BBVA Research

Creating Opportunities

Spain Economic Outlook

March 2025

Situation and outlook for the Spanish economy

March 2025

Summary

GDP growth in 2024 reached 3.2%, one tenth of a percentage point higher than expected three months ago. The recent evolution of activity indicators confirms an acceleration in job creation, a greater role for household consumption and the resilience of services exports. With these favorable conditions, GDP growth is likely to remain high at the start of the year, and we estimate that it will be around 0.7% quarter-on-quarter in the first quarter of 2025.

GDP recovery will continue in 2025 (2.8%) and 2026 (1.8%) driven by various factors. Gains in competitiveness obtained so far are expected to be maintained thanks to the fall in the price of oil, investment in renewable energy production, the depreciation of the euro against the dollar and immigration. Service exports and industry are particularly benefiting from this trend. The reduction in inflation to levels around 2% will allow gross disposable income to continue to grow in real terms in a tight labor market with rising wages. For their part, interest rates will continue to fall as monetary policy becomes more expansionary. This will especially benefit sectors with intensive demand for credit, such as those that sell durable consumer goods, and housing in particular. Fiscal policy will not have a contractionary tone in 2025, given the measures announced to support families and companies affected by the DANA flash floods. The unemployment rate is declining without a rise in job vacancy rates, which may indicate improved labor market efficiency. Spain's GDP is on the verge of recovering the growth trend it had prior to the pandemic, something that is still a long way off for the Eurozone.

Despite the positive performance of the economy, the probability of occurrence of risk scenarios is increasing. Rising gas prices could jeopardize the competitiveness of energy-intensive manufacturing. Stagnation in the Eurozone—Spain's main trading partner—is hindering the growth of goods exports. These will suffer from the uncertainty related to changes in U.S. trade policy and possible responses around the world. The geopolitical environment may change the expected tone of fiscal policy in Europe and make it more expansionary. The household saving rate in Spain remains atypically high, which shows the limitations of private consumption to lead growth. Compared to other expansionary phases, investment has not yet responded in line with GDP growth. The policies announced to address imbalances in housing construction are largely welcome, but insufficient. Economic policy uncertainty is growing due to the lack of consensus, both at national and European level. The scenarios going forward will be particularly dependent on the decisions made in relation to trade policy and fiscal policy.

Acceleration in job creation, greater prominence of household consumption and resilience of services exports confirmed

GDP growth was higher than expected in 4Q24 and could remain elevated in 1Q25. The advanced estimate of the Quarterly National Accounts (QNA) indicates that GDP increased by 0.8% quarterly in the fourth quarter of 2024, prolonging the dynamism observed in both the second and third quarters of last year. This figure was 0.2 percentage points (pp) above the forecast in BBVA Research's baseline scenario for December.[1] The information known for January and February suggests that the recovery continues and that job creation remains strong. In particular, Social Security affiliation data is accelerating and, if this continues, quarterly growth would increase to 0.7% in 1Q25, 0.3 and 0.2 pp higher than that observed in the third and fourth quarters of 2024, respectively. This, together with the rest of the available indicators, suggests that **GDP growth in 1Q25 could stand at 0.7% quarter-on-quarter.**

Domestic demand continues to gain traction, while external demand once again made a negative contribution. The INE's preliminary estimates show that domestic spending contributed 1.2 pp to the quarterly increase in GDP during 4Q24, its largest contribution in the last three years. The trend of the known indicators on consumer spending suggests that this strength would be maintained in 1Q25 (0.8 pp). On the other hand, net external demand showed an atypically negative contribution in 4Q24 (-0.4), which may repeat, although with less intensity, in 1Q25 (-0.1 pp).

The transition towards a growth model based on Spanish household spending and perhaps on business investment is consolidating. Households are increasing spending on services and durable goods while reducing purchases of perishable and semi-durable goods (mainly clothing and footwear). Government expenditure slowed down, in part, as a result of the lower contribution of wages in an environment of lower job creation in the public sector. Meanwhile, investment in machinery and equipment benefited from aid to support people and companies affected by the DANA (a severe weather phenomenon) that hit several provinces in the east of the peninsula, mainly Valencia. Investment in residential construction is beginning to show signs of a sustained recovery, with advances that reflect the urgency of increasing the supply of housing.

