The outlook for EU recovery: Navigating monetary decoupling and policy challenges

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Letter from the Editors

As the world economy continues to navigate the complexities of 2025, economic fragmentation and geopolitical tensions have become defining features of the global landscape. The return of Donald Trump to the U.S. presidency has intensified protectionist sentiments, deepening rifts between the United States and Europe at a time when economic resilience and strategic cohesion are more critical than ever. Amid this decoupling, the U.S. continues to demonstrate robust growth, albeit tempered by persistent inflation, while Europe struggles to regain economic momentum despite aggressive monetary stimulus. The resulting divergence in monetary policies between the Federal Reserve and the European Central Bank is amplifying financial instability and currency volatility, posing serious challenges for policymakers across the eurozone. This broader context of political discord and economic disparity frames the March issue of *Spanish and International Economic and Financial Outlook (SEFO),* as we explore key issues shaping the economic outlook for Spain and Europe.

Within this context, the March *SEFO* begins with a discussion of ECB-Fed monetary policy divergence, framing the global conditions affecting the eurozone and Spain. The divergence in monetary policy between the Federal Reserve and the European Central Bank is raising concerns about financial stability and growth in a fragmented global economy. While the Fed maintains stable interest rates amid strong U.S. economic performance, the ECB is continuing its strategy of rate cuts to combat weak eurozone growth. This discrepancy is strengthening the dollar and attracting capital flows to the U.S., although the dollar's appreciation has been inconsistent in recent weeks. Meanwhile, geopolitical fragmentation and protectionism are exacerbating these issues, weakening global policy coordination and generating bond market volatility. The future of European monetary policy will depend heavily on how trade tensions with the U.S., increased European defense spending, and Germany's expansive fiscal package will influence inflation and growth. While additional rate cuts remain an option, there is growing pressure on the ECB to reconsider its strategy for economic reactivation, especially if inflation accelerates due to fiscal expansion or higher imported inflation from a weaker euro. Balancing these factors will be critical to maintaining financial stability and supporting economic growth in the eurozone.

Along these lines, we provide an analysis of the eurozone periphery's economic resilience. Once heavily impacted by the EMU sovereign debt crisis, the economies of southern Europe, or the peripheral countries, have shown significant economic resilience in recent years, growing faster than the bloc's largest economies. While this momentum has been partially driven by post-pandemic recovery and external factors like energy market shifts,

structural improvements –including labour market reforms, banking sector restructuring, and fiscal adjustments– have played a key role in narrowing the gap with core eurozone peers. Foreign investment flows and sovereign risk premiums reflect renewed investor confidence in the periphery, reinforcing the perception that these economies have gained stability. However, sustaining this convergence will depend on continued productivity gains and the ability to withstand global economic uncertainties.

Next, we cover housing market issues and the knowledge economy, illustrating structural challenges and reform opportunities. Spain's housing market faces mounting pressures, with demand consistently outstripping supply, particularly in major urban areas. In 2022, only one new home was built for every seven new households, exacerbating affordability challenges. While housing policy in the EU varies widely, key initiatives–such as Vienna's strategic land management, the Netherlands' social housing financing model, and Ireland's rental guarantee scheme that integrates private properties into the social housing stock through long-term agreements and tax incentives– offer valuable lessons for Spain. Addressing the country's housing shortfall requires cutting excessive red tape, improving land-use policies, and fostering public-private partnerships. A coordinated approach across government levels and targeted incentives for affordable housing will be essential to ensuring long-term stability in the Spanish housing market.

Spain's knowledge economy has experienced mixed progress since 2019, according to the European Innovation Scoreboard (EIS). Notable improvements include increased R&D investment, public-private partnerships and sales derived from product innovation, especially among SMEs, suggesting positive impacts from Spain's Recovery Plan – the government's main mechanism for implementation of NGEU funding. However, critical challenges remain, including declining STEM talent, insufficient ICT training across firms, and a weakening focus on

environmental sustainability. Of the Recovery Plan's almost 80 billion euros, allocations directly linked to the knowledge economy represent just under 12% of the total budget, indicating a need for more targeted support to strengthen Spain's competitive position in the knowledge economy through enhanced structural reforms, increased investment in digitalization, strengthening of the regulatory environment and prioritizing sustainability within innovation policies.

Moving on to the financial sector, we provide an examination of Spain's banking sector efficiency, evidencing how the financial sector is adjusting to broader economic trends. Despite driving considerable improvement in margins over the last three years, the rapid increase in interest rates since 2021 has also contributed to rising operating expenses across the Spanish banking sector, prompting banks to prioritize cost efficiency. With little additional upside for margins, the banks now need to focus hard on streamlining their operating expenses. Within this context, an examination of the trends in operating expenses over the past three years based on the financial statements of both significant institutions (SIs) and less significant institutions (LSIs) shows that while LSIs have faced more pronounced cost growth–especially in staff expenses–their efficiency metrics have improved more than those of SIs, reflecting a combination of business expansion, technology investments, and shifts in their cost structures. Despite these gains, both types of institutions now face the challenge of sustaining efficiency in a period of slowing income growth, requiring a focus on productivity, digitalization, and alternative revenue streams.

We then explore fiscal issues, providing an analysis of fiscal drag and tax policy, highlighting challenges for middle-income households. Spain's tax system has been heavily impacted by inflation, which has increased the tax burden by pushing taxpayers into higher brackets and eroding the real value of allowances and deductions. Spain lacks a systematic indexation mechanism, leading to a "hidden" tax increase that disproportionately

affects middle-income earners. Between 2021 and 2024, this phenomenon raised tax revenue by an estimated €9.7 billion, with middle-income households shouldering the largest share of the additional burden. Indeed, the increase in tax bills was an estimated 311 euros for low-income taxpayers, 458 euros for middle-income taxpayers, and 622 euros for high-income taxpayers, with bracket creep alone increasing middle-income taxpayer bills by a further 225 to 450 euros. While targeted relief measures have been introduced, such as higher deductions for low-income earners, these adjustments are insufficient to address the broader issue. The persistence of fiscal drag poses risks to economic growth and equity, highlighting the need for a transparent and consistent policy approach to prevent unfair increases in the tax burden.

We conclude with a sectoral view at the institutional level of economic activity in Spain, providing a broader perspective on Spain's economic evolution. Spain's institutional sectors have shown divergent growth patterns over the last 25 years, coinciding with the euro's introduction. Non-financial corporations (NFCs) have remained the largest contributors to gross value added (GVA), employment, and investment, despite setbacks from the 2008 financial crisis and the COVID-19 pandemic. By contrast, the household sector has experienced persistent underperformance, with output in 2024 still 20% below its potential had it consistently grown at a rate of 2% per year. Meanwhile, public sector investment has frequently trailed capital consumption, particularly during austerity periods. While recent improvements in gross fixed capital formation (GFCF) have occurred in the public sector, current net capital investment in the NFC sector is less than one-third of its 2000 value. The lagging recovery in the capital formation of NFCs in the post-pandemic era raises concerns about the dynamics of growth in productive capacity of the Spanish corporate sector.

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What´s Ahead (Next Month)

Month	Day	Indicator / Event
April	2	Non financial quarterly sector accounts (4th. quarter)
	2	Tourists arrivals (February)
	2	Social Security registrants and official unemployment (March)
	4	Industrial production index (February)
	10	Financial Accounts Spanish Economy (4th. quarter)
	11	Eurogroup meeting
	11	CPI (March)
	16-17	ECB monetary policy meeting
	22	Services Production Index (February)
	22	Foreign trade report (February)
	28	Labour Force Survey (1st. quarter)
	28	Retail trade (March)
	29	Preliminary CPI (April)
	29	Preliminary GDP (1st. quarter)
	30	Non-financial accounts, State (March)
	30	Non-financial accounts: Central Government, Regional Governments and Social Security (February)
	30	Balance of payments monthly (February)
May	5	Tourists arrivals (March)
	6	Social Security registrants and official unemployment (April)
	8	Industrial production index (March)
	12	Eurogroup meeting
	14	CPI (April)
	19	Foreign trade report (March)
	23	Services Production Index (March)
	29	Retail sales (April)
	30	Preliminary CPI (May)
	30	Non-financial accounts, State (April)
	30	Non-financial accounts: Central Government, Regional Governments and Social Security (March)
	30	Balance of payments monthly (March)

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What Matters

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The Federal Reserve's stable interest rate policy contrasts with the European Central Bank's continued rate cuts aimed at stimulating weak eurozone growth. While monetary policy divergence is strengthening the dollar, albeit not consistently, and driving capital flows to the US, geopolitical fragmentation and protectionism are exacerbating economic uncertainty, generating bond market volatility and weakening global policy coordination.

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13 **The recovery of the eurozone periphery: Structural growth or cyclical momentum?**

Growth rates across the countries of southern Europe, once considered the weakest link in the eurozone, have outpaced the bloc's core economies in recent years. While structural reforms have played a part, continued economic convergence within the eurozone will depend on consolidation of structural improvements, boosting productivity and resilience to global uncertainty.

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Spain's housing market is under strain due to a persistent supply-demand imbalance, particularly in major urban centers, exacerbating affordability challenges. Lessons from other European countries highlight the need to cut red tape, improve land-use policies, and foster public-private partnerships to boost housing availability and long-term market stability.

Miguel Ángel González Simón

Regulation and Economic Outlook

Key Facts

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Monetary decoupling in a fragmented world: How far will the ECB's interest rate cuts go?

The Federal Reserve's stable interest rate policy contrasts with the European Central Bank's continued rate cuts aimed at stimulating weak eurozone growth. While monetary policy divergence is strengthening the dollar, albeit not consistently, and driving capital flows to the US, geopolitical fragmentation and protectionism are exacerbating economic uncertainty, generating bond market volatility and weakening global policy coordination.

Santiago Carbó Valverde and Francisco Rodríguez Fernández

Abstract: The divergence in monetary policy between the Federal Reserve and the European Central Bank is raising concerns about financial stability and growth in a fragmented global economy. While the Fed maintains stable interest rates amid strong US economic performance, the ECB is continuing its strategy of rate cuts to combat weak eurozone growth. This discrepancy is strengthening the dollar and attracting capital flows to the US, although the dollar's appreciation has been inconsistent in recent weeks. Meanwhile, geopolitical fragmentation and protectionism are exacerbating these issues, weakening global policy coordination and generating bond market volatility. The future of European monetary policy will depend heavily on how trade tensions with the US, increased European defense spending, and Germany's expansive fiscal package will influence inflation and growth. While additional rate cuts remain an option, there is growing pressure on the ECB to reconsider its strategy for economic reactivation, especially if inflation accelerates due to fiscal expansion or higher imported inflation from a weaker

euro. Balancing these factors will be critical to maintaining financial stability and supporting economic growth in the eurozone.

Foreword

The recent monetary decoupling between the US and eurozone is attributable to marked differences in the monetary policies adopted by the Federal Reserve (Fed) and the European Central Bank (ECB). While the Fed has opted to keep rates stable in response to inflationary pressures and economic growth, the ECB has been steadily trimming its official rates, in a bid to stimulate a weakened European economy, having announced its most recent cut at its meeting on 6 March. This paper examines the causes of this decoupling, its implications for the European economy and current financial conditions – all of which needs to be analysed against the backdrop of geopolitical developments. In the last two months, the world has been witnessing growing institutional fragmentation that goes beyond traditional protectionist measures. This phenomenon is materialising in the erosion of long-standing western alliances, the resurgence of nationalist policies and parties and the redefinition of the spheres of geopolitical influence. The recent escalation of tensions between the US and Ukraine illustrates this trend. International policy coordination is falling apart, diplomatic relations are becoming increasingly unpredictable and traditional alliances are weakening. These trends inexorably affect monetary policy.

On the macroeconomic front, the dynamism observed in the US in recent years has been underpinned by a combination of structural and cyclical factors. Heavy investment in technology and digitalisation, coupled with expansionary fiscal policy, has kept consumption and investment growing at a solid pace, despite relatively high interest rates. In contrast, the eurozone has faced structural obstacles that are limiting its growth. The slowdown in Germany, shaped by a slump in industrial demand and the energy transition, has affected the entire region. In addition, productivity remains a persistent drag in Europe, where investment is too low in key sectors. This macroeconomic context underlines the complexity of the monetary decoupling and its potential long-term effects.

Until the end of 2024, the US economy was posting solid growth, underpinned by a resilient labour market and inflation, while moderate, is within the Fed's targets. The US stock markets, particularly NASDAQ, extended their rally until December 2024. This economic and market buoyancy has led the American central bank to leave rates at around 4.5% as it waits for more evidence about unfolding economic trends. In contrast, key European economies like Germany have sustained significant slowdowns, knocking the regional economy off kilter. Inflation in the eurozone has eased somewhat, allowing the ECB to justify a more accommodating monetary policy. It has lowered its interest rates several times, leaving the deposit facility rate at 2.50% after its most recent cut, with a view to fostering economic growth and sidestepping potential deflation.

As shown in Table 1, the ECB has forged ahead with its policy of gradual rate cuts although there is increasing discussion about a potential pause, reflecting uncertainty around the trend in inflation. Meanwhile, the Fed has left its rates intact, postponing its first cut until July or maybe even September. Inflation remains above targeted levels in both economies, advising caution. In the bond markets, European sovereign bonds have demonstrated volatility, with yields on the rise, whereas US Treasury bonds, at 4.32%, are attracting capital. The market is discounting additional rate cuts in the eurozone but does

> " Although a weaker euro would be good for European exports by making them more competitive in the global market, it would also make imports more expensive, possibly fuelling inflation in the region. "

Table 1   **Monetary policy comparison: ECB *vs.* Fed (March 2025)**

Factor	European Central Bank (ECB)	Federal Reserve (Fed)
Interest rate	2.50% (trending lower)	4.50% (unchanged of late)
Policy stance	Gradual cuts but debating a possible pause	Pause on cuts pending the trend in inflation
Inflation	2.5% in January 2025, above the target of 2%	3% in January 2025, still high
Bond market	Volatility in European sovereign bonds, yields rising	Treasury bond yields at 4.32%, attracting capital
Market expectations	Two more cuts in 2025 but potential for a pause	First cut expected in July 2025

Source: Authors' own elaboration.

not rule out policy adjustments if inflation or growth are surprisingly strong.

Theoretical implications of monetary decoupling for the European economy

The impact of the differences in monetary policy on either side of the Atlantic is multidimensional (Exhibit 1). Firstly, there is a direct effect on the value of the euro relative to the dollar. An interest rate differential can influence capital flows, which are always chasing higher returns, affecting exchange rates. It is true that in recent weeks the rate of exchange between the dollar and euro has oscillated, perhaps reflecting uncertainty about the likely success of such contradictory policies in the US as protectionism as well as tax cuts, which may have eroded economic confidence on the other side of the Atlantic. On the other hand, the financial relief brought about by the successive rate cuts and recently announced fiscal packages could help reactivate the EU economy, as the comparatively favourable performance by the European stock markets would suggest. In any case, rate stability in the US and rate cuts in the eurozone could ultimately strengthen the dollar relative to the euro.

> " The monetary divergence between the Fed and ECB is attracting capital to the US, where Treasury bonds offering 4.32% are significantly more attractive than German 10-year Bund yields of 2.92%. "

Effects of monetary decoupling

Exchange rate:	Investment flows:	Bond markets and financing conditions:
■ Difference in interest rates between Fed and ECB. ■ Strengthening of the dollar against the euro. ■ Effects on European exports and imports.	■ Attractiveness of dollar-denominated assets. ■ Capital outflows from the eurozone. ■ Impact on financing for European corporations and governments.	■ Expectation that US rates will hold steady or increase. ■ Rate cuts in the eurozone. ■ Perceived risks and risk premiums.
Bank sector:	Financial market reactions:	Global financial stability:
■ Reduction in net interest margins in Europe. ■ Stimulus for lending activity. ■ Borrower and lender confidence.	■ Expectations around Fed and ECB strategies. ■ Role of fiscal policy in the eurozone. ■ Coordination and response to global challenges.	■ Reliance on central bank decisions. ■ Equilibrium between stimulus and stability.

Source: Authors' own elaboration.

Monetary policy differences also influence investment flows. Higher rates in the US could draw capital to dollar-denominated assets, such as Treasury bonds, considered safe and profitable. That could continue to drive capital flows out of the eurozone, hurting its corporations and other European economic agents. Higher demand for dollar-denominated assets would also further strengthen the currency, amplifying the effects on the rate of exchange and competitiveness of European exports.

As for the bond markets and financing conditions, in the US, the expectation that rates will hold steady or even rise could reduce bond valuations and lead to higher yields. In the eurozone, in contrast, the ECB's rate cuts would keep yields on sovereign and corporate bonds low, facilitating access to credit for businesses and governments. In Europe, on the one hand, if investors perceive risks associated with economic weakness, they could demand higher risk premiums, which would increase borrowing costs. On the other hand, another source of rising borrowing costs has been the announcement of expansionary fiscal packages, with Germany, for example, seeing its sovereign bond yields move higher. As a result, the European bond markets have been volatile in the face of the prospect of additional ECB rate cuts. In Germany, the yield on the 10-year Bund has risen to 2.92%, driven by the announced expansionary fiscal package focused on defence and infrastructure, which shook Europe's debt markets. This has

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> " For emerging markets, the combination of tariffs, a strong dollar and high interest rates in the US would imply considerable additional challenges. "

led to adjustments in the prices of French and Italian bonds, suggesting that investors are reassessing sovereign debt risk in the current climate of uncertain monetary policy. Moreover, the divergence with respect to the Fed's monetary policy is driving capital flows to the US, where Treasury bonds are offering 4.32%.

With respect to the bank sector, the European financial institutions could see their net interest margins dip on the back of lower rates, hurting their profitability. However, more favourable financial conditions could stimulate lending activity, spurring investment and consumption. The key will be borrower and lender confidence in the current economic context.

In the coming months it will be important to watch how the financial markets react to this divergence and the strategies pursued by the Fed and the ECB to manage the emerging challenges. Elsewhere, it is important to note that in an interconnected world, financial stability does not depend solely on the individual decisions of each central bank but also their coordination and joint response to global challenges. The recent distancing between the US and the rest of the world and its unilateralism has hugely weakened global cooperation and the effectiveness of cooperative strategies.

Lack of coordination of global economic policies... on top of protectionism

Recent decisions have evidenced the lack of consistency around global economic policies. The combination of protectionism and divergent monetary strategies could have unanticipated ramifications. In the US, higher tariffs could spark higher inflation and prolong the Fed's contractionary monetary policy. This in turn would reinforce the dollar against the euro and other currencies, making US exports more expensive and increasing pressure on emerging markets.

Meanwhile, in the eurozone, the divergence with the US will continue to set the tone in the markets. For as long as key economies such as Germany and France remain weak, the ECB is likely to continue to reduce the price of money. This difference with respect to the Fed would have an impact on the financial markets: the dollar would end up appreciating, leaving European imports more expensive (particularly energy goods), adding inflationary risks. Moreover, US bonds would remain more attractive than European bonds, drawing capital to the US. In equities, the uncertainty around Fed strategy could affect US economic growth, particularly the tech sector, which until a few months ago had been benefitting from the prospect of rate cuts. In Europe, in contrast, the markets could find some relief in more favourable borrowing terms, although the threat of a slowdown would linger.

Protectionism in the US would have multiple effects. Firstly, tariffs would increase import prices, possibly fuelling inflation and forcing the Fed to stick with its contractionary policy for longer. That would further strengthen the dollar, affecting the competitiveness of American exports and putting pressure on its trading partners. In turn, the affected counties and blocs, such as the EU, Canada and China, would respond with their own tariffs or currency depreciations, something we are already seeing to a degree, intensifying the global trade conflict. For emerging markets, the combination of tariffs, a strong dollar and high interest rates in the US would imply considerable additional challenges. Investors would probably continue to prioritise American assets, which could trigger capital

outflows from developing economies and increase financial volatility.

How far could eurozone rate cuts go?

Risk of excessive cuts and tensions within the ECB

One of the key debates within the ECB is how far to continue with the ongoing rate cuts. Whereas the market is discounting several additional cuts in 2025, some members of its governing council, including Isabel Schnabel and Pierre Wunsch, have warned of the risk of "sleepwalking" into too many rate cuts. [1] Schnabel said in a recent interview that risks to inflation were increasingly becoming "skewed to the upside" due to factors such as wage growth and higher energy costs. Wunsch, for his part, warned that the ECB should not head for 2% without a more detailed assessment of the economic data.

Uncertainty around inflation lingers. Despite falling from the highs of 2022-2023, in February 2025, eurozone inflation was still at 2.5%. On either side of the debate are those who believe that the risks are balanced *versus* those who maintain that ECB policy may have ceased to be restrictive sooner than expected. These different approaches mirror growing division among monetary policy decision-makers.

The ECB has cut interest rates by 150 basis points since June 2024 and some analysts think that the speed of these cuts could be easing financial conditions too much, warranting reconsideration of current strategy in April or June. Fed policy is another key factor: if the US economy remains strong and inflation stays at over 2%, the Fed could push back its own rate cuts, intensifying divergence with respect to the ECB.

Monetary outlook

Table 2 sums up some of the main scenarios. Whereas the European context justifies a more accommodative stance, the pressure of a strong dollar and pull of higher US

Table 2 — Possible scenarios for ECB monetary policy in 2025

Scenario	Necessary conditions	Potential consequences
Additional cuts to 2%	Inflation falls to 2%, growth remains weak.	Euro depreciation, positive impact on exports but risk of imported inflation.
Pause on rate cuts in April or June	Inflation stagnant at 2.5%-3%, tensions in bond markets.	Greater stability in the financial markets but negative impact on growth and consumption in the eurozone.
Reversal of rate cuts (rate increases)	Inflation rebounds to over 3% or wage increases.	Risk of recession in the eurozone but reinforcement of ECB credibility.

Source: Authors' own elaboration.

" The big question is whether the ECB can stick with its path of monetary easing without causing an uptick in inflation or fuelling tension in the bond markets. "

bond yields could limit the effectiveness of its policy. With the ECB's governing council consensus fragmenting and the volatility in the financial markets, the central bank's room for manoeuvre is narrowing and may prompt it to fine-tune its strategy in the coming months.

Previous episodes of monetary decoupling between the Fed and the ECB may offer some insights. In 2015-2016, the Fed embarked on rate increases while the ECB left its stimulus measures in place, driving dollar appreciation and a slowdown in emerging market economies. During the euro crisis of 2011-2012, the lack of a coordinated monetary response exacerbated tensions in the fixed-income markets. These precedents suggest that if the current divergence widens excessively, the effects on financial stability and exchange rates could be bigger than expected.

Notes

[1] https://www.ft.com/content/5b6c9dda-cf93-4994-8f04-13c70b54d52f; https://www.ft.com/content/3502f87a-351e-4991-966f-94f617591b08

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The recovery of the eurozone periphery: Structural growth or cyclical momentum?

Growth rates across the countries of southern Europe, once considered the weakest link in the eurozone, have outpaced the bloc's core economies in recent years. While structural reforms have played a part, continued economic convergence within the eurozone will depend on consolidation of structural improvements, boosting productivity and resilience to global uncertainty.

José Manuel Amor, Camila Figueroa and María Romero

Abstract: Once heavily impacted by the EMU sovereign debt crisis, the economies of southern Europe, or the peripheral countries, have shown significant economic resilience in recent years, growing faster than the bloc´s largest economies. While this momentum has been partially driven by post-pandemic recovery and external factors like energy market shifts, structural improvements– including labour market reforms, banking sector restructuring, and fiscal adjustments– have played a key role in narrowing the gap with core eurozone peers. Foreign investment flows and sovereign risk premiums reflect renewed investor confidence in the periphery, reinforcing the perception that these economies have gained stability. However, sustaining this convergence will depend on continued productivity gains and the ability to withstand global economic uncertainties.

EMU crisis (2010-2012)

The eurozone sovereign debt crisis (2010-2012) seriously affected the southern European economies of Spain, Portugal, Italy and Greece, as well as Ireland (hereinafter, the "periphery" or the "peripheral economies"). Those economies presented significant macroeconomic imbalances, including high debt and deficit levels. The causes of that crisis and its bigger impact on those countries had to do with structural factors as well as the aftermath of the Great Financial Crisis of 2008.

The creation of the EU's Economic and Monetary Union (EMU) in 1992 led to greater financial integration but also evidenced structural differences between the bloc's member states. On the one hand, the so-called "core" economies (Germany, France and the Netherlands) presented more stable and sustained growth, higher GDP per capita and greater financial discipline. The "periphery" economies, on the other hand, were characterised as presenting more volatile growth, reduced competitiveness and higher debt and deficit levels.

The Great Financial Crisis of 2008, while originating in the US, had an impact on the global economy and financial system. The drop in growth triggered a drastic reduction in the European countries' tax receipts, intensifying existing fiscal shortcomings along the periphery and exposing their sharp current account imbalances to a sudden correction. Greece and Italy reported the highest public debt levels in 2008, at 110.9% and 105.8% of GDP, respectively, levels that would surge to 147.8% and 118.7%, respectively, in 2010, in the aftermath of the Great Financial Crisis. Despite presenting controlled public debt ratios before the crisis, Spain and Ireland experienced real estate and banking credit bubbles that led to unsustainable levels of private debt, pushing them into a balance

Exhibit 1   **GDP per capita in the EMU**

a. GDP per capita, core EMU
Thousands of euros
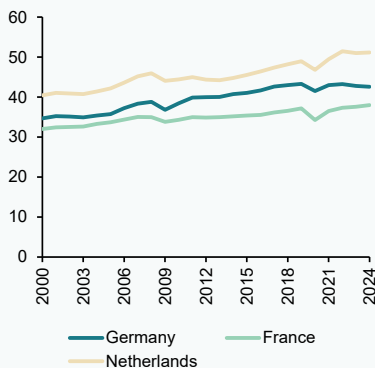
b. GDP per capita, periphery EMU
Thousands of euros

Germany — France
Netherlands

Greece — Spain
Italy — Portugal
Ireland (right)
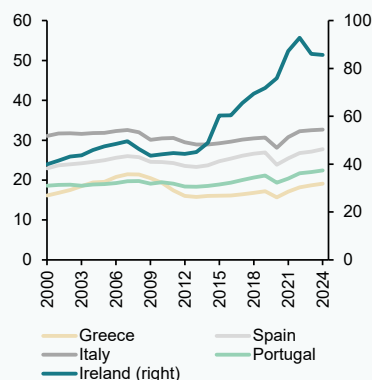
Source: Afi, Eurostat.

Exhibit 2 **Public and private debt in the EMU**

a. Public debt, EMU periphery
% of GDP
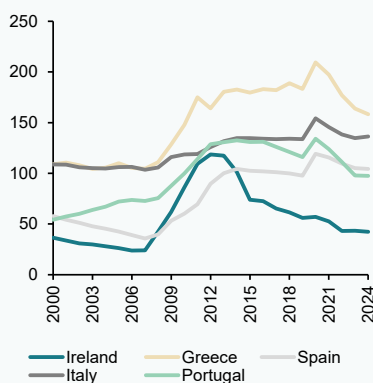
b. Private debt (households and NFCs), EMU periphery
% of GDP
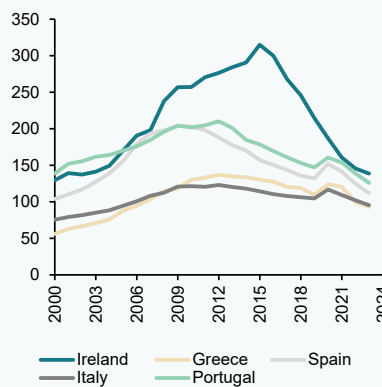
Source: Afi, Eurostat.

sheet recession. Portugal, Spain and Ireland headed into the crisis of 2008 with private debt levels of around 200% of GDP.

The EMU's lack of mechanisms for imposing financial discipline on the member states or for managing the debt crisis sparked a loss of confidence and sent risk premiums higher, particularly along the periphery. In 2009, it was discovered that the Greek government had manipulated its public finances to hide its real levels of public debt, revealing that the public deficit was actually 15.4% of GDP (rather than the 6.7% published until then). That sent its 10-year sovereign bond yields soaring from 5.7% in 2009 to 12.3% in 2010

Exhibit 3 **Sovereign debt interest rates in the EMU**

a. 10Y sovereign bond yields,
EMU core
Basis points
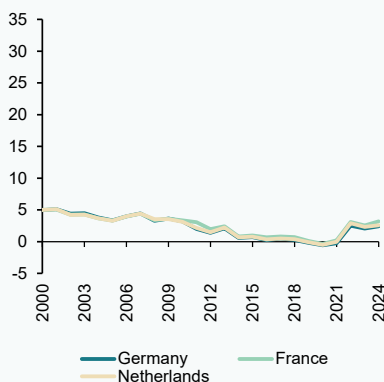
b. 10Y sovereign bond yields,
EMU periphery
Basis points
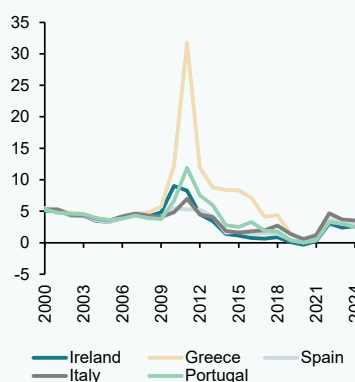
Source: Afi, Eurostat.

and a peak of 31.8% in 2011. The wave of contagion affected Portugal, Ireland, Spain and Italy, whose borrowing costs also rose sharply.

In response to the risk of EMU fragmentation, the European Stability Mechanism (ESM) was set up in 2012 as a permanent rescue fund. That same year the ECB also launched its first Outright Monetary Transactions (OMTs), allowing it to buy sovereign bonds in the eurozone's secondary bond markets in a bid to rein in risk premiums.

In an attempt to contain the economic impact of the crisis and restore confidence in the sustainability of the EMU, the Troika (European Commission, ECB and IMF) decided to bail out Greece (2010, 2012 and 2015), Ireland (2010) and Portugal (2011), imposing strict austerity measures in exchange. Those measures, designed to impose tighter financial discipline, ultimately aggravated the social and economic crises in the countries most affected by the crisis, like Greece, generating political tensions and calling the EMU's strategy into question. Greece's GDP contracted by over 25% between 2008 and 2013 and its unemployment rate peaked at 26.6% in 2013. In Spain, unemployment also peaked in 2013, with 26.1% of the active population out of work.

Meanwhile, the bank bailouts drove public debt levels significantly higher. The bailout of the banking sector in Ireland increased its deficit from 13.9% of GDP in 2009 to 32.1% in 2010. Spain, meanwhile, faced a solvency crisis in its savings bank segment and in 2012 received €100 billion of aid from the European Union to sort out its banking sector.

In December 2013, Ireland was the first bailed-out economy to exit the Troika programme, thanks to a rapid recovery fuelled by strong exports and sharp fiscal adjustments. Portugal, an economy marked by low growth and high foreign borrowings, managed to exit the programme in May 2014. Greece, which was the hardest hit, underwent a debt restructuring in 2012 and officially exited the programme in August 2018, albeit remaining under financial supervision. Spain and Italy, while not officially bailed out, finalised their aid programmes in 2013 and 2014, respectively.

Structural reforms and competitiveness gains

After the EMU crisis of 2010-2012, the peripheral European economies implemented

Exhibit 4 **Public deficit and unemployment rate in the EMU**

a. Public deficit, EMU periphery
Percentage of GDP
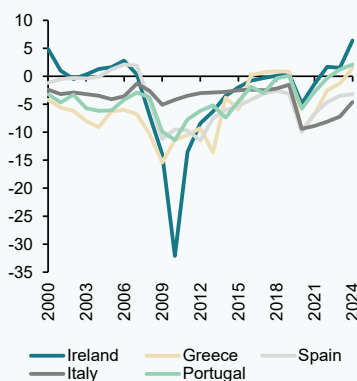
b. Unemployment, EMU periphery
Percentage of active population

Ireland — Greece — Spain
Italy — Portugal
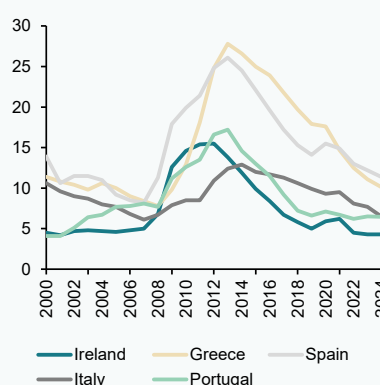
Source: Afi, Eurostat.

> " Labour market reforms in Spain, Portugal, and Italy have increased flexibility, making it easier to hire and fire workers and improving competitiveness. "

a series of structural reforms with a view to lifting their competitiveness and economic stability. Those policies focused on several key areas, including the labour market, financial, taxation and pension systems and the structure of the public sector.

On the labour front, Spain undertook far-reaching reforms in 2012 that left its job

market more flexible, making it easier to hire and fire and fostering collective bargaining at the firm level. Portugal also introduced measures to reduce the costs of dismissals and make labour contracts more flexible, allowing its companies to better adapt to prevailing market conditions. Greece made its labour laws more flexible and reduced the minimum wage in a bid to lift competitiveness and

Table 1 **List of the main structural reforms implemented in peripheral Europe in the wake of the EMU crisis**

Type of reform	Spain	Portugal	Greece	Italy	Ireland
Labour reforms	Labour market flexibility measures (2012)	Reduced costs of dismissals and more flexible contracts	Labour law flexibility measures and minimum wage cut	Jobs Act (2015): more flexible contracts	-
Financial system reforms	Bank sector restructuring, creation of SAREB	-	-	Bank restructuring	Bank consolidation and recapitalisation, creation of NAMA
Fiscal reforms	Simplification of tax system, anti-fraud measures	-	-	-	Tax increases and public spending cuts
Pension system reforms	Increased legal retirement age	Increased legal retirement age, pension cuts	Increased legal retirement age, pension cuts	-	-
Public sector reform	-	Reduced number of municipalities, public administration restructuring	Sale of state assets		Reduced public employees, sale of state assets
Legal system reforms	-	-	-	Acceleration of legal proceedings and reduction of red tape	-

Source: Afi, OECD.

attract foreign investment. Italy introduced its Jobs Act in 2015 to make job contracts more flexible and reduce unemployment benefits, so shaking up the labour market and reducing youth unemployment.

As for the financial system, Spain restructured its banking sector, creating a bad bank (SAREB) to manage non-performing assets. Italy also restructured its banks and took steps to recapitalise them. Ireland had already created a bad bank called NAMA. It also reduced the number of banks and recapitalised the remaining financial institutions to fortify its banking system, so restoring financial stability and fostering the economic recovery.

On the fiscal front, Spain simplified its tax system and took steps to combat tax fraud,

boosting tax efficiency and collection. Ireland raised taxes and cut public spending to balance its finances and reduce its deficit, measures that were essential to restoring market confidence and ensuring its long-term fiscal sustainability.

In the public sector, Portugal restructured its public administration, reducing the number of municipalities and increasing government efficiency. Ireland cut the number of public sector employees and sold off state assets to boost public sector efficiency and contribute to the fiscal consolidation effort. Greece also implemented a state asset disposal programme to reduce public debt and attract investment, thereby delivering on the commitments assumed in the course of its bailout programmes.

Exhibit 5 **Competitiveness trend index in EMU countries**

a. Trend in relative consumer prices
Rebased 100 = 2012
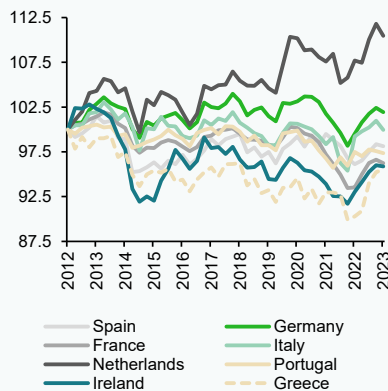
b. Trend in relative labour costs
Rebased 100 = 2012

Legend: Spain, Germany, France, Italy, Netherlands, Portugal, Ireland, Greece
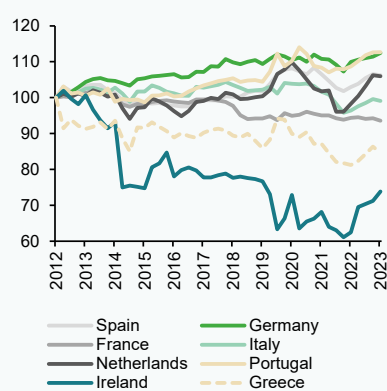
Source: Afi, OECD.

> " The peripheral economies have narrowed the growth gap with the core economies, posting average annual growth of around 5% since 2021, the post-COVID period, double the rate recorded by the core. "

Each country tackled its specific challenges with a pool of measures adapted to their unique needs, boosting economic stability and growth in the region. These structural reforms have been essential to improving their competitiveness.

The competitiveness indicators compiled by the OECD [1] yield mixed conclusions for the peripheral economies. In terms of price competitiveness, while Ireland has registered strong gains thanks to sharp economic growth and foreign direct investment, other peripheral economies, including Italy and Spain, have seen their competitiveness suffer as a result of increases in the relative prices of the goods and services they export. Nevertheless, the trend in prices has been substantially better than that observed in core economies, like the Netherlands, the country to have sustained the biggest loss of competitiveness in relative price terms since 2012.

In terms of labour cost competitiveness, the periphery economies have implemented major reforms, as detailed above, and devised strategies to attract foreign investments that have helped improve their international competitiveness. However, structural challenges and productivity issues have hurt their ability to sustain the momentum. In particular, Spain and Portugal have suffered difficulties on account of increased labour costs and the need to boost productivity that are very similar to those suffered in other core economies, such as the Netherlands and Germany. Greece and Ireland, on the other hand, have gained competitiveness in terms of labour costs when analysing the data from 2012 to 2023 (the most recent figures available for this indicator of the trend in international competitiveness compiled by the OECD).

