of rising demand.

The other dimension goes well beyond increasing joint purchases for equipment and jointly developing new technology. Ultimately, European countries need to consider deeper European military cooperation to pool their resources more effectively. Conceptually, there are two extreme models conceivable. In one, only the U.S. has the capacity to lead in the context of NATO. Currently, the U.S. serves as the anchor ensuring cooperation among European countries and stepping in with its own capacities wherever deterrence by European countries alone is not credible. The other extreme would be a fully integrated European army with a single European political and military command.

The former has become an untenable dependency on an ally that European countries do not trust anymore. The latter remains an unrealistic goal given the limited political ambitions of our current leadership. Policy makers should thus work on the grey zone in between these two extremes. A logical next step would be more jointly owned strategic assets such as intelligence satellites to reduce the fiscal burden for every European country rearming. Deeper integrated command structures across European armies following the NATO model would represent a more ambitious deepening of cooperation.

## Conclusions

Europe is experiencing the biggest systemic challenge certainly since the end of the cold war. While US$-based GDP measures suggest that Russia is relatively small, we have shown that its defence spending is much higher and measured in PPP, its economy remains the largest on the continent. The common misconception that autocracies will eventually fail to deliver ignores their capacity to concentrate wealth and power to pursue domestic and foreign geopolitical goals.

Europe should thus be under no illusions. European democracies need to prove their capacity to mobilise resources for the key challenges of enhancing security and boosting growth while protecting climate. The double challenge of a war in Europe and a direct challenge by China to the EU's economic model requires bold action. Here we have sketched the military dimension and argued for: (1) focused investments in new technologies that are more effective in modern warfare, (2) a bold strategy to boost domestic technologies and reduce excessive dependencies on U.S. military technology, (3) a European re-armement strategy focussing on scale through joint procurement and a European governance approach to reduce the fiscal costs at a moment of rising defence budgets; and, last but not least, (4) a serious debate on how military cooperation across European countries can be effectively and quickly enhanced.

In the economic sphere, the challenges are equally large and have been outlined by Letta (2024) and Draghi (2024). The bottom line is that at a time of substantial changes, European societies need to re-learn the importance of adaptation, creative destruction and innovation. This resource mobilisation is a major cost to societies – and the question of burden sharing becomes central.

## Notes

[1] https://www.youtube.com/watch?v=PBJKbaqMEzI

[2] https://www.nbcnews.com/id/wbna7632057

[3] For a documentary, see: https://www.arte.tv/en/videos/119518-000-A/putin-and-the-five-seas-war/

[4] https://www.politico.eu/article/russian-defense-spending-overtakes-europe-study-finds/

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# What it would take to reverse Europe's global decline

Europe's lacklustre economic growth reflects deep-seated structural weaknesses, from fragmented financial markets to chronic underinvestment and low productivity. Without further fiscal and capital markets integration, the bloc remains exposed to external shocks and the risk of a managed decline.

Wolfgang Münchau

**Abstract** [1]: Europe's economic malaise is driven by structural weaknesses rather than short-term shocks. Germany's reliance on traditional industries and Spain's reliance on immigration-fuelled growth, albeit providing temporary relief, both highlight the EU's failure to generate productivity. Overregulation, fragmented finance, and chronic underinvestment have left Europe lagging behind in high-tech sectors, while persistent trade surpluses have exposed the bloc to external shocks from Russia, China, and U.S. tariffs. Germany represents 24.5% of EU GDP, but its core industries are stagnating. Europe's tech deficit is stark: of the 50 largest global firms, only four are European. Trade dependency is 22.4% of EU GDP, nearly double the U.S. share of 12.7%, leaving the bloc highly vulnerable to Trump's tariffs—15% across EU exports, 50% on steel and aluminium—which triggered EU commitments of €600 bn in U.S. investment (2025–2028), $750 bn in energy imports, and $40 bn for AI chips. At the same time, Chinese exports to the EU rose 8.3% year-on-year in April 2025, while European firms struggle to sell to China. Without reform, fiscal and monetary tools alone cannot compensate. Only a fiscal and capital markets union can provide the scale of investment needed. Otherwise, Europe– including Spain – risks sliding into managed decline.

## Introduction

There is an old joke about Boris Yeltsin that applies to the economic situation in Europe, and in Spain specifically. When asked by a reporter to summarise the situation of the Russian economy in one word, he said: "Good". Clearly not expecting Yeltsin to comply with the one-word constraint, the reporter came back and said: "Ok, two words." To which Yeltsin replied: "Not good".

As absurd as this example sounds, it does apply to European countries. Germany is rich, but has low GDP growth. In Spain, there is a dichotomy between high GDP growth, but low productivity growth. If you looked at only one macroeconomic time series, chances are that you are missing the bigger picture. And if you only look at data, chances are that you have no explanation of why the economic situation has become so much worse everywhere in Europe. Most likely you would invoke the lame excuse of a string of bad luck events: the pandemic, Vladimir Putin's war, and now Donald Trump's tariffs. But the *bad-luck* story is becoming increasingly implausible. Wars and pandemics are dreadful, but there is no reason to think that they should have a persistently negative effect on your economic growth. Germany's own economic miracle happened after the second world war. Our story is more complicated.

Germany is the canary in the coalmine. What happened there, will happen elsewhere in Europe with a delay. Germany's decline is a result of several determining factors: a dependency on too few industries for economic growth (cars, mechanical engineering, and chemicals); a banking system geared towards supporting those industries, but not towards funding new companies and industries; a lack of investment in high tech industries specifically and a lack of financial and physical infrastructure that would encourage such investments. Germany was instrumental to get the EU to pass data protection legislation – the general directive of data protection and regulation on artificial intelligence – measures that effectively frustrate all data-based businesses. With GDPR, the EU gave itself the world's most restrictive legislation on data protection. It passed its AI regulation before it had AI. The same occurred for crypto-currencies. As a result of excess regulation, an inflexible banking system, and the resulting under-investment the EU is not a primary participant in these industries. Of the fifty largest tech companies, only four are European. Except for Sweden's Spotify, none of them have been founded from scratch this century.

## Structural weaknesses and external shocks

The Germans may be extreme in their anti-tech crusade and their Luddite disposition. They still have fax machines in the public sector and in doctors' offices. But this is a wider European problem. As Mario Draghi reminded us in his report on Europe's competitiveness, virtually all of the productivity gap between the U.S. and the

> " Far more important than competition are productivity and innovation – where Europe is lagging. "

EU is accounted for by high-tech industries. In a speech in August 2025, he compared the small-scale high-tech investment in Europe, fragmented across member states, with investments in the U.S. and China that are more than ten times the scale. Europe lacks the infrastructure for this type of investment because of how we run our economy. If our existing companies do not produce economic growth, no one will. We do not have the financial and regulatory infrastructure for 21st century entrepreneurship.

To exclude high-tech from the productivity comparisons and to pretend that everything is fine would be dangerously complacent. It is true that the Americans are not more productive in the same industries in which they compete with the Europeans. The U.S. is rarely in the top group of global competitiveness rankings. But competitiveness is the wrong metric. And the rankings leave us Europeans with a false sense of achievement. Far more important are productivity and innovation – where we are lagging.

Europe's weakness in tech is probably the biggest overt structural problem that holds us back, but behind this lies a whole number of structural policies that have caused and contributed to it. It goes to the heart of how we think about Europe, about our European socio-economic model, and our own distinct version of capitalism, sometimes also described as Rhenish capitalism.

The world around us has changed. China transformed from a consumer of European exports to an aggressive competitor in key technologies like electric batteries and cars, AI, and solar panels. This is quite possibly the most important of all the changes in our external environment. Donald Trump's tariffs are another one. We cannot dismiss external shocks if they become permanent. Russia's war in Ukraine necessitates higher defence spending in countries that are geographically close to Russia. I have sympathies for Spain's critical view about Nato 5% defence spending target. It makes more sense for Poland and for Germany than for Spain and Italy, countries which should focus on economic reform at this point.

I think Trump's tariffs will be permanent. Legal challenges might dent some of them, but the fact is that tariff revenues are becoming a critical part of U.S. fiscal policy going forward, even beyond the Trump presidency.

A decade ago, an article on the European economy would have focused on monetary and fiscal policy and on financial stability. They still play an important role in our story, but not the semi-exclusive role they once had. Fiscal and monetary policy are not in a position to offset these shocks. The fiscal expansion during the pandemic, helped by the suspension of the stability pact, managed to offset the direct shock. But the euro area did not revert to its previous growth path. Important as they are, fiscal and monetary policies cannot reverse a structural slump.

What macroeconomists should have foreseen, but did not, were the dire consequences of

> " China transformed from a consumer of European exports to an aggressive competitor in key technologies like electric batteries and cars, AI, and solar panels. "

Exhibit 1 **Euro area current account balance**

Percentage of GDP
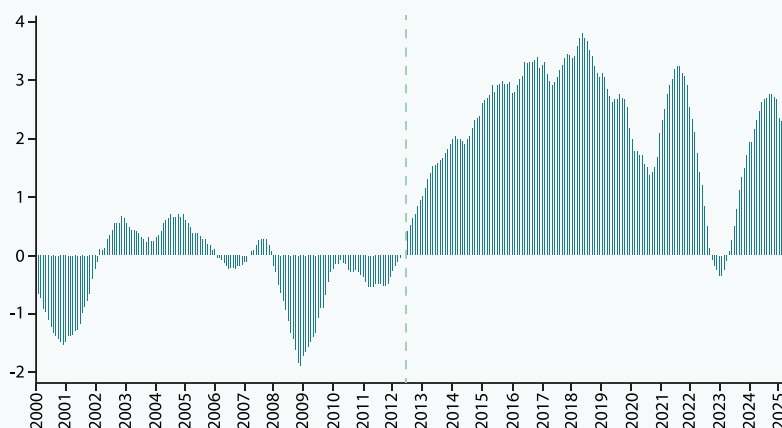


*Source: Eurostat.*

the euro area's structural current account surpluses. Ever since the eurozone crisis, the euro area has been recording large and persistent surpluses against the rest of the world, as Exhibit 1 impressively demonstrates.

The break occurred in 2012 at the height of the eurozone's sovereign debt crisis. Until then, the eurozone's current account position was healthy. It fluctuated between small deficits and surpluses. But more important than their relative size was the lack of persistence. They went down and up and down again. This is how it should be. After 2012, the eurozone adopted synchronised austerity as a quid-pro-quo for Mario Draghi's backstop, which from 2015 turned into asset purchases that were only stopped in 2023. The current account surpluses briefly fell during the pandemic as European companies struggled to export. But they came back soon afterwards.

In the last decade, it was customary for the German media to celebrate the large export surpluses. This was essentially a celebration of an imbalance. The problem with this imbalance is that it made Europe even more dependent on others – and that dependency has become the most important driver of Europe's structural economic decline. The first shock was the Brexit referendum in the

UK. The pandemic exposed supply chain vulnerabilities. Russia's invasion of Ukraine exposed Europe's dependency on Russian gas. The sanction policies against Russia ended up hurting a vulnerable Europe more than a nimble Russia. Within a year, Vladimir Putin transformed Russia into a war economy, and struck strategic deals with China, North Korea, India and Iran. What was left for Europe was our dependency on the United States, but with Donald Trump's second term, that relationship too is now looking increasingly fragile. Trump has shifted the position of the U.S. in the Ukraine from that of Ukraine's largest financial supporter to that of a neutral referee. Trump has imposed a 15% generalised tariff on all European exports, and 50% on steel and aluminium, and pro-rated on goods that contain those metals. The EU is committed to reducing its tariffs on U.S. products. I am hearing suggestions that the EU informally agreed not to apply its digital markets act against U.S. tech companies. The EU also agreed to step up their investments in the U.S. to €600bn until 2028. That translates to $170bn per year, on top of the $100bn EU companies are already investing each year. This is a huge increase, especially considering that Europe's export surplus is likely to fall as a result of the tariffs. The U.S. trade deficit with the EU was $235.9 billion in 2024. The

rationale behind these investments is to neutralise the surplus.

The EU also committed to purchasing of $750bn for liquid natural gas and nuclear energy products until 2028, roughly $200bn per year. This number compares to annual U.S. energy exports into the EU in the order of $80bn. The EU is also committed to investments of $40bn in AI chips from the U.S. for its data centres. There is no way the EU can fulfil all of these promises. It remains to be seen what Donald Trump will do once it becomes clear that the EU is not fulfilling its side of this Faustian bargain. But one way or the other, we can safely conclude that the era of Europe's trade surpluses against the U.S. is well and truly over. Of the countries that absorbed Europe's trade surpluses in the past, India is now the last one standing. But this is also not much of a consolation.

The UK maintained its deficit with the EU since Brexit, but it is no longer as closely integrated into industrial supply chains. Given the persistent weakness of the UK economy, it may not be in a position to uphold its moderately large trade external deficit of 2.6% of GDP in 2024. And in the long run, it would be reasonable to expect the UK to diversity its trade away from the EU. For example, by relaxing its tariffs and import restrictions for



Exhibit 2    **Bilateral trade: European Union and China**
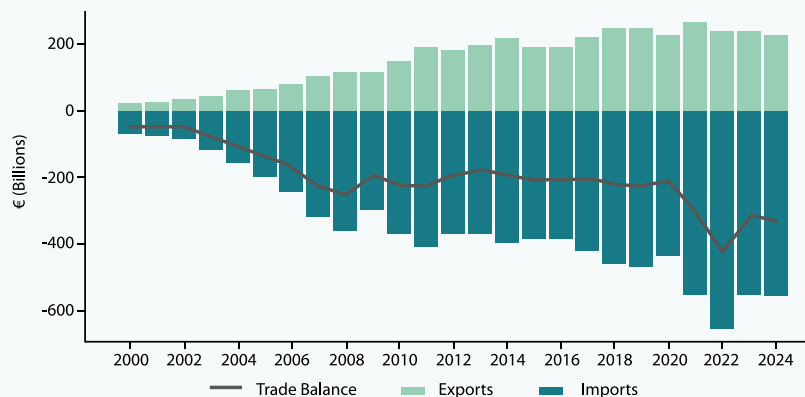
*Source: Trading Economics.*

U.S. agricultural products, we should expect to see rising imports from the U.S. into the UK, to the detriment of European competitors.

China has been running bilateral trade surplus against the EU throughout this century. But it was only since 2007/2008 that that these surpluses have became very large.

There are indications of a second China shock underway that is not yet reflected in the above exhibit. After Donald Trump announced his "Liberation Day" tariffs on April 2, China diverted trade into the EU. According to Chinese customs data, China registered an 8.3% increase in export growth to the EU, year-on-year, in April, with figures of 4.8%, 5.8% and 7.2% for the subsequent months. Chinese imports from the EU were down by 5.6% in January/February 2025 compared with the year earlier. Anecdotal evidence suggests that European companies, especially car companies, are struggling to sell to China.

I am devoting so much time to the external side because it is the change of external environment that drives our economic performance. Europe is far more dependent on the rest of the world by comparison to the US. Measured against GDP, total trade only accounts for 12.7% in the US, but 22.4% in the EU. These numbers exclude intra-EU trade. [2]

Apart from our external dependencies, which are expressed in those data above, the EU has also some internal dependencies that we need to take account of. Poland and other Central and Eastern European countries are heavily dependent on Germany industry, as supply chain providers. Spain's SEAT is part of the Volkswagen group as is Skoda of the Czech Republic. Germany's role as the EU's industrial hub makes the rest of Europe more dependent on the German economy than what would be warranted given Germany's relative size in the EU's GDP of about 24.5%.

This dual dependency, EU on Germany, and Germany on the U.S. and China, has the potential to produce a domino effect against which economic activity and economic policy takes place.

As a policy consequence, the EU should reduce one-sided economic dependencies on the rest of the world. These shifts would require more than just simple tweaks to existing policies, but a reboot of how the EU works, and how economic policy making works. The investments needed both in the private and the public sector exceed what the public sector and the financial sector can stem. Don't blame the banks. It is not their job to fund risky private ventures. The European Commission does not have the budget for multi-billion investment projects. Just look at the recovery fund. Praised by many as Europe's Hamiltonian moment, it was another too-little-too-late type investment projects. As the EU debt is funded by future membership contributions, it constitutes an intra-governmental transfer, which limits

its political appeal amongst net contributors to the EU budget. It is unsurprising that northern European resist it.

## The case for deeper integration

I have concluded a while ago that Europe's economic problems are insolvable without the creation of a fully-fledged fiscal union, one that operates independently of the member states. It is the combination of fiscal union, combined with limited tax raising powers, and a proper capital markets union that can leverage the investments that are needed. Both are also required for the euro to be able to challenge the dollar. Economists wasted far too much time drawing up clever plans for hybrid eurobonds.

Investors can tell the difference between sovereign debt and exceedingly complex financial structures, where nobody knows who owes what to whom. If the goal is to catch up with the U.S. and China in 21st century technology and to assert Europe's economic power globally, the creation of a fiscal union is without alternative.

While everybody, without exception, would benefit from such a construction in the long-run, perceptions might vary about the short-term. The Germans would naturally fear that the EU would raise too much debt. Spain might delude itself into thinking that its currently strong economic performance would continue forever, and that changes to the EU's way of working are not needed. Italy and Germany would not want to agree to a capital markets union as part of which they would lose control over their banking system. Who else, but the Italian banks, would want to hold Italian sovereign debt at current unattractive rates? If the euro crisis were to come, there would be no national banks left to act as a shock absorber for governments.

I see this as a feature of a European fiscal union, not a bug.

I am not denying that there would be lots of losers. The road towards new investments, and towards resilience goes through Schumpeterian creative destruction. In this new world, underperforming companies will go out of business – even if it is the car industry. That is not the case today.

I have been participating in "What Europe Must Do" type debates for several decades. With the introduction of the euro, the EU reduced its ambitions for political union. Without it, I don't think there is a solution that could get the job done. Investment plans are not about newspaper headlines. The EU is very good at generating positive headlines, but all its investment initiatives have ultimately failed. The €300bn Juncker investment fund was a smoke-and-mirror magic trick when it was launched in 2014. It did not raise any new investments. The €300 billion grants from the recovery fund at least were real money. But it took five years for EU countries to spend only half of it. There are also no demonstrable signs that it raised productivity growth. Instead, the EU ended up harming the economy by passing restrictive regulations through its bureaucratic Green Deal, and its anti-tech crusade. If there is no willingness to move towards a fiscal and capital markets union, one that does not try to out-regulate the rest of the world, there is not much we can do except manage our decline.

For now, Spain is fortune in that it can generate GDP growth, but this is due mainly through immigration. Spain is lucky in that many immigrants speak Spanish. The Germans and the Dutch do not enjoy that privilege. I am all in favour of high-skilled immigration, but economies cannot grow sustainably based on immigration alone.

> " If the goal is to catch up with the U.S. and China in 21st century technology and to assert Europe's economic power globally, the creation of a fiscal union is without alternative. "

We know that politics intrudes. Productivity growth is a critical metric for the underlying dynamics, and on this metric Spain is no better than the rest.

This is why we are having a collective action problem. I have been advocating for European political and fiscal union throughout my journalistic career, which began in the mid-1980s. I fear that this is a battle my co-conspirators and I are losing.

## Notes

[1] Most recently, Münchau authored *Kaput: The Decline of the German Economy*, published by Swift Press in 2024. For the Spanish version of the article, please see *Kaput, El Fin Del Milagro Alemán*, Plataforma Editorial, 2025.

[2] (Eurostat Data from: https://ec.europa. eu/eurostat/statistics-explained/index. php?title=File:Value_of_international_ trade_in_goods_and_services,_selected_ countries,_2023_(EUR_billion)_GL2024. png).

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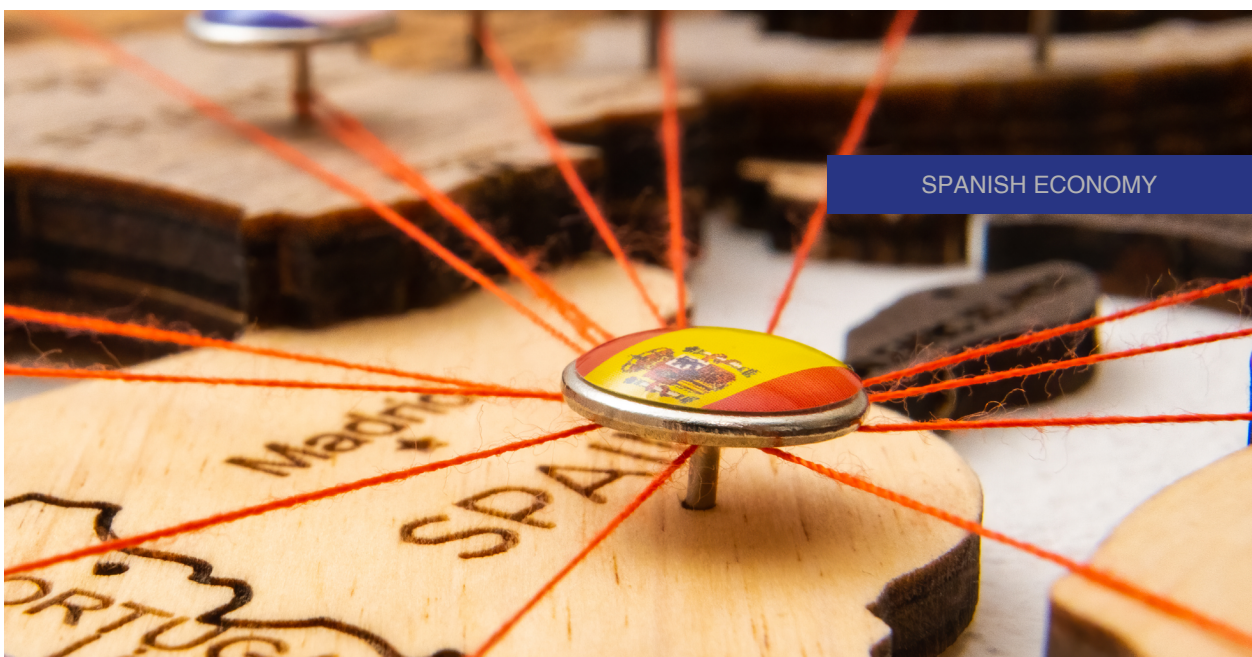
# The Spanish economy and the rise of trade blocs

The global economy is increasingly shaped by geopolitical blocs, reflecting the weakening of multilateralism. Spain has been resilient to this disruption thanks to its strong competitive position with other EU countries; but, this hides structural export weaknesses with non-EU regions, notably the U.S. and China, underscoring the need to revitalize the single market and boost investment.

Raymond Torres

**Abstract:** Globalization has undergone significant changes in recent years, particularly since the start of President Donald Trump's second term. World trade and international investment are increasingly following a bloc-based logic, underscoring the weakening of multilateralism. In this context, the Spanish economy has managed to maintain a significant external surplus, although this result masks two contrasting realities. On the one hand, the trade balance with the EU has improved, thanks to gains in competitiveness *vis-à-vis* EU partners, thereby offsetting the sluggishness of the single market. Between 2019 and the first quarter of 2025, Spanish exports of goods and services to the EU increased by 49%, a rate higher than that recorded by Germany, France, and Italy. On the other hand, the balance with the U.S. and China has deteriorated sharply, particularly since the start of the trade war, as a result of structural weaknesses of the Spanish export model. Spain imports around €45 billion from China, six times more than the €7.5 billion it exports, highlighting the scale of this imbalance. All of this requires revitalizing the single market, strengthening the EU's negotiating capacity, and creating favorable conditions for investment in Spain.

" Between 2019 and the first quarter of 2025, the value of total exports of goods and services from Spain to the EU increased by 49%, a much better performance than Germany, France, and Italy. "

## Introduction

The shift in trade policy undertaken by the Trump administration upon taking office at the beginning of the year is shaking the foundations of globalization, understood as a process of economic integration between countries. In addition to raising tariffs to levels not seen since the creation of the Bretton Woods institutions in the last century, the measures imposed by the world's leading power are altering the foundations of the global economy, allowing power asymmetries to prevail over comparative advantage, the latter being a guarantee of greater economic benefits for all countries. [1]

The U.S. tariff offensive, however, has been preceded by multiple signs of a weakening multilateral system. International trade has tended to become "regionalized," meaning that integration has deepened within geopolitical blocs. The number of regional agreements has increased sixfold in the last 25 years, leading to a fragmentation of the system. [2] More recently, the WTO itself has lost its capacity for action due to the quasi-paralysis of its dispute settlement mechanism. On the other hand, the struggle for technological leadership has intensified, leading to a growing number of trade restrictions, particularly since the pandemic. [3]

The aim of this paper is to examine how these changes have altered the position of the Spanish economy over the last five years, both within the European Union, the trading bloc in which it is embedded, and in relation to the rest of the world.

## A favorable competitive position of Spain in the shrinking European market

Various studies point to the reconfiguration of supply chains, particularly since the pandemic (Blanga-Gubbay & Rubínová, 2023). Many companies have opted for "friendshoring" strategies, relocating production to allied or geographically close countries to reduce risks in an increasingly tense international context. Hence the importance of analyzing the evolution of Spain's position within the single market, the trade bloc of which it is a part.

In this regard, the data show a positive trend: Spanish exporters have gained market share in the EU over the last five years. Between 2019 and the first quarter of 2025, the value of total exports of goods and services to the EU increased by 49%, a much better performance than Germany, France, and Italy (Exhibit 1). The trend is also favorable in the goods segment, although the increase is smaller (+ 37%) and there has been a slight decline in the last year. In the case of services, growth is more intense (+92%) and does not appear to have been interrupted despite the recent slowdown in tourism, highlighting the strength of non-tourism services.

On the other hand, as imports have grown less than exports, the trade balance with the EU shows a growing surplus, rising from 3.1% of GDP, in the period 2015-2019, to 5.4% in 2024, a figure that remains virtually unchanged according to the information available for the first quarter of this year. By comparison, the trade surplus between Germany and the EU has tended to decline, while France and Italy have posted deficits (Table 1).

Low relative production costs have contributed to the strength of the Spanish surplus with the EU, boosting exports and reducing the elasticity of imports with respect to domestic demand. [4] Labor costs fell during the adjustment period following

Exhibit 1 **Exports to the EU, at current prices**

First quarter of 2019=100
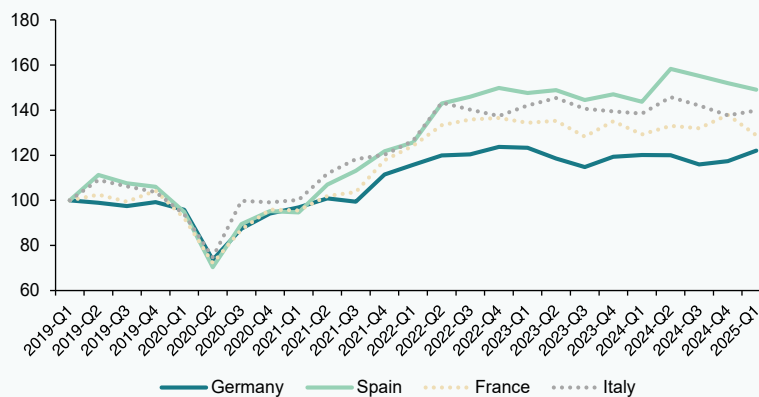


*Source: Funcas based on Eurostat.*

the financial crisis, and the differential with respect to the main EU partners has remained largely unchanged in the recent period. On the other hand, the moderation of energy costs, in relative terms, since the outbreak of the war in Ukraine has added to competitiveness, helping to explain the improvements in market share in the EU.

Although the results in Europe for the Spanish export sector are positive, the diagnosis must be qualified considering developments in the single market, as the European economy is

experiencing very weak growth, which in itself tends to weigh on intra-European trade. In addition to weak demand, the persistence of barriers to trade and investment, together with the increase in state aid, are additional factors contributing to fragmentation.

It is a fact that intra-European trade has grown less than trade with the rest of the world, particularly in the most recent period (Exhibit 2). In the first half of this year, intra-European trade in goods grew by a meager 1.3% compared to the same

Table 1 **Balance of goods and services with EU countries**

Percentage of GDP

| | 2015-2019 | 2020-2022 | 2023 | 2024 | 2025 Q1 |
|---|---|---|---|---|---|
| Germany | 1.8 | 0.9 | 0.4 | 0.5 | 1.2 |
| **Spain** | **3.1** | **4.0** | **5.4** | **5.4** | **4.7** |
| France | -2.0 | -1.6 | -1.1 | -0.4 | -0.6 |
| Italy | -0.6 | -0.9 | -0.7 | -0.7 | -1.2 |

*Source: Funcas based on Eurostat.*

Exhibit 2

**The weakening of the European market compared to the global market**

Year-on-year growth in intra-EU and extra-EU trade in goods,
January-June 2025
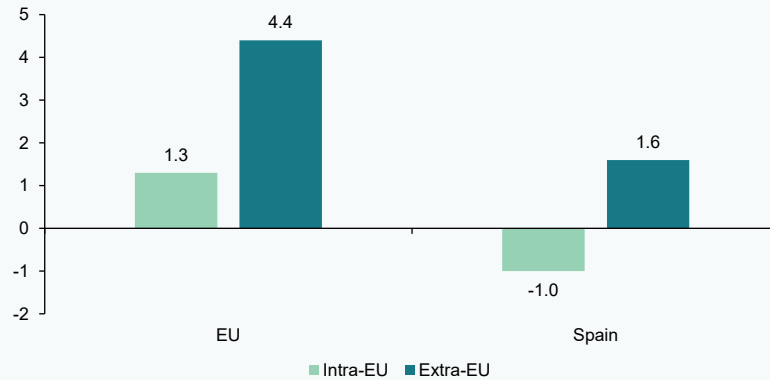


■ Intra-EU ■ Extra-EU

*Source: Funcas based on Eurostat.*

period last year. This is 3.4 times less than EU exports to third countries (extra-EU trade). In the case of Spain, shipments of goods to other EU countries fell by 1% over the same period, while extra-EU exports increased by 1.6%.

Therefore, looking ahead, gains in export market share may be insufficient to offset the sluggishness of the EU economy, exacerbated by the rampant fragmentation tearing apart the single market and the tariff escalation brought about by the recently sealed agreement between the U.S. and the EU. This agreement, in addition to directly affecting exports, could also perpetuate the climate of uncertainty, weigh on investment decisions, and cloud the European outlook.

## A quantitative and qualitative deficit of Spain with the U.S. and China

In contrast to the good results achieved in the EU, the Spanish export sector is recording a growing deficit with third countries, a trend that has worsened with the trade war. Over the last five years, the trade balance in goods and services with non-EU countries has remained negative, with a tendency to worsen in the most recent period (Table 2). This deficit contrasts with the surpluses of Germany and Italy, and the fluctuations around balance in France.

On the other hand, the growing imbalance in trade with non-EU countries stems from

> " In the first half of this year, intra-European trade in goods grew by a meager 1.3% compared to the same period last year - 3.4 times less than EU exports to third countries. "

**Table 2** **Balance of goods and services with non-EU countries**

Percentage of GDP

|  | 2015-2019 | 2020-2022 | 2023 | 2024 | 2025 Q1 |
|---|---|---|---|---|---|
| Germany | 4.8 | 3.5 | 3.5 | 3.3 | 2.7 |
| **Spain** | **0.2** | **-2.9** | **-1.5** | **-1.1** | **-2.3** |
| France | 1.4 | -0.2 | -0.3 | 0.3 | -0.9 |
| Italy | 3.5 | 2.0 | 2.2 | 3.3 | 2.3 |

*Source: Funcas based on Eurostat.*

the goods segment, where exports tend to grow less rapidly than imports, generating a negative balance that has doubled in the last five years to exceed 5% of GDP in the first quarter of this year. Services show a relatively stable surplus over time, close to 2% of GDP, which is however insufficient to offset the deterioration in the goods balance.

Within the non-EU area, the large and growing deficit of Spain with China stands out (Exhibit 3). Indeed, there appears to have been an intensification of imports from the Asian giant, coinciding with the escalation of the trade war. As for the US, the total balance of goods and services has gone from equilibrium to a deficit position in the first quarter of 2025, reflecting the initial effects of tariffs. In any case, the acceleration of shipments in anticipation of tariff tightening does not seem to have occurred in the case of Spain, at least at the aggregate level. Finally, trade with other third countries shows a positive balance, which is nevertheless tending to decline.

The poorer performance of trade with the non-EU area is also reflected in the composition of trade, particularly with China. Among the most buoyant sectors in Spain exports to China, which amount to around €7.5 billion, are meat products, minerals, copper products, pharmaceuticals, and some machinery. Conversely, Spain buys from China electronic products, machinery, vehicles, organic chemicals, and clothing. Total imports amount to €45 billion, which is six times more than what is exported.

The sectoral pattern of trade with the U.S. seems less pronounced. Spain sells animal fats and minerals, but also electrical machinery, other equipment, and pharmaceutical products (among the five sectors with the greatest weight in exports). The main import products include fuel, aircraft, optical instruments, machinery, and pharmaceutical products. However, differences in specialization are more clearly seen in services: the U.S. digital sector occupies a prominent place in Spain services' imports, while exports of services to the U.S. are less technology-intensive.

" Over the last five years, the trade balance in goods and services with non-EU countries has remained negative, with a tendency to worsen in the most recent period. "

**Breakdown of Spain's balance of goods and services with the non-EU area**

As a percentage of GDP, first quarter of 2024 and 2025

| | Total non-EU | U.S. | China | Rest of non-EU |
|---|---|---|---|---|
| 2024 | -1.1 | -0.1 | -2.1 | 1.1 |
| 2025 | -2.3 | -0.4 | -2.4 | 0.5 |

■ 2024 ■ 2025
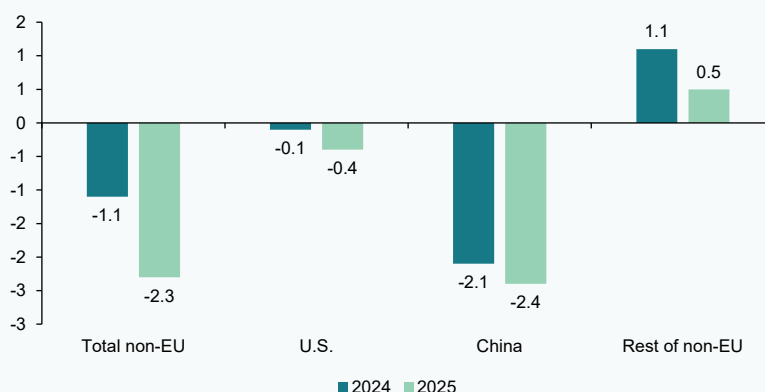
*Source: Funcas based on Eurostat.*

## Implications for economic policy

In short, the Spanish economy is not immune to the reconfiguration of globalization that has accelerated in recent times. The maintenance of an external surplus, coupled with sustained GDP growth, is good news, but it masks two disparate realities.

On the one hand, the good results in foreign trade are mainly due to improved export penetration in the EU, the result of a favorable competitive position *vis-à-vis* other major EU partners. On the other hand, the performance of the foreign sector outside Europe is less buoyant. In addition to the overall deficit with non-EU countries, aggravated by the tariff offensive, the pattern of specialization is not favorable to the Spanish economy.

Looking ahead, the persistent fragmentation of the single market, together with weak demand growth in the eurozone, casts a shadow over the positive outlook for foreign trade. To avoid decline and thus sustain the European engine of growth in the face of global challenges, it is crucial to revive the single market through reforms and joint investment in public goods, as pointed out in the Draghi report. Various studies highlight the benefits for the Spanish economy of reforms inspired by this report (see Torres, and González Simon, 2025).

These imbalances also highlight the importance of investment, a key variable for accelerating technological adaptation, improving productivity, and counteracting the deterioration of the terms of trade in global markets. Although domestic business

> " Foreign direct investment, which could compensate domestic weakness, is declining: so far this year, FDI inflows have fallen by 32% compared to the same period in 2024 and by 39% compared to 2023. "

investment has rebounded in the last three quarters, its level is still insufficient to drive transitions. It is worrying that foreign direct investment, which could compensate domestic weakness, is declining: so far this year (based on data from January to May), FDI inflows have fallen by 32% compared to the same period in 2024 and by 39% compared to 2023. In short, disruptions in world trade highlight the need for a new cycle of reforms and investment, both in Spain and in Europe at large.

## Notes

[1] For a historical precedent for the current moment of unilateralism, see Hirschman (1980).

[2] For the rise of regional agreements, see: https://rtais.wto.org

[3] The *Global Trade Alert* portal records trade restrictions and the countries that impose them (https://globaltradealert.org).

[4] Over the last three years, the elasticity of imports with respect to domestic demand has been below 1, which is lower than the historical elasticity of around 1.2. (see Torres, Fernández, and Gómez Díaz, 2025).

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# NextGen EU funds: A transformation that has yet to arrive

Spain has led the EU in securing and allocating recovery funds, but actual disbursement and material execution remain slow. Heavy reliance on current expenditure and fragmented projects risk undermining the program's structural impact.

Funcas Finance and Digitalization Department

Abstract: Spain has received more than €55 billion in transfers from Next Generation EU, making it one of the EU countries most advanced in terms of formal disbursements approved by Brussels. Yet actual execution lags far behind: in 2024, only €7.5 billion of the €34.1 billion budgeted was disbursed, with less than a third of credits converted into effective payments. Around a quarter of resources have gone to current expenditure, diluting the program's long-term transformative impact. While Spain has complied with milestones to unlock European disbursements, the funds have too often failed to deliver meaningful structural change. With less than two years left before the 2026 deadline, the challenge is not only to accelerate absorption but also to ensure that investments and reforms deliver a lasting legacy.

## Introduction

The Next Generation EU (NGEU or NextGen EU) program was conceived in 2020 as a historic response by the European Union (EU) to boost recovery after the COVID-19 pandemic. Spain, one of the largest beneficiaries, designed the Recovery, Transformation and Resilience Plan (PRTR) – also called España Puede (Spain Can) – with the expectation of modernizing its economy through unprecedented investments and reforms. In total, Spain is set to receive around €160 billion in transfers and loans from the

" Almost four years after the Recovery, Transformation and Resilience Plan (PRTR) was launched, only a fraction of the funds has actually reached the real economy, and many structural projects are still underway or have not even started. "

Recovery and Resilience Facility (RRF), the central pillar of the NGEU. This injection is equivalent to more than 12% of Spanish GDP and must be fully implemented by 2026. The authorities proclaimed that these funds would be a "unique opportunity" to undertake pending structural transformations, from the ecological and digital transition to improvements in education, employment, and social cohesion.

At present, however, questions remain about the degree of transformation actually achieved. Almost four years after the plan was launched, only a fraction of the funds has actually reached the real economy, and many structural projects are still underway or have not even started. Spain has received five disbursements from the RRF from the European Commission to date (including the most recent one in summer 2025), meeting most of the agreed milestones and targets. However, internal budget execution is slow: in 2024, the government managed to disburse only a fifth of the funds planned for that year, deepening a trend of under-execution observed since 2022. At the same time, examples of interventions with low structural impact are emerging—funded actions that are either delayed and at risk of not being completed, or whose transformative contribution is questionable.

This article takes stock of the deployment of NGEU funds in Spain to date. It first describes the institutional framework of the PRTR, then presents a quantitative analysis with consolidated data, followed by a qualitative analysis with illustrative examples of expected impact. This is followed by a critical discussion of the plan's achievements and obstacles, and finally, conclusions are offered.

## Institutional framework of the PRTR

The Spanish Recovery Plan is part of the institutional framework of the NGEU, a temporary instrument endowed with €750 billion (at 2018 prices) for the EU as a whole. The centerpiece is the Recovery and Resilience Facility (MRR), which finances reforms and investments in exchange for the fulfillment of milestones and targets previously agreed with each country. In July 2021, the European Commission and the Council of the EU approved the Spanish plan "España Puede" (Spain Can), granting an initial allocation of €69.528 billion in non-repayable grants. Spain subsequently decided to also request the concessional loan portion, adding around €84 billion, through an addendum to the plan approved in 2023. This brings the total funding allocated to around €160 billion until 2026, the largest amount in the EU after Italy.

The Spanish PRTR is structured around four cross-cutting priorities (ecological transition, digital transformation, social and territorial cohesion, and gender equality), 10 lever policies, and 30 components covering key areas ranging from renewable energy, housing renovation, and sustainable mobility to education, healthcare, support for SMEs, and the digitalization of public administration, among others. It also incorporates 12 Strategic Projects (PERTE) aimed at leading sectors (electric vehicles, green hydrogen, microelectronics, agri-food, health, *etc.*), designed to channel high-impact, public-private investments. According to the European Commission, the modified plan (including the REPowerEU chapter on energy security) allocates 39.9% of spending to climate objectives and 26% to the digital transition, exceeding the minimum requirements of 37% and 20%, respectively. In addition, it is estimated that around 23% of spending is classified as social investment (education, care policies, labor inclusion, *etc.*), reflecting the priority of mitigating the social impact of the crisis.

> " The deadline for implementing all measures (investments and reforms) is August 2026, according to the European MRR regulation. "

The governance of the PRTR falls within a complex institutional structure. The central government (through the Recovery Commission, chaired by the Prime Minister's Office, and various ministries, mainly Economy and Finance) coordinates planning, monitoring, and reporting to the EU. Implementation is channeled through ministries and national agencies, but also with significant involvement from the autonomous communities (CCAA) and local authorities. In fact, a substantial portion of the funds is transferred to the CCAA to manage investments in their areas of competence. As of December 31, 2024, €29.106 billion had been distributed to the autonomous regions for projects related to ecological transition, digitalization, education, health, tourism, employment, sustainable mobility, housing, water, aid to businesses, culture, sports, *etc*. In addition, in 2021-2022, Spain already transferred €10 billion to the autonomous regions and regional authorities under the REACT-EU fund (another NGEU tool for immediate support in the wake of the pandemic). This brings the total NGEU resources distributed across the country in those years to almost €39 billion.

A key feature of the mechanism is that payments from the European Commission to the Member State are conditional on the implementation of structural reforms. In the case of Spain, the plan included more than 400 milestones and targets to be achieved within different timeframes. For example, flagship reforms such as the new Education Law, the 2021 labor reform, pension reform, climate change and energy transition laws, and judicial digitalization, among others, have been requirements for unlocking disbursements. This conditionality seeks to ensure that the funds are not only spent but also leave a structural legacy in the form of modernized public policies. The deadline for implementing all measures (investments and reforms) is August 2026, according to the European MRR regulation. By then, Member States must have completed the projects and requested final payments. Any delay beyond that date entails a risk of losing funding.

Spain established control and monitoring systems to manage this volume of resources. In particular, the CoFFEE-MRR computer system was implemented to monitor projects and their contribution to milestones, and specific regulations were approved to prevent fraud, corruption, and conflicts of interest in the management of funds. The Spanish Court of Auditors, together with the regional control bodies, has also initiated specific audits of the PRTR to evaluate procedures and results. Similarly, the *European Court of Auditors* issued reports in 2024 focusing on implementation in various countries, including Spain. All these mechanisms provide an institutional framework for the implementation of the plan, striking a complex balance between agility in spending and rigorous accountability for the use of European funds.

## Quantitative analysis: Financial execution and distribution of funds

Overall, Spain has secured approximately €79.8 billion in non-reimbursable transfers and €83.2 billion in loans from the RRF following the approval of the Addendum in 2023. This allocation is reflected in successive disbursements from Brussels, which have placed Spain among the most advanced countries in terms of attracting NGEU funds. By May 2025, Spain had received more than €48 billion in RRF transfers, meeting a high number of milestones at each stage (Exhibit 1). In the summer of 2025, the fifth disbursement was made, for a net amount of €23 billion (the largest to date), which included for the first time a significant loan component (around €16 billion) together with €7.1 billion in grants. This brings the cumulative amount received in transfers to

**Exhibit 1**     **RRF disbursements to Spain (2021-2025)**
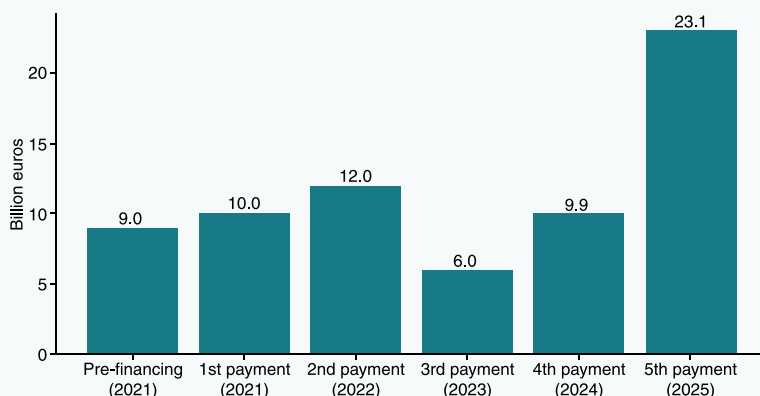
more than €55 billion, around 70% of the total planned for Spain (around €80 billion). Spain remains the leading EU country in terms of the volume of non-repayable funds received, slightly ahead of Italy and France.

Exhibit 1 illustrates the sequence of payments from the EU. After initial pre-financing of €9 billion in August 2021 (equivalent to 13% of the amount of grants allocated), the first payment of €10 billion arrived in December 2021, and the second payment of €12 billion in July 2022. Spain was the first Member State to achieve both disbursements, thanks to its rapid fulfillment of the targets committed for 2021. The third payment of €6 billion, was approved in February 2023 upon certification of 29 milestones for the first half of 2022. Subsequently, the fourth payment, requested at the end of 2023, faced some delays due to difficulties in reforms (*e.g.*, unemployment benefit reform and fiscal measures), and was finally authorized in June 2024 for an amount close to €10 billion. Finally, the fifth payment

was approved in July 2025 and disbursed in August, combining €7.1 billion in grants (including €139 million pending from the previous tranche) and €16 billion in loans. Each disbursement corresponded to a six-month investment/reform package, except for the fifth, which also included objectives from the loan phase (addendum). It should be noted that two milestones in the fifth tranche were pending evaluation (the reform of diesel taxation and the digitalization of regional administrations) – the Commission temporarily withheld the part of the financing linked to them, pending resolution in the following months. In short, Spain is entering 2025 having obtained most of the available European funds in the form of transfers, although there is still some way to go to achieve 100% of the resources, including loans and the new objectives of the addendum.

A critical issue is how this inflow of funds translates into actual spending within Spain. Each year, the General State Budget has

> " In five payment installments linked to milestones, Spain has received €55 billion in grants (70% of the planned amount - the fifth payment also included €16 billion in loans, significantly increasing the volume. "

Exhibit 2 **Percentage of the annual NextGen EU budget executed in Spain**



Budgeted = 100%
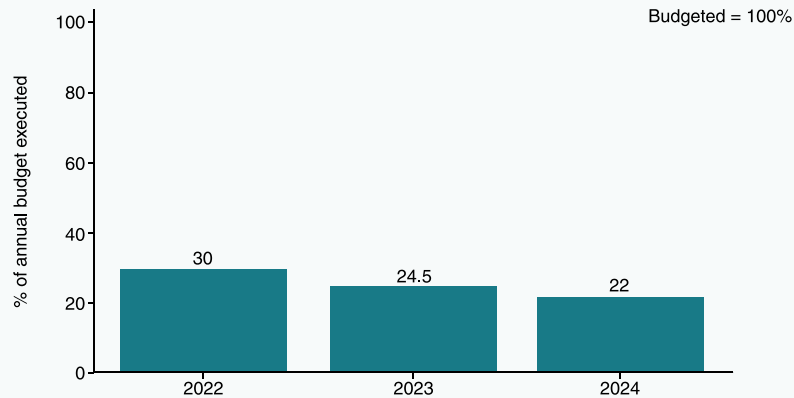
*Source: Own elaboration based on planderecuperacion.gob.es.*

included substantial appropriations for the PRTR, but implementation rates reflect significant delays. In 2022, the first full year of implementation, only around 30% of the budgeted appropriations for the PRTR were executed. In 2023, the proportion fell to 24.5% (Exhibit 2). And in 2024, as of December 1, only 22% of the planned amount had been disbursed (7.538 billion euros actually paid out of a total of 34.134 billion budgeted). Even with the typical acceleration at the end of the financial year, it was impossible to get close to 100% annual execution—in fact, 2024 would be the worst year in relative terms, consolidating a downward trend in spending agility.

Each year more than two-thirds of the allocated funds do not reach the real economy within the planned timeframe. Several factors explain this situation: administrative delays in calls for proposals and awards, bottlenecks in the absorption capacity of some programs, and even initial overestimation of implementation rates. The government usually presents implementation figures in terms of "recognized obligations," which include funds committed but not yet paid, resulting in somewhat higher percentages (for example, 34.6% in 2024). However, in terms of actual payments made to final beneficiaries, the real figures are those mentioned above

Table 1 **Implementation of the PRTR in Spain, 2021–2024**
Million euros

| Year | Initial credit | Commitments recognized | % of credit | Actual payments | % of credit |
|---|---|---|---|---|---|
| 2021 | 10,830 | Approx. 8,300 | 76.6 | Approx. 6,000 | 55.4 |
| 2022 | 28,000 | Approx. 22,500 | 80.4 | 8,400 | 30.0 |
| 2023 | 33,116 | Approx. 25,000 | 75.5 | 8,115 | 24.5 |
| 2024 | 34,134 | 11,840 | 34.6 | 7,538 | 22.1 |
| Cumulative 2021-24 | 106,080 | 83,633 | 78.9 | 30,053 | 28.3 |

*Note: \*In 2021, the plan started in the second half of the year; approximate figures based on initial settlement.*
*Source: Ministry of Finance, PRTR implementation data (12/31/2024) and own calculations.*

(22% in 2024). As a reference, between 2021 and 2023, the General State Administration awarded a total of €66 billion under the PRTR—equivalent to 95% of the €69.5 billion for the first phase of the plan— indicating that most of the funds have been committed to approved projects. However, of this amount awarded, only approximately €20 billion had been materialized in calls for grants and contracts awarded to private companies and self-employed workers by 2023. In other words, a large proportion is still in the implementation phase or pending disbursement. Table 1 illustrates this contrast between budget, funds, and implementation.

According to the latest consolidated official data, from 2021 to December 31, 2024, €106.08 billion in budgetary appropriations had been allocated to the PRTR, of which accumulated recognized obligations amounted to €83.633 billion (78.9%). This figure for recognized obligations represents the budgetary effort committed to ongoing projects. However, it is important to distinguish this from actual expenditure (cash basis). The delay in implementation can be seen from the fact that, at the end of 2024, more than €20 billion already committed remained outstanding. In fact, several ministerial items show significant delays in execution. For example, the Ministry of Finance (responsible for transfers to autonomous regions, sectoral conferences, *etc.*) had executed only 1.79 billion of the 13.138 billion budgeted for 2024 (13.6%). The Ministry of Transport, Mobility and Urban Agenda (Mitma), which manages housing programs, executed just €409 million of the €3.168 billion allocated (13%), despite the pressing need for investment in affordable housing. The Ministry of Science and Innovation spent €297 million of €912 million (32.5%) in 2024. The Ministry of Economic Affairs and Digital Transformation

executed only 124 million of 707 million (17%) in its digital and civil service component. These examples illustrate that absorption capacity has varied greatly by area, with particularly notable delays in housing, administrative digitalization, and some industrial investments.

## The problem of distinguishing between current expenditure and investment

A stated objective of the NGEU was to finance capital expenditure (public investment) rather than current expenditure, in order to ensure a lasting transformative effect. In practice, Spain has allocated a significant portion of the funds to current expenditure (*e.g.,* hiring staff, current transfers, benefits) to shore up public services during the crisis. According to Eurostat data, in the period 2020-2024, Spain allocated approximately €7.877 billion of the €31.821 billion received to current expenditure, *i.e.* 24.8%. The remaining proportion (75.2%) financed capital expenditure or investments.