Exports of tourism services continue to show strength in an environment of stagnation for the rest of foreign sales. Tourist spending by non-residents increased by 4.6% quarter-on-quarter in 4Q24, and the data available at the beginning of 2025, such as foreign card spending at BBVA points of sale, suggest a consolidation of the high levels of activity achieved or even a slight additional growth. This dynamism in external demand for services (especially tourism) has not been transferred to exports of goods, which fell in the last quarter of 2024. In general, this component of demand has been stagnant for a couple years now.

1: See BBVA Research (2024): “Spain Economic Outlook. December 2024". BBVA.

The impact of the DANA flash floods on economic growth looks to have been less negative than expected

The recovery of activity indicators in the areas most affected by the floods has been faster than expected, thanks in large part to the support provided by the measures implemented. The aggregate and anonymized analysis of transactions with cards issued by BBVA and purchases made at BBVA POS terminals suggests that in-person spending in the province of Valencia is already showing a positive growth differential (between 2 and 3 pp) compared to what is observed in the rest of Spain. This represents a strong recovery compared to the week of the DANA, when the gap widened to 20 percentage points below. Furthermore, it also contrasts with what was observed prior to the disaster, when the increase in spending in the province was between 2 and 3 pp below the rest of the country. Similarly, labor market data, either on workers affected by an ERTE (temporary layoff) or data on Social Security affiliation, suggest that at the beginning of 2025, the current level of employment is two-tenths of a percent higher than it would have been in a scenario without the floods.

The European economy continues to show low growth, which hinders the growth of external demand for goods in Spain

Europe's GDP growth in the fourth quarter of 2024 and the first quarter of 2025 would be below what was forecast in BBVA Research's December scenario. In the last three months of last year, the quarterly increase in GDP would have barely reached 0.2%, while at the beginning of 2025, the level of economic activity is not expected to be different (0.2%). Although the composition by country continues to show some heterogeneity, three of the main economies of the Eurozone (France, Germany and Italy) are expected to have entered a period of stagnation or even a fall in GDP. Tight monetary policy is restraining household consumption growth, as the saving rate remains high. On the other hand, exports continue to lack sufficient momentum for robust Eurozone growth.

Confidence indicators point to stagnation, partly influenced by the geopolitical environment and domestic uncertainty. The government transitions in France and Germany have raised uncertainty over fiscal policy within the Eurozone. In addition, the change of president in the U.S. has raised questions about the future of U.S. trade policy and its impact on the European economy. For its part, gas prices have risen, not only due to more adverse weather conditions. Differences between the Trump administration and the Ukrainian government over the possible signing of a peace agreement with Russia have accentuated volatility in some markets. In this context, Europe is rethinking its growth model, its energy, food and strategic resources, and its security policy. The decisions taken over the next few months will be key to determining whether the speed of decline accelerates, whether the prospects of secular stagnation are maintained or even whether the level of activity falls. **In an environment with no changes in economic policy, GDP growth in the euro area is expected to remain around 1% in both 2025 and 2026. Of particular importance in this regard will be the speed and scale of policies that can be implemented, especially by the new German government in order to strengthen infrastructure construction or increase defense spending.**

Although there are upside risks, in the most likely scenario, headline inflation in the Eurozone will continue its downward trend. The bias stems from the aforementioned volatility in energy prices and the current geopolitical environment. However, different factors support the downward trend in price increases. On the one hand, the economy is growing below its potential. Consistent with the above, the labor market is beginning to show signs of weakening. Wages continue to rise, although they are already showing a slowdown that will reduce their contribution to the increase in labor costs and price setting over the coming quarters. This should allow pressures from the services sector to moderate. The restrictive tone of monetary policy has had a significant impact on credit-intensive sectors such as construction. All of the above will allow inflation to continue its downward trend and consolidate around the ECB's target from the summer.

The monetary policy interest rate could fall to 2.0%, a level that would be consistent with providing a moderate stimulus to the European economy. The 12-month Euribor would be around 2% in the second half of the year and would remain at that level throughout the forecast horizon. With inflation around the target, the real interest rate may indicate the shift from a restrictive to an expansionary stance. This would contrast with the decisions that the U.S. Federal Reserve will have to make, which will have to monitor how the different announcements of the new government are executed and, in particular, the effects on inflation and economic activity of the announced tariff increases, changes in fiscal policy, and the restriction that less immigration may imply for the labor market. Therefore, the yield differentials between the dollar and the euro will reinforce dollar strength. In particular, it is expected that during 2025, the dollar/euro exchange rate is expected to remain just above parity and stay at that level for some time, until a more certain and growth-oriented environment in the Eurozone begins to take shape. By the end of the year, it is expected that one euro will be worth 1.06 dollars, and by December 2026, the exchange rate is projected to be 1.11 dollars per euro.