These competitiveness gains have, together with other factors, driven economic growth in these peripheral economies and made inroads into the GDP gap with the core economies.

Economic convergence and tailwinds: structural and cyclical factors

In recent years, growth dynamics in peripheral Europe have been stronger than those encountered in core European countries, particular in the post-COVID period, 2021-2024. Whereas the former have registered average annual growth of around 5%, the latter have recorded only half as much. While the convergence process was initially driven by the recovery of ground lost as a result of COVID-19 (when these economies also contracted by relatively more), since 2022, their growth is being driven more by other factors.

The improvement in the periphery economies is not only attributable to the structural reforms undertaken in the past, but also cyclical factors, including: (i) the global economic recovery that began to take hold in 2021; (ii) expansionary monetary and fiscal policies (and their coordination throughout the pandemic, in contrast to what happened during the previous Great Financial Crisis); and (iii) the measures taken to combat the

> " The European Commission's forecasts for 2025-2027 suggest that economic convergence between the periphery and core eurozone countries is set to continue. "

Exhibit 6   **Decomposition of GDP growth by component for core *versus* peripheral Europe***

Percentage, annual average
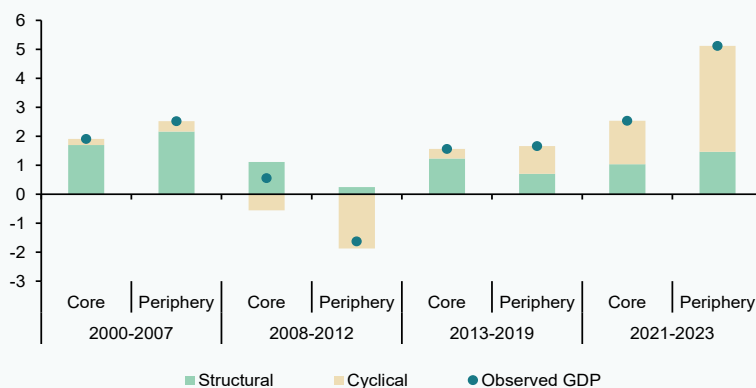
* Core economies: Germany, France and the Netherlands. Periphery economies: Spain, Portugal, Italy, Greece and Ireland.

Source: Afi, European Commission.

adverse effects of the war in Ukraine (on top of the fact that the periphery economies are less exposed and vulnerable than the core European economies, whose productive structure uses energy more intensively and which were relatively more dependent on Russian oil and gas imports).

In fact, an analysis of the decomposition of GDP growth between the structural [2] and cyclical [3] components highlight this reality. The periphery economies have not only increased the contribution by the structural component to GDP growth, especially in the last two years (when this contribution has deteriorated slightly in the core economies), they have also benefitted more from the cyclical drivers than the core European economies. The European Commission's forecasts for potential output and total GDP for 2025-2027 suggest that this convergence

is set to continue. In all likelihood, the relatively better performance by the periphery economies and stagnation across the core European economies will help reinforce the perception the former are improving relative to the core economies.

Echoes in financial flows and sovereign risk premiums

The relatively stronger macroeconomic performance of the periphery member states since the Great Financial Crisis and subsequent EMU sovereign debt crisis (2008-2012) is also echoed in the relative trend in key financial variables, including investment flows and sovereign debt risk premiums relative to the core countries, particularly Germany.

Here we analyse two variables for investment flows: cumulative foreign direct

" Between 2019 and 2023, inbound FDI flows to the peripheral economies consistently outpaced Germany's, signalling a recovery in investor confidence. "

Table 2 **Trend in cumulative inbound FDI flows in the EMU**

Percentage of GDP

	2000-2007	Vs Germany (pp)	2008-2012	Vs Germany (pp)	2013-2023	Vs Germany (pp)	2000-2023	Vs Germany (pp)
Germany	29.2	--	5.5	--	4.3	--	12.3	--
France	31.5	2.4	4.8	**-0.8**	4.1	**-0.2**	12.7	0.4
Netherlands	49.9	20.7	8.6	3.1	1.3	**-3.0**	17.1	4.8
Ireland	39.7	10.5	14.1	8.6	7.5	3.2	18.8	6.5
Greece	72.0	42.9	12.6	7.1	11.9	7.6	29.3	17.1
Spain	35.6	6.4	5.6	0.1	5.2	0.9	14.6	2.3
Italy	50.4	21.3	3.0	**-2.5**	5.4	1.1	18.1	5.8
Portugal	64.0	34.8	11.9	6.4	5.3	1.0	23.6	11.3
Periphery average	52.3	23.2	9.4	3.9	7.1	2.8	20.9	8.6

* Compound annual growth rate in each period.
Source: Afi, World Bank.

investment (FDI) flows and the composition of sovereign debt holdings. The following table shows the compound average growth rates in FDI over different time intervals and the growth differential in this variable, in percentage points, for each country relative to Germany. It tells that in the years of crisis, growth in inbound FDI flows to the five peripheral economies relative to Germany declined sharply by comparison with the early years of the EMU. FDI in Spain and Italy sustained a sharp relative contraction. In the ten years since 2013, however, these economies have consistently recorded faster growth in FDI flows than Germany (albeit well below the differentials observed in 2000-2007).

The second variable that reflects the relative recovery in investment flows towards the periphery (the four peripheral economies plus

Exhibit 7 **Public bond holdings in the hands of non-residents: Trend in the gap in shares by institutional sector relative to Germany**
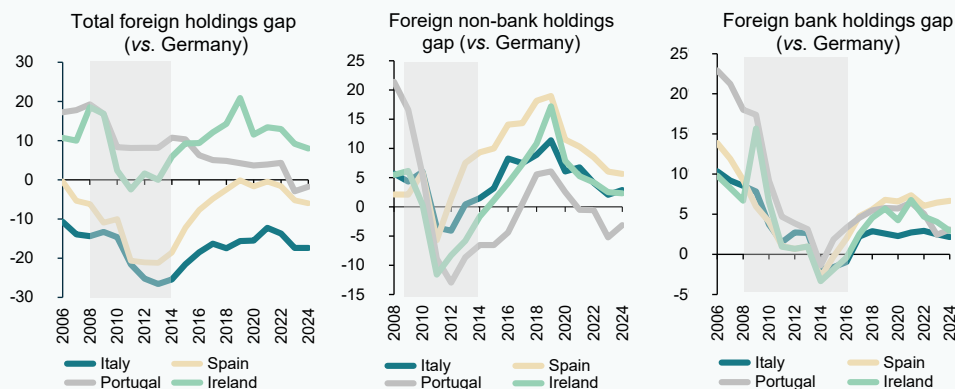
Source: Afi, IMF (data for central government debt).

Exhibit 8 **Spread between 10Y sovereign bonds and 10 Bund**

Percentage points

Greece:
31.9 pp
(2/3/12)

NLD FRA BEL ESP ITA IRL PRT GRC
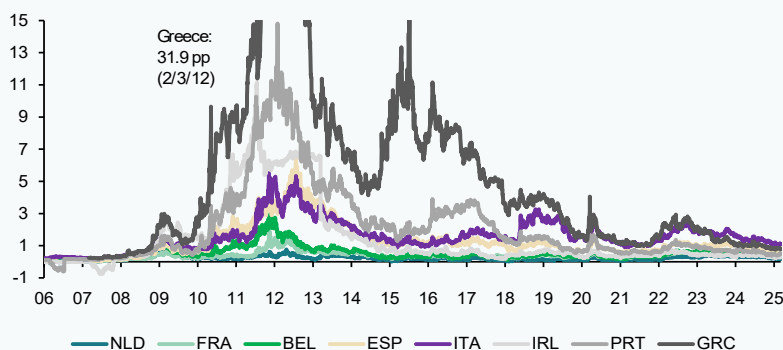
Source: Afi, Bloomberg.

Ireland) is the trend in the stock of sovereign debt held by non-resident investors. To illustrate this phenomenon we map the gap between the shares of non-resident holdings for the periphery *versus* Germany. This shows that following a sharp relative reduction in the presence of non-resident investors (banks and non-bank investors) in 2008-2013, these holdings rebounded intensely until 2020, in parallel with recovering confidence in these economies, also borne out in the gradual normalisation in their sovereign debt yields relative to German yields (sovereign risk premiums). The stabilisation and even slight widening in the gap observed from 2020 should not be interpreted in a negative light as it is the direct consequence of the massive debt purchase programmes rolled out by the ECB in the wake of the pandemic. Moreover, despite a narrowing in the relative gap in the non-bank, non-resident investor segment, the consistent recovery in relative appetite for periphery debt among non-resident bank investors is proof of the solidity of the recovery in investor flows into this group of economies' sovereign bonds.

Conclusions

The sovereign debt crisis in the EMU (2010-2012) took a particularly heavy toll on peripheral Europe where the combination of high deficits, high debt and macroeconomic imbalances had heightened their exposure to the effects of the Great Financial Crisis of 2008. The financial bailouts and strict austerity measures imposed by the EMU paved the way for restoration of economic stability and greater financial discipline in the eurozone, while the structural reforms implemented by the peripheral economies lifted their competitiveness and helped reduce the growth gap with the core European economies.

In recent years, the periphery states have posted more dynamic growth than their core European peers, fuelled by both structural and cyclical drivers. The recovery in investor appetite has reduced risk premiums and bolstered confidence in the peripheral economies' fiscal sustainability. Going forward, economic convergence within the eurozone will depend on these countries' ability to consolidate their structural advances, lift their productivity and their exposure to the trend in the global economy.

Notes

[1] The OECD's competitiveness indicator based on relative prices and relative labour costs is used to assess the competitiveness of countries relative to others:

The price competitiveness indicator is calculated based on relative changes in CPI. This component compares the prices of the goods and services of one country with those of other countries. It is used to measure how changes in domestic prices affect international competitiveness. An increase in relative prices may indicate a loss of competitiveness by making a country's products more expensive relative to those of other countries.

The relative unit labour costs (ULC) indicator compares the labour costs of one country with those of other countries. ULCs are calculated by dividing total labour costs by total output. An increase in relative labour costs may indicate a loss of competitiveness by making a country's products more expensive to produce relative to those of other countries.

[2] To derive this component, we use the potential output estimates compiled by the European Commission for all of the countries analysed. Potential output is the maximum growth in output an economy can sustain in the long term without generating inflationary pressures. It is calculated using economic models that consider the supply of labour and capital and total factor productivity, among other inputs.

[3] The output gap. This is the difference between real and potential output. A positive output gap indicates that the economy is growing faster than it can grow sustainably (a growth cycle), while a negative output gap indicates the opposite (recession). It therefore captures the effect of the cycle on an economy's GDP growth.

José Manuel Amor, Camila Figueroa and María Romero. Afi

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European housing policy insights: Lessons for Spain's market challenges

Spain's housing market is under strain due to a persistent supply-demand imbalance, particularly in major urban centers, exacerbating affordability challenges. Lessons from other European countries highlight the need to cut red tape, improve land-use policies, and foster public-private partnerships to boost housing availability and long-term market stability.

Miguel Ángel González Simón

Abstract: Spain's housing market faces mounting pressures, with demand consistently outstripping supply, particularly in major urban areas. In 2022, only one new home was built for every seven new households, exacerbating affordability challenges. While housing policy in the EU varies widely, key initiatives–such as Vienna's strategic land management, the Netherlands' social housing financing model, and Ireland's rental guarantee scheme that integrates private properties into the social housing stock through long-term agreements and tax incentives –offer valuable lessons for Spain. Addressing the country's housing shortfall requires cutting excessive red tape, improving land-use policies, and fostering public-private partnerships. A coordinated approach across government levels and targeted incentives for affordable housing will be essential to ensuring long-term stability in the Spanish housing market.

Foreword [1]

Housing affordability has become a structural challenge with considerable economic and social implications.

In recent years, the significant growth in housing prices as a result of a growing gap between supply and demand has aggravated the affordability problem. This development, common to many European Union (EU) countries and other regions, is related with global factors such as international financial conditions (IMF, 2024). However, the national markets present unique characteristics that require local analysis.

The Spanish market is notably heterogeneous across segments, social groups and regions. Other factors making it unique include the legacy of the crisis of 2008 and the cultural importance attached to home ownership.

The main goal of this paper is to examine the recent trend in the housing market in Spain and explore relevant economic policies in the EU of relevance for Spain.

Assessment of the housing market in Spain

The early years of the twenty-first century were characterised by a housing market boom. New home-building peaked at around 700,000 a year, fuelled by a credit bubble and massive inflows of foreign capital, channelled primarily into this sector, until the property bubble burst.

The supply of new housing ground to a halt after 2008, just as demand dynamics began to shift. Demand patterns since the financial crisis have been marked in particular by population ageing, changing household structures and migratory flows.

In the last 10 years, the correlation between demand for new housing, measured by new household formation, and the supply of new housing, using building permits as our proxy, has trended in different directions in Spain *versus* the EU (Exhibit 1).

Exhibit 1 **Trend in relative demand for housing in Spain and the EU (2015-2025)**

Ratio of new demand relative to new supply

Note: Relative demand is calculated as the ratio between new households and new housing units for each year. New households are measured as the difference between the number of households in two specific years. New housing units are estimated on the basis of the building permits granted two years previously (for example, 2013 permits are used as the proxy for units completed in 2015). The household projections are estimated based on Eurostat data.
Source: Author's own elaboration based on Eurostat data.

> " In Spain, demand has consistently outstripped new housing supply, peaking in 2022 when only one new home was built for more than seven units demanded. "

In Spain, demand has been consistently outstripping the supply of new housing, translating into a continuous housing shortage. This mismatch peaked in 2022, when only one new house was built for more than seven units demanded. 2021 and 2022 were particularly volatile. In 2021, the ratio turned negative due to the drop in new household creation, whereas in 2022 it shot up, driven by the strong post-COVID recovery and growth in immigration.

Since 2023, the gap has begun to ease as a result of a slight slowdown in growth in demand and some recovery in supply, albeit remaining sizeable. The projections for 2025, based on the Eurostat population figures, suggest that growth in demand for housing in Spain will ease but remain relatively high (at around 300,000 new households), still more than twice the volume of new supply.

In contrast, the EU market has been more stable during the same period. Since 2023, the slowdown in the pace of construction and high growth in household formation is putting more pressure on household demand, unveiling the need for a strong supply response. This trend is expected to continue in 2025, with demand outstripping supply. Note, however, that this ratio is fairly varied across the different member states.

Spain and the EU as a whole have in common the fact that demand is at historically high levels, particularly in Spain. This surplus demand, in a context of a constrained supply response, is driving prices higher and eroding affordability.

A key aspect of recent dynamics is the fact that in high-income provinces, the supply of primary residences has increased notably (Exhibit 2). This trend may reflect either a more responsive supply structure or stronger market pressure in these areas. In 2015, primary residences accounted for a higher percentage of the total stock in higher-income provinces (71.1%) by comparison with lower-income provinces (66.3%). Over the years, this gap has widened: by 2023, the share of primary residences in high-income provinces had increased by around four points.

In contrast, in low-income provinces, the use of primary residences has decreased while the use of second homes has increased, indicating a potential shift in household preferences, possibly related with limited incentives to move to these markets.

Moreover, these regional differences in the use of housing are coming about in a context of concentration of demand for housing in certain areas. The regions of Barcelona, Madrid, Valencia, Alicante and Malaga account for over 50% of the housing shortage in Spain (Bank of Spain, 2024), reinforcing the idea that housing market tensions are significantly concentrated geographically.

> " In low-income provinces, the use of primary residences has decreased while the use of second homes has increased, indicating a potential shift in household preferences. "

Exhibit 2

Trend in the use of housing by provincial income levels in Spain (2015-2023)

Use of housing as % of total stock

Primary | Secondary

■ 2015 ● 2023
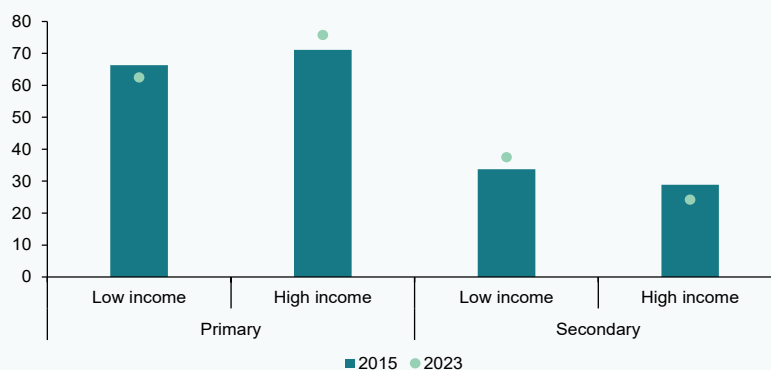
Note: The low-income category includes provinces whose average household income falls within the 25th percentile of the distribution, whereas the high-income bracket includes the provinces in the 75th percentile.
Sources: Author's own elaboration based on Ministry of Housing and Urban Agenda and INE data.

There are also considerable differences in the type of housing in demand depending on the region and its level of economic activity. More specifically, rentals are more prevalent in municipalities in which average income per household is higher (20.8%) relative to lower average income municipalities (16.8%). This depicts growth in demand for housing that has not been covered by growth in supply.

Although the stock of social housing has increased in recent years, it continues to represent a very small percentage of the total (around 10%), especially in the rental segment (3.3%). Again, this growth has been uneven by region. Since 2019, the stock of social housing has shrunk by 45% in Castile and Leon, compared to growth of over 400% in La Rioja (refer to Ministry of Housing and Urban Agenda, 2025).

Growth in the presence of vacation rentals is another factor restricting the supply of rental housing, particularly affecting areas with greater economic activity. The percentage of rental housing stands at over 50% of the total stock of rental housing in certain specific markets, including Malaga and Alicante (Bank of Spain, 2024).

The trend in housing and rental prices in Spain over the past decade reveals patterns that depict the structural imbalances affecting the housing market. The territorial analysis evidences the existence of significant heterogeneity.

" Despite recent increases, social housing remains limited in Spain, representing just 10% of the total stock and only 3.3% of rental housing. "

> " With respect to the possibility of a property bubble, the available evidence suggests that prices are primarily responding to fundamentals factors rather than widespread imbalances. "

Between 2019 and 2024, housing price growth has accelerated in general, at rates significantly above the growth in rents in virtually every region (Exhibit 3). In some markets, such as Madrid, Catalonia and the Balearics, prices have grown by around 30% in the last five years, in contrast with more moderate price growth in the rental segment.

The intensity of the growth in prices indicates that the areas with more dynamic economic activity and higher tourism exposure are experiencing more acute market pressures, confirming the geographic concentration of the housing shortage.

The comparison between 2015-2019 and 2019-2024 reveals that in several regions the rate of growth in housing prices has intensified in recent years. In Cantabria, Murcia, Andalusia and Navarre, price growth has accelerated by more than 20 percentage points in the last four years by comparison with the previous four years. This pattern suggests that the imbalances between supply and demand not only persist but have deepened in certain markets.

Moreover, the growth in sales and prices observed in 2024 is expected to continue in 2025, underpinned by the persistence of the underlying drivers, including growth in disposable income and a relatively comfortable financial situation (Montoriol, 2025).

These dynamics are impeding access to housing, especially for certain groups and in certain markets. This heterogeneity is mainly attributable to the limited supply of rental housing and growing demand from buyers with significant purchasing power (Funcas, 2024).

Lastly, with respect to the possibility of a property bubble, the available evidence

Exhibit 3 **Trend in housing and rental prices**

Comparison between the rates of growth in housing and rental prices by region, %

■ Housing 2015-2019 ■ Rental 2015-2019 ◆ Housing 2019-2024 ▲ Rental 2019-2024

Sources: Author's own elaboration based on Ministry of Housing and Urban Agenda and INE data.
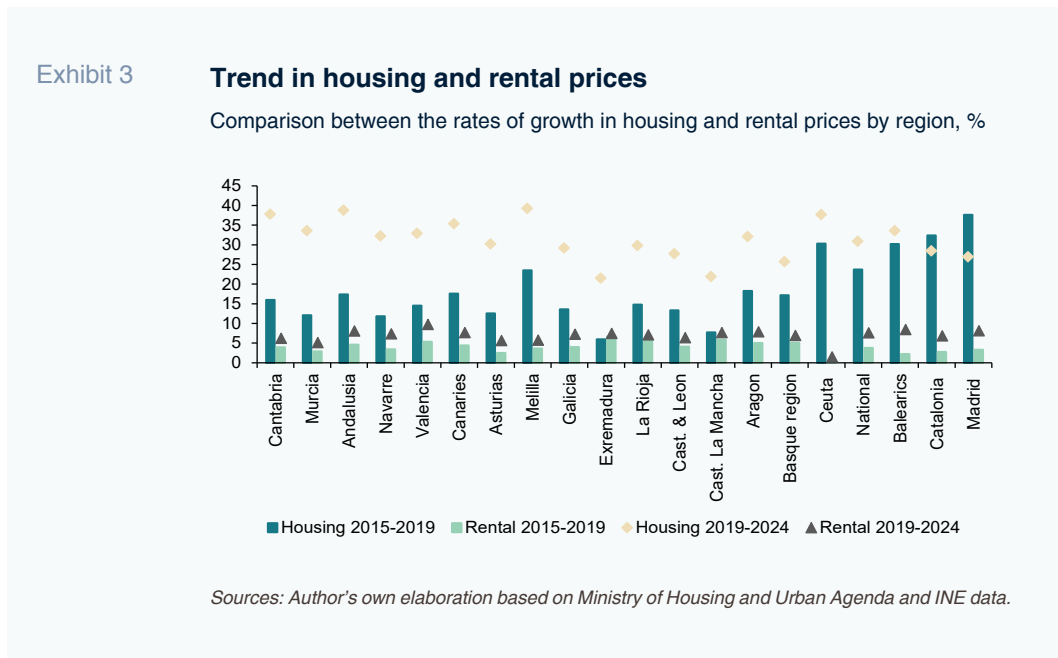
suggests that prices are primarily responding to fundamentals factors (refer to the International Housing Observatory reports) rather than widespread imbalances. Nevertheless, it is essential to closely monitor the key indicators to ensure a bubble does not form.

In short, the main challenges facing the housing sector in Spain are: (i) the shortage of supply, particularly in the rental segment; (ii) excessive red tape, especially around the use of land; and (iii) significant heterogeneity by geographic and demographic segments.

Toward improved housing policy in Spain: Lessons from the EU

In the last decade, housing policy has been decentralised in the EU, albeit not uniformly. In Estonia and France, direct administration is shared across the various levels of government, whereas in Germany and Spain it lies primarily with the regional governments.

Housing policies are also remarkably diverse, reflecting different national dynamics and priorities (Caturianas *et al.,* 2020). Only 41% of the member states have a national housing plan, while 52% have implemented rent control measures. In parallel, 41% of the member states have established regulations for guaranteeing minimum housing quality standards. In recent years, measures have also been taken to devise strategies for reducing the number of homeless people. Specifically, 10 member states have included these strategies in their legislation and 16 have homelessness on their strategy agendas for the years to come.

Below is a description of housing policy policies based on four interconnected pillars: (i) land management; (ii) housing supply incentives (both home ownership and rental segments); (iii) expansion of social housing;

and (iv) mechanisms for coordinating the housing market participants. The goal is to draw relevant lessons for tackling the challenges facing the housing market in Spain.

Optimisation of land management and availability

Land management has direct consequences for the supply and prices of housing. A sufficient level of available land makes it possible to build at reasonable prices, helping to increase the supply of affordable housing.

Several countries have adopted strategies for refining how they manage their land. The paradigmatic case is Vienna, where housing affordability has not deteriorated the same way as in other EU cities. Since 1994, the city's housing fund has been championing the construction of quality housing at affordable prices by buying up strategically located sites and organising local tenders among land developers, which are assessed by independent experts. This objectivity is essential to avoiding the auction bias that characterised the Spanish market early this century (Ezquiaga, 2024). The Vienna model has evolved over time, addressing emerging needs such as youth access and including essential services in the developments, while setting aside significant volumes of land for affordable housing.

Its success is based on the fund's administrative and financial autonomy, the continuity of the related policies and the effective adjudication of the auctions based on objective criteria. In Spain, this continuity could be provided by means of state pacts or the provision of long-term mandates to the competent authorities, whereas auctions would benefit from greater transparency.

> " Since 1994, Vienna's housing fund has secured affordable housing by purchasing strategic land, organizing tenders among developers, and ensuring expert oversight. "

One of the main factors limiting supply in Spain is the limited availability of zoned, or ready-to-build, land. A significant percentage of the land available is at earlier stages of the zoning process, implying the need for additional planning and permitting requirements. This lengthens the transformation process and adds uncertainty and costs for developers.

The Netherlands has a specific strategy for simplifying regulations based on the Wabo law, passed in 2010. Under this legislation, all of the physical activities undertaken by a company are covered by a single permit, which is provided by the municipalities. This permit has just three main categories depending on the nature of the activity, significantly reducing the associated administrative burden. Moreover, if an area of land is already covered by an existing town plan, no additional permits are needed. If permits are violated, the authorities are empowered to impose fines proportionate to the breach. This system means that even the most complex developments can be permitted in less than two years, significantly reducing the uncertainty associated with land development.

Spain already has instruments designed specifically to enhance land management, such as the 'municipal gain', which represents an ongoing source of financing for the municipal governments. However, the limited availability of ready-to-build land and the uncertainty associated with the acquisition of land considerably constrain the pursuit of residential developments. It is therefore fundamental to provide the local authorities with the regulatory and financial tools needed to speed up land management, take decisions more flexibly and guarantee its effective use.

Incentives to increase the supply of housing for sale and rental

In a context of growing demand pressure, it is essential to ensure that the measures taken do not curb supply dynamics. It is also important to pay attention to the displacement of demand towards the rental market and the intensification of tensions in this segment.

One of the main factors limiting the supply response is the excessive regulatory burden. Reducing this burden could significantly accelerate the start of new developments. In Estonia, the permit processing procedures have been digitalised. In Tallinn, this initiative has helped reduce the average length of time needed to obtain a permit by half in a period of three years, also triggering growth in the number of permits.

The permitting procedure system in Estonia brings all stages of the process into a digital platform based on standardised technical requirements nationwide and proper training of its managers. Adaptation of this system for Spain would require consolidating the governments' technological infrastructure and harmonising regulatory criteria nationwide.

A focus on certain groups could also ease market tightness in specific segments of the population. Denmark prioritises housing for youths by designing relatively small units accompanied by common-use areas, and through cost-based rents. Simultaneously, the state provides substantial economic aid to full-time Danish students. These policies have helped reduce the age at which Danes leave the parental home to among the lowest in the EU (21.4 years versus 26.3 in the EU in 2023). A similar initiative in Spain could be brought about through agreements between the regional authorities and the universities. It would also be advisable to establish specific quotas for youths in vocational training programmes.

Spain faces substantial challenges regarding housing supply. Initiatives to reduce excessive bureaucracy, such as digitalising and centralising the planning permission process as in Estonia, could foster residential construction. Also, measures targeted at specific groups like young people could help facilitate their access to housing.

Growth and preservation of the available stock of social housing

A small stock of social housing [2] restricts economic policy's room for manoeuvre by curtailing its role in correcting market imbalances.

> " Since 1995, Dutch social housing developers have been financially independent from the state but benefit from a guarantee fund that channels private capital into affordable housing. "

To address these constraints, some countries have developed solid social housing models. The Netherlands, where social housing accounts for 30% of the total stock, compared to 3% in Spain, offers valuable lessons. Since 1995, Dutch social housing developers (*woningcorporatie*) have been financially independent from the state but benefit from a guarantee fund that channels private capital into affordable housing. However, they benefit from a favourable financing system through the social housing guarantee fund. This mechanism helps channel private capital into this type of housing by providing the developers with guarantees. One of this system's key strengths is the rigorous nature of the studies carried out prior to awarding the guarantees, which has cemented the fund's credibility, as borne out by its AAA rating from the main credit agencies. In parallel, an independent national regulator supervises the social housing developments to ensure they comply with the required management and financial standards. Two major advantages of this system are that it does not burden the country's public finances and the ease with which it could be replicated in other contexts.

The Housing Assistance Payment in Ireland is another good example in this segment. Implemented in 2014, this initiative has gradually incorporated housing into the social stock through the following mechanism: private market properties that meet certain minimum quality and energy efficiency standards can be transferred to the stock of social housing. By means of a contract between the local authority and the owner, the government guarantees the regular payment of a previously agreed and below-market rent and the landlord owner retains ownership of the property while mitigating its risk of non-payment and management costs. The tenants, meanwhile, contribute a share of their income directly to the local authority.

The success of this scheme is underpinned by factors that could be applicable in Spain, including its clear and predictable incentive scheme. Firstly, it offers property owners financial security by guaranteeing full rent collection. Secondly, it significantly simplifies owner management by eliminating the need to look for tenants, which are selected from waiting lists. Thirdly, the scheme features specific tax incentives designed to encourage owner participation.

In Spain a similar system could be implemented while respecting the autonomy of regional governments. They would establish the income requirements and classifications in accordance with their market specifics, whereas the municipal governments could manage the day-to-day operations and tenant selection process. Moreover, in areas where holiday rentals are having a bigger impact, additional tax incentives could be designed for long-term rentals to compensate for the lower return from holiday rentals.

These examples of EU initiatives show that a combination of financial tools, public-private

> " One of the biggest housing policy challenges is guaranteeing adequate coordination among public and private sector agents, as the failure to do so can lead to inefficient resource allocation. "

partnership and legal certainty could be vital to widening and preserving the stock of social housing in Spain.

Coordination mechanisms

The housing market involves a significant number of agents, from the public sector to a range of private sector players. One of the biggest housing policy challenges is guaranteeing adequate coordination among the various agents, as the failure to do so can lead to inefficient resource allocation. In addition, it is essential to realise that correcting the existing imbalances cannot be achieved by only one side of the market (public or private); a joint effort by all participants is required.

These coordination mechanisms can be grouped into two categories: mechanisms between different levels of government and between the public and private sectors.

Between levels of government

The fact that housing policy falls to the regional governments poses a risk for residential investment projects as regulatory variation increases uncertainty and potentially fosters a race to the bottom among regions.

Coordination among the different regional authorities can limit this risk. From a theoretical perspective, the different mechanisms can be classified as a function of the intensity of the coordination, which is explained by cognitive, political and institutional factors (Ferry, 2021).

In France, the central government sets national targets for the provision of social housing through its Solidarity and Urban Renewal Act (SRU). This legislation requires the municipalities to maintain a minimum supply of social housing for vulnerable segments of the population. Its legally binding nature and the existence of a penalty regime for local authorities that breach it act as mechanisms for aligning the actions taken at the various levels of government. The law also contemplates distinct targets depending on the urban context, imposing more stringent requirements in tighter markets. Adaptation

of this system for the Spanish market could take the form of a framework state law that sets nationwide minimums, while leaving the regional authorities with flexibility around their implementation.

In Finland, the municipal governments have an entity specialised in financing residential projects (*MuniFin*), which is managed jointly by the local authorities, the central government and the national pension fund. This multi-level governance structure ensures targets are aligned across levels of government. *MuniFin* issues bonds with high credit ratings secured by a business association (KT). The municipal authorities' access to this preferential financing (favourable interest rates and extended maturities) is conditional, however, on delivery of specific affordable housing targets. This mechanism motivates the local bodies to actively manage their housing remits and ensures alignment with other levels of government.

Public-private partnership

Mechanisms for collaboration between the public and private sectors are a fundamental part of any strategy for tackling the housing market challenges by leveraging the resources and capabilities of both sectors. The examples already provided reflect, albeit indirectly, forms of collaboration between the authorities and the private sector. The land development tenders in Vienna are a good example of mutually beneficial public-private interaction: the authorities set the quality and affordability criteria, while the private sector brings creative and efficient solutions. In Spain there are also good examples of public-private partnership. García Montalvo *et al.* (2022) outline a considerable pool of good practices in Catalonia which demonstrate the potential for these alliances in the Spanish residential space.

In a bid to spark interaction between the public and private sectors, several EU member states apply low-cost yet high-impact measures. In the Netherlands, for example, the creation of one-stop-shops has reduced duplicate red tape and construction times. Finland has opted for positive administrative silence, reducing uncertainty for private

investors. Initiatives like these could invigorate the Spanish market.

A staggered approach based on pilot projects could also provide an effective way of fostering public-private initiative. Flanders illustrates this possibility. In light of the challenge of bringing about a significant increase in the stock of housing and the scarcity of social housing developers capable of taking on the required volumes, a public-private initiative was put in place. The public sector provided the regulatory framework and some of the financing, while the private companies contributed industrialised construction methods that made it possible to leverage economies of scale. The outcome was significant acceleration of the renewal process, multiplying the housing market's responsiveness (Housing Europe, 2025).

In Spain, housing competences lie primarily with regional authorities, underscoring the central role of this pillar in the design of these policies. Initiatives such as the harmonisation of taxation across the regions and enhancement of measures such as the transfer of public land could help accelerate permitting processes and curb regional differences. In addition to speeding up administrative processing, these measures would also create a more predictable environment for private investment in affordable housing.

Concluding remarks

The most relevant housing policies share a series of characteristics: public-private partnership, a priority focus on vulnerable groups and tailoring for the specifics of each territory. There is no universal model; rather, interventions need to be adapted for each specific case.

On the basis of the assessment presented and lessons learned from Europe, we can identify three priority lines of action for Spain:

- Bolstering the supply response by simplifying red tape: Excessive bureaucracy is a barrier for the development of new housing in Spain. Implementation of a harmonised digital system like Estonia's would accelerate construction, particularly in markets presenting more pronounced shortages.

- Developing specific financial incentives for affordable housing: The Finnish model, *MuniFin*, is an example of how to spur investment in housing without compromising the public accounts.

- Establishing effective mechanisms for multilevel government coordination: The spread of housing powers in Spain underlines the importance of creating effective coordination mechanisms. The creation of one-stop shops like the Dutch example and spaces for efficient collaboration would facilitate regulatory convergence across the regions.

Execution of these priorities should be framed the following key horizontal initiatives: (i) public-private partnership; (ii) specific measures for specific groups; (iii) a balance between the urgency of the problem and the need to think long-term.

Although the EU does not have direct competences in housing, it can also play a key role by monitoring the initiatives taken in each country, promoting new forms of financing and ensuring that the European public funds are used in line with the region's targets.

In sum, the lessons drawn from European housing experiences provide valuable insight for tackling the challenges facing Spain, tailored logically for the idiosyncrasies of the Spanish housing market.

Notes

[1] The author would like to thank Raymond Torres for his invaluable input. However, the opinions and any possible errors contained in this document are the sole responsibility of the author.

[2] There is no single standard definition of social housing applicable in all countries. For this paper we use the concept in the broad sense. For further details, refer to OECD (2024).

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Spain's knowledge economy and the NGEU: Recent progress and outstanding challenges

Supported by NGEU funds, Spain's knowledge economy has made progress in key areas such as R&D investment and product innovation-related sales. However, gaps in talent formation, digitalization, and a weakening focus on sustainability threaten long-term growth unless more targeted reforms are implemented.

Ramon Xifré

Abstract: Spain's knowledge economy has experienced mixed progress since 2019, according to the European Innovation Scoreboard (EIS). Notable improvements include increased R&D investment, public-private partnerships and sales derived from product innovation, especially among SMEs, suggesting positive impacts from Spain's Recovery Plan – the government's main mechanism for implementation of NGEU funding. However, critical challenges remain, including declining STEM talent, insufficient ICT training across firms, and a weakening focus on environmental sustainability. Of the Recovery Plan's almost 80 billion euros, allocations directly linked to the knowledge economy represent just under 12% of the total budget, indicating a need for more targeted support to strengthen Spain's competitive position in the knowledge economy through enhanced structural reforms, increased investment in digitalization, strengthening of the regulatory environment and prioritizing sustainability within innovation policies.

Foreword

The knowledge economy is a fundamental driver of economic and social development in advanced economies. This paper analyses

" The most concerning reading is the 69.5 point drop in new doctorate graduates in STEM (science, technology, engineering and maths), indicating significant erosion of highly qualified talent in critical areas of the knowledge economy. **"**

the state of the knowledge economy in Spain relying on the results of the most recent European Innovation Scoreboard (EIS), published in 2024 and containing data for 2023. This Scoreboard, which creates a benchmark index for the European Union (EU = 100), assesses countries' performance along four key dimensions: framework conditions, investments, innovation activities and impacts. By referencing the EIS we are also able to sketch out a definition of the "knowledge economy" and focus on certain specific aspects.

Against a global backdrop marked by digitalisation, technological innovation and transition to more sustainable models, Spain is rolling out several strategies and investments under its Recovery, Transformation and Resilience Plan (the Recovery Plan), framed by the Next Generation EU (NGEU) Programme, the European Union's effort to revive and strengthen the economy in the aftermath of the crisis induced by the COVID-19 pandemic. This paper also attempts to identify the Plan investments most closely linked with the knowledge economy.

Some of these aspects have been analysed separately in earlier papers (Kasperksaya and Xifré, 2016; Xifré, 2014, 2020a, 2020b, 2024) but here we aim to provide an integrated and qualitatively-different analysis.