Exhibit 3 shows this distribution. The use of temporary funds for current expenditure has implications: on the one hand, it made it possible to maintain or expand services (*e.g.*, hiring additional healthcare personnel during the pandemic, financing social programs, *etc.*), contributing to social cohesion at critical times. But, on the other hand, it limits the long-term transformative impact, as current spending does not create lasting assets and will disappear once NGEU funds are exhausted. It also creates a future fiscal risk: policies or services financed by NGEU will need alternative sources when these extraordinary resources come to an end in 2026-2027. The areas with the highest weight of NGEU-financed recurrent spending in Spain include the reinforcement of regional health and education systems in 2021-2022,

Exhibit 3    **Cumulative distribution (2020-2024) of Next Generation EU funds in Spain between current expenditure and investment**



Current expenditure

24.8

75.2

Investment
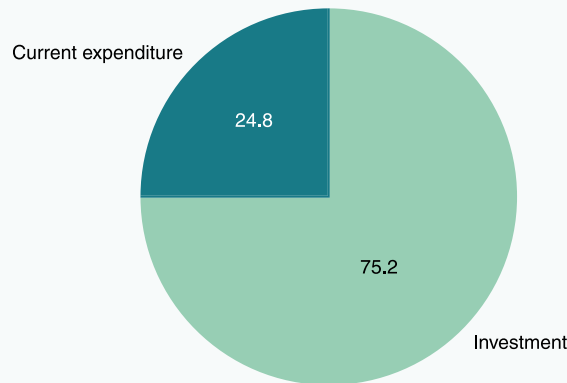
*Source: Eurostat and own calculations.*

as well as transfers to active employment policies, support for SMEs (direct grants and subsidies) and certain social policy items.

The funds have been distributed among a multitude of sectors and programs. In terms of thematic priorities, the high weight of green and digital initiatives has already been noted. In figures, the updated plan allocates around €67 billion to climate or ecological transition measures (clean energy, sustainable mobility, energy rehabilitation, the environment, *etc.*) and around €40.4 billion to digital transformation (digitalization of SMEs, digital administration, broadband and 5G deployment, artificial intelligence, *etc.*). This means that more than 70% of total resources are concentrated on the dual green-digital transition. Within the ecological transition, investments such as €12 billion in energy renovation and efficiency of buildings (public and private), €13.2 billion in sustainable mobility (clean urban transport, rail infrastructure, electric vehicles) and nearly €6.1 billion in renewable energy and electricity grids in the original plan, reinforced with an additional €6.9 billion in the REPowerEU chapter for energy security. In addition, innovative financial instruments have been developed (through the ICO, EIB, COFIDES) that will mobilize up to €83.2 billion in loans to the private sector for green, digital, and social projects—for example, the ICO Green

Line and the affordable housing program, for more than €34 billion, or the Regional Resilience Fund (€20 billion).

Quantitative analysis reveals both positives and negatives. On the one hand, Spain leads the EU in receiving funds and has committed most of the resources to actions aligned with green and digital priorities. Sectoral allocations reflect the original transformative objectives, with substantial investments planned in strategic areas. On the other hand, the speed of internal implementation is insufficient: a significant amount of money remains in the administrative pipeline without yet reaching the productive fabric or citizens in a tangible form. This lag feeds the perception that "the transformation is not happening" at the expected pace.

## Qualitative analysis: Cases of low impact and implementation obstacles

While the PRTR has made it possible to finance numerous transformative initiatives, there are also examples of interventions whose structural impact appears limited or whose implementation has been problematic. These cases offer lessons on the difficulties of managing such an ambitious plan. Below are some documented examples that have generated public debate:

■ Digitalization of local administrations with mixed results. In 2024, the Court of Auditors audited a PRTR program aimed at the digital transformation of local councils. It found widespread deficiencies in the definition, planning, and monitoring of projects at the municipal level. Out of a sample of 11 local councils (including Madrid and Barcelona) with 19 projects worth €17.2 million, most recorded changes in scope, deadline extensions, and significant deviations in implementation. In several cases, this led to the partial or total loss of the funding obtained: some local councils renounced the subsidy or had to repay funds because they were unable to implement the projects on time.

■ Of the 145 municipalities that received funding in the 2021 call for proposals, only 15% had completed their projects by the end of 2022, and although the situation improved in 2023, nearly 30% of the actions were still unfinished at the end of 2023. This case reflects the technical and administrative bottlenecks in many small local authorities when it comes to managing innovative projects within tight deadlines. It also reveals design problems: digital equipment and infrastructure (€37.8 million) that were not a priority according to the original criteria of the call for proposals were funded, to the detriment of critical areas such as cybersecurity (€29.7 million was allocated to the latter). In short, despite its importance, local digitalization was implemented in a heterogeneous manner: some cities made progress, but others were unable to absorb the funds effectively, limiting the structural impact (*e.g.*, classrooms with unused equipment due to lack of training, or software licenses purchased that were not integrated into municipal processes). The Court's recommendation is to strengthen the rigor of project selection and monitoring to avoid loss of resources and ensure tangible benefits.

■ Provision of devices to reduce the educational digital divide. Within the digital education component, programs were funded to provide laptops and connectivity to vulnerable students, with a planned investment of €970 million to deliver some 300,000 devices and equip 240,000 classrooms. This initiative, coordinated with the autonomous regions, sought to accelerate the digitalization of education during the pandemic. Although it succeeded in distributing equipment on a massive scale (more than 200,000 devices according to official figures) and undoubtedly alleviated the digital divide in many households, it has been evaluated by the control bodies to verify its effectiveness. The Court of Auditors (together with regional auditors) launched an audit in 2023 to analyze how this technological provision was managed in each region. The auditors have pointed out delays in deliveries and the need to ensure the effective educational use of these resources. Without parallel reforms in educational methodologies and teacher training, the mere delivery of hardware and software could have a limited educational impact in the long term. Furthermore, maintaining and renewing these devices in the future will place a burden on regional budgets once European funds have been exhausted. This example illustrates how necessary investments in human capital (educational digitalization) entail implementation challenges in order to achieve a real qualitative leap in the digital skills of students and teachers.

■ Local sustainable mobility projects with little transformation. At the municipal level, several city councils have invested Next Generation funds in measures such as bike lanes, pedestrianization, and electric bus fleets. These measures, which are positive for urban mobility and the environment, have sometimes been criticized for their limited scope. For example, one municipality allocated a considerable sum to the construction of a tourist bike lane that, according to residents, is rarely used; another installed solar streetlights in a park, the safety improvement of which is debatable. While each project contributes on a small scale to the green agenda, in isolation they do not represent the profound "transformation" promised by the PRTR

discourse. Part of this impression stems from the fragmentation of resources: the Destination Tourism Sustainability Plans, to cite one example, financed more than 175 local micro-projects (viewpoints, interpretation centers, trails, *etc*.), distributing €1.8 billion across hundreds of localities. The aggregate impact on tourism competitiveness may be positive but diluted and difficult to perceive nationally. These are projects that do not alter the country's productive base or lead to productivity gains. This dilemma between capillarity and concentration of funds is inherent in the PRTR, which sought to reach every corner of Spain but at the cost of dispersing efforts.

- Low initial uptake in strategic industrial projects. The PERTE, designed for major sectoral transformations, have also faced challenges. For example, the PERTE for Electric and Connected Vehicles (VEC), with €2.975 billion in grants, had lower than expected demand in its first call for proposals: €877 million was awarded, leaving nearly 30% of the funds unallocated due to a lack of eligible applications. This forced the PERTE VEC to be redesigned with a second call for proposals in 2023 (still ongoing) to try to attract more projects. Something similar happened with the PERTE Chip (semiconductors): with €12 billion, it depends heavily on international private investment that has been slow to materialize. To date, no new chip factories have been set up, although aid for design centers and investment agreements have been approved that could bear fruit in the coming years. These examples show that it is not easy to convert money into rapid industrial transformation: it requires a prepared business ecosystem, streamlined procedures, and, sometimes, luck to attract large foreign investors. The initial

slowness of some PERTEs reduced their immediate impact in 2021-2023, although they could take off later. In any case, they highlight the gap between planning and reality.

The above cases highlight cross-cutting difficulties in the implementation of the PRTR: limited administrative capacity (especially at the local level) leading to delays or loss of funds; questionable choices of some spending destinations that do not convince the public of their usefulness; and dependence on private or external actors to implement certain strategic projects, which can delay results. There is also an underlying problem of transparency and communication. In May 2025, the EU Court of Auditors pointed to a "lack of transparency" in Spain in identifying the final beneficiaries of the funds, which poses a risk that projects will be financed without adequate scrutiny. It also criticized the fact that the digital monitoring platforms implemented (such as CoFFEE-MRR or the website planderecuperacion.gob.es) do not satisfy auditors in terms of clarity of information.

Another qualitative factor is the management of conditional reforms. Some have become political bottlenecks, delaying disbursements. One example was the condition of bringing diesel taxation into line with gasoline (eliminating a tax benefit for diesel), a commitment included in the original plan. This measure faced strong parliamentary and social opposition, to the point that the government failed to pass it. Finally, in its assessment of the fifth payment, the European Commission did not consider this "diesel reform" milestone to have been met, deducting around €1 billion from the corresponding disbursement. Spain will have the opportunity to reintroduce or compensate for this reform at a later date, but it illustrates how internal political

> " Receiving €55 billion from Brussels is not the same as having €55 billion invested. "

**Table 2**     **Examples of projects and implementation difficulties**

| Program/Component | Project description | Approximate amount (million euros) | Critical observation |
|---|---|---|---|
| Digital Kit (SME digitalization) | Vouchers for digitalizing SMEs (web, basic software) | Included in €15,796 million total R&D&I | Scattered aid with limited impact on real productivity. Lack of robust evaluation of results. |
| R&D+i + general digitalization | Funds allocated in part to low-use infrastructure and systems | €15,796 million (36.7% of total PRTR approved) | High territorial concentration and slow implementation. Low correlation with productivity increases. |
| Strategic PERTEs | Flagship projects such as electric and connected vehicles (ECV), green hydrogen, sustainable shipbuilding | N/A – linked to awards | Many remain unresolved, slowing down the overall pace and delaying the expected multiplier effect. |
| 21st century administration | Digitalization of public administration and improved interoperability | €4,315 million | High structural cost with little visible improvement in processing and efficiency. Risk of becoming technological replacements. |
| Sustainable mobility (URB-MET) | Urban and metropolitan mobility action plan | €13,203 million | High investment with no clear indicators of emissions reduction or congestion relief. |
| Green hydrogen | Implementation of the roadmap for renewable hydrogen | €1.555 billion | Incipient projects with significant delays and doubts about short-term industrial viability. |

*Source: Ministry of Finance, Cotec (2024) and own calculations.*

difficulties (especially in the context of a minority government since 2023) can slow down the full implementation of the PRTR. The same happened with the aforementioned reform of active employment policies (unemployment benefits), which delayed the fourth payment: it was approved in extremis after extensions negotiated with Brussels. These tense situations create uncertainty about the receipt of funds and divert technical efforts towards political negotiation. Table 2 provides a list of critical observations on some of the best-known projects.

## Provisional assessment

In mid-2025, the deployment of Next Generation EU funds in Spain offers a mixed picture. On the one hand, it is undeniable

" Spain still has to fully implement some €25 billion in grants and virtually all of the €84 billion in loans from the Addendum. "

that the PRTR has boosted the post-COVID economic recovery: Spain's GDP in 2024 is estimated to be 2.6% higher than it would have been without the Plan, and the cumulative impact is expected to reach 3.4% of GDP in 2031. Employment has also received a boost, and public investment has rebounded after years of austerity. However, when comparing the results with initial expectations, there is a sense that structural "transformation" has not materialized. Several critical issues support this assertion:

- **Discrepancy between resources disbursed and actually executed.** As we have seen, receiving €55 billion from Brussels is not the same as having €55 billion invested. Much of the transformative impact will only occur when the projects are completed (many in 2025-26) and depending on their cohesion and planning. This creates a temporal paradox: Spain is the EU leader in execution (because it complies with formalities and milestones), but internally, material execution is lagging behind, which in the eyes of citizens and businesses translates into less impact than expected at this stage.

- **Risk of not using up funds and missing opportunities.** There is less than a year and a half left (until August 2026) to complete the implementation of the enormous remaining financial envelope. Spain still has to fully implement some €25 billion in grants and virtually all of the €84 billion in loans from the Addendum. This is a colossal challenge in such a short period of time. The Independent Authority for Fiscal Responsibility (AIReF) and other entities have issued warnings about the risk that projects will not be completed or that not all available loans will even be committed. Although the loans have a tentative schedule until 2026, their absorption depends on demand from companies and administrations. Initiatives such as the ICO co-investment funds are underway, but mobilizing tens of billions more will require significant acceleration in 2025-26. The European Commission has warned that time is running out: any tranche not requested before the deadline will be lost. Spain "has a long way to go in terms of both

funds and loans," the European Court of Auditors noted in 2025.

- **If milestones or certifications are not completed on time, money will not be received.** And if it is received but not spent effectively, the opportunity for its transformative effect will be lost. In this sense, 2025 is a critical year: the government must urgently implement ongoing projects and reformulate those that have stalled, so as not to reach 2026 in a last-minute rush (which could result in inefficiencies or poor quality spending).

- **Uncertain structural impact dependent on reforms:** The Ministry of Economy's own projections indicate that the permanent legacy of the PRTR will come mainly from reforms rather than investments. It is estimated that structural reforms could raise GDP in the long term by 3 percentage points, while investments would add only 0.4 points. This suggests that, even assuming full implementation, many investments are cyclical or temporary rather than permanently transformative. For example, infrastructure construction and fleet renewal help modernize physical capital, but their contribution to potential growth may be diluted if they are not accompanied by profound organizational or technological changes. In contrast, reforms such as labor reform (which reduces temporary employment) or vocational training can permanently alter productivity and the economic structure. This assessment raises the question: to what extent are NGEU funds changing the Spanish "production model"? For now, many resources have been allocated to strengthening existing sectors (*e.g.*, sustainable tourism, green automotive) without necessarily diversifying into new areas with higher added value. This is not negative in itself—modernizing traditional sectors is valuable—but it means that the Spanish economy in 2025 will continue to be based on patterns similar to those before the pandemic, only with incremental improvements (cleaner vehicles, more efficient buildings, *etc.*). The expected "transformation" may require continued

efforts beyond 2026, as five years may not be enough to change entrenched structures.

■ **Issues of absorption and institutional capacity.** Experience to date has highlighted shortcomings in the management capacity of administrations, especially at decentralized levels. Spain's administrative fragmentation complicated the governance of the PRTR. Some autonomous communities have excelled in implementation, but others have delayed calls for proposals or have had to return uncommitted funds.

In short, the analysis points to a "transformation that is not happening." Some foundations are being laid (legal reforms, projects launched), but the construction of structural change is more questionable. This does not mean that the PRTR will fail—it is still too early for definitive judgments—but it may have a much more limited impact than expected.

Finally, this discussion must be framed within a volatile political and economic context. The year 2025 is marked by an economic slowdown in Europe, inflationary pressures, and a change in the monetary policy cycle, making European funding even more important. At the European level, the possibility of extending or supplementing the RRM in the next financial framework is already being discussed, but for now, 2026 remains the insurmountable goal. All these elements paint a picture where the clock is ticking and the pressure to demonstrate tangible results is at its highest.

The experience gained should serve to simplify procedures and share good implementation practices in this final period. If implementing entities apply the lessons learned (*e.g.*, avoiding overburdening local governments without capacity, strengthening technical assistance, extending deadlines when reasonable so as not to lose funds, *etc.*), it is feasible to improve absorption. The Commission's flexibility to reschedule milestones or reallocate funds (as was done with the pending diesel milestone) will also be a valuable ally, provided that the transformative essence is maintained.

Beyond 2026, the question will remain: was the transformation achieved? Judgments will likely have to wait a few more years. Many PRTR investments will have effects that will be felt in the second half of the decade: for example, new transport infrastructure completed, industrial capacities strengthened by the PERTE, a more digitalized and agile administration, or a generation of young people with better training thanks to educational reforms. If these promises are fulfilled, the transformation will have arrived, albeit late. Conversely, if, after the end of the program, the Spanish economy returns to its previous inertia—with public investment once again declining, unfinished projects, and watered-down reforms—then it could be argued that the NGEU was a largely wasted opportunity.

**Funcas Finance and Digitalization Department**.

# Paradoxical stress test results: Banking resilience amid rising uncertainty

The 2025 stress tests by the Fed and EBA revealed stronger-than-expected resilience, despite harsher adverse scenarios. Improved profitability and net interest margins drove smaller capital depletion, challenging conventional expectations.

Ángel Berges, Jesús Morales

**Abstract:** The 2025 stress tests conducted in the U.S. and Europe produced paradoxically positive results: banks proved more resilient than in previous rounds despite tougher adverse scenarios. U.S. banks absorbed projected losses of $550 billion, but aggregate CET1 ratios only fell from 13.4% to 11.6%, a smaller drop than in recent years. Similarly, European banks faced €547 billion in hypothetical losses, yet capital depletion was just 3.7 percentage points, the smallest since 2014. The main factor behind this resilience is improved profitability, particularly higher net interest margins, which have strengthened banks' ability to generate capital organically.

These results emphasize the sector's progress in building buffers since the financial crisis, but they also raise questions about whether the tests fully capture emerging risks. Supervisors are already preparing adjustments, including scenarios that integrate geopolitical shocks more explicitly. This paradox points to both the improved health of the banking sector and the continued need for vigilance in an era of heightened uncertainty.

## Introduction

During the first half of the year, the supervisory authorities in Europe and the U.S. each carried out stress tests to measure

their banks' resilience in the event of episodes of economic crisis in an environment marked by geopolitical uncertainty and trade tensions. The great paradox emanating from the tests carried out this year is that the results were considerably better than might be expected for the current climate of uncertainty. This is due to the financial health of the banks following three years of excellent earnings results and prudent recapitalisation, as well as significant resilience in response to the quantitative scenarios modelled, despite the backdrop of heightened uncertainty.

Given the paradox, it is not surprising to see the supervisors layering in certain complementary adjustments to their quantitative scenarios and testing methodology. In that way they are fine-tuning their tests, making them suitable for more unpredictable environments, albeit requiring the banks to address far greater complexity in drawing up their projections. This paper analyses the most recent round of stress tests, contrasting the approaches taken by the Fed and the ECB. We also compare these latests tests to earlier rounds, focusing on the complementary adjustments to the conventional scenarios and methodologies.

## Timeline of the stress tests in Europe and the U.S.

Recent completion of the bank stress tests in Europe and the U.S. opens up a period of reflection until the start of the next set of tests in which to apply what the banking sector and supervisors have learned from the most important barometer of the sector's health.

In initially creating these tests, the supervisors' priority was to identify the entities who could be decapitalised, and could therefore fail, in the event of highly adverse yet highly improbable events, such as those triggered by the collapse of Lehman Brothers in September 2008. The original formula was conceived of as a "pass or fail" test and allowed the market to interpret the results as a leading indicator of the viability of each of the entities tested.

The tests quickly evolved in an attempt to minimise stigma around the banks more exposed to capital depletion in the most adverse scenarios, creating a sort of self-fulfilling prophecy, but also, in parallel, to prevent manipulation of the methodologies by the banks subject to testing which, logically, were keen to be seen to outperform their competitors.

This transformation, undertaken by the supervisors on both sides of the Atlantic, consisted of designing formula intended to support calculation of the minimum capital requirements sought of banks. As a result, the supervisors began to demand higher capital requirements of entities posting weaker results in the most adverse scenarios, which were seen as signalling the relative fragility of those banks' businesses and, ultimately, exposure to an inability to carry out their core function: lending money and capturing savings.

Framed by that approach, and underpinned by increasingly adverse macroeconomic and financial scenarios, the supervisors have been publishing the results of their successive and ever harsher stress tests. This shift has been particularly pronounced in Europe where the banks subjected to the tests have been reporting growing levels of capital depletion in the adverse scenario: between 2014 and 2023, the level of capital depletion reported in the adverse scenario has increased from 2.6 percentage points to 4.6 percentage points.

> " Between 2014 and 2023, the level of capital depletion reported in the adverse scenario has increased from 2.6 percentage points to 4.6 percentage points. "

> " In this year's tests, the level of capital depletion observed in the hypothetical adverse scenario was lower than in previous years, implying that banks would do not only surmount an episode of stress with more capital, but also that the impact of the scenario would be, for the first time in recent years, smaller. "

Nevertheless, the banking system has also been exhibiting increasingly strong Common Equity Tier 1 capital ratios (CET1) in the adverse scenario because they are more solvent today. In other words, although the banking supervisor is imposing an increasingly punishing "toll" in order to pass the stress tests, or perhaps precisely because it has been doing this, the banks have boosted their capital substantially, allowing them to weather the adverse scenarios modelled with more elbow room.

As shown in Exhibit 1, both the European and American banks have shored up their CET1 ratios on a sustained basis in recent years, especially in Europe, driven by increasingly less risky asset profiles. [1]

As a result, although the stress tests have been yielding higher capital depletion, capitalisation levels have likewise remained higher in the adverse scenarios.

## Paradigm shift observed in the most recent stress tests

The trend outlined above was interrupted for the first time, and clearly so, in the tests conducted in both Europe and the U.S. in 2025 under the methodological definition and coordination of the European Banking Authority (EBA) and Federal Reserve (Fed), respectively. In this year's tests, the level of capital depletion observed in the hypothetical adverse scenario was lower than in previous years, as depicted in Exhibit 2. The change of trend not only implies that the banks would surmount an episode of stress with

Exhibit 1 — **Trend in Common Equity Tier 1 (CET1) in the last round of stress tests in Europe and the U.S.: Starting point *vs.* adverse scenario**

Percentage



CET1 in EBA stress tests (Europe)

| | 2014 | 2016 | 2018 | 2021 | 2023 | 2025 |
|---|---|---|---|---|---|---|
| Starting point | 11.1 | 13.2 | 14.2 | 15.0 | 15.0 | 15.8 |
| Min. level in adverse scenario | 8.5 | 9.4 | 10.1 | 10.2 | 10.4 | 12.2 |

CET1 in Fed stress tests (U.S.)

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|
| Starting point | 12.2 | 13.0 | 12.4 | 12.4 | 12.7 | 13.4 |
| Min. level in adverse scenario | 10.2 | 10.6 | 9.7 | 9.9 | 9.9 | 11.6 |
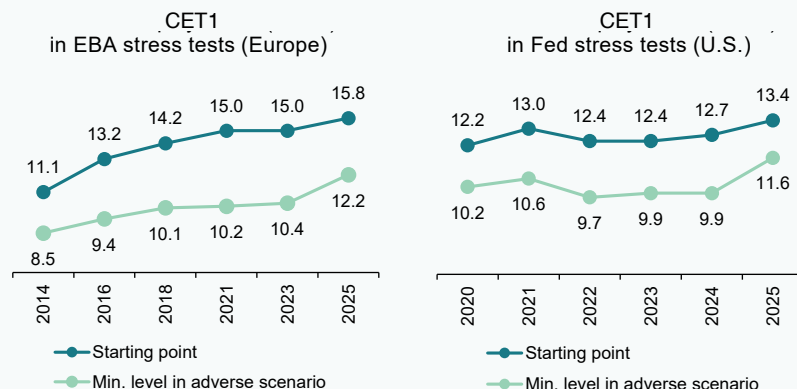
*Sources: Afi, based on EBA and Fed data.*

**CET1 depletion in the last round of stress tests in Europe and the U.S. (delta between the starting point and the adverse scenario)**

Percentage

CET1 capital depletion in EBA stress tests (Europe)

CET1 capital depletion in Fed stress tests (U.S.)
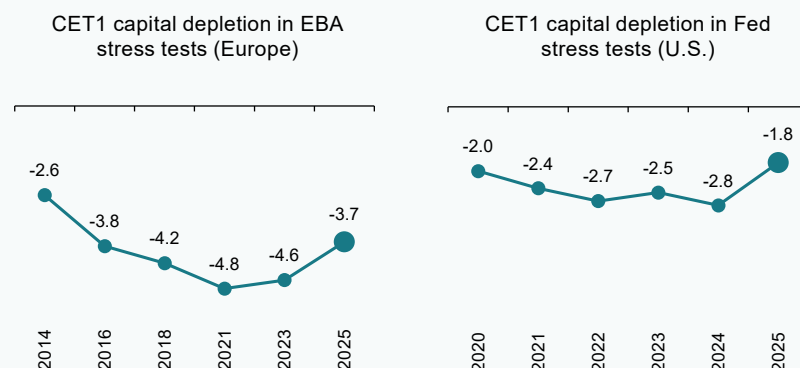


*Sources: Afi, based on EBA and Fed data.*

more capital, but also that the impact of the scenario would be, for the first time in recent years, smaller.

The reason for the smaller degree of capital depletion, in contrast to what might be expected, would appear not to lie with the fact that the economic variables used to define the adverse scenario were more benign than those used in earlier tests. As shown in Exhibit 3, the level of GDP contraction, the main economic indicator used to 'stress' the scenario, was not smaller in 2025 than was modelled in previous rounds.

In contrast, the modelling of emerging risks, particularly the exacerbation of geopolitical

**Trend in GDP in the forecasts used in the baseline and adverse scenarios in the last stress tests in Europe and the U.S.**

Percentage

Cumulative GDP growth in 3-year period. ST-EBA (EU)

Average year-on-year GDP growth in 9-quarter period. ST-Fed (U.S.)



- Baseline scenario
- Adverse scenario
- Delta: adverse *vs.* baseline scenario
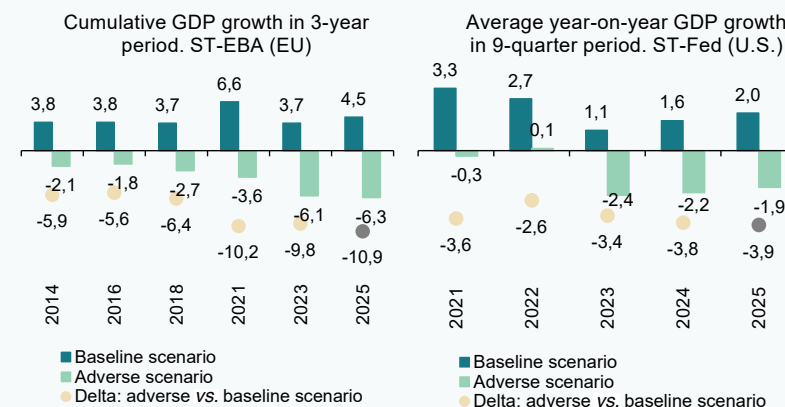
*Sources: Afi, based on EBA and Fed data.*

> " In the U.S., the 22 large banks tested would have to absorb hypothetical losses of over 550 billion dollars in the 'severely adverse' scenario. "

tensions, meant that the adverse scenarios designed by the EBA and the Fed were the toughest in recent years in terms of the delta between the growth anticipated in the baseline *versus* the adverse scenario, which is consistent with an environment marked by heightened uncertainty.

It is therefore necessary to analyse the results more closely in order to understand the banks' better performance in the 2025 tests and their improved resilience in the face of these tougher scenarios:

### Results of the Fed's 2025 stress tests

In the U.S., the 22 large banks tested would have to absorb hypothetical losses of over 550 billion dollars in the "severely adverse" scenario.

Those losses would translate into a reduction in the aggregate CET1 capital ratio from the 13.4% recorded in the fourth quarter of 2024, the starting point for the tests, to a low of 11.6%, before rising to 12.7% by the end of the projection. This paradox points to both the improved health of the banking sector and the continued need for vigilance in an era of heightened uncertainty.

The CET1 capital ratios of all of the banks tested would remain above the minimum levels required by the regulators throughout the entire projection horizon.

The Fed cites several factors to explain the smaller reduction in CET1 in this year's tests (-1.8pp) compared to that observed in recent rounds. Among the various factors, the most important is related with significantly higher pre-provision net revenue (PPNR), essentially as a result of the banks' prevailing profitability levels, coupled with the use of top down models that are sensitive to recent data.

The Fed notes that in the last year, the banks' profitability has improved, largely thanks to capital markets activity and sustained strength in net interest margins, translating into better organic capital accretion during the nine quarters covered by the tests.

Another three factors of less significance help explain why the U.S. banks fared better in the last round of stress tests:

- Lower loan losses as a result of a slightly less adverse scenario given the countercyclical design of the hypothetical scenario: in 2024, the U.S. economy registered a mild slowdown; consequently, the odd macroeconomic variable, such as the unemployment rate, registered slightly better performances over the projection horizon.

- A new treatment for private equity investments: Until the latest edition of the stress test, their impact was recorded as part of the global market shock component (more punishing), while in the 2025 test,

> " Among the various factors most relevant for explaining the smaller reduction in CET1 in this year's tests, the most important is related with significantly higher pre-provision net revenue (PPNR), essentially as a result of the banks' prevailing profitability levels, coupled with the use of top down models that are sensitive to recent data. "

losses on these exposures are projected under the severely adverse macroeconomic scenario (considered managed as long-term investments, as banking book positions).

■ The inclusion of atypical results in the trading portfolio driven by the improved starting positions of the entities subject to the exercise with 2024 year-end information.

### Results of the EBA's 2025 stress tests

The 64 large banks [2] tested in Europe would have to absorb hypothetical losses of over 547 billion euros in the adverse scenario.

Despite the higher impact of the losses for credit, market and operational risk in absolute terms for the overall European sample (547 billion euros) compared to the 2023 tests (496 billion euros), the impact on capital (depletion of 3.7pp) is smaller than estimated in the 2023 tests (-4.6pp).

The main reason for the improvement observed in this year's tests (the smallest level of capital depletion since they were launched in 2014) is the banks' improved ability to generate profits in an environment of structurally high rates, so that net interest margins make a bigger contribution to organic capital generation.

Under the EBA methodology, the net interest margin projected in the adverse scenario cannot at any time exceed that recorded in the year previous to the starting point. Since the European banks' net interest margin (NII/RWA) went from 3.5 percentage points in 2022 to 4.1 percentage points in 2024, the maximum amount of net interest income they can contribute to capital increased from 10.5 percentage points in 2023 to 12.3 percentage points in 2025. [3]

Exhibit 4

**Decomposition of CET1 capital, adverse scenario, EBA stress tests (all European banks) ST-2023 (left) ST-2025 (right)**

Percentage



ST-2023 (left):
- CET1 2022: 14.97
- Net interest income: 9.37
- NFCI: 4.46
- Net trading & other income: 0.31
- Loan loss provisions: 4.05
- Operating expenses: 11.58
- Other income/expenses: 1.42
- Dividend payments: 0.24
- RWA and other capital adjustments: 1.43
- CET1 2025 adverse scenario: 10.40

ST-2025 (right):
- CET1 2024 TR CRR3: 15.76
- Net interest income: 10.47
- NFCI: 4.62
- Net trading & other income: 0.25
- Loan loss provisions: 4.37
- Operating expenses: 11.75
- Other income/expenses: 0.58
- Dividend payments: 0.64
- RWA and other capital adjustments: 2.87
- CET1 2027 adverse TR CRR3: 12.06

*Sources: Authors' own elaboration based on EBA data.*

As shown in Exhibit 4, capital depletion for the European banks as a whole decreased by 89 basis points between the 2023 and 2025 tests, while the contribution by the net interest margin to capital increased by 110 basis points. In short, the net interest margin is one of the sources of income to have performed best in the decomposition of capital compared to the 2023 tests, along with other sources of income and expenses, the latter positively affected by smaller contributions to deposit guarantee schemes and the single resolution fund in 2024.

This reveals that the improvement in margins, despite considerable differences across the different banks, is responsible for the banks' higher organic capital accretion and, in sum, greater ability to absorb the potential losses derived from a hypothetical episode of stress. As shown in Exhibit 5, the banking systems that generate more capital via their net interest margins, *i.e.,* those that are more profitable during an episode of stress, are also the most resilient in terms of capital depletion in the adverse scenario.

## The supervisors' response so as to preserve capital requirements for financial stability purposes

As identified in the last section, the key factor explaining the paradigm shift in the stress test results is the improvement in the banks' profitability in recent years due to the uptick in interest rates and their impact on their net interest margins.

Despite methodological differences, the Fed and ECB/EBA supervisors use recent data to underpin their statistical forecasting models, which yields better results when the banks have performed better of late:

- In the U.S., framed by a top-down approach which prioritises the use of a single model for all of the banks, developed by the Fed itself, fed by information provided by the banks themselves.

- In Europe, taking a bottom-up approach, in which the banks are asked to prepare their own projections on the basis of their accounting and regulatory reporting information for the prior year, albeit closely following the guidelines set by the regulator,

| Exhibit 5 | **Comparison between CET1 capital depletion and NII contribution to capital in the adverse scenario in ST-2025\*** |

Percentage
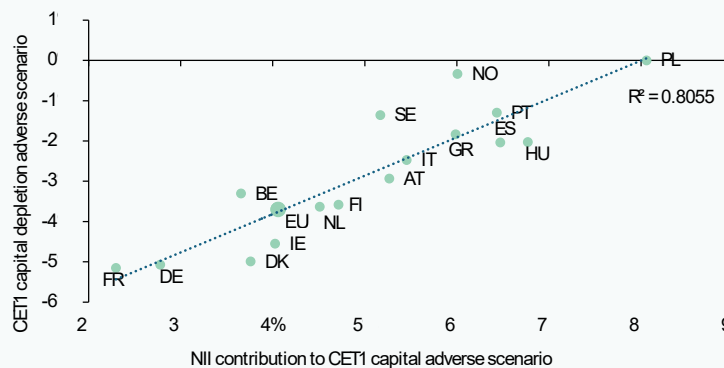


*\* The Romanian banking system (Banca Transilvania) is excluded from this analysis. It was considered an outlier due to its level of operating expenses, which is not comparable with the rest of the sample of banks.*
*Source: Authors based on (IMF).* World Economic Outlook.

which ultimately adjusts the projections if the estimates deviate from levels the supervisor views as reasonable.

Both approaches have been fine-tuned successively, justified by the supervisors by the need to better calibrate their models and capture new risk events that were not adequately covered by earlier methodologies. For example, in the spring of 2023, when some U.S. regional banks failed as a result of liquidity and interest rate risk, both the Fed and EBA carried out exploratory analyses to understand what impact a sharp increase in interest rates could have on unrealised losses on bond portfolios carried at amortised cost.

This time, in light of these surprisingly positive results, the supervisors have come up with proposals that could lead to more stringent tests or at least curtail flexibility around capital requirements.

### Adjusting the Fed's stress test results

In April 2025, the Fed's Board of Governors proposed a new formula for assessing the results of the stress tests and their incorporation into the capital requirement in a bid to minimise volatility in minimum solvency requirements.

Under this new formula, the results of the stress tests for this year would be averaged with those of the 2024 tests to calculate the stress capital buffer required of each bank.

As shown in Exhibit 1, if the 2024 and 2025 results are averaged, aggregate capital depletion would be 2.3 percentage points (instead of the 1.8pp gleaned from the results of the 2025 tests only).

The Fed Board has also expressed its interest in improving transparency around the stress test preparation process by disclosing and seeking public comment on the models used to determine hypothetical losses and revenues of banks under stress and the hypothetical scenarios used annually for the tests. With this new approach, the Board aims to better capture prevailing risks and improve the models' performance in future rounds of testing.

### The prospect of new risks in the ECB's stress tests

The ECB has announced that the assessment of geopolitical risks, which is part of its supervisory roadmap for 2025-2027, will be accompanied by the development of scenario analysis and stress tests.

This assessment comes at a critical juncture for the European stress tests given the debate sparked within the EBA about the future of the tests and new obligations for the banks in terms of information gathering and methodology design, especially with respect to emerging risks, or "unknown-unknowns".

Although the last two editions of the biennial stress tests have incorporated economic and financial scenarios based on geopolitical risk

> " The ECB has announced that the assessment of geopolitical risks, which is part of its supervisory roadmap for 2025-2027, will be accompanied by the development of scenario analysis and stress tests. "

factors (Ukraine, Middle East, trade war), there is no cause-and-effect analysis of how geopolitics affects the banking business, and the supervisor is looking to the sector to be more specific. To this end, the ECB's chief supervisor (Claudia Buch) told the European Parliament that in 2026, it will carry out stress tests focused specifically on geopolitical risks.

It is likely that for those tests, the ECB will ask the banks to assess specific geopolitical scenarios that could gravely affect their solvency. This would continue the work initiated in the stress tests carried out this year with the EBA.

## Conclusions

The results of the stress tests carried out in 2025 by the Fed and the EBA reveal a paradigm shift in the assessment of the banks' resilience. Despite harsher scenarios, the banks' improved profitability, particularly their ability to generate net interest income, led to a smaller observed level of capital depletion. This phenomenon yielded stronger projected organic capital accretion, absorbing more potential losses and reinforcing banking system solvency.

However, this positive performance should not be seen as an ironclad guarantee. The growing complexity of the adverse scenarios – with the supervisors layering in emerging risks such as geopolitical risks, more stringent methodological frameworks and discretionary features – requires the banks to constantly and proactively monitor their strengths and weaknesses.

Against this backdrop, it is vital that the bank sector develop internal capabilities for anticipating and responding to changes in stress-testing. That means not only improving the quality of their projections but also systematically integrating the analysis of new risks into their internal models. Only in this manner will they preserve their essential role in the economy, ensuring financial stability and reinforcing the market's confidence in a climate of growing uncertainty.

## Notes

[1] The solvency metrics prescribed by the Basel Banking Supervision Committee use eligible own funds (tier 1 equity and reserves) in the numerator and risk-weighted assets in the denominator. Therefore, a smaller volume of riskier assets or less risky profile of on-balance sheet investments, assuming equity remains stable, lifts their capital ratios.

[2] Note that the EBA, responsible for designing the test methodology, only discloses the results for the largest banks in the European Union and Norway. The European Central Bank then adopts that methodology for all of the entities under its direct supervision in the Single Supervisory Mechanism (SSM), giving rise, in practice, to three groups of banks: (i) the banks that are included within the scope of publication by the EBA by virtue of being larger banks in the European Union as a whole and domiciled in countries belonging to the SSM (the significant institutions); (ii) banks that while significant in the SSM are not sufficiently large to participate in the EBA publication for which the ECB does, however, publish results by ranges; and (iii) the banks that are outside the ECB's scope for which the EBA only publishes information by virtue of being domiciled in EU member states that do not belong to the SSM or Norway.

[3] Since the banks cannot project a net interest margin higher than the starting point margin and the projection period covers three years, the maximum net interest income contribution they can aspire to is equivalent to NII/RWA x 3. In other words: 3.5pp x 3 = 10.5pp (ST-2023) and 4.1pp x 3 = 12.3pp (ST-2025) for the European banks as a whole.

**Ángel Berges and Jesús Morales.** Afi

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# Spain's corporate sector: Strong deleveraging, persistent divergence

Spanish corporations have undergone a sharp deleveraging in the last decade, leaving aggregate indebtedness below the EU and eurozone averages. However, behind this aggregate figure lie significant differences by company size, sector, and region.

Joaquín Maudos

**Abstract:** Spanish corporations have reduced their leverage substantially over the past decade, leaving the aggregate debt-to-GDP and debt-to-profitability ratios below the EU and eurozone averages. Indeed, between 2015 and 2024, the ratio of Spanish corporations' debt to GDP decreased by 25.8pp to 63.6%, which is 9.5pp below the eurozone average. This adjustment is also reflected in the decline in the debt-to-net assets ratio, which fell to 34.9% in 2023, its lowest level in almost a decade. Yet, such progress masks significant variation across firms and regions. Larger enterprises remain far more indebted than smaller firms, and leverage is highest in capital-intensive sectors, such as utilities and communications, compared with lower levels in activities like mining or agriculture. Construction and real estate also stand out for the sharp deleveraging they have undergone since the financial crisis. By region, Asturias shows the highest leverage (42.5%), more than twice Galicia's low of 16.2%. These divergences reflect variations in economic structure, firm size distribution,

and profitability. Overall, Spain's corporate sector is on firmer financial ground, but leverage remains concentrated in certain types of firms and regions.

## Foreword

Corporations finance a portion of their investments and growth by taking on borrowings, in the form of fixed income securities or loans. In this sense, the use of debt should not be seen as a negative. However, excessive indebtedness leaves corporations vulnerable to external shocks, such as an increase in borrowing costs or cyclical downturn eroding their sales and, by extension, their ability to service their debt. When borrowings are too onerous, the ability to honour payment commitments narrows, as does the capacity to tackle unforeseen developments (as a result of impaired solvency), as well as undermining borrowers' image and credibility *vis-a-vis* creditors and customers.

These negative aspects of surplus indebtedness were manifest in the credit bubbles of the past, which fuelled excessive borrowings on the part of corporations (and households). When those bubbles burst, large-scale economic crises are unleashed. This bubble bursting has been observed in many countries, Spain being no exception, as we saw with the financial crisis of 2008, which unleashed significant wealth and job destruction. That is why it is so important to monitor the trend in leverage ratios, including in the public sector.

As shown in this paper, the excessive leverage levels of the recent past (when a real estate and credit bubble formed) have been left behind in the private sector. Public and private debt dynamics have different origins (the public deficit in the case of the public sector). Our focus in this paper is on corporate debt, specifically that of private sector non-financial corporations.

The value added by this paper is primarily to analyse the considerable differences that exist in the debt ratio [1] across the Spanish corporate ecosystem along several dimensions: sector of activity, company size and region. We will see how the aggregates mask substantial differences along all three of the dimensions analysed.

This analysis is possible thanks to the very recent publication of a new database by the Bank of Spain, namely BExplora, [2] which contains, among other statistics, the debt ratio (debt/net assets) over a considerable timeframe, the most recent data dating to 2023. Thanks to those figures, in this paper we provide an analysis by sector, company size and region.

To that end, this paper is structured as follows: Firstly, we analyse Spain in the European context in terms of the ratio of corporate debt to GDP, which reveals intense deleveraging in Spain to leave this metric below the European average. Next, we focus on the sustainability of Spanish corporate debt by comparing the ratio of debt to gross operating surplus, again at the European level. In the following sections, we turn to the Spanish corporations' debt/net assets ratios, analysing the trend in this metric over time, by company size, sector of activity and region. The paper closes with a few conclusions.

## Corporate indebtedness: Spain in the European context

As shown in Exhibit 1, Spain's corporations have deleveraged intensely in the last decade. Whereas in 2015 the ratio of (consolidated) debt/GDP [3] in the Spanish non-financial corporation sector was 6.6 percentage points (pp) above the EU-27 average (89.4% *vs.* 82.8%), by the end of 2024, it was 7.9pp below that average (at 63.6%, 9.5pp below the eurozone average). Spain converged with the European average in 2017 and since then (with the exception of the year of the pandemic, when GDP collapsed), it has been stretching away from that benchmark, recording a maximum gap in 2024. Indeed, between 2015 and 2024, the sector deleveraged by 25.8pp in Spain, which is more than twice the drop in this ratio in the EU-27 (11.3pp) or the eurozone (10.9pp). In 2024, Spain ranked tenth on the ranking (from least to most leveraged) in terms of sector debt/GDP

Exhibit 1    **Corporate debt (consolidated)/GDP**

Percentage
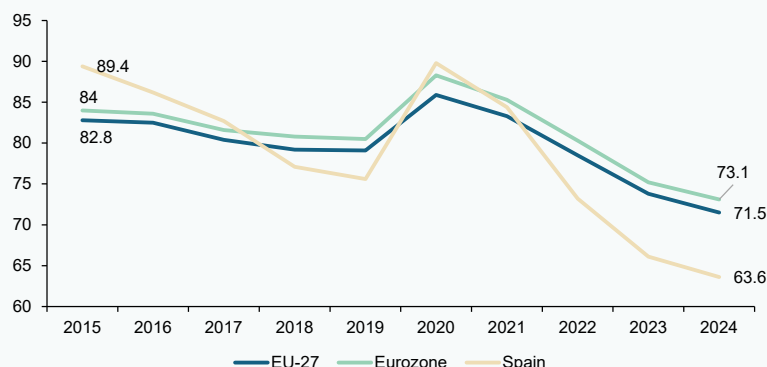


*Source: Eurostat.*

in the EU-27, which runs the gamut from a maximum of 278% in Luxembourg to a minimum of 27.6% in Romania. Compared to the largest eurozone economies, sector leverage stands at 59.1% in Germany, 90.9% in France and 55.9% in Italy.

The sharp drop in corporate indebtedness in Spain is mirrored in the trend in the stock of outstanding bank credit to the resident private sector (which also includes the credit extended to households), which is down sharply from the high recorded at the end of 2008. Specifically, that stock has contracted by 36% from that maximum reading (as of April 2025, the latest data available). In the case of corporate credit, the contraction from the maximum value is even bigger, at 47%, which means that the current outstanding stock is nearly half the size it was 15 years ago.

## Debt sustainability

Although it is common to use the debt/GDP ratio to analyse indebtedness, this ratio should be interpreted with caution as it does not contrast the corporations' debt with their ability to repay it. As a result, the most rigorous indicator of debt sustainability is the ratio of debt to gross operating surplus (GOS), as the latter represents the income a company has for servicing its debt.

As shown in Exhibit 2, the downward trend in the debt sustainability indicator was truncated in 2020, when corporate profits collapsed as a result of the pandemic, which they did far more intensely in Spain than in the EU-27/eurozone. The downward trend resumed in 2021 to put this ratio at 3.17 in Spain by 2023 (last year available), below both the EU-27 average of 3.28 and the eurozone average of 3.38. This reading is higher than the equivalent values in Italy

> " Between 2015 and 2024, the ratio of Spanish corporations' debt to GDP decreased by 25.8pp to 63.6%, which is 9.5pp below the eurozone average. "

**Exhibit 2**    **Corporate debt (consolidated)/gross operating surplus**



EU-27 — Eurozone — Spain
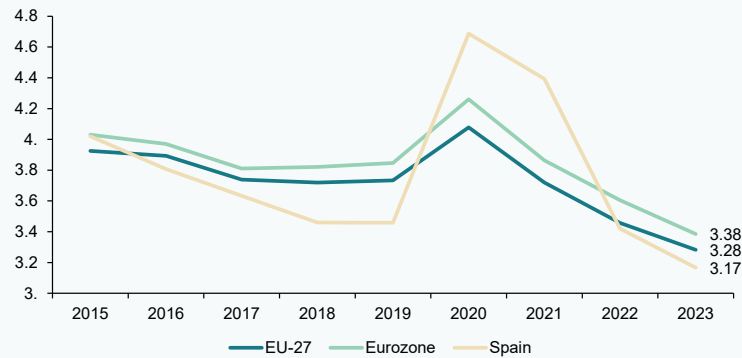
*Note: Gross operating surplus (GOS) includes mixed income.*
*Source: Eurostat.*

(2.58) and Germany (2.59), but better than the figures for France (3.36) and Portugal (4.95). This figure tells us, using the 2023 figures, that it would take a little more than three years of gross profits to repay the Spanish corporations' debt.

### Corporate leverage in Spain

The third indicator of corporate leverage is the debt/net assets ratio. The Bank of Spain

recently started to publish this indicator in its BExplora database, providing statistics from 2008 to 2023 at the national, regional and provincial levels. It allows interesting decompositions, including by company size (micro, small, medium and large) and by sector (14 in total).

As depicted in Exhibit 3, the deleveraging already observed using the debt/GDP ratio

**Exhibit 3**    **Spanish corporations' debt/net assets ratio**

Percentage



*Source: Bank of Spain.*

> " Debt to corporate assets has fallen from 41.5% in 2015 to 34.9% in 2023, implying a 6.6pp drop in eight years. "

is also evident when looking at the weight of debt relative to corporate net assets. Specifically, it has fallen from 41.5% in 2015 to 34.9% in 2023 (last year available), implying a 6.6pp drop in eight years: once again the year of the pandemic proved an exception, with the downtrend continuing thereafter to leave this metric at a low in 2023. Capitalisation is the flip side of the leverage coin: in the years analysed (almost a decade), the Spanish corporate sector's solvency has improved, signalling strength and reduced vulnerability *vis-a-vis* future crises or rate hikes.

## Leverage and company size

These average leverage ratios mask considerable differences by company size. Using the most recent data, which date to 2023, it is the micro enterprises (fewer than 10 employees) which present the lowest leverage, at 22.6%, compared to 39.3% for the largest enterprises (more than 200 employees). The debt ratio rises in line with company size: to 24.2% in the case of small enterprises, 29.2% for the medium-sized enterprises; and as already noted, 39.3% among the largest firms. The biggest jump is observed in this last cohort, where the ratio is 10pp higher than the next smallest company size category (medium-sized). This pattern of increasing leverage in tandem with company size is reproduced across the majority of productive sectors.

Going back in time to quantify the intensity of the deleveraging effort, the biggest

improvement in capitalisation is observed among the micro enterprises, whose debt/net assets ratio has been cut by 13pp, well above the 7.6pp of deleveraging etched out by the large enterprises. Therefore, while there is a positive correlation between company size and leverage, there is a negative correlation with size in the intensity of the deleveraging undertaken since 2015.

## Sectoral differences in corporate leverage ratios

The wealth of information offered by the Bank of Spain's new database allows us to analyse differences in the debt ratio by sector of activity, which, as shown in Exhibit 4, vary significantly using the 2023 data. The Administrative sector presents the highest leverage ratio, at 48.7%, followed by the utility sector (42.8%). Those figures contrast with numbers of around or below 25% in agriculture, forestry and fishing (24.3%), mining and quarrying (22%) and real estate activities (23.8%). The leverage ratio fell in all sectors between 2015 and 2023 except for administrative activities, the information and communication sector and the utility sector.

The sharp deleveraging etched out by the construction (-16pp) and real estate (-14pp) sectors stands out. Looking back even further in time to when the real estate bubble burst in 2008, the construction sector presented a leverage ratio of 56.8%, so that it has shed nearly 21pp of indebtedness in

> " There is a clear positive correlation between leverage and company size, with the large corporations presenting a debt/net assets ratio of 39.3%, 16.7pp above that of the micro enterprises. "

**Exhibit 4**

**Debt/net assets ratio in the non-financial corporations sector. By sector of activity. 2023**

Percentage

| Sector | Value |
|--------|-------|
| Adminstrativ Activ. | 48.7 |
| Electricity, Gas, Steam… | 42.8 |
| Information and Comm. | 41.2 |
| Transportation and Storage | 39.6 |
| Prof., Scient., Tech. Activ. | 38.7 |
| Construction | 36.4 |
| Other Services Activi. | 35.9 |
| Total | 34.9 |
| Accomm. and Food Activi. | 34.0 |
| Manufacturing | 32.0 |
| Water Supply; Sewerage | 30.6 |
| Wholesale Trade; Repair… | 27.2 |
| Agricultura, Forestry and Fishing | 24.3 |
| Real Estate | 23.8 |
| Mining and Quarrying | 22.0 |

*Source: Bank of Spain.*

the interim. These figures are mirrored in the trend in the volume of credit extended by the Spanish banks to the players in these two sectors of the economy. From the highs around the time of that bubble (September 2008 in construction and July 2009 in real estate), the stock of outstanding credit extended to these sectors has contracted by 84% in construction and 78% in real estate activities. The volume of credit provided to these sectors at one point accounted for nearly half of all corporate credit, a share that has since fallen to 18%.

In interpreting these sector differences, it is important to consider the different levels of capital and labour they use. In capital intensive sectors it is logical to have to rely more on debt financing.

## Regional differences in corporate leverage ratios

The regional breakdown similarly reveals considerable dispersion, with the highest value (42.5% in Asturias) more than two and a half times the lowest (16.2% in Galicia). Above the national average lie the Basque region, Navarre, Madrid and Asturias, while Valencia, the Canaries, Cantabria and La Rioja, in addition to Galicia, lie below the 25% mark.