In Spain, an environment of strong growth is consolidated in 2025 (2.8%), although there is still expectation of a slowdown going forward (2026: 1,8 %)

The gains in competitiveness that have allowed the strong growth of exports will continue. It is estimated that the nominal depreciation of the euro against the dollar of around 3.2% expected in 2025 could increase sales of goods and services abroad by approximately 0.7 pp and GDP by 0.1 pp this year. To this should be added the advantage of Spanish companies having access to relatively cheaper electricity and an increase in the workforce that allows greater control of costs. According to BBVA Research, if renewable energy sources had not increased their share in electricity output over the past two years, its cost could have been up to 20% higher. Meeting the PNIEC targets would allow prices to decrease 20% more than they would in a scenario with no further changes in the share of renewable energy in electricity production. The cost of a barrel of oil could average around $75 this year, a decrease of 6% compared to last year and considerably below the $99 of 2022. Foreigners and people with dual citizenship accounted for 79% of job creation in 2024 and, at least for the time being, there is no sign of this contribution weakening. While it is true that productivity per hour worked fell in 4Q24, the trend over the last two years has been positive.

Services and industry are some of the main beneficiaries of these gains in competitiveness. The non-resident consumption is expected to continue to grow strongly (6.7% in 2025 and 3.0% in 2026) and thus maintain a high contribution to GDP growth. Foreign tourism continues to show significant increases during the low seasons. In addition, certain cities still have unused capacity and could continue to absorb more visitors if progress in the seasonality correction of tourism continues. The weakness of the euro, and prices that have not risen as much as in other countries, will maintain Spain's attractiveness as a destination. Meanwhile, although manufacturing and exports of goods have stagnated at levels similar to those seen in 2022, the outlook could improve. Although the increase in the cost of energy has had a negative effect on energy-intensive sectors, their drop in output has been only 3.1% over the last two years, a figure that compares positively with what was observed in the same period in Germany (-8.9%). The rest of industry shows growth of 0.8%, compared to the drop in Germany (-4.5%).

Fiscal policy will ultimately not have a contractionary tone in 2025. In principle, the application of the rules agreed upon in the Eurozone suggested that the public sector would weigh down domestic demand. However, two factors will mean that, at least for the time being, this will not happen. First, the lack of consensus in Congress has meant that some of the measures necessary to fulfill the commitments made have not been approved. One example is the increase in the tax burden on diesel or on the profits of companies in the energy sector. Second, the measures announced to support people and companies affected by the DANA flash flooding in the province of Valencia have arrived more quickly than expected. Furthermore, the amount has been increased since the first measures were approved at the beginning of November. In particular, the announced policies, including transfers and loans, could amount to 1.3% of Spain's GDP. In any case, not everything that was promised will be spent. For example, the number of workers on ERTE (temporary layoff) schemes has been lower than anticipated, and consequently, the resources needed to maintain employment have been lower than budgeted. BBVA Research estimates that the final stimulus could reach 0.6 pp of GDP. Its impact on the growth of the economy will depend on the efficiency of spending. In any case, it will provide significant support for demand in the short term, especially in affected sectors, such as machinery and transport equipment or construction. The medium and long-term impact will be conditioned by the destruction caused by the floods, the sufficiency of aid to replace the lost physical capital, the bottlenecks and, above all, how efficiently it is used to improve the prospects for future growth.

The shift towards a more expansionary monetary policy will benefit investment, especially in credit-intensive sectors. Part of the lack of momentum that capital accumulation has shown over the last two years may be linked to the increase in funding costs. The reduction in interest rates, together with the growth in employment and domestic demand, will facilitate the start-up of new projects and the creation of companies. In particular, the expansion of both housing demand and supply is expected to accelerate over the coming quarters. Between 3Q23 and 3Q25, the reduction in funding costs will improve housing affordability by 2.3 pp. Investment in residential construction could go from showing increases of 1.4% in 2024 to 5.5% and 6.6% in 2025 and 2026, respectively. In fact, the available data on new building permits and social security affiliation in the sector support this view. Another sector that will benefit from the fall in interest rates will be durable goods, particularly car purchases, which could continue recovery in 2025.