Analysis of the European Innovation Scoreboard results

In this section, we analyse the most recent results of the European Innovation Scoreboard (EIS) for Spain, taken from the 2024 edition (with data up to 2023) by comparison with those obtained the year before the COVID-19 crisis, in 2019. The EIS is divided into four categories – framework conditions, investments, innovation activities and impacts – with each subdivided into eight indicators. In the next four subsections we analyse the resulting 32 indicators for Spain, indexed to the EU average (EU = 100). We calculate the changes in all 32 indicators and categorise the trends in those indicators into one of the following five intervals (Table 1), which are then used in Tables 2 to 5.

Table 1 **Classification of the changes in the EIS indicators by intervals**

Nature of the change	Change interval	Assessment
Strong improvement	> 10.5 points	▲
Improvement	Between 4 and 10.5 points	◤
Stability	Between -2 and 4 points	▶
Deterioration	Between -14 and -2 points	◀
Sharp deterioration	< -14 points	▼

Source: Author's own elaboration.

Framework conditions

Table 2 provides the readings for the framework conditions category, which includes three subdimensions: human resources, attractive research systems and digitalisation.

The most concerning reading is the 69.5 point drop in new doctorate graduates in STEM (science, technology, engineering and maths), indicating significant erosion of highly qualified talent in critical areas of the knowledge economy. If this decline is not reverted, there could be long-term consequences for Spain's ability to innovate and compete internationally. In contrast, the percentage of the population aged 25-34 with third level education increased by 5.9 points to 148.4 points.

The drop of over 10 points in the lifelong learning indicator could be an issue in an increasingly dynamic labour market in which constant reskilling is vital.

Within attractive research systems, international scientific co-publications increased slightly. However, the number of foreign doctorate students fell sharply, suggesting that the Spanish universities are not attractive enough to international talent.

Table 2 **Spain's scores in the EIS (indexed EU = 100) in 2019, 2024 and change in the dimension "1: Framework conditions"**

1 Framework conditions	2019	2024	Change	
1.1. Human resources				
1.1.1. New doctorate graduates in STEM: How many individuals with doctoral degrees in science, technology, engineering, or mathematics fields graduate each year?	169.5	100.0	▼	-69.5
1.1.2. Population aged 25-34 with tertiary education: What percentage of the population aged 25-34 has completed tertiary education?	142.5	148.4	◤	5.9
1.1.3. Lifelong learning: How many individuals participate in continuous learning activities throughout their lives to update their skills and knowledge?	135.7	125.4	◣	-10.3
1.2. Attractive research systems				
1.2.1. International scientific co-publications: How frequently do researchers from different countries collaborate and publish together?	90.6	93.5	▶	2.9
1.2.2. Top 10% most cited publications: What percentage of publications are among the most cited in their respective fields?	89.5	89.8	▶	0.3
1.2.3. Foreign doctorate students: How many students from other countries are pursuing doctoral degrees within the country's universities?	103.7	88.3	▼	-15.4
1.3. Digitalisation				
1.3.1. Broadband penetration: What percentage of enterprises have access to high-speed internet connections?	149.5	142.2	◣	-7.3
1.3.2. Individuals who have above basic overall digital skills: How many individuals possess digital skills beyond basic proficiency?	151.7	148.7	◣	-3.0

Source: European Innovation Scoreboard and author's own elaboration.

As for digitalisation, both broadband penetration and above basic overall digital skills decreased, adversely affecting corporate competitiveness and the adoption of new technology.

Investments

Table 3 provides the readings for the investment dimension, which encompasses three subdimensions: finance and support, firm investments and the use of information technologies. This is the dimension that would be expected to benefit most from the NGEU funds, a topic addressed in the next section.

In 2019, Spain presented a significant gap in investments, specifically an investing intensity of 70% of the EU average in the public sector and less than 45% in the business sector.

According to the data published in 2024, the situation has improved significantly.

Table 3   **Spain's scores in the EIS (indexed EU = 100) in 2019, 2024 and change in the dimension "2: Investments"**

2 Investments	2019	2024	Change	
2.1. Finance & support				
2.1.1. R&D expenditure in the public sector: What percentage of GDP is spent on research and development activities by the government and the higher education sector?	70.0	82.0	▲	12.0
2.1.2. Venture capital expenditures: How much private equity is raised for investment in innovative startups?	103.9	114.9	▲	11.0
2.1.3. Direct government funding and government tax support for business R&D: What financial support does the government provide to businesses for research and development, both through direct funding and tax incentives?	102.4	116.4	▲	14.0
2.2. Firm investments				
2.2.1. R&D expenditure in the business sector: How much do businesses invest in research and development activities?	44.6	53.5	◄	8.9
2.2.2. Non R&D innovation expenditures: How much do businesses invest in activities other than traditional research and development to drive innovation?	62.2	82.2	▲	20.0
2.2.3. Innovation expenditures per person employed in innovation-active enterprises: How much is spent on innovation per employee in companies actively engaged in innovation?	53.3	52.0	▶	-1.3
2.3. Use of information technologies				
2.3.1. Enterprises providing training to develop or upgrade ICT skills of their personnel: How many businesses offer training programs to enhance the ICT skills of their employees?	111.5	90.3	▼	-21.2
2.3.2. Employed ICT specialists: How many specialists in information and communication technologies (ICT) are employed within the economy?	87.1	88.2	▶	1.1

Source: European Innovation Scoreboard and author's own elaboration.

> " According to the data published in 2024, the situation has improved significantly, with investments in the knowledge economy increasing considerably due to higher expenditure from both the public and private sectors. "

Investments in the knowledge economy have increased considerably, driven by expenditure in both the public and private sectors. The trends in the results reveal an improvement in most of the indicators, particularly finance and support for R&D, with R&D expenditure in the public sector increasing 12 points.

Venture capital for investment in innovative startups also registered strong growth, increasing 11 points to 114.9. This trend indicates an increasingly favourable climate for new technology companies, supported by private investments and public policies that are stimulating entrepreneurship. Direct government funding and government tax support for business R&D also improved, by 14 points, to 116.4. This improvement evidences the government's efforts to facilitate direct and indirect business finance and foster innovation through tax breaks and grants.

In terms of firm investments, the 20 point increase (to 82.2 points) in non-R&D innovation expenditure stands out, suggesting that Spanish firms are innovating beyond their formal R&D efforts. The increase in private sector investment, the weakest indicator in 2019, is much smaller (at 8.9 points), putting this reading barely above 50% (53.5%) of the EU average. Innovation expenditures per person employed in innovation-active enterprises decreased slightly.

Within the use of information technologies (ICT), the metric tracking enterprises providing training to develop or upgrade ICT skills fell very significantly (21.2 points) but employed ICT specialists improved slightly.

Innovation activities

Table 4 provides the readings for the innovation activities category, which includes three subdimensions: innovators, linkages and intellectual assets. In 2019, Spain fared very poorly on one particular indicator: SMEs with product innovations, which was just 25% of the EU average. Another two indicators related with SMEs (SMEs with business process innovations and innovative SMEs collaborating with others) also presented significant gaps, at levels of 65-70% of the EU average. The snapshot from 2019 was one of Spanish SMEs finding it hard to integrate innovation into their competitive strategies, limiting their ability to access international markets and increase their productivity.

Looking at the 2024 scores, the indicator presenting the biggest increase is indeed the one that was lagging the most in 2019, SMEs with product innovations, which improved by 32.6 points. This increase depicts a significant effort in new product development, possibly fuelled by public incentives and more intense market competition. However, this improvement contrasts with the 21 point drop in SMEs with process innovations.

Spain's scores in the EIS (indexed EU = 100) in 2019, 2024 and change in the dimension "3: Innovation activities"

3 Innovation activities	2019	2024	Change	
3.1. Innovators				
3.1.1. SMEs with product innovations: How many small and medium-sized enterprises have introduced new products to the market?	25.4	58.0	▲	32.6
3.1.2. SMEs with business process innovations: How many SMEs have implemented innovative changes to their business processes?	70.9	49.9	▼	-21.0
3.2. Linkages				
3.2.1. Innovative SMEs collaborating with others: How many SMEs are engaged in collaborative efforts with other organisations?	64.7	69.7	◤	5.0
3.2.2. Public-private co-publications: How frequently do public and private sector entities collaborate and publish research together?	102.9	116.4	▲	13.5
3.2.3. Job-to-job mobility of Human Resources in Science & Technology: What percentage of highly skilled workers in science and technology change jobs?	107.7	102.1	◣	-5.6
3.3. Intellectual assets				
3.3.1. PCT patent applications: How many international patent applications are filed under the Patent Cooperation Treaty?	63.8	68.7	◤	-5.0
3.3.2. Trademark applications: How many new trademarks are applied for?	113.2	110.3	◣	-2.9
3.3.3. Design applications: How many new designs for products or services are being registered for protection?	63.5	69.2	◤	5.7

Source: European Innovation Scoreboard and author's own elaboration.

Within linkages, the growth in public-private co-publications is a sizeable 13.5 points. This is an important figure as it reveals an improvement in one of the key issues facing Spain's knowledge economy: the transfer of knowledge and open innovation. The metric tracking innovative SMEs collaborating with others also improved by 5 points.

Turning to intellectual assets, there were no major changes in any of the three indicators assessed (PCT patent applications, trademark applications and design applications).

Impacts

Table 5 provides the readings for the impacts category, which again includes three subdimensions: employment impacts, sales impact and environmental sustainability. The most worrying metric in 2019 related to knowledge-intensive services exports, which was 30% below the EU average.

The 2024 EIS reveals a sharp reduction (17.1 points) in the percentage of employment in innovative enterprises, whereas employment in knowledge-intensive activities was practically stable. These figures may point to difficulties in scaling up innovative projects or a low rate of business growth.

Within the sales impact indicators, there was very strong growth in the role of product innovations in sales growth, which increased

Table 5 **Table 5. Spain's scores in the EIS (indexed EU = 100) in 2019, 2024 and change in the dimension "4: Impacts"**

4 Impacts	2019	2024	Change	
4.1. Employment impacts				
4.1.1. Employment in knowledge-intensive activities: What percentage of the workforce is employed in activities requiring advanced knowledge and skills?	80.7	80.9	▶	0.2
4.1.2. Employment in innovative enterprises: What percentage of total employment is provided by companies actively engaged in innovation?	61.7	44.6	▼	-17.1
4.2. Sales impact				
4.2.1. Medium and high-tech product exports: What is the value of exports of medium and high-tech products?	67.3	66.5	▶	-0.8
4.2.2. Knowledge-intensive services exports: What is the value of exports of services requiring advanced knowledge and skills?	28.8	33.5	◀	4.7
4.2.3. Sales of product innovations: How successful are new product innovations in generating sales revenue?	123.5	170.5	▲	47.0
4.3. Environmental sustainability				
4.3.1. Resource productivity: How efficiently are resources being used in production processes?	165.0	136.9	▼	-28.0
4.3.2. Air emissions by fine particulates PM2.5 in Industry: What is the level of fine particulate matter emissions from industrial activities?	91.7	86.3	◀	-5.4
4.3.3. Development of environment-related technologies: What percentage of a country's inventions are aimed at addressing environmental challenges?	108.0	74.5	▼	-33.5

Source: European Innovation Scoreboard and author's own elaboration.

by 47 points between the 2019 and 2024 editions. This increase suggests that the Spanish companies have become more effective at selling new products, probably indicating a more robust focus on market-oriented innovation. Medium and high-tech product exports registered a very small decrease, while knowledge-intensive services exports (the worst-performing indicator in 2019) registered slight growth.

Within environmental sustainability, two indicators are of concern: resource productivity decreased by 28 points and the development of environment-related technologies dropped 33.5 points, suggesting reduced prioritisation of sustainability in innovative activities and investments. In contrast, air emissions by fine particulates in industry fell slightly.

The knowledge economy under the Recovery Plan

The Recovery, Transformation and Resilience Plan is the strategy formulated by the Spanish government to fuel economic recovery in the wake of the COVID-19 pandemic under the umbrella of the NGEU funds. The NGEU funds include the Recovery and Resilience Facility (RRF), which is the largest financial instrument with a budget of 723.8 billion euros for supporting member state reforms and investments.

The RRF provides Spain with 69.5 billion euros of direct transfers, as well as the possibility of applying for additional loans. These funds are being earmarked to strategic projects aimed at fortifying key sectors of the economy.

Spain's Recovery Plan is articulated around four main pillars: the green transition, digital transformation, social and territorial cohesion and gender equality, implemented by means of 30 lines of initiative.

A number of papers have tracked the Recovery Plan and NGEU funds in Spain (Xifré, 2020b; Maudos, 2023; Domínguez and Gomariz, 2023; Hidalgo *et al.* 2024; Afi, 2024; García-Arenas, 2024, and AIReF, 2025) and, more recently, their impacts (ECB, 2024, and Creel and Kaiser, 2024). To update this line of work, in this section we present the most recent information available, updated to 31 December 2024, based on AIReF's interactive tool (the RTRP Observatory) (AIReF, 2025), relating it with the developments outlined in the last section regarding the progress of Spain's knowledge economy.

Table 6 itemises the initial budget allocation for the 30 components of the Recovery Plan (which is how the table is ordered) and the amounts contracted or awarded by the end of 2024, according to the methodology used by AIReF.

The table illustrates considerable heterogeneity by component in the amounts allocated and the amounts of the allocations that have been contracted or awarded. The data available are not conducive to analysing what impact the Recovery Plan investments may have had on the EIS results but it is possible to make certain observations. Note that a given component may encompass initiatives or investments with varying degrees of impact on knowledge or technology so that it may be inaccurate to associate all the investments related with that component with a particular level of knowledge or technology contribution.

Bearing in mind these limitations, there are three key takeaways. Firstly, the five components of the Recovery Plan with the biggest budgets (refurbishment, long-distance and urban sustainable mobility, industrial policy and support for SMEs) do not appear to have a direct correlation with the knowledge economy. Combined, these five components have been earmarked a budget of 30.76 billion euros, representing 38% of the total.

Secondly, there are five components that can be considered directly associated with the knowledge economy and digitalisation as captured by the EIS: digital connectivity, science, technology and innovation, the deployment of renewable energies, digital skills and artificial intelligence. Combined, these five components have been earmarked a budget of 16.66 billion euros, which is equivalent to 20% of the total.

Lastly, as of 31 December 2024, the volume of contracts and grants awarded under the scope of these five components stood at 9.47 billion euros, which is 56% of their total budget and 11.8% of the total Recovery Plan assignation.

“ As of 31 December 2024, the volume of contracts and grants awarded for the components of the Recovery Plan most closely linked to the knowledge economy amounted to 9.47 billion euros, representing 56% of the total 16.66 billion euros budgeted for these components and 11.8% of the entire Recovery Plan allocation. ”

Table 6   **Budget allocation and amounts contracted/awarded by component of the Recovery, Transformation and Resilience Plan as of 31 December 2024**

Millions of euros and %

Component	Allocation € m	Contracted/awarded € m	Contracted/awarded %
02. Refurbishment and urban renewal	6,820	2,868	42%
06. Sustainable mobility (long distance)	6,665	6,903	104%
01. Sustainable mobility (urban)	6,526	4,972	76%
12. Industrial policy	5,852	2,258	39%
13. Support for SMEs	4,895	2,655	54%
15. Digital connectivity	4,502	3,153	70%
11. Government modernisation	4,369	2,802	64%
17. Science, technology and innovation	4,191	3,167	76%
07. Deployment of renewable energies	3,830	1,706	45%
19. Digital skills	3,593	1,112	31%
22. Care economy and inclusion	3,489	1,863	53%
14. Tourism	3,400	918	27%
05. Coasts and water bodies	3,341	1,727	52%
09. Renewable hydrogen	3,155	598	19%
23. Labour market	2,363	1,316	56%
20. Vocational training	2,075	271	13%
31. RePowerEU	1,931	4	0%
21. Education	1,696	782	46%
04. Ecosystems and biodiversity	1,643	391	24%
08. Electric infrastructure	1,365	596	44%
03. Agriculture and fishing	1,196	616	52%
18. National health system	1,169	467	40%
16. Artificial intelligence	540	336	62%
24. Cultural industry	325	423	130%
10. Fair transition strategy	300	43	14%
26. Sports sector	300	100	33%
25. Audiovisual industry	200	148	74%
Total	**79,731**	**42,195**	**53%**

Source: : AIReF (RTRP Observatory) and author's own elaboration.

Conclusions

This analysis of the four dimensions of the European Innovation Scoreboard (EIS) for Spain between 2019 and 2024 paints a mixed picture marked by significant progress in some areas and persistent challenges in others.

The strongest improvements in Spain's knowledge economy between 2019 and 2023 came in three areas: firm investments in R&D, the number of SMEs placing new products on the market and the impact of product innovation on sales generation. It is

in the investment area, where there has been considerable growth in public expenditure on R&D and venture capital expenditure on innovative startups, that there are clearer signs that the NGEU funds and Recovery Plan have had a meaningful impact.

As for the outstanding challenges, four areas deteriorated sharply during the period analysed. In ascending order of magnitude of the deterioration observed, we have: enterprises providing training to develop or upgrade ICT skills; environmentally-efficient use of productive resources; the development of environment-related technologies, and, very notably, the number of new doctorate graduates in STEM. Trying to take a constructive approach to these challenges, some of these deficiencies can still be tackled through the conducive components of the Recovery Plan where there is still considerable unallocated budget.

We estimate that as of 31 December 2024, the investments contracted or awarded that can be considered directly related with the knowledge economy represent just under 12% of the total Recovery Plan budget allocation. To improve its positioning as a knowledge economy, Spain needs to continue to push through structural reforms, fostering digitalisation, strengthening the regulatory environment and prioritising sustainability in innovation policies.

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Cost efficiency in the Spanish banking sector in the face of margin pressures: Contrast between SIs and LSIs

The sharp rise in interest rates since 2021 has driven up operating expenses for Spanish banks, making cost efficiency a key priority in the current context of slowing margin growth. A comparison between significant institutions (SIs) and less significant institutions (LSIs) highlights differences in cost structures, expense growth, and efficiency gains, with LSIs seeing more intense expense increases but also stronger improvements in efficiency.

Marta Alberni, Ángel Berges and Lucía Ibáñez

Abstract: Despite driving considerable improvement in margins over the last three years, the rapid increase in interest rates since 2021 has also contributed to rising operating expenses across the Spanish banking sector, prompting banks to prioritize cost efficiency. With little additional upside for margins, the banks now need to focus hard on streamlining their operating expenses. Within this context, an examination of the trends in operating expenses over the past three years based on the financial statements of both significant institutions (SIs) and less significant institutions (LSIs) shows that while LSIs have faced more pronounced cost growth–especially in staff expenses–their efficiency metrics have improved more than those of SIs, reflecting a combination of business expansion, technology investments, and shifts in their cost structures. Despite these

gains, both types of institutions now face the challenge of sustaining efficiency in a period of slowing income growth, requiring a focus on productivity, digitalization, and alternative revenue streams.

Operating expenses: Differing patterns between SIs and LSIs

After almost a decade of very contained operating expenses across the Spanish banking system, the onset of steep inflation from late 2021 (related with global supply chain friction in the wake of the pandemic), especially in 2022 and 2023 (higher energy and commodity costs against the backdrop of the war between Russia and Ukraine), has had a sizeable impact on the sector's cost dynamics and structures. Now that there is little room for margins to contribute further to profitability, the banks need to look at managing and rationalising these costs.

Despite the fact that inflation is clearly converging towards the ECB's target rates, the price growth of recent years has clearly affected the sector's operating expenses. Specifically, judging by the figures published by the Bank of Spain, the sector has accumulated growth in this line item of over 8% since 2021, with staff costs up nearly 10% over the same timeframe.

Beyond the aggregate sector trend, it is interesting to analyse whether the different categories of banks have had clearly different experiences in this regard. To do that we undertook a more granular comparison, analysing the trend in expenses at the significant institutions (SIs) compared to a representative sample of less significant institutions (LSIs) with equivalent business models in Spain, using the entities' financial statements, also published by the Bank of Spain. [1]

Exhibit 1a reveals that the growth in expenses at the LSIs has been more intense (+18%) than at the SIs (around 8%), mainly driven by staff costs, which in the case of the LSIs are up by over 20% since 2021.

As a result, in terms of their cost structures, the higher growth in staff costs at the LSIs has translated into a degree of rebalancing, marked by a gradual shift towards a higher share of staff costs relative to other operating expenses.

Looking at the banks' cost structures in greater detail using the information gleaned from their annual financial statements, as depicted in Exhibit 1b, we see that certain other items of expenditure have performed differently between the two groups. The weight of spending on technology, systems and communications has increased from 12% to 14% of the total at the LSIs, compared to relative stability at the SIs. This higher

Exhibit 1

Operating expenses - SIs *vs.* LSIs

a. Trend and structure
Cum. % change since Dec. 21 | % of total

b. Structure
Percentage of total

- Administrative expenses and D&A
- Staff costs
- ▲ Opex (cum. chg. 21) - RH axis

- Other**
- Advertising
- Real estate
- Outsourced services
- Depreciation and amortisation
- Technology, systems and communications
- Staff costs
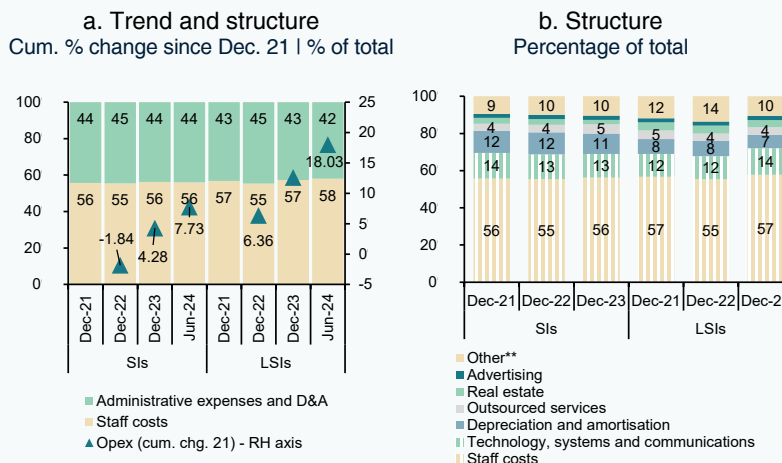
* In the case of the SIs, staff costs for 2021 were normalised by deducting the expenses incurred by certain banks that year in connection with staff restructuring agreements.

** "Other" includes expenditure on levies, insurance and other administrative expenses.

Source: Authors' own elaboration based on Bank of Spain data.

growth in spending on technology at the LSIs may reflect their taking advantage of the recovery in margins as rates rose to undertake investments that had been put off or downsized when rates were at or below zero and margins were clearly depressed.

This would explain the relative increase in technology spending at the LSIs in contrast to the stability observed for the SIs, entities that embarked on their transformation processes much sooner. The growth in investment in resources may also explain the relative growth in LSI staff costs, as the banks upskill and specialise in response to more stringent regulatory and supervisory demands and the expansion plans some of them are immersed in.

Expenses-to-business volume ratios: Convergence between SIs and LSIs

Despite the fact that growth in expenses has been more pronounced across the LSIs, analysing these expenses relative to business performance in both groups yields a slightly different conclusion, with both aggregates reporting similar cost-to-income ratios.

Comparing expenses to business volumes (loans, deposits and off-balance sheet items) is considered more appropriate than other metrics such as average total assets (ATAs), insofar as the volume of resources consumed by the retail banking business is significantly higher than that needed by the activities related with wholesale banking. Business

" The similarity in the ratio of cost to business volumes despite the different pace of growth in expenses evidences faster growth in business volumes at the LSIs during the period analysed, attributable mainly to relatively higher growth in deposits at the smaller-sized banks. "

volumes are therefore considered to provide a more representative vision of the relationship between expenses and the banking business.

In June 2024, the ratio of costs to business volumes was very similar for the SIs and LSIs, at 0.77% and 0.78%, respectively. The similarity in this ratio despite the different pace of growth in expenses evidences faster growth in business volumes at the LSIs during the period analysed. This relative better performance is attributable mainly to relatively higher growth in deposits at the smaller-sized banks, in line with their greater presence in territories generally characterised by a higher propensity to save rather than invest.

Exhibit 2 **Evolution of cost-efficiency - Ordinary and recurring: SIs *versus* LSIs**
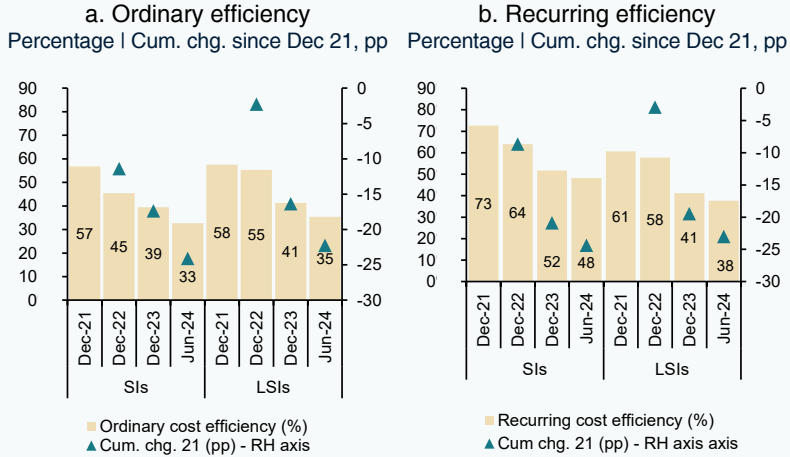
a. Ordinary efficiency
Percentage | Cum. chg. since Dec 21, pp

b. Recurring efficiency
Percentage | Cum. chg. since Dec 21, pp

Source: Authors' own elaboration based on the financial statements published by the Bank of Spain.

“ Profitability in retail banking has improved across both SIs and LSIs, but LSIs have seen a stronger gain of nearly 90 basis points since 2021, compared to 56 basis points at the SIs. ”

Cost efficiency: Clear improvement, more intense at the LSIs than at the SIs

Beyond the evolution of expenses in the last three years, it is crucial to contrast this with the performance of income in the context of

rising rates and to analyse the implications in terms of sector efficiency.

Considering the main metrics used to assess cost efficiency, a widespread improvement in ordinary efficiency is observed. This metric

Exhibit 3

Components of recurring cost efficiency – SIs *versus* LSIs
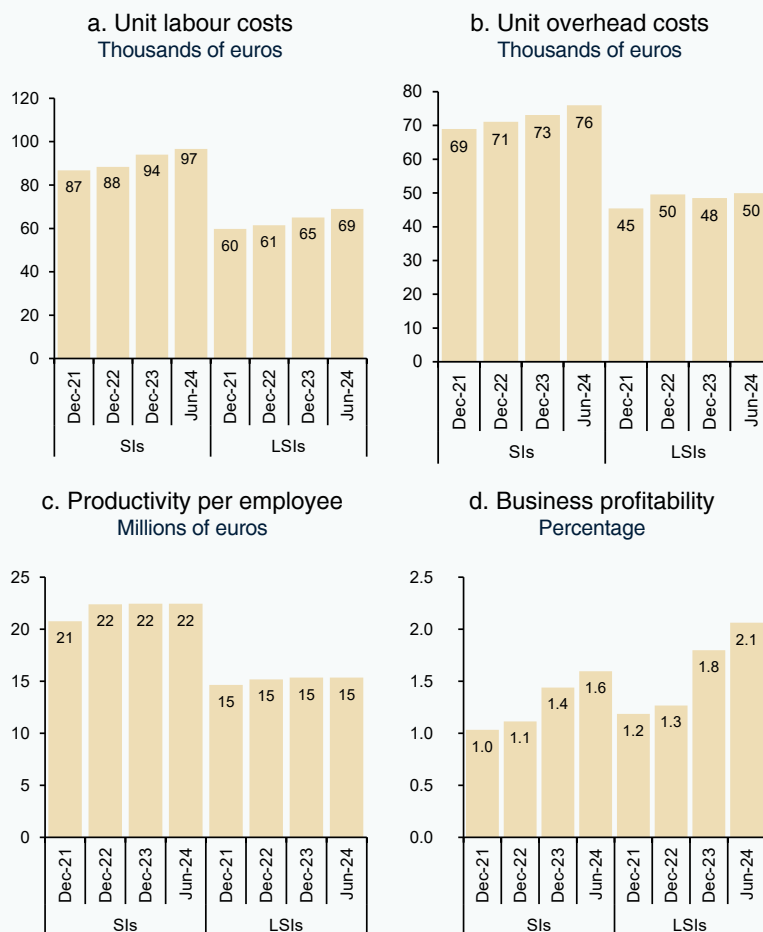
a. Unit labour costs
Thousands of euros

b. Unit overhead costs
Thousands of euros

c. Productivity per employee
Millions of euros

d. Business profitability
Percentage

Source: Authors' own elaboration based on the financial statements published by the Bank of Spain.

relates the expense structure to the banks' full capacity to generate income as it includes in its denominator the gross margin – net interest income, net fee and commission income, net trading income other operating income. [2] By the same token, improvements are also seen in the recurring efficiency ratios, which relate expenses to the institutions' ability to generate recurring income, *i.e.,* net interest income and net fee and commission income only.

Although both cost-efficiency indicators have trended in the same direction at both groups, Exhibit 2a and 2b reveal notable differences between the SIs and the LSIs. In terms of ordinary efficiency, the SIs are more efficient (33% *versus* 35% for the LSIs as of June 2024), reflecting the higher income diversification at the larger-sized entities (SIs) beyond the traditional intermediation and commission and fee-generating businesses. That income diversification is particularly notable at some

entities where dividends from subsidiaries located in other geographies and income from complementary business lines like insurance make a considerable contribution to their gross margins.

In contrast, in recurring cost-efficiency terms, the LSIs are 10 percentage points more efficient (38% *versus* 48% for SIs), evidencing a tighter cost structure relative to their recurring sources of income.

For a better understanding of the recent evolution in recurring cost efficiency, it is important to break down its main explanatory factors to identify which have driven the improvement and which have acted as constraints for each group of institutions.

This disaggregation of recurring cost efficiency reveals that unit profitability in the retail business has been the main

Exhibit 4 **SI and LSI positioning by efficiency factor (June 2024)**
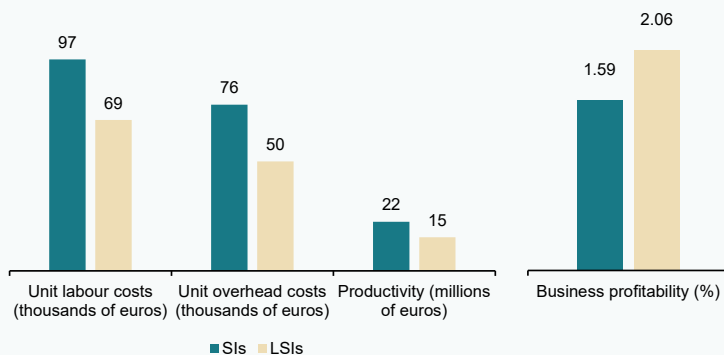
Source: Authors' own elaboration based on the financial statements published by the Bank of Spain.

driver of the improvement in this metric. At both the SIs and LSIs, profitability in retail banking (ratio between net interest income plus net fee and commission income over retail business volumes) has improved over the period analysed. However, as shown in Exhibit 3, this improvement has been more pronounced at the LSIs, where profitability has improved by nearly 90 basis points since 2021, reaching 2.06% by June 2024, compared to a 56 basis points improvement at the SIs, which stood at 1.60% during the same period. This more pronounced improvement in profitability in the retail business reflects the competitive advantage demonstrated by certain LSIs, as highlighted in a Aberni *et al.* (2025), thanks to their positioning in more rural areas, which has allowed them to better pass on the increase in rates to their average retail funding costs.

In contrast, the other factors that contribute to cost efficiency beyond profitability have either limited their improvement or had a nearly neutral effect. That is case, for example, of unit overhead costs [3] and unit labour costs, [4] which have shown an upward trend in both groups of institutions (Exhibit 3). At the SIs, these costs stood at 76 thousand euros per employee and 97 thousand euros per employee in June 2024, respectively. In contrast, the LSIs present lower readings of 50 thousand euros and 69 thousand euros per employee, respectively.

However, analysing the trend in these costs in terms of cumulative and year-on-year changes, we do observe some differences. Whereas unit labour costs have experienced sustained growth in both groups, the cumulative growth since 2021 has been more pronounced at the LSIs (+15.35%) than at the SIs (11.43%). This different pattern has continued in the first half of 2024, with growth in this metric accelerating at the LSIs (6.13% YoY *vs.* 2.83% YoY in June). Meanwhile, unit overhead costs have been more volatile at the LSIs, compared to a more stable growth trajectory at the SIs.

Elsewhere, as shown in Exhibit 4, productivity (business volume per employee) has been a more neutral factor, proving stable in both groups. Nevertheless, there is still a considerable productivity gap between the SIs and LSIs: 22 million euros *versus* 15 million euros, respectively.

Looking at the behaviour of the various factors explaining cost efficiency, it is clear that unit profitability in the retail business, and particularly the net interest margin between loans and deposits, has been the key driver behind the improvement in banking efficiency, more than offsetting the growth in operating expenses. However, the slowdown in growth in the net interest income over the course of 2024 has become increasingly evident, marked by quarter-on-quarter contractions evocative of the shift in monetary policy: in the third quarter of 2023, the Spanish banking sector reported year-on-year growth in net interest income of over 60%, which eased to 15% in the third quarter of 2024. It is likely that this trend will continue in the last quarter of 2024 and beyond, judging by the year-end figures already released by some of the banks.

Conclusions

In the current context of margin slack, the banks' ability to maintain their cost efficiency will depend to a greater extent on other factors. In this respect, the SIs and LSIs have unique levers for tackling the looming scenario of declining margin contributions.

In the case of the SIs, the contribution by other non-retail income sources is highly relevant: international operations, dividends from investees, asset management fees and the insurance business. While it is true that these income sources are less recurrent than those directly linked to retail banking – hence the difference between the ordinary and recurring cost-efficiency metrics – their inherent diversification provides a reasonable degree of stability.

On the other hand, for LSIs, whose sources of income are less diversified, sensitivity to retail net interest income is higher. However, their income is reasonably shielded by the granular distribution of their customer base, which in turn impacts their productivity per employee, currently low.

Indeed, the key lever for offsetting the lower contribution of unit margins lies in the potential for productivity gains, aided by digitalisation and the significant investments made in technology. In any case, the contribution by unit margins should remain relatively high as long as interest rates remain sufficiently far from zero, where they hovered for nearly a decade, negating any positive contribution from deposits to margins.

Notes

[1] In building the aggregates, we considered the separate financial statements of entities with a meaningful presence in other geographies in an attempt to isolate the impact of the even higher inflation rates to which they were exposed in those countries.

[2] Generated from non-banking products: dividends, exchange differences and other operating income.

[3] Unit overhead costs are defined as the ratio between administrative costs divided by the headcount (employees as of June, assuming stability, on account of a lack of information for some of the banks analysed).

[4] Unit labour costs are defined as the ratio between staff costs divided by the headcount (employees as of June, assuming stability, on account of a lack of information for some of the banks analysed).

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Estimating the impact of inflation on Spain's tax burden: The hidden effects of fiscal drag

Inflation has increased Spain's tax burden by eroding the real value of tax allowances and pushing taxpayers into higher brackets. The lack of systematic indexation has disproportionately impacted middle-income earners, raising questions about the fairness and sustainability of current fiscal policy.

Desiderio Romero-Jordán

Abstract: Spain's tax system has been heavily impacted by inflation, which has increased the tax burden by pushing taxpayers into higher brackets and eroding the real value of allowances and deductions. Indeed, the increase in tax bills was an estimated 311 euros for low-income taxpayers, 458 euros for middle-income taxpayers, and 622 euros for high-income taxpayers, with bracket creep alone increasing middle-income taxpayer bills by a further 225 to 450 euros. While targeted relief measures have been introduced, such as higher deductions for low-income earners, these adjustments are insufficient to address the broader issue. The persistence of fiscal drag poses risks to economic growth and equity, highlighting the need for a transparent and consistent policy approach to prevent unfair increases in the tax burden.

" Half of the increase in personal income tax receipts in Spain between 2019 and 2023 is attributable to inflation, with 58% of this impact the result of not indexing the various tax benefits to inflation (9.7 billion euros), with the remaining 42% derived from bracket creep (7 billion euros). "

The issue

The impact of inflation on personal income tax revenue is a recurring topic of debate. Interest in this issue has increased in the wake of the pandemic due to steep consumer price inflation (CPI), which between 2021 and 2024 amounted to 3.1%, 8.4%, 3.5% and 2.8%. In sum, a cumulative increase in consumer prices of 17.8% which has fuelled growth in income tax receipts via three interconnected routes. Firstly, via application to taxpayers' income in monetary terms rather than real terms. This happens even when all of their income falls into the same income tax rate bracket. Secondly, by pushing some taxpayers to pay personal income tax at higher marginal rates on a portion of their earnings (bracket creep). Thirdly, by eroding the nominal value of tax exemptions or minimum thresholds expressed in euros. The fiscal drag problem is not only relevant during periods of sharp inflation such as the recent episode. During periods of low inflation, it is also an issue on account of its cumulative effect. For example, annual inflation averaged just 1.1% between 2009 and 2019 but the cumulative impact was 12%.

Failing to index personal income tax is equivalent to a hidden tax increase that does not have to go through parliament. In this scenario, inflation acts as a silent tax whose effect is uneven and not fully observable for tax payers. That may be behind the fact that tax increases are not among Spanish households' chief concerns (CIS, 2025). As a result, their political costs are, generally, lower than overt tax reforms that lead to explicit increases in taxation. In general, the same can be said of tax "dabbling", where governments tinker with small changes in taxation. Non-indexation has positive impacts on tax receipts. Indeed, in the absence of any targeted tax reforms, Spain's convergence with the EU average for public revenue-to-GDP in the wake of the pandemic has been helped by rampant inflation. That in turn has allowed Spain to raise its ratio of public expenditure-to-GDP to above the EU average (Romero-Jordán, 2024). [1] However, the effects of fiscal drag go beyond revenue considerations. In fact, it has pernicious effects on the incentive to work or income distribution that get a lot less attention in the public debate than they deserve (Kis *et al.,* 2024).