These sizeable regional differences may be attributable to several factors, including the productive structure of their economies (given the significant differences observed in leverage levels by sector), the breakdown of their corporate ecosystems by company size (the larger the enterprises, the higher the blended leverage ratio) and the profitability of

" The sharp deleveraging etched out by the construction (-16pp) and real estate (-14pp) sectors stands out. "

Exhibit 5    **Debt/net assets ratio in the non-financial corporations sector. By region. 2023**

Percentage
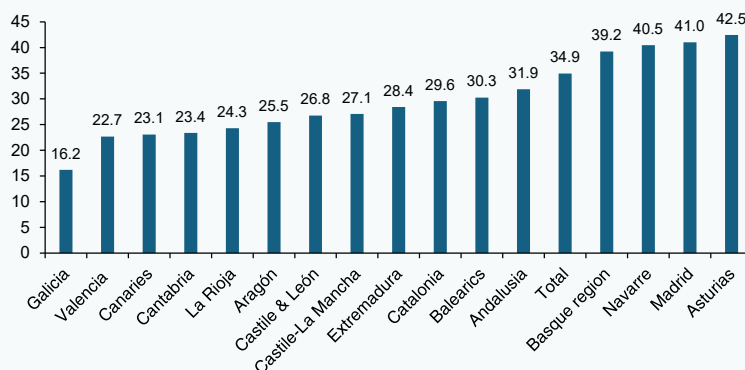


*Source: Bank of Spain.*

their companies (the more profitable, the less indebted), among others.

## Conclusions

The wealth of information analysed signals the importance of company size and sector of activity in explaining the difference in Spanish corporations' debt/net assets ratios. There is a clearly positive correlation between size and indebtedness, influenced by the smaller companies' greater reliance on bank credit as a source of financing, in contrast to the large enterprises, which can tap the debt markets directly. The higher indebtedness of the large corporations leaves them more vulnerable to external shocks (such as rate increases), although their reduced dependence on bank debt tends to play in their favour, as this is the segment that tends to become tightest in episodes of financial crisis.

Sector-wise, the results reveal significant differences, partially explained by the idiosyncratic characteristics of each sector (such as differences in the use of capital *versus* labour, translating into higher or lower financing requirements), in addition to access to bank credit. In nearly all sectors for which there is information, the leverage ratio has come down, with the deleveraging undertaken in the construction and real estate sectors standing out.

The importance of company size and sector in explaining corporate leverage ratios likewise explains the differences observed across the various regions of Spain, where the ratio in the region with the highest reading (Asturias) is 2.6 times above that of the region with the lowest debt/net assets ratio (Galicia).

At any rate, notwithstanding the differences observed by sector, company size and region,

" The regional breakdown similarly reveals considerable dispersion, with the highest value (42.5% in Asturias) more than two and a half times the lowest (16.2% in Galicia). "

the effort made by Spain's corporations to deleverage in recent years is remarkable. It has left the non-financial sector's debt/GDP ratio below the EU-27 and eurozone averages since 2021, opening up a gap that has been widening since then to a maximum of 8pp in 2024. Thanks to this effort and the recovery in profitability in the wake of the pandemic, the corporations' debt sustainability has improved, with the sector's aggregate debt/GOS ratio likewise below the EU-27 and eurozone averages since 2022.

## Notes

[1] Debt ratio=(interest bearing borrowed funds)/(equity + interest bearing borrowed funds + adjustments to value the tangible fixed assets at market prices).

[2] https://www.bde.es/wbe/es/estadisticas/relacionados/visualizaciones-de-datos/sociedades-no-financieras---central-de-balances/bexplora-las-estadisticas-de-la-central-de-balances/bexplora-las-estadisticas-de-sociedades-no-financieras.html

[3] Corporate debt includes loans and debt securities and does not include borrowings from other corporations.

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**Joaquín Maudos**. Professor of Economic Analysis at the University of Valencia, Deputy Director of Research at Ivie and collaborator with CUNEF

# Dollar-backed stablecoins: Not a threat in the EU

Despite rapid growth in terms of capitalization and rising cross-border flows, dollar-backed stablecoins face significant barriers in the Euro Area. Exchange rate and issuer risks, coupled with strict EU regulation, private initiatives and the digital euro project, limit their potential to disrupt European financial systems; however, regulators and traditional financial services providers should continue to pay close attention to the fast development of decentralized finance and key assets like stablecoins.

Maria Demertzis and Alejandro Fiorito

Abstract [1]: Dominated essentially by two players which control approximately 90% of total market capitalization, dollar-backed stablecoins have grown into a US$219 billion market, increasing their share of crypto trading and cross-border flows while gaining new momentum from recent U.S. regulatory initiatives. In Europe, however, their potential to become a mainstream instrument is limited. Users face exchange rate exposure and issuer-specific risks that are absent from the existing euro-based systems, and the EU's Markets in Crypto-Assets Regulation (MiCA) has already discouraged major issuers from entering the market. At the same time, European efforts to upgrade payment services and advance a digital euro aim to strengthen autonomy and reduce reliance on non-EU providers. Although stablecoins could play a role in cross-border payments, and private and public sector actors should remain vigilant, their systemic relevance in the EU appears unlikely in the near future.

## Introduction

This article examines several reasons why dollar-backed stablecoins are unlikely to gain a strong foothold in the Euro Area. Dollar-

backed stablecoins are gaining attention amid recent efforts by the U.S. to promote and regulate them. This could help grow an alternative payments industry and strengthen the international role of the U.S. dollar. In Europe, the possibility of such stablecoins becoming widely used raises three key questions: 1) What are the financial stability risks?; 2) Is current regulation enough to manage those risks?, 3) Could dollar-backed stablecoins undermine the European Central Bank's (ECB's) goal of strengthening European autonomy over sovereign payments? It is unlikely that dollar-backed stablecoins will become systemic payment methods in the EU because users would have to bear both an exchange rate and an issuer risk that other domestic payment methods do not have. The EU's Markets in Crypto-Assets Regulation (MiCA) regulation already appears to be discouraging dollar-backed

stablecoin issuers from expanding in Europe, and regulatory efforts continue adapting to meet new challenges arising from innovation. The digital euro (the Euro Area's central bank digital currency) project is a direct competitor to these stablecoins, which promises to improve the efficiency of payment systems by reducing costs, providing pan-European digital payment solutions, and supporting private sector innovation in payments.

## The U.S. is making a push for stablecoins

Stablecoins, the second generation of cryptocurrencies, were intended to resolve the violent price fluctuations that made first-generation currencies like Bitcoin an unreliable form of exchange. By tying their value to a stable asset, predominantly U.S. Treasuries and dollar deposits, stablecoins

Exhibit 1    **Stablecoin usage increases**

a. Average daily trading volume of main cryptocurrencies (US$ billions)
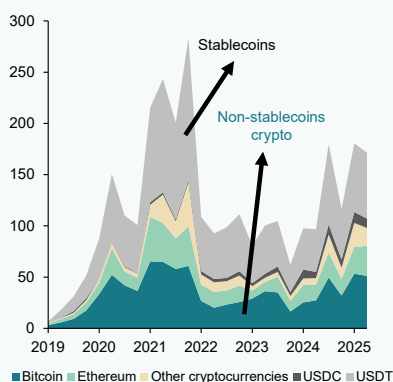
b. Cross-border cryptocurrencies' flows (US$ billions)
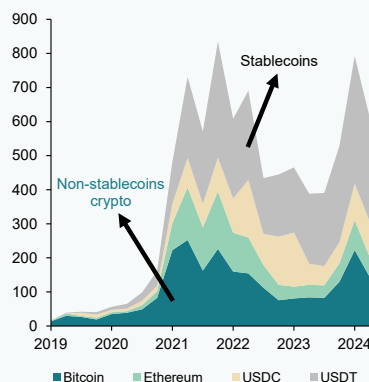


Note: For Exhibit 1a, quarterly data is through May 2025 for the 10 largest cryptocurrencies. USDT and USDC are the two largest stablecoins, representing 90% of total stablecoin market capitalization. Exhibit 1b is replicated from BIS (2025).
Sources: Coingecko and BIS.

> " Stablecoins accounting for 99% of the sector's market capitalization are pegged to the U.S. dollar and support this peg by holding safe dollar assets, like U.S. Treasuries. "

aimed to provide price predictability and stability and therefore serve as a more useful payment instrument. However, until recently, stablecoin use has been limited and specific. Data suggest that in 2024, 88% of stablecoin transactions were related to crypto trading, and only 6% were payments. They have been tools for financial intermediation in crypto markets, not a form of payment in the real economy, as the average value of stablecoin transactions remains large: an average Visa or PayPal transaction is around $50 to $60, whereas an average stablecoin transaction is more than $4,100, according to K33 Research (2025) (based on 2023 numbers). But the recent U.S. push to provide a regulatory framework for stablecoins has restarted discussions about their broader use.

Regulatory certainty is one of the three main institutional ingredients for financial instruments to succeed in the long term, the other two being the possibility of legal recourse and reserve backing (Demertzis, 2023). Despite clearly lacking the first two, stablecoins' market capitalization has increased substantially. The stablecoin market is dominated by two players, USDT and USDC, which together account for 90% of the total market capitalization. They currently have a combined market capitalization of US$219 billion, more than 45 times higher than their 2019 capitalization of US$5 billion. These two largest stablecoins have represented over 40% of total crypto trading volume during the last five years (Exhibit1a), and stablecoins' cross-border flows have increased sharply, representing over 60% of total crypto flows as of Q2 2024 (Exhibit 1b).

Stablecoins accounting for 99% of the sector's market capitalization are pegged to the U.S. dollar and support this peg by holding safe dollar assets (like U.S. Treasuries). They are issued by private

institutions, and close to 80% of their transactions occur outside the US, making them subject to different (or no) regulatory frameworks. Euro-pegged stablecoins also exist but have a much lower market share: as of June 2025, EURC, the euro-pegged stablecoin issued by Circle, had a market capitalization of around US$200 million, 300 times lower than Circle's dollar-pegged stablecoin, USDC (around US$60 billion).

Combined with a supportive regulatory environment in the US, this recent expansion has raised concerns in the EU about what a potential sudden uptake would mean for consumers, financial stability, and even monetary sovereignty. The EU is in the process of enforcing the MiCA regulation, which outlines a governance regime with strict reserve requirements and redemption rights as well as potential limits on large issuance of stablecoins to preserve financial stability. However, there is a new debate as to whether current regulation is sufficient to safeguard financial stability and monetary sovereignty.

## U.S. initiatives are changing the landscape

The recent push by the current U.S. administration has brought additional attention to crypto assets, with Bitcoin prices having increased by 70% over the past year (Exhibit 2).

In this space, stablecoins have taken a more central position in recent months. In addition to executive orders in the U.S. related to the role of crypto as a potential reserve asset and digital financial technology (Committee for Economic Development, 2025), legislative proposals focusing on stablecoins have been introduced and discussed in both the Senate and the House of Representatives. The Senate bill has now passed after one failed attempt, and while debate is still ongoing, these efforts

Exhibit 2

**Bitcoin is an unstable asset**

Bitcoin price in U.S.$
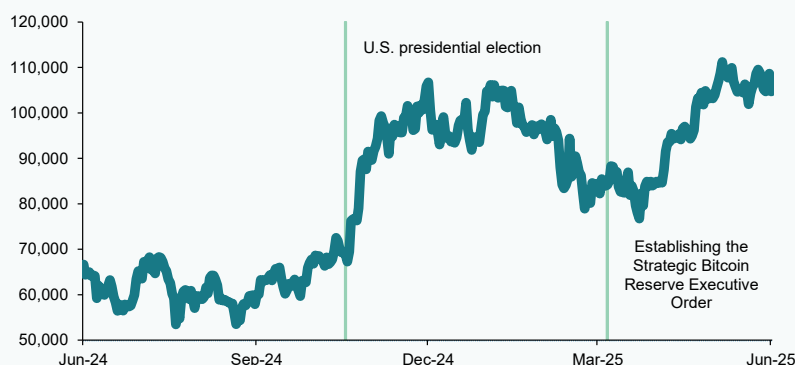


*Source: CoinDesk.*

have generated heightened market activity and increased discussions among European policymakers.

Crucially, the U.S. Federal Reserve's role in recent policy proposals has been small, giving greater regulatory authority to other institutions, and the U.S. has moved away from exploring a retail central bank digital currency (CBDC), the government-based equivalent of stablecoins. Indeed, one executive order aims "to protect Americans from the risks of Central Bank Digital Currencies" with measures that include "prohibiting the establishment, issuance, circulation, and use of a CBDC within the jurisdiction of the United States." This is in sharp contrast with efforts in the Euro Area to advance with a digital euro (retail CBDC) (the White House, 2025). [2]

### Can stablecoins boost the international role of the dollar?

A key implication of recent regulatory changes is the possibility of dollar-backed stablecoins further boosting the relevance of the dollar in international financial markets. Arguments supporting this view note that dollar-backed stablecoins could: 1) increase access to and demand for U.S. debt as a reserve asset commonly used to support the stable value of the currency; 2) compete with other digital fiat, namely, CBDCs; and,/or 3) reduce crypto volatility, boosting the digital asset market more broadly (Smith, 2025).

There is evidence that stablecoin flows volume is highly responsive to U.S. monetary conditions and that tighter regulation in certain jurisdictions can lead to shifts in cross-border flows and away from these jurisdictions. A more "crypto-friendly" or conducive regulation could solidify the U.S. dominance in this space.

### What do U.S.–backed stablecoins mean for the euro?

In theory, the proliferation of stablecoins can impact both financial stability and monetary

> " If stablecoins were to become systemic, a potential run on redemptions (*i.e.*, a run on U.S. Treasuries) could have repercussions for other parts of the global financial system. "

## Exhibit 3    Stablecoin usage in Europe remains limited

2024 flows in U.S.$ billion for dollar-backed stablecoins



Europe represents a small share of total flows

Jan-24 Feb-24 Mar-24 Apr-24 May-24 Jun-24 Jul-24 Aug-24 Sep-24 Oct-24 Nov-24 Dec-24

■ Africa    ■ Asia    ■ Defi    ■ Americas    ■ Oceania    ■ Europe
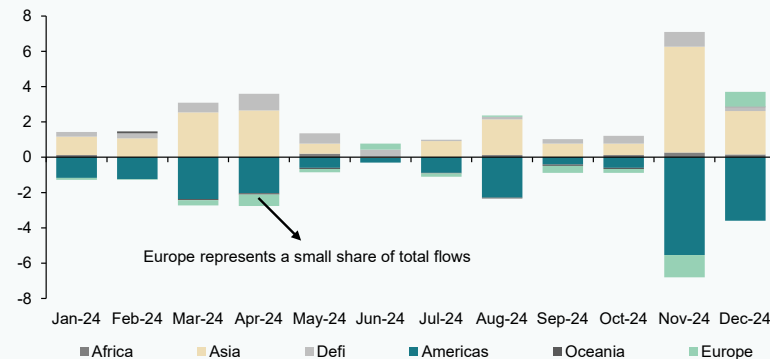
*Note: "Defi" stands for decentralized finance.*
*Source: The Conference Board based on ECB (2025).*

sovereignty in Europe. The ECB has said that dollar-backed stablecoins could lead to bank deposit substitution and even to currency substitution (dollarization) in countries with "weak fundamentals." The ECB is also concerned about "euro deposits being moved to the US" and about a "further strengthening of the role of the dollar in cross-border payments." Moreover, if stablecoins were to become "systemic," a potential "run on redemptions" (*i.e.*, a run on U.S. Treasuries) could have "repercussions for other parts of the global financial system" [3] (Banca d'Italia, 2025; ECB, 2025a).

Beyond financial stability concerns, the ECB has for some time emphasized the need for greater monetary and payment systems autonomy. In a 2019 report, the ECB warned that 70% of all payments made in the Euro Area are intermediated by non-EU companies. This, the ECB has suggested, was a sign of unhealthy concentration of power and of overdependence on nondomestic companies. If dollar-backed stablecoins were to become popular, they could push this external overdependence even further and interfere with European strategic priorities like monetary sovereignty and payment systems security. [4] However, the use of stablecoins in Europe remains well below that of other regions (Exhibit 3).

### Little need for dollar-backed stablecoins for EU retail and wholesale use

In the EU, stablecoins have so far mostly been used to buy other crypto products as hedging instruments, and those who continue to use them will do so under the regulatory authority of MiCA. The question that remains is whether they could be more widely used as payment methods next to existing options.

On the retail side, we see no compelling reasons to expect the widespread use of dollar-backed stablecoins in the Euro Area. Such stablecoins carry both an exchange rate risk (from euro to dollar) and an issuer-specific (counterparty) risk: there is the exchange rate risk of holding an asset dependent on the value of the U.S. dollar and U.S. debt but also the solvency and liquidity risk of the issuer. Given that dollars are easily available in the EU and are not generally used for retail purposes, it is unlikely that consumers would switch to paying with stablecoins. Further, as the ECB notes, stablecoins have "higher transaction costs compared to centralized payment networks" and their price may fluctuate "in a similar manner to speculative assets" (ECB, 2025a).

Current payment services in the EU are going through a vast upgrade (Instant Payments

Regulation) that will reduce the costs of transacting across the whole Euro Area. Also, the EU is rapidly advancing in terms of creating a digital euro, which would solve remaining obstacles within EU cross-country digital payments and encourage private initiatives to improve retail payments' cross-border interoperability. These efforts could eliminate the technological gap with stablecoins in terms of transaction speed.

Wholesale payments using dollar-backed stablecoins inside the Euro Area are also unlikely to become popular for the same reasons; namely, the need to bear the FX and issuer risks. Where stablecoins might be of some interest is in cross-border dollar payments with countries outside the EU. As the dollar dominates international financial flows (in all jurisdictions and for all uses, from trade invoicing to international loans, debt, deposits and reserves), the provision of dollars on a distributed ledger may provide a quicker alternative (on average it takes several days for a SWIFT payment to clear). Naturally, the existence of issuer risk would need to be reflected in the cost of transaction, but one could envisage this cost decreasing as stablecoins become more popular.

Nevertheless, the international role of the dollar is currently being challenged by Europe's need to diversify and strengthen strategic sovereignty (Demertzis, 2025). The EU, motivated by the desire for greater autonomy in its payment systems, will also aim to reduce its dependence on the dollar by providing competitive euro-based payment methods that are attractive to consumers and retailers as well as a wholesale digital euro.

## Is EU regulation sufficient?

Despite extensive rules being introduced through the MiCA framework, the new interest in dollar-backed stablecoins has restarted the debate in Europe. The MiCA regulation will be fully operational by July 2026, but in the meantime, it is being implemented in a "transitional phase," where member states' jurisdictions maintain substantial discretion to apply simplified authorization procedures.

MiCA's requirements focus on the European customer base, but the lack of alignment between regulatory frameworks (in the U.S. and other jurisdictions where stablecoins issuers may be based or functioning) introduces concerns about consumer protection and financial stability. For instance, since stablecoins act as digital fiat and are thus fungible, an issuer could introduce the same coin in Europe and in a secondary market.

While MiCA's capital and reserve requirements would be applicable to the European activity of such issuer, European customers would be exposed to the regulatory and macroeconomic risks of other jurisdictions where the stablecoin is issued (similar potential issues have been flagged in the US).

Beyond exposures to other jurisdictions' risks, the lack of regulatory alignment in fungible assets creates scope for regulatory arbitrage. If stablecoins issued outside the EU are interchangeable with EU-approved versions, overseas holders could access EU-held reserves during market turmoil (Council of the European Union, 2025). This generates both unpredictability in risk and increases the cost of regulation asymmetrically, which itself is a risk to banks and financial stability. The European Commission is expected to announce new guidance on how to deal with this gray area.

Table 1 **Key differences between EU (MiCA) and U.S. (GENIUS) regulations**

| | MICA (EU) | GENIUS (U.S.) |
|---|---|---|
| Ability to limit issuance | ECB can limit the amount of issuance of non-euro-pegged stablecoins if they "pose a threat to the smooth operation of payment systems, monetary policy transmission or monetary sovereignty." | Not discussed. |
| Size-dependent regulation | "Significant issuers" assessed by the European Banking Authority (EBA). | None at the federal level. |
| Liquidity requirements | At least 30% of funds deposited in a separate bank account with the rest invested in "highly liquid financial instruments." | "Wide range of potential reserve assets." |
| Capital requirements | 2% Common Equity Tier 1 + 3% for "significant e-money tokens" + possibility to impose up to 40% prudential add on. | Decision made by the "primary federal regulator" + "possibility to introduce tailor-made buffers." |
| Supervisory powers | "Broad." "Can require information provision; amend or suspend offers or trading." | "In case of violations," can "suspend." |
| Foreign issuers | "Only EU licensed credit and electronic money institution can offer to the public or seek admission to trading of e-money tokens (…) nonlicensed stablecoins cannot be listed in MiCAR [MiCA regulation]-compliant crypto-trading platforms, but mere custody and transfer remains possible; possibility for Payment Service Providers to accept non-EU licensed stablecoins as a means of payment." | "Possibility to require an *ad hoc* decision from the Secretary of the Treasury stating that the regulatory and supervisory regime of the foreign country of issuance is comparable to the requirements established under the GENIUS Act." |
| Redemption | No fees on redemptions allowed. | Redemption fees allowed. |

*Note: Shaded cells indicate more stringent regulations. GENIUS Act provisions from the version passed by the Senate on June 23th, 2025.*
*Source: Based on Klooster et al. (2025).*

However, MiCA has acted as a deterrent for some stablecoin issuers. Earlier this year, Tether, the largest stablecoin issuer, representing close to two-thirds of total stablecoin market capitalization, was delisted from most European exchanges after refusing to comply with MiCA. Overall, it remains the case that compared to current U.S. regulation (GENIUS), MiCA is a lot more stringent, as the GENIUS bill, passed by the Senate in June, establishes a regulatory regime for stablecoin issuers in the U.S. with fewer requirements and consumer protections than MiCA (see Table 1 below for a comparison between both regulations (Klooster *et al.,* 2025).

So far, the regulatory framework used in the EU has dissuaded the proliferation of these new and untested technologies—but technological improvements in payment systems are rapid and one should not assume that existing regulation has anticipated future risk appropriately. The ECB will continue to monitor such advancement with the objective of ensuring "same business, same risks, same rules.

## Looking ahead: Public and private initiatives

The undeniable popularity of decentralized finance and stablecoins comes from the technology that supports them—and the potential of digital currencies is recognized by public and private institutions.

The international payment landscape is open to new players and new methods in ways that are difficult to predict. Recent news over Walmart and Amazon considering issuing their own stablecoins in the U.S. had a direct impact on the stock price of Visa and Mastercard, and financial giant J.P. Morgan launched a "deposit token" for institutional investors.

Meanwhile, the ECB's push for a digital euro will provide an infrastructure and standardization of payments ready to be used by the private sector. European authorities expect that this will foster private innovation and accelerate the banking union and payment systems' interoperability. Indeed, financial institutions are already increasing collaboration to improve interoperability for cross-border payments within the Euro Area, and the ECB is open to expanding the digital euro to enhance cross-border payments beyond Europe (ECB, 2024 and 2025b).

Questions persist around stablecoins' use case for cross-border payments outside the Euro Area and whether viable public or private solutions will consolidate in the medium term. However, all relevant stakeholders, businesses, regulators, and policymakers should be aware of the risks and rewards of decentralized finance and closely monitor developments from both the public and private sectors.

## Notes

[1] This article has benefited from comments by Principal Economic Policy Analyst PJ Tabit and Vice President of Public Policy John Gardner of the Committee for Economic Development and Nicola Bilotta, Senior Research Associate of the European University Institute. This article was originally published by The Conference Board.

[2] CBDCs, as publicly issued digital currency, are seen as an alternative or even a competitor to stablecoins. The ECB, however, has argued that the digital euro will promote private sector innovation.

[3] Indeed, stablecoins as a whole are the tenth-largest holder of short-term US debt, surpassing countries like Switzerland and China.

[4] Notably, 13 countries in the Euro Area currently rely on non-European providers for their payment systems. Also concerning for the ECB would be the fact that they would lose some of their settlement function, as decentralized finance does not require central bank settlement.

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The Conference Board

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# Spain's long-term care system at a crossroads: Demographic pressures and workforce challenges

Spain's long-term care system faces a dual transformation – rapid population ageing and a shift toward personalized, deinstitutionalized care. Meeting these challenges will require doubling the workforce by 2030 and addressing precarious labor conditions.

Marina Asensio Vázquez, Cristina García Ciria and Gonzalo López Molina

**Abstract:** Spain's long-term care system, one of the cornerstones of its welfare state, is under mounting strain from demographic and institutional pressures. Official projections point to the population over 65 increasing by 1.4 million by 2030, raising demand for care benefits by 27%, with more than 2 million people officially recognised as dependent. Home-based care is projected to represent one-third of benefits by 2030, but this requires a doubling of the workforce to 572,200 full-time equivalents. Yet, the sector continues to struggle with low wages (about €10,000 below the national average), high turnover, and unstable temporary contracts which affect one in four workers. Women make up the vast majority of the workforce, and more than half of employees are over 45, compounding the difficulties of recruitment and retention. Without improvements in working conditions and greater investment, Spain risks a shortfall in the care-related workforce needed to ensure dignity and equity for its ageing population. Ultimately,

transforming the system will demand stronger political commitment and significant new funding to keep pace with social needs.

## Introduction

The System for Autonomy and Care for Dependency (SAAD, for its acronym in Spanish) is one of cornerstones of the country's welfare state as it enshrines the right to receive long-term care (LTC) in the event of dependency. Since it was established in 2006, it has been evolving into a more inclusive social protection model, although important challenges, including coverage gaps, regional equity and economic sustainability still require action.

Today, the system faces at least two far-reaching structural challenges: the first is demographic in nature, related with population ageing; the second is institutional,

derived from the deep transformation of the model towards deinstitutionalised and personalised dependent care.

## Demographic pressures on long-term care demand

Firstly, the sustained increase in life expectancy and ageing of a particularly populous generation is driving up the number of older people demanding long-term care both in terms of scale and intensity. According to the latest projections from the Spanish National Statistics Institute (INE, for its acronym in Spanish), in just five years (2025-2030), the Spanish population over the age of 65 will increase by 1.4 million people, surpassing 11.6 million. As a result, the percentage of people over the age of 65 will reach 22.4% of the total, almost 2 percentage points more from where it is today.

Exhibit 1 **Population pyramid, share of the total (2024 and 2030)**

Percentage
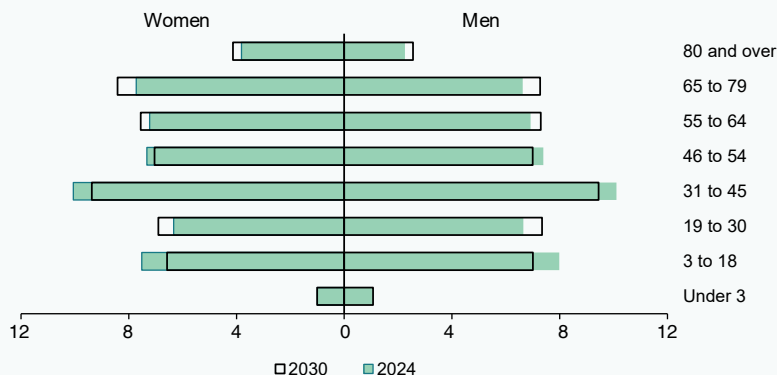


Source: Authors' own elaboration based on INE data.

> " According to our estimations, the system would need to employ around 572,200 full-time equivalents by 2030, focusing exclusively on first- and second-level care in day and night centres, residential facilities, and home care, which is double the figure required as of 2023 using the same estimation methodology. "

In the medium and long term, the growing share of elderly people will be even more pronounced in the over-80 cohort, which is precisely the group that needs more intense care and support. By 2050, in fact, 10.8% of the Spanish population is expected to fall within this category (5.9 million people), which is nearly double the share observed in 2024 (almost 3 million people more).

The direct consequence of the country's growing elderly population is a substantial increase in demand for personal care and support. Our estimates, based on microdata from the Institute for the Elderly and Social Services (IMSERSO, for its acronym in Spanish) and INE's population projections, [1] suggest that, if the current trend in

dependent care system coverage continues, the number of people officially recognised as dependent, and therefore entitled to benefits, will exceed 2 million by 2030, a 27% increase from year-end 2024. That would mean that 13.2% of the population over the age of 65 would be receiving some form of benefits under the dependent care system, which would be equivalent to 4% of the total Spanish population, compared to 10.6% and 2.9% in 2023, respectively.

This scenario, in which it is assumed that the current trends continue, including the trend observed in the benefits mix since 2016, also indicates that the share of institutional care will fall as a percentage of the total, to be increasingly replaced by

Exhibit 2 **Trend in the number of benefits by type and year**
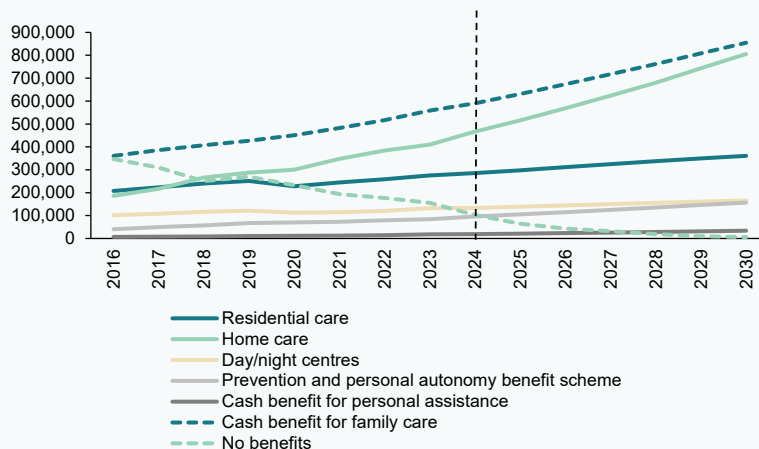


*Sources: Authors' own elaboration based on IMSERSO and INE data.*

home-based care, which would account for nearly 34% of the total in 2030. In total, more than 2 million dependent individuals would receive 2.3 million benefits by the end of the decade (excluding teleassistance, due to its complementary nature), considering both financial benefits and social services.

## Workforce requirements and labour costs

Considering these projections, which only factor in demographic dynamics and prevailing trends in dependent care benefits, the system would need to employ around 572,200 full-time equivalents, focusing exclusively on first- and second-level care in day and night centres, residential facilities, and home care, doubling the figure observed in 2023 using the same estimation methodology. [2] An important caveat to be taken into consideration when interpreting our estimates is that they depend largely on the ratio of workers per dependent individual considered for residential and at-home care, [3] which varies considerably by region in Spain.

Assuming this scenario, the total labour cost associated with the projected number of workers would increase from 0.4% of GDP in 2023 to 0.7% in 2030, [4] so that the sectoral wage bill would clearly grow more than nominal GDP. Although these figures would exert further pressure on the system, it is worth noting that in 2021, Spain allocated 1% of its GDP to long-term care services, which is well below the OECD average (1.8%) and significantly below levels observed in the Netherlands (4.4%), Norway (2.5%) or Sweden (2.4%) (OECD, 2023).

As for the institutional transformation, the *State Strategy for a New Community Care Model (2024-2030)* contemplates a structural change in the dependent care system towards a deinstitutionalised and personalised care system by the end of the decade. However, Spain is far from the care coverage standards needed to implement a change of this magnitude: the ratio of long-term care workers per 100 inhabitants over the age of 65 is below the OECD average and significantly lower than the coverage provided in countries like Norway and Sweden, which pioneered this personalised model. The shortfall is not only the result of a smaller volume of human resources and workforce associated to the sector, but also to wage differentials and working conditions that show significant room for improvement and thus retention.

Accordingly, both population ageing and institutional changes require bringing a significant volume of stable and professional human capital into the Spanish care system over the coming decades. A process that is already underway, as employment in the sector has grown substantially in recent years, especially in the direct care segments.

In residential care establishments, the number of social security affiliates has increased by over 40%, from approximately 226,000 workers in 2014 to nearly 320,000 in 2024. This growth has been even more pronounced in social service activities without accommodation, including home care for dependent individuals. This segment has expanded by 73% in the same period, reaching more than 330,000 workers. In sum, the long-term care workforce in Spain stands at over 650,000 people.

Population ageing has also influenced the breakdown of tasks associated with the provision of social services, where a very significant share of workers provides

> " In 2021, Spain allocated 1% of GDP to long-term care, well below the OECD average (1.8%) and significantly below the levels observed in top-performing countries such as the Netherlands (4.4%), Norway (2.5%) or Sweden (2.4%). "

Exhibit 3    **Formal LTC workers per 100 people aged 65 and over, 2011 and 2023**
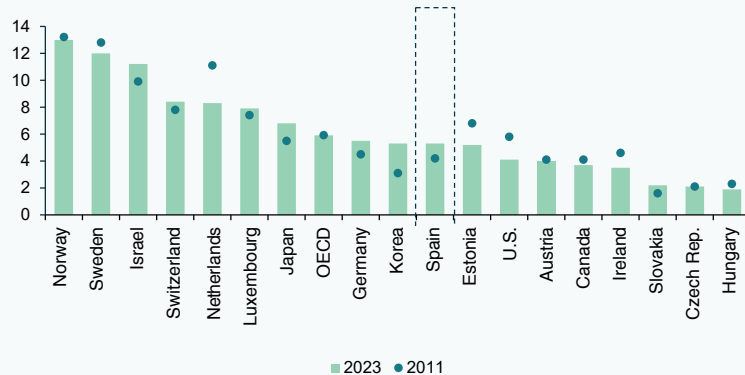


*Note: Only includes OECD member states for which there are data for both 2011 and 2023. The OECD average is the arithmetic average for those countries.*

*Source: Authors' own elaboration based on OECD data.*

eldercare services. This trend is particularly pronounced in social service activities without accommodation (NACE code: 88), where 238,000 of 332,000 workers (over 70% of the total), are directly involved in caring for older people and people with disabilities.

In residential care establishments, which provide more complex and comprehensive

Exhibit 4    **Cumulative growth in LTC-related activities**

Rebased

100 = 2014, annual average



*Source: Authors' own elaboration based on Ministry of Inclusion, Social Security and Migration data.*

care services, the task breakdown is more balanced. Approximately 40% of these workers are involved in care for the elderly, one-third work in the provision of healthcare, and the approximately remaining 25% are divided between caring for people with disabilities and other care activities. This greater dispersion of functions reflects the range of services provided in residential care, which include ongoing assistance, rehabilitation, medical supervision and accommodation.

Narrowing down the analysis to focus on workers devoted exclusively to LTC [5] occupations , two structural traits stand out: the majority share of female professionals and the gradual ageing of the sector's labour force. Around 85% of formally employed care workers are women, compared to an average of 46% in the overall economy. In addition, more than half of the people employed in the provision of LTC are over the age of 45: 53% of the people employed in residential establishments and 58% of those employed in social service activities without accommodation (INE, 2024), pointing to growing pressures on the attraction of professionalized workers as they start to retire.

Hence, this reality raises two interconnected issues. Firstly, the advanced age of some of these workers and the physical demands inherent in care work translate into a higher incidence of musculoskeletal disorders that often result in higher levels of absenteeism based on health grounds. Secondly, the

**Exhibit 5**    **Social security contributors in LTC-related activities, 2024 average**

| Category | Contributors |
|---|---|
| 88-Social work activities without accommodation | 332,200 |
| 889-Other social work activities without accommodation | 94,200 |
| 881-Social work activities without accommodation for the elderly and disabled | 238,000 |
| 87-Residential care activities | 319,500 |
| 879-Other residential care activities | 31,100 |
| 873-Residential care activities for the elderly and people with disabilities | 128,400 |
| 872-Residential care activities for people with intellectual disabilities, mental illness and substance abuse | 44,100 |
| 871-Residential nursing care activities | 115,900 |

*Source: Authors' own elaboration based on Ministry of Inclusion, Social Security and Migration data.*

> " Average annual wages in the long-term care sector represent approximately 60% of the national average annual wage (26,600 euros), a gap of nearly 10,000 euros. "

relatively advanced average age of this workforce makes it vital to plan for orderly generational replacement against the backdrop of sharp growth in demand for dependent care.

## Precarious working conditions and staff retention

These structural issues are compounded by adverse labour conditions which are seriously impeding the sector's ability to attract and retain professionals. Employment in the care sector is marked by high levels of temporary employment, even after the recent labour market reform: nearly one in every four workers recorded in residential establishments relies on a temporary contract, which is well above the country average (13%). Moreover, in social work activities without accommodation, the percentage of permanent contracts (60%) is 13 percentage points below the economy average (73%), likewise indicating reduced labour stability in this segment (Ministry of Inclusion, Social Security and Migration).

Turning to pay, the sector also presents a significant gap with respect to the country's average worker. The average gross annual wage of workers in residential establishments stood at around 17,200 euros in 2023, while the average in social work activities without accommodation was 16,400 euros. These figures represent approximately 60% of the national average annual wage (26,600 euros), a gap of nearly 10,000 euros (INE, 2023).

Given this backdrop of precarious working conditions, physicality and relative contractual

| Table 1 | **Percentage of people who left their jobs in the care sector between 2009 and 2023 by the sector in which they worked during the first subsequent employment spell, by the five sectors with the largest flows** |

| | | Segment where they were last employed in LTC | |
|---|---|---|---|
| | | Residential care | Social work without accommodation |
| Sector of employment after last job in LTC | Human health activities | 30.7 | 9.4 |
| | Food and beverage services | 9.2 | 9.1 |
| | Retail trade | 6.9 | 6.6 |
| | Public sector | 5.9 | 5.4 |
| | Education | 5.6 | 14.8 |

*Source: Authors' own elaboration based on CSWL 2023 (Ministry of Inclusion, Social Security and Migration).*

instability, a considerable share of workers is abandoning the sector for areas offering better working conditions. The authors' own estimates, based on the *Continuous Sample of Working Lives (CSWL*, Ministry of Inclusion, Social Security and Migration, 2023), indicate that 30.7% of the people who used to work in residential care establishments have since transitioned to the health sector, and that 9.4% of those formerly employed in social work without accommodation have followed the same path.

Although the analysis does not allow us to establish a direct cause-and-effect relationship between sectoral transitions and improved labour conditions, the data clearly reveal a consistent pattern: those abandoning the care sector between 2021 and 2023 experienced, on average, an increase of 2,200 euros in their annual social security contribution bases, which represents a raise of over 10% compared to their previous jobs. The improvement observed suggests that transitioning to the healthcare and education sectors appear to be driven not only by a desire for job stability or professional development, but also by wage incentives that are clearly more attractive than those offered by the LTC sector and that might play an important role on retaining these professionals.

## Conclusions

The long-term care system in Spain is at a turning point. Population ageing, the consolidation of the right to formal care and autonomy and the structural transformation of provision of care towards a deinstitutionalised model are exerting a pressure on the dependent care system that is set to intensify in the coming years.

From a quantitative perspective, growth in sectoral employment is managing to cover at least some of the recent surge in demand. However, working conditions —low pay and recognition, contractual instability, physical strain and an ageing workforce—are eroding that base and pose considerable challenges in the medium and long term. The loss of human capital to sectors offering better conditions and pay is just one example of the

fragility of a model that aspires to expand and improve its quality in the years ahead.

The transformation of the long-term care system, however, will not be possible without an increased budgetary allocation to accompany the regulatory and legislative changes, part of which have been supported by the Spanish Recovery and Resilience Plan. This funding is needed both to address the demands arising from demographic ageing and to improve the working conditions of LTC staff. It is a prerequisite for ensuring dignified care as well as the sustainability and professionalisation of the sector over the medium term. Yet such an increase in resources also entails a significant fiscal challenge, in an economic and geopolitical context in which other strategic areas— including defence, pensions, and ecological transition— are also demanding substantial increases in public expenditure.

To achieve their objectives, the transformations underway must be underpinned by sustained political commitment and sufficient resources to guarantee equitable access to quality care— an essential social right of the twenty-first century.

## Notes

[1] The methodological detail of these estimates, prepared by the authors of this paper, is provided in the Ministry of Social Rights, Consumption and 2030 Agenda document (2025).

[2] This figure does not encompass total employment in the care sector, which should include other types of occupations outside of primary and secondary care provision, such as indirect care jobs.

[3] This scenario assumes a gradual increase in the minimum FTE staff ratios per dependent individual by type of service (day and night centres; residential care; and at-home care). We assume in our estimates that the ratios stipulated in the *Agreement on Common Certification and Quality Criteria for SAAD centres and services*, dated 28 July 2022, are met for residential establishments and day centres by 2030, along with the intensities per person and degree of dependency laid down in

Royal Decree 675/2023. These ratios are broken down in Tables 3, 4 and 5 of the Ministry of Social Rights, Consumption and 2030 Agenda report (2025).

[4] The labour cost estimates consider the social security contributions (*Annual Labour Cost Survey*, INE) for 2016-2023, which are around 28% of total labour costs, and feature wage increases based on the collective bargaining agreement in place until 2026 (annual growth of 2.5%) and in line with the outlook for CPI in subsequent years (2.2%). To express these figures relative to GDP, we relied on the nominal GDP series from the April 2025 *World Economic Outlook* published by the International Monetary Fund. The total labour cost reflects the wage bill of all sector workers irrespective of the level of government responsible for their payment.

[5] Thanks to the granularity of the *Labour Force Survey* microdata, we were able to exclude occupations not related to caring for dependent individuals (such as child carers or gardening personnel), which resulted in excluding 9% of employment in residential care and 12% in social services without accommodation.

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# Recent key developments in the area of Spanish financial regulation

Prepared by the Regulation and Research Department of the Spanish Confederation of Savings Banks (CECA)

## CNMV Circular 3/2025 on statistical reporting requirements for investment firms, private equity firms and closed-ended collective investment undertakings in the EU (*Official State Gazette:* 12 June 2025)

This Circular will apply to the following entities from 1 December 2025 (with the odd exception): collective investment undertakings not authorised as money market funds; private equity firms; closed-ended collective investment undertakings; European private equity funds; European social entrepreneurship funds (EuSEF); and European long-term investment funds (ELTF).

Broadly speaking, the new Circular stipulates the confidential information statements that the bound investment vehicles must provide to the CNMV monthly and quarterly. Specifically, the Circular expands the information they must provide, including disclosure for the first time of balances and transactions by country and identification of and information about unitholders.

The first monthly statements to be furnished to the CNMV under the new disclosure rules will be those corresponding to December 2025 and the first quarterly templates will be those corresponding to the last quarter of 2025.

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# Spanish economic forecasts panel: September 2025*

Funcas Economic Trends and Statistics Department

## Growth in 2025

### The GDP growth estimate has been revised upward by two tenths to 2.6%

According to provisional data from the INE, GDP grew by 0.7% in the second quarter, which is two tenths more than anticipated by the panelists. Domestic demand contributed almost nine tenths and the external sector subtracted just over one tenth from growth.

The consensus forecast of analysts for 2025 has been raised by two tenths of a percentage point to 2.6%, as a result of the good second quarter performance, coupled with a reduction in risk appreciation and the maintenance of quarter-on-quarter growth forecasts of around 0.5% for the rest of the year (Table 2). Fourteen panelists revised their forecasts upwards, while none revised them downwards (Table 1).

In terms of the composition of GDP growth for this year, domestic demand will contribute 2.9 percentage points —four tenths more than in the previous forecast— while the external sector will subtract three tenths—compared to -0.1 percentage points in the July forecast. The forecast for investment growth and, to a lesser extent, private consumption have been revised upwards, while the forecast for public consumption has been revised downwards. As for exports and imports, the consensus forecast is for growth of four and eight tenths of a percentage point, respectively, higher than that envisaged in the July Panel (Table 1).

There has been a substantial shift in the panelists' assessment of risk: while in the previous Panel, 17 of them considered the risk to the forecasts to be balanced or on the downside, and only two considered the risk to be on the upside, on this occasion, 16 panelists believe that the risk is balanced or on the upside, and only three think that the risk is on the downside.

It should be noted that the forecasts included in this Panel are consistent with the National Accounts figures, both annual and quarterly, in force on the date of publication. The INE will soon publish the revised figures for the Annual National Accounts, which could render some of these results more or less out of date.

## Growth in 2026

### GDP could grow by 2% in 2026

The consensus forecast for GDP growth in 2026 has been revised upward from the previous Panel by one-tenth of a percentage point to 2%. This forecast is slightly higher than the figures projected by the main international and national organizations but is below the government's expectations (Table 1).

With regard to the composition of growth for 2026, domestic demand will contribute 2.1 percentage points (two tenths more than in the previous Panel), while the external sector will subtract one tenth of a percentage point (compared to a zero contribution in the previous forecast). Both investment and private consumption are expected to grow at a slower pace than in 2025, while public consumption would grow at a similar year-on-year rate (Table 1).

Quarter-on-quarter GDP growth rates are expected to be around 0.5% throughout 2026 (Table 2).

## Inflation

### Inflation is expected to average 2% in 2026

The overall inflation rate began the year at around 3%, subsequently falling to 2% in May. It then rose to 2.7% in July and August. Core inflation, meanwhile, has remained in the range of 2.2%-2.4% for most of the year. Food inflation continues to show strong resistance to moderation, and services remain at high rates.

For the coming months, panelists expect the overall index to remain at July and August levels or higher, and to decline in the last two months of the year, closing December at 2.3%. The estimate for the average annual rate in 2025 is 2.5% for the overall index and 2.3% for the core index, which is one-tenth of a percentage point higher for both than the previous consensus forecast. As for 2026, the forecast remains unchanged at 2% for the overall rate and 2.1% for the core rate. The year-on-year rate for December 2026 would be 2% (Tables 1 and 3).

## Labor market

### The unemployment rate will fall to 10.2% in 2026

According to Social Security enrollment figures, the seasonally adjusted month-on-month growth

rate of employment so far this year is slightly lower than that recorded in 2024. However, it should be noted that, on the one hand, the labor market continues to show strength and, on the other, that the weakness observed in the service sector is practically offset by greater vigor in industry and, above all, in construction.

For the year as a whole, panelists expect employment to grow by 2.3% year-on-year, which is three-tenths of a percentage point more than in the previous Panel, and by 1.6% (two-tenths of a percentage point more) for next year. The unemployment rate, meanwhile, is expected to stand at 10.6% this year and fall to 10.2% in 2026, which is one and two tenths of a percentage point lower, respectively, than in the July forecast (Table 1).

As for productivity and unit labor costs (ULC), calculated on the basis of GDP growth forecasts, wage remuneration, and employment in terms of the *EPA*, their growth would be 0.3% for 2025 and 3.4%, respectively. By 2026, productivity could grow by 0.4% and ULC by 2.7%.

## Balance of payments

### *The balance of services will allow the surplus to remain high in terms of the historical series*

In the first quarter of this year, the current account balance recorded a surplus of €10 billion, which is 3.6 billion less than in the same period of last year. This worsening was caused by the contraction in the trade surplus (due to a larger deficit in trade in goods, which more than offset the improvement in the services surplus) coupled with a similar result in the income balance. In relation to GDP, the current account surplus stood at 1.8% of GDP for the quarter, which in terms of the historical series continues to be a comfortable result.

Consensus forecasts point to a surplus of 2.5% of GDP for this year (unchanged) and 2.3% for 2026, one tenth less than the previous forecast (Table 1).

## Public deficit

### *The public deficit forecast for 2025 and 2026 remains unchanged*

The aggregate deficit of the public administrations, excluding local corporations, up to May (the latest data available at the time of closing this report) increased by €640 million compared to January-May 2024, due to the worsening of the central government's deficit, which more than offset the improvement in the regional governments and Social Security. If we exclude the costs of the DANA, which amounted to €3.4 billion in this period, the result was a reduction in the deficit of €2.8 billion. Tax collection slowed compared to the same period in 2024.

The consensus expects a reduction in the deficit of the general government during 2025 and 2026, with the same figures as in the previous forecast: 2.8% for this year and 2.7% for next year. The figure for 2025 is in line with the expectations of the main national bodies, such as the Bank of Spain (at the date of publication of this report), and international bodies, such as the European Commission and the OECD, while the figure forecast for 2026 is higher (Table 1).

## International context

### *The trade "agreement" between the U.S. and the EU does not seem to have dispelled the uncertainties*

The trade "agreement" between the U.S. and the EU sealed during the summer includes the application of a general tariff of 15% on European products, along with higher specific tariffs for certain sectors. The EU believes that the agreement will help to curb protectionism. However, a sense of uncertainty still prevails, particularly in key industries such as the automotive sector, which are subject to intense international competition.

Nevertheless, indicators point to a somewhat less pronounced slowdown in the U.S. than was anticipated at the start of the tariff offensive. The European economy, for its part, is showing some resilience, as evidenced by the slight upturn in the eurozone PMI. European industry appears to be entering a phase of stabilization after a period of weakening, while services continue to grow, albeit at a more moderate pace. All of this has led to an upward revision of the ECB's GDP growth forecast for this year to 1.2%, three tenths higher than in June. The situation of the French economy, however, is a source of concern.

Given the high degree of uncertainty that continues to prevail, panelists remain cautious about the international context. Of the 19 panelists, 14 consider the European context to be unfavorable, the same as in the previous Panel (Table 4). As for the non-European environment, there are 16 negative opinions, one less than in July. In general, few changes are anticipated in the international context for the coming months, so that business uncertainty could continue to weigh on the economic situation.

## Interest rates

### *The margin for a fall in the Euribor is now very small*

Following the period of trade negotiations, the debate is now focused on the Federal Reserve, faced with, on the one hand, pressure from the Republican administration to drastically reduce interest rates, and on the other hand a complex economic situation that calls for caution. The labor market points to a sharp slowdown in the U.S. economy in the coming months, which in principle would justify monetary easing. Conversely, prices continue to exert upward pressure, probably due to the delayed effect of tariffs: inflation rose to 2.9% on a year-on-year basis in August, two tenths of a percentage point higher than in July, a circumstance that could limit the extent of the easing.

As for the eurozone, the ECB is in a more comfortable position, with inflation hovering around 2% and an economy that is holding up, albeit without brilliance. In addition, the risk of a rebound in inflation is lower than in the U.S., due to the strength of the euro and the non-activation of trade retaliation measures.

All of this could pave the way for an additional cut in the deposit facility to 1.75%, according to the consensus forecast (responses were collected before the ECB's last meeting on September 11). This position would be maintained until the end of the forecast period, as anticipated by the previous Panel (Table 2). The markets seem to have discounted these adjustments, so that the one-year Euribor would barely fall from the current 2%-2.1% to 1.9% at the end of 2026, with no major changes from the previous Panel (Table 2).

As for public debt markets, attention focused on France, with investors demanding a higher risk premium in the absence of a political agreement to contain budgetary imbalances. More generally, the prospect of a huge volume of global public debt is reflected in bond yields. According to the panelists' assessments, the yield on 10-year Spanish bonds would be around 3.3% at the end of next year, one tenth higher than in the July consensus (Table 2).

## Currency market

### *The euro remains strong against the dollar*

Following the sharp appreciation of the euro during the first part of the year, its exchange rate appears to have stabilized at around $1.17. Portfolio adjustments could continue to exert slight upward pressure on the single currency, especially if the Federal Reserve adjusts its rates more than the ECB. Analysts forecast that the euro exchange rate could reach $1.18 at the end of 2026, one cent higher than in the previous assessment (Table 2).

## Considerations on fiscal and monetary policy

### *The good economic situation does not justify fiscal expansion*

There has been little change in assessments of macroeconomic policy. For a majority of panelists, monetary policy is neutral, which broadly fits with the Spanish economic cycle (Table 4). Meanwhile, the majority view is that fiscal policy is expansionary, when a more neutral stance would be desirable given the strength of growth and the relatively positive economic prospects.