The fundamentals that explain the performance of household consumption continue to improve. Inflation control is contributing to this, and will continue to moderate over the coming months, falling from 2.8% in 2024 to 2.5% in 2025 and 2.1% in 2026. Meanwhile, the compensation per employee increased by an average of 4.8% during the previous year and should continue to grow at around these levels in the upcoming quarters. This, together with the strength of employment, will allow household disposable income to continue to increase (8.2%, 5.4% and 4.0% in 2024, 2025 and 2026, respectively) and to do so significantly above inflation. Real estate wealth will continue to grow, which will offset the impact that falling interest rates and market volatility may have on financial wealth. All of the above will allow household consumption to increase by 3.1% in 2025 and 1.9% in 2026.

The current recovery breaks the pattern observed after previous crises

The various labor market indicators continue to point to a greater growth capacity of the Spanish economy. Job creation is occurring across the board in terms of nationality and age group, except among the Spanish population aged 35 to 44. Along the same lines, immigration continues to drive the growth of the labor force despite the contraction of the employment rate. Even in the last quarter, the hours worked per employed person have increased, which, together with the increase in employment, explained the recovery of working time. The decrease in unemployment and in the other measures of under-utilization of the labor force accelerated. Vacancies grew less than suggested by the contraction in unemployment, which seems to point to an improvement in the efficiency of job matching.

Spending on intangible assets continues to outperform all other components of investment. Between 4Q19 and 4Q24, gross fixed capital formation in intangibles increased by 15.2% in real terms. In comparison, GDP has increased by 7.6%, and investment as a whole by 2.5%. Although it barely represents 3.7% of GDP, its growing importance may be behind the weight that exports of services have gained and the change in the production model towards greater dependence on renewable energy sources. For example, according to BBVA's financial transaction data for clients, the largest demanders of innovation and development services (one of the main contributors to the increase in intangible investment) have been the energy sector, certain professional services and, specifically, companies dedicated to R&D.

The Spanish economy is on the verge of reaching a level of GDP it would have reached, had the pre-pandemic growth trend continued. This represents a differential behavior with respect to that which is occurring in the rest of the Eurozone, where the recent stagnation is opening a gap. It also implies a more positive recovery than that observed after the 2008 global financial crisis or in the following years of sovereign debt in Europe. These examples put the recent positive performance of economic activity in Spain into context.

Higher likelihood of risk scenarios

The increase in gas prices and its pass-through to the rest of the consumer basket may limit the fall in inflation. Since September 2024, the cost of electricity production has increased as a result of the sharp rise in gas prices in European markets. The reasons behind this trend are likely to persist over the next few quarters, since they are due to geopolitical uncertainty and increased consumption caused by less favorable weather in the northern hemisphere than in previous years. As a result, the price of electricity in Spain has increased, which has generated higher inflation levels than expected in recent months. BBVA Research forecasts that the price of gas purchased in Europe will be 33.1% higher in 2025 compared to the previous year, and that this increase would have an impact of close to -0.3 pp on Spain's GDP and 0.4 pp on inflation in 2025.

Low growth in the Eurozone is a drag on Spanish exports. The secular stagnation shown by the economy of some of the main trading partners is having consequences for the growth capacity of key sectors, such as industry. The sluggishness of domestic demand (household consumption and investment) and exports is reflected in the decline in activity shown by the manufacture of automobiles, clothing and footwear. BBVA Research estimates that if GDP growth in the Eurozone in 2023 and 2024 had been similar to that observed in the years immediately preceding the pandemic, sales of goods and services abroad could have increased by up to 2.5 pp more in each of the two years and that the level of GDP would now be 2.5 pp higher. In the absence of an acceleration in growth in the Eurozone, exports, especially those of goods, will continue to weigh on recovery.

The possible increase in tariffs by the U.S. on EU imports poses a source of uncertainty. BBVA Research's baseline scenario continues to be that the announcements made about possible changes in U.S. trade policy are not just a negotiating tool, but are part of an (inefficient) medium- and long-term strategy, which pursues several objectives. These include trying to protect local producers from external competition and reducing external (current account) and internal (public deficit) imbalances. Therefore, tariffs are expected to be higher, and their increase to be permanent.