The impact of fiscal drag on tax revenue is proving particularly intense in Spain. Balladares and García-Miralles (2024) estimate that half of the increase in personal income tax receipts in Spain between 2019 and 2023 is attributable to inflation, [2] in other words, 16.7 billion euros of the growth of 33.4 billion euros in personal income tax revenue during that period (AEAT, 2024). By their analysis, 58% of this impact is the result of not indexing the various tax benefits to inflation (9.7 billion euros), with the remaining 42% derived from bracket creep (7 billion euros). This translates into

" Failing to index personal income tax is equivalent to a hidden tax increase that does not have to go through parliament. "

> " AIReF (2024) has estimated that non-indexation will lift tax revenue for the next seven years of the current tax plan for 2025-2031 by 12.6 billion euros. "

an average increase in tax bills of 725 euros on the basis of the approximately 23 million tax returns filed in 2023. Separately, AIReF (2024) has estimated that non-indexation will lift tax revenue for the next seven years of the current tax plan for 2025-2031 by 12.6 billion euros.

The most effective and transparent way to address fiscal drag is to regularly and automatically index tax. Indexing both tax bands and personal income tax allowances. However, this is not common practice in the EU. Just a few countries – Austria, Belgium, France, Lithuania, Netherlands and Sweden– index their tax bands systematically (Bukowski *et al.*, 2023). Around half of the OECD member states (2023) make discretionary adjustments to the various personal income tax parameters. Spain has no standardised adjustment procedure, only a partial and discretionary one. For example, the individual and household minimum thresholds have not been adjusted since 2015. Since 2025, however, cumulative inflation stands at 21.2%. To illustrate, the value of the general allowance per taxpayer set at 5,550 euros since 2015 would be 6,715.50 euros in 2024 if it had been adjusted for inflation.

In recent years, the government has ruled out indexing personal income tax arguing that it would also benefit higher earners. It has focused its strategy on increasing income tax relief for earners with pre-tax annual salaries of between 15,000 and 21,000 euros. It also increased the threshold for becoming liable to pay personal income tax from 14,000 to 15,000 euros (Romero-Jordán, 2022). In contrast, most of the regional governments, including the Basque and Navarre governments which have their own taxation systems, made different discretionary adjustments between 2022 and 2024 (General Council of Economists, 2022, 2023 and 2024).

By how much should personal income tax have been indexed?

Inflation does not affect all taxpayers equally. The consumer price index estimated by Spain's statistics office, the INE, is an aggregate index that provides information about the average level of inflation in the economy. However, households face different levels of inflation depending on the composition of their spending and the trend in the market prices of the products they buy. In other words, each household has its own CPI, which for simplicity we term the HCPI. Using the methodology devised by Romero-Jordán (2023a), Table 1 provides the inflation borne by households between 2021 and 2024 for different levels of expenditure. The calculations use the microdata provided in the Household Budget Survey (HBS) published by the INE.

As shown in Table 1, the average cumulative growth in inflation for all households was

> " The average cumulative growth in inflation for all households was 17.8%, but lower-income households bore cumulative inflation of 18.6% compared to 15.8% for higher-income households, as they spend relatively more on food and energy, the most inflationary categories in 2021 and 2022. "

Table 1   **Change in HCPI by level of adjusted expenditure**

Intervals (€ 000)	2021	2022	2023	2024	Cumulative 2021-2024
< 12	4.4	9.1	2.0	3.0	18.6
12 to 21	3.5	8.4	3.4	2.7	18.0
21 to 30	3.1	8.1	3.9	2.7	17.8
30 to 60	2.7	7.7	4.3	2.7	17.4
60 to 90	2.3	7.4	4.5	2.6	16.8
90 to 120	2.0	7.3	4.7	2.6	16.5
> 120	1.7	7.2	4.2	2.7	15.8
Average cumulative growth	3.5	8.3	3.5	2.7	17.8

Source: Author's own elaboration based on HBS microdata Population values.

17.8%. However, that growth is not even but rather decreases as spending levels increase. Lower income households, which spend less than 12,000 euros per annum, bore cumulative inflation of 18.6%. At the other end of the spectrum, inflation was 15.8% for households spending more than 120,000 euros per annum. The reason for these differences lies with the fact that the lower income households spend relatively more on food and energy products, the most inflationary categories in 2021 and 2022. Energy prices also rebounded in 2024 when the various tax breaks were removed. As a result, the timing and rate of indexation affect who stands to benefit more or less from the adjustments. For example, in relative terms, the first two income brackets would lose out if the adjustment were made in 2024 on the basis of the CPI accumulated until that year (17.8%). In both of those income bands, HCPI is higher than CPI. [3]

What the results tell us

This section provides a comparative static simulation of the impact on tax revenue of not indexing the main personal income tax allowances: minimum individual and household thresholds and the joint return deduction. To do that, we use the personal income tax taxpayer statistics for 2022 published by the tax authority, which are the most recent figures available (AEAT, 2023). The results by year and income bracket are presented in Table 2. In cumulative terms, the impact on tax revenue sums to 9.75 billion for the four years analysed (around 10.3 billion euros compounded to 2024). This figure is in line with that estimated by Balladares and García-Miralles (2024) for 2019-2023. AIReF (2024) has estimated the increase in total revenue attributable to inflation in 2024 at 3.4 billion euros. As shown in Table 2, that figure is compatible with the 1.61 billion euros estimated for 2024 in our simulation.

Of the four years analysed, the biggest impact on tax receipts occurred in 2022 (4.6 billion euros), which is when post-pandemic inflation peaked. That figure is 47% of the cumulative inflation-induced increase in tax revenue in the period

> " Middle-income taxpayers account for 59.7% of the returns presented and 57.8% of the income tax collected, bearing 61.3% of the increase in tax revenue attributable to inflation. "

Table 2   **Impact of non-indexation of minimum thresholds and joint return relief**

Euros per annum per personal income taxpayer

	2021	2022	2023	2024	Total cumulative impact 2021-2024
Impact bracket					
< 12	16.1	43.5	18.1	14.5	92.2
12 to 21	54.2	146.9	61.2	49.0	311.3
21 to 30	79.8	216.2	90.1	72.1	458.1
30 to 60	108.4	293.8	122.4	97.9	622.5
60 to 150	152.2	412.3	171.8	137.4	873.7
150 to 601	197.9	536.3	223.5	178.8	1,136.4
> 601	225.5	611.1	254.6	203.7	1,294.8
Aggregate impact in millions of euros	1,619.1	4,597.2	1,924.5	1,607.0	9,747.8

Source: Author's own elaboration.

analysed. By income bracket, the cumulative impact increases in tandem with the income bands. It ranges from 92 euros for taxpayers with annual taxable income of under 12,000 euros to 1,294 euros for those earning more than 600,000 euros. Average taxable income in 2022 was 23,600 euros, so falling into the 21,000 – 30,000 euro bracket. Taxpayers in this income bracket bore an extra 458 euros in their tax bills.

The range of annual taxable income for middle-income households (defined by the OECD as households earning between 75% and 200% of the median national income) goes from 17,700 to 47,200 euros. In this broader interval, the 12,000 – 21,000 euros income bracket corresponds to low-middle income earners and the 30,000 to 60,000 euros bracket to middle-high earners. As shown in Table 2, the average impact per taxpayer during the period analysed was 311 euros in the low-income bracket, 458 euros in the middle-income bracket and 622 euros in the middle-high income bracket. Following Balladares and García Miralles (2024), it is possible to infer that the failure to adjust tax rates for inflation adds a further 225 to 450 euros to the tax bills of middle-income earners.

Middle-income taxpayers account for 59.7% of the returns presented and 57.8% of the income tax collected. And they bore 61.3% of the increase in tax revenue attributable to inflation. It is fair to say, therefore, that the middle class were the big losers in this scenario of non-indexation. The scale of the problem increases when we layer in the impact of VAT. Based on the calculations

> " In the absence of tax changes, assuming inflation stays at close to 2.5%, the tax bill of a middle-income household will increase every year by around 200 euros per annum. "

of Romero-Jordán (2025), the cumulative increase in the VAT tax bill plus the impact of non-indexation of personal income tax for middle-income households was approximately 1,100 euros during the period analysed.

Notes

[1] Due to sharp growth in public consumption, which by Funcas' estimates explains around two-thirds of the cumulative growth in GDP since 2019.

[2] Depending on the indexation methodology applied.

[3] Assuming annual indexation, the same groups would have lost out or benefitted in 2021, 2022 and 2024. In 2023, indexation at 2.7% would have benefitted the lowest income households in particular.

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Desiderio Romero-Jordán. Rey Juan Carlos University and Funcas

Spanish economic activity by institutional sector: Divergent growth since the creation of the euro

The evolution of Spain's institutional sectors since the creation of the euro reveals significant disparities in output and capital investment. The non-financial corporate sector has driven most of the economic activity, while the current output of households barely reaches maximum 2005 levels and the fall in real corporate fixed capital since the pandemic raises concerns about long-term growth potential.

Vicente Salas Fumás

Abstract: Spain's institutional sectors have shown divergent growth patterns over the last 25 years, coinciding with the euro's introduction. Non-financial corporations (NFCs) have remained the largest contributors to gross value added (GVA), employment, and investment, despite setbacks from the 2008 financial crisis and the COVID-19 pandemic. By contrast, the household sector has experienced persistent underperformance, with output in 2024 still 20% below its potential had it consistently grown at a rate of 2% per year. Meanwhile, public sector investment has frequently trailed capital consumption, particularly during austerity periods. While recent improvements in gross fixed capital formation (GFCF) have occurred in the public sector, current net capital investment in the NFC sector is less than

one-third of its 2000 value. The lagging recovery in the capital formation of NFCs in the post-pandemic era raises concerns about the dynamics of growth in productive capacity of the Spanish corporate sector.

Foreword

2024 marked the end of the first quarter of the twenty-first century. This paper graphically illustrates the trend in activity in the institutional sectors of the Spanish economy – non-financial corporations, financial corporations, households and NPISH (a sector which includes the self-employed and individuals who produce goods and non-financial services for their own final use) and government – for the first twenty-five years of this century. The institutional sectors provide insight into the economy's performance by looking at the behaviour of the main private sector agents, government, investors and financiers, individuals and corporations. Although it is less common to disaggregate economic activity into its institutional sectors than its productive sectors (agriculture, manufacturing and services), we think it is just as important as it places the focus on the results of the decisions of economic agents with different interests.

Economic activity is analysed using four variables – output (measured by gross value added or GVA), employment and gross and net fixed capital formation (indexing all of the monetary variables to 2000). The non-financial corporation (NFC) sector is the biggest contributor to the Spanish economy across all four variables (accounting for around 60% of GVA and FCF and two-thirds of salaried employment). The smallest contribution is made by the financial corporations (FC), which made their highest contribution to GVA in 2007, at 6%. The household and NPISH sector (hereinafter, abbreviated to household), which includes the contribution made by the self-employed, is the second biggest contributor, representing approximately one quarter of GVA and investment. Government rounds out the analysis, ranking second, ahead of the household sector (8.5%) in terms of its contribution to salaried employment, at 23%. The percentages vary over time, with the contribution by the household sector yielding share to the NFC sector.

The rest of the paper details the trend over in time for each activity variable in comparison with the other sectors and for the overall economy.

Output

Exhibit 1 shows the trend in estimated output for each institutional sector between 2000 and 2024 (third quarter), using GVA for each sector, deflated by the corresponding price index, to measure output.

In the first few years of the twenty-first century, and of the euro, annual growth in each institutional sector easily topped 2%. The disproportionate increase in financial corporation output stands out, doubling in seven years in which economic output for the whole economy increased by 20%. The household sector registered the second highest growth rate in the early years of the

Exhibit 1

Output in gross value added (GVA) by institutional sectors of the Spanish economy (2000–2024 Q3)

Rebased to constant 2000 euros

Potential output trendline showing cumulative annual growth of 2%
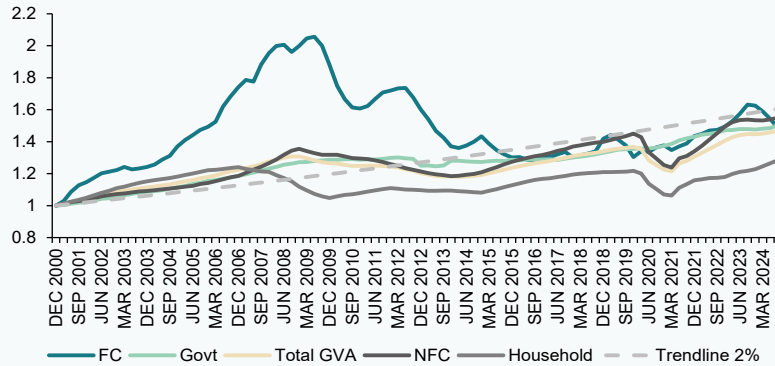
Note: Total GVA of the economy in 2000: 588.56 trillion euros.

Source: Author's own elaboration using INE and Bank of Spain data, most recent information available. Nominal GVA from the quarterly institutional sector accounts for the Spanish economy up until the third quarter of 2024.

century but was the first to see that growth truncated two years before the financial crisis of 2008. The impact of the financial and debt crises and the scars left in their aftermath differed from one sector to the next. Output contracted sharply in the FC sector, a circumstance that continued until 2015; government output was remarkably stable, remaining at 2009 levels for the next 10 years (dropping in 2012 and 2013); and household output contracted quickly but recovered slowly (not revisiting 2006 levels until 13 years later, in 2019).

The financial crisis interrupted years of accelerated growth in NFC output, causing the sector's activity to contract to 2005 levels between 2008 and 2014. Recovery began in 2015, and by 2019, output had surpassed the pre-crisis peak by more than 10%. However, the COVID-19 pandemic triggered a new, sharp contraction in NFC and household output, while output in the FC and government sectors remained stable and even increased during the health crisis. By the end of 2024,

output from all the institutional investors was well above 2019 levels.

Exhibit 1 also depicts the trend in total normalised GVA of the economy in constant euros, alongside the output growth trendline at a constant cumulative annual rate of 2%. Until 2012, output in all sectors except for the household sector trended above the trendline; from 2012 on, only the FC sector, coinciding with the last period of rate increases, peaked, occasionally, above the trendline. NFC output almost hit the trendline in 2019 but the pandemic ushered in a new correction. With the exception of the FC sector, in 2024, the other institutional sectors grew in line with the 2% trendline but their output was lower than it would have been had it kept up with potential output throughout: 4% lower in the case of the NFCs, 20% in the case of the household sector and 7.5% for the overall economy.

Salaried employment

The labour used in production is measured using the compensation of employees for each

institutional sector in constant 2000 euros, factoring in the trend in unit labour costs; Exhibit 2.

The patterns depicted by the trend over time in salaried work in the different sectors are similar to those observed in Exhibit 1 tracing out the trend in output, except for the financial corporations, for which output (deflated GVA) and salaried employment etch out diverging paths. Until the financial crisis of 2008, all of the sectors managed to find themselves at some point above the cumulative annual growth of 1.2% trendline. After the crisis, only government stayed above or close to the trendline. Salaried employment in the public sector registered the strongest growth prior to the financial crisis, peaking at 32% above 2000 levels in September 2010, compared to the peak in total salaried employees by comparison with 2000 of 23.3% in 2008. The loss of salaried employment between 2009 and 2014 affected all sectors, albeit hurting the government sector less (-16 percentage points between 2010 and 2013), whereas the

NFC sector went from an index reading of 1.23 in December 2008 to 0.95 in December 2014. Between 2008 and 2024, the FC sector lost one-third of its salaried employment.

All the institutional sectors except the FC sector increased salaried employment during the recovery embarked on from 2015, albeit punctuated by the loss of work induced by the COVID-19 pandemic. In September 2024, salaried employment in the NFC sector hit a high for the entire period, 30% above 2000 levels and closing in on the level it would have reached according to the cumulative annual growth trendline of 1.2%. [1] In 2024, the government sector also reached record employment levels, 40% above the 2000 benchmark, while salaried employment in the household and NPISH sector, at just 7% above 2000 levels, remains below the peak marked in 2006. Comparing the output levels in Exhibit 1 with the salaried employment figures in Exhibit 2 tells us that by September 2024, the growth in output between 2000 and 2024 exceeded the growth in salaried employment,

Exhibit 2 **Salaried employees for the institutional sectors of the Spanish economy (2000–2024 Q3)**

Calculated by deflating compensation of employees by the harmonised labour cost index

Rebased with a cumulative annual growth trendline of 1.2%
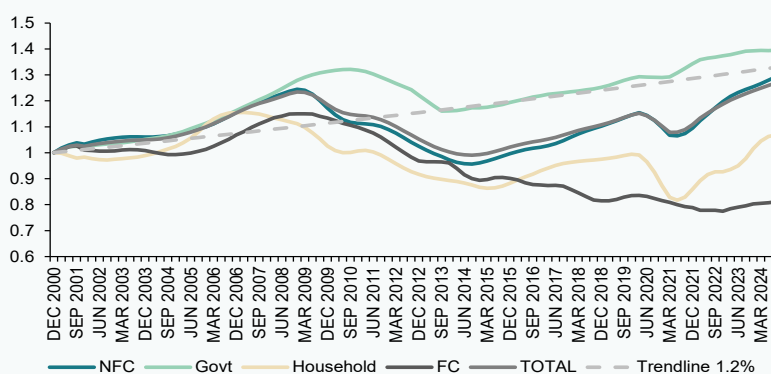
Note: Total compensation of employees for the economy in 2000: 316.16 billion euros.

Source: Author's own elaboration using INE and Bank of Spain data, most recent information available. Nominal compensation of employees from the quarterly institutional sector accounts for the Spanish economy up until the third quarter of 2024.

> " By September 2024, the growth in output between 2000 and 2024 exceeded the growth in salaried employment, with that difference most pronounced in the FC sector. "

with that difference most pronounced in the FC sector. For the economy as a whole, in 2024, output was 47% above 2000 levels, compared to cumulative growth in salaried employment of 27%. [2]

Fixed capital formation

The proxies used to measure investment by the institutional sectors of the Spanish economy are gross fixed capital formation (GFCF), in constant euros, and net fixed capital formation (NFCF), which is GFCF less capital consumption, similarly indexed to 2000. The FCs are excluded from the investment analysis due to the volatility displayed during the period analysed, which is hard to rationalise economically. The values,

indexed as with the output and employment readings, are provided in Exhibits 3 and 4.

The dynamics in fixed capital investment flows during the period analysed reveal patterns that are consistent with the economic activity dynamics gleaned from the output and salaried employment trends: expansion until 2008, a severe contraction of varying duration and uneven impact depending on the sector and subsequent recovery, similarly truncated, again unevenly, by the pandemic. In terms of GFCF, the highest volatility in flows is observed in the government and household sectors. For example, GFCF in the government (household) sector increased as much as 80% (60%) above 2000 levels during the years of expansion and fell as much as

Exhibit 3 **Gross fixed capital formation (GFCF) for the institutional sectors of the Spanish economy (2000–2024 Q3)**

In constant 2000 euros, rebased

Cumulative data for trailing four quarters
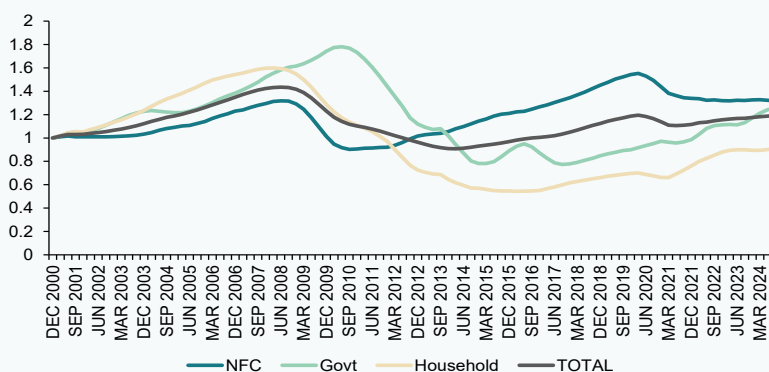
Note: Does not include the GFCF of the FC sector due to the volatility in the quarterly values. GFCF of the economy in 2000: 168.19 billion euros.

Source: Author's own elaboration based on INE and Bank of Spain data. GFCF sourced from the INE, the quarterly institutional sector accounts for the Spanish economy.

22% (45%) below 2000 levels during the recessionary years. In the NFC sector, GFCF in 2007 stood 31% above 2000 levels and by 2009 was 9.5% below that yardstick.

GFCF recovered faster and more intensely in the NFC sector. When the pandemic came along to interrupt that growth, the NFC sector's GFCF was 55% above 2000 levels, well above the cumulative growth of 31% recorded during the previous growth cycle. In the household and government sectors, GFCF in 2019 was, respectively, 30% and 10% below 2000 levels and well below the highs of 2008. After the pandemic the situation changed. GFCF in the NFC sector contracted, albeit by less than in

the household sector, whereas GFCF in the government sector barely suffered. During the subsequent general economic recovery, between 2021 and 2024, NFC's GFCF has been decreasing at constant values and in 2024 was 15% lower than in 2019. For households and especially government, gross investment has recovered and by September 2024, GFCF in the government sector was 26% above 2000 levels. Net fixed capital formation – gross capital less capital consumption – depicts similar trends but also reveals some noteworthy differences with respect to gross investment. As shown in Exhibit 4, in the run-up to the crisis of 2008, net investment flows increased year after year, indicating that

Exhibit 4 **Net fixed capital formation (NFCF) for the institutional sectors of the Spanish economy (2000–2024 Q3)**

Calculated as GFCF less capital consumption

In constant 2000 euros, rebased

Cumulative data for trailing four quarters
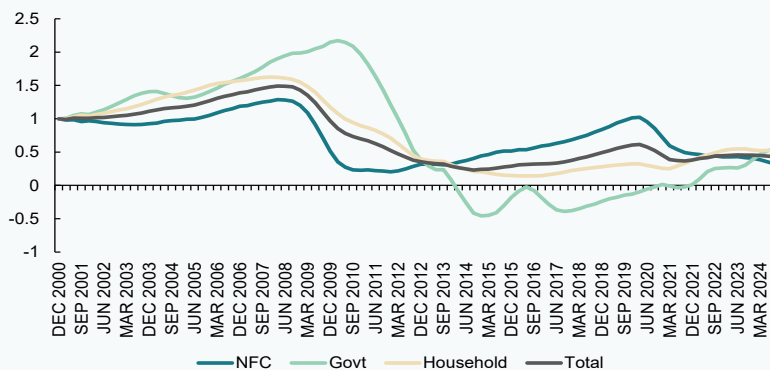
Note: Total NFCF for the economy in 2000 (excluding FCs): 90.05 billion euros.

Source: Author's own elaboration based on INE and Bank of Spain data. NFCF and capital consumption sourced from the INE, the quarterly institutional sector accounts for the Spanish economy. Deflator for gross fixed capital formation sourced from the Bank of Spain.

> " The government sector presented negative net investment figures between 2014 and 2021, indicating that the stock of public capital shrank from existing levels during that period. "

the economy was adding net new productive capacity, albeit with somewhat of a lag in the NFC sector. Net investment contracted across all sectors during the recession years up to 2014, but the recovery that followed was uneven. The government sector presented negative net investment figures between 2014 and 2021, indicating that the stock of public capital shrank from existing levels during that period (new gross investment was insufficient to replenish the capital consumed or depreciated). During the pandemic, NFCF in the government sector was virtually nil; despite the recovery staged during the last three years, coinciding with the NGEU programmes, investment in 2024 was half that of 2000 and one-third of the peak of 2008. In the household sector the recovery got underway in 2016 from a low of 14% of 2000 levels, reaching half of that yardstick by 2024.

The comparison between gross and net investment in the NFC sector (Exhibits 3 and 4) shows that from the financial crisis of 2008 onwards, net investment increased by far less than gross investment. This is due to relatively higher growth in capital consumption than in gross investment during that period. The relatively higher growth in capital consumption recorded in the national accounts is attributable to a change in the composition of the stock of NFC assets, from assets with longer useful lives to assets with shorter useful lives, *e.g.*, more equipment and R&D and less real estate and fewer productive structures from 2008 on. An important observation from the NFCF readings is the

persistent decline in net investment since the pandemic. Indeed, using the most favourable estimate, in 2024, NFCF was at less than one-third of the sector's 2000 NFCF value. [3]

Conclusions

One key takeaway from this analysis of economic activity in the twenty-five years since the creation of the euro is the volatility observed in all of the indicators selected and all of the institutional sectors of the economy. This volatility has had adverse consequences for the average trend in growth for the economy as a whole during the period analysed. According to our estimates, the GVA of the Spanish economy in 2024, in constant 2000 euros, was close to but lower than the level of GVA in constant euros the economy should have attained had it grown consistently at an annual rate of 2%. By sector, in 2024, the NFCs were close to the economy's potential output, but the household sector was far below that threshold, so that it is dragging on overall growth. As for the level of labour used in production, the estimated cumulative annual growth rate is approximately 1.2% for the entire economy. Consequently, given the 2% cumulative output growth rate, the estimated cumulative annual growth of apparent labour productivity is 0.8%, although, once again, there is high volatility over time and significant differences between sectors. [4]

The accumulation of productive capital has also varied greatly in intensity in different subperiods for a given sector and among

> " Since the pandemic, net investment in the Non-Financial Corporations (NFC) sector has gone through a continued decline, with NFCF in 2024 falling to less than one-third of the sector's 2000 value. "

sectors for a given subperiod. The economy as a whole and the various institutional sectors invested significantly in capital until 2008. The financial crisis that year affected investing intensity, differently from one sector to the next. For example, in the government sector, gross investment trailed capital consumption for several years, eroding the economy's stock of public fixed capital. Two additional points worth highlighting: (i) the increase in annual capital consumption in the NFC sector relative to gross investment from 2009 on (interpreted as a change in the composition of the stock of fixed assets, marked by a shift towards assets with shorter productive lives); and (ii) the significant reduction in the annual flow of gross capital investment in this same sector in the post-pandemic era.

Notes

[1] The growth trendline of 1.2% was selected considering the annual growth trendline for labour productivity estimated for the Spanish economy for that period of 0.8% (Bock *et al.,* 2024): output growth of 2% less growth of 0.8% in labour productivity.

[2] We verified that the trend in salaried employment gleaned from Exhibit 2 is consistent with the salaried employment figures published in the *Labour Force Survey* adjusted for the change in the number of hours worked, which declined throughout the entire period. Elsewhere, according to the LFS, the number of self-employed workers in 2024, which are not included in the salaried employees calculated in Exhibit 2, is virtually unchanged by comparison with the beginning of the century.

[3] Salas Fumás (2024a, 2024b and 2024c) provides more detailed analysis by way of explanation of the investment behaviour of the NFCs in the post-pandemic period.

[4] It is important to stress the sizeable growth in labour productivity in the financial corporation sector this period, helped by bank sector consolidation and the substitution of bricks-and-mortar banking with online banking.

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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)

Ministerial Order TDF/149/2025 on measures for combating smishing and vishing (*Official State Gazette*: 15 February 2025)

Ministerial Order TDF/149/2025 establishes measures for combating identity theft and fraud via fraudulent phone calls and text messages to ensure easily identifiable numbers for the provision of customer services and unsolicited marketing calls. This Order took effect 20 days after its publication in the Official State Gazette, with the exception of certain provisions, which will take effect later.

This legislation adopts solutions for preventing the continuation of calls that manipulate the calling line identifier (CLI), introduces measures for avoiding fraud related with the numbers and alphanumerical codes identifying short messages and establishes measures for guaranteeing correct identification of the numbers used to provide customer service to customers or make unsolicited marketing calls. The following measures stand out:

- Blocking traffic with numbers that have not been allocated to any service, assigned to any operator or allocated to any customer, including No Caller ID/Unknown Caller numbers.

- Blocking of national calls with international origin via the use of counterfeit Spanish numbers in calls and SMS from abroad.

- Blocking messages (SMS/MMS/RCS) that use numbers that have not been attributed, assigned or adjudicated, including No Caller ID/Unknown Caller numbers, and those originated outside of Spain.

- Database of alphanumeric aliases and blocking of SMS/MMS/RCS with unregistered aliases or aliases not issued by certified entities.

- Ban on the use of mobile numbers to make unsolicited marketing calls.

- Attribution of the 800- and 900- prefixes for the provision of customer service calls and unsolicited marketing calls.

Ministerial Order ECM/44/2025 on the Council of Sustainable Finance (*Official State Gazette:* 23 January 2025)

The Council of Sustainable Finance is a collective body set up to facilitate cooperation between public and private players to tackle the challenges of the green transition, identify the opportunities afforded by sustainable finance in Spain, identify and develop best practices for propelling the transition towards a decarbonised, sustainable and just economy and follow up on the actions recommended in the Green Paper on Sustainable Finance in Spain.

In broad terms, the Order regulates the following:

- *Functions.* The Council will act as venue for public-private partnership to propel and follow up on the actions recommended in the Green Paper on Sustainable Finance in Spain. It will also foster the development of lines of initiative, such as analysis of the threats related with the sustainable finance regulatory framework and the creation of knowledge, skills and training.

- *Composition.* It will be presided by the serving Minister of the Economy, Trade and Business and the Vice-President of the Secretary of State for the Environment.

It will be comprised of a maximum of 20 elected members for a term of two years, which can be renewed. These members may be persons related with the financial sector, private sector, third sector and independent experts in sustainable finance. Its membership must be gender balanced.

In addition, it will include 13 members appointed by virtue of their current appointments across a range of ministerial departments, as well as the governor of the Bank of Spain, the presidents of the CNMV, ICAC, ICO and COFIDES and the CEO of ICEX Spain.

- *Appointments.* The members of the Council will be appointed by the serving Minister of the Economy, Trade and Business. To appoint the elected members, the Vice President will be consulted, taking candidates' experience in sustainable finance, the environment or climate change, their prestige and their ability to contribute to sustainable finance initiatives into consideration.

- *Presidency, Vice-Presidency and Secretary.* The president will represent the body, formulate meeting agendas, preside over meetings and oversee fulfilment. The Vice-President is responsible for replacing the President and assisting with coordination. The Secretary's role is to call meetings with voice but without vote, tally members' communication records, prepare the dispatch of matters and draft and authorise the meeting minutes.

- *Discontinuation of members.* Itemisation of the reasons for discontinuing elected members (*e.g.*, early resignation, failure to continue to meet the requirements that originally gave rise to their appointment and permanent incapacity) and the non-elected members (when they cease to hold the positions for which they were appointed).

- *Rule of operation.* The Council will meet in full at least twice a year and create *ad-hoc* temporary committees to address specific tasks. These committees will constitute working groups, and each working group will be presided by a member of the Council designated by the President.

- *Other aspects:* (i) the Ministry of the Economy, Trade and Business will provide the staff, technical and budgetary resources needed for the Council to function; and (ii) the members of the Council will not be remunerated for their duties.

Royal Decree 10/2025 enacting NACE-2025 (*Official State Gazette*: 15 January 2025)

The National Classification of Economic Activities 2025 (NACE-2025) updates the last classification (NACE-2009, approved by Royal Decree 475/2007) and reflects new economic activities, without repealing NACE-2009, which remains valid for data already collected in respect of several aspects of official statistics and both systems will coexist for a time. It took effect the day after its publication.

Specifically, the financial activities section is being divided into the following codes:

- (64) Financial service activities, except insurance and pension funding: (64.1) Monetary intermediation (central banking and other monetary intermediation); (64.2) Activities of holding companies and of financing instrumental companies; (64.3) Trusts, funds and similar financial entities; and (64.9) Other financial service activities, except insurance and pension funding.

- (65) Insurance, reinsurance and pension funding, except compulsory social security: (65.3) Pension funding, among others.

- (66) Activities auxiliary to financial services and insurance activities: (66.1) Activities auxiliary to financial services and insurance activities, except insurance and pension funding (Risk and damage evaluation; Activities of insurance agents and brokers; Other activities auxiliary to insurance and pension funding); (66.3)

Fund management activities, among others.

NACE-2025 will apply in the official statistics compiled for state purposes referenced from 1 January 2025, with certain exceptions. Notwithstanding the provisions of sector legislation in the non-statistical realm, administrative databases must classify economic activity in accordance with the needs of the statistical operations of the National Statistics Plan. To that end, the economic activity codes of the economic units comprising the administrative databases of the Social Security General Treasury must report the economic activity variable codes under NACE-2025 by between 1 March and 30 June 2025, while other administrative databases within the state sector that contain the economic activity variable have until 1 January 2027 to be classified in accordance with NACE-2025.

Royal Decree-law 1/2025 approving urgent measures in economic, tax, transport and social security matters and measures to address situations of social vulnerability (*Official State Gazette*: 29 January 2025)

Royal Decree-law 1/2025, validated by the Congress of Deputies on 12 February 2025, introduces certain measures in support of vulnerable groups with identical content to those of Royal Decree-law 9/2024 (repealed via Congress of Deputies Resolution of 22 January 2025), notable among which:

- Extension until 31 December 2025 of the suspension of eviction proceedings and foreclosures for vulnerable households without alternative living arrangements and for economically vulnerable persons without alternative living arrangements under certain circumstances and in circumstances in which the eviction originates from criminal proceedings.

- Extension until 31 January 2026 of the deadline for landlords and owners to apply for compensation.

- Introduction of a new window for applying for the moratorium on principal and interest payment obligations for secured and unsecured loans or credit extended to people affected by the volcanoes in La Palma Island whose income derives from agriculture.

- Approval of a state-backed surety line to cover the non-payment of rent for regular and permanent abodes for vulnerable youths and households.

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Spanish economic forecasts panel: March 2025*

Funcas Economic Trends and Statistics Department

Growth in 2025

Forecast for 2025 is revised upward to 2.5%

GDP grew by 0.8% in the fourth quarter of 2024, one tenth more than expected in the January Panel. A carry-over effect is derived from this figure, which is what has led most panelists to raise their forecasts for 2025 to 2.5%, one tenth more than the previous consensus forecast (Table 1), as quarter-on-quarter growth forecasts are unchanged (Table 2). The contribution of domestic demand to GDP growth has been revised upwards by two tenths of a percentage point to 2.7%, due to the expected higher growth in investment, which will offset the expected moderation of private and public consumption. The external sector, on the other hand, will subtract two tenths (one tenth more than in the previous Panel). As for the quarterly profile of GDP growth, quarter-on-quarter growth of 0.6% is expected in the first quarter, followed by advances of 0.5% in the remaining of the year (Table 2).

Projection risks are mainly on the downside for 7 panelists, compared to 4 who believe that growth could be higher than expected in 2025. It should be noted that the panelists' responses were compiled just before the recent escalation of tariffs by the US and the EU, and before the associated stock market declines.

Growth in 2026

The projection for 2026 is 1.9%

In this Panel, GDP forecasts for the year 2026 are requested for the first time: the average stands at 1.9%, with a minimum of 1.7% and a maximum of 2.3%. The deceleration with respect to 2025 is expected to come from the components of national demand, which panelists expect will reduce its contribution to 2.1 percentage points, so that the contribution of the foreign sector would be a negative two tenths of a percentage point. The average forecast of this Panel is below the figures contemplated by the Government or the European Commission and is higher than that of the IMF (Table 1). Quarter-on-quarter GDP growth rates are expected to be around 0.5% (Table 2).

Inflation

The inflation rate will remain above 2% at the end of 2026

The headline inflation rate reached a peak of 3% in February, mainly due to the VAT hike in January and the later increase in electricity prices. The panelists expect headline inflation moderation in the coming months (Table 3). Core inflation, for its part, recorded a drop of two tenths in February to 2.2%, the lowest value since the end of 2021.

For this year as a whole, an average annual rate of 2.5% is forecast for the general rate (three tenths of a percentage point higher than the previous consensus forecast) and 2.3% for the core rate (unchanged). For 2026, the forecast for average annual rates stands at 2.1% for both overall and core (Table 1).

Labor market

Labor market continues to show strength

The labor market maintains its dynamism. According to Social Security enrollment, job creation has continued to perform strongly since the beginning of the year.

The consensus of panelists estimates a growth of 1.9% (one tenth more than the previous Panel) for EPA employment in 2025 and a slowdown to 1.4% by 2026. The expected average annual unemployment rate for this year is 10.7% (four tenths lower than the previous consensus forecast) and 10.3% in 2026 (Table 1).

Productivity and unit labor costs (ULC), calculated based on forecasts of GDP growth, wage compensation and employment in PPS terms, are expected to be 0.6% (the same as in the previous Panel) and 2.6% (one tenth of a percent lower), respectively, for 2025. For 2026, the forecast is 0.5% and 2.2%.

Balance of payments

All-time high in trade balance

The current account recorded a surplus of 48.4 billion euros (provisional figures) in 2024, the

best result in the historical series in nominal terms. Relative to GDP, the surplus was 3%, only below the historical high of 2016 (3.1%), and exceeding the expectations of the previous Panel. Of particular note was the trade balance, which recorded an all-time high-both in nominal terms and as a percentage of GDP-, mainly due to an exceptional performance in the tourism services balance.

The consensus estimate for the current account balance in 2025 has been raised to a surplus of 2.7% of GDP, and that of 2026 is set at 2.5% (Table 1). These values would still be at very high levels in terms of the historical series.