Exhibit 1

## Evolution and risk of forecasts

Forecast evolution. GDP 2025
Percentage growth / Forecast date

Forecat risk. GDP 2025
Number of panelist
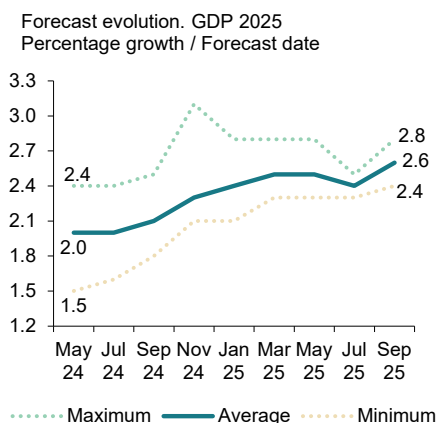


*Source: Funcas Panel of Forecasts.*
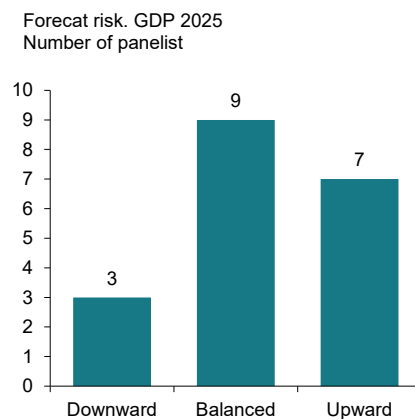
# Spanish economic forecasts panel: September 2025*

Funcas Economic Trends and Statistics Department

Table 1

## Economic Forecasts for Spain – September 2025

Average year-on-year change, as a percentage, unless otherwise stated

| | GDP | | Household consumption | | Public consumption | | Gross Fixed Capital Formation | | | | | | Domestic demand[3] | | Exports of goods & serv. | | Imports of goods & serv. | |
| | | | | | | | Total | | Machinery and capital goods | | Construction | | | | | | | |
| | 2025 | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Analistas Financieros Internacionales (AFI) | 2.7 | 2.2 | 3.1 | 2.5 | 1.3 | 2.3 | 5.3 | 2.2 | 9.2 | 1.9 | 4.8 | 2.9 | 3.1 | 2.3 | 3.0 | 1.7 | 4.7 | 2.3 |
| BBVA Research | 2.5 | 1.7 | 2.8 | 1.9 | 2.5 | 2.0 | 5.5 | 5.0 | 6.3 | 2.6 | 5.3 | 5.8 | 3.0 | 2.4 | 1.3 | 1.9 | 3.0 | 4.4 |
| CaixaBank Research | 2.4 | 2.0 | 3.0 | 2.3 | 1.5 | 1.0 | 4.3 | 3.1 | 7.3 | 2.8 | 3.2 | 3.3 | 2.8 | 2.2 | 2.8 | 2.0 | 3.9 | 2.5 |
| Cámara de Comercio de España | 2.4 | 1.9 | 2.8 | 1.6 | 1.9 | 1.9 | 3.5 | 2.2 | 5.4 | 1.8 | 3.2 | 2.7 | 2.5 | 1.8 | 2.6 | 2.8 | 3.3 | 2.5 |
| Centro de Estudios Economía de Madrid (CEEM-URJC) | 2.7 | 2.1 | 2.8 | 2.0 | 2.2 | 1.8 | 2.7 | 2.4 | 1.8 | 2.4 | 3.0 | 3.0 | 2.4 | 1.9 | 3.0 | 3.5 | 4.0 | 3.8 |
| Centro de Predicción Económica (CEPREDE-UAM) | 2.7 | 2.0 | 3.3 | 2.6 | 1.8 | 2.2 | 6.3 | 4.6 | 10.4 | 5.3 | 5.0 | 4.3 | 3.3 | 2.8 | 3.3 | 1.5 | 5.6 | 3.8 |
| CEOE | 2.5 | 2.0 | 2.7 | 1.8 | 2.0 | 1.4 | 3.8 | 2.2 | 5.3 | 2.4 | 3.6 | 2.1 | 2.6 | 1.8 | 2.9 | 3.5 | 3.4 | 3.3 |
| Equipo Económico (Ee) | 2.6 | 2.0 | 2.8 | 1.8 | 3.1 | 2.5 | 3.4 | 2.4 | 3.1 | 2.2 | 3.1 | 2.1 | 2.7 | 2.0 | 2.6 | 2.7 | 3.1 | 3.0 |
| EthiFinance Ratings | 2.6 | 2.0 | 2.8 | 2.0 | 1.5 | 2.1 | 4.1 | 3.5 | 4.6 | 3.9 | 2.8 | 2.9 | 2.5 | 2.4 | 3.1 | 1.1 | 3.5 | 2.4 |
| Funcas | 2.6 | 1.7 | 2.9 | 1.9 | 1.0 | 1.2 | 5.8 | 3.2 | 6.9 | 2.0 | 4.8 | 4.3 | 2.9 | 2.0 | 3.0 | 1.5 | 4.3 | 2.5 |
| Instituto Complutense de Análisis Económico (ICAE-UCM) | 2.7 | 2.0 | 3.1 | 2.0 | 1.2 | 1.5 | 5.3 | 2.8 | 7.0 | 2.1 | 4.6 | 3.0 | 2.9 | 1.9 | 3.7 | 2.9 | 4.7 | 2.5 |
| Instituto de Estudios Económicos (IEE) | 2.4 | 1.9 | 2.8 | 1.9 | 2.5 | 2.0 | 2.9 | 1.9 | 4.5 | 1.8 | 2.6 | 2.2 | 2.6 | 1.9 | 2.4 | 1.9 | 2.9 | 2.0 |
| Intermoney | 2.5 | 1.9 | 2.9 | 2.0 | 2.2 | 1.4 | 4.0 | 2.9 | 4.5 | 2.8 | 3.5 | 3.0 | 2.8 | 1.9 | 2.5 | 2.8 | 3.6 | 3.0 |
| Mapfre Economics | 2.5 | 1.7 | 2.9 | 2.3 | 2.6 | 2.1 | 3.8 | 1.4 | -- | -- | -- | -- | 2.6 | 1.6 | 1.5 | 1.5 | 2.4 | 1.3 |
| Metyis | 2.6 | 1.9 | 3.1 | 2.1 | 2.4 | 1.8 | 3.5 | 2.6 | 5.2 | 2.3 | 3.8 | 2.7 | 2.9 | 2.1 | 2.9 | 2.1 | 3.5 | 2.6 |
| Oxford Economics | 2.7 | 2.0 | 3.2 | 2.1 | 1.3 | 2.3 | 5.5 | 1.7 | 6.0 | 0.5 | 2.8 | 2.8 | 3.0 | 1.9 | 3.0 | 0.7 | 3.9 | 0.2 |
| Repsol | 2.6 | 1.9 | 3.0 | 1.8 | 0.9 | 1.4 | 6.6 | 5.0 | 10.6 | 6.3 | 5.8 | 3.5 | 3.1 | 2.3 | 3.2 | 2.8 | 5.1 | 4.3 |
| Santander | 2.6 | 1.8 | 3.2 | 2.2 | 0.7 | 1.0 | 6.0 | 3.0 | 4.7 | 2.5 | 5.2 | 3.5 | 3.2 | 2.1 | 1.4 | 1.6 | 5.6 | 3.4 |
| Universidad Loyola Andalucía | 2.8 | 2.4 | 3.6 | 2.6 | 1.5 | 1.4 | 6.1 | 3.3 | 11.6 | 4.1 | 3.4 | 2.6 | 3.6 | 2.1 | 3.3 | 2.2 | 4.5 | 2.6 |
| CONSENSUS (AVERAGE) | 2.6 | 2.0 | 3.0 | 2.1 | 1.8 | 1.8 | 4.7 | 2.9 | 6.4 | 2.8 | 3.9 | 3.2 | 2.9 | 2.1 | 2.7 | 2.1 | 3.9 | 2.8 |
| Maximum | 2.8 | 2.4 | 3.6 | 2.6 | 3.1 | 2.5 | 6.6 | 5.0 | 11.6 | 6.3 | 5.8 | 5.8 | 3.6 | 2.8 | 3.7 | 3.5 | 5.6 | 4.4 |
| Minimum | 2.4 | 1.7 | 2.7 | 1.6 | 0.7 | 1.0 | 2.7 | 1.4 | 1.8 | 0.5 | 2.6 | 2.1 | 2.4 | 1.6 | 1.3 | 0.7 | 2.4 | 0.2 |
| Change on 2 months earlier[1] | 0.2 | 0.1 | 0.2 | 0.2 | -0.4 | 0.1 | 1.0 | 0.2 | 1.5 | 0.3 | 0.6 | 0.3 | 0.4 | 0.2 | 0.4 | -0.1 | 0.8 | 0.1 |
| - Rise[2] | 14 | 9 | 14 | 8 | 1 | 6 | 14 | 11 | 11 | 8 | 10 | 9 | 15 | 11 | 10 | 4 | 12 | 6 |
| - Drop[2] | 0 | 1 | 0 | 2 | 11 | 4 | 1 | 1 | 1 | 2 | 1 | 2 | 0 | 0 | 1 | 5 | 0 | 3 |
| Change on 6 months earlier[1] | 0.1 | 0.1 | 0.2 | 0.1 | -0.8 | 0.1 | 1.3 | -0.2 | 2.7 | 0.1 | 0.7 | 0.2 | 0.2 | 0.0 | 0.2 | -0.6 | 0.5 | -0.4 |
| Memorandum items: | | | | | | | | | | | | | | | | | | |
| Government (April 2025) | 2.6 | 2.2 | 3.2 | 2.4 | 2.3 | 2.0 | 4.3 | 5.1 | -- | -- | -- | -- | 3.1 | 2.8 | 1.2 | 1.8 | 2.7 | 3.7 |
| Bank of Spain (June 2025) | 2.4 | 1.8 | 2.7 | 1.8 | 2.5 | 1.8 | 3.6 [4] | 2.3 [4] | -- | -- | -- | -- | 2.7 | 1.9 | 1.9 | 2.3 | 3.0 | 2.8 |
| AIReF (July 2025) | 2.3 | 1.7 | 3.0 | 2.0 | 2.7 | 1.5 | 4.1 | 2.5 | 6.7 | 2.7 | -- | -- | 2.8 | 1.9 | 2.3 | 2.1 | 4.2 | 2.9 |
| EC (May 2025) | 2.6 | 2.0 | 2.9 | 2.1 | 2.3 | 1.6 | 3.4 | 3.1 | -- | -- | -- | -- | 2.8 | 2.1 | 2.4 | 2.3 | 3.2 | 2.8 |
| IMF (April 2025) | 2.5 | 1.8 | 2.2 | 2.0 | 2.9 | 2.4 | 4.9 | 2.0 | -- | -- | -- | -- | 2.8 | 1.9 | 1.9 | 2.4 | 2.9 | 3.1 |
| OECD (June 2025) | 2.4 | 1.9 | 2.7 | 1.9 | 2.2 | 1.7 | 4.4 | 2.7 | -- | -- | -- | -- | 2.7 | 1.9 | 2.2 | 2.2 | 3.3 | 2.3 |

[1] Difference in percentage points between the current month's average and that of two months earlier (or six months earlier).

[2] Number of panellists revising their forecast upwards (or downwards) since two months earlier.

[3] Contribution to GDP growth, in percentage points.

[4] Gross capital formation.

Table 1 (Continued)

# Economic Forecasts for Spain – September 2025

Average year-on-year change, as a percentage, unless otherwise stated

| | CPI (annual av.) | | Core CPI (annual av.) | | Wage earnings | | Employment (LFS) | | Unemployment rate | | Current Account (% of GDP) | | Gen. goverment balance (% of GDP) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 | 2026 |
| Analistas Financieros Internacionales (AFI) | 2.6 | 1.6 | 2.2 | 1.9 | 3.7 | 3.2 | 2.5 | 1.6 | 10.4 | 10.2 | 2.5 | 2.9 | -2.8 | -2.6 |
| BBVA Research | 2.1 | 2.0 | 2.1 | 2.1 | 2.9 | 2.8 | 2.7 | 1.5 | 10.6 | 10.3 | 2.5 | 2.1 | -2.7 | -2.5 |
| CaixaBank Research | 2.5 | 2.0 | 2.2 | 2.2 | 3.4 | 2.9 | 2.4 | 1.8 | 10.6 | 10.2 | 2.4 | 2.6 | -2.8 | -2.6 |
| Cámara de Comercio de España | 2.3 | 2.1 | 2.3 | 2.3 | -- | -- | 2.0 | 0.9 | 10.7 | 10.6 | 2.1 | 2.5 | -3.0 | -2.8 |
| Centro de Estudios Economía de Madrid (CEEM-URJC) | 2.4 | 2.0 | 2.8 | 2.4 | 2.9 | 3.1 | 2.0 | 1.2 | 10.8 | 10.2 | 2.5 | 2.3 | -2.5 | -2.2 |
| Centro de Predicción Económica (CEPREDE-UAM) | 2.5 | 1.8 | -- | -- | 6.8 | 5.1 | 2.3 | 1.7 | 10.5 | 10.1 | 2.2 | 1.3 | -2.0 | -2.3 |
| CEOE | 2.5 | 1.9 | 2.2 | 2.1 | 3.7 | 2.9 | 2.6 | 2.1 | 10.4 | 9.7 | 2.6 | 2.2 | -2.8 | -2.7 |
| Equipo Económico (Ee) | 2.5 | 2.1 | 2.1 | 2.1 | 3.6 | 3.0 | 2.1 | 2.0 | 11.1 | 11.0 | 2.8 | 2.1 | -2.9 | -3.0 |
| EthiFinance Ratings | 2.3 | 2.1 | 2.1 | 2.0 | 3.1 | 3.0 | 1.8 | 1.5 | 10.7 | 10.5 | 2.6 | 2.4 | -2.9 | -2.7 |
| Funcas | 2.2 | 1.4 | 2.3 | 1.8 | 4.0 | 3.0 | 2.5 | 1.3 | 10.4 | 9.8 | 2.9 | 2.6 | -2.9 | -2.6 |
| Instituto Complutense de Análisis Económico (ICAE-UCM) | 2.5 | 2.0 | 2.2 | 2.0 | -- | -- | 2.6 | 1.3 | 10.6 | 10.2 | 2.5 | 2.3 | -2.8 | -2.6 |
| Instituto de Estudios Económicos (IEE) | 2.5 | 2.1 | 2.3 | 2.2 | 3.2 | 2.7 | 1.9 | 1.5 | 10.7 | 10.3 | 2.6 | 2.2 | -2.8 | -2.7 |
| Intermoney | 2.6 | 2.1 | 2.5 | 2.2 | -- | -- | 1.8 | 1.4 | 10.7 | 10.3 | -- | -- | -2.9 | -2.7 |
| Mapfre Economics | 2.4 | 2.0 | 2.3 | 2.1 | -- | -- | -- | -- | 10.8 | 10.8 | 2.5 | 2.7 | -3.0 | -3.0 |
| Metyis | 2.5 | 2.3 | 2.4 | 2.1 | 3.6 | 2.6 | 2.4 | 1.7 | 10.5 | 10.1 | 2.5 | 2.4 | -2.8 | -2.6 |
| Oxford Economics | 2.5 | 1.8 | 2.5 | 2.0 | -- | -- | 2.5 | 1.6 | 10.7 | 10.3 | 2.8 | 2.9 | -2.9 | -3.0 |
| Repsol | 2.7 | 2.2 | 2.4 | 2.4 | 3.3 | 2.8 | 2.7 | 1.8 | 10.2 | 9.6 | 2.6 | 2.2 | -2.8 | -2.7 |
| Santander | 2.5 | 2.0 | 2.2 | 2.1 | -- | -- | -- | -- | 10.2 | 9.9 | -- | -- | -- | -- |
| Universidad Loyola Andalucía | 2.8 | 2.1 | 2.3 | 2.2 | -- | -- | 2.9 | 2.2 | 10.1 | 9.3 | 1.9 | 1.9 | -3.4 | -3.5 |
| CONSENSUS (AVERAGE) | 2.5 | 2.0 | 2.3 | 2.1 | 3.7 | 3.1 | 2.3 | 1.6 | 10.6 | 10.2 | 2.5 | 2.3 | -2.8 | -2.7 |
| Maximum | 2.8 | 2.3 | 2.8 | 2.4 | 6.8 | 5.1 | 2.9 | 2.2 | 11.1 | 11.0 | 2.9 | 2.9 | -2.0 | -2.2 |
| Minimum | 2.1 | 1.4 | 2.1 | 1.8 | 2.9 | 2.6 | 1.8 | 0.9 | 10.1 | 9.3 | 1.9 | 1.3 | -3.4 | -3.5 |
| Change on 2 months earlier[1] | 0.1 | 0.0 | 0.1 | 0.0 | 0.4 | 0.3 | 0.3 | 0.2 | -0.1 | -0.2 | 0.1 | 0.1 | 0.0 | 0.0 |
| - Rise[2] | 10 | 6 | 8 | 4 | 7 | 6 | 10 | 6 | 0 | 0 | 5 | 4 | 6 | 5 |
| - Drop[2] | 2 | 4 | 2 | 3 | 1 | 1 | 0 | 0 | 11 | 9 | 3 | 5 | 1 | 1 |
| Change on 6 months earlier[1] | 0.0 | -0.1 | 0.0 | 0.0 | 0.5 | 0.4 | 0.4 | 0.2 | -0.1 | -0.1 | -0.2 | -0.2 | 0.1 | 0.2 |
| Memorandum items: | | | | | | | | | | | | | | |
| Government (April 2025) | -- | -- | -- | -- | -- | -- | 2.5 [5] | 2.3 [5] | 10.3 | 9.6 | -- | -- | -2.8 | -- |
| Bank of Spain (June 2025) | 2.4 [3] | 1.7 [3] | 2.6 [4] | 2.1 [4] | -- | -- | 2.2 [5] | 1.0 [5] | 10.5 | 10.2 | -- | -- | -2.8 | -2.6 |
| AIReF (July 2025) | 2.3 | 2.0 | -- | -- | 3.1 | 2.0 | 2.3 [6] | 1.6 [6] | 10.7 | 10.3 | -- | -- | -- | -- |
| EC (May 2025) | 2.3 [3] | 1.9 [3] | -- | -- | 3.4 | 2.6 | 2.1 [5] | 1.6 [5] | 10.4 | 9.9 | 2.7 | 2.8 | -2.8 | -2.5 |
| IMF (April 2025) | 2.2 | 2.0 | -- | -- | -- | -- | 1.5 | 0.9 | 11.1 | 11.0 | 2.4 | 2.2 | -2.7 | -2.4 |
| OECD (June 2025) | 2.4 [3] | 1.9 [3] | 2.3 [3] | 2.0 [3] | -- | -- | -- | -- | 10.7 | 10.1 | 2.8 | 2.8 | -2.8 | -2.3 |

[1]  *Difference in percentage points between the current month's average and that of two months earlier (or six months earlier).*

[2]  *Number of panellists revising their forecast upwards (or downwards) since two months earlier.*

[3]  *Harmonized index.*

[4]  *Harmonized index excluding food and energy.*

[5]  *Persons, according to National Accounts.*

[6]  *Full time equivalent jobs.*

Table 2

**Quarterly Forecasts – September 2025**

|  | 25-I Q | 25-II Q | 25-III Q | 25-IV Q | 26-I Q | 26-II Q | 26-III Q | 26-IV Q |
|---|---|---|---|---|---|---|---|---|
| GDP [1] | 0.6 | 0.7 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Euribor 1 yr [2] | 2.15 | 2.08 | 2.08 | 2.00 | 1.96 | 1.95 | 1.92 | 1.90 |
| Government Bond yield 10 yr[2] | 3.23 | 3.17 | 3.25 | 3.27 | 3.29 | 3.30 | 3.31 | 3.32 |
| ECB deposit rates[3] | 2.50 | 2.00 | 2.00 | 1.75 | 1.75 | 1.75 | 1.75 | 1.75 |
| Dollar / Euro exchange rate[2] | 1.121 | 1.152 | 1.169 | 1.176 | 1.178 | 1.180 | 1.181 | 1.183 |

*Forecasts in yellow.*
*[1] Qr-on-qr growth rates.*
*[2] End of period.*
*[3] Last day of the quarter. Average of responses rounded to the nearest multiple of 0.25.*

Table 3

**CPI Forecasts – September 2025**

| | | **Year-on-year change (%)** | | | |
|---|---|---|---|---|---|
| Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Dec-26 |
| 2.7 | 2.9 | 2.7 | 2.5 | 2.3 | 2.0 |

*Forecasts in yellow.*

Table 4

**Opinions – September 2025**
Number of responses

|  | **Currently** | | | **Trend for next six months** | | |
|---|---|---|---|---|---|---|
|  | Favourable | Neutral | Unfavourable | Improving | Unchanged | Worsening |
| International context: EU | 0 | 5 | 14 | 3 | 13 | 3 |
| International context: Non-EU | 0 | 3 | 16 | 1 | 15 | 3 |
|  | **Is being** | | | **Should be** | | |
|  | Restrictive | Neutral | Expansionary | Restrictive | Neutral | Expansionary |
| Fiscal policy assessment[1] | 0 | 5 | 14 | 3 | 16 | 0 |
| Monetary policy assessment[1] | 3 | 12 | 4 | 1 | 16 | 2 |

*[1] In relation to the current state of the Spanish economy.*

> *\* The Spanish Economic Forecast Panel is a survey conducted by Funcas among the 19 analysis services listed in Table 1. The survey, which has been conducted since 1999, is published every two months in January, March, May, July, September, and November. Based on the responses to this survey, "consensus" forecasts are provided, which are calculated as the arithmetic mean of the 19 individual forecasts. For comparison purposes, although not part of the consensus, the forecasts of the Government, AIReF, the Bank of Spain, and the main international organizations are also presented.*

# Key Facts

# Economic Indicators

Table 1

## National accounts: GDP and main expenditure components SWDA* (1)
Forecasts in yellow

| | | GDP | Private consumption | Public consumption | Gross fixed capital formation | | | Exports | Imports | Domestic demand (a) | Net exports (a) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Total | Construction | Equipment & others products | | | | |
| Chain-linked volumes, annual percentage changes | | | | | | | | | | | |
| 2017 | | 2.9 | 3.1 | 1.0 | 6.8 | 6.8 | 6.7 | 5.6 | 6.7 | 3.0 | -0.1 |
| 2018 | | 2.4 | 1.7 | 2.1 | 6.5 | 10.1 | 3.2 | 1.7 | 3.9 | 3.0 | -0.6 |
| 2019 | | 2.0 | 1.1 | 2.2 | 4.9 | 8.4 | 1.4 | 2.3 | 1.3 | 1.6 | 0.4 |
| 2020 | | -10.9 | -12.1 | 3.5 | -8.9 | -8.4 | -9.4 | -20.1 | -15.1 | -8.8 | -2.2 |
| 2021 | | 6.7 | 7.1 | 3.6 | 2.6 | 0.5 | 4.9 | 13.4 | 15.0 | 6.9 | -0.3 |
| 2022 | | 6.4 | 4.9 | 0.8 | 4.2 | 4.0 | 4.6 | 14.2 | 7.7 | 4.1 | 2.3 |
| 2023 | | 2.5 | 1.8 | 4.5 | 5.9 | 5.5 | 6.3 | 2.2 | 0.0 | 1.6 | 0.9 |
| 2024 | | 3.5 | 3.1 | 2.9 | 3.6 | 4.0 | 3.1 | 3.2 | 2.9 | 3.3 | 0.2 |
| 2025 | | 2.6 | 2.9 | 1.0 | 5.8 | 4.8 | 6.9 | 3.0 | 4.3 | 2.9 | -0.3 |
| 2026 | | 1.7 | 1.9 | 1.2 | 3.2 | 4.3 | 2.0 | 1.5 | 2.5 | 2.0 | -0.3 |
| 2023 | III | 2.2 | 1.4 | 6.4 | 0.3 | 0.0 | 0.6 | 0.0 | -1.3 | 1.7 | 0.5 |
| | IV | 2.3 | 3.0 | 5.0 | 4.7 | 3.9 | 5.5 | 0.7 | 2.3 | 2.7 | -0.4 |
| 2024 | I | 2.7 | 2.3 | 5.0 | 2.4 | 2.6 | 2.2 | 1.8 | 1.1 | 2.4 | 0.3 |
| | II | 3.3 | 2.6 | 3.5 | 3.0 | 3.6 | 2.4 | 2.8 | 1.1 | 2.6 | 0.7 |
| | III | 3.3 | 3.0 | 4.3 | 2.1 | 3.8 | 0.2 | 4.7 | 3.7 | 2.8 | 0.5 |
| | IV | 3.3 | 3.7 | 3.8 | 4.4 | 4.0 | 4.8 | 3.2 | 3.8 | 3.4 | -0.1 |
| 2025 | I | 2.8 | 3.7 | 2.2 | 4.6 | 2.6 | 6.9 | 2.8 | 4.3 | 3.2 | -0.4 |
| | II | 2.8 | 3.5 | 1.8 | 5.6 | 3.6 | 7.9 | 3.3 | 5.6 | 3.4 | -0.6 |
| Chain-linked volumes, quarter-on-quarter percentage changes | | | | | | | | | | | |
| 2023 | III | 0.7 | 0.8 | 1.5 | -0.5 | -2.2 | 1.6 | -1.5 | -1.4 | 0.7 | 0.0 |
| | IV | 0.7 | 0.2 | 0.6 | 1.2 | 1.5 | 0.9 | 1.6 | 1.1 | 0.5 | 0.2 |
| 2024 | I | 1.1 | 0.6 | 1.0 | 1.7 | 3.8 | -0.6 | 2.1 | 1.0 | 0.6 | 0.4 |
| | II | 0.8 | 1.0 | 0.3 | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 | 0.7 | 0.0 |
| | III | 0.7 | 1.2 | 2.3 | -1.4 | -2.0 | -0.6 | 0.4 | 1.1 | 0.9 | -0.2 |
| | IV | 0.7 | 0.9 | 0.1 | 3.4 | 1.7 | 5.4 | 0.1 | 1.2 | 1.1 | -0.4 |
| 2025 | I | 0.6 | 0.6 | -0.5 | 1.9 | 2.4 | 1.4 | 1.7 | 1.5 | 0.5 | 0.1 |
| | II | 0.7 | 0.8 | -0.1 | 1.6 | 1.6 | 1.6 | 1.1 | 1.7 | 0.9 | -0.1 |
| | | Current prices (EUR billions) | Percentage of GDP at current prices | | | | | | | | |
| 2017 | | 1,170 | 58.4 | 18.4 | 18.9 | 9.1 | 9.8 | 34.9 | 31.3 | 96.4 | 3.6 |
| 2018 | | 1,212 | 58.1 | 18.5 | 19.7 | 9.8 | 9.9 | 34.9 | 32.1 | 97.3 | 2.7 |
| 2019 | | 1,254 | 57.4 | 18.7 | 20.3 | 10.5 | 9.8 | 34.7 | 31.7 | 97.0 | 3.0 |
| 2020 | | 1,129 | 56.1 | 21.7 | 20.6 | 10.7 | 9.9 | 30.5 | 29.0 | 98.5 | 1.5 |
| 2021 | | 1,235 | 56.1 | 21.0 | 20.2 | 10.4 | 9.8 | 33.8 | 32.8 | 99.0 | 1.0 |
| 2022 | | 1,376 | 56.4 | 20.0 | 20.5 | 10.7 | 9.8 | 39.7 | 38.8 | 99.1 | 0.9 |
| 2023 | | 1,498 | 55.4 | 19.6 | 20.5 | 10.7 | 9.8 | 37.8 | 34.0 | 96.2 | 3.8 |
| 2024 | | 1,594 | 55.4 | 19.3 | 20.3 | 10.6 | 9.7 | 37.1 | 32.9 | 95.8 | 4.2 |
| 2025 | | 1,676 | 55.5 | 18.9 | 21.0 | 10.9 | 10.1 | 36.8 | 33.0 | 96.2 | 3.8 |
| 2026 | | 1,738 | 55.5 | 18.8 | 21.4 | 11.2 | 10.1 | 36.7 | 33.1 | 96.5 | 3.5 |

*Seasonally and Working Day Adjusted.*

*(1) The quarterly figures are not consistent with the annual figures because at the time of going to press this document the National Statistics Institute had not yet published the quarterly historical series consistent with the recently revised annual figures.*

*(a) Contribution to GDP growth.*

*Source: INE and Funcas (Forecasts).*

**Chart 1.1 - GDP**

Level, 2019=100
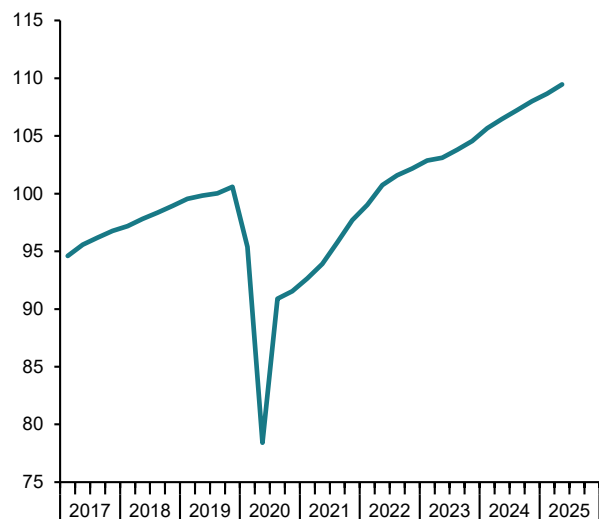


**Chart 1.2 - Contribution to GDP annual growth**

Percentage points



GDP — Domestic demand — Net exports
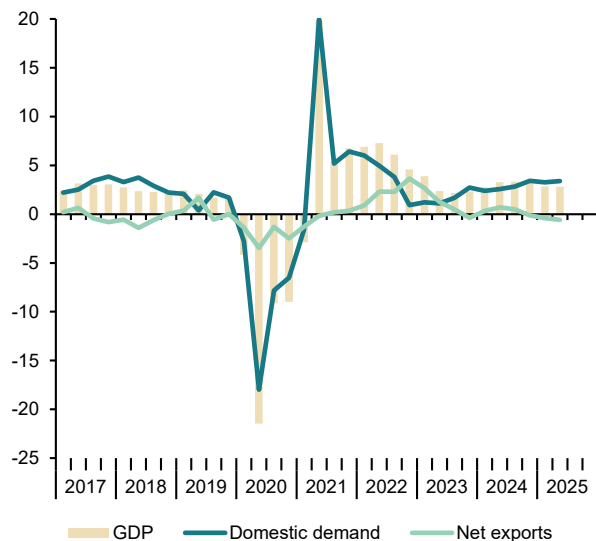
**Chart 1.3 - Consumption**

Level, 2019=100



— Private consumption — Public consumption
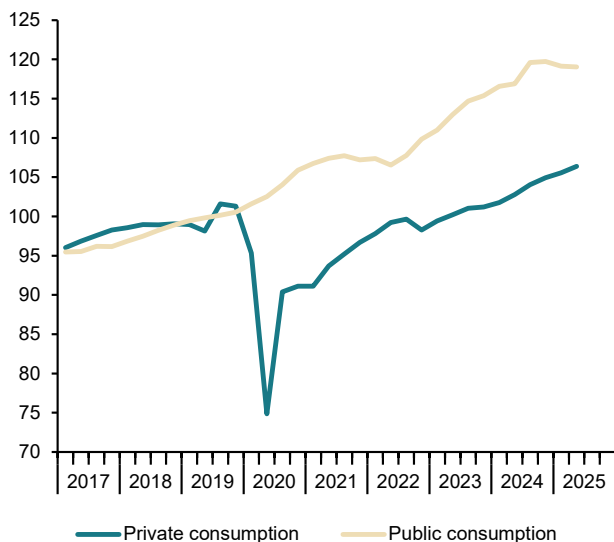
**Chart 1.4 - Gross fixed capital formation**

Level, 2019=100



--- Total — Construction — Equipment & other products
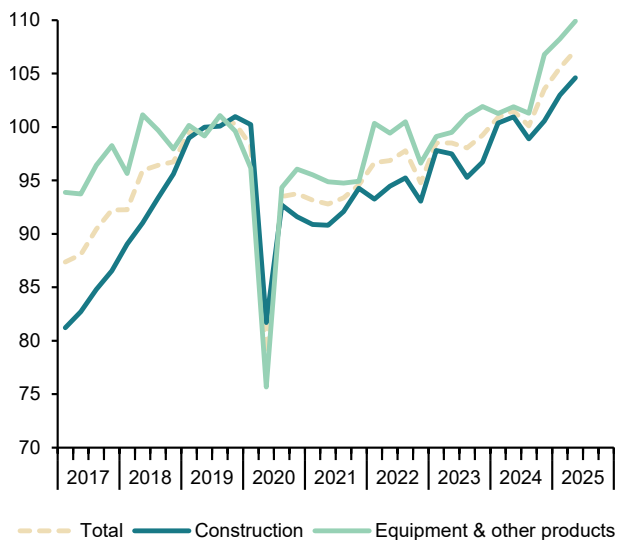
Table 2

# National accounts: Gross value added by economic activity SWDA* (1)

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | **Gross value added at basic prices** | | | | | | |
| | | | | Industry | | | Services | | |
| | | Total | Agriculture. forestry and fishing | Total | Manufacturing | Construction | Total | Public administration. health. education | Other services | Taxes less subsidies on products |
| | | | | | **Chain-linked volumes, annual percentage changes** | | | | |
| 2018 | | 2.5 | 4.2 | 0.1 | -1.1 | 3.0 | 2.8 | 1.4 | 3.3 | 1.8 |
| 2019 | | 2.1 | -2.8 | 1.9 | 0.6 | 4.7 | 2.1 | 1.4 | 2.3 | 0.9 |
| 2020 | | -10.9 | -2.0 | -10.4 | -14.1 | -14.7 | -10.9 | -1.5 | -13.9 | -11.7 |
| 2021 | | 6.3 | 7.0 | 5.8 | 13.9 | -1.0 | 7.0 | 1.9 | 8.8 | 10.9 |
| 2022 | | 6.9 | -16.9 | 3.5 | 6.5 | 8.9 | 8.5 | 1.5 | 10.8 | 1.2 |
| 2023 | | 2.6 | 3.4 | -1.8 | 0.6 | 1.1 | 3.8 | 3.3 | 3.9 | 0.7 |
| 2024 | | 3.9 | 10.8 | 1.9 | 2.6 | 4.8 | 4.0 | 3.7 | 4.1 | -1.3 |
| 2023 | III | 2.4 | 12.5 | -0.7 | 1.0 | 0.0 | 3.0 | 2.9 | 3.0 | 0.0 |
| | IV | 2.6 | 12.6 | 1.3 | 2.2 | 1.8 | 2.7 | 2.9 | 2.6 | -0.8 |
| 2024 | I | 3.3 | 11.6 | 1.3 | 1.9 | 2.6 | 3.5 | 3.5 | 3.4 | -2.7 |
| | II | 3.8 | 7.3 | 3.3 | 4.7 | 1.8 | 3.9 | 3.0 | 4.2 | -2.4 |
| | III | 3.6 | 10.3 | 3.7 | 4.0 | 1.6 | 3.6 | 3.8 | 3.5 | -0.2 |
| | IV | 3.5 | 4.1 | 2.6 | 3.6 | 2.5 | 3.7 | 2.6 | 4.1 | 1.3 |
| 2025 | I | 3.1 | 6.7 | 2.3 | 2.5 | 1.9 | 3.2 | 2.7 | 3.3 | 0.6 |
| | II | 2.9 | -1.3 | 2.2 | 2.2 | 2.9 | 3.3 | 2.3 | 3.5 | 1.4 |
| 2025 | I | 3.0 | 6.6 | 2.2 | 2.4 | 1.8 | 3.1 | 2.7 | 3.2 | 0.6 |
| | | | | | **Chain-linked volumes, quarter-on-quarter percentage changes** | | | | |
| 2023 | III | 0.8 | -1.4 | -0.3 | 0.6 | -1.5 | 1.3 | 0.7 | 1.5 | -0.8 |
| | IV | 1.0 | 5.2 | 1.2 | 0.9 | 1.7 | 0.7 | 3.0 | 0.0 | -1.9 |
| 2024 | I | 1.0 | 5.7 | 1.4 | 1.8 | 1.0 | 0.8 | -0.5 | 1.2 | 1.4 |
| | II | 0.9 | -2.2 | 0.9 | 1.4 | 0.5 | 1.1 | -0.2 | 1.5 | -1.0 |
| | III | 0.6 | 1.4 | 0.0 | -0.2 | -1.6 | 0.9 | 1.5 | 0.8 | 1.4 |
| | IV | 0.8 | -0.7 | 0.2 | 0.5 | 2.6 | 0.9 | 1.8 | 0.6 | -0.5 |
| 2025 | I | 0.6 | 8.3 | 1.1 | 0.8 | 0.5 | 0.2 | -0.4 | 0.4 | 0.7 |
| | II | 0.8 | -9.5 | 0.8 | 1.1 | 1.5 | 1.2 | -0.6 | 1.7 | -0.2 |
| | | Current prices EUR billions) | | | | **Percentage of value added at basic prices** | | | | |
| 2017 | | 1,061.1 | 3.1 | 15.9 | 12.3 | 6.1 | 75.0 | 17.8 | 57.2 | 10.3 |
| 2018 | | 1,097.8 | 3.0 | 15.7 | 11.9 | 6.1 | 75.2 | 17.7 | 57.5 | 10.4 |
| 2019 | | 1,138.0 | 2.8 | 15.5 | 11.8 | 6.5 | 75.2 | 17.8 | 57.4 | 10.2 |
| 2020 | | 1,031.0 | 3.1 | 15.9 | 11.9 | 6.2 | 74.9 | 19.8 | 55.1 | 9.5 |
| 2021 | | 1,118.6 | 3.1 | 16.6 | 12.4 | 5.9 | 74.5 | 18.8 | 55.7 | 10.4 |
| 2022 | | 1,254.7 | 2.6 | 17.4 | 12.1 | 5.8 | 74.1 | 17.6 | 56.6 | 9.7 |
| 2023 | | 1,366.8 | 2.9 | 16.1 | 12.0 | 5.8 | 75.3 | 17.2 | 58.1 | 9.6 |
| 2024 | | 1,452.6 | 3.0 | 15.6 | 11.9 | 5.7 | 75.6 | 17.3 | 58.3 | 9.8 |

*Seasonally and Working Day Adjusted.*

*(1) The quarterly figures are not consistent with the annual figures because at the time of going to press this document the National Statistics Institute had not yet published the quarterly historical series consistent with the recently revised annual figures.*

*Source: INE.*

## Chart 2.1 - GVA by sectors

Level, 2019=100



Industry — Construction — Services
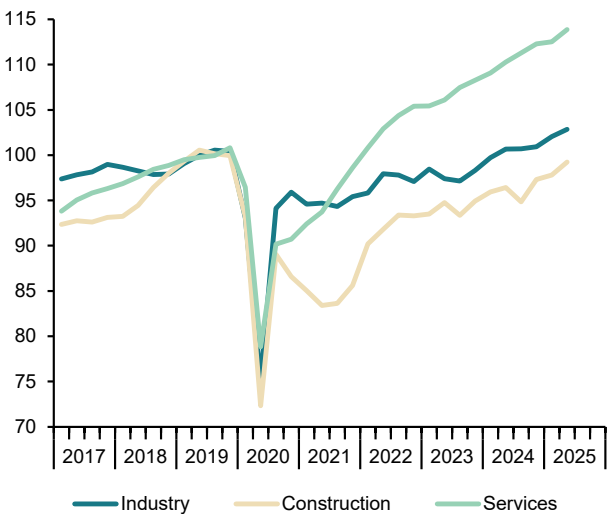
## Chart 2.2 - GVA. Industry

Level, 2019=100



Total — Extractive and utilities — Manufacturing
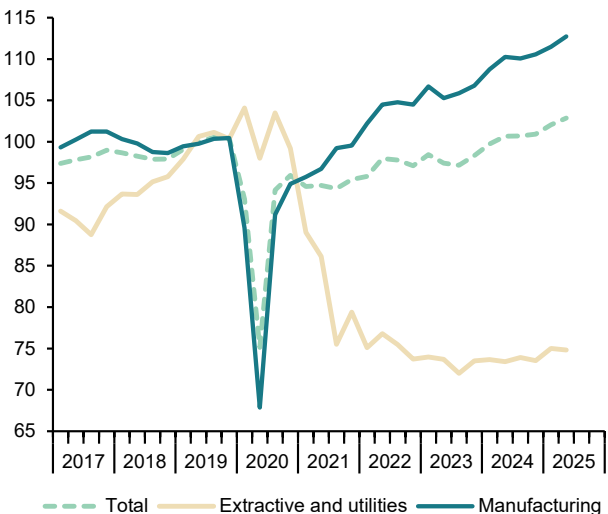
## Chart 2.3 - GVA, services

Level, 2019=100



Total — Public administration, health, education — Other services
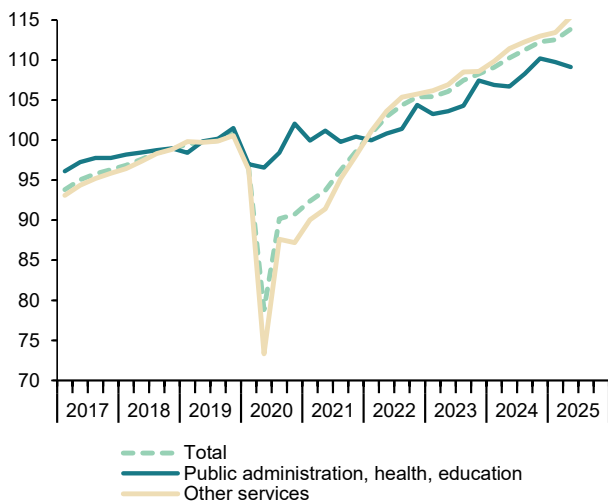
## Chart 2.4 - GVA. structure by sectors

Percentage of value added at basic prices



Services — Construction — Industry
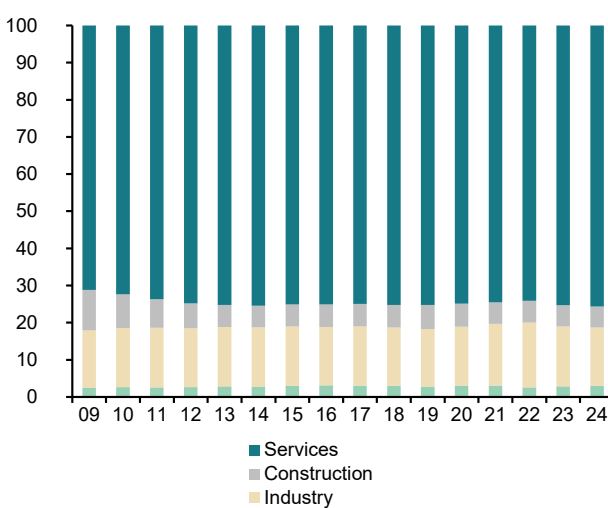
Table 3

# National accounts: Productivity and labour costs (1)
Forecasts in yellow

| | | Total economy | | | | | | Manufacturing Industry | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | GDP, constant prices | Employment (working hours) | Productivity per hour | Compensation per hour worked | Nominal unit labour cost | Real unit labour cost (a) | Gross value added, cons-tant prices | Employment (working hours) | Productivity per hour | Compensation per hour worked | Nominal unit labour cost | Real unit labour cost (a) |
| | | 1 | 2 | 3=1/2 | 4 | 5=4/3 | 6 | 7 | 8 | 9=7/8 | 10 | 11=10/9 | 12 |
| | | Index, 2019 = 100, SWDA | | | | | | | | | | | |
| 2017 | | 95.8 | 95.9 | 99.8 | 94.2 | 94.4 | 96.8 | 100.5 | 96.4 | 104.3 | 98.1 | 94.0 | 97.5 |
| 2018 | | 98.1 | 98.3 | 99.8 | 95.6 | 95.8 | 97.2 | 99.4 | 97.9 | 101.5 | 99.5 | 98.0 | 99.9 |
| 2019 | | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 2020 | | 89.1 | 89.0 | 100.0 | 106.5 | 106.4 | 105.2 | 85.9 | 91.2 | 94.2 | 106.8 | 113.4 | 106.6 |
| 2021 | | 95.0 | 95.5 | 99.5 | 107.7 | 108.2 | 104.4 | 97.8 | 94.1 | 104.0 | 109.2 | 105.0 | 99.0 |
| 2022 | | 101.1 | 100.3 | 100.8 | 111.0 | 110.1 | 101.4 | 104.2 | 97.4 | 106.9 | 112.1 | 104.9 | 96.6 |
| 2023 | | 103.6 | 103.0 | 100.6 | 117.1 | 116.5 | 100.9 | 104.8 | 99.4 | 105.5 | 117.0 | 110.8 | 95.0 |
| 2024 | | 107.1 | 105.3 | 101.8 | 122.7 | 120.5 | 101.5 | 107.6 | 100.7 | 106.9 | 122.5 | 114.6 | 95.6 |
| 2025 | | 109.9 | 107.5 | 102.3 | 127.6 | 124.7 | 102.6 | -- | -- | -- | -- | -- | -- |
| 2026 | | 111.8 | 108.6 | 102.9 | 131.5 | 127.8 | 103.1 | -- | -- | -- | -- | -- | -- |
| 2023 | III | 103.8 | 102.6 | 101.1 | 119.8 | 118.4 | 102.3 | 105.9 | 99.2 | 106.7 | 117.7 | 110.3 | 95.0 |
| | IV | 104.6 | 103.0 | 101.5 | 121.8 | 120.0 | 101.4 | 106.8 | 98.7 | 108.1 | 120.7 | 111.6 | 97.9 |
| 2024 | I | 105.7 | 102.9 | 102.7 | 123.5 | 120.2 | 101.0 | 108.7 | 98.9 | 109.9 | 122.0 | 111.0 | 93.8 |
| | II | 106.5 | 103.8 | 102.6 | 124.2 | 121.1 | 101.9 | 110.3 | 99.5 | 110.8 | 124.1 | 112.0 | 96.2 |
| | III | 107.2 | 103.9 | 103.2 | 126.6 | 122.6 | 102.3 | 110.1 | 98.8 | 111.4 | 126.9 | 113.9 | 98.1 |
| | IV | 108.0 | 105.5 | 102.4 | 127.2 | 124.3 | 102.7 | 110.6 | 101.2 | 109.2 | 126.1 | 115.5 | 100.0 |
| 2025 | I | 108.7 | 104.8 | 103.7 | 129.7 | 125.2 | 102.9 | 111.5 | 99.7 | 111.8 | 130.9 | 117.1 | 97.8 |
| | II | 109.5 | 105.1 | 104.1 | 131.7 | 126.4 | 103.6 | 112.7 | 100.3 | 112.4 | 132.8 | 118.2 | 100.3 |
| | | Annual percentage changes | | | | | | | | | | | |
| 2017 | | 2.9 | 2.1 | 0.7 | 1.0 | 0.3 | -1.0 | 6.8 | 5.2 | 1.6 | -0.6 | -2.1 | -1.1 |
| 2018 | | 2.4 | 2.5 | -0.1 | 1.5 | 1.6 | 0.4 | -1.1 | 1.6 | -2.7 | 1.4 | 4.2 | 2.5 |
| 2019 | | 2.0 | 1.7 | 0.2 | 4.6 | 4.4 | 2.9 | 0.6 | 2.1 | -1.5 | 0.6 | 2.1 | 0.1 |
| 2020 | | -10.9 | -11.0 | 0.0 | 6.5 | 6.4 | 5.2 | -14.1 | -8.8 | -5.8 | 6.8 | 13.4 | 6.6 |
| 2021 | | 6.7 | 7.2 | -0.5 | 1.2 | 1.7 | -0.8 | 13.9 | 3.1 | 10.4 | 2.2 | -7.4 | -7.1 |
| 2022 | | 6.4 | 5.1 | 1.2 | 3.0 | 1.7 | -2.8 | 6.5 | 3.6 | 2.8 | 2.7 | -0.1 | -2.5 |
| 2023 | | 2.5 | 2.7 | -0.2 | 5.5 | 5.7 | -0.5 | 0.6 | 2.0 | -1.3 | 4.3 | 5.7 | -1.6 |
| 2024 | | 3.5 | 2.2 | 1.2 | 4.7 | 3.5 | 0.6 | 2.6 | 1.3 | 1.3 | 4.7 | 3.4 | 0.6 |
| 2025 | | 2.6 | 2.1 | 0.5 | 4.0 | 3.5 | 1.0 | -- | -- | -- | -- | -- | -- |
| 2026 | | 1.7 | 1.1 | 0.6 | 3.1 | 2.5 | 0.5 | | | | | | |
| 2023 | III | 2.2 | 2.2 | 0.0 | 6.8 | 6.8 | 0.4 | 1.0 | 1.3 | -0.3 | 4.3 | 4.6 | -1.6 |
| | IV | 2.3 | 2.8 | -0.4 | 6.4 | 6.9 | 1.5 | 2.2 | 0.4 | 1.8 | 6.3 | 4.4 | 3.3 |
| 2024 | I | 2.7 | 1.4 | 1.3 | 6.9 | 5.5 | 1.9 | 1.9 | -0.9 | 2.8 | 6.0 | 3.1 | 1.9 |
| | II | 3.3 | 2.7 | 0.5 | 4.9 | 4.3 | 0.6 | 4.7 | 3.9 | 0.8 | 3.8 | 3.0 | 1.9 |
| | III | 3.3 | 1.3 | 2.0 | 5.6 | 3.5 | 0.0 | 4.0 | -0.5 | 4.4 | 7.9 | 3.3 | 3.3 |
| | IV | 3.3 | 2.4 | 0.9 | 4.5 | 3.6 | 1.4 | 3.6 | 2.5 | 1.0 | 4.5 | 3.5 | 2.1 |
| 2025 | I | 2.8 | 1.9 | 0.9 | 5.1 | 4.1 | 1.9 | 2.5 | 0.8 | 1.7 | 7.3 | 5.5 | 4.3 |
| | II | 2.8 | 1.3 | 1.5 | 6.0 | 4.4 | 1.7 | 2.2 | 0.8 | 1.5 | 7.1 | 5.5 | 4.3 |

*(1) The quarterly figures are not consistent with the annual figures because at the time of going to press this document the National Statistics Institute had not yet published the quarterly historical series consistent with the recently revised annual figures.*

*(a) Nominal ULC deflated by GDP/GVA deflator.*

*Source: INE and Funcas (Forecasts).*

## Chart 3.1 - Nominal ULC, total economy

Index, 2019=100



Legend: Compensation per hour, Productivity per hour, Nominal unit labour cost
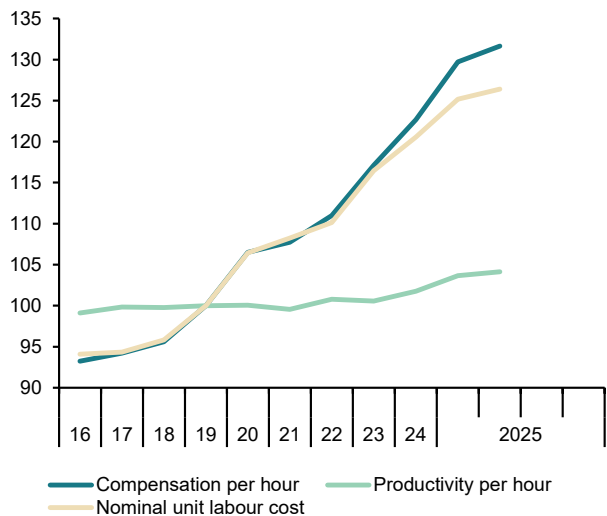
## Chart 3.2 - Real ULC, total economy