The direct impact on Spain's economy is expected to be lower than on the rest of the Eurozone. As a reference, BBVA Research estimates that a 10% increase in U.S. tariffs on European and Chinese imports would reduce the GDP of the Eurozone by 0.4 pp during the three years following its implementation. In the case of Spain, the drop would be approximately half, in line with the lower exposure of national companies to American demand. In any case, the impact by region or sector will be uneven, depending on the weight of exports of goods and their dependence on the U.S. economy. Sales of machinery and equipment, medicines, cars or food and beverages may be particularly exposed, which will affect activity in the Basque Country, the Valencian Community and Andalusia. Finally, these effects could be exacerbated by increased economic policy uncertainty and its impact on investment. It is very probable that doubts related to the magnitude and permanence of tariff measures will also affect financial markets, increasing the risk of entering vicious cycles of impairment of expectations and falling wealth.

The household saving rate in Spain remains unusually high, highlighting the challenges for consumption to lead the growth of economic activity. According to BBVA Research, the permanence over time of the factors that explain this increase makes it unlikely that it will reduce in the coming quarters. While immigration is enabling an increase in the production capacity of the Spanish economy, the consumer spending of foreign workers tends to be lower (for people with the same characteristics) than that of native workers. Immigrants do not have the same access to social networks or benefits to deal with unemployment situations. In addition, some must send money to their home countries. Moreover, part of the higher savings reflects uncertainty about the progression of the imbalance in the public accounts. A portion of the population is increasing their savings due to doubts about whether generosity in the pension system will be maintained, whether health benefits will continue and whether taxes will increase in the future. Finally, the increase in gross disposable income would be concentrated in groups with high saving rates, either due to their age or relatively high levels of wealth.

The recovery in investment remains historically weak. While GDP is already 7.6% above its pre-pandemic level, gross fixed capital formation has barely surpassed it recently. This, despite the Next Generation EU funds and the fact that there are industries where the need to increase production is urgent, such as housing. According to BBVA Research, in the 2021-2026 period, the difference between the number of homes created and the housing built will reach one million units. This will accentuate pressures on prices, which could increase by 7.3% this year and 5.3% the next, although these numbers reflect the national average. In some cities, the increase in the cost of acquiring a home can be much higher. To alleviate this imbalance, it is necessary to explore a series of policies that facilitate the development of land and accelerate housing construction.

The lack of consensus on how to address the housing problem is a major obstacle to its resolution. The rejection of the reform of the Land Law in Congress is a prime example. The modifications were designed to expedite the process of reclassifying land, ultimately reducing the time required to boost the availability of new housing. In the same way, there is no certainty about when some of the measures announced by the government to encourage the increase in the supply of affordable rentals will be approved. Therefore, the current situation remains critical. On the one hand, the difficulty of developing land will continue to be an obstacle to construction. Added to this is the sharp increase in costs observed as a result of the increase in the price of some inputs or the shortage of skilled labor. Productivity growth is also still too low to offset these headwinds. Additionally, the price controls established a few years ago are reducing the supply of rental housing and increasing its price. This situation will persist over time and intensify as economic growth increases.

Future increases in labor costs could lead to greater job instability. Although it is true that the temporary employment rate has decreased significantly since 2022 and is now in line with that observed in Portugal or France, the transition rate from employment to unemployment is still 50% higher. Moreover, in recent years, this indicator has stabilized with no signs of improvement.[2] Despite the objective of the NGEU funds and their reforms, productivity gains are very limited, with a growth pattern based mainly on job creation. Of the 7.6 percentagepoints increase in GDP compared to the end of 2019, 7.4 points are explained by the increase in the number of employed people. Even GDP per hour worked has risen by just 1.7 points in five years. In this environment, it is possible that

2: See BBVA Research, Fedea and Sagardoy Abogados (2025): Quarterly Labor Market Observatory. Fourth quarter of 2024. Fedea.

the changes announced in the working day could have negative effects on employment and economic activity, especially if they are not accompanied by agreements that allow companies to adapt progressively[3].

At the moment there are seven regional governments with budgets carried over from the previous year, in territories representing 43% of the total population in Spain. In addition, the central government is working with the 2023 budget. So far, the effects of this uncertainty on economic activity are not noticeable, possibly because they are being offset by tailwinds. This is helped by the perceived willingness to comply with fiscal adjustments regardless of the existence of budgets. It also means that its absence provides some guarantee of expenditure control, particularly in regional governments. Finally, ample liquidity in financial markets, the search for yield in a low-interest-rate environment, and ECB policies have even contributed to lowering the risk premium. In any case, this way of carrying out fiscal consolidation does not seem to be efficient or transparent. The magnitude of future adjustments, together with the need to increase expense on infrastructure (housing, defense), pensions or healthcare, requires budgets that provide certainty about how they will be financed.