Public deficit

Public deficit estimate is reduced

The deficit figures for the general government as a whole for 2024 are not yet available. Up to November, public administrations excluding local corporations recorded a deficit of 29.4 billion euros, compared to 28.9 billion euros in the same period of the previous year. The result was slightly worse despite the strength of revenues, in which social security contributions and tax collection stand out, with higher growth compared to the previous year due to the normalization of VAT.

The analysts' consensus estimate for the public deficit is 2.9% of GDP for this year (one tenth of a percentage point less than the previous Panel). For 2026 it is also expected to stand at 2.9% of GDP, although it should be noted that there is a large difference between the lowest and the highest individual forecast, and that the average is above the forecasts of the Government, Bank of Spain and European Commission (Table 1).

International context

Tariff threats lead to a deterioration in confidence

Since taking office, President Donald Trump has multiplied his trade policy announcements. The back-and-forth of protectionist measures and their recent extension to the European Union has opened an episode of instability in the markets. US stock markets have lost the gains accumulated since the November election period, while uncertainty has taken hold. Economic indicators point to a pronounced slowdown in the US, which could contain inflationary pressure and allow for an easing, albeit small (given the expected impact of tariffs), of monetary policy. The European economy, on the other hand, has yet to take off, although the latest PMI indicators suggest a mild recovery may be underway in the manufacturing sector.

The Panel reflects the intensification of global uncertainties. Of the 19 panelists, 18 consider the context to be unfavorable in Europe, and 14 take the same view regarding the non-European situation. In addition, the number of pessimistic views about the trend in the coming months is increasing, particularly outside the European Union (Table 4).

Interest rates

Slight decline in interest rates and upward pressure on government bond yields

The escalation of tariffs complicates the task of central banks. On the one hand, the slowdown in the US economy, together with persistent European weakness, creates an environment conducive to interest rate cuts. On the other hand, the imposition of tariffs is putting upward pressure on prices, forcing some caution on the part of central banks. Such a careful stance may also be warranted by the expansionary fiscal announcements. The Trump Administration has promised steep tax cuts, potentially aggravating an already ballooning public deficit. In the EU, governments are pledging to sharply increase defense spending, which would lead Germany to ease the debt ceiling.

All in all, the consensus points to a cut in ECB benchmark rates of around 50 basis points by the end of the year. The deposit facility is forecast to remain at around 2% through 2026 (Table 2).

Recent volatility and fiscal policy announcements have led to an increase in the yields on government bonds. The Spanish 10-year bond is trading at around 3.5%, and projected to fall below that level towards the end of the forecast period, according to the consensus (Table 2). Meanwhile, the risk premium, or spread with respect to the German benchmark, has narrowed slightly.

The one-year Euribor has remained at around 2.5% and is projected to fall only by around 30 basis points between now and the end of the year, according to the consensus forecast.

Foreign exchange market

Volatility in foreign exchange markets

After approaching parity with the dollar, the euro has rallied since the previous Panel in line with the change in market sentiment about the economic cycle. The risk of a sharp slowdown in the US economy has become more palpable, while at the same time European governments moved closer together to increase defense spending. In a volatile environment, analysts expect the exchange rate to hover around current levels over the forecast period, reaching around 1.08 by the end of next year, compared to 1.04 in the previous assessment (Table 2).

Considerations on budgetary and monetary policies

Fiscal policy is being expansionary and monetary policy restrictive

Panelists continue to advocate for a change in the policy mix. On the one hand, monetary policy is perceived as restrictive, when the majority view is that it should be less restrictive given the disinflation process. On the other hand, analysts consider that fiscal policy is being expansionary, when the majority recommends a neutral position, more in line with the growth cycle of the Spanish economy (Table 4). The number of analysts calling for a restrictive fiscal policy has slightly decreased (from 5 in January to 3 in this Panel).

Exhibit 1

Distribution and evolution of forecasts

Distribution of forecasts. 2025 GDP
Number of panelists / Growth forecast

Forecast evolution. 2025 GDP
Growth in percentage / Forecast date
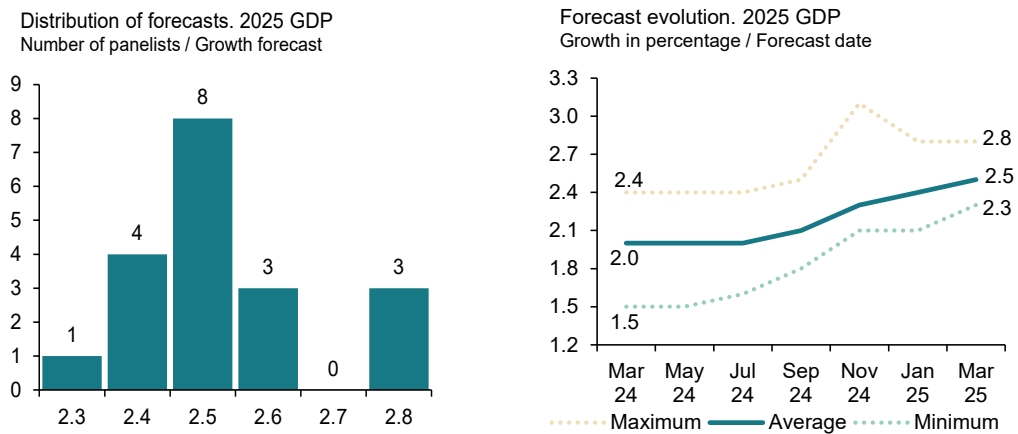
Source: Funcas Panel of Forecasts.

* The Spanish Economic Forecast Panel is a survey conducted by Funcas among the 19 analytical services listed in Table 1. The survey, which has been carried out since 1999, is published bimonthly in January, March, May, July, September and November. Based on the responses to the survey, "consensus" forecasts are provided, which are calculated as the arithmetic mean of the 19 individual forecasts. By way of comparison, although not forming part of the consensus, the forecasts of the Government, AIReF, the Bank of Spain and the main international organizations are also presented.

Spanish economic forecasts panel: March 2025*

Funcas Economic Trends and Statistics Department

Table 1

Economic Forecasts for Spain – March 2025

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

	GDP		Household consumption		Public consumption		Gross fixed capital formation		GFCF machinery and capital goods		GFCF construction		Domestic demand³		Exports of goods & serv.		Imports of goods & serv.	
	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
Analistas Financieros Internacionales (AFI)	2.8	2.3	3.8	2.8	2.4	1.4	5.1	2.2	8.4	2.0	4.2	2.6	3.6	2.2	2.3	3.5	5.0	3.7
BBVA Research	2.8	1.8	3.1	1.9	3.2	1.9	6.2	5.3	6.0	3.6	6.4	5.8	3.6	2.5	2.7	2.3	5.4	4.5
CaixaBank Research	2.5	2.1	3.1	2.4	1.9	0.8	3.1	3.0	3.8	1.5	3.0	3.8	2.8	2.1	2.1	2.3	2.9	2.5
Cámara de Comercio de España	2.4	1.9	2.7	1.9	2.8	2.0	3.1	2.0	5.4	2.0	2.0	2.1	2.8	1.8	1.7	2.8	3.3	3.3
Centro de Estudios Economía de Madrid (CEEM-URJC)	2.6	1.9	2.2	1.6	1.5	1.0	2.8	3.0	2.0	2.2	3.0	3.0	2.1	1.6	3.5	4.0	4.0	4.5
Centro de Predicción Económica (CEPREDE-UAM)	2.5	2.1	2.8	2.2	3.0	2.0	3.6	3.3	5.1	3.1	2.9	3.3	2.8	2.2	2.9	2.4	4.1	3.1
CEOE	2.5	2.0	2.7	1.8	1.5	1.1	3.7	2.2	4.6	2.4	4.0	2.1	2.6	1.8	3.0	3.5	3.2	3.0
Equipo Económico (Ee)	2.8	2.2	2.9	2.0	3.8	2.7	2.8	2.4	3.4	3.0	1.6	1.2	2.7	2.2	3.6	3.8	3.9	4.1
EthiFinance Ratings	2.5	2.2	2.4	2.1	2.6	1.2	4.1	5.7	3.6	5.6	4.6	5.5	2.9	2.8	1.3	1.7	2.6	3.6
Funcas	2.4	1.8	3.0	2.0	2.4	1.5	2.1	2.8	1.2	2.5	3.0	3.0	2.6	2.0	2.4	2.2	3.5	2.8
Instituto Complutense de Análisis Económico (ICAE-UCM)	2.6	2.0	2.9	2.1	2.9	1.5	2.9	2.7	3.0	2.5	2.8	2.8	2.8	1.9	1.9	2.2	2.6	2.0
Instituto de Estudios Económicos (IEE)	2.4	1.8	2.5	1.8	3.0	2.5	1.9	1.4	1.5	1.0	2.3	1.8	2.4	1.9	3.0	2.9	3.3	3.4
Intermoney	2.3	1.9	2.5	2.0	2.2	1.4	2.9	2.9	2.4	2.8	3.4	3.0	2.3	1.9	3.1	3.0	3.6	3.2
Mapfre Economics	2.4	1.7	2.9	1.6	1.9	0.8	2.4	4.3	--	--	--	--	2.4	1.8	1.9	1.9	2.1	2.4
Metyis	2.5	1.9	2.7	2.1	2.1	2.0	2.4	2.1	2.2	2.0	3.0	2.4	2.3	1.8	3.0	2.1	2.7	2.0
Oxford Economics	2.6	1.7	3.3	1.8	2.3	1.6	4.1	2.0	2.1	1.0	2.3	2.1	2.9	1.7	1.9	1.7	2.7	1.7
Repsol	2.5	2.0	2.9	2.0	3.2	2.0	2.6	3.8	4.0	4.8	1.8	2.0	2.7	2.2	3.3	4.3	4.5	5.4
Santander	2.5	1.7	2.9	1.8	2.2	1.0	4.7	4.7	4.0	4.0	5.0	5.0	2.5	2.5	1.6	1.8	3.0	4.0
Universidad Loyola Andalucía	2.5	2.2	2.3	2.0	3.9	3.2	3.6	2.5	4.8	2.0	2.6	2.0	2.3	2.2	2.3	2.4	2.0	1.8
CONSENSUS (AVERAGE)	2.5	1.9	2.8	2.0	2.6	1.7	3.4	3.1	3.7	2.7	3.2	3.0	2.7	2.1	2.5	2.7	3.4	3.2
Maximum	2.8	2.3	3.8	2.8	3.9	3.2	6.2	5.7	8.4	5.6	6.4	5.8	3.6	2.8	3.6	4.3	5.4	5.4
Minimum	2.3	1.7	2.2	1.6	1.5	0.8	1.9	1.4	1.2	1.0	1.6	1.2	2.1	1.6	1.3	1.7	2.0	1.7
Change on 2 months earlier¹	0.1	--	0.3	--	0.1	--	0.5	--	0.8	--	0.1	--	0.2	--	-0.4	--	0.1	--
- Rise²	13	--	12	--	8	--	10	--	10	--	6	--	12	--	2	--	9	--
- Drop²	1	--	2	--	5	--	6	--	4	--	5	--	3	--	11	--	6	--
Change on 6 months earlier¹	0.4	--	0.9	--	1.2	--	0.1	--	0.3	--	0.2	--	0.8	--	-0.5	--	0.4	--
Memorandum items:																		
Government (February 2025)	2.6	2.2	2.8	2.3	2.6	2.2	4.5	4.9	--	--	--	--	3.0	2.7	2.3	2.0	3.5	3.5
Bank of Spain (March 2025)	2.7	1.9	3.3	2.1	2.2	1.8	3.0⁽⁴⁾	2.5⁽⁴⁾	--	--	--	--	2.9	2.0	2.9	2.9	4.0	3.5
AIReF (January 2025)	2.5	--	2.7	--	1.9	--	2.9	--	--	--	--	--	2.5	--	2.7	--	2.9	--
EC (November 2024)	2.3	2.1	2.2	2.0	1.6	1.5	3.2	3.7	--	--	--	--	2.1	2.1	2.9	2.7	2.8	3.0
IMF (January 2025)	2.3	1.8	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
OECD (March 2025)	2.6	2.1	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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 – March 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	1.7	2.1	2.0	3.2	2.9	2.1	1.6	10.4	10.2	2.6	2.8	-2.7	-2.6
BBVA Research	2.4	2.1	2.1	2.0	2.4	2.5	2.2	1.9	10.4	9.9	2.7	2.3	-2.7	-2.4
CaixaBank Research	2.5	2.2	2.3	2.3	3.7	3.0	2.0	1.7	10.7	10.2	2.9	3.1	-2.8	-2.6
Cámara de Comercio de España	2.9	2.5	2.3	2.0	--	--	1.5	0.8	10.5	10.2	2.1	2.0	-3.0	-2.8
Centro de Estudios Economía de Madrid (CEEM-URJC)	2.7	2.2	2.8	2.4	2.5	2.3	2.0	1.2	11.2	11.0	1.5	1.6	--	--
Centro de Predicción Económica (CEPREDE-UAM)	2.8	2.3	--	--	3.5	2.5	1.8	1.5	10.8	10.4	1.3	1.0	-3.2	-3.3
CEOE	2.3	2.0	2.2	2.1	3.2	2.7	2.1	1.7	10.5	10.0	2.6	2.2	-2.8	-2.7
Equipo Económico (Ee)	2.4	2.0	2.2	2.0	3.6	3.0	2.3	2.0	11.0	10.9	2.7	2.0	-3.0	-3.0
EthiFinance Ratings	2.3	2.1	2.1	2.0	3.0	3.0	1.8	1.5	10.7	10.5	2.6	2.6	-2.9	-2.7
Funcas	2.6	2.0	2.2	1.9	2.9	2.3	1.7	1.0	10.3	9.8	2.9	2.8	-2.9	-2.8
Instituto Complutense de Análisis Económico (ICAE-UCM)	2.6	2.2	2.2	2.1	--	--	1.7	1.3	10.8	10.4	2.6	2.6	-2.9	-2.7
Instituto de Estudios Económicos (IEE)	2.4	2.1	2.3	2.2	3.2	2.7	2.0	1.5	10.7	10.3	2.5	2.1	-2.9	-2.8
Intermoney	2.8	2.1	3.1	2.4	--	--	1.8	1.4	11.2	10.8	--	--	-2.9	-2.7
Mapfre Economics	2.5	1.9	2.3	2.0	4.9	3.1	1.2	1.0	11.2	11.1	3.0	2.9	-3.2	-3.1
Metyis	2.3	2.1	2.2	1.9	3.2	2.5	1.7	1.5	10.8	10.5	2.7	2.8	-2.9	-2.6
Oxford Economics	2.5	1.8	2.2	2.0	--	--	1.7	0.6	10.6	10.8	3.3	3.1	-2.9	-3.0
Repsol	2.5	2.0	2.4	2.3	2.6	2.1	2.1	1.7	10.4	9.7	2.5	1.9	-3.0	-2.9
Santander	2.3	2.0	2.1	2.0	--	--	1.7	1.0	10.7	10.4	--	--	--	--
Universidad Loyola Andalucía	2.5	2.3	2.4	2.2	--	--	1.9	1.5	10.3	9.4	4.9	5.0	-3.4	-4.4
CONSENSUS (AVERAGE)	2.5	2.1	2.3	2.1	3.2	2.7	1.9	1.4	10.7	10.3	2.7	2.5	-2.9	-2.9
Maximum	2.9	2.5	3.1	2.4	4.9	3.1	2.3	2.0	11.2	11.1	4.9	5.0	-2.7	-2.4
Minimum	2.3	1.7	2.1	1.9	2.4	2.1	1.2	0.6	10.3	9.4	1.3	1.0	-3.4	-4.4
Change on 2 months earlier[1]	0.3	--	0.0	--	-0.1	--	0.1	--	-0.4	--	0.1	--	0.1	--
- Rise[2]	15	--	4	--	5	--	10	--	1	--	4	--	3	--
- Drop[2]	0	--	8	--	4	--	1	--	16	--	7	--	2	--
Change on 6 months earlier[1]	0.2	--	0.0	--	0.4	--	--	--	-0.3	--	0.5	--	0.1	--
Memorandum items:														
Government (February 2025)	--	--	--	--	--	--	2.5[5]	2.3[5]	10.4	9.7	--	--	-3.0	-2.5
Bank of Spain (March 2025)	2.5[3]	1.7[3]	2.2[4]	2.0[4]	--	--	1.9[5]	1.2[5]	10.5	10.0			-2.8	-2.6
AIReF (January 2025)	2.1	--	--	--	3.1	--	2.1[6]	--	10.8	--	--	--	--	--
EC (November 2024)	2.2[3]	2.0[3]	--	--	3.1	2.2	2.1[5]	2.0[5]	11.0	10.7	4.5	4.4	-2.6	-2.7
IMF (January 2025)	--	--	--	--	--	--	--	--	--	--	--	--	--	--
OECD (March 2025)	2.5[3]	2.1[3]	2.2[3]	1.9[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 an energy.

[5] Persons, acording to National Accounts.

[6] Full time equivalent jobs.

Table 2

Quarterly Forecasts – March 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	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Euribor 1 yr [2]	2.41	2.33	2.27	2.22	2.19	2.17	2.14	2.11
Government Bond yield 10 yr[2]	3.24	3.18	3.16	3.13	3.11	3.12	3.12	3.13
ECB deposit rates[3]	2.50	2.28	2.18	2.07	2.05	2.01	2.03	2.02
Dollar / Euro exchange rate[2]	1.07	1.06	1.06	1.07	1.07	1.07	1.07	1.08

Forecasts in yellow.
[1] Qr-on-qr growth rates.
[2] End of period.
[3] Last day of the quarter.

Table 3

CPI Forecasts – March 2025

	Year-on-year change (%)				
Feb-25	Mar-25	Apr-25	May-25	Dec-25	Dec-26
3.0	2.6	2.4	2.3	2.4	2.1

Table 4

Opinions – March 2025
Number of responses

	Currently			Trend for next six months		
	Favourable	Neutral	Unfavourable	Improving	Unchanged	Worsening
International context: EU	1	0	18	6	10	3
International context: Non-EU	0	5	14	2	8	9
	Is being			**Should be**		
	Restrictive	Neutral	Expansionary	Restrictive	Neutral	Expansionary
Fiscal policy assessment[1]	0	2	17	3	16	0
Monetary policy assessment[1]	13	5	1	3	16	0

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

Key Facts

Economic Indicators

Table 1

National accounts: GDP and main expenditure components SWDA*
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		6.2	4.8	0.6	3.3	2.2	4.4	14.3	7.7	3.9	2.3
2023		2.7	1.8	5.2	2.1	3.0	1.2	2.8	0.3	1.7	1.0
2024		3.2	2.9	4.1	3.0	3.5	2.4	3.1	2.4	2.8	0.3
2025		2.4	3.0	2.4	2.1	3.0	1.2	2.4	3.5	2.6	-0.2
2026		1.8	2.0	1.5	2.8	3.0	2.5	2.2	2.8	2.0	-0.1
2023	I	3.9	1.7	3.4	1.9	4.9	-1.2	9.0	1.8	1.2	2.7
	II	2.4	1.0	6.0	1.7	3.2	0.1	1.8	-1.5	1.1	1.3
	III	2.2	1.4	6.4	0.3	0.0	0.6	0.0	-1.3	1.6	0.5
	IV	2.3	3.0	5.0	4.7	3.9	5.5	0.7	2.3	2.8	-0.4
2024	I	2.6	2.2	4.9	2.3	2.4	2.1	1.8	1.0	2.3	0.3
	II	3.2	2.6	3.4	3.0	3.5	2.4	2.7	1.1	2.5	0.7
	III	3.3	3.0	4.2	2.2	3.9	0.3	4.7	3.7	2.8	0.5
	IV	3.5	3.7	4.9	3.6	3.0	4.3	3.0	3.4	3.5	0.0
Chain-linked volumes. quarter-on-quarter percentage changes											
2023	I	0.7	1.2	1.1	3.9	5.1	2.6	1.0	2.3	0.9	-0.3
	II	0.2	0.8	1.8	0.0	-0.3	0.4	-0.4	0.4	0.6	-0.3
	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	1.0	0.4	0.9	1.5	3.6	-0.7	2.1	1.0	0.5	0.5
	II	0.8	1.1	0.3	0.7	0.7	0.7	0.5	0.5	0.8	0.0
	III	0.8	1.2	2.3	-1.3	-1.9	-0.5	0.4	1.0	0.9	-0.2
	IV	0.8	1.0	0.3	3.5	1.7	5.4	0.1	1.4	1.2	-0.4
		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		1,374	56.4	20.1	20.4	10.7	9.8	39.8	38.9	99.1	0.9
2023		1,498	55.4	19.6	19.7	10.5	9.2	38.1	34.1	96.1	3.9
2024		1,592	55.9	19.4	19.5	10.4	9.2	37.3	33.0	95.7	4.3
2025		1,667	56.4	19.4	19.4	10.4	9.0	36.9	33.0	96.1	3.9
2026		1,730	56.5	19.4	19.6	10.6	9.0	36.9	33.2	96.3	3.7

Seasonally and Working Day Adjusted.

(a) Contribution to GDP growth.

Source: INE and Funcas (Forecasts).

Chart 1.1 - GDP

Level, 2019=100
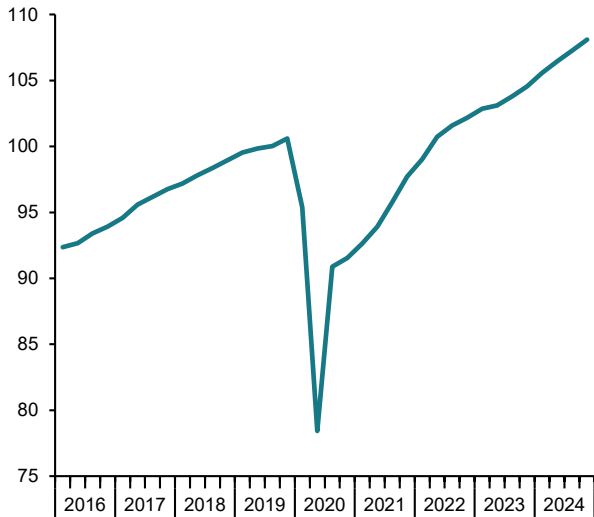
Chart 1.2 - Contribution to GDP annual growth

Percentage points

GDP — Domestic demand — Net exports
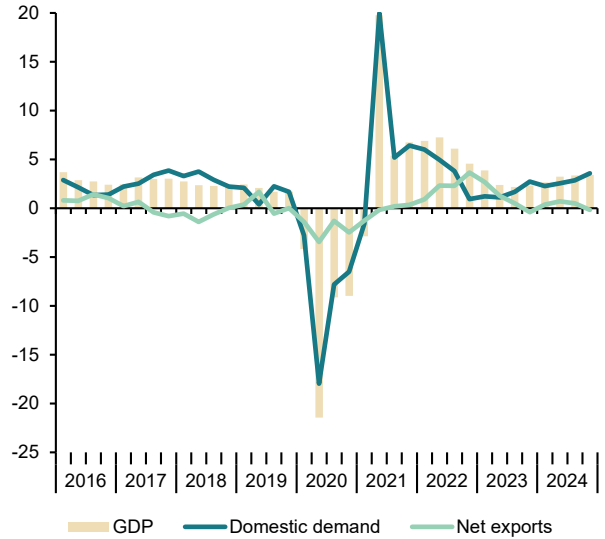
Chart 1.3 - Consumption

Level, 2019=100

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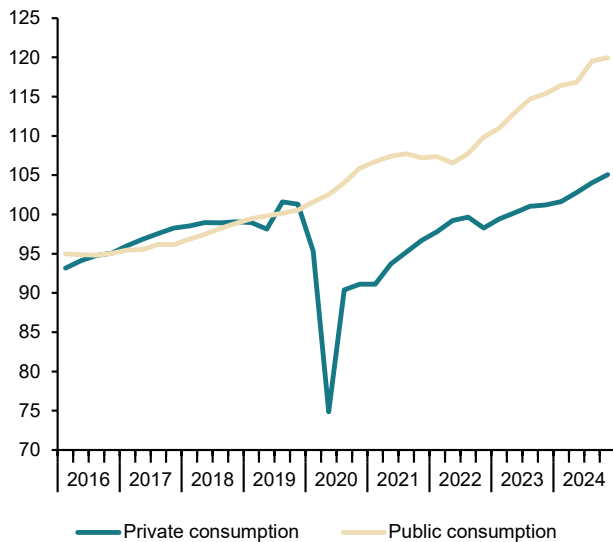
Chart 1.4 - Gross fixed capital formation

Level, 2019=100

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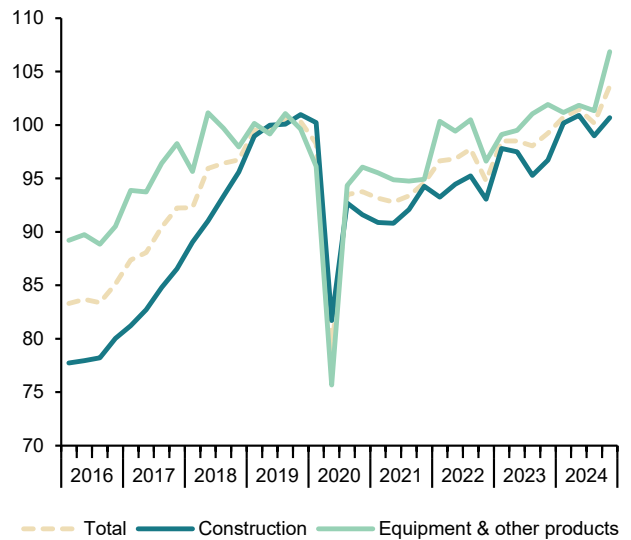
Table 2

National accounts: Gross value added by economic activity SWDA*

			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										
2017		3.0	-3.5	4.6	6.8	1.7	3.1	2.2	3.3	1.6
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		6.7	-20.3	2.5	6.3	9.2	8.5	1.3	11.0	1.2
2023		2.9	6.5	0.7	2.1	2.1	3.3	3.0	3.4	0.5
2024		3.5	8.3	2.7	3.5	2.1	3.7	3.2	3.8	-1.0
2023	I	4.0	-4.0	2.7	4.4	3.7	4.6	3.3	5.0	2.4
	II	2.6	6.1	-0.6	0.8	3.2	3.1	2.8	3.2	0.4
	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	3.2	11.5	1.2	1.8	2.5	3.3	3.3	3.3	-2.7
	II	3.8	7.3	3.3	4.7	1.7	3.9	2.9	4.2	-2.4
	III	3.7	10.3	3.7	4.0	1.6	3.6	3.9	3.5	-0.2
	IV	3.6	4.2	2.7	3.7	2.6	3.8	2.8	4.2	1.2
Chain-linked volumes. quarter-on-quarter percentage changes										
2023	I	0.4	6.7	1.4	2.1	0.2	0.0	-1.1	0.4	3.3
	II	0.4	1.7	-1.1	-1.3	1.3	0.6	0.3	0.7	-1.3
	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	0.9	5.7	1.3	1.7	1.0	0.7	-0.7	1.1	1.4
	II	1.0	-2.1	1.0	1.5	0.5	1.2	0.0	1.5	-1.0
	III	0.7	1.4	0.1	-0.1	-1.6	1.0	1.6	0.8	1.4
	IV	0.9	-0.7	0.3	0.5	2.7	1.0	1.9	0.7	-0.6
		Current prices EUR billions)	Percentage of value added at basic prices							
2017		1,061	3.1	15.9	12.3	6.1	75.0	17.8	57.2	10.3
2018		1,098	3.0	15.7	11.9	6.1	75.2	17.7	57.5	10.4
2019		1,138	2.8	15.5	11.8	6.5	75.2	17.8	57.4	10.2
2020		1,031	3.1	15.9	11.9	6.2	74.9	19.8	55.1	9.5
2021		1,119	3.1	16.6	12.4	5.9	74.5	18.8	55.7	10.4
2022		1,252	2.5	17.1	12.0	5.8	74.5	17.7	56.8	9.7
2023		1,368	2.7	16.1	11.9	5.9	75.2	17.4	57.8	9.6
2024		1,450	2.8	15.6	11.8	5.8	75.8	17.4	58.5	9.8
2024		1,452	2.8	15.6	11.7	5.8	75.8	17.3	58.5	9.7

* Seasonally and Working Day Adjusted.

Source: INE.

Chart 2.1 - GVA by sectors

Level, 2019=100

Legend: Industry — Construction — Services
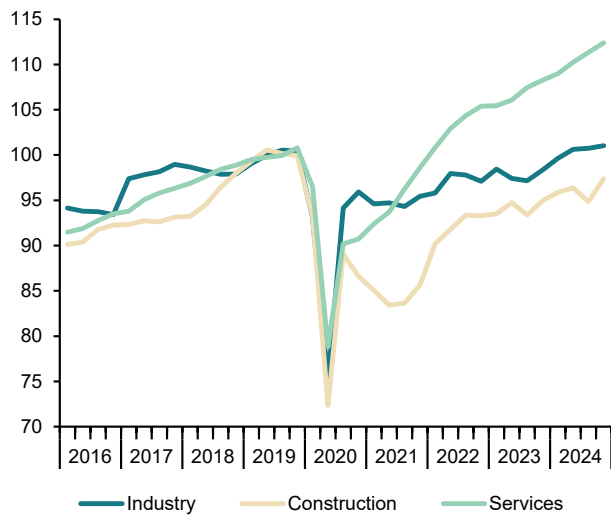
Chart 2.2 - GVA. Industry

Level, 2019=100

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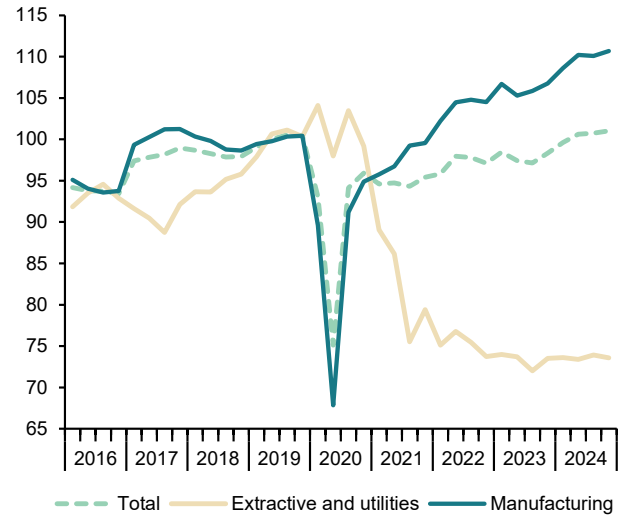
Chart 2.3 - GVA, services

Level, 2019=100

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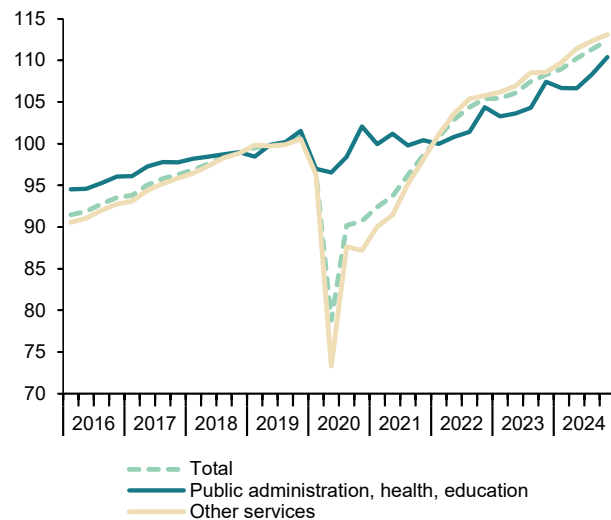
Chart 2.4 - GVA. structure by sectors

Percentage of value added at basic prices

Legend: Services — Construction — Industry — Agriculture, forestry and fishing
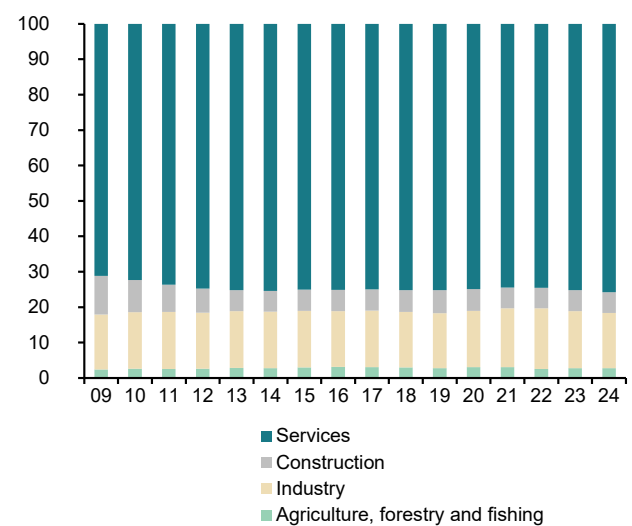
Table 3

National accounts: Productivity and labour costs
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		100.9	100.0	100.9	111.3	110.3	101.5	104.0	97.0	107.2	112.4	104.8	96.9
2023		103.6	102.0	101.5	118.9	117.1	101.5	106.1	98.4	107.9	118.2	109.6	95.6
2024		106.8	104.0	102.7	125.4	122.1	102.7	109.9	99.6	110.3	124.8	113.1	97.8
2025		109.4	106.2	103.0	128.3	124.6	102.6	--	--	--	--	--	--
2026		111.4	107.6	103.5	130.9	126.5	102.2	--	--	--	--	--	--
2023	I	102.9	101.5	101.3	115.5	114.0	99.2	106.7	99.8	106.9	115.1	107.6	92.0
	II	103.1	101.0	102.1	118.4	116.0	101.3	105.3	95.8	109.9	119.5	108.7	94.4
	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	105.6	102.6	102.9	123.8	120.3	101.1	108.6	98.2	110.6	122.9	111.1	93.7
	II	106.4	103.6	102.7	124.4	121.1	102.0	110.2	99.4	110.9	124.3	112.2	96.2
	III	107.3	104.0	103.1	126.4	122.6	102.3	110.1	99.0	111.3	126.8	113.9	98.1
	IV	108.1	105.9	102.1	126.8	124.2	102.7	110.7	101.9	108.7	125.2	115.2	100.1
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		6.2	4.8	1.4	3.3	1.9	-2.7	6.3	3.1	3.1	2.9	-0.2	-2.2
2023		2.7	2.0	0.6	6.9	6.2	0.0	2.1	1.5	0.6	5.2	4.6	-1.4
2024		3.2	1.9	1.2	5.5	4.2	1.2	3.5	1.2	2.3	5.6	3.2	2.3
2025		2.4	2.1	0.3	2.4	2.1	-0.1	--	--	--	--	--	--
2026		1.8	1.3	0.5	2.0	1.5	-0.4						
2023	I	3.9	2.4	1.5	5.8	4.3	-2.1	4.4	4.9	-0.5	3.7	4.3	-5.1
	II	2.4	0.9	1.5	8.4	6.8	-0.2	0.8	-0.7	1.5	6.5	4.9	-2.7
	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	2.6	1.1	1.6	7.2	5.6	1.9	1.8	-1.6	3.4	6.7	3.2	1.9
	II	3.2	2.6	0.7	5.1	4.4	0.7	4.7	3.8	0.9	4.1	3.2	1.9
	III	3.3	1.3	2.0	5.6	3.5	-0.1	4.0	-0.3	4.3	7.7	3.3	3.2
	IV	3.4	2.8	0.6	4.1	3.5	1.3	3.7	3.2	0.5	3.7	3.2	2.2

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

Source: INE and Funcas (Forecasts).

Chart 3.1 - Nominal ULC, total economy

Index, 2019=100

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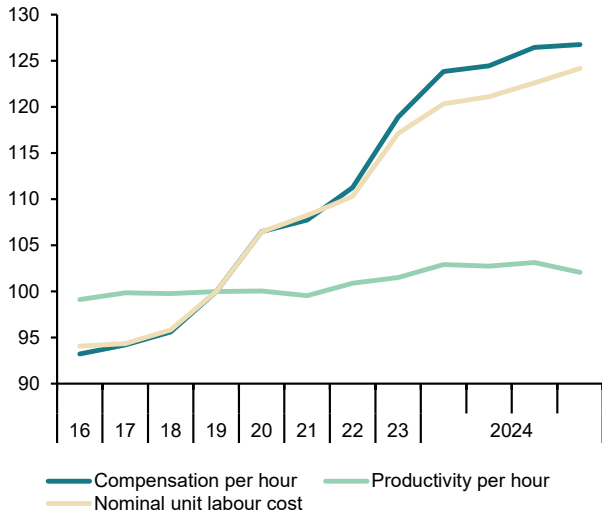
Chart 3.2 - Real ULC, total economy

Index, 2019=100

- Nominal unit labour cost
- GDP deflator
- Real unit labour cost (1)
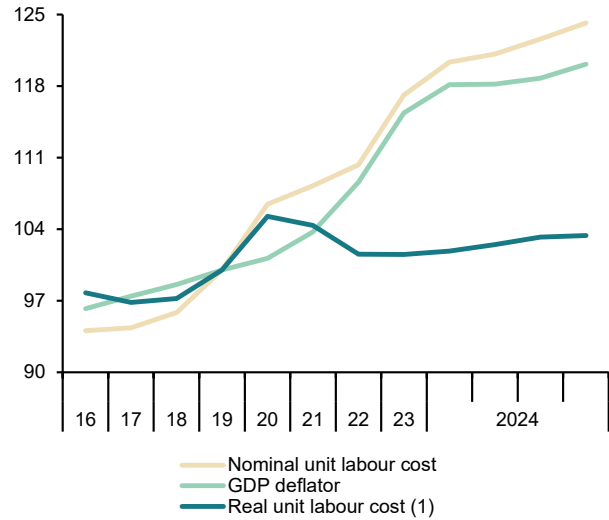
(1) Nominal ULC deflated by GDP deflator.