Index, 2019=100



Legend: Nominal unit labour cost, GDP deflator, Real unit labour cost (1)
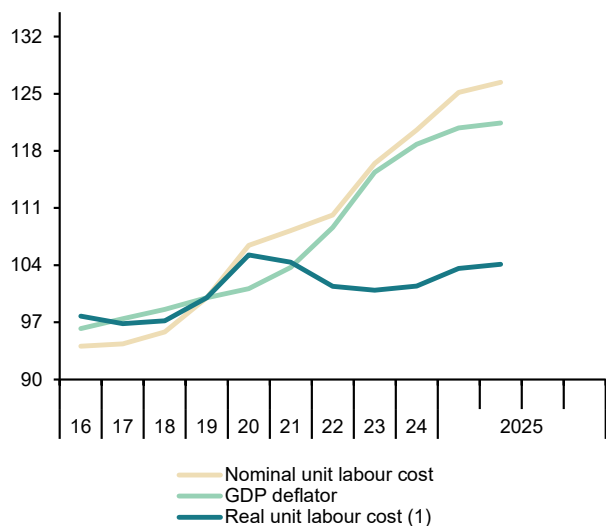
*(1) Nominal ULC deflated by GDP deflator.*

## Chart 3.3 - Nominal ULC, manufacturing industry

Index, 2019=100



Legend: Compensation per hour, Productivity per hour, Nominal unit labour cost
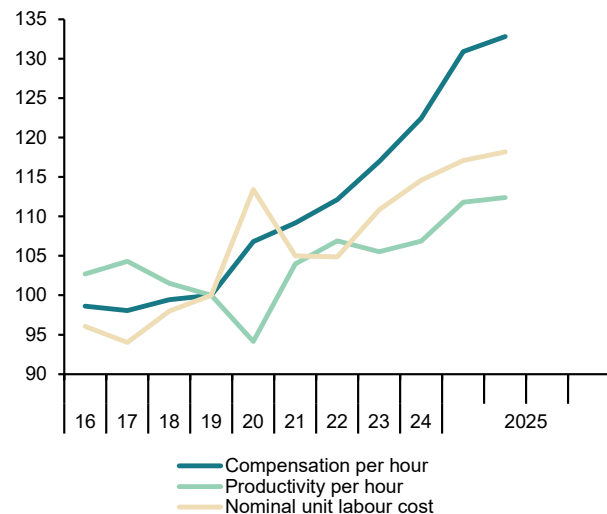
## Chart 3.4 - Real ULC, manufacturing industry

Index, 2019=100



Legend: Nominal unit labour cost, GVA deflator, Real unit labour cost (1)
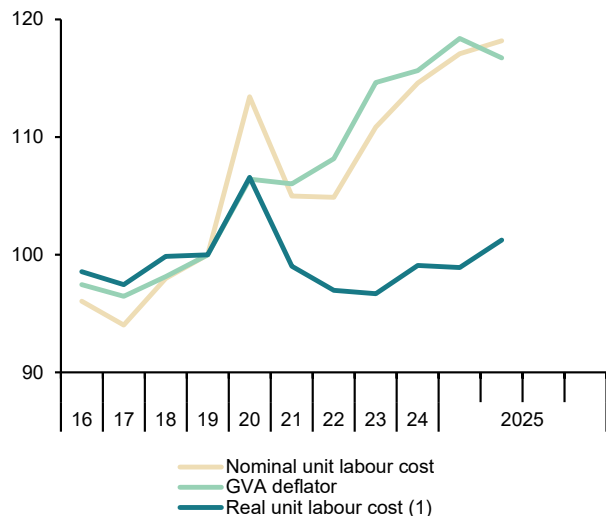
*(1) Nominal ULC deflated by manufacturing GVA deflator.*

Table 4

## National accounts: National income, distribution and disposition (1)
Forecasts in yellow

| | Gross domestic product | Compen-sation of employees | Gross operating surplus | Gross national disposable income | Final national consum-ption | Gross national saving (a) | Gross capital formation | Compen-sation of employees | Gross operating surplus | Saving rate | Investment rate | Current account balance | Net lending or borrowing |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | EUR Billions. 4-quarter cumulated transactions | | | | | | | Percentage of GDP | | | | | |
| 2017 | 1,170.0 | 528.1 | 521.9 | 1,160.2 | 898.6 | 261.6 | 228.9 | 45.1 | 44.6 | 22.4 | 19.6 | 2.8 | 3.0 |
| 2018 | 1,212.3 | 550.6 | 535.3 | 1,201.8 | 928.0 | 273.8 | 251.0 | 45.4 | 44.2 | 22.6 | 20.7 | 1.9 | 2.4 |
| 2019 | 1,253.7 | 585.8 | 540.4 | 1,243.0 | 954.2 | 288.8 | 262.1 | 46.7 | 43.1 | 23.0 | 20.9 | 2.1 | 2.5 |
| 2020 | 1,129.2 | 561.9 | 465.1 | 1,121.0 | 879.2 | 241.8 | 232.9 | 49.8 | 41.2 | 21.4 | 20.6 | 0.8 | 1.2 |
| 2021 | 1,235.5 | 604.2 | 504.3 | 1,232.8 | 953.0 | 279.8 | 270.2 | 48.9 | 40.8 | 22.6 | 21.9 | 0.8 | 1.6 |
| 2022 | 1,375.9 | 656.3 | 587.2 | 1,368.6 | 1,051.6 | 316.9 | 312.2 | 47.7 | 42.7 | 23.0 | 22.7 | 0.3 | 1.3 |
| 2023 | 1,497.8 | 711.8 | 641.9 | 1,478.7 | 1,124.0 | 354.7 | 316.3 | 47.5 | 42.9 | 23.7 | 21.1 | 2.6 | 3.7 |
| 2024 | 1,594.3 | 763.7 | 675.1 | 1,574.3 | 1,190.4 | 383.9 | 337.6 | 47.9 | 42.3 | 24.1 | 21.2 | 2.9 | 4.2 |
| 2025 | 1,675.7 | 812.1 | 696.4 | 1,657.9 | 1,246.4 | 411.6 | 365.2 | 48.5 | 41.6 | 24.6 | 21.8 | 2.8 | 4.0 |
| 2026 | 1,737.5 | 847.8 | 714.4 | 1,720.3 | 1,291.4 | 428.9 | 384.7 | 48.8 | 41.1 | 24.7 | 22.1 | 2.5 | 3.8 |
| 2023 III | 1,470.4 | 700.3 | 634.9 | 1,454.1 | 1,105.6 | 348.5 | 312.5 | 47.6 | 43.2 | 23.7 | 21.3 | 2.4 | 3.4 |
| IV | 1,498.3 | 715.6 | 639.2 | 1,479.3 | 1,124.8 | 354.5 | 314.7 | 47.8 | 42.7 | 23.7 | 21.0 | 2.7 | 3.7 |
| 2024 I | 1,519.2 | 730.1 | 644.9 | 1,500.1 | 1,143.8 | 356.2 | 316.6 | 48.1 | 42.4 | 23.4 | 20.8 | 2.6 | 3.7 |
| II | 1,543.6 | 743.7 | 654.6 | 1,523.4 | 1,161.8 | 361.7 | 319.2 | 48.2 | 42.4 | 23.4 | 20.7 | 2.8 | 4.0 |
| III | 1,567.3 | 756.7 | 663.6 | 1,547.2 | 1,179.5 | 367.7 | 321.8 | 48.3 | 42.3 | 23.5 | 20.5 | 2.9 | 4.2 |
| IV | 1,591.6 | 770.5 | 665.5 | 1,571.6 | 1,197.6 | 374.0 | 325.9 | 48.4 | 41.8 | 23.5 | 20.5 | 3.0 | 4.2 |
| 2025 I | 1,611.7 | 784.0 | 670.6 | 1,591.6 | 1,215.7 | 375.9 | 332.2 | 48.6 | 41.6 | 23.3 | 20.6 | 2.7 | 3.9 |
| II | 1,634.4 | 798.5 | 675.9 | -- | 1,233.8 | -- | 337.5 | 48.9 | 41.4 | -- | 20.6 | -- | -- |
| | Annual percentage changes | | | | | | | Difference from one year ago | | | | | |
| 2017 | 4.2 | 4.0 | 4.3 | 4.2 | 4.0 | 4.9 | 6.9 | -0.1 | 0.1 | 0.2 | 0.5 | -0.4 | -0.3 |
| 2018 | 3.6 | 4.3 | 2.6 | 3.6 | 3.3 | 4.6 | 9.7 | 0.3 | -0.4 | 0.2 | 1.1 | -0.9 | -0.7 |
| 2019 | 3.4 | 6.4 | 0.9 | 3.4 | 2.8 | 5.5 | 4.4 | 1.3 | -1.1 | 0.5 | 0.2 | 0.3 | 0.1 |
| 2020 | -9.9 | -4.1 | -13.9 | -9.8 | -7.9 | -16.3 | -11.1 | 3.0 | -1.9 | -1.6 | -0.3 | -1.3 | -1.2 |
| 2021 | 9.4 | 7.5 | 8.4 | 10.0 | 8.4 | 15.7 | 16.0 | -0.9 | -0.4 | 1.2 | 1.2 | 0.0 | 0.4 |
| 2022 | 11.4 | 8.6 | 16.4 | 11.0 | 10.3 | 13.3 | 15.5 | -1.2 | 1.9 | 0.4 | 0.8 | -0.4 | -0.4 |
| 2023 | 8.9 | 8.5 | 9.3 | 8.0 | 6.9 | 11.9 | 1.3 | -0.2 | 0.2 | 0.6 | -1.6 | 2.2 | 2.5 |
| 2024 | 6.4 | 7.3 | 5.2 | 6.5 | 5.9 | 8.2 | 6.7 | 0.4 | -0.5 | 0.4 | 0.1 | 0.3 | 0.4 |
| 2025 | 5.1 | 6.3 | 3.2 | 5.3 | 4.7 | 7.2 | 8.2 | 0.6 | -0.8 | 0.5 | 0.6 | -0.1 | -0.2 |
| 2026 | 3.7 | 4.4 | 2.6 | 3.8 | 3.6 | 4.2 | 5.3 | 0.3 | -0.4 | 0.1 | 0.3 | -0.2 | -0.2 |
| 2023 III | 9.5 | 8.8 | 13.8 | 8.7 | 7.4 | 13.0 | 3.2 | -0.3 | 1.6 | 0.7 | -1.3 | 2.0 | 2.3 |
| IV | 9.1 | 9.1 | 9.2 | 8.3 | 7.1 | 12.2 | 1.1 | 0.0 | 0.0 | 0.7 | -1.7 | 2.3 | 2.5 |
| 2024 I | 7.7 | 9.0 | 6.1 | 7.0 | 6.9 | 7.2 | 1.5 | 0.5 | -0.7 | -0.1 | -1.3 | 1.2 | 1.3 |
| II | 7.0 | 8.6 | 5.1 | 6.5 | 6.7 | 6.0 | 1.9 | 0.7 | -0.8 | -0.2 | -1.0 | 0.8 | 1.1 |
| III | 6.6 | 8.1 | 4.5 | 6.4 | 6.7 | 5.5 | 3.0 | 0.7 | -0.8 | -0.2 | -0.7 | 0.5 | 0.8 |
| IV | 6.2 | 7.7 | 4.1 | 6.2 | 6.5 | 5.5 | 3.5 | 0.6 | -0.8 | -0.2 | -0.5 | 0.4 | 0.4 |
| 2025 I | 6.1 | 7.4 | 4.0 | 6.1 | 6.3 | 5.5 | 4.9 | 0.6 | -0.8 | -0.1 | -0.2 | 0.1 | 0.2 |
| II | 5.9 | 7.4 | 3.2 | -- | 6.2 | -- | 5.7 | 0.7 | -1.1 | -- | 0.0 | -- | -- |

*(1) The quarterly figures are not consistent with the annual figures because at the time of going to press this document the National Statistics Institute had not yet published the quarterly historical series consistent with the recently revised annual figures.*

*(a) Including change in net equity in pension funds reserves.*

*Source: INE and Funcas (Forecasts).*

## Chart 4.1 - National income, consumption and saving

EUR Billions, 4-quarter cumulated



Saving
National consumption — Gross national income
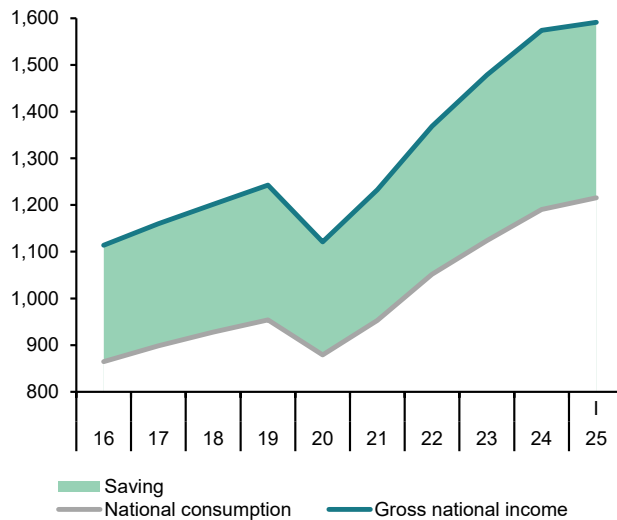
## Chart 4.2 - National income, consumption and saving rate

Annual percentage change and percentage of GDP, 4-quarter moving averages



Saving rate (right) — GNI (left) — Consumption (left)
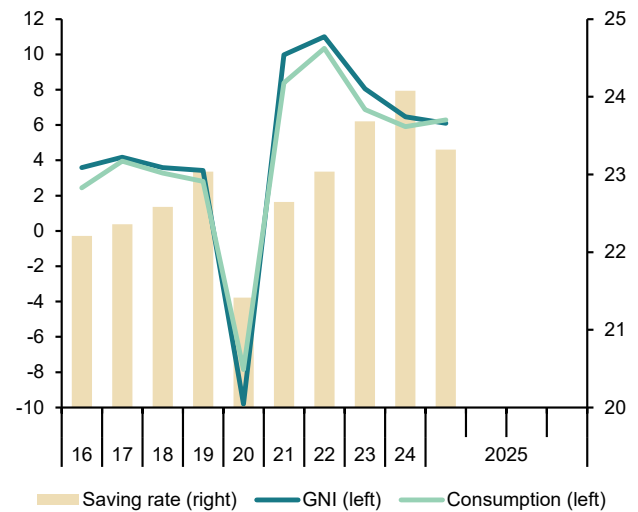
## Chart 4.3 - Components of National Income

Percentage of GDP, 4-quarter moving averages



— Compensation of employees — Gross operating surplus
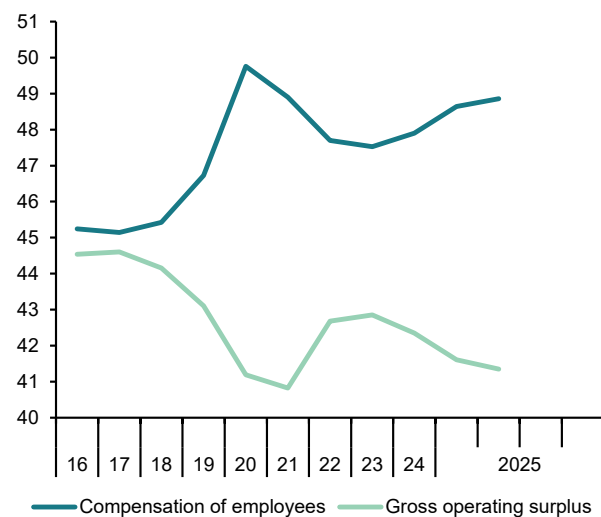
## Chart 4.4 - Saving, Investment and Current Account Balance

Percentage of GDP, 4-quarter moving averages



Current Account Balance (right)
— Investment rate (left)
Saving Rate (left)
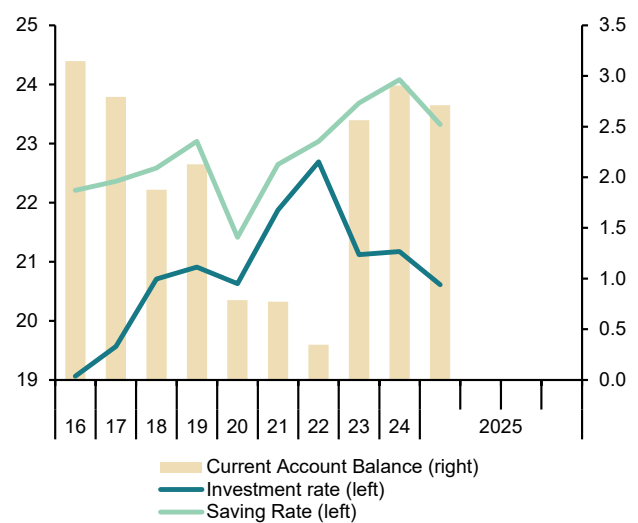
Table 5

# National accounts: Household and non-financial corporations accounts
Forecasts in yellow

| | | Households | | | | | | Non-financial corporations | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Gross disposable income (GDI) | Final consumption expenditure | Gross saving | Gross capital formation | Saving rate | Gross capital formation | Net lending or borrowing | Gross operating surplus | Gross saving | Gross capital formation | Saving rate | Gross capital formation | Net lending or borrowing |
| | | EUR Billions. 4-quarter cumulated operations | | | | Percentage of GDI | Percentage of GDP | | EUR Billions. 4-quarter cumulated operations | | | Percentage of GDP | | |
| 2017 | | 731.8 | 682.8 | 45.9 | 37.7 | 6.3 | 3.2 | 0.5 | 266.1 | 200.0 | 162.2 | 17.1 | 13.3 | 3.5 |
| 2018 | | 752.9 | 704.4 | 45.7 | 41.4 | 6.1 | 3.4 | 0.2 | 270.3 | 199.3 | 180.5 | 16.4 | 14.0 | 1.8 |
| 2019 | | 790.6 | 720.0 | 67.8 | 44.2 | 8.6 | 3.5 | 1.8 | 274.1 | 201.5 | 188.1 | 16.1 | 14.6 | 1.3 |
| 2020 | | 773.0 | 633.6 | 135.5 | 40.8 | 17.5 | 3.6 | 8.3 | 216.5 | 153.3 | 154.7 | 13.6 | 13.9 | 0.4 |
| 2021 | | 811.2 | 693.6 | 115.4 | 51.7 | 14.2 | 4.2 | 5.1 | 237.4 | 172.8 | 180.2 | 14.0 | 13.1 | 0.5 |
| 2022 | | 853.9 | 774.5 | 77.2 | 64.7 | 9.0 | 4.7 | 0.8 | 293.9 | 218.8 | 199.3 | 15.9 | 12.6 | 2.1 |
| 2023 | | 945.1 | 830.5 | 113.7 | 67.7 | 12.0 | 4.5 | 3.0 | 312.5 | 218.2 | 195.3 | 14.6 | 12.1 | 2.0 |
| 2024 | | 1,027.7 | 889.1 | 139.9 | 71.7 | 13.6 | 4.5 | 4.7 | 304.9 | 204.9 | 202.3 | 12.9 | 12.0 | 0.9 |
| 2025 | | 1,067.8 | 935.1 | 130.6 | 76.3 | 12.2 | 4.6 | 3.1 | 315.9 | 214.2 | 217.0 | 12.8 | 13.0 | 0.5 |
| 2026 | | 1,107.3 | 971.5 | 133.8 | 80.6 | 12.1 | 4.7 | 3.0 | 317.4 | 215.9 | 228.1 | 12.5 | 13.2 | 0.0 |
| 2023 | II | 899.2 | 804.0 | 93.6 | 61.7 | 10.4 | 4.3 | 2.1 | 314.8 | 230.5 | 203.9 | 16.0 | 14.1 | 2.5 |
| | III | 922.2 | 814.9 | 105.9 | 62.7 | 11.5 | 4.3 | 2.8 | 315.0 | 226.4 | 200.7 | 15.4 | 13.7 | 2.4 |
| | IV | 945.1 | 830.5 | 113.7 | 67.7 | 12.0 | 4.5 | 3.0 | 312.5 | 218.2 | 195.3 | 14.6 | 13.0 | 2.0 |
| 2024 | I | 968.3 | 844.3 | 123.6 | 69.7 | 12.8 | 4.6 | 3.4 | 306.4 | 212.5 | 194.2 | 14.0 | 12.8 | 1.6 |
| | II | 991.5 | 858.2 | 133.3 | 72.4 | 13.4 | 4.7 | 3.8 | 304.4 | 205.2 | 194.0 | 13.3 | 12.6 | 1.2 |
| | III | 1,009.2 | 872.0 | 137.9 | 74.7 | 13.7 | 4.8 | 4.0 | 305.3 | 206.1 | 194.6 | 13.2 | 12.4 | 1.3 |
| | IV | 1,027.7 | 889.1 | 139.9 | 71.7 | 13.6 | 4.5 | 4.7 | 304.9 | 204.9 | 202.3 | 12.9 | 12.7 | 0.9 |
| 2025 | I | 1,039.7 | 904.5 | 136.8 | 73.2 | 13.2 | 4.5 | 4.3 | 306.3 | 206.0 | 207.3 | 12.8 | 12.9 | 0.7 |
| | | Annual percentage changes | | | | Difference from one year ago | | | Annual percentage changes | | | Difference from one year ago | | |
| 2017 | | 3.0 | 4.6 | -15.7 | 14.7 | -1.4 | 0.3 | -1.2 | 4.6 | 2.7 | 5.9 | -0.2 | 0.2 | -0.5 |
| 2018 | | 2.9 | 3.2 | -0.4 | 9.7 | -0.2 | 0.2 | -0.3 | 1.6 | -0.4 | 11.3 | -0.7 | 0.7 | -1.6 |
| 2019 | | 5.0 | 2.2 | 48.2 | 6.8 | 2.5 | 0.1 | 1.6 | 1.4 | 1.1 | 4.2 | -0.4 | 0.5 | -0.5 |
| 2020 | | -2.2 | -12.0 | 99.9 | -7.7 | 9.0 | 0.1 | 6.5 | -21.0 | -23.9 | -17.7 | -2.5 | -0.6 | -0.9 |
| 2021 | | 4.9 | 9.5 | -14.9 | 26.7 | -3.3 | 0.6 | -3.2 | 9.7 | 12.7 | 16.4 | 0.4 | -0.8 | 0.1 |
| 2022 | | 5.3 | 11.7 | -33.1 | 25.1 | -5.2 | 0.5 | -4.3 | 23.8 | 26.6 | 10.6 | 1.9 | -0.5 | 1.6 |
| 2023 | | 10.7 | 7.2 | 47.3 | 4.6 | 3.0 | -0.2 | 2.2 | 6.3 | -0.3 | -2.0 | -1.4 | -0.5 | -0.1 |
| 2024 | | 8.7 | 7.1 | 23.0 | 6.0 | 1.6 | 0.0 | 1.7 | -2.4 | -6.1 | 3.6 | -1.7 | -0.1 | -1.1 |
| 2025 | | 3.9 | 5.2 | -6.7 | 6.4 | -1.4 | 0.1 | -1.5 | 3.6 | 4.5 | 7.3 | 0.0 | 1.0 | -0.4 |
| 2026 | | 3.7 | 3.9 | 2.5 | 5.6 | -0.1 | 0.1 | -0.2 | 0.5 | 0.8 | 5.1 | -0.4 | 0.2 | -0.6 |
| 2023 | II | 8.0 | 8.5 | 4.7 | -5.0 | -0.3 | -0.7 | 0.3 | 21.4 | 22.2 | 10.4 | 1.6 | 0.0 | 1.4 |
| | III | 9.8 | 6.9 | 40.0 | -3.9 | 2.5 | -0.6 | 2.1 | 14.3 | 12.8 | 3.4 | 0.4 | -0.8 | 1.2 |
| | IV | 10.7 | 7.2 | 47.3 | 4.6 | 3.0 | -0.2 | 2.2 | 6.3 | -0.3 | -2.0 | -1.4 | -1.5 | -0.1 |
| 2024 | I | 11.0 | 6.8 | 54.9 | 12.8 | 3.6 | 0.2 | 2.3 | -0.2 | -7.3 | -3.9 | -2.3 | -1.6 | -1.0 |
| | II | 10.3 | 6.7 | 42.4 | 17.4 | 3.0 | 0.4 | 1.7 | -3.3 | -11.0 | -4.9 | -2.7 | -1.6 | -1.3 |
| | III | 9.4 | 7.0 | 30.3 | 19.1 | 2.2 | 0.5 | 1.1 | -3.1 | -9.0 | -3.0 | -2.2 | -1.2 | -1.1 |
| | IV | 8.7 | 7.1 | 23.0 | 6.0 | 1.6 | 0.0 | 1.7 | -2.4 | -6.1 | 3.6 | -1.7 | -0.3 | -1.1 |
| 2025 | I | 7.4 | 7.1 | 10.7 | 5.1 | 0.4 | 0.0 | 0.9 | 0.0 | -3.0 | 6.7 | -1.2 | 0.1 | -1.0 |

*Source: INE and Funcas (Forecasts).*

## Chart 5.1 - Households: net lending or borrowing

Percentage of GDI/GDP, 4-quarter moving averages



Net lending (-) or borrowing(+) (% GDP, right)
Saving rate (% GDI, left)
Gross Capital Formation (% GDP, left)
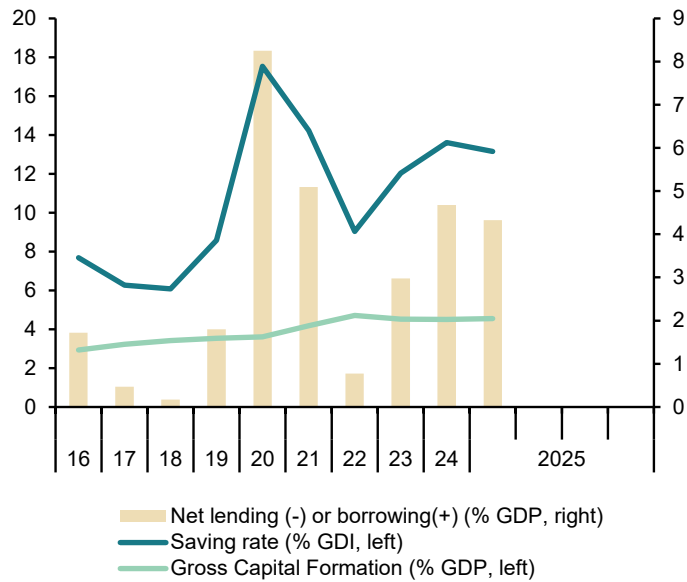
## Chart 5.2 - Non-financial corporations: net lending or borrowing

Percentage of GDP, 4-quarter moving averages



Net lending (-) or borrowing(+) (right)
Saving rate (left)
Gross Capital Formation (left)
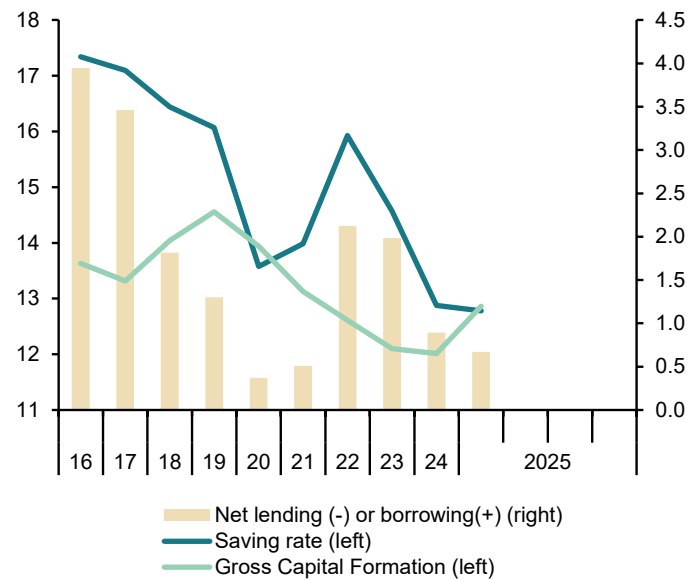
Table 6

# National accounts: Public revenue, expenditure and deficit
Forecasts in yellow

| | | Non financial revenue | | | | | Non financial expenditures | | | | | | | Net lending(+)/ net borrowing(-) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Taxes on production and imports | Taxes on income and wealth | Social contribu-tions | Capital and other revenue | Total | Compen-sation of employees | Interme-diate con-sumption | Interests | Social benefits and social transfers in kind | Gross capital formation and other capital expenditure | Other expendi-ture | Total | |
| | | 1 | 2 | 3 | 4 | 5=1+2+3+4 | 6 | 7 | 8 | 9 | 10 | 11 | 12=6+7+8 +9+10+11 | 13=5-12 |
| | | EUR Billions. 4-quarter cumulated operations | | | | | | | | | | | | |
| 2017 | | 135.1 | 116.9 | 142.4 | 49.6 | 444.0 | 123.5 | 59.8 | 29.6 | 207.6 | 31.5 | 27.9 | 479.9 | -35.9 |
| 2018 | | 141.2 | 127.3 | 149.5 | 54.3 | 472.3 | 127.7 | 62.3 | 29.6 | 216.7 | 37.4 | 29.6 | 503.2 | -30.9 |
| 2019 | | 143.1 | 129.1 | 160.7 | 55.5 | 488.3 | 134.8 | 65.0 | 28.2 | 229.7 | 37.2 | 31.7 | 526.8 | -38.4 |
| 2020 | | 126.8 | 125.3 | 162.2 | 54.0 | 468.3 | 140.7 | 66.9 | 25.1 | 261.6 | 44.4 | 41.5 | 580.2 | -111.9 |
| 2021 | | 147.0 | 143.5 | 171.7 | 66.8 | 529.0 | 148.1 | 71.9 | 26.2 | 263.6 | 60.1 | 41.2 | 611.1 | -82.2 |
| 2022 | | 160.4 | 164.8 | 180.1 | 68.7 | 574.0 | 154.5 | 79.6 | 31.8 | 266.8 | 53.4 | 51.0 | 637.1 | -63.1 |
| 2023 | | 165.5 | 183.2 | 197.0 | 82.5 | 628.3 | 163.4 | 86.5 | 35.7 | 292.9 | 57.3 | 45.2 | 681.0 | -52.7 |
| 2024 | | 177.1 | 198.7 | 210.2 | 86.6 | 672.7 | 172.4 | 89.5 | 39.0 | 311.7 | 67.8 | 42.6 | 722.8 | -50.2 |
| 2025 | | 188.6 | 208.5 | 224.9 | 89.4 | 711.4 | 179.6 | 91.6 | 43.4 | 330.4 | 57.0 | 55.1 | 757.1 | -50.7 |
| 2026 | | 197.1 | 215.6 | 234.7 | 92.9 | 740.3 | 185.1 | 96.2 | 46.3 | 346.3 | 59.1 | 55.3 | 788.3 | -48.0 |
| 2023 | II | 161.9 | 172.5 | 188.4 | 75.8 | 598.6 | 159.5 | 83.6 | 33.7 | 279.2 | 56.2 | 50.2 | 662.4 | -63.7 |
| | III | 162.5 | 177.3 | 192.4 | 76.9 | 609.2 | 161.8 | 85.1 | 35.0 | 284.9 | 58.1 | 47.7 | 672.6 | -63.4 |
| | IV | 165.5 | 183.2 | 197.0 | 82.5 | 628.3 | 163.4 | 86.5 | 35.7 | 292.9 | 57.3 | 45.2 | 681.0 | -52.7 |
| 2024 | I | 166.9 | 186.8 | 200.2 | 81.0 | 634.9 | 165.3 | 87.5 | 37.2 | 297.1 | 57.9 | 44.5 | 689.4 | -54.5 |
| | II | 170.7 | 191.1 | 203.5 | 82.1 | 647.4 | 167.0 | 88.1 | 38.0 | 302.2 | 57.6 | 43.7 | 696.6 | -49.2 |
| | III | 172.9 | 194.1 | 207.4 | 84.9 | 659.3 | 170.2 | 89.1 | 39.3 | 306.6 | 58.1 | 42.7 | 706.0 | -46.7 |
| | IV | 177.1 | 198.7 | 210.2 | 86.6 | 672.7 | 172.4 | 89.5 | 39.0 | 311.7 | 67.8 | 42.6 | 722.8 | -50.2 |
| 2025 | I | 179.8 | 201.5 | 213.8 | 87.7 | 682.8 | 173.7 | 90.2 | 40.0 | 316.1 | 68.0 | 44.3 | 732.3 | -49.5 |
| | | Percentage of GDP. 4-quarter cumulated operations | | | | | | | | | | | | |
| 2017 | | 11.5 | 10.0 | 12.2 | 4.2 | 37.9 | 10.6 | 5.1 | 2.5 | 17.7 | 2.7 | 2.4 | 41.0 | -3.1 |
| 2018 | | 11.6 | 10.5 | 12.3 | 4.5 | 39.0 | 10.5 | 5.1 | 2.4 | 17.9 | 3.1 | 2.4 | 41.5 | -2.6 |
| 2019 | | 11.4 | 10.3 | 12.8 | 4.4 | 39.0 | 10.7 | 5.2 | 2.3 | 18.3 | 3.0 | 2.5 | 42.0 | -3.1 |
| 2020 | | 11.2 | 11.1 | 14.4 | 4.8 | 41.5 | 12.5 | 5.9 | 2.2 | 23.2 | 3.9 | 3.7 | 51.4 | -9.9 |
| 2021 | | 11.9 | 11.6 | 13.9 | 5.4 | 42.8 | 12.0 | 5.8 | 2.1 | 21.3 | 4.9 | 3.3 | 49.5 | -6.7 |
| 2022 | | 11.7 | 12.0 | 13.1 | 5.0 | 41.8 | 11.2 | 5.8 | 2.3 | 19.4 | 3.9 | 3.7 | 46.4 | -4.6 |
| 2023 | | 11.0 | 12.2 | 13.2 | 5.5 | 41.9 | 10.9 | 5.8 | 2.4 | 19.5 | 3.8 | 3.0 | 45.4 | -3.5 |
| 2024 | | 11.1 | 12.5 | 13.2 | 5.4 | 42.3 | 10.8 | 5.6 | 2.5 | 19.6 | 4.3 | 2.7 | 45.4 | -3.2 |
| 2025 | | 11.3 | 12.5 | 13.5 | 5.4 | 42.6 | 10.8 | 5.5 | 2.6 | 19.8 | 3.4 | 3.3 | 45.4 | -3.0 |
| 2026 | | 11.4 | 12.5 | 13.6 | 5.4 | 42.8 | 10.7 | 5.6 | 2.7 | 20.0 | 3.4 | 3.2 | 45.5 | -2.8 |
| 2023 | II | 11.2 | 12.0 | 13.1 | 5.3 | 41.5 | 11.1 | 5.8 | 2.3 | 19.4 | 3.9 | 3.5 | 45.9 | -4.4 |
| | III | 11.0 | 12.1 | 13.1 | 5.2 | 41.4 | 11.0 | 5.8 | 2.4 | 19.4 | 4.0 | 3.2 | 45.7 | -4.3 |
| | IV | 11.0 | 12.2 | 13.2 | 5.5 | 41.9 | 10.9 | 5.8 | 2.4 | 19.5 | 3.8 | 3.0 | 45.4 | -3.5 |
| 2024 | I | 11.0 | 12.3 | 13.2 | 5.3 | 41.8 | 10.9 | 5.8 | 2.4 | 19.6 | 3.8 | 2.9 | 45.4 | -3.6 |
| | II | 11.1 | 12.4 | 13.2 | 5.3 | 41.9 | 10.8 | 5.7 | 2.5 | 19.6 | 3.7 | 2.8 | 45.1 | -3.2 |
| | III | 11.0 | 12.4 | 13.2 | 5.4 | 42.1 | 10.9 | 5.7 | 2.5 | 19.6 | 3.7 | 2.7 | 45.0 | -3.0 |
| | IV | 11.1 | 12.5 | 13.2 | 5.4 | 42.3 | 10.8 | 5.6 | 2.5 | 19.6 | 4.3 | 2.7 | 45.4 | -3.2 |
| 2025 | I | 11.2 | 12.5 | 13.3 | 5.4 | 42.4 | 10.8 | 5.6 | 2.5 | 19.6 | 4.2 | 2.7 | 45.4 | -3.1 |

*Source: IGAE and Funcas (Forecasts).*

**Chart 6.1 - Public sector: Revenue, expenditure and deficit**

Percentage of GDP, 4-quarter moving averages



- Net lending or borrowing (right)
- Revenue (left)
- Expenditure (left)
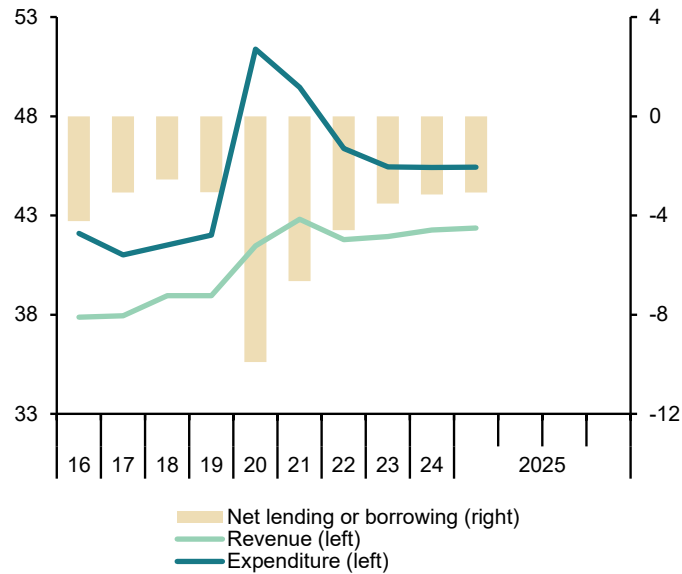
**Chart 6.2 - Public sector: Main expenditures**

Percentage of GDP



- Rest
- Capital expenditure
- Social benefits and transfers in kind
- Interests
- Compensation of employees
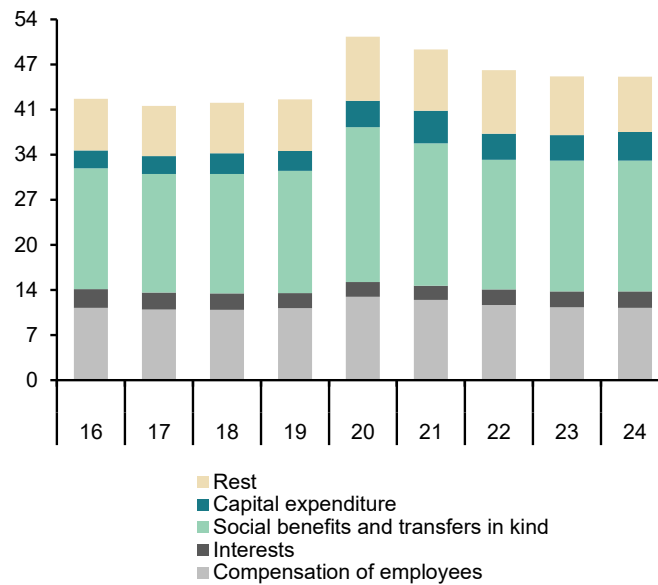
Table 7

# Public sector balances by level of Government
Forecasts in yellow

| | | Net lending (+)/ net borrowing (-) | | | | | Debt | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Central Government | Regional Governments | Local Governments | Social Security | TOTAL Government | Central Government | Regional Governments | Local Governments | Social Security | Total Government (consolidated) |
| | | EUR Billions. 4-quarter cumulated operations | | | | | EUR Billions. end of period | | | | |
| 2017 | | -21.7 | -4.0 | 6.6 | -16.8 | -35.9 | 1,050.5 | 288.1 | 29.0 | 27.4 | 1,184.1 |
| 2018 | | -16.8 | -3.2 | 6.4 | -17.3 | -30.9 | 1,083.6 | 293.4 | 25.8 | 41.2 | 1,209.7 |
| 2019 | | -19.0 | -7.4 | 3.8 | -15.9 | -38.4 | 1,096.8 | 295.1 | 23.2 | 55.0 | 1,224.4 |
| 2020 | | -85.8 | -2.2 | 2.8 | -26.7 | -111.9 | 1,207.7 | 304.0 | 22.0 | 85.4 | 1,346.9 |
| 2021 | | -73.5 | -0.3 | 3.4 | -11.7 | -82.2 | 1,281.4 | 312.6 | 22.8 | 97.2 | 1,429.4 |
| 2022 | | -41.0 | -15.2 | -1.0 | -5.9 | -63.1 | 1,360.2 | 317.1 | 23.1 | 106.2 | 1,504.1 |
| 2023 | | -30.3 | -13.7 | -0.3 | -8.4 | -52.7 | 1,435.7 | 325.2 | 23.3 | 116.2 | 1,575.4 |
| 2024 | | -46.3 | -1.9 | 6.6 | -8.6 | -50.2 | 1,489.3 | 335.9 | 22.8 | 126.2 | 1,620.6 |
| 2025 | | -- | -- | -- | -- | -50.7 | -- | -- | -- | -- | 1,669.2 |
| 2026 | | -- | -- | -- | -- | -48.0 | -- | -- | -- | -- | 1,720.3 |
| 2023 | II | -37.6 | -20.2 | -1.7 | -4.2 | -63.7 | 1,421.5 | 327.3 | 23.7 | 106.2 | 1,570.1 |
| | III | -46.0 | -12.4 | -0.1 | -4.9 | -63.4 | 1,436.2 | 325.5 | 23.3 | 106.2 | 1,578.8 |
| | IV | -30.3 | -13.7 | -0.3 | -8.4 | -52.7 | 1,435.7 | 325.2 | 23.3 | 116.2 | 1,575.4 |
| 2024 | I | -30.5 | -16.4 | -1.6 | -6.1 | -54.5 | 1,476.2 | 328.9 | 23.1 | 116.2 | 1,614.7 |
| | II | -25.3 | -16.1 | -0.1 | -7.8 | -49.2 | 1,484.7 | 337.5 | 23.5 | 116.2 | 1,625.7 |
| | III | -39.9 | -2.9 | 4.2 | -8.1 | -46.7 | 1,504.0 | 333.2 | 23.1 | 116.2 | 1,635.7 |
| | IV | -46.3 | -1.9 | 6.6 | -8.6 | -50.2 | 1,489.3 | 335.9 | 22.8 | 126.2 | 1,620.6 |
| 2025 | I | -50.4 | -0.9 | 8.0 | -6.3 | -49.5 | 1,533.2 | 338.2 | 22.8 | 126.2 | 1,667.4 |
| | | Percentage of GDP, 4-quarter cumulated operations | | | | | Percentage of GDP | | | | |
| 2017 | | -1.9 | -0.3 | 0.6 | -1.4 | -3.1 | 89.8 | 24.6 | 2.5 | 2.3 | 101.2 |
| 2018 | | -1.4 | -0.3 | 0.5 | -1.4 | -2.6 | 89.4 | 24.2 | 2.1 | 3.4 | 99.8 |
| 2019 | | -1.5 | -0.6 | 0.3 | -1.3 | -3.1 | 87.5 | 23.5 | 1.9 | 4.4 | 97.7 |
| 2020 | | -7.6 | -0.2 | 0.2 | -2.4 | -9.9 | 107.0 | 26.9 | 1.9 | 7.6 | 119.3 |
| 2021 | | -6.0 | 0.0 | 0.3 | -0.9 | -6.7 | 103.7 | 25.3 | 1.8 | 7.9 | 115.7 |
| 2022 | | -3.0 | -1.1 | -0.1 | -0.4 | -4.6 | 99.0 | 23.1 | 1.7 | 7.7 | 109.5 |
| 2023 | | -2.0 | -0.9 | 0.0 | -0.6 | -3.5 | 95.8 | 21.7 | 1.6 | 7.8 | 105.1 |
| 2024 | | -2.9 | -0.1 | 0.4 | -0.5 | -3.2 | 93.6 | 21.1 | 1.4 | 7.9 | 101.8 |
| 2025 | | -- | -- | -- | -- | -3.0 | -- | -- | -- | -- | 100.0 |
| 2026 | | -- | -- | -- | -- | -2.8 | -- | -- | -- | -- | 99.4 |
| 2023 | II | -2.6 | -1.4 | -0.1 | -0.3 | -4.4 | 98.5 | 22.7 | 1.6 | 7.4 | 108.8 |
| | III | -3.1 | -0.8 | 0.0 | -0.3 | -4.3 | 97.6 | 22.1 | 1.6 | 7.2 | 107.3 |
| | IV | -2.0 | -0.9 | 0.0 | -0.6 | -3.5 | 95.8 | 21.7 | 1.6 | 7.8 | 105.1 |
| 2024 | I | -2.0 | -1.1 | -0.1 | -0.4 | -3.6 | 97.1 | 21.6 | 1.5 | 7.6 | 106.2 |
| | II | -1.6 | -1.0 | 0.0 | -0.5 | -3.2 | 96.1 | 21.8 | 1.5 | 7.5 | 105.2 |
| | III | -2.5 | -0.2 | 0.3 | -0.5 | -3.0 | 95.8 | 21.2 | 1.5 | 7.4 | 104.2 |
| | IV | -2.9 | -0.1 | 0.4 | -0.5 | -3.2 | 93.6 | 21.1 | 1.4 | 7.9 | 101.8 |
| 2025 | I | -3.1 | -0.1 | 0.5 | -0.4 | -3.1 | 95.1 | 21.0 | 1.4 | 7.8 | 103.5 |

*Sources: National Statistics Institute. Bank of Spain (Financial Accounts of the Spanish Economy) and Funcas (Forecasts).*

**Chart 7.1 - Government deficit**

Percent of GDP, 4-quarter cumulated operations



Central   Regional   Local
Social Security   TOTAL
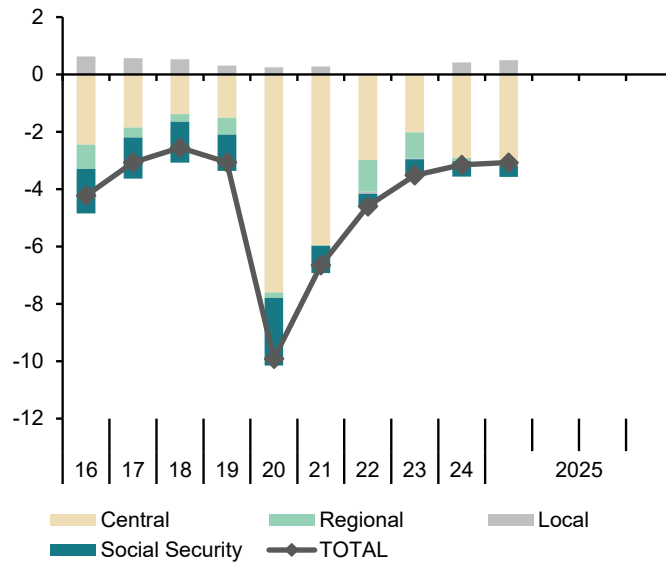
**Chart 7.2 - Government debt**

Percent of GDP



Central   Regional
Local   Social Security
TOTAL consolidated
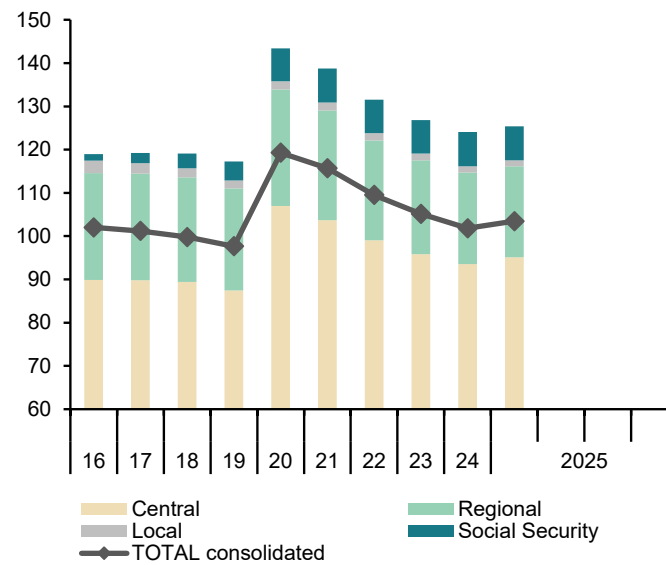
Table 8

## General activity and industrial sector indicators (a)

| | | General activity indicators | | | Industrial sector indicators | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Economic Sentiment Index | Composite PMI index | Social Security Affiliates (f) | Electricity consumption (temperature adjusted) | Industrial production index | Social Security Affiliates in industry | Manufacturing PMI index | Industrial confidence index | Manufacturing turnover index deflated (g) | Industrial orders |
| | | Index | Index | Thousands | 1000 GWH, monthly average | 2019=100 | Thousands | Index | Balance of responses | 2019=100 | Balance of responses |
| 2017 | | 109.4 | 56.2 | 17,789.6 | 21.4 | 98.8 | 2,191.0 | 54.8 | 1.4 | 98.1 | 2.2 |
| 2018 | | 108.2 | 54.6 | 18,364.5 | 21.5 | 99.4 | 2,250.9 | 53.3 | -0.5 | 100.0 | -0.2 |
| 2019 | | 104.7 | 52.7 | 18,844.1 | 20.9 | 100.0 | 2,283.2 | 49.1 | -3.6 | 100.0 | -5.1 |
| 2020 | | 89.3 | 41.5 | 18,440.5 | 19.9 | 90.7 | 2,239.3 | 47.5 | -13.6 | 89.9 | -30.0 |
| 2021 | | 105.2 | 55.3 | 18,910.0 | 20.4 | 97.2 | 2,270.4 | 57.0 | 0.6 | 95.0 | -1.8 |
| 2022 | | 101.2 | 51.8 | 19,663.0 | 19.6 | 99.7 | 2,324.3 | 51.0 | -0.9 | 97.7 | 1.6 |
| 2023 | | 100.5 | 52.5 | 20,193.2 | 19.3 | 98.1 | 2,363.7 | 48.0 | -6.5 | 95.7 | -10.9 |
| 2024 | | 103.0 | 54.8 | 20,700.7 | 19.6 | 98.5 | 2,402.6 | 52.2 | -4.9 | 95.5 | -9.6 |
| 2025 (b) | | 103.2 | 53.5 | 21,114.1 | 19.8 | 101.6 | 2,434.9 | 50.8 | -5.2 | 98.4 | -9.5 |
| 2023 | IV | 100.2 | 50.1 | 20,384.6 | 19.5 | 97.6 | 2,379.1 | 45.8 | -8.0 | 94.7 | -13.9 |
| 2024 | I | 102.3 | 53.6 | 20,513.7 | 19.5 | 99.4 | 2,389.2 | 50.7 | -5.1 | 95.3 | -8.2 |
| | II | 102.6 | 56.0 | 20,638.6 | 19.4 | 97.9 | 2,398.4 | 52.9 | -5.5 | 95.8 | -8.1 |
| | III | 105.5 | 54.4 | 20,761.6 | 19.7 | 97.3 | 2,406.8 | 51.5 | -3.0 | 94.9 | -11.3 |
| | IV | 101.5 | 55.0 | 20,888.0 | 19.7 | 98.9 | 2,416.8 | 53.6 | -5.9 | 96.2 | -10.7 |
| 2025 | I | 103.3 | 54.4 | 21,007.0 | 19.8 | 98.6 | 2,426.9 | 50.0 | -5.4 | 96.3 | -10.5 |
| | II | 103.1 | 52.0 | 21,125.0 | 19.7 | 99.3 | 2,436.1 | 50.0 | -5.2 | 97.6 | -7.3 |
| | III (b) | 103.0 | 54.2 | 21,224.2 | 19.6 | 99.6 | 2,444.9 | 53.1 | -5.2 | 98.3 | -11.3 |
| 2025 | Jun | 102.1 | 52.1 | 21,167.7 | 20.2 | 100.1 | 2,439.9 | 51.4 | -6.2 | 97.6 | -9.1 |
| | Jul | 104.3 | 54.7 | 21,204.1 | 19.7 | 99.6 | 2,443.3 | 51.9 | -4.5 | 98.3 | -9.6 |
| | Aug | 101.7 | 53.7 | 21,244.3 | 19.6 | -- | 2,446.4 | 54.3 | -5.8 | -- | -13.0 |
| Percentage changes (c) | | | | | | | | | | | |
| 2017 | | -- | -- | 3.7 | 1.7 | 2.9 | 3.1 | -- | -- | 3.9 | -- |
| 2018 | | -- | -- | 3.2 | 0.6 | 0.6 | 2.7 | -- | -- | 1.9 | -- |
| 2019 | | -- | -- | 2.6 | -2.6 | 0.6 | 1.4 | -- | -- | 0.0 | -- |
| 2020 | | -- | -- | -2.1 | -4.8 | -9.3 | -1.9 | -- | -- | -10.1 | -- |
| 2021 | | -- | -- | 2.5 | 2.2 | 7.3 | 1.4 | -- | -- | 5.7 | -- |
| 2022 | | -- | -- | 4.0 | -3.8 | 2.5 | 2.4 | -- | -- | 2.8 | -- |
| 2023 | | -- | -- | 2.7 | -1.2 | -1.6 | 1.7 | -- | -- | -2.0 | -- |
| 2024 | | -- | -- | 2.5 | 1.5 | 0.5 | 1.6 | -- | -- | -0.2 | -- |
| 2025 (d) | | -- | -- | 2.4 | 1.0 | 0.7 | 1.6 | -- | -- | 1.8 | -- |
| 2023 | IV | -- | -- | 0.6 | 1.2 | 0.1 | 0.4 | -- | -- | -1.3 | -- |
| 2024 | I | -- | -- | 0.6 | -0.2 | 1.8 | 0.4 | -- | -- | 0.6 | -- |
| | II | -- | -- | 0.6 | -0.1 | -1.4 | 0.4 | -- | -- | 0.5 | -- |
| | III | -- | -- | 0.6 | 1.1 | -0.7 | 0.4 | -- | -- | -1.0 | -- |
| | IV | -- | -- | 0.6 | 0.4 | 1.6 | 0.4 | -- | -- | 1.5 | -- |
| 2025 | I | -- | -- | 0.6 | 0.4 | -0.2 | 0.4 | -- | -- | 0.1 | -- |
| | II | -- | -- | 0.6 | -0.5 | 0.7 | 0.4 | -- | -- | 1.3 | -- |
| | III (e) | -- | -- | 0.5 | -0.4 | 0.3 | 0.4 | -- | -- | 0.7 | -- |
| 2025 | Jun | -- | -- | 0.2 | 3.1 | 0.8 | 0.2 | -- | -- | -0.4 | -- |
| | Jul | -- | -- | 0.2 | -2.1 | -0.5 | 0.1 | -- | -- | 0.7 | -- |
| | Aug | -- | -- | 0.2 | -0.9 | -- | 0.1 | -- | -- | -- | -- |