The agreement for the state to absorb part of the debt of regional governments should be accompanied by a reform of regional financing, changes to the conditions for access to and exit from the Autonomous Community Liquidity Fund and should be contingent upon the fulfillment of reforms to ensure the sustainability of regional debt. Without eliminating the structural imbalance shown by the finances of some autonomous communities, the underlying problem will persist. Additionally, the state's absorption of part of regional governments' debt, without clear conditions or a reform of the financing mechanism itself, could encourage irresponsible fiscal behavior in the future. Moreover, the proposal that has been made public does not address the issue of the high debt of the worst-off autonomous communities. The regions with the greatest debt pressure on their current revenues will continue to have very high ratios and difficulties in accessing markets. As proposed, the measure involves a subsidy from citizens residing in autonomous communities with low debt to those in the most indebted ones. It would be advisable to move forward with proposals for improvement that simultaneously address reforms of the financing system and use debt relief criteria based on calculations of imbalances in regional financing. Similarly, clear conditions should be established that create incentives to reduce remaining regional debt to levels consistent with the new fiscal rules in the Eurozone. Finally, the criteria for access and exit from the Autonomous Community Liquidity Fund should be established at the same time.

If the recent increase in various indicators of economic policy uncertainty is not reversed, both in Europe and in Spain, GDP growth could suffer. According to BBVA Research, in the absence of this tension, the Spanish economy could have grown on average annually, about 0.5 pp above the scenario presented in this publication, both in 2025 and 2026. Moving forward, the measures that can be implemented to reduce uncertainty about the impact of changes in trade, fiscal and monetary policies will be crucial. Of particular importance will be the efforts that can be consolidated to intensify European integration and generate a more conducive environment for investment, job creation and the improvement of wages in Spain.

3: See BBVA Research (2023): A proposal to reduce the workday: incidence and potential impact. BBVA.

Tables

Table 1.1. **GROSS DOMESTIC PRODUCT** (ANNUAL AVERAGE, %)

	2021	2022	2023	2024	2025	2026
United States	3.7	2.5	2.9	2.8	2.5	2.2
Eurozone	6.3	3.6	0.5	0.7	0.8	1.1
China	8.6	3.1	5.4	5.0	4.5	4.2
World	6.9	3.6	3.3	3.3	3.3	3.3

* Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay.
Forecast closing date: March 10, 2025.
Source: BBVA Research & IMF.

Table 1.2. **INFLATION** (ANNUAL AVERAGE, %)

	2021	2022	2023	2024	2025	2026
United States	4.7	8.0	4.1	3.0	3.2	2.8
Eurozone	2.6	8.4	5.4	2.4	2.2	1.9
China	0.9	2.0	0.2	0.2	0.6	1.0
World	5.1	9.2	7.5	6.9	4.5	3.7

* Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay.
Forecast closing date: March 10, 2025.
Source: BBVA Research & IMF.

Table 1.3. **INTEREST RATE ON TEN-YEAR PUBLIC DEBT** (ANNUAL AVERAGE, %)

	2021	2022	2023	2024	2025	2026
United States	1.44	2.95	3.96	4.21	4.54	1.44
Germany	-0.31	1.18	2.45	2.34	2.43	-0.31

Forecast closing date: March 10, 2025.
Source: BBVA Research & IMF.

Table 1.4. **EXCHANGE RATES** (ANNUAL AVERAGE)

	2021	2022	2023	2024	2025	2026
USD-EUR	0.84	0.95	0.92	0.92	0.95	0.93
EUR-USD	1.18	1.05	1.08	1.08	1.05	1.08
USD-CNY	6.45	6.73	7.08	7.20	7.33	7.35

Forecast closing date: March 10, 2025.
Source: BBVA Research & IMF.

Table 1.5. **OFFICIAL INTEREST RATES** (END OF PERIOD, %)

	2021	2022	2023	2024	2025	2026
United States	0.25	4.50	5.50	4.50	4.00	3.00
Eurozone	-0.50	2.00	4.00	3.00	2.00	2.00
China	3.80	3.65	3.45	3.10	2.50	2.50

Forecast closing date: March 10, 2025.
Source: BBVA Research & IMF.