Chart 3.3 - Nominal ULC, manufacturing industry

Index, 2019=100

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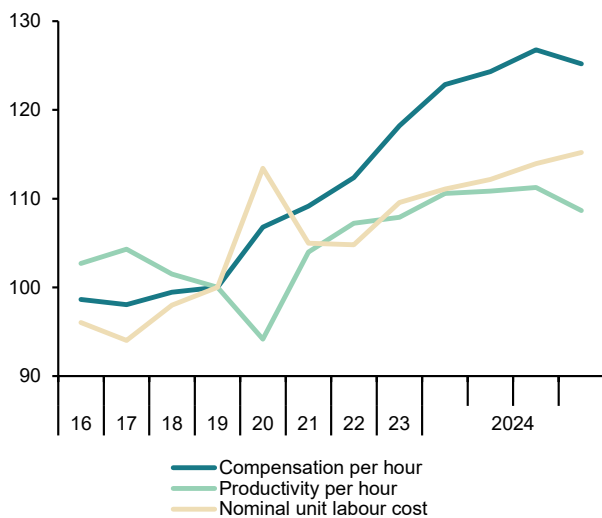
Chart 3.4 - Real ULC, manufacturing industry

Index, 2019=100

- Nominal unit labour cost
- GVA deflator
- Real unit labour cost (1)
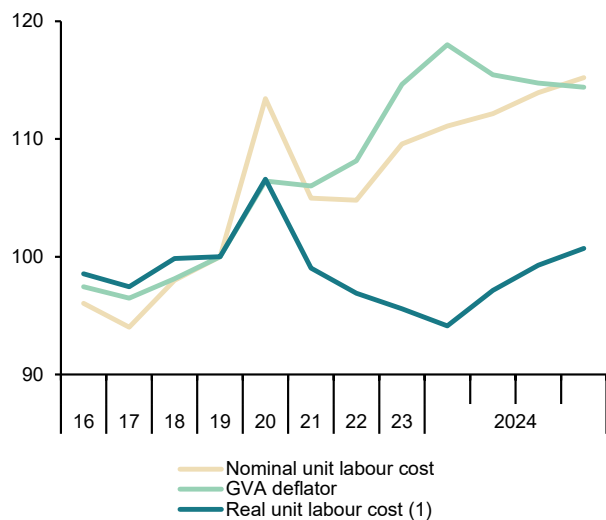
(1) Nominal ULC deflated by manufacturing GVA deflator.

Table 4

National accounts: National income, distribution and disposition
Forecasts in yellow

		Gross domestic product	Compensation of employees	Gross operating surplus	Gross national disposable income	Final national consumption	Gross national saving (a)	Gross capital formation	Compensation 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		1,373.6	655.9	585.4	1,366.3	1,050.3	316.0	311.2	47.7	42.6	23.0	22.7	0.4	1.3
2023		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		1,591.6	770.5	665.5	1,578.9	1,197.6	381.3	325.9	48.4	41.8	24.0	20.5	3.2	4.2
2025		1,667.1	806.9	694.1	1,651.3	1,263.5	387.8	338.9	48.4	41.6	23.3	20.3	2.9	3.9
2026		1,729.8	835.5	719.3	1,714.1	1,311.9	402.2	354.4	48.3	41.6	23.3	20.5	2.8	3.3
2023	I	1,410.2	670.0	608.0	1,402.2	1,070.0	332.2	311.9	47.5	43.1	23.6	22.1	1.4	2.4
	II	1,442.5	684.9	623.1	1,430.3	1,089.2	341.1	313.2	47.5	43.2	23.6	21.7	1.9	2.9
	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	730.0	644.6	1,499.9	1,143.5	356.5	316.6	48.1	42.4	23.5	20.8	2.6	3.7
	II	1,543.6	743.7	654.1	1,523.5	1,161.4	362.1	319.2	48.2	42.4	23.5	20.7	2.8	4.0
	III	1,567.3	756.7	663.2	1,547.6	1,179.1	368.5	321.8	48.3	42.3	23.5	20.5	3.0	4.2
	IV	1,591.6	770.5	665.5	–	1,197.6	–	325.9	48.4	41.8	–	20.5	–	–
		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		11.2	8.6	16.1	10.8	10.2	12.9	15.2	-1.2	1.8	0.4	0.8	-0.4	-0.4
2023		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		6.2	7.7	4.1	6.7	6.5	7.6	3.5	0.6	-0.8	0.3	-0.5	0.5	0.5
2025		4.7	4.7	4.3	4.6	5.5	1.7	4.0	0.0	-0.2	-0.7	-0.1	-0.3	-0.3
2026		3.8	3.5	3.6	3.8	3.8	3.7	4.6	-0.1	-0.1	0.0	0.2	-0.2	-0.6
2023	I	11.0	8.6	17.3	10.5	9.5	13.8	11.0	-1.0	2.3	0.6	0.0	0.6	1.1
	II	10.3	8.3	16.3	9.6	8.7	12.8	6.8	-0.9	2.2	0.5	-0.7	1.2	1.6
	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	6.0	7.0	6.9	7.3	1.5	0.5	-0.7	-0.1	-1.3	1.2	1.3
	II	7.0	8.6	5.0	6.5	6.6	6.2	1.9	0.7	-0.8	-0.2	-1.0	0.8	1.1
	III	6.6	8.1	4.5	6.4	6.6	5.7	3.0	0.7	-0.9	-0.2	-0.7	0.5	0.7
	IV	6.2	7.7	4.1	–	6.5	–	3.5	0.6	-0.8	–	-0.5	–	–

(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
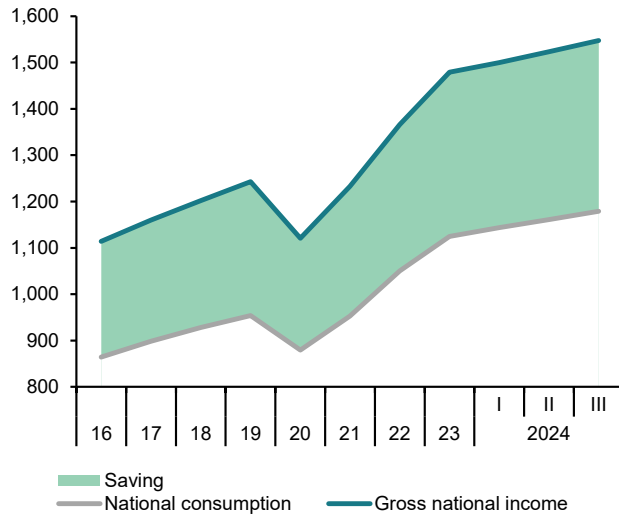
Chart 4.2 - National income, consumption and saving rate

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

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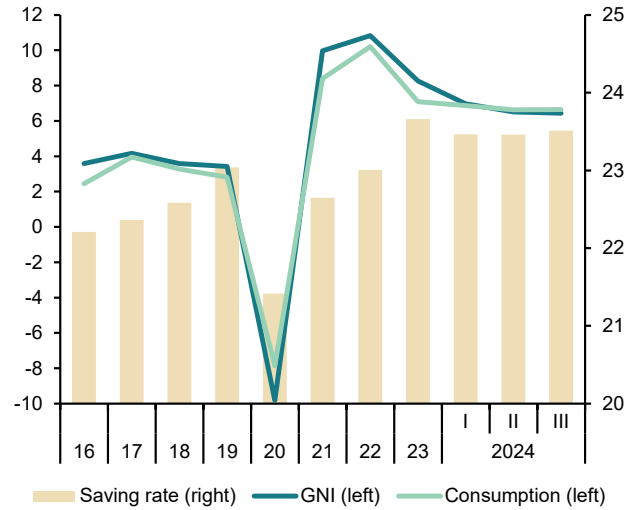
Chart 4.3 - Components of National Income

Percentage of GDP, 4-quarter moving averages

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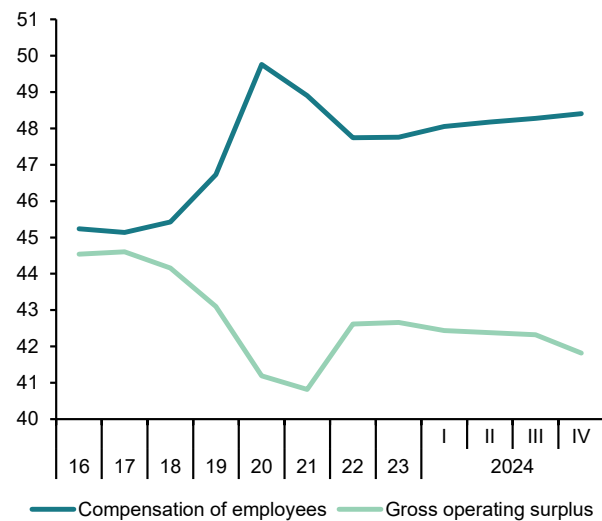
Chart 4.4 - Saving, Investment and Current Account Balance

Percentage of GDP, 4-quarter moving averages

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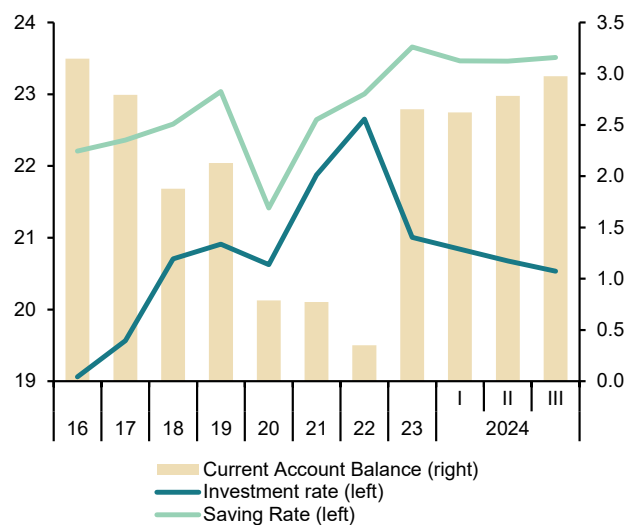
Table 5

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	13.9	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	14.9	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	15.0	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	13.7	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	14.6	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	14.5	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	13.0	2.0
2024		1,030.6	888.9	140.7	77.1	13.7	4.8	3.9	306.0	201.3	193.3	12.6	12.1	0.9
2025		1,068.8	939.8	128.1	82.5	12.0	5.0	2.6	313.9	212.6	198.7	12.8	11.9	1.2
2026		1,099.7	976.7	122.1	85.8	11.1	5.0	2.0	331.6	229.6	208.8	13.3	12.1	1.4
2022	IV	853.9	774.5	77.2	64.7	9.0	4.7	0.8	293.9	218.8	199.3	15.9	14.5	2.1
2023	I	872.3	790.5	79.8	61.8	9.1	4.4	1.1	307.2	229.2	202.2	16.3	14.3	2.6
	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	968.2	844.2	123.5	69.7	12.8	4.6	3.4	306.8	212.5	194.1	14.0	12.8	1.6
	II	991.3	858.1	133.2	72.4	13.4	4.7	3.9	305.0	203.2	193.3	13.2	12.5	1.1
	III	1,009.4	871.8	138.3	74.2	13.7	4.7	4.0	306.3	203.6	193.0	13.0	12.3	1.2
		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	1.0	-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	0.1	-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	-1.3	-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	0.9	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	-0.1	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	-1.5	-0.1
2024		9.0	7.0	23.7	14.0	1.6	0.3	0.9	-2.1	-7.8	-1.0	-1.9	-0.9	-1.1
2025		3.7	5.7	-9.0	7.0	-1.7	0.1	-1.3	2.6	5.6	2.8	0.1	-0.2	0.3
2026		2.9	3.9	-4.7	4.0	-0.9	0.0	-0.6	5.6	8.0	5.1	0.5	0.2	0.2
2022	IV	5.3	11.7	-33.1	25.1	-5.2	0.5	-4.3	23.8	26.6	10.6	1.9	-0.1	1.6
2023	I	6.3	9.9	-19.5	7.2	-2.9	-0.2	-2.1	24.1	26.1	11.0	1.9	0.0	1.9
	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	-0.1	-7.3	-4.0	-2.3	-1.6	-1.0
	II	10.2	6.7	42.3	17.3	3.0	0.4	1.8	-3.1	-11.9	-5.2	-2.8	-1.6	-1.4
	III	9.5	7.0	30.6	18.3	2.2	0.5	1.2	-2.8	-10.1	-3.9	-2.4	-1.3	-1.2

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)
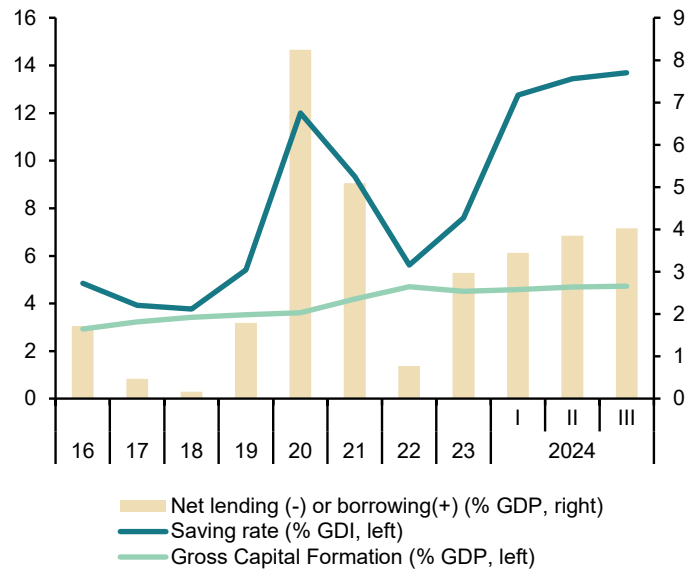
Chart 5.2 - Non-financial corporations: net lending or borrowing

Percentage of GDP, 4-quarter moving averages

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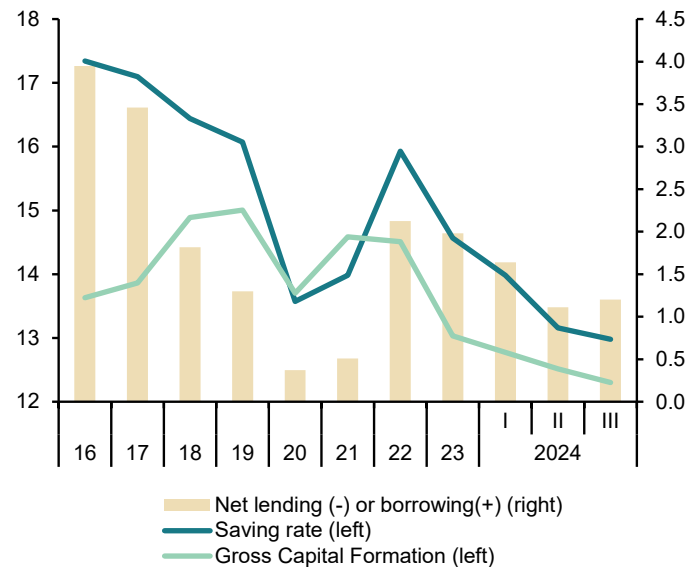
Table 6

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		177.4	197.5	210.7	83.2	668.8	173.2	88.0	40.9	313.0	58.9	44.4	718.3	-49.5
2025		188.0	206.9	220.0	72.5	687.3	181.3	92.8	43.8	328.4	49.0	39.7	734.9	-47.6
2026		197.0	215.0	227.9	74.9	714.9	188.0	96.5	46.3	342.1	50.6	40.6	764.1	-49.2
2022	IV	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	I	162.3	168.1	184.0	73.0	587.4	156.5	81.5	32.2	271.4	55.1	51.0	647.7	-60.3
	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	80.1	633.9	165.3	87.7	37.1	297.1	57.8	44.6	689.6	-55.6
	II	170.6	191.1	203.5	81.7	646.8	167.0	88.6	37.9	302.4	57.6	43.9	697.5	-50.7
	III	172.8	194.1	207.4	83.6	657.9	170.3	89.9	39.0	306.5	58.9	43.0	707.7	-49.8
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	12.4	13.2	5.2	42.0	10.9	5.5	2.6	19.7	3.7	2.8	45.1	-3.1
2025		11.3	12.4	13.2	4.3	41.2	10.9	5.6	2.6	19.7	2.9	2.4	44.1	-2.9
2026		11.4	12.4	13.2	4.3	41.3	10.9	5.6	2.7	19.8	2.9	2.3	44.2	-2.8
2022	IV	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	I	11.5	11.9	13.0	5.2	41.7	11.1	5.8	2.3	19.2	3.9	3.6	45.9	-4.3
	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	41.7	10.9	5.8	2.4	19.6	3.8	2.9	45.4	-3.7
	II	11.0	12.4	13.2	5.3	41.9	10.8	5.7	2.5	19.6	3.7	2.8	45.2	-3.3
	III	11.0	12.4	13.2	5.3	42.0	10.9	5.7	2.5	19.6	3.8	2.7	45.2	-3.2

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)
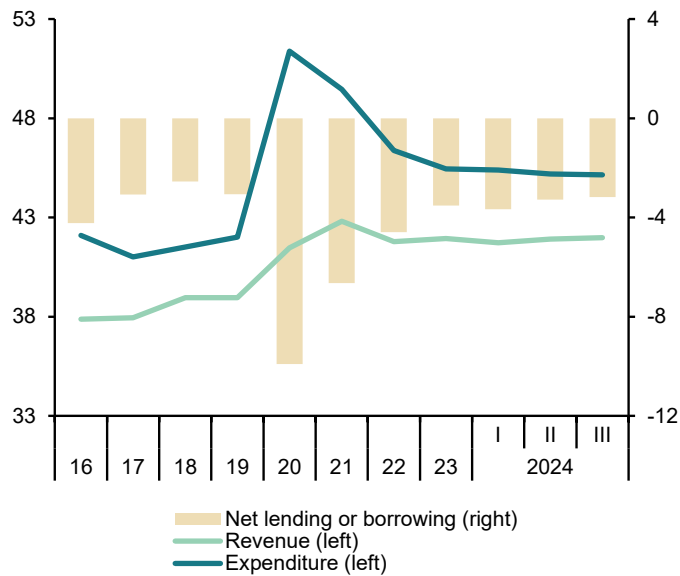
Chart 6.2 - Public sector: Main expenditures

Percentage of GDP

- Rest
- Capital expenditure
- Social benefits and transfers in kind
- Interests
- Compensation of employees
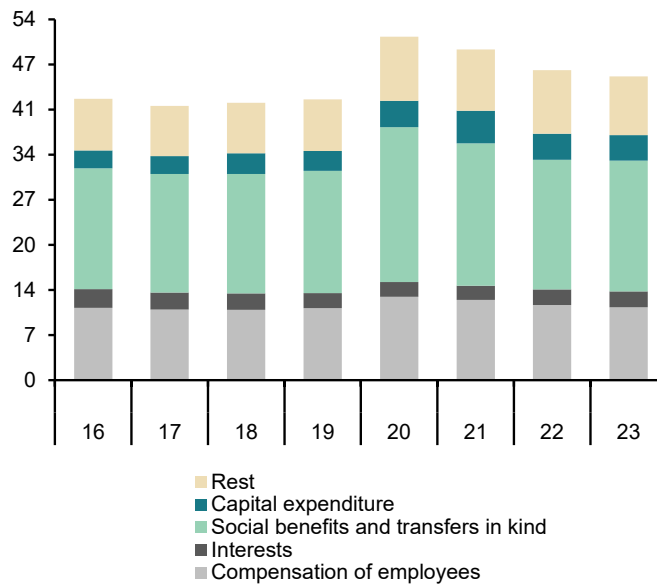
Table 7
Public sector balances by level of Government
Forecasts in yellow

		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		--	--	--	--	-49.5	--	--	--	--	1,621.5
2025		--	--	--	--	-47.6	--	--	--	--	1,669.2
2026		--	--	--	--	-49.2	--	--	--	--	1,718.6
2022	IV	-41.0	-15.2	-1.0	-5.9	-63.1	1,360.2	317.1	23.1	106.2	1,504.1
2023	I	-35.5	-18.7	-0.5	-5.6	-60.3	1,389.0	322.4	23.1	106.2	1,536.7
	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	-30.8	-16.8	-1.9	-6.1	-55.6	1,476.2	328.9	23.1	116.2	1,614.7
	II	-25.9	-15.9	-1.2	-7.7	-50.7	1,485.1	337.5	23.5	116.2	1,626.1
	III	-38.6	-3.8	2.4	-9.8	-49.8	1,504.4	333.2	23.1	116.2	1,636.1
		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		--	--	--	--	-3.1	--	--	--	--	101.9
2025		--	--	--	--	-2.9	--	--	--	--	100.1
2026		--	--	--	--	-2.8	--	--	--	--	99.4
2022	IV	-3.0	-1.1	-0.1	-0.4	-4.6	99.0	23.1	1.7	7.7	109.5
2023	I	-2.5	-1.3	0.0	-0.4	-4.3	98.4	22.8	1.6	7.5	108.9
	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	-3.7	97.1	21.6	1.5	7.6	106.2
	II	-1.7	-1.0	-0.1	-0.5	-3.3	96.2	21.9	1.5	7.5	105.3
	III	-2.5	-0.2	0.2	-0.6	-3.2	95.9	21.2	1.5	7.4	104.3

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
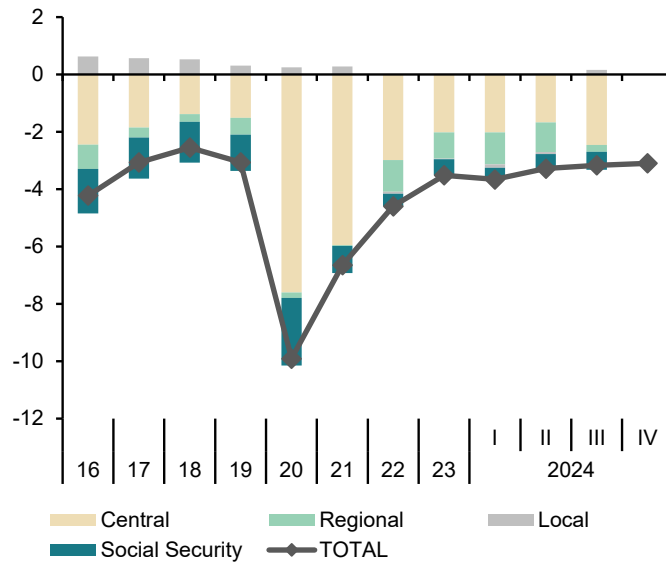
Chart 7.2 - Government debt

Percent of GDP

Central   Regional
Local   Social Security
TOTAL consolidated
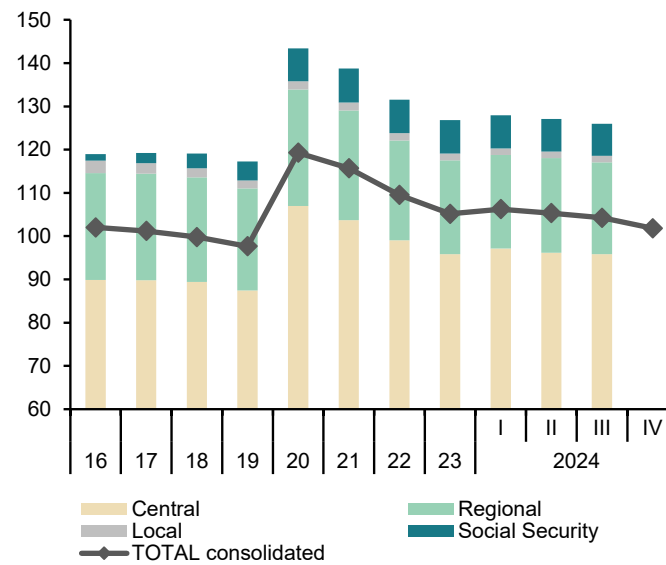
Table 8

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	90.0	-30.0
2021	105.2	55.3	18,910.0	20.4	97.2	2,270.4	57.0	0.6	96.2	-1.8
2022	101.2	51.8	19,663.0	19.6	99.7	2,324.3	51.0	-0.8	99.3	1.6
2023	100.5	52.5	20,193.2	19.3	98.1	2,363.7	48.0	-6.5	97.7	-10.9
2024	103.0	54.8	20,700.7	19.6	98.5	2,402.6	52.2	-4.9	97.7	-9.5
2025 (b)	103.3	54.6	20,708.1	22.7	95.6	2,409.8	50.3	-5.3	91.1	-10.3
2023 II	101.2	54.7	20,151.8	19.2	98.0	2,359.1	48.5	-5.3	97.9	-7.1
III	100.6	50.1	20,269.4	19.3	97.6	2,369.9	47.4	-8.3	97.4	-13.7
IV	100.2	50.1	20,375.6	19.5	97.6	2,378.9	45.8	-8.0	97.2	-13.9
2024 I	102.3	53.6	20,511.5	19.5	99.4	2,389.2	50.7	-5.1	96.8	-8.3
II	102.6	56.0	20,643.6	19.5	98.0	2,398.3	52.9	-5.5	97.1	-9.6
III	105.5	54.4	20,756.4	19.6	97.3	2,406.4	51.5	-2.9	97.4	-9.8
IV	101.5	55.0	20,889.2	19.7	98.8	2,416.5	53.6	-6.0	98.4	-10.2
2025 I (b)	103.3	54.6	20,999.1	19.6	97.8	2,426.7	50.3	-5.3	98.5	-10.3
2024 Dec	102.8	56.8	20,931.2	19.9	98.9	2,420.8	53.3	-4.6	99.1	-6.8
2025 Jan	104.3	54.0	20,976.3	19.9	97.8	2,425.4	50.9	-4.4	98.5	-9.7
Feb	102.3	55.1	21,021.9	19.4	--	2,427.9	49.7	-6.2	--	-10.8
Percentage changes (c)										
2017	--	--	3.7	1.7	2.9	3.1	--	--	4.4	--
2018	--	--	3.2	0.6	0.6	2.7	--	--	2.0	--
2019	--	--	2.6	-2.6	0.6	1.4	--	--	0.0	--
2020	--	--	-2.1	-4.8	-9.3	-1.9	--	--	-10.0	--
2021	--	--	2.5	2.2	7.3	1.4	--	--	6.9	--
2022	--	--	4.0	-3.8	2.5	2.4	--	--	3.2	--
2023	--	--	2.7	-1.2	-1.6	1.7	--	--	-1.6	--
2024	--	--	2.5	1.5	0.5	1.6	--	--	0.0	--
2025 (d)	--	--	2.5	-0.1	-1.0	1.7	--	--	2.1	--
2023 II	--	--	0.9	-0.8	-0.7	0.5	--	--	-0.4	--
III	--	--	0.6	0.5	-0.5	0.5	--	--	-0.5	--
IV	--	--	0.5	1.2	0.0	0.4	--	--	-0.2	--
2024 I	--	--	0.7	0.1	1.8	0.4	--	--	-0.4	--
II	--	--	0.6	-0.3	-1.3	0.4	--	--	0.3	--
III	--	--	0.5	0.7	-0.7	0.3	--	--	0.3	--
IV	--	--	0.6	0.4	1.5	0.4	--	--	1.0	--
2025 I (e)	--	--	0.5	-0.3	-0.9	0.4	--	--	0.2	--
2024 Dec	--	--	0.2	1.5	1.1	0.2	--	--	0.7	--
2025 Jan	--	--	0.2	0.3	-1.0	0.2	--	--	-0.6	--
Feb	--	--	0.2	-2.6	--	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
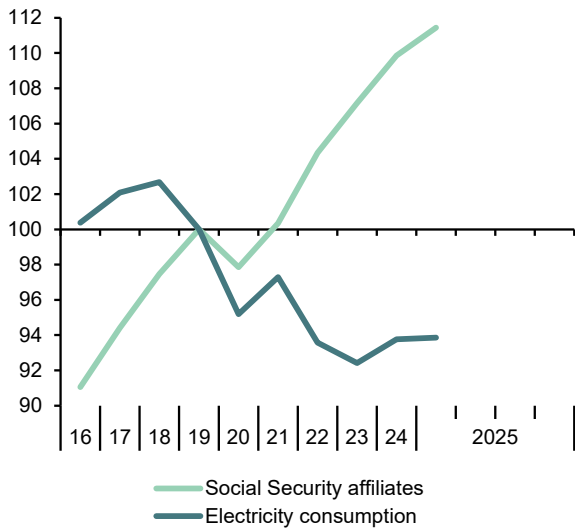
Chart 8.2 - General activity indicators (II)

Index

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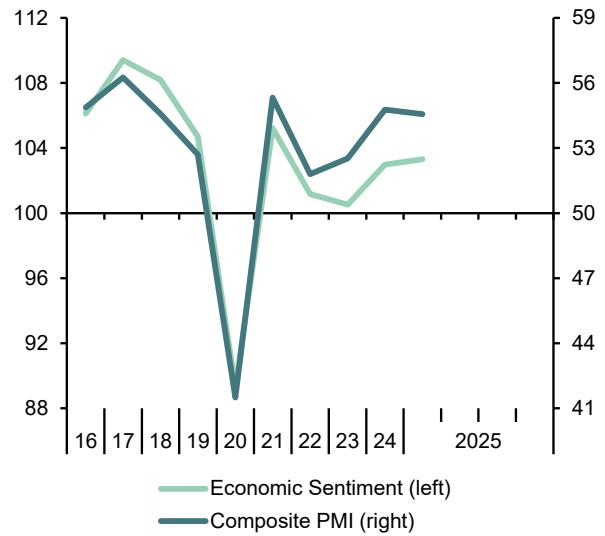
Chart 8.3 - Industrial sector indicators (I)

Level, 2019=100

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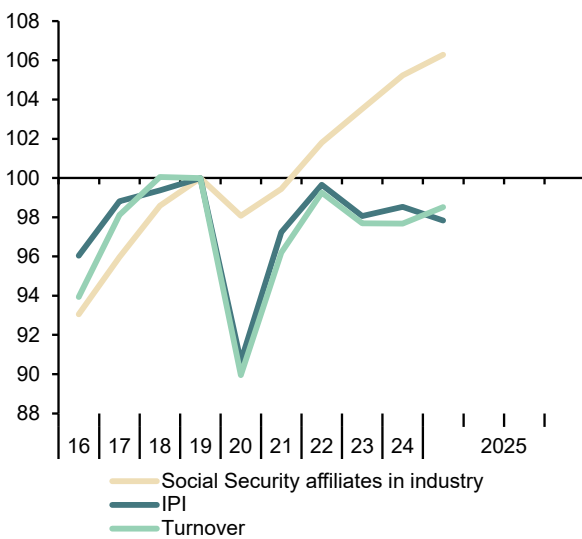
Chart 8.4 - Industrial sector indicators (II)

Index

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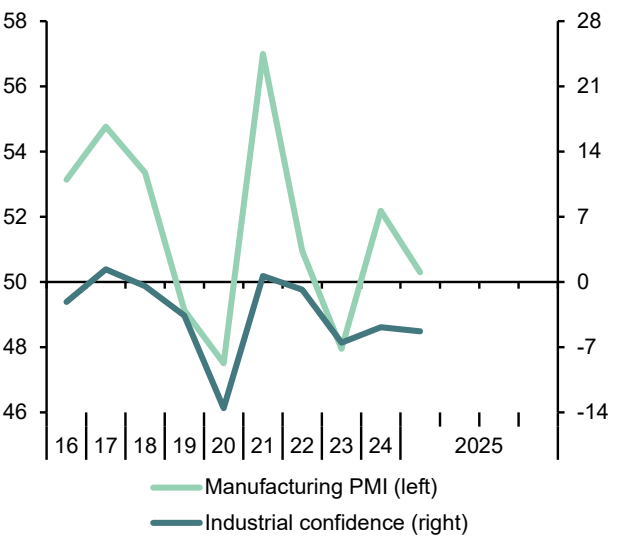
Table 9

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)	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	EUR Billions, monthly average	Million m2, monthly average	Thousands	2019=100	Index	Million, monthly average	Million, monthly average	Balance of responses
2017		1,118.8	88.7	-25.1	1.1	1.3	13,338.2	93.4	56.4	28.4	20.7	22.9
2018		1,194.1	91.5	-6.0	1.4	1.6	13,781.3	97.1	54.8	28.3	21.9	21.2
2019		1,254.9	100.0	-7.7	1.4	1.7	14,169.1	100.0	53.9	28.6	23.1	13.9
2020		1,233.1	88.9	-17.4	1.1	1.3	13,849.2	83.6	40.3	7.7	6.3	-25.5
2021		1,288.6	99.5	-1.9	1.8	1.6	14,235.1	95.5	55.0	14.4	9.9	8.6
2022		1,333.8	99.2	8.8	2.3	1.7	14,926.3	102.3	52.5	26.7	20.2	12.2
2023		1,384.6	95.5	8.7	2.2	1.7	15,393.2	103.8	53.6	28.9	23.5	13.9
2024		1,410.4	95.1	7.8	2.5	1.9	15,852.0	106.5	55.3	30.3	25.7	17.0
2025 (b)		1,418.2	86.2	14.4	2.1	--	15,843.5	--	55.6	17.7	19.8	--
2023	II	1,383.3	95.1	11.8	2.5	1.7	15,354.9	104.0	56.0	28.6	23.1	14.5
	III	1,386.8	94.7	6.2	2.3	1.5	15,459.4	102.5	50.8	29.0	23.8	15.8
	IV	1,395.0	93.5	13.1	2.1	1.7	15,560.2	105.8	51.2	29.5	24.4	15.4
2024	I	1,402.7	94.6	5.9	2.2	1.8	15,682.7	106.6	54.3	30.0	25.1	17.1
	II	1,404.3	93.1	8.6	2.3	1.9	15,802.3	106.2	56.6	30.5	25.6	15.7
	III	1,412.5	93.8	7.1	2.6	1.8	15,904.9	106.2	55.2	30.1	25.9	18.2
	IV	1,422.3	97.3	9.6	2.7	1.9	16,015.8	108.4	55.1	30.5	26.1	--
2025	I (b)	1,433.4	97.6	14.4	2.1	--	16,106.1	--	55.6	30.3	26.2	--
2024	Dec	1,427.6	98.1	5.6	3.6	1.6	16,045.6	109.1	57.3	30.2	26.2	--
2025	Jan	1,432.1	97.6	12.4	2.1	--	16,085.3	--	54.9	30.3	26.1	--
	Feb	1,434.8	--	16.3	--	--	16,126.9	--	56.2	30.3	26.3	--
					Percentage changes (c)							
2017		6.2	8.2	--	37.1	24.8	3.8	5.0	--	2.8	8.3	--
2018		6.7	3.1	--	30.8	24.5	3.3	4.0	--	-0.2	5.8	--
2019		5.1	9.3	--	1.5	1.3	2.8	3.0	--	0.9	5.3	--
2020		-1.7	-11.1	--	-23.5	-19.8	-2.3	-16.4	--	-73.1	-72.7	--
2021		4.5	12.0	--	68.7	22.7	2.8	14.3	--	87.4	57.8	--
2022		3.5	-0.3	--	28.0	1.2	4.9	7.1	--	85.4	103.4	--
2023		3.8	-3.7	--	-3.5	-0.6	3.1	1.4	--	8.2	16.3	--
2024		1.9	-0.4	--	10.3	13.0	3.0	2.6	--	5.0	9.3	--
2025 (d)		2.3	2.3	--	33.5	--	2.8	--	--	0.7	5.1	--
2023	II	0.7	-3.1	--	14.5	12.2	1.1	0.0	--	0.4	1.2	--
	III	0.3	-0.4	--	-4.7	0.8	0.7	-1.4	--	1.1	3.1	--
	IV	0.6	-1.3	--	-28.0	-9.1	0.7	3.2	--	2.0	2.7	--
2024	I	0.6	1.2	--	10.9	3.4	0.8	0.7	--	1.7	2.8	--
	II	0.1	-1.5	--	-8.5	17.1	0.8	-0.3	--	1.5	1.8	--
	III	0.6	0.7	--	15.5	18.1	0.6	0.0	--	-1.2	1.3	--
	IV	0.7	3.7	--	26.3	14.3	0.7	2.1	--	1.2	0.8	--
2025	I (e)	0.8	0.3	--	33.5	--	0.6	--	--	-0.5	0.2	--
2024	Dec	0.4	2.0	--	24.2	10.6	0.2	0.9	--	-0.8	0.6	--
2025	Jan	0.3	-0.5	--	33.5	--	0.2	--	--	0.3	-0.6	--
	Feb	0.2	--	--	--	--	0.3	--	--	0.1	0.7	--

(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)
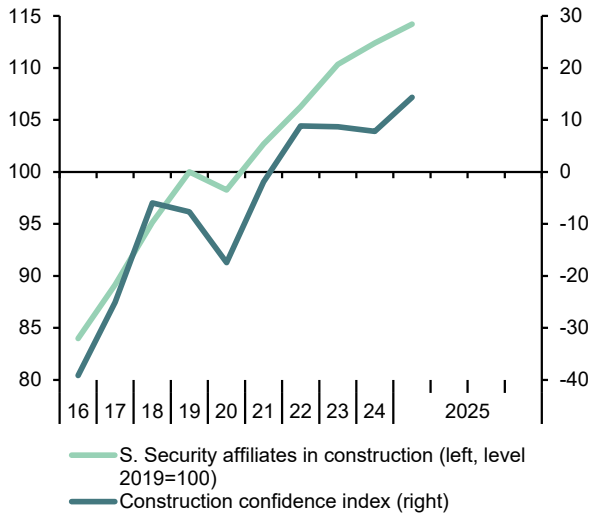
Chart 9.2 - Construction indicators (II)