*(a) Seasonally adjusted, except for annual data. (b) Period with available data. (c) Percent change from the previous quarter for quarterly data, from the previous month for monthly data, unless otherwise indicated. (d) Growth of available period over the same period of the previous year. (e) Growth of the average of available months over the monthly average of the previous quarter. (f) Excluding domestic service workers and non-professional caregivers. (g) Deflated by Funcas.*

*Sources: European Commision, S&P Global, M. of Labour, M. of Industry, National Statistics Institute, REE and Funcas.*

## Chart 8.1 - General activity indicators (I)

Level, 2019=100



— Social Security affiliates    — Electricity consumption
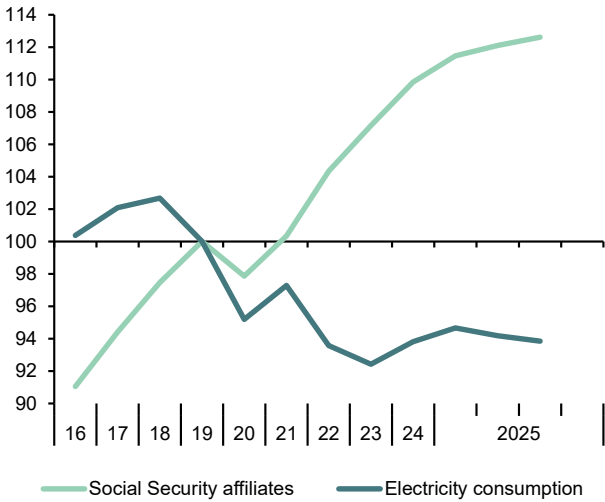
## Chart 8.2 - General activity indicators (II)

Index



— Economic Sentiment (left)    — Composite PMI (right)
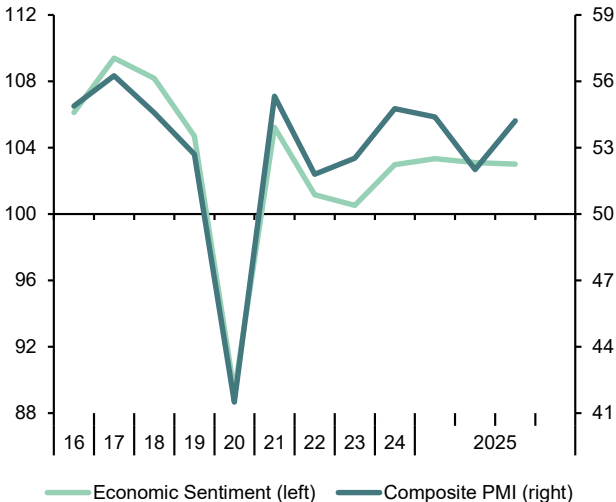
## Chart 8.3 - Industrial sector indicators (I)

Level, 2019=100



— Social Security affiliates in industry
— IPI
— Turnover
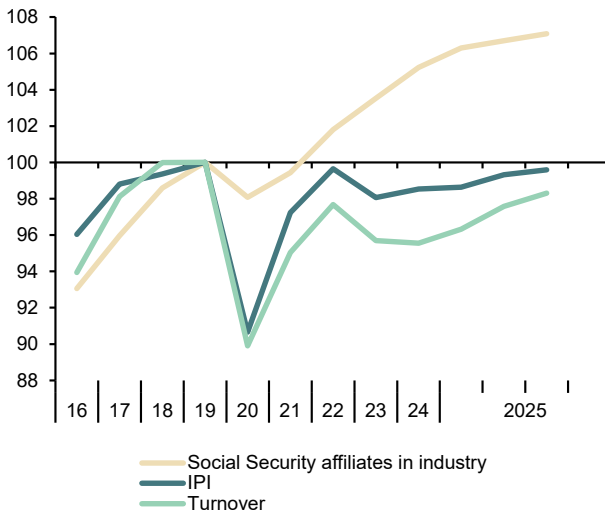
## Chart 8.4 - Industrial sector indicators (II)

Index



— Manufacturing PMI (left)
— Industrial confidence (right)
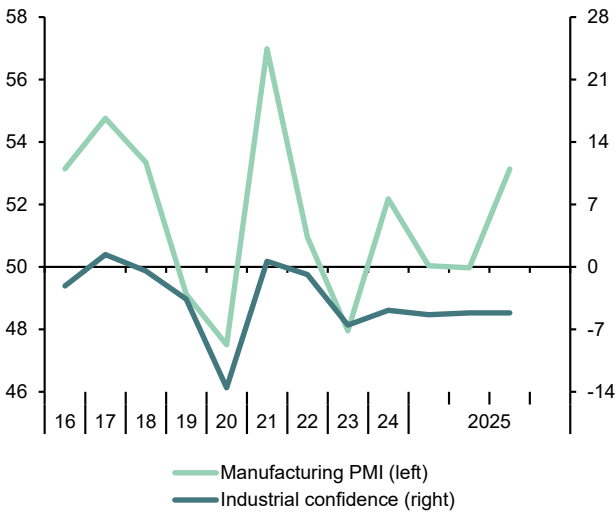
Table 9

## Construction and services sector indicators (a)

| | | Construction indicators | | | | | Service sector indicators | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Social Security Affiliates in construction | Industrial production index construction materials | Construction confidence index | Official tenders (f) (h) | Housing permits (f) | Social Security Affiliates in services (g) | Services Production Index (deflated) | Services PMI index | Hotel overnight stays | Passenger air transport | Services confidence index |
| | | Thousands | 2019=100 | Balance of responses | 2019=100 | Dwellings, monthly average | Thousands | 2019=100 | Index | Million, monthly average | Million, monthly average | Balance of responses |
| 2017 | | 1,118.8 | 88.7 | -25.1 | 76.9 | 6,732.2 | 13,338.2 | 93.5 | 56.4 | 28.4 | 20.7 | 22.9 |
| 2018 | | 1,194.1 | 91.5 | -6.0 | 98.5 | 8,394.4 | 13,781.3 | 97.3 | 54.8 | 28.3 | 21.9 | 21.2 |
| 2019 | | 1,254.9 | 100.0 | -7.7 | 100.0 | 8,855.5 | 14,169.1 | 100.0 | 53.9 | 28.6 | 23.1 | 13.9 |
| 2020 | | 1,233.1 | 88.9 | -17.4 | 77.1 | 7,127.9 | 13,849.2 | 83.4 | 40.3 | 7.7 | 6.3 | -25.5 |
| 2021 | | 1,288.6 | 99.5 | -1.9 | 119.8 | 9,026.5 | 14,235.1 | 95.4 | 55.0 | 14.4 | 9.9 | 8.6 |
| 2022 | | 1,333.8 | 99.2 | 8.9 | 131.7 | 9,076.9 | 14,926.3 | 102.3 | 52.5 | 26.7 | 20.2 | 12.2 |
| 2023 | | 1,384.6 | 95.5 | 8.7 | 126.9 | 9,123.6 | 15,393.2 | 103.7 | 53.6 | 28.9 | 23.5 | 13.9 |
| 2024 | | 1,410.4 | 95.1 | 7.8 | 139.6 | 10,643.4 | 15,852.0 | 106.3 | 55.3 | 30.3 | 25.7 | 17.0 |
| 2025 (b) | | 1,444.9 | 100.5 | 14.4 | 154.7 | 11,358.4 | 16,202.3 | 108.6 | 53.8 | 31.8 | 27.0 | -- |
| 2023 | IV | 1,395.0 | 93.5 | 13.0 | 119.3 | 9,418.7 | 15,568.2 | 105.1 | 51.2 | 29.5 | 24.4 | 15.4 |
| 2024 | I | 1,400.5 | 94.8 | 5.9 | 125.3 | 10,082.7 | 15,684.3 | 105.6 | 54.3 | 29.9 | 25.1 | 17.1 |
| | II | 1,406.3 | 92.9 | 8.8 | 128.6 | 10,999.0 | 15,796.6 | 106.4 | 56.6 | 30.2 | 25.5 | 15.7 |
| | III | 1,413.8 | 93.9 | 7.0 | 151.0 | 10,587.7 | 15,908.0 | 107.3 | 55.2 | 30.3 | 26.0 | 18.2 |
| | IV | 1,422.6 | 96.8 | 9.5 | 153.5 | 10,904.3 | 16,014.4 | 108.1 | 55.1 | 30.4 | 26.1 | -- |
| 2025 | I | 1,432.5 | 96.3 | 13.5 | 151.9 | 12,034.0 | 16,116.6 | 109.5 | 55.3 | 30.4 | 26.3 | -- |
| | II | 1,443.4 | 96.9 | 15.7 | 157.4 | 10,345.0 | 16,217.0 | 110.0 | 52.2 | 30.5 | 26.7 | -- |
| | III (b) | 1,452.8 | 94.5 | 13.6 | -- | -- | 16,300.0 | 110.5 | 54.1 | 30.5 | 26.9 | -- |
| 2025 | Jun | 1,447.3 | 95.8 | 16.6 | 160.3 | -- | 16,251.4 | 110.3 | 51.9 | 30.5 | 26.8 | -- |
| | Jul | 1,451.0 | 94.5 | 18.4 | -- | -- | 16,283.0 | 110.5 | 55.1 | 30.5 | 26.8 | -- |
| | Aug | 1,454.5 | -- | 8.8 | -- | -- | 16,317.0 | -- | 53.2 | 30.5 | 26.9 | -- |
| | | | | | Percentage changes (c) | | | | | | | |
| 2017 | | 6.2 | 8.2 | -- | 32.8 | 26.2 | 3.8 | 5.3 | -- | 2.8 | 8.3 | -- |
| 2018 | | 6.7 | 3.1 | -- | 28.0 | 24.7 | 3.3 | 4.0 | -- | -0.2 | 5.8 | -- |
| 2019 | | 5.1 | 9.3 | -- | 1.6 | 5.5 | 2.8 | 2.8 | -- | 0.9 | 5.3 | -- |
| 2020 | | -1.7 | -11.1 | -- | -22.9 | -19.5 | -2.3 | -16.6 | -- | -73.1 | -72.7 | -- |
| 2021 | | 4.5 | 12.0 | -- | 55.3 | 26.6 | 2.8 | 14.5 | -- | 87.4 | 57.8 | -- |
| 2022 | | 3.5 | -0.3 | -- | 9.9 | 0.6 | 4.9 | 7.2 | -- | 85.4 | 103.4 | -- |
| 2023 | | 3.8 | -3.7 | -- | -3.6 | 0.5 | 3.1 | 1.3 | -- | 8.2 | 16.3 | -- |
| 2024 | | 1.9 | -0.4 | -- | 10.0 | 16.7 | 3.0 | 2.5 | -- | 4.8 | 9.3 | -- |
| 2025 (d) | | 2.7 | 2.7 | -- | 21.8 | 7.6 | 2.7 | 3.7 | -- | 0.8 | 4.1 | -- |
| 2023 | IV | 0.4 | -1.4 | -- | -30.1 | -7.8 | 0.8 | 1.2 | -- | 1.4 | 2.6 | -- |
| 2024 | I | 0.4 | 1.4 | -- | 9.7 | 6.2 | 0.7 | 0.5 | -- | 1.4 | 2.8 | -- |
| | II | 0.4 | -2.0 | -- | -9.6 | 22.2 | 0.7 | 0.8 | -- | 1.1 | 1.7 | -- |
| | III | 0.5 | 1.1 | -- | 14.6 | 23.5 | 0.7 | 0.8 | -- | 0.3 | 1.6 | -- |
| | IV | 0.6 | 3.1 | -- | 28.7 | 15.8 | 0.7 | 0.7 | -- | 0.4 | 0.7 | -- |
| 2025 | I | 0.7 | -0.5 | -- | 21.2 | 19.4 | 0.6 | 1.4 | -- | 0.1 | 0.4 | -- |
| | II | 0.8 | 0.6 | -- | 22.4 | -8.1 | 0.6 | 0.4 | -- | 0.2 | 1.7 | -- |
| | III (e) | 0.6 | -2.5 | -- | -- | -- | 0.5 | 0.5 | -- | 0.1 | 0.6 | -- |
| 2025 | Jun | 0.3 | -1.7 | -- | 20.5 | -- | 0.2 | 0.2 | -- | 0.2 | 0.7 | -- |
| | Jul | 0.3 | -1.4 | -- | -- | -- | 0.2 | 0.2 | -- | 0.0 | 0.0 | -- |
| | Aug | 0.2 | -- | -- | -- | -- | 0.2 | -- | -- | 0.0 | 0.4 | -- |

*(a) Seasonally adjusted, except for annual data and (f). (b) Period with available data. (c) Percent change from the previous quarter for quarterly data, from the previous month for monthly data, unless otherwise indicated. (d) Growth of available period over the same period of the previous year. (e) Growth of the average of available months over the monthly average of the previous quarter. (f) Percent changes are over the same period of the previous year. (g) Excluding domestic service workers and non-professional caregivers.*

*Sources: European Commision, S&P Global, M. of Labour, M. of Public Works, National Statistics Institute, AENA, OFICEMEN, SEOPAN and Funcas.*

## Chart 9.1 - Construction indicators (I)

Level, 2019=100 and index



S. Security affiliates in construction (left, level 2019=100)
Construction confidence index (right)
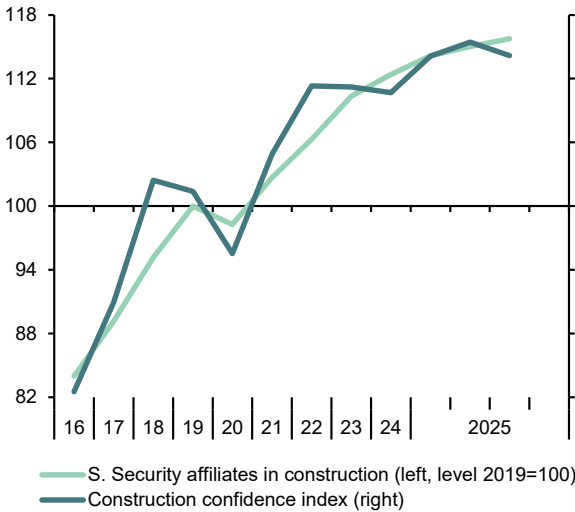
## Chart 9.2 - Construction indicators (II)

Level, 2019=100



Official tenders    Dwellings (housing permits)
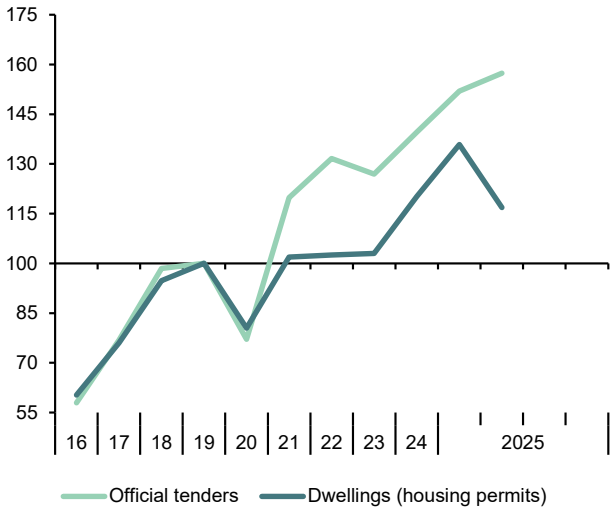
## Chart 9.3 - Services indicators (I)

Level, 2019=100



Social Security affiliates in services
Turnover
Hotel overnight stays
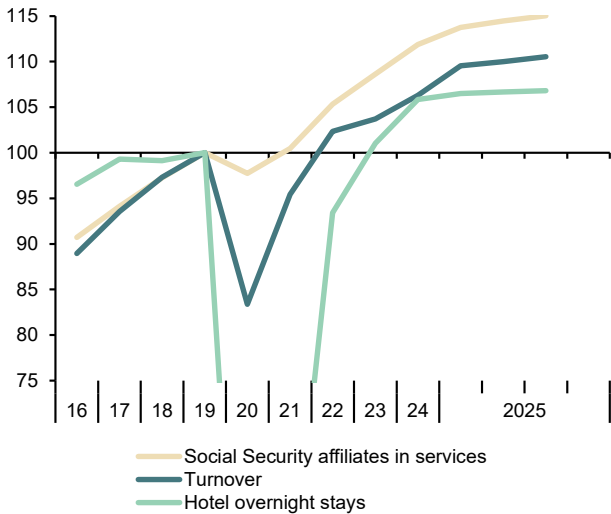
## Chart 9.4 - Services indicators (II)

Index



Services PMI (left)
Services confidence (right)
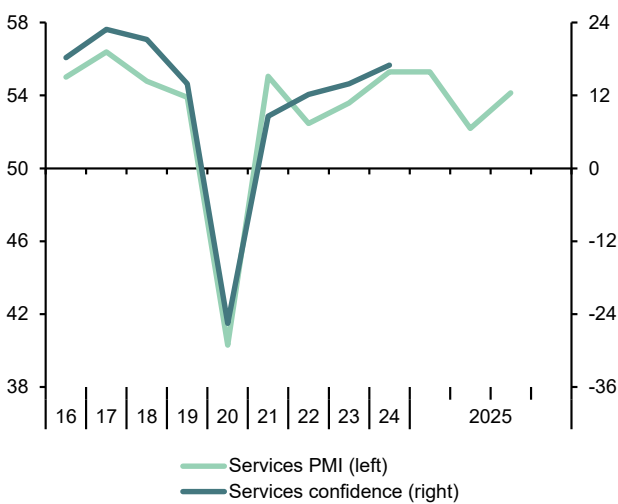
Table 10

# Consumption and investment indicators (a)

| | Consumption indicators | | | | | | Investment in equipment indicators | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Retail sales deflated | Car registrations | Consumer confidence index | Hotel overnight stays by residents in Spain | Industrial orders for consumer goods | Large company sales (consumer goods and services) | Cargo vehicles registrations | Industrial orders for investment goods | Imports of capital goods (volume) | Large company sales (capital goods) |
| | 2019=100 | Thousands, monthly average | Balance of responses | Million, monthly average | Balance of responses | 2019=100 | Thousands, monthly average | Balance of responses | 2019=100 | 2019=100 |
| 2017 | 97.1 | 111.8 | -2.9 | 9.7 | 2.2 | 95.0 | 17.8 | 4.9 | 97.9 | 91.5 |
| 2018 | 97.7 | 118.7 | -4.4 | 9.7 | -5.6 | 97.5 | 19.9 | 12.4 | 99.8 | 95.6 |
| 2019 | 100.0 | 114.6 | -6.3 | 10.0 | -2.9 | 100.0 | 19.2 | 8.8 | 100.0 | 100.0 |
| 2020 | 93.5 | 78.3 | -22.6 | 4.3 | -25.5 | 91.6 | 15.0 | -22.7 | 94.7 | 93.5 |
| 2021 | 97.4 | 79.5 | -12.8 | 7.6 | -11.1 | 96.0 | 16.4 | 4.7 | 104.4 | 98.0 |
| 2022 | 99.5 | 76.2 | -26.5 | 10.0 | -2.8 | 102.3 | 14.6 | 28.2 | 118.1 | 105.8 |
| 2023 | 102.1 | 86.7 | -19.2 | 10.1 | -6.7 | 104.1 | 18.0 | 17.9 | 122.2 | 121.9 |
| 2024 | 103.9 | 94.3 | -15.2 | 10.2 | -10.1 | 107.8 | 19.6 | 4.3 | 127.1 | 123.3 |
| 2025 (b) | 105.2 | 108.9 | -- | 10.7 | -9.6 | -- | 21.6 | -7.4 | 135.5 | 135.2 |
| 2023    IV | 102.5 | 96.3 | -18.9 | 10.1 | -6.8 | 105.3 | 18.9 | 9.4 | 119.4 | 121.7 |
| 2024    I | 102.6 | 89.1 | -17.2 | 10.2 | -7.8 | 105.7 | 19.4 | 6.8 | 119.7 | 119.9 |
| II | 102.8 | 92.0 | -14.5 | 10.2 | -10.8 | 106.5 | 18.2 | 10.1 | 122.3 | 122.8 |
| III | 104.4 | 91.8 | -13.7 | 10.2 | -7.8 | 108.6 | 17.4 | -0.7 | 127.7 | 119.9 |
| IV | 105.5 | 108.2 | -- | 10.2 | -13.9 | 109.3 | 19.8 | 1.1 | 133.4 | 127.3 |
| 2025    I | 106.1 | 103.1 | -- | 10.2 | -10.2 | 112.6 | 19.6 | -10.7 | 137.4 | 133.0 |
| II | 108.1 | 105.9 | -- | 10.1 | -8.9 | 114.3 | 20.0 | -1.4 | 140.0 | 135.2 |
| III (b) | 108.6 | 101.1 | -- | 10.1 | -9.7 | 114.3 | 19.3 | -11.3 | 141.3 | 136.6 |
| 2025    Jun | 109.0 | 106.2 | -- | 10.1 | -13.9 | 115.5 | 21.6 | -1.0 | 140.7 | 130.9 |
| Jul | 108.6 | 97.7 | -- | 10.1 | -7.1 | 114.3 | 19.3 | -4.5 | 141.3 | 136.6 |
| Aug | -- | 104.6 | -- | 10.1 | -12.4 | -- | -- | -18.0 | -- | -- |
| Percentage changes (c) | | | | | | | | | | |
| 2017 | 1.2 | 9.1 | -- | 1.4 | -- | 2.7 | 9.6 | -- | 6.4 | 3.6 |
| 2018 | 0.6 | 6.1 | -- | 0.6 | -- | 2.6 | 11.4 | -- | 2.0 | 4.4 |
| 2019 | 2.4 | -3.4 | -- | 2.7 | -- | 2.6 | -3.2 | -- | 0.2 | 4.6 |
| 2020 | -6.5 | -31.7 | -- | -57.2 | -- | -8.4 | -21.9 | -- | -5.3 | -6.5 |
| 2021 | 4.2 | 1.5 | -- | 77.3 | -- | 4.9 | 9.3 | -- | 10.3 | 4.9 |
| 2022 | 2.1 | -4.1 | -- | 32.3 | -- | 6.5 | -10.9 | -- | 13.0 | 8.0 |
| 2023 | 2.6 | 13.7 | -- | 1.4 | -- | 1.8 | 22.9 | -- | 3.5 | 15.1 |
| 2024 | 1.8 | 8.8 | -- | 0.2 | -- | 3.5 | 9.2 | -- | 4.0 | 1.1 |
| 2025 (d) | 4.3 | 16.7 | -- | -0.4 | -- | 6.2 | 6.8 | -- | 13.7 | 10.7 |
| 2023    IV | 0.7 | 12.1 | -- | -0.1 | -- | 1.1 | 12.3 | -- | -4.8 | 12.2 |
| 2024    I | 0.1 | -7.4 | -- | 0.4 | -- | 1.5 | 2.6 | -- | 0.8 | -5.7 |
| II | 0.2 | 3.2 | -- | 0.3 | -- | 3.0 | -5.9 | -- | 9.0 | 10.0 |
| III | 1.5 | -0.2 | -- | -0.1 | -- | 8.3 | -4.5 | -- | 18.9 | -9.2 |
| IV | 1.1 | 17.9 | -- | 0.3 | -- | 2.8 | 14.0 | -- | 19.4 | 27.2 |
| 2025    I | 0.6 | -4.7 | -- | -0.4 | -- | 12.5 | -1.1 | -- | 12.5 | 18.9 |
| II | 1.9 | 2.7 | -- | -0.5 | -- | 6.1 | 2.1 | -- | 7.8 | 7.0 |
| III (e) | 0.4 | -4.5 | -- | -0.4 | -- | -0.1 | -3.4 | -- | 3.5 | 4.2 |
| 2025    Jun | 1.2 | -2.3 | -- | -0.6 | -- | 1.3 | 12.6 | -- | 0.4 | -5.8 |
| Jul | -0.4 | -8.0 | -- | 0.3 | -- | -1.1 | -10.6 | -- | 0.4 | 4.3 |
| Aug | -- | 7.0 | -- | -0.6 | -- | -- | -- | -- | -- | -- |

*(a) Seasonally adjusted. except for annual data. (b) Period with available data. (c) Percent change from the previous quarter for quarterly data. from the previous month for monthly data. unless otherwise indicated. (d) Growth of available period over the same period of the previous year. (e) Growth of the average of available months over the monthly average of the previous quarter.*

*Sources: European Commision. M. of Economy. M. of Industry. National Statistics Institute. DGT. ANFAC and Funcas.*

## Chart 10.1 - Consumption indicators

Level, 2019=100 and balance of responses



Retail sales (left)
Large company sales, consumer goods and services (left)
Consumer confidence index (right, balance of responses)
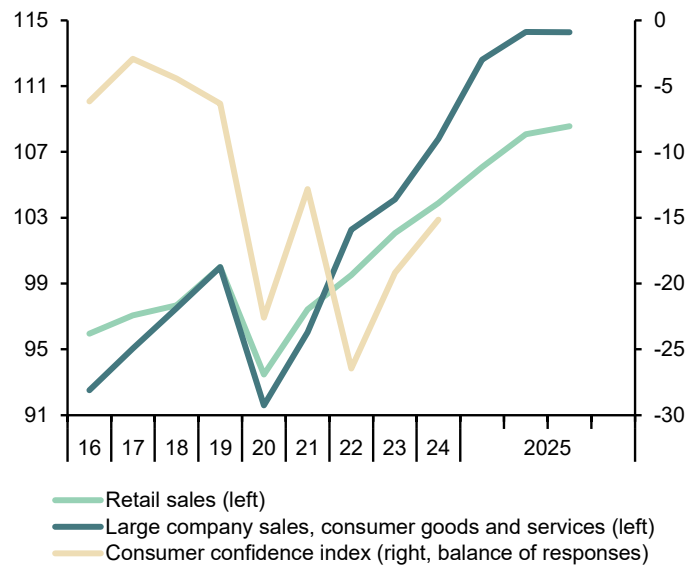
## Chart 10.2 - Investment indicators

Level, 2019=100 and balance of responses



Large company sales, capital goods (left)
Imports of capital goods (left)
Industrial orders for investment goods (right, balance of responses)
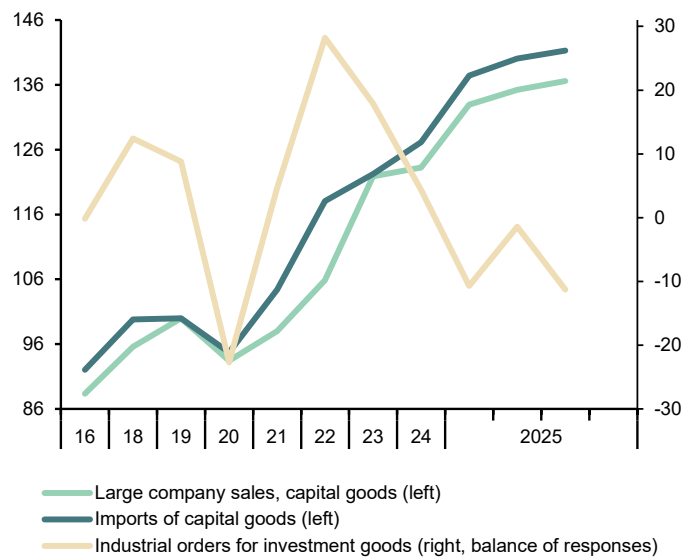
Table 11a

# Labour market (I)
Forecasts in yellow

| | Population aged 16 or more | Labour force | | Employment | | Unemployment | | Participation rate (a) | Employment rate (b) | Unemployment rate (c) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | Total | Aged 16-24 | Spanish | Foreign |
| | | Original | Seasonally adjusted | Original | Seasonally adjusted | Original | Seasonally adjusted | Seasonally adjusted | | | | Original | |
| | I | 2=4+6 | 3=5+7 | 4 | 5 | 6 | 7 | 8 | 9 | 10=7/3 | 11 | 12 | 13 |
| | | | Million | | | | | | | Percentage | | | |
| 2017 | 38.7 | 22.7 | -- | 18.8 | -- | 3.9 | -- | 75.1 | 62.1 | 17.2 | 38.6 | 16.3 | 23.8 |
| 2018 | 38.9 | 22.8 | -- | 19.3 | -- | 3.5 | -- | 74.9 | 63.4 | 15.3 | 34.3 | 14.3 | 21.9 |
| 2019 | 39.3 | 23.0 | -- | 19.8 | -- | 3.2 | -- | 75.0 | 64.3 | 14.1 | 32.5 | 13.2 | 20.1 |
| 2020 | 39.6 | 22.7 | -- | 19.2 | -- | 3.5 | -- | 73.4 | 62.0 | 15.5 | 38.3 | 14.1 | 24.6 |
| 2021 | 39.9 | 23.3 | -- | 19.8 | -- | 3.5 | -- | 74.9 | 63.7 | 14.9 | 35.1 | 13.6 | 23.1 |
| 2022 | 40.4 | 23.6 | -- | 20.5 | -- | 3.1 | -- | 75.3 | 65.4 | 13.0 | 29.7 | 12.0 | 19.4 |
| 2023 | 41.0 | 24.1 | -- | 21.2 | -- | 2.9 | -- | 75.8 | 66.5 | 12.2 | 28.7 | 11.2 | 17.7 |
| 2024 | 41.6 | 24.4 | -- | 21.7 | -- | 2.8 | -- | 75.9 | 67.2 | 11.3 | 26.5 | 10.3 | 16.8 |
| 2025 | 42.1 | 24.8 | -- | 22.2 | -- | 2.6 | -- | -- | -- | 10.4 | -- | -- | -- |
| 2026 | 42.4 | 24.9 | -- | 22.5 | -- | 2.5 | -- | -- | -- | 9.8 | -- | -- | -- |
| 2023 III | 41.1 | 24.3 | 24.2 | 21.4 | 21.3 | 2.9 | 2.9 | 76.0 | 66.8 | 12.1 | 28.3 | 11.0 | 16.6 |
| IV | 41.2 | 24.3 | 24.3 | 21.4 | 21.4 | 2.9 | 2.9 | 76.0 | 66.8 | 11.9 | 28.5 | 10.8 | 17.2 |
| 2024 I | 41.3 | 24.2 | 24.3 | 21.3 | 21.5 | 3.0 | 2.8 | 76.0 | 67.1 | 11.6 | 27.1 | 11.1 | 18.6 |
| II | 41.5 | 24.4 | 24.4 | 21.7 | 21.6 | 2.8 | 2.8 | 75.9 | 67.1 | 11.6 | 27.0 | 10.2 | 16.9 |
| III | 41.6 | 24.6 | 24.4 | 21.8 | 21.7 | 2.8 | 2.8 | 75.8 | 67.2 | 11.3 | 26.7 | 10.3 | 15.7 |
| IV | 41.8 | 24.5 | 24.5 | 21.9 | 21.9 | 2.6 | 2.7 | 75.8 | 67.5 | 10.9 | 25.8 | 9.6 | 15.8 |
| 2025 I | 41.9 | 24.6 | 24.7 | 21.8 | 22.0 | 2.8 | 2.7 | 76.0 | 67.8 | 10.8 | 25.9 | 10.3 | 16.5 |
| II | 42.0 | 24.8 | 24.8 | 22.3 | 22.2 | 2.6 | 2.6 | 76.1 | 68.0 | 10.5 | 24.7 | 9.3 | 15.4 |
| | | | Percentage changes (d) | | | | | | Difference from one year ago | | | | |
| 2017 | 0.3 | -0.4 | -- | 2.6 | -- | -12.6 | -- | -0.3 | 1.6 | -2.4 | -5.9 | -2.4 | -2.8 |
| 2018 | 0.6 | 0.3 | -- | 2.7 | -- | -11.2 | -- | -0.2 | 1.3 | -2.0 | -4.2 | -2.0 | -2.0 |
| 2019 | 1.0 | 1.0 | -- | 2.3 | -- | -6.6 | -- | 0.1 | 0.9 | -1.2 | -1.8 | -1.1 | -1.8 |
| 2020 | 0.8 | -1.3 | -- | -2.9 | -- | 8.7 | -- | -1.5 | -2.4 | 1.4 | 5.8 | 0.9 | 4.5 |
| 2021 | 0.9 | 2.5 | -- | 3.3 | -- | -1.5 | -- | 1.5 | 1.7 | -0.6 | -3.2 | -0.5 | -1.5 |
| 2022 | 1.1 | 1.4 | -- | 3.6 | -- | -11.4 | -- | 0.3 | 1.7 | -1.9 | -5.5 | -1.7 | -3.6 |
| 2023 | 1.5 | 2.1 | -- | 3.1 | -- | -4.6 | -- | 0.5 | 1.1 | -0.9 | -1.0 | -0.8 | -1.7 |
| 2024 | 1.4 | 1.3 | -- | 2.2 | -- | -5.7 | -- | 0.1 | 0.7 | -0.8 | -2.2 | -0.9 | -1.0 |
| 2025 | 1.2 | 1.4 | -- | 2.5 | -- | -6.8 | -- | -- | -- | -0.9 | -- | -- | -- |
| 2026 | 0.7 | 0.7 | -- | 1.3 | -- | -5.1 | -- | -- | -- | -0.6 | -- | -- | -- |
| 2023 III | 1.5 | 2.4 | 0.6 | 3.4 | 0.6 | -4.3 | -0.1 | 0.8 | 1.4 | -0.8 | -2.1 | -0.7 | -2.0 |
| IV | 1.5 | 2.2 | 0.2 | 3.6 | 0.4 | -7.2 | -1.2 | 0.7 | 1.6 | -1.2 | -0.4 | -1.2 | -1.7 |
| 2024 I | 1.4 | 1.7 | 0.2 | 3.0 | 0.5 | -6.5 | -2.1 | 0.4 | 1.2 | -1.1 | -2.2 | -1.1 | -1.4 |
| II | 1.5 | 1.6 | 0.3 | 2.0 | 0.4 | -1.9 | -0.2 | 0.2 | 0.5 | -0.4 | -1.5 | -0.5 | -0.3 |
| III | 1.4 | 1.0 | 0.1 | 1.8 | 0.4 | -4.9 | -2.3 | -0.1 | 0.4 | -0.7 | -1.4 | -0.7 | -0.9 |
| IV | 1.4 | 0.8 | 0.4 | 2.2 | 0.8 | -9.3 | -2.7 | -0.3 | 0.7 | -1.2 | -3.6 | -1.2 | -1.4 |
| 2025 I | 1.4 | 1.3 | 0.5 | 2.4 | 0.7 | -6.3 | -1.2 | 0.0 | 0.7 | -0.9 | -1.2 | -0.8 | -2.1 |
| II | 1.3 | 1.6 | 0.4 | 2.7 | 0.7 | -7.3 | -2.2 | 0.2 | 1.0 | -1.0 | -2.0 | -1.0 | -1.4 |

*(a) Labour force aged from 16 to 64 years over population aged from 16 to 64 years. (b) Employed aged from 16 to 64 years over population aged from 16 to 64 years. (c) Unemployed in each group over labour force in that group. (d) Annual percentage changes for original data; quarterly percentage changes for S.A. data.*

*Source: INE (Labour Force Survey) and Funcas.*

**Chart 11a.1 - Labour force, employment and unemployment, SA**

Thousands and percentage of active population



- Unemployment rate (right)
- Labour force (left)
- Employed (left)
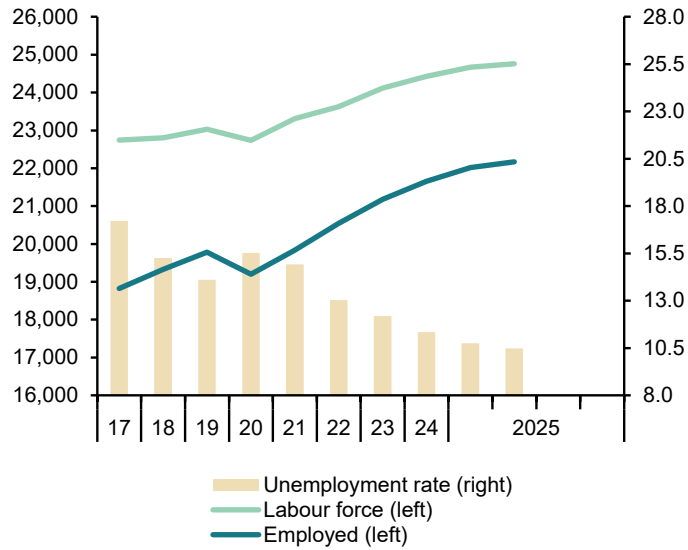
**Chart 11a.2 - Unemployment rates**

Percentage



- Total (SA)
- Aged 16-24 (SA)
- Spanish
- Foreign
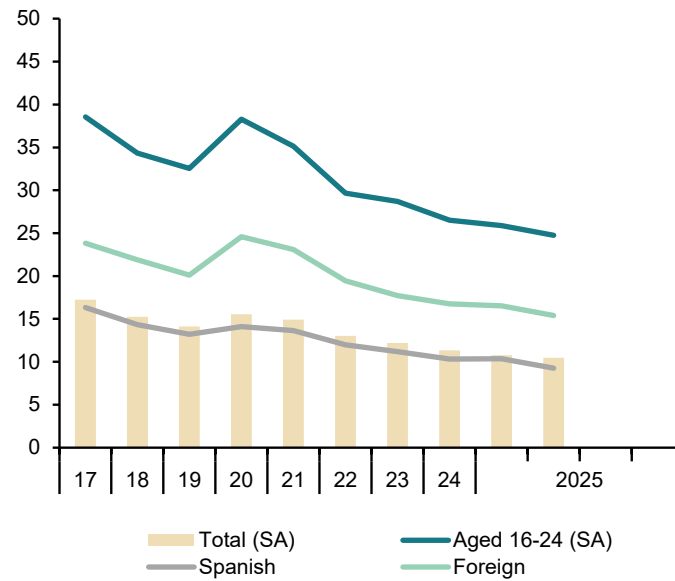
Table 11b

# Labour market (II)

| | | Employed by sector | | | | Employed by professional situation | | | | | Employed by duration of the working-day | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Employees | | | | | | | |
| | | | | | | | | By type of contract | | | | | Part-time |
| | | Agriculture | Industry | Construction | Services | Total | Tempo-rary | Indefinite | Temporary employment rate (a) | Self employed | Full-time | Part-time | employment rate (b) |
| | | I | 2 | 3 | 4 | 5=6+7 | 6 | 7 | 8=6/5 | 9 | I0 | II | I2 |
| | | | | | Million (original data) | | | | | | | | (b) |
| 2017 | | 0.82 | 2.65 | 1.13 | 14.23 | 15.72 | 4.19 | 11.52 | 26.7 | 3.11 | 16.01 | 2.82 | 14.97 |
| 2018 | | 0.81 | 2.71 | 1.22 | 14.59 | 16.23 | 4.35 | 11.88 | 26.8 | 3.09 | 16.50 | 2.83 | 14.65 |
| 2019 | | 0.80 | 2.76 | 1.28 | 14.94 | 16.67 | 4.38 | 12.29 | 26.3 | 3.11 | 16.88 | 2.90 | 14.64 |
| 2020 | | 0.77 | 2.70 | 1.24 | 14.49 | 16.11 | 3.88 | 12.23 | 24.1 | 3.09 | 16.51 | 2.70 | 14.05 |
| 2021 | | 0.82 | 2.71 | 1.32 | 14.99 | 16.66 | 4.21 | 12.45 | 25.2 | 3.17 | 17.08 | 2.75 | 13.87 |
| 2022 | | 0.80 | 2.78 | 1.35 | 15.61 | 17.37 | 3.70 | 13.66 | 21.3 | 3.18 | 17.76 | 2.78 | 13.55 |
| 2023 | | 0.77 | 2.81 | 1.40 | 16.20 | 17.96 | 3.10 | 14.87 | 17.2 | 3.22 | 18.36 | 2.82 | 13.31 |
| 2024 | | 0.75 | 2.89 | 1.46 | 16.55 | 18.44 | 2.93 | 15.51 | 15.9 | 3.21 | 18.72 | 2.93 | 13.55 |
| 2025 (c) | | 0.76 | 2.96 | 1.50 | 16.79 | 18.74 | 2.86 | 15.88 | 15.3 | 3.28 | 18.93 | 3.08 | 14.01 |
| 2023 | III | 0.72 | 2.85 | 1.42 | 16.46 | 18.25 | 3.17 | 14.41 | 17.4 | 3.20 | 18.76 | 2.69 | 12.54 |
| | IV | 0.79 | 2.86 | 1.44 | 16.30 | 18.13 | 3.01 | 14.85 | 16.6 | 3.26 | 18.51 | 2.88 | 13.47 |
| 2024 | I | 0.77 | 2.83 | 1.42 | 16.24 | 18.06 | 2.84 | 15.08 | 15.7 | 3.19 | 18.31 | 2.94 | 13.84 |
| | II | 0.77 | 2.89 | 1.48 | 16.54 | 18.44 | 2.94 | 15.12 | 16.0 | 3.24 | 18.74 | 2.94 | 13.57 |
| | III | 0.73 | 2.91 | 1.48 | 16.70 | 18.67 | 3.06 | 15.23 | 16.4 | 3.16 | 19.03 | 2.79 | 12.80 |
| | IV | 0.74 | 2.92 | 1.48 | 16.72 | 18.59 | 2.88 | 15.50 | 15.5 | 3.27 | 18.80 | 3.06 | 14.00 |
| 2025 | I | 0.76 | 2.92 | 1.48 | 16.61 | 18.50 | 2.80 | 15.60 | 15.1 | 3.27 | 18.69 | 3.08 | 14.13 |
| | II | 0.76 | 3.01 | 1.52 | 16.97 | 18.98 | 2.92 | 15.71 | 15.4 | 3.29 | 19.17 | 3.09 | 13.89 |
| | | Annual percentage changes | | | | | | | Difference from one year ago | Annual percentage changes | | | Difference from one year ago |
| 2017 | | 5.8 | 5.0 | 5.1 | 1.9 | 3.2 | 5.6 | 2.3 | 0.6 | -0.1 | 2.9 | 1.0 | -0.2 |
| 2018 | | -0.8 | 2.3 | 8.3 | 2.5 | 3.3 | 3.8 | 3.1 | 0.1 | -0.5 | 3.1 | 0.4 | -0.3 |
| 2019 | | -1.9 | 2.0 | 4.6 | 2.4 | 2.7 | 0.6 | 3.5 | -0.6 | 0.5 | 2.3 | 2.3 | 0.0 |
| 2020 | | -4.0 | -2.3 | -2.6 | -3.0 | -3.4 | -11.4 | -0.5 | -2.2 | -0.5 | -2.2 | -6.9 | -0.6 |
| 2021 | | 6.9 | 0.5 | 5.7 | 3.4 | 3.4 | 8.5 | 1.8 | 1.2 | 2.6 | 3.5 | 2.0 | -0.2 |
| 2022 | | -2.4 | 2.5 | 3.0 | 4.2 | 4.3 | -11.9 | 9.7 | -3.9 | 0.2 | 4.0 | 1.2 | -0.3 |
| 2023 | | -3.9 | 1.3 | 3.2 | 3.8 | 3.4 | -16.4 | 8.8 | -4.1 | 1.3 | 3.4 | 1.2 | -0.2 |
| 2024 | | -2.0 | 2.6 | 4.7 | 2.2 | 2.7 | -5.4 | 4.3 | -1.4 | -0.2 | 1.9 | 4.1 | 0.2 |
| 2025 (d) | | -0.7 | 3.6 | 3.7 | 2.4 | 2.7 | -1.1 | 3.7 | -0.6 | 2.0 | 2.2 | 4.9 | 0.3 |
| 2023 | III | -3.7 | 1.1 | 3.6 | 4.1 | 3.9 | -11.5 | 7.9 | -3.0 | 0.3 | 3.7 | 1.0 | -0.3 |
| | IV | 1.6 | 2.0 | 7.5 | 3.7 | 3.7 | -5.3 | 5.6 | -1.6 | 3.5 | 3.8 | 2.7 | -0.1 |
| 2024 | I | -1.2 | 0.7 | 6.1 | 3.3 | 3.4 | -7.2 | 5.7 | -1.8 | 0.7 | 2.8 | 4.1 | 0.1 |
| | II | -0.6 | 5.4 | 5.3 | 1.3 | 2.5 | -6.6 | 4.4 | -1.5 | -0.5 | 2.0 | 2.3 | 0.0 |
| | III | 1.3 | 2.3 | 4.4 | 1.5 | 2.3 | -3.4 | 3.5 | -1.0 | -1.2 | 1.5 | 3.9 | 0.3 |
| | IV | -7.1 | 1.9 | 3.1 | 2.6 | 2.5 | -4.4 | 3.9 | -1.1 | 0.4 | 1.6 | 6.2 | 0.5 |
| 2025 | I | -0.5 | 3.2 | 4.3 | 2.3 | 2.4 | -1.4 | 3.1 | -0.6 | 2.5 | 2.1 | 4.6 | 0.3 |
| | II | -0.9 | 4.0 | 3.1 | 2.6 | 2.9 | -0.7 | 3.6 | -0.6 | 1.4 | 2.3 | 5.1 | 0.3 |

*(a) Percentage of employees with temporary contract over total employees. (b) Percentage of part-time employed over total employed. (c) Average of available data. (d) Change of existing data over the same period last year*

*Source: INE (Labour Force Survey).*

## Chart 11b.1 - Employment by sector (LFS)

Level, 2019=100



Agriculture — Industry
Construction — Services
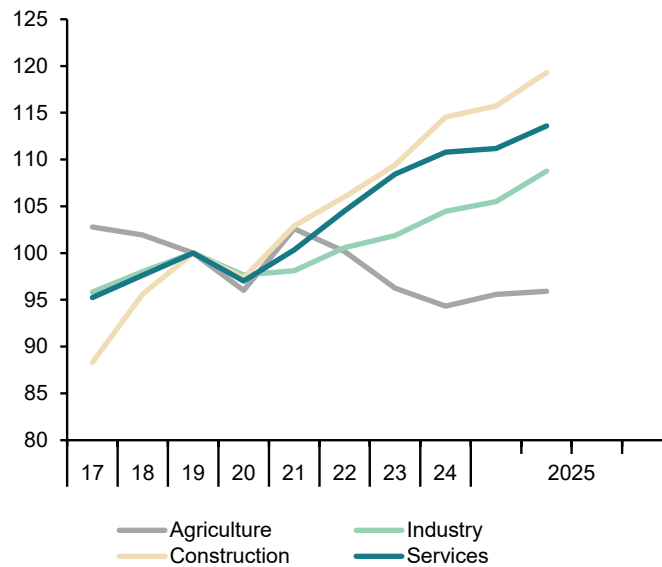
## Chart 11b.2 - Temporary employment rate

Percentage over total employees
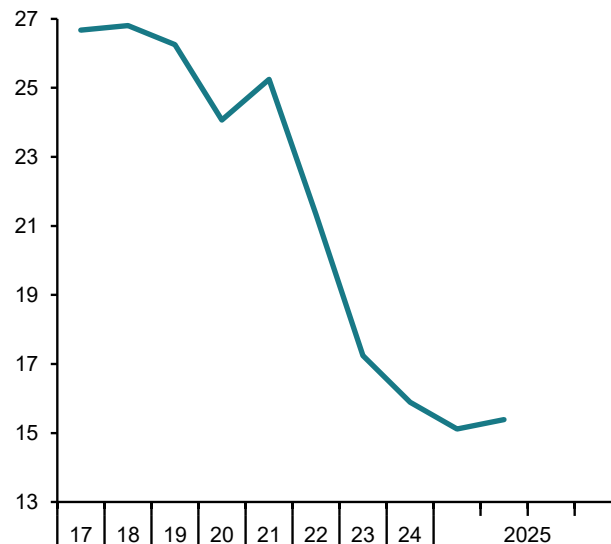
Table 12