Table 1.6. **EMU: MACROECONOMIC FORECASTS** (YoY) (ANNUAL AVERAGE. %)

	2021	2022	2023	2024	2025	2026
GDP at constant prices	**6.3**	**3.6**	**0.5**	**0.7**	**0.8**	**1.1**
Private consumption	4.7	4.9	0.7	1	1.5	1.6
Public consumption	4.4	1.1	1.6	2.3	1	0.7
Gross fixed capital formation	3.7	2.1	1.9	-2	1.4	1.3
Inventories (*)	0.6	0.4	-0.8	-0.2	0.2	0
Domestic demand (*)	**4.9**	**3.7**	**0.3**	**0.3**	**1.5**	**1.3**
Exports (goods and services)	11.4	7.5	-0.6	0.8	0.1	1
Imports (goods and services)	8.9	8.5	-1.2	0	1.7	1.6
External demand (*)	**1.4**	**-0.1**	**0.2**	**0.4**	**-0.7**	**-0.2**
Prices and Costs						
CPI	2.6	8.4	5.4	2.4	2.2	1.9
CPI Core	1.5	3.9	4.9	2.8	2.2	2
Labour Market						
Employment	1.6	2.4	1.4	1	0.4	0.2
Unemployment rate (% of labour force)	7.8	6.8	6.6	6.4	6.4	6.6
Public sector						
Surplus (+) / Deficit (-) (% GDP)*	-5.1	-3.5	-3.6	-3.1	-2.9	-2.9
Public debt (% GDP)*	93.8	89.5	87.4	88.5	88.4	88.8
External Sector						
Current Account Balance (% GDP)	2.5	-0.1	1.6	2.8	2.1	2.2

Annual rate change in %, unless expressly indicated.
Forecast closing date: March 10, 2025.
(*) Excluding financial aid for Spanish banks.
Source: BBVA Research.

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

(Annual average, %)	**2022**	**2023**	**2024**	**2025**	**2026**
Activity					
Real GDP	**6.2**	**2.7**	**3.2**	**2.8**	**1.8**
Private Consumption	4.8	1.8	2.9	3.1	1.9
Public Consumption	0.6	5.2	4.9	3.2	1.9
Gross Fixed Capital Formation	3.3	2.1	2.3	6.2	5.3
Equipment and machinery	2.9	1.1	2.3	6	3.6
Construction	2.2	3	2.6	6.4	5.8
Housing	8.4	2.1	1.4	5.5	6.6
Domestic Demand (contribution to growth)	**3.9**	**1.7**	**2.8**	**3.6**	**2.5**
Exports	14.3	2.8	2.9	2.7	2.3
Imports	7.7	0.3	2	5.4	4.5
External Demand (contribution to growth)	**2.3**	**1**	**0.4**	**-0.8**	**-0.6**
GDP at current prices	11.2	9.1	6.3	5.4	3.8
(Billions of Euros)	1373.6	1498.3	1593.1	1679.2	1743.2
Labour market					
Employment, Labour Force Survey	3.6	3.1	2.2	2.2	1.9
Unemployment rate (% Labour force)	13	12.2	11.3	10.4	9.9
Employment, full time equivalent	4.1	3.2	2.4	2.3	1.6
Productivity	2.1	-0.5	0.8	0.4	0.3
Prices and Costs					
CPI (average)	8.4	3.5	2.8	2.4	2.1
CPI (end of period)	5.7	3.1	2.8	2.1	2.1
GDP deflator	5	6.4	3.1	2.6	2
Compensation per employee	3.9	5.6	4.8	2.4	2.5
Unit Labour Cost (ULC)	1.8	6.1	3.9	2	2.3
External sector (*)					
Current Account Balance (% GDP)	0.4	2.8	3	2.7	2.3
Public sector					
Debt (% GDP)	109.5	105.1	102.5	101.1	100.8
Deficit (% GDP) (*)	-4.5	-3.5	-3.3	-2.7	-2.4
Households					
Real disposable income	5.3	10.7	8.5	5.2	4
Savings rate (% nominal disposable income)	9	12	13.6	13.3	13.6

Annual rate change in %, unless expressly indicated.
Forecast closing date: March 10, 2025.
(*) Excluding financial aid for Spanish banks.
Source: BBVA Research.

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