Level, 2019=100

Official tenders
Housing permits
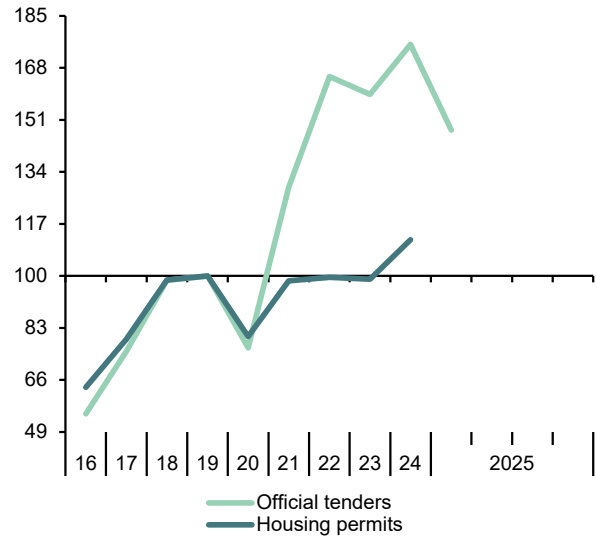
Chart 9.3 - Services indicators (I)

Level, 2019=100

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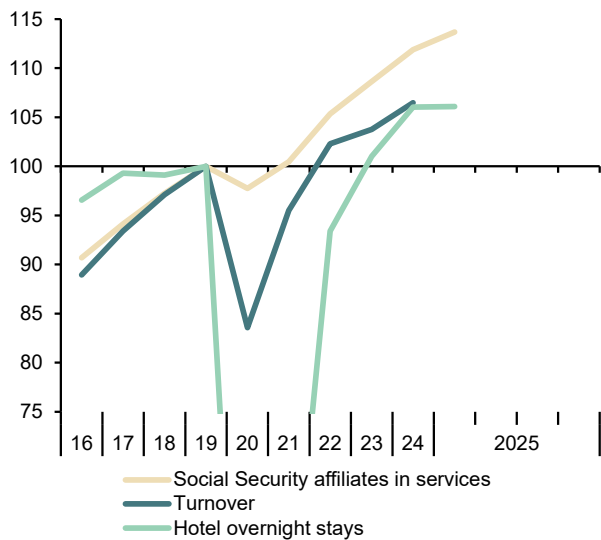
Chart 9.4 - Services indicators (II)

Index

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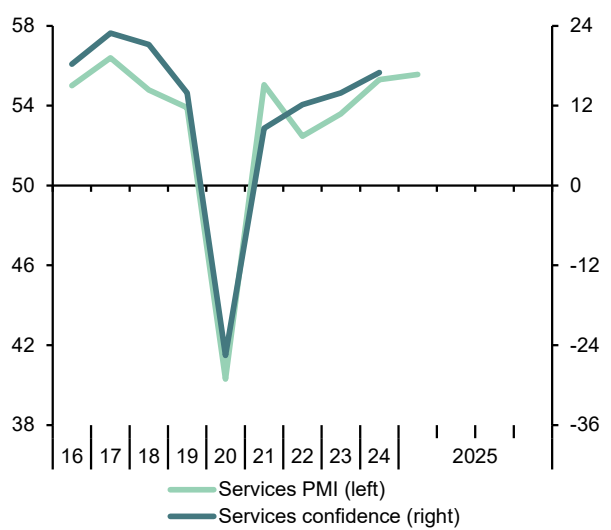
Table 10

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	122.8
2025 (b)		103.3	93.0	--	6.2	-9.6	--	18.6	-12.4	116.5	114.5
2023	II	102.6	82.8	-19.2	10.2	-5.7	103.5	16.0	24.6	123.5	123.7
	III	101.8	85.9	-16.2	10.1	-8.5	105.0	16.8	11.8	121.4	118.2
	IV	102.4	96.3	-18.9	10.1	-6.8	105.3	18.9	9.4	119.9	121.7
2024	I	102.5	89.1	-17.2	10.2	-7.8	105.7	19.4	6.8	120.3	119.9
	II	103.1	92.0	-14.5	10.2	-10.8	106.5	18.2	10.1	122.8	122.8
	III	104.4	91.8	-13.7	9.9	-7.8	108.6	17.4	-0.7	128.0	119.9
	IV	105.3	108.2	--	10.3	-13.9	109.5	19.8	1.1	133.5	125.6
2025	I (b)	104.6	103.6	--	10.2	-9.6	--	19.8	-12.4	136.6	121.4
2024	Dec	106.0	105.7	--	10.2	-18.3	111.0	19.0	2.1	135.2	125.1
2025	Jan	104.6	101.8	--	10.1	-10.5	--	19.5	-9.4	136.6	121.4
	Feb	--	105.4	--	10.2	-8.7	--	20.2	-15.4	--	--
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	--	3.6	9.2	--	4.0	0.8
2025 (d)		1.9	12.1	--	-1.9	--	4.7	1.4	--	4.4	3.9
2023	II	1.3	-2.9	--	-1.0	--	3.4	-3.3	--	-1.8	-0.4
	III	-0.8	3.6	--	-1.2	--	5.9	5.2	--	-6.8	-16.6
	IV	0.6	12.1	--	0.5	--	1.1	12.3	--	-4.7	12.2
2024	I	0.1	-7.4	--	0.8	--	1.5	2.6	--	1.4	-5.7
	II	0.6	3.2	--	0.7	--	3.0	-5.9	--	8.5	10.0
	III	1.3	-0.2	--	-3.3	--	8.3	-4.5	--	17.8	-9.2
	IV	0.8	17.9	--	3.6	--	3.6	14.0	--	18.6	20.4
2025	I (e)	-0.6	-4.3	--	-0.9	--	--	0.0	--	9.4	-12.7
2024	Dec	1.5	2.5	--	-2.3	--	2.9	1.4	--	1.2	-1.3
2025	Jan	-1.4	-3.7	--	-0.5	--	--	2.8	--	1.0	-3.0
	Feb	--	3.5	--	0.9	--	--	3.6	--	--	--

(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)
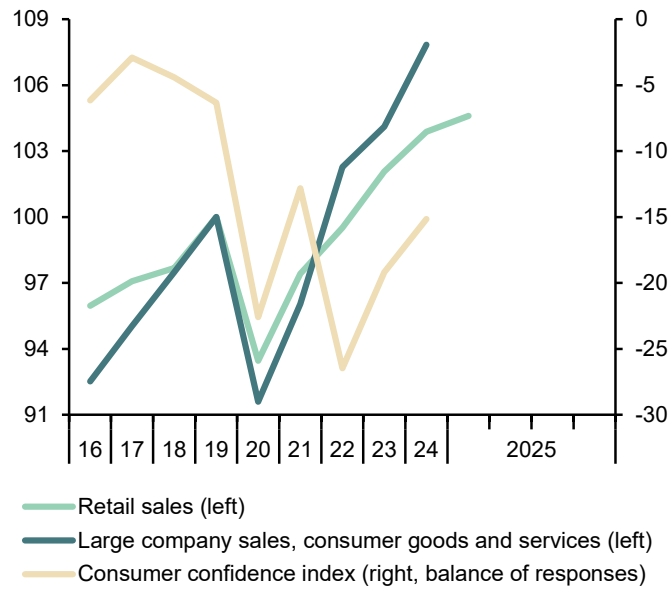
Chart 10.2 - Investment indicators

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)
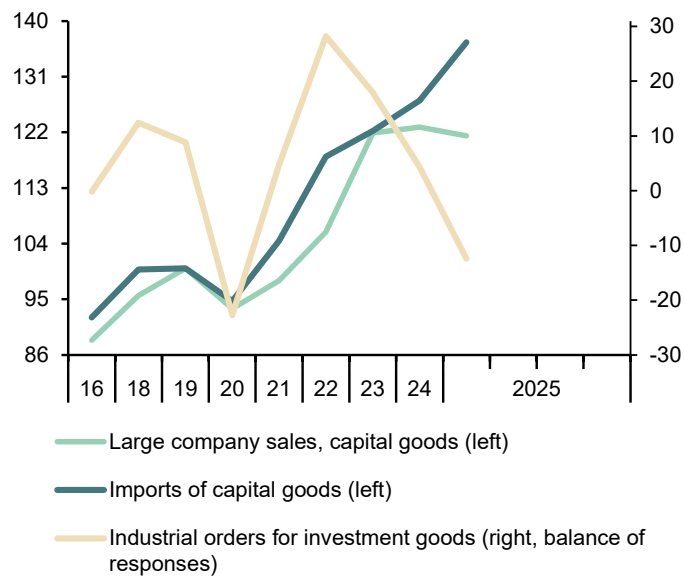
Table 11a

Labour market (I)
Forecasts in yellow

	Population aged 16 or more	Labour force		Employment		Unemployment		Participation rate (a)	Employment rate (b)	Unemployment rate (c)			
		Original	Seasonally adjusted	Original	Seasonally adjusted	Original	Seasonally adjusted			Total	Aged 16-24	Spanish	Foreign
								Seasonally adjusted				Original	
	I	2=4+6	3=5+7	4	5	6	7	8	9	10=7/3	11	12	13
	Million							Percentage					
2016	38.5	22.8	--	18.3	--	4.5	--	75.4	60.5	19.6	44.4	18.7	26.6
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	61.9	15.5	38.3	14.1	24.6
2021	39.9	23.3	--	19.8	--	3.5	--	74.9	63.7	14.9	35.0	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	16.7
2025	41.9	24.5	--	22.0	--	2.5	--	75.8	--	10.3	--	--	--
2026	42.1	24.7	--	22.3	--	2.4	--	75.8	--	9.8	--	--	--
2023 I	40.8	23.8	23.9	20.6	20.9	3.2	3.0	75.5	65.8	12.7	29.0	12.2	20.0
II	40.9	24.1	24.1	21.3	21.2	2.8	2.9	75.9	66.6	12.2	28.7	10.7	17.1
III	41.1	24.3	24.2	21.4	21.3	2.9	2.9	76.0	66.8	12.1	28.5	11.0	16.6
IV	41.2	24.3	24.3	21.4	21.4	2.9	2.9	75.9	66.8	11.9	28.6	10.8	17.2
2024 I	41.3	24.2	24.3	21.3	21.5	3.0	2.8	76.0	67.1	11.7	27.0	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	26.9	10.2	16.9
III	41.6	24.6	24.4	21.8	21.7	2.8	2.7	75.8	67.2	11.2	26.8	10.3	15.7
IV	41.8	24.5	24.5	21.9	21.9	2.6	2.6	75.7	67.5	10.8	25.2	9.6	15.8
	Percentage changes (d)							Difference from one year ago					
2016	0.1	-0.4	--	2.7	--	-11.4	--	-0.3	1.2	-2.4	-3.9	-2.2	-3.8
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	-1.9	-0.9	--	-7.3	--	38.0	--	0.4	-3.8	5.5	11.9	5.5	6.5
2021	3.6	2.1	--	8.1	--	-22.4	--	-0.4	3.2	-4.7	-9.4	-5.1	-3.6
2022	1.1	1.4	--	3.6	--	-11.4	--	0.3	1.7	-1.9	-8.9	-4.3	-4.4
2023	1.5	2.1	--	3.1	--	-4.6	--	0.5	1.1	-0.9	-5.7	-3.1	-4.2
2024	1.4	1.3	--	2.2	--	-5.7	--	0.1	0.7	-0.8	-6.0	-2.9	-3.4
2025	0.7	0.5	--	1.7	--	-8.9	--	-0.1	--	-1.1	--	--	--
2026	0.5	0.5	--	1.0	--	-4.2	--	0.0	--	-0.5	--	--	--
2023 I	1.6	1.7	0.9	2.2	1.2	-0.9	-0.7	0.0	0.5	-0.6	-0.6	-0.3	-1.2
II	1.5	2.0	0.8	3.2	1.4	-6.2	-3.5	0.4	1.1	-0.9	-0.9	-0.9	-1.9
III	1.5	2.4	0.6	3.4	0.6	-4.3	-0.1	0.8	1.4	-0.9	-2.2	-0.7	-2.0
IV	1.5	2.2	0.2	3.6	0.4	-7.2	-1.4	0.9	1.6	-1.0	-0.4	-1.2	-1.7
2024 I	1.4	1.7	0.3	3.0	0.5	-6.5	-1.3	0.5	1.2	-1.0	-2.1	-1.1	-1.4
II	1.5	1.6	0.3	2.0	0.4	-1.9	-0.6	0.1	0.5	-0.6	-1.9	-0.5	-0.3
III	1.4	1.0	0.0	1.8	0.4	-4.9	-3.0	-0.2	0.4	-0.8	-1.7	-0.7	-0.9
IV	1.4	0.8	0.3	2.2	0.8	-9.3	-3.6	-0.2	0.7	-1.1	-3.4	-1.2	-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)
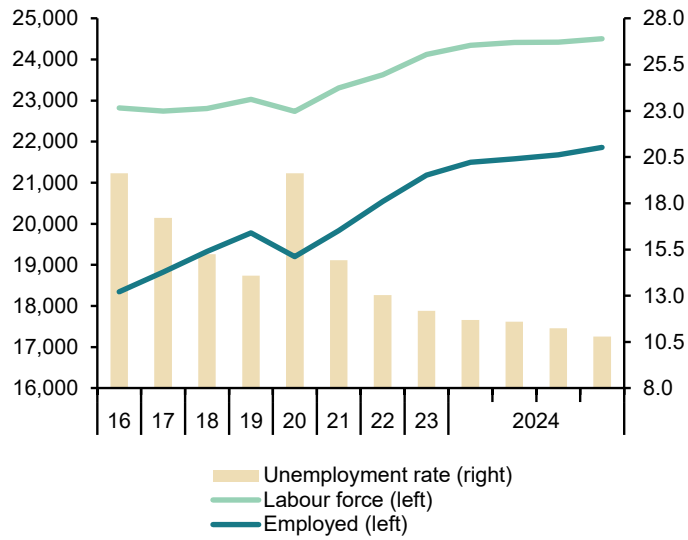
Chart 11a.2 - Unemployment rates

Percentage

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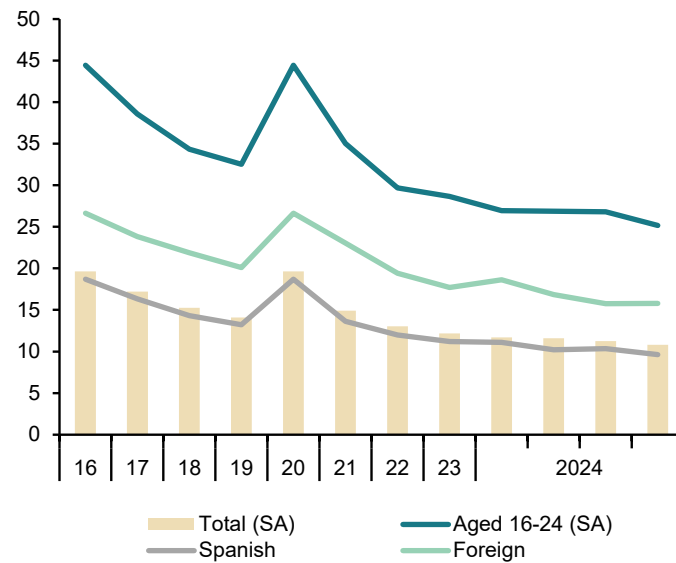
Table 11b

Labour market (II)

		Employed by sector				Employed by professional situation					Employed by duration of the working-day		
							Employees						
								By type of contract					Part-time employment rate (b)
		Agriculture	Industry	Construction	Services	Total	Tempo-rary	Indefinite	Temporary employment rate (a)	Self employed	Full-time	Part-time	
		1	2	3	4	5=6+7	6	7	8=6/5	9	10	11	12
						Million (original data)							(b)
2016		0.77	2.52	1.07	13.97	15.23	3.97	11.26	26.1	3.11	15.55	2.79	15.21
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
2023	I	0.78	2.81	1.34	15.72	17.47	3.06	14.41	17.5	3.16	17.81	2.83	13.70
	II	0.78	2.74	1.40	16.34	18.00	3.15	14.85	17.5	3.26	18.38	2.88	13.53
	III	0.72	2.85	1.42	16.46	18.25	3.17	15.08	17.4	3.20	18.76	2.69	12.54
	IV	0.79	2.86	1.44	16.30	18.13	3.01	15.12	16.6	3.26	18.51	2.88	13.47
2024	I	0.77	2.83	1.42	16.24	18.06	2.84	15.23	15.7	3.19	18.31	2.94	13.84
	II	0.77	2.89	1.48	16.54	18.44	2.94	15.50	16.0	3.24	18.74	2.94	13.57
	III	0.73	2.91	1.48	16.70	18.67	3.06	15.60	16.4	3.16	19.03	2.79	12.80
	IV	0.74	2.92	1.48	16.72	18.59	2.88	15.71	15.5	3.27	18.80	3.06	14.00
		Annual percentage changes							Difference from one year ago	Annual percentage changes			Difference from one year ago
2016		5.1	1.6	0.0	2.9	3.1	6.8	1.8	0.9	0.7	3.3	-0.8	-0.5
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
2023	I	-8.8	3.7	-0.7	2.8	2.7	-26.2	11.9	-6.8	-0.4	2.6	-0.2	-0.3
	II	-4.2	-1.6	2.4	4.4	3.4	-19.5	10.0	-5.0	1.8	3.5	1.3	-0.2
	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

(a) Percentage of employees with temporary contract over total employees. (b) Percentage of part-time employed over total employed.

Source: INE (Labour Force Survey).

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

Level, 2019=100

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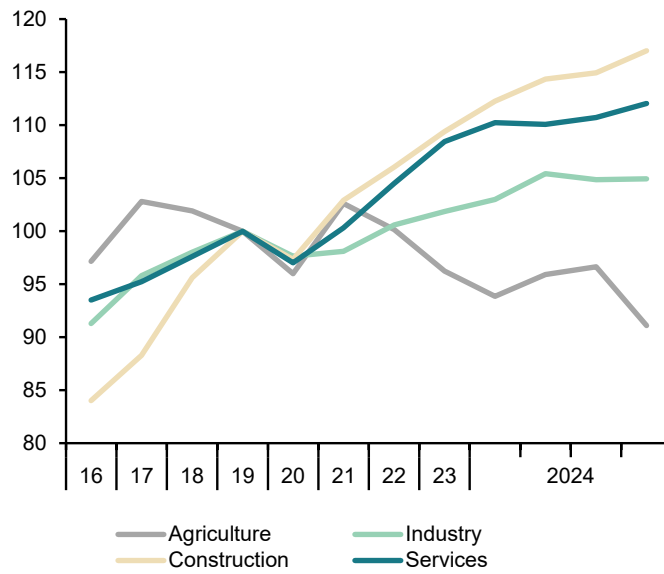
Chart 11b.2 - Temporary employment rate

Percentage over total employees
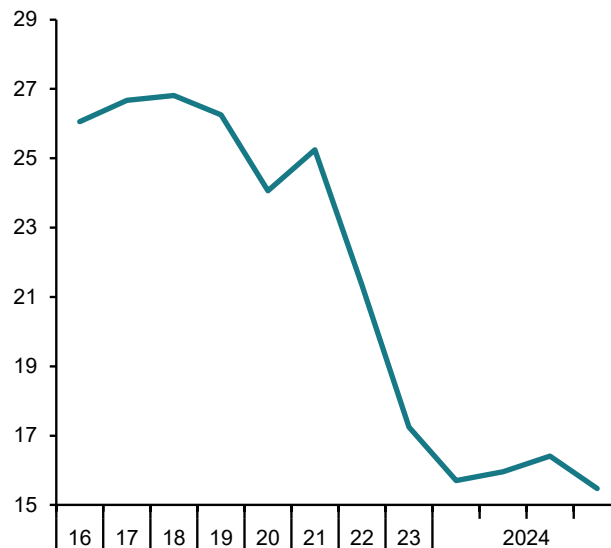
Table 12

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 2023		100.00	67.63	84.29	20.77	46.86	16.67	6.34	9.36	23.01
Indexes. 2021 = 100										
2018		96.6	97.9	97.7	98.9	97.3	96.9	92.4	92.4	95.5
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		118.2	113.8	117.3	109.9	115.1	130.8	129.6	112.4	130.3
Annual percentage changes										
2018		1.7	0.9	0.9	0.0	1.5	1.0	3.1	6.1	1.8
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		2.5	2.3	2.2	0.5	3.2	1.7	3.5	4.0	2.2
2024	Jan	3.4	3.0	3.6	1.6	3.6	6.2	8.8	-2.3	6.9
	Feb	2.8	3.0	3.5	1.2	3.9	5.3	5.0	-4.7	5.2
	Mar	3.2	3.0	3.3	0.9	3.9	4.7	3.1	1.6	4.3
	Apr	3.3	2.6	2.9	0.7	3.4	4.4	5.0	5.0	4.6
	May	3.6	2.7	3.0	0.7	3.7	4.2	4.6	8.0	4.3
	Jun	3.4	2.8	3.0	0.5	3.7	4.0	4.5	6.1	4.1
	Jul	2.8	2.6	2.8	0.7	3.4	3.4	2.6	2.7	3.2
	Aug	2.3	2.6	2.7	0.5	3.5	3.1	1.7	-1.5	2.7
	Sep	1.5	2.4	2.4	0.4	3.3	2.5	0.8	-6.5	2.1
	Oct	1.8	2.4	2.5	0.5	3.3	2.5	1.3	-3.7	2.2
	Nov	2.4	2.5	2.4	0.5	3.3	2.4	1.1	2.9	2.0
	Dec	2.8	2.6	2.6	0.6	3.5	2.3	2.3	5.8	2.3
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	1.4	4.5	2.9	2.2
	Apr	2.1	2.5	2.2	0.5	3.3	1.1	3.2	0.7	1.7
	May	2.0	2.3	2.1	0.5	3.1	1.3	3.2	0.6	1.8
	Jun	2.0	2.3	2.1	0.5	3.0	1.5	3.2	0.7	1.9
	Jul	2.4	2.4	2.3	0.5	3.2	1.8	2.5	3.0	2.0
	Aug	2.5	2.4	2.3	0.4	3.2	2.0	3.5	3.7	2.4
	Sep	2.9	2.4	2.4	0.4	3.2	2.3	4.0	6.9	2.8
	Oct	2.7	2.3	2.2	0.4	3.1	1.9	3.7	6.2	2.4
	Nov	2.5	2.3	2.3	0.4	3.2	2.0	3.4	3.8	2.4
	Dec	2.3	2.2	2.2	0.4	3.0	2.0	3.0	2.6	2.3

Source: INE and Funcas (Forecasts).

Chart 12.1 - Inflation rate (I)

Annual percentage changes

All-Items

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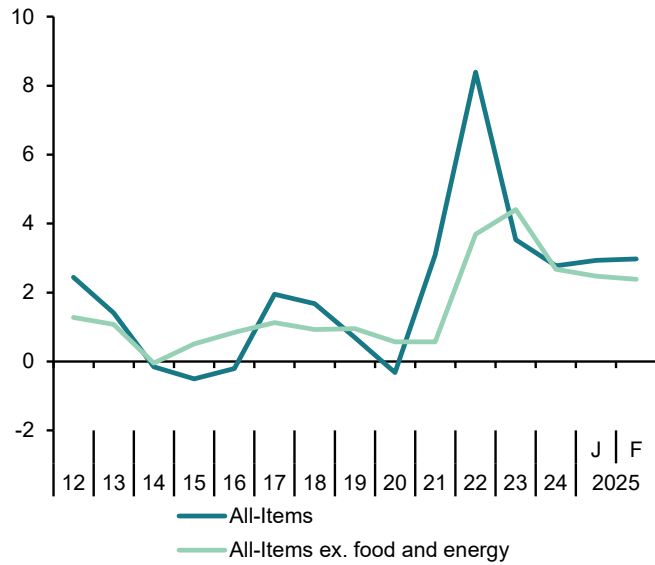
Chart 12.2 - Inflation rate (II)

Annual percentage changes

Non-energy industrial goods — Services
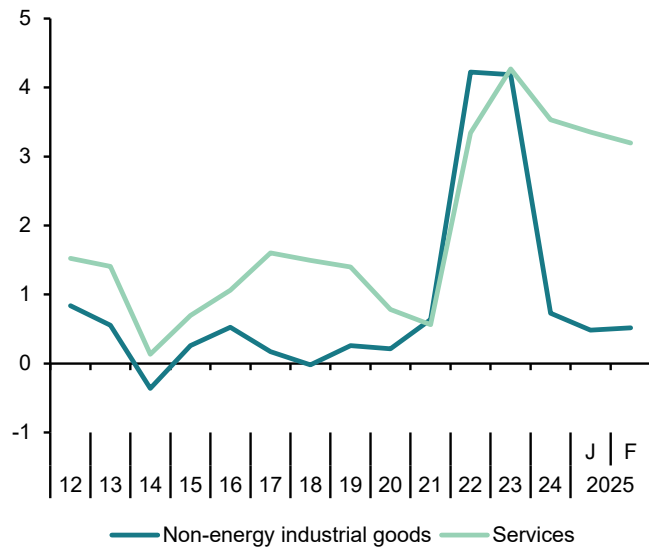
Table 13

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	108.0	--
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)	--	146.4	126.2	--	--	--	--	--	--	--	--
2023 II	114.6	143.3	126.2	117.6	109.3	96.0	115.5	115.7	114.8	112.2	--
III	115.0	145.2	125.6	120.6	110.4	99.8	110.0	108.3	114.7	115.7	--
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	114.4	112.8	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	125.2	--
2025 I (b)	--	146.4	126.2	--	--	--	--	--	--	--	--
2024 Dec	--	144.9	125.4	--	--	--	--	--	--	--	--
2025 Jan	--	145.5	126.0	--	--	--	--	--	--	--	--
Feb	--	147.2	126.4	--	--	--	--	--	--	--	--
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	1.5	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)	--	4.6	-0.1	--	--	--	--	--	--	--	3.0
2023 II	6.8	-6.4	3.0	3.6	3.0	-5.1	5.8	5.1	8.0	5.7	3.3
III	6.2	-9.0	1.8	4.5	4.2	6.8	5.0	4.2	7.2	5.5	3.4
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	3.9	3.8	4.5	4.4	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 (e)	--	5.8	-0.2	--	--	--	--	--	--	--	3.0
2024 Dec	--	2.3	-0.2	--	--	--	--	--	--	--	3.1
2025 Jan	--	2.6	-0.2	--	--	--	--	--	--	--	3.0
Feb	--	6.6	0.0	--	--	--	--	--	--	--	3.0

(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

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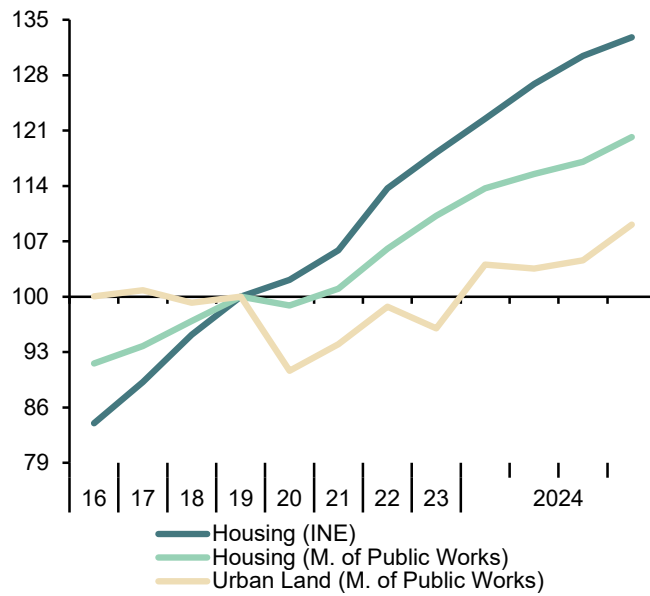
Chart 13.2 - Wage costs

Annual percent change

Legend:
- Total labour cost
- Wage cost
- Wage increases agreed in collective bargaining
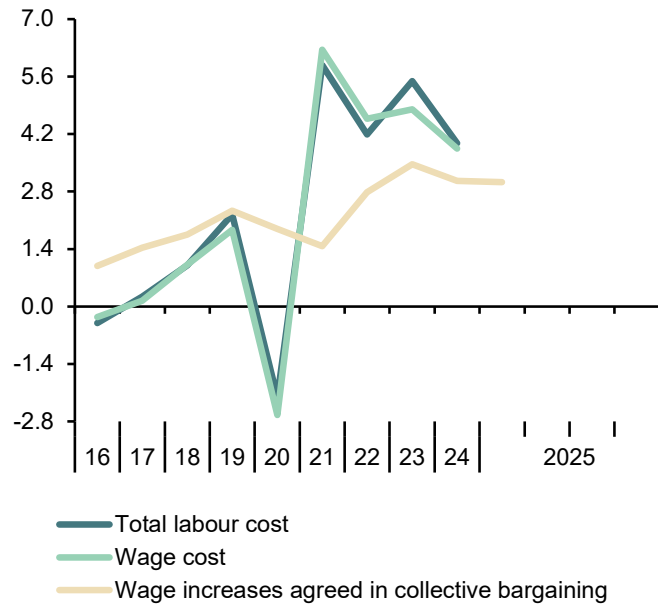
Table 14

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	-0.4	2.5
2025(b)		130.4	134.9	96.7	136.4	128.6	106.1	19.0	10.8	-6.2	-2.5	2.7
2023	I	140.6	134.2	104.8	136.4	135.3	100.9	21.5	12.5	-2.8	0.3	3.8
	II	130.6	132.5	98.6	129.8	128.8	100.8	19.7	11.9	-3.4	-0.8	2.2
	III	128.5	131.5	97.8	129.5	130.1	99.6	19.3	11.7	-3.8	-0.4	1.9
	IV	130.9	132.3	98.9	132.6	134.6	98.5	19.9	11.7	-4.1	-0.5	2.6
2024	I	130.9	133.0	98.4	128.9	132.2	97.5	19.8	11.8	-3.1	0.1	2.5
	II	134.5	135.8	99.0	130.2	130.9	99.5	19.9	12.5	-2.6	0.0	2.9
	III	133.3	135.1	98.6	131.0	131.2	99.8	20.1	12.1	-3.1	-0.1	2.9
	IV	131.3	135.9	96.6	135.6	131.4	103.2	19.4	12.3	-4.8	-1.2	1.9
2024	Nov	127.7	135.1	94.5	137.0	130.4	105.1	18.9	11.9	-6.1	-2.0	1.4
	Dec	131.7	135.8	97.0	135.4	133.0	101.8	19.2	12.6	-4.7	-1.2	2.0
2025	Jan	130.4	134.9	96.7	136.4	128.6	106.1	19.6	11.9	-5.2	-1.4	2.4
				Percentage changes (c)						Percentage of GDP		
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	-0.4	2.5
2025(d)		130.4	134.9	96.7	136.4	128.6	106.1	19.0	10.8	-6.2	-2.5	2.7
2023	I	140.6	134.2	104.8	136.4	135.3	100.9	21.5	12.5	-2.8	0.3	3.8
	II	130.6	132.5	98.6	129.8	128.8	100.8	19.7	11.9	-3.4	-0.8	2.2
	III	128.5	131.5	97.8	129.5	130.1	99.6	19.3	11.7	-3.8	-0.4	1.9
	IV	130.9	132.3	98.9	132.6	134.6	98.5	19.9	11.7	-4.1	-0.5	2.6
2024	I	130.9	133.0	98.4	128.9	132.2	97.5	19.8	11.8	-3.1	0.1	2.5
	II	134.5	135.8	99.0	130.2	130.9	99.5	19.9	12.5	-2.6	0.0	2.9
	III	133.3	135.1	98.6	131.0	131.2	99.8	20.1	12.1	-3.1	-0.1	2.9
	IV	131.3	135.9	96.6	135.6	131.4	103.2	19.4	12.3	-4.8	-1.2	1.9
2024	Nov	127.7	135.1	94.5	137.0	130.4	105.1	18.9	11.9	-6.1	-2.0	1.4
	Dec	131.7	135.8	97.0	135.4	133.0	101.8	19.2	12.6	-4.7	-1.2	2.0
2025	Jan	130.4	134.9	96.7	136.4	128.6	106.1	19.6	11.9	-5.2	-1.4	2.4

(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

Legend: Exports, Imports

X-axis: 16 17 18 19 20 21 22 23 | I II III IV 2024
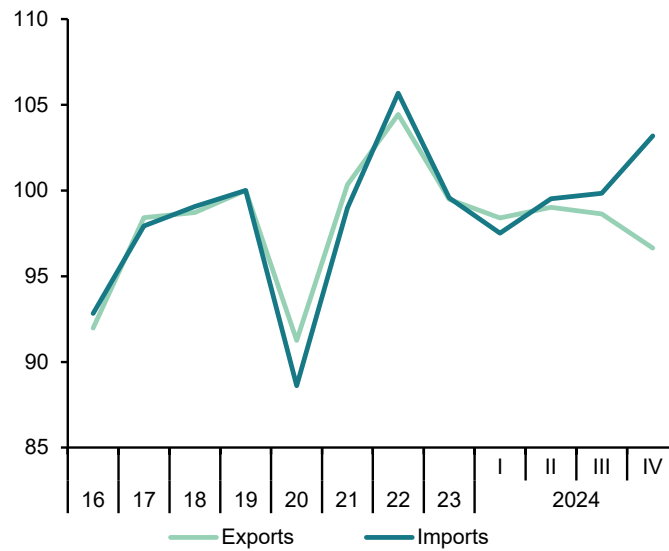
Chart 14.2 - Trade balance

EUR Billions, moving sum of 12 months

Legend:
- Balance of energy goods
- Balance of non-energy goods
- Total balance of goods

X-axis: 16 17 18 19 20 21 22 23 24
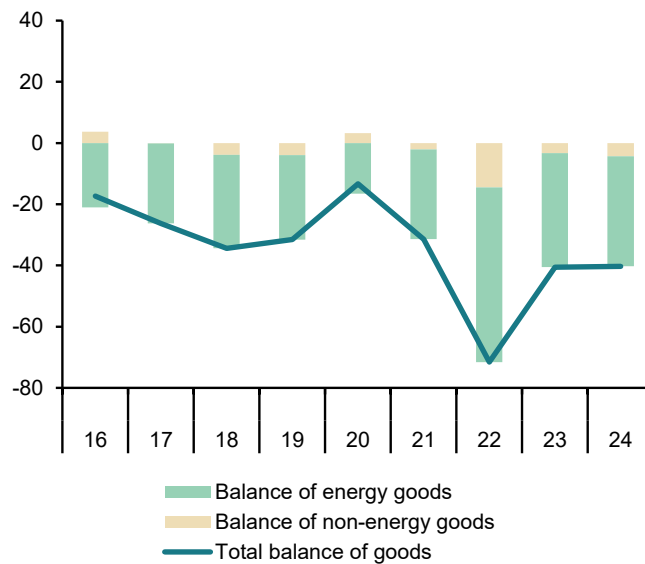
Table 15

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
								Financial account. excluding Bank of Spain						
		Total	Goods	Services	Primary Income	Secondary Income			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								
2016		35.34	-13.74	58.27	1.81	-11.01	2.42	37.76	87.87	13.93	46.25	25.13	2.57	-54.02	-3.91
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		4.81	-60.08	72.21	6.00	-13.31	12.67	17.49	-8.42	3.99	26.95	-41.81	2.45	30.27	4.37
2023		39.78	-34.63	93.47	-7.22	-11.84	16.22	55.99	-54.59	-2.93	-17.54	-29.95	-4.16	114.36	3.79
2024		48.14	-32.30	100.43	-8.14	-11.85	18.51	66.65	118.04	18.52	6.46	97.06	-4.00	-48.20	3.20
2023	I	10.52	-4.90	17.20	-0.04	-1.74	2.84	13.36	-50.76	3.88	18.59	-70.72	-2.51	55.91	-8.21
	II	9.03	-8.56	24.91	-3.95	-3.37	2.22	11.25	-17.21	-14.85	-9.78	8.66	-1.24	33.20	4.75
	III	11.48	-12.11	30.78	-2.69	-4.51	3.23	14.71	-6.44	5.83	-12.77	2.21	-1.72	23.35	2.20
	IV	8.76	-9.06	20.58	-0.55	-2.22	7.93	16.68	19.82	2.20	-13.58	29.90	1.30	1.90	5.04
2024	I	12.01	-6.01	19.83	-1.03	-0.79	1.78	13.79	40.02	0.40	-14.51	55.40	-1.27	-28.80	-2.56
	II	12.84	-6.03	27.25	-4.34	-4.03	3.16	16.01	59.89	6.00	20.16	36.13	-2.40	-36.08	7.81
	III	14.70	-9.91	31.70	-2.65	-4.44	4.48	19.18	-7.47	2.71	-21.62	12.94	-1.51	17.63	-9.03
	IV	8.59	-10.35	21.66	-0.13	-2.59	9.08	17.67	25.60	9.41	22.43	-7.41	1.17	-0.96	6.97
			Goods and Services		Primary and Secondary Income										
2024	Oct	4.84	7.08		-2.24		2.02	6.86	-14.67	7.46	5.85	-29.52	1.54	26.98	5.45
	Nov	2.07	2.82		-0.75		1.60	3.67	17.23	-0.16	0.83	15.42	1.15	-16.42	-2.86
	Dec	1.67	1.40		0.27		5.47	7.14	23.04	2.10	15.75	6.70	-1.51	-11.51	4.39
							Percentage of GDP								
2016		3.1	-1.2	5.2	0.2	-1.0	0.2	3.4	7.8	1.2	4.1	2.2	0.2	-4.8	-0.3
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	0.4	-1.0	0.9	1.3	-0.6	0.3	2.0	-3.0	0.2	2.2	0.3
2023		2.7	-2.3	6.2	-0.5	-0.8	1.1	3.7	-3.6	-0.2	-1.2	-2.0	-0.3	7.6	0.3
2024		3.0	-2.0	6.3	-0.5	-0.7	1.2	4.2	7.4	1.2	0.4	6.1	-0.3	-3.0	0.2
2023	I	2.9	-1.4	4.8	0.0	-0.5	0.8	3.7	-14.2	1.1	5.2	-19.8	-0.7	15.7	-2.3
	II	2.4	-2.3	6.6	-1.1	-0.9	0.6	3.0	-4.6	-4.0	-2.6	2.3	-0.3	8.8	1.3
	III	3.1	-3.3	8.3	-0.7	-1.2	0.9	4.0	-1.7	1.6	-3.5	0.6	-0.5	6.3	0.6
	IV	2.2	-2.3	5.2	-0.1	-0.6	2.0	4.2	5.0	0.6	-3.4	7.5	0.3	0.5	1.3
2024	I	3.2	-1.6	5.2	-0.3	-0.2	0.5	3.6	10.6	0.1	-3.8	14.7	-0.3	-7.6	-0.7
	II	3.2	-1.5	6.8	-1.1	-1.0	0.8	4.0	15.0	1.5	5.0	9.0	-0.6	-9.0	1.9
	III	3.7	-2.5	8.0	-0.7	-1.1	1.1	4.9	-1.9	0.7	-5.5	3.3	-0.4	4.5	-2.3
	IV	2.0	-2.5	5.1	0.0	-0.6	2.2	4.2	6.1	2.2	5.3	-1.8	0.3	-0.2	1.7