# Index of Consumer Prices
Forecasts in yellow

| | Total | Total excluding food and energy | Excluding unprocessed food and energy | | | | Unprocessed food | Energy | Food |
|---|---|---|---|---|---|---|---|---|---|
| | | | Total | Non-energy industrial goods | Services | Processed food | | | |
| % of total in 2024 | 100.00 | 68.37 | 84.45 | 20.80 | 47.57 | 16.09 | 6.22 | 9.32 | 22.31 |
| | | | | Indexes. 2021 = 100 | | | | | |
| 2019 | 97.3 | 98.9 | 98.5 | 99.2 | 98.7 | 97.5 | 94.2 | 91.3 | 96.3 |
| 2020 | 97.0 | 99.4 | 99.2 | 99.4 | 99.4 | 98.7 | 97.7 | 82.5 | 98.4 |
| 2021 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 2022 | 108.4 | 103.7 | 105.2 | 104.2 | 103.3 | 110.6 | 110.9 | 127.9 | 110.7 |
| 2023 | 112.2 | 108.3 | 111.5 | 108.6 | 107.8 | 124.0 | 121.2 | 107.1 | 123.0 |
| 2024 | 115.3 | 111.2 | 114.7 | 109.4 | 111.6 | 128.6 | 125.2 | 108.1 | 127.5 |
| 2025 | 118.3 | 114.0 | 117.4 | 110.0 | 115.3 | 130.4 | 132.6 | 111.4 | 130.8 |
| 2026 | 120.6 | 116.3 | 119.8 | 110.7 | 118.4 | 132.9 | 136.7 | 111.4 | 133.7 |
| | | | | Annual percentage changes | | | | | |
| 2019 | 0.7 | 1.0 | 0.9 | 0.3 | 1.4 | 0.5 | 1.9 | -1.2 | 0.9 |
| 2020 | -0.3 | 0.6 | 0.7 | 0.2 | 0.8 | 1.3 | 3.7 | -9.6 | 2.1 |
| 2021 | 3.1 | 0.6 | 0.8 | 0.6 | 0.6 | 1.3 | 2.4 | 21.2 | 1.7 |
| 2022 | 8.4 | 3.7 | 5.2 | 4.2 | 3.3 | 10.6 | 10.9 | 27.9 | 10.7 |
| 2023 | 3.5 | 4.4 | 6.0 | 4.2 | 4.3 | 12.1 | 9.3 | -16.3 | 11.1 |
| 2024 | 2.8 | 2.7 | 2.9 | 0.7 | 3.5 | 3.7 | 3.3 | 1.0 | 3.6 |
| 2025 | 2.6 | 2.5 | 2.3 | 0.6 | 3.4 | 1.4 | 5.9 | 3.0 | 2.6 |
| 2026 | 1.9 | 2.1 | 2.0 | 0.6 | 2.7 | 1.9 | 3.1 | 0.0 | 2.2 |
| 2025 Jan | 2.9 | 2.5 | 2.4 | 0.5 | 3.4 | 2.1 | 2.7 | 8.1 | 2.2 |
| Feb | 3.0 | 2.4 | 2.2 | 0.5 | 3.2 | 1.3 | 5.0 | 9.0 | 2.3 |
| Mar | 2.3 | 2.2 | 2.0 | 0.5 | 3.0 | 1.0 | 6.5 | 2.0 | 2.5 |
| Apr | 2.2 | 2.8 | 2.4 | 0.5 | 3.9 | 0.7 | 6.0 | -2.2 | 2.2 |
| May | 2.0 | 2.4 | 2.2 | 0.6 | 3.3 | 1.0 | 7.1 | -2.7 | 2.7 |
| Jun | 2.3 | 2.5 | 2.2 | 0.6 | 3.2 | 1.1 | 8.0 | -0.5 | 3.0 |
| Jul | 2.7 | 2.5 | 2.3 | 0.6 | 3.4 | 1.3 | 7.2 | 3.3 | 2.9 |
| Aug | 2.7 | 2.6 | 2.4 | 0.7 | 3.5 | 1.4 | 5.8 | 3.4 | 2.6 |
| Sep | 3.0 | 2.6 | 2.4 | 0.6 | 3.5 | 1.7 | 6.2 | 5.9 | 2.9 |
| Oct | 2.8 | 2.5 | 2.3 | 0.6 | 3.4 | 1.4 | 5.7 | 5.0 | 2.6 |
| Nov | 2.6 | 2.6 | 2.4 | 0.6 | 3.4 | 1.6 | 5.3 | 3.1 | 2.6 |
| Dec | 2.5 | 2.4 | 2.3 | 0.6 | 3.3 | 1.8 | 4.8 | 2.3 | 2.7 |
| 2026 Jan | 1.9 | 2.6 | 2.3 | 0.7 | 3.4 | 1.3 | 4.7 | -3.5 | 2.3 |
| Feb | 1.7 | 2.5 | 2.3 | 0.7 | 3.3 | 1.4 | 3.6 | -4.2 | 2.0 |
| Mar | 2.1 | 2.5 | 2.3 | 0.7 | 3.3 | 1.8 | 2.3 | -0.5 | 1.9 |
| Apr | 2.0 | 2.0 | 2.0 | 0.7 | 2.6 | 1.9 | 2.2 | 2.3 | 2.0 |
| May | 2.2 | 2.2 | 2.1 | 0.6 | 2.9 | 1.9 | 1.5 | 3.2 | 1.8 |
| Jun | 1.8 | 2.0 | 2.0 | 0.5 | 2.6 | 2.0 | 0.9 | 1.1 | 1.6 |
| Jul | 1.7 | 2.0 | 2.0 | 0.6 | 2.5 | 2.1 | 1.6 | -0.4 | 2.0 |
| Aug | 1.9 | 1.9 | 1.9 | 0.5 | 2.5 | 2.2 | 4.0 | 0.1 | 2.7 |
| Sep | 1.9 | 1.9 | 1.9 | 0.5 | 2.5 | 2.2 | 4.0 | 0.8 | 2.7 |
| Oct | 1.9 | 1.9 | 1.9 | 0.5 | 2.5 | 2.1 | 3.9 | 1.0 | 2.6 |
| Nov | 1.9 | 1.9 | 1.9 | 0.5 | 2.5 | 2.1 | 4.3 | 0.6 | 2.7 |
| Dec | 1.9 | 1.9 | 1.9 | 0.5 | 2.5 | 1.9 | 4.5 | 0.2 | 2.6 |

*Source: INE and Funcas (Forecasts).*

**Chart 12.1 - Inflation rate (I)**

Annual percentage changes



All-Items

All-Items ex. food and energy
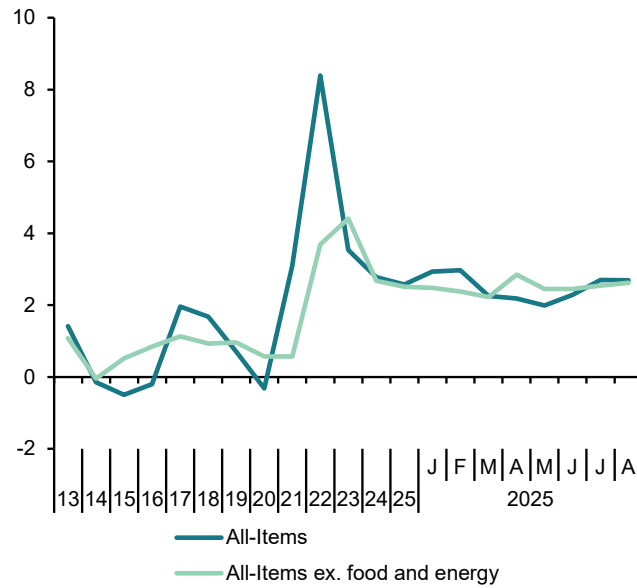
**Chart 12.2 - Inflation rate (II)**

Annual percentage changes



Non-energy industrial goods — Services
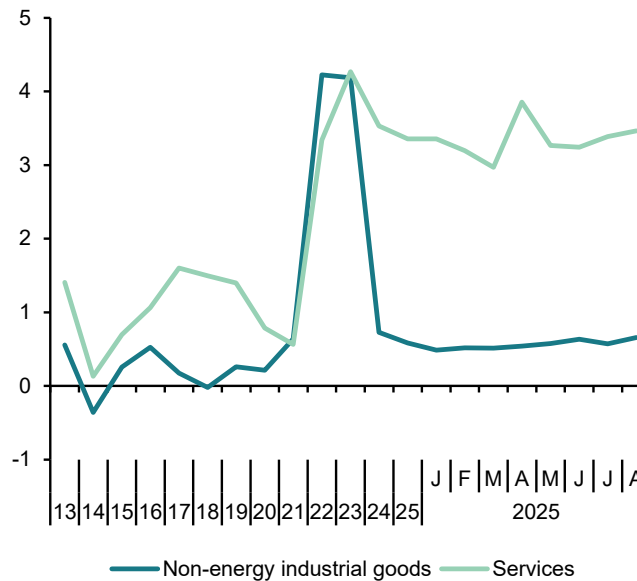
Table 13

# Other prices and costs indicators

| | GDP deflator (a) | Industrial producer prices | | Housing prices | | Urban land prices (M. Public Works) | Labour Costs Survey | | | | Wage increase agreed in collective bargaining |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Excluding energy | Housing Price Index (INE) | m² average price (M. Public Works) | | Total labour costs per worker | Wage costs per worker | Other cost per worker | Total labour costs per hour worked | |
| | 2019=100 | 2019=100 | | | 2019=100 | | | 2019=100 | | | |
| 2017 | 97.4 | 97.5 | 98.8 | 89.2 | 93.8 | 100.8 | 96.8 | 97.2 | 95.8 | 96.0 | -- |
| 2018 | 98.6 | 100.4 | 99.9 | 95.2 | 96.9 | 99.3 | 97.8 | 98.2 | 96.7 | 97.4 | -- |
| 2019 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | -- |
| 2020 | 101.1 | 95.7 | 100.0 | 102.1 | 98.9 | 90.6 | 97.8 | 97.4 | 99.0 | 106.6 | -- |
| 2021 | 103.7 | 112.3 | 107.0 | 105.9 | 101.0 | 94.0 | 103.5 | 103.4 | 103.8 | 105.9 | -- |
| 2022 | 108.6 | 152.2 | 121.5 | 113.7 | 106.1 | 98.7 | 107.9 | 108.2 | 107.0 | 107.9 | -- |
| 2023 | 115.4 | 145.0 | 126.0 | 118.2 | 110.2 | 96.0 | 113.8 | 113.4 | 115.0 | 113.7 | -- |
| 2024 | 118.8 | 139.7 | 126.4 | 128.1 | 116.6 | 105.3 | 118.3 | 117.7 | 120.0 | 118.7 | -- |
| 2025 (b) | 121.1 | 141.1 | 126.2 | 140.2 | 123.9 | 107.4 | 121.3 | 120.4 | 123.9 | 118.5 | |
| 2023 IV | 117.4 | 142.9 | 125.7 | 119.3 | 112.3 | 96.1 | 119.6 | 120.7 | 116.5 | 120.6 | -- |
| 2024 I | 118.1 | 138.3 | 126.5 | 122.5 | 113.7 | 104.1 | 114.5 | 112.9 | 119.1 | 111.0 | -- |
| II | 118.2 | 136.5 | 126.8 | 126.9 | 115.5 | 103.6 | 120.1 | 120.4 | 119.4 | 117.1 | -- |
| III | 118.8 | 141.2 | 126.4 | 130.4 | 117.0 | 104.6 | 114.8 | 112.8 | 120.7 | 121.6 | -- |
| IV | 120.1 | 142.7 | 125.8 | 132.8 | 120.2 | 109.1 | 123.8 | 124.9 | 120.7 | 125.1 | -- |
| 2025 I | 120.8 | 144.7 | 126.3 | 137.5 | 123.9 | 107.4 | 118.7 | 117.1 | 123.4 | 115.5 | -- |
| II | 121.4 | 137.6 | 126.3 | 143.0 | -- | -- | 123.8 | 123.6 | 124.3 | 121.5 | -- |
| III (b) | | 141.2 | 126.0 | -- | -- | -- | -- | -- | -- | -- | |
| 2025 Jun | -- | 140.2 | 126.1 | -- | -- | -- | -- | -- | -- | -- | -- |
| Jul | -- | 141.5 | 126.0 | -- | -- | -- | -- | -- | -- | -- | -- |
| Aug | -- | 140.9 | 126.0 | -- | -- | -- | -- | -- | -- | -- | -- |
| Annual percent changes (c) | | | | | | | | | | | |
| 2017 | 1.3 | 4.4 | 2.3 | 6.2 | 2.4 | 0.8 | 0.2 | 0.1 | 0.5 | 0.0 | 1.4 |
| 2018 | 1.2 | 3.0 | 1.1 | 6.7 | 3.4 | -1.6 | 1.0 | 1.0 | 1.0 | 1.4 | 1.8 |
| 2019 | 1.4 | -0.4 | 0.1 | 5.1 | 3.2 | 0.7 | 2.2 | 1.9 | 3.4 | 2.6 | 2.3 |
| 2020 | 1.1 | -4.3 | 0.0 | 2.1 | -1.1 | -9.4 | -2.2 | -2.6 | -1.0 | 6.6 | 1.9 |
| 2021 | 2.6 | 17.3 | 7.0 | 3.7 | 2.1 | 3.7 | 5.9 | 6.3 | 4.8 | -0.6 | 1.5 |
| 2022 | 4.7 | 35.5 | 13.6 | 7.4 | 5.0 | 5.0 | 4.2 | 4.6 | 3.1 | 1.9 | 2.8 |
| 2023 | 6.2 | -4.7 | 3.6 | 4.0 | 3.9 | -2.8 | 5.5 | 4.8 | 7.5 | 5.3 | 3.5 |
| 2024 | 3.0 | -3.7 | 0.3 | 8.4 | 5.8 | 9.7 | 4.0 | 3.8 | 4.3 | 4.4 | 3.1 |
| 2025 (d) | 2.5 | 1.9 | -0.3 | 12.5 | 9.0 | 3.2 | 3.4 | 3.2 | 3.9 | 3.9 | 3.5 |
| 2023 IV | 4.9 | -7.2 | 1.1 | 4.2 | 5.3 | -3.3 | 5.0 | 4.0 | 8.0 | 5.4 | 3.5 |
| 2024 I | 3.2 | -6.9 | 0.1 | 6.3 | 4.3 | 13.0 | 4.0 | 3.8 | 4.5 | 4.5 | 2.9 |
| II | 3.2 | -4.8 | 0.4 | 7.8 | 5.7 | 7.9 | 4.0 | 4.0 | 4.1 | 4.3 | 3.0 |
| III | 3.3 | -2.7 | 0.7 | 8.2 | 6.0 | 4.9 | 4.4 | 4.1 | 5.2 | 5.2 | 3.0 |
| IV | 2.3 | -0.2 | 0.1 | 11.3 | 7.0 | 13.5 | 3.5 | 3.5 | 3.6 | 3.8 | 3.1 |
| 2025 I | 2.3 | 4.6 | -0.1 | 12.2 | 9.0 | 3.2 | 3.7 | 3.8 | 3.6 | 4.1 | 3.3 |
| II | 2.7 | 0.8 | -0.4 | 12.7 | -- | -- | 3.1 | 2.7 | 4.1 | 3.8 | 3.4 |
| III (e) | -- | 0.0 | -0.3 | -- | -- | -- | -- | -- | -- | -- | 3.5 |
| 2025 Jun | -- | 1.0 | -0.7 | -- | -- | -- | -- | -- | -- | -- | 3.4 |
| Jul | -- | 0.4 | -0.5 | -- | -- | -- | -- | -- | -- | -- | 3.5 |
| Aug | -- | -1.5 | -0.3 | -- | -- | -- | -- | -- | -- | -- | 3.5 |

*(a) Seasonally adjusted. (b) Period with available data.  (c) Percent change from the previous quarter for quarterly data. from the previous month for monthly data. unless otherwise indicated. (d) Growth of available period over the same period of the previous year. (e) Growth of the average of available months over the monthly average of the previous quarter.*

*Sources: M. of Public Works. M. of Labour and INE (National Statistics Institute).*

**Chart 13.1 - Housing and urban land prices**

Level, 2019=100



Housing (INE)
Housing (M. of Public Works)
Urban Land (M. of Public Works)
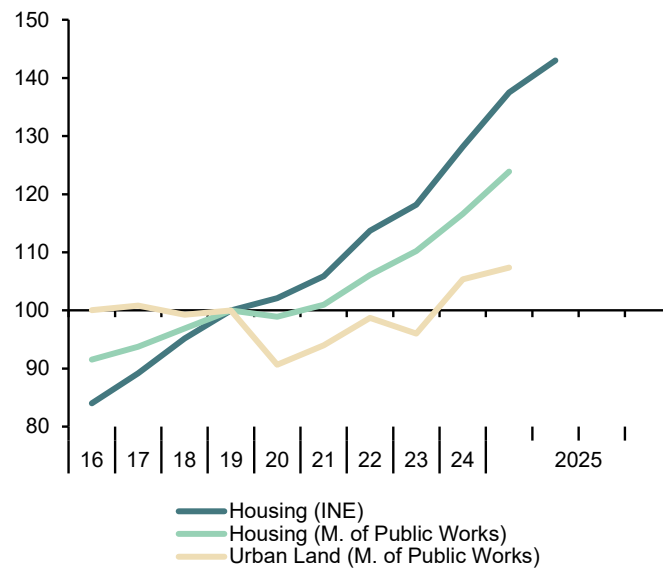
**Chart 13.2 - Wage costs**

Annual percent change



Total labour cost
Wage cost
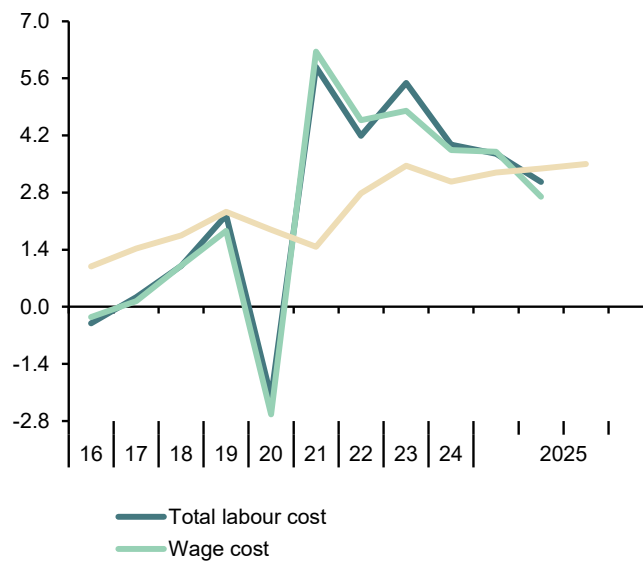
Table 14

# External trade (a)

| | | Exports of goods | | | Imports of goods | | | Exports to EU countries (monthly average) | Exports to non-EU countries (monthly average) | Total Balance of goods (monthly average) | Balance of goods excluding energy (monthly average) | Balance of goods with EU countries (monthly average) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Nominal | Prices | Real | Nominal | Prices | Real | | | | | |
| | | 2019=100 | | | 2019=100 | | | EUR Billions | | | | |
| 2017 | | 94.9 | 96.5 | 98.4 | 93.8 | 95.8 | 97.9 | 13.6 | 9.5 | -2.2 | 0.0 | 0.6 |
| 2018 | | 98.1 | 99.3 | 98.7 | 99.1 | 100.1 | 99.1 | 14.1 | 9.7 | -2.9 | -0.3 | 0.7 |
| 2019 | | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 14.3 | 9.9 | -2.6 | -0.3 | 0.8 |
| 2020 | | 90.6 | 99.3 | 91.2 | 85.9 | 96.9 | 88.6 | 13.3 | 8.6 | -1.1 | 0.3 | 1.3 |
| 2021 | | 108.2 | 107.9 | 100.3 | 107.4 | 108.5 | 99.0 | 16.1 | 10.1 | -2.6 | -0.2 | 1.7 |
| 2022 | | 133.2 | 127.6 | 104.4 | 142.4 | 134.8 | 105.7 | 20.3 | 12.0 | -6.0 | -1.2 | 3.1 |
| 2023 | | 131.9 | 132.6 | 99.5 | 131.6 | 132.1 | 99.6 | 20.0 | 11.9 | -3.4 | -0.3 | 2.6 |
| 2024 | | 132.5 | 134.9 | 98.2 | 131.4 | 131.4 | 100.0 | 19.8 | 12.2 | -3.4 | -0.6 | 2.5 |
| 2025(b) | | 134.6 | 135.2 | 99.6 | 137.5 | 125.3 | 109.7 | 20.4 | 12.7 | -4.2 | -1.3 | 2.2 |
| 2023 | III | 128.5 | 131.5 | 97.7 | 129.0 | 129.4 | 99.8 | 19.3 | 11.7 | -3.7 | -0.4 | 1.9 |
| | IV | 131.2 | 132.3 | 99.1 | 132.0 | 133.4 | 98.9 | 19.9 | 11.8 | -3.9 | -0.5 | 2.6 |
| 2024 | I | 130.9 | 133.0 | 98.5 | 129.2 | 133.0 | 97.1 | 19.8 | 11.8 | -3.2 | 0.0 | 2.5 |
| | II | 134.1 | 135.7 | 98.8 | 130.8 | 132.0 | 99.1 | 19.9 | 12.4 | -2.9 | 0.0 | 2.9 |
| | III | 133.2 | 135.2 | 98.6 | 130.6 | 130.5 | 100.0 | 20.1 | 12.1 | -3.0 | -0.1 | 2.9 |
| | IV | 131.7 | 136.0 | 96.9 | 135.2 | 130.2 | 103.8 | 19.4 | 12.4 | -4.6 | -1.2 | 1.9 |
| 2025 | I | 133.0 | 135.3 | 98.3 | 139.9 | 129.2 | 108.3 | 19.8 | 12.3 | -5.6 | -1.9 | -2.1 |
| | II | 135.6 | 135.3 | 100.3 | 135.2 | 121.7 | 111.0 | 19.8 | 13.0 | -3.7 | -1.2 | -1.7 |
| 2025 | May | 137.2 | 136.5 | 100.5 | 135.7 | 122.5 | 110.8 | 20.5 | 12.6 | -3.4 | -1.7 | 2.2 |
| | Jun | 134.8 | 134.5 | 100.3 | 136.4 | 119.7 | 114.0 | 20.3 | 12.3 | -4.2 | -1.9 | 1.5 |
| | Jul | 136.6 | 134.9 | 101.3 | 137.3 | 124.8 | 110.0 | 20.7 | 12.3 | -4.0 | -0.7 | 2.3 |
| | | Percentage changes (c) | | | | | | | | Percentage of GDP | | |
| 2017 | | 7.7 | 0.7 | 7.0 | 10.5 | 4.7 | 5.5 | 8.3 | 6.9 | -2.2 | 0.0 | 0.7 |
| 2018 | | 3.3 | 3.0 | 0.3 | 5.7 | 4.5 | 1.2 | 3.9 | 2.5 | -2.8 | -0.3 | 0.7 |
| 2019 | | 2.0 | 0.7 | 1.3 | 0.9 | -0.1 | 0.9 | 1.8 | 2.2 | -2.5 | -0.3 | 0.8 |
| 2020 | | -9.4 | -0.7 | -8.8 | -14.1 | -3.1 | -11.4 | -7.0 | -12.9 | -1.2 | 0.3 | 1.4 |
| 2021 | | 19.4 | 8.6 | 10.0 | 25.0 | 12.0 | 11.7 | 20.9 | 17.2 | -2.5 | -0.2 | 1.6 |
| 2022 | | 23.1 | 18.3 | 4.1 | 32.6 | 24.2 | 6.8 | 25.7 | 19.0 | -5.2 | -1.1 | 2.7 |
| 2023 | | -1.0 | 3.9 | -4.7 | -7.6 | -1.9 | -5.8 | -1.1 | -0.8 | -2.7 | -0.2 | 2.1 |
| 2024 | | 0.2 | 1.8 | -1.6 | 0.1 | -0.5 | 0.6 | -1.1 | 2.4 | -2.5 | -0.5 | 1.9 |
| 2025(d) | | 1.4 | 0.7 | 0.7 | 5.4 | -5.4 | 11.3 | 0.7 | 2.6 | -- | -- | -- |
| 2023 | III | -1.4 | -0.7 | -0.7 | -1.1 | -0.4 | -0.8 | -1.9 | -0.6 | -3.0 | -0.3 | 1.5 |
| | IV | 2.1 | 0.6 | 1.5 | 2.3 | 3.1 | -0.8 | 2.9 | 0.8 | -3.0 | -0.4 | 2.0 |
| 2024 | I | -0.2 | 0.5 | -0.7 | -2.1 | -0.3 | -1.8 | -0.4 | 0.1 | -2.4 | 0.0 | 1.9 |
| | II | 2.4 | 2.1 | 0.3 | 1.2 | -0.7 | 2.0 | 0.7 | 5.2 | -2.2 | 0.0 | 2.2 |
| | III | -0.6 | -0.4 | -0.2 | -0.1 | -1.1 | 1.0 | 0.8 | -2.9 | -2.3 | -0.1 | 2.2 |
| | IV | -1.1 | 0.6 | -1.7 | 3.6 | -0.2 | 3.8 | -3.4 | 2.8 | -3.4 | -0.9 | 1.4 |
| 2025 | I | 0.9 | -0.5 | 1.4 | 3.5 | -0.8 | 4.3 | 2.2 | -1.0 | -4.1 | -1.4 | -1.5 |
| | II | 2.0 | 0.0 | 2.0 | -3.4 | -5.8 | 2.5 | -0.1 | 5.5 | -2.6 | -0.8 | -1.2 |
| 2025 | May | 1.8 | 1.2 | 0.6 | 1.8 | -0.6 | 2.4 | 10.7 | -10.0 | -- | -- | -- |
| | Jun | -1.7 | -1.5 | -0.3 | 0.5 | -2.3 | 2.9 | -1.1 | -2.7 | -- | -- | -- |
| | Jul | 1.3 | 0.3 | 1.0 | 0.6 | 4.3 | -3.6 | 1.9 | 0.2 | -- | -- | -- |

*(a) Seasonally adjusted. except for annual data. (b) Period with available data. (c) Percent change from the previous quarter for quarterly data. from the previous month for monthly data. (d) Growth of available period over the same period of the previous year.*

*Source: Ministry of Economy and Funcas.*

## Chart 14.1 - External trade (real)

Level, 2019=100



Exports — Imports
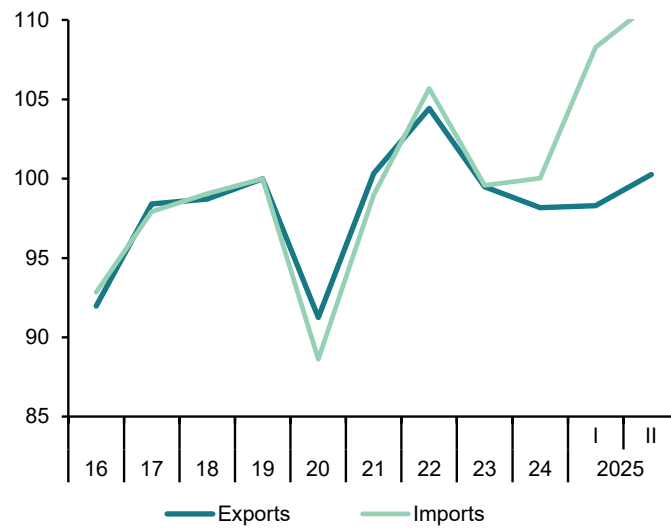
## Chart 14.2 - Trade balance

EUR Billions, moving sum of 12 months



- Balance of energy goods
- Balance of non-energy goods
- Total balance of goods
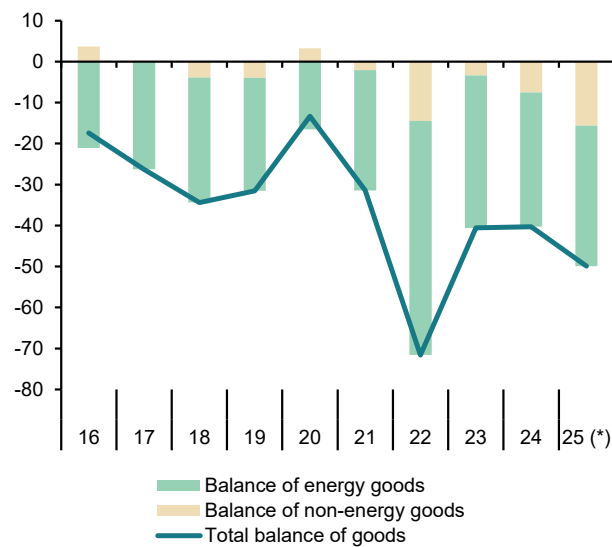
*(\*) Period with available data.*

Table 15

# Balance of Payments (according to IMF manual)
(Net transactions)

| | | Current account | | | | | Capital account | Current and capital accounts | Financial account | | | | | | Bank of Spain | Errors and omissions |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Goods | Services | Primary Income | Secondary Income | | | Financial account. excluding Bank of Spain | | | | | | |
| | | | | | | | | | Total | Direct investment | Porfolio investment | Other investment | Financial derivatives | | |
| | | 1=2+3+4+5 | 2 | 3 | 4 | 5 | 6 | 7=1+6 | 8=9+10+11+12 | 9 | 10 | 11 | 12 | 13 | 14 |
| EUR billions | | | | | | | | | | | | | | | |
| 2017 | | 32.69 | -21.19 | 63.70 | -0.49 | -9.33 | 2.79 | 35.48 | 68.25 | 13.23 | 24.91 | 22.38 | 7.72 | -32.63 | 0.14 |
| 2018 | | 22.76 | -28.25 | 61.47 | 0.44 | -10.90 | 5.79 | 28.55 | 45.32 | -17.91 | 15.26 | 48.87 | -0.90 | -14.25 | 2.53 |
| 2019 | | 26.69 | -25.19 | 62.62 | 1.21 | -11.94 | 4.20 | 30.89 | 11.02 | 9.30 | -50.83 | 58.08 | -5.53 | 15.76 | -4.11 |
| 2020 | | 8.91 | -7.03 | 24.15 | 2.06 | -10.27 | 5.04 | 13.95 | 92.45 | 16.47 | 50.87 | 31.79 | -6.67 | -81.84 | -3.34 |
| 2021 | | 9.55 | -21.30 | 33.53 | 8.25 | -10.93 | 10.73 | 20.29 | 9.71 | -11.60 | 3.76 | 16.72 | 0.84 | 16.12 | 5.57 |
| 2022 | | 5.76 | -60.22 | 72.29 | 6.86 | -13.17 | 12.56 | 18.32 | -11.77 | 0.86 | 20.18 | -34.95 | 2.13 | 30.27 | 0.18 |
| 2023 | | 40.92 | -35.05 | 92.50 | -4.90 | -11.64 | 16.90 | 57.82 | -60.09 | 3.51 | -23.83 | -33.19 | -6.58 | 114.37 | -3.54 |
| 2024 | | 50.68 | -33.86 | 100.21 | -4.02 | -11.65 | 18.06 | 68.74 | 132.12 | 26.69 | -2.32 | 106.46 | 1.28 | -48.21 | 15.18 |
| 2025 (a) | | 24.62 | -21.64 | 53.39 | -2.04 | -5.09 | 5.98 | 30.60 | 11.20 | 6.60 | -9.78 | 13.89 | 0.49 | 23.63 | 4.22 |
| 2023 | III | 11.55 | -12.04 | 30.27 | -2.16 | -4.53 | 3.20 | 14.75 | -10.19 | 5.49 | -13.83 | 0.61 | -2.46 | 23.77 | -1.17 |
| | IV | 8.95 | -9.31 | 20.21 | -0.18 | -1.77 | 8.82 | 17.78 | 19.33 | 5.84 | -18.16 | 31.09 | 0.56 | 2.00 | 3.55 |
| 2024 | I | 12.84 | -6.36 | 19.59 | -0.03 | -0.36 | 1.83 | 14.68 | 46.13 | 1.43 | -14.85 | 57.89 | 1.66 | -29.04 | 2.42 |
| | II | 13.38 | -6.42 | 27.01 | -3.14 | -4.07 | 3.22 | 16.60 | 63.12 | 8.29 | 17.17 | 37.92 | -0.26 | -36.51 | 10.01 |
| | III | 15.27 | -10.36 | 31.57 | -1.76 | -4.17 | 4.56 | 19.84 | -4.66 | 3.36 | -23.87 | 16.68 | -0.83 | 18.21 | -6.29 |
| | IV | 9.18 | -10.71 | 22.04 | 0.90 | -3.05 | 8.45 | 17.63 | 27.52 | 13.61 | 19.23 | -6.03 | 0.71 | -0.86 | 9.03 |
| 2025 | I | 9.97 | -12.63 | 23.04 | 0.56 | -1.01 | 2.52 | 12.49 | 6.99 | 3.71 | -4.55 | 7.12 | 0.71 | 2.76 | -2.75 |
| | II | 14.65 | -9.01 | 30.35 | -2.60 | -4.08 | 3.46 | 18.11 | 4.21 | 2.90 | -5.23 | 6.77 | -0.22 | 20.87 | 6.97 |
| | | | Goods and Services | | Primary and Secondary Income | | | | | | | | | | |
| 2025 | Apr | 2.68 | 6.54 | | -3.86 | | 0.74 | 3.42 | -6.83 | 1.28 | 5.50 | -14.09 | 0.49 | 14.36 | 4.12 |
| | May | 6.61 | 8.67 | | -2.06 | | 1.11 | 7.72 | 8.68 | -0.67 | 9.04 | -1.13 | 1.44 | -0.68 | 0.27 |
| | Jun | 5.36 | 6.12 | | -0.76 | | 1.61 | 6.97 | 2.36 | 2.29 | -19.76 | 21.99 | -2.16 | 7.19 | 2.58 |
| Percentage of GDP | | | | | | | | | | | | | | | |
| 2017 | | 2.8 | -1.8 | 5.4 | 0.0 | -0.8 | 0.2 | 3.0 | 5.8 | 1.1 | 2.1 | 1.9 | 0.7 | -2.8 | 0.0 |
| 2018 | | 1.9 | -2.3 | 5.1 | 0.0 | -0.9 | 0.5 | 2.4 | 3.7 | -1.5 | 1.3 | 4.0 | -0.1 | -1.2 | 0.2 |
| 2019 | | 2.1 | -2.0 | 5.0 | 0.1 | -1.0 | 0.3 | 2.5 | 0.9 | 0.7 | -4.1 | 4.6 | -0.4 | 1.3 | -0.3 |
| 2020 | | 0.8 | -0.6 | 2.1 | 0.2 | -0.9 | 0.4 | 1.2 | 8.2 | 1.5 | 4.5 | 2.8 | -0.6 | -7.2 | -0.3 |
| 2021 | | 0.8 | -1.7 | 2.7 | 0.7 | -0.9 | 0.9 | 1.6 | 0.8 | -0.9 | 0.3 | 1.4 | 0.1 | 1.3 | 0.5 |
| 2022 | | 0.4 | -4.4 | 5.3 | 0.5 | -1.0 | 0.9 | 1.3 | -0.9 | 0.1 | 1.5 | -2.5 | 0.2 | 2.2 | 0.0 |
| 2023 | | 2.7 | -2.3 | 6.2 | -0.3 | -0.8 | 1.1 | 3.9 | -4.0 | 0.2 | -1.6 | -2.2 | -0.4 | 7.6 | -0.2 |
| 2024 | | 3.2 | -2.1 | 6.3 | -0.3 | -0.7 | 1.1 | 4.3 | 8.3 | 1.7 | -0.1 | 6.7 | 0.1 | -3.0 | 1.0 |
| 2025 (a) | | 3.0 | -2.6 | 6.5 | -0.2 | -0.6 | 0.7 | 3.7 | 1.4 | 0.8 | -1.2 | 1.7 | 0.1 | 2.9 | 0.5 |
| 2023 | III | 3.1 | -3.3 | 8.2 | -0.6 | -1.2 | 0.9 | 4.0 | -2.8 | 1.5 | -3.7 | 0.2 | -0.7 | 6.4 | -0.3 |
| | IV | 2.3 | -2.4 | 5.1 | 0.0 | -0.4 | 2.2 | 4.5 | 4.9 | 1.5 | -4.6 | 7.8 | 0.1 | 0.5 | 0.9 |
| 2024 | I | 3.4 | -1.7 | 5.2 | 0.0 | -0.1 | 0.5 | 3.9 | 12.2 | 0.4 | -3.9 | 15.3 | 0.4 | -7.7 | 0.6 |
| | II | 3.3 | -1.6 | 6.7 | -0.8 | -1.0 | 0.8 | 4.1 | 15.8 | 2.1 | 4.3 | 9.5 | -0.1 | -9.1 | 2.5 |
| | III | 3.9 | -2.6 | 8.0 | -0.4 | -1.1 | 1.2 | 5.0 | -1.2 | 0.9 | -6.1 | 4.2 | -0.2 | 4.6 | -1.6 |
| | IV | 2.2 | -2.5 | 5.2 | 0.2 | -0.7 | 2.0 | 4.2 | 6.5 | 3.2 | 4.6 | -1.4 | 0.2 | -0.2 | 2.1 |
| 2025 | I | 2.5 | -3.2 | 5.8 | 0.1 | -0.3 | 0.6 | 3.1 | 1.8 | 0.9 | -1.1 | 1.8 | 0.2 | 0.7 | -0.7 |
| | II | 3.5 | -2.1 | 7.2 | -0.6 | -1.0 | 0.8 | 4.3 | 1.0 | 0.7 | -1.2 | 1.6 | -0.1 | 4.9 | 1.6 |

*(a) Period with available quarterly data*

*Source: Bank of Spain.*

## Chart 15.1 - Balance of payments: Current and capital accounts

EUR Billions, 12-month cumulated



- Income and transfers (current and capital)
- Goods and services
- Current and capital account
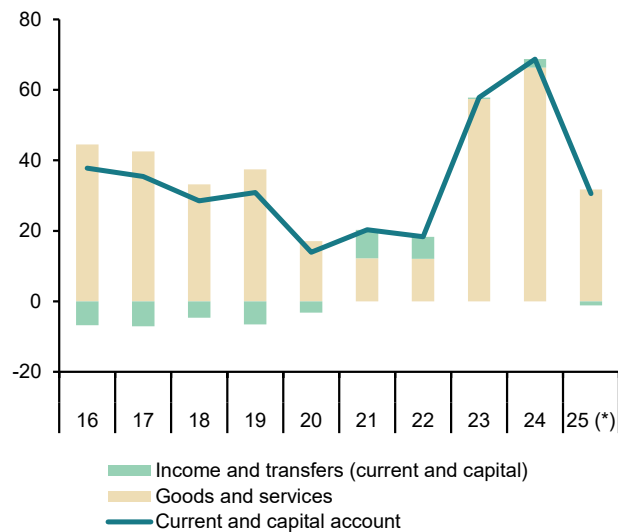
*(*) Period with available data.*

## Chart 15.2 - Balance of payments: Financial account

EUR Billions, 12-month cumulated



- Bank of Spain
- Portfolio invesment
- Direct investment
- Other investment
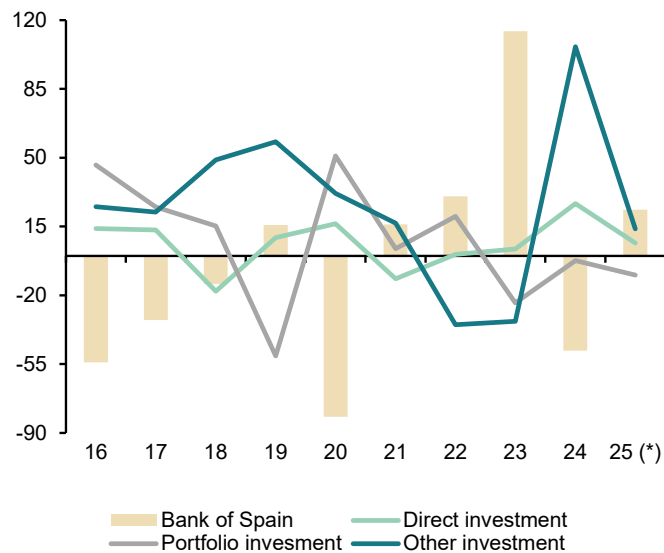
*(*) Period with available data.*

Table 16

## Competitiveness indicators in relation to EMU

| | | Relative Unit Labour Costs in manufacturing (Spain/Rest of EMU) (a) | | | Harmonized Consumer Prices | | | Producer prices | | | Real Effective Exchange Rate in relation to developed countries |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Relative hourly wages | Relative hourly productivity | Relative ULC | Spain | EMU | Spain/EMU | Spain | EMU | Spain/EMU | |
| | | 2000=100 | | | 2015=100 | | | 2021=100 | | | 1999 I=100 |
| 2017 | | 101.7 | 97.3 | 104.5 | 101.7 | 101.8 | 99.9 | 88.5 | 91.1 | 97.1 | 109.7 |
| 2018 | | 100.8 | 94.4 | 106.8 | 103.5 | 103.6 | 99.9 | 90.6 | 93.4 | 97.0 | 110.5 |
| 2019 | | 99.4 | 93.3 | 106.5 | 104.3 | 104.8 | 99.5 | 90.3 | 93.8 | 96.3 | 109.0 |
| 2020 | | 102.8 | 87.5 | 117.6 | 103.9 | 105.1 | 98.9 | 87.1 | 91.4 | 95.3 | 108.4 |
| 2021 | | 105.3 | 92.9 | 113.3 | 107.0 | 107.8 | 99.3 | 100.0 | 100.0 | 100.0 | 108.9 |
| 2022 | | 104.2 | 95.1 | 109.6 | 115.9 | 116.8 | 99.3 | 129.7 | 126.0 | 102.9 | 108.0 |
| 2023 | | 103.9 | 96.3 | 107.8 | 119.9 | 123.2 | 97.3 | 125.6 | 124.6 | 100.8 | 107.0 |
| 2024 | | 105.0 | 100.0 | 105.1 | 123.3 | 126.1 | 97.8 | 122.5 | 121.1 | 101.2 | 105.9 |
| 2025 (b) | | -- | -- | -- | 126.1 | 128.4 | 98.2 | 123.8 | 121.6 | 101.8 | 106.4 |
| 2023 | III | -- | -- | -- | 120.7 | 124.0 | 97.4 | 125.6 | 123.0 | 102.1 | 105.7 |
| | IV | -- | -- | -- | 121.3 | 124.2 | 97.7 | 124.3 | 123.1 | 101.0 | 106.0 |
| 2024 | I | -- | -- | -- | 121.7 | 124.4 | 97.8 | 121.3 | 121.1 | 100.2 | 105.9 |
| | II | -- | -- | -- | 124.0 | 126.3 | 98.2 | 120.3 | 120.1 | 100.1 | 106.5 |
| | III | -- | -- | -- | 123.5 | 126.6 | 97.5 | 123.5 | 120.9 | 102.2 | 105.6 |
| | IV | -- | -- | -- | 124.1 | 126.9 | 97.8 | 124.7 | 122.1 | 102.1 | 105.4 |
| 2025 | I | -- | -- | -- | 124.9 | 127.4 | 98.1 | 126.3 | 123.4 | 102.3 | 105.6 |
| | II | -- | -- | -- | 126.7 | 128.9 | 98.3 | 121.3 | 120.1 | 101.0 | 106.7 |
| 2025 | Jun | -- | -- | -- | 127.3 | 129.1 | 98.6 | 123.0 | 120.3 | 102.2 | 107.2 |
| | Jul | -- | -- | -- | 126.8 | 129.1 | 98.2 | 123.7 | 120.7 | 102.5 | 107.2 |
| | Ago | -- | -- | -- | 126.9 | 129.3 | 98.1 | -- | -- | -- | 107.0 |
| | | Annual percentage changes | | | | | Differential | Annual percentage changes | | Differential | Annual percentage changes |
| 2017 | | -0.4 | -0.3 | 0.0 | 2.0 | 1.5 | 0.5 | 4.2 | 2.7 | 1.4 | 1.5 |
| 2018 | | -0.9 | -3.0 | 2.2 | 1.7 | 1.7 | 0.0 | 2.4 | 2.6 | -0.2 | 0.8 |
| 2019 | | -1.4 | -1.2 | -0.2 | 0.8 | 1.2 | -0.4 | -0.3 | 0.4 | -0.7 | -1.3 |
| 2020 | | 3.4 | -6.2 | 10.3 | -0.3 | 0.3 | -0.6 | -3.6 | -2.6 | -1.0 | -0.6 |
| 2021 | | 2.4 | 6.3 | -3.6 | 3.0 | 2.6 | 0.4 | 14.9 | 9.4 | 4.9 | 0.4 |
| 2022 | | -1.1 | 2.3 | -3.3 | 8.3 | 8.4 | -0.1 | 29.7 | 26.0 | 2.9 | -0.8 |
| 2023 | | -0.3 | 1.3 | -1.6 | 3.4 | 5.4 | -2.0 | -3.1 | -1.1 | -2.0 | -0.9 |
| 2024 | | 1.1 | 3.8 | -2.6 | 2.9 | 2.4 | 0.5 | -2.5 | -2.8 | 0.3 | -1.0 |
| 2025 (c) | | -- | -- | -- | 2.5 | 2.1 | 0.4 | 2.1 | 0.9 | 1.2 | 0.3 |
| 2023 | III | -- | -- | -- | 2.6 | 5.0 | -2.4 | -6.9 | -6.5 | -0.4 | -0.8 |
| | IV | -- | -- | -- | 3.3 | 2.7 | 0.6 | -5.1 | -6.1 | 1.0 | 1.3 |
| 2024 | I | -- | -- | -- | 3.2 | 2.6 | 0.6 | -5.1 | -5.8 | 0.7 | 0.4 |
| | II | -- | -- | -- | 3.6 | 2.5 | 1.1 | -3.5 | -2.8 | -0.7 | 0.9 |
| | III | -- | -- | -- | 2.3 | 2.2 | 0.1 | -1.6 | -1.7 | 0.1 | -0.1 |
| | IV | -- | -- | -- | 2.4 | 2.2 | 0.2 | 0.3 | -0.8 | 1.1 | -0.6 |
| 2025 | I | -- | -- | -- | 2.7 | 2.3 | 0.4 | 4.1 | 2.0 | 2.1 | -0.3 |
| | II | -- | -- | -- | 2.2 | 2.0 | 0.2 | 0.8 | 0.1 | 0.7 | 0.2 |
| 2025 | Jun | -- | -- | -- | 2.3 | 2.0 | 0.3 | 0.8 | 0.0 | 0.8 | 0.6 |
| | Jul | -- | -- | -- | 2.7 | 2.0 | 0.7 | 0.2 | -0.1 | 0.3 | 1.3 |
| | Ago | -- | -- | -- | 2.7 | 2.0 | 0.7 | -- | -- | -- | 1.3 |

(a) EMU excluding Ireland and Spain. (b) Period with available data. (c) Growth of available period over the same period of the previous year.

Sources: Eurostat. Bank of Spain and Funcas.