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

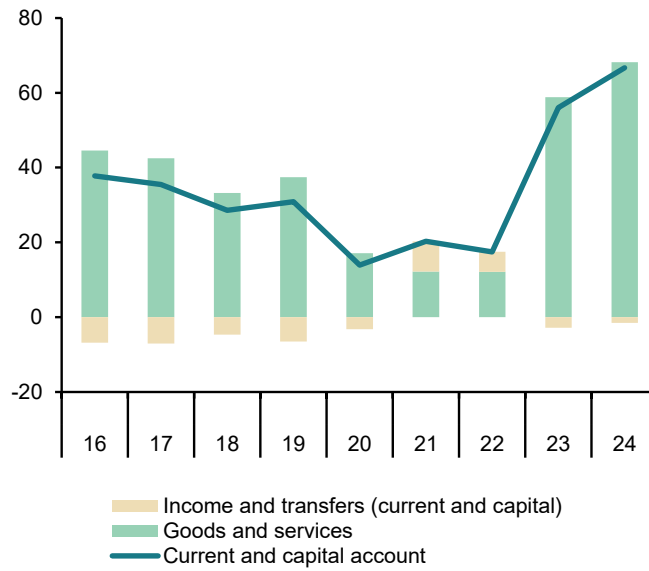**Chart 15.2 - Balance of payments: Financial account**

EUR Billions, 12-month cumulated

- Bank of Spain
- Portfolio invesment
- Direct investment
- Other investment
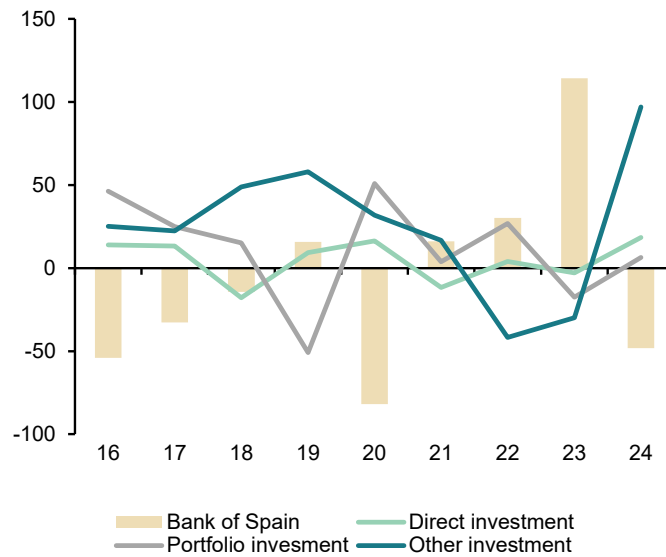
Table 16

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	
	1998=100			2015=100			2021=100			1999 1=100
2017	97.6	96.5	101.2	101.7	101.8	99.9	88.5	91.1	97.1	109.7
2018	97.2	93.5	103.9	103.5	103.6	99.9	90.6	93.4	97.0	110.5
2019	95.7	91.9	104.1	104.3	104.8	99.5	90.3	93.8	96.3	109.0
2020	99.6	85.4	116.7	103.9	105.1	98.9	87.1	91.4	95.3	108.4
2021	101.3	89.7	113.0	107.0	107.8	99.3	100.0	100.0	100.0	108.9
2022	100.1	91.4	109.5	115.9	116.8	99.3	129.7	126.0	102.9	108.0
2023	99.9	94.0	106.2	119.9	123.2	97.3	125.6	124.6	100.8	107.0
2024	--	--	--	123.3	126.1	97.8	122.5	121.1	101.2	105.9
2025 (b)				124.6	127.0	98.1	126.8	123.8	102.4	105.4
2023 I	--	--	--	117.9	121.3	97.2	127.8	128.5	99.5	106.7
II	--	--	--	119.7	123.3	97.1	124.6	123.6	100.8	106.8
III	--	--	--	120.7	124.0	97.4	125.6	123.0	102.1	107.0
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	107.0
II	--	--	--	124.0	126.3	98.2	120.3	120.1	100.1	108.3
III	--	--	--	123.5	126.6	97.5	123.5	120.9	102.2	107.1
IV	--	--	--	124.1	126.9	97.8	124.7	122.1	102.1	108.2
2024 Dec	--	--	--	124.5	127.1	98.0	126.2	122.9	102.7	105.4
2025 Jan	--	--	--	124.3	126.7	98.1	126.8	123.8	102.4	105.5
Feb	--	--	--	124.8	127.3	98.1	--	--	--	--
	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	-0.5	-3.1	2.8	1.7	1.7	0.0	2.4	2.6	-0.2	0.8
2019	-1.5	-1.6	0.2	0.8	1.2	-0.4	-0.3	0.4	-0.7	-1.3
2020	4.0	-7.1	12.0	-0.3	0.3	-0.6	-3.6	-2.6	-1.0	-0.6
2021	1.7	5.0	-3.2	3.0	2.6	0.4	14.9	9.4	4.9	0.4
2022	-1.2	1.9	-3.0	8.3	8.4	-0.1	29.7	26.0	2.9	-0.8
2023	-0.2	2.9	-3.0	3.4	5.4	-2.0	-3.1	-1.1	-2.0	-0.9
2024	--	--	--	2.9	2.4	0.5	-2.5	-2.8	0.3	-1.0
2025 (c)	--	--	--	2.9	2.4	0.5	2.6	1.7	0.9	-0.3
2023 I	--	--	--	5.0	8.0	-3.0	4.7	9.5	-4.8	-2.1
II	--	--	--	2.8	6.2	-3.4	-4.6	-0.3	-4.3	-2.2
III	--	--	--	2.6	5.0	-2.4	-6.9	-6.5	-0.4	-0.7
IV	--	--	--	3.3	2.7	0.6	-5.1	-6.1	1.0	0.1
2024 I	--	--	--	3.2	2.6	0.6	-5.1	-5.8	0.7	0.3
II	--	--	--	3.6	2.5	1.1	-3.5	-2.8	-0.7	1.4
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	2.1
2024 Dec	--	--	--	2.8	2.4	0.4	2.3	0.4	1.9	-0.4
2025 Jan	--	--	--	2.9	2.5	0.4	2.6	1.7	0.9	-0.3
Feb	--	--	--	2.9	2.3	0.6	--	--	--	--

(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)

1998=100

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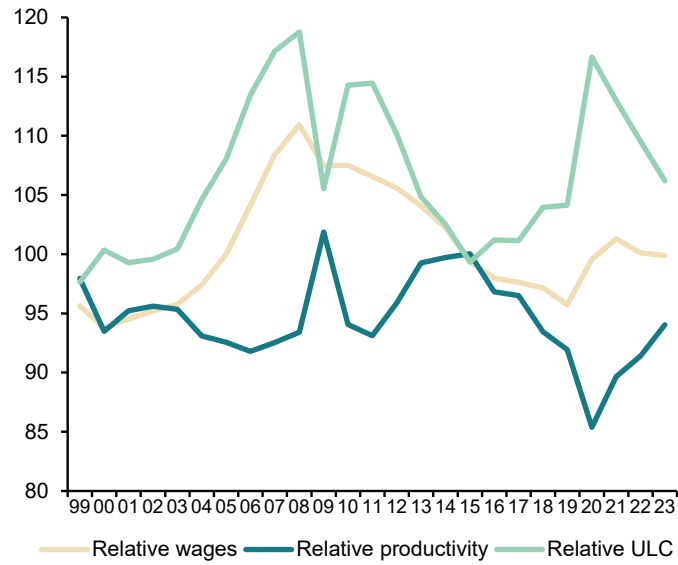
Chart 16.2 - Harmonized Consumer Prices

Annual growth in % and percentage points

Differential — Spain — EMU
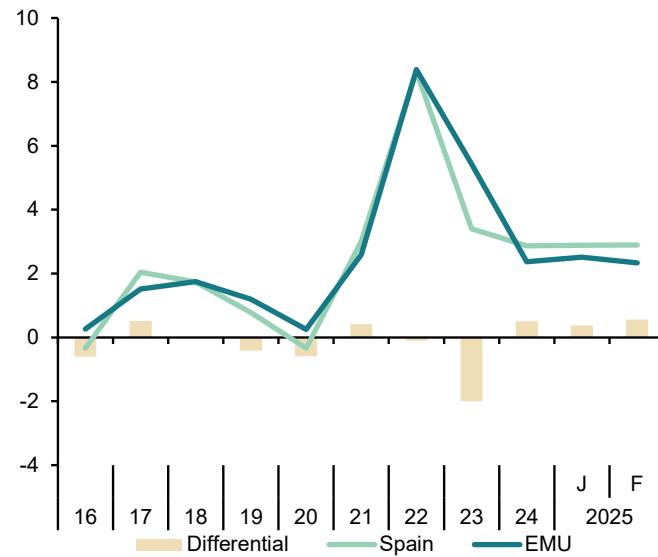
Table 17a

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								
2010	-606.6	-102.2	-1,866.1	8,216.5	649.2	14,025.2	67.1	-38.3	-439.8
2011	-417.5	-103.6	-1,712.6	8,678.3	743.0	15,222.9	94.8	-27.9	-460.3
2012	-382.4	-119.1	-1,497.0	9,173.9	927.8	16,432.7	225.6	1.6	-424.0
2013	-320.5	-76.8	-983.5	9,503.0	1,025.7	17,352.0	284.6	21.3	-351.2
2014	-258.5	-62.7	-911.1	9,749.7	1,084.8	18,141.4	329.9	18.5	-375.1
2015	-212.2	-57.2	-842.3	9,872.1	1,113.7	18,922.2	345.7	22.2	-423.1
2016	-160.8	-47.4	-1,013.9	10,016.4	1,145.1	19,976.8	404.8	35.3	-401.4
2017	-114.6	-35.9	-868.7	10,128.2	1,183.4	20,492.7	403.4	32.7	-378.0
2018	-52.6	-30.9	-1,263.4	10,230.7	1,208.9	21,974.1	421.5	22.8	-441.2
2019	-66.3	-38.4	-1,443.5	10,322.5	1,223.4	23,201.4	365.0	26.7	-447.3
2020	-807.6	-111.9	-3,152.6	11,398.5	1,346.9	27,747.8	276.5	8.9	-572.9
2021	-640.9	-82.2	-2,717.7	12,024.0	1,429.4	29,617.2	447.9	9.6	-879.4
2022	-474.3	-63.1	-1,087.7	12,467.1	1,504.1	31,419.7	148.9	4.8	-1,020.9
2023	-520.7	-52.7	-2,032.8	12,926.3	1,575.4	34,001.5	368.5	39.8	-915.9
2024	-453.2	-47.2	-2,266.5	13,434.6	1,625.8	36,187.5	569.4	66.5	-1,028.4
2025	-448.5	-43.8	-2,255.1	13,992.3	1,687.9	38,362.9	561.9	74.2	-1,011.3
	Percentage of GDP								
2010	-6.3	-9.5	-12.4	85.6	60.3	93.2	0.7	-3.6	-2.9
2011	-4.2	-9.7	-11.0	87.9	69.5	97.6	1.0	-2.6	-3.0
2012	-3.9	-11.5	-9.2	92.6	89.6	101.1	2.3	0.2	-2.6
2013	-3.2	-7.5	-5.8	94.9	100.0	102.8	2.8	2.1	-2.1
2014	-2.5	-6.0	-5.2	95.1	104.4	103.0	3.2	1.8	-2.1
2015	-2.0	-5.3	-4.6	93.0	102.4	103.4	3.3	2.0	-2.3
2016	-1.5	-4.2	-5.4	91.8	102.0	106.2	3.7	3.1	-2.1
2017	-1.0	-3.1	-4.4	89.5	101.1	104.5	3.6	2.8	-1.9
2018	-0.4	-2.6	-6.1	87.5	99.7	106.4	3.6	1.9	-2.1
2019	-0.5	-3.1	-6.7	85.4	97.6	107.7	3.0	2.1	-2.1
2020	-7.0	-9.9	-14.8	98.6	119.3	129.9	2.4	0.8	-2.7
2021	-5.1	-6.7	-11.5	95.8	115.7	125.1	3.6	0.8	-3.7
2022	-3.5	-4.6	-4.2	91.3	109.5	120.8	1.1	0.4	-3.9
2023	-3.6	-3.5	-7.3	89.0	105.1	122.7	2.5	2.7	-3.3
2024	-3.0	-3.0	-7.8	89.3	102.3	124.1	3.8	4.2	-3.5
2025	-2.9	-2.6	-7.4	89.8	101.3	126.2	3.6	4.5	-3.3

Source: European Commission Forecasts, Autumn 2024

Chart 17a.1 - Government deficit

Percentage of GDP
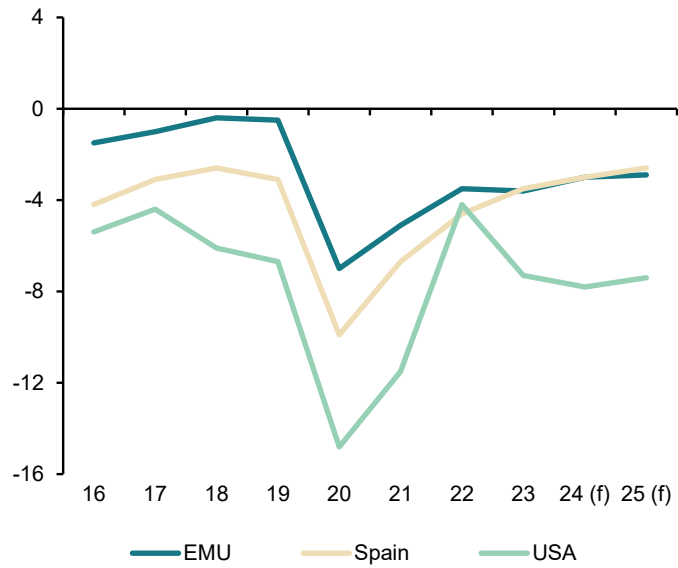
(f) European Commission forecast.

Chart 17a.2 - Government gross debt

Percentage of GDP
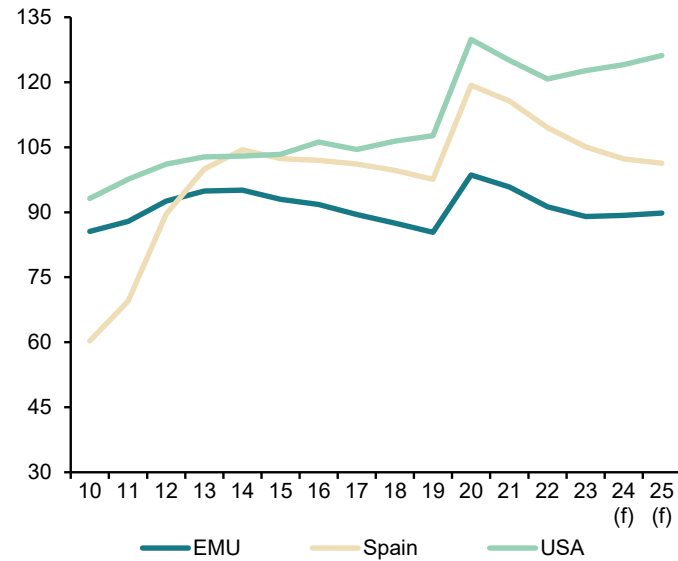
(f) European Commission forecast.

Table 17b

Imbalances: International comparison (II)

	Household debt (a)			Non-financial corporations debt (a)		
	Spain	EMU	USA	Spain	EMU	USA
Billions of national currency						
2008	920.8	5,808.1	14,175.8	1,277.3	7,903.6	11,054.5
2009	911.9	5,946.8	14,011.9	1,277.3	7,988.2	10,544.1
2010	908.2	6,089.7	13,780.2	1,276.7	8,080.5	10,412.9
2011	881.1	6,176.0	13,666.9	1,232.7	8,317.7	10,682.3
2012	843.4	6,168.1	13,554.3	1,106.2	8,447.0	11,261.2
2013	796.0	6,140.8	13,771.2	1,025.4	8,409.2	11,830.2
2014	759.9	6,152.0	13,870.2	1,009.1	8,533.7	12,654.3
2015	735.0	6,225.6	14,083.0	971.3	8,956.5	13,509.3
2016	719.8	6,338.5	14,490.7	968.1	9,164.6	14,183.3
2017	712.0	6,524.1	15,038.6	966.6	9,277.0	15,198.1
2018	710.5	6,698.9	15,500.7	935.3	9,483.7	16,192.3
2019	708.6	6,926.3	16,076.2	948.1	9,774.8	16,901.3
2020	701.7	7,100.2	16,625.8	1,014.7	10,310.8	18,468.7
2021	706.4	7,407.9	18,222.0	1,042.8	10,766.5	19,589.8
2022	706.9	7,684.8	19,382.5	1,004.8	11,020.8	20,615.0
2023	690.6	7,722.4	19,928.4	987.9	10,954.5	21,020.4
Percentage of GDP						
2008	82.8	59.8	96.0	114.8	81.3	74.8
2009	85.0	63.4	96.8	119.0	85.2	72.8
2010	84.3	63.1	91.6	118.5	83.8	69.2
2011	82.4	62.2	87.6	115.3	83.9	68.5
2012	81.4	62.0	83.4	106.7	84.8	69.3
2013	77.6	61.1	81.6	100.0	83.6	70.1
2014	73.1	59.7	78.8	97.1	82.8	71.9
2015	67.6	58.4	77.0	89.4	84.0	73.8
2016	64.1	57.9	77.1	86.2	83.6	75.4
2017	60.9	57.4	76.7	82.7	81.6	77.5
2018	58.6	57.0	75.0	77.1	80.8	78.4
2019	56.5	57.1	74.6	75.6	80.5	78.5
2020	62.1	61.1	77.9	89.8	88.7	86.5
2021	57.2	58.7	76.9	84.4	85.4	82.7
2022	51.5	56.0	74.5	73.2	80.3	79.3
2023	46.1	52.9	71.9	66.0	75.1	75.8

(a) Loans and debt securities, consolidated.

Sources: Eurostat and Federal Reserve.

Chart 17b.1 - Household debt

Percentage of GDP

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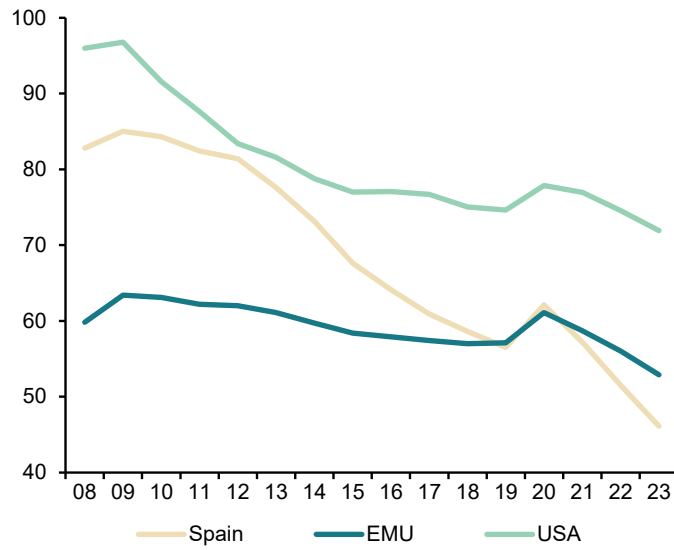
Chart 17b.2 - Non-financial corporations consolidated debt

Percentage of GDP

| | Spain | EMU | USA |
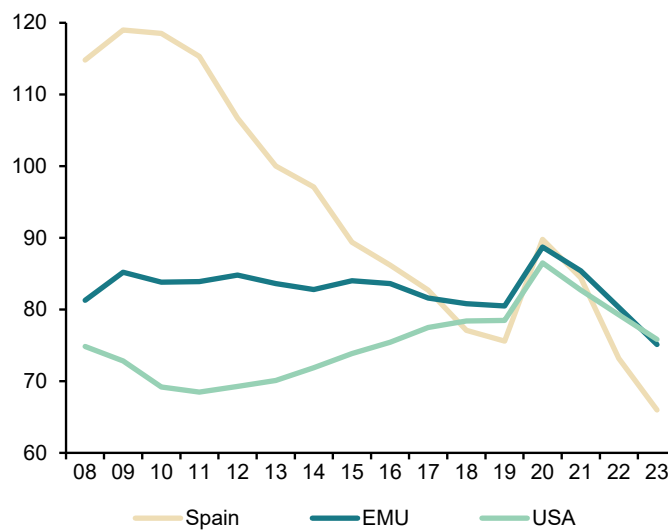
50 Financial System Indicators

Updated: March 15th, 2025

Highlights		
Indicator	**Last value available**	**Corresponding to:**
Bank lending to other resident sectors (monthly average % var.)	-0.1	December 2024
Other resident sectors' deposits in credit institutions (monthly average % var.)	1.3	December 2024
Doubtful loans (monthly % var.)	0.3	December 2024
Recourse to the Eurosystem L/T (Eurozone financial institutions, million euros)	18,790	February 2025
Recourse to the Eurosystem L/T (Spanish financial institutions, million euros)	8,510	February 2025
Recourse to the Eurosystem (Spanish financial institutions million euros) - Main refinancing operations	6	February 2025
"Operating expenses/gross operating income" ratio (%)	44.01	September 2024
"Customer deposits/employees" ratio (thousand euros)	13,160.34	September 2024
"Customer deposits/branches" ratio (thousand euros)	122,381.65	September 2024
"Branches/institutions" ratio	94.9	September 2024

A. Money and Interest Rates

Indicator	Source	Average 2001-2022	2023	2024	2025 February	2025 March	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	2.528	2.514	Daily data average
3. One-year Euribor interest rate (from 1994)	Bank of Spain	1.4	3.868	3.274	2.408	2.429	End-of-month data
4. Ten-year Treasury bonds interest rate (from 1998)	Bank of Spain	3.0	3.4	3.0	3.1	3.4	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": In its March meeting, the European Central Bank lowered eurozone interest rates once again by 25 basis points, considering that the disinflation process is well on track, despite creating some divergence from the Fed, which decided to keep rates unchanged. This decision had already been anticipated by the markets. In the first half of March, the 12-month Euribor (the main benchmark for mortgages) rose to a monthly average of 2.429%, up from February's average of 2.408%, while the 3-month reference rate fell from 2.528% in February to 2.514% in mid-March. The yield on the 10-year government bond increased from 3.1% in February to 3.4% in mid-March.

B. Financial Markets

Indicator	Source	Average 2001-2021	2022	2023	2024 December	2025 January	Definition and calculation
6. Outright spot treasury bills transactions trade ratio	Bank of Spain	35.3	27.8	26.91	12.96	22.89	(Traded amount/outstanding balance) x100 in the market (not exclusively between account holders)
7. Outright spot government bonds transactions trade ratio	Bank of Spain	22.6	12.4	12.01	8.94	14.27	(Traded amount/outstanding balance) x100 in the market (not exclusively between account holders)
8. Outright forward treasury bills transactions trade ratio	Bank of Spain	0.37	0.26	0.48	-	-	(Traded amount/outstanding balance) x100 in the market (not exclusively between account holders)
9. Outright forward government bonds transactions trade ratio	Bank of Spain	0.59	0.44	0.25	0.30	0.47	(Traded amount/outstanding balance) in the market (not exclusively between account holders)
10. Three-month maturity treasury bills interest rate	Bank of Spain	0.31	0.02	3.15	2.58	2.51	Outright transactions in the market (not exclusively between account holders)
11. Ten-year maturity treasury bonds interest rate	BE	3.14	2.17	3.55	2.74	-	Average rate in 10-year bond auctions
12. Madrid Stock Exchange Capitalization (monthly average % chg.)	Bank of Spain and Madrid Stock Exchange	0.11	-1.3	1.1	-0.75	6.08	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	2.4	1.8	0.2	-1.,21	2.54	Stock market trading volume. Stock trading volume: change in total trading volume
14. Madrid Stock Exchange general index (Dec 1985=100)	Bank of Spain and Madrid Stock Exchange	980.4	824.2	927.57	1,314.11 (b)	1,285.87 (a)	Base 1985=100
15. IBEX-35 (Dec 1989=3000)	Bank of Spain and Madrid Stock Exchange	9,504.5	8,851.0	9,347.05	13,347.3 (b)	13,005.2 (a)	Base dec1989=3000
16. Nasdaq Index	Nasdaq	4.482.6	10,466.4	12,970.61	18,847.28 (b)	17,754.09 (a)	Nadaq composite index
17. Madrid Stock Exchange PER ratio (share value/profitability)	Bank of Spain and Madrid Stock Exchange	15.6	16.1	27.5	14.3 (b)	14.9 (a)	Madrid Stock Exchange Ratio "share value/ capital profitability"

B. Financial Markets (continued)

Indicator	Source	Average 2001-2021	2022	2023	2024 December	2025 January	Definition and calculation
18. Short-term private debt. Outstanding amounts (% chg.)	BE	0.86	8.01	8.0	-4.1	6.9	Change in the outstanding short-term debt of non-financial firms
19. Short-term private debt. Outstanding amounts	BE	0.99	-5.72	-5.7	-0.2	-0.1	Change in the outstanding long-term debt of non-financial firms
20. IBEX-35 financial futures concluded transactions (% chg.)	Bank of Spain	0.4	-1.21	34.5	-0.02	6.1	IBEX-35 shares concluded transactions
21. IBEX-35 financial options concluded transactions (% chg.)	Bank of Spain	15.1	35.8	41.8	9.1	-74.9	IBEX-35 shares concluded transactions

(a) Last data published: March 15st 2024 (b) Last data published: February 28st 2024

Comment on "Financial Markets": In the first half of March, amid fears of a trade war, Spanish stock market indices fell compared to their end-of-February levels. The IBEX-35 dropped to 13,005.2 points, while the Madrid Stock Exchange General Index stood at 1,285.87 points. Meanwhile, in January (the latest available data), there was an increase in the trading ratio of simple spot transactions with Treasury bills, reaching 22.89%. The trading ratio of simple transactions with government bonds also rose compared to the previous month, reaching 14.27%. Transactions involving IBEX-35 stock futures increased by 6.1%, whereas financial options on the same index dropped by 74.9% compared to the previous month.

C. Financial Saving and Debt

Indicator	Source	Average 2008-2021	2022	2023	2024 Q2	2024 Q3	Definition and calculation
22. Net Financial Savings/GDP (National Economy)	Bank of Spain	-0.7	1.5	4.1	4.7	4.1	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	4.5	3.9	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	251.0	250.7	Public debt. non-financial companies debt and households 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	45.4	44.1	Households 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	1.9	0.7	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	1.8	-1.6	Total liabilities percentage change (financial balance)

Comment on "Financial Savings and Debt": In the third quarter of 2024, financial savings across the economy stood at 4.1% of GDP. In the household sector, the financial savings rate was 3.9% of GDP. Additionally, household financial debt slightly decreased to 44.1% of GDP.

D. Credit institutions. Business Development

Indicator	Source	Average 2001-2021	2022	2023	2024 November	2024 December	Definition and calculation
28. Bank lending to other resident sectors (monthly average % var.)	Bank of Spain	4.9	0.2	-0.04	1.1	-0.1	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	0.3	0.01	1.8	1.3	Deposits percentage change for the sum of banks, savings banks and credit unions.
30. Debt securities (monthly average % var.)	Bank of Spain	8.4	-0.7	1.2	0.6	-0.2	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	0.1	-0.1	0.5	1.5	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	-2.0	0.5	2.5	6.8	7.3	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	-0.4	-1.5	0.3	-	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	0.6	-2.4	2.8	12.3	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	6.4	-0.1	0.1	0.08	0.07	Equity percentage change for the sum of banks, savings banks and credit unions.

Comment on "Credit institutions. Business Development": In December, the latest available data, a slight decrease of 0.1% was observed in credit to the private sector. Deposits increased by 1.3%. Fixed-income securities reduced their balance sheet weight by 0.2%, while stocks and equity holdings increased by 1.5%. Additionally, in November (the latest available data), the volume of non-performing loans rose by 0.3% compared to the previous month.

E. Credit institutions. Market Structure and Eurosystem Refinancing

Indicator	Source	Average 2000-2021	2022	2023	2024 June	2024 September	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	75	Total number of foreign credit institutions operating in Spanish territory
38. Number of employees	Bank of Spain	223,803	164,101	161,640	161,640 (a)	161,640 (a)	Total number of employees in the banking sector
39. Number of branches	Bank of Spain	35,453	17,648	17,603	17,388	17,382	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	83,911	18,790 (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	4,343	8,510 (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	3	6 (b)	Open market operations: main long term refinancing operations. Spain total

(a) Last data published: December 2023.

(b) Last data published: February 28st, 2025

Comment on "Credit institutions. Market Structure and Eurosystem Refinancing": In February 2025, the net recourse to long-term programs from the Eurosystem by Spanish financial institutions stood at 18.79 billion euros.

MEMO ITEM: Since January 2015, the European Central Bank has also been reporting the amount of its various asset purchase programs. In January 2025, their value in Spain stood at 555.127 billion euros, and at 4.2 trillion euros across the entire Eurozone.

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

Indicator	Source	Average 2000-2021	2022	2023	2024 Q2	2024 Q3	Definition and calculation
43. "Operating expenses/gross operating income" ratio	Bank of Spain	47.55	46.99	39.33	32.91	44.01	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	12,902.69	13,160.34	Productivity indicator (business by employee)
45. "Customer deposits/ branches" ratio (Euro thousands)	Bank of Spain	33,357.11	117,256.85	116,854.11	119,944.32	122,381.65	Productivity indicator (business by branch)

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

Indicator	Source	Average 2000-2021	2022	2023	2024 Q2	2024 Q3	Definition and calculation
46. "Branches/institutions" ratio	Bank of Spain	174.86	92.88	95.15	94.5	94.9	Network expansion indicator
47. "Employees/branches" ratio	Bank of Spain	6.25	9.3	8.9	9.3	9.2	Branch size indicator
48. "Equity capital" (monthly average % var.)	Bank of Spain	-0.03	1.3	1.6	2.4	0.3	Credit institutions equity capital variation indicator
49. ROA	Bank of Spain	0.41	0.7	1.0	1.2	1.2	Profitability indicator, defined as the "pre-tax profit/average total assets"
50. ROE	Bank of Spain	5.32	9.8	12.3	14.9	15.0	Profitability indicator, defined as the "pre-tax profit/equity capital"

Comment on "Credit institutions. Efficiency and Productivity, Risk and Profitability": During 2024Q3. there was a relative increase in the profitability of Spanish banks. The RoE reached 15%.

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
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	887,960b	696,866b
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					28.4	47.8	13.4	18.2	32.1		
2025**	49,077,984		18.3					28.9	47.6	14.0	19.1			
Source	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 (%)
2014	18,212	2.54	13.9	10.3	8.1	50.8
2015	18,329	2.52	14.2	10.6	8.2	50.4
2016	18,376	2.51	14.6	10.7	8.2	48.2
2017	18,444	2.50	14.6	10.9	8.3	47.2
2018	18,513	2.49	14.2	11.4	8.6	46.1
2019	18,581	2.49	14.3	11.5	8.3	46.1
2020	18,697	2.49	14.9	11.2	9.0	45.9
2021	18,794	2.49	15.0	11.4	9.1	43.2
2022	18,746	2.51	15.6	11.0	9.0	37.9
2023	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				42.3
Sources	EPA	EPA	EPF	EPF	EPF	EPA

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, women	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	62.2
2014	31.1	27.5	1.32	1.27	1.61	42.5	43.1	39.7	10.5	63.3	63.3
2015	31.2	27.6	1.33	1.28	1.65	44.5	45.5	39.6	10.4	63.9	63.9
2016	31.3	27.6	1.33	1.28	1.71	45.9	47.0	40.7	10.4	64.5	64.5
2017	31.5	27.6	1.31	1.25	1.70	46.8	48.1	41.1	10.5	64.6	64.6
2018	31.6	27.8	1.26	1.20	1.64	47.3	48.9	41.2	11.1	63.7	63.7
2019	31.7	28.1	1.23	1.17	1.58	48.4	50.1	42.4	11.5	62.6	62.6
2020	31.8	28.3	1.18	1.13	1.45	47.6	50.0	39.3	10.3	64.1	64.1
2021	32.1	28.8	1.18	1.15	1.35	49.3	52.0	39.2	10.7	65.1	65.1
2022	32.2	28.5	1.16	1.12	1.35	50.1	53.1	40.3	11.7	66.7	66.7
2023	32.2	28.5	1.12	1.09	1.28	50.0	52.7	41.5	12.2	63.1	63.1
Sources	IDB	IDB	IDB	IDB	IDB	IDB	IDB	IDB	IDB	MS	MS

IDB: Indicadores demográficos básicos.

MS: Ministerio 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 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	
Sources	LFS	LFS	LFS	LFS	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			20.4
2024		13.0			
Sources	MU	MEFPD	MEFPD	OECD	OECD

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

EPA: Encuesta de población activa

MEFPD: Ministerio de Sanidad.

ECP: Encuesta Continua de Población.

MU: Ministerio de Universidades.

OECD: Organisation for Economic Co-operation and Development.

Gross enrolment ratio 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: Upper secondary enrolment as a percentage of the population aged 16 to 17.

Gross enrolment rate in lower vocational training: On-site and distance learning enrolment. Enrolled in Intermediate Level Training Cycles as a percentage of the population aged 16 to 17.

Gross enrolment rate in upper vocational training: On-site and distance learning enrolment. Enrolled in Higher Level Training Cycles 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 (percentage): New entrants in an academic year who stop 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

| | Public expenditure on minimum income benefits (% GDP) | Expenditure on social protection, cash benefits (% GDP) | Contributory benefits | | | | | | | Non-contributory benefits | | |
			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	0.36	18.4	951,067	1,035	6,253,797	1,254	2,351,703	778	773,227	882,585	179,967	265,831
2023		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	858,594	171,353	282,403
2025■			1,000,919	1,205	6,560,386	1,499	2,348,135	932	840,127	858,594	169,545	288,050
Sources	MTES	Eurostat	MTES	MTES	MTES	MTES	MTES	MTES	MTES	MTES	MTES	MTES

MTES: Ministerio de Trabajo y Economía Social.

■ Data refer to the period from January to February, with the exception of those related to unemployment (only January).

Expenditure on social protection, cash benefits (% GDP): 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 (% GDP): 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	2.6	29.0	0.76	0.65	1.78	3.04	39.0	67	12.3	98.0
2014	6.1	2.7	29.7	0.76	0.65	1.81	3.14	39.4	65	11.4	87.0
2015	6.1	2.6	28.7	0.76	0.64	1.85	3.19	43.4	58	12.2	89.0
2016	6.0	2.5	28.4	0.76	0.65	1.90	3.27	45.7	72	13.7	115.0
2017	5.9	2.6	29.5	0.77	0.65	1.93	3.38	45.9	66	13.1	106.1
2018	6.0	2.7	29.8	0.77	0.66	1.98	3.45	62.5	96	14.8	129.0
2019	6.1	2.7	29.5	0.78	0.67	1.97	3.50	63.7	88	15.5	121.5
2020	7.6	2.9	26.8	0.78	0.66	2.02	3.74	53.6	99	15.1	147.8
2021	7.2	2.7	26.3	0.77	0.66	2.11	3.90	77.2	89	15.4	122.9
2022	6.8	2.5	26.0	0.78	0.70	2.14	3.87	85.4	95	17.1	120.1
2023	6.6	2.4	25.7	0.78	0.73	2.15	3.87	81.5	101	18.1	128
2024								83.8	94	17.9	121
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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