**Chart 16.1 - Relative Unit Labour Costs in manufacturing (Spain/Rest of EMU)**

2000=100



Relative wages ——— Relative productivity ——— Relative ULC
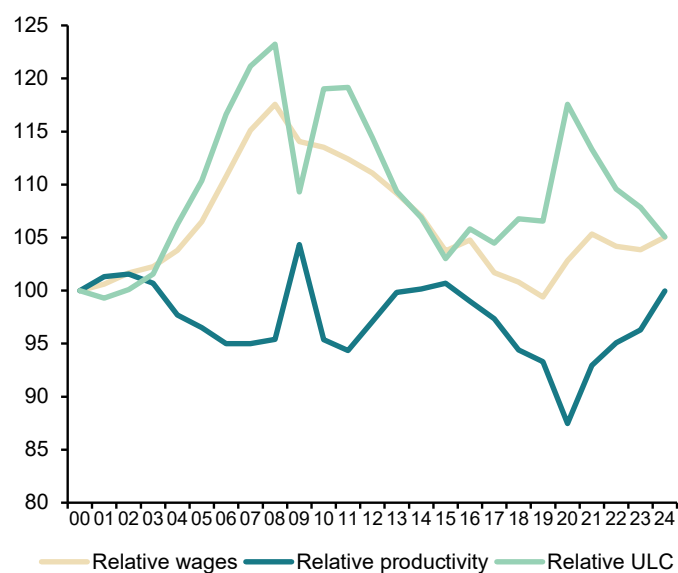
**Chart 16.2 - Harmonized Consumer Prices**

Annual growth in % and percentage points



Differential ——— Spain ——— EMU
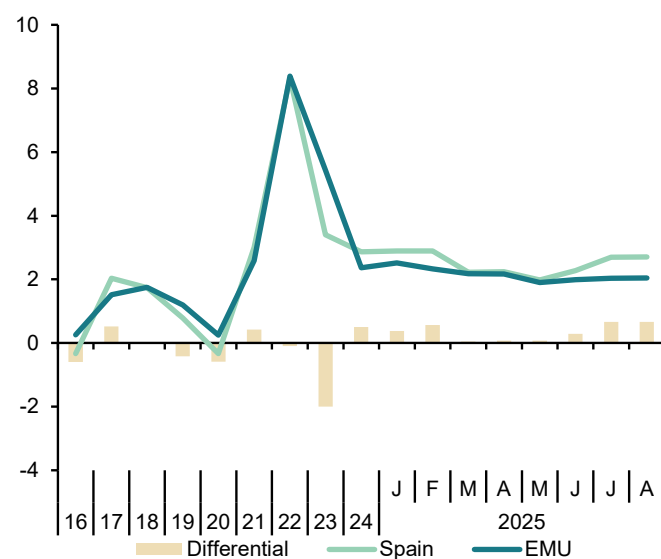
Table 17a

# Imbalances: International comparison (I)
(In yellow: European Commission Forecasts)

| | Government net lending (+) or borrowing (-) | | | Government consolidated gross debt | | | Current Account Balance of Payments (National Accounts) | | |
|---|---|---|---|---|---|---|---|---|---|
| | EMU | Spain | USA | EMU | Spain | USA | EMU | Spain | USA |
| | Billions of national currency | | | | | | | | |
| 2011 | -420.9 | -103.6 | -1,712.6 | 8,726.1 | 743.0 | 15,222.9 | 94.1 | -27.9 | -460.3 |
| 2012 | -384.9 | -119.1 | -1,497.0 | 9,225.9 | 927.8 | 16,432.7 | 224.8 | 1.6 | -424.0 |
| 2013 | -323.0 | -76.8 | -983.5 | 9,561.5 | 1,025.8 | 17,352.0 | 284.0 | 21.3 | -351.2 |
| 2014 | -260.8 | -62.7 | -911.1 | 9,814.5 | 1,085.2 | 18,141.4 | 329.9 | 18.5 | -375.1 |
| 2015 | -213.8 | -57.2 | -842.3 | 9,938.3 | 1,114.1 | 18,922.2 | 346.7 | 22.2 | -423.1 |
| 2016 | -161.3 | -47.4 | -1,013.9 | 10,084.0 | 1,145.7 | 19,976.8 | 405.7 | 35.3 | -401.4 |
| 2017 | -114.4 | -35.9 | -868.7 | 10,179.6 | 1,184.1 | 20,492.7 | 404.9 | 32.7 | -378.0 |
| 2018 | -52.7 | -30.9 | -1,263.4 | 10,284.8 | 1,209.7 | 21,974.1 | 421.9 | 22.8 | -441.2 |
| 2019 | -66.3 | -38.4 | -1,441.7 | 10,383.5 | 1,224.4 | 23,201.4 | 366.3 | 26.7 | -447.3 |
| 2020 | -811.2 | -111.9 | -3,198.3 | 11,447.3 | 1,346.9 | 27,747.8 | 274.8 | 8.9 | -572.9 |
| 2021 | -643.0 | -82.2 | -2,803.8 | 12,075.0 | 1,429.4 | 29,617.2 | 448.2 | 9.6 | -879.4 |
| 2022 | -475.3 | -63.1 | -954.1 | 12,519.1 | 1,504.1 | 31,419.7 | 143.2 | 4.8 | -1,020.9 |
| 2023 | -515.5 | -52.7 | -2,100.3 | 12,979.1 | 1,575.4 | 34,001.5 | 375.3 | 39.8 | -915.9 |
| 2024 | -468.6 | -50.2 | -2,197.2 | 13,475.5 | 1,620.6 | 36,218.6 | 498.5 | 48.6 | -1,087.6 |
| 2025 | -505.1 | -46.6 | -2,041.2 | 14,095.7 | 1,685.6 | 38,169.8 | 470.4 | 45.6 | -1,089.7 |
| 2026 | -530.8 | -43.5 | -1,847.7 | 14,752.9 | 1,753.4 | 39,927.9 | 489.3 | 48.2 | -1,060.3 |
| | Percentage of GDP | | | | | | | | |
| 2011 | -4.2 | -9.7 | -11.0 | 88.0 | 69.5 | 97.6 | 0.9 | -2.6 | -3.0 |
| 2012 | -3.9 | -11.5 | -9.2 | 92.7 | 89.6 | 101.1 | 2.3 | 0.2 | -2.6 |
| 2013 | -3.2 | -7.5 | -5.8 | 95.1 | 100.0 | 102.8 | 2.8 | 2.1 | -2.1 |
| 2014 | -2.5 | -6.0 | -5.2 | 95.3 | 104.4 | 103.0 | 3.2 | 1.8 | -2.1 |
| 2015 | -2.0 | -5.3 | -4.6 | 93.2 | 102.5 | 103.4 | 3.3 | 2.0 | -2.3 |
| 2016 | -1.5 | -4.2 | -5.4 | 92.1 | 102.0 | 106.2 | 3.7 | 3.1 | -2.1 |
| 2017 | -1.0 | -3.1 | -4.4 | 89.6 | 101.2 | 104.5 | 3.6 | 2.8 | -1.9 |
| 2018 | -0.4 | -2.6 | -6.1 | 87.6 | 99.8 | 106.4 | 3.6 | 1.9 | -2.1 |
| 2019 | -0.5 | -3.1 | -6.7 | 85.6 | 97.7 | 107.7 | 3.0 | 2.1 | -2.1 |
| 2020 | -7.0 | -9.9 | -15.0 | 98.6 | 119.3 | 129.9 | 2.4 | 0.8 | -2.7 |
| 2021 | -5.1 | -6.7 | -11.8 | 95.7 | 115.7 | 125.1 | 3.6 | 0.8 | -3.7 |
| 2022 | -3.5 | -4.6 | -3.7 | 91.2 | 109.5 | 120.8 | 1.0 | 0.4 | -3.9 |
| 2023 | -3.5 | -3.5 | -7.6 | 88.9 | 105.1 | 122.7 | 2.6 | 2.7 | -3.3 |
| 2024 | -3.1 | -3.2 | -7.5 | 88.9 | 101.8 | 124.1 | 3.3 | 3.1 | -3.7 |
| 2025 | -3.2 | -2.8 | -6.7 | 89.9 | 100.9 | 125.4 | 3.0 | 2.7 | -3.6 |
| 2026 | -3.3 | -2.5 | -5.8 | 91.0 | 100.8 | 126.3 | 3.0 | 2.8 | -3.4 |

*Source: European Commission Forecasts, Spring 2025*

**Chart 17a.1 - Government deficit**

Percentage of GDP
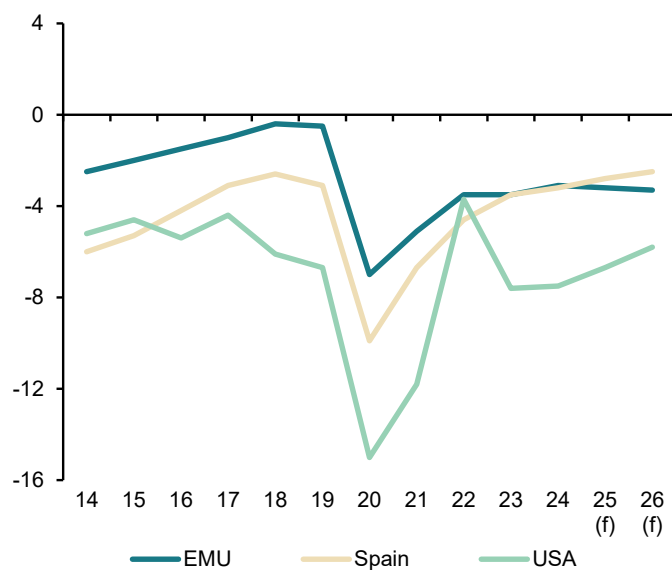


*(f) European Commission forecast.*

**Chart 17a.2 - Government gross debt**

Percentage of GDP
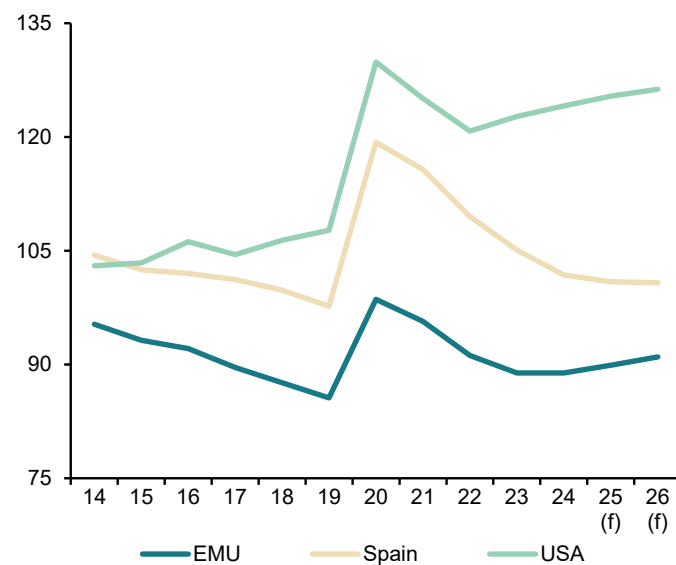


*(f) European Commission forecast.*

Table 17b

## Imbalances: International comparison (II)

| | Household debt (a) | | | Non-financial corporations debt (a) | | |
|---|---|---|---|---|---|---|
| | Spain | EMU | USA | Spain | EMU | USA |
| Billions of national currency | | | | | | |
| 2009 | 911.9 | 5,946.8 | 14,002.9 | 1,277.3 | 7,987.5 | 10,536.8 |
| 2010 | 908.2 | 6,089.7 | 13,770.5 | 1,276.7 | 8,078.2 | 10,405.9 |
| 2011 | 881.1 | 6,176.0 | 13,662.1 | 1,232.7 | 8,315.3 | 10,681.5 |
| 2012 | 843.4 | 6,168.1 | 13,553.4 | 1,106.2 | 8,444.5 | 11,264.4 |
| 2013 | 796.0 | 6,140.8 | 13,766.0 | 1,025.4 | 8,406.8 | 11,827.4 |
| 2014 | 759.9 | 6,152.0 | 13,866.2 | 1,009.1 | 8,531.3 | 12,654.7 |
| 2015 | 735.0 | 6,225.6 | 14,077.4 | 971.3 | 8,954.0 | 13,508.2 |
| 2016 | 719.8 | 6,338.5 | 14,486.8 | 968.1 | 9,162.1 | 14,184.9 |
| 2017 | 712.0 | 6,524.1 | 15,032.5 | 966.6 | 9,274.7 | 15,198.3 |
| 2018 | 710.5 | 6,698.9 | 15,499.0 | 935.3 | 9,481.3 | 16,195.6 |
| 2019 | 708.6 | 6,926.3 | 16,080.0 | 948.1 | 9,771.5 | 16,906.0 |
| 2020 | 701.7 | 7,099.9 | 16,615.7 | 1,014.7 | 10,258.2 | 18,500.7 |
| 2021 | 706.4 | 7,407.8 | 18,200.1 | 1,042.8 | 10,757.5 | 19,613.0 |
| 2022 | 706.9 | 7,684.9 | 19,362.5 | 1,004.9 | 11,020.9 | 20,635.1 |
| 2023 | 690.7 | 7,721.6 | 19,876.5 | 989.5 | 10,980.3 | 21,038.3 |
| 2024 | 695.6 | 7,811.6 | 20,200.7 | 1,010.7 | 11,085.8 | 21,556.7 |
| Percentage of GDP | | | | | | |
| 2009 | 85.0 | 63.4 | 96.7 | 119.0 | 85.2 | 72.8 |
| 2010 | 84.3 | 63.1 | 91.5 | 118.5 | 83.8 | 69.1 |
| 2011 | 82.4 | 62.2 | 87.6 | 115.3 | 83.8 | 68.5 |
| 2012 | 81.4 | 62.0 | 83.4 | 106.7 | 84.8 | 69.3 |
| 2013 | 77.6 | 61.1 | 81.5 | 100.0 | 83.6 | 70.1 |
| 2014 | 73.1 | 59.7 | 78.7 | 97.1 | 82.8 | 71.9 |
| 2015 | 67.6 | 58.4 | 76.9 | 89.4 | 84.0 | 73.8 |
| 2016 | 64.1 | 57.9 | 77.0 | 86.2 | 83.6 | 75.4 |
| 2017 | 60.9 | 57.4 | 76.6 | 82.7 | 81.6 | 77.5 |
| 2018 | 58.6 | 57.0 | 75.0 | 77.1 | 80.8 | 78.4 |
| 2019 | 56.5 | 57.1 | 74.7 | 75.6 | 80.5 | 78.5 |
| 2020 | 62.1 | 61.1 | 77.8 | 89.8 | 88.3 | 86.6 |
| 2021 | 57.2 | 58.7 | 76.9 | 84.4 | 85.3 | 82.8 |
| 2022 | 51.5 | 56.0 | 74.5 | 73.2 | 80.3 | 79.3 |
| 2023 | 46.1 | 52.9 | 71.7 | 66.1 | 75.2 | 75.9 |
| 2024 | 43.7 | 51.5 | 69.2 | 63.5 | 73.2 | 73.9 |

*(a) Loans and debt securities, consolidated.*

*Sources: Eurostat and Federal Reserve.*

**Chart 17b.1 - Household debt**

Percentage of GDP



Spain — EMU — USA
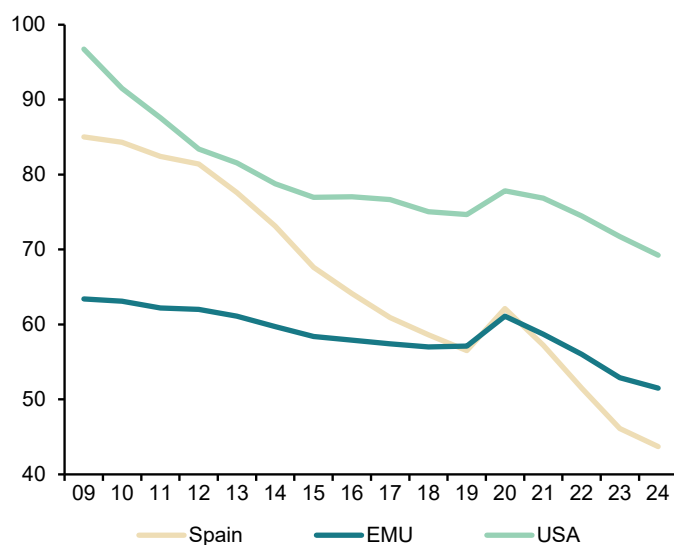
**Chart 17b.2 - Non-financial corporations consolidated debt**

Percentage of GDP



Spain — EMU — USA
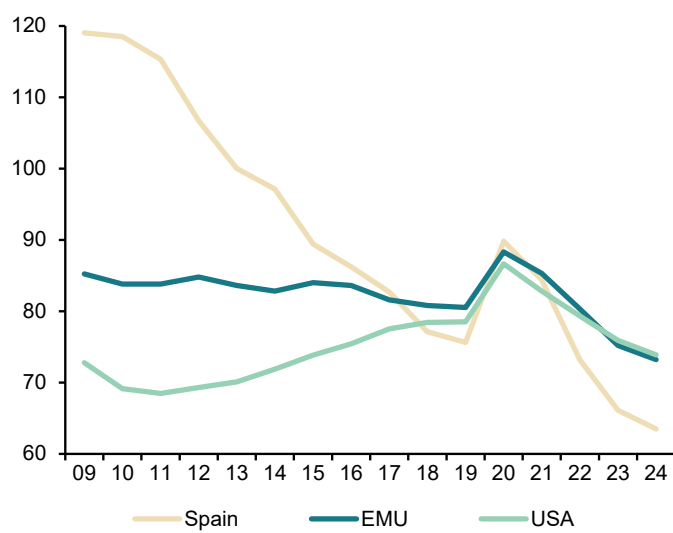
# 50 Financial System Indicators

Updated: September 15th, 2025

| Highlights | | |
|---|---|---|
| Indicator | Last value available | Corresponding to: |
| Bank lending to other resident sectors (monthly average % var.) | 1.8 | June 2025 |
| Other resident sectors' deposits in credit institutions (monthly average % var.) | 1.4 | June 2025 |
| Doubtful loans (monthly % var.) | -2.6 | June 2025 |
| Recourse to the Eurosystem L/T (Eurozone financial institutions. million euros) | 12,078 | June 2025 |
| Recourse to the Eurosystem L/T (Spanish financial institutions. million euros) | 7,859 | June 2025 |
| Recourse to the Eurosystem (Spanish financial institutions million euros) - Main refinancing operations | 76 | June 2025 |
| "Operating expenses/gross operating income" ratio (%) | 34.51 | March 2025 |
| "Customer deposits/employees" ratio (thousand euros) | 13,391.37 | March 2025 |
| "Customer deposits/branches" ratio (thousand euros) | 126,454.66 | March 2025 |
| "Branches/institutions" ratio | 93.5 | March 2025 |

## A. Money and Interest Rates

| Indicator | Source | Average 2001-2022 | 2023 | 2024 | 2025 August | 2025 15 September | Definition and calculation |
|---|---|---|---|---|---|---|---|
| 1. Monetary Supply (% chg.) | ECB | 5.5 | 0.1 | 3.4 | - | - | M3 aggregate change (non-stationary) |
| 2. Three-month interbank interest rate | Bank of Spain | 1.2 | 3.433 | 3.572 | 2.019 | 2.046 | Daily data average |
| 3. One-year Euribor interest rate (from 1994) | Bank of Spain | 1.4 | 3.868 | 3.274 | 2.114 | 2.172 | End-of-month data |
| 4. Ten-year Treasury bonds interest rate (from 1998) | Bank of Spain | 3.0 | 3.4 | 3.0 | 3.3 | 3.2 | Market interest rate (not exclusively between account holders) |
| 5. Corporate bonds average interest rate | Bank of Spain | 3.6 | - | - | - | - | End-of-month straight bonds average interest rate (> 2 years) in the AIAF market |

*Comment on "Money and Interest Rates": At its latest meeting on September 11th, the European Central Bank (ECB) decided to keep the three key interest rates unchanged. This marks the second pause after a series of consecutive rate cuts (up to eight). This decision, and the expectations surrounding it, were already largely priced into the interbank market. In the first half of September, the monthly average of the 12-month Euribor (the main reference for mortgages) increased slightly to 2.172% from August's rate of 2.114%. Similarly, the 3-month reference also saw a minor increase, rising to 2.046% in mid-September from 2.019% in August. The yield on the 10-year government bond decreased slightly from 3.3% in August to 3.2% in mid-September (provisional data as of September 15).*

## B. Financial Markets

| Indicator | Source | Average 2001-2022 | 2023 | 2024 | 2025 June | 2025 July | Definition and calculation |
|---|---|---|---|---|---|---|---|
| 6. Outright spot treasury bills transactions trade ratio | Bank of Spain | 34.9 | 26.91 | 18.1 | 8.00 | 9.05 | (Traded amount/outstanding balance) x100 in the market (not exclusively between account holders) |
| 7. Outright spot government bonds transactions trade ratio | Bank of Spain | 22.1 | 12.01 | 11.9 | 1.93 | 1.84 | (Traded amount/outstanding balance) x100 in the market (not exclusively between account holders) |
| 8. Outright forward treasury bills transactions trade ratio | Bank of Spain | 0.36 | 0.48 | 0.24 | - | 0.00 | (Traded amount/outstanding balance) x100 in the market (not exclusively between account holders) |
| 9. Outright forward government bonds transactions trade ratio | Bank of Spain | 0.58 | 0.25 | 0.27 | 0.36 | 0.23 | (Traded amount/outstanding balance) in the market (not exclusively between account holders) |
| 10. Three-month maturity treasury bills interest rate | Bank of Spain | 0.29 | 3.15 | 3.16 | 1.89 | 1.91 | Outright transactions in the market (not exclusively between account holders) |
| 11. Ten-year maturity treasury bonds interest rate | BE | 3.09 | 3.55 | 3.1 | 3.21 | 3.30 | Average rate in 10-year bond auctions |
| 12. Madrid Stock Exchange Capitalization (monthly average % chg.) | Bank of Spain and Madrid Stock Exchange | 0.04 | 1.1 | 1.1 | -1.52 | 2.94 | Change in the total number of resident companies |
| 13. Stock market trading volume. Stock trading volume (monthly average % var.) | Bank of Spain and Madrid Stock Exchange | 2.3 | 0.2 | -0.2 | 4.58 | 9.38 | Stock market trading volume. Stock trading volume: change in total trading volume |
| 14. Madrid Stock Exchange general index (Dec1985=100) | Bank of Spain and Madrid Stock Exchange | 973.3 | 927.57 | 1,137.34 | 1,482.76 (b) | 1,527.33 (a) | Base 1985=100 |
| 15. Ibex-35 (Dec1989=3000) | Bank of Spain and Madrid Stock Exchange | 9,474.8 | 9,347.05 | 11,595.0 | 14,935.80 (b) | 15,395.10 (a) | Base dec1989=3000 |
| 16. Nasdaq Index | NASDAQ | 4,754.6 | 12,970.61 | 19,310.79 | 21,455.55 (b) | 22,348.75 (a) | Nasdaq composite index |
| 17. Madrid Stock Exchange PER ratio (share value/profitability) | Bank of Spain and Madrid Stock Exchange | 15.6 | 27.5 | 14.4 | 16.3 (b) | 16.6 (a) | Madrid Stock Exchange Ratio "share value/ capital profitability" |

## B. Financial Markets (continued)

| Indicator | Source | Average 2001-2022 | 2023 | 2024 | 2025 June | 2025 July | Definition and calculation |
|---|---|---|---|---|---|---|---|
| 18. Short-term private debt. Outstanding amounts (%chg.) | BE | 1.1 | 8.0 | 2.8 | 2.95 | -1.67 | Change in the outstanding short-term debt of non-financial firms |
| 19. Short-term private debt. Outstanding amounts | BE | 0.7 | -5.7 | -0.1 | 0.32 | 1.24 | Change in the outstanding long-term debt of non-financial firms |
| 20. IBEX-35 financial futures concluded transactions (% chg.) | Bank of Spain | 0.3 | 34.5 | -3.5 | -6.94 | -0.95 | IBEX-35 shares concluded transactions |
| 21. IBEX-35 financial options concluded transactions (% chg.) | Bank of Spain | 16.0 | 41.8 | 4.2 | -5.55 | -9.24 | IBEX-35 shares concluded transactions |

*(a) Last data published: September 15th 2025; (b) Last data published: August 31st 2025.*

*Comment on "Financial Markets": In the first half of September, Spanish stock market indices recovered from the slight dips experienced at the end of August. The IBEX-35 once again crossed the 15,000-point threshold to close at 15,395.10 points. The Madrid Stock Exchange General Index stood at 1,527.33 points.*

*Meanwhile, in July (the latest available data), the trading ratio for simple spot transactions with Treasury bills increased to 9.05%. The trading ratio for simple transactions with government bonds decreased from the previous month, falling to 1.84%. Futures transactions on the IBEX-35 shares decreased by 0.95%, while financial options on the same index fell by 9.24% compared to the previous month.*

## C. Financial Saving and Debt

| Indicator | Source | Average 2008-2021 | 2022 | 2023 | 2024 Q4 | 2025 Q1 | Definition and calculation |
|---|---|---|---|---|---|---|---|
| 22. Net Financial Savings/GDP (National Economy) | Bank of Spain | -0.7 | 1.5 | 4.1 | 5.0 | 4.9 | Difference between financial assets and financial liabilities flows over GDP |
| 23. Net Financial Savings/GDP (Households and non-profit institutions) | Bank of Spain | 2.2 | 0.9 | 2.7 | 4.7 | 4.2 | Difference between financial assets and financial liabilities flows over GDP |
| 24. Debt in securities (other than shares) and loans/GDP (National Economy) | Bank of Spain | 278.8 | 278.1 | 253.6 | 250.2 | 249.1 | Public debt. Non-financial company. household and non-profit institutions debt over GDP |
| 25. Debt in securities (other than shares) and loans/GDP (Households and non-profit institutions) | Bank of Spain | 62.7 | 53.0 | 46.1 | 43.8 | 43.5 | Household and non-profit institutions debt over GDP |
| 26. Households and non-profit institutions balance: financial assets (quarterly average % chg.) | Bank of Spain | 1.0 | 2.8 | 2.9 | 2.1 | 1.9 | Total assets percentage change (financial balance) |
| 27. Households and non-profit institutions balance: financial liabilities (quarterly average % chg.) | Bank of Spain | -0.8 | 0.4 | 0.1 | 1.2 | 0.4 | Total liabilities percentage change (financial balance) |

*Comment on "Financial Savings and Debt": In the first quarter of 2025, financial savings across the economy stood at 4.9% of GDP. In the household sector, the financial savings rate reached 4.2% of GDP. It is also worth noting that household financial debt decreased to 43.5% of GDP.*

## D. Credit institutions. Business Development

| Indicator | Source | Average 2001-2022 | 2023 | 2024 | 2025 May | 2025 June | Definition and calculation |
|---|---|---|---|---|---|---|---|
| 28. Bank lending to other resident sectors (monthly average % var.) | Bank of Spain | 4.9 | -0.2 | 0.09 | 0.2 | 1.8 | Lending to the private sector percentage change for the sum of banks. savings banks and credit unions. |
| 29. Other resident sectors' deposits in credit institutions (monthly average % var.) | Bank of Spain | 6.0 | -0.5 | 0.39 | 1.2 | 1.4 | Deposits percentage change for the sum of banks. savings banks and credit unions. |
| 30. Debt securities (monthly average % var.) | Bank of Spain | 8.3 | 0.1 | 0.72 | 0.6 | 0.01 | Asset-side debt securities percentage change for the sum of banks. savings banks and credit unions. |
| 31. Shares and equity (monthly average % var.) | Bank of Spain | 7.5 | 0.4 | 0.25 | -0.5 | -1.9 | Asset-side equity and shares percentage change for the sum of banks. savings banks and credit unions. |
| 32. Credit institutions. Net position (difference between assets from credit institutions and liabilities with credit institutions) (% of total assets) | Bank of Spain | -1.9 | 5.9 | 7.24 | 5.9 | 5.9 | Difference between the asset-side and liability-side "Credit System" item as a proxy of the net position in the interbank market (month-end). |
| 33. Doubtful loans (monthly average % var.) | Bank of Spain | -0.4 | -0.2 | -0.65 | -1.9 | -2.6 | Doubtful loans. Percentage change for the sum of banks. savings banks and credit unions. |
| 34. Assets sold under repurchase (monthly average % var.) | Bank of Spain | 2.1 | 1.9 | 3.65 | -8.6 | 6.1 | Liability-side assets sold under repurchase. Percentage change for the sum of banks. savings banks and credit unions. |
| 35. Equity capital (monthly average % var.) | Bank of Spain | 6.3 | 0.5 | 0.36 | 0.01 | 1.1 | Equity percentage change for the sum of banks. savings banks and credit unions. |

*Comment on "Credit institutions. Business Development:  In June, the most recent month for which data is available, a 1.8% increase in credit to the private sector was observed. Deposits rose by 1.4%. Fixed-income securities saw their share of the balance sheet increase by 0.01%, while stocks and equity holdings decreased by 1.9%. Additionally, in June, the volume of non-performing loans dropped by 2.6% compared to the previous month.*

## E. Credit institutions. Market Structure and Eurosystem Refinancing

| Indicator | Source | Average 2000-2021 | 2022 | 2023 | 2024 December | 2025 March | Definition and calculation |
|---|---|---|---|---|---|---|---|
| 36. Number of Spanish credit institutions | Bank of Spain | 169 | 110 | 109 | 108 | 108 | Total number of banks. savings banks and credit unions operating in Spanish territory |
| 37. Number of foreign credit institutions operating in Spain | Bank of Spain | 76 | 80 | 76 | 76 | 77 | Total number of foreign credit institutions operating in Spanish territory |
| 38. Number of employees | Bank of Spain | 223,803 | 164,101 | 161,640 | 163,496 | 163,496 (a) | Total number of employees in the banking sector |
| 39. Number of branches | Bank of Spain | 35,453 | 17,648 | 17,603 | 17,379 | 17,314 | Total number of branches in the banking sector |
| 40. Recourse to the Eurosystem: long term (total Eurozone financial institutions) (Euro millions) | Bank of Spain | 531,032 | 1,638,831 | 457,994 | 30,806 | 12,078 (b) | Open market operations and ECB standing facilities. Eurozone total |
| 41. Recourse to the Eurosystem: long term (total Spanish financial institutions) (Euro millions) | Bank of Spain | 99,642 | 192,970 | 27,860 | 8,217 | 7,859 (b) | Open market operations and ECB standing facilities. Spain total |
| 42. Recourse to the Eurosystem (total Spanish financial institutions): main refinancing operations (Euro millions) | Bank of Spain | 22,501 | 5 | 297 | 6 | 76 (b) | Open market operations: main long term refinancing operations. Spain total |

*(a) Last data published: December 2024.*

*(b) Last data published: August 31st 2025.*

*Comment on "Credit institutions. Market Structure and Eurosystem Refinancing": In August 2025, Spanish financial institutions' net recourse to the Eurosystem's long-term programs stood at 12,078 million euros.*

*MEMO ITEM: Since January 2015, the European Central Bank has also been reporting the amounts of its various asset purchase programmes. In August 2025, their value stood at 516,036 billion euros in Spain and 3.9 trillion euros across the euro area.*

## F. Credit institutions. Efficiency and Productivity, Risk and Profitability

| Indicator | Source | Average 2000-2021 | 2022 | 2023 | 2024 Q4 | 2025 Q1 | Definition and calculation |
|---|---|---|---|---|---|---|---|
| 43. "Operating expenses/gross operating income" ratio | Bank of Spain | 47.55 | 46.99 | 39.33 | 41.16 | 34.51 | Operational efficiency indicator. Numerator and denominator are obtained directly from credit institutions´ P&L accounts |
| 44. "Customer deposits/ employees" ratio (euro thousands) | Bank of Spain | 4,739.84 | 12,610.21 | 12,992.81 | 13,282.69 | 13,391.37 | Productivity indicator (business by employee) |
| 45. "Customer deposits/ branches" ratio (euro thousands) | Bank of Spain | 33,357.11 | 117,256.85 | 116,854.11 | 123,540.71 | 126,454.66 | Productivity indicator (business by branch) |

F. Credit institutions. Efficiency and Productivity, Risk and Profitability (continued)

| Indicator | Source | Average 2000-2021 | 2022 | 2023 | 2024 Q4 | 2025 Q1 | Definition and calculation |
|---|---|---|---|---|---|---|---|
| 46. "Branches/institutions" ratio | Bank of Spain | 174.86 | 92.88 | 95.15 | 94.4 | 93.5 | Network expansion indicator |
| 47. "Employees/branches" ratio | Bank of Spain | 6.25 | 9.3 | 8.9 | 9.3 | 9.4 | Branch size indicator |
| 48. "Equity capital" (monthly average % var.) | Bank of Spain | -0.03 | 1.3 | 1.6 | 1.8 | 2.7 | Credit institutions equity capital variation indicator |
| 49. ROA | Bank of Spain | 0.41 | 0.7 | 1.0 | 1.3 | 1.4 | Profitability indicator. Defined as the "pre-tax profit/average total assets" |
| 50. ROE | Bank of Spain | 5.32 | 9.8 | 12.3 | 15.7 | 16.5 | Profitability indicator. Defined as the "pre-tax profit/equity capital" |

*Comment on "Credit institutions. Efficiency and Productivity. Risk and Profitability": In the first quarter of 2025, the profitability of the Spanish banking sector increased compared to the previous quarter. The return on equity (ROE) reached 16.5%.*

# Social Indicators

Table 1

## Population

| | Total population | Average age | 67 and older (%) | Life expectancy at birth (men) | Life expectancy at birth (men) | Life expectancy at 65 (men) | Life expectancy at 65 (women) | Dependency rate (67 or older) | Dependency rate | Foreign population (%) | Foreign-born population (%) | Foreign-born with Spanish nationality (% over total foreign born) | Immigration | Emigration |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Population | | | | | |
| 2013 | 46,712,650 | 41.8 | 15.7 | 79.9 | 85.5 | 18.9 | 22.8 | 23.0 | 46.6 | 10.8 | 13.2 | 24.7 | 280,772 | 532,303 |
| 2014 | 46,495,744 | 42.2 | 16.0 | 80.1 | 85.6 | 19.0 | 22.9 | 23.6 | 47.3 | 10.1 | 12.8 | 28.7 | 305,454 | 400,430 |
| 2015 | 46,425,722 | 42.5 | 16.3 | 79.9 | 85.4 | 18.8 | 22.6 | 24.1 | 47.9 | 9.6 | 12.7 | 31.8 | 342,114 | 343,875 |
| 2016 | 46,418,884 | 42.7 | 16.6 | 80.3 | 85.8 | 19.1 | 23.0 | 24.7 | 48.5 | 9.5 | 12.7 | 33.0 | 414,746 | 327,325 |
| 2017 | 46,497,393 | 43.0 | 16.9 | 80.3 | 85.7 | 19.1 | 23.0 | 25.1 | 48.9 | 9.5 | 12.9 | 34.4 | 532,132 | 368,860 |
| 2018 | 46,645,070 | 43.2 | 17.0 | 80.4 | 85.8 | 19.2 | 23.0 | 25.4 | 49.0 | 9.8 | 13.3 | 34.2 | 643,684 | 309,526 |
| 2019 | 46,918,951 | 43.4 | 17.2 | 80.8 | 86.2 | 19.4 | 23.4 | 25.5 | 48.9 | 10.3 | 14.0 | 33.8 | 750,480 | 296,248 |
| 2020 | 47,318,050 | 43.6 | 17.3 | 79.5 | 85.0 | 18.3 | 22.3 | 25.8 | 48.8 | 11.1 | 14.8 | 32.9 | 467,918 | 248,561 |
| 2021 | 47,400,798 | 43.8 | 17.5 | 80.2 | 85.8 | 18.9 | 23.1 | 26.0 | 48.5 | 11.4 | 15.3 | 33.1 | 887,960[b] | 696,866[b] |
| 2022 | 47,486,727 | 44.1 | 17.7 | 80.4 | 85.7 | 19.1 | 23.0 | 26.3 | 48.5 | 11.6 | 15.7 | 33.6 | 1,258,894 | 531,889 |
| 2023 | 48,085,361 | 44.2 | 17.8 | 81.1 | 86.3 | 19.7 | 23.5 | 26.4 | 48.1 | 12.7 | 17.1 | 32.2 | 1,250,991 | 608,695 |
| 2024 | 48,619,695 | | 18.0 | | | | | 26.6 | 47.8 | 13.4 | 18.2 | 32.1 | | |
| 2025** | 49,093,546 | | 18.3 | | | | | 27.0 | 47.5 | 14.0 | 19.1 | | | |
| Sources | ECP | IDB | ECP | IDB | IDB | IDB | IDB | ECP | ECP | ECP | ECP | ECP | EMCR and EM* | EMCR and EM* |

*Dependency rate (67 or older): (population aged 67 or older / population aged 16 to 66) x 100.*

*Dependency rate: ((population from 0 to 15 years + population from 67 years or older) / population from 16 to 66) x 100.*

*ECP: Estadística continua de población.*

*IDB: Indicadores demográficos básicos.*

*EM: Estadística de migraciones.*

*EMCR: Estadística de migraciones y cambios de residencia.*

*\* Estadística de migraciones y cambios de residencia (2021 onwards), Estadística de migraciones (up to 2020). Series not comparable.*

*b: Break in the series.*

*\*\* Provisional.*

Table 2

## Households and families

| | Households (thousands) | Average household size | Households with one person younger than 65 (%) | Households with one person older than 65 (%) | Single-parent households (%) | Emancipation rate 25-29 yeard old (%) |
|---|---|---|---|---|---|---|
| | Households | | | | | |
| 2013 | 18,212 | 2.54 | 13.9 | 10.3 | 8.1 | 50.8 |
| 2014 | 18,329 | 2.52 | 14.2 | 10.6 | 8.2 | 50.4 |
| 2015 | 18,376 | 2.51 | 14.6 | 10.7 | 8.2 | 48.2 |
| 2016 | 18,444 | 2.50 | 14.6 | 10.9 | 8.3 | 47.2 |
| 2017 | 18,513 | 2.49 | 14.2 | 11.4 | 8.6 | 46.1 |
| 2018 | 18,581 | 2.49 | 14.3 | 11.5 | 8.3 | 46.1 |
| 2019 | 18,697 | 2.49 | 14.9 | 11.2 | 9.0 | 45.9 |
| 2020 | 18,794 | 2.49 | 15.0 | 11.4 | 9.1 | 43.2 |
| 2021 | 18,746 | 2.51 | 15.6 | 11.0 | 9.0 | 37.9 |
| 2022 | 19,078 | 2.49 | 15.4 | 11.7 | 8.8 | 40.4 |
| 2023 | 19,369 | 2.48 | 16.4 | 12.0 | 8.4 | 42.5 |
| 2024 | 19,537 | 2.48 | 16.3 | 11.9 | 9.5 | 42.3 |
| 2025* | 19,708 | 2.48 | | | | 43.6 |
| Sources | EPA | EPA | EPF | EPF | EPF | EPA |

*\* First and second quarter data.*

*EPA: Encuesta de Población Activa.*

*EPF: Encuesta de Presupuestos Familiares.*

*Note: The EPA data from 2021 onwards are calculated using a new population base. The EPF data in 2023 are not strictly comparable with previous ones, as they are based on new population estimates.*

*Single-parent households (%): One adult with a child /children.*

*Emancipation rate 25-29 yeard old (%): Percentage of persons (25-29 years old) living in households in which they are not children of the reference person.*

Table 2 (Continued)

## Households and families

| | Nuptiality and divorces | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Marriages per inhabitant | Marriages per inhabitant (Spanish) | Marriages per inhabitant (foreigners) | First marriages over total marriages (%) | Mean age at first marriage, men | Mean age at first marriage, women | Same sex marriages, men (%) | Same sex marriages, women (%) | Mixed marriages (%) | Divorces per inhabitant |
| 2013 | 0.46 | 0.49 | 0.34 | 84.3 | 34.3 | 32.2 | 1.05 | 0.91 | 15.0 | 0.28 |
| 2014 | 0.49 | 0.52 | 0.34 | 84.3 | 34.4 | 32.3 | 1.03 | 0.98 | 13.7 | 0.29 |
| 2015 | 0.52 | 0.55 | 0.34 | 83.7 | 34.8 | 32.7 | 1.14 | 1.07 | 13.1 | 0.28 |
| 2016 | 0.54 | 0.58 | 0.37 | 83.1 | 35.1 | 32.9 | 1.25 | 1.22 | 13.2 | 0.28 |
| 2017 | 0.55 | 0.58 | 0.38 | 82.4 | 35.3 | 33.2 | 1.34 | 1.33 | 14.0 | 0.29 |
| 2018 | 0.53 | 0.57 | 0.36 | 81.5 | 35.6 | 33.4 | 1.41 | 1.50 | 14.2 | 0.28 |
| 2019 | 0.53 | 0.57 | 0.37 | 80.5 | 36.0 | 33.9 | 1.50 | 1.59 | 15.1 | 0.27 |
| 2020 | 0.28 | 0.30 | 0.22 | 76.6 | 37.1 | 34.9 | 1.66 | 1.86 | 17.3 | 0.23 |
| 2021 | 0.47 | 0.52 | 0.30 | 80.4 | 36.8 | 34.6 | 1.48 | 1.93 | 14.8 | 0.25 |
| 2022 | 0.58 | 0.63 | 0.37 | 81.4 | 36.7 | 34.6 | 1.59 | 1.89 | 15.3 | 0.24 |
| 2023 | 0.55 | 0.60 | 0.35 | 81.5 | 36.9 | 35.7 | 1.84 | 2.09 | 16.7 | 0.22 |
| Sources | IDB | IDB | IDB | IDB | IDB | IDB | MNP | MNP | MNP | IDB |

*IDB: Indicadores demográficos básicos.*

*MNP: INE, Movimiento natural de la población.*

*Marriages per inhabitant: Average number of times an individual would marry in his or her lifetime, if the same age-specific nuptiality intensity were to be maintained as observed in the current year.*

*Mixed marriage: Marriage of a Spaniard to a foreigner.*

*Divorces per inhabitant: Average number of times an individual would divorce in his or her lifetime, if the same intensity of divorce by age as observed in the current year were to be maintained.*

| | Fertility | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Median age at first child, Spanish women | Median age at first child, foreign women | Total fertility rate | Total fertility rate, Spanish | Total fertility rate, foreigners | Births to single mothers (%) | Births to single mothers, Spanish (%) | Births to single mothers, foreigners (%) | Abortion rate | Abortion by Spanish-born women (%) |
| 2013 | 31.0 | 27.3 | 1.27 | 1.23 | 1.52 | 40.9 | 41.0 | 40.2 | 11.7 | 62.2 |
| 2014 | 31.1 | 27.5 | 1.32 | 1.27 | 1.61 | 42.5 | 43.1 | 39.7 | 10.5 | 63.3 |
| 2015 | 31.2 | 27.6 | 1.33 | 1.28 | 1.65 | 44.5 | 45.5 | 39.6 | 10.4 | 63.9 |
| 2016 | 31.3 | 27.6 | 1.33 | 1.28 | 1.71 | 45.9 | 47.0 | 40.7 | 10.4 | 64.5 |
| 2017 | 31.5 | 27.6 | 1.31 | 1.25 | 1.70 | 46.8 | 48.1 | 41.1 | 10.5 | 64.6 |
| 2018 | 31.6 | 27.8 | 1.26 | 1.20 | 1.64 | 47.3 | 48.9 | 41.2 | 11.1 | 63.7 |
| 2019 | 31.7 | 28.1 | 1.23 | 1.17 | 1.58 | 48.4 | 50.1 | 42.4 | 11.5 | 62.6 |
| 2020 | 31.8 | 28.3 | 1.18 | 1.13 | 1.45 | 47.6 | 50.0 | 39.3 | 10.3 | 64.1 |
| 2021 | 32.1 | 28.8 | 1.18 | 1.15 | 1.35 | 49.3 | 52.0 | 39.2 | 10.7 | 65.1 |
| 2022 | 32.2 | 28.5 | 1.16 | 1.12 | 1.35 | 50.1 | 53.1 | 40.3 | 11.7 | 66.7 |
| 2023 | 32.2 | 28.5 | 1.12 | 1.09 | 1.28 | 50.0 | 52.7 | 41.5 | 12.2 | 63.1 |
| Sources | IDB | IDB | IDB | IDB | IDB | IDB | IDB | IDB | MS | MS |

*IDB: Indicadores demográficos básicos.*

*MS: Ministerio de Sanidad.*

*Total fertility rate: Average number of children a woman would have during her childbearing life if she were to maintain the same age-specific fertility intensity as observed in the current year.*

Table 3

# Education

| | Population 25 years and older with primary education (%) | Population 16 years and older with with tertiary education (%) | Population 25-34 with primary education (%) | Population 25-34 with tertiary education (%) | Gross enrolment ratio in pre-primary education, first cycle | Gross enrolment rate in Upper Secondary | Gross enrolment rate in lower vocational training | Gross enrolment rate in upper vocational training | Gross enrolment rate in undergraduate or posgraduate studies | Graduation rate in 4-year university degrees (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| 2013 | 28.6 | 28.2 | 7.6 | 41.1 | 31.9 | 81.3 | 39.1 | 37.1 | 46.5 | 48.6 |
| 2014 | 26.3 | 29.0 | 6.8 | 41.5 | 33.0 | 81.5 | 41.0 | 40.6 | 47.6 | 50.2 |
| 2015 | 25.2 | 29.3 | 7.3 | 41.0 | 34.2 | 80.7 | 41.5 | 41.7 | 47.4 | 51.8 |
| 2016 | 24.2 | 29.8 | 7.2 | 41.0 | 35.1 | 80.2 | 40.3 | 41.0 | 47.4 | 52.8 |
| 2017 | 23.2 | 30.4 | 6.7 | 42.6 | 36.7 | 76.9 | 38.5 | 43.6 | 47.7 | 53.4 |
| 2018 | 22.3 | 31.1 | 6.3 | 44.3 | 38.5 | 74.3 | 37.8 | 45.1 | 47.6 | 54.8 |
| 2019 | 20.9 | 32.3 | 5.8 | 46.5 | 39.9 | 72.5 | 38.1 | 44.9 | 47.1 | |
| 2020 | 19.2 | 33.4 | 5.5 | 47.4 | 41.3 | 71.0 | 38.8 | 47.3 | 46.7 | |
| 2021 | 18.4 | 34.1 | 5.6 | 48.5 | 36.0 | 70.4 | 41.1 | 53.6 | 47.6 | |
| 2022 | 18.0 | 34.4 | 5.6 | 50.2 | 42.0 | 69.5 | 42.3 | 54.6 | 47.3 | |
| 2023 | 17.8 | 34.9 | 5.3 | 52.0 | 46.0 | 67.1 | 42.6 | 55.4 | 46.1 | |
| 2024 | 17.0 | 35.4 | 5.0 | 52.6 | 47.9 | 65.8 | 43.4 | 57.3 | 45.7 | |
| 2025* | 16.8 | 35.8 | 4.7 | 52.3 | | | | | | |
| Sources | EPA | EPA | EPA | EPA | MEFPD and ECP | MEFPD and ECP | MEFPD and ECP | MEFPD and ECP | MU | MU |

| | Drop-out rate in undergraduate studies (percentage) | Early school leavers from education and training (%) | Public expenditure (% GDP) | Private expenditure (% GDP) | Private expenditure (% total expenditure in education) |
|---|---|---|---|---|---|
| 2013 | 33.9 | 23.6 | 4.38 | 1.42 | 25.1 |
| 2014 | 33.2 | 21.9 | 4.31 | 1.41 | 25.5 |
| 2015 | 33.2 | 20.0 | 4.29 | 1.37 | 24.5 |
| 2016 | 33.2 | 19.0 | 4.24 | 1.35 | 24.7 |
| 2017 | 31.7 | 18.3 | 4.22 | 1.31 | 24.1 |
| 2018 | 31.4 | 17.9 | 4.18 | 1.34 | 24.1 |
| 2019 | | 17.3 | 4.24 | 1.32 | 23.7 |
| 2020 | | 16.0 | 4.89 | 1.45 | 24.2 |
| 2021 | | 13.3 | 4.84 | 1.29 | 23.7 |
| 2022 | | 13.9 | 4.62 | | 22.7 |
| 2023 | | 13.7 | 4.53 | | 20.4 |
| 2024 | | 13.0 | | | |
| Sources | MU | MEFPD | MEFPD | OECD | OECD |

*First and second quarter data.*

*Note: The LFS data from 2021 onwards are calculated using a new population base.*

*LFS: Labour Force Survey.*

*MEFPD: Ministerio de Educación, Formación Profesional y Deportes.*

*ECP: Estadística continua de población.*

*MU: Ministerio de Universidades.*

*OECD: Organisation for Economic Co-operation and Development.*

*Gross enrolment rate in pre-primary education, first cycle: Enrolled in early childhood education as a percentage of the population aged 0 to 2 years.*

*Gross enrolment rate in Upper Secondary Education (General) enrolment in Bachillerato a percentage of the population aged 16 to 17.*

*Gross enrolment rate in Upper Secondary Education (vocational): enrolment in Ciclos Formativos de Grado Medio as a percentage of the population aged 16 to 17.*

*Gross enrolment rate in Tertiary Education (vocational): enrolment in Ciclos Formativos de Grado Superior as a percentage of the population aged 18 to 19.*

*Gross enrolment rate in undergraduate or posgraduate studies: Enrolled in official Bachelor's or Master's degrees as a percentage of the population aged 18 to 24.*

*Graduation rate in 4-year university degrees: Percentage of students who complete the degree in the theoretical time foreseen or in one additional academic year.*

*Drop-out rate in undergraduate studies: New entrants in an academic year who quit studying in one of the following 3 years.*

*Early school leavers from education and training: Percentage of the population aged 18-24 who have not completed Upper Secondary Education and are not in any form of education and training.*

Table 4

## Inequality and poverty

| | Gini index of equivalised disposable income | At-risk-of-poverty rate (%) | At-risk-of-poverty rate, 2008 fixed threshold (%) | Severe material deprivation (%) |
|---|---|---|---|---|
| 2013 | 34.7 | 22.2 | 30.9 | 6.2 |
| 2014 | 34.6 | 22.1 | 29.9 | 7.1 |
| 2015 | 34.5 | 22.3 | 29.2 | 6.4 |
| 2016 | 34.1 | 21.6 | 26.5 | 5.8 |
| 2017 | 33.2 | 21.5 | 25.5 | 5.1 |
| 2018 | 33.0 | 20.7 | 24.9 | 5.4 |
| 2019 | 32.1 | 21.0 | 21.8 | 4.7 |
| 2020 | 33.0 | 21.7 | 22.8 | 7.0 |
| 2021 | 32.0 | 20.4 | 20.5 | 7.3 |
| 2022 | 31.5 | 20.2 | 20.1 | 8.1 |
| 2023 | 31.2 | 19.7 | 18.7 | 8.9 |
| 2024 | | | | 8.4 |
| Sources | ECV | ECV | ECV | ECV |

ECV: Encuesta de Condiciones de Vida.

Gini index of equivalised disposable income: The extent to which the distribution of equivalised disposable income (net income divided by unit of consumption; modified OECD scale) deviates from a distribution of perfect equity (all individuals obtain the same income).

At-risk-of-poverty rate: Population below the poverty line. Poverty threshold: 60% of median equivalised disposable income (annual net income per unit of consumption; modified OECD scale) in each year.

At-risk-of-poverty rate, 2008 fixed threshold: Population below the poverty line. Poverty threshold: 60% of median equivalised disposable income (annual net income per unit of consumption; modified OECD scale). In this case, the threshold used is always that of 2008.

Severe material deprivation: People with material deprivation in at least 4 items (Europe 2020 strategy).

Table 5

## Social protection: Benefits

| | Contributory benefits | | | | | | | | | Non-contributory benefits | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Public expenditure on minimum income benefits (% GDP) | Expenditure on social protection, cash benefits (% GDP) | Permanent disability, pensions | Permanent disability, average amount (€) | Retirement, pensions | Retirement, average amount (€) | Widowhood, pensions | Widowhood, average amount (€) | Unemployment | Unemployment | Disability | Retirement |
| 2013 | 0.15 | 18.2 | 935,220 | 908 | 5,451,465 | 979 | 2,336,240 | 618 | | | 195,478 | 250,815 |
| 2014 | 0.15 | 17.8 | 929,484 | 916 | 5,558,964 | 1,000 | 2,348,388 | 624 | | | 197,303 | 252,328 |
| 2015 | 0.16 | 17.0 | 931,668 | 923 | 5,641,908 | 1,021 | 2,353,257 | 631 | 838,392 | 1,102,529 | 198,891 | 253,838 |
| 2016 | 0.14 | 16.9 | 938,344 | 930 | 5,731,952 | 1,043 | 2,358,666 | 638 | 763,697 | 997,192 | 199,762 | 254,741 |
| 2017 | 0.14 | 16.6 | 947,130 | 936 | 5,826,123 | 1,063 | 2,360,395 | 646 | 726,575 | 902,193 | 199,120 | 256,187 |
| 2018 | 0.14 | 16.8 | 951,838 | 946 | 5,929,471 | 1,091 | 2,359,931 | 664 | 751,172 | 853,437 | 196,375 | 256,842 |
| 2019 | 0.14 | 17.3 | 957,500 | 975 | 6,038,326 | 1,138 | 2,361,620 | 712 | 807,614 | 912,384 | 193,122 | 259,570 |
| 2020 | 0.21 | 21.9 | 952,704 | 985 | 6,094,447 | 1,162 | 2,352,680 | 725 | 1,828,489 | 1,017,429 | 188,670 | 261,325 |
| 2021 | 0.33 | 20.1 | 949,765 | 994 | 6,165,349 | 1,190 | 2,353,987 | 740 | 922,856 | 969,412 | 184,378 | 262,177 |
| 2022 | 0.35 | 18.4 | 951,067 | 1,035 | 6,253,797 | 1,254 | 2,351,703 | 778 | 773,227 | 882,585 | 179,967 | 265,831 |
| 2023 | 0.42 | 18.5 | 945,963 | 1,119 | 6,367,671 | 1,375 | 2,351,851 | 852 | 801,091 | 875,969 | 175,792 | 272,188 |
| 2024 | | | 965,412 | 1,163 | 6,484,984 | 1,443 | 2,351,531 | 896 | 840,127 | 869,316 | 171,353 | 282,403 |
| 2025* | | | 1,017,177 | 1,207 | 6,577,042 | 1,504 | 2,348,072 | 934 | 856,878 | 915,497 | 168,658 | 291,614 |
| Sources | MTES | Eurostat | MTES | MTES | MTES | MTES | MTES | MTES | MTES | MTES | MTES | MTES |

MTES: Ministerio de Trabajo y Economía Social.

* January-August data, but for unemployment benefits (January-July).

Expenditure on social protection, cash benefits: Includes benefits for: sickness or disability, old age, survivors, family and children, unemployment, housing, social exclusion and other expenses.

Public expenditure on minimum income benefits: Minimum insertion wage and migrants' allowances and other benefits. Since 2020 it includes "IMV" minimum income benefits.

Table 6

# Health

| | Public expenditure (% GDP) | Private expenditure (% GDP) | Private expenditure (% total expenditure) | Primary care doctors per 1,000 people asigned | Primary care nurses per 1,000 people asigned | Medical specialists per 1,000 inhabitants | Specialist nurses per 1,000 inhabitants | Patients waiting for a first consultation in specialised care per 1,000 inhabitants* | Average waiting time for a first consultation specialised care (days)* | Patients waiting for a non-urgent surgical intervention per 1,000 inhabitants* | Average waiting time for non-urgent surgery (days)* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2013 | 6.2 | 2.7 | 29.9 | 0.76 | 0.65 | 1.78 | 3.04 | 39.0 | 67 | 12.3 | 98.0 |
| 2014 | 6.1 | 2.8 | 30.7 | 0.76 | 0.65 | 1.81 | 3.14 | 39.4 | 65 | 11.4 | 87.0 |
| 2015 | 6.1 | 2.7 | 29.7 | 0.76 | 0.64 | 1.85 | 3.19 | 43.4 | 58 | 12.2 | 89.0 |
| 2016 | 6.0 | 2.7 | 29.5 | 0.76 | 0.65 | 1.90 | 3.27 | 45.7 | 72 | 13.7 | 115.0 |
| 2017 | 5.9 | 2.8 | 30.5 | 0.77 | 0.65 | 1.93 | 3.38 | 45.9 | 66 | 13.1 | 106.1 |
| 2018 | 6.0 | 2.8 | 30.8 | 0.77 | 0.66 | 1.98 | 3.45 | 62.5 | 96 | 14.8 | 129.0 |
| 2019 | 6.1 | 2.8 | 30.6 | 0.78 | 0.67 | 1.97 | 3.50 | 63.7 | 88 | 15.5 | 121.5 |
| 2020 | 7.6 | 3.0 | 27.9 | 0.78 | 0.66 | 2.02 | 3.74 | 53.6 | 99 | 15.1 | 147.8 |
| 2021 | 7.2 | 2.8 | 27.4 | 0.77 | 0.66 | 2.11 | 3.90 | 77.2 | 89 | 15.4 | 122.9 |
| 2022 | 6.8 | 2.6 | 27.1 | 0.78 | 0.70 | 2.14 | 3.87 | 85.4 | 95 | 17.1 | 120.1 |
| 2023 | 6.6 | 2.5 | 26.8 | 0.79 | 0.74 | 2.15 | 3.87 | 81.5 | 101 | 18.1 | 128.0 |
| 2024 | | | | 0.79 | 0.76 | | | 83.2 | 105 | 17.8 | 126.0 |
| Sources | Eurostat | OECD | OECD | INCLASNS | INCLASNS | INCLASNS | INCLASNS | INCLASNS | INCLASNS | INCLASNS | INCLASNS |

*INCLASNS: Indicadores clave del Sistema Nacional del Salud.*

*\* Only in the public health system.*

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# Notes

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